Pension Trust

1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465 Phone
(805) 781-5697 Fax
www.SLOPensionTrust.org

San Luis Obispo County
Pension Trust
SLOCPT

AGENDA

Monday, June 28, 2021 9:30 AM
* Online only

PENSION TRUST BOARD OF TRUSTEES

MEETING MATERIALS
Materials for the meeting may be found at
http://www.slocounty.ca.gov/Departments/Pension-Trust/Board-of-Trustees
Any supporting documentation that relates to an agenda item for open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available at this location.

AMERICANS WITH DISABILITIES ACT (Government Code §54953.2)
Disabled individuals who need special assistance to listen to and/or participate in any meeting of the Board of Trustees may request assistance by calling 805/781-5465, or sending an email to SLOCPT@co.slo.ca.us. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two days in advance of a meeting whenever possible.

*** TELE-CONFERENCE / VIDEO-CONFERENCE**
Due to the current pandemic Board of Trustees meetings are closed to the public attending in person until further notice.

This meeting of the Board of Trustees will be held via teleconference and/or videoconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. Items of business will be limited to the matters shown on the agenda.

If you wish to view the videoconference of the meeting please access
https://zoom.us/j/95488266424?pwd=MWhXdXRiajFZRkQ0WVpLSjk1UUZBUT09

If you wish to listen to the teleconference meeting, please dial 669/900-6833 (Meeting ID 954 8826 6424). If you have any questions or require additional service, please contact SLOCPT at 805/781-5465.

A) PUBLIC COMMENT

1. Public Comment: Members of the public wishing to address the Board on matters other than scheduled items may do so when recognized by the Chair. Presentations are limited to three minutes per individual.

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of May 24, 2021 (Approve Without Correction).

3. Report of Deposits and Contributions for the month of May 2021 (Receive and File).

4. Report of Service Retirements, Disability Retirements and DROP Participants for the month of May 2021 (Receive, Approve and File).

D) APPLICATIONS FOR DISABILITY RETIREMENT

None

E) OLD BUSINESS

None

F) NEW BUSINESS

5. Audited Financial Statements for the period ended December 31, 2020 – Annual Comprehensive Financial Report – presentation by Rosalva Flores and Alaina Vandermade, CPAs of Brown Armstrong Accountancy (Recommend Receive, File and Direct Staff to Distribute in accordance with the Retirement Plan).

6. January 1, 2021 Actuarial Valuation and Pension Contribution Rates - Presentation by Anne Harper and Alice Alsberghe, Cheiron - Plan Actuary (Approve, Receive and File, Approve Pension Contribution Rates).

7. Employer Contributions FY21-22 Prefunding Amount (Recommend Approval)

G) INVESTMENTS

8. Monthly Investment Report for April 2021 (Receive and File).

9. Private Markets Discretionary Advisor Search Update (Review, Discuss, Direct Staff as necessary).

10. Asset Allocation - (Review, Discuss, and Direct Staff as necessary).

H) OPERATIONS

11. Staff Reports

12. General Counsel Reports

13. Committee Reports:

i.	Audit Committee	Report
ii.	Personnel Committee	No Report
iii.	Private Markets Investments	Report

14. Upcoming Board Topics (subject to change)

    i. July 26, 2021 – planned as a non-meeting month

    ii. August 23, 2021
        a. New Trustee – Seating / Committee appointments
        b. Mid-year Financial Statements and Budget Status
        c. Quarterly Investment Report
        d. Private Markets Discretionary Advisor – Update, Finalists
        e. Financial Controls Review / Audit Process educational presentation

    iii. September 27, 2021
        a. Executive Director Evaluation
        b. Private Markets Discretionary Advisor – Selection
        c. Fiduciary Refresher Briefing
        d. Annual Strategic Planning session
            (a) Funding Policy Update and Projections
            (b) Benefits Administration briefing
            (c) Cybersecurity Update
            (d) Policy Updates
                (i) Governance
                (ii) Ethical and Fiduciary Conduct
                (iii) Trustee Competencies
                (iv) Personnel Policy

iv. October 25, 2021 – planned as a non-meeting month

v. November 15, 2021
   a. Interest Crediting Rates and PEPRA Compensation limits
   b. Quarterly Investment Report
   c. Strategic Asset Allocation – 2022 Interim Benchmark
   d. Private Markets Discretionary Advisor – Selected Advisor Implementation

15. Trustee Comments

I) CLOSED SESSION

None

J) ADJOURNMENT

PENSION TRUST
BOARD OF TRUSTEES

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San Luis Obispo County Pension Trust
SLOCPT

MINUTES

Monday, May 24, 2021 *
Regular Meeting of the Pension Trust
Board of Trustees

PENSION TRUST BOARD OF TRUSTEES

** Note – all attendees participated via videoconference as noticed on the agenda for the meeting. Public access was available via videoconference or an audio-only phone-in line.*

Board Members Present:	Gere Sibbach	
	Jeff Hamm	
	Taylor Dacus	
	Jim Hamilton	
	Lisa Howe	
	Guy Savage	
	Michelle Shoresman	
Board Members Absent:	-	
Pension Trust Staff:	Carl Nelson	Executive Director
	Amy Burke	Deputy Director
	Jennifer Alderete	Accountant
General Counsel:	Chris Waddell	Olson | Remcho
	Kristen Rogers	Olson | Remcho
Consultants:	Anne Harper	Cheiron
	Alice Alsberghe	Cheiron
	Scott Whalen	Verus
	Don Strake	NEPC
Others:	David Grim	Trustee Elect
	Larry Batchelder	SLOCREA
	Zack Cziryak	Financial Investment News
	Ros Harding	SLOCPT
	Michael Hobbs	SLO County HR
	Sandra Pedigo-Marshall	SLO County HR

A. Rees
Joseph Schulman JP Morgan

Call to Order: 9:31 AM by President Sibbach

A) PUBLIC COMMENT

1. None

B) ORGANIZATIONAL

Executive Director Nelson introduced David Grim as the new Trustee Elect. Mr. Grim ran for election unopposed and is expected to be certified in July by the Board of Supervisors to fill the Elected Trustee term for 2021-2024. Mr. Grim attended as an observer.

2. Resolution Honoring Trustee Guy Savage - Resolution 2021-01 (Recommend Approval).

Motion: Approve Resolution 2021-01 Honoring Guy Savage on his retirement

Discussion: Trustee Sibbach read Resolution 2021-01 Honoring Guy Savage for his service as an Appointed Trustee from 2013 to 2021. Trustees Hamilton, Hamm, Shoresman, Sibbach, and Howe expressed their appreciation for Mr. Savage's Trustee service, professionalism and knowledge. Scott Whalen from Verus as investment consultant complimented Mr. Savage for his constructive participation as a Trustee. Chris Waddell as General Counsel noted that Mr. Savage was the best example of how a Trustee can appropriately handle their conflict-of-interest issues relative to the plan sponsor. Trustee Savage offered his thanks to his fellow Trustees and Staff for their positive contributions to the Pension Trust.

Public Comment: none

Motion Made: Mr. Hamm **Motion Seconded**: Ms. Shoresman

Carried: Unanimous (roll call vote)

3. Committees – appointment of members by President.
   i) Audit Committee (standing committee)
   ii) Personnel Committee (standing committee)
   iii) Private Markets Investment Committee (ad hoc committee)

Action: President Sibbach appointed Trustee Hamm to the Private Markets Investment Committee to replace Mr. Savage.

C) CONSENT

4. Minutes of the Regular Meeting of March 22, 2021 (Approve Without Correction).

5. Reports of Deposits and Contributions for the months of March and April 2021 (Receive and File).

6. Reports of Service Retirements, Disability Retirements and DROP Participants for the months of March and April 2021 (Receive, Approve and File).

7. Monthly Investment Report for March 2021 (Receive and File).

8. Resolution Modifying and Affirming Investment and Banking authority - Resolution 2020-02 (Recommend Approval).

9. Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election (Recommend Approval)

Motion: Approve the Consent items

Discussion: Trustee Sibbach queried Staff and Cheiron on Agenda Item 9 on Option 4 benefit elections.

Public Comment: none

Motion Made: Mr. Savage **Motion Seconded**: Mr. Hamm

Carried: Unanimous (roll call vote)

D) APPLICATIONS FOR DISABILITY RETIREMENT

10. Application for Industrial Disability Retirement – Case 2020-04 (Recommend Approval).

Motion: Approve Staff recommendation to approve Industrial Disability Retirement case 2020-04.

Discussion: Deputy Director Burke presented the staff recommendation.

Public Comment: None

Motion Made: Mr. Sibbach **Motion Seconded**: Mr. Hamm

Carried: Unanimous (roll call vote)

E) OLD BUSINESS

None

F) NEW BUSINESS

11. Actuarial Valuation – 2021 Actuarial Assumptions Approval - (Discuss, Direct Actuary and Staff as necessary – Recommend Approval).

    11:24 AM - President Sibbach called for a 10 minute break.

    11:30 AM – Back in session

    President Sibbach returned to consideration of Agenda Item 11.

    Motion: Approve Actuarial Assumptions for Cheiron to use in preparing the 2021 Actuarial Valuation – based on "Option 2" listed in the Staff memo –

    1) No changes to demographic and other actuarial assumptions from the 2020 Valuation except for the Discount Rate.
    2) Discount Rate to change to be net of Administrative Expenses of 20 basis points.
    3) Discount Rate reduced from 6.875% to 6.750%.
    4) No phasing in of the impact of assumption changes in the calculation of the UAL portion of pension costs in anticipation of possible further reductions in the Discount Rate in 2022 or later.

    Discussion: Anne Harper and Alice Alsberghe of Cheiron as the Plan Actuary delivered an extensive presentation on possible actuarial assumptions for the 2021 Actuarial Valuation. Trustees asked numerous questions which were answered by Cheiron. The Board reiterated its bias towards Discount Rate reductions to realistically reflect declining capital market expected returns. Subject to final results in the 2021 Actuarial Valuation the Motion to approve modified Discount Rate assumptions as specified above is expected to lead to approximately a 2.1% increase in aggregate pension contribution rates to an Actuarially Determined Contribution (ADC) of 50.3% of pay.

    Public Comment: None

    Motion Made: Mr. Hamm **Motion Seconded**: Mr. Savage

    Carried: Unanimous (roll call vote)

12. Administrative Budget for Fiscal Year 2021-2022 - Proposed – (Recommend Approval).

    Motion: Approve the Staff recommendation on the Pension Trust's FY21-22 Administrative Budget as presented.

    Discussion: Deputy Director Burke summarized the proposed FY21-22 Administrative Budget for the Pension Trust.

Public Comment: None

Motion Made: Mr. Savage **Motion Seconded**: Mr. Dacus

Carried: Unanimous (roll call vote)

G) INVESTMENTS

13. Quarterly Investment Report for the 1st Quarter of 2021 – Verus (Receive and File).

Motion: To Receive and File the quarterly investment report.

Discussion: Scott Whalen of Verus – as general investment consultant – delivered an extensive presentation on investment market conditions and Pension Trust investment performance during 1Q21.

Public Comment: None

Motion Made: Mr. Sibbach **Motion Seconded**: Ms. Howe

Carried: Unanimous (roll call vote)

14. Monthly Investment Report for April 2021 (Receive and File)

Discussion: Monthly investment performance report by Staff and Verus.

Motion: To Receive and File the monthly investment report.

Discussion: Executive Director Nelson presented the report.

Public Comment: None

Motion Made: Mr. Hamm **Motion Seconded**: Mr. Savage

Carried: Unanimous (roll call vote)

15. Private Markets Discretionary Advisor Search Update - NEPC - (Review, Discuss, Direct Consultant and Staff as necessary).

Discussion: Don Strake of NEPC – as private markets discretionary advisor search consultant – delivered a thorough report updating the Board on the progress of this search. The ad hoc Private Markets Investment Committee of the Board also commented and reported on their meetings thus far. No action needed.

Public Comment: None

No Action Necessary

16. Asset Allocation

    Discussion: Routine item included should asset allocation changes be necessary. No action needed.

    Public Comment: None

    No Action Necessary

H) OPERATIONS

17. Staff Reports

    i. Possible changes to the current California Governor's Emergency Rules modifying Brown Act requirement for public meetings were discussed. Staff and Counsel estimate that the Board of Trustees may be returning to in-person Board meetings in August or September.

    ii. Executive Director Nelson reported on a presentation he made May 10th to the San Luis Obispo County Retired Employees Association.

    iii. Deputy Director Burke reported on Pension Trust staff returning to all in-office work June 1st and extended the alternate Work From Home days used for the prior year but on an optional basis.

18. General Counsel Reports

    None

19. Committee Reports:

i.	Audit Committee	No Report
ii.	Personnel Committee	No Report
iii.	Private Markets Investments (ad hoc)	part of Agenda Item 15

20. Upcoming Board Topics – published on meeting agenda

21. Trustee Comments

    None

I) CLOSED SESSION

None

J) ADJOURNMENT

There being no further business, the meeting was adjourned at 1:28 PM. The next Regular Meeting was set for June 28, 2021, at 9:30 AM, to be a virtual online meeting.

Respectfully submitted,

Carl Nelson
Executive Director

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REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
MAY 2021

PP 9 5/7/2021

By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	**TOTAL Contributions**
County Tier 1	2,969,426.35	805,926.97	27.14%	389,620.21	252,680.98	21.63%	48.77%	1,137.50	591.48	**1,449,957.14**
County Tier 2	985,348.22	278,951.80	28.31%	60,167.95	83,136.88	14.54%	42.85%	-	176.75	**422,433.38**
County Tier 3	3,748,744.83	997,154.66	26.60%	507,319.78	-	13.53%	40.13%	-	2,183.64	**1,506,658.08**
Superior Court Tier 1	228,532.89	63,709.01	27.88%	42,682.99	-	18.68%	46.55%	-	-	**106,392.00**
Superior Court Tier 3	116,409.29	30,806.64	26.46%	15,342.80	-	13.18%	39.64%	-	54.54	**46,203.98**
APCD Tier 1	47,918.78	12,830.38	26.78%	7,615.89	3,733.32	23.68%	50.46%	-	-	**24,179.59**
APCD Tier 3	30,719.22	7,896.55	25.71%	4,644.34	-	15.12%	40.82%	-	-	**12,540.89**
SLOCPT Tier 1	7,715.87	1,969.86	25.53%	1,135.78	716.80	24.01%	49.54%	-	-	**3,822.44**
SLOCPT Tier 2	9,347.20	2,386.34	25.53%	485.12	868.36	14.48%	40.01%	-	-	**3,739.82**
SLOCPT Tier 3	12,233.17	3,063.18	25.04%	1,760.04	-	14.39%	39.43%	250.00	-	**5,073.22**
LAFCO Tier 3	2,248.00	654.17	29.10%	241.21	-	10.73%	39.83%	-	-	**895.38**
RTA Tier 2	26,464.25	6,743.10	25.48%	551.16	3,440.36	15.08%	40.56%	-	-	**10,734.62**
RTA Tier 3	16,310.40	4,489.12	27.52%	1,889.55	-	11.58%	39.11%	-	-	**6,378.67**
	8,201,418.47	2,216,581.78	27.03%	1,033,456.82	344,576.70	16.80%	43.83%	1,387.50	3,006.41	**$ 3,599,009.21**

PP 10 5/21/2021

By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	**TOTAL Contributions**
County Tier 1	2,979,674.60	808,643.08	27.14%	390,991.25	253,759.25	21.64%	48.78%	1,137.50	591.48	**1,455,122.56**
County Tier 2	990,028.16	280,228.95	28.31%	60,459.28	83,501.47	14.54%	42.85%	-	176.75	**424,366.45**
County Tier 3	3,765,813.78	1,001,526.92	26.60%	509,373.80	-	13.53%	40.12%	-	813.65	**1,511,714.37**
Superior Court Tier 1	225,727.41	62,810.99	27.83%	42,167.15	-	18.68%	46.51%	-	-	**104,978.14**
Superior Court Tier 3	117,696.39	31,258.51	26.56%	15,558.57	-	13.22%	39.78%	-	54.54	**46,871.62**
APCD Tier 1	47,918.76	12,830.38	26.78%	7,615.88	3,733.32	23.68%	50.46%	-	-	**24,179.58**
APCD Tier 3	31,256.83	8,033.80	25.70%	4,712.26	-	15.08%	40.78%	-	-	**12,746.06**
SLOCPT Tier 1	7,715.87	1,969.86	25.53%	1,135.78	716.80	24.01%	49.54%	-	-	**3,822.44**
SLOCPT Tier 2	9,347.20	2,386.34	25.53%	485.12	868.36	14.48%	40.01%	-	-	**3,739.82**
SLOCPT Tier 3	12,342.76	3,090.62	25.04%	1,774.43	-	14.38%	39.42%	250.00	-	**5,115.05**
LAFCO Tier 3	2,248.00	654.17	29.10%	241.21	-	10.73%	39.83%	-	-	**895.38**
RTA Tier 2	26,464.25	6,743.10	25.48%	551.16	3,440.36	15.08%	40.56%	-	-	**10,734.62**
RTA Tier 3	16,310.40	4,489.12	27.52%	1,889.55	-	11.58%	39.11%	-	-	**6,378.67**
	8,232,544.41	2,224,665.84	27.02%	1,036,955.44	346,019.56	16.80%	43.82%	1,387.50	1,636.42	**$ 3,610,664.76**

TOTAL FOR THE MONTH	**16,433,962.88**	**4,441,247.62**	**27.02%**	**2,070,412.26**	**690,596.26**	**16.80%**	**43.83%**	**2,775.00**	**4,642.83**	**$ 7,209,673.97**
TOTAL YEAR TO DATE	**81,543,026.24**	**22,036,190.88**	**27.02%**	**10,261,087.58**	**3,484,650.36**	**16.86%**	**43.88%**	**13,950.00**	**45,940.17**	**35,841,818.99**

REPORT OF RETIREMENTS	May 2021

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Archibald, Steven R	Sheriff-Coroner	DROP	05/01/2021	6,487.44	False
Coe, Kirk R	Public Works ISF	Service Retirement	03/30/2021	4,243.55	False
Coe, Kirk R	Public Works ISF	Additional Annuity	03/30/2021	251.02	False
Curry, Craig A	Sheriff-Coroner	DROP	05/01/2021	5,853.53	False
Dillon, Denise C	Behavioral Health	Service Retirement	05/01/2021	891.87	False
Fosmire, James S	General Services	Service Retirement	05/01/2021	1,851.48	False
Garrison, Robert L	Sheriff-Coroner	Service Retirement	05/31/2021	477.48	False
Nichols, Jeffrey H	Sheriff-Coroner	DROP	05/01/2021	6,308.48	False
Stormoen, Erma	Human Resources	Service Retirement	04/24/2021	4,450.75	False
Whittington, Darren Wayne	Fleet Services ISF	DROP	05/01/2021	3,426.39	True

** Additional Annuity Benefits are calculated based on the Additional Contribution and associated Interest balance of the Retiree at the point of retirement (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)*

*** If "True" Retiree has elected an optional Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan), actual monthly allowance will be increased until age 62 and then actuarially reduced going forward*

Board of Trustees

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San Luis Obispo County Pension Trust
SLOCPT

Date: June 28, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director
Jennifer Alderete – Accountant

Agenda Item 5: Audited Financial Statements and Report to the Board for the period ended December 31, 2020 – Annual Comprehensive Financial Report –Presentation by Rosalva Flores, CPA and Alaina Vandermade, CPA of Brown Armstrong Accountancy Corporation

Recommendation:

Staff recommends that the Board take the following actions:

1. Approve, Receive and File the audited Financial Statements for the period ended December 31, 2020 that are presented here as the 2020 Annual Comprehensive Financial Report (ACFR).
2. Authorize and Direct the Executive Director to transmit the 2020 ACFR to the following agencies as required by the Government Code and the Retirement Plan:
   a.) One copy to the Office of the State Controller as required by Government Code Section 7504 (c).
   b.) One copy to the Board of Supervisors pursuant to Retirement Plan Section 17.02: Annual Statement of Financial Condition.
   c.) One copy to the County Auditor-Controller pursuant to Retirement Plan Section 17.02: Annual Statement of Financial Condition.

Discussion:

On May 26, 2021, the Audit Committee and Staff met with SLOCPT's audit firm, Brown Armstrong. Rosalva Flores, CPA and Alaina Vandermade, CPA represented the firm and presented a review of the results of the Financial Audit of SLOCPT for the year 2020. Brown Armstrong indicated that an unmodified audit opinion (the highest form of audit opinion) would be issued, with no material internal control weaknesses or deficiencies. Board members will receive the Report to the Board of Trustees under separate distribution.

Results:

Approve, Receive and File, along with authorization from the Board to distribute the 2020 ACFR to the parties listed in the recommendation, will complete the activities of the 2020 Financial Audit.

Attachments:

1. Brown Armstrong 2020 Audit Results Presentation

2. Draft Annual Comprehensive Financial Report (ACFR) for year ended December 31, 2020

Respectfully Submitted,

The San Luis Obispo County Pension Trust

Results of the December 31, 2020 Financial Statement Audit

Brown Armstrong
Accountancy Corporation
4200 Truxtun Avenue, Suite 300 | Bakersfield, CA 93309 | 661.324.4971 | Fax 661.324.4997
www.bacpas.com
Contacts: Rosalva Flores, CPA
Alaina Vandermade, CPA

BROWN ARMSTRONG
Certified Public Accountants

Agenda Item 5

Agenda

Scope of Services Recap

- Audit of SLOCPT's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

- Other communications and reports required by professional standards including:
  - Required Communication at the Conclusion of an Audit in Accordance with Professional Standards (SAS 114)
  - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*
  - Agreed Upon Conditions Report (Management Letter)

Summary of Exit Meeting with Audit Committee

- Meeting was held May 26, 2021

- Discussion items:
  - Audit timeline
  - Audit areas of focus:
    - Significant risk areas
    - Significant audit areas
    - SAS 99 procedures
  - Presentation of draft reports

Results of the Audit

Communication	Summary
Required Communication at the Conclusion of the Audit in Accordance with Professional Standards (SAS 114)	• New GASB pronouncement – GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* • Significant estimates reviewed ✓ Fair value of investments ✓ Money-weighted rate of return ✓ Capital Assets ✓ Contributions and Net Pension Liability Estimates • Significant audit adjustments – two uncorrected immaterial misstatements due to lag in reporting for certain alternative investments and NPL • Disagreements with management – none

Agenda Item 5

Results of the Audit (cont.)

Report	Opinion or Result
Report on Financial Statements (Opinion)	Unmodified
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	• No noncompliance with laws and regulations noted • No material weaknesses or significant deficiencies identified

Results of the Audit (cont.)

Report	Summary
Agreed Upon Conditions Report (Management Letter)	• No current year findings or recommendations. • Disposition of prior year comments.

Audit Partner Rotation

- Assembly Bill (AB) 1345 requires the lead audit partner to rotate every six (6) years.

Thank Staff/Questions?

Rosalva Flores, CPA
Principal
Email: rflores@bacpas.com

Alaina Vandermade, CPA
Manager
Email: avandermade@bacpas.com

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, California 93309
Phone (888) 565-1040
Website: www.bacpas.com

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San Luis Obispo County Pension Trust

A Pension Trust Fund of the County of San Luis Obispo,
San Luis Obispo, California

Annual Comprehensive Financial Report

For the Year Ended
December 31, 2020

Annual Comprehensive Financial Report

For the Year Ended December 31, 2020

San Luis Obispo County
Pension Trust

A Pension Trust Fund of the County of San Luis Obispo,
San Luis Obispo, California

Issued By:

Carl A. Nelson, CFA
Executive Director and Chief Investment Officer

Amy Burke
Deputy Director

Jennifer Alderete
Accountant

San Luis Obispo County
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1000 Mill Street
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www.slocounty.ca.gov/
Departments/Pension-Trust.aspx

Table of Contents

Table of Contents (continued)

Statistical Section

Photographs: Carl Nelson

Introductory Section

San Luis Obispo County
Pension Trust
SLOCPT

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June 28, 2021

San Luis Obispo County Pension Trust
Board of Trustees

Carl Nelson
Executive Director
and Chief Investment Officer

Dear Board of Trustees and Plan Members:

I am pleased to present this Annual Comprehensive Financial Report ("ACFR") for the San Luis Obispo County Pension Trust (the "Pension Trust" or "SLOCPT") for the year ended December 31, 2020.

The Pension Trust is a public employee retirement system established by the County of San Luis Obispo (the "County") on November 1, 1958. Ten years later, the County Board of Supervisors adopted the present bylaws and the San Luis Obispo County Employees Retirement Plan (the "Plan") to provide retirement benefits to employees of the County.

The Pension Trust is administered by the Board of Trustees (the "Board") to provide retirement, disability, death, and survivor benefits for its members. The Pension Trust is established pursuant to Section 17 of Article XVI of the California Constitution and Government Code Sections 53215 et seq.

Responsibility for the accuracy of the data, along with the completeness and fairness of the presentation in this ACFR, rests with the Pension Trust's management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly both the Pension Trust's financial position and its operating results.

SLOCPT was established and has evolved over the years to provide retirement allowances and other benefits to the Miscellaneous, Probation, and Safety members employed by the County and various agencies (collectively the "Plan Sponsor") listed below:

Superior Court of California – County of San Luis Obispo
Local Agency Formation Commission
Air Pollution Control District – County of San Luis Obispo
The Pension Trust
San Luis Obispo Regional Transit Authority

Introductory Section

The Pension Trust is governed by the California Constitution, the California Government Code, and its bylaws (including the Plan) adopted by the San Luis Obispo County Board of Supervisors. The Board of Supervisors may adopt amendments to the Plan which may alter the benefits provided to SLOCPT members.

The Board of Trustees is responsible for managing and administering the Pension Trust in accordance with the laws of the United States and California, the County Code, the bylaws, and the Plan. The Board is composed of seven Trustees. Three Trustees are appointed and serve at the pleasure of the County Board of Supervisors. The County Auditor-Controller-Treasurer-Tax Collector-Public Administrator serves as an ex-officio Trustee of the Board. The three remaining Trustees are elected by the Pension Trust's members at large for staggered three-year terms without term limits. Board of Trustees elections are administered by the County Clerk and Recorder. Newly elected or re-elected Trustees take office in July of the year they are elected.

The Board annually elects from its Trustees a President and a Vice President. The operational management of the Pension Trust lays with the Executive Director who is appointed and serves at the pleasure of the Board. The Executive Director also acts as Secretary to the Board.

Financial Information

Brown Armstrong Accountancy Corporation provides financial statement independent audit services to the Pension Trust. The independent audit states that the Pension Trust's financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP) and are free of material misstatement. In developing and maintaining the Pension Trust's accounting system, consideration is given to the adequacy of internal controls, which are designed to provide reasonable, but not absolute, assurance regarding 1) the safekeeping of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived and second, the valuation of costs and benefits requires estimates and judgments by management. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal complements the information in the MD&A and should be read in conjunction with it. The MD&A can be found on pages 18 through 22.

Actuarial Funding Status

The Pension Trust's funding objective is to meet its long-term benefit promises by targeting a well-funded status. Funded status refers to the difference between the level of actuarial accrued liability and the actuarial measurement of the Pension Trust's assets. The funded status of the Pension Trust is determined by two sources of funding:

- **Investment returns** obtained through investments with a level of risk consistent with the long-term objectives of the Pension Trust.
- **Employer appropriations** and **Employee contributions** as their respective portions of the Total Actuarially Determined Contribution (ADC). The relative allocation of the Total ADC to the employer and the employee is typically the result of the collective bargaining process, or for unrepresented employees it is set by the Board of Supervisors.

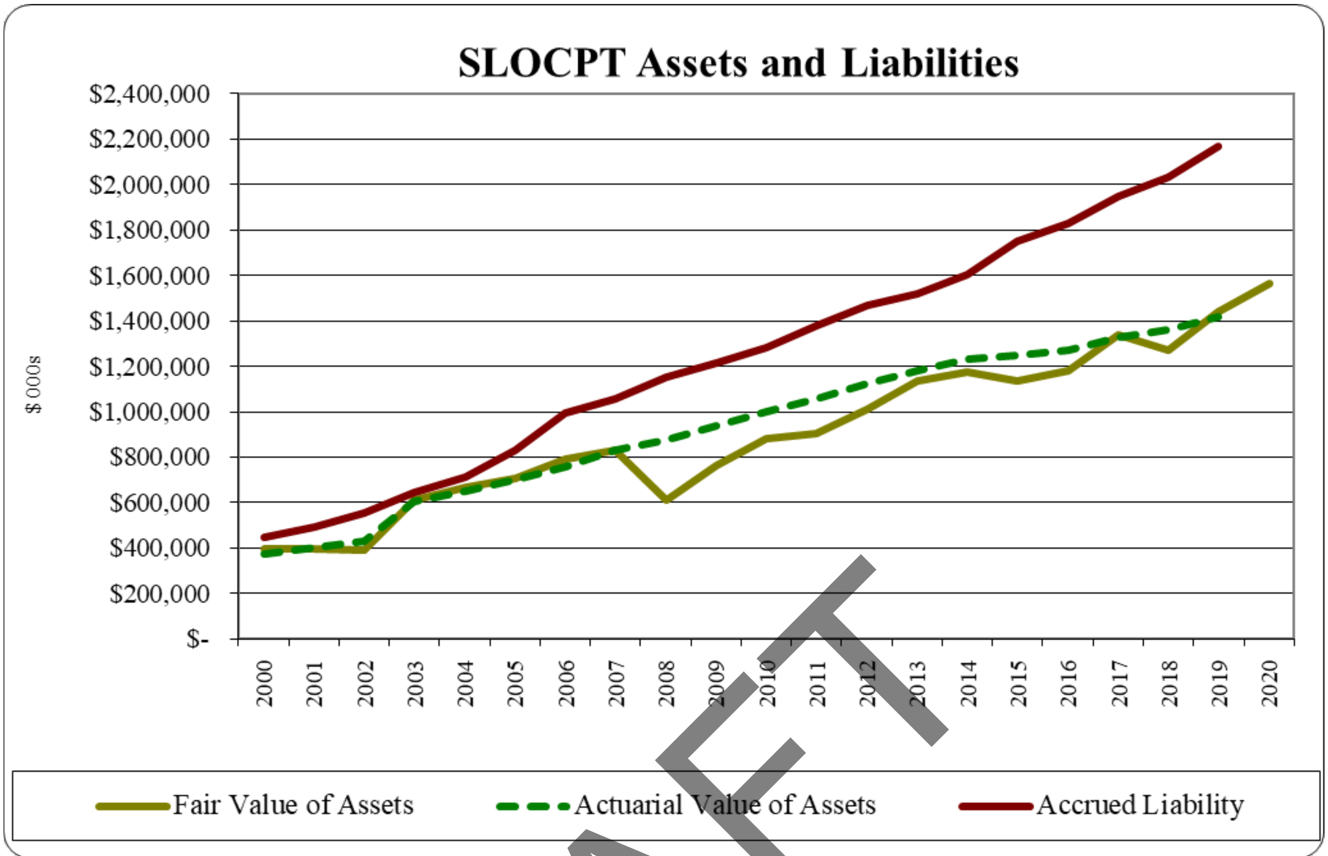
It is the policy of the County to contribute the full Total ADC each year through a combination of employer appropriations and employee contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the timing and magnitude of employee contribution rate changes may vary depending on when various collective bargaining agreements are implemented.

The Pension Trust engages an independent actuarial firm to perform annual valuations on the Pension Trust. Additionally, actuarial experience studies are conducted biennially. The economic and demographic assumptions that are used in each annual actuarial valuation are approved by the Board and are typically based on the results of each biennial actuarial experience study and input from the Pension Trust's advisors. Each annual actuarial valuation serves as the basis for the Total ADC in aggregate to be collected from employer appropriations and employee contributions.

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2020 valuation. It is based on member data and financial results through December 31, 2019. The Pension Trust's actuary through December 31, 2020, Gabriel Roeder Smith & Company (GRS), completed this annual valuation prior to the preparation of this ACFR. The most recent biennial actuarial experience study was completed by GRS as of January 1, 2020. At the time of preparation of this ACFR, the January 1, 2021 valuation was being prepared, but the results were not yet available.

Based on the most recent actuarial valuation, the actuary computes (among other things) a level of Actuarial Accrued Liability (AAL) and an Actuarial Value of Assets (AVA). The AVA is a smoothed measure of fair values of the Pension Trust's total assets that moderates yearly volatility in asset size. The difference between the AVA and the AAL (if negative) is referred to as the Unfunded Actuarial Accrued Liability (UAAL) and is a central focus of funding policy for the Retirement Plan. These actuarial measurements are discussed in more detail in the Actuarial Section of this ACFR.

Combined with the year-end Fair Value of Assets (FVA), the history of these measures is shown in the following graph on the next page:



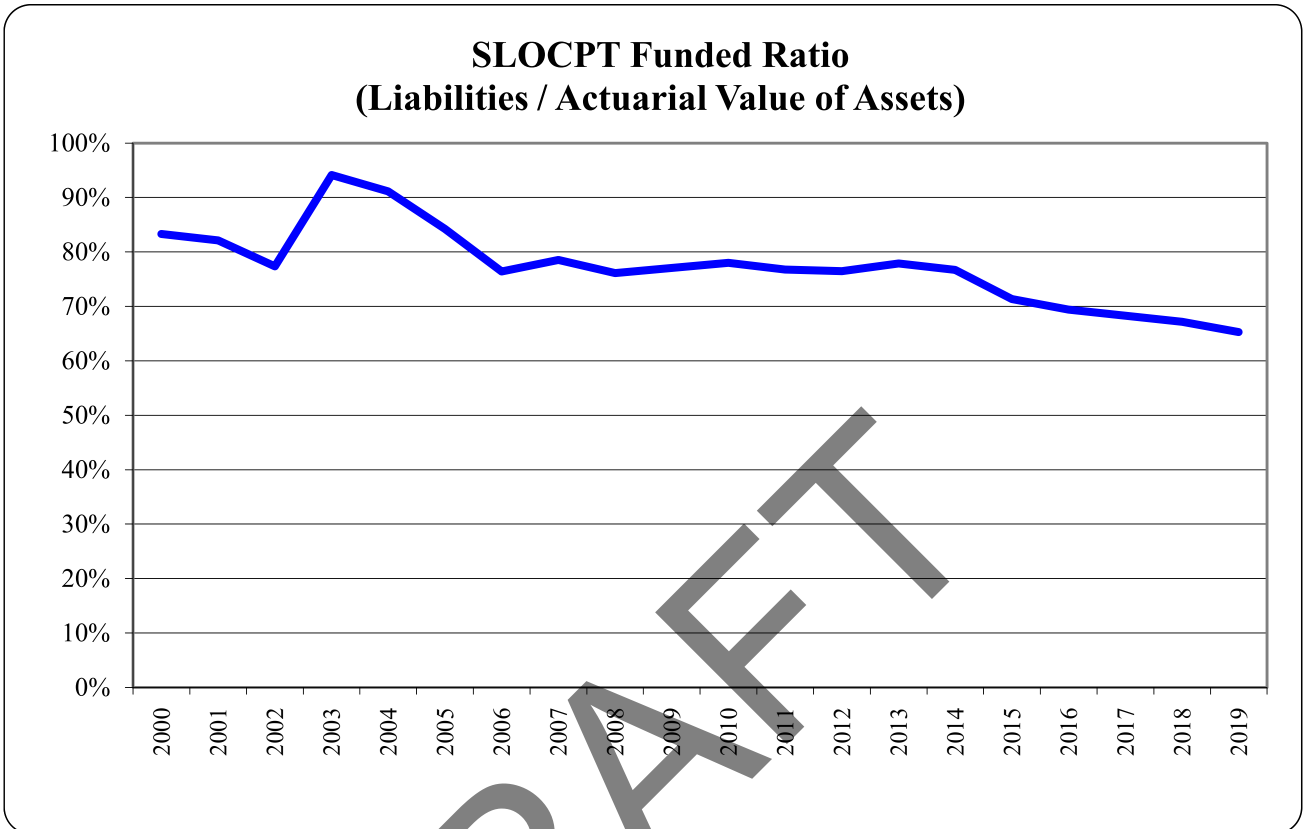
Source: Pension Trust financial records from annual actuarial valuations

Note that the measurement of Actuarial Accrued Liability is sensitive to the discount rate used. This discount rate is the expected investment return, also known as the Earnings Assumption. The Earnings Assumption used by the Pension Trust historically is shown below (by the year the Actuarial Report was adopted based on data from the prior year):

Actuarial Valuation Year	Earnings Assumption
2008 to 2012	7.750%
2013 to 2015	7.250%
2016 to 2017	7.125%
2018 to 2019	7.000%
2020	6.875%

This reduced Earnings Assumption, combined with revised Inflation, Payroll Growth, Salary Growth, Mortality assumptions, and Unfunded Actuarial Accrued Liability amortization methods plus numerous other actuarial gains and losses, contributed to the increase in the Actuarial Accrued Liability at year-end 2015 through 2019 which, in turn, contributed to the decline in the Funded Ratio discussed below.

The relationship of the AAL and AVA is the Funded Ratio of the Pension Trust which decreased from 67.1% as of year-end 2018 to 65.3% as of year-end 2019. The decline in funded ratio reflected the change in Actuarial Accrued Liability discussed above which was increased due to a lowered Earnings Assumption and significant improvements in Mortality assumptions (members living longer which increases costs). The history of the Pension Trust's funded ratio is shown in the following graph:



Source: Pension Trust financial records from annual actuarial valuations

This Letter of Transmittal complements the information in the Actuarial Section and should be read in conjunction with it. The Actuarial Section can be found on pages 69 through 87.

Investments

The Board has full authority over the investments of the Pension Trust and is responsible for the establishment of investment strategies and policies that align with the overall funding objective of the Plan. The Board may direct the investment of the Pension Trust into any form or type of investment deemed prudent in the informed opinion of the Board. Members of the Board serve in a fiduciary capacity to the Pension Trust and must discharge their duties accordingly.

The Board implements its investment function through the adoption of a written Investment Policy, the use of a professional Investment Consultant, the use of various professional investment managers, and direction to Pension Trust staff. The Pension Trust primarily uses external investment management firms to manage its portfolio. Additional information on the Pension Trust's Investment Policy and investment managers may be found in the Investment Section of this ACFR.

The Staff of the Pension Trust and the Investment Consultant (Verus) closely monitor the investment activities of the total Plan assets and report regularly to the Board. The Investment Policy adopted by the Board considers the advice and input of staff and the Investment Consultant and sets the asset allocation policy and management policies of the Board. The asset allocation policy incorporated into the Investment Policy is more fully discussed in the Investment Section of this ACFR.

For the years ended December 31, the total time-weighted rates of return gross of fees on the Pension Trust's assets as computed by the Investment Consultant are summarized below:

	2016	2017	2018	2019	2020
SLOCPT Total Returns	6.6%	15.5%	-3.2%	16.3%	8.9%

Source: Verus reports

For cumulative periods ending December 31, 2020, the annualized time-weighted total rates of return gross of fees are as follows:

	1 year	3 years	5 years	10 years	15 years
SLOCPT Total Returns	8.9%	7.1%	8.6%	7.7%	6.2%

Source: Verus 4th Quarter 2020 report

This Letter of Transmittal complements the information in the Investment Section and should be read in conjunction with it. The Investment Section can be found on pages 51 through 67.

Service Efforts and Accomplishments

Mission Statement

No discussion of service efforts and accomplishments would be complete without beginning with the core mission statement for the organization. The Pension Trust's mission statement is:

> *The mission of the San Luis Obispo County Pension Trust is to adequately fund and promptly pay the benefits accrued by Employees of San Luis Obispo County pursuant to the provisions of the San Luis Obispo County Employees Retirement Plan and consistent with Article 16, Section 17 of the California State Constitution.*

Furthermore, Section 53216.6 of Article 1.5 of the California Government Code provides, in part:

> "The assets of the pension trust are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system."

Also, Section 17 of Article XVI of the California Constitution, at subsection (b) states, in part:

> "The retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."

Secondarily, the Board, in discharging its duty, must also act, in so far as it is prudent to do so, to minimize employer appropriations.

Honoring Public Service

The Pension Trust keeps foremost in its operation that the retirement benefits promised by the Plan Sponsor and administered by the Pension Trust are an important element of compensation to the more than 6,390 hard-working public servants included in the Plan. The promise of lifetime retirement income as a portion of the compensation for such service is a weighty responsibility and one not taken lightly. The social services, health services, public infrastructure, planning, justice system, emergency services, public safety, and other services provided by the public servants in San Luis Obispo County are important to the well-being of County citizens. As such, fair compensation, including pensions, for the providers of those public services is a right that the Pension Trust is honored to be a part of providing.

Payment of Retirement Benefits

The timely payment of retirement benefits is the core objective of the Pension Trust and it is still worth noting that this is indeed what happens – month after month. It is also of interest to note where retiree benefits are paid geographically. As of December 31, 2020, the Pension Trust paid benefit allowances to 3,070 retirees, disability recipients, beneficiaries, and survivors. During 2020, $109.1 million was paid by the Pension Trust in recipients' benefits. Of this amount, The Pension Trust estimates close to 80% was sent to addresses within San Luis Obispo County. The significance of this data is that the majority of retirement benefits paid by the Pension Trust is presumably spent within San Luis Obispo County and contributes in a material way to the local economy.

Investments

The Investment Section of this ACFR discusses the investment function of the Pension Trust in more detail, including its Investment Policy and asset allocation. Some of the key service efforts and accomplishments related to the Pension Trust's investments in 2020 were:

- Asset Allocation and Investment Policy – a significant revision to the Pension Trust's Investment Policy based on the "Functionally Focused Portfolio" concept was completed in 2020. The Investment Policy now incorporates Liquidity, Growth and Risk Diversifying sub-portfolios. The practical implication of this change in investment policy is to more precisely plan the liquidity requirements of the fund and permit an increased allocation to higher expected return private market assets as part of the Growth sub-portfolio.

Actuarial Valuations

The Pension Trust and its Board consider the key assumptions in the annual actuarial valuation each year and generally expect to change assumptions biennially in conjunction with actuarial experience studies. The Board's stated policy is to reconsider changing any actuarial assumptions following receipt of the biennial actuarial experience studies. Logically, all actuarial assumptions should be considered together since they are interrelated in many ways. Making necessary changes to the assumptions simultaneously may minimize the impact of such changes both financially and administratively.

The latest biennial actuarial experience study was completed in 2020 and its findings were considered in the setting of assumptions for the January 1, 2020 annual actuarial valuation. As part of the 2019 actuarial valuation further changes in assumptions were planned for 2020. The current key actuarial assumptions used in the January 1, 2020 actuarial valuation (the most recent available as of the date of this writing) were as follows:

- 6.875% Earning Assumption
- 2.75% Salary Growth Assumption
- 2.75% Payroll Growth Assumption
- 2.25% Inflation Assumption
- Mortality Assumptions updated to latest available actuarial tables (Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, with a multiplier)

At the time of preparation of this ACFR, the January 1, 2021 actuarial experience study and actuarial valuation were being prepared but the results were not yet available.

Acknowledgements

I sincerely thank the Board for its leadership and dedication to provide a strong retirement system. The Pension Trust has an unusually experienced and highly professional Board that works together and with staff in an effective manner. I also thank the staff and advisors whose efforts make the successful operation of the Pension Trust possible. The Pension Trust is fortunate to have a small cadre of staff, legal counsel and advisors with long experience with the organization and in the public pension industry and a dedication to serving our members and our Board. Regarding this ACFR, I thank Amy Burke, Deputy Director, and Jennifer Alderete, Accountant, for their prodigious efforts in producing this tenth annual ACFR for the Pension Trust.

Respectfully submitted,

Carl A. Nelson

Carl A. Nelson, CFA
Executive Director and Chief Investment Officer
San Luis Obispo County Pension Trust

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Luis Obispo County Pension Trust
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2020

Presented to

San Luis Obispo County Pension Trust

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

DRAFT

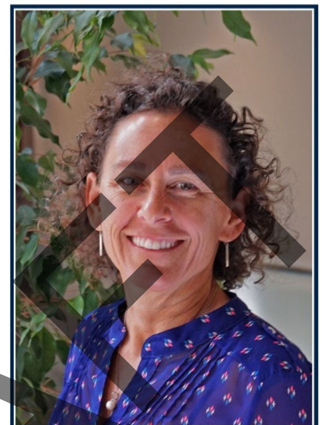
Board of Trustees
As of December 31, 2020

Guy Savage
President
Appointed Member

Gere Sibbach
Vice President
Appointed Member

Jeff Hamm
Appointed Member

James Hamilton
Treasurer
Ex-Officio Member



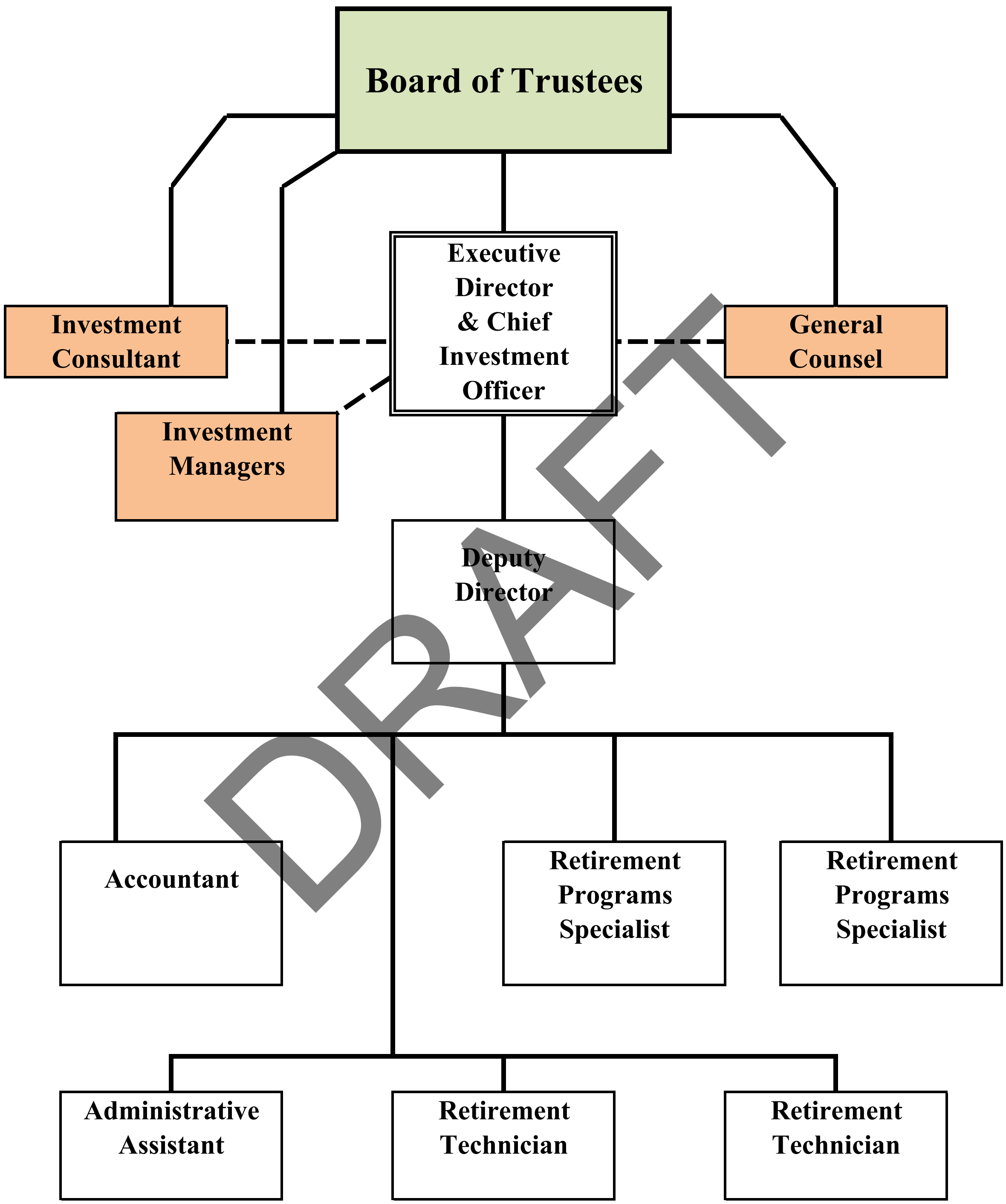
Michelle Shoresman
Elected Member
Present term
expires 2023

Taylor Dacus
Elected Member
Present term
expires 2022

Lisa Howe
Elected Member
Present term
expires 2021

San Luis Obispo County Pension Trust

Organization Chart - December 31, 2020



Additional information regarding investments can be found in the Schedule of Management Fees and Commissions, located on pages 64 and 65 in the Investment Section.

Professional Consultants

As of December 31, 2020

Actuary

Paul Wood, ASA, FCA, MAAA
Gabriel, Roeder, Smith & Company

Legal Services

General Counsel
  Chris Waddell
  Olson Remcho LLP

Litigation
  Alan Blakeboro
  Reicker, Pfau, Pyle & McRoy LLP

Plan Qualification & Fiduciary Counsel
  Don Wellington
  Steptoe & Johnson, LLP

Auditor

Brown Armstrong Accountancy Corporation

Data Processing

LRS Retirement Solutions
  PensionGold Pension Administration System

General Information Technology Support
  County of San Luis Obispo Information Technology Department

General Investment Consultant

Scott Whalen, CFA
Verus

Investment Custodian

J.P. Morgan Chase

Investment Managers

Bonds, Notes, CMOs
  Ashmore
  BlackRock
  Brandywine Global Investment Management
  Dodge & Cox
  Pacific Asset Management Bank Loan Fund

Domestic Equities
  Atlanta Capital Management
  Boston Partners
  Loomis Sayles
  PIMCO / Research Affiliates

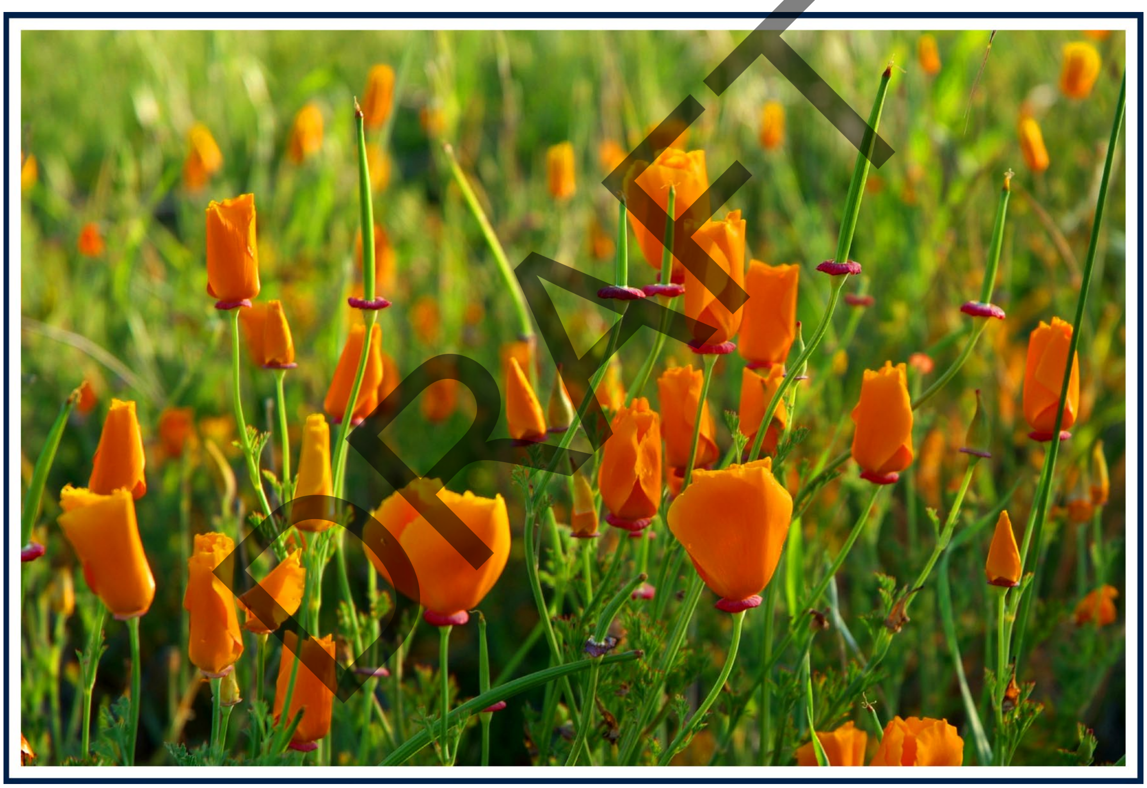
International Equities
  Dodge & Cox
  WCM International

Private Equity / Private Credit
  Harbourvest Partners
  KKR Mezzanine Partners
  Pathway Private Equity
  TPG Sixth Street Partners

Real Estate
  American Realty Advisors
  J.P. Morgan Investment Management

Cash Overlay
  Parametric

Financial Section



Page reserved for Auditor's opinion letter

Page reserved for Auditor's opinion letter

San Luis Obispo County
Pension Trust
SLOCPT

1000 Mill Street • San Luis Obispo • CA • 93408 • (805) 781-5465 P • (805) 781-5697 F • www.SLOPensionTrust.org

SAN LUIS OBISPO COUNTY
PENSION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

June 28, 2021

We are pleased to provide this overview and analysis of the financial activities of the San Luis Obispo County Pension Trust (SLOCPT) for the year ended December 31, 2020. SLOCPT was established on November 1, 1958. Some ten years later, the San Luis Obispo County Board of Supervisors adopted the present By-Laws and San Luis Obispo County Employees Retirement Plan (the Plan) in order to improve the benefits to employees retiring after January 1, 1968. One of the principal objectives of the new 1968 Plan, and of subsequent amendments to that Plan, has been to provide benefits substantially comparable to those that would have been provided had the original Plan Sponsor, San Luis Obispo County (the County), elected to join the California Public Employees' Retirement System, but at a lesser cost to the County and its employees and with greater local control. SLOCPT is established pursuant to Section 17 of Article XVI of the California Constitution and Government Code Sections 53215 et seq.

The Plan, as a defined benefit pension system, provides retirement benefits that vary by the class of its members – Miscellaneous, Public Safety, or Probation employees – and within each class of membership. Members hired generally prior to 2011 receive benefits under "Tier 1" benefit formulas. Members hired in 2011-2012 generally and some subsequently hired members with reciprocal membership from other California pension systems receive benefits under "Tier 2" benefit formulas that are lower than Tier 1 benefits. Members hired in 2013 and later years generally receive benefits under "Tier 3" benefit formulas that are lower than Tier 2 benefits. The Tier 3 benefit formulas were implemented by the County to comply with the provisions of the statewide Public Employees' Pension Reform Act of 2012.

Financial Highlights

SLOCPT's Fiduciary Net Position as of December 31, 2020 was $1.566 billion. This represents an increase of $127 million or 8.8% from the year ended December 31, 2019. The Fiduciary Net Position represents the net position (total assets minus total liabilities) that is restricted for future payment of pension benefits to members and their beneficiaries as of the date reported.

Total additions to the Fiduciary Net Position in 2020 were $244.5 million, which includes member contributions and employer appropriations of $92.2 million and net investment income of $152.3 million. Comparatively, in 2019, additions to the Fiduciary Net Position were $275.7 million, which included member contributions and employer appropriations of $81.9 million and net investment income of $193.8 million. A decrease of $37 million in realized and unrealized gains on investments was the main factor contributing to the net decrease in total additions over prior year.

For the year ended December 31, 2020, deductions from the Fiduciary Net Position totaled $117.2 million, consisting of $113.2 million in payments to Plan members and their beneficiaries and $4.0 million in administrative and other expenses. For the year ended December 31, 2019, deductions from the Fiduciary Net Position totaled $108.3 million, consisting of $104.6 million in payments to Plan members and their beneficiaries and $3.7 million in administrative and other expenses. An increase in the total number of retirees as well as the annual Cost of Living Adjustment (COLA) were the major causes of the increase in total Plan deductions.

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment earnings. As of January 1, 2020, the date of the last actuarial valuation that was approved in June 2020, the funded ratio for the Plan was 65.3%. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 65.3 cents available for payment.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to SLOCPT's financial statements, which are comprised of these components:

1. **Statement of Fiduciary Net Position**
2. **Statement of Changes in Fiduciary Net Position**
3. **Notes to the Financial Statements**
4. **Required Supplementary Information**
5. **Other Supplementary Information**

The **Statement of Fiduciary Net Position** is a snapshot of major account balances as of December 31, 2020. The statement indicates the value of assets available for future payments of benefits to retirees and their beneficiaries and any current liabilities that are owed at that date. This statement includes all assets and liabilities using a full accrual basis of accounting as required for fiduciary funds in governmental accounting.

The **Statement of Changes in Fiduciary Net Position** provides a detailed view of the current year additions to and deductions from the Fiduciary Net Position. All the year's additions and deductions are included regardless of when cash is received or paid. Investment gains and losses are reported on a trade-date basis, and both realized and unrealized gains and losses on investments are disclosed in this financial statement.

These two statements report the Fiduciary Net Position Restricted for Pension Benefits (the difference between assets and liabilities), which is used to measure SLOCPT's financial position. Over time, increases and decreases in the Fiduciary Net Position are one indicator of the Plan's financial health improvement or deterioration.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements including, but not limited to, a plan description, significant accounting policies, risk disclosures, and funded status. This section provides a detailed basis for assessing the Plan's overall financial health.

The **Required Supplementary Information** shows information concerning SLOCPT's progress in funding its obligations to provide pension benefits to members and their beneficiaries.

The **Other Supplementary Information** includes additional schedules that present more detailed information on the administrative and investment expenses of SLOCPT as well as information regarding each employer's pension expense and allocated pension liability.

These statements are presented in conformity with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). GASB requires certain disclosures and requires local government pensions to report using the accrual method of accounting. These statements comply with all material requirements of these pronouncements.

Financial Analysis

The reserves needed to finance retirement benefits are accumulated through the collection of employer appropriations and employee contributions and through earnings in the investment portfolio (net of investment expense).

The Fiduciary Net Position restricted for pension benefits as of December 31, 2020 totaled $1.566 billion, an increase of $127 million from prior year-end. This increase was due primarily to a rebound from early-2020 unrealized losses as well as a steady increase in realized and unrealized income across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2020. During 2020, the rate of return on investments, as measured by SLOCPT's investment consultant, was 8.9% gross of fees.

In comparison, the Fiduciary Net Position restricted for pension benefits as of December 31, 2019 totaled $1.439 billion, an increase of $167 million from the prior year. This increase was due primarily to a rebound from late-2018 unrealized losses as well as a steady increase in realized and unrealized income across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2019. During 2019, the rate of return on investments, as measured by SLOCPT's investment consultant, was 16.3% gross of fees.

A table comparison of selected current and prior year balances follows:

	2020	2019	Increase (Decrease)
Cash	$ 61,481,889	$ 46,396,399	$ 15,085,490
Investments at Fair Value	1,538,487,229	1,413,261,165	125,226,064
Securities Sold	1,171,266	981,205	190,061
Other Receivables and Other Assets	8,805,088	11,511,409	(2,706,321)
Total Assets	1,609,945,472	1,472,150,178	137,795,294
Total Liabilities	43,619,277	33,145,975	10,473,302
Net Increase in Fiduciary Net Position	127,321,992	167,384,119	(40,062,127)
Fiduciary Net Position, Beginning of Year	1,439,004,203	1,271,620,084	167,384,119
Fiduciary Net Position, End of Year	$ 1,566,326,195	$ 1,439,004,203	$ 127,321,992

Additions to Fiduciary Net Position

There are three primary sources of funding for the payment of benefits: earnings on investments of assets, employer appropriations, and active Plan member contributions. Income sources for the year ended December 31, 2020 totaled $244.5 million. Employer appropriations and Plan member contributions continue to increase.

Pensionable salaries for active members increased $18.0 million or 8.95% for the year ended December 31, 2020 when compared to those earned in 2019. This increase is due to additional hiring, prevailing wage adjustments, and a contribution rate increase, which is partially offset as Tier 1 members retire or terminate and are replaced with Tier 3 members who typically have lower member contribution rates but similar employer rates. Employer contribution rates are not determined by entry age as member rates are but rather by bargaining unit and Tier placement. All members in a particular bargaining unit will have the same employer contribution rate with only a very slight rate reduction for Tier 3 members. Conversely, member rates can fluctuate drastically within a particular bargaining unit depending on entry age of the member and Tier placement. Based on the January 1, 2019 valuation, a contribution rate increase of 2.73% was implemented on January 1, 2020 for Superior Court of California and the Air Pollution Control District. For the remaining Plan participants, an increase of 2.68% in aggregate was implemented on July 1, 2020 with specific rate increases depending on bargaining unit. The increase in employer appropriations and member contributions experienced in 2020 was due to this contribution rate increase.

A table comparison of current year and prior year changes in Fiduciary Net Position follows:

	Year Ended 2020	Year Ended 2019	Increase (Decrease)
Employer Appropriations	$ 56,305,770	$ 48,957,564	$ 7,348,206
Plan Member Contributions	35,888,642	32,983,211	2,905,431
Net Investment Income	152,250,551	193,721,648	(41,471,097)
Other Income	35,607	18,930	16,677
Total Additions	$ 244,480,570	$ 275,681,353	$ (31,200,783)
Total Deductions	117,158,578	108,297,234	8,861,344
Net Change in Fiduciary Net Position	$ 127,321,992	$ 167,384,119	$ (40,062,127)

Deductions from Fiduciary Net Position

The Plan was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes benefit payments, as designated by the Plan, refund of contributions to terminated employees, and the cost of administering the Plan. A steady increase in benefit payments can be expected as retired member participant counts increase and the annual COLA is applied.

In March 2014, an agreement to accept a prefunded or advance payment of employer appropriations was established between SLOCPT's Board of Trustees and the County Board of Supervisors. The agreement allowed two of SLOCPT's employers to prepay their actuarially determined Employer appropriations in July 2014 for fiscal year ended June 30, 2015. Per the terms of this agreement, the SLOCPT Board of Trustees is required to give 60 days' notice to the employers prior to the completion date of the current agreement in order to discontinue the arrangement to accept prefunded appropriations in the subsequent year. In years 2015 through 2020, a prefunding agreement for each respective subsequent fiscal year ending June 30 was established. The associated discount given for prepayment of these receivables is amortized over the time frame used to calculate the prefunded amount (in all cases, one year).

Below is a comparison of current and prior year deductions from the Plan:

	Year Ended 2020	Year Ended 2019	Increase (Decrease)
Monthly Benefit Payments	$ 109,135,137	$ 101,220,652	$ 7,914,485
Refund of Contributions	3,167,517	3,291,865	(124,348)
Death Benefits	864,963	118,337	746,626
Administration and Actuarial	2,569,774	2,120,046	449,728
Prefunded Discount Amortization	1,421,187	1,546,334	(125,147)
Total Deductions	$ 117,158,578	$ 108,297,234	$ 8,861,344

The Plan as a Whole

Management believes that SLOCPT is in reasonably sound financial position to meet its obligations to the Plan members and their beneficiaries. The current financial position results from a diversified investment program that prudently balances expected risk and return, and an effective system of cost control and strategic planning.

New Pension Accounting and Financial Reporting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", which provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this statement were effective immediately.

Requests for Information

This financial report is designed to provide the Board of Trustees, our membership, taxpayers, and investment managers with a general overview of SLOCPT's finances and to demonstrate the accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Respectfully submitted,

Carl A. Nelson

Carl A. Nelson, CFA
Executive Director and Chief Investment Officer

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
ASSETS		
Cash and Cash Equivalents	$ 61,481,889	$ 46,396,399
Receivables		
Accrued Interest and Dividends Receivable	585,293	716,114
Accounts Receivable	25,130	24,701
Contributions Receivable	1,272,067	3,287,950
Securities Sold	1,171,266	981,205
Total Receivables	3,053,756	5,009,970
Investments, at Fair Value		
Bonds and Notes	268,620,994	265,883,323
International Fixed Income	153,501,562	148,271,810
Collateralized Mortgage Obligations	7,365,200	5,983,103
Domestic Equities	359,290,852	298,421,573
International Equities	370,824,211	323,757,992
Alternative Investments	172,467,326	165,992,908
Real Estate	206,417,084	204,950,456
Total Investments	1,538,487,229	1,413,261,165
Other Assets		
Prepaid Expenses	164,166	75,376
Capital Assets - Net of Accumulated Depreciation and Amortization	6,758,432	7,407,268
Total Other Assets	6,922,598	7,482,644
Total Assets	$ 1,609,945,472	$ 1,472,150,178
LIABILITIES		
Securities Purchased	$ 12,590,983	$ 3,432,132
Accrued Liabilities	1,265,982	1,740,469
Prefunded Contributions	29,762,312	27,973,374
Total Liabilities	$ 43,619,277	$ 33,145,975
FIDUCIARY NET POSITION		
Fiduciary Net Position Restricted for Pension Benefits	**$ 1,566,326,195**	**$ 1,439,004,203**

The accompanying notes are an integral part of these financial statements.

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
ADDITIONS		
Contributions		
Employer Appropriations	$ 56,305,770	$ 48,957,564
Plan Member Contributions	35,888,642	32,983,211
Total Contributions	92,194,412	81,940,775
Investment Income		
Realized and Unrealized Gains and Losses, Net	144,465,689	181,520,905
Interest	3,405,925	4,450,180
Dividends	7,907,996	11,371,561
Real Estate Operating Income, Net	-	11,549
Investment Expenses	(3,529,059)	(3,632,547)
Net Investment Income	152,250,551	193,721,648
Other Income	35,607	18,930
Total Additions	244,480,570	275,681,353
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	109,135,137	101,220,652
Refund of Contributions	3,167,517	3,291,865
Death Benefits	864,963	118,337
Total Benefits	113,167,617	104,630,854
Other Deductions		
Administration and Actuarial	2,569,774	2,120,046
Prefunded Discount Amortization	1,421,187	1,546,334
Total Other Deductions	3,990,961	3,666,380
Total Deductions	117,158,578	108,297,234
Net Increase in Fiduciary Net Position	$ 127,321,992	$ 167,384,119
Fiduciary Net Position Restricted for Pension Benefits - Beginning of Year	$ 1,439,004,203	$ 1,271,620,084
Fiduciary Net Position Restricted for Pension Benefits - End of Year	**$ 1,566,326,195**	**$ 1,439,004,203**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the San Luis Obispo County Pension Trust (SLOCPT) are prepared on the accrual basis of accounting. All assets are invested and held pursuant to, and in accordance with, the Investment Policy of the San Luis Obispo County Employees Retirement Plan (the Plan). Employee contributions and employer appropriations are recognized as revenues in the period in which they are due pursuant to formal commitments and statutory or contractual requirements. Investment income is recognized as revenue when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation (depreciation) in fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments at year-end.

Cash and Cash Equivalents

Cash and cash equivalents include deposits and short-term investments held in SLOCPT's operating bank accounts and custodian bank. Short-term investments include cash held in short-term investment funds and other highly liquid investments. Short-term investments considered cash are recorded at cost, which approximates fair value.

Securities

Securities include bonds and notes, international fixed income, collateralized mortgage obligations, and domestic and international equities. These are stated at fair value based upon closing sales prices reported on recognized securities exchanged on the last business day of the period or, for listed securities having no sales reported and for unlisted securities, based on last reported bid prices. All purchases and sales of securities are accounted for on a trade-date basis, and dividends declared but not received are accrued on the ex-dividend date. Realized gains or losses of securities are determined on the basis of average cost. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period may include unrealized amounts from prior periods.

Alternative Investments

Alternative investments are valued at estimated fair values as determined by the investment manager.

Real Estate

The Plan's two real estate investments are in the form of real estate commingled funds.

Asset Allocation Policy and Long-Term Expected Rate of Return

The allocation of investment assets is reviewed and approved annually by the Board of Trustees (the Board) as outlined in the Investment Policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided to SLOCPT's members and their beneficiaries.

In September 2020, the Board approved an updated Investment Policy Statement (IPS) based on a Functionally Focused Portfolio asset allocation methodology. The approved IPS includes a recommended Strategic Asset Allocation (SAA) policy, which is divided into three elements: Liquidity – to fund near term net benefit payments, Growth – for long-term investment return without liquidity constraints, and Risk-Diversifying – for stability during market disruptions. The transition from a traditional asset mix to the adopted SAA is scheduled to be completed within the next four years. Additional information regarding the SAA is available in the Investment Section of this annual report.

The following table displays the Board-approved strategic asset allocation policy as of September 28, 2020 and the long-term expected real rates of return:

Asset Allocation	Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Liquidity	Cash Equivalents/Short Duration Govt	10%	-1.50%
Growth	Equities - Public Market	30%	3.23%
Growth	Real Assets	15%	5.13%
Growth	Private Markets	30%	5.42%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	-1.11%
		100%	

The long-term expected real rate of return is determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

Prefunded Contributions

In June 2020, for the seventh consecutive year, the Board entered into an agreement with the San Luis Obispo County (the County) Board of Supervisors to accept advanced payment of the employer appropriations and employer portions of employee contributions for the County and the San Luis Obispo County Air Pollution Control District (APCD). The advance payment amount is determined and calculated by the Plan's Actuary pursuant to the provisions of the Plan Section 16.05(c) and as instructed by the Board. The discount rate used by the Actuary was 4.5%, based on the assumed real rate of return in effect as of the date of the approval of the agreement.

As actual payroll (and hence required contributions) differs from the estimate in the agreement, a "true-up" process to determine any shortfalls or overages at the County's and APCD's fiscal year-end on June 30 is performed. Shortfalls are collected within five business days while overages will be used as credits to offset the next year's contributions.

Administrative Expenses

Administrative expenses represent actuarial and professional fees, salaries of the Plan's administrative personnel, insurance, occupancy costs, and services purchased from the County and other vendors and are paid from the assets of the Plan. Administrative expenses paid from the assets of the Plan are financed from both investment earnings and contributions.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

<u>Income Taxes</u>

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is therefore not subject to tax under income tax laws in effect at the time of its ruling. Accordingly, no provision for income taxes has been made in the accompanying financial statements, as the Plan is exempt from federal and state income taxes.

<u>Management's Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

<u>Concentrations of Market and Credit Risk</u>

The Plan's exposure to credit loss in the event of nonperformance of its investments is limited to the carrying value of such instruments. The Plan's concentrations of credit risk and market risk are dictated by the Plan's Investment Policy. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in risks in the near-term could materially affect the amounts reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

<u>Implementation of New Accounting Standards</u>

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", which provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this statement were effective immediately.

NOTE 2 – <u>PLAN DESCRIPTION</u>

<u>General</u>

The Plan is a multiple-employer cost sharing contributory defined benefit pension plan consisting of six participating employers. Permanent employees of the County, the San Luis Obispo County Superior Court (the Court), APCD, the San Luis Obispo County Local Agency Formation Commission (LAFCO), and SLOCPT as well as Management, Administrative, and Confidential employees of the San Luis Obispo Regional Transit Authority (RTA) are required to participate in the Plan. The Plan is a pension trust fund of the County and is reported as a fiduciary fund in the financial reports of the County. The Plan exists, operates, and is constituted under the authority of Section 53215 of Section 17 of Article XVI of the California Constitution and Government Code Article 1.5 (Pension Trusts), of Chapter 2 (Officers and Employees), of Part 1 (Powers and Duties Common to Cities, Counties and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

Pursuant to the foregoing Government Code provisions, the County Board of Supervisors established SLOCPT by the adoption of Chapter 2.56 of the San Luis Obispo County Code. Following the adoption of Chapter 2.56 of the County Code, the County Board of Supervisors adopted the By-Laws of the Plan.

NOTE 2 – PLAN DESCRIPTION (continued)

The Plan is part of those By-Laws. The County Board of Supervisors has the sole authority to amend the Plan's provisions. Under terms of the Plan, governance of the Plan is assigned to the seven-member Board that consists of three members elected by Plan participants, three members appointed by the County's Board of Supervisors, and the County's current Auditor-Controller-Treasurer-Tax Collector-Public Administrator as the Ex-Officio member.

Membership

Active members are required to contribute to the Plan at rates currently ranging from 5.64% to 34.67% of includable compensation as defined in the Plan, depending upon the collective bargaining agreement under which the member is covered and their age of entry. Employers are required to contribute to the Plan at rates currently ranging from 22.93% to 42.59% of each employee's includable compensation as defined in the Plan, depending upon the collective bargaining agreement under which the employee is covered. The schedules of rates and contributions utilized are those adopted by the County Board of Supervisors based upon recommendation of SLOCPT's Board. The Board bases its recommendation on the annual Actuarial Valuation Report. The employers' appropriations and members' contributions are designed to annually fund the Plan's Actuarially Determined Contribution. Such contributions are currently invested in corporate notes, bonds, collateralized mortgage obligations, equities, futures, real estate investment funds, equity real estate holdings, alternative investments, and short-term cash investments. Contributions are credited interest as approved by the Board, currently 6%, and accumulated for each individual active member until the member terminates employment.

At the time of employment termination, a member may choose to cash out the employee portion of their individual accrued balance, retire with a lifetime monthly benefit (depending on eligibility), or keep the money on deposit with SLOCPT until retirement eligibility is attained (depending on the member's vested status). A member becomes vested once they have accrued five Pension Trust Service Credits (PTSCs). PTSCs are accumulated with every "normal" hour worked for a participating employer. Normal hours include sick and vacation time but exclude overtime. A member will not receive credit for more than 80 hours during a two-week pay cycle.

Total members of the Plan were comprised of the following as of December 31, 2020:

	2020
Retirees and Beneficiaries Currently Receiving Benefits	3,070
Terminated Employees Entitled to but not yet Receiving Benefits	573
Active Plan Participants	
Vested	1,702
Nonvested	1,045
Total	6,390

The Plan has three tiers which cover members classified as Miscellaneous, Safety, and Probation. In general, members hired prior to January 1, 2011 are in Tier 1, members hired January 1, 2011 through December 31, 2012 are in Tier 2, and members hired on or after January 1, 2013 are in Tier 3. It is important to note that not all employers and/or collective bargaining units adopted Tier 2 provisions so there are some instances where a Tier 2 classification is absent for a particular employee group.

NOTE 2 – PLAN DESCRIPTION (continued)

Benefits

The applicable retirement formula, minimum retirement age, compensation base, post-retirement cost-of-living adjustment (COLA), COLA carryover, and final compensation maximum may differ depending upon the Plan provisions in effect at the member's date of hire, the member's classification, and the member's collective bargaining unit. The Plan permits retirement for most members at age 50 with five or more PTSCs. Tier 3 Miscellaneous members with at least five PTSCs are eligible to retire at age 52.

A member's retirement formula is based on the following three components: 1) retirement age factor, 2) total accumulated PTSCs, and 3) final compensation. The retirement age factor is determined by the member's age at retirement, member class, Tier, and collective bargaining unit; these range anywhere from 1.000% to 3.165%. Final compensation is the highest one-year average for Tier 1 employees and may include a compensation pickup for various management bargaining units. Tier 2 and Tier 3 members' final compensation is based on the highest three-year average with no pickup. Members receive their accumulated benefits as a life annuity payable monthly upon retirement.

The Plan provides for an annual post-retirement COLA based on changes in the Consumer Price Index. The COLA is limited to a maximum 3% per year for Tier 1 members and 2% per year for Tier 2 and Tier 3 members. There is no minimum COLA requirement. The Board must approve the COLA annually.

In the event of total and permanent disability, upon satisfaction of membership requirements and other applicable provisions of the Plan, members may receive a disability allowance. Disability benefits are granted by the Board based upon medical evidence. There are two types of disability allowances available within the Plan: Ordinary Disability and Industrial Disability. Industrial Disability is granted only if the cause of the disability is determined to be incurred during on-the-job duties and is limited to Safety and Probation members.

Some Tier 1 members are eligible to participate in a Deferred Retirement Option Plan (DROP). This option allows members to effectively retire from the Plan but remain an active employee with their current employer. When a member elects to enter DROP, their monthly benefit is calculated using the same formulas as if they had elected to retire. However, their monthly payment is directed to and accumulated in an investment account held for that individual by a third party. The member is restricted from accessing these funds until they officially elect to retire from employment. If elected, the member must participate a minimum of six months and is required to enter official retirement by the end of five years from the date of entrance into DROP.

The Plan also provides death benefits for both active employees and retired members. The death benefit calculation is determined by the status of the member at the time of his/her passing, retirement option selection if applicable, and the status of eligible beneficiaries.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES

Investment Stewardship

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest or delegate the investment of the assets of the Plan through the purchase, holding, or sale of any form or type of instrument or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has established an Investment Policy, which establishes specific asset allocation parameters that govern the compositional mix of cash, fixed income and equity securities, alternative investments, and real estate investments. The Plan currently employs an external investment

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

consultant and external investment managers to manage its assets subject to the guidelines of the Investment Policy.

Investment Risk

Investments are subject to certain types of risks, including interest rate risk, credit risk (including custody credit risk and concentrations of credit risk), and foreign currency risk. The following describes those risks:

Interest Rate Risk
The fair value of fixed income investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those investments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed income investments may have call provisions that could result in shorter maturity periods.

The Plan's Investment Policy controls interest rate risk in general through its approved asset allocation to fixed income investments and investment guidelines approved for each investment manager. Although the policy does not formally specify maturity limitations, interest rate risk for any given fixed income portfolio is controlled by investment guidelines particular to each portfolio or investment manager that do specify permissible minimum and maximum maturities relative to the relevant fixed income market index benchmark.

The following schedule is a list of fixed income, bonds, collateralized mortgage obligations, and short-term investments and the related maturity schedule for the Plan as of December 31, 2020:

	Investment Maturities (in years)				
Investment Type	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Fair Value
Collateralized Mortgage Obligations	$ 1,028,674	$ -	$ 1,519,989	$ 6,457,110	$ 9,005,773
Corporate Bonds	2,601,046	65,656,956	57,523,717	32,133,190	157,914,909
Derivatives	2,126,778	-	-	-	2,126,778
Municipal Bonds	586	5,651	35,745	2,892,025	2,934,007
US Government & Agencies	510,641	5,106,133	4,747,607	68,489,931	78,854,312
Foreign Corporate Bonds	367,660	39,128,208	8,644,957	12,599,118	60,739,943
Foreign Government Bonds	9,352,137	32,571,691	17,601,904	44,819,285	104,345,017
Other Short-Term Investments	13,567,017	-	-	-	13,567,017
Total	$ 29,554,539	$ 142,468,639	$ 90,073,919	$ 167,390,659	$429,487,756

Custody Credit Risk
Custody credit risk for deposits is the risk that, in the event of a financial institution's failure, the Plan would not be able to recover its deposits. Deposits are exposed to custody credit risk if they are not insured or not collateralized. Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is held by the pledging financial institution's trust department or agent in the Plan's name.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

At December 31, 2020, the carrying amount of the Plan's cash deposits was $61.482 million (which includes cash equivalents) and the bank balance was $54.121 million. The difference between the bank balance and the carrying amount represents cash and cash equivalents held in transition by the Investment Custodian and various investment managers. Of the bank balance, $550 thousand was covered by the Federal Deposit Insurance Corporation, and $39.559 million was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code. The Plan's policy is to confirm the existence and allocation of the bank's collateral with the State of California Local Agency Commission not less than annually, and to confirm the existence of insurance in the Plan's name.

Custody credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custody credit risk if the securities are uninsured, not registered in the Plan's name, and held by the counterparty. The Plan's investment securities are not exposed to custody credit risk because all securities held by the Plan's custody bank are in the Plan's name.

The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. The investment portfolio contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented 5% or more of the Fiduciary Net Position.

Credit Risk
The Plan's general investment policy is to apply the prudent person rule. Investments are made as a prudent person would be expected to act, with discretion and for the exclusive purposes of providing benefits, minimizing contributions, and defraying reasonable expenses of administering the Plan. Investments should be diversified to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

The following is a schedule of the credit risk ratings comparison of the Plan's fixed income, bonds, collateralized mortgage obligations, and short-term investments as of December 31, 2020, as rated by Standard & Poor's equivalent ratings:

	2020	
Quality Rating	%	Fair Value
AAA	1.70%	$ 7,289,250
AA+	12.38%	53,188,136
AA	6.34%	27,241,458
AA-	0.64%	2,745,603
A+	0.66%	2,814,973
A	5.52%	23,698,511
A-	1.76%	7,538,807
BBB+	5.70%	24,494,052
BBB	11.87%	50,994,480
BBB-	3.48%	14,929,227
Subtotal Investment Grade	50.05%	214,934,497
BB+	2.04%	8,760,014
BB	2.53%	10,856,458
BB-	3.33%	14,336,911
B+	2.45%	10,531,103
B	8.25%	35,453,130
B-	6.46%	27,739,119
CCC+	2.63%	11,296,213
CCC	0.67%	2,873,013
CCC-	0.05%	202,536
D	0.20%	840,061
Not Rated**	21.34%	91,664,701
Subtotal Non-Investment Grade	49.95%	214,553,259
Total Fixed Income and Short-Term Investments	100.00%	$ 429,487,756

Nationally recognized statistical rating organizations provide quality ratings of debt securities based on a variety of factors. For example, the financial condition of the issuer provides investors with some idea of the issuer's ability to meet its obligations. Fixed-maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). Debt securities with ratings of BBB or higher are considered investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and are often referred to as "high-yield". This reference is made because lower-rated debt securities

NOTE 3 – <u>DEPOSITS AND INVESTMENT RISK DISCLOSURES</u> (continued)

generally carry a higher interest rate to compensate the buyer for incurring additional risk. Not Rated debt securities include cash, derivatives, and those holdings that do not have S&P ratings.

Foreign Currency Risk
Foreign currency risk is the risk that occurs when changes in exchange rates may adversely affect the fair value of an investment. The Plan's external investment managers may invest in international securities and must follow the Plan's Investment Policy pertaining to these types of investments. The Plan's policy on foreign currency risk is specified in its Investment Policy and does not place specific limitations on currency exposure. The Plan's Investment Policy controls currency exposure risk in general through its approved asset allocation to international investments that may be valued in various foreign currencies.

NOTE 3 – <u>DEPOSITS AND INVESTMENT RISK DISCLOSURES</u> (continued)

The Plan's exposure to foreign currency risk in U.S. Dollars as of December 31, 2020 was as follows:

Currency	Fair Value
British Pound	$ 55,404,236
Euro Currency	55,292,252
Swiss Franc	43,451,511
Japanese Yen	33,753,030
Hong Kong Dollar	20,388,841
South Korean Won	15,133,868
Mexican Peso	14,322,279
Australian Dollar	13,141,101
Norwegian Krone	12,959,889
Indian Rupee	10,197,960
Netherlands Antillean Guilder	9,089,643
Brazilian Real	9,046,255
Danish Krone	6,366,087
Swedish Krona	5,858,325
South African Rand	5,833,566
Russian Ruble	5,337,268
Polish Zloty	5,026,358
Chilean Peso	4,977,166
Czech Koruna	4,951,064
Malaysian Ringgit	4,556,442
Canadian Dollar	4,329,330
Chinese Yuan	3,675,125
Indonesian Rupiah	3,097,605
Thai Baht	1,980,067
Colombian Peso	1,357,546
Hungarian Forint	1,230,042
Singapore Dollar	1,204,825
Turkish Lira	997,534
Taiwan Dollar	907,531
Romanian Leu	765,026
Egyptian Pound	720,024
Uruguayan Peso	645,022
Peruvian Nuevo Sol	600,020
Philippine Peso	307,510
Israeli Sheqel	202,507
Dominican Peso	127,504
Ukrainian Hryvnia	97,503
	$ 357,331,862

NOTE 4 – INVESTMENTS

Fair Value Measurements

Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*", addresses accounting and financial reporting issues related to fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels of inputs and gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are based on quoted prices for identical assets or liabilities in an active market. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market usually provides the most reliable evidence of fair value and is generally used without adjustment if available. This classification includes public equities with observable market prices.

Level 2: Inputs that are observable either directly or indirectly but are not Level 1 inputs. Level 2 inputs include quoted prices for similar instruments, broker quotes, or observable inputs that directly impact value such as interest rates, prepayment speeds, and credit risk. Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, and fair values are determined through the use of models or other valuation methodologies. For investments in funds where there is an ability to redeem such investments at the Net Asset Value (NAV) per share (or its equivalent) at the measurement date or in the near term, and investments for which quoted prices are available for similar assets or liabilities in markets that are not active, the fair value of the investment is generally categorized as Level 2.

Level 3: Inputs that are unobservable. Level 3 inputs are generally used in situations where there is little, if any, market activity for the investment. The determination of fair value using these inputs requires significant management judgment and estimation. Due to the inherent uncertainty of these estimates, the values may differ significantly from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include public entities and other fixed income securities where there is an inability to redeem such investments at the NAV per share (or its equivalent) at the measurement date or in the near term.

Equity and derivative securities classified as Level 1 are valued using prices quoted in active markets for those securities. Equity and debt securities classified in Level 2 and Level 3 use a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, observable market-based inputs and unobservable inputs (i.e., extrapolated data, proprietary models, and indicative quotes). Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Real Estate funds classified as Level 3 are based on periodic appraisals in accordance with industry practice. Investment derivative instruments categorized as Level 2 and Level 3 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates.

NOTE 4 – <u>INVESTMENTS</u> (continued)

The following table shows the fair value leveling of SLOCPT's investments as of December 31, 2020:

	Fair Value Measurements			
Investment Type	Quoted Prices in Active Markets for Identical Assets Level 1	Quoted Prices for Similar Assets in Inactive Markets Level 2	Significant Unobservable Inputs Level 3	Total
Bonds and Notes	$ 104,093,013	$ 164,527,981	$ -	$ 268,620,994
International Fixed Income	-	81,443,802	-	81,443,802
Collateralized Mortgage Obligations	-	7,365,200	-	7,365,200
Domestic Equities	68,609,790	290,681,062	-	359,290,852
International Equities	168,922,976	201,901,235	-	370,824,211
Real Estate	-	-	167,454,510	167,454,510
Total	$ 341,625,779	$ 745,919,280	$ 167,454,510	$ 1,254,999,569

<u>Investments in Entities that Calculate Net Asset Value Per Share</u>

Investments that are measured at fair value using the NAV (or its equivalent) per share as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SLOCPT's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The fair value measurement of investments in commingled global fixed income, commingled real estate, real estate held for investment, alternatives, and commodities are valued based on the investment's net asset value (NAV) per share (or its equivalent) reported by the investment manager, which is generally calculated based on the last reported sale price of the underlying assets held by such funds, including those structured as limited partnerships.

NOTE 4 – INVESTMENTS (continued)

The following table shows the fair value measurement of those investments measured at NAV as of December 31, 2020:

	Investments Measured at Net Asset Value (NAV)			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fund	$ 72,057,760	$ -	Quarterly	30 days
Private Real Estate Fund	38,962,574	-	Quarterly	30 days
Private Equity Funds	77,996,792	59,043,966	Not Eligible	Not Eligible
Private Credit Funds	94,470,534	107,099,310	Not Eligible	Not Eligible
Total	$ 283,487,660	$ 166,143,276		

Commingled Fund
This investment type consists of investments primarily in equity, debt, or real estate investments. As of December 31, 2020, there was one commingled fund; this fund invests in debt investments and contains foreign bonds.

Private Real Estate Fund
This investment type consists of real estate properties, unconsolidated joint ventures, non-guaranteed mortgage-backed certificates, and loans receivable. As of December 31, 2020, SLOCPT's investment in private real estate consisted of one partnership investment.

Private Equity Funds
This investment type consists of corporate finance/buyouts, venture capital, coinvestments, and secondary funds and is globally diversified. The fair value of these investments has been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

Private Credit Funds
This investment type consists of private market direct corporate lending, leveraged loans, and asset-backed debt investments and is globally diversified. The fair value of these investments has been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

<u>Derivatives</u>

The Board has authorized certain investment managers to invest in, or otherwise enter into, transactions involving derivative financial instruments when, in the judgment of management, such transactions are consistent with the investment objectives established for a specific investment manager's assignment.

A professional investment consultant is employed to monitor and review each investment manager's securities and derivative position as well as the manager's performance relative to established benchmark rates of return and risk measures. In management's opinion, derivative activities must be evaluated within the context of the overall portfolio performance and cannot be evaluated in isolation. Investment derivatives involve the following types of risks:

NOTE 4 – INVESTMENTS (continued)

Derivatives Market Risk
Market risk is the risk of change in value of an instrument in response to changes in a market price or index. While all investments are subject to market risk, derivatives often have a higher degree of market risk than other types of investment instruments. Values of cash securities containing derivative features are often more susceptible to market risk than other types of fixed income securities because the amounts and/or timing of their scheduled cash flows may fluctuate under changing market conditions, according to their contractual terms. For other types of derivatives, amounts of contractual cash flows may be either positive or negative depending upon prevailing market conditions relative to the reference prices or rates; therefore, the values of such instruments may be positive or negative, despite the fact that little or no cash is initially exchanged to enter into such contracts.

Derivatives Credit Risk
Credit risk of cash securities containing derivative features is based upon the creditworthiness of the issuers of such securities. The Plan establishes minimum credit requirements for such securities. Exchange-traded derivatives are generally considered to be of lower credit risk than over-the-counter derivatives due to the exchange's margin requirements.

Derivative financial instruments held by the Plan from time to time consist of the following:

Forward Contracts: A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date.

Futures Contracts: A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset, at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

Option Contracts: An option contract is a type of derivative security in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

Swap Agreements: A swap is an agreement between two or more parties to exchange a sequence of cash flows over a future period. No principal is exchanged at the beginning of the swap. The cash flows exchanged by the counterparties are tied to a "notional" amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

TBAs (To Be Announced): A TBA is an agreement to purchase mortgage-backed securities at a regular settlement date in the coming months. TBAs can settle up to three months forward but are generally traded one month forward. In a TBA transaction, the specific mortgage pools that will be delivered to fulfill the forward contract are unknown at the time of the trade.

NOTE 4 – INVESTMENTS (continued)

The Investment Derivatives schedule below reports the fair value balances and notional amounts of derivatives outstanding as of December 31, 2020:

Derivative Type	Notional Amount	Fair Value
Forward Contracts	$ (1,166)	$ (1,166)
Swap Agreements	(28,328,447)	(17,818)
TBAs	11,474,985	11,474,985
	$ (16,854,628)	$ 11,456,001

Note: Value does not include offsetting liability or asset associated with the position(s).

All investment derivative positions are included in investments at fair value in the Statement of Fiduciary Net Position. All changes in fair value are reported in the Net Realized and Unrealized Gains and Losses of investments in the Statement of Changes in Fiduciary Net Position.

Commitments

The Plan participates in certain investments that require commitments of a specified amount of capital upfront that is then drawn down at a later time as the investment vehicle requires. The total unfunded capital commitment represents the amount of funds that the Plan could potentially be required to contribute at a future date. As of December 31, 2020, the Plan had unfunded capital commitments totaling $168.921 million.

Annual Money-Weighted Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 10.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5 – CAPITAL ASSETS

Depreciation and amortization of capital assets are computed by the straight-line method based on the cost of the capital assets over the estimated useful lives of the capital assets, which range from 5 to 40 years. Capital assets are recorded at historical costs.

NOTE 5 – CAPITAL ASSETS (continued)

Changes in capital assets during the year ending December 31, 2020 were as follows:

	Beginning Balance January 1, 2020	Additions	Deletions	Ending Balance December 31, 2020
Office Equipment	$ 48,232	$ -	$ -	$ 48,232
Software	6,116,621	-	-	6,116,621
Land	668,150	-	-	668,150
Building	925,136	-	-	925,136
Accumulated Depreciation and Amortization	(350,871)	(648,836)	-	(999,707)
	$ 7,407,268	$ (648,836)	$ -	$ 6,758,432

Depreciation and amortization expenses for the year ended December 31, 2020 were $648,836.

NOTE 6 – CONTRIBUTIONS

Funding Requirement and Funding Policy

Periodic contributions to the Plan are determined on an actuarial basis using the Entry Age Normal Cost Method. The Entry Age Normal Cost Method identifies a normal cost and an accrued liability. This method was adopted in 2001 by the Board. The Board also elected an initial amortization period for the payment of the unfunded accrued liability of 30 years. The amortization of the Unfunded Actuarial Accrued Liability is done as a level percent of payroll. Unfunded liability amounts incurred through December 31, 2017 are amortized over a closed 30-year period (19 years as of December 31, 2020). Based on the recommendation of SLOCPT's Actuary from the January 1, 2020 Actuarial Valuation, the Board elected to amortize each future year's Unfunded Actuarial Accrued Liability over a closed 20-year layered amortization schedule. Changes in the value of Plan assets have generally been smoothed over a five-year period to arrive at the Actuarial Value of Assets under the Entry Age Normal Cost Method. The Actuarial Value of Assets as of the most recent Actuarial Valuation was $1.417 million.

In June 2020, the Board unanimously passed the recommendation of an increase of 3.60% to the total contribution rate as recommended by the Actuary in the January 1, 2020 Actuarial Valuation. The increased total contribution rate took into consideration continuing with the remaining 20 years of the 30-year amortization for unfunded liabilities that was reset in 2010 to 30 years as well as beginning the new practice of amortizing future liability amounts using a layered 20-year amortization. With the County Board of Supervisors' approval, the employers will implement the shared employer and employee increased total contribution rates for the majority of members effective July 1, 2021. The increase was adjusted to an average of 4.13% to account for the deferred implementation. The Air Pollution Control District implemented increased rates as of January 1, 2021.

It is the policy of the employers to contribute the full Actuarially Determined Contribution (ADC) through a combination of employer appropriations and employee contributions.

NOTE 7 – NET PENSION LIABILITY

The components of Net Pension Liability of the Plan as of December 31, 2020 were as follows:

Total Pension Liability	$	2,247,011,774
Plan Fiduciary Net Position		(1,566,326,195)
Employers' Net Pension Liability	$	680,685,579

Plan Fiduciary Net Position as a percentage of Total Pension Liability was 69.71% as of December 31, 2020.

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive Plan, as understood by the employers and Plan members, and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial cost method	Entry Age Normal
Inflation	2.25 percent
Salary Increases	2.75 percent, including inflation, additional merit component applicable to first 7 years of service
Investment rate of return	6.875 percent, net of pension plan investment expense, including inflation

Mortality rates were based on Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2019.

The long-term expected nominal rate of return on investments was determined using the same methodology as the long-term expected real rate of return calculation described in Note 1; however, the nominal rates of return will differ from the real rates of return presented in Note 1 because the nominal rates of return include an inflation assumption while real rates of return do not. Best estimates of arithmetic nominal rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2020 (see the discussion of the Plan's Investment Policy) are summarized in the following table on the next page:

NOTE 7 – NET PENSION LIABILITY (continued)

Asset Allocation	Asset Class	Target Allocation	Weighted Average Long-Term Expected Nominal Rate of Return
Liquidity	Cash Equivalents/Short Duration Govt	10%	0.75%
Growth	Equities - Public Market	30%	5.48%
Growth	Real Assets	15%	7.38%
Growth	Private Markets	30%	7.67%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	1.14%
		100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer appropriations will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employers collectively, calculated using the discount rate of 6.875%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.875%) or one percentage-point higher (7.875%) than the current rate:

Employers' Net Pension Liability as of December 31, 2020	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
	$ 990,101,705	$ 680,685,579	$ 427,590,044

NOTE 8 – LITIGATION

The Plan is subject to legal proceedings and claims in the ordinary course of its business. As of December 31, 2020, Plan management and legal counsel are not aware of litigation that would have a material impact on the Plan's financial statements.

NOTE 9 – SUBSEQUENT EVENTS

In compliance with governmental accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after year-end through the date the financial statements were issued to determine if these events are required to be disclosed in these financial statements.

Management has determined that no events require disclosure in accordance with governmental accounting standards generally accepted in the United States of America. Subsequent events have been evaluated through June 28, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending December 31*	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	$ 43,278,018	$ 40,445,623	$ 40,729,658	$ 38,161,931	$ 36,968,006	$ 35,503,180	$ 36,210,322
Interest on the Total Pension Liability	146,066,246	139,848,569	134,311,163	128,399,243	123,083,279	114,971,636	108,953,629
Differences Between Expected and Actual Experience	11,871,198	3,836,848	31,926,880	(1,367,931)	5,485,265	9,771,252	-
Assumption Changes	53,371,279	-	8,507,420	-	62,845,241	-	-
Benefit Payments and Refunds	(113,167,617)	(104,630,854)	(94,628,868)	(88,657,277)	(80,683,305)	(75,054,266)	(68,095,021)
Net Change in Total Pension Liability	141,419,124	79,500,186	120,846,253	76,535,966	147,698,486	85,191,802	77,068,930
Total Pension Liability - Beginning	2,105,592,650	2,026,092,464	1,905,246,211	1,828,710,245	1,681,011,759	1,595,819,957	1,518,751,027
Total Pension Liability - Ending (a)	$ 2,247,011,774	$ 2,105,592,650	$ 2,026,092,464	$ 1,905,246,211	$ 1,828,710,245	$ 1,681,011,759	$ 1,595,819,957
Fiduciary Net Position							
Employer Appropriations	$ 56,305,770	$ 48,957,564	$ 46,243,596	$ 42,340,904	$ 35,451,409	$ 33,618,330	$ 32,046,545
Employee Contributions	35,888,642	32,983,211	32,952,747	30,467,232	25,359,069	24,586,735	24,415,512
Pension Plan Net Investment Income (Loss)	152,286,158	193,721,648	(50,033,056)	178,639,524	68,949,306	(16,705,852)	51,667,160
Benefit Payments	(113,167,617)	(104,630,854)	(94,628,868)	(88,657,277)	(80,683,305)	(75,054,266)	(68,095,021)
Pension Plan Administrative Expense	(2,569,774)	(2,120,046)	(1,972,465)	(2,045,367)	(2,248,956)	(2,528,532)	(2,084,841)
Other**	(1,421,187)	(1,527,404)	(1,412,892)	(1,516,852)	(1,387,369)	(1,449,773)	(331,910)
Net Change in Fiduciary Net Position	127,321,992	167,384,119	(68,850,938)	159,228,164	45,440,154	(37,533,358)	37,617,445
Fiduciary Net Position - Beginning	1,439,004,203	1,271,620,084	1,340,471,022	1,181,242,858	1,135,802,704	1,173,336,062	1,135,718,617
Fiduciary Net Position - Ending (b)	$ 1,566,326,195	$ 1,439,004,203	$ 1,271,620,084	$ 1,340,471,022	$ 1,181,242,858	$ 1,135,802,704	$ 1,173,336,062
Net Pension Liability (a)-(b)	**$ 680,685,579**	**$ 666,588,447**	**$ 754,472,380**	**$ 564,775,189**	**$ 647,467,387**	**$ 545,209,055**	**$ 422,483,895**
Fiduciary Net Position as a Percentage of Total Pension Liability	69.71%	68.34%	62.76%	70.36%	64.59%	67.57%	73.53%
Covered Payroll* **	$ 218,911,525	$ 200,924,549	$ 199,288,713	$ 192,735,874	$ 180,728,417	$ 175,628,910	$ 167,343,323
Net Pension Liability as a Percentage of Covered Payroll	310.94%	331.75%	378.59%	293.03%	358.25%	310.43%	252.47%

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

*** December 31, 2019 Other does not agree to Other Expenses reported in the Basic Financial Statements due to Other Income being netted with Other Expenses.*

**** Figures represent actual compensation on which contributions were made for the fiscal years presented. The covered payroll reported in the Actuarial Section is based on a projected payrate for the subsequent year at the valuation date.*

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution**	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2011	$ 30,435,940	$ 30,435,940	$ -	$ 161,783,273	18.81%
2012	$ 30,942,038	$ 30,942,038	$ -	$ 161,054,639	19.21%
2013	$ 30,795,872	$ 30,795,872	$ -	$ 164,299,413	18.74%
2014	$ 32,046,545	$ 32,046,545	$ -	$ 167,343,323	19.15%
2015	$ 33,618,330	$ 33,618,330	$ -	$ 175,628,910	19.14%
2016	$ 35,451,409	$ 35,451,409	$ -	$ 180,728,417	19.62%
2017	$ 42,340,904	$ 42,340,904	$ -	$ 192,735,874	21.97%
2018	$ 46,243,596	$ 46,243,596	$ -	$ 199,283,713	23.20%
2019	$ 48,957,564	$ 48,957,564	$ -	$ 200,924,549	24.37%
2020	$ 56,305,770	$ 56,305,770	$ -	$ 218,911,525	25.72%

** Covered payroll for years prior to 2014 is the amount in force as of the valuation date and likely differs from the actual payroll paid during the year.*

*** Effective 1/1/2021, there was a change in actuaries, and the schedule presented is from the most recent valuation.*

SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date	January 1, 2020
Notes	Actuarially determined contribution rates are calculated as of January 1, 2020. Members and employers contribute based on fixed rates. The County may choose to prefund a portion of the actuarially determined contribution. There were no benefit changes during the year.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	Amortized over a closed 20-year period from January 1, 2020 ending December 31, 2039. Future gains and losses will be amortized over 20-year closed period layers.
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	6.875%
Inflation Rate Assumption	2.25% per year
Salary Increases	2.75% Composed of 2.25% inflation, plus 0.50% productivity increase rate, plus step-rate promotional increases for members with less than 8 years of service.
Cost of Living Adjustments	Tier 1 - 2.50% Tiers 2 & 3 - 2.00% (limit)
Retirement Age	Experience-based table for rates based on age and service. Adopted by the Board in 2020 in conjunction with the five-year experience study for the period ending December 31, 2019.
Mortality	Males: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 99% multiplier Females: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 101% multiplier

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN

Year Ended December 31*	Annual Money-Weighted Rate of Return Net of Investment Expense
2020	10.57%
2019	15.21%
2018	-3.72%
2017	14.96%
2016	6.04%
2015	-1.42%
2014	4.54%

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for timing of cash flows and the changing amounts actually invested.

** Schedule is intended to show information for 10 years. Data prior to 2014 is not available in a comparable format. Additional years will be displayed as they become available.*

OTHER SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

	2020	2019
Personnel Services		
Salaries and Benefits	$ 1,169,527	$ 1,076,101
Total Personnel Services	1,169,527	1,076,101
Office Expenses		
Office Supplies	27,988	18,157
Postage	32,194	28,826
Telephone	2,661	1,538
Utilities	10,079	7,859
Total Office Expenses	72,922	56,380
Professional Services		
Accounting and Auditing	59,800	58,489
Actuarial	106,633	81,789
Data Processing	113,567	115,342
Legal	182,119	192,937
Medical	14,275	23,878
Human Resources Consulting	7,500	5,000
Other	8,214	7,749
Bank Charges	12,986	11,975
Total Professional Services	505,094	497,159
Other Administrative Expenses		
Maintenance and Custodial	15,008	19,805
Insurance	127,327	116,692
Memberships, Subscriptions, and Publications	5,118	6,372
Printing and Reprographics	15,487	20,944
Transportation, Travel, and Education	9,605	18,197
Miscellaneous Administrative Expenses	850	89
Total Other Administrative Expenses	173,395	182,099
Depreciation and Amortization	648,836	308,307
TOTAL ADMINISTRATIVE EXPENSES	$ 2,569,774	$ 2,120,046

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

		2020		2019
Investment Manager Fees	$	3,005,350	$	3,081,339
Custody Fees		228,274		190,586
Investment Consultant		295,344		296,346
Other Investment Expenses		91		64,276
TOTAL INVESTMENT EXPENSES	$	3,529,059	$	3,632,547

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS)

		2020		2019
Accounting and Auditing Services	$	59,800	$	58,489
Actuarial Services		106,633		81,789
Data Processing Services		113,567		115,342
Legal Services		182,119		192,937
Disability Medical Services		14,275		23,878
Human Resources Services		7,500		5,000
Payroll Processing Services		6,696		6,235
TOTAL PAYMENTS TO CONSULTANTS	$	490,590	$	483,670

Investment Section

Investment Section Overview

The Investment Section of the Annual Comprehensive Financial Report (ACFR) provides additional detailed information regarding the San Luis Obispo County Pension Trust's (SLOCPT's) investments. Included is a letter from SLOCPT's Investment Consultant addressing investment activities and the capital markets. Additionally, information is provided on:

- Investment Objectives
- Asset Allocation Policy
- Investment Results
- Investment Results Based on Fair Value
- Schedule of Management Fees and Commissions
- Investments at Fair Value
- Schedule of Largest Stock and Bond Holdings

May 7, 2021

The Board of Retirement
c/o Mr. Carl Nelson
Executive Director
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Dear Mr. Nelson:

Verus is pleased to have had the opportunity to serve the San Luis Obispo County Pension Trust (the "Plan") and provide this investment review for the year ending December 31, 2020.

Capital Markets Review

2020 summary

The 2020 market environment proved to be an exceedingly challenging one for investors, given the global pandemic and its associated uncertainties. The main market drivers, unsurprisingly, were the assessments of the infectiousness and virulence of the coronavirus, the size and scope of policy responses assembled to address the pandemic, and the news flow relating to vaccine development. In March and April, the global economy experienced an exceptionally sudden slowdown. Governments around the world passed a number of fiscal support measures which provided aid for small businesses and specific sectors of the economy, direct payments to individuals, support for state and local governments, forbearance and other mortgage relief, and other funding for research and containment of the pandemic. Central banks quickly cut key rates and set up asset purchase programs to help ensure the continued flow of credit and properly functioning financial markets. In the fourth quarter, Pfizer and BioNTech, Moderna, AstraZeneca and the University of Oxford, and a number of other cooperatives managed to develop effective vaccines much more quickly than anticipated. The magnitude of the fiscal and monetary responses, paired with the faster-than-expected vaccine development created a favorable environment for a recovery in financial asset prices.

U.S. Equity

While economic growth and equity market performance have historically exhibited a positive relationship, there have been many periods throughout history when the two have diverged materially. This past year was without a doubt one of those periods—real gross domestic product shrunk -2.5% in 2020, while the S&P 500 Index delivered a total return of 18.4%. Between the beginning of the year and the February 19th pre-pandemic peak, the S&P 500 returned 5.1%. The Index proceeded to plunge -33.8% by March 23rd, and then surge +70.2% by the end of the year. The resilience of the S&P 500 Index can be largely attributed to unprecedented fiscal support, continued low interest rates and accommodative monetary policy, positive vaccine developments, and the relatively high weight of technology companies within the index, which were more insulated and, in some cases, even benefited from the impacts of the pandemic.

Large-capitalization firms performed well throughout the year (Russell 1000 Index +21.0%) and tended to perform better on worsening COVID-19 related news flow, as many believed a more prolonged pandemic improved the present value of future cash flows of large tech firms. As a result, the tech sector benefitted from a somewhat defensive rotation. Small-cap stocks were hit hard in Q1 and Q2, specifically in the energy, financial, and industrial sectors, but bounced back aggressively in the second half of the year as markets began to look beyond the pandemic to economic recovery. In the fourth quarter alone, the Russell 2000 Index returned +31.4%, bringing its 2020 return (+20.0%) to just 1.0% behind the large-cap benchmark.

International equity

While Global Equities returned 16.3% in U.S. dollar terms over the course of the year, International Developed Market Equities (MSCI EAFE USD +7.8%) underperformed the global opportunity set, as strong returns in the Netherlands (+24.1%) and Japan (+14.5%) were unable to counteract poor performance within Europe (+5.4%) and the U.K. (-10.5%). The United Kingdom posted the poorest performance in U.S. dollar terms, as uncertainty surrounding Brexit negotiations with the European Union added further headwinds to the already challenging environment.

The policy response to pandemic-related disruptions varied widely across the international equity complex. Japan's response was widely viewed as one of the most aggressive, featuring strict and expeditious social distancing curbs, as well as fiscal stimulus amounting to over 40% of GDP. The experience in Europe was more fractured. While at first it appeared the initial broad lockdowns had succeeded in slowing the virus, relaxation of intra-European travel during the third quarter preceded a second wave in the fourth quarter that dwarfed the initial wave. This brought with it a second series of lockdowns in many countries across the continent.

European Union fiscal and monetary authorities were unable to provide the level of support seen in the U.S., U.K., and Japan, due in part to material differences of opinion between member states on how aggressive the policy response should have been, and in part due to conditions policymakers in Brussels sought to attach to proposed support packages. The European Commission eventually landed on a pandemic recovery fund sized at €750 billion ($885 billion), comprised of both grants and loans. The European Central Bank had little appetite for cutting rates further into negative territory, leaving its deposit rate at -0.50% and pursuing an aggressive asset purchase program. In March, the ECB established a temporary Pandemic Emergency Purchase Program (PEPP) with a capacity of €750 billion, which was eventually expanded to €1.35 trillion in June and then to €1.85 trillion by December. In the U.K., the Bank of England cut its main rate from 0.75% to 0.10% in March and expanded the target for its quantitative easing program from £645 billion in May to £895 billion by year-end.

Emerging market equities (MSCI EM USD +18.3%) kept pace with large-cap U.S. equities, and outpaced the international developed equity complex despite headwinds from currency movements.

Dispersion within the universe was wide in U.S. dollar terms. The Asian segment of the MSCI Emerging Markets Index returned +28.4%, while the Latin American segment delivered a -13.8% loss. Sector allocations played a role in the divergence, as tech-heavy Asian indices benefitted from pandemic dynamics and also from lower interest rates, which boosted the present value of companies viewed as higher-duration. The Latin American universe, which tends to have a higher concentration of "old-economy" companies, fared worse as energy prices dove and exports plummeted. Additionally, Asian currencies exhibited much lower volatility relative to the U.S. dollar, compared to Latin American currencies. Unhedged U.S. investors in EM Asia experienced returns of +28.4% (+25.5% in local terms) while unhedged U.S. investors in EM Latin America generated returns of -13.8% (+2.3% in local terms). Korean (+44.6%), Taiwanese (+41.0%) and Chinese (+29.5%) equities were the primary drivers of Asian outperformance, supported by rallies of 6.1%, 6.6%, and 6.7% in the Korean won, Taiwanese dollar, and onshore Chinese renminbi, respectively, relative to the U.S. dollar.

Fixed income

Concerns over the pandemic led central banks around the globe to cut short-term rates to record lows, and longer-term interest rates fell dramatically as well, pushed lower by quantitative easing programs and broad risk-off sentiment. By year-end, the U.S. dollar value of global negative-yielding debt had risen from $11.2 trillion to a new all-time-high level of $17.8 trillion.

The plunge in global interest rates resulted in strong performance for Global Treasuries (+9.5%) in U.S. dollar terms. Within the United States, the 10-year U.S. Treasury yield fell from 1.92% to as low as 0.54%, before eventually recovering to 0.91% by the end of the year. The Bloomberg Barclays U.S. Treasury Index returned 8.0% over the year, and long-duration Treasuries fared even better (+17.7%). Treasury inflation-protected securities (+11.0%) generated strong performance over the year, as extensive fiscal accommodation stoked speculation for higher growth and inflation in a potential post-pandemic world. The ten-year breakeven inflation rate dove from around 1.8% to as low as 0.6%, and then recovered to 2.0% by the end of the year. While priced inflation did pick up substantially following the market turbulence in Q1, the impressive rise in TIPS breakeven inflation rates may be due to government intervention, as the Fed increased its TIPS holdings from 8% of the market to around 20%.

Within the credit space, riskier credit underperformed safer credit. Core fixed income returned +7.5%, roughly in-line with core-plus fixed income (+7.6%) and high-yield credit (+7.1%), while leveraged loans (+3.1%) underperformed. The option-adjusted spread of the Bloomberg Barclays High Yield Index spiked from around 3.5% to 11.0% in mid-March, as spreads in the energy sector surged from 7.8% to 23.1%. By year-end, however, high-yield credit spreads in the energy sector had fallen back to 5.6%, and broad high yield spreads had compressed to 3.5% — just 10 basis points above their level from the beginning of the year.

Emerging market debt underperformed risky U.S. credit over the full year, but this performance gap began to narrow in the fourth quarter. Hard-currency denominated emerging market debt (J.P. Morgan EMBI Global Diversified +5.3%) outperformed local-currency debt (J.P. Morgan GBI-EM

Global Diversified +2.7%), as emerging market currencies broadly depreciated relative to the U.S. dollar.

Performance Summary

Verus independently calculates the Plan's investment results using an annualized time-weighted rate of return, based on the fair value of the Plan's investment assets provided by the Plan's custodian bank, J.P. Morgan.

In conjunction with strong investment year-end returns across most asset classes, the Plan earned 8.9% in 2020 before expenses and investment management fees. While the rate of return exceeded the actuarial discount rate for the year, performance lagged the total fund benchmark of +10% and the median peer in the public plan universe of +12.5%. Underperformance relative to the benchmark was largely due to relative performance from the Plan's U.S. Equity managers, each of whom underperformed their benchmarks for the year despite strong longer-term results. Positive contribution came from International Equity and Domestic Fixed Income allocations, each of which handily beating their benchmarks (19.4% vs 11.1% and 8.1% vs 7.5%, respectively). However, this positive contribution was outweighed by the domestic equity performance described above. The Plan's conservative posture in the strong upwardly trending market that began in May was an additional contributing factor that led to underperformance relative to peers.

Policy Adjustments

The Board continuously seeks opportunities to improve Plan performance, while staying aligned with its pre-determined risk tolerance. Accordingly, In September 2020, the Board adopted a revised strategic asset allocation, which is reflected in the following table:

Asset Class	Target Allocation
LIQUIDITY	**10%**
Cash	4%
Short Gov't/IG Credit	6%
GROWTH	**75%**
Public Equity	30%
Private Equity	18%
Private Credit	12%
Real Assets	15%
DIVERSFYING	**15%**
US Treasury	8%
US TIPS	7%
TOTAL	**100%**

The shift to this "Functionally Focused Portfolio" is designed to provide additional access to higher earning, private markets investments over time, while maintaining a sufficient liquidity reserve to ensure timely payment of benefits, regardless of market conditions. The overarching expectation is that the portfolio will become more efficient, earning a higher return for each unit of risk incurred.

Recent Developments

By the end of the first quarter of 2021, the U.S. economy had recovered the economic activity lost in in the prior year due to coronavirus, and further economic expansion is expected. As we look to the future, we anticipate a gradual shift to the newly-approved target allocation, as the private markets program becomes fully invested. As this shift occurs, it is important to note the Plan's portfolio is constructed with a risk profile designed to capture much of the upside in strong upwardly trending markets while also providing protection during market corrections. In addition, the Board has put in place investment strategies to take advantage of investment opportunities during periods of elevated market volatility and improve long-term performance. In this environment, and given these circumstances, the investment portfolio is well-positioned to benefit from the continuing economic recovery and to withstand any bumps in the road along the way.

All of us here at Verus greatly appreciate the opportunity to assist the SLOCPT Board in meeting the Plan's investment objectives. We look forward to continuing in our role as investment advisor and providing guidance to help navigate ever-changing markets.

Sincerely,

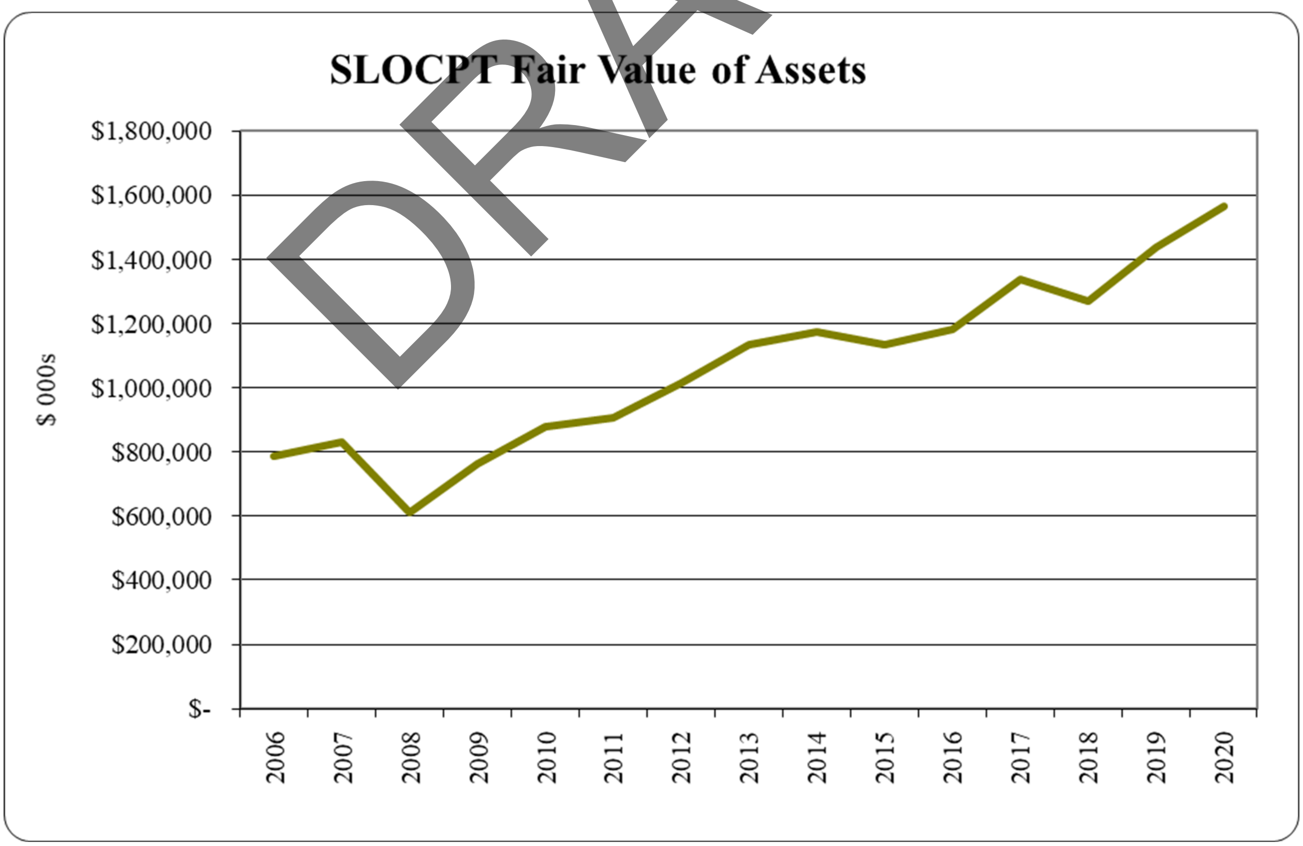
Scott J. Whalen, CFA, CAIA
Executive Managing Director and Senior Consultant

Summary of Investment Objectives

The Board of Trustees (Board) has adopted an Investment Policy that governs the management of SLOCPT's investments. The Board, through its adopted Investment Policy, directing staff and consultants, and receiving regular reporting on investments, is responsible for overseeing the investments of SLOCPT. This policy includes, but is not limited to, selecting acceptable asset classes; defining allowable ranges of holdings by asset class and by individual investment managers as a percent of assets; defining acceptable securities within each class; and establishing investment performance expectations. The Board will revise the Investment Policy as necessary based on the advice of its investment consultant and staff. A copy of the current Investment Policy is available at www.SLOPensionTrust.org.

The primary objective for the investments of SLOCPT is to exceed the actuarial assumption used for asset returns over the long run. The time horizon for SLOCPT's Investment Policy is very long reflecting the long-term nature of the liabilities funded by SLOCPT. This long-term horizon influences the level of investment risk deemed appropriate by the Board. The investment policies and practices of SLOCPT are intended to be consistent with the primary mission of SLOCPT: to pay benefits as they become due. A fundamental tenet underlying the Investment Policy is the prudent balancing of risk through broad diversification.

The following graph shows the change in fair value of the Fiduciary Net Position Restricted for Pension Benefits for SLOCPT over the last fifteen years as of December 31:



Asset Allocation Policy

The Strategic Asset Allocation (SAA) asset mix incorporated into the Investment Policy is shown below (adopted September 28, 2020):

Strategic Asset Allocation Policy Adopted Policy Sep. 28, 2020		TARGET	Limits Min.	 Max.	Performance Benchmark
LIQUIDITY					
Total Liquidity Allocation	(a)	**10%**	5%	20%	Policy mix composite
Cash Equivalents		4%	1%	15%	90 day T-Bills
Short Duration Govt/ IG Credit	(c)	6%	0%	15%	TBD
GROWTH					
Total Growth Allocation	(b)	**75%**	25%	95%	Policy mix composite
Equities - Public Market		30%	15%	85%	Russell 3000
US Large Cap Growth/Value	TBD				S&P 500
US Small/Mid Cap Growth/Value					Russell 2500
Intl. Developed Market Growth/Value					MSCI EAFE
Intl. Emerging Market					
Global		30%	15%	70%	MSCI ACWI
Debt - Public Market		0%	0%	30%	
US Core Bonds - Govt. / IG Credit	(c)				BC Aggregate Bond
Intl. Sovereign / IG Credit					Citi World Govt. Bond
Global Aggregate					
HY below IG Credit					
Bank Loans					
Emerging Market Debt (hard currency)					
Emerging Market Debt (local currency)					
Real Assets		15%	10%	30%	Policy mix composite
Real Estate - Core		5%	5%	15%	NCREIF
Real Estate Value Add		5%	0%	15%	NCREIF
Real Estate - Global					
Commodities					
Infrastructure - Global		5%	0%	15%	TBD

Strategic Asset Allocation Policy Adopted Policy Sep. 28, 2020		TARGET	Limits Min.	 Max.	Performance Benchmark
Private Markets		30%	5%	45%	Russell 3000 + 3%
Private Equity		18%	5%	30%	
Diversified PE strategies	(d)				
Specific PE Funds					
Equity Related Alternatives					
Private Credit		12%	5%	25%	
Diversified PC strategies	(d)				
Specific PC Funds					
Debt Related Alternatives					
Other Growth Strategies			0%	10%	
Opportunistic		Varies			
RISK DIVERSIFYING					
Total Risk Diversifying Allocation		**15%**	5%	30%	
US Treasury - Long Duration		8%	4%	15%	TBD
US Treasury - Inflation Protected - TIPS		7%	3%	15%	TBD
TOTAL		**100%**			**Total Fund Policy mix**

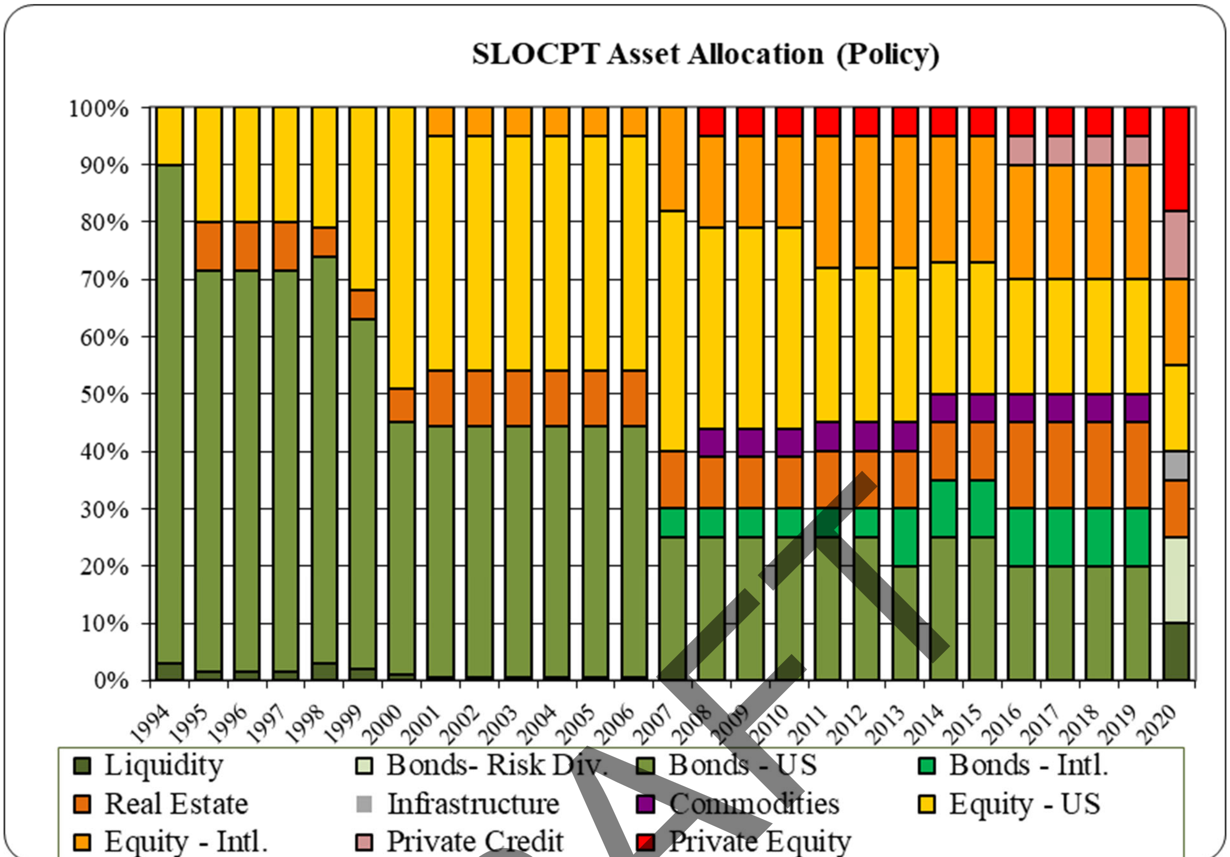
(a) Liquidity target ~ 1.3 yrs gross pension benefits - currently ~$140m ~10%

(b) Growth - long-term investments with some illiquidity.
Periodic drawdowns to replenish Liquidity as needed.

(c) IG = Investment Grade Credit
HY = High Yield - below IG Credit

(d) Diversified Private Markets may be Fund-of-Funds or Direct LP program

The SAA adopted by SLOCPT has changed over the years as shown in the following chart:

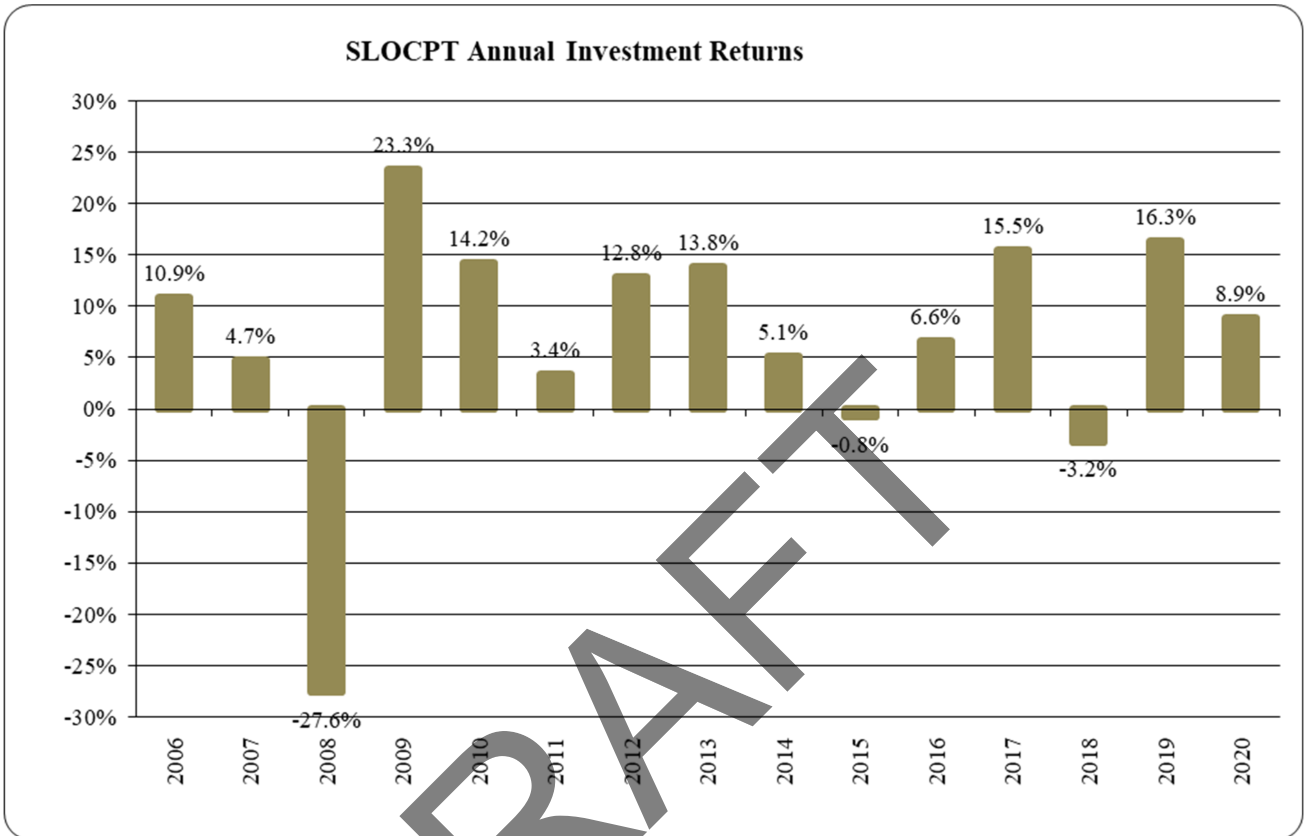


SLOCPT employs multiple investment managers in different asset classes and with different styles of investing. Combined with strict limitations in the Investment Policy on the maximum exposure to individual investments and with regular rebalancing of the asset mix the diversification level of the investments is maintained. The investments of SLOCPT may be held in separate accounts with the custody bank for SLOCPT and with the investments managed by an external investment manager. SLOCPT investments may also be held in commingled funds, mutual funds or in limited partnerships.

Proxy voting for securities held for SLOCPT is specifically delegated by the Investment Policy to the investment manager for each portfolio (separate account or commingled fund / mutual fund). The investment managers are instructed to vote proxies purely in the best investment interests of SLOCPT.

Investment Results

For 2020, SLOCPT achieved a rate of return of 8.9% gross of fees as measured by SLOCPT's investment consultant:



For periods ended December 31, the total fair-value based time-weighted rates of return on SLOCPT's assets as computed by the Investment Consultant gross of fees are summarized below:

	2016	2017	2018	2019	2020
SLOCPT Total Returns	6.6%	15.5%	-3.2%	16.3%	8.9%

Source: Verus reports

For cumulative periods, the annualized time-weighted total rates of return are as follows:

	1 year	3 years	5 years	10 years	15 years
SLOCPT Total Returns	8.9%	7.1%	8.6%	7.7%	6.2%

Source: Verus 4th Quarter 2020 report and Pension Trust records for pre-2006 returns

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Year Ended December 31, 2020

Annualized time-weighted rates of return based on fair value

Investment Account		Current Year	3 Years	5 Years	Inception
Domestic Equities					
PIMCO RAE Fundamental	g	4.4%	6.9%	10.6%	11/2007
Index: S&P 500		*18.4%*	*14.2%*	*15.2%*	
Loomis Sayles Large Cap Growth	g	32.8%	20.1%	*< 5 yrs*	12/2016
Index: Russell 1000 Growth		*38.5%*	*23.0%*		
Boston Partners Large Cap Value	g	2.4%	5.2%	*< 5 yrs*	02/2017
Index: Russell 1000 Value		*2.8%*	*6.1%*		
Atlanta Capital	g	11.4%	12.9%	15.4%	08/2010
Index: Russell 2500		*20.0%*	*11.3%*	*13.6%*	
International Equities					
Dodge & Cox	g	2.8%	1.6%	7.3%	12/2007
Index: MSCI EAFE		*-0.2%*	*0.2%*	*6.3%*	
WCM International Growth	g	34.0%	19.6%		02/2017
Index: MSCI ACWI ex US		*22.6%*	*10.4%*		
Domestic Fixed Income					
BlackRock Core Bond	g	9.4%	6.6%	*< 5 yrs*	01/2017
Dodge & Cox Income Fund	g	9.9%	6.6%	*< 5 yrs*	01/2017
Index: BBgBarc US Aggregate TR		*7.5%*	*5.3%*		
PAM Bank Loan Fund	g	3.0%	4.3%	5.4%	9/2014
Index: S&P/LSTA Leveraged Loan Index		*3.1%*	*4.0%*	*5.2%*	
International Fixed Income					
Brandywine	g	*< 1 yr*			06/2020
Index: FTSE WGBI ex US TR					
Ashmore Emerging Markets	g	3.2%	*< 3 yrs*		03/2019
Index: JPM EMBI GD/GBI EM DV		*3.9%*			
Real Estate					
ARA American Strategic Value Realty Fund	g	3.8%	6.7%	*< 5 yrs*	06/2016
JP Morgan Strategic Properties Fund	g	0.5%	3.6%	5.0%	03/2008
Index: NCREIF Property		*1.6%*	*4.9%*	*5.9%*	

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Year Ended December 31, 2020

Annualized time-weighted rates of return based on fair value

Investment Account		Current Year	3 Years	5 Years	Inception
Private Equity					
HarbourVest Fund IX (buyout)					06/2011
HarbourVest 2018 Global Fund					12/2018
Pathway Private Equity Fund 9					04/2017
Pathway Private Equity Fund 10					02/2020
Combined Private Equity	g	6.6%	10.7%	13.4%	
Index: Russell 3000 + 300BP					
Private Credit					
TSSP Diversified Credit Programs					11/2016
TSSP TAO Contingent Fund					04/2020
Combined Private Credit	g	-1.7%	5.6%		
Index: BBgBarc High Yield + 200BP					
Opportunistic					
KKR Mezzanine Debt Fund I	g	-27.4%	-4.1%	1.1%	04/2011
Index: Russell 3000 + 300BP		*24.5%*	*17.9%*	*18.9%*	
Cash Account					
Treasury Pool		1.9%	1.9%	1.4%	
Index: 91 day T-Bills		*0.5%*	*1.5%*	*1.1%*	
TOTAL FUND (including Parametric Cash Overlay)					
Total Fund		**8.9%**	**7.1%**	**8.6%**	
Index: Policy Index at 12/31/20:		*10.0%*	*7.5%*	*8.7%*	

20% Russell 3000
20% MSCI ACWI ex. US
30% BC Aggregate Bond
15% NCREIF
5% DJ UBS Commodities
10% Russell 3000+300BP

Note - Policy Index based on Asset Allocation Policy in place for each particular year

g = Gross of fees

Includes only investment managers in place at December 31, 2020; however, investment results of terminated managers are included in the Total Fund rate of return.

Source: Quarterly investment reports from Verus, investment consultant

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions

For the Year Ended December 31, 2020 (Dollars in Thousands)

Management Fees	2020 Fees		Year-End Assets Under Mgmt.	Fees as % of Year-End Assets (a)
Domestic Equity				
PIMCO RAE Fundamental	*N/A*	(d)	$ 81,516	
Loomis Sayles	$ 404		109,850	0.37%
Boston Partners	*N/A*	(d)	99,315	
Atlanta Capital	459		68,610	0.67%
Total Domestic Equity	863		359,291	
International Equity				
Dodge & Cox (mutual fund)	*N/A*	(d)	168,923	
WCM International (mutual fund)	*N/A*	(d)	201,901	
Total International Equity	-		370,824	
Domestic Fixed Income				
BlackRock Core Bond	287		103,321	0.28%
Dodge & Cox Income Fund	*N/A*	(d)	104,093	
PAM Bank Loan Fund	*N/A*	(d)	75,013	
Total Domestic Fixed Income	287		282,427	
International and Global Fixed Income				
Brandywine	202		72,058	0.28%
Ashmore Emerging Markets	*N/A*	(d)	75,003	
Total International and Global Fixed Income	202		147,061	
Real Estate				
ARA American Strategic Value Realty Fund	*N/A*	(d)	38,962	
JP Morgan Strategic Properties Fund	1,474		167,455	0.88%
Total Real Estate	1,474		206,417	
Private Equity/Credit				
HarbourVest Fund IX (buyout)	*N/A*	(d)	15,064	
HarbourVest 2018 Global Fund	*N/A*	(d)	12,404	
Pathway Private Equity Fund 9	*N/A*	(d)	48,167	
Pathway Private Equity Fund 10	*N/A*	(d)	2,362	
TSSP Diversified Credit Programs	124		72,946	0.17%
TSSP TAO Contingent Fund	*N/A*	(d)	16,729	
KKR Mezzanine Debt Fund I	38		4,795	0.79%
Total Private Equity/Credit	162		172,467	
Cash Overlay				
Parametric	17		- (b)	*N/A*
Total Management Fees	$ 3,005			

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions (continued)

For the Year Ended December 31, 2020 (Dollars in Thousands)

Other Investment Expenses	2020 Fees	Year-End Assets Under Mgmt.	Fees as % of Year-End Assets
Custodian Fees	228		0.01%
Investment Consultant	295		0.02%
Other Investment Expenses	1		0.00%
Total Other Investment Expenses	524		0.03%
TOTAL INVESTMENT EXPENSES AND ASSETS UNDER MANAGEMENT	**$ 3,529**	**$ 1,538,487**	**0.23%**

Broker Commissions	Commissions Fees	
Broker Commissions	$ 20	(c)
Broker Fees	-	
Total Broker Commissions	**$ 20**	

(a) Investment management fees are typically charged quarterly based on fair value and on a graduated scale; therefore, management fees compared to year-end asset values is a simplified presentation that approximates the average fee rate.

(b) Parametric Cash Overlay strategy has all of its underlying assets held in the "Cash" portion of the Fiduciary Net Position and is not reflected in "Investments" as presented in this schedule.

(c) Included brokerage commissions for separate accounts only. Significant portions of SLOCPT's investments are held in commingled funds. Brokerage commissions for commingled funds are netted against investment returns and therefore are not included in the total of commissions presented here.

(d) Fees included in net asset value of investments.

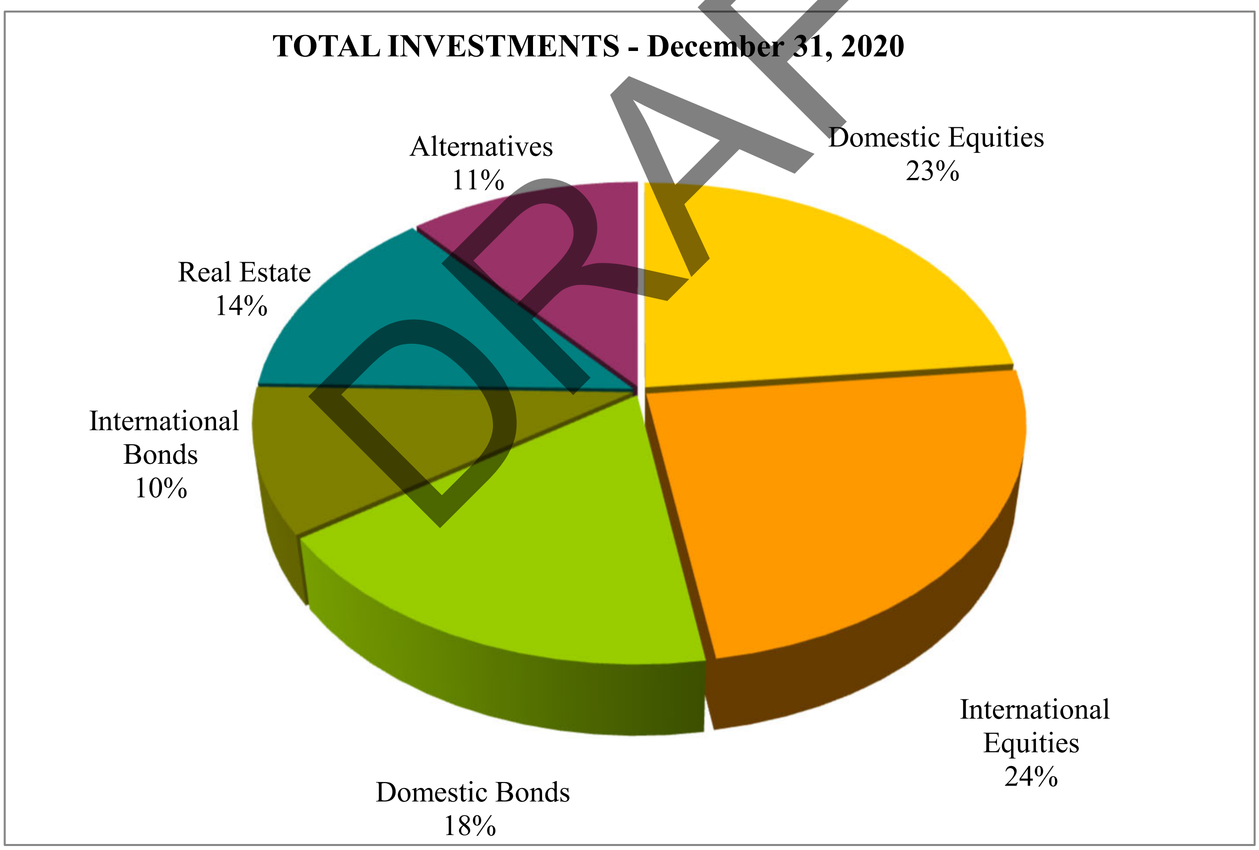
Investment managers are instructed to seek best execution and to seek to minimize commission and market impact costs when trading securities.

San Luis Obispo County Pension Trust

Investments at Fair Value

As of December 31, 2020 (Dollars in Thousands)

	Fair Value	%
Equities		
Domestic Equities	$ 359,291	23.35%
International Equities	370,824	24.10%
Fixed Income		
Domestic Bonds, Mortgages, Notes	275,986	17.94%
International Bonds	153,502	9.98%
Real Estate	206,417	13.42%
Alternatives	172,467	11.21%
TOTAL INVESTMENTS	$ 1,538,487	100.00%



San Luis Obispo County Pension Trust

Schedule of Largest Stock and Bond Holdings

As of December 31, 2020 By Fair Value

Largest Stock Holdings		Shares	Fair Value
1	WR BERKLEY CORP COMMON STOCK USD 0.2	44,144	$ 2,932,044
2	ARAMARK COMMON STOCK USD 0.01	74,139	2,852,869
3	TERMINIX GLOBAL HOLDINGS INC	51,352	2,619,466
4	CARLISLE COS INC COMMON STOCK USD 1	16,743	2,614,922
5	WEX INC COMMON STOCK USD 0.01	12,769	2,598,875
6	JB HUNT TRANSPORT SERVICES INC COMMON STOCK USD 0.01	16,244	2,219,743
7	APTARGROUP INC COMMON STOCK USD 0.01	14,891	2,038,429
8	ENVISTA HOLDINGS CORP COMMON STOCK USD 0.01	59,091	1,993,139
9	GARTNER INC COMMON SOTCK USD 0.0005	10,682	1,711,150
10	IAA INC COMMON STOCK USD 0.01	25,960	1,686,881
	Total of 10 Largest Stock Holdings		$ 23,267,518

Largest Bond Holdings		Par Value	Fair Value
1	TBA UMBS SINGLE FAMILY 30YR 2 1/21 2.00%	$ 3,928,280	$ 3,947,402
2	CONNECTICUT AVENUE SECURITIES TRUST 2019-R01 07/25/2031	2,173,935	2,136,567
3	TBA UMBS SINGLE FAMILY 30YR 2 2/21 2.00%	1,500,071	1,503,708
4	UMBS MORTPASS 4% 01/NOV/2041	1,308,843	1,296,317
5	UMBS MORTPASS 3% 01/AUG/2050	1,162,756	1,230,369
6	TBA UMBS SINGLE FAMILY 15YR 3 1/20 3.00%	929,999	930,853
7	TBA UMBS SINGLE FAMILY 30YR 3 1/20 3.00%	863,589	865,425
8	FHLMCGLD MORTPASS 4.5% 01/SEP/2046	795,164	816,752
9	UMBS MORTPASS 2.5% 01/DEC/2050	766,091	772,088
10	FHLMCGLD MORTPASS 3.5% 01/DEC/2046	706,757	757,892
	Total of 10 Largest Bond Holdings		$ 14,257,373

Significant portions of the San Luis Obispo County Pension Trust's (SLOCPT) investments are held in commingled funds. The securities listed above are from those held in separate accounts for SLOCPT and do not include securities held in commingled funds.

A complete listing of SLOCPT's investments is available upon request.

Actuarial Section

Actuarial Section Overview

The Actuarial Section of the Annual Comprehensive Financial Report (ACFR) provides expanded reporting on the actuarial measures and valuations relative to the San Luis Obispo County Pension Trust (SLOCPT) and the San Luis Obispo County Employees Retirement Plan (the Plan). This section is based on the latest available actuarial valuation which, in this case, is the Annual Actuarial Valuation as of January 1, 2020.

SLOCPT engages an independent actuarial firm to perform annual valuations on SLOCPT. Additionally, actuarial experience studies are conducted biennially. The economic and demographic assumptions that are used in each annual actuarial valuation are approved by the Board of Trustees (the Board) with the advice of the actuary and are typically based on the results of each biennial actuarial experience study and input from the Pension Trust's consultants and staff.

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2020 valuation. It is based on member data and financial results through December 31, 2019. SLOCPT's actuary through December 31, 2020, Gabriel Roeder Smith & Company (GRS), completed this annual valuation during 2020. The most recent Biennial Actuarial Experience Study was completed by GRS as of December 31, 2019. Results of this Biennial Actuarial Experience Study were used in developing the assumptions used in the January 1, 2020 Annual Actuarial Valuation.

The Annual Actuarial Valuation as of January 1, 2020 including actuarial assumptions was approved by the Board on June 22, 2020.

The Annual Actuarial Valuation as of January 1, 2021, based on data through December 31, 2020, is in the process of being developed at the time of the publication of this ACFR.

P: 720.274.7270 | www.grsconsulting.com

April 12, 2021

San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Members of the Board:

Submitted in this report are the results of the regular Actuarial Valuation as of January 1, 2020 of the San Luis Obispo County Pension Trust (SLOCPT). The valuation is performed annually and is intended to provide a measure of the funding status of the pension trust. This valuation provides information relative to the employer appropriation rates as of January 1, 2020.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the combined operation of the assumptions and the methods applied in this valuation fairly represent past and anticipated future experience of the SLOCPT and meet the parameters required by GASB Statement Nos. 67 and 68. In addition, the assumptions and methods used for funding purposes meet the requirements set by the Actuarial Standards of Practice (ASOPs). To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The actuaries signing the report are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Financial Objectives and Funding Policy

The funding objective of the Pension Trust is to establish and receive contributions, expressed as a percent of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens. In the January 1, 2020 valuation, the Trust's funded status decreased from 67.1% to 65.3%. The total actuarially determined contribution is 47.92% as of January 1, 2020, compared to total charged rates of 44.32%.

The Board of Trustees has assumed the responsibility for establishing and maintaining the written Funding Policy. It is the policy of the Board to make recommendations regarding rate changes based on the actuarially determined rate of the Trust. This rate is based on the valuation results as of each annual actuarial valuation, with any determined rate change effective in the future, and with the rate change adjusted for any delay past the valuation date. The actuarially determined contribution is based on a normal cost derived from the entry age normal funding method, and a closed amortization period of 30 years, with 20 years remaining as of January 1, 2020.

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Demographic Data and Asset Information

The member statistical data on which the valuation was based was furnished by the staff of the SLOCPT, together with pertinent data on financial operations. Data was reviewed for reasonableness and year-to-year consistency of certain key data elements, but was not audited by the actuary.

Assumptions and Methods

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. Those assumptions and methods are used for funding purposes, and may differ from those used for financial reporting purposes. This valuation includes assumption changes adopted by the Board based on the Experience Study performed for the five-year period ending December 31, 2019. These changes include changing the discount rate, inflation rate, mortality rates, retirement rates, and termination rates.

The valuation and GASB results used for financial reporting are developed using the Entry Age Cost Method. The Board has adopted this method, based upon the recommendation of the actuary, since it produces the most stable contribution rates year over year. Under this method, normal cost is calculated as a constant percentage of the member's year-by-year projected, covered pay. The amortization of the unfunded actuarial accrued liabilities is done as a level percent of payroll over 20 years (30 year closed amortization period beginning with the January 1, 2010 valuation) for funding computations.

The enclosed exhibits provide further related information necessary to complete your filing. All other necessary information is available in the January 1, 2020 actuarial valuation report. The enclosed exhibits include:

- Assumptions and Funding Methods
- Schedule of Active Members
- Schedule of Retirees and Beneficiaries
- Solvency Test
- Schedule of Funding Progress
- Development of Actuarial Value of Assets
- Summary of Benefit Provisions

We prepared the above tables but the SLOCPT prepared the other supporting schedules and the trend tables in the financial section based on information supplied in our report.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Paul T. Wood, ASA, FCA, MAAA	Thomas Lyle, FSA, FCA, EA, MAAA
Consultant	Consultant

Actuarial Methods and Assumptions Used in the January 1, 2020 Valuation

I. Valuation Date

The valuation date is December 31st of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

(i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;

(ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Deferred and Reciprocal Member Actuarial Accrued Liability. Data provided includes date of birth, service credit, reciprocal status, and hourly pay rates at termination. The estimated benefit was used to compute the liabilities for reserve members. For reciprocal members, the estimated benefits were projected with 2.75% wage inflation from their date of termination to their assumed retirement date to compute those liabilities.

Amortization of Unfunded Actuarial Accrued Liabilities is done as a level percent of payroll over a closed 30 year period (20 years as of January 1, 2020) for funding computations. Starting January 1, 2019, all new gains and losses will be amortized over a closed 20-year layer each year.

III. Actuarial Value of Assets

The funding value of assets is based on the fair value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the actuarial value of assets (adjusted for receipts and disbursements during the year). Returns are measured net of all administrative expenses.

IV. Actuarial Assumptions (changes effective January 1, 2020, based on the December 31, 2019 experience study)

A. Economic Assumptions

1. Investment return: 6.875%, compounded annually, net of administrative expenses. This is made up of a 2.25% inflation rate and a 4.625% real rate of return.

2. Salary increase rate: Inflation rate of 2.25% plus productivity increase rate of 0.50% plus an additional service-related merit component as shown below:

% Merit Increases in Salaries Next Year		**% Total Increases in Salaries Next Year**	
Service Index	Rate	Service Index	Rate
1	5.25%	1	8.00%
2	5.00%	2	7.75%
3	4.00%	3	6.75%
4	3.00%	4	5.75%
5	2.00%	5	4.75%
6	1.00%	6	3.75%
7	0.50%	7	3.25%
8 +	0.00%	8 +	2.75%

3. Cost-of-living increases:

Assumed to increase 2.50% each year (2% for Tier 2 and Tier 3)

4. Payroll growth:

2.75% per year (Inflation 2.25%; productivity of 0.50%) for the January 1, 2020 actuarial valuation.

5. Increase to maximum earnings limit for Tier 3 members:

2.50% per year

6. Contribution accumulation: Contributions are credited with 6.00% interest, compounded biweekly.

B. Demographic Assumptions

1. Mortality projection – Scale MP-2019

2. Mortality after termination or retirement -

   a. Healthy males – Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 99% multiplier

   b. Healthy females – Pub-2010, Amount Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, a 101% multiplier

   See sample rates for 2020 below:

Ages	% Dying Within Next Year Retirees	
	Men	Women
45	0.10%	0.06%
50	0.25%	0.21%
55	0.37%	0.29%
60	0.57%	0.40%
65	0.82%	0.58%
70	1.28%	0.94%
75	2.20%	1.69%
80	4.00%	3.10%
85	7.36%	5.83%

3. Mortality rates of active members – Pub-2010, Amount Weighted, Above Median Income, General Employee mortality tables, with generational mortality improvements using scale MP-2019, with a 100% multiplier for males and a 100% multiplier for females, applied to Pub-2010, as shown below for selected ages:

See sample rates for 2020 below:

Ages	% of Active Members Dying Within Next Year	
	Men	Women
30	0.04%	0.02%
35	0.06%	0.03%
40	0.07%	0.04%
45	0.09%	0.05%
50	0.12%	0.07%
55	0.19%	0.12%
60	0.29%	0.18%
65	0.41%	0.26%
70	0.57%	0.40%

4. Disability mortality after termination or retirement – Pub-2010, Amount Weighted, Above Median Income, General Disabled Retiree mortality tables, with generational mortality improvements using scale MP-2019, with a 100% multiplier for males and a 100% multiplier for females, applied to Pub-2010, as shown below for selected ages:

   Sample rates for 2020 shown below:

	% of Disabled Members Dying Within Next Year	
Ages	**Men**	**Women**
30	0.49%	0.35%
35	0.65%	0.54%
40	0.80%	0.73%
45	1.02%	0.97%
50	1.50%	1.43%
55	2.07%	1.83%
60	2.61%	2.08%
65	3.08%	2.18%
70	3.65%	2.59%

5. Retirement –

a. As shown below for Tier 1 members for selected ages (rates are only applied to members eligible for retirement):

Age	Percent of Eligible Active Members Retiring Within Next Year		
	Miscellaneous	Probation	Safety
50	2.0%	7.5%	25.0%
51	2.0%	7.5%	20.0%
52	2.0%	7.5%	10.0%
53	2.0%	7.5%	10.0%
54	4.0%	7.5%	12.0%
55	6.0%	25.0%	40.0%
56	6.0%	25.0%	30.0%
57	8.0%	25.0%	30.0%
58	8.0%	12.0%	12.0%
59	8.0%	12.0%	18.0%
60	10.0%	15.0%	25.0%
61	10.0%	15.0%	30.0%
62	25.0%	20.0%	40.0%
63	20.0%	20.0%	50.0%
64	20.0%	20.0%	75.0%
65	40.0%	100.0%	100.0%
66	40.0%		
67	30.0%		
68	30.0%		
69	30.0%		
70	100.0%		

Current Reciprocal and Reserve members are assumed to retire at the later of age 60 (age 55 for Tier 1 Reserve Members) or attained age.

b. As shown below for Tier 2 and future Tier 3 members for selected ages (rates are only applied to members eligible for retirement):

	Percent of Eligible Active Members Retiring Within Next Year		
Age	Miscellaneous	Probation	Safety
50	3.0%	7.5%	9.0%
51	3.0%	7.5%	9.0%
52	3.0%	7.5%	10.0%
53	3.0%	7.5%	10.0%
54	3.0%	7.5%	10.0%
55	6.0%	7.5%	10.0%
56	6.0%	7.5%	10.0%
57	6.0%	7.5%	10.0%
58	6.0%	9.0%	11.0%
59	6.0%	9.0%	15.0%
60	8.0%	10.0%	20.0%
61	8.0%	10.0%	25.0%
62	25.0%	20.0%	30.0%
63	20.0%	20.0%	40.0%
64	20.0%	20.0%	60.0%
65	40.0%	100.0%	100.0%
66	40.0%		
67	30.0%		
68	30.0%		
69	30.0%		
70	100.0%		

6. Rates of separation from active membership (for causes other than death or retirement) - As shown below for selected ages:

Sample Ages	% of Active Members Separating Within Next Year			
	Miscellaneous Members			
	Disability	Withdrawal < 5 years	Withdrawal >= 5 years	Vested Termination
20	0.00%	12.50%	8.50%	0.00%
25	0.00%	11.00%	7.75%	10.00%
30	0.01%	9.50%	3.75%	7.50%
35	0.04%	8.00%	2.00%	5.00%
40	0.06%	7.00%	1.25%	4.00%
45	0.09%	6.00%	0.50%	4.00%
50	0.11%	6.00%	0.00%	3.00%
55	0.14%	6.00%	0.00%	2.00%
60	0.16%	6.00%	0.00%	0.00%
64	0.18%	6.00%	0.00%	0.00%

Sample Ages	% of Active Members Separating Within Next Year			
	Safety and Probation Members			
	Disability	Withdrawal < 5 years	Withdrawal >= 5 years	Vested Termination
20	0.00%	5.20%	1.50%	3.00%
25	0.03%	5.00%	1.50%	2.00%
30	0.13%	4.70%	1.00%	1.50%
35	0.23%	4.00%	0.50%	1.50%
40	0.33%	3.50%	0.50%	1.50%
45	0.43%	2.50%	0.00%	1.50%
50	0.53%	1.50%	0.00%	1.50%
55	0.63%	0.00%	0.00%	0.00%
60	0.73%	0.00%	0.00%	0.00%
64	0.81%	0.00%	0.00%	0.00%

Vested termination rates and disability rates are applied after the member is eligible for reduced or unreduced retirement benefits. 100% of the Safety disabilities and 0% of the Miscellaneous and Probation disabilities are duty-related.

30% of Vested Terminations are assumed to be Reciprocal.

Based on Member Contribution Totals provided by SLOCPT, we are assuming that 1.00% of members' contribution account balances are for supplemental/additional benefits.

C. Other Assumptions

Member Refunds. All or part of the employee contribution rate is subject to potential "Pick Up" by the employer. Our understanding is that "Pick Ups", and related interest, are subject to refund.

Deferral Age. The assumed retirement age for future Reserve and Reciprocal members is age 57.

Active Death. 100% of active deaths are assumed to be duty related.

Survivor Benefits. Marital status and spouses' census data were imputed with respect to active and deferred members.

Marital Status. 80% of men and 60% of women were assumed married at retirement.

Spouse Census. Women were assumed to be 3 years younger than men for active employees.

Disability Benefits. Benefits are not assumed to be offset by Social Security benefits.

IRC Section 415 Limits. We are assuming that IRC Section 415 limits, although applicable to this plan, will not impact any individual benefits.

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Average Annual Earnings	Percent Increase In Average Earnings
1/01/2010	2,506	$160,443,939	$64,024	0.9
1/01/2011	2,479	161,783,273	65,262	1.9
1/01/2012	2,446	161,054,639	65,844	0.9
1/01/2013	2,495	164,299,413	65,851	0.0
1/01/2014	2,521	164,704,467	65,333	-0.8
1/01/2015	2,550	167,695,432	65,763	0.7
1/01/2016	2,609	177,003,887	67,844	3.2
1/01/2017	2,675	185,019,748	69,166	1.9
1/01/2018	2,722	196,848,084	72,317	4.6
1/01/2019	2,725	200,537,472	73,592	1.8
1/01/2020	2,752	205,694,036	74,743	1.6

Schedule of Retirees and Beneficiaries Added to and Removed from Retiree Payroll

Valuation Date	Number Added Since Last Valuation Date	Allowances for Additional Retirees and Beneficiaries	Number Removed Since Last Valuation Date	Allowances for Retirees and Beneficiaries Removed	Number	Pension Benefit Amount	Average Annual Benefit	Percent Increase in Average Benefit
1/01/2010	205	$6,258,612	56	$732,196	1,890	$44,940,354	$23,778	7.0%
1/01/2011	113	3,290,962	57	530,316	1,946	48,431,618	24,888	4.7%
1/01/2012	134	4,109,419	40	568,150	2,040	51,967,375	25,474	2.4%
1/01/2013	150	5,235,834	43	813,919	2,147	57,242,887	26,662	4.7%
1/01/2014	152	4,469,386	49	890,436	2,250	62,026,694	27,567	3.4%
1/01/2015	200	6,983,929	49	877,814	2,401	69,067,723	28,766	4.3%
1/01/2016	168	5,858,191	52	1,099,047	2,517	74,864,386	29,743	3.4%
1/01/2017	161	5,982,085	60	1,350,465	2,618	80,486,911	30,744	3.4%
1/01/2018	181	7,428,520	54	1,164,837	2,745	88,353,092	32,187	4.7%
1/01/2019	188	6,817,615	65	1,583,470	2,868	95,882,264	33,432	3.9%
1/01/2020	154	5,848,312	54	1,153,684	2,968	103,407,204	34,841	4.2%

Solvency Test

Valuation Date	Actuarial Accrued Liabilities (1) Retirees and Beneficiaries	(2) Terminated Vested Members	(3) Active Members	Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets (1)	(2)	(3)
1/01/2010	$582,967,652	$51,802,198	$581,383,207	$937,278,758	100%	100%	52%
1/01/2011	620,202,009	55,563,786	606,292,540	1,000,168,850	100%	100%	54%
1/01/2012	701,729,018	58,707,055	618,113,241	1,057,921,875	100%	100%	48%
1/01/2013	788,045,517	56,293,118	623,662,043	1,122,150,539	100%	100%	45%
1/01/2014	847,672,409	58,811,804	612,266,814	1,182,923,978	100%	100%	45%
1/01/2015	946,455,151	60,711,979	598,424,079	1,231,473,577	100%	100%	37%
1/01/2016	1,059,302,163	61,709,450	628,330,652	1,248,327,560	100%	100%	20%
1/01/2017	1,134,942,637	64,502,981	627,896,696	1,268,404,900	100%	100%	11%
1/01/2018	1,252,332,952	66,235,224	627,112,335	1,328,750,029	100%	100%	2%
1/01/2019	1,343,131,383	72,620,989	614,176,940	1,362,561,581	100%	27%	0%
1/01/2020	1,460,304,724	72,073,570	637,693,189	1,416,762,603	97%	0%	0%

Schedule of Funding Progress

Valuation Date	Valuation Assets[1]	Actuarial Liability[1]	Funded Ratio	Unfunded Actuarial Liability	Member Payroll	Ratio to Payroll
12/31/2010	$1,000,169	$ 1,282,058	78.0%	$ 281,889	$ 161,783	174.2%
12/31/2011	1,057,922	1,334,545	79.3%	276,623	161,055	171.8%
12/31/2011 [2,3]	1,057,922	1,378,549	76.7%	320,627	161,055	199.1%
12/31/2012 [3]	1,122,151	1,468,001	76.4%	345,850	164,299	210.5%
12/31/2013 [4]	1,182,924	1,518,751	77.9%	335,827	164,704	203.9%
12/31/2014	1,231,474	1,605,591	76.7%	374,117	167,695	223.1%
12/31/2015	1,248,328	1,686,497	74.0%	438,169	177,004	247.5%
12/31/2015 [2]	1,248,328	1,749,342	71.4%	501,014	177,004	283.1%
12/31/2016	1,268,405	1,827,342	69.4%	558,937	185,020	302.1%
12/31/2017	1,328,750	1,937,173	68.6%	608,423	196,848	309.1%
12/31/2017 [2]	1,328,750	1,945,681	68.3%	616,930	196,848	313.4%
12/31/2018	1,362,562	2,029,929	67.1%	667,368	200,537	332.8%
12/31/2019	1,416,763	2,116,700	66.9%	699,938	205,694	340.3%
12/31/2019 [2]	1,416,763	2,170,071	65.3%	753,309	205,694	366.2%

[1] Assets and liabilities do not include Employee Additional Reserve amounts (in $) of:

12/31/2019	$2,598,886	12/31/2014	$5,295,316
12/31/2018	2,784,819	12/31/2013	5,942,492
12/31/2017	3,267,574	12/31/2012	6,606,149
12/31/2016	3,961,371	12/31/2011	7,462,567
12/31/2015	4,362,000	12/31/2010	8,558,571

[2] Reflects assumption changes.

[3] Reflects benefit provisions under Tier 2 for certain new members.

[4] Reflects benefit provisions under Tier 3 for new members, and assumption changes.

Development of Funding Value of Assets
January 1, 2020

San Luis Obispo County Pension Trust
Development of Funding Value of Assets - January 1, 2020

	Plan Year Ended December 31, 2015	Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2019
A. Funding Value Beginning of Year	$1,231,473,577	$1,248,327,560	$1,268,404,900	$1,328,750,029	$1,362,561,581
B. Gross Fair Value End of Year	1,135,802,704	1,181,242,858	1,340,471,022	1,271,620,084	1,439,004,203
C. Gross Fair Value Beginning of Year	1,173,336,063	1,135,802,704	1,181,242,858	1,340,471,022	1,271,620,084
D. Non-Investment Cash Flow	(20,827,506)	(23,509,152)	(15,849,141)	(15,432,525)	(22,671,149)
E. Investment Income					
E1. Fair Value Total =B-C-D	(16,705,853)	68,949,306	175,077,305	(53,418,413)	190,055,268
E2 Immediate Recognition	88,526,837	88,105,825	89,809,223	92,481,499	94,599,241
E3. Phased-in Recognition	($105,232,690)	($19,156,519)	$85,268,082	($145,899,912)	$95,456,027
F. Phased-in Recognition					
F1. Current Year=E3x20%*	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)	19,091,205
F2. First Prior Year	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)
F3. Second Prior Year	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616
F4. Third Prior Year	6,442,404	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)
F5. Fourth Prior Year	(10,690,006)	6,442,404	10,167,841	(6,715,969)	(21,046,538)
F6. Continued Recognition of 2008 Asset Loss	(29,936,396)	(29,936,396)	(9,936,396)	0	0
F7. Additional Recognition of 2008 Asset Loss	0	0	0	0	0
F8. Total Recognized Gain/(Loss)	($51,778,664)	($44,919,962)	($14,308,750)	($43,720,177)	($17,913,003)
G. Preliminary Funding Value					
=A+D+E2+F8	$1,247,394,244	$1,268,004,271	$1,328,056,232	$1,362,078,826	$1,416,576,670
H. Excludable Assets					
H1. End of Year	4,362,000	3,961,371	3,267,574	2,784,819	2,598,886
H2. Beginning of Year	5,295,316	4,362,000	3,961,371	3,267,574	2,784,819
H3. Change=H1-H2	(933,316)	(400,629)	(693,797)	(482,755)	(185,933)
I. Final Funding Value=G-H3	$1,248,327,560	$1,268,404,900	$1,328,750,029	$1,362,561,581	$1,416,762,603
J. Investment Return=(E2+F8)/(A+D/2)	3.01%	3.49%	5.99%	3.69%	5.68%

*The Board originally decided to recognize the 2008 asset loss over 10 years with acceleration of the recognition in future years when the funding margin allowed it. The Board elected to accelerate recognition of an additional $10 million of the 2008 loss base for the year ending December 31, 2010 and another additional $10 million for the year ending December 31, 2013. This base is now fully recognized.

Brief Summary of Benefit Provisions Evaluated
Effective January 1, 2020

1. Membership Requirements – All regular permanent employees of the County or district covered by the County or agencies that have contracted with the County to participate in the SLOCPT.

2. Tiers
   Tier 1 generally includes new members hired before January 1, 2011.

   Tier 2 generally includes new members hired on or after January 1, 2011 and before January 1, 2013. Tier 2 only applies to members hired after the date each particular bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members.

   Tier 3 includes all new members hired on or after January 1, 2013.

3. Final Compensation – Highest one-year average for employees in Tier 1 and "Pick Up" included as compensation for various management employees. Bargaining Units #4, 7, 8, 9, 10, 11, 12, 17, 99

   Pick Up Percentage included in final average compensation:

Bargaining Unit	Pick Up
4,7,8,9,11,12,99	9.29%
10	13.55%
17	13.59%

   Highest three-year average for employees in Tier 2 and Tier 3

4. Member Contributions
   Employee contribution rates used in the January 1, 2020 valuation have increased since the January 1, 2019 valuation for most members.

5. Service Retirement

   A. Eligibility - Age 50 with 5 years of service (Age 52 with 5 years of service for Miscellaneous members in Tier 3).

   B. Benefit Formula - Final Compensation multiplied by Years of Credited Service multiplied by Retirement Age Factor.

Brief Summary of Benefit Provisions Evaluated
Effective January 1, 2020

C. Retirement Age Factors

	Safety				
Age	Tier 1[1]	Tier 1[2]	Tier 2[3]	Tier 2[4]	Tier 3
50	2.300%	3.000%	2.000%	2.300%	2.000%
51	2.440	3.000	2.140	2.440	2.100
52	2.580	3.000	2.280	2.580	2.200
53	2.720	3.000	2.420	2.720	2.300
54	2.860	3.000	2.560	2.860	2.400
55	3.000	3.000	2.700	3.000	2.500
56	3.000	3.000	2.700	3.000	2.600
57+	3.000	3.000	2.700	3.000	2.700

	Probation	
Age	Tier 1	Tier 3
50	2.300%	2.000%
51	2.440	2.100
52	2.580	2.200
53	2.720	2.300
54	2.860	2.400
55	3.000	2.500
56	3.000	2.600
57+	3.000	2.700

[1] Safety Bargaining Units 6 & 7 and Non-Sworn Bargaining Units 3, 14, 15
[2] Safety Bargaining Units 10 &16 and Sworn Bargaining Units 15, 27, 28
[3] Non-Sworn Safety members
[4] Sworn Safety members

	Miscellaneous		
Age	Tier 1	Tier 2	Tier 3
50	1.426%	1.092%	-
51	1.541	1.156	-
52	1.656	1.224	1.000%
53	1.770	1.296	1.100
54	1.885	1.376	1.200
55	2.000	1.460	1.300
56	2.117	1.552	1.400
57	2.233	1.650	1.500
58	2.350	1.758	1.600
59	2.466	1.874	1.700
60	2.583	2.000	1.800
61	2.699	2.134	1.900
62	2.816	2.272	2.000
63	2.932	2.418	2.100
64	3.049	2.458	2.200
65	3.165	2.500	2.300
66	3.165	2.500	2.400
67+	3.165	2.500	2.500

Brief Summary of Benefit Provisions Evaluated
Effective January 1, 2020

D. Maximum Benefit

a. Tier 1

80% of Final Compensation for San Luis Obispo County Employees' Association (SLOCEA) and Misc. Other.

90% of Final Compensation for Safety and Probation.

100% of Final Compensation for Miscellaneous Management.

b. Tier 2

90% of Final Compensation for all of Tier 2.

c. Tier 3

No maximum benefit applies but pensionable compensation is capped at $126,291 for 2020 and adjusted annually based on Consumer Price Index (CPI).

6. Ordinary Disability

A. Eligibility - Five years of service and less than 65 years old.

B. Benefit Formula - Greater of (1) 1.5% of Final Compensation times Credited Service, (2) 1/3 of Final Compensation if Credited Service is between 10 and 22.222 years, or (3) the earned Service Retirement Allowance (if eligible).

7. Line-of-Duty Disability

A. Eligibility - No age or service requirement for Safety members.

B. Benefit Formula - Greater of (1) 50% of Final Compensation, or (2) Service Retirement Allowance (if eligible).

8. Ordinary Death Before Eligible for Retirement (Basic Death Benefit)

Refund of employee contributions with interest plus lump sum of one and one-half month's compensation for each year of service to a maximum of eighteen months' compensation.

9. Ordinary Death After Eligible for Retirement

50% of earned benefit payable to surviving eligible spouse or children until age 18, or benefit in (8) above if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

10. Line-of-Duty Death (Safety only)

50% of Final Compensation. Benefit increased to 62.5%, 70% or 75%, respectively, if violent death and 1, 2, or 3 children.

11. Death After Retirement

50% of member's unmodified allowance continued to eligible spouse. Optional forms of payment are also available.

$1,000 payable in lump sum to the beneficiary or the estate of the retiree.

12. <u>Withdrawal Benefits</u>

    A. <u>Less than Five Years of Service</u>
    Refund of accumulated employee contributions with interest.

    B. <u>Five or More Years of Service</u>
    If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire.

13. <u>Post-Retirement Cost-of-Living Benefits</u>
    Based on changes in Consumer Price Index to a maximum of 3% per year (maximum of 2% per year for Tier 2 and Tier 3).

14. <u>Deferred Retirement Option Program (DROP)</u>: A Tier 1 member (excluding Court employees) may elect to participate in the Pension Trust's DROP. A member age 50 or more with 5 or more years of service may participate. An amount equal to the amount that would have been paid had the member retired, is deposited into a DROP account. The DROP account is a separate defined contribution account with investments controlled by the DROP participant. The Pension Trust incurs no additional costs and credits no interest to the DROP account. The annual addition to the DROP account is increased each year by the Cost-of-Living Adjustment approved by the Board of Trustees not to exceed 3% per year. Deposits into the DROP account and participation in DROP cease at the earlier of 5 years of DROP participation or separation from service. Upon actual retirement the member may receive the DROP account balance in the form of a lump sum or as an annuity payment.

NOTE: The summary of major plan provisions is designed to outline principal plan benefits. If the County should find the plan summary not in accordance with the actual provisions, the County should alert the actuary **IMMEDIATELY** so proper provisions are valued.

Statistical Section

Statistical Section Overview

The Statistical Section of the Annual Comprehensive Financial Report (ACFR) provides additional detailed information to promote a more comprehensive understanding of this year's financial statements, note disclosures, and supplemental information. In addition, this section provides multi-year trends for the financial and operational information important to an understanding of how the San Luis Obispo County Pension Trust's (SLOCPT) financial position has changed over time.

SLOCPT and the benefit provisions of the San Luis Obispo County Employees Retirement Plan (the Plan) account for active and retired members in three broad classes –

- Miscellaneous – members not included in the categories of Probation or Safety
- Probation – members employed to supervise offenders who are on probation and similar positions
- Safety - members employed as sworn public safety officers (e.g., Deputy Sheriffs)

The different classes generally have different retirement benefit levels, different employer appropriation rates and different employee contribution rates. Members may have blended service between the three membership classes. For example, a member may work a portion of their career as a Miscellaneous member and then change jobs to become a member of the Safety class. In such a case, their retirement would be a blend of the different retirement benefits under which they accrued benefits during the different portions of their career. Within each membership class there are also numerous bargaining units and unrepresented labor groups that may have differing retirement benefit provisions. Employer appropriation rates and employee contribution rates may also differ between the various bargaining units as determined by the employer, typically as part of a collective bargaining process.

Beginning at the end of 2010 and throughout 2011, a "Tier 2" level of retirement benefits was adopted by the Plan Sponsor for Miscellaneous and Safety membership classes. Tier 2 retirement benefits provide a lower level of retirement benefits for new-hire employees. The pension benefit in place for existing employees was not modified. The Tier 2 benefits put in place through year-end 2012 apply to new hires through December 31, 2012 in the majority of the County's Miscellaneous and Safety member workforce. Tier 2 benefits also apply to new hires with the Air Pollution Control District and SLOCPT staff. The San Luis Obispo County Superior Court did not implement its participation in Tier 2 benefits.

Beginning January 1, 2013, a new "Tier 3" level of benefits was added to the Retirement Plan in compliance with the California Public Employees' Pension Reform Act put into law in 2012. This new Tier affects all new employees hired on or after January 1, 2013 and provides a lower level of benefits.

The actuarial data presented in this Statistical Section is based on the January 1, 2020 Annual Actuarial Valuation which reflects data as of December 31, 2019.

San Luis Obispo County Pension Trust

Changes in Fiduciary Net Position

Last 10 fiscal years (Dollars in Thousands)

	2020	2019	2018	2017	2016
Additions					
Employer Appropriations	$ 56,306	$ 48,958	$ 46,243	$ 42,341	$ 35,452
Plan Member Contributions	35,888	32,983	32,953	30,467	25,359
Net Investment Income (Loss)	152,251	193,721	(50,033)	178,640	68,949
Other Income	36	19	-	-	-
Total Additions	$ 244,481	$ 275,681	$ 29,163	$ 251,448	$ 129,760
Deductions					
Service Retirement Benefits	$ 93,153	$ 86,853	$ 79,120	$ 72,074	$ 66,623
Disability Retirement Benefits	4,151	3,777	3,506	3,305	3,214
Beneficiary Retirement Benefits	6,714	5,326	4,845	4,435	4,156
Deferred Retirement Option Program	5,117	5,265	5,341	5,238	4,201
Total Retirement Benefits	$ 109,135	$ 101,221	$ 92,812	$ 85,052	$ 78,194
Refunds	3,168	3,292	1,757	2,857	2,247
Death Benefit	865	118	60	748	243
Administrative Expense	2,570	2,120	1,972	2,046	2,249
Discount Amortization	1,421	1,546	1,413	1,517	1,387
Total Deductions	$ 117,159	$ 108,297	$ 98,014	$ 92,220	$ 84,320
Net Increase (Decrease) in Fiduciary Net Position	$ 127,322	$ 167,384	$ (68,851)	$ 159,228	$ 45,440

	2015	2014	2013	2012	2011
Additions					
Employer Appropriations	$ 33,618	$ 32,047	$ 30,796	$ 30,942	$ 30,436
Plan Member Contributions	24,587	24,415	24,460	25,207	25,262
Net Investment Income (Loss)	(16,706)	51,667	131,842	108,818	24,113
Total Additions	$ 41,499	$ 108,129	$ 187,098	$ 164,967	$ 79,811
Deductions					
Service Retirement Benefits	$ 61,796	$ 56,186	$ 50,919	$ 46,535	$ 42,739
Disability Retirement Benefits	3,150	2,972	2,879	2,746	2,692
Beneficiary Retirement Benefits	3,824	3,541	3,352	2,905	2,769
Deferred Retirement Option Program	3,672	3,464	3,087	2,362	2,215
Total Retirement Benefits	$ 72,442	$ 66,163	$ 60,237	$ 54,548	$ 50,415
Refunds	1,613	1,629	2,374	1,138	1,659
Death Benefit	999	303	150	125	430
Administrative Expense	2,528	2,085	2,054	2,070	1,910
Discount Amortization	1,450	332	-	-	-
Total Deductions	$ 79,032	$ 70,512	$ 64,815	$ 57,881	$ 54,414
Net Increase (Decrease) in Fiduciary Net Position	$ (37,533)	$ 37,617	$ 122,283	$ 107,086	$ 25,397

Source: SLOCPT audited financial statements and detailed retiree payroll journals

San Luis Obispo County Pension Trust

Benefits by Class and Type

Last 10 fiscal years (Dollars in Thousands)

As of December 31		Service Retirement	Disability Retirement	Beneficiary Retirement	DROP Retirement	Termination Refunds	Death Benefit	TOTAL
2020	Miscellaneous	$ 76,179	$ 1,539	$ 4,770	$ 2,671	$ 2,649	$ 862	$ 88,670
	Probation	3,381	168	210	136	113	-	4,008
	Safety	13,593	2,444	1,734	2,310	406	3	20,490
	TOTAL	$ 93,153	$ 4,151	$ 6,714	$ 5,117	$ 3,168	$ 865	**$ 113,168**
2019	Miscellaneous	$ 70,981	$ 1,522	$ 3,986	$ 2,967	$ 2,821	$ 98	$ 82,375
	Probation	3,175	163	196	132	29	-	3,695
	Safety	12,697	2,092	1,144	2,166	442	20	18,561
	TOTAL	$ 86,853	$ 3,777	$ 5,326	$ 5,265	$ 3,292	$ 118	**$ 104,631**
2018	Miscellaneous	$ 64,336	$ 1,462	$ 3,571	$ 3,178	$ 1,613	$ 50	$ 74,210
	Probation	2,898	159	190	129	82	-	3,458
	Safety	11,886	1,885	1,084	2,034	62	10	16,961
	TOTAL	$ 79,120	$ 3,506	$ 4,845	$ 5,341	$ 1,757	$ 60	**$ 94,629**
2017	Miscellaneous	$ 58,698	$ 1,422	$ 3,402	$ 2,839	$ 1,970	$ 746	$ 69,077
	Probation	2,623	139	185	-	426	-	3,373
	Safety	10,753	1,744	848	2,399	461	2	16,207
	TOTAL	$ 72,074	$ 3,305	$ 4,435	$ 5,238	$ 2,857	$ 748	**$ 88,657**
2016	Miscellaneous	$ 54,584	$ 1,385	$ 3,256	$ 2,244	$ 1,796	$ 237	$ 63,502
	Probation	2,553	120	126	-	219	2	3,020
	Safety	9,486	1,709	774	1,957	232	4	14,162
	TOTAL	$ 66,623	$ 3,214	$ 4,156	$ 4,201	$ 2,247	$ 243	**$ 80,684**
2015	Miscellaneous	$ 50,845	$ 1,371	$ 2,999	$ 1,792	$ 1,456	$ 628	$ 59,091
	Probation	2,261	136	117	-	6	-	2,520
	Safety	8,690	1,643	708	1,880	151	371	13,443
	TOTAL	$ 61,796	$ 3,150	$ 3,824	$ 3,672	$ 1,613	$ 999	**$ 75,054**
2014	Miscellaneous	$ 46,500	$ 1,353	$ 2,760	$ 1,332	$ 1,311	$ 300	$ 53,556
	Probation	1,923	146	99	-	60	1	2,229
	Safety	7,763	1,473	682	2,132	258	2	12,310
	TOTAL	$ 56,186	$ 2,972	$ 3,541	$ 3,464	$ 1,629	$ 303	**$ 68,095**
2013	Miscellaneous	$ 42,243	$ 1,315	$ 2,629	$ 1,333	$ 1,798	$ 146	$ 49,464
	Probation	1,727	143	94	-	263	-	2,227
	Safety	6,949	1,421	629	1,754	313	4	11,070
	TOTAL	$ 50,919	$ 2,879	$ 3,352	$ 3,087	$ 2,374	$ 150	**$ 62,761**
2012	Miscellaneous	$ 38,206	$ 1,242	$ 2,379	$ 1,216	$ 1,125	$ 121	$ 44,289
	Probation	1,642	129	91	-	-	-	1,862
	Safety	6,687	1,375	435	1,146	13	4	9,660
	TOTAL	$ 46,535	$ 2,746	$ 2,905	$ 2,362	$ 1,138	$ 125	**$ 55,811**
2011	Miscellaneous	$ 35,289	$ 1,221	$ 2,317	$ 1,006	$ 1,238	$ 427	$ 41,498
	Probation	1,445	105	90	-	85	-	1,725
	Safety	6,005	1,366	362	1,209	336	3	9,281
	TOTAL	$ 42,739	$ 2,692	$ 2,769	$ 2,215	$ 1,659	$ 430	**$ 52,504**

Source: SLOCPT detailed retiree payroll journals 2011-2020 data

San Luis Obispo County Pension Trust

Average Benefit Payments by Years of Credited Service

Last 10 fiscal years

		Years Credited Service						
Retirement Effective Dates		0-5	6-10	11-15	16-20	21-25	26-30	30+
1/1/2020 - 12/31/2020	Average Monthly Benefit	$ 391.85	$ 1,280.19	$ 2,369.42	$ 3,296.22	$ 4,705.88	$ 5,866.84	$ 7,515.10
	Average Final Average Salary	$ 8,635.77	$ 6,135.04	$ 6,973.92	$ 7,170.99	$ 8,020.30	$ 8,228.44	$ 9,032.76
	Number of Active Retirees	7	20	24	24	21	27	13
1/1/2019 - 12/31/2019	Average Monthly Benefit	$ 493.07	$ 1,244.32	$ 2,068.43	$ 2,949.22	$ 4,799.69	$ 5,299.73	$ 5,739.78
	Average Final Average Salary	$ 6,374.46	$ 6,231.25	$ 5,866.78	$ 6,593.79	$ 8,117.29	$ 7,660.11	$ 6,982.06
	Number of Active Retirees	2	20	14	39	18	19	8
1/1/2018 - 12/31/2018	Average Monthly Benefit	$ 409.83	$ 1,540.43	$ 2,077.05	$ 3,141.36	$ 4,412.63	$ 5,570.06	$ 8,239.11
	Average Final Average Salary	$ 8,031.99	$ 6,611.33	$ 6,210.09	$ 6,307.72	$ 7,264.65	$ 7,587.95	$ 9,356.42
	Number of Active Retirees	12	23	36	35	21	22	12
1/1/2017 - 12/31/2017	Average Monthly Benefit	$ 378.74	$ 1,262.66	$ 2,199.64	$ 3,407.49	$ 4,313.69	$ 6,273.46	$ 4,940.17
	Average Final Average Salary	$ 8,948.53	$ 6,414.16	$ 6,556.10	$ 6,797.64	$ 7,368.66	$ 8,314.33	$ 6,185.87
	Number of Active Retirees	7	22	27	23	27	34	19
1/1/2016 - 12/31/2016	Average Monthly Benefit	$ 424.73	$ 1,313.71	$ 1,790.75	$ 2,889.70	$ 4,209.62	$ 5,416.97	$ 5,752.62
	Average Final Average Salary	$ 6,777.47	$ 6,564.35	$ 5,582.02	$ 5,965.96	$ 6,700.09	$ 7,073.04	$ 7,459.94
	Number of Active Retirees	10	24	26	28	11	33	10
1/1/2015 - 12/31/2015	Average Monthly Benefit	$ 577.87	$ 1,060.62	$ 1,955.17	$ 2,921.47	$ 4,092.69	$ 4,771.88	$ 6,588.28
	Average Final Average Salary	$ 8,609.65	$ 5,627.75	$ 5,583.10	$ 5,984.86	$ 6,935.85	$ 6,370.70	$ 7,792.99
	Number of Active Retirees	11	26	33	27	14	29	14
1/1/2014 - 12/31/2014	Average Monthly Benefit	$ 128.30	$ 1,205.16	$ 1,915.27	$ 2,736.06	$ 4,481.47	$ 5,238.35	$ 5,347.19
	Average Final Average Salary	$ 5,183.10	$ 5,887.71	$ 5,802.38	$ 5,501.43	$ 6,759.59	$ 7,042.32	$ 6,209.47
	Number of Active Retirees	5	39	31	35	25	28	12
1/1/2013 - 12/31/2013	Average Monthly Benefit	$ 384.94	$ 1,145.55	$ 1,875.07	$ 2,726.88	$ 3,812.09	$ 6,676.43	$ 7,587.61
	Average Final Average Salary	$ 6,145.60	$ 5,575.87	$ 5,727.70	$ 6,355.97	$ 6,138.44	$ 8,697.89	$ 8,723.62
	Number of Active Retirees	11	27	48	16	23	9	6
1/1/2012 - 12/31/2012	Average Monthly Benefit	$ 423.34	$ 1,151.18	$ 1,625.01	$ 2,480.77	$ 3,877.46	$ 5,842.70	$ 6,630.33
	Average Final Average Salary	$ 5,828.85	$ 6,217.75	$ 4,782.79	$ 5,438.30	$ 6,344.62	$ 8,298.58	$ 8,156.87
	Number of Active Retirees	8	25	38	14	15	24	11
1/1/2011 - 12/31/2011	Average Monthly Benefit	$ 381.32	$ 1,043.17	$ 2,132.43	$ 2,462.09	$ 3,263.78	$ 4,712.96	$ 6,176.94
	Average Final Average Salary	$ 7,407.99	$ 5,281.23	$ 7,214.81	$ 5,890.86	$ 5,551.63	$ 6,441.64	$ 7,341.59
	Number of Active Retirees	13	21	20	17	25	14	12

Note: data reported for Service, DROP, and Disability Retirees

Source: SLOCPT Pension Administration System of record and monthly Reports of Retirement reported to the Board of Trustees

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount

as of December 31, 2020

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	**TOTAL**	**% of Total**
$0-$9,999						
Miscellaneous	391	22	60	1	474	15.4%
Probation	8	-	-	1	9	0.3%
Safety	19	-	2	1	22	0.7%
subtotal	**418**	**22**	**62**	**3**	**505**	**16.4%**
$10,000-$19,999						
Miscellaneous	545	32	53	-	630	20.5%
Probation	11	-	-	-	11	0.4%
Safety	25	-	8	1	34	1.1%
subtotal	**581**	**32**	**61**	**1**	**675**	**22.0%**
$20,000-$29,999						
Miscellaneous	393	26	26	3	448	14.6%
Probation	10	1	3	-	14	0.4%
Safety	29	6	11	-	46	1.5%
subtotal	**432**	**33**	**40**	**3**	**508**	**16.5%**
$30,000-$39,999						
Miscellaneous	282	3	20	2	307	10.0%
Probation	7	4	1	-	12	0.4%
Safety	13	15	7	2	37	1.2%
subtotal	**302**	**22**	**28**	**4**	**356**	**11.6%**
$40,000-$49,999						
Miscellaneous	184	3	15	6	208	6.8%
Probation	4	-	2	-	6	0.2%
Safety	23	13	8	1	45	1.4%
subtotal	**211**	**16**	**25**	**7**	**259**	**8.4%**
$50,000-$59,999						
Miscellaneous	130	-	4	6	140	4.5%
Probation	14	-	-	-	14	0.4%
Safety	24	7	2	3	36	1.2%
subtotal	**168**	**7**	**6**	**9**	**190**	**6.1%**

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount (continued)

as of December 31, 2019

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	**TOTAL**	**% of Total**
$60,000-$69,999						
Miscellaneous	114	1	8	9	132	4.3%
Probation	6	-	-	-	6	0.2%
Safety	25	1	-	4	30	1.0%
subtotal	**145**	**2**	**8**	**13**	**168**	**5.5%**
$70,000-$79,999						
Miscellaneous	67	-	1	5	73	2.4%
Probation	2	-	-	-	2	0.1%
Safety	28	5	-	4	37	1.2%
subtotal	**97**	**5**	**1**	**9**	**112**	**3.7%**
$80,000-$89,999						
Miscellaneous	58	-	2	4	64	2.1%
Probation	5	-	-	-	5	0.2%
Safety	21	3	-	7	31	1.0%
subtotal	**84**	**3**	**2**	**11**	**100**	**3.3%**
$90,000-$99,999						
Miscellaneous	33	-	1	1	35	1.1%
Probation	2	-	-	-	2	0.1%
Safety	15	3	-	-	18	0.6%
subtotal	**50**	**3**	**1**	**1**	**55**	**1.8%**
$100,000+						
Miscellaneous	95	-	2	6	103	3.4%
Probation	6	-	-	1	7	0.2%
Safety	25	1	2	4	32	1.1%
subtotal	**126**	**1**	**4**	**11**	**142**	**4.7%**
CUMULATIVE TOTAL						
Miscellaneous	**2,292**	**87**	**192**	**43**	**2,614**	**85.1%**
Probation	**75**	**5**	**6**	**2**	**88**	**2.9%**
Safety	**247**	**54**	**40**	**27**	**368**	**12.0%**
	2,614	**146**	**238**	**72**	**3,070**	**100.0%**

Note: Domestic Relations Order (DRO) benefits have been included in this table under the original benefit type

Source: SLOCPT Pension Administration Software (PensionGold)

San Luis Obispo County Pension Trust

Member Data

Last 10 fiscal years

As of most recent completed actuarial valuation dated January 1, 2020, based on data as of December 31, 2019.

Active Members (all classes)	Average Age	Average Service	Average Annual Pay
2019	44.4	8.9	$ 74,743
2018	44.7	9.1	73,592
2017	45.1	9.3	72,317
2016	45.5	9.7	69,166
2015	46.1	10.1	67,844
2014	46.6	10.4	65,763
2013	47.1	10.9	65,333
2012	47.4	10.9	65,851
2011	47.7	11.1	65,844
2010	47.2	10.8	65,262

Number of Members	Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
2019	2,752	531	2,823	145	6,251
2018	2,725	489	2,727	141	6,082
2017	2,722	464	2,608	137	5,931
2016	2,675	460	2,481	137	5,753
2015	2,609	450	2,382	135	5,576
2014	2,550	451	2,262	139	5,402
2013	2,521	460	2,117	133	5,231
2012	2,495	445	2,015	132	5,087
2011	2,446	449	1,911	129	4,935
2010	2,479	475	1,817	129	4,900

Source: SLOCPT annual actuarial valuations
- Data as of December 31 each year

San Luis Obispo County Pension Trust

Covered Employees by Employer

Last 10 fiscal years

Active Members (all classes)	San Luis Obispo County	Superior Court of CA	Air Pollution Control District	Local Agency Formation Comm.	(b) RTA	SLOCPT	TOTAL
2020							
Tier 1	905	77	10	-	-	1	993
Tier 2	293	-	-	-	6	2	301
Tier 3	1,386	45	10	1	6	5	1,453
Total	**2,584**	**122**	**20**	**1**	**12**	**8**	**2,747**
% of total	94.0%	4.4%	0.7%	0.0%	0.4%	0.3%	
2019							
Tier 1	1,031	85	14	2	-	1	1,133
Tier 2	296	-	-	-	-	2	298
Tier 3	1,268	41	6	1	-	5	1,321
Total	**2,595**	**126**	**20**	**3**	**-**	**8**	**2,752**
% of total	94.2%	4.6%	0.7%	0.1%	0.0%	0.3%	
2018							
Tier 1	1,140	90	16	3		1	1,250
Tier 2	309	-	-	-		2	311
Tier 3	1,122	33	4	-		5	1,164
Total	**2,571**	**123**	**20**	**3**		**8**	**2,725**
% of total	94.2%	4.5%	0.7%	0.1%		0.3%	
2017							
Tier 1	1,284	97	20	3		1	1,405
Tier 2	312	-	-	-		2	314
Tier 3	974	22	4	-		4	1,004
Total	**2,570**	**119**	**24**	**3**		**7**	**2,723**
% of total	94.4%	4.4%	0.9%	0.1%		0.3%	
2016							
Tier 1	1,426	110	21	3		2	1,562
Tier 2	313	-	-	-		2	315
Tier 3	769	22	3	-		4	798
Total	**2,508**	**132**	**24**	**3**		**8**	**2,675**
% of total	93.8%	4.9%	0.9%	0.1%		0.3%	
2015							
Tier 1	1,568	114	21	3		2	1,708
Tier 2	306	-	-	-		3	309
Tier 3	571	17	1	-		3	592
Total	**2,445**	**131**	**22**	**3**		**8**	**2,609**
% of total	93.7%	5.0%	0.8%	0.1%		0.3%	
2014							
Tier 1	1,712	119	24	3		3	1,861
Tier 2	301	-	-	-		1	302
Tier 3	380	5	-	-		2	387
Total	**2,393**	**124**	**24**	**3**		**6**	**2,550**
% of total	93.8%	5.0%	0.9%	0.1%		0.2%	
2013 (a)							
Tier 1	1,884	129	24	3		5	2,045
Tier 2	281	-	-	-		1	282
Tier 3	189	4	-	-		1	194
Total	**2,354**	**133**	**24**	**3**		**7**	**2,521**
% of total	93.4%	5.3%	1.0%	0.1%		0.3%	
2012							
Tier 1	2,054	134	24	3		5	2,220
Tier 2	274	-	-	-		1	275
Total	**2,328**	**134**	**24**	**3**		**6**	**2,495**
% of total	93.3%	5.3%	1.0%	0.1%		0.2%	
2011							
Tier 1	2,184	147	24	3		7	2,365
Tier 2	81	-	-	-		-	81
Total	**2,265**	**147**	**24**	**3**		**7**	**2,446**
% of total	92.6%	6.0%	1.0%	0.1%		0.3%	

(a) Beginning in 2013, all employers instituted a reduced level of "Tier 3" retirement benefits for new hires.
(b) In 2020, the San Luis Obispo County Regional Transit Authority (RTA) became a contract agency with SLOCPT.

Source: SLOCPT payroll records - as of December 31st of each year

San Luis Obispo County
Pension Trust
SLOCPT

San Luis Obispo County
Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465
www.slocounty.ca.gov/Departments/Pension-Trust.aspx

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org

San Luis Obispo County
Pension Trust
SLOCPT

Date: June 28, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 6: January 1, 2021 Actuarial Valuation and Pension Contribution Rates

Accompanying this memo are –

- **Draft January 1, 2021 Annual Actuarial Valuation** prepared by Cheiron – the Plan Actuary - with additional supplementary tables of data.
- **Deferred Implementation Date** for rate increases and adjusted amounts of pension contribution rate increase as well as allocation of rate increases by class of Member (Miscellaneous, Probation, Safety).
- **Pension Contribution Rate Increase History – 2014-2021**

Recommendation:

It is recommended that the Board take the following actions:

1. Approve the January 1, 2021 Actuarial Valuation.
2. Approve the transfer of $41,409,542 from the Current Reserve to the Retiree Reserve as recommended by Cheiron in the Reserves Comment of the Valuation (page A-2).
3. Approve the recommendation of the Plan Actuary to increase the current level of County Appropriation and Employee Contribution rates such that a **Total Contribution Rate of 50.34% effective January 1, 2021 is received - an increase of 2.16% over the current 48.18% Charged Rate of contributions as of 1/1/21** as recommended by Cheiron in the Contribution Rate Comment of the Valuation (page 7).

a. This increase is subject to delayed implementation as may be requested by the Plan Sponsor, with adjustments to the rate calculated by Cheiron to account for the deferred implementation. In addition, this rate increase is the aggregate pension contribution rate increase for all classes of Members. Different contribution rate increases are recommended for Miscellaneous, Probation and Safety classes of Members due to their differing benefit formulas.

b. See the attached Deferred Implementation Date exhibit to this memo for the applicable pension contribution rate increases.

2021 Actuarial Valuation Results:

Table I-1
Summary of Key Valuation Results
(in thousands)

	January 1, 2020	January 1, 2021	Change
Membership			
Actives	2,752	2,747	-0.2%
Retirees and Beneficiaries	2,968	3,070	3.4%
Deferred[1]	531	799	50.5%
Total	6,251	6,616	5.8%
Total Projected Payroll	$ 205,694,000	$ 214,044,000	4.1%
Average Pay	$ 74,743	$ 77,919	4.2%
Actuarial Liabilities and Funded Ratio			
Actuarial Liability	$ 2,170,071	$ 2,313,128	6.6%
Actuarial Value of Assets (AVA)	1,416,763	1,506,270	6.3%
Unfunded Actuarial Liability (UAL)	$ 753,309	$ 806,858	7.1%
Funding Ratio (AVA Basis)	65.3%	65.1%	-0.2%
Market Value of Assets (MVA)	$ 1,439,004	$ 1,566,326	8.9%
Unfunded Actuarial Liability (MVA Basis)	731,067	746,802	2.2%
Funding Ratio (MVA Basis)	66.3%	67.7%	1.4%
Actuarially Determined Contributions			
Total Normal Cost	21.04%	20.99%	-0.05%
Administrative Expenses	0.00%	1.07%	1.07%
Unfunded Actuarial Liability Payment			
Interest	24.43%	23.55%	-0.88%
Principal	2.45%	4.73%	2.28%
Total UAL Payment	26.88%	28.28%	1.40%
Total Actuarially Determined Contribution	47.92%	50.34%	2.42%

[1]January 1, 2021 Deferred Membership count includes 226 non-vested members with contributions on account.

Contribution Rate:

Actuarially Determined Contribution (ADC) increase = 2.42%.
The valuation indicates an increase in the Total Required Contribution Rate (or Actuarially Determined Contributions (ADC)) to 50.34% from 47.92% (prior year ADC), effective January 1, 2021. The sources of this **increase of 2.42% in the ADC** are discussed below and in Table I-4 on page 8 of the attached 2021 Actuarial Valuation. The increases shown below are expressed as a percent of pay.

1. Actuarial Transition – Contribution Impact = -0.16

2. Investment Earnings more than expected over the five-year period used in the Valuation – Contribution Impact = -0.46% of pay

3. More Tier 3 (PEPRA) members hired to replace Tier 1 and Tier 2 Members than expected – Contribution impact = -0.41% of pay

4. Because the UAL is paid down as a % of actual pensionable salary, payroll growth larger than expected lead to more of the UAL being paid down – Contribution impact = -0.34%% of pay

5. Deferred implementation of 2020 rate increase – Contribution impact = +0.28% of pay

6. Demographic Experience mainly driven by Tier 1 retiree COLA and active member salary increases being above assumptions – Contribution impact = +0.94% of pay

7. Changes in Actuarial Assumptions –
    a. Discount Rate / Earnings Assumption – decrease from 6.875% to 6.75% - Contribution impact = +0.56% of pay for Normal Cost and +0.94% of pay for the UAL Payment, net change of 1.50% of pay
    b. Adding explicit Administrative Expense Assumption instead of assuming they are net of investment earnings as had been done in prior Actuarial Valuations - Contribution impact = +1.07% of pay

Pension Contribution Rate Increase = 2.16%
This reflects the 2.42% increase in the ADC as discussed above. It also reflects that the Charged Rate of contributions as of 1/1/21 is 48.18% - slightly above the planned ADC for 2020 of 47.92%. The history of pension contribution rate changes is shown in the graph below excerpted from page 11 of the 2021 Actuarial Valuation. Rate increase history is also included in the attached Pension Contribution Rate Increase History – 2014-2021.

See page 11 of the attached Actuarial Valuation regarding the historical pension contribution rates.

Pension Contribution Rate Increases – Deferred Implementation
Note that the actual Pension Contribution Rate increase depends on the implementation date chosen by the Plan Sponsor. The rate increases discussed above are as of January 1, 2021. For practical reasons, the actual change in contribution rates normally takes place on a deferred date –

typically July 1st of the following year. This aids budget planning and payroll implementation. In the case of Deferred Implementation, the rate increases are adjusted upwards to make them actuarially equivalent to the rate needed January 1, 2021. For example, if the aggregate increase of 2.16% were to be implemented July 1, 2022, the aggregate increase would be 2.39%.

See the attached Deferred Implementation Date exhibit for the applicable pension contribution rate increases.

Funded Ratio:

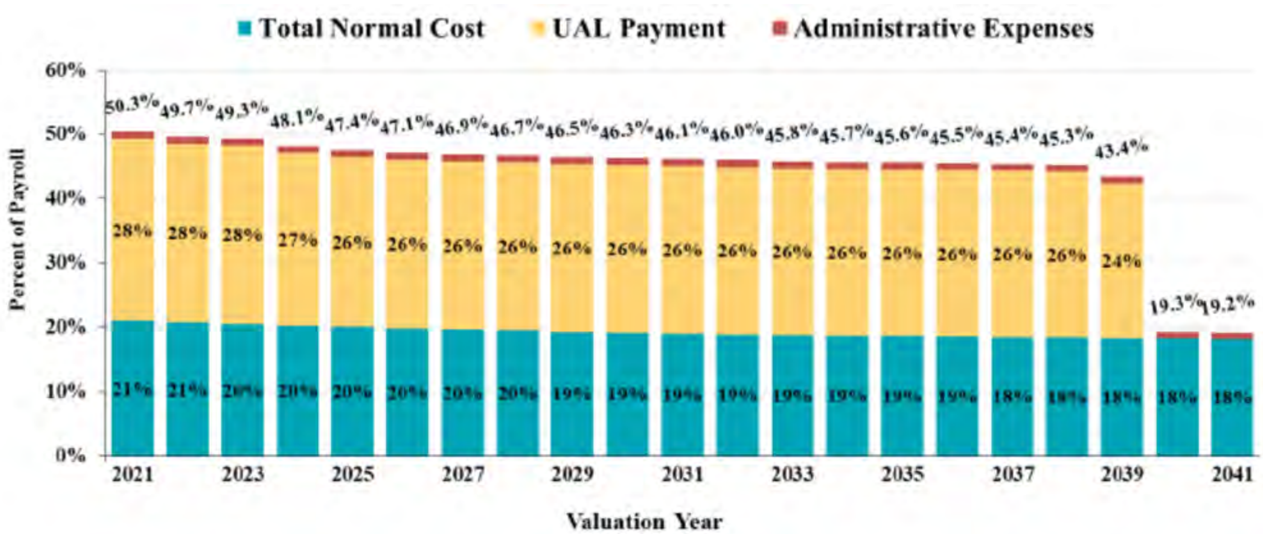
The valuation results also indicate that the funded ratio of the Plan – Actuarial Accrued Liabilities (AAL) vs. Actuarial Value of Assets (AVA) has declined from 65.3% in 2020 to **65.1**% in 2021.

See page 5 of the attached Actuarial Valuation for further detail on the sources of the decrease.

See page 10 of the attached Actuarial Valuation for the history of the Unfunded Actuarial Liability (UAL).

Projected ADC:

The Baseline projections of assets and liabilities and funded ratio are shown in the following graph. The elements of the ADC pension cost are –



See pages 12-13 of the attached Actuarial Valuation for information on forecasted pension contribution rates. Note that these projections have many assumptions including –

- The Discount Rate used to calculate pension liabilities remains at 6.75%.
- All actuarial assumptions are fully met each year.

Respectfully submitted,

CHEIRON Classic Values, Innovative Advice

San Luis Obispo County Pension Trust

Actuarial Valuation Report as of January 1, 2021

Produced by Cheiron

June 2021

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TABLE OF CONTENTS

Section *Page*

Appendices

June 28, 2021

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the San Luis Obispo County Pension Trust (SLOCPT, the Trust, the Fund, the Plan) as of January 1, 2021. This report contains information on the Trust's assets and liabilities and discloses employer and employee contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of SLOCPT. This report is for the use of the Board of Trustees and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

Cheiron's report was prepared solely for the Board of Trustees of San Luis Obispo County Pension Trust for the purposes described herein, except that the Plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

Alice I. Alsberghe, ASA, MAAA, EA
Consulting Actuary

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FOREWORD

Cheiron has performed the actuarial valuation of the San Luis Obispo County Pension Trust as of January 1, 2021. The valuation is organized as follows:

- In Section I, the **Executive Summary,** we describe the purpose of an actuarial valuation, summarize the key results found in this valuation and disclose important trends.

- The **Main Body** of the report presents details on the Trust's:
  - Section II – Disclosures Related to Risk
  - Section III – Assets
  - Section IV – Liabilities
  - Section V – Contributions
  - Section VI – Annual Comprehensive Financial Reporting Information

- In the **Appendices,** we conclude our report with the following detailed information:
  - Appendix A – Membership Information
  - Appendix B – Member Contribution Rates
  - Appendix C – Actuarial Assumptions and Methods
  - Appendix D – Summary of Plan Provisions
  - Appendix E – Glossary

Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the SLOCPT staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report. The deterministic and stochastic projections shown in this report were developed using R-scan, our proprietary stochastic projection tool for assessing probabilities of different outcomes. We have relied on Cheiron colleagues who developed the tool, and we have used the tool in accordance with its purpose.

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The funded status of the Trust,
- Past and expected trends in the funding progress of the Trust,
- Employer and employee contribution rates for Plan Year 2021,
- Information required by the GFOA for the Annual Comprehensive Financial Report, and
- An assessment and disclosure of key risks.

The information required under GASB standards Nos. 67 and 68 is included in a separate report, with the report for the Plan's Fiscal Year Ending December 31, 2020, provided to SLOCPT in May 2021.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key results, (C) an examination of the historical trends, and (D) the projected outlook for the Trust.

A. Valuation Basis

This valuation determines the total contributions required for the Plan Year beginning January 1, 2021.

The Trust's funding policy is to collect contributions from the employers and employees equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability, and
- The Fund's expected administrative expenses.

The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial liability (UAL). The UAL is amortized as a percentage of payroll of SLOCPT. The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability (19 years remaining as of January 1, 2021). Effective with the January 1, 2019 valuation, each year any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed 20-year period.

Effective with the January 1, 2021 valuation, the assumed rate of investment return (discount rate) has been reduced from 6.875%, net of all expenses, to 6.75%, net of investment expenses only. In addition, an explicit administrative expenses assumption of $2.3 million was added to the actuarially determined contribution. The administrative expenses are assumed to increase annually at 2.75%, the payroll growth rate. Both of these assumption changes were adopted by the Board of Trustees at their May 24, 2021 Board meeting.

This valuation was prepared based on the plan provisions shown in Appendix D.

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SECTION I – EXECUTIVE SUMMARY

Actuarial experience studies are performed every two years. With the exception of the assumed rate of investment return and administrative expense assumptions as noted above, this valuation was performed based on the economic and demographic assumptions and methods that were determined in the San Luis Obispo County Pension Trust Actuarial Experience Study Report performed by the prior actuary for the five-year period ending December 31, 2019 and adopted by the Board. We reviewed the assumptions and found them to be reasonable. A summary of the assumptions and methods used in the current valuation is shown in Appendix C.

B. Key Findings of this Valuation

The key results of the January 1, 2021 actuarial valuation are as follows:

- The actuarially determined contribution rate increased from 47.92% of payroll 50.34% of payroll, a 2.42% of payroll increase. The increase is primarily due to:
  - The decrease in the discount rate from 6.875%, net of all expenses to 6.75%, net of investment expenses only, and
  - The addition of an explicit administrative expense assumption of $2.3 million, assumed to increase annually by the payroll growth rate of 2.75%.

- During the plan year ending December 31, 2020, the return on the Market Value of Assets (MVA) was 10.4%, net of investment and administrative expenses and assuming mid-year cash flows, as compared to the 6.875% assumption. Based on the Actuarial Value of Assets (AVA), the Plan returned 7.9% for the year, an actuarial asset gain of $13.5 million. The return on the AVA was less than the return on the MVA since the recognition in the AVA of the 2017, 2019 and 2020 investment gains was less than the recognition of the 2016 and 2018 investment losses.

- The Trust's funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, decreased from 65.3% last year to 65.1% as of January 1, 2021. The 0.2% decrease is primarily due to lowering the discount rate offset somewhat by favorable investment experience.

- The ratio of Market Value of Assets over Actuarial Liability, increased from 66.3% last year to 67.7% as of January 1, 2021. This 1.4% increase is primarily driven by the favorable investment returns for the year ending December 31, 2020, partially offset by the change in the discount rate.

- The UAL is the excess of the Trust's Actuarial Liability over the Actuarial Value of Assets. The Trust experienced an increase in the UAL from $753.3 million to $806.9 million, an increase of $53.6 million, primarily due to the change in the discount rate and actuarial liability losses. Table I-2 on page four details the changes in UAL.

- The Actuarial Liability of the Trust increased more than expected. The actuarial experience losses were primarily due to larger COLA increases than expected for current retirees (3.0% for Tier 1 compared to the assumed increase of 2.5%), larger salary

SECTION I – EXECUTIVE SUMMARY

increases than expected for current Miscellaneous actives, and more retirements than expected. Consequently, the Trust experienced a net loss on the Actuarial Liability of $26.1 million, a 1.2% increase as a percentage of the expected Actuarial Liability.

- As of January 1, 2021, there were 1,453 active members covered under Tier 3 (AB 340, "PEPRA") compared to 1,321 active members covered in the prior valuation. Tier 3 active member payroll comprises 46% of the total member payroll as of January 1, 2021 compared to 41% in the prior valuation.

- **Reserves:** We recommend that the reserve for Retirees and Beneficiaries be updated to reflect the computed liability in the most recent valuation. With the Trust's current accounting (the County pays for all COLA benefits), this can only be done for non-COLA benefits. The COLA reserve includes amounts attributable to current active and deferred vested members. According to the financial statements as of December 31, 2020, the reserve for Retirees and Beneficiaries is $1,198,377,463. The non-COLA liabilities calculated were $1,239,787,005. Accordingly, we recommend that the Trust transfer the difference of $41,409,542 out of the Current Reserve and into the Retiree Reserve. A large source of this trust transfer is the change in discount rate.

- **Pension Obligation Bond:** Total pension costs also include the debt financing related to the 2003 pension obligation bond of $135 million. The annual debt financing payment for calendar year 2021 is approximately $9.0 million, which is approximately 4.20% of active member payroll. When this percent is added to the actuarial valuation computed County appropriation rate of 32.38% (based on employers assuming all of the contribution rate increase for the January 1, 2021 valuation), the total rate of 36.58% more accurately reflects total County pension costs.

SECTION I – EXECUTIVE SUMMARY

Below and on the following pages, we present Tables I-1, I-2, and I-3 which summarize the key results of the valuation with respect to SLOCPT assets, actuarial liabilities, Unfunded Actuarial Liability, funded ratios, contribution rates, and membership. The results are shown and compared for both the current and prior plan year.

Table I-1
Summary of Key Valuation Results
(in thousands)

	January 1, 2020	January 1, 2021	Change
Membership			
Actives	2,752	2,747	-0.2%
Retirees and Beneficiaries	2,968	3,070	3.4%
Deferred[1]	531	799	50.5%
Total	6,251	6,616	5.8%
Total Projected Payroll	$ 205,694,000	$ 214,044,000	4.1%
Average Pay	$ 74,743	$ 77,919	4.2%
Actuarial Liabilities and Funded Ratio			
Actuarial Liability	$ 2,170,071	$ 2,313,128	6.6%
Actuarial Value of Assets (AVA)	1,416,763	1,506,270	6.3%
Unfunded Actuarial Liability (UAL)	$ 753,309	$ 806,858	7.1%
Funding Ratio (AVA Basis)	65.3%	65.1%	-0.2%
Market Value of Assets (MVA)	$ 1,439,004	$ 1,566,326	8.9%
Unfunded Actuarial Liability (MVA Basis)	731,067	746,802	2.2%
Funding Ratio (MVA Basis)	66.3%	67.7%	1.4%
Actuarially Determined Contributions			
Total Normal Cost	21.04%	20.99%	-0.05%
Administrative Expenses	0.00%	1.07%	1.07%
Unfunded Actuarial Liability Payment			
Interest	24.43%	23.55%	-0.88%
Principal	2.45%	4.73%	2.28%
Total UAL Payment	26.88%	28.28%	1.40%
Total Actuarially Determined Contribution	47.92%	50.34%	2.42%

[1]January 1, 2021 Deferred Membership count includes 226 non-vested members with contributions on account.

The key results shown in Table I-1 indicates that total SLOCPT membership increased by 5.8%. The active membership is relatively stable with a slight decrease of 0.2% from last year to this year, while the number of members receiving monthly benefits increased by 3.4%. The number of inactive members increased by 51% since non-vested members with contribution account balances are now being included in the actuarial valuation counts. The previous actuary did not include these members in their counts.

Table I-2
Change in Unfunded Actuarial Liability
(in thousands)

Unfunded Actuarial Liability, January 1, 2020	$	753,309
Actuarial transition	$	2,802
Expected change in Unfunded Actuarial Liability		(5,370)
Unfunded decrease due to actuarial asset gain[1]		(5,684)
Unfunded increase due to liability loss		26,101
Unfunded increase due to change in discount rate		35,700
Total UAL change	$	53,549
Unfunded Actuarial Liability, January 1, 2021	$	806,858

[1] *Includes net loss due to contibution timing delay.*

The Unfunded Actuarial Liability (UAL) for SLOCPT increased by $53.5 million, from $753.3 million to $806.9 million. Table I-2 above presents the specific components of the change in the UAL.

- When Cheiron became the SLOCPT consulting actuary, we performed an independent actuarial valuation for January 1, 2020. We calculated an Actuarial Liability of $2,172.9 million while GRS's calculated Actuarial Liability was $2,170.1 million, a difference of $2.8 million which is only 0.13% more than GRS. This difference is well below the 5.0% benchmark for actuarial client transitions and audits.

- The expected decrease in the UAL of $5.4 million is the amount of expected employer and employee contributions in excess of the benefits expected to accrue for active members and the interest on the UAL.

- The actuarial asset gain of $13.5 million is offset by the contribution timing delay loss of $8.1 million for a net actuarial asset gain which decreased the UAL by $5.7 million. A contribution timing delay will occur every year. The contribution timing delay accounts for the difference between actual contributions received for the year ending December 31, 2020 and the expected contributions for the year based on the ADC rate from the January 1, 2020 actuarial valuation which is completed after the effective date.

- The liability experience loss increased the UAL by $26.1 million. This liability experience loss was driven by COLA increases for Tier 1 retirees of 3.0%, which is above the assumed COLA increase rate of 2.5%, as well as salary increases for actives above the assumed increases, and more retirements than expected.

SECTION I – EXECUTIVE SUMMARY

- The discount rate decrease from 6.875% to 6.75%, increased the UAL by $35.7 million. Adding an explicit administrative expense assumption does not increase the Actuarial Liability. This is an annual cost similar to the normal cost (value of the annual benefits accrued by active members) that is added to the actuarially determined contribution, however it does not impact SLOCPT liabilities.

SECTION I – EXECUTIVE SUMMARY

Actuarially Determined Contributions Comparison

Thus far, the results of the actuarial valuation have been presented in terms of the UAL and funded ratio. Table I-3 below compares the employer contribution rates and its components from the prior year to the current year. The total actuarially determined contribution rate increased by 2.42% for the January 1, 2021 valuation. A decrease of 0.05% in the normal cost, an increase of 1.40% in the amortization of the UAL, and the addition of 1.07% of pay for the assumed administrative expenses comprise the total increase.

Table I-3
Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate

Valuation Date	January 1, 2020	January 1, 2021
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	21.04%	20.99%
2. Employee Contributions	16.31%	16.89%
3. Employer Normal Cost [(1) - (2)]	4.73%	4.10%
4. UAL Amortization Payment	26.88%	28.28%
5. Employer Contribution Rate [(3) + (4)]	31.61%	32.38%
6. Administrative Expenses	0.00%	1.07%
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	47.92%	50.34%
Reconciliation of Charged Rate		
8. Employer Charged Rate	25.16%	27.00%
9. Member Charged Rate	16.48%	17.05%
10. Total Charged Rate [(8) + (9)]	41.64%	44.05%
11. Increase to Charged Rate[1]	2.68%	4.13%
12. Total Charged Rate as of January 1 [(10) + (11)]	44.32%	48.18%
13. Recommended Rate Increase as of January 1 [(7) - (12)]	3.60%	2.16%

[1] *The recommended rate increase as of January 1, 2020 was 3.60%. However, the rate increase will be implemented on July 1, 2021, except for APCD who implemented on January 1, 2021. Therefore, it was increased to 4.13%. The recommended rate increase as of January 1, 2019 was 2.30%. However, the rate increase was implemented on July 1, 2020. Therefore, it was increased to 2.68%.*

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SECTION I – EXECUTIVE SUMMARY

Table I-4 summarizes the change in the net employer contributions rate from the last valuation by source.

Table I-4
Actuarially Determined Contribution (ADC) Rate Reconciliation

	Normal Cost	Administrative Expenses	UAL Payment	Total
GRS Total ADC as of January 1, 2020	**21.04%**	**0.00%**	**26.88%**	**47.92%**
Actuarial transition	-0.26%	0.00%	0.10%	-0.16%
Cheiron Total ADC as of January 1, 2020	**20.78%**	**0.00%**	**26.98%**	**47.76%**
Actuarial investment gain	0.00%	0.00%	-0.46%	-0.46%
Tier 3 (PEPRA) new hires	-0.41%	0.00%	0.00%	-0.41%
Effect of payroll on UAL payments	0.00%	0.00%	-0.34%	-0.34%
Increase due to contribution timing lag	0.00%	0.00%	0.28%	0.28%
Demographic experience	0.06%	0.00%	0.88%	0.94%
Assumption changes	0.56%	1.07%	0.94%	2.57%
Total Change	**0.21%**	**1.07%**	**1.30%**	**2.58%**
Total ADC as of January 1, 2021	**20.99%**	**1.07%**	**28.28%**	**50.34%**

The changes in the total employer and employee contribution rate based on our January 1, 2020 valuation results are as follows:

- Asset experience produced an investment gain that decreased the contribution rate by 0.46% of pay. The actuarial assets of the Plan returned 7.86% (net of investment and administrative expenses) for the year ending December 31, 2020, which is higher than the assumed rate of 6.875%. In subsequent years, the asset returns will be calculated assuming administrative expenses are not paid from investment earnings, in other words, "net of investment expenses" only. This change is due to adding the explicit administrative expense assumption.

- Tier 3 (PEPRA) members now make up over 46% of active member payroll compared to 41% in the previous valuation. Tier 3 (PEPRA) member benefits are lower than the Tier 1 and Tier 2 members' benefits. When Tier 1 and Tier 2 members leave employment, they are replaced by Tier 3 members. The impact of this demographic shift is a lower overall normal cost rate for the Trust. For this valuation, the impact was a 0.41% decrease to the normal cost rate.

- Active member payroll, which is used to convert the amortized UAL payments to a percentage of payroll, was higher than expected by about $2.7 million. The expected payroll growth rate is 2.75% while the actual payroll growth during 2020 was about 4.1%. As a result, the UAL payments are spread over a larger payroll base than expected, and the contribution rate, as a percentage of payroll, decreased by 0.34%.

SECTION I – EXECUTIVE SUMMARY

- When actual contributions made to the Plan differ from expectations, there is an actuarial gain or loss. There are two primary reasons why contributions can deviate from expectations:
  - The actuarial valuation process assumes any change in the contribution rate occurs on January 1 of the valuation year. Even though calculations are performed to adjust the contributions for delayed implementation, there are "unadjusted" contributions made from January 1 to the implementation date.
  - When payroll growth is more or less than anticipated, all else being equal, contributions will be more or less than anticipated.

  The recommended rate increase as of January 1, 2020 was 3.60%. However, the employers (except for APCD who implemented the increase on January 1, 2021) adopted to implement the increase effective July 1, 2021 with an adjusted increase of 4.13% due to the delay. This contribution timing delay, or deferred implementation of the contribution rate increase, partially offset by the payroll growth being greater than anticipated resulted in a net increase to the contribution rate of 0.28% of payroll.

- Demographic experience, or liability experience, was unfavorable for a net increase in cost of about 0.94% of pay. The demographic experience of the Plan includes retirement, death, disability, and termination experience, as well as other factors such as changes in benefit and pay amounts. The liability experience loss was driven by COLA increases for Tier 1 retirees of 3.0%, which is above the assumed COLA increase rate of 2.5%, as well as salary increases for actives above the assumed increases, and more retirements than expected.

- The change in discount rate and adding the explicit administrative expense assumption increased the contribution rate by 2.57% of payroll. The discount rate change increased the contribution rate by 1.50% of payroll while the administrative expense assumption increased the contribution rate by 1.07%.

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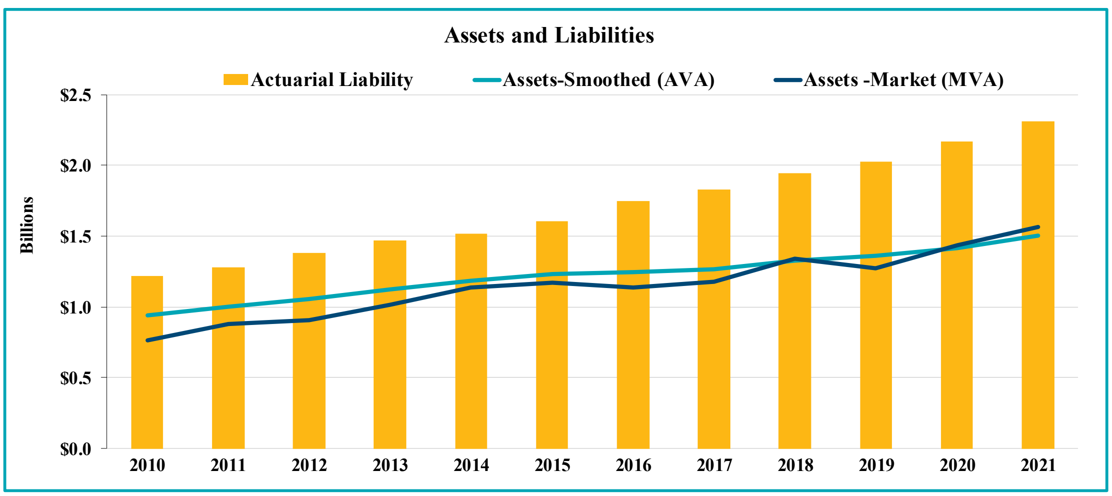
C. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart below compares the Actuarial Liability, as gold bars, to the assets at both market value (MVA, blue line) and smoothed value (AVA, teal line). The percentages shown in the table below the graph are the ratios of the assets to the Actuarial Liability (the funded ratio) as of the valuation date at the beginning of the year. The funded ratio on an AVA basis has decreased from 77% in 2010 to 66% in 2021, primarily as a result of actuarial asset losses, lowering the assumed rate of return from 7.75% to 6.75% and mortality improvements.

The funded ratio on an MVA basis has increased from 63% to 68% during that same period. During this period, the average annual rate of return on an MVA basis is 3.6% higher compared to the average annual return on an AVA basis, primarily due to extending the recognition of the 2008 asset loss over ten years instead of five years. The AVA returns are relatively stable, despite the overall market fluctuations, whereas the MVA is more volatile.



													Average Annual Return
Funded Ratio (AVA)	77%	78%	77%	76%	78%	77%	71%	69%	68%	67%	65%	65%	
Rate of Return* (AVA)	5.7%	6.0%	5.5%	6.2%	6.2%	5.3%	3.0%	3.5%	6.0%	3.7%	5.7%	7.9%	5.4%
Funded Ratio (MVA)	63%	69%	66%	69%	75%	73%	65%	65%	69%	63%	66%	68%	
Rate of Return* (MVA)	23.5%	14.3%	2.7%	12.0%	13.1%	4.6%	-1.4%	6.1%	14.9%	-3.7%	15.2%	10.4%	9.0%

* Rate of Return for prior year ending 12/31

DRAFT

SECTION I – EXECUTIVE SUMMARY

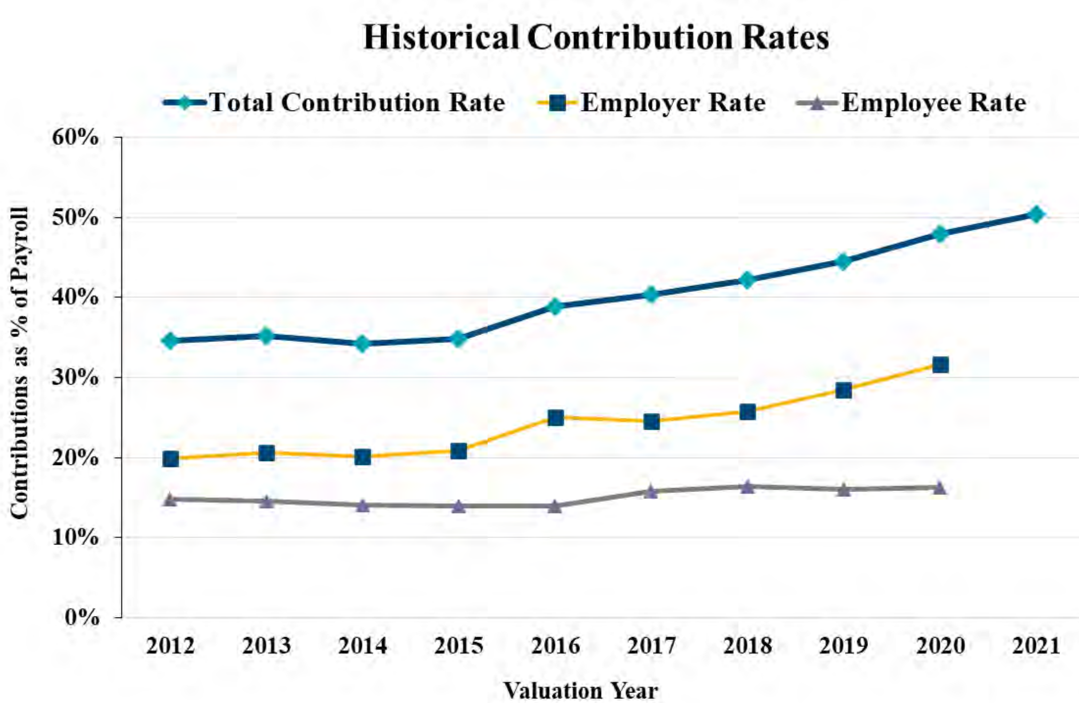
Contribution Trends

In the chart below, we present the historical trends for the SLOCPT contribution rates. The total contribution rate has increased during this period from approximately 35% to 50%. The contribution rate remained relatively steady from 2012 to 2015. From 2016 to 2021, the rate has steadily increased primarily due to the incremental discount rate decreases from 7.25% to 6.75% during this period. There were also consistent investment losses on the actuarial value of assets from 2006 to 2020, with favorable experience in 2021.

The employer contribution rates have a similar pattern to the overall contribution rates which also include the member rates.

The average employee contribution rates were relatively stable from 2010 to 2016, increasing as the Plan's economic assumptions have changed. However, these increases are partially offset when Tier 3 (PEPRA) members with lower employee contributions continue to replace Tier 1 and Tier 2 members who have higher contributions rates.

Historically, the increase in the total contribution rates has generally been allocated equally between employer and employees. The allocation of rate increases is implemented and agreed to during the bargaining process between the Employers and their various Employment Groups, and therefore not determined by the Plan. In 2019 and 2020, there were mid-year adjustments that transferred the allocation of contributions from Employee to Employer for the Safety and Probation classifications. In 2020, the County Employer was allocated a larger portion of the rate increase.



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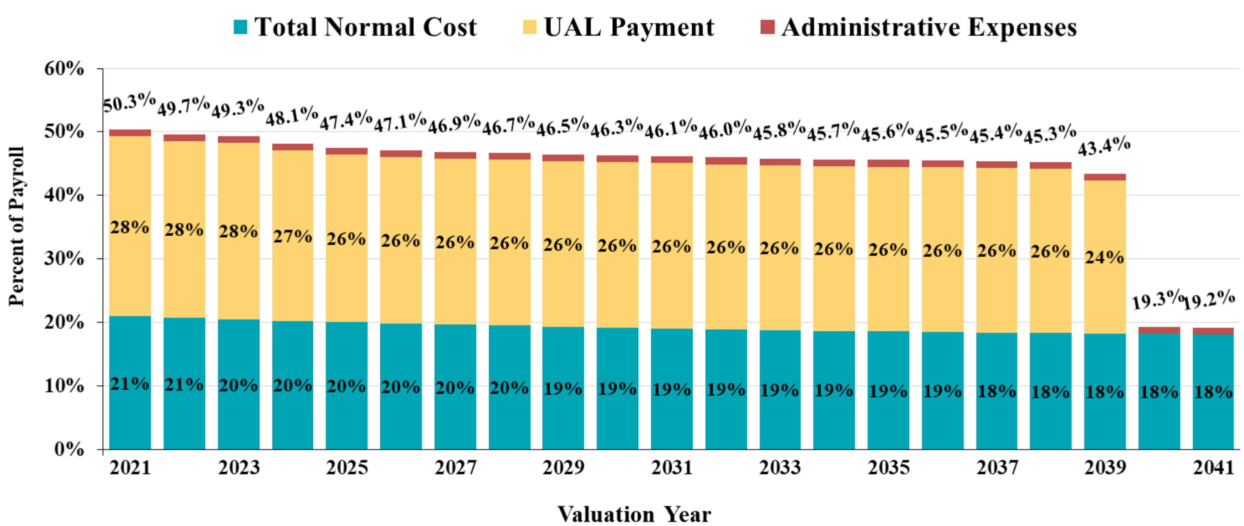
D. Future Expected Financial Trends

The analysis of projected financial trends is an important component of this valuation. All the projections in this section are based on the current investment return assumption of 6.75%. We have assumed future payroll increases of 2.75% per year. The projections also assume that all other actuarial assumptions are met each year.

Projection of Contributions

The following graph shows the expected total contribution rate or actuarially determined contribution (ADC) based on achieving the 6.75% assumption **each year** for the next 20 years. This scenario is highly unlikely; even if the Plan does achieve an **average** return of 6.75% over this period, the returns in each given year will certainly vary.

The total contribution rates shown at the top of the graph consist of the total normal cost, the UAL Payment, and assumed administrative expenses (1.07% of payroll over the projection period.)



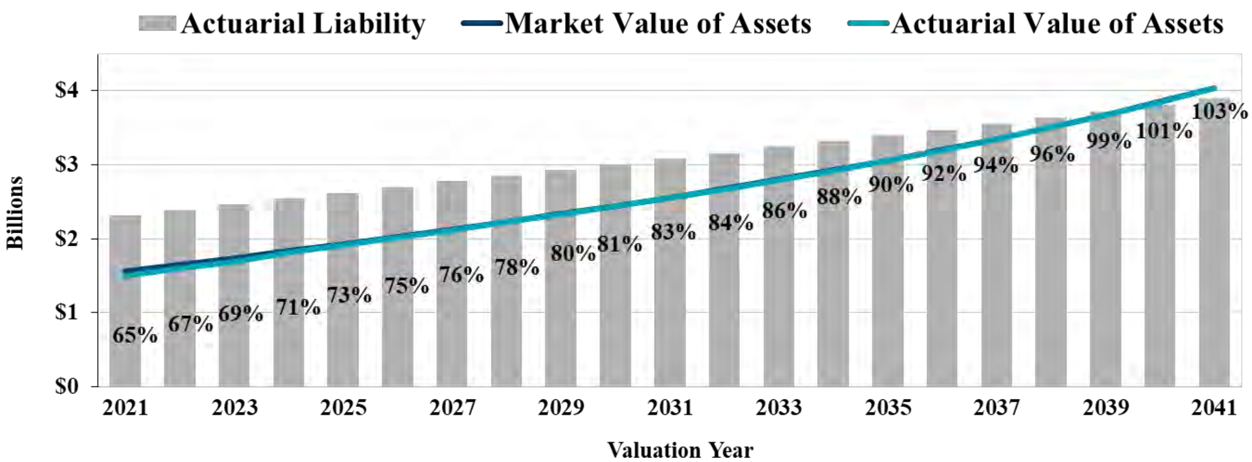
The total contribution rate is approximately 50.3% of member payroll for the January 1, 2021 valuation. Over the next five years, there is an expected rate decline of approximately 3.2% to 47.1% in 2026, primarily due to the recognition of the $60.0 million in deferred investment gains. After 2026, there is a more gradual decrease over the next twelve years due to the decrease in the normal cost rate (the teal bars) as Tier 3 active members, with lower benefits, replace Tier 1 and Tier 2 active members.

There is a decrease in the UAL payment of almost 2.0% of payroll in 2039 when the 2019 amortization layer for the actuarial loss is fully paid. Finally, the contribution drops to 19.3% in 2040 and consists of only the normal cost and administrative expenses since the entire UAL is expected to be fully paid.

SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

In this section, we present our assessment of the implications of the January 1, 2021 valuation results in terms of benefit security (assets over liabilities). The following graph shows the projection of assets and liabilities assuming that assets will earn the 6.75% assumption each year during the projection period. The percentages along the graph represent the funded ratio or status of the Trust.



The projected funded ratio increases over the next 20 years and reaches 100% in 2040 assuming that all actuarial assumptions are achieved each year.

However, as above, it is the **actual** return on Trust assets that will determine the future funding status and contribution rate to the Trust.

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SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may be vary significantly. This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. This is most likely to occur when the contributions needed to support the plan differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different from expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan's asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base.

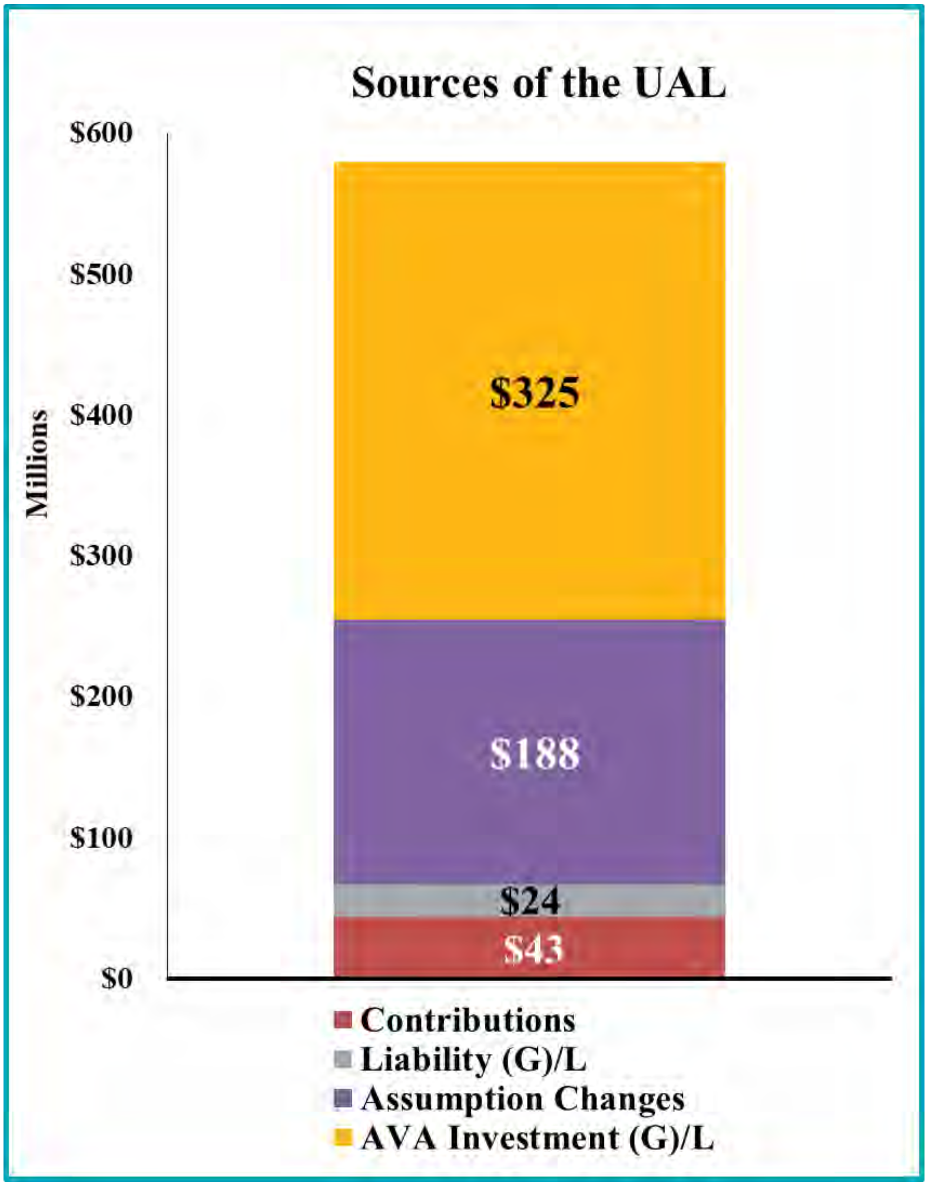
Assumption change risk is the potential for the environment to change such that future valuation assumptions are different from the current assumptions. For example, declines in interest rates over the last three decades resulted in higher investment returns for fixed income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

Contribution risk is the potential for actual future contributions to deviate from the expected future ADC contributions. There are different sources of contribution risk such as the sponsor choosing to not make contributions in accordance with the funding policy. As another example, the contribution requirement might become a financial strain on the sponsor because of material changes in the contribution base (e.g., covered employees, covered payroll) that affects the amount of contributions the plan can collect.

SECTION II – DISCLOSURES RELATED TO RISK

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from January 1, 2009 through January 1, 2021. Over the last 13 years, the UAL has increased by approximately $576 million. The investment losses (gold bar) of $325 million on the Actuarial Value of Assets (AVA) and assumptions changes (purple bar) resulting in a total UAL increase of $188 million are the primary sources in the UAL growth. The net liability losses (gray bar) of $24 million and contributions being less than the "tread water" level (red bar, defined later in this section) by $43 million have increased the UAL since January 1, 2009.

Chart II-1



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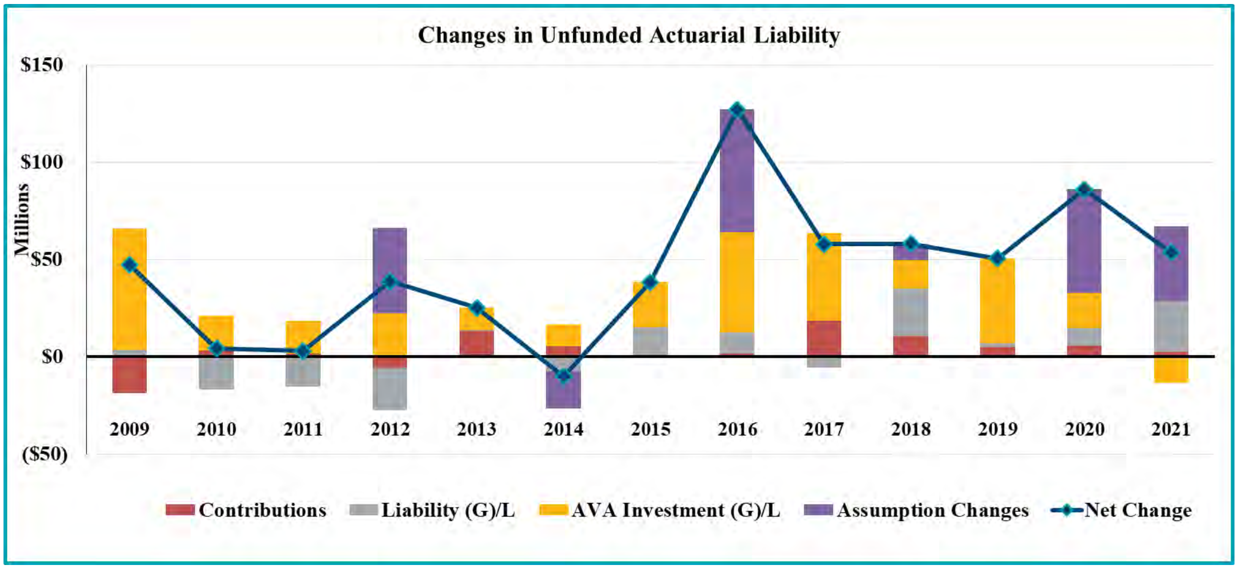
SECTION II – DISCLOSURES RELATED TO RISK

Chart II-2 below details the annual sources of the UAL change (colored bars) for the Plan years ending December 31. The net UAL change for the year is represented by the blue diamonds.

Chart II-2



On a market value and an actuarial value basis, the average annual geometric return over the 13-year period is 5.6% and 5.3% respectively. Actuarial losses were greater than the gains over the period, due to the market performance in FYE 2008, 2011, 2014, 2015, 2016 and 2018 with actual returns between -28.0% and 6.1%, ranging well below the assumed rate of return.

Over the same period, the assumed rate of return decreased from 7.75% to 6.75%. It is important to note that these changes simply reflect a downward revision to the estimate of future investment earnings and ultimately costs will be determined by actual investment earnings. Based on Verus's 30-year capital market assumptions and the Plan's asset allocation, the expected average annual return is about 5.90% compared to the Plan's current assumption of 6.75%. Other investment consultants' capital market expectations – those included in the survey performed by Horizon Actuarial Services – are more optimistic and result in an average expected return of approximately 7.0%. Future expectations of investment returns may continue to decline necessitating further reductions in the discount rate.

The impact of all assumption changes is represented by the purple bars and includes decreases in mortality rates and longevity improvements projected in the future, which had a significant impact on the measurement of the UAL in 2016.

Each year the UAL is expected to increase for benefits earned in the current year (the normal cost) and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the delayed implementation of contribution rate increases) can affect whether or not the contributions exceed the tread water level.

SECTION II – DISCLOSURES RELATED TO RISK

The UAL is expected to decrease next year, all else being equal, as some of the UAL payment will be going to pay off principal. However, the practice of delaying the implementation date of contribution increases can potentially offset progress toward paying down UAL principal.

SECTION II – DISCLOSURES RELATED TO RISK

Table II-1 below numerically summarizes the changes in the UAL for each year over the last 13 years. These totals support our identification of investment returns and assumption changes as the primary risks to the Plan.

Table II-1

Changes in Unfunded Actuarial Liability
($ in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Assumed Rate of Return	**7.75%**	**7.75%**	**7.75%**	**7.25%**	**7.25%**	**7.25%**	**7.25%**	**7.125%**	**7.125%**	**7.00%**	**7.00%**	**6.875%**	**6.750%**	
Source														
AVA (Gain)/Loss	$ 62.6	$ 17.9	$ 16.7	$ 22.2	$ 11.5	$ 11.3	$ 23.3	$ 51.8	$ 44.9	$ 14.3	$ 43.7	$ 17.9	$ (13.5)	**$ 324.6**
Liability (Gain)/Loss	3.3	(16.8)	(15.3)	(21.7)	0.3	(7.3)	14.3	10.8	(5.6)	24.7	1.7	9.0	26.1	**23.5**
Assumption Changes[1]	0.0	0.0	0.0	44.0	0.0	(19.3)	0.0	62.8	0.0	8.5	0.0	53.4	38.5	**187.9**
Contributions[2]	(18.7)	3.2	1.6	(5.7)	13.4	5.2	0.6	1.5	18.6	10.5	5.0	5.6	2.4	**43.2**
Total UAL Change	**$ 47.2**	**$ 4.3**	**$ 3.0**	**$ 38.8**	**$ 25.2**	**$(10.1)**	**$ 38.2**	**$126.9**	**$ 57.9**	**$ 58.0**	**$ 50.4**	**$ 85.9**	**$ 53.5**	**$ 579.2**

[1] In 2021, the $2.8 million difference in the Actuarial Liability for the actuarial transition was included.

[2] Actual contributions (more than) / less than normal cost and interest on the UAL (tread water level)

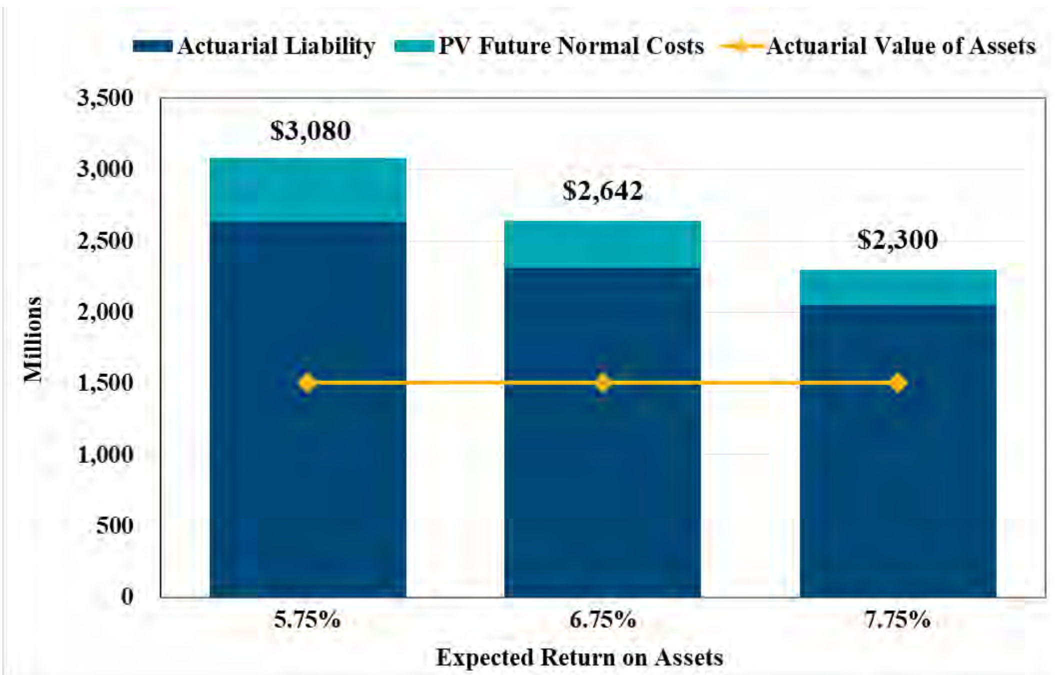
SECTION II – DISCLOSURES RELATED TO RISK

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares assets to the present value of all projected future benefits discounted at the current expected rate of return and at investment returns 100 basis points above and below the expected rate of return. The present value of future benefits is shown as a bar with the portion attributable to past service in dark blue (Actuarial Liability) and the portion attributable to future service in teal (Present Value of Future Normal Costs). The gold line shows the Market Value of Assets.

Present Value of Future Benefits versus Assets



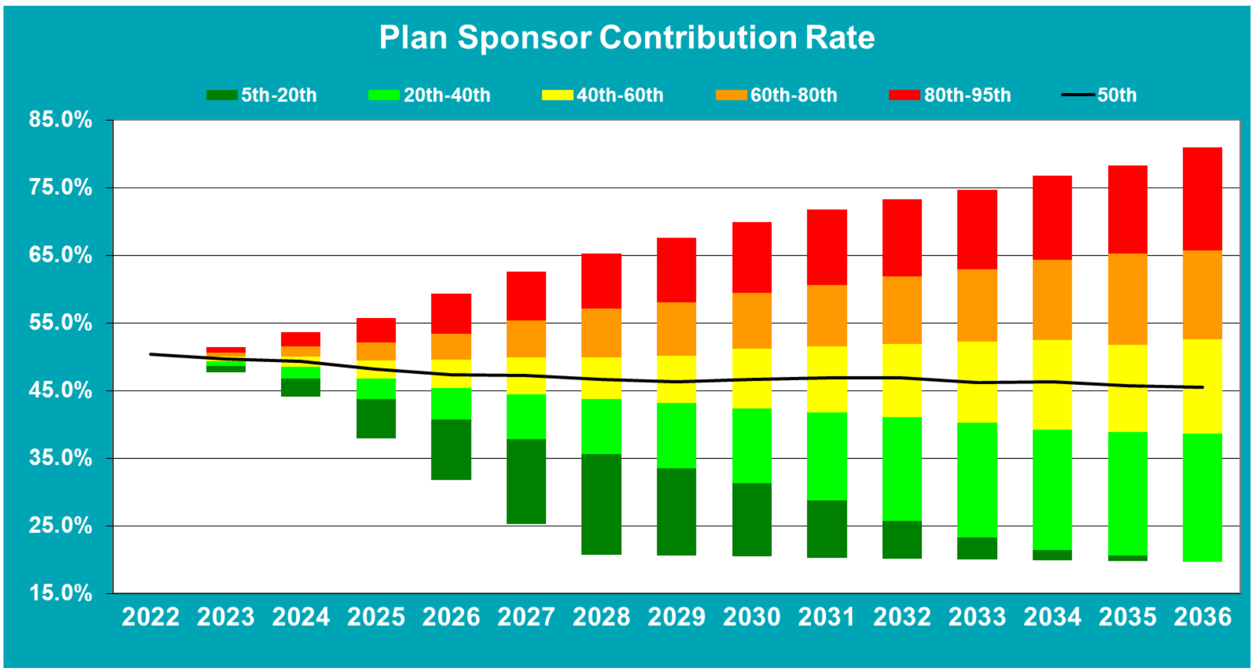
If investments return 6.75% annually, the Plan would need approximately $2.6 billion in assets today to pay all projected benefits compared to current assets of $1.5 billion. If investment returns are only 5.75%, the Plan would need approximately $3.1 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately $2.3 billion in assets today.

SECTION II – DISCLOSURES RELATED TO RISK

Sensitivity to Investment Returns – Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The graphs on this and the following page show the projected range of the contribution rate and of the funded ratio (i.e., the market assets divided by liabilities). The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 11.4% standard deviation of annual returns, as provided by the Plan's investment consultant). The stochastic projections of investment returns are based on an assumption that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods of time.

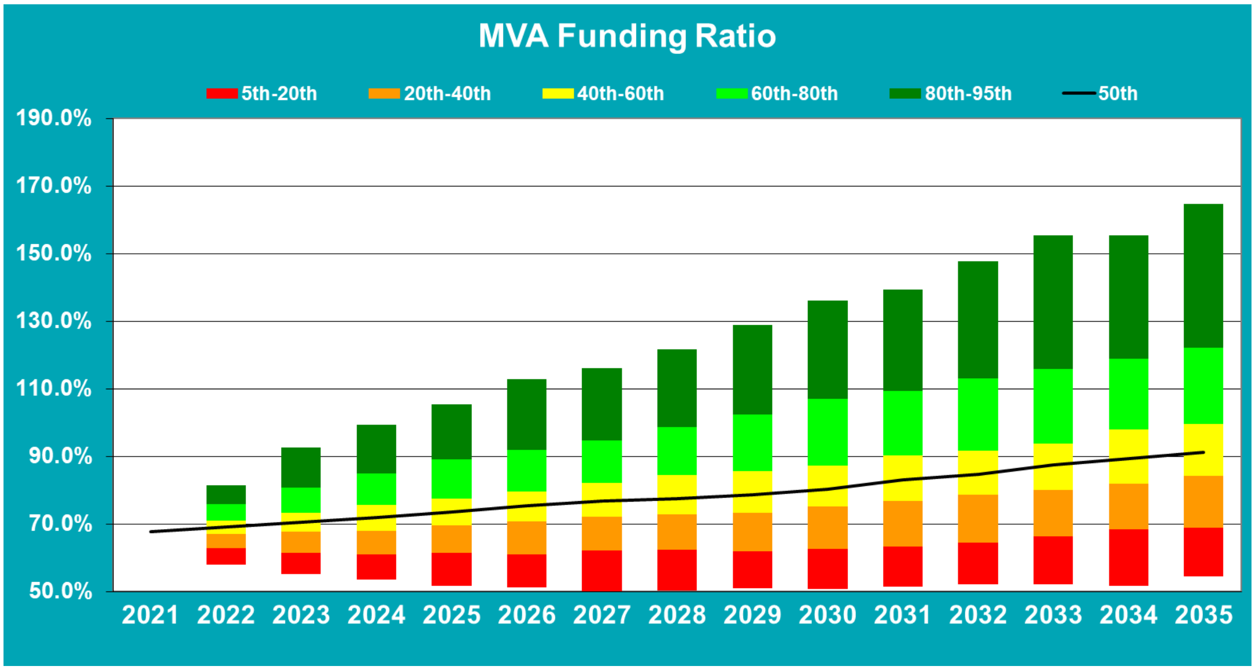
Stochastic Projection of Employer Contributions as a Percent of Pay



The stochastic projection of contributions as a percent of pay shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75% each year, aligns with the projections discussed in subsection D of the Executive Summary of this report. In the most pessimistic scenario shown, the 95th percentile, the projected contribution rate is approximately 78% of pay in 2036. Conversely, in the most optimistic scenario shown, the 5th percentile, the projected contribution rate declines to about 20% starting in 2028. In these projections, we assumed that the minimum contribution allowed is the total normal cost plus the assumed administrative expenses. However, under PEPRA, if the Plan becomes extremely over-funded (above 120%), the contribution can drop below the normal cost plus assumed administrative expenses.

SECTION II – DISCLOSURES RELATED TO RISK

Stochastic Projection of Funded Ratio on a Market Value of Assets Basis



The graph above shows the projection of the funded ratio based on the market value of assets. While the median funded ratio (black line) is projected to be approximately 90% at the end of the 15-year period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%. Due to the sound funding policy of the Plan, even in scenarios with significant unfavorable investment returns, the Plan is projected to remain over 50% funded, as long as the actuarially determined contributions continue to be made.

Contribution Risk

If contribution rates become a significant percentage of payroll, future salary increases and the hiring of new members are potentially at risk. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnates or declines since contributions are based on payroll levels.

There is also a risk of the contribution rates increasing when payroll decreases since the Plan's funding policy amortizes the UAL as a level percentage of pay. This means that the UAL payments are designed to increase at the assumed payroll growth rate of 2.75%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 2.75% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of pay increases, potentially making the Plan less affordable.

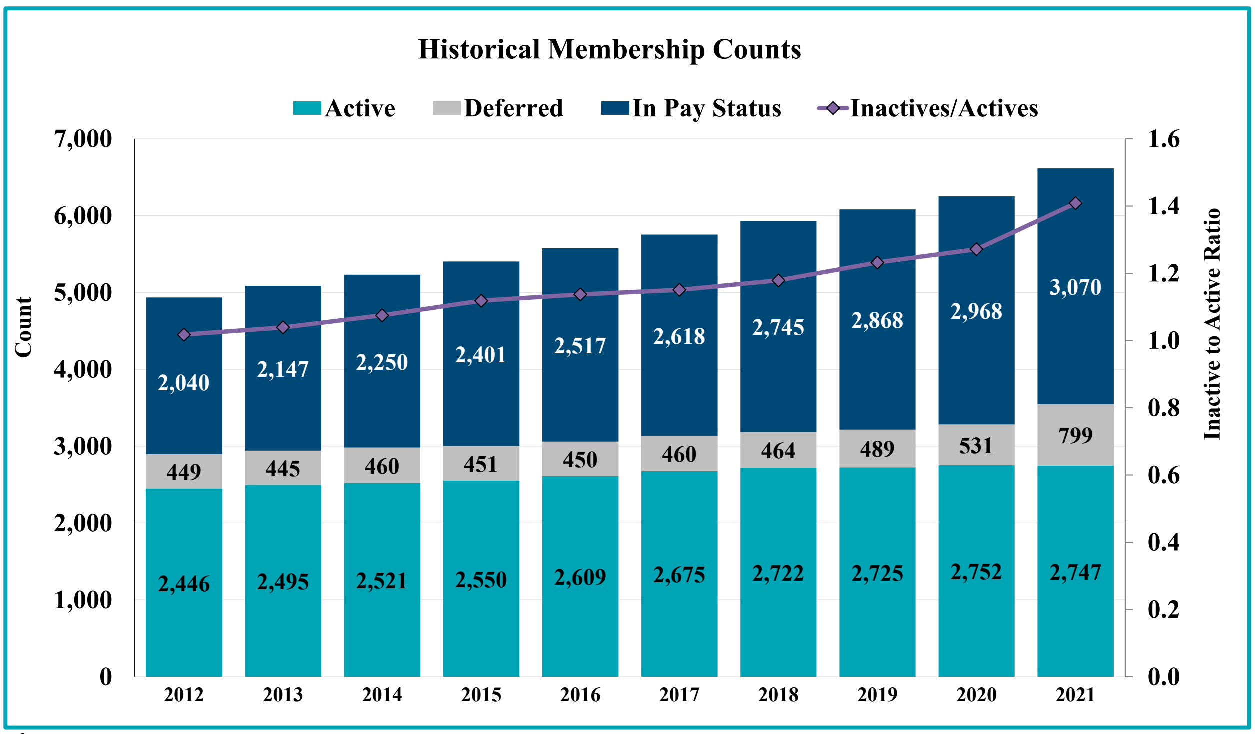
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. To assess each of these risks, it is important to understand the maturity of the plan and how it has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for a plan.

Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or deferred – those entitled to a deferred vested benefit or refund of contributions) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The chart below shows the growth in the Support Ratio from 1.0 to 1.4 over the period. The number of active members has grown by around 50%, while the number of inactive members has increased by over 22%.



[1] *January 1, 2021 Deferred Membership count includes 226 non-vested members with contributions on account.*

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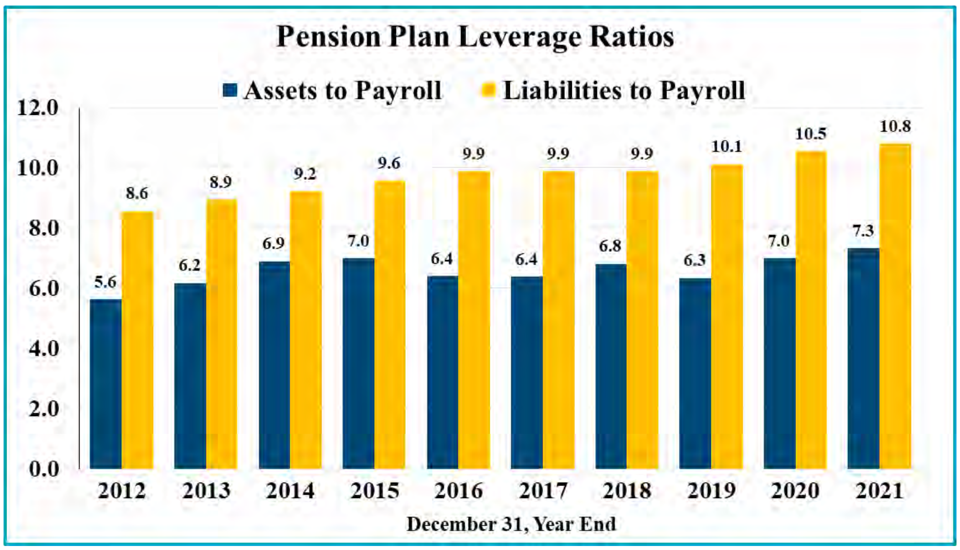
SECTION II – DISCLOSURES RELATED TO RISK

Leverage Ratios

Leverage or volatility ratios measure the size of a plan compared to its revenue base more directly. The asset leverage ratio is simply the Market Value of Assets divided by active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the ratio of a plan's Actuarial Liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have gradually increased since 2012.



To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the asset level is so small.

As the Plan becomes better funded, the asset leverage ratio will increase, and if it was 100% funded, the asset leverage ratio would be 10.8 times payroll, or the Actuarial Liability (AL) leverage ratio.

The asset leverage ratio of 7.3 means that if the Plan's assets lose 10% of their value, which is a 16.75% actuarial loss compared to the expected return of 6.75%, the loss would be equivalent to 122% of payroll (16.75% times 7.3). Based on the current amortization policy and economic assumptions, the contribution rate would ultimately increase by about 9% of payroll (after full recognition of the asset loss in the actuarial value of assets).

More Detailed Assessment
While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

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SECTION III – ASSETS

Pension Plan assets play a key role in the financial operation of the Trust and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect contributions and the ultimate security of participants' benefits.

In this section, we present detailed information on Trust assets including:

- **Disclosure** of Trust assets as of January 1, 2020 and January 1, 2021,
- Statement of the **changes** in market values during the year,
- Development of investment rate of return for the Market Value of Assets and the Actuarial Valuation of Assets,
- Development of the Actuarial Value of Assets, and
- An allocation of the assets between the **valuation subgroups**.

Disclosure

There are two types of asset values disclosed in this value, the Market Value of Assets and the Actuarial Value of Assets. The market value represents a "snap-shot" or "cash-out" value, which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-term planning as the Actuarial Value of Assets. The Actuarial Value of Assets reflects smoothing of annual investment returns in order to mitigate any wide fluctuations in overall investment returns.

Table III-1 on the next page discloses and compares the asset values as of January 1, 2020 and January 1, 2021.

SECTION III – ASSETS

Table III-1
Statement of Assets at Market Value

	January 1, 2020	January 1, 2021
Cash and Cash Equivalents	$ 46,396,399	$ 61,481,889
Receivables	5,009,970	3,053,756
Equities	622,179,565	730,115,063
Bonds	414,155,133	422,122,556
Mortgages	5,983,103	7,365,200
Alternative Investments	165,992,908	172,467,326
Real Estate	204,950,456	206,417,084
Other	7,482,644	6,922,598
	$ 1,472,150,178	$ 1,609,945,472
Liabilities	(33,145,975)	(43,619,277)
Market Value of Assets	**$ 1,439,004,203**	**$ 1,566,326,195**
Reserves		
Member Deposit	$ 375,633,777	$ 388,478,368
Appropriation	55,922,115	34,237,602
Retired Members	1,096,148,832	1,198,377,463
Cost of Living	423,021,791	437,959,468
Contingency	(873,921,605)	(1,000,258,382)
Market Value Adjustments	362,199,293	507,531,676
Total Reserves	**$ 1,439,004,203**	**$ 1,566,326,195**

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 below shows the components of change in the Market Value of Assets during the fiscal years ending January 1, 2020 and January 1, 2021.

Table III-2
Changes in Market Value of Assets

	January 1, 2020	January 1, 2021
Beginning of Year	**$ 1,271,620,084**	**$ 1,439,004,203**
Revenues		
Contributions		
Employer Contributions	$ 48,957,564	$ 56,305,770
MemberContributions	32,983,211	35,888,642
Total Contributions	$ 81,940,775	$ 92,194,412
Net Investment Income		
Interest	$ 4,450,180	$ 3,405,925
Dividends	11,371,561	7,907,996
Real Estate Income	11,549	0
Realized and Unrealized	181,520,905	144,465,689
Other Income	18,930	35,607
Investment Expenses	(3,632,547)	(3,529,059)
Net Investment Income	$ 193,740,578	$ 152,286,158
Total Revenues	**$ 275,681,353**	**$ 244,480,570**
Disbursements		
Benefits Payments		
Monthly Benefit Payments	$ 101,220,652	$ 109,135,137
Refunds of Member Contributions	3,291,865	3,167,517
Death Benefits	118,337	864,963
Total Benefit Payments	$ 104,630,854	$ 113,167,617
Administrative Expenses	3,666,380	3,990,961
Total Disbursements	**$ 108,297,234**	**$ 117,158,578**
Net Increase / (Decrease)	167,384,119	127,321,992
End of Year	**$ 1,439,004,203**	**$ 1,566,326,195**

SECTION III – ASSETS

Tables III-3 below shows the development of the actuarial investment gains or losses as well as the actual rates of returns on both the AVA and MVA. The calculations for this year are based on the assumption that the assumed rate of investment return is net of both investment and administrative expenses since the calculations are for the 2020 calendar year.

Table III-3
Development of Investment Returns

	Market Value	Actuarial Value
1) Assets as of January 1, 2020	$ 1,439,004,203	$ 1,416,762,603
a) Contributions	92,194,412	92,194,412
b) Benefits Paid	113,167,617	113,167,617
c) Expected Investment Earnings at 6.875%	98,222,568	96,693,458
2) Expected Value of Assets as of January 1, 2021	$ 1,516,253,566	$ 1,492,482,856
3) Actual Value of Assets as of January 1, 2021	$ 1,566,326,195	$ 1,506,269,826
4) Actuarial Investment Gain/(Loss) [(3) - (2)]	$ 50,072,629	$ 13,786,970
5) Actual Investment Earnings [(1c) + (4)]	$ 148,295,197	$ 110,480,428
6) Actual Rate of Return as of December 31, 2020 *(net of investment and administrative expenses)*	10.4%	7.9%
7) Ratio of Actuarial Value of Assets to Market Value		96%

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Development of Actuarial Value of Assets

Tables III-4 below shows the development of the Actuarial Value of Assets under the five-year smoothing method for the Trust.

Table III-4
Development of Actuarial Value of Assets for January 1, 2021

1)	Actuarial Value of Assets as of 1/1/2020	$	1,416,762,603
2)	Non-Investment Cash Flow for FYE 2020		(20,973,205)
3)	Expected Return for FYE 2020		96,693,458
4)	Expected Actuarial Value of Assets as of 1/1/2021 [(1) +(2) +(3)]	$	1,492,482,856
5)	Actual Return on Market Value as of FYE 2020	$	148,295,197
6)	Actual Return Above Expected in 2020: (5) - (3)	$	51,601,739
7)	Recognition of Returns Above / (Below) Expected		
	December 31, 2020 (20% of 6.)	$	10,320,348
	December 31, 2019 (20% of 95,456,027)		19,091,205
	December 31, 2018 (20% of -145,899,912)		(29,179,982)
	December 31, 2017 (20% of 85,268,082)		17,053,616
	December 31, 2016 (20% of -19,156,519)		(3,831,304)
	Total Recognition of Returns for 1/1/ 2021	$	13,453,883
8)	**Preliminary Actuarial Value of Assets as of 1/1/2021**	**$**	**1,505,936,739**
9)	Excludable Assets: Additional Annuity Reserve		
	Beginning of Year		2,598,886
	End of Year		2,265,799
	Change in Excludable Assets		(333,087)
10)	**Final Actuarial Value of Assets as of 1/1/2021**	**$**	**1,505,603,652**

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SECTION III – ASSETS

Allocation of Assets by Valuation Subgroup

The following table shows the allocation of the Actuarial Value of Assets between the three valuation subgroups (Miscellaneous, Probation, and Safety). The assets are allocated to each subgroup based on an equalization of each group's funded ratio to the total funded ratio of SLOCPT. The Actuarial Value of Assets is used to calculate each subgroups' UAL and the resulting amortization payment.

Table III-5
Allocation of Assets by Group for January 1, 2021

	Miscellaneous	Probation	Safety	Total SLOCPT
Valuation Assets as of December 31, 2019	$ 1,092,273,730	$ 60,500,693	$ 263,988,180	$ 1,416,762,603
Valuation Assets as of December 31, 2020				1,506,269,826
Funded Ratio	65.1%	65.1%	65.1%	65.1%
Actuarial Liability	$ 1,779,304,173	$ 100,762,327	$ 433,061,560	$ 2,313,128,060
Allocation of Assets to equalize funded ratios	66,379,020	5,114,028	18,014,175	89,507,223
Valuation Assets as of December 31, 2020	$ 1,158,652,750	$ 65,614,721	$ 282,002,355	$ 1,506,269,826

SECTION IV – LIABILITIES

In this section, we present detailed information on Trust liabilities including:

- **Disclosure** of Trust liabilities at January 1, 2020 and January 1, 2021;
- Statement of **changes** in these liabilities during the year.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not appropriate for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Trust obligations; the obligations of the Trust earned as of the valuation date and those to be earned in the future by current Plan participants, under the current Trust provisions.

- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the Present Value of Future Benefits and subtracting the present value of future Member and future Employer Normal Cost Contributions under an acceptable actuarial funding method. The method used for this Trust is called the **Entry Age Normal** (EAN) funding method.

- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 on the following page discloses each of these liabilities for the current and prior valuations. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus,** or an **Unfunded Actuarial Liability**.

SECTION IV – LIABILITIES

Table IV-1
Present Value of Future Benefits and Actuarial Liability
(in thousands)

	Miscellaneous	Probation	Safety	January 1, 2021 Total	January 1, 2020 Total
Present Value of Benefits					
Actives	$ 742,328	$ 59,146	$ 166,900	$ 968,374	$ 937,684
Terminated Vested	69,842	2,645	7,665	80,152	72,074
Retirees	1,136,147	55,578	264,728	1,456,453	1,334,530
Disabled	23,424	2,829	45,856	72,109	59,641
Beneficiaries	46,995	1,892	16,514	65,401	66,134
Total Present Value of Benefits	**$ 2,018,737**	**$ 122,090**	**$ 501,662**	**$ 2,642,489**	**$ 2,470,063**
Actuarial Liability					
Total Present Value of Benefits	$ 2,018,737	$ 122,090	$ 501,662	$ 2,642,489	$ 2,470,063
Present Value of Future Normal Costs	239,432	21,328	68,601	329,361	299,991
Actuarial Liability	$ 1,779,304	$ 100,762	$ 433,062	$ 2,313,128	$ 2,170,071
Actuarial Value of Assets	$ 1,158,653	$ 65,615	$ 282,002	$ 1,506,270	$ 1,416,763
Funded Ratio	65.1%	65.1%	65.1%	65.1%	65.3%
Unfunded Actuarial Liability/(Surplus)	$ 620,651	$ 35,147	$ 151,060	$ 806,858	$ 753,308

Changes in Liabilities

Each of the liabilities disclosed in the prior tables are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in Trust assets resulting from:

- Contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure Plan assets

SECTION IV – LIABILITIES

Table IV-2
Development of 2021 Experience Gain/(Loss)
(in thousands)

1.	Unfunded Actuarial Liability (UAL) at January 1, 2020	$ 753,309
2.	Middle of year actuarial liability payment	(55,291)
3.	Interest to end of year on 1 and 2	49,921
4.	Actuarial Transition	2,802
5.	Assumption Changes	35,700
6.	Expected UAL at January 1, 2021 (1+2+3+4+5)	$ 786,441
7.	Actual Unfunded Liability at January 1, 2021	806,858
8.	Net Gain/(Loss): (6 - 7)	$ (20,417)
9.	Portion of net Gain/(Loss) due to:	
	a. Actuarial investment gain	$ 13,454
	b. Retirement, termination and disability experience loss	(8,789)
	c. Contribution implementation delay	(8,103)
	d. Retiree COLA increases more than expected	(7,686)
	e. Active member salary increases more than expected	(6,272)
	f. New entrant loss	(1,722)
	g. Inactive mortality loss	(2,609)
	h. Other experience	1,310
	Total Gain/(Loss)	$ (20,417)

SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Trust. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Trust, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age Normal (EAN)** cost method. There are three primary components to the total contribution: the **normal cost rate** (employee and employer), the **Unfunded Actuarial Liability rate** (UAL rate), and **assumed administrative expenses**.

The normal cost rate is determined in the following steps. First, an individual normal cost rate is determined by taking the value of each member's projected future benefits as of the member's entry age into the Trust. This value is then divided by the value of the member's expected future salary, also at entry age, producing a normal cost rate that should remain relatively constant over a member's career.

The total normal cost is computed by adding the expected dollar amount of each active member's normal cost for the current year – known as the Individual Entry Age Method. The total normal cost is adjusted with interest to the middle of the year, to reflect the fact that the normal cost contributions are paid throughout the year as member payroll payments are made. Finally, the total normal cost rate, calculated by dividing the total normal cost by expected payroll of the closed group, is reduced by the member contribution rate to produce the employer normal cost rate.

The Unfunded Actuarial Liability (UAL) is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (19 years remaining as of January 1, 2021) as a percentage of payroll. Effective with the January 1, 2019 valuation, every year any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 20-year period as a percentage of payroll. This is referred to as layered amortization.

The table on the following page presents the calculation of the contribution rates for the Trust for this valuation and compares the total contribution rate with the prior year rate. The tables on the following pages contain more details on the calculation of the UAL amortization payments, as well as details on the calculation of the contribution rates for each group and tier.

SECTION V – CONTRIBUTIONS

The table below presents the calculation of the UAL payments of the Trust as a dollar amount and as a percentage of pay under the amortization policy. The total UAL payment of the Trust is 28.28% as a percentage of pay.

Table V-1
Development of Amortization Payment
For the January 1, 2021 Actuarial Valuation

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2021 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL[1]	1/1/2018	$ 616,930,482	21	$ 609,796,109	19	$ 45,754,036	21.38%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	49,921,763	18	3,887,687	1.82%
3.	Assumption Change:	1/1/2020	53,371,279	20	53,000,187	19	3,976,694	1.86%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	35,220,668	19	2,642,666	1.23%
5.	Assumption Change:	1/1/2021	35,700,366	20	35,700,366	20	2,587,701	1.21%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	23,219,142	20	1,683,014	0.79%
	Total				$ 806,858,234		$ 60,531,798	28.28%

[1] *The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability. As of January 1, 2019, any unexpected increase or decrease in the UAL is amortized as a separate 20-year closed layer.*

SECTION V – CONTRIBUTIONS

Table V-2 shows the calculations of the contribution rates for each Class, as well as a comparison to the prior year rates.

Table V-2
Actuarial Determined Contribution Rate and Unfunded Actuarial Liability (UAL) by Class

	January 1, 2020	January 1, 2021
MISCELLANEOUS		
Total Normal Cost	19.80%	19.79%
Administrative Expenses	0.00%	1.07%
UAL Amortization	25.45%	26.55%
Total Miscellaneous ADC	45.25%	47.41%
UAL attributable to Miscellaneous	$580,774,435	$620,651,423
PROBATION		
Total Normal Cost	24.91%	24.95%
Administrative Expenses	0.00%	1.07%
UAL Amortization	24.94%	27.37%
Total Probation ADC	49.85%	53.39%
UAL attributable to Probation	$32,168,911	$35,147,606
SAFETY		
Total Normal Cost	26.87%	26.79%
Administrative Expenses	0.00%	1.07%
UAL Amortization	36.09%	39.03%
Total Safety ADC	62.96%	66.89%
UAL attributable to Safety	$140,365,534	$151,059,205
TOTAL		
Total Normal Cost	21.04%	20.99%
Administrative Expenses	0.00%	1.07%
UAL Amortization	26.88%	28.28%
Total SLOCPT ADC	47.92%	50.34%
Total Unfunded Actuarial Liability	$753,308,880	$806,858,234

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SECTION V – CONTRIBUTIONS

Tables V-3 through V-5 show the calculations of the normal cost rates for each Class and Tier, as well as a comparison to the prior year rates.

Table V-3
Normal Cost by Tier as of January 1, 2021

	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Member Paid Contributions[1]	13.00%	5.42%	13.50%	12.29%
Employer Paid Member Contributions	8.29%	8.97%	0.00%	4.42%
Employer Normal Cost	2.15%	5.19%	3.32%	3.08%
Total Normal Cost	23.44%	19.58%	16.82%	19.79%
COLA portion of Normal Cost	4.90%	3.52%	2.92%	3.78%
PROBATION				
Member Paid Contributions[1]	16.77%	N/A	13.49%	15.66%
Employer Paid Member Contributions	6.06%	N/A	0.00%	4.00%
Employer Normal Cost	5.02%	N/A	5.90%	5.29%
Total Normal Cost	27.85%	N/A	19.39%	24.95%
COLA portion of Normal Cost	7.04%	N/A	3.91%	5.97%
SAFETY				
Member Paid Contributions[1]	15.11%	8.40%	13.63%	13.28%
Employer Paid Member Contributions	6.49%	6.84%	0.00%	3.77%
Employer Normal Cost	8.14%	13.74%	9.58%	9.75%
Total Normal Cost	29.74%	28.97%	23.20%	26.79%
COLA portion of Normal Cost	7.85%	6.18%	4.94%	6.29%
TOTAL				
Member Paid Contributions[1]	13.55%	5.99%	13.51%	12.58%
Employer Paid Member Contributions	7.89%	8.56%	0.00%	4.31%
Employer Normal Cost	3.15%	6.88%	4.20%	4.10%
Total Normal Cost	24.59%	21.43%	17.72%	20.99%
COLA portion of Normal Cost	5.44%	4.05%	3.21%	4.23%

[1] *Average of all active members in group. Excludes the portion of Employer Paid for Member Contributions ("pick-ups") for applicable bargaining units.*

SECTION V – CONTRIBUTIONS

Table V-4
Elements of Normal Cost as of January 1, 2021

Miscellaneous Valuation Groups

	RTA	Other	Management				SLOCEA				
	BU #71, 72	BU #14, 21-22	Non Court	Court BU #18	Court BU #24-27	Total Mgmt	Non Court	Court BU #19	Court BU #20	Total SLOCEA	Total Misc.
Service Retirement	21.41%	12.27%	16.04%	18.65%	17.35%	16.17%	14.11%	12.10%	12.76%	14.05%	14.75%
Vesting	1.39%	2.26%	2.23%	1.61%	2.34%	2.23%	2.02%	3.18%	2.48%	2.04%	2.09%
Death-in-Service	0.15%	0.11%	0.18%	0.14%	0.17%	0.18%	0.15%	0.11%	0.12%	0.15%	0.16%
Disability	0.25%	0.27%	0.30%	0.31%	0.35%	0.30%	0.27%	0.29%	0.26%	0.27%	0.28%
Refunds	0.74%	1.73%	2.81%	1.93%	2.40%	2.77%	2.40%	3.32%	2.75%	2.41%	2.51%
Total Normal Cost	23.94%	16.64%	21.56%	22.65%	22.60%	21.64%	18.94%	19.00%	18.36%	18.92%	19.79%
Member Contribution Rate[1]	13.76%	10.91%	17.76%	17.18%	17.94%	17.75%	16.37%	16.88%	15.68%	16.35%	16.71%
Employer Paid Member Contribution Rate	0.00%	2.71%	5.95%	0.00%	0.00%	5.51%	4.05%	0.00%	0.00%	3.90%	4.42%
County Normal Cost	10.19%	5.73%	3.81%	5.47%	4.67%	3.89%	2.58%	2.12%	2.69%	2.58%	3.08%

[1] *Average of all active members in group. Member Contribution Rate is the total rate, including the portion of Employer Paid Member Contribution Rate ("pick-ups") for applicable bargaining units.*

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SECTION V – CONTRIBUTIONS

Table V-5
Elements of Normal Cost as of January 1, 2021
Safety and Probation Valuation Groups

	Probation			Safety					Grand Total
				Management		Non-Management			
	Management	Non-Management	Total Probation	Sworn	Non-Sworn	Sworn	Non-Sworn	Total Safety	
Service Retirement	25.39%	20.12%	20.41%	48.60%	21.88%	21.04%	20.01%	20.79%	15.84%
Vesting	2.33%	1.47%	1.52%	0.00%	2.16%	1.39%	0.91%	1.21%	1.94%
Death-in-Service	0.26%	0.20%	0.20%	1.20%	0.52%	0.60%	0.55%	0.58%	0.22%
Disability	2.19%	1.58%	1.62%	5.88%	3.12%	3.12%	3.14%	3.15%	0.74%
Refunds	1.60%	1.18%	1.21%	1.10%	1.78%	1.13%	0.95%	1.07%	2.25%
Total Normal Cost	31.77%	24.55%	24.95%	56.78%	29.47%	27.28%	25.55%	26.79%	20.99%
Member Contribution Rate[1]	26.70%	19.23%	19.66%	26.43%	25.16%	17.36%	15.56%	17.04%	16.89%
Employer Paid Member Contribution Rate	9.29%	3.68%	4.00%	8.52%	1.06%	4.32%	3.33%	3.77%	4.31%
County Normal Cost	5.06%	5.32%	5.29%	30.35%	4.30%	9.92%	9.99%	9.75%	4.10%

[1] *Average of all active members in group. Member Contribution Rate is the total rate, including the portion of Employer Paid Member Contribution Rate ("pick-ups") for applicable bargaining units.*

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Agenda Item 6

SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING INFORMATION

The disclosures needed to satisfy the GASB requirements can be found in the SLOCPT GASB 67/68 Report as of December 31, 2020.

In accordance with Government Finance Officers Association (GFOA) and their recommended checklist for Annual Comprehensive Financial Reports, the Schedule of Funded Liabilities by Type (formerly known as the Solvency Test), and the Schedule of Funding Progress disclosures are included below.

Table VI-1 on the following page shows the Schedule of Funding Progress for the Plan.

SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING INFORMATION

Table VI-1

Schedule of Funding Progress
(dollars in thousands)

Valuation Date	Actuarial Value of Assets[1]	Actuarial Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
12/31/2011	$1,057,922	$1,334,545	$276,623	79.3%	$161,055	171.8%
12/31/2011 [2,3]	1,057,922	1,378,549	320,627	76.7%	161,055	199.1%
12/31/2012 [3]	1,122,151	1,468,001	345,850	76.4%	164,299	210.5%
12/31/2013 [2,4]	1,182,924	1,518,751	335,827	77.9%	164,704	203.9%
12/31/2014	1,231,474	1,605,591	374,117	76.7%	167,695	223.1%
12/31/2015	1,248,328	1,686,497	438,169	74.0%	177,004	247.5%
12/31/2015 [2]	1,248,328	1,749,342	501,014	71.4%	177,004	283.1%
12/31/2016	1,268,405	1,827,342	558,937	69.4%	185,020	302.1%
12/31/2017	1,328,750	1,937,173	608,423	68.6%	196,848	309.1%
12/31/2017 [2]	1,328,750	1,945,681	616,931	68.3%	196,848	313.4%
12/31/2018	1,362,562	2,029,929	667,367	67.1%	200,537	332.8%
12/31/2019	1,416,763	2,116,700	699,937	66.9%	205,694	340.3%
12/31/2019 [2]	1,416,763	2,170,071	753,308	65.3%	205,694	366.2%
12/31/2020	1,506,270	2,277,428	771,158	66.1%	214,044	360.3%
12/31/2020 [2]	1,506,270	2,313,128	806,858	65.1%	214,044	377.0%

December 31, 2019 and earlier values were calculated by the prior actuary.

[1] *Assets and liabilities do not include Employee Additional Reserve amounts of:*

12/31/2011	$7,462,567	12/31/2016	$3,961,371
12/31/2012	6,606,149	12/31/2017	3,267,574
12/31/2013	5,942,492	12/31/2018	2,784,819
12/31/2014	5,295,316	12/31/2019	2,598,886
12/31/2015	4,362,000	12/31/2020	2,265,799

[2] *Reflects assumption changes.*
[3] *Reflects benefit provisions under Tier 2 for certain members.*
[4] *Reflects benefit provisions under Tier 3 for new members.*

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Agenda Item 6

SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING INFORMATION

Table VI-2 below shows the Schedule of Funded Liabilities by Type, which shows the portion of actuarial liabilities for active member contributions, inactive members, and the employer-financed portion of the active members that are covered by the Actuarial Value of Assets.

Table VI-2

Schedule of Funded Liabilities by Type
(dollars in thousands)

Valuation Date January 1,	(A) Retirees and Beneficiaries	(B) Terminated Vested Members	(C) Active Members	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets (A)	(B)	(C)
2011	620,202,009	55,563,786	606,292,540	1,000,168,850	100%	100%	54%
2012	701,729,018	58,707,055	618,113,241	1,057,921,875	100%	100%	48%
2013	788,045,517	56,293,118	623,662,043	1,122,150,539	100%	100%	45%
2014	847,672,409	58,811,804	612,266,814	1,182,923,978	100%	100%	45%
2015	946,455,151	60,711,979	598,424,079	1,231,473,577	100%	100%	37%
2016	1,059,302,163	61,709,450	628,330,652	1,248,327,560	100%	100%	20%
2017	1,134,942,637	64,502,981	627,896,696	1,268,404,900	100%	100%	11%
2018	1,252,332,952	66,235,224	627,112,335	1,328,750,029	100%	100%	2%
2019	1,343,131,383	72,620,989	614,176,940	1,362,561,581	100%	27%	0%
2020	1,460,304,724	72,073,570	637,693,189	1,416,762,603	97%	0%	0%
2021	1,593,962,675	80,152,040	639,013,345	1,506,269,826	94%	0%	0%

[1] *January 1, 2020 and earlier numbers calculated by prior actuary.*

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APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Trust staff as of January 1, 2021. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Reconciliation of Membership since Prior Valuation

Membership Data Reconcilation								
	Active	Terminated Non-Vested	Terminated Vested	Disabled	Retired	DROP	Beneficiary	Total
As of January 1, 2020	**2,752**	**209**	**531**	**145**	**2,519**	**76**	**228**	**6,460**
New Entrants	288							288
Rehires	6	(4)	(2)					0
Industrial Disabilities				1		(1)		0
Ordinary Disabilities								0
Retirements	(94)		(21)		141	(26)		0
DROP	(21)					21		0
Vested Terminations	(52)		52					0
Reciprocal Terminations	(12)	(6)	18					0
Died, With Beneficiaries' Benefit Payable				(1)	(16)		17	0
Non-Vested Terminations or Death without Beneficiary	(66)	63			(26)			(29)
Beneficiary Deaths							(7)	(7)
Benefits Stopped Not Due to Death					(1)			(1)
Domestic Relations Orders			5		6			11
Withdrawals Paid	(53)	(34)	(12)					(99)
Data Adjustments	(1)	(2)	2	1	(7)			(7)
As of January 1, 2021	**2,747**	**226**	**573**	**146**	**2,616**	**70**	**238**	**6,616**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members as of January 1, 2021

San Luis Obispo Count Pension Trust
Valuation Data Comparison - Actives

		January 1, 2020		January 1, 2021	Change
Total Actives					
Count		2,752		2,747	(0.2)%
Average Age		44.4		44.3	(0.1)
Average Service		8.8		8.7	(0.1)
Total Salaries	$	205,694,036	$	214,053,133	4.1 %
Average Salaries	$	74,743	$	77,923	4.3 %
Miscellaneous Members					
Count		2,334		2,331	(0.1)%
Average Age		45.4		45.2	(0.2)
Average Service		8.8		8.7	(0.1)
Total Salaries	$	167,651,501	$	175,385,558	4.6 %
Average Salaries	$	71,830	$	75,240	4.7 %
Probation Members					
Count		120		119	(0.8)%
Average Age		39.6		39.8	0.1
Average Service		9.3		9.8	0.5
Total Salaries	$	9,476,688	$	9,633,562	1.7 %
Average Salaries	$	78,972	$	80,954	2.5 %
Safety Members					
Count		298		297	(0.3)%
Average Age		38.9		38.8	(0.1)
Average Service		8.8		8.6	(0.2)
Total Salaries	$	28,565,846	$	29,034,013	1.6 %
Average Salaries	$	95,859	$	97,758	2.0 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members by Tier as of January 1, 2021

San Luis Obispo Count Pension Trust Valuation Data Comparison - Actives by Tier		January 1, 2020	January 1, 2021	Change
Total Actives				
Total	Count	2,752	2,747	(0.2)%
	Total Salaries	205,694	214,053	4.1 %
Tier 1	Count	1,133	993	(12.4)%
	Total Salaries	95,359	87,588	(8.1)%
Tier 2	Count	298	301	1.0 %
	Total Salaries	25,461	27,117	6.5 %
Tier 3	Count	1,321	1,453	10.0 %
	Total Salaries	84,873	99,349	17.1 %
Miscellaneous Members				
Total	Count	2,334	2,331	(0.1)%
	Total Salaries	167,652	175,386	4.6 %
Tier 1	Count	941	818	(13.1)%
	Total Salaries	76,213	69,838	(8.4)%
Tier 2	Count	250	251	0.4 %
	Total Salaries	20,607	21,924	6.4 %
Tier 3	Count	1,143	1,262	10.4 %
	Total Salaries	70,832	83,624	18.1 %
Probation Members				
Total	Count	120	119	(0.8)%
	Total Salaries	9,477	9,634	1.7 %
Tier 1	Count	75	71	(5.3)%
	Total Salaries	6,604	6,367	(3.6)%
Tier 2	Count	-	-	0.0 %
	Total Salaries	-	-	0.0 %
Tier 3	Count	45	48	6.7 %
	Total Salaries	2,872	3,267	13.8 %
Safety Members				
Total	Count	298	297	(0.3)%
	Total Salaries	28,566	29,034	1.6 %
Tier 1	Count	117	104	(11.1)%
	Total Salaries	12,542	11,383	(9.2)%
Tier 2	Count	48	50	4.2 %
	Total Salaries	4,855	5,193	7.0 %
Tier 3	Count	133	143	7.5 %
	Total Salaries	11,169	12,458	11.5 %

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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Deferred Vested Members as of January 1, 2021

San Luis Obispo Count Pension Trust
Valuation Data Comparison - Terminated Vested

	January 1, 2020	January 1, 2021	Change
All Terminated Vesteds			
Deferred			
Count	387	421	8.8 %
Average Age	49.5	49.8	0.3
Average Age at Termination	41.1	41.5	0.4
Average Service	9.7	9.8	0.0
Member Contributions	$ 43,741,002	$ 48,405,658	10.7 %
Average Contribution Balance	$ 113,026	$ 114,978	1.7 %
Reciprocal			
Count	144	152	5.6 %
Average Age	46.2	45.2	(1.0)
Average Age at Termination	36.4	36.0	(0.4)
Average Service	3.1	3.0	(3.2)%
Member Contributions	$ 3,332,572	$ 3,443,685	3.3 %
Average Contribution Balance	$ 23,143	$ 22,656	(2.1)%
Total			
Count	531	573	7.9 %
Average Age	48.6	48.6	(0.0)
Average Age at Termination	39.8	40.0	0.2
Average Service	7.9	8.0	1.9 %
Member Contributions	$ 47,073,574	$ 51,849,343	10.1 %
Average Contribution Balance	$ 88,651	$ 90,488	2.1 %
Miscellaneous Terminated Vesteds			
Deferred			
Count	336	366	8.9 %
Average Age	50.2	50.4	0.2
Average Age at Termination	41.7	42.1	0.4
Average Service	9.8	9.8	0.0
Member Contributions	$ 36,975,401	$ 41,025,699	11.0 %
Average Contribution Balance	$ 110,046	$ 112,092	1.9 %
Reciprocal			
Count	134	141	5.2 %
Average Age	46.5	45.3	(1.2)
Average Age at Termination	36.6	36.2	(0.4)
Average Service	3.1	3.0	(4.5)%
Member Contributions	$ 3,083,849	$ 3,182,254	3.2 %
Average Contribution Balance	$ 23,014	$ 22,569	(1.9)%
Total Miscellaneous			
Count	470	507	7.9 %
Average Age	49.2	49.0	(0.2)
Average Age at Termination	40.3	40.4	0.1
Average Service	7.9	7.9	0.1 %
Member Contributions	$ 40,059,250	$ 44,207,953	10.4 %
Average Contribution Balance	$ 85,232	$ 87,195	2.3 %

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APPENDIX A – MEMBERSHIP INFORMATION

San Luis Obispo Count Pension Trust
Valuation Data Comparison - Terminated Vested (continued)

	January 1, 2020	January 1, 2021	Change
Probation Terminated Vesteds			
Deferred			
Count	11	11	0.0 %
Average Age	45.0	46.6	1.7
Average Age at Termination	36.2	37.4	1.2
Average Service	9.6	10.2	0.5
Member Contributions	$ 1,201,477	$ 1,351,800	12.5 %
Average Contribution Balance	$ 109,225	$ 122,891	12.5 %
Reciprocal			
Count	4	6	50.0 %
Average Age	43.7	42.8	(0.9)
Average Age at Termination	33.6	31.7	(1.9)
Average Service	2.7	3.5	27.0 %
Member Contributions	$ 105,859	$ 151,961	43.6 %
Average Contribution Balance	$ 26,465	$ 25,327	(4.3)%
Total Probation			
Count	15	17	13.3 %
Average Age	44.6	45.3	0.7
Average Age at Termination	35.5	35.4	(0.1)
Average Service	7.8	7.8	0.0 %
Member Contributions	$ 1,307,336	$ 1,503,761	15.0 %
Average Contribution Balance	$ 87,156	$ 88,457	1.5 %
Safety Terminated Vesteds			
Deferred			
Count	40	44	10.0 %
Average Age	44.9	45.1	0.2
Average Age at Termination	37.2	37.2	(0.0)
Average Service	9.3	9.6	0.2
Member Contributions	$ 5,564,124	$ 6,028,160	8.3 %
Average Contribution Balance	$ 139,103	$ 114,978	(17.3)%
Reciprocal			
Count	6	5	(16.7)%
Average Age	42.0	44.4	2.4
Average Age at Termination	33.1	35.0	1.9
Average Service	3.1	3.4	9.4 %
Member Contributions	$ 142,863	$ 109,469	(23.4)%
Average Contribution Balance	$ 23,811	$ 21,894	(8.1)%
Total Safety			
Count	46	49	6.5 %
Average Age	44.6	45.0	0.5
Average Age at Termination	36.7	36.9	0.2
Average Service	8.5	8.9	4.6 %
Member Contributions	$ 5,706,988	$ 6,137,628	7.5 %
Average Contribution Balance	$ 124,065	$ 125,258	1.0 %

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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired Members as of January 1, 2021

San Luis Obispo Count Pension Trust
Valuation Data Comparison - Retirees

	January 1, 2020	January 1, 2021	Change
Total Retirees			
Count	2,740	2,832	3.4 %
Average Age	69.3	69.7	0.4
Average Age at Retirement	58.7	58.6	(0.1)
Annual Benefit	$ 97,982,200	$ 105,697,413	7.9 %
Average Annual Benefit	$ 35,760	$ 37,323	4.4 %
Miscellaneous Retirees			
Count	2,347	2,421	3.2 %
Average Age	70.2	70.6	0.3
Average Age at Retirement	59.5	59.4	(0.1)
Annual Benefit	$ 77,035,350	$ 82,826,893	7.5 %
Average Annual Benefit	$ 32,823	$ 34,212	4.2 %
Probation Retirees			
Count	79	82	3.8 %
Average Age	65.2	65.8	0.6
Average Age at Retirement	55.8	55.6	(0.2)
Annual Benefit	$ 3,524,156	$ 3,921,572	11.3 %
Average Annual Benefit	$ 44,610	$ 47,824	7.2 %
Safety Retirees			
Count	314	329	4.8 %
Average Age	69.3	63.8	(5.5)
Average Age at Retirement	53.2	53.2	(0.1)
Annual Benefit	$ 17,422,694	$ 18,948,948	8.8 %
Average Annual Benefit	$ 55,486	$ 57,596	3.8 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired DROP Members as of January 1, 2021

San Luis Obispo Count Pension Trust Valuation Data Comparison - DROP Retirees Only					
		January 1, 2020		January 1, 2021	Change
Total DROP Retirees					
Count		76		70	(7.9)%
Average Age		59.9		60.6	0.7
Average Age at Retirement		58.0		58.3	0.3
Annual Benefit	$	4,889,931	$	4,924,428	0.7 %
Average Annual Benefit	$	64,341	$	70,349	9.3 %
Miscellaneous DROP Retirees					
Count		44		42	(4.5)%
Average Age		63.8		63.7	(0.1)
Average Age at Retirement		61.9		61.5	(0.4)
Annual Benefit	$	2,795,331	$	2,836,449	1.5 %
Average Annual Benefit	$	63,530	$	67,534	6.3 %
Probation DROP Retirees					
Count		2		2	0.0 %
Average Age		57.5		58.5	1.0
Average Age at Retirement		55.5		55.5	-
Annual Benefit	$	133,510	$	137,515	3.0 %
Average Annual Benefit	$	66,755	$	68,758	3.0 %
Safety DROP Retirees					
Count		30		26	(13.3)%
Average Age		54.4		55.8	1.3
Average Age at Retirement		52.4		53.3	0.8
Annual Benefit	$	1,961,090	$	1,950,465	(0.5)%
Average Annual Benefit	$	65,370	$	75,018	14.8 %

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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – New Retired Members as of January 1, 2021

San Luis Obispo Count Pension Trust
Valuation Data Comparison - New Retirees Only

	January 1, 2020	January 1, 2021	Change
Total Retirees			
Count	139	148	6.5 %
Average Age at Retirement	59.9	60.3	0.4
Average Annual Benefit	$ 39,698	$ 43,494	9.6 %
Miscellaneous Retirees			
Count	110	126	14.5 %
Average Age at Retirement	61.0	61.4	0.4
Average Annual Benefit	$ 37,826	$ 40,525	7.1 %
Probation Retirees			
Count	2	3	50.0 %
Average Age at Retirement	55.6	54.3	(1.3)
Average Annual Benefit	$ 61,557	$ 100,047	62.5 %
Safety Retirees			
Count	27	19	(29.6)%
Average Age at Retirement	52.7	53.6	0.9
Average Annual Benefit	$ 48,192	$ 54,256	12.6 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Beneficiaries as of January 1, 2021

San Luis Obispo Count Pension Trust Valuation Data Comparison - Beneficiaries	January 1, 2020	January 1, 2021	Change
Total Beneficiaries			
Count	228	238	4.4 %
Average Age	75.3	75.8	0.5
Annual Benefit	$ 5,425,003	$ 6,048,497	11.5 %
Average Annual Benefit	$ 23,794	$ 25,414	6.8 %
Miscellaneous Beneficiaries			
Count	182	192	5.5 %
Average Age	75.5	75.8	0.3
Annual Benefit	$ 3,876,446	$ 4,442,605	14.6 %
Average Annual Benefit	$ 21,299	$ 23,139	8.6 %
Probation Beneficiaries			
Count	6	6	0.0 %
Average Age	77.3	78.5	1.2
Annual Benefit	$ 195,644	$ 202,861	3.7 %
Average Annual Benefit	$ 32,607	$ 33,810	3.7 %
Safety Beneficiaries			
Count	40	40	0.0 %
Average Age	74.1	75.0	0.9
Annual Benefit	$ 1,352,913	$ 1,403,031	3.7 %
Average Annual Benefit	$ 33,823	$ 35,076	3.7 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Total Benefits by Benefit Type as of January 1, 2021

San Luis Obispo Count Pension Trust
Total Benefits by Benefit Type

Type of Benefit	Number	Annual Benefit Amount
Service Retirement		
Unmodified	1,111	$36,318,219
Cash Refund	174	5,952,892
100% Continuance	777	33,862,899
50% Continuance	268	12,517,628
Benefits Coordinated with Social Security		
Unmodified	166	$5,100,349
Cash Refund	47	1,271,897
100% Continuance	83	3,473,983
50% Continuance	60	2,669,646
Total Service Retirement	2,686	$101,167,514
Disability Retirement		
Unmodified	82	$2,456,809
Cash Refund	13	305,955
100% Continuance	41	1,488,810
50% Continuance	10	278,326
Total Disability Retirement	146	$4,529,899
Beneficiaries	238	$6,048,497
Total Benefits	3,070	$111,745,910

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APPENDIX A – MEMBERSHIP INFORMATION

Age & Service Distribution of Active Members by Count and Average Salary as of January 1, 2021

Age and Service Distribution for Active Members									
Attained	Years of Service as of January 1, 2021								
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	Count	Payroll
< 25	42							42	2,432,323
25 - 29	198	20						218	13,480,162
30 - 34	243	127	9	1				380	26,596,941
35 - 39	174	161	69	14				418	31,774,356
40 - 44	144	119	89	60	11			423	34,494,143
45 - 49	83	70	46	59	34	7		299	25,185,234
50 - 54	83	60	60	48	75	14	8	348	29,125,348
55 - 59	58	46	35	60	56	26	24	305	26,105,746
60 - 64	50	54	41	46	27	15	8	241	19,005,579
65 - 69	11	14	10	9	10	2	2	58	4,846,684
70 +	1	5	3	3	3			15	1,006,617
Total	**1,087**	**676**	**362**	**300**	**216**	**64**	**42**	**2,747**	**214,053,133**

APPENDIX B – MEMBER CONTRIBUTION RATES

Summary of Benefits by Collective Bargaining Unit Tier 1				
Collective Bargaining Unit	Valuation Group	Member Contribution Provides Benefit	FAC Period	Benefit Maximum
14	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
21	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
22	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
4	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
7	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
8	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
9	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
10	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
11	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
12	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
99	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17C	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
18	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
20	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
24	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
25	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
26	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
27	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
1	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
2	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
5	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
13	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
98	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
19	SLOCEA Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
8	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
9	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
31	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
32	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
3	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
27	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
6	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
7	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
10	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
14	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
28	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
15	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
15	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
16	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%

APPENDIX B – MEMBER CONTRIBUTION RATES

Summary of Benefits by Collective Bargaining Unit Tiers 2 and 3				
Collective Bargaining Unit	**Valuation Group**	**Member Contribution Provides Benefit**	**FAC Period**	**Benefit Maximum**
Tier 2	Miscellaneous Non-Court	2% of Final Average Compensation (FAC) at age 60	3 year	90%
Tier 2	Non Sworn Safety	2.7% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	Sworn Safety	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	DAIA	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 3	Miscellaneous	2% of Final Average Compensation (FAC) at age 62	3 year	N/A
Tier 3	Safety	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A
Tier 3	Probation	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A

APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates
Miscellaneous - Tier 1

BU Entry Age	14,21,22 Other	7a (LAFCO) Non-Court Management	7c (LAFCO) Non-Court Management	4 Non-Court Management	7,8,9,10,11,17 Non-Court Management	12 Non-Court Management	17c, 18 Court Other	20 Court Other	24,26,27 Court Management	25 Court Management	1,5,13 Non-Court SLOCEA	2 Non-Court SLOCEA	19 Court SLOCEA	98 Non-Court SLOCEA	99 Non-Court Management
18	15.65%	15.97%	13.80%	19.69%	20.73%	19.84%	19.19%	16.67%	17.96%	16.97%	20.42%	19.86%	16.11%	22.20%	22.51%
19	15.72%	16.04%	13.87%	19.76%	20.80%	19.91%	19.26%	16.74%	18.03%	17.04%	20.49%	19.93%	16.18%	22.27%	22.58%
20	15.79%	16.11%	13.94%	19.83%	20.87%	19.98%	19.33%	16.81%	18.10%	17.11%	20.56%	20.00%	16.25%	22.34%	22.65%
21	15.85%	16.17%	14.00%	19.89%	20.93%	20.04%	19.39%	16.87%	18.16%	17.17%	20.62%	20.06%	16.31%	22.40%	22.71%
22	15.87%	16.19%	14.02%	19.91%	20.95%	20.06%	19.41%	16.89%	18.18%	17.19%	20.64%	20.08%	16.33%	22.42%	22.73%
23	15.89%	16.21%	14.04%	19.93%	20.97%	20.08%	19.43%	16.91%	18.20%	17.21%	20.66%	20.10%	16.35%	22.44%	22.75%
24	15.92%	16.24%	14.07%	19.96%	21.00%	20.11%	19.46%	16.94%	18.23%	17.24%	20.69%	20.13%	16.38%	22.47%	22.78%
25	15.96%	16.28%	14.11%	20.00%	21.04%	20.15%	19.50%	16.98%	18.27%	17.28%	20.73%	20.17%	16.42%	22.51%	22.82%
26	16.01%	16.33%	14.16%	20.05%	21.09%	20.20%	19.55%	17.03%	18.32%	17.33%	20.78%	20.22%	16.47%	22.56%	22.87%
27	16.06%	16.38%	14.21%	20.10%	21.14%	20.25%	19.60%	17.08%	18.37%	17.38%	20.83%	20.27%	16.52%	22.61%	22.92%
28	16.12%	16.44%	14.27%	20.16%	21.20%	20.31%	19.66%	17.14%	18.43%	17.44%	20.89%	20.33%	16.58%	22.67%	22.98%
29	16.19%	16.51%	14.34%	20.23%	21.27%	20.38%	19.73%	17.21%	18.50%	17.51%	20.96%	20.40%	16.65%	22.74%	23.05%
30	16.26%	16.58%	14.41%	20.30%	21.34%	20.45%	19.80%	17.28%	18.57%	17.58%	21.03%	20.47%	16.72%	22.81%	23.12%
31	16.34%	16.66%	14.49%	20.38%	21.42%	20.53%	19.88%	17.36%	18.65%	17.66%	21.11%	20.55%	16.80%	22.89%	23.20%
32	16.43%	16.75%	14.58%	20.47%	21.51%	20.62%	19.97%	17.45%	18.74%	17.75%	21.20%	20.64%	16.89%	22.98%	23.29%
33	16.52%	16.84%	14.67%	20.56%	21.60%	20.71%	20.06%	17.54%	18.83%	17.84%	21.29%	20.73%	16.98%	23.07%	23.38%
34	16.62%	16.94%	14.77%	20.66%	21.70%	20.81%	20.16%	17.64%	18.93%	17.94%	21.39%	20.83%	17.08%	23.17%	23.48%
35	16.72%	17.04%	14.87%	20.76%	21.80%	20.91%	20.26%	17.74%	19.03%	18.04%	21.49%	20.93%	17.18%	23.27%	23.58%
36	16.82%	17.14%	14.97%	20.86%	21.90%	21.01%	20.36%	17.84%	19.13%	18.14%	21.59%	21.03%	17.28%	23.37%	23.68%
37	16.93%	17.25%	15.08%	20.97%	22.01%	21.12%	20.47%	17.95%	19.24%	18.25%	21.70%	21.14%	17.39%	23.48%	23.79%
38	17.04%	17.36%	15.19%	21.08%	22.12%	21.23%	20.58%	18.06%	19.35%	18.36%	21.81%	21.25%	17.50%	23.59%	23.90%
39	17.16%	17.48%	15.31%	21.20%	22.24%	21.35%	20.70%	18.18%	19.47%	18.48%	21.93%	21.37%	17.62%	23.71%	24.02%
40	17.28%	17.60%	15.43%	21.32%	22.36%	21.47%	20.82%	18.30%	19.59%	18.60%	22.05%	21.49%	17.74%	23.83%	24.14%
41	17.41%	17.73%	15.56%	21.45%	22.49%	21.60%	20.95%	18.43%	19.72%	18.73%	22.18%	21.62%	17.87%	23.96%	24.27%
42	17.54%	17.86%	15.69%	21.58%	22.62%	21.73%	21.08%	18.56%	19.85%	18.86%	22.31%	21.75%	18.00%	24.09%	24.40%
43	17.68%	18.00%	15.83%	21.72%	22.76%	21.87%	21.22%	18.70%	19.99%	19.00%	22.45%	21.89%	18.14%	24.23%	24.54%
44	17.82%	18.14%	15.97%	21.86%	22.90%	22.01%	21.36%	18.84%	20.13%	19.14%	22.59%	22.03%	18.28%	24.37%	24.68%
45	17.96%	18.28%	16.11%	22.00%	23.04%	22.15%	21.50%	18.98%	20.27%	19.28%	22.73%	22.17%	18.42%	24.51%	24.82%
46	18.11%	18.43%	16.26%	22.15%	23.19%	22.30%	21.65%	19.13%	20.42%	19.43%	22.88%	22.32%	18.57%	24.66%	24.97%
47	18.27%	18.59%	16.42%	22.31%	23.35%	22.46%	21.81%	19.29%	20.58%	19.59%	23.04%	22.48%	18.73%	24.82%	25.13%
48	18.43%	18.75%	16.58%	22.47%	23.51%	22.62%	21.97%	19.45%	20.74%	19.75%	23.20%	22.64%	18.89%	24.98%	25.29%
49	18.59%	18.91%	16.74%	22.63%	23.67%	22.78%	22.13%	19.61%	20.90%	19.91%	23.36%	22.80%	19.05%	25.14%	25.45%
50	18.76%	19.08%	16.91%	22.80%	23.84%	22.95%	22.30%	19.78%	21.07%	20.08%	23.53%	22.97%	19.22%	25.31%	25.62%
51	18.93%	19.25%	17.08%	22.97%	24.01%	23.12%	22.47%	19.95%	21.24%	20.25%	23.70%	23.14%	19.39%	25.48%	25.79%
52	19.10%	19.42%	17.25%	23.14%	24.18%	23.29%	22.64%	20.12%	21.41%	20.42%	23.87%	23.31%	19.56%	25.65%	25.96%
53	19.28%	19.60%	17.43%	23.32%	24.36%	23.47%	22.82%	20.30%	21.59%	20.60%	24.05%	23.49%	19.74%	25.83%	26.14%
54	19.46%	19.78%	17.61%	23.50%	24.54%	23.65%	23.00%	20.48%	21.77%	20.78%	24.23%	23.67%	19.92%	26.01%	26.32%
55	19.65%	19.97%	17.80%	23.69%	24.73%	23.84%	23.19%	20.67%	21.96%	20.97%	24.42%	23.86%	20.11%	26.20%	26.51%
56	19.84%	20.16%	17.99%	23.88%	24.92%	24.03%	23.38%	20.86%	22.15%	21.16%	24.61%	24.05%	20.30%	26.39%	26.70%
57	20.03%	20.35%	18.18%	24.07%	25.11%	24.22%	23.57%	21.05%	22.34%	21.35%	24.80%	24.24%	20.49%	26.58%	26.89%
58	20.23%	20.55%	18.38%	24.27%	25.31%	24.42%	23.77%	21.25%	22.54%	21.55%	25.00%	24.44%	20.69%	26.78%	27.09%
59+	20.43%	20.75%	18.58%	24.47%	25.51%	24.62%	23.97%	21.45%	22.74%	21.75%	25.20%	24.64%	20.89%	26.98%	27.29%

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APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates Probation - Tier 1			
BU Entry Age	8 Management	9 Management	31,32 Non-Management
18	25.38%	25.38%	21.83%
19	25.46%	25.46%	21.91%
20	25.54%	25.54%	21.99%
21	25.61%	25.61%	22.06%
22	25.63%	25.63%	22.08%
23	25.65%	25.65%	22.10%
24	25.68%	25.68%	22.13%
25	25.73%	25.73%	22.18%
26	25.78%	25.78%	22.23%
27	25.84%	25.84%	22.29%
28	25.90%	25.90%	22.35%
29	25.98%	25.98%	22.43%
30	26.06%	26.06%	22.51%
31	26.15%	26.15%	22.60%
32	26.25%	26.25%	22.70%
33	26.35%	26.35%	22.80%
34	26.46%	26.46%	22.91%
35	26.57%	26.57%	23.02%
36	26.68%	26.68%	23.13%
37	26.80%	26.80%	23.25%
38	26.92%	26.92%	23.37%
39	27.05%	27.05%	23.50%
40	27.19%	27.19%	23.64%
41	27.33%	27.33%	23.78%
42	27.47%	27.47%	23.92%
43	27.63%	27.63%	24.08%
44	27.78%	27.78%	24.23%
45	27.94%	27.94%	24.39%
46	28.11%	28.11%	24.56%
47	28.28%	28.28%	24.73%
48	28.46%	28.46%	24.91%
49	28.64%	28.64%	25.09%
50	28.82%	28.82%	25.27%
51	29.01%	29.01%	25.46%
52	29.20%	29.20%	25.65%
53	29.40%	29.40%	25.85%
54	29.60%	29.60%	26.05%
55	29.81%	29.81%	26.26%
56	30.02%	30.02%	26.47%
57	30.23%	30.23%	26.68%
58	30.45%	30.45%	26.90%
59+	30.67%	30.67%	27.12%

APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates Safety - Tier 1								
BU Entry Age	6 Non-Management	3,14 Non-Management	27,28 Non-Management	7 Management	10 (Sheriff-Coroner) Management	15 (non-sworn) Management	15 (sworn) Management	16 (sworn) Management
18	21.43%	16.72%	21.35%	25.84%	30.49%	21.48%	26.23%	32.67%
19	21.54%	16.83%	21.46%	25.95%	30.60%	21.59%	26.34%	32.78%
20	21.65%	16.94%	21.57%	26.06%	30.71%	21.70%	26.45%	32.89%
21	21.76%	17.05%	21.68%	26.17%	30.82%	21.81%	26.56%	33.00%
22	21.87%	17.16%	21.79%	26.28%	30.93%	21.92%	26.67%	33.11%
23	21.99%	17.28%	21.91%	26.40%	31.05%	22.04%	26.79%	33.23%
24	22.11%	17.40%	22.03%	26.52%	31.17%	22.16%	26.91%	33.35%
25	22.23%	17.52%	22.15%	26.64%	31.29%	22.28%	27.03%	33.47%
26	22.35%	17.64%	22.27%	26.76%	31.41%	22.40%	27.15%	33.59%
27	22.47%	17.76%	22.39%	26.88%	31.53%	22.52%	27.27%	33.71%
28	22.59%	17.88%	22.51%	27.00%	31.65%	22.64%	27.39%	33.83%
29	22.71%	18.00%	22.63%	27.12%	31.77%	22.76%	27.51%	33.95%
30	22.83%	18.12%	22.75%	27.24%	31.89%	22.88%	27.63%	34.07%
31	22.95%	18.24%	22.87%	27.36%	32.01%	23.00%	27.75%	34.19%
32	23.07%	18.36%	22.99%	27.48%	32.13%	23.12%	27.87%	34.31%
33	23.19%	18.48%	23.11%	27.60%	32.25%	23.24%	27.99%	34.43%
34	23.31%	18.60%	23.23%	27.72%	32.37%	23.36%	28.11%	34.55%
35	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
36	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
37	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
38	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
39	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
40	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
41	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
42	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
43	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
44	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
45	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
46	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
47	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
48	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
49	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
50	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
51	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
52	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
53	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
54	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
55	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
56	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
57	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
58	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
59+	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%

APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates Tier 2														
BU Entry Age	4 Miscellaneous	12 Miscellaneous	7 (LAFCO) Miscellaneous	14, 21, 22 Miscellaneous	71 (RTA) Miscellaneous	98, 99 Miscellaneous	all others Miscellaneous	3, 14 Safety	6 Safety	7 Safety	15 (Non-Sworn) Safety	15 (Sworn) Safety	10, 16 Safety	27, 28 Safety
18	10.80%	10.95%	11.85%	7.26%	11.79%	13.62%	11.84%	10.95%	15.32%	18.07%	11.63%	12.32%	18.76%	11.88%
19	10.92%	11.07%	11.97%	7.38%	11.91%	13.74%	11.96%	11.30%	15.67%	18.42%	11.98%	12.72%	19.16%	12.28%
20	11.04%	11.19%	12.09%	7.50%	12.03%	13.86%	12.08%	11.65%	16.02%	18.77%	12.33%	13.12%	19.56%	12.68%
21	11.19%	11.34%	12.24%	7.65%	12.18%	14.01%	12.23%	12.00%	16.37%	19.12%	12.68%	13.52%	19.96%	13.08%
22	11.30%	11.45%	12.35%	7.76%	12.29%	14.12%	12.34%	12.35%	16.72%	19.47%	13.03%	13.92%	20.36%	13.48%
23	11.46%	11.61%	12.51%	7.92%	12.45%	14.28%	12.50%	12.70%	17.07%	19.82%	13.38%	14.32%	20.76%	13.88%
24	11.58%	11.73%	12.63%	8.04%	12.57%	14.40%	12.62%	13.05%	17.42%	20.17%	13.73%	14.73%	21.17%	14.29%
25	11.72%	11.87%	12.77%	8.18%	12.71%	14.54%	12.76%	13.40%	17.77%	20.52%	14.08%	15.13%	21.57%	14.69%
26	11.92%	12.07%	12.97%	8.38%	12.91%	14.74%	12.96%	13.75%	18.12%	20.87%	14.43%	15.53%	21.97%	15.09%
27	12.02%	12.17%	13.07%	8.48%	13.01%	14.84%	13.06%	14.10%	18.47%	21.22%	14.78%	15.93%	22.37%	15.49%
28	12.21%	12.36%	13.26%	8.67%	13.20%	15.03%	13.25%	14.45%	18.82%	21.57%	15.13%	16.33%	22.77%	15.89%
29	12.36%	12.51%	13.41%	8.82%	13.35%	15.18%	13.40%	14.80%	19.17%	21.92%	15.48%	16.73%	23.17%	16.29%
30	12.66%	12.81%	13.71%	9.12%	13.65%	15.48%	13.70%	15.15%	19.52%	22.27%	15.83%	17.13%	23.57%	16.69%
31	12.82%	12.97%	13.87%	9.28%	13.81%	15.64%	13.86%	15.50%	19.87%	22.62%	16.18%	17.53%	23.97%	17.09%
32	13.11%	13.26%	14.16%	9.57%	14.10%	15.93%	14.15%	15.85%	20.22%	22.97%	16.53%	17.94%	24.38%	17.50%
33	13.26%	13.41%	14.31%	9.72%	14.25%	16.08%	14.30%	16.20%	20.57%	23.32%	16.88%	18.34%	24.78%	17.90%
34	13.44%	13.59%	14.49%	9.90%	14.43%	16.26%	14.48%	16.55%	20.92%	23.67%	17.23%	18.74%	25.18%	18.30%
35	13.76%	13.91%	14.81%	10.22%	14.75%	16.58%	14.80%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
36	13.91%	14.06%	14.96%	10.37%	14.90%	16.73%	14.95%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
37	14.12%	14.27%	15.17%	10.58%	15.11%	16.94%	15.16%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
38	14.35%	14.50%	15.40%	10.81%	15.34%	17.17%	15.39%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
39	14.56%	14.71%	15.61%	11.02%	15.55%	17.38%	15.60%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
40	14.76%	14.91%	15.81%	11.22%	15.75%	17.58%	15.80%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
41	14.91%	15.06%	15.96%	11.37%	15.90%	17.73%	15.95%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
42	14.94%	15.09%	15.99%	11.40%	15.93%	17.76%	15.98%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
43	15.17%	15.32%	16.22%	11.63%	16.16%	17.99%	16.21%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
44	15.40%	15.55%	16.45%	11.86%	16.39%	18.22%	16.44%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
45	15.49%	15.64%	16.54%	11.95%	16.48%	18.31%	16.53%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
46	15.77%	15.92%	16.82%	12.23%	16.76%	18.59%	16.81%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
47	16.01%	16.16%	17.06%	12.47%	17.00%	18.83%	17.05%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
48	16.11%	16.26%	17.16%	12.57%	17.10%	18.93%	17.15%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
49	16.39%	16.54%	17.44%	12.85%	17.38%	19.21%	17.43%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
50	16.43%	16.58%	17.48%	12.89%	17.42%	19.25%	17.47%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
51	16.64%	16.79%	17.69%	13.10%	17.63%	19.46%	17.68%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
52	16.70%	16.85%	17.75%	13.16%	17.69%	19.52%	17.74%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
53	16.90%	17.05%	17.95%	13.36%	17.89%	19.72%	17.94%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
54	17.09%	17.24%	18.14%	13.55%	18.08%	19.91%	18.13%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
55	17.39%	17.54%	18.44%	13.85%	18.38%	20.21%	18.43%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
56	17.45%	17.60%	18.50%	13.91%	18.44%	20.27%	18.49%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
57	17.47%	17.62%	18.52%	13.93%	18.46%	20.29%	18.51%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
58	17.49%	17.64%	18.54%	13.95%	18.48%	20.31%	18.53%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
59	17.51%	17.66%	18.56%	13.97%	18.50%	20.33%	18.55%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
60	17.53%	17.68%	18.58%	13.99%	18.52%	20.35%	18.57%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
61	17.55%	17.70%	18.60%	14.01%	18.54%	20.37%	18.59%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
62+	17.57%	17.72%	18.62%	14.03%	18.56%	20.39%	18.61%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%

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APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates Tier 3																	
BU	all other	4	17c, 18, 19, 20, 24, 26, 27	12	14, 21, 22	25	71 (RTA)	72 (RTA)	98, 99	7 (LAFCO)	3, 14	6	7, 10, 16	15 (Non-Sworn and	27, 28	8, 9	31, 32
Entry Age	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	Sworn) Safety	Safety	Probation	Probation
18	10.22%	9.18%	10.21%	9.33%	5.64%	9.22%	6.17%	10.17%	12.00%	10.23%	9.75%	14.12%	16.87%	10.43%	9.99%	12.95%	10.59%
19	10.47%	9.43%	10.46%	9.58%	5.89%	9.47%	6.42%	10.42%	12.25%	10.48%	10.25%	14.62%	17.37%	10.93%	10.49%	13.20%	10.84%
20	10.47%	9.43%	10.46%	9.58%	5.89%	9.47%	6.42%	10.42%	12.25%	10.48%	10.50%	14.87%	17.62%	11.18%	10.74%	13.45%	11.09%
21	10.72%	9.68%	10.71%	9.83%	6.14%	9.72%	6.67%	10.67%	12.50%	10.73%	10.75%	15.12%	17.87%	11.43%	10.99%	13.45%	11.09%
22	10.72%	9.68%	10.71%	9.83%	6.14%	9.72%	6.67%	10.67%	12.50%	10.73%	11.00%	15.37%	18.12%	11.68%	11.24%	13.70%	11.34%
23	10.97%	9.93%	10.96%	10.08%	6.39%	9.97%	6.92%	10.92%	12.75%	10.98%	11.50%	15.87%	18.62%	12.18%	11.74%	13.95%	11.59%
24	10.97%	9.93%	10.96%	10.08%	6.39%	9.97%	6.92%	10.92%	12.75%	10.98%	11.75%	16.12%	18.87%	12.43%	11.99%	14.20%	11.84%
25	11.22%	10.18%	11.21%	10.33%	6.64%	10.22%	7.17%	11.17%	13.00%	11.23%	12.00%	16.37%	19.12%	12.68%	12.24%	14.45%	12.09%
26	11.47%	10.43%	11.46%	10.58%	6.89%	10.47%	7.42%	11.42%	13.25%	11.48%	12.50%	16.87%	19.62%	13.18%	12.74%	14.70%	12.34%
27	11.47%	10.43%	11.46%	10.58%	6.89%	10.47%	7.42%	11.42%	13.25%	11.48%	12.75%	17.12%	19.87%	13.43%	12.99%	14.95%	12.59%
28	11.72%	10.68%	11.71%	10.83%	7.14%	10.72%	7.67%	11.67%	13.50%	11.73%	13.00%	17.37%	20.12%	13.68%	13.24%	15.45%	13.09%
29	11.97%	10.93%	11.96%	11.08%	7.39%	10.97%	7.92%	11.92%	13.75%	11.98%	13.50%	17.87%	20.62%	14.18%	13.74%	15.70%	13.34%
30	11.97%	10.93%	11.96%	11.08%	7.39%	10.97%	7.92%	11.92%	13.75%	11.98%	13.75%	18.12%	20.87%	14.43%	13.99%	15.95%	13.59%
31	12.22%	11.18%	12.21%	11.33%	7.64%	11.22%	8.17%	12.17%	14.00%	12.23%	14.00%	18.37%	21.12%	14.68%	14.24%	16.45%	14.09%
32	12.47%	11.43%	12.46%	11.58%	7.89%	11.47%	8.42%	12.42%	14.25%	12.48%	14.50%	18.87%	21.62%	15.18%	14.74%	16.70%	14.34%
33	12.72%	11.68%	12.71%	11.83%	8.14%	11.72%	8.67%	12.67%	14.50%	12.73%	14.75%	19.12%	21.87%	15.43%	14.99%	16.95%	14.59%
34	12.97%	11.93%	12.96%	12.08%	8.39%	11.97%	8.92%	12.92%	14.75%	12.98%	15.00%	19.37%	22.12%	15.68%	15.24%	17.45%	15.09%
35	12.97%	11.93%	12.96%	12.08%	8.39%	11.97%	8.92%	12.92%	14.75%	12.98%	15.50%	19.87%	22.62%	16.18%	15.74%	17.70%	15.34%
36	13.22%	12.18%	13.21%	12.33%	8.64%	12.22%	9.17%	13.17%	15.00%	13.23%	15.50%	19.87%	22.62%	16.18%	15.74%	18.20%	15.84%
37	13.47%	12.43%	13.46%	12.58%	8.89%	12.47%	9.42%	13.42%	15.25%	13.48%	15.50%	19.87%	22.62%	16.18%	15.74%	18.45%	16.09%
38	13.72%	12.68%	13.71%	12.83%	9.14%	12.72%	9.67%	13.67%	15.50%	13.73%	15.50%	19.87%	22.62%	16.18%	15.74%	18.70%	16.34%
39	13.97%	12.93%	13.96%	13.08%	9.39%	12.97%	9.92%	13.92%	15.75%	13.98%	15.50%	19.87%	22.62%	16.18%	15.74%	18.95%	16.59%
40	14.22%	13.18%	14.21%	13.33%	9.64%	13.22%	10.17%	14.17%	16.00%	14.23%	15.50%	19.87%	22.62%	16.18%	15.74%	19.20%	16.84%
41	14.47%	13.43%	14.46%	13.58%	9.89%	13.47%	10.42%	14.42%	16.25%	14.48%	15.50%	19.87%	22.62%	16.18%	15.74%	19.45%	17.09%
42	14.47%	13.43%	14.46%	13.58%	9.89%	13.47%	10.42%	14.42%	16.25%	14.48%	15.50%	19.87%	22.62%	16.18%	15.74%	19.70%	17.34%
43	14.72%	13.68%	14.71%	13.83%	10.14%	13.72%	10.67%	14.67%	16.50%	14.73%	15.50%	19.87%	22.62%	16.18%	15.74%	19.95%	17.59%
44	14.97%	13.93%	14.96%	14.08%	10.39%	13.97%	10.92%	14.92%	16.75%	14.98%	15.50%	19.87%	22.62%	16.18%	15.74%	20.20%	17.84%
45	15.22%	14.18%	15.21%	14.33%	10.64%	14.22%	11.17%	15.17%	17.00%	15.23%	15.50%	19.87%	22.62%	16.18%	15.74%	20.45%	18.09%
46	15.47%	14.43%	15.46%	14.58%	10.89%	14.47%	11.42%	15.42%	17.25%	15.48%	15.50%	19.87%	22.62%	16.18%	15.74%	20.70%	18.34%
47	15.72%	14.68%	15.71%	14.83%	11.14%	14.72%	11.67%	15.67%	17.50%	15.73%	15.50%	19.87%	22.62%	16.18%	15.74%	20.95%	18.59%
48	15.97%	14.93%	15.96%	15.08%	11.39%	14.97%	11.92%	15.92%	17.75%	15.98%	15.50%	19.87%	22.62%	16.18%	15.74%	21.20%	18.84%
49	16.22%	15.18%	16.21%	15.33%	11.64%	15.22%	12.17%	16.17%	18.00%	16.23%	15.50%	19.87%	22.62%	16.18%	15.74%	21.20%	18.84%
50	16.47%	15.43%	16.46%	15.58%	11.89%	15.47%	12.42%	16.42%	18.25%	16.48%	15.50%	19.87%	22.62%	16.18%	15.74%	21.45%	19.09%
51	16.72%	15.68%	16.71%	15.83%	12.14%	15.72%	12.67%	16.67%	18.50%	16.73%	15.50%	19.87%	22.62%	16.18%	15.74%	21.70%	19.34%
52	16.97%	15.93%	16.96%	16.08%	12.39%	15.97%	12.92%	16.92%	18.75%	16.98%	15.50%	19.87%	22.62%	16.18%	15.74%	21.70%	19.34%
53	17.22%	16.18%	17.21%	16.33%	12.64%	16.22%	13.17%	17.17%	19.00%	17.23%	15.50%	19.87%	22.62%	16.18%	15.74%	21.95%	19.59%
54	17.47%	16.43%	17.46%	16.58%	12.89%	16.47%	13.42%	17.42%	19.25%	17.48%	15.50%	19.87%	22.62%	16.18%	15.74%	21.95%	19.59%
55	17.72%	16.68%	17.71%	16.83%	13.14%	16.72%	13.67%	17.67%	19.50%	17.73%	15.50%	19.87%	22.62%	16.18%	15.74%	22.20%	19.84%
56	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.45%	20.09%
57	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.45%	20.09%
58	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.70%	20.34%
59+	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.95%	20.59%

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APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. There were no changes to the contribution allocation procedures from the prior valuation.

1. **Actuarial Cost Method**

   The actuarial valuation is prepared using the Entry Age Actuarial Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between plans, entry age is based on original entry into the Plan. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

2. **Asset Valuation Method**

   The Actuarial Value of Asset is based on the fair value of assets with a five-year phase-in of the actual investment returns in excess of (or less than) expected investment income, net of investment expenses. Expected investment income is determined using assumed investment return rate and the actuarial value of assets (adjusted for receipts and disbursements during the year).

3. **Amortization Method**

   The UAL (or Surplus Funding) is amortized as a percentage of the projected SLOCPT salaries. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (19 years remaining as of January 1, 2021). Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 20-year period as a percentage of payroll.

4. **Contributions**

   The employers contribute to the retirement fund a percentage of the total compensation provided for all members based on an actuarial experience study, actuarial valuation, recommendation of the actuary, and bargaining agreements for the allocation between employer and employee contributions.

APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

The return and administrative experience assumptions were adopted by the Board at their May 24, 2021 meeting, based on information presented by Cheiron and the Plan's investment consultant (Verus) updated capital market assumptions. The other assumptions used in this report reflect the results of an Experience Study performed by the prior actuary covering the period from January 1, 2015 through December 31, 2019, and adopted by the Board for the January 1, 2020 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study dated May 5, 2020.

1. **Rate of Return**

   Assets are assumed to earn 6.75%, net of investment expenses.

2. **Administrative Expenses**

   Administrative expenses are assumed to be $2.3 million for the next year. Administrative expenses are assumed to increase by the assumed salary growth of 2.75% each year.

3. **Cost-of-Living Increases**

   The cost-of-living as measured by the Consumer Price Index (CPI) are assumed to increase at the rate of 2.50% per year for Tier 1 Members, and 2.0% for Tier 2 and 3 Members. The 2.50% assumption is also used for increasing the compensation limit that applies to Tier 3 (PEPRA) members.

4. **Internal Revenue Code Section 415 Limit**

   The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

5. **Internal Revenue Code Section 401(a)(17)**

   The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

6. **Interest on Member Contributions**

   The annual credited interest rate on member contributions is assumed to be 6.00%. The actual crediting rate was changed to 5.875% at the November 2020 Board meeting, with Additional Contributions credited at 0.28%.

APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

7. Family Composition

Percentage married for all active members who retire, become disabled, or die during active service is shown in the table below. Male members are assumed to be three years older than their spouses and female members are assumed to be three years younger than their spouses.

Percentage Married	
Gender	Percentage
Males	80%
Females	60%

8. Increases in Pay

Wage inflation component: 2.25%
Productivity increase component: 0.50%
Additional Merit component based on service:

Merit Increases		Total Increases	
Service	Rate	Service	Rate
0	5.25%	0	8.00%
1	5.00%	1	7.75%
2	4.00%	2	6.75%
3	3.00%	3	5.75%
4	2.00%	4	4.75%
5	1.00%	5	3.75%
6	0.50%	6	3.25%
7+	0.00%	7+	2.75%

Increases are compound rather than additive.

9. Payroll Growth

Wage inflation component: 2.25%
Productivity increase component: 0.50%
Total Payroll Growth: 2.75%

APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

10. Rates of Termination

Rates of termination based on age and group are shown in the following table below. Vested termination rates are applied after the member is eligible for reduced or unreduced retirement benefits.

Rates of Vested Termination		
Age	Miscellaneous	Safety and Probation
24 or less	10.00%	3.00%
25	10.00%	2.00%
26	10.00%	2.00%
27	10.00%	2.00%
28	10.00%	2.00%
29	10.00%	2.00%
30	7.50%	1.50%
31	7.50%	1.50%
32	7.50%	1.50%
33	7.50%	1.50%
34	7.50%	1.50%
35	5.00%	1.50%
36	5.00%	1.50%
37	5.00%	1.50%
38	5.00%	1.50%
39	5.00%	1.50%
40	4.00%	1.50%
41	4.00%	1.50%
42	4.00%	1.50%
43	4.00%	1.50%
44	4.00%	1.50%
45	4.00%	1.50%
46	4.00%	1.50%
47	4.00%	1.50%
48	4.00%	1.50%
49	4.00%	1.50%
50	3.00%	1.50%
51	3.00%	1.50%
52	3.00%	1.50%
53	3.00%	1.50%
54	3.00%	1.50%
55	2.00%	0.00%
56	2.00%	
57	2.00%	
58	2.00%	
59	2.00%	
60 or more	0.00%	

Termination rates do not apply once a member is eligible for retirement.

APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

11. Withdrawal

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

Rates of Withdrawal				
	Miscellaneous		Safety and Probation	
Age	<5 YOS	>= 5 YOS	<5 YOS	>= 5 YOS
24 or less	14.50%	8.50%	5.20%	1.50%
25	13.00%	7.75%	5.00%	1.50%
26	13.00%	7.75%	5.00%	1.50%
27	13.00%	7.75%	5.00%	1.50%
28	13.00%	7.75%	5.00%	1.50%
29	13.00%	7.75%	5.00%	1.50%
30	11.50%	3.75%	4.70%	1.50%
31	11.50%	3.75%	4.70%	1.00%
32	11.50%	3.75%	4.70%	1.00%
33	11.50%	3.75%	4.70%	1.00%
34	11.50%	3.75%	4.70%	1.00%
35	10.00%	2.00%	4.00%	1.00%
36	10.00%	2.00%	4.00%	0.50%
37	10.00%	2.00%	4.00%	0.50%
38	10.00%	2.00%	4.00%	0.50%
39	10.00%	2.00%	4.00%	0.50%
40	10.00%	1.25%	3.50%	0.50%
41	10.00%	1.25%	3.50%	0.50%
42	10.00%	1.25%	3.50%	0.50%
43	10.00%	1.25%	3.50%	0.50%
44	10.00%	1.25%	3.50%	0.50%
45	8.00%	0.50%	2.50%	0.50%
46	8.00%	0.50%	2.50%	0.00%
47	8.00%	0.50%	2.50%	
48	8.00%	0.50%	2.50%	
49	8.00%	0.50%	2.50%	
50	6.00%	0.00%	1.50%	
51	6.00%		1.50%	
52	6.00%		1.50%	
53	6.00%		1.50%	
54	6.00%		1.50%	
55	6.00%		0.00%	
56	6.00%			
57	6.00%			
58	6.00%			
59	6.00%			
60	6.00%			
61	6.00%			
62	6.00%			
63	6.00%			
64	6.00%			
65 or more	0.00%			

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APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

12. Reciprocal Transfers

30% of vested terminated Members that leave their member contributions on deposit with the Plan are assumed to be reciprocal.

Reciprocal members are assumed to remain with the reciprocal agency until retirement, and receive annual salary increases of 2.75%.

APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

13. Rates of Disability

Representative disability rates of active participants are shown below.

Rates of Disability		
Age	Miscellaneous	Safety and Probation
25 or less	0.010%	0.030%
26	0.010%	0.050%
27	0.010%	0.070%
28	0.010%	0.090%
29	0.010%	0.110%
30	0.010%	0.130%
31	0.015%	0.150%
32	0.020%	0.170%
33	0.025%	0.190%
34	0.030%	0.210%
35	0.035%	0.230%
36	0.040%	0.250%
37	0.045%	0.270%
38	0.050%	0.290%
39	0.055%	0.310%
40	0.060%	0.330%
41	0.065%	0.350%
42	0.070%	0.370%
43	0.075%	0.390%
44	0.080%	0.410%
45	0.085%	0.430%
46	0.090%	0.450%
47	0.095%	0.470%
48	0.100%	0.490%
49	0.105%	0.510%
50	0.110%	0.530%
51	0.115%	0.550%
52	0.120%	0.570%
53	0.125%	0.590%
54	0.130%	0.610%
55	0.135%	0.630%
56	0.140%	0.650%
57	0.145%	0.670%
58	0.150%	0.690%
59	0.155%	0.710%
60	0.160%	0.730%
61	0.165%	0.750%
62	0.170%	0.770%
63	0.175%	0.790%
64	0.180%	0.810%
65 or more	0.000%	0.000%

All disabilities for Safety members are assumed to be service-related and no disabilities for Miscellaneous and Probation members are assumed to be service-related.

APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

14. Rates of Mortality for Healthy Lives

Mortality rates for General active members are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment.

Mortality rates for healthy annuitants are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019 with a 99% multiplier for males, and a 101% multiplier for females.

15. Rates of Mortality for Disabled Lives

Mortality rates for disabled members are based on distinct Public General 2010 Amount-Weighted Above-Median Income Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment.

APPENDIX C – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

16. Rates of Retirement

Rates of retirement are based on age, group, and tier according to the following table.

	Rates of Retirement					
	Tier 1			Tiers 2 and 3		
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
<50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	2.00%	7.50%	25.00%	3.00%	7.50%	9.00%
51	2.00%	7.50%	20.00%	3.00%	7.50%	9.00%
52	2.00%	7.50%	10.00%	3.00%	7.50%	10.00%
53	2.00%	7.50%	10.00%	3.00%	7.50%	10.00%
54	4.00%	7.50%	12.00%	3.00%	7.50%	10.00%
55	6.00%	25.00%	40.00%	6.00%	7.50%	10.00%
56	6.00%	25.00%	30.00%	6.00%	7.50%	10.00%
57	8.00%	25.00%	30.00%	6.00%	7.50%	10.00%
58	8.00%	12.00%	12.00%	6.00%	9.00%	11.00%
59	8.00%	12.00%	18.00%	6.00%	9.00%	15.00%
60	10.00%	15.00%	25.00%	8.00%	10.00%	20.00%
61	10.00%	15.00%	30.00%	8.00%	10.00%	25.00%
62	25.00%	20.00%	40.00%	25.00%	20.00%	30.00%
63	20.00%	20.00%	50.00%	20.00%	20.00%	40.00%
64	20.00%	20.00%	75.00%	20.00%	20.00%	60.00%
65	40.00%	100.00%	100.00%	40.00%	100.00%	100.00%
66	40.00%			40.00%		
67	30.00%			30.00%		
68	30.00%			30.00%		
69	30.00%			30.00%		
70	100.00%			100.00%		

Tier 1 Reserve Members are assumed to retire at the later of age 55 or attained age. All other Reciprocal and Reserve members are assumed to retire at the later of age 60 or attained age.

17. Changes Since Last Valuation

The assumed rate of investment return assumption was decreased from 6.875%, net of all expenses, to 6.75%, net of only investment expenses.

An explicit administrative expense assumption was added and assumed to be $2.3 million increasing annually at a rate of 2.75% per year.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

All actuarial calculations are based on our understanding of the statutes governing the SLOCPT as pursuant to Government Code Section 53219 and San Luis Obispo County Code Chapter 2.56. with provisions adopted by the County Board of Supervisors, or the SLOCPT Board of Trustees, effective through December 31, 2020. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

There have been no changes to the Plan provisions since the prior valuation.

A. Membership in Retirement Plans

All regular permanent employees of the County or district covered by the County or agencies that have contracted with the County to participate in the SLOCPT.

B. Tiers

Tier 1: Includes new members hired before January 1, 2011.

Tier 2: Includes new members hired on or after January 1, 2011 and before January 1, 2013. Tier 2 only applies to members hired after the date each particular bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members.

Tier 3: Includes all new members hired on or after January 1, 2013.

C. Member Contributions

Each Member of the Pension Trust will contribute, by means of payroll deduction, an amount of money equal to the Member's normal rate of contribution times the Member's compensation proportionate to the ratio of actual paid hours, less overtime, to normal hours. Please refer to Appendix B for current Member Contribution rates. Member Contributions will be credited with interest as of the last day of each pay period at an annual rate to be determined by the Board of Trustees.

D. Final Compensation

Tier 1: Highest one-year average for employees in Tier 1 and "Pick Up" included as compensation for various management employees within Bargaining Units 4, 7, 8, 9, 10, 11, 12, 17, and 99.

Pick up percentages for each applicable bargaining unit shown below:

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Bargaining Unit	Pick Up Percentage
4, 7, 8, 9, 11, 12, 99	9.29%
10	13.55%
17	13.59%

Tiers 2 and 3: Highest three-year average compensation.

E. Service Retirement

Eligibility: Age 50 with 5 years of service. For Miscellaneous members in Tier 3, Age 52 with 5 years of service.

Benefit: Retirement Age Factor multiplied by Final Compensation times Years of Credited Service, limited to the Maximum Benefit if applicable.

Retirement Age Factors:

Retirement Age Factors										
	Miscellaneous			Probation		Safety				
Age	Tier 1	Tier 2	Tier 3	Tier 1	Tier 3	Tier 1[1]	Tier 1[2]	Tier 2[3]	Tier 2[4]	Tier 3
50	1.426%	1.092%	0.000%	2.300%	2.000%	2.300%	3.000%	2.000%	2.300%	2.000%
51	1.541%	1.156%	0.000%	2.440%	2.100%	2.440%	3.000%	2.140%	2.440%	2.100%
52	1.656%	1.224%	1.000%	2.580%	2.200%	2.580%	3.000%	2.280%	2.580%	2.200%
53	1.770%	1.296%	1.100%	2.720%	2.300%	2.720%	3.000%	2.420%	2.720%	2.300%
54	1.885%	1.376%	1.200%	2.860%	2.400%	2.860%	3.000%	2.560%	2.860%	2.400%
55	2.000%	1.460%	1.300%	3.000%	2.500%	3.000%	3.000%	2.700%	3.000%	2.500%
56	2.117%	1.552%	1.400%	3.000%	2.600%	3.000%	3.000%	2.700%	3.000%	2.600%
57	2.233%	1.650%	1.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
58	2.350%	1.758%	1.600%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
59	2.466%	1.874%	1.700%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
60	2.583%	2.000%	1.800%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
61	2.699%	2.134%	1.900%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
62	2.816%	2.272%	2.000%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
63	2.932%	2.418%	2.100%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
64	3.049%	2.458%	2.200%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
65	3.165%	2.500%	2.300%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
66	3.165%	2.500%	2.400%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
67+	3.165%	2.500%	2.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%

[1] *Safety Bargaining Units 6 & 7 and Non-Sworn Bargaining Units 3, 14, 15 2 Safety Bargaining Units 10 &16 and Sworn Bargaining Units 15, 27, 28 3 Non-Sworn Safety members*
[2] *Safety Bargaining Units 10 &16 and Sworn Bargaining Units 15, 27, 28*
[3] *Non-Sworn Safety members*
[4] *Safety Bargaining Units 6 & 7 and Sworn Safety members*

Maximum Benefit:

Tier 1: SLOCEA and Miscellaneous Other: 80% of Final Compensation
Safety and Probation: 90% of Final Compensation
Miscellaneous Management: 100% of Final Compensation

Tier 2: 90% of Final Compensation

Tier 3: No maximum benefit applies, but pensionable compensation is capped at $128,059 for 2021 and adjusted annually based on CPI.

F. Normal Form of Benefit:

Life Annuity payable to retired member with 50% continuance to an eligible survivor (or eligible children).

G. Optional Retirement Allowance:

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.

Option 1: Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member.

Option 2: 100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member.

Option 3: 50% of member's reduced allowance is payable to a beneficiary having an insurable interest in the life of the member.

Option 4: Other % of member's reduced allowance is payable to a beneficiary(ies) having an insurable interest in the life of the member.

H. Ordinary Disability

Eligibility: Under age 65 and five years of service.

Benefit: Greater of (1) 1.5% of Final Compensation times Credited Service, (2) 1/3 of Final Compensation if Credited Service is between 10 and 22.222 years, or (3) the earned Service Retirement Allowance (if eligible).

I. Line-of-Duty Disability

Eligibility: Disablement in the Line-of-Duty Safety and Probation Members only. No age or service requirement.

Benefit: Greater of (1) 50% of Final Compensation, or (2) Service Retirement Allowance (if eligible).

APPENDIX D – SUMMARY OF PLAN PROVISIONS

J. Death Before Eligible for Retirement (Basic Death Benefit)

Eligibility: No age or service requirement, and must have been an Active Member.

Benefit: Refund of employee contributions with interest plus lump sum of one and one-half month's compensation for each year of service to a maximum of eighteen months' Compensation.

K. Death After Eligible for Retirement

Eligibility: Service Retirement Eligible.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

L. Line-of-Duty Death

Eligibility: Death in the Line-of-Duty for Safety and Probation Members only. No age or service requirement.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

M. Post-Retirement Death Benefit

$1,000 payable in lump sum to the beneficiary or the estate of the retiree.

N. Cost-of-Living Increases

Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the average annual Consumer Price Index (CPI), to a maximum of 3% per year for Tier 1 members, and 2% per year for Tier 2 and 3 members.

O. Withdrawal Benefits

All members leaving covered employment with less than five years of service are required to take a refund of their employee contributions with interest. Members with five or more years of service may either withdraw their contributions with interest or leave their contributions on deposit. If contributions are not withdrawn, they are entitled to benefits commencing at any time after service retirement eligibility.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

P. Deferred Retirement Option Program (DROP)

Eligibility: Tier 1 members (excluding Court employees) that are service retirement eligible may participate in the SLOCPT's DROP.

Benefit: An amount equal to the annual benefit that would have been paid had the member retired, is deposited into a DROP account. The annual addition to the DROP account is increased each year by the Cost-of-Living Adjustment approved by the Board of Trustees not to exceed 3% per year. Deposits into the DROP account and participation in DROP cease at the earlier of five years of DROP participation or separation from service. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an annuity payment.

APPENDIX E – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

APPENDIX E – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution, which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Markel Value of Assets to the Actuarial Liability.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Market Value of Assets.

Classic Values, Innovative Advice

DRAFT

Agenda Item 6

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June 14, 2021

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Re: Contribution Rate Increases for Alternate Implementation Dates - July 1, 2021, January 1, 2022 or July 1, 2022

Dear Members of the Board,

The purpose of this letter is to provide the contribution rate increases based on the results of the January 1, 2021 actuarial valuation for three alternate implementation dates.

The total actuarially determined contribution (ADC) rate as of the January 1, 2021 actuarial valuation increased to 50.34% from 47.92% as of the January 1, 2020 actuarial valuation. The Charged Rate (actual contributions collected by SLOCPT as a rate of actual pensionable salary) for the six months ending December 31, 2020 was 44.05% plus a 4.13% contribution rate increase effective as of July 1, 2021, results in a Total Charged Rate of 48.18%. The recommended contribution rate increase of 2.16% is the difference between the ADC as of January 1, 2021 and the Total Charged Rate. These rates are composed of a blended employer appropriation rate and a weighted average of the employee rates.

The table below shows recommended contribution rate increases for each implementation date based on the results of the January 1, 2021 actuarial valuation for SLOCPT in aggregate and for each class of members: Miscellaneous, Probation, and Safety. To calculate the contribution increases for the different implementation dates, the Unfunded Actuarial Liability (attributable only to the assumptions changes adopted by the Board of Trustees at the May 24, 2021 meeting and the December 31, 2020 actuarial losses from the January 1, 2021 valuation) was adjusted with interest at the 6.75% assumed rate of return from the valuation date to the respective implementation dates and then re-amortized based on the remaining period at the respective implementation dates. In addition, the payroll used to calculate the increase in the UAL payment rate was also adjusted based on the implementation date and the assumed payroll growth rate of 2.75%.

Contribution Rate Increases for Alternate Implementation Dates

	Total Charged Rates			2021 Valuation		Implementation Dates					
						July 1, 2021		January 1, 2022		July 1, 2022	
	12/31/2020	Rate Increases[1]	Total Rate	Total ADC	Rate Change	Adjusted ADC	Rate Change	Adjusted ADC	Rate Change	Adjusted ADC	Rate Change
Total SLOCPT	44.05%	4.13%	48.18%	50.34%	2.16%	50.41%	2.23%	50.49%	2.31%	50.57%	2.39%
Miscellaneous	41.56%	3.91%	45.47%	47.41%	1.94%	47.48%	2.01%	47.55%	2.08%	47.63%	2.16%
Probation	45.07%	5.21%	50.28%	53.39%	3.11%	53.46%	3.18%	53.54%	3.26%	53.61%	3.33%
Safety	58.50%	5.10%	63.60%	66.89%	3.29%	66.99%	3.39%	67.10%	3.50%	67.21%	3.61%

[1] *Rate increases from the January 1, 2020 actuarial valuation with delayed implementation to July 1, 2021.*

The purpose of this letter is to detail the calculations for the delayed implementation of the recommended contribution rate increases from the January 1, 2021 actuarial valuation. This letter is for the use of the SLOCPT Board of Trustees, the plan sponsors, and SLOCPT staff. Any other user of this letter is not an intended user and is considered a third party.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and my understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney, and my firm does not provide any legal services or advice.

Finally, this letter was prepared for SLOCPT for the purpose described herein. This letter is not intended to benefit any other party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron

Anne Harper

Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

cc: Carl Nelson
Amy Burke
Alice Alsberghe

San Luis Obispo County Pension Trust
Pension Contribution Rate Increases

	2014 Valuation	2015 Valuation	2016 Valuation	2017 Valuation	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation
Total Pension Rate Increases								
Miscellaneous	0.00%	0.91%	4.51%	1.65%	1.99%	2.47%	3.41%	1.94%
Probation	0.00%	9.90%	4.72%	2.25%	3.70%	2.26%	4.56%	3.11%
Safety	0.00%	1.17%	6.71%	3.54%	5.63%	1.25%	4.40%	3.29%
COMBINED	**0.00%**	**0.95%**	**4.85%**	**1.93%**	**2.51%**	**2.30%**	**3.60%**	**2.16%**
Total ADC	34.23%	34.77%	38.90%	40.32%	42.19%	44.52%	47.92%	50.34%
Significant Changes:								
Discount Rate	7.250%	**7.250%**	**7.125%**	**7.125%**	**7.000%**	**7.000%**	**6.875%**	**6.750%**
Discount Rate net of -								
Investment Expense		*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*
Admin. Expense		*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	***N***
Inflation	2.750%	2.750%	2.650%	2.650%	2.500%	2.500%	2.250%	2.250%
Payroll Growth Rate	3.750%	3.750%	3.375%	3.375%	3.000%	2.750%	2.750%	2.750%
Mortality			Updated (1st part of 2 step phased)		Updated (2nd part of 2 step phased)		Updated	

As of Valuation date of Jan. 1 of the Valuation year
Actual increase modified for delayed implementaton (e.g. Jan. 1st or July 1st of following year)

Total penson contribution rate increase result of:
Increases in the Actuarially Determined Contribution Rate (ADC)
Increases to adjust for difference between planned ADC to be collected and the actual charged rate during the prior year.

Increases allocated between Employer and Employee pursuant to various MOU provisions in the various bargaining units.

Note - prior to 2018 the ADC was referred to as the Annually Required Contribution or ARC.

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Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org

San Luis Obispo County Pension Trust
SLOCPT

Date: June 28, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 7: Employer Contributions FY21-22 Prefunding Amount

Recommendation:

Staff recommends that the Board of Trustees approve the amount calculated for FY21-22 by SLOCPT's actuary, Cheiron, for the prefunding of Employer Contributions and Employer for Employee Contributions ("pick up") for the County and APCD.

Discussion:

The agreement between the County Board of Supervisors and SLOCPT to facilitate annual prefunding of the County's and APCD's Employer Contributions and Employer for Employee Contributions was approved in 2014. At the March 22, 2021 regular meeting, SLOCPT's Board of Trustees approved the discount rate to be used to calculate the prefunding amount to be set at the Plan's current Real Rate of Return Assumption. For FY21-22 a discount rate of 4.50% was used to calculate prefunding payment.

In addition, SLOCPT and the County's Auditor Office will calculate a "true-up" of contributions at the end of the fiscal year comparing actual results to those estimated in the prior year's prefunding calculation. If the true-up amount is negative (overpayment) then that amount is credited towards the subsequent year's contributions. If the true-up amount is positive (underpayment) then the County is obligated to pay SLOCPT the difference.

Estimated contributions are based on the results of the 2021 Actuarial Valuation with the assumption that the recommended rate increase will be implemented July 1, 2022. The following tables summarize the proposed prefunding of FY21-22 Employer Contributions and the pick-up contributions:

	Estimated FY21-22 Contributions Undiscounted	Estimated FY21-22 Contributions Discounted
County ER Contributions	$62,122,600	$60,820,500
County ER paid EE Contrib.	8,479,200	8,304,200
APCD ER Contributions	552,900	541,300
APCD ER Paid EE Contrib.	93,200	91,500
	-----------------	-----------------
TOTAL	$71,247,900	$69,757,500

Aggregate Employer Savings = $1,490,400

Attached ais a letter from Cheiron that includes the tables used to calculate the prefunding amounts.

Respectfully Submitted,

Via Electronic Mail

June 14, 2021

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Re: Prefunding of Employer Paid Contributions for Fiscal Year Ending June 30, 2022

Dear Members of the Board,

The purpose of this letter is to provide the discounted prepayment amount of contributions paid by the County and the APCD for the fiscal year ending June 30, 2022, assuming a single sum contribution is made July 16, 2021.

Background

Historically, the County made contributions to the Pension Trust on a bi-weekly basis, consistent with active payroll, and based on the actuarially determined contribution (ADC) rate in the annual actuarial valuation. The ADC rate for the fiscal year ending June 30, 2022 is based on the results of the January 1, 2021 actuarial valuation. Given that the valuation is competed after the effective date of any recommended rate increase, the County must determine the date at which the rate increases will be effective for both the employer and employees. Details of the rate increases by implementation date are illustrated in a letter under separate cover.

The agreement between the County Board of Supervisors and SLOCPT to facilitate prefunding of the County's and APCD's employer contributions and the employer paid portion of the employee contributions, or "pick-up", was approved in 2014. At the March 22, 2021 regular meeting, SLOCPT's Board of Trustees approved to use a discount rate equal to the assumed real rate of return in the January 1, 2021 actuarial valuation for calculating the prefunding of contribution amounts. The Board adopted an assumed real rate of return of 4.50% for the January 1, 2021 actuarial valuation.

The contribution rate is determined such that the regular contributions, along with the member contributions and the future investment earnings on all assets, will be sufficient to fully fund the retirement benefits for all members upon their retirement. The Plan allows the County to pay contributions up to one year in advance (Section 16.05(c) of the Plan). By accelerating payments through the lump-sum payment to be made on July 1, 2021, the County can achieve short-term contribution savings for FYE June 30, 2022.

Calculations

The County appropriation rate for the fiscal year is based on the 27.00% County charged rate as of January 1, 2021 plus 3.53% of the total 4.13% increase effective July 1, 2021. The 3.53% employer rate increase is based on a salary-weighted average increase by class, tier and the specific employer allocation for each bargaining unit. This results in a total rate of 30.53% for the year.

The APCD appropriation rate for the fiscal year is based on the 24.48% APCD charged rate as of January 1, 2021 plus 1.89% of the total 3.77% increase effective January 1, 2021. This results in a total rate of 26.37%.

Furthermore, the County and APCD appropriation rates assume that any rate increases from the January 1, 2021 actuarial valuation will not go into effect prior to June 30, 2022.

A summary of prefunding employer paid contributions for the County and APCD is illustrated in the table below:

Employer Paid Contribution Basis	Amount
Estimated bi-weekly contributions for July 1, 2021 through June 30, 2022	$71,247,900
Prefunding of contributions with one prepayment made on July 16, 2021	69,757,500
Contribution savings due to prefunding	$1,490,400

This prefunding calculation has been done using the Board prescribed discount rate equal to the real rate of return of 4.50%. If the County prefunds the contributions at the beginning of the fiscal year on July 1, 2021, the contribution amount is $69,757,500 compared to the bi-weekly contributions totaling $71,247,900, a savings of $1,490,400. If the Trust earns 4.50% for the FYE 2022, the total assets in the Trust will be the same at the end of the year for either payment method. Any variance in the actual earnings on the contributions will be recognized as actuarial gains or losses in the subsequent actuarial valuations.

The exhibits on the following pages have been prepared based on implementing the recommended rate increase from the January 1, 2020 valuation on July 1, 2021 for the County and on January 1, 2021 for the Air Pollution Control District (APCD). They detail the calculations for the estimated savings based on pre-funding the employer contributions and employer paid portion of the employee contributions, or “pick-ups”, individually for both the County and the APCD.

The purpose of this letter is to detail the prefunding of employer paid contributions (County and APCD) for the fiscal year ending June 30, 2022. This letter is for the use of the Board of Trustees, the plan sponsors, and SLOCPT staff. Any other user of this letter is not an intended user and is considered a third party.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and my understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney, and my firm does not provide any legal services or advice.

Finally, this letter was prepared for SLOCPT for the purpose described herein. This letter is not intended to benefit any other party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron

Anne Harper

Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

Attachments

cc: Amy Burke
Carl Nelson
Alice Alsberghe

San Luis Obispo County Pension Trust

Prepayment of County Contributions

Discount Rate = 4.50%

Fiscal Year 2021-2022 beginning July 16, 2021 Biweekly Payroll	Estimated County Biweekly Payroll[1]	County Appropriation Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/16/2021 Factor	Biweekly Contribution Discounted
1	$7,724,600	30.53%	$2,358,300	1.0000	$2,358,300
2	7,732,700	30.53%	2,360,800	0.9983	2,356,800
3	7,740,800	30.53%	2,363,200	0.9966	2,355,200
4	7,748,900	30.53%	2,365,700	0.9949	2,353,700
5	7,757,000	30.53%	2,368,200	0.9933	2,352,200
6	7,765,100	30.53%	2,370,700	0.9916	2,350,700
7	7,773,200	30.53%	2,373,100	0.9899	2,349,100
8	7,781,300	30.53%	2,375,600	0.9882	2,347,600
9	7,789,400	30.53%	2,378,100	0.9865	2,346,100
10	7,797,500	30.53%	2,380,600	0.9849	2,344,600
11	7,805,600	30.53%	2,383,000	0.9832	2,343,000
12	7,813,700	30.53%	2,385,500	0.9815	2,341,500
13	7,821,900	30.53%	2,388,000	0.9799	2,340,000
14	7,830,100	30.53%	2,390,500	0.9782	2,338,500
15	7,838,300	30.53%	2,393,000	0.9766	2,336,900
16	7,846,500	30.53%	2,395,500	0.9749	2,335,400
17	7,854,700	30.53%	2,398,000	0.9733	2,333,900
18	7,862,900	30.53%	2,400,500	0.9716	2,332,400
19	7,871,100	30.53%	2,403,000	0.9700	2,330,900
20	7,879,300	30.53%	2,405,500	0.9683	2,329,400
21	7,887,500	30.53%	2,408,000	0.9667	2,327,800
22	7,895,700	30.53%	2,410,500	0.9651	2,326,300
23	7,903,900	30.53%	2,413,000	0.9634	2,324,800
24	7,912,200	30.53%	2,415,600	0.9618	2,323,300
25	7,920,500	30.53%	2,418,100	0.9602	2,321,800
26	7,928,800	30.53%	2,420,600	0.9586	2,320,300
Totals	**$203,483,200**		**$62,122,600**		**$60,820,500**
		Savings due to Prepayment for FY 2021-2022			**$1,302,100**

[1] Payroll and all contribution calculations are based on the County only and do not include amounts for the Courts, APCD, LAFCO, the Pension Trust staff and RTA. The County includes Miscellaneous, Probabtion & Safety employers.
The calculation of the annual required contribution assumes the payroll grows at annual rate of 2.75% per year.

[2] County appropriation rate for the first half of the year is based on the 27.00% County charged rate as of January 1, 2021 plus 3.53% of the total rate increase of 4.13% effective July 1, 2021.

San Luis Obispo County Pension Trust

Prepayment of County Employer Paid Portion of Employee Normal Cost ("Pick-up") Contributions

Discount Rate = 4.50%

Fiscal Year 2021-2022 beginning July 16, 2021 Biweekly Payroll	Estimated County (Tier 1 and Tier 2) Biweekly Payroll[1]	County Paid Employee Normal Cost Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/16/2021 Factor	Biweekly Contribution Discounted
1	$3,950,600		$335,800	1.0000	$335,800
2	3,941,300		335,000	0.9983	334,400
3	3,932,000		334,200	0.9966	333,100
4	3,922,800		333,400	0.9949	331,700
5	3,913,600		332,700	0.9933	330,500
6	3,904,400		331,900	0.9916	329,100
7	3,895,200		331,100	0.9899	327,800
8	3,886,100		330,300	0.9882	326,400
9	3,877,000		329,500	0.9865	325,100
10	3,867,900		328,800	0.9849	323,800
11	3,858,800		328,000	0.9832	322,500
12	3,849,700		327,200	0.9815	321,200
13	3,840,700		326,500	0.9799	319,900
14	3,831,700		325,700	0.9782	318,600
15	3,822,700		324,900	0.9766	317,300
16	3,813,700		324,200	0.9749	316,100
17	3,804,700		323,400	0.9733	314,800
18	3,795,800		322,600	0.9716	313,400
19	3,786,900		321,900	0.9700	312,200
20	3,778,000		321,100	0.9683	310,900
21	3,769,100		320,400	0.9667	309,700
22	3,760,300		319,600	0.9651	308,400
23	3,751,500		318,900	0.9634	307,200
24	3,742,700		318,100	0.9618	306,000
25	3,733,900		317,400	0.9602	304,800
26	3,725,100		316,600	0.9586	303,500
Totals	**$99,756,200**		**$8,479,200**		**$8,304,200**
		Savings due to Prepayment for FY 2021-2022			**$175,000**

[1] Payroll and all contribution calculations are based on the County only and do not include amounts for the Courts, APCD, LAFCO, the Pension Trust staff and RTA. The County includes Miscellaneous, Probabtion & Safety employers. The calculation of the annual required contribution assumes the payroll grows at annual rate of 2.75% per year.

[2] County paid portion of the employee normal cost ("pick-up") contributions varies by bargaining unit ranging from 4.20% to 13.59%. County pick-up contributions only apply to Tier 1 and Tier 2 members.

San Luis Obispo County Pension Trust
Air Pollution Control Distrct

Prepayment of APCD Employer Contributions

Discount Rate = 4.50%

Fiscal Year 2021-2022 beginning July 16, 2021 Biweekly Payroll	Estimated APCD Biweekly Payroll[1]	APCD Appropriation Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/16/2021 Factor	Biweekly Contribution Discounted
1	$79,400	26.37%	$20,900	1.0000	$20,900
2	79,500	26.37%	21,000	0.9983	21,000
3	79,600	26.37%	21,000	0.9966	20,900
4	79,700	26.37%	21,000	0.9949	20,900
5	79,800	26.37%	21,000	0.9933	20,900
6	79,900	26.37%	21,100	0.9916	20,900
7	80,000	26.37%	21,100	0.9899	20,900
8	80,100	26.37%	21,100	0.9882	20,900
9	80,200	26.37%	21,100	0.9865	20,800
10	80,300	26.37%	21,200	0.9849	20,900
11	80,400	26.37%	21,200	0.9832	20,800
12	80,500	26.37%	21,200	0.9815	20,800
13	80,600	26.37%	21,300	0.9799	20,900
14	80,700	26.37%	21,300	0.9782	20,800
15	80,800	26.37%	21,300	0.9766	20,800
16	80,900	26.37%	21,300	0.9749	20,800
17	81,000	26.37%	21,400	0.9733	20,800
18	81,100	26.37%	21,400	0.9716	20,800
19	81,200	26.37%	21,400	0.9700	20,800
20	81,300	26.37%	21,400	0.9683	20,700
21	81,400	26.37%	21,500	0.9667	20,800
22	81,500	26.37%	21,500	0.9651	20,700
23	81,600	26.37%	21,500	0.9634	20,700
24	81,700	26.37%	21,500	0.9618	20,700
25	81,800	26.37%	21,600	0.9602	20,700
26	81,900	26.37%	21,600	0.9586	20,700
Totals	**$2,096,900**		**$552,900**		**$541,300**
		Savings due to Prepayment for FY 2021-2022			**$11,600**

[1] Payroll and all contribution calculations are based on the APCD only and do not include amounts for the Courts, County, LAFCO, the Pension Trust staff and RTA. The APCD includes only employs Miscellaneous employees.
The calculation of the annual required contribution assumes the payroll grows at annual rate of 2.75% per year.

[2] APCD appropriation rate for the first half of the year is based on the 24.48% APCD charged rate as of January 1, 2021 plus 1.89% of the total rate increase of 3.77%% effectie January 1, 2021.

San Luis Obispo County Pension Trust
Air Pollution Control Distrct

Prepayment of APCD Employer Paid Portion of Employee Normal Cost ("Pick-up") Contributions

Discount Rate = 4.50%

Fiscal Year 2021-2022 beginning July 16, 2021 Biweekly Payroll	Estimated APCD Tier 1 Biweekly Payroll[1]	APCD Paid Employee Normal Cost Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/16/2021 Factor	Biweekly Contribution Discounted
1	$47,200		$3,700	1.0000	$3,700
2	47,100		3,700	0.9983	3,700
3	47,000		3,700	0.9966	3,700
4	46,900		3,700	0.9949	3,700
5	46,800		3,700	0.9933	3,700
6	46,700		3,600	0.9916	3,600
7	46,600		3,600	0.9899	3,600
8	46,500		3,600	0.9882	3,600
9	46,400		3,600	0.9865	3,600
10	46,300		3,600	0.9849	3,500
11	46,200		3,600	0.9832	3,500
12	46,100		3,600	0.9815	3,500
13	46,000		3,600	0.9799	3,500
14	45,900		3,600	0.9782	3,500
15	45,800		3,600	0.9766	3,500
16	45,700		3,600	0.9749	3,500
17	45,600		3,600	0.9733	3,500
18	45,500		3,500	0.9716	3,400
19	45,400		3,500	0.9700	3,400
20	45,300		3,500	0.9683	3,400
21	45,200		3,500	0.9667	3,400
22	45,100		3,500	0.9651	3,400
23	45,000		3,500	0.9634	3,400
24	44,900		3,500	0.9618	3,400
25	44,800		3,500	0.9602	3,400
26	44,700		3,500	0.9586	3,400
Totals	**$1,194,700**		**$93,200**		**$91,500**
		Savings due to Prepayment for FY 2021-2022			**$1,700**

[1] Payroll and all contribution calculations are based on the APCD only and do not include amounts for the Courts, County, LAFCO, the Pension Trust staff and RTA. The APCD includes only Miscellaneous employees.
The calculation of the annual required contribution assumes the payroll grows at annual rate of 2.75% per year.

[2] Employer paid portion of the employee normal cost ("pick-up") contributions varies by bargaining unit ranging from 5.75% to 9.29%. APCD pick-up contributions only apply to Tier 1 members (there are no Tier 2 APCD members).

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Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org

San Luis Obispo County Pension Trust
SLOCPT

Date: June 28, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 8: Monthly Investment Report for May 2021

	May	**Year to Date 2021**		2020	2019	2018	2017	2016
Total Trust Investments ($ millions)	$1,658			$1,552 year end	$1,446 year end	$1,285 year end	$1,351 year end	$1,196 year end
Total Fund Return	1.5% Gross	**8.4% Gross**		8.9 % Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross	6.6 % Gross
Policy Index Return (r)	0.9%	5.8%		10.0 %	16.4 %	-3.2 %	13.4 %	7.7 %

(r) Policy index as of Sept. 2020 Strategic Asset Allocation Policy with 2021 Interim targets:

Public Mkt Equity-	20% Russell 3000, 20% MSCI ACWI ex-US
Public Mkt Debt-	11% Barclays US Aggregate,
Risk Diversifying	10% Barclays US Aggregate,
	3% Barclays 7-10yr Treasury, 2% Barclays 5-10yr US TIPS
Real Estate & Infrastructure-	12% NCREIF Index, 3% Private RE/Infrastructure actual returns
Private Equity-	8% actual private equity returns
Private Credit-	7% actual private credit returns
Liquidity-	2% 90 day T-Bills, 2% Barclays 1-3yr Gov/Credit

Pending annual updates to interim targets.

SLOCPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOCPT portfolio and general market conditions through the end of May. The attached market commentary from Verus details market conditions in May, but subsequent activity in June is not yet factored into these numbers.

The Economy and Capital Markets:

- **The Economy**
  - **Inflation** – Concerns over increasing inflation continue to dominate economic news. The May CPI increase in the US came in at a +5.0% increase from the low base of 12 months ago. This was the highest year-over-year CPI increase since 2008 and reflects the base effect of the low point in prices at the start of the pandemic in 2020.
    - Manufacturers cut production during the early days of the pandemic and are now rapidly gearing up for recovered demand. This leads producers to seek materials at the same time, sending limited commodities higher, raising input costs and passing down higher prices to consumers. Nationwide, there are short supplies of numerous key supplies including copper, lumber, semiconductors and furniture.
    - Capital markets may add volatility as concerns over more persistent inflation leading to a wage-price spiral where expectations that wages and prices need to be increased become a self-perpetuating trend. Persistent inflation would be expected to lead to Fed monetary tightening to counteract it.
    - NEPC in their May 25th Market Outlook on Inflation by Philip Nelson, CFA, commented -

> "At NEPC, we believe higher long-term interest rates and inflation expectations are currently not a cause for concern. Instead, they reflect a rational shift in the market outlook amid optimism around improved economic growth prospects in the U.S. We continue to see deflationary forces, for instance, aging demographic trends and innovations in technology, that mitigate long-term inflation pressures. Most important: the consumer psychology required to sustain an inflationary environment is absent. Fundamental to an inflationary period is for consumers to fear a loss of purchasing power and accelerate spending to maximize purchasing power before prices rise. The recent surge in consumer spending is a far cry from the classic inflationary psychology last seen in the 1970s; instead, it underscores a temporary tide of demand let loose by relaxing pandemic restrictions. We believe the near-term inflationary pressures—associated with global supply chain disruptions, rebuilding of business inventories, and recovery in energy prices—are temporary. In our opinion, cyclical price changes and supply-demand imbalances are to be expected as the economy emerges from the pandemic and transitions towards normalcy. To that end, these inflationary price pressures are likely to be transitory and we believe inflation rates over the long-term will trend towards 2.5%."

- **Economic Policy**
  - **Monetary Policy** –
    - At its June meeting the Fed kept short term interest rates unchanged at 0-0.25% and indicated it would continue with asset purchases at the present $120b monthly pace until substantial further progress is made on employment and inflation.

- Importantly, Fed expectations for eventual tightening of monetary policy moved forward to 2023. Prior to June, the Fed "dot plot" of opinions on changes from the 18 Fed policy makers indicated rates likely to increase in 2024. The latest Fed expectation released after the June meeting is now for two rate hikes in 2023.
- Fed asset purchases are likely to taper off sooner consistent with the Fed's optimistic economic outlook. Tapering could begin as early as late 2021. If the 2013 unwinding of quantitative easing is a guide, the Fed's asset reduction path may extend over 8-12 months.
- The Fed forecast for 2021 inflation rose to 3.4%, up from the prior forecast of 2.4%. Fed Chair Powell's comments indicated concern that higher realized inflation could feed into higher inflation expectations embedded in the economy. However, the Fed continues to maintain that current CPI inflation levels are transitory as the economy recovers from the unusual pandemic induced pullback of 2020.

➢ **Employment and Wages –**

- **New Jobs** - The May jobs report from the BLS on nonfarm showed a gain of 559k new jobs. Economists interpreted this as evidence of a continuing, but slower than expected, recovery from the 2020 pandemic pullback.
- **Unemployment** - The unemployment rate in May declined to 5.8% from the April level of 6.1%. Unemployed totaled 9.3 million, well above the pre-pandemic levels of 5.7 million.
- **Labor Shortages** – Employers continue to report difficulty in hiring enough staff. The graph below shows the history of new hires and job openings in the US. It illustrated the unusual labor market as the nation emerges from the disruption of the pandemic. This hiring gap gives workers more of an upper hand which is leading to wage increases and benefit improvements above recent trends.
- While enhanced unemployment benefits (that will expire in September) may be part of the reason, it also seems likely that continued fear over Covid infection has kept many potential workers out of high-exposure jobs such as in restaurants.

➢ **Market Outlook –**

- **Equity Markets** –
  - NEPC, in their May market report included the following comments on the near-term investment outlook -

> "Improving economic data and the ongoing vaccine rollout continued to bolster support for risk assets in May. Global equities pushed higher, with local markets outside the U.S. outperforming as they benefitted from a weaker U.S. dollar. The MSCI EAFE and MSCI Emerging Markets indexes increased 3.3% and 2.3%, respectively, last month; domestically, the S&P 500 Index posted a 0.7% gain–marking its fourth-consecutive monthly increase–though broad market optimism was tempered by inflation

concerns. During the month, the April Consumer Price Index (CPI) showed an increase of 0.8% for the month and 4.2% annually.

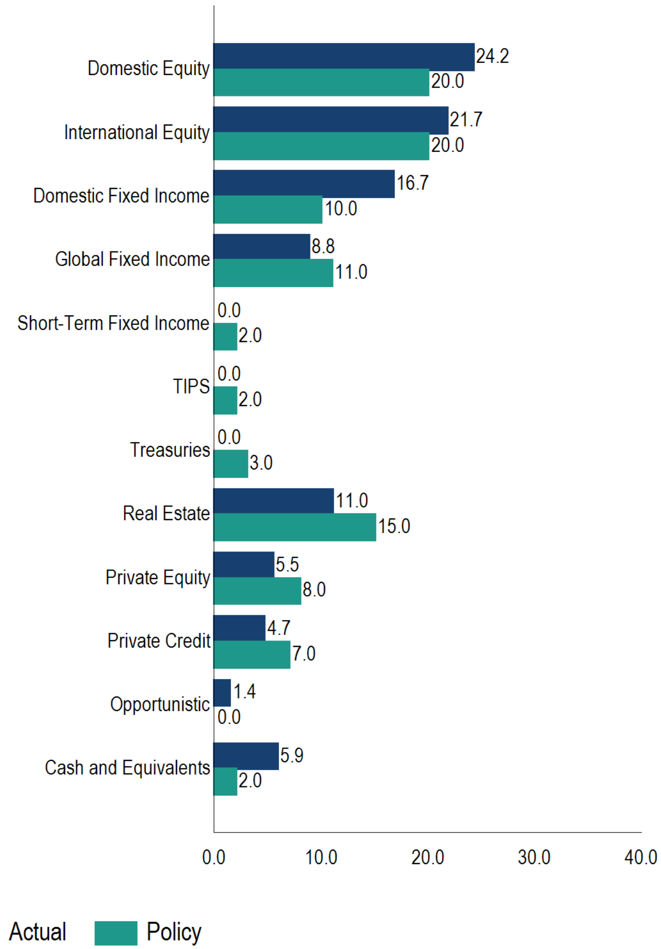
In fixed income, inflation expectations were volatile in May, though the 10-year breakeven rate ended the month at 2.42% – three basis points higher than April. Despite the intra-month volatility, interest rates and credit spreads were also relatively flat last month."

"The improving macroeconomic backdrop has generally resulted in higher growth and inflation expectations in the near term. While the increase in interest rates so far in 2021 has been notable, we still suggest investors maintain a dedicated allocation to Treasuries to support liquidity levels and cash flow needs in the event of a market dislocation. Further, the ongoing support from monetary and fiscal interventions continues to provide a supportive environment for equities."

Respectfully Submitted,

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	**1,657,770,908**	**100.0**	**1.5**	**8.4**
Interim Policy Index			*0.9*	*5.8*
FFP SAA Index			*0.6*	*7.7*
Total Domestic Equity	**401,231,851**	**24.2**	**1.9**	**16.9**
Russell 3000			*0.5*	*12.3*
PIMCO RAE US	97,860,684	5.9	2.8	20.3
S&P 500			*0.7*	*12.6*
Loomis Sayles Large Cap Growth	109,651,400	6.6	0.8	9.6
Russell 1000 Growth			*-1.4*	*6.3*
Boston Partners Large Cap Value	111,719,717	6.7	3.6	23.5
Russell 1000 Value			*2.3*	*18.4*
Atlanta Capital Mgmt	82,000,050	4.9	0.2	15.0
Russell 2500			*0.2*	*15.6*
Total International Equity	**360,557,008**	**21.7**	**3.5**	**11.6**
MSCI ACWI ex USA Gross			*3.2*	*10.1*
Dodge & Cox Intl Stock	181,900,385	11.0	4.4	14.2
MSCI ACWI ex USA Value Gross			*3.9*	*13.9*
WCM International Growth	178,656,623	10.8	2.6	9.1
MSCI ACWI ex USA Growth Gross			*2.5*	*6.3*
Total Domestic Fixed Income	**277,348,004**	**16.7**	**0.4**	**-0.4**
BBgBarc US Aggregate TR			*0.3*	*-2.3*
BlackRock Core Bond	97,661,131	5.9	0.3	-2.0
BBgBarc US Aggregate TR			*0.3*	*-2.3*
Dodge & Cox Income Fund	102,692,826	6.2	0.2	-1.2
BBgBarc US Aggregate TR			*0.3*	*-2.3*
Pacific Asset Corporate Loan	76,994,047	4.6	0.6	2.8
S&P/LSTA Leveraged Loan Index			*0.6*	*2.9*
Total Global Fixed	**146,160,488**	**8.8**	**1.6**	**-0.5**
FTSE World Govt Bond Index			*0.9*	*-3.7*
Brandywine Global Fixed Income	71,695,661	4.3	1.0	-0.5
FTSE WGBI ex US TR			*1.2*	*-4.0*
Ashmore EM Blended Debt Fund	74,464,827	4.5	2.1	-0.4
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			*1.4*	*-1.2*

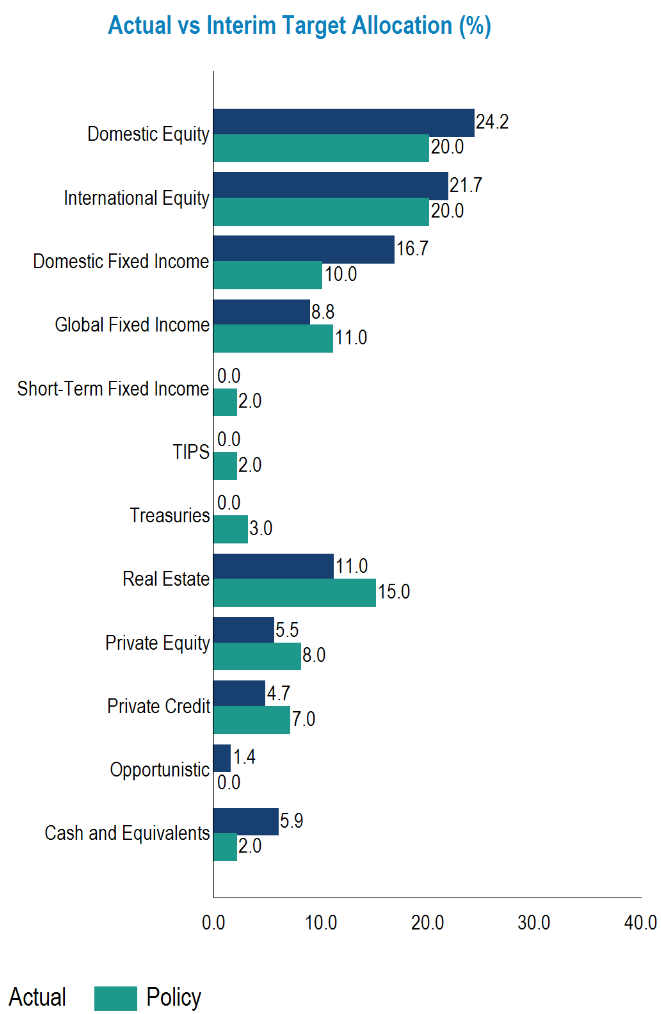
Actual vs Interim Target Allocation (%)



**Other balance represents Clifton Group.*

New Policy Index as of 1/1/2021 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 23% BBgBarc U.S. Aggregate, 3% BbgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Return, 2% 91 day T-Bills, 2% BBgBarc 1-3 yr Gov/Credit. Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income,private real estate to public real estate). All data is preliminary

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	**182,862,610**	**11.0**	**0.7**	**3.0**
NCREIF Property Index			*0.0*	*1.7*
JP Morgan Core Real Estate	142,670,552	8.6	0.9	3.0
NCREIF-ODCE			*0.0*	*2.1*
NCREIF Property Index			*0.0*	*1.7*
ARA American Strategic Value Realty	40,192,058	2.4	0.0	3.2
NCREIF-ODCE			*0.0*	*2.1*
NCREIF Property Index			*0.0*	*1.7*
Total Private Equity	**90,905,742**	**5.5**		
Harbourvest Partners IX Buyout Fund L.P.	16,246,171	1.0		
Pathway Private Equity Fund Investors 9 L.P.	57,274,917	3.5		
Harbourvest 2018 Global Fund L.P.	13,365,387	0.8		
Pathway Private Equity Fund Investors 10 L.P.	4,019,267	0.2		
Total Private Credit	**77,244,884**	**4.7**		
Sixth Street Partners DCP	77,244,884	4.7		
Total Cash	**97,614,919**	**5.9**	**0.0**	**0.3**
91 Day T-Bills			*0.0*	*0.0*
Cash Account	30,790,177	1.9	0.0	0.5
91 Day T-Bills			*0.0*	*0.0*
The Clifton Group	66,824,742	4.0		
Total Opportunistic	**23,845,402**	**1.4**		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	4,817,716	0.3		
Sixth Street Partners TAO	19,027,686	1.1		



**Other balance represents Clifton Group.*

New Policy Index as of 1/1/2021 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 23% BBgBarc U.S. Aggregate, 3% BbgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Return, 2% 91 day T-Bills, 2% BBgBarc 1-3 yr Gov/Credit. Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income,private real estate to public real estate). All data is preliminary

Verus

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

MAY 2021

Capital Markets Update

Agenda Item 8

Market commentary

U.S. ECONOMICS

— U.S. non-farm payrolls increased by 559K in May. The print was an improvement from the previous month but fell short of some economists' expectations for an increase of 675k jobs. The leisure and hospitality sector led job creation with 292k new positions added.

— The unemployment rate fell from 6.1% in April to 5.8% in May, according to the Bureau of Labor Statistics. Labor force participation rate edged lower to 61.6% from 61.7% the month before. Officials at the San Francisco Fed commented that the provision of additional unemployment benefits has been a factor in some people deciding to not re-enter the labor force.

— The ISM Manufacturing PMI rose to 61.2 in May from 60.7 the month before as manufacturing activity picked up amid increased demand due to the reopening. The survey found that companies “continue to struggle to meet increasing demand” as shortages of materials and rising commodity prices have affected parts of the manufacturing sector.

U.S. EQUITIES

— The S&P 500 Index rose for the fourth consecutive month and finished the month up +0.7%, after recovering from a mid-month sell-off driven by concerns over the potential for rising inflation.

— Despite selling off -3.8% over the month the Consumer Discretionary sector remained the highest-priced sector relative to one-year forward expected earnings (31.5x).

— Thirty percent (+21% quarter-over-quarter) of S&P 500 companies cited “ESG” or “Environmental, Social and Governance” in their earnings calls in Q1, indicating that ESG issue consideration is continuing to rise.

U.S. FIXED INCOME

— The Federal Reserve Board announced that it plans to begin selling some of the $13.7 billion in corporate debt that it had purchased to help stabilize the financial system last year, though the decision to wind down the portfolio should not be construed as a broader signal about the future path of monetary policy. Sales are slated to begin this summer and conclude by the end of the year.

— The majority of the members of the Federal Open Market Committee stuck to the script that inflationary pressures are more likely to be transitory than persistent, which supported bond prices and pushed down Treasury yields. The 10-year U.S. Treasury yield fell from an intra-month high of 1.70% to 1.59% by the end of the month.

— Certain segments of the U.S. yield curve flattened - the spread between the 2- and 10-year yields fell 5 basis points to 1.44%.

INTERNATIONAL MARKETS

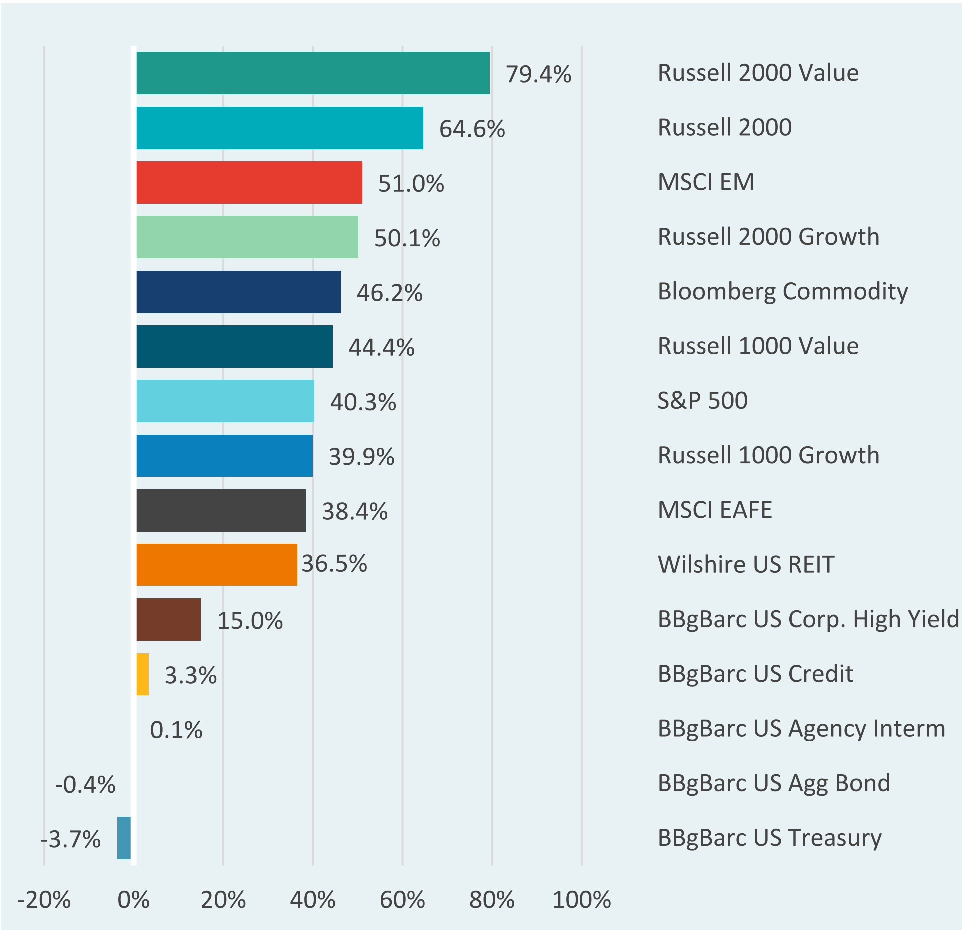
— The Euro area saw a rebound in services which helped push the Markit Services Purchasing Managers Index for the Euro Area to 55.2 in May. All nations recorded an improvement in activity, supported by the easing of social distancing restrictions.

— China’s Producer Price Index climbed 9.0% in May from a year earlier driven by surging costs of imported commodities. Despite growing prices to producers, consumer prices increased only 1.3% from a year ago, likely suggesting retailers see sluggish demand.

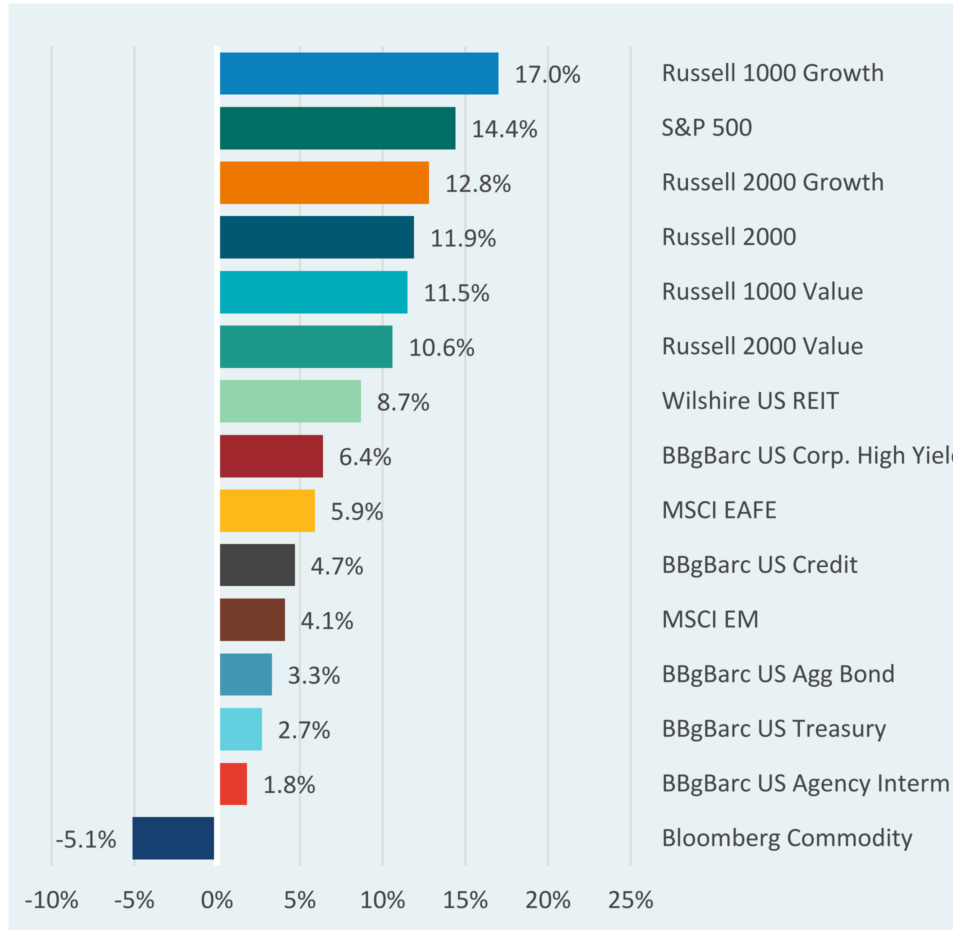
— The MSCI EM Latin American Index (+8.0%) posted strong returns in May, supported by strong performance from Brazilian equities (MSCI Brazil +9.6%) which makes up about 65% of the index.

Major asset class returns

ONE YEAR ENDING MAY



TEN YEARS ENDING MAY



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

Source: Morningstar, as of 5/31/21

Source: Morningstar, as of 5/31/21

U.S. large cap equities

— The S&P 500 Index managed to return a small gain and finished up +0.7%. Seven of the 11 major GICS sectors posted positive returns over the month. The Energy (+5.7%), and Materials (+5.2%) sectors were the strongest performers while the Consumer Discretionary (-3.8%), and Utilities (-2.4%) sectors fell.

— At month-end the one-year forward P/E ratio of the S&P 500 Index was 21.2x. The Financials sector (14.9x) was priced the lowest relative to one-year forward expected earnings, despite posting a +4.8% return over the month. The sector's year-to-date return (+29.5%) is the second highest year-to-date return for the index.

— The S&P 500 Equal-Weighted Index which dampens the impact of the mega-cap tech companies within the S&P 500 Index outperformed the overall index by +1.2% in May. The heavily-weighted Information Technology (-0.9%) sector sold off and was likely influenced by fears of rising inflation which, if realized, would reduce real earnings growth and apply downward pressure on stocks with longer-duration cash flow.

— Implied volatility as measured by the Cboe VIX Index rose sharply to began the month rising 8.9 points to 27.6 points. The index traded back down over the month and closed the month at 16.8 points.

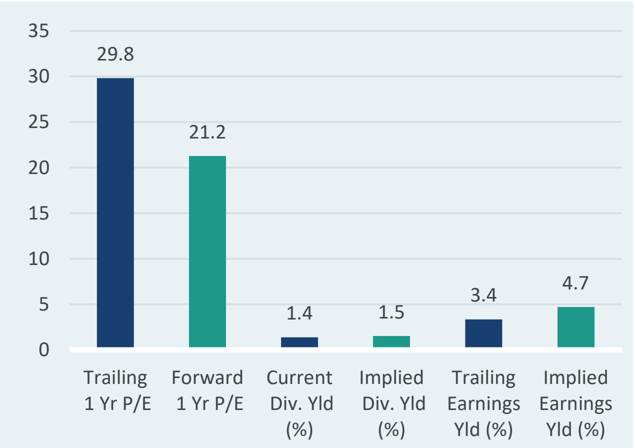
S&P 500 PRICE INDEX

Source: Bloomberg, as of 5/31/21

IMPLIED VOLATILITY (VIX INDEX)

Source: CBOE, as of 5/31/21

S&P 500 VALUATION SNAPSHOT

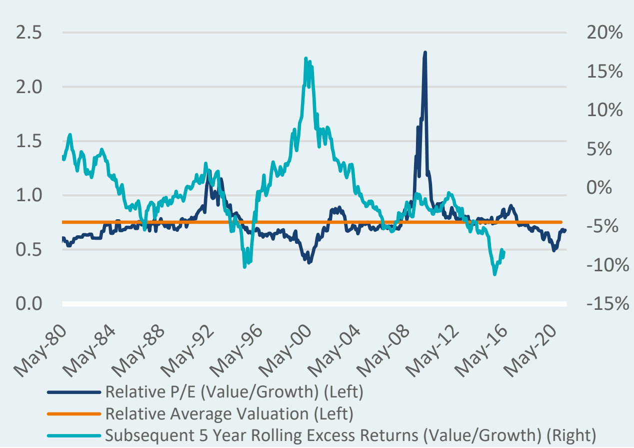


Source: Bloomberg, as of 5/31/21

Domestic equity size and style

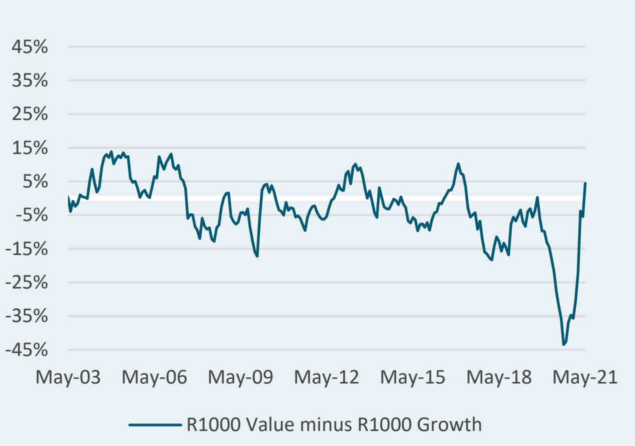
- Value stocks continued their recent outperformance of growth. The Russell 3000 Value Index gained 2.4% while the Russell 3000 Growth Index fell 1.5%, bringing their YTD returns to 19.0%, and 6.2%, respectively. The outperformance of the value factor was largely attributed to its relatively large overweight to financials and industrials as compared to the growth index.
- Large-cap equities outperformed small-cap equities for the third consecutive month. The Russell 1000 Index returned 0.5% while the Russell 2000 Index saw a 0.2% total return.
- Small-cap equities' underperformance was largely attributed to their poor performance within the Health Care sector. Within the small cap space, the Health Care sector fell -6.1% as compared to its large-cap sector counterpart which rose +1.4%.
- The S&P 500 (+0.7%) index outperformed the S&P 500 Momentum Index by -0.9% on little volatility over the month. Momentum style investing is a strategy of buying securities that have performed well and selling those that have performed poor.

VALUE VS. GROWTH RELATIVE VALUATIONS



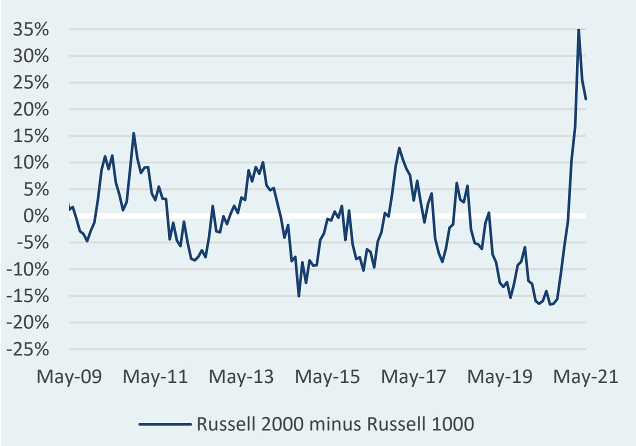
Source: FTSE, Bloomberg, as of 5/31/21

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/21

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/21

Fixed income

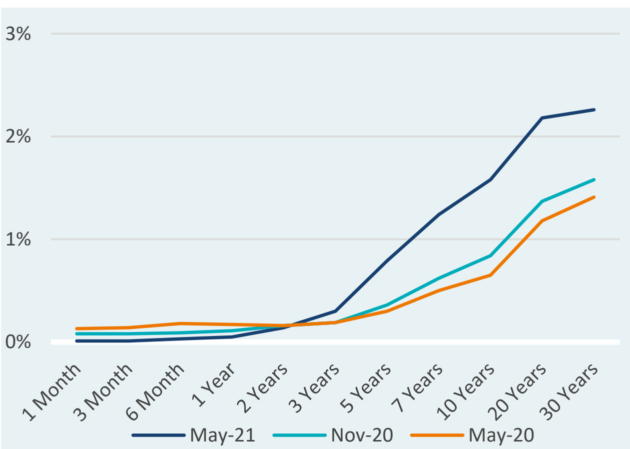
— In May, the five-year breakeven inflation rate rose slightly by 3 basis points to 2.60%. The consistent rise in breakeven rates shows markets are concerned that prices may increase at a faster rate over the intermediate term. Whether this inflation materializes remains a key question investors are grappling with.

— Ten-year German Bund yields approached the 0% mark for the first time in more than two years, ticking up to -0.10% intra-month and closing the month at -0.17%. Speculation that the ECB would renew its pledge to keep asset purchases at a higher pace than earlier in the year helped to keep a lid on European bond yields.

— U.S. inflation as measured by the Consumer Price Index increased 5.0% year-over-year (+0.6% month-over-month) in May, the fastest pace of year-over-year growth since August 2008. A significant amount of the change in prices over the year was due to low base effects given depressed prices last spring.

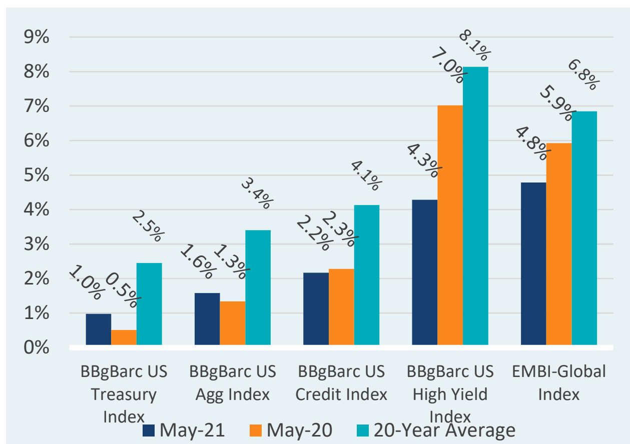
— Global risky credit performed well over the month of May, as investors sought higher yields. Local-currency denominated emerging market debt (J.P. Morgan GBI-EM +2.5%) outperformed hard-currency denominated emerging market debt (JPM EMBI Global Diversified Index +1.1%).

U.S. TREASURY YIELD CURVE



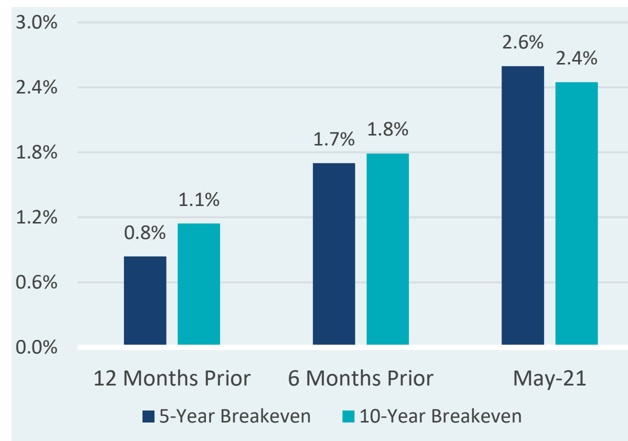
Source: Bloomberg, as of 5/31/21

NOMINAL YIELDS



Source: Morningstar, as of 5/31/21

BREAKEVEN INFLATION RATES



Source: Bloomberg, as of 5/31/21

Global markets

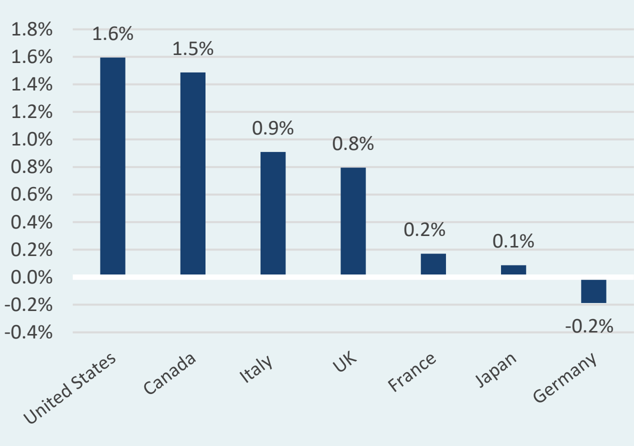
— International developed equities (MSCI EAFE +3.3%) outpaced other major world indexes including emerging markets (MSCI EM +2.3%) and U.S. markets (S&P 500 +0.7%).

— The Organization for Economic Cooperation and Development rose its forecast for global economic growth to 5.8% for 2021 and 4.4% for 2022. The OECD's chief economist warned that although the global economy has improved substantially, there remain obstacles, and that central banks in advanced economies should keep financial conditions relaxed and tolerate short-term inflation overshoots.

— MSCI UK Index posted a +4.0% return in U.S. Dollar terms. The pound was up +2.7% against the dollar in the month of May. U.S. investors who decided to hedge their investments underperformed by -2.6%.

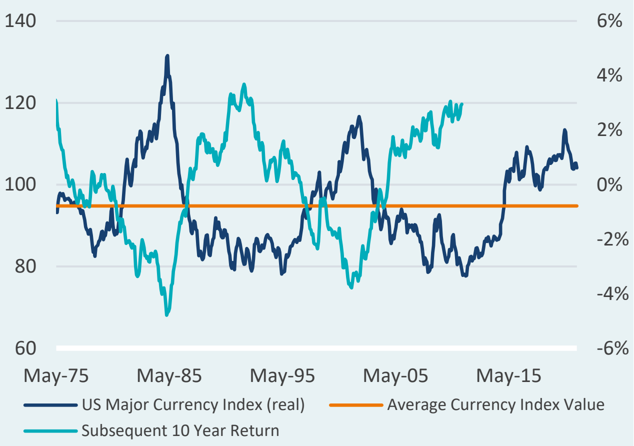
— Emerging market countries are on track to vaccinate less than one-third of their citizens this year, compared to the 72% projected for developed nations. This disparity in vaccine access may result in a longer road to recovery for less developed economies and may delay the rebound in global economic growth.

GLOBAL SOVEREIGN 10-YEAR YIELDS



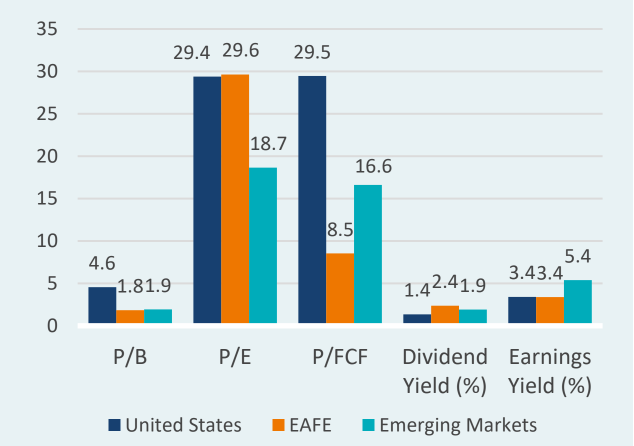
Source: Bloomberg, as of 5/31/21

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 5/31/21

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 5/31/21

Commodities

— The Bloomberg Commodity Index gained +2.7% over the month. The Precious Metals Sub-Index was the best performing component of the overall index, the sub-index returned +7.8% in May and brought its year-to-date return into positive territory. The Grains (-3.9%) and Agriculture (-0.9%) sub-indexes were the only major components to decline over the month.

— The Bloomberg Energy Sub-Index gained +3.3% over the month as oil prices rose on a stronger demand outlook. The reopening economy has sent the price of oil up 36.7% since the start of the year and WTI crude oil prices closed the month at $66.32 per barrel.

— Precious metals were up +7.8% as the price of gold advanced to its highest level in five months. Gold prices rose above $1,900 per ounce, driven in part by investors' growing concern around the risk of inflation on portfolios as well as broad weakness in the U.S. Dollar.

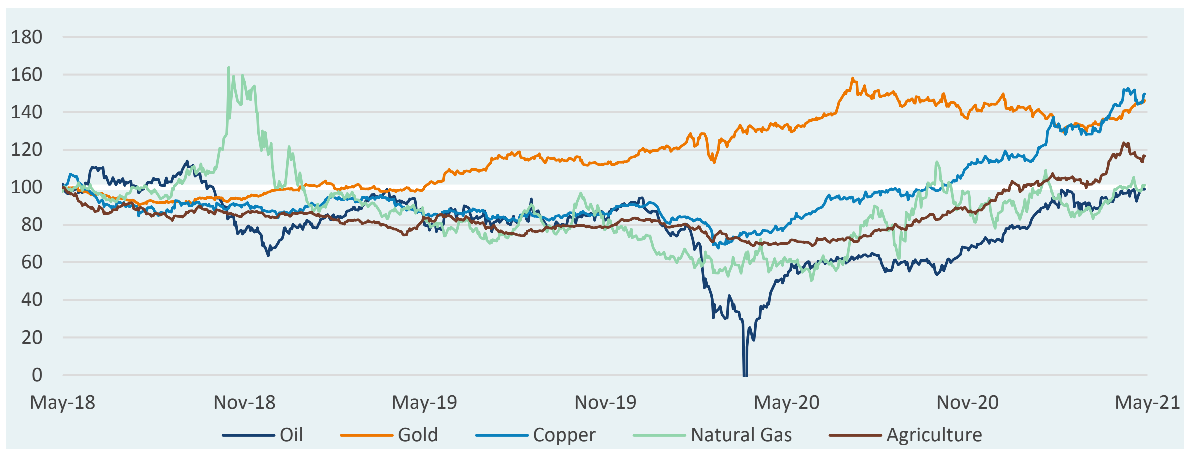
— The Bloomberg Grains Sub-Index (-3.9%) was the worst performing sub-index in the overall commodities basket. A strong planting season as well as ample amounts of rain in the U.S. Midwest has reduced some of the pressure on global corn and soybean supplies.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	2.7	8.9	18.9	46.2	2.1	2.9	(5.1)
Bloomberg Agriculture	(0.9)	11.0	20.7	66.8	6.6	0.8	(3.9)
Bloomberg Energy	3.3	6.6	29.7	41.4	(12.9)	(5.3)	(13.7)
Bloomberg Grains	(3.9)	11.3	20.6	65.8	7.1	0.3	(3.9)
Bloomberg Industrial Metals	3.8	10.3	21.5	64.9	7.0	13.2	(1.3)
Bloomberg Livestock	2.9	6.8	11.9	19.5	(5.0)	(4.5)	(3.4)
Bloomberg Petroleum	4.3	8.7	36.9	78.5	(8.1)	0.1	(9.0)
Bloomberg Precious Metals	7.8	8.9	1.3	14.3	13.1	8.5	(0.2)
Bloomberg Softs	5.3	6.7	16.7	52.2	0.7	(2.2)	(8.2)

Source: Morningstar, as of 5/31/21

COMMODITY PERFORMANCE



Source: Bloomberg, as of 5/31/21

Appendix

Periodic table of returns

BEST

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	5-Year	10-Year
Small Cap Value	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	27.5	22.1	17.0
Commodities	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	18.9	17.6	14.4
Large Cap Value	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	18.4	17.5	12.8
Small Cap Equity	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	15.3	16.0	11.9
Large Cap Equity	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	12.1	13.9	11.5
International Equity	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.4	14.0	10.1	13.8	10.6
Emerging Markets Equity	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.0	10.3	7.3	12.3	8.8
Large Cap Growth	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	6.3	9.9	6.8
60/40 Global Portfolio	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	5.5	9.8	5.9
Hedge Funds of Funds	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	4.7	6.0	4.1
Small Cap Growth	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	4.1	5.8	3.7
Real Estate	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	1.7	3.2	3.3
Cash	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	0.0	2.9	0.6
US Bonds	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-2.3	1.1	-5.1

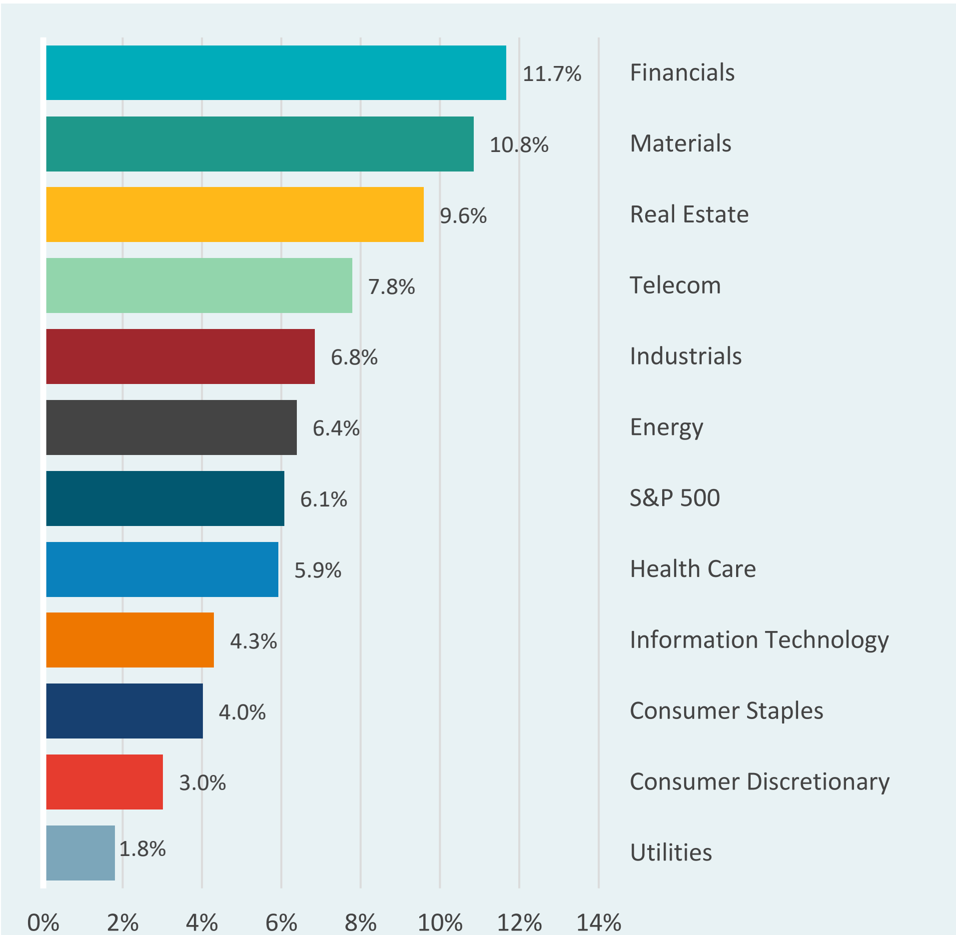
WORST

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

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 3/31/21.

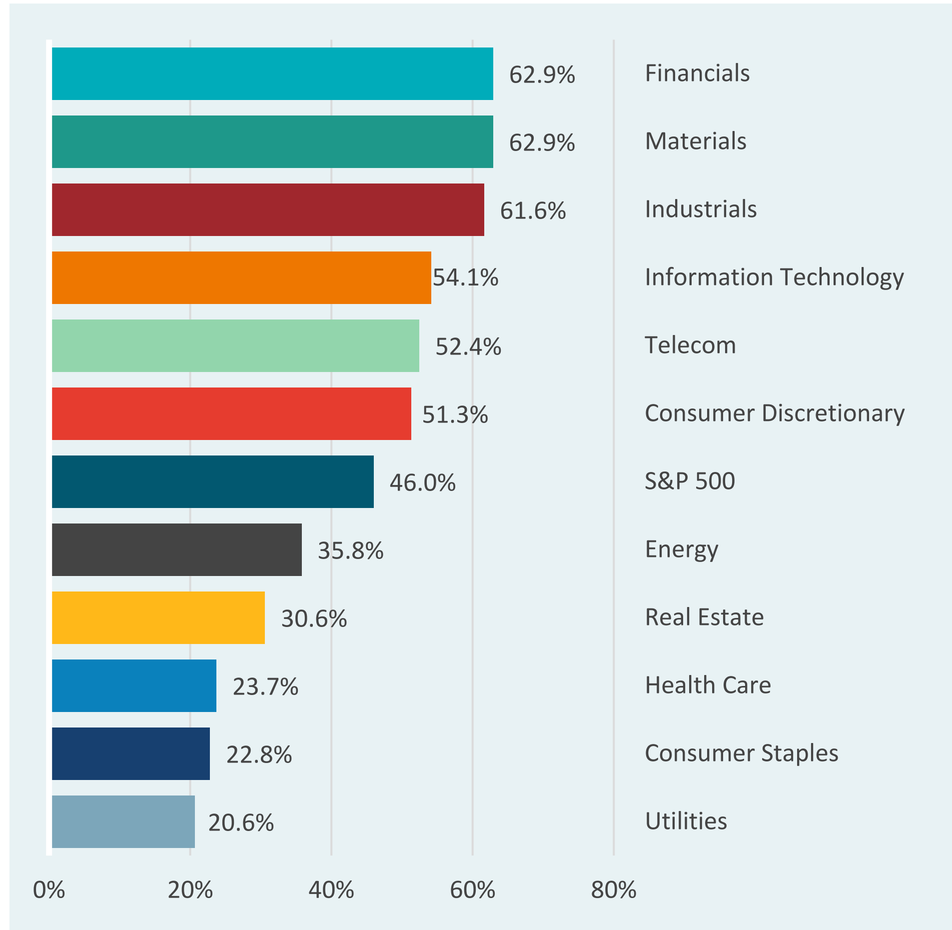
S&P 500 sector returns

QTD



Source: Morningstar, as of 5/31/21

ONE YEAR ENDING MAY



Source: Morningstar, as of 5/31/21

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	0.7	6.1	12.6	40.3	18.0	17.2	14.4
S&P 500 Equal Weighted	1.9	6.8	19.0	52.9	16.7	15.6	13.5
DJ Industrial Average	2.2	5.1	13.8	38.8	14.8	16.9	13.4
Russell Top 200	0.4	5.9	11.3	40.1	19.3	18.3	15.0
Russell 1000	0.5	5.9	12.1	42.7	18.4	17.5	14.4
Russell 2000	0.2	2.3	15.3	64.6	13.1	16.0	11.9
Russell 3000	0.5	5.6	12.3	43.9	18.0	17.4	14.2
Russell Mid Cap	0.8	5.9	14.6	50.3	16.1	15.4	12.8
Style Index							
Russell 1000 Growth	(1.4)	5.3	6.3	39.9	23.0	22.1	17.0
Russell 1000 Value	2.3	6.4	18.4	44.4	12.9	12.3	11.5
Russell 2000 Growth	(2.9)	(0.7)	4.1	50.1	14.5	17.6	12.8
Russell 2000 Value	3.1	5.2	27.5	79.4	10.7	13.8	10.6

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	1.6	6.0	10.8	41.8	13.9	14.2	9.6
MSCI ACWI ex US	3.1	6.2	9.9	42.8	8.9	10.9	5.4
MSCI EAFE	3.3	6.4	10.1	38.4	8.2	9.8	5.9
MSCI EM	2.3	4.9	7.3	51.0	9.6	13.9	4.1
MSCI EAFE Small Cap	2.0	6.1	10.9	45.3	8.3	11.2	8.4
Style Index							
MSCI EAFE Growth	3.0	7.4	6.8	35.2	12.0	12.1	7.6
MSCI EAFE Value	3.5	5.4	13.3	41.5	4.1	7.2	4.0
Regional Index							
MSCI UK	4.0	8.6	15.3	36.5	2.4	5.4	3.6
MSCI Japan	1.6	0.0	1.6	25.2	6.4	9.7	7.3
MSCI Europe	0.4	9.0	(1.9)	1.2	5.3	3.7	3.6
MSCI EM Asia	1.2	3.7	5.9	52.5	11.2	15.9	6.8
MSCI EM Latin American	8.0	12.0	6.0	48.5	3.0	7.6	(2.7)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	1.2	2.6	1.1	7.1	6.5	4.5	3.4
BBgBarc US Treasury Bills	0.0	0.0	0.0	0.1	1.4	1.2	0.7
BBgBarc US Agg Bond	0.3	1.1	(2.3)	(0.4)	5.1	3.2	3.3
BBgBarc US Universal	0.4	1.2	(1.9)	1.2	5.3	3.7	3.6
Duration							
BBgBarc US Treasury 1-3 Yr	0.1	0.1	0.1	0.3	2.8	1.8	1.2
BBgBarc US Treasury Long	0.5	2.8	(11.1)	(13.6)	6.8	3.6	6.1
BBgBarc US Treasury	0.3	1.1	(3.2)	(3.7)	4.4	2.5	2.7
Issuer							
BBgBarc US MBS	(0.2)	0.4	(0.7)	(0.5)	3.8	2.4	2.7
BBgBarc US Corp. High Yield	0.3	1.4	2.2	15.0	7.1	7.4	6.4
BBgBarc US Agency Interm	0.3	0.6	(0.5)	0.1	3.3	2.1	1.8
BBgBarc US Credit	0.7	1.8	(2.7)	3.3	6.7	4.8	4.7

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	2.7	11.2	18.9	46.2	2.1	2.9	(5.1)
Wilshire US REIT	1.3	9.5	19.1	36.5	10.6	7.1	8.7
CS Leveraged Loans	0.5	1.0	3.1	12.7	4.3	5.0	4.4
Alerian MLP	7.6	15.3	40.6	43.2	(3.2)	(1.9)	0.9
Regional Index							
JPM EMBI Global Div	1.1	3.3	(1.4)	10.5	6.0	5.4	5.7
JPM GBI-EM Global Div	2.5	4.8	(2.2)	8.4	3.5	4.7	0.6
Hedge Funds							
HFRI Composite	1.7	3.9	9.9	29.9	8.5	8.0	5.0
HFRI FOF Composite	0.5	2.7	4.7	20.4	6.1	6.0	3.7
Currency (Spot)							
Euro	1.6	4.0	(0.1)	9.9	1.6	1.9	(1.6)
Pound Sterling	2.7	3.0	4.0	15.0	2.2	(0.5)	(1.5)
Yen	(0.1)	1.0	(5.6)	(1.5)	(0.2)	0.3	(2.9)

Source: Morningstar, HFRI, as of 5/31/21

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	24.5	15.6	13.1	12.1
Global Private Equity Direct Funds *	32.2	19.9	17.5	14.8
U.S. Private Equity Direct Funds *	33.5	21.6	17.9	16.1
Europe Private Equity Direct Funds *	30.8	19.1	20.1	13.2
Asia Private Equity Direct Funds *	28.1	14.8	14.1	12.9
Public Index Time-weighted Returns				
MSCI World	15.9	10.5	12.2	9.9
S&P 500	18.4	14.2	15.2	13.9
MSCI Europe	5.4	3.6	6.8	5.3
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	1.6	6.6	8.0	11.8
Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	(8.0)	3.4	4.8	8.3

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	9.7	8.3	10.0	10.2
Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	2.8	4.2	5.3	4.0

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	(13.4)	(6.9)	(0.2)	(0.0)
Global Infrastructure	10.0	9.4	11.5	10.0
Public Index Time-weighted Returns				
S&P Global Natural Resources	0.7	1.0	10.9	0.6
S&P Global Infrastructure	(5.8)	2.7	7.9	6.5

Source: Pooled IRRs are from Thompson Reuters C|A and Time-weighted Returns are from Investment Metrics, as of December 31st, 2020. All returns in U.S. Dollars.

** Includes Buyout, Growth Equity and Venture Capital.*

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

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

Notices & disclosures

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Board of Trustees
1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org

San Luis Obispo County Pension Trust
SLOCPT

Date: June 28, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 10: Asset Allocation - May 2021

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action, if necessary, regarding asset allocation and related investment matters.

As a report on current asset allocation relative to the 2021 Interim SAA Target Allocation the following table provides details. Asset values may differ slightly from those shown in the Monthly Investment report due when the report was run as various market values are finalized for month-end.

Three added investment portfolios that have been previously approved –

- Short Duration bond portfolio – Liquidity
- Treasury Bonds - Risk Diversifying
- TIPS - Risk Diversifying

are in the final stages of custodian bank account set up and document finalization and should be funded at the end of June or in early July. These changes are not yet reflected in the following table that is as of the end of May.

FFP Asset Mix	Est. Market Value ($000s) 05/31/21	% Allocation	SAA Target Allocation 2021 Interim	Variance
Bank (operating)	1,934	0.1%	-	0.1%
SLOC Treasury	28,589	1.7%	1.7%	0.0%
JPM short term	66,825	4.0%	0.3%	3.7%
Short Duration	-	0.0%	2.0%	-2.0%
LIQUIDITY	97,348	5.8%	4.0%	1.8%
Equity- Public Mkt US	400,656	24.0%	22.0%	2.0%
Equity- Public Mkt Intl	360,557	21.6%	18.0%	3.6%
Equity- Public Mkt Global	-	0.0%	0.0%	0.0%
Bank Loans	76,994	4.6%	3.0%	1.6%
Bonds- Intl.	71,696	4.3%	4.0%	0.3%
Bonds- Emerging Mkts	74,465	4.5%	4.0%	0.5%
Real Estate- Core	142,671	8.6%	12.0%	-3.4%
Real Estate- Value Add	40,192	2.4%	1.5%	0.9%
Infrastructure	-	0.0%	1.5%	-1.5%
Private Equity	100,748	6.0%	8.0%	-2.0%
Private Credit	101,090	6.1%	7.0%	-0.9%
GROWTH	1,369,068	82.1%	81.0%	1.1%
Bonds- Core	200,400	12.0%	10.0%	2.0%
Long Treasuries	-	0.0%	3.0%	-3.0%
TIPS	-	0.0%	2.0%	-2.0%
RISK DIVERSFYING	200,400	12.0%	15.0%	-3.0%
TOTAL	1,666,816	100.0%	100.0%	

Respectfully submitted,