

AGENDA

BOARD OF RETIREMENT

Boardroom

832 12th Street Suite 600 Modesto, CA 95353

March 28, 2023

1:30 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the fourth Tuesday of each month. Your interest is encouraged and appreciated.

CONSENT/ACTION ITEMS: Consent matters include routine administrative actions and are identified under the Consent Items heading. All other items are considered to be action items "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

BOARD AGENDAS & MINUTES: Board agendas, minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

AUDIO/VIDEO: All Board of Retirement regular meetings are audio and visually recorded. Audio/Video recordings of the meetings are available after the meetings at <http://www.stancera.org/agenda>.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

Pursuant to California Government Code section 54953, the StanCERA Board of Retirement ("Board") is authorized to conduct its meetings via teleconference during the COVID-19 public health emergency.

Because of the COVID-19 public health emergency, StanCERA's offices, including the StanCERA boardroom, are currently closed to public access. Members of the public who wish to attend Board meetings may do so by teleconference, by calling (209) 689-0007. The access code is 414752.

If you wish to make a general public comment during the Public Comment section of the meeting, or if you wish to comment on a specific agenda item, please press 5* on your phone to alert the Chair that you wish to speak. As permitted by Gov. Code § 54954.3(b)(1), each public comment is limited to three minutes.

You may also submit public comments in writing. If you wish to make a general public comment or a comment on a specific agenda item in writing, please submit your comment via email or fax no later than 4:30 p.m. on the day before a Board meeting. Comments can be submitted via email at gomesk@stancera.org or via fax at (209) 558-4976. If your comment pertains to a specific agenda item, please include the agenda item number in the subject line. As permitted by Gov. Code § 54954.3(b)(1), each public comment is limited to 400 words. Comments submitted in writing will be read aloud during the meeting.

In compliance with the Americans with Disabilities Act, if you require an accommodation, auxiliary aid, or service in order to participate in this meeting, please contact StanCERA at (209) 525-6393 as far in advance as possible but no later than 48 hours before the scheduled event.

Agendas and minutes are on our website at www.stancera.org.

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Announcements
5. Public Comment
6. Emergency Declaration
 - a. Emergency Declaration - AB-361
7. Consent Items
 - a. Approval of the February 22, 2023 Meeting Minutes [View](#)
 - b. Applications for Service Retirement(s) – Government Code Sections 31499.14, 31670, 31662.2 & 31810 See attachment for details. [View](#)
 - c. Investment Matrix [View](#)
 - d. Fiscal Year 2022-2023 Mid-Year Budget Review
Agenda Item [View](#) Attachment 1 [View](#)
 - e. Conference Summary [View](#)
8. NEPC – Investment Consultant
 - a. February Flash Report [View](#)
9. Investment
 - a. Raven III Continuation
Agenda Item [View](#) Attachment 1 [View](#) Attachment 2 [View](#)
10. Administrative
 - a. A resolution of the Board of Stanislaus County Employees' Retirement Association to authorize designees on behalf of StanCERA to deposit StanCERA funds in the Northern Trust Company and to endorse for deposit or collection checks, drafts, notes and like obligations.
Agenda Item [View](#) Attachment 1 [View](#)
11. Closed Session

None
12. Members' Forum (Information and Future Agenda Requests Only)
13. Adjournment

BOARD OF RETIREMENT MINUTES February 28, 2023

1. Call Meeting to Order

2. Pledge of Allegiance

3. Roll Call

Trustees Present

Donna Riley
Mandip Dhillon - Chair
Delilah Vasquez
Darin Gharat – Vice Chair
Mike Lynch
Terry Withrow
Rhonda Biesemeier
Joshua Clayton
Jeff Grover

Trustees Absent

Michael O'Neal

Others Present by Conference Call: None

Others Present:

Tom Stadelmaier, Executive Director
Stan Conwell, Retirement Investment Officer
Brittany Smith-Atkins, Retirement Fiscal Manager
Kellie Gomes, Business and Operations Manager
Fred Silva, General Legal Counsel
Daniel Hennessy, NEPC Investment Consultant
Maytak Chin, Reed Smith

4. Announcements

5. Public Comment – NONE

6. Teleconference Request - NONE

a. Trustee Teleconference Request Pursuit to **Government Code Section § 54953(f)(2)(a)(1)**.

7. Consent Items

a. Approval of the January 24, 2023 Meeting Minutes

b. Application for Service-Connected Disability– **Government Code 31724**

i. Avitia, Valerie – Stanislaus County – Effective Date 09/27/2019

c. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810** See attachment for details.

d. Application of Death Benefit – **Government Code Section 31781, 31781.1, 31781.3.**

i. Yerzy, Collin – Stanislaus County – Non-Service Connected – Effective 1-27-23 – Active Member

e. Investment Matrix

- f. 2023 Cost of Living
Agenda Item Attachment 1

Motion was made by Trustee Gharat and seconded by Trustee Riley to approve all consent items as presented.

Roll Call Vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Lynch	YES
Trustee Vasquez	YES
Trustee Riley	YES
Trustee Withrow	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Clayton	YES

Motion passed unanimously

8. NEPC – Investment Consultant

- a. January Flash Report
- b. Investment Performance Quarter 4
- c. December 2022 Asset Class Assumptions

Dan Hennessey presented items 8a, 8b, and 8c as information only no action required.

9. Investment

NONE

10. Administrative

- a. June 30, 2022 Actuarial Valuation and Contribution Rate for StanRTA
Agenda Item Attachment 1 Valuation Attachment 2 StanRTA

Motion was made by Trustee Gharat and seconded by Trustee Grover to approve items 10a as presented.

Roll Call Vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Lynch	YES
Trustee Vasquez	YES
Trustee Riley	YES
Trustee Withrow	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Clayton	YES

Motion passed unanimously

- b. Methodology for Calculating Social Security Offset Amounts for Tier 3 Benefits
Agenda Item Attachment 1

Motion was made by Trustee Gharat and seconded by Trustee Riley to accept Cheiron's recommendation for calculating Social Security Offset for Tier 3.

Roll Call Vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Lynch	YES
Trustee Vasquez	YES
Trustee Riley	YES
Trustee Withrow	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Clayton	YES

Motion passed unanimously

- c. Quarterly Verbal Staff Update
Stan Conwell, Brittany Smith-Atkins, Kellie Gomes and Lisa Frazer gave verbal updates on work in their divisions this quarter.
- d. Fiduciary Training Overview provided by Maytak Chin, Reed Smith

2:39 p.m. Trustee Dhillon left the meeting

- e. Cheiron EFI – Actuarial Services Contract
Agenda Item Attachment 1

Motion was made by Trustee Grover and seconded by Trustee Riley to accept staff's recommendation to extend current contract for Cheiron Inc. (d/b/a Cherion EFI) for actuarial services through fiscal year ending June 30, 2026. as presented.

Roll Call Vote was as follows:

Trustee Gharat	YES
Trustee Lynch	YES
Trustee Vasquez	YES
Trustee Riley	YES
Trustee Withrow	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Clayton	YES

Motion passed unanimously

11. Closed Session

- a. Conference with Legal Counsel – Pending Litigation – One (1) Case: Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152 Government Code Section 54956.9(d)(4)

No closed session items were heard.

12. Members' Forum (Information and Future Agenda Requests Only)

13. Adjournment – meeting adjourned at 3:17 p.m.

Respectfully submitted,

APPROVED AS TO FORM


By _____

Thomas Stadelmaier, Executive Director


By _____

Fred A. Silva, General Legal Counsel

STANCERA APPLICATIONS FOR SERVICE RETIREMENT(S)
GOVERNMENT CODE SECTIONS 31499.14, 31670,
31662.2, 318/10 & 31700
3/28/23 Item 7.b

1. Bay, Kevin - Stanislaus County - Effective 03/11/2023
 2. Benavidez, Yvette - Stanislaus County - Effective 03/11/2023
 3. Brunswick, Lori - Stanislaus County - Effective 03/31/2023
 4. Bunnell, Marie - Stanislaus County - Effective 03/11/2023
 5. Burch, Nanette - Stanislaus County - Effective 03/31/2023
 6. CARON, JEREMY - City of Ceres - Effective 02/19/2023
 7. Castillo, Virginia - Stanislaus County - Effective 03/11/2023
 8. Cervantes, Arcelia - Stanislaus County - Effective 01/31/2023
 9. Chavez, Christina - Stanislaus Superior Court - Effective 03/11/2023
 10. Cox, Dan - Stanislaus County - Effective 03/01/2023
 11. DeRossett, Dawn - Stanislaus County - Effective 03/25/2023
 12. Dunger, Karen - StanCOG - Effective 2/10/2023
 13. Dunn, Ellen - Stanislaus County - Effective 03/18/2023
 14. Eilia, Belona - Stanislaus County - Effective 03/11/2023
 15. Escobedo, Lisa - Stanislaus County - Effective 03/03/2023
 16. Fierro, Esther - Stanislaus County - Effective 03/25/2023
 17. Figueroa, Isabel - Stanislaus County - Effective 03/11/2023
 18. Flores, Ana - Stanislaus County - Effective 01/31/2023
 19. Fortuny, Rita - Stanislaus County - Effective 03/25/2023
 20. Gassaway, Robert - Stanislaus County - Effective 03/11/2023
 21. Gonzales, Shannon - Stanislaus County - Effective 03/31/2023
 22. Grogan, Jesse - Stanislaus County - Effective 03/04/2023
 23. Hanna, Edward - Stanislaus Superior Court - Effective 03/11/2023
 24. Holcomb, Douglas - Stanislaus County - Effective 03/31/2023
 25. Humphreys, Delicia - Stanislaus County - Effective 02/06/2023
 26. Jansen, Heidi - Stanislaus County - Effective 03/31/2023
 27. Katt, Laura - Stanislaus County - Effective 03/04/2023
 28. Mc Dowall, Evelina - Stanislaus County - Effective 03/10/2023
 29. Mc Kain, Margaret - Stanislaus County - Effective 03/31/2023
 30. McConnell, Wayne - Stanislaus County - Effective 03/10/2023
 31. Mejia, Diana - Stanislaus County - Effective 03/15/2023
 32. Melchor-Lemus, Judith - Stanislaus County - Effective 03/11/2023
 33. Merchant, Bruce - Stanislaus County - Effective 03/25/2023
 34. Michaels, Christopher - Stanislaus County - Effective 03/30/2023
 35. OTT, CINTHIA - Stanislaus County - Effective 03/07/2023
 36. Romero, Rolly - Stanislaus County - Effective 03/11/2023
 37. Spani, Ursula - Stanislaus County - Effective 03/04/2023
 38. Valenti, Leah - Stanislaus County - Effective 03/11/2023
 39. Van Trease, Robert - Stanislaus County - Effective 03/25/2023
 40. VIERRA, DANNY - City of Ceres - Effective 03/31/2023
 41. Von Stade, Tina - Stanislaus County - Effective 03/21/2023
 42. Wardale-Trejo, Sharon - Stanislaus County - Effective 03/11/2023
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March 28, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Investment Matrix
- II. ITEM NUMBER: 7.c.
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

a) *Investment Program Activities:*

Staff hosted a visit in StanCERA's offices from the Northern Trust custody team in March. StanCERA utilizes Northern Trust for custody and treasury services. StanCERA also invests in a few passive index strategies managed by Northern Trust Asset management. This visit allowed staff to focus specifically on the custody services and to uncover some underutilized features and functionality of the main portal utilized by staff. The SEC proposed new rules for private funds last year and the review process is now finishing up. The proposed rules will require additional reporting and transparency by private funds, but they also provide additional protections by prohibiting certain activities. If there are no delays, the final rule is expected to be complete by June.

Banking Sector Stress

Silicon Valley Bank, Silvergate Bank and Signature Bank collapsed or were closed within a span of a week in mid-March. While all three are small or mid-sized banks, the stunning pace of their decline stoked fears that a crisis of confidence could spread to the broader financial system. Silicon Valley bank, a top 20 bank in the US, collapsed largely due to poor risk management of balance sheet assets and a rapid loss of confidence from their concentrated depositor base that led to a bank run. There were similar risks on the balance sheet of Silvergate and Signature bank but their closures were tied to exposure to the crypto industry as well.

StanCERA's exposure to all three banks is very low. The portfolio has equity exposure to the banks primarily in our passive index funds. As of February 28, StanCERA's holdings in the three banks that closed (SVB, Signature Bank, and Silvergate Capital) totaled approximately \$275,000 or .01% of the total portfolio.

Credit Suisse faced similar stresses and ultimately they were bought out by rival UBS Group in a deal brokered by the Swiss government. StanCERA holds \$3.9

Million in Credit Suisse senior bonds, but the manager, Insight Investment, is confident they are safe and will mature at par as expected.

Silicon Valley Bank had a big presence in the venture capital space so some of StanCERA's private market funds, primarily the growth equity funds, dealt with the bank mainly as an operational partner for their firm and some of their portfolio companies. Most of the private equity and private credit funds in the portfolio are working to reduce their operational risk by adding some redundancy in their banking operations while providing transitional working capital to those portfolio companies who need it.

b) *Money Transfer Report:*

February 2023

From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount
StanCERA Cash	Cash	\$-34,889.39	Genstar Capital X	Private Equity	\$34,889.39
NT Russell 3000 Fund	Public Equity	\$-1,797,220.00	CD&R Fund XI	Private Equity	\$1,797,220.00
BlackRock US REIT	Public Equity	\$-552,558.00	Grandview II	Private Real Estate	\$552,558.00
StanCERA Cash	Cash	\$-500,000.00	SVSS V	Private Credit	\$500,000.00
BlackRock High Yield Fund	Fixed Income	\$-1,232,713.42	Abry Senior Equity VI	Private Credit	\$1,232,713.42
StanCERA Cash	Cash	\$-593,980.38	Genstar Capital X	Private Equity	\$593,980.38
NT Infrastructure Fund	Public Equity/ TIPS	\$-1,131,794.94	Palistar Communication Infra. II	Private Infrastructure	\$1,131,794.94

c) *Manager Meetings:*

Attucks Asset Management

At the end of 2022 Attucks asset management notified StanCERA of an organizational change that eliminated the Chief Investment Officer position at the firm that resulted in the departure of their CIO. While the departure was amicable and planned, we wanted to further discuss the reasoning behind the change as well as the potential implications to the firm, the strategy, and/or their investment process. Staff met with the key partners at Attucks for additional details on the change. Attucks also manages fixed income portfolios that have seen large

amounts of growth in the last few years. Utilizing a single CIO to oversee those two distinct asset classes makes less sense going forward, so they decided to split the CIO responsibilities by assigning a director of fixed income as well as a director of public equity. The investment process is still consensus driven and will remain unchanged. Staff will continue to engage frequently with Attucks to enhance monitoring and gain additional comfort with the change. NEPC also reviewed the organizational change and are not recommending any changes at this time.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: None

March 28, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Brittany Smith-Atkins, Financial Services Manager

- I. SUBJECT: Fiscal Year 2022-2023 Mid-Year Budget Review
- II. ITEM NUMBER: 7.d
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: Accept Mid-Year Administrative Budget Review for Fiscal Year 2022-2023 (Attachment 1)
- V. EXECUTIVE SUMMARY: Each year staff prepares a budget of general operating expenses for review and approval by the Board of Retirement (Board). The Fiscal Year 2022-2023 budget of \$4,690,326 was approved on May 24, 2022. On July 26, 2023 the Board approved an increase of \$70,900 allocated to the implementation of Workiva, a financial reporting software. The revised 2022-2023 budget is \$4,761,226.

In years past, a formal mid-year review of the budget is presented to the Board; due to the timing of this presentation the review the expenses illustrated below encompasses expenditures incurred through February 28, 2023.

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

FISCAL YEAR 2022-2023

MID YEAR BUDGET REVIEW

	Fiscal Year 2022-2023 Final Budget ⁽¹⁾⁽²⁾	Fiscal Year 2022-2023 Budget Adjustments ⁽³⁾	Fiscal Year 2022-2023 Revised Budget	Fiscal Year 2022-2023 Mid Year Expenditures	Expenditures as a Percent of 2022-2023 Budget
Salaries & Benefits	2,353,424	-	2,353,424	1,207,256	51%
Technology	442,969	50,000	492,969	194,250	39%
Legal & Other Professional Services	488,850	-	488,850	329,577	67%
General Operations	61,650	-	61,650	27,948	45%
Communications & Printing	60,450	-	60,450	12,735	21%
County Support Services	276,206	-	276,206	-	0%
Fiduciary Education & Travel	220,100	-	220,100	183,860	84%
Total Administrative Expenses	3,903,649	50,000	3,953,649	1,955,626	49%
12th St Lobby Upgrade	50,000	-	50,000	-	0%
6th Floor Lobby Upgrade	40,000	-	40,000	286,784	717%
Financial Reporting: Workiva	-	20,900	20,900	30,135	144%
Formax Folding Machine	-	-	-	20,900	n/a
PAS Project Management & Oversight	112,869	-	112,869	58,104	51%
Pension Administration System	128,040	-	128,040	510,387	399%
Risk: PAS End of Project	40,000	-	40,000	-	-
Total Capital Expenses	370,909	20,900	391,809	906,310	231%
Capital Depreciation	521,629	-	521,629	260,815	50%
6th Floor Lease Revenue	(105,862)	-	(105,862)	(79,396)	75%
TOTAL BUDGET	4,690,326	70,900	4,761,226	3,043,355	64%

Notes

(1) 2022-2023 Budget Adopted by the Board

(2) Includes Technology Adjustment §31580.2(b)

(3) Approved Budget Adjustments: Approved after May 2022

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Modesto, CA 95353

- VI. ANALYSIS: StanCERA's administrative expense budget is within range through the analysis period and expected to stay within budget by year's end. Salary and benefits are tracking as expected with three budgeted positions not filled as of February 28, 2023. Expenditures are projected to stay within budget.

The Technology budget includes the maintenance, support, and disaster recovery for the prior and current pension software system as well as County Information Technology (I.T.) services, computers and other I.T. related equipment used by StanCERA staff and is within range of approved funding. Overall, it is expected that the Technology expenditures will remain within budget.

StanCERA contracts with several specialized legal service providers which are utilized as needed, (fiduciary, litigation, real estate, information technology, disability administration, tax, domestic relations and general governance). It is expected that Legal Counsel & Services will stay within budget.

County Support Services includes building maintenance utilities, security, and mailroom services as well as some administrative services provided by the County, such as purchasing, some insurances, auditor, and personnel. As of February 28, 2023, StanCERA has not received billing for these services. Based on recent conversations with the County, StanCERA anticipates charges to be within the allocated budget and expenses should be incurred prior to fiscal year-end.

Communication & Printing are funds set aside for postage and trustee elections, mass production of annual reports, member statements, and retiree payroll. To date, the expenses reflected exclude postage as this is an expense billed by the County. Similar to County Support Services, this cost is not expected to exceed the budgeted amount.

General Operation funds are used for office supplies, 6th floor building expenses and other professional services such as our financial auditor or other professional consultants. These expenditures are expected to stay within budget.

Fiduciary Education & Travel includes fiduciary insurance, education, and educational travel for trustees, executive, and general staff. It is important to note that the expense for StanCERA's fiduciary and cyber insurance exceeded the expected cost for 2022-2023. Upon inquiry with the insurance provider, it was noted that this increase was not exclusive to StanCERA but has been realized industry wide. Like most recent years, the increase is a result of external conditions and the increased cyber security breaches worldwide. Overall, it is expected that Fiduciary Education & Travel will stay within budget.

As of February 28, 2023, Capital Expenditures expensed has exceeded the allocated budget for 2022-2023. This is largely due to the timing of completion for the 6th floor lobby and office redesign, the receipt of the Formax Folding Machine and the completion of the Pension Administration Project. While these items have been approved by the Board in prior fiscal years, it was anticipated that much of the expenses would have been incurred by June 30, 2022, and not impact the budget for the 2022-2023 fiscal year and were not budgeted for this year.

Non- Administrative Expenses

Section 31596.1 of the CERL states: The following expenses shall not be considered a cost of administration to the retirement system but shall be considered as a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the Board. These expenses are governed by individual agreements and are reported in the audited financial statements presented to the Board of Retirement in the Annual Comprehensive Financial Report. The Other Investment Fees consist of mainly other professional fees and interest expense for the alternative assets, and Northern Trust sweep fees. The un-audited mid-year expenses are listed below.

	Mid Year Expenditures
Actuarial Fees	83,418
Investment Consultant Fees	302,980
Attorney Fees - Directly Related to Investments	47,628
Investment Manager Fees	329,600
Custodial Bank Fees	165,543
Other Investment Fees	94,670

- VII. RISK: Government Code section 31580.2 allows for expenditures for administrative services (other than software, hardware and computer technology consulting services) to be the greater of 0.21% of the accrued actuarial liability or \$2,000,000.

As of the most recent valuation, StanCERA's accrued liability is \$3.383B which suggests StanCERA's administrative budget to not exceed \$7,097,063. Upon the completion of this analysis, StanCERA is well within the parameters of this government code and will continue to exercise prudence in budgeting administrative expenses as well as continued review of expenditures.

- VIII. STRATEGIC PLAN: N/A

- IX. ADMINISTRATIVE BUDGET IMPACT: A total of \$4,761,226 was approved for the Fiscal Year 2022-2023 Administrative budget. No additional administrative funds are being requested at this time.

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

FISCAL YEAR 2022 - 2023

MID YEAR BUDGET REVIEW

	Fiscal Year 2022-2023 Final Budget ⁽¹⁾⁽²⁾	Fiscal Year 2022-2023 Budget Adjustments ⁽³⁾	Fiscal Year 2022-2023 Revised Budget	Fiscal Year 2022-2023 Mid Year Expenditures	Expenditures as a Percent of 2022-2023 Budget
SALARIES & BENEFITS					
Salary and Wages	1,406,102		1,406,102	792,196	56.3%
Project Help Wages	116,083		116,083	31,675	27.3%
Employee Benefits	831,239		831,239	383,385	46.1%
Salaries & Benefits	2,353,424	-	2,353,424	1,207,256	51.3%
TECHNOLOGY					
Computers & Office Equipment	27,500		27,500	36,697	133.4%
Copier Lease & Maint	16,000		16,000	9,323	58.3%
I.T. Consulting Services	60,000		60,000	3,500	5.8%
SBT - Data Processing Services	76,424		76,424	-	0.0%
SBT - Embedded Employees	-		-	-	n/a
SBT - Telecommunications	7,545		7,545	-	0.0%
Software Licenses & Fees	50,000	50,000	100,000	45,918	45.9%
StanCERA Website	2,500	.	2,500	1,613	64.5%
Tegrit Hosting Fees	78,000		78,000	39,000	50.0%
Tegrit Software Maintenance	125,000		125,000	58,200	46.6%
Technology	442,969	50,000	492,969	194,250	39.4%
LEGAL & OTHER PROFESSIONAL SERVICES					
Auditing Services	48,850		48,850	40,829	83.6%
Legal Counsel - Disability	165,000		165,000	111,250	67.4%
Legal Counsel - Domestic Relation Orders	90,000		90,000	27,815	30.9%
Legal Counsel - General	100,000		100,000	128,638	128.6%
Legal Counsel - Amicus Brief	-		-	-	n/a
Legal Counsel - O'Neal vs StanCERA	-		-	8,184	n/a
Reimbursement from Travelers Ins	(10,000)		(10,000)	(31,678)	316.8%
Legal Counsel - Nasrawi vs StanCERA	-		-	-	n/a
Legal Counsel - StanCERA vs Buck	45,000		45,000	6,602	14.7%
Medical Exams, Reviews, Hearings	40,000		40,000	10,100	25.3%
Other Professional Services	10,000		10,000	27,838	278.4%
Legal & Other Professional & Services	488,850	-	488,850	329,577	67.4%
GENERAL OPERATIONS					
Office Supplies	7,500		7,500	1,484	19.8%
Other Office Expense	12,250		12,250	9,239	75.4%
6th Floor Maint	12,000		12,000	-	0.0%
6th Floor Janitorial & Supplies	27,550		27,550	15,615	56.7%
6th Floor Security	600		600	279	46.5%
6th Floor Taxes (Downtown Redevelopment)	1,750		1,750	1,331	76.0%
General Operations	61,650	-	61,650	27,948	45.3%
COMMUNICATION & PRINTING					
Member Statements, Trustee Elections	17,750		17,750	12,735	71.7%
Postage	42,700		42,700	-	0.0%
Communication & Printing	60,450	-	60,450	12,735	21.1%

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

FISCAL YEAR 2022 - 2023

MID YEAR BUDGET REVIEW

	Fiscal Year 2022-2023 Final Budget ⁽¹⁾⁽²⁾	Fiscal Year 2022-2023 Budget Adjustments ⁽³⁾	Fiscal Year 2022-2023 Revised Budget	Fiscal Year 2022-2023 Mid Year Expenditures	Expenditures as a Percent of 2022-2023 Budget
COUNTY SUPPORT & BUILDING SERVICES					
Auditor	9,081		9,081	-	0.0%
Building Janitorial	3,400		3,400	-	0.0%
Building Maintenance	71,800		71,800	-	0.0%
Building Security	75,000		75,000	-	0.0%
Building Utilities	49,800		49,800	-	0.0%
Central Services & Mail Room	21,500		21,500	-	0.0%
CEO/Personnel (true up)	12,840		12,840	-	0.0%
GSA - ADA Compliance	700		700	-	0.0%
Insurance (General Liability & Auto)	13,971		13,971	-	0.0%
Purchasing	600		600	-	0.0%
Risk Management	16,714		16,714	-	0.0%
Salvage & Disposal	800		800	-	0.0%
County Support Services & Building Services	276,206	-	276,206	-	0.0%
FIDUCIARY EDUCATION & TRAVEL					
Insurance (Fiduciary)	125,000		125,000	141,146	112.9%
Professional Memberships	12,100		12,100	10,143	83.8%
Professional Publications & Subscriptions	6,000		6,000	1,676	27.9%
Staff Education & Travel	35,000		35,000	15,135	43.2%
Trustee Education & Travel	30,000		30,000	12,059	40.2%
Trustee Meeting Allowance	12,000		12,000	3,700	30.8%
Fiduciary Education & Travel	220,100	-	220,100	183,860	83.5%
CAPITAL EXPENDITURES					
12th St Lobby Upgrade	50,000	-	50,000	-	0.0%
6th Floor Lobby Upgrade	40,000	-	40,000	286,784	717.0%
Cubicle Redesign	-	-	-	-	n/a
Financial Reporting: Workiva	-	20,900	20,900	20,900	100.0%
Formax Folding Machine	-	-	-	30,135	n/a
PAS Project Management & Oversight	112,869	-	112,869	58,104	51.5%
Pension Administration System	128,040	-	128,040	510,387	398.6%
Risk: PAS End of Project	40,000	-	40,000	-	n/a
Website/Logo Redesign & Implementation	-	-	-	-	n/a
Capital Expenditures	370,909	20,900	391,809	906,310	231.3%
Capital Depreciation	521,629		521,629	260,815	50.0%
6th Floor Lease Revenue	(105,862)		(105,862)	(79,396)	75.0%
TOTAL BUDGET	4,690,326	70,900	4,761,226	3,043,355	63.9%

Notes

(1) 2022-2023 Budget Adopted by the Board

(2) Includes Technology Adjustment \$31580.2(b)

(3) Approved Budget Adjustments: Approved after May 2022



Conference Summary

1. **Attendee Name:** Rhonda Biesemeier
2. **Event Name:** CALAPRS General Assembly Spring 2023
3. **Event Date:** March 5 – 7, 2023
4. **Event Location:** Monterey, CA
5. **Describe what was good about the event:**

I was able to complete the **Ethics for Trustees** class prior to the conference.

There were many good topics, including:

Into the Breach: How Retirement Boards Can Get Into Trouble and How Not to Be One of Them – The presenters did a really good mock deposition of a Trustee portraying numerous missteps by the trustee and their comments about Board activities that were inappropriate and breached fiduciary duties.

Geopolitical Views for 2023 – This exceptional speaker talked about how so many issues occurring in the world can impact how and in what areas we decide to invest. Basically a world overview.

Digital Opportunities Panel: Online Retirement Process, Trustee Electronic Elections and Multi-Factor Authentication/ID-ME – I was especially interested in the Trustee Electronic Elections presented by SBCERS. They hired an outside firm to conduct their elections, streamlining the process and assuring complete anonymity of the votes.

6. **Would you recommend this event to other trustees/staff:**

Definitely!

7. **Number of Education Credits:**

10 hours



Conference Summary

1. **Attendee Name:** Kellie Gomes
2. **Event Name:** CALAPRS General Assembly Spring 2023
3. **Event Date:** March 5 – 7, 2023
4. **Event Location:** Monterey, CA
5. **Describe what was good about the event:** This was my first time attending this conference and I hopeful to return next year.

There were many good topics this year and several that were timely to current processes or events we are experiencing or on the horizon.

Particularly interesting to me was the presentations by Robert Pucci, Executive Director of Intelligent Automation, State of Tennessee. The presentation was titled Robotic Process Automation. The presentation Highlighted the work that was done with in The Tennessee State Government Agencies.

For simplicity's sake they will call these behind the sense A.I. processor bots. Think of them as a digital workforce that can interact with any system or application. You can create bots to perform repetitive tasks that interact with application or systems the same way people do except they work around the clock with 100% precision and accuracy freeing humans from repetitive, robotic tasks. They are reporting that this provides cost reduction, greater accuracy, and delivery speed that spreads across the organization. This would not replace the workforces or reduce it would free up the workforce to do more meaningful thoughtful work that are more complex.

Orange County Employees Retirement System (OCERS) will roll out this technology as part of their VISION 2030, "which is a comprehensive look at how OCERS can leverage technology, such as Artificial Intelligence, to better serve every one of our members".

I am excited to see how this plays out at OCERS and really enjoyed hearing OCERS plan for the future and how we might utilize some of their findings here at StanCERA.

Another presentation that was interesting to me personally in regard to my role here at StanCERA was the presentation on digital opportunities and how it relates to trustee electronic elections. Santa Barbara County Employees' Retirement System, (SBCERS) was utilizing their Counties Election services and when the Pandemic hit those services were no longer available for them. This promoted them to look for another resource as they did not want to bring them in house like StanCERA currently utilizes. This brought them to a Company out of Merced County that handles their election electronically. After listening to the research and efficiency gained. I am looking forward to exploring this option or one similar that could help StanCERA produce a more efficient way to process board election.

6. Would you recommend this event to other trustees/staff:

YES, the networking opportunities to talk with your peers and inspire others or receive inspiration is valuable to me as well as hearing what the other systems are experiencing, and implementing is not only exciting but very beneficial to me.

7. Number of Education Credits:

10 hours



MONTHLY PERFORMANCE REPORT

STANISLAUS COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

FEBRUARY 28, 2023

Dan Hennessy, CFA, CAIA, Senior Consultant
Sam Austin, Partner
Leah Tongco, Consulting Analyst



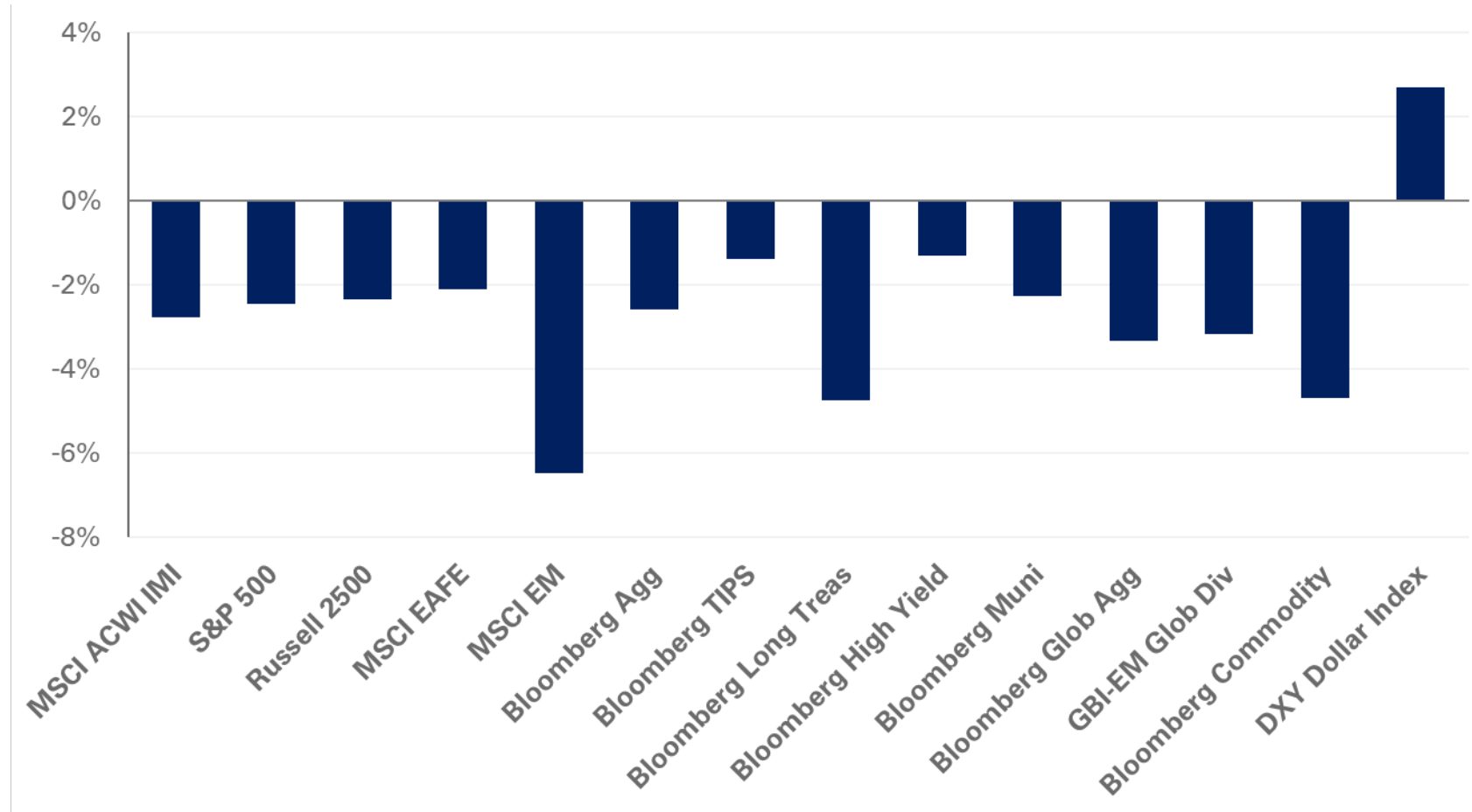
MARKET ENVIRONMENT

CALENDAR YEAR INDEX PERFORMANCE

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Feb	YTD
S&P 500	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	18.4%	28.7%	-18.1%	-2.4%	3.7%
Russell 1000	33.1%	13.2%	0.9%	12.1%	21.7%	-4.8%	31.4%	21.0%	26.5%	-19.1%	-2.4%	4.2%
Russell 2000	38.8%	4.9%	-4.4%	21.3%	14.6%	-11.0%	25.5%	20.0%	14.8%	-20.4%	-1.7%	7.9%
Russell 2500	36.8%	7.1%	-2.9%	17.6%	16.8%	-10.0%	27.8%	20.0%	18.2%	-18.4%	-2.3%	7.4%
MSCI EAFE	22.8%	-4.9%	-0.8%	1.0%	25.0%	-13.8%	22.0%	7.8%	11.3%	-14.5%	-2.1%	5.8%
MSCI EM	-2.6%	-2.2%	-14.9%	11.2%	37.3%	-14.6%	18.4%	18.3%	-2.5%	-20.1%	-6.5%	0.9%
MSCI ACWI	22.8%	4.2%	-2.4%	7.9%	24.0%	-9.4%	26.6%	16.3%	18.5%	-18.4%	-2.9%	4.1%
Private Equity	12.6%	22.3%	14.6%	10.4%	10.3%	21.0%	13.1%	17.2%	45.0%	-9.8%	-	-9.7%
BBG TIPS	-8.6%	3.6%	-1.4%	4.7%	3.0%	-1.3%	8.4%	11.0%	6.0%	-11.8%	-1.4%	0.4%
BBG Municipal	-2.6%	9.1%	3.3%	0.2%	5.4%	1.3%	7.5%	5.2%	1.5%	-8.5%	-2.3%	0.5%
BBG Muni High Yield	-5.5%	13.8%	1.8%	3.0%	9.7%	4.8%	10.7%	4.9%	7.8%	-13.1%	-3.1%	1.2%
BBG US Corporate HY	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	14.3%	7.1%	5.3%	-11.2%	-1.3%	2.5%
BBG US Agg Bond	-2.0%	6.0%	0.5%	2.6%	3.5%	0.0%	8.7%	7.5%	-1.5%	-13.0%	-2.6%	0.4%
BBG Global Agg	-2.6%	0.6%	-3.2%	2.1%	7.4%	-1.2%	6.8%	9.2%	-4.7%	-16.2%	-3.3%	-0.2%
BBG Long Treasuries	-12.7%	25.1%	-1.2%	1.3%	8.5%	-1.8%	14.8%	17.7%	-4.6%	-29.3%	-4.7%	1.4%
BBG US Long Credit	-6.6%	16.4%	-4.6%	10.2%	12.2%	-6.8%	23.4%	13.3%	-1.2%	-25.3%	-5.2%	1.2%
BBG US STRIPS 20+ Yr	-21.0%	46.4%	-3.7%	1.4%	13.7%	-4.1%	20.9%	24.0%	-5.2%	-39.6%	-6.4%	2.7%
JPM GBI-EM Global Div	-9.0%	-5.7%	-14.9%	9.9%	15.2%	-6.2%	13.5%	2.7%	-8.7%	-11.7%	-3.2%	1.0%
JPM EMBI Glob Div	-5.3%	7.4%	1.2%	10.2%	10.3%	-4.3%	15.0%	5.3%	-1.8%	-17.8%	-2.2%	0.9%
CS Hedge Fund	9.7%	4.1%	-0.7%	1.2%	7.1%	-3.2%	9.3%	6.4%	8.2%	1.1%	-	1.8%
BBG Commodity	-9.5%	-17.0%	-24.7%	11.8%	1.7%	-11.2%	7.7%	-3.1%	27.1%	16.1%	-4.7%	-5.2%
Alerian Midstream	-	16.4%	-37.3%	33.8%	-2.4%	-13.3%	24.0%	-23.4%	38.4%	21.5%	-3.8%	0.9%
FTSE NAREIT Equity REITs	2.5%	30.1%	3.2%	8.5%	5.2%	-4.6%	26.0%	-8.0%	43.2%	-24.4%	-4.8%	5.4%

GLOBAL ASSETS BROADLY DECLINED

MONTHLY TOTAL RETURNS



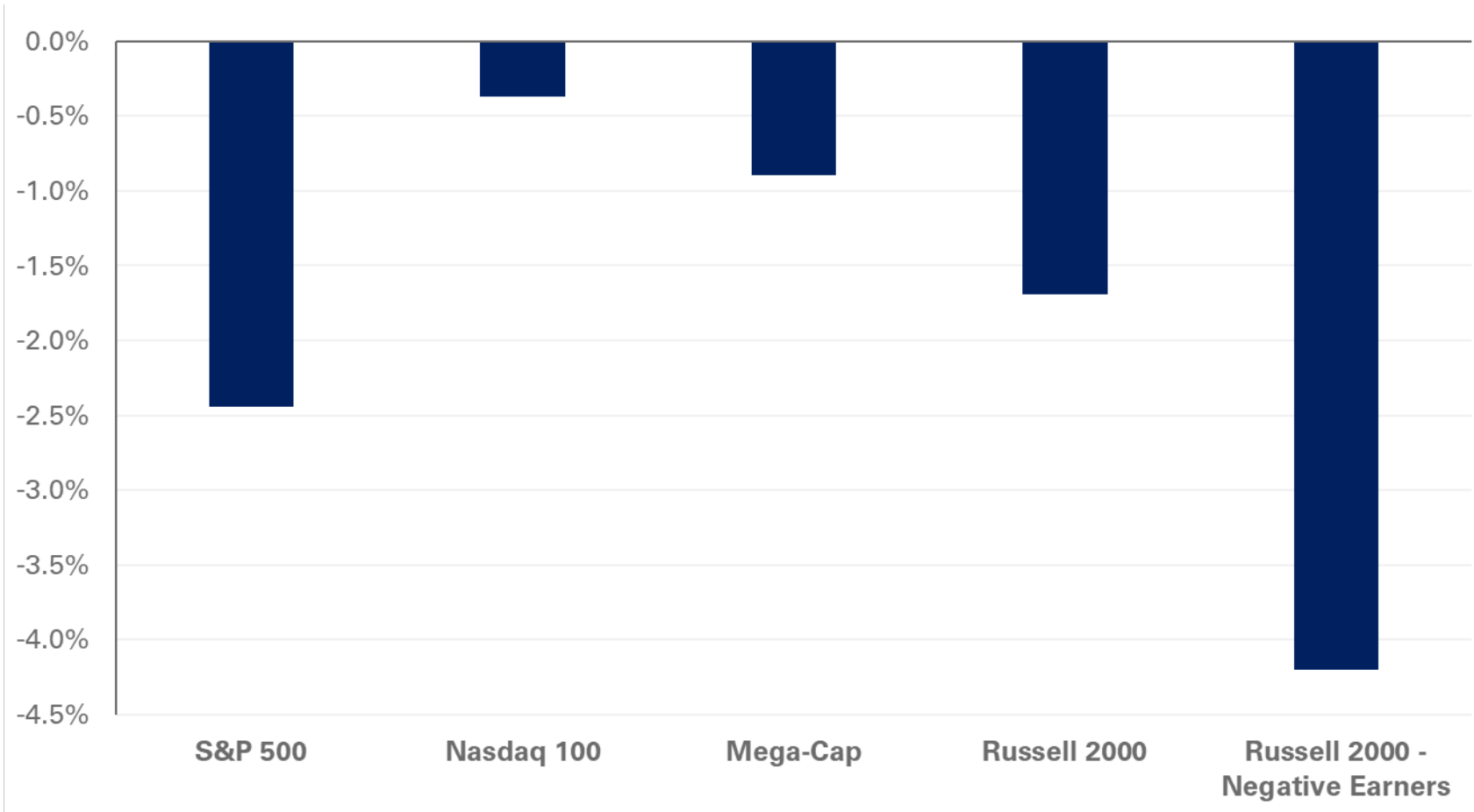
2022'S WORST PERFORMERS REBOUNDED

CUMULATIVE TOTAL RETURN



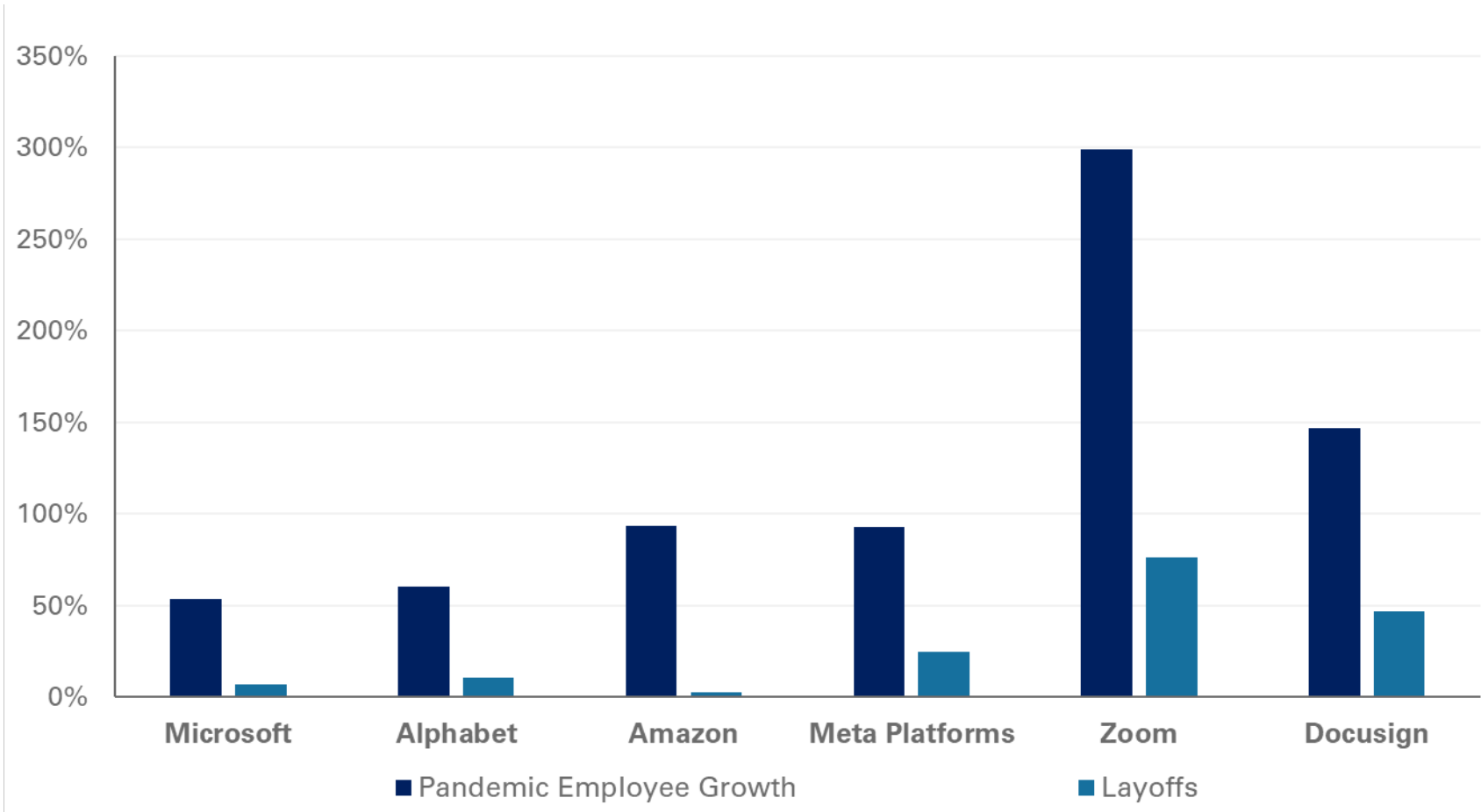
RISK-OFF SENTIMENT DROVE EQUITIES LOWER

MONTHLY TOTAL RETURN



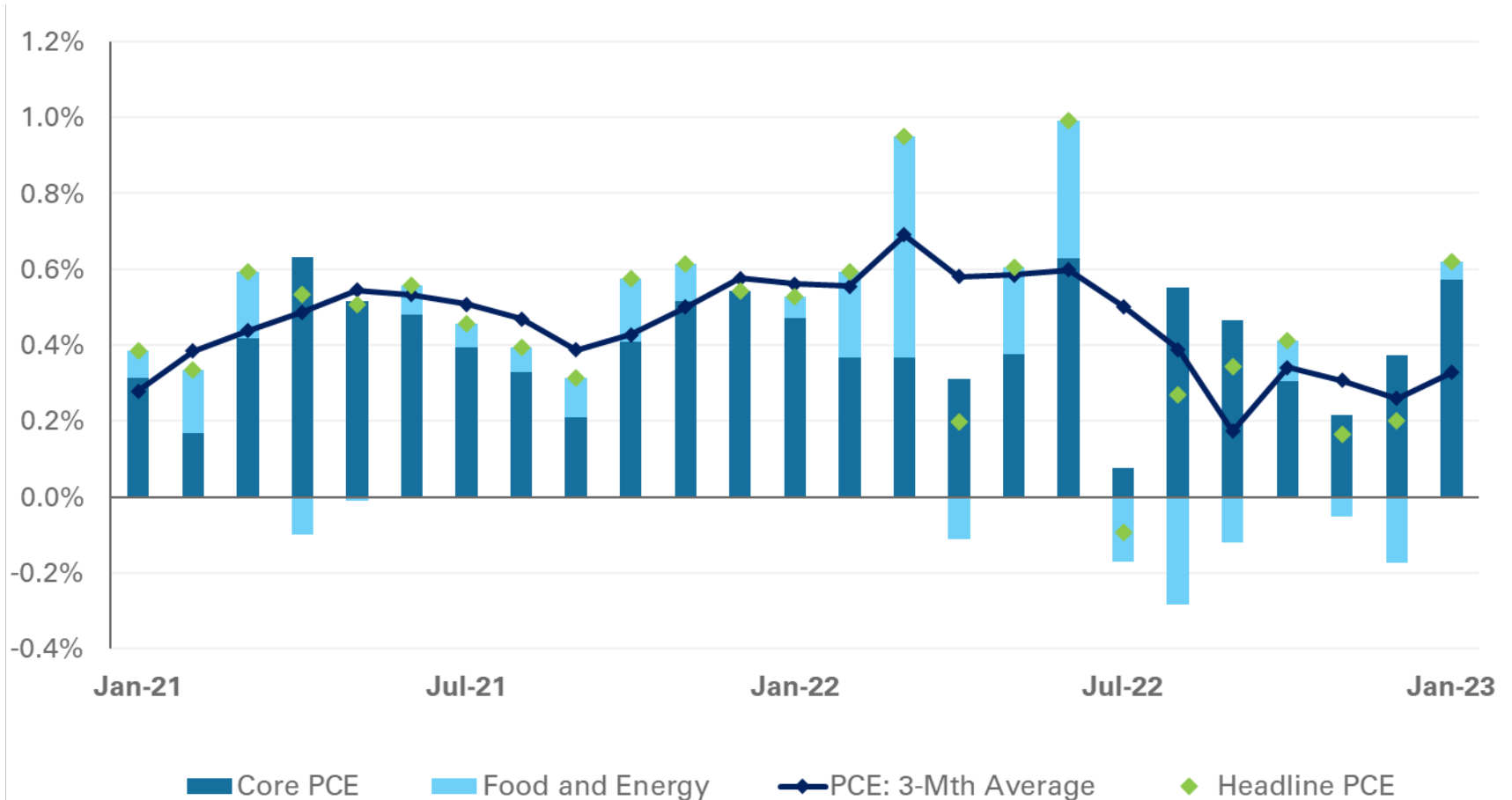
TECH INDUSTRY LAYOFFS REQUIRE CONTEXT

PANDEMIC EMPLOYEE GROWTH VERSUS RECENT LAYOFFS



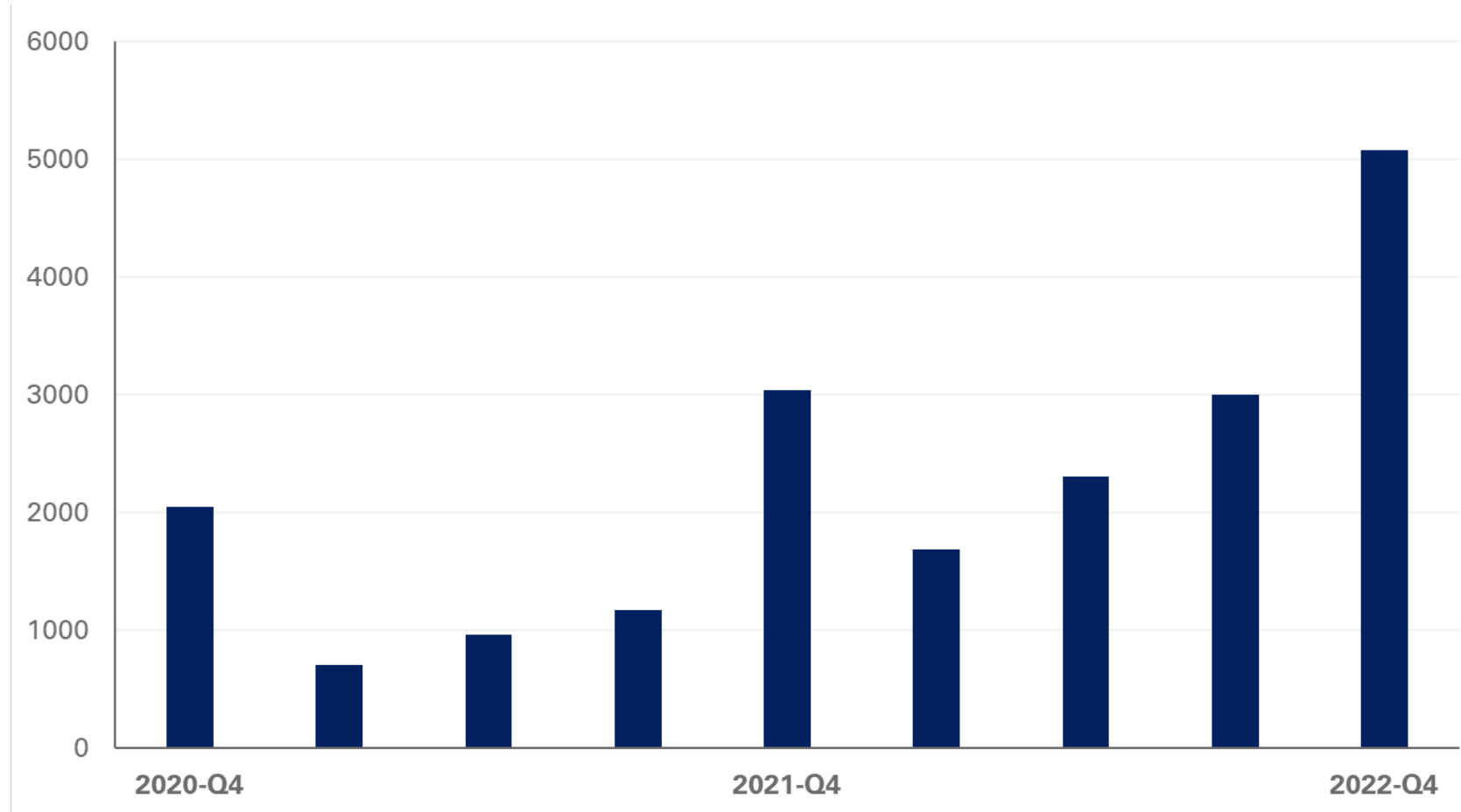
CORE INFLATION ACCELERATED

MONTHLY U.S. PCE PRICE INDEX CHANGES



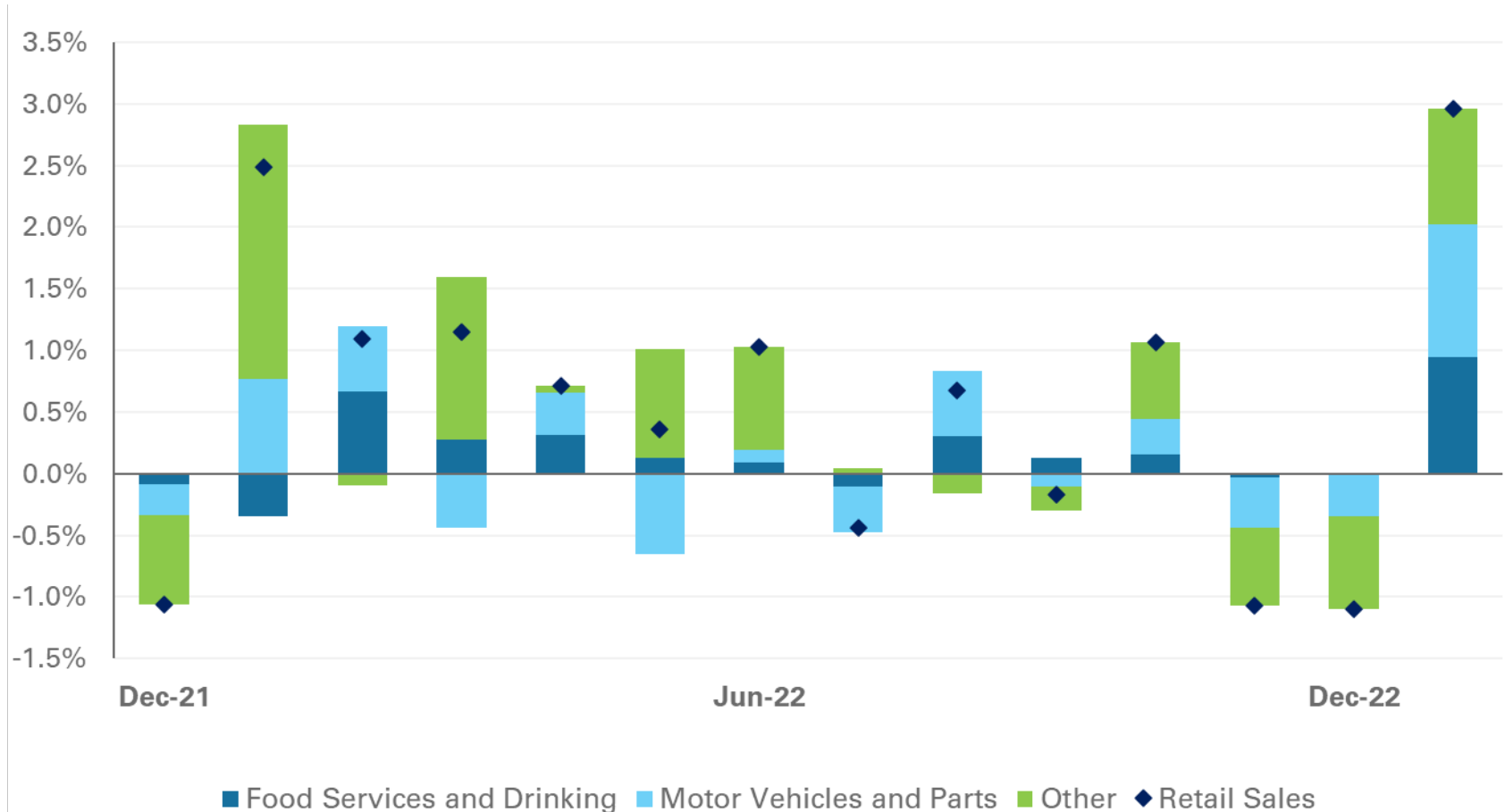
CORPORATIONS WARY OF INFLATION IMPACT

S&P 500: "INFLATION" MENTIONS IN 10-Q AND 10-K FILINGS



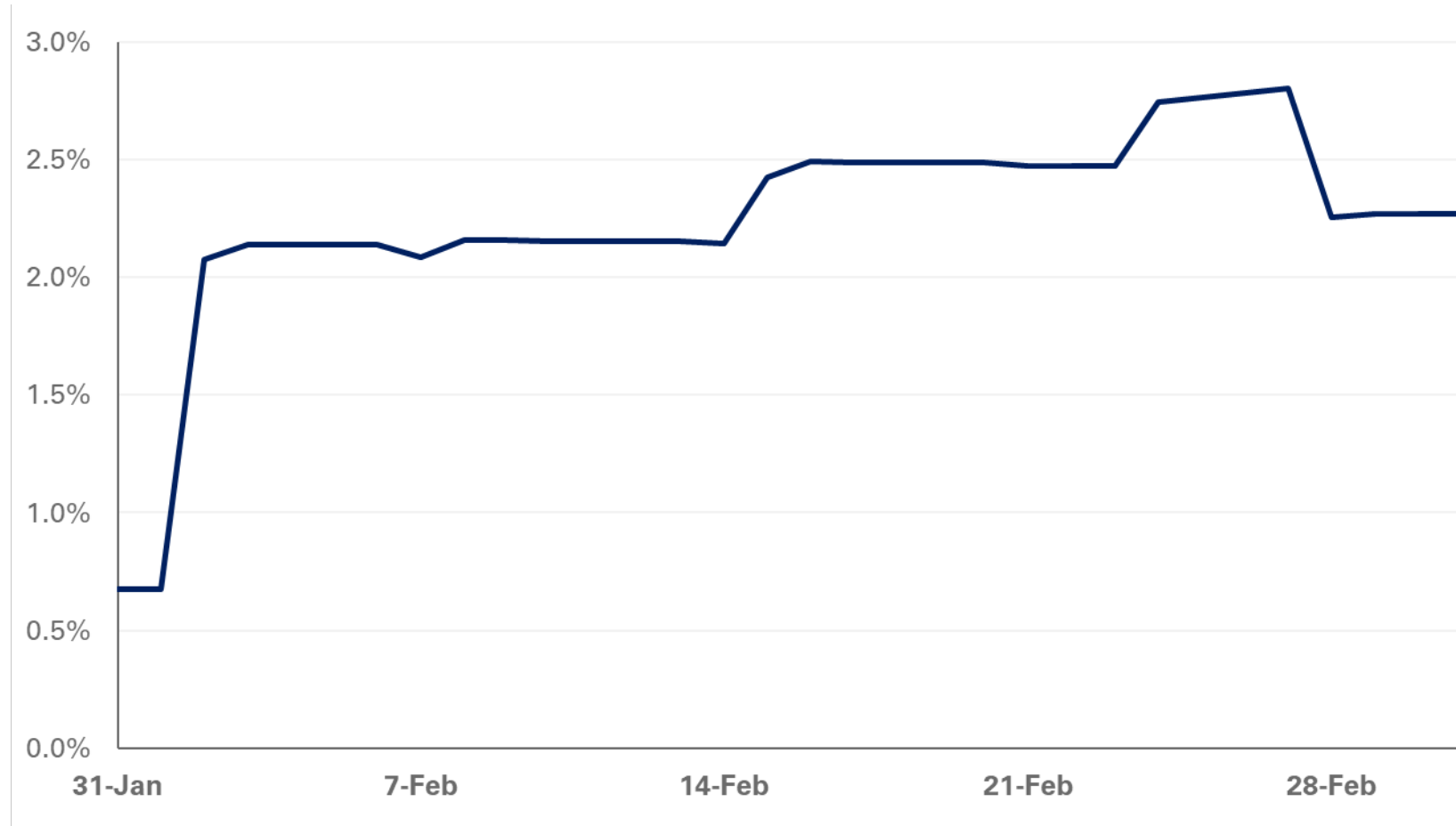
CONSUMERS SPENDING ROSE IN JANUARY

MONTHLY CHANGE IN RETAIL AND FOOD SERVICES



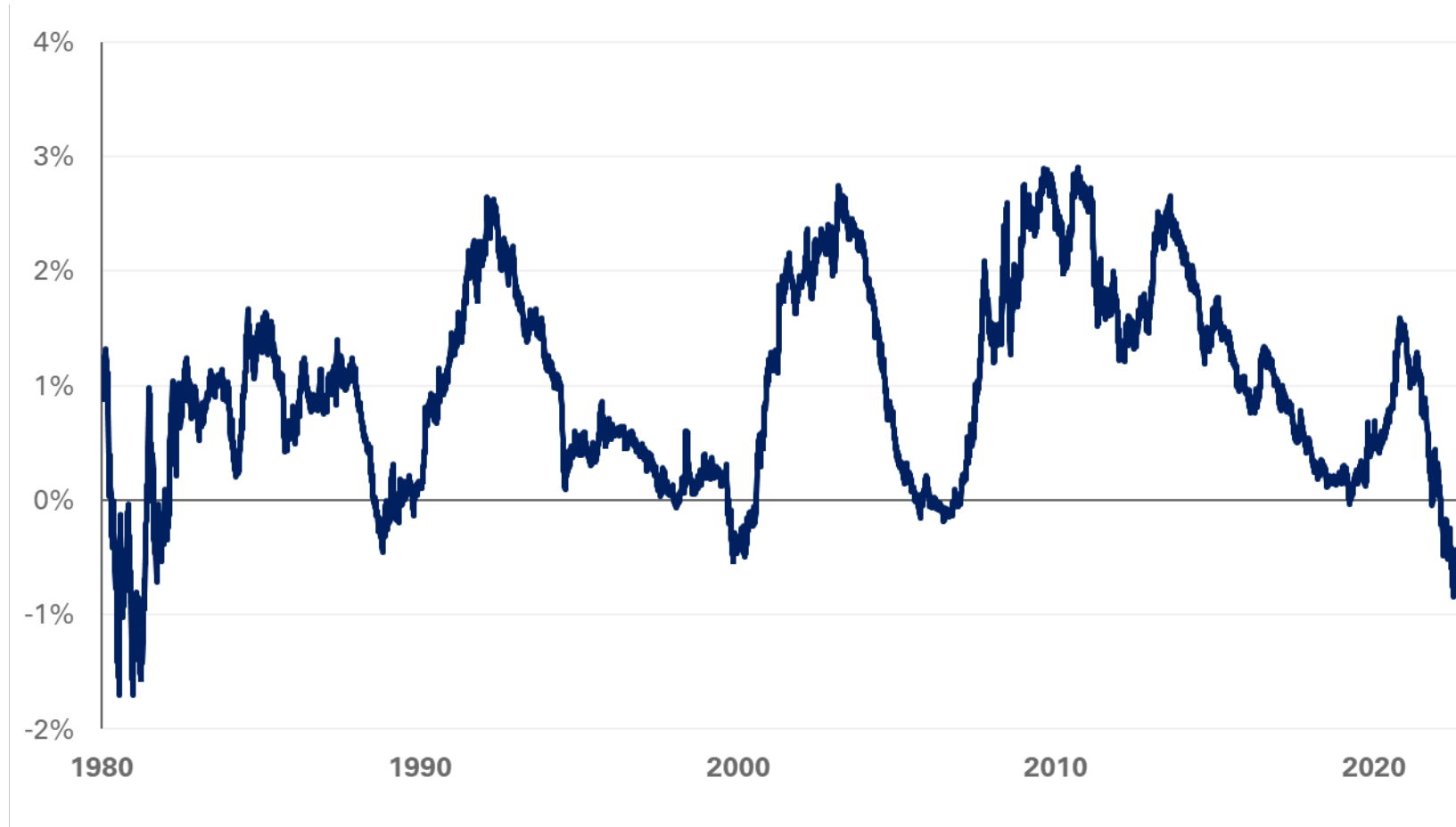
U.S. GDP FORECASTS FOR Q1 IMPROVED

ATLANTA GDPNOW Q1 GDP FORECAST



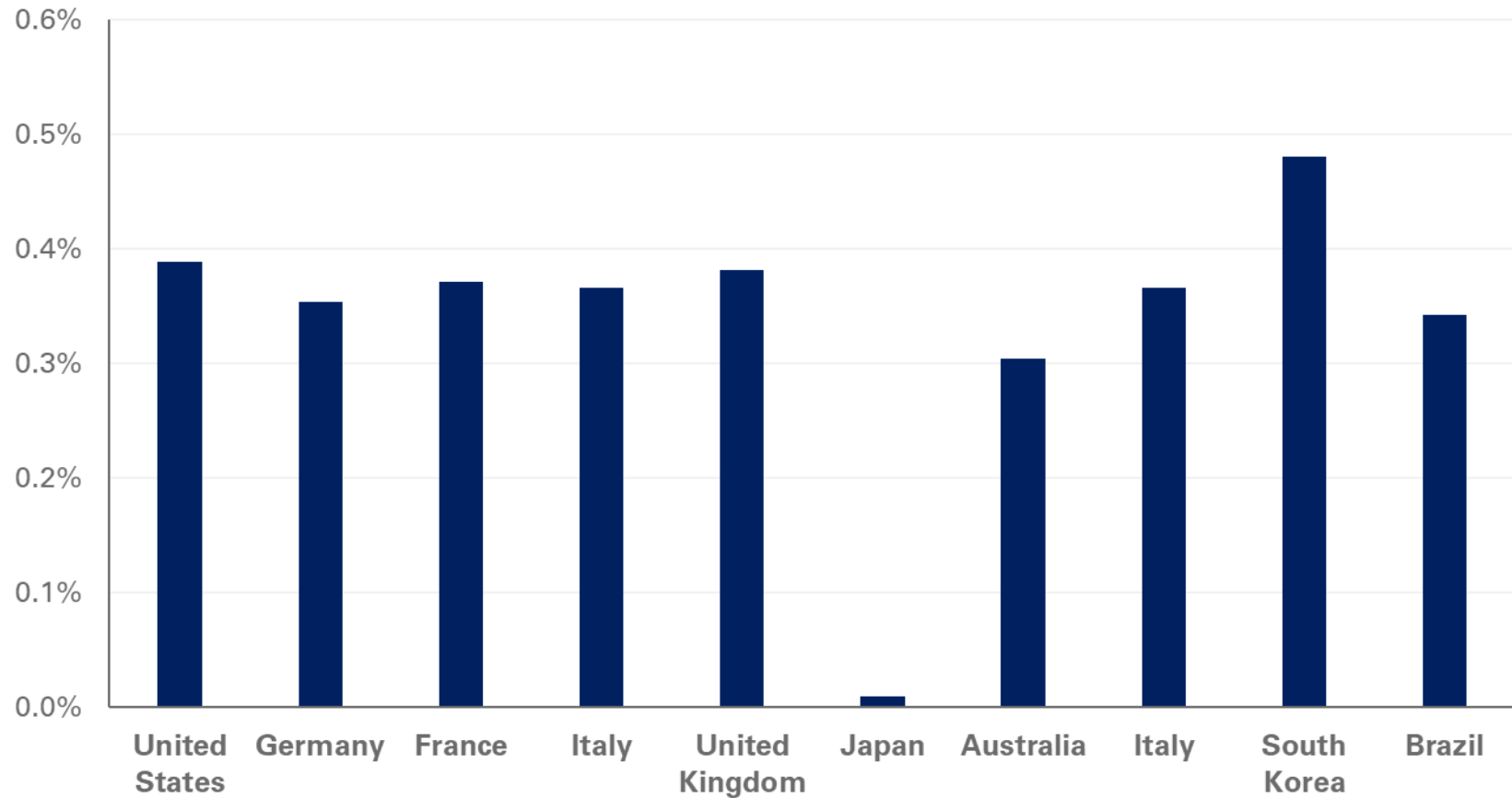
THE U.S. TREASURY CURVE REMAINS INVERTED

10-2 U.S. TREASURY YIELD SPREAD



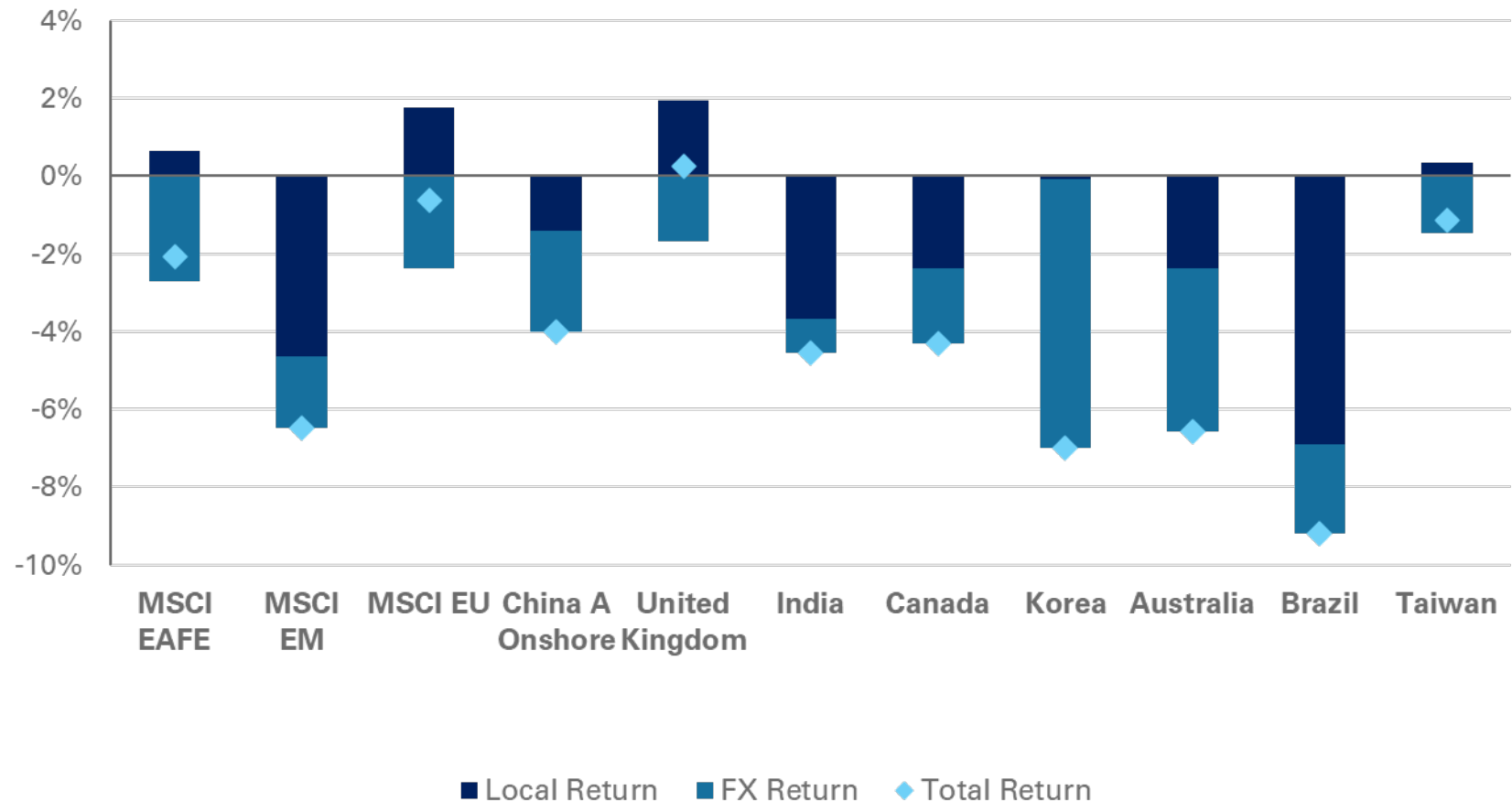
GLOBAL GOVERNMENT RATES INCREASED

MONTHLY 10-YEAR GOVERNMENT BOND YIELD CHANGE



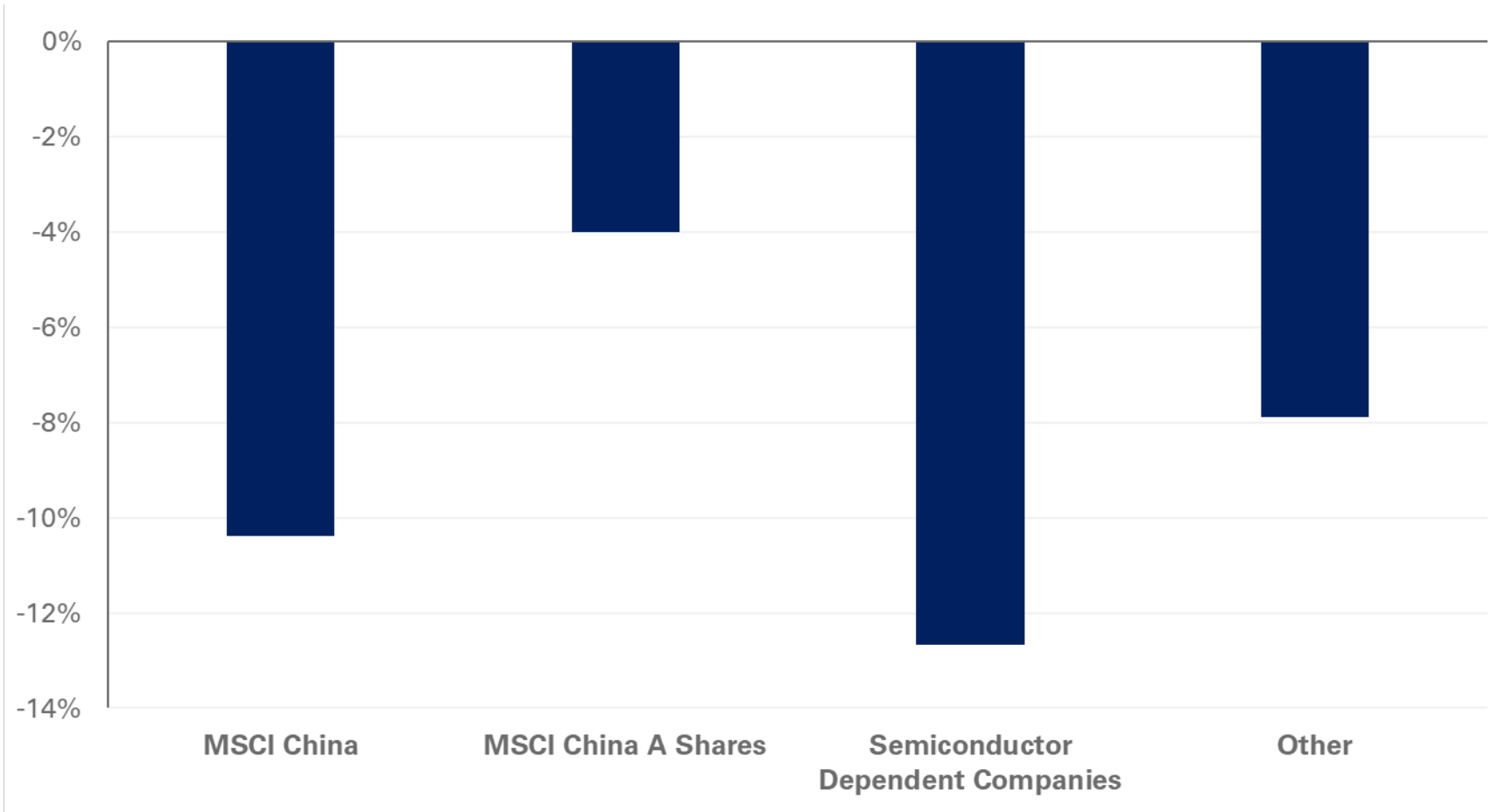
DOLLAR STRENGTH WEIGHED ON NON-U.S. ASSETS

MONTHLY CURRENCY RETURN RELATIVE TO THE U.S. DOLLAR



GEOPOLITICAL RISK WEIGHED ON CHINA EQUITY

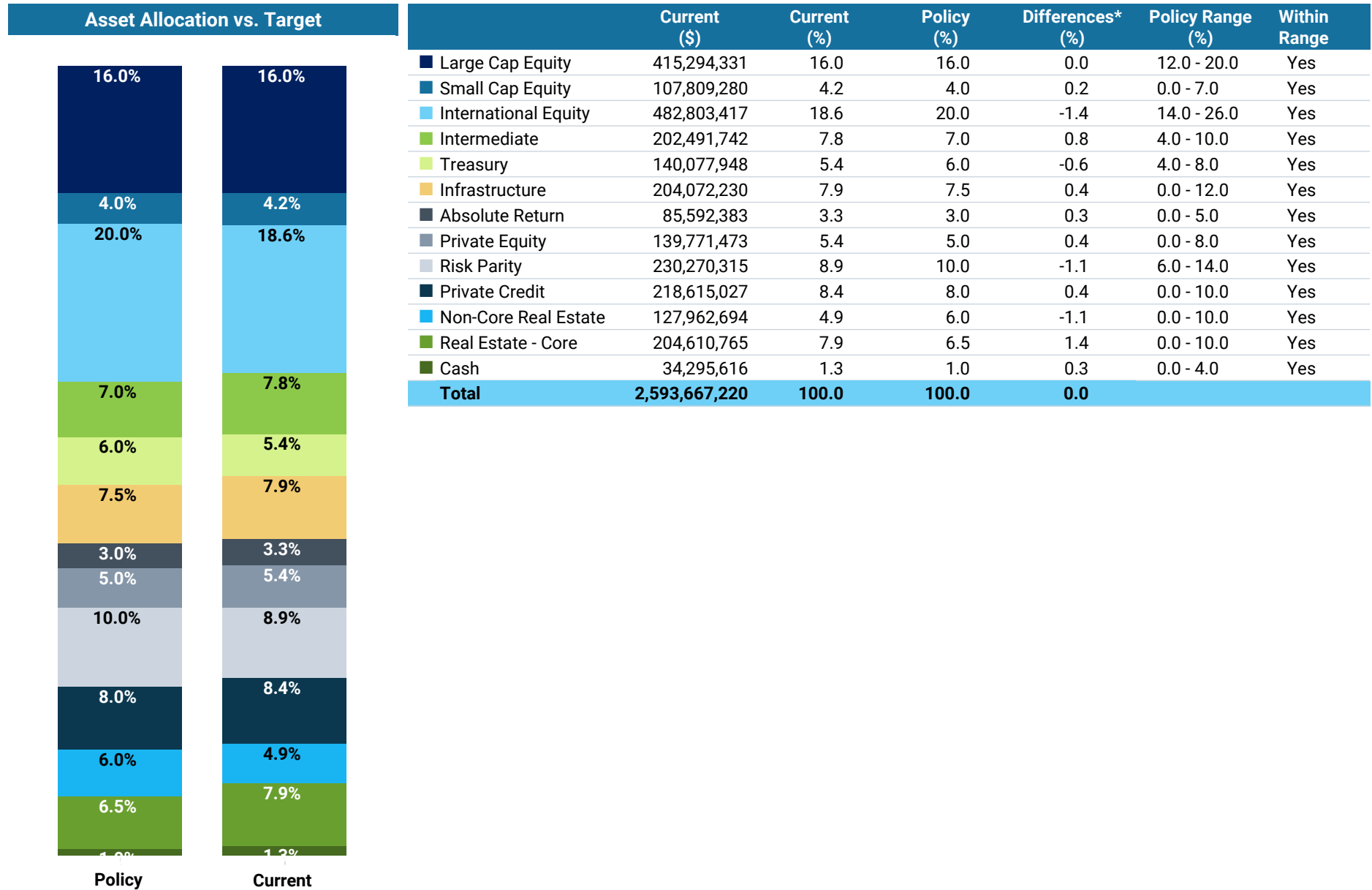
MSCI CHINA MONTHLY TOTAL RETURNS





TOTAL FUND PERFORMANCE

ASSET ALLOCATION VS. POLICY



*Difference between Policy and Current Allocation

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	2,593,667,220	100.0	-1.7	2.4	-3.9	6.7	5.4	7.8	7.0	8.5	Jan-95
Policy Index			-1.7	2.9	-2.8	7.1	5.6	7.8	7.0	7.8	
Allocation Index			-2.0	2.6	-5.3						
Liquidity Sub-Portfolio	236,787,358	9.1	-1.0	0.4	-1.8	0.3	2.5	1.9		1.6	Aug-14
StanCERA Liquidity Blended BM			-1.5	0.1	-5.2	0.2	1.5	1.3		1.2	
Cash	34,295,616	1.3	0.4	0.9	2.5	2.2	2.0	1.8		1.6	Aug-14
FTSE 1 Month T-Bill			0.3	0.7	2.2	0.8	1.3	1.1		0.9	
Cashflow-Matched Bonds	202,491,742	7.8	-1.2	0.3	-3.1	-0.5	2.2			1.8	Jul-17
Blmbg. Intermed. U.S. Government/Credit			-1.8	0.0	-6.2	-2.2	1.0			0.7	
Insight	202,491,742	7.8	-1.2	0.3	-3.1	-0.5	2.2			1.8	Jul-17
Blmbg. Intermed. U.S. Government/Credit			-1.8	0.0	-6.2	-2.2	1.0			0.7	
Growth Sub-Portfolio	1,900,939,217	73.3	-1.5	2.8	-2.9	9.3	6.7	9.9	8.9	7.9	Jan-04
StanCERA Growth Blended BM			-1.5	3.6	-1.1	10.5	7.5	10.2			
US Equities	523,103,611	20.2	-2.0	4.9	-6.7	13.2	9.2	12.5	11.5	9.4	Jan-04
Russell 3000 Index			-2.3	4.4	-8.1	11.8	9.4	12.7	11.9	9.0	
US Large Equity	415,294,331	16.0	-2.3	3.8	-8.9	12.5	9.7	13.0	12.2	12.2	Jan-95
Russell 1000 Index			-2.4	4.2	-8.2	11.9	9.7	12.8	12.1	10.1	
BlackRock Russell 1000 Growth	193,396,402	7.5	-1.2	7.0	-13.4	12.0	11.5	15.0	14.3	14.7	Aug-10
Russell 1000 Growth Index			-1.2	7.0	-13.3	12.1	11.5	15.0	14.3	14.7	
BlackRock Russell 1000 Value	110,899,944	4.3	-3.5	1.5	-2.8	11.0	7.3	10.2	9.7	11.2	Aug-09
Russell 1000 Value Index			-3.5	1.5	-2.8	11.0	7.2	10.2	9.6	11.1	
Dodge & Cox-Equity	110,997,985	4.3	-3.1	3.1	-3.7	14.6	8.7	13.0	11.7	11.7	Jan-95
Russell 1000 Value Index			-3.5	1.5	-2.8	11.0	7.2	10.2	9.6	9.6	
US Small Equity	107,809,280	4.2	-0.7	9.3	2.5	16.1	7.6	11.0	9.2	12.1	Jan-09
Russell 2000 Index			-1.7	7.9	-6.0	10.1	6.0	10.5	9.1	11.4	
Attucks Small Cap	107,809,280	4.2	-0.7	9.3	2.5	16.1	7.6	11.8	9.5	12.2	Jan-09
Russell 2000 Value Index			-2.3	7.0	-4.4	12.9	6.4	10.3	8.5	10.4	
International Equity	482,803,417	18.6	-2.6	4.9	-4.5	7.3	2.3	7.4	4.9	6.0	Oct-04
MSCI AC World ex USA (Net)			-3.5	4.3	-7.2	5.3	1.6	6.7	3.9	5.3	
LSV Int'l Large Cap Value	257,190,979	9.9	-1.4	5.5	-1.4	7.9	1.7	7.5	4.8	5.8	Oct-04
MSCI AC World ex USA Value (Net)			-2.7	4.8	-3.9	6.3	0.8	6.2	3.0	4.7	
Fidelity Int'l Growth	225,612,438	8.7	-4.0	4.2	-7.9	6.5	2.7	7.1	4.7	3.8	May-06
MSCI AC World ex USA Growth (Net)			-4.3	3.8	-10.6	3.8	2.2	6.9	4.7	3.7	

- Cash Composite includes the Transaction Account Value.

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Core Real Estate	204,610,765	7.9	-0.2	0.2	2.7	7.0	8.2	6.0	6.6	3.2	Apr-08
NCREIF Property Index			0.0	0.0	5.5	8.1	7.5	7.5	8.8	6.5	
Prime Property Fund	103,829,403	4.0	0.0	0.0	6.1	9.3	8.4	8.6		8.5	Oct-15
NCREIF ODCE			0.0	0.0	7.5	9.9	8.7	8.5		8.5	
BlackRock Real Estate Securities	6,379,098	0.2	-5.0	5.5	-13.5	3.1	5.9	4.7	5.8	6.2	Oct-12
Dow Jones U.S. Select RESI			-5.0	5.5	-13.5	3.2	6.0	4.8	5.9	6.3	
PGIM Real Estate US Debt Fund	94,402,264	3.6	0.0	0.0	5.2	5.0				5.0	Sep-18
Blmbg. U.S. Investment Grade: CMBS Index			-1.9	0.7	-7.8	-2.9				1.1	
Value-Add Real Estate	127,962,694	4.9	0.0	0.0	2.3	10.8	11.2	11.3		10.9	Aug-14
NCREIF Property Index +2%			0.2	0.3	7.6	10.2	9.6	9.6		10.5	
American Strategic Value Realty	88,716,589	3.4	0.0	0.0	7.4	9.5	9.3	9.7		10.5	Jan-15
NCREIF Property Index			0.0	0.0	5.5	8.1	7.5	7.5		8.0	
Greenfield Acquisition Partners VII	1,873,971	0.1	0.0	0.0	10.9	5.6	9.0	10.4		10.2	Aug-14
NCREIF-ODCE +1%			0.1	0.2	8.5	11.0	9.8	9.6		10.6	
Grandview Property Partners I	20,974,149	0.8	0.0	0.0	-11.1	18.5				20.4	Apr-18
NCREIF-ODCE +1%			0.1	0.2	8.5	11.0				9.4	
Grandview Property Partners II	16,397,985	0.6	0.0	0.0	5.5					-0.3	Dec-21
NCREIF-ODCE +1%			0.1	0.2	8.5					13.8	
Infrastructure	204,072,230	7.9	-1.6	0.2	-3.4	-1.6	3.8	6.4		4.4	Jun-15
CPI + 5% (Unadjusted)			1.0	2.2	11.3	10.4	9.0	8.6		8.2	
MS Infrastructure Partners II	28,212,207	1.1	0.0	0.0	15.0	7.5	9.4	10.5		8.0	Jun-15
CPI + 5% (Unadjusted)			1.0	2.2	11.3	10.4	9.0	8.6		8.2	
Palistar Communications Infrastructure Fund II	12,229,720	0.5	0.0	0.0	8.4					7.2	Jan-22
CPI + 5% (Unadjusted)			1.0	2.2	11.3					12.1	
JP Morgan IIF Hedged LP	32,097,892	1.2	0.0	0.0						8.8	Apr-22
CPI + 5% (Unadjusted)			1.0	2.2						9.4	
Northern Trust Infrastructure Fund	79,105,190	3.0	-3.7	0.2	-8.5					-5.2	Jul-21
67% STOXX Global Broad Infra / 33% Bloomberg US TIPS			-3.3	0.3	-8.1					-4.8	
IFM Global Infrastructure Fund	52,427,221	2.0	-0.2	0.6						4.9	Jul-22
CPI + 5% (Unadjusted)			1.0	2.2						4.9	

- Greenfield Acquisition Partners VII, Grandview Property Partners, Grandview Property Partners II, MS Infrastructure Partners II, and Palistar Communications Infrastructure Fund II are preliminary and subject to change once finalized.

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	139,771,473	5.4	-0.9	1.8	-3.8	15.0				13.9	Dec-18
Russell 3000 + 3%			-2.1	4.9	-5.3	15.1				13.7	
Private Equity	89,453,342	3.4	0.0	0.0	5.2					18.2	Apr-20
Russell 3000 + 3%			-2.1	4.9	-5.3					21.5	
Private Equity Proxy	50,318,131	1.9	-2.3	4.4	-8.2	11.8	10.5	13.2	12.5	9.4	Dec-03
Russell 3000 Index			-2.3	4.4	-8.1	11.8	9.4	12.7	11.9	9.2	
Private Credit	218,615,027	8.4	-0.6	1.1	2.3	-0.3	0.0	0.6		2.2	Jun-13
S&P/LSTA Leveraged Loan Index +2%			0.7	3.6	4.7	5.9	5.8	7.1		5.9	
Private Credit	107,003,412	4.1	0.0	0.0	10.5	3.4	2.3	2.2		3.3	Jun-13
S&P/LSTA Leveraged Loan Index +2%			0.7	3.6	4.7	5.9	5.8	7.1		5.9	
Private Credit Proxy	111,611,615	4.3	-1.1	2.2	-4.4					-3.9	Jul-21
ICE BofA US High Yield Master II Constrained			-1.3	2.6	-5.5					-4.6	
Risk-Diversifying Sub-Portfolio	455,940,646	17.6	-2.5	1.6	-8.0	-1.2	1.3	1.9	2.0	4.0	Dec-03
StanCERA Risk-Diversifying Blended BM			-2.5	1.4	-8.4	-1.4	1.2	0.8	1.0		
Risk Parity	230,270,315	8.9	-3.9	2.2	-14.9	-0.4	2.7			2.2	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.0	2.4	-10.2	3.3	3.0			3.3	
HFR Risk Parity Vol 10 Institutional Index			-3.9	1.1	-14.8	-1.6	1.3			1.1	
AQR Global Risk Premium - EL	117,715,519	4.5	-3.5	0.5	-13.8	-0.3				2.6	Apr-18
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.0	2.4	-10.2	3.3				3.2	
PanAgora Risk Parity Multi Asset	112,554,796	4.3	-4.4	4.0	-16.1	-0.4	2.6			2.2	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.0	2.4	-10.2	3.3	3.0			3.3	
US Treasury Bonds	140,077,948	5.4	-2.6	0.2	-11.5	-4.9	0.2	1.1	1.4	3.7	Dec-03
Blmbg. U.S. Treasury: 7-10 Year			-3.2	-0.1	-12.7	-5.2	0.5	-0.3	0.7	3.4	
Northern Trust Intermediate Gov't Bond	98,843,090	3.8	-1.7	-0.2	-6.3	-2.5	0.7			0.3	Aug-17
Blmbg. U.S. Government: Intermediate			-1.7	-0.2	-6.3	-2.4	0.7			0.3	
Northern Trust Long Term Gov't Bond	41,234,858	1.6	-4.8	1.3	-21.8	-10.2	-0.2			-0.6	Aug-17
Blmbg. U.S. Government: Long Term Bond Index			-4.7	1.4	-24.0	-10.9	-0.7			-1.1	
Liquid Absolute Return	85,592,383	3.3	1.5	2.6	21.0					16.7	Oct-21
30 Day T-Bill + 4%			0.7	1.4	6.3					5.6	
Graham Global Investment Fund I SPC LTD	57,826,543	2.2	2.4	3.1	23.2					22.3	Nov-21
HFRI Macro (Total) Index			0.1	0.4	7.2					5.8	
Invesco Global Targeted Return	27,765,841	1.1	-0.3	1.3	6.8					3.3	Dec-21
30 Day T-Bill + 4%			0.7	1.4	6.3					5.8	

- Private Credit includes Medley Capital, which is preliminary and subject to change once finalized.

- PanAgora Risk Parity Multi-Asset is preliminary and subject to change once finalized.

NOTES

- All performance is shown net of investment management fees.
- Performance history is provided by Verus through June 2020. As of July 1, 2020 performance is calculated and reported by NEPC.
- Policy Index history:
 - **Inception - 6/30/2017:** 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4% Russell 2000 Value, 3.7% Russell 2000 Growth, 18% MSCI ACWI ex USA Gross, 29.8%Bloomberg US Aggregate TR, 3.5% DJ US Select RESI TR USD, 7.5% 9% Annual, 3% CPI + 4%
 - **7/1/2017 - 8/31/2018:** 18.5% Russell 1000, 5.5% Russell 2000, 24% MSCI ACWI ex USA Gross, 19% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3% Bloomberg US Treasury 7-10 Yr TR, 7.7% NCREIF Property Index, 1.7% NCREIF Property Index +2%, 0.6% CPI + 5%, 5% Bloomberg US High Yield + 2%, 14% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
 - **9/1/2018 - 5/30/2019:** 10% Russell 1000, 3% Russell 2000, 6% Russell 3000 +3%, 27% MSCI ACWI ex USA Gross, 20% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3%Bloomberg US Treasury 7-10 Yr TR, 5% NCREIF Property Index, 5% NCREIF Property Index +2%, 1% CPI + 5%, 6% S&P/LSTA Leveraged Loan Index+2%, 13% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
 - **6/1/2019 - 6/30/2020:** 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate
 - **7/1/2020 - 12/31/2020:** 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 11%Bloomberg US Intermediate.
 - **1/1/2021 - 06/30/2021:** 16% Russell 1000, 3.5% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 5% Bloomberg US Treasury 7-10 Yr, 6% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 4.5% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 7%Bloomberg US Intermediate.
 - **07/01/2021 - Present:** 16% Russell 1000, 4% Russell 2000, 5% Russell 3000 + 3%, 20% MSCI ACWI ex USA Gross, 6.5% NCREIF Property Index, 6% NCREIF Property Index + 2%, 7.5% CPI + 5% (Unadjusted), 8% S&P/LSTA Leveraged Loan Index +2%, 6% Bloomberg US Treasury 7-10 Yr TR, 10% 60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg, 3% 30 Day T-Bill + 4%, 1% FTSE T-Bill 1 Month TR, 7% Bloomberg US Govt/Credit Int TR.
- Starting July 1, 2020, the small Capital Prospects transition cash balance is moved from the Cash composite to the Capital Prospects account. Historical performance for Capital Prospects, US Small, US Equities, Growth Sub-Portfolio, Cash, and Liquidity Sub-Portfolio prior to July 1, 2020 reflects performance of these composites before this change.
- Private Equity investments are valued one quarter lagged and adjusted for capital calls and distributions between quarter-end months.
- Value-Add Real Estate managers are valued quarterly adjusted for current cash flows.

DISCLAIMERS & DISCLOSURES

Past performance is no guarantee of future results.

Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not generally calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.

A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.

NEPC’s preferred data source is the plan’s custodian bank or record-keeper. If data cannot be obtained from one of the preferred data sources, data provided by investment managers may be used. Information on market indices and security characteristics is received from additional providers. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. In addition, some index returns displayed in this report or used in calculation of a policy index, allocation index or other custom benchmark may be preliminary and subject to change.

All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.

The opinions presented herein represent the good faith views of NEPC as of the date of this presentation and are subject to change at any time. Neither fund performance nor universe rankings contained in this report should be considered a recommendation by NEPC.

This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Source of private fund performance benchmark data: Cambridge Associates, via Refinitiv



March 28, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Raven III Continuation Fund
- II. ITEM NUMBER: 9.a.
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Direct staff to elect to receive the distribution from Raven III as cash and not participate in any continuation fund.
- V. ANALYSIS:

Background

Raven III is a private credit fund within our legacy private credit program. With a 2015 vintage year, the fund is in the harvesting phase of its life and is selling investments and returning capital to investors. A large distribution is planned this year and the fund has provided an option to maintain exposure to the distributing assets by committing all or a portion of our interest to a continuation fund. Given the size of the distribution, the Board will need to review and approve the election to either take the distribution as cash or roll StanCERA's interest into a continuation fund. There are two continuation funds to consider. One for the real estate assets and one for the music royalty assets. The fund asset details are provided below:

Raven III Fund Assets As of 9/30/2022			
Asset Description	Asset Class	Fair Value	Percent of Fund
Four co-living residential properties (Phoenix, Orlando, & Denver)	Real Estate Equity	\$31,670,049	54.20%
Music Royalties	Equity	\$8,414,183	14.40%
Other (Entertainment, Transportation, Food & Beverage)	Equity & Debt	\$18,347,593	31.40%
Total		\$58,431,825	100%

Recommendation

As you know, StanCERA staff and a trustee toured the co-living property in Phoenix, AZ as part of the initial due diligence in January. Since then, both NEPC and Verus have worked to review the continuation funds. Based on the information they were able to collect, both NEPC and Verus are recommending StanCERA elect to take the distribution as cash. Staff agrees with the recommendations and notes that while committing to the continuation fund is a viable option, redeploying the capital to other parts of the portfolio would be preferable from an asset allocation and manager concentration perspective.

Another recent development is the acquisition of Raven by MetLife. Given the organizational change, a full underwriting of the new company structure would be required before committing to any continuation fund necessitating additional work and time. Both the NEPC and Verus recommendation memo are included as attachments and contain additional analysis.

Attachment 1: NEPC Raven III Continuation Fund Memo

Attachment 2: Verus Raven III Continuation Fund Memo

- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: None



NEPC, LLC

To: StanCERA Board
From: Daniel Hennessy
Date: March 28, 2023
Subject: Raven Continuation Fund Proposal

Recommendation

NEPC recommends that StanCERA realize its remaining investment in the Raven Asset-Based Opportunity Fund III ("ROF III" or the "Fund"), and not opt to continue longer-term with the proposed new real estate and music funds.

Background

Raven Capital Management ("Raven" or the "Manager") is a private investment firm founded in 2008, focused on loan and asset acquisitions. On March 1st 2023 Raven was acquired by MetLife Investment Management, the asset management business of MetLife Inc. Raven told us that the entire investment team was moving over, would continue to operate autonomously, and that no changes to the team were anticipated.

In 2013 StanCERA committed \$30 million to the Raven Asset-Based Opportunity Fund I ("ROF I"), and then in 2015 StanCERA committed \$50 million to the Raven's ROF III Fund. Both funds had broad mandates, making equity and debt investments across receivables, specialty finance, real estate, transportation, and infrastructure.

ROF I has been fully redeemed and StanCERA ultimately earned a loss in its investment with a -4.3% internal rate of return (IRR).

ROF III is currently in harvest and liquidation mode and as of September 30, 2022 StanCERA's ROF III investment had earned an estimated 8.1% net internal rate of return ("IRR"). This is better performance than public market equivalent returns over the same time period, but lower than median 2015 direct lending performance and the fund's original targeted net IRR return for the strategy of 9.5% - 13%.

Two of the Fund's largest remaining investments are ownership interests in a group of apartment buildings and a pool of music receivable rights. Raven is seeking approval from StanCERA and the other limited partners in ROF III to roll both of these investments into new ongoing continuation vehicles.

Real Estate

Raven values StanCERA's interest in the ROF III real estate investment at \$31.5 million. ROF III has executed an innovative and focused real estate strategy, building five urban



apartment buildings in Chicago, Denver, Phoenix, and Orlando that incorporate 'rent-by-bed' co-living spaces offering shared kitchen, living, and working spaces. Three of the buildings are currently operating with tenants but two are still under construction.

Raven's proposed continuation fund would charge a 1% management fee on deployed capital and 12.5% carried interest over a 10% hurdle rate, with a 3-year term plus two possible one-year extensions. Their net IRR objective is in the mid-teens.

Urban multifamily real estate investments have performed well over this time frame, but Raven has not yet sold any of their developments. For this reason, despite its relatively unique and interesting nature, we consider the strategy unproven and are not recommending the new real estate continuation fund. NEPC regularly underwrites multifamily-focused real estate strategies with more experienced manager teams. In addition, Raven has not yet made available additional valuation and performance data that they offered to provide us with during our initial January meeting and would be necessary for us to consider underwriting the strategy.

Music

Raven values StanCERA's interest in the ROF III music investment at \$7.9 million. ROF III's music portfolio is well-diversified across genre, artist and songs. It includes 65 #1 songs, 250+ charting songs, and 10,000+ copyrights and recordings.

Raven's proposed music fund would also seek to make new investments over the course of its 5-year investing period. It would charge a 1.25% management fee on invested capital and 20% carried interest over a 6% hurdle rate, with a 7-year term plus two possible one-year extensions. Their net IRR objective is 15% including a 6% current yield. The proposed fee structure and IRR objective are both broadly reasonable compared to similar royalties strategies that NEPC has underwritten.

Jeremy Tucker (Co-Founder of Raven), who will serve as PM for the fund, has 15 years of fund management experience and 7 years of experience investing in music IP. Raven has demonstrated a focus in this space, having acquired over \$160 million in music IP since 2015. Over that timeframe, Raven has generated an impressive 1.78x net return on their music assets (as of 9/30/22). As the continuation vehicle will be seeded with the existing investments, it limits blind pool risk for LPs and frees up capacity for the Raven team. As previously mentioned, the existing portfolio is well diversified which provides an element of downside protection. The existing investments are all performing, with no watchlist or materially underperforming assets. Raven will use two independent valuation agencies in to avoid conflicts on the transfer price of its existing assets.

For the continuation vehicle, and music royalties in general, it is always important to consider that fully exiting investments can be difficult and is dependent upon having active market participants. Raven's reason for creating the continuation vehicle is that the current broad market environment has led to a softening in the music royalty space, as many buyers of assets have pulled back. Raven believes the additional time will allow them to create incremental value with the existing portfolio, purchase new assets at reasonable pricing and ultimately achieve a better sale price than it can get right now. We also suspect that Raven is interested in a continuation vehicle as opposed to a brand new fund because



this helps alleviate some fundraising risk for Raven, as LPs have curtailed new commitments due to the denominator effect in their own portfolios.

Although Mr. Tucker has experience in this space, the rest of the dedicated investment team for this fund (Ali McLaughlin, Scott Solomon and Johnny Scher) is relatively small and half of the individuals are Associate/Analyst level. That said, as mentioned previously, a large portion of the fund will be comprised of existing investments so less origination/underwriting work will be required from the team than if the fund started with a blind pool. And finally, investors should be aware that Fund III took a \$60 million 2nd lien loan from Raven Asset-Based Credit Fund II in order to help purchase their "Better Noise" investment; a portion of proceeds from the sale of assets from Fund III to the continuation vehicle will be used to repay that loan.

There are certainly appealing aspects to this strategy, but we believe that continuation investors like StanCERA which would be seeding this new investment vehicle and essentially taking future work off the hands of Raven should expect better below-market fees. We also note that StanCERA's \$7.9 million music investment would be less than their typical bite size for private debt investments.

Memorandum

To: Stanislaus County Employees' Retirement Association
From: Verus
Date: March 15, 2023
RE: Raven Asset-Based Opportunity Fund III, L.P. restructuring

Summary

On 15 December 2022, Raven Capital Management ("RCM" or the "Firm") sent out a notification to the limited partners invested in Raven Asset-Based Opportunity Fund III (the "Fund" or "Fund III") outlining their pursuit of a liquidity generating restructure of the Fund by selling off certain assets comprising music and real estate platforms. RCM issued a non-binding indication of interest to limited partners the opportunity to elect, regarding both the Real Estate Assets and the Music Assets, to either (i) reinvest all or a portion of such Distributions ("Reinvest Option") or (ii) retain such Distributions ("Sell Option"). Staff asked Verus to review the two options and provide our opinion. The following opinion is as it relates solely to the Music Assets. Note, Verus has received no legal information as to the restructuring at the time of this memo and the opinions expressed are because of the information obtained to date.

Background on Raven Asset-Based Opportunity Fund III, L.P.

- As part of its private credit allocation in the alternative asset class, StanCERA committed \$50 million to Fund III in 2015, which followed a previous investment made to Fund I in 2013 (\$40 million)
- Fund I liquidated in April 2022 returning a -4.3% net IRR
 - The Fund underperformance resulted from investments in equity and senior loan investments in transportation and specialty finance
- Fund III is currently returning an 8.1% net IRR as of 9/30/2022, with nine investments remaining in the portfolio to include the aforementioned real estate and music assets
 - The fund has exited nine investments at 1.0x invested capital with nine investments remaining at 1.1x invested capital
- Overall, the manager has underperformed expectations and has expanded its mandate across senior secured debt, second lien debt, and equity within transportation, intellectual property, receivables, infrastructure and specialty finance

Verus opinion:

- Raven Asset-Based Opportunity Fund I underperformed (-4.3%); Raven Asset-Based Opportunity Fund III is performing at median level (8.1%) for private credit, but with a higher risk profile given the relative equity positions remaining in the portfolio
- The Firm has changed strategies over the course of the Fund III investment period to search for greater returning opportunities shifting to higher returning potential investments in intellectual property
- MetLife acquisition of RCM
 - MetLife sought to expand the product line of private credit assets and client base
 - RCM's desire to grow the platform of private credit and private equity strategies
 - Succession planning for the RCM senior leadership
 - The MetLife transaction provided liquidity to the RCM Management Company to buyout one of the five managing principals who has left the Firm
 - There is no apparent succession plan with the current junior team
 - Remaining RCM managing principals have a five-year lock-up
 - Consideration to invest in the Music Assets Fund would require a full underwriting of the manager because of new ownership and structure
- Carve-out of Fund III Music Assets is structured as an equity fund
 - The new structure of the Fund is not relevant to a private credit allocation
 - 1:1 leverage ratio to get to 15-20% gross (current market leverage not accounted)
 - Prudent to compare against other strategies offering music royalties in private credit

According to our conversations with RCM and further analysis, Verus does not recommend reinvesting with the Music Royalties Fund because:

- Past manager performance: manager has underperformed expectations
- The reinvestment doesn't fit within the private credit portfolio
- Management sale to MetLife requires a re-underwriting of the management team and process

Verus recommends taking the distribution and redeploying the capital in either a short-term duration private credit fund or a high conviction private equity fund.

Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Verus – also known as Verus Advisory™.

March 28, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Fred A. Silva, StanCERA General Counsel
Tom Stadelmaier, Executive Director
Brittany Smith-Atkins, Fiscal Services Manager

- I. SUBJECT: A resolution of the Board of Stanislaus County Employees' Retirement Association to authorize designees on behalf of StanCERA to deposit StanCERA funds in the Northern Trust Company and to endorse for deposit or collection checks, drafts, notes and like obligations.
- II. ITEM NUMBER: 10.a.
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Approve Resolution of the Board of Stanislaus County Employees' Retirement Association which authorizes designees on behalf of StanCERA to deposit StanCERA funds in the Northern Trust Company as well as approve the payment of funds.
- V. ANALYSIS: On December 14, 2021, the Board of Retirement for the Stanislaus County Employees' Retirement Association voted to accept staff's recommendation to use The Northern Trust Company to provide treasury management services in addition to approving the Executive Director, Richard Santos, and the Fiscal Services Manager, Brittany Smith-Atkins, as designees to the account.

As of January 21, 2023 Thomas Stadelmaier succeeded Richard Santos as Executive Director for the Stanislaus County Employees' Retirement Association. This resolution is proposed to the Board on March 28, 2023 to transfer the authorization from Richard Santos to Thomas Stadelmaier. Staff recommends appointing the new Executive Director and the continuation of the Fiscal Services Manager, Brittany Smith-Atkins, as designees to the account. This resolution shall be in effect until repealed by written notice.
- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: None

RESOLUTION NO. 2023-01

A RESOLUTION OF THE BOARD OF THE STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION TO AUTHORIZE DESIGNEES ON BEHALF OF STANCERA TO DEPOSIT STANCERA FUNDS IN THE NORTHERN TRUST COMPANY AND TO ENDORSE FOR DEPOSIT OR COLLECTION CHECKS, DRAFTS, NOTES, AND LIKE OBLIGATIONS

WHEREAS, on September 28, 2021, the Board of Retirement ("Board") for the Stanislaus County Employees' Retirement Association ("StanCERA") voted to accept staff's recommendation to use The Northern Trust Company (the "Bank") to provide treasury management services including but not limited to banking services and account deposits; and

WHEREAS, On December 14, 2021 the Board adopted Resolution No. 2021-04 whereby it designated The Northern Trust Company as a depository in which StanCERA's funds could be deposited; and

WHEREAS, On December 14, 2021 the Board adopted Resolution No. 2021-04 whereby it designated the following designees as authorized to act on behalf of StanCERA:

1. Richard Santos, Executive Director
2. Brittany Smith -Atkins, Fiscal Services Manager

WHEREAS, Effective January 20, 2023 Richard Santos, Executive Director retired from his position with StanCERA and Thomas Stadelmaier was hired as StanCERA's Executive Director effective January 21, 2023 and

WHEREAS, the recitals set forth above are true and correct and are incorporated into this Resolution by this reference;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. RESOLVED, that the authority granted to Richard Santos as a designee of StanCERA as described in Resolution No. 2021-04, dated December 14, 2021 is hereby withdrawn and repealed;
2. RESOLVED, that any of the below-listed designees ("Designees") is authorized for and on behalf of StanCERA to open an account or accounts with the Bank and to make such arrangements for the conduct thereof as they shall deem proper, and also that any of the below-listed Designees is authorized to deposit StanCERA funds in such account or accounts and to endorse for deposit or collection checks, drafts, notes, certificates of deposit, and like obligations:

- | | | |
|---------------------|----|--|
| StanCERA Designees: | 1. | Thomas Stadelmaier, Executive Director |
| | 2. | Brittany Smith-Atkins, Fiscal Services Manager |

3. RESOLVED, that, notwithstanding the above identification of Designees, endorsements for deposit or collection may be by the written or stamped endorsement of StanCERA, without designation of the person making the endorsement.

4. RESOLVED, that the Bank is authorized to pay out funds on deposit with it to the credit of StanCERA, upon checks or other written, telephonic, electronic or oral orders for the payment of money drawn upon the said depository, and signed in the name of StanCERA by any of the Designees identified above.

5. RESOLVED, that the Bank shall not in any way be responsible for, or have any obligation to inquire into, the circumstances of the issuance of any check or other order for the payment of money, or other instrument signed, as hereinabove provided, or the application, disposition, or use of any such check, order, or instrument, or the proceeds thereof, or of any of the funds deposited with it or borrowed from it herein provided; and shall honor, receive, certify and pay any and all checks and other orders for the payment of money and other instruments signed as aforesaid, whether or not payable or endorsed to the order of any Designee or any other officer or employee of this organization, and whether or not deposited to the individual credit of or used in payment of the individual obligation of, or tendered for cashing by any officer or other person signing or countersigning the same, or of or by any of the other officers or employees of this organization.

6. RESOLVED, that each of the aforementioned Designees is authorized without the concurrence of any officer or person:

- a. To identify, approve, and guarantee the endorsement of any payee or endorser of any checks or drafts drawn by this organization;
- b. To waive presentment, demand, protest and notice of dishonor or protest, and to give instructions in regard to the handling or delivery of any negotiable or non-negotiable papers or documents involved in any of said transaction; and
- c. To act for StanCERA in the transaction of all other business for its account(s) with the Bank.

7. RESOLVED, that the Clerk of the StanCERA Board shall file with the Bank a certified copy of this resolution, and also shall file with the Bank a list of the persons at that present time holding the offices above mentioned in this organization, and the Bank as against StanCERA shall be entitled to presume conclusively that the persons so certified as holding such offices respectively continue to hold the same until otherwise notified in writing by the Clerk of the Board, and said Clerk is authorized and directed to certify that the provisions hereof are in conformity with the bylaws and other rules of StanCERA.

8. RESOLVED, that this resolution shall be in full force and effect and binding upon this organization until it shall have been repealed, and until written notice of such repeal shall have been delivered to the Bank.

The foregoing Resolution, which is in conformity with StanCERA's bylaws and other rules, was adopted by the Board of Retirement upon motion of Board Trustee _____, seconded by Board Trustee _____, at a regular meeting of this Board held on _____, by the following vote:

Ayes:

Nays:

Absent:

Abstain:

STANISLAUS COUNTY EMPLOYEE RETIREMENT ASSOCIATION

Mandip Dhillon, Chair of the Board of Retirement

APPROVED AS TO FORM:

Fred A. Silva, General Counsel

Kellie Gomes, Clerk of the Board of Retirement

APPROVED AS TO CONTENT:

Thomas Stadelmaier, Executive Director