

Pension Trust

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



AGENDA

PENSION TRUST BOARD OF TRUSTEES

Monday, September 23, 2024 9:30 AM

Rooms D161/162
Katcho Achadjian Government Center
San Luis Obispo, CA 93408

MEETING MATERIALS

Materials for the meeting may be found at

<https://www.slocounty.ca.gov/departments/pension-trust/board-of-trustees-meetings>

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/83831598247?pwd=wzwivfE44iACJYeTf41Z2OSQka5PjL.1>

Webinar ID: 838 3159 8247

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 SLOOPT at 805/781-5465.

A) PUBLIC COMMENT

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

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of August 26, 2024 (Approve Without Correction).
3. Reports of Deposits and Contributions for August 2024 (Receive and File).
4. Reports of Service Retirements, Disability Retirements, and DROP Participants for August 2024, (Receive, Approve, and File).
5. Disability Case Log (Receive and File)
6. Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election (Recommend Approval).
7. Reinstatement from Retirement (Recommend Approval)

D) APPLICATIONS FOR DISABILITY RETIREMENT

8. Application for Industrial Disability Retirement – Case 2024-06 (Recommend Approval)

E) OLD BUSINESS

None

F) NEW BUSINESS

9. SLOCPT Board of Trustees 2025 Meetings and Staff Calendar (Recommend Approval)

G) INVESTMENTS

10. Monthly Investment Report for August 2024 (Receive and File).
11. Alternative Investment Vehicle Disclosure – AB2833 (Receive and File)
12. Asset Allocation - (Review, Discuss, and Direct Staff as necessary)

H) OPERATIONS

13. Staff Reports
14. General Counsel Reports
15. Committee Reports:
 - i. Audit Committee No Report
 - ii. Personnel Committee Report
16. Upcoming Board Topics (subject to change)
 - i. October 2024 – non-meeting month
 - ii. November 27, 2024
 - a. PEPRRA Compensation Limit
 - b. Interest Crediting Rates – Normal and Additional
 - c. Quarterly Investment Report
 - d. Private Markets Review
 - e. Asset Allocation – 2025 Interim Policy Mix
 - iii. January 27, 2025
 - a. Election of Officers
 - b. Committee Appointments
 - c. Annual Policies Review
 - d. Board Smart presentation
 - e. County IT update - tentative
 - iv. February 24, 2025
 - a. 2025 Retiree COLA
 - b. Quarterly Investment Report
 - c. Investment/Asset Class Education – Verus
 - d. Capital Market Assumption/Asset Allocation Review
17. Trustee Comments

I) CLOSED SESSION

18. PUBLIC EMPLOYEE EVALUATION. The Board will convene in closed session pursuant to Gov. Code section 54957(b)(1) to conduct the annual employee evaluation of the Executive Director.

J) STRATEGIC PLANNING SESSIONS

19. Fiduciary Refresher Briefing (Review, Discuss, and Direct Staff if necessary)

Break – Lunch

20. Levi, Ray & Shoup, Inc (LRS) – Provider/Industry update (Review, Discuss, and Direct Staff if necessary)
21. Strategic Planning – 2025 Forward Focus (Review, Discuss, Direct Staff if necessary)

K) ADJOURNMENT

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BOARD OF TRUSTEES**

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MINUTES

Monday, August 26, 2024 9:30 AM
Regular Meeting of the Pension Trust
Board of Trustees

Board Members Present: Jim Hamilton
Michelle Shoresman
Jeff Hamm
Lisa Howe
David Grim
Geoff O’Quest
Gere Sibbach

Board Members Absent: -

SLOCPT Staff: Katie Girardi Executive Director
Amy Burke Deputy Director
Jennifer Alderete Accountant

General Counsel: Chris Waddell Olson | Remcho

Consultants: Claudia Schloss Verus

Call to Order: 9:31 AM by President Hamm

A) PUBLIC COMMENT

- 1. None

B) ORGANIZATIONAL

None

C) CONSENT

- 2. Minutes of the Regular Meeting of June 24, 2024 (Approve Without Correction).

3. Reports of Deposits and Contributions for the months of June and July 2024 (Receive and File).
4. Reports of Service Retirements, Disability Retirements and DROP Participants for the months of June and July 2024, and Disability Case Log (Receive, Approve and File).
5. Monthly Investment Report for June 2024 (Receive and File).
6. Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election (Recommend Approval).

Motion: Approve the Consent items with correction to June 24, 2024 meeting minutes

Discussion: Trustees requested a correction to the June 24, 2024 meeting minutes

Public Comment: None

Motion Made: Hamm

Motion Seconded: O’Quest

Carried: Unanimous

D) APPLICATIONS FOR DISABILITY RETIREMENT

7. Application for Industrial Disability Retirement – Case 2023-08

Motion: Approve Staff recommendation of approval for Industrial Disability Retirement Case 2023-08

Discussion: Trustees made various comments about the case.

Public Comment: The applicant commented on his work at the County.

Motion Made: Hamm

Motion Seconded: Howe

Carried: For - Hamilton, Shoresman, Hamm, Howe, O’Quest, Sibbach
Opposed – Grim

8. Application for Industrial Disability Retirement – Case 2024-04

Motion: Approve Staff recommendation of approval for Industrial Disability Retirement Case 2024-04

Discussion: Trustee Shoresman asked about the employee’s job title.

Public Comment: None

Motion Made: O’Quest

Motion Seconded: Shoresman

Carried: Unanimous

9. Application for Industrial Disability Retirement – Case 2024-03

Motion: Approve Staff recommendation to set for hearing Industrial Disability Retirement Case 2024-03

Discussion: Trustees asked various questions.

Public Comment: The applicant commented on the case.

Motion Made: Sibbach

Motion Seconded: Hamm

Carried: Unanimous

15. Quarterly Investment Report for the 2nd Quarter of 2024 – Verus

Motion: Receive and File the quarterly investment report

Discussion: Claudia Schloss of Verus presented the investment market conditions and SLOCPT investment performance for 2Q24.

Public Comment: None

Motion Made: O’Quest

Motion Seconded: Grim

Carried: Unanimous

10:40 AM - President Hamm called for a 10-minute break.

10:54 AM – Back in session

E) OLD BUSINESS

None

F) NEW BUSINESS

10. Administrative and Capital Expenditures Budget Amendment for Fiscal Year 2024-2025

Motion: Approve Staff recommendation to move funds from the Administrative budget to the Capital Expenditures budget for website development.

Discussion: Deputy Director Burke presented the requested change.

Public Comment: None

Motion Made: Hamm

Motion Seconded: Shoresman

Carried: Unanimous

11. June 30, 2024 Mid-Year Financial Statements and Fiscal Year 2023-2024 Final Administrative Budget Status

Motion: Receive and file the Mid-Year Financial Statements and Fiscal Year 2023-2024 Final Administrative Budget Status report

Discussion: Deputy Director Burke presented the reports. Trustees asked various questions and made several comments.

Public Comment: None

Motion Made: Grim

Motion Seconded: O’Quest

Carried: Unanimous

12. Felony Forfeiture Policy

Motion: Approve Felony Forfeiture Policy

Discussion: Executive Director Girardi presented the Felony Forfeiture Policy. Trustees entered a long discussion about the new policy, during which many questions were asked.

Public Comment: None

Motion Made: Grim

Motion Seconded: Shoresman

Carried: Unanimous

13. Benefit Appeals Policy

Motion: Approve Benefit Appeals Policy

Discussion: Executive Director Girardi presented the Benefit Appeals Policy. Trustees entered a long discussion about the new policy, during which many questions were asked.

Public Comment: None

Motion Made: O'Quest

Motion Seconded: Grim

Carried: For - Hamilton, Shoresman, Grim, Hamm, Howe, O'Quest
Opposed – Sibbach

14. Administrative Hearing Policy and Procedure

Motion: Approve Administrative Hearing Policy and Procedure document and delegate the Executive Director to enter into agreements with qualified Referees for potential administrative hearings.

Discussion: Executive Director Girardi presented the Administrative Hearing Policy and Procedure. Trustees asked various questions about the new document.

Public Comment: None

Motion Made: Shoresman

Motion Seconded: Hamm

Carried: Unanimous

G) INVESTMENTS

16. Monthly Investment Report for July 2024

Motion: Receive and file the monthly investment report

Discussion: Executive Director Girardi presented the report. One month returns for the portfolio were in positive territory, 1.2%, but underperforming the Policy Index by 0.2%. Year-to-date returns were reported as 5.4%.

Girardi discussed JPM Real Estate Fee Credit Program which will reduce investment fees by approximately \$300k through December 31, 2025. The redemption submitted in April 2023 will be reduced to 20% of net asset value.

Public Comment: None

Motion Made: Grim

Motion Seconded: Hamm

Carried: Unanimous

17. Asset Allocation

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

Public Comment: None

No Action Necessary

H) OPERATIONS

18. Staff Reports

- i. Executive Director Girardi reminded Trustees that Waiver of Recourse premiums for the August 1, 2024 through August 1, 2025 policy period are due to SLOCPT.
- ii. Executive Director Girardi gave an update on the SLOCPT Administrative Assistant position.
- iii. Executive Director Girardi commented on the SACRS Investment Institute that occurred in July.
- iv. Executive Director Girardi commented that Trustee Grim is scheduled to attend the SACRS fall conference.
- v. Executive Director Girardi noted that upcoming lease renewals for suites in 778 Osos have been completed.
- vi. Executive Director Girardi mentioned the CALAPRS Trustees Roundtable is scheduled for October 11, 2024 in San Jose.

19. General Counsel Reports

None

20. Committee Reports:

- i. Audit Committee None
- ii. Personnel Committee None

21. Upcoming Board Topics – published on meeting agenda

22. Trustee Comments

None

I) CLOSED SESSION

None

J) ADJOURNMENT

There being no further business, the meeting was adjourned at 12:18 PM. The next Regular Meeting was set for September 23, 2024, at 9:30 AM, in Room 161/162, County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

Katie Girardi
Executive Director

**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
AUGUST 2024**

PP 16 8/9/2024	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for		Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
					Employee Contributions	Employee Rate				
By Employer and Tier:										
County Tier 1	2,348,800.40	860,913.85	36.65%	321,109.16	200,180.46	22.19%	58.85%	2,487.50	302.96	1,384,993.93
County Tier 2	1,002,993.65	376,088.97	37.50%	67,226.64	86,060.19	15.28%	52.78%	-	-	529,375.80
County Tier 3	5,844,972.76	2,103,531.78	35.99%	797,265.01	-	13.64%	49.63%	700.00	65,603.83	2,967,100.62
Superior Court Tier 1	200,369.71	67,969.39	33.92%	43,128.11	-	21.52%	55.45%	-	100.17	111,197.67
Superior Court Tier 3	221,617.62	72,137.34	32.55%	36,466.37	-	16.45%	49.00%	-	-	108,603.71
APCD Tier 1	50,572.08	16,053.87	31.74%	7,637.87	4,335.37	23.68%	55.42%	-	-	28,027.11
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	31,597.61	10,177.57	32.21%	3,824.53	-	12.10%	44.31%	-	-	14,002.10
SLOCPT Tier 2	11,850.40	4,023.21	33.95%	669.55	1,100.90	14.94%	48.89%	-	-	5,793.66
SLOCPT Tier 3	19,745.92	6,895.28	34.92%	2,653.50	-	13.44%	48.36%	250.00	-	9,798.78
LAFCO Tier 3	12,287.20	4,294.38	34.95%	1,792.65	-	14.59%	49.54%	-	-	6,087.03
RTA Tier 2	32,805.60	11,272.00	34.36%	672.99	4,264.74	15.05%	49.41%	-	-	16,209.73
RTA Tier 3	20,702.40	7,185.96	34.71%	2,733.94	-	13.21%	47.92%	-	-	9,919.90
	9,807,332.16	3,543,372.93	36.13%	1,285,980.72	296,625.43	16.14%	52.27%	3,437.50	66,006.96	\$ 5,195,423.54
PP 17 8/23/2024										
By Employer and Tier:										
County Tier 1	2,343,199.00	859,418.40	36.68%	320,551.04	199,714.18	22.20%	58.88%	2,487.50	302.96	1,382,474.08
County Tier 2	996,969.83	374,039.42	37.52%	68,177.37	84,062.94	15.27%	52.79%	-	-	526,279.73
County Tier 3	5,846,599.65	2,104,462.13	35.99%	797,994.67	-	13.65%	49.64%	700.00	1,150.43	2,904,307.23
Superior Court Tier 1	203,057.94	68,845.56	33.90%	43,689.89	-	21.52%	55.42%	-	100.17	112,635.62
Superior Court Tier 3	226,798.17	73,772.44	32.53%	37,221.44	-	16.41%	48.94%	-	-	110,993.88
APCD Tier 1	50,572.06	16,053.87	31.74%	7,637.87	4,335.37	23.68%	55.42%	-	-	28,027.11
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	31,597.61	10,177.57	32.21%	3,824.53	-	12.10%	44.31%	-	-	14,002.10
SLOCPT Tier 2	11,850.40	4,023.21	33.95%	669.55	1,100.90	14.94%	48.89%	-	-	5,793.66
SLOCPT Tier 3	20,671.52	7,218.50	34.92%	2,773.55	-	13.42%	48.34%	250.00	-	10,242.05
LAFCO Tier 3	12,287.20	4,294.38	34.95%	1,792.65	-	14.59%	49.54%	-	-	6,087.03
RTA Tier 2	32,805.60	11,272.00	34.36%	672.99	4,264.74	15.05%	49.41%	-	-	16,209.73
RTA Tier 3	20,702.40	7,185.96	34.71%	2,733.94	-	13.21%	47.92%	-	-	9,919.90
	9,806,128.19	3,543,592.77	36.14%	1,288,539.89	294,161.90	16.14%	52.28%	3,437.50	1,553.56	\$ 5,131,285.62
TOTAL FOR THE MONTH	19,613,460.35	7,086,965.70	36.13%	2,574,520.61	590,787.33	16.14%	52.27%	6,875.00	67,560.52	\$ 10,326,709.16
TOTAL YEAR TO DATE	164,166,712.73	58,429,283.82	35.59%	21,622,430.76	5,028,989.83	16.23%	51.83%	59,437.50	171,571.09	\$ 85,311,713.00

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REPORT OF RETIREMENTS**August 2024**

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Atwell, Brian Rick	Behavioral Health	Service Retirement	08/03/2024	2,541.86	False
Brownen-Anenson, Cynthia	Department of Social Services	Service Retirement	06/01/2024	141.25	False
Cudworth, Robert W	Sheriff-Coroner	Service Retirement	07/04/2024	3,860.43	False
Dornig, Marion	Library	Service Retirement	08/02/2024	966.79	False
Figueroa Moore, Clemencia	DRUG & ALCOHOL SERVICES	Service Retirement	02/01/2024	1,552.63	False
Hayes, Donna K	Behavioral Health	DROP	08/01/2024	5,243.90	False
Millich, Stacy L	County Counsel	Service Retirement	08/08/2024	1,347.86	False
Millsap, Kyle Lane	Sheriff-Coroner	Service Retirement	07/22/2024	1,023.93	False
Russell, Brenda Sue	Behavioral Health	Service Retirement	08/04/2024	1,238.77	False
Stillman, Monica Joan	Public Works ISF	Service Retirement	08/03/2024	833.81	False
Thirup, Doris May	Agricultural Commissioner	Service Retirement	08/17/2024	686.79	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

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SLOCPT Disability Case Log

as of 9/12/2024

	2024	2023	2022	2021	2020	2019	2018
Pending:							
<u>Industrial</u>							
Orthopedic	4	-	-	-	-	-	-
Psychiatric	1	-	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic	1	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-	-
Chronic Illness	3	-	-	-	-	-	-
	9	-	-	-	-	-	-
Approved w/o periodic review:							
<u>Industrial</u>							
Orthopedic							
w/ Wrkrs Comp	3	4	5	4	2	3	3
w/o Wrkrs Comp	-	-	-	-	-	-	-
Psychiatric							
w/ Wrkrs Comp	-	1	6	1	1	-	1
w/o Wrkrs Comp	-	1	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic	-	1	-	2	-	1	-
Psychiatric	-	-	-	-	-	-	1
Chronic Illness	-	3	-	-	1	-	-
	3	10	11	7	4	4	5
Approved w/ periodic review:							
<u>Industrial</u>							
Orthopedic							
w/ Wrkrs Comp	-	-	-	-	-	-	-
w/o Wrkrs Comp	-	-	-	-	-	-	-
Psychiatric							
w/ Wrkrs Comp	-	-	-	1	-	-	-
w/o Wrkrs Comp	-	-	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic	-	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-	-
Chronic Illness	-	-	-	-	-	1	-
	-	-	-	1	-	1	-
Not Approved/Abandoned:							
<u>Industrial</u>							
Orthopedic							
	-	-	-	-	-	-	-
Psychiatric							
	-	-	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic							
	-	-	-	-	-	-	1
Psychiatric							
	-	-	-	2	-	-	-
Chronic Illness							
	-	-	-	-	1	-	-
	-	-	-	2	1	-	1
GRAND TOTAL:	12	10	11	10	5	5	6

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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



Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 6: Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election

Recommendation:

It is recommended that the Board approve Optional Settlement No. 4 as ordered in the attached draft of the Stipulated Domestic Relations Order (DRO) Re: Division of San Luis Obispo County Pension Trust Retirement Plan Benefits and Allowances for Member David Beaudin. Legal counsel agrees with this recommendation.

Discussion:

The San Luis Obispo County Employees Retirement Plan (the “Plan”) provides for four different optional settlements, aside from the Unmodified Allowance. The Unmodified Allowance is the maximum allowance payable to a Member that also provides for a 50% continuance of monthly benefits to be paid to an eligible survivor (spouse or registered domestic partner for one year prior to retirement). Article 13: Options Available After Retirement of the Plan allows a Member to elect an actuarially reduced monthly benefit to provide for a larger continuing monthly allowance for their survivor, or a continuance or lump sum payment to a named beneficiary that would not qualify as an eligible survivor. The four alternative options are summarized as:

Option 1 – provides that any remaining employee contributions are paid to named beneficiary or beneficiaries upon the death of the Retiree.

Option 2 – provides a 100% continuance of the actuarially reduced monthly benefit to be paid to the named beneficiary upon death of the Retiree.

Option 3 – provides a 50% continuance of the actuarially reduced monthly benefit to be paid to the named beneficiary that is not a survivor upon death of the Retiree.

Option 4 – provides an **actuarially equivalent** continuance of monthly benefits to be paid to the named beneficiary upon the death of the Retiree (not greater than that available under Option 2). The terms of the Retirement Plan for Option 4 **require Board of Trustees approval.**

In this case, Mr. Beaudin is an active Member of the SLOCPT who has filed for dissolution of marriage. As part of the settlement of community property he and his former spouse (Alternate Payee) have agreed to a division of their interests with regards to the benefits provided by the SLOCPT that will occur at the time he retires from County service. The Alternate Payee will receive her portion of the monthly retirement allowance for her lifetime. When parties elect to split their interests at the point of retirement, the Alternate Payee's benefit under the Unmodified Allowance and Options 1, 2, and 3 ceases upon the death of the Retiree. As a result, Mr. Beaudin must elect **Option 4** at the time of his retirement to accommodate the continuing monthly benefit to his Alternate Payee at the time of his passing.

Attached, for your review is the draft DRO. This DRO establishes that Mr. Beaudin, upon retirement, must select **Option 4**. Mr. Beaudin's Unmodified Allowance will be calculated and then divided pursuant to that which is described in the order. At that time, the Alternate Payee's allowance will be further adjusted (reduced) using appropriate actuarial methods to reflect the Alternate Payee's life expectancy thus ensuring an actuarial equivalent benefit is distributed in a manner consistent with the Plan.

Attachments:

Attachment A – Stipulated Domestic Relations Order (DRO) Re: Division of San Luis Obispo County Pension Trust Retirement Plan Benefits and Allowances for Member, David Beaudin

Attachment B – Cheiron Confirmation Letter

Respectfully submitted,

1 David Beaudin
585 Raptor Street
2 Arroyo Grande, CA 93420

3 (805) 478-9986

4 Self-Represented

5
6 Superior Court of the State of California

7 County of San Luis Obispo

8
9 KAREN BEAUDIN,) Case No.: 22FL-0265
10)
11) STIPULATED DOMESTIC RELATIONS ORDER
12) RE: DIVISION OF SAN LUIS OBISPO
13) COUNTY PENSION TRUST RETIREMENT PLAN
14) BENEFITS AND ALLOWANCE
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15 Petitioner, KAREN BEAUDIN, and Respondent, DAVID BEAUDIN,
16 both self-represented, hereby stipulate as follows:

17 RECITALS

18 1. Petitioner and Respondent were married to each other on
19 April 17, 1999 (the "Date of Marriage"). They separated on April
20 20, 2022 (the "Date of Separation"), and this Court entered a
21 judgment of dissolution of marriage in the action on October 23,
22 2023.

23 2. This Court has personal jurisdiction over both
24 Petitioner and Respondent and jurisdiction over the subject matter
25 of this Order and the dissolution of marriage action. The San

1 Luis Obispo County Pension Trust (the "Pension Trust") was properly
2 joined as a party claimant to this action pursuant to Section 2060
3 through 2065 of the California Family Code.

4 3. The Pension Trust was formed, exists and is administered
5 under Section 53215, et seq., of the Government Code and Chapter
6 2.56 of the San Luis Obispo County Code and the Pension Trust By-
7 Laws and Pension Trust Retirement Plan (the "Retirement Plan").

8 IT IS HEREBY ORDERED BY THE COURT THAT:

9 4. This Order is entered pursuant to the California Family
10 Code.

11 5. Respondent ("Member") and Petitioner ("Alternate Payee")
12 have acquired a community interest in Member's rights under the
13 Retirement Plan and attributable to Member's Pension Trust Service
14 Credit from the Date of Marriage up to the Date of Separation.

15 6. The Court finds that, as of the Date of Separation,
16 Member had not retired from employment and that, therefore,
17 Alternate Payee is not qualified as, and will not qualify to
18 become, Member's "Eligible Surviving Spouse" under Section 7.04(b)
19 of the Retirement Plan.

20 7. Calculation of the Community Property Interest. The
21 parties' community property interest in Member's rights under the
22 Retirement Plan shall be a fraction, the numerator of which is the
23 number of years and fractional parts thereof of Member's Pension
24 Trust Service Credit accrued between the Date of Marriage of the
25 parties and the Date of Separation. The denominator of the

1 fraction is Member's total Pension Trust Service Credit accrued
2 from Member's entry into the Pension Trust until Member's Effective
3 Date of Retirement. The resulting fraction shall be converted
4 into a percentage interest which shall be the community property
5 interest (the "Community Property Interest").

6 8. Calculation of Alternate Payee's Share: Alternate
7 Payee's Share of the Community Property Interest shall be
8 determined by multiplying the Community Property Interest by one-
9 half.

10 9. Award of Alternate Payee's Share: The Court allocates
11 and awards to Alternate Payee as Alternate Payee's sole and
12 separate property, Alternate Payee's Share of the Community
13 Property Interest in Member's rights under the Retirement Plan.

14 Alternate Payee's Share of Member's plan allowances and
15 benefits under the Retirement Plan shall apply to, but not be
16 limited to, the Monthly Retirement Allowances paid to Member during
17 Member's lifetime, Alternate Payee's interest in the Retirement
18 Plan as a beneficiary of Member, and Alternate Payee's share of
19 any Employee Additional Contribution account in the name of Member.
20 All Retirement Plan allowances and benefits which are not awarded
21 to Alternate Payee pursuant to this Order shall be Member's sole
22 and separate property.

23 10. Member's Additional Contributions: In the event that
24 Member has an Employee Additional Contribution account with the
25 Retirement Plan, Alternate Payee's Share of that account shall be

1 paid to Alternate Payee in accordance with Section 5.07 of the
2 Retirement Plan.

3 11. Election of Retirement Allowance Method: At such time
4 as Member applies to the Pension Trust for a Monthly Retirement
5 Allowance, Member shall elect Optional Settlement No. 4 as provided
6 for under Article 13 of the Retirement Plan. Alternate Payee's
7 share of the Community Property Interest of Member's Monthly
8 Retirement Allowance (determined as an Unmodified Retirement
9 Allowance as provided for under Article 6 of the Retirement Plan)
10 shall be converted from being paid for the lifetime of Member to
11 being paid for the lifetime of Alternate Payee. The amount of the
12 monthly benefit paid to Alternate Payee for Alternate Payee's
13 lifetime shall be the actuarial equivalent (based on the actuarial
14 assumptions of the Pension Trust) of Alternate Payee's share of
15 the Unmodified allowance.

16 If, on the effective date of Member's retirement, Member is
17 married and Member's spouse is determined to be an Eligible
18 Survivor, then Member's Retirement Allowance shall be calculated
19 as follows:

20 a. The Unmodified allowance shall be determined in
21 accordance with the Retirement Plan formula applicable to Member
22 on the date of retirement.

23 b. Alternate Payee's portion of the Unmodified allowance
24 shall be determined in accordance with the provisions of this
25 Order, specifically Section 7 and Section 8.

1 c. The Survivor Continuance portion of the Unmodified
2 Allowance (per Section 7.02 or Section 7.03, as applicable, of the
3 Retirement Plan), which is payable to Member's Eligible Surviving
4 Spouse upon Member's death after retirement shall be determined
5 based on the Unmodified allowance that remains after the award of
6 Alternate Payee's share of the Unmodified allowance has been
7 determined.

8 d. In the case of Member's death after Retirement, the
9 Unmodified allowance payable to Alternate Payee, as adjusted
10 pursuant to this Section, shall be paid for the remainder of
11 Alternate Payee's life.

12 12. Payment of Retirement Allowance to Alternate Payee Upon
13 Member's Retirement. At such time as Member retires and commences
14 receiving a monthly retirement allowance from the Pension Trust,
15 Alternate Payee shall commence receiving Alternate Payee's Share
16 of the Community Property Share of Member's Monthly Retirement
17 Allowance, as set forth in Sections 7, 8 and 9 of this Order, by
18 separate warrant directly from the Pension Trust.

19 13. Payments to Alternate Payee in the event of Member's
20 Death Prior to Retirement.

21 a. Member is not qualified to retire. If Member dies
22 before Member is qualified to retire, then Alternate Payee shall
23 be paid Alternate Payee's proportionate share of the death benefit
24 provided for by Section 7.01 of the Retirement Plan (or Section
25 7.03 as applicable).

1 b. Member is qualified to retire. If Member dies after
2 Member is qualified to retire, and has an Eligible Surviving Spouse
3 at the time of death, and if the Eligible Surviving Spouse elects
4 to receive the death benefit provided by Section 7.02 of the
5 Retirement Plan (or Section 7.03 as applicable), then Alternate
6 Payee shall be paid Alternate Payee's proportionate share of the
7 death benefit provided for by Section 7.02 of the Retirement Plan
8 (or Section 7.03 as applicable). The benefit payable to the
9 Eligible Surviving Spouse shall be adjusted to reflect the payment
10 of Alternate Payee's share of the death benefit.

11 14. Benefits Payable at Alternate Payee's Death. If
12 Alternate Payee dies after payment of benefits to Alternate Payee
13 has commenced pursuant to Paragraphs 11 and 12, all payments shall
14 cease, because the payments have been adjusted under Option 4 to
15 be paid over the lifetime of Alternate Payee.

16 Alternate Payee shall have the right to name a beneficiary,
17 as permitted by the terms of the Retirement Plan, to receive any
18 unpaid portion of the community property interest awarded to
19 Alternate Payee under the terms of this Order, in the event that
20 Alternate Payee dies prior to the date that Member retires, and
21 shall do so as soon as practicable after this Order is approved by
22 the Court. Said beneficiary designation shall be done in writing,
23 in the form required by the Retirement Plan. If Alternate Payee
24 dies prior to the date that payment of benefits to Alternate Payee
25 has commenced, and if Member subsequently dies before retirement,

1 the Administrator shall pay the amount(s) which would otherwise
2 have been paid to Alternate Payee pursuant to Paragraph 13.a. or
3 13.b., by separate warrant, directly to the beneficiary designated
4 by Alternate Payee by filing a Designation of Beneficiary form
5 with the Administrator.

6 If Alternate Payee dies prior to the date that payment of
7 benefits to Alternate Payee has commenced, and if Member
8 subsequently receives a monthly retirement allowance, the
9 Administrator shall pay Alternate Payee's share of the community
10 property interest of Member's monthly retirement allowance, by
11 separate warrant, directly to the beneficiary designated by
12 Alternate Payee. Such payments shall cease upon the death of
13 Member. If Alternate Payee designates the minor child(ren) of the
14 parties as beneficiary, then no monthly survivor benefits shall be
15 payable to said minor child(ren) pursuant to Section 7.04(b) of the
16 Pension Trust Retirement Plan during such time as said minor
17 child(ren) are receiving a retirement allowance as the beneficiary
18 of Alternate Payee.

19 15. Responsibility for Taxes. Member and Alternate Payee
20 shall each individually be responsible for, and pay, any taxes due
21 in connection with his or her respective receipt of distributions
22 from the Pension Trust. Accordingly, the share of Member's Monthly
23 Retirement Allowance paid to Alternate Payee pursuant to this Order
24 will be reported to the Internal Revenue Services as income paid
25 to Alternate Payee.

1 16. Member Information. For the purpose of making any
2 retirement allowance or benefit payments provided for by the terms
3 of this Order or providing any notice required by the terms of
4 this Order, Member's name, current mailing address, telephone
5 number, Social Security number and date of birth are as follows:

6 Name: David Beaudin

7 Address: 585 Raptor Street

8 Arroyo Grande, CA 93420

9 Telephone No.: 805-478-9986

10 Social Security Number: PROVIDED UNDER SEPARATE COVER

11 Date of Birth: PROVIDED UNDER SEPARATE COVER

12 17. Alternate Payee Information. For the purpose of making
13 any retirement allowance or benefit payments provided for by the
14 terms of this Order or providing any notice required by the terms
15 of this Order, Alternate Payee's name, current mailing address,
16 telephone number, Social Security number and date of birth are as
17 follows:

18 Name: Karen Beaudin

19 Address: 1723 Wade Drive

20 Paso Robles, CA 93446

21 Telephone No.: 805-478-9987

22 Social Security Number: PROVIDED UNDER SEPARATE COVER

23 Date of Birth: PROVIDED UNDER SEPARATE COVER

1 18. Notice of change of address or telephone number of Member
2 or Alternate Payee shall be made in writing to the Pension Trust
3 at the following address:

4 San Luis Obispo County Pension Trust
5 1000 Mill Street
6 San Luis Obispo, CA 93408

7 19. Member and Alternate Payee shall duly execute all
8 documents required to effect the distribution(s) described herein
9 and the intent of this Order.

10 20. Alternate Payee and Alternate Payee's agents and
11 attorneys are authorized to receive information from the Pension
12 Trust concerning Member's allowances and benefits as may be needed
13 to verify Alternate Payee's allowance.

14 21. Member shall act as constructive trustee of any benefits
15 assigned to Alternate Payee under this Order which may be paid to
16 or received by Member. Member, as trustee, shall promptly pay or
17 transmit any such benefits to Alternate Payee at Alternate Payee's
18 last known address. Alternate Payee shall act as constructive
19 trustee of any benefits assigned to Member under this Order which
20 may be paid to or received by Alternate Payee. Alternate Payee,
21 as trustee, shall promptly pay or transmit any such benefits to
22 Member at Member's last known address.

23 22. This Order shall be administered and interpreted in
24 conformity with the laws governing the Pension Trust, the By-laws
25 and Retirement Plan and other applicable law. If such laws, By-
Laws or Retirement Plan are amended, then Member and Alternate

1 Payee shall immediately take the steps necessary to amend this
2 Order to comply with any such amendments, changes or modifications.
3 Member and Alternate Payee shall be responsible for any of the
4 costs or expenses associated with such amendment to this Order.

5 23. Member, Alternate Payee and the Court intend that this
6 Order meet all requirements of a domestic relations order under
7 the laws governing the Pension Trust and other applicable laws of
8 the State of California. The Court shall reserve jurisdiction to
9 modify this Order and to resolve any disputes that may arise among
10 the parties relative to benefit payments or any other aspect of
11 this Order. If any portion of this Order is rendered invalid or
12 otherwise unenforceable, the Court reserves jurisdiction to modify
13 this Order as necessary in accordance with the intent of the
14 parties.

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1 24. This Stipulation and Order shall not expand the
2 contractual or statutory obligations, whether substantive or
3 procedural, of the Pension Trust with respect to paying the above
4 allowances and/or benefits.

5 IT IS SO STIPULATED:

6 Date: _____

7 _____
KAREN BEAUDIN, Self-Represented
8 Petitioner and Alternate Payee

9 Date: _____

10 _____
DAVID BEAUDIN, Self-Represented
Respondent and Member

11 APPROVED AS TO FORM:

12 San Luis Obispo County Pension
Trust

13 Date: 08/14/24

14 By: 
Executive Secretary

15
16 **ORDER**

17 The parties having stipulated thereto and good cause
18 appearing, IT IS SO ORDERED.

19 Date: _____

20 _____
Judge of the Superior Court

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the

State of California
County of San Luis Obispo

On _____, before me, _____, Notary Public, personally appeared KAREN BEAUDIN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California
County of San Luis Obispo

On _____, before me, _____, Notary Public, personally appeared DAVID BEAUDIN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Via Electronic Mail

September 9, 2024

Ms. Katie Girardi
Executive Director
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Re: Beaudin Domestic Relations Order No. 22FL-0265

Dear Katie:

The purpose of this letter is to confirm that the DRO issued by the Superior Court of California, County of San Luis Obispo, in regard to the member (David Beaudin) and his Alternate Payee (Karen Beaudin) fulfills the definition of actuarial equivalence. In particular, this DRO includes the Option 4 benefit.

The alternate payee's unmodified allowance will be adjusted for the alternate payee's expected lifetime to create an actuarial equivalent benefit according to Section 13.05 of the By-Laws and Retirement Plan of the San Luis Obispo County Pension Trust, including revisions through July 21, 2024.

If you have any questions or need additional information, please feel free to e-mail me at aharper@cheiron.us or call me at 1-877-243-4766, ext. 1107.

Sincerely,
Cheiron

A handwritten signature in blue ink that reads "Anne Harper".

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

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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



Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 7: Request for Reinstatement from Service Retirement

Recommendation:

Staff recommends that the Board of Trustees approve the attached request for reinstatement from Regular Service Retirement submitted by Retired Participant, Allison Kokonas.

Discussion:

Article 11 of the Retirement Plan provides that, “Section 11.01: Reinstatement. A Retired Participant may be reinstated from retirement by the Board of Trustees, and thereafter may become a County Employee in accordance with the provisions governing such service, in the same manner as a person who has not been so retired.” The Plan is silent on criteria for approving a reinstatement from retirement, and as currently written, requires Board of Trustees approval.

Allison Kokonas’ past service and retirement can be summarized as:

- 2006-2009, 2010-2021 – SLO County employment (15.4 years) – Miscellaneous
- 01/01/2022 – SLOOPT Service retirement – based on PTSC, benefit formula and average final compensation from her 2021 separation from SLO County
- 10/13/2024 – Planned return to SLO County employment

Allison Kokonas has complied with the Plan’s requirement by submitting:

- A request for reinstatement letter dated August 21, 2024 – Attachment A
- A letter from the SLO County Social Services Department dated September 4, 2024, confirming the offer of employment to Allison Kokonas – Attachment B

Upon reinstatement:

- The reinstated Member's Service Retirement Benefit will be canceled (last benefit payment on 09/01/2024) and any earned COLAs to date will be removed
- The reinstated Member will become an active Member of the Plan and their accrual account will be reinstated with actuarial adjustment
- The reinstated Member
 - Earns prospective service credit as a **Miscellaneous Tier 3 Member**
 - Pays Employee contributions based on their age at the time of reinstatement
- Upon subsequent retirement for the second time, the reinstated Member will receive a revised Service Retirement benefit based on a combination of their Prior and Reinstated service:
 - **Prior service benefit** – (15.4 years, Tier 1 Miscellaneous) recalculated using new effective date, updated highest one-year Final Average Compensation, and updated Retirement Factor
 - **Reinstated service benefit** – (Tier 3 Miscellaneous, service credit earned after reinstatement) calculated using the highest three-year Final Average Compensation and appropriate Retirement Factor

Respectfully Submitted,

Allison Kokonas

1807 Adriana Ct
Paso Robles, CA 93446
(805) 471-2468
meefamily1@gmail.com

21st August 2024

SLOCPT Board of Trustees

Dear Board of Trustees,

I am requesting the SLOCPT Board of Trustees reinstate me from retirement effective October 13, 2024, with my last monthly pension effective September 1, 2024. I have been offered the position of Social Worker Supervisor with the Department of Social Services on August 14, 2024.

Sincerely,

Allison Kokonas

Allison Kokonas



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF SOCIAL SERVICES
Devin Drake Director

9/4/2024

Allison Kokonas
3335 W 2570 S
Hurricane, UT 84737

Dear Allison,

We are pleased to confirm and finalize our offer of employment to you with the Department of Social Services, in the position of **Social Worker Supervisor II, 1.0 FTE, at Step 2 with a starting rate of \$42.72 per hour**. This is a full-time position in BU 05. Unless other arrangements are made, your hire date will be Sunday, October 13, 2024. The probationary period for this position is 1040 hours.

Please indicate your acceptance of our offer by signing and dating below. A link to access payroll and personnel forms will be provided to you via email within 5 business days. If you have any questions, don't hesitate to email me at alima@co.slo.ca.us or give me a call at 805-781-1823.

Sincerely,

Andie Lima
Human Resources Technician

**COUNTY OF SAN LUIS OBISPO
APPOINTMENT ACCEPTANCE**

I hereby accept appointment of this position subject to the Rules of the Civil Service as adopted by the Civil Service Commission. Appointment has been made in accordance with the San Luis Obispo County Civil Service Ordinance, Title 2 of the County Code, Chapter 2.40.

I accept

Allison Kokonas

Candidate's Signature

Social Worker Supervisor

Position

09/04/2024

Date

County of San Luis Obispo Department of Social Services

3433 South Higuera Street | P.O. Box 8119 | San Luis Obispo, CA 93403-8119

(P) 1-800-834-3002 | (F) 805-781-1686

www.slocounty.ca.gov/dss

Board of Trustees

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



Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 9: 2025 Board of Trustees Meetings and Staff Calendar

Recommendation:

Staff recommends that the Board of Trustees approve the proposed schedule for the 2025 Trustees meetings and approve the proposed changes to the 2025 Staff Calendar, including the replacement of Lincoln’s Birthday with Juneteenth as an official office closure.

Discussion:

The proposed 2025 SLOCPT calendar (Attachment A) provides the Board of Trustees with regular Board meeting dates and SLOCPT office closure dates.

All Board meetings will be held on the last Monday of the month, excluding May due to Memorial Day. This schedule potentially reduces the likelihood of needing to send supplementary Board materials after the initial agenda materials are disbursed. The preparation of the monthly investment reports is dependent on custody bank statements that are not due until the 14th business day of the month.

The Staff calendar has been revised to remove Lincoln’s Birthday as an office closure and replaced with the addition of Juneteenth. Juneteenth, which commemorates the end of slavery in the U.S., was established as a federal holiday in 2021. Lincoln’s Birthday, while historically important, is not recognized as a federal holiday.

Attachments:

Attachment A – 2025 Board of Trustees and Staff Calendar

Respectfully submitted,

2025 Calendar

January						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February						
S	M	T	W	T	F	S
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

March						
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

April						
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May						
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				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July						
S	M	T	W	T	F	S
		1	2	3	4	5
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August						
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					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

- 01/01/25 New Year's Day
- 01/20/25 MLK Day
- 01/27/25 BoT Meeting
- 02/17/25 President's Day
- 02/24/25 BoT Meeting
- 03/31/25 BoT Meeting
- 05/19/25 BoT Meeting
- 05/26/25 Memorial Day
- 06/19/25 Juneteenth (proposed)
- 06/30/25 BoT Meeting
- 07/04/25 Independence Day
- 08/25/25 BoT Meeting
- 09/01/25 Labor Day
- 09/26/25 Native American's Day
- 09/29/25 BoT Meeting
- 11/11/25 Veteran's Day
- 11/24/25 BoT Meeting
- 11/27/25 Thanksgiving
- 11/28/25 Thanksgiving
- 12/25/25 Christmas
- 02/12/25 Lincoln's Bday (remove)

- SLOCPT Office Closed
- Board of Trustees Meeting
- Proposed Holiday - Office Closure
- Remove from calendar

Board of Trustees

1000 Mill Street
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www.SLOPensionTrust.org



Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 10: Monthly Investment Report for August 2024

	1-month	YTD	2023	2022	2021	2020	2019
Total Fund (%) (Gross)	1.20	6.6	8.9	(8.0)	15.2	8.9	16.3
Policy Index (%)*	1.30	7.8	10.2	(9.7)	12.8	10	16.4

	YTD	2023	2022	2021	2020	2019
Market Value (millions)	\$1,801	\$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 August. It's important to note that the report does not include any activity or data from September.

A “flash crash” is what investors are calling the 6% decrease in the S&P 500 at the beginning of August. The coupling of economic indicators showing an economic slowdown and an increase in Japanese interest rates led to an emotional “sell-off” from investors. However, like the markets tend to do, as quickly as the “crash” came on, it just as quickly recovered ending the month up 2.4%.

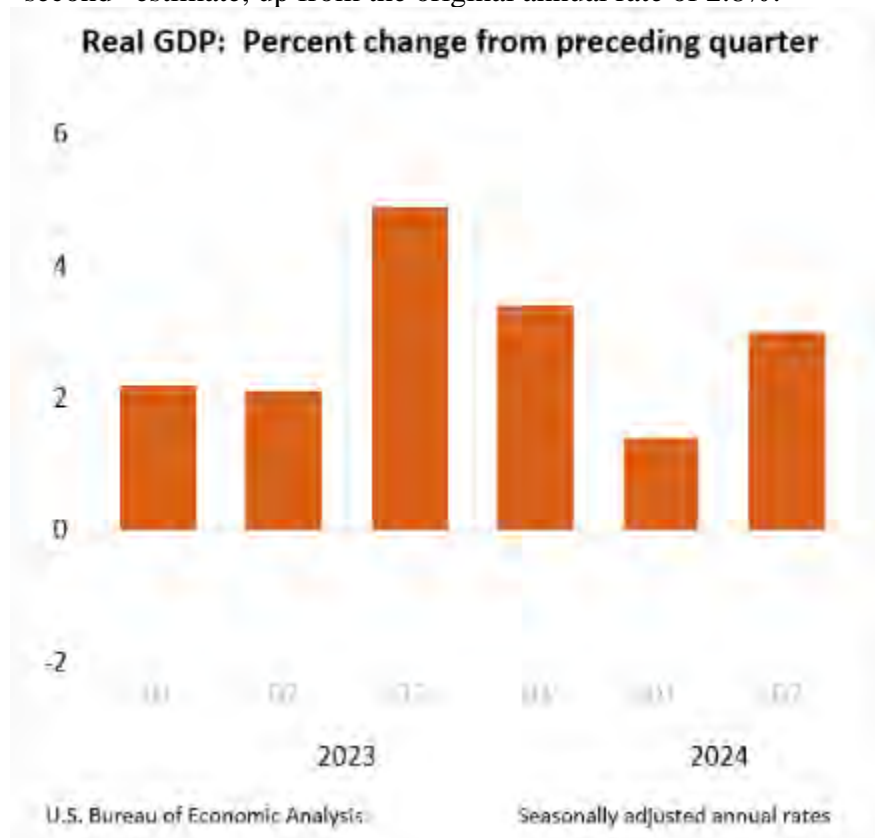
All asset classes within the portfolio reported positive returns for August. Top domestic and international manager performers include Atlanta Capital (170 bps), and WCM (230 bps). Year to date gross returns were reported at 6.6%.

Capital Markets:

- **Investment Markets** – International markets continued their outperformance of domestic markets for a second month due to an improved economic outlook in the Eurozone and the anticipated interest rate cut in September.
 - US stocks S&P 500 2.4%
 - International stocks MSCI ACWI ex-US 2.9%
 - Bonds Bloomberg US Aggregate bonds 1.4%

The Economy:

- **Inflation**
 - CPI increased 0.2%, seasonally adjusted, after also increasing 0.2% in July. Over the last 12 months, all items index increased 2.5 % before seasonal adjustment.
- **Gross Domestic Product (GDP)**
 - Real GDP was adjusted to 3.0% for the second quarter of 204 according to the “second” estimate, up from the original annual rate of 2.8%.



- **New Jobs, Unemployment**
 - **New Jobs** - The latest jobs report on non-farm employment report a gain of 142k new jobs. Employment trends continue in:
 - Health care: Aging population keeps demand steady

- Construction: fueled by the Biden administration’s infrastructure spending in nonresidential construction
 - **Unemployment Rate – 4.2%** - decrease from July– approximately 7.1 million people who are not employed but could be.
 - **Labor Force Participation – 62.7%** - same as July – the economy’s active workforce. Number of people ages 16 and older who are employed or actively seeking employment, divided by the total working-age population.
- **Monetary Policy**
 - At the 2024 Economic Policy Symposium held in Jackson Hole, Wyoming in August, Fed Chair Jerome Powell clearly signaled that the central bank was poised to cut interest rates in September (spoiler alert – they did!). To protect the labor market from weakening further and an attempt at an elusive soft landing, Powell stated “*The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming (economic) data, the evolving outlook, and the balance of risks.*”.
- **Verus Management Update -**
 - On September 16th, Verus provided a press release announcing the separation of President, Shelly Heier. Shelly started with Verus in 2000 as a research analyst and has been President of Verus since 2013. Upon her departure, Jeff MacLean, Chief Executive Officer, and Kraig McCoy, Chief Financial Officer and Chief Operating Officer, will absorb Shelly’s management responsibilities. Shelly will be leaving Verus at the end of September to take on a global leadership role at a financial services firm.

While this event occurred in September, Verus is a crucial partner of SLOCPT, and management changes should be reported immediately. I spoke with Scott regarding Shelly’s departure, and he assured me there would be no impact on the SLOCPT and Verus relationship.

Attachments:

Attachment A – August 31, 2024 Capital Markets Update

Attachment B – August 31, 2024 Investment Performance Review

A large, semi-transparent geometric pattern of interconnected triangles in shades of blue and green is overlaid on the left side of the image. A prominent white triangle points upwards, partially overlapping the main title text.

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

**AUGUST 2024
Capital Markets Update**

Market commentary

U.S. ECONOMICS

- Investors remain focused on the U.S. labor market, as changes in conditions will likely have a large impact on the Federal Reserve's rate cutting path. The release of the Quarterly Census of Employment and Wages (QCEW) indicated a preliminary downward revision of -818k jobs through the period ended March 31st, broadly in line with expectations, though investors believe the full impact of immigration is likely not fully captured in the print.
- August nonfarm payrolls totaled 142,000, below estimates of 165,000, while June and July were revised lower by a combined 86,000. Interpretations of the print were mixed but there seems to be general consensus that the labor market has further cooled.
- The ISM Manufacturing Survey rose from 46.8 to 47.2, indicating a slight increase in manufacturing activity while the ISM Services Survey was roughly flat at 51.5 (+0.1 from July).

U.S. EQUITIES

- U.S. equities, along with other global markets, faced a difficult start to the month. A strengthening of the yen and the prospect of rate hikes in Japan triggered a rapid technical selloff as traders unwound yen positions. This flash crash, along with some weaker U.S. economic datapoints, contributed to one of the largest volatility spikes (VIX) in history. The S&P 500 fell about -6% from July 31st through August 5th but recovered nearly 9% to end the month +2.4%—near all time highs.
- Equities stabilized and recovered throughout the month as other data releases countered the narrative that the U.S. economy might be nearing a breaking point. Investor sentiment also improved after Chairman Jerome Powell spoke at the Jackson Hole Symposium and stated that the time had come for policy adjustments.

U.S. FIXED INCOME

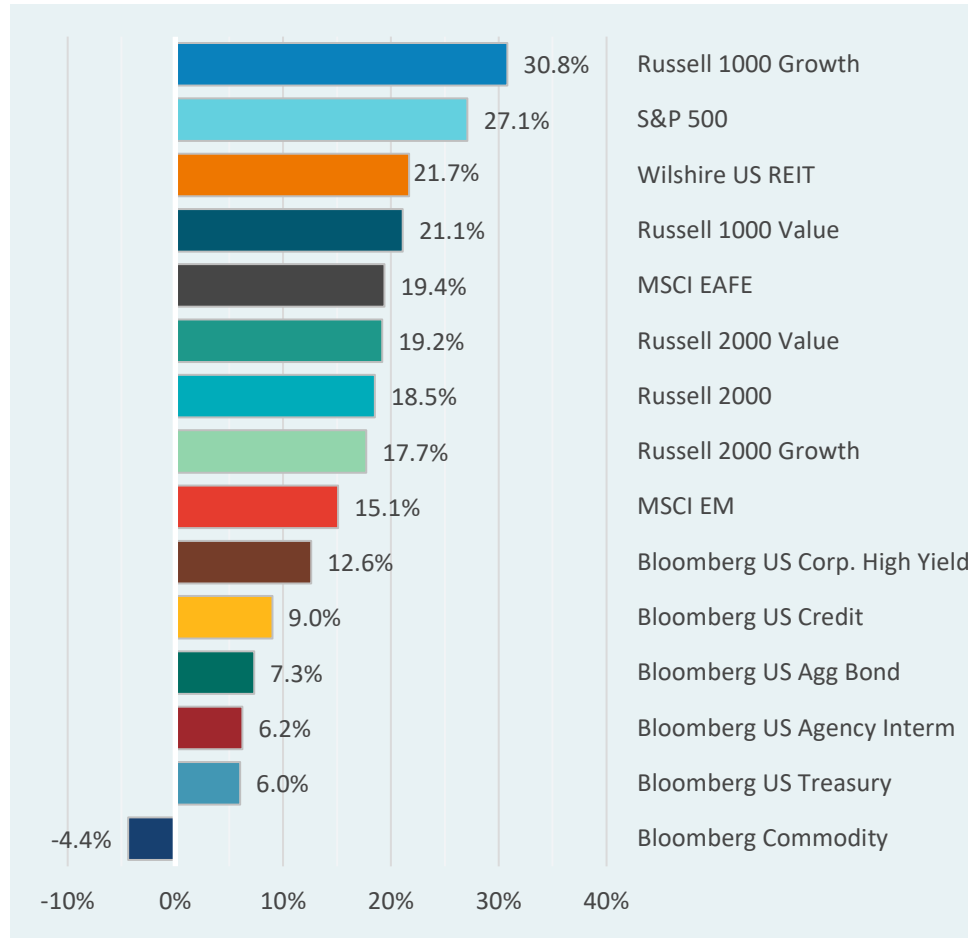
- Investor expectations for rate cuts changed significantly throughout the month. Early in August, investors were pricing in a nearly 100% probability of a second 0.25% rate cut (-0.5% total) for the September 17th meeting. By month end, expectations were reset to a 30% probability of a second rate cut, in line with prior expectations.
- Chairman Powell's commentary at Jackson Hole reiterated the recent statements on the trajectory of inflation and a cooling of the labor market but made a meaningful change in acknowledging that the bank would be adjusting its policy. To investors, the comments were indicative of rate cuts to come, and solidified expectations of a 0.25% rate cut in September.
- Fixed income markets continued to benefit from this shift in tone and confirmation of rate cuts. Yields fell overall, with the yield curve moving closer to normalization. At month end the spread between the 10-year and 2-year yield curve shape was flat rather than inverted.

INTERNATIONAL MARKETS

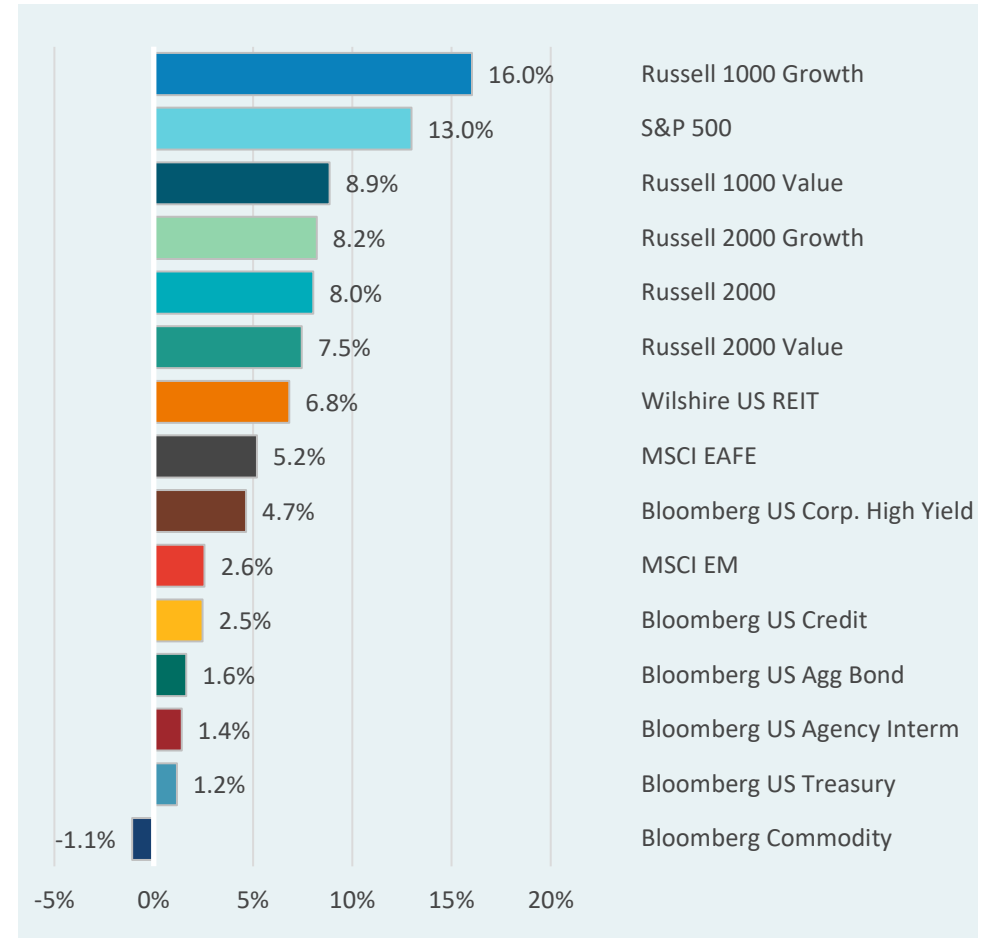
- The impacts of the July Bank of Japan rate hike rippled through markets well into August, though BOJ officials acknowledged that they would be mindful of the impact on markets as they consider policy changes going forward. Japanese equities fell -12% on the worst day for the TOPIX since 1987 but rebounded to end the month +0.4% in local currency terms.
- A drop in Eurozone inflation to 2.2% helped cement expectations for a European Central Bank September rate cut. The ECB had paused after its first cut in June but was widely expected to enact another cut in September. Inflation moderation and an improved economic outlook helped boost the MSCI Euro Index +4.1%.

Major asset class returns

ONE YEAR ENDING AUGUST



TEN YEARS ENDING AUGUST



*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 8/31/24

Source: Morningstar, as of 8/31/24

U.S. large cap equities

- The S&P 500 delivered a bumpy ride in August, falling -6.1% at the beginning of the month but recovering as investors focused on positive earnings news, cooling economic data, and the Federal Reserve’s upcoming meeting on September 17th. The index ended the month at a +2.4% gain.
- S&P sector performance in August appeared to reflect a defensive rotation. Top performers included consumer staples (+5.9%), real estate (+5.8%), and health care (+5.1%). Laggards included energy (-1.7%), consumer discretionary (-1.0%), and communication services (+1.2%).
- As of September 9th, 99% of S&P 500 companies had reported earnings, with results overall beating expectations. Positive earnings surprises were posted by 79% of companies and positive revenue surprises were posted by 60% of companies.
- The VIX spiked to 65 at the beginning of August as the yen carry trade unwound and investors became increasingly concerned about a recession. By the end of the month, the VIX settled to 15.6, below the two-year average of 17.5.

S&P 500 PRICE INDEX



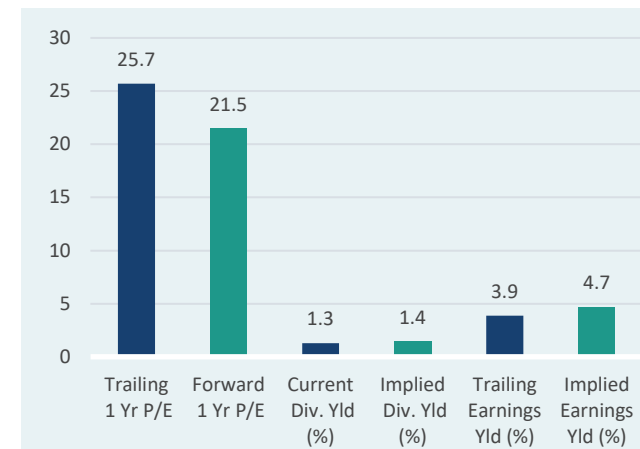
Source: S&P, as of 8/31/24

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, based on closing price as of 8/31/24

S&P 500 VALUATION SNAPSHOT

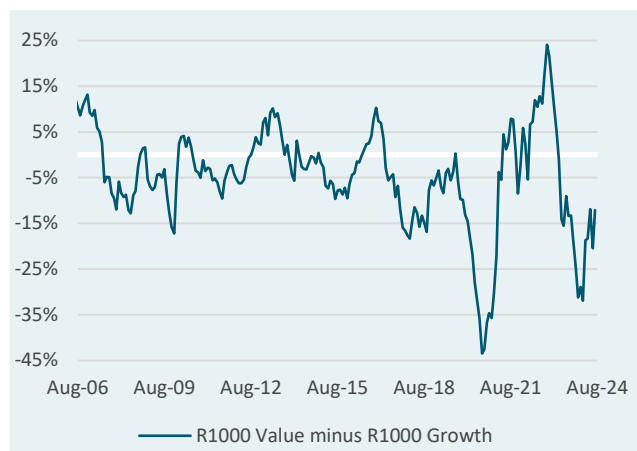


Source: S&P, as of 8/31/24

Domestic equity size and style

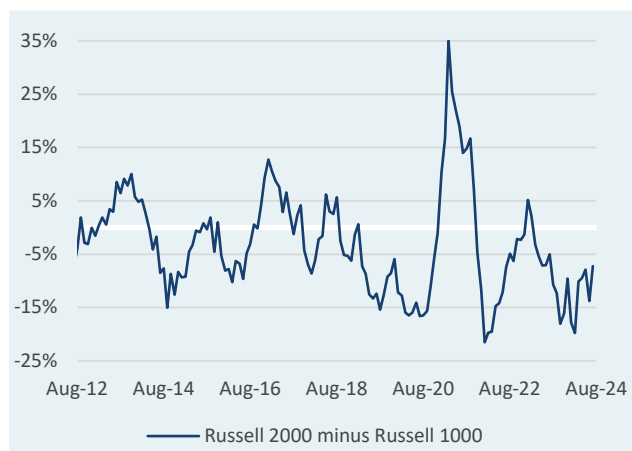
- Large cap indexes (Russell 1000 +2.4%) ended the month positive. At the beginning of August, small cap indexes (Russell 2000) fell -9.7% as the bank of Japan raised interest rates to 0.25%. By month end, small caps recovered most of those losses, ending the month down -1.5%.
- Style performance was mixed. Large value (Russell 1000 Value +2.7) outperformed large growth (Russell 1000 Growth +2.1%) while small value (Russell 2000 Value -1.9%) underperformed small growth (Russell 2000 Growth -1.1%). On a one-year basis, large cap growth stocks continued to significantly outperform.
- Large cap growth stocks have delivered strong returns partly due to a continued rise in valuations. The Russell 1000 Growth Index ended the month at 28.3x forward earnings, a +24.7% valuation premium over the 10-year average of 22.7x. Large cap value is trading at an 8.6% premium to the 10-year average.
- Small cap valuations have risen but are still cheap compared to large caps. In June, the Russell 2000 was trading at a -8.4% discount to the 10-year average. At the end of August, the Russell 2000 was trading at a +4.2% premium to the 10-year average.

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Russell, as of 8/31/24

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Russell, as of 8/31/24

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	21.1%	26.6%	30.8%
Mid Cap	20.2%	20.2%	19.1%
Small Cap	19.2%	18.5%	17.7%

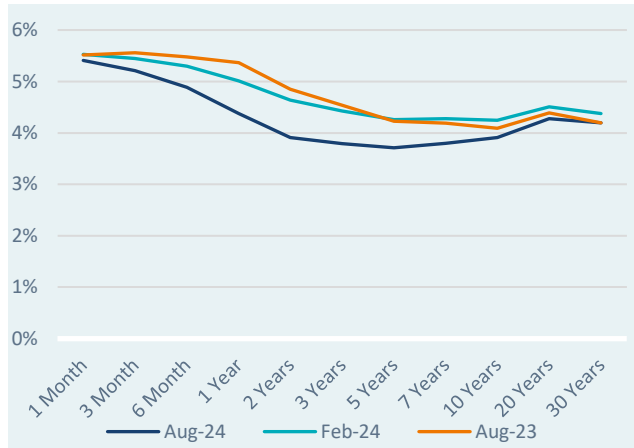
Source: FTSE, Russell, as of 8/31/24

Fixed income

- U.S. core bonds (Bloomberg U.S. Aggregate Index +0.8%) posted positive returns in August as downward revisions in labor data and continued economic cooling bolstered investor confidence in a September rate cut, pushing yields lower.
- All major U.S. fixed income indexes ended in positive territory as rates fell for the fourth consecutive month. The Bloomberg U.S. Treasury Long Index gained the most—up more than 2.0%. The Bloomberg US TIPS index (+0.8%) lagged other fixed income indexes. Emerging market debt led other sectors with a +3.1% gain.

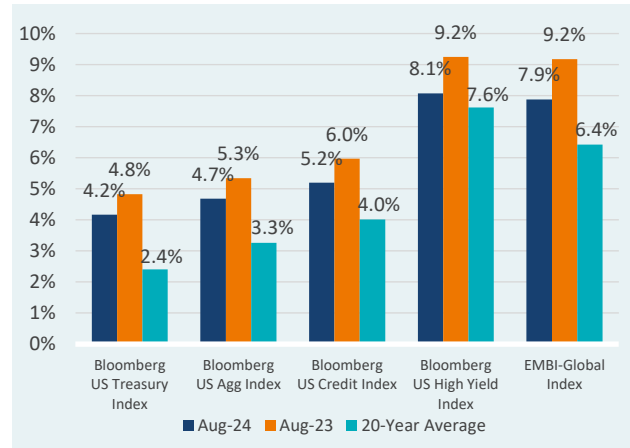
- Yields moved sharply downward in August. The 2-year moved -38 bps lower to 3.9% and the 10-year fell -18 bps to 3.9%. The 10/2 yield curve spread fell to 0 bps as the soft-landing narrative continued to build momentum.
- Annual default rates for bank loans and high yield corporate debt fell in August. High yield corporate annual default rates ended the month at 0.98% from 1.16% in July. Bank loan annual default rates fell 14 bps to end August at 0.78%. The annual default rate in August 2023 for high yield corporate debt and bank loans was 1.29% and 1.55%, respectively.

U.S. TREASURY YIELD CURVE



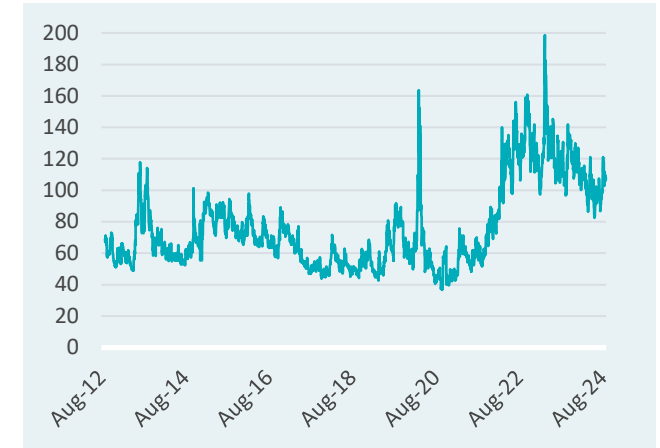
Source: Bloomberg, as of 8/31/24

NOMINAL YIELDS



Source: Morningstar, as of 8/31/24

U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)

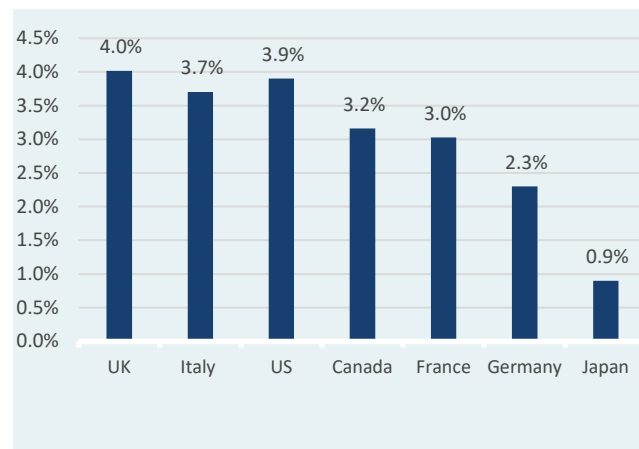


Source: Bloomberg, as of 8/31/24

Global markets

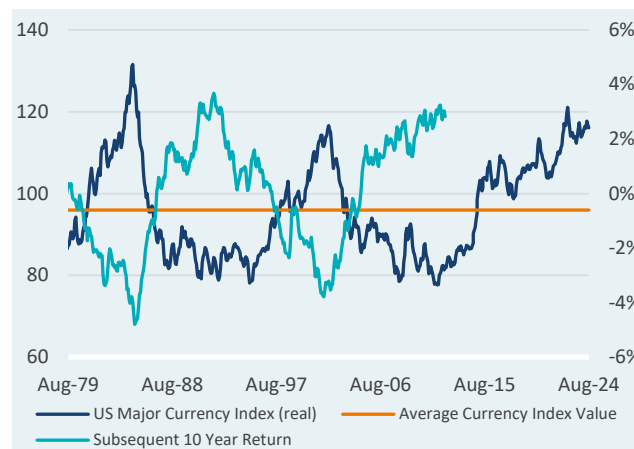
- International equities slightly outperformed U.S. equities. The MSCI ACWI ex-US returned +2.8% as the United Kingdom (+3.3%), Canada (+4.1%), and France (+3.8%) led the index as the top performers.
- The MSCI Euro was one of the top performing international indexes, up +4.1% and leading European equities to near all time highs. Moderating inflation and a largely anticipated rate cut for the September 12th ECB meeting lifted markets.
- The Japanese market showed only slightly positive returns of +0.5% for the month. Despite extreme volatility, the government upgraded their economic outlook, which helped buoy the index later in August.
- The MSCI China index returned a modest +1.0%, as investors remained concerned over the ailing property sector and a continued slowdown in manufacturing. Imports of raw materials also eased, adding to concerns that the Chinese Communist Party may not be doing enough to support their economy.

GLOBAL SOVEREIGN 10-YEAR YIELDS



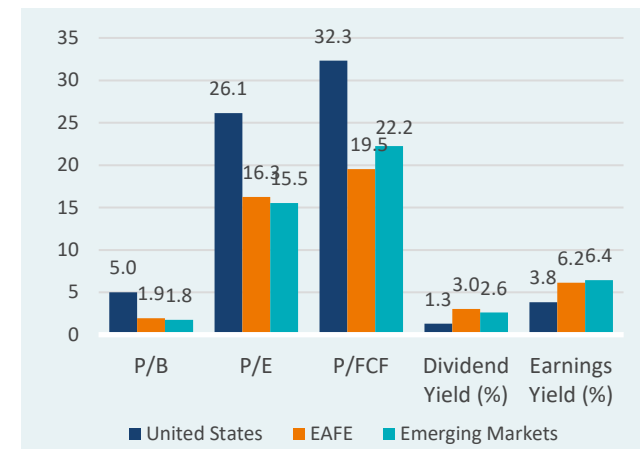
Source: Bloomberg, as of 8/31/24

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 8/31/24

MSCI VALUATION METRICS (3-MONTH AVG)



Source: MSCI, as of 8/31/24

Commodities

- Commodity performance was flat during the month as energy and petroleum weighed on the index, while softs, precious metals and industrial metals gained. Petroleum saw losses of -4.4%, likely driven in part by worries of slower economic growth in the U.S. and China.
- The Bloomberg Energy Index posted a -4.3% decline in August. Most components of the index were in the red, except for natural gas which gained +4.5%. Global demand for energy has fallen as some of the world's largest economies, particularly China, cope with excess inventories which has had negative implications for imports.

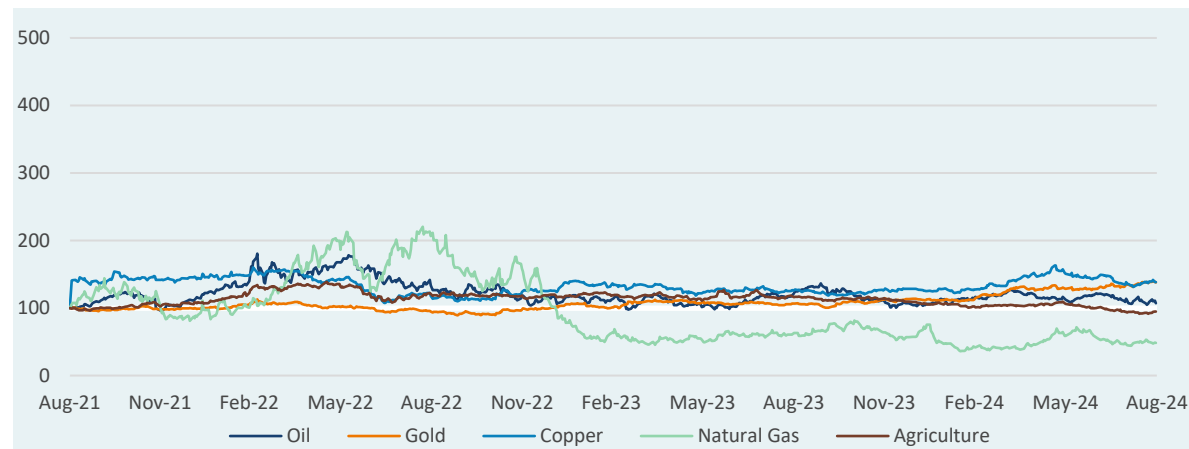
INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	0.0	(4.0)	0.9	(4.4)	3.7	7.0	(1.1)
Bloomberg Agriculture	1.3	(3.6)	(9.7)	(13.7)	1.9	10.4	(0.2)
Bloomberg Energy	(4.3)	(11.6)	(4.6)	(18.4)	1.2	(1.0)	(9.8)
Bloomberg Grains	(0.3)	(6.8)	(19.1)	(22.6)	(4.1)	5.5	(2.6)
Bloomberg Industrial Metals	3.4	(3.6)	5.0	6.9	(0.3)	7.2	1.9
Bloomberg Livestock	0.4	2.7	12.6	2.7	5.8	1.2	(2.9)
Bloomberg Petroleum	(4.4)	(7.4)	8.2	(1.4)	21.0	11.9	(2.9)
Bloomberg Precious Metals	1.9	4.7	20.4	25.4	9.6	9.1	5.2
Bloomberg Softs	5.5	3.1	14.6	14.7	12.1	18.2	1.2

Source: Morningstar, as of 8/31/24

- Softs (+5.5%) were the top performing sub index with coffee, cotton, and sugar all in the green for the month. Coffee prices have faced upward price pressures due to poor and unexpected weather patterns as well as tighter environmental regulations.
- Industrial metals benefitted from robust demand in China and other Asian economies. Both aluminum and zinc rose +8.6% on tighter supply, partly due to disruptions at key zinc mines in South America and Europe. On the demand side, China and other key Asian economies have generated more industrial demand than expected as usage across many industrial applications has increased.

COMMODITY PERFORMANCE



Source: Bloomberg, as of 8/31/24

Appendix

Periodic table of returns

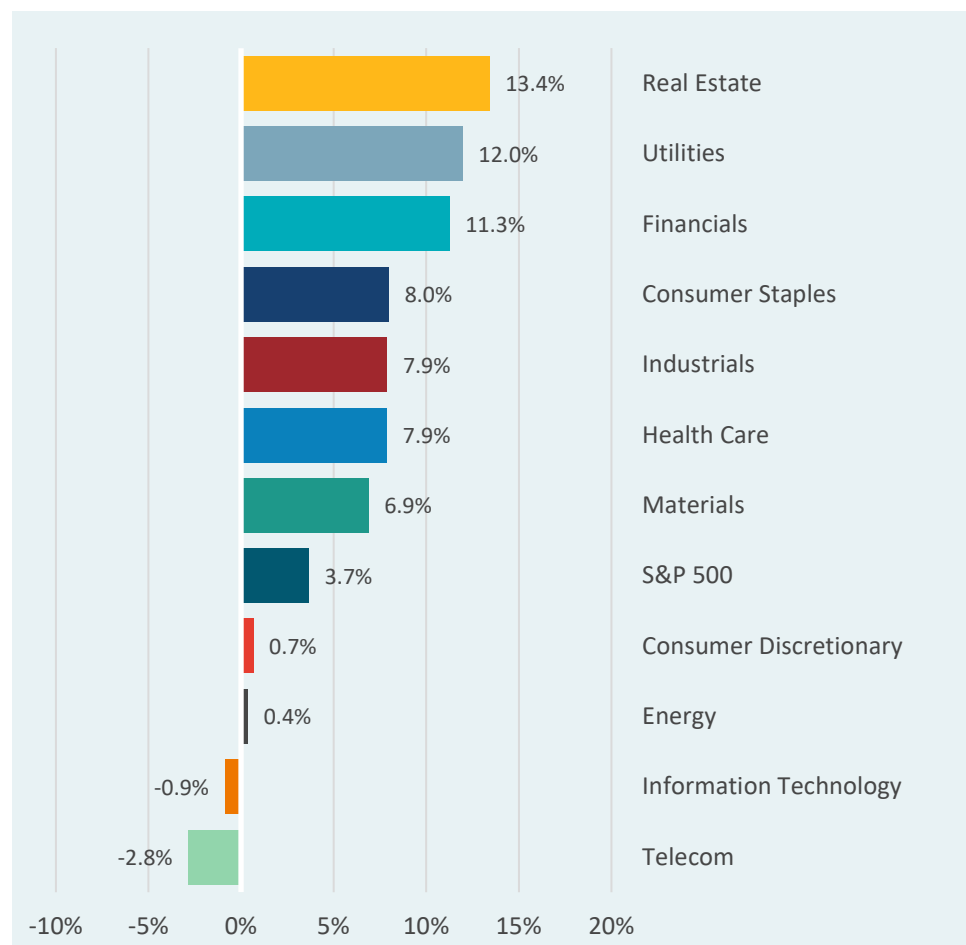
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	5-Year	10-Year
Large Cap Growth	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	42.7	21.1	19.1	16.0
Large Cap Equity	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	26.5	18.6	15.6	12.7
Large Cap Value	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	15.1	11.2	8.9
International Equity	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	12.0	7.0	8.2
Small Cap Growth	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	11.7	10.4	8.0
Small Cap Equity	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	10.4	9.7	6.4
60/40 Global Portfolio	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	10.2	8.6	7.5
Emerging Markets Equity	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	9.5	8.4	5.0
Small Cap Value	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	9.1	5.7	5.2
Hedge Funds of Funds	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	5.4	5.0	3.5
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	3.6	3.8	2.6
US Bonds	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	3.1	4.8	1.5
Commodities	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	0.9	2.1	1.6
Real Estate	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	-1.2	0.0	-1.1



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 6/30/24.

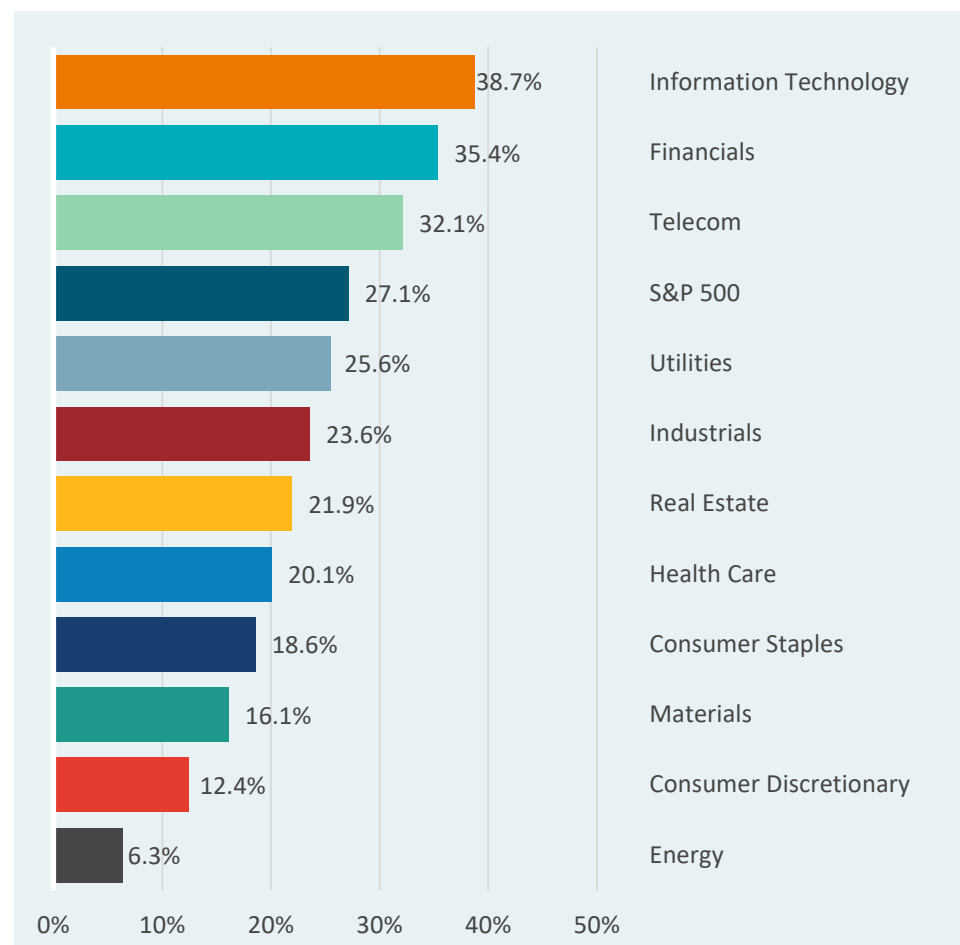
S&P 500 sector returns

QTD



Source: Morningstar, as of 8/31/24

ONE YEAR ENDING AUGUST



Source: Morningstar, as of 8/31/24

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	2.4	3.7	19.5	27.1	9.4	15.9	13.0
S&P 500 Equal Weighted	2.5	7.1	12.5	19.5	6.0	13.0	10.6
DJ Industrial Average	2.0	6.6	11.7	22.1	7.7	11.8	11.8
Russell Top 200	2.5	3.0	20.8	28.7	10.0	17.1	13.8
Russell 1000	2.4	3.9	18.6	26.6	8.3	15.6	12.7
Russell 2000	(1.5)	8.5	10.4	18.5	0.6	9.7	8.0
Russell 3000	2.2	4.1	18.2	26.1	7.9	15.2	12.4
Russell Mid Cap	2.0	6.8	12.1	20.2	3.5	11.2	9.6
Style Index							
Russell 1000 Growth	2.1	0.3	21.1	30.8	8.9	19.1	16.0
Russell 1000 Value	2.7	7.9	15.1	21.1	7.3	11.2	8.9
Russell 2000 Growth	(1.1)	7.0	11.7	17.7	(2.1)	8.4	8.2
Russell 2000 Value	(1.9)	10.1	8.2	19.2	3.1	10.4	7.5

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	2.5	4.2	16.0	23.4	5.8	12.1	8.8
MSCI ACWI ex US	2.8	5.2	11.2	18.2	2.1	7.6	4.4
MSCI EAFE	3.3	6.3	12.0	19.4	4.1	8.6	5.2
MSCI EM	1.6	1.9	9.5	15.1	(3.1)	4.8	2.6
MSCI EAFE Small Cap	2.0	7.8	8.3	15.1	(2.4)	6.4	5.3
Style Index							
MSCI EAFE Growth	3.9	5.2	11.8	18.4	0.4	7.9	6.2
MSCI EAFE Value	2.6	7.4	12.2	20.4	7.8	9.0	4.0
Regional Index							
MSCI UK	3.3	7.7	15.1	22.0	8.9	8.7	3.5
MSCI Japan	0.5	6.3	13.0	19.7	3.8	8.1	6.4
MSCI Euro	4.1	5.1	10.8	18.3	4.3	9.3	5.2
MSCI EM Asia	1.6	1.3	12.5	17.0	(3.2)	6.0	4.2
MSCI EM Latin American	2.6	3.6	(12.6)	0.4	3.3	2.6	(0.8)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	0.8	2.6	3.3	6.2	(1.3)	2.0	2.1
Bloomberg US Treasury Bills	0.5	1.0	3.6	5.5	3.3	2.3	1.6
Bloomberg US Agg Bond	1.4	3.8	3.1	7.3	(2.1)	(0.0)	1.6
Bloomberg US Universal	1.5	3.8	3.5	7.9	(1.8)	0.3	1.9
Duration							
Bloomberg US Treasury 1-3 Yr	0.9	2.1	3.3	5.9	1.0	1.3	1.3
Bloomberg US Treasury Long	2.0	5.7	0.4	4.9	(9.8)	(5.1)	0.7
Bloomberg US Treasury	1.3	3.5	2.6	6.0	(2.5)	(0.6)	1.2
Issuer							
Bloomberg US MBS	1.6	4.3	3.3	7.5	(1.7)	(0.2)	1.3
Bloomberg US Corp. High Yield	1.6	3.6	6.3	12.6	2.5	4.5	4.7
Bloomberg US Agency Interm	0.9	2.2	3.3	6.2	0.1	0.9	1.4
Bloomberg US Credit	1.6	3.9	3.5	9.0	(2.0)	0.6	2.5

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	0.0	(4.0)	0.9	(4.4)	3.7	7.0	(1.1)
Wilshire US REIT	6.4	12.2	11.9	21.7	1.9	5.4	6.8
CS Leveraged Loans	0.6	1.3	5.8	9.8	6.3	5.5	4.7
S&P Global Infrastructure	4.6	9.3	13.7	20.2	7.8	6.5	5.5
Alerian MLP	0.4	1.2	20.6	27.1	26.8	12.7	1.6
Regional Index							
JPM EMBI Global Div	2.3	4.2	6.7	13.4	(1.7)	0.4	2.9
JPM GBI-EM Global Div	3.1	5.4	1.5	6.0	(1.7)	0.1	(0.3)
Hedge Funds							
HFRI Composite	0.3	1.1	6.0	9.7	3.2	6.9	4.8
HFRI FOF Composite	0.1	0.6	5.4	8.3	2.1	5.0	3.5
Currency (Spot)							
Euro	2.3	3.3	0.2	2.0	(2.1)	0.1	(1.7)
Pound Sterling	2.3	4.0	3.1	3.7	(1.5)	1.5	(2.3)
Yen	3.3	10.5	(3.2)	(0.0)	(9.0)	(6.1)	(3.3)

Source: Morningstar, HFRI, as of 8/31/24

Detailed private market returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	2.7	7.4	14.9	12.4
<i>MSCI World Index (PME)</i>	25.2	9.0	12.4	9.1
Global Private Equity Direct Funds ¹	4.9	6.9	15.3	14.0
<i>MSCI World Index (PME)</i>	25.1	9.2	12.4	9.6
U.S. Private Equity Direct Funds ¹	6.2	8.3	17.0	15.3
<i>Russell 3000 Index (PME)</i>	29.2	10.4	14.6	12.5
Europe Private Equity Direct Funds ¹	4.3	8.2	14.8	12.5
<i>MSCI Europe Index (PME)</i>	14.4	7.0	8.6	4.8
Asia Private Equity Direct Funds ^{1,4}	(1.1)	(0.7)	8.2	11.1
<i>MSCI AC Asia Pacific Index (PME)</i>	11.7	(1.9)	4.4	4.9

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt ^{2,4}	8.0	12.1	12.2	10.8
<i>Morningstar LSTA U.S. Leveraged Loan 100 Index (PME)</i>	12.1	5.9	5.6	4.8

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(4.0)	8.4	7.6	10.3
<i>FTSE NAREIT Equity REIT Index (PME)</i>	10.8	5.2	5.0	7.6

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Natural Resources ^{3,4}	6.6	17.9	6.1	3.4
<i>S&P Global Natural Resources Index (PME)</i>	4.6	9.1	8.5	5.7
Global Infrastructure ⁴	8.2	10.3	10.2	10.2
<i>S&P Global Infrastructure Index (PME)</i>	3.5	4.6	4.3	4.6

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.

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San Luis Obispo County

Investment Performance Review
Period Ending: August 31, 2024



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SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

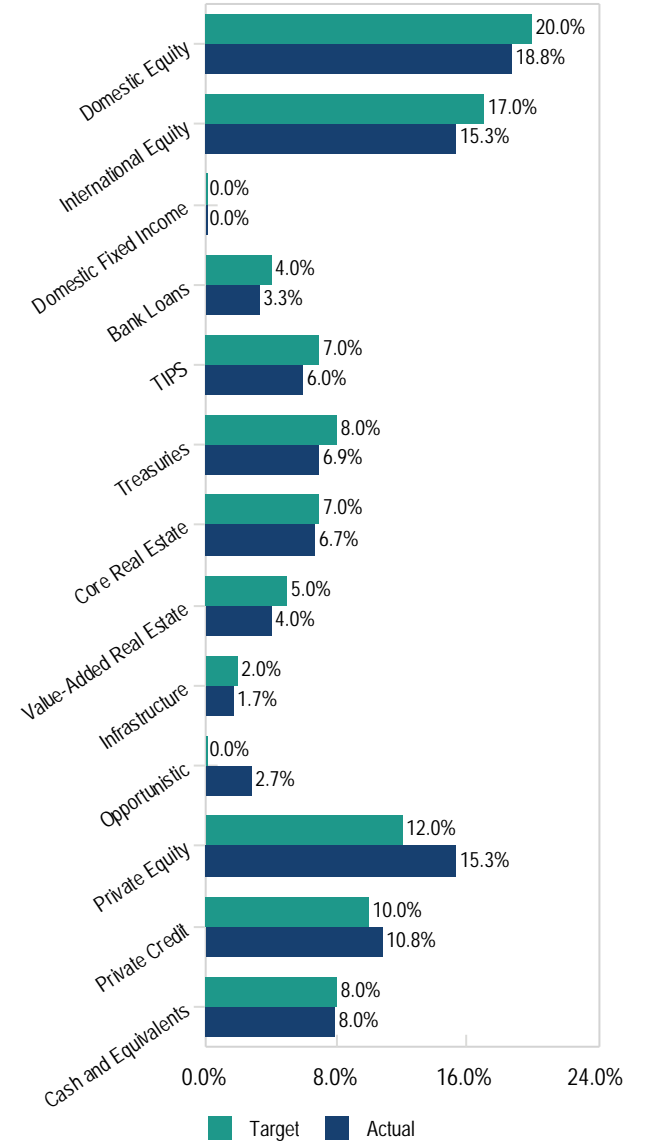
LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: August 31, 2024

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,801,143,502	100.0	1.2	6.6
<i>Interim Policy Index</i>			<i>1.3</i>	<i>7.8</i>
<i>FFP SAA Index</i>			<i>1.4</i>	<i>7.7</i>
Total Growth	1,316,126,917	73.1	1.4	8.3
<i>Custom Growth Benchmark</i>			<i>1.5</i>	<i>9.5</i>
Total Public Equity	613,403,928	34.1	2.5	14.9
<i>Public Equity Benchmark</i>			<i>2.5</i>	<i>15.3</i>
Total Domestic Equity	338,014,977	18.8	1.2	15.8
<i>Russell 3000 Index</i>			<i>2.2</i>	<i>18.2</i>
PIMCO RAE US	84,294,100	4.7	-0.5	13.1
<i>S&P 500 Index</i>			<i>2.4</i>	<i>19.5</i>
Loomis Sayles Large Cap Growth	85,963,424	4.8	1.8	18.7
<i>Russell 1000 Growth Index</i>			<i>2.1</i>	<i>21.1</i>
Boston Partners Large Cap Value	82,771,529	4.6	1.5	16.4
<i>Russell 1000 Value Index</i>			<i>2.7</i>	<i>15.1</i>
Atlanta Capital Mgmt	84,985,924	4.7	2.0	15.1
<i>Russell 2500 Index</i>			<i>-0.3</i>	<i>9.7</i>
Total International Equity	275,388,951	15.3	4.2	13.7
<i>MSCI AC World ex USA Index</i>			<i>2.9</i>	<i>11.6</i>
Dodge & Cox Intl Stock	134,773,865	7.5	3.0	10.0
<i>MSCI AC World ex USA Value</i>			<i>2.5</i>	<i>11.9</i>
WCM International Growth	140,615,086	7.8	5.5	17.5
<i>MSCI AC World ex USA Growth</i>			<i>3.2</i>	<i>11.5</i>
Total Private Equity	275,386,945	15.3	0.7	6.0
Harbourvest Partners IX Buyout Fund L.P.	9,038,099	0.5	0.0	-2.2
Pathway Private Equity Fund Investors 9 L.P.	85,326,332	4.7	1.9	9.4
Harbourvest 2018 Global Fund L.P.	20,868,372	1.2	0.0	2.7
Harbourvest SLO Fund Private Equity	139,966,133	7.8	0.0	12.7
Pathway Private Equity Fund Investors 10 L.P.	20,188,009	1.1	1.2	5.6
Total Private Credit	195,041,479	10.8	0.0	5.3
Sixth Street Partners DCP	90,625,824	5.0	0.0	4.0
Harbourvest SLO Credit Fund	104,415,655	5.8	0.0	8.5

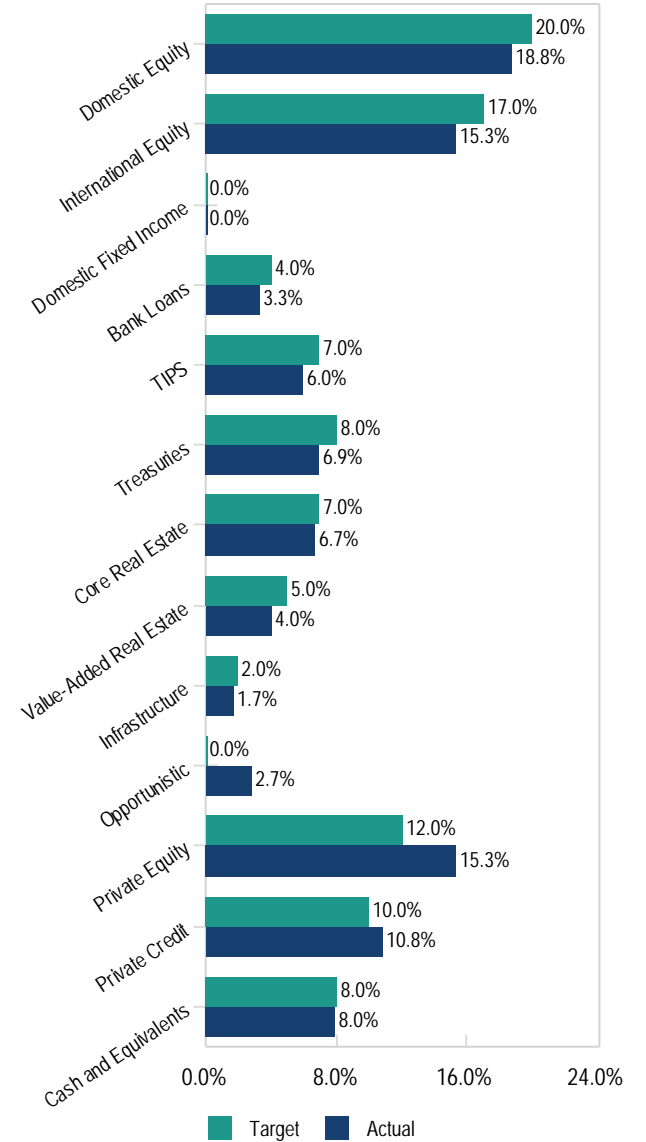


Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 4% Morningstar LTSA U.S. Leveraged Loan Index, 8% Bloomberg U.S. Gov't Bond Index, 7% Bloomberg US TIPS 5+ Year, 12% NCREIF Property Index, 2% Dow Jones Brookfield Index, 12% Private Equity Return, 10% Private Credit Return, 4% 90-day T-Bills, 4% Bloomberg U.S. Gov't/Credit 1-3 Yr. All privates are valued as of 6/30/24 except for the HarborVest Infrastructure Fund which is valued as of 3/31/24. All data is preliminary.

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: August 31, 2024

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Assets	232,294,565	12.9	0.2	-2.2
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-1.2</i>
JP Morgan Core Real Estate	120,359,971	6.7	0.4	-3.6
<i>NCREIF-ODCE</i>			<i>0.0</i>	<i>-2.8</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-1.2</i>
ARA American Strategic Value Realty	72,501,497	4.0	0.0	-3.7
<i>NCREIF-ODCE</i>			<i>0.0</i>	<i>-2.8</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-1.2</i>
Brookfield Infrastructure Fund	31,216,127	1.7	0.0	7.4
<i>Dow Jones Brookfield Global Infrastructure</i>			<i>4.5</i>	<i>11.2</i>
HarbourVest Infrastructure	8,216,970	0.5		
Total Risk Diversifying	292,095,113	16.2	0.9	3.2
<i>Total Risk Diversifying Benchmark</i>			<i>1.6</i>	<i>2.5</i>
Total Domestic Fixed Income	292,095,113	16.2	0.9	3.7
<i>Blmbg. U.S. Aggregate Index</i>			<i>1.4</i>	<i>3.1</i>
Pacific Asset Corporate Loan	60,200,209	3.3	0.5	5.9
<i>Morningstar LSTA U.S. Leveraged Loan</i>			<i>0.6</i>	<i>5.8</i>
SSGA U.S. Govt Bond Index	124,254,738	6.9	1.3	2.7
<i>Blmbg. U.S. Government Index</i>			<i>1.3</i>	<i>2.6</i>
BlackRock TIPS	107,640,167	6.0	0.8	3.6
<i>Blmbg. U.S. TIPS Index</i>			<i>0.8</i>	<i>3.3</i>

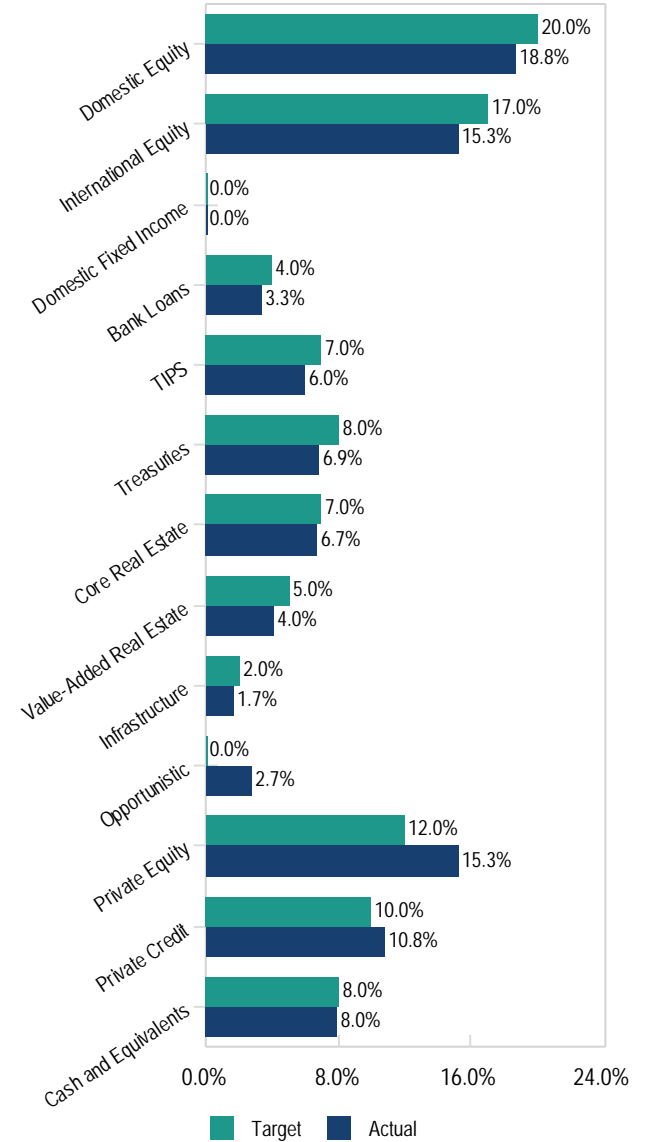


Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 4% Morningstar LTSA U.S. Leveraged Loan Index, 8% Bloomberg U.S. Gov't Bond Index, 7% Bloomberg US TIPS 5+ Year, 12% NCREIF Property Index, 2% Dow Jones Brookfield Index, 12% Private Equity Return, 10% Private Credit Return, 4% 90-day T-Bills, 4% Bloomberg U.S. Gov't/Credit 1-3 Yr. All privates are valued as of 6/30/24 except for the HarborVest Infrastructure Fund which is valued as of 3/31/24. All data is preliminary.

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: August 31, 2024

	Market Value	% of Portfolio	1 Mo	YTD
Total Liquidity	143,413,071	8.0	0.4	2.6
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>3.6</i>
Total Cash	143,413,071	8.0	0.4	2.6
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>3.6</i>
PIMCO Short Duration Fund	36,011,169	2.0	1.0	3.6
<i>Bloomberg U.S. Gov/Credit 1-3 Year Index</i>			<i>0.9</i>	<i>3.5</i>
Cash Account	37,494,567	2.1	0.0	2.5
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>3.6</i>
Investment Cash	69,907,335	3.9	0.4	2.6
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>3.6</i>
Total Opportunistic	49,508,400	2.7	0.0	5.1
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	2,754,955	0.2	0.0	-16.2
Sixth Street Partners TAO	46,753,445	2.6	0.0	6.7



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. All privates are valued as of 6/30/24 except for the HarborVest Infrastructure Fund which is valued as of 3/31/24. All data is preliminary.

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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



Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 11: Alternative Investments Vehicle Fee Disclosure – CA Code 7514.7 and 7928.71

Recommendation:

Staff recommends the Board of Trustees receive and file the attached report on Alternative Investment Vehicle (AIV) Fee Disclosure as required by California Code Sections 7514.7 and 7928.71.

Discussion:

California Assembly Bill 2833, effective January 1, 2017, added Section 7514.7 to the California Code, mandating additional fee and expense disclosures for retirement systems investing in Alternative Investment Vehicles (AIVs). The law aims to enhance transparency regarding fees paid by public investors. These requirements are unique to California public pension systems and include specific disclosures detailed in Section 7928.71 (formerly Section 6254.26).

Key Points:

- The disclosure requirements apply to any private fund classified as an AIV with a California retirement plan contract initiated on or after January 1, 2017, or an existing contract as of December 31, 2016, with additional capital commitments made after January 1, 2017.
- Required disclosures under CA Code 7514.7 include:
 - Fees and expenses paid directly by the retirement system to the AIV, fund manager, or related parties.
 - The retirement system's share of fees, expenses, and carried interest distributed to the fund manager or related parties.
 - Aggregate fees and expenses paid by portfolio companies within the AIV to the fund manager or related parties.

- Additional information as specified in CA Code 7928.71, including fund details, capital commitments, distributions, and performance metrics.
- For investments made before January 1, 2017, the retirement system must make reasonable efforts to obtain the required information. However, data for pre-2017 investments may not be fully available and is included in supplementary reporting where possible.
- CA Code 7514.7 requires these disclosures to be presented at least annually in a public meeting.

This report fulfills the SLOCPT's annual reporting obligations under CA Code 7514.7. No action is required from the Board of Trustees other than to receive and file the report.

Attachments:

- Attachment A - AB 2833 Explanatory Notes
- Attachment B - Alternative Investment Vehicle (AIV) Fee & Expense Disclosure Report

Respectfully Submitted,

SLOCPT Alternative Investment Vehicle (AIV) Fee & Expense Disclosure (AB 2833 Report)
Explanatory Notes

The attached table reflects all disclosures required by Assembly Bill 2833 for SLOCPT's active Alternative Investment Vehicle (AIV) investments. The disclosures are as of the one year ending **December 31, 2023**.

Column 1

The legal name of the AIV.

Column 2

The website of the General Partner (GP) or external manager of the AIV.

Column 3

The year of AIV formation and/or its first drawdown of capital.

Column 4

The amount of the SLOCPT capital commitment.

Column 5

The amount of capital contributed to the AIV since inception.

Column 6

The total amount of distributions received from the AIV since inception.

Column 7

The current value of the remaining investment. Market value as of 12/31/2023

Column 8

The total amount of distributions received since inception plus the market value of unrealized investments.

Column 9

The dollar amount of cash profit, if any, received from the AIV during the reporting period.

Column 10

The investment multiple is calculated as the ratio of the market value, plus distributions since inception, divided by the total amount of paid-in capital.

$$\text{Column 7} + \text{Column 6} / \text{Column 5} = \text{Net Multiple}$$

Column 11

SLOCPT's pro-rata share of AIV-level costs paid during the reporting period, including all management fees (net of offsets) and expenses.

Column 12

The internal rate of return (IRR) since inception *after* all fees, expenses, and carried interest. IRRs for periods of less than one year are unannualized. AIVs with "NM" in Column 11 represent investments in the initial stages of their investment life cycle that would not generate meaningful IRR results.

Column 13

The IRR since inception *before* all fees, expenses, and carried interest. Due to the nature of AIVs, this figure is not typically reported. AIVs with "NR" in Column 12 represent 'Not Reported'

Column 14

The fees and expenses paid by SLOCPT directly to AIV, GP, or related parties during the reporting period are in the form of capital contributions and not invoiced fees. SLOCPT does not typically make direct payments to the GP or its related parties since the obligation to pay management fees and expenses typically runs from AIV to the GP or its related parties, not from individual LPs.

Column 15

SLOCPT's pro-rata share of AIV-level costs paid during the reporting period, which includes all management fees (net of offsets) and expenses. Note that Section 7514.7(a)(2) seems to refer specifically to SLOCPT's pro-rata share of fees and expenses paid by the AIV to the GP or related parties. Given some uncertainty as to the legislative intent in this regard, however, SLOCPT is opting for this broader level of disclosure of AIV-level costs.

Column 16

SLOCPT's pro rata share of aggregate fees and expenses paid at the asset level to the GP or related parties. For Private Equity, this figure represents fees and expenses paid by the portfolio companies to the GP or related parties.

Column 17

SLOCPT's pro rata share of carried interest (or profit sharing) paid to the GP during the reporting period.

Summary of Alternative Investments - CA Govt. Code Section 7514.7 and 7928.71¹

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Investment Name	Address	Vintage	Capital Committed	Paid-In Capital	Capital Distributed	Net Asset Value	Total Value	Cash Profit received in 2023	Net Multiple	Mgmt Fee & Expenses	Net IRR	Gross IRR	Directly Paid Fees & Expenses	Mgmt Fee & Expenses	Fees and expenses paid by portfolio companies	SLOCPT Pro-rata share of carried interest paid during 2023
Brookfield Super-Core Infrastructure Partners	www.brookfield.com	2018	\$30,000,000	\$30,000,000	\$0	\$30,368,241	\$30,368,241	\$11,571	1.01x	\$80,729	NM	NR	\$0	\$80,729	\$0	\$833
HarbourVest Partners 2018 Global Fund L.P	www.harbourvest.com	2018	\$20,000,000	\$16,200,000	\$6,396,712	\$21,450,424	\$27,847,136	\$919,206	1.72x	\$208,666	20.7%	NR	\$0	\$208,666	\$0	\$78,766
HarbourVest Partners IX-Buyout Fund L.P.	www.harbourvest.com	2011	\$20,000,000	\$17,600,000	\$27,008,662	\$11,474,012	\$38,482,674	\$2,502,470	2.19x	\$181,055	17.9%	NR	\$0	\$181,055	\$0	\$25,926
HarbourVest SLO Fund - Infrastructure	www.harbourvest.com	2022	\$9,000,000	\$0	\$0	\$0	\$0	\$0	NR	\$0	NR	NR	\$0	\$0	\$0	\$0
HarbourVest SLO Fund L.P - Credit Tranche 1	www.harbourvest.com	2022	\$150,000,000	\$87,064,200	\$6,862,364	\$89,767,029	\$96,629,393	\$5,569,424	1.11x	\$464,429	10.6%	NR	\$0	\$464,429	\$0	\$130,628
HarbourVest SLO Fund L.P - Global Tranche 1	www.harbourvest.com	2022	\$620,000,000	\$74,400,000	\$0	\$81,184,610	\$81,184,610	\$0	1.09x	\$1,712,156	12.8%	NR	\$0	\$1,712,156	\$0	\$0
KKR Mezzanine Partners I L.P. ²	www.kkr.com	2010	\$20,000,000	\$22,888,365	\$25,859,473	\$3,397,304	\$29,256,777	\$0	1.28x	\$19,885	5.9%	NR	\$0	\$19,885	NR	NR
Pathway Private Equity Fund Investors 9 L.P.	www.pathwaycapital.com	2017	\$65,000,000	\$52,543,296	\$17,314,729	\$85,558,846	\$102,873,575	\$8,775,043	1.96x	\$568,197	24.5%	NR	\$0	\$568,197	\$0	\$0
Pathway Private Equity Investors 10 L.P.	www.pathwaycapital.com	2020	\$20,000,000	\$13,849,892	\$0	\$19,199,770	\$19,199,770	\$0	1.39x	\$168,779	NM	NR	\$0	\$168,779	\$0	\$0
Sixth Street Partners Diversified Credit Program 2016 (A) L.P.	www.sixthstreet.com	2016	\$171,250,000	\$110,648,943	\$54,998,579	\$93,569,856	\$148,568,435	\$6,406,126	1.34x	\$2,030,019	9.0%	NR	\$0	\$2,030,019	\$0	\$353,284
Sixth Street Partners TAO Partners and Affiliated Partnerships	www.sixthstreet.com	2020	\$60,000,000	\$59,248,398	\$31,112,130	\$40,748,140	\$71,860,270	\$3,279,653	1.21x	\$808,119	10.0%	NR	\$0	\$808,119	\$11,451	\$387,513
Totals			\$1,185,250,000	\$484,443,094	\$169,552,649	\$476,718,232	\$646,270,881	\$27,463,492		\$6,242,034				\$6,242,034	\$11,451	\$976,950

¹ Previously CA Code 6254.26

² Pre-2017 investment. Voluntarily reported.

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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



Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 12: Asset Allocation – August 2024

This agenda item provides an opportunity for the Board of Trustees to discuss and potentially make decisions regarding asset allocation and related investment issues.

The table presented in the report shows the current asset allocation compared to the 2024 Interim SAA Target Allocation and also includes a comparative analysis with the SAA Target Allocation set for 2027.

It's important to note that the asset values in the table may differ slightly from those in the Monthly Investment Report due to variations in the timing of report generation and the finalization of market values at month-end.

FFP Asset Mix	Est. Market Value (\$000s)	% Allocation	SAA Target Allocation	Variance	Strategic Asset Allocation
	08/31/24		2024 Interim		Long Term
Bank (operating)	2,081	0.1%	0.1%	0.0%	0.1%
SLOC Treasury	35,414	2.0%	1.9%	0.0%	1.7%
JPM short term	69,907	3.9%	3.0%	0.9%	2.3%
Short Duration	36,011	2.0%	3.0%	-1.0%	6.0%
LIQUIDITY	143,413	8.0%	8.0%	0.0%	10.0%
Equity- Public Mkt US	337,982	18.8%	20.0%	-1.2%	16.0%
Equity- Public Mkt Intl	275,389	15.3%	17.0%	-1.7%	14.0%
Equity- Public Mkt Global	-	0.0%		0.0%	
Bank Loans	60,200	3.3%	4.0%	-0.7%	
Bonds- Intl.	-	0.0%	0.0%	0.0%	
Bonds- Emerging Mkts	-	0.0%	0.0%	0.0%	
Real Estate- Core	120,360	6.7%	7.0%	-0.3%	5.0%
Real Estate- Value Add	72,501	4.0%	5.0%	-1.0%	5.0%
Infrastructure	39,433	2.2%	2.0%	0.2%	5.0%
Private Equity	267,934	14.9%	12.0%	2.9%	18.0%
Private Credit	202,495	11.2%	10.0%	1.2%	12.0%
Opportunistic	49,508	2.7%	0.0%	2.7%	
GROWTH	1,425,802	79.2%	77.0%	2.2%	75.0%
Bonds- Core	(0)	0.0%	0.0%	0.0%	
Treasuries - Intermediate	124,255	6.9%	8.0%	-1.1%	8.0%
TIPS	107,640	6.0%	7.0%	-1.0%	7.0%
RISK DIVERSIFYING	231,895	12.9%	15.0%	-2.1%	15.0%
TOTAL	1,801,110	100.0%	100.0%		100.0%

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Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 19: Fiduciary Refresher Briefing:

Recommendation:

Staff recommends that the Board of Trustees participate in and receive a presentation from Chris Waddell, General Counsel, regarding fiduciary duty and sound decision-making practices. This presentation will provide essential insights and guidance to ensure that the Board continues to uphold its responsibilities in managing SLOOPT's assets with the highest standards of care, diligence, and loyalty.

Background/Discussion

Fiduciary duty is the cornerstone of the Board's responsibility in managing SLOOPT. Each Trustee has a legal obligation to act in the best interests of SLOOPT's Members and Retirees. This duty involves exercising prudent decision-making, maintaining impartiality, avoiding conflicts of interest, and ensuring transparency in all governance and investment decisions.

The presentation will cover the following key areas:

1. **Fiduciary Responsibilities:** An overview of the legal and ethical duties of Trustees, including the duty of loyalty and the duty of care
2. **Sound Decision-Making Framework:** Best practices for making informed decisions, assessing risk, and ensuring compliance with applicable laws and regulations.
3. **Conflicts of Interest:** Identifying and managing conflicts to maintain the integrity of the Board's decisions.

Given the complexities of managing SLOOPT and the evolving legal landscape, this presentation is critical for ensuring that the Board's governance practices remain robust, transparent, and legally compliant.

Attachments: Attachment A – Fiduciary Duty and Sound Decision Making

Fiduciary Duty and Sound Decision-Making

September 23, 2024

Chris Waddell, Senior Counsel

Olson | Remcho

Today's "Curriculum"

- Identify and discuss the fiduciary duties that are applicable to public pension board members in California.
 - Duty of Loyalty
 - Duty of Care
- Eight questions Board members should ask themselves before making a decision
- Not so hypothetical hypotheticals

Duty of Loyalty

“The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. ***A retirement board’s duty to its participants and beneficiaries shall take precedence over any other duty.***”

Article 16, §17 (b) of the California Constitution

Duty of Loyalty: What Sayeth the Courts?

“...A trustee is held to something stricter than the morals of the marketplace. Not honesty alone, but the punctilio of an honor the most sensitive, is then the standard of behavior. As to this there has developed a tradition that is unbending and inveterate.”

- Chief Judge (Later Supreme Court Justice) Benjamin Cardozo
Meinhard v. Salmon, 249 N.Y. 458, 164 N.E. 545 (1928)
- “Punctilio” = A minute detail of conduct in observance of a code.

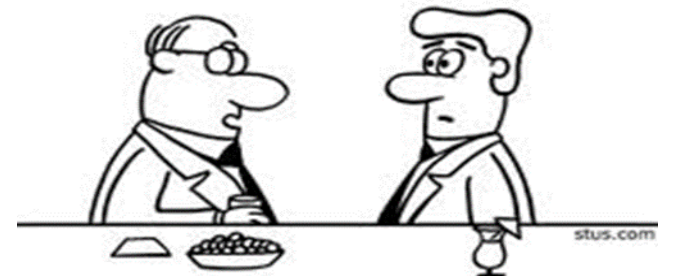
Duty of Loyalty— In Plain English

A fiduciary must not harm the interests of system members and beneficiaries by doing any of the following:

- Self-dealing
- Expending system assets or acting in the interests of a third party (includes employer/plan sponsor)
 - Exclusive Benefit Rule
 - “Two Hats” Rule
- Favoring one group of members/beneficiaries over another (Duty of impartiality).

Self-Dealing

- A trustee may not serve personal or other interests in preference to those of the trust or its beneficiaries.
- Potential Scenarios:
 - Personal financial interest in system investment decision or contract;
 - Accepting campaign contributions or personal gifts from individuals or entities doing/seeking business with the system



Exclusive Benefit Rule

Trust assets must be held/used for the exclusive purposes of:

- Providing benefits to participants and their beneficiaries;
- Minimizing employer contributions;
- Defraying reasonable expenses of administering the system.

Not for the Benefit of:

- The Board of Supervisors or the City Council;
- Employee organizations;
- Taxpayers;
- The world at large?
- Where does ESG (Environmental, Social and Governance) ” investing fit into this?
 - Is desired goal maximizing return and/or minimizing risk, or
 - Saving the world?
- Always remember the constitutional language:

A retirement board’s duty to its participants and beneficiaries shall take precedence over any other duty.

But the Constitution Says “Minimizing Employer Contributions, Doesn’t It?”

Yes, but:

- Constitution goes on to say that board’s duty to its participants and their beneficiaries shall take precedence over any other duty;
- Case law concurs:
- “Even assuming that article XVI, section 17 creates a duty to minimize employer contributions, it cannot be construed to require PERS to manage the retirement system in a way which would favor an employer over the beneficiaries to whom it owes a fiduciary duty.”

City of Sacramento v. Public Employees Retirement System (1991) 229 Cal. App. 3d 147.

“Two Hats” Rule

- Board members may have “two hats”
- For example, elected or appointed plan sponsor official, union official, et cetera, in addition to being a Board Member.
- Board members may only wear one hat at a time and must wear their fiduciary hat when making decisions as a board member.



“Two Hats” Rule—California Case

- *O’Neal et. al., v. Stanislaus County Employees’ Retirement Association* (2017) 8 Cal. App. 5th 1184, 1218
- “...the evidence, when viewed most favorably to appellants, could support an inference that StanCERA took steps to reduce the employer contributions owed under its actuarial calculations based on the financial interests of the employers and the threat of reduced cooperation from County in the future.”
- “In their responsive briefing, StanCERA and County provide a significant amount of evidence supporting a competing conclusion, that StanCERA reasonably took employer troubles into account in order to prevent job losses to StanCERA members and, thus, was acting exclusively in its members’ interests.”
- Result = “High Ho, High Ho, its back to Court we go...”
- Ultimate Trial Court Decision: StanCERA acted appropriately.

Duty of Impartiality

- Derives from the duty of loyalty.
- Duty of loyalty owed to all members and beneficiaries—fiduciary must be impartial among differing interests.
- Retirees and actives;
- Younger and older members;
- Long-term and short-term members.

Duty of Impartiality-- Continued

- Doesn't require absolute equality
- Decision to favor one group over another must be made carefully after weighing different interests.
- Risk of being second-guessed mitigates towards avoiding decisions favoring one group over another if otherwise prudent to do so.
- Don't always have to make the tough decision.

Duty of Loyalty– Questions to Ask Yourself When Making a Decision

- Do I have any actual or potential conflicts of interest that prevent me from participating in this decision or make it advisable for me not to do so?
- Does my intended vote reflect what I feel to be in the best interests of the System's members, beneficiaries and retirees as a whole, without regard to the interests of any constituency or appointing power responsible for my position as a Board member?
- Will the results of the Board's decision favor the interests of one group of the System's members, beneficiaries or retirees over those of another group?

Hypothetical #1

The System's outside actuary has recommended that the the system's current assumed rate of return of 6.75% be retained. However, both the plan sponsor and some but not all of the employee organizations are strongly advocating for an increase to 7.0% in light of recent strong investment performance. Plan sponsor representatives have said that if the rate is increased, the resulting decrease in contributions will provide the financial flexibility to hire more employees and increase employee compensation.

Hypothetical #2

Over the previous three years, the System's investments have far outperformed the assumed rate of return, to the point where there is no longer an unfunded liability and the System finds itself with a funding surplus. Retiree organizations are advocating for the System to use some of the surplus to provide an Ad Hoc COLA benefit that would improve the purchasing power of Members who have been retired for a long time who have been hard hit by inflation, notwithstanding the fixed COLA benefit they receive under the Plan.

Duty of Care— What the Law Says

“The members of the retirement board of a public pension system shall discharge their duties with respect to the system with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

- Article 16, §17 (c) of the California Constitution

Duty of Care— More Law

- “Diversify the investments of the system so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.” (Art. 16, §17 (d))
- “Consistent with the fiduciary duties vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.” (Art. 16, §17 (e))

Duty of Care— In Practical Terms

- Emphasizes process over outcome;
- Not “one size fits all”
- Evaluate in terms of the actions of prudent fiduciaries for other systems facing similar circumstances;
- Independent of the question of good faith (“good heart, empty head” not good enough).

Elements of a Prudent Process

- Adequate investigation;
- Advice from experts, including consultants and staff;
- Review of available information;
- **Ask questions!**
- Discussion of pros and cons;
- Active, not passive participation.

But I'm not an Expert!!

- Trustees do not need to become experts.
- But they need to prudently select, delegate to and monitor internal or external experts.
- They need to have sufficient understanding that would enable a prudent person with like aims to make a decision and obtain necessary education to enable this.
- Board needs to exercise due diligence in all situations; and
- Ensure that procedures are in place to monitor and review performance after decision is made

Duty of Care— Questions to Ask Yourself When Making a Decision

- Do the agenda materials and presentation/discussion at the meeting provide all of the information necessary for a proper understanding of the issue so that we can make a sound, informed decision?
- Have all of the potential benefits and risks resulting from this decision been appropriately identified and analyzed?
- Have all viable alternatives to this proposal been appropriately identified and analyzed?

Duty of Care Questions, continued

- Are staff and the outside expert (where applicable) in agreement on the recommended course of action?
 - If not, are the bases for disagreement adequately explained?
 - Are both recommendations reasonable (so that I can reasonably choose/decide between them), or do we need to seek another opinion?
- Were any questions that we had before and during the discussion of the item sufficiently addressed?

Conflict Between Duty of Care and Duty of Loyalty?

- In CA, Duty of Loyalty is primary as a matter of law under the Constitution.
“A retirement board’s duty to its participants and beneficiaries shall take precedence over any other duty.”
- In other states, Duty of Loyalty is also primary as a matter of legal interpretation.
 - Ultimately a legal/philosophical matter—
 - Think of Duty of Loyalty like the Hippocratic Oath;
 - i.e., “First, do no harm.”
- So, where duties conflict, Duty of Loyalty doesn’t permit exceptions that otherwise would potentially be required by Duty of Care.

Hypothetical #3

In yet another spirited discussion, the Board is considering whether to oppose pending legislation that would require all public retirement systems to divest from fossil fuel companies.

- Investment Consultant opines – short-term impact of divestment is negative, long-term impact uncertain at best.
- Trustee A - grew up near an oil refinery and blames his ill health on that.
- Trustee B – lives in a coastal area and questions the consultant’s opinion on sea level rise, global warming and the impact on investment returns.
- Trustee C – believes divestment just sells fossil fuel companies to other investors that don’t care and takes away our “seat at the table” to change fossil fuel company actions.

QUESTIONS?

Christopher W. Waddell
Senior Counsel
Olson Remcho, LLP
cwaddell@olsonremcho.com
(916) 442-2952

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Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
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Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 20 – Levi, Ray & Shoup (LRS) Provider Update

Recommendation:

Staff recommends that the Board of Trustees receive a presentation by Levi, Ray & Shoup, Inc. (LRS), which will provide an overview of their company, review recent domain account changes, and highlight the cybersecurity measures they have in place to protect the integrity of their systems and the sensitive data of SLOCPT.

Background/Discussion

Levi, Ray & Shoup, Inc. (LRS) is a leading technology company that specializes in solutions for enterprise output management, IT infrastructure, software development, and most importantly for SLOCPT, pension administration software.

In July 2019, SLOCPT concluded the intense process of transitioning to PensionGold Version 3. The robust administration system allows SLOCPT to effectively operate daily, retain pertinent participant records, and maintain our online portal, MemberDirect.

The presentation will focus on:

1. **Company Overview:** A brief introduction to LRS, their services, and the industries they serve.
2. **Updates:** An overview of the successful project completed in May 2024 to move the liability of SLOCPT's domain accounts from County IT to LRS.
3. **Cybersecurity Infrastructure:** A review of the security measures LRS has implemented to protect SLOCPT data, processes for breaches/fraud, and business continuity.

With the growing risks of cyber attacks and data breaches, it is crucial for the Board to understand the measures LRS has in place to safeguard SLOCPT's information and ensure business continuity.

The presentation slides will be reviewed at the Board meeting.

Board of Trustees

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Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: September 23, 2024

To: Board of Trustees

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

Agenda Item 21: Strategic Planning – 2025 Forward Focus

Recommendation:

Staff recommends that the Board of Trustees receive the proposed strategic plan presentation for SLOCPT, which outlines key priorities identified through Trustee feedback, analysis of the SLOCPT's current financial health, and processes and procedures. This plan provides a roadmap for enhancing the sustainability, performance, and governance of SLOCPT for the upcoming year and forward.

Staff requests the Trustee's high engagement during the presentation.

Purpose:

The purpose of this strategic plan is to ensure the long-term financial stability and operational effectiveness of SLOCPT. Through targeted actions in critical areas, identified by Trustees and supported by process and procedure analysis, the plan aims to safeguard the benefits of both current and future retirees while aligning SLOCPT with evolving market conditions, governance standards, and Member needs.

1. Investment Performance and Strategy

Trustees identified investment performance and strategy as the top priority. The strategic plan calls to continuously monitor and optimize the asset allocation to reduce exposure to volatile markets.

2. Financial Stability and Sustainability

Maintaining the long-term sustainability of SLOCPT is critical. Trustees expressed concerns about the impact of market conditions, demographic changes, and funding levels. The strategic plan prioritizes utilizing current policies and procedures and collaborating with employers and partners.

3. Member Services and Stakeholder Engagement

Enhancing communication with Members and Retirees is a key focus, with Trustees highlighting the need for greater transparency and educational outreach. Improving Member engagement is vital to ensuring that stakeholders are informed and reassured about SLOCPT's financial health and benefit security.

4. Regulatory Compliance and Risk Management

Trustees stressed the importance of staying ahead of regulatory requirements and enhancing SLOCPT's risk management framework. Effective compliance with state, and federal regulations is critical for maintaining SLOCPT's reputation and financial health.

5. Governance and Decision-Making Process

Strong effectiveness in SLOCPT's governance and decision-making processes were identified. Trustees emphasized the need for transparency, efficiency, and training for Board members. This will ensure that decisions are well-informed and aligned with SLOCPT's long-term objectives.

6. Innovation and Technology

Innovation and technology were highlighted as crucial for SLOCPT's future. Trustees emphasized the importance of ensuring current systems meet expectations and adopting new technologies to improve operational efficiency and enhance Member services.

Conclusion:

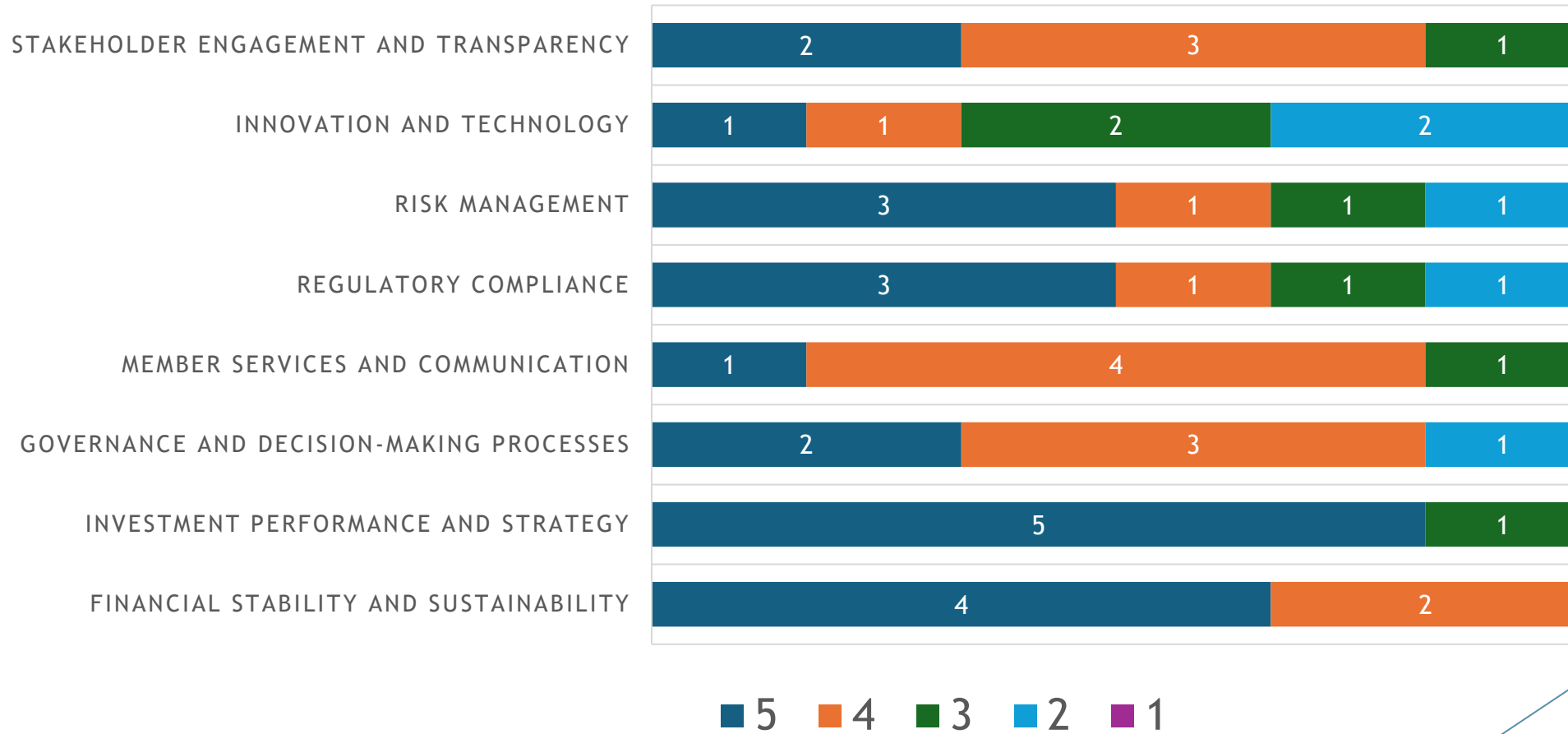
The strategic plan presentation reflects the input of the Trustees and focuses on the most critical priorities for SLOCPT. By addressing investment strategy, financial stability, stakeholder engagement, regulatory compliance, governance, and innovation, this strategic plan is designed to ensure SLOCPT's long-term success and ability to meet its obligations to Members and Retirees.

Attachments:

Attachment A – 2025 Forward Focus

2025 Forward Focus: Strengthening for Tomorrow

Key Priorities Identified by Trustees

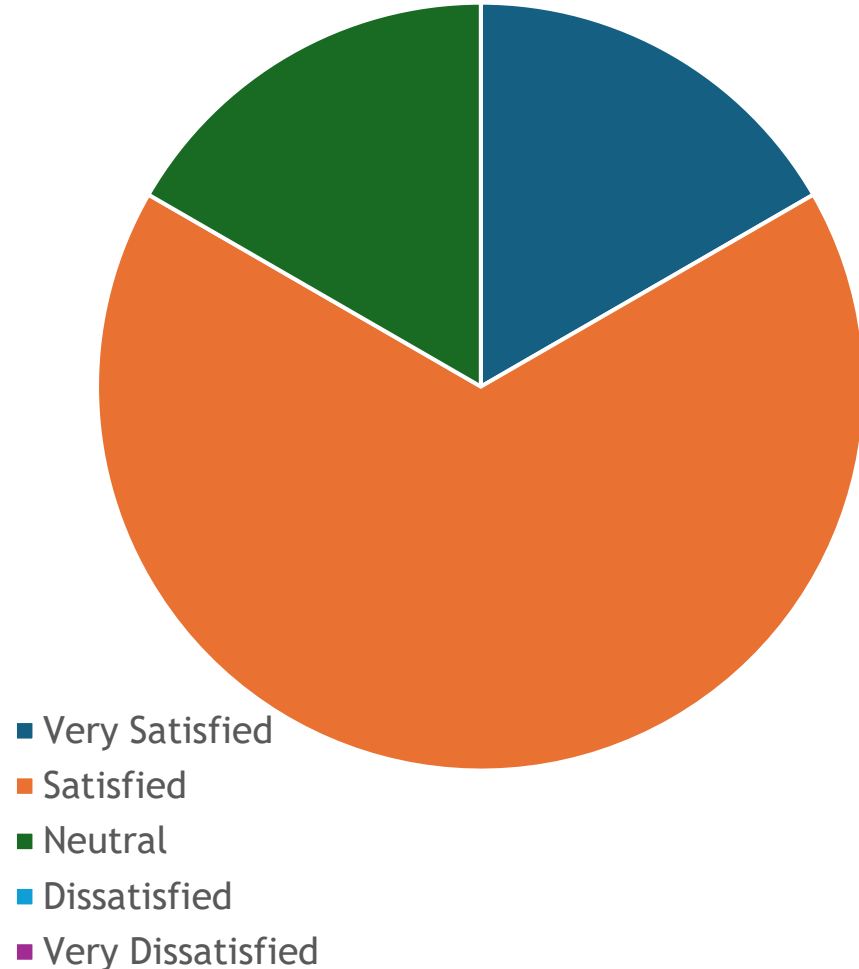


5 = Extremely Important

1 = Not Important

Investment Performance and Strategy

Current Financial Health

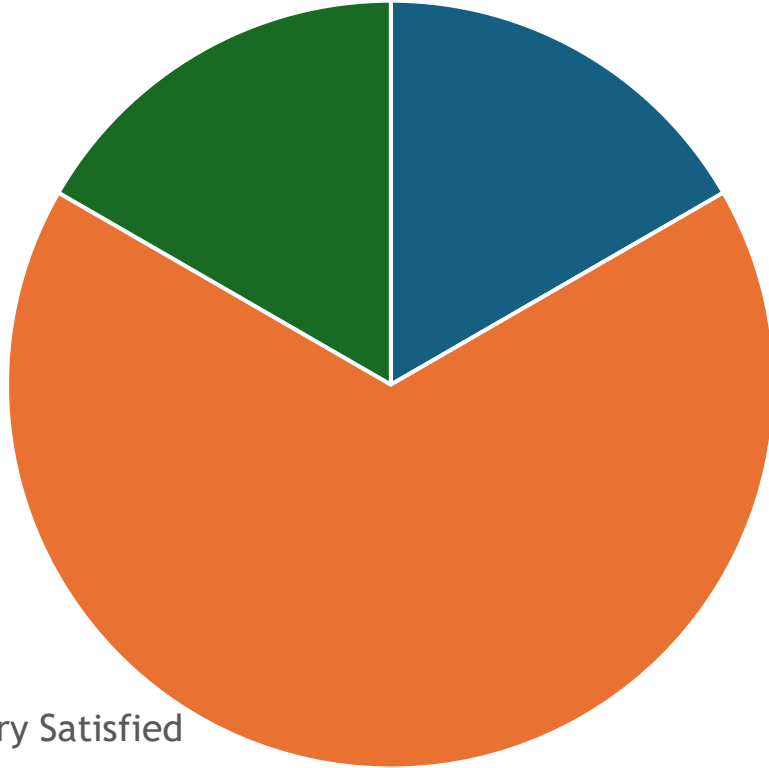


- ▶ Investment Policy
- ▶ Quarterly Investment Reports
- ▶ Capital Market Assumptions
- ▶ Private Markets Review
- ▶ Manager Due Diligence

“review of active management...”
“true impact of ESG investing...”

Financial Stability and Sustainability

Current Financial Health



- Very Satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very Dissatisfied

- ▶ Funding Policy
- ▶ Annual Actuarial Valuation
- ▶ Annual Audit
- ▶ Biennial Experience Study
- ▶ Capital Market Assumptions
- ▶ Peer Studies
- ▶ Policies and Procedures
- ▶ Vendor Evaluations

“incorrect assumptions...long term work force changes..”

“fully-funded possibility...”

“new CA state laws or litigation cases...”

Member Services/Stakeholder Engagement

Quality of Service



■ Excellent ■ Good

- ▶ New Member Orientation
- ▶ One-on-One Counseling
- ▶ Department Meetings
- ▶ Board Meetings
- ▶ ACFR
- ▶ SLOCEA Blade
- ▶ SLOCREA Annual Presentation
- ▶ BoS Presentations
- ▶ The Fiduciary
- ▶ Logo and Website Launch
- ▶ Communications Policy

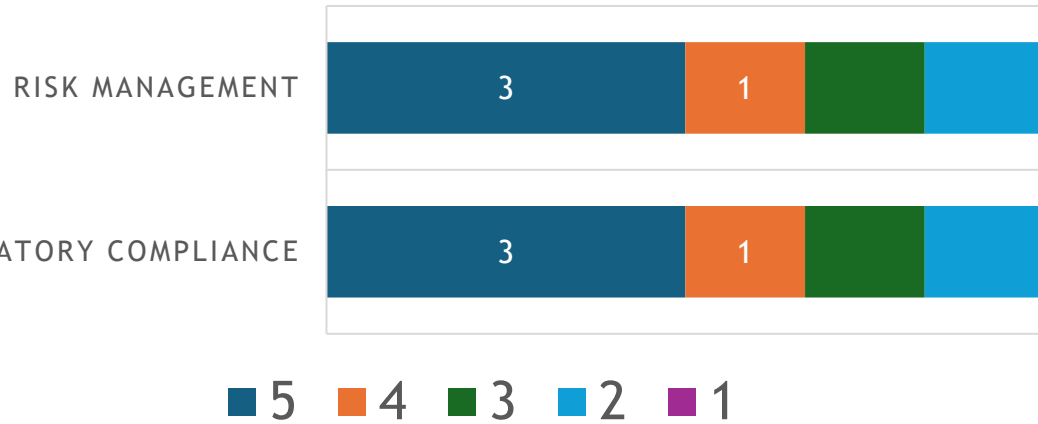
"increased communication..."

"lunch seminar was very well received..."

"regular quarterly newsletter..."

"bring back Retirement 101 and 102 classes..."

Regulatory Compliance/Risk Management



- ▶ Investment Policy
- ▶ Capital Market Assumptions
- ▶ Funding Policy
- ▶ CA Rule, County Rating, PEPRA
- ▶ Biennial Experience Study
- ▶ Capital Market Assumptions
- ▶ General Counsel
- ▶ County and LRS IT Support

“market volatility...data breach...”

“negative public sentiment toward public pensions...”

“changes to the Plan from the Plan Sponsor...”

“meeting assumptions...”

“new State laws or court cases...”

Governance & Decision Making Process

Effectiveness



■ Very Effective ■ Effective

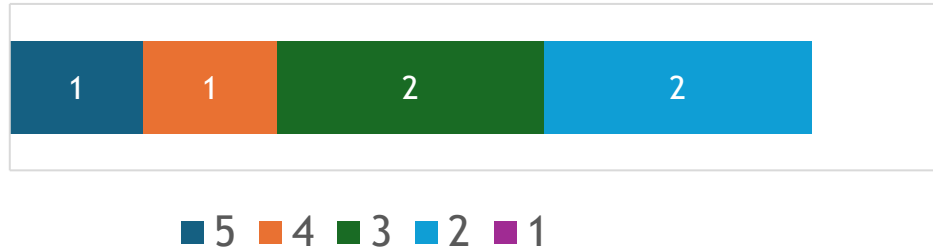
- ▶ Retirement Plan and Policies
- ▶ Board Meetings
- ▶ Committees
- ▶ Mandatory Training/Board Smart
- ▶ General Counsel
- ▶ Conferences/Roundtables

“Staff and Board make for a very effective governance...”

“presentations to include visuals on basic concepts, history...”

Innovation and Technology

INNOVATION &
TECHNOLOGY



- ▶ MemberDirect
- ▶ Pension Gold
- ▶ Rebrand
- ▶ Logo
- ▶ Website
- ▶ Value Add

“security...”

“updating the website is great...”

“maybe an app...”



2025 Focus

- ▶ Communications and Education to Members/Retirees
 - ▶ Develop a proactive communication plan that includes educational classes, webinars, and newsletters tailored to Member and Retiree needs
- ▶ Investment Performance and Strategy
 - ▶ Monitor asset allocation, enhance manager due diligence, and manage risk to align with sustainability goals
- ▶ Financial Stability and Sustainability
 - ▶ Monitor and provide transparent information on funding, actuarial assumptions, capital market assumptions, and investment performance
- ▶ Partnership and Due Diligence
 - ▶ Annual partnership evaluations and expand investment manager due diligence
- ▶ Staff/Trustees
 - ▶ Professional and personal development for Staff and Trustee training



Questions?