

Callan



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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 combined information compiled by the managers for the individual holdings into two tables on the follow pages, and the managers' original ILPA fee templates 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 1/1/2021 12/31/2021	Pathway Capital Annual					Total PCM 1/1/2021 12/31/2021	Combined Managers 12-Month Costs
	LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022		LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022	LTM 1/1/2022 12/31/2022		
	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	386,225	298,350	265,000	75,000	75,000	1,099,575	358,533	255,237	403,548	115,002	132,772	1,265,092	2,364,667
Incentive Allocation Paid	9,112	310,679	16,880	2,953	-	339,624	0	0	0	0	0	0	339,624
Net Accrued Incentive Allocation - Period Change	(1,458)	(307,138)	13,610	(4,216)	104,597	(194,605)	0	0	0	0	0	0	(194,605)
Total Received by GPs and Related Parties	393,878	301,891	295,491	73,737	179,597	1,244,593	358,533	255,237	403,548	115,002	132,772	1,265,092	2,509,685
<u>Expenses</u>													
Audit and Tax Preparation	16,125	14,615	47,768	6,234	15,372	100,114	29,910	12,286	11,770	4,139	9,594	67,699	167,813
Bank Fees	80	-	460	-	-	540	0	0	0	0	0	0	540
Legal	152	-	-	-	2,969	3,121	0	0	0	0	1,644	1,644	4,765
Organization Costs	-	-	-	-	-	0	0	0	0	0	45	45	45
Other*	1,206	1,563	6,390	1,153	14,751	25,063	746	(219)	803	1,251	3,635	6,216	31,279
Interest Expense	-	-	-	-	19,205	19,205	0	0	0	0	39,580	39,580	58,785
Other (Income) Expense+	(1,224)	(2,211)	(36)	(7)	-	(3,478)	0	0	0	0	280,075	280,075	276,597
Total Expenses	16,339	13,967	54,582	7,380	52,297	144,565	30,656	12,067	12,573	5,390	334,573	395,259	539,824
Total Fund-of-Funds Managers Fees and Expenses	410,217	315,858	350,073	81,117	231,895	1,389,159	389,189	267,304	416,121	120,392	467,345	1,660,351	3,049,510
<u>Underlying Partnerships</u>													
Management Fees - Net of Offsets, Waivers, and Rebates	214,541	287,770	704,745	211,635	184,436	1,603,127	NA	NA	NA	NA	NA	0	1,603,127
Expenses Paid	130,095	72,087	113,973	51,196	96,526	463,877	NA	NA	NA	NA	NA	0	463,877
Incentive Allocation Paid	1,118,635	349,833	616,207	190,207	1,795	2,276,677	NA	NA	NA	NA	NA	0	2,276,677
Accrued Incentive Allocation - Period Change	(2,165,217)	(1,318,841)	(538,019)	(158,230)	16,642	(4,163,665)	NA	NA	NA	NA	NA	0	(4,163,665)
Total Underlying Partnerships - Net Fees, Expenses, and Incentive Allocations	(701,946)	(609,151)	896,906	294,808	299,399	180,016	(5,140,580)	(1,620,049)	(1,772,605)	(253,212)	382,898	(8,403,548)	(8,223,532)
Total FOF and Underlying Partnership Fees and Expenses	(291,729)	(293,293)	1,246,979	375,925	531,294	1,569,175	(4,751,391)	(1,352,745)	(1,356,484)	(132,820)	850,243	(6,743,197)	(5,174,022)

*ACM: Other Expenses are Advisory Board, Annual Meeting, Delaware Registration, Administration Fees and Insurance.

+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 2022 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 3/31/2008 12/31/2021	Pathway Capital Annual					Total PCM 12/26/2008 12/31/2021	Combined Managers Since Inception Costs
	Since Inception 12/31/2022	Since Inception 12/31/2022	Since Inception 12/31/2022	Since Inception 12/31/2022	Since Inception 12/31/2022		Since Inception 12/26/2008	Since Inception 2/7/2013	Since Inception 3/23/2015	Since Inception 2/7/2017	Since Inception 9/4/2019		
	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	9,486,477	2,499,850	1,391,250	318,750	75,000	13,771,327	10,714,403	3,029,600	2,532,266	487,812	261,750	17,025,831	30,797,158
Incentive Allocation Paid	312,067	310,679	114,787	38,583	-	776,116	0	0	0	0	0	0	776,116
Net Accrued Incentive Allocation	100,033	149,863	290,739	82,781	104,597	728,014	0	0	0	0	0	0	728,014
Total Received by GPs and Related Parties	9,898,578	2,960,392	1,796,777	440,114	179,597	15,275,458	10,714,403	3,029,600	2,532,266	487,812	261,750	17,025,831	32,301,289
<u>Expenses</u>													
Audit and Tax Preparation	161,109	105,096	227,932	25,329	26,456	545,922	472,008	122,244	81,480	17,757	16,827	710,316	1,256,238
Bank Fees	1,085	158	4,483	-	-	5,726	0	0	0	0	0	0	5,726
Legal	5,451	5,627	1,752	1	20,941	33,773	28,501	8,402	16,263	6,316	7,187	66,669	100,442
Organization Costs	103,483	56,913	136,550	22,759	57,002	376,706	21,852	28,433	0	16,740	15,425	82,450	459,156
Other*	18,410	10,594	24,247	4,962	26,283	84,496	23,874	(4,693)	114,888	10,545	15,006	159,620	244,116
Interest Expense	-	24,003	-	-	22,863	46,866	0	0	0	0	89,391	89,391	136,257
Other Income (Expense)+	(61,708)	(3,466)	(48)	(9)	0	(65,231)	0	0	0	0	680,836	680,836	615,605
Total Expenses	227,830	198,925	394,916	53,042	153,544	1,028,257	546,235	154,386	212,631	51,358	824,672	1,789,282	2,817,539
Total Fund-of-Funds Managers Fees and Expenses	10,126,408	3,159,317	2,191,693	493,156	333,141	16,303,715	11,260,638	3,183,986	2,744,897	539,170	1,086,422	18,815,113	35,118,828
<u>Underlying Partnerships</u>													
Management Fees - Net of Offsets, Waivers, and Rebates	NA	NA	NA	NA	241,239	NA	NA	NA	NA	NA	NA	NA	NA
Expenses Paid	NA	NA	NA	NA	141,521	NA	NA	NA	NA	NA	NA	NA	NA
Incentive Allocation Paid	NA	NA	NA	NA	1,795	NA	NA	NA	NA	NA	NA	NA	NA
Accrued Incentive Allocation - Period Change	NA	NA	NA	NA	87,867	NA	NA	NA	NA	NA	NA	NA	NA
Total Underlying Partnerships - Net Fees, Expenses, and Incentive Allocations*	NA	NA	NA	NA	NA	NA	47,870,050	15,815,249	19,887,594	15,765,260	1,061,078	100,399,231	NA
Total FOF and Underlying Partnership Fees and Expenses	NA	NA	NA	NA	NA	NA	59,130,688	18,999,235	22,632,491	16,304,430	2,147,500	119,214,344	NA

*ACM: Other Expenses are Advisory Board, Annual Meeting, Delaware Registration, Administration Fees and Insurance.

+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.

NA = Not Available

- Since inception through 12/31/2022 values are shown in the table for each manager, and the combined total.
- Abbott has not been able to provide since inception totals for the historical underlying direct partnerships, but initiated collection for AP 21.