



SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

AGENDA

BOARD OF RETIREMENT MEETING SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD MEETING WEDNESDAY, OCTOBER 14, 2026 AT 9:00 AM

SJCERA Board Room, 220 East Channel Street, Stockton, California

The public may also attend the Board meeting live via Zoom by (1) clicking here <https://us02web.zoom.us/j/88088563362> and following the prompts to enter your name and email, or (2) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID 88088563362#

Persons who require disability-related accommodation should contact SJCERA at (209) 468 -2166 or GregF@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. MEETING MINUTES

3.1 Minutes of Board Meeting of September 11, 2026

3.2 Board to consider and take possible action

4. PUBLIC COMMENT

4.1 The public is welcome to address the Board during this time on matters within the Board's jurisdiction, following the steps listed below. Speakers are limited to three minutes, and are expected to be civil and courteous. Public comment on items listed on the agenda may be heard at this time, or when the item is called, at the discretion of the Chair.

If joining via Zoom, Public Comment can be made in the following ways:

PC or Mac: select "Participants" in the toolbar at the bottom of your screen,

then select the option to raise or lower your hand.

Mobile Device: select the “More” option in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Tablet: select the icon labeled “Participants,” typically located at the top right of your screen, then select the hand icon next to your device in the Participants column.

If dialing in from a phone for audio only, dial *9 to “raise your hand.”

If attending in person, members of the public are encouraged to complete a Public Comment form, which can be found near the entry to the Board Room.

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Board on items not listed on the agenda. Members of the Board may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Board;(2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

5. CONSENT

5.1 Service Retirements

5.2 Trustee and Executive Staff Travel

1 Conference and Event Schedules

2 Summary of Pending Trustee and Executive Staff Travel

3 Summary of Completed Trustee and Executive Staff Travel

5.3 Legislative Summary Report/SACRS Legislative Update

5.4 Board Calendar

5.5 Proposed 2027 Board Meeting Calendar

5.6 Manager Performance Flash Report - August 2026

5.7 Board to consider and take possible action on consent items

6. ACTUARIAL AUDIT REPORT

6.1 Presentation by Eva Yum and Daniel Siblik, Principal and Consulting Actuaries of Segal Consulting

6.1.1 Actuarial Audit of December 31, 2025 Valuation

- 6.2 Board to consider and take possible action

7. INVESTMENT CONSULTANT REPORTS

- 7.1 Presentation by David Sancewich of Meketa Investment Group

- 1 Monthly Economic and Markets Update - August 2026
- 2 Real Estate Review and Pacing Study
- 3 Private Markets Pacing Studies
- 4 Asset Allocation and Manager Update
- 5 Emerging Market Equity Education

- 7.2 Board to receive and file reports

8. CLOSED SESSION

- 8.1 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81
- 8.2 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81

9. GENERAL INVESTMENT CONSULTANT RFP RECOMMENDATION

- 9.1 Board to consider and take possible action

10. STAFF REPORTS

- 10.1 CEO Report
- 10.2 Final 2027-2035 Strategic Plan
- 10.3 Quarterly Operations Report
 - 1 Accounts Receivable Third Quarter 2026
 - 2 Disability Quarterly Report
 - 3 Quarterly Operations Metrics
 - 4 Pension Administration System Update

- 10.4 Board to receive and file reports

11. REPORT OUT OF PREVIOUS CLOSED SESSION

- 11.1 On July 10, 2026, the Board voted 7-0 in regard to Resolution 2026-10-01

titled "TPG Peppertree XI" and to authorize the CEO to sign the necessary documents to invest \$75 million in the fund.

- 11.2** On June 12, 2026, the Board voted 5-2 in regard to Resolution 2026-10-02 titled "Bessemer Venture Partners XIII" and "Bessemer Venture Partners Century Fund III" and to authorize the CEO to sign the necessary documents to invest \$30 million and \$20 million respectively in the two funds.

12. COMMENTS

- 12.1** Comments from the Board of Retirement

13. SUMMARY OF BOARD DIRECTION

14. ADJOURNMENT



SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

MINUTES

BOARD OF RETIREMENT MEETING SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD MEETING FRIDAY, SEPTEMBER 11, 2026 AT 9:00 AM

SJCERA Board Room, 220 East Channel Street, Stockton, California

1. ROLL CALL

MEMBERS PRESENT: Phonxay Keokham, Jesse Escotto, Sam Kaisch, Michael Duffy, Michael Restuccia, Sonny Dhaliwal, Steve Baxter, Emily Hammond, JC Weydert, Steve Moore, Steve Dougherty

MEMBERS ABSENT: None

STAFF PRESENT: Chief Executive Officer Renee Ostrander, Assistant Chief Executive Officer Brian McKelvey, Chief Counsel Aaron Zaheen, Investment Officer Trent Kaeslin, Management Analyst III Greg Frank, Executive Secretary Jamie Dadasovich

OTHERS PRESENT: David Sancewich of Meketa Investment Group

2. PLEDGE OF ALLEGIANCE

Led by: Trustee Michael Restuccia

3. MEETING MINUTES

3.1 Minutes of Board Meeting of August 14, 2026

3.2 The Board voted unanimously (9-0) to approve the Minutes of the Board Meeting of August 14, 2026. (Motion: Kaisch; Second: Hammond)

4. PUBLIC COMMENT

4.1 There was no public comment

5. CLOSED SESSION

The Chair convened Closed Session at 9:02 a.m. and reconvened Open Session at 10:43 a.m.

- 5.1** Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81
- 5.2** Employee Disability Retirement Application (1)
California Government Code Section 54957(b)

Chief Legal Counsel Aaron Zaheen stated motion by Trustee Michael Duffy, 2nd by Trustee Sonny Dhaliwal, 8-0 to approve the service-connected disability retirement of Anthony Reynoso, a Lieutenant with the Sheriff-Special Services Division. Trustees Kaisch and Keokham absent, Emily Hammond voting in place of Trustee Kaisch.

6. CONSENT

- 6.1** Service Retirements
- 6.2** Trustee and Executive Staff Travel
 - 1** Conference and Event Schedules
 - 2** Summary of Pending Trustee and Executive Staff Travel
 - 3** Summary of Completed Trustee and Executive Staff Travel
- 6.3** Legislative Summary Report/SACRS Legislative Update
- 6.4** Calendar
- 6.5** Manager Performance Flash Report - July 2026
- 6.6** Return to Active Membership - Maria Alcala
- 6.7** The Board reviewed and voted unanimously (9-0) to approve the Consent Agenda (Motion: Duffy; Second: Kaisch)

7. INVESTMENT CONSULTANT REPORTS

- 7.1** Presentation by David Sancewich of Meketa Investment Group
 - 1** Quarterly Reports from Investment Consultant for Period Ending June 30, 2026
 - a** Investment Performance Report
 - b** Manager Certification Report
 - c** Manager Review Schedule
 - 2** Economic and Market Update - July 2026
 - 3** Asset Allocation Target Update
- 7.2** The Board received and filed reports

8. STAFF REPORTS

8.1 CEO Report: In addition to her written report, CEO Ostrander stated the following: (1) AB1383 is now awaiting signature from the Governor. Graham from Cheiron will present the costs in December for the bill and those will be included in the 12/31/2026 valuation along with a change in contribution rates. No rate changes for 2027. (2) Heywood Release 1.0 happened in August. Team is currently testing. They included in the release the Insights data reporting tool, was anticipated in a later release. CEO Ostrander and ACEO McKelvey are beginning to look at how to use the tool for measuring workload. (3) Updated signage for our new logo has been installed. (4) An update for the Investment Consultant RFP was provided. Final responses were received earlier in the week. Evaluations are beginning. (5) Board calendar will be coming forward in October's agenda. Consensus was to remain on the 2nd Friday in January, with materials not coming out until the Monday of that week and the October meeting moving back up a week, along with the Investment Roundtable.

8.2 Draft Strategic Plan

8.3 Board received and filed reports

9. COMMENTS

10.1 There was no public comment

10. SUMMARY OF BOARD DIRECTION

11. ADJOURNMENT

There being no further business, and the meeting was adjourned at 11:32 a.m.

**San Joaquin County Employees Retirement Association***October 2026***5.1 Service Retirement****Consent****01 CYNTHIA G DAVENPORT**Surgery Resource Specialist
Hosp Surgery - RecoveryMember Type: General
Years of Service: 21y 01m 17d
Retirement Date: 7/26/2026**02 JANET D FREEMAN**Physical Therapist-Senior
CCS - MTUMember Type: General
Years of Service: 19y 00m 22d
Retirement Date: 7/1/2026**03 JAMES R GILES**Deferred Member
N/AMember Type: General
Years of Service: 00y 08m 04d
Retirement Date: 7/17/2026**04 RICHARD T JOHNSON**Deferred Member
N/AMember Type: General
Years of Service: 16y 11m 09d
Retirement Date: 7/1/2026**05 KRISTY D JOHNSTON**Deferred Member
N/AMember Type: General
Years of Service: 23y 04m 08d
Retirement Date: 7/4/2026**06 ALICE L JUAREZ**Legal Process Clerk III
Court-Oper-Criminal-StknMember Type: General
Years of Service: 20y 08m 18d
Retirement Date: 7/17/2026**07 CHANNA D MADDERN**Deferred Member
N/AMember Type: General
Years of Service: 14y 08m 09d
Retirement Date: 7/4/2026



San Joaquin County Employees Retirement Association

October 2026

08 JOHN J QUIGLEYUtility DistAst Superintendent
Utility DistrictsMember Type: General
Years of Service: 30y 00m 23d
Retirement Date: 7/11/2026**09 IRENE RODRIGUEZ**Senior Office Assistant
California Childrens ServicesMember Type: General
Years of Service: 32y 03m 02d
Retirement Date: 7/25/2026**10 ARI T SANDERS**Correctional Officer
Sheriff-AB109-Jail BedsMember Type: General
Years of Service: 02y 03m 15d
Retirement Date: 7/14/2026**11 ARI T SANDERS**Correctional Officer
Sheriff-AB109-Jail BedsMember Type: Safety
Years of Service: 15y 07m 12d
Retirement Date: 7/14/2026**12 JERRY L VIOLETT**Engineering Assistant III
Public Works-Engnr-DesignMember Type: General
Years of Service: 34y 06m 06d
Retirement Date: 7/6/2026**13 KELLY M WILSON**Office Assistant Specialist
Information Systems Div - ISFMember Type: General
Years of Service: 24y 06m 00d
Retirement Date: 7/25/2026

CONFERENCES AND EVENTS SCHEDULE

2026 EVENT DATES		EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
BEGIN	END						
Oct 15	Oct 16	Nossaman's '26 Pensions, Benefits & Investments Fiduciaries Forum	Nossaman LLP	San Francisco, CA	\$599	communications.nossaman.com	TBD
Oct 16	Oct 16	Compliance Round Table	CALAPRS	Virtual	\$50	calaprs.org	N/A
Oct 19	Oct 21	Abacus Annual Investment Meeting	Abacus Capital Group LLC	New York, NY	\$0	abacuscapitalgroup.com	TBD
Oct 21	Oct 22	Berkeley Partners AGM	Berkeley Partners	Dallas, TX	\$0	berkeleypartners.com/annual-investor-meeting-2026/	N/A
Oct 24	Oct 25	Accredited Fiduciary (NAF) Program	NCPERS	Nashville, TN	\$930	ncpers.org	8
Oct 24	Oct 25	Fiduciary in Focus (Advanced Trustee Studies)	NCPERS	Nashville, TN	\$930	ncpers.org	11
Oct 25	Oct 28	Public Safety Conference	NCPERS	Nashville, TN	\$800	ncpers.org	14
Nov 5	Nov 5	Grandview Partners/Annual Meeting	Grandview Partners	Virtual	\$0	grandviewpartners.com	N/A
Nov 10	Nov 13	SACRS Fall Conference	SACRS	Rancho Mirage, CA	\$1500	sacrs.org	11*
Nov 17	Nov 19	Global Client Conference	Invesco	San Diego, CA	TBD	invesco.com	15*
Dec 8	Dec 9	13th Annual Northern California Institutional Forum	Markets Group	Berkeley, CA	\$340	marketsgroup.com	12*
Dec 14	Dec 16	CORPaTH Summit	CORPaTH	Las Vegas, NV	\$340	corpath.org	15*

* Estimates based on prior agendas

2027 EVENT DATES		EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
BEGIN	END						
Jan 25	Jan 27	IREI: Visions, Insights & Perspectives (VIP) Americas	IREI	Carlsbad, CA	\$5295	irei.com/events/2026-visions-insights-perspectives-vip-infrastructure/	TBD
Mar 8	Mar 10	CALAPRS General Assembly	CALAPRS	Coronado, CA	TBD	members.calaprs.org/event	N/A
May 11	May 14	SACRS Spring Conference	SACRS	TBD	TBD	sacrs.org	N/A
May 15	May 16	NCPERS Trustee Essentials Training 2027	NCPERS	New York, NY	\$645	ncpers.org	N/A

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF PENDING TRUSTEE AND EXECUTIVE STAFF TRAVEL**

2026 Event Dates	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	BOR Approval Date
Oct 15 - Oct 16	Nossaman's 2026 Pensions, Benefits & Investments Fiduciaries Forum	San Francisco, CA	A. Zaheen	\$1,191	8/14/2026
Oct 19 - Oct 21	Abacus Annual Investors Meeting	New York, NY	R. Ostrander	\$0	Pending
Oct 21 - Oct 22	Berkeley Partners AGM	Dallas, TX	R. Ostrander	\$500	8/14/2026
Oct 24 - Oct 25	NCPERS: Fiduciary in Focus	Nashville, TN	R. Ostrander	\$1,800	8/14/2026
Oct 25 - Oct 28	NCPERS: Public Safety Conference 2026	Nashville, TN	R. Ostrander	\$2,372	9/11/2026
Nov 5	Grandview Partners/Annual Meeting	Virtual	T. Kaeslin	\$0	8/14/2026
Nov 10 - Nov 13	SACRS - Fall Conference	Rancho Mirage, CA	J. Escotto, S. Baxter, R. Ostrander, T. Kaeslin, B. McKelvey, E. Hammond, JC Weydert, S. Moore, A. Zaheen, S. Kaisch, S. Dougherty, M. Duffy	\$25,532	N/A
Nov 11 - Nov 12	Clarion Partners - Fall Advisory Council Meeting	Virtual	M.Duffy, T. Kaeslin	\$0	9/11/2026
Dec 14 - Dec 16	CORPaTH Summit	Las Vegas, NV	R. Ostrander	\$3,100	8/14/2026

2027 Event Dates	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	BOR Approval Date
Jan 25 - Jan 27	Visions, Insights & Perspectives (VIP) Americas	Carlsbad, CA	M.Restuccia, T.Kaeslin, S. Dougherty	\$7,600	8/14/2026
Mar 8 - Mar 10	CALAPRS General Assembly	Coronado, CA	S. Baxter	TBD	N/A

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL**

Event Dates 2026	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	Actual Cost	Event Report Filed
Jan 26 - 28	IREI VIP Americas	Carlsbad, CA	M. Restuccia, T. Kaeslin, JC Weydert	\$6,300	\$5,149	2/13/2026 2/13/2026 Pending
Feb 5	CALAPRS - Attorney's Roundtable	Virtual	A. Zaheen	\$50	\$50	N/A
Feb 6	CALAPRS - Administrators Roundtable	Virtual	R. Ostrander	\$50	\$50	N/A
Mar 2 - 4	Communication & Member Services Summit	San Diego, CA	B. McKelvey	\$2,140	\$2,079	4/10/2026
Mar 8 - 11	CALAPRS - General Assembly	Carlsbad, CA	R. Ostrander, T. Kaeslin, JC Weydert	\$6,000	\$4,801	N/A
Mar 9	CALAPRS - General Assembly - Investment Roundtable	Carlsbad, CA	T. Kaeslin	\$50	\$50	N/A
Mar 23 - 25	ALTSLA - Markets Group	Los Angeles, CA	S. Kaisch	\$4,400	\$2,246	5/8/2026
Apr 17	Ad Hoc Roundtable	Virtual	R. Ostrander	\$50	\$50	N/A
Apr 30	10th Annual Pacific Northwest Institutional Forum	Seattle, WA	R. Ostrander	\$2,600	\$1,093.37	7/10/2026
May 12 - 15	Spring Conference - SACRS	Olympic Valley, CA	S. Moore, R. McCray, JC Weydert, R. Ostrander, A. Zaheen	\$11,600	TBD	N/A
May 12 - 14	AEW General Meeting - LPAC Seat	Boston, MA	B. McKelvey	\$500	\$0	N/A
May 15 - 17	NAF Program - NCPERS	Las Vegas, NV	R. Ostrander	\$2,490	\$2,445.09	7/10/2026
May 21	CALAPRS Attorney RT	virtual	A. Zaheen	\$50	\$50	N/A
Jun 2 - 3	Blackrock Annual Meeting	New York, NY	T. Kaeslin	\$2,260	\$2,091.96	N/A
Jun 5	Administrators Roundtable - CALAPRS	Virtual	R. Ostrander	\$50	\$50	N/A
Jun 16 - 17	Chief Officers Summit	Newport Beach, CA	R. Ostrander	\$2,860	\$1,877	N/A
Jun 16 - 19	Legal Education Conference - NAPPA	Grand Rapids, MI	A. Zaheen	\$3,100	TBD	Pending
Jun 20 - Jul 3	Heywood CLASS Conference and various due diligence investment manager meetings	London, UK	B. McKelvey, R. Ostrander	\$24,700	\$13,188	Pending Pending
Aug 17 - 20	NCPERS: Public Pension Forum	Chicago, IL	B. McKelvey	\$1,710	\$1,770.91	N/A
Aug 24 - 27	CALAPRS Principles of Pension Governance for Trustees	Santa Barbara, CA	S. Baxter	\$3,000	\$3,000	N/A
Sept 9 - 10	ALTSSF - Markets Group	San Francisco, CA	JC Weydert, T. Kaeslin	\$7,060	TBD	Pending Pending
Sept 10	CALAPRS - Attorney's Roundtable	Virtual	A. Zaheen	\$50	\$50	N/A
Sept 22 - 25	CALAPRS - Administrators Institute	Carmel, CA	R. Ostrander	\$3,450	\$3,401	N/A

RESTUCCIA	IREI	1/27-29	\$974.11	\$3,525.89
DHALIWAL				
DUFFY				
KAISCH	ALTSLA	3/22-25	\$2,245.93	\$2,254.07
KEOKHAM				
MCCRAY				
NICHOLAS				
WEYDERT	IREI	1/27-29	\$2,013.24	\$2,486.76
MOORE				

*Pending Final Expense



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Capitol Advocacy
Laurie Johnson, LJ Consulting & Advocacy
DATE: October 6, 2026

RE: Legislative Update – October

The 2026 California legislative session has officially wrapped, with the Legislature sending 1,160 bills to Governor Gavin Newsom for final action. The Governor ultimately signed 1,040 bills and vetoed 120, meaning approximately 90% of measures reaching his desk were signed and 10% were vetoed.

Among the most significant actions for SACRS was the veto of AB 1383, which would have lowered the full-retirement age for public safety employees from 57 to 55 and permitted increased pension formulas. The bill passed the Legislature with strong bipartisan support, receiving votes of 33 - 0 in the Senate and 69 - 2 in the Assembly. In his veto message, the Governor noted the bill's impact on PEPRA reforms and its significant implications for state and local finances. Newsom also vetoed AB 1054, which addressed a deferred retirement option program and public employee health benefits. On infrastructure and disaster recovery, the Governor vetoed SB 872, which would have provided additional funding for Delta levee improvements, citing funding already included in the budget. He also vetoed two wildfire insurance claims measures while signing other reforms intended to strengthen protections for policyholders following disasters.

The Governor's broader actions included signing legislation prohibiting marriage for anyone under 18; measures addressing immigration enforcement; new laws governing artificial intelligence in the workplace and health care; and measures intended to strengthen competition and streamline business permitting. He also signed AB 2222, establishing refundable tax credits for local news organizations, and SB 895, placing a \$7.5 billion state research bond on the March 2028 ballot.

With final bill actions complete, attention shifts to implementation and preparation for the 2027–28 legislative cycle. Focus is also turning to the November election and the upcoming transition to a new Governor and administration, whose priorities will help shape the state's approach to pension policy, local government funding and other issues important to SACRS members.

Legislative Update:

- **AB 1054 (Gipson)** - Creates the Deferred Retirement Option Program (DROP) – a voluntary program – for California Public Employee’s Retirement System (CalPERS) safety plan members of State Bargaining Units 5 (Highway Patrol) and 8 (CAL FIRE). The bill also states that the DROP becomes effective and applicable only after: 1) the applicable Bargaining Unit has entered into a MOU with the employer to implement the program; 2) The program has been certified via an actuarial analysis that it is cost neutral by the CalPERS Board of Administration; and 2) CalPERS has adopted regulations to implement and administer the program.
 - Status: The bill passed out of the Legislature and was vetoed by the Governor. In his veto message the Governor noted that the design and establishment of a DROP is more appropriately handled through the collective bargaining process.
 - Position: No Position/Watch
- **AB 1383 (McKinnor)** – The bill includes the following provisions:
 - Increases, on and after January 1, 2027, the PEPRA pensionable compensation limit to the Social Security compensation limit for members covered by Social Security and 120% of that amount for members not covered by Social Security;
 - Freezes existing 2013 PEPRA safety formulas to apply only to service from January 1, 2013, to December 31, 2026 and lowers the retirement age on a prospective basis from age 57 to 55 for three existing safety DB retirement formulas;
 - Authorize a public employer to create a fourth PEPRA safety formula of three percent (3%) at age 55, to be applied prospectively.
 - Amendments earlier this year removed a provision that would have permitted collective bargaining over the 50-50 normal cost sharing requirement.
 - Status: This bill was vetoed by the Governor
 - Position: Neutral
- **AB 1439 (Garcia)** - The bill would have required labor protection standards on pension system investments in development projections. The bill was amended coming out of the Assembly to require CalPERS and CalSTRS to contract with the University of California Labor Centers to conduct an

- independent study to determine the impacts on public employee retirement funds of prohibiting the boards from investing in California development projects that do not provide labor standards protections for workers. The bill no longer applies to the CERL systems and removes SACRS' opposition.
- Status: The bill passed out of the Legislature and was signed by the Governor.
 - Position: No position/watch
- **AB 1601 (Rogers)** – This bill would permit the Sonoma County Board of Supervisors to authorize a cost-of-living adjustment to the retirement allowances, optional death allowances, or annual death allowances payable by the retirement system.
 - Status: This bill passed out of the Legislature and was signed by the Governor.
 - Position: Neutral
 - **AB 1619 (Valencia)** – This bill allows county Boards of Supervisors to authorize an increase in the Board of Retirement trustee per diem from \$100 to \$320. The bill would then require action by the Board of Retirement to establish the increased compensation rate. This bill was amended to apply the same increase in compensation to CalPERS and CalSTRs Board Members.
 - Status: This bill passed out of the Legislature and was signed by the Governor.
 - Position: Neutral
 - **AB 1660 (Schiavo)** – This bill was amended to permit, as opposed to require, a court to award sanctions of no less than \$1,000 per violation if a financial institution, private agency, retirement fund administrator, insurance company, or other person fails to comply with existing requirements to provide information or surrender property of a decedent, minor, or conservatee to a public administrator or public guardian that is authorized to take possession and control of such property. Recent amendments require that the financial institution or other person or entity must receive notice of a violation.
 - Status: This bill passed out of the Legislature and was signed by the Governor.
 - Position: No position/watch
 - **AB 1844 (Pacheco)** – This bill modifies the Judges' Retirement System II, to give judges more flexibility in designating beneficiaries for their retirement benefits. This bill would authorize a judge who elects one of the optional

- retirement payment plans in lieu of receiving the maximum retirement allowance to designate a beneficiary other than their spouse to receive the payment or allowance after the judge's death, subject to the community property rights of the judge's spouse. Additionally, the bill extends existing survivor benefits to non-spouse beneficiaries, removing the stipulation that the judge must have served a minimum of 20 years if they die in office.
- Status: This bill passed out of the Legislature and was signed by the Governor.
 - Position: No position/watch
- **AB 2519 (McKinnor)** – The bill expands who must be included in the State Teachers' Retirement System (STRS) membership. Under current law STRS administers a defined-benefit retirement program funded by employer and employee contributions and applies to positions that generally require a valid credential or license; charter school positions were excluded. This bill adds permitholders and comparable positions at charter schools that receive state apportionment and perform specified directing, coordinating, supervising, or administrative functions to the definition of "position subject to membership." It also removes a board-triggered timing requirement and makes the new definition operative on July 1, 2027.
 - Status: This bill passed out of the Legislature and was signed by the Governor.
 - Position: No position/watch
 - **AB 2780 (Assembly Committee on Public Employment and Retirement) – Public Retirement Systems: Omnibus Bill** - This bill includes the SACRS-sponsored legislative package in the Legislature's annual omnibus bill for technical changes to laws affecting CalSTRS, CalPERS, and the CERL systems. The proposed changes in the CERL include the following:
 - Clarifying that deferred members cannot run for or vote in active member Miscellaneous and Safety trustee elections.
 - Establishing a 10-year statute of limitations for recovery of overpayments due to fraudulent reports of overpaid death benefits.
 - Formalizing the practice of the majority of CERL systems that only the last system pays a lump-sum burial allowance for reciprocal members.
 - Defining "concurrent retirement" to allow reciprocal members to retire on different dates with 30 days of each retirement date, as long as there is not overlapping service.
 - Status: This bill passed out of the Legislature and was signed by the Governor.

- Position: Support
- **SB 1187 (Durazo)** – This bill was amended to remove the language access requirements established in SB 707 (Chapters 327, 2025). Specifically, the bill would repeal several public participation and language access requirements, including requirements related to translation of meeting materials, interpretation services, multilingual website content, public outreach to underrepresented communities, and opportunities for the public to provide additional agenda translations. It would reduce the administrative obligations placed on eligible legislative bodies related to multilingual access and public engagement.
 - Status: This bill passed out of the Legislature and was signed by the Governor.
 - No position/watch
- **SB 1207 (Laird)** – This bill authorizes CalPERS members to buy back not more than three years of service credit for their prior service in the California Conservation Corps (CCC). The bill also makes changes to CCC's statutes to clarify the scope of authorized projects and to specifically permit CCC to contract with corps established by California Native American tribes
 - Status: This bill was passed by the Legislature and signed by the Governor.
 - No position/watch

Contact:

If you have any questions, contact Cara Martinson at cmartinson@capitoladvocacy.com, or Laurie Johnson at lauriejconsult@gmail.com.

2026 - SJCERA BOARD OF RETIREMENT MEETING CALENDAR

MONTH	DATE	Periodic Items / Other Events	MONTH	DATE	Periodic Items / Other Events
JAN	9	Board Meeting Earnings Code Ratification Fourth Quarter Operations Reports* Trustee Education Compliance Report Action Plan Results	JUL	10	Board Meeting Mid-Year Administrative Budget Report Second Quarter Operations Reports* Election of Board Officers Annual Policy Review
FEB	13	Board Meeting Notice of CPI/Set Retiree COLA Declining ER Payroll Report Assumptions & CMAs		13-16	SACRS UC Berkeley
	13	CEO Performance Review Committee	AUG	14	Board Meeting Annual Valuation Report & Adoption of Plan Contribution Rates Board Committee Assignments Investment Fee Transparency Report
MAR	13	Board Meeting Fourth Quarter Inv Reports	SEP	11	Board Meeting Second Quarter Inv Reports Strategic Plan First Reading
	13 8-11	Audit Committee Meeting CALAPRS General Assembly			
APR	10	Board Meeting First Quarter Operations Reports*	OCT	14	Board Meeting Annual Pacing Studies Adoption of Board Calendar for next year Third Quarter Operations Reports* Strategic Plan Adoption 2027-2028 Action Plan First Reading Actuary Audit
MAY	8 8 8 12-15	Board Meeting following Audit Committee Meeting Audit Committee Meeting *8:30 a.m. Special Board Meeting SACRS Spring Conf		15	Special Meeting - Investment Roundtable
JUN	12	Board Meeting First Quarter Inv Reports Auditor's Annual Report / ACFR	NOV	6	Board Meeting Investment Consultant and Actuary Consultant Evals Asset Class Review: CRO Investment Roundtable Recap
		Mid Year Action Plan Results Asset Class Review		16 10-13	Administrative Committee Meeting SACRS Fall Conference
	12 11	Administrative Committee Meeting RPESJC Picnic	DEC	11	Board Meeting Third Quarter Inv Reports Annual Administrative Budget Cash Overlay Review Manager Fee Review 2027-2028 Action Plan Adoption
				10	RPESJC Holiday Lunch

Unless otherwise noted on the agenda, Board Meetings convene at 9:00 a.m.

* Disability App Status Report and Pending Retiree Accounts Receivable Report

Notes: May meeting may move to the first Friday due to the SACRS Spring Conference.

October meeting is on Wednesday prior to the Investment Roundtable.

November meeting may move to the first Friday due to the SACRS Fall Conference.

One meeting per month on all subjects; special Manager Due Diligence Meetings as needed.

2027 - SJCERA BOARD OF RETIREMENT MEETING CALENDAR

MONTH	DATE	Periodic Items / Other Events	MONTH	DATE	Periodic Items / Other Events
JAN	8	Board Meeting Earnings Code Ratification Fourth Quarter Operations Reports* Trustee Education Compliance Report 2026 Action Plan Results	JUL	9	Board Meeting Mid-Year Administrative Budget Report Second Quarter Operations Reports* Election of Board Officers Annual Policy Review SACRS UC Berkeley
FEB	12	Board Meeting Notice of CPI/Set Retiree COLA Declining ER Payroll Report Benchmark Review	AUG	13	Board Meeting Annual Valuation Report & Adoption of Plan Contribution Rates Board Committee Assignments Investment Fee Transparency Report
	TBD	CEO Performance Review Committee	SEP	10	Board Meeting Second Quarter Investment Reports Start Asset - Liability Work Liquidity Analysis and Evaluation Cash Forecasting
MAR	12	Board Meeting Fourth Quarter Investment Reports Capital Market Assumptions Asset-Liability Education			
	TBD 8-10	Audit Committee Meeting CALAPRS General Assembly 2027			
APR	9	Board Meeting First Quarter Operations Reports*	OCT	6	Board Meeting Adoption of Board Calendar for next year Third Quarter Operations Reports* Real Estate Market & Portfolio Review Private Markets Pacing Studies Asset Allocation & Manager Recap Investment Roundtable Dinner
MAY	7	Board Meeting Private Equity Benchmark Review Risk Survey Presentation		6	
	TBD 11-14	Audit Committee Meeting SACRS Spring Conference		7	Special Meeting - Investment Roundtable
JUN	11	Board Meeting First Quarter Investment Reports Capital Markets / Portfolio Risk Review	NOV	5	Board Meeting Investment Consultant and Actuary Consultant Evals Managers on Watch Update CRO Asset Class Review Investment Roundtable Recap
		Auditor's Annual Report / ACFR Mid-Year Action Plan Results Asset Class Review		TBD 9-12	Administrative Committee Meeting SACRS Fall Conference
	TBD	Administrative Committee Meeting	DEC	10	Board Meeting Third Quarter Investment Reports Annual Administrative Budget Cash Overlay Review Strategic Outlook Memo
	TBD	RPESJC Picnic		TBD	RPESJC Holiday Lunch

Unless otherwise noted on the agenda, Board Meetings convene at 9:00 a.m.

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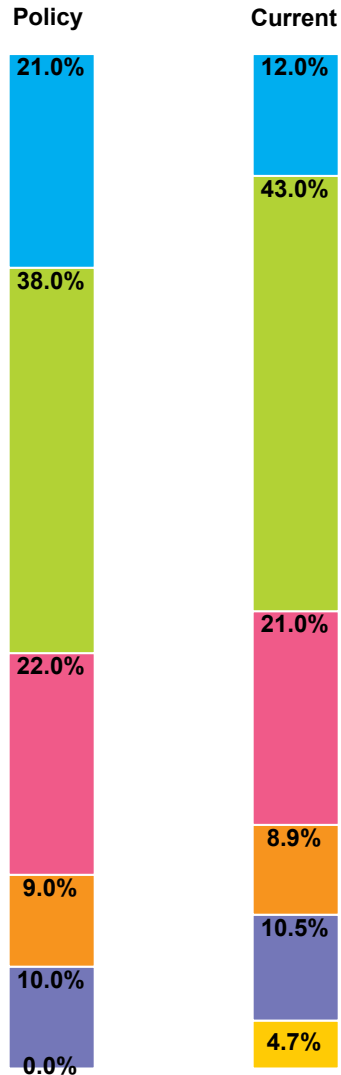
One meeting per month on all subjects; special Manager Due Diligence Meetings as needed.

San Joaquin County Employees' Retirement Association (SJCERA)

October 14, 2026

August Executive Summary

Total Fund | As of August 31, 2026



Allocation vs. Targets and Policy

	Balance (\$)	Current (%)	Policy (%)	Difference (%)
Broad Growth	4,318,870,212	76.0	81.0	-5.0
Aggressive Growth	682,993,241	12.0	21.0	-9.0
Traditional Growth	2,444,441,827	43.0	38.0	5.0
Stabilized Growth	1,191,435,145	21.0	22.0	-1.0
Diversifying Strategies	1,102,147,563	19.4	19.0	0.4
Principal Protection	506,937,843	8.9	9.0	-0.1
Crisis Risk Offset	595,209,721	10.5	10.0	0.5
Cash¹	264,551,524	4.7	0.0	4.7
Cash	264,551,524	4.7	0.0	4.7
Total	5,685,569,300	100.0	100.0	0.0

Summary of Cash Flows

	Quarter	1 Year
SJCERA Total Plan		
Beginning Market Value	5,578,327,855	4,997,930,943
Net Cash Flow	6,046,048	43,283,024
Net Investment Change	101,195,397	644,355,332
Ending Market Value	5,685,569,300	5,685,569,300

¹ Cash allocation includes Overlay.

Asset Class Performance Net-of-Fees | As of August 31, 2026

	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
SJCERA Total Plan	5,685,569,300	100.0	8.1	12.8	10.5	6.4	7.8	Apr-90
<i>SJCERA Policy Benchmark</i>			8.8	14.2	12.6	7.5	7.8	
SJCERA Total Plan ex Legacy Managers	5,631,350,588	99.0	8.3	13.1	11.1	6.6	8.2	Jun-19
Broad Growth	4,318,870,212	76.0	8.9	14.1	12.5	7.6	8.6	Feb-95
Aggressive Growth Lag¹	682,993,241	12.0	4.3	8.8	7.5	11.1	-0.8	Nov-05
<i>Aggressive Growth Blend</i>			9.7	17.6	11.0	8.9	9.4	
Traditional Growth	2,444,441,827	43.0	13.8	21.2	19.8	10.7	9.9	Jan-95
<i>MSCI ACWI IMI Net</i>			14.6	22.4	20.1	10.5	8.8	
Stabilized Growth¹	1,191,435,145	21.0	2.1	4.2	3.5	1.9	3.7	Mar-05
<i>SJCERA Stabilized Growth Benchmark</i>			3.3	5.1	6.1	5.6	6.2	
Diversifying Strategies	1,102,147,563	19.4	6.4	9.7	4.6	3.0	5.9	Nov-90
Principal Protection	506,937,843	8.9	-0.1	2.5	4.8	1.1	5.7	Feb-87
<i>Blmbg. U.S. Aggregate Index</i>			-0.3	1.9	4.1	-0.3	5.2	
Crisis Risk Offset Asset Class	595,209,721	10.5	12.6	16.7	4.4	4.5	6.0	Feb-05
<i>CRO Benchmark</i>			4.0	7.8	4.0	1.9	4.6	
Cash and Misc Asset Class	264,551,524	4.7	1.7	2.8	2.9	2.5	2.4	Nov-94
<i>90 Day U.S. Treasury Bill</i>			2.4	3.7	4.6	3.6	2.5	

* Market Values may not add up due to rounding. All market values and returns are preliminary.

¹ Active legacy managers in the process of winding down funds are excluded, including Morgan Creek III, V, VI, Almanac, Greenfield VII, VIII, Walton V, VI, Crestline, and Raven.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



San Joaquin County Employees' Retirement Association

Actuarial Audit of Valuation

As of December 31, 2025

October 14, 2026 / Daniel Siblik / Eva Yum



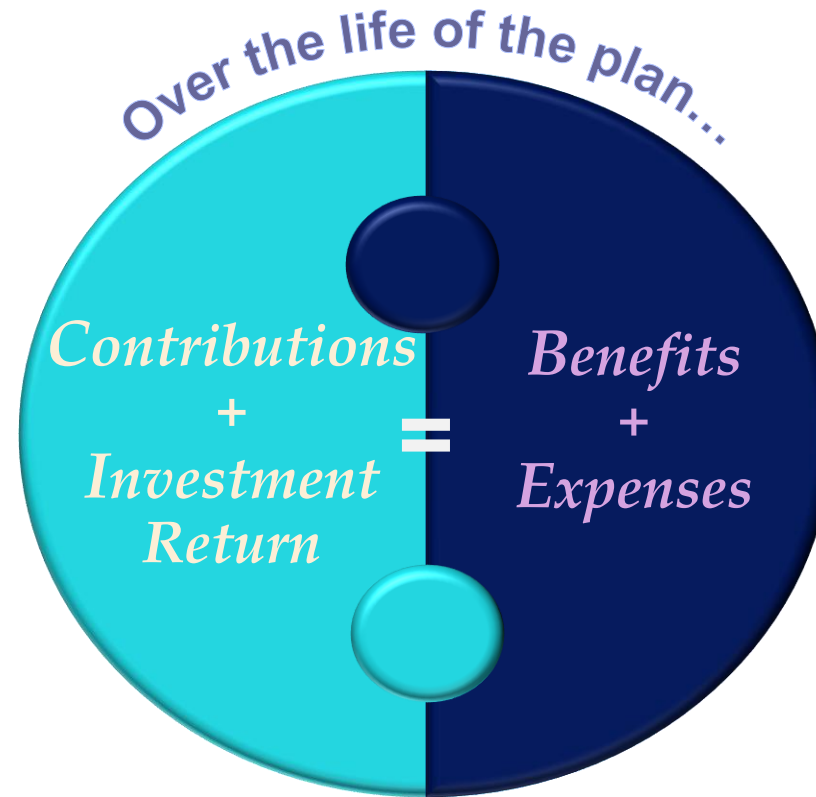
| Agenda

Overview of Actuarial Audit

Key Findings and Recommendations

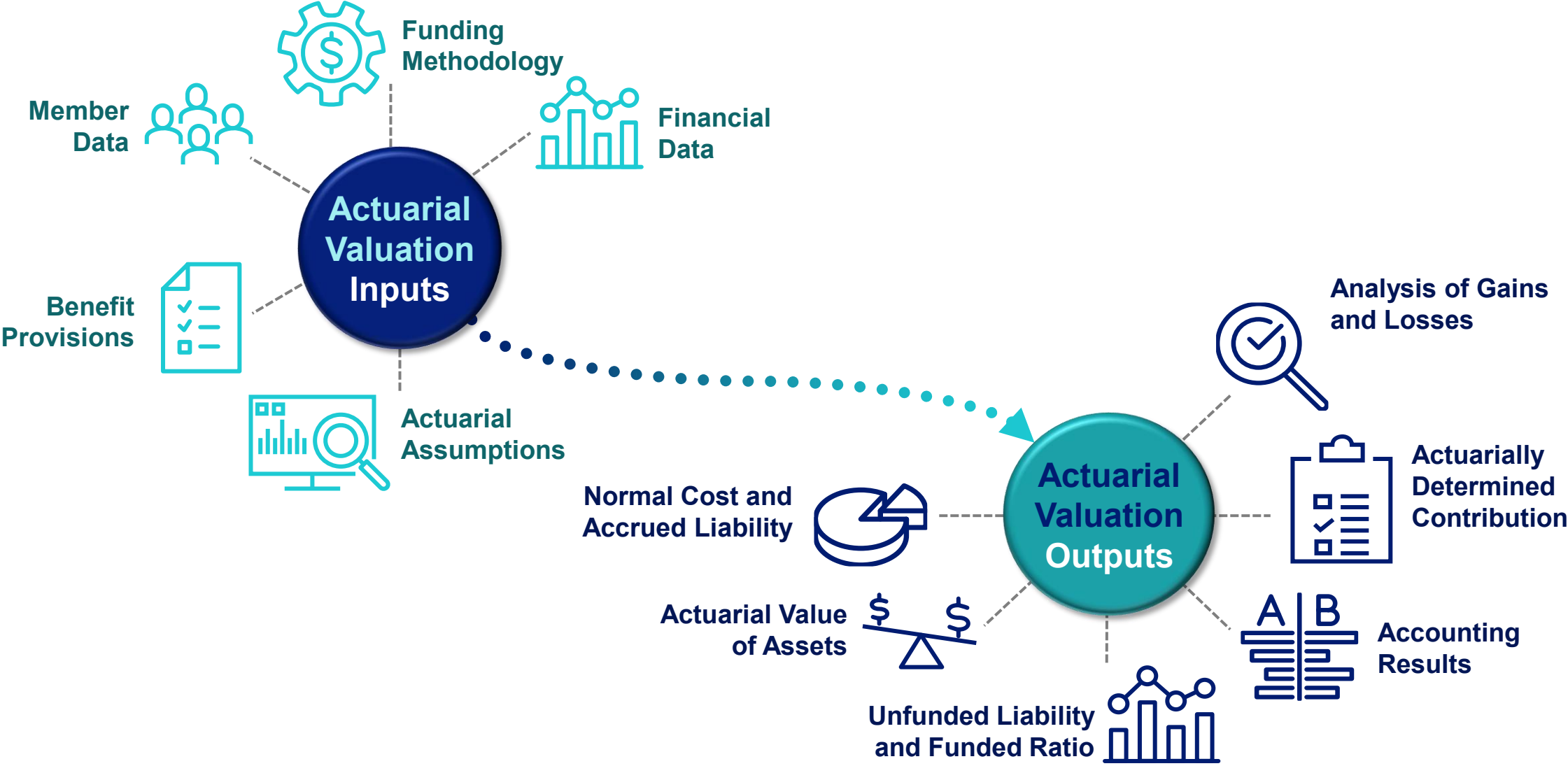
Overview of Actuarial Audit

Actuarial Balance



Or: Contributions = Benefits + Expenses - Investment Return

Valuation Components



Actuarial Assumptions

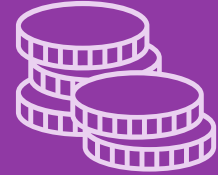
Demographic

- Retirement ages for active and deferred members
- Incidence of disability retirement
- Rates of withdrawal/turnover
- Mortality among actives and members in pay status



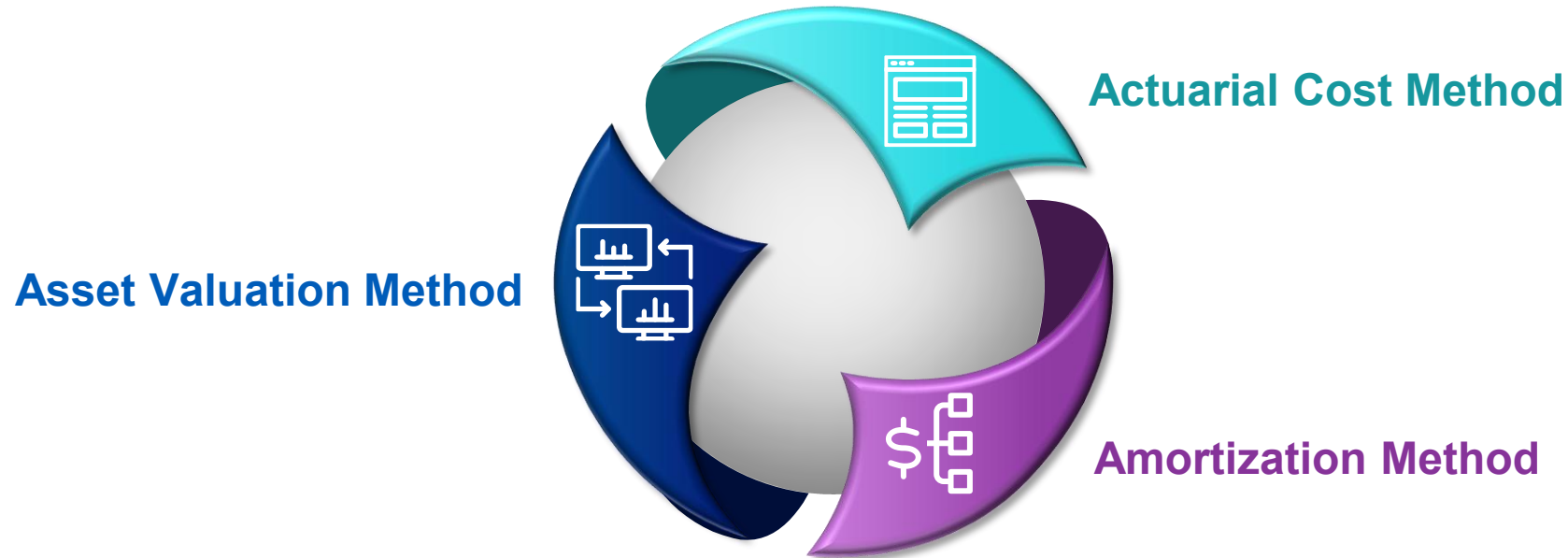
Economic

- Inflation: 2.50%
- Investment return: 6.75%
- Salary increases: 3.00% Base plus Longevity & Promotion (ranging from 0.50% to 10.00% based on service and Group)
- COLA growth: 2.50% CPI increases



Economic and demographic assumptions
are reviewed regularly with the actuarial experience review.

Actuarial Methods



Asset Valuation Details

- Investment gains and losses recognized over several years
- Recognizes 20% of the difference in expected and actual returns in a given year in equal amounts over a 5-year period
- Calculated value will be no less than 80% of market value nor greater than 120% of market value

Cost Method Components

- Allocation of liability to past and future service
- Entry Age Actuarial Cost Method used for the **Funding Policy**
Commonly used method that allocates cost of member's benefit over expected career as a level % of salary

Amortization Breakdown

- **Actuarial Funding Policy**
Layered amortization with new UAAL amortized over 15 years
Legacy 2014 component of UAAL has seven years remaining

Scope of Review

- **Audit of December 31, 2025 annual valuation**
 - Full replication of the valuation - independent reproduction of liabilities and contribution rates
 - **Close match on both**
- **Review of actuarial assumptions and methods**
 - Economic and demographic assumptions
 - Method and assumptions recommended by Cheiron are reasonable for use in annual valuation
- **Recommendations are primarily process and disclosure improvements**



Detailed Audit Process

- **Review actuarial assumptions and methods**
 - Are they reasonable and well-defined?
- **Review census data**
 - Does Cheiron's processed data tie to raw SJCERA data?
- **Replicate valuation**
 - Are benefits valued consistent with plan provisions, assumptions and methods?
 - Key metrics include present value of benefit, actuarial accrued liability, normal cost
 - Contribution rate replication
 - Compare individual test lives for liabilities produced by Cheiron and Segal
 - Review valuation report



Key Findings and Recommendations

Main Conclusion

Our review confirms that the actuarial calculations as of December 31, 2025 are reasonable and that the actuarial calculations were conducted according to generally accepted actuarial principles and practices



Audit of December 31, 2025 Annual Valuation

Replication Results

Valuation Results (Total Plan)	Cheiron	Segal	Ratio
Present Value of Benefits	\$7,555 M	\$7,599 M	101%
Actuarial Accrued Liability (AAL)	\$6,358 M	\$6,372 M	100%
Actuarial Value of Assets	\$4,793 M	\$4,793 M	100%
Unfunded AAL	\$1,564 M	\$1,578 M	101%
Aggregate Employer Rate	45.57%	46.12%	101%
Aggregate Member Rate (Excl. Administrative Expenses)	9.26%	9.37%	101%

Data

- Compare membership data provided by SJCERA with that used by Cheiron in valuation
 - Some changes made by Cheiron based on data question responses
 - Recommendations on data
 - Align the calculation of estimated retirement benefit to reflect the assumed retirement age for some reciprocal deferred vested members
 - Review the data fields for service purchased or in-progress service purchase to determine how much purchase service to be included
 - Identify purchased service that increases eligibility and that which does not increase eligibility separately
 - Research if outgoing reciprocal statuses for deferred members are readily available
 - Review methodology used to determine valuation salary and disclose the methodology in the valuation report



Replicate Valuation

- Compare individual test lives for liabilities produced by Cheiron and Segal
 - **Very close match**
- Compare total Plan liabilities and contribution rates produced by Cheiron and Segal
 - **Very close match on both**
 - **Recommend refining the following valuation processes**
 - Value certain retirees without eligible beneficiary as life annuities
 - Consider including a minimum liability equal to account balance for deferred vested members
 - Consider valuing General and Safety liabilities separately for active members with service in both membership classes
 - Use consistent method to project next year's salary for purposes of determining the employer normal cost rates

Review Actuarial Assumptions

- Review of economic assumptions
 - We applied our model to confirm the 6.75% investment return assumption
 - Based on our model, there is a 60% likelihood that the geometric average of investment returns over the next 15 years will meet or exceed the assumed rate of 6.75%
- Review of demographic assumptions
 - **Assumptions are reasonable and appear to take into account the Plan's experience**
 - **Recommendations to consider for future experience studies**
 - Update the mortality improvement scale to the most recently available (MP-2021) and monitor the application of the 80% adjustment to the mortality improvement scale
 - Continue monitoring Tier 1 and Tier 2 retirement assumptions
 - Include additional disclosure for actual retirement rate for ages above 75/65 for General and Safety members

Valuation Report

- Recommend additional disclosure to enhance transparency
 - Mainly provide further details in the actuarial assumptions and summary of plan provisions sections
 - Ensure termination and retirement assumptions shown in the report match the assumptions used in the valuation and are consistent with the experience study presentation

Thank You

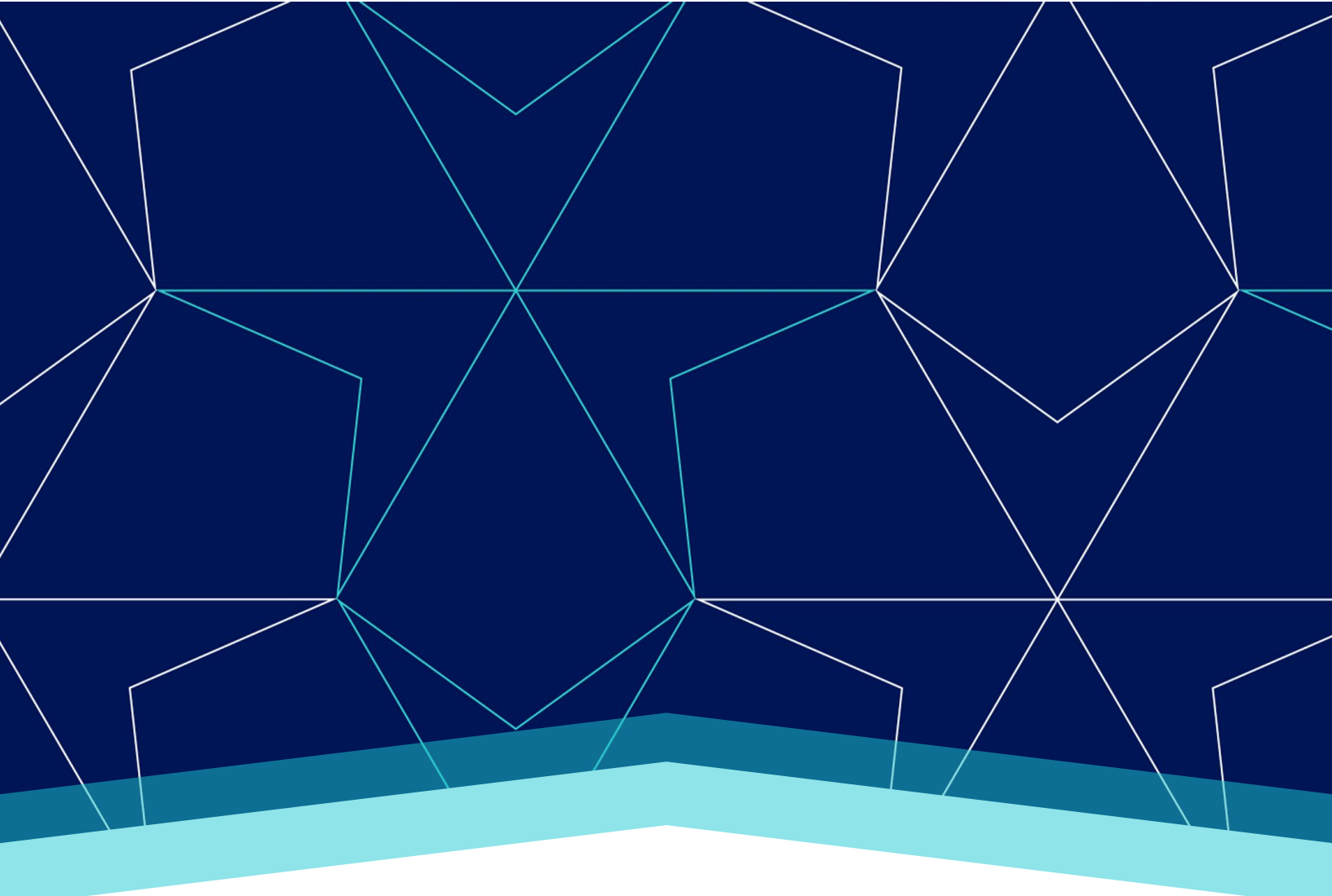
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San Joaquin County
Employees' Retirement Association

Actuarial Audit of December 31, 2025 Valuation

October 5, 2026

Retirement Board
San Joaquin County Employees' Retirement Association
220 E. Channel Street
Stockton, CA 95202

Re: Review of December 31, 2025 actuarial valuation

Dear Members of the Board:

We are pleased to present the results of this review of the December 31, 2025 Actuarial Valuation for the San Joaquin County Employees' Retirement Association (SJCERA). The purpose of this review was to verify the calculations completed by Cheiron and to offer comments on the methodology and the results of the actuarial valuation.

This review was completed under the supervision of Eva Yum, a Fellow of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. This review was conducted in accordance with the standards of practice prescribed by the Actuarial Standards Board.

We are members of the American Academy of Actuaries, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

The assistance of Cheiron and SJCERA is gratefully acknowledged. We appreciate the opportunity to be of service to SJCERA, and we look forward to reviewing this report with you and answering any questions you may have.

Sincerely,

A handwritten signature in dark ink, appearing to read "Daniel Siblik".

Daniel Siblik, ASA, MAAA, FCA, EA
Vice President and Actuary

A handwritten signature in dark ink, appearing to read "Eva Yum".

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

MAM/jl

cc: Timothy Doyle, ASA, EA, MAAA
Anne D. Harper, FSA, EA, MAAA
Graham Schmidt, FSA, EA, MAAA, FCA

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Executive Summary

This report has been prepared by Segal to present a review of SJCERA's December 31, 2025 actuarial valuation performed by Cheiron.

We have performed this review to provide SJCERA an independent opinion as to the reasonableness of Cheiron's methods and results of the December 31, 2025 actuarial valuation.

Our review confirms that the actuarial calculations as of December 31, 2025 are reasonable, and that the actuarial calculations were conducted according to generally accepted actuarial principles and practices. However, we have a few recommendations for changes to the data process, liability calculations, and contribution rates, all of which would have a minor impact. We also have a few recommendations for additional disclosures in the valuation report.

Results

Data

Segal compared the raw data provided by SJCERA with the processed data Cheiron used in the December 31, 2025 valuation. **The processed data is generally consistent with the raw data.** This report includes a detailed comparison and further discussion, including explanations of any differences between the raw data and the processed data. The following is a summary of the member counts.

Analysis of Member Counts

Membership Group and Status	SJCERA (Raw)	Cheiron (Processed)	Ratio
General			
Active	6,351	6,328	99.6%
Inactive	3,159	3,153	99.8%
Retired	5,746	5,770	100.4%
Safety			
Active	890	887	99.7%
Inactive	248	243	98.0%
Retired	1,249	1,252	100.2%
Total Plan	17,643	17,633	99.9%

Liabilities

Segal programmed our valuation system to replicate Cheiron's liability results as of December 31, 2025. As our valuation software is different than Cheiron's and there are reasonable variations on how to calculate total liabilities, we would not expect our calculations to be a perfect match to Cheiron's. **Nevertheless, we closely match Cheiron's valuation**

liabilities. This report includes a detailed breakdown of the liabilities; the following is a summary of the key results:

Liability Comparison (\$ in '000s)

Membership Group	Cheiron	Segal	Ratio
General			
Present value of benefits	\$5,466,542	\$5,499,849	100.6%
Present value of future normal costs	895,188	918,179	102.6%
Actuarial accrued liability	4,571,354	4,581,669	100.2%
Actuarial value of assets ¹	3,511,893	3,511,893	100.0%
Unfunded actuarial accrued liability	1,059,460	1,069,776	101.0%
Safety			
Present value of benefits	\$2,087,975	\$2,099,641	100.6%
Present value of future normal costs	301,571	309,633	102.7%
Actuarial accrued liability	1,786,404	1,790,008	100.2%
Actuarial value of assets ²	1,281,602	1,281,602	100.0%
Unfunded actuarial accrued liability	504,802	508,406	100.7%

In addition to the aggregate liabilities, Segal reviewed the liabilities for 28 individual test lives covering a range of demographic characteristics. **We closely match Cheiron's liabilities for the individual members.** We have included the detailed results for the 28 test lives in the Appendix.

Contribution rates

Based on the liability results, Segal also independently calculated the contribution rates. **We closely match Cheiron's calculation of the contribution rates.** This report includes a detailed breakdown of the employer and member contribution rates; the following is a summary of the key results:

Employer Contribution Rate Comparison

Membership Group	Cheiron	Segal	Ratio
General			
Tier 1	42.16%	43.00%	102.0%
Tier 2	36.77%	37.08%	100.8%
Safety			
Tier 1	89.77%	91.27%	101.7%
Tier 2	79.22%	79.78%	100.7%
All Total	45.57%	46.12%	101.2%

¹ The actuarial value of assets shown in this table is the actuarial value of assets for developing contribution rates.

² The actuarial value of assets shown in this table is the actuarial value of assets for developing contribution rates.

Recommendations

As described throughout our report below, we have several recommendations for Cheiron to consider in future valuations. These recommendations are not expected to have a significant impact on the valuation. These recommendations are briefly summarized here.

- **Retirement age for Safety Tier 2 reciprocal deferred vested members:** There are nine Safety Tier 2 reciprocal members and their assumed retirement age is age 53. However, the estimated benefits in Cheiron's processed data are based on the benefit formula and projected salary at age 50. We recommend that Cheiron update these estimated benefit amounts.
- **Purchased service:** In the raw data provided by SJCERA, some members' purchased service is included twice in two separate data fields. Currently, the service calculated in Cheiron's processed data includes both amounts combined. We recommend that Cheiron identify these records and ensure that purchased service is not double counted in the valuation.
- **Purchased public service:** Purchased public service does not increase eligibility or vesting service. The purchased service information in the data does not distinguish whether the purchased service is public service. We recommend that Cheiron work with SJCERA to determine if purchased public service can be identified in the data.
- **Outgoing reciprocity:** The raw data provided by SJCERA no longer includes information about the outgoing reciprocal status of deferred members and we understand that Cheiron rolled forward this information from prior years' data. We recommend that Cheiron work with SJCERA to determine if this data can be provided.
- **Valuation salary:** The valuation salary calculated in Cheiron's processed data uses a somewhat complicated method. We recommend that Cheiron review the methodology and consider if a more straightforward method would produce reasonable results. Additionally, we recommend that Cheiron disclose their methodology in the valuation report.
- **Retirees without an eligible beneficiary:** In the raw data provided by SJCERA, there are approximately 90 retired members who would otherwise be eligible for survivor continuance based on the option elected and the beneficiary relationship, but the data from SJCERA indicates that the retirees no longer have or do not currently have an eligible beneficiary. We understand that Cheiron is valuing these retirees with a joint and survivor annuity. We recommend that Cheiron value these retirees with a life annuity.
- **Active members with service under more than one membership class:** Currently, Cheiron is valuing active members with service in more than one membership class as if they have earned all of their service in the member's current membership class. We recommend that Cheiron consider valuing the General and Safety liabilities separately for active members with service in both membership classes.
- **Refund liability for deferred vested members:** For these members, Cheiron is calculating the actuarial accrued liability based on the annuity and death benefits payable to the member. We recommend that Cheiron consider also setting the liability for each deferred vested member to be no less than the member's account balance.
- **Projection of limited salary:** For members whose salary is currently limited by the 401(a)(17) compensation limit or the PEPPRA compensation limit, Cheiron projects the limited salary backwards to the member's entry age using the valuation's salary increase

assumptions for purposes of calculating the normal cost. We recommend that Cheiron consider projecting the member's actual salary backwards using those assumptions, and then applying the known historical limits if applicable.

- **Member contribution offset for employer contributions:** In the various components of the employer normal cost rate calculation, there are some minor inconsistencies in the salary projection and the discounting for interest and survivorship. We recommend that Cheiron project salary for the expected member contributions using the same methodology as the projection of salary for the normal cost rate, and discount the expected member contributions using the same methodology as the discounting of the salary.
- **Mortality assumptions:** We recommend that Cheiron consider updating the generational mortality improvement scale to MP-2021, which is the most recent mortality improvement scale. We recommend that Cheiron also continue to monitor the application of the 80% adjustment to the mortality improvement scale.
- **Retirement assumptions:** We would generally anticipate later retirements for members in Tier 2 than Tier 1 due to the lower benefit formula. However, the Tier 2 retirement rates are higher than the Tier 1 rates in a few age and service categories. We recommend that Cheiron continue to monitor the retirement experience by tier and the consistency between the retirement assumptions by tier.

In future experience studies, we also recommend that Cheiron include the actual retirement rate for ages above 75 or 65 for General and Safety, respectively, for comparison with the proposed 100% retirement rate.

- **Valuation report:** We identified several opportunities to enhance the transparency of the valuation report, including ensuring the termination and retirement assumptions match the assumptions used in the valuation and are consistent with the actuarial experience study presentation, clarifying the description of the mortality assumptions, disclosing complete retirement eligibility for Safety Tier 1 members, disclosing the applicable 401(a)(17) compensation limit, and clarifying how alternate payees are classified in the liabilities and demographic information.

Purpose and Scope

Purpose of the actuarial review

Segal has performed an actuarial review of Cheiron's December 31, 2025 Actuarial Valuation to provide assurance to SJCERA's Retirement Board that Cheiron's results in the December 31, 2025 valuation are reasonable and were conducted according to generally accepted actuarial principles and practices.

Scope of the actuarial review

The scope of the actuarial review, as described in SJCERA's agreement for actuarial audit services with Segal, includes the following:

- Completion of a full replication of the December 31, 2025 actuarial valuation using the data, assumptions, and funding methods used by SJCERA's consulting actuary.
- Evaluation of the reasonableness of the valuation results, including a determination of the present value of future benefits, actuarial value of assets, actuarial accrued liability, normal cost, and actuarially determined contribution rates.
- Evaluation of the reasonableness of the actuarial assumptions, and the appropriateness and application of the actuarial cost method.
- Comparison of the valuation results from the results of SJCERA's consulting actuary's valuation to the results of the full replication valuation, and discussion of any significant differences found.
- Recommendations to improve the quality and comprehension of the valuation report.

Results of the Actuarial Review

Data

Cheiron provided Segal with the raw valuation data provided by SJCERA as of December 31, 2025, as well as the processed data Cheiron used in the December 31, 2025 actuarial valuation. We compared the raw and processed data and found **the processed data is generally consistent with the raw data.**

Observations

We have the following observations about the data process.

- We have verified that Cheiron correctly made edits to the data based on the responses they received from SJCERA regarding the data questions.
- For active members with service in multiple classes or tiers, we understand that the raw data includes one record that includes the full service breakdown. For retired members with service in multiple classes or tiers, we understand that the raw data includes one record for each class or tier. Cheiron's processed data reflects this same approach to the record counts.

Recommendations

We have the following recommendations about the data process.

- In the processed data, Cheiron estimates the benefit amounts for deferred vested members at the assumed retirement age. The assumed retirement age for Safety reciprocal members is age 53. However, the estimated benefit amount for the nine reciprocal members in Safety Tier 2 has been calculated based on the benefit formula and projected salary at age 50.³ We recommend that Cheiron update these estimated benefit amounts. This change is not expected to have a significant impact on the valuation.
- For non-retired members, the raw data provided by SJCERA includes information about the service members have purchased. It also includes information about service that members are in the process of purchasing but have not yet fully paid for in a separate data field. Cheiron includes the service that is in the process of being purchased when calculating a member's eligibility service and includes half of this service when calculating a member's Credited Service.

There are some members where the raw data includes the same purchased service amount in both data fields, resulting in some double counting of service in the valuation. We recommend that Cheiron identify these records in the data process to ensure that purchased service is not double counted. This change is not expected to have a significant impact on the valuation.

- We understand that purchased public service does not increase eligibility or vesting service. Currently, the raw data provided by SJCERA does not identify which purchased service, if

³ Although these members' estimated benefits were calculated based on the benefit formula and projected salary as of age 50, we understand that Cheiron's liabilities reflect a commencement of benefits at the assumed retirement age of 53.

any, is specifically purchased public service. We recommend that Cheiron work with SJCERA to determine if this data can be provided.

- In the processed data, Cheiron has categorized 339 deferred members as having outgoing reciprocity. We understand that these members were historically identified as outgoing reciprocals in prior data from SJCERA, but that the data provided by SJCERA no longer identifies which deferred members are in reciprocal employment. Cheiron has carried forward the reciprocal status based on historical data. The valuation would therefore not reflect the reciprocal status of any deferred members who entered reciprocal employment after SJCERA no longer identified them in the data, possibly resulting in an understatement of liabilities. To ensure that the reciprocal statuses are up to date for all deferred members, we recommend that Cheiron work with SJCERA to determine if this data can be provided.
- We understand that Cheiron uses the following process to calculate the valuation salary:⁴
 - **Maximum salary** is the maximum of the following:
 - Prior year earnings
 - Prior year earnings times the lesser of 120% or the increase in base pay between prior year and current year
 - Current year base pay times 26
 - **Maximum salary** is further adjusted in the following cases:
 - For new actives, maximum salary is instead current year base pay times 26 times 120%.
 - Maximum salary is limited to the PEPPRA compensation limit for Tier 2 members.
 - **Minimum salary** is the following:
 - Current year base pay times 26
 - Minimum salary is limited to the PEPPRA compensation limit for Tier 2 members.
 - **Valuation salary** for continuing actives with a class change is the maximum of the following:
 - Prior year earnings
 - Current year beginning of year pay times 26
 - Current year base pay times 26
 - **Valuation salary** for continuing actives without a class change, for whom **maximum salary** is at least 120% of the **prior year's valuation salary**, is the maximum of the following:
 - The minimum of the following:
 - Maximum salary
 - Prior year earnings times the increase in beginning of year pay between prior year and current year
 - Prior year earnings
 - **Valuation salary** for continuing actives without a class change, for whom **maximum salary** is less than 120% of the **prior year's valuation salary**, is the maximum of the following:
 - Current year beginning of year pay times 26
 - Prior year earnings times the increase in base pay between prior year and current year
 - Prior year earnings

⁴ For the valuation salary as of December 31, 2025, any references to the prior year earnings include an adjustment of (26 / 27) to adjust for the number of pay periods during the year ended December 31, 2025.

- **Valuation salary** for new actives is the minimum of the following:
 - Current year beginning of year pay times 26
 - Current year base pay times 26 times 120%
- **Valuation salary** for any actives where current year beginning of year pay is zero is instead the maximum of the following:
 - Current year base pay times 26
 - Prior year earnings
- Limit **valuation salary** to be no less than **minimum salary**, and no greater than **maximum salary**.
- Apply the 401(a)(17) compensation limit for Tier 1 members.

This method of calculating the valuation salary generally appears to be reasonable. However, it may introduce some counterintuitive results for some members. For example, some active members may have a valuation salary equal to prior year earnings times the increase in base pay between the prior year and the current year. If the increase in base pay took place during the year, it would presumably be partially reflected in the prior year earnings. Further increasing the prior year earnings by the year-over-year increase in base pay may amplify the salary increases for some members.

Additionally, the methodology is more complicated than we generally see for similar plans. For a plan like SJCERA without part-time members, we believe there may be simpler methods of calculating the valuation salary, which would be more transparent and accessible to SJCERA's stakeholders. We recommend that Cheiron review the methodology for calculating the valuation salary and consider if a more straightforward method would produce reasonable results. Finally, we recommend that Cheiron disclose in the valuation report the methodology for calculating the valuation salary.

Results

We compared the key data elements between the raw and the processed data. These comparisons are shown below.

Analysis of Member Data *General Active Members*

Statistic	SJCERA (Raw)	Cheiron (Processed)	Ratio
General Tier 1			
Number	1,602	1,585	98.9%
Average age	53.8	53.8	100.0%
Average benefit service	20.9	20.9	100.0%
Average vesting service	21.6	21.6	100.0%
Average annual salary	\$109,126	\$109,231	100.1%
General Tier 2			
Number	4,749	4,743	99.9%
Average age	42.1	42.1	100.0%
Average benefit service	4.7	4.7	100.0%
Average vesting service	4.7	4.8	102.1%
Average annual salary	\$83,521	\$83,527	100.0%
General Total			
Number	6,351	6,328	99.6%
Average age	45.1	45.0	99.8%
Average benefit service	8.8	8.7	98.9%
Average vesting service	9.0	9.0	100.0%
Average annual salary	\$89,980	\$89,966	100.0%

Analysis of Member Data

Safety Active Members

Statistic	SJCERA (Raw)	Cheiron (Processed)	Ratio
Safety Tier 1			
Number	334	331	99.1%
Average age	47.5	47.5	100.0%
Average benefit service	19.4	19.4	100.0%
Average vesting service	20.5	20.7	101.0%
Average annual salary	\$146,190	\$146,270	100.1%
Safety Tier 2			
Number	556	556	100.0%
Average age	35.0	35.0	100.0%
Average benefit service	5.4	5.4	100.0%
Average vesting service	5.5	5.6	101.8%
Average annual salary	\$103,681	\$103,604	99.9%
Safety Total			
Number	890	887	99.7%
Average age	39.7	39.7	100.0%
Average benefit service	10.7	10.7	100.0%
Average vesting service	11.2	11.2	100.0%
Average annual salary	\$119,633	\$119,526	99.9%

Analysis of Member Data

General Inactive Members

Statistic	SJCERA (Raw)	Cheiron (Processed)	Ratio
General Deferred Vested			
Number	876	859	98.1%
Average age	48.4	48.2	99.6%
Average service	8.8	8.8	100.0%
General Transfers and DROs^{5, 6}			
Number	277	277	100.0%
Average age	51.5	51.5	100.0%
Average service	5.0	5.0	100.0%
General Funds on Account			
Number	2,006	2,017	100.5%
Average age	42.9	42.9	100.0%
Average service	1.2	1.3	108.3%
General Inactive Total			
Number	3,159	3,153	99.8%
Average age	45.2	45.1	99.8%
Average service	3.7	3.7	100.0%

⁵ As noted above, the raw data provided by SJCERA no longer includes information about the reciprocal status of deferred members, so Cheiron carries forward this information from prior data. For the purposes of this comparison, our analysis of the raw data reflects the reciprocal statuses that are included in Cheiron's processed data.

⁶ Includes deferred alternate payees pursuant to a Domestic Relations Order (DRO).

Analysis of Member Data

Safety Inactive Members

Statistic	SJCERA (Raw)	Cheiron (Processed)	Ratio
Safety Deferred Vested			
Number	74	68	91.9%
Average age	43.5	43.0	98.9%
Average service	9.0	9.3	103.3%
Safety Transfers and DROs^{7, 8}			
Number	76	76	100.0%
Average age	48.5	48.5	100.0%
Average service	4.0	4.0	100.0%
Safety Funds on Account			
Number	98	99	101.0%
Average age	36.9	36.8	99.7%
Average service	1.6	1.6	100.0%
Safety Inactive Total			
Number	248	243	98.0%
Average age	42.4	42.2	99.5%
Average service	4.5	4.5	100.0%

⁷ As noted above, the raw data provided by SJCERA no longer includes information about the reciprocal status of deferred members, so Cheiron carries forward this information from prior data. For the purposes of this comparison, our analysis of the raw data reflects the reciprocal statuses that are included in Cheiron's processed data.

⁸ Includes deferred alternate payees pursuant to a Domestic Relations Order (DRO).

Analysis of Member Data

General Members Receiving Benefits (Retiree, Beneficiary, Disabled)

Statistic	SJCERA (Raw)	Cheiron (Processed)	Ratio
General Service Retired			
Number	4,597	4,609	100.3%
Average age	72.4	72.3	99.9%
Average annual total benefit	\$43,956	\$43,845	99.7%
General Beneficiary⁹			
Number	765	777	101.6%
Average age	74.9	74.9	100.0%
Average annual total benefit	\$24,419	\$24,426	100.0%
General Duty Disabled			
Number	249	249	100.0%
Average age	67.7	67.7	100.0%
Average annual total benefit	\$30,340	\$30,340	100.0%
General Non-Duty Disabled			
Number	135	135	100.0%
Average age	68.2	68.2	100.0%
Average annual total benefit	\$21,189	\$21,189	100.0%
General Receiving Benefits Total			
Number	5,746	5,770	100.4%
Average age	72.4	72.4	100.0%
Average annual total benefit	\$40,230	\$40,117	99.7%

⁹ Includes alternate payees pursuant to a Domestic Relations Order (DRO) who are in pay status.

Analysis of Member Data

Safety Members Receiving Benefits (Retiree, Beneficiary, Disabled)

Statistic	SJCERA (Raw)	Cheiron (Processed)	Ratio
Safety Service Retired			
Number	794	796	100.3%
Average age	67.0	66.9	99.9%
Average annual total benefit	\$79,805	\$78,773	98.7%
Safety Beneficiary¹⁰			
Number	230	231	100.4%
Average age	73.7	73.6	99.9%
Average annual total benefit	\$44,058	\$44,428	100.8%
Safety Duty Disabled			
Number	212	212	100.0%
Average age	64.9	64.9	100.0%
Average annual total benefit	\$64,408	\$64,445	100.1%
Safety Non-Duty Disabled			
Number	13	13	100.0%
Average age	65.2	65.2	100.0%
Average annual total benefit	\$38,552	\$39,028	101.2%
Safety Receiving Benefits Total			
Number	1,249	1,252	100.2%
Average age	67.8	67.8	100.0%
Average annual total benefit	\$70,180	\$69,597	99.2%

¹⁰ Includes alternate payees pursuant to a Domestic Relations Order (DRO) who are in pay status.

Liabilities

Based on the member data, plan provisions, and actuarial assumptions provided by Cheiron and described in their report, Segal's valuation system was programmed to independently replicate the December 31, 2025 liability calculations. **Our results closely match the liabilities reported in Cheiron's actuarial valuation.**

Observations

We have the following observations about the calculation of liabilities.

- It is common for different valuation systems to determine slightly different results. Therefore, when performing a replication audit, minor differences in results are expected due to the different valuation systems used by Segal and Cheiron. These differences could include such things as the rounding used in the calculation of ages, rounding of service, or assumed timing for salary increases. Various methodologies are acceptable, with each actuarial firm establishing its own standards.
- Different firms may use different methodologies for the timing of decrements (i.e., when members are expected to terminate, retire, or die). Segal's valuation system generally assumes decrements take place at the beginning of each plan year (January 1). Cheiron's valuation system, in contrast, assumes these decrements take place in the middle of the plan year (July 1). As part of this audit, we have changed our decrement timing to the middle of the year to match Cheiron's results. Either methodology is acceptable, with each actuarial firm establishing its own approach for the assumed timing of decrements.
- Different firms may also use different methodologies for the timing of benefit payments. Segal's valuation system uses beginning-of-month timing for benefit payments, whereas we understand that Cheiron's valuation system uses end-of-month timing. As part of this audit, we have changed our benefit payment timing to end-of-month for inactive members and members receiving benefits to match Cheiron's results. Either methodology is acceptable, with each actuarial firm establishing its own approach for the assumed timing of benefit payments.
- In Cheiron's valuation, Credited Service used for projecting benefits and service used for determining eligibility have been rounded to the nearest integer. In Segal's results, we continue to follow our standard approach of using unrounded service.
- The liabilities for members receiving benefits reflect the COLA banks as of April 1, 2025. At the time this valuation was performed, the COLA banks as of April 1, 2026 were known. Segal's approach is generally to use the most recent COLA banks, even if they were updated after the valuation date. In Segal's results for this review, we have reflected the April 1, 2025 COLA banks to match Cheiron's results.

Recommendations

We have the following recommendations for the calculation of liabilities.

- For retired members, the raw data provided by SJCERA includes information about whether a retiree currently has an eligible beneficiary. This information indicates that approximately 90 members who retired under the Unmodified option with a spouse or domestic partner, or who retired under Option 2 or 3, no longer have or do not currently have an eligible beneficiary.

Cheiron is valuing a joint and survivor annuity for these members. Based on information we received from SJCERA, we understand that the benefit for members without an eligible beneficiary is only paid over the member's lifetime, with no additional continuance. In Segal's results, we value these members with a life annuity. We recommend that Cheiron update the valuation program to reflect only a life annuity for these members. This change is not expected to have a significant impact on the valuation.

- For active members, the raw data provided by SJCERA includes a breakdown of service by membership class. In the valuation, Cheiron uses a simplifying methodology wherein all benefit service is valued as if it were earned in a member's current membership class. According to information provided by Cheiron, most members with both General and Safety service are Safety members who earned a small amount of General service before they became sworn officers.¹¹ After such a member retires, their General and Safety benefits are valued separately and included in the General and Safety liabilities, respectively. This results in some actuarial losses on the General actuarial accrued liability and some actuarial gains on the Safety actuarial accrued liability when such a member retires.¹²

In Segal's results, we have followed Cheiron's methodology. However, we recommend that Cheiron consider valuing the General and Safety liabilities separately for active members with service in both membership classes. This change is not expected to have a significant impact on the valuation.

- For deferred vested members, Cheiron has calculated the actuarial accrued liability based on the annuity and death benefits payable to the member. When calculating the liability for deferred vested members, Segal generally also sets the liability to be no less than the member's account balance given that members can receive a refund of their account balance at any time. In Segal's results, we continue to follow our standard approach.

We recommend that Cheiron consider setting the liability for each deferred vested member to be at least the member's account balance. This would increase the actuarial accrued liability for deferred vested members by approximately \$4.2 million for General Tier 2 and \$0.4 million for Safety Tier 2, which is not expected to have a significant impact on the total valuation results.

- Cheiron calculates member salary in the processed data, including any applicable limitations due to the 401(a)(17) compensation limit or the PEPPRA compensation limit, for the valuation. In the calculation of normal cost based on the entry age cost method, salaries before the valuation date are calculated by projecting that salary backwards using the longevity and promotion increases and the inflation assumption. Therefore, for members whose salary is limited as of the valuation date, the limit is being projected backwards to the member's entry age with the salary increase assumptions. We recommend that Cheiron consider an alternative approach where the member's actual salary is projected backwards using the salary increase assumptions, and the known historical limits are applied in each respective year, if applicable.

In Segal's results for this review, we have used the salary data provided by Cheiron. Based on our estimate of the unlimited salary, our recommendation above would decrease the

¹¹ According to Cheiron, using December 31, 2024 data as an example, Safety active members with General service had an average of 0.86 years of General service and 9.75 years of Safety service.

¹² According to Cheiron, these gains and losses are somewhat offset by gains and losses for General members retiring with some Safety service; there are fewer such members, but with relatively more Safety service.

normal cost by approximately \$0.3 million and increase the actuarial accrued liability by approximately \$2.2 million, which is not expected to have a significant impact on the results.

Results

Present value of benefits

The following tables compare the present value of benefits (PVB) calculated by Cheiron and Segal. The PVB represents the current value of all projected benefits for current members, reflecting the time value of money (investment return assumption), assumed salary increases, and the probabilities of termination, retirement, disability and death. In other words, the PVB represents the total amount needed to provide future benefit payments for current members based on the valuation assumptions.

Segal's total present value of benefits is 100.6% of Cheiron's. By membership class and plan, Segal's results range from 100.4% to 101.5% of Cheiron's. We believe these results are within an acceptable range and provide assurance that the plan liabilities have been reasonably valued.

Comparison of Present Value of Benefits (PVB) (\$ in '000s) *Total Plan (General and Safety)*

Membership Group and Status	Cheiron	Segal	Ratio
Total Plan			
Active	\$3,303,615	\$3,346,792	101.3%
Inactive	245,984	249,442	101.4%
Retired	4,004,917	4,003,255	100.0%
Total PVB	\$7,554,517	\$7,599,489	100.6%

Comparison of Present Value of Benefits (PVB) (\$ in '000s)
General

Membership Group and Status	Cheiron	Segal	Ratio
General Tier 1			
Active	\$1,375,646	\$1,392,433	101.2%
Inactive	163,911	162,859	99.4%
Retired	2,759,282	2,758,867	100.0%
Total PVB	\$4,298,839	\$4,314,159	100.4%
General Tier 2			
Active	\$1,086,802	\$1,100,283	101.2%
Inactive ¹³	46,413	50,919	109.7%
Retired	34,488	34,488	100.0%
Total PVB	\$1,167,703	\$1,185,690	101.5%
General Total			
Active	\$2,462,447	\$2,492,716	101.2%
Inactive	210,324	213,777	101.6%
Retired	2,793,771	2,793,355	100.0%
Total PVB	\$5,466,542	\$5,499,849	100.6%

¹³ As noted above, the primary reason for the difference in the liabilities for deferred members is that Segal is setting the liability for each deferred vested member to be no less than the member's account balance. This difference does not have a significant impact on the total valuation results.

Comparison of Present Value of Benefits (PVB) (\$ in '000s)

Safety

Membership Group and Status	Cheiron	Segal	Ratio
Safety Tier 1			
Active	\$535,268	\$544,179	101.7%
Inactive	30,379	29,934	98.5%
Retired	1,201,989	1,200,762	99.9%
Total PVB	\$1,767,636	\$1,774,875	100.4%
Safety Tier 2			
Active	\$305,900	\$309,897	101.3%
Inactive ¹⁴	5,281	5,731	108.5%
Retired	9,158	9,138	99.8%
Total PVB	\$320,339	\$324,766	101.4%
Safety Total			
Active	\$841,168	\$854,076	101.5%
Inactive	35,660	35,665	100.0%
Retired	1,211,147	1,209,900	99.9%
Total PVB	\$2,087,975	\$2,099,641	100.6%

Actuarial accrued liability and funding policy

The funding method adopted by SJCERA, the Entry Age cost method, separates the present value of benefits for active members into two components, the actuarial accrued liability and the present value of future normal costs. The Entry Age cost method determines a level cost as a percentage of pay for each year of service, called the normal cost. For active members, the actuarial accrued liability is the accumulated value of past normal costs (less any expected benefits, and assuming all actuarial assumptions were realized), while the present value of future normal costs represents the current value of future normal costs required to fully fund the member's projected benefits before the member is expected to retire.

In *Appendix B*, Cheiron notes that the entry age for members who transferred reciprocal service from a system outside of SJCERA is based on the age when the member entered SJCERA. This is consistent with Segal's standard approach.

The method used to separate the present value of projected benefits into its two components can differ somewhat in valuation systems, even though the underlying funding method used in the valuation systems is the same.

We reviewed the application of the asset valuation methodology, including the five-year smoothing of investment gains and losses, and the operation of the asset corridor. Based on our

¹⁴ As noted above, the primary reason for the difference in the liabilities for deferred members is that Segal is setting the liability for each deferred vested member to be no less than the member's account balance. This difference does not have a significant impact on the total valuation results.

review, we found the methodology was applied consistently with the description contained in the valuation report.

The following tables compare the present value of future normal costs, actuarial accrued liability (AAL) and unfunded actuarial accrued liability (UAAL) calculated by Cheiron and Segal.

Segal's total actuarial accrued liability is 100.2% of Cheiron's. By membership class and plan, Segal's results range from 100.0% to 100.5% of Cheiron's. We believe these results are within an acceptable range and provide assurance that the funding policy has been properly applied.

Comparison of Unfunded Actuarial Accrued Liability (\$ in '000s) *Total Plan (General and Safety)*

Membership Group	Cheiron	Segal	Ratio
Total Plan			
1. Present value of benefits	\$7,554,517	\$7,599,489	100.6%
2. Present value of future normal costs	1,196,759	1,227,812	102.6%
3. Actuarial accrued liability: 1 – 2	\$6,357,758	\$6,371,677	100.2%
4. Actuarial value of assets ¹⁵	\$4,793,495	\$4,793,495	100.0%
5. Unfunded actuarial accrued liability: 3 – 4	\$1,564,263	\$1,578,182	100.9%

Comparison of Unfunded Actuarial Accrued Liability (\$ in '000s) *General*

Membership Group	Cheiron	Segal	Ratio
General Tier 1			
1. Present value of benefits	\$4,298,839	\$4,314,159	100.4%
2. Present value of future normal costs	233,404	240,753	103.1%
3. Actuarial accrued liability: 1 – 2	\$4,065,435	\$4,073,406	100.2%
General Tier 2			
1. Present value of benefits	\$1,167,703	\$1,185,690	101.5%
2. Present value of future normal costs	661,784	677,426	102.4%
3. Actuarial accrued liability: 1 – 2	\$505,919	\$508,264	100.5%
General Total			
1. Present value of benefits	\$5,466,542	\$5,499,849	100.6%
2. Present value of future normal costs	895,188	918,179	102.6%
3. Actuarial accrued liability: 1 – 2	\$4,571,354	\$4,581,669	100.2%
4. Actuarial value of assets	\$3,511,893	\$3,511,893	100.0%
5. Unfunded actuarial accrued liability: 3 – 4	\$1,059,460	\$1,069,776	101.0%

¹⁵ The actuarial value of assets shown in this table is the actuarial value of assets for developing contribution rates.

Comparison of Unfunded Actuarial Accrued Liability (\$ in '000s)
Safety

Membership Group	Cheiron	Segal	Ratio
Safety Tier 1			
1. Present value of benefits	\$1,767,636	\$1,774,875	100.4%
2. Present value of future normal costs	99,858	103,549	103.7%
3. Actuarial accrued liability: 1 – 2	\$1,667,778	\$1,671,326	100.2%
Safety Tier 2			
1. Present value of benefits	\$320,339	\$324,766	101.4%
2. Present value of future normal costs	201,712	206,084	102.2%
3. Actuarial accrued liability: 1 – 2	\$118,626	\$118,682	100.0%
Safety Total			
1. Present value of benefits	\$2,087,975	\$2,099,641	100.6%
2. Present value of future normal costs	301,571	309,633	102.7%
3. Actuarial accrued liability: 1 – 2	\$1,786,404	\$1,790,008	100.2%
4. Actuarial value of assets	\$1,281,602	\$1,281,602	100.0%
5. Unfunded actuarial accrued liability: 3 – 4	\$504,802	\$508,406	100.7%

Contribution rates

Based on the liability calculations, Segal applied SJCERA's funding policy to independently replicate the contribution rates as of December 31, 2025. **Our results closely match the contribution rates provided in Cheiron's actuarial valuation.**

We did not identify any significant issues in the development of the employer contribution rates. We believe the contribution rates included in the December 31, 2025 Actuarial Valuation were developed in a reasonable manner and consistent with the assumptions, methods, and funding policy described in the report.

Observations

We have the following observations about the calculation of the contribution rates.

- In determining the UAAL contribution rate, Cheiron applied the UAAL funding policy of amortization of actuarial gains and losses over a closed 15-year period. We were able to verify Cheiron's calculations of the UAAL amortization payments.

Recommendations

We have the following recommendations about the calculation of the contribution rates.

- Based on conversations with Cheiron, we understand that they apply a half year of the salary increase assumption when calculating the total normal cost and when converting it to a normal cost rate as a percentage of pay, but they do not apply a half year of the salary increase assumption when determining the amount of expected member contributions. Because the Tier 1 employer normal cost is the total normal cost offset by the member contributions, this results in a slight overstatement of the employer normal cost rate.¹⁶ We recommend that Cheiron apply the same half year salary projection for the expected member contributions, similar to the methodology applied for determining the normal cost rate. This change is not expected to have a significant impact on the valuation.
- Based on conversations with Cheiron, we understand that they apply a slightly different methodology for interest and survivorship discounting when projecting the salary used to calculate normal cost rates as a percentage of pay, compared to determining the amount of expected member contributions. Because the Tier 1 employer normal cost is the total normal cost offset by the member contributions, this results in a slight understatement of the employer normal cost rate.¹⁷ According to Cheiron, this generally offsets the overstatement noted in the previous bullet point. We recommend that Cheiron apply the same discounting methodology for the expected member contributions, similar to that applied for determining expected salary. This change is not expected to have a significant impact on the valuation.

Results

As a percentage of projected payroll, Segal's total normal cost contribution rate (employer plus member) is 102.2% of Cheiron's total normal cost rate. Segal's net employer normal cost

¹⁶ This comment does not apply to Tier 2 members, as the Tier 2 member normal cost rates are simply 50% of the total normal cost rates.

¹⁷ This comment does not apply to Tier 2 members, as the Tier 2 member normal cost rates are simply 50% of the total normal cost rates.

contribution rate is 103.0% of Cheiron's rate. Segal's UAAL amortization contribution rate is 100.6% of Cheiron's UAAL rate. Segal's total employer contribution rate is 101.2% of Cheiron's rate. We believe our employer contribution rates are generally within an acceptable range of Cheiron's results, which provides assurance that the plan liabilities are properly valued and the funding policy has been followed.

In the following employer contribution rate comparison tables, the member contribution rate (item 2) does not include the member's share of the administrative expenses. The total normal cost rate (item 1) and employer normal cost rate (item 3) as shown in the tables below are also before any administrative expenses.

Comparison of Employer Contribution Rate *Total Plan (General and Safety)*

Membership Group	Cheiron	Segal	Ratio
Total Plan			
1. Total normal cost rate	21.50%	21.98%	102.2%
2. Member contribution rate	9.26%	9.37%	101.2%
3. Employer normal cost rate: 1 – 2	12.24%	12.61%	103.0%
4. Employer administrative expense rate	1.07%	1.07%	100.0%
5. Employer UAAL amortization rate	32.26%	32.44%	100.6%
6. Total employer contribution rate: 3 + 4 + 5	45.57%	46.12%	101.2%

Comparison of Employer Contribution Rate *General*

Membership Group	Cheiron	Segal	Ratio
General Tier 1			
1. Total normal cost rate	21.38%	22.06%	103.2%
2. Member contribution rate	6.78%	6.78%	100.0%
3. Employer normal cost rate: 1 – 2	14.60%	15.28%	104.7%
4. Employer administrative expense rate	1.07%	1.07%	100.0%
5. Employer UAAL amortization rate	26.49%	26.65%	100.6%
6. Total employer contribution rate: 3 + 4 + 5	42.16%	43.00%	102.0%
General Tier 2			
1. Total normal cost rate	18.42%	18.71%	101.6%
2. Member contribution rate	9.21%	9.35%	101.5%
3. Employer normal cost rate: 1 – 2	9.21%	9.36%	101.6%
4. Employer administrative expense rate	1.07%	1.07%	100.0%
5. Employer UAAL amortization rate	26.49%	26.65%	100.6%
6. Total employer contribution rate: 3 + 4 + 5	36.77%	37.08%	100.8%

Comparison of Employer Contribution Rate *Safety*

Group	Cheiron	Segal	Ratio
Safety Tier 1			
1. Total normal cost rate	37.00%	38.29%	103.5%
2. Member contribution rate	11.51%	11.60%	100.8%
3. Employer normal cost rate: 1 – 2	25.49%	26.69%	104.7%
4. Employer administrative expense rate	1.07%	1.07%	100.0%
5. Employer UAAL amortization rate	63.21%	63.51%	100.5%
6. Total employer contribution rate: 3 + 4 + 5	89.77%	91.27%	101.7%
Safety Tier 2			
1. Total normal cost rate	29.89%	30.40%	101.7%
2. Member contribution rate	14.95%	15.20%	101.7%
3. Employer normal cost rate: 1 – 2	14.94%	15.20%	101.7%
4. Employer administrative expense rate	1.07%	1.07%	100.0%
5. Employer UAAL amortization rate	63.21%	63.51%	100.5%
6. Total employer contribution rate: 3 + 4 + 5	79.22%	79.78%	100.7%

We have verified that Cheiron's calculated entry age-based Basic member contribution rates for Tier 1 are reasonable and consistent with the relevant provisions of the County Employees Retirement Law (CERL). For Tier 1 members, Segal's Basic member contribution rates range from 100.5% to 100.8% of Cheiron's.

For the Tier 1 COLA member contribution rates, we understand that Cheiron calculates the rates on an individual entry age basis based on 50% of the normal cost associated with the expected COLA benefits. Segal uses a different methodology for our County clients, where we apply a COLA loading factor calculated on an aggregate basis, equal to 50% of the total normal cost for the COLA benefits to the Basic employee rates for members in the same membership class and tier. Using two of the test lives provided by Cheiron (one General Tier 1, one Safety Tier 1), Segal calculated sample COLA member contribution rates on an individual basis, which were 100.9% and 103.5% of the COLA member contribution rates calculated by Cheiron.

As shown in the following table, Segal's Tier 2 member contribution rates (normal cost plus administrative expenses) range from 101.6% to 101.8% of Cheiron's rates.

Tier 2 Member Contribution Rate Comparison

Membership Group	Cheiron	Segal	Ratio
Tier 2			
General	9.49%	9.64%	101.6%
Safety	15.22%	15.49%	101.8%

We believe our member contribution rates are generally within an acceptable range of Cheiron's results, which provides assurance that the plan liabilities are properly valued and the funding policy is being followed.

Actuarial assumptions

We have reviewed Cheiron's actuarial assumptions as described in the valuation report for reasonableness. **Based on this review, the actuarial assumptions are consistent with generally accepted actuarial principles and practices.** The following comments summarize our major observations and recommendations regarding the actuarial assumptions.

Observations

We have the following observations about the actuarial assumptions.

- In the actuarial experience study recommending assumptions for the December 31, 2024 valuation, Cheiron recommended a 6.75% investment return assumption. As an independent check, Segal has applied the model that we use for our other California public retirement systems to review the assumption. Based on our model, there is a 60% likelihood that the geometric average of investment returns over the next 15 years will meet or exceed the investment return assumption. This confidence level indicates that future investment returns are expected to equal or exceed the assumed rate more often than not. We agree that the 6.75% investment return assumption recommended by Cheiron is reasonable.
- Based on the mortality assumptions used in the valuation, there is no distinction between the mortality rates for all healthy retirees and all beneficiaries, regardless of membership class (General vs. Safety). This is consistent with CalPERS, which uses one set of mortality rates for both General and Safety healthy retirees and beneficiaries.

Recommendations

We have the following recommendations about the actuarial assumptions.

- The mortality tables in the valuation are projected generationally with 80% of the MP-2020 projection scale. We have the following recommendations pertaining to the projection scale.
 - The Retirement Plans Experience Committee (RPEC) of the Society of Actuaries periodically publishes updated mortality improvement scales. The most recent mortality improvement scale is currently MP-2021.¹⁸ In the next experience study, we recommend that Cheiron consider updating the generational projection scale to MP-2021, or the most recent projection scale available at that point.
 - While we generally use 100% of the mortality improvement scale, Cheiron has continued to use 80% of the mortality improvement scale, consistent with CalPERS' mortality assumptions which we understand to be based on 20 years of observed mortality improvement for CalPERS' plan members. We recommend that Cheiron continue to monitor the application of the 80% adjustment over time, including its applicability to any future mortality improvement scales published by the RPEC that may include post-COVID experience.
- In the actuarial experience study recommending assumptions for the December 31, 2024 valuation, Cheiron introduced separate sets of retirement rates for Tier 1 and Tier 2. We concur with this change, as the lower benefits available to Tier 2 members would generally support an assumption that Tier 2 members will remain active until later ages than similarly situated Tier 1 members.

¹⁸ Although the RPEC has historically published an updated mortality improvement scale annually, no updates have been published since MP-2021 due to the impact of the COVID-19 pandemic.

However, the Tier 2 retirement rates are higher than the Tier 1 rates in a few age and service categories. In particular, General male members age 65–69 with 5–9 years of service have a retirement rate of 15% per year for Tier 1, and 25% for Tier 2. This leads to the somewhat counterintuitive result where a member age 65 with five years of service will have an expected working lifetime of 4.1 years if they are in Tier 1 and 3.0 years if they are in Tier 2, considering there are increases in the benefit factors for ages 65-67 for General Tier 2 members whereas there are no increases in benefit factors for General Tier 1 members after age 62. In the next experience study, we recommend that Cheiron continue to monitor the retirement experience by tier and the consistency between the retirement assumptions by tier.

- The actuarial experience study recommending assumptions for the December 31, 2024 valuation, does not include analysis or rationale supporting the 100% retirement rate at age 75 for General members and at age 65 for Safety members. For documentation, we recommend including the actual rate for these age groups.

Content of valuation report

Cheiron's report complies with generally accepted actuarial principles and practices, which are consistent with the core requirements of the Actuarial Standards of Practice and the Code of Professional Conduct and Qualifications Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

Recommendations

We have the following recommendations about the content of the valuation report.

- As noted earlier in this report, we recommend that Cheiron include a description of the methodology used for annualizing salary.
- The liability for alternate payees receiving benefits under a DRO is included with the retiree liabilities in the report. However, the counts of alternate payees are included with the beneficiaries in the demographic tables. Given that they are reflected differently for liabilities and demographics, we recommend that Cheiron include a note in the report that describes how alternate payees are reflected.
- The termination and retirement assumptions disclosed in the report differ slightly from those used in the valuation calculations, as described below. We recommend that Cheiron update the statement of actuarial assumptions in *Appendix B* to match those used in the valuation, and that they review whether there are any additional updates that should be made to *Appendix B*.
 - In the valuation report, the termination rates are shown as 0.00% for General members with 30 or more years of service, and for Safety members with 20 or more years of service. In response to our questions, Cheiron confirmed that General and Safety Tier 2 members who are not yet eligible for retirement continue to have termination rates applied beyond 30 or 20 years of service, respectively, in the valuation.
 - In the valuation report, there are no retirement rates shown before age 45 for Safety Tier 1 members with 20 or more years of service. In response to our questions, Cheiron confirmed that Safety Tier 1 members with 20 or more years of service who are younger than age 45 have a retirement rate of 7.50% in the valuation, the same as the rate shown for age 45.
- In *Appendix B*, the termination rates for General members with 25-29 years of service are shown as 1.50%. However, in the presentation of the actuarial experience study recommending assumptions for the December 31, 2024 valuation, the proposed termination rates for this service category appear to be 1.00%. We recommend that Cheiron confirm which termination rates are being used in the valuation and update the description in the report if necessary.
- We have the following recommendations for the description of the mortality assumptions in *Appendix B*.
 - The valuation report describes the mortality assumptions used for active members. These same mortality assumptions are also applied in the valuation for current and future deferred members before the assumed retirement age. We recommend noting in the valuation report that these mortality assumptions also apply to deferred members.
 - According to the valuation report, the mortality rates for General active members are based on the 2021 CalPERS Pre-Retirement Non-Industrial Mortality Table. There is more than

one mortality table in this category; we recommend that Cheiron clarify that they are using the version for Miscellaneous plans.

- According to the valuation report, the mortality rates for Safety active members are based on the sum of the 2021 CalPERS Industrial and Non-Industrial Mortality Tables. We recommend that Cheiron clarify that this is a pre-retirement table. There is also more than one mortality table in each of these categories; we recommend that Cheiron clarify that they are using the versions for Safety plans.
- Our understanding is that Safety Tier 1 members are eligible to retire upon reaching age 70 with no service requirement. We recommend that Cheiron add this information to *Appendix C*. We note that the age 70 eligibility is already included for General Tier 1 members and all Tier 2 members in *Appendix C*.
- In *Appendix C*, Cheiron discloses the PEPPRA compensation limit for 2026. We would recommend that Cheiron also disclose the 401(a)(17) compensation limit that applies to Tier 1 members.

Appendix

Analysis of detailed test lives

As part of our audit, Segal reviewed 28 test lives covering a range of demographic characteristics. Other than a few individuals as noted below, **we closely match Cheiron's liabilities for the individual members**. We have included the results for the 28 test lives below.

Comparison of Test Lives *Active Members (Actuarial Accrued Liability)*

Test Life	Cheiron	Segal	Ratio
General Tier 1			
Present value of benefits	\$643,278	\$655,001	101.8%
Present value of future normal costs	71,169	73,170	102.8%
Actuarial accrued liability	\$572,109	\$581,831	101.7%
General Tier 1			
Present value of benefits	\$940,641	\$957,703	101.8%
Present value of future normal costs	120,114	123,321	102.7%
Actuarial accrued liability	\$820,527	\$834,382	101.7%
General Tier 1			
Present value of benefits	\$755,146	\$772,494	102.3%
Present value of future normal costs	192,799	200,463	104.0%
Actuarial accrued liability	\$562,347	\$572,031	101.7%
General Tier 2			
Present value of benefits	\$375,021	\$379,625	101.2%
Present value of future normal costs	261,760	266,027	101.6%
Actuarial accrued liability	\$113,261	\$113,598	100.3%
General Tier 2			
Present value of benefits	\$403,707	\$398,147	98.6%
Present value of future normal costs	227,949	231,519	101.6%
Actuarial accrued liability	\$175,758	\$166,628	94.8%
General Tier 2			
Present value of benefits	\$203,294	\$204,120	100.4%
Present value of future normal costs	171,465	172,843	100.8%
Actuarial accrued liability	\$31,829	\$31,277	98.3%

Test Life	Cheiron	Segal	Ratio
General Tier 2¹⁹			
Present value of benefits	\$423,562	\$429,616	101.4%
Present value of future normal costs	31,805	32,479	102.1%
Actuarial accrued liability	\$391,757	\$397,136	101.4%
Safety Tier 1			
Present value of benefits	\$970,369	\$998,379	102.9%
Present value of future normal costs	346,637	357,078	103.0%
Actuarial accrued liability	\$623,732	\$641,301	102.8%
Safety Tier 1			
Present value of benefits	\$1,148,947	\$1,175,239	102.3%
Present value of future normal costs	331,132	340,732	102.9%
Actuarial accrued liability	\$817,814	\$834,506	102.0%
Safety Tier 1			
Present value of benefits	\$1,259,908	\$1,262,753	100.2%
Present value of future normal costs	206,631	212,757	103.0%
Actuarial accrued liability	\$1,053,278	\$1,049,996	99.7%
Safety Tier 2			
Present value of benefits	\$697,094	\$704,234	101.0%
Present value of future normal costs	292,621	300,813	102.8%
Actuarial accrued liability	\$404,473	\$403,421	99.7%
Safety Tier 2			
Present value of benefits	\$342,109	\$351,462	102.7%
Present value of future normal costs	274,874	273,827	99.6%
Actuarial accrued liability	\$67,235	\$77,635	115.5%²⁰
Safety Tier 2			
Present value of benefits	\$344,269	\$352,253	102.3%
Present value of future normal costs	324,761	334,557	103.0%
Actuarial accrued liability	\$19,508	\$17,696	90.7%²¹

¹⁹ As noted in the *Liabilities* section above, purchased service is being double counted for some records, including this test life. If we reflected only the purchased service that is reported in the member's service, and not the duplicate amount that the member is reported to be still in the process of paying, the actuarial accrued liability would decrease from \$397,136 to \$288,404.

²⁰ This test life only has 1.15 years of benefit service as of December 31, 2025, so the actuarial accrued liability is relatively small. We match Cheiron's present value of benefits and present value of future normal costs closely. We do not match Cheiron closely on the actuarial accrued liability as a percentage basis. However, this is to be expected as it is a small number calculated as the difference between two larger numbers where we do have a close match. We believe this to be explainable by different methodologies in our respective valuation systems, and we believe Cheiron's result to be reasonable.

²¹ This test life only has 0.92 years of benefit service as of December 31, 2025, so the actuarial accrued liability is relatively small. We match Cheiron's present value of benefits and present value of future normal costs closely. We do not match Cheiron closely on the actuarial accrued liability as a percentage basis. However, this is to be expected as it is a small number calculated as the difference between two larger numbers where we do have a close match. We believe this to be explainable by different methodologies in our respective valuation systems, and we believe Cheiron's result to be reasonable.

Comparison of Test Lives
Inactive Members (Actuarial Accrued Liability)

Test Life	Cheiron	Segal	Ratio
Inactive			
General Tier 1, deferred vested	\$294,404	\$297,812	101.2%
General Tier 1, non-vested	\$11,696	\$11,696	100.0%
General Tier 2, reciprocal	\$41,936	\$42,657	101.7%
Safety Tier 1, deferred vested	\$1,836,639	\$1,837,721	100.1%
Safety Tier 2, reciprocal	\$38,263	\$38,937	101.8%
Safety Tier 2, non-vested	\$1,230	\$1,230	100.0%

Comparison of Test Lives
Members Receiving Benefits (Actuarial Accrued Liability)

Test Life	Cheiron	Segal	Ratio
Service Retired			
General Tier 1	\$160,621	\$160,720	100.1%
Safety Tier 1	\$1,405,300	\$1,405,757	100.0%
Safety Tier 2	\$204,352	\$204,481	100.1%
DRO			
Safety Tier 1	\$332,372	\$332,689	100.1%
Beneficiary			
General Tier 1	\$413,977	\$414,716	100.2%
General Tier 1	\$481,917	\$482,304	100.1%
Safety Tier 1	\$917,704	\$920,957	100.4%
Disabled			
General Tier 1, non-duty disabled	\$289,311	\$289,608	100.1%
Safety Tier 2, duty disabled	\$1,018,581	\$1,019,032	100.0%

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Economic and Market Update

August 2026 Report

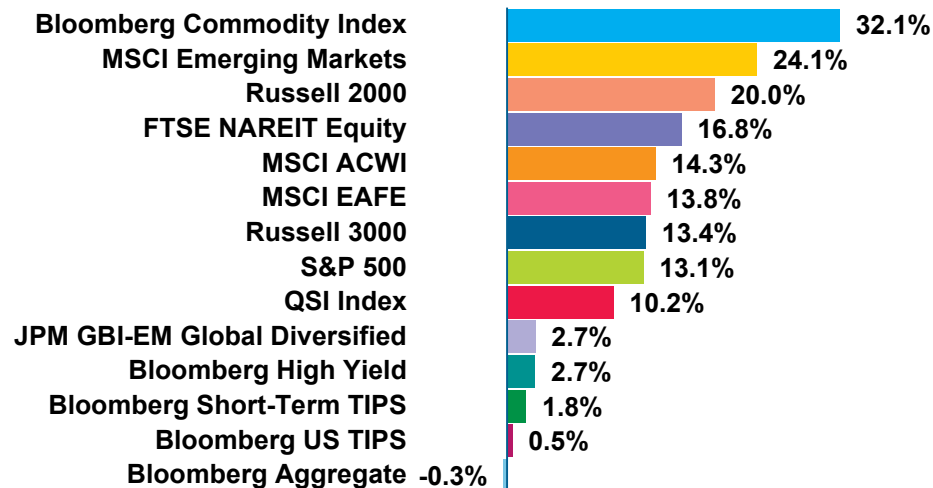
Commentary

In August, growth stocks and the largest mega-cap names led the equity markets higher. The focus in fixed income markets remained the path of interest rates amid elevated inflation, mixed economic signals, and a hawkish speech from Fed Chair Warsh.

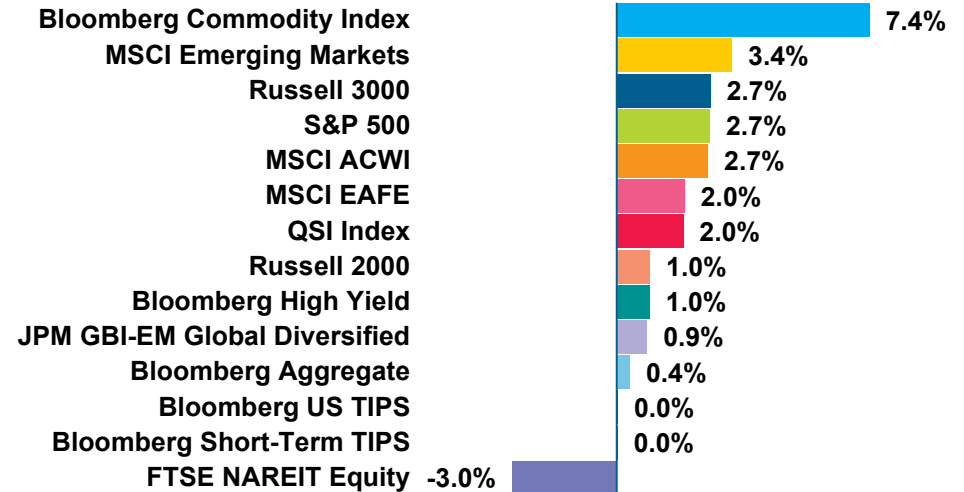
- US equities (Russell 3000) rose 2.7% in August, lifting the index's year-to-date gain to 13.4%. Growth reclaimed leadership, with the Russell 1000 Growth Index advancing 3.7% against a 2.0% gain for the Russell 1000 Value Index. Large-cap stocks outpaced small caps, as the Russell 2000 Index added 1.0% while large-cap names (Russell 1000) gained 2.8%.
- Emerging markets equities (MSCI Emerging Markets) rose 3.4% in August, outperforming developed international markets (MSCI EAFE), which gained 2.0%. A softer US dollar again supported results for US-based investors, while emerging markets ex-China (+4.4%) led on strength in Korea and Taiwan. China (-0.3%) gave back a portion of July's surge.
- Fixed income rose slightly in August despite rising Treasury yields. The Bloomberg Universal Index increased 0.4%, with high yield bonds (Bloomberg High Yield: +1.0%) and emerging market debt (JPM GBI-EM: +0.9%) leading given continued demand for higher-yielding assets. The Bloomberg US Long Treasury Index gained 0.8% as long-end yields held near their highs.
- Looking ahead, investors will be focused on whether the Federal Reserve starts on a path of increasing interest rates, how the path of mega-cap technology stocks develops, and whether tensions in the Middle East continue to influence energy markets.

Index Returns¹

YTD



August



- In August, commodities again led performance across asset classes (Bloomberg Commodity Index: +7.4%) given elevated oil prices and El Niño related agriculture concerns, while emerging markets equities were among the strongest performers during a tech-led rebound.
- US stocks rose for the month, with the Russell 3000 returning 2.7%, as growth-oriented and mega-cap technology names recovered from July's value rotation.
- The broad bond market steadied as higher yields offset the price drag from higher rates.

¹ Source: Bloomberg. Data is as of August 31, 2026.

Domestic Equity Returns¹

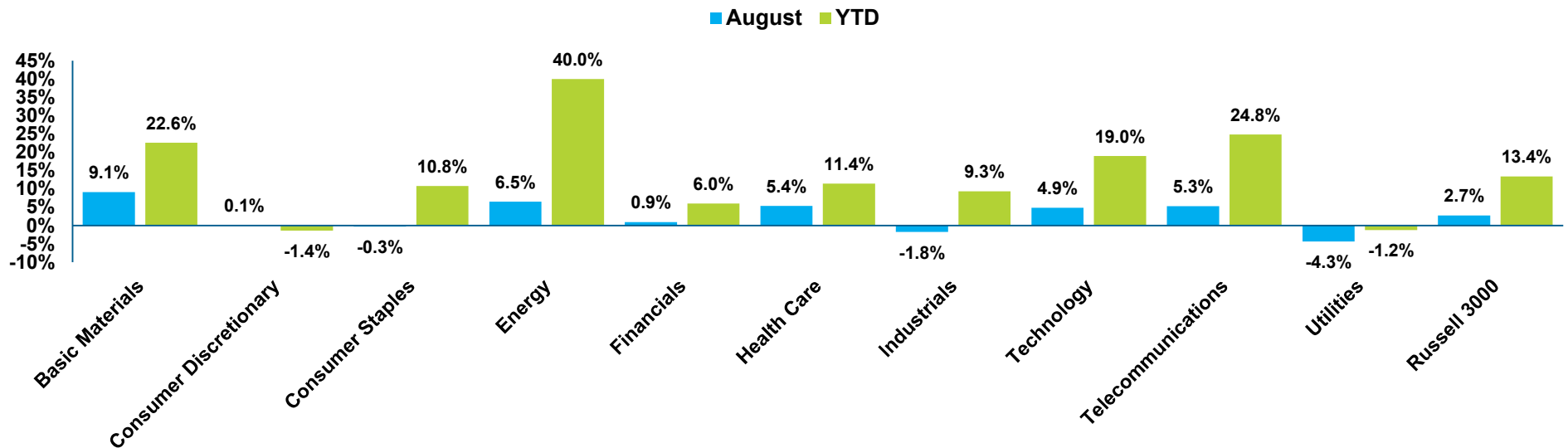
Domestic Equity	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	2.7	2.7	13.1	20.4	21.0	12.8	15.4
Russell 3000	2.7	2.3	13.4	20.1	20.6	11.8	14.8
Russell 1000	2.8	2.5	13.0	19.8	20.8	12.1	15.1
Russell 1000 Growth	3.7	-1.2	4.1	10.8	21.1	11.9	18.0
Russell 1000 Value	2.0	5.9	23.1	29.7	19.8	11.8	11.8
Russell MidCap	1.9	1.2	16.7	17.9	16.8	8.1	11.7
Russell MidCap Growth	2.6	-4.1	2.9	-1.2	14.2	4.3	12.1
Russell MidCap Value	1.6	3.1	21.3	24.5	17.4	9.6	10.5
Russell 2000	1.0	-2.1	20.0	26.5	17.5	6.8	10.6
Russell 2000 Growth	1.6	-4.3	16.9	23.2	17.0	5.0	10.7
Russell 2000 Value	0.3	0.3	23.4	30.0	17.9	8.5	10.1

US Equities: The Russell 3000 index rose 2.7% in August, bringing the year-to-date return to 13.4%.

- Strong and above expectation earnings and renewed AI-related optimism drove US equity markets to record highs in the month.
- Growth stocks reclaimed the leadership they ceded in July, with the Russell 1000 Growth Index advancing 3.7% compared to a 2.0% gain for the Russell 1000 Value Index, though value retains a wide year-to-date lead (+23.1% versus +4.1%). Large-cap stocks outperformed small caps after July's reversal, with the Russell 2000 Index rising 1.0%, trailing large-cap stocks (Russell 1000: +2.8%).
- The "Magnificent Seven" recovered in August, gaining 4.4% and outpacing the broader market as technology shares rebounded. Performance remained dispersed across the companies, but the group's net gain drove results given its weight in the index.

¹ Source: Bloomberg. Data is as of August 31, 2026.

Russell 3000 Sector Returns¹



Sector performance was largely positive for the month with seven of the ten sectors posting gains.

- Basic materials led all sectors, rising 9.1%, in part due to demand for commodities connected to the AI-related infrastructure buildout. Energy (+6.5%) benefited from higher oil prices given a flare-up in Middle East tensions. Telecommunications (+5.3%) and technology (+4.9%) also posted solid gains as growth-sensitive areas recovered.
- Utilities (-4.3%) was the weakest sector, followed by industrials (-1.8%) and consumer staples (-0.3%), as defensive areas lagged the broad rally.
- On a year-to-date basis, energy (+40.0%) and telecommunications (+24.8%) remain the top performers, followed by basic materials (+22.6%) and technology (+19.0%).

¹ Source: Bloomberg. Data is as of August 31, 2026.

Foreign Equity Returns¹

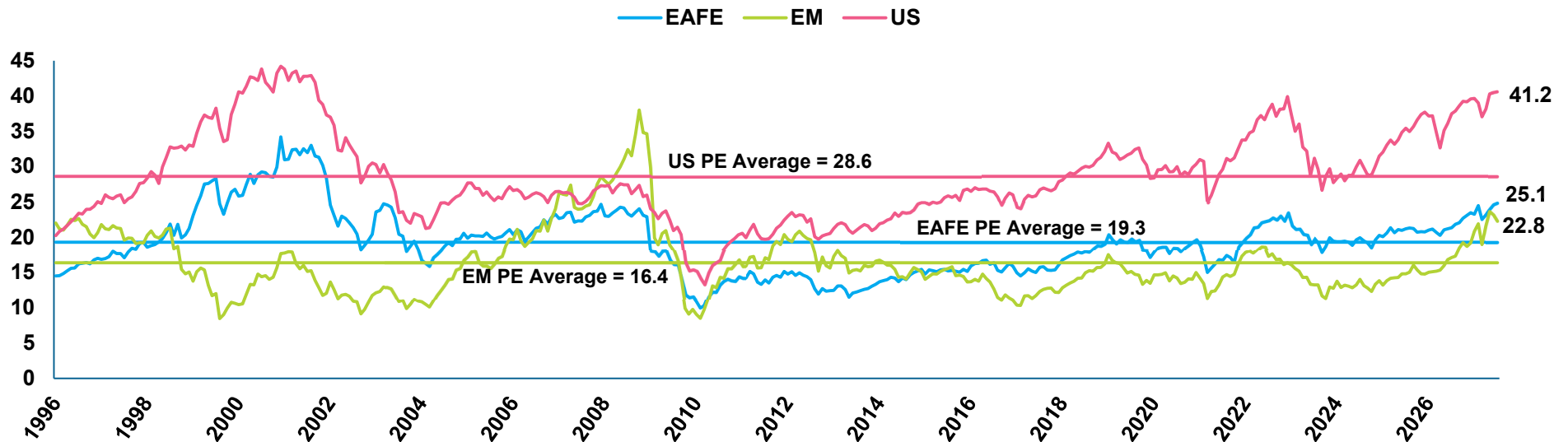
Foreign Equity	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	2.6	2.9	17.0	27.3	20.2	9.4	9.6
MSCI EAFE	2.0	4.0	13.8	21.6	18.3	9.4	9.5
MSCI EAFE (Local Currency)	1.4	2.4	14.3	23.5	16.8	11.2	10.3
MSCI EAFE Small Cap	3.8	5.8	13.9	18.9	17.6	5.6	8.7
MSCI Emerging Markets	3.4	0.2	24.1	39.2	23.2	8.2	9.3
MSCI Emerging Markets (Local Currency)	1.9	-2.5	23.5	39.7	23.9	10.4	10.8
MSCI EM ex China	4.4	-1.8	36.3	59.3	27.9	12.5	11.5
MSCI China	-0.3	8.6	-7.6	-6.1	10.5	-2.2	4.1

Developed international equities (MSCI EAFE) returned 2.0% in August while emerging markets equities (MSCI Emerging Markets) rose 3.4%, though performance varied significantly by region.

- The rise in developed market equities in August was driven by a softer US dollar and resilient corporate earnings. A weaker dollar boosted returns for US-based investors, as the local-currency MSCI EAFE index returned 1.4% compared to 2.0% in USD terms. EAFE small caps (+3.8%) outperformed large caps.
- Emerging markets outperformed developed peers in August, led by strength outside China. The MSCI Emerging Markets ex-China index rose 4.4% for the month on gains in Korea and Taiwan as the technology and AI-related trade re-broadened. China (-0.3%) gave back a portion of its July advance, though it remains the leader for the quarter-to-date (+8.6%) despite a 7.6% year-to-date decline.

¹ Source: Bloomberg. Data is as of August 31, 2026.

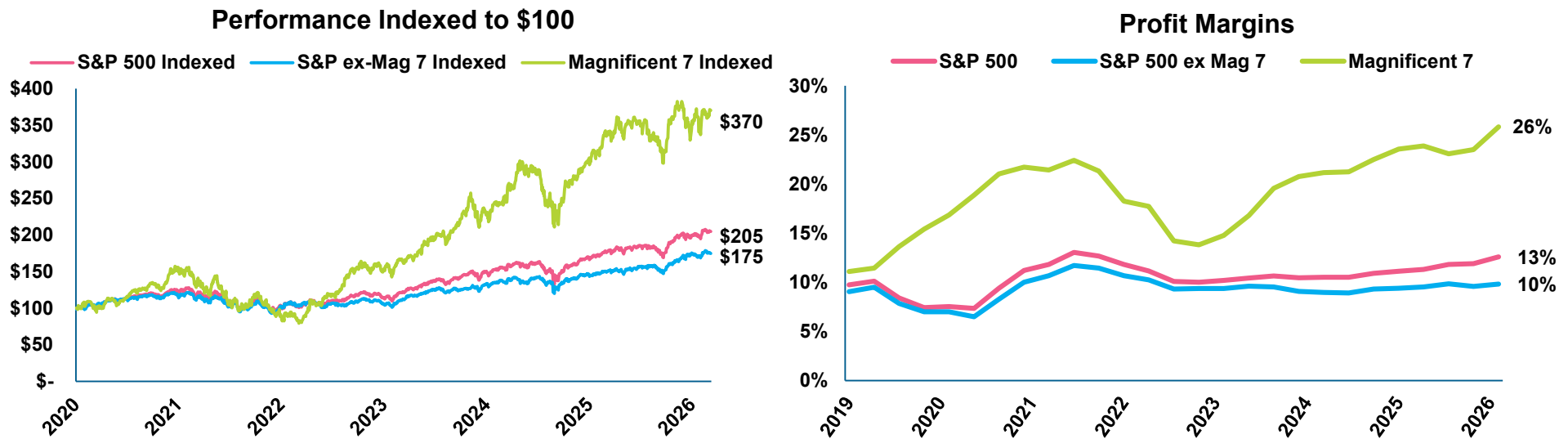
Equity Cyclically Adjusted P/E Ratios¹



- Cyclically adjusted US equity valuations eased slightly in August, with the US CAPE at 41.2, still far above its long-run average of 28.6.
- Non-US developed market valuations (EAFE) rose to 25.1 versus a long-run average of 19.3. Despite trading above historical norms, EAFE valuations remain considerably less expensive than those in the US.
- Emerging market valuations fell slightly but remain elevated relative to the long-run average of 16.4.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of August 2026. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

Performance and Profit Margins: S&P 500 and “Magnificent 7”¹



- The “Magnificent Seven” rebounded in August, gaining 4.4% as renewed appetite for growth and technology shares lifted the mega-cap complex. Performance remained dispersed across the group, but the net gain, combined with its significant index weight, keeps it a key driver of overall market returns.
- The group’s profitability continues to differentiate it from the broader market. Average profit margins for the “Magnificent Seven” reached 26%, compared to 13% for the S&P 500, and 10% for the S&P 500 excluding the “Magnificent Seven”.

¹ Source: Bloomberg. Data is as of August 31, 2026, for index prices and June 30, 2026, for profit margins.

Fixed Income Returns¹

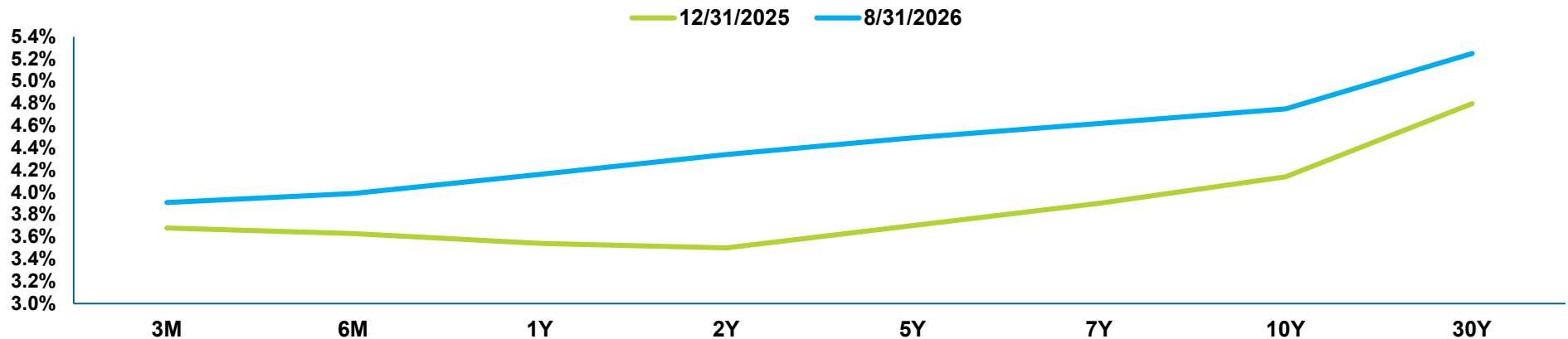
Fixed Income	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	0.4	-0.8	0.0	2.2	4.6	0.1	1.8	5.2	5.7
Bloomberg Aggregate	0.4	-0.9	-0.3	1.9	4.1	-0.3	1.4	5.0	5.9
Bloomberg US TIPS	0.0	-0.6	0.5	1.1	4.0	0.4	2.5	4.7	6.5
Bloomberg Short-term TIPS	0.0	0.2	1.8	2.2	5.0	3.1	3.1	4.4	2.4
Bloomberg US Long Treasury	0.8	-3.2	-2.8	0.2	0.1	-6.8	-1.8	5.2	14.1
Bloomberg High Yield	1.0	0.7	2.7	4.9	8.5	4.1	5.4	7.3	3.2
JPM GBI-EM Global Diversified (USD)	0.9	1.2	2.7	7.6	7.7	2.3	2.7	--	--

Fixed Income: The Bloomberg Universal index rose 0.4% in August, bringing the year-to-date return to 0.0%.

- Fixed income steadied in August as higher yields balanced the slight increase in interest rates for most of the yield curve on continued concerns about inflation and the related path of policy rates. The Bloomberg US Long Treasury index rose 0.8%, recovering part of July's decline as longer-dated yields were the one part of the yield curve that rallied. TIPS were flat (Bloomberg US TIPS: 0.0%; Bloomberg Short-term TIPS: 0.0%) for the month.
- Riskier sectors led, with high yield bonds (Bloomberg High Yield: +1.0%) and emerging market debt (JPM GBI-EM: +0.9%) outperforming the broader market given continued investor demand for yield.

¹ Source: Bloomberg. Data is as of August 31, 2026. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

US Yield Curve¹

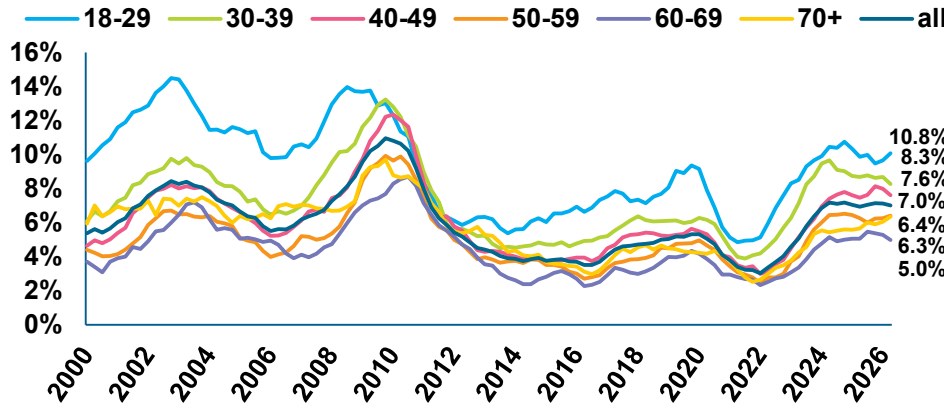


- Treasury yields remained elevated through August, with multiple tenors near their highest levels in close to 20 years after investors reassessed inflation risks earlier in the summer amid rising oil prices and renewed tensions in the Middle East.
- Fed dynamics, including three dissents to hike interest rates and Chair Warsh's removal of forward guidance, continued to weigh on longer-dated bonds. Fed Chair Warsh has become the single biggest driver of the yield curve, with the three largest daily moves since he took over in May all followed his public appearances.
- The policy-sensitive 2-year Treasury yield rose from 3.48% at the end of 2025 to 4.34% at the end of August. The 10-year Treasury yield rose from 4.17% to 4.75%, while the 30-year Treasury yield increased from 4.79% to 5.24%.
- The front end has risen more than the long end over the year, and the spread between the 2-year and 10-year Treasury narrowed from close to 70 basis points at the end of 2025 to 41 basis points at the end of August.

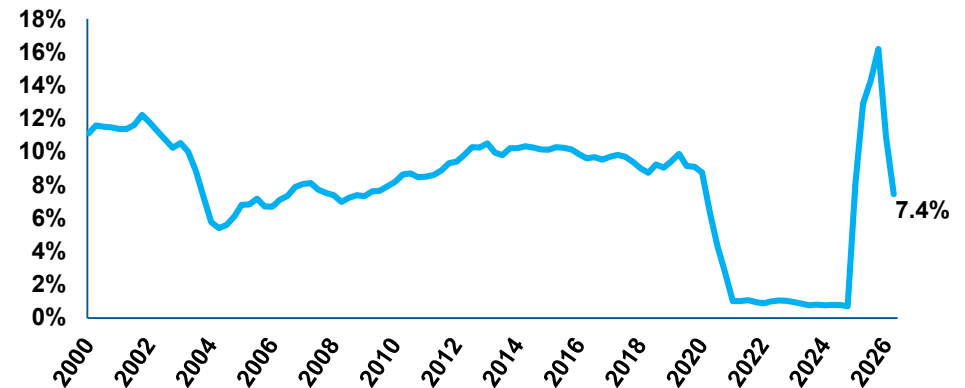
¹ Source: Bloomberg. Data is as of August 31, 2026.

Stress is Building Among Some US Consumers¹

Transition into Serious Delinquency for Credit Cards by Age



Transition Into Serious Delinquency (90+ Days) for Student Loans²

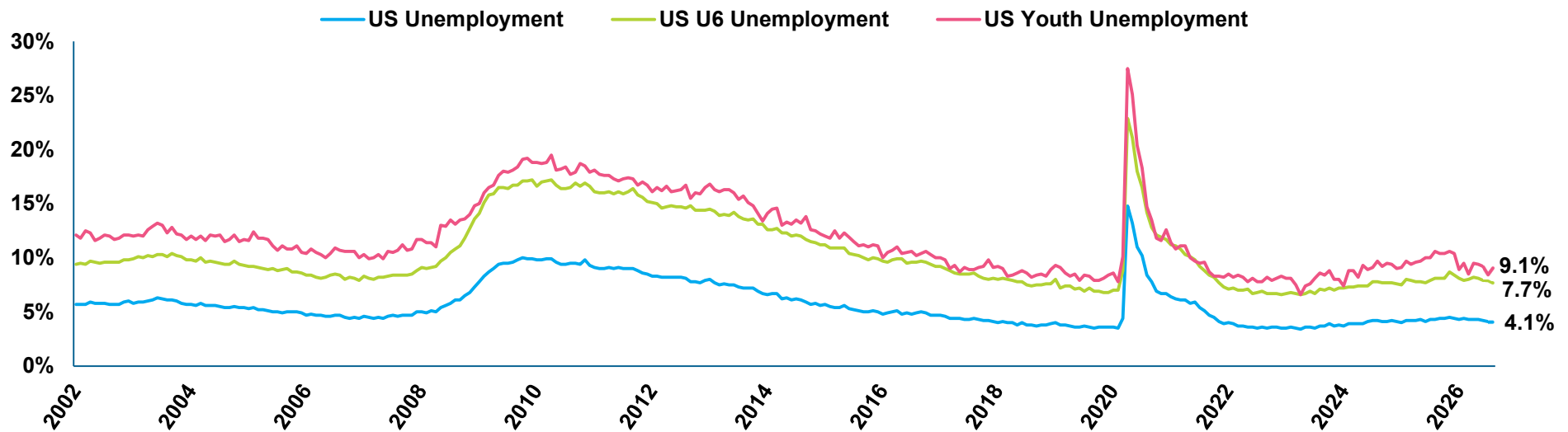


- US consumer trends remain increasingly K-shaped: higher-income households show resilience, while younger, rate-sensitive borrowers face mounting pressure from elevated borrowing cost and inflation that remains above the Federal Reserve's target.
- Delinquencies remain elevated relative to pandemic lows, particularly among younger cohorts. While overall delinquency rates remain below levels seen during prior economic downturns, differences in household financial health have continued to widen.
- Student loan repayment also remains a pressure point for some households. The serious delinquency rate declined from 16.2% to 7.4% does not represent an improvement but a fading of the initial post pandemic one-time spike caused by a backlog of old unpaid loans all hitting credit reports at once.

¹ Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of June 30, 2026.

² Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. Percent of student loan holders transitioning into serious default (90-days or more) based on four quarter moving average. Delays in reporting may cause fluctuations. Data is as of June 30, 2026.

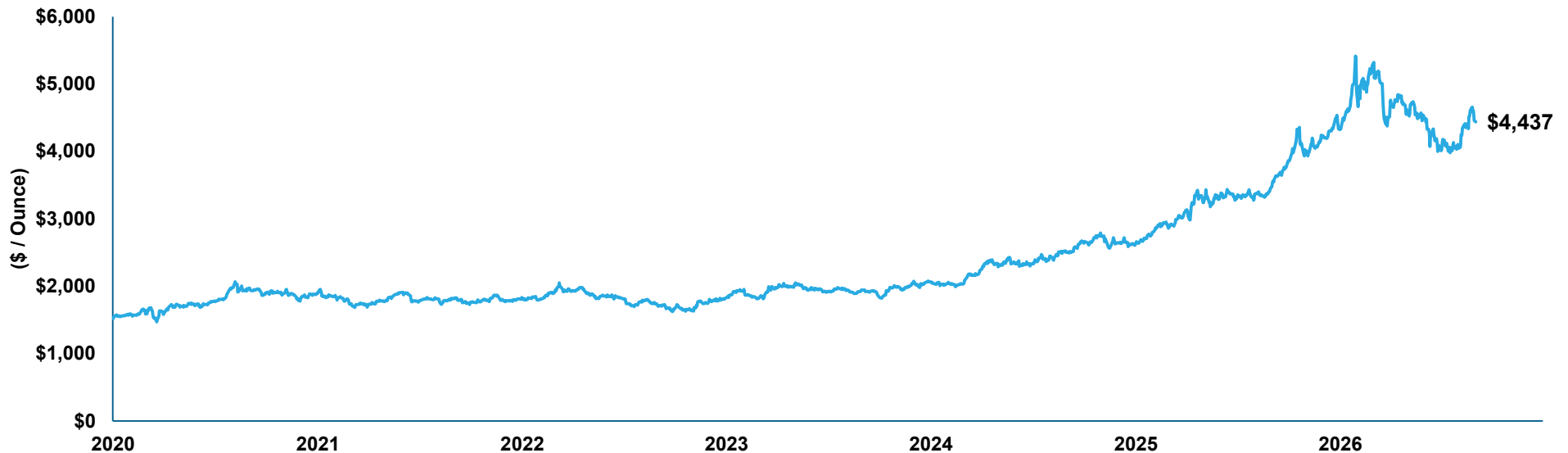
US Unemployment¹



- The US economy added 162,000 jobs in August well above expectations for 55,000 while the unemployment rate held near recent levels at 4.1%, keeping the labor market within a relatively narrow range even as hiring has softened.
- Broader labor market indicators were mixed, with the U-6 underemployment rate easing to 7.7% while youth unemployment rose to 9.1%.
- Beneath a broadly stable headline, softer participation, and slowing hiring point to some underlying softening even as the aggregate labor market holds firm. Wage growth has also declined from its post-pandemic peak of close to 6% down to 3.1%.

¹ Source: FRED and BLS. Data is as of August 31, 2026. U-3: Total unemployed, as a percent of the civilian labor force (official unemployment rate), U-6: Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers. Youth: Total unemployed between the ages of 16 and 24, as a percent of civilian labor force.

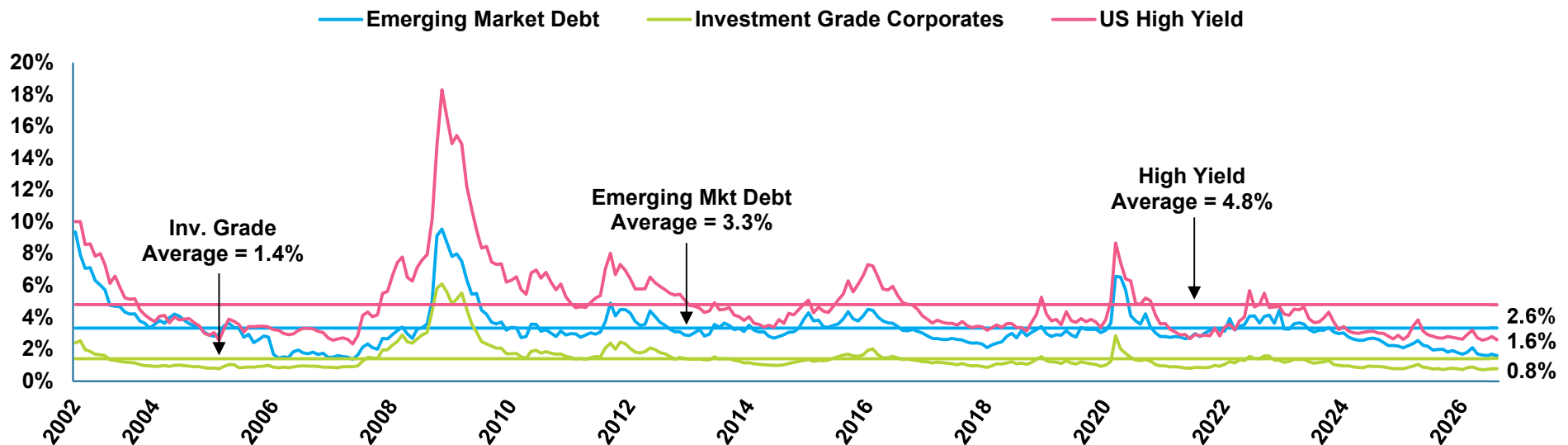
Gold¹



- Gold rose nearly 10% in August to \$4,437 per ounce, though it finished off its monthly peak of \$4,657 and remains well below its record high of over \$5,400/oz earlier this year. A softer US dollar and continued central bank demand supported the metal even as real yields remain elevated.
- Structural support is still intact, driven by persistent inflation concerns, large fiscal deficits, and ongoing central bank reserve diversification. Renewed geopolitical uncertainty could support prices going forward.

¹ Source: Bloomberg. Data is as of August 31, 2026. Gold Spot Price is quoted as US Dollars per Troy Ounce.

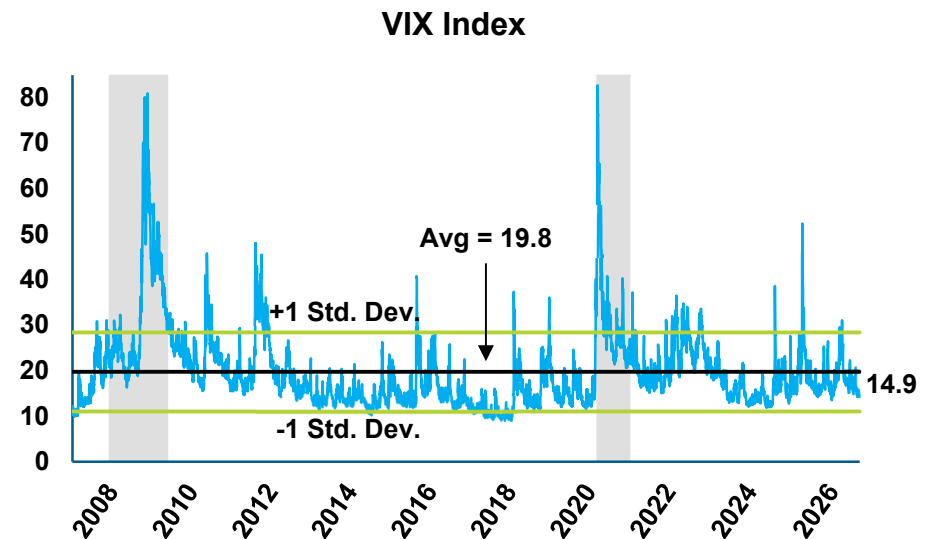
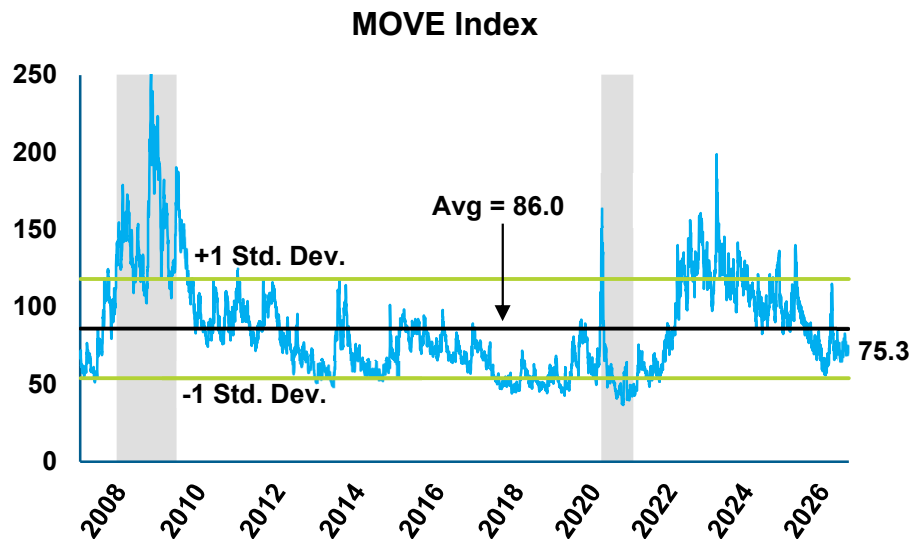
Credit Spreads vs. US Treasury Bonds¹



- Credit spreads tightened slightly in August for riskier bonds while remaining steady for investment grade, reflecting a firmer risk tone.
- Investment grade spreads held at 0.8% during the month, well inside the 1.4% long-run average, supported by persistent demand for high-quality credit.
- High yield spreads tightened to 2.6% (from 2.8% at the end of July), versus a 4.8% long-run average. Emerging market debt spreads narrowed to 1.6% (from 1.7%), versus a 3.3% long-run average.
- Despite all yield spreads remaining well below their respective long-run averages, many investors continue to be attracted to their higher relative yields compared to Treasuries.

¹ Source: Bloomberg. Data is as of August 31, 2026. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

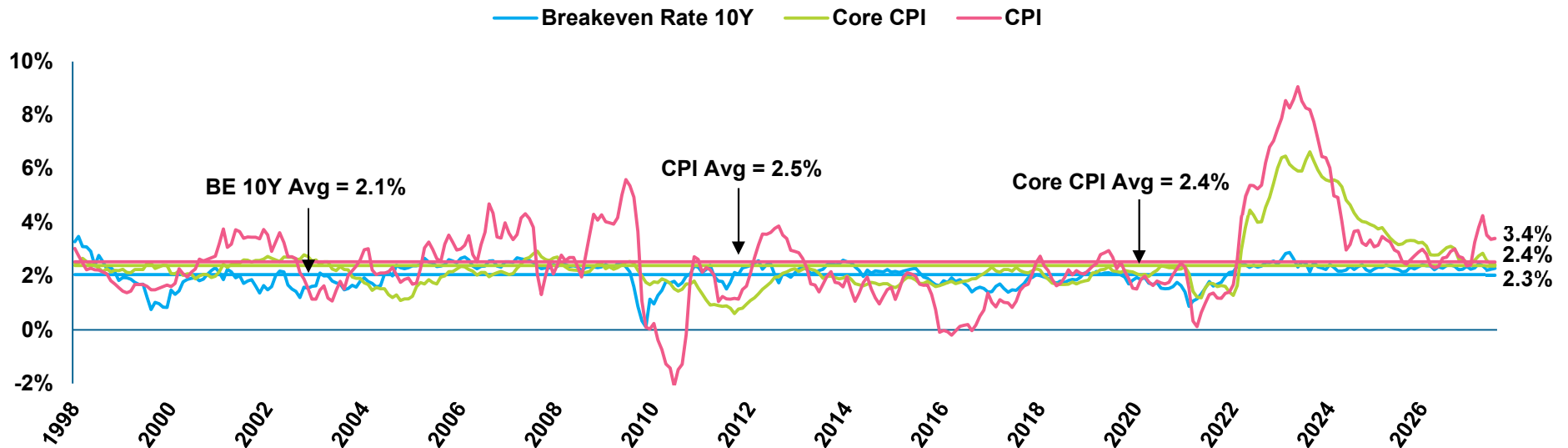
Equity and Fixed Income Volatility¹



- Volatility receded across asset classes in August as risk sentiment steadied and the summer's energy-driven concerns eased.
- Bond volatility (MOVE) fell from 83.0 at the end of July to 75.3, even as Treasury yields and oil prices rose as the conflict in the Middle East continued to stoke inflation concerns. The decline in the MOVE reflects a normalization of rate volatility off the elevated levels reached earlier in the year rather than any easing of underlying risk.
- Equity volatility (VIX) edged down from 16.0 at the end of July to 14.9, remaining well below its long-run average of 19.8, as resilient earnings continued to support risk sentiment.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of August 31, 2026. The average line indicated is the average of the VIX and MOVE values between January 2007 and August 2026.

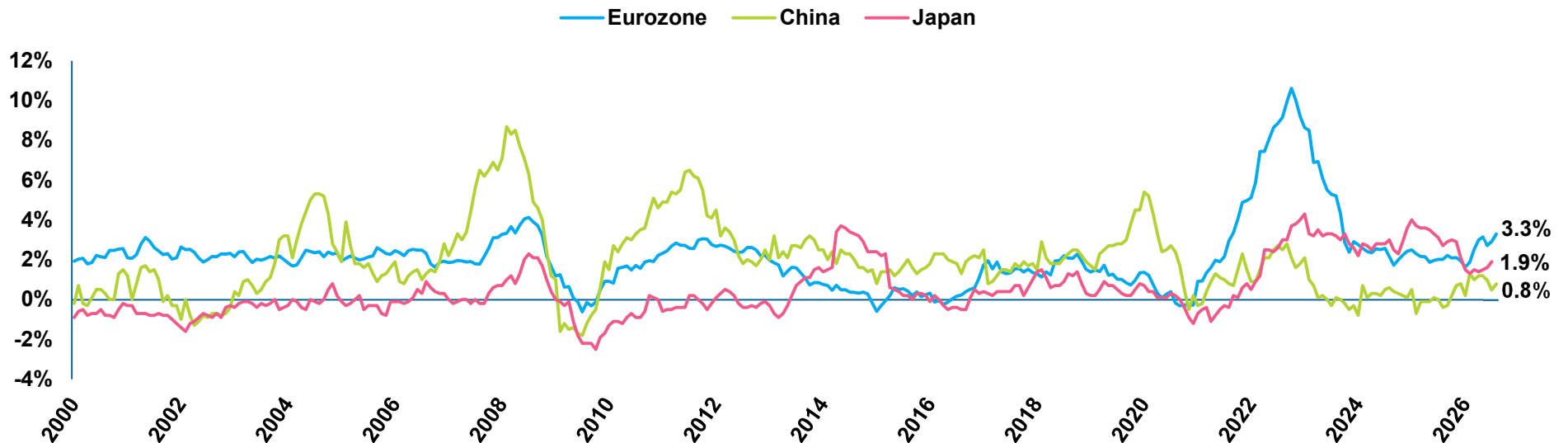
US Inflation¹



- In August, MoM inflation rose 0.4%, matching expectations, and up from the 0.1% reading in July as gasoline prices rose 3.9% and accounted for a third of the month's inflation gains. On balance, the annual inflation rate held steady at an elevated 3.4% year-on-year level, again matching forecasts.
- Core inflation declined slightly from 2.5% to 2.4% YoY while the MoM rate rose from 0.2% to 0.3%. The monthly shelter rate reaccelerated from 0.1% in July to 0.3%. Other contributors to the monthly increase included transportation and new vehicles.
- Long-term inflation expectations were stable over the month with 10-year breakevens finishing August at 2.3%.

¹ Source: FRED. Data is as of August 31, 2026.

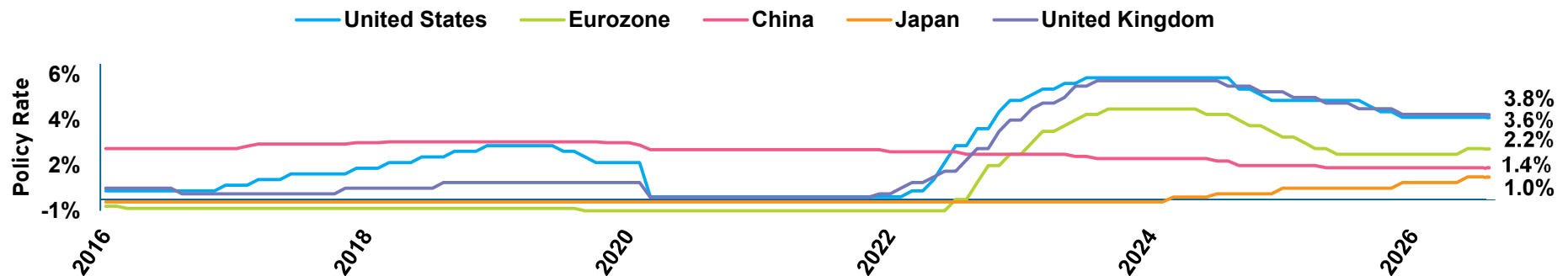
Global Inflation (CPI Trailing Twelve Months)¹



- Eurozone inflation rose from 2.9% YoY in July to 3.3% in August, further above the ECB's 2.0% target. Energy remained the driver, as the Middle East conflict pushed oil costs higher.
- Japan's inflation rose from 1.6% in June to 1.9% in July, still below the BOJ's 2.0% target. The rise was mainly driven by higher energy costs due to fading government electricity subsidies plus higher fuel/geopolitical-driven prices. Broad-based increases in food, transport, household goods, and healthcare also contributed to the rise.
- China's inflation rose from 0.5% in July, a six-month low, to 0.8% in August. The rise was due to higher fuel/transport costs connected to rising commodity prices, plus seasonal food gains, and firmer demand in high-tech industries.

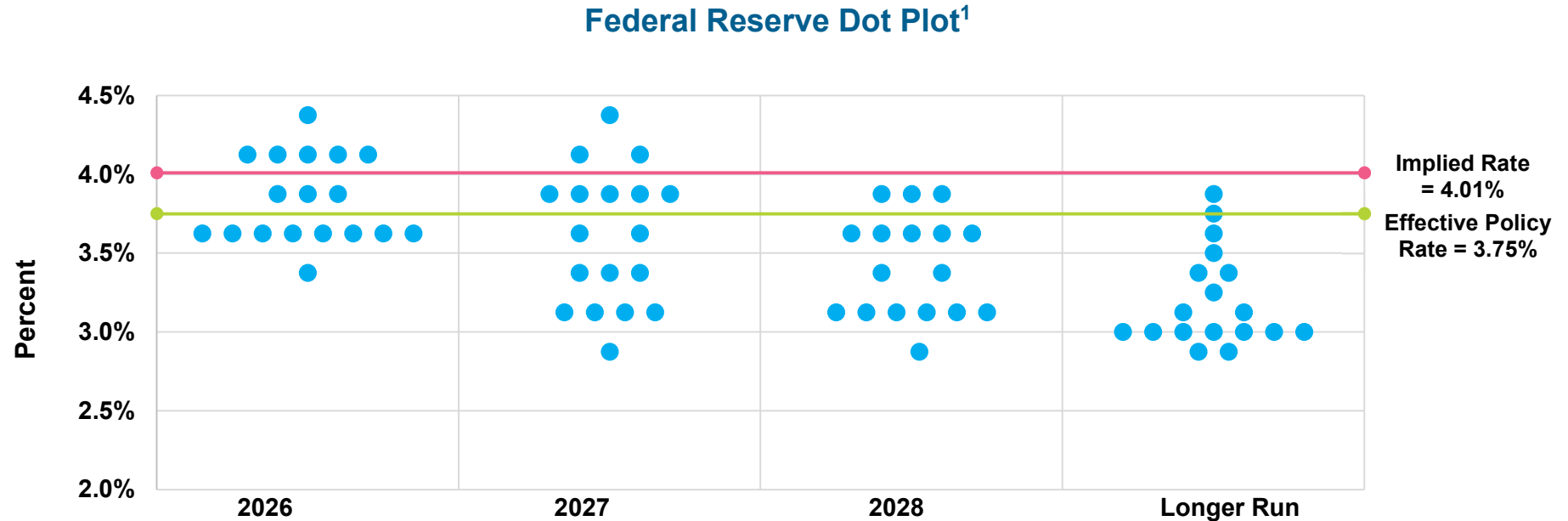
¹ Source: Bloomberg. Data is as of August 2026 except for Japan which is as of July 2026.

Global Policy Rates¹



- Global monetary policy remained restrictive in August, as inflation held above most central bank targets.
- The Federal Reserve kept policy rates steady at 3.5%-3.75% as inflation remained above target and the labor market continued to stabilize. Expectations for rate increases later this year have risen given recent inflation readings and comments from the Fed.
- In August, the European Central Bank (ECB) kept its policy rate at 2.25%, while the Bank of England (BOE) held rates steady at 3.75% in August. Markets continue to price the potential for rate increases by both central banks given the impact of oil prices on inflation. Both economies are net importers of oil, exposing them to supply disruption through the Strait of Hormuz.
- The Bank of Japan held its policy rate at 1.0%, with expectations for additional rate hikes later this year given the yen's weakness despite recent interventions.
- China is expected to remain accommodative, with the 7-day reverse repo rate held at a record-low 1.40% since May 2025 as subdued inflation and weak domestic growth point to further easing ahead. The central bank continues to support bank liquidity with renewed liquidity injections.

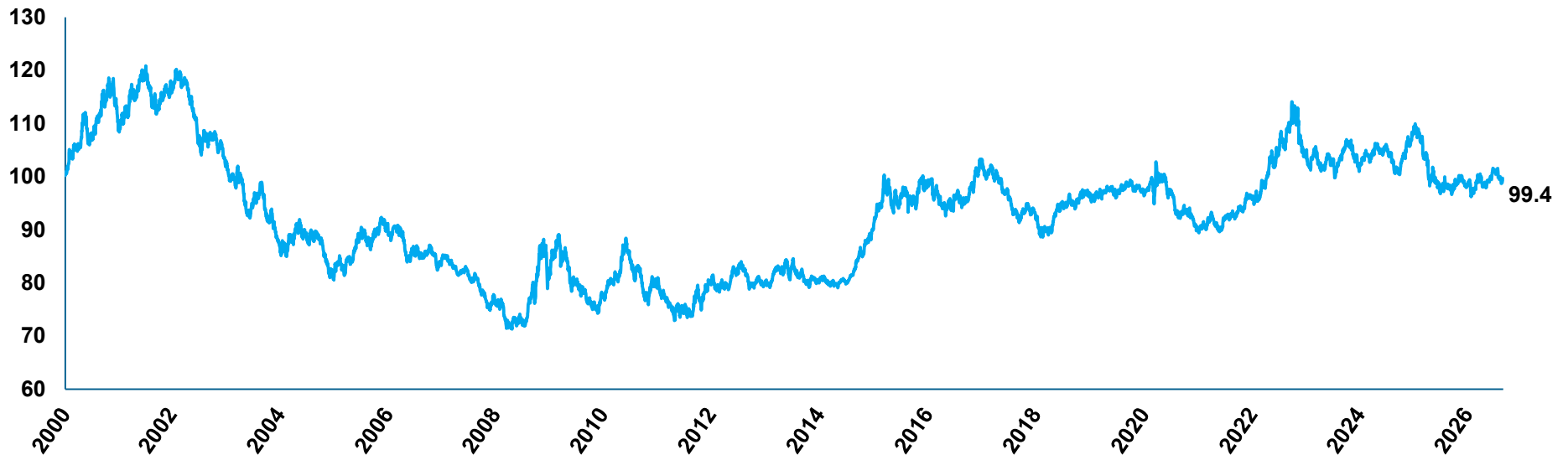
¹ Source: Bloomberg. Data is as of August 31, 2026. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the PBOC 7-day Reverse Repo Rate. UK rate is the UK Bank of England Official Bank Rate.



- The Federal Reserve's dot plot reflects expectations for interest rates by each member across various periods. Within the Fed, the dot plot reveals notable disagreement, with some members projecting rate increases, others holding steady, and a minority still anticipating cuts before year-end.
- The median June FOMC projection clusters around 3.75% (near the current range) for 2026, with dots dispersed across a wide range from 3.4% to 4.4%. It is worth noting that markets are expecting rates to be higher than the Fed's forecast by year-end. The wide range of forecasts suggests limited consensus regarding whether future policy adjustments will involve additional tightening or eventual easing.
- The median policy rate gradually declines over the projection horizon, implying only modest easing over time. However, the persistent dispersion of forecasts suggests policymakers remain divided on both pace and timing of future rate changes.

¹ Source: June 18, 2026, FOMC Summary of Economic Projections. Implied Rate and Effective Policy Rate are as of August 31, 2026, from Bloomberg.

US Dollar vs. Broad Currencies¹

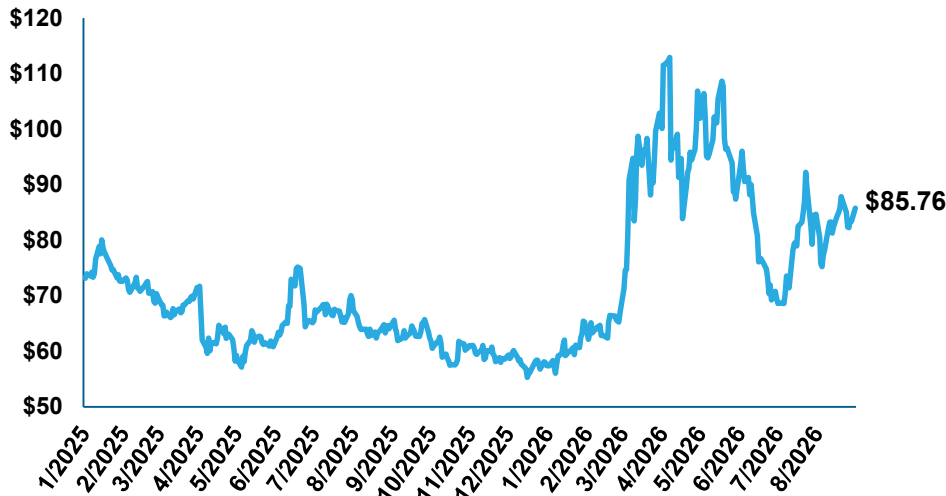


- The US dollar fell slightly in August, with the DXY declining from 99.9 at the end of July to 99.4 by month-end.
- The reacceleration of inflation and energy costs in Europe and Japan may drive rates higher elsewhere contributing to a weaker US dollar.
- The dollar remains sensitive to changes in monetary policy expectations, inflation trends, and geopolitical developments. Policy divergence across regions continues to play a central role in currency markets.

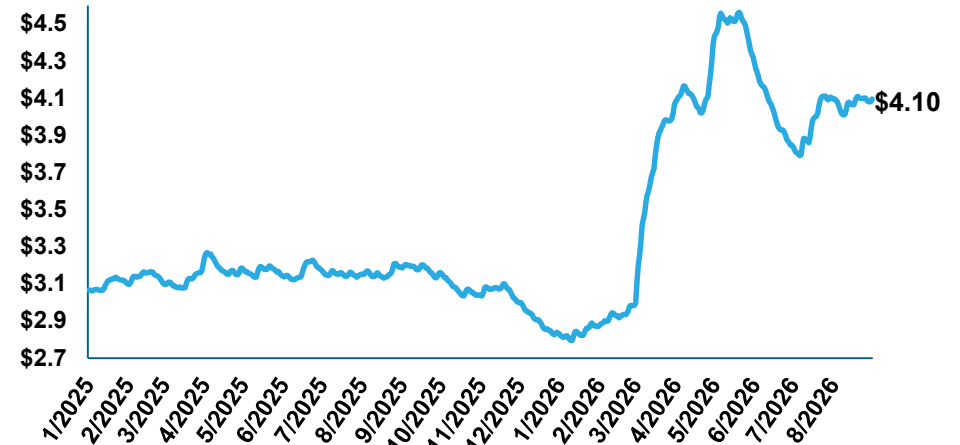
¹ Source: Bloomberg. Data is as of August 31, 2026.

Gas and Oil¹

WTI Crude



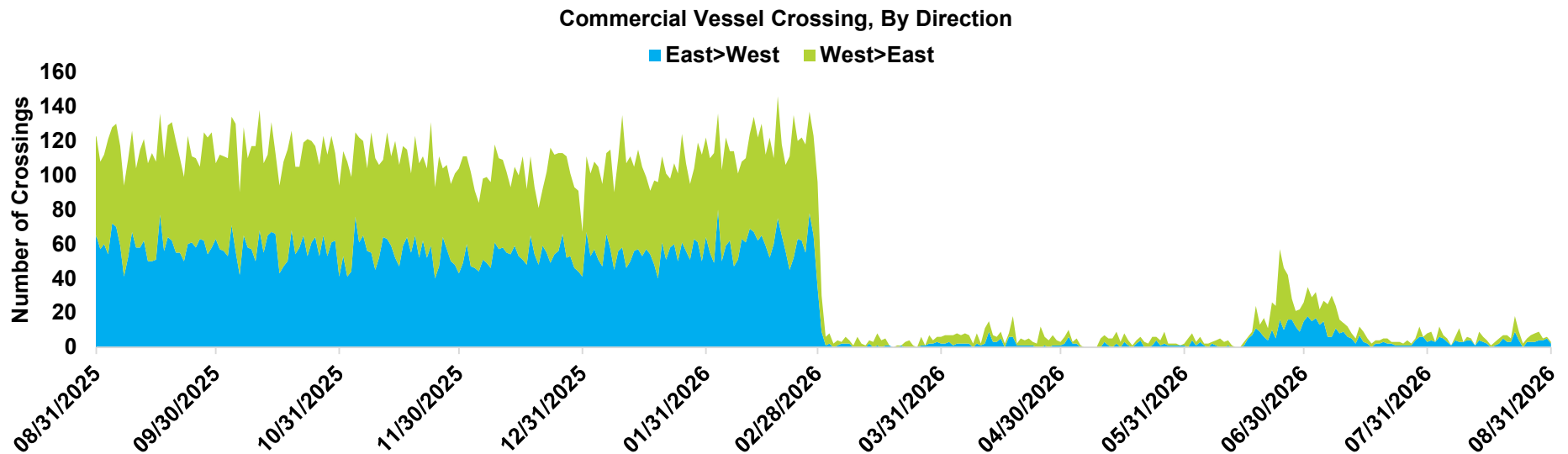
Avg. Retail Gas Price



- Oil prices held near July's rebound in August, with WTI crude edging up to \$85.76/barrel. Renewed concerns around the durability of the Middle East ceasefire kept prices elevated, though the pace of gains slowed from the prior month.
- US retail gasoline prices held around \$4.10/gallon, remaining above \$4 as elevated crude continued to feed through to the pump. The increase continues to weigh most heavily on lower-income households, where fuel and other essential expenses represent a larger share of spending.

¹ Source: Bloomberg. Data is as of August 31, 2026.

Daily Traffic Through the Strait of Hormuz¹



- The Strait of Hormuz is a key channel for the global distribution of oil with roughly 20% of global oil consumption (~20 million barrels a day, plus a comparable share of seaborne LNG) previously moving through the narrow channel.
- Commercial traffic through the Strait of Hormuz dramatically fell at the end of February following the escalation of the US-Iran conflict and Iran's closure of the waterway, with vessel volume crossings falling from well over 100/day to under 10/day.
- Activity rebounded briefly in June following the ceasefire but has since remained depressed through August, near the lows seen after the start of the conflict, given renewed tensions between the US and Iran.

¹ Source: Bloomberg. Data is as of August 31, 2026.

Key Trends

- Global growth expectations remain fragile but broadly stable. The IMF projects global growth of 3.0% in 2026 (down from 3.1% in the April 2026 outlook) and 3.4% in 2027, as stronger AI-driven activity largely offsets the drag from the Middle East conflict. Global inflation is expected to rise to 4.7% in 2026 (from 4.1% in 2025) before easing to 3.9% in 2027, suggesting the disinflation trend has stalled. The IMF continues to view renewed Middle East escalation as the primary downside risk.
- Macro tension built through August with renewed US-Iran hostilities near the Strait of Hormuz pushing oil higher and driving inflation fears. Chair Warsh's hawkish Jackson Hole remarks lifted September rate-hike odds. Warsh continues to withhold both forward guidance and an explicit reaction function, leaving investors to infer the Fed's tolerance for a renewed inflation impulse an ambiguity that is itself a source of volatility.
- US consumers continue to show strain at the lower end, with gasoline holding above \$4/gallon and a rising share of younger, rate-sensitive borrowers at risk of falling further behind on debt. The unemployment rate has stayed in a narrow band this year, but soft participation and slowing hiring point to underlying weakness beneath a still-firm headline labor market.
- Growth and the largest mega-cap constituents of the US equity market recovered in August, reversing July's shift toward value and defensive sectors. While the rebound broadened the rally, it also renewed the concentration risk beneath the surface, with scrutiny still centered on the gap between soaring AI capex and still-thin monetization.

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San Joaquin County Employees' Retirement Association (SJCERA)

October 2026

Real Estate Review and
Pacing Study

1. Real Estate Overview
2. Pacing Plan
3. Current Portfolio & Road Map
4. Current Market Opportunities/Themes

Real Estate Overview

Why Invest in Real Estate

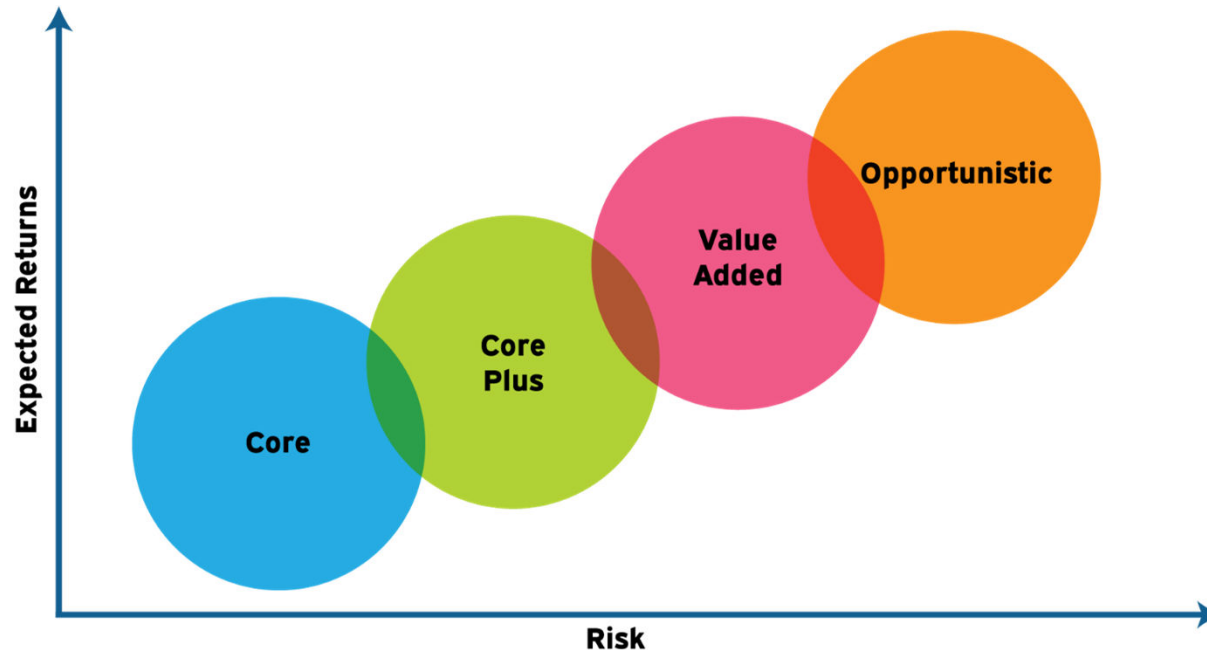
Investing in Private Real Estate provides several potential benefits, including:

- **Diversification:** Real estate often behaves differently from equities and fixed income, helping reduce overall portfolio volatility.
- **Inflation Hedge:** Real estate can protect against inflation, especially through rental income that tends to rise with inflation.
- **Income with Capital Appreciation Potential:** Long-term leases provide steady income streams and are the base of Core real estate returns. Real estate values can appreciate over time due to several factors such as property improvements, rising demand, or economic growth in a region.

Some considerations when investing in Private Real Estate include:

- **Illiquidity:** Private real estate is not traded on public markets, and building or reducing exposure to the asset class can take considerable time.
- **Fees:** Like other private markets, and unlike public real estate, private real estate is relatively more expensive.
- **Valuations:** Unlike public assets with daily prices, private real estate relies on appraisals, which may lag market changes.

Risk-Return Expectations by Strategy



- Core strategies focus on high-quality assets with stable income streams.
 - Regarded as lower risk due to property location, age, debt level, and tenant profile.
- Non-core strategies (value-added and opportunistic) present greater risk:
 - Lower initial occupancy, greater reliance on physical upgrades and future projections.
 - Higher expected returns than core and core plus strategies to compensate for added risk.

Real Estate Investment Styles

- Institutional real estate investment vehicles typically reflect one of four broad risk/reward profiles.
- Core investment vehicles are typically open-end funds, while non-core vehicles are typically closed-end funds.
- Investment managers will often use leverage to enhance returns.
- The table below outlines many of the characteristics associated with each risk/reward profile.

	Core	Core Plus	Value-Added	Opportunistic
Property Types Included	4 Majors ¹	4 Majors	4 + Limited Specialty ²	4 + Moderate Specialty
Target Markets	Primary	Primary	Primary/Secondary/Tertiary	Primary/Secondary/Tertiary
Leverage (loan-to-value)	0% - 40%	30% - 50%	Up to 65%	Above 65%
Physical Asset Needs	Minor	Light Upgrades	Renovation	Renovation/Development
Leasing Risk	Low	Low/Moderate	Moderate/High	Moderate/High
Holding Period (years)	7 - 10	7 – 10	3 – 7	1 - 5
Income (as % of total return)	>50%	40% - 60%	25% - 40%	<40%
Investment Vehicle Return Expectations (before fees)	6% - 8%	8% - 12%	12% - 15%	15%+

¹ Major property types are office, retail, multifamily, and industrial.

² Specialty property types can include a broad array of property types. Typical specialty sectors include hotels, senior housing, medical offices, student housing, self-storage, and data centers.

Pacing Plan

Introduction

What is a Pacing Model?

- A pacing model is utilized to help determine how much capital should be deployed in any given year in an effort to maintain a plan's target asset allocation to private real estate.
- The primary output of the pacing study is an annual commitment budget designed to help inform an investor how best to achieve and maintain the allocation to private real estate.
- The primary inputs of the pacing study are estimated contributions, distributions, and asset fair market values by asset class for current manager commitments.
- Commitment pacing studies are generally updated on an annual basis.

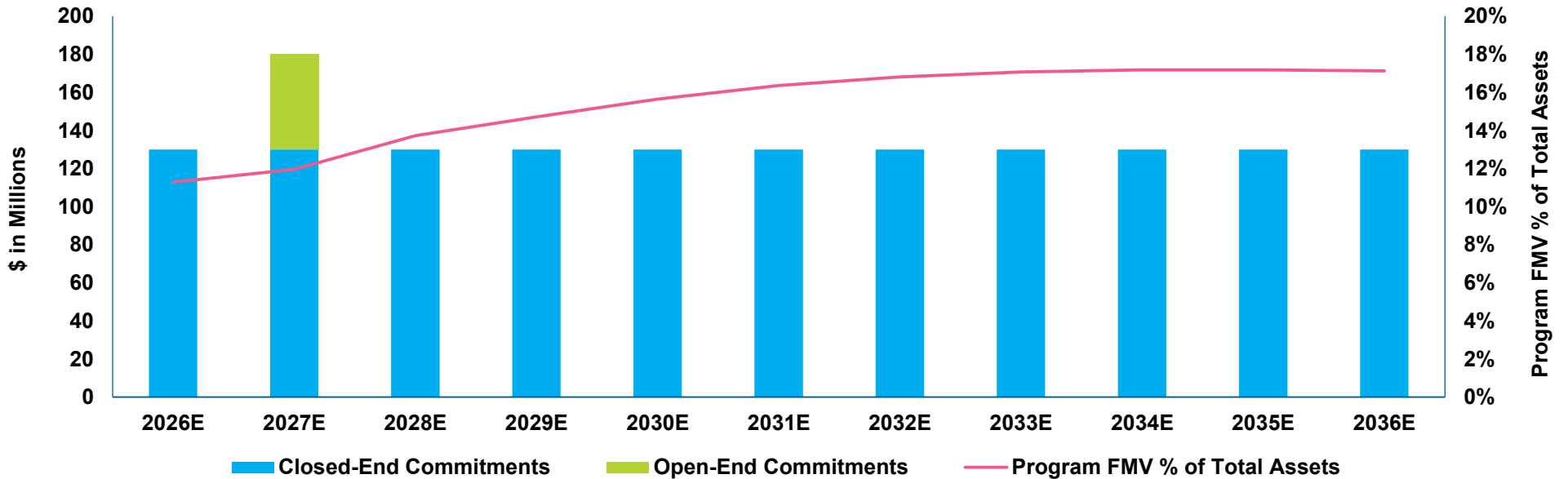
The pacing study helps answer questions like:

- How long will it take to reach the target allocation?
- How should commitments be allocated across time and strategies to maintain appropriate diversification?
- When will a program become cash flow positive?

Pacing Model Output:

- The pacing model recommends approximately \$180 million in total commitments in 2027.
 - \$130 million non-core commitments and
 - \$50 million open-end (core/core plus) commitment.

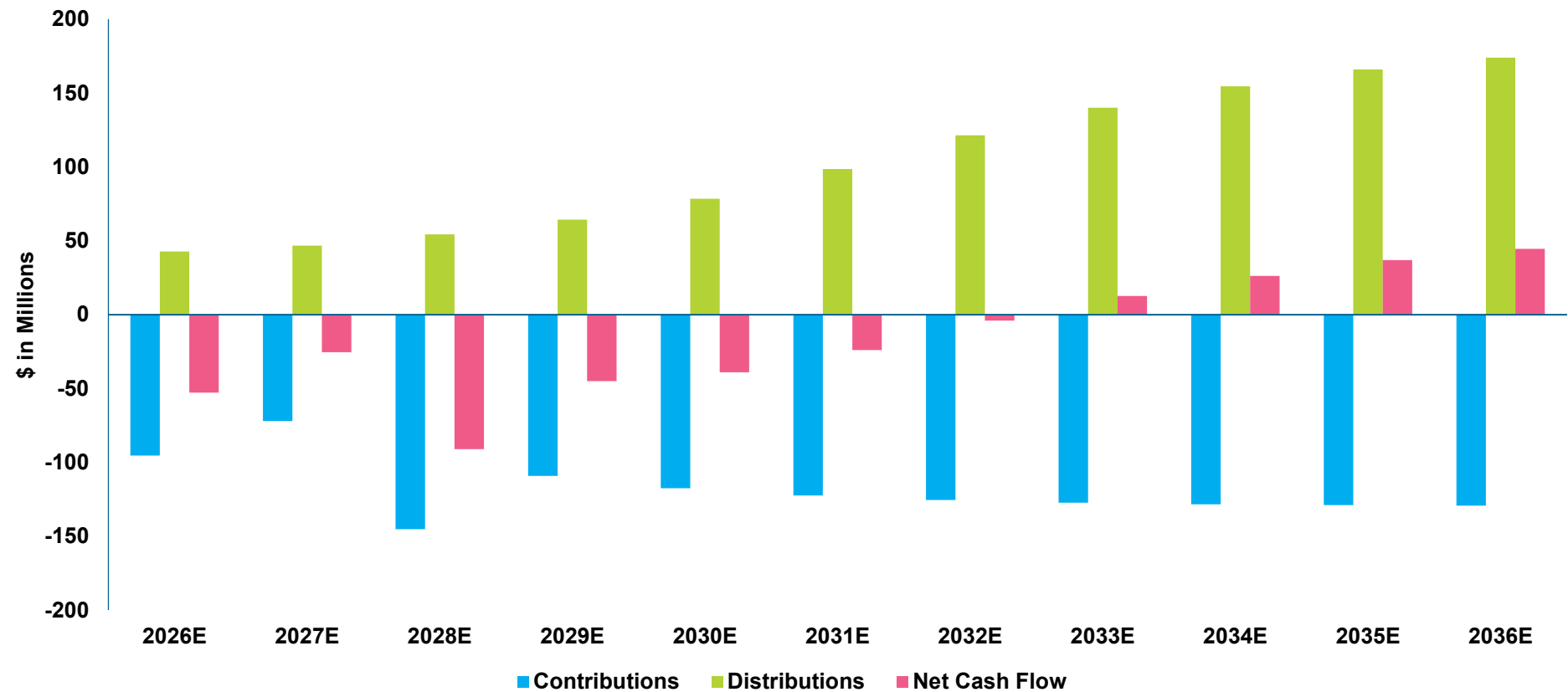
SJCERA Pacing Plan



(\$ in Millions)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Closed-End Commitments	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00
Open-End Commitments	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fair Market Value	619.86	689.39	830.18	935.26	1,043.39	1,145.72	1,236.75	1,318.53	1,393.38	1,463.19	1,530.66
FMV% of Total Assets	11.29%	11.96%	13.71%	14.71%	15.63%	16.35%	16.81%	17.07%	17.18%	17.18%	17.11%

→ The target allocation to real estate of 17% is achieved by 2033

SJCERA Projected Cash Flows



→ The real estate program is projected to become net cash flow positive by 2033.

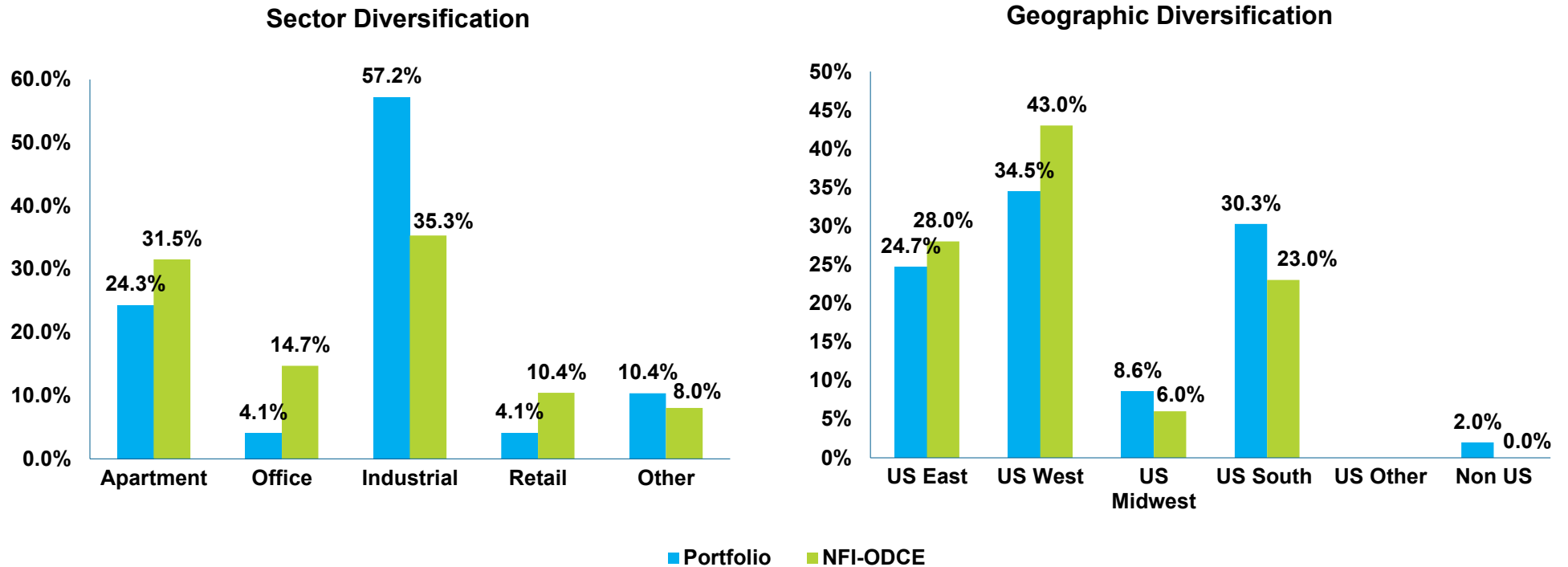
Current Portfolio & Road Map

SJCERA Current Real Estate Portfolio

Current Portfolio		
Core & Core Plus	Non-Core	Key
DWS RAR II	Berkeley V 2020	Diversified
Principal USPA	Blue Owl Digital III 2022	Multifamily
Invesco USIF	Berkeley VI 2023	Industrial
AEW EHF	SROA IX 2023	Office
Clarion ASF	Focus III 2026	Retail
Prologis USLF	Abacus VII 2026	Specialty/Niche

Omits data from legacy portfolio/funds deep in wind down mode

Current Real Estate Portfolio Exposures



Portfolio Construction Philosophy and Plan

Portfolio Construction Philosophy

- The portfolio is anchored by its core portfolio, which is largely invested across diversified “allocator” funds. This provides strong diversification across both traditional and non-traditional sectors.
- The non-core portfolio seeks to add alpha, partnering with vertically integrated owner-operator groups that possess heightened sector expertise and value-creation competency.

Current Portfolio

- The portfolio is well diversified across sectors and geographies.
- Favorable sector weightings across office and “other”, which is largely comprised of non-traditional sectors such as medical office, senior housing, and data centers.
- Favorable geographic overweight to the South (higher-growth markets)
- Addressing the portfolio's underweight exposure to retail and overweight exposure to industrial will be a focus of future commitments.

Future Commitments

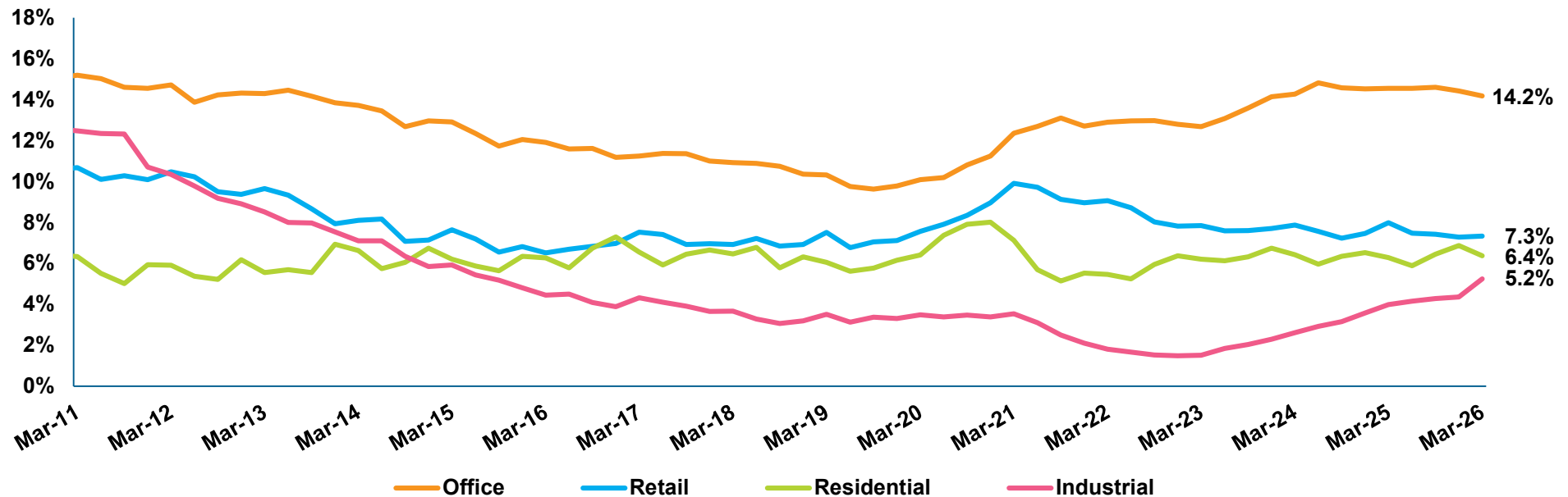
- The non-core pacing plan calls for \$130 million in annual commitments.
 - Address the portfolios underweight to retail.
 - Prioritize re-ups where alignment remains strong and the strategic fit is compelling.
- Top up Clarion Alternative Sectors Fund commitment in 2027 to lock in founders' economics and reach core/core plus target allocation.

Current Market Opportunities/Themes

Current Real Estate Property Type Opportunities

- [Logistics properties](#) reduce the overall cost of delivery, despite record rental rates, the impact of tariffs is somewhat uncertain.
- [Residential properties](#) that provide affordability and proximity to employment.
- Recently constructed [Senior Living properties](#) in undersupplied locations, and where competing properties are dated and under-amenitized.
- [Build-to-suit Healthcare/Medical Office properties](#) that are affiliated with top area hospitals and located in densely populated suburbs.
- Resilient niche sectors with low capital requirements, high lease renewal rates, and where individual properties can be acquired from non-institutional owners and aggregated into a larger portfolio ([Self-Storage/Manufactured Housing](#)).
- [Neighborhood and Community Retail Centers](#) anchored by top regional grocery chains.
- The development of [Data Centers](#) leased to tenants with strong credit on long-term leases.

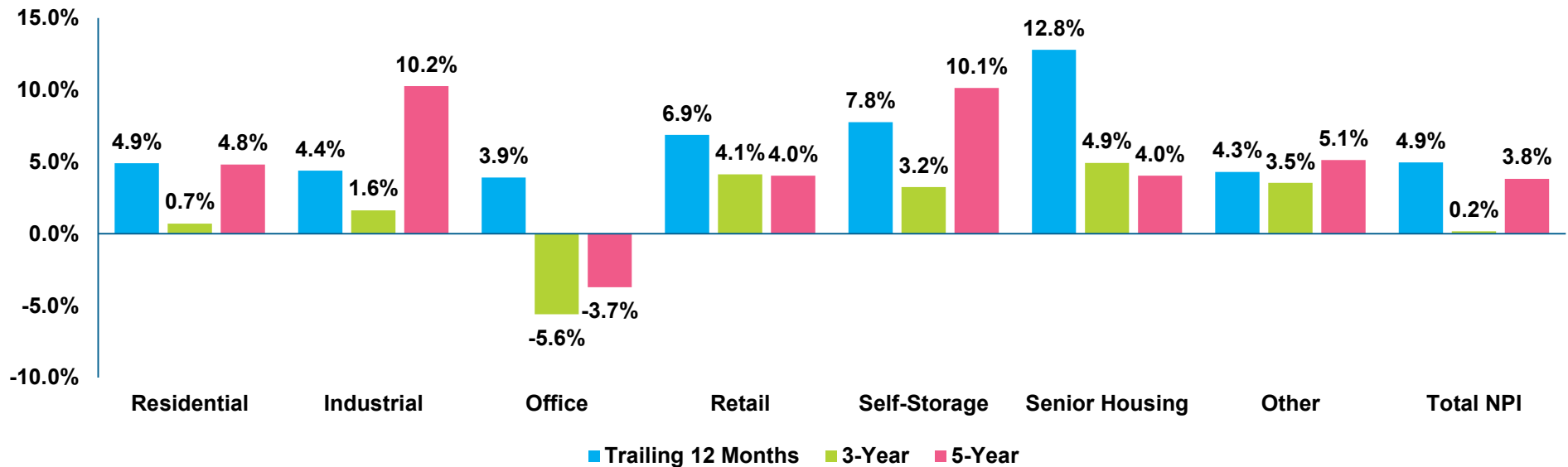
Real Estate Fundamentals Vacancy by Property Type



- In the first quarter of 2026, the aggregate vacancy rate across all property types increased by 105 bps to 7.7%, driven by a ~90 bps increase in industrial vacancies during the quarter.
- Rising vacancies are largely driven by the Office and Industrial sectors, which have seen the most consistent increases in recent years. Office vacancies have continued climbing since COVID and are now at their highest level since the early 2010s, despite a recent plateau. Industrial vacancies, meanwhile, have ticked up after hitting record lows in 2022, as tenant demand normalizes and new supply continues to deliver.
- The Residential sector has similarly been affected by oversupply issues; however, vacancies have remained relatively stagnant year-over-year. Over the long term, Residential real estate demonstrates the most stable vacancy trends across the four main property types, largely rooted in the necessity of housing and a growing population that continues to drive strong fundamentals in the sector.

Source: NCREIF

NPI Returns by Property Type

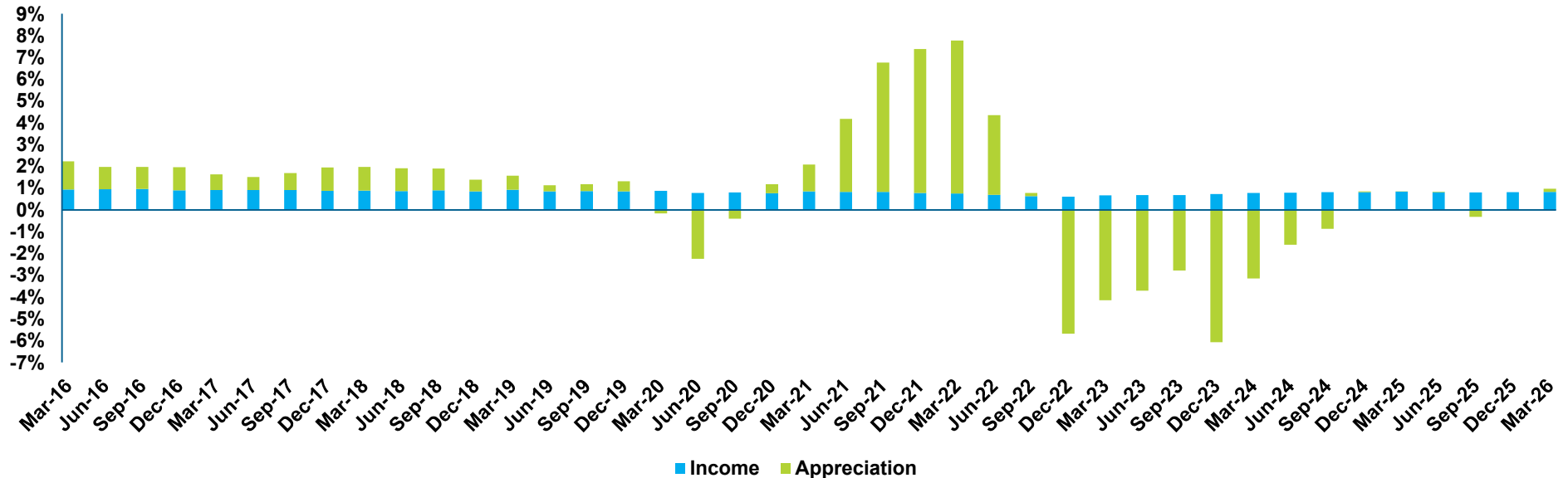


- As of Q1 2026, the NCREIF Property Index (“NPI”) generated a 4.9% trailing 12-month return, supported by strong sector performance generally.
- Office remains the only sector with negative property-level returns over the 3-year and 5-year period, although Residential and Industrial sectors also generated minimal returns over the three-year horizon, largely due to elevated supply during that timeframe.
- Over the past year, Senior Housing has delivered standout returns compared to other sectors, driven by steady demand and limited new supply, bolstered by underlying demographic trends.
- Over the longer term, the Industrial and Self-Storage sectors are clear outperformers. The post-pandemic e-commerce boom and lifestyle shifts (relocation, need for home office, etc.) contributed to both sectors’ success, respectively.

Source: NCREIF

“Other” includes data centers, entertainment (theaters, golf courses, etc.), operating land, parking, and any other property type not specified in the property type list.

ODCE Return Components (Equal Weight, Net)



- Quarterly income returns have remained remarkably consistent in the 0.75% to 1.00% range over the last ten years.
- Appreciation returns demonstrate greater volatility over time, spiking in 2021 and early 2022, primarily driven by the availability of inexpensive debt.
- Appreciation returns reversed in late 2022 through the third quarter of 2024 in response to rising rates, waning demand for office, and pockets of oversupply.
- The NFI-ODCE EW Index generated a positive net total return in the first quarter of 2026. Income remained stable at 0.82%, while appreciation contributed 0.14%, marking its strongest quarterly appreciation return in 14 quarters.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

San Joaquin County Employees' Retirement Association

October 14, 2026

**Private Equity Program and
Pacing Study**



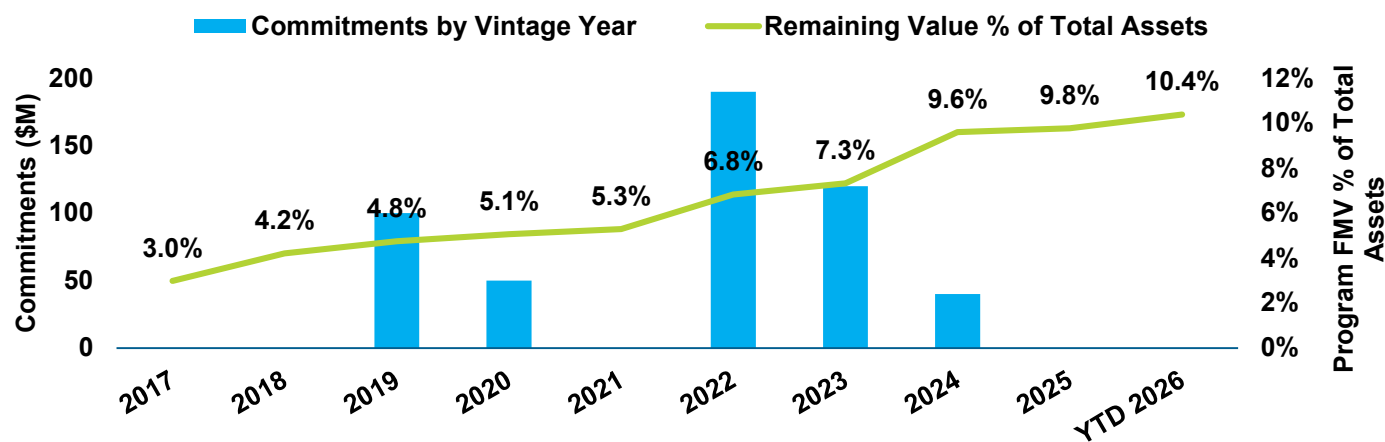
1. 1Q 2026 Performance Report
2. Pacing Study
3. Market & Industry Analysis

* Performance and portfolio data are reported as of March 31, 2026. The pacing study section includes subsequent commitments made through Q3 2026

1Q 2026 Performance Report

Introduction

San Joaquin County Employees’ Retirement Association maintains a 10% target allocation to private equity as part of the Aggressive Growth allocation. The current actual private equity allocation sits at 10.4% of total plan assets as of March 31, 2026.



Program Status

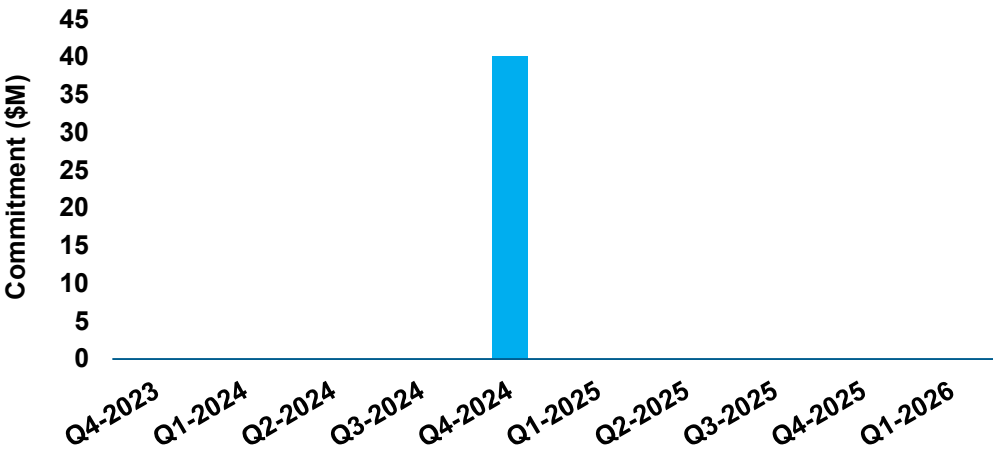
No. of Investments	18
Committed (\$M)	632.0
Contributed (\$M)	533.7
Distributed (\$M)	290.9
Remaining Value (\$M)	543.7

Performance Since Inception

	Program
DPI	0.55x
TVPI	1.56x
IRR	14.8%

Commitments

Recent Quarterly Commitments

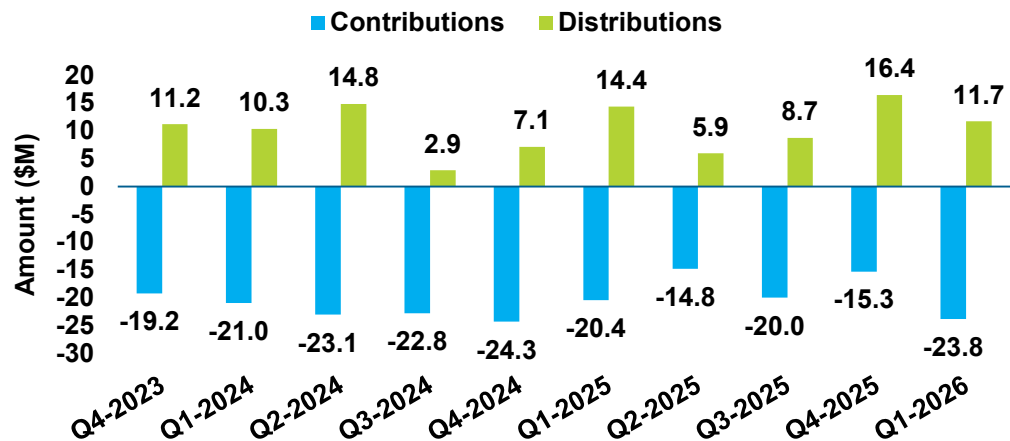


Commitments This Quarter

Fund	Strategy	Region	Amount (\$M)
None to report.			

Cash Flows

Recent Quarterly Cash Flows



Largest Contributions This Quarter

Fund	Vintage	Strategy	Region	Amount (\$M)
Ridgemont IV	2022	Buyout	North America	9.08
BlackRock Infra IV	2022	Infrastructure	Global: All	4.52
BVP XII	2023	Venture Capital	Global: All	3.73

Largest Distributions This Quarter

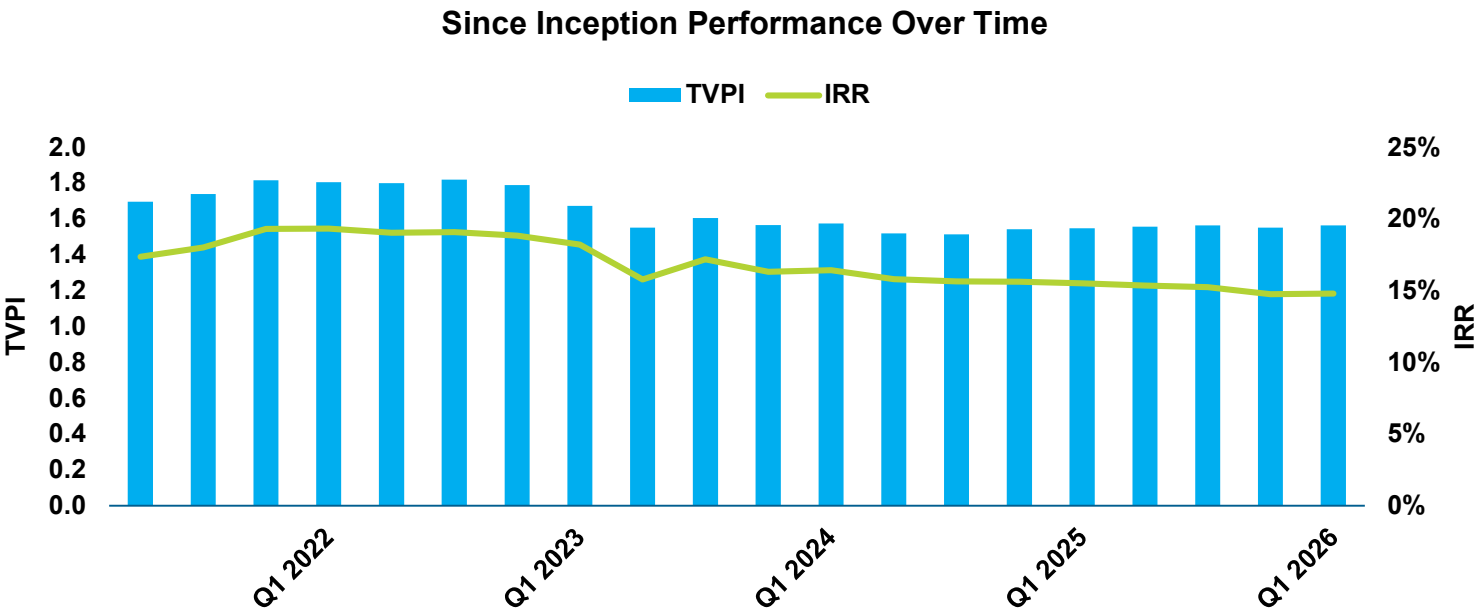
Fund	Vintage	Strategy	Region	Amount (\$M)
Ocean Avenue Fund II	2013	Fund of Funds	North America	5.12
Ocean Avenue IV	2019	Buyout	North America	3.69
Ocean Avenue III	2016	Buyout	North America	1.74

By Strategy

Group	Number	Committed (\$M)	Contributed (\$M)	Unfunded (\$M)	Distributed (\$M)	Remaining Value (\$M)	Exposure (\$M)	DPI (X)	TVPI (X)	IRR (%)
Buyout	7	235.0	205.0	31.7	118.1	206.4	238.1	0.58	1.58	15.8
Fund of Funds	3	72.0	65.9	6.3	105.7	33.0	39.3	1.61	2.11	13.5
Growth Equity	1	25.0	26.9	0.1	0.0	33.8	33.9	0.00	1.25	8.1
Infrastructure	2	100.0	95.3	12.8	47.5	84.3	97.1	0.50	1.38	13.5
Special Situations	3	130.0	84.8	56.7	19.6	92.9	149.6	0.23	1.33	13.4
Venture Capital	2	70.0	55.8	14.2	0.0	93.3	107.4	0.00	1.67	27.7
Total	18	632.0	533.7	121.8	290.9	543.7	665.5	0.55	1.56	14.8

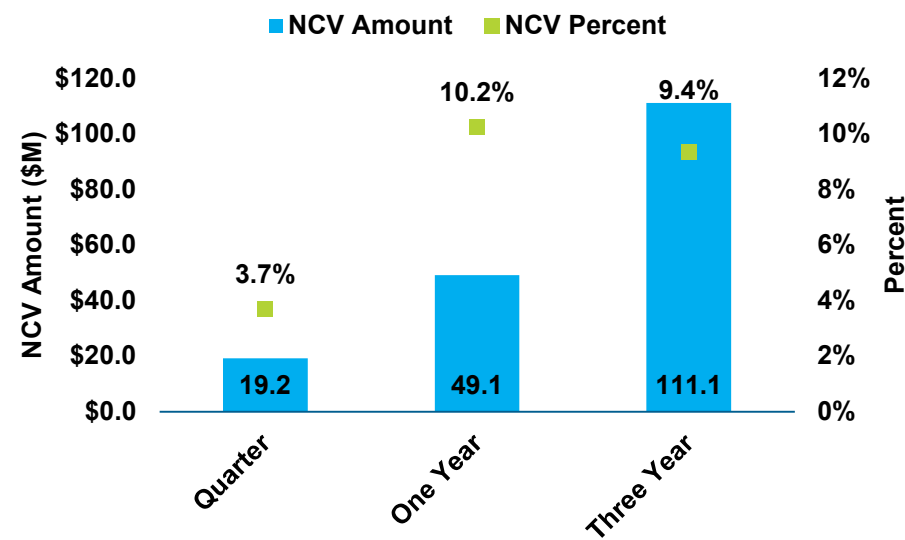
By Vintage

Group	Number	Committed (\$M)	Contributed (\$M)	Unfunded (\$M)	Distributed (\$M)	Remaining Value (\$M)	Exposure (\$M)	DPI (X)	TVPI (X)	IRR (%)
2013	2	52.0	47.7	4.5	87.7	12.6	17.1	1.84	2.10	14.5
2015	2	30.0	28.1	1.9	21.1	25.1	27.0	0.75	1.64	6.8
2016	1	50.0	46.0	4.0	71.3	33.5	37.5	1.55	2.28	20.0
2019	2	100.0	102.5	3.3	86.0	86.2	89.4	0.84	1.68	17.6
2020	1	50.0	51.9	3.1	11.9	63.8	66.9	0.23	1.46	14.1
2022	5	190.0	164.7	29.0	5.4	220.9	249.9	0.03	1.37	18.7
2023	4	120.0	81.6	47.3	7.7	90.7	138.0	0.09	1.21	11.1
2024	1	40.0	11.3	28.7	0.0	11.0	39.8	0.00	0.98	NM
Total	18	632.0	533.7	121.8	290.9	543.7	665.5	0.55	1.56	14.8

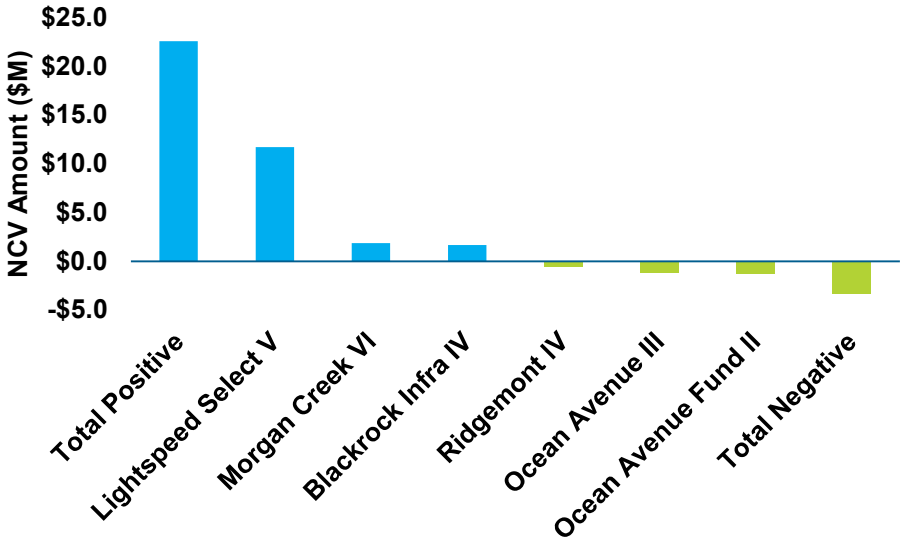


Horizon IRRs					
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Aggregate Portfolio	10.3	8.9	13.1	15.8	14.8
Public Market Equivalent	18.9	13.4	8.8	10.5	10.1

Periodic NCV



One-Quarter Drivers Of NCV

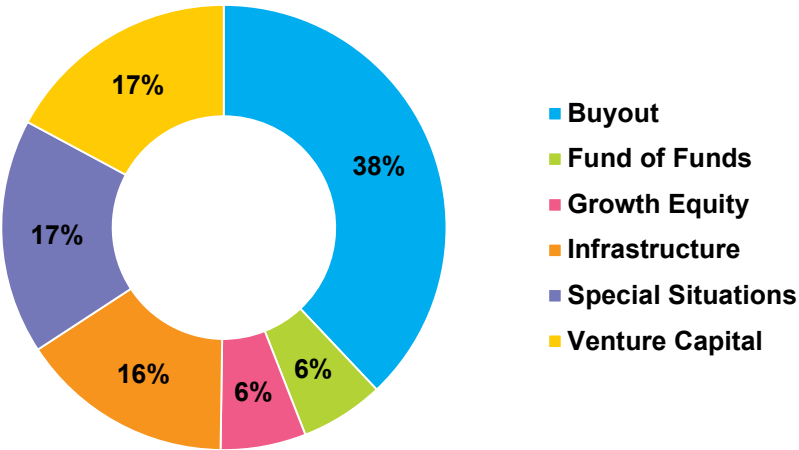


Investment Performance: Sorted By Structure, Vintage, and Strategy

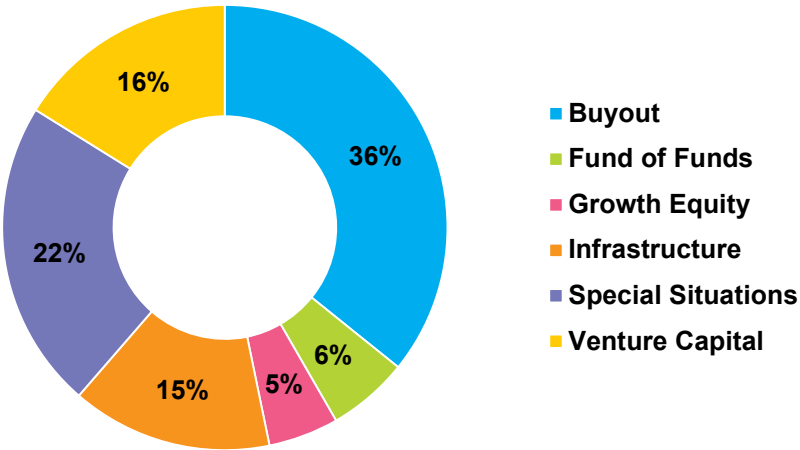
Investment	Vintage	Strategy	Committed (\$M)	Contributed (\$M)	Unfunded (\$M)	Distributed (\$M)	Remaining Value (\$M)	TVPI (X)	IRR (%)
Morgan Creek V	2013	Fund of Funds	12.0	11.6	0.5	16.4	3.9	1.75	10.6
Ocean Avenue Fund II	2013	Fund of Funds	40.0	36.0	4.0	71.2	8.6	2.22	15.7
Morgan Creek III	2015	Buyout	10.0	9.9	0.1	3.0	4.6	0.78	-3.0
Morgan Creek VI	2015	Fund of Funds	20.0	18.2	1.8	18.0	20.4	2.11	11.0
Ocean Avenue III	2016	Buyout	50.0	46.0	4.0	71.3	33.5	2.28	20.0
Ocean Avenue IV	2019	Buyout	50.0	49.4	1.3	43.0	49.0	1.86	22.0
BlackRock GEPIF III	2019	Infrastructure	50.0	53.1	2.0	43.0	37.1	1.51	13.4
Stellex II	2020	Special Situations	50.0	51.9	3.1	11.9	63.8	1.46	14.1
Bessemer Forge Fund	2022	Buyout	20.0	18.0	2.0	0.0	23.0	1.27	17.6
Ocean Avenue V	2022	Buyout	30.0	19.6	11.0	0.8	27.3	1.43	24.8
Ridgemont IV	2022	Buyout	50.0	46.2	3.8	0.0	51.7	1.12	7.0
BlackRock Infra IV	2022	Infrastructure	50.0	42.3	10.8	4.5	47.2	1.23	13.8
Lightspeed Select V	2022	Venture Capital	40.0	38.6	1.4	0.0	71.7	1.86	27.6
Cap Meridian Fund I	2023	Buyout	25.0	15.8	9.5	0.0	17.3	1.09	6.6
Long Arc I	2023	Growth Equity	25.0	26.9	0.1	0.0	33.8	1.25	8.1
Oaktree SSF III	2023	Special Situations	40.0	21.6	24.9	7.7	18.1	1.19	14.3
BVP XII	2023	Venture Capital	30.0	17.2	12.8	0.0	21.6	1.25	28.6
Stellex III	2024	Special Situations	40.0	11.3	28.7	0.0	11.0	0.98	NM
Total			632.0	533.7	121.8	290.9	543.7	1.56	14.8

By Strategy

Percent of FMV

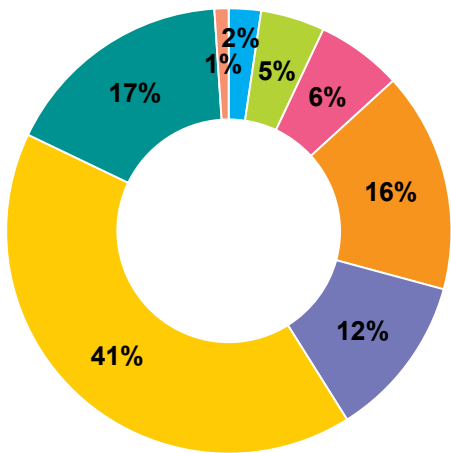


Percent of Exposure



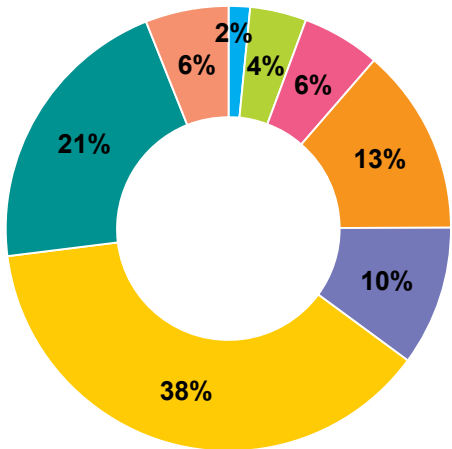
By Vintage

Percent of FMV



- 2013
- 2015
- 2016
- 2019
- 2020
- 2022
- 2023
- 2024

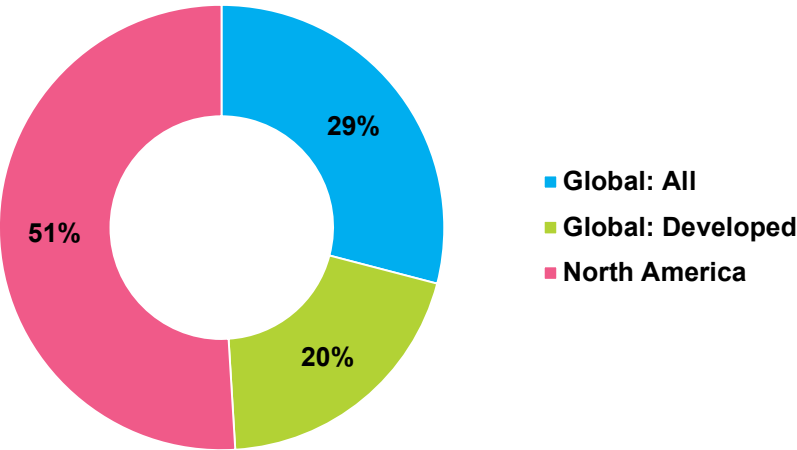
Percent of Exposure



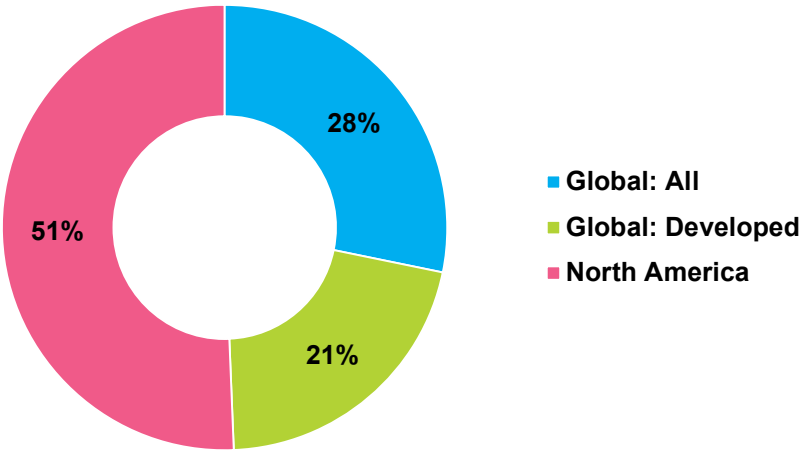
- 2013
- 2015
- 2016
- 2019
- 2020
- 2022
- 2023
- 2024

By Geographic Focus

Percent of FMV

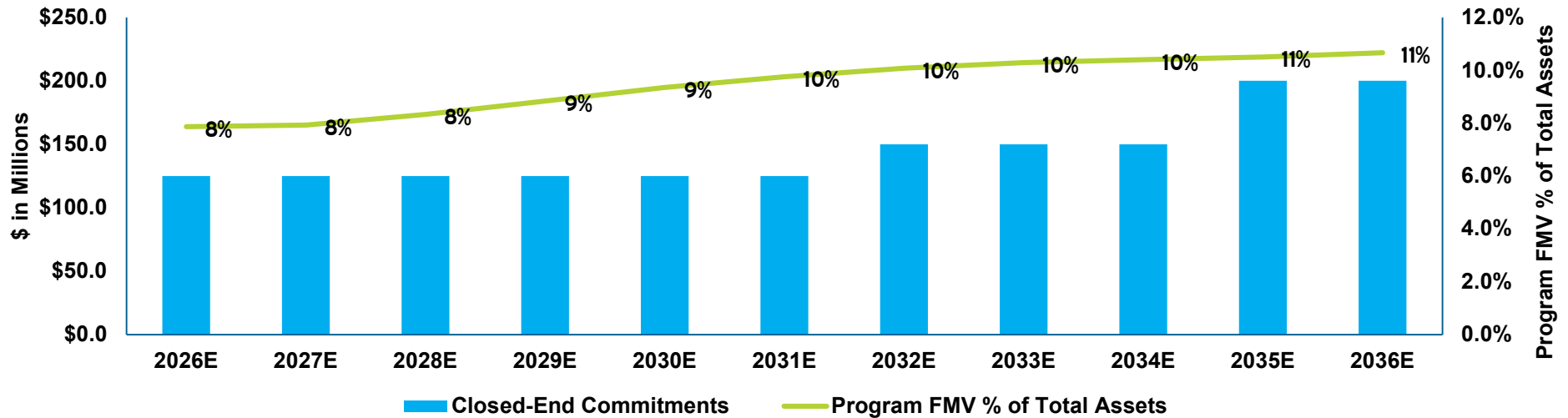


Percent of Exposure



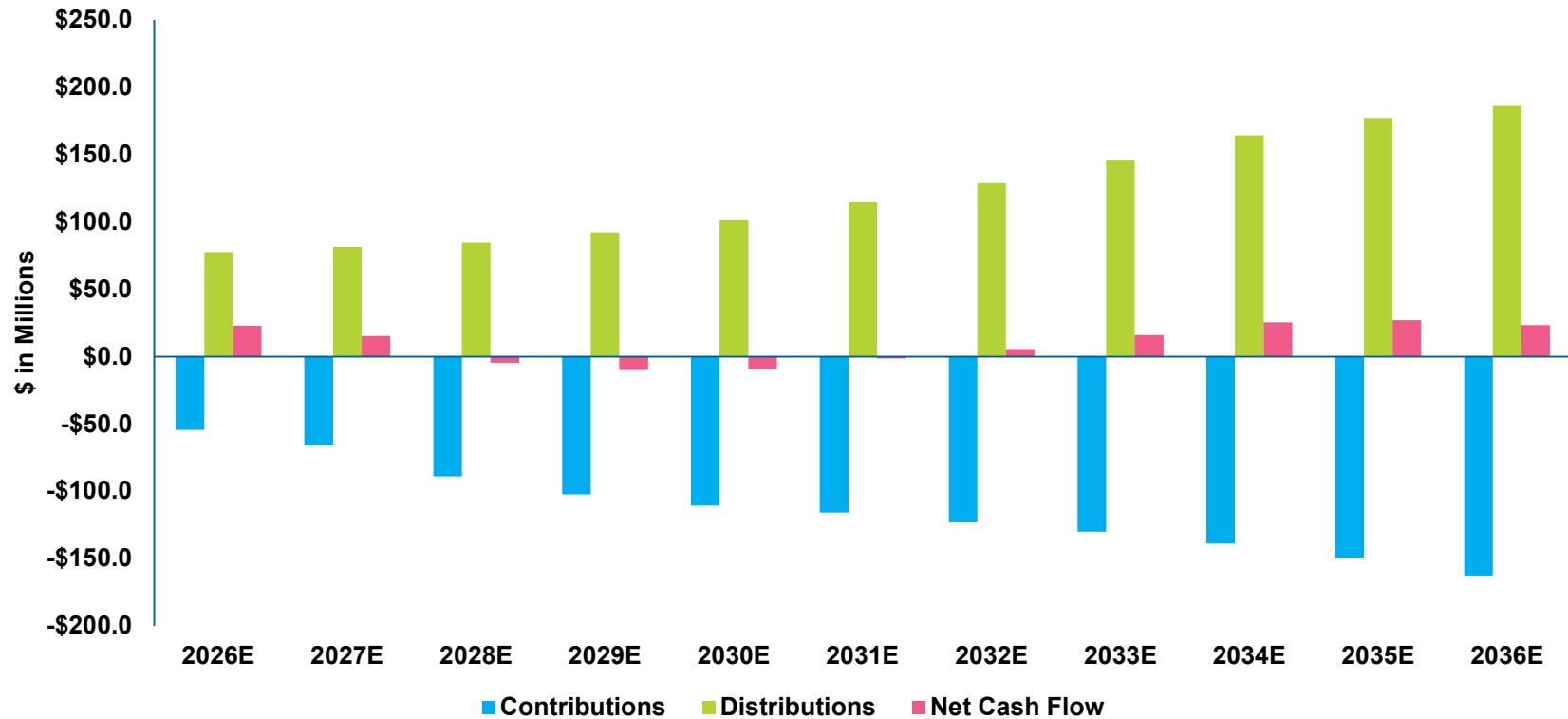
Pacing Study

SJCERA Pacing Study Overview



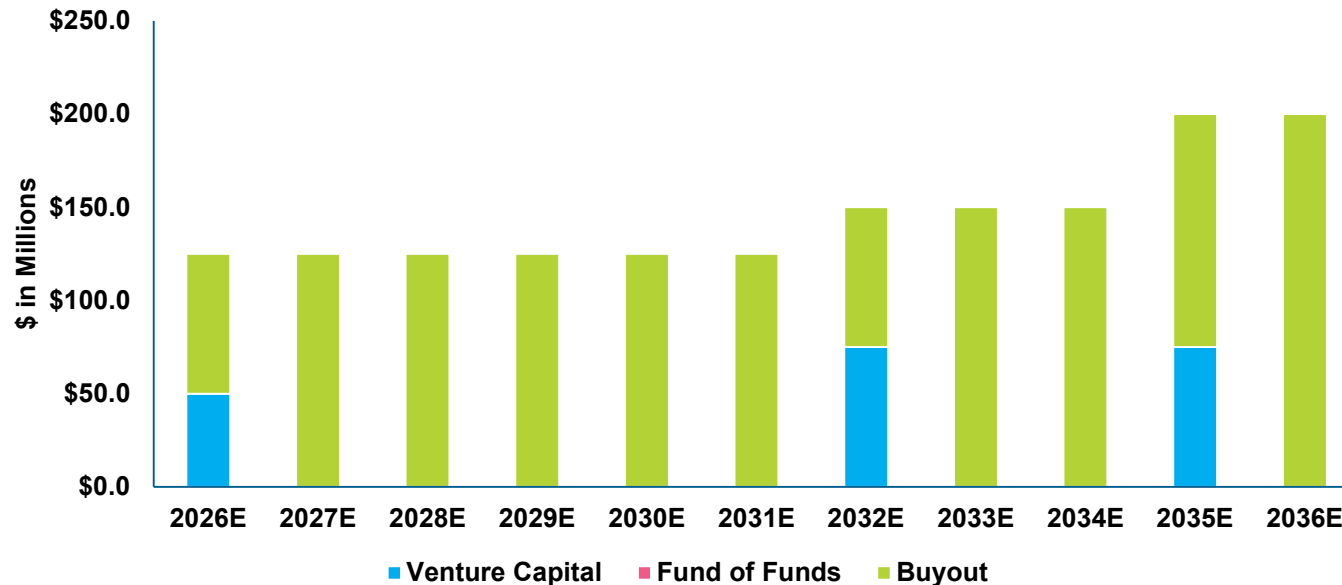
- SJCERA has a 10% target allocation to private equity.
- The pacing plan calls for commitments of \$125M from 2027 to 2031, increasing to \$150M in 2032 and \$200M in 2035.
- Commitments will be made across a range of buyout and venture capital strategies, with flexibility to pursue attractive opportunities in other segments of the market, such as growth equity.
- SJCERA is projected to reach its target allocation between 2031 and 2032.

SJCERA Projected Cash Flows



→ Net cash flows are estimated to be slightly positive in the near term, turn modestly negative as the program ramps toward the 10% target, and then become positive again beginning in 2032.

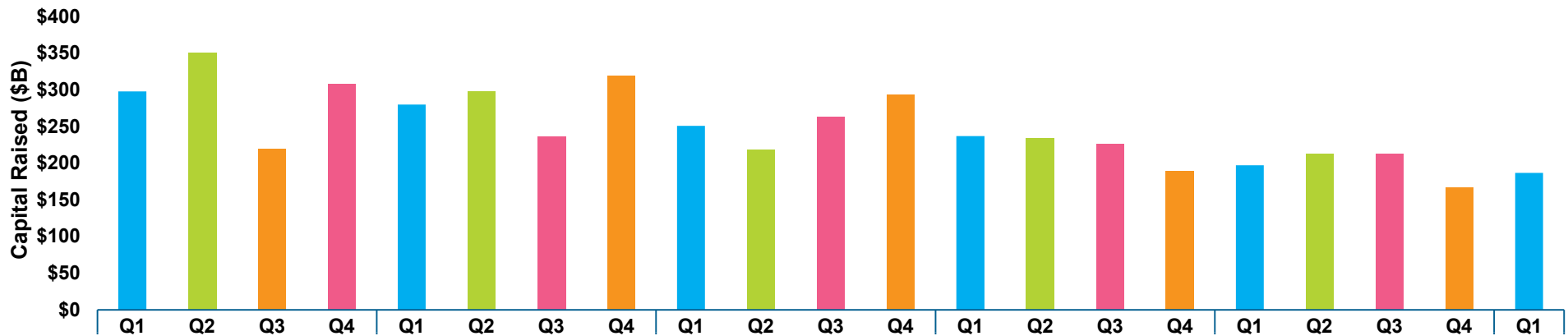
SJCERA Commitments by Strategy



- Subsequent to quarter end, SJCERA committed capital to:
 - Bessemer Venture Partners Fund XIII; \$50M (venture capital)
 - Ocean Avenue Fund VI; \$75M (buyout)
- Moving forward, it is recommended to focus primarily on building core buyout exposure, while maintaining the venture capital allocation.
- The pacing plan allows for flexibility to deploy capital to attractive opportunities in other segments of the market, such as growth equity, as they become available.

Market & Industry Analysis

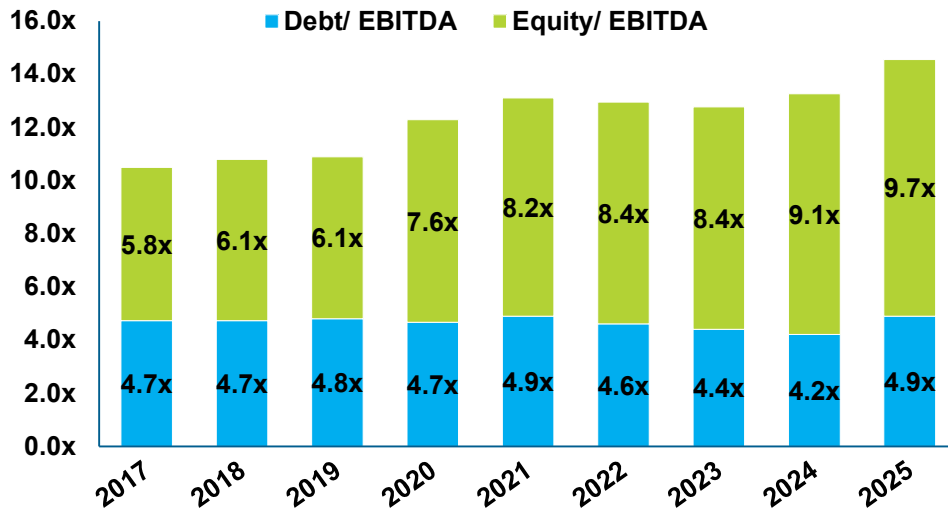
Private Equity Global Fundraising¹



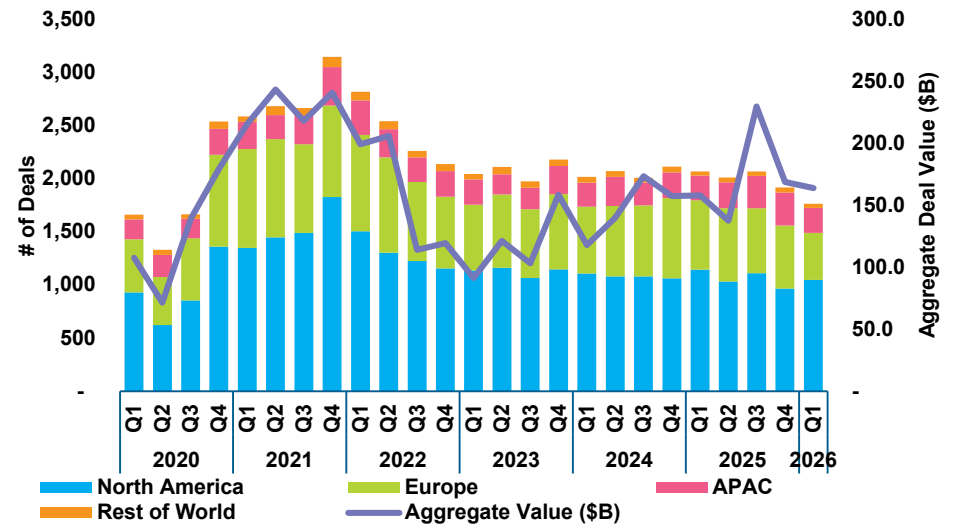
- Fundraising activity for private equity funds in the first quarter of 2026 increased by 12% quarter-over-quarter (“QoQ”) but decreased by 5% year-over-year (“YoY”) with \$186.5 billion raised. The number of funds closed during the quarter fell 10% QoQ and 20% YoY, reflecting an ongoing trend toward manager consolidation and fund concentration.
- As highlighted in recent quarters, slower deal and exit activity, particularly in primary markets, has resulted in reduced capital returned to investors, which continues to apply liquidity pressure on limited partners, limiting new fundraising efforts. Investors remain selective and conservative in deploying new capital.
- Deal activity (by number) was down 8% compared to the prior quarter while aggregate deal value was down 3%. Year-over-year, the number of deals was down 15% in the first quarter, but deal value was up 4% compared to Q1 2025. Generally, deal activity in the software space has been muted amid concerns over AI disruption while the US/Iran conflict has further added to macroeconomic uncertainty for market participants.
- Exit activity (by number) was down 2% compared to the prior quarter while the aggregate exit value was down 34%. Year-over-year, exit count and exit value were both down 16% compared to Q1 2025. These statistics reveal that today’s exit environment remains challenging as private equity holding periods continue to extend.
- The Federal Reserve (the “Fed”) last cut interest rates in December 2025 to a target range of 3.50% to 3.75%, which has held steady year-to-date in 2026. Persistent inflation and a resilient labor market have led to a more hawkish stance from the Fed, despite the recent leadership transition to Chair Kevin Warsh. Generally, market forecasters are split on future interest rate movements with some predicted rate increases later in the year rather than cuts. Private equity relies heavily on current interest rates, which tie directly to cost of capital and asset valuations. Valuation mismatches, macro uncertainty and volatility, and delayed interest rate cuts have continued to mute exit activity at large.

¹ Preqin

Purchase Price Breakdown, All LBOs¹



Private Equity Buyout Deals by Region²

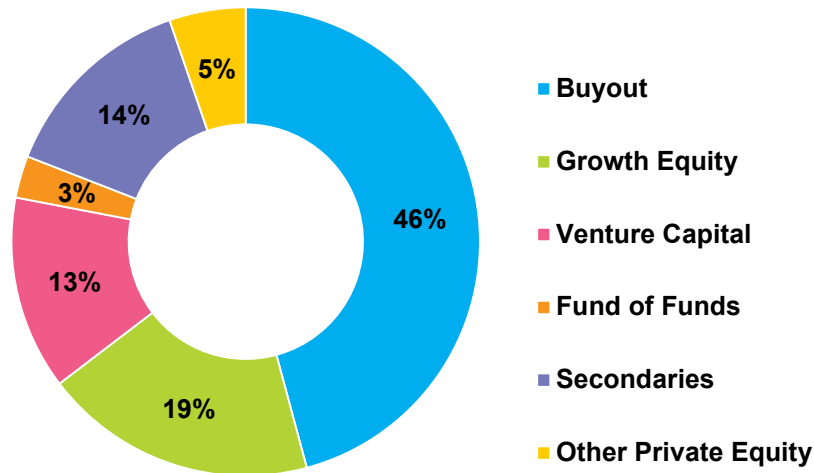


- Compared to 2024, the global median private equity buyout purchase price multiple increased from 13.3x EBITDA to 14.6x EBITDA in 2025. This represents a 9.7% increase from 2024 relative to the 3.9% increase observed in 2024 from 2023.
- Due to today's higher interest rate environment, recent deals, in aggregate, have been financed with more equity capital, as well. From 2023 through 2025, the median equity contribution ranged from 66-68%, compared to mid-50s% from 2017 to 2019. Investors' appetite for private equity co-investments has aided GPs in securing additional equity capital for deals.
- Overall, the increase in purchase price multiples through 2025 shows resilience despite the downward pressure of higher interest rates and sellers' reluctance to exit deals at lower valuations despite the continued imbalance between expectations of buyers and sellers throughout the market.
- Deal volume has continued to trend downward since peak M&A activity in 2021. In Q1 2026, the number of buyout deals completed decreased by approximately 8% and 15% QoQ and YoY, respectively.
- Aggregate deal value has also decreased since 2021 with a sharp drop in 2022 into H1 2023 before a slight rebound in late 2023 through 2025. After a decrease in deal value in H1 2025 following tariff announcements and related uncertainty, in Q3 2025, deal value jumped as several mega deals inflated aggregate deal value for the quarter. Aggregate deal value dropped 3% QoQ in the first quarter of 2026 but outpaced the average quarterly deal value over the past three years.

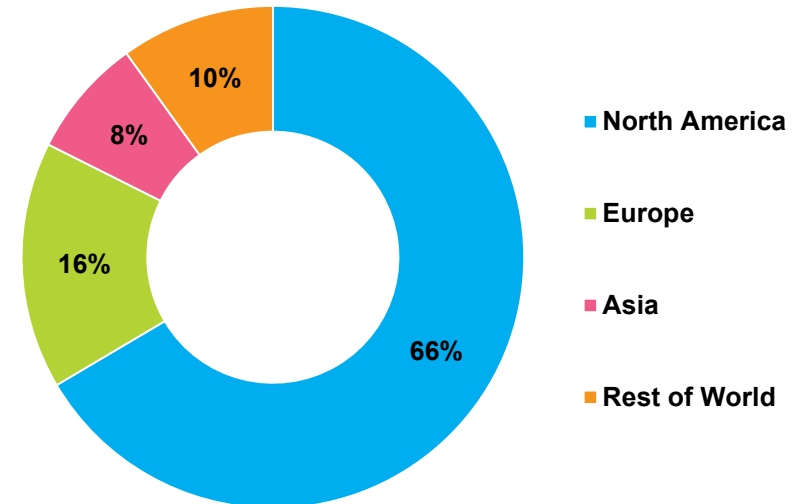
¹ Preqin: Transaction Intelligence. Data pulled on June 22, 2026.

² Preqin.

Capital Raised by Strategy¹



Capital Raised by Geography²



- Buyout (46% of all private equity capital raised) and Growth Equity (19%) represented the private equity sub-strategies with the most capital raised during the first quarter of 2026. Secondaries (14%) fundraising highlights the persistent muted exit environment which has constrained market liquidity and aided growth in the secondaries market, both for LPs (i.e., sales of fund interests) and GPs (i.e., continuation vehicles).
- Compared to the prior quarter, fundraising by strategy remained relatively consistent with Growth Equity increasing the most from 9% to 19% of capital raised. Buyouts represented 53% of total capital raised in the prior quarter, followed by Venture Capital (15%) and Other Private Equity (11%).
- North America-focused vehicles represented the majority of aggregate capital raised during the first quarter, representing 66% of total capital and 74% of the total number of funds closed. The share of commitments to Europe decreased quarter-over-quarter from 21% of capital raised (and 13% of funds closed) to 16% of capital raised (and 9% of funds closed) during the first quarter. Asia-focused funds accounted for approximately 8% of total capital raised, a slight decrease of 2% compared to the prior quarter.
- Buyout strategies and North America continue to represent the lion's share of private equity fundraising by strategy and geography, respectively. Growth Equity and Secondaries had strong relative fundraising totals during the first quarter of the year while Europe, Asia, and Rest of World collectively remained in line with the prior quarter.

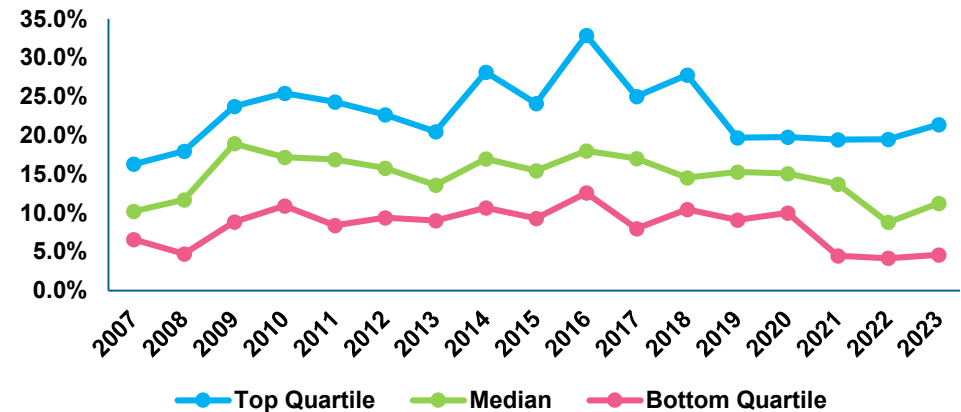
¹ Preqin

² Preqin

Private Equity Performance by Horizon¹

Horizon	Private Equity	Buyout	Venture Capital	Growth Equity
1 Year to 12/2025	9.6%	7.7%	23.9%	12.3%
3 Years to 12/2025	7.4	7.6	5.6	8.7
5 Years to 12/2025	11.3	11.7	8.1	10.0
10 Years to 12/2025	13.5	14.1	11.3	13.5

Private Equity Performance by Vintage Year²



- As of December 31, 2025, one-year private equity returns increased from the prior quarter, generating a 9.6% IRR over the trailing 12 months through Q4 2025. This compares to the trailing 12-month return of 8.6% as of Q3 2025 and a one-year return of 6.6% at Q4 2024. Overall, private equity returns have proven resilient but remain below the highs of recent years, as evidenced by the trailing 3-year return across each sub-strategy.
- In general, performance has been strong in each vintage year since the Global Financial Crisis, although private equity returns have declined since 2019. Buyout, venture capital, and growth equity funds have all generally performed well over the various time horizons on an absolute basis, with Buyout outperforming both Growth and Venture funds across longer time periods as of Q4 2025.
- The spread between first and third quartile performance in private equity has increased slightly since the Global Financial Crisis and averaged approximately 14.5% through 2023 vintage funds, supporting the importance of manager selection when allocating to the asset class. Additionally, private equity returns have declined slightly since the late 2010s with top quartile returns dipping below 20% net IRR across 2019 through 2022 vintage funds, in part due to the higher cost of leverage and a decline in asset values from their peak in the early 2020s.
- Deals remain competitive, keeping multiples high. Higher debt costs make it more difficult to capture value through leverage. A consistent, differentiated value creation model and clear strategies for maintaining growth and performance over the long term are more important than ever.

¹ Preqin Indices Private Equity Quarterly Performance through December 31, 2025. Data as of March 31, 2026, is not yet available.

² Preqin, Private Equity – All, Quartile Returns as of March 31, 2026. Data pulled on June 22, 2026.

Below are details on specific terminology and calculation methodologies used throughout this report:

Committed	The original commitment amount made to a given fund. Some funds may be denominated in non-USD currencies, and such commitment amounts represent the sum of fund contributions translated to USD at their daily conversion rates plus the unfunded balance translated at the rate as of the date of this report.
Contributed	The amount of capital called by a fund manager against the commitment amount. Contributions may be used for new or follow-on investments, fees, and expenses, as outlined in each fund's limited partnership agreement. Some capital distributions from funds may reduce contributed capital balances. Some funds may be denominated in non-USD currencies, and such aggregate contributions represent the sum of each fund contribution translated to USD at its daily conversion rate.
Distributed	The amount of capital returned from a fund manager for returns of invested capital, profits, interest, and other investment related income. Some distributions may be subject to re-investment, as outlined in each fund's limited partnership agreement. Some funds may be denominated in non-USD currencies, and such aggregate distributions represent the sum of each fund distribution translated to USD at its daily conversion rate.
DPI	Acronym for "Distributed-to-Paid-In", which is a performance measurement for Private Market investments. The performance calculation equals Distributed divided by Contributed. DPIs for funds and groupings of funds are net of all fund fees and expenses as reported to by fund managers to Meketa.
Exposure	Represents the sum of the investor's Unfunded and Remaining Value.
IRR	Acronym for "Internal Rate of Return", which is a performance measurement for Private Market investments. IRRs are calculated by Meketa based on daily cash flows and Remaining Values as of the date of this report. IRRs for funds and groupings of funds are net of all fund fees and expenses as reported by fund managers to Meketa.
NCV	Acronym for "Net Change in Value", which is a performance measurement for Private Market investments. The performance calculation equals the appreciation or depreciation over a time period neutralized for the impact of cash flows that occurred during the time period.
NM	Acronym for "Not Meaningful", which indicates that a performance calculation is based on data over too short a timeframe to yet be meaningful or not yet possible due to inadequate data. Meketa begins reporting IRR calculations for investments once they have reached more than two years since first capital call. NM is also used within this report in uncommon cases where the manager has reported a negative Remaining Value for an investment.

PME Spread	Calculated as IRR minus PME.
Public Market Equivalent ("PME")	A calculation methodology that seeks to compare the performance of a portfolio of private market investments with public market indices. The figures presented in this report are based on the PME+ framework, which represents a net IRR value based on the actual timing and size of the private market program's daily cash flows and the daily appreciation or depreciation of an equivalent public market index. Meketa utilizes the following indices for private market program PME+ calculations: Infrastructure: Dow Jones Brookfield Global Infrastructure Index Natural Resources: S&P Global Natural Resources Index Private Debt: Merrill Lynch High Yield Master II Bond Index Private Equity: MSCI ACWI Investable Market Index Real Assets (excluding Real Estate): Equal blend of Dow Jones Brookfield Global Infrastructure Index and S&P Global Natural Resources Index Real Assets (including Real Estate): Equal blend of Dow Jones Brookfield Global Infrastructure Index, S&P Global Natural Resources Index, and Dow Jones U.S. Select Real Estate Securities Index Real Estate: Dow Jones U.S. Select Real Estate Securities Index
Remaining Value	The investor's value as reported by a fund manager on the investor's capital account statement. All investor values in this report are as of the date of this report, unless otherwise noted. Some funds may be denominated in non-USD currencies, and such remaining values represent the fund's local currency value translated to USD at the rate as of the date of this report.
TVPI	Acronym for "Total Value-to-Paid-In," which is a performance measurement for Private Market investments. The performance calculations represent Distributed plus Remaining Value, then divided by Contributed. TVPIs for funds and groupings of funds are net of all fund fees and expenses as reported to by fund managers to Meketa.
Unfunded	The remaining balance of capital that a fund manager has yet to call against a commitment amount. Meketa updates unfunded balances for funds to reflect all information provided by fund managers provided in their cash flow notices. Some funds may be denominated in non-USD currencies, and such unfunded balances represent the fund's local currency unfunded balance translated to USD at the rate as of the date of this report.

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Meketa Investment Group has prepared this report on the basis of sources believed to be reliable. The data are based on matters as they are known as of the date of preparation of the report, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available.

If we manage your assets on a discretionary basis, please contact us if there are any changes in your financial situation or investment objectives, or if you want to impose any reasonable restrictions on our management of your account or reasonably modify existing restrictions.

In general, the valuation numbers presented in this report are prepared by the custodian bank for listed securities, and by the fund manager or appropriate General Partner in the case of unlisted securities. The data used in the market comparison sections of this report are sourced from various databases. These data are continuously updated and are subject to change.

This report does not contain all the information necessary to fully evaluate the potential risks of any of the investments described herein. Because of inherent uncertainties involved in the valuations of investments that are not publicly traded, any estimated fair values shown in this report may differ significantly from the values that would have been used had a ready market for the underlying securities existed, and the differences could be material.

This document may contain certain forward-looking statements, forecasts, estimates, projections, and opinions ("Forward Statements"). No representation is made or will be made that any Forward Statements will be achieved or will prove to be correct. A number of factors, in addition to any risk factors stated in this material, could cause actual future results to vary materially from the Forward Statements. No representation is given that the assumptions disclosed in this document upon which Forward Statements may be based are reasonable. There can be no assurance that the investment strategy or objective of any fund or investment will be achieved, or that the client will receive a return of the amount invested.

In some cases, Meketa Investment Group assists the client in handling capital calls or asset transfers among investment managers. In these cases, we do not make any representations as to the managers' use of the funds, but do confirm that the capital called or transferred is within the amounts authorized by the client.

Because there is no readily accessible market for private markets assets (companies and partnerships), the values placed on private markets assets are calculated by General Partners using conservative and industry standard pricing procedures. Annually, an independent auditor reviews the pricing procedures employed by the General Partner of each partnership.

The values of companies and partnerships are audited at year-end, and are not audited at other quarter-end periods. While financial information may be audited, there is some discretion as to the method employed to price private companies and, therefore, private markets partnerships. At all times, Meketa Investment Group expects General Partners to utilize conservative and industry standard pricing procedures, and requires the General Partners to disclose those procedures in their reports. However, because of the inherent uncertainty of valuation, these estimated values may differ from the values that would be used if a ready market for the investments existed, and the differences could be significant.

MEMORANDUM

TO: SJCERA Board of Retirement (SJCERA)
FROM: Meketa Investment Group (Meketa)
DATE: October 14, 2026
RE: 2026 Asset Allocation and Manager Recap

Summary and Discussion

The implementation of the Board's revised strategic asset allocation is progressing as expected, with several key private market commitments completed and additional commitments anticipated over the next 12 months.

In the second half of 2025, Meketa and SJCERA conducted an asset allocation review. This review evaluated the prior target portfolio in light of the new Infrastructure allocation and the Board's increased risk tolerance. The 2025 review changed the portfolio in the following ways:

1. Established a 5% target to Infrastructure assets
2. Reduced the allocation to Diversifying Assets (CRO and Principal Protection) by 5%
3. Increased the target allocation to Public Equities
4. Decreased the target allocation to Stabilized Growth

Policy Targets vs. Actual (June 2026)*

Classes/Strategies	2026 Long-term Policy Targets (%)	Actual Allocation (June 2026)	Difference
BROAD GROWTH	81.0	77.5	-3.5
<u>Traditional Growth</u>	38.0	44.3	6.3
Public Equity	38.0	44.3	6.3
<u>Stabilized Growth</u>	22.0	21.4	-0.6
Core Real Estate	9.0	6.7	-2.3
Liquid Credit	5.0	7.5	2.5
Private Credit	8.0	7.2	-0.8
<u>Aggressive Growth</u>	21.0	11.9	-9.1
Private Equity	10.0	8.0	-2.0
Infrastructure	5.0	1.5	-3.5
Non-Core Real Assets	6.0	2.4	-3.6
PRINCIPAL PROTECTION	9.0	9.2	0.2
CRISIS RISK OFFSET	10.0	10.4	0.4
Cash	0.0	2.8	2.8

*Differences due to rounding

As highlighted above, one feature of adopting a new strategic policy is that it can require a significant amount of change, both from an asset allocation adjustment standpoint and from the perspective of updating and searching for new potential managers. Meketa has found implementing a new strategic asset allocation often takes time, particularly when new asset classes and manager mandates are being added. As a result, actual portfolio exposures and performance may deviate significantly from policy targets during the implementation period. To maintain the desired level of risk during the implementation, Meketa has been working with the Board to strategically overweight public equities, which serves as a short-term proxy for private market exposure. Plan sponsors typically expect to reach adopted policy targets over a three- to five-year period. For SJCERA, the pace of implementation may be faster depending on market conditions.

Following approval of these new targets, Meketa and SJCERA have been working to identify new private markets managers. This memo provides a recap of the new investments resulting from manager search activity conducted during 4Q 2025 and 2026. These searches have been conducted in conjunction with the pacing studies that were presented to the Board in October 2025.

New Allocations (4Q2025/2026)

Date	Manager	Classes/Strategies	Commitment Amount (\$)
Oct-25	BlackRock	Infrastructure	100
Dec-25	Focus Senior Housing	Real Estate - Value Add	50
Jan-26	Pemberton	Private Credit	50
Mar-26	Abacus	Real Estate	75
Apr-26	I Squared	Infrastructure	100
Apr-26	Neuberger	Private Credit	50-100
Jun-26	Hines	Real Estate	75
Jul-26	Bessemer	Private Equity	50
Jul-26	Peppertree	Infrastructure	75
Aug-26	Ocean Avenue	Private Equity	---

Implementation of the Board's revised strategic asset allocation remains on track, with several private market commitments completed and additional opportunities expected over the coming year. Meketa will continue partnering with SJCERA to advance the implementation of the private markets portfolio and keep the Board informed on manager search activity and overall implementation progress as needed.

Disclosure

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San Joaquin County Employees' Retirement Association

October 14, 2026

Emerging Markets Equity

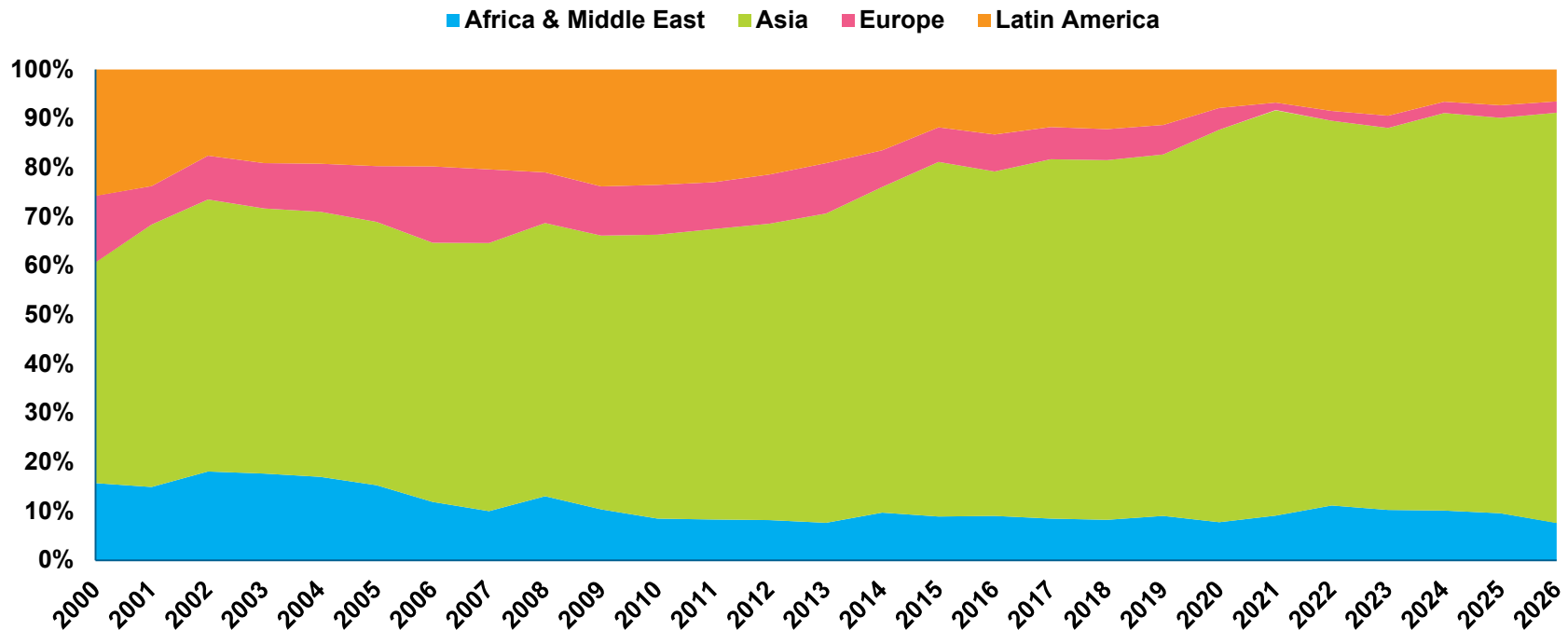
What are Emerging Markets?

- No single definition of an emerging market exists.
- Measures of national income or GDP per capita are often used by economists to distinguish countries' relative stages of development.
- The most used benchmark for measuring the performance of emerging market equities is the MSCI Emerging Markets (EM) Index.
 - MSCI developed its initial EM index in 1988 with stocks from 10 countries that together accounted for less than 1% of global market capitalization.
 - Today, the EM index includes stocks from 24 countries that comprise more than 10% of global market cap.

The Changing Nature of Emerging Markets

- The emerging markets opportunity set has changed meaningfully over the last twenty years.
- At the turn of the century, Brazil, South Africa, and Mexico were three of the index's four largest countries, and Asian countries comprised ~40% of the index.
 - Asia now accounts for 84% of the index.¹

MSCI Emerging Markets Index Region Weights²



¹ Source: Bloomberg and MSCI as of April 2026.

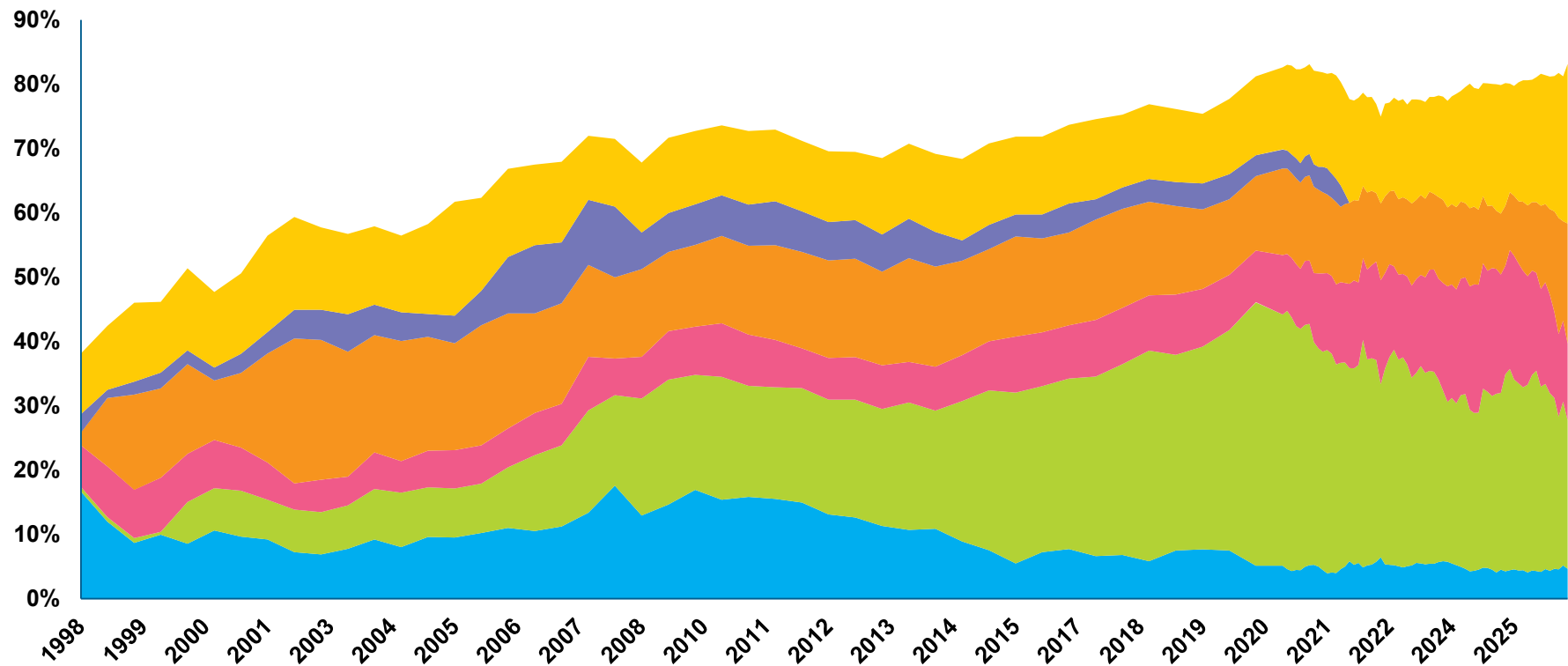
² Source: MSCI annual regional allocation by benchmark weight for the period from December 2000 through April 2026.

Changes in Geographic Allocations

→ The increased allocation to Asia is mostly driven by China and Taiwan, whose combined weight has grown from less than 11% in 1999, to around 48% in 2026.

MSCI Emerging Markets Index Country Weights¹

■ Brazil ■ China ■ India ■ Korea ■ Russia ■ Taiwan



¹ Source: Bloomberg. Data is for June 1998 through March 2026. China joined the WTO in 2001.

Long-Term Case for Emerging Markets

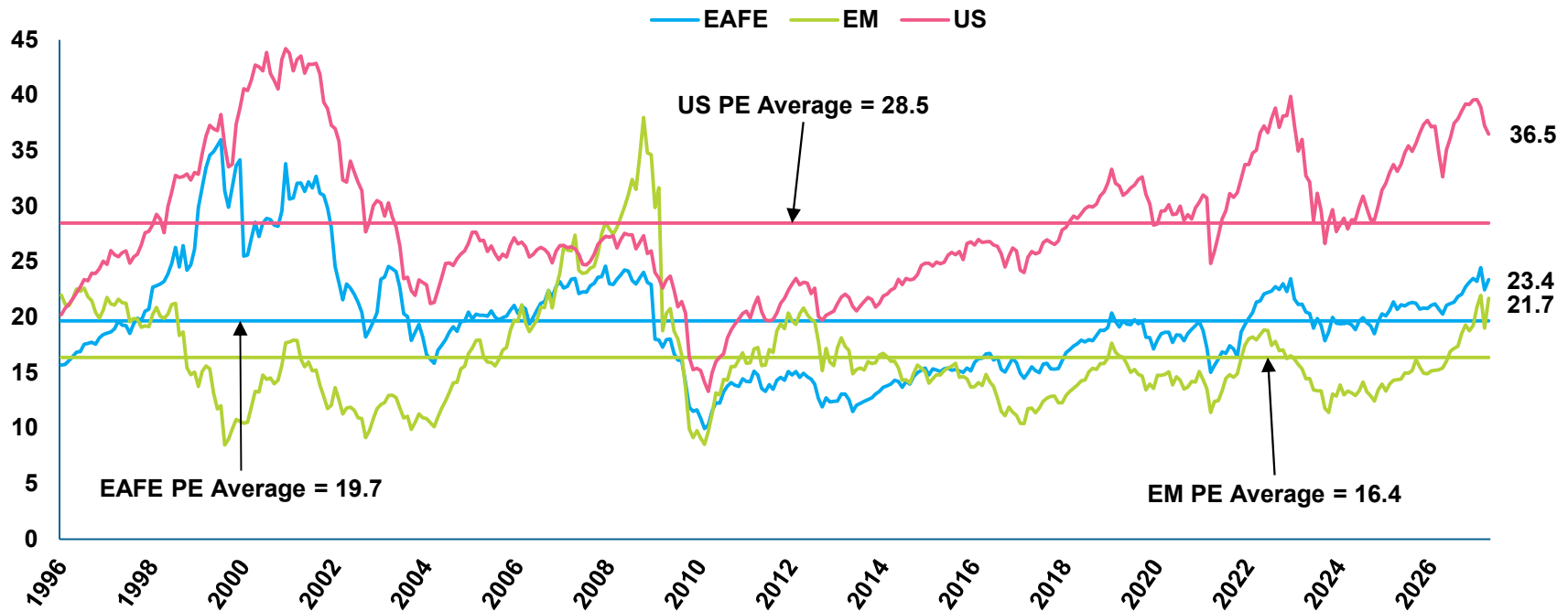
- The case for emerging market equities is typically based on three views: growth, weighting, and valuations.
- First, emerging market countries are expected to grow faster than their developed market counterparts.
 - In theory, companies can grow more quickly when operating in high-growth economies, thus translating into higher returns for shareholders.
- Second, emerging markets remain underrepresented in many institutional portfolios when viewed through either a market capitalization and GDP-weighted lens.
 - Emerging markets account for approximately 37% of global economic output.¹
- Third, most emerging market equities trade at discounts relative to US equities, based on most valuation metrics.
 - Paying lower prices for faster expected growth is usually an attractive proposition.

¹ Source: Oxford Economics for economic output data (as defined by real GDP in US Dollars).

EM Equity Valuations

- The price paid for any asset affects the long-term return an investor earns.
- Domestic, Developed ex-US, and Emerging Market equities are all relatively expensive compared to their long-term averages. A rotation from US stocks to Emerging and Developed ex-US Stocks has increased foreign equity valuations in the past six months.

Cyclically Adjusted P/E¹



¹ Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous 10 years. Data is from January 1990 through April 2026.

Has Higher Growth Led to Higher Returns?

- Since the inception of the MSCI EM index, emerging market equities have generated solid results.
- Emerging market equities have lagged US public equities but outperformed non-US developed market equities.
 - The underperformance relative to US equities is driven by more recent periods.
 - Despite higher economic growth in emerging markets, the EM index has lagged US markets since the GFC.

Historical Returns¹

Index	Since EM Inception (1988) (%)	Since 2000 (%)	Since 2010 (%)
Emerging Market Equities	10.6	7.7	6.3
Developed Market Equities	6.5	5.3	7.6
US Equities	11.6	8.3	14.3

¹ Total annualized returns through June 2026 for MSCI Emerging Market Equity Index, MSCI EAFE Index and the S&P 500 Index.

What May Hinder Higher Returns?

- Several factors may prevent economic growth from translating to higher profitability.
 - Growth in earnings, but not EPS, due to net share issuance/dilution.
 - State-owned and state-controlled enterprises focusing on stakeholders other than shareholders.
 - Foreign/global companies benefiting from EM economic growth at the expense of locally listed companies.
- What could cause this to change?
 - Greater openness to returning capital to shareholders and broader financial engineering.
 - Shift away from old, state-owned enterprises dominating the indices.
 - Continued emergence of local champions that can compete with current industry leaders.

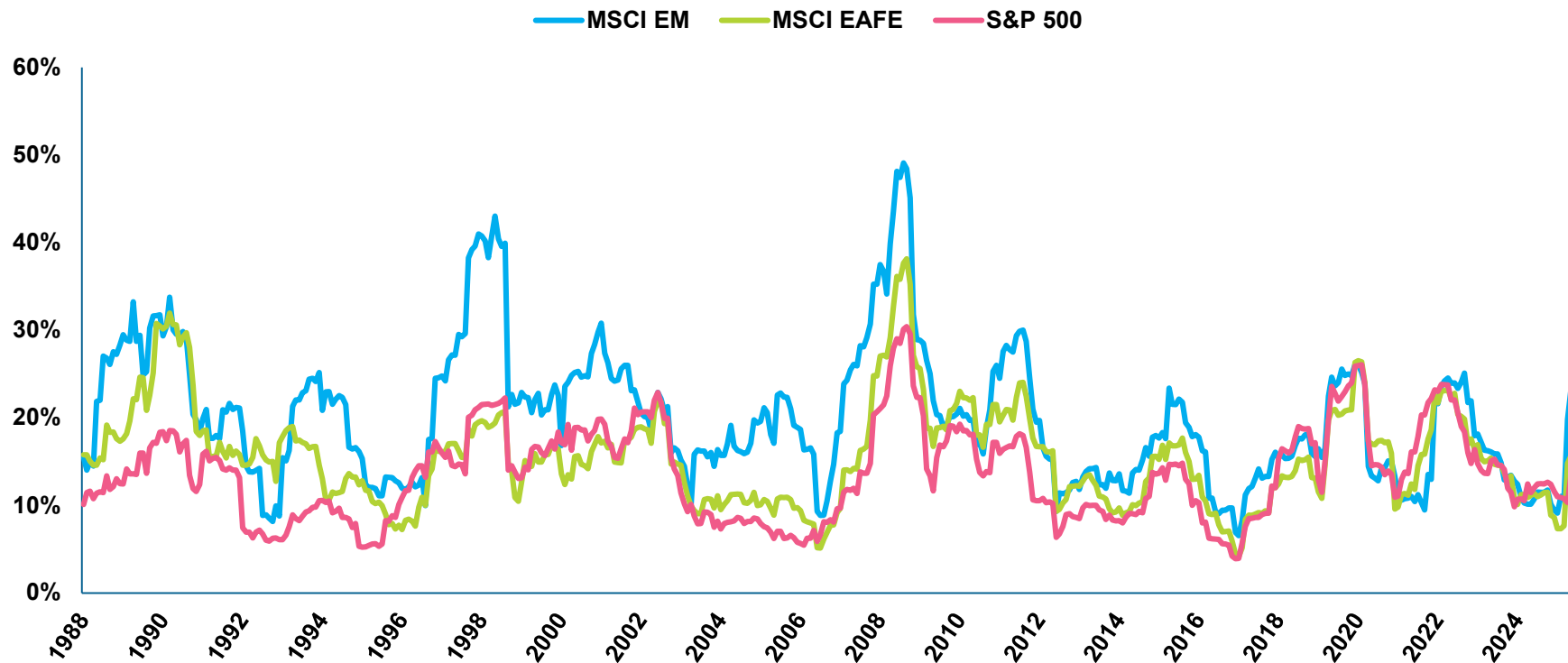
Event and Political Risks and Concerns

- Within emerging markets, there are unique political risks that can lead to higher volatility and potentially lower returns.
- Political risks are present whenever investing outside the US.
 - Civil insurrection and wars (cold or hot) can flare up and affect non-US investments.
 - In the extreme, different political systems can result in events such as state seizure of assets.
 - Different business practices may lead to higher levels of corruption, graft, and theft/fraud.
- A current consideration is the ongoing dispute between the US and China.
 - This tension can lead to greater volatility in the short term and potentially harm long-term returns.
 - On the other hand, this risk may already be reflected in market prices.
- Like most capital markets, emerging markets tend to exhibit cyclicalities.
 - These cycles can be amplified due to alternating periods of risk-on and risk-off investor behavior.
 - In periods of economic or political stress, investor outflows can occur in all emerging markets indiscriminately.

Volatility

→ Emerging market equities have historically been more volatile than US and non-US developed markets.

Market Volatility¹



¹ Source: Bloomberg. Data for January 1988 – April 2026.

Emerging Markets in a Strategic Asset Allocation

- Due to higher growth expectations and lower valuations, emerging market equities tend to exhibit the highest expected returns among the public asset classes in Meketa's capital market expectations.
 - However, Meketa also projects that emerging market equities will have the highest volatility of public market securities.
- We believe EM equities are one of few public market asset classes capable of supporting long-term return objectives above 6% or 7%.
 - Hence, any investor building a diversified portfolio and hoping for a higher rate of return should consider a dedicated allocation to emerging market equities.
- We recommend that investors with well-diversified portfolios consider targeting an allocation to emerging market equities that is at least in-line with their broader global market capitalization.
 - Investors may also want to consider an overweight to EM, especially relative to non-US developed markets.
 - This better reflects the level of importance emerging markets have in the global economy and their potential as a driver of long-term performance.
 - EM has more attractive growth prospects, and at potentially lower prices, than most non-US developed markets.

Summary

- The emerging markets hypothesis, while still focused on growth, has evolved over the past two decades.
 - EM economies represent a significant share of the world's population and an increasing share of global economic output.
- The EM opportunity set now represents exposure to a growth story that is primarily focused on Asia.
 - The EM index has evolved not just in regional terms, but also in industry and company-specific terms.
 - The composition of EM equity indices reflects the rise of information technology, communication services, and financial services.
 - As a result, EM indices have also become increasingly concentrated and dominated by a few mega-cap companies in these sectors.
- Our primary long-term concern is whether strong economic growth will translate into equally strong investment returns for public equity shareholders.
- We believe that, as a group, emerging markets present the potential for higher equity returns as compared to developed markets.

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Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 9.0

October 14, 2026

SUBJECT: Investment Consulting Services Request for Proposal (RFP) 2026-02

SUBMITTED FOR: ☐ CONSENT ☒ ACTION ☐ INFORMATION

RECOMMENDATION

The Evaluation Team recommends that the Board of Retirement select Meketa to provide investment consulting services for the five years January 1, 2027 - December 31, 2031.

SUMMARY OF PROPOSAL EVALUATION PROCESS

SJCERA issued a Request for Proposal (RFP) on July 7, 2026, for investment consulting services. SJCERA received five Letters of Intent by the July 20, 2026 deadline.

Submission of Proposals

Three proposals meeting the minimum qualifications were submitted by the filing deadline of September 7, 2026:

Meketa
NEPC
Wilshire

The Evaluation Team consisting of Investment Officer Trent Kaeslin, Chief Counsel Aaron Zaheen, and Management Analyst III Greg Frank, reviewed the proposals. The Evaluation Team rated the written proposals using the following evaluation criteria:

- Assigned Team & Senior Depth
- Manager Research & Opportunity Sourcing
- Private Markets Capability
- Manager Due Diligence
- Staff Collaboration/Investment Officer Integration
- Research Access/Technology
- Conflicts/Independence
- Asset Allocation/ALM/Risk/Liquidity
- SJCERA Knowledge/Transition Risk
- Fee Negotiation/Cost Optimization
- Reporting/Customization
- Organization/Regulatory
- Five-Year Consulting Fee

All three proposers met the minimum qualifications and demonstrated the ability to provide investment consulting services to SJCERA. The Evaluation Team elected not to conduct in-person interviews because the written proposals provided enough information to distinguish the firms.

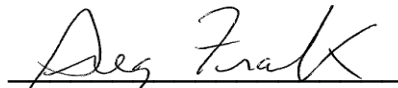
Each member of the Evaluation Team scored Meketa highest. Meketa's proposed team, private markets resources, competitive fee structure, and a demonstrated knowledge of SJCERA's portfolio and working processes were significant factors in the recommendation. After considering qualifications, service scope, fees, and the work required to transition to a new consultant, the Evaluation Team recommends that the Board select Meketa.

Steps Following Board Approval

The Chief Executive Officer will negotiate and execute the contract with Meketa in consultation with SJCERA's Counsel.



TRENT KAESLIN
Investment Officer



GREG FRANK
Management Analyst III



AARON ZAHEEN
Chief Counsel



SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

October 7, 2026

TO: Board of Retirement

FROM: Renee Ostrander 
Chief Executive Officer

SUBJECT: Chief Executive Officer Report

STRENGTHEN THE LONG-TERM FINANCIAL HEALTH OF THE RETIREMENT PLAN

Asset Allocation

Review Real Estate class and evaluate current managers and weightings.

The team continues to evaluate real estate opportunities across both equity and credit strategies, with a focus on diversification and attractive risk-adjusted returns. We will continue to assess opportunities that align with the Strategic Asset Allocation and 2027 investment pacing plan.

Optimize the Investment Manager Lineup

Analyze and develop strategy to reduce investment fees.

SJCERA engaged XTP to independently review investment fees and expenses and identify potential discrepancies and opportunities for cost savings. XTP is currently reviewing the initial group of funds, with an update on the review process expected by year-end and additional funds planned for review in 2027.

Conduct 2026 Pacing Study for various asset classes.

Meketa is presenting the 2027 Private Market Pacing Plans to the Board this month, outlining anticipated commitment levels across the portfolio. SJCERA's investment team and Meketa will use these plans to guide investment activity in 2027 and move the portfolio toward its Strategic Asset Allocation targets while maintaining appropriate diversification and liquidity.

Risk Assessment

Define Emerging Governance Issues

The legal team, administrative team, and IT are collaborating to set parameters for document retention internally due to new County policies. The final language will set appropriate limits while maintaining the most institutional knowledge possible.

MODERNIZE THE OPERATIONS INFRASTRUCTURE

New Pension Administration System (PAS)

Achieve defined milestones in new Pension Administration System.

SJCERA's Pension Administration System project is progressing through testing and preparation for the next scheduled release. Staff continue to test Release 1.0 to verify calculations and workflows and identify issues requiring resolution. SJCERA has also delivered the data needed for Release 2.0 to Heywood, supporting the next phase of development and data migration. Heywood is currently developing Release 2.0, with delivery scheduled for October 21, 2026.

Define metrics for new Pension Administration System.

SJCERA's senior leadership team is reviewing the CEM questionnaire to establish ongoing performance metrics in three broad areas: service, cost, and customer experience. The review covers more than 64 questions addressing pension payments, benefit estimates, refunds, service purchases, disability retirement, member calls and walk-in visits, individual counseling, member education, the website, member statements, outbound communications, and administrative costs.

This preliminary work will help establish 2026 baseline measures against which SJCERA can evaluate performance following implementation of the Heywood Pension Administration System. Comparing future results with these baselines will help leadership identify improvements in operational efficiency and member service, prioritize areas needing further attention, and assess progress over time. This also gives the PAS implementation team time to incorporate these metrics into the Heywood Insights product we received in Release 1.0.

Improve Business Operations

Implement in house development of ACFR and PAFR.

The 2025 Annual Financial Comprehensive Report theme has been selected. The theme this year is *The Heart of Service: Supporting the People Behind the Care* (Highlighting healthcare workers and SJC General Hospital). Thank you to Trustee Escotto for connecting the Communications team with the Marketing Director of the San Joaquin County General Hospital.

Employer Experience

Develop Employer Ambassador program for Payroll Users Group.

Our Ambassador Program is proving to be useful thus far. Our ambassadors are actively utilizing the toolkits, and we are planning to meet (virtually) for our first Quarterly meeting on October 28.

ALIGN RESOURCES AND ORGANIZATIONAL CAPABILITIES

Staff Education

Define staff educational needs and develop corresponding training opportunities.

SJCERA continues to align staff training opportunities with job responsibilities and operational needs. Our Investment Accountant, Frank Oppong-Kyekyeku, attended the Clearwater Connect conference in Boise, which offered practical workshops and peer discussions focused on using the Clearwater platform and managing investment data, risk, and workflows. These opportunities support the development of technical skills applicable to SJCERA's investment accounting functions and provide exposure to approaches other organizations use to improve their investment operations.

Our Retirement Financial Officer, Rachna Sharma, registered for three Government Finance Officers Association (GFOA) online training courses, specifically related to our work as a pension fund. These courses address educational needs in public investing, governmental financial reporting, and pension accounting, supporting staff development and SJCERA's commitment to accurate reporting and sound financial management.

MAINTAIN BUSINESS OPERATIONS

Develop 2027-2031 Strategic Plan

As part of an ongoing effort, the SJCERA team is pleased to present this month the new nine-year strategic plan. This plan has gone through much revision, but the **results** are worth it. By bringing the strategic plan in-house, not only has it reduced costs, but the entire team has been part of the process. From brainstorming to drafting to finalization, the team has worked on refining goals, objectives, and initiatives to push SJCERA forward.

Complete RFP for Investment Consulting Services

The competitive RFP process for Investment Consulting Services has been completed, and the team is recommending Meketa to continue serving as SJCERA's Investment Consultant for the next five years. After considering qualifications, service scope, and fees, the Evaluation Team recommended that the Board select Meketa. SJCERA looks forward to continuing our partnership with Meketa and building on our work together to support our long-term investment objectives.

Provide Excellent Customer Service

A few quotes from our members:

[Vickie Monegas] "Vickie was very comforting re: next steps for direct deposit updates."

[Andrea Bonilla] "Yes, Andrea was helpful. She explained what she needs and what I expect that is coming."

Employee of the Month

Congratulations to the Employees of the Month: Trent Kaeslin and Aaron Zaheen. They juggled a lot of work with investment contracts over the last month. Several investments have been approved by the Board of Retirement recently, and they hit the mark perfectly in terms of adhering to the deadlines despite multiple roadblocks. They rose to challenges of coordinating with investment firms and law firms on both sides and attaining agreement amongst all parties.

Conclusion

This month, I attended the CALAPRS Administrator's Institute, an educational opportunity attended solely by retirement system administrators. It was wonderful not just learning from others but also sharing ideas on different topics such as succession planning, legislative updates, performance management, and hot topics. I brought back some ideas and will be looking to evaluate the possibility of kicking off some initiatives of our own and implementing some of these ideas with our team!



In addition, our team had a fun day of team bonding...literally. We hosted a sports day in the office where everyone got to show off their love for their favorite sports teams! Despite there being diversity in sports and teams, the SJCERA team came together as one to celebrate. More collaboration on its way.





SAN JOAQUIN COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION

STRATEGIC PLAN

For the Calendar Years 2027 - 2035

Through strategic planning and disciplined execution, we are prepared to transform our goals into measurable achievements.

209.468.2163

www.SJCERA.org

220 E. Channel St,
Stockton, CA 95202

ABOUT US

SJCERA was established in 1946 by the San Joaquin County Board of Supervisors to provide retirement, disability, and death benefits to employees of San Joaquin County and other participating employers. Visit the [Employers](#) page for a list of SJCERA's participating employers.

SJCERA is a defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code. A defined benefit plan is an employer-sponsored retirement plan that provides members a lifetime benefit based on a formula using age at retirement, years of service, and final average compensation. SJCERA administers the benefits in accordance with the provisions of the County Employees Retirement Law (CERL) of 1937, the Public Employees Pension Reform Act (PEPRA) of 2013, and the Internal Revenue Code.

SJCERA is governed by an independent, nine-member Board of Retirement. SJCERA's mission is to be trusted financial stewards committed to providing excellent service and lifetime retirement benefits to our members.

MISSION

To deliver a secure, efficient, and accurate retirement benefit as a trusted fiduciary.

VISION

A trusted partner in providing a secure retirement.

VALUES

✓ INTEGRITY

We honor our commitments and can be trusted to do the right thing.

✓ SERVICE

Being respectful and helpful is at the heart of who we are.

✓ ACCOUNTABILITY

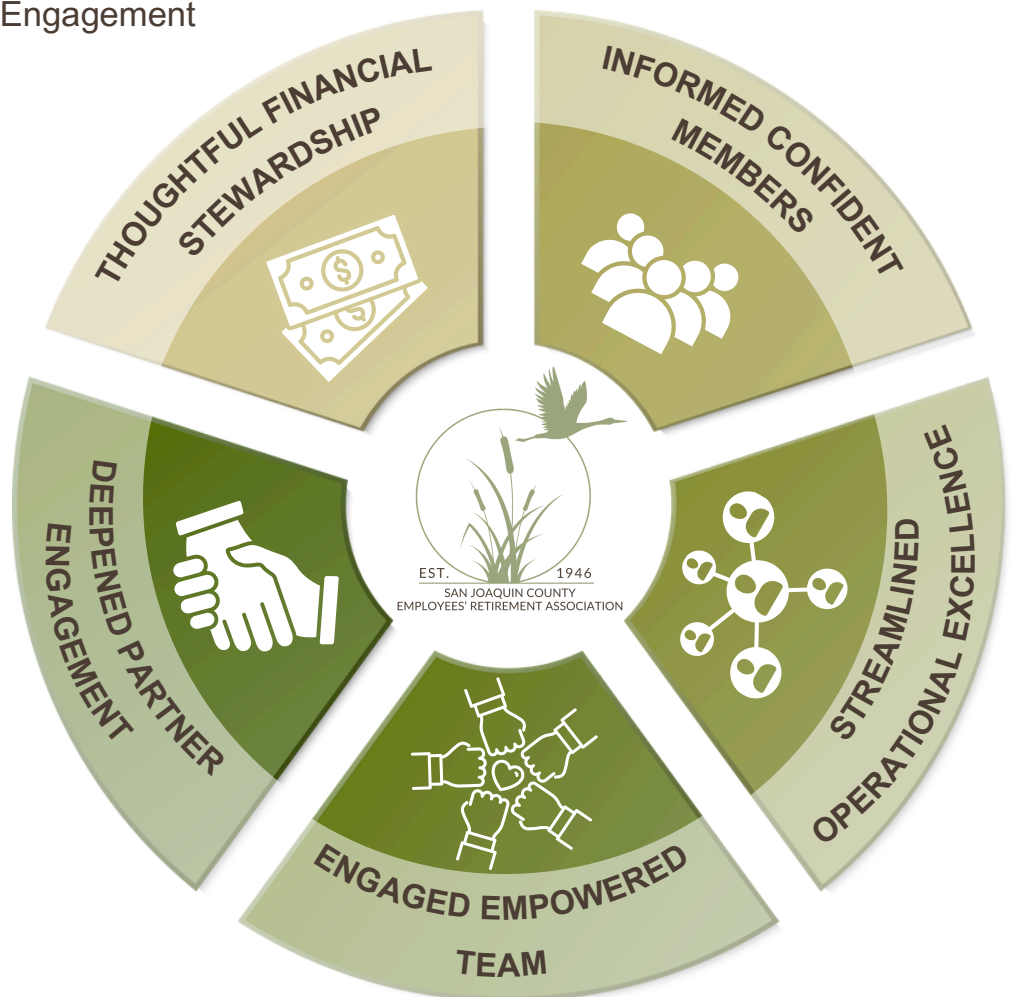
We take pride in our work and continuously improve ourselves.

2027 - 2035 STRATEGIC PLAN

GOALS

With a clearly defined mission and set shared of values, SJCERA is driven to provide service and focus on the following strategic goals:

- Thoughtful Financial Stewardship
- Informed Confident Members
- Streamlined Operational Excellence
- Engaged Empowered Team
- Deepened Partner Engagement



THOUGHTFUL FINANCIAL STEWARDSHIP

By carefully managing budgets, controlling administrative costs, making informed investment decisions that enhance the wellbeing of the fund, and continually improving efficiency, SJCERA ensures resources are used where they have the greatest impact. This commitment to responsible stewardship helps safeguard member benefits, provide value to participating employers, and strengthen the organization for future generations.

OBJECTIVES



Achieve sustainable long-term returns.



Maintain disciplined asset allocation.



Manage investment risk prudently.



Optimize investment costs and value.



Maintain sufficient liquidity.



Strengthen investment governance.

INFORMED CONFIDENT MEMBERS

Informed, confident members are better equipped to make decisions about their retirement. SJCERA is committed to providing clear communication, accessible resources, and educational opportunities that help members understand their benefits and plan for the future. By empowering members with the knowledge and tools they need, SJCERA fosters confidence at every stage of their retirement journey.

OBJECTIVES



Improved member understanding of benefits and retirement planning.



Expand member education and outreach.



Increase early retirement planning.



Increase use of self-service tools.



Strengthen engagement with retirees.

DEEPEMED PARTNER ENGAGEMENT

Strong partnerships are essential to delivering exceptional service and ensuring the long-term success of the retirement system. SJCERA is committed to strengthening relationships with participating employers, stakeholders, and trusted partners through open communication, collaboration, and shared accountability. By working together, SJCERA can better support its members, respond to changing needs, and achieve common goals.

OBJECTIVES



Strengthen relationships with participating employers.



Enhance relationships with stakeholders.



Communicate future changes proactively.

STREAMLINED OPERATIONAL EXCELLENCE

Delivering reliable, efficient, and high-quality service requires a commitment to continuous improvement. By simplifying processes, embracing technology, and equipping staff with the right tools and resources, SJCERA can work more effectively while enhancing the member experience. Streamlined operations also support responsible resource management and position the organization to meet future needs with agility.

OBJECTIVES



Modernize technology and digital tools.



Standardize and improve key processes.



Strengthen internal controls and compliance.



Strengthen cybersecurity and operational resilience.

ENGAGED AND EMPOWERED TEAM

A strong organization begins with an engaged and empowered team. SJCERA fosters a workplace where employees are supported, valued, and encouraged to grow through collaboration, professional development, and shared accountability. By investing in its people, SJCERA strengthens its ability to deliver exceptional service, adapt to change, and fulfill its mission with excellence.

OBJECTIVES



Strengthen employee engagement and workplace culture.



Invest in employee development and growth.



Equip staff with effective tools and resources.



Promote innovation and continuous improvement.



Strengthen collaboration and shared accountability.

FROM STRATEGY TO RESULTS

SJCERA will advance its mission through disciplined execution, measurable outcomes, and continuous improvement across five strategic priorities.



THOUGHTFUL FINANCIAL STEWARDSHIP

- Sustainable returns
- Prudent risk management
- Disciplined asset allocation
- Strong governance

STREAMLINED OPERATIONAL EXCELLENCE

- Modern technology
- Efficient processes
- Strong controls
- Cybersecurity and resilience

DEEPENED PARTNER ENGAGEMENT

- Stronger relationships
- Two-way communication
- Timely information
- Proactive updates

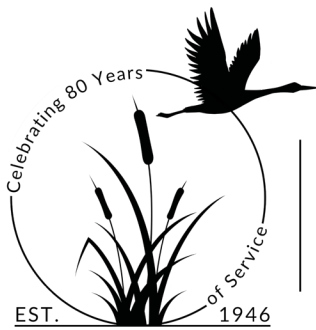
ENGAGED EMPOWERED TEAM

- Engaged employees
- Professional growth
- Effective tools
- Collaboration and innovation

INFORMED CONFIDENT MEMBERS

- Greater understanding
- Earlier retirement planning
- Increased engagement
- Effective self-service





SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Agenda Item 10.3.1

October 14, 2026

SUBJECT: Pending Member Accounts Receivable – 3rd Quarter 2026

SUBMITTED FOR: ___ CONSENT ___ ACTION X INFORMATION

RECOMMENDATION

This report is submitted for the Board's information.

PURPOSE

To report the quarterly summary of pending accounts receivable for SJCERA retired or deferred members as of September 30, 2026.

DISCUSSION

This quarter's Pending Accounts Receivable Report, below, includes all receivables owed by retirees, beneficiaries, or deferred members.

QUARTERLY SUMMARY REPORT OF PENDING ACCOUNTS RECEIVABLE - SJCERA MEMBERS

3rd Quarter - Through September 2026							
Action Date	Total Receivable	Payments Began	Current Balance	Current Payment	Payment Description	Payment End Date	First Reported To Board
02/01/24	\$ 13,317.48	2/1/2024	\$ 1,109.79	\$ 369.93	Overpaid Retirement Benefits	02/02/27	Apr-24
11/03/25	\$ 6,962.80	11/3/2025	\$ 3,481.36	\$ 290.12	Overpaid Retirement Benefits	10/01/27	Oct-25
11/03/25	\$ 9,914.40	11/3/2025	\$ 6,609.60	\$ 275.40	Overpaid Retirement Benefits	09/01/28	Jan-26
02/27/26	\$ 1,293.00	2/27/2026	\$ 258.60	\$ 129.30	Overpaid Retirement Benefits	12/01/26	Apr-26
02/27/26	\$ 11,432.16	3/31/2026	\$ 9,209.24	\$ 317.56	Underpaid Contributions	04/01/29	Apr-26
05/01/26	\$ 890.62	5/31/2026	\$ 445.32	\$ 89.06	Underpaid Contributions	10/01/27	Oct-26
07/24/26	\$ 4,059.78	9/30/2026	\$ 3,721.47	\$ 338.31	Underpaid Contributions	08/01/27	Oct-26
Total Accounts Receivable as of 09/30/2026			\$ 24,835.38				

Three member receivables were completed in the third quarter of 2026.

Brian P. McKelvey

Assistant Chief Executive Officer



Pending Disability Application Statistics 3rd Quarter 2026 Open Cases

SJCERA received 1 disability application during Q3 2026

Time Elapsed From Application Date	
01 - 03 Months	1
04 - 06 Months	3
07 - 09 Months	5
10 - 12 Months	1
13 - 15 Months	0
16 - 18 Months	0
19 - 21 Months	0
22 - 24 Months	0
Over 24 Months	1
Total	11

Break Down By Application Type	
Service-Connected	9
Nonservice Connected	2
Service & Nonservice Connected	0
Total	11

Breakdown By Department						
	Service	Nonservice	Service & Nonservice	Total	SJCERA Members	Ratio
Courts	0	1	0	1	304	0.33%
District Attorney	1	0	0	1	301	0.33%
Lathrop-Manteca Fire District	1	0	0	1	49	2.04%
Mental Health	0	1	0	1	717	0.14%
Probation	1	0	0	1	302	0.33%
Public Health	1	0	0	1	160	0.63%
Sheriff	5	0	0	5	798	0.63%
Totals	9	2	0	11	2,631	0.42%
Total SJCERA Active Members For All Departments As of 9/6/2026					7,237	0.15%
Total Number of Department Groups					7	

2026 Total Cases Resolved = 4

Goal #1 - 100% of applications that do not require a hearing will go to the Board within 9 months

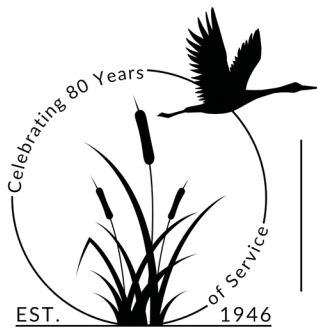
Goal #2 - 80% of applications requiring a hearing will go to the Board within 18 months

Goal #1 100% Completed within 9 months
Goal #2 0% Completed with Hearing within 18 months

Of the two cases resolved in the third quarter of 2026, one case was dismissed, while the other case was resolved within nine months, meeting Goal #1. Staff is seeing the positive impact of recent efficiency improvements and anticipates meeting Goal #1 again in Q4 2026.

Calendar Year Comparison 1/1 to 12/31

	2021	2022	2023	2024	2025	2026
New	16	14	14	6	4	9
Granted	8	12	13	4	3	4
Denied	3	3	3	0	0	0
Dismissed	0	0	1	1	0	1
Withdrawn	0	2	1	1	1	1
Rejected	0	0	3	0	0	0
Total Closed	11	17	21	6	4	6



SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Agenda Item 10.3.3

Q3 2026 – Operations Metrics

As part of SJCERA's efforts to make data-based decisions, the Retirement Services and IT units formalized its initial data collection in August 2023. This report represents operational data collected for the third quarter of 2026. The data is useful for workload allocation, analyzing staff performance and identifying training opportunities.

Retirement Services

Completed Activities	Jul	Aug	Sep	Q3 Totals	Monthly Average ¹
Retirements	14	16	19	49	16
Deaths	20	9	21	50	17
Refunds	50	26	28	104	35
New Employees	53	63	41	157	52
Deferred	53	54	20	127	42
Terminations	73	52	59	184	61
Estimates	22	27	33	82	27
Service Purchases	15	31	26	72	24
Member Phone Calls	476	351	366	1193	398
Member Walk-Ins	41	32	38	111	37

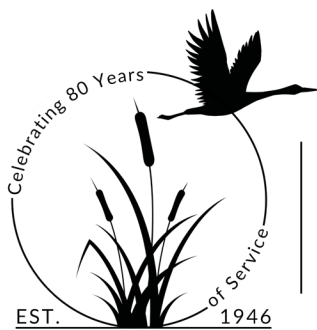
Information Technology

Completed Activities	Jul	Aug	Sep	Q3 Totals	Monthly Average ²
IT Support	264	235	257	756	252
Ongoing Production	196	155	169	520	173
Cybersecurity & Infrastructure Maintenance	179	203	197	579	193
Projects	216	208	233	657	219


 Brian P. McKelvey
 Assistant Chief Executive Officer

¹ Monthly Average values rounded to nearest whole number.

² Monthly Average values rounded to nearest whole number.



SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

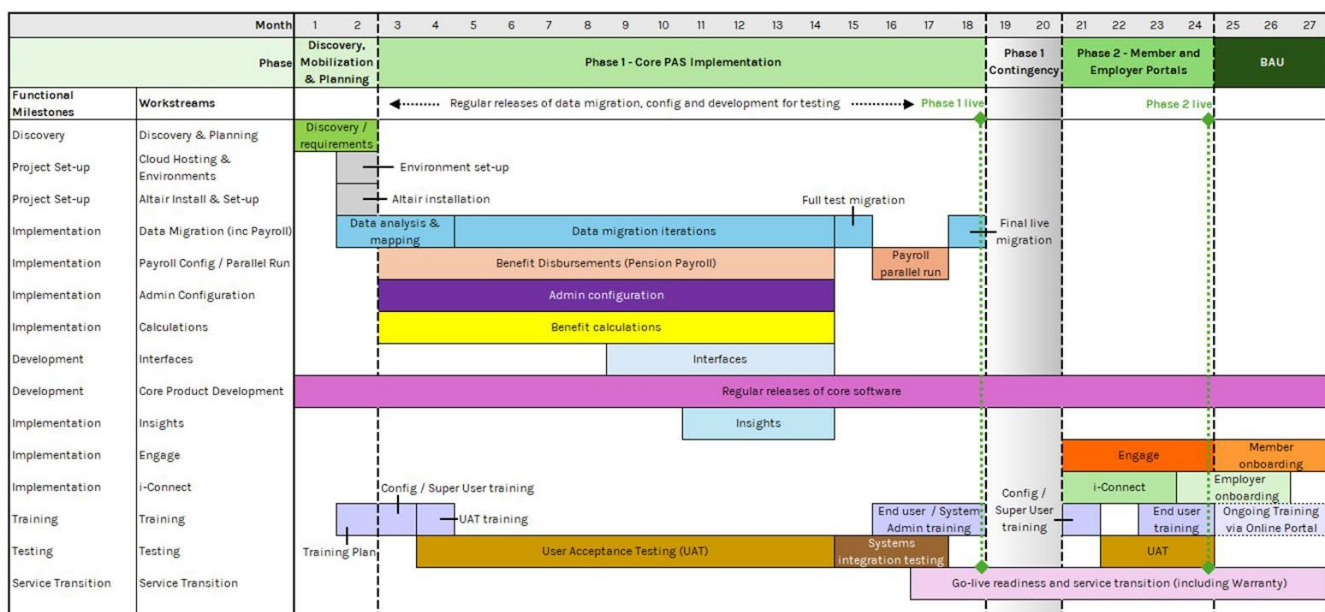
Agenda Item 10.3.4

Q3 2026 - Pension System Project Status Report

Overall Project Status - Green

The Heywood PAS project is progressing as planned with no changes to overall project scope, schedule, deliverables, or cost.

PAS Schedule & Milestones



- Discovery, Mobilization, & Planning (Jan 2026 – Feb 2026)
- Phase 1 – Core PAS Implementation (Mar 2026 – Jun 2027)
- **Core PAS Go-Live – June 2027**
- Phase 1 – Contingency & Stabilization of Core PAS (Jul 2027 – Aug 2027)
- Phase 2 – Member and Employer Portals (Sep 2027 – Dec 2027)
- **Portals Go-Live – December 2027**

Activities Completed (Q3 – 2026)

1. Continued data analysis, mapping, and preparation for the first of four planned data migration iterations scheduled for July 2026
2. Prepare and provide testing scenarios and associated member test data for Release 1 testing scheduled for August 2026

3. Full data migration to Heywood in July 2026 in advance of Release 1.
4. SJCERA expects to begin testing the functionality and data included in Release 1.
5. Full data migration to Heywood in September 2026 in advance of Release 2.
6. Scope of work assessments for legislative change AB1383 and Deferred Retirement Option Program (DROP).

Activities Planned (Q4 – 2026)

1. Continued data analysis, mapping, cleanup, and delivery for monthly data migrations.
2. Prepare and provide testing scenarios and associated benefit payment test data for Release 3 and 4 testing scheduled for November 2026 and January 2027 respectively.
3. Finalize Employer Reporting file specification.
4. Complete functional testing and data migrated included in Release 1.
5. Complete functional testing and data migrated included in Release 2.

Project Budget (No Change)

Milestone	Target Date	Amount
1 – Discovery	Feb 2026	\$0.00
2 – Infrastructure and Initial Training	Apr 2026	\$637,135.20
3 – Release 1	Jul 2026	\$424,756.80
4 – Release 2	Sep 2026	\$424,756.80
5 – Release 3	Nov 2026	\$424,756.80
6 – Release 4	Jan 2027	\$424,756.80
7 – Testing Completed	Mar 2027	\$424,756.80
8 – PAS Go-Live	Jun 2027	\$637,135.20
9 – Employer Portal Environment	Sep 2027	\$212,378.40
10 – Member Portal Environment	Oct 2027	\$212,378.40
11 – Employer Portal	Nov 2027	\$212,378.40
12 – Member Portal	Dec 2027	\$212,378.40
13 – Close Project	Mar 2027	\$222,997.32
Total Implementation Budget		\$4,247,568.00

Brian P. McKelvey
Assistant Chief Executive Officer