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March 4, 2022

Gladys Smith
Assistant Chief Executive Officer
San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065-5208

Re: Analysis of Resolutions Increasing Recruitment and Retention Strategies

Dear Gladys:

California Government Code Section 31515.5 requires a notice be provided of the estimated financial impact that proposed benefit or salary increases would have on the funding status of the County's retirement system, administered by SamCERA.

We understand that the San Mateo County Board of Supervisors will consider resolutions intended to increase recruitment and employee retention, as summarized below.

1. Advance accruals upon hire. This resolution will authorize a credit to new employees in designated hard-to-fill classifications up to 40 hours of vacation, 80 hours of sick leave, and advanced accrual of vacation under specific criteria.
2. Employee referral program. This resolution will authorize an update to the Employee Referral Program, under which an award of \$1,000 would be paid to County employees who refer candidates for employment who are selected for hard-to-fill classifications.
3. Hiring incentive program. This resolution will authorize a pilot program for a hiring bonus for Deputy Sheriffs, Sheriff's Correctional Officers and Nurse classifications.

We have been asked to provide an opinion on whether these resolutions will have a financial impact on the funding status of SamCERA and provide this letter to address that question.

The funded status of SamCERA will be impacted if any of these resolutions result in either of the following.

1. They increase the pension benefits of affected SamCERA members as a result of increased salary and/or benefit service, or
2. Any additional pension benefits earned are not accompanied by corresponding employer and member contributions being deposited to SamCERA.

It is our understanding that these resolutions will not impact the pension benefits of any San Mateo County employee because they will not impact pensionable compensation or benefit

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service. Therefore, it is expected that these resolutions will not have any financial impact on the funded status of SamCERA.

Certification

These findings are based on information received from San Mateo County and SamCERA, which includes high level detail of the planned resolutions, and our understanding of the County Employees Retirement Law of 1937 (CERL) and California Government Code Section 7522. We have assumed that these resolutions will not affect future member behavior or demographic experience.

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The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment or accounting counsel.

Please let us know if you have any questions.

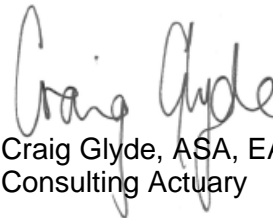
Sincerely,



Nick Collier, ASA, EA, MAAA
Consulting Actuary

NC/CG/nlo

cc: Scott Hood
Lisa Okada



Craig Glyde, ASA, EA, MAAA
Consulting Actuary