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Marin County Employees' Retirement Association

Private Equity Fee Disclosure:
California Government Code Section
7514.7

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Background

California Government Code Section 7514.7

- A new private funds disclosure law that focuses primarily on fees paid became effective 1/1/17, requiring various additional information items be provided to California Public Fund investors.
- Annual disclosure of the information provided is required to be made by public funds.
- MCERA collected fee information from Pathway and Abbott based on a well-developed template developed by the Institutional Limited Partners Association (ILPA) to promote thorough fee transparency.
- The ILPA template is primarily oriented toward direct partnerships, which have more complex fee structures than the fund-of-funds in which MCERA invests; although the template also covers fund-of-funds.
- Callan was asked to summarize for the Board the fee information collected by the managers.
- Callan compiled the information for the individual holdings into two tables on the follow pages, and the managers' original fee sheets are provided in the Appendix.
- This is the second year of the required disclosures, and MCERA worked with the managers to standardize on calendar year information and uniformity of information to the degree practicable.

MCERA Fee Disclosure

Private Equity Fee Summary: Annual

Category	Abbott Capital Annual					Pathway Capital Annual				Total PCM 1/1/2017 12/31/2017	Combined Managers 12-Month Costs
	LTM	LTM	LTM	LTM	Total ACM	LTM	LTM	LTM	LTM		
	1/1/2017	1/1/2017	1/1/2017	1/1/2017	1/1/2017	1/1/2017	1/1/2017	1/1/2017	1/1/2017		
	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017		
	ACE VI	ACE VII	AP 16	AP 17		PPEF 2008	PPEF I-7	PPEF I-8	PPEF I-9		
<u>Fees and Carried Interest</u>											
Management Fees - Gross of Offsets, Waivers, and Rebates	654,075	340,000	132,500	0	1,126,575	808,533	315,000	279,962	21,326	1,424,821	2,551,396
Incentive Allocation Paid	0	0	0	0	0	0	0	0	0	0	0
Accrued Incentive Allocation - Period Change	75,030	78,599	0	61,003	214,632	0	0	0	0	0	214,632
Total Received by GPs and Related Parties	729,105	418,599	132,500	61,003	1,341,207	808,533	315,000	279,962	21,326	1,424,821	2,766,028
<u>Expenses</u>											
Audit and Tax Preparation	14,742	10,514	26,258	1,676	53,190	48,560	17,945	11,762	0	78,267	131,457
Bank Fees	55	67	192	0	314	0	0	0	0	0	314
Legal	0	0	0	0	0	0	0	4,135	2,665	6,800	6,800
Organization Costs	0	0	0	22,736	22,736	0	0	0	14,391	14,391	37,127
Other*	1,474	1,181	2,919	322	5,896	562	271	232	77	1,142	7,038
Total Expenses	16,271	11,762	29,369	24,734	82,136	49,122	18,216	16,129	17,133	100,600	182,736
Total Fund-of-Funds Managers Fees and Expenses	745,376	430,361	161,869	85,737	1,423,342	857,655	333,216	296,091	38,459	1,525,421	2,948,763
<u>Underlying Partnerships</u>											
Management Fees - Net of Offsets, Waivers, and Rebates	831,078	413,341	267,837	14,976	1,527,232	NA	NA	NA	NA	0	1,527,232
Expenses Paid	220,418	108,009	122,198	8,092	458,717	NA	NA	NA	NA	0	458,717
Incentive Allocation Paid	2,050,173	50,855	337	71	2,101,436	NA	NA	NA	NA	0	2,101,436
Accrued Incentive Allocation - Period Change	3,614,104	1,168,967	170,836	1,244	4,955,151	NA	NA	NA	NA	0	4,955,151
Total Underlying Partnerships - Net Fees, Expenses, and Incentive Allocations	6,715,773	1,741,172	561,209	24,383	9,042,537	5,416,477	1,655,353	1,119,200	33,595	8,224,625	17,267,162
Total FOF and Underlying Partnership Fees and Expenses	7,461,149	2,171,533	723,078	110,120	10,465,879	6,274,132	1,988,569	1,415,291	72,054	9,750,046	20,215,925

*ACM: Other Expenses are Advisory Board, Annual Meeting, and Delaware Registration related

*PCM: Other Expenses are State Tax, Fidelity Bond, and Registered Agent, and Other related

NA = Not Available

- Calendar year 2017 values are shown in the table for each manager, and the combined total.
- The top table summarizes the fees (management fee and carried interest) and expenses paid by MCERA for the FOF vehicles.
- The bottom table is an estimate of fees (management fees and carried interest) and expenses paid by the FOFs to underlying partnerships.
- Pathway was not able to provide underlying partnership detail.

MCERA Fee Disclosure

Private Equity Fee Summary: Since Inception

MCERS Private Equity Fees Expenses and Incentive Allocations Abbott Capital Annual

Pathway Capital Annual

Category	Since Inception	Since Inception	Since Inception	Since Inception	Total ACM 3/31/2008 12/31/2017	Since Inception	Since Inception	Since Inception	Since Inception	Total PCM 12/26/2008 12/31/2017	Combined Managers Since Inception Costs
	3/31/2008 ACE VI	4/23/2013 ACE VII	2/1/2016 AP 16	1/26/2017 AP 17		12/26/2008 PPEF 2008	2/7/2013 PPEF I-7	3/23/2015 PPEF I-8	2/7/2017 PPEF I-9		
<i>Fees and Carried Interest</i>											
Management Fees - Gross of Offsets, Waivers, and Rebates	7,075,825	850,000	132,500	0	8,058,325	8,021,740	1,542,625	537,224	21,326	10,122,915	18,181,240
Incentive Allocation Paid	0	0	0	0	0	0	0	0	0	0	0
Accrued Incentive Allocation	289,542	190,685	0	61,003	541,229	0	0	0	0	0	541,229
Total Received by GPs and Related Parties	7,365,367	1,040,685	132,500	61,003	8,599,554	8,021,740	1,542,625	537,224	21,326	10,122,915	18,722,469
<i>Expenses</i>											
Audit and Tax Preparation	79,111	32,459	33,051	1,676	146,297	279,566	48,910	16,886	0	345,362	491,659
Bank Fees	2,247	170	798	0	3,215	0	0	0	0	0	3,215
Legal	5,172	4,984	0	0	10,156	28,436	8,394	16,023	2,665	55,518	65,674
Organization Costs	103,389	58,002	138,234	22,736	322,361	21,852	28,433	0	14,391	64,676	387,037
Other*	13,599	4,348	3,115	322	21,383	28,774	1,080	37,295	77	67,226	88,609
Total Expenses	203,518	99,962	175,197	24,734	503,411	358,628	86,817	70,204	17,133	532,782	1,036,193
Total Fund-of-Funds Managers Fees and Expenses	7,568,884	1,140,647	307,697	85,737	9,102,965	8,380,368	1,629,442	607,428	38,459	10,655,697	19,758,662
<i>Underlying Partnerships</i>											
Management Fees - Net of Offsets, Waivers, and Rebates	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Expenses Paid	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Incentive Allocation Paid	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Accrued Incentive Allocation - Period Change	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Underlying Partnerships - Net Fees, Expenses, and Incentive Allocations*	NA	NA	NA	NA	NA	24,614,632	3,820,457	1,799,082	33,595	30,267,766	NA
Total FOF and Underlying Partnership Fees and Expenses	NA	NA	NA	NA	NA	32,995,000	5,449,899	2,406,510	72,054	40,923,463	NA

*PCM: Gross management fees are generally not reported by the underlying investment partnerships, and therefore, amounts are based on net management fees.

- Since inception through 12/31/2017 values are shown in the table for each manager, and the combined total.
- Abbott was not able to provide since inception totals for the historical underlying direct partnerships.