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 (revised)

PENSION TRUST
BOARD OF TRUSTEES

Monday, June 27, 2022 9:30 AM
Board of Supervisors Chambers
County Government Center
San Luis Obispo, CA 93408

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.

IN-PERSON MEETING
This meeting of the Board of Trustees will be held as an in-person meeting at the place shown above. The meeting may be available for online viewing by accessing -

https://us06web.zoom.us/j/81794161747?pwd=QU0vM0I4Y2FzM0hwR3lQUVd6N1Zzdz09

Passcode: 142297

If you wish to listen via phone to the meeting, please dial 669/900-6833 (Meeting ID 817 9416 1747). 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

See agenda item 21 below

C) CONSENT

2. Minutes of the Regular Meeting of May 23, 2022 (Approve Without Correction).

3. Report of Deposits and Contributions for the month of May 2022 (Receive and File).

4. Report of Service Retirements, Disability Retirements and DROP Participants for the month of May 2022 (Receive, Approve and File).

5. *reserved*

D) APPLICATIONS FOR DISABILITY RETIREMENT

6. Application for Industrial Disability Retirement – Case 2022-02 (Recommend Approval).

7. *reserved*

E) OLD BUSINESS

None

F) NEW BUSINESS

8. Audited Financial Statements for the period ended December 31, 2021 – Annual Comprehensive Financial Report – presentation by Andy Paulden and Paul Sahota, CPAs of Brown Armstrong Accountancy (Recommend Receive, File and Direct Staff to Distribute in accordance with the Retirement Plan)

9. January 1, 2022 Actuarial Valuation and Pension Contribution Rates - Presentation by Anne Harper and Alice Alsberghe, Cheiron - Plan Actuary (Approve, Receive and File, Approve Pension Contribution Rates).

10. Employer Contributions FY22-23 Prefunding Amount (Recommend Approval)

11. Conflict of Interest Policy – Biennial Review (Recommend Approval)

G) INVESTMENTS

12. Verus Investment Consultant Contract Addendum – fees (Recommend Approval)

13. Monthly Investment Report for May 2022 (Receive and File)

14. Core Infrastructure Fund – Indemnification Provisions (Recommend Approval)

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

H) OPERATIONS

16. Staff Reports

17. General Counsel Reports

18. Committee Reports:

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

19. Upcoming Board Topics (subject to change)

    i. July 25, 2022 – planned as a non-meeting month

    ii. August 22, 2022
        a. Disability (TBD)
        b. Trustee Education
        c. Mid-Year Unaudited Financial Statements
        d. Quarterly Investment Report
        e. Investment Policy Statement review
        f. TBD

iii. September 26, 2022 – regular meeting
   a. Disability (TBD)
   b. Alternative Investments Fee Disclosure
   c. TBD
   d. Executive Director evaluation

iv. September 26, 2022 – Strategic Planning Session
   a. Asset/Liability Study planning
   b. Pension Trust 5-year Strategic plan
   c. Staff Continuity Planning
   d. Investment Policy Statement – Trustee discussion
   e. Fiduciary Briefing – ESG Investment Criteria

20. Trustee Comments

I) ORGANIZATIONAL

21. Resolution 2022-04 – Honoring and Thanking Trustee Dacus (Recommend Approval)

J) CLOSED SESSION

None

K) ADJOURNMENT

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MINUTES

Monday, May 23, 2022
Regular Meeting of the Pension Trust
Board of Trustees

PENSION TRUST
BOARD OF TRUSTEES

Board Members Present:	Jeff Hamm	
	Jim Hamilton	
	Taylor Dacus	
	David Grim	
	Michelle Shoresman	
Board Members Absent:	Lisa Howe	
	Gere Sibbach	
Pension Trust Staff:	Carl Nelson	Executive Director
	Amy Burke	Deputy Director
	Jennifer Alderete	Accountant
General Counsel:	Chris Waddell	Olson | Remcho
Others:	Larry Batchelder	SLOCREA
	Kevin Blanchard	Journalist – withintelligence.com
	Kate Quenzer	Voya
	Gavin Gruenberg	Voya
	T. Price	
	Lisa Winter	SLOCPT staff
	Anna Bastidos	SLOCPT staff
	Gere Sibbach	Trustee (observing only)

Call to Order: 9:34 AM by President Hamm

A) PUBLIC COMMENT

1. None

B) ORGANIZATIONAL

14. Committees – appointment of members by President.
    i) Audit Committee (standing committee)
        a. Appointment of an interim Audit Committee member to serve until Trustee Howe returns from leave later in 2022

        (agenda item number out of sequence as a later revision to the agenda)

Discussion: The Audit Committee consists of three members. The Audit Committee exit meeting with the auditors was scheduled for Wednesday, May 25. Currently, Trustee Howe is on leave, and Trustee Sibbach is unable to attend the meeting. In order to maintain a quorum, President Hamm appointed himself as interim Audit Committee member until Trustee Howe returns from leave.

Public Comment: None

C) CONSENT

2. Minutes of the Regular Meeting of March 28, 2022 (Approve Without Correction).

3. Reports of Deposits and Contributions for the months of March and April 2022 (Receive and File).

4. Reports of Service Retirements, Disability Retirements and DROP Participants for the months of March and April 2022 (Receive, Approve and File).

5. Monthly Investment Report for March 2022 (Receive and File).

6. Resolution Modifying and Affirming Investment and Banking authority – Resolution 2022-03 (Recommend Approval).

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

Motion: Approve the Consent items

Discussion: -

Public Comment: None

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

Carried: Unanimous

D) APPLICATIONS FOR DISABILITY RETIREMENT

8. Application for Ordinary Disability Retirement – Case 2021-05

Motion: Approve Staff recommendation to approve Ordinary Disability Retirement case 2021-05.

Discussion: Deputy Director Burke presented the staff recommendation.

Public Comment: None

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

Carried: Unanimous

9. Application for Industrial Disability Retirement – Case 2021-06

Motion: Approve Staff recommendation to approve Industrial Disability Retirement case 2021-06.

Discussion: Deputy Director Burke presented the staff recommendation.

Public Comment: None

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

Carried: Unanimous

10. Application for Industrial Disability Retirement – Case 2021-08

Motion: Approve Staff recommendation to approve Industrial Disability Retirement case 2021-08.

Discussion: Deputy Director Burke presented the staff recommendation.

Public Comment: None

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

Carried: Unanimous

11. Application for Industrial Disability Retirement – Case 2022-01

Motion: Approve Staff recommendation to approve Industrial Disability Retirement case 2022-01.

Discussion: Deputy Director Burke presented the staff recommendation. Trustee Shoresman inquired about the member not being vested. Deputy Director Burke explained that minimum vesting requirements are waived when the member applies for Industrial Disability.

Public Comment: None

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

Carried: Unanimous

12. Application for Industrial Disability Retirement – Case 2021-07

Motion: Approve Staff recommendation to approve Industrial Disability Retirement case 2021-07.

Discussion: Deputy Director Burke presented the staff recommendation.

Public Comment: None

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

Carried: Unanimous

13. *reserved*

E) OLD BUSINESS

None

F) NEW BUSINESS

15. January 1, 2022, Biennial Experience Study – Presentation by Anne Harper and Alice Alsberghe, Cheiron – Plan Actuary

Motion: Receive and file the January 1, 2022, Biennial Experience Study

Discussion: Anne Harper and Alice Alsberghe, Actuaries with Cheiron, presented a draft of the 2022 Actuarial Experience Study report. The presentation went into significant detail about the five year experience patterns of retirement plan data. Extensive discussions were held on Cheiron's recommendations from the Experience study to inform the selection of realistic actuarial assumptions for the 2022 Annual Actuarial Valuation. Throughout, Trustees asked various questions.

Public Comment: None

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

Carried: Unanimous

16. Actuarial Valuation – 2022 Actuarial Assumptions Approval

Motion: Approve actuarial assumptions for the January 1, 2022, Actuarial Valuation as recommended in the Staff memo.

Discussion: Anne Harper and Alice Alsberghe, Actuaries with Cheiron, presented the preliminary results of the January 1, 2022 Actuarial Valuation report using the actuarial assumptions recommended for change. Throughout, Trustees asked various questions. The recommended actuarial assumption changes were detailed in the Staff memo. Particularly significant assumption changes include –

Inflation rate	increase from 2.25% to 2.50%
Real Rate of Return	decrease from 4.50% to 4.25%
Discount Rate (expected return)	unchanged at 6.75%
Retiree COLAs Tiers 1&2	increase from 2.50% to 2.75%
Retiree COLAs Tier 3	unchanged at maximum of 2.00%
Salary Increase (with merit)	increase from 2.75% to 3.00%
Payroll Growth	increase from 2.75% to 3.00%

+ various minor demographic assumption changes

The preliminary estimate by Cheiron of the effect on pension contribution rates from actual 2021 experience as well as all the actuarial assumption changes recommended in the Staff memo is for an aggregate increase of 2.47% of pay. This estimate is subject to change in the final 2022 Actuarial Valuation and will be further detailed into increases for Miscellaneous, Probation and Safety classes. The final increase will also be adjusted for any deferred implementation dates requested by the Plan Sponsor. The 2022 Actuarial Valuation will be presented at the June 27, 2022, Board of Trustees meeting for approval.

Public Comment: None

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

Carried: Unanimous

17. Administrative Budget for Fiscal Year 2022-2023 – Proposed

Motion: Approve the Staff recommendation on SLOCPT's FY 22-23 Administrative Budget as presented.

Discussion: Deputy Director Burke presented the Staff recommendation on SLOCPT's administrative budget for FY22-23. Trustees asked questions and commented on the budget.

Public Comment: None

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

Carried: Unanimous

11:12 AM - President Hamm called for a 15-minute break.

11:31 AM – Back in session

G) INVESTMENTS

18. Quarterly Investment Report for the 1st Quarter of 2022 – Verus

Motion: 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 1Q22.

Public Comment: None

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

Carried: Unanimous

19. Monthly Investment Report for April 2022

Motion: Receive and file the monthly investment report.

Discussion: Executive Director Nelson presented the report.

Public Comment: None

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

Carried: Unanimous

20. Core Infrastructure Recommendation – Verus

Motion: Approve the Investment Consultant and Staff recommendation of Brookfield Asset Management as investment manager for initial $30M investment in Infrastructure via the Brookfield Super-Core Infrastructure Partners (BSIP) Core Infrastructure Open-End fund.

Discussion: Scott Whalen of Verus presented materials on multiple core infrastructure open-end funds and recommended the Brookfield fund.

Public Comment: None

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

Carried: Unanimous

21. *reserved*

22. Asset Allocation

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

Public Comment: None

No Action Necessary

H) OPERATIONS

23. Staff Reports

i. Overpayments due to unreported death of retiree and spouse: Deputy Director Burke provided an update regarding the overpayments reported at the March 28, 2022, Board of Trustees meeting. Staff has been working closely with a relative to secure repayment from the estate, and a lien may be placed on property in order to receive the funds owed to SLOCPT.

ii. 2021 Audit of Financial Statements: Executive Director Nelson reported that the 2021 audit was in process and no issues were noted at the Management exit meeting in April. In addition, the 2020 Annual Comprehensive Financial Report (ACFR) was submitted to the GFOA's Certificate of Achievement Program in July 2021 and earlier in the month SLOCPT was notified that the 2020 ACFR had received the Certificate of Achievement.

iii. SLOCPT Presentations: Executive Director Nelson reported on the annual update presentation he made to the San Luis Obispo County Retired Employees Association (SLOCREA) as well as the pension overview/refresher presentation he made to the Unrepresented Employees Committee (UEC).

iv. Trustee Elections: Executive Director Nelson reported that Trustee Dacus as the incumbent was the only candidate who filed a statement of interest with the Clerk – Recorder's Office. As a result, the election will be canceled and the Clerk – Recorder's Office will prepare a Board of Supervisors item certifying Trustee Dacus for another three-year term from July 2022 through June 2025.

24. General Counsel Reports

    None

25. Committee Reports:
    i. Audit Committee — No Report
    ii. Personnel Committee — No Report
    iii. Private Markets Investments (ad hoc) — No Report

26. Upcoming Board Topics – published on meeting agenda

27. Trustee Comments
    i. Trustee Grim noted he spoke with a subcommittee of the UEC regarding pension benefits. He also reported on the CALAPRS Trustees Roundtable, and thanked SLOCPT Staff for the Trustee education provided.
    ii. Trustee Hamilton reported on a CALAPRS Trustees Round Table he attended that focused on Private Equity.

I) CLOSED SESSION

None

J) ADJOURNMENT

There being no further business, the meeting was adjourned at 12:42 PM. The next Regular Meeting was set for June 27, 2022, at 9:30 AM, in the Board of Supervisors chambers, County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

Carl Nelson
Executive Director

REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
MAY 2022

PP 9 **5/6/2022** **By Employer and Tier:**	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	**TOTAL Contributions**
County Tier 1	2,743,362.52	841,422.12	30.67%	380,735.93	233,310.79	22.38%	53.05%	2,487.50	1,191.83	**1,459,148.17**
County Tier 2	967,523.13	308,799.99	31.92%	64,371.11	82,483.62	15.18%	47.09%	-	-	**455,654.72**
County Tier 3	4,220,096.44	1,276,293.36	30.24%	592,285.10	-	14.03%	44.28%	-	610.15	**1,869,188.61**
Superior Court Tier 1	228,263.46	68,183.43	29.87%	46,944.85	-	20.57%	50.44%	-	-	**115,128.28**
Superior Court Tier 3	155,811.65	44,831.15	28.77%	24,395.69	-	15.66%	44.43%	-	81.71	**69,308.55**
APCD Tier 1	45,970.61	12,823.35	27.89%	7,643.98	3,680.19	24.63%	52.53%	-	-	**24,147.52**
APCD Tier 2	3,644.80	986.28	27.06%	505.89	209.58	19.63%	46.69%	-	-	**1,701.75**
APCD Tier 3	30,443.74	8,147.21	26.76%	4,995.25	-	16.41%	43.17%	-	-	**13,142.46**
SLOCPT Tier 1	8,101.67	2,347.86	28.98%	1,229.83	752.65	24.47%	53.45%	-	-	**4,330.34**
SLOCPT Tier 2	9,814.40	2,844.21	28.98%	554.52	911.75	14.94%	43.92%	-	-	**4,310.48**
SLOCPT Tier 3	13,079.60	3,786.54	28.95%	1,878.90	-	14.37%	43.32%	250.00	-	**5,915.44**
LAFCO Tier 3	7,709.60	2,394.61	31.06%	1,068.42	-	13.86%	44.92%	-	-	**3,463.03**
RTA Tier 2	28,057.40	8,246.06	29.39%	576.17	3,647.46	15.05%	44.44%	-	-	**12,469.69**
RTA Tier 3	12,934.61	3,989.16	30.84%	1,632.34	-	12.62%	43.46%	-	-	**5,621.50**
	8,474,813.63	2,585,095.33	30.50%	1,128,817.98	324,996.04	17.15%	47.66%	2,737.50	1,883.69	**$ 4,043,530.54**

PP 10 **5/20/2022** **By Employer and Tier:**	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	**TOTAL Contributions**
County Tier 1	2,739,168.16	840,153.74	30.67%	380,494.31	232,884.87	22.39%	53.06%	2,487.50	1,856.15	**1,457,876.57**
County Tier 2	974,952.78	310,837.70	31.88%	64,119.65	83,744.12	15.17%	47.05%	-	-	**458,701.47**
County Tier 3	4,276,171.87	1,292,355.66	30.22%	600,111.31	-	14.03%	44.26%	-	610.15	**1,893,077.12**
Superior Court Tier 1	229,148.18	68,441.15	29.87%	47,141.87	-	20.57%	50.44%	-	-	**115,583.02**
Superior Court Tier 3	160,034.80	45,969.02	28.72%	25,070.59	-	15.67%	44.39%	-	81.71	**71,121.32**
APCD Tier 1	45,970.62	12,823.36	27.89%	7,643.97	3,680.19	24.63%	52.53%	-	-	**24,147.52**
APCD Tier 2	3,644.80	986.28	27.06%	505.89	209.58	19.63%	46.69%	-	-	**1,701.75**
APCD Tier 3	31,245.95	8,360.35	26.76%	5,121.92	-	16.39%	43.15%	-	-	**13,482.27**
SLOCPT Tier 1	8,101.67	2,347.86	28.98%	1,229.83	752.65	24.47%	53.45%	-	-	**4,330.34**
SLOCPT Tier 2	9,814.40	2,844.21	28.98%	554.52	911.75	14.94%	43.92%	-	-	**4,310.48**
SLOCPT Tier 3	13,079.60	3,786.54	28.95%	1,878.90	-	14.37%	43.32%	250.00	-	**5,915.44**
LAFCO Tier 3	7,709.60	2,394.61	31.06%	1,068.42	-	13.86%	44.92%	-	-	**3,463.03**
RTA Tier 2	28,175.80	8,280.85	29.39%	580.62	3,662.85	15.06%	44.45%	-	-	**12,524.32**
RTA Tier 3	12,934.61	3,989.16	30.84%	1,632.34	-	12.62%	43.46%	-	-	**5,621.50**
	8,540,152.84	2,603,570.49	30.49%	1,137,154.14	325,846.01	17.13%	47.62%	2,737.50	2,548.01	**$ 4,071,856.15**
TOTAL FOR THE MONTH	**17,014,966.47**	**5,188,665.82**	**30.49%**	**2,265,972.12**	**650,842.05**	**17.14%**	**47.64%**	**5,475.00**	**4,431.70**	**$ 8,115,386.69**
TOTAL YEAR TO DATE	**84,818,555.11**	**25,837,731.54**	**30.46%**	**11,297,787.95**	**3,295,121.54**	**17.20%**	**47.67%**	**24,775.00**	**51,326.11**	**$ 40,506,742.14**

REPORT OF RETIREMENTS	May 2022

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Cornett, Cynthia G	Sheriff-Coroner	Service Retirement	05/05/2022	789.30	False
Daguio, Juan T	Facilities Management	DROP	05/01/2022	2,126.31	False
Garcia, Suzanne L	Department of Social Services	Service Retirement	04/30/2022	4,795.35	False
Kaminski, Donna M	Sheriff-Coroner	Service Retirement	04/30/2022	2,518.35	False
Lovato, John M	Probation Department	Service Retirement	05/23/2022	588.00	False
Rak, Frank A	Public Works ISF	Service Retirement	05/06/2022	4,798.30	True
Rak, Frank A	Public Works ISF	Additional Annuity	05/06/2022	166.47	False
Rowe, David L	Sheriff-Coroner	Service Retirement	05/14/2022	2,307.86	False
Shapiro, Idee	Behavioral Health	Service Retirement	05/05/2022	4,521.13	False
Sullivan, Andrew	Public Works ISF	Non Duty Disability Retirement	10/16/2021	1,515.92	False
Wahler, Terry J	Planning Department	DROP	05/01/2022	6,646.52	False
Wahler, Terry J	Planning Department	Additional Annuity	05/01/2022	45.50	False

** 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 27, 2022

To: Board of Trustees

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

Agenda Item 8: Audited Financial Statements and Report to the Board for the period ended December 31, 2021 – Annual Comprehensive Financial Report –Presentation by Andy Paulden, CPA, Lindsay Zimmerman, CPA and Paul Sahota, 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, 2021 that are presented here as the 2021 Annual Comprehensive Financial Report (ACFR).
2. Authorize and Direct the Executive Director to transmit the 2021 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 25, 2022, the Audit Committee and Staff met with SLOCPT's audit firm, Brown Armstrong. Andy Paulden, CPA and Paul Sahota represented the firm and presented a review of the results of the Financial Audit of SLOCPT for the year 2021. 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 2021 ACFR to the parties listed in the recommendation, will complete the activities of the 2021 Financial Audit.

Attachments:

1. Brown Armstrong 2021 Audit Results Presentation

2. Draft Annual Comprehensive Financial Report (ACFR) for year ended December 31, 2021

Respectfully Submitted,

The San Luis Obispo County Pension Trust

Results of the December 31, 2021 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: Andy Paulden, CPA
Paul Sahota, CPA

BROWN ARMSTRONG
Certified Public Accountants

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 25, 2022

- 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 – None • Significant estimates reviewed ✓ Fair value of investments ✓ Money-weighted rate of return ✓ Capital Assets ✓ Contributions and Net Pension Liability Estimates • Significant audit adjustments – 2 uncorrected immaterial misstatement due to lag in reporting for certain alternative investments and no contribution accrual • Disagreements with management – none

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.

Thank Staff/Questions?

Andy Paulden, CPA
Partner
Email: apaulden@bacpas.com

Paul Sahota, CPA
Manager
Email: psahota@bacpas.com

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

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, 2021

Annual Comprehensive Financial Report

For the Year Ended December 31, 2021

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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(805) 781-5465
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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Carl Nelson
Executive Director and
Chief Investment Officer

June 27, 2022

San Luis Obispo County Pension Trust
Board of Trustees

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, 2021.

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 20 through 24.

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 **Member 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.

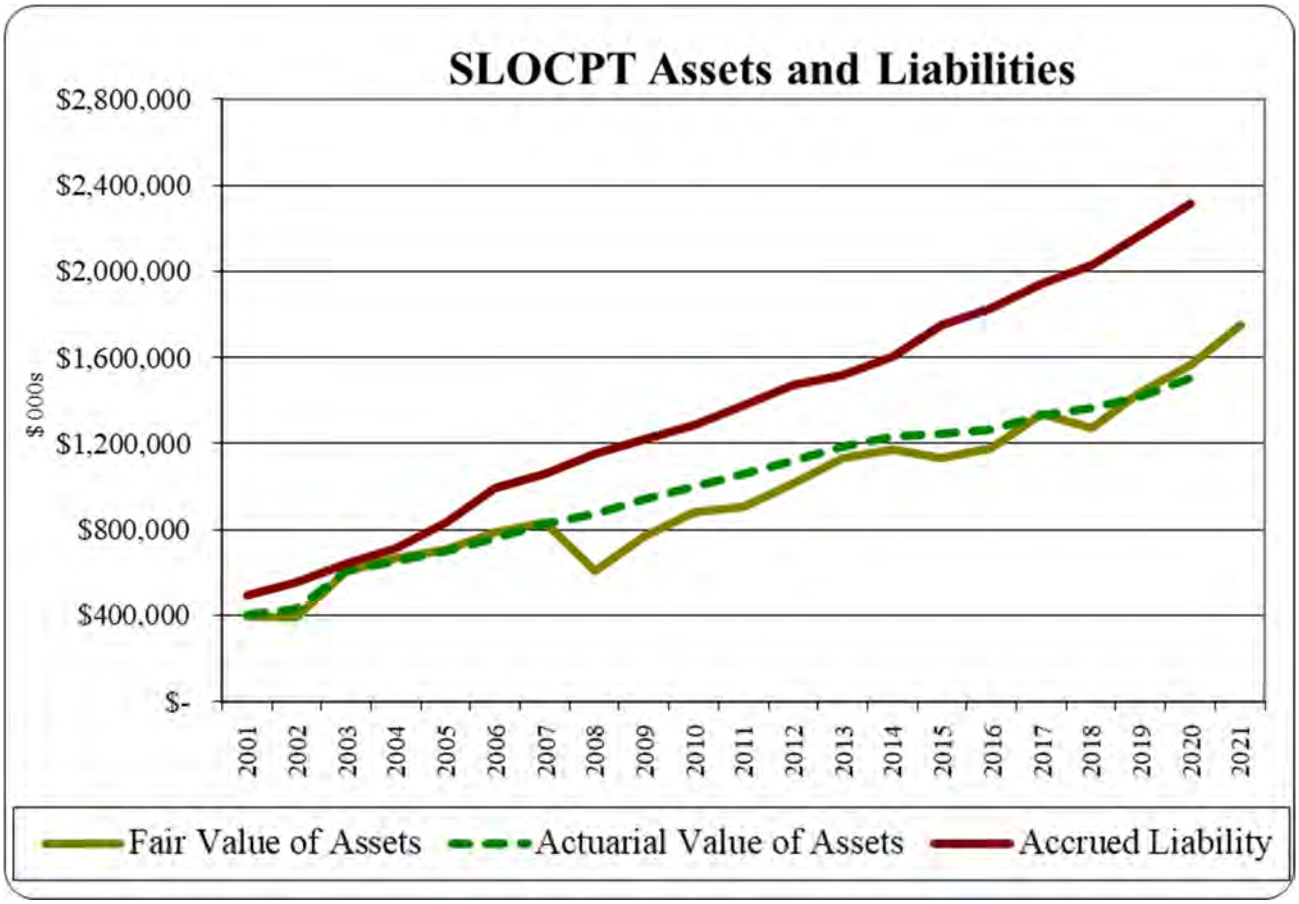
It is the policy of the County to contribute the full Total ADC each year through a combination of employer appropriations and member contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the timing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

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2021 valuation prepared by the Pension Trust's actuary, Cheiron. It is based on member data and financial results through December 31, 2020. The most recent biennial actuarial experience study, as of January 1, 2020, was completed by the Pension Trust's actuary through December 31, 2020, Gabriel Roeder Smith & Company. At the time of preparation of this ACFR, the January 1, 2022 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:



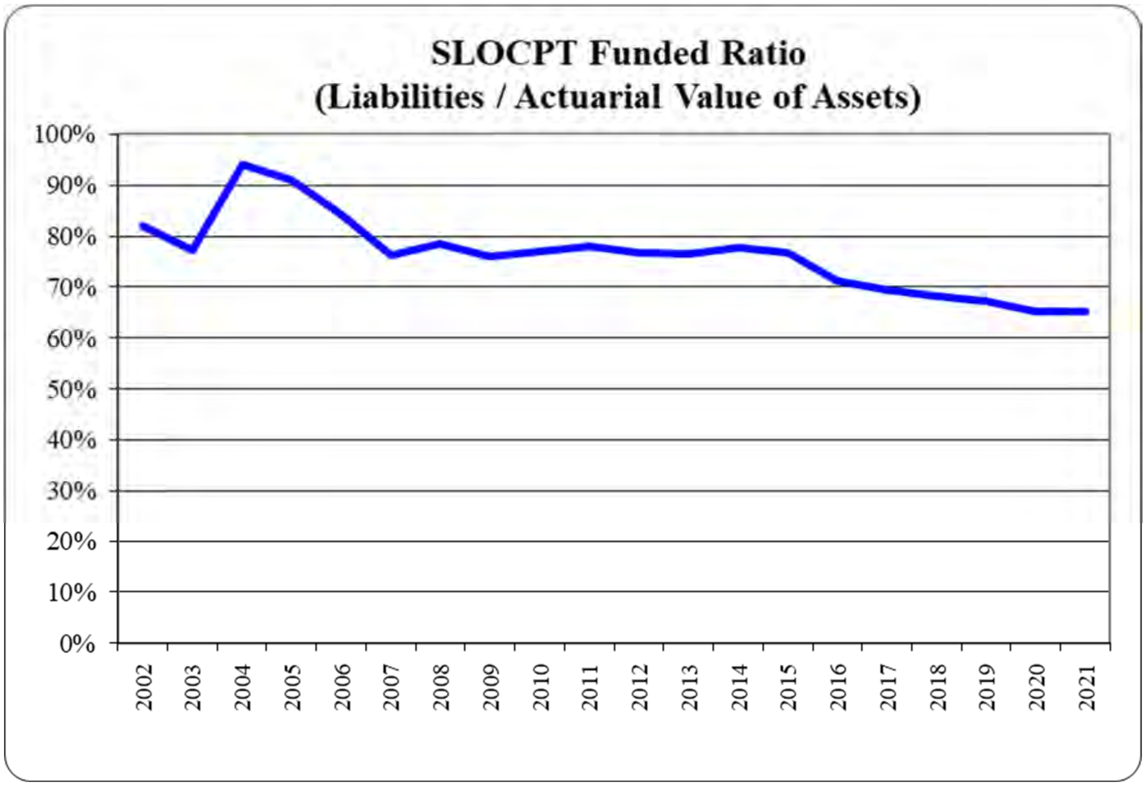
Source: Pension Trust financial records from annual actuarial valuations

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%
2021	6.750%

This reduced Earnings Assumption, combined with revised Inflation, Payroll Growth, Salary Growth, and Mortality Assumptions, Unfunded Actuarial Accrued Liability amortization methods, and numerous other actuarial gains and losses, contributed to the increase in the Actuarial Accrued Liability at year-end 2015 through 2020 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 65.3% as of year-end 2019 to 65.1% as of year-end 2020. 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 71 through 93.

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:

	2017	2018	2019	2020	2021
SLOCPT Total Returns	15.5%	-3.1%	16.3%	9.6%	15.2%

Source: Verus reports

For cumulative periods ending December 31, 2021, 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	15.2%	13.7%	10.4%	8.9%	6.5%

Source: Verus 4th Quarter 2021 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 53 through 70.

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 is continually aware 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 6,550 hard-working public servants included in the Plan. The promise of lifetime retirement income as a portion of the compensation for such service is the essence of the fiduciary responsibility of the Pension Trust. The social services, health services, public infrastructure, planning, justice system, emergency services, public safety, probation, 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. We are proud that this is indeed what happens – month after month. As of December 31, 2021, the Pension Trust paid benefit allowances to 3,172 retirees, disability recipients, beneficiaries, and survivors. During 2021, $117.4 million was paid by the Pension Trust to retirees, their beneficiaries (following the death of a retiree) and to disability retirants. The retirement benefits paid by the Pension Trust are spent on goods and services (with some amount presumably also saved) by our retirees and contribute materially to the local economy of wherever they live after retiring from County service.

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 and 2021 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 investments as part of the Growth sub-portfolio.

- **Private Market Investments** – To implement the asset allocation changes adopted in 2020 with their significant increases to Private Equity, Private Credit and Infrastructure, an extensive strategy revision and investment manager selection process was completed. Given the small-medium size of the Pension Trust, maintaining internal staffing to manage such an increased private markets portfolio is not cost-effective or advisable. With the assistance of the Pension Trusts general investment consultant (Verus) and a special project investment consultant (NEPC) the Pension Trust successfully selected a deep-organization investment firm to provide discretionary management of a dedicated Fund-of-One partnership. The Fund-of-One LP structure managed by HarbourVest Partners may eventually include approximately 35% of the Pension Trust's investments in a diversified portfolio of Private Equity, Private Credit and Infrastructure assets.

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, 2021 annual actuarial valuation. As part of the 2020 actuarial valuation, further changes in assumptions were planned for 2021. The current key actuarial assumptions used in the January 1, 2021 actuarial valuation (the most recent available as of the date of this writing) were as follows:

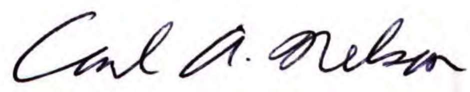
- 6.75% Earnings Assumption (net of fees)
- Administrative expenses explicitly included rather than being implicit in the Earnings Assumption (a more conservative treatment)
- 2.75% Salary Growth Assumption
- 2.75% Payroll Growth Assumption
- 2.25% Inflation Assumption
- Mortality Assumptions updated 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, 2022 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, 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2021

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

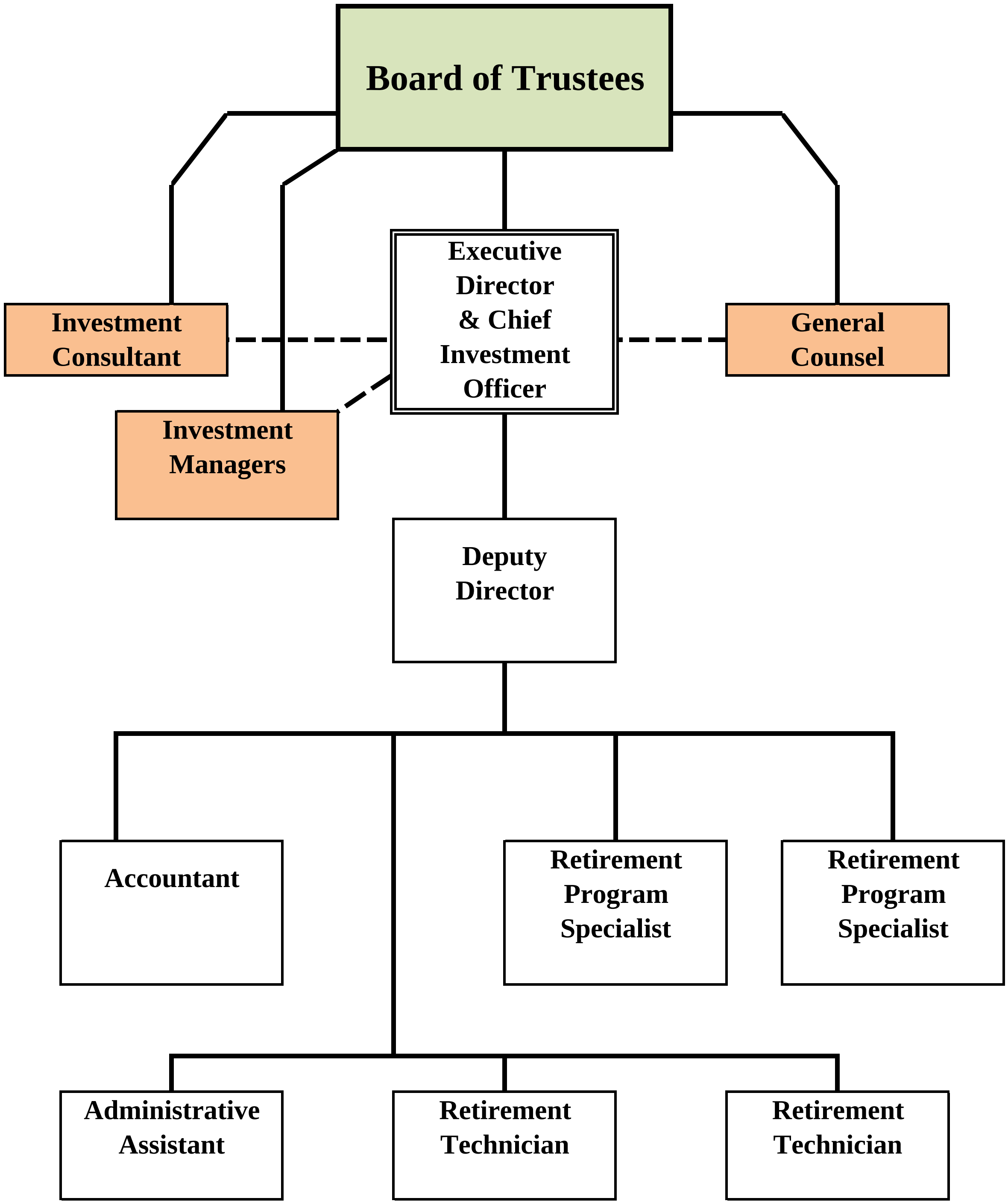
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Board of Trustees
As of December 31, 2021

San Luis Obispo County Pension Trust

Organization Chart - December 31, 2021



Additional information regarding investments can be found in the Schedule of Management Fees and Commissions, located on pages 67 and 68 in the Investment Section.

Professional Consultants

As of December 31, 20221

Actuary

Anne Harper, FSA, MAAA, EA
Cheiron

Legal Services

General Counsel
- Chris Waddell
- Olson Remcho LLP

Litigation
- Alan Blakeboro
- Reicker, Pfau, Pyle & McRoy LLP

Plan Qualification & Fiduciary Counsel
- Don Wellington
- Wellington Gregory, 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
- Sixth Street Partners

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

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Audit Committee
San Luis Obispo County Pension Trust
San Luis Obispo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Statement of Fiduciary Net Position of the San Luis Obispo County Pension Trust (the Plan), a pension trust fund of the County of San Luis Obispo, as of and for the year December 31, 2021, and the related Statement of Changes in Fiduciary Net Position for the year then ended and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2021, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the

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basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Plan's December 31, 2020, financial statements, and our report dated June 28, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated ________, 2022, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_________, 2022

San Luis Obispo County
Pension Trust
SLOCPT

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SAN LUIS OBISPO COUNTY
PENSION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

June 27, 2022

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, 2021. SLOCPT was established on November 1, 1958. Some ten years later, the San Luis Obispo County Board of Supervisors adopted the present Bylaws 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, 2021 was $1.750 billion. This represents an increase of $184 million or 11.7% from the year ended December 31, 2020. 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 2021 were $308.9 million, which includes member contributions and employer appropriations of $97.9 million and net investment income of $211.0 million. Comparatively, in 2020, additions to the Fiduciary Net Position were $244.5 million, which included member contributions and employer appropriations of $92.2 million and net investment income of $152.3 million. An increase of $62 million in realized and unrealized gains on investments was the main factor contributing to the net increase in total additions over prior year.

For the year ended December 31, 2021, deductions from the Fiduciary Net Position totaled $125.2 million, consisting of $121.1 million in payments to Plan members and their beneficiaries and $4.1 million in administrative and other expenses. 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. 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, 2021, the date of the last actuarial valuation that was approved in June 2021, the funded ratio for the Plan was 65.1%. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 65.1 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, 2021. 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 member contributions and through earnings in the investment portfolio (net of investment expense).

The Fiduciary Net Position restricted for pension benefits as of December 31, 2021 totaled $1.750 billion, an increase of $184 million from prior year-end. This increase was due primarily to a steady increase in realized and unrealized income across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2021. During 2021, the rate of return on investments, as measured by SLOCPT's investment consultant, was 15.2% gross of fees.

In comparison, the Fiduciary Net Position restricted for pension benefits as of December 31, 2020 totaled $1.566 billion, an increase of $127 million from the prior year. 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.

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

	2021	2020	Increase (Decrease)
Cash	$ 78,934,513	$ 61,481,889	$ 17,452,624
Investments at Fair Value	1,705,237,991	1,538,487,229	166,750,762
Securities Sold	64,842	1,171,266	(1,106,424)
Other Receivables and Other Assets	6,805,438	8,805,088	(1,999,650)
Total Assets	1,791,042,784	1,609,945,472	181,097,312
Total Liabilities	41,079,995	43,619,277	(2,539,282)
Net Increase in Fiduciary Net Position	183,636,594	127,321,992	56,314,602
Fiduciary Net Position, Beginning of Year	1,566,326,195	1,439,004,203	127,321,992
Fiduciary Net Position, End of Year	$ 1,749,962,789	$ 1,566,326,195	$ 183,636,594

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, 2021 totaled $308.9 million. Employer appropriations and Plan member contributions continue to increase.

Pensionable salaries for active members decreased $3.4 million or 1.57% for the year ended December 31, 2021 when compared to those earned in 2020. This decrease is largely due to the prior year consisting of 27 biweekly pay periods compared to 26 in the current year. In addition, pensionable salaries continue to reflect the annually changing balance of wage and employee population increases versus retirements of higher-wage senior employees and hiring of lower-wage new employees. 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, 2020 valuation, a contribution rate increase of 3.77% was implemented on January 1, 2021 for the Air Pollution Control District. For the remaining Plan participants, an increase of 4.13% in aggregate was implemented on July 1, 2021 with specific rate increases depending on bargaining unit. The increase in employer appropriations and member contributions experienced in 2021 was due to this contribution rate increase.

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

	Year Ended 2021	Year Ended 2020	Increase (Decrease)
Employer Appropriations	$ 61,177,212	$ 56,305,770	$ 4,871,442
Plan Member Contributions	36,699,913	35,888,642	811,271
Net Investment Income	210,984,718	152,250,551	58,734,167
Other Income	22,153	35,607	(13,454)
Total Additions	$ 308,883,996	$ 244,480,570	$ 64,403,426
Total Deductions	125,247,402	117,158,578	8,088,824
Net Change in Fiduciary Net Position	$ 183,636,594	$ 127,321,992	$ 56,314,602

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 2021, 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 2021	Year Ended 2020	Increase (Decrease)
Monthly Benefit Payments	$ 117,368,651	$ 109,135,137	$ 8,233,514
Refund of Contributions	3,314,923	3,167,517	147,406
Death Benefits	441,485	864,963	(423,478)
Administration and Actuarial	2,797,340	2,569,774	227,566
Prefunded Discount Amortization	1,325,003	1,421,187	(96,184)
Total Deductions	$ 125,247,402	$ 117,158,578	$ 8,088,824

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.

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, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 78,934,513	$ 61,481,889
Receivables		
Accrued Interest and Dividends Receivable	508,739	585,293
Accounts Receivable	14,251	25,130
Contributions Receivable	-	1,272,067
Securities Sold	64,842	1,171,266
Total Receivables	587,832	3,053,756
Investments, at Fair Value		
Bonds and Notes	351,525,607	268,620,994
International Fixed Income	131,649,929	153,501,562
Collateralized Mortgage Obligations	9,336,523	7,365,200
Domestic Equities	422,870,210	359,290,852
International Equities	325,042,658	370,824,211
Alternative Investments	244,171,272	172,467,326
Real Estate	220,641,792	206,417,084
Total Investments	1,705,237,991	1,538,487,229
Other Assets		
Prepaid Expenses	160,999	164,166
Capital Assets - Net of Accumulated Depreciation and Amortization	6,121,449	6,758,432
Total Other Assets	6,282,448	6,922,598
Total Assets	$ 1,791,042,784	$ 1,609,945,472
LIABILITIES		
Securities Purchased	$ 5,579,956	$ 12,590,983
Accrued Liabilities	1,325,249	1,265,982
Prefunded Contributions	34,174,790	29,762,312
Total Liabilities	$ 41,079,995	$ 43,619,277
FIDUCIARY NET POSITION		
Fiduciary Net Position Restricted for Pension Benefits	**$ 1,749,962,789**	**$ 1,566,326,195**

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, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
ADDITIONS		
Contributions		
Employer Appropriations	$ 61,177,212	$ 56,305,770
Plan Member Contributions	36,699,913	35,888,642
Total Contributions	97,877,125	92,194,412
Investment Income		
Realized and Unrealized Gains and Losses, Net	206,236,189	144,465,689
Interest	2,827,151	3,405,925
Dividends	5,895,188	7,907,996
Investment Expenses	(3,973,810)	(3,529,059)
Net Investment Income	210,984,718	152,250,551
Other Income	22,153	35,607
Total Additions	308,883,996	244,480,570
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	117,368,651	109,135,137
Refund of Contributions	3,314,923	3,167,517
Death Benefits	441,485	864,963
Total Benefits	121,125,059	113,167,617
Other Deductions		
Administration and Actuarial	2,797,340	2,569,774
Prefunded Discount Amortization	1,325,003	1,421,187
Total Other Deductions	4,122,343	3,990,961
Total Deductions	125,247,402	117,158,578
Net Increase in Fiduciary Net Position	$ 183,636,594	$ 127,321,992
Fiduciary Net Position Restricted for Pension Benefits - Beginning of Year	$ 1,566,326,195	$ 1,439,004,203
Fiduciary Net Position Restricted for Pension Benefits - End of Year	**$ 1,749,962,789**	**$ 1,566,326,195**

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). Member 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.

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

In March 2021, the Board approved an amendment to the Investment Policy Statement (IPS) which is 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 March 22, 2021 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%	-1.44%
Growth	Equities - Public Market	30%	3.20%
Growth	Real Assets	15%	4.70%
Growth	Private Markets	30%	5.92%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	-0.91%
		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.

<u>Prefunded Contributions</u>

In June 2021, for the eighth 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 member 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.

<u>Administrative Expenses</u>

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.

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 Bylaws of the Plan.

The Plan is part of those Bylaws. 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.

NOTE 2 – PLAN DESCRIPTION (continued)

Membership

Active members are required to contribute to the Plan at rates currently ranging from 6.17% to 35.13% 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 26.57% to 46.69% 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 and accumulated for each individual active member until the member terminates employment. The rate of interest credited in 2021 was 5.875%.

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, 2021:

	2021
Retirees and Beneficiaries Currently Receiving Benefits	3,172
Terminated Employees Entitled to but not yet Receiving Benefits	605
Active Plan Participants	
Vested	1,721
Nonvested	1,055
Total	6,553

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.

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 member with five or more PTSCs

NOTE 2 – <u>PLAN DESCRIPTION</u> (continued)

starting at age 50, based on Tier and Classification.

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 – <u>DEPOSITS AND INVESTMENT RISK DISCLOSURES</u>

<u>Investment Stewardship</u>

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

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

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, 2021:

	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	$ 790,449	$ -	$ 4,056,051	$ 5,718,819	$ 10,565,319
Corporate Bonds and Notes	3,048,324	48,895,196	69,344,517	26,230,220	147,518,257
Derivatives	(892,065)	-	-	-	(892,065)
Municipal Bonds	449	4,331	29,114	2,243,387	2,277,281
US Government & Agencies	51,117,029	34,867,190	4,865,008	59,194,196	150,043,423
Foreign Corporate Bonds	2,237,312	24,425,641	5,316,742	11,252,481	43,232,176
Foreign Government Bonds	12,279,675	31,285,013	17,146,620	38,892,229	99,603,537
Other Short-Term Investments	10,433,481	29,730,650	-	-	40,164,131
Total	$ 79,014,654	$ 169,208,021	$ 100,758,052	$ 143,531,332	$ 492,512,059

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.

At December 31, 2021, the carrying amount of the Plan's cash deposits was $78.935 million (which includes cash equivalents) and the bank balance was $74.722 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, $556 thousand was covered by the Federal Deposit Insurance Corporation, and $64.554 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, 2021, as rated by Standard & Poor's (S&P) equivalent ratings:

	2021	
Quality Rating	%	Fair Value
AAA	22.98%	$ 113,162,375
AA+	11.29%	55,585,010
AA	5.65%	27,851,081
AA-	0.77%	3,804,741
A+	0.42%	2,087,953
A	3.71%	18,273,423
A-	1.10%	5,419,793
BBB+	2.99%	14,747,340
BBB	9.09%	44,775,008
BBB-	1.85%	9,106,784
Subtotal Investment Grade	59.85%	294,813,508
BB+	1.28%	$ 6,300,595
BB	2.22%	10,952,472
BB-	3.22%	15,843,921
B+	1.11%	5,465,168
B	6.88%	33,884,653
B-	7.04%	34,682,955
CCC+	1.50%	7,406,726
CCC	0.87%	4,269,737
CCC-	0.00%	-
D	0.08%	370,528
Not Rated	15.95%	78,521,796
Subtotal Non-Investment Grade	40.15%	197,698,551
Total Fixed Income and Short-Term Investments	100.00%	$ 492,512,059

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 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.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

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, 2021 was as follows:

Currency	Fair Value
Euro Currency	$ 54,938,351
Swiss Franc	42,785,613
British Pound	38,059,372
Japanese Yen	37,722,694
Hong Kong Dollar	15,622,535
Australian Dollar	11,686,578
Canadian Dollar	10,886,345
Swedish Krona	9,760,736
Danish Krone	9,127,588
Netherlands Antilles Guilder	8,616,139
Indian Rupee	8,574,553
Polish Zloty	7,842,157
Mexican Peso	6,611,215
South Korean Won	6,207,474
Brazilian Real	6,176,747
Norwegian Krone	5,916,243
Russian Ruble	5,189,835
Chilean Peso	4,496,870
Malaysian Ringgit	3,993,337
South African Rand	3,445,132
Chinese Yuan	3,422,332
Thai Baht	3,020,498
Indonesian Rupiah	2,667,802
Peruvian Nuevo Sol	1,859,429
Czech Koruna	1,690,956
Hungarian Forint	1,064,426
Singapore Dollar	1,046,320
Colombian Peso	869,057
Taiwan Dollar	862,320
Egyptian Pound	801,688
Romanian Leu	673,687
Turkish Lira	538,950
Uruguayan Peso	464,844
Ukrainian Hryvnia	336,844
Philippine Peso	282,949
Israeli Sheqel	235,791
New Zealand Dollar	88,793
Dominican Peso	26,947
Total	$ 317,613,147

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 – INVESTMENTS (continued)

The following table shows the fair value leveling of SLOCPT's investments as of December 31, 2021:

	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	$ 198,031,861	$ 153,493,746	$ -	$ 351,525,607
International Fixed Income	-	72,454,509	-	72,454,509
Collateralized Mortgage Obligations	-	9,336,523	-	9,336,523
Domestic Equities	85,234,533	337,635,678	-	422,870,211
International Equities	162,092,005	162,950,653	-	325,042,658
Real Estate	-	-	166,852,903	166,852,903
Total	$ 445,358,399	$ 735,871,109	$ 166,852,903	$ 1,348,082,411

Investments in Entities that Calculate Net Asset Value Per Share

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, 2021:

	Investments Measured at Net Asset Value (NAV)			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fund	$ 59,195,420	$ -	Quarterly	30 days
Private Real Estate Fund	53,788,889	-	Quarterly	30 days
Private Equity Funds	131,413,255	39,822,133	Not Eligible	Not Eligible
Private Credit Funds	112,758,016	77,034,778	Not Eligible	Not Eligible
Total	$ 357,155,580	$ 116,856,911		

Commingled Fund
This investment type consists of investments primarily in equity, debt, or real estate investments. As of December 31, 2021, 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, 2021, 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.

Derivatives

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, 2021:

Derivative Type	Notional Amount	Fair Value
Forward Contracts	$ 75	$ 75
Swap Agreements	49,434,670	62,894
TBAs	5,521,988	5,521,988
	$ 54,956,733	$ 5,584,957

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, 2021, the Plan had unfunded capital commitments totaling $116.857 million.

Annual Money-Weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 13.43%. 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, 2021 were as follows:

	Beginning Balance January 1, 2021	Additions	Deletions	Ending Balance December 31, 2021
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	(999,707)	(636,983)	-	(1,636,690)
	$ 6,758,432	$ (636,983)	$ -	$ 6,121,449

Depreciation and amortization expenses for the year ended December 31, 2021 were $636,983.

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 (18 years as of December 31, 2021). 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 $1.506 billion.

In June 2021, the Board unanimously passed the recommendation of an increase of 2.16% to the total contribution rate as recommended by the Actuary in the January 1, 2021 Actuarial Valuation. The increased total contribution rate took into consideration continuing with the remaining 19 years of the 30-year amortization for unfunded liabilities 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, 2022. The increase was adjusted to an average of 2.39% to account for the deferred implementation. The Air Pollution Control District implemented increased rates as of January 1, 2022.

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

NOTE 7 – NET PENSION LIABILITY

The components of Net Pension Liability of the Plan as of December 31, 2021 were as follows:

Total Pension Liability	$ 2,390,539,528
Plan Fiduciary Net Position	(1,749,962,789)
Employers' Net Pension Liability	$ 640,576,739

Plan Fiduciary Net Position as a percentage of Total Pension Liability was 73.20% as of December 31, 2021.

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, 2021 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	6.75 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, 2021 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, 2021 (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%	0.81%
Growth	Equities - Public Market	30%	5.45%
Growth	Real Assets	15%	6.95%
Growth	Private Markets	30%	8.17%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	1.34%
		100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 6.75%, 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 (5.75%) or one percentage-point higher (7.75%) than the current rate:

Employers' Net Pension Liability as of December 31, 2021	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 969,194,324	$ 640,576,739	$ 371,915,146

NOTE 8 – LITIGATION

The Plan is subject to legal proceedings and claims in the ordinary course of its business. As of December 31, 2021, 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.

NOTE 9 – SUBSEQUENT EVENTS (continued)

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 27, 2022, 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*	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$ 44,929,977	$ 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	151,553,475	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	32,468,995	11,871,198	3,836,848	31,926,880	(1,367,931)	5,485,265	9,771,252	-
Assumption Changes	35,700,366	53,371,279	-	8,507,420	-	62,845,241	-	-
Benefit Payments and Refunds	(121,125,059)	(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	143,527,754	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	2,247,011,774	2,105,592,650	2,026,092,464	1,905,246,211	1,828,710,245	1,681,011,759	1,595,819,957	1,518,751,027
Total Pension Liability - Ending (a)	$ 2,390,539,528	$ 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	$ 61,177,212	$ 56,305,770	$ 48,957,564	$ 46,243,596	$ 42,340,904	$ 35,451,409	$ 33,618,330	$ 32,046,545
Member Contributions	36,699,913	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)	211,006,871	152,286,158	193,721,648	(50,033,056)	178,639,524	68,949,306	(16,705,852)	51,667,160
Benefit Payments	(121,125,059)	(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	(2,797,340)	(2,569,774)	(2,120,046)	(1,972,465)	(2,045,367)	(2,248,956)	(2,528,532)	(2,084,841)
Other	(1,325,003)	(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	183,636,594	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	1,566,326,195	1,439,004,203	1,271,620,084	1,340,471,022	1,181,242,858	1,135,802,704	1,173,336,062	1,135,718,617
Fiduciary Net Position - Ending (b)	$ 1,749,962,789	$ 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)	**$ 640,576,739**	**$ 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	73.20%	69.71%	68.34%	62.76%	70.36%	64.59%	67.57%	73.53%
Covered Payroll**	$ 215,475,700	$ 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	297.28%	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.*

*** 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
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%
2021	$ 61,177,212	$ 61,177,212	$ -	$ 215,475,700	28.39%

** 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, 2021
Notes	Actuarially determined contribution rates are calculated as of January 1, 2021. 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 19-year period from January 1, 2021 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	6.750%
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
2021	13.43%
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, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
Personnel Services		
Salaries and Benefits	$ 1,188,573	$ 1,169,527
Total Personnel Services	1,188,573	1,169,527
Office Expenses		
Office Supplies	10,562	27,988
Postage	29,711	32,194
Telephone	2,798	2,661
Utilities	14,054	10,079
Total Office Expenses	57,125	72,922
Professional Services		
Accounting and Auditing	59,800	59,800
Actuarial	103,423	106,633
Data Processing	301,048	113,567
Legal	181,571	182,119
Medical	20,025	14,275
Human Resources Consulting	5,000	7,500
Other	13,850	8,214
Bank Charges	10,348	12,986
Total Professional Services	695,065	505,094
Other Administrative Expenses		
Maintenance and Custodial	51,328	15,008
Insurance	134,841	127,327
Memberships, Subscriptions, and Publications	5,763	5,118
Printing and Reprographics	13,369	15,487
Transportation, Travel, and Education	8,713	9,605
Miscellaneous Administrative Expenses	5,580	850
Total Other Administrative Expenses	219,594	173,395
Depreciation and Amortization	636,983	648,836
TOTAL ADMINISTRATIVE EXPENSES	$ 2,797,340	$ 2,569,774

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
Investment Manager Fees	$ 3,330,598	$ 2,990,358
Custody Fees	278,212	228,274
Investment Consultant	295,000	295,344
Other Investment Expenses	70,000	15,083
TOTAL INVESTMENT EXPENSES	$ 3,973,810	$ 3,529,059

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS)

	2021	2020
Accounting and Auditing Services	$ 59,800	$ 59,800
Actuarial Services	103,423	106,633
Data Processing Services	301,048	113,567
Legal Services	181,571	182,119
Disability Medical Services	20,025	14,275
Human Resources Services	5,000	7,500
Payroll Processing Services	6,718	6,696
TOTAL PAYMENTS TO CONSULTANTS	$ 677,585	$ 490,590

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

March 25, 2022

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") for the past 15 years and provide this investment review for the year ending December 31, 2021.

Capital Markets Review

2021 summary

The market environment in 2021 proved an exceedingly accommodative one for financial assets. Fiscal stimulus early in the year was significant; monetary policy was loose through most of the year; vaccine-related optimism lifted sentiment; and tight majorities in Congress limited the scope of the regulatory agenda in Washington.

The result was an exceedingly buoyant investment market. Over the course of the year, the S&P 500 never closed more than 5.2% below its previous record high, and it reached a record high on 70 different days. Only in 1995 has the S&P 500 closed with more record highs (77). Credit spreads moved to their tightest levels since prior to the Global Financial Crisis, and interest rates edged higher. Volatility, both realized and implied, remained on the low side of average levels for most of the year across asset classes.

U.S. Equity

Coming into the year, one of the big questions investors faced was whether large-cap U.S. stocks were going to be able to earn their way into the steep valuations they had built up through the latter half of 2020. The answer to that question was a resounding "YES!", with the S&P 500 Index returning 28.7%, powered by blockbuster corporate earnings which grew even faster than prices, keeping valuations in check. Strong earnings growth was enabled by healthy consumer balance sheets and spending, which led to steady revenue growth. Cost-cutting initiatives implemented throughout the pandemic also helped to improve the bottom line. The S&P 500 Index managed to record a fresh record net profit margin of 13.1% in the second quarter, before moderating slightly to end the year. Of course, earnings were not the only support for equities in 2021. Real interest rates fell to record lows as inflation outpaced rising rates, which was supportive for risk asset prices. The low interest rate environment also incentivized chief financial officers to issue debt and use the proceeds to buy back shares.

In terms of performance, large-cap equities (Russell 1000 +26.5%) outperformed small-cap equities (Russell 2000 +14.8%), and size was the general determinant of the attractiveness of growth versus value. Large-cap growth stocks (Russell 1000 Growth +27.6%) narrowly outpaced large-cap value (Russell 1000 Value +25.2%), but small-cap value (Russell 2000 Value +28.3%) clearly outpaced small-cap growth (Russell 2000 Growth +2.8%). Several periods of rising interest rates helped support the periodic outperformance of value-orientated sectors which tend to feature companies less dependent on cashflows further out into the future, such as Energy (+46.0%) and Financials (+33.1%).

International equity

It was a tougher year for non-U.S. equities. International developed equities (MSCI EAFE +11.3%) delivered unhedged returns which were strong on an absolute basis but materially lagged the U.S. (S&P 500 +28.7%). The strength of the U.S. dollar was a tremendous headwind for unhedged investors in international developed equities – on a dollar hedged basis, the MSCI EAFE returned 19.4%, meaning that the embedded currency portfolio of the MSCI EAFE Index fell 8.2% over the course of the year. Much of this decline could be attributed to weakness in the Japanese yen, which depreciated more than 10% relative to the U.S. dollar, and ended the year at a five-year low. The yen was likely impacted by an unwinding of safe-haven positions and the growing divergence in policy trajectories between the Federal Reserve and the Bank of Japan. However, the yen was not the only developed currency which came under pressure – the euro and British pound fell 6.9% and 1.0% relative to the U.S. dollar, respectively.

Emerging market equities also faced difficulties. The MSCI Emerging Markets Index declined 2.5% on an unhedged basis over the year, with currency exposure contributing approximately half of the decline. Most of the underperformance of EM equity relative to the global opportunity set was attributed to China (MSCI China -21.7%). Excluding China, the MSCI EM Index returned +10.0% on an unhedged basis. Weakness in Chinese equity markets was fueled by several factors, including the People's Bank of China shifting focus towards reducing leverage in the property development sector and tightening financial conditions, the China Communist Party ("CCP") crackdown on specific sectors of the economy, and intermittent struggles with virus containment. While there were some bright spots elsewhere in EM (Indian and Taiwanese equities both returned roughly 26%) China unfortunately continues to drive emerging market underperformance.

Fixed income

Market participants have expressed disparate views regarding the fixed income outlook. Much of the difference in viewpoint has been driven by beliefs around high levels of inflation and whether price rises will in fact be more transitory, or more persistent, in nature. Those in the "persistent" camp took a short victory lap in Q1 when the Bloomberg Long Treasury Index recorded its worst quarterly loss (-13.5%) since 1980 and the 10-year Treasury yield nearly doubled to end the quarter at 1.74%. However, the "persistent" narrative seemed to weaken towards the middle of the year as rates fell back down. Finally, persistence once again appeared likely in Q4 as rates moved back toward their

Verus

Q1 highs, and year-over-year headline inflation reached 7.0% (the highest level since 1982). In late November, Federal Reserve Chairman Powell officially retired the word “transitory” from the Fed’s lexicon with regard to inflation rates. Many investors remain of the view that 7.0% inflation is not sustainable, and that inflation will likely begin to fall later in 2022 as the outsized impact of energy prices and automobiles fade from the year-over-year inflation calculation, supply chain issues continue to be resolved, and spending patterns generally move back towards normalcy. Regardless, there is no doubt that the inflationary pressures caused by pandemic-related dislocations earlier in the year have broadened considerably, are impacting food prices and labor costs, and are likely to lead to continued above-average increases in shelter costs.

The shifting inflation environment appears to be changing the mindset of central bankers in important ways. In January, the Federal Reserve was more focused on reducing unemployment than on containing inflation. This was clearly no longer the case in December. The Federal Reserve is now expected to conclude its asset purchase program by March 2022, hike interest rates four times over the year beginning in March, and potentially start “normalizing” its balance sheet (i.e. selling assets) around mid-year. This significant pivot from Fed officials suggests that one of the strongest supports for equity prices might be on more shaky ground in 2022, and it also sets up some potential future policy divergences between global central banks. While many emerging market central banks have already begun hiking policy rates in response to higher inflation, developed central banks have taken a wider range of approaches. The Bank of Japan, European Central Bank, and Swiss National Bank are expected to keep policy unchanged for the foreseeable future. The Bank of England, the Bank of Canada, the Fed, and the Reserve Banks of Australia and New Zealand are expected to hike several times in 2022.The People’s Bank of China is expected to cut rates in 2022. These divergences will no doubt impact the fixed income environment over the next year.

With regard to performance, the Bloomberg Global Treasuries Index returned -6.6% in U.S. dollar terms as global interest rates picked up from historic lows. In the U.S., the Bloomberg U.S. TIPS Index (+6.0%) outperformed as priced inflation rates hit multi-year highs, and high-yield credit (Bloomberg US Corporate High Yield +5.3%) and bank loans (S&P/LSTA Leveraged Loans +5.2%) outperformed safer credit (Bloomberg US Aggregate -1.5%) as spreads compressed, investors shortened duration, and rates increased. Local-currency denominated emerging market debt (J.P. Morgan GBI-EM GD -8.7%) underperformed hard-currency emerging market debt (JPM EMBI GD -1.5%).

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 15.2% in 2021 before expenses and investment management fees. The rate of return exceeded the actuarial discount rate for the year and outperformed the total fund benchmark of 12.8%. The Plan ranks in the 47th percentile within the public plan universe where the median return was 14.9%. Outperformance relative to the benchmark was largely due to relative performance from the Plan’s non-US Equity allocation, which outperformed by 6.9% on a 1-year basis (15.2% vs 8.3%). Given that non-US equity accounts for approximately 19% of total plan assets, this allocation had a significant impact on overall performance. Positive contribution also came from Real Estate and Domestic Fixed

Income allocations, each of which handily beat their benchmarks (18.5% vs 17.7% and 0.9% vs -1.5%, respectively).

Policy Adjustments

The Board continuously seeks opportunities to improve Plan performance, while staying aligned with its pre-determined risk tolerance. Accordingly, In September of 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" (FFP) 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. The Plan is on track for transitioning the portfolio to this target allocation and evidenced by the most recent 1-year performance, the move to a FFP is showing positive results.

Recent Developments

The invasion of Ukraine by Russia upset many long-held beliefs about what normal international relations look like in the 21st century. There have been both geopolitical and market impacts – but what matters for investors is what events of this type are likely to mean for their portfolios and for the beneficiaries for whom those portfolios are invested.

Geopolitical risk premia have risen over the past several weeks as the situation in Ukraine has escalated. European equity markets have borne the brunt of the sell-off, particularly in Russia; safe haven currencies have risen; and commodity prices have soared, as investors have digested what an invaded Ukraine and sanctioned Russia might mean for energy and agricultural commodity supplies.

Europe and especially Germany remain reliant on Russian energy, and because of low capital expenditure and investment in new supply, energy prices could well remain high for some time, Verus

providing a continued potential boost to already very inflation levels. The possibility of a deal with Iran might unlock some incremental supply later this year, and shale producers in the U.S. could help bolster oil production as well, which likely does provide some absolute limit for the maximum rise of oil prices. However, this may take time to come into effect. On balance, we see a low probability of oil prices heading dramatically higher from these already high levels, or a broader energy crisis, but this cannot be discounted completely depending on how the situation escalates. Longer-term, there is likely to be much more investment in alternative energy (including nuclear) in Europe.

More broadly, from the perspective of central bankers, the general consensus that we are in a rising rate environment and that those rate rises may be fairly material seems to be coming under pressure. While the elevated uncertainty and concomitant growth concerns may ultimately mean that central banks choose more of a slow-and-steady approach to interest rate hikes, asset purchase tapers, and eventually, balance sheet sales later in the year. The Fed has actually continued to adjust the narrative in favor of doing what is necessary to bring inflation under control, and the market is currently pricing in a total of eight fed rate hikes in 2022. We are more sanguine and expect central banks are hoping to demonstrate they are addressing inflation through tough bold words but with potentially less bold actions to follow if conditions require a gentler approach.

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,

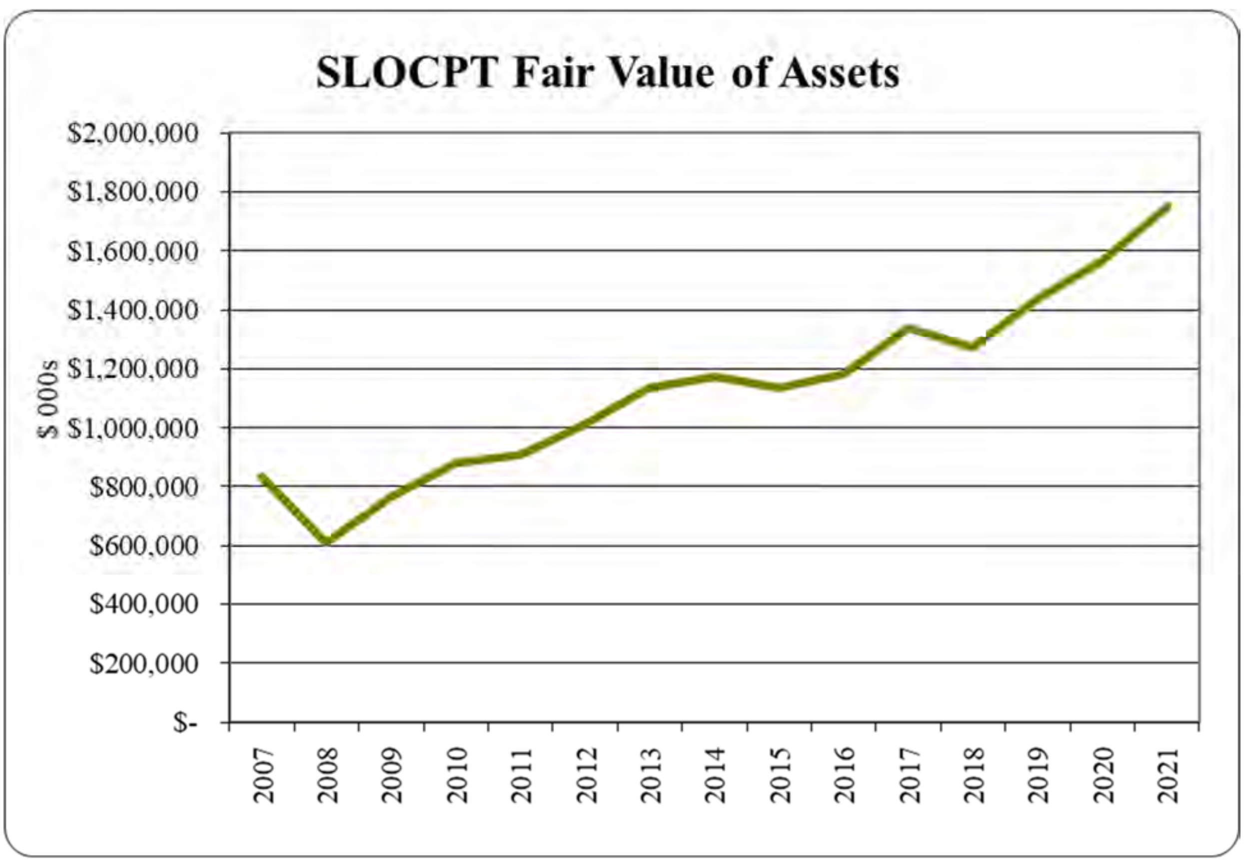
Scott J. Whalen, CFA, CAIA
Executive Managing Director and Senior Consultant

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 March 22, 2021):

Strategic Asset Allocation Policy Adopted Policy Mar. 22, 2021		TARGET	Limits Min.	Limits 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%	Barclays U.S. Govt/Credit 1-3
GROWTH					
Total Growth Allocation	(b)	**75%**	25%	95%	Policy mix composite
Equities - Public Market		30%	15%	85%	Russell 3000
US Large Cap Growth/Value					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 IG	(c)				BC Aggregate Bond
Global Bonds					FTSE WGBI ex US Treas.
Bank Loans					S&P/LSTA Leveraged Loan Index
Emerging Market Debt					50% JPM EMBI / 25% JPM GBIEM / 25% JPM ELMI+
Real Assets		15%	10%	30%	Policy mix composite
Real Estate - Core		5%	5%	15%	NCREIF
Real Estate Value Add		5%	0%	15%	NCREIF
Infrastructure - Global		5%	0%	15%	TBD

Strategic Asset Allocation Policy Adopted Policy Mar. 22, 2021		TARGET	Limits Min.	 Max.	Performance Benchmark
Private Markets	(e)	30%	5%	45%	(e)
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 - Intermediate/Long Govt.Bonds		8%	4%	15%	Barclays Treasury 7-10 Year
US Treasury - Inflation Protected - TIPS		7%	3%	15%	Barclays U.S. TIPS 5-10 Index
TOTAL		**100%**			**Total Fund Policy mix**

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

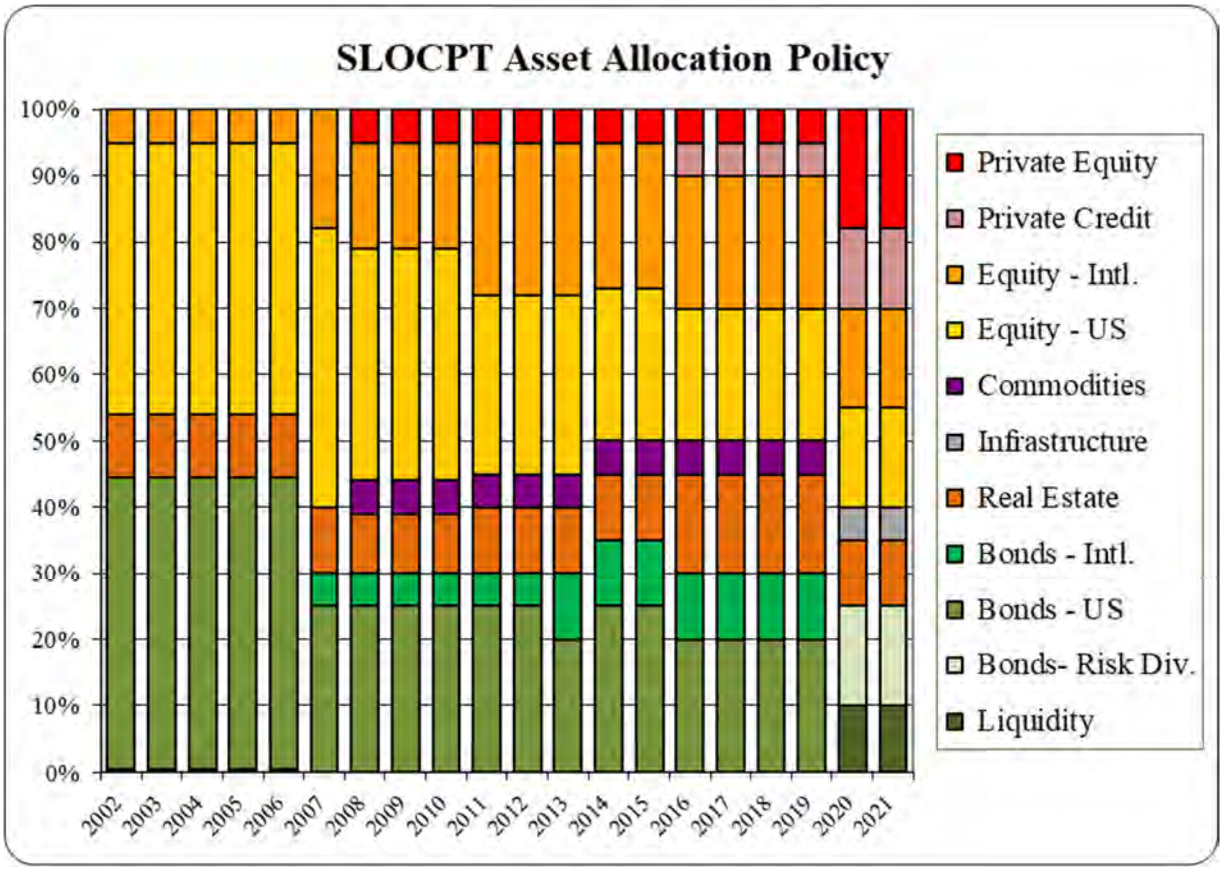
(b) Growth - long-term investments with some illiquidity. Periodic drawdowns to replenish Liquidity as needed.

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

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

(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).

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

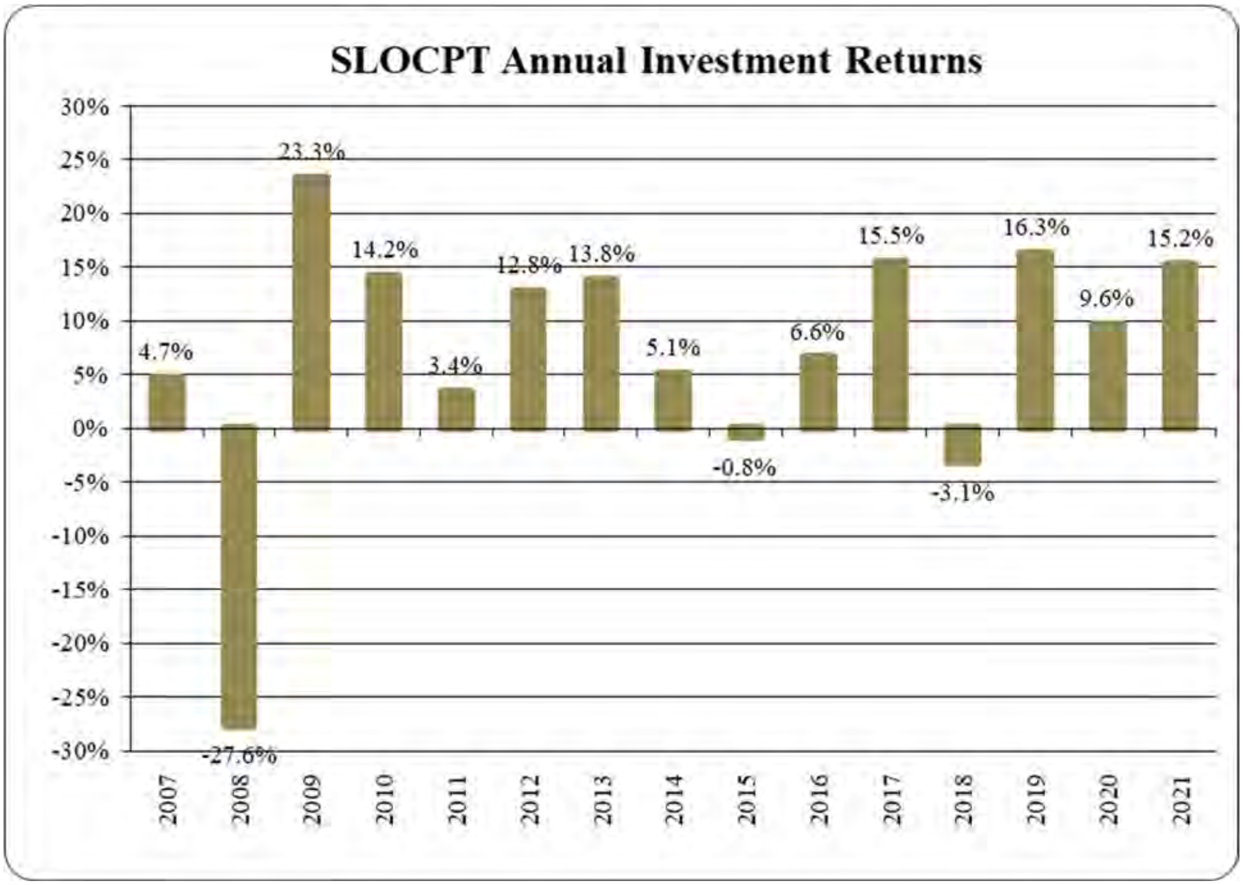


SLOCPT employs multiple investment managers in different asset classes and with different styles of investing. Combined with strict limitations in the Investment Policy on the maximum exposure to individual investments and with regular rebalancing of the asset mix the diversification level of the investments 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 2021, SLOCPT achieved a rate of return of 15.2% 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:

	2017	2018	2019	2020	2021
SLOCPT Total Returns	15.5%	-3.2%	16.3%	8.9%	15.2%

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	15.2%	13.7%	10.4%	8.9%	6.5%

Source: Verus 4th Quarter 2021 report

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Year Ended December 31, 2021

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	28.3%	18.9%	12.9%	11/2007
Index: S&P 500		*28.7%*	*26.1%*	*18.5%*	
Loomis Sayles Large Cap Growth	g	19.4%	28.1%	22.6%	12/2016
Index: Russell 1000 Growth		*27.6%*	*34.1%*	*25.3%*	
Boston Partners Large Cap Value	g	30.9%	18.6%	*< 5 yrs*	02/2017
Index: Russell 1000 Value		*25.2%*	*17.6%*		
Atlanta Capital	g	23.0%	22.8%	17.5%	08/2010
Index: Russell 2500		*18.2%*	*21.9%*	*13.8%*	
International Equities					
Dodge & Cox	g	11.7%	12.4%	7.9%	12/2007
Index: MSCI ACWI ex US Value		*11.1%*	*8.9%*	*6.6%*	
WCM International Growth	g	18.5%	29.5%	*< 5 yrs*	02/2017
Index: MSCI ACWI ex US Growth		*5.4%*	*18.2%*		
Domestic Fixed Income					
BlackRock Core Bond	g	-1.6%	5.9%	*< 5 yrs*	01/2017
Dodge & Cox Income Fund	g	-0.5%	6.4%	*< 5 yrs*	01/2017
Index: Bloomberg US Aggregate TR		*-1.5%*	*4.8%*		
PAM Bank Loan Fund	g	5.6%	5.9%	4.7%	9/2014
Index: S&P/LSTA Leveraged Loan Index		*5.2%*	*5.6%*	*4.3%*	
SSGA US Govt Bond Index	g	*< 1 yr*			7/2021
Index: Bloomberg US Govt/Credit 1-3 Yr					
BlackRock TIPS	g	*< 1 yr*			9/2021
Index: Bloomberg TIPS TR					
International Fixed Income					
Brandywine Global Fixed Income	g	-4.0%	*< 3 yrs*		06/2020
Index: FTSE WGBI ex US TR		*-9.7%*			
Ashmore Emerging Markets	g	-9.5%	*< 3 yrs*		03/2019
Index: JPM EMBI GD/GBI EM/ELMI+		*-3.9%*			
Real Estate					
ARA American Strategic Value Realty Fund	g	14.0%	8.3%	8.3%	06/2016
JP Morgan Strategic Properties Fund	g	19.9%	7.6%	7.2%	03/2008
Index: NCREIF ODCE/Property		*20.0%*	*8.8%*	*8.3%*	

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Year Ended December 31, 2021

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	58.4%	27.9%	24.3%	
Private Equity Benchmark		*58.4%*			
Private Credit					
SSP Diversified Credit Programs	g	25.9%	9.1%	8.0%	11/2016
Private Credit Benchmark		*25.9%*			
Opportunistic					
KKR Mezzanine Debt Fund I					04/2011
SSP TAO Contingent Fund					04/2020
Combined Opportunistic	g	25.6%	5.8%	9.6%	
Index: Russell 3000 + 300BP		*29.4%*	*29.5%*	*21.5%*	
Cash Account					
Treasury Pool		0.8%	1.6%	1.5%	
Investment Cash		*< 1 yr*			6/2021
Index: 91 day T-Bills		*0.0%*	*0.8%*	*1.1%*	
PIMCO Short Duration Fund		*< 1 yr*			7/2021
Index: Bloomberg US Govt/Credit 1-3 Yr					
TOTAL FUND (including Cash)					
Total Fund		**15.2%**	**13.7%**	**10.4%**	
Index: Policy Index at 12/31/21:		*12.8%*	*12.8%*	*9.7%*	
10% Liquidity					
75% Growth					
15% Risk Diversifying					

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, 2021; 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, 2021 (Dollars in Thousands)

Management Fees	2021 Fees		Year-End Assets Under Mgmt.		Fees as % of Year-End Assets (a)
Domestic Equity					
PIMCO RAE Fundamental	*N/A*	(d)	$ 115,072		
Loomis Sayles	$ 514		109,919		0.47%
Boston Partners	*N/A*	(d)	112,644		
Atlanta Capital	621		85,235		0.73%
Total Domestic Equity	1,135		422,870		
International Equity					
Dodge & Cox (mutual fund)	*N/A*	(d)	162,092		
WCM International (mutual fund)	*N/A*	(d)	162,951		
Total International Equity	-		325,043		
Domestic Fixed Income					
BlackRock Core Bond	278		89,012		0.31%
Dodge & Cox Income Fund	*N/A*	(d)	93,211		
PAM Bank Loan Fund	*N/A*	(d)	78,904		
PIMCO Short Duration Fund	*N/A*	(d)	29,731		
SSGA Treasury Fund	3		39,692		0.01%
BlackRock TIPS Fund	*N/A*	(d)	35,398		
Total Domestic Fixed Income	281		365,948		
International and Global Fixed Income					
Brandywine	319		59,195		0.54%
Ashmore Emerging Markets	*N/A*	(d)	67,369		
Total International and Global Fixed Income	319		126,564		
Real Estate					
ARA American Strategic Value Realty Fund	*N/A*	(d)	53,789		
JP Morgan Strategic Properties Fund	1,279		166,853		0.77%
Total Real Estate	1,279		220,642		
Private Equity/Credit					
HarbourVest Fund IX (buyout)	*N/A*	(d)	18,563		
HarbourVest 2018 Global Fund	*N/A*	(d)	18,598		
Pathway Private Equity Fund 9	*N/A*	(d)	85,468		
Pathway Private Equity Fund 10	*N/A*	(d)	8,784		
SSP Diversified Credit Programs	*N/A*	(d)	79,246		
SSP TAO Contingent Fund	304		28,306		1.07%
KKR Mezzanine Debt Fund I	8		5,206		0.16%
Total Private Equity/Credit	312		244,171		
Cash Overlay					
Parametric	5		-	(b)	*N/A*
Total Management Fees	$ 3,331				

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions (continued)

For the Year Ended December 31, 2021 (Dollars in Thousands)

Other Investment Expenses	2021 Fees	Year-End Assets Under Mgmt.	Fees as % of Year-End Assets
Custodian Fees	278		0.02%
Investment Consultant	295		0.02%
Other Investment Consultant Expenses	70		0.00%
Other Investment Expenses	-		0.00%
Total Other Investment Expenses	643		0.04%
TOTAL INVESTMENT EXPENSES AND ASSETS UNDER MANAGEMENT	**$ 3,974**	**$ 1,705,238**	**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 was closed before December 31, 2021.

(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.

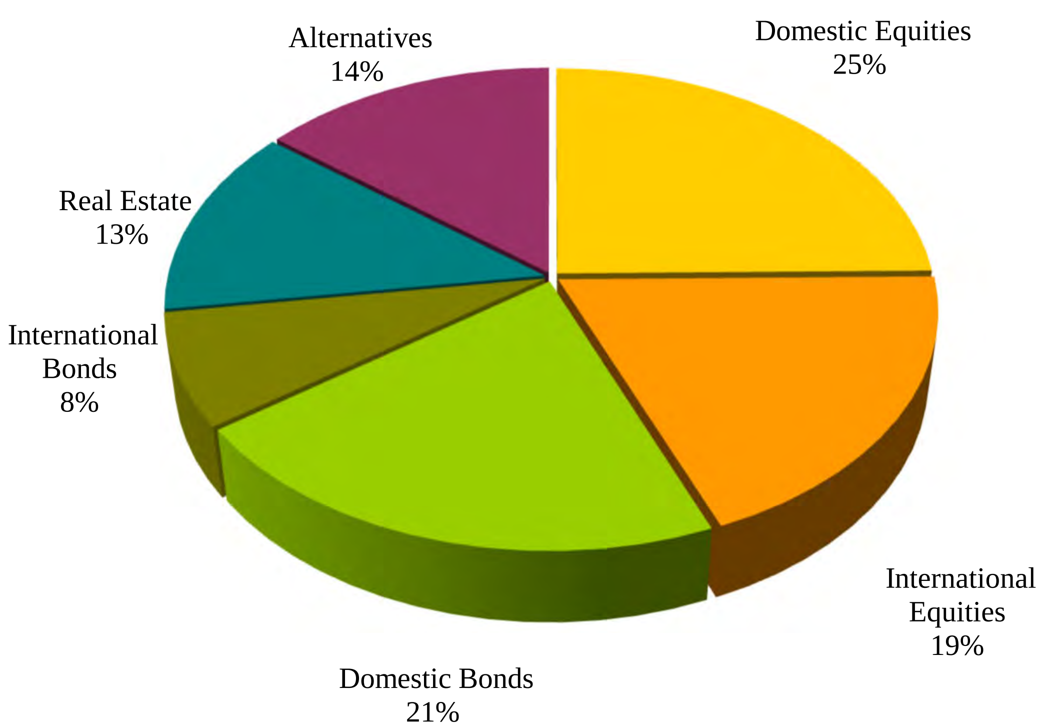
San Luis Obispo County Pension Trust

Investments at Fair Value

As of December 31, 2021 (Dollars in Thousands)

	Fair Value	%
Equities		
Domestic Equities	$ 422,870	24.80%
International Equities	325,043	19.06%
Fixed Income		
Domestic Bonds, Mortgages, Notes	360,862	21.16%
International Bonds	131,650	7.72%
Real Estate	220,642	12.94%
Alternatives	244,171	14.32%
TOTAL INVESTMENTS	$ 1,705,238	100.00%

TOTAL INVESTMENTS - December 31, 2021



San Luis Obispo County Pension Trust

Schedule of Largest Stock and Bond Holdings

As of December 31, 2021 By Fair Value

	Largest Stock Holdings	Shares		Fair Value
1	CARLISLE COS INC COMMON STOCK USD 1	16,743	$	4,154,273
2	WR BERKLEY CORP COMMON STOCK USD 0.2	49,804		4,103,352
3	JB HUNT TRANSPORT SERVICES INC COMMON STOCK USD 0.01	16,244		3,320,274
4	ARAMARK COMMON STOCK USD 0.01	87,561		3,226,623
5	ENVISTA HOLDINGS CORP COMMON STOCK USD 0.01	64,545		2,908,398
6	BROWN & BROWN INC COMMON STOCK USD 0.1	33,520		2,355,786
7	TERMINIX GLOBAL HOLDINGS INC	51,352		2,322,651
8	MORNINGSTAR INC COMMON STOCK USD 0	6,465		2,210,965
9	DOLBY LABORATORIES INC COMMON STOCK USD 0.001	22,105		2,104,838
10	SEI INVESTMENTS CO COMMON STOCK USD 0.01	34,529		2,104,197
	Total of 10 Largest Stock Holdings		$	28,811,357

	Largest Bond Holdings		Par Value		Fair Value
1	TBA UMBS SINGLE FAMILY 30YR 2 1/22 2.00%	$	998,000	$	994,925
2	UMBS MORTPASS 4% 01/NOV/2041		830,907		913,503
3	UMBS MORTPASS 2% 01/OCT/2051		840,703		838,890
4	TBA GNMA2 SINGLE FAMILY 30YR 2 1/22 2.00%		822,000		829,421
5	TBA UMBS SINGLE FAMILY 15YR 1.5 1/22 1.50%		800,000		802,141
6	UMBS MORTPASS 2% 01/DEC/2051		773,993		772,323
7	TBA UMBS SINGLE FAMILY 30YR 1.5 1/22 1.50%		750,000		724,252
8	TBA UMBS SINGLE FAMILY 30YR 2.5 1/22 2.50%		694,000		708,046
9	FHLMCGLD MORTPASS 3.5% 01/DEC/2046		536,064		577,849
10	FHLMCGLD MORTPASS 4.5% 01/SEP/2046		499,471		549,610
	Total of 10 Largest Bond Holdings			$	7,710,960

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, 2021.

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, 2021 valuation. It is based on member data and financial results through December 31, 2020. SLOCPT's actuary, Cheiron, completed this annual valuation during 2021. The most recent Biennial Actuarial Experience Study, as of January 1, 2020, was completed by the prior actuary, Gabriel Roeder Smith & Company 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 and the subsequent January 1, 2021 Annual Actuarial Valuation.

The Annual Actuarial Valuation as of January 1, 2021 including actuarial assumptions was approved by the Board on June 28, 2021.

The Annual Actuarial Valuation as of January 1, 2022, based on data through December 31, 2021, is in the process of completion at the time of the publication of this ACFR.

March 30, 2022

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

Actuarial Certification – Actuarial Valuation as of January 1, 2021

Dear Board of Trustees:

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) for the San Luis Obispo County Pension Trust (SLOCPT, the Trust) for the year ended December 31, 2021.

Actuarial Valuation Used for Funding Purposes

The purpose of the annual Actuarial Valuation Report performed as of January 1, 2021 is to determine the actuarial funded status of the Trust on that date and to calculate the total Actuarially Determined Contribution. Please refer to that report for additional information related to the funding of the Trust.

We prepared the following schedules for inclusion in the Actuarial Section of the ACFR based on the January 1, 2021 actuarial valuation. All historical information prior to the January 1, 2021 actuarial valuation shown in these schedules is based on information reported by the prior actuary, Gabriel, Roeder, Smith & Company.

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from the Retiree Payroll
- Schedule of Funded Liabilities by Type (formerly referred to as the Solvency Test)
- Schedule of Funding Progress
- Development of Actuarial Value of Assets
- Summary of Plan Provisions

The funded ratios shown in the Schedule of Funded Liabilities by Type and the Schedule of Funding Progress exhibits are ratios compared to the funding target and are for the purpose of evaluating funding progress in a budgeting context. These ratios are not appropriate for measuring or assessing the sufficiency of Trust assets to cover the estimated cost of settling the Trust's benefit obligations.

The Board of Trustees is responsible for establishing and maintaining the contribution policy for the Trust. The relative allocation of the total Actuarially Determined Contribution to the employers and the employees is typically a result of the collective bargaining process, or for unrepresented employees it is set by the County Board of Supervisors. The actuarial methods and assumptions used in the actuarial valuation are adopted by the Board of Trustees with advice from the actuary. In our opinion, the assumptions and methods used in the actuarial valuation for funding purposes are consistent with applicable Actuarial Standards of Practice. The actuarial cost method and the actuarial assumptions used for funding purposes are the same as those used for financial reporting purposes.

Actuarial Valuation Used for Financial Reporting Purposes

For financial reporting purposes, the Total Pension Liability (TPL) is based on the January 1, 2021 actuarial valuation updated to the measurement date of December 31, 2021. The TPL reflects a change in the assumptions effective with the January 1, 2021 valuation.

Please refer to our GASB 67/68 report as of December 31, 2021 for additional information related to the financial reporting of the Trust. The following schedules can be found in our GASB report for inclusion in the Financial Section of the ACFR.

- Change in Collective Net Pension Liability
- Sensitivity of Collective Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Collective Net Pension Liability and Related Ratios
- Schedule of Collective Employer Contributions
- Notes to the Schedule of Collective Employer Contributions

Funding Objective and Policy

The Trust's funding objective is to meet its long-term benefit promises by targeting a well-funded status. The Trust's funding policy is to collect contributions through a combination of employer appropriations and employee contributions, the total Actuarially Determined Contribution (ADC), equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability, and
- The Trust'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 actuarial valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a separate closed 20-year period.

The explicit administrative expense component was first added to the ADC effective with the January 1, 2021 actuarial valuation.

Assumptions

The actuarial assumptions used in performing the January 1, 2021 valuation were recommended by the prior actuary and adopted by the Board of Trustees based on the Actuarial Experience Study dated May 5, 2020 for the period covering January 1, 2015 through December 31, 2019. We reviewed the assumptions and found them to be reasonable. The assumptions and methods used for funding purposes were developed in compliance with the actuarial standards of practice as they relate to pension plans. The assumptions reflect the likely future experience of the Trust and the assumptions both individually and as a whole represent the best estimate for the future experience of the Trust.

Effective with the January 1, 2021 valuation, the assumed rate of investment return (discount rate) was reduced from 6.875%, net of all expenses, to 6.75%, net of investment expenses only. In addition, an explicit administrative expense 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.

Certification

In preparing our valuation and GASB reports, 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 Standards of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

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 our reports.

Cheiron's reports, the exhibits within this letter and their 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 opinions contained in this section. This section does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Our report and this letter were prepared for the San Luis Obispo County Pension Trust for the purposes described herein and for the use by the Trust and participating employers' auditors may rely on these reports in completing an audit related to the matters herein. Other users of this information are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

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

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

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.

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 Trust's investment consultant (Verus) updated capital market assumptions. The other assumptions used in the valuation 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. 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%.

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

Price 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

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

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.

11. Rates of 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%			

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%.

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.

14. Rates of Mortality for Healthy Lives

Mortality rates for 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.

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.

Schedule of Active Member Valuation Data

January 1,	Active Members Number	Active Members % Increase	Annual Payroll Amount	Annual Payroll % Increase	Average Payroll Amount	Average Payroll % Increase
2011	2,479	-1.1%	$ 161,783,273	0.8%	$ 65,262	1.9%
2012	2,446	-1.3%	161,054,639	-0.5%	65,844	0.9%
2013	2,495	2.0%	164,299,413	2.0%	65,851	0.0%
2014	2,521	1.0%	164,704,467	0.2%	65,333	-0.8%
2015	2,550	1.2%	167,695,432	1.8%	65,763	0.7%
2016	2,609	2.3%	177,003,887	5.6%	67,844	3.2%
2017	2,675	2.5%	185,019,748	4.5%	69,166	1.9%
2018	2,722	1.8%	196,848,084	6.4%	72,317	4.6%
2019	2,725	0.1%	200,537,472	1.9%	73,592	1.8%
2020	2,752	1.0%	205,694,036	2.6%	74,743	1.6%
2021	2,747	-0.2%	214,043,738	4.1%	77,919	4.2%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

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

Valuation Date Jan 1,	Added to Rolls Count	Added to Rolls Allowances	Removed from Rolls Count	Removed from Rolls Allowances	Rolls at Valuation Date Count	Rolls at Valuation Date Annual Benefits	Average Annual Benefit	Increase in Average Benefit
2011	113	$ 3,290,962	57	$ 530,316	1,946	$ 48,431,618	$ 24,888	4.7%
2012	134	4,109,419	40	568,150	2,040	51,967,375	25,474	2.4%
2013	150	5,235,834	43	813,919	2,147	57,242,887	26,662	4.7%
2014	152	4,469,386	49	890,436	2,250	62,026,694	27,567	3.4%
2015	200	6,983,929	49	877,814	2,401	69,067,723	28,766	4.3%
2016	168	5,858,191	52	1,099,047	2,517	74,864,386	29,743	3.4%
2017	161	5,982,085	60	1,350,465	2,618	80,486,911	30,744	3.4%
2018	181	7,428,520	54	1,164,837	2,745	88,353,092	32,187	4.7%
2019	188	6,817,615	65	1,583,470	2,868	95,882,264	33,432	3.9%
2020	154	5,848,312	54	1,153,684	2,968	103,407,204	34,841	4.2%
2021	161	6,864,853	59	1,252,479	3,070	111,745,910	36,399	4.5%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

Schedule of Funded Liabilities by Type							
	(A)	(B)	(C)				
Valuation Date January 1,	Active Member Contributions	Retirees, Beneficiaries, and Term Vested	Remaining Active Members' Liabilities	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets (A)	(B)	(C)
2011	237,579,705	$ 675,765,795	368,712,835	$ 1,000,168,850	100%	100%	24%
2012	237,391,846	760,436,073	380,721,395	1,057,921,875	100%	100%	16%
2013	258,760,824	844,338,635	364,901,219	1,122,150,539	100%	100%	5%
2014	273,309,118	906,484,213	338,957,696	1,182,923,978	100%	100%	1%
2015	281,229,850	1,007,167,130	317,194,229	1,231,473,577	100%	94%	0%
2016	293,285,939	1,121,011,613	335,044,713	1,248,327,560	100%	85%	0%
2017	302,137,773	1,199,445,618	325,758,923	1,268,404,900	100%	81%	0%
2018	306,814,143	1,318,568,176	320,298,192	1,328,750,029	100%	78%	0%
2019	311,516,344	1,415,752,372	302,660,596	1,362,561,581	100%	74%	0%
2020	326,803,590	1,532,378,294	310,889,599	1,416,762,603	100%	71%	0%
2021	335,230,574	1,674,114,715	303,782,771	1,506,269,826	100%	70%	0%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

The funding ratios shown in the exhibits below are ratios compared to the Actuarial Liabilities that are intended to be a funding target and are for the purpose of evaluating funding progress in a budgeting context. These ratios are not appropriate for measuring of assessing the solvency of the Trust or the sufficiency of Trust assets to cover the estimated cost of settling the Trust's benefit obligations.

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.*

Development of Actuarial Value of Assets for January 1, 2021

		Plan Year Ended December 31, 2016	Plan Year Ended December 31, 2017	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2020
1)	Actuarial Value of Assets as of Beginning of Year	$ 1,248,327,560	$ 1,268,404,900	$ 1,328,750,029	$ 1,362,561,581	$ 1,416,762,603
2)	Non-Investment Cash Flow	(23,509,152)	(15,849,141)	(15,432,525)	(22,671,149)	(20,973,205)
3)	Expected Return	88,105,825	89,809,223	92,481,499	94,599,241	96,693,458
4)	Expected Actuarial Value of Assets [(1) + (2) + (3)]	$ 1,312,924,233	$ 1,342,364,982	$ 1,405,799,003	$ 1,434,489,673	$ 1,492,482,856
5)	Actual Return on Market Value	$ 68,949,306	$ 175,077,305	$ (53,418,413)	$ 190,055,268	$ 148,295,197
6)	Actual Return Above Expected [(5) - (3)]	$ (19,156,519)	$ 85,268,082	$ (145,899,912)	$ 95,456,027	$ 51,601,739
7)	Recognition of Returns Above / (Below) Expected					
	a) Current Year (20% of 6.)	$ (3,831,304)	$ 17,053,616	$ (29,179,982)	$ 19,091,205	$ 10,320,348
	b) First Prior Year	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)	19,091,205
	c) Second Prior Year	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)
	d) Third Prior Year	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616
	e) Fourth Prior Year	6,442,404	10,167,841	(6,715,969)	(21,046,538)	(3,831,304)
	f) Continued Recognition of 2008 Asset Loss	(29,936,396)	(9,936,396)	0	0	0
	g) Total Recognition of Returns	$ (44,919,962)	$ (14,308,750)	$ (43,720,177)	$ (17,913,003)	$ 13,453,883
8)	**Preliminary Actuarial Value of Assets [(4) + (7g)]**	**$ 1,268,004,271**	**$ 1,328,056,232**	**$ 1,362,078,826**	**$ 1,416,576,670**	**$ 1,505,936,739**
9)	Excludable Assets: Additional Annuity Reserve					
	a) Beginning of Year	4,362,000	3,961,371	3,267,574	2,784,819	2,598,886
	b) End of Year	3,961,371	3,267,574	2,784,819	2,598,886	2,265,799
	c) Change in Excludable Assets [(9b) - (9a)]	(400,629)	(693,797)	(482,755)	(185,933)	(333,087)
10)	**Final Actuarial Value of Assets [(8) - (9c)]**	**$ 1,268,404,900**	**$ 1,328,750,029**	**$ 1,362,561,581**	**$ 1,416,762,603**	**$ 1,506,269,826**
11)	Investment Return	3.49%	5.99%	3.69%	5.68%	7.86%

Amounts prior to Plan Year Ended December 31, 2020 were calculated by the prior actuary.

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:

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 five years of service. For Miscellaneous members in Tier 3, Age 52 with five years of service.

Benefit: Retirement Age Factor times 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).

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.

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.

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.

In 2020, the San Luis Obispo Regional Transit Authority (RTA) became a contract agency with SLOCPT. Those RTA employees hired prior to RTA's entrance into the Plan were placed in Tier 2; all other RTA members will be placed in Tier 3.

The actuarial data presented in this Statistical Section is based on the January 1, 2021 Annual Actuarial Valuation which reflects data as of December 31, 2020.

San Luis Obispo County Pension Trust

Changes in Fiduciary Net Position

Last 10 fiscal years (Dollars in Thousands)

	2021	2020	2019	2018	2017
Additions					
Employer Appropriations	$ 61,177	$ 56,306	$ 48,958	$ 46,243	$ 42,341
Plan Member Contributions	36,700	35,888	32,983	32,953	30,467
Net Investment Income (Loss)	210,985	152,251	193,721	(50,033)	178,640
Other Income	22	36	19	-	-
Total Additions	$ 308,884	$ 244,481	$ 275,681	$ 29,163	$ 251,448
Deductions					
Service Retirement Benefits	$ 101,157	$ 93,153	$ 86,853	$ 79,120	$ 72,074
Disability Retirement Benefits	4,273	4,151	3,777	3,506	3,305
Beneficiary Retirement Benefits	6,231	6,714	5,326	4,845	4,435
Deferred Retirement Option Program	5,708	5,117	5,265	5,341	5,238
Total Retirement Benefits	$ 117,369	$ 109,135	$ 101,221	$ 92,812	$ 85,052
Refunds	3,315	3,168	3,292	1,757	2,857
Death Benefits	441	865	118	60	748
Administrative Expense	2,797	2,570	2,120	1,972	2,046
Discount Amortization	1,325	1,421	1,546	1,413	1,517
Total Deductions	$ 125,247	$ 117,159	$ 108,297	$ 98,014	$ 92,220
Net Increase (Decrease) in Fiduciary Net Position	$ 183,637	$ 127,322	$ 167,384	$ (68,851)	$ 159,228

	2016	2015	2014	2013	2012
Additions					
Employer Appropriations	$ 35,452	$ 33,618	$ 32,047	$ 30,796	$ 30,942
Plan Member Contributions	25,359	24,587	24,415	24,460	25,207
Net Investment Income (Loss)	68,949	(16,706)	51,667	131,842	108,818
Total Additions	$ 129,760	$ 41,499	$ 108,129	$ 187,098	$ 164,967
Deductions					
Service Retirement Benefits	$ 66,623	$ 61,796	$ 56,186	$ 50,919	$ 46,535
Disability Retirement Benefits	3,214	3,150	2,972	2,879	2,746
Beneficiary Retirement Benefits	4,156	3,824	3,541	3,352	2,905
Deferred Retirement Option Program	4,201	3,672	3,464	3,087	2,362
Total Retirement Benefits	$ 78,194	$ 72,442	$ 66,163	$ 60,237	$ 54,548
Refunds	2,247	1,613	1,629	2,374	1,138
Death Benefits	243	999	303	150	125
Administrative Expense	2,249	2,528	2,085	2,054	2,070
Discount Amortization	1,387	1,450	332	-	-
Total Deductions	$ 84,320	$ 79,032	$ 70,512	$ 64,815	$ 57,881
Net Increase (Decrease) in Fiduciary Net Position	$ 45,440	$ (37,533)	$ 37,617	$ 122,283	$ 107,086

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
2021	Miscellaneous	$ 82,110	$ 1,604	$ 4,605	$ 3,281	$ 3,013	$ 416	$ 95,029
	Probation	3,671	185	207	140	53	21	4,277
	Safety	15,376	2,484	1,419	2,287	249	4	21,819
	TOTAL	$ 101,157	$ 4,273	$ 6,231	$ 5,708	$ 3,315	$ 441	**$ 121,125**
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**

Source: SLOCPT detailed retiree payroll journals 2012-2021 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+
1/1/2021 - 12/31/2021	Average Monthly Benefit	$ 745.14	$ 1,138.75	$ 2,170.55	$ 3,264.10	$ 5,216.67	$ 5,965.33	$ 6,548.23
	Average Final Average Salary	$ 10,428.01	$ 6,037.76	$ 6,121.00	$ 7,011.44	$ 8,469.77	$ 8,094.41	$ 7,970.06
	Number of Active Retirees	12	27	17	29	26	14	11
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

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, 2021

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	**TOTAL**	**% of Total**
$0-$9,999						
Miscellaneous	380	21	63	2	466	14.7%
Probation	8	-	-	1	9	0.3%
Safety	21	-	1	-	22	0.7%
subtotal	**409**	**21**	**64**	**3**	**497**	**15.7%**
$10,000-$19,999						
Miscellaneous	540	28	58	-	626	19.7%
Probation	8	-	-	-	8	0.3%
Safety	26	-	6	1	33	1.0%
subtotal	**574**	**28**	**64**	**1**	**667**	**21.0%**
$20,000-$29,999						
Miscellaneous	413	27	27	5	472	14.9%
Probation	9	1	3	-	13	0.3%
Safety	26	5	11	1	43	1.4%
subtotal	**448**	**33**	**41**	**6**	**528**	**16.6%**
$30,000-$39,999						
Miscellaneous	285	6	22	3	316	10.0%
Probation	6	3	1	-	10	0.3%
Safety	18	14	6	1	39	1.2%
subtotal	**309**	**23**	**29**	**4**	**365**	**11.5%**
$40,000-$49,999						
Miscellaneous	192	3	14	6	215	6.8%
Probation	7	2	2	-	11	0.3%
Safety	21	14	7	1	43	1.4%
subtotal	**220**	**19**	**23**	**7**	**269**	**8.5%**
$50,000-$59,999						
Miscellaneous	142	-	7	9	158	4.9%
Probation	14	-	-	-	14	0.4%
Safety	23	7	5	2	37	1.2%
subtotal	**179**	**7**	**12**	**11**	**209**	**6.5%**

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount (continued)

as of December 31, 2021

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	117	1	4	9	131	4.1%
Probation	6	-	-	-	6	0.2%
Safety	28	-	-	3	31	1.0%
subtotal	**151**	**1**	**4**	**12**	**168**	**5.3%**
$70,000-$79,999						
Miscellaneous	87	-	5	4	96	3.0%
Probation	3	-	-	-	3	0.1%
Safety	31	6	1	6	44	1.4%
subtotal	**121**	**6**	**6**	**10**	**143**	**4.5%**
$80,000-$89,999						
Miscellaneous	63	-	1	6	70	2.2%
Probation	4	-	-	-	4	0.1%
Safety	25	3	-	6	34	1.1%
subtotal	**92**	**3**	**1**	**12**	**108**	**3.4%**
$90,000-$99,999						
Miscellaneous	29	-	1	2	32	1.0%
Probation	2	-	-	-	2	0.1%
Safety	15	1	-	3	19	0.6%
subtotal	**46**	**1**	**1**	**5**	**53**	**1.7%**
$100,000+						
Miscellaneous	110	-	3	6	119	3.8%
Probation	6	-	-	1	7	0.2%
Safety	31	2	2	4	39	1.3%
subtotal	**147**	**2**	**5**	**11**	**165**	**5.3%**
CUMULATIVE TOTAL						
Miscellaneous	**2,358**	**86**	**205**	**52**	**2,701**	**85.1%**
Probation	**73**	**6**	**6**	**2**	**87**	**2.6%**
Safety	**265**	**52**	**39**	**28**	**384**	**12.3%**
	2,696	**144**	**250**	**82**	**3,172**	**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, 2021, based on data as of December 31, 2020.

Active Members (all classes)		Average Age	Average Service	Average Annual Pay
	2020	44.3	8.7	$ 77,923
	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

Number of Members		Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
	2020	2,747	573	2,924	146	6,390
	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

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

San Luis Obispo County Pension Trust

Covered Employees by Employer

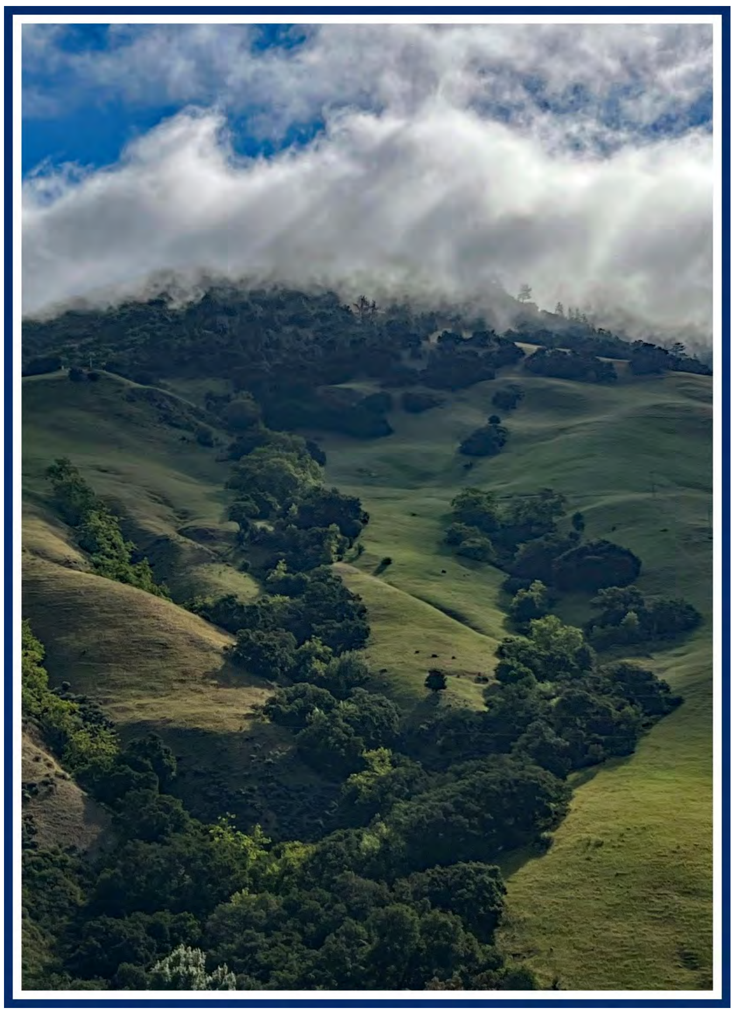
Last 10 fiscal years

Active Members (all classes)	San Luis Obispo County	Superior Court of CA	Air Pollution Control District	Local Agency Formation Comm.	(b) RTA	SLOCPT	TOTAL
2021							
Tier 1	801	70	9	-	-	1	881
Tier 2	280	-	1	-	6	2	289
Tier 3	1,526	56	10	3	6	5	1,606
Total	**2,607**	**126**	**20**	**3**	**12**	**8**	**2,776**
% of total	93.9%	4.6%	0.7%	0.1%	0.4%	0.3%	
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	94.1%	4.5%	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	94.3%	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	94.4%	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	94.3%	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%	0.9%	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%	0.9%	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%	5.4%	1.0%	0.1%		0.2%	

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



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Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: June 27, 2022

To: Board of Trustees

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

Agenda Item 9: January 1, 2022 Actuarial Valuation and Pension Contribution Rates

Accompanying this memo are –

- **Draft January 1, 2022 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 – 2014-2022**

Recommendation:

It is recommended that the Board take the following actions:

1. Approve the January 1, 2022 Actuarial Valuation.
2. Approve the transfer of $9,324,245 from the Current Reserve to the Retiree Reserve as recommended by Cheiron in the Reserves Comment of the Valuation (page A-3).
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 52.48% effective January 1, 2022 is received - an increase of 2.31% over the current 50.17% Charged Rate of contributions as of 1/1/22** as recommended by Cheiron in the Executive Summary section of the Valuation (page 6).

a. This increase is subject to delayed implementation as may be requested by the Plan Sponsors, 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.**

2022 Actuarial Valuation Results:

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

	January 1, 2021	January 1, 2022	Change
Membership			
Active Members	2,747	2,776	1.1%
Retirees and Beneficiaries	3,070	3,172	3.3%
Deferred Vesteds and Inactives	799	861	7.8%
Total	6,616	6,809	2.9%
Total Projected Payroll	$ 214,044,000	$ 224,010,000	4.7%
Average Pay	$ 77,919	$ 80,695	3.6%
Funded Status			
Actuarial Liability	$ 2,313,128	$ 2,498,107	8.0%
Actuarial Value of Assets (AVA)	1,506,270	1,619,357	7.5%
Unfunded Actuarial Liability (UAL)	$ 806,858	$ 878,750	8.9%
Funding Ratio (AVA Basis)	65.1%	64.8%	-0.3%
Market Value of Assets (MVA)	$ 1,566,326	$ 1,749,963	11.7%
Unfunded Actuarial Liability (MVA Basis)	746,802	748,144	0.2%
Funding Ratio (MVA Basis)	67.7%	70.1%	2.4%
Actuarially Determined Contributions			
Total Normal Cost	20.99%	21.62%	0.63%
Administrative Expenses	1.07%	1.06%	-0.01%
Unfunded Actuarial Liability Payment			
Interest	23.55%	22.54%	-1.01%
Principal	4.73%	7.26%	2.53%
Total UAL Payment	28.28%	29.80%	1.52%
Total Actuarially Determined Contribution	50.34%	52.48%	2.14%

Contribution Rate:

Actuarially Determined Contribution (ADC) increase = 2.14%.
The valuation indicates an increase in the Total Required Contribution Rate (or Actuarially Determined Contributions (ADC)) to 52.48% from 50.34% (prior year ADC), effective January 1, 2022. The sources of this **increase of 2.14% in the ADC** are discussed below and in Table I-4 on page 7 of the attached 2022 Actuarial Valuation. The increases shown below are expressed as a percent of pay.

1. Actuarial investment gain – Contribution Impact = -1.27%

2. Tier 3 (PEPRA) new hires replacing Tier 1 and Tier 2 terminations – Contribution Impact = -0.32% of pay

3. Effect of payroll growth being larger than expected which leads to more of the UAL being paid down – Contribution impact = -0.52% of pay

4. Contribution timing lag due to delayed implementation of 2021 valuation rate increase – Contribution impact = +0.26%% of pay

5. Demographic Experience mainly driven by Tier 1 retiree COLA and active member salary increases being above assumptions – Contribution impact = +1.05% of pay

6. Changes in Actuarial Assumptions (see previously published Experience Study for more details – Contribution impact = +2.94%

Recommended Pension Contribution Rate Increase = 2.31%
This reflects the 2.14% increase in the ADC as discussed above. It also reflects that the Charged Rate of contributions as of 1/1/22 is 50.17% - slightly below the planned ADC for 2021 of 50.34%. Rate increase history is included in the attached Pension Contribution Rate Increase History – 2016-2022.

See page 10 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 Sponsors. The rate increase discussed above is as of January 1, 2022. 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 2.31% were to be implemented July 1, 2023, the aggregate increase would be 2.59%.

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

Funded Ratio:

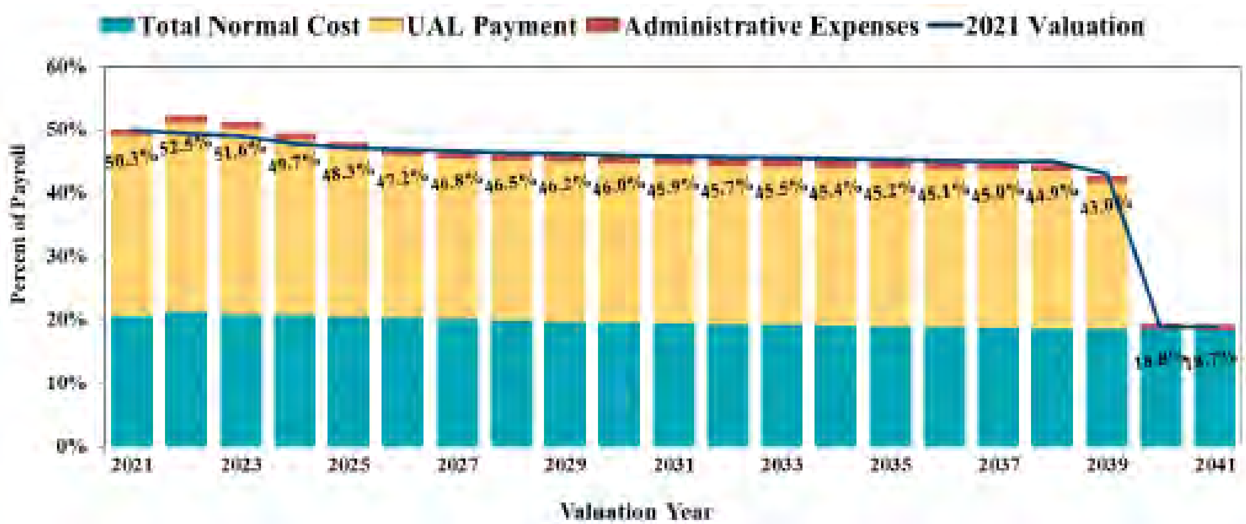
The valuation results also indicate that the funded ratio of the Plan – Actuarial Accrued Liabilities (AAL) vs. Actuarial Value of Assets (AVA) has declined from 65.1% in 2021 to **64.8**% in 2022.

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

See page 9 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 page 11 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%.
- The Inflation assumption used remains at 2.50%.
- All actuarial assumptions are fully met each year.

Respectfully submitted,

Classic Values, Innovative Advice

San Luis Obispo County Pension Trust

Actuarial Valuation Report as of January 1, 2022

Produced by Cheiron

June 2022

TABLE OF CONTENTS

June 15, 2022

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, 2022. 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

FOREWORD

Cheiron has performed the actuarial valuation of the San Luis Obispo County Pension Trust as of January 1, 2022. 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 2022,
- 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, 2021, provided to SLOCPT in June 2022.

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, 2022.

The Trust's funding policy is to collect contributions from the employers and employees, the Actuarially Determined Contribution (ADC), 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 (18 years remaining as of January 1, 2022). Effective with the January 1, 2019 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a separate closed 20-year period.

Actuarial experience studies are performed every two years. This valuation was performed based on the economic and demographic assumptions and methods that were recommended in the Actuarial Experience Study performed by Cheiron as of December 31, 2021. These assumptions were adopted by the Board of Trustees at their May 23, 2022 Board meeting. A summary of the assumptions and methods used in the current valuation is shown in Appendix C.

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

B. Key Findings of this Valuation

The key results of the January 1, 2022 actuarial valuation are as follows:

- The Actuarially Determined Contribution rate increased from 50.34% of payroll to 52.48% of payroll, a 2.14% of payroll increase. The increase is primarily due to assumption changes from the experience study, partially offset by favorable investment experience.

- The changes to the economic and demographic assumptions increased the Actuarial Liability by $78.1 million and the Actuarially Determined Contribution rate by 2.94% of payroll.

- During the plan year ending December 31, 2021, the return on the Market Value of Assets (MVA) was 13.6%, net of investment expenses and assuming mid-year cash flows, as compared to the 6.75% assumption. Based on the Actuarial Value of Assets (AVA), the Plan returned 9.4% for the year, an actuarial asset gain of $39.3 million. Only 20% of each year's gains or losses on the Market Value of Assets are recognized. There are $131 million of net deferred actuarial assets gains as of January 1, 2022 that will be recognized over the next four years.

- The Trust's funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability prior to the changes in assumptions increased from 65.1% last year to 67.0%, due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 64.8% as of January 1, 2022, an overall decrease of 0.3%.

- The ratio of Market Value of Assets over Actuarial Liability prior to the changes in assumptions increased from 67.7% last year to 72.3% due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 70.1% as of January 1, 2022, an overall increase of 2.4%.

- 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 $806.9 million to $878.8 million, an increase of $71.9 million, primarily due to assumption changes and actuarial liability losses. Table I-2 in this report details the changes in UAL.

- The Actuarial Liability of the Trust increased more than expected. The actuarial experience losses were 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 increases than expected, and more retirements than expected. Consequently, the Trust experienced a net loss on the Actuarial Liability of $31.7 million.

- As of January 1, 2022, there were 1,606 active members covered under Tier 3 (AB 340, "PEPRA") compared to 1,453 active members covered in the prior valuation. Tier 3 active member payroll comprises 51% of the total member payroll as of January 1, 2022, compared to 46% in the prior valuation.

SECTION I – EXECUTIVE SUMMARY

- **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, 2021, the reserve for Retirees and Beneficiaries is $1,300,964,786. The non-COLA liabilities calculated were $1,310,289,031. Accordingly, we recommend that the Trust transfer the difference of $9,324,245 out of the Current Reserve and into the Retiree Reserve.

- **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 2022 is approximately $9.0 million, which is approximately 4.02% of active member payroll. When this percent is added to the actuarial valuation computed County appropriation rate of 34.93% (based on employers assuming all of the contribution rate increase for the January 1, 2022 valuation, including the administrative expenses), the total rate of 38.95% 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, 2021	January 1, 2022	Change
Membership			
Active Members	2,747	2,776	1.1%
Retirees and Beneficiaries	3,070	3,172	3.3%
Deferred Vesteds and Inactives	799	861	7.8%
Total	6,616	6,809	2.9%
Total Projected Payroll	$ 214,044,000	$ 224,010,000	4.7%
Average Pay	$ 77,919	$ 80,695	3.6%
Funded Status			
Actuarial Liability	$ 2,313,128	$ 2,498,107	8.0%
Actuarial Value of Assets (AVA)	1,506,270	1,619,357	7.5%
Unfunded Actuarial Liability (UAL)	$ 806,858	$ 878,750	8.9%
Funding Ratio (AVA Basis)	65.1%	64.8%	-0.3%
Market Value of Assets (MVA)	$ 1,566,326	$ 1,749,963	11.7%
Unfunded Actuarial Liability (MVA Basis)	746,802	748,144	0.2%
Funding Ratio (MVA Basis)	67.7%	70.1%	2.4%
Actuarially Determined Contributions			
Total Normal Cost	20.99%	21.62%	0.63%
Administrative Expenses	1.07%	1.06%	-0.01%
Unfunded Actuarial Liability Payment			
Interest	23.55%	22.54%	-1.01%
Principal	4.73%	7.26%	2.53%
Total UAL Payment	28.28%	29.80%	1.52%
Total Actuarially Determined Contribution	50.34%	52.48%	2.14%

The key results shown in Table I-1 indicates that total SLOCPT membership increased by 2.9%. The active membership is relatively stable with a slight increase of 1.1% from last year to this year, while the number of members receiving monthly benefits increased by 3.3%. The number of inactive members increased by 7.8%.

SECTION I – EXECUTIVE SUMMARY

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

Unfunded Actuarial Liability, January 1, 2021	$	806,858
Expected change in Unfunded Actuarial Liability		(8,079)
Decrease due to actuarial asset gain		(39,343)
Increase due to liability loss		31,692
Increase due to contribution timing delay and expense:		9,568
Increase due to assumption changes		78,054
Total UAL change	$	71,892
Unfunded Actuarial Liability, January 1, 2022	$	878,750

The Unfunded Actuarial Liability (UAL) for SLOCPT increased by $71.9 million, from $806.9 million to $878.8 million. Table I-2 above presents the specific components of the change in the UAL.

- The expected decrease in the UAL of $8.1 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 $39.3 million is a result of the 9.4% return on the Actuarial Value of Assets.

- The liability experience loss increased the UAL by $31.7 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%, salary increases for actives above the assumed increases, and more retirements than expected.

- The contribution timing delay accounts for the difference between actual contributions received for the year ending December 31, 2021 and the expected contributions for the year based on the ADC rate from the January 1, 2021 actuarial valuation. The impact on the 2021 valuation is a loss of $9.1 million.

- The assumed administrative expenses for the 2021 calendar year were $2.4 million compared to the actual administrative expenses of $2.8 million, which produced a small loss of $0.4 million.

- The assumption changes increased the UAL by $78.1 million. The economic assumption changes increased the UAL by $73.3 million while the demographic assumptions increased the UAL by $4.8 million.

SECTION I – EXECUTIVE SUMMARY

Actuarially Determined Contribution 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 total contribution rate and its components from the prior year to the current year. The total Actuarially Determined Contribution rate increased by 2.14% for the January 1, 2022 valuation. An increase of 0.63% in the gross normal cost, an increase of 1.52% in the amortization of the UAL, and a decrease of 0.01% 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, 2021	January 1, 2022
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	20.99%	21.62%
2. Member Contributions	16.89%	17.55%
3. Employer Normal Cost [(1) - (2)]	4.10%	4.07%
4. UAL Amortization Payment	28.28%	29.80%
5. Employer Contribution Rate [(3) + (4)]	32.38%	33.87%
6. Administrative Expenses	1.07%	1.06%
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	50.34%	52.48%
Reconciliation of Charged Rate		
8. Employer Charged Rate	27.00%	30.43%
9. Member Charged Rate	17.05%	17.35%
10. Total Charged Rate [(8) + (9)]	44.05%	47.78%
11. Increase to Charged Rate[1]	4.13%	2.39%
12. Total Charged Rate as of January 1 [(10) + (11)]	48.18%	50.17%
13. Recommended Rate Change as of January 1 [(7) - (12)]	2.16%	2.31%

[1] *The recommended rate increase as of January 1, 2021 was 2.16%. However, the rate increase will be implemented on July 1, 2022, except for APCD who implemented on January 1, 2022. Therefore, it was increased to 2.39%. The recommended rate increase as of January 1, 2020 was 3.60%. However, the rate increase was implemented on July 1, 2021. Therefore, it was increased to 4.13%.*

SECTION I – EXECUTIVE SUMMARY

Table I-4 summarizes the change in the total employer and employee contribution rate from the last valuation by source.

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

	Normal Cost	Administrative Expenses	UAL Payment	Total
Total ADC as of January 1, 2021	**20.99%**	**1.07%**	**28.28%**	**50.34%**
Actuarial investment gain	0.00%	0.00%	-1.27%	-1.27%
Tier 3 (PEPRA) new hires	-0.32%	0.00%	0.00%	-0.32%
Effect of payroll growth	0.00%	-0.01%	-0.51%	-0.52%
Contribution timing lag	0.00%	0.00%	0.26%	0.26%
Demographic experience	-0.02%	0.00%	1.07%	1.05%
Assumption changes	0.97%	0.00%	1.97%	2.94%
Total Change	**0.63%**	**-0.01%**	**1.52%**	**2.14%**
Total ADC as of January 1, 2022	**21.62%**	**1.06%**	**29.80%**	**52.48%**

The changes in the total employer and employee contribution rate compared to the January 1, 2021 valuation results are as follows:

- Asset experience produced an investment gain that decreased the contribution rate by 1.27% of pay. The actuarial assets of the Plan returned 9.4% (net of investment expenses) for the year ending December 31, 2021, which is higher than the assumed rate of 6.75%.

- Tier 3 (PEPRA) members now make up over 51% of active member payroll compared to 46% 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 0.32% 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 $4.1 million. The expected payroll growth rate is 2.75% while the actual payroll growth during 2021 was about 4.7%. 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 0.52%.

- 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 of the contribution rate increases.

SECTION I – EXECUTIVE SUMMARY

- 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, 2021 was 2.16%. However, the employers (except for APCD who implemented the increase on January 1, 2022) adopted to implement the increase effective July 1, 2022 with an adjusted increase of 2.39% 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 0.26% of payroll.

- Demographic experience, or liability experience, was unfavorable for an increase in cost of about 1.05% of pay. The demographic experience of the Plan includes retirement, death, disability, and termination experience, as well as other factors such as changes in benefits 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 changes in demographic and economic assumptions increased the contribution rate by 2.94% of payroll. The primary drivers of the total cost impact were the increase of the price and wage inflation assumptions and Tier 1 COLA growth assumptions, which increased the contribution rate by 2.61% of pay. The drivers of the demographic assumption cost impact were changes to the retirement rates and salary merit increases, partially offset by changes to mortality rates; for a net increase of 0.33% of pay. More detail on the impact of the individual assumption changes can be found in the actuarial experience study report.

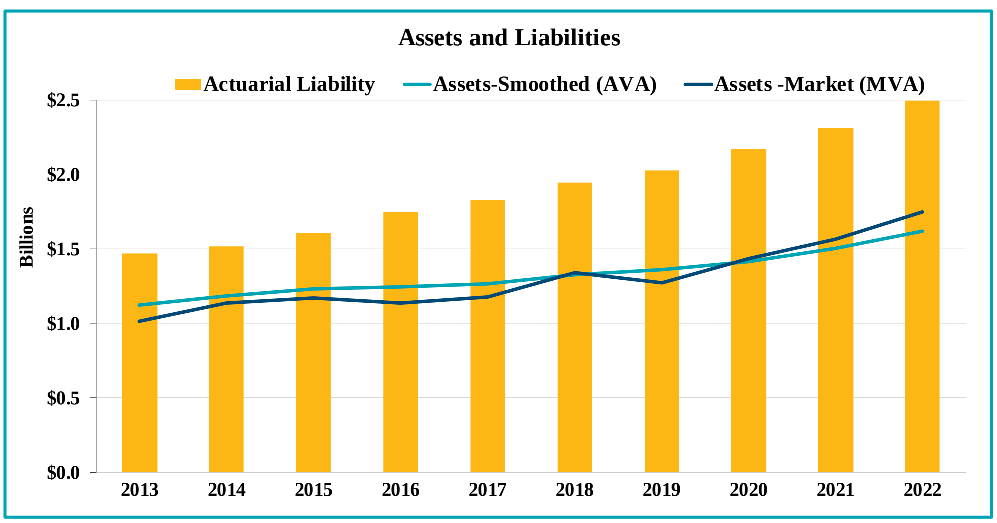
C. Historical Trends

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 Actuarially Determined 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 76% in 2013 to 65% in 2022, primarily as a result of actuarial asset losses, reductions in the discount rate from 7.25% to 6.75%, and the reduction of the real rate of return through an increase in price inflation from 2.25% to 2.50% in 2022, and mortality improvements.

The funded ratio on an MVA basis has increased slightly from 69% to 70% during that same period. During this period, the average annual rate of return on an MVA basis (8.3%) is 2.6% higher than the average annual return on an AVA basis (5.7%), 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)	76%	78%	77%	71%	69%	68%	67%	65%	65%	65%	
Rate of Return* (AVA)	6.2%	6.2%	5.3%	3.0%	3.5%	6.0%	3.7%	5.7%	7.9%	9.4%	5.7%
Funded Ratio (MVA)	69%	75%	73%	65%	65%	69%	63%	66%	68%	70%	
Rate of Return* (MVA)	12.0%	13.1%	4.6%	-1.4%	6.1%	14.9%	-3.7%	15.2%	10.4%	13.6%	8.3%

* Rate of return for prior year ending 12/31

SECTION I – EXECUTIVE SUMMARY

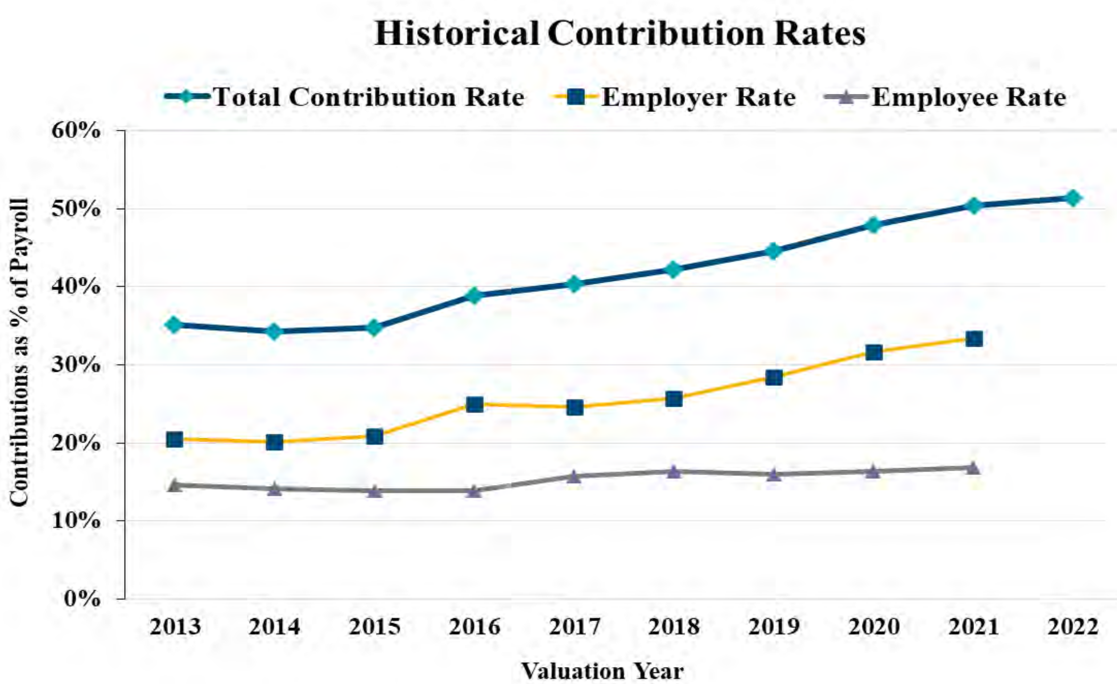
Contribution Trends

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 51%. This increase is primarily due to the incremental discount rate decreases from 7.25% to 6.75% and other assumption changes during this period. There were also consistent investment losses on the actuarial value of assets from 2006 to 2020, with favorable experience in 2021 and 2022. The total contribution rate increased slightly in 2022 due to the changes in the assumptions, most notably the increase in price inflation which also increased the wage inflation and COLA growth assumptions.

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

Over the period shown, the average employee contribution rates were relatively stable from 2013 to 2016, increasing as the Plan's economic assumptions have changed. However, these increases are partially offset as 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 rate has generally been allocated equally between employers 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 and 2021, the County Employer was allocated a larger portion of the rate increase.



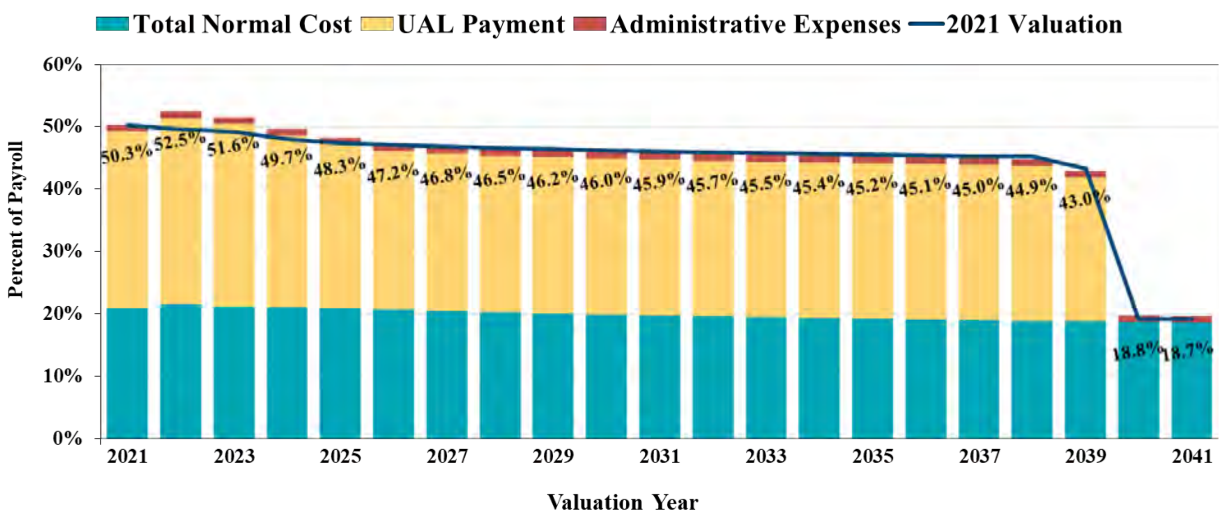
D. Future Expected Financial Trends

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 3.00% 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 (1.06% of payroll over the projection period.) The dark blue line represents the contribution rate projections based on the January 1, 2021 valuation.



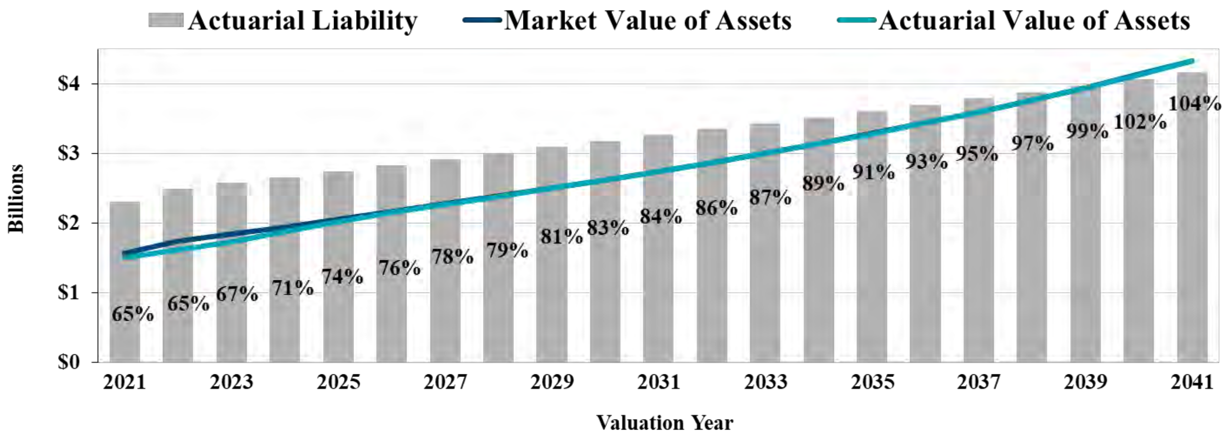
The total contribution rate is approximately 52.48% of member payroll for the January 1, 2022 valuation. Over the next four years, there is an expected rate decline of approximately 5.3% to 47.2% in 2026, primarily due to the recognition of the $130.6 million in deferred investment gains. After 2026, there is a more gradual decrease due to the gradual decrease in the normal cost rate (the teal bars) as Tier 3 active members, with lower benefits, continue to replace Tier 1 and Tier 2 active members.

There is a decrease in the UAL payment of almost 2.0% of payroll from 44.9% to 43.0% in 2039 when the 2019 amortization layer for the actuarial loss is fully paid. Finally, the contribution rate drops by about 24% of payroll to 18.8% 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, 2022 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.

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 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.

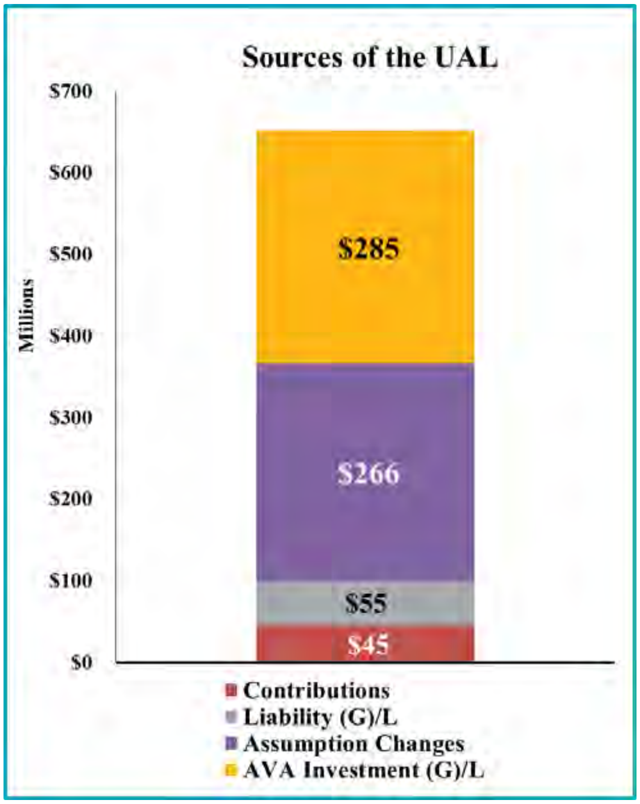
Assumption change risk is the potential for the environment to change such that future valuation assumptions are different from the current assumptions. For example, declines in interest rates over the last three decades resulted in higher investment returns for fixed income investments, but lower expected 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 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, 2022. Over the last 14 years, the UAL has increased by approximately $651 million. The investment losses (gold bar) of $285 million on the Actuarial Value of Assets (AVA) and assumptions changes (purple bar) resulting in a UAL increase of $266 million are the primary sources in the UAL growth. The net liability losses (gray bar) of $55 million and contributions being less than the "tread water" level (red bar, defined later in this section) by $45 million have also increased the UAL since January 1, 2009.

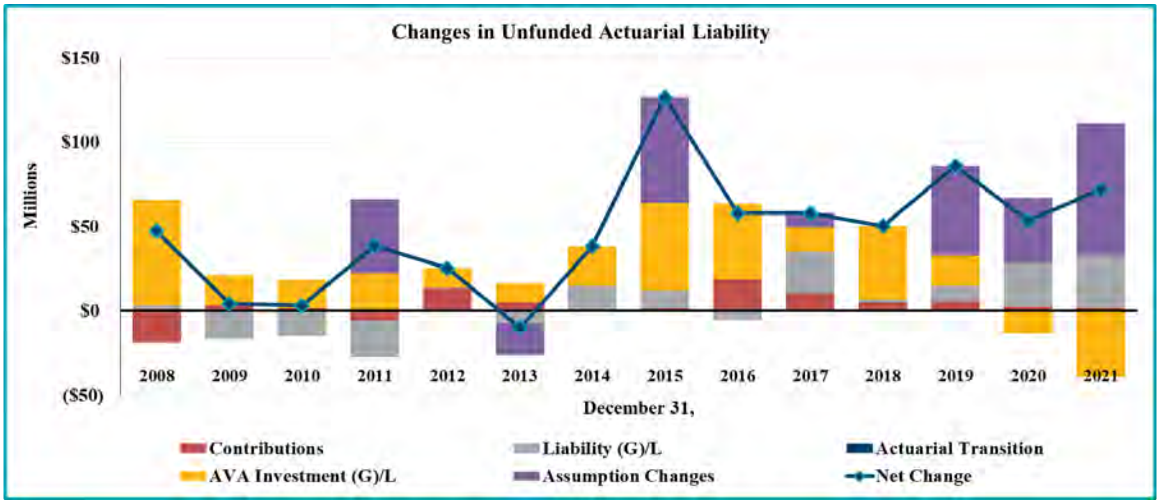
Chart II-1



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 14-year period is 6.2% and 5.5% respectively. Actuarial asset losses were greater than the gains over the period, primarily due to the market performance in FYE 2008, 2015, and 2018 with actual returns of -28.0%, -1.4%, and -3.7% respectively, 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' 30-year capital market assumptions and the Plan's asset allocation, the expected average annual return is about 6.6% 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 also includes changes in demographic assumptions such as changes in mortality rates and longevity improvements projected in the future, which had a significant impact on the measurement of the UAL for the January 1, 2016 actuarial valuation.

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 is expected 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 14 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)	2008	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%**	**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)	$ (39.3)	**$ 285.3**
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	31.7	**55.2**
Assumption Change	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	78.1	**266.0**
Contributions[1]	(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	1.5	**44.7**
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**	**$ 72.0**	**$ 651.2**

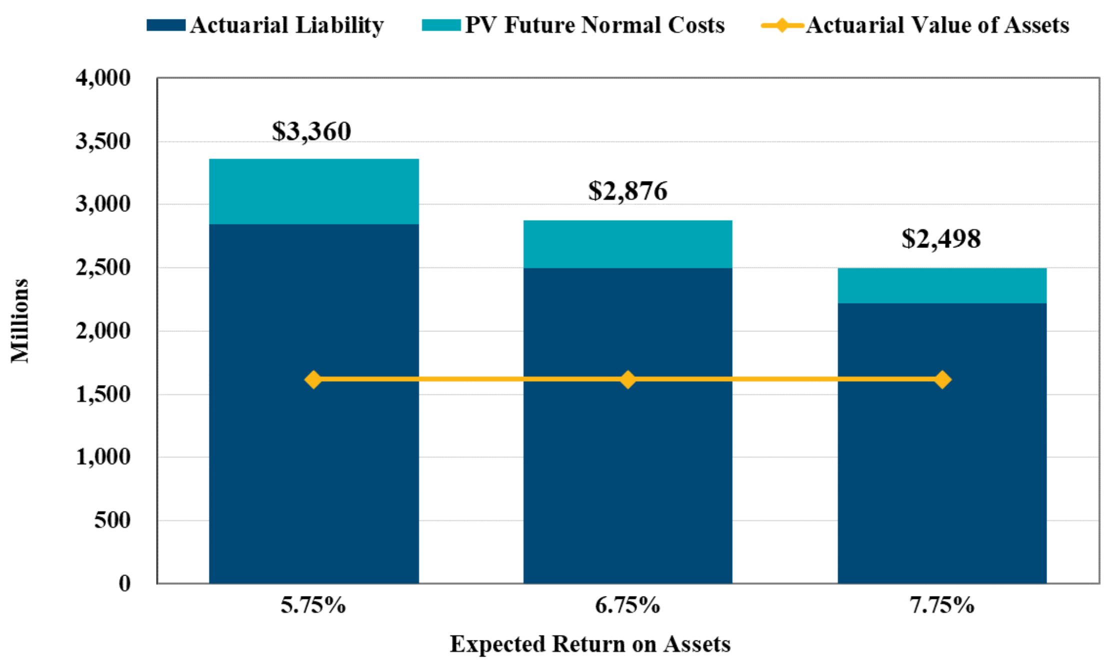
[1] *Actual contributions (more than) / less than normal cost and interest on the UAL (tread water level)*

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 (6.75%) 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 Actuarial Value of Assets.

Present Value of Future Benefits versus Assets



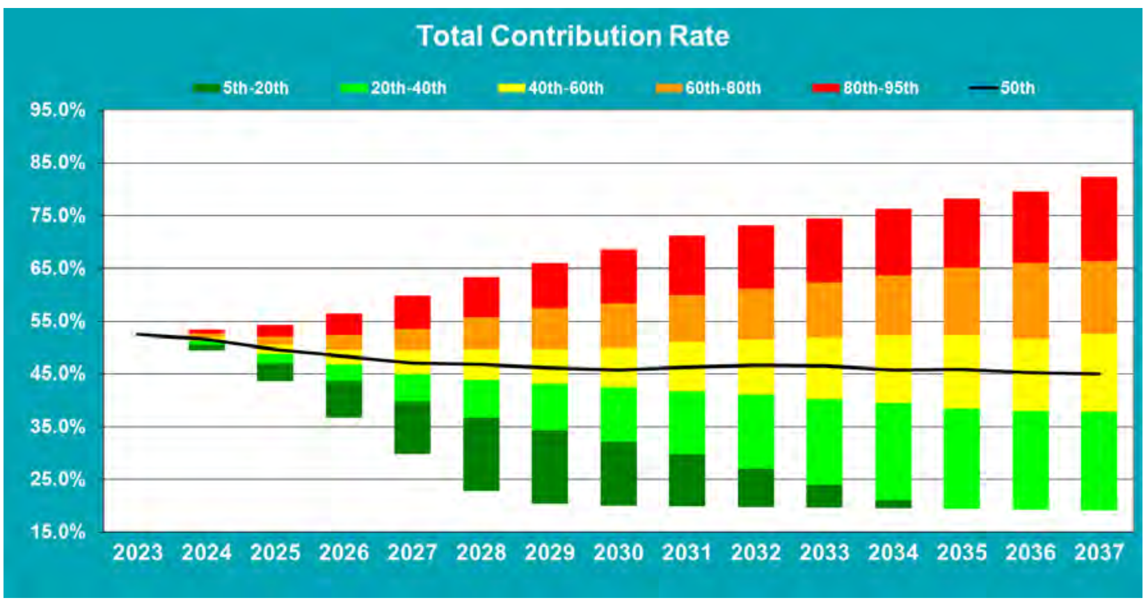
If investments return 6.75% annually, the Plan would need approximately $2.9 billion in assets today to pay all projected benefits compared to current assets of $1.6 billion. If investment returns are only 5.75%, the Plan would need approximately $3.4 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately $2.5 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 11.8% 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.

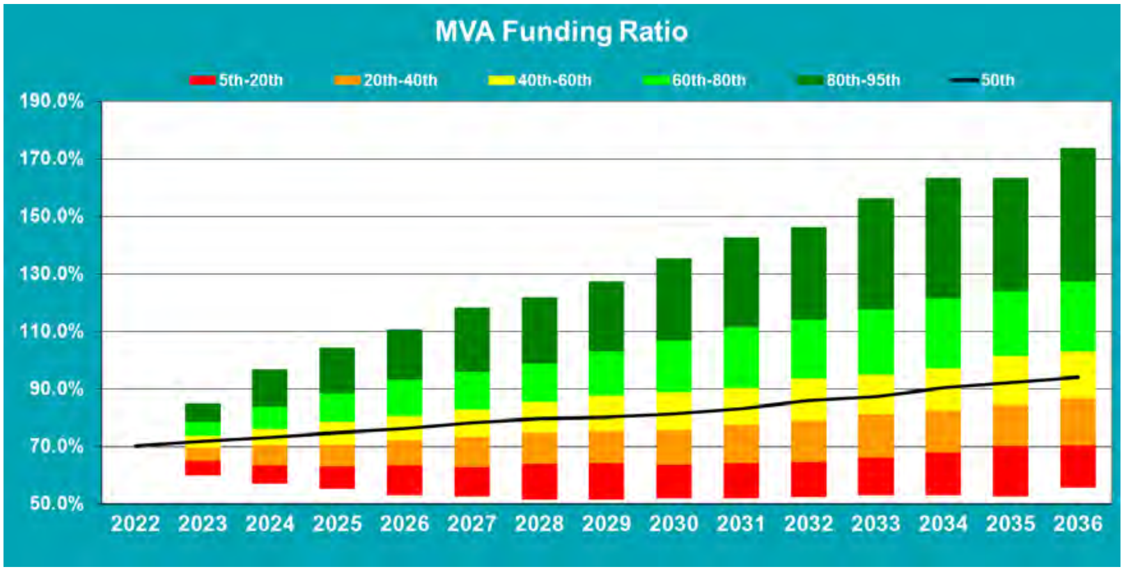
Stochastic Projection of Total Contributions as a Percent of Pay



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 82% of pay in 2037. Conversely, in the most optimistic scenario shown, the 5th percentile, the projected contribution rate declines to about 20% starting in 2029. 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 94% 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 3.00%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 3.00% 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.

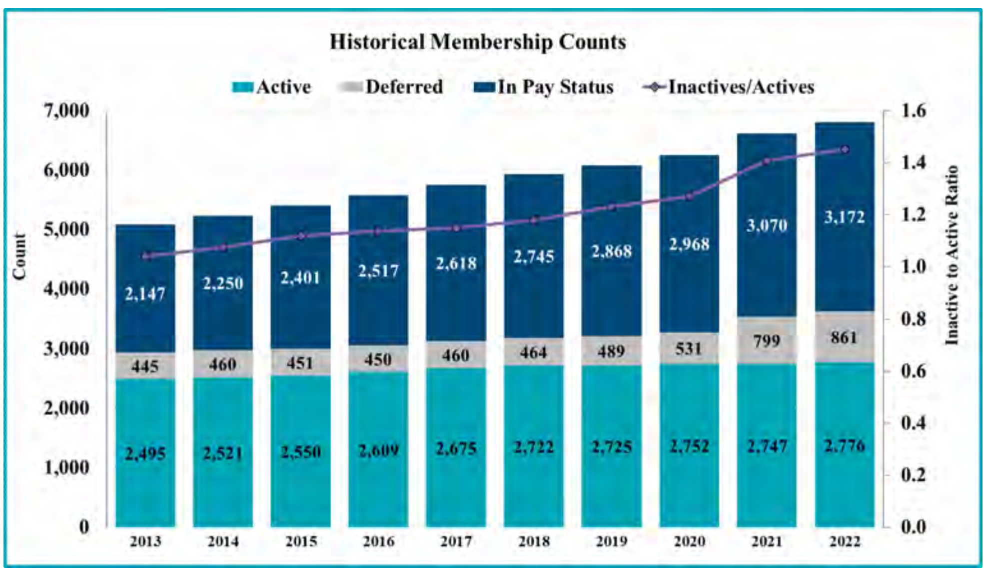
Plan Maturity Measures

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 almost 1.5 over the period. The number of active members has grown by around 11% for SLOCPT, while the number of inactive members, excluding non-vested members with contributions on account, has increased by over 45%.



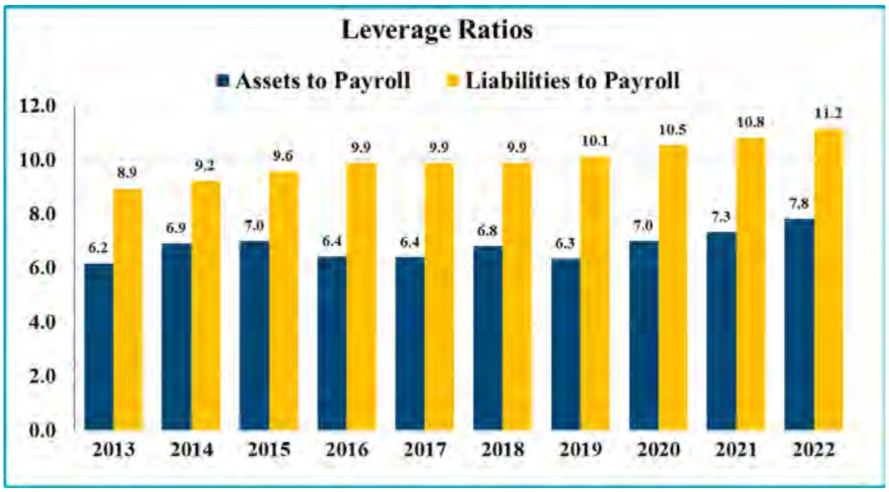
[1] *January 1, 2021 and January 1, 2022 Deferred Membership counts include 226 and 256 non-vested members with contributions on account, respectively.*

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 2013.



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 11.2 times payroll, or the Actuarial Liability (AL) leverage ratio.

The asset leverage ratio of 7.8 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 131% of payroll (16.75% times 7.8). 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.

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, 2021 and January 1, 2022,
- 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 Value 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, 2021 and January 1, 2022.

SECTION III – ASSETS

Table III-1
Statement of Assets at Market Value

	January 1, 2021	January 1, 2022
Cash and Cash Equivalents	$ 61,481,889	$ 78,934,513
Receivables	3,053,756	587,832
Equities	730,115,063	747,912,868
Bonds	422,122,556	483,175,536
Mortgages	7,365,200	9,336,523
Alternative Investments	172,467,326	244,171,272
Real Estate	206,417,084	220,641,792
Other	6,922,598	6,282,448
	$ 1,609,945,472	$ 1,791,042,784
Liabilities	(43,619,277)	(41,079,995)
Market Value of Assets	**$ 1,566,326,195**	**$ 1,749,962,789**
Reserves		
Member Deposit	$ 388,478,368	$ 406,419,442
Appropriation	34,237,602	15,569,672
Retired Members	1,198,377,463	1,300,964,786
Cost of Living	437,959,468	450,389,329
Contingency	(1,000,258,382)	(1,082,969,980)
Market Value Adjustments	507,531,676	659,589,540
Total Reserves	**$ 1,566,326,195**	**$ 1,749,962,789**

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 December 31, 2020 and December 31, 2021.

Table III-2
Changes in Market Value of Assets

	December 31, 2020	December 31, 2021
Beginning of Year	**$ 1,439,004,203**	**$ 1,566,326,195**
Revenues		
Contributions		
Employer Contributions	$ 56,305,770	$ 61,177,212
Member Contributions	35,888,642	36,699,913
Total Contributions	$ 92,194,412	$ 97,877,125
Prefunding Discount Amortization	$ (1,421,187)	$ (1,325,003)
Net Investment Income		
Interest	$ 3,405,925	$ 2,827,151
Dividends	7,907,996	5,895,188
Real Estate Income	0	0
Realized and Unrealized	144,465,689	206,236,189
Other Income	35,607	22,153
Investment Expenses	(3,529,059)	(3,973,810)
Net Investment Income	$ 152,286,158	$ 211,006,871
Total Revenues	**$ 243,059,383**	**$ 307,558,993**
Disbursements		
Benefits Payments		
Monthly Benefit Payments	$ 109,135,137	$ 117,368,651
Refunds of Member Contributions	3,167,517	3,314,923
Death Benefits	864,963	441,485
Total Benefit Payments	$ 113,167,617	$ 121,125,059
Administrative Expenses	2,569,774	2,797,340
Total Disbursements	**$ 115,737,391**	**$ 123,922,399**
Net Increase / (Decrease)	127,321,992	183,636,594
End of Year	**$ 1,566,326,195**	**$ 1,749,962,789**

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 are based on the assumption that the assumed rate of investment return is net of investment expenses.

Table III-3
Development of Investment Returns

	Market Value	Actuarial Value
1) Assets as of January 1, 2021	$ 1,566,326,195	$ 1,506,269,826
a) Contributions	97,877,125	97,877,125
b) Prefunding Discount Amortization	(1,325,003)	(1,325,003)
c) Benefits Paid	(121,125,059)	(121,125,059)
d) Administrative Expenses	(2,797,340)	(2,797,340)
e) Expected Investment Earnings at 6.75%	104,772,906	100,719,101
2) Expected Value of Assets as of January 1, 2022	$ 1,643,728,824	$ 1,579,618,650
3) Actual Value of Assets as of January 1, 2022	$ 1,749,962,789	$ 1,619,357,406
4) Actuarial Investment Gain/(Loss) [(3) - (2)]	$ 106,233,965	$ 39,738,756
5) Change in excludable assets for AVA	$ -	$ (396,015)
6) Net Actuarial Investment Gain/(Loss) [(4 + (5)]	$ 106,233,965	$ 39,342,741
7) Actual Investment Earnings [(1e) + (6)]	$ 211,006,871	$ 140,061,842
8) Actual Rate of Return as of December 31, 2021 *(net of investment expenses only)*	13.6%	9.4%
9) Ratio of Actuarial Value of Assets to Market Value		93%

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, 2022			
1)	Actuarial Value of Assets as of 1/1/2021	$	1,506,269,826
2)	Non-Investment Cash Flow for FYE 2021		(27,370,277)
3)	Expected Return for FYE 2021		100,719,101
4)	Expected Actuarial Value of Assets as of 1/1/2022 [(1) +(2) +(3)]	$	1,579,618,650
5)	Actual Return on Market Value as of FYE 2021	$	211,006,871
6)	Actual Return Above Expected in 2021: (5) - (3)	$	110,287,770
7)	Recognition of Returns Above / (Below) Expected		
	December 31, 2021 (20% of 6.)	$	22,057,554
	December 31, 2020 (20% of 51,601,739)		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
	Total Recognition of Returns for 1/1/2022	$	39,342,741
8)	**Preliminary Actuarial Value of Assets as of 1/1/2022**	**$**	**1,618,961,391**
9)	Excludable Assets: Additional Annuity Reserve		
	Beginning of Year		2,265,799
	End of Year		1,869,784
	Change in Excludable Assets		(396,015)
10)	**Final Actuarial Value of Assets as of 1/1/2022**	**$**	**1,619,357,406**

Allocation of Assets by Class

The following table shows the allocation of the Actuarial Value of Assets between the three Classes (Miscellaneous, Probation, and Safety). The assets are allocated to each Class 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 Class for January 1, 2022

	Miscellaneous	Probation	Safety	Total SLOCPT
Valuation Assets as of December 31, 2020	$ 1,158,652,750	$ 65,614,721	$ 282,002,355	$ 1,506,269,826
Valuation Assets as of December 31, 2021				1,619,357,406
Funded Ratio	64.8%	64.8%	64.8%	64.8%
Actuarial Liability	$ 1,920,533,125	$ 111,253,951	$ 466,320,684	$ 2,498,107,760
Allocation of Assets to Equalize Funded Ratios	86,301,367	6,503,829	20,282,384	113,087,580
Valuation Assets as of December 31, 2021	$ 1,244,954,117	$ 72,118,550	$ 302,284,739	$ 1,619,357,406

Historical Investment Performance

The following table shows the historical annual asset returns on both a market value and actuarial value basis since 2006. The 5-year, 10-year and 15-year geometric average annual returns are also included for reference.

Table III-5
Net Return on Market Value and Actuarial Value of Assets

Year Ended December 31	Net Return on Market Value	Net Return on Actuarial Value
2006	11.1%	7.8%
2007	4.8%	8.4%
2008	-28.0%	3.8%
2009	23.5%	5.7%
2010	14.3%	6.0%
2011	2.7%	5.5%
2012	12.0%	6.2%
2013	13.1%	6.2%
2014	4.6%	5.3%
2015	-1.4%	3.0%
2016	6.1%	3.5%
2017	14.9%	6.0%
2018	-3.7%	3.7%
2019	15.2%	5.7%
2020	10.4%	7.9%
2021	13.6%	9.4%
Geometric Average		
5-Year	9.8%	6.5%
10-Year	8.3%	5.7%
15-Year	6.1%	5.7%

Returns are net of investment expenses starting in 2021.
Returns are net of both administrative and investment expenses prior to 2021.

SECTION IV – LIABILITIES

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

- **Disclosure** of Trust liabilities at January 1, 2021 and January 1, 2022;
- 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, 2022 Total	January 1, 2021 Total
Present Value of Benefits					
Actives	$ 826,698	$ 68,181	$ 174,958	$ 1,069,837	$ 968,374
Terminated Vested	73,147	3,001	7,826	83,974	80,152
Retirees	1,228,856	57,415	297,042	1,583,313	1,456,453
Disabled	22,299	3,382	42,277	67,958	72,109
Beneficiaries	50,447	1,890	18,304	70,640	65,401
Total Present Value of Benefits	**$ 2,201,447**	**$ 133,869**	**$ 540,406**	**$ 2,875,723**	**$ 2,642,489**
Actuarial Liability					
Total Present Value of Benefits	$ 2,201,447	$ 133,869	$ 540,406	$ 2,875,723	$ 2,642,489
Present Value of Future Normal Costs	280,914	22,615	74,087	377,616	329,361
Actuarial Liability	$ 1,920,533	$ 111,254	$ 466,320	$ 2,498,107	$ 2,313,128
Actuarial Value of Assets	$ 1,244,954	$ 72,119	$ 302,284	$ 1,619,357	$ 1,506,270
Funded Ratio	64.8%	64.8%	64.8%	64.8%	65.1%
Unfunded Actuarial Liability/(Surplus)	$ 675,579	$ 39,135	$ 164,036	$ 878,750	$ 806,858

SECTION IV – LIABILITIES

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

Table IV-2
Development of 2022 Experience Gain/(Loss)
(in thousands)

1.	Unfunded Actuarial Liability (UAL) at January 1, 2021	$	806,858
2.	Middle of year actuarial liability payment		(60,532)
3.	Interest to end of year on 1 and 2		52,453
4.	Assumption Changes		78,054
5.	Expected UAL at January 1, 2022 (1+2+3+4+5)	$	876,833
6.	Actual Unfunded Liability at January 1, 2022		878,750
7.	Net Gain/(Loss): (6 - 7)	$	(1,917)
8.	Portion of net Gain/(Loss) due to:		
	a. Actuarial investment gain	$	39,343
	b. Retirement and termination experience loss		(9,111)
	c. Contribution implementation delay		(9,133)
	d. Retiree COLA increases more than expected		(7,970)
	e. Active member salary increases more than expected		(13,811)
	f. Expenses more than expected		(435)
	g. Inactive mortality loss		(40)
	h. Other experience		(760)
	Total Gain/(Loss)	$	(1,917)

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 (18 years remaining as of January 1, 2022) as a percentage of payroll. 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 separate 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 29.80% as a percentage of pay.

Table V-1
Development of Amortization Payment
For the January 1, 2022 Actuarial Valuation

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2022 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL[1]	1/1/2018	$ 616,930,482	21	$ 603,684,326	18	$ 46,161,836	20.61%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	49,274,728	17	3,926,091	1.75%
3.	Assumption Changes	1/1/2020	53,371,279	20	52,468,984	18	4,012,138	1.79%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	34,867,663	18	2,666,220	1.19%
5.	Assumption Changes	1/1/2021	35,700,366	20	35,436,531	19	2,608,306	1.16%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	23,047,546	19	1,696,415	0.76%
7.	Assumption Changes	1/1/2022	78,053,947	20	78,053,947	20	5,544,928	2.48%
8.	(Gain)/Loss Base	1/1/2022	1,916,630	20	1,916,630	20	136,157	0.06%
	Total				$ 878,750,354		$ 66,752,091	29.80%

[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
Actuarially Determined Contribution (ADC) Rate and Unfunded Actuarial Liability (UAL) by Class

	January 1, 2021	January 1, 2022
MISCELLANEOUS		
Total Normal Cost	19.79%	20.38%
Administrative Expenses	1.07%	1.06%
UAL Amortization	26.55%	27.91%
Total Miscellaneous ADC	47.41%	49.35%
UAL attributable to Miscellaneous	$620,651,423	$675,579,008
PROBATION		
Total Normal Cost	24.95%	26.89%
Administrative Expenses	1.07%	1.06%
UAL Amortization	27.37%	30.52%
Total Probation ADC	53.39%	58.47%
UAL attributable to Probation	$35,147,606	$39,135,401
SAFETY		
Total Normal Cost	26.79%	27.24%
Administrative Expenses	1.07%	1.06%
UAL Amortization	39.03%	41.01%
Total Safety ADC	66.89%	69.31%
UAL attributable to Safety	$151,059,205	$164,035,945
TOTAL		
Total Normal Cost	20.99%	21.62%
Administrative Expenses	1.07%	1.06%
UAL Amortization	28.28%	29.80%
Total SLOCPT ADC	50.34%	52.48%
Total Unfunded Actuarial Liability	$806,858,234	$878,750,354

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 by bargaining unit.

Table V-3
Normal Cost by Tier as of January 1, 2022

	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Member Paid Contributions[1]	13.66%	5.93%	13.97%	12.89%
Employer Paid Member Contributions	8.24%	8.97%	0.00%	3.97%
Employer Normal Cost	3.20%	5.03%	3.38%	3.52%
Total Normal Cost	25.10%	19.93%	17.36%	20.38%
COLA portion of Normal Cost	5.91%	3.48%	2.95%	4.05%
PROBATION				
Member Paid Contributions[1]	19.15%	N/A	16.10%	18.17%
Employer Paid Member Contributions	6.12%	N/A	0.00%	4.15%
Employer Normal Cost	4.81%	N/A	4.28%	4.58%
Total Normal Cost	30.08%	N/A	20.38%	26.89%
COLA portion of Normal Cost	7.94%	N/A	3.90%	6.62%
SAFETY				
Member Paid Contributions[1]	15.92%	9.61%	14.61%	14.18%
Employer Paid Member Contributions	6.53%	6.62%	0.00%	3.33%
Employer Normal Cost	9.89%	12.33%	8.69%	9.74%
Total Normal Cost	32.34%	28.55%	23.30%	27.24%
COLA portion of Normal Cost	9.10%	5.78%	4.74%	6.38%
TOTAL				
Member Paid Contributions[1]	14.40%	6.63%	14.12%	13.30%
Employer Paid Member Contributions	7.85%	8.52%	0.00%	3.89%
Employer Normal Cost	4.17%	6.46%	4.11%	4.42%
Total Normal Cost	26.42%	21.62%	18.23%	21.62%
COLA portion of Normal Cost	6.48%	3.93%	3.21%	4.49%

[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, 2022

Miscellaneous Valuation Groups

	RTA	Other	Management				SLOCEA				
	BU #71, 72	BU #14, 21-22	Non Court	Court BU #18	Court BU #24-28	Total Mgmt	Non Court	Court BU #19	Court BU #20	Total SLOCEA	Total Misc.
Service Retirement	21.04%	13.23%	17.00%	18.58%	17.92%	17.09%	15.06%	14.67%	15.68%	15.07%	15.79%
Vesting	1.62%	1.87%	1.92%	1.50%	2.15%	1.92%	1.75%	3.00%	1.94%	1.77%	1.82%
Death-in-Service	0.18%	0.12%	0.18%	0.16%	0.17%	0.18%	0.16%	0.11%	0.13%	0.16%	0.17%
Disability	0.23%	0.27%	0.29%	0.29%	0.32%	0.29%	0.27%	0.31%	0.28%	0.27%	0.28%
Refunds	0.95%	1.53%	2.60%	2.44%	2.62%	2.60%	2.21%	2.66%	2.37%	2.22%	2.34%
Total Normal Cost	24.03%	17.02%	22.00%	22.97%	23.16%	22.09%	19.45%	20.75%	20.40%	19.49%	20.38%
Member Contribution Rate[1]	13.98%	11.14%	17.70%	18.66%	19.27%	17.81%	16.43%	18.69%	17.62%	16.49%	16.87%
Employer Paid Member Contribution Rate	0.00%	2.34%	5.40%	0.00%	0.00%	4.98%	3.58%	0.00%	0.00%	3.43%	3.97%
County Normal Cost	10.05%	5.87%	4.30%	4.31%	3.89%	4.27%	3.02%	2.06%	2.79%	3.00%	3.52%

[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.*

SECTION V – CONTRIBUTIONS

Table V-5
Elements of Normal Cost as of January 1, 2022
Safety and Probation Valuation Groups

	Probation			Safety					
				Management		Non-Management			
	Management	Non-Management	Total Probation	Sworn	Non-Sworn	Sworn	Non-Sworn	Total Safety	Grand Total
Service Retirement	25.64%	21.05%	21.36%	49.22%	23.14%	21.42%	20.07%	21.10%	16.76%
Vesting	2.75%	1.65%	1.72%	0.00%	2.10%	1.32%	0.84%	1.15%	1.72%
Death-in-Service	0.22%	0.19%	0.19%	0.88%	0.45%	0.49%	0.46%	0.48%	0.21%
Disability	1.98%	1.51%	1.54%	5.35%	2.94%	2.88%	2.85%	2.89%	0.69%
Refunds	2.93%	2.01%	2.07%	2.96%	2.48%	1.69%	1.49%	1.63%	2.23%
Total Normal Cost	33.52%	26.41%	26.89%	58.41%	31.12%	27.81%	25.70%	27.24%	21.62%
Member Contribution Rate[1]	27.01%	21.96%	22.32%	27.42%	24.58%	17.86%	16.09%	17.51%	17.19%
Employer Paid Member Contribution Rate	9.29%	3.76%	4.15%	8.80%	1.12%	3.79%	2.90%	3.33%	3.89%
County Normal Cost	6.51%	4.45%	4.58%	30.99%	6.54%	9.94%	9.62%	9.74%	4.42%

[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")*

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, 2021.

In accordance with Government Finance Officers Association (GFOA) and their recommended checklist for Annual Comprehensive Financial Reports, the Schedule of Funding Progress, and the Schedule of Funded Liabilities by Type (formerly known as the Solvency Test) 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
12/31/2012 [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%
12/31/2021	1,619,357	2,420,054	800,696	66.9%	224,010	357.4%
12/31/2021 [2]	1,619,357	2,498,108	878,750	64.8%	224,010	392.3%

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

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

12/31/2012	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
12/31/2016	3,961,371	12/31/2021	1,869,784

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

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 that are covered by the Actuarial Value of Assets.

Table VI-2

Schedule of Funded Liabilities by Type

Valuation Date	(A) Active Member Contributions	(B) Retirees, Beneficiaries, and Term Vested	(C) Remaining Active Members' Liabilities	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets (A)	(B)	(C)
12/31/2012	258,760,824	844,338,635	364,901,219	1,122,150,539	100%	73%	0%
12/31/2013	273,309,118	906,484,213	338,957,696	1,182,923,978	100%	73%	0%
12/31/2014	281,229,850	1,007,167,130	317,194,229	1,231,473,577	100%	71%	0%
12/31/2015	293,285,939	1,121,011,613	335,044,713	1,248,327,560	100%	68%	0%
12/31/2016	302,137,773	1,199,445,618	325,758,923	1,268,404,900	100%	68%	0%
12/31/2017	306,814,143	1,318,568,176	320,298,192	1,328,750,029	100%	66%	0%
12/31/2018	311,516,344	1,415,752,372	302,660,596	1,362,561,581	100%	65%	0%
12/31/2019	326,803,590	1,532,378,294	310,889,599	1,416,762,603	100%	60%	0%
12/31/2020	335,230,574	1,674,114,715	303,782,771	1,506,269,826	100%	56%	0%
12/31/2021	347,561,004	1,805,886,262	344,660,494	1,619,357,406	100%	54%	0%

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

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Trust staff as of January 1, 2022. 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, 2021	**2,747**	**226**	**573**	**146**	**2,616**	**70**	**238**	**6,616**
New Entrants	345							345
Rehires	5	(1)	(3)		(1)			0
Industrial Disabilities				1	(1)			0
Ordinary Disabilities	(1)			1				0
Retirements	(72)		(34)		126	(20)		0
DROP	(28)					28		0
Vested Terminations	(64)		64					0
Reciprocal Terminations	(8)	(8)	16					0
Died, With Beneficiaries' Benefit Payable				(2)	(20)		22	0
Non-Vested Terminations or Death without Beneficiary	(86)	82	(1)	(2)	(27)			(34)
Beneficiary Deaths							(10)	(10)
Benefits Stopped Not Due to Death								0
Domestic Relations Orders					7			7
Withdrawals Paid	(62)	(43)	(11)					(116)
Data Adjustments			1		1	(1)		1
As of January 1, 2022	**2,776**	**256**	**605**	**144**	**2,701**	**77**	**250**	**6,809**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members as of January 1, 2022

San Luis Obispo County Pension Trust
Valuation Data Comparison - Actives

	January 1, 2021	January 1, 2022	Change
Total Actives			
Count	2,747	2,776	1.1 %
Average Age	44.3	44.2	(0.2)
Average Service	8.7	8.6	(0.1)
Total Salaries	$ 214,053,133	$ 224,019,349	4.7 %
Average Salaries	$ 77,923	$ 80,699	3.6 %
Miscellaneous Members			
Count	2,331	2,360	1.2 %
Average Age	45.2	45.0	(0.2)
Average Service	8.7	8.5	(0.2)
Total Salaries	$ 175,385,558	$ 183,896,690	4.9 %
Average Salaries	$ 75,240	$ 77,922	3.6 %
Probation Members			
Count	119	114	(4.2)%
Average Age	39.8	40.9	1.1
Average Service	9.8	11.0	1.2
Total Salaries	$ 9,633,562	$ 9,739,933	1.1 %
Average Salaries	$ 80,954	$ 85,438	5.5 %
Safety Members			
Count	297	302	1.7 %
Average Age	38.8	38.5	(0.3)
Average Service	8.6	8.2	(0.4)
Total Salaries	$ 29,034,013	$ 30,382,726	4.6 %
Average Salaries	$ 97,758	$ 100,605	2.9 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members by Tier as of January 1, 2022

San Luis Obispo County Pension Trust
Valuation Data Comparison - Actives by Tier
(Total Salaries in thousands)

		January 1, 2021	January 1, 2022	Change
Total Actives				
Total	Count	2,747	2,776	1.1 %
	Total Salaries	214,053	224,019	4.7 %
Tier 1	Count	993	881	(11.3)%
	Total Salaries	87,588	81,234	(7.3)%
Tier 2	Count	301	289	(4.0)%
	Total Salaries	27,117	27,491	1.4 %
Tier 3	Count	1,453	1,606	10.5 %
	Total Salaries	99,349	115,294	16.0 %
Miscellaneous Members				
Total	Count	2,331	2,360	1.2 %
	Total Salaries	175,386	183,897	4.9 %
Tier 1	Count	818	722	(11.7)%
	Total Salaries	69,838	64,511	(7.6)%
Tier 2	Count	251	241	(4.0)%
	Total Salaries	21,924	22,219	1.3 %
Tier 3	Count	1,262	1,397	10.7 %
	Total Salaries	83,624	97,167	16.2 %
Probation Members				
Total	Count	119	114	(4.2)%
	Total Salaries	9,634	9,740	1.1 %
Tier 1	Count	71	70	(1.4)%
	Total Salaries	6,367	6,601	3.7 %
Tier 2	Count	-	-	0.0 %
	Total Salaries	-	-	0.0 %
Tier 3	Count	48	44	(8.3)%
	Total Salaries	3,267	3,139	(3.9)%
Safety Members				
Total	Count	297	302	1.7 %
	Total Salaries	29,034	30,383	4.6 %
Tier 1	Count	104	89	(14.4)%
	Total Salaries	11,383	10,122	(11.1)%
Tier 2	Count	50	48	(4.0)%
	Total Salaries	5,193	5,272	1.5 %
Tier 3	Count	143	165	15.4 %
	Total Salaries	12,458	14,989	20.3 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Deferred Vested Members as of January 1, 2022

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

	January 1, 2021	January 1, 2022	Change
All Terminated Vesteds			
Deferred			
Count	421	445	5.7 %
Average Age	49.8	49.0	(0.8)
Average Age at Termination	41.5	41.0	(0.5)
Average Service	9.8	9.8	(0.0)
Member Contributions	$ 48,405,658	$ 53,248,302	10.0 %
Average Contribution Balance	$ 114,978	$ 119,659	4.1 %
Reciprocal			
Count	152	160	5.3 %
Average Age	45.2	44.3	(0.9)
Average Age at Termination	36.0	35.3	(0.7)
Average Service	3.0	3.6	17.8 %
Member Contributions	$ 3,443,685	$ 3,382,902	(1.8)%
Average Contribution Balance	$ 22,656	$ 21,143	(6.7)%
Total			
Count	573	605	5.6 %
Average Age	48.6	47.7	(0.8)
Average Age at Termination	40.0	39.4	(0.5)
Average Service	8.0	8.1	1.6 %
Member Contributions	$ 51,849,343	$ 56,631,204	9.2 %
Average Contribution Balance	$ 90,488	$ 93,605	3.4 %
Miscellaneous Terminated Vesteds			
Deferred			
Count	366	385	5.2 %
Average Age	50.4	49.7	(0.8)
Average Age at Termination	42.1	41.6	(0.5)
Average Service	9.8	9.8	0.0
Member Contributions	$ 41,025,699	$ 45,199,925	10.2 %
Average Contribution Balance	$ 112,092	$ 117,402	4.7 %
Reciprocal			
Count	141	147	4.3 %
Average Age	45.3	44.4	(0.9)
Average Age at Termination	36.2	35.5	(0.8)
Average Service	3.0	3.6	20.0 %
Member Contributions	$ 3,182,254	$ 3,064,143	(3.7)%
Average Contribution Balance	$ 22,569	$ 20,845	(7.6)%
Total Miscellaneous			
Count	507	532	4.9 %
Average Age	49.0	48.2	(0.8)
Average Age at Termination	40.4	39.8	(0.5)
Average Service	7.9	8.1	2.5 %
Member Contributions	$ 44,207,953	$ 48,264,068	9.2 %
Average Contribution Balance	$ 87,195	$ 90,722	4.0 %

APPENDIX A – MEMBERSHIP INFORMATION

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

	January 1, 2021	January 1, 2022	Change
Probation Terminated Vesteds			
Deferred			
Count	11	16	45.5 %
Average Age	46.6	43.5	(3.1)
Average Age at Termination	37.4	36.3	(1.1)
Average Service	10.2	9.2	(1.0)
Member Contributions	$ 1,351,800	$ 1,673,866	23.8 %
Average Contribution Balance	$ 122,891	$ 104,617	(14.9)%
Reciprocal			
Count	6	6	0.0 %
Average Age	42.8	43.8	1.0
Average Age at Termination	31.7	31.7	-
Average Service	3.5	3.5	0.0 %
Member Contributions	$ 151,961	$ 161,303	6.1 %
Average Contribution Balance	$ 25,327	$ 26,884	6.1 %
Total Probation			
Count	17	22	29.4 %
Average Age	45.3	43.6	(1.7)
Average Age at Termination	35.4	35.0	(0.4)
Average Service	7.8	7.6	(2.3)%
Member Contributions	$ 1,503,761	$ 1,835,169	22.0 %
Average Contribution Balance	$ 88,457	$ 83,417	(5.7)%
Safety Terminated Vesteds			
Deferred			
Count	44	44	0.0 %
Average Age	45.1	45.2	0.1
Average Age at Termination	37.2	37.4	0.3
Average Service	9.6	9.4	(0.1)
Member Contributions	$ 6,028,160	$ 6,374,511	5.7 %
Average Contribution Balance	$ 137,004	$ 144,875	5.7 %
Reciprocal			
Count	5	7	40.0 %
Average Age	44.4	42.4	(2.0)
Average Age at Termination	35.0	34.4	(0.6)
Average Service	3.4	3.0	(10.3)%
Member Contributions	$ 109,469	$ 157,456	43.8 %
Average Contribution Balance	$ 21,894	$ 22,494	2.7 %
Total Safety			
Count	49	51	4.1 %
Average Age	45.0	44.8	(0.2)
Average Age at Termination	36.9	37.0	0.0
Average Service	8.9	8.5	(4.4)%
Member Contributions	$ 6,137,628	$ 6,531,968	6.4 %
Average Contribution Balance	$ 125,258	$ 128,078	2.3 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired Members as of January 1, 2022

San Luis Obispo County Pension Trust
Valuation Data Comparison - Retirees

	January 1, 2021		January 1, 2022		Change
Total Retirees					
Count		2,832		2,922	3.2 %
Average Age		69.7		70.1	0.4
Average Age at Retirement		58.6		58.7	0.1
Annual Benefit	$	105,752,990	$	113,152,689	7.0 %
Average Annual Benefit	$	37,342	$	38,724	3.7 %
Miscellaneous Retirees					
Count		2,421		2,497	3.1 %
Average Age		70.6		71.0	0.4
Average Age at Retirement		59.4		59.6	0.1
Annual Benefit	$	82,882,470	$	88,666,634	7.0 %
Average Annual Benefit	$	34,235	$	35,509	3.7 %
Probation Retirees					
Count		82		81	(1.2)%
Average Age		65.8		66.9	1.1
Average Age at Retirement		55.6		55.6	0.0
Annual Benefit	$	3,921,572	$	4,041,390	3.1 %
Average Annual Benefit	$	47,824	$	49,894	4.3 %
Safety Retirees					
Count		329		344	4.6 %
Average Age		63.8		64.1	0.2
Average Age at Retirement		53.2		53.1	(0.0)
Annual Benefit	$	18,948,948	$	20,444,664	7.9 %
Average Annual Benefit	$	57,596	$	59,432	3.2 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired DROP Members as of January 1, 2022

San Luis Obispo County Pension Trust
Valuation Data Comparison - DROP Retirees

	January 1, 2021	January 1, 2022	Change
Total DROP Retirees			
Count	70	77	10.0 %
Average Age	60.6	60.9	0.3
Average Age at Retirement	58.3	58.7	0.4
Annual Benefit	$ 4,924,428	$ 5,659,871	14.9 %
Average Annual Benefit	$ 70,349	$ 73,505	4.5 %
Miscellaneous DROP Retirees			
Count	42	51	21.4 %
Average Age	63.7	63.5	(0.2)
Average Age at Retirement	61.5	61.3	(0.2)
Annual Benefit	$ 2,836,449	$ 3,401,338	19.9 %
Average Annual Benefit	$ 67,534	$ 66,693	(1.2)%
Probation DROP Retirees			
Count	2	1	(50.0)%
Average Age	58.5	61.0	2.5
Average Age at Retirement	55.5	57.0	1.5
Annual Benefit	$ 137,515	$ 135,041	(1.8)%
Average Annual Benefit	$ 68,758	$ 135,041	96.4 %
Safety DROP Retirees			
Count	26	25	(3.8)%
Average Age	55.8	55.6	(0.2)
Average Age at Retirement	53.3	53.5	0.2
Annual Benefit	$ 1,950,465	$ 2,123,492	8.9 %
Average Annual Benefit	$ 75,018	$ 84,940	13.2 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – New Retired Members as of January 1, 2022

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

	January 1, 2021	January 1, 2022	Change
Total Retirees			
Count	148	140	(5.4)%
Average Age at Retirement	60.3	61.1	0.8
Average Annual Benefit	$ 43,494	$ 37,232	(14.4)%
Miscellaneous Retirees			
Count	126	119	(5.6)%
Average Age at Retirement	61.4	62.4	0.9
Average Annual Benefit	$ 40,525	$ 35,051	(13.5)%
Probation Retirees			
Count	3	1	(66.7)%
Average Age at Retirement	54.3	54.0	(0.3)
Average Annual Benefit	$ 100,047	$ 6,600	(93.4)%
Safety Retirees			
Count	19	20	5.3 %
Average Age at Retirement	53.6	53.9	0.2
Average Annual Benefit	$ 54,256	$ 51,741	(4.6)%

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Beneficiaries as of January 1, 2022

San Luis Obispo County Pension Trust
Valuation Data Comparison - Beneficiaries

	January 1, 2021	January 1, 2022	Change
Total Beneficiaries			
Count	238	250	5.0 %
Average Age	75.8	76.3	0.5
Annual Benefit	$ 6,048,497	$ 6,521,508	7.8 %
Average Annual Benefit	$ 25,414	$ 26,086	2.6 %
Miscellaneous Beneficiaries			
Count	192	205	6.8 %
Average Age	75.8	76.5	0.6
Annual Benefit	$ 4,442,605	$ 4,790,952	7.8 %
Average Annual Benefit	$ 23,139	$ 23,370	1.0 %
Probation Beneficiaries			
Count	6	6	0.0 %
Average Age	78.5	79.5	1.0
Annual Benefit	$ 202,861	$ 208,947	3.0 %
Average Annual Benefit	$ 33,810	$ 34,824	3.0 %
Safety Beneficiaries			
Count	40	39	(2.5)%
Average Age	75.0	74.9	(0.1)
Annual Benefit	$ 1,403,031	$ 1,521,609	8.5 %
Average Annual Benefit	$ 35,076	$ 39,016	11.2 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Total Benefits by Benefit Type as of January 1, 2022

San Luis Obispo County Pension Trust
Total Benefits by Benefit Type

Type of Benefit	Number	Annual Benefit Amount
Service Retirement		
Unmodified	1,158	$39,306,020
Cash Refund	183	6,416,894
100% Continuance	810	36,697,718
50% Continuance	274	13,275,612
Benefits Coordinated with Social Security		
Unmodified	164	$5,198,497
Cash Refund	46	1,392,236
100% Continuance	82	3,534,122
50% Continuance	61	2,833,076
Total Service Retirement	2,778	$108,654,174
Disability Retirement		
Unmodified	81	$2,378,296
Cash Refund	14	322,177
100% Continuance	40	1,528,452
50% Continuance	9	269,589
Total Disability Retirement	144	$4,498,514
Beneficiaries	250	$6,521,508
Total Benefits	3,172	$119,674,197

APPENDIX A – MEMBERSHIP INFORMATION

Age & Service Distribution of Active Members by Count and Total Salary as of January 1, 2022

Age and Service Distribution for Active Members									
Attained	Years of Service as of January 1, 2022								
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	Count	Payroll
< 25	44	1						45	2,641,294
25 - 29	190	27						217	13,898,340
30 - 34	261	124	11					396	28,818,113
35 - 39	177	169	61	16				423	33,206,452
40 - 44	147	130	74	67	16			434	36,370,706
45 - 49	84	84	42	53	49	8		320	28,038,281
50 - 54	79	55	47	52	66	19	4	322	28,042,209
55 - 59	57	50	43	45	58	27	20	300	26,694,205
60 - 64	53	55	29	38	34	13	11	233	19,016,849
65 - 69	16	16	12	10	8	3	2	67	5,785,891
70 +	3	6	5	3		2		19	1,507,009
Total	**1,111**	**717**	**324**	**284**	**231**	**72**	**37**	**2,776**	**224,019,349**

APPENDIX B – MEMBERSHIP 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	24,26,27,28 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	16.65%	17.92%	15.75%	21.64%	21.19%	20.30%	21.14%	18.62%	19.91%	18.92%	20.88%	20.32%	18.06%	23.24%	23.55%
19	16.72%	17.99%	15.82%	21.71%	21.26%	20.37%	21.21%	18.69%	19.98%	18.99%	20.95%	20.39%	18.13%	23.31%	23.62%
20	16.79%	18.06%	15.89%	21.78%	21.33%	20.44%	21.28%	18.76%	20.05%	19.06%	21.02%	20.46%	18.20%	23.38%	23.69%
21	16.85%	18.12%	15.95%	21.84%	21.39%	20.50%	21.34%	18.82%	20.11%	19.12%	21.08%	20.52%	18.26%	23.44%	23.75%
22	16.87%	18.14%	15.97%	21.86%	21.41%	20.52%	21.36%	18.84%	20.13%	19.14%	21.10%	20.54%	18.28%	23.46%	23.77%
23	16.89%	18.16%	15.99%	21.88%	21.43%	20.54%	21.38%	18.86%	20.15%	19.16%	21.12%	20.56%	18.30%	23.48%	23.79%
24	16.92%	18.19%	16.02%	21.91%	21.46%	20.57%	21.41%	18.89%	20.18%	19.19%	21.15%	20.59%	18.33%	23.51%	23.82%
25	16.96%	18.23%	16.06%	21.95%	21.50%	20.61%	21.45%	18.93%	20.22%	19.23%	21.19%	20.63%	18.37%	23.55%	23.86%
26	17.01%	18.28%	16.11%	22.00%	21.55%	20.66%	21.50%	18.98%	20.27%	19.28%	21.24%	20.68%	18.42%	23.60%	23.91%
27	17.06%	18.33%	16.16%	22.05%	21.60%	20.71%	21.55%	19.03%	20.32%	19.33%	21.29%	20.73%	18.47%	23.65%	23.96%
28	17.12%	18.39%	16.22%	22.11%	21.66%	20.77%	21.61%	19.09%	20.38%	19.39%	21.35%	20.79%	18.53%	23.71%	24.02%
29	17.19%	18.46%	16.29%	22.18%	21.73%	20.84%	21.68%	19.16%	20.45%	19.46%	21.42%	20.86%	18.60%	23.78%	24.09%
30	17.26%	18.53%	16.36%	22.25%	21.80%	20.91%	21.75%	19.23%	20.52%	19.53%	21.49%	20.93%	18.67%	23.85%	24.16%
31	17.34%	18.61%	16.44%	22.33%	21.88%	20.99%	21.83%	19.31%	20.60%	19.61%	21.57%	21.01%	18.75%	23.93%	24.24%
32	17.43%	18.70%	16.53%	22.42%	21.97%	21.08%	21.92%	19.40%	20.69%	19.70%	21.66%	21.10%	18.84%	24.02%	24.33%
33	17.52%	18.79%	16.62%	22.51%	22.06%	21.17%	22.01%	19.49%	20.78%	19.79%	21.75%	21.19%	18.93%	24.11%	24.42%
34	17.62%	18.89%	16.72%	22.61%	22.16%	21.27%	22.11%	19.59%	20.88%	19.89%	21.85%	21.29%	19.03%	24.21%	24.52%
35	17.72%	18.99%	16.82%	22.71%	22.26%	21.37%	22.21%	19.69%	20.98%	19.99%	21.95%	21.39%	19.13%	24.31%	24.62%
36	17.82%	19.09%	16.92%	22.81%	22.36%	21.47%	22.31%	19.79%	21.08%	20.09%	22.05%	21.49%	19.23%	24.41%	24.72%
37	17.93%	19.20%	17.03%	22.92%	22.47%	21.58%	22.42%	19.90%	21.19%	20.20%	22.16%	21.60%	19.34%	24.52%	24.83%
38	18.04%	19.31%	17.14%	23.03%	22.58%	21.69%	22.53%	20.01%	21.30%	20.31%	22.27%	21.71%	19.45%	24.63%	24.94%
39	18.16%	19.43%	17.26%	23.15%	22.70%	21.81%	22.65%	20.13%	21.42%	20.43%	22.39%	21.83%	19.57%	24.75%	25.06%
40	18.28%	19.55%	17.38%	23.27%	22.82%	21.93%	22.77%	20.25%	21.54%	20.55%	22.51%	21.95%	19.69%	24.87%	25.18%
41	18.41%	19.68%	17.51%	23.40%	22.95%	22.06%	22.90%	20.38%	21.67%	20.68%	22.64%	22.08%	19.82%	25.00%	25.31%
42	18.54%	19.81%	17.64%	23.53%	23.08%	22.19%	23.03%	20.51%	21.80%	20.81%	22.77%	22.21%	19.95%	25.13%	25.44%
43	18.68%	19.95%	17.78%	23.67%	23.22%	22.33%	23.17%	20.65%	21.94%	20.95%	22.91%	22.35%	20.09%	25.27%	25.58%
44	18.82%	20.09%	17.92%	23.81%	23.36%	22.47%	23.31%	20.79%	22.08%	21.09%	23.05%	22.49%	20.23%	25.41%	25.72%
45	18.96%	20.23%	18.06%	23.95%	23.50%	22.61%	23.45%	20.93%	22.22%	21.23%	23.19%	22.63%	20.37%	25.55%	25.86%
46	19.11%	20.38%	18.21%	24.10%	23.65%	22.76%	23.60%	21.08%	22.37%	21.38%	23.34%	22.78%	20.52%	25.70%	26.01%
47	19.27%	20.54%	18.37%	24.26%	23.81%	22.92%	23.76%	21.24%	22.53%	21.54%	23.50%	22.94%	20.68%	25.86%	26.17%
48	19.43%	20.70%	18.53%	24.42%	23.97%	23.08%	23.92%	21.40%	22.69%	21.70%	23.66%	23.10%	20.84%	26.02%	26.33%
49	19.59%	20.86%	18.69%	24.58%	24.13%	23.24%	24.08%	21.56%	22.85%	21.86%	23.82%	23.26%	21.00%	26.18%	26.49%
50	19.76%	21.03%	18.86%	24.75%	24.30%	23.41%	24.25%	21.73%	23.02%	22.03%	23.99%	23.43%	21.17%	26.35%	26.66%
51	19.93%	21.20%	19.03%	24.92%	24.47%	23.58%	24.42%	21.90%	23.19%	22.20%	24.16%	23.60%	21.34%	26.52%	26.83%
52	20.10%	21.37%	19.20%	25.09%	24.64%	23.75%	24.59%	22.07%	23.36%	22.37%	24.33%	23.77%	21.51%	26.69%	27.00%
53	20.28%	21.55%	19.38%	25.27%	24.82%	23.93%	24.77%	22.25%	23.54%	22.55%	24.51%	23.95%	21.69%	26.87%	27.18%
54	20.46%	21.73%	19.56%	25.45%	25.00%	24.11%	24.95%	22.43%	23.72%	22.73%	24.69%	24.13%	21.87%	27.05%	27.36%
55	20.65%	21.92%	19.75%	25.64%	25.19%	24.30%	25.14%	22.62%	23.91%	22.92%	24.88%	24.32%	22.06%	27.24%	27.55%
56	20.84%	22.11%	19.94%	25.83%	25.38%	24.49%	25.33%	22.81%	24.10%	23.11%	25.07%	24.51%	22.25%	27.43%	27.74%
57	21.03%	22.30%	20.13%	26.02%	25.57%	24.68%	25.52%	23.00%	24.29%	23.30%	25.26%	24.70%	22.44%	27.62%	27.93%
58	21.23%	22.50%	20.33%	26.22%	25.77%	24.88%	25.72%	23.20%	24.49%	23.50%	25.46%	24.90%	22.64%	27.82%	28.13%
59+	21.43%	22.70%	20.53%	26.42%	25.97%	25.08%	25.92%	23.40%	24.69%	23.70%	25.66%	25.10%	22.84%	28.02%	28.33%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Probation - Tier 1			
BU Entry Age	8 Management	9 Management	31,32 Non-Management
18	25.84%	25.84%	24.43%
19	25.92%	25.92%	24.51%
20	26.00%	26.00%	24.59%
21	26.07%	26.07%	24.66%
22	26.09%	26.09%	24.68%
23	26.11%	26.11%	24.70%
24	26.14%	26.14%	24.73%
25	26.19%	26.19%	24.78%
26	26.24%	26.24%	24.83%
27	26.30%	26.30%	24.89%
28	26.36%	26.36%	24.95%
29	26.44%	26.44%	25.03%
30	26.52%	26.52%	25.11%
31	26.61%	26.61%	25.20%
32	26.71%	26.71%	25.30%
33	26.81%	26.81%	25.40%
34	26.92%	26.92%	25.51%
35	27.03%	27.03%	25.62%
36	27.14%	27.14%	25.73%
37	27.26%	27.26%	25.85%
38	27.38%	27.38%	25.97%
39	27.51%	27.51%	26.10%
40	27.65%	27.65%	26.24%
41	27.79%	27.79%	26.38%
42	27.93%	27.93%	26.52%
43	28.09%	28.09%	26.68%
44	28.24%	28.24%	26.83%
45	28.40%	28.40%	26.99%
46	28.57%	28.57%	27.16%
47	28.74%	28.74%	27.33%
48	28.92%	28.92%	27.51%
49	29.10%	29.10%	27.69%
50	29.28%	29.28%	27.87%
51	29.47%	29.47%	28.06%
52	29.66%	29.66%	28.25%
53	29.86%	29.86%	28.45%
54	30.06%	30.06%	28.65%
55	30.27%	30.27%	28.86%
56	30.48%	30.48%	29.07%
57	30.69%	30.69%	29.28%
58	30.91%	30.91%	29.50%
59+	31.13%	31.13%	29.72%

APPENDIX B – MEMBERSHIP 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	22.12%	17.72%	22.35%	26.30%	30.95%	22.48%	27.23%	33.13%
19	22.23%	17.83%	22.46%	26.41%	31.06%	22.59%	27.34%	33.24%
20	22.34%	17.94%	22.57%	26.52%	31.17%	22.70%	27.45%	33.35%
21	22.45%	18.05%	22.68%	26.63%	31.28%	22.81%	27.56%	33.46%
22	22.56%	18.16%	22.79%	26.74%	31.39%	22.92%	27.67%	33.57%
23	22.68%	18.28%	22.91%	26.86%	31.51%	23.04%	27.79%	33.69%
24	22.80%	18.40%	23.03%	26.98%	31.63%	23.16%	27.91%	33.81%
25	22.92%	18.52%	23.15%	27.10%	31.75%	23.28%	28.03%	33.93%
26	23.04%	18.64%	23.27%	27.22%	31.87%	23.40%	28.15%	34.05%
27	23.16%	18.76%	23.39%	27.34%	31.99%	23.52%	28.27%	34.17%
28	23.28%	18.88%	23.51%	27.46%	32.11%	23.64%	28.39%	34.29%
29	23.40%	19.00%	23.63%	27.58%	32.23%	23.76%	28.51%	34.41%
30	23.52%	19.12%	23.75%	27.70%	32.35%	23.88%	28.63%	34.53%
31	23.64%	19.24%	23.87%	27.82%	32.47%	24.00%	28.75%	34.65%
32	23.76%	19.36%	23.99%	27.94%	32.59%	24.12%	28.87%	34.77%
33	23.88%	19.48%	24.11%	28.06%	32.71%	24.24%	28.99%	34.89%
34	24.00%	19.60%	24.23%	28.18%	32.83%	24.36%	29.11%	35.01%
35	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
36	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
37	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
38	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
39	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
40	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
41	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
42	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
43	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
44	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
45	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
46	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
47	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
48	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
49	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
50	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
51	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
52	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
53	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
54	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
55	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
56	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
57	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
58	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
59+	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

	Member Contribution Rates Tier 2													
BU	4	12	7 (LAFCO)	14, 21, 22	71 (RTA)	98, 99	all others	3, 14	6	7	15 (Non-Sworn)	15 (Sworn)	10, 16	27, 28
Entry Age	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	Safety	Safety	Safety	Safety
18	12.75%	11.41%	13.80%	8.26%	11.79%	13.62%	12.30%	11.95%	16.01%	18.53%	12.63%	13.32%	19.22%	12.88%
19	12.87%	11.53%	13.92%	8.38%	11.91%	13.74%	12.42%	12.30%	16.36%	18.88%	12.98%	13.72%	19.62%	13.28%
20	12.99%	11.65%	14.04%	8.50%	12.03%	13.86%	12.54%	12.65%	16.71%	19.23%	13.33%	14.12%	20.02%	13.68%
21	13.14%	11.80%	14.19%	8.65%	12.18%	14.01%	12.69%	13.00%	17.06%	19.58%	13.68%	14.52%	20.42%	14.08%
22	13.25%	11.91%	14.30%	8.76%	12.29%	14.12%	12.80%	13.35%	17.41%	19.93%	14.03%	14.92%	20.82%	14.48%
23	13.41%	12.07%	14.46%	8.92%	12.45%	14.28%	12.96%	13.70%	17.76%	20.28%	14.38%	15.32%	21.22%	14.88%
24	13.53%	12.19%	14.58%	9.04%	12.57%	14.40%	13.08%	14.05%	18.11%	20.63%	14.73%	15.73%	21.63%	15.29%
25	13.67%	12.33%	14.72%	9.18%	12.71%	14.54%	13.22%	14.40%	18.46%	20.98%	15.08%	16.13%	22.03%	15.69%
26	13.87%	12.53%	14.92%	9.38%	12.91%	14.74%	13.42%	14.75%	18.81%	21.33%	15.43%	16.53%	22.43%	16.09%
27	13.97%	12.63%	15.02%	9.48%	13.01%	14.84%	13.52%	15.10%	19.16%	21.68%	15.78%	16.93%	22.83%	16.49%
28	14.16%	12.82%	15.21%	9.67%	13.20%	15.03%	13.71%	15.45%	19.51%	22.03%	16.13%	17.33%	23.23%	16.89%
29	14.31%	12.97%	15.36%	9.82%	13.35%	15.18%	13.86%	15.80%	19.86%	22.38%	16.48%	17.73%	23.63%	17.29%
30	14.61%	13.27%	15.66%	10.12%	13.65%	15.48%	14.16%	16.15%	20.21%	22.73%	16.83%	18.13%	24.03%	17.69%
31	14.77%	13.43%	15.82%	10.28%	13.81%	15.64%	14.32%	16.50%	20.56%	23.08%	17.18%	18.53%	24.43%	18.09%
32	15.06%	13.72%	16.11%	10.57%	14.10%	15.93%	14.61%	16.85%	20.91%	23.43%	17.53%	18.94%	24.84%	18.50%
33	15.21%	13.87%	16.26%	10.72%	14.25%	16.08%	14.76%	17.20%	21.26%	23.78%	17.88%	19.34%	25.24%	18.90%
34	15.39%	14.05%	16.44%	10.90%	14.43%	16.26%	14.94%	17.55%	21.61%	24.13%	18.23%	19.74%	25.64%	19.30%
35	15.71%	14.37%	16.76%	11.22%	14.75%	16.58%	15.26%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
36	15.86%	14.52%	16.91%	11.37%	14.90%	16.73%	15.41%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
37	16.07%	14.73%	17.12%	11.58%	15.11%	16.94%	15.62%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
38	16.30%	14.96%	17.35%	11.81%	15.34%	17.17%	15.85%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
39	16.51%	15.17%	17.56%	12.02%	15.55%	17.38%	16.06%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
40	16.71%	15.37%	17.76%	12.22%	15.75%	17.58%	16.26%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
41	16.86%	15.52%	17.91%	12.37%	15.90%	17.73%	16.41%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
42	16.89%	15.55%	17.94%	12.40%	15.93%	17.76%	16.44%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
43	17.12%	15.78%	18.17%	12.63%	16.16%	17.99%	16.67%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
44	17.35%	16.01%	18.40%	12.86%	16.39%	18.22%	16.90%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
45	17.44%	16.10%	18.49%	12.95%	16.48%	18.31%	16.99%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
46	17.72%	16.38%	18.77%	13.23%	16.76%	18.59%	17.27%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
47	17.96%	16.62%	19.01%	13.47%	17.00%	18.83%	17.51%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
48	18.06%	16.72%	19.11%	13.57%	17.10%	18.93%	17.61%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
49	18.34%	17.00%	19.39%	13.85%	17.38%	19.21%	17.89%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
50	18.38%	17.04%	19.43%	13.89%	17.42%	19.25%	17.93%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
51	18.59%	17.25%	19.64%	14.10%	17.63%	19.46%	18.14%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
52	18.65%	17.31%	19.70%	14.16%	17.69%	19.52%	18.20%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
53	18.85%	17.51%	19.90%	14.36%	17.89%	19.72%	18.40%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
54	19.04%	17.70%	20.09%	14.55%	18.08%	19.91%	18.59%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
55	19.34%	18.00%	20.39%	14.85%	18.38%	20.21%	18.89%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
56	19.40%	18.06%	20.45%	14.91%	18.44%	20.27%	18.95%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
57	19.42%	18.08%	20.47%	14.93%	18.46%	20.29%	18.97%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
58	19.44%	18.10%	20.49%	14.95%	18.48%	20.31%	18.99%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
59	19.46%	18.12%	20.51%	14.97%	18.50%	20.33%	19.01%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
60	19.48%	18.14%	20.53%	14.99%	18.52%	20.35%	19.03%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
61	19.50%	18.16%	20.55%	15.01%	18.54%	20.37%	19.05%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
62+	19.52%	18.18%	20.57%	15.03%	18.56%	20.39%	19.07%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Tier 3																		
BU Entry Age	7,8,9,10,11,17 Miscellaneous	1,2,5,13 Miscellaneous	4 Miscellaneous	17c,18,19,20,24,26,27,28 Miscellaneous	12 Miscellaneous	14,21,22 Miscellaneous	25 Miscellaneous	71 (RTA) Miscellaneous	72 (RTA) Miscellaneous	98,99 Miscellaneous	7 (LAFCO) Miscellaneous	3,14 Safety	6 Safety	7,10,16 Safety	15 (Non-Sworn and Sworn) Safety	27,28 Safety	8, 9 Probation	31,32 Probation
18	10.22%	10.68%	9.18%	12.16%	9.79%	6.64%	11.17%	6.17%	10.17%	12.00%	12.18%	10.75%	14.81%	16.87%	11.43%	10.99%	12.95%	13.19%
19	10.47%	10.93%	9.43%	12.41%	10.04%	6.89%	11.42%	6.42%	10.42%	12.25%	12.43%	11.25%	15.31%	17.37%	11.93%	11.49%	13.20%	13.44%
20	10.47%	10.93%	9.43%	12.41%	10.04%	6.89%	11.42%	6.42%	10.42%	12.25%	12.43%	11.50%	15.56%	17.62%	12.18%	11.74%	13.45%	13.69%
21	10.72%	11.18%	9.68%	12.66%	10.29%	7.14%	11.67%	6.67%	10.67%	12.50%	12.68%	11.75%	15.81%	17.87%	12.43%	11.99%	13.45%	13.69%
22	10.72%	11.18%	9.68%	12.66%	10.29%	7.14%	11.67%	6.67%	10.67%	12.50%	12.68%	12.00%	16.06%	18.12%	12.68%	12.24%	13.70%	13.94%
23	10.97%	11.43%	9.93%	12.91%	10.54%	7.39%	11.92%	6.92%	10.92%	12.75%	12.93%	12.50%	16.56%	18.62%	13.18%	12.74%	13.95%	14.19%
24	10.97%	11.43%	9.93%	12.91%	10.54%	7.39%	11.92%	6.92%	10.92%	12.75%	12.93%	12.75%	16.81%	18.87%	13.43%	12.99%	14.20%	14.44%
25	11.22%	11.68%	10.18%	13.16%	10.79%	7.64%	12.17%	7.17%	11.17%	13.00%	13.18%	13.00%	17.06%	19.12%	13.68%	13.24%	14.45%	14.69%
26	11.47%	11.93%	10.43%	13.41%	11.04%	7.89%	12.42%	7.42%	11.42%	13.25%	13.43%	13.50%	17.56%	19.62%	14.18%	13.74%	14.70%	14.94%
27	11.47%	11.93%	10.43%	13.41%	11.04%	7.89%	12.42%	7.42%	11.42%	13.25%	13.43%	13.75%	17.81%	19.87%	14.43%	13.99%	14.95%	15.19%
28	11.72%	12.18%	10.68%	13.66%	11.29%	8.14%	12.67%	7.67%	11.67%	13.50%	13.68%	14.00%	18.06%	20.12%	14.68%	14.24%	15.45%	15.69%
29	11.97%	12.43%	10.93%	13.91%	11.54%	8.39%	12.92%	7.92%	11.92%	13.75%	13.93%	14.50%	18.56%	20.62%	15.18%	14.74%	15.70%	15.94%
30	11.97%	12.43%	10.93%	13.91%	11.54%	8.39%	12.92%	7.92%	11.92%	13.75%	13.93%	14.75%	18.81%	20.87%	15.43%	14.99%	15.95%	16.19%
31	12.22%	12.68%	11.18%	14.16%	11.79%	8.64%	13.17%	8.17%	12.17%	14.00%	14.18%	15.00%	19.06%	21.12%	15.68%	15.24%	16.45%	16.69%
32	12.47%	12.93%	11.43%	14.41%	12.04%	8.89%	13.42%	8.42%	12.42%	14.25%	14.43%	15.50%	19.56%	21.62%	16.18%	15.74%	16.70%	16.94%
33	12.72%	13.18%	11.68%	14.66%	12.29%	9.14%	13.67%	8.67%	12.67%	14.50%	14.68%	15.75%	19.81%	21.87%	16.43%	15.99%	16.95%	17.19%
34	12.97%	13.43%	11.93%	14.91%	12.54%	9.39%	13.92%	8.92%	12.92%	14.75%	14.93%	16.00%	20.06%	22.12%	16.68%	16.24%	17.45%	17.69%
35	12.97%	13.43%	11.93%	14.91%	12.54%	9.39%	13.92%	8.92%	12.92%	14.75%	14.93%	16.50%	20.56%	22.62%	17.18%	16.74%	17.70%	17.94%
36	13.22%	13.68%	12.18%	15.16%	12.79%	9.64%	14.17%	9.17%	13.17%	15.00%	15.18%	16.50%	20.56%	22.62%	17.18%	16.74%	18.20%	18.44%
37	13.47%	13.93%	12.43%	15.41%	13.04%	9.89%	14.42%	9.42%	13.42%	15.25%	15.43%	16.50%	20.56%	22.62%	17.18%	16.74%	18.45%	18.69%
38	13.72%	14.18%	12.68%	15.66%	13.29%	10.14%	14.67%	9.67%	13.67%	15.50%	15.68%	16.50%	20.56%	22.62%	17.18%	16.74%	18.70%	18.94%
39	13.97%	14.43%	12.93%	15.91%	13.54%	10.39%	14.92%	9.92%	13.92%	15.75%	15.93%	16.50%	20.56%	22.62%	17.18%	16.74%	18.95%	19.19%
40	14.22%	14.68%	13.18%	16.16%	13.79%	10.64%	15.17%	10.17%	14.17%	16.00%	16.18%	16.50%	20.56%	22.62%	17.18%	16.74%	19.20%	19.44%
41	14.47%	14.93%	13.43%	16.41%	14.04%	10.89%	15.42%	10.42%	14.42%	16.25%	16.43%	16.50%	20.56%	22.62%	17.18%	16.74%	19.45%	19.69%
42	14.47%	14.93%	13.43%	16.41%	14.04%	10.89%	15.42%	10.42%	14.42%	16.25%	16.43%	16.50%	20.56%	22.62%	17.18%	16.74%	19.70%	19.94%
43	14.72%	15.18%	13.68%	16.66%	14.29%	11.14%	15.67%	10.67%	14.67%	16.50%	16.68%	16.50%	20.56%	22.62%	17.18%	16.74%	19.95%	20.19%
44	14.97%	15.43%	13.93%	16.91%	14.54%	11.39%	15.92%	10.92%	14.92%	16.75%	16.93%	16.50%	20.56%	22.62%	17.18%	16.74%	20.20%	20.44%
45	15.22%	15.68%	14.18%	17.16%	14.79%	11.64%	16.17%	11.17%	15.17%	17.00%	17.18%	16.50%	20.56%	22.62%	17.18%	16.74%	20.45%	20.69%
46	15.47%	15.93%	14.43%	17.41%	15.04%	11.89%	16.42%	11.42%	15.42%	17.25%	17.43%	16.50%	20.56%	22.62%	17.18%	16.74%	20.70%	20.94%
47	15.72%	16.18%	14.68%	17.66%	15.29%	12.14%	16.67%	11.67%	15.67%	17.50%	17.68%	16.50%	20.56%	22.62%	17.18%	16.74%	20.95%	21.19%
48	15.97%	16.43%	14.93%	17.91%	15.54%	12.39%	16.92%	11.92%	15.92%	17.75%	17.93%	16.50%	20.56%	22.62%	17.18%	16.74%	21.20%	21.44%
49	16.22%	16.68%	15.18%	18.16%	15.79%	12.64%	17.17%	12.17%	16.17%	18.00%	18.18%	16.50%	20.56%	22.62%	17.18%	16.74%	21.20%	21.44%
50	16.47%	16.93%	15.43%	18.41%	16.04%	12.89%	17.42%	12.42%	16.42%	18.25%	18.43%	16.50%	20.56%	22.62%	17.18%	16.74%	21.45%	21.69%
51	16.72%	17.18%	15.68%	18.66%	16.29%	13.14%	17.67%	12.67%	16.67%	18.50%	18.68%	16.50%	20.56%	22.62%	17.18%	16.74%	21.70%	21.94%
52	16.97%	17.43%	15.93%	18.91%	16.54%	13.39%	17.92%	12.92%	16.92%	18.75%	18.93%	16.50%	20.56%	22.62%	17.18%	16.74%	21.70%	21.94%
53	17.22%	17.68%	16.18%	19.16%	16.79%	13.64%	18.17%	13.17%	17.17%	19.00%	19.18%	16.50%	20.56%	22.62%	17.18%	16.74%	21.95%	22.19%
54	17.47%	17.93%	16.43%	19.41%	17.04%	13.89%	18.42%	13.42%	17.42%	19.25%	19.43%	16.50%	20.56%	22.62%	17.18%	16.74%	21.95%	22.19%
55	17.72%	18.18%	16.68%	19.66%	17.29%	14.14%	18.67%	13.67%	17.67%	19.50%	19.68%	16.50%	20.56%	22.62%	17.18%	16.74%	22.20%	22.44%
56	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.45%	22.69%
57	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.45%	22.69%
58	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.70%	22.94%
59+	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.95%	23.19%

APPENDIX C – SUMMARY OF 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 (18 years remaining as of January 1, 2022). 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 – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

The return and administrative expense 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 Cheiron, covering the period from January 1, 2017 through December 31, 2021, and adopted by the Board at their May 23, 2022 meeting for the January 1, 2022 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study dated June 2, 2022.

1. **Rate of Return**

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

2. **Administrative Expenses**

   Administrative expenses are assumed to be $2,369,000 for the next year, to be split between employees and employers based on their share of the overall contributions. Administrative expenses are assumed to increase by the assumed wage inflation of 3.00% each year.

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

   The cost-of-living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 2.50% per year. The price inflation assumption is used for increasing the compensation limit that applies to Tier 3 (PEPRA) members.

4. **COLA Growth**

   The COLA growth assumption for Tier 1 members is assumed inflation plus an additional 0.25% "California" adjustment. For Tier 2 and Tier 3 members the COLA growth assumption is 2.0%.

5. **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.

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

   The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is reflected in the valuation for funding purposes. Any limitation is also reflected in a member's benefit after retirement.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

7. Interest on Member Contributions

The annual credited interest rate on member contributions is assumed to be 5.75%. The actual crediting rate was changed to 5.75% at the November 2021 Board meeting, with Additional Contributions credited at 0.98%.

8. 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 four years older than their spouses and female members are assumed to be two years younger than their spouses.

Percentage Married	
Gender	**Percentage**
Males	70%
Females	55%

9. Payroll Growth

Price inflation component: 2.50%
Productivity increase component: 0.50%
Total Payroll Growth: 3.00%

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

10. Increases in Pay

Price inflation component: 2.50%
Productivity increase component: 0.50%
Additional Merit component based on service:

Miscellaneous Merit Increases	
Service	Rate
0	5.25%
1	5.00%
2	4.00%
3	3.00%
4	2.00%
5	1.00%
6	0.50%
7	0.50%
8	0.50%
9	0.50%
10	0.20%
11	0.20%
12	0.20%
13	0.20%
14	0.20%
15	0.20%
16	0.20%
17	0.20%
18	0.20%
19	0.20%
20	0.20%
21+	0.00%

Safety Merit Increases	
Service	Rate
0	5.25%
1	4.50%
2	4.00%
3	3.00%
4	2.00%
5	1.00%
6	0.75%
7	0.75%
8	0.75%
9	0.75%
10	0.40%
11	0.40%
12	0.40%
13	0.40%
14	0.40%
15	0.40%
16	0.40%
17	0.40%
18	0.40%
19	0.40%
20	0.25%
21	0.25%
22	0.25%
23	0.25%
24	0.25%
25+	0.00%

Increases are compound rather than additive.

11. Rates of Termination

Sample rates of termination are shown in the following table below.

	Rates of Vested Termination	
Service	Miscellaneous	Safety/Probation
0	0.00%	0.00%
1	0.00%	0.00%
2	0.00%	0.00%
3	0.00%	0.00%
4	0.00%	0.00%
5	5.50%	2.75%
6	5.00%	2.50%
7	4.50%	2.25%
8	4.25%	2.25%
9	4.00%	2.25%
10	3.75%	2.00%
11	3.50%	2.00%
12	3.25%	1.50%
13	3.00%	1.50%
14	3.00%	1.50%
15	3.00%	1.50%
16	2.75%	1.50%
17	2.75%	1.25%
18	2.50%	1.25%
19	2.50%	1.25%
20	2.00%	1.25%
21	1.50%	1.25%
22	1.50%	1.25%
23	1.50%	1.25%
24	1.50%	1.25%
25	1.50%	1.00%
26	1.50%	1.00%
27	1.50%	1.00%
28	1.50%	1.00%
29	1.50%	1.00%
30	1.50%	0.00%
31	1.50%	0.00%
32	1.50%	0.00%
33	1.50%	0.00%
34	1.50%	0.00%
35+	0.00%	0.00%

**Termination rates do not apply once member is eligible for retirement*

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

12. Rates of 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		
Service	General	Safety
0	20.00%	10.00%
1	15.00%	8.00%
2	12.00%	6.00%
3	10.00%	5.00%
4	6.00%	4.00%
5	2.00%	3.00%
6	1.75%	2.00%
7	1.75%	1.00%
8	1.50%	1.00%
9	1.00%	1.00%
10	1.00%	1.00%
11	1.00%	1.00%
12	0.50%	1.00%
13	0.50%	1.00%
14	0.50%	1.00%
15	0.50%	1.00%
16	0.50%	0.00%
17	0.50%	0.00%
18	0.50%	0.00%
19	0.50%	0.00%
20	0.50%	0.00%
21	0.50%	0.00%
22	0.50%	0.00%
23	0.50%	0.00%
24	0.50%	0.00%
25	0.00%	0.00%
26	0.00%	0.00%
27	0.00%	0.00%
28	0.00%	0.00%
29	0.00%	0.00%
30+	0.00%	0.00%

13. 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 3.00%.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

14. 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 – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

15. Rates of Mortality for Healthy Lives

Mortality rates for Miscellaneous 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-2021, without adjustment.

Mortality rates for Safety and Probation active members are based on the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for healthy Miscellaneous annuitants and all beneficiaries 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-2021.

Mortality rates for healthy Safety and Probation annuitants are based the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational improvements projected from 2010 using Projection Scale MP-2021.

16. Rates of Mortality for Disabled Lives

Mortality rates for Miscellaneous disabled members are based on the sex distinct Public General 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for Safety and Probation disabled members are based on the sex distinct Public Safety 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

17. Rates of Retirement

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

Rates of Retirement for YOS Less Than 25						
		Tier 1			Tiers 2 and 3	
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
51	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
52	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
53	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
54	5.00%	15.00%	25.00%	3.00%	5.00%	7.50%
55	5.00%	25.00%	40.00%	3.00%	5.00%	7.50%
56	5.00%	25.00%	30.00%	3.00%	5.00%	7.50%
57	5.00%	20.00%	20.00%	3.00%	10.00%	7.50%
58	5.00%	7.50%	12.00%	3.00%	7.50%	8.25%
59	5.00%	7.50%	18.00%	3.00%	7.50%	11.25%
60	10.00%	10.00%	25.00%	8.00%	7.50%	15.00%
61	15.00%	10.00%	30.00%	8.00%	7.50%	18.75%
62	20.00%	15.00%	40.00%	15.00%	15.00%	22.50%
63	20.00%	15.00%	50.00%	15.00%	15.00%	30.00%
64	30.00%	15.00%	75.00%	20.00%	15.00%	45.00%
65	35.00%	100.00%	100.00%	20.00%	100.00%	100.00%
66	35.00%			20.00%		
67	35.00%			20.00%		
68	35.00%			20.00%		
69	35.00%			20.00%		
70+	100.00%			100.00%		

Rates of Retirement for YOS 25 or More						
		Tier 1			Tiers 2 and 3	
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
51	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
52	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
53	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
54	7.00%	15.00%	30.00%	5.50%	10.00%	12.00%
55	7.00%	35.00%	40.00%	5.50%	10.00%	12.00%
56	7.00%	25.00%	40.00%	6.00%	10.00%	12.00%
57	15.00%	25.00%	30.00%	10.00%	15.00%	12.00%
58	15.00%	12.00%	20.00%	10.00%	10.00%	10.00%
59	15.00%	12.00%	20.00%	10.00%	10.00%	12.50%
60	20.00%	15.00%	30.00%	15.00%	10.00%	18.00%
61	25.00%	15.00%	35.00%	15.00%	10.00%	20.00%
62	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
63	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
64	40.00%	20.00%	75.00%	25.00%	20.00%	45.00%
65	40.00%	100.00%	100.00%	25.00%	100.00%	100.00%
66	40.00%			25.00%		
67	40.00%			25.00%		
68	40.00%			25.00%		
69	40.00%			25.00%		
70+	100.00%			100.00%		

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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.

18. DROP Assumptions

Members who enter DROP are valued as retired members. There is no assumed DROP account balance or assumed interest crediting rate since their benefits are held by a third party and are not part of the Pension Trust's assets.

19. Changes Since Last Valuation

Based on the findings of the 2017-2021 experience study, many economic and demographic assumptions were updated to better reflect the experience of the Trust. For details on the assumption changes, please see the Actuarial Experience Study for January 1, 2017 through December 31, 2021 issued in June 2022.

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, 2021. 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:

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.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

E. Service Retirement

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

Benefit: Retirement Age Factor times 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 \$134,974 for 2022 and adjusted annually based on CPI.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

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).

J. Death Before Eligible for Retirement (Basic Death Benefit)

Eligibility: No age or service requirement and must have been an Active Member.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

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.

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.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

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.

When a member elects to enter DROP, 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. The member must participate a minimum of six months and is required to retire by the end of five years.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

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%
28	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 D – SUMMARY OF PLAN PROVISIONS

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 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.

CHEIRON

Classic Values, Innovative Advice

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Via Electronic Mail

June 15, 2022

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, 2022, January 1, 2023 or July 1, 2023

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, 2022 actuarial valuation for three alternate implementation dates.

The total actuarially determined contribution (ADC) rate as of the January 1, 2022 actuarial valuation increased to 52.48% from 50.34% as of the January 1, 2021 actuarial valuation. The Charged Rate (actual contributions collected by SLOCPT as a rate of actual pensionable salary) for the six months ending December 31, 2021 was 47.78% plus a 2.39% contribution rate increase effective as of July 1, 2022, results in a Total Charged Rate of 50.17%. The recommended contribution rate increase of 2.31% is the difference between the ADC as of January 1, 2022, 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 on the next page shows recommended contribution rate increases for each implementation date based on the results of the January 1, 2022 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 23, 2022 meeting and the December 31, 2021 actuarial losses from the January 1, 2022 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 3.00%.

Contribution Rate Increases for Alternate Implementation Dates											
	Total Charged Rates			2022 Valuation		Implementation Dates					
						July 1, 2022		January 1, 2023		July 1, 2023	
	12/31/2021	Rate Increases[1]	Total Rate	Total ADC	Rate Change	Adjusted ADC	Rate Change	Adjusted ADC	Rate Change	Adjusted ADC	Rate Change
Total SLOCPT	47.78%	2.39%	50.17%	52.48%	2.31%	52.57%	2.40%	52.66%	2.49%	52.76%	2.59%
Miscellaneous	45.08%	2.16%	47.24%	49.35%	2.11%	49.44%	2.20%	49.53%	2.29%	49.62%	2.38%
Probation	50.36%	3.33%	53.69%	58.47%	4.78%	58.56%	4.87%	58.66%	4.97%	58.77%	5.08%
Safety	63.18%	3.61%	66.79%	69.31%	2.52%	69.44%	2.65%	69.57%	2.78%	69.71%	2.92%

[1] *Rate increases from the January 1, 2021 actuarial valuation with delayed implementation to July 1, 2022.*

The purpose of this letter is to detail the calculations for the delayed implementation of the recommended contribution rate increases from the January 1, 2022 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
Tim Hall

San Luis Obispo County Pension Trust
Pension Contribution Rate Increases

	2014 Valuation	2016 Valuation	2017 Valuation	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation	2022 Valuation
Total Pension Rate Increases								
Miscellaneous	0.00%	4.51%	1.65%	1.99%	2.47%	3.41%	1.94%	**2.11%**
Probation	0.00%	4.72%	2.25%	3.70%	2.26%	4.56%	3.11%	**4.78%**
Safety	0.00%	6.71%	3.54%	5.63%	1.25%	4.40%	3.29%	**2.52%**
COMBINED	**0.00%**	**4.85%**	**1.93%**	**2.51%**	**2.30%**	**3.60%**	**2.16%**	**2.31%**
Total ADC	34.23%	38.90%	40.32%	42.19%	44.52%	47.92%	50.34%	**52.48%**
Significant Changes:								
Discount Rate	7.250%	**7.125%**	**7.125%**	**7.000%**	**7.000%**	**6.875%**	**6.750%**	**6.750%**
Discount Rate net of -								
Investment Expense		*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*
Admin. Expense		*Y*	*Y*	*Y*	*Y*	*Y*	***N***	***N***
Inflation	2.750%	2.650%	2.650%	2.500%	2.500%	2.250%	2.250%	**2.500%**
Payroll Growth Rate	3.750%	3.375%	3.375%	3.000%	2.750%	2.750%	2.750%	3.000%
Mortality		Updated (1st part of 2 step phased)		Updated (2nd part of 2 step phased)		Updated		Update to Safety tables

As of Valuation date of Jan. 1 of the Val
Actual increase modified for delayed im; Jan. 1st or July 1st of following year)

Total penson contribution rate increase res
Increases in the Actuarially Determined (ADC)
Increases to adjust for difference betweo be collected and the actual charged rate during the prior year.

Increases allocated between Employer andross Tiers pursuant to various MOU provisions in the various bargaining units.

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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 27, 2022

To: Board of Trustees

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

Agenda Item 10: Employer Contributions FY22-23 Prefunding Amount

Recommendation:

Staff recommends that the Board of Trustees approve the amount calculated for FY22-23 by SLOCPT's actuary, Cheiron, for the prefunding of Employer Contributions and Employer for Employee Contributions (EPMC or "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 (EPMC) was approved in 2014. At the March 28, 2022, 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 FY22-23 a discount rate of **4.25%** 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 2022 Actuarial Valuation with the assumption that the recommended rate increase will be implemented July 1, 2023. The following tables summarize the proposed prefunding of FY22-23 Employer Contributions and the pick-up contributions:

	Estimated FY22-23 Contributions Undiscounted	Estimated FY22-23 Contributions Discounted
County ER Contributions	$68,462,800	$67,104,100
County ER paid EE Contrib.	8,016,900	7,860,100
APCD ER Contributions	796,400	780,800
APCD ER Paid EE Contrib.	129,900	127,400
	-----------------	-----------------
TOTAL	$77,406,000	$75,872,400

Aggregate Employer Savings = $1,533,600

Attached is a letter from Cheiron that includes the tables used to calculate the prefunding amounts.

Respectfully Submitted,

Via Electronic Mail

June 15, 2022

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, 2023

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, 2023, assuming a single sum contribution is made July 15, 2022.

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, 2023 is based on the results of the January 1, 2022 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 28, 2022 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, 2022 actuarial valuation for calculating the prefunding of contribution amounts. At the May 23, 2022 SLOCPT meeting, the Board adopted an assumed real rate of return of 4.25% for the January 1, 2022 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, 2022, the County can achieve short-term contribution savings for FYE June 30, 2023.

Calculations

The County appropriation rate for the fiscal year is based on the 30.53% County charged rate as of January 1, 2022 plus 1.91% of the total 2.39% increase effective July 1, 2022. The 1.91% 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 32.44% for the year.

The APCD appropriation rate for the fiscal year is based on the 26.37% APCD charged rate as of January 1, 2022 plus 1.04% of the total 2.08% increase effective January 1, 2022. This results in a total rate of 27.41%.

Furthermore, the County and APCD appropriation rates assume that any rate increases from the January 1, 2022 actuarial valuation will not go into effect prior to June 30, 2023.

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, 2022 through June 30, 2023	$77,406,000
Prefunding of contributions with one prepayment made on July 15, 2022	75,872,400
Contribution savings due to prefunding	$1,533,600

This prefunding calculation has been done using the Board prescribed discount rate equal to the real rate of return of 4.25%. If the County prefunds the contributions at the beginning of the fiscal year on July 1, 2022, the contribution amount is $75,872,400 compared to the bi-weekly contributions totaling $77,406,000, a savings of $1,533,600. If the Trust earns 4.25% for the FYE 2023, 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, 2021 valuation on July 1, 2022 for the County and on January 1, 2022 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, 2023. 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
Tim Hall

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San Luis Obispo County Pension Trust

Prepayment of County Contributions

Discount Rate = 4.25%

Fiscal Year 2022-2023 beginning July 15, 2022 Biweekly Payroll	Estimated County Biweekly Payroll[1]	County Appropriation Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/15/2022 Factor	Biweekly Contribution Discounted
1	$8,001,500	32.44%	$2,595,900	1.0000	$2,595,900
2	8,010,600	32.44%	2,598,900	0.9984	2,594,700
3	8,019,700	32.44%	2,601,800	0.9968	2,593,500
4	8,028,800	32.44%	2,604,800	0.9952	2,592,300
5	8,037,900	32.44%	2,607,800	0.9936	2,591,200
6	8,047,000	32.44%	2,610,700	0.9920	2,589,900
7	8,056,200	32.44%	2,613,700	0.9904	2,588,700
8	8,065,400	32.44%	2,616,700	0.9889	2,587,500
9	8,074,600	32.44%	2,619,700	0.9873	2,586,400
10	8,083,800	32.44%	2,622,600	0.9857	2,585,100
11	8,093,000	32.44%	2,625,600	0.9841	2,583,900
12	8,102,200	32.44%	2,628,600	0.9825	2,582,700
13	8,111,400	32.44%	2,631,600	0.9810	2,581,500
14	8,120,600	32.44%	2,634,600	0.9794	2,580,300
15	8,129,800	32.44%	2,637,600	0.9778	2,579,100
16	8,139,000	32.44%	2,640,600	0.9763	2,577,900
17	8,148,300	32.44%	2,643,600	0.9747	2,576,700
18	8,157,600	32.44%	2,646,600	0.9732	2,575,500
19	8,166,900	32.44%	2,649,600	0.9716	2,574,300
20	8,176,200	32.44%	2,652,600	0.9700	2,573,100
21	8,185,500	32.44%	2,655,600	0.9685	2,571,900
22	8,194,800	32.44%	2,658,700	0.9669	2,570,800
23	8,204,100	32.44%	2,661,700	0.9654	2,569,600
24	8,213,400	32.44%	2,664,700	0.9639	2,568,400
25	8,222,700	32.44%	2,667,700	0.9623	2,567,200
26	8,232,100	32.44%	2,670,800	0.9608	2,566,000
Totals	**$211,023,100**		**$68,462,800**		**$67,104,100**
		Savings due to Prepayment for FY 2022-2023			**$1,358,700**

[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 3.00% per year.

[2] County appropriation rate for the first half of the year is based on the 30.53% County charged rate as of January 1, 2022 plus 1.91% of the total rate increase of 2.39% effective July 1, 2022.

San Luis Obispo County Pension Trust

Prepayment of County Employer Paid Portion of Employee Normal Cost ("Pick-up") Contributions

Discount Rate = 4.25%

Fiscal Year 2022-2023 beginning July 15, 2022 Biweekly Payroll	Estimated County (Tier 1 and Tier 2) Biweekly Payroll[1]	County Paid Employee Normal Cost Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/15/2022 Factor	Biweekly Contribution Discounted
1	$3,721,500		$316,300	1.0000	$316,300
2	3,713,900		315,700	0.9984	315,200
3	3,706,300		315,000	0.9968	314,000
4	3,698,700		314,400	0.9952	312,900
5	3,691,100		313,700	0.9936	311,700
6	3,683,500		313,100	0.9920	310,600
7	3,675,900		312,500	0.9904	309,500
8	3,668,300		311,800	0.9889	308,300
9	3,660,800		311,200	0.9873	307,200
10	3,653,300		310,500	0.9857	306,100
11	3,645,800		309,900	0.9841	305,000
12	3,638,300		309,300	0.9825	303,900
13	3,630,800		308,600	0.9810	302,700
14	3,623,300		308,000	0.9794	301,700
15	3,615,900		307,400	0.9778	300,600
16	3,608,500		306,700	0.9763	299,400
17	3,601,100		306,100	0.9747	298,400
18	3,593,700		305,500	0.9732	297,300
19	3,586,300		304,800	0.9716	296,100
20	3,578,900		304,200	0.9700	295,100
21	3,571,500		303,600	0.9685	294,000
22	3,564,200		303,000	0.9669	293,000
23	3,556,900		302,300	0.9654	291,800
24	3,549,600		301,700	0.9639	290,800
25	3,542,300		301,100	0.9623	289,800
26	3,535,000		300,500	0.9608	288,700
Totals	**$94,315,400**		**$8,016,900**		**$7,860,100**
		Savings due to Prepayment for FY 2022-2023			**$156,800**

[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 3.00% 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 = 4.25%

Fiscal Year 2022-2023 beginning July 15, 2022 Biweekly Payroll	Estimated APCD Biweekly Payroll[1]	APCD Appropriation Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/15/2022 Factor	Biweekly Contribution Discounted
1	$110,500	27.41%	$30,300	1.0000	$30,300
2	110,600	27.41%	30,300	0.9984	30,300
3	110,700	27.41%	30,300	0.9968	30,200
4	110,800	27.41%	30,400	0.9952	30,300
5	110,900	27.41%	30,400	0.9936	30,200
6	111,000	27.41%	30,400	0.9920	30,200
7	111,100	27.41%	30,500	0.9904	30,200
8	111,200	27.41%	30,500	0.9889	30,200
9	111,300	27.41%	30,500	0.9873	30,100
10	111,400	27.41%	30,500	0.9857	30,100
11	111,500	27.41%	30,600	0.9841	30,100
12	111,600	27.41%	30,600	0.9825	30,100
13	111,700	27.41%	30,600	0.9810	30,000
14	111,800	27.41%	30,600	0.9794	30,000
15	111,900	27.41%	30,700	0.9778	30,000
16	112,000	27.41%	30,700	0.9763	30,000
17	112,100	27.41%	30,700	0.9747	29,900
18	112,200	27.41%	30,800	0.9732	30,000
19	112,300	27.41%	30,800	0.9716	29,900
20	112,400	27.41%	30,800	0.9700	29,900
21	112,500	27.41%	30,800	0.9685	29,800
22	112,600	27.41%	30,900	0.9669	29,900
23	112,700	27.41%	30,900	0.9654	29,800
24	112,800	27.41%	30,900	0.9639	29,800
25	112,900	27.41%	30,900	0.9623	29,700
26	113,000	27.41%	31,000	0.9608	29,800
Totals	**$2,905,500**		**$796,400**		**$780,800**
		Savings due to Prepayment for FY 2022-2023			**$15,600**

[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 3.00% per year.

[2] APCD appropriation rate for the first half of the year is based on the 26.37% APCD charged rate as of January 1, 2022 plus 1.04% of the total rate increase of 2.08%% effective January 1, 2022.

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 = 4.25%

Fiscal Year 2022-2023 beginning July 15, 2022 Biweekly Payroll	Estimated APCD Tiers 1 & 2 Biweekly Payroll[1]	APCD Paid Employee Normal Cost Rate[2]	Biweekly Contribution Undiscounted	Discount to 7/15/2022 Factor	Biweekly Contribution Discounted
1	$64,500		$5,100	1.0000	$5,100
2	64,400		5,100	0.9984	5,100
3	64,300		5,100	0.9968	5,100
4	64,200		5,100	0.9952	5,100
5	64,100		5,100	0.9936	5,100
6	64,000		5,100	0.9920	5,100
7	63,900		5,000	0.9904	5,000
8	63,800		5,000	0.9889	4,900
9	63,700		5,000	0.9873	4,900
10	63,600		5,000	0.9857	4,900
11	63,500		5,000	0.9841	4,900
12	63,400		5,000	0.9825	4,900
13	63,300		5,000	0.9810	4,900
14	63,200		5,000	0.9794	4,900
15	63,100		5,000	0.9778	4,900
16	63,000		5,000	0.9763	4,900
17	62,900		5,000	0.9747	4,900
18	62,800		5,000	0.9732	4,900
19	62,700		5,000	0.9716	4,900
20	62,600		4,900	0.9700	4,800
21	62,500		4,900	0.9685	4,700
22	62,400		4,900	0.9669	4,700
23	62,300		4,900	0.9654	4,700
24	62,200		4,900	0.9639	4,700
25	62,100		4,900	0.9623	4,700
26	62,000		4,900	0.9608	4,700
Totals	**$1,644,500**		**$129,900**		**$127,400**
		Savings due to Prepayment for FY 2022-2023			**$2,500**

[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 3.00% 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 and Tier 2 members.

Board of Trustees

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San Luis Obispo County Pension Trust
SLOCPT

Date: June 27, 2022

To: Board of Trustees

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

Agenda Item 11: Conflict of Interest Policy Biennial Review

Recommendation:

It is recommended by Staff that the Board of Trustees review and approve the attached Conflict of Interest Policy for the San Luis Obispo County Pension Trust ("SLOCPT") in accordance with section V of said document.

Background:

The Political Reform Act requires every local government agency to review its conflict-of-interest code biennially. After review, each agency must submit to the County Clerk-Recorder a notice indicating whether or not an amendment is necessary. If an amendment is necessary, the Agency must submit the updated document to County Counsel for review before officially submitting to the Board of Supervisors for adoption. Staff has determined an amendment to the code is not necessary.

If the Board of Trustees agrees and approves the recommendation, Staff will submit the "2022 Local Agency Biennial Notice" to the Clerk Recorder indicating that no amendment is required for the review cycle.

Attachments:

1. SLOCPT Conflict of Interest Code

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SAN LUIS OBISPO COUNTY PENSION TRUST
CONFLICT OF INTEREST CODE
ADOPTED FEBRUARY 24, 2014
AMENDED FEBRUARY 24, 2020
EFFECTIVE MARCH 1, 2020

I. PURPOSE

The Political Reform Act of 1974, Government Code Section 81000 et seq. (PRA) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Pension Trust originally adopted a conflict of interest code that became effective on August 24, 1977. The purpose of this new code is to update the applicable obligations of Trustees, staff, and consultants to ensure present and future consistency with the requirements of the PRA as interpreted by the Fair Political Practices Commission (FPPC).

II. POLICY OBJECTIVES

The FPPC has adopted a regulation, Title 2, California Code of Regulations, section 18730, which contains the terms of a standardized conflict of interest code that is amended from time to time to conform with amendments to the PRA. Any local agency may incorporate the standard conflict of interest code, with the obligation that it supplements the provisions of such code with a designation of employees and other individuals who are obligated to submit disclosure statements pursuant to the PRA. The following policy seeks to comply with this statutory directive, and to promote the policy set forth in Government Code section 87100, which states that "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest."

III. INCORPORATION OF SECTION 18730

The provisions of Title 2, California Code of Regulations, section 18730, and any amendments to it, duly adopted by the FPPC are hereby incorporated by reference and, along with the other provisions contained herein, including Exhibits A, B and C hereto, shall constitute the conflict of interest code of the Pension Trust.

IV. POLICY GUIDELINES

1. MEMBERS OF THE BOARD OF TRUSTEES AND EXECUTIVE DIRECTOR

Members of the Board of Trustees and the Executive Director are separately obligated by Government Code section 87200 to file a

Statement of Economic Interests (Form 700) because they are public officials with responsibility for managing public investments.

2. CATEGORIES OF DISCLOSURE AND INDIVIDUALS SUJECT TO DISCLOSURE

The categories of disclosure required by this Code are described in Exhibit A. The individuals who must file Form 700s and the category of disclosure required for such individuals are described in Exhibit B. Form 700s are public records pursuant to Government Code section 81008.

3. TIMING OF DISCLOSURES

All individuals affected by this Code who have not previously filed Form 700s pursuant to policy or otherwise shall make an initial filing within 30 days of the effective date of this Code. Individuals appointed, promoted or transferred to designated positions shall file a Form 700 within 30 days thereafter. All affected individuals shall thereafter file a Form 700 annually prior to April 1 concerning the prior calendar year. All affected individuals shall file a "leaving office" Form 700 within 30 days of leaving a position for which a statement is required, unless assuming a similar position with the Pension Trust with the same or more inclusive filing requirements.

4. LOCATION OF DISCLOSURES

The original Form 700 shall be electronically filed with the County of San Luis Obispo. A copy will also be retained at the office of the San Luis Obispo County Pension Trust.

V. POLICY REVIEW

The Board of Trustees shall review this Code prior to July 1 of each even numbered calendar year to ensure that its provisions remain relevant and appropriate.

VI. AMENDMENT HISTORY

The Board of Trustees adopted this Code on February 24, 2014 and last amended it on February 24, 2020 to be effective March 1, 2020.

EXHIBIT A

DISCLOSURE CATEGORIES

Form 87200 Filers

Form 87200 filers shall complete all schedules for Form 700 and disclose all reportable sources of income, interests in real property, investments and business positions in business entities, if applicable, consistent with the instructions for the Form 700 on the FPPC website. (www.fppc.ca.gov)

Category 1 Filers

Individuals designated in Category 1 on Exhibit B shall complete all schedules of Form 700 unless there are no reportable interests for a schedule. A "reportable interest" shall be any source of income, investment or business position, or interest in real property of a type in which the Pension Trust is authorized to invest in or contract with for services.

EXHIBIT B

DESIGNATED POSITION CATEGORIES

Position	Disclosure Category
Trustee	Form 87200 Filer
Executive Director	Form 87200 Filer
Deputy Director	Category 1
Outside General Counsel	Category 1
Investment Consultants and Managers*	Category 1

* The Executive Director may determine in writing that a particular Investment Consultant or Manager although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

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San Luis Obispo County
Pension Trust
SLOCPT

Date: June 27, 2022

To: Board of Trustees

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

Agenda Item 12: Verus Investment Consultant Contract Addendum – fees

Recommendation:

Approve the attached Addendum A to the Verus Restated and Amended Investment Consulting Agreement dated July 2018.

The recommended Addendum A –

1. Increases the annual investment consulting fee from Verus from $295,000/year to $325,000/year effective July 2022.

2. Adds an annual 3% automatic escalation in the fee starting in July 2023.

Discussion:

The Pension Trust has used Verus Investments since 2007 as the general investment consultant. Prior to 2018 the consulting fee paid to Verus was based on a percentage of the total assets of the Pension Trust. In 2018 Verus proposed, and the Board of Trustees approved, a conversion to a flat fee for Verus' consulting services. Verus proposed a flat consulting fee to maintain the competitiveness of their fee relative to currently prevailing practice. The agreed upon annual fee in the July 2018 agreement (in Addendum A to the agreement) was $295,000/year plus travel expenses. There was no fee escalation provision included in the July 2018 agreement.

Verus, through their legal counsel, has requested an adjustment to the annual consulting fee in Addendum A to their agreement. Verus notes that it has been four years since this fee level was set and it has not changed. Verus continues to make improvements to their research capabilities and staffing. The nature of a consulting practice is that its costs are primarily for professional level pay and benefits. Recruitment and retention of qualified professional staff is crucial to an effective consulting practice. Cost inflation in staff compensation is a normal factor that should be reflected in the fees paid for services.

It is Staff's opinion that the proposed fee increase is reasonable and competitive with the market for consulting services.

Verus presented three alternatives for the SLOCPT to consider –

A. A set increase to a $325,000/year fee. This would be a 10.2% increase from the 2018 fee level, or about 2.5%/year, with no escalation provisions. This would mean that Board action would be necessary each time a fee change is warranted.

B. An increase to a $325,000 fee effective July 2022 with an annual escalation starting in 2023 based on CPI inflation.

C. An increase to a $325,000 fee effective July 2022 with an annual escalation starting in 2023 of 3.0%/year.

Staff recommends –

- Approval of an increase in Verus fees effective July 2022 from $295,000/year to $325,000.

- Inclusion of an automatic annual fee escalator of 3.0% year effective starting in July 2023 – Alternative C from above.

Respectfully submitted,

Addendum No 1
Investment Consulting Agreement

This Addendum No. 1 is made effective the _____day of __________ 2022, by and between Verus Advisory, Inc. ("Verus"), a Washington corporation, having its principal offices at 800 Fifth Avenue, Suite 3900, Seattle, WA 98104 ("Verus") and San Luis Obispo County Pension Trust (the "Client"), collectively the "Parties," with respect to the Investment Consulting Agreement by and between the parties dated effective the July 1st, 2018 ("Agreement").

WHEREAS:

The Parties desire to amend the fee schedule as shown in Schedule A of the Agreement for services to be provided by Verus.

NOW, THEREFORE, it is agreed between the Parties that:

The attached Schedule A represents a restatement in its entirety of Schedule A to the Agreement with only the addition of a new fee schedule for all the services to be provided by Verus, which by this reference is incorporated into and made a part of the Agreement.

Except as expressly amended herein, all terms and conditions of the Agreement shall remain in full force and effect.

AGREED to this _____ day of __________ 2022.

San Luis Obispo County Pension Trust

By ______________________________

Signature of Client

____

Title if Applicable

AGREED AND ACCEPTED:
Verus Advisory, Inc.

By ______________________________

Principal

Schedule A: Scope of services and retainer fees

1. **Consulting Services**

Consultant agrees to provide the following services to Client:

(a) Provide monthly “flash” investment reports.

(b) Perform quarterly quantitative analysis of the investments and deliver quarterly review presentations to Client.

(c) Provide ongoing investment advice designed to assist Client in meeting investment objectives.

(d) Review, revise, and maintain an investment policy statement to govern the investments of the Plan.

(e) Conduct periodic asset allocation reviews.

(f) Conduct Investment Manager searches as approved by Client.

(g) Review investment manager fees and assist with negotiating investment manager agreements.

(h) Select transition manager and assist Client in transitioning assets.

(i) Conduct education on methods and strategies associated with improving the overall investment strategy of the Plan.

(j) Conduct an Asset-Liability study not more frequently than every 3 years.

(k) Perform a custodial audit when authorized by Client.

(l) Additional services not requested at this time, and the fees for each, are itemized in Schedule B.

2. <u>Fee for Service</u>

For the above-referenced series of services, Client agrees to pay an annual fee of $325,000, payable on a quarterly basis in arrears, with an annual escalator of 3% beginning one year after the effective date of this Agreement."

Consultant Initials: ______________

Client Initials: ______________

Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: June 27, 2022

To: Board of Trustees

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

Agenda Item 13: Monthly Investment Report for May 2022

	May	**Year to Date 2022**		2021	2020	2019	2018	2017
Total Trust Investments ($ millions)	$1,658			$1,775	$1,552 year end	$1,446 year end	$1,285 year end	$1,351 year end
Total Fund Return	0.5% Gross	**-4.9%** Gross		15.2% Gross	8.9 % Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross
Policy Index Return (r)	0.2%	-7.0%		12.8%	10.0 %	16.4 %	-3.2 %	13.4 %

(r) Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2022 Interim targets:

Public Mkt Equity-	24% Russell 3000, 17% MSCI ACWI ex-US
Public Mkt Debt-	11% Barclays US Aggregate,
Risk Diversifying	8% Barclays US Aggregate,
	4% Barclays 7-10yr Treasury, 3% Barclays 5-10yr US TIPS
Real Estate & Infrastructure-	13% NCREIF Index (inc. Infrastructure)
Private Equity-	7% actual private equity returns
Private Credit-	4% actual private credit returns
Liquidity-	6% 90 day T-Bills

Pending annual updates to interim targets.

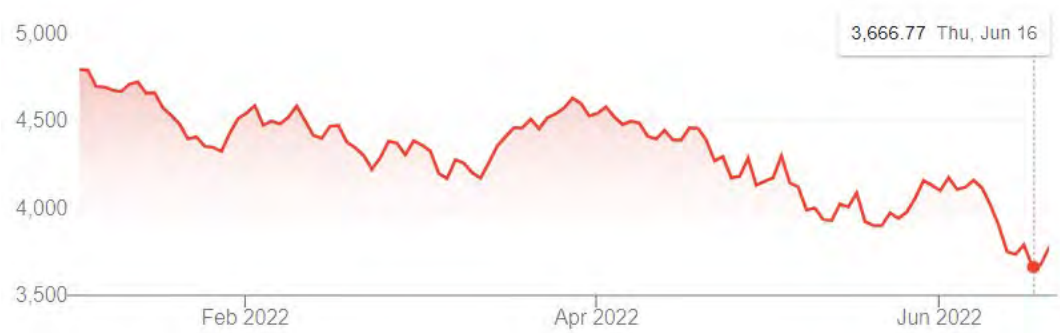
SLOCPT Investment Returns:

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. As of June 20th, the month has had further negative returns.

The Economy and Capital Markets:

- **Investment Markets –**
  - **Equity Markets –** Equity markets flattened their decline slightly in May. However, the increasingly sharp drop in June has moved the S&P 500 index of US stocks firmly into Bear market territory for the year-to-date. The specter of high inflation rates continuing well above expectations leads to fears of Fed tightening of monetary conditions more than expected. Increasing interest rates and increasing inflation both put pressure on corporate earnings which have a large impact on stock market valuation levels.

S&P 500 Index – 2022 YTD



- **Fixed Income Markets –** Bond markets also have been battered by the prospect of above-trend inflation and resulting Fed tightening. The Treasury yield curve changes over the year can be captured in a simple table –

Treasury Yields	**Dec. 31, 2021**	**Mar. 31, 2022**	**June 17, 2022**
T-Bills	0.06%	0.17%	1.15%
2 year Treasury	0.73%	2.28%	3.17%
10 year Treasury	1.52%	2.32%	3.25%
30 year Treasury	1.90%	2.44%	3.30%

- **Total Fund Returns –** The SLOCPT asset mix is broadly diversified across public market equities (US and International), bonds in several different strategies, real estate, private equity and private credit. The Year to Date (YTD) returns of a sample of different asset classes have been –

Asset class	**YTD - May**	**YTD – mid June est.**
Equities – S&P 500	-12.8%	-24% est.
Bonds – Aggregate	-8.9%	-12% est.
Real Estate - NCREIF	+5.3%	+6% est.
SLOCPT Total Fund	-4.9%	-11% est.

- **The Economy**
  - **Inflation –** Inflation increasingly is a central risk element for the economy and the capital markets. With an unexpectedly high US CPI inflation report for May at an 8.6% year-over-year increase, expectations for a peaking of the inflation rate were battered. The expected inflation rate as measured by the spread between Treasury bond yields and those of Treasury Inflation Protected Securities (TIPS) still predicts substantially lower inflation in 2024 and beyond. But Fed monetary policy tightening to combat the current inflation rate has a distinct possibility of triggering a recession in late 2023 or 2024.
  - **New Jobs** - The May jobs report from the BLS on nonfarm employment continues to show an economy in growth with a gain of 390k new jobs.
  - **Unemployment** - The unemployment rate in May was unchanged at 3.6%. The labor force participation rate remains at 62.3% of the working age population. The unemployment rate for San Luis Obispo County in April was reported at a record low of 2.1%.

- **Economic Policy**
  - **Monetary Policy –** At the June 15th meeting the Fed increased short term interest rates by a historically large amount of 0.75%. The targeted range for Fed Funds rates is now 1.50% to 1.75%.
    - The investment management firm Lord Abbett in their June 16th commentary had interesting remarks on Fed policy -

      "As had been widely expected, the Federal Reserve Board raised the target Federal Funds rate by 75 basis points yesterday, lifting the target to a range of 1.50% - 1.75%. The 75 basis point move had been fully priced in to the Fed Funds futures market prior to the meeting. Markets initially reacted positively to the news, reversing some of the bearish moves in equities and rates over the past few days.

      We believe the move should be viewed as a positive for risk assets, as the Fed demonstrated their commitment to keeping inflation in check. With the 75 basis point move yesterday, and the possibility of another 75 basis point move in July, expectations for rate hikes for the year have increased by approximately 50 basis points relative to a week ago. We believe the Fed adjusted its course after recent releases indicated troubling inflation data (including Friday's CPI print, Michigan Consumer Sentiment and Survey of Inflation Expectations readings). This tells the market that the Fed can be flexible and data dependent, rather than sticking to some pre-determined course of action. They also stated their commitment to bringing inflation down to 2% target, but showed flexibility with regard to when that target would be achieved.

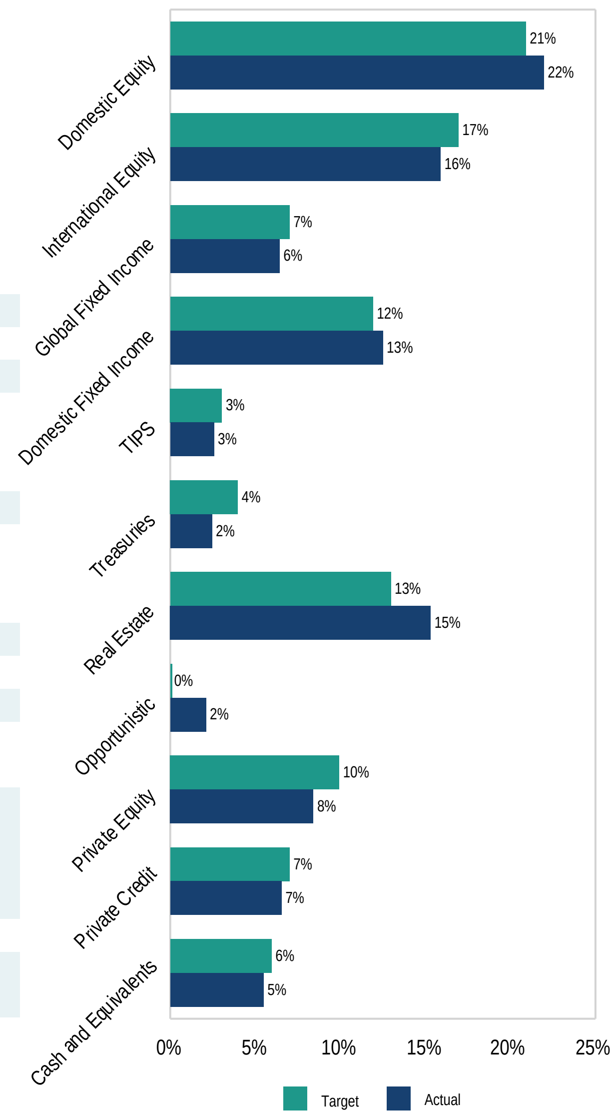
      By front-loading the rate hikes, the Fed is showing it is determined to keep inflation in check before elevated inflation becomes entrenched in inflation expectations, while taking firm action at a time when the economy is robust and able to withstand tighter policy.

Longer term, there is a risk that the Fed might not have the proper tools to tackle inflation. Their policy tools can impact demand, but can do little to control higher prices driven by supply shocks and supply chain issues. Persistent higher inflation driven by supply side issues may eventually force the Fed's hand, and push the economy into a recession. However the Fed was reassuring in tone yesterday, signaling that the demand effects of higher rates were still somewhat muted - specifically noting that the consumer was still strong. In our opinion, the Fed did an excellent job yesterday of walking the line between a commitment to eventually getting inflation back to its 2% target but maintaining flexibility on how exactly it gets there."

Respectfully Submitted,

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,657,681,978	100.0	0.5	-4.9
Interim Policy Index			*0.2*	*-7.0*
FFP SAA Index			*0.1*	*-3.3*
Total Growth	1,133,856,175	68.4	1.0	-4.0
Custom Growth Benchmark			*0.3*	*-7.0*
Total Public Equity	630,209,322	38.0	1.4	-10.7
Russell 3000 Index			*-0.1*	*-13.9*
Total Domestic Equity	365,023,493	22.0	1.3	-8.3
Russell 3000 Index			*-0.1*	*-13.9*
S&P 500 Index			*0.2*	*-12.8*
Russell 1000 Growth Index			*-2.3*	*-21.9*
Boston Partners Large Cap Value	100,911,494	6.1	3.4	-1.3
Russell 1000 Value Index			*1.9*	*-4.5*
Russell 2500 Index			*0.3*	*-13.6*
Total International Equity	265,185,829	16.0	1.5	-13.8
MSCI AC World ex USA Index			*0.8*	*-10.5*
MSCI AC World ex USA Value			*2.3*	*-2.6*
MSCI AC World ex USA Growth			*-0.8*	*-18.0*
Total Private Equity	139,661,524	8.4		
Total Private Credit	109,361,081	6.6		

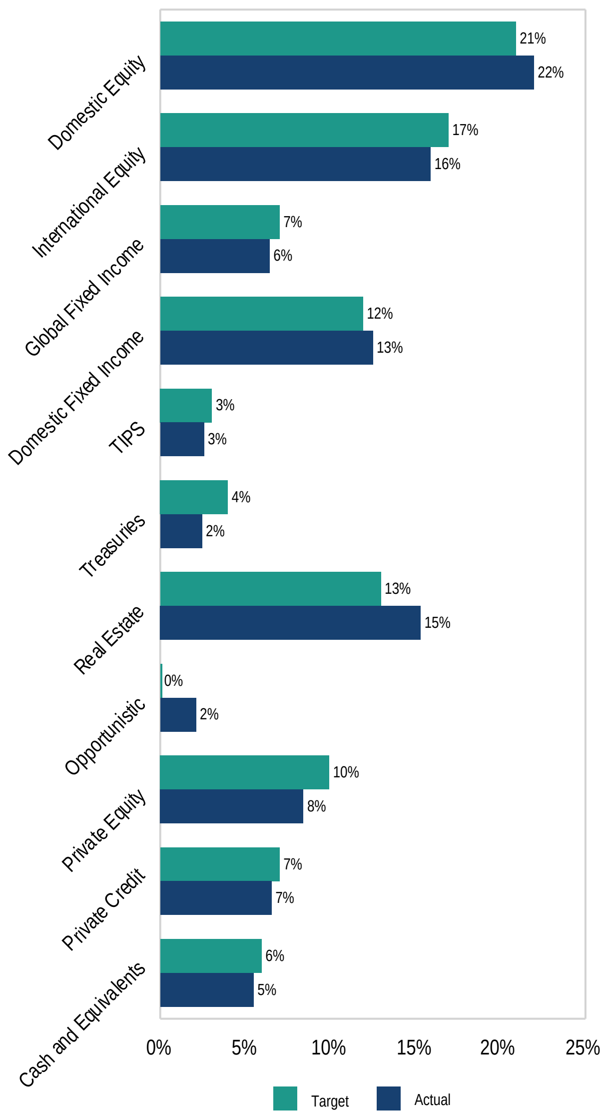
Actual vs. Target Allocation (%)



New Policy Index as of 1/1/2022 24% Russell 3000, 17% MSCI ACWI ex-US (Gross), 15% Bloomberg U.S. Aggregate, 7% FTSE WGBI, 4% Bloomberg US Treasury 7-10 yr, 3% Bloomberg US TIPS, 11% NCREIF Property Index, 7% Actual Private Equity Return, 4% Actual Private Credit Return, 6% 91 day T-Bills. 2% allocation to Infrastructure is to NCREIF Property, until a more appropriate benchmark is established. 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	254,624,248	15.4	0.9	10.1
NCREIF Property Index			*0.0*	*5.3*
JP Morgan Core Real Estate	183,070,633	11.0	1.2	9.6
NCREIF-ODCE			*0.0*	*7.4*
NCREIF Property Index			*0.0*	*5.3*
ARA American Strategic Value Realty	71,553,615	4.3	0.0	11.6
NCREIF-ODCE			*0.0*	*7.4*
NCREIF Property Index			*0.0*	*5.3*
Total Risk Diversifying	399,026,777	24.1	-0.4	-8.3
Custom Risk Diversifying Benchmark			*0.3*	*-9.6*
Total Domestic Fixed Income	292,368,310	17.6	-0.6	-7.0
Blmbg. U.S. Aggregate Index			*0.6*	*-8.9*
BlackRock Core Bond	69,422,717	4.2	-0.4	-11.2
Blmbg. U.S. Aggregate Index			*0.6*	*-8.9*
Dodge & Cox Income Fund	66,383,341	4.0	0.7	-7.5
Blmbg. U.S. Aggregate Index			*0.6*	*-8.9*
Pacific Asset Corporate Loan	72,291,131	4.4	-2.4	-2.0
S&P/LSTA Leveraged Loan Index			*-2.6*	*-2.4*
SSGA U.S. Govt Bond Index	41,271,799	2.5	0.2	-8.2
Blmbg. U.S. Treasury: 7-10 Year			*0.7*	*-9.9*
BlackRock TIPS	42,999,322	2.6	-1.0	-5.9
Blmbg. U.S. TIPS			*-1.0*	*-5.9*
Total Global Fixed	106,658,467	6.4	0.1	-11.7
FTSE World Government Bond Index			*-0.1*	*-12.0*
Brandywine Global Fixed Income	49,442,235	3.0	0.6	-8.1
FTSE Non-U.S. World Government Bond			*-0.2*	*-14.5*
Ashmore EM Blended Debt Fund	57,216,232	3.5	-0.3	-14.8
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			*0.7*	*-12.0*

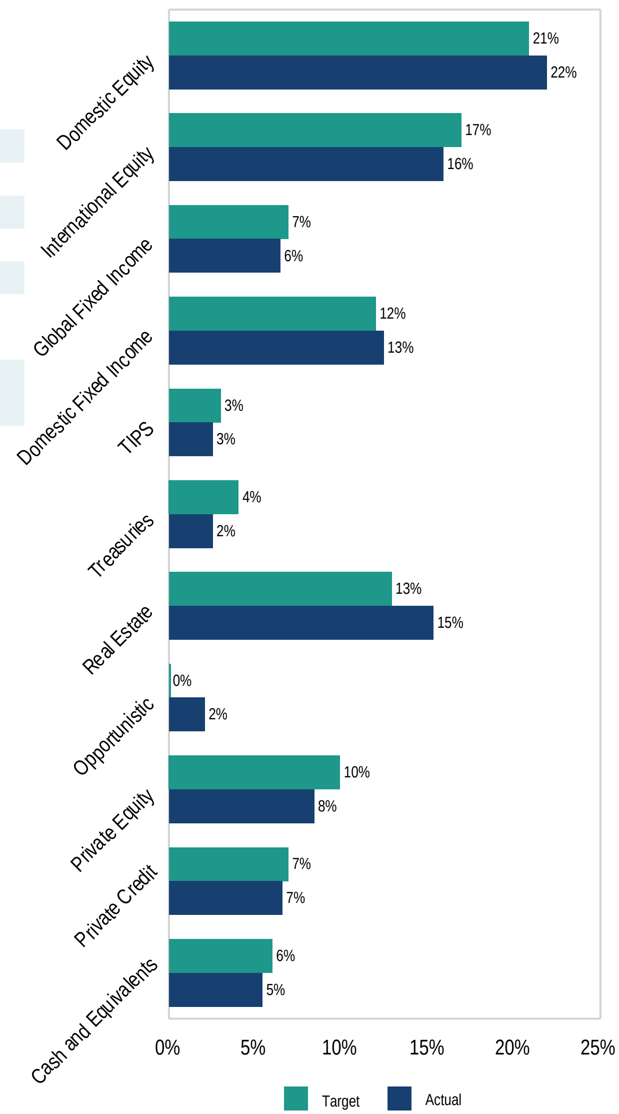
Actual vs. Target Allocation (%)



New Policy Index as of 1/1/2022 24% Russell 3000, 17% MSCI ACWI ex-US (Gross), 15% Bloomberg U.S. Aggregate, 7% FTSE WGBI, 4% Bloomberg US Treasury 7-10 yr, 3% Bloomberg US TIPS, 11% NCREIF Property Index, 7% Actual Private Equity Return, 4% Actual Private Credit Return, 6% 91 day T-Bills. 2% allocation to Infrastructure is to NCREIF Property, until a more appropriate benchmark is established. 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 Liquidity	124,799,026	7.5	0.1	-0.1
90 Day U.S. Treasury Bill			*0.1*	*0.1*
Total Cash	90,650,237	5.5	0.1	-1.0
90 Day U.S. Treasury Bill			*0.1*	*0.1*
Blmbg. 1-3 Year Gov/Credit index			*0.6*	*-2.4*
90 Day U.S. Treasury Bill			*0.1*	*0.1*
90 Day U.S. Treasury Bill			*0.1*	*0.1*
Total Opportunistic	34,148,789	2.1		

Actual vs. Target Allocation (%)



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PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

MAY 2022
Capital Markets Update

Market commentary

U.S. ECONOMICS

— The U.S. CPI rose unexpectedly to a fresh 40 year high, climbing 8.6% year-over-year, as prices increased 1.0% in May. The print was ahead of expectations for an 8.3% rise. Food and energy costs have risen 10.1% and 34.6%, respectively, year-to-date. Additionally, shelter costs – a notably sticky component of the CPI – have risen 5.5% over the last year.

— University of Michigan U.S. Consumer Sentiment fell to an all time low of 50.2 in the most recent print as 46% of respondents attributed negative views to accelerating prices. Consensus expectations were for a modest decline from 58.4 to 58.1. Only 13% of those surveyed expect wages to keep pace with inflation.

— In the most recent release of Commerce Department data, U.S. households increased spending in every month this year, while at the same time decreasing savings rates. This may suggest that Americans are using their savings to offset the rising costs associated with persistent inflation. Savings rates fell to 4.4%, the lowest in 14 years.

U.S. EQUITIES

— The S&P 500 fell -18.2% from the start of the year intra-month. The index saw a strong rally in the final week of trading to end the month +0.2% higher. The index was just shy of bear market territory, usually marked by a -20% decline.

— The S&P 500 Index had declined for seven consecutive weeks prior to May's final week rally. This consistent amount of investor trepidation has only occurred four times since 1928.

— The S&P 500 index remains deep in the red year to date (-12.8%) and may be a testament to investor concern on rising inflation, a rising interest rate environment and geopolitical tensions.

U.S. FIXED INCOME

— The Fed enacted a 50-basis point rate increase in May, in line with market expectations. The hike represents the largest single-month increase in the key rate since 2000 as the Fed aims to tamp down inflation. The Fed also signaled confidence in the strength of the U.S. economy despite weak consumer sentiment.

— Fed officials announced that a portion of maturing Treasuries and mortgage-backed securities – initially capped at $47.5B in June and increasing to $95B in September – will be allowed to roll-off the balance sheet. The pace of quantitative tightening is notably more aggressive than tightening undertaken from 2017-2019, when the maximum monthly cap peaked at $30B.

— The 10-Year U.S. Treasury yield hit an intra-month high of 3.1%, the highest yield since November 2018, before falling to end the month at 2.9%.

INTERNATIONAL MARKETS

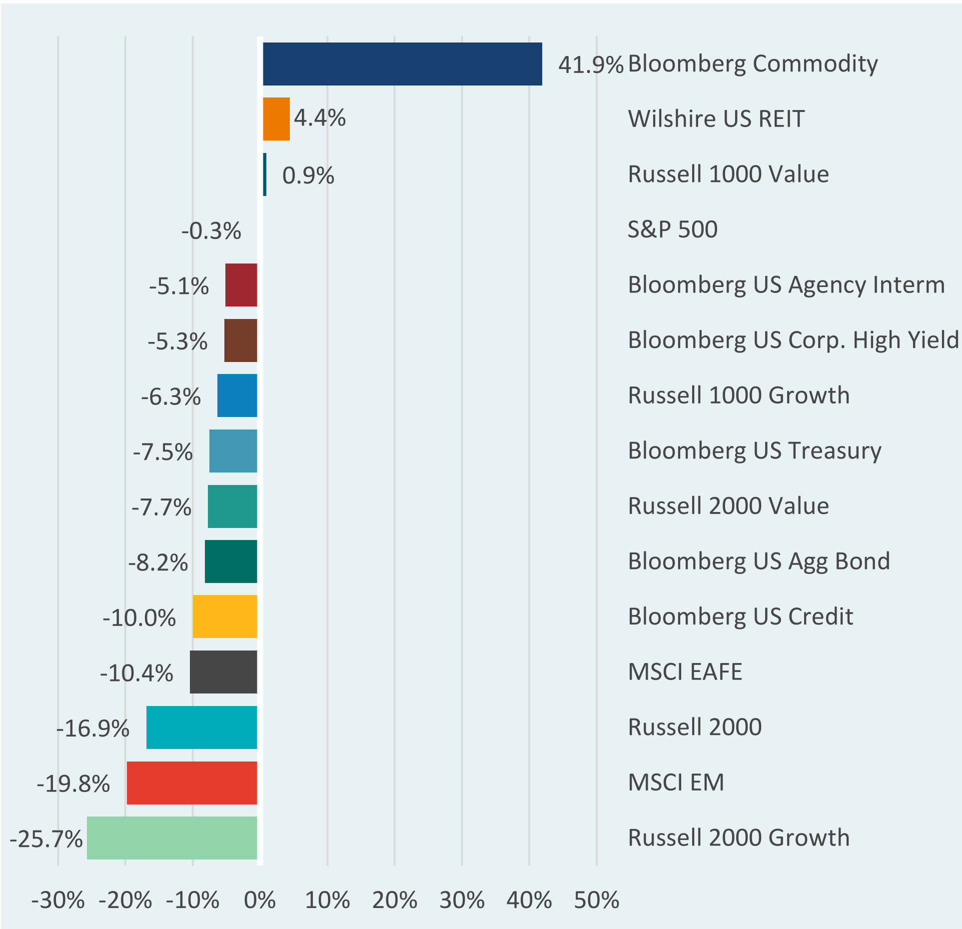
— In a reversal of recent weakness, the Euro strengthened against the U.S. Dollar in a month of broad U.S. Dollar weakness against developed pairs. The Euro was likely helped higher by increased expectations that the European Central Bank would begin to raise rates in July. The Euro is -5.8% weaker year-to-date.

— Officials in Shanghai announced that city lockdown policies would begin easing in June, which helped the MSCI China Index post a positive return for the first time in 2022 (+0.9%). China's broader zero-covid policy is expected to continue, however.

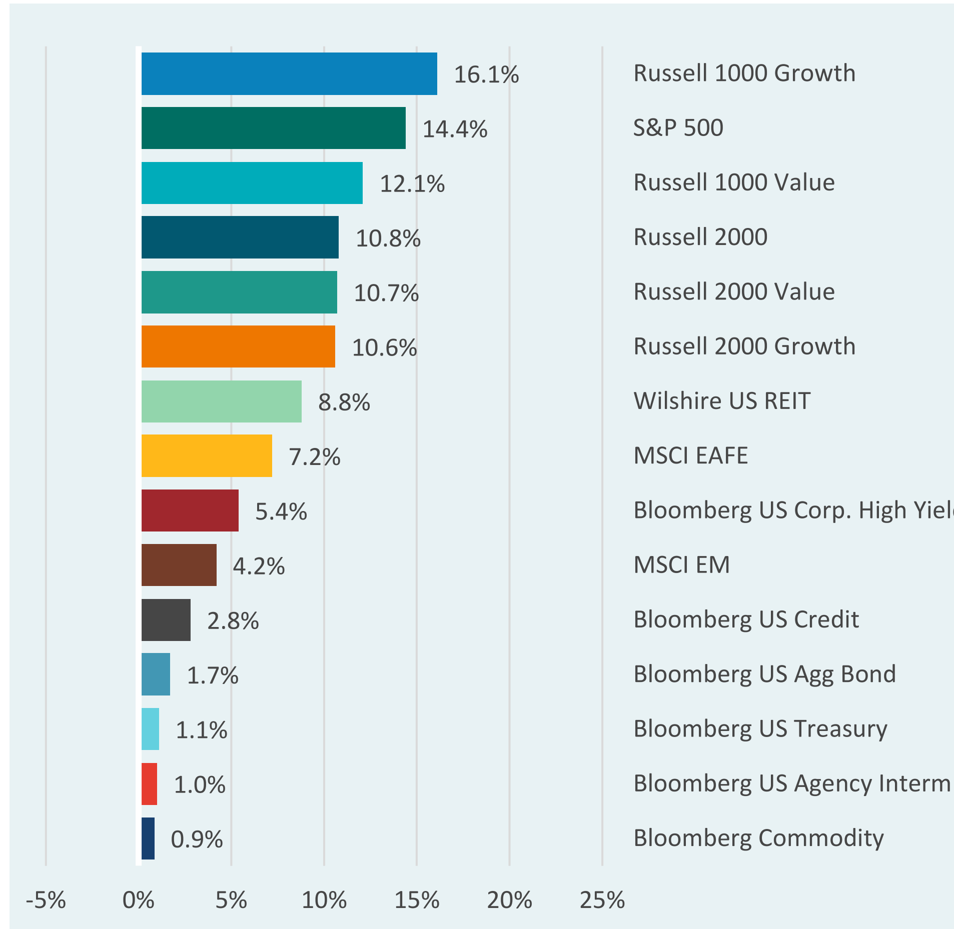
— As the war in Ukraine pushed past 100-days, President Biden remarked that the U.S. would intervene if China were to invade Taiwan which stirred geopolitical tension on the world stage.

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 5/31/22

Source: Morningstar, as of 5/31/22

U.S. large cap equities

— The S&P 500 (+0.2%) ended a volatile month in positive territory. Investors balanced the Fed's stated resolve to drive down inflation against concerns surrounding weakening consumer demand and the potential that the Fed may not be able to coordinate a 'soft-landing'.

— The Consumer Discretionary (-4.9%) and Consumer Staples (-4.6%) sectors saw sharp declines as Q1 earnings for several retailers illustrated that sustained inflation has weighed on consumers. Large retailers including Target (-29.2%) and Walmart (-15.9%) cut full year earnings guidance which likely boosted concerns that inflation will continue to weigh on consumers.

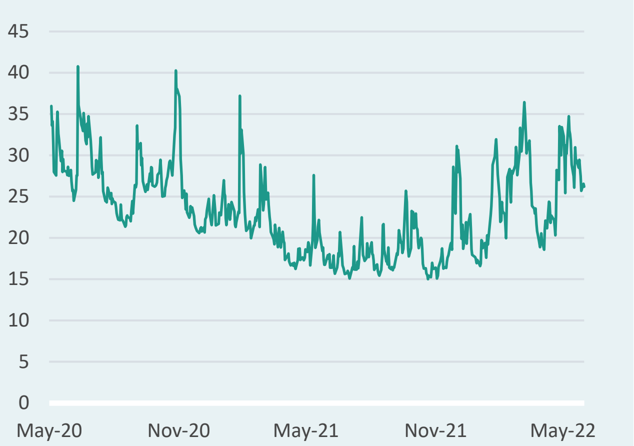
— Of the 11 GICS S&P 500 sectors, six sectors posted positive returns led by Energy (+15.8), Utilities (+4.3%) and Financials (+2.7%). Of the five sectors which declined over the month, Consumer Staples (-4.6%), Consumer Discretionary (-4.9%), and Real Estate (-5.0%) recorded the largest losses.

— The Cboe VIX Index of implied volatility declined to 26.2 after reaching an intra-month high of 34.8. The index remained elevated above the 200-day moving average level of 22.7 as markets weighed potential weakness of U.S. consumers due to a continuation of increased inflation.

S&P 500 PRICE INDEX

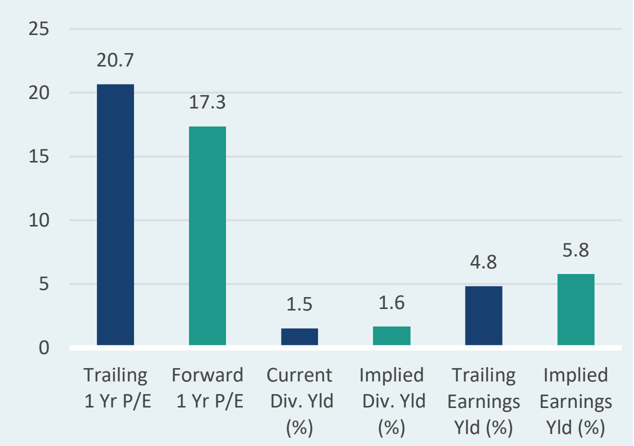
Source: Bloomberg, as of 5/31/22

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, as of 5/31/22

S&P 500 VALUATION SNAPSHOT



Source: Bloomberg, as of 5/31/22

Domestic equity size and style

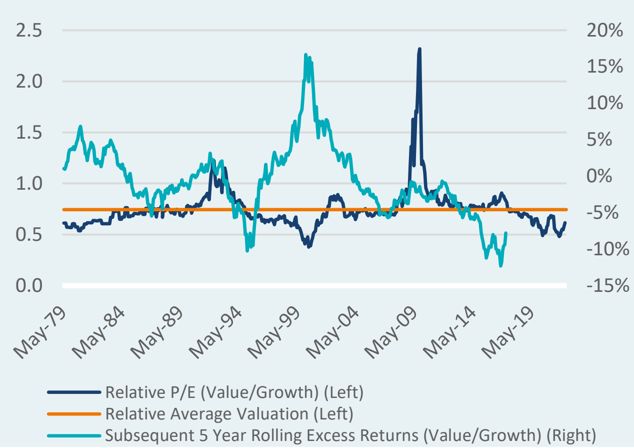
— The Russell 3000 Value Index (+1.9%) outperformed the Russell 3000 Growth Index (-2.3%). The Fed's continued hawkishness and promise to raise interest rates likely weighed more on growth style equities. Companies with large growth expectations tend to have earnings further in the future that are then discounted at a higher rate when rates rise.

— Small-cap equities (Russell 2000 +0.2%) outperformed large-cap equities (Russell 1000 -0.2%). Usually, larger-cap companies outperform small-caps in lieu of worsening economic conditions. A smaller weight to information technology, a growth style sector, was accretive to relative performance of small caps.

— Within the large-cap equity space, breadth was strong which can be seen by the S&P 500 Equal Weighted Index (+1.0%) which outperformed compared to the broader market (S&P 500 +0.2%).

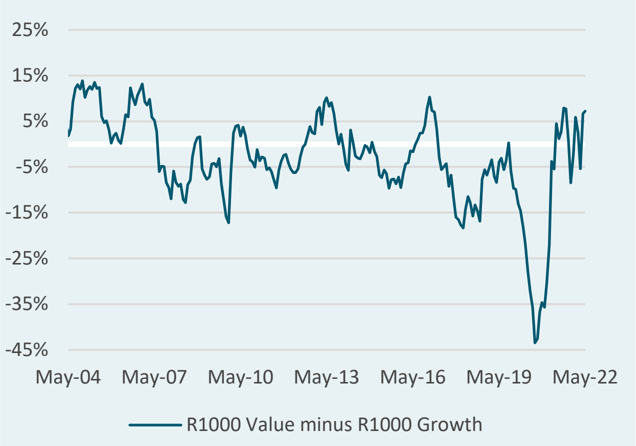
— The S&P 500 High Dividend Index (+4.4%) strongly outperformed the S&P 500 (+0.2%). Often, companies who are paying dividends are not investing into large new projects relative to a company who uses all potential dividends to reinvest into the company. Companies that are reinvesting shareholder equity are likely to have cash flows further in the future which are more heavily discounted in a rising rate environment.

VALUE VS. GROWTH RELATIVE VALUATIONS



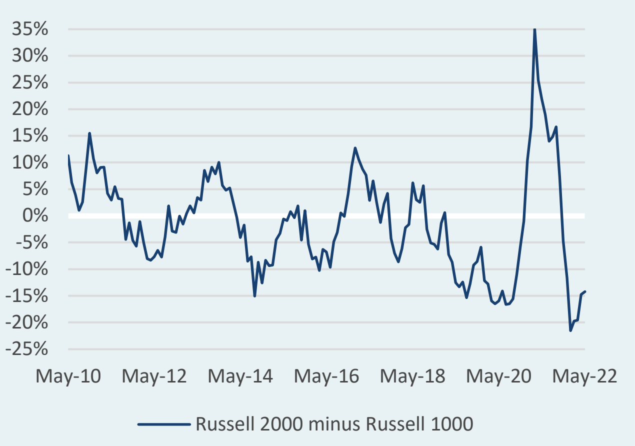
Source: FTSE, Bloomberg, as of 5/31/22

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/22

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/22

Fixed income

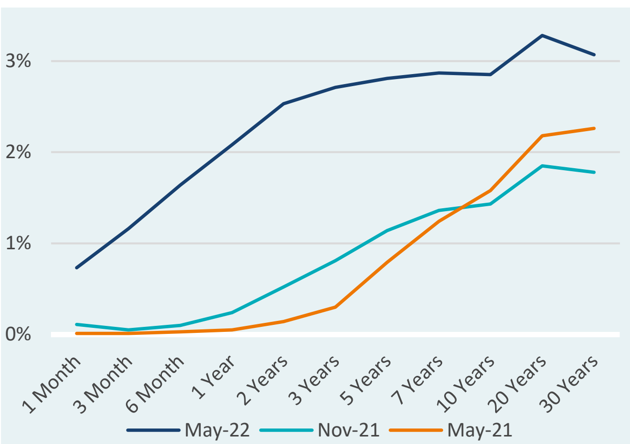
— Long term U.S. Treasuries (Bloomberg US Treasury Long -1.9%) were a weak spot within the U.S. fixed income space. The spread between 30- and 5-year Treasuries increased by 22 basis points to 0.3% as longer-term Treasuries sold off. The Bloomberg US Treasury Long Index has fallen -20.1% year-to-date.

— High yield spreads widened by 25 basis-points over the month to 4.2% (ICE BofA US High Yield Index OAS) as high yielding debt underperformed investment grade credit. High yield debt is typically characterized by a greater degree of default risk and sensitivity to economic conditions.

— Market expectations for the Fed Funds Rate at year end declined by 12 basis points to 2.7%, as implied by Fed Funds Futures at month end. Within the path for rate hikes, investors have fully priced in further 50 basis point rate hikes for the Fed's June and July meetings.

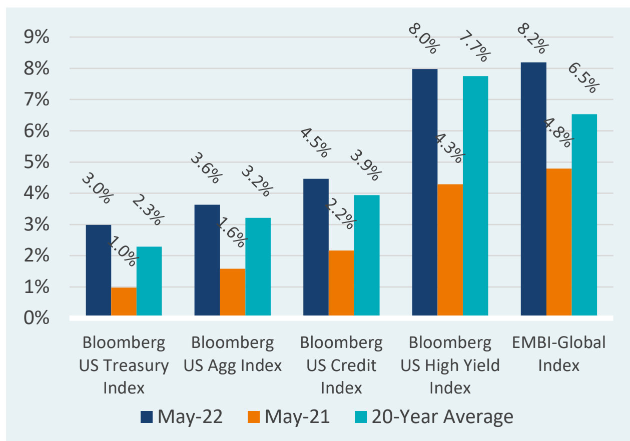
— On average, 30-year fixed mortgages in the U.S. had a rate of 5.2% in May, the highest measure since June of 2009. Rising mortgage rates have led to decreased refinancing activity, this coupled with the Fed's promise to unwind large amounts of mortgage-backed securities may put pressure on the space (Bloomberg US MBS +1.1%).

U.S. TREASURY YIELD CURVE



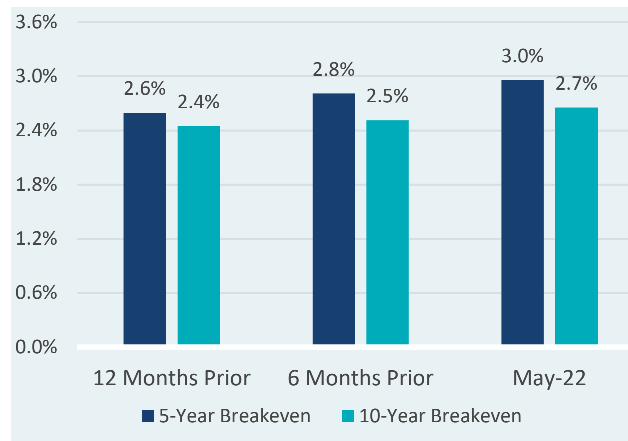
Source: Bloomberg, as of 5/31/22

NOMINAL YIELDS



Source: Morningstar, as of 5/31/22

BREAKEVEN INFLATION RATES

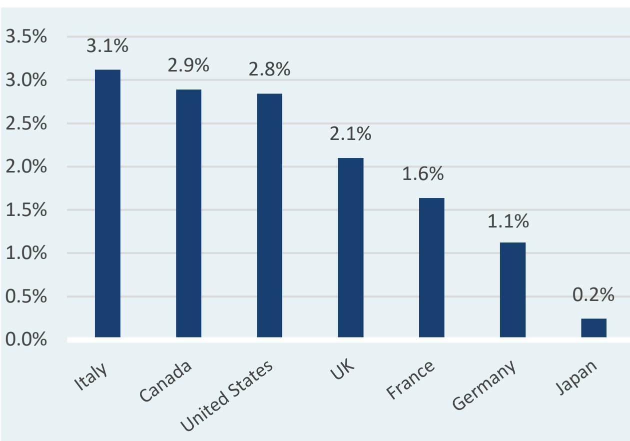


Source: Bloomberg, as of 5/31/22

Global markets

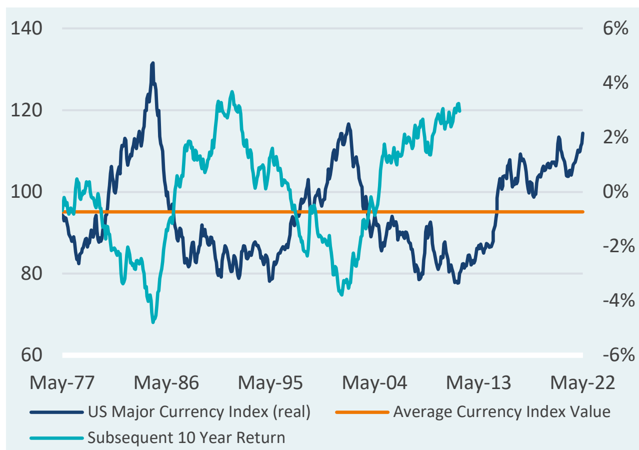
- Global equity market (MSCI ACWI +0.1%) returns were relatively flat over the month. On a regional basis developed markets (MSCI EAFE +0.7%) and emerging markets (MSCI EM +0.4%) led global equity returns.
- Within emerging markets, the MSCI EM Latin American Index posted an +8.2% return. Chile (MSCI Chile Index +18.4%) – which makes up more than 6% of the Latin American Sub-Index – was one of the countries that helped the overall emerging market sub-index higher. The country saw outsized returns within its materials and financial sectors.
- Elsewhere in the world, developed markets (MSCI EAFE +0.7%) fit a pattern consistent among all other major regions as value style stocks (MSCI EAFE Value +2.5%) outpaced growth style stocks (MSCI EAFE Growth -1.2%). Euro-area stocks (MSCI Euro +2.4%) were the top performer among developed equity markets.
- A mixed release of economic data weighed on the U.S. Dollar in a reversal of the Dollar's recent price movement. The WSJ Dollar Index measures the Dollar against 16 other currencies, this index peaked to multi-decade highs in May before it fell -2.5% to end the month down -1.2%.

GLOBAL SOVEREIGN 10-YEAR YIELDS



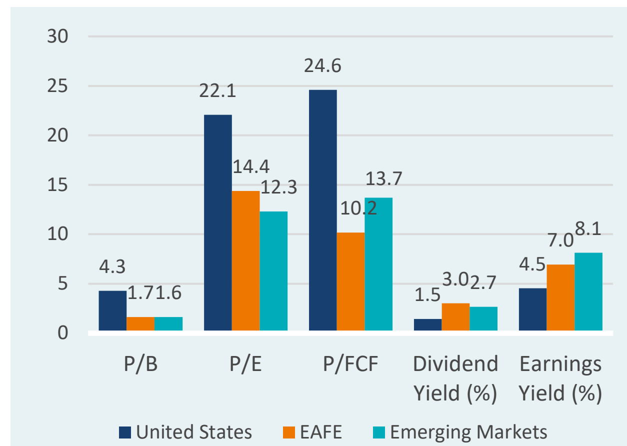
Source: Bloomberg, as of 5/31/22

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 5/31/22

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 5/31/22

Commodities

— The Bloomberg Commodity Index (+1.5%) continued to move higher in a continuation of the pattern seen for the last six months, though gains were more moderate. Contributions to returns were focused within the energy sector where both supply and demand issues are putting upward pressure on the price of oil.

— The Bloomberg Energy Sub-Index (+10.4%) accounts for nearly 30% of the overall commodity space and continued to see significant tailwinds from sanctions related to the Russian invasion of Ukraine. European Union officials announced at the end of May that agreement had been met on a substantial partial ban of Russian oil imports.

— The Bloomberg Industrial Metals Sub-Index fell -6.5% over the month, the Sub-Index is now down -22.4% in a continuation of the retreat from its March high. Nickel (-10.6%) and aluminum (-8.7%) led the losses across the industrial metals complex in May. This move likely reflects worries about the pace of global economic growth.

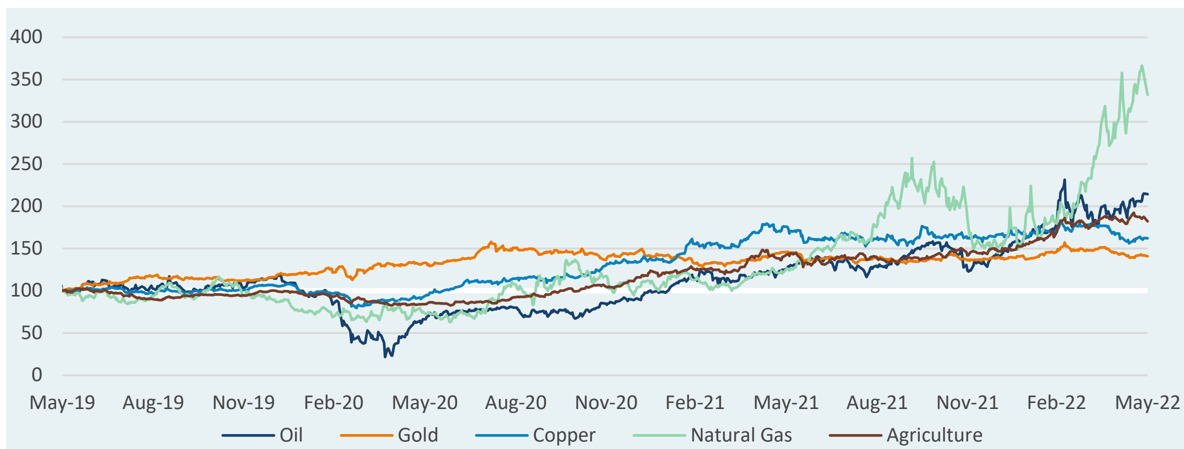
— Gold (-3.1%) and Silver (-5.4%) both saw a depreciation in price. The Fed's stated resolve to combat inflation has potentially constrained demand for precious metals as a hedge against inflation. The Bloomberg Precious Metals Sub-Index is the only broad index component, aside from Livestock, to decline year-to-date and is down -1.3%.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	1.5	14.9	32.7	41.9	19.8	10.9	0.9
Bloomberg Agriculture	(1.9)	7.9	24.3	30.5	22.8	9.6	1.1
Bloomberg Energy	10.4	45.4	85.3	117.3	19.3	12.7	(2.9)
Bloomberg Grains	(1.4)	10.3	31.5	31.8	22.6	10.2	0.8
Bloomberg Industrial Metals	(6.5)	(1.8)	7.6	15.4	19.4	12.1	3.0
Bloomberg Livestock	(1.7)	(7.3)	(3.1)	(6.0)	(7.7)	(6.9)	(4.0)
Bloomberg Petroleum	10.2	32.2	70.3	102.6	23.9	18.0	(0.9)
Bloomberg Precious Metals	(4.2)	(5.1)	(1.3)	(8.5)	10.9	5.6	(0.3)
Bloomberg Softs	0.9	7.8	9.8	35.5	19.8	5.2	(1.9)

Source: Morningstar, as of 5/31/22

COMMODITY PERFORMANCE



Source: Bloomberg, as of 5/31/22

Periodic table of returns

BEST ↑ ↓ WORST

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	5-Year	10-Year
Commodities	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	28.3	32.7	16.1	16.1
Real Estate	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	27.6	5.3	13.1	14.2
Cash	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	27.1	0.1	10.9	12.1
Large Cap Value	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	26.5	-4.5	9.5	10.8
Hedge Funds of Funds	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	25.2	-4.6	8.5	10.7
Small Cap Value	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	17.7	-8.2	7.8	10.6
US Bonds	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	14.8	-8.9	7.7	9.6
International Equity	-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	11.3	-11.3	6.9	7.2
Emerging Markets Equity	-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	8.9	-11.8	5.6	6.4
60/40 Global Portfolio	-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	6.5	-12.1	4.2	4.2
Large Cap Equity	-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	2.8	-13.7	4.1	3.9
Small Cap Equity	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	-16.6	3.8	1.7
Large Cap Growth	-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	-1.5	-21.9	1.2	0.9
Small Cap Growth	-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	-2.5	-24.8	1.0	0.6

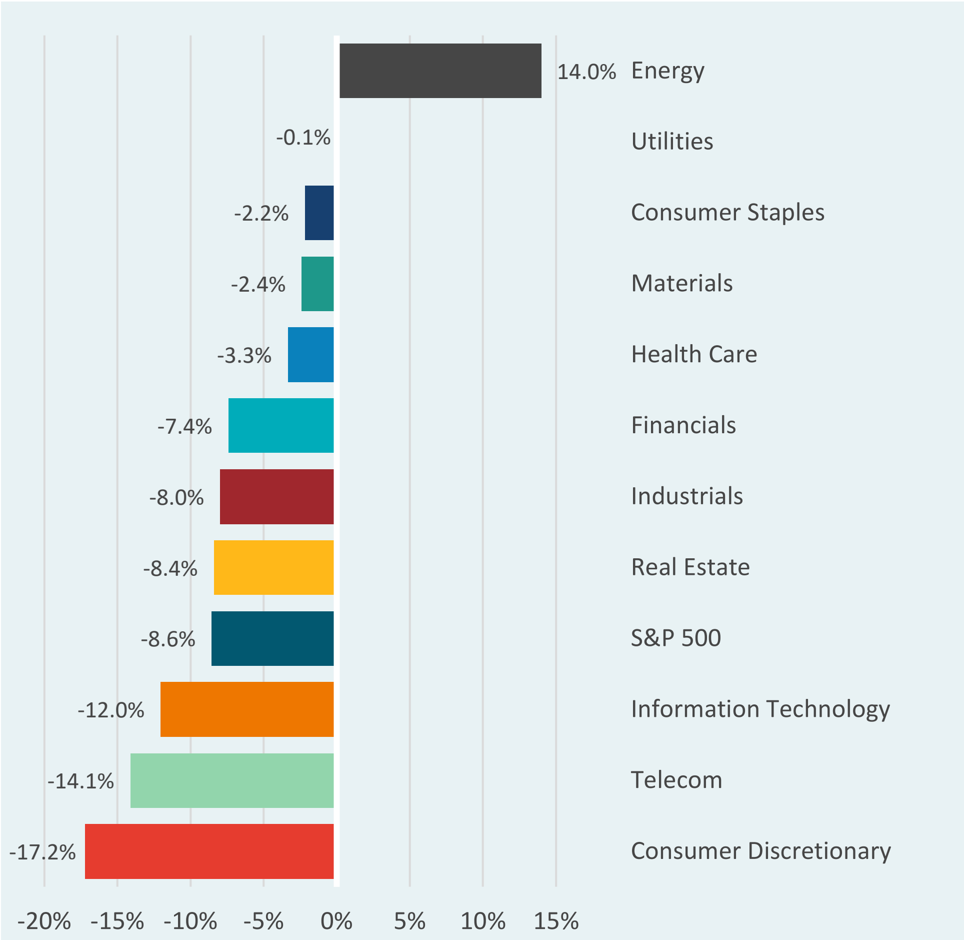
- Large Cap Equity
- Large Cap Value
- Large Cap Growth
- Small Cap Equity
- Small Cap Value
- Small Cap Growth
- International Equity
- Emerging Markets Equity
- US Bonds
- Cash
- Commodities
- Real Estate
- Hedge Funds of Funds
- 60% MSCI ACWI/40% Bloomberg Global Bond

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, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 3/31/22.

Appendix

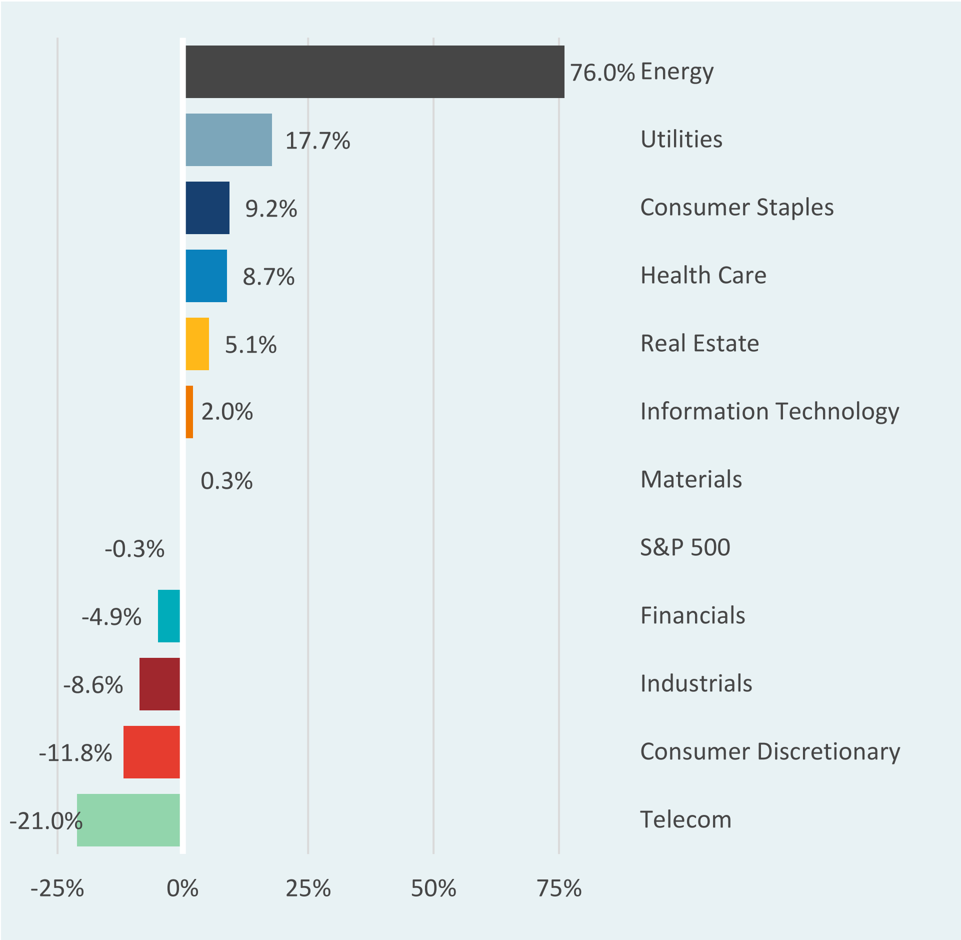
S&P 500 sector returns

QTD



Source: Morningstar, as of 5/31/22

ONE YEAR ENDING MAY



Source: Morningstar, as of 5/31/22

Detailed index returns

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	0.2	(8.6)	(12.8)	(0.3)	16.4	13.4	14.4
S&P 500 Equal Weighted	1.0	(5.5)	(8.0)	0.2	16.2	12.3	14.2
DJ Industrial Average	0.3	(4.5)	(8.4)	(2.6)	12.3	11.9	12.9
Russell Top 200	(0.2)	(9.5)	(14.0)	(1.2)	17.2	14.1	14.8
Russell 1000	(0.2)	(9.1)	(13.7)	(2.7)	16.0	13.1	14.2
Russell 2000	0.2	(9.8)	(16.6)	(16.9)	9.7	7.7	10.8
Russell 3000	(0.1)	(9.1)	(13.9)	(3.7)	15.6	12.7	14.0
Russell Mid Cap	0.1	(7.6)	(12.9)	(6.8)	12.9	10.5	12.8
Style Index							
Russell 1000 Growth	(2.3)	(14.1)	(21.9)	(6.3)	18.3	16.1	16.1
Russell 1000 Value	1.9	(3.8)	(4.5)	0.9	12.8	9.5	12.1
Russell 2000 Growth	(1.9)	(13.9)	(24.8)	(25.7)	6.2	6.9	10.6
Russell 2000 Value	1.9	(6.0)	(8.2)	(7.7)	12.2	7.8	10.7

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(1.0)	(3.0)	(5.9)	(1.4)	4.4	3.7	2.0
Bloomberg US Treasury Bills	0.1	0.1	0.0	0.1	0.7	1.1	0.7
Bloomberg US Agg Bond	0.6	(3.2)	(8.9)	(8.2)	0.0	1.2	1.7
Bloomberg US Universal	0.6	(3.2)	(9.1)	(8.4)	0.2	1.3	2.1
Duration							
Bloomberg US Treasury 1-3 Yr	0.6	0.1	(2.4)	(3.1)	0.6	1.0	0.8
Bloomberg US Treasury Long	(1.9)	(10.6)	(20.1)	(14.3)	(2.0)	0.9	1.6
Bloomberg US Treasury	0.2	(2.9)	(8.3)	(7.5)	(0.3)	0.9	1.1
Issuer							
Bloomberg US MBS	1.1	(2.4)	(7.3)	(7.6)	(0.7)	0.6	1.4
Bloomberg US Corp. High Yield	0.2	(3.3)	(8.0)	(5.3)	3.3	3.6	5.4
Bloomberg US Agency Interm	0.6	(0.7)	(4.4)	(5.1)	0.1	0.9	1.0
Bloomberg US Credit	0.9	(4.4)	(11.5)	(10.0)	0.6	1.8	2.8

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	0.1	(7.9)	(12.8)	(6.8)	11.7	9.0	10.3
MSCI ACWI ex US	0.7	(5.6)	(10.7)	(12.4)	6.5	4.4	6.4
MSCI EAFE	0.7	(5.8)	(11.3)	(10.4)	6.4	4.2	7.2
MSCI EM	0.4	(5.1)	(11.8)	(19.8)	5.0	3.8	4.2
MSCI EAFE Small Cap	(0.7)	(7.5)	(15.4)	(16.0)	6.6	4.1	8.9
Style Index							
MSCI EAFE Growth	(1.2)	(9.1)	(19.9)	(16.6)	6.6	5.2	7.8
MSCI EAFE Value	2.5	(2.7)	(2.4)	(4.5)	5.6	2.7	6.2
Regional Index							
MSCI UK	1.7	(2.0)	(0.2)	2.5	6.0	3.7	5.4
MSCI Japan	1.6	(7.3)	(13.4)	(13.3)	5.1	3.7	7.0
MSCI Euro	2.4	(5.1)	(15.7)	(15.9)	5.5	2.6	7.5
MSCI EM Asia	0.4	(4.7)	(13.0)	(22.0)	7.0	4.7	6.3
MSCI EM Latin American	8.2	(5.9)	19.8	3.8	1.7	3.3	0.0

OTHER	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	1.5	5.7	32.7	41.9	19.8	10.9	0.9
Wilshire US REIT	(7.3)	(11.5)	(14.9)	4.4	7.4	7.5	8.8
CS Leveraged Loans	(2.5)	(2.3)	(2.4)	(0.2)	2.8	3.4	4.2
S&P Global Infrastructure	3.7	0.3	7.8	12.5	8.2	6.5	8.7
Alerian MLP	7.7	7.6	27.9	28.5	4.7	1.7	2.6
Regional Index							
JPM EMBI Global Div	0.0	(5.6)	(15.0)	(15.4)	(2.1)	0.1	3.2
JPM GBI-EM Global Div	1.8	(4.4)	(10.5)	(16.5)	(2.6)	(1.3)	(0.5)
Hedge Funds							
HFRI Composite	(0.6)	(2.0)	(2.9)	(2.3)	8.0	5.8	5.3
HFRI FOF Composite	(0.6)	(1.9)	(4.6)	(2.9)	5.2	4.1	3.9
Currency (Spot)							
Euro	1.5	(3.7)	(5.8)	(12.4)	(1.3)	(1.0)	(1.4)
Pound Sterling	0.4	(4.3)	(7.0)	(11.3)	(0.0)	(0.5)	(2.0)
Yen	0.7	(5.7)	(10.5)	(15.0)	(5.5)	(3.0)	(4.8)

Source: Morningstar, HFRI, as of 5/31/22.

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	38.9	26.4	20.7	14.7
Global Private Equity Direct Funds *	37.9	29.1	23.6	17.7
U.S. Private Equity Direct Funds *	45.0	32.1	25.2	19.1
Europe Private Equity Direct Funds *	33.1	27.6	24.8	16.2
Asia Private Equity Direct Funds *	15.7	18.4	16.6	14.7
Public Index Time-weighted Returns				
MSCI World	21.8	21.7	15.0	12.7
S&P 500	28.7	26.1	18.5	16.6
MSCI Europe	16.3	14.9	10.1	8.2
MSCI AC Asia Pacific	(1.5)	12.1	9.9	8.0

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	30.0	13.0	11.8	13.0
Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	43.2	18.4	10.8	11.4

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	32.4	16.8	13.9	12.6
Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	3.5	5.6	3.9	4.3

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	31.3	1.9	2.5	2.1
Global Infrastructure	13.8	11.6	12.4	11.0
Public Index Time-weighted Returns				
S&P Global Natural Resources	25.2	13.9	9.6	4.6
S&P Global Infrastructure	11.9	10.2	7.8	7.7

Source: Pooled IRRs are from Thompson Reuters C|A and Time-weighted Returns are from Investment Metrics, as of December 31st, 2021. All returns in U.S. dollars.

** Includes Buyout, Growth Equity and Venture Capital.*

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

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

Notices & disclosures

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Board of Trustees

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Fax: (805) 781-5697
www.SLOPensionTrust.org

San Luis Obispo County Pension Trust
SLOCPT

Date: June 27, 2022

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director
Chris Waddell – General Counsel

Agenda Item 14: Core Infrastructure Fund – Indemnification Authorization pursuant to Section 16.02(j) of the Retirement Plan

Recommendation:

It is recommended that the Board of Trustees ("BoT") make findings relative to and approveindemnification pursuant to Section 16.02(j) of the Retirement Plan for the following contract:

- Investment Management Agreement—Brookfield Super-Core Infrastructure Partners

Discussion:

From 2007 until May, 2016, the Retirement Plan contained in Section 16.02(i) a blanket prohibition on the Pension Trust indemnifying any party. This prohibition became increasingly problematic in the limits it placed on the Pension Trust to enter into contracts, including those forinvestment management services and commercial banking. On May 10, 2016, the Retirement Plan was amended by the Board of Supervisors for certain technical and housekeeping amendments asrecommended by the BoT. These Plan amendments included the following modification of Section 16.02 dealing with indemnification:

Article 16: Administrations and Operation – Section 16.02 excerpt –

…

"(h) Except as provided in section 16.02(j), it shall have no power to, and shall not, authorize the Pension Trust to act as surety for any person or entity, or as guarantor for thedebt or obligations of any person or entity. (11-20-2007)

(i) Except as provided in section 16.02(j), it shall have no power to, and shall not, authorize the Pension Trust to indemnify any person or entity. (11-20-2007)

(j) Notwithstanding sections 16.02(h) and/or 16.02(i), the Board of Trustees may authorize the Pension Trust to: 1) act as surety for; 2) act as guarantor for; or 3) indemnify any person or entity if the Board of Trustees makes all of the following findings:

(i) Based upon the assessment of the Executive Director, that it is not possible toobtain comparable services at comparable costs from service providers without having to agree to a surety, guarantor, or indemnification relationship;

(ii) Based upon the assessment of the Executive Director, that if a surety, guarantor or indemnification relationship is required to obtain comparable services at comparable costs, such relationship is not available from another service provide under contractual provisions that would provide greater protection to the Pension Trust;

(iii) Based upon the assessment of the Executive Director and General Counsel, that all potential risks of loss and costs to the Pension Trust resulting from the surety, guarantor or indemnification relationship have been identified and that all available actions to minimize such risks have been considered and, where appropriate, taken;

(iv) Based upon the assessment of the General Counsel, the process used to evaluate the surety, guarantor or indemnification relationship fulfills the fiduciary dutiesof the members of the Board of Trustees and Pension Trust staff."

At the May 23, 2022, meeting the Board of Trustees approved an investment with Brookfield Asset Managemen**t** in the Brookfield Super-Core Infrastructure Partners (BSIP) Core Infrastructure Open-End fund. While execution of the appropriate legal agreements to implement this investment is an administrative matter with the Executive Director and General Counsel, because of the aforementioned provisions in the Retirement Plan document the BoT's approval of the indemnification provisions in the Limited Partnership Agreement and the Subscription Booklet is required.

The relevant language in the Brookfield documents on indemnification by the SLOCPT were just opined on by our Investment Counsel at Nossaman. They are as follows:

Limited Partnership Agreement:

Nossaman notes that the indemnification is not required to be made directly by Limited Partner such as SLOCPT (except as noted below under the Subscription Agreement). Similar to most private funds in the market, the indemnification is indirect at the fund level. The Fund will indemnify and hold harmless the "Indemnified Parties" against claims and damages arising in connection with their service to the Fund. The Fund will not indemnify (a) an Indemnified Party who is not a member of the Advisory Committee (i) for any act or omission was not taken in the good faith belief of the Fund’s best interest, or (ii) if a court has issued a final judgment finding such Indemnified Party’s acts constituted (A) actual fraud, (B) gross negligence, or (C) willful misconduct; or (b) an Indemnified Party who is a member of the Advisory Committee for any act or omission that was taken by such Indemnified Party in bad faith. The General Partner, the Manager, and their members, officers and employees will not be entitled to indemnification in connection with Internal Disputes. The Fund may advance indemnification expenses to an Indemnified Party if such person provides a written undertaking to repay such advance if it is judicially determined that such person was not entitled to be indemnified by the Fund. Advances will not be paid without the prior approval of the GP. The Fund may not advance costs incurred by an Indemnified Party for claims brought by a majority in interest of the LPs.

The Indemnified Parties (which include the General Partner; the Manager; the Tax Matters Representative, the general partner or similar governing any subsidiary, the AIFM, any Affiliate of the foregoing and their Constituent Members, employees, managers, consultants, or agents and the members of the Advisory Committee (and the LPs represented by such members)) will not be liable to the Fund, the Limited Partners, or their affiliates for any act or omission performed or omitted in good faith reliance upon the provisions of the LPA or on reasonable reliance of legal counsel or other professionals. The Indemnified Parties, excluding Advisory Committee members and the Limited Partners represented by such persons, will not be exculpated to the extent that (a) such act or omission was not taken in the good faith belief that such act or omission was in the best interest of the Fund; or (b) a court has issued a final judgment finding such Indemnified Party acts constituted (i) actual fraud, (ii) gross negligence, or (iii) willful misconduct. Indemnified Parties that are Advisory Committee members will not be exculpated if they acted in bad faith.

Subscription Agreement:

Under the Subscription Agreement, **each Limited Partner must indemnify** and hold harmless the Indemnified Parties and the Fund from and against any and all loss, claim, damage and liabilities to which any Indemnified Party or the Fund may be subject to in any capacity in any action, proceeding or investigation **arising out of any false representation or warranty or breach or failure of the investor to comply with any covenant made in the Subscription Agreement**.

Nossaman advises that it is a standard approach in the market to require each Limited Partner to indemnify in connection with false representations and intentional noncompliance. While in their view it would be more favorable if the indemnification obligations were capped at the amount of each investor’s commitment, they advise that this is less common in the market. Also, each Limited Partner is required to indemnify the Fund, the General Partner, and certain other parties for withholding and other taxes attributable to such Limited Partner’s income derived from or participation in the Fund. Although such indemnification provisions are standard, documents for many other funds provide a carve-out for penalties attributable to a fund’s or other withholding agent’s malfeasance, gross negligence, or disregard of rules and regulations.

Based on the foregoing:

(j)(i-ii): It is the assessment of the Executive Director that comparable investment managers with investment management agreements that do not contain indemnification provisions similar to those described above or contain indemnification provisions that provide greater protection to the Pension Trust are unavailable, and that the indemnification provisions in the Brookfield fund documents reflect normal terms in the investment management industry.

(j)(iii): The Executive Director and the General Counsel believe that all potential risks of loss and costs to the Pension Trust resulting from these indemnifications have been identified and that all available actions to minimize such risks have been considered and, where appropriate, taken.

(j)(iv): It is the assessment of the General Counsel that the process used to evaluate the indemnification relationship as outlined above fulfills the fiduciary duties of the members of the BoT and Pension Trust staff.

We recommend that the Board adopt the findings and approve the indemnification provisions withthe service provider described above.

Respectfully Submitted,

Board of Trustees

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San Luis Obispo County Pension Trust
SLOCPT

Date: June 27, 2022

To: Board of Trustees

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

Agenda Item 15: Asset Allocation – May 2022

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 2022 Interim SAA Target Allocation the following table provides details. Asset values may differ slightly from those shown in the Monthly Investment report due to when the report was run as various market values are finalized for month-end.

Note – asset allocation management is being administered in anticipation of the mid-July prefunding of SLO County employer contributions of approximately $75 million. This infusion of cash will shift the allocation to Liquidity back above its target.

FFP Asset Mix	Est. Market Value ($000s)	% Allocation	SAA Target Allocation	Variance
	05/31/22		2022 Interim	
Bank (operating)	1,069	0.1%	0.1%	-0.1%
SLOC Treasury	30,014	1.8%	1.6%	0.2%
JPM short term	18,815	1.1%	1.3%	-0.1%
Short Duration	33,777	2.0%	3.0%	-1.0%
LIQUIDITY	83,675	5.1%	6.0%	-0.9%
Equity- Public Mkt US	364,988	22.1%	21.0%	1.1%
Equity- Public Mkt Intl	265,186	16.1%	17.0%	-0.9%
Equity- Public Mkt Global	-	0.0%		0.0%
Bank Loans	72,291	4.4%	4.0%	0.4%
Bonds- Intl.	49,442	3.0%	3.0%	0.0%
Bonds- Emerging Mkts	57,216	3.5%	4.0%	-0.5%
Real Estate- Core	183,071	11.1%	7.0%	4.1%
Real Estate- Value Add	71,554	4.3%	4.0%	0.3%
Infrastructure	-	0.0%	2.0%	-2.0%
Private Equity	107,811	6.5%	10.0%	-3.5%
Private Credit	138,203	8.4%	7.0%	1.4%
Opportunistic	34,618	2.1%	0.0%	2.1%
GROWTH	1,344,379	81.6%	79.0%	2.6%
Bonds- Core	135,925	8.2%	8.0%	0.2%
Treasuries - Intermediate	41,272	2.5%	4.0%	-1.5%
TIPS	42,999	2.6%	3.0%	-0.4%
RISK DIVERSFYING	220,196	13.4%	15.0%	-1.6%
TOTAL	1,648,250	100.0%	100.0%	

Respectfully submitted,

San Luis Obispo County
Pension Trust
SLOCPT

RESOLUTION NO. 2022-04

A Resolution Honoring Taylor Dacus For Service to the Pension Trust

Whereas Taylor Dacus has served the Superior Court of San Luis Obispo well and honorably as an Administrative Analyst; and

Whereas Taylor Dacus has served the San Luis Obispo County Pension Trust as an Elected Trustee equally well and honorably from the time of his taking office in January of 2020, providing loyal and dedicated service to the Members and Participants of the Pension Trust; and

Whereas Taylor Dacus has brought his clear and analytical professionalism, thoughtful questioning, and earnest commitment to learning about the Pension Trust mission to the complex duties of a Trustee; and

Whereas Taylor Dacus has exhibited the judgement, discretion, critical thought, listening skills, independence, and diligence at professional education crucial to the fiduciary role of a Trustee; and

Whereas Taylor Dacus has demonstrated those attributes central to the mission of the Pension Trust – honesty, integrity, and dedication to the Trust, its Members, Participants and Plan Sponsors.

Now, Therefore Be It Resolved and Ordered as follows:

> That this Board of Trustees hereby does thank, recognize, commend, congratulate, and honor Taylor Dacus, for his loyal service to the Pension Trust. In addition, the Trustees wish Taylor the best of professional good fortune in his new endeavors beyond the boundaries of San Luis Obispo County.

Adopted: June 27, 2022

SIGNED:__________________________
Jeff Hamm
President, Board of Trustees
San Luis Obispo County Pension Trust

ATTEST:__________________________
Carl Nelson
Executive Director