

Investment Team Incentive Compensation

April 5, 2022 OCERS Personnel Committee Meeting

P&F Board 6.1.23

4d(2)



IN NUMBERS

AS OF DECEMBER 31, 2021















San Bernardino County Employees' Retirement Association

Incentive Compensation

Objectives:

- Align interests of investment staff with the long-term success of the Fund
- Attract, motivate and retain qualified investment talent
- Be fair and competitive
- Reflect the Board's perspectives about compensation, performance, risk and peer comparisons

Chief Investment Officer

Maximum incentive pay: 50% of base salary

Quantitative:

Fund Performance:10%Risk Component:10%Peer Comparison:10%

Qualitative:

Administration/Management:10%Board Discretionary Portion:5%CEO Discretionary Portion:5%

Fund Performance

Excess Return Over Policy Benchmark

Staff execution vs. Policy Benchmark

	Excess Return Over Policy Benchmark (Staff execution versus policy benchmark)				
	Return ¹	Policy Index ¹	Return > Policy Index	Eligible Award	Actual Award
1-Year Performance			No	1.00%	0.00%
5-Year Performance			No	1.00%	0.00%
				2.00%	0.00%

Absolute Return Over Stated Return

Plan execution of mission

Absolute Return Over Stated Return				
(Plan execution of mission)				
		Absolute		
		Return >		
Absolute	Stated	Stated	Eligible	Actual
Return ¹	Return ²	Return	Award	Award
	7.25%	No	3.00%	0.00%
	7.30%	No	5.00%	0.00%
			8.00%	0.00%

Risk Component

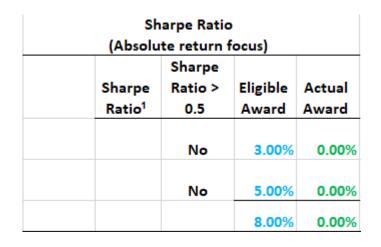
Alpha

Staff Execution vs. Policy Benchmark

	Alpha (Staff execution versus policy benchmark)				
	Alpha ¹	Alpha > 0%	Eligible Award	Actual Award	
1-Year Performance		No	1.00%	0.00%	
5-Year Performance		No	1.00%	0.00%	
			2.00%	0.00%	

Sharpe Ratio

Absolute return focus



Peer Comparison

Risk

Median with Investment Consultant universe metrics for Sharpe ratio and Alpha

		R	isk		
	(Median with Investment consultant universe metrics for				
	Sharpe ratio and Alpha)				
	Risk (Sharpe / Alpha) ¹	Median (Sharpe / Alpha) ¹	Risk > Median	Eligible Award	Actual Award
1-Year Performance			No	1.00%	0.00%
5-Year Performance			No	1.00%	0.00%
				2.00%	0.00%

Return

Median with Investment Consultant universe metrics for Return

Return (Median with Investment consultant universe metrics for Return)				
Return ¹	Median Return ¹	Return > Median	Eligible Award	Actual Award
		No	3.00%	0.00%
		No	5.00%	0.00%
			8.00%	0.00%

Qualitatitive Considerations

Administration

- Overall performance evaluation
- Management of department
- Cohesion with executive management team
- Execution of strategic plan and priorities
- Execution & monitoring of policy
- Activity & performance in industry groups, public speaking
- Learning & growth

Board Discretionary Component

Determined annually; performance evaluation discussion in closed session Open session determination of up to 5% award

CEO Discretionary Component

Determined annually

Senior Investment Officer

Maximum incentive pay: 30% of base salary

Quantitative (same metrics as CIO):Fund Performance:6%Risk Component:6%Peer Comparison:6%

Qualitative:

Administration/Management:6%CEO Discretionary Portion:3%CIO Discretionary Portion:3%

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