



Merced County Employees' Retirement Association

**AGENDA  
RETIREMENT BOARD MEETING**

Thursday, May 25, 2023, 8:30 A.M.

Location: Merced County Administration Building  
2222 M Street, Merced, CA  
Los Banos and Livingston Conference Rooms, Basement  
Zoom Conference Information:

<https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTIsK2JGWE83TVFydz09>

Dial In Number: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484

(For use only if Zoom Connection Malfunctions)

Telephone Number: 1-310-372-7549, Conference Code: 975839

**1. Call to Order- 8:30 A.M.**

The Retirement Board may discuss and take action on the following:

**2. Roll Call**

**3. Teleconference Request**

Trustee Teleconference Request (Govt. Code §54953(f)(2)(A)(i)).

**4. Approval of Minutes – April 27, 2023**

**5. Public Comment**

Members of the public may comment on any item under the Board's jurisdiction including items on the Board's agenda. Matters presented under this item will not be discussed or acted upon by the Board at this time. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

**6. Consent Calendar**

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Open Session as appropriate:

a. Retirements: Pursuant to Govt. Code § 31663.25 or § 31672.

<u>Name</u>	<u>Effective Date</u>
Tia Maxson	04/01/2023
Catalina Eliserio	04/28/2023
Robert Kuhlemeier	04/29/2023
William Hass	04/29/2023
Dana Brantley	04/29/2023
Robert Porta	05/05/2023
Scott Oakes	05/06/2023
Nanica Richard	05/10/2023
Sharon Mendonca	05/13/2023
Diana Severson	05/16/2023

b. Monthly Budget Report Submitted.

c. Approval of non-pensionable pay code 458-HSA Social Worker Mentor pay for Merced County.

d. Approval of new audit contract.



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- e. Information on trustee election timeline.
- f. The following rebalancing took place during the month of May:

Portfolio Rebalancing Report for May 2023					
From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount
Vanguard Short-Term Treasury Index	Fixed Income	-\$10,000,000	Wellington Core Bond	Fixed Income	\$10,000,000

**7. Closed Session**

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1:

- a. Discussion and possible action regarding investments (Govt. Code § 54956.81) in recommended funds by Cliffwater LLC.
- b. Conference with Legal Counsel – Anticipated Litigation. Initiation of litigation pursuant to Government Code section 54956.9, subdivision (d)(4): One case.

**8. Report Out of Closed Session**

**9. Open Session**

- a. Review and possible adoption of MercedCERA's pension administration resolution – Staff.
- b. Review and possible adoption of MercedCERA's annual budget for FY 23-24 - Staff.
- c. Review and possible adoption of resolution thanking attorney Jeff Grant for his service to MercedCERA and the Board of Retirement with introduction of new Board Counsel – Chair.
- d. Discussion on Meketa Quarterly performance with information on MercedCERA's fixed income portfolio – Meketa Group.

**10. Information Sharing & Agenda Item Requests**

**11. Adjournment**



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The Agenda and supporting documentation, including any material that was submitted to the Merced County Employees' Retirement Association Board after the distribution of the Agenda, are available online at [www.mercedcera.com](http://www.mercedcera.com).

All supporting documentation for Agenda items, including any material that was submitted to the retirement board after the distribution of the Agenda, is also available for public inspection Monday through Friday from 8:00 a.m. to 5:00 p.m. at the administrative office for the Merced County Employees' Retirement Association located at 3199 M Street, Merced, California 95348.

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation in writing addressed to Merced County Employees' Association, 3199 M Street, Merced, CA 95348 or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

Persons who require accommodation for any audio, visual or other disability or Spanish or Hmong interpretation in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation. Please address your written request to Merced County Employees' Association, 3199 M Street, Merced, CA 95348 or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

Spanish and Hmong interpreters are available.

Interpretes de espanol y hmong estan disponibles.  
Peb muaj tug paab txhais lug Mev hab Hmoob.



Merced County Employees' Retirement Association

**AGENDA  
RETIREMENT BOARD MEETING MINUTES**

Thursday, April 27, 2023, 8:30 A.M.

Location: Merced County Administration Building  
2222 M Street, Merced, CA  
Los Banos and Livingston Conference Rooms, Basement  
Zoom Conference Information:

<https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTIsK2JGWE83TVFydz09>

Dial In Number: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484

(For use only if Zoom Connection Malfunctions)

Telephone Number: 1-310-372-7549, Conference Code: 975839

**1. Call to Order- 8:30 A.M.**

The Retirement Board may discuss and take action on the following:

**2. Roll Call**

*Board Members Present:* Scott Johnston, Corrina Brown, Scott Silveira, Karen Adams, Mike Harris, Dave Ness, Al Peterson, Ryan Paskin, Aaron Rosenberg (virtually present and non-voting). *Absent:* Janey Cabral. *Counsel:* Jeff Grant *Staff:* Kristie Santos, Martha Sanchez Barboa, Brenda Mojica, Sheri Villagrana, Monica Gallegos, Kenter Ludlow, Mark Harman.

**3. Teleconference Request**

Trustee Teleconference Request (Govt. Code §54953(f)(2)(A)(i)).

**No requests made or action taken.**

**4. Approval of Minutes**

**Motion to approve the minutes from March 23, 2023:**

**1<sup>st</sup> - Harris/ 2<sup>nd</sup> – Johnston, passes (8-0)**

**5. Public Comment**

Members of the public may comment on any item under the Board's jurisdiction including items on the Board's agenda. Matters presented under this item will not be discussed or acted upon by the Board at this time. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

**No public comment.**

**6. Consent Calendar**

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Open Session as appropriate:

- a. Retirements: Pursuant to Govt. Code § 31663.25 or § 31672.

<u>Name</u>	<u>Effective Date</u>
Stacey Harr	3/17/2023
Regina Lingenfelter	03/26/2023
Marsha Larson	3/31/2023
Carla De La Fuente	04/01/2023
Samuel Douthit	04/01/2023
Alicia Dicochea	04/01/2023



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Lawsoua Lor	04/05/2023
Wendy Alvares	04/24/2023
Sandra Pacheco	03/30/2023
Karen Schoettler	04/22/2023

- b. Monthly and Quarterly Budget Reports Submitted.
- c. Approve the actuarial audit of MercedCERA's annual valuation as of 06/30/2022 and the experience study as of 06/30/2022 by Segal.
- d. Approval of the recommended slate of candidates and business packet for SACRS Spring Conference.
- e. Legislative review from SACRS.
- f. Monthly investment performance report by Meketa Group.

**Motion to approve the consent agenda as presented:**

**1<sup>st</sup> - Silveira/ 2<sup>nd</sup> – Harris, passes (8-0)**

**7. Closed Session**

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1:

- a. Public Employee Appointment (Govt. Code § 54957).  
Agency designated representative: Plan Administrator, Kristie Santos.  
Title: Chief Investment Officer.  
**Staff given direction.**
- b. Conference with Labor Negotiators (Govt. Code § 54957.6).  
Agency designated representatives: Committee composed of Trustees Brown, Johnston, and Paskin.  
Unrepresented employee: Plan Administrator.  
**Counsel given direction.**
- c. Conference with Legal Counsel – Anticipated Litigation.  
Initiation of litigation pursuant to Government Code section 54956.9, subdivision (d)(4): One case.  
Trustee Adams recused herself from this discussion.  
**Staff given direction.**
- d. Discussion and possible action regarding investments (Govt. Code § 54956.81) in recommended funds by Cliffwater LLC.  
**1<sup>st</sup> – Brown/2<sup>nd</sup> – Silveira, passes (8-0)**  
**A commitment of up to \$20 million to Ares Senior Direct Lending III, L.P., a direct lending, a direct lending partnership focused on originating first-lien loans to upper mid-market U.S. based companies, subject to satisfactory legal negotiations.**

**1<sup>st</sup> – Johnston/2<sup>nd</sup> – Harris, passes (7-1), with Trustee Brown voting no**  
**A commitment of up to \$8 million to Taconic Credit Dislocation IV, L.P., a private equity partnership focused on market dislocations in corporate and municipal debt, commercial real estate and structured credit, subject to satisfactory legal negotiations.**



Merced County Employees' Retirement Association

**8. Open Session**

- a. Discussion and possible approval to increase the Chief Investment Officer's Classification and salary band as proposed and adopt the draft Resolution – Staff.  
**1<sup>st</sup> – Adams/ 2<sup>nd</sup> – Harris, passes (8-0)**
- b. Approve and authorize the Board Chair to execute an amendment to the Plan Administrator's employment contract increasing the Plan Administrator's annual salary by 7% and an additional 7% effective July 1, 2024 – Chair.  
**1<sup>st</sup> – Harris/ 2<sup>nd</sup> – Johnston, passes (8-0) with change to effective date as pay period 14 of 2024.**
- c. Discussion on Government Code section 31680.15 and notification to elected officials – Staff.  
**No action taken.**

**9. Information Sharing & Agenda Item Requests**

**Trustee Ness: a \$3.7m grant was granted to MERCO Credit Union to enhance low income lending to the Merced Community.**

**Trustee Adams: Oversight committee awarded the Mission, Vision and Values award.**

**10. Adjournment at 9:53 A.M.**

Accepted By,

Trustee Name/Position	Signature	Date
Ryan Paskin/Chair		
Al Peterson/Secretary		

**Merced County Employees' Retirement Association**  
**Non-Administrative Expenditures Report (Preliminary)**  
**For the Month Ended April 30, 2023**

<b>Non-Administrative Expenses</b>	<b>Original Projection</b>	<b>Current Projection</b>	<b>Expended 04/2023</b>	<b>Expended YTD</b>	<b>Bal Remaining</b>	<b>% Exp YTD</b>
<b>21800 · Investment Expenses</b>	<b>3,160,000.00</b>	<b>3,160,000.00</b>	<b>363,999.58</b>	<b>2,049,938.85</b>	<b>1,110,061.15</b>	<b>65%</b>
04/03/2023 Nossaman - 2023-02 Legal Svcs			3,504.70			
04/03/2023 Nossaman - 2023-02 Legal Svcs			812.70			
04/03/2023 Nossaman - 2023-02 Legal Svcs			31,928.60			
04/03/2023 Nossaman - 2023-02 Legal Svcs			118.80			
04/03/2023 Nossaman - 2023-02 Legal Svcs			22,806.90			
04/05/2023 GSO EOF - 2022-Q4 Mgt Fee			5,182.00			
04/05/2023 GSO EOF - Operating Exps			39,296.00			
04/05/2023 Taconic MDOF III - 2022-Q3 & Q4 Mgt Fee			37,601.87			
04/11/2023 Cliffwater - 2023-03 Consulting Svcs			33,333.33			
04/11/2023 Meketa - 2023-Q1 Consulting Svcs			56,210.76			
04/12/2023 Confidential			1,107.68			
04/13/2023 Driehaus - 2023-Q1 Mgt Fee			26,981.00			
04/24/2023 SSgA RAS - 2023-Q1 Mgt Fee			10,180.68			
04/24/2023 Mellon Dynamic - 2023-Q1 Mgt Fee			37,366.09			
04/26/2023 Mellon LC - 2023-Q1 Mgt Fee			13,444.04			
04/28/2023 Yard Masters - Inv 23021 - Weed Abatement at New Building Lot			975.00			
04/28/2023 Golden Valley Engineering - Prof Svcs thru 2023-04-15			7,047.50			
04/30/2023 Acadian - 2023-Q1 Mgt Fee			29,553.00			
04/30/2023 Wellington CBF - 2023-Q1 Mgt Fee			6,548.93			
Total 21800 · Investment Expenses			<b>363,999.58</b>			
<b>21802 · Actuarial Services</b>	<b>250,000.00</b>	<b>250,000.00</b>	<b>31,173.00</b>	<b>134,905.25</b>	<b>115,094.75</b>	<b>54%</b>
04/24/2023 Cheiron - 2023-Q1 Actuarial Svcs			31,173.00			
Total 21802 · Actuarial Services			<b>31,173.00</b>			
<b>21812 · Data Processing</b>	<b>90,000.00</b>	<b>90,000.00</b>	<b>7,429.62</b>	<b>52,115.69</b>	<b>37,884.31</b>	<b>58%</b>
04/17/2023 Comcast - 2023-04 Svcs			303.11			
04/20/2023 2023-03 IS Billing			6,856.51			
04/20/2023 2023-03 Cradlepoint Chgs			270.00			
Total 21812 · Data Processing			<b>7,429.62</b>			
<b>21834 · Legal Services</b>	<b>365,000.00</b>	<b>365,000.00</b>	<b>18,066.58</b>	<b>180,323.20</b>	<b>184,676.80</b>	<b>49%</b>
04/11/2023 2023-04 Cost Allocation - County Counsel			3,416.25			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			155.32			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			552.50			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			20.00			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			6,311.00			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			49.26			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			5,761.25			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			684.50			
04/12/2023 Ted Cabral - 2023-03 Legal Svcs			1,116.50			
Total 21834 · Legal Services			<b>18,066.58</b>			

Merced County Employees' Retirement Association  
 Non-Administrative Expenditures Report (Preliminary)  
 For the Month Ended April 30, 2023

Non-Administrative Expenses	Original Projection	Current Projection	Expended 04/2023	Expended YTD	Bal Remaining	% Exp YTD
<b>21840 · Custodial Banking Services</b>	<b>140,000.00</b>	<b>140,000.00</b>	<b>1,803.69</b>	<b>63,044.26</b>	<b>76,955.74</b>	<b>45%</b>
04/05/2023 2023-03 NT STIF Custodial Fee			1,638.69			
04/28/2023 2023-02 Wire Fees			165.00			
Total 21840 · Custodial Banking Services			<u>1,803.69</u>			
<b>22350 · Software and Technology</b>	<b>400,000.00</b>	<b>400,000.00</b>	<b>21,351.20</b>	<b>386,848.24</b>	<b>13,151.76</b>	<b>97%</b>
04/11/2023 LexisNexis - 2023-03 Accurint & Batch Svcs			873.65			
04/11/2023 PensionX - 2023-05 SLA			900.00			
04/17/2023 Spriggs - 2023-Q2 Contract Base Rate			1,168.01			
04/28/2023 CDWG - Laptops for Disaster Recovery			18,409.54			
Total 22350 · Software and Technology			<u>21,351.20</u>			
<b>Depreciation Expense</b>	<b>250,000.00</b>	<b>250,000.00</b>	<b>-</b>	<b>-</b>	<b>250,000.00</b>	
<b>Total Non-Administrative Items</b>	<b><u>4,655,000.00</u></b>	<b><u>4,655,000.00</u></b>	<b><u>443,823.67</u></b>	<b><u>2,867,175.49</u></b>	<b><u>1,787,824.51</u></b>	<b>62%</b>



**Merced County Employees' Retirement Association**  
**Non-Administrative Expenses Prev Year Comparison (Preliminary)**  
**4/30/2023**

<b>Expense</b>	<b>April 2023</b>	<b>April 2022</b>	<b>\$ Change</b>	<b>% Change</b>
<b>62025 · Non-Administrative Expenses</b>				
<b>21800 · Investment Expenses</b>	\$ 363,999.58	\$ 449,370.51	\$ (85,370.93)	-19.00%
<b>21802 · Actuarial Services</b>	31,173.00	6,048.75	25,124.25	415.36%
<b>21812 · Data Processing</b>	7,429.62	5,316.42	2,113.20	39.75%
<b>21834 · Legal Services</b>	18,066.58	31,071.49	(13,004.91)	-41.86%
<b>21840 · Custodial Banking Services</b>	1,803.69	1,131.76	671.93	59.37%
<b>22350 · Software and Technology</b>	21,351.20	2,835.48	18,515.72	653.00%
<b>Depreciation Expense</b>	-	-	-	
<b>Total 62025 · Non-Administrative Expenses</b>	<b>\$ 443,823.67</b>	<b>\$ 495,774.41</b>	<b>\$ (51,950.74)</b>	<b>-10.48%</b>

Merced County Employees' Retirement Association  
 Capital Asset Expenditures Report (Preliminary)  
 For the Month Ended April 30, 2023

Capital Assets Expenditures	Adopted	Current Budget	Expended 04/2023	Expended YTD	Bal Remaining	% Exp YTD
81386 - Cubicle Expansion	27,384.43	27,384.43	-	27,304.24	80.19	100%
Total 81386 - Cubicle Expansion			-			
<b>Total Capital Assets Expenditures</b>	<u>27,384.43</u>	<u>27,384.43</u>	-	<u>27,304.24</u>	<u>80.19</u>	<u>100%</u>

Merced County Employees' Retirement Association  
Administrative Expenditures Report (Preliminary)  
For the Month Ended April 30, 2023

Administrative Budget		Adopted	Current Budget	Expended 04/2023	Expended YTD	Bal Remaining	% Exp YTD
<b>10110 · Salaries &amp; Wages</b>		<b>1,800,000.00</b>	<b>1,800,000.00</b>	<b>101,139.34</b>	<b>1,169,134.18</b>	<b>630,865.82</b>	<b>65%</b>
04/06/2023	2023-01 PARS			6.24			
04/14/2023	Office Payroll 2023 PP 08			49,284.02			
04/20/2023	2023-02 PARS			8.38			
04/28/2023	Office Payroll 2023 PP 09			51,840.70			
Total 10110 · Salaries & Wages				<b>101,139.34</b>			
<b>20600 · Communications</b>		<b>7,100.00</b>	<b>7,100.00</b>	<b>638.52</b>	<b>5,091.11</b>	<b>2,008.89</b>	<b>72%</b>
04/17/2023	AT&T - 2023-03 CALNET			151.64			
04/20/2023	2023-03 Comm Chgs			241.88			
04/20/2023	2023-03 iPhone Chgs			245.00			
Total 20600 · Communications				<b>638.52</b>			
<b>20900 · Household Expense</b>		<b>14,750.00</b>	<b>14,750.00</b>	<b>2,918.99</b>	<b>13,258.33</b>	<b>1,491.67</b>	<b>90%</b>
04/03/2023	Bob's Pest Control - 2023-02 Pest Control			40.00			
04/11/2023	ADT - 2023-04 Security Svc			56.78			
04/11/2023	ADT - Security System Upgrade			1,770.53			
04/17/2023	Bob's Pest Control - 2023-03 Pest Control			40.00			
04/20/2023	2023-03 Stores Billing - ADT Security Svc - Add'l Charge			54.90			
04/24/2023	Geil Enterprises - 2023-04 Custodial Svcs			900.00			
04/24/2023	ADT - 2023-05 Security Svc			56.78			
Total 20900 · Household Expense				<b>2,918.99</b>			
<b>21000 · Insurance - Other</b>		<b>100,000.00</b>	<b>100,000.00</b>	<b>-</b>	<b>99,177.00</b>	<b>823.00</b>	<b>99%</b>
Total 21000 · Insurance - Other				<b>-</b>			
<b>21301 · Maintenance Structure Improvement</b>		<b>15,000.00</b>	<b>15,000.00</b>	<b>556.00</b>	<b>11,141.92</b>	<b>3,858.08</b>	<b>74%</b>
04/03/2023	ARMS AC & Heating - Thermostat Lock Box Installation			196.00			
04/28/2023	Yard Masters - 2023-04 Landscape Maint			360.00			
Total 21301 · Maintenance Structure Improvement				<b>556.00</b>			
<b>21500 · Membership</b>		<b>7,500.00</b>	<b>7,500.00</b>	<b>-</b>	<b>7,110.00</b>	<b>390.00</b>	<b>95%</b>
Total 21500 · Membership				<b>-</b>			
<b>21700 · Office Expense - General</b>		<b>18,000.00</b>	<b>18,000.00</b>	<b>990.71</b>	<b>14,865.97</b>	<b>3,134.03</b>	<b>83%</b>
04/17/2023	Allied West Printing - Envelopes			259.69			
04/20/2023	2023-03 Stores Billing			707.67			
04/24/2023	First Choice - 2023-04 Water Svc			23.35			
Total 21700 · Office Expense - General				<b>990.71</b>			
<b>21710 · Office Expense - Postage</b>		<b>18,000.00</b>	<b>18,000.00</b>	<b>2,063.42</b>	<b>15,542.48</b>	<b>2,457.52</b>	<b>86%</b>
04/20/2023	2023-03 Mailroom Chgs			2,063.42			
Total 21710 · Office Expense - Postage				<b>2,063.42</b>			

Merced County Employees' Retirement Association  
Administrative Expenditures Report (Preliminary)  
For the Month Ended April 30, 2023

Administrative Budget	Adopted	Current Budget	Expended 04/2023	Expended YTD	Bal Remaining	% Exp YTD
<b>21805 · Audits</b>	<b>90,000.00</b>	<b>90,000.00</b>	<b>-</b>	<b>47,107.50</b>	<b>42,892.50</b>	<b>52%</b>
Total 21805 · Audits			-			
<b>21808 · Board Membership</b>	<b>18,000.00</b>	<b>18,000.00</b>	<b>400.00</b>	<b>6,500.00</b>	<b>11,500.00</b>	<b>36%</b>
04/17/2023 2023-02 Bd Mtg			100.00			
04/17/2023 2023-02 Bd Mtg			100.00			
04/17/2023 2023-02 Bd Mtg			100.00			
04/17/2023 2023-02 Bd Mtg			100.00			
Total 21808 · Board Membership			400.00			
<b>21811 · Court Reporters</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>-</b>	<b>-</b>	<b>2,000.00</b>	<b>0%</b>
Total 21811 · Court Reporters			-			
<b>21872 · Investigations</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>-</b>	<b>-</b>	<b>1,000.00</b>	<b>0%</b>
Total 21872 · Investigations			-			
<b>21900 · Publications &amp; Legal Notices</b>	<b>4,750.00</b>	<b>4,750.00</b>	<b>-</b>	<b>3,762.62</b>	<b>987.38</b>	<b>79%</b>
Total 21900 · Publications & Legal Notices			-			
<b>22300 · Spec Dept Exp - Other</b>	<b>500.00</b>	<b>500.00</b>	<b>-</b>	<b>326.48</b>	<b>173.52</b>	<b>65%</b>
Total 22300 · Spec Dept Exp - Other			-			
<b>22310 · Election Expense</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>-</b>	<b>8,512.41</b>	<b>11,487.59</b>	<b>43%</b>
Total 22310 · Election Expense			-			
<b>22327 · Spec Dept Exp - Cost Allocation</b>	<b>40,450.00</b>	<b>40,450.00</b>	<b>3,367.00</b>	<b>33,670.00</b>	<b>6,780.00</b>	<b>83%</b>
04/11/2023 2023-04 Cost Allocation			3,367.00			
Total 22327 · Spec Dept Exp - Cost Allocation			3,367.00			
<b>22500 · Transportation &amp; Travel</b>	<b>400.00</b>	<b>400.00</b>	<b>-</b>	<b>88.86</b>	<b>311.14</b>	<b>22%</b>
Total 22500 · Transportation & Travel			-			
<b>22505 · Trans &amp; Travel - Staff Development</b>	<b>4,000.00</b>	<b>4,000.00</b>	<b>-</b>	<b>1,429.95</b>	<b>2,570.05</b>	<b>36%</b>
Total 22505 · Trans & Travel - Staff Development			-			

Merced County Employees' Retirement Association  
Administrative Expenditures Report (Preliminary)  
For the Month Ended April 30, 2023

Administrative Budget		Adopted	Current Budget	Expended 04/2023	Expended YTD	Bal Remaining	% Exp YTD
<b>22515 · Trans &amp; Travel - In State</b>		<b>35,000.00</b>	<b>35,000.00</b>	<b>2,351.27</b>	<b>28,692.31</b>	<b>6,307.69</b>	<b>82%</b>
04/11/2023	CALAPRS General Assembly Travel Reimb			783.83			
04/11/2023	Hotel Chgs - CALAPRS General Assembly			1,206.40			
04/18/2023	CALAPRS General Assembly Travel Reimb			161.04			
04/24/2023	CALAPRS - Overview Course Registration			200.00			
Total 22515 · Trans & Travel - In State				<b>2,351.27</b>			
<b>22516 · Trans &amp; Travel - Out of State</b>		<b>7,500.00</b>	<b>7,500.00</b>	<b>-</b>	<b>-</b>	<b>7,500.00</b>	<b>0%</b>
Total 22516 · Trans & Travel - Out of State				<b>-</b>			
<b>22600 · Utilities</b>		<b>18,500.00</b>	<b>18,500.00</b>	<b>1,574.65</b>	<b>14,165.36</b>	<b>4,334.64</b>	<b>77%</b>
04/04/2023	City of Merced - 2023-02 WS&G			242.41			
04/17/2023	PG&E - 2023-03 Svcs			1,102.88			
04/17/2023	City of Merced - 2023-03 WS&G			229.36			
Total 22600 · Utilities				<b>1,574.65</b>			
<b>Depreciation Expense</b>		<b>25,000.00</b>	<b>25,000.00</b>	<b>-</b>	<b>-</b>	<b>25,000.00</b>	
<b>Total Administrative Budget</b>		<b>2,247,450.00</b>	<b>2,247,450.00</b>	<b>115,999.90</b>	<b>1,479,576.48</b>	<b>767,873.52</b>	<b>66%</b>



Merced County Employees' Retirement Association

**DATE:** May 25, 2023

**TO:** MercedCERA Board of Retirement

**FROM:** Martha Sanchez Barboa, Benefits and Administration Manager

**SUBJECT:** Adoption of Non-Pensionable Pay Code for Merced County

**ITEM NUMBER:** Consent Item c

**ITEM TYPE:** Action

**STAFF RECOMMENDATION:**

1. Adoption of pay code 458- HSA Social Worker Mentor Pay (HSASW10%) as non-pensionable pay code for Merced County.

**DISCUSSION:**

Merced County is requesting the addition of pay code 1458-HSA Social Worker Mentor Pay (458 for MercedCERA CPAS). Social Workers III/IV-A/IV-B will receive a salary differential of 10% for regular permanent and probationary employees who work On Call for Child Welfare Services Emergency Response. This pay code would be non-pensionable.

Staff recommends the following:

1. Adoption of pay code 458- HSA Social Worker Mentor Pay (HSASW10%) as non-pensionable pay code for Merced County.

# MercedCERA Pay Codes

Updated: May 25, 2023

Pay Codes [5]	Description	Legacy (Tiers 1 - 3)	PEPRA (Tier 4)
		Included (Pensionable)	
001	Scheduled Regular Hours	N	N
002/RG	Reg Hrs Worked	Y	Y
020/VAC/1AV	Vacation	Y	Y
021/SLE/1AS	Sick Leave Employee	Y	Y
022/SLF	Sick Leave Family	Y	Y
023/HOL	Holiday Schedule	Y	Y
024/PH	Holiday Personal	Y	Y
025/CTO/1AC	Comp Time off Regular	Y	Y
026	Furlough Bank	Y	Y
027/MTO/1AM	Management Leave	Y	Y
028/ADM	Administrative Leave	Y	Y
029/JUR	Jury Duty	Y	Y
030/BER	Bereavement Leave	Y	Y
031	Furlough Day	Y	Y
032/MIL	Military Leave	Y	Y
033	Sheriff Administrative Leave	Y	Y
034/CAO	CAO Administrative Leave	Y	Y
035	Education Leave	Y	Y
036	Unit Holiday CTO	Y	Y
037	Witness Duty	Y	Y
038	MCMC Orientation	Y	Y
039	MCMC Training Time	Y	Y
040	Paid Non-Worked Mgt Hours	N	N
041/CLD	Catastrophic Leave Donated	N	N
042/CLU	Catastrophic Leave Used	Y	Y
043	Management Leave - Ineligible	N	N
044	Involuntary Furlough (Court)	Y	Y
045	Holiday Comp Time Off	Y	Y
046/AIP	Attendance Incentive Program (Court)	Y	Y
059	Election Day Leave	Y	Y
060	LV-Emergency Paid Sick-Employee	Y	Y
061	LV-Emergency Paid Sick-Child/Dependant	Y	Y
062	LV-Emergency Family and Medical	Y	Y
063	CEO Admin-Lv DSWCTO	Y	Y
064	CSPSL (COVID Sup Pd Sick Lv)	Y	Y
099	B/R Retirement	Y	Y
101/WC	Workers Comp	Y	Y
102/SDI	State Disability Insurance	N	N
103/FCL	Family Care Leave	N	N
104/LAM	Approved LOA Medical	N	N
105/LAP	Approved LOA Personal	N	N
106/LAU	Unauthorized LOA	N	N
107/SUS	Suspension	N	N
108/MLD	Management LTD	N	N
109/MSD	Management STD	N	N
110/MLA	Approved Military LOA	N	N
111	LOA Military - Seniority	N	N
112/MSL	Voluntary Furlough (Court)	N	N
198	Converted Hours Adjustments	Y	Y
199/WCN	Workers Comp - No Cont Deducted	N	N
201/CTE	Time & One Half Rate O/T CTE	N	N
202/OT	Time & One Half Rate O/T PMT	N	N
203/CBC	Callback CTE	N	N
204/CBO	Callback Payment	N	N
205/HCE	Holiday CTE	N	N
206/SOC	Straight Time OT CTE	N	N
207/SOT	Straight Time OT PMT	N	N
208	Sheriff Outside Police Protect	N	N
209	Sheriff Qtr Shift Change CTE	N	N
210	Sheriff Qtr Shift Change PMT	N	N
211	Sheriff Mandatory Training CTE	N	N
212	Sheriff Mandatory Training PMT	N	N
213	Traffic Night Court O/T	N	N
214	MCMC OR Double Time CTE	N	N
215	MCMC OR Double Time PMT	N	N
216	MCMC Registry Pay	N	N
217/CPO	CTE Payoff After 7 Pay Periods	N[4]	N
218	Special Dist Time & One Half	N	N
219	Special Dist Straight Time OT	N	N
220/PPT	Prior Pay Period Overtime	N	N
221	Budget Reduction Hours CTE	N	N
222	MCMC O/C Callback CTE	N	N
223	MCMC O/C Callback PMT	N	N
224	Physician O/T	N	N
225	MCMC Unit 6	N	N
226	Sheriff K-9 Time 1/2 of PMT	N	N
227	Social Worker Phone/Doc PMT	N	N
228	Call Back Payment-Rounds	N	N
229	Special Day Remembrance CTE	N	N
230	Call Back Court CTE	N	N
231	Call Back Court Payment	N	N
235	Double Time OT Pay (Spring Fair)	N	N
301	On Call Standard Rate	N[4]	N
302	On Call Subpoena	N[4]	N
303	On Call MCMC RN Surg/OR/Rec	N	N
304	On Call MCMC RN Other Areas	N	N
305	On Call MCMC Non RN Lic/Cert	N	N
306	On Call Physician Weekdays	N[4]	N
307	On Call Physician Weekends	N[4]	N
308	On Call Home Health RN	N	N
309/BIL	Bilingual Pay	Y	Y
310	Evening Shift Differential	Y	Y
311	Night Shift Differential	Y	Y
312	Appraisers Differential	Y	Y

313	Auditors Differential	Y	Y
314	MCMC ICU/TCU/CCU Differential	Y	N
315	MCMC Charge Nurse Differential	Y	N
316	MCMC Relief Cook Differential	Y	N
317	MCMC Medical Records Dir Diff	Y	N
318	Mental Health BRITE Differential	Y	Y
319	Mental Health Supervisor Differential	Y	Y
320	Mental Health Mentor Differential	Y	Y
321	Group Counselor Lead Differential	Y	Y
322	DPW Licensed Engineer Differential	Y	Y
323	DPW Spraying Differential	Y	Y
324	DPW S/W Lead Worker Differential	Y	Y
325	Tool Replacement Allowance	Y	N
327	HSA Fair Hearing Duty Differential	Y	Y
329	HSA Underfill SW III Differential	Y	Y
330	HSA Los Banos Supervisor Differential	Y	Y
331	HSA Social Worker Mentor Differential	Y	Y
332	Risk Management Director Differential	Y	Y
333	Uniform Allowance	Y	N
334	Medical Transcriptionist Differential	Y	Y
335	Sheriff Investigator Pay	Y	Y
336	S.W.A.T. Pay	Y	Y
337	Sheriff Deputy Field Training Officer Pay	Y	Y
338	Sheriff Sergeant FTO Pay	Y	Y
339	Sheriff Jail Training Officer Pay	Y	Y
340	Intermediate POST Certificate	Y	Y
341	Advanced POST Certificate	Y	Y
342/TPR	Temporary Promotion	Y	N
343	Confidential Pay	Y	Y
344	Dept. Head Expense Allowance	Y	N
345	Dept. Head Car Allowance	Y	N
346/NHR	No Extra Help Work Hours	N	N
347	Intermediate POST Certificate	Y	Y
348	Transferred to B/U	N	N
349	One-Way Vehicle Commute	N	N
350/VPO	Vacation Payoff	N	N
351/SSR	S/L Payoff Service Retirement	N[1]	N
352/SDR	S/L Payoff Disable Ret/Death	N[1]	N
353	MCMC Physician Unit of Service	Y	Y
354/SBS	Sick Leave Sell-back (25 <sup>th</sup> Pay Period)	Y	N
355	New Hire Error	N	N
356	Budget Unit Transfer Error	N	N
357/NOP	New Hire Hours Not On Payroll	N	N
358/TNP	Terminate Hours Not On Payroll	N	N
359/CPT	CTE Termination Pay	N[4]	N
360	Car Allowance Adjustment	Y	Y
361	Expense Allowance Adjustment	Y	Y
362	Uniform Allowance Adjustment	Y	Y
363	Tool Allowance Adjustment	Y	Y
364	Special District Pay	N	N
365	HSA CWS Recruitment and Retention Diff	Y	Y
366	HSA CWS Recruitment and Retention Diff (2)	Y	Y
367/RSI	Retroactive Merit Increase	Y	Y
368	Retroactive Temporary Promotion	Y	N
369	Retroactive Permanent Promotion	Y	Y
370	Retroactive Demotion	Y	Y
371	Retroactive Suspension	Y	Y
372	Retroactive Reclassification	Y	Y
373	Retroactive Overpay Adjustment	Y	Y
374	Retroactive Underpay Adjustment	Y	Y
375	Recruitment and Retention	Y	N
376	Extra Help Phy Therapy Differential 10%	Y	Y
377	Residents Pay Other Departments	Y	Y
378	MH Temporary Duty Differential	Y	N
379	DPW Tree Trimming Differential	Y	Y
380	Health Dept. Jail Differential	Y	Y
381	Acting Treasurer Differential	Y	Y
382	Court Room Differential	Y	Y
383	Asst CAO Metal Health Int HR	Y	Y
384	Health Dept. Jail Incentive	Y	Y
385	Advanced POST Certificate	Y	Y
386	Correctional Sergeant FTO Differential	Y	Y
387	Special Enforcement Reaction Team	Y	Y
388	W&M Insp Computer Differential	Y	Y
389	Special Duty Prosecution Pay	Y	Y
390	Retro Pay with Retirement	Y	Y
391	Retro Pay Without Retirement	N	N
392	DPW Bldg Inspector/Plan Check Differential	Y	Y
393/AVS	Vacation Sell-back (Mgmt 25 <sup>th</sup> Pay Period)	Y[3]	N
394	LCSW, MFT or MFCC Differential	Y	Y
395	Court Interpreter Coordinator Differential	Y	Y
396	Coroner Differential	Y	Y
397	Castle Differential	Y	Y
398	Litter Control Worker Differential	Y	Y
399	Extra Help M/H LCSW or MFCC Lic Diff	Y	Y
400	Temp Promotion Unrep Management	Y	N
401	Sheriff 8 Hr Evening Shift Differential	Y	Y
402	Customer Care Unit Differential	Y	Y
403	HSA C-IV Project Differential	Y	Y
404	Loyalty Bonus	Y	N
405	Successor Pay 5%	Y	Y
406	HSA Satellite Facility Differential	Y	Y
407	CPA Differential	Y	Y
408	On Call Physician Holiday Pay	N[4]	N
409	MH Fellowship Differential	Y	Y
410	Public Defender Three Strikes Differential	Y	Y
411	Dept Head Comm Allowance	Y	N
412	Cty Counsel Family Violence Prevention Pay	Y	Y
413/JCA	Judicial Cell Phone Allowance	Y	N



414	Full Day Differential	N	N
415	Correctional Sergeant Bonus	N	N
416	Juvenile Institutions Officer Prep Time	Y	Y
417	Dispatch Trainer Differential	Y	Y
419	Corrections Certificate Pay	Y	Y
420	Attorney Specialization	Y	Y
421	Officer in Charge Differential	Y	Y
422/JAD	Judicial Assistant Conf Diff	Y	Y
423/LSP	Court Lump Sum Payout	N	N
424	Fire Dept Driver/Operator Diff	N/A	N/A
425	Court One-Time Bonus	N	N
426/RTC	CRR Certification	Y	Y
427/RTN	Non CRR Certification	Y	Y
428	Court Exp/Comm Allowance	Y	Y
429	DPW Lead Worker Differential	Y	Y
430	Meal Reimbursement	N	N
431/CRT	Courtroom Training Differential	Y	Y
432	On Call 24 Hours Period	N	N
433	Call Back Staff Psych	N	N
434	Educational Reimbursement	N	N
435	On Call 24 Hr Pr Dr Ilano	N	N
436	Call Back Dr. Ilano	N	N
437	Court Testimony	N	N
438	Psych Therapy and Admin of Meds	Y	Y
439	Court Child Custody Coordinator	Y	Y
440/CCA	Court CEO Cell Phone Allowance	Y	N
441/1H/12H/13H	Court 4 Hour Interpreter Shift	N	N
442/11F/12F/13F	Court 8 Hour Interpreter Shift	N	N
443	Temp Transitional Pay Differential	Y	N
444/PHP	Courts - Personal Holiday Payout	N	N
445/VSJ	Voluntary Separation Incentive	N	N
450/VPN	Vacation Payoff In Excess Of Eligible Amount	N	N
453 PPLMPEN	Prior Pay Period Lump-Sum Payout-Pensionable	Y	Y
454 PPLMPNON	Prior Pay Period Lump-Sum Payout- Non-Pensionable	N	N
455	Extra Help Paid Call Firefighters Strike Team-Diff	N	N
457 ONCALLEH	On Call Enhanced Pay	N	N
458	HSA Social Worker Mentor Pay	N	N
501	Board of Supervisors Chair Differential	Y	N
502 PANPAY1	Pandemic Pay 1	N	N
503 PANPAY2	Pandemic Pay 2	N	N
504 SUPPOCRT	Supervisor P.O.S.T. Differential	Y	Y
505 DAINVCRT	D.A. Investigator Certificate Pay	Y	Y
901/EHR	Extra-Help Regular Hours	N	N
902/EHO	Extra-Help Overtime Hours	N	N
903/EHS	Extra-Help Special Pays	N	N
921/EXS	County Extra Help Sick Leave Employee	N	N
BRN	Bereavement Leave Unpaid	N	N
CAP	Cross-Assignment Pay	N	N
CRF	Court Reporter - Full Day	Y	Y
CRH	Court Reporter - Half Day	Y	Y
DCS	Courts - FSA Dependent Care Spending	N	N
ECA	Court Cell Phone Allowance	Y	N
1FA (EFL)	FF FMLA (Emergency Expanded FMLA)	Y	Y
EHT	Court Extra Help Temporary Assignment	N	N
EPA	Emergency Pay Administrative Leave	Y	Y
ERC	Emergency Half Comp Time	N	N
ERO	Emergency Half Time OT	N	N
1FE (ESF)	FF PSL EE (Emergency Paid Sick Leave Full Pay)	Y	Y
1FF (ESP)	FF PSL FAM (Emergency Sick Leave Partial Pay)	Y	Y
EXS	Court Extra Help Sick Leave Employee	N	N
HCS	Courts - FSA Health Care Spending	N	N
HIL	Court Holiday Payout for Interpreter	N	N
HIN	Hiring Incentive	N	N
LPF	Interpreter Language Pair - Full Day	Y	N
LPH	Interpreter Language Pair - Half Day	Y	N
LSP	Lump Sum Payout	N	N
MTP	Management Time Payout	N	N
OBL	OT Bilingual	N	N
ORC	OT RT Cert	N	N
ORN	OT RT Non Cert	N	N
OTP	Overtime Temp. Promotion - Superior Courts	N	N
RIN	Referral Incentive	N	N
RTI	RETN INCNTV- Retention Incentive	N	N
SPS/1XQ	Supplemental Paid Sick Leave	Y	Y
TAP	Courts - Temporary Assignment Pay	Y	Y
VRF	Interpreter Virtual Remote - Full Day	Y	N
VRH	Interpreter Virtual Remote- Half Day	Y	N
No Code (¶ 8(K)(1-3) of Salary Reso.)	Bar Association Dues	N	N
No Code(¶8(J) of Salary Reso.)	Corrections Certificate - REFER TO 419	Y	Y

- [1] This item may be includable to the limited extent that such pay was earned and payable during the member final compensation period, but was not taken during that period.
- [2] The differentials provided for in Pay Codes 365 and 366 apply to the same duties, but vary according to the date the employee began receiving it, with those started before January 10, 1994 receiving 1.5 ranges and others receiving 1.0 range.
- [3] The pensionable portion of the vacation sell back for any member may not exceed the limit that applies to any group or class or most comparable class if only one member of a class.
- Supreme Court ruling 7/30/2020 excludes codes as pensionable.** Prior to ruling, exclusion of these paycodes was stayed until July 12, 2014. Effective July 12, 2014 items were not compensation earnable.
- [4] January 8, 2018 court decision made some of these compensation earnable for Tier 1 through 3 members (specifically vacation payout earnings), except for those reciprocal members (Tier 2R and 3R) starting with MCERA system on February 8, 2018, or after.
- Numeric Wage codes represent pay codes for County, Cemetery, & Solid Waste. Alpha Wage Codes represent pay codes for Courts. Numeric Wage codes representing pay codes for County and Cemetery are four digit codes, all preceded with a number "3". However, CPAS pension administration system allows three digit codes.
- [5]



Merced County Employees' Retirement Association

**Date:** May 25, 2023  
**To:** MercedCERA Board of Retirement  
**From:** Mark Harman, Fiscal Manager  
**Subject:** Proposed Audit Contract with UHY LLP.

**Item Number: Consent Item d**

**Item Type: Action**

**Staff Recommendation:**

1. Approve the contract to engage with UHY LLP for audit services for the fiscal years ending June 30, 2023, 2024, and 2025 with the option to extend for two one-year extensions for the fiscal years ending June 30, 2026, and 2027. The price for all years of this contract, including extensions, is to not exceed \$276,300.00.

**Discussion:**

MercedCERA is nearing the end of its contract extension for auditing services with Brown Armstrong, which ends June 30, 2023.

As Kern County Employees' Retirement Association (KCERA) most recently ran an RFP for Audit Services, MercedCERA sought to explore the option of "piggybacking" on KCERA's Request For Proposal (RFP) for efficiency.

KCERA received three responses to their RFP from the following firms: Brown Armstrong, MGO, and UHY LLP.

KCERA, chose UHY LLP after receiving favorable pricing from the firm versus Brown Armstrong. Both firms rated equally well in terms of their experience and capability. UHY LLP, like Brown Armstrong, has staff who are experienced in conducting audits of governmental pension systems, including 1937 act systems.

MercedCERA was able to likewise negotiate favorable pricing and terms with UHY LLP. UHY LLP also agreed to the form and language of the draft of the contract with no requested modifications.

**AGREEMENT FOR SPECIAL SERVICES  
(FINANCIAL AUDITING)**

**THIS AGREEMENT**, is made and entered into by and between the Merced County Employees' Retirement Association, (hereinafter referred to as "MercedCERA"), and UHY LLP, located at 8601 Robert Fulton Drive, Suite 210 Columbia, MD 21046 (hereinafter referred to as "Contractor").

**WHEREAS**, MercedCERA was created by and operates pursuant to the County Employees' Retirement Law of 1937 (the '37 Act), and MercedCERA is administered by the Board of Retirement ("Board"); and

**WHEREAS**, MercedCERA desires to engage Contractor to perform financial auditing services as required by the '37 Act, and other applicable Government Code Sections; and

**WHEREAS**, the parties desire to set forth herein the terms and conditions under which said services shall be furnished.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises herein contained, the parties hereby agree as follows:

**1. SCOPE OF SERVICES:**

- 1.1 Contractor shall provide financial audit services in accordance with the terms and conditions stated herein, and in any attachments and exhibits made a part of this Agreement.
- 1.2 The following exhibits are specifically incorporated by reference, attached hereto, and made a part hereof, except when in conflict with this Agreement or modified herein:

Exhibit A – *Scope of Services*  
Exhibit B – *Contractor's Proposal*  
Exhibit C – *Yearly Budget and Hourly Rates*

**2. TERM**

The term of this Agreement shall commence on the 1<sup>st</sup> day of June, 2023, and continue until the 30th day of June, 2026, unless sooner terminated as set forth elsewhere in this Agreement.

MercedCERA, at its discretion, may extend the Agreement for two additional, one-year terms.

**3. COMPENSATION**

MercedCERA agrees to pay Contractor a Total Contract Price of Two Hundred Seventy-six Thousand Three Hundred Dollars and Zero Cents (\$276,300.00) for all of Contractor's services to be provided herein, as are more specifically set forth under Exhibit A, "SCOPE OF SERVICES". The Total Contract Price shall include all of MercedCERA's compensation to Contractor, including reimbursement for all expenses incurred by Contractor in the performance of this Agreement. No other fees or expenses of any kind shall be paid to Contractor in addition to the Total Contract Price. The maximum contract price

for each year of the Agreement shall be the amounts provided in Exhibit C. In no event shall the total services to be provided hereunder exceed the Total Contract Price. This fee may be subject to withholding for State of California income tax.

Any and/or all payments made under this Agreement shall be paid by check, payable to the order of the Contractor and be mailed or delivered to Contractor at:

Name: UHY LLC  
Address: 8601 Robert Fulton Drive, Suite 210  
City/State/Zip: Columbia, MD 21046

Contractor may request that MercedCERA mail the check to Contractor to such other address as Contractor may from time to time designate to MercedCERA. Such request must be made in writing in accordance with the procedures as outlined under Section 7, "NOTICES".

#### 4. PRICING CONDITIONS:

MercedCERA agrees to pay Contractor for all services required herein as prescribed, fixed at the submitted pricing, which shall include reimbursement for all expenses incurred. No other expenses shall be paid to Contractor without formal approval of the MercedCERA's Board of Retirement or its authorized agent. In no event shall the total services to be performed hereunder exceed \$276,300.00.

MercedCERA shall not be responsible for any charges or expenses incurred by Contractor, his/her agents, employees, or independent Contractors, other than those listed herein, in connection with the performance of services hereunder unless authorized in advance in writing by MercedCERA.

#### 5. TERMS OF PAYMENT

Payment shall be only for full, complete satisfactory performance of the services required to be provided herein and as set forth under Section "SCOPE OF SERVICES." Payment shall be made in the following manner:

Upon completion of the required services as set forth under Exhibit A "SCOPE OF SERVICES," Contractor shall submit an invoice **within 30 calendar days of each invoice period**, detailing the services it has provided and the amount owed under this Agreement. In addition to the invoice submitted by the Contractor for payment, Contractor must complete and submit to the MercedCERA, Form W-9, "A Request for Taxpayer Identification Number and Certification", located at ([www.irs.gov/pub/irs-pdf/fw9.pdf](http://www.irs.gov/pub/irs-pdf/fw9.pdf)). Both the invoice and W-9 form shall be forwarded to the MercedCERA at the MercedCERA address shown under Section "NOTICES" of this Agreement, **not later than thirty (30) calendar days after completion and acceptance by the MercedCERA of all tasks identified on the invoice**. Upon approval by MercedCERA, the fee due hereunder shall be paid to Contractor within thirty (30) days following receipt of a complete and correct invoice.

Each invoice or approved alternate documentation must:

- A. Detail by task the service performed by Contractor.
- B. Detail the labor cost (number of hours) attributed to each task.
- C. Show the cumulative cost for all tasks performed to date.
- D. Provide any additional information and data requested by MercedCERA as deemed necessary by MercedCERA to properly evaluate or process Contractor's claim.

In no event shall MercedCERA be liable for the payment of any invoice not submitted within thirty (30)

calendar days following termination of the Agreement.

**6. NO PAYMENT FOR SERVICE PROVIDED FOLLOWING EXPIRATION / TERMINATION OF AGREEMENT**

Contractor shall have no claim against MercedCERA for payment of any kind whatsoever for any services provided by Contractor which were provided after the expiration or termination of this Agreement.

**7. NOTICES**

All notices, requests, demands or other communications under this Agreement shall be in writing. Notice shall be sufficiently given for all purposes as follows:

- A. Personal Delivery. When personally delivered to the recipient, notice is effective upon delivery.
- B. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three mail delivery days after deposit in a United States Postal Service office or mailbox.
- C. Certified Mail. When mailed by certified mail, return receipt requested, notice is effective upon receipt, if delivery is confirmed by a return receipt.
- D. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.
- E. Facsimile Transmission. When sent by fax to the last fax number of the recipient known to the party giving notice, notice is effective upon receipt, provided that: a) a duplicate copy of the notice is promptly given by first class mail or certified mail or by overnight delivery, or b) the receiving party delivers a written confirmation of receipt. Any notice given by fax shall be deemed received on the next business day if received after 5:00 P.M. (recipient's time) or on a non-business day.

Any correctly addressed notice that is refused, unclaimed or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messengers or overnight delivery service.

Information for notice to the parties to this Agreement at the time of endorsement of this Agreement is as follows:

MercedCERA c/o Plan Administrator 3199 M Street Merced, CA 95348	Contractor _____ _____ _____
---	---------------------------------------

Any party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.

**8. CONDITION SUBSEQUENT/NON-APPROPRIATION OF FUNDING**

The compensation paid to Contractor pursuant to this Agreement is based on MercedCERA's continued appropriation of funding for the purpose of this Agreement, as well as the receipt of local, county, state and/or federal funding for this purpose. The parties acknowledge that the nature of government finance is unpredictable, and that the rights and obligations set forth in this Agreement are therefore contingent upon the receipt and/or appropriation of the necessary funds. In the event that funding is terminated, in

whole or in part, for any reason, at any time, this Agreement and all obligations of the MercedCERA arising from this Agreement shall be immediately discharged. MercedCERA agrees to inform Contractor no later than ten (10) calendar days after the MercedCERA determines, in its sole judgment, that funding will be terminated and the final date for which funding will be available. Under these circumstances, all billing or other claims for compensation or reimbursement by Contractor arising out of performance of this Agreement must be submitted prior to the final date for which funding is available. In the alternative, MercedCERA and Contractor may agree, in such circumstance, to a suspension or modification of either party's rights or obligations under this Agreement. Such a modification, if the parties agree thereto, may permit a restoration of previous Agreement terms in the event funding is reinstated. Also in the alternative, MercedCERA may, if funding is provided to MercedCERA in the form of promises to pay at a later date, whether referred to as "government warrants," "IOUs," or by any other name, MercedCERA may, in its sole discretion, provide similar promises to pay to the Contractor, which the Contractor hereby agrees to accept as sufficient payment until cash funding becomes available.

## **9. TERMINATION FOR CONVENIENCE**

This Agreement, notwithstanding anything to the contrary herein above or hereinafter set forth, may be terminated by MercedCERA at any time without cause or legal excuse by providing the other party with thirty (30) calendar days written notice of such termination.

Upon effective date of termination, MercedCERA shall have no further liability to Contractor except for payment for actual services incurred during the performance hereunder. Such liability is limited to the time specified in said notice and for services not previously reimbursed by MercedCERA. Such liability is further limited to the extent such costs are actual, necessary, reasonable, and verifiable costs and have been incurred by Contractor prior to, and in connection with, discontinuing the work hereunder.

## **10. TERMINATION FOR CAUSE**

MercedCERA may terminate this Agreement and be relieved of making any payments to Contractor, and all duties to Contractor should the Contractor fail to perform any material duty or obligation of the Agreement. Notice shall be given as otherwise provided herein. In the event of such termination MercedCERA may proceed with the work in any manner deemed proper by MercedCERA. All costs to MercedCERA shall be deducted from any sum otherwise due the Contractor and the balance, if any, shall be paid to the Contractor upon demand. Such remedy is in addition to such other remedies as may be available to MercedCERA provided by law.

## **11. MODIFICATION OF THE AGREEMENT**

Notwithstanding any of the provisions of this Agreement, the parties may agree to amend this Agreement. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto. No oral understanding or Agreement not incorporated herein shall be binding on any of the parties hereto.

## **12. INSURANCE**

### **A. Insurance Requirements**

Prior to the commencement of work, and as a precondition to this Agreement, Contractor shall purchase and maintain the following types of insurance for the stated minimum limits indicated during the term of this Agreement. Contractor shall provide a certificate of insurance (COI) and endorsements on each policy as required in this section. Each COI shall specify if Contractor has a self-insured retention (SIR), and if so, Contractor shall be required to provide the entire policy of insurance with which it has a SIR. All deductibles and SIRs shall be fully disclosed in the COI and are subject to the express written permission of MercedCERA.

1. Commercial General Liability (CGL): \$1,000,000 per occurrence and \$2,000,000 annual aggregate covering products and completed operations, bodily injury, personal injury and property damage. MercedCERA and its officers, employees and agents shall be endorsed to above policies as additional insured, using ISO form CG2026 or an alternate form that is at least as broad as form CG2026, as to any liability arising from the performance of this Agreement.
2. Automobile Liability: If the Contractor's officers, employees, agents, representatives or subcontractors utilize a motor vehicle in performing any of the work or services under the Agreement, Contractor shall provide coverage in the amounts of \$1,000,000 per accident for bodily injury and property damage, or alternatively split limits of \$500,000 per person and \$1,000,000 per accident for bodily injury with \$250,000 per accident for property damage.
3. Workers Compensation: Statutory coverage, if and as required according to the California Labor Code, including Employers' Liability limits of \$1,000,000 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against MercedCERA.
4. Professional Liability: \$1,000,000 limit per occurrence and \$5,000,000 annual aggregate limit covering Contractors wrongful acts, errors and omissions. Any aggregate limit for professional liability must be separate and in addition to any CGL aggregate limit. Claims – made coverage requires Contractor to maintain a minimum of three (3) years extended reporting period or tail coverage. *\*\*When Applicable*
5. Technology Professional Liability Errors and Omissions Insurance appropriate to the Contractor's profession and work hereunder, with limits not less than \$2,000,000 per occurrence. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by the Contractor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, copyright, trademark, invasion of privacy violations, information theft, release of private information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations. *\*\*\*When Applicable*

The Policy shall include, or be endorsed to include, property damage liability coverage for damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the Agency in the care, custody, or control of the Contractor. If not covered under the Contractor's liability policy, such "property" coverage of the Agency may be endorsed onto the Contractor's Cyber Liability Policy as covered property as follows:

Cyber Liability coverage not less than \$2,000,000 per occurrence, and sufficient to cover, the full replacement value of damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the MercedCERA that will be in the care, custody, or control of Contractor.

#### B. Insurance Conditions

1. Insurance is to be primary and non-contributory with any insurance of the MercedCERA and placed with admitted insurers rated by A.M. Best Co. as A: VII or higher. Lower rated, or approved but not admitted insurers, may be accepted if prior approval is given by Merced County's Risk Manager.
2. Each of the above required policies shall be endorsed to provide MercedCERA with thirty (30) days prior written notice of cancellation. MercedCERA is not liable for the payment

of premiums or assessments on the policy. No cancellation provisions in the insurance policy shall be construed in derogation of the continuing duty of Contractor to furnish insurance during the term of this Agreement.

3. If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, MercedCERA requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to MercedCERA.
4. If the Contractor uses subcontractors or others to perform work under this contract, such subcontractor or other persons shall be Named Insured or Additionally Insured to the Contractor's required insurance coverage, or required by the Contractor to comply with equivalent insurance and conditions of this Section.

### **13. INDEMNIFICATION**

Contractor has the contracted duty (hereinafter "the duty") to indemnify, defend and hold harmless, MercedCERA, its Board of Retirement, officers, employees, agents and assigns from and against any and all claims, demands, liability, judgments, awards, interest, attorney's fees, costs, experts' fees and expenses of whatsoever kind or nature, at any time arising out of or in any way connected with the performance of this Agreement, whether in tort, Agreement or otherwise. This duty shall include, but not be limited to, claims for bodily injury, property damage, personal injury, and Contractual damages or otherwise alleged to be caused to any person or entity including, but not limited to employees, agents and officers of Contractor.

Contractor's liability for indemnity under this Agreement shall apply, regardless of fault, to any acts or omissions, willful misconduct or negligent conduct of any kind, on the part of the Contractor, its agents, sub-Contractors and employees. The duty shall extend to any allegation or claim of liability except in circumstances found by a jury or judge to be the sole and legal result of the willful misconduct of MercedCERA. This duty shall arise at the first claim or allegation of liability against MercedCERA. Contractor will on request and at its expense defend any action suit or proceeding arising hereunder. This clause for indemnification shall be interpreted to the broadest extent permitted by law.

### **14. PATENT INDEMNITY**

Contractor shall hold MercedCERA, its officers, agents, and employees, harmless from liability of any nature in kind, including costs and expenses, from infringement or use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article, or appliance furnished or used in connection with this agreement. Contractor may also be required to furnish a bond or other indemnification to MercedCERA against any and all loss, damage, costs, expenses, claims, and liability for patent or copyright infringement.

### **15. INDEPENDENT CONTRACTOR**

It is mutually understood and agreed that Contractor is an independent Contractor in the performance of the work duties and obligations devolving upon Contractor under this Agreement. MercedCERA shall neither have, nor exercise any control or direction over the methods by which Contractor shall perform the assigned work and functions. The Contractual interest of MercedCERA is to assure that the services covered by this Agreement shall be performed and rendered in a competent, efficient and satisfactory manner.

It is agreed that no employer-employee relationship is created and Contractor shall hold MercedCERA harmless and be solely responsible for withholding, reporting and payment of any federal, state or local



taxes; any contributions or premiums imposed or required by workers' compensation; any unemployment insurance; any social security income tax; and any other obligations from statutes or codes applying to Contractor, or its sub-Contractors and employees, if any.

It is mutually agreed and understood that Contractor, its sub-Contractors and employees, if any, shall have no claim under this Agreement or otherwise against MercedCERA for vacation pay, sick leave, retirement or social security benefits, occupational or non-occupational injury, disability or illness, or loss of life or income, by whatever cause.

Contractor shall insure that all its personnel and employees, sub-Contractors and their employees, and any other individuals used to perform the Contracted services are aware and expressly agree that MercedCERA is not responsible for any benefits, coverage or payment for their efforts.

## **16. RECORDS, INFORMATION AND REPORTS**

Contractor shall maintain full and accurate records with respect to all matters covered under this Agreement. To the extent permitted by law, MercedCERA shall have free access at all proper times or until the expiration of four (4) years after the furnishing of services to such records, and the right to examine and audit the same and to make transcripts there from, and to inspect all data, documents, proceedings, and activities pertaining to this Agreement.

To the extent permitted by law, Contractor shall furnish MercedCERA such periodic reports as MercedCERA may request pertaining to the work or services undertaken pursuant to this Agreement. The costs and obligations incurred or to be incurred in connection therewith shall be borne by the Contractor.

## **17. OWNERSHIP OF DOCUMENTS**

To the extent permitted by law, all technical data, evaluations, plans, specifications, reports, documents, or other work products developed by Contractor hereunder are the exclusive property of MercedCERA and upon request of MercedCERA shall be delivered to MercedCERA upon completion of the services authorized hereunder. In the event of termination, all finished or unfinished documents and other materials, if any, at the option of MercedCERA, and to the extent permitted by law, shall become the property of MercedCERA. Contractor may retain copies thereof for its files and internal use.

Any publication of information directly derived from work performed or data obtained in connection with services rendered under this Agreement must be first approved by MercedCERA.

## **18. QUALITY OF SERVICE**

Contractor shall perform its services with care, skill, and diligence, in accordance with the applicable professional standards currently recognized by such profession, and shall be responsible for the professional quality, technical accuracy, completeness, and coordination of all reports, designs, drawings, plans, information, specifications, and/or other items and services furnished under this Agreement.

Contractor shall, without additional compensation, correct or revise any errors or deficiencies immediately upon discovery in its reports, drawings, specifications, designs, and/or other related items or services.

## **19. PERSONAL SATISFACTION AS A CONDITION PRECEDENT**

The obligations of MercedCERA as provided in this Agreement are expressly conditioned upon Contractor's compliance with the provisions of this Agreement to the personal satisfaction of the MercedCERA. MercedCERA shall determine compliance in good faith as a reasonable person would under the circumstances.

**21. ENTIRE AGREEMENT**

This Agreement and any additional or supplementary document or documents incorporated herein by specific reference contain all the terms and conditions agreed upon by the parties hereto, and no other Agreements, oral or otherwise, regarding the subject matter of this Agreement or any part thereof shall have any validity or bind any of the parties hereto.

**22. MercedCERA NOT OBLIGATED TO THIRD PARTIES**

MercedCERA shall not be obligated or liable hereunder to any party other than Contractor.

**23. LAWS, LICENSES, PERMITS AND REGULATIONS**

Contractor and MercedCERA agree to comply with all State laws and regulations that pertain to construction, health and safety, labor, minimum wage, fair employment practice, equal opportunity, and all other matters applicable to Contractor and MercedCERA, their sub-grantees, Contractors, or sub-Contractor, and their work.

Contractor shall possess and maintain all necessary licenses, permits, certificates and credentials required by the laws of the United States, the State of California, County of Merced and all other appropriate governmental agencies, including any certification and credentials required by MercedCERA. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this Agreement and constitutes grounds for the termination of this Agreement by MercedCERA.

**24. LIMITED AFFECT OF WAIVER OR PAYMENT**

In no event shall the making, by MercedCERA, of any payment to Contractor constitute, or be construed as, a waiver by MercedCERA of any breach of covenant, or any default which may then exist, on the part of Contractor. The making of any such payment by MercedCERA while any such breach or default shall exist, shall not be construed as acceptance of substandard or careless work or as relieving Contractor from its full responsibility under this Agreement.

No waiver by either party of any default, breach or condition precedent shall be valid unless made in writing and signed by the parties hereto. No oral waiver of any default, breach or condition precedent shall be binding on any of the parties hereto. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder.

**25. PERSONNEL**

Contractor represents that it has, or will secure at its own expense, all personnel required in performing the services under this Agreement. All of the services required hereunder will be performed by Contractor or under its supervision, and all personnel engaged in the work shall be qualified to perform such services.

**26. SUB-CONTRACTS - ASSIGNMENT**

Contractor shall not sub-contract or assign this Agreement, or any part thereof, or interest therein, directly or indirectly, voluntarily or involuntarily, to any person without obtaining the prior written consent by MercedCERA. Contractor remains legally responsible for the performance of all Agreement terms including work performed by third parties under sub-contracts. Any sub-contracting will be subject to all applicable provisions of this Agreement. Contractor shall be held responsible by MercedCERA for the performance of any sub-contractor whether approved by MercedCERA or not.

**27. APPLICABLE LAW; VENUE**

All parties agree that this Agreement and all documents issued or executed pursuant to this Agreement as well as the rights and obligations of the parties hereunder are subject to and governed by the laws of the State of California in all respects as to interpretation, construction, operation, effect and performance. No interpretation of any provision of this Agreement shall be binding upon MercedCERA unless agreed in writing by MercedCERA and counsel for MercedCERA.

Notwithstanding any other provision of this Agreement, any disputes concerning any question of fact or law arising under this Agreement or any litigation or arbitration arising out of this Agreement, shall be tried in Merced County, unless the parties agree otherwise or are otherwise required by law.

**28. BREACH OF AGREEMENT**

Upon breach of this Agreement by Contractor, MercedCERA shall have all remedies available to it both in equity and/or at law.

**29. REMEDY FOR BREACH AND RIGHT TO CURE**

Notwithstanding anything else in this Agreement to the contrary, if Contractor fails to perform any obligation of this Agreement, MercedCERA may itself perform, or cause the performance of, such agreement or obligation. In that event, Contractor will, on demand, fully reimburse MercedCERA for all such expenditures. Alternatively, MercedCERA, at its option, may deduct from any funds owed to Contractor the amount necessary to cover any expenditures under this provision. This is in addition to any other remedies available to MercedCERA by law or as otherwise stated in this Agreement.

**30. SUCCESSORS IN INTEREST**

All the terms, covenant, and conditions of this Agreement shall be binding and in full force and effect upon any successors in interest and assigns of the parties hereto. This paragraph shall not be deemed as a waiver of any of the conditions against assignment set forth herein.

**31. CONFLICT OF INTEREST**

Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of this Agreement. Contractor shall ensure that no conflict of interest exists between its officers, employees, or sub-Contractors, and the MercedCERA. Contractor shall ensure that no MercedCERA officer or employee in a position that enables them to influence this Agreement will have any direct or indirect financial interest resulting from this Agreement. Contractor shall ensure that no MercedCERA employee shall have any relationship to the Contractor or officer or employee of the Contractor, nor that any such person will be employed by Contractor in the performance of this Agreement without immediate divulgence of such fact to MercedCERA.

**32. NONDISCRIMINATION IN EMPLOYMENT, SERVICES, BENEFITS AND FACILITIES**

Contractor and any sub-Contractors shall comply with all applicable federal, state, and local Anti-discrimination laws, regulations, and ordinances and shall not unlawfully discriminate, deny family care leave, harass, or allow harassment against any employee, applicant for employment, employee or agent of MercedCERA, or recipient of services contemplated to be provided or provided under this Agreement, because of race, ancestry, marital status, color, religious creed, political belief, national origin, ethnic group identification, sex, sexual orientation, age (over 40), medical condition (including HIV and AIDS), or physical or mental disability. Contractor shall ensure that the evaluation and treatment of its employees and applicants for employment, the treatment of MercedCERA employees and agents, and recipients of services are free from such discrimination and harassment.

Contractor represents that it is in compliance with and agrees that it will continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), the Fair Employment and Housing Act (Government Code §§ 12900 et seq.), and ensure a workplace free of sexual harassment pursuant to Government Code 12950; and regulations and guidelines issued pursuant thereto.

Contractor agrees to compile data, maintain records and submit reports to permit effective enforcement of all applicable antidiscrimination laws and this provision.

Contractor shall include this nondiscrimination provision in all sub-Agreements related to this Agreement and when applicable give notice of these obligations to labor organizations with which they have Agreements.

**33. CAPTIONS**

The captions of each paragraph in this Agreement are inserted as a matter of convenience and reference only, and in no way define, limit, or describe the scope or intent of this Agreement or in any way affect it.

**34. SEVERABILITY**

If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid, in whole or in part, for any reason, the validity and enforceability of the remaining provisions, or portion of them, will not be affected. Compensation due to Contractor from the MercedCERA may, however, be adjusted in proportion to the benefit received despite the removal of the effected provision.

**35. DUPLICATE COUNTERPARTS**

This Agreement may be executed in duplicate counterparts, each of which shall be deemed a duplicate original. The Agreement shall be deemed executed when it has been signed by both parties.

**[Signature page follows]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the latest date set forth below.

Merced County Employees'  
Retirement Association

CONTRACTOR

By \_\_\_\_\_

by \_\_\_\_\_

\_\_\_\_\_  
Plan Administrator

\_\_\_\_\_

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

APPROVED AS TO LEGAL FORM  
MercedCERA COUNSEL

By \_\_\_\_\_

\_\_\_\_\_  
Dated

## EXHIBIT A SCOPE OF SERVICES

In the performance of UHY LLP's (hereinafter referred to as "Contractor") duties to perform such services, Contractor's services include, but are not limited to, the following:

- 1.1. Audit the financial records and statements of the Merced County Employees' Retirement Association under the control of the MercedCERA Board. The records and statements include financial statements of the governmental activity as required by the Government Accounting Standards Board Statement Number 34, "Minimum Audit Requirements and Reporting Guidelines for California Public Retirement Systems" issued by the California State Controller, compliance with generally accepted accounting principles ("GAAP") and Governmental Accounting Standards Board ("GASB") that are applicable to the operation of governmental entities, as established by federal and state regulatory bodies.
- 1.2. The purpose of the examination of the accounts and records is to enable Contractor to express an opinion on the fairness of the presentation of the Annual Comprehensive Financial Report of the Merced County Employees' Retirement Association for the fiscal year June 30, 2023, 2024, 2025 and its conformity with accounting principles generally accepted in the United States of America.
- 1.3. Contractor will be responsible for performing certain limited procedures involving supplementary assessment/opinion regarding internal controls, reports, and practices and operations. Contractor will assist in the preparation of the footnotes to the financial statements. Contractor shall include an opinion in its report regarding the MercedCERA's financial statements and supplemental financial information.
- 1.4. Contractor will not require, as part of their audit procedures, transmit confirmation letters to MercedCERA's active, deferred, or retired members or their beneficiaries. Nor will contractor, under any circumstances, make any attempts to contact these individuals in regard to the performance of an audit.
- 1.5. Contractor will not be required to audit the supporting schedules contained in the ACFR, unless required by auditing standards. However, Contractor will provide an "in relation to" opinion on supporting schedules based on the auditing procedures applied during the audit of the financial statements. Contractor is not required to audit the statistical section of the ACFR.
- 1.6. Contractor will review MercedCERA's ACFR for compliance with the GFOA's Certificate of Achievement for Excellence in Financial Reporting program. MercedCERA may require additional services or advice from Contractor to ensure new GASB reporting requirements are properly implemented.
- 1.5. The audit will involve the review and performance of appropriate testing in the following areas including but not limited to:

Retirement Contributions, Benefit Payment and Calculations, Investment Account Balances, Investment Expenses, Investment Income, Administrative Expenses, Actuarial Reserves, Plan

Funding, Potential or Pending Liabilities. Nothing in this section provides that MercedCERA will direct Contractor to undertake a specific area for review.

- 1.6. Contractor will provide, by June 30, 2023, an "Audit Plan and Schedule".
- 1.7. Contractor must have the ability to, and will, perform all fieldwork and attend any meetings on a remote basis unless MercedCERA requests otherwise.
- 1.8. Contractor will provide a Report on the Examination of the Financial Statement
  - A. Issue a Report on the Fair Presentation of the financial Statements in conformity with GAAP.
  - B. The Audit Report shall contain an opinion regarding the fairness of the financial statements as enumerated by the State Board of Accountancy, Rule 58.
  - C. The Audit Report shall comment on any occurrences of noncompliance with legal requirement.
  - D. The Audit Report, as part of the customary disclosures, shall contain the footnote disclosures and supplementary information in accordance with GASB Statement Numbers 25, 28, 34, 40, 43, 45, 67, 68, 72, 82, 84, 98 and all other pertinent Statements and Technical Bulletins.
- 1.9. Contractor will also provide a "Management Letter" advising the MercedCERA of opportunities observed for economies in operations, improvements in internal control and effectiveness of MercedCERA's utilization of its resources. (15 copies are required).
  - A. Contractor shall prepare a separate report on MercedCERA's internal controls that address the following elements:
    1. The scope of Contractor's work in obtaining an understanding of the internal control structure and in assessing the control risk.
    2. MercedCERA's significant internal controls or control structure, including the controls established to ensure compliance with laws regulations that have a material impact on the financial statements and results of the financial-related audit.
    3. Reportable conditions found during the audit. Per Statement on Auditing Standard's Number 60, a reportable condition is a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified in the report.
    4. Non-reportable conditions discovered by Contractor shall be reported in a separate letter to management, which shall be referred to the report on internal controls.
  - B. Contractor shall prepare a separate report documenting any observed opportunities for economies in operation and the effectiveness of the organization's utilization of available resources.
- 1.10. Irregularities and Illegal Acts: Contractor shall make an immediate written report to the Chairman of the MercedCERA Board and the MercedCERA Plan Administrator of all irregularities and illegal acts or indications of illegal acts of which Contractor becomes aware.
- 1.11. Review the annual limit computation required by Section 31580.2 of the County Employees Retirement Law of 1937 (the '1937 Act') that sets forth the annual limit on the administrative costs that may be incurred by 1937 Act retirement systems (no report required).

- 1.12. Working Paper Retention and Access: All working papers and reports must be retained, at Contractor's expense, for a minimum of seven (7) years, unless Contractor is notified in writing by MercedCERA of the need to extend the retention period. Contractor will be required to make the working papers available, upon request, to MercedCERA. In addition, Contractor shall respond to the reasonable inquires of any successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.
- 1.13. MercedCERA will provide year-end closing entries, draft financial statements and all required supplementary schedules. MercedCERA, with technical guidance only from Contractor, will prepare the footnotes.
- 1.14. Entrance and Exit Conferences:

1. Entrance Conference

Prior to commencing filed work, Contractor will attend a remote entrance conference with MercedCERA staff. The purpose of this meeting will be to establish and discuss the following:

- A. The overall liaison for the audit.
    - B. Arrangement for workspace and other needs of Contractor.
    - C. Any anticipated audit problems
    - D. The timetable for the performance of work
    - E. MercedCERA responsibilities and information required
    - F. Any special areas of concern identified by the MercedCERA Board or staff.
    - G. Auditor responsibilities.

2. Exit Conferences(s)]

Contractor will attend remote exit conference(s) with staff to review the Report of Examination of Financial Statements and the Management Letters. If requested, Contractor will discuss findings and recommendations from each report with the MercedCERA Board.

- 1.15. The Contractor will provide MercedCERA a consent letter authorizing it to incorporate the MercedCERA's financial statements with their report in the official statement of any debt issuances.



# EXHIBIT B - Contractor's Proposal

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## MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MERCEDCERA)

PROPOSAL FOR  
AUDIT SERVICES

APRIL 27, 2023

Submitted by:

**JASON OSTROSKI, CPA, PRINCIPAL**  
EMAIL: [JOSTROSKI@UHY-US.COM](mailto:JOSTROSKI@UHY-US.COM)

UHY LLP  
8601 ROBERT FULTON DRIVE, SUITE 210  
COLUMBIA, MD 21046  
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[WWW.UHY-US.COM](http://WWW.UHY-US.COM)

UHY LLP  
200 SPECTRUM CENTER DR., SUITE 300  
IRVINE, CA 92618  
PHONE 949 623 8803 | FAX 949 623 8066



## 1. COVER LETTER

April 27, 2023

Merced County Employees' Retirement Association  
Mark Harman, Fiscal Manager  
3199 M Street  
Merced, CA 95348

**UHY LLP**

8601 Robert Fulton Drive, Suite 210  
Columbia, MD 21046  
PHONE 410 423 4839 | FAX 410 381 5538

200 Spectrum Center Drive, Suite 300  
Irvine, CA 92618  
PHONE 949 623 8803 | FAX 949 623 8066

[www.uhy-us.com](http://www.uhy-us.com)

Dear Mr. Harman:

UHY LLP (UHY), a limited liability partnership, is pleased to present our qualifications to serve Merced County Employees' Retirement Association (MercedCERA). At UHY, we realize that the decision of selecting a Certified Public Accounting firm for this very specific engagement is important. You must concern yourself with whether the firm has the resources and relevant experience to execute, and whether those services will be provided in a responsive and cost-effective manner. Here are just a few reasons why you should consider UHY:



### We KNOW You

UHY recently expanded its Government Practice with experts who bring significant governmental retirement knowledge and experience. These professionals are part of a newly formed Government Pension Team at UHY. Members of this team will comprise most of your proposed audit team. This team has hands-on experience auditing similar entities, including MercedCERA. In fact, the professionals who will serve you have audited and provided consulting services to some of the largest public benefit plans and investment offices nationwide. ***This team will leverage both their extensive industry experience and institutional knowledge of "The 1937 Act" to hit the ground running and create unmatched efficiencies in your transition to a new financial statement auditor.***



### Innovative Audit Procedures

UHY's Government Pension Team recognizes the impact of technology on the financial statement audit and have responded by incorporating data analytics into our audit approach. We utilize a data analytic software application to examine 100% of our government pension's high volume transactions including contributions, benefit payments and census data, yielding results that include identification of anomalous transactions and new insights.



### Our California Presence

In California, UHY operates from its Orange County office in Southern California. Our firm is committed to increasing its footprint in California. For example, we have secured professional services for an internal audit Master Agreement with the California State Teachers' Retirement System (CalSTRS), an Audit for Kern County Employees' Retirement Association, and is on the Bench to perform Audit and Review Services for the Los Angeles Unified School District (LAUSD). In addition, UHY holds the City of Los Angeles' Office of the Controller Audit, Review, Consulting and Related Services Master Service Agreement (MSA) contract.

As a principal, I am authorized to contractually bind the firm in contract. We look forward to the opportunity to be of service to MercedCERA on this engagement. Please contact us with any comments, questions or proposal clarification needs.

Jason Ostroski, CPA, Principal

Phone 410 423 4839 | Fax 410 381 5538 | Email [jostroski@uhy-us.com](mailto:jostroski@uhy-us.com)

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### 3. WHY UHY?

#### SPECIALIZED TEAM

Our team brings unique skills, knowledge and experience to MercedCERA. **The professionals who will serve MercedCERA have audited and provided consulting services to some of the largest public benefit plans and investment offices nationwide, including MercedCERA and other “1937 Act” plans.** Our proposed team has worked with many state and municipal governmental retirement plans throughout the country. We’ve outlined in the team’s biographies the relevant audit projects performed in order to highlight the depth of the team member’s experience and knowledge. In addition, as you will see in proposal section **B. Similar Engagements with Other Public Retirement Systems**, the UHY team has extensive experience in performing similar audit services, including audits of defined benefit pension plans with assets that exceed \$1 billion dollars.

The engagement principal, Jason Ostroski, has worked with governmental retirement systems and investment offices across the entire country for the past 20 years and is a licensed CPA in the State of California. In addition to Jason, we have assembled a select, experienced team to serve on this engagement, including a partner and senior level professionals who will ensure that our services are efficiently provided. Our additional team members will include technical specialist partner, Thomas Rey, senior manager, Tim Rawal, and managers, Ivana Ritz and Stephen Maranto. Each member brings the requisite number of years and experience working with complex governmental retirement systems such as MercedCERA. Each of our key financial statement auditors are licensed CPAs in good standing. We also augment our financial statement audit team with a complementary IT audit team who will work with the financial audit team to address IT risks that may impact financial reporting and internal controls.

#### GASB 67/68 EXPERIENCE

Your engagement team has worked extensively with many public retirement plans, nationwide. In doing so, they regularly review pronouncements affecting these plans. Your proposed team was deeply involved in the implementation of GASB 67/68 and has assisted their governmental pension clients through the recent barrage of GASB pronouncements impacting pensions over the past 10 years. The government pension team leveraged their experience working with a variety of plans to share best practices and lessons learned. They also utilized their relationships with numerous actuaries, custodial banks and investment consultants to successfully navigate their clients through these complex implementations.

#### THOUGHT LEADERSHIP

We pride ourselves on being a learning organization and strive to keep our clients and staff abreast of the evolving relevant industry topics. We work diligently to produce regular news alerts and newsletters on the latest accounting, legislative, regulatory, and operational issues in the government pension industry. Throughout the year, we host training sessions for staff and technical seminars for clients. These resources are available to clients and their support teams so they are able to perform the best they can.

#### CAPACITY & CAPABILITY TO SERVE

With our internal capabilities and years of experience, we have the capacity to serve governmental organizations with distinction through the support of our National Government Practice, which comprises our national government retirement plan team. The professional services UHY provides to governmental

organizations at the state and local level is an important and significant portion of our accounting, auditing, and consulting practice. We have a designated group of professionals dedicated to government accounting, auditing and consulting services. This combination of diverse skills and knowledge will provide MercedCERA with premium services and adequate bench strength to meet your needs on a timely basis. As a national professional services firm with over 1,500 employees, more than 100 partners and revenues in excess of \$300M, we are performing numerous engagements across the United States. Because we are a national professional services firm, we have the resources to be able to complete this project within your required timeframe, even in the event of illness or other circumstances that may arise.

### INNOVATIVE AUDIT PROCEDURES

Our government pension team believes in the power of incorporating data analytics into our audit approach specifically as it relates to your high-volume, low dollar transactions including your contributions, benefit payments and census data. We apply analytical procedures to these data sets to examine 100% of these populations. By incorporating data analytics into our audit approach, we are able to provide additional insights to management and identify anomalies beyond the standard sampling methodologies applied in an audit.

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## 4. ABOUT UHY

### OVERVIEW

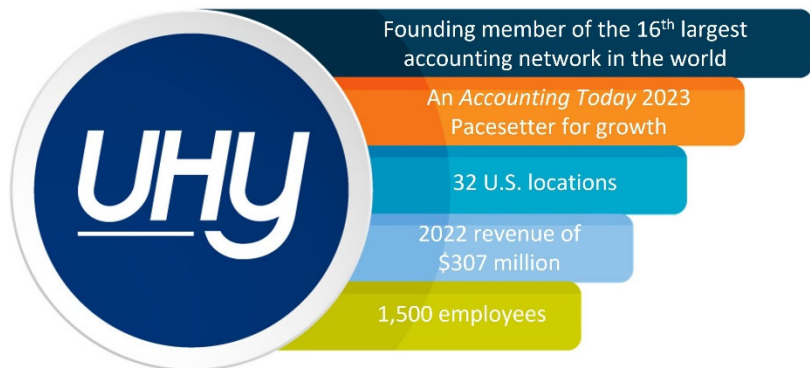
UHY LLP is a licensed national CPA firm that provides a full range of accounting and business consulting services to domestic and international companies in both the public and private sector. The firm was formed in 1968 and has been in business and grown for more than 50 years.

Our client service model is based on a proactive style and passionate spirit that has allowed us to help our clients grow, avoid financial pitfalls and reduce costs amidst ever-changing economic conditions. To serve our clients effectively, we have made a strong commitment to ensure that quality is built into every engagement. We call our philosophy *The Next Level of Service*. Our clients tell us it is what sets UHY apart from our competitors.

UHY has many years of experience in providing independent assurance services with a detailed plan and communication strategy that promotes reliability in our methodology and value in our reports. This knowledge is applied to our financial statement audits through insightful risk assessment, which means a more efficient audit process. We are a viable alternative to “Big 4” firms, especially for government entities that seek hands-on attention and responsiveness from partners and experienced professionals. ***We have a designated group of professionals with more than 80 years of combined experience who dedicate the majority of their time to governmental retirement system accounting, auditing and consulting services.***

UHY is nationally recognized as a highly qualified firm, with membership in the Center for Public Company Audit Firms of the American Institute of Certified Public Accountants and being registered with the Public Company Accounting Oversight Board.

UHY is a member of the AICPA Governmental Audit Quality Center and has demonstrated its commitment to audit quality, including those performed under Government Auditing Standards and Uniform Guidance. UHY LLP has been subject to a Quality Control Peer Review and has received a rating of “pass.” Please find a copy of UHY’s most recent peer review report in the **Appendix**.



### DISTINGUISHING CHARACTERISTICS

- National governmental audit practice
- More than 50 years of combined experience providing financial and compliance auditing services for the governmental retirement industry
- Partners and senior management serving you with an average of 20 years of experience
- A commitment to engagement team continuity
- Hands-on partner involvement and more partner attention
- In-depth technical and industry-specific expertise
- Economical fee structure

Our audit approach will meet your requirements and can be found later in the proposal under the section **C. Specific Audit Approach.**

### UHY'S NATIONAL GOVERNMENT PRACTICE

Our firm's National Government Practice is a well-recognized group of professionals with vast experience in serving the unique requirements of its governmental clients. Nationally, we have audited numerous governments that participate in the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. Thomas Rey, your Technical Specialist, is a reviewer for this important GFOA program. UHY has performed numerous audits of organizations subject to financial and compliance audits. These audits were performed under auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular A-133), and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines. UHY is a member of the AICPA Governmental Audit Quality Center and has demonstrated our commitment to audit quality, including those performed under Government Auditing Standards and Uniform Guidance.

In addition to the broad governmental experience noted above at UHY, the team which includes Jason Ostroski, Thomas Rey, Tim Rawal, Ivana Ritz and Stephen Maranto **bring more than 80 years of combined experience working with Governmental Retirement Systems**, including MercedCERA.

UHY utilizes the GFOA Pension and Other Postemployment Benefit System Cash and Investment Pools Preparer Checklist augmented by an internal government team PPC list. UHY has assisted many clients in obtaining the Certificate of Achievement.



Our national reputation enables us to serve governmental retirement systems with distinction.



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## 5. QUALIFICATIONS AND EXPERIENCE

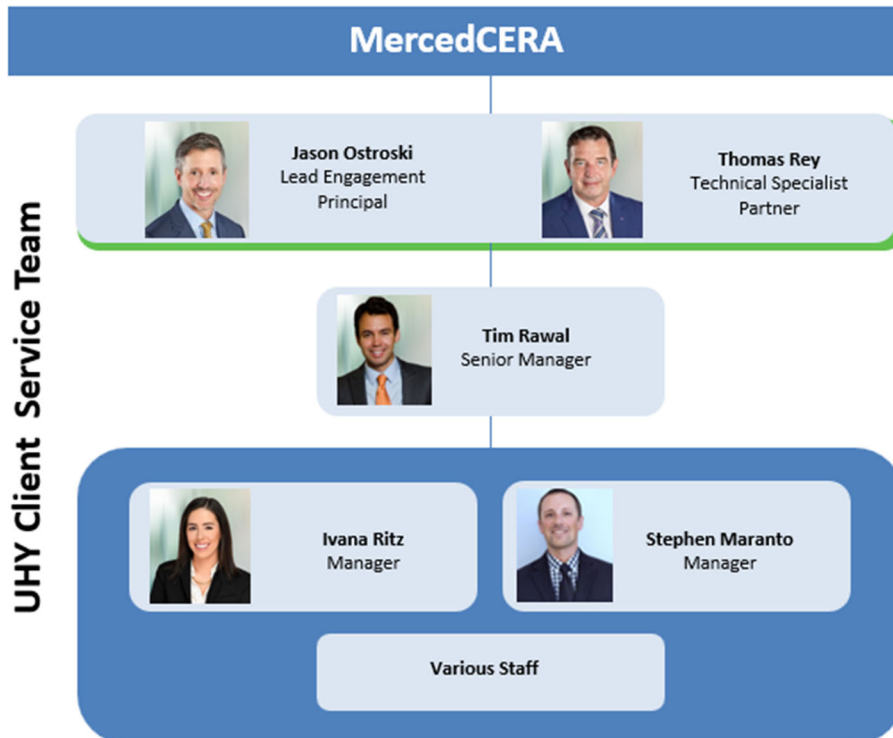
### A. PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

In this section, we identify the principal supervisory and management staff, including engagement partners, managers, supervisory seniors and specialists, who would be assigned to the engagement and their qualifications.

#### *PROPOSED TEAM*

UHY’s proposed team is comprised of a group of individuals passionate about serving government retirement systems. UHY recognizes this passion and has dedicated significant resources to the growth of this unique niche within UHY’s state and local government team, forming what we call the UHY Government Pension Team. Every member of the financial statement audit team is a licensed CPA and in good standing. These team members have performed numerous engagements of this nature and UHY will commit all necessary resources to provide top quality service throughout this engagement. Jason and Thomas will bring their **more than 40 years of combined experience** working with governmental retirement systems to develop an effective audit plan that will consider all of MercedCERA’s nuances. Tim, Ivana and Stephen also have spent the past several years of their careers working closely with governmental retirement systems across the country, including MercedCERA. Additionally, this team is highly skilled in the use of data analytics and will develop a plan to incorporate data analytics into the testing of benefit payments, contributions and census data to provide value above and beyond standard audit approaches. **The engagement team is available for consultation throughout the year and remains flexible for onsite work depending on MercedCERA’s needs.**

#### *ORGANIZATIONAL CHART*





**ROLES & RESPONSIBILITIES**

**Engagement Principal** – Jason will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Jason is responsible for overall client satisfaction through the deployment of all required resources, continuous communication with management and the engagement team and timeliness of all services. Jason brings over 10 years of public accounting experience in auditing public retirement systems and defined benefit pension plans. He is a licensed CPA in California and in good standing.

**LEVEL OF EFFORT BY ROLE**

- Partner/Principal – 10%
- Senior Manager/Manager – 20%
- Supervisory Staff (Senior) – 30%
- Staff – 40%

**Technical Specialist Partner** – Thomas will assist Jason with the execution of the audit leveraging his many years of experience to assure a seamless transition and tailored audit plan specific to MercedCERA. As the technical specialist partner, he will be responsible for the concurring quality review of the audit.

**Engagement Manager** – Tim, senior manager, will act as the engagement manager for this audit and possesses more than eight years of experience with similar engagements. In this role, he will assist the engagement principal with planning the engagement and performing complex audit areas.

**Engagement Supervisors** – Ivana will assume the role of a primary engagement supervisor and Stephen will act as a secondary supervisor on the engagement. This will ensure that a proper back-up of personnel is in place for MercedCERA. Both have more than five years of experience with similar engagements. They will perform a technical review of all work performed and are responsible for the review of the annual comprehensive financial report and all related reports.

This team will be complemented by subject matter experts in IT Controls.

UHY does not anticipate the usage of subcontractors for this engagement.

**BIOGRAPHIES**

Please see the team member’s relevant education, qualifications and experience below and on the next pages. Full resumes can be found in the **Appendix**.



**JASON  
OSTROSKI**  
PRINCIPAL

Jason Ostroski will serve as the Lead Engagement Principal on the contract and will be part of the contract’s key personnel.

Jason focuses his practice on state and local government clients, in particular governmental retirement systems and investment practices. With almost 20 years of experience, he is well-versed in serving public pension clients.

Jason serves as a subject matter resource on government retirement systems, assisting with the design and evaluation of audit procedures and by providing training internally and externally on topics ranging from auditing alternative investments to the implementation of new GASB standards including GASB 67, 68, 74 and 75.

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#### KEY RELEVANT CLIENTS

- Washington State Dept. of Retirement Systems
- Baltimore City Employees Retirement System
- Baltimore City Fire and Police Retirement System
- Board of Pensions of Philadelphia
- Employees Retirement System of Texas
- Texas Municipal Retirement System
- Arizona Public Safety Personnel Retirement System
- Arizona State Retirement System
- Baltimore County, MD Pension Audit
- Colorado PERA / Office of State Auditors
- ***Kern County Employees' Retirement Association***
- Minnesota Public Employees Retirement Assoc.
- New Mexico Educational Retirement Board
- North Dakota Public Employees Retirement System
- Ohio Public Employees Retirement System
- Pennsylvania Municipal Retirement System (agent-multiple employer plan)
- North Carolina Office of the State Treasurer
- North Dakota Retirement and Investment Office
- Public Employees Retirement System of Nevada
- Seattle City Employees' Retirement System
- South Carolina Retirement System

Jason received his Bachelor of Science in accounting from Grove City College, Grove City, PA. He is a licensed CPA in the state of Maryland and California.

#### RELEVANT PROFESSIONAL ORGANIZATIONS

He is a member of the Maryland Association of Certified Public Accountants, the Government Finance Officer Association, the Public Pension Financial Forum and the American Institute of Certified Public Accountants.



**THOMAS REY**  
PARTNER

Thomas Rey, a Partner in the Audit and Assurance Department, will serve as the technical specialist on the engagement.

With more than 25 years of experience, Thomas is well-versed in serving large governmental defined contribution and defined benefit plans along with large institutional investment pools. He is the leader of UHY's Government Pension Plan team. In addition, Thomas has performed research and consulting projects on the structure and operations of investment entities, passive foreign investment companies, and offshore commodity pools. He also managed several audits of private equity funds which included assessments of their investment valuation procedures and compliance procedures.

#### PROFESSIONAL EXPERIENCE

- Extensive experience working with large government retirement systems and defined contribution plans
  - Extensive experience with governmental fair value matters related to alternative assets
  - Oversees various nonprofit engagements and athletic associations
  - Performed compilations and reviews of financial statements for closely held businesses
-

- Prepared tax returns for corporations, partnerships and limited liability companies
- Prepared individual tax returns for general partners and investors ranging in degree of complexity
- Prepared and researched tax reporting in non-U.S. jurisdictions
- Performed research and consulting on the structure and operations of offshore commodity pools, investment entities, and passive foreign investment companies

Thomas is actively involved in and a frequent speaker with the Public Pension Financial Forum (P2F2), National Association of Government Defined Contribution Administrators (NAGDCA), and Government Finance Officers Association (GFOA). Thomas is a licensed Certified Public Accountant. He received a Bachelor of Science in Accounting from Salisbury University.



**TIM RAWAL**  
AUDIT SENIOR  
MANAGER

Tim Rawal, a Senior Manager in our Audit & Assurance Department, has more than 10 years of experience in public accounting. He has worked with clients in a variety of industries, primarily in higher education (private and public) and employee benefit/retirement plans (ERISA and governmental). Tim has extensive experience auditing alternative investments, including private equity and venture capital funds, hedge funds and real estate holdings, for both investment funds and investors in such funds.

Tim has provided professional education instruction on topics ranging from business ethics, accounting standards updates and implementation, and staff training. He has also assisted with coordinating national scheduling efforts, planning and scheduling recruiting and hiring events, proposal review and business development, and coordination of client service efforts across service lines (assurance/tax/consulting).

#### KEY RELEVANT CLIENTS

- Kansas Public Employees Retirement System
- ***Kern County Employees' Retirement Association***
- ***Fresno County Employees Retirement Association***
- North Dakota Public Employees Retirement System
- Philadelphia Board of Pensions
- Maryland State Retirement and Pension System
- Public Employees Retirement System of Nevada
- South Carolina Retirement Systems
- North Dakota Retirement and Investment Office
- City of Seattle Deferred Compensation Plan
- ***California Department of HR – Savings Plus Program***
- Adams County (Colorado) Retirement Plan
- New York City Deferred Compensation Plan
- Denver Employees Retirement Plan
- Arapahoe County (Colorado) Employees Retirement Plan

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Tim received a Master of Science degree in Accounting from the University of Colorado, Denver and a Bachelor of Arts degree in Journalism from the University of St. Thomas (Minnesota). Tim is a licensed CPA in Colorado and Maryland. He is a member the Public Pension Financial Forum (P2F2).

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**IVANA RITZ**  
AUDIT MANAGER

Ivana Ritz, a Manager in the Audit & Assurance Department, has over eight years of experience in public accounting. She has provided audit and assurance services in a variety of industries including higher education, governments, not-for-profit and employee benefit plans (ERISA and governmental). Ivana has experience auditing alternative investments, including private equity and venture capital funds, hedge funds and real estate holdings. Prior to UHY, Ivana worked for seven years at CliftonLarsonAllen LLP.

**KEY RELEVANT CLIENTS**

- Maryland State Retirement System
- Kansas Public Employees Retirement System
- South Carolina Retirement System
- Arapahoe County Employees Retirement Plan
- Denver Employees Retirement Plan
- State of Arizona Deferred Compensation Plans
- City of Phoenix Deferred Compensation Plan
- Kentucky Deferred Compensation Plan
- Baltimore County, MD Pension Audit
- Adams County (Colorado) Retirement Plan
- Washington (state) Department of Retirement Services

Ivana is a Certified Public Accountant in the state of Maryland and Colorado. She received a Bachelor of Science in Business Administration & Accounting from the University of Arizona.

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**STEPHEN MARANTO**  
AUDIT MANAGER

Steve Maranto is an Accounting Manager in the Audit & Assurance Department of the Columbia Office of UHY. He has more than 14 years of experience providing assurance services to organizations in numerous industries, but primarily in the government and not-for-profit sectors.

He is adept at preparing financial statements to ensure complete and accurate reporting in accordance with applicable accounting standards and state/industry specific requirements. He works at all levels of an engagement from planning, performing, and reviewing to ensure the accuracy and timeliness of deliverables and meet client expectations. He has experience in managing state-wide compliance testing engagements of all participating employers within a state's pension system.

Steve is a Certified Public Accountant in the state of Maryland and Florida. He received a Bachelor of Science in Accounting from Towson University.

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## B. SIMILAR ENGAGEMENTS WITH OTHER PUBLIC RETIREMENT SYSTEMS

### *SIMILAR PROJECTS ACROSS THE NATION*



### *EXPERIENCE AUDITING INVESTMENTS*

As previously mentioned, our Government Pension Team members currently serve and have served some of the largest public retirement plan and investment offices in the nation. All of the current and previous clients listed above have complex investment portfolios containing equity securities (domestic, global & international, real estate investment trust (REIT), public market commingled funds, fixed income securities/ bonds (liquidity, held in equity portfolios, high yield), real assets – risk diversifying, real estate, alternative investments (private equity, private credit funds) and securities lending. Our professionals understand the complexities of each of these asset classes and investment types and will bring a wealth of knowledge to the engagement to provide the most appropriate audit approach and share best practices with your team. See our technical approach for details of how we address the specific elements of the various asset classes and types of investments in further detail.

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**RELEVANT PENSION TEAM CLIENTS IN PAST 5 YEARS\***

Public Pension Plans	Asset Size			
	GASB 67/68	GASB 74/75	\$1-\$5 billion	> \$5 billion
Arizona State Retirement System	X			X
Arizona Public Safety Personnel Retirement System	X	X		X
Baltimore County Employees Retirement System			X	
Baltimore City Employees Retirement System			X	
California Deferred Compensation Plan			X	
Connecticut Municipal Employees Retirement System	X		X	
District of Columbia Retirement Board	X			X
Colorado Public Employees' Retirement Association	X	X		X
Employees Retirement System of Texas	X	X		X
Fresno County Employees Retirement System	X		X	
Kansas Public Employees Retirement System	X			X
Kern County Employees Retirement Association	X		X	
Montgomery County Employees Retirement System	X	X	X	
Minnesota Public Employees Retirement Association	X		X	
New Mexico Employees Retirement Board	X			X
North Dakota Public Employees Retirement System	X		X	
North Dakota Retirement and Investment Office	X			X
Ohio Public Employees Retirement System	X	X		X
Pennsylvania Municipal Retirement System	X			X
Pennsylvania School Employees Retirement System	X	X		X
Philadelphia Board of Pensions and Retirement	X		X	
Public Employees Retirement System of Nevada				X
Seattle City Employees Retirement System	X		X	
State of Arizona Deferred Compensation Plan			X	
State of Kentucky Deferred Compensation Plan			X	
State of New York Deferred Compensation Plan				X
South Carolina Retirement System		X		X
Texas Municipal Retirement System	X			X
Washington State Department of Retirement	X			X

\* Clients previously served by UHY and the Government Pension Team Members

## C. SPECIFIC AUDIT APPROACH

### UNDERSTANDING

UHY understands the scope of this audit and will perform the following:

- Audit and express an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles
- Perform certain limited procedures involving required supplementary information required by the GASB
- Review the basic requirements of internal controls, advise MercedCERA about the appropriateness of accounting policies, and evaluate MercedCERA's compliance with accounting principles generally accepted in the U.S.
- Review the Annual Comprehensive Financial Report (ACFR) (except its supporting schedules) and provide an "in-relation-to" opinion on the supporting schedule based on the auditing procedures applied during the audit of the general-purpose financial statements
- Review census data and member data found in MercedCERA's pension administration system
- Express opinions regarding GASB Statement No. 68 Schedules

Reports to be issued:

- A. **Independent Auditor's Report.** A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States.
- B. **Required Communication to the Board and Management.** UHY's responsibility under Generally Accepted Auditing Standards, significant accounting policies, management judgments and accounting estimates, significant audit adjustments, disagreements with management, major issues discussed with management prior to retention, difficulties encountered in performing the audit, and significant audit findings identified during the audit.
- C. **Irregularities and Illegal Acts.** Written report of all irregularities and illegal acts, or indications of illegal acts, of which UHY becomes aware, to the following parties: the Chairman of the Board of Retirement and the Chief Executive Officer of MercedCERA.
- D. **Compliance Report.** Written report on our tests of compliance and on internal control over financial reporting and compliance with laws and regulations performed in accordance with Government Auditing Standards.

The following describes our proposed segmentation of the engagement, type and extent of analytical procedures to be used in the engagement, proposed supervisory review and direction, approach to be taken to gain and document an understanding of MercedCERA's internal control structure, and approach to be taken in determining laws and regulations that will be subject to audit test work.

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## COMMITMENT TO CONTINUOUS COMMUNICATION WITH MANAGEMENT

As you will see, we are dedicated to ongoing communication throughout the engagement. Continual communication starts when an engagement letter and contract are issued. It will continue until the completion or closeout of an engagement and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

UHY will perform this audit and provide all the required services in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

During the engagement, we will hold regular status meetings with MercedCERA to improve engagement operations, results, and to assure any outstanding issues are commonly understood and addressed.

The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against the plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

Our proactive measures foster communication, both written and verbal, which are ongoing, relevant and routine to our

engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

UHY will provide routine progress reports to Management on a regular basis, but not less than weekly and request and/or attend meetings with MercedCERA management any time during the course of the work with reasonable notice, if need be.

## BENEFITS OF UHY'S RISK-BASED APPROACH

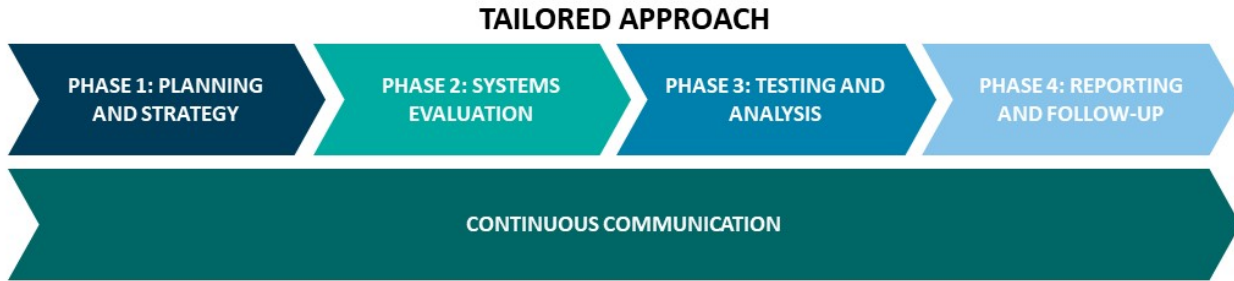
Our audit services are designed to protect the interests of plan members, governance, and management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the plan is developed.

Our risk assessment process involves consideration of the following types of risk:

- **Inherent risk** - that an error in the accounting and reporting process may occur
- **Control risk** - that internal control systems designed to prevent/detect errors may fail
- **Audit detection risk** - the risk that audit procedures may fail to detect errors



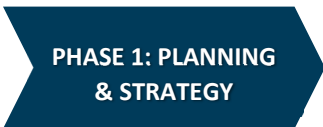
We have developed a four-phase risk-based audit methodology to deliver *the next level of service*:



We base our audit approach on a conceptual framework that enables us to design a program for each specific audit engagement. We focus our audit effort—and get tremendous results—where audit risks and significance are the greatest. This requires a disciplined approach in determining audit effort. The procedural focus is on your transactions, a focus that unifies the audit effort around the financial reporting that summarizes your operations. Initially, we aim to understand your operations—a vital part of a successful audit. Further, we continue to understand the operating transactions, the tangible evidence of business activity and the unifying ingredient in the internal accounting control system. Our understanding enables us to focus our effort on the potential errors in transactions or their recording for the period under audit and on judgments regarding probable future transactions and their effect on financial information being reported.

At UHY, we take pride in conducting an effective and efficient audit through the smart use of technology, as described in further detail at the end of this section.

PHASE 1: PLANNING & STRATEGY



We believe that preliminary planning is key to the delivery of a quality audit. Accordingly, we will begin our examination by reviewing important financial information provided by MercedCERA. This preliminary work will begin with a conference with management and staff to identify and gather resources

which are already available.

The preliminary planning items will include:

- Entrance conference with MercedCERA’s:
  - Finance Committee to present and review the written audit plan, schedule fieldwork, including any interim work.
  - Management to establish overall liaison for the audit, make arrangements for workspace and other needs, discuss timetable for year-end work to be performed, understand MercedCERA responsibilities and schedules required, address any special area of concern recommended by the Board or Management, and UHY’s responsibilities.
- An understanding of current MercedCERA management concerns.
- A review of the most recent ACFR and a meeting with MercedCERA to discuss the schedule and direction of the audit.

PHASE 1 – PLANNING & STRATEGY

- Preliminary planning is key
- Gain understanding of current MercedCERA processes
- Delivery of audit plan with PBC schedule
- Utilize existing documentation and minimize “audit only” schedules

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- A discussion of any changes to the internal control structure with management and other staff.
- A review of the current applicable accounting and auditing pronouncements, including those of the Governmental Accounting Standards Board; Federal, State and Local laws and regulations; and other standard setting bodies.
- A review of new material contracts, updates to the policies and procedures, and obtain an overview of the operations.
- The development of an audit plan tailored to MercedCERA's needs, based on risks and concerns, both quantitative and qualitative.

The planning phase will also include specific items that are tailored to MercedCERA's operations and structure, and will include:

- Procedures related to *understanding the entity* and the fraud risks that may impact MercedCERA, its operations, and financial reporting. Such procedures will include inquiries of employees, management, and others charged with governance.
- *Analytical procedures* applied to financial data, which will be used to develop relationships and expectations, identify unusual and expected activity, and assist with the design of audit procedures. Analytical procedures will include ratio analysis, comparisons to prior year's data, and relationship analysis.
- *Calculation of materiality* levels, when used in conjunction with the calculation of individually significant items, will be used to determine areas of focus, testing selections, and the extent of testing.
- *Risk assessment procedures* will be performed to assist with the identification of significant audit areas and risks of material misstatement. There are many facets to the engagement's overall risk profile such as organization risk, engagement risk, inherent risk, and control risk.

Specific procedures such as inquiries, observations, and internal control walkthroughs will be used to understand these risks and what impact they have on the engagement and the design and execution of audit procedures.

We will review applicable legislation, hold discussions with MercedCERA leadership and legal counsel, and use our understanding of California State governments to identify the laws and regulations we will test.

At the end of the planning phase, we will provide MercedCERA with a detailed audit plan. The key to the audit plan is a prepared-by-client (PBC) schedule. The PBC schedule details the documentation we will require MercedCERA staff to furnish for us to complete the audit. We will utilize existing documentation already prepared by MercedCERA to conduct the audit. These may include, but are not limited to, the Plan's financial statements, organizational charts, manuals and programs, and financial and management information systems. We will minimize any "audit only" schedules that we ask you to prepare.

## PHASE 2: SYSTEMS EVALUATION

PHASE 2: SYSTEMS  
EVALUATION

During this phase, we will gain an understanding of the internal control structure of MercedCERA for financial accounting and relevant operations.

Next, we will identify control objectives for each risk area that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing and extent of our control testing and perform tests of controls.

This phase of the audit will include extensive testing of controls, over electronic data, including general and application controls reviews and various user controls, and financial reporting and compliance with laws and regulations. We will test controls over each critical audit area.

These tests gather evidence about the existence and effectiveness of internal controls for purposes of assessing control risk and reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality. Our assessment of internal controls will determine whether MercedCERA has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated PBC list based on our test results and our anticipated substantive testing.

The above was a general discussion on our approach to system evaluation. Below and on the following pages, we have provided a detailed discussion of our system evaluation process for high-risk audit areas specific to retirement systems. Where applicable, we will leverage our system evaluation for our audit of the financial statements to address the system evaluation and risk assessment related to the audit of the **Schedules of Allocations** and **Schedules of Collective Pension Amounts – i.e., the GASB 68 Schedules**.

## INVESTMENTS

The most complex and significant audit area in public retirement systems is investments, and, as a result, they require a tailored approach to properly address all risks. Utilizing our government pension team's experience auditing some of the largest systems in the country, we have developed a tailored and customized audit approach for this key audit area. The breadth of a governmental retirement systems' investment operations includes the 'front office' with

## PHASE 2 – SYSTEMS EVALUATION

- Gain understanding of accounting system and internal controls
- Test Information Technology controls
- Data analytics & sampling

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portfolio management; extends to the ‘middle office’ with the control, analytical, and support functions; and is underpinned by the ‘back office’ which supports reconciliation and financial reporting of investments. The size and complexity of the governmental retirement system will determine the location and responsibility within the organization that these functions will be performed. For example, the ‘middle’ office operations are, in some cases, outsourced or combined with other operations in the investment office.

We start with the evaluation of investment operations by reviewing MercedCERA’s investment policy statement and guidelines, asset allocation, custodial and consultant relationships, internal process documentation, and financial reporting. The asset allocation, both actual and policy, is critical because it allows us to identify the allocation to public and private markets and securities lending, each of which possess different types and levels of risk. The following describes our approach to system evaluation separately for public and private markets and securities lending and we will conclude with a discussion of our evaluation of financial reporting and reconciliation.

*Public Markets.* Public markets inherently have a lower risk than other types of investments because they are liquid and the markets are generally open and transparent. This lower risk is reflected in our approach to understanding the controls around these types of investments. It is still important to have clear, relevant procedures for selecting investment professionals or having procedures. Even more important is following and documenting those controls, which mitigates a number of risks to the fund and its core goal of generating returns sufficient to meet benefit obligations. In response to this, we will evaluate and understand the manager selection process and how managers are approved and funded. Because most public market investments are held in custody of and processed through the custodial bank, we gain an understanding of and reliance on the controls over these types of investments by reviewing the custodial bank’s SSAE 18 report.

*Private Markets.* Private markets are generally illiquid, infrequently traded, and the investments are not held by the custodial bank. These factors make these investments inherently more risky than public markets. Because of this increased inherent risk, additional scrutiny is required. In the system evaluation phase, we evaluate and understand management’s controls over the existence and valuation of private market investments. Our approach includes evaluating the due diligence programs for appropriateness and controls. These reviews examine the following:

- Initial due diligence (procedures performed *before* the initial investment)
- Ongoing monitoring (procedures performed *after* the initial investment)
- Financial reporting controls (procedures related to accounting for and reporting the investment)
- Documentation and other evidence to support the due diligence programs

We also review and analyze the use of external asset management policies and processes, including:

- Factors influencing the decision-making process to hire external managers and advisors
- The selection process of external managers and advisors
- Review of the applicability of policies and procedures in conjunction with the various performance reports produced on a regular basis
- For significant external managers, we will obtain and review contracts and the related

- The scope of work provided by external managers and advisors including external investment manager structure and decision-making processes
  - Basis and methodology for the compensation of external investment managers and advisors and payments to others, if any
  - The evaluation process of the performance of external investment managers and the role and qualifications of placement agents and/or third-party marketers
- provisions regarding compliance, SSAE 18/SOC reports, and review any representations provided to management that the investment managers properly disclosed all issues of noncompliance and are unaware of any fraudulent activities

**Securities Lending.** Securities lending is classified separately from public and private market investments because of its unique nature. It is an area that is generally viewed as a low-risk, ancillary part of the investment function. However, the collapse of the markets in 2008 highlighted the risk and critical nature of this area.

To understand the controls around securities lending we perform the following steps:

- Understand the program and related risks
- Evaluate the completeness of written policies and procedures
- Review and ensure SSAE 18 reports of providers include internal controls relevant to securities lending
- Review compliance reporting processes
- Review contract provisions
- Review issuer/counterparty limits

**Financial Reporting and Reconciliation.** We perform a system evaluation of MercedCERA's financial reporting and reconciliation process and controls over investments. Our evaluation of the 'back office' includes an understanding of the processes and controls in place for recording the investment activity to the general ledger and the daily and monthly reconciliations of investment balances between the custodial bank, investment managers and the general ledger.

Particularly for private market investments with lagged valuations, these reconciliations are critical controls to ensure values are updated through MercedCERA's year-end.

## BENEFIT PAYMENTS/DISTRIBUTIONS

Benefit payments are generally the most significant expenditure of any public retirement system and, as such, are a critical component of the plan's operations and internal control structure. We also understand that benefit calculations can be very complex due to the multitude of options and possible inputs into the calculations. The primary controls for benefit payments occur during the calculation of the initial retirement benefit. Therefore, our process includes gaining a thorough understanding of how the initial benefits are calculated and what controls are in place to assure that those calculations incorporate accurate and proper inputs and that the calculations are performed in accordance with the plan provisions. We identify the various touch-points with the pension information system in the benefit payment controls structure. For example, the system may calculate the benefit payment for the benefit processor. In this case, we have experienced information system auditors to examine the system controls over the calculation of those benefits. In addition to the calculation of

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the benefits, we examine the controls over inputting the benefits into the pension information system, calculation and input of cost-of-living and other retirement benefit adjustments, payment of the benefits and ultimately recording of the benefits to the general ledger. Our testing of benefits at the retiree payout level is two-fold.

Our financial statement auditors manually recalculate samples of varying benefit payments, while our Information Systems (IS) auditors simultaneously test sample payouts from a system standpoint starting with the initiation of the payout to the processing of the distribution looking to identify any weaknesses in the process and internal controls. Once we document and walk through our understanding of the controls over these various benefit payment processes, we select a sample of benefit payments and test these controls to ensure they are operating effectively.

### CONTRIBUTIONS

The employer reporting process is a critical process in financial reporting of contributions, particularly for multi-employer plans. Employer reporting includes new member enrollment, reconciliation of contributions, verification of accurate contribution rates and collection, and monitoring of contributions receivable. Our approach begins with an understanding of the internal policies and procedures over employer reporting and how they interact with the financial reporting of contributions. This includes how the contributions received and receivable are ultimately recorded to the general ledger. Throughout this evaluation, we will examine the various touch-points of the pension information system in the control structure. We will have experienced information system auditors examine the information system controls as they relate to contributions. We will then select a sample of active participants and test the key controls identified in our evaluation above for effectiveness.

### ACTUARIAL DATA

The calculation of actuarial information is critical to the financial reporting and disclosures of any public retirement system with a defined benefit component. During the system evaluation phase, we will primarily gain an understanding of the process for gathering actuarial census data. The census data is an important input into the actuary's calculation and can have a significant impact on the accuracy of the calculations. In response, our understanding of the census data is woven throughout our entire system evaluation process because inputs that occur in the employer reporting/contribution and benefit payment processes can have an impact on the reliability of the data that is extracted from the pension information system and provided to the actuary. Next, we select a sample of active and inactive participants and retirees directly from the census data and from outside of the census data. The reason we sample from both inside and outside the census data is to evaluate the data for completeness and existence. We then test the accuracy of the critical inputs into the calculation of the actuarial accrued liability.

In addition to our review of the census data in this phase, we will perform a preliminary review of the most recent actuary report, assumptions, and background of the actuary performing the calculations. A detailed discussion of our procedures for selecting a representative group of contributing employers and our procedures for testing those employers is included in Phase 3, Testing and Analysis, [Census Data and Contribution Testing at the Employer Level](#).

### *ELECTRONIC DATA PROCESSING AUDIT INTEGRATION*

One of the most critical aspects of your internal controls over financial reporting is your information technology environment. During the internal control phase, we will perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of MercedCERA's operations by reviewing its current controls and control objectives as documented, and will also review prior years audit work and the status of corrective actions.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

With regard to IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

### *DATA ANALYTICS & SAMPLING*

The preferred method of gathering evidential matter is the use of data analytics over large populations of data to identify items that require further testing. An example of using data analytics is to investigate a sample of transactions or account balances that do not meet basic expectations of our planned data analysis. To supplement the use of data analytics, we will conduct audit sampling. We will use audit sampling during our examination to evaluate the degree of reliance that can be placed on your internal controls. To the extent practicable (from an audit effectiveness and efficiency perspective), we will conduct statistical sampling using our IDEA software.

Depending on the risk, our statistical sampling parameters have a 90% confidence interval with a 10% upper precision limit (lower risk) or a 95% confidence interval with a 5% upper precision limit (higher risk). If we determine that a judgmental sample is the most effective sampling technique, our sample size will be determined by the frequency of the control being tested. We generally select a sample of two or three items for a control being conducted monthly (like an investment reconciliation), a sample of between five and eight for a weekly control, a sample of between 10 and 15 for a daily control, and a sample of between 25 and 60 items for populations with large, recurring transactions (such as benefit payments). These sample sizes also depend on our assessed level of control and inherent risk, with higher risks resulting in larger samples and lower risks resulting in lower samples.

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PHASE 3: TESTING AND ANALYSIS

**PHASE 3: TESTING & ANALYSIS**

In the third phase of our audit, we conduct the substantive testing of account balances required by generally accepted auditing standards.

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like MercedCERA, often have a system of internal controls that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing. Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100%. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance, (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use IDEA to efficiently control and select our samples.

Our work papers during this phase will clearly document our work as outlined in our audit programs. We will also provide management and the Board with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with MercedCERA to ensure that all identified issues are resolved in a timely manner. We will also hold a final exit conference with MercedCERA to summarize the results of our fieldwork and review significant findings.

The key areas that we will substantively test during our audit will include, but not necessarily be limited to, the following:

**INVESTMENTS**

We expect to review MercedCERA's prior auditor workpapers to assure their approach to auditing its investments is sufficient for our reliance. We will evaluate their audit procedures against our typical approach. When auditing investments, we focus on verification of existence and valuation of investments. For purposes of understanding our approach, we will segment the discussion of our approach by public markets, private markets, and securities lending.

*Public Markets.* As described in Phase 2, we will review the SSAE 18/SOC report to gain an understanding of controls at the custodial bank. Because public market investments are generally held in custody by the custodial bank, we test existence by confirming these investment balances with the custodian. Though we place reliance on the controls at the custodian, we still select a sample of equity and fixed income securities and test the valuation of the prices of select securities by comparing the reported valuations to independent third-party pricing sources.

*Private Markets.* We focus on the assertions of existence and valuation. We primarily test existence of private market investments, which include alternative investments and are not held in custody of the custodial bank, by confirming directly with the investment managers. To test the valuation, we perform multiple procedures. First, we obtain audited financial statements and reconcile them to the reported



investment balances. There may be instances in which the year-end of the funds' audited statements will not correspond with MercedCERA's year-end, particularly considering MercedCERA's year-end is June 30. In these instances, to roll-forward the value derived from the funds' audited financial statements to MercedCERA's year-end valuations; we trace the cash flows to the custodial bank and compare the valuation adjustment to various benchmarks, consultant's reports, and to expectations developed through discussion with internal investment staff for reasonableness. Another factor that we consider in our testing of private market investments is the existence of lagged valuations. Lagged valuations are used because private market investments are not frequently priced, which means values reported may be not be as of MercedCERA's year-end and would require additional analysis. In these situations, we will compare the values reported by MercedCERA at June 30 to the actual June 30 balances as confirmed by the investment managers and validated through comparison to the funds' audited financial statements and other key elements and reports.

*Securities Lending.* To test the existence of securities on loan and the values of reinvested collateral, we will confirm the balances with the custodial bank or the third-party administrator (TPA), as it may be separate from the custodial bank. We recalculate the ratios of collateral to securities on loan to assure they are within the policies of the system. We also perform price testing on the securities purchased with the cash collateral received from loaned securities.

*Overall Reporting.* We will perform analytical procedures over investment income and balances in each of the areas described above to identify any anomalies. Our analytical procedures rely heavily on the financial information and analysis performed by MercedCERA's financial advisors.

Finally, we understand that GASB No. 40, 53 and 72 are significant disclosures impacting public retirement systems due to the variety and complexity of the types of investments held. Statement No. 40 provides information to assess common risks inherent in deposit and investment transactions to readers of governmental financial statements. Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments. Since these Statements have such a significant impact on financial reporting for public retirement systems, we have developed a detailed approach to assuring the appropriate information is accurately reported. Statement No. 72 addresses disclosure requirements regarding the fair value of investments. We will work with MercedCERA's financial reporting team to understand the specific GASBs No. 40, 53 and 72 requirements that apply to MercedCERA. Based on this understanding, we will test the various inputs into the disclosure such as duration, credit ratings, foreign currency, notional values and fair value leveling by obtaining supporting schedules and tracing sampled holdings to various third-party sources, such as Bloomberg.

## BENEFIT PAYMENTS

We will focus on assessing the internal control procedures surrounding the calculation of benefits and the disbursement process to lower our audit risk, as described in Phase 2. We will reconcile a detail of benefit payments obtained from the pension information system to the general ledger. We will use a combination of IT audit work and analytical procedures to further substantively test the reported benefit payment amounts. In addition to utilizing our IT auditors, we will utilize IDEA to assist in selecting samples, but also its ability to search the detail ledgers for unusual transactions or fraud indicators.

We will also perform analytical procedures to identify unusual trends. These analytical procedures will include an analysis of trends in average benefits per

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retiree, changes in benefits month over month and year over year, and a comparison of this information to external data, such as the actuarial valuation.

### CONTRIBUTIONS

In addition to our control testing of the calculation of employee and employer contributions and the cash receipt process discussed in Phase 2, we will confirm employee and employer amounts reported to MercedCERA with a sample of employers. We will also utilize our IT auditors to assess the control procedures related to member and employer contribution calculations as well as employ IDEA to recalculate transactions, choose samples, and also to search for unusual transactions or indicators of fraud. We will also perform analytical procedures to identify unusual trends. Where applicable, these analytical procedures will include an analysis of trends in average contribution per retiree, changes in contribution amounts month over month and year over year, and comparisons of normal cost rates between actual reported contributions and the actuary report.

### ACTUARIAL DATA

We will initially focus on assessing the internal control procedures surrounding the verification of data provided to MercedCERA's actuary, as addressed in Phase 2. In Phase 3 of the audit, we will confirm directly with the actuary's independence, qualifications, background, and the methods and assumptions used in preparing the report. We will examine the report to assure the calculations are prepared in compliance with the requirements of GASB. We will perform a detailed comparison of assumptions used in the calculation to industry standards and peers to assure they are reasonable, based on the current economic conditions and the performance of MercedCERA.

Our public retirement and pension team utilizes an auditor's specialist during all engagements. The auditor's specialist is an external actuary firm that performs a thorough review of the actuarial valuation report and the GASB 67/68 actuary reports to assure the assumptions and resulting calculations are reasonable. The external firms we utilize are sensitive to the recent scrutiny public pensions nationwide have endured regarding not only existing unfunded liabilities but also the reasonableness of investment return assumptions.

We also understand that our public pension plans are "long-term investors" when it comes to paying future benefits. Since 1985, a period that has included three economic recessions and four years when median public pension fund returns were negative (including the 2008 decline), public pension funds have exceeded their assumed rates of investment return.

Changes in economic and financial conditions are causing many public plans to reconsider their investment return assumption. Such a consideration must remain consistent with the long time-frame under which plans operate. As noted in our approach to the system evaluation, we will leverage substantive testing performed during our audit of the financial statements to reduce any testing specifically required for our audit of **Schedules of Allocations** and **Schedules of Collective Pension Amounts (GASB 68)**. Our testing approach specific to these schedules will include the following:

### CONTRIBUTION TESTING AT THE EMPLOYERS

We will work with plan management and employer agencies to plan and perform the contribution testing at the employers. To plan for this testing, we will review plan documents (and collective bargaining agreements for a multi-employer plan) and obtain an understanding of what participant data is relevant

to MercedCERA's financial statements. We will select a sample of employers as described below. The AICPA methodology will be used as a guide to select the sample. Our final sample selection will also incorporate our understanding of the entity, inherent risk of incomplete or inaccurate active member data and MercedCERA's controls over employer reporting. Based on our risk assessment, it is possible we could reduce the number of employers selected below the AICPA methodology.

The sample selection process will be a risk-based selection process. The risk-based sample selection methodology included in the AICPA State and Local Government Audit and Accounting Guide is as follows:

- ✓ Select **100 %** of individually significant employers (>20%)
- ✓ Employers that exceed **5%** of payroll will be tested on a five-year rotating basis
- ✓ The remaining employers will be tested on a **ten-year** rotating basis
- ✓ Employers that comprise less than **2%** of aggregate contributions will be considered immaterial and excluded from testing

We will develop procedures to test the completeness and accuracy of the census data and contributions.

To test the **completeness of the contributions**, we will perform the following procedures:

- Select a sample from the master payroll file of the employer: This sample selection will incorporate data analytics performed over the master payroll file to specifically target the testing on higher risk individuals
- Determine the eligibility of the employees selected to participate in the MercedCERA plan
- Trace eligible employees to contributions received by the plan during the year or determine that ineligible employees are properly excluded from contributing to MercedCERA

To test the **accuracy of the contributions**, we will perform the following procedures for a sample of employees:

- Trace individual payrolls from the payroll journal to the participants' earning records
- Trace pay rates to authorizations or union contracts
- Verify demographic data, as listed earlier in this work plan, are accurate
- Verify that the appropriate eligible compensation (i.e., base wages, overtime, and bonuses), as specified in the plan document, was used in the calculation of contributions
- Re-compute the employee contribution based on the statutorily determined rates
- Trace the tested individuals' contributions to the individual participant accounts
- Trace to inclusion in total employee contributions for the year

*Schedule of Employer Allocations (Pension).* As a part of our audit related to the schedule of employer allocations, we will do the following:

- ✓ Obtain an understanding of the plan methodology for allocating the individual employers' collection pension amounts
- ✓ Obtain a schedule of the allocation base by employer, and then test the schedule's clerical accuracy and trace totals to the general ledger, if appropriate. Our testing will include the following:
  - I. Confirm a sample of the allocation base for the plan year with employers participating in a multiemployer plan.

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- II. Relate the testing performed in the participant data above to the schedule of the allocation base by employer provided by the plan.

*Schedule of Collective Pension Amounts.* We will perform the following for the schedule of collective pension:

- ✓ Perform the following procedures related to the actuary and the information provided by the actuary:
  - I. Obtain satisfaction regarding the professional qualifications and reputation of the actuary.
  - II. Obtain a confirmation from the plan actuary as of the benefit information date. The confirmation can be designed to either request a copy of the actuary's report as part of the response, or to request verification of information in a report provided by the actuary to the client.
  - III. Reconcile the aggregate census data (number of participants and total compensation) from the employers' records to the actuary's report and confirmation.
  - IV. Compare the relevant plan provisions and amendments per review of plan documents with those summarized in the actuary's report as used in the actuarial determination.
  - V. Consider whether the actuary's assumptions and methods conform to standards for measuring the total pension liability and to the standards for assumptions in GASB Statement No. 68 and appear reasonable in relation to the plan's provisions and experience. Specifically, we will consider the reasonableness of the following assumptions:
    - The discount rate (i.e., the rate of return on plan assets)
    - Mortality rates
    - Trends and nature of benefit distributions (for example, lump sum versus annuity)
    - Turnover and retirement assumptions
    - The effects of plan benefit formula changes or a freezing of the plan
  - VI. Review the total pension liability for reasonableness.
- ✓ Trace amounts in the Schedule of Collective Pension to the actuary report or other supporting schedules confirmed with the actuary.
- ✓ Test the clerical accuracy of the schedule and the allocation of the various elements which include the net pension liability, deferred inflows and outflows of resources, and the pension expense.

### **ANALYTICAL PROCEDURES**

We will supplement our tests of details with the effective and efficient use of analytical procedures. In applying such an analytical procedure testing of an account balance, we develop an expectation of what we believe that account balance should be as of year-end, based on several factors, such as our understanding of the known expected relationships. Further, we can use techniques such as trend analysis and ratio analysis to identify deviations from the expected that require further testing.

## PHASE 4: REPORTING

## PHASE 4: REPORTING

After the testing is completed and results are evaluated, any remaining open matters are discussed with MercedCERA staff to ensure all questions and issues have been sufficiently addressed. The engagement team reviews the audit procedures and work papers while in the field, which means that we minimize the time needed for follow-up questions after the team leaves the field.

We will provide:

- Independent Report on the Examination of Financial Statements (Independent Auditor's Report)
  - Report on the fair presentation of MercedCERA's Financial Statements
  - Comment upon any occurrences of noncompliance with legal requirements and qualify or disclaim the audit opinion if necessary
- Board and Management Communication
  - UHY's responsibility under Generally Accepted Auditing Standards
  - Significant accounting policies
  - Management judgments and accounting estimates
  - Significant audit adjustments
  - Disagreements with management
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit
  - Significant audit findings identified during the audit
- Irregularities and Illegal Acts
  - An immediate, written report of all irregularities and illegal act or indications of illegal acts
- Compliance Report
  - Written report about Internal Control over Financial Reporting
  - Report on any significant deficiencies in the design or operation of the internal control structure
- Separate GASB 68 Report with Independent Auditor's Reports
- Management letter
- Any other oral or written communication to those charged with governance, based on MercedCERA's direction

Once the final reviews of working papers and financial statements are completed, which is a process that starts while the fieldwork is in process, these reports will be issued.

We will provide a preliminary draft of the ACFR audit opinion to MercedCERA to receive feedback and comments in order to ensure accuracy, prior to releasing final report. At this point, we will meet with MercedCERA leadership to discuss the audit. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and excluded from the management letter. Our management letter will include items noted

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during our analysis of your operations. We stand ready to present the audit report to MercedCERA's Board at the regularly scheduled meeting, and any additional meetings requested by the Finance Committee.

### *TOOLS*

At UHY, we take pride in conducting an effective and efficient audit through smart use of technology. We utilize CCH ProSystem Fx Engagement as our means of achieving this paperless audit. CCH allows us to import your trial balance, generate lead sheets, scan your relevant - supporting documentation, and maintain both Excel and Word documents to evidence our audit testing. This also allows us to prepare the financial statements and related notes effectively and efficiently.

Our audit approach includes using data extraction software called IDEA. This software allows us to efficiently test large amounts of data that would otherwise be time consuming to download, identify, and test. We use IDEA to identify and test non-standard journal entries posted to the general ledger. We can download journal entries from your system and tailor our procedures based on the nature and type of journal entries rather than just randomly selecting entries. By using this approach, we can focus on areas and entries that might be higher risk or entries that are posted to accounts where such entries might not be expected.

We plan to use a software product called Suralink to facilitate document transfer. Suralink operates using a secure file transfer protocol so we can upload all documents safely. Only invited users will be able to upload and download documents. We will automatically track uploaded documents and report out the status of all items to both MercedCERA and UHY. This will also allow us to manage who can access the data submitted for the review and thereby ensure that it is transmitted and maintained securely. We will also monitor the status of outstanding requests to keep the project on time and on budget.

### *DELIVERABLES*

The following describes anticipated and required deliverables:

- Entrance Conference with MercedCERA's Finance Committee, Management, and key plan personnel
- A mutually agreed-upon audit plan including schedule and direction
- Lists of PBC deliverables with due dates for financial and information technology audit of the ACFR
- Draft audit report to CFO and CEO
- Management Letter outlining suggestions and recommendations relating to opportunities for improvement in the systems accounting and financial controls
- Required communication to governance (Board and Management)
- Final signed audit report to the Board of Retirement
- Presentation of the final report at the regularly scheduled board meeting dates
- Final audit report
- Written report about Internal Control over Financial Reporting
- An immediate, written report of all Irregularities and Illegal Act, if necessary
- Routine progress report to CFO and CEO

- Exit conference with the Finance Committee and MercedCERA Management to review the Independent Auditor's Report on the Financial Statements, the Required Communication to the Board, and the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance. UHY will also discuss findings and recommendations from each report with the Board of Retirement.

We stand ready to provide MercedCERA with additional deliverables upon mutual agreement and attend any additional meetings requested by the Finance Committee.

## 6. COST

### A. TOTAL NOT-TO EXCEED MAXIMUM PRICE

We strive to keep our fees at the most reasonable level consistent with the highest professional standards. We look forward to a long-term relationship with MercedCERA, one that is professionally satisfying and makes sound business sense for all parties. We are innovative-minded professionals with great experience but without the premium price. Open, ongoing communication is an important component of our service. We will meet with your designated performance audit liaison regularly.

If our fee estimate is not in line with your expectations, we would be happy to discuss further and assess the balance between scope, cost and value. We have taken measures to be price sensitive on all our engagements and encourage a candid dialogue regarding our proposed hourly rates.

Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may need to adjust our fees and planned completion dates accordingly. If we anticipate additional professional fees for reasons beyond our control, we will discuss the matter with you before we proceed.

**Dollar Cost Bid  
(NOT-TO-EXCEED MAXIMUM PRICE)**

	FY 2023	FY 2024	FY 2025	FY 2026 (Option year)	FY 2027 (Option year)	TOTAL
<b>Independent audit of financial statements</b>	\$46,000	\$47,400	\$48,800	\$50,300	\$51,800	\$244,300
<b>GASB 68 Schedule</b>	\$6,000	\$6,200	\$6,400	\$6,600	\$6,800	\$32,000
<b>TOTAL</b>	<b>\$52,000</b>	<b>\$53,600</b>	<b>\$55,200</b>	<b>\$56,900</b>	<b>\$58,600</b>	<b>\$276,300</b>

### B. OUT OF POCKET EXPENSES

UHY understands the pressures and concerns regarding fees for our governmental clients. Our fees reflect a significant discount from our standard hourly rate. The fees are all inclusive of the work to be performed and include general conversations with management on issues affecting MercedCERA. We do not charge for routine discussions relating to our ongoing services or out-of-pocket costs. However, if any inquiry leads to work approaching the project level, we will meet with your management to agree on the scope of the services and final deliverables.



## C. RATES FOR ADDITIONAL PROFESSIONAL SERVICES

Hourly rates by labor category:

Labor Category	Rate/Hour
Partner/Principal	\$300
Senior Manager/Manager	\$240
Supervisory Staff	\$160
Staff	\$90

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# APPENDIX

UHY RESUMES

**JASON OSTROSKI**



Jason Ostroski, a principal in the Audit and Assurance Department, focuses his practice on state and local government clients, in particular governmental retirement systems and investment practices. With more than 18 years of experience, he is well-versed in serving public pension clients.

**PROFESSIONAL EXPERIENCE:**

- Audit principal with an emphasis on state and local agency pension plans and retirement systems
  - Planned and managed audits to assure they were completed timely, accurately and in accordance with audit and accounting standards.
  - Improved client operations and reporting by recommending specific improvements to their internal control structure by leveraging experience obtained working with a variety of organizations.
  - Reviewed various systems’ CAFRs to assure they complied with the GFOA’s requirements and that they received the Certificate of Achievement for Excellence in Financial Reporting Program
- Controller of the \$5 billion District of Columbia Retirement Board (DCRB) which provided retirement benefits to the police officers, firefighters and teachers of the District of Columbia
  - Participated in field testing the exposure drafts of the new GASB pension standards
  - Collaborate with DCRB’s investment department and consultants to implement processes over the review and evaluation of DCRB’s alternative investments to assure they were properly valued and disclosed
  - Reorganized the accounting department and redesigned the monthly and year end closing processes to achieve more efficient and accurate accounting operation which resulted in reduced audit findings
  - Oversaw the preparation of DCRB’s annual actuarial evaluation

**BACKGROUND:**

- Licensed CPA in the state of Maryland and California
- Bachelor of Science in Accounting, Grove City College, Grove City, PA

**THOUGHT LEADERSHIP:**

- Jason serves as a subject matter resource on government retirement systems, assisting with the design and evaluation of audit procedures and by providing training internally and externally on topics ranging from auditing alternative investments to the implementation of new GASB standards including GASB 67, 68, 74 and 75.

**PRINCIPAL, UHY LLP**

Email: jostroski@uhy-us.com  
 Direct: 410 423 4839

**INDUSTRY EXPERTISE:**

- State and Local Government

**ACTIVE & PRIOR PROFESSIONAL MEMBERSHIPS:**

- Maryland Association of Certified Public Accountants
- Pennsylvania Association of Certified Public Accountants
- Government Finance Officer Association
- Public Pension Financial Forum
- American Institute of Certified Public Accountants

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## THOMAS R. REY, JR.



**PARTNER, UHY LLP  
MANAGING DIRECTOR,  
UHY ADVISORS MID-ATLANTIC MD, INC.**

Email: [trey@uhy-us.com](mailto:trey@uhy-us.com)  
Direct: 410 423 4820

**INDUSTRY EXPERTISE:**

- State and Local Government
- Not-for-Profit & Higher Education
- Manufacturing & Distribution
- Financial Services

**ACTIVE & PRIOR PROFESSIONAL MEMBERSHIPS:**

- Government Finance Officers Association
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Public Pension Financial Forum
- National Association of Governmental Deferred Compensation Administrators
- National Council of Real Estate Investment Fiduciaries, Accounting & Valuation Committees Member

**ACTIVE & PRIOR CIVIC MEMBERSHIPS:**

- Baltimore/Canton Rotary
- Boys & Girls Club of Metropolitan Baltimore
- Moveable Feast

With more than 25 years of experience, Thomas is well-versed in serving large governmental defined contribution and defined benefit plans along with large institutional investment pools. He is the leader of UHY's Government Pension Plan team. In addition, Thomas has performed research and consulting projects on the structure and operations of investment entities, passive foreign investment companies, and offshore commodity pools. He also managed several audits of private equity funds which included assessments of their investment valuation procedures and compliance procedures.

**PROFESSIONAL EXPERIENCE:**

- Extensive experience working with large government retirement systems and defined contribution plans.
- Extensive experience with governmental fair value matters related to alternative assets
- Oversees various nonprofit engagements and athletic associations
- Performed compilations and reviews of financial statements for closely held businesses
- Prepared tax returns for corporations, partnerships and limited liability companies
- Prepared individual tax returns for general partners and investors ranging in degree of complexity
- Prepared and researches tax reporting in non-U.S. jurisdictions
- Performed research and consulting on the structure and operations of offshore commodity pools, investment entities, and passive foreign investment companies

**BACKGROUND:**

- Licensed CPA in the state of Maryland
- Bachelor of Science, Accounting, Salisbury University

**THOUGHT LEADERSHIP:**

- Thomas is actively involved in and a frequent speaker with the Public Pension Financial Forum (P2F2), National Association of Government Defined Contribution Administrators (NAGDCA), and Government Finance Officers Association (GFOA).

## TIM RAWAL



### SENIOR MANAGER, UHY LLP

Email: trawal@uhy-us.com

#### INDUSTRY EXPERTISE:

- State & Local Government - Higher Education and State/Municipal Retirement Systems
- ERISA and Non-ERISA Employee Benefit Plans
- Private colleges
- Not-for-Profit Entities

#### ACTIVE & PRIOR PROFESSIONAL

##### MEMBERSHIPS:

- AICPA
- Colorado Society of CPAs
- Public Pension Financial Forum (P2F2)

Tim, a senior manager in our Audit & Assurance Department, has nearly 10 years of experience in public accounting. He has worked with clients in a variety of industries, primarily in higher education (private and public) and employee benefit/retirement plans (ERISA and governmental). Tim has extensive experience auditing alternative investments, including private equity and venture capital funds, hedge funds and real estate holdings, for both investment funds and investors in such funds.

Tim has provided professional education instruction on topics ranging from business ethics, accounting standards updates and implementation, and staff training. He has also assisted with coordinating national scheduling efforts, planning and scheduling recruiting and hiring events, proposal review and business development, and coordination of client service efforts across service lines (assurance/tax/consulting).

#### PROFESSIONAL EXPERIENCE:

- Managed financial, compliance and single audits of various governmental entities, including state and municipal retirement systems, universities and community colleges, counties and water districts.
- Performed and managed agreed upon procedures, compliance and consulting engagements for governmental and not-for-profit entities, including public and private universities and state retirement systems.
- Prepared and reviewed work papers for audits of hedge funds, broker-dealer entities and private equity/venture capital funds.
- Assisted with drafting of Annual Comprehensive Financial Reports (ACFR).
- Assisted with implementation of GASB pronouncements, including GASB Nos. 67/68 and 74/75.

#### BACKGROUND:

- Certified Public Accountant, Colorado
- MS in Accounting, University of Colorado Denver
- BA in Journalism, University of St. Thomas (Minnesota)

#### THOUGHT LEADERSHIP:

- External CPE Instructor - University of Colorado; Oregon State University (2016-2019)
- Authored annual updates of NCAA Agreed Upon Procedures (2016-2018)

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## IVANA RITZ



Ivana, a manager in the Audit & Assurance Department, has over eight years of experience in public accounting. She has provided audit and assurance services in a variety of industries including higher education, governments, not-for-profit and employee benefit plans (ERISA and governmental). Ivana has experience auditing alternative investments, including private equity and venture capital funds, hedge funds and real estate holdings.

Prior to joining UHY in 2022, Ivana worked for seven years at CliftonLarsonAllen LLP.

### PROFESSIONAL EXPERIENCE:

- Planning and providing direct supervision, mentoring and reviewing work product and deliverables of each audit engagement
- Preparing financial statements, including required disclosures to ensure accordance with generally accepted accounting principles and other regulatory requirements
- Specific experience with:
  - Federal grant financial and compliance audits
  - Governmental auditing and accounting, including:
    - State and municipal retirement systems
    - State universities
    - Cities, towns and counties
    - Special districts

### TRAININGS ATTENDED:

- 2022 Yellowbook Update
- Single Audit Quality – Focus on Risk Assessment, Evaluating Results, and Reporting (2022)
- Governmental Auditing Updated (2022)
- Common Deficiencies in Yellowbook (2022)
- Common Deficiencies in Single Audits (2022)
- Hot Topics in Accounting (2022)
- 2022 Fraud Update
- Performance Audits Under Yellowbook

### BACKGROUND:

- Licensed CPA in the state of Maryland
- Licensed CPA in the state of Colorado
- Bachelor of Science, Business Administration & Accounting, University of Arizona

### THOUGHT LEADERSHIP:

- External CPE Instructor - State of Oregon Higher Education Training (2020)
- Internal CPE Instructor - Higher Education and Student Financial Assistance Programs (2020)

#### MANAGER, UHY LLP

Email: [iritz@uhy-us.com](mailto:iritz@uhy-us.com)  
Direct: 410 423 4841

#### INDUSTRY EXPERTISE:

- Not-for-Profit & Higher Education
- State & Local Government
- Employee Benefit Plans
- Single Audits

#### ACTIVE & PRIOR PROFESSIONAL MEMBERSHIPS:

- Member of the American Institute of Certified Public Accountants (AICPA)
- Member of the Colorado Society of Certified Public Accountants (COCOPA)

## STEVE MARANTO



### ACCOUNTING MANAGER, UHY LLP

Email: smaranto@uhy-us.com  
Direct: 410 513 9783

#### INDUSTRY EXPERTISE:

- State and Local Government
- Not-for-Profit

#### ACTIVE & PRIOR PROFESSIONAL MEMBERSHIPS:

- American Institute of Certified Public Accountants

Steve Maranto is an Accounting Manager in the Audit & Assurance Department of the Columbia Office of UHY. He has over 14 years of experience providing assurance services to organizations in numerous industries.

#### PROFESSIONAL EXPERIENCE:

- Performing audits and other assurance engagements with a concentration of experience in the government and not-for-profit sectors
- Preparing financial statements to ensure complete and accurate reporting in accordance with applicable accounting standards and state/industry specific requirements
- Working at all levels of an engagement from planning, performing, and reviewing to ensure the accuracy and timeliness of deliverables meet client expectations
- Managing statewide compliance testing engagements of all participating employers within a state's pension system
- Aiding organizations in the detection of control deficiencies and process inefficiencies in an effort to identify opportunities for improved resource leveraging

#### BACKGROUND:

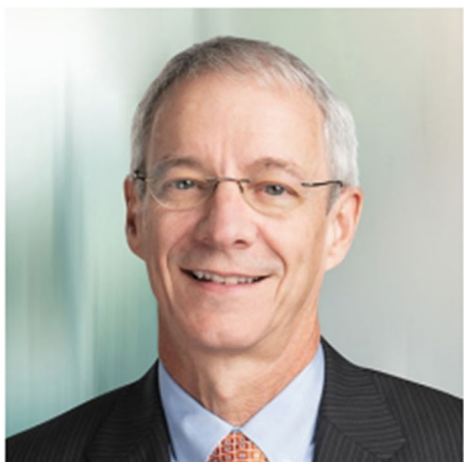
- Licensed CPA in the state of Maryland
- Licensed CPA in the state of Florida
- Bachelor of Science in Accounting, Towson University

#### THOUGHT LEADERSHIP:

- Training and onboarding new staff members while also serving as a technical resource and career advisor

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## DAVID BARTON



**MANAGING DIRECTOR,  
UHY CONSULTING, INC.**

Email: [dbarton@uhy-us.com](mailto:dbarton@uhy-us.com)  
Direct: 678 602 4490

**INDUSTRY EXPERTISE:**

- Health Care
- Manufacturing & Distribution
- Financial Services
- Gaming & Hospitality

**ACTIVE & PRIOR PROFESSIONAL MEMBERSHIPS:**

- Certified Information Systems Auditor (CISA)
- Certified in Risk and Information Systems Controls (CRISC)
- Certified HITRUST Common Security Framework (CSF) Assessor
- Cloud Security Alliance
- ISACA

**ACTIVE & PRIOR CIVIC MEMBERSHIPS:**

- Peachstate chapter of the Porsche Club of America (certified high-performance driving instructor and active Porsche Club racer)
- Tire Rack Street Survival® program for teen driver education

David is a Managing Director with UHY Advisors and is the practice leader of the Technology, Risk & Compliance practice focused on information technology. He has over 30 years of practical experience in information systems and technology risk and controls.

David is frequently asked to speak at national and regional events, such as SecureWorld and the Cloud Security Alliance Congress. He is the primary author of the CSA position paper on AICPA Service Organization Control Reports. He regularly provides his input and opinions for national publications such as Compliance Week, Accounting Today, and the Atlanta Journal Constitution.

David holds an MBA and BS in Business Administration from Appalachian State University. He is Certified in Risk and Information Systems Control (CRISC), received the Certified Information Systems Auditor (CISA) designation in 1988, and is a member of the Atlanta chapter of the Cloud Security Alliance. David has active civic memberships with the Atlanta chapter of the Porsche Club of America and the Tire Rack Street Survival® program for teen driver education. He is also a certified high-performance driving instructor and former Porsche Club racer.

**PROFESSIONAL EXPERIENCE:**

- Expertise in IT compliance and attestation including Service Organization Controls (SSAE 16, SOC 2, SOC 3), HIPAA and HITRUST, PCI-DSS, Financial Services (FFIEC, GLBA, GAO, FDIC), SOX IT general and application controls
- Extensive experience in IT internal auditing, COSO framework, COBIT framework, IT risk assessments and control evaluations
- Sarbanes-Oxley compliance experience that includes documentation, internal control testing and remediation of exceptions

**BACKGROUND:**

- Extensive experience in identifying and reducing information technology risk throughout organizations by utilizing skills in the following areas: Information Security, IT Architecture and Strategy, Program Change Management, Configuration Change Management as well as Disaster Recovery and Business Continuity
- Former Senior IT Risk Manager with EarthLink, Inc. and KPMG
- Master of Business Administration, Appalachian State University
- Bachelor of Science in Business Administration, Appalachian State University

**THOUGHT LEADERSHIP:**

- Primary author of the Cloud Security Alliance “CSA Position Paper on AICPA Service Organization Control Reports”
- Georgia Society of CPAs – “Decoding the Mystery of SOC Reports”
- MIS Training Institute Big Data Conference – “Understanding Cloud Infrastructure and Big Data – An Internal Audit Perspective”
- Cloud Security Alliance Congress – “Compliance Convergence”
- MIS IT Audit & Controls Conference – “Auditing the Cloud” and “InfoSec in the Age of Anonymous”



## PEER REVIEW

We are pleased to provide you with a copy of our most recent review report dated January 31, 2021. Our next peer review will be due on January 31, 2024. We have provided a copy of our most recent peer review letter on the following pages.

We have invested significant resources to ensure that our clients receive the highest quality service. As your auditor, we will work with you to help solve your problems and reach your goals. Results are the focus of our service. We approach each assignment with dedication and resolve to maintain quality in everything we do. To ensure our commitment to quality, we have taken several steps:

- We are a member of both the Center for Public Company Audit Firms (formerly the SEC Practice Section) and the PCPS, the Alliance of CPA Firms (formerly the Private Companies Practice Section) of the AICPA Division for CPA Firms. As a member of both the Center and the PCPS, we must have our systems of quality control periodically reviewed by independent peers (AICPA peer review). UHY received a peer review report rating of “pass” – which is the best possible outcome.
- We have established a Professional Standards Group (PSG). The PSG is responsible for the timely distribution of information about changing or pending changes to governmental accounting standards for both our engagement teams and our clients.
- We have established an annual Internal Monitoring Program as part of our quality control system. Senior audit professionals who are qualified as peer reviewers from other UHY offices perform inspections of our actual engagements in the same manner as an AICPA peer review. This ensures that our quality of work is maintained at the highest level from engagement to engagement and from year to year.
- UHY LLP utilizes leading-edge tools such as Aspen Publishing’s “Accounting Research Manager” (ARM). ARM, a nationally recognized research tool, has a complete on-line library of all FASB, GASB, AICPA, EITF, SEC, and PCAOB auditing and all GAAP accounting standards as well as related exposure drafts and EITF minutes. This tool is updated daily and available on the Internet to research GAAP-related issues immediately. We receive updates on the status of new pronouncements and interpretations, which we share with our clients and staff. This powerful tool is critical to addressing our client’s technical matters effectively and efficiently. If a client has an accounting issue upon which they would like research, we will conduct the appropriate research using ARM. Then, it is reviewed by the partner-in-charge and a report is prepared for the client.

We are also required to undergo a peer review every three years. As part of the peer review, state and local audit engagements may be selected to ensure that the conduct of the work conforms to AICPA, GAO and UHY professional standards.

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**OFFICE LOCATIONS**

**California**  
Orange County

**Connecticut**  
Farmington

**Florida**  
Miami

**Georgia**  
Atlanta

**Maryland**  
Columbia

**Michigan**  
Ann Arbor  
Detroit  
Farmington Hills  
Port Huron  
Sterling Heights

**Missouri**  
Kansas City  
St. Louis

**New York**  
Albany  
Catskill  
Hudson  
Kingston  
Long Island  
New York  
Rye Brook  
Saratoga Springs

**Texas**  
Houston

## Report On Peer Review

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We are pleased to provide a copy of UHY LLP's most recent peer review report dated January 31, 2021 as well as the related letter from the Chair of the American Institute of Certified Public Accountants' National Peer Review Committee notifying us that the Committee accepted our peer review report on April 21, 2021. Firms can receive a rating of pass, pass with deficiency(ies), or fail. UHY LLP received a peer review report rating of pass – the best possible outcome.

Peer reviews are conducted on a triennial basis and are performed on the system of quality control for the accounting and auditing practice applicable to non-SEC issuers. Our next peer review will be due on January 31, 2024.

A peer review is conducted by qualified CPA inspectors from an outside CPA firm. These peer reviewers select engagements that are representative of the reviewed firm's non-SEC practice. Their selection considers the various industries served by the firm, the partners serving those industries and must include all levels of attest service – audits, reviews, compilations, agreed-upon procedures engagements, SOC 1 and SOC 2 engagements, and other attestation services.

In addition to the numerous engagement files reviewed in detail, the peer reviewers inspect other areas of our non-SEC practice including client acceptance and retention, independence, integrity and objectivity, licensing and professional membership, and our staff and partner resources related to recruiting, hiring, assignments, education and training, and continuing professional education.

We are proud of our record of commitment to quality and pledge to continue in our dedication to the highest level of service.

*UHY* LLP



National Peer  
Review Committee

April 22, 2021

Cynthia Scheuer  
UHY LLP  
4 Tower Place, Executive Park, 7th Floor  
ALBANY, NY 12203

Dear Cynthia Scheuer:

It is my pleasure to notify you that on April 21, 2021, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is January 31, 2024. This is the date by which all review documents should be completed and submitted to the administering entity. Since your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley".

Michael Fawley  
Chair, National PRC  
+1.919.402.4502

cc: Candace Wright, Betina Dufault

Firm Number: 900003882951

Review Number: 579417



8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809  
225-922-4600 Phone – 225-922-4611 Fax – [pncpa.com](http://pncpa.com)

A Professional Accounting Corporation

## Report on the Firm's System of Quality Control

To the Partners of UHY LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of UHY LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of UHY LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. UHY LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
January 11, 2021



**Jason Ostroski, Principal**

(410) 423-4839

[jostroski@uhy-us.com](mailto:jostroski@uhy-us.com)

8601 Robert Fulton Drive, Suite 210  
Columbia, MD 21046

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UHY LLP is a licensed independent CPA firm that performs attest services in an alternative practice structure with UHY Advisors, Inc. and its subsidiary entities. UHY Advisors, Inc. and UHY LLP are U.S. members of Urbach Hacker Young International Limited, a UK company, and form part of the international UHY network of legally independent accounting and consulting firms.

UHY Advisors, Inc. provides tax and business consulting services through wholly owned subsidiary entities that operate under the name of "UHY Advisors." UHY Advisors, Inc. and its subsidiary entities are not licensed CPA firms.

"UHY" is the brand name for the UHY international network. Any services described herein are provided by UHY Advisors and/or UHY LLP (as the case may be) and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.

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## 6. COST

### A. TOTAL NOT-TO EXCEED MAXIMUM PRICE

We strive to keep our fees at the most reasonable level consistent with the highest professional standards. We look forward to a long-term relationship with MercedCERA, one that is professionally satisfying and makes sound business sense for all parties. We are innovative-minded professionals with great experience but without the premium price. Open, ongoing communication is an important component of our service. We will meet with your designated performance audit liaison regularly.

If our fee estimate is not in line with your expectations, we would be happy to discuss further and assess the balance between scope, cost and value. We have taken measures to be price sensitive on all our engagements and encourage a candid dialogue regarding our proposed hourly rates.

Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may need to adjust our fees and planned completion dates accordingly. If we anticipate additional professional fees for reasons beyond our control, we will discuss the matter with you before we proceed.

**Dollar Cost Bid  
(NOT-TO-EXCEED MAXIMUM PRICE)**

	FY 2023	FY 2024	FY 2025	FY 2026 (Option year)	FY 2027 (Option year)	TOTAL
<b>Independent audit of financial statements</b>	\$46,000	\$47,400	\$48,800	\$50,300	\$51,800	\$244,300
<b>GASB 68 Schedule</b>	\$6,000	\$6,200	\$6,400	\$6,600	\$6,800	\$32,000
<b>TOTAL</b>	<b>\$52,000</b>	<b>\$53,600</b>	<b>\$55,200</b>	<b>\$56,900</b>	<b>\$58,600</b>	<b>\$276,300</b>

### B. OUT OF POCKET EXPENSES

UHY understands the pressures and concerns regarding fees for our governmental clients. Our fees reflect a significant discount from our standard hourly rate. The fees are all inclusive of the work to be performed and include general conversations with management on issues affecting MercedCERA. We do not charge for routine discussions relating to our ongoing services or out-of-pocket costs. However, if any inquiry leads to work approaching the project level, we will meet with your management to agree on the scope of the services and final deliverables.

## C. RATES FOR ADDITIONAL PROFESSIONAL SERVICES

Hourly rates by labor category:

Labor Category	Rate/Hour
Partner/Principal	\$300
Senior Manager/Manager	\$240
Supervisory Staff	\$160
Staff	\$90

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# October 3, 2023 RETIREMENT BOARD ELECTION - CALENDAR OF EVENTS

Below the dates, "E" stands for Election Day, followed by the number of days prior to (-) or after (+) Election Day.

Asterisk (\*) dates indicate that the deadline falls on a Saturday, Sunday, or a holiday; in most cases, the deadline will move forward to the next business day.

**Dates and events exclusive to candidate filing are posted in blue.**

<p><b>August 4, 2023</b> E-60</p>	<p><b>Notice of Election Distributed</b> A notice will be sent to all members stating the filing dates to file a declaration of candidacy.</p>
<p><b>August 23, 2023</b> <b>September 6, 2023</b> E-41 to E-27</p>	<p><b>Candidate Filing Period – Declaration of Candidacy &amp; Nomination Documents</b> During this period, candidates may obtain and file their Declaration of Candidacy and Nomination Documents with the Merced County Registrar of Voters.</p>
<p><b>August 4, 2023</b> <b>September 6, 2023</b> E-41 to E-27</p>	<p><b>Candidate Statement of Qualifications Filing Period</b> Between these dates, candidates may prepare a Candidate Statement of Qualifications. The statement shall not exceed 150 words to be printed and inserted along with the official ballot, the statement shall be filed in an electronic format at the time nomination documents are returned for filing. The statement may be withdrawn, but not changed, during the period for filing nomination documents and until 5:00 p.m. of the next working day after the close of the nomination period. In addition to the restrictions set forth in §13307, any candidate's statement submitted shall be limited to a recitation of the candidate's own personal background and qualifications and shall not in any way refer to other candidates for that office or to another candidate's qualifications, character, or activities. The elections official shall not cause to be printed or circulated any statement that the elections official determines is not so limited or that includes any reference prohibited by this section. <a href="#">EC §§ 13307 &amp; 13308</a></p>
<p><b>September 4, 2023</b> E- 29</p>	<p><b>County Holiday (Labor Day) – Office Closed</b></p>
<p><b>September 7, 2023</b> E-26</p>	<p><b>Candidate Name Placement – Randomized Alphabet Drawing</b> Merced County Registrar of Voters shall conduct a drawing of the letters of the alphabet to determine the order of the names of the candidates to appear on the ballot. The resulting random order of letters constitutes the alphabet for all offices other than multi-county state legislative offices. In addition, and only if applicable, the candidate's names will be rotated pursuant to EC § 13111. <a href="#">EC § 13112</a></p>
<p><b>September 12, 2023</b> <b>October 3, 2023</b> E-21 to E-0</p>	<p><b>Vote by Mail Ballots</b> No later than September 12, 2023, Merced County Registrar of Voters shall begin mailing each member a vote by mail ballot. All members will receive a vote by mail ballot. Any candidate statements filed with be inserted with the official ballots.</p>
<p><b>October 4, 2023</b> E+1</p>	<p><b>Completion of Official Canvass &amp; Certify Results</b> No later than this date, the county elections official must complete the official canvass, certify the results, and submit it to the Merced County Employees' Retirement Association.</p>





Merced County Employees' Retirement Association

**DATE:** May 25, 2023

**TO:** MercedCERA Board of Retirement

**FROM:** Kristie Santos, Plan Administrator

**SUBJECT:** Adopt the resolution regarding MercedCERA's pension administration system.

**ITEM NUMBER:** Open Session Item a

**ITEM TYPE:** Action

**STAFF RECOMMENDATION:**

1. Adopt the resolution regarding the MercedCERA Pension Administration System.

**DISCUSSION:**

MercedCERA initiated a review of mortality tables in which its pension administration software system ("PAS") calculated optional retirement allowances under Article 11 of CERL, and in particular optional settlement 2 and optional settlement 3, under sections 31762 and 31763, respectively ("Optional Settlement Allowance Review").

The Optional Settlement Allowance Review resulted in a determination by MercedCERA that the PAS did not timely incorporate the Board's updated mortality table scaling methodologies, which had been recommended by MercedCERA's actuary ("MercedCERA Actuary") and adopted by the Board, into the optional form factors used to calculate such Optional Settlement Allowances of fifty-one (51) members and beneficiaries, which generally were higher than may otherwise have been calculated.

MercedCERA members and beneficiaries made irrevocable Optional Settlement Allowance elections based on information MercedCERA provided in reliance on PAS calculations ("Optional Allowance Elections") and the MercedCERA Actuary has advised MercedCERA and the Board that the difference to MercedCERA of paying benefits based on those Optional Allowance Elections, rather than as an unmodified benefit or using optional form factors under the Board's adopted mortality tables, need not be changed from an actuarial perspective because of adverse selection and related financial, actuarial, and plan design considerations, and in all circumstances the benefits that will continue to be paid under this Resolution are higher under the Optional Allowance Elections previously utilized by the PAS vendor than under the alternative option factors.

MercedCERA has communicated with MercedCERA's PAS vendor to ensure timely and diligent incorporation by the vendor into the PAS of all Board-adopted tables and related actuarial factors, and the vendor has assumed certain costs and instituted risk mitigation measures at no additional cost to MercedCERA to address issues arising from the

## Optional Settlement Allowance Review.

In accordance with its fiduciary obligations to members and beneficiaries, in light of advice and recommendations received from the MercedCERA Actuary pertaining to the Optional Settlement Allowance Review, and in consideration of actions promised by the PAS vendor to provide enhanced risk mitigation prospectively and to offset other MercedCERA administrative costs, the Board hereby ratifies the PAS calculation of Optional Allowance Elections between 2017 and 2022, such that no Optional Settlement Allowances need to be decreased, and no amounts need to be recouped from MercedCERA members or beneficiaries, as the result of the Optional Settlement Allowance Review, as stated in the attached proposed resolution.

If any members or beneficiaries are receiving lower Optional Settlement Allowances than they would have using the Board-adopted mortality tables, those payments will be adjusted with any retroactive amounts due paid to them.

It is recommended that the Board adopt the resolution attached.

**RESOLUTION OF THE BOARD OF RETIREMENT OF MERCED COUNTY EMPLOYEES’  
RETIREMENT ASSOCIATION RESOLUTION 2023-02  
REGARDING THE PENSION ADMINISTRATION SYSTEM**

WHEREAS, the Merced County Employees’ Retirement Association (MercedCERA) Board of Retirement (Board) is charged with the administration and management of MercedCERA under Government Code sections 31520 and 31520.1<sup>1</sup> of the County Employees Retirement Law of 1937 (CERL);

WHEREAS, the Board has fiduciary responsibility for administering MCERA in a manner that will assure prompt delivery of benefits to members and beneficiaries of the retirement system under Article XVI, section 17 of the California Constitution;

WHEREAS, assets of MercedCERA are held in trust and must be used for the exclusive purposes of providing benefits to MercedCERA members and beneficiaries and defraying reasonable expenses of administering the retirement system under Article XVI, section 17 of the California Constitution;

WHEREAS, MercedCERA is an employee benefits plan that qualifies for exemption from taxation under section 401(a) and related provisions of the United States Internal Revenue Code;

WHEREAS, MercedCERA initiated a review of the manner in which its pension administration software system (“PAS”) calculated optional retirement allowances under Article 11 of CERL, and in particular optional settlement 2 and optional settlement 3, under sections 31762 and 31763, respectively (“Optional Settlement Allowance Review”).

WHEREAS, the Optional Settlement Allowance Review resulted in a determination by MercedCERA that the PAS did not timely incorporate the Board’s updated mortality table scaling methodologies, which had been recommended by MercedCERA’s actuary (“MercedCERA Actuary”) and adopted by the Board, into the optional form factors used to calculate such Optional Settlement Allowances of fifty-one (51) members and beneficiaries, which generally were higher than may otherwise have been calculated.

WHEREAS, MercedCERA members and beneficiaries made irrevocable Optional Settlement Allowance elections based on information MercedCERA provided in reliance on PAS calculations (“Optional Allowance Elections”) and the MercedCERA Actuary has advised MercedCERA and the Board that the difference to MercedCERA of paying benefits based on those Optional Allowance Elections, rather than as an unmodified benefit or using optional form factors under the Board’s adopted mortality tables, need not be changed from an actuarial perspective because of adverse selection and related financial, actuarial, and plan design considerations, and in all circumstances the benefits that will continue to be paid under this Resolution are higher under the Optional Allowance Elections previously utilized by the PAS vendor than under the alternative option factors.

WHEREAS, MercedCERA has communicated with MercedCERA’s PAS vendor to ensure timely and diligent incorporation by the vendor into the PAS of all Board-adopted tables and

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<sup>1</sup> All statutory references hereinafter are to the California Government Code unless otherwise stated.

related actuarial factors, and the vendor has assumed certain costs and instituted risk mitigation measures at no additional cost to MercedCERA to address issues arising from the Optional Settlement Allowance Review; and

WHEREAS, the Board seeks to comply with tax qualification requirements to document its operational practices, and hereby reserves its right to modify any of the following resolutions should it be required to do so by the Internal Revenue Service as a condition of tax qualification, or if so ordered by a court of competent jurisdiction.

FOR GOOD CAUSE SHOWN, THEREFORE BE IT RESOLVED THAT, the Board determines as follows:

1. All foregoing recitals are incorporated herein by this reference.
2. In accordance with its fiduciary obligations to members and beneficiaries, in light of advice and recommendations received from the MercedCERA Actuary pertaining to the Optional Settlement Allowance Review, and in consideration of actions promised by the PAS vendor to provide enhanced risk mitigation prospectively and to offset other MercedCERA administrative costs, the Board hereby ratifies the PAS calculation of Optional Allowance Elections between 2017 and 2022, such that no Optional Settlement Allowances need to be decreased, and no amounts need to be recouped from MercedCERA members or beneficiaries, as the result of the Optional Settlement Allowance Review. If any members or beneficiaries are receiving lower Optional Settlement Allowances than they would have using the Board-adopted mortality tables, those payments will be adjusted with any retroactive amounts due paid to them.
3. Any costs arising from this action will be recouped from the PAS vendor and/or collected through payments on the unfunded actuarial accrued liability.

ADOPTED: May 25, 2023

Aye:

Nay:

Abstain:

Absent:

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Chair, Ryan Paskin

ATTEST:

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Kristen Santos, Plan Administrator



Merced County Employees' Retirement Association

**Date:** May 25, 2023  
**To:** MercedCERA Board of Retirement  
**From:** Mark Harman, Fiscal Manager  
**Subject:** Administrative Budget, Non-Administrative Cost Projection, and Capital Budget for Fiscal Year 2023-2024.

**Item Number: b**

**Item Type: Action**

**Staff Recommendation:**

1. Adopt the proposed Administrative Budget recommendation for MercedCERA for Fiscal Year 2023-2024.
2. Approve the Non-Administrative Projection and Capital Budget recommendations for MercedCERA for Fiscal Year 2023-2024.

**Discussion:**

***Budget and Projection:***

Staff compared the current year's budget and to-date expenditures to projected expenditures and projects for Fiscal Year 2023-2024 (FY23-24). Prior year budget numbers, as well as the proposed budget and projection request for FY23-24, are in the attached budget and projection spreadsheets. Fiscal Year 2022-2023 (FY22-23) total expenditures to date are \$4,374,056.21 (as of April 30, 2023). We estimate these will fall below the final Administrative Budget, Non-Administrative Projection, and Capital Budget approved by the Board of Retirement for FY22-23.

Government Code Section 31580.2 within the County Employees' Retirement Law of 1937 (CERL) allows for expenditures of administrative services to be the greater of 21 basis points (bps) (0.21%) of the actuarial accrued liability (AAL) of MercedCERA or a flat dollar amount of \$2,000,000, adjusted yearly by a specified cost of living adjustment (\$2,881,149) as of this year, as adjusted. MercedCERA's AAL as of the June 30, 2022, actuarial valuation was \$1.529B, of which 21 bps (0.21%) is \$3,211,601. Being the greater amount, this will be MercedCERA's FY23-24 administrative budget cap.

***Budgeting, Projection, and Reporting Methodology***

MercedCERA's Fiscal Staff utilize a three-pronged approach when approaching its annual budget and projection:

1. Recognize certain expenses as administrative under §31580.2 of the CERL. These are formally budgeted and fall under the administrative cap.

2. Recognize non-administrative costs: software and technology costs (§31580.2(b)); investment-related costs (§31596.1); and non-investment-related legal costs (§31529.9). Staff have prepared a projection, subject to periodic adjustments. This provides the board with an idea of potential spending.
3. Recognize planned capital items, which are also subject to future depreciation expense, if necessary, in a separate Capital Assets Budget set aside for this purpose. Resultant depreciation expenses are either administrative or non-administrative depending on the nature of the asset itself.

MercedCERA staff relies on multiple variables to develop the estimates for the budgets and projection, including historical costs, known planned spending, contracted amounts, investment fee rates, current market conditions, and prior years' actual costs.

For transparency, the staff provides a separate non-administrative projection in addition to its administrative budget and reports these expenses at MercedCERA public board meetings on the consent agenda. MercedCERA staff also provide quarterly and monthly year-over-year non-administrative expenditure comparison reporting to provide greater accountability and transparency for the non-budgeted items.

### ***Administrative Budget:***

#### ***Fiscal Year 2022/2023 Proposed Budget Request***

MercedCERA staff requests \$2,418,325 for administrative expenses in FY23-24. The largest increases are from salaries, insurance, and election expenses. The largest decrease is from a planned change of audit provider. MercedCERA now includes court reporters and sub-rosa investigations as part of Legal Services in the non-administrative projection. Nominal increases in other budget line items resulted from anticipated cost inflation and industry wage increases.

#### ***Salaries & Benefits***

The total proposed budget for Salaries and Benefits is \$1,975,000, an increase of \$175,000 over the prior year. The salary estimate includes thirteen full-time staff and two extra help staff. Four positions are new for FY23-24: a Deputy Plan Administrator, an Accountant I/II/III, and two Support Services Analysts I/II. Costs for staff time when working with investments will now be allocated to the non-administrative projection as follows: Plan Administrator, 50%; Fiscal Manager, 50%, Accountant I/II/III, each 75%. The Chief Investment Officer position is already fully allocated as a non-administrative cost.

#### ***Audit Services***

MercedCERA negotiated an audit contract with UHY LLC, pending board approval, which will result in reduced costs in the performance of audits from our prior contract. This will result in a decrease to the budget of \$25,000 from FY22-23.

#### ***Election Expenses***

MercedCERA will have elections for multiple board seats in the fall of 2023, which will be budgeted at \$30,000, a \$10,000 increase from FY22-23 due to increases in the cost of labor, election supplies, and postage.

### **Board Membership**

Starting in January 2023, MercedCERA reduced its board meetings to once per month. Due to this, budgeted board member fees will be reduced by \$8,000 from FY22-23.

## **Non-Administrative Projection:**

### **Fiscal Year 2022/2023 Proposed Projection**

MercedCERA projects \$5,352,500 in non-administrative expenses in FY23-24, a net increase of \$697,500 versus the prior fiscal year. The following are details of this increase:

### **Investment Expenses**

Investment Expenses will experience a net increase of \$580,500 from FY22-23:

- Staff reduced its FY23-24 projection for management fees by \$200,000 year-over-year due to the reduction in the cost of fees during FY22-23.
- Investment Consultant Fees will experience an estimated nominal increase of \$14,500 to account for potential cost increases resulting from a future Request for Proposal for general Investment Consulting Services.
- Investment legal cost projection will increase by \$76,000 for FY22-23 to account for increased utilization of attorneys for investment legal work.
- Investment-related technology cost estimate is \$100,000, which includes costs for Bloomberg Terminals, which is used for data and investment information by the new Chief Investment Officer and staff.

MercedCERA will allocate a position of one staff member dedicated full time to investments, the Chief Investment Officer position, for FY23-24, which increased to \$460,000. Estimated staff costs of \$543,000 will now be allocated to investment expenses. Staff costs related to investments are not subject to the administrative cap.

MercedCERA includes an amount in its projection related to management fee fluctuations and investment related due diligence travel costs. For FY23-24, this cost is projected at \$100,000.

### **Actuarial Fees**

MercedCERA projects a decrease of \$75,000 for FY23-24 to due to non-recurrence in costs from FY22-23. The projection also includes a buffer for additional costs that are unforeseen due to any impact from changes in legislation and/or potential litigation.

### **Non-Investment Legal Services**

Non-Investment Legal Services projection will increase to \$430,000 for FY23-24. This includes costs from the Board's Counsel which is Merced's County Counsel; MercedCERA's disability counsel and associated providers; and tax counsel. Projected

costs now include a disability hearing officer, court reporters, and sub-rosa investigations.

***Custodial Banking Services***

Custodial banking fees and related costs projection will increase by \$10,000 for FY23-24.

***Software, Technology, and Data Processing***

The Data Processing projection will increase by \$12,000 due, in part, to increased overhead cost estimates received from Merced County Administrative Services.

Software and technology projection will be \$505,000. This includes ongoing support and maintenance costs for MercedCERA's pension administrative system; Oracle Cloud Hosting; data cleanup and training; cyber security consulting; a postal meter and associated costs, excluding postage; workgroup printers; and Cognos licensing as major items. The projected amount represents a \$105,000 increase from the prior year's projection. This increase also includes estimated costs for digitizing MercedCERA's member files, a project that is scheduled once the organization is fully staffed.

The non-administrative depreciation projection will continue to be \$250,000.00 for FY23-24, all of which are for capitalized software and technology assets. The bulk of this expense, approximately \$241,000 per year, is for MercedCERA's pension administration system. There is no expected change to this expense.

***Capital Assets Budget:***

We currently plan no Capital Assets spending for FY23-24 aside from costs related to the feasibility of MercedCERA's new headquarters building construction. Staff will present a separate headquarters building construction budget to the board for their approval at a future meeting, once construction bids are obtained.



# Administrative Budget, Fiscal Year 2023-2024

Acct#	Account Name and Description	Adopted 2022/2023	Expended as of 4/30/2023	% Expended As of 4/30/2023	Balance	Proposed Budget FY2023/2024	Line Item Changes from 2022/2023	% Change From Last Year	Note #
10110	SALARIES/BENEFITS -- <i>Staff compensation and benefits</i>	\$ 1,800,000.00	\$ 1,169,134.18	65%	\$ 630,865.82	\$ 1,975,000.00	\$ 175,000.00	10%	A1
20600	COMMUNICATIONS -- <i>AT&amp;T, IS Communication Charges</i>	7,100.00	5,091.11	72%	2,008.89	9,800.00	2,700.00	38%	A2
20900	HOUSEHOLD EXPENSE -- <i>Bobs Community Pest Control, Geil Enterprises, ADT Security</i>	14,750.00	13,258.33	90%	1,491.67	15,750.00	1,000.00	7%	V
21000	INSURANCE -- <i>Fiduciary/Building (The Hartford, Alliant Ins. Svc., CSAC Excess Ins.)</i>	100,000.00	99,177.00	99%	823.00	105,000.00	5,000.00	5%	V
21301	MAINT STRUCT IMPROVEMENT & GROUNDS -- <i>Yard Masters, DPW, &amp; HVAC Routine Maint.</i>	15,000.00	11,141.92	74%	3,858.08	16,000.00	1,000.00	7%	V
21500	MEMBERSHIP -- <i>SACRS, CALAPRS, NCPERS, &amp; GFOA</i>	7,500.00	7,110.00	95%	390.00	8,000.00	500.00	7%	V
21700	OFFICE EXPENSE - GENERAL -- <i>Office Depot, First Choice water, Petty cash, Supplies</i>	18,000.00	14,865.97	83%	3,134.03	19,275.00	1,275.00	7%	V
21710	OFFICE EXPENSE - POSTAGE -- <i>FedEx, Mail Room Charges</i>	18,000.00	15,542.48	86%	2,457.52	20,000.00	2,000.00	11%	A3
21805	AUDITS -- <i>Outside Auditor (To be determined)</i>	90,000.00	47,107.50	52%	42,892.50	65,000.00	(25,000.00)	-28%	A4
21808	BOARD MEMBERSHIP -- <i>Board Members</i>	18,000.00	6,500.00	36%	11,500.00	10,000.00	(8,000.00)	-44%	A5
21811	COURT REPORTERS -- <i>Associated Reporters</i>	2,000.00	-	0%	2,000.00	-	(2,000.00)	-100%	A6
21872	INVESTIGATIONS -- <i>Sub-rosa</i>	1,000.00	-	0%	1,000.00	-	(1,000.00)	-100%	A7
21900	PUBLICATIONS & LEGAL NOTICES -- <i>Merced Sun Star, Alliance, WSJ, GASB Updates</i>	4,750.00	3,762.62	79%	987.38	5,000.00	250.00	5%	V
22300	SPEC DEPT EXPENSE - OTHER	500.00	326.48	65%	173.52	750.00	250.00	50%	V
22310	SPEC DEPT EXPENSE - ELECTION EXPENSE	20,000.00	8,512.41	43%	11,487.59	30,000.00	10,000.00	50%	A8
22327	SPEC DEPT EXP - COST ALLOCATION PLAN -- <i>Use of County Departments</i>	40,450.00	33,670.00	83%	6,780.00	40,000.00	(450.00)	-1%	V
22500	TRANSPORTATION & TRAVEL -- <i>Mail run (Staff mileage reimbursement)</i>	400.00	88.86	22%	311.14	250.00	(150.00)	-38%	V
22505	STAFF DEVELOPMENT -- <i>Staff training and education</i>	4,000.00	1,429.95	0%	2,570.05	4,000.00	-	0%	
22515	TRANS & TRAVEL - INSTATE OVERNIGHT -- (Conferences & Trainings)	35,000.00	28,692.31	82%	6,307.69	40,000.00	5,000.00	14%	A9
22516	TRANS & TRAVEL - OUT OF STATE (Conferences & Trainings)	7,500.00	-	0%	7,500.00	7,500.00	-	0%	
22600	UTILITIES -- <i>P G &amp; E and City of Merced</i>	18,500.00	14,165.36	77%	4,334.64	20,000.00	1,500.00	8%	V
	ADMINISTRATIVE DEPRECIATION EXPENSE	25,000.00	-	0%	25,000.00	27,000.00	2,000.00	8%	A10
Total MercedCERA Administrative Budget		\$ 2,247,450.00	\$ 1,479,576.48	66%	\$ 767,873.52	\$ 2,418,325.00	\$ 170,875.00	8%	

**Notes to Administrative Budget:**

**Account Note**

- V Various *Changes either less than 10% or \$3,000 year-over-year. Increases are due to labor, inflation, increased activity, etc. Decreases are due to cost estimate adjustments, under-utilization of budgetary funds, etc. Net Change: +10.2K.*
- A1 10110 *Increase in number of budgeted positions, netted out by costs of positions allocated as an investment expense (+\$175K).*
- A2 20600 *Increase in estimate provided by Merced County Admin Services (+\$2.7K).*
- A3 21710 *Expected cost increases due to planned increase in postage rates by USPS (+\$2.0K).*
- A4 21805 *Decrease due to anticipated reduction from pending audit contract. (-\$25.0K)*
- A5 21808 *Reduced to reduction of number of monthly board meetings (-\$8.0K)*
- A6 21811 *This expense is being moved to the non-administrative projection and will be classified as Legal Services for FY 2023-2024 (-\$2.0K)*
- A7 21872 *This expense is being moved to the non-administrative projection and will be classified as Legal Services for FY 2023-2024 (-\$1.0K)*
- A8 22310 *Expected increase related to several elections being run in fall of 2023 (+\$10.0K).*
- A9 22515 *Expected increase in travel related to SACRS, CALAPRS, NCPRS, etc (+\$5.0K).*
- A10 DEPR *Increase from phase 2 of cubicle addition (+\$2.0K).*

Budget Information, at a Glance	
Total budget increase due to salaries	\$ 175,000
Salary percentage increase	9.72%
Net decrease, excluding salaries	\$ (4,125)
Percentage decrease, excluding salaries	-0.64%
Percentage of salaries to total budget	81.67%
% change of salaries to % change of budget	102.41%
Percentage of all others to total budget	18.33%
% change of all others to % change of budget	-2.41%

**Administrative Budget Governance Notes:**

- A. AB 609 amended §31580.2 and repealed §31580.3 of the California Government Code, relating to county employees' retirement. Approved September 30, 2010. This Bill prohibits expenses for the costs of administration of the retirement system incurred in any year from exceeding the greater of 21/100 of 1% of the accrued actuarial liability (AAL) of the retirement system or \$2,000,000, as adjusted annually by a specified annual cost-of-living adjustment not to exceed 3%. Refer to table to the right for information related to the cap.
- B. The Administrative Budget is governed by §31580.2 of the Government Code.

Administrative Budget Cap Information	
Actuarial Accrued Liability (AAL)	\$ 1,529,333,742
Administrative Cap %	0.21%
Administrative Cap	\$ 3,211,601
FY 21-22 Administrative Budget	\$ 2,418,325
% of FY 21-22 Budget to Cap	75.30%
% of FY 21-22 Budget to AAL	0.1581%
Alternate Administrative Budget Cap, as Calculated (provided for information only)	
Alternate Cap Base Amount	\$ 2,000,000
Alternate Cap, Adjusted for Cost of Living	\$ 2,881,149

**Changes to methodology and presentation from Prior Year's Budget:**

- A. Added Alternate Administrative Budget Cap to table and added Budget Information box to provide contextual analysis
- B. Added Note V to cover immaterial changes and adjustments to various budget accounts for the purpose of simplifying presentation and notes..
- C. Condensed Governance Notes related to cap.

## Non-Administrative Projection and Capital Asset Budget, Fiscal Year 2023-2024

Non Administrative Projection									
Acct#	Account Name and Description	Original Projection 2022/2023	Expended as of 4/30/2023	% Expended As of 4/30/2023	Balance	Projected 2023/2024	Line Item Changes from 2022/2023	% Change From Last Year	Note #
21800	INVESTMENT EXPENSES --Fund Managers/Consulting/Investment Legal								
	Investment Management Fees	\$ 1,700,000.00	\$ 1,043,891.98	61%	\$ 656,108.02	\$ 1,500,000.00	\$ (200,000.00)	-12%	
	Investment Legal	430,000.00	296,763.90	69%	133,236.10	400,000.00	(30,000.00)	-7%	
	Retirement Investment Staff	285,000.00	-	0%	285,000.00	460,000.00	175,000.00	61%	
	Staff Costs Allocated to Investments (new for FY 2023-2024)	-	-	N/A	-	543,000.00	543,000.00	N/A	
	Investment Consultants	627,000.00	\$ 435,877.40	70%	191,122.60	637,500.00	10,500.00	2%	
	Investment Technology Costs (Bloomberg, etc) (new for FY 2023-2024)	-	-	N/A	-	100,000.00	100,000.00	N/A	
	Investment Extras (due diligence, due diligence travel, management expense fluctuations, etc)	118,000.00	273,405.57	232%	(155,405.57)	100,000.00	(18,000.00)	-15%	P1a
	<b>Total Investment Expenses</b>	<b>3,160,000.00</b>	<b>2,049,938.85</b>	<b>65%</b>	<b>1,110,061.15</b>	<b>3,740,500.00</b>	<b>580,500.00</b>	<b>18%</b>	P1
21802	ACTUARIAL SERVICES -- Cheiron, Segal	250,000.00	134,905.25	54%	115,094.75	175,000.00	(75,000.00)	-30%	P2
21812	DATA PROCESSING -- County Information Services, Internet Services	90,000.00	52,115.69	58%	37,884.31	102,000.00	12,000.00	13%	P3
21834	LEGAL SERVICES -- General and Disability Counsel and Associated Costs	365,000.00	180,323.20	49%	184,676.80	430,000.00	65,000.00	18%	P4
21840	CUSTODIAL BANKING SERVICES -- Northern Trust, BNY Mellon, County Wire Fees	140,000.00	63,044.26	45%	76,955.74	150,000.00	10,000.00	7%	P5
22350	SOFTWARE & TECHNOLOGY -- CPAS /Payroll/Acct Program/LexisNexis/Copier	400,000.00	386,848.24	97%	13,151.76	505,000.00	105,000.00	26%	P6
	NON-ADMINISTRATIVE DEPRECIATION EXPENSE	250,000.00	-	0%	250,000.00	250,000.00	-	0%	
	<b>Total Non-Administrative Projection</b>	<b>\$ 4,655,000.00</b>	<b>\$ 2,867,175.49</b>	<b>62%</b>	<b>\$ 1,787,824.51</b>	<b>\$ 5,352,500.00</b>	<b>\$ 697,500.00</b>	<b>15%</b>	

**Notes to Non-Administrative Projection:**

**Account Note**

- P1 21800 Net Increase of \$490.5K due to decrease in projection of expected management fees (-\$400K), expected increases in legal activity (+76K), increase in cost of proposed CIO position (+\$175K), allocation of staff time to investment activities (+\$543K), increase in consultant rates (+\$14.5K), Investment technology, (\$100K).
- P1a 21800 \$273.4K YTD expenditure consists primarily of costs related to new headquarters building. These costs will be reclassified at FY22-23 year-end close as a construction-in-progress asset.
- P2 21802 Estimated increase of \$25.0K due to inflation-driven cost increases.
- P3 21812 Estimated increase of \$12.0K due to Cradlepoint Access Costs, Comcast, and IS Monthly billing.
- P4 21834 Estimated increase of \$105.0K due to hearing officer and increased disability activity (\$60.0K) and moving disability legal-related costs (court reporters and sub rosa) from administrative to non-administrative (+5.0K).
- P5 21840 Increase in custodial contract renewal and associated fees related to short term investment fund (+10.0K).
- P6 22350 Estimated net increase of \$105.0k due to Imaging Project (+\$60K), FRSecure contract (\$45.0K)

**Non-Administrative Projection Governance Notes:**

- A. Non-Administrative Expenses are items that are not subject to the Administrative budget and cap requirements under the CERL.
- B. Investment Expenses, Actuarial Services, and Custodial Banking Services are non-administrative expenses under §31596.1.
- C. Data Processing, Software, and Technology are non-administrative expenses under §31580.2(b).
- D. Non-Investment Legal Services are non-administrative expenses under §31529.9.

**Changes to methodology and presentation from Prior Year's Projection:**

- A. None.

Capital Asset Budget - Excluded from Administrative Cap									
Acct#	Account Name and Description	Adopted 2022/2023	Expended as of 2/28/2023	% Expended As of 2/28/2023	Balance	Proposed Budget FY2023/2024	Line Item Changes from 2022/2023	% Change From Last Year	Note #
81386	Cubicle Expansion	27,384.43	27,304.24	100%	80.19	-	(27,384.43)	-100%	
	<b>Total Capital Asset Budget</b>	<b>\$ 27,384.43</b>	<b>\$ 27,304.24</b>	<b>N/A</b>	<b>\$ 80.19</b>	<b>\$ -</b>	<b>\$ (27,384.43)</b>	<b>N/A</b>	A

**Notes to Capital Asset Budget:**

**Account Note**

- A. No projected capital spending for FY 23-24. A separate building budget for the new headquarters building will be presented at an upcoming MercedCERA board meeting.

# MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## RESOLUTION NO. 2023 - 03

### Attorney Appreciation **Mr. Jeff Grant**

**WHEREAS**, Mr. Jeff Grant was appointed to serve as general counsel to the Merced County Employees' Retirement Association Retirement Board and served the Retirement Board from March 2020, through May 2023; and

**WHEREAS**, Mr. Grant participated in meetings and contributed by lending his legal expertise to the discussion of issues before the Retirement Board; and

**WHEREAS**, Mr. Grant displayed commitment and worked for the interests of all members of the Retirement System throughout his tenure serving the Retirement Board; and

**NOW, THEREFORE, BE IT RESOLVED** that the Retirement Board expresses its sincere appreciation for Mr. Grant's dedicated service to the members of the Merced County Employee's Retirement Association and to the citizens of Merced County.

Ayes:

Noes:

Abstain:

Absent:

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Ryan Paskin, Chair

I hereby certify that on the 25th day of May 2023, the Retirement Board of Merced County Employees' Retirement Association made and adopted this Resolution.

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Kristen Santos, Plan Administrator

# Merced County Employees' Retirement Association

May 25, 2023

March Performance

- 1. Economic and Market Update as of March 31, 2023**
- 2. Q1 Executive Summary**
- 3. Performance Update as of March 31, 2023**
- 4. Forward Looking Calendar**
- 5. Disclaimer, Glossary, and Notes**

# **Economic and Market Update**

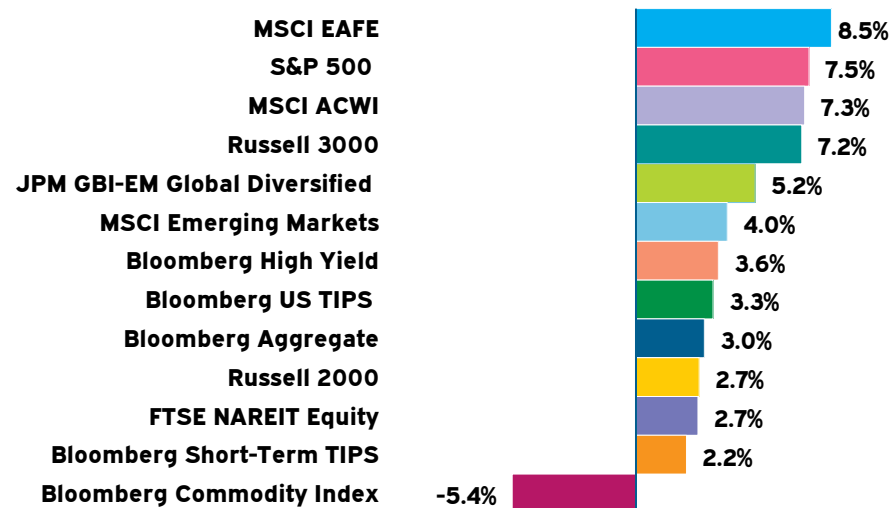
Data as of March 31, 2023

### Commentary

- It was a volatile quarter for most asset classes driven by evolving monetary policy expectations and high-profile bank failures. Ultimately, investors remained focused on slowing inflation and potentially peaking rate hikes leading to positive results across most asset classes for the quarter.
- The Fed's, and others', quick responses to pressures in the banking sector brought confidence back to the markets in March with the crisis driving the terminal policy rate expectations lower.
  - US equity markets (Russell 3000) rallied in March (+2.7%) finishing the first quarter in strongly positive territory (+7.2%). Growth significantly outperformed value for the quarter, driven by the technology sector.
  - Non-US developed equity markets (MSCI EAFE +2.5%) also posted positive returns in March. They returned 8.5% for the quarter, finishing ahead of US equities.
  - Emerging market equities had positive returns for the month (+3.0%) supported by Chinese equities (+4.5%) and a weaker US dollar. They trailed developed market equities for the quarter partly due to higher US-China tensions.
  - On expectations for lower inflation and concerns over the banking sector, bonds rallied in March, with the broad US bond market (Bloomberg Aggregate) rising 2.5%. For the quarter, the broad US bond market was up 3.0%.
- This year, the path of inflation and monetary policy, slowing global growth, and the war in Ukraine, as well as recent pressures in small- and medium-sized regional banks in the US, will all be key.

### Index Returns<sup>1</sup>

Q1 2023



→ Despite volatility during the quarter, public markets, except commodities, finished the first quarter of 2023 in positive territory adding to the strong gains from the fourth quarter of last year.

<sup>1</sup> Source: Bloomberg and FactSet. Data is as of March 31, 2023.



### Domestic Equity Returns<sup>1</sup>

Domestic Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	3.7	7.5	-7.7	18.6	11.2	12.2
Russell 3000	2.7	7.2	-8.6	18.5	10.4	11.7
Russell 1000	3.2	7.5	-8.4	18.6	10.9	12.0
Russell 1000 Growth	6.8	14.4	-10.9	18.6	13.6	14.6
Russell 1000 Value	-0.5	1.0	-5.9	17.9	7.5	9.1
Russell MidCap	-1.5	4.1	-8.8	19.2	8.0	10.0
Russell MidCap Growth	1.4	9.1	-8.5	15.2	9.1	11.2
Russell MidCap Value	-3.1	1.3	-9.2	20.7	6.5	8.8
Russell 2000	-4.8	2.7	-11.6	17.5	4.7	8.0
Russell 2000 Growth	-2.5	6.1	-10.6	13.4	4.3	8.5
Russell 2000 Value	-7.2	-0.7	-13.0	21.0	4.5	7.2

#### US Equities: Russell 3000 Index rose 2.7% in March and 7.2% in Q1.

- US stocks rose in aggregate for the month and quarter as investors were optimistic that the Federal Reserve may end its policy tightening earlier than expected. However, turmoil in the regional banking industry weighed on segments of the market.
- The small cap and value indices were more exposed to the banking turmoil and underperformed their broad market indices by significant margins.
- Large cap stocks were driven higher by the continued strength of the technology and communication services sectors. This same dynamic contributed to the continued outperformance of growth stocks against their value counterparts across the capitalization spectrum.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2023.

### Foreign Equity Returns<sup>1</sup>

Foreign Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	2.4	6.9	-5.1	11.8	2.5	4.2
MSCI EAFE	2.5	8.5	-1.4	13.0	3.6	5.0
MSCI EAFE (Local Currency)	0.5	7.5	3.8	14.6	6.3	7.3
MSCI EAFE Small Cap	-0.2	4.9	-9.8	12.1	0.9	5.8
MSCI Emerging Markets	3.0	4.0	-10.7	7.8	-0.9	2.0
MSCI Emerging Markets (Local Currency)	2.2	3.8	-6.6	8.8	1.9	5.0
MSCI China	4.5	4.7	-4.7	-2.6	-4.0	3.4

**Foreign Equity: Developed international equities (MSCI EAFE) rose 2.5% in March and 8.5% for the quarter. Emerging market equities (MSCI EM) rose 3.0% for the month and 4.0% in the first quarter.**

- Non-US equities also recovered in March with developed markets (MSCI EAFE) outpacing US equities (8.5% versus 7.2%) for the quarter and emerging markets (MSCI Emerging Markets) trailing (4.0% versus 7.2%).
- Developed market equities also benefited from expectations that monetary policy may be peaking on declining inflation. The continued weakness in the US dollar also added to the quarterly results (+1%) for US investors.
- Emerging market equities started the year with optimism over the reopening of China's economy, but the escalation of US-China tensions and the broader banking crisis led to weaker relative results compared to developed markets.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2023.

### Fixed Income Returns<sup>1</sup>

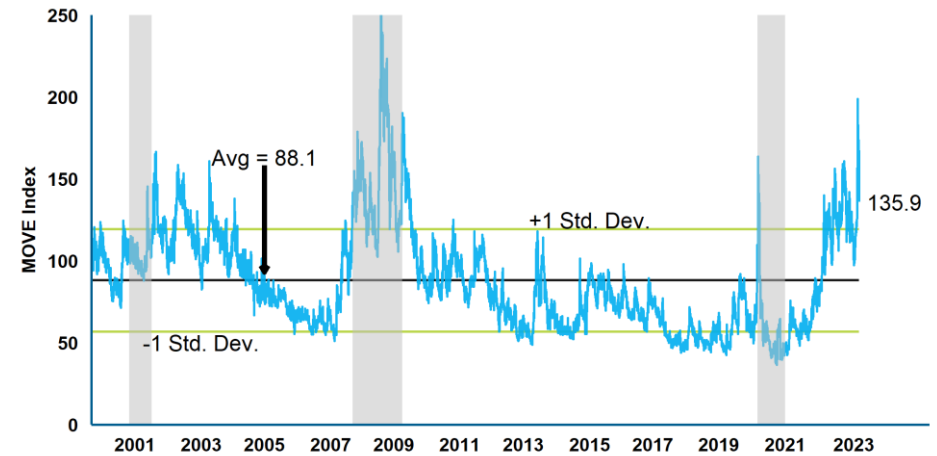
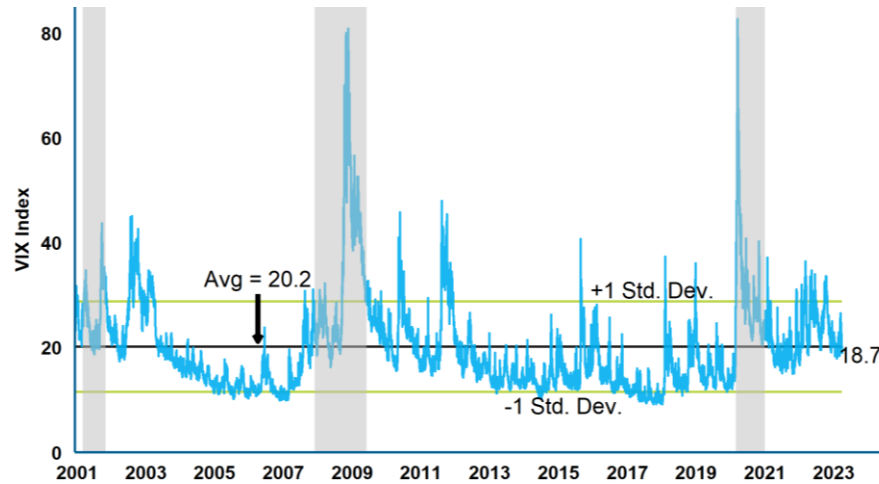
Fixed Income	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Barclays Universal	2.3	2.9	-4.6	-2.0	1.0	1.6	4.8	6.3
Bloomberg Barclays Aggregate	2.5	3.0	-4.8	-2.8	0.9	1.4	4.4	6.5
Bloomberg Barclays US TIPS	2.9	3.3	-6.1	1.8	2.9	1.5	4.1	7.0
Bloomberg Short-term TIPS	1.9	2.2	-0.3	3.5	3.0	1.5	4.6	2.5
Bloomberg Barclays High Yield	1.1	3.6	-3.3	5.9	3.2	4.1	8.5	4.2
JPM GBI-EM Global Diversified (USD)	4.1	5.2	-0.7	0.9	-2.4	-1.5	7.1	5.1

**Fixed Income: The Bloomberg Universal rose 2.3% in March and 2.9% in Q1 as global sovereign debt yields fell on monetary policy expectations.**

- Anecdotal reports suggest bouts of flight-to-quality flows during the peak of interest rate volatility connected to the banking sector pushed sovereign debt yields lower. These concerns largely outweighed continued inflation concerns and caused investors to adjust their policy expectations.
- The broad TIPS index outperformed the broad US bond market (Bloomberg Aggregate) in March and for the quarter.
- High yield bonds had the weakest results in March driven by banking sector weakness but outperformed the broad US bond market for the quarter.

<sup>1</sup> Source: Bloomberg. JPM GBI-EM data is from InvestorForce. Data is as of March 31, 2023. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.

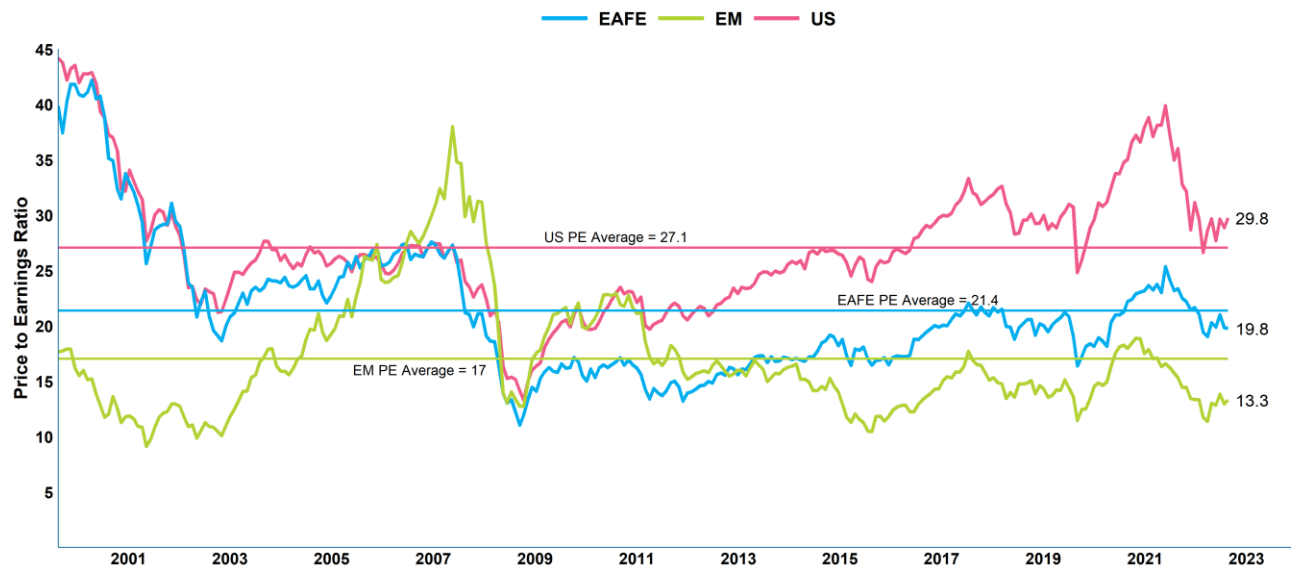
### Equity and Fixed Income Volatility<sup>1</sup>



- Volatility in equities (VIX) remained subdued through the end of March as investors continued to anticipate the end of the Fed's policy tightening.
- In comparison, the bond market remains on edge with the more policy sensitive MOVE (fixed income volatility) remaining well above its long-run average. During the quarter it hit the highest level since the Global Financial Crisis as the banking sector issues created uncertainty over how the Fed would balance fighting inflation and maintaining financial stability.

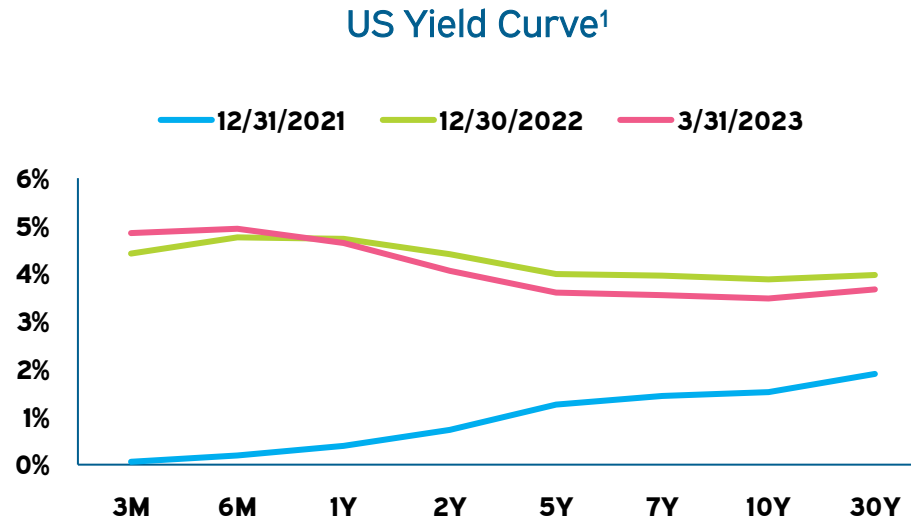
<sup>1</sup> Equity and Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of March 2023. The average line indicated is the average of the VIX and MOVE values between January 2000 and March 2023.

**Equity Cyclically Adjusted P/E Ratios<sup>1</sup>**



- After its dramatic decline last year the US equity price-to-earnings ratio remains above its long-run (21st century) average.
- International developed market valuations are slightly below their own long-term average, with those for emerging markets the lowest and well under the long-term average.

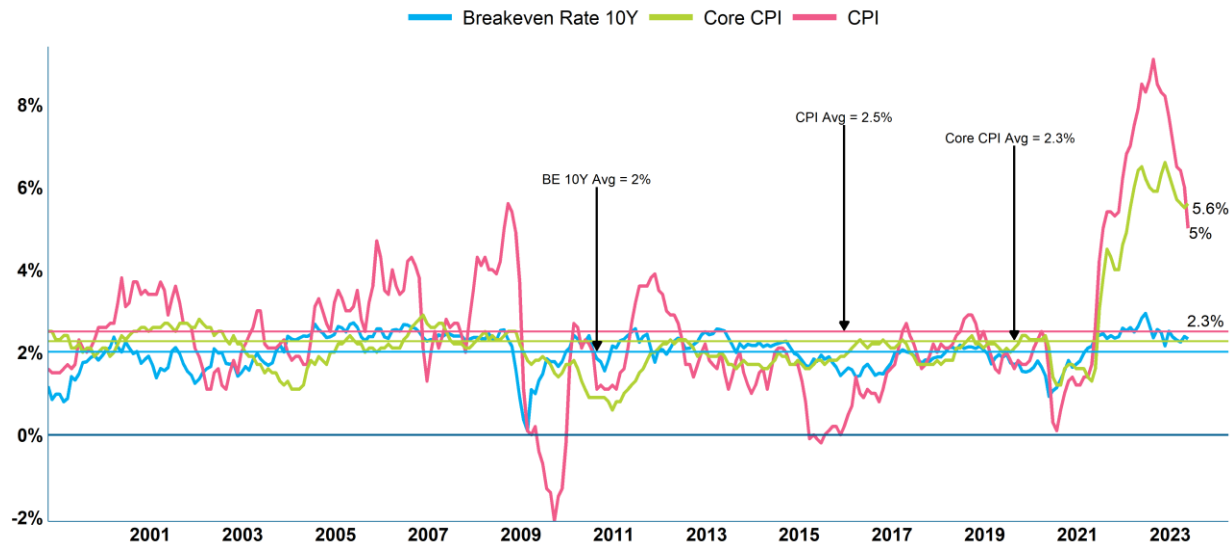
<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of March 2023. The average line is the long-term average of the US, EM, and EAFE PE values from December 1999 to the recent month-end respectively.



- It was a volatile quarter for interest rates, particularly shorter-dated maturities. Except for the shortest maturities, rates largely declined across the yield curve in the first quarter on expectations of peaking policy.
- After hitting -1.07% in early March, the yield spread between two-year and ten-year Treasuries finished the quarter at -0.55% as policy-sensitive rates at the front-end of the curve declined faster than longer maturities. The more closely watched measure by the Fed of three-month and ten-year Treasuries also remained inverted. Inversions in the yield curve have often preceded recessions.
- The Fed remained committed to fighting inflation, despite pressures in the banking sector, raising rates another 25 basis points to a range of 4.75% to 5.0% at its March meeting.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2023.

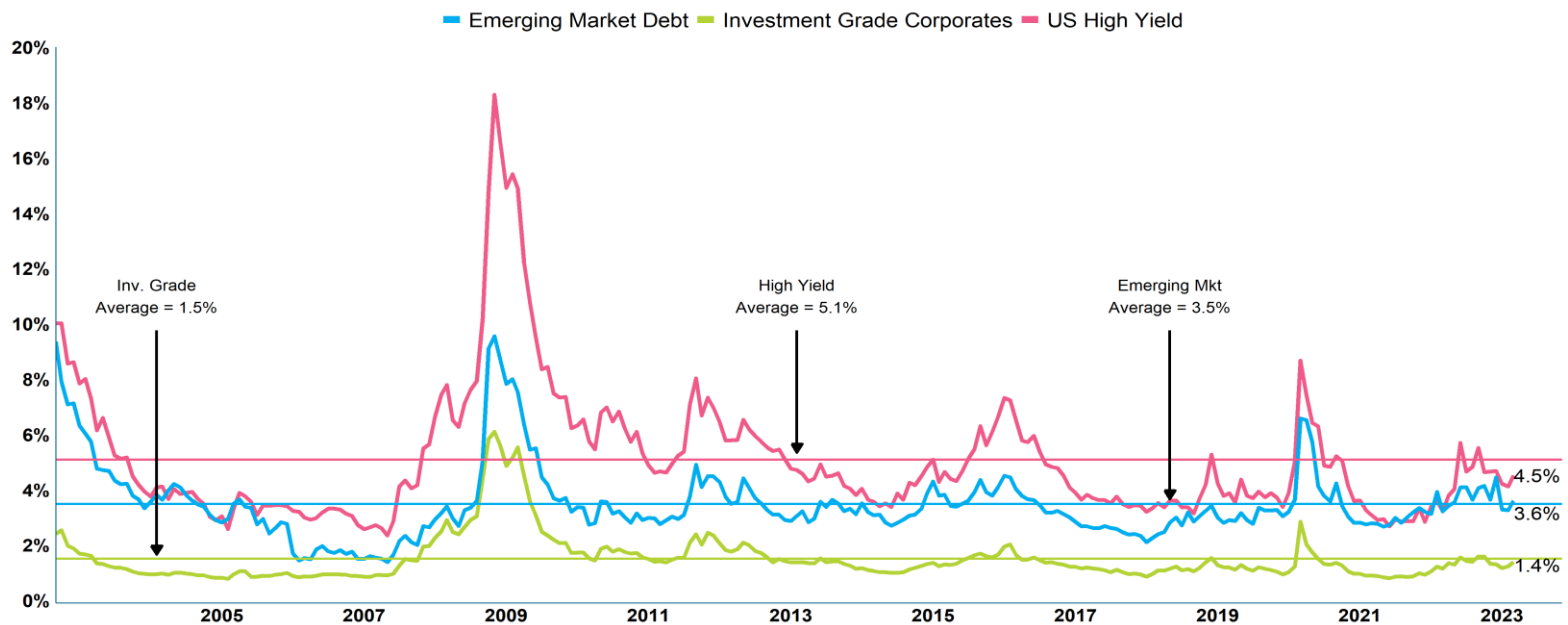
**Ten-Year Breakeven Inflation and CPI<sup>1</sup>**



- Inflation continued to decline in March with the year-over-year reading falling from 6.0% to 5.0% and coming in slightly below the 5.1% expectations. The rate of price increases also slowed on a month-over-month basis (0.1% versus 0.4%), with food prices only slightly higher and energy prices declining.
- Core inflation – excluding food and energy - rose (5.6% versus 5.5%) mostly driven by transportation and housing.
- Inflation expectations (breakevens) were volatile over the month and declined on net, but nonetheless ended the month at 2.3% (roughly where it started the quarter).

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2023. The CPI and 10 Year Breakeven average lines denote the average values from August 1998 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

**Credit Spreads vs. US Treasury Bonds<sup>1</sup>**

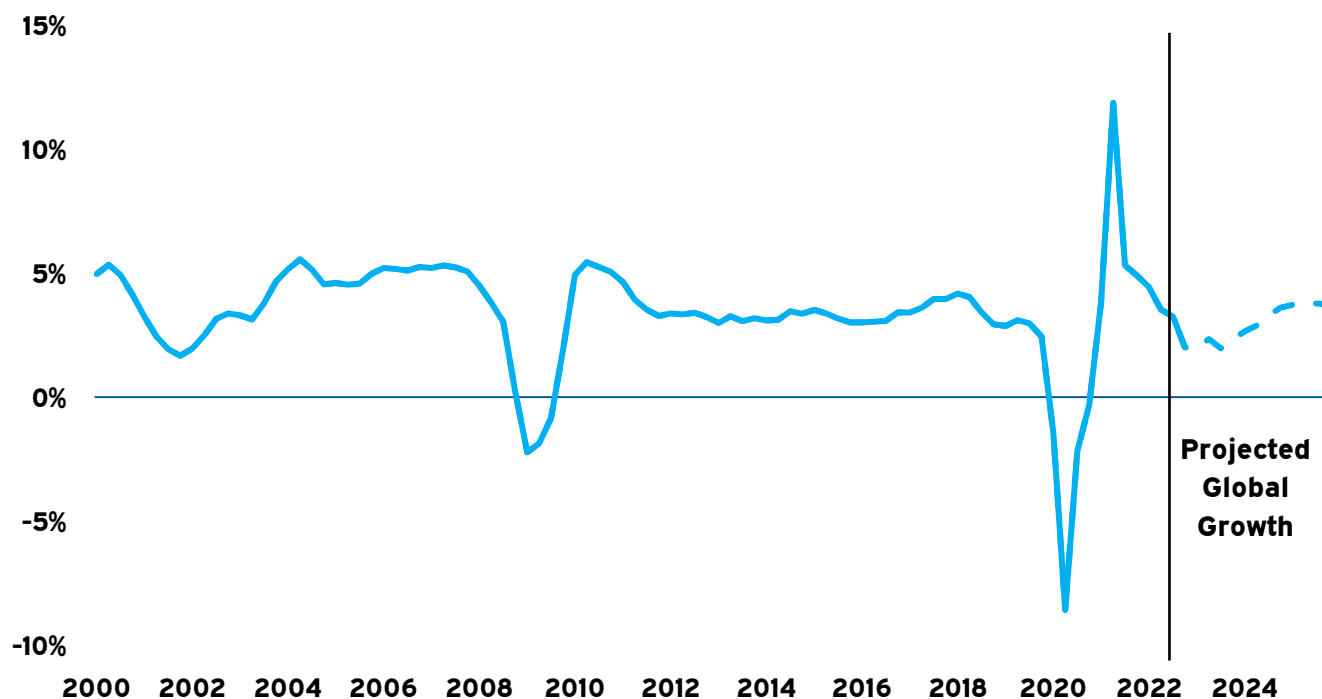


- Spreads (the added yield above a comparable maturity Treasury) experienced a significant spike in March during the banking crisis but subsequently declined as the Fed and others stepped in to provide support.
- High yield spreads rose from 4.1% to a peak of 5.2% in March before finishing the quarter at 4.5% (lower than the start of the quarter by 0.2%). Investment grade spreads also spiked in March (1.2% to 1.6%) but also fell from their peak to 1.4%. Emerging market spreads finished the quarter at 3.6% experiencing the largest decline (-0.9%).

<sup>1</sup> Sources: Bloomberg. Data is as of March 31, 2023. Average lines denote the average of the investment grade, high yield, and emerging market spread values from August 2000 to the recent month-end, respectively.



### Global Real Gross Domestic Product (GDP) Growth<sup>1</sup>

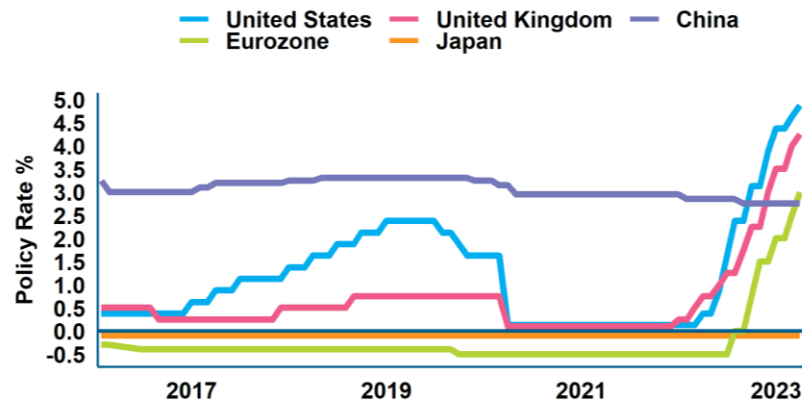


- Global economies are expected to slow in 2023 compared to 2022, with risks of recession increasing given persistently high inflation and related tighter monetary policy.
- The delicate balancing act of central banks trying to reduce inflation without dramatically impacting growth will remain key.

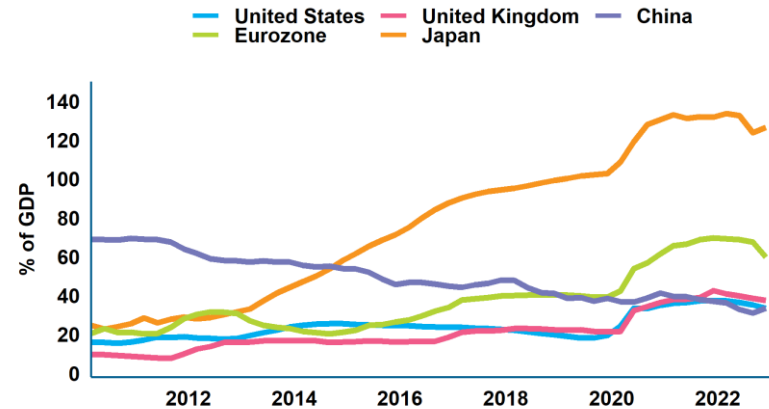
<sup>1</sup> Source: Oxford Economics (World GDP, US\$ prices & PPP exchange rate, real, % change YoY). Updated March 2023.

### Central Bank Response<sup>1</sup>

#### Policy Rates



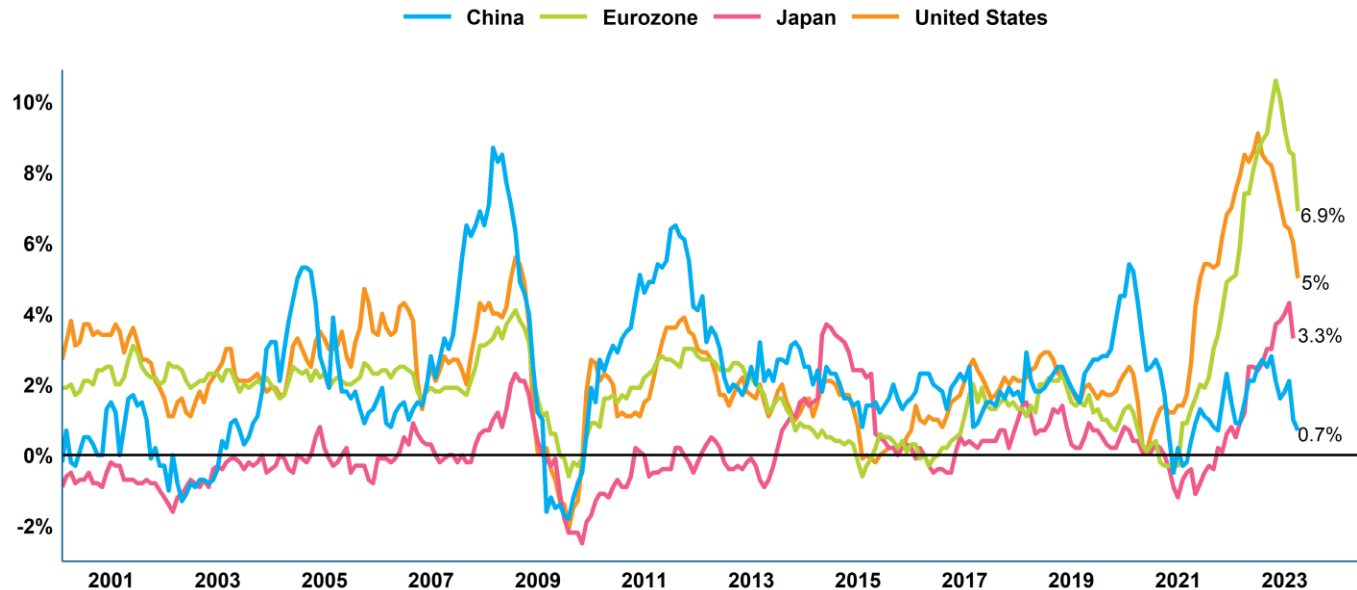
#### Balance Sheet as % of GDP



- In 2022, many central banks aggressively reduced pandemic-era policy support in the face of high inflation with the US taking the most aggressive approach. Slowing inflation and recent signs of instability in the banking sector have led to expectations for the slowing of policy tightening going forward.
- In March, the Fed, FDIC, and Treasury provided deposit guarantees after high profile bank failures revealed bank capital losses on US Treasuries related to higher interest rates and lax risk management.
- China's central bank is one notable exception. They are expected to maintain an accommodative monetary stance to support the economy. They cut bank reserves requirements to improve bank liquidity and banks have also securitized over \$390 billion in non-performing loans to improve loan quality ratios.
- Looking ahead the risk remains for a policy error as central banks attempt to balance bringing down inflation, maintaining financial stability, and growth.

<sup>1</sup> Source: Bloomberg. Policy rate data is as of March 31, 2023. China policy rate is defined as the medium-term lending facility 1 year interest rate. Balance sheet as % of GDP is based on quarterly data and is as of December 31, 2022.

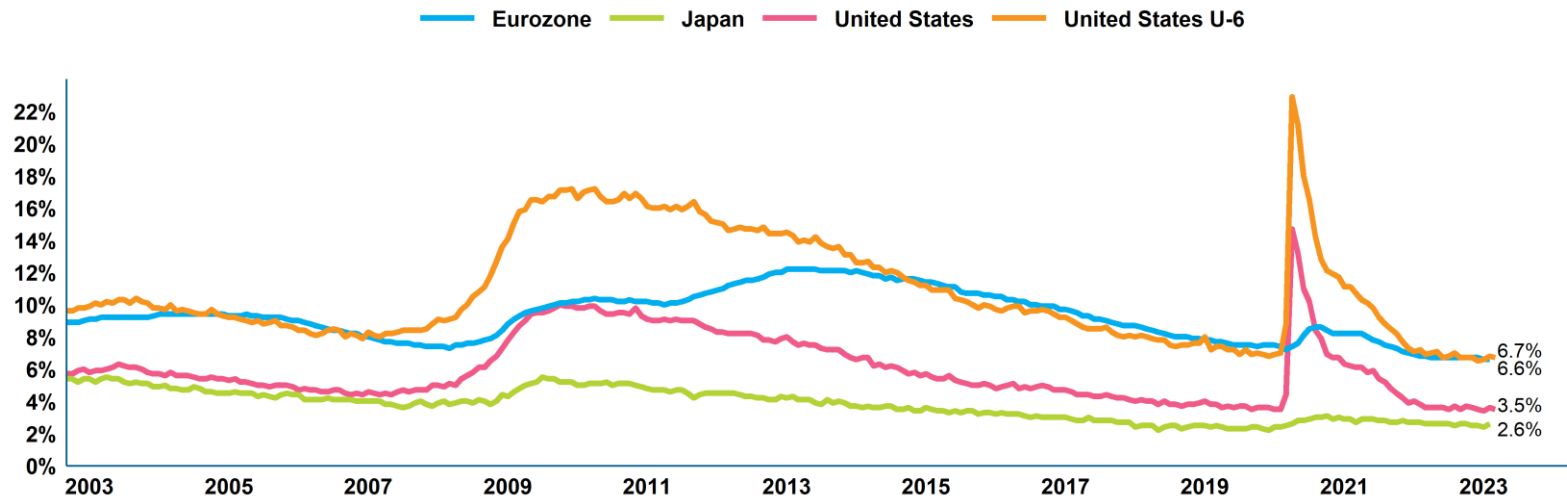
**Inflation (CPI Trailing Twelve Months)<sup>1</sup>**



- Inflation increased dramatically from the lows of the pandemic, particularly in the US and Eurozone where it reached levels not seen in many decades.
- Inflation pressures are slowly declining in the US as supply issues ease, but they remain elevated, while in Europe they have also started to fall as energy prices have eased.
- Lingering supply issues related to the pandemic, record monetary and fiscal stimulus, strict COVID-19 restrictions in China, and higher commodity prices driven by the war in Ukraine have been key global drivers of inflation.

<sup>1</sup> Source: Bloomberg. Data is as March 31, 2023. The most recent Japanese inflation data is as of February 2023.

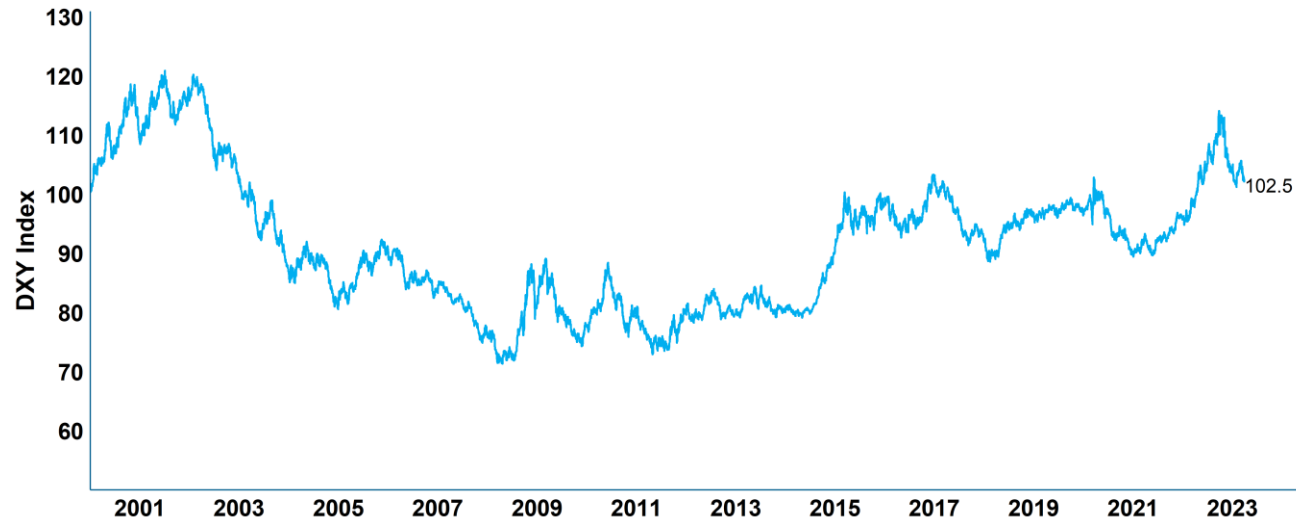
### Unemployment<sup>1</sup>



- Labor markets have significantly improved from the pandemic as economies have largely reopened.
- Despite slowing growth and high inflation, the US labor market remains a particular bright spot. Unemployment in the US, which experienced the steepest rise, recently has returned to pre-pandemic levels. Broader measures of unemployment (U-6) remain higher at 6.7% but have also declined dramatically from their peak.
- The strong labor market and higher wages, although beneficial for workers, motivates the Fed's efforts to fight inflation, likely leading to higher unemployment.

<sup>1</sup> Source: Bloomberg. Data is as March 31, 2023, for the US. The most recent data for Eurozone and Japanese unemployment is as of February 2023.

**US Dollar versus Broad Currencies<sup>1</sup>**



- The dollar finished 2022 much higher than it started, due to the increased pace of policy tightening, stronger relative growth, and safe-haven flows. Late last year and into early this year, the dollar experienced some weakness though as investors anticipated the end of Fed tightening.
- Overall, the US dollar depreciated in March and finished the quarter slightly lower than where it started as weaker economic data and bank turmoil drove interest rates lower in the US.
- This year, the track of inflation across economies and the corresponding monetary policies will likely be key drivers of currency moves.

<sup>1</sup> Source: Bloomberg. Data as of March 31, 2023.

## Summary

### Key Trends:

- The impacts of record high inflation will remain key, with market volatility likely to stay high.
- Recent issues related to the banking sector have created a delicate balance for central banks to continue to fight inflation but also try to maintain financial stability.
- Global monetary policies could diverge in 2023 with the Fed pausing and others continuing to tighten. The risk of policy errors remains elevated given persistent inflation pressures and a strong US labor market.
- Growth is expected to slow globally this year, with many economies forecast to tip into recession. Inflation, monetary policy, and the war will all be key.
- In the US, the end of many fiscal programs is expected to put the burden of continued growth on consumers. Costs for shelter, medical care, and education could continue to rise, keeping 'sticky price' inflation at elevated levels.
- The key for US equities going forward will be whether earnings can remain resilient if growth continues to slow.
- Outside the US, equity valuations remain lower in both emerging and developed markets, but risks remain, including potential continued strength in the US dollar, higher inflation particularly weighing on Europe, and China's rushed exit from COVID-19 restrictions and on-going weakness in the real estate sector.

## **Q1 Executive Summary**

Performance Overview – Q1 2023

Total Market Value		Q1 Results		QTD Relative Results	
Q1 2023	\$1,107,313,962	MercedCERA	4.0%	MercedCERA vs Policy Benchmark	-0.9%
Q4 2022	\$1,060,382,214	Policy Benchmark	4.9%		

As of March 31, 2023, the value of the Fund's assets was \$1,107 million.

- The MercedCERA portfolio returned 4.0% for the quarter, trailing its policy index by 90 basis points. This translates to annualized returns of 11.2%, 6.9% and 7.4% over the three, five and ten-year trailing periods. The portfolio's since inception annualized return is 7.9%.
- Public Equities led performance in a strong quarter for most asset classes. International Equities had the strongest returns at 8.8%, with Emerging Markets Equity posting strongest returns on both absolute and relative to benchmark basis. US Equities posted strong returns at 7.0% for the period, though it trailed the index by 20 bps. US Fixed Income returned 2.4%, trailing the benchmark return by 40 bps. Opportunistic Credit posted 2.7%, trailing the blended benchmark by 50 bps. Real Estate posted the only negative returns at -1.1% for the quarter, though it outpaced the benchmarks by 210 bps. Real Assets posted the worst relative returns, trailing its benchmark by 10.3%. Private Equity returned a modest 1.0%, compared to the index return of 10.2%.
- Manager selection in Private Equity was the primary detractor from performance over the quarter, though strong performance from International Equity partially offset with the strong performance from the Emerging Markets sub-asset class.



### Public Manager Highlights Q1 2023

4 out of 13 Public Active Managers<sup>1</sup> either outperformed or matched their respective benchmarks for Q1 2023.

#### Total Equity (Active)

- US Equity, returning 7.0%, trailed its benchmark by 20 basis points. BNY Mellon Newton Dynamic US Equity, MercedCERA's active US large cap manager, returned 7.0%, trailing their benchmark by 50 basis points. Champlain Small Cap, the portfolio's small cap active manager, returned 4.5%, outperforming the benchmark return of 2.7%.
- Developed International Equity returned 4.6%, trailing its benchmark by 310 basis points, as three of the four managers in the sleeve underperformed their respective benchmarks. GQG International returned 2.7%, trailing its benchmark by 420 basis points. First International Value returned 6.2%, posting the trailing by 230 basis points. Acadian returned 5.1%, outpacing its benchmark by 40 basis points. Driehaus had the returned 3.5% and trailing its benchmark by 190 basis points.
- Artisan & RWC, the two managers in the Emerging Markets space posted returns of 22.6% & 3.8% respectively. Relative to their index (MSCI Emerging Markets) return of 4.0%, Artisan significantly outpaced the index, whereas RWC trailed marginally.

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<sup>1</sup> Excludes Public Managers that do not have a full quarter of performance, Private Markets and Hedge Fund Managers.

**Public Manager Highlights Q1 2023 (Continued)****Total Fixed Income (Active)**

- US Fixed Income returned 2.4%, trailing the benchmark return of 2.8%. Brandywine provided the strongest returns on both absolute (5.1%) and relative to benchmark basis (2.1% outperformance relative to Bloomberg US Aggregate), whereas Wellington Core Bond and Payden & Rygel Low Duration returned 0.8% and 0.9% respectively, each trailing its benchmark.
- Opportunistic Credit returned 2.7%, trailing the benchmark return of 3.2%. GoldenTree and PIMCO both posted positive returns of 2.9% and 2.6% for the period respectively, though both trailed their respective benchmarks. Sculptor posted 2.7%, trailing its benchmark by 60 basis points.

Active Manager Expectations

Manager	Strategy Description	Beta (High/Neutral/Low)	Tracking Error Range (bps)	Environments Manager Underperforms
<b>Domestic Equity</b>				
Champlain Small Cap	Moderately diversified small cap portfolio.	Low	4.0% to 7.0%	In low quality rallies.
Newton/Mellon Capital MCM Dynamic US Equity	Very diversified, quantitative, large cap core portfolio. Also has exposure to fixed income assets.	Neutral (higher in more recent periods)	2.5% to 5.0%	When investors misprice forward looking return/risk characteristics; when returns are concentrated in one sector.
<b>Developed Markets Equity (Non-US)</b>				
Driehaus International Small Cap Growth	Diversified growth manager that seeks to invest in companies experiencing positive growth inflections, using a combination of fundamental and macroeconomic analysis.	Low	4.0% to 7.0%	At market inflection points, with abrupt leadership change. Deep value, low quality market environments.
Acadian ACWI ex US Small Cap Equity	Very diversified international small cap portfolio, employing highly adaptive quantitative models.	Neutral	2.5% to 4.5%	During narrow markets, abrupt changes in leadership. In "value" challenged periods.
First Eagle International Value Fund	Benchmark agnostic, diversified international value manager with strategic gold allocation and willingness to utilize cash when valuations are elevated across the market.	Low	5.0% to 10.0%	In growth- and momentum-led rallies, where value discipline and an allocation to cash will be headwinds, and if physical gold underperforms.
GQG International Equity	Benchmark agnostic, concentrated international quality-growth equity manager with valuation discipline and macro awareness. Willing to invest in US-listed companies.	Low	5.0% to 10.0%	In cyclical recoveries where deep value, asset-heavy, smaller cap stocks rally.

Active Manager Expectations (Continued)

Manager	Strategy Description	Beta (High/Neutral/Low)	Tracking Error Range (bps)	Environments Manager Underperforms
<b>Emerging Markets Equity</b>				
Artisan Developing World	Concentrated, benchmark agnostic emerging markets strategy focused on high quality companies, overlaid with top-down macro (currency) awareness.	Neutral	5.0% to 10.0%	During cyclical rallies concentrated in deeper value, smaller cap stocks.
RWC Emerging Markets	Concentrated, growth-at-a-reasonable-price emerging markets equity strategy focused on mid cap stocks.	High	6.0% to 10.0%	Narrow rallies in large cap stocks where small and mid-caps lag, periods of heightened market volatility, deep drawdowns in asset-heavy cyclicals.
<b>Investment Grade Bonds</b>				
Brandywine	Top-down, macro, value-oriented strategy that invests with a benchmark agnostic philosophy	Neutral	2.0% to 7.0%	
Payden & Rygel	Short-term portfolios with emphasis on sector selection and yield curve management rather than relying on duration management	Low	0.2% to 0.7%	
Wellington	Benchmark-relative, diversified strategy with emphasis on individual security analysis, with Broad Markets teams' top-down sector views taken into consideration	Neutral	1.0 to 1.5%	
<b>Opportunistic Credit</b>				
PIMCO Income	Global multi-sector, benchmark agnostic approach, utilizing firm's resources to identify best income ideas while staying senior in the capital structure.	Low	1.5% to 3.5%	During periods of lower quality bond rallies and volatility in interest rates and certain currencies.
GoldenTree Multi-Sector Credit	Bottom-up security selection, managing risk and adding value through credit sector rotation.	Low	2.5% to 4.5%	During initial periods of economic recovery and rapid spread tightening.

Manager Monitor

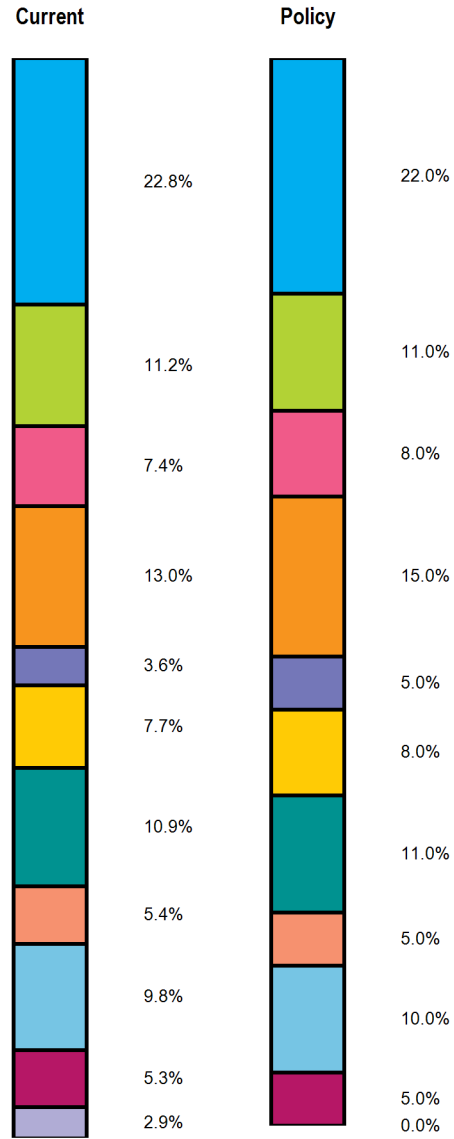
Manager	Significant Events (Yes/No)	Last Meeting w Board of Retirement	Last Meeting with MIG	Comments
<b>Domestic Equity Assets</b>				
BNY Mellon Newton Dynamic US Equity Fund	No	-	June-22	Strategy Update and discussion on current market environment.
BNY Mellon Large Cap Stock Index Fund	No	-	June-22	Merger of smaller boutiques – Met Mellon in March 2017 to go over HY Beta Strategy & conference call for Carbon Efficiency strategy.
Champlain Small Cap	No	-	Jan-22	Review of organizational changes, no changes to conviction level.
<b>Developed Markets Equity (Non-US) Assets</b>				
Driehaus International Small Cap Growth	No	-	Jun-21	Review of strategy, no changes to conviction level.
Acadian ACWI ex US Small Cap Equity	No	-	Jun- 20	Review of strategy, no changes to conviction level.
First Eagle International Value Fund			May-22	Review of Senior Loans strategy, no changes to conviction level.
GQG International Equity	No	-	Mar- 21	Review of strategy, no changes to conviction level.
<b>Emerging Markets Equity Assets</b>				
Artisan Developing World			Feb- 20	Review of strategy, no changes to conviction level.
RWC Emerging Markets	No	-	Sept-21	CEO stepping down. Meketa remains comfortable.
<b>US Fixed Income Assets</b>				
Brandywine	No	-	Mar-23	Review of strategy, no changes to conviction level
Payden & Rygel	No	-	May-22	Review of strategy, no changes to conviction level
Wellington	No	-	Mar-23	Review of strategy, no changes to conviction level
<b>Opportunistic Credit</b>				
PIMCO Income Fund	No	-	May-22	Discussing positioning/detractors for Global IGB strategy.
GoldenTree Multi-Sector Credit	No	-	Aug-21	Review of strategy, no changes to conviction level.
Sculptor Opportunistic Credit	No		Feb-22	CEO compensation package discussion after controversial comments made by departing Director. No concerns after review.
<b>Private Equity Program</b>	N/A	N/A	N/A	Oversight by Cliffwater.
<b>Real Assets Program</b>	N/A	N/A	N/A	Oversight by Cliffwater.
<b>Hedge Fund Program</b>	N/A	N/A	N/A	Oversight by Cliffwater.

Active Manager Peer Rankings<sup>1</sup>

Investment Managers	Product	Peer Group	Market Value (\$M)				Client Inception	Years in Portfolio	
			1YR	3YR	5YR	10YR			
Champlain	Small Cap Fund	US Small Cap Core	27	48	93	44	29	Nov-20	2.4
Mellon Capital	Dynamic US Equity Strategy	US Large Cap Core	51	91	70	24	2	Dec-12	10.3
Acadian	All-Country World ex US Small Cap	Non-US Div Small Cap	14	53	13	1	19	May-19	3.9
Driehaus	International Small Cap Growth	ACWI ex US Small Cap Growth	14	43	42	13	7	May-19	3.9
GQG	International Equity	All ACWI ex US Equity	46	19	76	67	-	Dec-19	3.3
First Eagle	International Value	EAFE Value Equity	50	25	99	84	93	Dec-19	3.3
Artisan	Developing World	Emerging Markets	57	70	61	1	-	Dec-19	3.3
RWC	Emerging Markets	Emerging Markets	26	83	34	68	8	Dec-19	3.3
Brandywine	US Fixed Income	US Fixed Income	34	19	6	1	1	Nov-22	0.4
Payden & Rygel	Low Duration	US Fixed Income	8	30	46	47	60	Nov-22	0.4
Wellington	Core Bond	US Fixed Income	40	83	73	70	33	Nov-22	0.4
PIMCO	Income Fund	Global Multi-Sector Fixed Income	17	16	52	60	57	May-19	3.9
GoldenTree	Multi-Sector Credit Strategy	Global Multi-Sector Fixed Income	24	20	7	11	4	Jun-19	3.8

<sup>1</sup> Source: eVestment. Ranks are greyed out for periods before Merced CERA was invested.

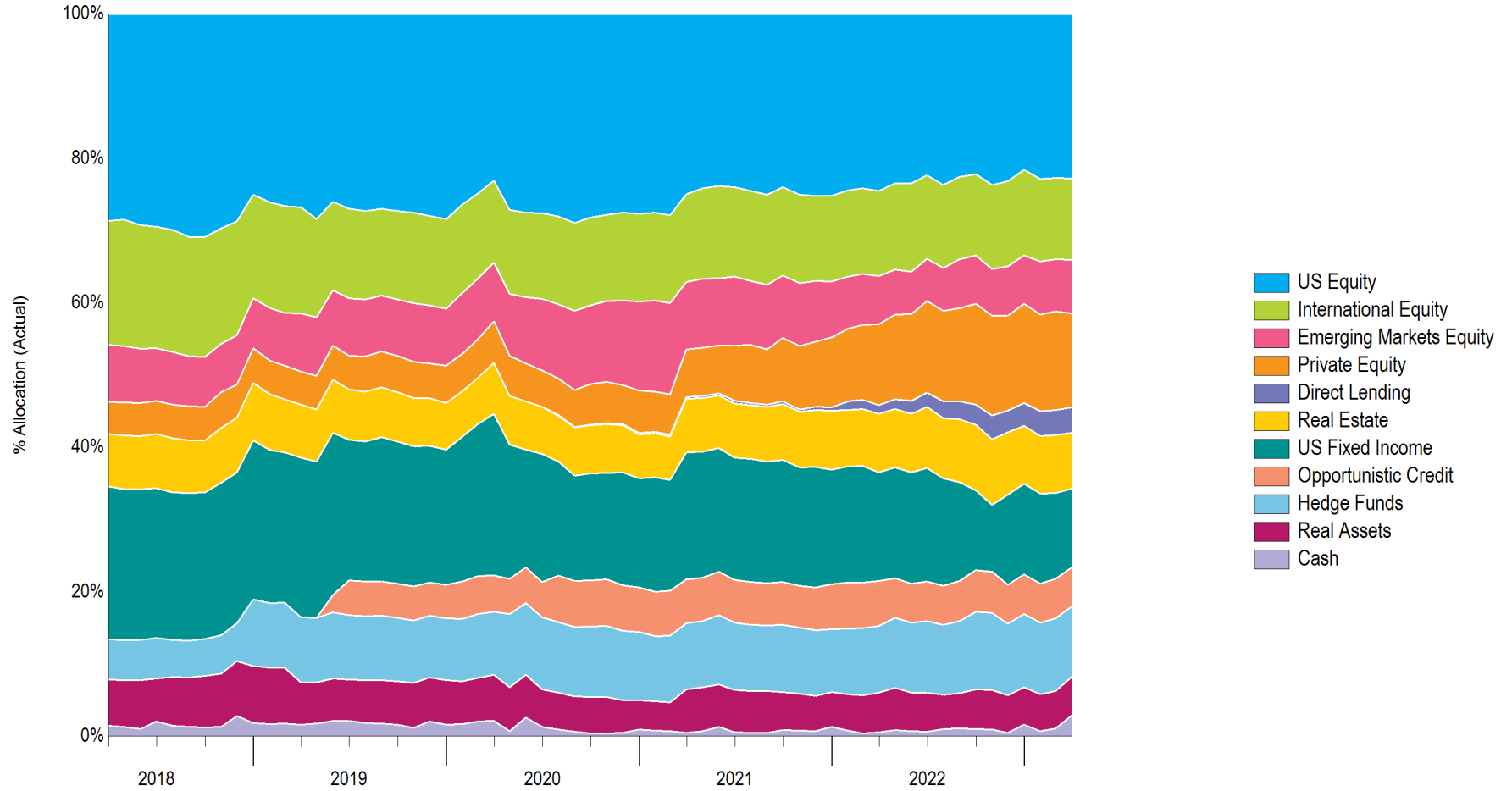
**Performance Update**  
As of March 31, 2023



Allocation vs. Targets and Policy							
	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?	
US Equity	\$252,301,138	22.8%	22.0%	0.8%	16.0% - 27.0%	Yes	
International Equity	\$124,421,119	11.2%	11.0%	0.2%	6.0% - 16.0%	Yes	
Emerging Markets Equity	\$82,178,795	7.4%	8.0%	-0.6%	4.0% - 12.0%	Yes	
Private Equity	\$144,160,665	13.0%	15.0%	-2.0%	5.0% - 20.0%	Yes	
Direct Lending	\$39,338,095	3.6%	5.0%	-1.4%	0.0% - 10.0%	Yes	
Real Estate	\$85,156,889	7.7%	8.0%	-0.3%	6.0% - 10.0%	Yes	
US Fixed Income	\$121,040,429	10.9%	11.0%	-0.1%	6.0% - 16.0%	Yes	
Opportunistic Credit	\$59,421,672	5.4%	5.0%	0.4%	3.0% - 7.0%	Yes	
Hedge Funds	\$108,705,070	9.8%	10.0%	-0.2%	5.0% - 15.0%	Yes	
Real Assets	\$58,344,591	5.3%	5.0%	0.3%	3.0% - 7.0%	Yes	
Cash	\$32,245,500	2.9%	0.0%	2.9%	0.0% - 5.0%	Yes	
<b>Total</b>	<b>\$1,107,313,962</b>	<b>100.0%</b>	<b>100.0%</b>				



Asset Allocation History  
5 Years Ending March 31, 2023



Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Fund (Net)*</b>	1,107,313,962	100.0	4.0	4.9	-3.7	11.2	6.9	7.4	7.9	Dec-94
<b>Total Fund (Gross)*</b>			4.1	5.1	-3.4	11.6	7.2	7.7	8.1	
<i>Policy Index</i>			4.9	3.0	-5.8	10.0	6.5	7.4	6.1	Dec-94
<b>Total Fund w/o Alternatives (Net)</b>	639,363,153	57.7	6.2	7.0	-6.4	10.0	5.9	7.0	--	Dec-94
<b>Total Fund w/o Alternatives (Gross)</b>			6.3	7.3	-6.0	10.5	6.3	7.3	--	
<i>Policy Index w/o AI</i>			5.4	6.8	-5.7	9.8	5.0	6.3	--	Dec-94
<b>US Equity (Net)</b>	252,301,138	22.8	7.0	9.7	-9.3	17.2	9.8	12.0	10.0	Dec-94
<b>US Equity (Gross)</b>			7.0	9.8	-9.1	17.5	10.1	12.2	10.1	
<i>Russell 3000</i>			7.2	9.7	-8.6	18.5	10.1	11.5	10.0	Dec-94
<b>International Equity (Net)</b>	206,599,914	18.7	8.8	9.1	-6.8	12.2	4.9	5.4	5.5	Dec-98
<b>International Equity (Gross)</b>			9.0	9.7	-6.0	13.1	5.6	6.1	5.8	
<i>International Equity Custom</i>			6.6	9.3	-4.9	11.4	2.2	4.6	4.2	Dec-98
<b>Developed International Equity (Net)</b>	124,421,119	11.2	4.6	7.4	-4.4	12.0	4.4	5.2	4.0	Jan-08
<b>Developed International Equity (Gross)</b>			4.8	8.0	-3.7	12.8	4.9	5.8	4.5	
<i>Custom Blended Developed International Equity BM</i>			7.7	14.0	-3.2	13.4	3.4	4.9	3.0	Jan-08
<b>Emerging Markets Equity (Net)</b>	82,178,795	7.4	16.1	11.9	-11.3	9.9	4.2	4.7	4.6	Apr-12
<b>Emerging Markets Equity (Gross)</b>			16.4	12.7	-10.4	11.0	5.2	5.7	5.6	
<i>MSCI EM</i>			4.0	0.8	-10.7	7.8	-0.8	2.3	2.4	Apr-12
<b>US Fixed Income (Net)</b>	121,040,429	10.9	2.4	-1.5	-6.0	-3.1	0.3	1.3	4.4	Dec-94
<b>US Fixed Income (Gross)</b>			2.4	-1.5	-6.0	-3.0	0.4	1.5	4.6	
<i>US Fixed Income Custom Benchmark</i>			2.8	0.0	-4.3	-2.6	0.8	1.5	4.6	Dec-94
<b>Opportunistic Credit (Net)</b>	59,421,672	5.4	2.7	4.6	-1.6	7.3	--	--	3.7	May-19
<b>Opportunistic Credit (Gross)</b>			2.9	5.1	-1.0	7.9	--	--	4.1	
<i>50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans</i>			3.2	3.5	-2.6	2.1	--	--	1.5	May-19

Data prior to March 2018 provided by prior consultant.

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Real Estate (Net)</b>	<b>85,156,889</b>	<b>7.7</b>	<b>-1.1</b>	<b>-1.4</b>	<b>-1.5</b>	<b>4.9</b>	<b>4.3</b>	<b>6.2</b>	<b>--</b>	<b>Mar-99</b>
<b>Real Estate (Gross)</b>			<b>-1.1</b>	<b>-1.4</b>	<b>-1.5</b>	<b>5.0</b>	<b>4.3</b>	<b>6.7</b>	<b>7.8</b>	
<i>Custom Blended Real Estate Benchmark</i>			<i>-3.2</i>	<i>-7.5</i>	<i>-3.1</i>	<i>8.0</i>	<i>7.0</i>	<i>8.7</i>	<i>7.4</i>	<i>Mar-99</i>
<i>CPI + 5% (Seasonally Adjusted)</i>			<i>2.2</i>	<i>6.1</i>	<i>10.2</i>	<i>10.6</i>	<i>9.1</i>	<i>7.8</i>	<i>--</i>	<i>Mar-99</i>
<b>Private Real Estate (Net)</b>	<b>68,919,405</b>	<b>6.2</b>	<b>-1.7</b>	<b>0.2</b>	<b>6.4</b>	<b>6.4</b>	<b>5.2</b>	<b>6.6</b>	<b>--</b>	<b>Mar-99</b>
<b>Private Real Estate (Gross)</b>			<b>-1.7</b>	<b>0.2</b>	<b>6.4</b>	<b>6.5</b>	<b>5.2</b>	<b>7.1</b>	<b>8.0</b>	
<i>Custom Blended Real Estate Benchmark</i>			<i>-3.2</i>	<i>-7.5</i>	<i>-3.1</i>	<i>8.0</i>	<i>7.0</i>	<i>8.7</i>	<i>7.4</i>	<i>Mar-99</i>
<b>Private Equity (Net)</b>	<b>144,160,665</b>	<b>13.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.8</b>	<b>24.1</b>	<b>18.2</b>	<b>13.7</b>	<b>10.5</b>	<b>Jun-05</b>
<b>Private Equity (Gross)</b>			<b>1.0</b>	<b>1.1</b>	<b>1.8</b>	<b>24.1</b>	<b>18.2</b>	<b>13.7</b>	<b>10.6</b>	
<i>Custom Private Equity Benchmark</i>			<i>10.2</i>	<i>-11.6</i>	<i>-15.6</i>	<i>14.0</i>	<i>15.0</i>	<i>16.4</i>	<i>--</i>	<i>Jun-05</i>
<b>Direct Lending (Net)</b>	<b>39,338,095</b>	<b>3.6</b>	<b>1.6</b>	<b>3.4</b>	<b>4.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9.6</b>	<b>Jul-20</b>
<b>Direct Lending (Gross)</b>			<b>1.6</b>	<b>3.4</b>	<b>4.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9.6</b>	
<i>S&amp;P LSTA Leverage Loan Index + 2%</i>			<i>3.7</i>	<i>8.9</i>	<i>4.6</i>	<i>10.7</i>	<i>5.7</i>	<i>5.8</i>	<i>7.8</i>	<i>Jul-20</i>
<b>Hedge Fund (Net)</b>	<b>108,705,070</b>	<b>9.8</b>	<b>1.1</b>	<b>2.8</b>	<b>0.3</b>	<b>8.5</b>	<b>4.2</b>	<b>--</b>	<b>4.2</b>	<b>Jun-14</b>
<b>Hedge Fund (Gross)</b>			<b>1.4</b>	<b>3.5</b>	<b>1.2</b>	<b>9.5</b>	<b>4.9</b>	<b>--</b>	<b>4.7</b>	
<i>Custom Blended Hedge Fund Benchmark</i>			<i>0.7</i>	<i>2.1</i>	<i>-1.9</i>	<i>7.2</i>	<i>3.1</i>	<i>--</i>	<i>3.2</i>	<i>Jun-14</i>
<b>Real Assets (Net)</b>	<b>58,344,591</b>	<b>5.3</b>	<b>4.1</b>	<b>9.6</b>	<b>8.9</b>	<b>15.0</b>	<b>11.1</b>	<b>9.4</b>	<b>--</b>	<b>Mar-99</b>
<b>Real Assets (Gross)</b>			<b>4.1</b>	<b>9.6</b>	<b>9.0</b>	<b>15.2</b>	<b>11.3</b>	<b>9.9</b>	<b>--</b>	
<i>Custom Blended Real Assets Benchmark</i>			<i>2.3</i>	<i>8.4</i>	<i>-4.1</i>	<i>4.9</i>	<i>7.1</i>	<i>--</i>	<i>--</i>	<i>Mar-99</i>
<i>CPI + 5% (Seasonally Adjusted)</i>			<i>2.2</i>	<i>6.1</i>	<i>10.2</i>	<i>10.6</i>	<i>9.1</i>	<i>7.8</i>	<i>--</i>	<i>Mar-99</i>
<b>Private Infrastructure (Net)</b>	<b>25,692,192</b>	<b>2.3</b>	<b>4.8</b>	<b>8.7</b>	<b>11.8</b>	<b>13.7</b>	<b>12.3</b>	<b>--</b>	<b>10.0</b>	<b>Dec-14</b>
<b>Private Infrastructure (Gross)</b>			<b>4.8</b>	<b>8.7</b>	<b>11.8</b>	<b>14.0</b>	<b>12.4</b>	<b>--</b>	<b>10.1</b>	
<i>S&amp;P Global Infrastructure TR USD</i>			<i>3.9</i>	<i>4.3</i>	<i>-3.5</i>	<i>15.6</i>	<i>5.9</i>	<i>6.4</i>	<i>5.1</i>	<i>Dec-14</i>
<b>Private Natural Resources (Net)</b>	<b>19,196,086</b>	<b>1.7</b>	<b>6.2</b>	<b>17.9</b>	<b>27.4</b>	<b>16.5</b>	<b>14.1</b>	<b>--</b>	<b>16.2</b>	<b>Sep-15</b>
<b>Private Natural Resources (Gross)</b>			<b>6.2</b>	<b>17.9</b>	<b>27.4</b>	<b>16.5</b>	<b>14.1</b>	<b>--</b>	<b>16.2</b>	
<i>S&amp;P Global Natural Resources Index TR USD</i>			<i>0.6</i>	<i>12.5</i>	<i>-5.0</i>	<i>27.7</i>	<i>7.8</i>	<i>5.1</i>	<i>12.0</i>	<i>Sep-15</i>
<b>Cash (Net)</b>	<b>32,245,500</b>	<b>2.9</b>	<b>2.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.3</b>	<b>0.7</b>	<b>--</b>	<b>--</b>	
<b>Cash (Gross)</b>			<b>2.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.3</b>	<b>0.7</b>	<b>--</b>	<b>--</b>	

Real Assets includes State Street Real Asset NL Fund.

Trailing Net Performance											
	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Fund*</b>	<b>1,107,313,962</b>	<b>100.0</b>	<b>--</b>	<b>4.0</b>	<b>4.9</b>	<b>-3.7</b>	<b>11.2</b>	<b>6.9</b>	<b>7.4</b>	<b>7.9</b>	<b>Dec-94</b>
<i>Policy Index</i>				4.9	3.0	-5.8	10.0	6.5	7.4	6.1	Dec-94
<i>InvMetrics Public DB &gt; \$1B Net Median</i>				3.7	4.7	-4.2	11.1	6.3	7.2	7.7	Dec-94
<i>InvMetrics Public DB &gt; \$1B Net Rank</i>				33	37	42	49	21	35	21	Dec-94
<b>Total Fund w/o Alternatives</b>	<b>639,363,153</b>	<b>57.7</b>	<b>57.7</b>	<b>6.2</b>	<b>7.0</b>	<b>-6.4</b>	<b>10.0</b>	<b>5.9</b>	<b>7.0</b>	<b>--</b>	<b>Dec-94</b>
<i>Policy Index w/o AI</i>				5.4	6.8	-5.7	9.8	5.0	6.3	--	Dec-94
<i>InvMetrics Public DB &gt; \$1B Net Median</i>				3.7	4.7	-4.2	11.1	6.3	7.2	7.7	Dec-94
<i>InvMetrics Public DB &gt; \$1B Net Rank</i>				1	1	94	85	61	54	--	Dec-94
<b>US Equity</b>	<b>252,301,138</b>	<b>22.8</b>	<b>39.5</b>	<b>7.0</b>	<b>9.7</b>	<b>-9.3</b>	<b>17.2</b>	<b>9.8</b>	<b>12.0</b>	<b>10.0</b>	<b>Dec-94</b>
<i>Russell 3000</i>				7.2	9.7	-8.6	18.5	10.1	11.5	10.0	Dec-94
<i>InvMetrics All DB US Eq Net Median</i>				6.3	9.7	-8.1	18.6	9.6	10.9	9.5	Dec-94
<i>InvMetrics All DB US Eq Net Rank</i>				31	50	86	85	43	8	22	Dec-94
<b>BNY Mellon Large Cap</b>	<b>174,615,358</b>	<b>15.8</b>	<b>69.2</b>	<b>7.4</b>	<b>9.7</b>	<b>-8.6</b>	<b>18.5</b>	<b>10.9</b>	<b>--</b>	<b>12.2</b>	<b>Mar-16</b>
<i>Russell 1000</i>				7.5	9.9	-8.4	18.6	10.9	12.0	12.2	Mar-16
<i>eV US Large Cap Core Equity Net Median</i>				5.6	8.7	-6.9	17.5	9.9	11.2	11.2	Mar-16
<i>eV US Large Cap Core Equity Net Rank</i>				23	36	75	34	32	--	27	Mar-16
<b>BNY Mellon Newton Dynamic US Equity</b>	<b>50,513,414</b>	<b>4.6</b>	<b>20.0</b>	<b>7.0</b>	<b>8.4</b>	<b>-11.0</b>	<b>16.4</b>	<b>11.2</b>	<b>13.8</b>	<b>14.9</b>	<b>Dec-12</b>
<i>S&amp;P 500</i>				7.5	10.0	-7.7	18.6	11.2	12.2	13.0	Dec-12
<i>eV US Large Cap Core Equity Net Median</i>				5.6	8.7	-6.9	17.5	9.9	11.2	12.0	Dec-12
<i>eV US Large Cap Core Equity Net Rank</i>				29	57	91	70	24	2	2	Dec-12
<b>Champlain Small Cap</b>	<b>27,172,366</b>	<b>2.5</b>	<b>10.8</b>	<b>4.5</b>	<b>12.3</b>	<b>-7.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6.5</b>	<b>Nov-20</b>
<i>Russell 2000</i>				2.7	6.7	-11.6	17.5	4.7	8.0	8.1	Nov-20
<i>eV US Small Cap Core Equity Net Median</i>				3.7	9.1	-7.6	21.1	7.0	9.5	12.7	Nov-20
<i>eV US Small Cap Core Equity Net Rank</i>				37	24	48	--	--	--	91	Nov-20

Historical returns for the US Equity Composite prior to January 2012 and for the International Equity Composite prior to December 2010 are gross only.

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>International Equity</b>	<b>206,599,914</b>	<b>18.7</b>	<b>32.3</b>	<b>8.8</b>	<b>9.1</b>	<b>-6.8</b>	<b>12.2</b>	<b>4.9</b>	<b>5.4</b>	<b>5.5</b>	<b>Dec-98</b>
<i>International Equity Custom</i>				6.6	9.3	-4.9	11.4	2.2	4.6	4.2	Dec-98
<i>InvMetrics All DB ex-US Eq Net Median</i>				7.3	10.5	-4.4	12.7	2.4	4.4	4.9	Dec-98
<i>InvMetrics All DB ex-US Eq Net Rank</i>				10	81	90	61	5	14	37	Dec-98
<b>Developed International Equity</b>	<b>124,421,119</b>	<b>11.2</b>	<b>60.2</b>	<b>4.6</b>	<b>7.4</b>	<b>-4.4</b>	<b>12.0</b>	<b>4.4</b>	<b>5.2</b>	<b>4.0</b>	<b>Jan-08</b>
<i>Custom Blended Developed International Equity BM</i>				7.7	14.0	-3.2	13.4	3.4	4.9	3.0	Jan-08
First Eagle International Value Fund	49,988,324	4.5	40.2	6.2	8.9	-0.9	10.0	--	--	3.2	Dec-19
<i>MSCI EAFE</i>				8.5	15.4	-1.4	13.0	3.5	5.0	4.3	Dec-19
<i>MSCI World ex USA</i>				8.0	14.0	-2.7	13.5	3.8	4.9	4.5	Dec-19
<i>eV Global Value Equity Net Median</i>				5.3	10.7	-2.9	16.8	5.4	6.9	6.5	Dec-19
<i>eV Global Value Equity Net Rank</i>				41	74	25	99	--	--	94	Dec-19
GQG International Equity	46,412,911	4.2	37.3	2.7	4.7	-5.6	11.5	--	--	5.5	Dec-19
<i>MSCI ACWI ex USA</i>				6.9	10.0	-5.1	11.8	2.5	4.2	3.4	Dec-19
<i>eV Global Growth Equity Net Median</i>				9.0	10.6	-10.6	13.8	8.1	9.6	7.4	Dec-19
<i>eV Global Growth Equity Net Rank</i>				97	92	19	76	--	--	72	Dec-19
Acadian ACWI ex U.S. Small Cap Equity	14,228,882	1.3	11.4	5.1	9.0	-9.7	19.7	--	--	8.7	May-19
<i>MSCI ACWI ex US Small Cap</i>				4.7	8.7	-10.4	15.0	1.7	5.1	4.2	May-19
<i>eV ACWI ex-US Small Cap Equity Net Median</i>				6.5	10.4	-9.1	13.6	2.2	5.9	4.5	May-19
<i>eV ACWI ex-US Small Cap Equity Net Rank</i>				73	64	53	13	--	--	4	May-19
Driehaus International Small Cap Growth	13,791,002	1.2	11.1	3.5	9.3	-8.2	15.1	--	--	7.4	May-19
<i>MSCI ACWI ex US Small Cap Growth NR USD</i>				5.6	8.6	-12.9	13.3	1.7	5.3	4.1	May-19
<i>eV ACWI ex-US Small Cap Equity Net Median</i>				6.5	10.4	-9.1	13.6	2.2	5.9	4.5	May-19
<i>eV ACWI ex-US Small Cap Equity Net Rank</i>				93	60	43	42	--	--	13	May-19

Developed International Equity and Emerging Markets Equity composites were only reported as one composite prior to March 2018.

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Emerging Markets Equity</b>	<b>82,178,795</b>	<b>7.4</b>	<b>39.8</b>	<b>16.1</b>	<b>11.9</b>	<b>-11.3</b>	<b>9.9</b>	<b>4.2</b>	<b>4.7</b>	<b>4.6</b>	<b>Apr-12</b>
<i>MSCI EM</i>				4.0	0.8	-10.7	7.8	-0.8	2.3	2.4	Apr-12
Artisan Developing World TR	56,588,641	5.1	68.9	22.6	18.4	-10.8	8.9	--	--	5.2	Dec-19
<i>MSCI Emerging Markets</i>				4.0	0.8	-10.7	7.8	-0.9	2.0	0.9	Dec-19
<i>eV Emg Mkts Equity Net Median</i>				4.9	4.0	-9.3	9.9	0.0	2.7	2.1	Dec-19
<i>eV Emg Mkts Equity Net Rank</i>				1	1	70	61	--	--	21	Dec-19
RWC	25,590,154	2.3	31.1	3.8	0.1	-12.2	12.2	--	--	0.3	Dec-19
<i>MSCI Emerging Markets</i>				4.0	0.8	-10.7	7.8	-0.9	2.0	0.9	Dec-19
<i>eV Emg Mkts Equity Net Median</i>				4.9	4.0	-9.3	9.9	0.0	2.7	2.1	Dec-19
<i>eV Emg Mkts Equity Net Rank</i>				73	85	83	34	--	--	76	Dec-19
<b>US Fixed Income</b>	<b>121,040,429</b>	<b>10.9</b>	<b>18.9</b>	<b>2.4</b>	<b>-1.5</b>	<b>-6.0</b>	<b>-3.1</b>	<b>0.3</b>	<b>1.3</b>	<b>4.4</b>	<b>Dec-94</b>
<i>US Fixed Income Custom Benchmark</i>				2.8	0.0	-4.3	-2.6	0.8	1.5	4.6	Dec-94
<i>InvMetrics All DB US Fix Inc Net Median</i>				3.0	0.7	-3.7	-0.9	1.5	1.8	4.9	Dec-94
<i>InvMetrics All DB US Fix Inc Net Rank</i>				80	91	80	83	92	72	96	Dec-94
Wellington Core Bond	40,404,643	3.6	33.4	0.8	--	--	--	--	--	3.1	Nov-22
<i>Bloomberg US Aggregate TR</i>				3.0	-0.1	-4.8	-2.8	0.9	1.4	6.3	Nov-22
Brandywine US Fixed Income	34,014,607	3.1	28.1	5.1	--	--	--	--	--	2.1	Nov-22
<i>Bloomberg US Aggregate TR</i>				3.0	-0.1	-4.8	-2.8	0.9	1.4	6.3	Nov-22
Vanguard Short-Term Treasury Index Fund	20,479,427	1.8	16.9	1.6	0.7	0.2	-0.9	1.0	--	1.1	Feb-18
<i>Bloomberg US Govt 1-3 Yr TR</i>				1.6	0.8	0.2	-0.8	1.1	0.8	1.1	Feb-18
<i>Bloomberg US Govt 1-5 Yr TR</i>				1.9	0.5	-0.4	-1.5	1.1	0.9	1.1	Feb-18
<i>eV US Short Duration Fixed Inc Net Median</i>				1.6	1.2	0.2	0.2	1.4	1.1	1.4	Feb-18
<i>eV US Short Duration Fixed Inc Net Rank</i>				39	81	48	93	85	--	85	Feb-18

Historical returns for the US Fixed Income Composite prior to December 2010 are gross only.

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Vanguard Total Bond Market Index Fund	18,032,163	1.6	14.9	3.2	0.0	-4.7	-2.8	--	--	0.1	May-19
<i>Bloomberg US Aggregate TR</i>				3.0	-0.1	-4.8	-2.8	0.9	1.4	0.0	May-19
<i>eV US Core Fixed Inc Net Median</i>				3.1	0.2	-4.7	-2.0	1.1	1.6	0.3	May-19
<i>eV US Core Fixed Inc Net Rank</i>				34	66	46	89	--	--	75	May-19
Payden & Rygel Low Duration Fund	8,109,589	0.7	6.7	0.9	--	--	--	--	--	4.6	Nov-22
<i>Bloomberg US Treasury 1-3 Yr TR</i>				1.6	0.8	0.2	-0.8	1.1	0.8	2.4	Nov-22
<b>Opportunistic Credit</b>	<b>59,421,672</b>	<b>5.4</b>	<b>9.3</b>	<b>2.7</b>	<b>4.6</b>	<b>-1.6</b>	<b>7.3</b>	<b>--</b>	<b>--</b>	<b>3.7</b>	<b>May-19</b>
<i>50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans</i>				3.2	3.5	-2.6	2.1	--	--	1.5	May-19
GoldenTree Multi-Sector Credit	23,537,524	2.1	39.6	2.9	7.6	-1.0	8.9	--	--	3.7	Jun-19
<i>50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans</i>				3.3	7.0	-0.5	7.2	3.4	4.0	3.0	Jun-19
<i>eV US High Yield Fixed Inc Net Median</i>				3.3	6.8	-2.8	5.7	3.0	3.8	2.6	Jun-19
<i>eV US High Yield Fixed Inc Net Rank</i>				72	24	20	7	--	--	11	Jun-19
Sculptor Credit Opportunities Domestic Partners, LP	19,047,398	1.7	32.1	2.7	1.6	-2.2	--	--	--	9.1	Jul-20
<i>50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans</i>				3.3	7.0	-0.5	7.2	3.4	4.0	4.2	Jul-20
PIMCO Income Fund	16,836,750	1.5	28.3	2.6	4.1	-1.3	3.6	--	--	1.7	Apr-19
<i>Bloomberg US Aggregate TR</i>				3.0	-0.1	-4.8	-2.8	0.9	1.4	0.0	Apr-19
<i>Multisector Bond MStar MF Median</i>				2.6	3.6	-3.2	3.7	2.1	2.7	1.5	Apr-19
<i>Multisector Bond MStar MF Rank</i>				53	32	16	52	--	--	44	Apr-19
<b>Real Estate</b>	<b>85,156,889</b>	<b>7.7</b>	<b>7.7</b>	<b>-1.1</b>	<b>-1.4</b>	<b>-1.5</b>	<b>4.9</b>	<b>4.3</b>	<b>6.2</b>	<b>--</b>	<b>Mar-99</b>
<i>Custom Blended Real Estate Benchmark</i>				-3.2	-7.5	-3.1	8.0	7.0	8.7	7.4	Mar-99
<i>CPI + 5% (Seasonally Adjusted)</i>				2.2	6.1	10.2	10.6	9.1	7.8	--	Mar-99
<i>InvMetrics All DB Real Estate Pub+Priv Net Median</i>				-3.0	-7.4	-3.6	7.4	6.7	7.9	--	Mar-99
<i>InvMetrics All DB Real Estate Pub+Priv Net Rank</i>				26	11	32	88	90	91	--	Mar-99
Vanguard REIT Index	16,237,484	1.5	19.1	1.8	-5.5	-20.1	--	--	--	4.6	Aug-20
<i>Spliced Vanguard REIT Benchmark</i>				1.8	-5.4	-20.0	10.0	5.9	5.9	4.7	Aug-20

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Private Real Estate</b>	<b>68,919,405</b>	<b>6.2</b>	<b>80.9</b>	<b>-1.7</b>	<b>0.2</b>	<b>6.4</b>	<b>6.4</b>	<b>5.2</b>	<b>6.6</b>	<b>--</b>	<b>Mar-99</b>
<i>Custom Blended Real Estate Benchmark</i>				-3.2	-7.5	-3.1	8.0	7.0	8.7	7.4	Mar-99
<i>InvMetrics All DB Real Estate Pub+Priv Net Median</i>				-3.0	-7.4	-3.6	7.4	6.7	7.9	--	Mar-99
<i>InvMetrics All DB Real Estate Pub+Priv Net Rank</i>				32	6	5	69	77	87	--	Mar-99
UBS Trumbull Property	27,777,453	2.5	40.3	-5.3	-1.3	7.0	5.9	4.2	6.2	6.7	Mar-99
Patron Capital V	6,151,559	0.6	8.9	6.5	-12.4	-11.0	-8.2	-5.8	--	0.7	Jan-16
Cerberus Real Estate Debt Fund, L.P.	5,116,447	0.5	7.4	0.6	2.7	2.5	--	--	--	10.6	Jul-20
Taconic CRE Dislocation Onshore Fund III	5,070,361	0.5	7.4	2.6	8.5	11.7	--	--	--	8.3	Jun-21
Rockpoint Real Estate Fund VI, L.P.	4,222,392	0.4	6.1	-2.6	-2.8	6.1	12.1	--	--	12.5	May-20
AG Realty Value Fund X, L.P.	3,781,311	0.3	5.5	-0.1	6.9	13.2	15.7	--	--	7.2	Jun-19
Taconic CRE Dislocation Fund II	3,034,676	0.3	4.4	14.7	18.7	21.2	10.8	--	--	10.2	Nov-18
Carlyle Realty VIII	2,824,438	0.3	4.1	-7.3	1.8	29.1	45.7	19.4	--	11.5	Dec-17
Carmel Partners Investment Fund VIII	2,669,806	0.2	3.9	-1.9	-6.9	-15.0	--	--	--	-15.0	Mar-22
Rockpoint Real Estate Fund VII L.P.	2,612,470	0.2	3.8	5.6	--	--	--	--	--	9.5	Aug-22
Carmel Partners Investment Fund VII	2,361,451	0.2	3.4	-2.2	5.0	9.4	-9.5	--	--	-22.8	Apr-19
Starwood Distressed Opportunity Fund XII Global	1,878,559	0.2	2.7	0.2	4.9	11.7	--	--	--	171.7	Jun-21
Greenfield Gap VII	1,138,409	0.1	1.7	-14.5	-3.0	-1.5	19.4	17.4	--	16.1	Dec-14

All private markets performance and market values reflect a 12/31/2022 capital account balance unless otherwise noted.

Private Real Estate results prior to 1/1/2019 were included in the Real Assets composite. All results for the Private Real Estate composite that include the period prior to 1/1/2019 will reflect only the latest lineup of managers that Meketa received information for, therefore it may not reflect the entire Private Real Estate composite at that given time.



	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Carlyle Realty Partners IX	280,073	0.0	0.4								
<b>Private Equity</b>	<b>144,160,665</b>	<b>13.0</b>	<b>13.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.8</b>	<b>24.1</b>	<b>18.2</b>	<b>13.7</b>	<b>10.5</b>	<b>Jun-05</b>
<i>Custom Private Equity Benchmark</i>				10.2	-11.6	-15.6	14.0	15.0	16.4	--	Jun-05
<i>InvMetrics All DB Private Eq Net Median</i>				0.5	-0.8	-1.3	17.2	13.6	13.3	10.7	Jun-05
<i>InvMetrics All DB Private Eq Net Rank</i>				33	33	26	3	20	45	52	Jun-05
Genstar Capital Partners IX	9,275,896	0.8	6.4	3.0	28.4	34.4	34.0	--	--	28.9	Jul-19
Ocean Avenue II	9,143,134	0.8	6.3	-4.6	8.5	12.9	50.8	37.3	--	23.7	Jun-14
Spark Capital Growth Fund III	9,005,962	0.8	6.2	-25.6	-2.6	7.0	19.2	--	--	18.7	Mar-20
Cortec Group Fund VII	8,936,845	0.8	6.2	24.9	32.3	31.6	37.1	--	--	32.4	Dec-19
Thoma Bravo Discover Fund III	8,013,332	0.7	5.6	3.0	-1.0	4.5	--	--	--	6.9	Jun-21
Summit Partners Growth Equity Fund X-A	7,583,164	0.7	5.3	3.7	4.7	2.8	11.6	--	--	5.0	Mar-20
Taconic Market Dislocation Fund III L.P.	7,342,835	0.7	5.1	2.1	-2.2	0.6	--	--	--	15.8	Jul-20
TCV X	6,514,653	0.6	4.5	-0.6	-27.6	-34.7	28.5	--	--	18.0	Apr-19
Carrick Capital Partners III	6,235,712	0.6	4.3	1.0	-3.3	-2.0	16.9	--	--	11.8	Aug-18
Marlin Heritage Europe II, L.P.	6,180,871	0.6	4.3	10.4	7.6	10.5	--	--	--	-1.7	Oct-20
GTCR Fund XII	5,467,695	0.5	3.8	1.7	-1.9	3.4	28.9	--	--	17.1	Jun-18
Genstar Capital Partners X	4,724,055	0.4	3.3	1.2	1.6	4.4	--	--	--	6.9	Oct-21
Cressey & Company Fund VI	4,476,791	0.4	3.1	2.7	-4.6	-5.0	26.9	--	--	17.7	Jan-19
Accel-KKR Growth Capital Partners III	4,458,062	0.4	3.1	3.7	0.4	-2.8	20.9	--	--	10.9	Jul-19
Khosla Ventures VII	4,337,616	0.4	3.0	4.2	4.6	1.4	--	--	--	5.6	Jan-21

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Adams Street	4,316,161	0.4	3.0	-1.7	-13.3	-20.3	15.0	13.1	13.4	8.4	Sep-05
GTCR Fund XIII/A & B	3,946,643	0.4	2.7	-2.6	-2.0	7.8	--	--	--	127.2	Jun-21
TCV XI	3,697,270	0.3	2.6	-4.8	-17.3	-23.2	--	--	--	-5.9	Feb-21
Summit Partners Venture Capital Fund V-A	3,193,500	0.3	2.2	2.2	-3.8	-1.6	--	--	--	-6.5	May-21
Pantheon II	3,123,137	0.3	2.2	0.8	-8.1	-13.3	17.6	15.1	15.0	12.9	Dec-11
Davidson Kempner Long-Term Distressed Opportunities Fund IV	3,067,068	0.3	2.1	11.0	24.0	39.4	22.1	17.9	--	17.9	Apr-18
Accel-KKR Capital Partners VI	2,892,906	0.3	2.0	0.0	0.0	1.8	--	--	--	-6.3	Feb-21
Nautic Partners X	2,739,736	0.2	1.9	4.8	4.2	2.6	--	--	--	-0.6	Jan-22
Thoma Bravo Discovery Fund IV	2,614,963	0.2	1.8								
Spark Capital VI	2,432,911	0.2	1.7	0.1	4.4	7.1	-2.0	--	--	-1.9	Mar-20
TCV Velocity Fund I	1,912,860	0.2	1.3	-4.8	-15.8	-19.8	--	--	--	-30.5	Feb-22
Khosla Ventures Seed E	1,579,275	0.1	1.1	-0.6	2.0	1.0	--	--	--	160.1	Feb-21
Summit Partners Growth Equity Fund XI-A	1,504,072	0.1	1.0	9.8	-0.3	-61.8	--	--	--	-61.8	Mar-22
Spark Capital Growth Fund IV	1,395,695	0.1	1.0	55.3	40.1	35.2	--	--	--	27.3	Jan-22
Accel-KKR Growth Capital Partners IV	1,145,776	0.1	0.8	0.7	-7.1	-26.8	--	--	--	-26.8	Mar-22
Spark Capital VII	889,090	0.1	0.6	-2.4	-7.0	-8.9	--	--	--	-7.7	Feb-22
Invesco VI	837,127	0.1	0.6	0.0	-33.7	-37.7	39.9	27.2	--	19.6	Jun-13
GTCR Strategic Growth Fund I/A&B LP	501,953	0.0	0.3								
Threshold Ventures IV LP	473,214	0.0	0.3	-8.7	--	--	--	--	--	-20.7	Jul-22

Pantheon II Includes Pantheon US Fund IX, Pantheon Asia Fund VI, and Pantheon Europe Fund VII.

Adams Street includes Adams Street 2005, Adams Street 2007, and Adams Street 2011.

Invesco VI is adjusting from the 9/30/2022 NAV.

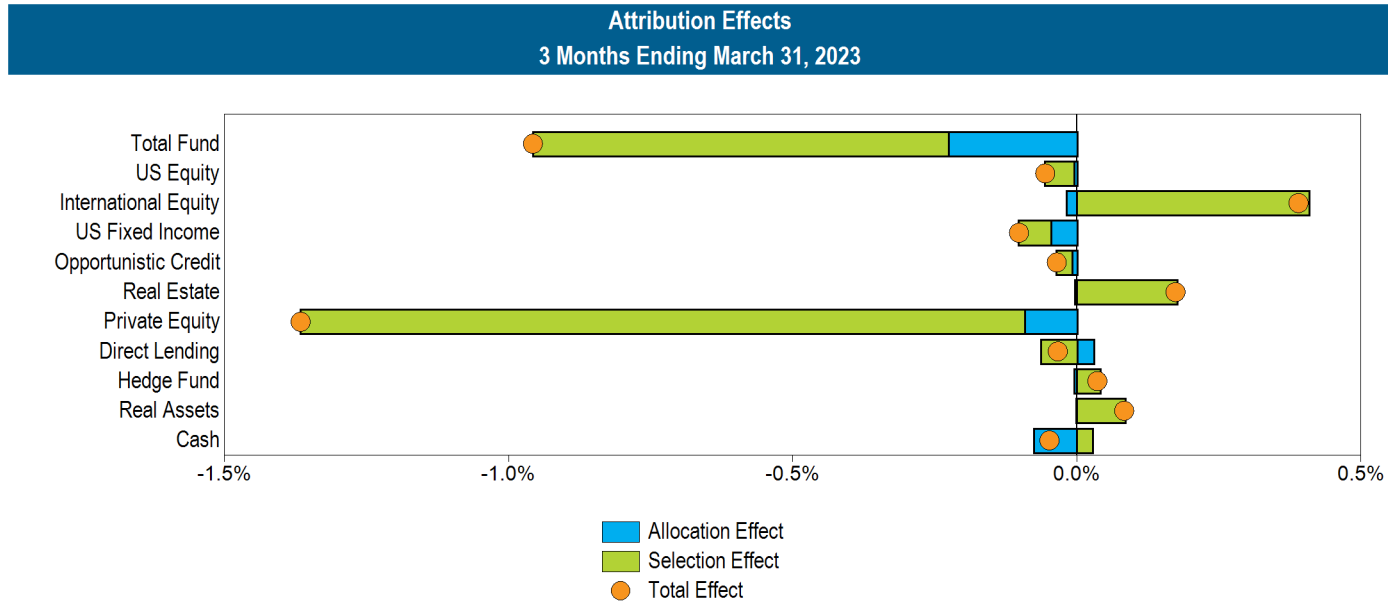
	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Pantheon Secondary	110,896	0.0	0.1	0.1	-2.2	-3.8	-8.1	-4.7	-2.1	0.6	Jun-07
Pantheon I	62,229	0.0	0.0	5.5	-10.7	-15.8	-10.1	-12.0	-3.3	-1.3	Dec-05
Marlin Heritage III	27,560	0.0	0.0								
<b>Direct Lending</b>	<b>39,338,095</b>	<b>3.6</b>	<b>3.6</b>	<b>1.6</b>	<b>3.4</b>	<b>4.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9.6</b>	<b>Jul-20</b>
<i>S&amp;P LSTA Leverage Loan Index + 2%</i>				3.7	8.9	4.6	10.7	5.7	5.8	7.8	Jul-20
AG Direct Lending Fund IV Annex	9,716,977	0.9	24.7	2.9	6.9	--	--	--	--	6.9	May-22
Ares Senior Direct Lending Fund II	8,921,064	0.8	22.7	1.3	3.9	6.5	--	--	--	7.6	Jan-22
Varagon Capital Direct Lending Fund	8,467,745	0.8	21.5	-1.3	-1.8	-2.2	--	--	--	-1.7	Jan-22
Silver Point Specialty Credit Fund II, L.P.	6,129,399	0.6	15.6	3.0	3.7	4.4	--	--	--	9.9	Jul-20
AG Direct Lending Fund V	4,475,311	0.4	11.4	3.7	--	--	--	--	--	5.3	Aug-22
Silver Point Specialty Credit Fund III	987,940	0.1	2.5	--	--	--	--	--	--	0.0	Mar-23
Accel-KKR Credit Partners II LP	639,659	0.1	1.6	--	--	--	--	--	--	0.0	Mar-23
<b>Hedge Fund</b>	<b>108,705,070</b>	<b>9.8</b>	<b>9.8</b>	<b>1.1</b>	<b>2.8</b>	<b>0.3</b>	<b>8.5</b>	<b>4.2</b>	<b>--</b>	<b>4.2</b>	<b>Jun-14</b>
<i>Custom Blended Hedge Fund Benchmark</i>				0.7	2.1	-1.9	7.2	3.1	--	3.2	Jun-14
<i>InvMetrics All DB Hedge Funds Net Median</i>				2.4	5.2	-1.6	9.8	4.5	4.3	3.7	Jun-14
<i>InvMetrics All DB Hedge Funds Net Rank</i>				69	73	31	73	59	--	32	Jun-14
Silver Point Capital	18,152,980	1.6	16.7	1.5	4.4	0.3	16.6	8.2	--	8.1	Nov-17
Wellington-Archipelago	14,898,268	1.3	13.7	1.8	4.1	0.7	8.5	4.3	--	4.9	Aug-17
Taconic Opportunity Fund	13,567,138	1.2	12.5	-0.2	-0.6	-5.2	5.8	--	--	2.9	Dec-18

Pantheon I includes Pantheon US Fund VI and Pantheon Europe Fund IV. Pantheon Europe Fund IV is adjusted from the 12/31/2021 NAV.  
 Pantheon Secondary includes Pantheon GLO SEC III B.

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Laurion Capital	13,437,048	1.2	12.4	3.1	1.6	1.5	7.9	--	--	10.2	Aug-18
Sculptor (OZ) Domestic II	12,846,093	1.2	11.8	4.5	4.5	-5.6	6.0	4.5	--	5.2	Jun-14
Caxton Global Investments	11,343,934	1.0	10.4	-3.1	0.6	3.4	--	--	--	6.8	May-21
Marshall Wace Global Opportunities	10,481,999	0.9	9.6	2.6	6.8	4.7	--	--	--	5.4	May-20
Graham Absolute Return	9,626,212	0.9	8.9	-0.6	2.4	7.0	12.0	4.6	--	4.5	Aug-17
Marshall Wace Eureka	4,351,398	0.4	4.0	-1.8	-0.7	-0.4	8.7	5.0	--	5.5	Nov-17
<b>Real Assets</b>	<b>58,344,591</b>	<b>5.3</b>	<b>5.3</b>	<b>4.1</b>	<b>9.6</b>	<b>8.9</b>	<b>15.0</b>	<b>11.1</b>	<b>9.4</b>	<b>--</b>	<b>Mar-99</b>
<i>Custom Blended Real Assets Benchmark</i>				2.3	8.4	-4.1	4.9	7.1	--	--	Mar-99
<i>CPI + 5% (Seasonally Adjusted)</i>				2.2	6.1	10.2	10.6	9.1	7.8	--	Mar-99
<i>InvMetrics All DB Real Assets/Commodities Net Median</i>				0.0	0.4	1.4	8.0	5.8	7.3	6.9	Mar-99
<i>InvMetrics All DB Real Assets/Commodities Net Rank</i>				1	2	14	10	1	25	--	Mar-99
SSgA	13,456,313	1.2	23.1	0.0	1.0	-8.3	16.1	6.4	--	6.2	Apr-17
<i>Real Asset NL Custom Blended Index</i>				0.1	0.7	-9.3	16.3	6.4	--	6.2	Apr-17
<b>Private Infrastructure</b>	<b>25,692,192</b>	<b>2.3</b>	<b>44.0</b>	<b>4.8</b>	<b>8.7</b>	<b>11.8</b>	<b>13.7</b>	<b>12.3</b>	<b>--</b>	<b>10.0</b>	<b>Dec-14</b>
<i>S&amp;P Global Infrastructure TR USD</i>				3.9	4.3	-3.5	15.6	5.9	6.4	5.1	Dec-14
ISQ Global Infrastructure Fund II	5,444,016	0.5	21.2	6.4	10.9	12.7	14.5	--	--	4.6	Jul-18
KKR Global II	4,613,444	0.4	18.0	4.7	6.0	9.6	28.0	20.1	--	16.3	Dec-14
KKR Global Infrastructure Investors III	4,054,788	0.4	15.8	2.2	4.4	10.7	-0.4	--	--	-4.2	Jan-19
Ardian Infrastructure Fund V	3,747,606	0.3	14.6	12.4	12.1	10.1	-12.1	--	--	-10.9	Oct-19
KKR Global Infrastructure Investors IV	3,249,115	0.3	12.6	1.8	-2.7	1.1	--	--	--	--	Sep-21
North Haven Infrastructure II	2,807,329	0.3	10.9	2.1	15.1	18.6	9.5	10.8	--	9.1	May-15
ISQ Global Infrastructure Fund III	1,172,796	0.1	4.6	7.3	11.6	16.5	--	--	--	--	Jun-21
BlackRock Global Infrastructure Fund IV	603,098	0.1	2.3								

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Private Natural Resources</b>	<b>19,196,086</b>	<b>1.7</b>	<b>32.9</b>	<b>6.2</b>	<b>17.9</b>	<b>27.4</b>	<b>16.5</b>	<b>14.1</b>	--	<b>16.2</b>	<b>Sep-15</b>
<i>S&amp;P Global Natural Resources Index TR USD</i>				0.6	12.5	-5.0	27.7	7.8	5.1	12.0	Sep-15
EnCap XI	5,607,818	0.5	29.2	6.6	29.2	47.4	13.6	0.0	--	-8.5	Jul-17
BlackRock Global Energy and Power Infrastructure Fund III LP	4,380,156	0.4	22.8	4.7	9.9	12.3	6.0	--	--	14.7	Jul-19
Tailwater Energy Fund IV, LP	3,431,320	0.3	17.9	16.8	31.0	36.6	14.8	--	--	7.6	Oct-19
EnCap IV	2,068,534	0.2	10.8	1.2	4.5	11.7	45.8	26.4	--	25.9	Feb-18
Carnelian Energy Capital IV	1,964,386	0.2	10.2								
GSO Energy Opportunities	1,157,561	0.1	6.0	7.2	51.6	64.4	26.6	17.5	--	18.9	Nov-15
Taurus Mining	387,954	0.0	2.0	3.4	30.8	69.7	42.6	31.3	--	26.7	Sep-15
Taurus Mining Annex	198,357	0.0	1.0	4.4	15.8	52.9	24.7	24.6	--	26.3	Jan-17
<b>Cash</b>	<b>32,245,500</b>	<b>2.9</b>	<b>2.9</b>	<b>2.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.3</b>	<b>0.7</b>	--	--	
Cash	29,919,141	2.7	92.8	2.9	0.6	0.7	0.3	0.9	0.8	--	Sep-03
Treasury Cash	2,326,360	0.2	7.2								

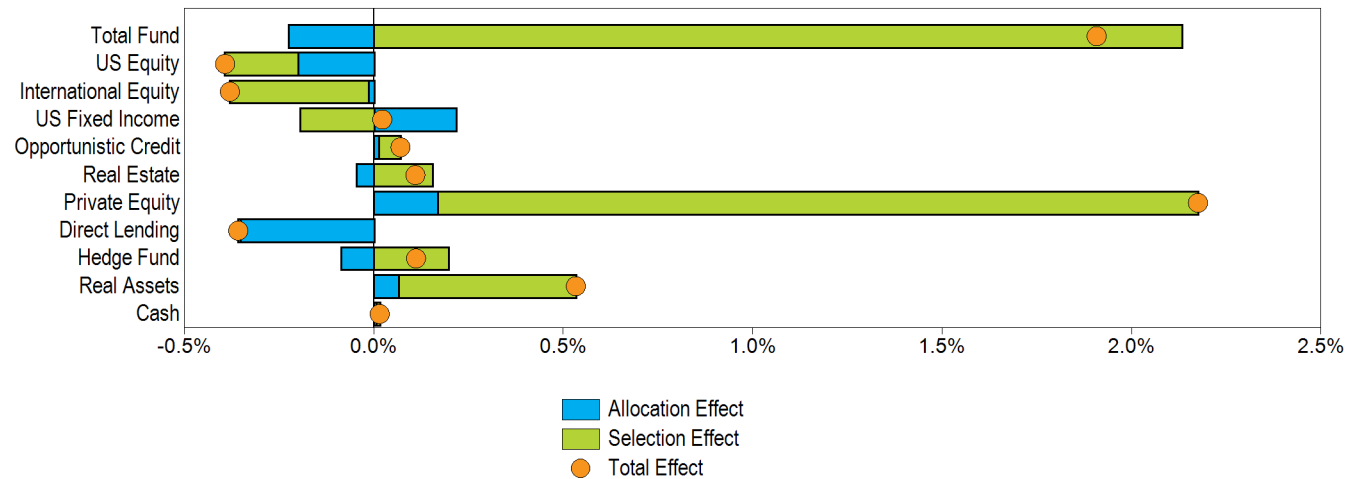
\*One or more accounts have been excluded from the composite for the purposes of performance calculations and market value.



3 Months Ending March 31, 2023							
	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
US Equity	22.0%	7.0%	7.2%	-0.2%	0.0%	0.0%	-0.1%
International Equity	19.0%	8.8%	6.6%	2.2%	0.4%	0.0%	0.4%
US Fixed Income	11.0%	2.4%	2.8%	-0.5%	-0.1%	0.0%	-0.1%
Opportunistic Credit	5.0%	2.7%	3.2%	-0.4%	0.0%	0.0%	0.0%
Real Estate	8.0%	-1.1%	-3.2%	2.1%	0.2%	0.0%	0.2%
Private Equity	15.0%	1.0%	10.2%	-9.2%	-1.3%	-0.1%	-1.4%
Direct Lending	5.0%	1.6%	3.7%	-2.1%	-0.1%	0.0%	0.0%
Hedge Fund	10.0%	1.1%	0.7%	0.4%	0.0%	0.0%	0.0%
Real Assets	5.0%	4.1%	2.3%	1.8%	0.1%	0.0%	0.1%
Cash	0.0%	2.7%	1.1%	1.6%	0.0%	-0.1%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>4.1%</b>	<b>5.0%</b>	<b>-1.0%</b>	<b>-0.7%</b>	<b>-0.2%</b>	<b>-1.0%</b>

The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.

#### Attribution Effects 1 Year Ending March 31, 2023



1 Year Ending March 31, 2023							
	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
US Equity	22.0%	-9.3%	-8.6%	-0.7%	-0.2%	-0.2%	-0.4%
International Equity	19.0%	-6.8%	-4.9%	-1.9%	-0.4%	0.0%	-0.4%
US Fixed Income	11.0%	-6.0%	-4.3%	-1.8%	-0.2%	0.2%	0.0%
Opportunistic Credit	5.0%	-1.6%	-2.6%	1.1%	0.1%	0.0%	0.1%
Real Estate	8.0%	-1.5%	-3.1%	1.6%	0.2%	0.0%	0.1%
Private Equity	15.0%	1.8%	-15.6%	17.4%	2.0%	0.2%	2.2%
Direct Lending	5.0%	4.2%	4.6%	-0.4%	0.0%	-0.4%	-0.4%
Hedge Fund	10.0%	0.3%	-1.9%	2.2%	0.2%	-0.1%	0.1%
Real Assets	5.0%	8.9%	-4.1%	12.9%	0.5%	0.1%	0.5%
Cash	0.0%	0.7%	2.5%	-1.8%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>-3.6%</b>	<b>-5.6%</b>	<b>2.0%</b>	<b>2.1%</b>	<b>-0.2%</b>	<b>1.9%</b>

The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.

**Benchmark History**

As of March 31, 2023

Total Fund		
1/1/2022	Present	22% Russell 3000 / 11% Custom Blended Developed International Equity BM / 8% MSCI EM / 11% US Fixed Income Custom Benchmark / 10% Custom Blended Hedge Fund Benchmark / 15% Custom Private Equity Benchmark / 5% S&P LSTA Leverage Loan Index + 2% / 5% Custom Blended Real Assets Benchmark / 8% Custom Blended Real Estate Benchmark / 5% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans
1/1/2020	12/31/2021	21% Russell 3000 / 10% Custom Blended Developed International Equity BM / 8% MSCI EM / 18% BBgBarc US Aggregate TR / 10% Custom Blended Hedge Fund Benchmark / 15% Custom Private Equity Benchmark / 5% Custom Blended Real Assets Benchmark / 8% Custom Blended Real Estate Benchmark / 5% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans
US Equity		
1/1/2020	Present	Russell 3000
International Equity		
1/1/2019	Present	56% MSCI EAFE Gross / 44% MSCI Emerging Markets Gross
1/1/2017	12/31/2018	69.56% MSCI EAFE Gross / 30.44% MSCI Emerging Markets Gross
7/1/2013	12/31/2016	MSCI ACWI ex USA Gross
US Fixed Income		
12/31/1994	Present	90% BBgBarc US Aggregate TR / 10% Bloomberg US Treasury 1-3 Yr TR
Hedge Fund		
7/1/2017	Present	100% HFRI Fund of Funds Composite Index
1/1/2015	6/30/2017	50% HFRI Fund of Funds Composite Index / 50% HFRI RV: Multi-Strategy Index
Real Assets		
1/1/2022	Present	50% S&P Global Natural Resources Index TR USD / 50% S&P Global Infrastructure TR USD
1/1/2020	12/31/2021	50% Cambridge Infrastructure (1 Quarter Lagged) / 50% Cambridge Energy Upstream & Royalties & Private Energy (1 Quarter Lagged)
3/31/1999	12/31/2019	Real Asset Custom



**Benchmark History**

As of March 31, 2023

SSgA

4/30/2017	Present	25% Bloomberg Roll Select Commodities Index TR USD / 25% S&P Global LargeMidCap Commodity and Resources NR USD / 10% S&P Global Infrastructure TR USD / 15% DJ US Select REIT TR USD / 25% Bloomberg US TIPS TR
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**Benchmark History**

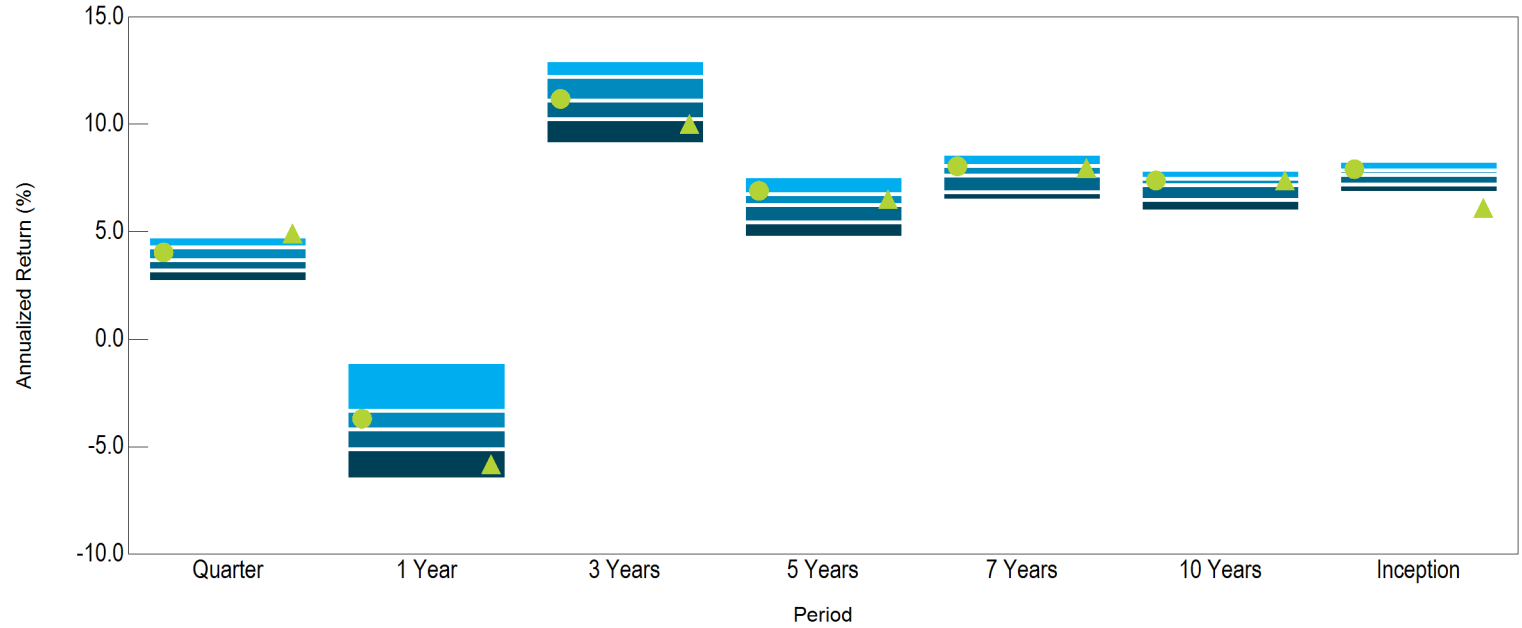
As of March 31, 2023

Private Real Estate

1/1/2020	Present	NCREIF ODCE 1Q Lagged
3/31/1999	12/31/2019	NCREIF ODCE (net)

Statistics Summary						
5 Years Ending March 31, 2023						
	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Total Fund	6.90%	9.39%	0.13	0.97	0.59	3.01%
Policy Index	6.52%	9.15%	--	1.00	0.57	0.00%
InvMetrics Public DB > \$1B Net Median	6.27%	10.17%	0.05	0.97	0.46	1.79%

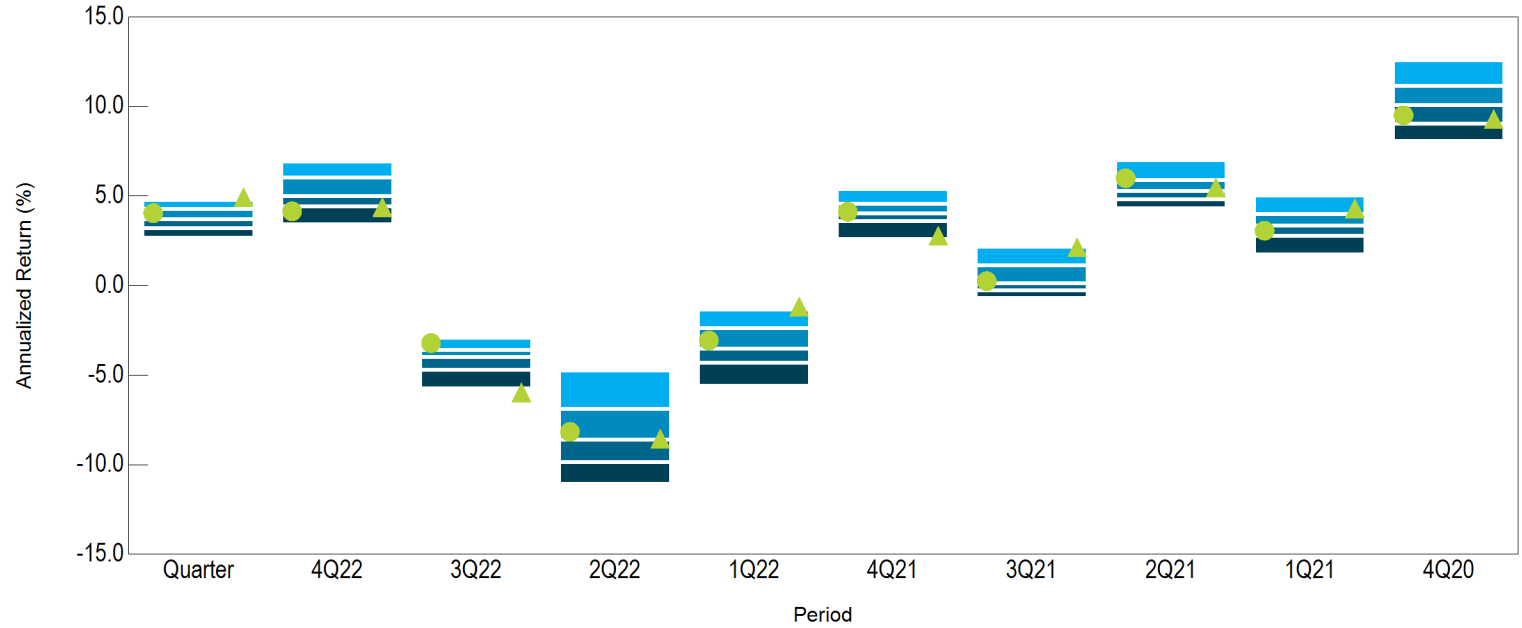
#### InvMetrics Public DB > \$1B Net Return Comparison Ending March 31, 2023



#### Return (Rank)

	Quarter	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
5th Percentile	4.8	-1.1	13.0	7.6	8.6	7.9	8.3
25th Percentile	4.3	-3.3	12.2	6.8	8.1	7.5	7.9
Median	3.7	-4.2	11.1	6.3	7.6	7.2	7.7
75th Percentile	3.2	-5.1	10.2	5.4	6.9	6.5	7.2
95th Percentile	2.7	-6.5	9.1	4.7	6.5	6.0	6.8
# of Portfolios	58	58	58	58	58	55	26
● Total Fund	4.0 (33)	-3.7 (42)	11.2 (49)	6.9 (21)	8.0 (28)	7.4 (35)	7.9 (21)
▲ Policy Index	4.9 (2)	-5.8 (87)	10.0 (84)	6.5 (40)	8.0 (30)	7.4 (34)	6.1 (99)

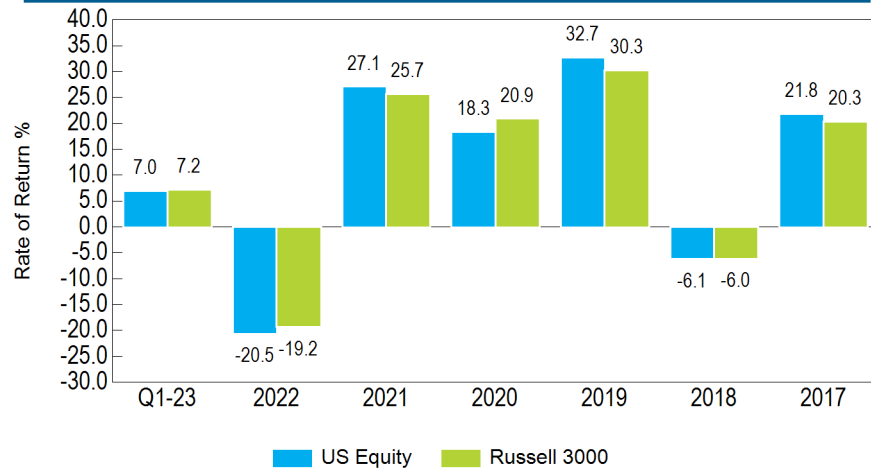
#### InvMetrics Public DB > \$1B Net Return Comparison Ending March 31, 2023



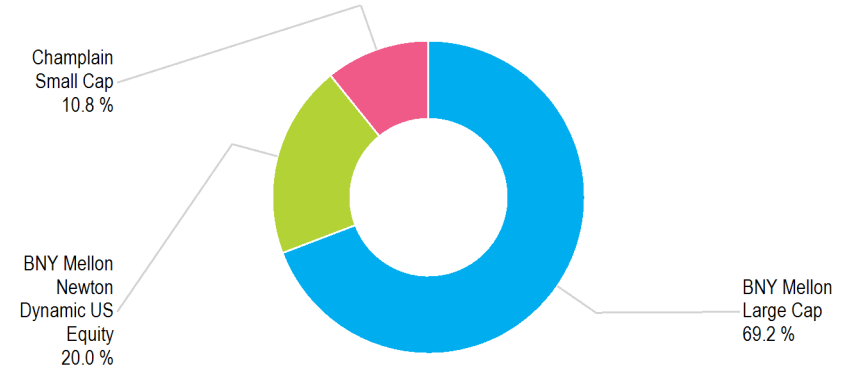
#### Return (Rank)

	Quarter	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
5th Percentile	4.8	6.9	-2.9	-4.8	-1.3	5.4	2.2	7.0	5.0	12.6
25th Percentile	4.3	6.0	-3.6	-6.9	-2.4	4.6	1.1	5.9	4.0	11.2
Median	3.7	5.0	-4.0	-8.6	-3.5	4.0	0.2	5.3	3.4	10.1
75th Percentile	3.2	4.4	-4.7	-9.8	-4.3	3.6	-0.3	4.8	2.8	9.1
95th Percentile	2.7	3.5	-5.7	-11.1	-5.6	2.6	-0.7	4.3	1.7	8.1
# of Portfolios	58	59	59	64	62	75	80	77	83	80
● Total Fund	4.0 (33)	4.1 (82)	-3.2 (13)	-8.2 (45)	-3.1 (41)	4.1 (43)	0.2 (49)	6.0 (24)	3.1 (62)	9.5 (66)
▲ Policy Index	4.9 (2)	4.4 (77)	-6.0 (98)	-8.5 (50)	-1.2 (3)	2.8 (93)	2.1 (6)	5.5 (43)	4.3 (17)	9.3 (69)

#### Return Summary

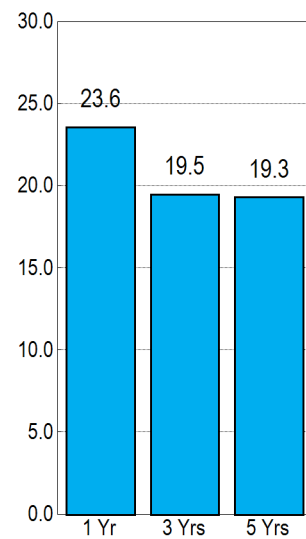


#### Current Allocation

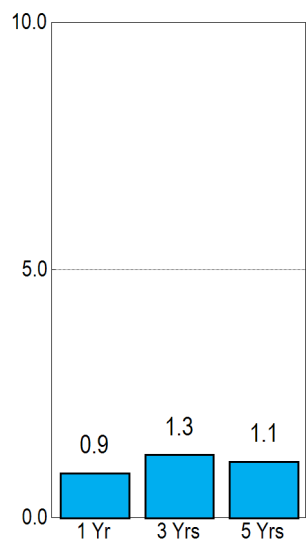


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>US Equity</b>	<b>7.0</b>	<b>-9.3</b>	<b>17.2</b>	<b>9.8</b>	<b>12.0</b>
<i>Russell 3000</i>	<i>7.2</i>	<i>-8.6</i>	<i>18.5</i>	<i>10.1</i>	<i>11.5</i>
<i>InvMetrics All DB US Eq Net Median</i>	<i>6.3</i>	<i>-8.1</i>	<i>18.6</i>	<i>9.6</i>	<i>10.9</i>
<i>InvMetrics All DB US Eq Net Rank</i>	<i>31</i>	<i>86</i>	<i>85</i>	<i>43</i>	<i>8</i>

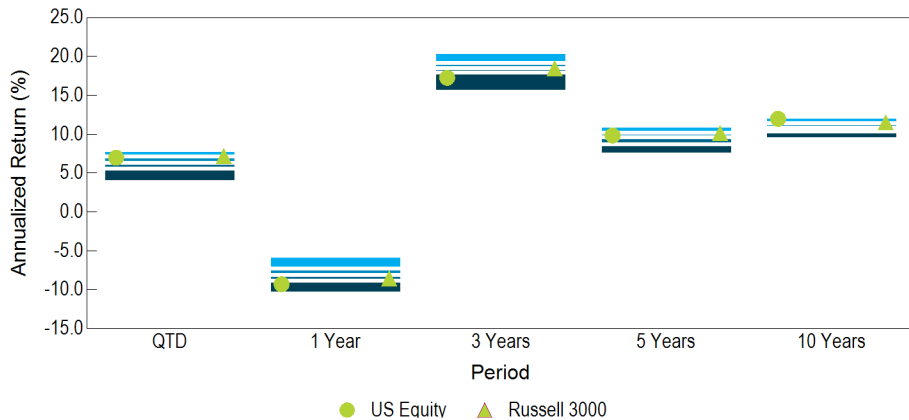
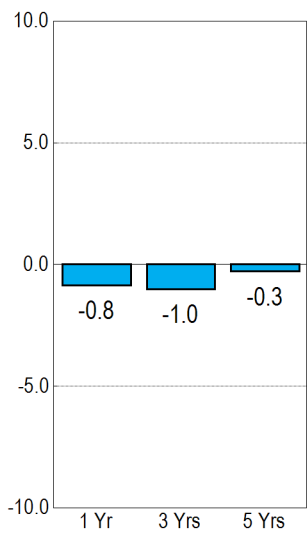
#### Anzld. Std. Deviation



#### Tracking Error



#### Information Ratio

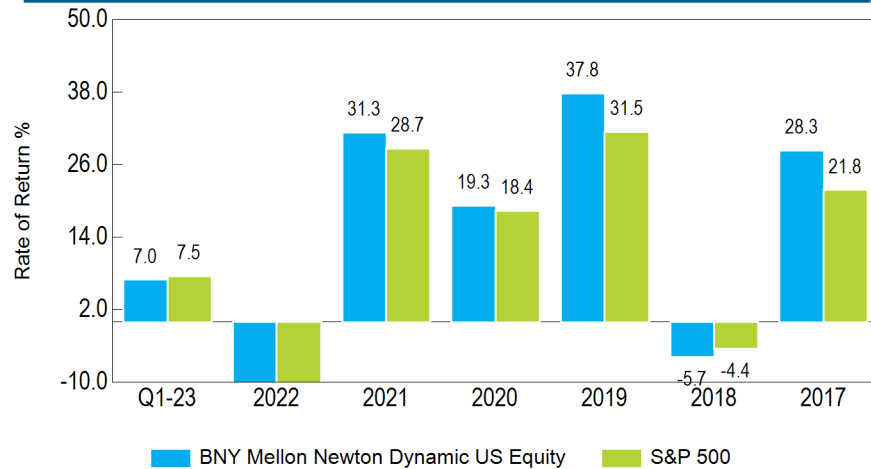


US Equity Characteristics vs Russell 3000		
	Portfolio Q1-23	Index Q1-23
<b>Characteristics</b>		
Weighted Avg. Market Cap. (\$B)	451.4	470.5
Median Market Cap (\$B)	17.3	2.5
P/E Ratio	21.0	20.2
Yield	1.6	1.6
EPS Growth - 5 Yrs.	17.9	18.0
Price to Book	4.0	3.9

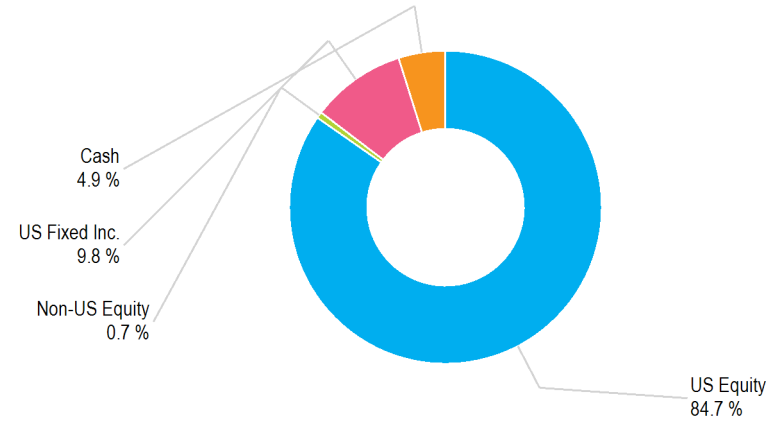
US Equity Sector Distribution vs Russell 3000		
	Portfolio Q1-23	Index Q1-23
<b>Sector Distribution</b>		
Energy	3.9	4.2
Materials	2.9	3.0
Industrials	10.4	10.0
Consumer Discretionary	9.4	10.3
Consumer Staples	7.3	6.6
Health Care	14.2	14.2
Financials	12.6	13.5
Information Technology	23.7	24.8
Communication Services	7.0	7.6
Utilities	2.3	2.8
Real Estate	2.5	3.1

Top Holdings		Best Performers		Worst Performers	
			Return %		Return %
APPLE INC	5.9%	CARVANA CO	106.5%	SIGNATURE BANK	-99.8%
MICROSOFT CORP	5.2%	NVIDIA CORPORATION	90.1%	SVB FINANCIAL GROUP	-99.6%
AMAZON.COM INC	2.2%	OAK STREET HEALTH INC	79.8%	FIRST REPUBLIC BANK	-88.5%
NVIDIA CORPORATION	1.6%	META PLATFORMS INC	76.1%	PACWEST BANCORP	-57.2%
ALPHABET INC	1.5%	DRAFTKINGS INC	70.0%	LUMEN TECHNOLOGIES INC	-49.2%
BERKSHIRE HATHAWAY INC	1.3%	SPOTIFY TECHNOLOGY S.A	69.2%	ENVIVA INC	-44.4%
ALPHABET INC	1.3%	TESLA INC	68.4%	WESTERN ALLIANCE BANCORPORATION	-40.0%
TESLA INC	1.3%	ROKU INC	61.7%	ZIONS BANCORPORATION NATIONAL ASSOCIATION	-38.6%
META PLATFORMS INC	1.1%	WARNER BROS. DISCOVERY INC	59.3%	SCHWAB (CHARLES) CORP	-36.9%
EXXON MOBIL CORP	1.1%	ALIGN TECHNOLOGY INC	58.4%	CVB FINANCIAL CORP	-35.2%

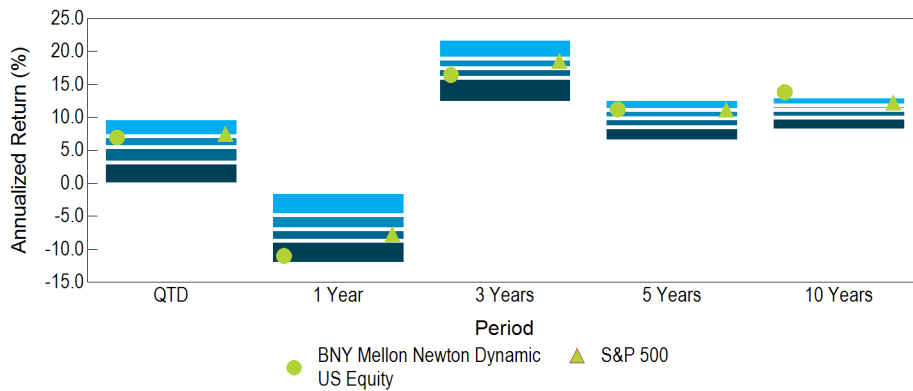
#### Return Summary



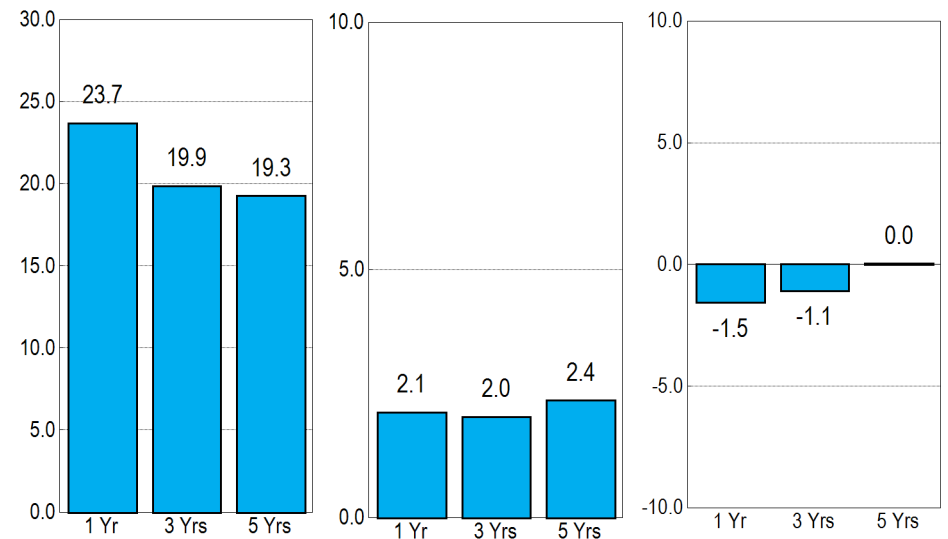
#### Current Allocation



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
BNY Mellon Newton Dynamic US Equity	7.0	-11.0	16.4	11.2	13.8
S&P 500	7.5	-7.7	18.6	11.2	12.2
eV US Large Cap Core Equity Net Median	5.6	-6.9	17.5	9.9	11.2
eV US Large Cap Core Equity Net Rank	29	91	70	24	2

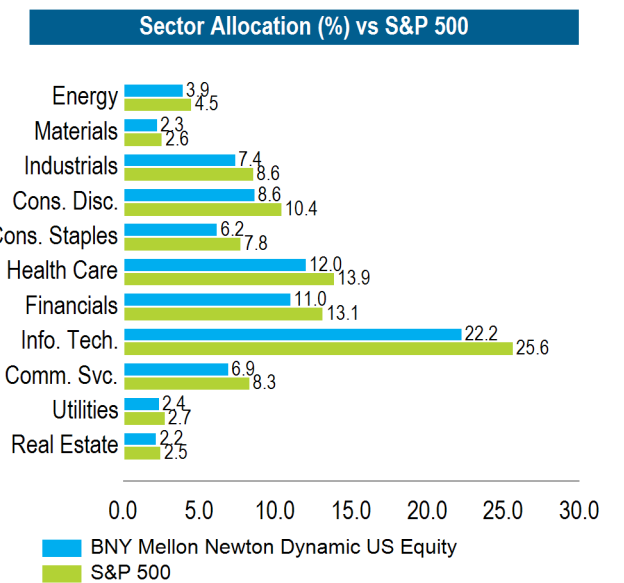


#### Anzld. Std. Deviation | Tracking Error | Information Ratio



Account Information	
Account Name	BNY Mellon Newton Dynamic US Equity
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	12/31/12
Account Type	US Equity
Benchmark	S&P 500
Universe	eV US Large Cap Core Equity Net

Account Characteristics		
	Portfolio Q1-23	Index Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	537.3	539.2
Median Market Cap (\$B)	30.4	30.4
P/E Ratio	21.1	21.2
Yield	1.7	1.7
EPS Growth - 5 Yrs.	18.3	18.2
Price to Book	4.2	4.2



Top Holdings	
APPLE INC	7.1%
MICROSOFT CORP	6.2%
AMAZON.COM INC	2.7%
NVIDIA CORPORATION	2.0%
ALPHABET INC	1.8%
TESLA INC	1.6%
BERKSHIRE HATHAWAY INC	1.6%
ALPHABET INC	1.6%
META PLATFORMS INC	1.4%
EXXON MOBIL CORP	1.3%

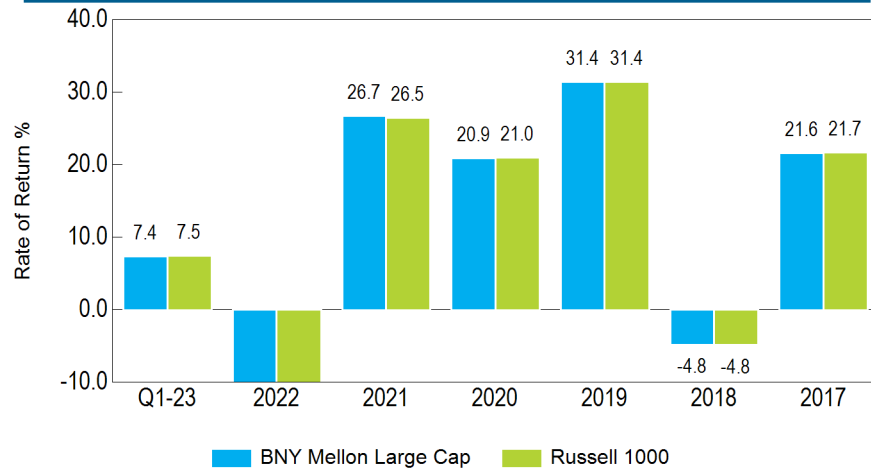
Best Performers	
	Return %
NVIDIA CORPORATION	90.1%
META PLATFORMS INC	76.1%
TESLA INC	68.4%
WARNER BROS. DISCOVERY INC	59.3%
ALIGN TECHNOLOGY INC	58.4%
ADVANCED MICRO DEVICES INC	51.3%
SALESFORCE INC	50.7%
WEST PHARMACEUTICAL SERVICES INC.	47.3%
CATALENT INC	46.0%
FIRST SOLAR INC	45.2%

Worst Performers	
	Return %
SIGNATURE BANK	-99.8%
SVB FINANCIAL GROUP	-99.6%
FIRST REPUBLIC BANK	-88.5%
LUMEN TECHNOLOGIES INC	-49.2%
ZIONS BANCORPORATION NATIONAL ASSOCIATION	-38.6%
SCHWAB (CHARLES) CORP	-36.9%
COMERICA INCORPORATED	-34.0%
DISH NETWORK CORP	-33.5%
KEYCORP	-27.3%
LINCOLN NATIONAL CORP	-25.8%

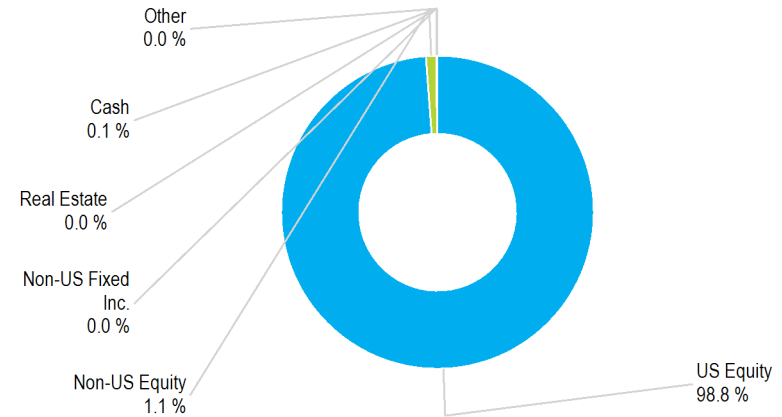
Current Allocations do not depict asset class weights based on long/short positions.



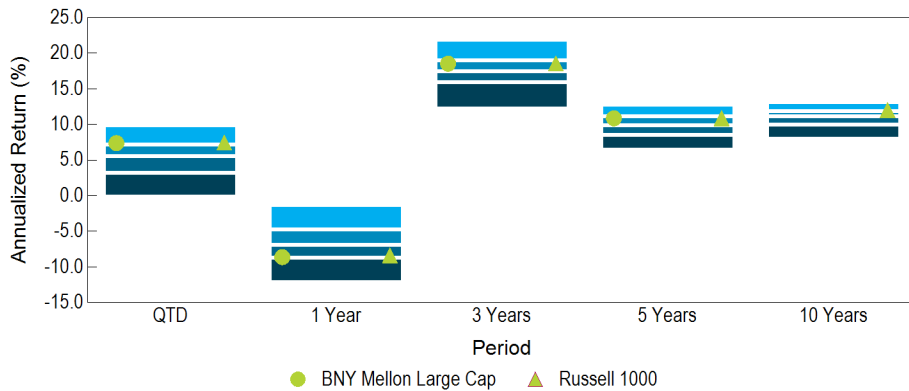
#### Return Summary



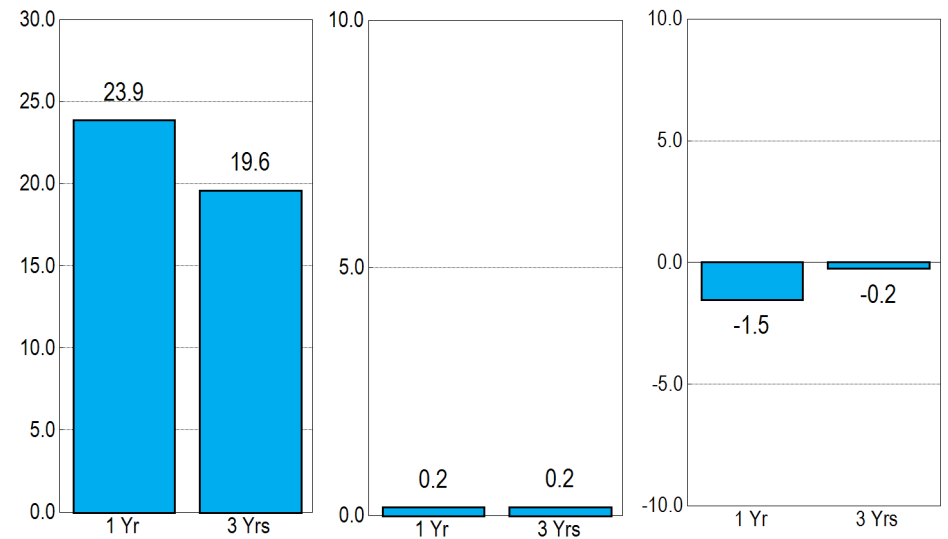
#### Current Allocation



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
BNY Mellon Large Cap	7.4	-8.6	18.5	10.9	--
Russell 1000	7.5	-8.4	18.6	10.9	12.0
eV US Large Cap Core Equity Net Median	5.6	-6.9	17.5	9.9	11.2
eV US Large Cap Core Equity Net Rank	23	75	34	32	--

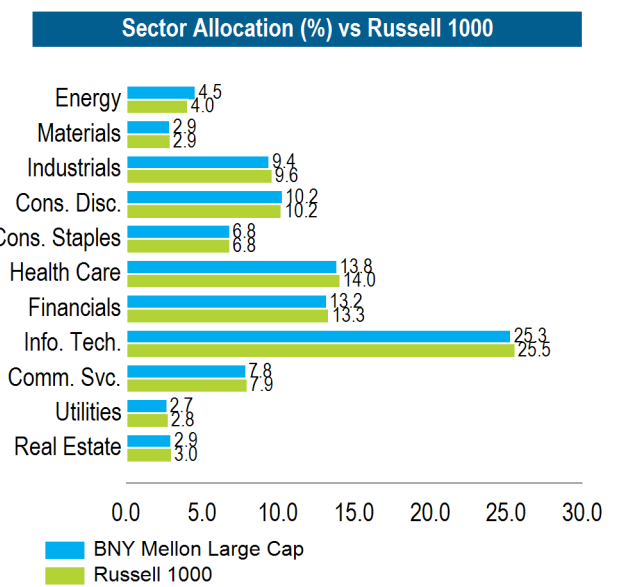


#### Anzld. Std. Deviation      Tracking Error      Information Ratio



Account Information	
Account Name	BNY Mellon Large Cap
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	3/31/16
Account Type	US Stock Large
Benchmark	Russell 1000
Universe	eV US Large Cap Core Equity Net

Account Characteristics		
	Portfolio Q1-23	Index Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	495.7	496.4
Median Market Cap (\$B)	13.5	13.4
P/E Ratio	20.6	20.9
Yield	1.7	1.6
EPS Growth - 5 Yrs.	18.1	17.8
Price to Book	4.1	4.1



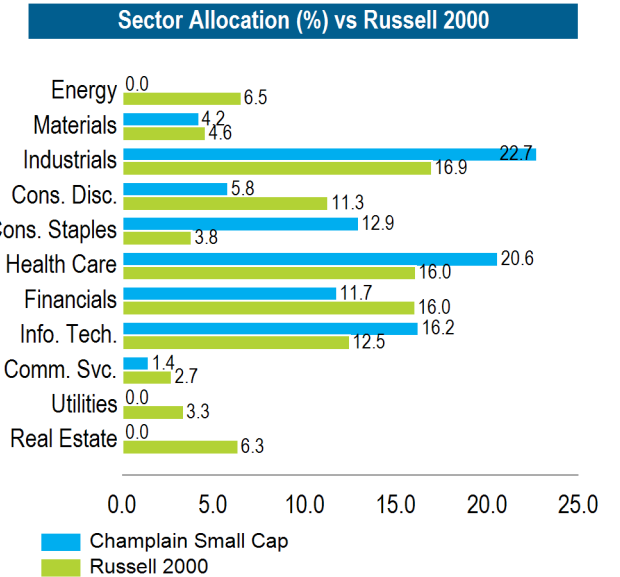
Top Holdings	
APPLE INC	6.5%
MICROSOFT CORP	5.7%
AMAZON.COM INC	2.4%
NVIDIA CORPORATION	1.7%
ALPHABET INC	1.6%
BERKSHIRE HATHAWAY INC	1.5%
ALPHABET INC	1.4%
TESLA INC	1.4%
META PLATFORMS INC	1.2%
EXXON MOBIL CORP	1.2%

Best Performers	
	Return %
CARVANA CO	106.5%
NVIDIA CORPORATION	90.1%
OAK STREET HEALTH INC	79.8%
META PLATFORMS INC	76.1%
DRAFTKINGS INC	70.0%
SPOTIFY TECHNOLOGY S.A	69.2%
TESLA INC	68.4%
ROKU INC	61.7%
WARNER BROS. DISCOVERY INC	59.3%
ALIGN TECHNOLOGY INC	58.4%

Worst Performers	
	Return %
SIGNATURE BANK	-99.8%
SVB FINANCIAL GROUP	-99.6%
FIRST REPUBLIC BANK	-88.5%
PACWEST BANCORP	-57.2%
LUMEN TECHNOLOGIES INC	-49.2%
ENVIVA INC	-44.4%
WESTERN ALLIANCE BANCORPORATION	-40.0%
ZIONS BANCORPORATION NATIONAL ASSOCIATION	-38.6%
SCHWAB (CHARLES) CORP	-36.9%
COMERICA INCORPORATED	-34.0%

Account Information	
Account Name	Champlain Small Cap
Account Structure	Mutual Fund
Investment Style	Active
Inception Date	11/01/20
Account Type	
Benchmark	Russell 2000
Universe	eV US Small Cap Core Equity Net

Account Characteristics		
	Portfolio Q1-23	Index Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	4.1	2.9
Median Market Cap (\$B)	2.9	1.1
P/E Ratio	26.4	12.8
Yield	0.6	1.7
EPS Growth - 5 Yrs.	14.6	16.5
Price to Book	3.3	2.4

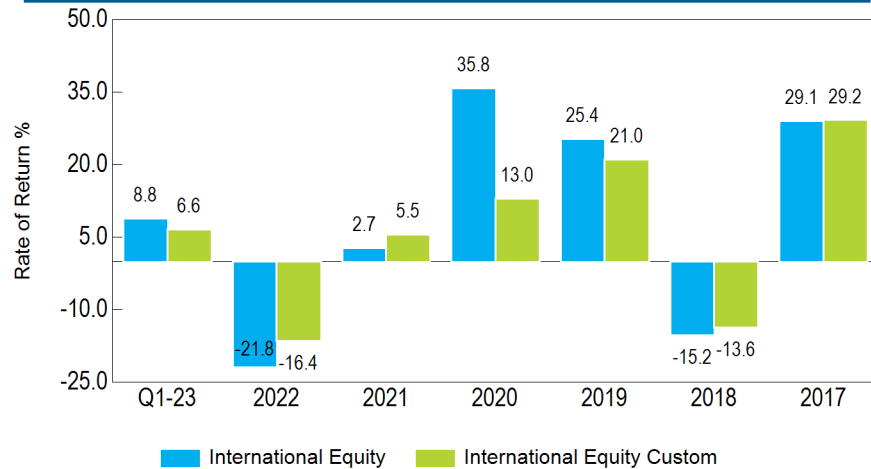


Top Holdings	
PENUMBRA INC	3.1%
JOHN BEAN TECHNOLOGIES CORP	3.1%
EVOQUA WATER TECHNOLOGIES CORP	3.0%
MSA SAFETY INC	3.0%
PURE STORAGE INC	2.8%
NEW RELIC INC	2.8%
INSPIRE MEDICAL SYSTEMS INC	2.7%
INTEGRA LIFESCIENCES HOLDINGS CORP	2.6%
WORKIVA INC	2.6%
SELECTIVE INSURANCE GROUP INC	2.2%

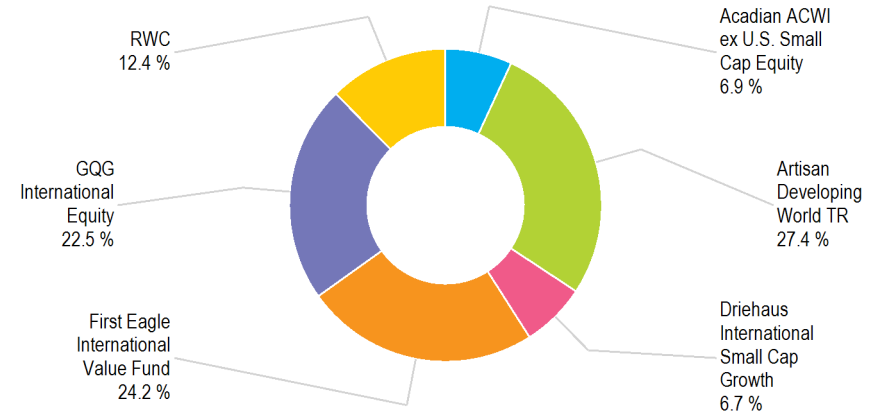
Best Performers	
	Return %
EUROPEAN WAX CENTER INC A COMMON STOCK USD.00001	52.6%
E.L.F. BEAUTY INC	48.9%
CARDIOVASCULAR SYSTEMS INC	45.8%
SI-BONE INC	44.6%
NATIONAL INSTRUMENTS CORPORATION	42.8%
SHAKE SHACK INC	33.6%
WINGSTOP INC	33.5%
NEW RELIC INC	33.4%
PULMONX CORP	32.6%
TRANSCAT INC	26.1%

Worst Performers	
	Return %
CVB FINANCIAL CORP	-35.2%
UMB FINANCIAL CORP	-30.6%
OUTSET MEDICAL INC	-28.7%
WASHINGTON TRUST BANCORP INC	-25.3%
GLOBUS MEDICAL INC	-23.7%
INDEPENDENT BANK CORP.	-21.6%
SERVISFIRST BANCSHARES INC	-20.3%
MONTROSE ENVIRONMENTAL GROUP INC	-19.6%
WSFS FINANCIAL CORP	-16.8%
COMMUNITY BANK SYSTEM INC.	-15.9%

#### Return Summary

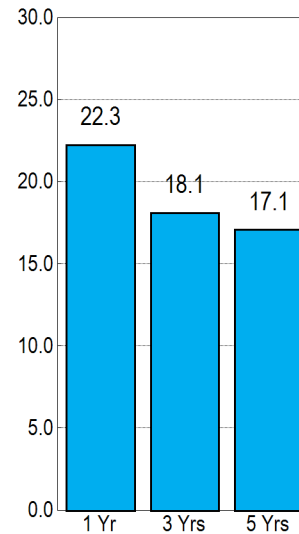


#### Current Allocation

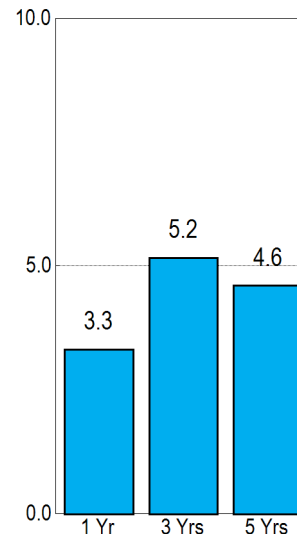


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>International Equity</b>	<b>8.8</b>	<b>-6.8</b>	<b>12.2</b>	<b>4.9</b>	<b>5.4</b>
<i>International Equity Custom</i>	6.6	-4.9	11.4	2.2	4.6
<i>InvMetrics All DB ex-US Eq Net Median</i>	7.3	-4.4	12.7	2.4	4.4
<i>InvMetrics All DB ex-US Eq Net Rank</i>	10	90	61	5	14

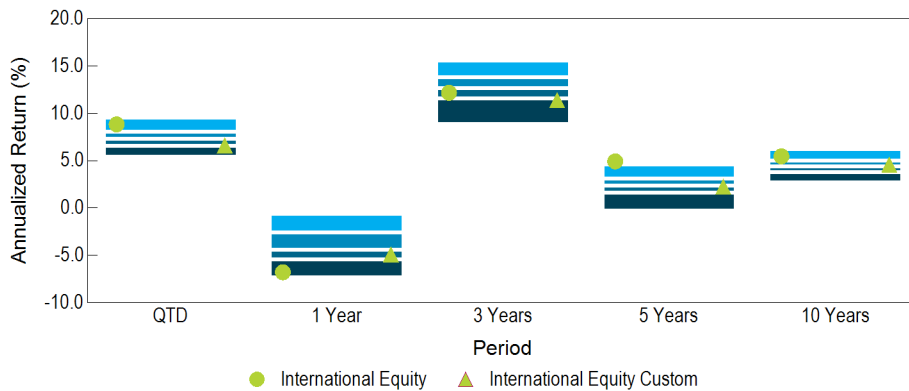
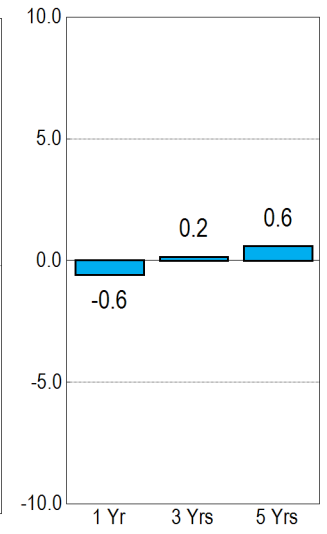
#### Anzld. Std. Deviation



#### Tracking Error



#### Information Ratio



International Equity Characteristics vs MSCI ACWI ex USA		
	Portfolio Q1-23	Index Q1-23
<b>Characteristics</b>		
Weighted Avg. Market Cap. (\$B)	77.1	89.8
Median Market Cap (\$B)	0.7	9.2
P/E Ratio	10.7	13.5
Yield	3.8	3.3
EPS Growth - 5 Yrs.	13.4	10.0
Price to Book	2.4	2.5

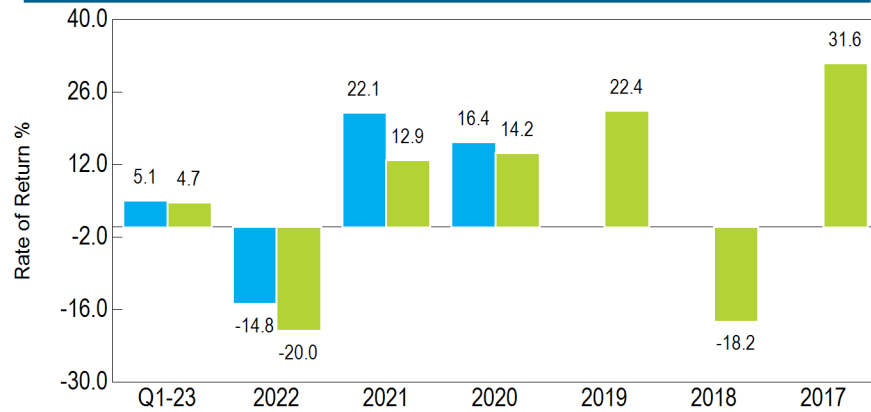
International Equity Sector Distribution vs MSCI ACWI ex USA		
	Portfolio Q1-23	Index Q1-23
<b>Sector Distribution</b>		
Energy	10.1	5.5
Materials	7.6	8.3
Industrials	8.2	12.8
Consumer Discretionary	7.3	12.0
Consumer Staples	12.3	8.9
Health Care	8.8	9.6
Financials	20.6	20.2
Information Technology	6.2	11.3
Communication Services	6.2	6.0
Utilities	0.6	3.2
Real Estate	3.1	2.1

Top Holdings	
NU HOLDINGS LTDCAYMAN ISLANDS	3.4%
GRAB HOLDINGS LIMITED CLASS A ORD	2.4%
WUXI BIOLOGICS (CAYMAN) INC	2.2%
ASTRAZENECA PLC	2.0%
JD HEALTH INTERNATIONAL INC	1.8%
NOVO NORDISK 'B'	1.8%
TOTALENERGIES SE	1.5%
H D F C BANK LTD	1.4%
SNAP INC	1.4%
MEITUAN DIANPING USD0.00001 A B CLASS ISIN KYG596691041	1.3%

Best Performers	
	Return %
SYSCOM COMPUTER ENGINEERING CO LTD	169.7%
COGNOR HOLDING SA	134.1%
NORANDA INCOME FUND	111.9%
HATTON NATIONAL BANK LTD	92.8%
NVIDIA CORPORATION	90.1%
SAMPATH BANK LTD	88.9%
WOWPRIME CORP	86.7%
GLOBALTRANS INVESTMENT PLC	80.0%
GUC	70.5%
MINISO Group Holding Ltd	70.4%

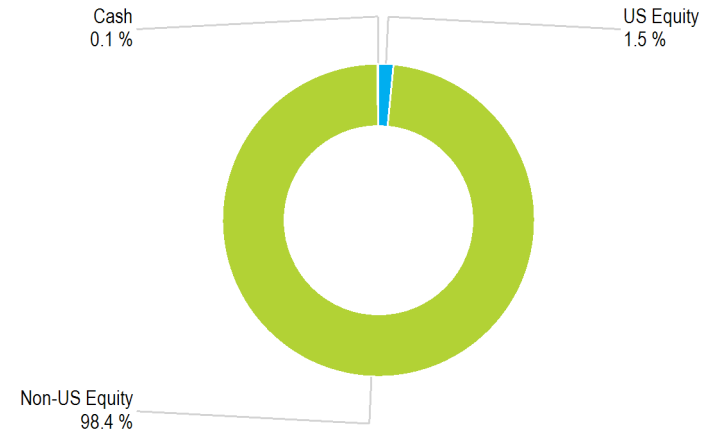
Worst Performers	
	Return %
FRONTIER DEVELOPMENTS PLC	-49.9%
HONDA ATLAS CARS (PAKISTAN) LTD	-43.5%
CHEMOMETEC A/S	-42.3%
OZAK GAYRIMENKUL YATIRIM ORTAKLIGI AS	-41.9%
HAPVIDA PARTICIPACOES E INVESTIMENTOS SA	-41.7%
AFFIMED NV	-39.9%
DOGUS OTOMOTIV SERVIS VE TIC	-39.2%
MIZUHO MEDY CO LTD	-38.3%
PARTNER COMMUNICATIONS CO LTD	-36.0%
MEDTECS INTERNATIONAL CORP LTD	-35.5%

#### Return Summary



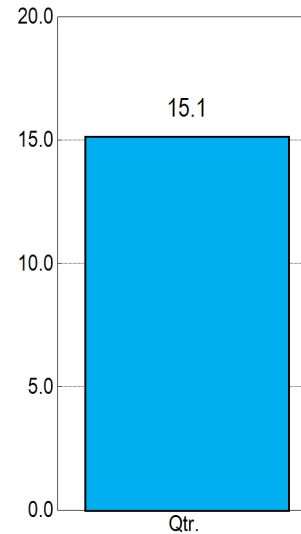
■ Acadian ACWI ex U.S. Small Cap Equity ■ MSCI ACWI ex US Small Cap

#### Current Allocation

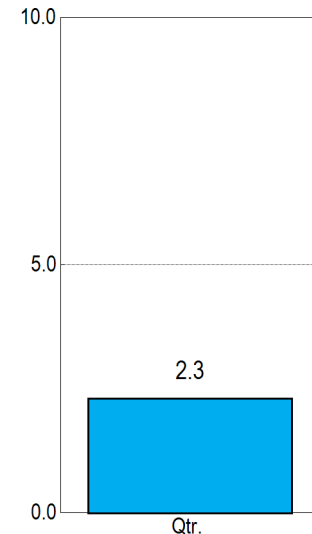


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Acadian ACWI ex U.S. Small Cap Equity	5.1	-9.7	19.7	--	--
MSCI ACWI ex US Small Cap	4.7	-10.4	15.0	1.7	5.1
eV ACWI ex-US Small Cap Equity Net Median	6.5	-9.1	13.6	2.2	5.9
eV ACWI ex-US Small Cap Equity Net Rank	73	53	13	--	--

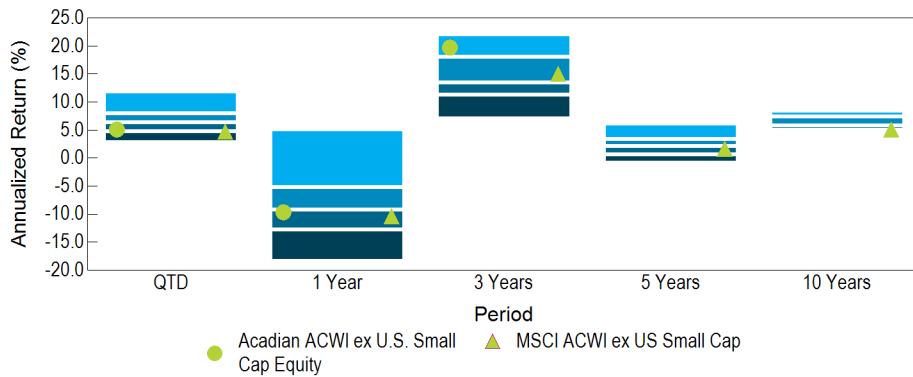
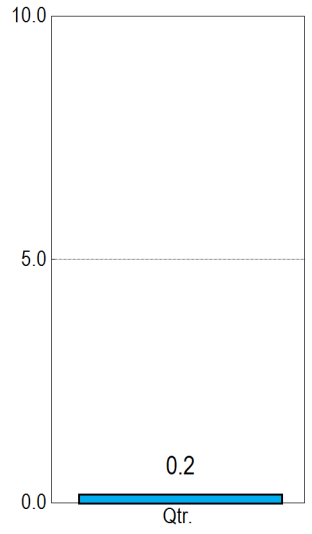
#### Anzld. Std. Deviation



#### Tracking Error



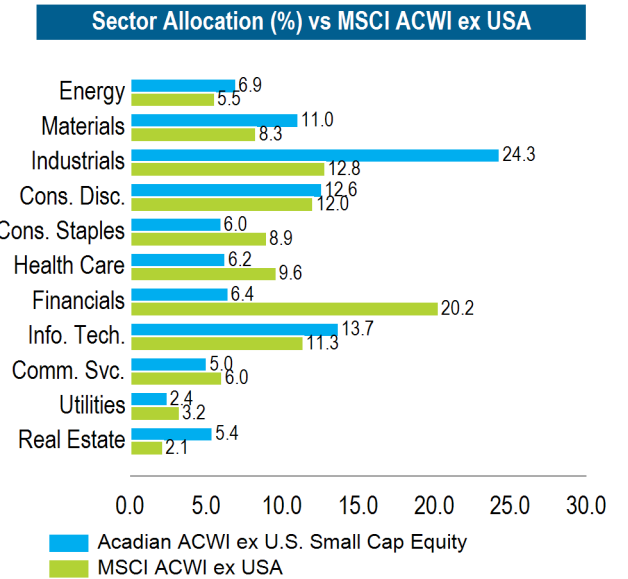
#### Information Ratio



● Acadian ACWI ex U.S. Small Cap Equity ▲ MSCI ACWI ex US Small Cap

Account Information	
Account Name	Acadian ACWI ex U.S. Small Cap Equity
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	5/01/19
Account Type	International
Benchmark	MSCI ACWI ex US Small Cap
Universe	eV ACWI ex-US Small Cap Equity Net

Account Characteristics		
	Portfolio Q1-23	Index Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	1.1	2.7
Median Market Cap (\$B)	0.5	1.2
P/E Ratio	8.4	12.6
Yield	4.7	3.2
EPS Growth - 5 Yrs.	11.1	8.1
Price to Book	1.8	2.2

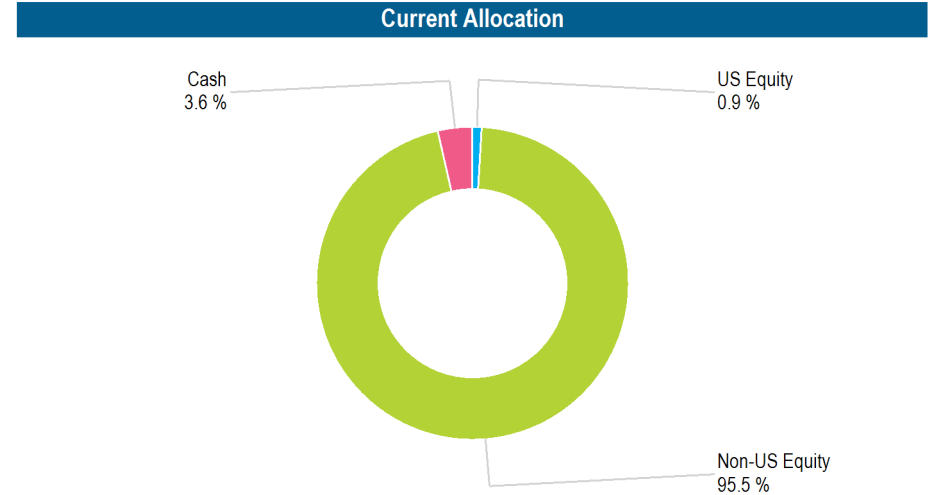
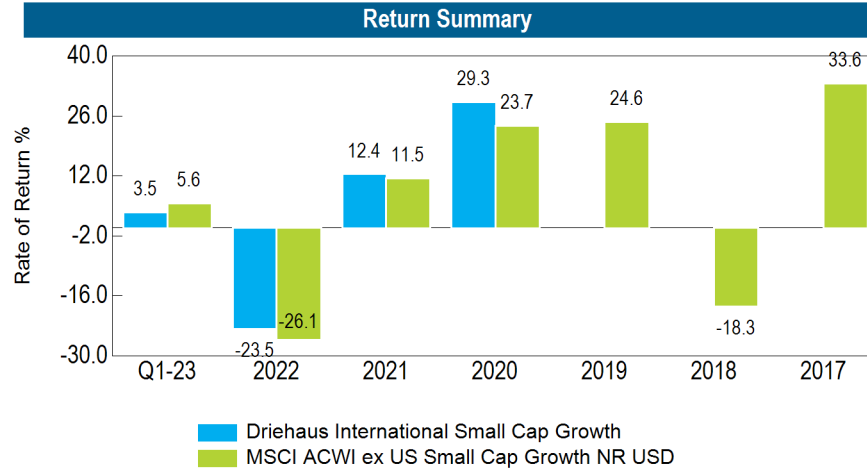


Top Holdings	
WONG'S KONG KING INTERNATIONAL (HOLDINGS) LTD	1.4%
LEWIS GROUP LTD	1.3%
BML INC	1.1%
BIRD CONSTRUCTION INC	1.0%
LISI	1.0%
DANA GAS	0.9%
M31 TECHNOLOGY CORPORATION	0.9%
INNOCEAN WORLDWIDE INC	0.9%
FIRST INTERNATIONAL BANK OF ISRAEL	0.9%
IMAGE RESOURCES NL	0.9%

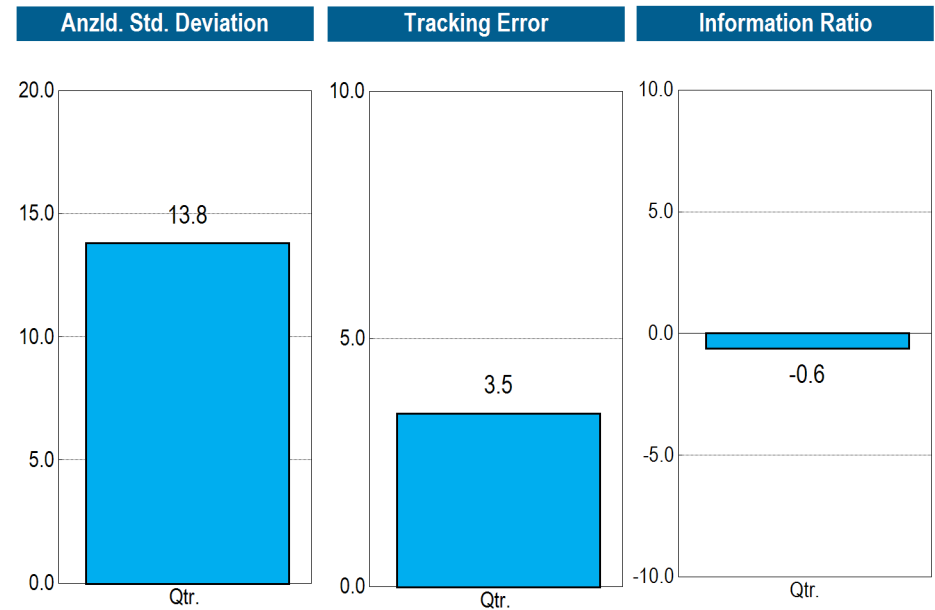
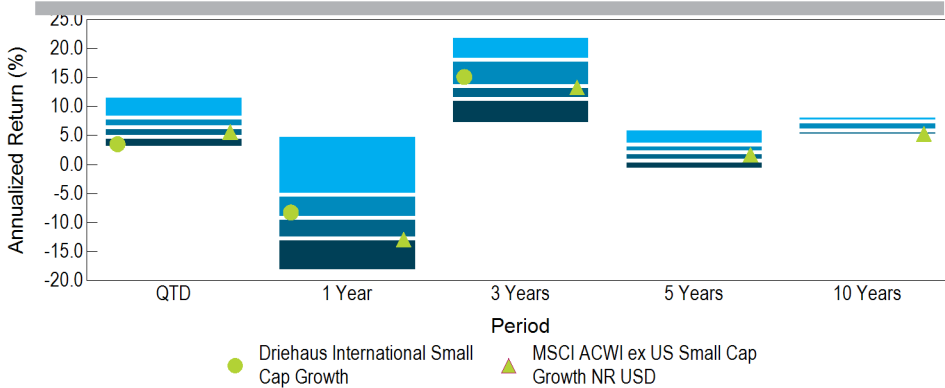
Best Performers	
	Return %
SYSCOM COMPUTER ENGINEERING CO LTD	169.7%
COGNOR HOLDING SA	134.1%
NORANDA INCOME FUND	111.9%
WOWPRIME CORP	86.7%
GLOBALTRANS INVESTMENT PLC	80.0%
GUC	70.5%
MINISO Group Holding Ltd	70.4%
KOBE STEEL LTD	66.7%
SHIBAURA MECHATRONICS CORP	65.1%
MIRBUD SA	64.3%

Worst Performers	
	Return %
FRONTIER DEVELOPMENTS PLC	-49.9%
CHEMOMETEC A/S	-42.3%
OZAK GAYRIMENKUL YATIRIM ORTAKLIGI AS	-41.9%
AFFIMED NV	-39.9%
DOGUS OTOMOTIV SERVIS VE TIC	-39.2%
MIZUHO MEDY CO LTD	-38.3%
PARTNER COMMUNICATIONS CO LTD	-36.0%
MEDTECS INTERNATIONAL CORP LTD	-35.5%
ENERO GROUP LTD	-35.2%
AYEN ENERJI AS	-34.9%

### Driehaus International Small Cap Growth | As of March 31, 2023



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Driehaus International Small Cap Growth	3.5	-8.2	15.1	--	--
MSCI ACWI ex US Small Cap Growth NR USD	5.6	-12.9	13.3	1.7	5.3
eV ACWI ex-US Small Cap Equity Net Median	6.5	-9.1	13.6	2.2	5.9
eV ACWI ex-US Small Cap Equity Net Rank	93	43	42	--	--

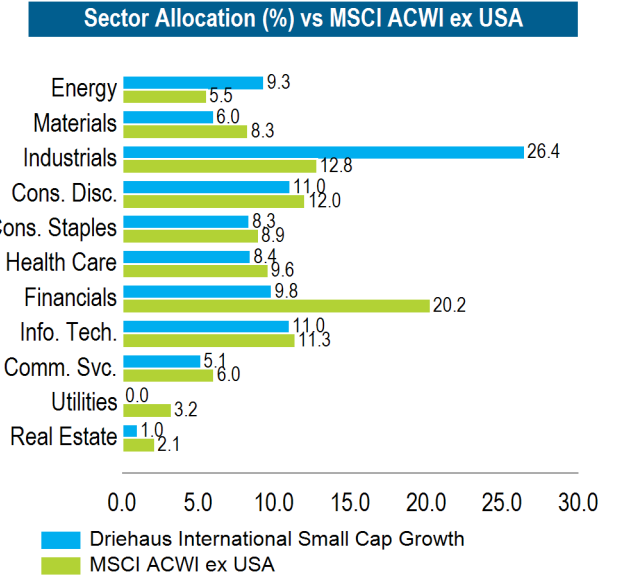




### Driehaus International Small Cap Growth | As of March 31, 2023

Account Information	
Account Name	Driehaus International Small Cap Growth
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	5/01/19
Account Type	International
Benchmark	MSCI ACWI ex US Small Cap Growth NR USD
Universe	eV ACWI ex-US Small Cap Equity Net

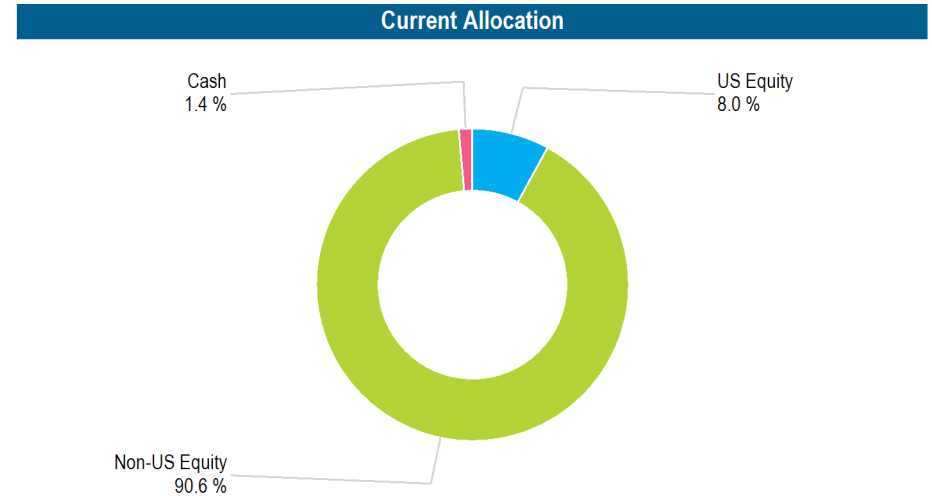
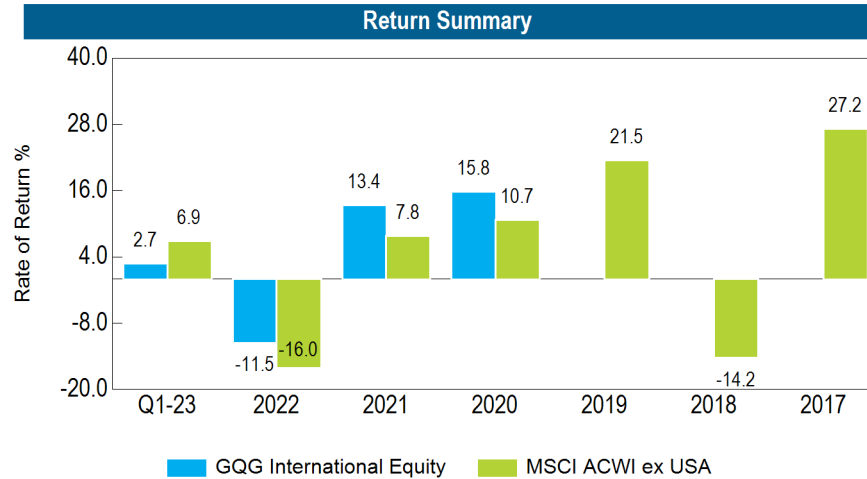
Account Characteristics	Portfolio Q1-23	Index Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	4.0	2.7
Median Market Cap (\$B)	3.1	1.2
P/E Ratio	15.7	12.6
Yield	2.0	3.2
EPS Growth - 5 Yrs.	13.8	8.1
Price to Book	2.6	2.2



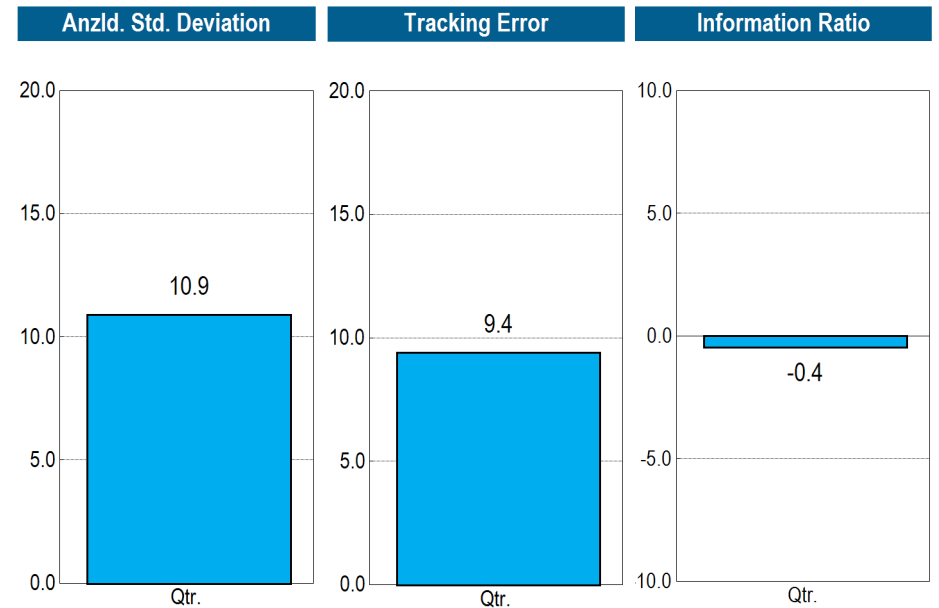
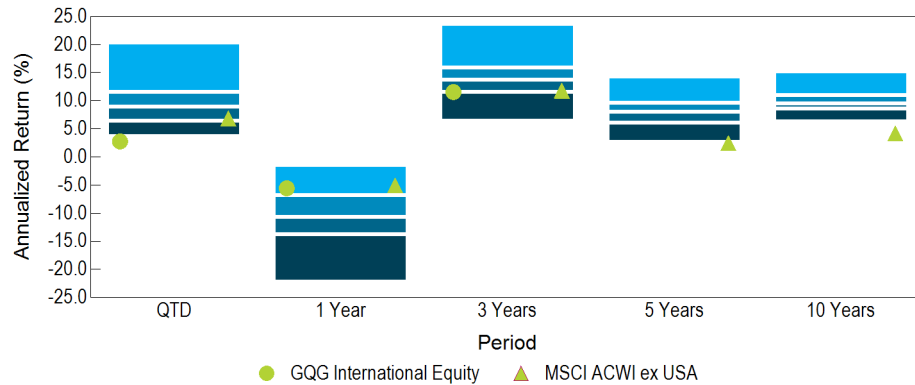
Top Holdings	
NORTHERN INSTITUTIONAL U.S. GOVERNMENT SELECT PORTFOLIO	3.6%
OUTOTEC OYJ	2.7%
ISS A/S	2.3%
PRECISION DRILLING CORP	2.1%
ASICS CORP	2.0%
VALLOUREC SA	2.0%
LEONARDO SPA	1.8%
YOKOGAWA ELECTRIC CORP	1.8%
IHI CORP	1.7%
SAMSONITE INTERNATIONAL SA	1.6%

Best Performers	Return %
ROLLS ROYCE HOLDINGS PLC	64.2%
SMA SOLAR TECHNOLOGY AG	50.5%
EMBRAER SA	49.8%
GERRESHEIMER GROUP	47.5%
LEONARDO SPA	36.5%
PETS AT HOME GROUP PLC	33.6%
STE VIRBAC SA	32.0%
GOLDWIN	31.6%
NOTE AB (PUBL)	30.0%
MARTINREA INTERNATIONAL INC	29.9%

Worst Performers	Return %
PRECISION DRILLING CORP	-33.0%
M DIAS BRANCO INDUSTRIA ON	-26.0%
PASON SYSTEMS INC	-23.1%
M&A CAPITAL PARTNERS CO LTD	-20.5%
SERICA ENERGY PLC	-20.2%
ERGOMED PLC	-17.5%
HEXATRONIC GROUP AB	-16.1%
KT CORP	-16.0%
NETWORK INTERNATIONAL HOLDINGS PLC	-15.7%
TRICAN WELL SERVICE LTD	-14.8%

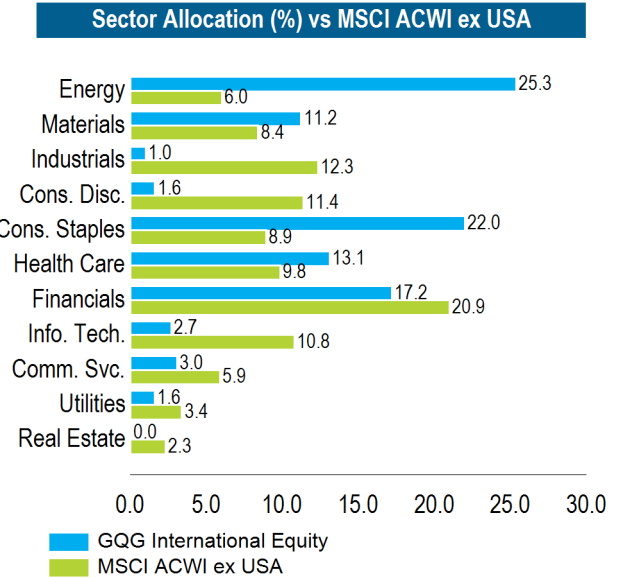


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
GQG International Equity	2.7	-5.6	11.5	--	--
MSCI ACWI ex USA	6.9	-5.1	11.8	--	--
eV Global Growth Equity Net Median	9.0	-10.6	13.8	8.1	9.6
eV Global Growth Equity Net Rank	97	19	76	--	--



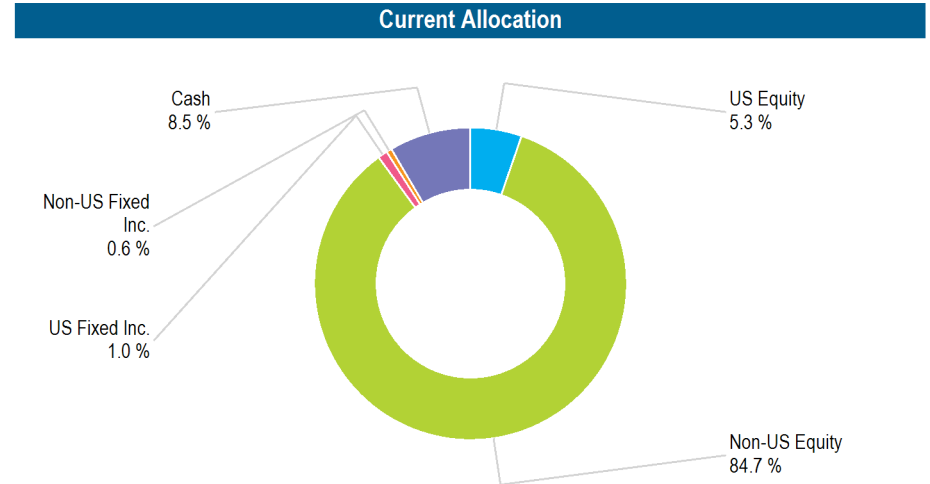
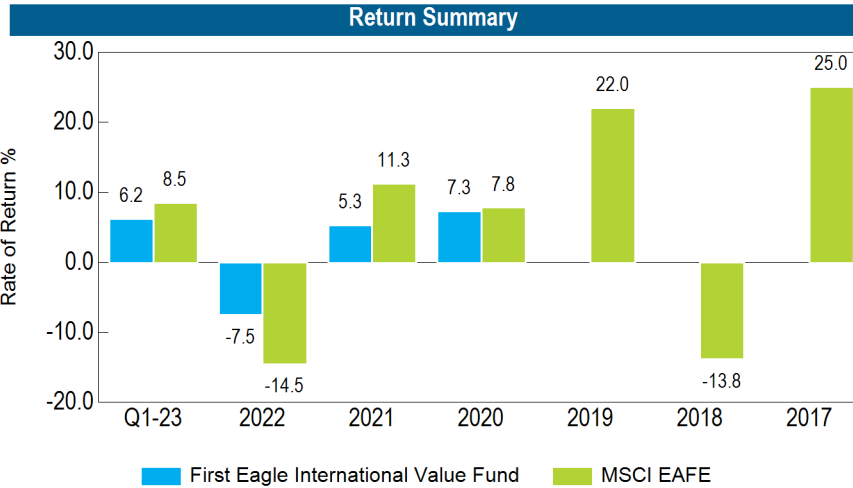
Account Information	
Account Name	<b>GQG International Equity</b>
Account Structure	<b>Commingled Fund</b>
Investment Style	<b>Active</b>
Inception Date	<b>12/01/19</b>
Account Type	<b>International</b>
Benchmark	<b>MSCI ACWI ex USA</b>
Universe	<b>eV Global Growth Equity Net</b>

Account Characteristics		
	Portfolio	Index
	Q4-22	Q4-22
<b>Characteristics</b>		
Weighted Avg. Market Cap. (\$B)	116.3	78.1
Median Market Cap (\$B)	65.4	11.8
P/E Ratio	9.4	13.7
Yield	6.4	3.4
EPS Growth - 5 Yrs.	18.8	9.9
Price to Book	2.2	2.4

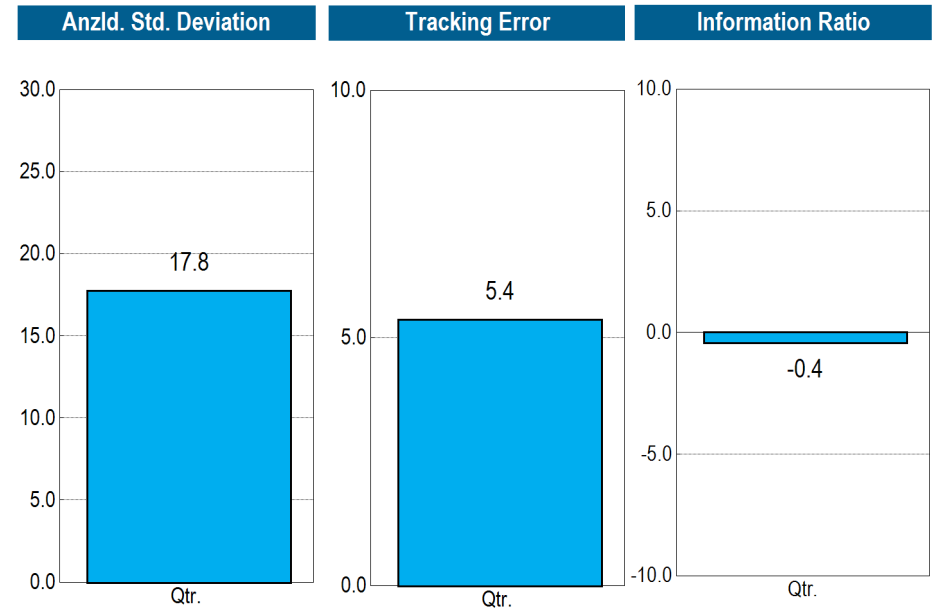
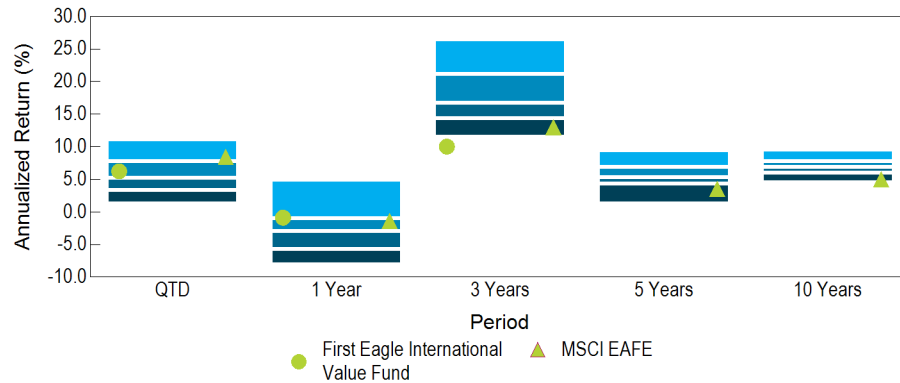


Top Holdings	
ASTRAZENECA PLC	6.9%
NOVO NORDISK 'B'	5.5%
TOTALENERGIES SE	5.4%
GLENCORE PLC	4.6%
ENBRIDGE INC	4.1%
H D F C BANK LTD	3.9%
BRITISH AMERICAN TOBACCO PLC	3.6%
PHILIP MORRIS INTERNATIONAL INC	3.5%
VALE SA	3.4%
DEUTSCHE TELEKOM AG	3.0%

Best Performers		Worst Performers	
	Return %		Return %
NVIDIA CORPORATION	90.1%	WHITEHAVEN COAL	-26.4%
UNICREDIT SPA	33.3%	TOURMALINE OIL CORP	-14.7%
SHIN-ETSU CHEMICAL CO LTD	32.4%	GLENCORE PLC	-13.6%
LAM RESEARCH CORP	26.6%	EISAI CO LTD	-13.6%
ASML HOLDING NV	26.4%	BRITISH AMERICAN TOBACCO PLC	-10.4%
LVMH MOET HENNESSY LOUIS VUITTON SE	26.2%	BRITISH AMERICAN TOBACCO PLC	-9.3%
LOREAL SA	25.3%	RELIANCE INDUSTRIES LTD	-8.4%
ASML HOLDING NV	24.9%	SCHLUMBERGER LTD	-7.7%
CIE FINANCIERE RICHEMONT AG, ZUG	23.3%	GAZPROM	-6.0%
DEUTSCHE TELEKOM AG	21.9%	OIL COMPANY LUKOIL	-6.0%

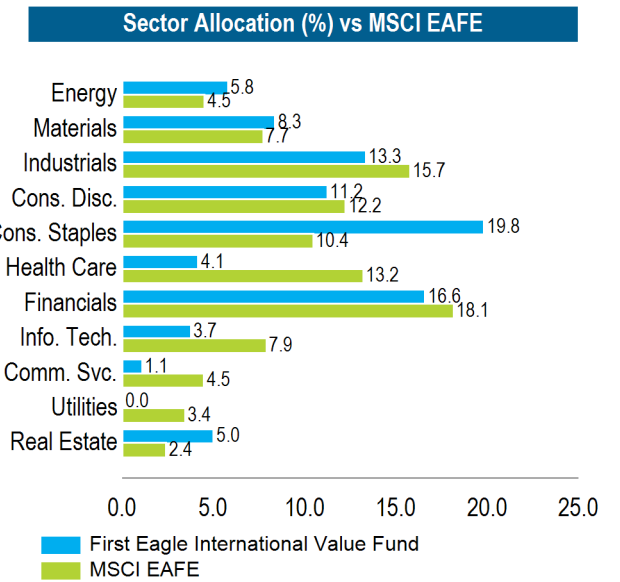


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
First Eagle International Value Fund	6.2	-0.9	10.0	--	--
MSCI EAFE	8.5	-1.4	13.0	--	--
eV Global Value Equity Net Median	5.3	-2.9	16.8	5.4	6.9
eV Global Value Equity Net Rank	41	25	99	--	--



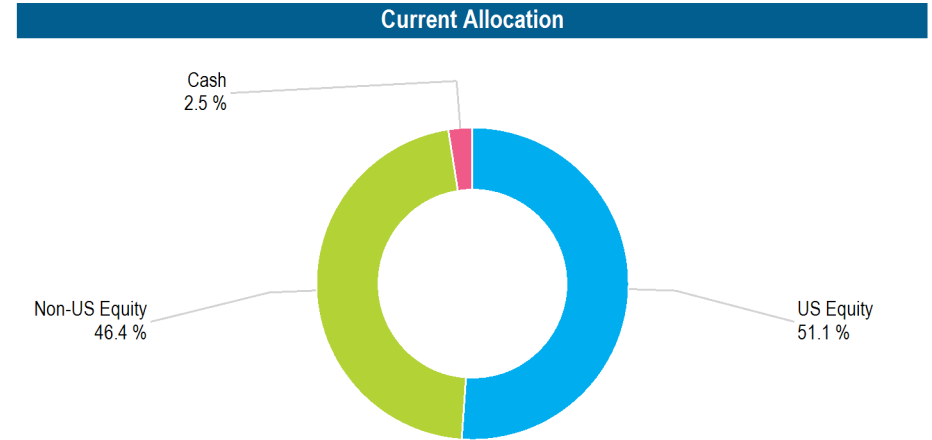
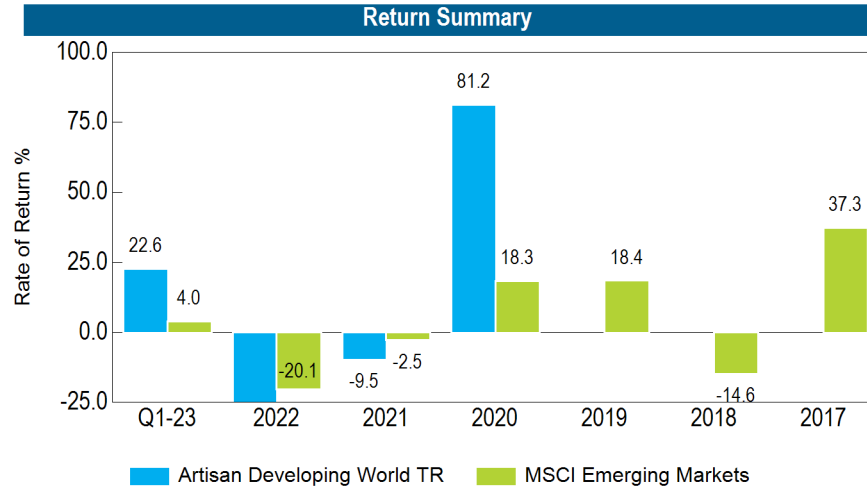
Account Information	
Account Name	First Eagle International Value Fund
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	12/01/19
Account Type	International
Benchmark	MSCI EAFE
Universe	eV Global Value Equity Net

Account Characteristics	Portfolio	Index
	Q1-23	Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	57.7	85.5
Median Market Cap (\$B)	14.4	12.5
P/E Ratio	13.8	14.6
Yield	2.8	3.3
EPS Growth - 5 Yrs.	9.2	8.2
Price to Book	1.8	2.6

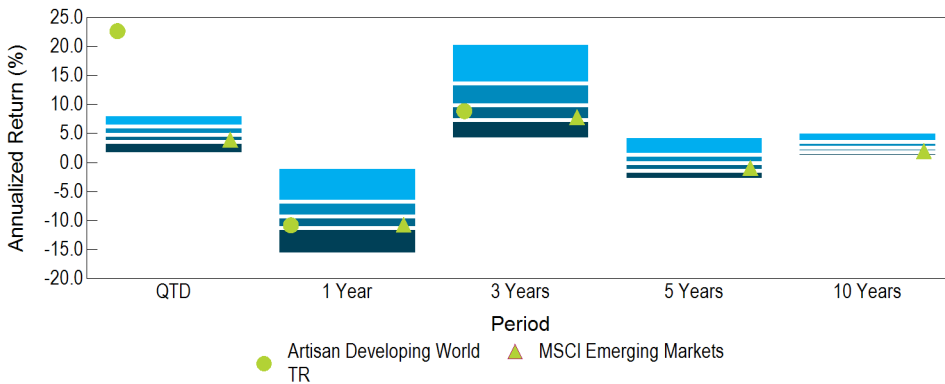


Top Holdings	
IMPERIAL OIL LTD	4.1%
DANONE	3.2%
CIE FINANCIERE RICHEMONT AG, ZUG	3.1%
UNILEVER PLC COMMON STOCK GBP.0311	3.0%
GROUPE BRUXELLES LAMBERT SA	2.7%
WILLIS TOWERS WATSON PLC	2.6%
FOMENTO ECONOMICO MEXICAN SAB DE CV	2.6%
SHELL PLC	2.3%
FANUC CORP	2.2%
AMBEV SA	2.2%

Best Performers		Worst Performers	
	Return %		Return %
GRUPO MEXICO S.A.B. DE C.V.	38.2%	AG ANADOLU GRUBU HOLDING ANONIM SIRKETI	-18.6%
NEWCREST MINING LTD	32.6%	FRESNILLO PLC	-15.1%
CRH PLC	30.4%	LOTTE WELLFOOD CO LTD	-13.9%
INDUSTRIAS PENOLES S.A.B. DE C.V.	26.4%	KT&G CORP	-11.6%
LVMH MOET HENNESSY LOUIS VUITTON SE	26.2%	PILOT	-11.2%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	25.5%	LOTTE CORPORATION	-10.0%
SMC CORP	25.4%	LAURENT PERRIER	-9.7%
KEYENCE CORP	24.6%	BRITISH AMERICAN TOBACCO PLC	-9.3%
WHEATON PRECIOUS METALS CORP	23.5%	SOMPO HOLDINGS INC	-8.9%
CIE FINANCIERE RICHEMONT AG, ZUG	23.3%	GREAT EAGLE HOLDINGS LTD	-8.5%

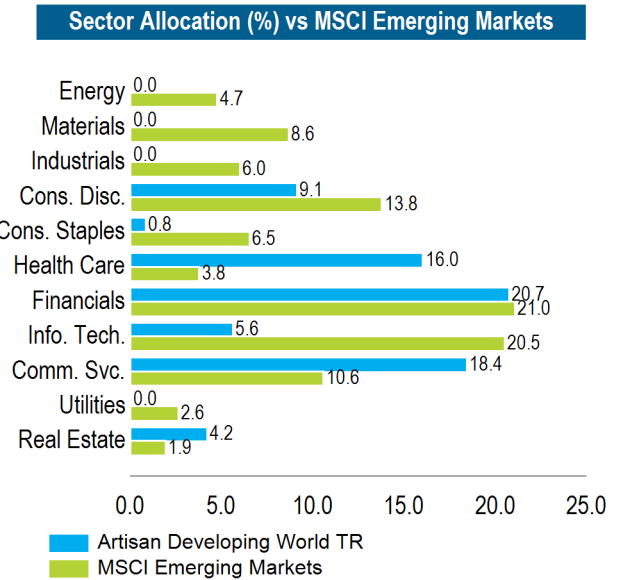


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Artisan Developing World TR	22.6	-10.8	8.9	--	--
MSCI Emerging Markets	4.0	-10.7	7.8	--	--
eV Emg Mkts Equity Net Median	4.9	-9.3	9.9	0.0	2.7
eV Emg Mkts Equity Net Rank	1	70	61	--	--



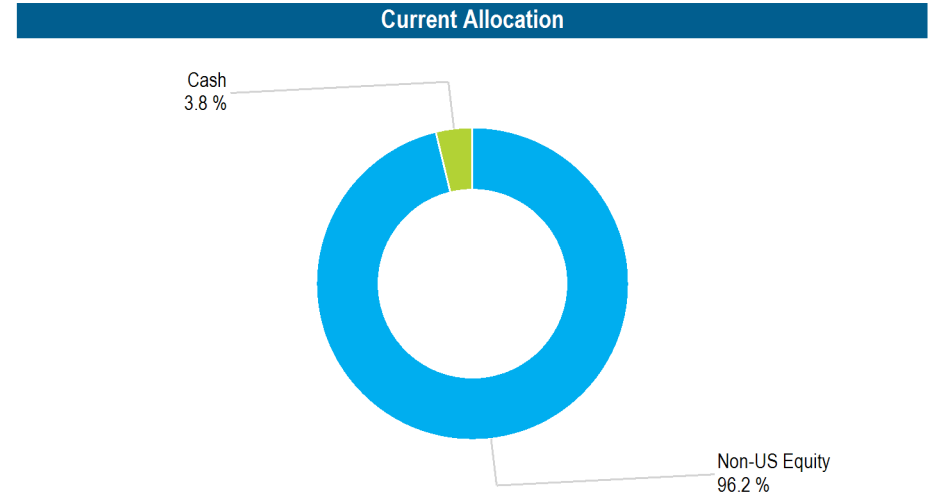
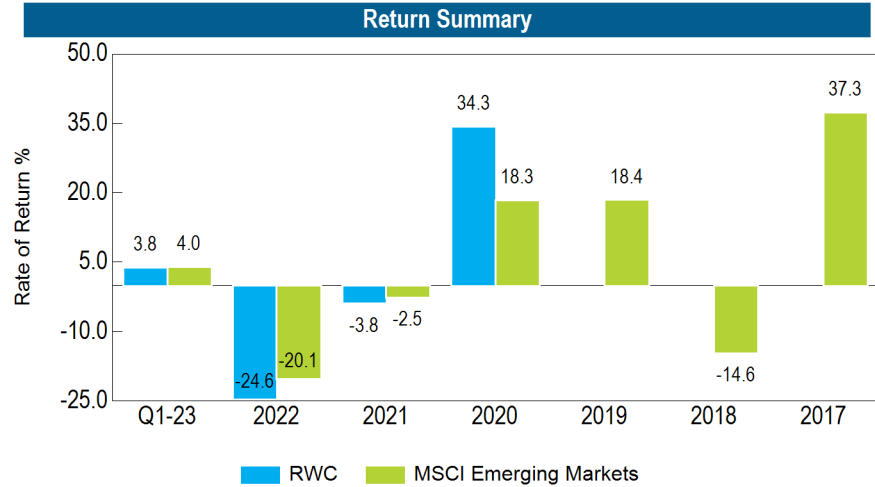
Account Information	
Account Name	Artisan Developing World TR
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	12/01/19
Account Type	International Emerging Stocks
Benchmark	MSCI Emerging Markets
Universe	eV Emg Mkts Equity Net

Account Characteristics		
	Portfolio	Index
	Q1-23	Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	76.5	112.4
Median Market Cap (\$B)	57.1	6.6
P/E Ratio	36.9	11.7
Yield	0.1	3.5
EPS Growth - 5 Yrs.	48.9	14.2
Price to Book	6.0	2.4

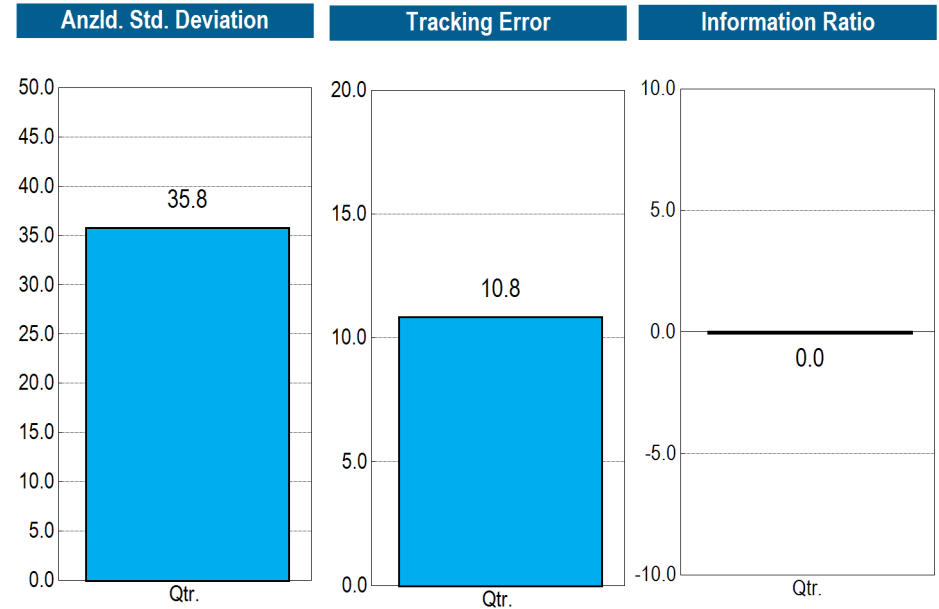
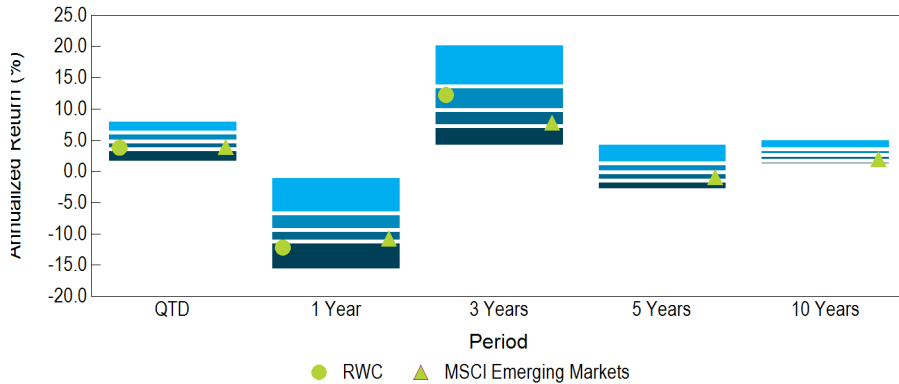


Top Holdings	
NU HOLDINGS LTDCAYMAN ISLANDS	18.6%
GRAB HOLDINGS LIMITED CLASS A ORD	13.2%
WUXI BIOLOGICS (CAYMAN) INC	12.3%
JD HEALTH INTERNATIONAL INC	10.1%
SNAP INC	7.6%
MEITUAN DIANPING USD0.00001 A B CLASS ISIN KYG596691041	7.3%
KE Holdings Inc	4.3%
BILIBILI INC	3.7%
UNITY SOFTWARE INC COM	2.9%
SEA LIMITED	2.7%

Best Performers		Worst Performers	
	Return %		Return %
NVIDIA CORPORATION	90.1%	WUXI BIOLOGICS (CAYMAN) INC	-19.3%
SEA LIMITED	66.3%	MEITUAN DIANPING USD0.00001 A B CLASS ISIN KYG596691041	-18.4%
ALIGN TECHNOLOGY INC	58.4%	ADR KANZHUN LTD SPONSORED ADS	-6.6%
MERCADOLIBRE INC	55.8%	SARTORIUS STEDIM BIOTECH SA	-4.8%
AIRBNB INC	45.5%	APOLLO HOSPITALS ENTERPRISE LTD	-2.8%
KE Holdings Inc	35.0%	H D F C BANK LTD	-2.5%
HERMES INTERNATIONAL SA	31.4%	ZHANGZHOU PIENZHEHUANG PHARMACEUTICAL CO LTD	-1.0%
CROWDSTRIKE HOLDINGS INC	30.4%	SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD	-0.9%
LVMH MOET HENNESSY LOUIS VUITTON SE	26.2%	BILIBILI INC	-0.8%
SNAP INC	25.3%	ESTEE LAUDER COS INC (THE)	-0.4%



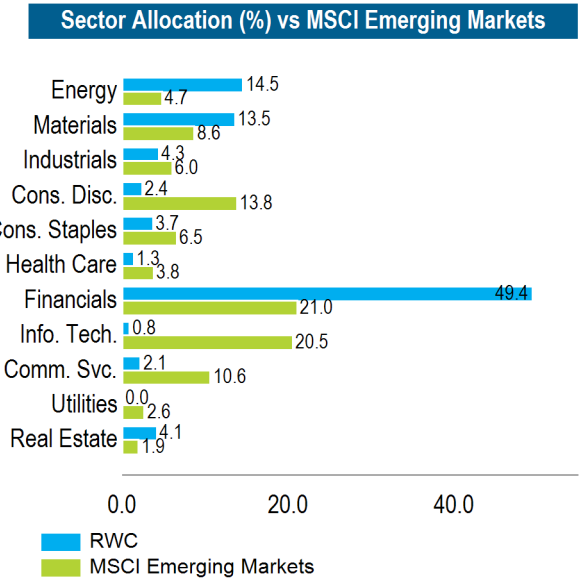
	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
RWC	3.8	-12.2	12.2	--	--
MSCI Emerging Markets	4.0	-10.7	7.8	--	--
eV Emg Mkts Equity Net Median	4.9	-9.3	9.9	0.0	2.7
eV Emg Mkts Equity Net Rank	73	83	34	--	--





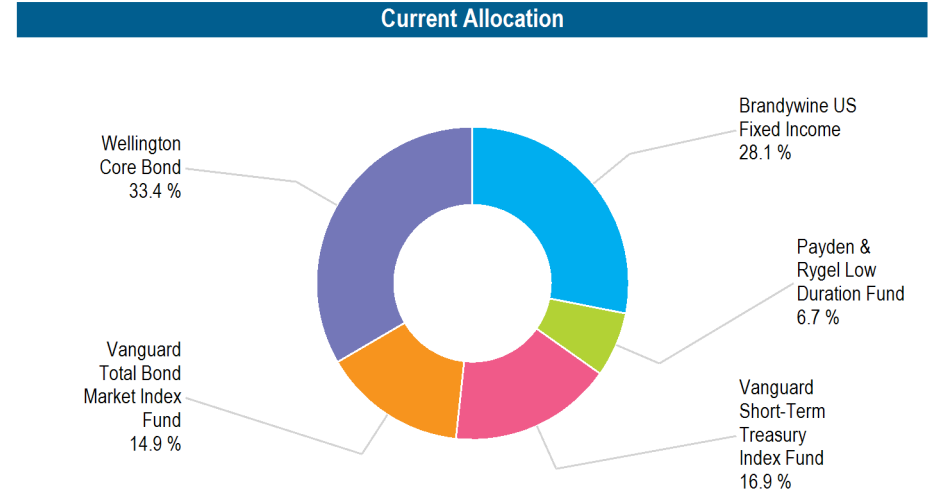
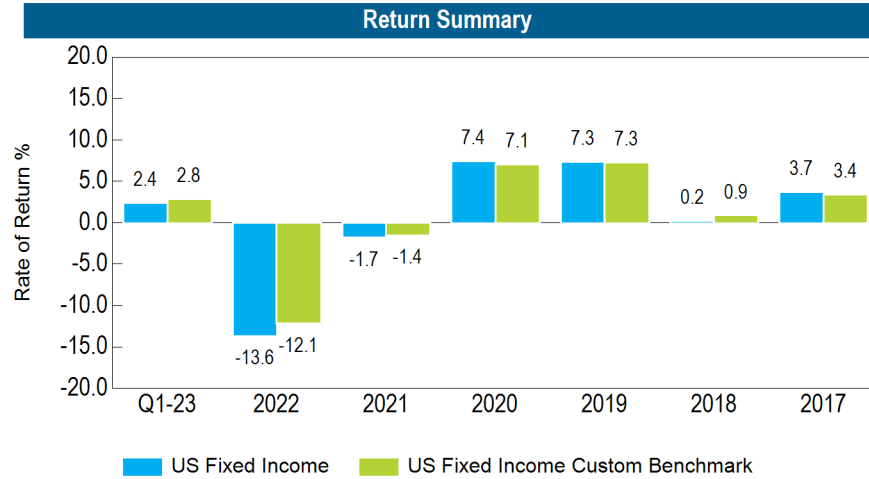
Account Information	
Account Name	RWC
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	12/01/19
Account Type	International Emerging Stocks
Benchmark	MSCI Emerging Markets
Universe	eV Emg Mkts Equity Net

Account Characteristics	Portfolio Q1-23	Index Q1-23
Characteristics		
Weighted Avg. Market Cap. (\$B)	2.4	112.4
Median Market Cap (\$B)	0.8	6.6
P/E Ratio	6.0	11.7
Yield	3.7	3.5
EPS Growth - 5 Yrs.	18.5	14.2
Price to Book	1.9	2.4

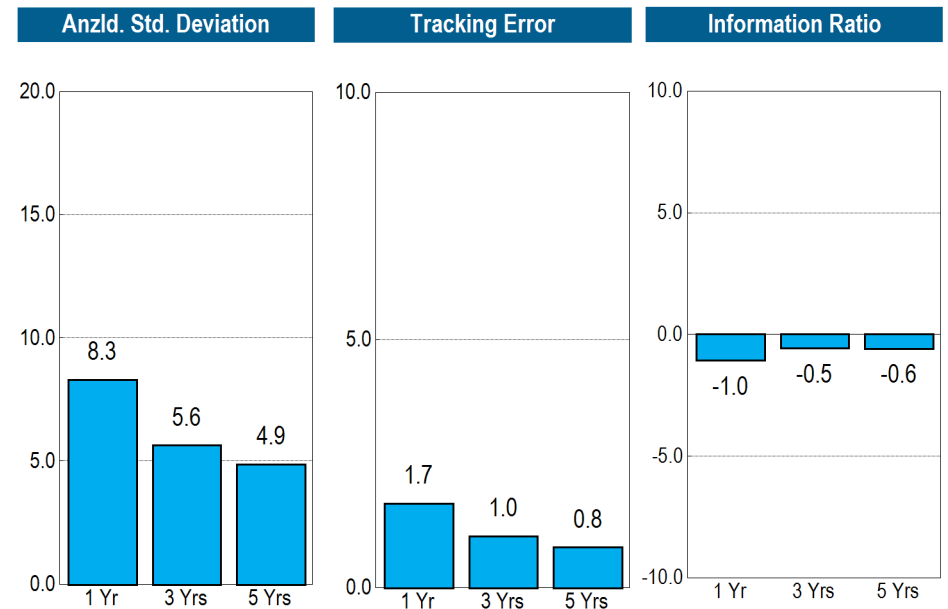
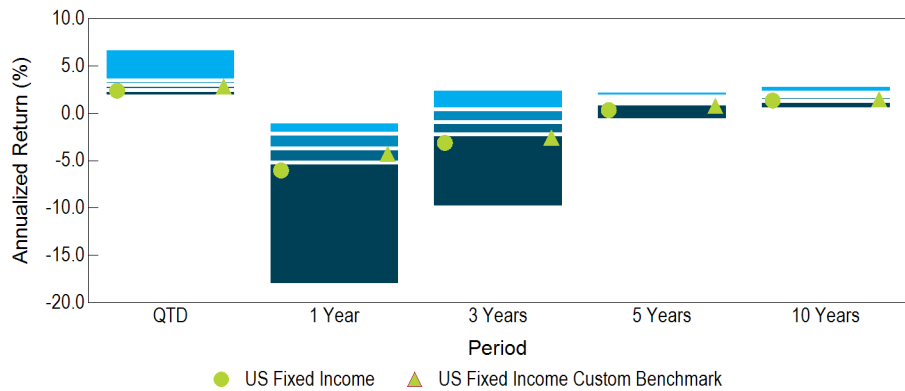


Top Holdings	
SAVANNAH ENERGY PLC	5.0%
HALYK SAVINGS BANK OF KAZAKHSTAN JSC	4.9%
ADDIKO BANK AG	4.8%
GEORGIA CAPITAL PLC	4.6%
ENERGEAN PLC	4.1%
SEPLAT ENERGY PLC	3.9%
CASH - USD	3.8%
ZENITH BANK PLC	3.4%
NOVA LJUBLJANSKA BANKA D.D	3.4%
BK GROUP PLC	3.2%

Best Performers		Worst Performers	
	Return %		Return %
HATTON NATIONAL BANK LTD	92.8%	HONDA ATLAS CARS (PAKISTAN) LTD	-43.5%
SAMPATH BANK LTD	88.9%	HAPVIDA PARTICIPACOES E INVESTIMENTOS SA	-41.7%
WIZZ AIR HOLDINGS PLC	60.3%	COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED	-30.6%
MERCADOLIBRE INC	55.8%	LUCKY CEMENT LTD	-28.1%
IHS Holding LTD	42.4%	PALM HILLS DEVELOPMENTS SA	-24.8%
MELSTACORP PLC	38.3%	SYSTEMS LTD	-23.9%
CEMEX SAB DE CV	36.5%	MEEZAN BANK LTD	-21.3%
NGEX MINERALS LTD	33.8%	MEITUAN DIANPING USD0.00001 A B CLASS ISIN KYG596691041	-18.4%
BAIDU INC USD0.00000625 A CLASS	32.2%	MASAN GROUP CORP	-15.8%
GOLD FIELDS LTD	31.5%	CENTRAIS ELETRICAS BRASILEIRAS SA-ELETROBRAS	-15.2%



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>US Fixed Income</b>	<b>2.4</b>	<b>-6.0</b>	<b>-3.1</b>	<b>0.3</b>	<b>1.3</b>
<i>US Fixed Income Custom Benchmark</i>	<i>2.8</i>	<i>-4.3</i>	<i>-2.6</i>	<i>0.8</i>	<i>1.5</i>
<i>InvMetrics All DB US Fix Inc Net Median</i>	<i>3.0</i>	<i>-3.7</i>	<i>-0.9</i>	<i>1.5</i>	<i>1.8</i>
<i>InvMetrics All DB US Fix Inc Net Rank</i>	<i>80</i>	<i>80</i>	<i>83</i>	<i>92</i>	<i>72</i>



US Fixed Income Fixed Income Characteristics vs. Bloomberg US Aggregate TR				
	Portfolio	Index	Portfolio	Index
	Q1-23	Q1-23	Q4-22	Q4-22
Fixed Income Characteristics				
Yield to Maturity	4.33	4.63	4.58	4.63
Average Duration	6.59	6.51	6.30	6.24
Average Quality	AA	AA	AA	AA
Weighted Average Maturity	8.90	13.14	8.90	13.09

US Fixed Income Fixed Income Duration vs. BBgBarc US Aggregate TR				
	Portfolio	Index	Portfolio	Index
	Q1-23	Q1-23	Q4-22	Q4-22
Credit Quality Allocation				
AAA	83.47	30.39	83.47	30.90
AA	2.17	45.65	1.76	45.51
A	7.29	10.29	7.75	9.88
BBB	9.84	13.52	8.85	13.59
BB	0.03	0.15	0.01	0.13
CCC	0.06	--	0.05	--

US Fixed Income Fixed Income Sector Allocation vs. Bloomberg US Aggregate TR				
	Portfolio	Index	Portfolio	Index
	Q1-23	Q1-23	Q4-22	Q4-22
US Sector Allocation				
UST/Agency	49.42	42.18	53.56	42.03
Corporate	18.21	24.62	17.40	24.29
MBS	30.84	28.91	28.29	29.40
ABS	2.84	0.49	2.30	0.50
Foreign	0.56	3.19	0.49	3.19
Muni	--	0.64	--	0.62
Other	0.65	--	0.11	--
Cash	-2.53	--	-2.15	--

### Vanguard Short-Term Treasury Index Fund | As of March 31, 2023

#### Description:

The investment seeks to track the performance of a market-weighted Treasury index with a short-term dollar-weighted average maturity.

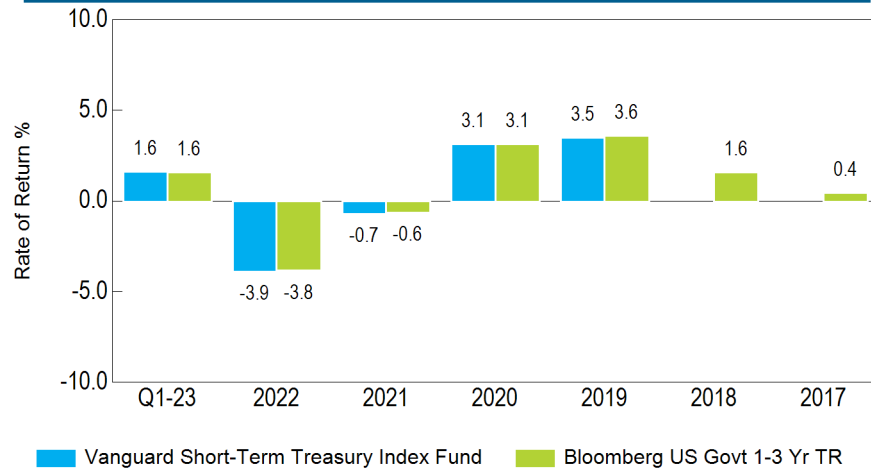
The fund employs an indexing investment approach designed to track the performance of the Bloomberg US Treasury 1-3 Year Index. This index includes fixed income securities issued by the U.S. Treasury (not including inflation-protected securities, floating rate securities and certain other security types), all with maturities between 1 and 3 years. At least 80% of the fund's assets will be invested in bonds included in the index.

Portfolio Fund Information as of March 31, 2023		Top Holdings as of March 31, 2023		Fund Characteristics as of March 31, 2023	
Ticker	VSPIX	UNITED STATES TREASURY NOTES	2.61%	Sharpe Ratio (3 Year)	-0.93
Morningstar Category	Short Government	UNITED STATES TREASURY NOTES	2.31%	Average Duration	1.89
Average Market Cap (\$mm)		UNITED STATES TREASURY NOTES	2.22%	Effective Duration	1.89
Net Assets (\$mm)	1,459.26	UNITED STATES TREASURY NOTES	2.00%	Modified Duration	
% Assets in Top 10 Holdings	19.44	UNITED STATES TREASURY NOTES	1.83%	Average Coupon	
Total Number of Holdings	97	UNITED STATES TREASURY NOTES	1.79%	Average Effective Maturity	2.00
Manager Name	Joshua C. Barrickman	UNITED STATES TREASURY NOTES	1.76%	R-Squared (3 Year)	1.00
Manager Tenure	10	UNITED STATES TREASURY NOTES	1.67%	Alpha (3 Year)	0.00%
Expense Ratio	0.05%	UNITED STATES TREASURY NOTES	1.63%	Beta (3 Year)	1.00
Closed to New Investors	No	UNITED STATES TREASURY NOTES	1.62%		

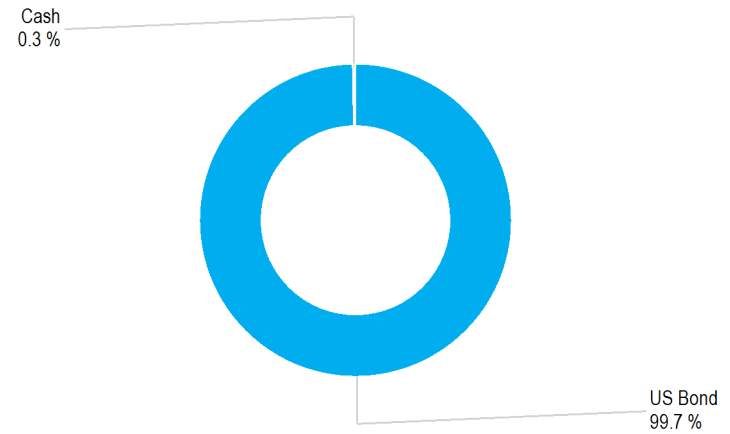
Maturities as of March 31, 2023		Fixed Income Sectors as of March 31, 2023		Credit Quality as of March 31, 2023	
1 to 3 Years	98.74%	GOVERNMENT	99.73%	AAA	99.96%
3 to 5 Years	1.26%	MUNICIPAL	0.00%	AA	0.00%
5 to 7 Years	0.00%	CORPORATE	0.00%	A	0.00%
7 to 10 Years	0.00%	SECURITIZED	0.00%	BBB	0.00%
10 to 15 Years	0.00%	CASH & EQUIVALENTS	0.27%	BB	0.00%
15 to 20 Years	0.00%	DERIVATIVE	0.00%	B	0.00%
20 to 30 Years	0.00%			Below B	0.00%
Greater than 30 Years	0.00%			Not Rated	0.04%

### Vanguard Short-Term Treasury Index Fund | As of March 31, 2023

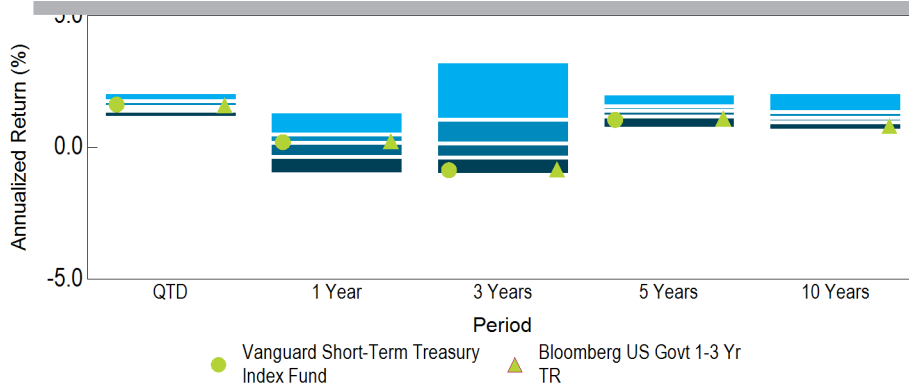
#### Return Summary



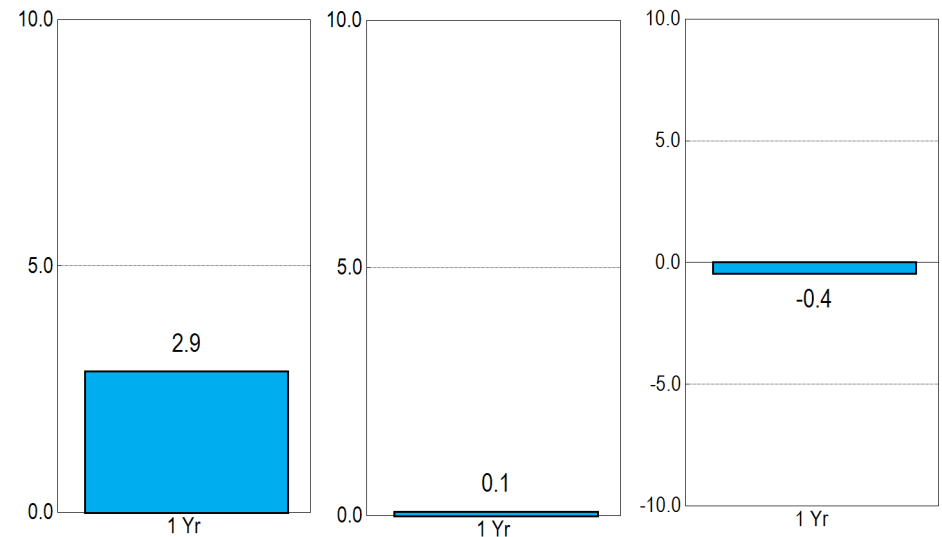
#### Mutual Fund Allocation as of March 31, 2023

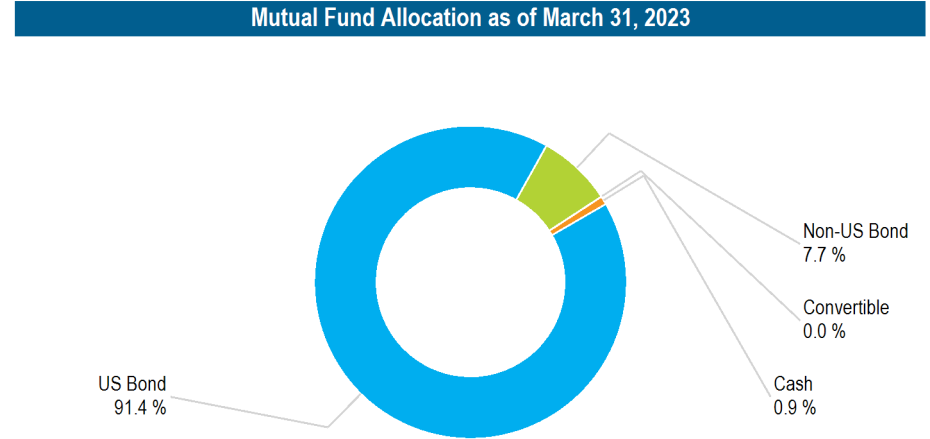
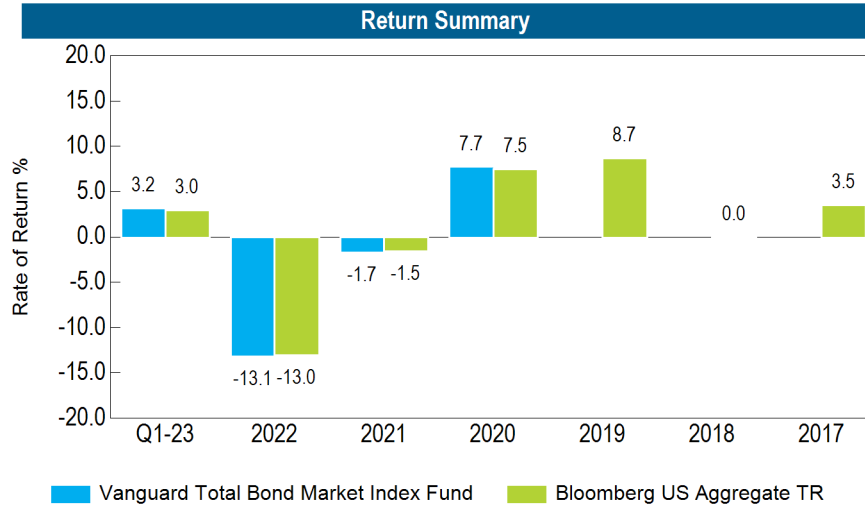


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Vanguard Short-Term Treasury Index Fund	1.6	0.2	-0.9	1.0	--
Bloomberg US Govt 1-3 Yr TR	1.6	0.2	-0.8	1.1	0.8
eV US Short Duration Fixed Inc Net Median	1.6	0.2	0.2	1.4	1.1
eV US Short Duration Fixed Inc Net Rank	39	48	93	85	--

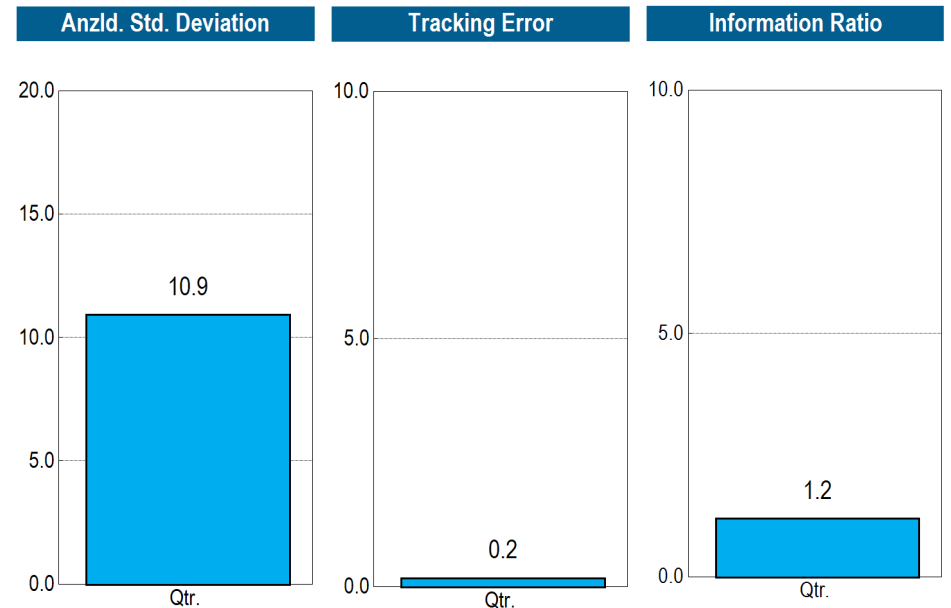
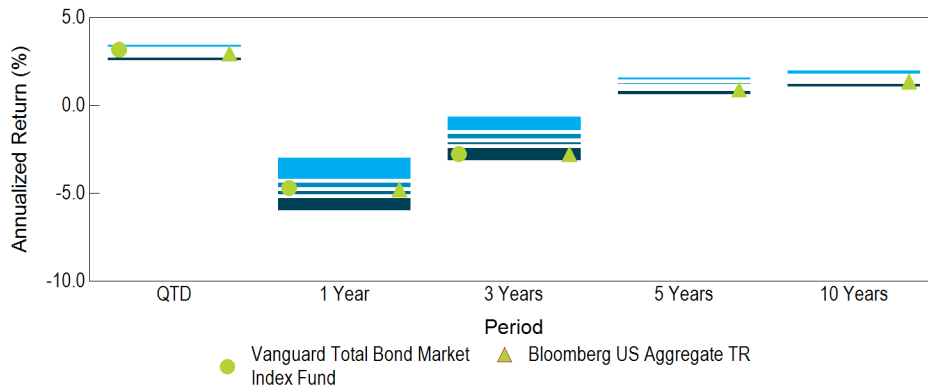


#### Anzld. Std. Deviation | Tracking Error | Information Ratio





	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Vanguard Total Bond Market Index Fund	3.2	-4.7	-2.8	--	--
Bloomberg US Aggregate TR	3.0	-4.8	-2.8	0.9	1.4
eV US Core Fixed Inc Net Median	3.1	-4.7	-2.0	1.1	1.6
eV US Core Fixed Inc Net Rank	34	46	89	--	--



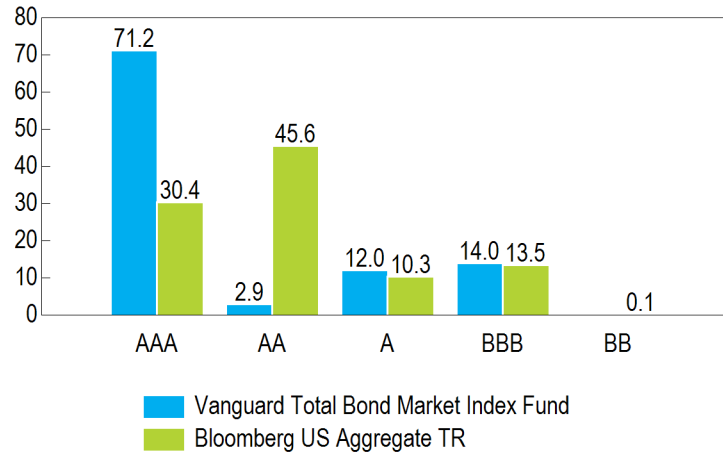
#### Account Information

Account Name	Vanguard Total Bond Market Index Fund
Account Structure	Mutual Fund
Investment Style	Passive
Inception Date	5/01/19
Account Type	US Fixed Income
Benchmark	Bloomberg US Aggregate TR
Universe	eV US Core Fixed Inc Net

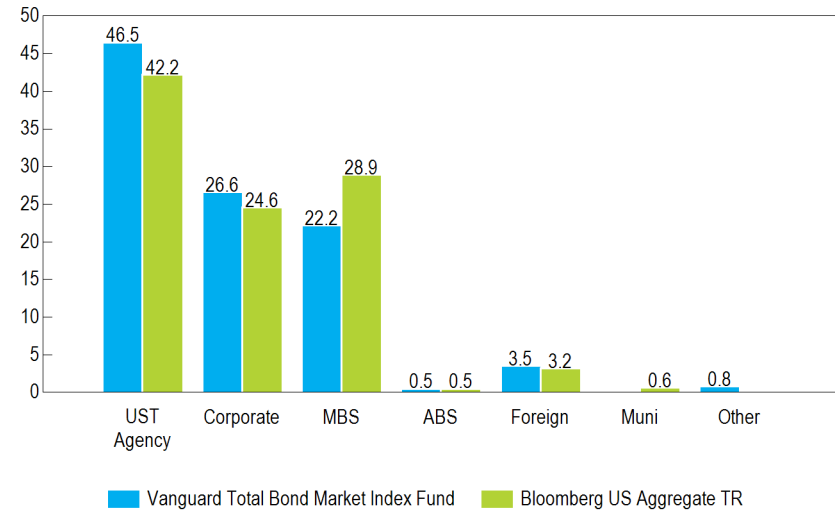
#### Fixed Income Characteristics

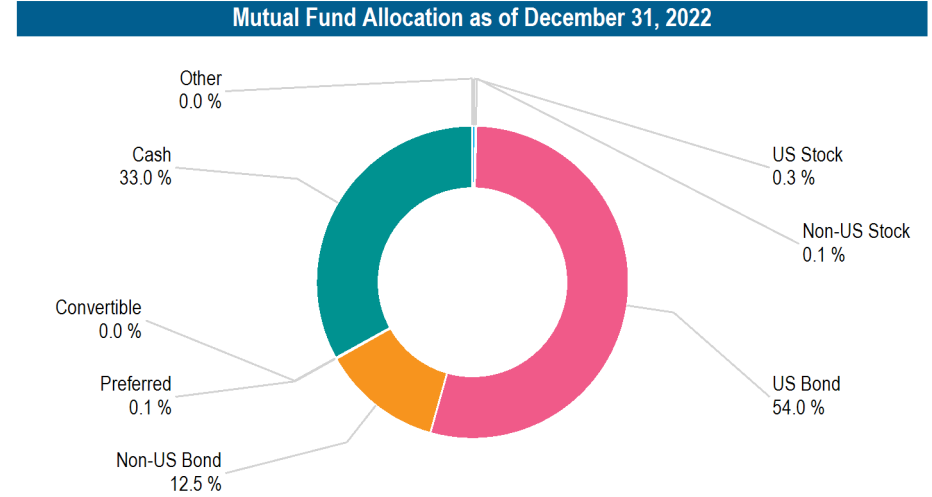
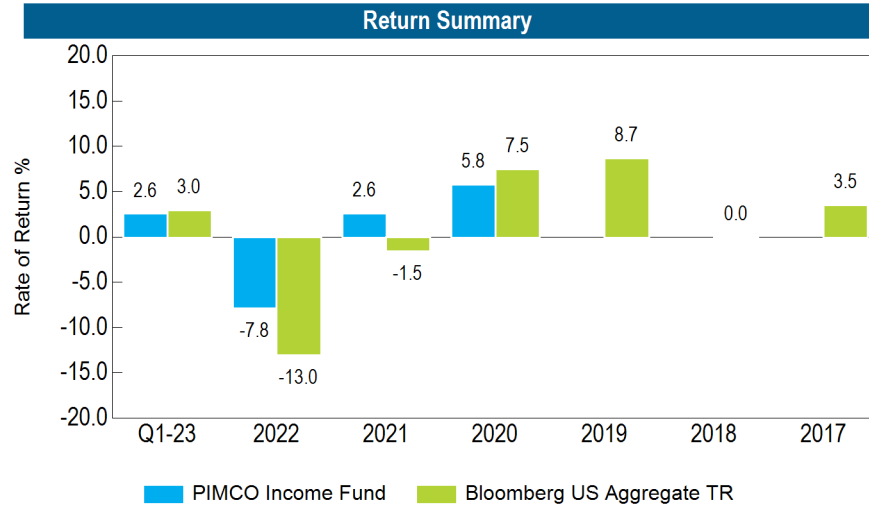
	Portfolio Q1-23	Index Q1-23
Fixed Income Characteristics		
Yield to Maturity	4.35	4.63
Average Duration	6.56	6.51
Average Quality	AA	AA
Weighted Average Maturity	8.90	13.14

#### Credit Quality Allocation

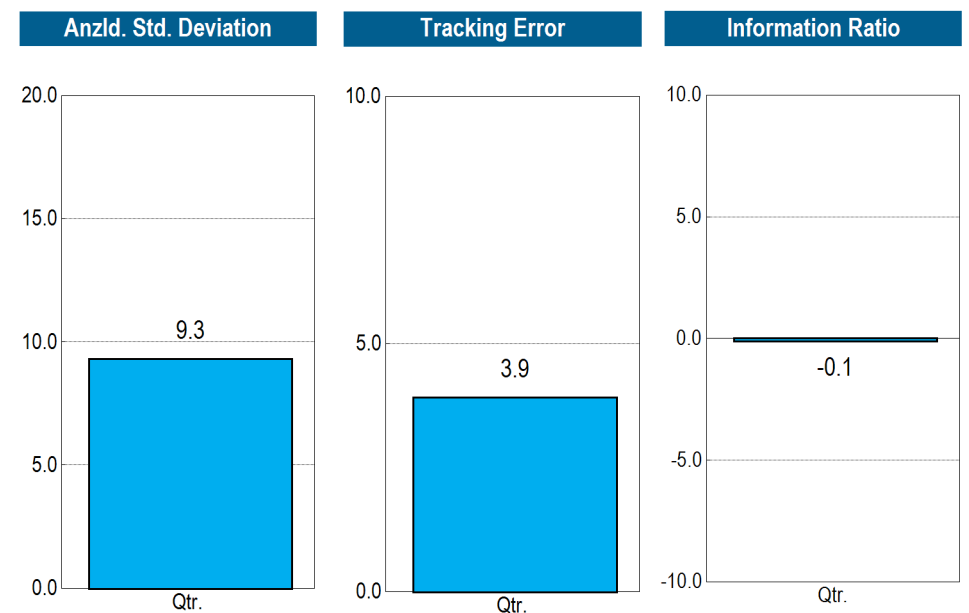
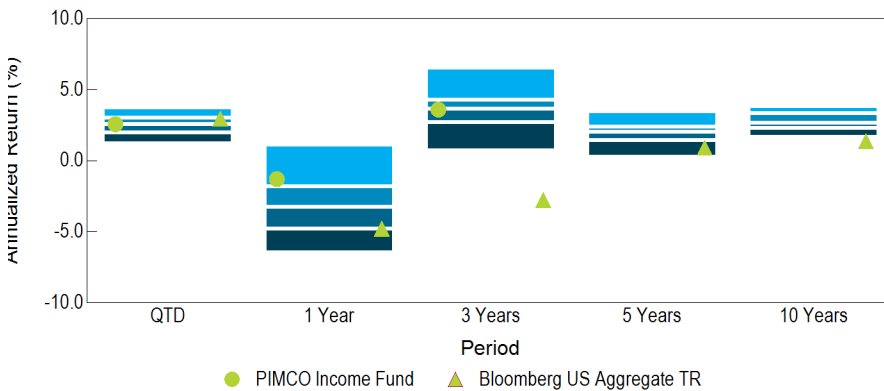


#### US Sector Allocation



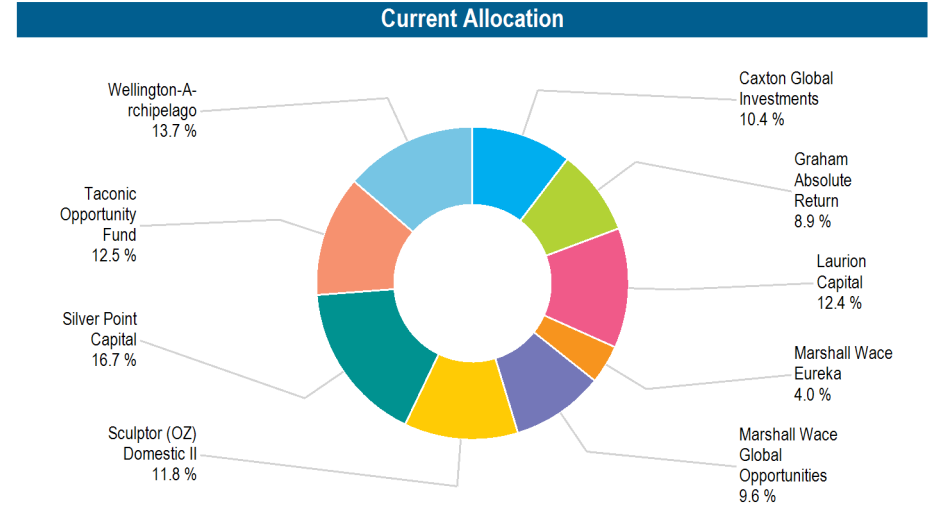
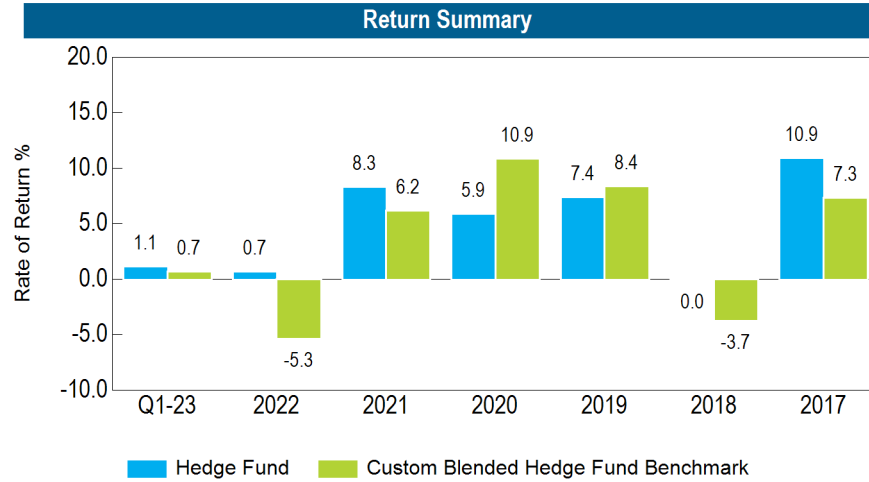


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
PIMCO Income Fund	2.6	-1.3	3.6	--	--
Bloomberg US Aggregate TR	3.0	-4.8	-2.8	0.9	1.4
Multisector Bond MStar MF Median	2.6	-3.2	3.7	2.1	2.7
Multisector Bond MStar MF Rank	53	16	52	--	--

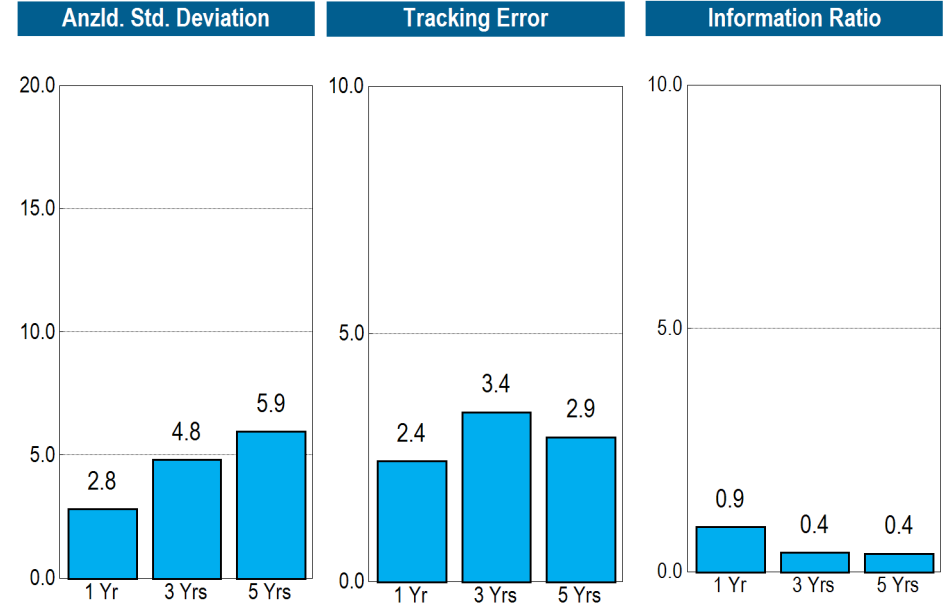
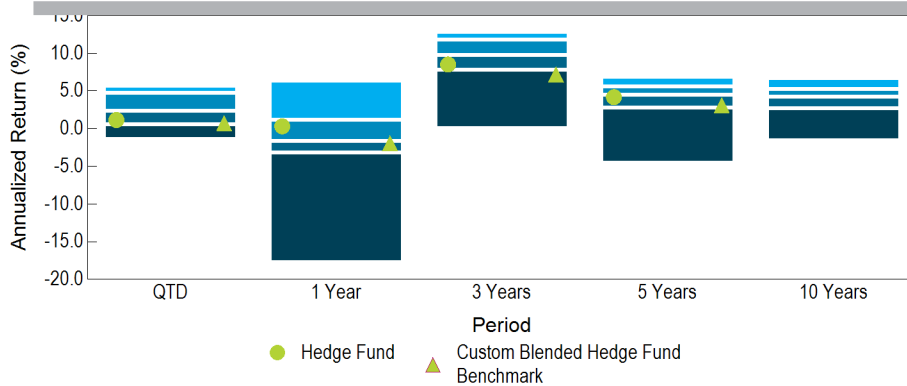


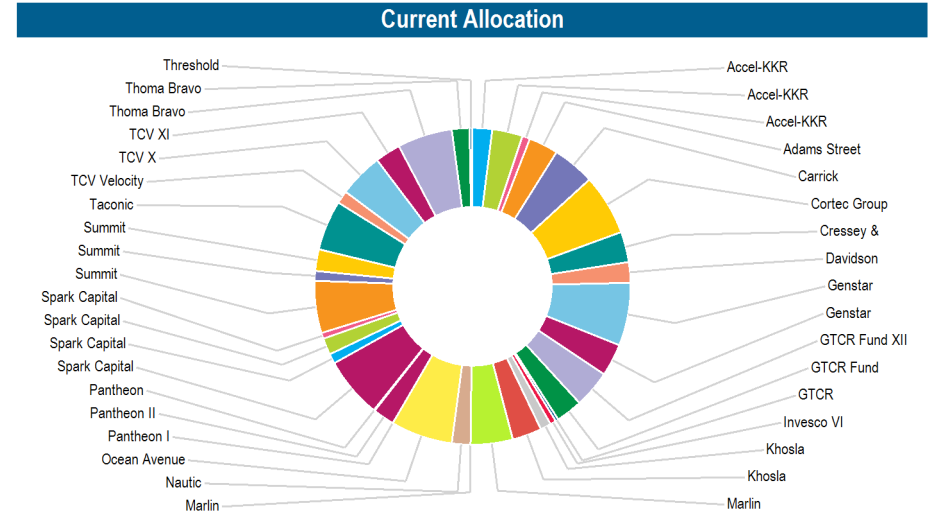
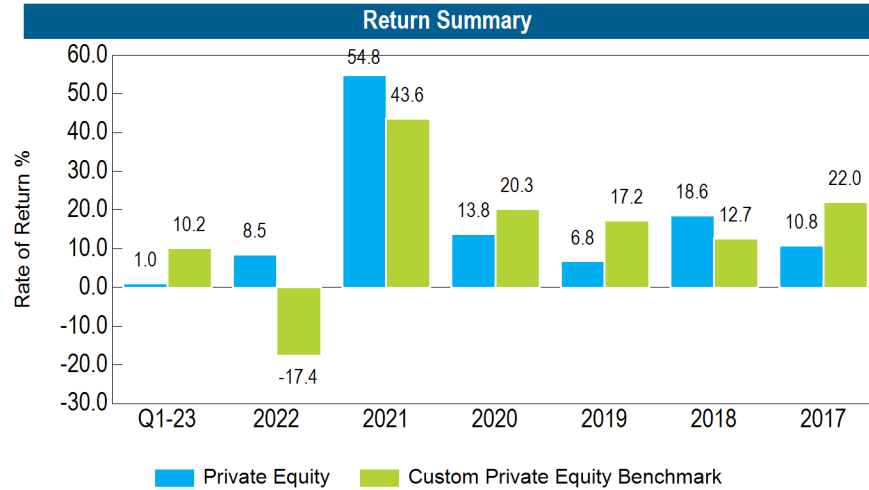


Account Information		Fund Characteristics as of December 31, 2022		Credit Quality as of December 31, 2022	
Account Name	PIMCO Income Fund	Sharpe Ratio (3 Year)	-0.08	AAA	48.99%
Account Structure	Mutual Fund	Average Duration	3.83	AA	4.79%
Investment Style	Active	Effective Duration	3.83	A	4.16%
Inception Date	4/30/19	Modified Duration	3.83	BBB	14.85%
Account Type	Client Directed Opportunistic	Average Coupon		BB	14.13%
Benchmark	Bloomberg US Aggregate TR	Average Effective Maturity	5.90	B	4.43%
Universe	Multisector Bond MStar MF			Below B	8.66%
				Not Rated	0.00%



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Hedge Fund</b>	<b>1.1</b>	<b>0.3</b>	<b>8.5</b>	<b>4.2</b>	--
<i>Custom Blended Hedge Fund Benchmark</i>	<i>0.7</i>	<i>-1.9</i>	<i>7.2</i>	<i>3.1</i>	--
<i>InvMetrics All DB Hedge Funds Net Median</i>	<i>2.4</i>	<i>-1.6</i>	<i>9.8</i>	<i>4.5</i>	<i>4.3</i>
<i>InvMetrics All DB Hedge Funds Net Rank</i>	<i>69</i>	<i>31</i>	<i>73</i>	<i>59</i>	--



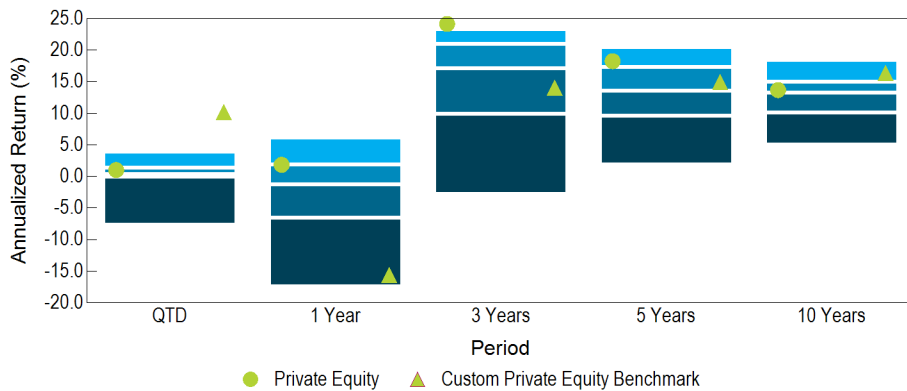
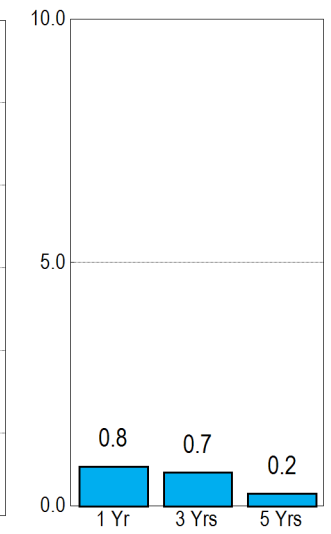
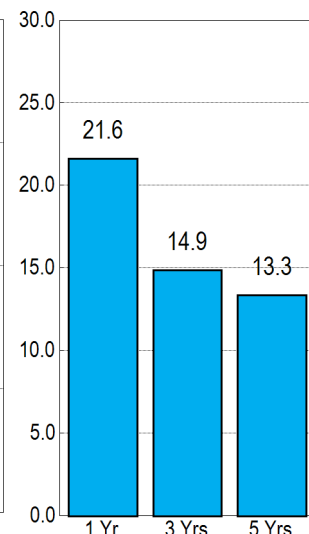
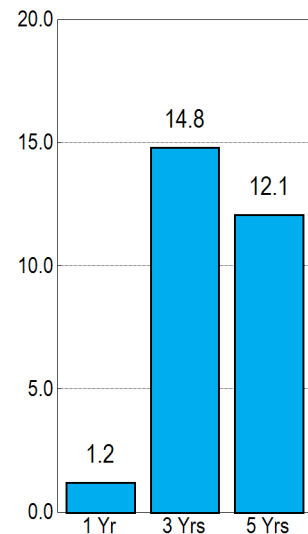


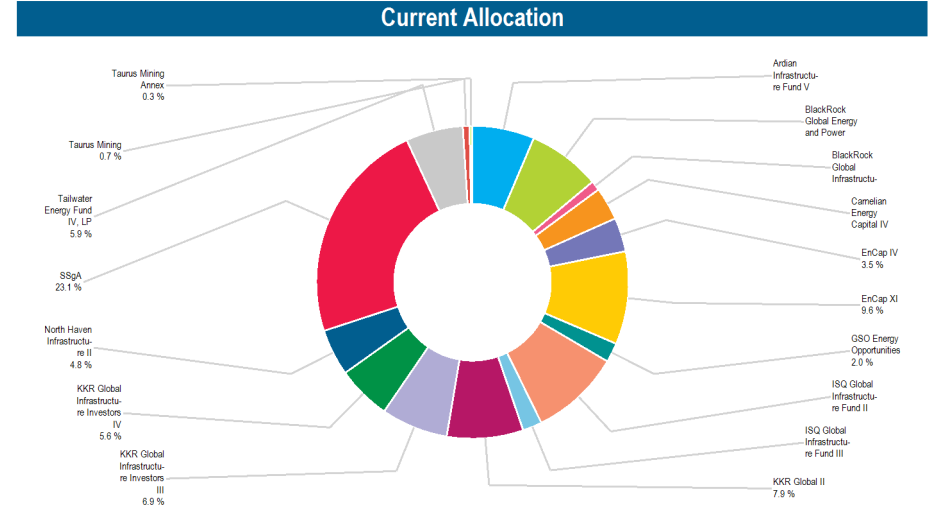
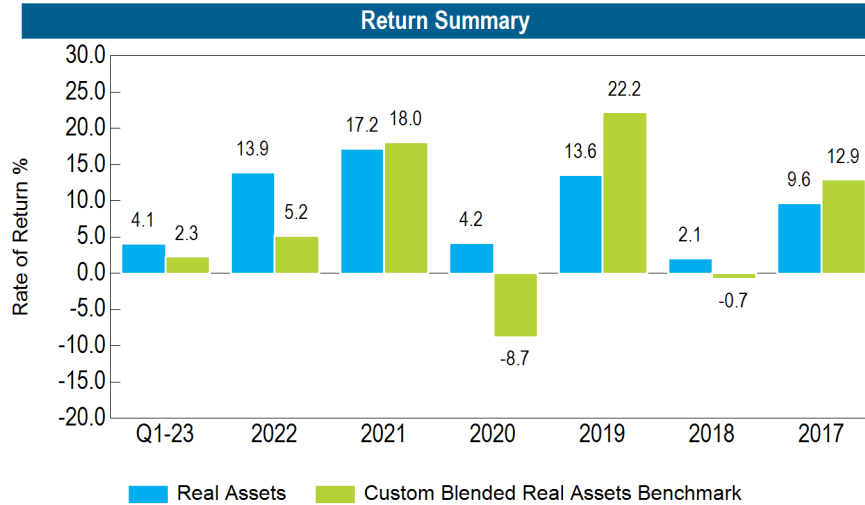
	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Private Equity</b>	<b>1.0</b>	<b>1.8</b>	<b>24.1</b>	<b>18.2</b>	<b>13.7</b>
Custom Private Equity Benchmark	10.2	-15.6	14.0	15.0	16.4
InvMetrics All DB Private Eq Net Median	0.5	-1.3	17.2	13.6	13.3
InvMetrics All DB Private Eq Net Rank	33	26	3	20	45

#### Anzld. Std. Deviation

#### Tracking Error

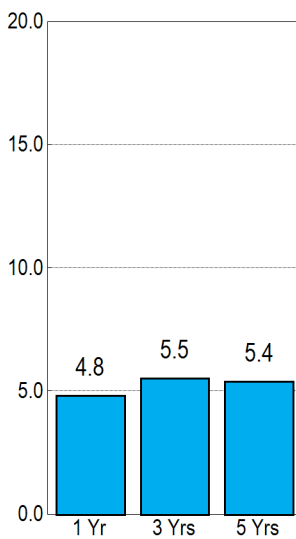
#### Information Ratio



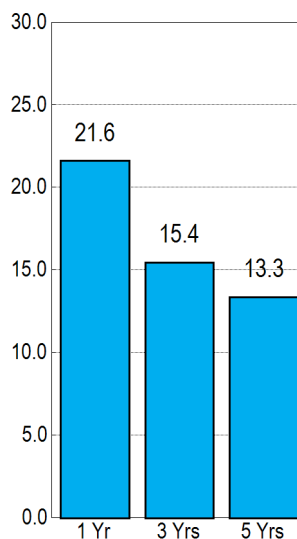


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Real Assets</b>	<b>4.1</b>	<b>8.9</b>	<b>15.0</b>	<b>11.1</b>	<b>9.4</b>
<i>Custom Blended Real Assets Benchmark</i>	<i>2.3</i>	<i>-4.1</i>	<i>4.9</i>	<i>7.1</i>	<i>--</i>
<i>InvMetrics All DB Real Assets/Commodities Net Median</i>	<i>0.0</i>	<i>1.4</i>	<i>8.0</i>	<i>5.8</i>	<i>7.3</i>
<i>InvMetrics All DB Real Assets/Commodities Net Rank</i>	<i>1</i>	<i>14</i>	<i>10</i>	<i>1</i>	<i>25</i>

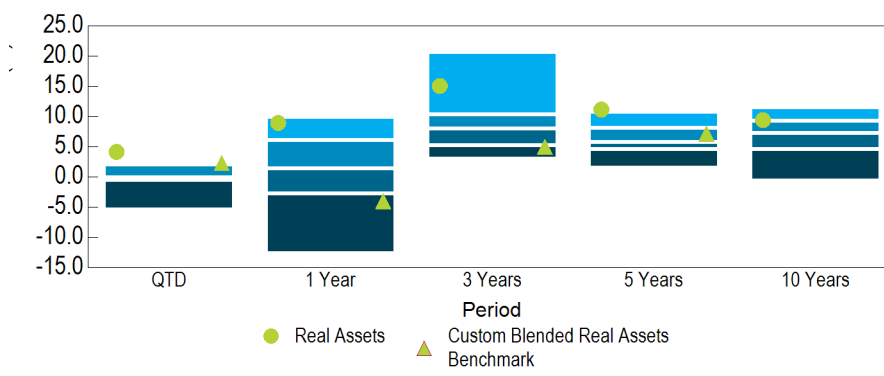
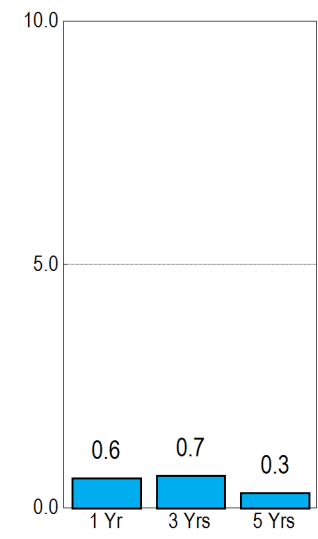
#### Anzld. Std. Deviation



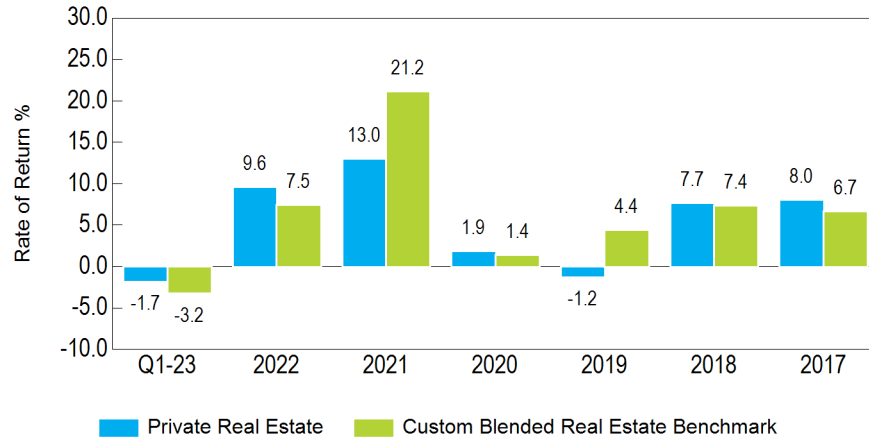
#### Tracking Error



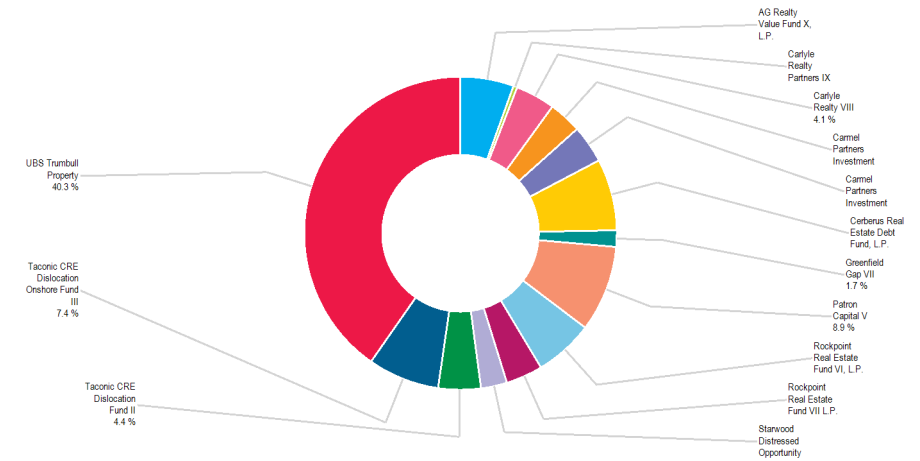
#### Information Ratio



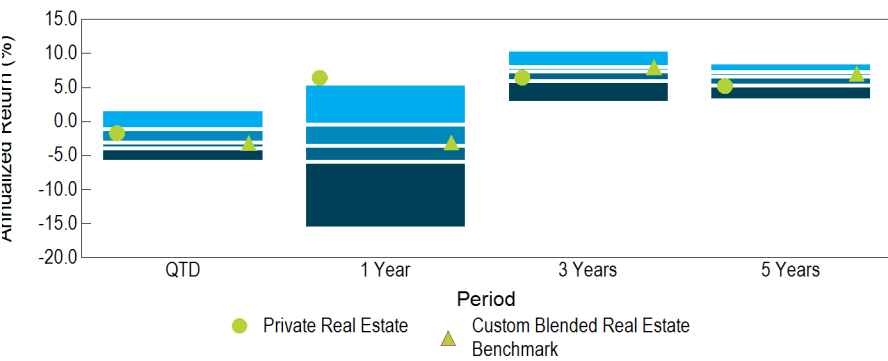
#### Return Summary



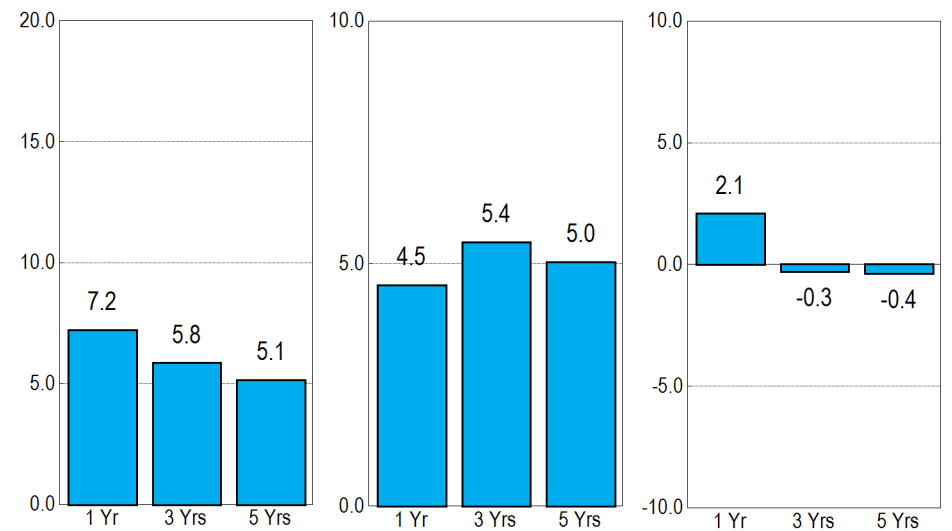
#### Current Allocation



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Private Real Estate</b>	-1.7	6.4	6.4	5.2	6.6
<i>Custom Blended Real Estate Benchmark</i>	-3.2	-3.1	8.0	7.0	8.7
<i>InvMetrics All DB Real Estate Pub+Priv Net Rank</i>	32	5	69	77	87
<i>InvMetrics All DB Real Estate Pub+Priv Net Median</i>	-3.0	-3.6	7.4	6.7	7.9



#### Anzld. Std. Deviation | Tracking Error | Information Ratio



## **Forward Looking Calendar**

### 2023 Forward Looking Calendar

Status	Meeting	Topic 1	Topic 2	Topic 3
Completed	January	Performance Review (November)	GQG International Watch Memo	
	February	<b>Quarterly Performance Review (22Q4)</b>	Meketa's Capital Market Expectations	
	March	Performance Review (January)	Silicon Valley Bank Memo	
	April	Performance Review (February)		
Current	May	<b>Quarterly Performance Review (23Q1)</b>	US Fixed Income Manager Update	
Future	June	Performance Review (April)		
	July	Performance Review (May)		
	August	<b>Quarterly Performance Review (23Q2)</b>		
	September	Performance Review (July)		
	October	Performance Review (August)		
	November	<b>Quarterly Performance Report (22Q3)</b>		
	December	Performance Report (October)		

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**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Tracking Error:** A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

**Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

**NCREIF Property Index (NPI):** Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

**NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE):** Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.  
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.

# Merced County Employees' Retirement Association

May 25, 2023

Investment Grade Portfolio  
Asset Class Review

## Agenda

1. Introduction
2. Manager Reviews
3. Brandywine US Fixed Income
4. Wellington Core Bond
5. Payden & Rygel Low Duration
6. Appendix

## Introduction

- The MercedCERA Board approved changes to the Public Fixed Income Portfolio at the October 13, 2022 meeting. The changes were to the Core Fixed Income component, removing Barrow Hanley in favor of three new managers:
- Brandywine US Fixed Income (Active Duration "Core Plus" Style manager)
  - Wellington Core Bond (Core Bond manager as an active counterpart to Vanguard Total Bond Index)
  - Payden & Rygel Low Duration (Short Duration manager as an active counterpart to Vanguard ST Treasury)
- Transition of assets to the new managers finalized in November 2022.

### Brandywine US Fixed Income

#### Original Placement:

→ Brandywine US Fixed Income was added to the MercedCERA portfolio as part of the Investment Grade Bond sleeve within the US Fixed Income asset class. Brandywine is the sole Active Duration/ "Core-Plus" style manager in the plan and is an active manager specializing in duration management.

#### Fund Positioning/Outlook

→ Brandywine is aggressive in managing their duration with Treasury bonds to align with their economic outlook/risk tolerance. Given the manager's view of cheap valuation and yield, the manager took a defensive position, increasing effective duration in the portfolio (relative to the index) through increasing exposures to long-dated U.S. Treasuries. Effective duration of the portfolio at the end of 2022 was 10.7, continuing the upward trend we saw at hire (August 2022 effective duration was 9.1). Additionally, the manager notes they are "Neutral Credit", meaning they also have exposure to Investment Grade Corporate Bonds and Mortgage Backed Securities (MBS) as their fundamentals have improved in recent cycles and have compelling credit valuations.

→ The positioning noted above is an intentional defensive shift in anticipation of a softening in US economic trends.

#### Manager Discussion Notes

→ After meeting with the manager in March 2023, Meketa reaffirms its high conviction in the Brandywine US Fixed Income strategy as a diversifying strategy best suited as a complement to a more traditional credit leaning core strategy.



## Wellington Core Bond

### Original Placement:

→ Wellington Core Bond was added to the MercedCERA portfolio as part of the Investment Grade Bond sleeve within the US Fixed Income asset class. Wellington is the Active manager in the Core Bond style sub-class in the plan, counterparty to the passively managed Vanguard Total Bond Index.

### Fund Positioning

- Manager is positioned with a modest overweight to credit and a large underweight to US Treasuries. Fund is overweight in both Agency Mortgage Backed Securities (MBS) as well as Non-agency RMBS. The fund also holds a small allocation to Collateralized Loan Obligations (CLO) whereas the benchmark holds none.
- The fund's underperformance over the year was partially due to manager's belief that the inflation spike in 2022 would be temporary. The continued inflationary environment coupled with rising rates resulted in Non-agency RMBS struggling over the year, which given the overweight allocation to the asset class drove much of the underperformance.

### Manager Discussion Notes

- While Wellington Core Bond struggled in 2022, Meketa reaffirmed its high conviction in the manager after meeting with the manager in March 2023.

### Payden & Rygel Low Duration

#### Original Placement:

→ Payden & Rygel Low Duration was added to the MercedCERA portfolio as part of the Investment Grade Bond sleeve within the US Fixed Income asset class. Payden & Rygel is a Short Duration style manager in the plan and is the active manager counterpart to the Vanguard ST Treasury fund.

#### Fund Positioning

- The Low Duration fund invests primarily in short-term fixed income securities, ranging from US government securities, investment-grade and high-yield corporate bonds as well as asset-backed securities. The fund invests at a minimum 75% of assets in investment-grade securities. At the end of Q1, investment-grade securities made up 94% of assets.
- Wellington's market outlook consists of continued market volatility. This is reflective in their allocation, as they increased duration as well as weights to quality.

#### Manager Discussion Notes

→ Meketa maintains its high conviction view of Payden & Rygel's Low Duration strategy.

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