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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.
- MCERA has adopted calendar year fee information consistent with industry practices, and has worked with the managers to standardize uniformity of information to the degree practicable.

MCERA Fee Disclosure

Private Equity Fee Summary: Annual

Category	Abbott Capital Annual					Total ACM 01/01/2020 12/31/2020	Pathway Capital Annual					Total PCM 01/01/2020 12/31/2020	Combined Managers 12-Month Costs
	LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020		LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020	LTM 01/01/2020 12/31/2020		
	ACE VI	ACE VII	AP 16	AP 17	AP 21		PPEF 2008	PPEF I-7	PPEF I-8	PPEF I-9	PPEF I-10		
<u>Fees and Carried Interest</u>													
Management Fees - Gross of Offsets, Waivers, and Rebates	476,821	340,000	265,000	75,000	0	1,156,821	538,533	315,000	403,548	107,578	41,728	1,406,387	2,563,208
Incentive Allocation Paid	15,590	0	0	19,572	0	35,161	0	0	0	0	0	0	35,161
Net Accrued Incentive Allocation - Period Change	32,404	130,467	114,068	26,277	0	303,216	0	0	0	0	0	0	303,216
Total Received by GPs and Related Parties	524,815	470,467	379,068	120,849	0	1,495,198	538,533	315,000	403,548	107,578	41,728	1,406,387	2,901,585
<u>Expenses</u>													
Audit and Tax Preparation	16,232	12,286	36,931	4,315	0	69,764	32,878	12,090	10,741	3,516	2,006	61,231	130,995
Bank Fees	225	0	1,589	0	0	1,814	0	0	0	0	0	0	1,814
Legal	0	0	0	0	0	0	0	0	(2,469)	28	2,979	538	538
Organization Costs	0	0	0	0	0	0	0	0	0	0	8,961	8,961	8,961
Other*	0	0	0	0	0	0	(1,344)	(4,086)	32,623	2,306	7,446	36,945	36,945
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (Income) Expense+	738	991	3,685	881	0	6,295	0	0	0	0	0	0	6,295
Total Expenses	17,195	13,276	42,205	5,196	0	77,872	31,534	8,004	40,895	5,850	21,392	107,675	185,547
Total Fund-of-Funds Managers Fees and Expenses	542,010	483,743	421,273	126,045	0	1,573,071	570,067	323,004	444,443	113,428	63,120	1,514,062	3,087,133
<u>Underlying Partnerships</u>													
Management Fees - Net of Offsets, Waivers, and Rebates	496,468	387,568	751,827	219,525	0	1,855,388	NA	NA	NA	NA	NA	0	1,855,388
Expenses Paid	99,999	25,525	182,025	59,767	0	367,316	NA	NA	NA	NA	NA	0	367,316
Incentive Allocation Paid	2,481,241	749,581	259,880	55,579	0	3,546,280	NA	NA	NA	NA	NA	0	3,546,280
Accrued Incentive Allocation - Period Change	1,661,864	3,443,029	2,690,106	376,657	0	8,171,656	NA	NA	NA	NA	NA	0	8,171,656
Total Underlying Partnerships - Net Fees, Expenses, and Incentive Allocations	4,739,572	4,605,703	3,883,838	711,528	0	13,940,641	7,702,026	4,012,841	6,034,122	873,878	171,789	18,794,656	32,735,297
Total FOF and Underlying Partnership Fees and Expenses	5,281,582	5,089,446	4,305,111	837,573	0	15,513,712	8,272,093	4,335,845	6,478,565	987,306	234,909	20,308,718	35,822,430

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

+ACM: 'Other (Income)/Expense is syndication costs and closing interest. Syndication costs are accounted for as a reduction to partner's capital, not an income statement expense.

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

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

**MCERA's proportionate share of underlying partnership amounts reflected above are estimated based on information received by Abbott and may not reflect actual allocations to MCERA as a result of its investment in the Abbott Funds. Differences between estimated and actual amounts may exist and such differences could be material. See ILPA templates for further details.

NA = Not Available

- Calendar year 2020 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

MCERA Private Equity Fees Expenses and Incentive Allocations	Abbott Capital Annual					Total ACM 03/31/2008 12/31/2020	Pathway Capital Annual					Total PCM 12/26/2008 12/31/2020	Combined Managers Since Inception Costs
	Since Inception 03/31/2008 ACE VI	Since Inception 04/23/2013 ACE VII	Since Inception 02/01/2016 AP 16	Since Inception 01/26/2017 AP 17	Since Inception 01/xx/2021 AP 21		Since Inception 12/26/2008 PPEF 2008	Since Inception 02/07/2013 PPEF I-7	Since Inception 03/23/2015 PPEF I-8	Since Inception 02/07/2017 PPEF I-9	Since Inception 09/04/2019 PPEF I-10		
<u>Fees and Carried Interest</u>													
Management Fees - Gross of Offsets, Waivers, and Rebates	8,671,114	1,870,000	861,250	168,750	0	11,571,114	9,907,337	2,487,625	1,725,169	257,808	41,728	14,419,667	25,990,781
Incentive Allocation Paid	122,736	0	16,880	20,753	0	160,369	0	0	0	0	0	0	160,369
Net Accrued Incentive Allocation	354,617	396,157	226,934	57,269	0	1,034,977	0	0	0	0	0	0	1,034,977
Total Received by GPs and Related Parties	9,148,467	2,266,157	1,105,064	246,772	0	12,766,460	9,907,337	2,487,625	1,725,169	257,808	41,728	14,419,667	27,186,127
<u>Expenses</u>													
Audit and Tax Preparation	126,352	73,113	138,942	13,415	0	351,822	413,660	98,351	59,034	9,846	2,006	582,897	934,719
Bank Fees	754	158	2,655	0	0	3,567	0	0	0	0	0	0	3,567
Legal	5,299	5,627	1,752	1	0	12,679	28,501	8,402	16,211	6,293	2,979	62,386	75,065
Organization Costs	103,483	58,002	138,234	22,810	0	322,529	21,852	28,433	0	16,740	8,961	75,986	398,515
Other*	0	0	0	0	0	0	27,327	(4,094)	106,520	7,424	7,446	144,623	144,623
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income (Expense)+	15,885	6,594	13,451	2,785	0	38,715	0	0	0	0	0	0	38,715
Total Expenses	251,773	143,494	295,034	39,011	0	729,312	491,340	131,092	181,765	40,303	21,392	865,892	1,595,204
Total Fund-of-Funds Managers Fees and Expenses	9,400,240	2,409,651	1,400,098	285,783	0	13,495,772	10,398,677	2,618,717	1,906,934	298,111	63,120	15,285,559	28,781,331
<u>Underlying Partnerships</u>													
Management Fees - Net of Offsets, Waivers, and Rebates	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Expenses Paid	NA	NA	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	NA	NA
Accrued Incentive Allocation - Period Change	NA	NA	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	NA	41,188,452	12,457,084	13,155,092	1,508,891	172,634	68,482,153	NA
Total FOF and Underlying Partnership Fees and Expenses	NA	NA	NA	NA	NA	NA	51,587,129	15,075,801	15,062,026	1,807,002	235,754	83,767,712	NA

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

+ACM: Other (Income)/Expense is syndication costs and closing interest. Syndication costs are accounted for as a reduction to partner's capital, not an income statement expense.

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

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 12/31/2020 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.