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

PENSION TRUST
BOARD OF TRUSTEES

Monday, June 24, 2024 9:30 AM
County Government Center
1055 Monterey St
Room D340 - Community Room
Administrative Office (4th Floor)
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/89482394910?pwd=oH2mEISnHArTFtZ0aBeCyoLbrpWMP2.1

Webinar ID: 894 8239 4910 Passcode: 276415

If you wish to listen via phone to the meeting, please dial 669/900-6833. 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) CONSENT

2. Minutes of the Regular Meeting of May 20, 2024 (Approve Without Correction).

3. Reports of Deposits and Contributions for the month of May 2024 (Receive and File).

4. Reports of Service Retirements, Disability Retirements, DROP Participants, and Disability Case Log for the month of May 2024 (Receive, Approve, and File).

5. Resolution Modifying and Affirming Investment and Banking Authority - Resolution 2024-01 (Recommend Approval).

C) APPLICATIONS FOR DISABILITY RETIREMENT

6. Application for Industrial Disability Retirement – Case 2023-05 (Recommend Approval)

7. Application for Industrial Disability Retirement – Case 2023-06 (Recommend Approval)

8. Application for Ordinary Disability Retirement – Case 2023-07 (Recommend Approval)

9. Application for Industrial Disability Retirement – Case 2023-10 (Recommend Approval)

10. Application for Industrial Disability Retirement – Case 2024-02 (Recommend Approval)

11. Application for Industrial Disability Retirement – Case 2024-01 (Recommend Approval)

D) OLD BUSINESS

None

E) NEW BUSINESS

12. Audited Financial Statements for the period ended December 31, 2023 – Annual Comprehensive Financial Report – presentation by Lindsey Zimmerman, CPA of Brown Armstrong Accountancy (Recommend Receive, File and Direct Staff to Distribute in accordance with the Retirement Plan)

13. January 1, 2024 Actuarial Valuation and Pension Contribution Rates - Presentation by Anne Harper and Alice Alsberghe, Cheiron - Plan Actuary (Approve, Receive and File, Approve Pension Contribution Rates)

14. CAME Security Alarms – Indemnification Authorization pursuant to Section 16.02(j) of the Retirement Plan

F) INVESTMENTS

15. Monthly Investment Report for May 2024 (Receive and File)

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

G) ORGANIZATIONAL

None

H) OPERATIONS

17. Staff Reports

18. General Counsel Reports

19. Committee Reports:
    - i. Audit Committee — Report
    - ii. Personnel Committee — No Report

20. Upcoming Board Topics (subject to change)
    - i. July 21, 2024 – planned as a non-meeting month
    - ii. August 26, 2024
        - a. Mid-Year Financial Statements and Budget Status
        - b. Quarterly Investment Report
        - c. Disability Policy Review
    - iii. September 23, 2024
        - a. Funding Policy projections
        - b. Fiduciary Refresher Briefing
    - iv. October 28, 2024 – planned as a non-meeting month
    - v. November 25, 2024
        - a. PEPRA Compensation Limit

b. Interest Crediting Rates – Normal and Additional

21. Trustee Comments

I) CLOSED SESSION

None

J) ADJOURNMENT

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BOARD OF TRUSTEES

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MINUTES

Monday, May 20, 2024 9:30 AM
Regular Meeting of the Pension Trust
Board of Trustees

PENSION TRUST BOARD OF TRUSTEES

Board Members Present:	Jim Hamilton Michelle Shoresman David Grim Jeff Hamm Lisa Howe Geoff O'Quest Gere Sibbach	
Board Members Absent:	-	
Pension Trust Staff:	Katie Girardi Amy Burke Jennifer Alderete	Executive Director Deputy Director Accountant
General Counsel:	Chris Waddell	Olson | Remcho
Consultants:	Anne Harper Alice Alsberghe Scott Whalen	Cheiron Cheiron Verus
Call to Order:	9:33 AM by President Hamilton	

A) PUBLIC COMMENT

1. None

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of March 25, 2024 (Approve Without Correction)

3. Reports of Deposits and Contributions for the months of March and April 2024 (Receive and File)

4. Reports of Service Retirements, Disability Retirements, and DROP Participants for the months of March and April 2024, and Disability Case Log (Receive, Approve and File)

5. Monthly Investment Report for March 2024 (Receive and File)

6. 2023 Form 700 Filing Review (Receive and File)

Motion: Approve the Consent items

Discussion: None

Public Comment: None

Motion Made: Hamm **Motion Seconded:** O'Quest

Carried: Unanimous

D) APPLICATIONS FOR DISABILITY RETIREMENT

None

E) OLD BUSINESS

None

F) NEW BUSINESS

7. January 1, 2024 Biennial Experience Study – Presentation by Anne Harper and Alice Alsberghe, Cheiron – Plan Actuary

Motion: Receive and file the January 1, 2024 Biennial Experience Study

Discussion: Anne Harper and Alice Alsberghe, the Plan's Actuaries with Cheiron, presented a draft of the 2024 Actuarial Experience Study. The biennial report provides significant detail about the five year experience patterns of the retirement plan. No recommended changes for the assumed investment rate of return, price inflation, and wage inflation. Recommended changes include incorporating COLA banks into the expected benefit payments, salary merit increases for all groups, disability rate increases for Safety members, and retirement rate increases for Safety Tier 1 members and Probation Tier 1 members with 25 or more years of service. Extensive discussions were held on Cheiron's recommended assumption changes to form a best estimate of each member's projected benefits and actuarial liability.

Public Comment: None

Motion Made: O'Quest **Motion Seconded:** Hamm

Carried: Unanimous

8. Actuarial Valuation with 2024 Actuarial Assumptions Approval – Presentation by Anne Harper and Alice Alsberghe, Cheiron – Plan Actuary

Motion: Approve actuarial assumptions for the January 1, 2024 Actuarial Valuation as recommended in the Staff memo

Discussion: Anne Harper and Alice Alsberghe, the Plan's Actuaries with Cheiron, presented the preliminary results of the January 1, 2024 Actuarial Valuation report using the actuarial assumptions recommended for change. Throughout, Trustees asked various questions. No recommended changes for the assumed investment rate of return, price inflation, and wage inflation. Significant recommended assumption changes include incorporating COLA banks into the expected benefit payments, salary merit increases for all groups, disability rate increases for Safety members, and retirement rate increases for Safety Tier 1 members and Probation Tier 1 members with 25 or more years of service. Extensive discussions were held on Cheiron's recommended assumption changes to form a best estimate of each member's projected benefits and actuarial liability.

The preliminary estimate by Cheiron of the effect on pension contribution rates from actual 2023 experience as well as all the actuarial assumption changes recommended in the Staff memo is for an aggregate increase of 2.14% of pay. This estimate is subject to change in the final 2024 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 2024 Actuarial Valuation will be presented at the June 24, 2024, Board of Trustees meeting for approval.

Public Comment: None

Motion Made: Grim **Motion Seconded:** Hamm

Carried: Unanimous

11:26 AM – President Hamilton called for a 10-minute break

11:37 AM – Back in session

9. Administrative Budget for Fiscal Year 2024-2025 – Approval

Motion: Approve the Staff recommendation on SLOCPT's FY 24-25 Administrative Budget as presented

Discussion: Deputy Director Burke presented the Staff recommendation on SLOCPT's Administrative Budget for FY24-25.

Public Comment: None

Motion Made: Shoresman **Motion Seconded:** Grim

Carried: Unanimous

10. Board Policy Review – Employee Policies and Procedures

Motion: Approve the updated Employee Policies and Procedures document, with requested language change in Section 2.4.4

Discussion: Executive Director Girardi presented the Staff recommendation to approve the Employee Policies and Procedures document as amended.

Public Comment: None

Motion Made: Shoresman **Motion Seconded:** Hamm

Carried: Unanimous

11. Tax and Employee Benefits Legal Counsel Engagement

Motion: Approve Staff recommendation to engage Hanson Bridgett, LLP to provide tax advice on an as-needed basis

Discussion: SLOCPT had worked with tax counsel Don Wellington of Wellington Gregory for many years; however, General Counsel attempted to contact Mr. Wellington recently but was unsuccessful. SLOCPT was notified that Mr.

Wellington was inaccessible and had relocated out of California. As such, General Counsel worked within his legal counsel network to identify two potential replacements who both demonstrate expertise in pension fund taxation and knowledge of relevant laws and regulations. Both candidates were evaluated by General Counsel and Executive Director Girardi to determine Hanson Bridgett, LLP best met the criteria for expertise, reputation, cost, and availability.

Public Comment: None

Motion Made: Sibbach **Motion Seconded:** O'Quest

Carried: Unanimous

G) INVESTMENTS

12. Quarterly Investment Report for the 1st Quarter of 2024 – Verus

Motion: Receive and File the quarterly investment report

Discussion: Scott Whalen of Verus delivered an extensive presentation on investment market conditions and SLOCPT investment performance during 1Q24.

Public Comment: None

Motion Made: Hamm **Motion Seconded:** O'Quest

Carried: Unanimous

13. Monthly Investment Report for April 2024

Motion: Receive and file the monthly investment report

Discussion: Executive Director Girardi presented the report.

Public Comment: None

Motion Made: Shoresman **Motion Seconded:** Hamm

Carried: Unanimous

14. Asset Allocation

Discussion: Routine item included should asset allocation changes be necessary.

Public Comment: None

No Action Necessary

H) OPERATIONS

15. Staff Reports
    i. Executive Director Girardi reported the following:
        a. A Trustee election update: Trustee Grim ran unopposed and is officially seated for another three-year term effective July 1, 2024
        b. SLOCPT's Education Outreach included a presentation to the County Public Works department
        c. Executive Director Girardi gave a presentation at the San Luis Obispo County Retired Employees' Association (SLOCREA) luncheon in early May
        d. A SLOCPT office update: the Administrative Assistant gave notice. The process has been started to find a qualified replacement.
        e. SLOCPT, with the approval of the FY24-25 Administrative Budget, will design a new stand-alone website off the County platform

16. General Counsel Reports

    None

17. Committee Reports:

i.	Audit Committee	No Report
ii.	Personnel Committee	Report

a. Trustee Grim discussed the review of the personnel policies covered under Agenda Item 10.

18. Upcoming Board Topics – published on meeting agenda

19. Trustee Comments

    Trustees Hamm and Grim commented on the CALAPRS Trustee Round Table held earlier in May.

I) CLOSED SESSION

None

J) ADJOURNMENT

There being no further business, the meeting was adjourned at 12:55 PM. The next Regular Meeting was set for June 24, 2024 at 9:30 AM, in Room 161/162, County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

Katie Girardi
Executive Director

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REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
MAY 2024

PP 9 5/3/2024 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	2,363,515.42	844,944.46	35.75%	326,708.83	201,464.49	22.35%	58.10%	2,487.50	942.70	**1,376,547.98**
County Tier 2	974,158.44	359,891.71	36.94%	64,814.74	81,858.96	15.06%	52.00%	-	-	**506,565.41**
County Tier 3	5,625,093.29	1,987,198.71	35.33%	766,211.03	-	13.62%	48.95%	700.00	757.33	**2,754,867.07**
Superior Court Tier 1	217,797.20	73,766.70	33.87%	46,903.03	-	21.54%	55.40%	-	100.17	**120,769.90**
Superior Court Tier 3	220,923.08	71,797.31	32.50%	36,036.98	-	16.31%	48.81%	-	-	**107,834.29**
APCD Tier 1	53,346.86	16,905.74	31.69%	8,140.67	4,494.92	23.69%	55.38%	-	-	**29,541.33**
APCD Tier 2	9,016.80	2,829.33	31.38%	800.40	683.77	16.46%	47.84%	-	-	**4,313.50**
APCD Tier 3	27,822.41	8,961.58	32.21%	3,334.88	-	11.99%	44.20%	-	-	**12,296.46**
SLOCPT Tier 2	11,735.20	3,933.64	33.52%	663.04	1,090.20	14.94%	48.46%	-	-	**5,686.88**
SLOCPT Tier 3	21,002.89	7,243.89	34.49%	2,750.92	-	13.10%	47.59%	250.00	-	**10,244.81**
LAFCO Tier 3	11,670.96	4,028.82	34.52%	1,707.86	-	14.63%	49.15%	-	-	**5,736.68**
RTA Tier 2	31,568.80	10,711.29	33.93%	648.61	4,103.95	15.05%	48.98%	-	-	**15,463.85**
RTA Tier 3	19,488.00	6,684.95	34.30%	2,574.88	-	13.21%	47.52%	-	-	**9,259.83**
	9,587,139.35	3,398,898.13	35.45%	1,261,295.87	293,696.29	16.22%	51.67%	3,437.50	1,800.20	**$ 4,959,127.99**

PP 10 5/17/2024 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	2,350,349.18	839,006.76	35.70%	325,181.71	200,494.11	22.37%	58.06%	2,487.50	942.70	**1,368,112.78**
County Tier 2	970,101.76	358,600.07	36.97%	64,607.74	81,484.37	15.06%	52.02%	-	1,829.65	**506,521.83**
County Tier 3	5,630,929.54	1,988,651.75	35.32%	767,191.99	-	13.62%	48.94%	700.00	34,806.46	**2,791,350.20**
Superior Court Tier 1	211,563.93	71,518.51	33.80%	45,434.49	-	21.48%	55.28%	-	100.17	**117,053.17**
Superior Court Tier 3	223,987.16	72,801.07	32.50%	36,690.62	-	16.38%	48.88%	-	-	**109,491.69**
APCD Tier 1	53,346.89	16,905.74	31.69%	8,140.67	4,494.92	23.69%	55.38%	-	-	**29,541.33**
APCD Tier 2	9,016.80	2,829.33	31.38%	800.40	683.77	16.46%	47.84%	-	-	**4,313.50**
APCD Tier 3	24,398.41	7,858.72	32.21%	2,922.63	-	11.98%	44.19%	-	-	**10,781.35**
SLOCPT Tier 2	11,735.20	3,933.64	33.52%	663.04	1,090.20	14.94%	48.46%	-	-	**5,686.88**
SLOCPT Tier 3	21,002.88	7,243.89	34.49%	2,750.92	-	13.10%	47.59%	250.00	-	**10,244.81**
LAFCO Tier 3	11,670.96	4,028.82	34.52%	1,707.86	-	14.63%	49.15%	-	-	**5,736.68**
RTA Tier 2	31,568.80	10,711.29	33.93%	648.61	4,103.95	15.05%	48.98%	-	-	**15,463.85**
RTA Tier 3	19,488.00	6,684.95	34.30%	2,574.88	-	13.21%	47.52%	-	-	**9,259.83**
	9,569,159.51	3,390,774.54	35.43%	1,259,315.56	292,351.32	16.22%	51.65%	3,437.50	37,678.98	**$ 4,983,557.90**

PP 11 5/31/2024 By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
County Tier 1	2,314,664.64	828,475.68	35.79%	320,643.79	197,228.33	22.37%	58.17%	3,487.50	500.13	**1,350,335.43**
County Tier 2	974,345.54	360,003.06	36.95%	64,814.75	81,870.58	15.05%	52.00%	-	-	**506,688.39**
County Tier 3	5,662,186.60	1,999,534.91	35.31%	771,165.75	-	13.62%	48.93%	700.00	757.33	**2,772,157.99**
Superior Court Tier 1	210,717.98	71,240.52	33.81%	45,238.15	-	21.47%	55.28%	-	100.17	**116,578.84**
Superior Court Tier 3	224,711.40	73,074.33	32.52%	36,903.96	-	16.42%	48.94%	-	-	**109,978.29**
APCD Tier 1	53,346.86	16,905.74	31.69%	8,140.67	4,494.92	23.69%	55.38%	-	-	**29,541.33**
APCD Tier 2	9,016.81	2,829.33	31.38%	800.40	683.77	16.46%	47.84%	-	-	**4,313.50**
APCD Tier 3	26,987.83	8,692.79	32.21%	3,253.81	-	12.06%	44.27%	-	-	**11,946.60**
SLOCPT Tier 2	11,735.20	3,933.64	33.52%	663.04	1,090.20	14.94%	48.46%	-	-	**5,686.88**
SLOCPT Tier 3	21,002.89	7,243.89	34.49%	2,750.92	-	13.10%	47.59%	250.00	-	**10,244.81**
LAFCO Tier 3	11,670.96	4,028.82	34.52%	1,707.86	-	14.63%	49.15%	-	-	**5,736.68**
RTA Tier 2	31,568.80	10,711.29	33.93%	648.61	4,103.95	15.05%	48.98%	-	-	**15,463.85**
RTA Tier 3	19,488.00	6,684.95	34.30%	2,574.88	-	13.21%	47.52%	-	-	**9,259.83**
	9,571,443.51	3,393,358.95	35.45%	1,259,306.59	289,471.75	16.18%	51.63%	4,437.50	1,357.63	**$ 4,947,932.42**
TOTAL FOR THE MONTH	**28,727,742.37**	**10,183,031.62**	**35.45%**	**3,779,918.02**	**875,519.36**	**16.21%**	**51.65%**	**11,312.50**	**40,836.81**	**$ 14,890,618.31**
TOTAL YEAR TO DATE	**105,669,036.68**	**37,454,483.92**	**35.45%**	**13,905,504.22**	**3,260,452.82**	**16.25%**	**51.69%**	**38,812.50**	**89,057.84**	**$ 54,748,311.30**

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REPORT OF RETIREMENTS	May 2024

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Harris, Marguerite M	Probation Department	DROP	05/01/2024	9,468.16	False
Lord, William Joseph	ITD	DROP	05/01/2024	6,706.70	False
Naccarati, David A	Superior Court	DROP	05/01/2024	10,318.39	False
Pesenti, Gregory A	Sheriff-Coroner	DROP	05/01/2024	5,836.96	False
Wilson, Athena Mihalakis	Department of Social Services	Service Retirement	05/11/2024	2,129.35	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*

SLOCPT Disability Case Log

as of 6/13/2024

	2024	2023	2022	2021	2020	2019	2018
Pending:							
Industrial							
Orthopedic	7	3	-	-	-	-	-
Psychiatric	1	1	-	-	-	-	-
Ordinary							
Orthopedic	1	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-	-
Chronic Illness	2	1	-	-	-	-	-
	11	5	-	-	-	-	-
Approved w/o periodic review:							
Industrial							
Orthopedic							
w/ Wrkrs Comp	-	1	5	4	2	3	3
w/o Wrkrs Comp	-	-	-	-	-	-	-
Psychiatric							
w/ Wrkrs Comp	-	1	6	1	1	-	1
w/o Wrkrs Comp	-	-	-	-	-	-	-
Ordinary							
Orthopedic	-	1	-	2	-	1	-
Psychiatric	-	-	-	-	-	-	1
Chronic Illness	-	2	-	-	1	-	-
	-	5	11	7	4	4	5
Approved w/ periodic review:							
Industrial							
Orthopedic							
w/ Wrkrs Comp	-	-	-	-	-	-	-
w/o Wrkrs Comp	-	-	-	-	-	-	-
Psychiatric							
w/ Wrkrs Comp	-	-	-	1	-	-	-
w/o Wrkrs Comp	-	-	-	-	-	-	-
Ordinary							
Orthopedic	-	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-	-
Chronic Illness	-	-	-	-	-	1	-
	-	-	-	1	-	1	-
Not Approved/Abandoned:							
Industrial							
Orthopedic	-	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-	-
Ordinary							
Orthopedic	-	-	-	-	-	-	1
Psychiatric	-	-	-	2	-	-	-
Chronic Illness	-	-	-	-	1	-	-
	-	-	-	2	1	-	1
GRAND TOTAL:	**11**	**10**	**11**	**10**	**5**	**5**	**6**

Board of Trustees

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San Luis Obispo County Pension Trust
SLOCPT

Date: June 24, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 5: Investment and Banking Authority

Recommendation:

Staff recommends that the Board approve and adopt the attached Resolution 2024-01 and accompanying Incumbency Certificate designating authorized signers for various investment and banking relationships.

Discussion:

SLOCPT updates the designated authorized signers for various investment and banking relationships approximately every six months so that recent documentation of such authorizations by the Board of Trustees is available if needed to execute documents of various sorts. These designations are necessary for the everyday operations of the SLOCPT.

Resolution 2024-01 and its referenced Incumbency Certificate are attached. The approval of a resolution of this type is anticipated to be a routine item before the Board of Trustees biannually or whenever authorized signers are changed.

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SAN LUIS OBISPO COUNTY
PENSION TRUST

RESOLUTION NO. 2024-01

A Resolution Affirming Investment and Banking Authority

Whereas, the San Luis Obispo County Pension Trust conducts investment and banking activities as part of its normal course of business and finds it necessary to affirm and/or appoint which of its officers and employees are authorized signers for such activities.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED AS FOLLOWS:

The attached San Luis Obispo County Pension Trust Investment and Banking Authority Incumbency Certificate dated June 24, 2024, is hereby approved.

Aye Votes: -
No Votes: -
Abstentions: -
Absent: -

ADOPTED: June 24, 2024

Approved as to Form and Legal Effect

____
Chris Waddell
General Counsel

SIGNED: ______________________
Jim Hamilton, President
Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: ______________________
Katie Girardi
Executive Director

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Board of Trustees

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San Luis Obispo County Pension Trust
SLOCPT

Investment and Banking Authority Incumbency Certificate

Effective Date: June 24, 2024
Date of Certification: June 24, 2024

The undersigned, being an officer of the Board of Trustees of the San Luis Obispo County Pension Trust ("SLOCPT"), organized under the laws of the State of California does hereby certify on behalf of SLOCPT that the persons named below are officers or other designated staff members of SLOCPT and that the title and signature at the right of said name, respectively, are the true title and genuine signature of said person and that the persons listed below are each an authorized signatory for the SLOCPT for **any and all investment and banking related matters**. In addition, Katie Girardi as the Executive Director is designated as the Bank Contracting Officer.

Name	Title	Signature
Katie Girardi	Executive Director	______________________
Amy Burke	Deputy Director	______________________
Lisa Winter	Retirement Program Specialist	______________________
Anna Bastidos	Retirement Program Specialist	______________________

Furthermore, the undersigned does certify that the SLOCPT's Board of Trustees as of the date noted above are:

Gere Sibbach
James Hamilton
Michelle Shoresman
David Grim
Jeff Hamm
Lisa Howe
Geoff O'Quest

Signed: ______________________________ Date: ________________

Jim Hamilton, President
San Luis Obispo County Pension Trust
Board of Trustees

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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 24, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director
Jennifer Alderete – Accountant

Agenda Item 12: Audited Financial Statements and Report to the Board for the period ended December 31, 2023 – Annual Comprehensive Financial Report –Presentation by Lindsay Zimmerman, 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, 2023 that are presented here as the 2023 Annual Comprehensive Financial Report (ACFR).
2. Authorize and Direct the Executive Director to transmit the 2023 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 30, 2024, the Audit Committee and Staff met with SLOCPT's audit firm, Brown Armstrong. Lindsey Zimmerman, CPA and Alaina Vandermade, CPA represented the firm and presented a review of the results of the Financial Audit of SLOCPT for the year 2023. 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 2023 ACFR to the parties listed in the recommendation, will complete the activities of the 2023 Financial Audit.

Attachments:

1. Brown Armstrong 2023 Audit Results Presentation
2. Draft Annual Comprehensive Financial Report (ACFR) for year ended December 31, 2023

Respectfully Submitted,

RESULTS OF SLOCPT'S FINANCIAL STATEMENT AUDIT

for the Fiscal Year Ended December 31, 2023

BROWN ARMSTRONG ACCOUNTANCY CORPORATION
4200 Truxtun Avenue, Ste. 300, Bakersfield California, 93309
T: 661-324-4971 | F: 661-324-4997 | www.ba.cpa

Contact: Lindsey Zimmerman, CPA | lzimmerman@ba.cpa

AGENDA

SCOPE OF SERVICES

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 (GAS), 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 GAS

SUMMARY OF EXIT MEETING WITH AUDIT COMMITTEE

- Meeting was held May 30, 2024

- Items discussed:
  - Audit timeline
  - Audit areas of focus:
    - Significant risk areas
    - Significant audit areas
  - Presentation of draft reports

RESULTS OF THE AUDIT

REPORT	SUMMARY OF OPINION / REQUIRED COMMUNICATION
Report on Financial Statements (Opinion)	• Unmodified (Clean)

Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)	• New Accounting Standards Adopted – None
	• Significant Estimates and Sensitive Disclosures Reviewed
	  ◦ Fair Value of Investments and Money Weighted Rate of Return
	  ◦ Useful Lives of Capital Assets
	  ◦ Contributions and Net Pension Liability
	    ▪ Based on actuary assumptions
	• Corrected and Uncorrected Misstatements – None
	• Disagreements with Management – None
	• Other Audit Findings or Issues - None

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 noted • No material weaknesses, significant deficiencies, or control deficiencies identified

THANK YOU! QUESTIONS?

LINDSEY ZIMMERMAN, CPA
Partner

+661-324-4971

lzimmerman@ba.cpa

4200 Truxtun Ave, Ste. 300
Bakersfield, CA 93309

San Luis Obispo County Pension Trust

A Fiduciary Component Unit of the County of San Luis Obispo,
San Luis Obispo, California

Annual Comprehensive Financial Report

For the Year Ended
December 31, 2023

Annual Comprehensive Financial Report

For the Year Ended December 31, 2023

San Luis Obispo County Pension Trust

A Fiduciary Component Unit of the County of San Luis Obispo,
San Luis Obispo, California

Issued By:

Katie Girardi
Executive Director

Amy Burke
Deputy Director

Jennifer Alderete
Accountant

San Luis Obispo County
Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408
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Photographs: Carl Nelson

Introductory Section

San Luis Obispo County
Pension Trust
SLOCPT

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

June 24, 2024

San Luis Obispo County Pension Trust
Board of Trustees

Katie Girardi
Executive Director

Dear Board of Trustees, Plan Members, and Citizens of San Luis Obispo County:

It is with great pleasure that I present to you the Annual Comprehensive Financial Report (ACFR) for the San Luis Obispo County Pension Trust (SLOCPT) for the year ended December 31, 2023. As the newly appointed Executive Director, I am honored to guide this organization toward continued financial excellence and transparency. This report reflects our commitment to prudent stewardship of assets and the fulfillment of our fiduciary responsibilities to our members and beneficiaries.

SLOCPT 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. SLOCPT is administered by the Board of Trustees (the Board) to provide retirement, disability, death, and survivor benefits for its members. SLOCPT 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 SLOCPT'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 SLOCPT'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 – County of San Luis Obispo
Air Pollution Control District – County of San Luis Obispo
San Luis Obispo County Pension Trust
San Luis Obispo Regional Transit Authority

Introductory Section

SLOCPT 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 SLOCPT 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 SLOCPT'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 SLOCPT lies 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 SLOCPT. The independent audit states that SLOCPT's financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP) and are free of material misstatement. In developing and maintaining SLOCPT'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

SLOCPT'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 SLOCPT's assets. The funded status of SLOCPT is determined by two sources of funding:

- **Investment returns** obtained through investments with a level of risk consistent with the long-term objectives of SLOCPT.

- **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.

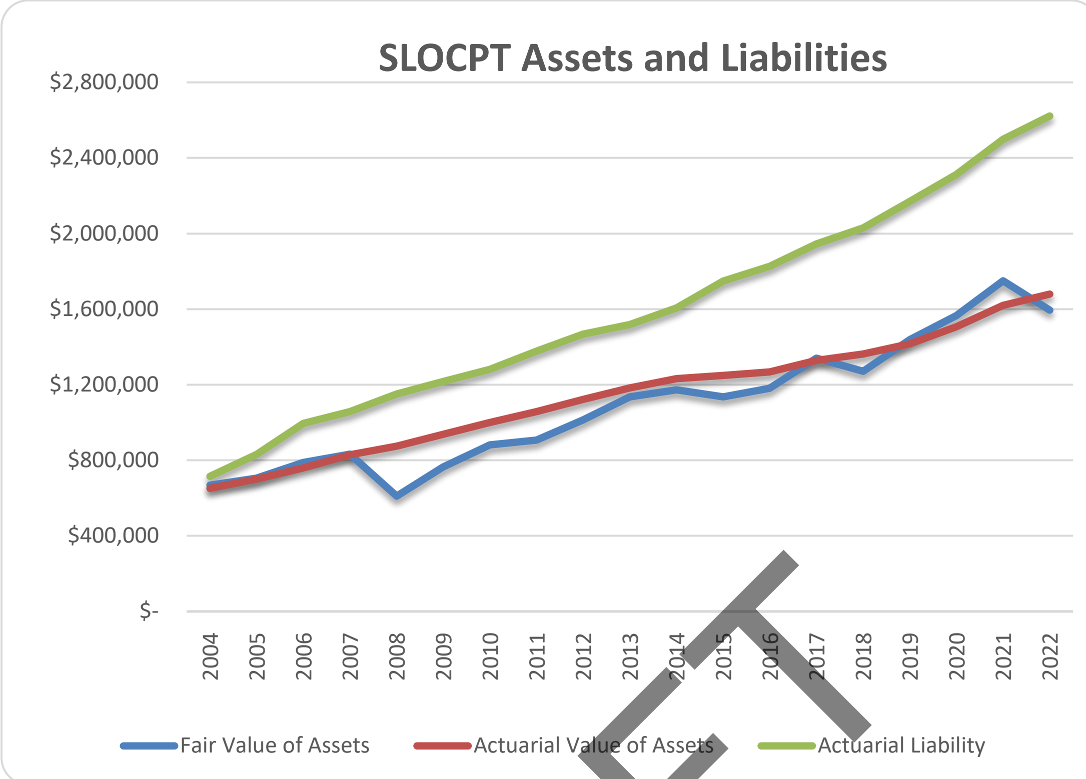
It is the policy of the County to contribute the full Total ADC each year through a combination of employer appropriations and member contributions. The timing of when employer appropriation rate changes are implemented may vary depending on when the actuarial valuation is completed. Likewise, the timing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

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 and are typically based on the results of each biennial actuarial experience study and input from SLOCPT'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, 2023 valuation. It is based on member data and financial results through December 31, 2022. SLOCPT's actuary, Cheiron, completed this annual valuation prior to the preparation of this ACFR. The most recent biennial actuarial experience study was completed by Cheiron as of January 1, 2022. At the time of preparation of this ACFR, the January 1, 2024 valuation and experience study were 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 SLOCPT'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:



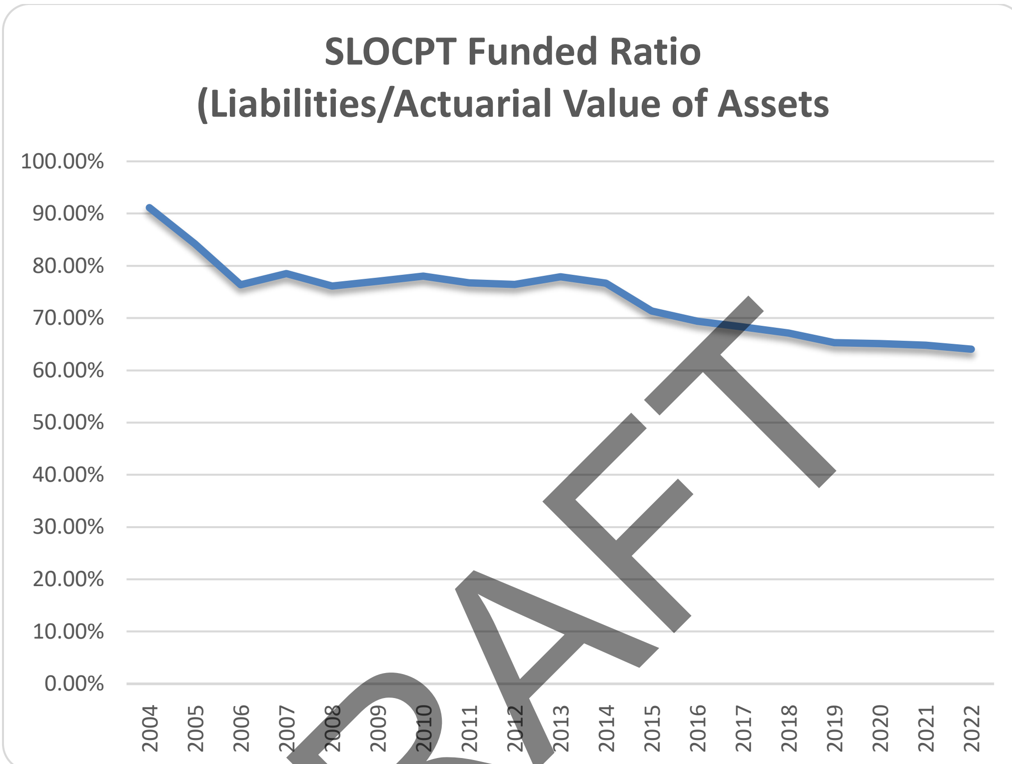
Source: SLOCPT financial records from annual actuarial valuations

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 SLOCPT 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 to 2023	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 2022 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 SLOCPT, which decreased from 64.8% as of year-end 2021 to 64.1% as of year-end 2022. 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 SLOCPT's funded ratio is shown in the following graph:



Source: SLOCPT 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 70 through 94.

Investments

The Board has full authority over the investments of SLOCPT 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 SLOCPT 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 SLOCPT 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 SLOCPT staff. SLOCPT primarily uses external investment management firms to manage its portfolio. Additional information on SLOCPT's Investment Policy and investment managers may be found in the Investment Section of this ACFR.

The Staff of SLOCPT 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 SLOCPT's assets as computed by the Investment Consultant are summarized below:

	2019	2020	2021	2022	2023
SLOCPT Total Returns	16.3%	9.6%	15.4%	-7.8%	8.7%

Source: Verus reports

For cumulative periods ending December 31, 2023, the annualized time-weighted total rates of return gross of fees are as follows:

	1 year	3 years	5 years	10 years	15 years
SLOCPT Total Returns	8.7%	4.9%	8.1%	6.2%	8.6%

Source: Verus 4th Quarter 2023 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 52 through 69.

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. SLOCPT'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

SLOCPT is continually aware that the retirement benefits promised by the Plan Sponsor and administered by SLOCPT are an important element of compensation to the 6,954 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 SLOCPT. All 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 an earned right that SLOCPT is honored to be a part of providing.

Payment of Retirement Benefits

The timely payment of retirement benefits is the core objective of SLOCPT. We are proud that this is indeed what happens – month after month. As of December 31, 2023, SLOCPT paid benefit allowances to 3,340 retirees, disability recipients, beneficiaries, and survivors. During 2023, $131.9 million was paid by SLOCPT to retirees, their beneficiaries (following the death of a retiree), and disability retirants.

Investments

The Investment Section of this ACFR discusses the investment function of SLOCPT in more detail, including its Investment Policy and asset allocation. Some of the key service efforts and accomplishments related to SLOCPT's investments in 2022 and 2023 were:

- **Asset Allocation and Investment Policy** – a significant revision to SLOCPT'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. During 2023, the continuation of the 2021 to 2026 phase-in of the changed asset allocation policy progressed with the annual adoption of interim 2023 asset allocation targets on the way to the long-term target policy.

- **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. SLOCPT selected HarbourVest Partners 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 SLOCPT's investments in a diversified portfolio of Private Equity, Private Credit, and Infrastructure assets. During 2022, extensive implementation steps were taken for the HarbourVest Fund-of-One, including an increasing pace of capital calls.

- **Infrastructure Investments** – The implementation of asset allocation changes adopted in 2020 also included an inaugural allocation to Infrastructure as an asset class. A portion of the targeted allocation to Infrastructure will be implemented as part of the HarbourVest Fund-of-One discussed above. However, a 3% core allocation in Infrastructure was committed to the Brookfield Super-Core Infrastructure Partners open-end fund and partially funded in 2023.

Actuarial Valuations

SLOCPT 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 2022 and its findings were considered in the setting of assumptions for the January 1, 2023 annual actuarial valuation. The current key actuarial assumptions used in the January 1, 2023 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)
- 3.00% Salary Growth Assumption
- 3.00% Payroll Growth Assumption
- 2.50% Inflation Assumption
- Mortality Assumptions updated to latest available actuarial tables (Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2021)

At the time of preparation of this ACFR, the January 1, 2024, 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. SLOCPT has an 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 SLOCPT possible. SLOCPT is fortunate to have a small team of staff, legal counsel, and advisors with long experience with the organization and in the public pension industry. SLOCPT staff and advisors share a strong 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 fourteenth annual ACFR for SLOCPT.

Respectfully submitted,

Katie Girardi
Executive Director
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, 2022

Christopher P. Morrill

Executive Director/CEO

PPC

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2023

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

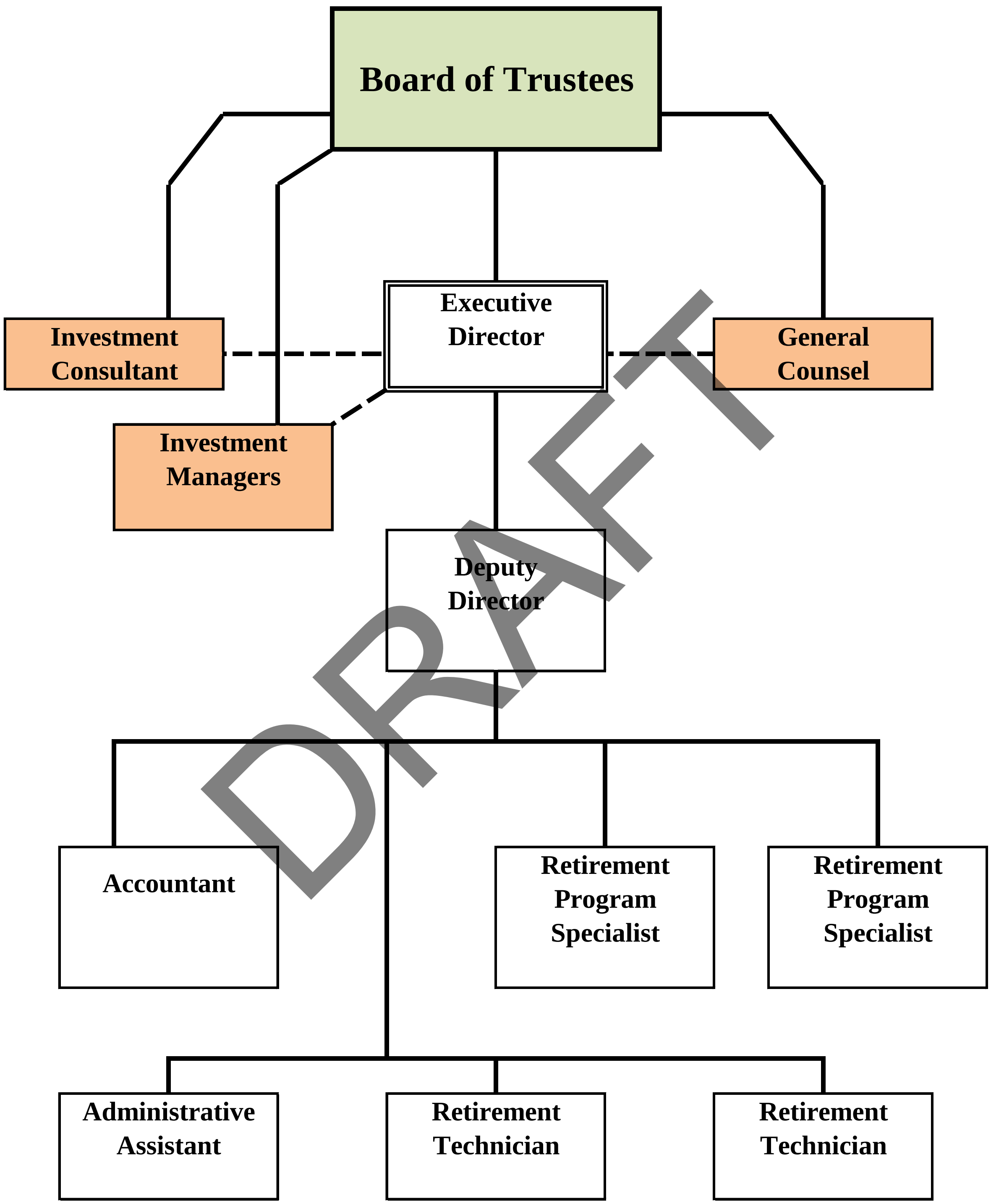
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Board of Trustees

As of December 31, 2023

San Luis Obispo County Pension Trust
Organization Chart - December 31, 2023



Additional information regarding investments can be found in the Schedule of Management Fees and Commissions, located on pages 66 and 67 in the Investment Section.

Professional Consultants

As of December 31, 2023

Actuary

Anne Harper, FSA, MAAA, EA
Alice Alsberghe, ASA, EA, MAAA
Cheiron

Legal Services

General Counsel
Chris Waddell
Olson Remcho LLP

Litigation
Rick Hsu
Maupin, Cox & Legoy

Plan Qualification & Fiduciary Counsel
Don Wellington
Wellington Gregory, LLP

Investment Contracts
Yuliya Oryol
Nossaman 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
PIMCO
State Street Global Advisors

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

Infrastructure
Brookfield Asset 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 December 31, 2023, 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, 2023, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the Plan; and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

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 is the responsibility of management and, 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, is presented for purposes of additional analysis and is 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 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, is 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, 2022, financial statements, and our report dated June 26, 2023, 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, 2022, 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 _______, 2024, 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
_______, 2024

San Luis Obispo County
Pension Trust
SLOCPT

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

SAN LUIS OBISPO COUNTY
PENSION TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

June 24, 2024

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, 2023. 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 prior to 2011 generally 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 after 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, 2023 was $1.708 billion. This represents an increase of $114 million or 7.2% from the year ended December 31, 2022. 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 2023 were $253.4 million, which includes member contributions and employer appropriations of $124.7 million and net investment income of $128.6 million as well as $.1 million in other income. Comparatively, in 2022, additions to the Fiduciary Net Position were -$21.7 million, which included member contributions and employer appropriations of $111.3 million and net investment losses of $133.1 million as well as $.1 million in other income. An increase of $261.7 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, 2023, deductions from the Fiduciary Net Position totaled $139.4 million, consisting of $135.2 million in payments to Plan members and their beneficiaries and $4.2 million in administrative and other expenses. For the year ended December 31, 2022, deductions from the Fiduciary Net Position totaled $133.8 million, consisting of $129.4 million in payments to Plan members and their beneficiaries and $4.4 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, 2023, the date of the last actuarial valuation that was approved in June 2023, the funded ratio for the Plan was 64.1%. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 64.1 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. **Supplementary Information**

The **Statement of Fiduciary Net Position** is a snapshot of major account balances as of December 31, 2023. 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 **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, 2023 totaled $1.708 billion, an increase of $114 million from prior year-end. This increase was due primarily to unrealized and realized gains across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2023. During 2023, the rate of return on investments, as measured by SLOCPT's investment consultant, was 8.7% gross of fees.

In comparison, the Fiduciary Net Position Restricted for Pension Benefits as of December 31, 2022 totaled $1.594 billion, a decrease of $155 million from the prior year. This decrease was due primarily to unrealized losses across the entire portfolio, which is consistent with the returns experienced in comparable markets in 2022. During 2022, the rate of return on investments, as measured by SLOCPT's investment consultant, was -7.8% gross of fees.

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

	2023	2022	Increase (Decrease)
Cash	$ 94,663,552	$ 84,236,612	$ 10,426,940
Investments at Fair Value	1,599,389,172	1,544,566,114	54,823,058
Securities Sold	10,000,000	1,067,450	8,932,550
Other Receivables and Other Assets	5,521,463	6,342,460	(820,997)
Total Assets	1,709,574,187	1,636,212,636	73,361,551
Total Liabilities	1,111,032	41,720,561	(40,609,529)
Net Increase (Decrease) in Fiduciary Net Position	113,971,080	(155,470,714)	269,441,794
Fiduciary Net Position, Beginning of Year	1,594,492,075	1,749,962,789	(155,470,714)
Fiduciary Net Position, End of Year	$ 1,708,463,155	$ 1,594,492,075	$ 113,971,080

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, 2023 totaled $253.4 million. Employer appropriations and Plan member contributions continue to increase.

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, 2022 valuation, a contribution rate increase of 2.31% was implemented on January 1, 2023 for the Air Pollution Control District. For the remaining Plan participants, an increase of 2.59% in aggregate was implemented on July 1, 2023 with specific rate increases depending on bargaining unit. The increase in employer appropriations and member contributions experienced in 2023 was due to this contribution rate increase as well as an increase in pensionable salaries for active members of $17.6 million or 7.72% for the year ended December 31, 2023 when compared to those earned in 2022.

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

	Year Ended 2023	Year Ended 2022	Increase (Decrease)
Employer Appropriations	$ 83,915,907	$ 72,095,657	$ 11,820,250
Plan Member Contributions	40,825,665	39,229,067	1,596,598
Net Investment Income (Loss)	128,610,644	(133,066,304)	261,676,948
Other Income	37,664	47,067	(9,403)
Total Additions	$ 253,389,880	$ (21,694,513)	$ 275,084,393
Total Deductions	$ 139,418,800	$ 133,776,201	$ 5,642,599
Net Change in Fiduciary Net Position	$ 113,971,080	$ (155,470,714)	$ 269,441,794

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 2022, 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). The Board did not enter into a similar agreement in the year ended December 31, 2023.

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

	Year Ended 2023	Year Ended 2022	Increase (Decrease)
Monthly Benefit Payments	$ 131,872,003	$ 124,133,519	$ 7,738,484
Refund of Contributions	3,238,619	3,401,763	(163,144)
Death Benefits	57,597	1,858,601	(1,801,004)
Administration and Actuarial	3,085,209	2,897,178	188,031
Prefunded Discount Amortization	1,165,372	1,485,140	(319,768)
Total Deductions	$ 139,418,800	$ 133,776,201	$ 5,642,599

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,

K. Girardi

Katie Girardi
Executive Director

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS)

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 94,663,552	$ 84,236,612
Receivables		
Accrued Interest and Dividends Receivable	335,435	525,202
Accounts Receivable	25,605	18,984
Securities Sold	10,000,000	1,067,450
Total Receivables	10,361,040	1,611,636
Investments, at Fair Value		
Bonds and Notes	319,699,873	303,368,855
International Fixed Income	43,226,104	96,483,699
Collateralized Mortgage Obligations	-	2,829,116
Domestic Equities	313,714,149	322,031,996
International Equities	243,251,359	253,223,272
Alternative Investments	464,485,423	313,798,079
Real Estate	215,012,264	252,831,097
Total Investments	1,599,389,172	1,544,566,114
Other Assets		
Prepaid Expenses	179,084	178,190
Capital Assets - Net of Accumulated Depreciation and Amortization	4,981,339	5,620,084
Total Other Assets	5,160,423	5,798,274
Total Assets	$ 1,709,574,187	$ 1,636,212,636
LIABILITIES		
Securities Purchased	$ -	$ 2,699,549
Accrued Liabilities	1,111,032	1,282,779
Prefunded Contributions	-	37,738,233
Total Liabilities	$ 1,111,032	$ 41,720,561
FIDUCIARY NET POSITION		
Fiduciary Net Position Restricted for Pension Benefits	**$1,708,463,155**	**$1,594,492,075**

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

DRAFT

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS)

	2023	2022
ADDITIONS		
Contributions		
Employer Appropriations	$ 83,915,907	$ 72,095,657
Plan Member Contributions	40,825,665	39,229,067
Total Contributions	124,741,572	111,324,724
Investment Income (Loss)		
Realized and Unrealized Gains and Losses, Net	115,730,548	(138,985,835)
Interest	2,515,435	2,674,764
Dividends	13,478,948	6,814,654
Investment Expenses	(3,114,287)	(3,569,887)
Net Investment Income (Loss)	128,610,644	(133,066,304)
Other Income	37,664	47,067
Total Additions	253,389,880	(21,694,513)
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	131,872,003	124,133,519
Refund of Contributions	3,238,619	3,401,763
Death Benefits	57,597	1,858,601
Total Benefits	135,168,219	129,393,883
Other Deductions		
Administration and Actuarial	3,085,209	2,897,178
Prefunded Discount Amortization	1,165,372	1,485,140
Total Other Deductions	4,250,581	4,382,318
Total Deductions	139,418,800	133,776,201
Net Increase (Decrease) in Fiduciary Net Position	$ 113,971,080	$ (155,470,714)
Fiduciary Net Position Restricted for Pension Benefits - Beginning of Year	$ 1,594,492,075	$ 1,749,962,789
Fiduciary Net Position Restricted for Pension Benefits - End of Year	**$ 1,708,463,155**	**$ 1,594,492,075**

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

DRAFT

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 and are typically valued at fair value as determined by the investment manager.

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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In February 2023, 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 three 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 February 27, 2023 and the current 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%	1.96%
Growth	Equities - Public Market	30%	4.75%
Growth	Real Assets	15%	5.50%
Growth	Private Markets	30%	5.98%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	2.15%
		100%	

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

Prefunded Contributions

In June 2022, for the ninth 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 4.25%, 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.

The Board did not enter into a similar agreement in the year ended December 31, 2023.

Administrative Expenses

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

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.

Management's Estimates

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.

Concentrations of Market and Credit Risk

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 – PLAN DESCRIPTION

General

The Plan is a multiple-employer cost sharing contributory defined benefit pension plan consisting of six participating employers. Permanent employees of San Luis Obispo County (the County), the San Luis Obispo County Superior Court (the Court), the Air Pollution Control District (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 5.14% 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 30.35% to 54.14% 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 2023 was 5.75%.

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, 2023:

	2023
Retirees and Beneficiaries Currently Receiving Benefits	3,340
Terminated Employees Entitled to but not yet Receiving Benefits	730
Active Plan Participants	
Vested	1,675
Nonvested	1,209
Total	6,954

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

NOTE 2 – PLAN DESCRIPTION (continued)

member's collective bargaining unit. The Plan's minimum eligibility requirements permit retirement for members with five or more PTSCs 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 the member's passing, retirement option selection if applicable, and the status of eligible beneficiaries.

NOTE 3 – DEPOSITS AND INVESTMENT RISK DISCLOSURES

Investment Stewardship

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest or delegate the investment of the assets of the Plan through the purchase, holding, or sale of any form or type of instrument or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has adopted 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 – <u>DEPOSITS AND INVESTMENT RISK DISCLOSURES</u> (continued)

<u>Investment Risk</u>

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, 2023:

	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	$ 5,532,495	$ 31,035	$ 143,904	$ 6,955	$ 5,714,389
Corporate Bonds and Notes	672,049	46,395,206	14,041,034	5,923,699	67,031,988
Derivatives	582,534	-	-	-	582,534
Municipal Bonds	27	4,550	266,183	644,055	914,815
US Government & Agencies	111,482,984	63,262,123	1,793,394	25,501,560	202,040,061
Foreign Corporate Bonds	2,961,050	3,193,399	3,107,780	4,397,835	13,660,064
Foreign Government Bonds	3,605,123	7,257,556	8,472,085	14,129,908	33,464,672
Other Short-Term Investments	5,692,518	33,950,034	(441,316)	316,218	39,517,454
Total	$ 130,528,780	$ 154,093,903	$ 27,383,064	$ 50,920,230	$ 362,925,977

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, 2023, the carrying amount of the Plan's cash deposits was $94.664 million, as was the bank balance. There were no cash equivalents as of December 31, 2023.

Of the bank balance, $552 thousand was covered by the Federal Deposit Insurance Corporation, and $48.612 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, 2023, as rated by Standard & Poor's (S&P) equivalent ratings:

	2023	
Quality Rating	%	Fair Value
AAA	58.90%	$ 213,810,596
AA+	8.73%	31,672,611
AA	0.09%	344,763
AA-	0.51%	1,840,470
A+	0.18%	652,366
A	0.06%	225,025
A-	0.94%	3,427,824
BBB+	2.11%	7,644,674
BBB	3.03%	10,991,395
BBB-	1.57%	5,684,417
Subtotal Investment Grade	76.12%	276,294,141
BB+	0.72%	2,620,029
BB	1.20%	4,364,176
BB-	0.49%	1,774,893
B+	1.73%	6,265,955
B	4.43%	16,078,049
B-	4.52%	16,393,828
CCC+	1.09%	3,962,452
CCC	0.96%	3,474,963
CCC-	0.16%	580,757
CC	0.06%	218,832
C	0.35%	1,281,103
Not Rated**	8.16%	29,616,799
Subtotal Non-Investment Grade	23.88%	86,631,836
Total Fixed Income and Short-Term Investments	100.00%	$ 362,925,977

***Not Rated debt securities include cash, deriviatives, and those holdings that do not have S&P ratings.*

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.

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 – DEPOSITS AND INVESTMENT RISK DISCLOSURES (continued)

The Plan's exposure to foreign currency risk in U.S. Dollars as of December 31, 2023 was as follows:

Currency	2023 Fair Value
Euro Currency	$ 97,274,709
British Pound	33,653,931
Japanese Yen	20,324,715
Indian Rupee	5,882,656
Danish Krone	5,452,806
Swedish Krona	4,857,140
Swiss Franc	4,542,515
Brazilian Real	4,300,926
Norwegian Krone	4,032,209
Canadian Dollar	3,960,658
Mexican Peso	2,893,912
Australian Dollar	2,693,986
Taiwan Dollar	2,389,698
South Korean Won	2,350,458
Malaysian Ringgit	1,857,183
Chilean Peso	1,237,069
Hong Kong Dollar	1,142,214
Chinese Yuan	972,356
Thai Baht	817,522
Polish Zloty	724,622
Indonesian Rupiah	716,364
Czech Koruna	644,108
South African Rand	613,340
Colombian Peso	497,532
New Zealand Dollar	487,763
Singapore Dollar	396,374
Hungarian Forint	307,603
Romanian Leu	305,538
Turkish Lira	266,314
Peruvian Nuevo Sol	167,220
Uruguayan Peso	119,738
Dominican Peso	109,416
Philippine Peso	92,900
Israeli Sheqel	59,869
Kazakhstani Tenge	35,096
Total	$ 206,180,460

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, 2023:

	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	$ 262,737,397	$ 56,962,476	$ -	$ 319,699,873
International Fixed Income	-	20,644,493	-	20,644,493
Collateralized Mortgage Obligations	-	-	-	-
Domestic Equities	78,036,205	235,677,944	-	313,714,149
International Equities	123,013,055	120,238,304	-	243,251,359
Real Estate	-	-	136,429,751	136,429,751
Total	$ 463,786,657	$ 433,523,217	$ 136,429,751	$ 1,033,739,625

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 – <u>INVESTMENTS</u> (continued)

The following table shows the fair value measurement of those investments measured at NAV as of December 31, 2023:

	Investments Measured at Net Asset Value (NAV)			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fund	$ 22,581,611	$ -	Quarterly	30 days
Private Real Estate Fund	78,582,513	-	Quarterly	30 days
Private Equity Funds	133,687,364	25,178,043	Not Eligible	Not Eligible
Private Credit Funds	134,701,260	48,446,115	Not Eligible	Not Eligible
Private Markets/Infrastructure	196,096,799	20,306,406	Not Eligible	Not Eligible
Total	$ 565,649,547	$ 93,930,564		

Commingled Fund
This investment type consists of investments primarily in equity, debt, or real estate investments. As of December 31, 2023, 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, 2023, 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, co-investments, 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.

Private Markets/Infrastructure
In 2022, SLOCPT began investing as the sole limited partner in a private markets/infrastructure fund with HarbourVest Partners. This fund includes investments as described above in the Private Equity Funds and Private Credit Funds sections as well as an allocation toward infrastructure. 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. In 2023, SLOCPT began funding its commitment to the Brookfield Super-Core Infrastructure Partners fund.

NOTE 4 – INVESTMENTS (continued)

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:

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.

NOTE 4 – INVESTMENTS (continued)

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.

As of December 31, 2023, there were no outstanding derivatives.

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, 2023, the Plan had unfunded capital commitments totaling $93.931 million.

Annual Money-Weighted Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.11%. 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.

Changes in capital assets during the year ending December 31, 2023 were as follows:

	Beginning Balance January 1, 2023	Additions	Deletions	Ending Balance December 31, 2023
Office Equipment	$ 46,015	$ -	$ -	$ 46,015
Software	6,116,621	-	-	6,116,621
Land	668,150	-	-	668,150
Building	1,059,575	-	-	1,059,575
Accumulated Depreciation and Amortization	(2,270,277)	(638,745)	-	(2,909,022)
	$ 5,620,084	$ (638,745)	$ -	$ 4,981,339

Depreciation and amortization expenses for the year ended December 31, 2023 were $638,745.

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

NOTE 6 – <u>CONTRIBUTIONS</u> (continued)

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 (16 years as of December 31, 2023). Based on the recommendation of SLOCPT's Actuary from the January 1, 2019 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 $1.680 billion.

In June 2023, the Board unanimously passed the recommendation of an increase of 0.48% to the total contribution rate as recommended by the Actuary in the January 1, 2023 Actuarial Valuation. The increased total contribution rate took into consideration continuing with the remaining 17 years of the 30-year amortization for unfunded liabilities as well as continuing the 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, 2024. The increase was adjusted to an average of 0.73% to account for the deferred implementation. The Air Pollution Control District and San Luis Obispo County Superior Court implemented increased rates as of January 1, 2024.

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 – <u>NET PENSION LIABILITY</u>

The components of Net Pension Liability of the Plan as of December 31, 2023 were as follows:

Total Pension Liability	$ 2,712,658,050
Plan Fiduciary Net Position	(1,708,463,155)
Employers' Net Pension Liability	$ 1,004,194,895

Plan Fiduciary Net Position as a percentage of Total Pension Liability was 62.98% as of December 31, 2023.

<u>Actuarial Assumptions</u>

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, 2023 using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67.

NOTE 7 – NET PENSION LIABILITY (continued)

Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial cost method	Entry Age Normal
Inflation	2.50 percent
Salary Increases	3.00 percent, including inflation, additional merit component based on service 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-2021. The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2021.

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, 2023 (see the discussion of the Plan's Investment Policy) are summarized in the following table:

Asset Allocation	Asset Class	Target Allocation	Weighted Average Long-Term Expected Nominal Rate of Return
Liquidity	Cash Equivalents/Short Duration Govt	10%	4.46%
Growth	Equities - Public Market	30%	7.25%
Growth	Real Assets	15%	8.00%
Growth	Private Markets	30%	8.48%
Risk Diversifying	US Treasury - Long Duration/TIPS	15%	4.65%
		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.

NOTE 7 – NET PENSION LIABILITY (continued)

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, 2023	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 1,374,532,112	$ 1,004,194,895	$ 700,759,545

NOTE 8 – LITIGATION

The Plan is subject to legal proceedings and claims in the ordinary course of its business. As of December 31, 2023, Plan management and legal counsel are not aware of litigation that would have a material impact on the Plan's financial statements.

NOTE 9 – SUBSEQUENT EVENTS

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

Management has determined that no events require disclosure in accordance with governmental accounting standards generally accepted in the United States of America. Subsequent events have been evaluated through June 24, 2024, 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

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

Fiscal year ending December 31	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 51,416,365	$ 48,420,356	$ 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	171,576,638	163,941,826	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	41,764,993	31,506,499	32,468,995	11,871,198	3,836,848	31,926,880	(1,367,931)	5,485,265	9,771,252	-
Assumption Changes	-	78,053,947	35,700,366	53,371,279	-	8,507,420	-	62,845,241	-	-
Benefit Payments and Refunds	(135,168,219)	(129,393,883)	(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	129,589,777	192,528,745	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	2,583,068,273	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	1,518,751,027
Total Pension Liability - Ending (a)	$ 2,712,658,050	$ 2,583,068,273	$ 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	$ 83,915,907	$ 72,095,657	$ 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	40,825,665	39,229,067	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)	128,648,308	(133,019,237)	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	(135,168,219)	(129,393,883)	(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	(3,085,209)	(2,897,178)	(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	(1,165,372)	(1,485,140)	(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	113,971,080	(155,470,714)	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	1,594,492,075	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	1,135,718,617
Fiduciary Net Position - Ending (b)	$ 1,708,463,155	$ 1,594,492,075	$ 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)	**$ 1,004,194,895**	**$ 988,576,198**	**$ 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	62.98%	61.73%	73.20%	69.71%	68.34%	62.76%	70.36%	64.59%	67.57%	73.53%
Covered Payroll*	$ 245,307,336	$ 227,731,465	$ 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	409.36%	434.10%	297.28%	310.94%	331.75%	378.59%	293.03%	358.25%	310.43%	252.47%

** 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
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%
2022	$ 72,095,657	$ 72,095,657	$ -	$ 227,731,465	31.66%
2023	$ 83,915,907	$ 83,915,907	$ -	$ 245,307,336	34.21%

** 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, 2023
Notes	Actuarially determined contribution rates are calculated as of January 1, 2023. 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	Unfunded Actuarial Liability as of January 1, 2018 amortized over a closed 17-year period from January 1, 2023 ending December 31, 2039. Gains and losses from the January 1, 2019 valuation through today are amortized over 20-year closed period layers.
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	6.750%
Inflation Rate Assumption	2.50% per year
Salary Increases	3.00 percent, including inflation, additional merit component based on service applicable to first 7 years of service
Cost-of-Living Adjustments	Tier 1 - 2.75% Tiers 2 & 3 - 2.00% (limit)
Retirement Age	Experience-based table for rates based on age and service. Adopted by the Board in 2022 in conjunction with the five-year experience study for the period ending December 31, 2021.
Mortality	Males: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2021 Females: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2021

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
2023	8.11%
2022	-7.55%
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.

SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS)

	2023	2022
Personnel Services		
Salaries and Benefits	$ 1,418,349	$ 1,225,130
Total Personnel Services	1,418,349	1,225,130
Office Expenses		
Office Supplies	33,126	10,987
Postage	38,076	33,467
Telephone	1,900	2,203
Utilities	12,082	11,400
Total Office Expenses	85,184	58,057
Professional Services		
Accounting and Auditing	59,800	59,800
Actuarial	100,282	149,392
Data Processing	246,696	248,516
Legal	184,658	213,153
Medical	36,450	81,150
Human Resources Consulting	5,000	5,000
Other	43,154	10,190
Bank Charges	3,207	8,074
Total Professional Services	679,247	775,275
Other Administrative Expenses		
Maintenance and Custodial	33,008	11,347
Insurance	158,283	144,227
Memberships, Subscriptions, and Publications	6,033	5,252
Printing and Reprographics	19,536	18,490
Transportation, Travel, and Education	36,657	19,745
Miscellaneous Administrative Expenses	10,167	3,851
Total Other Administrative Expenses	263,684	202,912
Depreciation and Amortization	638,745	635,804
TOTAL ADMINISTRATIVE EXPENSES	$ 3,085,209	$ 2,897,178

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS)

	2023	2022
Investment Manager Fees	$ 2,529,068	$ 2,965,172
Custody Fees	253,927	293,682
Investment Consultant	331,292	310,941
Other Investment Expenses	-	92
TOTAL INVESTMENT EXPENSES	$ 3,114,287	$ 3,569,887

SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS)

	2023	2022
Accounting and Auditing Services	$ 59,800	$ 59,800
Actuarial Services	100,282	149,392
Data Processing Services	246,696	248,516
Legal Services	184,658	213,153
Disability Medical Services	36,450	81,150
Human Resources Services	5,000	5,000
Payroll Processing Services	6,644	6,488
TOTAL PAYMENTS TO CONSULTANTS	$ 639,530	$ 763,499

Investment Section

Investment Section Overview

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

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

May 1, 2024

The Board of Retirement
c/o Ms. Katie Girardi
Executive Director
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Dear Ms. Girardi:

Verus is pleased to have had the opportunity to serve the San Luis Obispo County Pension Trust (the "Plan") for the past 17 years and provide this investment review for the year ending December 31, 2023.

Capital Markets Review

2023 Summary

Risk-assets delivered exceptional performance in 2023, a stark contrast from the losses seen in 2022. While many economists and market strategists called for recession, economic growth proved surprisingly resilient in the face of above-trend inflation and tightening monetary policy. Risk-assets gained further momentum in the last quarter of the year as the "soft landing" narrative was revived. Data releases across labor, prices, and economic activity suggested a strong economy, stable job market, and normalizing inflation. These metrics led to signaling from the Federal Reserve of potentially easier monetary policy (multiple interest rate cuts forthcoming), providing a tailwind to both equities and fixed income.

Outside of the U.S., conditions differed across developed and emerging economies. Developed economies continued to struggle with stagnant economic growth, although alleviation of global price pressures allowed central banks to relax their communications and provided a tailwind to risk-assets. In emerging economies, challenges in China remained the headline story, with investor concerns ranging from economic, to geopolitical, to regulatory. While many of these challenges are structural and likely to persist for the medium or long-term, shifting trade patterns have created opportunities for other countries such as India and Vietnam. The broader Emerging markets ex China complex experienced risk-asset performance much more in line with the rest of the globe. Overall, economic resilience was a key theme in 2023, which translated to positive market pricing.

U.S. Equity

Shares in the U.S. experienced a sharp reversal from 2022 to 2023, outperforming both international developed and emerging market equities. The S&P 500 index rose by +26.3% over the calendar year, exceeding expectations as the index closed in on a new all-time high following double-digit losses in

2022. Innovations in technology and potential monetary easing from the Fed outweighed drags created by the regional banking crisis, potential government shutdown, and conflict in the Middle East.

Index concentration was a large focus. The gains seen from the S&P 500 Index were attributed to a combination of share recovery amongst the largest mega-cap technology companies, and outsized returns across companies exposed to artificial intelligence and accelerated computing. This is apparent when examining a composite of the top ten largest companies in the S&P 500, which saw a +62.3% return over the calendar year. Differences between the flagship index and an equal weighted version of the index also help illuminate this impact, with the 2023 return of the S&P 500 Equal Weighted index (+13.9%) being around half of the flagship return. The "Magnificent Seven", which is the newest iteration of classification for U.S. mega-cap technology leaders, saw strong tailwinds as the world positively reacted to advances in accelerated computing and artificial intelligence. Notable 2023 calendar year returns include Nvidia (+238.9%), Meta (+194.1%), Alphabet (+58.3%) and Microsoft (+56.8%).

These movements had a material impact on style factor performance during the year. Growth equities handily outperformed value, with the Russell 1000 Growth index returning +42.7%, compared to a +11.5% gain from the Russell 1000 Value. Small-cap equities failed to provide excess relative returns, as the Russell 2000 index's +16.9% return lagged the +26.5% gain from the Russell 1000 index.

Return forecasts for 2024 are more down-to-earth relative to the outsized gains seen over the past calendar year. The median year-end S&P 500 price target across seven of the largest banks sits around 5,000, reflecting a gain of roughly eight percent for the upcoming year. This optimistic outlook blends current pricing and valuations which reflect a greater likelihood for a "soft landing" domestically. While momentum in growth sectors might partly justify these rich valuations, investors should be aware of the large valuation gap that currently exists between U.S. and non-U.S. equity markets.

International Equity

International equities also saw a rebound from losses of the prior year in 2023, although both international developed and emerging market equities were unable to match the high hurdle set by U.S. shares. International developed shares outperformed emerging markets, with the MSCI EAFE index notching a +18.2% calendar year return. Emerging market equities continued to be dragged lower by underperformance from Chinese markets, yet the flagship MSCI EM index still finished the year up +9.8%.

Similar to domestic shares, international developed outperformed despite broad expectations of economic weakness. Japanese equities, the largest country weight in the MSCI EAFE index, saw strong performance (TOPIX +19.3% unhedged currency terms, +35.7% hedged currency terms) on continued easy monetary policy from the Bank of Japan (BOJ), shifting investment away from China, and regulatory pushes prioritizing shareholders and corporate reinvestment. Local currency appreciated relative to the U.S. dollar, as the Japanese Yen showed weakness throughout the year driven by the Bank of Japan's divergent monetary policy relative to other G10 currency pairs. In Europe, corporations were largely able to pass through inflation to consumers, providing a stronger than expected earnings cycle (although this pass through is also reflected in poor consumer sentiment across the Eurozone). The STOXX 50 index, a gauge of the largest 50 corporations in the Eurozone, delivered a +26.5% gain in 2023.

Emerging market equities underperformed both U.S. and international developed for a second consecutive year, with poor performance from China remaining a dominant narrative. Poor sentiment rather than fundamentals has been the primary headwind thus far. Tensions remain high with the U.S. and smaller stimulus efforts from the PBOC have done little to ease selling pressures. Larger and more concrete monetary and fiscal policy would likely be a positive catalyst, although above-target 2023 economic growth creates less incentive for aggressive stimulus efforts. A bright spot within emerging market equities, however, was India. The MSCI India index gained +20.8% over the calendar year. India continues to benefit from shifting western trade away from China, while also offering some of the highest economic growth projections from both the IMF and the World Bank (2024 IMF and World Bank GDP Projections: 6.3% and 6.4%, respectively).

Fixed Income

Fed policy expectations dominated risk-asset behavior in 2023, as markets oscillated in response to both the “higher for longer” and “soft landing” narratives. Despite small yield changes on a year-over-year comparison (two-year yield movement from 4.43% to 4.25%, ten-year yield movement from 3.87% to 3.88%), volatility was apparent when looking at elevated levels from the ICE BofA MOVE Index as well as ten-year yields hitting 5.00% intra-year in October. This volatility reflected economic uncertainty and the unclear picture which data releases had presented.

The Federal Reserve implemented 100 bps of rate hikes early in the calendar year, bringing the upper bound of their target rate from 4.50% to 5.50% - materially less than the 2022 hiking cycle. The Fed’s last hike was implemented at their July meeting. FOMC commentary suggested most members were comfortable that the level of rates was sufficiently restrictive. Falling inflation boosted this sentiment, as headline CPI fell from 6.5% to 3.4% over the year. However, distortions caused by the pandemic and pandemic-related stimulus continue to blur the broader macroeconomic outlook and created challenges for central banks. Despite those challenges, most asset classes across the fixed income spectrum ended the year with positive performance.

Core fixed income (Bloomberg U.S. Aggregate) delivered a 5.5% return over the calendar year, paring some of the losses seen in 2022. From a duration perspective, being shorter on the curve benefitted investors, as the Bloomberg 1-3 Year index rose 4.3% while the Bloomberg U.S. Treasury Long Duration benchmark saw a 3.1% gain (despite an impressive +12.7% return in the fourth quarter). Investors were compensated for risk across the credit spectrum, as high-yield corporate bonds, bank loans, and emerging market debt in both hard and local currency terms delivered double digit returns.

While credit conditions held up in 2023, concerns around valuations and default activity have increased. Credit spreads contracted throughout the year, as high-yield and investment grade option adjusted spreads moved from 469 bps to 323 bps, and from 129 bps to 99 bps, respectively. Default activity also ticked up, as the combined $83.8B of default / distressed exchanges reflected a 75% increase year-over-year, also marking the fourth largest annual total, per J.P. Morgan. While forecasts for default rates in

2024 are only moderately higher, the directionality of default activity combined with current valuations (very low spreads) may justify investor concerns.

Commodities

Surging inflation in 2022 coincided with significant commodity outperformance, while almost all risk-assets saw double digit losses. The year 2023 delivered a major reversal, as global inflation moderated while economic activity showed signs of cooling. The Bloomberg Commodity Index reversed last year's performance, declining -7.9%. While energy markets surged in the third quarter, driven by a 24.3% and 28.5% rise in WTI Crude and Brent prices, respectively, the large jump in oil prices was not sufficient to drive the broader index into positive territory. From a sector perspective, Energy and Grains (the two largest target weights in the basket) dragged the overall index lower, falling -21.6% and -13.0% respectively. Softs and Precious Metals were a bright spot amongst other subindices, advancing +18.5% and +9.6%, respectively.

Currency

In similar fashion to the volatility seen within the rates market, currency markets also experienced considerable swings throughout the year. While the dollar moved lower on a year-over-year basis (DXY index fell from 103.5 to 101.3), the index ranged from 99.7 to 107. Looking at major currency pairs, the Euro and Pound Sterling both advanced against the dollar during 2023, gaining +3.5% and +6.0%, respectively. The Japanese Yen continued to stand out, weakening by -6.4% against the dollar. Better than expected inflation data sparked speculation around the potential for a "virtuous cycle" in Japan (inflation leading to wage growth and therefore more spending, sparking further price appreciation), raising speculation that the Bank of Japan could move away from its zero-interest rate policy. In a similar tone to last year's letter, these movements proved to be only speculation, leaving the Yen still depressed against the dollar at the end of the year.

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.

Although returns across most asset classes were positive for the year ended 2023, the Total Fund return fell short of its Interim Benchmark by 120 basis points (or 1.2%) and ranked in the 91st percentile compared to its public fund peers. Longer term performance remained favorable, however, as the Total Fund exceeded the Interim Benchmark over 3-years and 5-years by 80 basis points (0.8%) and 40 basis points (0.4%) on an average annualized basis, respectively. Underperformance relative to the benchmark was primarily driven by an underweight to risk assets in a strong, upwardly trending market, as well as a long-term strategic bias to value stocks and the Fund's exposure to real estate. US Equity underperformed by 300 bps on a 1-year basis net of fees versus the composite equity benchmark (23.0% vs 26.0%), and Real Estate underperformed by 430 bps versus its benchmark (-12.2% vs -7.9%). Together these two assets represent about 33% of the portfolio and explain virtually all of the Fund's benchmark-relative underperformance.

Strategic Asset Allocation

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 its long-term target allocation over several years, the timing of which is driven by the pace of building out the private markets investment program.

Outlook

The past year was surprisingly positive for risk-assets, especially when considering negative sentiment around global growth initially. Some similar themes of 2023 may carry forward, as inflation and the path of central banks will likely continue to impact risk-asset performance. Investors face a blurred domestic outlook. Many market “rules of thumb” (ex: inverted yield curves always lead to recession, higher interest rates lead to materially higher unemployment, the Fed rarely successfully engineers a “soft landing”, etc.) seem to be challenged by unique aspects of the current environment and may not necessarily prove as prescient as they have been historically. For example, a historical mismatch between worker supply and demand for workers has kept the labor market very tight despite sharply higher interest rates. Inflation has moved much lower, without a recession occurring, since certain aspects of the pandemic such as global supply chain issues contributed to high prices – and many of those problems have been worked out. Businesses and consumers are especially well-capitalized following multiple years of ultra-low interest rates, which has created a cushion against broad-based bankruptcies and financial distress in the current higher rate environment.

While the current snapshot of the economic landscape reflects resilience, domestic equity and credit markets are priced quite optimistically. With valuations elevated, challenges including the commercial real estate market, inflation above the Fed’s target, and increased geopolitical tension all remain.

Additionally, it is not yet certain that the U.S. economy has escaped credit market stress and other pains that typically follow a sharp rise in interest rates. Recession is still a material possibility. From an international perspective, economic growth remains challenged across most developed markets despite alleviation of price pressures across the Eurozone and the United Kingdom. China continues to face poor demographic trends, a potentially failing property market, a poor consumption rebound post zero-covid policy, and a withdrawal of foreign direct investment. While 2023 has been a year that could be best described as a year of resilience, many risks to the outlook remain which will be important to monitor going forward.

Sincerely,

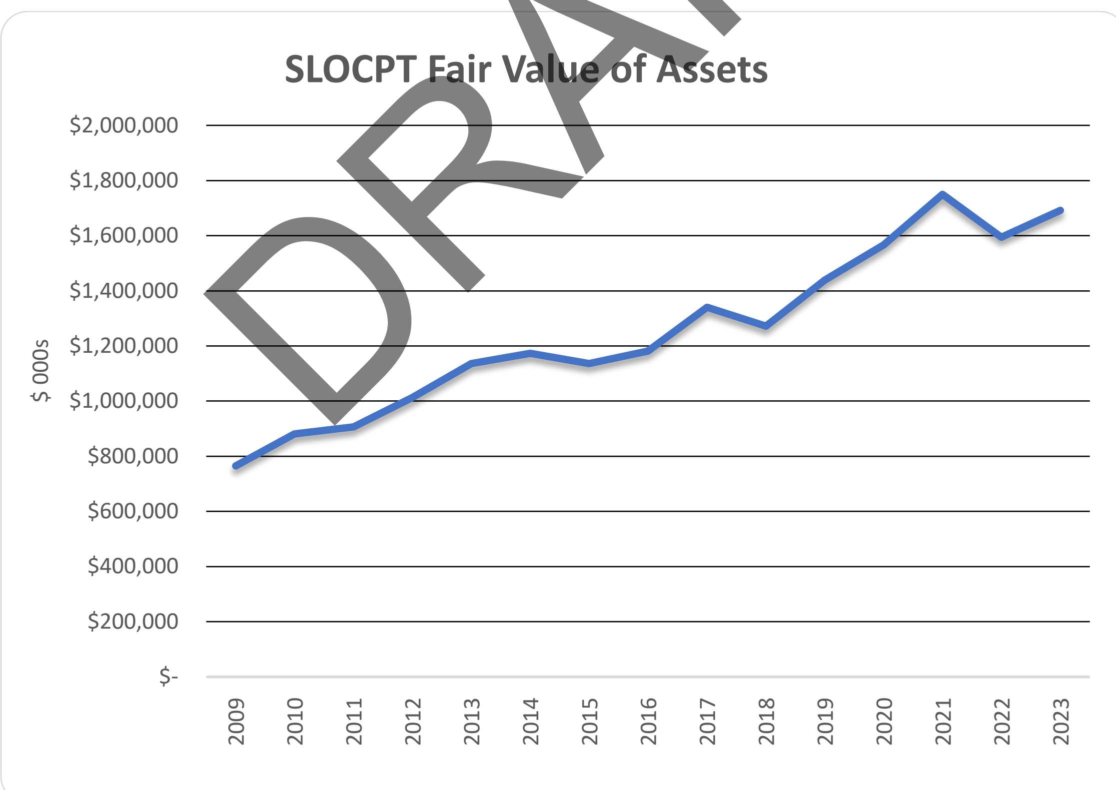
Scott J. Whalen, CFA, CAIA
Executive Managing Director|Senior Consultant

Summary of Investment Objectives

The Board of Trustees (the 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.SLOCPT.org.

The primary objective for the investments of SLOCPT is to outperform the actuarial assumption used for asset returns over the long-term. The Investment Policy has a significant long-term horizon, aligning with the nature of its liabilities. The long-term horizon shapes the Board's view on the appropriate level of investment risk. The investment policies and practices of SLOCPT are designed to support its primary mission: to pay benefit obligations as they become due. A fundamental principle underlying the Investment Policy is the prudent management 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 February 27, 2023):

Strategic Asset Allocation Policy Adopted Feb. 27, 2023	Composite Target	Target	Limits Min	 Max	Policy Benchmark	Performance Benchmark
GROWTH[1]	**75.0%**					
Public Market Equities		**30.0%**	**15%**	**85%**		MSCI ACWI
US Equities		16.0%			Russell 3000	Russell 3000
US Large Cap		*12.0%*				S&P 500/Russell 1000
US Small/Mid Cap		*4.0%*				Russell 2500
Non-US		14.0%			MSCI ACWI ex-US	MSCI ACWI ex-US
Real Assets		**15.0%**	**10%**	**30%**		
Core Real Estate		5.0%			NCREIF Property Index	NCREIF Property Index
Value Add Real Estate		5.0%			NCREIF Property Index	NCREIF Property Index
Global Infrastructure		5.0%			Dow Jones Brookfield Index	Dow Jones Brookfield Index
Private Markets[2]		**30.0%**	**5%**	**45%**		
Private Equity		18.0%	5%	30%	Actual [3]	
Private Credit		12.0%	5%	25%	Actual [3]	
Opportunistic		**0.0%**	**0%**	**10%**		Varies
RISK DIVERSIFYING	**15.0%**		**5%**	**30%**		
US Treasury		8.0%	4%	15%	Bloomberg US Gov't Bond	Bloomberg US Gov't Bond
US Inflation Protected Securities (TIPS)		7.0%	3%	15%	Bloomberg US TIPS 5-10 Year	Bloomberg US TIPS 5-10 Year
LIQUIDITY[4]	**10.0%**		**5%**	**20%**		
Cash		4.0%	1%	15%	90-day T-Bills	90-day T-Bills
Short duration Gov't/Investment Grade Credit		6.0%	0%	15%	Bloomberg US Gov't/Credit 1-3 yr	Bloomberg US Gov't/Credit 1-3 yr
TOTAL	**100%**			**TOTAL FUND POLICY MIX**		

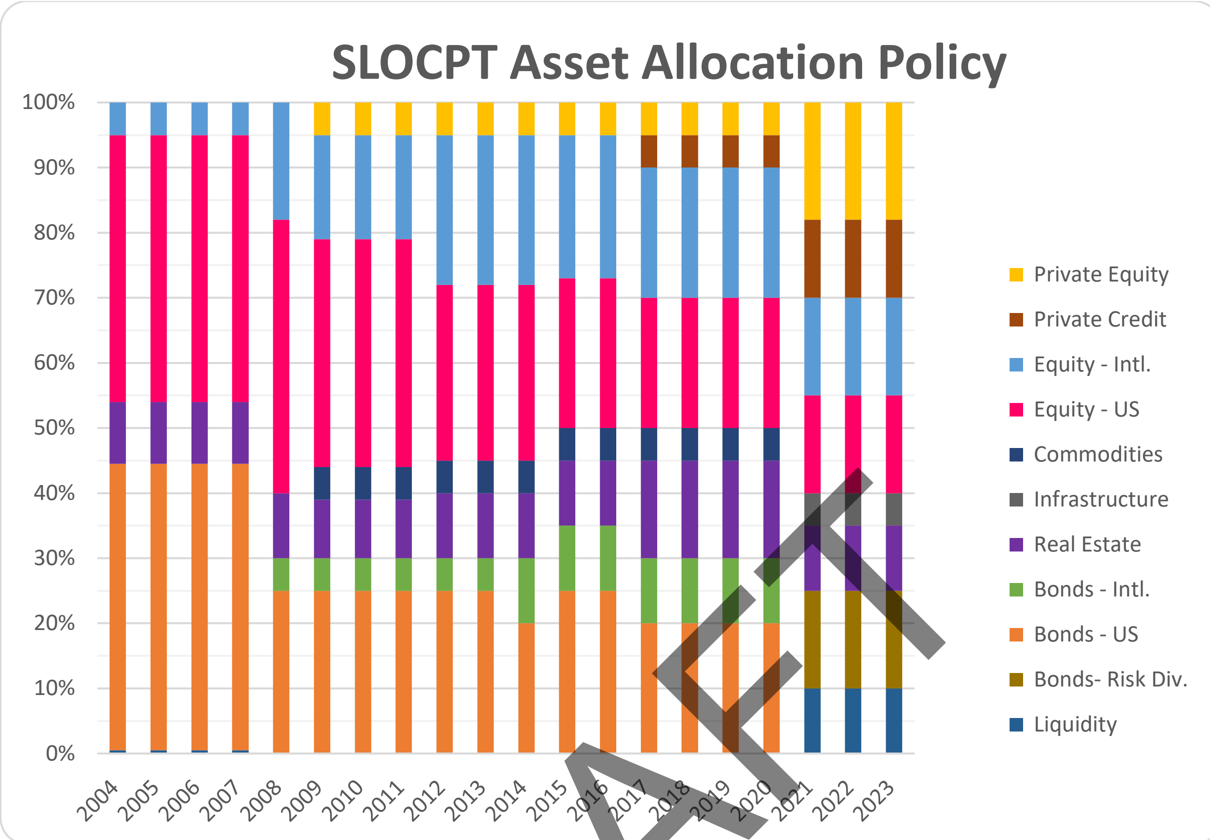
[1]Growth - long-term investments with some illiquidity. Periodic drawdowns to replenish Liquidity as needed.

[2]Diversified Private Markets may be Fund-of-Funds and/or Direct LP program

[3]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).

[4]Liquidity target ~ 1.3 years gross pension benefits

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

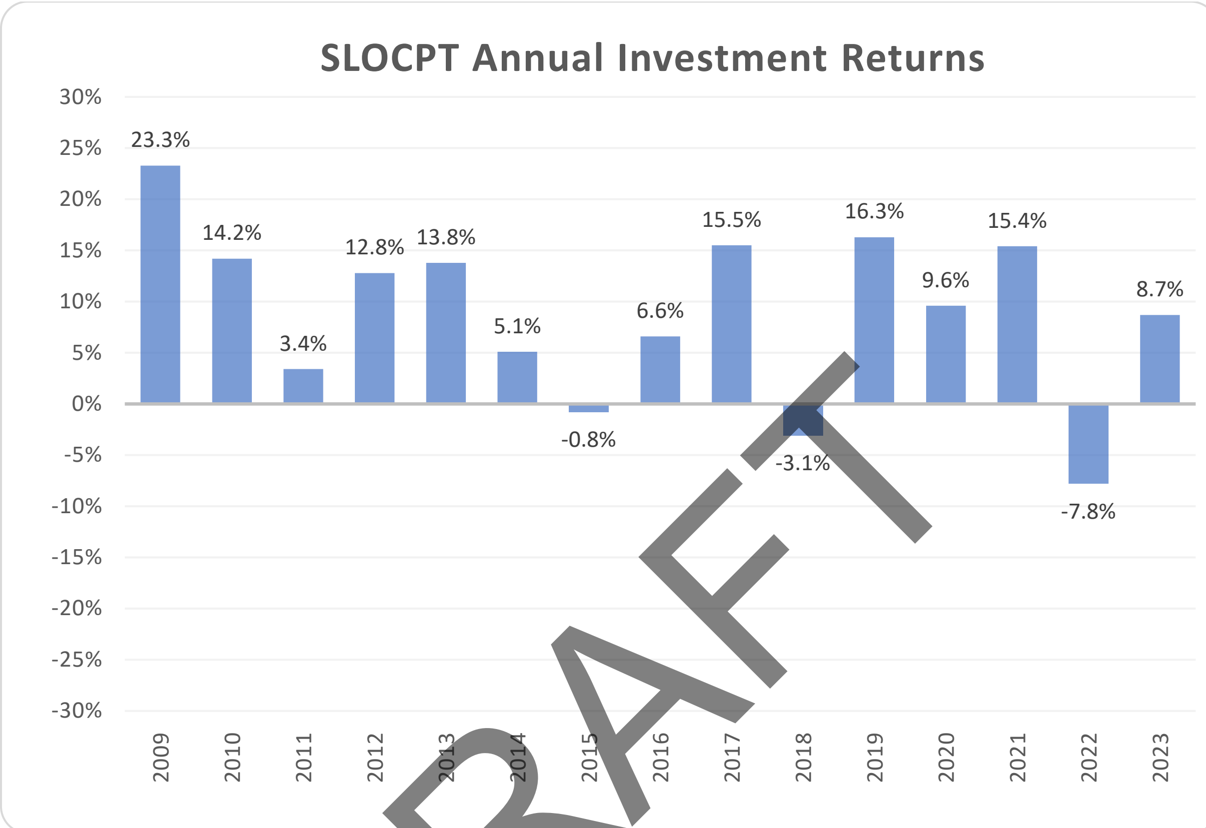


SLOCPT employs multiple investment managers across various asset classes and investment styles. Combined with strict limitations in the Investment Policy regarding maximum exposure to individual investments and regular rebalancing of the asset mix, this approach ensures a high level of diversification. SLOCPT investments may be held in separate accounts with the custody bank and managed by an external investment manager. SLOCPT investments may also be held in commingled funds, mutual funds, or 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 2023, SLOCPT achieved a rate of return of 8.7% 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:

	2019	2020	2021	2022	2023
SLOCPT Total Returns	16.3%	9.6%	15.4%	-7.8%	8.7%

Source: Verus reports

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

	1 year	3 years	5 years	10 years	15 years
SLOCPT Total Returns	8.7%	4.9%	8.1%	6.2%	8.6%

Source: Verus 4th Quarter 2023 report

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value

For the Year Ended December 31, 2023

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	17.5%	13.5%	13.9%	11/2007
Index: S&P 500		*26.3%*	*10.0%*	*15.7%*	
Loomis Sayles Large Cap Growth	g	52.1%	9.8%	18.5%	12/2016
Index: Russell 1000 Growth		*42.7%*	*8.9%*	*19.5%*	
Boston Partners Large Cap Value	g	14.5%	13.0%	12.9%	02/2017
Index: Russell 1000 Value		*11.5%*	*8.9%*	*10.9%*	
Atlanta Capital	g	15.0%	9.2%	14.4%	08/2010
Index: Russell 2500		*17.4%*	*4.2%*	*11.7%*	
International Equities					
Dodge & Cox	g	17.4%	7.2%	9.3%	12/2007
Index: MSCI ACWI ex US Value		*18.1%*	*6.5%*	*7.0%*	
WCM International Growth	g	17.6%	0.0%	12.9%	02/2017
Index: MSCI ACWI ex US Growth		*14.4%*	*-2.4%*	*7.8%*	
Domestic Fixed Income					
Dodge & Cox Income Fund	g	8.1%	-1.2%	3.1%	01/2017
Index: Bloomberg US Aggregate TR		*5.5%*	*-3.3%*	*1.1%*	
PAM Bank Loan Fund	g	14.5%	6.5%	6.3%	9/2014
Index: LSTA Leveraged Loan Index		*13.3%*	*5.8%*	*5.8%*	
SSGA US Govt Bond Index	g	4.2%	*< 3 yrs*		7/2021
Index: Bloomberg US Treasury 7-10 Yr		*3.6%*			
BlackRock TIPS	g	4.0%	*< 3 yrs*		9/2021
Index: Bloomberg TIPS TR		*3.9%*			
International Fixed Income					
Brandywine Global Fixed Income	g	5.1%	-4.4%	*< 5 yrs*	06/2020
Index: FTSE WGBI ex US TR		*5.8%*	*-9.3%*		
Ashmore Emerging Markets	g	9.0%	-7.5%	*< 5 yrs*	03/2019
Index: JPM EMBI GD/GBI EM/ELMI+		*10.9%*	*-2.7%*		
Real Estate					
ARA American Strategic Value Realty Fund	g	-10.3%	4.7%	5.0%	06/2016
JP Morgan Strategic Properties Fund	g	-14.3%	2.4%	2.2%	03/2008
Index: NCREIF ODCE/Property		*-12.0%*	*4.9%*	*4.2%*	

San Luis Obispo County Pension Trust

Investment Results Based on Fair Value (continued)

For the Year Ended December 31, 2023

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
HarbourVest SLO Fund					03/2022
Pathway Private Equity Fund 9					04/2017
Pathway Private Equity Fund 10					02/2020
Combined Private Equity	g	0.2%	7.1%	19.8%	
Private Equity Benchmark		*0.2%*	*7.1%*	*19.8%*	
Private Credit					
SSP Diversified Credit Programs	g	3.4%	10.7%	12.3%	11/2016
Private Credit Benchmark		*3.4%*	*10.7%*	*12.3%*	
Infrastructure					
Brookfield Super-Core Infrastructure Partners	g	*< 1 yr*			07/2023
Private Credit Benchmark					
Opportunistic					
KKR Mezzanine Debt Fund I					04/2011
SSP TAO Contingent Fund					04/2020
Combined Opportunistic	g	2.0%	13.1%	11.0%	
Index: Russell 3000 + 300BP		*12.9%*	*29.7%*	*11.8%*	
Cash Account					
Treasury Pool		2.4%	1.2%	1.5%	
Investment Cash		4.4%	*< 3 yrs*		6/2021
Index: 90 day T-Bills		*5.0%*	*2.2%*	*1.9%*	
PIMCO Short Duration Fund		5.1%	*< 3 yrs*		7/2021
Index: Bloomberg US Govt/Credit 1-3 Yr		*4.6%*			
TOTAL FUND (including Cash)					
Total Fund		**8.7%**	**4.9%**	**8.1%**	
Index: Policy Index at 12/31/23: *10% Liquidity* *75% Growth* *15% Risk Diversifying*		*9.6%*	*3.8%*	*7.3%*	

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, 2023; 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, 2023 (Dollars in Thousands)

Management Fees	2023 Fees		Year-End Assets Under Mgmt.	Fees as % of Year-End Assets (a)
Domestic Equity				
PIMCO RAE Fundamental	*N/A*	(c)	$ 85,672	
Loomis Sayles	$ 353		78,684	0.45%
Boston Partners	*N/A*	(c)	71,321	
Atlanta Capital	596		78,037	0.76%
Total Domestic Equity	949		313,714	
International Equity				
Dodge & Cox (mutual fund)	*N/A*	(c)	123,013	
WCM International (mutual fund)	*N/A*	(c)	120,238	
Total International Equity	-		243,251	
Domestic Fixed Income				
BlackRock Core Bond	110		3	(d)
Dodge & Cox Income Fund	*N/A*	(c)	53,498	
PAM Bank Loan Fund	*N/A*	(c)	56,959	
PIMCO Short Duration Fund	*N/A*	(c)	34,749	
SSGA Treasury Fund	25		95,633	0.03%
BlackRock TIPS Fund	12		78,858	
Total Domestic Fixed Income	147		319,700	
International and Global Fixed Income				
Brandywine	156		22,582	0.69%
Ashmore Emerging Markets	*N/A*	(c)	20,644	
Total International and Global Fixed Income	156		43,226	
Real Estate				
ARA American Strategic Value Realty Fund	*N/A*	(c)	78,582	
JP Morgan Strategic Properties Fund	1,249		136,430	0.92%
Total Real Estate	1,249		215,012	
Private Equity/Credit				
HarbourVest Fund IX (buyout)	*N/A*	(c)	11,394	
HarbourVest 2018 Global Fund	*N/A*	(c)	21,109	
HarbourVest SLO Fund	*N/A*	(c)	166,074	
Pathway Private Equity Fund 9	*N/A*	(c)	82,624	
Pathway Private Equity Fund 10	*N/A*	(c)	18,561	
SSP Diversified Credit Programs	*N/A*	(c)	91,788	
SSP TAO Contingent Fund	*N/A*	(c)	39,624	
Brookfield Super-Core Infrastructure Partners	5		30,023	0.02%
KKR Mezzanine Debt Fund I	23		3,289	0.71%
Total Private Equity/Credit	28		464,486	
Total Management Fees	$ 2,529			

San Luis Obispo County Pension Trust

Schedule of Management Fees and Commissions (continued)

For the Year Ended December 31, 2023 (Dollars in Thousands)

Other Investment Expenses	2023 Fees	Year-End Assets Under Mgmt.	Fees as % of Year-End Assets
Custodian Fees	254		0.02%
Investment Consultant	331		0.02%
Other Investment Expenses	-		0.00%
Total Other Investment Expenses	585		0.04%
TOTAL INVESTMENT EXPENSES AND ASSETS UNDER MANAGEMENT	**$ 3,114**	**$ 1,599,389**	**0.19%**

Broker Commissions	Commissions Fees	
Broker Commissions	$ 5	(b)
Broker Fees	-	
Total Broker Commissions	**$ 5**	

(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) Includes 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.

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

(d) Account closed subsequent to year-end; therefore, fees as a percentage of year-end balance is not comparable to other investment fees on this schedule.

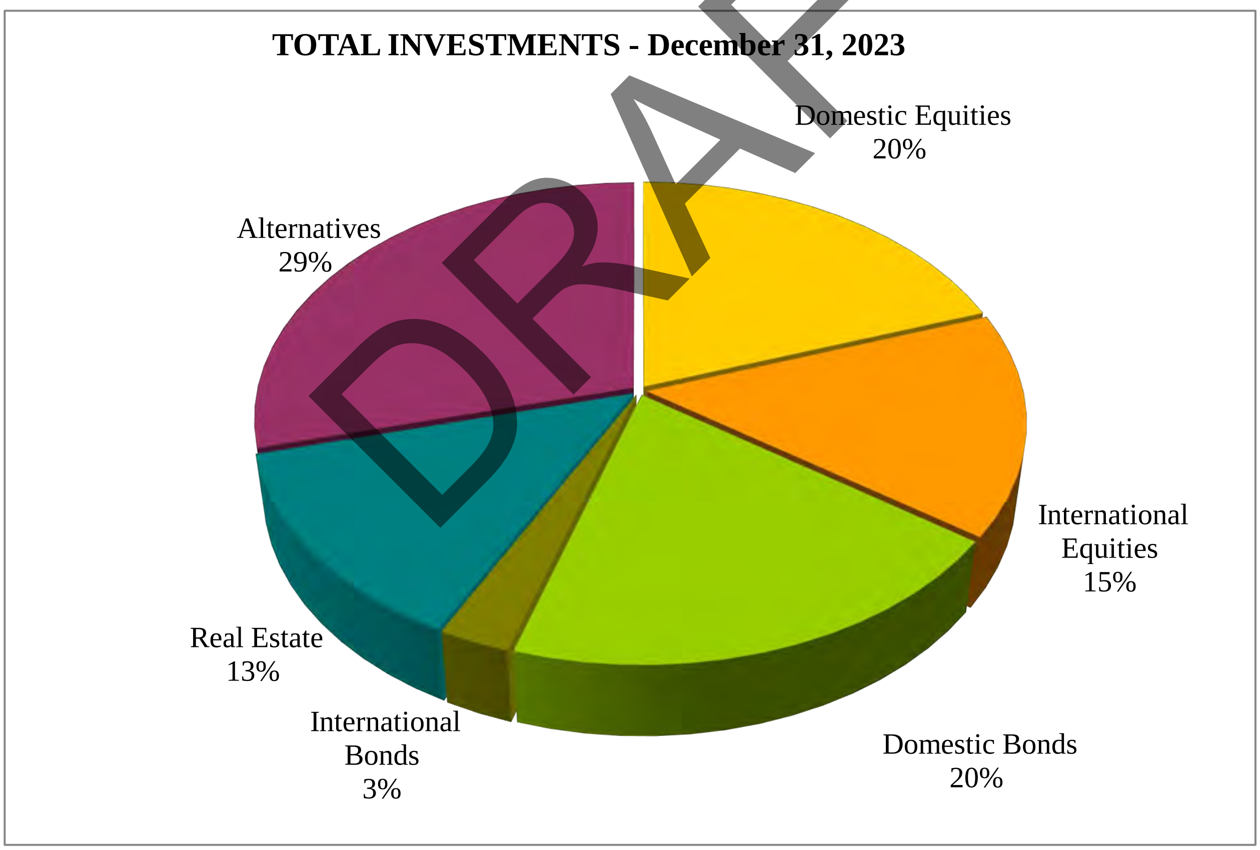
Investment managers are instructed to seek best execution and to seek to minimize commission and market impact costs when trading securities.

San Luis Obispo County Pension Trust

Investments at Fair Value

As of December 31, 2023 (Dollars in Thousands)

	Fair Value	%
Equities		
Domestic Equities	$ 313,714	19.62%
International Equities	243,251	15.21%
Fixed Income		
Domestic Bonds, Mortgages, Notes	319,700	19.99%
International Bonds	43,226	2.70%
Real Estate	215,012	13.44%
Alternatives	464,486	29.04%
TOTAL INVESTMENTS	$ 1,599,389	100.00%



San Luis Obispo County Pension Trust

Schedule of Largest Stock Holdings

As of December 31, 2023 By Fair Value

	Largest Stock Holdings	Shares	Fair Value
1	TELEFLEX INC COMMON STOCK USD 1	9,801	$ 2,517,890
2	WR BERKLEY CORP COMMON STOCK USD 0.2	49,950	1,889,396
3	CACI INTERNATIONAL INC COMMON STOCK USD 0.1	7,416	1,881,879
4	GODADDY INC COMMON STOCK USD 0.001	24,728	1,860,218
5	DOLBY LABORATORIES COMMON STOCK USD 0.001	22,391	1,824,810
6	ARAMARK COMMON STOCK USD 0.01	62,229	1,572,355
7	ENVISTA HOLDINGS CORP COMMON STOCK USD 0.01	64,545	1,569,825
8	BURLINGTON STORES INC COMMON STOCK USD 0.0001	9,299	1,493,486
9	LKQ CORP COMMON STOCK USD 0.01	37,710	1,467,076
10	TRIMBLE INC COMMON STOCK USD 0.001	29,338	1,455,817
	Total of 10 Largest Stock Holdings		$ 17,532,752

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 a separate account 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, 2023.

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 SLOCPT's consultants and staff.

The most recent annual actuarial valuation available for financial reporting in this ACFR is the January 1, 2023 valuation. It is based on member data and financial results through December 31, 2022. SLOCPT's actuary, Cheiron, completed this annual valuation during 2023. The most recent Biennial Actuarial Experience Study, as of January 1, 2022, was completed by Cheiron as of December 31, 2021. Results of this Biennial Actuarial Experience Study were used in developing the assumptions used in the January 1, 2023 Annual Actuarial Valuation.

The Annual Actuarial Valuation as of January 1, 2023, including actuarial assumptions was approved by the Board on June 26, 2023.

The Annual Actuarial Valuation as of January 1, 2024, based on data through December 31, 2023, is in the process of completion at the time of the publication of this ACFR.

March 26, 2024

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, 2023

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, 2023.

Actuarial Valuation Used for Funding Purposes

The purpose of the annual Actuarial Valuation Report performed as of January 1, 2023 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, 2023 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
- 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, 2023 actuarial valuation updated to the measurement date of December 31, 2023.

Please refer to our GASB 67/68 report as of December 31, 2023 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 (17 years remaining as of January 1, 2023). 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.

Assumptions

The actuarial assumptions used in performing the January 1, 2023 valuation were recommended in the Actuarial Experience Study performed by Cheiron, covering the period from January 1, 2017 through December 31, 2021. These assumptions were adopted by the Board of Trustees at their May 23, 2022 Board meeting. 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.

The 6.75% assumed rate of investment return, net of investment expenses, and the explicit administrative expense assumption 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, EA, MAAA
Principal Consulting Actuary

Alice I. Alsberghe, ASA, EA, MAAA
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 Assets 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 Unfunded Actuarial Liability (UAL) 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 (17 years remaining as of January 1, 2023). 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 rate of 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 $2,440,000 for the next year. 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. **Cost-of-Living Adjustment (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.

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%

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*

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%.

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.

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.

17. Rates of Retirement

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

Rates of Retirement for Years of Service 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 25 or more Years of Service

	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%		

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

None

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
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%
2022	2,776	1.1%	224,019,349	4.7%	80,699	3.6%
2023	2,830	1.9%	242,067,280	8.1%	85,536	6.0%

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
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%
2022	164	6,234,184	62	1,623,755	3,172	119,674,197	37,728	3.7%
2023	153	5,734,850	89	2,279,709	3,236	126,381,781	39,055	3.5%

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

Schedule of Funded Liabilities by Type

Valuation Date January 1,	(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)
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%
2022	347,561,004	1,805,886,262	344,660,494	1,619,357,406	100%	70%	0%
2023	362,911,900	1,890,155,570	369,124,919	1,679,560,652	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. The schedule of actuarially determined contributions and actual contributions made is provided in the Schedule of Employer Contributions in the Required Supplementary Information section of the ACFR.

Table VI-1
Schedule of Funding Progress
($ 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
12/31/2013 [2,3]	$ 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%
12/31/2022	1,679,561	2,622,192	942,632	64.1%	242,067	389.4%

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

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

12/31/2013	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
12/31/2017	3,267,574	12/31/2022	1,708,593

[2] *Reflects assumption changes.*

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

Development of Actuarial Value of Assets for January 1, 2023

		Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2020	Plan Year Ended December 31, 2021	Plan Year Ended December 31, 2022
1)	Actuarial Value of Assets as of Beginning of Year	$ 1,328,750,029	$ 1,362,561,581	$ 1,416,762,603	$ 1,506,269,826	$ 1,619,357,406
2)	Non-Investment Cash Flow	(15,432,525)	(22,671,149)	(20,973,205)	(27,370,277)	(22,451,477)
3)	Expected Return	92,481,499	94,599,241	96,693,458	100,719,101	108,510,318
4)	Expected Actuarial Value of Assets [(1) + (2) + (3)]	$ 1,405,799,003	$ 1,434,489,673	$ 1,492,482,856	$ 1,579,618,650	$ 1,705,416,247
5)	Actual Return on Market Value	$ (53,418,413)	$ 190,055,268	$ 148,295,197	$ 211,006,871	$ (133,019,237)
6)	Actual Return Above Expected [(5) - (3)]	$ (145,899,912)	$ 95,456,027	$ 51,601,739	$ 110,287,770	$ (241,529,555)
7)	Recognition of Returns Above / (Below) Expected					
	a) Current Year (20% of 6.)	$ (29,179,982)	$ 19,091,205	$ 10,320,348	$ 22,057,554	$ (48,305,911)
	b) First Prior Year	17,053,616	(29,179,982)	19,091,205	10,320,348	22,057,554
	c) Second Prior Year	(3,831,304)	17,053,616	(29,179,982)	19,091,205	10,320,348
	d) Third Prior Year	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)	19,091,205
	e) Fourth Prior Year	(6,715,969)	(21,046,538)	(3,831,304)	17,053,616	(29,179,982)
	g) Total Recognition of Returns	$ (43,720,177)	$ (17,913,003)	$ 13,453,883	$ 39,342,741	$ (26,016,786)
8)	**Preliminary Actuarial Value of Assets [(4) + (7g)]**	**$ 1,362,078,826**	**$ 1,416,576,670**	**$ 1,505,936,739**	**$ 1,618,961,391**	**$ 1,679,399,461**
9)	Excludable Assets: Additional Annuity Reserve					
	a) Beginning of Year	3,267,574	2,784,819	2,598,886	2,265,799	1,869,784
	b) End of Year	2,784,819	2,598,886	2,265,799	1,869,784	1,708,593
	c) Change in Excludable Assets [(9b) - (9a)]	(482,755)	(185,933)	(333,087)	(396,015)	(161,191)
10)	**Final Actuarial Value of Assets [(8) - (9c)]**	**$ 1,362,561,581**	**$ 1,416,762,603**	**$ 1,506,269,826**	**$ 1,619,357,406**	**$ 1,679,560,652**
11)	Investment Return	3.69%	5.68%	7.86%	9.38%	5.13%

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

DRAFT

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, 2022. 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*
[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 $146,042 for 2023 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.

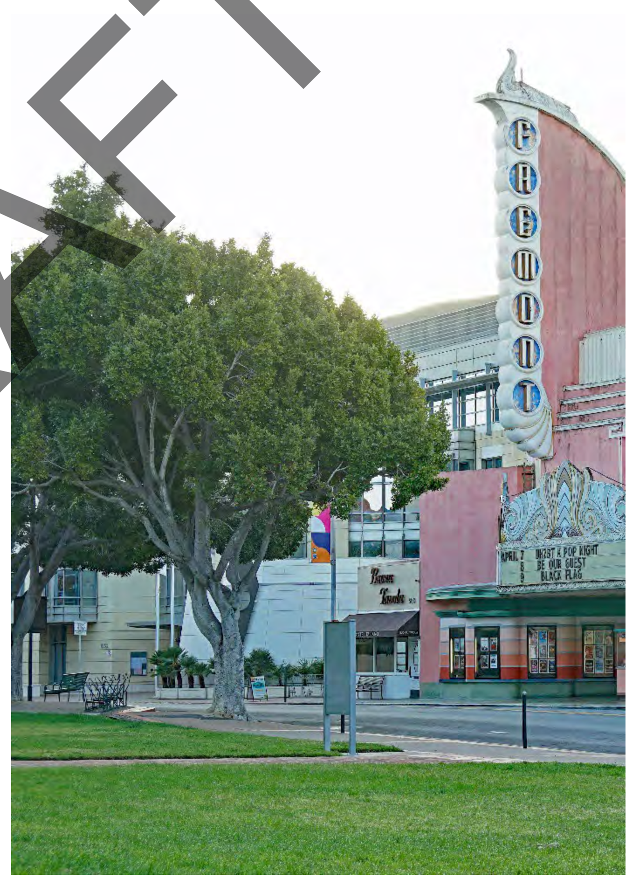
P. Deferred Retirement Option Program (DROP)

Eligibility: Tier 1 members 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.

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.

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 and non-sworn public safety officers (e.g., Deputy Sheriffs and Correctional Officers, respectively)

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, 2023, Annual Actuarial Valuation which reflects data as of December 31, 2022.

San Luis Obispo County Pension Trust

Changes in Fiduciary Net Position

Last 10 fiscal years (Dollars in Thousands)

	2023	2022	2021	2020	2019
Additions					
Employer Appropriations	$ 83,916	$ 72,095	$ 61,177	$ 56,306	$ 48,958
Plan Member Contributions	40,826	39,229	36,700	35,888	32,983
Net Investment Income (Loss)	128,610	(133,066)	210,985	152,251	193,721
Other Income	38	47	22	36	19
Total Additions	$ 253,390	$ (21,695)	$ 308,884	$ 244,481	$ 275,681
Deductions					
Service Retirement Benefits	$ 114,959	$ 107,410	$ 101,157	$ 93,153	$ 86,853
Disability Retirement Benefits	5,315	4,619	4,273	4,151	3,777
Beneficiary Retirement Benefits	7,054	6,816	6,231	6,714	5,326
Deferred Retirement Option Program	4,544	5,288	5,708	5,117	5,265
Total Retirement Benefits	$ 131,872	$ 124,133	$ 117,369	$ 109,135	$ 101,221
Refunds	3,239	3,402	3,315	3,168	3,292
Death Benefits	57	1,859	441	865	118
Administrative Expense	3,085	2,897	2,797	2,570	2,120
Discount Amortization	1,166	1,485	1,325	1,421	1,546
Total Deductions	$ 139,419	$ 133,776	$ 125,247	$ 117,159	$ 108,297
Net Increase (Decrease) in Fiduciary Net Position	$ 113,971	$ (155,471)	$ 183,637	$ 127,322	$ 167,384

	2018	2017	2016	2015	2014
Additions					
Employer Appropriations	$ 46,243	$ 42,341	$ 35,452	$ 33,618	$ 32,047
Plan Member Contributions	32,953	30,467	25,359	24,587	24,415
Net Investment Income (Loss)	(50,033)	178,640	68,949	(16,706)	51,667
Other Income	-	-	-	-	-
Total Additions	$ 29,163	$ 251,448	$ 129,760	$ 41,499	$ 108,129
Deductions					
Service Retirement Benefits	$ 79,120	$ 72,074	$ 66,623	$ 61,796	$ 56,186
Disability Retirement Benefits	3,506	3,305	3,214	3,150	2,972
Beneficiary Retirement Benefits	4,845	4,435	4,156	3,824	3,541
Deferred Retirement Option Program	5,341	5,238	4,201	3,672	3,464
Total Retirement Benefits	$ 92,812	$ 85,052	$ 78,194	$ 72,442	$ 66,163
Refunds	1,757	2,857	2,247	1,613	1,629
Death Benefits	60	748	243	999	303
Administrative Expense	1,972	2,046	2,249	2,528	2,085
Discount Amortization	1,413	1,517	1,387	1,450	332
Total Deductions	$ 98,014	$ 92,220	$ 84,320	$ 79,032	$ 70,512
Net Increase (Decrease) in Fiduciary Net Position	$ (68,851)	$ 159,228	$ 45,440	$ (37,533)	$ 37,617

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
2023	Miscellaneous	$ 93,399	$ 1,621	$ 5,207	$ 2,558	$ 2,582	$ 56	$ 105,423
	Probation	4,211	226	278	-	191	-	4,906
	Safety	17,349	3,468	1,569	1,986	466	1	24,839
	TOTAL	$ 114,959	$ 5,315	$ 7,054	$ 4,544	$ 3,239	$ 57	**$ 135,168**
2022	Miscellaneous	$ 87,219	$ 1,633	$ 4,985	$ 3,258	$ 2,778	$ 1,853	$ 101,726
	Probation	3,799	219	256	-	101	1	4,376
	Safety	16,392	2,767	1,575	2,030	523	5	23,292
	TOTAL	$ 107,410	$ 4,619	$ 6,816	$ 5,288	$ 3,402	$ 1,859	**$ 129,394**
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**

Source: SLOCPT detailed retiree payroll journals 2014-2023 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+
1/1/2023 - 12/31/2023	Average Monthly Benefit	$ 900.40	$ 1,364.36	$ 2,498.93	$ 3,676.30	$ 5,421.51	$ 5,723.89	$ 6,393.77
	Average Final Average Salary	$ 7,878.31	$ 7,368.24	$ 8,007.61	$ 8,256.15	$ 8,821.61	$ 8,199.64	$ 7,969.75
	Number of Active Retirees	10	41	16	33	25	23	6
1/1/2022 - 12/31/2022	Average Monthly Benefit	$ 1,554.53	$ 1,622.06	$ 2,584.31	$ 3,249.42	$ 4,624.23	$ 5,568.59	$ 6,197.89
	Average Final Average Salary	$ 7,747.46	$ 7,181.99	$ 7,355.09	$ 7,518.87	$ 8,075.63	$ 7,479.16	$ 7,475.98
	Number of Active Retirees	11	26	23	20	18	13	15
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

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, 2023

Annual Benefit Range and Class	Service Retirement Recipients	Disability Retirement Recipients	Beneficiary Retirement Recipients	DROP Retirement Recipients	**TOTAL**	**% of Total**
$0-$9,999						
Miscellaneous	367	22	67	-	456	13.7%
Probation	10	-	-	-	10	0.3%
Safety	21	-	1	-	22	0.7%
subtotal	**398**	**22**	**68**	**-**	**488**	**14.7%**
$10,000-$19,999						
Miscellaneous	516	27	57	1	601	18.0%
Probation	9	-	-	-	9	0.3%
Safety	24	-	6	-	30	0.9%
subtotal	**549**	**27**	**63**	**1**	**640**	**19.2%**
$20,000-$29,999						
Miscellaneous	414	28	34	3	479	14.3%
Probation	9	1	4	-	14	0.5%
Safety	24	3	7	1	35	1.0%
subtotal	**447**	**32**	**45**	**4**	**528**	**15.8%**
$30,000-$39,999						
Miscellaneous	311	6	20	2	339	10.2%
Probation	7	2	-	-	9	0.3%
Safety	23	13	5	-	41	1.2%
subtotal	**341**	**21**	**25**	**2**	**389**	**11.7%**
$40,000-$49,999						
Miscellaneous	213	3	15	4	235	7.0%
Probation	7	3	1	-	11	0.3%
Safety	14	18	10	5	47	1.4%
subtotal	**234**	**24**	**26**	**9**	**293**	**8.7%**
$50,000-$59,999						
Miscellaneous	171	-	8	7	186	5.6%
Probation	8	-	3	-	11	0.3%
Safety	27	17	4	1	49	1.5%
subtotal	**206**	**17**	**15**	**8**	**246**	**7.4%**

San Luis Obispo County Pension Trust

Retired Members by Benefit Type and Amount (continued)

as of December 31, 2023

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	120	-	5	6	131	3.9%
Probation	14	-	1	-	15	0.4%
Safety	26	6	-	2	34	1.0%
subtotal	**160**	**6**	**6**	**8**	**180**	**5.3%**
$70,000-$79,999						
Miscellaneous	118	1	6	1	126	3.8%
Probation	6	-	-	-	6	0.2%
Safety	27	4	-	6	37	1.1%
subtotal	**151**	**5**	**6**	**7**	**169**	**5.1%**
$80,000-$89,999						
Miscellaneous	72	-	2	4	78	2.3%
Probation	3	-	-	-	3	0.1%
Safety	31	3	1	3	38	1.1%
subtotal	**106**	**3**	**3**	**7**	**119**	**3.5%**
$90,000-$99,999						
Miscellaneous	55	-	1	2	58	1.7%
Probation	2	-	-	-	2	0.1%
Safety	26	3	-	2	31	0.9%
subtotal	**83**	**3**	**1**	**4**	**91**	**2.7%**
$100,000+						
Miscellaneous	131	-	4	6	141	4.2%
Probation	7	-	-	-	7	0.2%
Safety	37	3	2	7	49	1.5%
subtotal	**175**	**3**	**6**	**13**	**197**	**5.9%**
CUMULATIVE TOTAL						
Miscellaneous	**2,488**	**87**	**219**	**36**	**2,830**	**84.7%**
Probation	**82**	**6**	**9**	**-**	**97**	**3.0%**
Safety	**280**	**70**	**36**	**27**	**413**	**12.3%**
	2,850	**163**	**264**	**63**	**3,340**	**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, 2023,
based on data as of December 31, 2022.

Active Members (all classes)	Average Age	Average Service	Average Annual Pay
2022	43.9	8.3	$ 85,536
2021	44.2	8.6	80,699
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

Number of Members	Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
2022	2,830	672	3,081	155	6,738
2021	2,776	605	3,028	144	6,553
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

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.	(a) RTA	SLOCPT	TOTAL
2023							
Tier 1	615	59	9	-	-	1	684
Tier 2	243	-	2	-	6	2	253
Tier 3	1,844	79	9	3	6	6	1,947
Total	**2,702**	**138**	**20**	**3**	**12**	**9**	**2,884**
% of total	93.7%	4.8%	0.7%	0.1%	0.4%	0.3%	
2022							
Tier 1	707	65	10	-	-	1	783
Tier 2	259	-	1	-	6	2	268
Tier 3	1,685	70	10	3	6	5	1,779
Total	**2,651**	**135**	**21**	**3**	**12**	**8**	**2,830**
% of total	93.7%	4.8%	0.7%	0.1%	0.4%	0.3%	
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%	0.0%	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%	0.0%	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%	0.0%	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%	0.0%	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%	0.0%	0.2%	

(a) In 2020, the San Luis Obispo County Regional Transit Authority (RTA) became a contract agency with SLOCPT.

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

San Luis Obispo County
Pension Trust

SLOCPT

San Luis Obispo County
Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465
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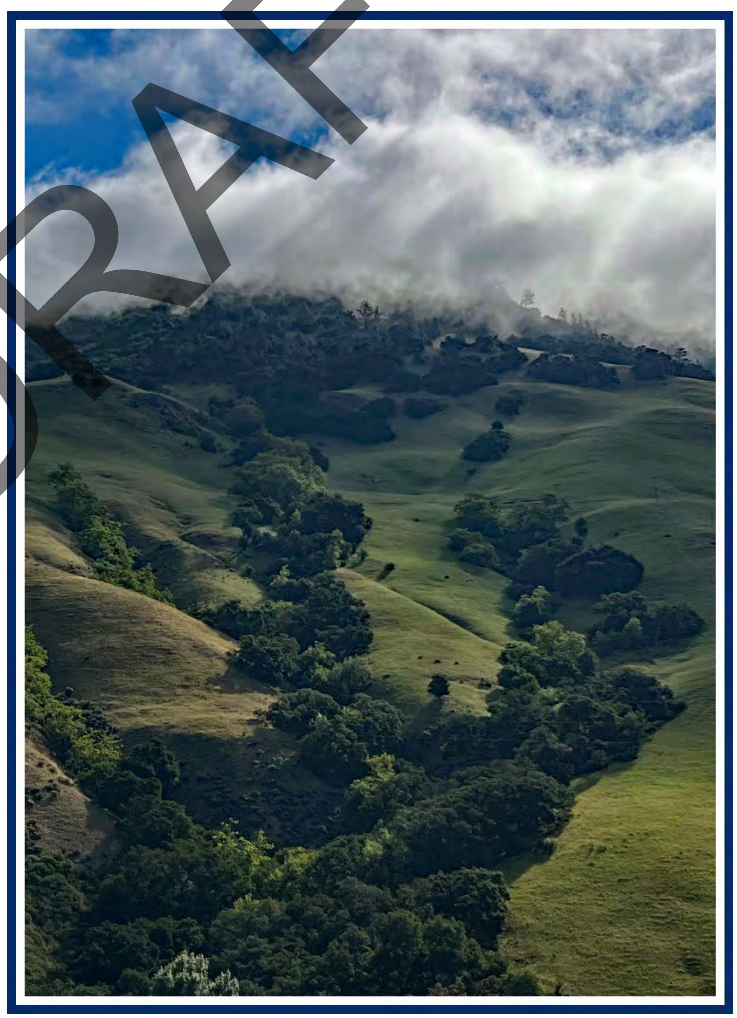

Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: June 24, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 13: January 1, 2024 Actuarial Valuation and Pension Contribution Rates

Accompanying this memo are –

- **Presentation** – by Cheiron – Plan Actuary
- **Draft January 1, 2024 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 – 2018-2024**

Recommendation:

It is recommended that the Board take the following actions:

1. Approve the January 1, 2024 Actuarial Valuation.
2. Approve the transfer of $8,745,861 from the Current Reserve to the Retiree Reserve as recommended by Cheiron in the Reserves Comment of the Actuarial 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 54.71% effective January 1, 2024 is received - an increase of 1.90%** over the current

52.81% Charged Rate of contributions as of January 1, 2024, as recommended by Cheiron in the Executive Summary section on page 2 of the attached Actuarial Valuation.

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.

Discussion:

Recommended Total Contribution Rate Increase = 1.90%
The valuation indicates an increase in the Total Required Contribution Rate (or Actuarially Determined Contributions (ADC)) from 52.81% to **54.71%** effective January 1, 2024 as shown in Table I-3 on page 7 of the attached 2024 Actuarial Valuation.

The sources of this increase in the ADC are discussed below and in Table I-4 on page 8 of the attached 2024 Actuarial Valuation. The increases shown below are expressed as a percentage of pay.

Remember, reducing the ADC has a positive impact and it will be represented as a negative number. Conversely, increasing the ADC has a negative impact and it will be represented as a positive number.

1. Actuarial investment gain – Contribution Impact = -0.18%
2. Tier 3 (PEPRA) new hires replacing Tier 1 and Tier 2 terminations – Contribution Impact = -0.38 % of pay
3. Effect of payroll growth being larger than expected which leads to more of the UAL being paid down – Contribution impact = -.56% of pay
4. Contribution timing lag due to delayed implementation of 2022 valuation rate increase – Contribution impact = + 0.05 % of pay
5. Demographic Experience loss was driven by salary increases for actives being above the assumed increases, more retirements and disabilities than expected, and COLA increases for Tier 1 employees being above the assumed rate. – Contribution impact = +.84% of pay
6. Changes in Actuarial Assumptions (every 2 years) – the primary driver of the cost impact was the incorporation of COLA banks into the projected benefit payments for Tier 1 members. Additional drivers included changes to the salary merit increases and retirement 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, 2024. 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, 2024. For example, if the aggregate increase of 1.90% were to be implemented July 1, 2025, the aggregate increase would be **2.38%**

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

Funded Ratio and UAL

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 64.1% in 2023 to **63.9%** in 2024. See Table I-2 on page 5 of the attached Actuarial Valuation for further detail on the sources of the decrease. The Unfunded Actuarial Liability (UAL) increased from $942,631 in 2023 to **$1,008,182** in 2024. See Table I-1 on page 4 of the attached Actuarial Valuation for the UAL.

Respectfully submitted,

San Luis Obispo County Pension Trust

2024 Actuarial Valuation Results

June 24, 2024

Anne D. Harper, FSA, EA, MAAA
Alice I. Alsberghe, ASA, EA, MAAA

Agenda Item #13

Topics for Discussion

- 2024 Actuarial Valuation Results
- Changes Since Last Valuation
- Assets
- Historical Review
- Projections

2024 Valuation Results

Assets

- Investment returns for 2023 were favorable
- 8.1% return on market value of assets
- 7.1% return on actuarial value of assets

Liabilities

- Actuarial liability experience resulted in a loss of approximately 1% of liabilities
- Primarily due to retirement experience, salary and COLA increases greater than expected

Assumptions

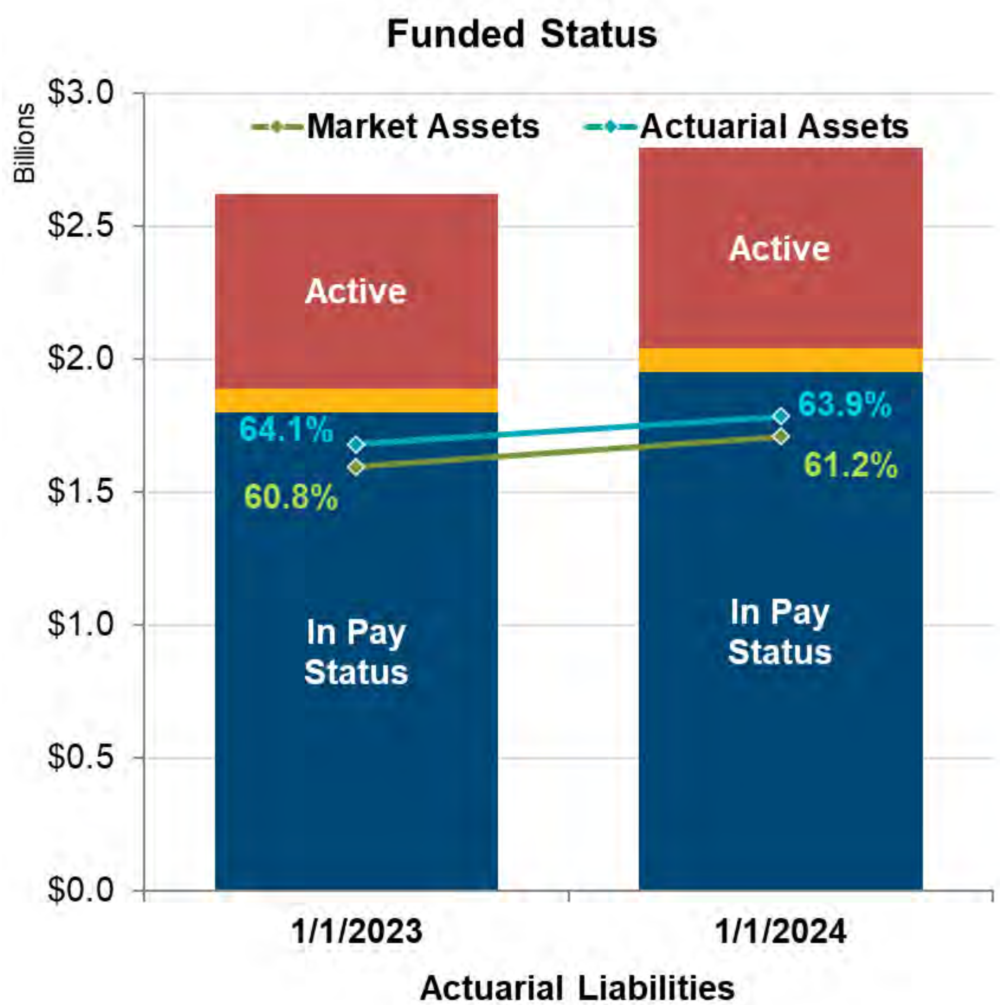
- Changes to actuarial assumptions following the experience study increased costs, driven by COLA and salary merit increase assumptions

Actuarial Valuation Overview

Should answer three questions:

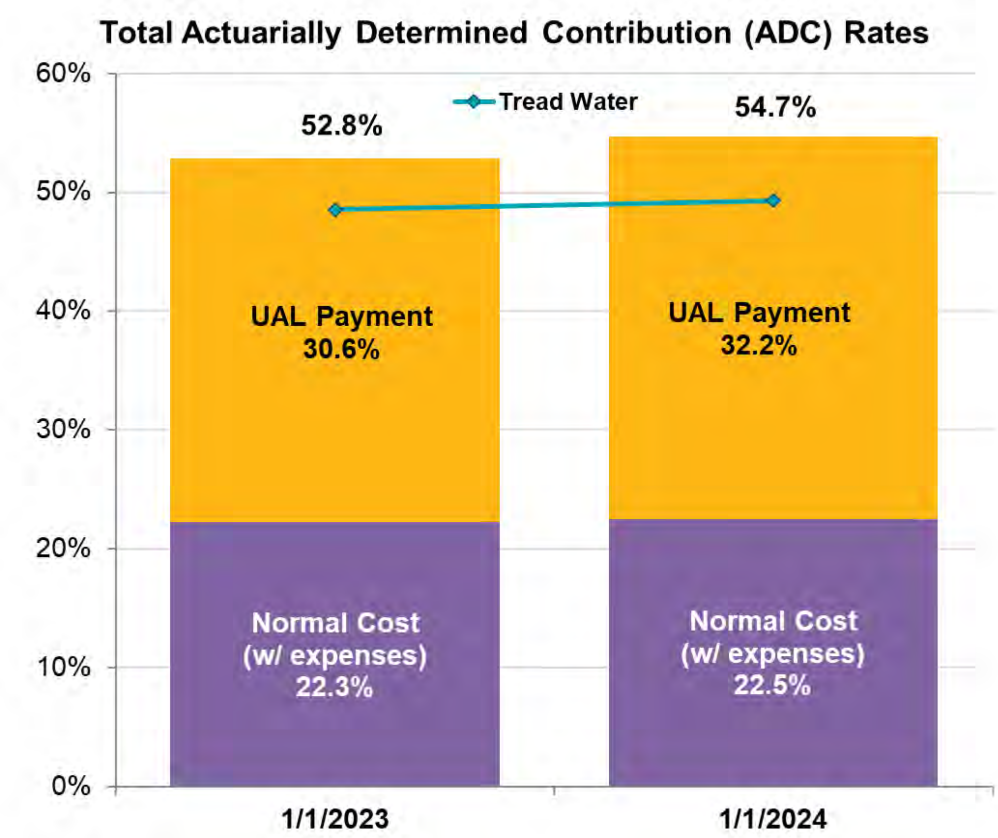
1) Where are you now?
2) Where have you been?
3) Where are you going?

2024 Valuation Results



- Funded Ratios changed very little from last year
  - AVA basis: from 64.1% to 63.9%
  - MVA basis: from 60.8% to 61.2%
- Unfunded Actuarial Liabilities (UAL) Increased
  - AVA basis: from $943 million to $1,008 million
  - MVA basis: from $1,028 million to $1,084 million
- Members in pay status account for **70%** of the Actuarial Liability

2024 Valuation Results



- Increase in total ADC primarily due to increase in the UAL payment
- Contributions above the “Tread Water” line pay down principal on the UAL

2024 Valuation Results

Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate

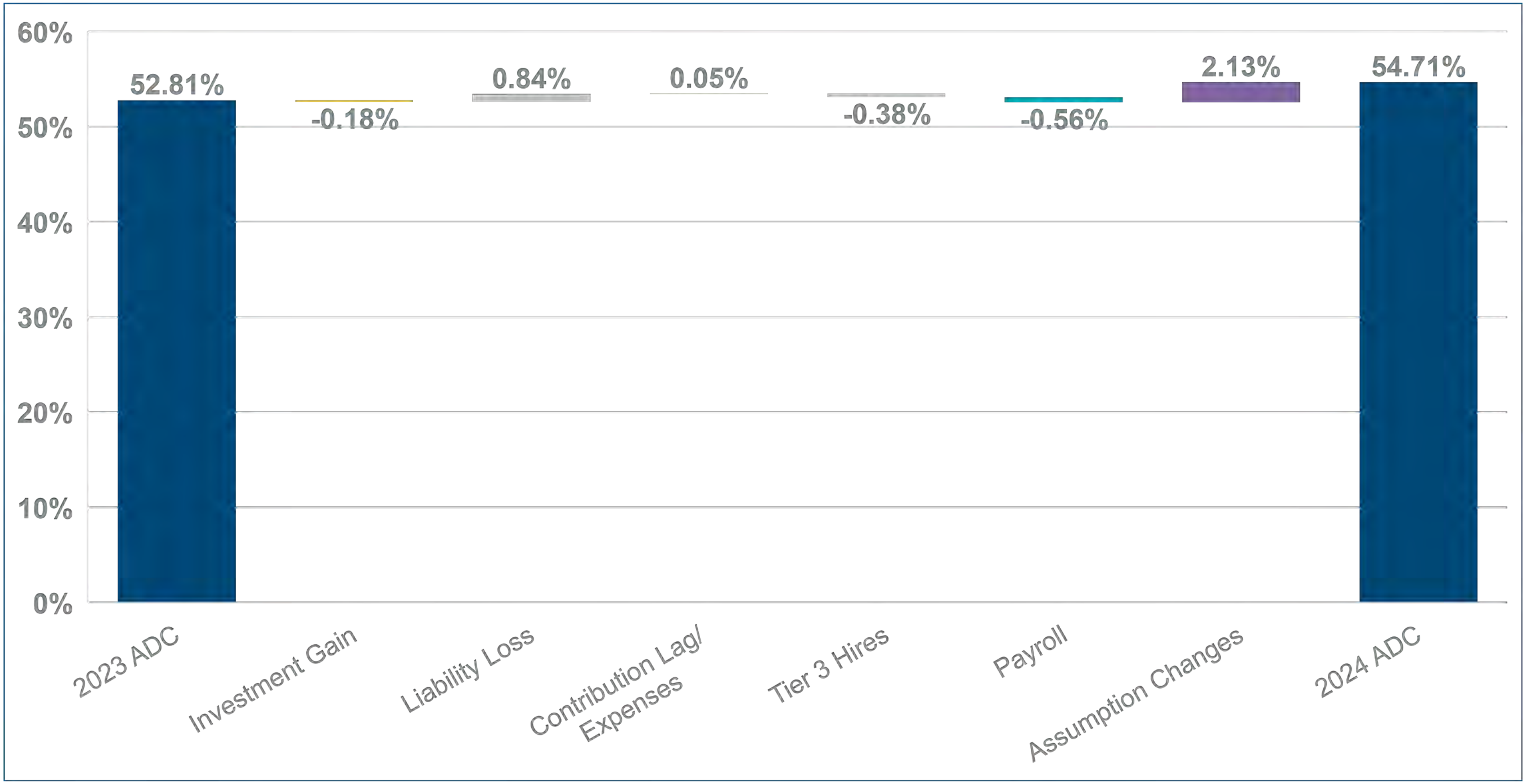
Valuation Date	January 1, 2023	January 1, 2024
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	21.24%	21.32%
2. Member Contributions	17.22%	16.69%
3. Employer Normal Cost [(1) - (2)]	4.02%	4.63%
4. UAL Amortization Payment	30.56%	32.21%
5. Employer Contribution Rate [(3) + (4)]	34.58%	36.84%
6. Administrative Expenses	1.01%	1.18%
7. **Total Actuarially Determined Contribution** [(1) + (4) + (6)]	**52.81%**	**54.71%**
Reconciliation of Charged Rate		
8. Employer Charged Rate	32.76%	35.38%
9. Member Charged Rate	16.98%	16.47%
10. Total Charged Rate [(8) + (9)]	49.74%	51.85%
11. Increase to Charged Rate[1]	2.59%	0.73%
12. **Total Charged Rate as of January 1** [(10) + (11)]	**52.33%**	**52.58%**
13. Difference in ADC and Charged Rate as of January 1 [(7) - (12)]	0.48%	2.13%

[1] *Delayed Implementation of 2022 and 2023 ADC (for most employers) to July 1, 2023 and July 1, 2024, respectively*

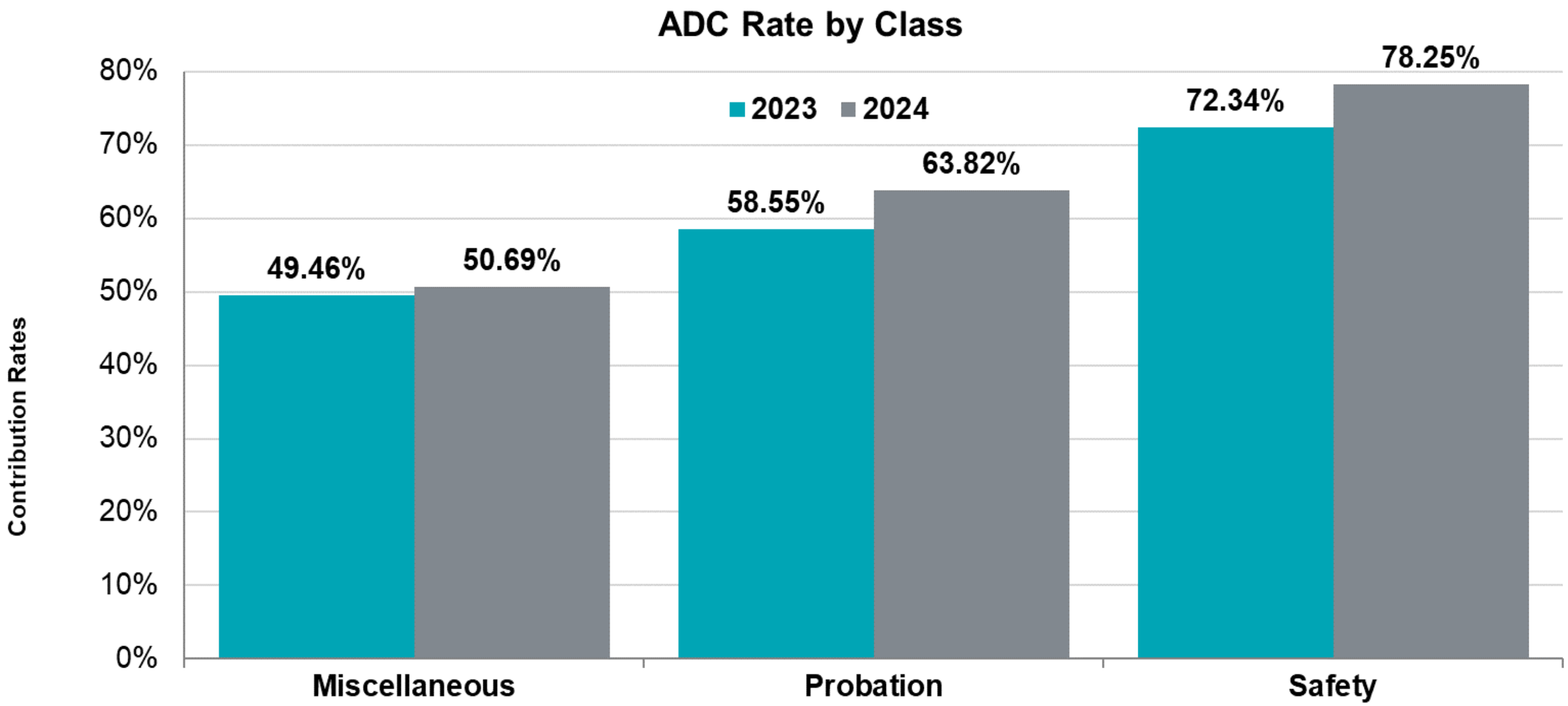
Changes in UAL Since Last Valuation

In millions

Changes in ADC Since Last Valuation

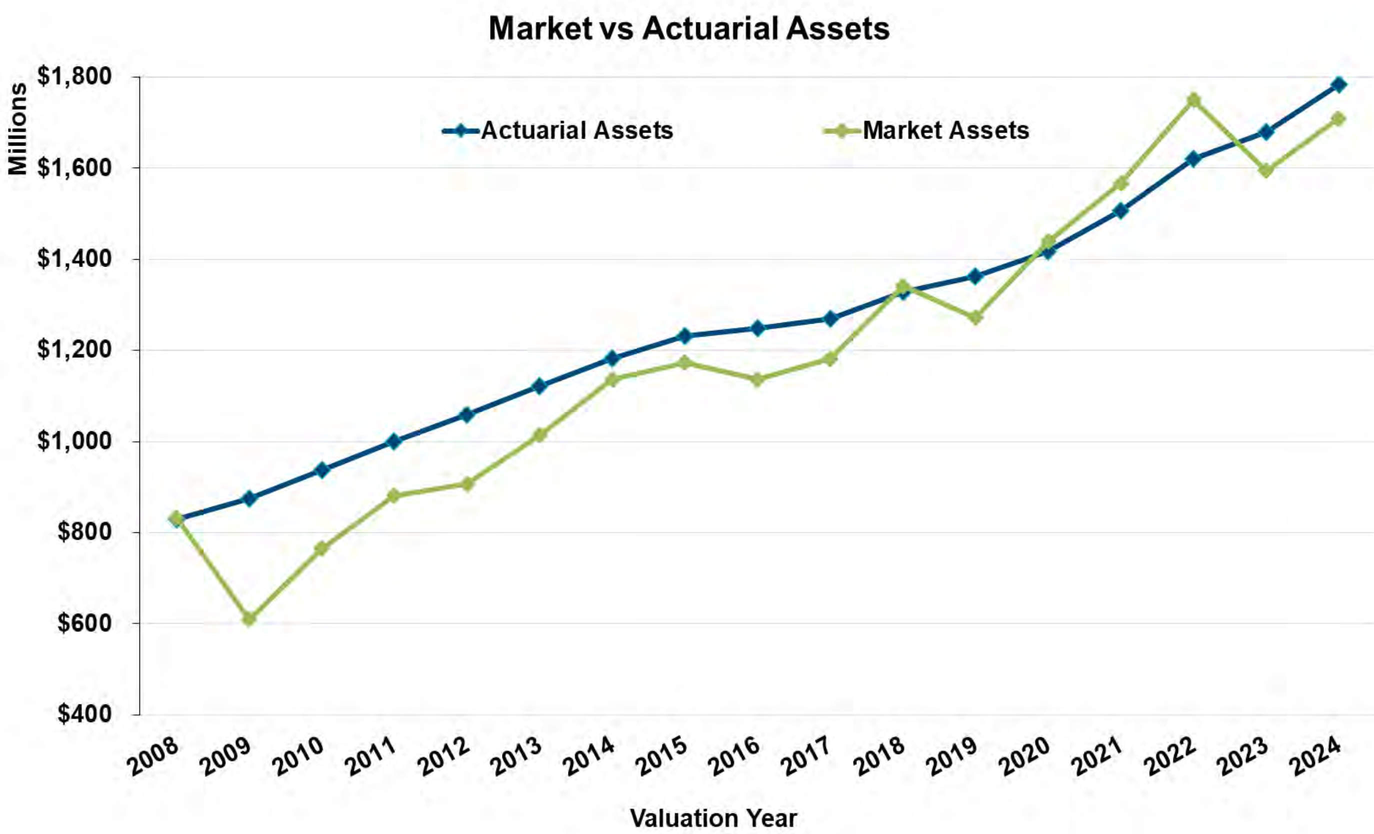


Changes By Class Since Last Valuation



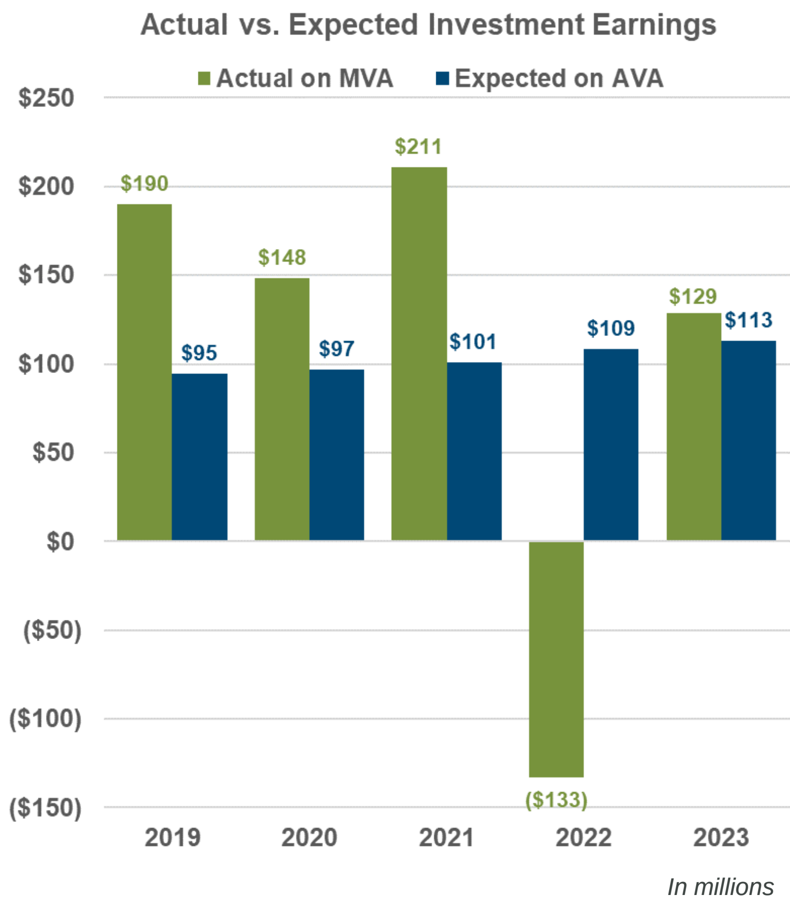
- Increases in contribution rates for all Classes, primarily due to assumption changes

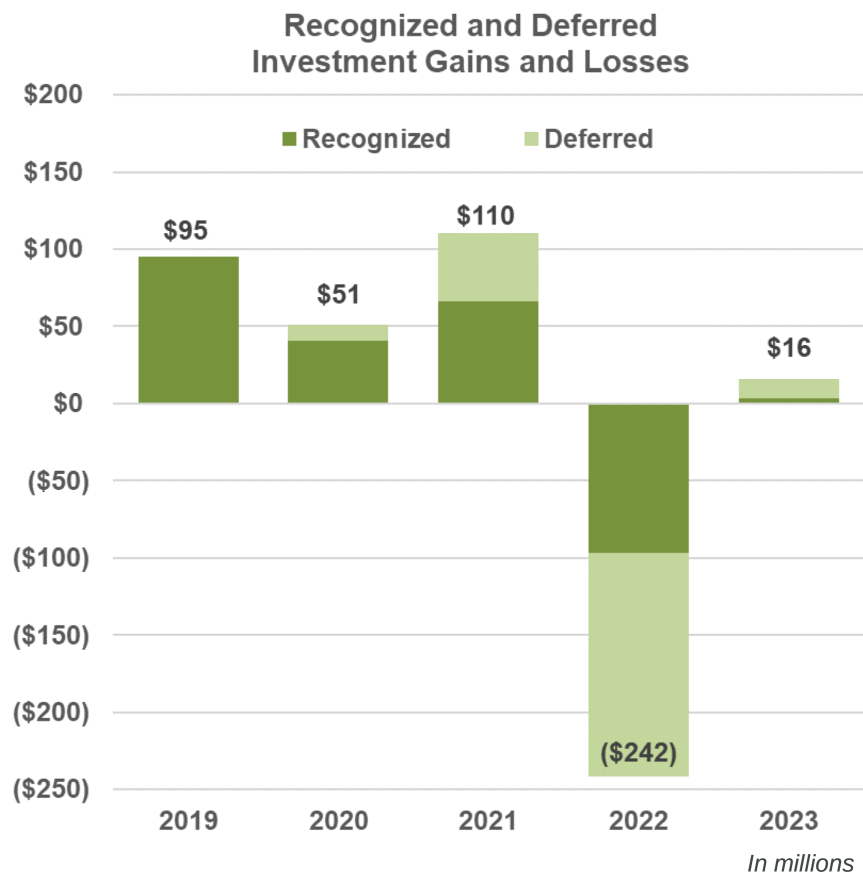
Comparison of Market Value and Actuarial Value of Assets



- Longer recognition of the 2008 investment losses shown from 2009 to 2018
- 2020 was the first year since 2007 when the market value of assets was above the actuarial value of assets

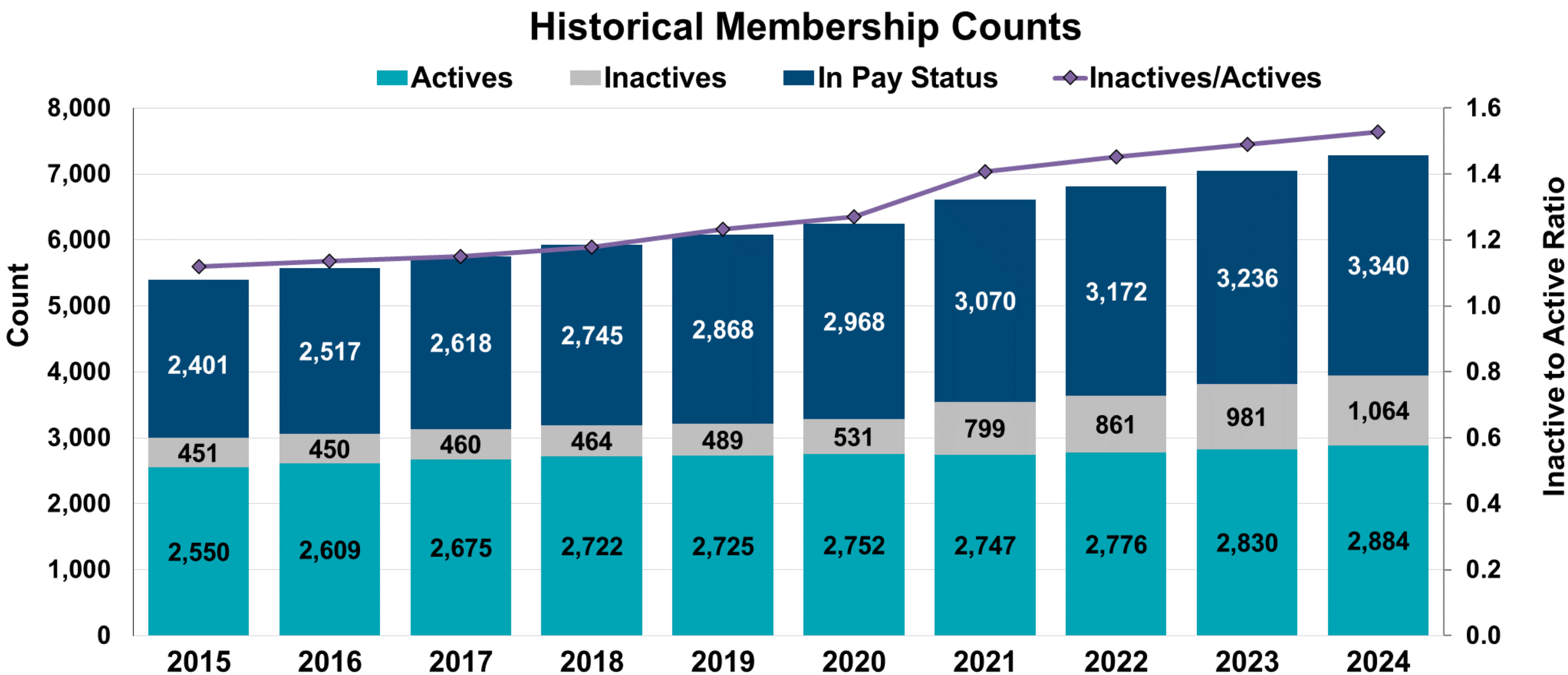
Development of Actuarial Value of Assets





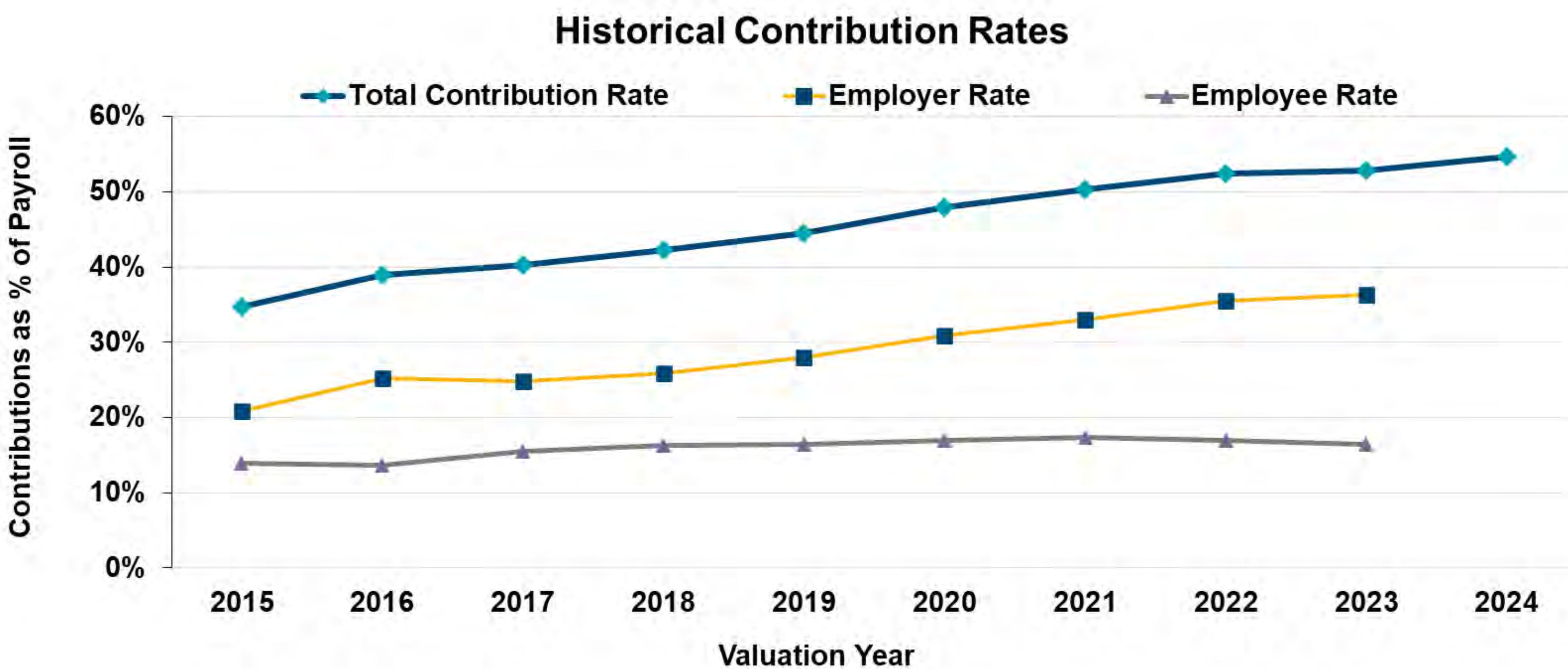
Historical Review

Historical Review - Membership



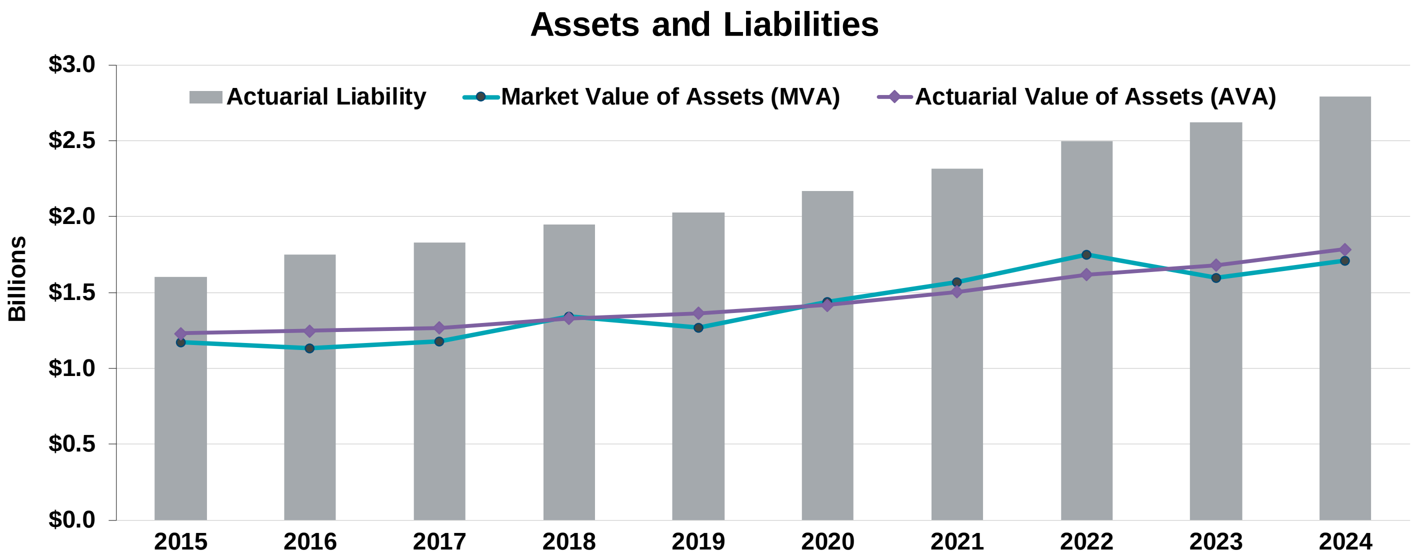
- The ratio of inactive to actives has steadily increased from 1.1 to 1.5
- Active membership increased by 13%; members in pay status increased by 39%
- Starting in 2021, inactive membership counts include non-vested members with employee contributions on account; 334 non-vested members in 2024

Historical Review - Contributions



- Contribution rates have increased from 34.8% to 54.7%, primarily due to assumption changes, actuarial liability and asset losses
  - 20.8% to 36.4% for employers
  - 14.0% to 16.5% for employees

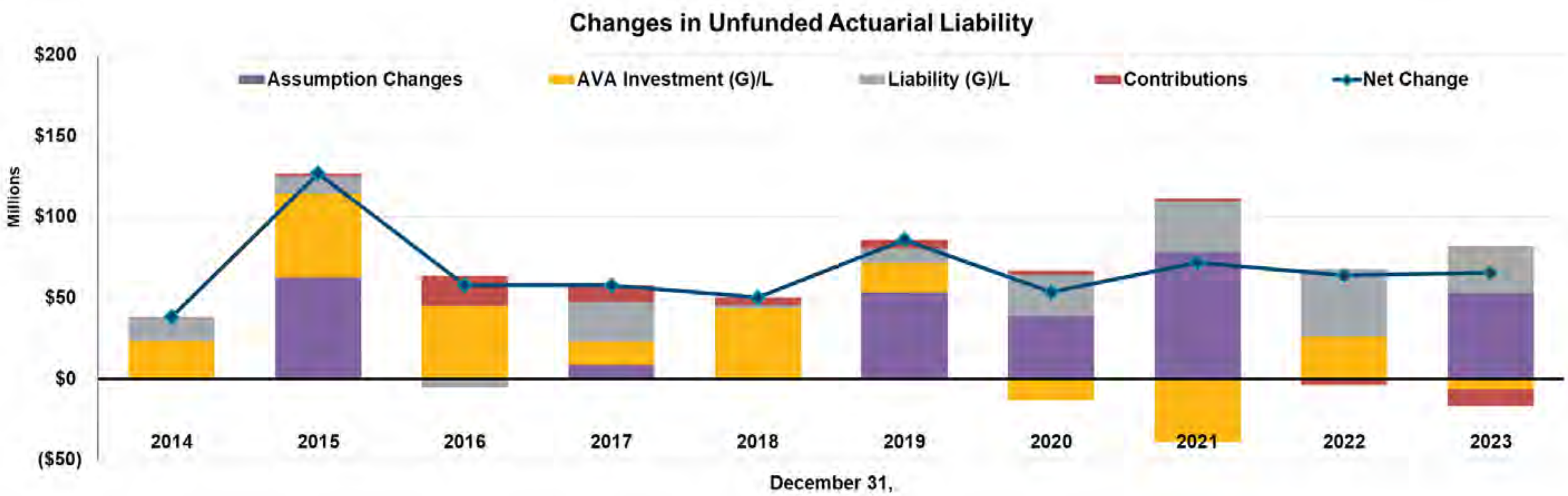
Historical Review – Funded Ratio



Funded Ratio (AVA)	76.7%	71.4%	69.4%	68.3%	67.1%	65.3%	65.1%	64.8%	64.1%	63.9%
UAL (Billions)	$ 0.37	$ 0.50	$ 0.56	$ 0.62	$ 0.67	$ 0.75	$ 0.81	$ 0.88	$ 0.94	$ 1.01

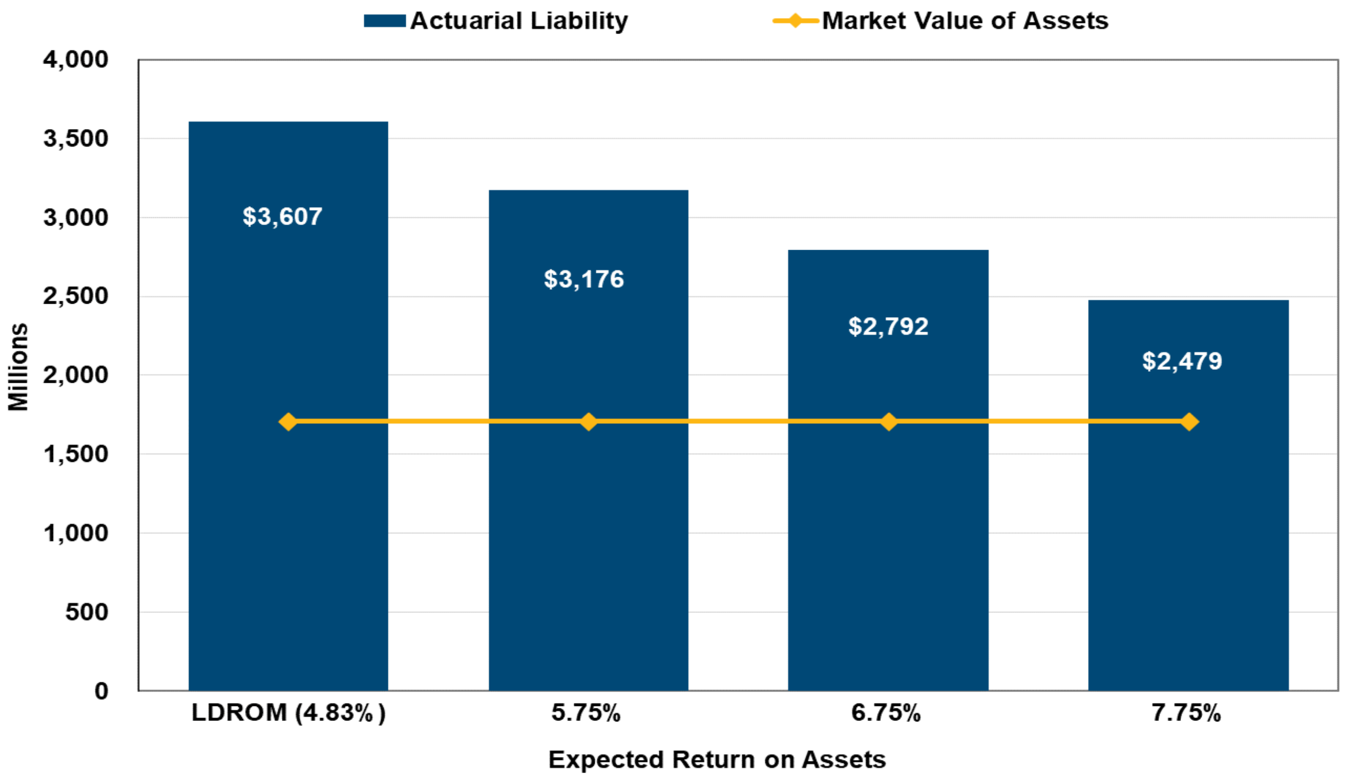
- Funded ratio has decreased from 76.7% in 2015 to 63.9% in 2024
  - o Assumed rate of investment return decreased from 7.125% to 6.75%
  - o Investment returns on both the smoothed assets (AVA) and market value of assets were 5.7%
- Assumption changes and liability losses are the primary reasons for the decrease in the funded ratio from 64.1% to 63.9% in 2024

Sources of Unfunded Actuarial Liability



- Assumption Changes: $294 million
- Liability Losses: $184 million
- Investment Losses: $163 million
- Contributions: $32 million

Low-Default-Risk Obligation Measure (LDROM)



- Low-Default-Risk Obligation Measure (LDROM) is the Actuarial Liability using a discount rate derived from low-default-risk fixed income securities.

- $800 million difference between the valuation liability (6.75%) and LDROM can be viewed as the expected savings from taking on investment risk or the cost of eliminating that risk from a diversified portfolio.

Projections

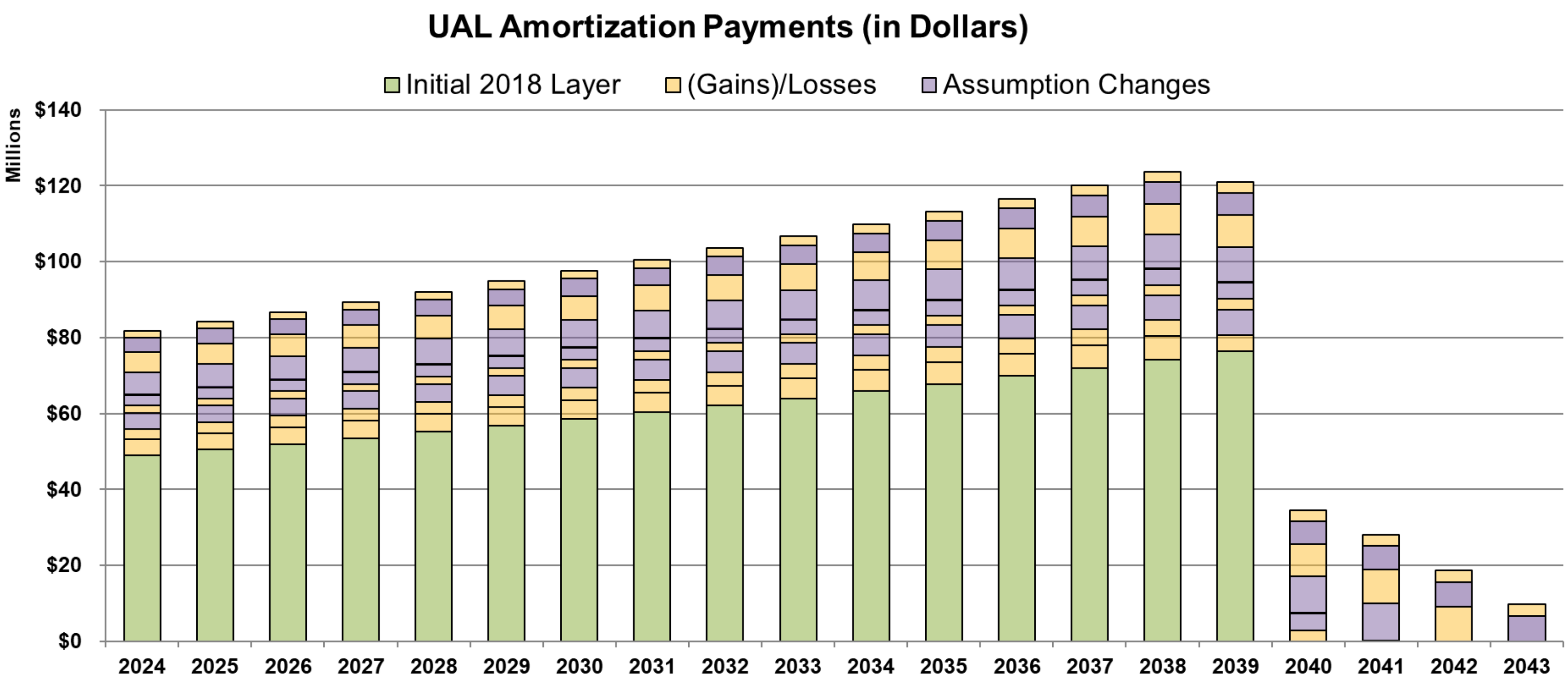
Current UAL Payment Schedule

Development of UAL Amortization Payment
For the January 1, 2024 Actuarial Valuation

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2024 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL[1]	1/1/2018	$ 616,930,482	22	$ 587,893,328	16	$ 48,973,092	19.30%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	47,642,955	15	4,165,190	1.64%
3.	Assumption Changes	1/1/2020	53,371,279	20	51,096,515	16	4,256,477	1.68%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	33,955,605	16	2,828,593	1.11%
5.	Assumption Changes	1/1/2021	35,700,366	20	34,729,370	17	2,767,152	1.09%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	22,587,615	17	1,799,726	0.71%
7.	Assumption Changes	1/1/2022	78,053,947	20	76,930,257	18	5,882,614	2.32%
8.	(Gain)/Loss Base	1/1/2022	1,916,630	20	1,889,037	18	144,449	0.06%
9.	(Gain)/Loss Base	1/1/2023	73,533,922	20	73,100,210	19	5,380,542	2.12%
10.	Assumption Changes	1/1/2024	52,791,922	20	52,791,922	20	3,750,322	1.48%
11.	(Gain)/Loss Base	1/1/2024	25,564,895	20	25,564,895	20	1,816,122	0.72%
	Total				$ 1,008,181,709		$ 81,764,279	32.21%

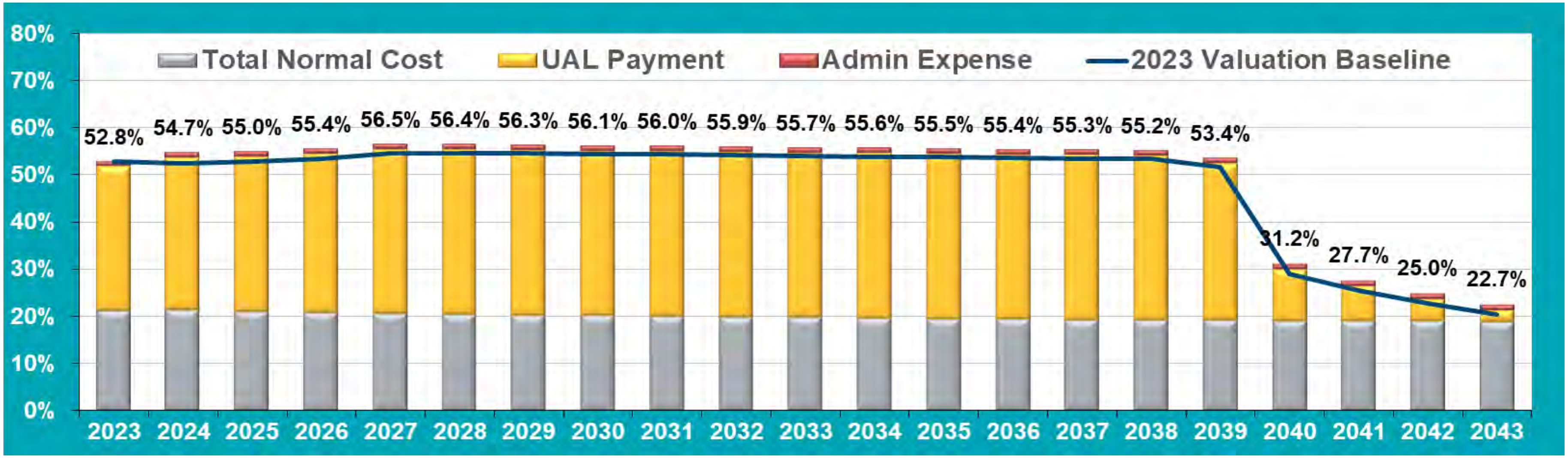
[1] *The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability. As of January 1, 2019, any unexpected increase or decrease in the UAL is amortized as a separate 20-year closed layer.*

Current UAL Payment Schedule



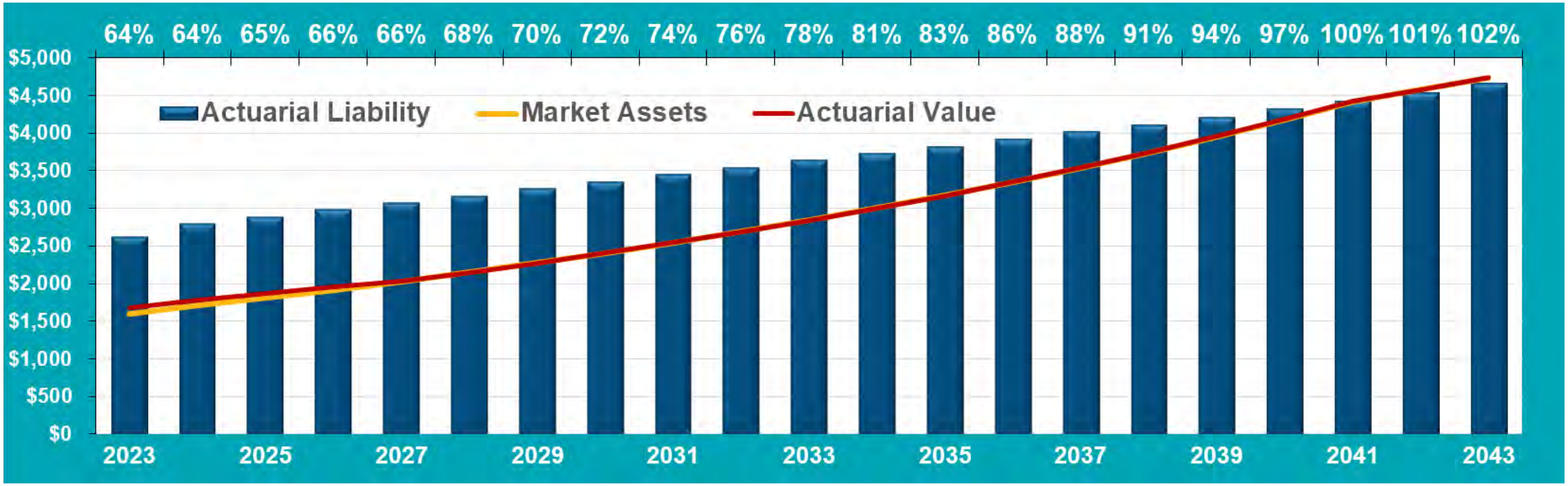
- Each individual UAL payment grows 3.0% per year (the same as assumed payroll growth)
- UAL payments as a percentage of pay are expected to remain level
- 2018 UAL layer is the largest portion of the UAL payment, with the last payment with the 2039 valuation

2024 Projections – Total Contribution Rate



- The Total Contribution (ADC) is projected to increase over the next few years
  - But reaches the peak of 56.5% in 2027 once the deferred losses from the 2023 valuation are fully recognized
- Pattern of future contributions driven by pattern of UAL payments
- Total Normal Cost rate declines very gradually over the projection period from 21.3% in 2024 to 19.0% in 2043 as new hires continue to enter the PEPRA Tier

2024 Projections – Funded Ratio



- SLOCPT is projected to make some funding progress over the next 3 years
- Recognition of the $76 million deferred assets losses causes the slower progress
- More steady increases in the funded ratio starting in 2028
- Current funding policy is sufficient for SLOCPT to reach full funding before the end of the projection period shown

Questions

Appendix

Summary of Key Valuation Results (in thousands)	January 1, 2023	January 1, 2024	Change
Membership			
Actives	2,830	2,884	1.9%
Retirees and Beneficiaries	3,236	3,340	3.2%
Inactives	981	1,064	8.5%
Total	7,047	7,288	3.4%
Total Projected Payroll	$ 242,067,000	$ 253,809,000	4.9%
Average Pay	$ 85,536	$ 88,006	2.9%
Funded Status			
Actuarial Liability	$ 2,622,192	$ 2,792,274	6.5%
Actuarial Value of Assets (AVA)	1,679,561	1,784,092	6.2%
Unfunded Actuarial Liability (UAL)	$ 942,631	$ 1,008,182	6.9%
Funding Ratio (AVA Basis)	64.1%	63.9%	-0.2%
Market Value of Assets (MVA)	$ 1,594,492	$ 1,708,463	7.1%
Unfunded Actuarial Liability (MVA Basis)	1,027,700	1,083,811	5.5%
Funding Ratio (MVA Basis)	60.8%	61.2%	0.4%
Actuarially Determined Contributions			
Total Normal Cost	21.24%	21.32%	0.08%
Administrative Expenses	1.01%	1.18%	0.17%
Unfunded Actuarial Liability Payment			
Interest	26.29%	26.81%	0.53%
Principal	4.27%	5.40%	1.12%
Total	30.56%	32.21%	1.65%
Total Actuarially Determined Contribution	52.81%	54.71%	1.90%

Required Disclosures

The purpose of this presentation is to discuss the results of the January 1, 2024 Actuarial Valuation of the San Luis Obispo County Pension Trust (SLOCPT). This presentation was prepared exclusively for the SLOCPT and its Board of Trustees for the purpose described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

In preparing our presentation, we relied on information (some oral and some written) supplied by the SLOCPT. This information includes, but is not limited to, the 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. The actuarial assumptions, data and methods are shown in the actuarial valuation report as of January 1, 2024.

Future results may differ significantly from the current results and projections shown in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in the 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 a basic understanding of ProVal 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 valuation.

Deterministic projections in this presentation were developed using P-Scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Trust. P-Scan uses standard roll-forward techniques that implicitly assume a stable active population where PEPRA members replace legacy members and payroll is expected to grow by 3.00% each projection year. Projections also assume the return on the market value of assets is 6.75% each projection year, and all other assumptions are met.

This presentation 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 presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

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

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

Classic Values, Innovative Advice

San Luis Obispo County Pension Trust

Actuarial Valuation Report as of January 1, 2024

Produced by Cheiron

June 2024

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June 14, 2024

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, 2024. 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, EA, MAAA
Principal Consulting Actuary

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

FOREWORD

Cheiron has performed the actuarial valuation of the San Luis Obispo County Pension Trust as of January 1, 2024. 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 2024,
- 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, 2023, provided to SLOCPT in June 2024.

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, 2024.

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 (16 years remaining as of January 1, 2024). 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, 2023. These assumptions were adopted by the Board of Trustees at their May 20, 2024 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, 2024 actuarial valuation are as follows:

- The Actuarially Determined Contribution (ADC) rate (including both employer and employee portions) increased from 52.81% of payroll to 54.71% of payroll, an increase of 1.90% of payroll. The increase is primarily due to assumption changes from the experience study and to demographic experience losses, partially offset by the actuarial investment gain and the effect of payroll growth on the Unfunded Actuarial Liability payment as a percentage of pay.

- The changes to the assumptions increased the Actuarial Liability by $52.8 million and the Actuarially Determined Contribution rate by 2.13% of payroll.

- During the plan year ending December 31, 2023, the return on the Market Value of Assets (MVA) was 8.1%, 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 7.1%, an actuarial asset gain of $6.3 million. Only 20% of each year's actuarial investment gains or losses are recognized. There are $76 million of net deferred actuarial asset losses as of January 1, 2024 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 64.1% last year to 65.1%, due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 63.9% as of January 1, 2024, an overall decrease of 0.2%.

- The ratio of Market Value of Assets over Actuarial Liability prior to the changes in assumptions increased from 60.8% last year to 62.4% due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 61.2% as of January 1, 2024, an overall increase of 0.4%.

- 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 $942.6 million to $1,008.2 million, an increase of $65.6 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 liability experience losses were predominantly due to larger salary increases for actives and larger benefits for new retirees than expected. In addition, actual COLA increases for current retirees were larger than expected (3.0% for Tier 1 compared to the assumed increase of 2.75%), and there were more disabilities than expected. Consequently, the Trust experienced a net loss on the Actuarial Liability of $29.4 million.

SECTION I – EXECUTIVE SUMMARY

- As of January 1, 2024, there were 2,884 active members with 1,947 covered under Tier 3 (AB 340, "PEPRA"). Tier 3 active member payroll comprises 61% of the total member payroll.

- **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, 2023, the reserve for Retirees and Beneficiaries is $1,449,248,270. The non-COLA liabilities calculated were $1,457,994,131. Accordingly, we recommend that the Trust transfer the difference of $8,745,861 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 2024 is approximately $10.85 million, which is approximately 4.27% of active member payroll. When this percent is added to the actuarial valuation computed County appropriation rate of 38.02% (based on employers assuming all of the contribution rate increase for the January 1, 2024 valuation, including the administrative expenses), the total rate of 42.29% more accurately reflects total County pension costs.

SECTION I – EXECUTIVE SUMMARY

Below and on the following pages, we present Tables I-1, I-2, I-3, and I-4 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, 2023	January 1, 2024	Change
Membership			
Active Members	2,830	2,884	1.9%
Retirees and Beneficiaries	3,236	3,340	3.2%
Deferred Vesteds and Inactives	981	1,064	8.5%
Total	7,047	7,288	3.4%
Total Projected Payroll	$ 242,067,000	$ 253,809,000	4.9%
Average Pay	$ 85,536	$ 88,006	2.9%
Funded Status			
Actuarial Liability	$ 2,622,192	$ 2,792,274	6.5%
Actuarial Value of Assets (AVA)	1,679,561	1,784,092	6.2%
Unfunded Actuarial Liability (UAL)	$ 942,632	$ 1,008,182	6.9%
Funding Ratio (AVA Basis)	64.1%	63.9%	-0.2%
Market Value of Assets (MVA)	$ 1,594,492	$ 1,708,463	7.1%
Unfunded Actuarial Liability (MVA Basis)	1,027,700	1,083,811	5.5%
Funding Ratio (MVA Basis)	60.8%	61.2%	0.4%
Actuarially Determined Contributions			
Total Normal Cost	21.24%	21.32%	0.08%
Administrative Expenses	1.01%	1.18%	0.17%
Unfunded Actuarial Liability Payment			
Interest on UAL	26.29%	26.81%	0.53%
Principal	4.27%	5.40%	1.12%
Total UAL Payment	30.56%	32.21%	1.65%
Total Actuarially Determined Contribution	52.81%	54.71%	1.90%

The key results shown in Table I-1 indicate that total SLOCPT membership increased by 3.4%. The active membership increased by 1.9% while the number of members receiving monthly benefits increased by 3.2%. The number of inactive members not in pay status increased by 8.5%.

SECTION I – EXECUTIVE SUMMARY

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

Unfunded Actuarial Liability, January 1, 2023	$	942,632
Expected change in Unfunded Actuarial Liability		(12,807)
Increase due to actuarial asset gain		(6,324)
Increase due to liability loss		29,435
Increase due to contribution timing delay and expenses		2,454
Increase due to assumption changes		52,792
Total UAL change	$	65,550
Unfunded Actuarial Liability, January 1, 2024	$	1,008,182

The Unfunded Actuarial Liability (UAL) for SLOCPT increased by $65.6 million, from $942.6 million to $1,008.2 million. Table I-2 above presents the specific components of the change in the UAL.

- The expected decrease in the UAL of $12.8 million is the amount of expected employer and employee contributions in excess of the benefits expected to be earned by active members during the year and the interest on the UAL.

- The actuarial asset gain of $6.3 million is a result of the 7.1% return on the Actuarial Value of Assets, which is higher than the expected return of 6.75%.

- The liability experience loss increased the UAL by $29.4 million. This liability experience loss was driven by salary increases for active members greater than assumed and larger benefits for new retirees than expected. In addition, the 3% COLA increases (as of April 1, 2023) for Tier 1 retirees (above the assumed COLA increase rate of 2.75%), as well as more disabilities than expected, also contributed to the liability experience loss.

- The contribution timing delay accounts for the difference between actual contributions received for the year ending December 31, 2023 and the expected contributions for the year based on the ADC rate from the January 1, 2023 actuarial valuation. The impact on the 2024 valuation is a loss of $1.9 million.

- The assumed administrative expenses for the 2023 calendar year were $2.5 million compared to the actual administrative expenses of $3.1 million, which produced a slight loss of $0.6 million.

- The assumption changes increased the UAL by $52.8 million. The economic assumption changes increased the UAL by $42.2 million while the demographic assumptions increased the UAL by $10.6 million.

SECTION I – EXECUTIVE SUMMARY

Actuarially Determined Contribution Comparison

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 1.90% for the January 1, 2024 valuation. The total increase is comprised of an increase of 0.08% in the gross normal cost, an increase of 1.65% in the amortization of the UAL, and an increase of 0.17% for the assumed administrative expenses.

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

Valuation Date	January 1, 2023	January 1, 2024	Change
Actuarially Determined Contribution Rate			
1. Gross Normal Cost	21.24%	21.32%	0.08%
2. Member Contributions	17.22%	16.69%	-0.53%
3. Employer Normal Cost [(1) - (2)]	4.02%	4.63%	0.61%
4. UAL Amortization Payment	30.56%	32.21%	1.65%
5. Employer Contribution Rate [(3) + (4)]	34.58%	36.84%	2.26%
6. Administrative Expenses	1.01%	1.18%	0.17%
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	52.81%	54.71%	1.90%
Reconciliation of Charged Rate			
8. Employer Charged Rate	32.76%	35.38%	2.62%
9. Member Charged Rate	16.98%	16.47%	-0.51%
10. Total Charged Rate [(8) + (9)]	49.74%	51.85%	2.11%
11. Increase to Charged Rate (based on prior valuation)[1]	2.59%	0.73%	-1.86%
12. Total Charged Rate as of January 1 [(10) + (11)]	52.33%	52.58%	0.25%
13. Recommended Rate Change as of January 1 [(7) - (12)]	0.48%	2.13%	1.65%

[1] *The recommended rate increase as of January 1, 2023 was 0.48%. However, the rate increase will be implemented on July 1, 2024, except for APCD and the Courts who implemented on January 1, 2024; therefore, it was increased to 0.73%. The recommended rate increase as of January 1, 2022 was 2.31%. However, the rate increase was implemented on July 1, 2023; except for APCD and the Courts who implemented on January 1, 2023; therefore, it was increased to 2.59%.*

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, 2023	**21.24%**	**1.01%**	**30.56%**	**52.81%**
Actuarial investment gain	0.00%	0.00%	-0.18%	-0.18%
Tier 3 (PEPRA) new hires	-0.38%	0.00%	0.00%	-0.38%
Effect of payroll growth	0.00%	-0.02%	-0.54%	-0.56%
Contribution timing lag	0.00%	0.00%	0.05%	0.05%
Demographic experience	-0.01%	0.00%	0.85%	0.84%
Assumption changes	0.47%	0.19%	1.47%	2.13%
Total Change	**0.08%**	**0.17%**	**1.65%**	**1.90%**
Total ADC as of January 1, 2024	**21.32%**	**1.18%**	**32.21%**	**54.71%**

The changes in the total employer and employee contribution rate compared to the January 1, 2024 valuation results are as follows:

- Asset experience produced an investment gain that decreased the contribution rate by 0.18% of pay. The actuarial assets of the Plan returned 7.1% (net of investment expenses) for the year ending December 31, 2023, which is higher than the assumed rate of 6.75%.

- Tier 3 (PEPRA) members now make up over 61% of active member payroll compared to 56% 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 0.38% 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 $4.5 million. The expected payroll growth rate is 3.00% while the actual payroll growth during 2023 was about 4.9%. As a result, the UAL payments, as well as administrative expenses, are spread over a larger payroll base than expected, and the contribution rate, as a percentage of payroll, decreased by 0.56%.

SECTION I – EXECUTIVE SUMMARY

- When actual contributions made to the Plan differ from expectations, there is an actuarial gain or loss. There are two primary reasons why contributions can deviate from expectations:
    - The actuarial valuation process assumes any change in the contribution rate occurs on January 1 of the valuation year. Even though calculations are performed to adjust the contributions for delayed implementation, there are "unadjusted" contributions made from January 1 to the implementation date of the contribution rate increases.
    - 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, 2023 was 0.48%. However, the employers (except for APCD and the Courts who implemented the increase on January 1, 2024) adopted to implement the increase effective July 1, 2024 with an adjusted increase of 0.73% due to the delay. This contribution timing delay, or deferred implementation of the contribution rate increase, partially offset by more contributions coming into the Trust due to the higher payroll resulted in a net increase to the contribution rate of 0.05% of payroll.

- Demographic experience, or liability experience, was unfavorable and increased the contribution rate by 0.84% 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 salary increases for actives above the assumed increases. In addition, COLA increases (as of April 1, 2023) for Tier 1 retirees of 3.0%, above the assumed COLA increase rate of 2.75%, as well as more retirements and disabilities than expected contributed to the demographic experience loss.

- The changes in demographic and economic assumptions increased the contribution rate by 2.13% of payroll. The primary drivers of the cost impact was the incorporation of COLA banks into projected benefit payments for Tier 1 retirees. The drivers of the demographic assumption cost impact were changes to the salary merit increases and retirement rates. More detail on the impact of the individual assumption changes can be found in the actuarial experience study report.

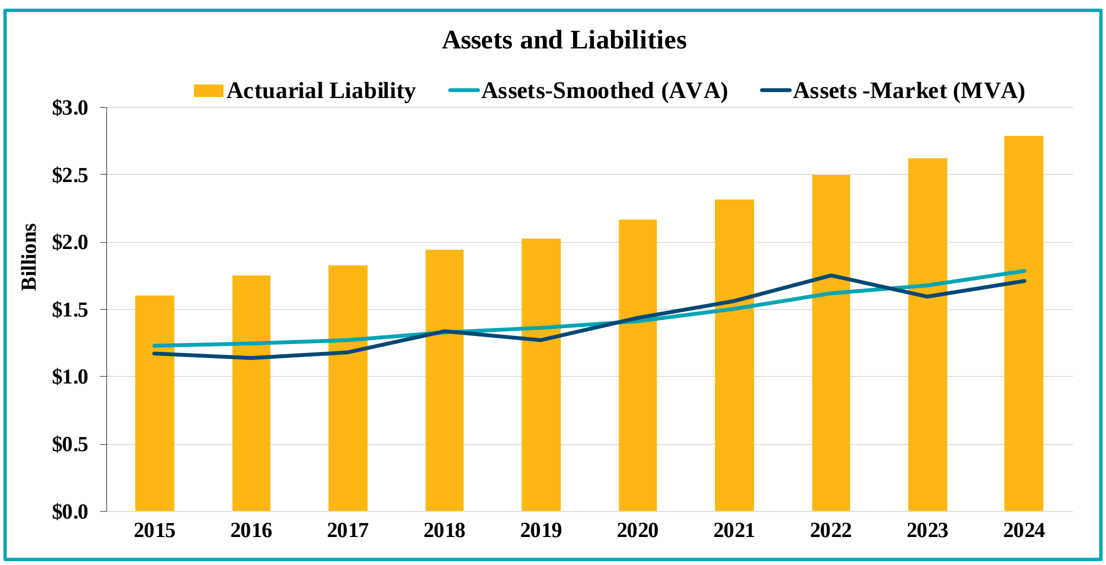
C. Historical Trends

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 77% in 2015 to 64% in 2024, as a result of assumption changes, and both actuarial liability and asset losses.

The funded ratio on an MVA basis has decreased from 73% to 61% during that same period. During this period, the average annual rate of return on an MVA basis (5.7%) is the same as the average annual return on an AVA basis (5.7%). The AVA returns are relatively stable, despite the overall market fluctuations, whereas the MVA is more volatile.



											Average Annual Return
Funded Ratio (AVA)	77%	71%	69%	68%	67%	65%	65%	65%	64%	64%	
Rate of Return* (AVA)	5.3%	3.0%	3.5%	6.0%	3.7%	5.7%	7.9%	9.4%	5.1%	7.1%	5.7%
Funded Ratio (MVA)	73%	65%	65%	69%	63%	66%	68%	70%	61%	61%	
Rate of Return* (MVA)	4.6%	-1.4%	6.1%	14.9%	-3.7%	15.2%	10.4%	13.6%	-7.7%	8.1%	5.7%

** Rate of return for prior year ending 12/31*

SECTION I – EXECUTIVE SUMMARY

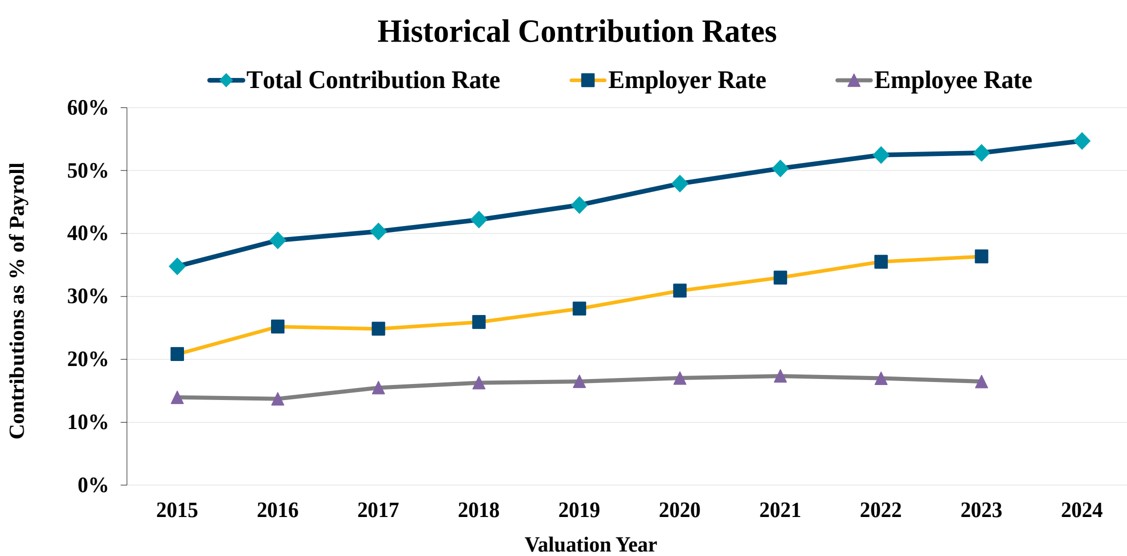
Contribution Trends

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 55%. This increase is primarily due to the incremental discount rate decreases from 7.125% to 6.75% and other assumption changes during this period. There were also consistent investment losses on the actuarial value of assets from 2009 to 2020 and in 2023, with favorable experience in 2021, 2022 and 2024. The total contribution rate increased in 2024 due to assumption changes and demographic losses that were somewhat offset by the impact of the significant increase in payroll and its effect on the UAL payment rate as a percentage of pay.

The employer contribution rates have a similar pattern to the total contribution rates. The total contribution rate also includes the employee rate.

Over the period shown, individual employee contribution rates have increased. However, the aggregate average employee contribution for the Trust has partially offset this increase 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 had 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 Trust. Starting in 2019, employers have been allocated a larger portion of any contribution increase and in some cases the employee contributions have decreased.



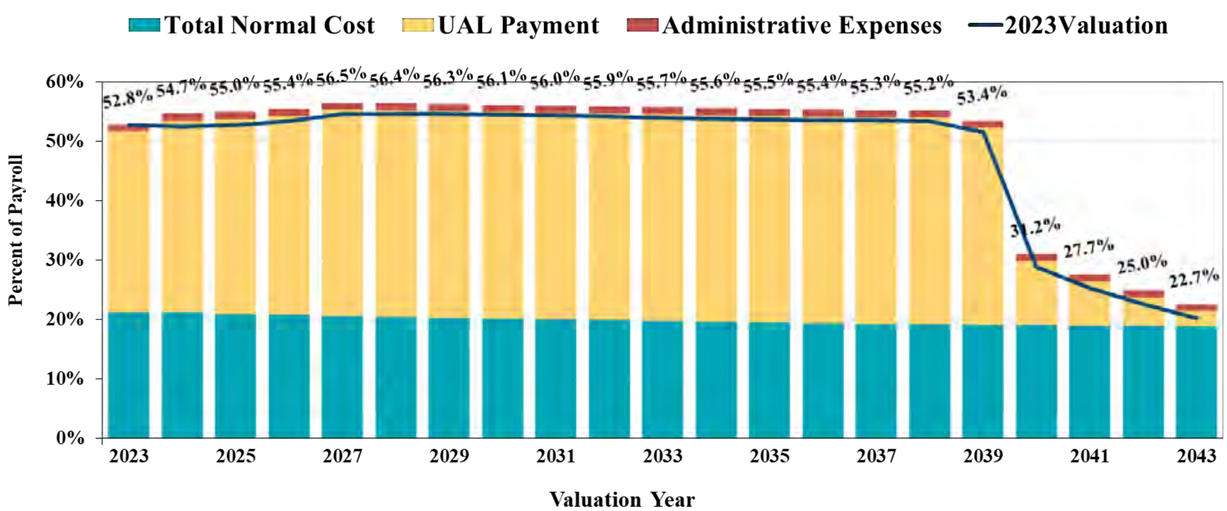
D. Future Expected Financial Trends

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 (1.18% of payroll over the projection period.) The dark blue line represents the contribution rate projections based on the January 1, 2023 valuation.



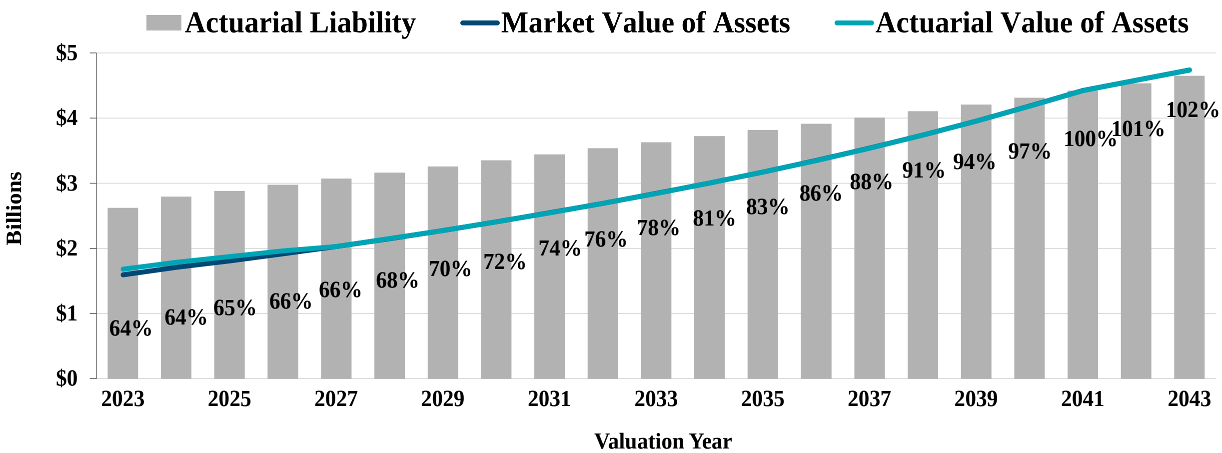
The total contribution rate is approximately 54.7% of member payroll for the January 1, 2024 valuation. Over the next three years, there is an expected rate increase of approximately 1.8% to 56.5% in 2027, due to the recognition of net deferred investment losses. After 2027, there is a gradual decrease 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 2039 total contribution rate of almost 2.0% of payroll from 55.2% to 53.4% when the 2019 amortization layer for the actuarial loss is fully paid. Finally, the contribution rate is expected to drop significantly to 31.2% in 2040 when the largest amortization layer from 2018 is fully paid.

SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

In this section, we present our assessment of the implications of the January 1, 2024 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.



Over the next three years there is slower growth in the funding progress until the $76 million in deferred asset losses is recognized. The projected funded ratio increases over the next 20 years and reaches 100% in 2041 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.

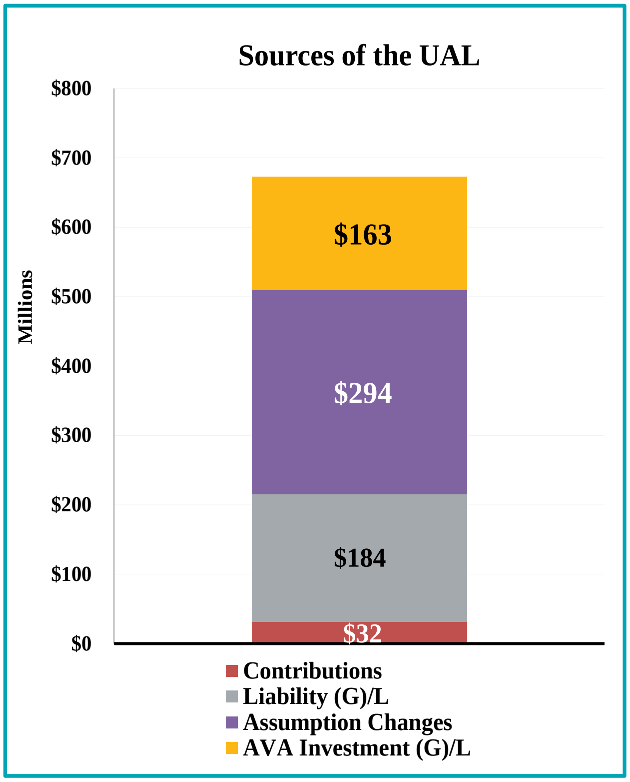
Assumption change risk is the potential for the environment to change such that future valuation assumptions are different from the current assumptions. For example, declines in interest rates over the last three decades (which have recently reversed) resulted in higher investment returns for fixed income 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, 2015 through January 1, 2024. Over the last 10 years, the UAL has increased by approximately $672 million. The assumptions changes (purple bar) of $294 million are the primary source in the UAL increase. The liability losses (gray bar) of $184 million, the net investment losses (gold bar) of $163 million on the Actuarial Value of Assets (AVA), and the contributions being less than the "tread water" level (red bar, defined later in this section) by $32 million have also increased the UAL since January 1, 2015.

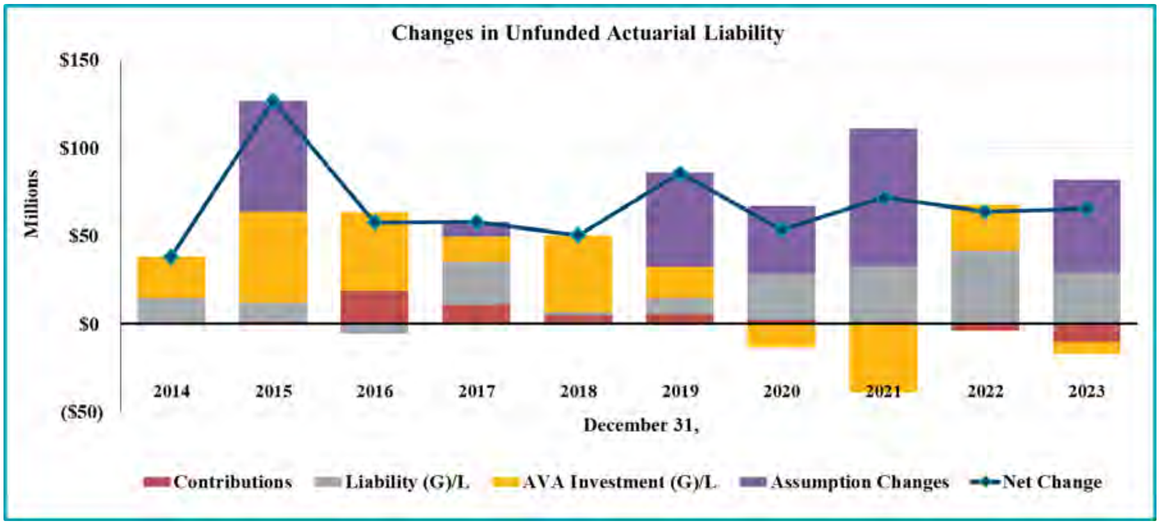
Chart II-1



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 rate of return over the 10-year period are both 5.7%. Actuarial asset losses were greater than the gains over the period, primarily due to the market performance in FYE 2015, 2018 and 2022 with actual returns of -1.4%, -3.7%, and -7.7% respectively, well below the assumed rate of return.

Over the same period, the assumed rate of return decreased from 7.125% to 6.75%. It is important to note that these changes reflected a downward revision to the estimate of future investment earnings and ultimately costs will be determined by actual investment earnings. The inflation assumption was increased in the January 1, 2022 valuation from 2.25% to 2.50% which affected assumed active member pay increases as well as the assumed COLA growth for retirees in Tier 1. The primary assumption change that had a significant impact on cost was incorporating the COLA banks for Tier 1 members into the projected benefit payments for the 2024 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.

The UAL is expected to decrease next year, all else being equal, as some of the UAL payment is expected to pay off principal. Future expected decreases in the UAL will continue based on SLOCPT's amortization policy.

SECTION II – DISCLOSURES RELATED TO RISK

Table II-1 below numerically summarizes the changes in the UAL for each year over the last 10 years ending December 31. These totals support our identification of investment returns and assumption changes, as a result of liability losses, as the primary risks to the Plan.

Table II-1

Changes in Unfunded Actuarial Liability
($ in millions)

December 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Assumed Rate of Return	**7.25%**	**7.125%**	**7.125%**	**7.00%**	**7.00%**	**6.875%**	**6.75%**	**6.75%**	**6.75%**	**6.75%**	
Source											
AVA (Gain)/Loss	$ 23.3	$ 51.8	$ 44.9	$ 14.3	$ 43.7	$ 17.9	$ (13.5)	$ (39.3)	$ 26.0	$ (6.3)	**$ 162.8**
Liability (Gain)/Loss	14.3	10.8	(5.6)	24.7	1.7	9.0	26.1	31.7	41.6	29.4	**$ 183.7**
Assumption Change	0.0	62.8	0.0	8.5	0.0	53.4	38.5	78.1	0.0	52.8	**$ 294.1**
Contributions[1]	0.6	1.5	18.6	10.5	5.0	5.6	2.4	1.5	(3.7)	(10.4)	**31.6**
Total UAL Change	**$ 38.2**	**$126.9**	**$ 57.9**	**$ 58.0**	**$ 50.4**	**$ 85.9**	**$ 53.5**	**$ 72.0**	**$ 63.9**	**$ 65.5**	**$ 672.2**

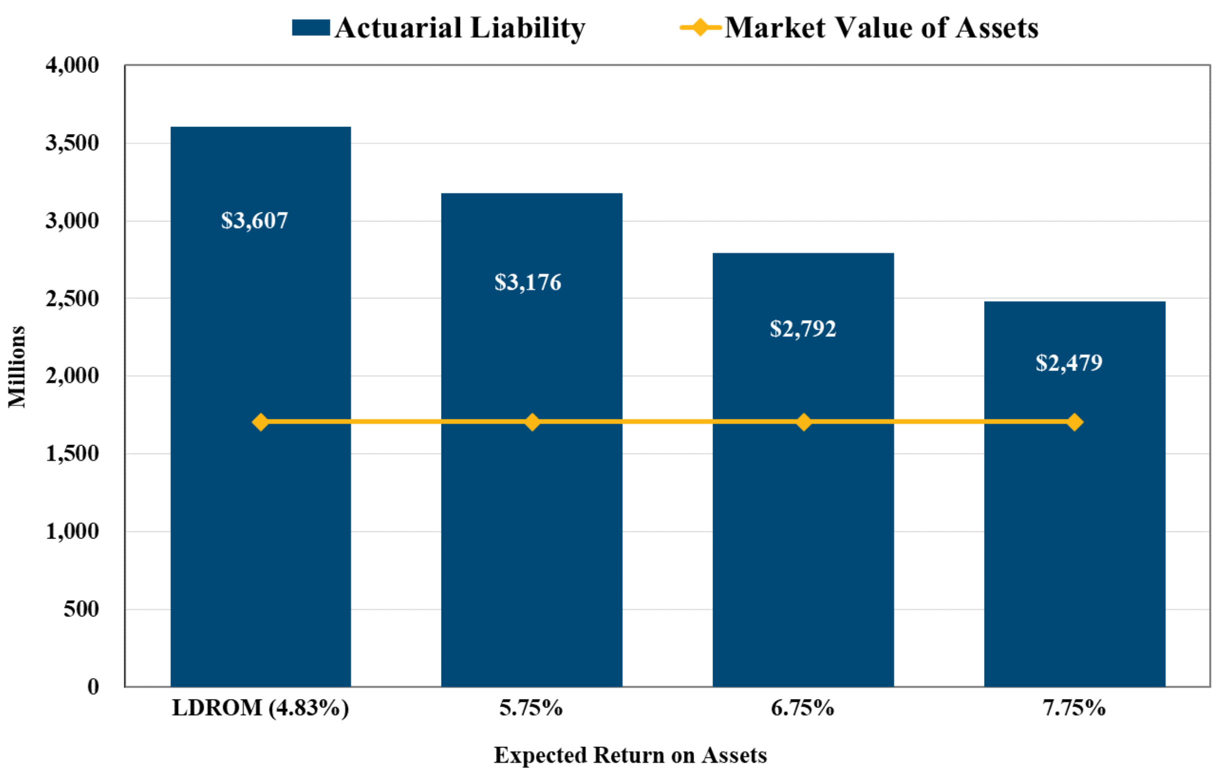
[1] *Actual contributions (more than) / less than normal cost and interest on the UAL (tread water level)*

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares the Market Value of Assets (line) to the Actuarial Liabilities (bars) discounted at the current expected rate of return (6.75%) and at discount rates 100 basis points above and below the expected rate of return. In addition, we have added an additional measurement, the Low-Default-Risk Obligation Measure (LDROM), which is the Actuarial Liability using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the plan.

Actuarial Liability versus Assets



If investments return 6.75% annually, the Plan would need approximately $2.79 billion in assets today to pay the benefits associated with service earned to date, compared to current assets of $1.71 billion. If investment returns are only 5.75%, the Plan would need approximately $3.18 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately $2.48 billion in assets today.

SLOCPT invests in a diversified portfolio to achieve the best possible returns at an acceptable level of risk. SLOCPT's average return over the last 15 years is 8.1%. Please refer to Table III-6 for the asset returns by year since 2006.

SECTION II – DISCLOSURES RELATED TO RISK

The lowest risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the plan. However, such a portfolio would have a lower expected rate of return (4.83% as of December 31, 2023) than the diversified portfolio (6.75%). The Low-Default-Risk Obligation Measure (LDROM) represents what the Actuarial Liability would be if SLOCPT's assets were invested in such a portfolio. As of December 31, 2023, the LDROM is $3.61 billion[1] compared to the Actuarial Liability of $2.79 billion for SLOCPT. The $0.82 billion difference can be viewed as the expected savings from taking on the investment risk of the diversified portfolio. Alternatively, it can be viewed as the potential cost of minimizing the investment risk.

If SLOCPT were to invest in the LDROM portfolio and not a diversified portfolio, the funded status would be lower, and expected contribution requirements would increase. The security of SLOCPT's pension benefits relies on the current assets, future investment earnings, and the ability and willingness of employers to make future contributions. If SLOCPT were to invest in the LDROM portfolio, it would not change current assets, but it could potentially reduce future investment earnings, potentially changing the level of reliance on future employer contributions. However, investing in an LDROM portfolio would generate more predictable future investment earnings and future contributions.

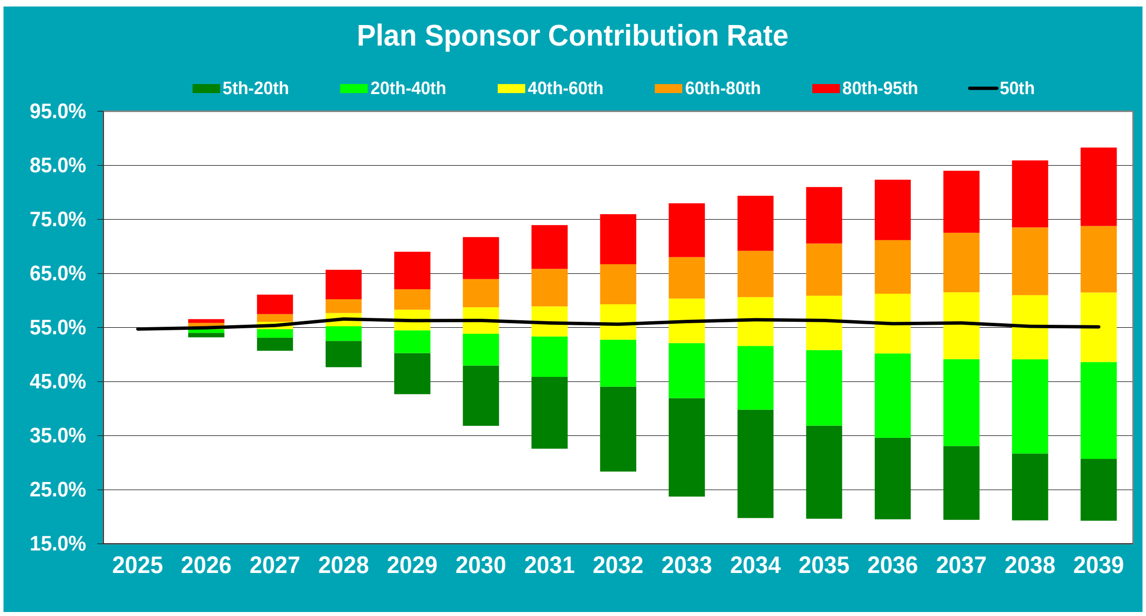
[1] Based on a discount rate equal to the December 31, 2023 FTSE Pension Liability Index of 4.83%, and all other assumptions and methods as used to calculate the Actuarial Liability.

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 11.6% 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.

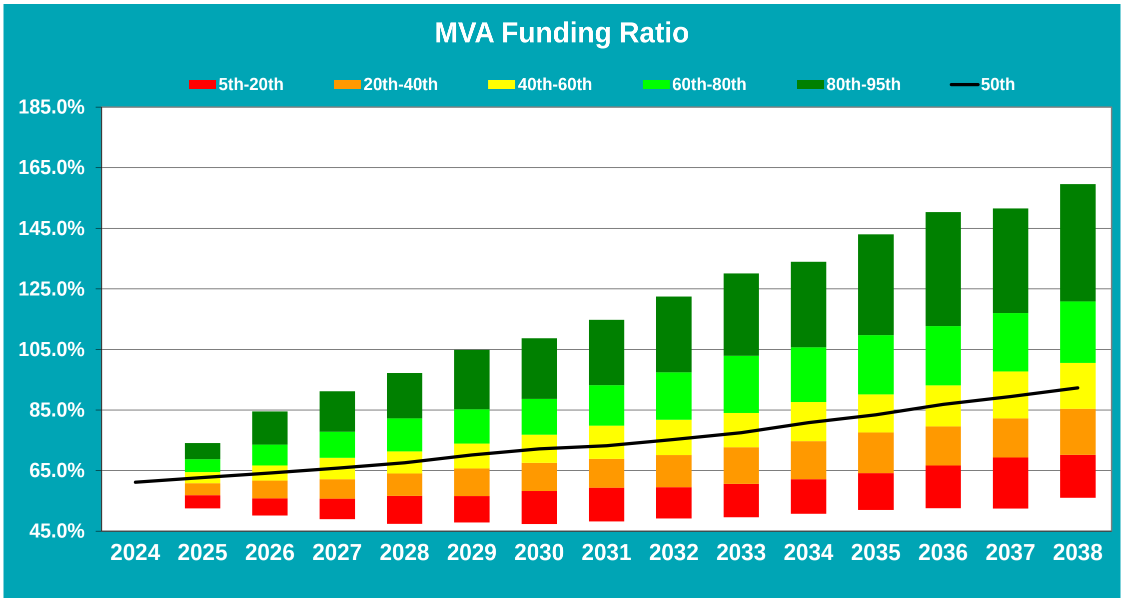
Stochastic Projection of Total Contributions as a Percent of Pay



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 95^{th} percentile, the projected contribution rate is approximately 88% of pay in 2039. Conversely, in the most optimistic scenario shown, the 5^{th} percentile, the projected contribution rate declines to about 19% starting in 2036. 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 92% 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 around 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.

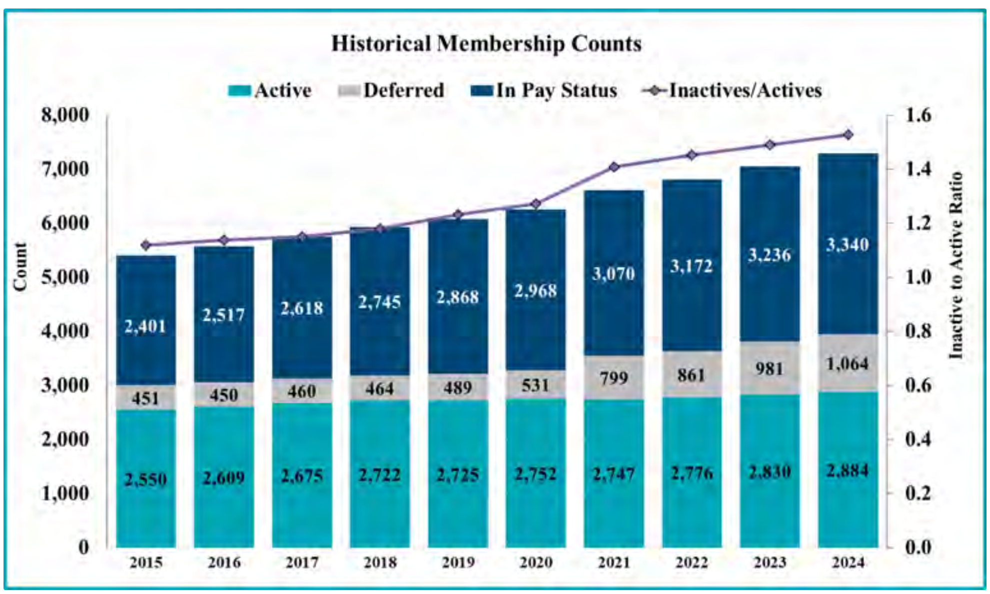
Plan Maturity Measures

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 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 1.1 to 1.5 over the period. The number of active members has grown by around 13% for SLOCPT, while the number of inactive members, excluding non-vested members with contributions on account, has increased by almost 43%.



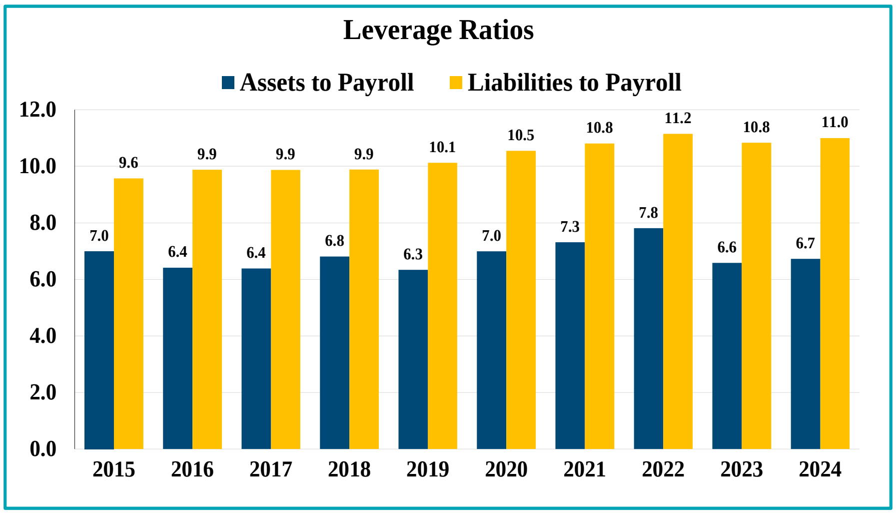
[1] *Deferred Membership counts include non-vested members with contributions on account starting on January 1, 2021. January 1, 2023 and January 1, 2024 Deferred Membership counts include 309 and 334 non-vested members with contributions on account, respectively.*

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 2015. The liabilities to payroll ratio increased in 2024 due to assumption changes which increased SLOCPT's Actuarial Liability. The assets to payroll ratio increased slightly due to the favorable asset performance based on the Market Value of Assets.



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

The asset leverage ratio of 6.7 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 112% of payroll (16.75% times 6.7). Based on the current amortization policy and economic assumptions, the contribution rate would ultimately increase by about 8% 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, 2023 and January 1, 2024,
- 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, 2023 and January 1, 2024.

SECTION III – ASSETS

Table III-1
Statement of Assets at Market Value

	January 1, 2023	January 1, 2024
Cash and Cash Equivalents	$ 84,236,612	$ 94,663,552
Receivables	1,611,636	10,361,040
Equities	575,255,268	556,965,508
Bonds	399,852,554	362,925,977
Mortgages	2,829,116	0
Alternative Investments	313,798,079	464,485,423
Real Estate	252,831,097	215,012,264
Other	5,798,274	5,160,423
	$ 1,636,212,636	$ 1,709,574,187
Liabilities	(41,720,561)	(1,111,032)
Market Value of Assets	**$ 1,594,492,075**	**$ 1,708,463,155**
Reserves		
Member Deposit	$ 429,540,342	$ 444,418,287
Appropriation	39,135,470	70,560,368
Retired Members	1,366,339,705	1,449,248,270
Cost of Living	461,544,911	471,477,929
Contingency	(1,202,377,724)	(1,297,702,064)
Market Value Adjustments	500,309,371	570,460,364
Total Reserves	**$ 1,594,492,075**	**$ 1,708,463,155**

SECTION III – ASSETS

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, 2022 and December 31, 2023.

Table III-2
Changes in Market Value of Assets

		December 31, 2022		December 31, 2023
Beginning of Year	**$**	**1,749,962,789**	**$**	**1,594,492,075**
Revenues				
Contributions				
Employer Contributions	$	72,095,657	$	83,915,907
Member Contributions		39,229,067		40,825,665
Total Contributions	$	111,324,724	$	124,741,572
Prefunding Discount Amortization	$	(1,485,140)	$	(1,165,372)
Net Investment Income				
Interest	$	2,674,764	$	2,515,435
Dividends		6,814,654		13,478,948
Real Estate Income		0		0
Realized and Unrealized		(138,985,835)		115,730,548
Other Income		47,067		37,664
Investment Expenses		(3,569,887)		(3,114,287)
Net Investment Income	$	(133,019,237)	$	128,648,308
Total Revenues	**$**	**(23,179,653)**	**$**	**252,224,508**
Disbursements				
Benefits Payments				
Monthly Benefit Payments	$	124,133,519	$	131,872,003
Refunds of Member Contributions		3,401,763		3,238,619
Death Benefits		1,858,601		57,597
Total Benefit Payments	$	129,393,883	$	135,168,219
Administrative Expenses		2,897,178		3,085,209
Total Disbursements	**$**	**132,291,061**	**$**	**138,253,428**
Net Increase / (Decrease)		(155,470,714)		113,971,080
End of Year	**$**	**1,594,492,075**	**$**	**1,708,463,155**

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, 2023	$ 1,594,492,075	$ 1,679,560,652
a) Contributions	124,741,572	124,741,572
b) Prefunding Discount Amortization	(1,165,372)	(1,165,372)
c) Benefits Paid	(135,168,219)	(135,168,219)
d) Administrative Expenses	(3,085,209)	(3,085,209)
e) Expected Investment Earnings at 6.75%	107,100,973	112,843,102
2) Expected Value of Assets as of January 1, 2024	$ 1,686,915,820	$ 1,777,726,526
3) Actual Value of Assets as of January 1, 2024	$ 1,708,463,155	$ 1,784,092,484
4) Actuarial Investment Gain/(Loss) [(3) - (2)]	$ 21,547,335	$ 6,365,958
5) Change in excludable assets for AVA	$ -	$ (41,721)
6) Net Actuarial Investment Gain/(Loss) [(4 + (5)]	$ 21,547,335	$ 6,324,237
7) Actual Investment Earnings [(1e) + (6)]	$ 128,648,308	$ 119,167,339
8) Actual Rate of Return as of December 31, 2023 *(net of investment expenses only)*	8.1%	7.1%
9) Ratio of Actuarial Value of Assets to Market Value		104%

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, 2024

1)	Actuarial Value of Assets as of 1/1/2023	$	1,679,560,652
2)	Non-Investment Cash Flow for FYE 2023		(14,677,228)
3)	Expected Return for FYE 2023		112,843,102
4)	Expected Actuarial Value of Assets as of 1/1/2024 [(1) +(2) +(3)]	$	1,777,726,526
5)	Actual Return on Market Value as of FYE 2023	$	128,648,308
6)	Actual Return Below Expected in 2023: (5) - (3)	$	15,805,206
7)	Recognition of Returns Above / (Below) Expected		
	December 31, 2023 (20% of 6.)	$	3,161,041
	December 31, 2022 (20% of -241,529,555)		(48,305,911)
	December 31, 2021 (20% of 110,287,770)		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
	Total Recognition of Returns for 1/1/2024	$	6,324,237
8)	**Preliminary Actuarial Value of Assets as of 1/1/2024** [(4) + (7)]	**$**	**1,784,050,763**
9)	Excludable Assets: Additional Annuity Reserve		
	Beginning of Year	$	1,708,593
	End of Year		1,666,872
	Change in Excludable Assets	$	(41,721)
10)	**Final Actuarial Value of Assets as of 1/1/2024** [(8) - (9)]	**$**	**1,784,092,484**

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, 2024

	Miscellaneous	Probation	Safety	Total SLOCPT
Valuation Assets as of December 31, 2022	$ 1,292,531,662	$ 74,811,263	$ 312,217,727	$ 1,679,560,652
Valuation Assets as of December 31, 2023				1,784,092,484
Funded Ratio	63.9%	63.9%	63.9%	63.9%
Actuarial Liability	$ 2,142,517,426	$ 126,264,348	$ 523,492,419	$ 2,792,274,193
Allocation of Assets to Equalize Funded Ratios	76,405,975	5,863,935	22,261,921	104,531,832
Valuation Assets as of December 31, 2023	$ 1,368,937,637	$ 80,675,198	$ 334,479,648	$ 1,784,092,484

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-6
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%
2022	-7.7%	5.1%
2023	8.1%	7.1%
Geometric Average		
5-Year	7.6%	7.0%
10-Year	5.7%	5.7%
15-Year	8.1%	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, 2023 and January 1, 2024;
- 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, 2024 Total	January 1, 2023 Total
Present Value of Benefits					
Actives	$ 907,345	$ 76,193	$ 183,921	$ 1,167,459	$ 1,133,881
Terminated Vested	77,377	3,762	9,016	90,155	89,254
Retirees	1,386,279	64,629	329,904	1,780,812	1,646,413
Disabled	23,163	3,527	62,618	89,308	79,767
Beneficiaries	57,703	3,206	18,504	79,412	74,721
Total Present Value of Benefits	**$ 2,451,867**	**$ 151,317**	**$ 603,963**	**$ 3,207,146**	**$ 3,024,036**
Actuarial Liability					
Total Present Value of Benefits	$ 2,451,867	$ 151,317	$ 603,963	$ 3,207,146	$ 3,024,036
Present Value of Future Normal Costs	309,349	25,052	80,470	414,872	401,844
Actuarial Liability	$ 2,142,517	$ 126,264	$ 523,492	$ 2,792,274	$ 2,622,192
Actuarial Value of Assets	$ 1,368,938	$ 80,675	$ 334,479	$ 1,784,092	$ 1,679,561
Funded Ratio	63.9%	63.9%	63.9%	63.9%	64.1%
Unfunded Actuarial Liability/(Surplus)	$ 773,579	$ 45,589	$ 189,013	$ 1,008,182	$ 942,632

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 changing 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 2024 Experience Gain/(Loss)
($ in thousands)

1.	Unfunded Actuarial Liability (UAL) at January 1, 2023	$	942,632
2.	Middle of year actuarial liability payment		(73,979)
3.	Interest to end of year on 1 and 2		61,172
4.	Assumption Changes		52,792
5.	Expected UAL at January 1, 2024 (1+2+3+4)	$	982,617
6.	Actual Unfunded Liability at January 1, 2024		1,008,182
7.	Net Gain/(Loss): (5 - 6)	$	(25,565)
8.	Portion of net Gain/(Loss) due to:		
	a. Actuarial investment gain	$	6,324
	b. Active member salary increases more than expected		(8,605)
	c. Contribution implementation delay		(1,913)
	d. Disability experience		(2,940)
	e. Retirement experience		(7,826)
	f. Termination experience		(430)
	g. Inactive mortality loss		(923)
	h. Retiree COLA increases more than expected		(4,461)
	i. Other experience		(4,791)
	Total Gain/(Loss)	$	(25,565)

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 (16 years remaining as of January 1, 2024) 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 32.21% as a percentage of pay.

Table V-1

Development of Amortization Payment
For the January 1, 2024 Actuarial Valuation

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2024 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL[1]	1/1/2018	$ 616,930,482	22	$ 587,893,328	16	$ 48,973,092	19.30%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	47,642,955	15	4,165,190	1.64%
3.	Assumption Changes	1/1/2020	53,371,279	20	51,096,515	16	4,256,477	1.68%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	33,955,605	16	2,828,593	1.11%
5.	Assumption Changes	1/1/2021	35,700,366	20	34,729,370	17	2,767,152	1.09%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	22,587,615	17	1,799,726	0.71%
7.	Assumption Changes	1/1/2022	78,053,947	20	76,930,257	18	5,882,614	2.32%
8.	(Gain)/Loss Base	1/1/2022	1,916,630	20	1,889,037	18	144,449	0.06%
9.	(Gain)/Loss Base	1/1/2023	73,533,922	20	73,100,210	19	5,380,542	2.12%
10.	Assumption Changes	1/1/2024	52,791,922	20	52,791,922	20	3,750,322	1.48%
11.	(Gain)/Loss Base	1/1/2024	25,564,895	20	25,564,895	20	1,816,122	0.72%
	Total				$ 1,008,181,709		$ 81,764,279	32.21%

[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, 2023	January 1, 2024	Change
MISCELLANEOUS			
Total Normal Cost	20.03%	19.84%	-0.19%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	28.42%	29.67%	1.25%
Total Miscellaneous ADC	49.46%	50.69%	1.23%
UAL attributable to Miscellaneous	$725,416,712	$773,579,789	6.6%
Projected Payroll	$200,347,680	$211,445,790	5.5%
PROBATION			
Total Normal Cost	26.56%	27.65%	1.09%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	30.98%	34.99%	4.01%
Total Probation ADC	58.55%	63.82%	5.27%
UAL attributable to Probation	$41,986,856	$45,589,150	8.6%
Projected Payroll	$10,636,267	$10,566,546	-0.7%
SAFETY			
Total Normal Cost	27.09%	28.86%	1.77%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	44.24%	48.21%	3.97%
Total Safety ADC	72.34%	78.25%	5.91%
UAL attributable to Safety	$175,228,169	$189,012,771	7.9%
Projected Payroll	$31,083,332	$31,796,565	2.3%
TOTAL			
Total Normal Cost	21.24%	21.32%	0.08%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	30.56%	32.21%	1.65%
Total SLOCPT ADC	52.81%	54.71%	1.90%
Total Unfunded Actuarial Liability	$942,631,737	$1,008,181,709	7.0%
Projected Payroll	$242,067,279	$253,808,901	4.9%

SECTION V – CONTRIBUTIONS

Tables V-3 and V-4 show the calculations of the normal cost rates for each Class and Tier, as well as the elements of normal cost.

Table V-3
Normal Cost by Tier as of January 1, 2024

	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Member Paid Contributions[1]	13.75%	5.80%	13.62%	12.44%
Employer Paid Member Contributions	8.18%	9.05%	0.00%	3.56%
Employer Normal Cost	3.31%	5.53%	3.81%	3.85%
Total Normal Cost	25.24%	20.37%	17.43%	19.84%
COLA portion of Normal Cost	6.17%	3.67%	3.07%	3.97%
PROBATION				
Member Paid Contributions[1]	19.82%	N/A	17.20%	18.75%
Employer Paid Member Contributions	6.31%	N/A	0.00%	3.72%
Employer Normal Cost	4.77%	N/A	5.80%	5.18%
Total Normal Cost	30.91%	N/A	23.00%	27.65%
COLA portion of Normal Cost	8.16%	N/A	4.48%	6.64%
SAFETY				
Member Paid Contributions[1]	15.61%	9.72%	13.85%	13.57%
Employer Paid Member Contributions	6.50%	6.38%	0.00%	2.71%
Employer Normal Cost	11.80%	14.80%	12.26%	12.58%
Total Normal Cost	33.90%	30.90%	26.11%	28.86%
COLA portion of Normal Cost	9.66%	6.27%	5.36%	6.58%
TOTAL				
Member Paid Contributions[1]	14.46%	6.58%	13.75%	12.85%
Employer Paid Member Contributions	7.86%	8.52%	0.00%	3.45%
Employer Normal Cost	4.39%	7.41%	4.89%	5.01%
Total Normal Cost	26.71%	22.51%	18.64%	21.32%
COLA portion of Normal Cost	6.74%	4.19%	3.38%	4.41%

[1] *Weighted-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 by Tier as of January 1, 2024

	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Service Retirement	18.77%	17.04%	13.56%	15.33%
Vesting	3.21%	1.42%	1.80%	2.14%
Death-in-Service	0.19%	0.17%	0.15%	0.16%
Disability	0.29%	0.21%	0.21%	0.23%
Refunds	2.78%	1.52%	1.71%	1.98%
Total Normal Cost	25.24%	20.37%	17.43%	19.84%
PROBATION				
Service Retirement	21.15%	N/A	15.52%	18.83%
Vesting	3.39%	N/A	2.11%	2.87%
Death-in-Service	0.22%	N/A	0.19%	0.21%
Disability	3.59%	N/A	3.68%	3.63%
Refunds	2.56%	N/A	1.49%	2.12%
Total Normal Cost	30.91%	N/A	23.00%	27.65%
SAFETY				
Service Retirement	23.20%	20.03%	16.40%	18.70%
Vesting	3.46%	2.27%	2.22%	2.53%
Death-in-Service	0.48%	0.55%	0.51%	0.51%
Disability	4.54%	6.63%	5.69%	5.57%
Refunds	2.22%	1.42%	1.29%	1.54%
Total Normal Cost	33.90%	30.90%	26.11%	28.86%
TOTAL				
Service Retirement	19.47%	17.65%	13.96%	15.90%
Vesting	3.26%	1.60%	1.86%	2.22%
Death-in-Service	0.22%	0.25%	0.20%	0.21%
Disability	1.06%	1.52%	0.97%	1.05%
Refunds	2.70%	1.50%	1.65%	1.93%
Total Normal Cost	26.71%	22.51%	18.64%	21.32%

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, 2023.

In accordance with Government Finance Officers Association (GFOA) and its 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
($ 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
12/31/2014	$ 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%
12/31/2022	1,679,561	2,622,192	942,631	64.1%	242,067	389.4%
12/31/2023	1,784,092	2,739,482	955,390	65.1%	253,809	376.4%
12/31/2023 [2]	1,784,092	2,792,274	1,008,182	63.9%	253,809	397.2%

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

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

12/31/2014	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
12/31/2017	3,267,574	12/31/2022	1,708,593
12/31/2018	2,784,819	12/31/2023	1,666,872

[2] *Reflects assumption changes.*

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 January 1,	(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)
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%
2022	347,561,004	1,805,886,262	344,660,494	1,619,357,406	100%	70%	0%
2023	362,911,900	1,890,155,570	369,124,919	1,679,560,652	100%	70%	0%
2024	371,028,004	2,039,686,696	381,559,493	1,784,092,484	100%	69%	0%

Amounts for January 1, 2020 and earlier 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, 2024. 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, 2023	**2,830**	**309**	**672**	**155**	**2,753**	**68**	**260**	**7,047**
New Entrants	421							421
Returned to Work	16	(9)	(7)					0
Industrial Disabilities	(7)		(1)	8				0
Ordinary Disabilities	(2)			2				0
Retirements	(95)		(30)		152	(27)		0
DROP	(19)					19		0
Vested Terminations	(76)		76					0
Reciprocal Terminations	(16)	(9)	25					0
Non-Vested Terminations	(93)	93						0
Deceased With Beneficiaries Payable				(1)	(18)		19	0
Deceased Without Beneficiary				(1)	(36)			(37)
Beneficiary Deaths							(15)	(15)
Benefits Stopped Not Due to Death								0
Domestic Relations Orders			2		2			4
Refund of Contributions	(75)	(54)	(9)					(138)
Data Adjustments		4	2					6
As of January 1, 2024	**2,884**	**334**	**730**	**163**	**2,853**	**60**	**264**	**7,288**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members as of January 1, 2024

San Luis Obispo County Pension Trust
Valuation Data Comparison - Actives

	January 1, 2023	January 1, 2024	Change
Total Actives			
Count	2,830	2,884	1.9 %
Average Age	43.9	43.4	(0.5)
Average Service	8.3	8.1	(0.2)
Total Salaries	$ 242,067,280	$ 253,808,901	4.9 %
Average Salaries	$ 85,536	$ 88,006	2.9 %
Miscellaneous Members			
Count	2,408	2,466	2.4 %
Average Age	44.7	44.1	(0.5)
Average Service	8.2	8.0	(0.2)
Total Salaries	$ 200,347,680	$ 211,445,790	5.5 %
Average Salaries	$ 83,201	$ 85,744	3.1 %
Probation Members			
Count	122	118	(3.3)%
Average Age	40.4	40.2	(0.2)
Average Service	10.7	10.6	(0.1)
Total Salaries	$ 10,636,267	$ 10,566,546	(0.7)%
Average Salaries	$ 87,183	$ 89,547	2.7 %
Safety Members			
Count	300	300	0.0 %
Average Age	38.8	38.4	(0.4)
Average Service	8.3	7.9	(0.4)
Total Salaries	$ 31,083,333	$ 31,796,565	2.3 %
Average Salaries	$ 103,611	$ 105,989	2.3 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members by Tier as of January 1, 2024

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

		January 1, 2023	January 1, 2024	Change
Total Actives				
Total	Count	2,830	2,884	1.9 %
	Total Salaries	242,067	253,809	4.9 %
Tier 1	Count	783	684	(12.6)%
	Total Salaries	78,607	71,419	(9.1)%
Tier 2	Count	268	253	(5.6)%
	Total Salaries	27,614	27,178	(1.6)%
Tier 3	Count	1,779	1,947	9.4 %
	Total Salaries	135,846	155,212	14.3 %
Miscellaneous Members				
Total	Count	2,408	2,466	2.4 %
	Total Salaries	200,348	211,446	5.5 %
Tier 1	Count	636	560	(11.9)%
	Total Salaries	62,465	57,314	(8.2)%
Tier 2	Count	222	208	(6.3)%
	Total Salaries	22,314	21,711	(2.7)%
Tier 3	Count	1,550	1,698	9.5 %
	Total Salaries	115,568	132,420	14.6 %
Probation Members				
Total	Count	122	118	(3.3)%
	Total Salaries	10,636	10,567	(0.6)%
Tier 1	Count	67	60	(10.4)%
	Total Salaries	6,702	6,234	(7.0)%
Tier 2	Count	-	-	0.0 %
	Total Salaries	-	-	0.0 %
Tier 3	Count	55	58	5.5 %
	Total Salaries	3,934	4,333	10.1 %
Safety Members				
Total	Count	300	300	0.0 %
	Total Salaries	31,083	31,797	2.3 %
Tier 1	Count	80	64	(20.0)%
	Total Salaries	9,439	7,871	(16.6)%
Tier 2	Count	46	45	(2.2)%
	Total Salaries	5,300	5,466	3.1 %
Tier 3	Count	174	191	9.8 %
	Total Salaries	16,344	18,459	12.9 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Deferred Vested Members as of January 1, 2024

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

	January 1, 2023	January 1, 2024	Change
All Terminated Vesteds			
Deferred			
Count	503	544	8.2 %
Average Age	48.3	48.0	(0.3)
Average Age at Termination	40.9	40.8	(0.1)
Average Service	9.7	9.5	(0.2)
Member Contributions	$ 60,366,160	$ 66,732,423	10.5 %
Average Contribution Balance	$ 120,012	$ 122,670	2.2 %
Reciprocal			
Count	169	186	10.1 %
Average Age	43.6	43.1	(0.5)
Average Age at Termination	34.8	34.9	0.1
Average Service	3.3	3.1	(0.2)
Member Contributions	$ 3,563,424	$ 3,883,830	9.0 %
Average Contribution Balance	$ 21,085	$ 20,881	(1.0)%
Total			
Count	672	730	8.6 %
Average Age	47.1	46.8	(0.3)
Average Age at Termination	39.3	39.3	-
Average Service	8.1	7.9	(0.2)
Member Contributions	$ 63,929,583	$ 70,616,254	10.5 %
Average Contribution Balance	$ 95,133	$ 96,735	1.7 %
Miscellaneous Terminated Vesteds			
Deferred			
Count	440	477	8.4 %
Average Age	49.0	48.7	(0.3)
Average Age at Termination	41.5	41.4	(0.1)
Average Service	9.6	9.4	(0.2)
Member Contributions	$ 51,642,229	$ 57,058,383	10.5 %
Average Contribution Balance	$ 117,369	$ 119,619	1.9 %
Reciprocal			
Count	156	172	10.3 %
Average Age	43.6	43.0	(0.6)
Average Age at Termination	35.0	35.0	-
Average Service	3.3	3.1	(0.2)
Member Contributions	$ 3,225,927	$ 3,495,946	8.4 %
Average Contribution Balance	$ 20,679	$ 20,325	(1.7)%
Total Miscellaneous			
Count	596	649	8.9 %
Average Age	47.6	47.2	(0.4)
Average Age at Termination	39.8	39.7	(0.1)
Average Service	8.0	7.7	(0.3)
Member Contributions	$ 54,868,156	$ 60,554,329	10.4 %
Average Contribution Balance	$ 92,061	$ 93,304	1.4 %

APPENDIX A – MEMBERSHIP INFORMATION

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

	January 1, 2023	January 1, 2024	Change
Probation Terminated Vesteds			
Deferred			
Count	17	20	17.6 %
Average Age	42.9	41.5	(1.4)
Average Age at Termination	36.1	36.3	0.2
Average Service	9.6	9.9	0.3
Member Contributions	$ 1,994,012	$ 2,458,512	23.3 %
Average Contribution Balance	$ 117,295	$ 122,926	4.8 %
Reciprocal			
Count	6	6	0.0 %
Average Age	44.8	45.8	1.0
Average Age at Termination	31.7	31.7	-
Average Service	3.5	3.5	-
Member Contributions	$ 170,984	$ 188,270	10.1 %
Average Contribution Balance	$ 28,497	$ 31,378	10.1 %
Total Probation			
Count	23	26	13.0 %
Average Age	43.4	42.5	(0.9)
Average Age at Termination	34.9	35.2	0.3
Average Service	8.0	8.4	0.4
Member Contributions	$ 2,164,996	$ 2,646,782	22.3 %
Average Contribution Balance	$ 94,130	$ 101,799	8.1 %
Safety Terminated Vesteds			
Deferred			
Count	46	47	2.2 %
Average Age	44.2	44.2	-
Average Age at Termination	36.5	36.5	-
Average Service	10.1	9.8	(0.3)
Member Contributions	$ 6,729,919	$ 7,215,528	7.2 %
Average Contribution Balance	$ 146,303	$ 153,522	4.9 %
Reciprocal			
Count	7	8	14.3 %
Average Age	43.4	43.8	0.4
Average Age at Termination	34.4	34.9	0.5
Average Service	3.0	3.8	0.8
Member Contributions	$ 166,512	$ 199,615	19.9 %
Average Contribution Balance	$ 23,787	$ 24,952	4.9 %
Total Safety			
Count	53	55	3.8 %
Average Age	44.1	44.2	0.1
Average Age at Termination	36.2	36.3	0.1
Average Service	9.1	9.0	(0.1)
Member Contributions	$ 6,896,431	$ 7,415,143	7.5 %
Average Contribution Balance	$ 130,121	$ 134,821	3.6 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired Members as of January 1, 2024

San Luis Obispo County Pension Trust
Valuation Data Comparison - Retirees

	January 1, 2023	January 1, 2024	Change
Total Retirees			
Count	2,976	3,076	3.4 %
Average Age	70.3	70.5	0.2
Average Age at Retirement	58.7	58.7	-
Annual Benefit	$ 119,436,459	$ 127,695,228	6.9 %
Average Annual Benefit	$ 40,133	$ 41,513	3.4 %
Miscellaneous Retirees			
Count	2,538	2,611	2.9 %
Average Age	71.3	71.6	0.3
Average Age at Retirement	59.6	59.7	0.1
Annual Benefit	$ 93,750,484	$ 99,616,816	6.3 %
Average Annual Benefit	$ 36,939	$ 38,153	3.3 %
Probation Retirees			
Count	82	88	7.3 %
Average Age	67.4	67.6	0.2
Average Age at Retirement	55.8	55.9	0.1
Annual Benefit	$ 4,057,440	$ 4,513,604	11.2 %
Average Annual Benefit	$ 49,481	$ 51,291	3.7 %
Safety Retirees			
Count	356	377	5.9 %
Average Age	63.9	63.9	-
Average Age at Retirement	52.9	52.8	(0.1)
Annual Benefit	$ 21,628,535	$ 23,564,807	9.0 %
Average Annual Benefit	$ 60,754	$ 62,506	2.9 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired DROP Members as of January 1, 2024

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

	January 1, 2023	January 1, 2024	Change
Total DROP Retirees			
Count	68	60	(11.8)%
Average Age	61.3	60.9	(0.4)
Average Age at Retirement	59.0	58.6	(0.4)
Annual Benefit	$ 4,983,306	$ 4,641,189	(6.9)%
Average Annual Benefit	$ 73,284	$ 77,353	5.6 %
Miscellaneous DROP Retirees			
Count	45	35	(22.2)%
Average Age	63.8	64.1	0.3
Average Age at Retirement	61.6	62.1	0.5
Annual Benefit	$ 3,072,744	$ 2,436,605	(20.7)%
Average Annual Benefit	$ 68,283	$ 69,617	2.0 %
Probation DROP Retirees			
Count	-	-	-
Average Age	-	-	-
Average Age at Retirement	-	-	-
Annual Benefit	-	-	-
Average Annual Benefit	-	-	-
Safety DROP Retirees			
Count	23	25	8.7 %
Average Age	56.4	56.3	(0.1)
Average Age at Retirement	53.9	53.7	(0.2)
Annual Benefit	$ 1,910,562	$ 2,204,584	15.4 %
Average Annual Benefit	$ 83,068	$ 88,183	6.2 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – New Retired Members as of January 1, 2024

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

	January 1, 2023	January 1, 2024	Change
Total Retirees			
Count	139	164	18.0 %
Average Age at Retirement	59.2	59.6	0.4
Average Annual Benefit	$ 43,112	$ 42,805	(0.7)%
Miscellaneous Retirees			
Count	114	135	18.4 %
Average Age at Retirement	61.3	61.2	(0.1)
Average Annual Benefit	$ 41,143	$ 40,306	(2.0)%
Probation Retirees			
Count	5	7	40.0 %
Average Age at Retirement	57.2	58.6	1.4
Average Annual Benefit	$ 46,678	$ 59,605	27.7 %
Safety Retirees			
Count	20	22	10.0 %
Average Age at Retirement	47.4	50.3	2.9
Average Annual Benefit	$ 53,445	$ 52,796	(1.2)%

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Beneficiaries as of January 1, 2024

San Luis Obispo County Pension Trust
Valuation Data Comparison - Beneficiaries

	January 1, 2023	January 1, 2024	Change
Total Beneficiaries			
Count	260	264	1.5 %
Average Age	76.3	76.3	-
Annual Benefit	$ 6,945,322	$ 7,323,751	5.4 %
Average Annual Benefit	$ 26,713	$ 27,741	3.9 %
Miscellaneous Beneficiaries			
Count	215	220	2.3 %
Average Age	76.5	76.4	(0.1)
Annual Benefit	$ 5,117,219	$ 5,444,973	6.4 %
Average Annual Benefit	$ 23,801	$ 24,750	4.0 %
Probation Beneficiaries			
Count	7	8	14.3 %
Average Age	78.1	79.0	0.9
Annual Benefit	$ 271,990	$ 341,561	25.6 %
Average Annual Benefit	$ 38,856	$ 42,695	9.9 %
Safety Beneficiaries			
Count	38	36	(5.3)%
Average Age	75.0	75.2	0.2
Annual Benefit	$ 1,556,113	$ 1,537,217	(1.2)%
Average Annual Benefit	$ 40,950	$ 42,700	4.3 %

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Total Benefits by Benefit Type as of January 1, 2024

San Luis Obispo County Pension Trust
Total Benefits by Benefit Type

Type of Benefit	Number	Annual Benefit Amount
Service Retirement		
Unmodified	1,194	$44,065,068
Cash Refund	195	7,566,680
100% Continuance	879	41,510,671
50% Continuance	291	14,899,445
Benefits Coordinated with Social Security		
Unmodified	164	$5,616,481
Cash Refund	49	1,649,321
100% Continuance	84	3,915,713
50% Continuance	57	2,738,294
Total Service Retirement	2,913	$121,961,674
Disability Retirement		
Unmodified	93	$3,213,513
Cash Refund	14	341,332
100% Continuance	46	1,824,841
50% Continuance	10	353,868
Total Disability Retirement	163	$5,733,554
Beneficiaries	264	$7,323,751
Total Benefits	3,340	$135,018,978

APPENDIX A – MEMBERSHIP INFORMATION

Age & Service Distribution of Active Members by Count and Total Salary as of January 1, 2024

Age and Service Distribution for Active Members									
Attained	Years of Service as of January 1, 2024								
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	Count	Payroll
< 25	76							76	$ 4,687,521
25 - 29	244	16						260	17,546,073
30 - 34	263	139	6					408	31,577,112
35 - 39	187	162	62	9				420	36,538,685
40 - 44	166	134	74	74	16			464	42,559,872
45 - 49	96	79	66	65	52	8		366	35,574,048
50 - 54	74	71	34	58	42	25	2	306	29,828,223
55 - 59	69	57	34	45	49	36	11	301	29,305,918
60 - 64	48	34	33	29	25	19	8	196	18,118,409
65 - 69	14	22	15	7	7	3	2	70	6,580,970
70 +	4	6	4	2	1			17	1,492,071
Total	**1,241**	**720**	**328**	**289**	**192**	**91**	**23**	**2,884**	$ 253,808,901

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	15.15%	19.00%	16.83%	21.69%	21.19%	21.30%	22.14%	19.62%	20.99%	20.00%	20.88%	20.32%	19.14%	22.24%	22.55%
19	15.22%	19.07%	16.90%	21.76%	21.26%	21.37%	22.21%	19.69%	21.06%	20.07%	20.95%	20.39%	19.21%	22.31%	22.62%
20	15.29%	19.14%	16.97%	21.83%	21.33%	21.44%	22.28%	19.76%	21.13%	20.14%	21.02%	20.46%	19.28%	22.38%	22.69%
21	15.35%	19.20%	17.03%	21.89%	21.39%	21.50%	22.34%	19.82%	21.19%	20.20%	21.08%	20.52%	19.34%	22.44%	22.75%
22	15.37%	19.22%	17.05%	21.91%	21.41%	21.52%	22.36%	19.84%	21.21%	20.22%	21.10%	20.54%	19.36%	22.46%	22.77%
23	15.39%	19.24%	17.07%	21.93%	21.43%	21.54%	22.38%	19.86%	21.23%	20.24%	21.12%	20.56%	19.38%	22.48%	22.79%
24	15.42%	19.27%	17.10%	21.96%	21.46%	21.57%	22.41%	19.89%	21.26%	20.27%	21.15%	20.59%	19.41%	22.51%	22.82%
25	15.46%	19.31%	17.14%	22.00%	21.50%	21.61%	22.45%	19.93%	21.30%	20.31%	21.19%	20.63%	19.45%	22.55%	22.86%
26	15.51%	19.36%	17.19%	22.05%	21.55%	21.66%	22.50%	19.98%	21.35%	20.36%	21.24%	20.68%	19.50%	22.60%	22.91%
27	15.56%	19.41%	17.24%	22.10%	21.60%	21.71%	22.55%	20.03%	21.40%	20.41%	21.29%	20.73%	19.55%	22.65%	22.96%
28	15.62%	19.47%	17.30%	22.16%	21.66%	21.77%	22.61%	20.09%	21.46%	20.47%	21.35%	20.79%	19.61%	22.71%	23.02%
29	15.69%	19.54%	17.37%	22.23%	21.73%	21.84%	22.68%	20.16%	21.53%	20.54%	21.42%	20.86%	19.68%	22.78%	23.09%
30	15.76%	19.61%	17.44%	22.30%	21.80%	21.91%	22.75%	20.23%	21.60%	20.61%	21.49%	20.93%	19.75%	22.85%	23.16%
31	15.84%	19.69%	17.52%	22.38%	21.88%	21.99%	22.83%	20.31%	21.68%	20.69%	21.57%	21.01%	19.83%	22.93%	23.24%
32	15.93%	19.78%	17.61%	22.47%	21.97%	22.08%	22.92%	20.40%	21.77%	20.78%	21.66%	21.10%	19.92%	23.02%	23.33%
33	16.02%	19.87%	17.70%	22.56%	22.06%	22.17%	23.01%	20.49%	21.86%	20.87%	21.75%	21.19%	20.01%	23.11%	23.42%
34	16.12%	19.97%	17.80%	22.66%	22.16%	22.27%	23.11%	20.59%	21.96%	20.97%	21.85%	21.29%	20.11%	23.21%	23.52%
35	16.22%	20.07%	17.90%	22.76%	22.26%	22.37%	23.21%	20.69%	22.06%	21.07%	21.95%	21.39%	20.21%	23.31%	23.62%
36	16.32%	20.17%	18.00%	22.86%	22.36%	22.47%	23.31%	20.79%	22.16%	21.17%	22.05%	21.49%	20.31%	23.41%	23.72%
37	16.43%	20.28%	18.11%	22.97%	22.47%	22.58%	23.42%	20.90%	22.27%	21.28%	22.16%	21.60%	20.42%	23.52%	23.83%
38	16.54%	20.39%	18.22%	23.08%	22.58%	22.69%	23.53%	21.01%	22.38%	21.39%	22.27%	21.71%	20.53%	23.63%	23.94%
39	16.66%	20.51%	18.34%	23.20%	22.70%	22.81%	23.65%	21.13%	22.50%	21.51%	22.39%	21.83%	20.65%	23.75%	24.06%
40	16.78%	20.63%	18.46%	23.32%	22.82%	22.93%	23.77%	21.25%	22.62%	21.63%	22.51%	21.95%	20.77%	23.87%	24.18%
41	16.91%	20.76%	18.59%	23.45%	22.95%	23.06%	23.90%	21.38%	22.75%	21.76%	22.64%	22.08%	20.90%	24.00%	24.31%
42	17.04%	20.89%	18.72%	23.58%	23.08%	23.19%	24.03%	21.51%	22.88%	21.89%	22.77%	22.21%	21.03%	24.13%	24.44%
43	17.18%	21.03%	18.86%	23.72%	23.22%	23.33%	24.17%	21.65%	23.02%	22.03%	22.91%	22.35%	21.17%	24.27%	24.58%
44	17.32%	21.17%	19.00%	23.86%	23.36%	23.47%	24.31%	21.79%	23.16%	22.17%	23.05%	22.49%	21.31%	24.41%	24.72%
45	17.46%	21.31%	19.14%	24.00%	23.50%	23.61%	24.45%	21.93%	23.30%	22.31%	23.19%	22.63%	21.45%	24.55%	24.86%
46	17.61%	21.46%	19.29%	24.15%	23.65%	23.76%	24.60%	22.08%	23.45%	22.46%	23.34%	22.78%	21.60%	24.70%	25.01%
47	17.77%	21.62%	19.45%	24.31%	23.81%	23.92%	24.76%	22.24%	23.61%	22.62%	23.50%	22.94%	21.76%	24.86%	25.17%
48	17.93%	21.78%	19.61%	24.47%	23.97%	24.08%	24.92%	22.40%	23.77%	22.78%	23.66%	23.10%	21.92%	25.02%	25.33%
49	18.09%	21.94%	19.77%	24.63%	24.13%	24.24%	25.08%	22.56%	23.93%	22.94%	23.82%	23.26%	22.08%	25.18%	25.49%
50	18.26%	22.11%	19.94%	24.80%	24.30%	24.41%	25.25%	22.73%	24.10%	23.11%	23.99%	23.43%	22.25%	25.35%	25.66%
51	18.43%	22.28%	20.11%	24.97%	24.47%	24.58%	25.42%	22.90%	24.27%	23.28%	24.16%	23.60%	22.42%	25.52%	25.83%
52	18.60%	22.45%	20.28%	25.14%	24.64%	24.75%	25.59%	23.07%	24.44%	23.45%	24.33%	23.77%	22.59%	25.69%	26.00%
53	18.78%	22.63%	20.46%	25.32%	24.82%	24.93%	25.77%	23.25%	24.62%	23.63%	24.51%	23.95%	22.77%	25.87%	26.18%
54	18.96%	22.81%	20.64%	25.50%	25.00%	25.11%	25.95%	23.43%	24.80%	23.81%	24.69%	24.13%	22.95%	26.05%	26.36%
55	19.15%	23.00%	20.83%	25.69%	25.19%	25.30%	26.14%	23.62%	24.99%	24.00%	24.88%	24.32%	23.14%	26.24%	26.55%
56	19.34%	23.19%	21.02%	25.88%	25.38%	25.49%	26.33%	23.81%	25.18%	24.19%	25.07%	24.51%	23.33%	26.43%	26.74%
57	19.53%	23.38%	21.21%	26.07%	25.57%	25.68%	26.52%	24.00%	25.37%	24.38%	25.26%	24.70%	23.52%	26.62%	26.93%
58	19.73%	23.58%	21.41%	26.27%	25.77%	25.88%	26.72%	24.20%	25.57%	24.58%	25.46%	24.90%	23.72%	26.82%	27.13%
59+	19.93%	23.78%	21.61%	26.47%	25.97%	26.08%	26.92%	24.40%	25.77%	24.78%	25.66%	25.10%	23.92%	27.02%	27.33%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Probation - Tier 1				
BU	7	8	9	31,32
Entry Age	Management	Management	Management	Non-Management
18	25.84%	25.84%	25.84%	25.43%
19	25.92%	25.92%	25.92%	25.51%
20	26.00%	26.00%	26.00%	25.59%
21	26.07%	26.07%	26.07%	25.66%
22	26.09%	26.09%	26.09%	25.68%
23	26.11%	26.11%	26.11%	25.70%
24	26.14%	26.14%	26.14%	25.73%
25	26.19%	26.19%	26.19%	25.78%
26	26.24%	26.24%	26.24%	25.83%
27	26.30%	26.30%	26.30%	25.89%
28	26.36%	26.36%	26.36%	25.95%
29	26.44%	26.44%	26.44%	26.03%
30	26.52%	26.52%	26.52%	26.11%
31	26.61%	26.61%	26.61%	26.20%
32	26.71%	26.71%	26.71%	26.30%
33	26.81%	26.81%	26.81%	26.40%
34	26.92%	26.92%	26.92%	26.51%
35	27.03%	27.03%	27.03%	26.62%
36	27.14%	27.14%	27.14%	26.73%
37	27.26%	27.26%	27.26%	26.85%
38	27.38%	27.38%	27.38%	26.97%
39	27.51%	27.51%	27.51%	27.10%
40	27.65%	27.65%	27.65%	27.24%
41	27.79%	27.79%	27.79%	27.38%
42	27.93%	27.93%	27.93%	27.52%
43	28.09%	28.09%	28.09%	27.68%
44	28.24%	28.24%	28.24%	27.83%
45	28.40%	28.40%	28.40%	27.99%
46	28.57%	28.57%	28.57%	28.16%
47	28.74%	28.74%	28.74%	28.33%
48	28.92%	28.92%	28.92%	28.51%
49	29.10%	29.10%	29.10%	28.69%
50	29.28%	29.28%	29.28%	28.87%
51	29.47%	29.47%	29.47%	29.06%
52	29.66%	29.66%	29.66%	29.25%
53	29.86%	29.86%	29.86%	29.45%
54	30.06%	30.06%	30.06%	29.65%
55	30.27%	30.27%	30.27%	29.86%
56	30.48%	30.48%	30.48%	30.07%
57	30.69%	30.69%	30.69%	30.28%
58	30.91%	30.91%	30.91%	30.50%
59+	31.13%	31.13%	31.13%	30.72%

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%	16.22%	22.35%	26.30%	30.95%	22.48%	27.23%	33.13%
19	22.23%	16.33%	22.46%	26.41%	31.06%	22.59%	27.34%	33.24%
20	22.34%	16.44%	22.57%	26.52%	31.17%	22.70%	27.45%	33.35%
21	22.45%	16.55%	22.68%	26.63%	31.28%	22.81%	27.56%	33.46%
22	22.56%	16.66%	22.79%	26.74%	31.39%	22.92%	27.67%	33.57%
23	22.68%	16.78%	22.91%	26.86%	31.51%	23.04%	27.79%	33.69%
24	22.80%	16.90%	23.03%	26.98%	31.63%	23.16%	27.91%	33.81%
25	22.92%	17.02%	23.15%	27.10%	31.75%	23.28%	28.03%	33.93%
26	23.04%	17.14%	23.27%	27.22%	31.87%	23.40%	28.15%	34.05%
27	23.16%	17.26%	23.39%	27.34%	31.99%	23.52%	28.27%	34.17%
28	23.28%	17.38%	23.51%	27.46%	32.11%	23.64%	28.39%	34.29%
29	23.40%	17.50%	23.63%	27.58%	32.23%	23.76%	28.51%	34.41%
30	23.52%	17.62%	23.75%	27.70%	32.35%	23.88%	28.63%	34.53%
31	23.64%	17.74%	23.87%	27.82%	32.47%	24.00%	28.75%	34.65%
32	23.76%	17.86%	23.99%	27.94%	32.59%	24.12%	28.87%	34.77%
33	23.88%	17.98%	24.11%	28.06%	32.71%	24.24%	28.99%	34.89%
34	24.00%	18.10%	24.23%	28.18%	32.83%	24.36%	29.11%	35.01%
35	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
36	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
37	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
38	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
39	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
40	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
41	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
42	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
43	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
44	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
45	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
46	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
47	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
48	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
49	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
50	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
51	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
52	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
53	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
54	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
55	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
56	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
57	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
58	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
59+	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Tier 2														
BU Entry Age	4 Miscellaneous	12 Miscellaneous	7 (LAFCO) Miscellaneous	14, 21, 22 Miscellaneous	71 (RTA) Miscellaneous	98, 99 Miscellaneous	all others Miscellaneous	3, 14 Safety	6 Safety	7 Safety	15 (Non-Sworn) Safety	15 (Sworn) Safety	10, 16 Safety	27, 28 Safety
18	12.80%	12.41%	14.88%	6.76%	11.79%	13.66%	12.30%	10.45%	16.01%	18.53%	12.63%	13.32%	19.22%	12.88%
19	12.92%	12.53%	15.00%	6.88%	11.91%	13.78%	12.42%	10.80%	16.36%	18.88%	12.98%	13.72%	19.62%	13.28%
20	13.04%	12.65%	15.12%	7.00%	12.03%	13.90%	12.54%	11.15%	16.71%	19.23%	13.33%	14.12%	20.02%	13.68%
21	13.19%	12.80%	15.27%	7.15%	12.18%	14.05%	12.69%	11.50%	17.06%	19.58%	13.68%	14.52%	20.42%	14.08%
22	13.30%	12.91%	15.38%	7.26%	12.29%	14.16%	12.80%	11.85%	17.41%	19.93%	14.03%	14.92%	20.82%	14.48%
23	13.46%	13.07%	15.54%	7.42%	12.45%	14.32%	12.96%	12.20%	17.76%	20.28%	14.38%	15.32%	21.22%	14.88%
24	13.58%	13.19%	15.66%	7.54%	12.57%	14.44%	13.08%	12.55%	18.11%	20.63%	14.73%	15.73%	21.63%	15.29%
25	13.72%	13.33%	15.80%	7.68%	12.71%	14.58%	13.22%	12.90%	18.46%	20.98%	15.08%	16.13%	22.03%	15.69%
26	13.92%	13.53%	16.00%	7.88%	12.91%	14.78%	13.42%	13.25%	18.81%	21.33%	15.43%	16.53%	22.43%	16.09%
27	14.02%	13.63%	16.10%	7.98%	13.01%	14.88%	13.52%	13.60%	19.16%	21.68%	15.78%	16.93%	22.83%	16.49%
28	14.21%	13.82%	16.29%	8.17%	13.20%	15.07%	13.71%	13.95%	19.51%	22.03%	16.13%	17.33%	23.23%	16.89%
29	14.36%	13.97%	16.44%	8.32%	13.35%	15.22%	13.86%	14.30%	19.86%	22.38%	16.48%	17.73%	23.63%	17.29%
30	14.66%	14.27%	16.74%	8.62%	13.65%	15.52%	14.16%	14.65%	20.21%	22.73%	16.83%	18.13%	24.03%	17.69%
31	14.82%	14.43%	16.90%	8.78%	13.81%	15.68%	14.32%	15.00%	20.56%	23.08%	17.18%	18.53%	24.43%	18.09%
32	15.11%	14.72%	17.19%	9.07%	14.10%	15.97%	14.61%	15.35%	20.91%	23.43%	17.53%	18.94%	24.84%	18.50%
33	15.26%	14.87%	17.34%	9.22%	14.25%	16.12%	14.76%	15.70%	21.26%	23.78%	17.88%	19.34%	25.24%	18.90%
34	15.44%	15.05%	17.52%	9.40%	14.43%	16.30%	14.94%	16.05%	21.61%	24.13%	18.23%	19.74%	25.64%	19.30%
35	15.76%	15.37%	17.84%	9.72%	14.75%	16.62%	15.26%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
36	15.91%	15.52%	17.99%	9.87%	14.90%	16.77%	15.41%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
37	16.12%	15.73%	18.20%	10.08%	15.11%	16.98%	15.62%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
38	16.35%	15.96%	18.43%	10.31%	15.34%	17.21%	15.85%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
39	16.56%	16.17%	18.64%	10.52%	15.55%	17.42%	16.06%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
40	16.76%	16.37%	18.84%	10.72%	15.75%	17.62%	16.26%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
41	16.91%	16.52%	18.99%	10.87%	15.90%	17.77%	16.41%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
42	16.94%	16.55%	19.02%	10.90%	15.93%	17.80%	16.44%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
43	17.17%	16.78%	19.25%	11.13%	16.16%	18.03%	16.67%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
44	17.40%	17.01%	19.48%	11.36%	16.39%	18.26%	16.90%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
45	17.49%	17.10%	19.57%	11.45%	16.48%	18.35%	16.99%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
46	17.77%	17.38%	19.85%	11.73%	16.76%	18.63%	17.27%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
47	18.01%	17.62%	20.09%	11.97%	17.00%	18.87%	17.51%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
48	18.11%	17.72%	20.19%	12.07%	17.10%	18.97%	17.61%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
49	18.39%	18.00%	20.47%	12.35%	17.38%	19.25%	17.89%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
50	18.43%	18.04%	20.51%	12.39%	17.42%	19.29%	17.93%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
51	18.64%	18.25%	20.72%	12.60%	17.63%	19.50%	18.14%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
52	18.70%	18.31%	20.78%	12.66%	17.69%	19.56%	18.20%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
53	18.90%	18.51%	20.98%	12.86%	17.89%	19.76%	18.40%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
54	19.09%	18.70%	21.17%	13.05%	18.08%	19.95%	18.59%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
55	19.39%	19.00%	21.47%	13.35%	18.38%	20.25%	18.89%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
56	19.45%	19.06%	21.53%	13.41%	18.44%	20.31%	18.95%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
57	19.47%	19.08%	21.55%	13.43%	18.46%	20.33%	18.97%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
58	19.49%	19.10%	21.57%	13.45%	18.48%	20.35%	18.99%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
59	19.51%	19.12%	21.59%	13.47%	18.50%	20.37%	19.01%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
60	19.53%	19.14%	21.61%	13.49%	18.52%	20.39%	19.03%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
61	19.55%	19.16%	21.63%	13.51%	18.54%	20.41%	19.05%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
62+	19.57%	19.18%	21.65%	13.53%	18.56%	20.43%	19.07%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates Tier 3																		
BU	7,8,9,10,11,17	1,2,5,13	4	17c,18,20	19,24,26,27,28	12	14,21,22	25	71 (RTA)	72 (RTA)	98,99	7 (LAFCO)	3,14	6	7,10,16	15 (Non-Sworn and Sworn) Safety	27,28	7, 8, 9	31,32
Entry Age	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety		Safety	Probation	Probation
18	9.22%	10.68%	10.18%	13.16%	13.24%	9.79%	5.14%	12.25%	6.17%	10.17%	11.04%	13.26%	9.25%	14.81%	15.87%	11.43%	10.99%	11.95%	14.19%
19	9.47%	10.93%	10.43%	13.41%	13.49%	10.04%	5.39%	12.50%	6.42%	10.42%	11.29%	13.51%	9.75%	15.31%	16.37%	11.93%	11.49%	12.20%	14.44%
20	9.47%	10.93%	10.43%	13.41%	13.49%	10.04%	5.39%	12.50%	6.42%	10.42%	11.29%	13.51%	10.00%	15.56%	16.62%	12.18%	11.74%	12.45%	14.69%
21	9.72%	11.18%	10.68%	13.66%	13.74%	10.29%	5.64%	12.75%	6.67%	10.67%	11.54%	13.76%	10.25%	15.81%	16.87%	12.43%	11.99%	12.45%	14.69%
22	9.72%	11.18%	10.68%	13.66%	13.74%	10.29%	5.64%	12.75%	6.67%	10.67%	11.54%	13.76%	10.50%	16.06%	17.12%	12.68%	12.24%	12.70%	14.94%
23	9.97%	11.43%	10.93%	13.91%	13.99%	10.54%	5.89%	13.00%	6.92%	10.92%	11.79%	14.01%	11.00%	16.56%	17.62%	13.18%	12.74%	12.95%	15.19%
24	9.97%	11.43%	10.93%	13.91%	13.99%	10.54%	5.89%	13.00%	6.92%	10.92%	11.79%	14.01%	11.25%	16.81%	17.87%	13.43%	12.99%	13.20%	15.44%
25	10.22%	11.68%	11.18%	14.16%	14.24%	10.79%	6.14%	13.25%	7.17%	11.17%	12.04%	14.26%	11.50%	17.06%	18.12%	13.68%	13.24%	13.45%	15.69%
26	10.47%	11.93%	11.43%	14.41%	14.49%	11.04%	6.39%	13.50%	7.42%	11.42%	12.29%	14.51%	12.00%	17.56%	18.62%	14.18%	13.74%	13.70%	15.94%
27	10.47%	11.93%	11.43%	14.41%	14.49%	11.04%	6.39%	13.50%	7.42%	11.42%	12.29%	14.51%	12.25%	17.81%	18.87%	14.43%	13.99%	13.95%	16.19%
28	10.72%	12.18%	11.68%	14.66%	14.74%	11.29%	6.64%	13.75%	7.67%	11.67%	12.54%	14.76%	12.50%	18.06%	19.12%	14.68%	14.24%	14.45%	16.69%
29	10.97%	12.43%	11.93%	14.91%	14.99%	11.54%	6.89%	14.00%	7.92%	11.92%	12.79%	15.01%	13.00%	18.56%	19.62%	15.18%	14.74%	14.70%	16.94%
30	10.97%	12.43%	11.93%	14.91%	14.99%	11.54%	6.89%	14.00%	7.92%	11.92%	12.79%	15.01%	13.25%	18.81%	19.87%	15.43%	14.99%	14.95%	17.19%
31	11.22%	12.68%	12.18%	15.16%	15.24%	11.79%	7.14%	14.25%	8.17%	12.17%	13.04%	15.26%	13.50%	19.06%	20.12%	15.68%	15.24%	15.45%	17.69%
32	11.47%	12.93%	12.43%	15.41%	15.49%	12.04%	7.39%	14.50%	8.42%	12.42%	13.29%	15.51%	14.00%	19.56%	20.62%	16.18%	15.74%	15.70%	17.94%
33	11.72%	13.18%	12.68%	15.66%	15.74%	12.29%	7.64%	14.75%	8.67%	12.67%	13.54%	15.76%	14.25%	19.81%	20.87%	16.43%	15.99%	15.95%	18.19%
34	11.97%	13.43%	12.93%	15.91%	15.99%	12.54%	7.89%	15.00%	8.92%	12.92%	13.79%	16.01%	14.50%	20.06%	21.12%	16.68%	16.24%	16.45%	18.69%
35	11.97%	13.43%	12.93%	15.91%	15.99%	12.54%	7.89%	15.00%	8.92%	12.92%	13.79%	16.01%	15.00%	20.56%	21.62%	17.18%	16.74%	16.70%	18.94%
36	12.22%	13.68%	13.18%	16.16%	16.24%	12.79%	8.14%	15.25%	9.17%	13.17%	14.04%	16.26%	15.00%	20.56%	21.62%	17.18%	16.74%	17.20%	19.44%
37	12.47%	13.93%	13.43%	16.41%	16.49%	13.04%	8.39%	15.50%	9.42%	13.42%	14.29%	16.51%	15.00%	20.56%	21.62%	17.18%	16.74%	17.45%	19.69%
38	12.72%	14.18%	13.68%	16.66%	16.74%	13.29%	8.64%	15.75%	9.67%	13.67%	14.54%	16.76%	15.00%	20.56%	21.62%	17.18%	16.74%	17.70%	19.94%
39	12.97%	14.43%	13.93%	16.91%	16.99%	13.54%	8.89%	16.00%	9.92%	13.92%	14.79%	17.01%	15.00%	20.56%	21.62%	17.18%	16.74%	17.95%	20.19%
40	13.22%	14.68%	14.18%	17.16%	17.24%	13.79%	9.14%	16.25%	10.17%	14.17%	15.04%	17.26%	15.00%	20.56%	21.62%	17.18%	16.74%	18.20%	20.44%
41	13.47%	14.93%	14.43%	17.41%	17.49%	14.04%	9.39%	16.50%	10.42%	14.42%	15.29%	17.51%	15.00%	20.56%	21.62%	17.18%	16.74%	18.45%	20.69%
42	13.47%	14.93%	14.43%	17.41%	17.49%	14.04%	9.39%	16.50%	10.42%	14.42%	15.29%	17.51%	15.00%	20.56%	21.62%	17.18%	16.74%	18.70%	20.94%
43	13.72%	15.18%	14.68%	17.66%	17.74%	14.29%	9.64%	16.75%	10.67%	14.67%	15.54%	17.76%	15.00%	20.56%	21.62%	17.18%	16.74%	18.95%	21.19%
44	13.97%	15.43%	14.93%	17.91%	17.99%	14.54%	9.89%	17.00%	10.92%	14.92%	15.79%	18.01%	15.00%	20.56%	21.62%	17.18%	16.74%	19.20%	21.44%
45	14.22%	15.68%	15.18%	18.16%	18.24%	14.79%	10.14%	17.25%	11.17%	15.17%	16.04%	18.26%	15.00%	20.56%	21.62%	17.18%	16.74%	19.45%	21.69%
46	14.47%	15.93%	15.43%	18.41%	18.49%	15.04%	10.39%	17.50%	11.42%	15.42%	16.29%	18.51%	15.00%	20.56%	21.62%	17.18%	16.74%	19.70%	21.94%
47	14.72%	16.18%	15.68%	18.66%	18.74%	15.29%	10.64%	17.75%	11.67%	15.67%	16.54%	18.76%	15.00%	20.56%	21.62%	17.18%	16.74%	19.95%	22.19%
48	14.97%	16.43%	15.93%	18.91%	18.99%	15.54%	10.89%	18.00%	11.92%	15.92%	16.79%	19.01%	15.00%	20.56%	21.62%	17.18%	16.74%	20.20%	22.44%
49	15.22%	16.68%	16.18%	19.16%	19.24%	15.79%	11.14%	18.25%	12.17%	16.17%	17.04%	19.26%	15.00%	20.56%	21.62%	17.18%	16.74%	20.20%	22.44%
50	15.47%	16.93%	16.43%	19.41%	19.49%	16.04%	11.39%	18.50%	12.42%	16.42%	17.29%	19.51%	15.00%	20.56%	21.62%	17.18%	16.74%	20.45%	22.69%
51	15.72%	17.18%	16.68%	19.66%	19.74%	16.29%	11.64%	18.75%	12.67%	16.67%	17.54%	19.76%	15.00%	20.56%	21.62%	17.18%	16.74%	20.70%	22.94%
52	15.97%	17.43%	16.93%	19.91%	19.99%	16.54%	11.89%	19.00%	12.92%	16.92%	17.79%	20.01%	15.00%	20.56%	21.62%	17.18%	16.74%	20.70%	22.94%
53	16.22%	17.68%	17.18%	20.16%	20.24%	16.79%	12.14%	19.25%	13.17%	17.17%	18.04%	20.26%	15.00%	20.56%	21.62%	17.18%	16.74%	20.95%	23.19%
54	16.47%	17.93%	17.43%	20.41%	20.49%	17.04%	12.39%	19.50%	13.42%	17.42%	18.29%	20.51%	15.00%	20.56%	21.62%	17.18%	16.74%	20.95%	23.19%
55	16.72%	18.18%	17.68%	20.66%	20.74%	17.29%	12.64%	19.75%	13.67%	17.67%	18.54%	20.76%	15.00%	20.56%	21.62%	17.18%	16.74%	21.20%	23.44%
56	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.45%	23.69%
57	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.45%	23.69%
58	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.70%	23.94%
59+	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.95%	24.19%

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 Assets 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 Unfunded Actuarial Liability (UAL) 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 (16 years remaining as of January 1, 2024). 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 rate of return assumption was 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 price inflation assumption was adopted by the Board at their May 23, 2022 meeting, based on the results of an Experience Study performed by Cheiron in 2022. All 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, 2023, and adopted by the Board at their May 20, 2024 meeting, effective with the January 1, 2024 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study report dated June 14, 2024.

1. **Rate of Return**

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

2. **Low-Default-Risk Obligation Measure Discount Rate (effective December 31, 2023)**

   The discount rate used to calculate the Low-Default-Risk Obligation Measure (LDROM) is the FTSE Pension Liability Index as of December 31, 2023. This index was selected because it reflects the types of fixed-income securities SLOCPT would likely invest in if the Trustees wanted to match cash flows. The rate for this valuation is 4.83%.

3. **Administrative Expenses**

   Administrative expenses are assumed to be $3,000,000 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 payroll growth assumption each year.

4. **Price Inflation**

   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.

5. **Cost-of-Living Adjustment (COLA) Growth**

   The Cost-of-Living Adjustment (COLA) growth assumption for Tier 1 members is assumed price inflation plus an additional 0.25% "California" adjustment.

   Tier 1 retired members with COLA banks are assumed to receive an additional 0.25% COLA for a total of 3.00% per year (2.75% plus 0.25% from the COLA banks) until their COLA banks are exhausted, then 2.75% thereafter.

   For Tier 2 and Tier 3 members the COLA growth assumption is 2.0%.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

6. 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.

7. 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.

8. 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 crediting rate changed to 4.60% at the November 2023 Board meeting.

9. 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%

10. 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

11. Increases in Pay – Wage Inflation and Merit Salary Increases

Price inflation component: 2.50%
Productivity increase component: 0.50%
Wage inflation assumption: 3.00%

Additional Merit component based on service:

Miscellaneous Merit Increases		Safety and Probation Merit Increases	
Service	Rate	Service	Rate
0	5.75%	0	5.00%
1	5.00%	1	4.00%
2	4.25%	2	3.50%
3	3.25%	3	2.50%
4	2.50%	4	2.00%
5	1.50%	5	1.00%
6	1.25%	6	0.75%
7	1.00%	7	0.75%
8	0.75%	8	0.75%
9	0.50%	9	0.75%
10	0.50%	10	0.50%
11	0.50%	11	0.50%
12	0.50%	12	0.50%
13	0.50%	13	0.50%
14	0.50%	14	0.50%
15	0.50%	15	0.50%
16	0.50%	16	0.50%
17	0.50%	17	0.50%
18	0.50%	18	0.50%
19	0.50%	19	0.50%
20	0.50%	20	0.50%
21	0.50%	21	0.50%
22	0.50%	22	0.50%
23	0.50%	23	0.50%
24	0.50%	24	0.50%
25+	0.00%	25+	0.00%

Increases are compound rather than additive.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

12. 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	6.00%	3.50%
6	5.75%	3.25%
7	5.50%	3.00%
8	5.25%	2.75%
9	5.00%	2.50%
10	4.75%	2.50%
11	4.50%	2.50%
12	4.25%	1.50%
13	4.00%	1.50%
14	3.75%	1.50%
15	3.50%	1.50%
16	3.25%	1.50%
17	3.00%	1.50%
18	2.75%	1.50%
19	2.50%	1.50%
20	2.00%	1.50%
21	1.50%	1.50%
22	1.00%	1.50%
23	1.00%	1.50%
24	1.00%	1.50%
25	1.00%	0.00%
26	1.00%	0.00%
27	1.00%	0.00%
28	1.00%	0.00%
29	1.00%	0.00%
30	1.00%	0.00%
31	1.00%	0.00%
32+	0.00%	0.00%

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

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

13. Rates of Withdrawal

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

Rates of Withdrawal		
Service	Miscellaneous	Safety/Probation
0	20.00%	10.00%
1	14.25%	8.00%
2	11.25%	6.00%
3	9.00%	5.00%
4	5.75%	4.00%
5	1.75%	3.00%
6	1.50%	2.00%
7	1.25%	1.00%
8	0.50%	1.00%
9	0.50%	1.00%
10	0.50%	1.00%
11	0.50%	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%

14. Reciprocal Transfers

35% of vested terminated members that leave their member contributions on deposit with the Trust are assumed to be reciprocal transfers.

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

15. Rates of Disability

Miscellaneous member rates are based on the 2021 CalPERS Public Agency County Peace Officers Non-Industrial Disability table.

Safety and Probation member rates are based on the 2021 CalPERS State Police Officers and Firefighters Total Disability table.

Representative disability rates of active participants are shown below.

Rates of Disability		
Age	Miscellaneous	Safety and Probation
20	0.009%	0.069%
25	0.009%	0.117%
30	0.011%	0.197%
35	0.034%	0.319%
40	0.059%	0.504%
45	0.112%	0.766%
50	0.160%	1.125%
55	0.085%	1.585%
60	0.051%	2.154%
65	0.051%	2.847%

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

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

16. 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, without adjustment, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

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, without adjustment, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for healthy Miscellaneous annuitants are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with a 95% multiplier for males and a 97.5% multiplier for females, 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, without adjustment, with generational improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for all male beneficiaries are based on the sex distinct Public General 2010 Amount-Weighted Below-Median Income Contingent Survivor Mortality Table, with a 102.5% multiplier, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for all female beneficiaries are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, without adjustment, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

17. Rates of Mortality for Disabled Lives

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

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

18. Rates of Retirement

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

Rates of Retirement for Years of Service Less Than 25						
		Tier 1			Tiers 2 and 3	
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	3.00%	2.00%	20.00%	3.00%	1.00%	5.00%
51	4.00%	2.00%	20.00%	3.00%	1.00%	5.00%
52	5.00%	2.00%	15.00%	3.00%	1.00%	5.00%
53	5.00%	2.00%	15.00%	3.00%	1.00%	5.00%
54	7.50%	20.00%	30.00%	5.00%	5.00%	5.00%
55	7.50%	20.00%	30.00%	5.00%	5.00%	10.00%
56	7.50%	20.00%	15.00%	5.00%	5.00%	10.00%
57	7.50%	20.00%	15.00%	5.00%	10.00%	10.00%
58	7.50%	7.50%	15.00%	5.00%	7.50%	8.25%
59	10.00%	7.50%	35.00%	5.00%	7.50%	11.25%
60	12.50%	7.50%	35.00%	10.00%	7.50%	15.00%
61	15.00%	7.50%	35.00%	10.00%	7.50%	18.75%
62	20.00%	7.50%	35.00%	15.00%	7.50%	20.00%
63	25.00%	7.50%	35.00%	15.00%	7.50%	20.00%
64	30.00%	7.50%	35.00%	20.00%	7.50%	20.00%
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 25 or more Years of Service						
		Tier 1			Tiers 2 and 3	
Age	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	5.00%	5.00%	50.00%	3.00%	2.50%	5.00%
51	5.00%	5.00%	25.00%	3.00%	2.50%	5.00%
52	5.00%	5.00%	25.00%	3.00%	2.50%	5.00%
53	5.00%	5.00%	40.00%	3.00%	2.50%	5.00%
54	10.00%	20.00%	40.00%	5.00%	10.00%	5.00%
55	10.00%	35.00%	40.00%	10.00%	10.00%	15.00%
56	10.00%	35.00%	40.00%	10.00%	10.00%	15.00%
57	17.50%	35.00%	40.00%	10.00%	15.00%	15.00%
58	17.50%	20.00%	40.00%	10.00%	10.00%	10.00%
59	17.50%	20.00%	40.00%	10.00%	10.00%	12.50%
60	30.00%	15.00%	40.00%	15.00%	10.00%	18.00%
61	40.00%	15.00%	40.00%	15.00%	10.00%	20.00%
62	40.00%	20.00%	40.00%	20.00%	20.00%	30.00%
63	40.00%	20.00%	40.00%	20.00%	20.00%	30.00%
64	40.00%	20.00%	40.00%	25.00%	20.00%	30.00%
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%		

Miscellaneous Vested Terminated and Reciprocal members are assumed to retire at the later of age 60 or attained age. Safety and Probation Vested Terminated and Reciprocal members are assumed to retire at the later of age 55 or attained age.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

19. 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.

20. Changes Since Last Valuation

Based on the findings of the 2017 – 2023 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, 2023 issued in June 2024.

The LDROM discount rate assumption was added.

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, 2023. 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 $151,446 for 2024 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 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 for 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

Via Electronic Mail

June 14, 2024

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

Re: Contribution Rate Increases for Alternative Implementation Dates - July 1, 2024, January 1, 2025, or July 1, 2025

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, 2024 actuarial valuation for three alternative implementation dates.

The total actuarially determined contribution (ADC) rate as of the January 1, 2024 actuarial valuation increased to 54.71% from 52.81% as of the January 1, 2023 actuarial valuation. The Charged Rate (actual contributions collected by SLOCPT as a rate of actual pensionable salary) for the six months ending December 31, 2023 was 51.85% plus a 0.73% contribution rate increase effective as of July 1, 2024, results in a Total Charged Rate of 52.58%. The recommended contribution rate increase of 2.13% is the difference between the ADC as of January 1, 2024, and the Total Charged Rate. These rates are composed of a blended employer appropriation rate and a weighted average of the employee rates.

The table below shows recommended contribution rate increases for each alternative implementation date based on the results of the January 1, 2024 actuarial valuation for SLOCPT in aggregate and for each class of members: Miscellaneous, Probation, and Safety. To calculate the contribution rate 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 20, 2024 meeting and the December 31, 2023 actuarial losses from the January 1, 2024 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 at the assumed payroll growth rate of 3.00%.

Contribution Rate Increases for Alternative Implementation Dates

	Total Charged Rates			2024 Valuation		Implementation Dates					
						July 1, 2024		January 1, 2025		July 1, 2025	
	12/31/2023	Rate Increases[1]	Total Rate	Total ADC	Rate Change	Adjusted ADC	Rate Change	Adjusted ADC	Rate Change	Adjusted ADC	Rate Change
Total SLOCPT	51.85%	0.73%	52.58%	54.71%	2.13%	54.79%	2.21%	54.88%	2.30%	54.96%	2.38%
Miscellaneous	48.88%	0.43%	49.31%	50.69%	1.38%	50.76%	1.45%	50.84%	1.53%	50.92%	1.61%
Probation	58.18%	0.16%	58.34%	63.82%	5.48%	63.90%	5.56%	63.99%	5.65%	64.09%	5.75%
Safety	69.00%	3.27%	72.27%	78.25%	5.98%	78.37%	6.10%	78.49%	6.22%	78.62%	6.35%

[1] *Rate increases from the January 1, 2023 actuarial valuation with delayed implementation to July 1, 2024.*

The purpose of this letter is to detail the calculations for the delayed implementation of the recommended contribution rate increases from the January 1, 2024 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, EA, MAAA
Principal Consulting Actuary

cc: Katie Girardi, SLOCPT
Amy Burke, SLOCPT
Alice Alsberghe, Cheiron
Tim Hall, Cheiron

SLO County Pension Trust
Pension Contribution
Rate Increases

	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation As of 1/1/2024	2024 Valuation at 7/1/25 Implementation
Total Rate Increases								
Miscellaneous	1.99%	2.47%	3.41%	1.94%	2.11%	0.20%	**1.38%**	**1.61%**
Probation	3.70%	2.26%	4.56%	3.11%	4.78%	-0.90%	**5.47%**	**5.75%**
Safety	5.63%	1.25%	4.40%	3.29%	2.52%	2.91%	**5.98%**	**6.35%**
COMBINED	**2.51%**	**2.30%**	**3.60%**	**2.16%**	**2.31%**	**0.48%**	**2.13%**	
Total ADC	42.19%	44.52%	47.92%	50.34%	**52.48%**	**52.81%**	**54.71%**	
Significant Changes:								
Discount Rate	**7.000%**	**7.000%**	**6.875%**	**6.750%**	**6.750%**	**6.750%**	**6.750%**	
Discount Rate net of -								
Investment Expense	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	
Admin. Expense	*Y*	*Y*	*Y*	***N***	***N***	***N***	***N***	
Inflation	2.50%	2.50%	2.25%	2.25%	**2.50%**	**2.50%**	**2.50%**	
Payroll Growth Rate	3.00%	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%	
Mortality	Updated (2nd part of 2 step phased)		Updated		Update to Safety tables			

As of Valuation date of Jan. 1 of the Valuation year
Actual increase modified for delayed implementaton (e.g. Jan. 1st or July 1st of following year)

Total penson contribution rate increase result of:
- Changes to the actuarial assumptions following the experience study driven by COLA and salary merit increase assumptions.
- Increases to adjust for difference between planned ADC to be collected and the actual charged rate during the prior year.

Increases allocated between Employer and Employee and across Tiers pursuant to MOU provisions for each BU.

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
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www.SLOPensionTrust.org

San Luis Obispo County Pension Trust
SLOCPT

Date: June 24, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director
Chris Waddell – General Counsel

Agenda Item 14: CAME Security Alarms – Indemnification Authorization pursuant to Section 16.02(j) of the Retirement Plan

Recommendation:

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

- Commercial Installation and Services Agreement (MILL and OSOS) – CAME Security Alarms

Discussion:

From 2007 until May 2016, Section 16.02(i) of the Retirement Plan prohibited SLOCPT from indemnifying any party. This restriction inhibited SLOCPT's ability to enter into contracts with various vendors or investment managers. On May 10, 2016, the Board of Supervisors amended the Retirement Plan based on recommendations from the Board of Trustees. These amendments included a modification to Section 16.02 regarding 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."

On May 20, 2024, the Board of Trustees approved the 2024-2025 fiscal year budget for SLOCPT. The budget includes funds for modernizing SLOCPT's building security system. The Executive Director and General Counsel will handle the necessary legal agreements for this project, as the Board's approval of the indemnification provisions in the Retirement Plan document is required.

SLOCPT completed due diligence and requested quotes for services from multiple vendors. Based on service provided and cost, CAME Security was deemed the best option.

The relevant language in the CAME Security Alarm documents on indemnification by SLOCPT.

Commercial Installation and Services Agreement:

3.8 Vendor Compliance Fees. If we are required to enter into a vendor compliance program, you will be responsible for all fees or chargebacks associated with the program, and must immediately indemnify us against all such fees or chargebacks imposed on us.

7. Access and Preparation; Hazard. We are not liable for the discovery of or exposure to asbestos or other hazardous materials, and you must immediately defend and indemnify us against all claims by you or a third party arising out of or relating to such claims.

10. False Alarms. You are solely responsible for all false alarm fines, penalties, or fees, including

charges from a private guard service, if any, whether assessed against you or us, and must immediately indemnify us against all such fines, penalties, or
fees imposed on us.

13. Camera; Video Streaming. You are solely responsible for managing and controlling who has remote access to the System or System video, images, or audio, and you must defend and indemnify us against all claims by you or a third party arising out of or relating to the failure to restrict access to the System. (Not Applicable)

14. Privacy. You must immediately defend and indemnify us against all claims arising out of relating to your camera system, including its use, transmissions, and recordings. (Not Applicable)

16.5 Indemnity. You must defend and indemnify us from any claim made by another alarm company arising out of its contract with you.

20. Internet; Network or Server Vulnerability; Liability. You must immediately defend and indemnify us against all claims by you or a third party arising out of or relating to such activities or the authorized or unauthorized use of the internet, including System failure, loss of internet service, viruses, cyber attacks, decreased connectivity, failure to transmit signals, and so on.

23 Risk of Loss. If the System is removed for any reason, we are not obligated to restore the Premises to its original condition or to redecorate the Premises, and you must immediately defend and indemnify us against all claims by you or a third party arising out of or relating to restoration of the Premises.

27. Information and Privacy; Collection, Use, and Disclosure of Personal Information; Recording; Consent. You must immediately defend and indemnify us against all claims by you or a third party arising out of or relating to such lack of privacy.

29. Third Party Indemnification; Subrogation. You must immediately defend and indemnify us against all claims brought by others, including personal injury, tort, negligence, contribution, property damage, or death. This provision applies to all claims regardless of cause, including our or the System's performance or failure to perform; defects in products, design, installation, programming, activation, or service; negligence; tort; warranty; contribution; indemnification; or strict products liability. You release us from all such claims, whether the claims are made by or through you, including your insurance company or other parties, and you must defend and indemnify us against all such claims. There are no third-party beneficiaries to this Agreement, and any rights contained in this Agreement are for the exclusive benefit of the parties.

Based on the above:

(j)(i-ii): It is the assessment of the Executive Director that comparable services with other security alarm company agreements that do not contain indemnification provisions similar to those described above or contain indemnification provisions that provide greater protection to SLOCPT are unavailable, and that the indemnification provisions in the CAME Security agreement reflect normal terms in this industry.

(j)(iii): The Executive Director and the General Counsel believe that all potential risks of loss and costs to SLOCPT 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 Board and SLOCPT staff.

We recommend that the Board adopt the findings and approve the indemnification provisions with the service provider listed above.

Respectfully Submitted,

Board of Trustees

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San Luis Obispo County Pension Trust
SLOCPT

Date: June 24, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 15: Monthly Investment Report for May 2024

	1-month	YTD	2023	2022	2021	2020	2019
Total Fund (%) *(Gross)*	2.00	3.6	8.9	(8.0)	15.2	8.9	16.3
Policy Index (%)*	2.00	3.7	10.2	(9.7)	12.8	10	16.4

	YTD	2023	2022	2021	2020	2019
Market Value *(millions)*	$1,747	$1,694	$1,614	$1,775	$1,552	$1,446

* Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2024 Interim targets:

Public Mkt Equity-	20% Russell 3000, 17% MSCI ACWI ex-US
Public Mkt Debt-	4% Bloomberg/Barclays US Aggregate,
Risk Diversifying	8% Barclays 7-10yr Treasury, 7% Barclays 5-10yr US TIPS
Real Estate & Infrastructure-	14% NCREIF Index (inc. Infrastructure)
Private Equity-	12% actual private equity returns
Private Credit-	10% actual private credit returns
Liquidity-	8% 90-day T-Bills

Pending annual updates to interim targets.

SLOCPT Investment Returns:

The attached report from Verus provides an overview of the preliminary investment returns of the SLOCPT portfolio and offers market commentary through the end of May. It's important to note that the report does not include any activity or data from June.

During May, the global economic outlook showed signs of improvement, with modest growth despite tight monetary conditions continuing after the May 1st FOMC meeting. Equities returned to positive following a negative April that stunted three straight months of gains in 2024. Due to healthy corporate profit growth, U.S. large-cap stocks were up 5% for the month. Developed international stocks saw strong returns in May, as economic activity began to improve after several quarters of stagnation. Lower than expected inflation drove bond yields lower for the month, which led to positive returns of 1.7% for the month.

As of June 20th, both equities and bonds remain in positive territory for the month reporting 4.4% and 1.9% respectively.

Capital Markets:

- **Investment Markets –** In May, a rally across all broad-based markets highlights the benefit of maintaining a diversified portfolio based on the long-term strategic asset allocation.
  - US stocks — S&P 500 — 5.0%
  - International stocks — MSCI ACWI ex-US — 3.1%
  - Bonds — Bloomberg US Aggregate bonds — 1.7%

The Economy:

- **Inflation –**
  - The consumer price index was unchanged in April, while the year-over-year prices came in at 3.3%, all reported in May. Both shelter and gas combined contributed to over half of the monthly increase in the index for all items included.
- **New Jobs, Unemployment, Wages –**
  - **New Jobs** - The latest jobs report from the Bureau of Labor Statistics (BLS) on non-farm employment reveals a significant gain of **272k** new jobs. Healthcare continues to grow at the highest rate, with government hiring rebounding, along with leisure and hospitality work.
  - **Unemployment Rate – 4.0% -** ending the longest streak of sub-4 percent unemployment on record.
  - **Labor Force Participation – 62.5%** decrease from March
  - **Wage growth – 4.4%**
- **Monetary Policy –**
  - "*Content*" – Fed Chair, Jerome Powell's favorite word to date. Policymakers remain content to leave rates where they are until the economy sends a clear signal – such as a decline in prices or a jump in unemployment. Based on current projections, interest rate cuts would likely not begin until December unless there is a surprise in the inflation or jobs data.
- **Consumer sentiment**
  - Why are people so down about the economy? Economic indicators look great on paper with a booming job market and high consumer spending, but Americans remain unhappy with the economy. When inflation jumped rapidly in 2021 and 2022, prices escalated at a fast pace. Now prices aren't climbing as quickly, but consumers are still struggling with costs after that jump. Lower prices and a time when inflation wasn't talked about daily is a comfortable place that consumers have in their memory. While people's pockets continue to be negatively impacted or the paycheck-to-paycheck cycle continues, they tend to blame the economy's challenges on whoever is in office.

MAY 2024

Capital Markets Update

Market commentary

U.S. ECONOMICS

- The revised Q1 GDP report indicated that the U.S. economy grew at a slower pace than previously estimated, now 1.3% annualized vs. 1.6% prior. Investors welcomed the news as a sign that the interest rate hikes enacted by the Fed are now cooling the economy. The adjustment was mostly driven by a -0.5% downward revision to consumer spending to 2.0% annualized.
- The ISM Manufacturing Index fell to 48.7, down from 49.2, indicating that manufacturing activity is contracting. The lower-than-expected manufacturing data was countered by a surprise print from the ISM Services Index, which rose 4.4 points to 53.8. Of note, both indexes reported improvements in their employment sub-indexes.
- Nonfarm payrolls increased 272,000, beating expectations of 190,000. This data surprise further supported the belief that the labor market remains strong. Gains were most pronounced in healthcare and government. Though job additions were strong, the unemployment rate ticked higher to 4.0%, the highest reading since January 2022.

U.S. EQUITIES

- U.S. equities recovered April losses and reached new all-time highs by mid-month. The S&P 500 gained +5.0%, driven in part by a strong earnings season that propelled the Magnificent Seven higher—particularly NVIDIA and Microsoft, which posted surprise earnings beats well above estimates.
- Mega-cap companies are still driving earnings and the stock market, but performance in May was broadly positive as 327 constituents gained an average of 6.7% (FactSet). Year to date, the Magnificent Seven have accounted for 56% of the S&P 500 return (11.3%) even though this includes poor performance from Tesla (-28.3%) and Apple (-0.1%).

U.S. FIXED INCOME

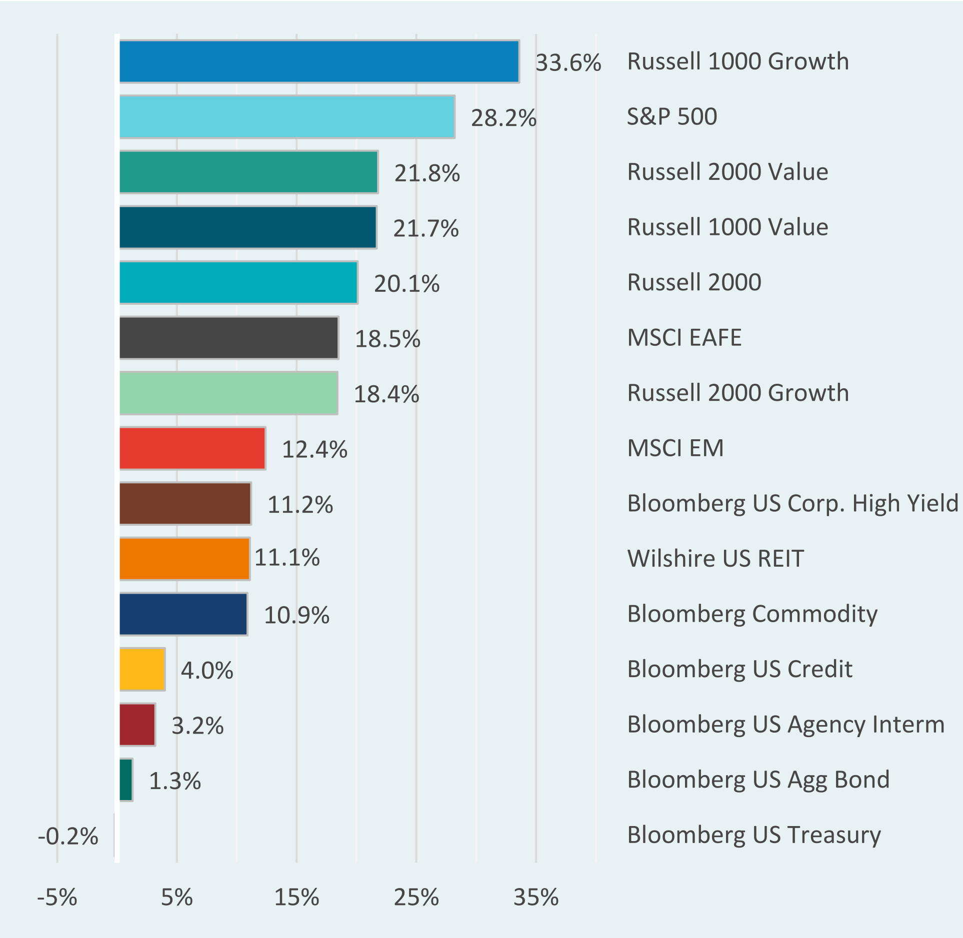
- Uncertainty surrounding potential rate cuts in 2024 has strongly influenced the yield curve. In April, investors began to speculate about an additional rate hike leading up to the May 1st FOMC meeting, though at that meeting the Fed made it clear that a rate hike was unlikely. Now, given the most recent data, investors are again pricing in two rate cuts by year end and attention is focused on the upcoming June 11th - 12th FOMC meeting.
- Yields fell across the curve as hopes for 2024 rate cuts were reignited. The 2-year fell -15 bps while the 10-year Treasury yield fell -18 bps. The 10-year minus 2-year Treasury yield curve inversion now sits at -38 bps and has been inverted since July 2022.
- Falling yields contributed to positive performance across all broad fixed income indexes. The Bloomberg U.S. Aggregate Index delivered +1.7% and the top performing index was the Bloomberg US Treasury Long Index, which returned +2.9%.

INTERNATIONAL MARKETS

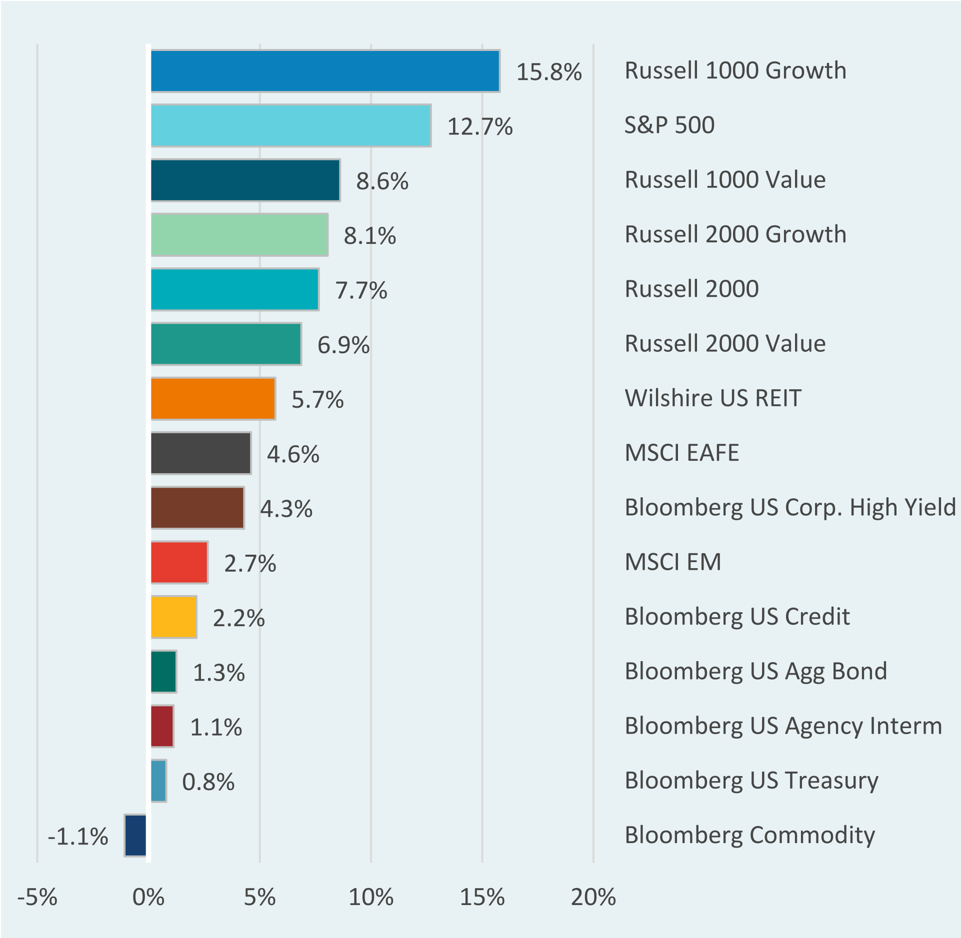
- Easing inflation and the prospect of rate cuts in the Eurozone, as well as the U.S., continue to positively influence international markets. Though international equities still lagged domestic, performance was widely positive, with the MSCI UK (+3.6%) and MSCI Euro (+3.9%) among the best performers.
- The Japanese yen continued to struggle during the month, though the currency showed little change (+0.1%) given that Japanese authorities intervened in late April and again in early May to prop up the currency. In total, 9.8 trillion yen - $62.2 billion USD - was spent on intervention. The Japanese government is expected to further intervene, especially as the effects of prior intervention have not held.

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 5/31/24

Source: Morningstar, as of 5/31/24

U.S. large cap equities

— The S&P 500 Index (+5.0%) more than recovered April's losses, extending its 2024 gains to +11.3%. Easing inflation, as well as other data prints that have suggested some economic cooling, bolstered investors' hopes for multiple interest rate cuts in 2024.

— 10 out of 11 sectors advanced in April, with Information Technology (+10.1%), Utilities (+9.0%) and Communication Services (+6.6%) performing the best. Strong earnings from technology companies, as well as the prospects of more rate cuts sooner than previously expected, fueled tech outperformance in May.

— The Magnificent Seven bounced back strongly, as NVIDIA stock increased +26.9% following a blowout earnings report. NVIDIA reported earnings growth of +630% year-over-year, giving guidance for more modest growth, and announcing a 10-to-1 stock split. This extended NVIDIA's gains to +152%, year-to-date.

— As Q1 earnings season ends (99% reported), the S&P 500 reported its highest earnings growth since Q1 2022, reporting growth of +5.9% year-over-year. Looking forward to Q2 2024, 60% of companies have given negative guidance, in line with the historical average.

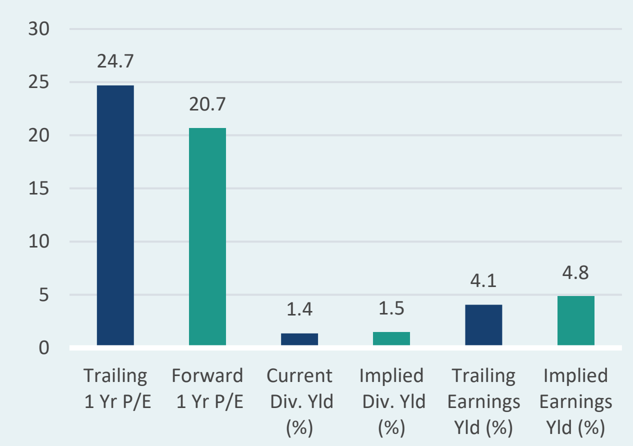
S&P 500 PRICE INDEX

Source: Bloomberg, as of 5/31/24

IMPLIED VOLATILITY (VIX INDEX)

Source: Cboe, as of 5/31/24

S&P 500 VALUATION SNAPSHOT



Source: Bloomberg, as of 5/31/24

Domestic equity size and style

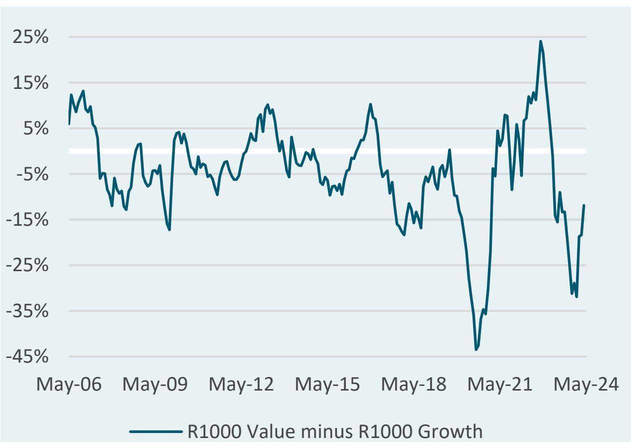
— While all equity indexes were positive in May, large cap growth was the best performer (Russell 1000 Growth +6.0%). Positive sentiment surrounding rate cuts and strong NVIDIA earnings provided a hefty tailwind.

— Despite strong performance from large cap growth, small cap (Russell 2000 +5.0%) outperformed large cap (Russell 1000 +4.7%). Investors' hope for two interest rate cuts in 2024 likely helped to lift small cap companies that are more sensitive to interest rate movements.

— Relative valuations continued to climb for large-cap growth. The Russell 1000 Growth Index is trading at 27x forward earnings, a 20% premium to the 10-year average. Meanwhile, large-cap value is trading at a slight premium (3.3%) over the historical average. Small caps (Russell 2000) are trading at 22.3x forward earnings, or a -5.9% discount to the 10-year average.

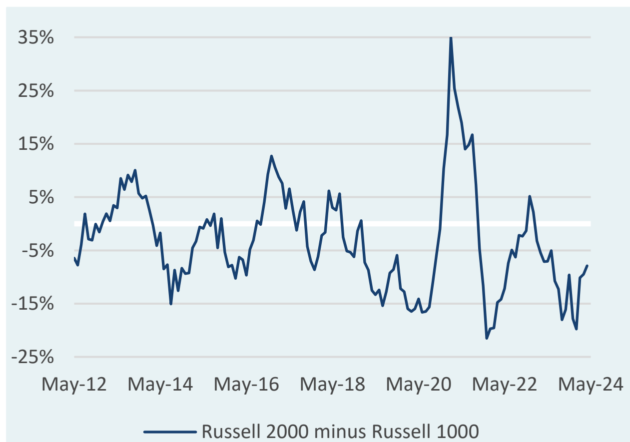
— Following risk-on movements in equities, large-cap value was the worst performer of the major U.S. equity indices (Russell 1000 Value +3.2%).

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/24

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 5/31/24

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	21.7%	28.0%	33.6%
Mid Cap	23.7%	23.1%	21.9%
Small Cap	21.8%	20.1%	18.4%

Source: FTSE, Bloomberg, as of 5/31/24

Fixed income

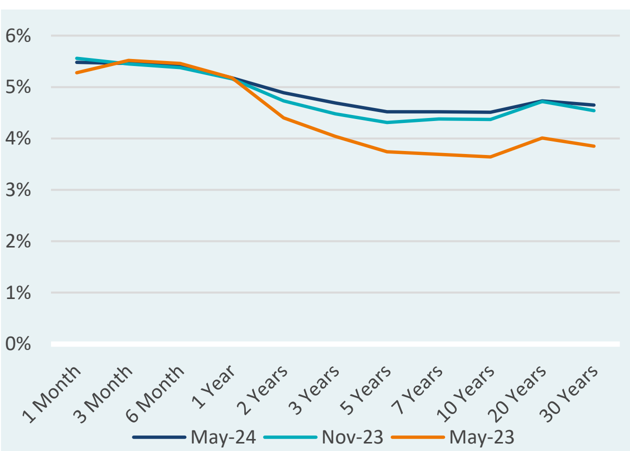
— U.S. bonds recovered some of their April losses, gaining in May (Bloomberg U.S. Aggregate Index +1.7%). Both short- and long-dated treasury yields declined following reignited expectations for Federal Reserve rate cuts in 2024. This brought year-to-date returns to -1.6% for U.S. bonds.

— With the -18 bps decrease in 10-year yields, long treasuries (Bloomberg US Treasury Long +2.9%) were the top performing fixed income index in May. Along with yield curve changes being more pronounced on the long end of the curve, higher duration bonds are the most sensitive to changes in yield.

— Emerging market bonds as measured by the JPM EMBI Global Diversified (+1.8%), slightly outperformed U.S. fixed income (Bloomberg U.S. Agg +1.7%). Investment grade bonds (+2.1%) helped the index outperform.

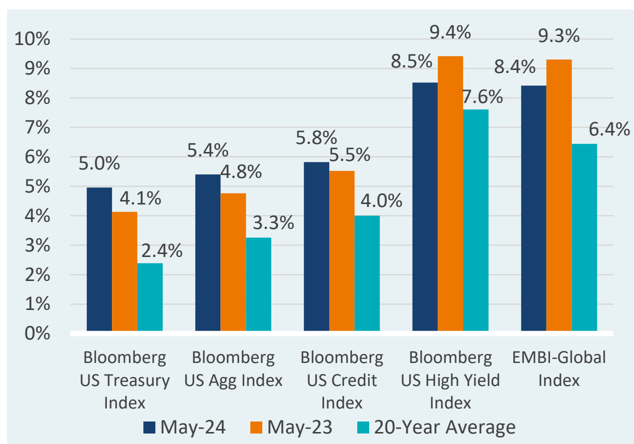
— Spreads were mixed in May but remained historically tight. High yield spreads increased +2 bps to 3.20%, while bank loan spreads decreased -14 bps to 4.51%. Default rates dropped considerably, with high yield corporate annual defaults decreasing from 1.55% to 1.25%, and bank loan defaults fell from 1.31% to 1.08%. Bank loans remain the top performing index, on a year-to-date basis (Credit Suisse Leveraged Loan +4.2%).

U.S. TREASURY YIELD CURVE



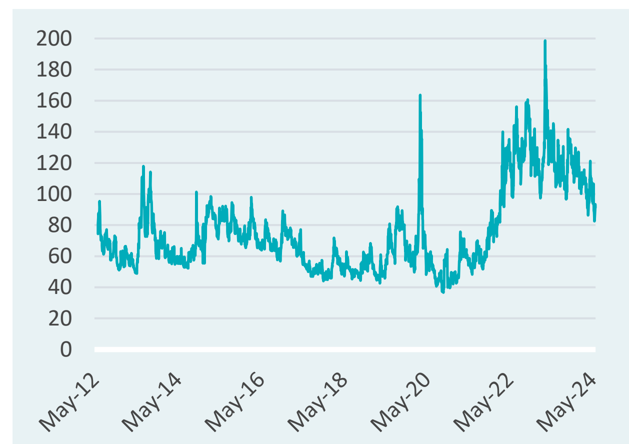
Source: Bloomberg, as of 5/31/24

NOMINAL YIELDS



Source: Morningstar, as of 5/31/24

U.S. TREASURY IMPLIED VOL ("MOVE" INDEX)



Source: Bloomberg, as of 5/31/24

Global markets

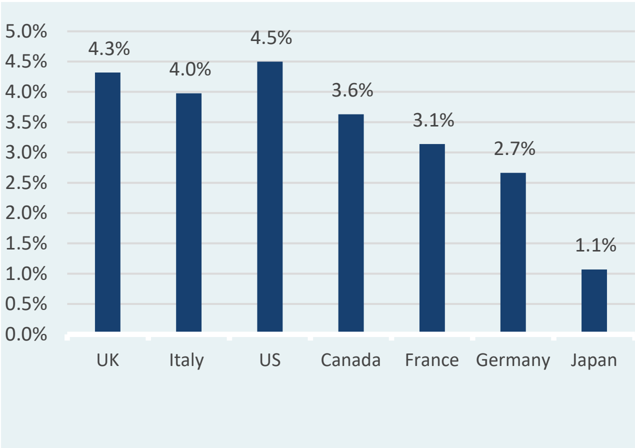
— In a reversal from last month, international equities underperformed U.S. equities by -2.1% (MSCI ACWI ex US +2.9%). ACWI ex U.S. constituents posted mixed results but were generally positive. Latin American equities stood out as a poor performer, declining -3.1%.

— Latin American equities struggled as Brazil (-5.0%) and Mexico (-2.5%) posted poor performance. Combined, these countries make up nearly 90% of the MSCI EM Latin American index. Brazilian equities face a difficult backdrop as government spending and potential intervention have made investors question continued stability for the country.

— European equities were among the top performers with the MSCI Euro Index gaining +3.9%. Anticipation of the first Eurozone rate cut contributed to market gains. The economic backdrop in the Eurozone has appeared bleak compared to the strength of the U.S. economy, though some believe rate cuts could stimulate the broader European economy.

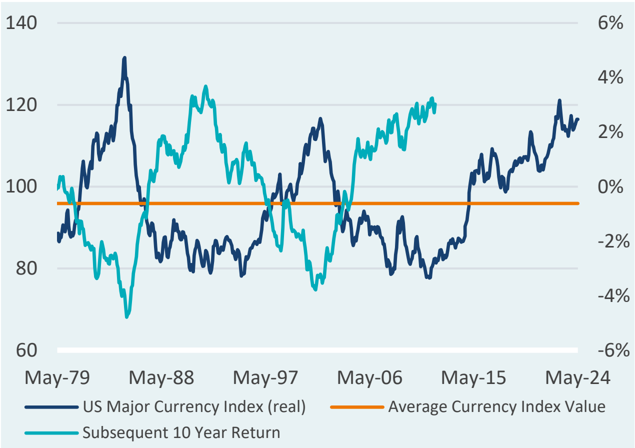
— Chinese equities were maintained momentum and finished the month +2.4%. Chinese officials announced intervention measures to stimulate the economy, including relief forthe struggling property sector which accounts for roughly 25%-30% of GDP growth.

GLOBAL SOVEREIGN 10-YEAR YIELDS



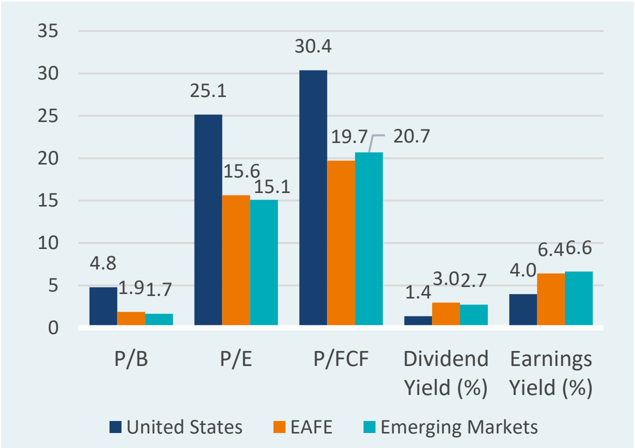
Source: Bloomberg, as of 5/31/24

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 5/31/24

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 5/31/24

Commodities

— Commodities posted mixed performance, but the broad Bloomberg Commodity Index finished the month +1.8%. Energy (-1.4%) and petroleum (-5.3%) lagged other segments but a spike in natural gas along with positive performance from grains, precious metals and industrial metals helped buoy the broader index.

— Energy commodities were broadly negative across the segment, except for natural gas (+29.9%). Lower than expected demand and an anticipated increase in production weighed on the sector. U.S. WTI Crude posted its worst month since November 2023 and ended the month -6.0% leading up to the OPEC+ meeting on June 1st.

— The Bloomberg Precious Metals Index posted a +4.6% gain on the month - largely led by a rally in silver prices which rose +14.2% and are now up 26.4% year to date. Regular and industrial demand for silver from China and India, among others have driven prices higher. Premiums in China are now 15% higher than global spot prices and India imported more silver in Q1 than in all of 2023.

— The Bloomberg Grains sub-index (+5.3%) posted the best sector performance. There were historically low wheat stocks and sudden freezes across northern Europe, Russia, and Ukraine. This disrupted expected outlook and drove grains, particularly wheat (+12.5%), higher.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	1.8	4.5	6.8	10.9	6.9	8.2	(1.1)
Bloomberg Agriculture	3.7	2.6	(0.4)	1.0	4.9	10.4	(0.9)
Bloomberg Energy	(1.4)	(1.0)	3.8	10.1	9.1	0.3	(9.6)
Bloomberg Grains	5.3	5.8	(2.6)	(4.3)	0.1	7.0	(2.9)
Bloomberg Industrial Metals	1.8	16.0	15.1	20.7	3.1	10.1	3.4
Bloomberg Livestock	(1.3)	(2.1)	8.6	11.5	3.6	(1.5)	(3.3)
Bloomberg Petroleum	(5.3)	(5.5)	10.3	27.8	24.0	12.4	(3.2)
Bloomberg Precious Metals	4.6	8.8	16.0	20.6	5.7	12.0	5.2
Bloomberg Softs	(0.9)	(2.6)	6.8	5.7	14.7	13.9	(0.1)

Source: Morningstar, as of 5/31/24

COMMODITY PERFORMANCE

Source: Bloomberg, as of 5/31/24

Appendix

Periodic table of returns

BEST

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	5-Year	10-Year
Large Cap Growth	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	16.1	42.7	13.1	19.4	15.8
Large Cap Equity	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	9.4	26.5	10.6	15.4	12.4
Commodities	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	1.5	18.7	6.8	10.7	8.6
Large Cap Value	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	-4.7	18.2	7.6	8.8	8.1
International Equity	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	-7.5	16.9	7.1	8.6	7.7
Small Cap Growth	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	22.4	14.0	17.7	-13.0	15.4	4.6	8.2	6.9
Hedge Funds of Funds	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	22.0	10.3	14.8	-14.5	14.6	4.5	8.0	6.4
60/40 Global Portfolio	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	-14.5	11.5	3.9	7.8	5.0
Emerging Markets Equity	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	-17.3	9.8	3.4	6.4	4.6
Small Cap Equity	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	-19.1	6.3	2.7	5.1	3.6
Cash	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	-20.1	5.5	2.2	3.8	2.7
Small Cap Value	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	-20.4	5.0	0.8	3.5	1.4
Real Estate	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	-26.4	-7.9	-1.0	2.0	1.3
US Bonds	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	-29.1	-7.9	-1.6	-0.2	-1.1

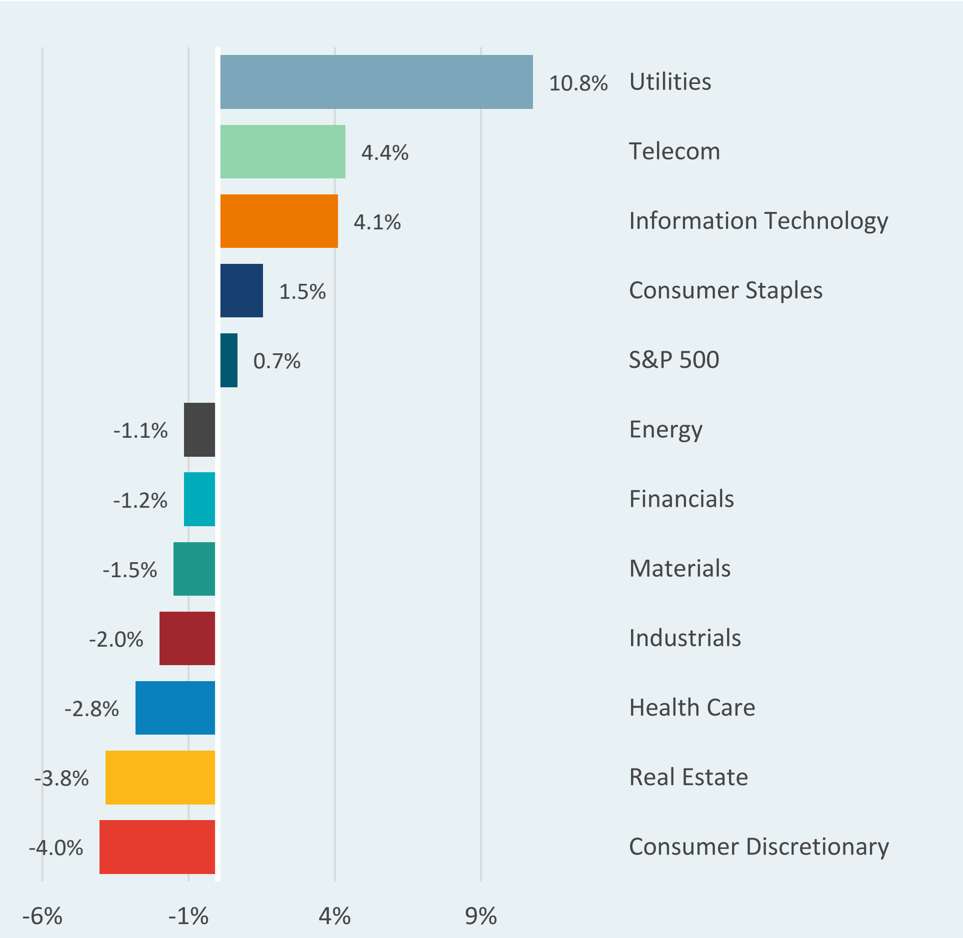
WORST

- Large Cap Equity
- Large Cap Value
- Large Cap Growth
- Small Cap Equity
- Small Cap Value
- Small Cap Growth
- International Equity
- Emerging Markets Equity
- US Bonds
- Cash
- Commodities
- Real Estate
- Hedge Funds of Funds
- 60% MSCI ACWI/40% 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 3/31/24.

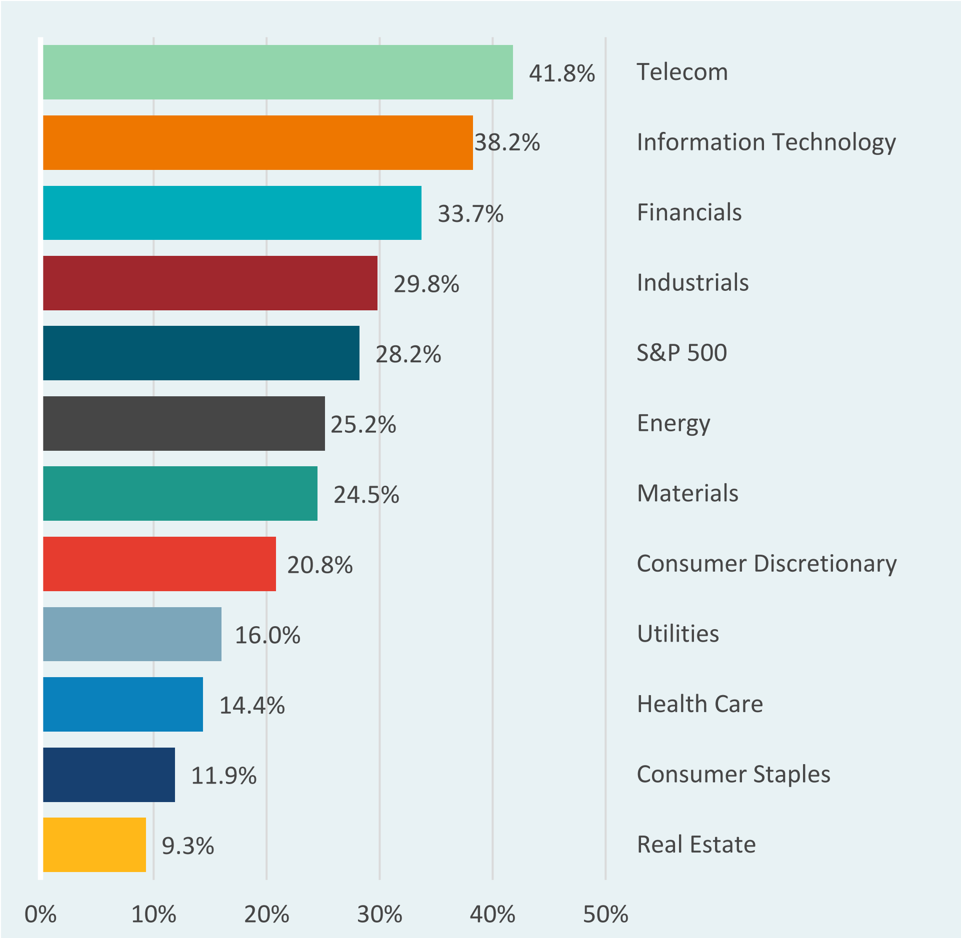
S&P 500 sector returns

QTD



Source: Morningstar, as of 5/31/24

ONE YEAR ENDING MAY



Source: Morningstar, as of 5/31/24

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	5.0	0.7	11.3	28.2	9.6	15.8	12.7
S&P 500 Equal Weighted	2.8	(2.2)	5.6	21.0	5.1	12.7	10.4
DJ Industrial Average	2.6	(2.5)	3.5	20.0	6.0	11.6	11.3
Russell Top 200	5.3	1.2	12.1	29.6	10.3	17.0	13.5
Russell 1000	4.7	0.3	10.6	28.0	8.5	15.4	12.4
Russell 2000	5.0	(2.4)	2.7	20.1	(1.7)	8.6	7.7
Russell 3000	4.7	0.1	10.1	27.6	7.8	15.0	12.1
Russell Mid Cap	2.9	(2.7)	5.7	23.1	3.1	11.1	9.5
Style Index							
Russell 1000 Growth	6.0	1.5	13.1	33.6	11.1	19.4	15.8
Russell 1000 Value	3.2	(1.2)	7.6	21.7	5.5	10.7	8.6
Russell 2000 Growth	5.4	(2.8)	4.6	18.4	(3.3)	7.8	8.1
Russell 2000 Value	4.7	(2.0)	2.3	21.8	(0.2)	8.8	6.9

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	1.7	0.0	(0.1)	1.6	(1.4)	2.1	1.9
Bloomberg US Treasury Bills	0.5	0.9	2.2	5.5	2.9	2.1	1.5
Bloomberg US Agg Bond	1.7	(0.9)	(1.6)	1.3	(3.1)	(0.2)	1.3
Bloomberg US Universal	1.7	(0.7)	(1.2)	2.4	(2.7)	0.2	1.6
Duration							
Bloomberg US Treasury 1-3 Yr	0.7	0.3	0.6	3.4	0.1	1.0	1.1
Bloomberg US Treasury Long	2.9	(3.4)	(6.6)	(7.2)	(9.9)	(4.3)	0.4
Bloomberg US Treasury	1.5	(0.9)	(1.9)	(0.2)	(3.4)	(0.7)	0.8
Issuer							
Bloomberg US MBS	2.0	(1.1)	(2.1)	0.5	(3.3)	(0.8)	0.8
Bloomberg US Corp. High Yield	1.1	0.1	1.6	11.2	1.8	4.2	4.3
Bloomberg US Agency Interm	0.9	0.1	0.3	3.2	(0.8)	0.6	1.1
Bloomberg US Credit	1.8	(0.7)	(1.1)	4.0	(2.7)	0.9	2.2

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	4.1	0.6	8.9	23.6	5.1	11.7	8.4
MSCI ACWI ex US	2.9	1.1	5.8	16.7	0.3	6.8	4.0
MSCI EAFE	3.9	1.2	7.1	18.5	3.1	8.0	4.6
MSCI EM	0.6	1.0	3.4	12.4	(6.2)	3.5	2.7
MSCI EAFE Small Cap	4.3	1.2	3.7	14.4	(2.9)	5.7	4.8
Style Index							
MSCI EAFE Growth	3.8	(0.3)	6.7	13.8	0.2	7.9	5.5
MSCI EAFE Value	3.9	2.9	7.5	23.6	5.7	7.8	3.4
Regional Index							
MSCI UK	3.6	5.5	8.8	18.9	6.7	7.1	2.9
MSCI Japan	1.3	(3.6)	7.0	18.6	2.4	7.6	6.2
MSCI Euro	3.9	0.6	9.1	21.2	4.1	9.5	4.5
MSCI EM Asia	1.4	2.4	5.8	12.6	(6.9)	4.8	4.3
MSCI EM Latin American	(3.1)	(6.5)	(10.2)	12.6	4.0	2.6	0.7

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	1.8	4.5	6.8	10.9	6.9	8.2	(1.1)
Wilshire US REIT	5.1	(3.2)	(3.2)	11.1	0.3	3.7	5.7
CS Leveraged Loans	0.9	1.6	4.2	13.2	6.0	5.4	4.6
S&P Global Infrastructure	6.3	5.8	7.2	13.6	6.0	6.1	5.3
Alerian MLP	0.6	(0.8)	13.9	34.0	25.6	10.7	2.1
Regional Index							
JPM EMBI Global Div	1.8	(0.3)	1.7	11.0	(2.6)	0.5	2.6
JPM GBI-EM Global Div	1.6	(0.6)	(2.7)	5.1	(3.3)	(0.0)	(0.7)
Hedge Funds							
HFRI Composite	1.3	0.6	5.0	12.2	3.1	7.2	4.9
HFRI FOF Composite	0.8	0.3	4.5	9.6	2.2	5.1	3.6
Currency (Spot)							
Euro	1.5	0.5	(1.7)	1.8	(3.9)	(0.5)	(2.3)
Pound Sterling	1.7	0.8	(0.1)	2.7	(3.6)	0.2	(2.7)
Yen	0.1	(3.7)	(10.3)	(11.1)	(11.4)	(7.1)	(4.3)

Source: Morningstar, HFRI, as of 5/31/24

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	2.6	10.8	15.2	12.6
MSCI World Index (PME)	*23.8*	*7.6*	*13.2*	*8.4*
Global Private Equity Direct Funds [1]	5.7	10.2	16.2	14.3
MSCI World Index (PME)	*23.7*	*7.6*	*12.7*	*8.7*
U.S. Private Equity Direct Funds [1]	6.1	12.2	18.0	15.5
Russell 3000 Index (PME)	*25.9*	*8.9*	*15.1*	*11.5*
Europe Private Equity Direct Funds [1]	8.2	9.8	15.5	12.9
MSCI Europe Index (PME)	*19.8*	*6.3*	*9.1*	*4.3*
Asia Private Equity Direct Funds [1,4]	1.4	2.9	9.5	11.6
MSCI AC Asia Pacific Index (PME)	*11.4*	*(2.9)*	*5.0*	*4.2*

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt [2,4]	7.7	14.2	12.6	11.0
Moringstar LSTA U.S. Leveraged Loan 100 Index (PME)	*13.2*	*5.5*	*6.0*	*4.6*

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(4.8)	9.6	7.9	10.5
FTSE NAREIT Equity REIT Index (PME)	*14.2*	*8.4*	*8.3*	*9.1*

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources [3,4]	3.0	20.3	6.1	3.4
S&P Global Natural Resources Index (PME)	*3.0*	*13.1*	*10.8*	*5.6*
Global Infrastructure [4]	8.5	10.3	10.3	10.2
S&P Global Infrastructure Index (PME)	*6.0*	*5.1*	*6.2*	*4.9*

Source: Pooled IRRs and Public Market Equivalents (PMEs) are both from Refinitiv C|A, as of December 31st, 2023. All returns in U.S. dollars.

1. Includes Buyout, Growth Equity and Venture Capital.

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

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

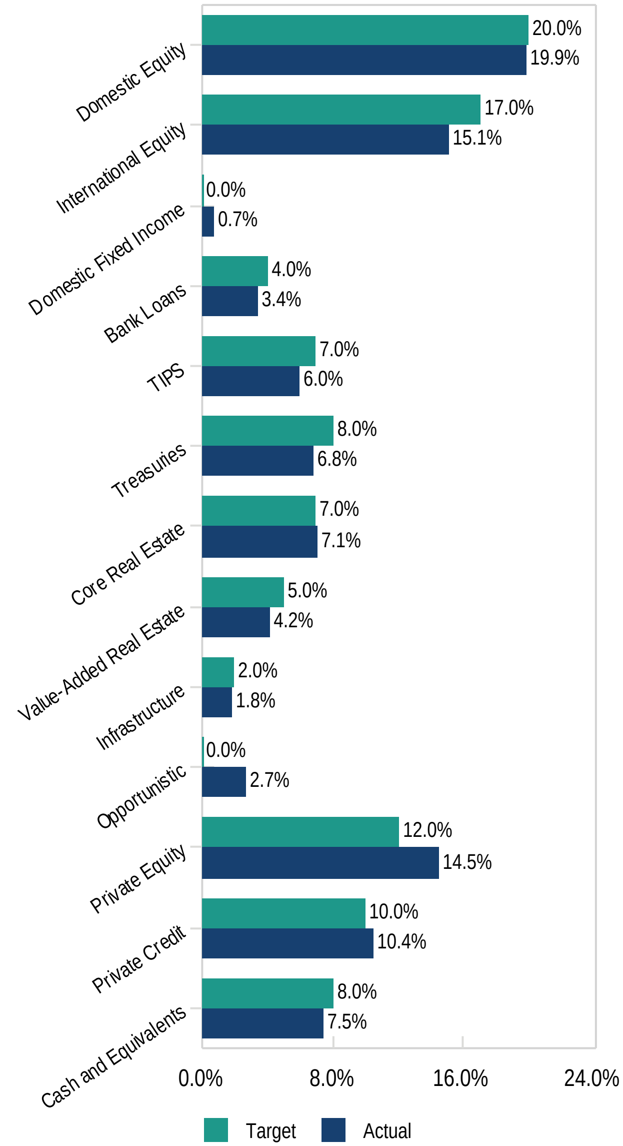
4. Due to limited history of the PMEs, only the funds with the same vintage years as PMEs are included.

Notices & disclosures

Past performance is no guarantee of future results. *This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Additional information about Verus Advisory, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.*

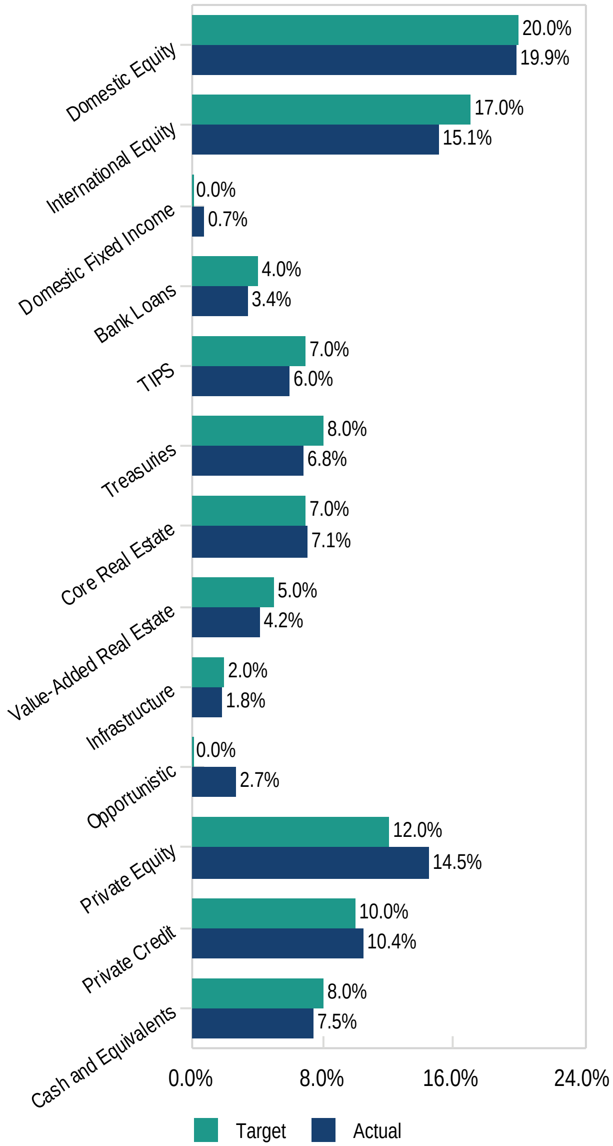
Verus – also known as Verus Advisory™.

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,746,640,283	100.0	2.0	3.6
Interim Policy Index			*2.0*	*3.7*
FFP SAA Index			*2.0*	*3.4*
Total Growth	1,273,997,160	72.9	2.4	4.8
Custom Growth Benchmark			*2.3*	*5.2*
Total Public Equity	612,098,193	35.0	4.5	9.4
Public Equity Benchmark			*4.0*	*8.3*
Total Domestic Equity	347,664,298	19.9	4.3	9.7
Russell 3000 Index			*4.7*	*10.1*
PIMCO RAE US	93,698,135	5.4	4.9	9.5
S&P 500 Index			*5.0*	*11.3*
Loomis Sayles Large Cap Growth	86,992,473	5.0	4.3	10.8
Russell 1000 Growth Index			*6.0*	*13.1*
Boston Partners Large Cap Value	79,003,981	4.5	3.3	11.0
Russell 1000 Value Index			*3.2*	*7.6*
Atlanta Capital Mgmt	87,969,709	5.0	4.4	7.6
Russell 2500 Index			*4.2*	*3.9*
Total International Equity	264,433,896	15.1	4.9	9.0
MSCI AC World ex USA Index			*3.0*	*6.1*
Dodge & Cox Intl Stock	132,047,476	7.6	5.5	7.6
MSCI AC World ex USA Value			*3.3*	*6.4*
WCM International Growth	132,386,419	7.6	4.3	10.4
MSCI AC World ex USA Growth			*2.7*	*5.9*
Total Private Equity	252,434,197	14.5	0.9	3.9
Harbourvest Partners IX Buyout Fund L.P.	10,235,531	0.6	0.0	0.7
Pathway Private Equity Fund Investors 9 L.P.	85,446,697	4.9	2.2	6.6
Harbourvest 2018 Global Fund L.P.	20,317,757	1.2	0.0	1.6
Harbourvest SLO Fund Private Equity	117,109,359	6.7	0.0	2.7
Pathway Private Equity Fund Investors 10 L.P.	19,324,853	1.1	1.4	3.9
Total Private Credit	181,995,270	10.4	0.0	1.9
Sixth Street Partners DCP	94,489,223	5.4	0.0	4.9
Harbourvest SLO Credit Fund	87,506,047	5.0	0.0	2.8



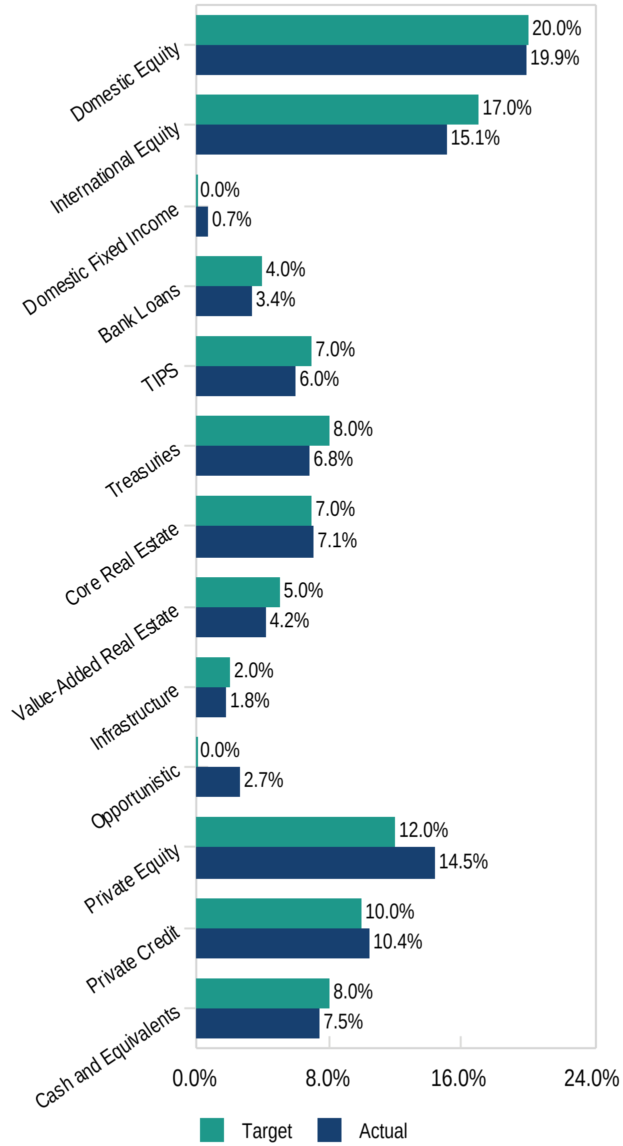
Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 4% Morningstar LTSA U.S. Leveraged Loan Index, 8% Bloomberg U.S. Gov't Bond Index, 7% Bloomberg US TIPS 5+ Year, 12% NCREIF Property Index, 2% Dow Jones Brookfield Index, 12% Private Equity Return, 10% Private Credit Return, 4% 90-day T-Bills, 4% Bloomberg U.S. Gov't/Credit 1-3 Yr. HarbourVest Funds, KKR Mezzanine Partners, and Sixth Street Funds as of 12/31/2023. ARA Strategic Value Realty and Brookfield Infrastructure Fund as of 3/31/24. All data is preliminary.

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Assets	227,469,500	13.0	0.3	-2.7
NCREIF Property Index			*0.0*	*-1.0*
JP Morgan Core Real Estate	123,234,841	7.1	0.5	-4.6
NCREIF-ODCE			*0.0*	*-2.4*
NCREIF Property Index			*0.0*	*-1.0*
ARA American Strategic Value Realty	73,287,315	4.2	0.0	-2.6
NCREIF-ODCE			*0.0*	*-2.4*
NCREIF Property Index			*0.0*	*-1.0*
Brookfield Infrastructure Fund	30,947,344	1.8	0.0	5.9
Dow Jones Brookfield Global Infrastructure			*4.7*	*1.4*
HarbourVest Infrastructure		0.0		
Total Risk Diversifying	295,268,466	16.9	1.4	-0.2
Total Risk Diversifying Benchmark			*1.5*	*-2.3*
Total Domestic Fixed Income	295,268,466	16.9	1.4	0.2
Blmbg. U.S. Aggregate Index			*1.7*	*-1.6*
Dodge & Cox Income Fund	12,940,744	0.7	2.0	-0.6
Blmbg. U.S. Aggregate Index			*1.7*	*-1.6*
Pacific Asset Corporate Loan	59,318,061	3.4	0.8	4.3
Morningstar LSTA U.S. Leveraged Loan			*0.9*	*4.0*
SSGA U.S. Govt Bond Index	118,912,593	6.8	1.5	-1.7
Blmbg. U.S. Government Index			*1.4*	*-1.8*
BlackRock TIPS	104,097,069	6.0	1.7	0.2
Blmbg. U.S. TIPS Index			*1.7*	*-0.1*



Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 4% Morningstar LTSA U.S. Leveraged Loan Index, 8% Bloomberg U.S. Gov't Bond Index, 7% Bloomberg US TIPS 5+ Year, 12% NCREIF Property Index, 2% Dow Jones Brookfield Index, 12% Private Equity Return, 10% Private Credit Return, 4% 90-day T-Bills, 4% Bloomberg U.S. Gov't/Credit 1-3 Yr.
HarbourVest Funds, KKR Mezzanine Partners, and Sixth Street Funds as of 12/31/2023. ARA Strategic Value Realty and Brookfield Infrastructure Fund as of 3/31/24. All data is preliminary.

	Market Value	% of Portfolio	1 Mo	YTD
Total Liquidity	130,811,233	7.5	0.4	1.5
90 Day U.S. Treasury Bill			*0.5*	*2.2*
Total Cash	130,811,233	7.5	0.4	1.5
90 Day U.S. Treasury Bill			*0.5*	*2.2*
PIMCO Short Duration Fund	35,078,690	2.0	0.8	1.2
Bloomberg U.S. Gov/Credit 1-3 Year Index			*0.7*	*0.8*
Cash Account	39,290,795	2.2	0.0	1.6
90 Day U.S. Treasury Bill			*0.5*	*2.2*
Investment Cash	56,441,747	3.2	0.3	1.5
90 Day U.S. Treasury Bill			*0.5*	*2.2*
Total Opportunistic	46,563,423	2.7	0.0	3.1
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,423,089	0.2	0.0	4.1
Sixth Street Partners TAO	43,140,334	2.5	0.0	4.8



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Board of Trustees

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San Luis Obispo County Pension Trust
SLOCPT

Date: June 24, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 16: Asset Allocation – May 2024

This agenda item offers a platform for the Board of Trustees to deliberate and potentially make decisions concerning asset allocation and associated investment issues.

The presented table serves as a report on the existing asset allocation in comparison to the 2024 Interim SAA Target Allocation. Additionally, it includes a comparative analysis with the SAA Target Allocation set for 2027.

It's worth noting that asset values in the provided table may vary slightly from those in the Monthly Investment Report due to differences in the timing of report generation and the finalization of various market values at month-end.

FFP Asset Mix	Est. Market Value ($000s)	% Allocation	SAA Target Allocation	Variance	Strategic Asset Allocation
	05/31/24		2024 Interim		Long Term
Bank (operating)	1,775	0.1%	0.1%	0.0%	0.1%
SLOC Treasury	37,516	2.2%	1.9%	0.3%	1.7%
JPM short term	56,442	3.2%	3.0%	0.2%	2.3%
Short Duration	35,079	2.0%	3.0%	-1.0%	6.0%
LIQUIDITY	130,811	7.5%	8.0%	-0.5%	10.0%
Equity- Public Mkt US	347,630	20.0%	20.0%	0.0%	16.0%
Equity- Public Mkt Intl	264,433	15.2%	17.0%	-1.8%	14.0%
Equity- Public Mkt Global	-	0.0%		0.0%	
Bank Loans	59,318	3.4%	4.0%	-0.6%	
Bonds- Intl.	-	0.0%	0.0%	0.0%	
Bonds- Emerging Mkts	-	0.0%	0.0%	0.0%	
Real Estate- Core	123,235	7.1%	7.0%	0.1%	5.0%
Real Estate- Value Add	73,287	4.2%	5.0%	-0.8%	5.0%
Infrastructure	33,317	1.9%	2.0%	-0.1%	5.0%
Private Equity	248,586	14.3%	12.0%	2.3%	18.0%
Private Credit	176,163	10.1%	10.0%	0.1%	12.0%
Opportunistic	46,563	2.7%	0.0%	2.7%	
GROWTH	1,372,532	78.9%	77.0%	1.9%	75.0%
Bonds- Core	12,941	0.7%	0.0%	0.7%	
Treasuries - Intermediate	118,913	6.8%	8.0%	-1.2%	8.0%
TIPS	104,097	6.0%	7.0%	-1.0%	7.0%
RISK DIVERSFYING	235,950	13.6%	15.0%	-1.4%	15.0%
TOTAL	1,739,294	100.0%	100.0%		100.0%