VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY & BUSINESS MEETING

APRIL 17, 2023

AGENDA

PLACE: This meeting will be conducted by the Board of Retirement both in person and by teleconference under California Government Code Section 54953(b). Any person may view the meeting in person at VCERA's office or online at, https://www.vcera.org/meeting-agendas-minutes.

Ventura County Employees' Retirement Association
Second Floor, Boardroom
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

Teleconference Location for Trustees and the Public under California Government Code Section 54953(b):

The public may listen to the Public Session and offer comments by calling: +1 669-219-2599, using Meeting ID: 811-6306-1101. Persons may also submit written comments to publiccomment@vcera.org prior to and during the Board meeting. Please include your name, agenda item, the last 4 numbers of the telephone number that will be used to call in, and your comment. Public comment emails will be read into the record or summarized if lengthy.

The Board may take action on any item on the agenda, and agenda items may be taken out of order.

TIME: 9:00 a.m.

The public may listen to the Public Session and offer comments by calling: +1 669-219-2599, using Meeting ID: 811-6306-1101. Persons may also submit written comments to publiccomment@vcera.org prior to and during the Board meeting. Please include your name, agenda item, the last 4 numbers of the telephone number that will be used to call in, and your comment. Public comment emails will be read into the record or summarized if lengthy.

ITEM:

I. CALL TO ORDER

A. Roll Call.

II. APPROVAL OF AGENDA

III. CONSENT AGENDA

Notice: Any item appearing on the Consent Agenda may be moved to the Regular Agenda at the request of any Trustee who would like to propose changes to or have discussion on the item. Note that approval of meeting minutes are now part of the Consent Agenda.

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of March 2023.

III. CONSENT AGENDA (continued)

B. Receive and File Report of Checks Disbursed in March 2023.

C. Approve Business Meeting Minutes of March 27, 2023.
To be Provided.

D. Receive and File Fiscal Year 2022-23 Quarterly Financial Statements and Budget Summaries

1. Staff Letter by Chief Financial Officer
2. Financial Statements.
3. Budget Summaries.

E. Receive and File Mid-Year Budget Update for Fiscal Year 2022-23.

1. Staff Letter by Chief Financial Officer.
2. Budget Summary Projections (Attachment A).

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-connected Disability Retirement—Tapia, Emilia; Case No. 21-015.

1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated April 5, 2023.
2. County of Ventura-Risk Management’s Response to VCERA’s Preliminary Recommendation, dated March 27, 2023.
3. Supporting Documentation for Staff Recommendation.
4. Application for Service-connected Disability Retirement, filed by Applicant, dated June 1, 2021.
5. Hearing Notice, dated April 5, 2023.

B. Application for Service-connected Disability Retirement—Maurer, Jeffrey; Case No. 21-026.

1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated April 4, 2023.
2. Supporting Documentation for Staff Recommendation.

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

3. Application for Service-connected Disability Retirement, filed by Applicant's Attorney, Thomas Wicke, dated August 31, 2021.

4. Hearing Notice, dated April 6, 2023.

C. Application for Service-connected Disability Retirement—Miller, Mariaelena; Case No. 21-033.

1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated April 5, 2023.

2. Supporting Documentation for Staff Recommendation.

3. Application for Service-connected Disability Retirement, filed by Applicant's Attorney, Thomas Wicke, dated October 4, 2021.

4. Hearing Notice, dated April 5, 2023.

VI. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Sprucegrove, Tasleem Jamal and Arjun Kumar.

B. Receive Annual Investment Presentation from State Street, Julianna Frank, Joe Rooney, Jared Douglas, Shawn Currier, and Chris Dugas.

VII. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.
NEPC – Allan Martin.

A. $35 Million Commitment to Alterra IOS Venture III, LP.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. Alterra IOS Venture III Presentation: Leo Addimando, Matt Pfeiffer, and Amy Cummings.

B. $25 Million Commitment to Monroe Capital Opportunistic Private Credit Fund II.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. Monroe Opportunistic Private Credit Fund II Presentation: Mark Friedrich and Aaron Peck.

VIII. OLD BUSINESS

A. None.

IX. NEW BUSINESS

A. Proposed Resolution to Implement Changes to Compensation Earnable Resolution in Compliance with the California Supreme Court Decision, *Alameda County Sheriff's Assoc. Et Al., v. Alameda County Employees' Retirement Assn., Et Al. (2020) 9 Cal.5th 1032 ("Alameda")* Following Governor Newsom's Veto of Assembly Bill 826.
RECOMMENDED ACTION: Adopt.
Time Certain: 10:30 a.m.

1. Staff Letter by Retirement Administrator.

2. Proposed Resolution (Redline).

3. Proposed Resolution (Clean).

B. Recommendation to Adopt Resolution to Supplement the October 12, 2020, Alameda Implementation Resolution by: (1) Modifying paragraph 4 thereof such that overpayments made on and after the August 31, 2020, would not be recouped directly from Post-PEPRA Legacy Retirees; and (2) Specifying alternative means for Administrative Appeals.
RECOMMENDED ACTION: Adopt.

1. Staff Letter by Retirement Administrator.

2. Resolution of the Board of Retirement of Ventura County Employees' Retirement Association Regarding Alameda Implementation to Compensation Earnable and Pensionable Compensation (Previously Adopted October 12, 2020).

3. Proposed Supplemental Resolution of the Board of Retirement of Ventura County Employees' Retirement Association Regarding *Alameda* Corrections of PEPRA Exclusions as to Retired Members.

4. Letter of Concern from Retirees Lyn Krieger, Gerhardt Hubner, Chris Stephens, Tracey Pirie, Scott Barash, and Roberta Rodriguez-Griego, Submitted March 27, 2023.

5. Response to Letter of Concern from VCERA Retirees Re: Alameda Implementation.

6. Letter to Board from President of the Retired Employees Association of Ventura County (REAVC).

C. Request for Addition of One New Full-Time Equivalent (FTE) Staff Position for Retirement Investment Officer Under HR Classification of Administrative Services Director IV.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Retirement Administrator.

IX. NEW BUSINESS (continued)

D. Review of Board Member Education Compliance Report for 2022.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Retirement Administrator.

2. Board Member Education Compliance Report for 2022.

E. Finance Committee Activities.
RECOMMENDED ACTION: Receive and file.

1. Letter from Finance Committee Chair.

F. SACRS Board of Director Elections 2022-2023.

1. SACRS Board of Director Elections 2022-2023 – Final Ballot Information and Nomination Supplemental Submission Form.

G. Chief Investment Officer's 1st Quarter 2023 Investment Activity Report.
RECOMMENDED ACTION: Receive and File.

X. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Retirement Administrator
(Government Code section 54957(b)(1))

XI. INFORMATIONAL

A. SACRS Legislative Update – April 2023.

XII. PUBLIC COMMENT

XIII. STAFF COMMENT

XIV. BOARD MEMBER COMMENT

XV. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES

MARCH 2023

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE*	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:						
CHERIE	ALDRIDGE	G	8/4/2003	32.40	HEALTH CARE AGENCY	2/4/2023
MIKE	BARAY	S	9/11/2013	7.58	DISTRICT ATTORNEY	9/10/2022
DOUGLAS A	BEACH	G	5/20/1984	38.80	RESOURCE MANAGEMENT AGENCY	3/4/2023
KIMBERLY SUE	BEDARD	G	1/17/2017	5.07	AUDITOR CONTROLLER	2/18/2023
GREG S	BERGAN	G	9/18/2016	6.41	HEALTH CARE AGENCY	2/18/2023
ROSE MARIE	CASTREN	G	6/13/1999	21.62	HEALTH CARE AGENCY	2/17/2023
JULIE ANN	CENTENO	G	9/20/1999	21.89	TREASURER-TAX COLLECTOR	2/11/2023
JAIME	CHUA	S	9/29/29/02	20.42	PROBATION AGENCY	2/22/2023
ROBERT	DUENES	G	12/4/2005	9.82 *	HEALTH CARE AGENCY (DEFERRED)	12/30/2022
WILLIAM THOMAS	FOLEY	G	1/21/2019	2.10	HEALTH CARE AGENCY (DEFERRED)	3/9/2023
CHERRI A	FRANCIS	G	3/29/2015	7.94	GENERAL SERVICES AGENCY	3/11/2023
HENRY	GONZALES	G	8/4/2008	9.58 *	AGRICULTURAL COMMISSIONER (DEFERRED)	12/31/2022
MARTIN	GONZALEZ	S	9/1/2002	34.35	FIRE PROTECTION DISTRICT	3/3/2023
KERI L	GRIFFITH	G	12/23/1979	42.57	SUPERIOR COURT	2/18/2023
MARY FAITH	HECK	G	1/20/1980	42.95	VENTURA COUNTY LIBRARY	2/21/2023
ANNA	HERNANDEZ	G	9/14/2003	17.61 *	HUMAN SERVICES AGENCY	3/9/2023
DEBRA K	KLEIN	G	3/26/1979	8.06	SUPERIOR COURT (DEFERRED)	3/20/2023
JENNIFER	KREWSKI	S	2/16/2003	12.12 *	PROBATION AGENCY (DEFERRED)	2/8/2023
SEAN ROBERT	MARTIN	S	3/26/2006	16.16 *	SHERIFF'S OFFICE	2/9/2023
REBECCA AARON	MC CAIN	G	4/16/2000	4.01 *	SHERIFF'S OFFICE (DEFERRED)	12/31/2022
ROBERT F	MICHELS	G	1/28/2007	16.06	FIRE PROTECTION DISTRICT	3/3/2023
PHILIP	MOYAL	G	4/16/1989	27.88	AIR POLLUTION CONTROL DISTRICT	2/18/2023
RUDY ALFRED	MUNOZ	G	8/30/1981	41.64	PUBLIC WORKS AGENCY	3/2/2023
KATHRYN MARIE	PIERCE	G	10/18/1999	23.33	PUBLIC WORKS AGENCY	2/24/2023
ALFONSO	QUIROZ	G	12/6/1995	27.78	HUMAN SERVICES AGENCY	2/1/2023
PENNIE EILEEN	RAY	G	11/3/2010	23.44	HEALTH CARE AGENCY	3/17/2023
NAN LOUISE	RICHARDSON	G	7/30/2006	16.52 *	SUPERIOR COURT	2/4/2023
ANGELA	RIOS	G	8/8/1999	17.28	CHILD SUPPORT SERVICES	2/23/2023
CYNTHIA A	TASCHMAN	G	11/30/2012	10.25	GENERAL SERVICES AGENCY	3/4/2023
CHRISTINA	TEJEDA	G	5/12/1991	30.54	HUMAN SERVICES AGENCY	3/5/2023
JEFFREY LEE	THERAULT	S	2/23/1997	29.09	SHERIFF'S OFFICE	2/2/2023
JOHN DEREK	VAN CAMP	S	2/2/1998	18.48	FIRE PROTECTION DISTRICT (DEFERRED)	1/31/2023
RICARDO	VASQUEZ	G	8/4/1991	31.57	GENERAL SERVICES AGENCY	2/24/2023
TRICIA ALICIA	WALKER HILL	G	10/30/2010	7.37	HEALTH CARE AGENCY (DEFERRED)	11/3/2022
DEFERRED RETIREMENTS:						
JULIETA	AGUILERA	G	02/06/2022	0.94	HUMAN SERVICES AGENCY	1/13/2023
MARIA GUADALUPE	AMARO	G	10/22/2006	10.23	HUMAN SERVICES AGENCY	12/29/2022
JOSE LUIS MENESES	ANGELES	G	01/07/2019	3.96	BOARD OF SUPERVISORS	1/3/2023
TAMMY AILEEN	BLAU	G	10/02/2022	0.12	ANIMAL SERVICES	12/19/2022
NATALIE JANETTE	BONILLA	G	11/13/2022	0.13	HEALTH CARE AGENCY	12/30/2022
TENYA MARIE	BROWN	G	04/17/2022	0.84 **	COUNTY EXECUTIVE OFFICE	2/25/2023
TIMOTHY MICHAEL	BROWN	S	04/07/2019	3.71	HARBOR ADMINISTRATION	12/30/2022
GERARDO G	CASTILLO	G	12/27/2022	0.04	ANIMAL SERVICES	1/13/2023
VICENTE	CEJA	G	10/30/2022	0.12	PUBLIC WORKS AGENCY	12/15/2022
YU-TING	CHEN	G	04/03/2022	0.71 *	HEALTH CARE AGENCY	12/17/2022
HYELIM	CHO	G	09/07/2021	1.25	DISTRICT ATTORNEY	12/21/2022
JONATHAN JAMES	COOPER	G	06/03/2018	4.59	HEALTH CARE AGENCY	1/13/2023
CHRISTOPHER M	CRUZ	G	12/19/2021	1.02	GENERAL SERVICES AGENCY	12/23/2022
KENDRA RAQUEL	DUVALL	G	07/04/2004	16.40	HEALTH CARE AGENCY	6/25/2022
TYLER J	EBELL	S	11/07/2010	12.14	SHERIFF'S OFFICE	12/29/2022
BRYAN	ESPINOZA	G	10/24/2022	0.22	VENTURA REGIONAL SANITATION DISTRICT	1/12/2023
SHEIDA	FAGHIH NASIRY	G	06/05/2016	6.56 *	INFORMATION TECHNOLOGY SERVICES	1/14/2023
STEPHANIE JOANNE	GAMBOA	G	01/10/2021	1.66	RESOURCE MANAGEMENT AGENCY	10/7/2022

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES

MARCH 2023

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE*	DEPARTMENT	EFFECTIVE DATE
GILDA CONSUELO	GONZALEZ	G	07/24/2022	0.44	HUMAN SERVICES AGENCY	12/30/2022
JENNIFER NGUYEN	HO	G	12/30/2007	14.26	BOARD OF SUPERVISORS	1/3/2023
JULIEN MARCUS	LOVATO	G	10/16/2022	0.25	SUPERIOR COURT	1/13/2023
MARK J	MARTINEZ	G	10/30/2022	0.21	PUBLIC WORKS AGENCY	1/13/2023
MATTIE WOODS	MYERS	G	05/15/2022	0.63	HEALTH CARE AGENCY	12/30/2022
ALEXANDRIA RENEE	PADILLA	G	07/24/2022	0.42	HEALTH CARE AGENCY	12/28/2022
CAITLIN SARAH NEELY	PARKS	G	11/28/2021	1.03	HUMAN SERVICES AGENCY	12/17/2022
DANIEL ARDANY	PIVARAL	G	12/11/2022	0.02	HEALTH CARE AGENCY	12/24/2022
DIANA	ROSAS	G	04/27/2014	7.07	HEALTH CARE AGENCY	12/27/2022
TARA ANGEL	RUSSELL	G	09/18/2022	0.27	HUMAN SERVICES AGENCY	1/5/2023
RAYKHER P	SAMIA	G	02/21/2021	1.88 *	INFORMATION TECHNOLOGY SERVICES	1/6/2023
JOSE LUIS	SANCHEZ	G	11/28/2021	1.09	HEALTH CARE AGENCY	1/4/2023
RICHARD	SANCHEZ	G	09/04/2022	0.31	HEALTH CARE AGENCY	12/22/2022
CHELSIE ANN	SILVEIRA	G	09/09/2015	6.99	HEALTH CARE AGENCY	1/7/2023
SKY P.	STANLEY	G	07/21/2008	14.41	PUBLIC WORKS AGENCY	12/23/2022
AMY EILEEN	SWEENEY	G	12/29/2019	2.94	DISTRICT ATTORNEY	12/17/2022
ESTEVAN CALISTRO	TOPETE	G	07/24/2022	0.40	HUMAN SERVICES AGENCY	12/16/2022
KATHLEEN ELIZABETH	TURNBULL	G	02/02/2014	6.21	HEALTH CARE AGENCY	12/20/2022
BRIAN	VALDEZ	S	04/08/2018	4.66	SHERIFF'S OFFICE	1/3/2023
TERESA DURAN	VERA	G	06/22/2003	16.35	SHERIFF'S OFFICE	12/20/2022
CAITLIN LEIGHANN	VILLALOBOS	G	06/27/2021	1.46	HEALTH CARE AGENCY	12/24/2022
DAVON ANTOINE	WILSON-ANGEL	G	05/15/2022	0.65	HUMAN SERVICES AGENCY	1/7/2023
JENNIFER KEIKO	YAMAUCHI	G	6/26/2022	0.43	HEALTH CARE AGENCY	12/16/2022
FARRAH GAIL	ZAVALA	G	8/30/2015	6.32	HEALTH CARE AGENCY	1/8/2023

SURVIVORS' CONTINUANCES:

SALLY A	CUNNINGHAM
CECELIA M	MOORE
JENNIE	NUTTER
CHARLES A	RANSOM

*** = Excludes reciprocal service or service from any previous retirements**
**** = Member establishing reciprocity**

Ventura County Retirement Assn

Check Register - Standard

Period: 09-23 As of: 4/10/2023

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company:	**VCERA**										
Acct / Sub:	10300		000000								
029893	CK	3/1/2023	BLACKROCKI BLACKROCK INSTITUTIONAL TRUST	09-23		002703	VO	INVESTMENT FEES	2/28/2023	0.00	177,110.10
029894	CK	3/1/2023	COMPUWAVE COMPUWAVE	09-23		002704	VO	IT	2/28/2023	0.00	312.00
029895	CK	3/1/2023	GHODADRANE NEIL S. GHODADRA, MD	09-23		002708	VO	DISABILITY EXP	2/28/2023	0.00	2,000.00
029896	CK	3/1/2023	HANSONBRID HANSON BRIDGETT LLP	09-23		002706	VO	LEGAL FEES	2/28/2023	0.00	14,888.70
029897	CK	3/1/2023	HARONIANED EDWIN HARONIAN, MD INC	09-23		002705	VO	DISABILITY EXP	2/28/2023	0.00	3,051.32
029898	CK	3/1/2023	ICEMILLER ICE MILLER LLP	09-23		002707	VO	LEGAL FEES	2/28/2023	0.00	219.00
029899	CK	3/1/2023	NOSSAMAN NOSSAMAN LLP	09-23		002709	VO	LEGAL FEES	2/28/2023	0.00	8,754.50
029900	CK	3/1/2023	SEDELLMIKE MICHAEL SEDELL	09-23		002711	VO	TRAVEL REIMB	3/1/2023	0.00	790.43
029901	CK	3/1/2023	STAPLESADV STAPLES	09-23		002710	VO	ADMIN EXP	2/28/2023	0.00	86.59
029902	CK	3/8/2023	COMPUWAVE COMPUWAVE	09-23		002712	VO	IT	3/7/2023	0.00	4,900.72
029903	CK	3/8/2023	CULLIGAN CULLIGAN OF VENTURA COUNTY	09-23		002713	VO	ADMIN EXP	3/7/2023	0.00	34.75
029904	CK	3/8/2023	DIGITALDEP DIGITAL DEPLOYMENT	09-23		002714	VO	IT	3/7/2023	0.00	650.00
029905	CK	3/8/2023	EXECUTIVED EXECUTIVE DATA SYSTEMS, INC.	09-23		002716	VO	IT	3/7/2023	0.00	585.00
029906	CK	3/8/2023	HARTLEYDOR DOROTHEA W. HARTLEY & ASSOCIATES, I	09-23		002715	VO	DISABILITY EXP	3/7/2023	0.00	3,386.00

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029907	CK	3/8/2023	INCENTIVES INCENTIVE SERVICES	09-23		002717	VO	ADMIN EXP	3/7/2023	0.00	161.63
029908	CK	3/8/2023	NATIONALDI NATIONAL DISABILITY EVALUATIONS INC	09-23		002718	VO	DISABILITY EXP	3/7/2023	0.00	4,375.00
029909	CK	3/8/2023	NOSSAMAN NOSSAMAN LLP	09-23		002719	VO	LEGAL FEES	3/7/2023	0.00	86,035.50
029910	CK	3/8/2023	SHREDITUSA SHRED-IT	09-23		002720	VO	ADMIN EXP	3/7/2023	0.00	161.86
029911	CK	3/8/2023	SHULTZVIVI VIVIAN W SHULTZ, ESQ	09-23		002724	VO	DISABILITY EXP	3/7/2023	0.00	3,627.10
029912	CK	3/8/2023	SOFTWAREON SOFTWARE ONE, INC.	09-23		002721	VO	IT	3/7/2023	0.00	191.31
029913	CK	3/8/2023	SPRUCEGROV SPRUCEGROVE INVESTMENT MGMT	09-23		002722	VO	INVESTMENT FEES	3/7/2023	0.00	53,626.54
029914	CK	3/8/2023	TEAMLEGAL TEAM LEGAL, INC.	09-23		002723	VO	DISABILITY EXP	3/7/2023	0.00	363.90
029915	CK	3/15/2023	ACCESSINFO ACCESS INFORMATION PROTECTED	09-23		002725	VO	ADMIN EXP	3/14/2023	0.00	453.18
029916	CK	3/15/2023	ASHBYROB ROBERT ASHBY	09-23		002731	VO	MILEAGE REIMB	3/14/2023	0.00	162.44
029917	CK	3/15/2023	BANKOFAMER BUSINESS CARD	09-23		002726	VO	IT/ADMIN EXP	3/14/2023	0.00	1,888.80
029918	CK	3/15/2023	CULLIGAN CULLIGAN OF VENTURA COUNTY	09-23		002727	VO	ADMIN EXP	3/14/2023	0.00	114.25
029919	CK	3/15/2023	GALLAGHERD DAN GALLAGHER	09-23		002736	VO	TRAVEL REIMB	3/14/2023	0.00	175.15
029920	CK	3/15/2023	HARONIANED EDWIN HARONIAN, MD INC	09-23		002729	VO	DISABILITY EXP	3/14/2023	0.00	350.00

Ventura County Retirement Assn

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029921	CK	3/15/2023	HARTLEYDOR DOROTHEA W. HARTLEY & ASSOCIATES, I	09-23		002728	VO	DISABILITY EXP	3/14/2023	0.00	500.00
029922	CK	3/15/2023	NASSOSJONA JONATHAN T. NASSOS, MD INC	09-23		002730	VO	DISABILITY EXP	3/14/2023	0.00	2,651.74
029923	CK	3/15/2023	OLIVERLEAH LEAH OLIVER	09-23		002737	VO	TRAVEL REIMB	3/14/2023	0.00	751.36
029924	CK	3/15/2023	SBSGROUP VELOSIO	09-23		002738	VO	IT	3/14/2023	0.00	71.10
029925	CK	3/15/2023	SEDGWICK SEDGWICK	09-23		002732	VO	DISABILITY EXP	3/14/2023	0.00	112.30
029926	CK	3/15/2023	STATESTREE STATE STREET BANK AND TRUST	09-23		002733	VO	CUSTODIAL FEES	3/14/2023	0.00	27,833.33
029927	CK	3/15/2023	TEAMLEGAL TEAM LEGAL, INC.	09-23		002734	VO	DISABILITY EXP	3/14/2023	0.00	826.24
029928	CK	3/15/2023	THOMSONREU THOMSON REUTERS- WEST	09-23		002735	VO	ADMIN EXP	3/14/2023	0.00	571.02
029929	CK	3/15/2023	WALLSTREET THE WALL STREET JOURNAL	09-23		002739	VO	INVESTMENT FEES	3/14/2023	0.00	711.02
029930	CK	3/22/2023	ATTMOBILIT AT&T MOBILITY	09-23		002740	VO	IT	3/21/2023	0.00	418.93
029931	CK	3/22/2023	COMPUWAVE COMPUWAVE	09-23		002741	VO	IT	3/21/2023	0.00	44.83
029932	CK	3/22/2023	FEDEX FEDEX	09-23		002743	VO	DISABILITY EXP	3/21/2023	0.00	37.20
029933	CK	3/22/2023	FLORESHUMB HUMBERTO FLORES	09-23		002745	VO	DISABILITY EXP	3/21/2023	0.00	3,230.00
029934	CK	3/22/2023	HANSONBRID HANSON BRIDGETT LLP	09-23		002744	VO	LEGAL FEES	3/21/2023	0.00	6,853.65
029935	CK	3/22/2023	HARTLEYDOR	09-23		002742	VO	DISABILITY EXP	3/21/2023	0.00	500.00

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Period: 09-23 As of: 4/10/2023

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
			DOROTHEA W. HARTLEY & ASSOCIATES, I								
029936	CK	3/22/2023	LINEASOLUT LINEA SOLUTIONS	09-23		002746	VO	ADMIN EXP	3/21/2023	0.00	438.75
029937	CK	3/22/2023	MOONCREST MOONCREST PROPERTY COMPANY	09-23		002747	VO	ADMIN EXP	3/21/2023	0.00	25,736.22
029938	CK	3/22/2023	PRUDENTIAL PRUDENTIAL INSURANCE	09-23		002748	VO	INVESTMENT FEES	3/21/2023	0.00	191,505.36
029939	CK	3/22/2023	SEDGWICK SEDGWICK	09-23		002749	VO	DISABILITY EXP	3/21/2023	0.00	154.80
029940	CK	3/22/2023	SEGALCONSU SEGAL CONSULTING	09-23		002750	VO	ACTUARY FEES	3/21/2023	0.00	17,626.00
029941	CK	3/22/2023	STAPLESADV STAPLES	09-23		002751	VO	ADMIN EXP	3/21/2023	0.00	84.76
029942	CK	3/22/2023	TIMEWARNER TIME WARNER CABLE	09-23		002752	VO	IT	3/21/2023	0.00	229.98
029943	CK	3/29/2023	ADP ADP, INC	09-23		002753	VO	ADMIN EXP	3/28/2023	0.00	3,316.65
029944	CK	3/29/2023	CUSTOMPRIN CUSTOM PRINTING	09-23		002754	VO	ADMIN EXP	3/28/2023	0.00	4,475.63
029945	CK	3/29/2023	NASSOSJONA JONATHAN T. NASSOS, MD INC	09-23		002755	VO	DISABILITY EXP	3/28/2023	0.00	2,979.06
029946	CK	3/29/2023	NEPC NEPC, LLC	09-23		002756	VO	INVESTMENT FEES	3/28/2023	0.00	84,999.99
029947	CK	3/29/2023	NOSSAMAN NOSSAMAN LLP	09-23		002757	VO	LEGAL FEES	3/28/2023	0.00	40,744.70
029948	CK	3/29/2023	VITECHSYST VITECH SYSTEMS GROUP, INC.	09-23		002758	VO	IT	3/28/2023	0.00	180,734.87

Ventura County Retirement Assn

Check Register - Standard

Period: 09-23 As of: 4/10/2023

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid

Check Count: 56

Acct Sub Total: **966,595.26**

Check Type	Count	Amount Paid
Regular	56	966,595.26
Hand	0	0.00
Electronic Payment		0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	**56**	**966,595.26**

Legend:

CK - Check

VC – Voided Check.

ZC – Zero check. Voided check that was not reissued.

Company Disc Total **0.00**

Company Total **966,595.26**

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: RECEIVE AND FILE FISCAL YEAR 2022-23 QUARTERLY FINANCIAL STATEMENTS AND BUDGET SUMMARIES

Dear Board Members:

Executive Summary

Staff has completed the first six months financials for fiscal year (FY) 2022-23 that ended on December 31, 2022. Overall, the pension plan's net position was $7.0 billion as of December 31, 2022, decreasing $57 thousand as compared to June 30, 2022 audited Annual Comprehensive Financial Report (ACFR).

With respect to VCERA's Operating Budget, the board adopted a total budget of $12.0 million, inclusive of Contingency ($0.8 million) for FY 2022-23. The Operating budgets are comprised of expenditures that are subject to a statutory limitation [Government Code (GC) sec.31580.2(a)] and those that are exempt from the statutory limitation (GC sec. 31580.2(b) and 31596.1). Overall fifty percent (50.0%) of the fiscal year has elapsed and actual expenditures were 37.8% of budget. This is due to position vacancies for both budgeted FTE's and extra-help positions that have not been filled. Service and Supplies and Technology costs are at 47.4% and 23.8% of budget. However, the continued pandemic is allowing staff to continue to work remotely which may be contributing to the savings. Currently the Administration budgets that are subject to the statutory limitation are in compliance with the limitation.

Today, the financial statements and budget summaries are being presented to Board to receive and file.

Financial Statements

VCERA produces the following unaudited financial statements and supporting schedules which accompany this letter.

1. Statement of Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position
3. Investments, Cash and Cash Equivalents
4. Schedule of Investment Management Fees
5. Statement of Reserves (only produced at FY end)

Statement of Fiduciary Net Position: This statement reports the pension plan's financial position as of a particular date and is comprised of assets, plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources.

Statement of Changes in Fiduciary Net Position: This statement reports the pension plan's inflows and outflows of resources that increased and decreased its net position. Additions include contributions from employers and plan members, and net investment income. Deductions include benefit payments, administration, and other expenses.

Investments, Cash and Cash Equivalents: This schedule details investments, cash/cash equivalents for each respective investment manager.

Schedule of Investment Manager Fees: This schedule provides a detailed listing of fees paid to each investment manager for their respective investment mandate.

Statement of Reserves: This statement lists the reserves and balances of the pension plan adopted by the board of retirement that comprise the pension plan's net financial position. This statement is only produced at fiscal year-end.

Budget Summaries

The attached budget summaries compare the adopted budgets for respective cost centers to actual expenses incurred through a specific period to ensure compliance with applicable Government Codes that govern the pension plans expenses. GC sec. 31580.2(a) limits total administration expenses, which are direct charges against earnings of the Fund, and, in VCERA's case, may not exceed 0.21% ($15,025,300) of the accrued actuarial liability of the system, which was $7,154,885,000 at the end of the 20-21 FY. GC sec. 31580.2(b) excludes from administration expenditures for computer software, computer hardware, and computer technology consulting services in support of these products. Finally, GC sec. 31596.1 provides that expenses of investing monies shall not be considered a cost of administration but as a reduction in earnings from those investments or a charge against the assets of the system.

The following table shows the applicable GC section and the attached budget summaries used to capture actual expenditures to demonstrate compliance.

Total Operating Budget	Adopted	Actual YTD	Variance Over/(Under)	Percent Expended
Administration - Subject to Statutory Limit	$7,601,607	$3,129,819	($4,471,788)	41.17%
Exempt from Statutory Limit	3,568,643	1,411,875	(2,156,768)	39.56%
Contingency	861,500	0	(861,500)	0.00%
Total Operating Budget	$12,031,750	$4,541,695	($7,490,055)	37.75%

Administration - Subject to Statutory Limit GC 31580.2(a)	Statutory Limit	Adopted	Actual YTD	Variance Over/(Under)	Percent Expended
	$15,025,300	$7,601,607	$3,129,819	($4,471,788)	41.17%
Administration		$5,726,457	$2,411,976	($3,314,481)	42.12%
I/T-Support		$1,124,350	$410,792	($713,558)	36.54%
Admin-Disability		$750,800	$307,051	($443,749)	40.90%

Exempt from Statutory Limit GC 31580.2(b) and GC 31596.1	Statutory Limit	Adopted	Actual YTD	Variance Over/(Under)	Percent Expended
	$0	$3,568,643	$1,411,875	($2,156,768)	39.56%
Investment Expense		$994,198	$355,461	($638,737)	35.75%
Information Technology I/T		$997,345	$219,397	($777,948)	22.00%
Other Expenses		$1,577,100	$837,017	($740,083)	53.07%

Salaries & Employee Benefits: Overall Salaries and Employee Benefits, with a $3,272,620 first six-month budget or 50% of annual budget, ***is approximately $2,608,900 expended***. The $663,720 or 10.1% mid-year under budget actual is mainly due to permanent and extra-help temporary staff vacancies and correlated benefits trending lower and vacation redemptions trending higher than anticipate. Regular Salaries were $376,243 under budget due to staff vacancies. Correlated benefits were $236,939 under budget due to staffing vacancies. Extra-Help/Temporary Services were $91,624 under budget due to less than anticipated service needs. Vacation Redemptions were ($41,086) over budget due to higher than anticipated staff vacation redemptions and retirements during the first six months.

Services & Supplies: Overall Service and Supplies, with a $1,766,083 first six-month budget or 50% of the annual budget, ***is approximately $1,672,310 expended.*** The $93,773 or 2.7% mid-year under budget actual is mainly due to fewer seasonal services and supplies occurring in the first six-months and lower than anticipated demand for numerous services and supplies.

This is the result of ($155,117) higher than anticipated spending in the following categories: Fiduciary Liability is ($77,679) higher due to the entire annual expense occurring in the first six-months and the annual premium is 21% higher than budget. Actuary-415 calculations and miscellaneous hourly consultation is ($55,220) higher due to necessity demand occurring in the first six-months. General liability insurance premium is ($9,047) higher due to an annual premium increase. Membership & Dues and Books & Publications are ($6,946) higher due to organizational needs. Postage is ($6,225) higher than anticipated due to demand.

Offset by the result of $248,890 lower than anticipated spending in the following categories: Legal is $97,862 lower due to lower than anticipated legal needs and billing delays. Training, travel, and mileage for both staff and trustees are $57,425 lower due to staff and trustees using minimal business travel and attending virtual conferences. Auditing is $30,058 lower due to the continued delay of an Internal Audit service hire. Other miscellaneous services and supplies is $24,502 lower than expected due to reduced demand. Hearing Officers expense is $22,743 lower than anticipated due to disability unit service needs trending lower. Actuary-GASB 67 is $6,750 lower due to project timing occurs in a later quarter of the fiscal year. Other Professional Services is $6,298 lower due to less than anticipated contractor service needs. Printing at $3,252 lower due to reduced office supply and mailing needs.

Information Technology: Overall Information Technology, with a $546,423 first six-month budget or 50% of the annual budget, **is approximately $260,485 expended.** The $285,937 or 26.2% mid-year under budget actual is mainly due to lower than anticipate IT needs. Savings of $166,422 were realized for IT Hardware, Software, Infrastructure Support, and Support due to staff continuing to work remotely from home requiring less use of budgeted resources. Savings of $102,153 for Vitech (V3) Software and Hosting is due to service level demand. Savings of $11,451 for Cloud and Website services is due to service level demand. Savings of $5,911 for Licenses, Maintenance, and Data Communication & Cyber Security expenses due to lower software needs and reduced numbers of system tests occurring to ensure appropriate security of VCERA's various systems.

Staff continues working remotely, 1 – 4 days per workweek, which is contributing to the overall lower Information Technology services.

Contingency: Overall Contingency with a $430,750 first six-month budget or 50% of the annual budget, VCERA **has not expended contingency funds.** The Contingency line item is 100% under budget.

While there are some budget line-item variances, by category: Salaries and Benefits, Services and Supplies, Technology and Contingency the percent expended did not exceed the budget in any of the categories.

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee had no concerns. Staff will respond to any of your questions on this matter.

Recommended Action: **Receive and File the FISCAL YEAR 2022-233 QUARTERLY FINANCIAL STATEMENTS AND BUDGET SUMMARIES**

Sincerely,

La Valda R. Marshall

La Valda R. Marshall
Chief Financial Officer

Attachments:
Financial Statements
Budget Summaries

Ventura County Employees' Retirement Association
Statement of Fiduciary Net Position
As of December 31, 2022 (Unaudited)

Assets

Cash & Cash Equivalents		$197,424,089
Receivables		
Interest and Dividends	5,353,945	
Securities Sold	16,358,888	
Miscellaneous	32,896	
Total Receivables		21,745,730
Investments at Fair Value		
Domestic Equity	1,825,060,626	
Non U.S. Equity	997,442,534	
Global Equity	687,396,248	
Private Equity	1,281,170,491	
Fixed Income	800,404,579	
Private Credit	391,689,621	
Real Assets	953,394,975	
Cash Overlay	(105,882)	
Total Investments		6,936,453,191
Capital Assets, Net of Accumulated Depreciation & Amortization		8,816,634
Total Assets		7,164,439,644

Liabilities

Securities Purchased	55,606,425	
Accounts Payable	2,577,383	
Tax Withholding Payable	4,207,662	
Lease Liability	1,694,155	
Deferred Revenue (PrePaid Contributions)	75,078,612	
Total Liabilities		139,164,237
Net Position Restricted for Pensions		$7,025,275,407

Ventura County Employees' Retirement Association
Statement of Changes in Fiduciary Net Position
For the Six Months Ending December 31, 2022 (Unaudited)

ADDITIONS		
Contributions		
Employer	$84,442,623	
Employee	44,396,466	
Total Contributions		128,839,089
Investment Income/(Loss)		
Net Appreciation (Depreciation) in Fair Value of Investments	55,353,660	
Interest Income	4,635,221	
Dividend Income	3,317,564	
Other Investment Income	9,782,534	
Real Estate Operating Income, Net	8,475,397	
Securities Lending Income	1,370,104	
Total Investment Income/(Loss)	82,934,480	
Less Investment Expenses		
Management & Custodial Fees	18,363,213	
Other Investment Expenses	355,461	
Securities Lending Borrower Rebates	934,468	
Securities Lending Management Fees	41,566	
Totat Investment Expenses	19,694,708	
Net Investment Income/(Loss)		63,239,772
Total Additions		192,078,861
DEDUCTIONS		
Benefit Payments	183,580,455	
Member Refunds and Death Benefit Payments	4,369,156	
Administrative Expenses	3,129,819	
Other Expenses	1,056,414	
Total Deductions		192,135,845
Net Increase/(Decrease)		(56,984)
Net Position Restricted For Pensions		
Beginning of Year		7,025,332,391
Ending Balance		$7,025,275,407

Ventura County Employees' Retirement Association
Investments, Cash, and Cash Equivalents
As of December 31, 2022 (Unaudited)

	Investments	Cash & Cash Equivalents
Equity		
Domestic Equity		
Blackrock - Russell 1000	1,544,892,741	0
Blackrock - Russell 2500	81,871,602	0
Western Asset Enhanced Equity Index Plus	198,296,284	22,339,455
Total Domestic Equity	**1,825,060,626**	**22,339,455**
Non U.S. Equity		
Blackrock - ACWI ex - US	517,826,407	0
Sprucegrove	238,234,533	0
Walter Scott	241,381,594	0
Total Non U.S. Equity	**997,442,534**	**0**
Global Equity		
Blackrock - ACWI Index	687,396,248	0
Total Global Equity	**687,396,248**	**0**
Private Equity		
Abbott Secondaries	26,763,452	0
Abry Partners	11,904,072	0
Adams Street Partnership	250,145,812	0
Advent Int'l	13,215,199	0
Astorg	12,826,694	0
Battery Ventures	47,039,719	0
Buenaventure One	196,336,688	0
Buenaventure Two	1,298,047	0
CapVest Equity Partners	10,183,487	0
Charlesbank	15,322,417	0
Clearlake Investors	46,935,830	0
CRV XVIII	15,278,871	0
CVC Capital Partners VIII	12,545,744	0
Drive Capital	60,024,012	0
ECI 11 GP LP	7,436,319	0
Flexpoint	10,941,895	0
Genstar Capital	24,618,592	0
GGV Capital	30,153,532	0
Great Hill Partners	8,221,548	0
Green Equity Investors	13,919,777	0
GTCR Fund XII	47,633,632	0
HarbourVest	146,702,556	0
Hellman & Friedman	32,568,573	0
Insight Ventures Partners	51,437,950	0
Kinderhook Capital	2,679,129	0
MC Partners	7,941,749	0
Oak/HC/FT	32,655,309	0
Pantheon	65,577,185	0
Prairie Capital VII	4,032,289	0
Resolute Fund IV LP	30,317,300	0
Ridgemont Equity Partners IV LP	187,333	0
TA XIII-A	17,728,889	0
The Riverside Fund V LP	12,927,320	0
Vitruvian IV	13,669,570	0
Total Private Equity	**1,281,170,491**	**0**

Ventura County Employees' Retirement Association
Investments, Cash, and Cash Equivalents
As of December 31, 2022 (Unaudited)

	Investments	Cash & Cash Equivalents
Fixed Income		
Blackrock - Bloomberg Barclays Aggregate Index	153,571,855	0
Loomis Sayles Multi Sector	71,867,908	8,249,087
Loomis Sayles Strategic Alpha	45,612,861	0
Reams	268,650,782	457
Reams - US Treasury	73,462,184	4,795
Western Asset Management	187,238,988	14,948,306
Total Fixed Income	**800,404,579**	**23,202,644**
Private Credit		
Arbour Lane	11,438,689	0
Arcmont	16,978,900	0
Bain Capital	2,799,771	0
Bridge Debt Strategies	34,601,051	0
Carval Investors	46,904,542	0
Crayhill Principal Strategies Debt Fund	12,274,818	0
Crescent Cove Opportunities	12,323,942	0
Cross Ocean	15,358,335	0
HarbourVest	18,321,652	0
Monroe Capital	46,800,392	0
Pantheon Private Debt	26,701,978	0
Pimco Corporate Opportunities	121,119,573	0
Torchlight Debt Fund	13,149,726	0
VWH Partners	12,916,252	0
Total Private Credit	**391,689,621**	**0**
Real Assets		
Alterra IOS Venture	21,906,469	0
Bridgewater All Weather	202,599,547	0
Brookfield Infrastructure	42,496,358	0
HarbourVest	64,814,452	0
LaSalle	46,409,536	0
Prudential Real Estate	216,785,651	0
Tortoise (MLPs)	104,410,861	4,468,037
UBS Realty	253,972,102	0
Total Real Assets	**953,394,975**	**4,468,037**
Parametric (Cash Equitization)	**(105,882)**	**80,221,797**
State Street Bank and Trust		**59,087,511**
County of Ventura Treasury		**8,104,645**
Total Investments, Cash, and Cash Equivalents	**$6,936,453,191**	**$197,424,089**

Ventura County Employees' Retirement Association
Schedule of Investment Management Fees
For The Six Months Ending December 31, 2022 (Unaudited)

Equity Managers	
Domestic Equity	
Blackrock - Russell 1000	$79,645
Blackrock - Russell 2500	6,293
Western Asset Enhanced Equity Index Plus	208,012
Total Domestic Equity	293,949
Non U.S. Equity	
Blackrock - ACWI ex - US	174,780
Sprucegrove	141,099
Walter Scott	647,025
Total Non U.S. Equity	962,903
Global Equity	
Blackrock - ACWI Index	137,828
Total Global Equity	137,828
Private Equity	
Abbott Secondaries	145,045
Abry Partners	72,283
Adams Street	(500,307)
Advent Int'l	159,824
Astorg	169,950
Battery Ventures	425,084
CapVest Equity Partners	339,857
Charlesbank	199,278
Clearlake Investors	5,061
CRV	311,806
CVC Capital Partners	100,761
Drive Capital	474,370
ECI 11 GP LP	(30,419)
Flexpoint	745,952
Genstar Capital	67,775
GGV Capital	111,134
Great Hill Partners	44,298
Green Equity Investors	(27,609)
GTCR XII/A & B	504,625
HarbourVest	1,105,332
Hellman & Friedman	220,858
Insight Venture Partners	184,837
Kinderhook Capital	92,634
Oak/HC/FT	316,906
Pantheon	852,369
Resolute Fund	59,004
Ridgemont Equity Partners	32,397
The Riverside Fund	226,839
Vitruvian	633,214
Total Private Equity	7,043,159

Ventura County Employees' Retirement Association
Schedule of Investment Management Fees
For The Six Months Ending December 31, 2022 (Unaudited)

Fixed Income Managers	
Blackrock Bloomberg Barclays Aggregate Index	34,920
Loomis Sayles Multi Sector	156,542
Loomis Sayles Strategic Alpha	91,413
Reams Asset Management	245,866
Reams US Treasury	3,711
Western Asset Management	173,489
Total Fixed Income	705,941
Private Credit	
Arbour Lane Credit Opportunity	47,936
Arcmont	122,714
Bain Capital	101,928
Bridge Debt Strategies	1,181,342
Carval Investors	234,572
Crayhill	114,567
Crescent Cove Opportunities	156,250
Cross Ocean	80,876
HarbourVest Direct Lending	43,870
Monroe Capital	887,014
Pimco Corporate Opportunties	690,661
Torchlight Debt Fund	156,250
Total Private Credit	3,817,980
Real Assets	
Alterra IOS Venture	262,500
Bridgewater All Weather	561,905
Brookfield Infrastructure	373,500
HarbourVest Real Assets	490,750
LaSalle	451,233
Prudential Real Estate Advisors	737,127
Tortoise (MLPs)	385,705
UBS Realty	762,317
Total Real Assets	4,025,036
Cash Overlay (Parametric)	104,644
Securities Lending	
Borrower's Rebate	934,468
Management Fees	41,566
Total Securities Lending	976,034
Other	
Investment Consultant (NEPC)	160,000
Investment Consultant (Abbott Capital)	945,491
Investment Custodian (State Street)	166,282
Total Other Fees	1,271,773
Total Investment Management Fees	$19,339,247

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Combined

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended December 2022	Expended Fiscal Year to Date	Available Balance	Percent Expended
Salaries and Benefits						
Regular Salary	$4,222,600.00	$4,222,600.00	$412,042.68	$1,735,057.52	$2,487,542.48	41.09%
Extra-Help/Temporary Services	232,300.00	232,300.00	967.50	24,526.08	207,773.92	10.56%
Supplemental Payments	175,600.00	175,600.00	9,039.28	44,280.28	131,319.72	25.22%
Vacation Redemption	168,100.00	168,100.00	46,709.33	125,135.60	42,964.40	74.44%
Retirement Contributions	618,000.00	618,000.00	57,335.22	234,556.95	383,443.05	37.95%
OASDI Contribution	270,300.00	270,300.00	17,938.33	84,638.36	185,661.64	31.31%
FICA-Medicare	71,100.00	71,100.00	6,851.06	27,574.13	43,525.87	38.78%
Medical Insurance	532,500.00	532,500.00	53,696.27	222,072.29	310,427.71	41.70%
Retiree Health Insurance	62,400.00	62,400.00	5,137.56	30,825.36	31,574.64	49.40%
Life Insurance	1,440.00	1,440.00	142.60	595.75	844.25	41.37%
Unemployment Insurance	6,600.00	6,600.00	639.12	2,495.47	4,104.53	37.81%
Mgmt Disability Insurance	31,300.00	31,300.00	2,586.30	10,897.31	20,402.69	34.82%
Workers Compensation Insurance	47,100.00	47,100.00	6,219.46	25,279.94	21,820.06	53.67%
401K Plan Contribution	105,900.00	105,900.00	10,092.22	40,964.72	64,935.28	38.68%
Total Salaries & Benefits	$6,545,240.00	$6,545,240.00	$629,396.93	$2,608,899.76	$3,936,340.24	39.86%
Services & Supplies						
Board Member Stipend	$18,000.00	$18,000.00	$1,500.00	$6,400.00	$11,600.00	35.56%
Other Professional Services	185,950.00	185,950.00	12,966.97	86,676.61	99,273.39	46.61%
Auditing	111,380.00	111,380.00	0.00	25,631.66	85,748.34	23.01%
Hearing Officers	114,000.00	114,000.00	17,385.00	34,257.00	79,743.00	30.05%
Legal	640,000.00	640,000.00	48,705.54	222,138.43	417,861.57	34.71%
Actuary-Valuation	65,000.00	65,000.00	0.00	32,500.00	32,500.00	50.00%
Actuary-GASB 67	13,500.00	13,500.00	0.00	0.00	13,500.00	0.00%
Actuary-415 Calculation	20,000.00	20,000.00	0.00	24,426.00	(4,426.00)	122.13%
Actuary-Misc Hrly Consult	18,000.00	18,000.00	0.00	49,794.00	(31,794.00)	276.63%
Advertising	3,000.00	3,000.00	0.00	750.00	2,250.00	25.00%
Printing	30,000.00	30,000.00	0.00	11,748.39	18,251.61	39.16%
Postage	35,500.00	35,500.00	21,429.32	23,975.31	11,524.69	67.54%
Courier	3,300.00	3,300.00	0.00	0.00	3,300.00	0.00%
Copy Machine	5,000.00	5,000.00	0.00	625.48	4,374.52	12.51%
General Liability	17,000.00	17,000.00	0.00	17,547.00	(547.00)	103.22%
Fiduciary Liability	110,000.00	110,000.00	0.00	132,679.00	(22,679.00)	120.62%
Cost Allocation Charges	49,566.00	49,566.00	0.00	24,694.00	24,872.00	49.82%
Education Allowance	4,000.00	4,000.00	0.00	1,032.70	2,967.30	25.82%
Training/Travel-Staff	79,900.00	79,900.00	(655.22)	14,816.87	65,083.13	18.54%
Training/Travel-Trustee	35,700.00	35,700.00	2,062.28	4,129.01	31,570.99	11.57%
Travel-Due Diligence-Staff	19,100.00	19,100.00	0.00	779.07	18,320.93	4.08%
Travel-Due Diligence-Trustee	21,100.00	21,100.00	0.00	750.09	20,349.91	3.55%
Mileage-Staff	4,500.00	4,500.00	0.00	356.54	4,143.46	7.92%
Mileage -Trustee	4,500.00	4,500.00	173.75	758.99	3,741.01	16.87%
Mileage-Due Diligence-Staff	700.00	700.00	0.00	51.48	648.52	7.35%
Mileage-Due Diligence-Trustee	700.00	700.00	0.00	45.28	654.72	6.47%
Auto Allowance	6,900.00	6,900.00	575.00	2,875.00	4,025.00	41.67%
Facilities-Security	3,950.00	3,950.00	325.76	1,995.56	1,954.44	50.52%
Facilities-Maint & Repairs	3,300.00	3,300.00	0.00	589.99	2,710.01	17.88%
Equipment-Maint & Repairs	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
General Office Expense	5,900.00	5,900.00	680.75	1,863.01	4,036.99	31.58%
Books & Publications	18,670.00	18,670.00	9,333.01	12,236.07	6,433.93	65.54%
Office Supplies	15,000.00	15,000.00	387.49	5,856.59	9,143.41	39.04%
Memberships & Dues	17,570.00	17,570.00	2,550.00	12,830.00	4,740.00	73.02%
Offsite Storage	5,200.00	5,200.00	453.18	2,638.40	2,561.60	50.74%
Rents/Leases-Structures	276,564.00	276,564.00	22,376.98	134,261.88	142,302.12	48.55%
Building Operating Expenses	7,545.00	7,545.00	669.98	4,019.88	3,525.12	53.28%
Non-Capital Equipment	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Non-Capital Furniture	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
Depreciation /Amortization	1,553,170.00	1,553,170.00	129,430.06	776,580.36	776,589.64	50.00%
Total Services & Supplies	$3,532,165.00	$3,532,165.00	$270,349.85	$1,672,309.65	$1,859,855.35	47.35%
Total Sal, Ben, Serv & Supp	$10,077,405.00	$10,077,405.00	$899,746.78	$4,281,209.41	$5,796,195.59	42.48%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Combined

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended December 2022	Expended Fiscal Year to Date	Available Balance	Percent Expended
Technology						
Technology Hardware	$76,000.00	$76,000.00	$0.00	$1,945.99	$74,054.01	2.56%
Technology Hardware Support	10,000.00	10,000.00	0.00	0.00	10,000.00	0.00%
Technology Software Lic & Maint.	64,145.00	64,145.00	1,654.58	29,523.97	34,621.03	46.03%
Technology Software Suppt & Maint.	75,000.00	75,000.00	0.00	0.00	75,000.00	0.00%
Technology Cloud Services	1,100.00	1,100.00	220.74	449.47	650.53	40.86%
Technology Website Services	30,500.00	30,500.00	650.00	3,900.00	26,600.00	12.79%
Technology Infrastruct Support	227,600.00	227,600.00	4,213.93	25,931.83	201,668.17	11.39%
Technology V3 Software	180,000.00	180,000.00	0.00	0.00	180,000.00	0.00%
Technology VSG Hosting	310,000.00	310,000.00	0.00	142,846.80	167,153.20	46.08%
Technology Data Communication & Cyber Security	118,500.00	118,500.00	6,324.77	55,887.09	62,612.91	47.16%
Total Technology	$1,092,845.00	$1,092,845.00	$13,064.02	$260,485.15	$832,359.85	23.84%
Contingency	$861,500.00	$861,500.00	$0.00	$0.00	$861,500.00	0.00%
Total Current Year	$12,031,750.00	$12,031,750.00	$912,810.80	$4,541,694.56	$7,490,055.44	37.75%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Admin (CAP)

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended December 2022	Expended Fiscal Year to Date	Available Balance	Percent Expended
Salaries and Benefits						
Regular Salary	$2,950,700.00	$2,950,700.00	$289,837.43	$1,193,433.74	$1,757,266.26	40.45%
Extra-Help/Temporary Services	232,300.00	232,300.00	967.50	24,526.08	207,773.92	10.56%
Supplemental Payments	122,292.00	122,292.00	5,941.78	30,455.40	91,836.60	24.90%
Vacation Redemption	119,000.00	119,000.00	41,879.17	120,305.44	(1,305.44)	101.10%
Retirement Contributions	443,000.00	443,000.00	43,548.75	173,678.79	269,321.21	39.21%
OASDI Contribution	192,000.00	192,000.00	13,494.19	61,195.07	130,804.93	31.87%
FICA-Medicare	48,400.00	48,400.00	4,980.49	19,459.77	28,940.23	40.21%
Medical Insurance	387,500.00	387,500.00	40,076.27	163,634.74	223,865.26	42.23%
Retiree Health Insurance	62,400.00	62,400.00	5,137.56	30,825.36	31,574.64	49.40%
Life Insurance	1,100.00	1,100.00	110.05	448.64	651.36	40.79%
Unemployment Insurance	4,600.00	4,600.00	451.96	1,726.96	2,873.04	37.54%
Mgmt Disability Insurance	21,900.00	21,900.00	1,848.39	7,661.93	14,238.07	34.99%
Workers Compensation Insurance	32,900.00	32,900.00	4,361.36	17,308.01	15,591.99	52.61%
401K Plan Contribution	74,900.00	74,900.00	6,957.80	27,204.21	47,695.79	36.32%
Total Salaries & Benefits	$4,692,992.00	$4,692,992.00	$459,592.70	$1,871,864.14	$2,821,127.86	39.89%
Services & Supplies						
Board Member Stipend	$18,000.00	$18,000.00	$1,500.00	$6,400.00	$11,600.00	35.56%
Other Professional Services	76,950.00	76,950.00	3,533.49	24,023.61	52,926.39	31.22%
Auditing	111,380.00	111,380.00	0.00	25,631.66	85,748.34	23.01%
Legal	75,000.00	75,000.00	27,593.29	45,238.08	29,761.92	60.32%
Advertising	3,000.00	3,000.00	0.00	750.00	2,250.00	25.00%
Printing	30,000.00	30,000.00	0.00	11,748.39	18,251.61	39.16%
Postage	35,000.00	35,000.00	21,271.84	23,502.24	11,497.76	67.15%
Courier	3,300.00	3,300.00	0.00	0.00	3,300.00	0.00%
Copy Machine	5,000.00	5,000.00	0.00	625.48	4,374.52	12.51%
General Liability	17,000.00	17,000.00	0.00	17,547.00	(547.00)	103.22%
Fiduciary Liability	110,000.00	110,000.00	0.00	132,679.00	(22,679.00)	120.62%
Cost Allocation Charges	49,566.00	49,566.00	0.00	24,694.00	24,872.00	49.82%
Education Allowance	4,000.00	4,000.00	0.00	1,032.70	2,967.30	25.82%
Training/Travel-Staff	29,700.00	29,700.00	220.00	8,162.20	21,537.80	27.48%
Training/Travel-Trustee	20,700.00	20,700.00	2,062.28	4,129.01	16,570.99	19.95%
Travel-Due Diligence-Trustee	0.00	0.00	0.00	750.09	(750.09)	0.00%
Mileage-Staff	3,500.00	3,500.00	0.00	114.67	3,385.33	3.28%
Mileage -Trustee	4,000.00	4,000.00	173.75	758.99	3,241.01	18.97%
Mileage-Due Diligence-Trustee	0.00	0.00	0.00	45.28	(45.28)	0.00%
Auto Allowance	6,900.00	6,900.00	575.00	2,875.00	4,025.00	41.67%
Facilities-Security	3,450.00	3,450.00	325.76	1,995.56	1,454.44	57.84%
Facilities-Maint & Repairs	2,500.00	2,500.00	0.00	169.99	2,330.01	6.80%
Equipment-Maint & Repairs	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
General Office Expense	3,500.00	3,500.00	680.75	1,863.01	1,636.99	53.23%
Books & Publications	7,720.00	7,720.00	583.01	3,486.07	4,233.93	45.16%
Office Supplies	15,000.00	15,000.00	387.49	5,856.59	9,143.41	39.04%
Memberships & Dues	12,420.00	12,420.00	2,550.00	8,830.00	3,590.00	71.10%
Offsite Storage	5,200.00	5,200.00	453.18	2,638.40	2,561.60	50.74%
Rents/Leases-Structures	276,564.00	276,564.00	22,376.98	134,261.88	142,302.12	48.55%
Building Operating Expenses	7,545.00	7,545.00	669.98	4,019.88	3,525.12	53.28%
Non-Capital Furniture	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
Depreciation /Amortization	92,570.00	92,570.00	7,713.90	46,283.40	46,286.60	50.00%
Total Services & Supplies	$1,033,465.00	$1,033,465.00	$92,670.70	$540,112.18	$493,352.82	52.26%
Total Sal, Ben, Serv & Supp	$5,726,457.00	$5,726,457.00	$552,263.40	$2,411,976.32	$3,314,480.68	42.12%
Total Current Year	$5,726,457.00	$5,726,457.00	$552,263.40	$2,411,976.32	$3,314,480.68	42.12%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Admin - Disability (CAP)

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended December 2022	Expended Fiscal Year to Date	Available Balance	Percent Expended
Salaries and Benefits						
Regular Salary	$306,300.00	$306,300.00	$24,851.52	$131,819.79	$174,480.21	43.04%
Supplemental Payments	10,700.00	10,700.00	869.82	4,613.96	6,086.04	43.12%
Vacation Redemption	4,700.00	4,700.00	4,830.16	4,830.16	(130.16)	102.77%
Retirement Contributions	48,100.00	48,100.00	4,382.49	20,725.53	27,374.47	43.09%
OASDI Contribution	23,100.00	23,100.00	1,862.96	8,665.53	14,434.47	37.51%
FICA-Medicare	5,300.00	5,300.00	435.70	2,026.61	3,273.39	38.24%
Medical Insurance	51,400.00	51,400.00	4,598.00	22,610.16	28,789.84	43.99%
Life Insurance	100.00	100.00	9.30	51.04	48.96	51.04%
Unemployment Insurance	500.00	500.00	37.82	187.88	312.12	37.58%
Mgmt Disability Insurance	2,300.00	2,300.00	184.14	945.96	1,354.04	41.13%
Workers Compensation Insurance	3,400.00	3,400.00	404.38	1,779.50	1,620.50	52.34%
401K Plan Contribution	5,600.00	5,600.00	321.72	2,105.33	3,494.67	37.60%
Total Salaries & Benefits	$461,500.00	$461,500.00	$42,788.01	$200,361.45	$261,138.55	43.42%
Services & Supplies						
Other Professional Services	109,000.00	109,000.00	9,433.48	62,653.00	46,347.00	57.48%
Hearing Officers	114,000.00	114,000.00	17,385.00	34,257.00	79,743.00	30.05%
Legal	65,000.00	65,000.00	1,274.90	9,306.85	55,693.15	14.32%
Postage	500.00	500.00	157.48	473.07	26.93	94.61%
Training/Travel-Staff	800.00	800.00	0.00	0.00	800.00	0.00%
Total Services & Supplies	$289,300.00	$289,300.00	$28,250.86	$106,689.92	$182,610.08	36.88%
Total Sal, Ben, Serv & Supp	$750,800.00	$750,800.00	$71,038.87	$307,051.37	$443,748.63	40.90%
Total Current Year	$750,800.00	$750,800.00	$71,038.87	$307,051.37	$443,748.63	40.90%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Admin IT - CAP

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended December 2022	Expended Fiscal Year to Date	Available Balance	Percent Expended
Salaries and Benefits						
Regular Salary	$651,200.00	$651,200.00	$59,707.17	$252,796.01	$398,403.99	38.82%
Supplemental Payments	24,000.00	24,000.00	2,227.68	9,210.92	14,789.08	38.38%
Vacation Redemption	29,500.00	29,500.00	0.00	0.00	29,500.00	0.00%
Retirement Contributions	109,200.00	109,200.00	9,403.98	40,021.79	69,178.21	36.65%
OASDI Contribution	46,300.00	46,300.00	2,581.18	14,777.76	31,522.24	31.92%
FICA-Medicare	11,400.00	11,400.00	882.19	3,781.65	7,618.35	33.17%
Medical Insurance	80,600.00	80,600.00	7,531.00	29,543.87	51,056.13	36.65%
Life Insurance	200.00	200.00	18.60	76.47	123.53	38.24%
Unemployment Insurance	1,000.00	1,000.00	92.17	357.71	642.29	35.77%
Mgmt Disability Insurance	4,800.00	4,800.00	430.65	1,770.56	3,029.44	36.89%
Workers Compensation Insurance	7,200.00	7,200.00	904.14	3,884.10	3,315.90	53.95%
401K Plan Contribution	15,400.00	15,400.00	1,683.30	6,944.90	8,455.10	45.10%
Total Salaries & Benefits	$980,800.00	$980,800.00	$85,462.06	$363,165.74	$617,634.26	37.03%
Services & Supplies						
Training/Travel-Staff	$40,200.00	$40,200.00	($875.22)	$5,969.67	$34,230.33	14.85%
Mileage-Staff	300.00	300.00	0.00	148.11	151.89	49.37%
Facilities-Security	500.00	500.00	0.00	0.00	500.00	0.00%
Facilities-Maint & Repairs	800.00	800.00	0.00	420.00	380.00	52.50%
Books & Publications	500.00	500.00	0.00	0.00	500.00	0.00%
Memberships & Dues	750.00	750.00	0.00	0.00	750.00	0.00%
Non-Capital Equipment	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Total Services & Supplies	$48,050.00	$48,050.00	-$875.22	$6,537.78	$41,512.22	13.61%
Total Sal, Ben, Serv & Supp	$1,028,850.00	$1,028,850.00	$84,586.84	$369,703.52	$659,146.48	35.93%
Technology						
Technology Software Lic & Maint.	$2,000.00	$2,000.00	$0.00	$0.00	$2,000.00	0.00%
Technology Data Communication & Cyber Security	93,500.00	93,500.00	6,324.77	41,088.09	52,411.91	43.94%
Total Technology	$95,500.00	$95,500.00	$6,324.77	$41,088.09	$54,411.91	43.02%
Total Current Year	$1,124,350.00	$1,124,350.00	$90,911.61	$410,791.61	$713,558.39	36.54%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Investment (Non-CAP)

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended December 2022	Expended Fiscal Year to Date	Available Balance	Percent Expended
Salaries and Benefits						
Regular Salary	$314,400.00	$314,400.00	$37,646.56	$157,007.98	$157,392.02	49.94%
Supplemental Payments	18,608.00	18,608.00	0.00	0.00	18,608.00	0.00%
Vacation Redemption	14,900.00	14,900.00	0.00	0.00	14,900.00	0.00%
Retirement Contributions	17,700.00	17,700.00	0.00	130.84	17,569.16	0.74%
OASDI Contribution	8,900.00	8,900.00	0.00	0.00	8,900.00	0.00%
FICA-Medicare	6,000.00	6,000.00	552.68	2,306.10	3,693.90	38.44%
Medical Insurance	13,000.00	13,000.00	1,491.00	6,283.52	6,716.48	48.33%
Life Insurance	40.00	40.00	4.65	19.60	20.40	49.00%
Unemployment Insurance	500.00	500.00	57.17	222.92	277.08	44.58%
Mgmt Disability Insurance	2,300.00	2,300.00	123.12	518.86	1,781.14	22.56%
Workers Compensation Insurance	3,600.00	3,600.00	549.58	2,308.33	1,291.67	64.12%
401K Plan Contribution	10,000.00	10,000.00	1,129.40	4,710.28	5,289.72	47.10%
Total Salaries & Benefits	$409,948.00	$409,948.00	$41,554.16	$173,508.43	$236,439.57	42.32%
Services & Supplies						
Legal	500,000.00	500,000.00	19,837.35	167,593.50	332,406.50	33.52%
Training/Travel-Staff	9,200.00	9,200.00	0.00	685.00	8,515.00	7.45%
Training/Travel-Trustee	15,000.00	15,000.00	0.00	0.00	15,000.00	0.00%
Travel-Due Diligence-Staff	19,100.00	19,100.00	0.00	779.07	18,320.93	4.08%
Travel-Due Diligence-Trustee	21,100.00	21,100.00	0.00	0.00	21,100.00	0.00%
Mileage-Staff	700.00	700.00	0.00	93.76	606.24	13.39%
Mileage -Trustee	500.00	500.00	0.00	0.00	500.00	0.00%
Mileage-Due Diligence-Staff	700.00	700.00	0.00	51.48	648.52	7.35%
Mileage-Due Diligence-Trustee	700.00	700.00	0.00	0.00	700.00	0.00%
General Office Expense	2,400.00	2,400.00	0.00	0.00	2,400.00	0.00%
Books & Publications	10,450.00	10,450.00	8,750.00	8,750.00	1,700.00	83.73%
Memberships & Dues	4,400.00	4,400.00	0.00	4,000.00	400.00	90.91%
Total Services & Supplies	$584,250.00	$584,250.00	$28,587.35	$181,952.81	$402,297.19	31.14%
Total Sal, Ben, Serv & Supp	$994,198.00	$994,198.00	$70,141.51	$355,461.24	$638,736.76	35.75%
Total Current Year	$994,198.00	$994,198.00	$70,141.51	$355,461.24	$638,736.76	35.75%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Information Technology (Non-CAP)

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended December 2022	Expended Fiscal Year to Date	Available Balance	Percent Expended
Technology						
Technology Hardware	$76,000.00	$76,000.00	$0.00	$1,945.99	$74,054.01	2.56%
Technology Hardware Support	10,000.00	10,000.00	0.00	0.00	10,000.00	0.00%
Technology Software Lic & Maint.	62,145.00	62,145.00	1,654.58	29,523.97	32,621.03	47.51%
Technology Software Suppt & Maint.	75,000.00	75,000.00	0.00	0.00	75,000.00	0.00%
Technology Cloud Services	1,100.00	1,100.00	220.74	449.47	650.53	40.86%
Technology Website Services	30,500.00	30,500.00	650.00	3,900.00	26,600.00	12.79%
Technology Infrastruct Support	227,600.00	227,600.00	4,213.93	25,931.83	201,668.17	11.39%
Technology V3 Software	180,000.00	180,000.00	0.00	0.00	180,000.00	0.00%
Technology VSG Hosting	310,000.00	310,000.00	0.00	142,846.80	167,153.20	46.08%
Technology Data Communication & Cyber Security	25,000.00	25,000.00	0.00	14,799.00	10,201.00	59.20%
Total Technology	$997,345.00	$997,345.00	$6,739.25	$219,397.06	$777,947.94	22.00%
Total Current Year	$997,345.00	$997,345.00	$6,739.25	$219,397.06	$777,947.94	22.00%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%
Other Expenses (Non-CAP)

	Adopted 2023 Budget	*Adjusted 2023 Budget*	*Expended December 2022*	*Expended Fiscal Year to Date*	*Available Balance*	*Percent Expended*
Services & Supplies						
Actuary-Valuation	$65,000.00	$65,000.00	$0.00	$32,500.00	$32,500.00	50.00%
Actuary-GASB 67	13,500.00	13,500.00	0.00	0.00	13,500.00	0.00%
Actuary-415 Calculation	20,000.00	20,000.00	0.00	24,426.00	(4,426.00)	122.13%
Actuary-Misc Hrly Consult	18,000.00	18,000.00	0.00	49,794.00	(31,794.00)	276.63%
Depreciation /Amortization	1,460,600.00	1,460,600.00	121,716.16	730,296.96	730,303.04	50.00%
Total Services & Supplies	$1,577,100.00	$1,577,100.00	$121,716.16	$837,016.96	$740,083.04	53.07%
Total Sal, Ben, Serv & Supp	$1,577,100.00	$1,577,100.00	$121,716.16	$837,016.96	$740,083.04	53.07%
Total Current Year	$1,577,100.00	$1,577,100.00	$121,716.16	$837,016.96	$740,083.04	53.07%

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: RECEIVE AND FILE MID-YEAR BUDGET UPDATE FOR FISCAL YEAR 2022-23

Dear Board Members:

The attached budget summaries (Attachment A) compare the adopted budgets for respective cost centers to actual expenses incurred through December 31, 2022, as well as year-end projected expenditures based on staff's best estimate to ensure compliance with applicable Government Codes that govern the pension plan's expenses. Staff believes the year-end projected expenditures are conservative and reasonable. GC sec. 31580.2(a) limits total administrative expenses, which are direct charges against earnings of the Fund, and, in VCERA's case, may not exceed 0.21% ($15,025,300) of the accrued actuarial liability of the system, which was $7,154,885,000 on June 30, 2021, which the FY 2022-23 budget is based upon. GC sec. 31580.2(b) excludes from administrative expenditures for computer software, computer hardware, and computer technology consulting services in support of these products. Finally, GC sec. 31596.1 provides that expenses of investing monies shall not be considered a cost of administration but as a reduction in earnings from those investments or a charge against the assets of the system.

The following table shows the applicable GC section and the attached budget summaries used to capture projected expenditures through June 30, 2023 to demonstrate compliance.

Total Operating Budget	Adopted	Projected YTD	Variance Over/(Under)	Percent Expended
Administration - Subject to Statutory Limit	$7,601,607	$6,895,675	($705,932)	90.71%
Exempt from Statutory Limit	3,568,643	3,353,139	(215,504)	93.96%
Contingency	861,500	0	(861,500)	0.00%
Total Operating Budget	$12,031,750	$10,248,814	($1,782,936)	85.18%

Administration - Subject to Statutory Limit GC 31580.2(a)	Statutory Limit	Adopted	Projected YTD	Variance Over/(Under)	Percent Expended
GC 31580.2(a)	$15,025,300	$7,601,607	$6,895,675	($705,932)	90.71%
Administration		$5,726,457	$5,153,023	($573,434)	89.99%
I/T-Support		$1,124,350	$1,007,718	($116,632)	89.63%
Admin-Disability		$750,800	$734,933	($15,867)	97.89%

Exempt from Statutory Limit GC 31580.2(b) and GC 31596.1	Statutory Limit	Adopted	Projected YTD	Variance Over/(Under)	Percent Expended
	$0	$3,568,643	$3,353,139	($215,504)	93.96%
Investment Expense		$994,198	$924,321	($69,877)	92.97%
Information Technology I/T		$997,345	$791,501	($205,844)	79.36%
Other Expenses		$1,577,100	$1,637,317	$60,217	103.82%

The following provides some of the more pertinent information for the various categories, but staff will be pleased to provide any additional information if needed.

<u>Salaries & Employee Benefits:</u> *Overall Salaries and Employee Benefits* is projected to be **under budget by approximately $594,120.** The projected savings are mostly due to unfilled vacant positions and leave of absences (LOAs) at $326,610 for Regular salary and Supplemental Payments. Benefit savings are projected to be $179,211. Also due to vacant positions and LOAs. Also, included in the projected savings are Extra-Help/Temporary at $89,734 for three temporary resources to assist with Alameda court decision workload increases that will be used near fiscal year end and two resources, Administrative legal contractor during entire fiscal year and fiscal staff accountant for first quarter, to assist with assigned as needed duties. Finally, some of the projected savings are offset at ($1,435) due to increased Vacation Redemption due to payoffs of leave balances due to retirements.

<u>Services & Supplies:</u> *Overall Services & Supplies* is projected to be **under budget by approximately $119,060.** Much of the savings continue to be due to impact of COVID-19, as staff continues remotely working two (2) days from home. This has resulted in less than anticipated projected spending in the following categories: Training and Travel for both staff and trustees at $88,125 due to reduced need, Auditing at $60,748, Legal at $28,862 due to need, Other miscellaneous services and supplies savings at $13,334 due to lower supplies demand, Office Supplies at $7,143 due to need, General Office Expense at $2,537 due to need, Board member Stipends $6,600 due to lower than anticipated attendance requirements, Postage and courier at $4,800 due to demand, Mileage for both staff and trustees $3,838 due to less anticipated travel, Books and Publications at $3,234 due to trend, and Education Allowance at $1,967 due to need; offset by, projected budget overages for Actuarial Services at ($60,220) due to higher demand for services, General and Fiduciary Liability at ($23,226) due to increased premiums, Hearing Officers ($10,257) due to increased demand , Other Professional Services ($5,727) due to trend, and Rents/Leases-Structures ($2,698) due to contractual obligations.

The *Training/Travel for Staff and Trustee* category projected cost savings of $88,125 is a result of minimal business travel or attending conferences virtually resulting in less than anticipated needs within the *Administrative* and *Investment* budgets. The Auditing category is $60,748 lower than budgeted due internal audit services not projected to occur this fiscal year. The savings in other categories is mainly due to minor variance due to lower anticipated service and supplies need.

<u>Technology:</u> The *Information Technology* expenditures is projected to be under **budget by approximately $208,256.** As previously mentioned, much of the savings are due to staff continuing to work remotely from home requiring less use of budgeted resources. Staff projects savings in the following categories: The Technology V3 Software & VSG, Technology VSG Hosting and Technology Data Communication are projected under budget at $70,566 due to less than anticipated technology needs. Also, Technology Infrastructure at $60,968, Technology Hardware at $39,050 and Technology Systems Support at $23,500 are projected to be lower than budget. The Technology Software Support and Maintenance is projected to be under budget by approximately $10,000 based on trend. Other Technology Miscellaneous is projected to be $4,172 under budget due to lower than anticipated demand for this critical service.

<u>Recommended Action: Receive and File the Mid-Year Budget Projection.</u>

While there are some projected cost overruns in the Disability and Other Expenses budgets, Staff is not requesting any budgetary adjustments. If necessary, Staff will return to the Board after year end, and if required, request appropriation adjustments between object levels to close out the year.

The mid-year budget update was presented to, reviewed, and approved by the Finance Committee at its April 12, 2023 meeting.

I would be happy to respond to any questions you may have on this matter.

Sincerely,

La Valda R. Marshall

La Valda R. Marshall
Chief Financial Officer

Attachment A

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2022-23 (Combined)
Year-To-Date through December 31, 2022 and Projected through Fiscal Year Ending June 30, 2023

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Salaries and Benefits							
Regular Salary	$4,222,600.00	$4,222,600.00	$1,735,057.52	$2,203,023.45	$3,938,080.97	$284,519.03	93.26%
Extra-Help/Temporary Services	232,300.00	232,300.00	24,526.08	118,039.69	142,565.77	89,734.23	61.37%
Supplemental Payments	175,600.00	175,600.00	44,280.28	89,228.45	133,508.73	42,091.27	76.03%
Vacation Redemption	168,100.00	168,100.00	125,135.60	44,400.00	169,535.60	(1,435.60)	100.85%
Retirement Contributions	618,000.00	618,000.00	234,556.95	314,027.24	548,584.19	69,415.81	88.77%
OASDI Contribution	270,300.00	270,300.00	84,638.36	137,348.81	221,987.17	48,312.83	82.13%
FICA-Medicare	71,100.00	71,100.00	27,574.13	36,128.38	63,702.51	7,397.49	89.60%
Medical Insurance	532,500.00	532,500.00	222,072.29	270,581.73	492,654.02	39,845.98	92.52%
Retiree Health Insurance	62,400.00	62,400.00	30,825.36	31,707.60	62,532.96	(132.96)	100.21%
Life Insurance	1,440.00	1,440.00	595.75	731.71	1,327.46	112.54	92.18%
Unemployment Insurance	6,600.00	6,600.00	2,495.47	3,353.69	5,849.16	750.84	88.62%
Mgmt Disability Insurance	31,300.00	31,300.00	10,897.31	15,904.62	26,801.93	4,498.07	85.63%
Workers Compensation Insurance	47,100.00	47,100.00	25,279.94	23,933.14	49,213.08	(2,113.08)	104.49%
401K Plan Contribution	105,900.00	105,900.00	40,964.72	53,811.46	94,776.18	11,123.82	89.50%
Total Salaries & Benefits	$6,545,240.00	$6,545,240.00	$2,608,899.76	$3,342,219.98	$5,951,119.74	$594,120.26	90.92%
Services & Supplies							
Board Member Stipend	$18,000.00	$18,000.00	$6,400.00	$5,000.00	$11,400.00	$6,600.00	63.33%
Other Professional Services	185,950.00	185,950.00	86,676.61	105,000.00	191,676.61	(5,726.61)	103.08%
Auditing	111,380.00	111,380.00	25,631.66	25,000.00	50,631.66	60,748.34	45.46%
Hearing Officers	114,000.00	114,000.00	34,257.00	90,000.00	124,257.00	(10,257.00)	109.00%
Legal	640,000.00	640,000.00	222,138.43	389,000.00	611,138.43	28,861.57	95.49%
Actuary-Valuation	65,000.00	65,000.00	32,500.00	32,500.00	65,000.00	0.00	100.00%
Actuary-GASB 67	13,500.00	13,500.00	0.00	13,500.00	13,500.00	0.00	100.00%
Actuary-415 Calculation	20,000.00	20,000.00	24,426.00	5,500.00	29,926.00	(9,926.00)	149.63%
Actuary-Misc Hrly Consult	18,000.00	18,000.00	49,794.00	18,500.00	68,294.00	(50,294.00)	379.41%
Advertising	3,000.00	3,000.00	750.00	1,500.00	2,250.00	750.00	75.00%
Printing	30,000.00	30,000.00	11,748.39	18,000.00	29,748.39	251.61	99.16%
Postage	35,500.00	35,500.00	23,975.31	10,025.00	34,000.31	1,499.69	95.78%
Courier	3,300.00	3,300.00	0.00	0.00	0.00	3,300.00	0.00%
Copy Machine	5,000.00	5,000.00	625.48	4,000.00	4,625.48	374.52	92.51%
General Liability	17,000.00	17,000.00	17,547.00	0.00	17,547.00	(547.00)	103.22%
Fiduciary Liability	110,000.00	110,000.00	132,679.00	0.00	132,679.00	(22,679.00)	120.62%
Cost Allocation Charges	49,566.00	49,566.00	24,694.00	24,500.00	49,194.00	372.00	99.25%
Education Allowance	4,000.00	4,000.00	1,032.70	1,000.00	2,032.70	1,967.30	50.82%
Training/Travel-Staff	79,900.00	79,900.00	14,816.87	32,200.00	47,016.87	32,883.13	58.84%
Training/Travel-Trustee	35,700.00	35,700.00	4,129.01	8,000.00	12,129.01	23,570.99	33.97%
Travel-Due Diligence-Staff	19,100.00	19,100.00	779.07	3,000.00	3,779.07	15,320.93	19.79%
Travel-Due Diligence-Trustee	21,100.00	21,100.00	750.09	4,000.00	4,750.09	16,349.91	22.51%
Mileage-Staff	4,500.00	4,500.00	356.54	2,250.00	2,606.54	1,893.46	57.92%
Mileage -Trustee	4,500.00	4,500.00	758.99	2,200.00	2,958.99	1,541.01	65.76%
Mileage-Due Diligence-Staff	700.00	700.00	51.48	100.00	151.48	548.52	21.64%
Mileage-Due Diligence-Trustee	700.00	700.00	45.28	800.00	845.28	(145.28)	120.75%
Auto Allowance	6,900.00	6,900.00	2,875.00	4,000.00	6,875.00	25.00	99.64%
Facilities-Security	3,950.00	3,950.00	1,995.56	1,500.00	3,495.56	454.44	88.50%
Facilities-Maint & Repairs	3,300.00	3,300.00	589.99	620.00	1,209.99	2,090.01	36.67%
Equipment-Maint & Repairs	2,000.00	2,000.00	0.00	1,000.00	1,000.00	1,000.00	50.00%
General Office Expense	5,900.00	5,900.00	1,863.01	1,500.00	3,363.01	2,536.99	57.00%
Books & Publications	18,670.00	18,670.00	12,236.07	3,200.00	15,436.07	3,233.93	82.68%
Office Supplies	15,000.00	15,000.00	5,856.59	2,000.00	7,856.59	7,143.41	52.38%
Memberships & Dues	17,570.00	17,570.00	12,830.00	3,400.00	16,230.00	1,340.00	92.37%
Offsite Storage	5,200.00	5,200.00	2,638.40	2,700.00	5,338.40	(138.40)	102.66%
Rents/Leases-Structures	276,564.00	276,564.00	134,261.88	141,000.00	275,261.88	1,302.12	99.53%
Building Operating Expenses	7,545.00	7,545.00	4,019.88	3,500.00	7,519.88	25.12	99.67%
Non-Capital Equipment	5,000.00	5,000.00	0.00	2,500.00	2,500.00	2,500.00	50.00%
Non-Capital Furniture	2,000.00	2,000.00	0.00	2,000.00	2,000.00	0.00	100.00%
Depreciation /Amortization	1,553,170.00	1,553,170.00	776,580.36	776,300.00	1,552,880.36	289.64	99.98%
Total Services & Supplies	$3,532,165.00	$3,532,165.00	$1,672,309.65	$1,740,795.00	$3,413,104.65	$119,060.35	96.63%
Total Sal, Ben, Serv & Supp	$10,077,405.00	$10,077,405.00	$4,281,209.41	$5,083,014.98	$9,364,224.39	$713,180.61	92.92%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2022-23 (Combined)
Year-To-Date through December 31, 2022 and Projected through Fiscal Year Ending June 30, 2023

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Technology							
Technology Hardware	$76,000.00	$76,000.00	$1,945.99	$35,004.01	$36,950.00	$39,050.00	48.62%
Technology Software Lic & Maint	10,000.00	10,000.00	0.00	0.00	0.00	10,000.00	0.00%
Technology Software Suppt & Maint	64,145.00	64,145.00	29,523.97	29,550.00	59,073.97	5,071.03	92.09%
Technology Systems Support	75,000.00	75,000.00	0.00	51,500.00	51,500.00	23,500.00	68.67%
Technology Cloud Services	1,100.00	1,100.00	449.47	1,250.00	1,699.47	(599.47)	154.50%
Technology Website Services	30,500.00	30,500.00	3,900.00	26,100.00	30,000.00	500.00	98.36%
Technology Infrastruct Support	227,600.00	227,600.00	25,931.83	140,700.00	166,631.83	60,968.17	73.21%
Technology V3 Software & VSG	180,000.00	180,000.00	0.00	180,800.00	180,800.00	(800.00)	100.44%
Technology VSG Hosting	310,000.00	310,000.00	142,846.80	107,200.00	250,046.80	59,953.20	80.66%
Technology Data Communication	118,500.00	118,500.00	55,887.09	52,000.00	107,887.09	10,612.91	91.04%
Total Technology	$1,092,845.00	$1,092,845.00	$260,485.15	$624,104.01	$884,589.16	$208,255.84	80.94%
Congtingency	$861,500.00	$861,500.00	$0.00	$0.00	$0.00	$861,500.00	0.00%
Total Current Year	$12,031,750.00	$12,031,750.00	$4,541,694.56	$5,707,118.99	$10,248,813.55	$1,782,936.45	85.18%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2022-23 (Admin CAP)
Year-To-Date through December 31, 2022 and Projected through Fiscal Year Ending June 30, 2023

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Salaries and Benefits							
Regular Salary	$2,950,700.00	$2,950,700.00	$1,193,433.74	$1,539,496.17	$2,732,929.91	$217,770.09	92.62%
Extra-Help/Temporary Services	232,300.00	232,300.00	24,526.08	118,039.69	142,565.77	89,734.23	61.37%
Supplemental Payments	122,292.00	122,292.00	30,455.40	62,140.81	92,596.21	29,695.79	75.72%
Vacation Redemption	119,000.00	119,000.00	120,305.44	0.00	120,305.44	(1,305.44)	101.10%
Retirement Contributions	443,000.00	443,000.00	173,678.79	225,103.67	398,782.46	44,217.54	90.02%
OASDI Contribution	192,000.00	192,000.00	61,195.07	97,561.86	158,756.93	33,243.07	82.69%
FICA-Medicare	48,400.00	48,400.00	19,459.77	24,593.72	44,053.49	4,346.51	91.02%
Medical Insurance	387,500.00	387,500.00	163,634.74	196,902.19	360,536.93	26,963.07	93.04%
Retiree Health Insurance	62,400.00	62,400.00	30,825.36	31,707.60	62,532.96	(132.96)	100.21%
Life Insurance	1,100.00	1,100.00	448.64	558.95	1,007.59	92.41	91.60%
Unemployment Insurance	4,600.00	4,600.00	1,726.96	2,337.42	4,064.38	535.62	88.36%
Mgmt Disability Insurance	21,900.00	21,900.00	7,661.93	11,128.15	18,790.08	3,109.92	85.80%
Workers Compensation Insurance	32,900.00	32,900.00	17,308.01	16,717.63	34,025.64	(1,125.64)	103.42%
401K Plan Contribution	74,900.00	74,900.00	27,204.21	38,059.29	65,263.50	9,636.50	87.13%
Total Salaries & Benefits	$4,692,992.00	$4,692,992.00	$1,871,864.14	$2,364,347.16	$4,236,211.30	$456,780.70	90.27%
Services & Supplies							
Board Member Stipend	$18,000.00	$18,000.00	$6,400.00	$5,000.00	$11,400.00	$6,600.00	63.33%
Other Professional Services	76,950.00	76,950.00	24,023.61	30,000.00	54,023.61	22,926.39	70.21%
Auditing	111,380.00	111,380.00	25,631.66	25,000.00	50,631.66	60,748.34	45.46%
Legal	75,000.00	75,000.00	45,238.08	29,000.00	74,238.08	761.92	98.98%
Advertising	3,000.00	3,000.00	750.00	1,500.00	2,250.00	750.00	75.00%
Printing	30,000.00	30,000.00	11,748.39	18,000.00	29,748.39	251.61	99.16%
Postage	35,000.00	35,000.00	23,502.24	10,000.00	33,502.24	1,497.76	95.72%
Courier	3,300.00	3,300.00	0.00	0.00	0.00	3,300.00	0.00%
Copy Machine	5,000.00	5,000.00	625.48	4,000.00	4,625.48	374.52	92.51%
General Liability	17,000.00	17,000.00	17,547.00	0.00	17,547.00	(547.00)	103.22%
Fiduciary Liability	110,000.00	110,000.00	132,679.00	0.00	132,679.00	(22,679.00)	120.62%
Cost Allocation Charges	49,566.00	49,566.00	24,694.00	24,500.00	49,194.00	372.00	99.25%
Education Allowance	4,000.00	4,000.00	1,032.70	1,000.00	2,032.70	1,967.30	50.82%
Training/Travel-Staff	29,700.00	29,700.00	8,162.20	9,000.00	17,162.20	12,537.80	57.79%
Training/Travel-Trustee	20,700.00	20,700.00	4,129.01	5,000.00	9,129.01	11,570.99	44.10%
Travel-Due Diligence-Trustee	0.00	0.00	750.09	1,000.00	1,750.09	(1,750.09)	100.00%
Mileage-Staff	3,500.00	3,500.00	114.67	2,000.00	2,114.67	1,385.33	60.42%
Mileage -Trustee	4,000.00	4,000.00	758.99	2,000.00	2,758.99	1,241.01	68.97%
Mileage-Due Diligence-Trustee	0.00	0.00	45.28	500.00	545.28	(545.28)	100.00%
Auto Allowance	6,900.00	6,900.00	2,875.00	4,000.00	6,875.00	25.00	99.64%
Facilities-Security	3,450.00	3,450.00	1,995.56	1,000.00	2,995.56	454.44	86.83%
Facilities-Maint & Repairs	2,500.00	2,500.00	169.99	500.00	669.99	1,830.01	26.80%
Equipment-Maint & Repairs	2,000.00	2,000.00	0.00	1,000.00	1,000.00	1,000.00	50.00%
General Office Expense	3,500.00	3,500.00	1,863.01	1,500.00	3,363.01	136.99	96.09%
Books & Publications	7,720.00	7,720.00	3,486.07	1,500.00	4,986.07	2,733.93	64.59%
Office Supplies	15,000.00	15,000.00	5,856.59	2,000.00	7,856.59	7,143.41	52.38%
Memberships & Dues	12,420.00	12,420.00	8,830.00	2,500.00	11,330.00	1,090.00	91.22%
Offsite Storage	5,200.00	5,200.00	2,638.40	2,700.00	5,338.40	(138.40)	102.66%
Rents/Leases-Structures	276,564.00	276,564.00	134,261.88	141,000.00	275,261.88	1,302.12	99.53%
Building Operating Expenses	7,545.00	7,545.00	4,019.88	3,500.00	7,519.88	25.12	99.67%
Non-Capital Furniture	2,000.00	2,000.00	0.00	2,000.00	2,000.00	0.00	100.00%
Depreciation /Amortization	92,570.00	92,570.00	46,283.40	46,000.00	92,283.40	286.60	99.69%
Total Services & Supplies	$1,033,465.00	$1,033,465.00	$540,112.18	$376,700.00	$916,812.18	$116,652.82	88.71%
Total Sal, Ben, Serv & Supp	$5,726,457.00	$5,726,457.00	$2,411,976.32	$2,741,047.16	$5,153,023.48	$573,433.52	89.99%
Total Current Year	$5,726,457.00	$5,726,457.00	$2,411,976.32	$2,741,047.16	$5,153,023.48	$573,433.52	89.99%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2022-23 (IT Admin CAP)
Year-To-Date through December 31, 2022 and Projected through Fiscal Year Ending June 30, 2023

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Salaries and Benefits							
Regular Salary	$651,200.00	$651,200.00	$252,796.01	$338,765.27	$591,561.28	$59,638.72	90.84%
Supplemental Payments	24,000.00	24,000.00	9,210.92	12,195.23	21,406.15	2,593.85	89.19%
Vacation Redemption	29,500.00	29,500.00	0.00	29,500.00	29,500.00	0.00	100.00%
Retirement Contributions	109,200.00	109,200.00	40,021.79	55,488.31	95,510.10	13,689.90	87.46%
OASDI Contribution	46,300.00	46,300.00	14,777.76	23,526.64	38,304.40	7,995.60	82.73%
FICA-Medicare	11,400.00	11,400.00	3,781.65	5,792.74	9,574.39	1,825.61	83.99%
Medical Insurance	80,600.00	80,600.00	29,543.87	40,955.66	70,499.53	10,100.47	87.47%
Life Insurance	200.00	200.00	76.47	101.63	178.10	21.90	89.05%
Unemployment Insurance	1,000.00	1,000.00	357.71	508.13	865.84	134.16	86.58%
Mgmt Disability Insurance	4,800.00	4,800.00	1,770.56	2,439.05	4,209.61	590.39	87.70%
Workers Compensation Insurance	7,200.00	7,200.00	3,884.10	3,658.57	7,542.67	(342.67)	104.76%
401K Plan Contribution	15,400.00	15,400.00	6,944.90	7,825.27	14,770.17	629.83	95.91%
Total Salaries & Benefits	$980,800.00	$980,800.00	$363,165.74	$520,756.49	$883,922.23	$96,877.77	90.12%
Services & Supplies							
Training/Travel-Staff	$40,200.00	$40,200.00	$5,969.67	$20,200.00	$26,169.67	$14,030.33	65.10%
Mileage-Staff	300.00	300.00	148.11	150.00	298.11	1.89	99.37%
Facilities-Security	500.00	500.00	0.00	500.00	500.00	0.00	100.00%
Facilities-Maint & Repairs	800.00	800.00	420.00	120.00	540.00	260.00	67.50%
Books & Publications	500.00	500.00	0.00	200.00	200.00	300.00	40.00%
Memberships & Dues	750.00	750.00	0.00	500.00	500.00	250.00	66.67%
Non-Capital Equipment	5,000.00	5,000.00	0.00	2,500.00	2,500.00	2,500.00	50.00%
Total Services & Supplies	$48,050.00	$48,050.00	$6,537.78	$24,170.00	$30,707.78	$17,342.22	63.91%
Total Sal, Ben, Serv & Supp	$1,028,850.00	$1,028,850.00	$369,703.52	$544,926.49	$914,630.01	$114,219.99	88.90%
Technology							
Technology Software Lic & Maint.	$2,000.00	$2,000.00	$0.00	$0.00	$0.00	$2,000.00	0.00%
Technology Data Communication & Cyber Security	93,500.00	93,500.00	41,088.09	52,000.00	93,088.09	411.91	99.56%
Total Technology	$95,500.00	$95,500.00	$41,088.09	$52,000.00	$93,088.09	$2,411.91	97.47%
Total Current Year	$1,124,350.00	$1,124,350.00	$410,791.61	$596,926.49	$1,007,718.10	$116,631.90	89.63%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2022-23 (Admin - Disability)
Year-To-Date through December 31, 2022 and Projected through Fiscal Year Ending June 30, 2023

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Salaries and Benefits							
Regular Salary	$306,300.00	$306,300.00	$131,819.79	$161,382.49	$293,202.28	$13,097.72	95.72%
Supplemental Payments	10,700.00	10,700.00	4,613.96	5,437.04	10,051.00	649.00	93.93%
Vacation Redemption	4,700.00	4,700.00	4,830.16	0.00	4,830.16	(130.16)	102.77%
Retirement Contributions	48,100.00	48,100.00	20,725.53	24,441.28	45,166.81	2,933.19	93.90%
OASDI Contribution	23,100.00	23,100.00	8,665.53	11,737.91	20,403.44	2,696.56	88.33%
FICA-Medicare	5,300.00	5,300.00	2,026.61	2,693.11	4,719.72	580.28	89.05%
Medical Insurance	51,400.00	51,400.00	22,610.16	26,118.12	48,728.28	2,671.72	94.80%
Life Insurance	100.00	100.00	51.04	50.81	101.85	(1.85)	101.85%
Unemployment Insurance	500.00	500.00	187.88	254.07	441.95	58.05	88.39%
Mgmt Disability Insurance	2,300.00	2,300.00	945.96	1,168.71	2,114.67	185.33	91.94%
Workers Compensation Insurance	3,400.00	3,400.00	1,779.50	1,727.66	3,507.16	(107.16)	103.15%
401K Plan Contribution	5,600.00	5,600.00	2,105.33	2,845.55	4,950.88	649.12	88.41%
Total Salaries & Benefits	$461,500.00	$461,500.00	$200,361.45	$237,856.76	$438,218.21	$23,281.79	94.96%
Services & Supplies							
Other Professional Services	$109,000.00	$109,000.00	$62,653.00	$75,000.00	$137,653.00	($28,653.00)	126.29%
Hearing Officers	114,000.00	114,000.00	34,257.00	90,000.00	124,257.00	(10,257.00)	109.00%
Legal	65,000.00	65,000.00	9,306.85	25,000.00	34,306.85	30,693.15	52.78%
Postage	500.00	500.00	473.07	25.00	498.07	1.93	99.61%
Training/Travel-Staff	800.00	800.00	0.00	0.00	0.00	800.00	0.00%
Total Services & Supplies	$289,300.00	$289,300.00	$106,689.92	$190,025.00	$296,714.92	($7,414.92)	102.56%
Total Sal, Ben, Serv & Supp	$750,800.00	$750,800.00	$307,051.37	$427,881.76	$734,933.13	$15,866.87	97.89%
Total Current Year	$750,800.00	$750,800.00	$307,051.37	$427,881.76	$734,933.13	$15,866.87	97.89%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2022-23 (Investment)
Year-To-Date through December 31, 2022 and Projected through Fiscal Year Ending June 30, 2023
Investment (Non-CAP)

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Salaries and Benefits							
Regular Salary	$314,400.00	$314,400.00	$157,007.98	$163,379.52	$320,387.50	($5,987.50)	101.90%
Supplemental Payments	18,608.00	18,608.00	0.00	9,455.37	9,455.37	9,152.63	50.81%
Vacation Redemption	14,900.00	14,900.00	0.00	14,900.00	14,900.00	0.00	100.00%
Retirement Contributions	17,700.00	17,700.00	130.84	8,993.98	9,124.82	8,575.18	51.55%
OASDI Contribution	8,900.00	8,900.00	0.00	4,522.40	4,522.40	4,377.60	50.81%
FICA-Medicare	6,000.00	6,000.00	2,306.10	3,048.81	5,354.91	645.09	89.25%
Medical Insurance	13,000.00	13,000.00	6,283.52	6,605.75	12,889.27	110.73	99.15%
Life Insurance	40.00	40.00	19.60	20.33	39.93	0.07	99.81%
Unemployment Insurance	500.00	500.00	222.92	254.07	476.99	23.01	95.40%
Mgmt Disability Insurance	2,300.00	2,300.00	518.86	1,168.71	1,687.57	612.43	73.37%
Workers Compensation Insurance	3,600.00	3,600.00	2,308.33	1,829.28	4,137.61	(537.61)	114.93%
401K Plan Contribution	10,000.00	10,000.00	4,710.28	5,081.35	9,791.63	208.37	97.92%
Total Salaries & Benefits	$409,948.00	$409,948.00	$173,508.43	$219,259.57	$392,768.00	$17,180.00	95.81%
Services & Supplies							
Legal	$500,000.00	$500,000.00	$167,593.50	$335,000.00	$502,593.50	($2,593.50)	100.52%
Training/Travel-Staff	9,200.00	9,200.00	685.00	3,000.00	3,685.00	5,515.00	40.05%
Training/Travel-Trustee	15,000.00	15,000.00	0.00	3,000.00	3,000.00	12,000.00	20.00%
Travel-Due Diligence-Staff	19,100.00	19,100.00	779.07	3,000.00	3,779.07	15,320.93	19.79%
Travel-Due Diligence-Trustee	21,100.00	21,100.00	0.00	3,000.00	3,000.00	18,100.00	14.22%
Mileage-Staff	700.00	700.00	93.76	100.00	193.76	506.24	27.68%
Mileage -Trustee	500.00	500.00	0.00	200.00	200.00	300.00	40.00%
Mileage-Due Diligence-Staff	700.00	700.00	51.48	100.00	151.48	548.52	21.64%
Mileage-Due Diligence-Trustee	700.00	700.00	0.00	300.00	300.00	400.00	42.86%
General Office Expense	2,400.00	2,400.00	0.00	0.00	0.00	2,400.00	0.00%
Books & Publications	10,450.00	10,450.00	8,750.00	1,500.00	10,250.00	200.00	98.09%
Memberships & Dues	4,400.00	4,400.00	4,000.00	400.00	4,400.00	0.00	100.00%
Total Services & Supplies	$584,250.00	$584,250.00	$181,952.81	$349,600.00	$531,552.81	$52,697.19	90.98%
Total Sal, Ben, Serv & Supp	$994,198.00	$994,198.00	$355,461.24	$568,859.57	$924,320.81	$69,877.19	92.97%
Total Current Year	$994,198.00	$994,198.00	$355,461.24	$568,859.57	$924,320.81	$69,877.19	92.97%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022 (IT Non-CAP)
Year-To-Date through December 31, 2022 and Projected through Fiscal Year Ending June 30, 2023

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Technology							
Technology Hardware	$76,000.00	$76,000.00	$1,945.99	$35,004.01	$36,950.00	$39,050.00	48.62%
Technology Hardware Support	10,000.00	10,000.00	0.00	0.00	0.00	10,000.00	0.00%
Technology Software Lic & Maint.	62,145.00	62,145.00	29,523.97	29,550.00	59,073.97	3,071.03	95.06%
Technology Software Suppt & Maint.	75,000.00	75,000.00	0.00	51,500.00	51,500.00	23,500.00	68.67%
Technology Cloud Services	1,100.00	1,100.00	449.47	1,250.00	1,699.47	(599.47)	154.50%
Technology Website Services	30,500.00	30,500.00	3,900.00	26,100.00	30,000.00	500.00	98.36%
Technology Infrastruct Support	227,600.00	227,600.00	25,931.83	140,700.00	166,631.83	60,968.17	73.21%
Technology V3 Software	180,000.00	180,000.00	0.00	180,800.00	180,800.00	(800.00)	100.44%
Technology VSG Hosting	310,000.00	310,000.00	142,846.80	107,200.00	250,046.80	59,953.20	80.66%
Technology Data Communication & Cyber Security	25,000.00	25,000.00	14,799.00	0.00	14,799.00	10,201.00	59.20%
Total Technology	$997,345.00	$997,345.00	$219,397.06	$572,104.01	$791,501.07	$205,843.93	79.36%
Total Current Year	$997,345.00	$997,345.00	$219,397.06	$572,104.01	$791,501.07	$205,843.93	79.36%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2021-2022 (Other Expense Non-CAP)
For the Six Months Ended December 31, 2022 (Fiscal Year-To-Date)- 50.00%

	Adopted 2023 Budget	Adjusted 2023 Budget	Expended Fiscal Year to Date	Projected Jan - June	Projected June 30, 2023	Available Balance	Percent Expended
Services & Supplies							
Actuary-Valuation	$65,000.00	$65,000.00	$32,500.00	$32,500.00	$65,000.00	$0.00	100.00%
Actuary-GASB 67	13,500.00	13,500.00	0.00	13,500.00	13,500.00	0.00	100.00%
Actuary-415 Calculation	20,000.00	20,000.00	24,426.00	5,500.00	29,926.00	(9,926.00)	149.63%
Actuary-Misc Hrly Consult	18,000.00	18,000.00	49,794.00	18,500.00	68,294.00	(50,294.00)	379.41%
Depreciation /Amortization	1,460,600.00	1,460,600.00	730,296.96	730,300.00	1,460,596.96	3.04	100.00%
Total Services & Supplies	$1,577,100.00	$1,577,100.00	$837,016.96	$800,300.00	$1,637,316.96	($60,216.96)	103.82%
Total Sal, Ben, Serv & Supp	$1,577,100.00	$1,577,100.00	$837,016.96	$800,300.00	$1,637,316.96	($60,216.96)	103.82%
Total Current Year	$1,577,100.00	$1,577,100.00	$837,016.96	$800,300.00	$1,637,316.96	($60,216.96)	103.82%

SPRUCEGROVE
INVESTMENT MANAGEMENT

Ventura County Employees' Retirement Association

INTERNATIONAL EQUITIES

April 17, 2023

Tasleem Jamal, Arjun Kumar

Tasleem Jamal, B.Comm., BA, MBA, CFA

Executive Vice President,
Head of Marketing & Client Services

A passionate student of finance, Tasleem began her career in 1998 during the TMT bubble, affirming her belief in the importance of capital preservation and the diligent focus on quality in pursuit of long-term returns. As part of Sprucegrove's executive team, Tasleem leads the firm's efforts in ensuring exemplary service to Sprucegrove's inspiring roster of clients and to build new partnerships.

Tasleem joined Sprucegrove in 2010, after senior roles at Burgundy Asset Management, Hewitt Associates, and Ernst & Young Investment Advisors. In 2014, she joined Sprucegrove's Business Management Committee. Tasleem is a CFA Charterholder and has her MBA (Finance) from McMaster University.

Arjun Kumar, HBA, MBA, CFA

CEO & Portfolio Manager

As a leader at Sprucegrove, Arjun serves to shape the investment team's individual and collective expertise, deliver disciplined portfolio management and provide valuable perspectives to clients and consultants.

Joining Sprucegrove in 2002 as an Investment Analyst, he was promoted to Senior Investment Analyst in 2010, Assistant Portfolio Manager in 2013 and Portfolio Manager and Co-Lead of International Equities in 2014 and Global Equities in 2018. He has been on Sprucegrove's Business Management Committee since 2015 and Board of Directors since 2017. Effective 2022, Arjun has assumed the role of Chief Executive Officer at Sprucegrove and will lead the Business Management Committee.

Arjun is a CFA Charterholder and earned both his Bachelor of Arts degree and MBA from the University of Toronto.

Fund Information

SPRUCEGROVE CIT VEHICLES

- SEI Trust Company (the "Trustee") serves as the Trustee of the Fund and maintains ultimate fiduciary authority over the management of, and the investments made, in the Fund. The Fund is part of a Collective Investment Trust (the "Trust") operated by the Trustee. The Trustee is a trust company organized under the laws of the Commonwealth of Pennsylvania and a wholly owned subsidiary of SEI Investments Company ("SEI"). "The Sprucegrove Collective Investment Trusts are trusts for the collective investment of assets or participating tax qualified pension and profit sharing plans and related trusts, and governmental plans as more fully described in the Declaration of Trust. As bank collective trusts, the Sprucegrove Collective Investment Trusts are exempt from registration as an investment company. The Sprucegrove Collective Investment Trusts are managed by SEI Trust Company, the trustee, based on the investment advice of Sprucegrove Investment Management Ltd. ("Sprucegrove"), the investment advisor to the trusts."

Executive Summary

MARCH 31, 2023

FIRM UPDATE

- Assets under management were **$17.5 billion**
  as at March 31, 2023
- **57 Clients** firm-wide
  - No clients gained and none lost in Q1
- International, ACWI ex. U.S., Global and ACWI mandates are **open** to new investors

INVESTMENT RESULTS[1]

- **For Q1 2023**
  the Fund's return was **+8.84%**
  vs. MSCI EAFE **+8.47%**
- **For the one year period**
  ending March 31, 2023
  the Fund's return was **+0.27%**
  vs. MSCI EAFE **-1.38%**
- **Since your inception[2]**
  on April 1, 2002 ending March 31, 2023
  the Fund's return was **+6.46%**
  vs. MSCI EAFE **+5.62%**

INVESTMENT STRATEGY

- As a **bottom-up value investor**, sector and country weightings are a residual of our stock selection process
- The Fund remains **well-diversified** and has holdings in all eleven sectors
  - The largest sector exposures are Industrials, Consumer Discretionary and Materials
- The Fund has holdings in **23 different countries** and has **exposure to 16 different currencies**
  - The largest country exposures are the U.K., Germany and Japan
- The Fund has **13.4% exposure to Emerging Markets**

Signatory of:

PRI Principles for Responsible Investment

[1]Returns presented for Sprucegrove International CIT, net of fees in U.S. dollars, as at March 31, 2023.
[2]Returns reflect a linking of Sprucegrove U.S. International Pooled Fund to the Sprucegrove International CIT on June 1, 2022.
Refer to Performance Footnotes in the appendix for additional details.
Source: Sprucegrove, MSCI.

Calendar Year Performance

SPRUCEGROVE INTERNATIONAL EQUITIES[1]

Year	Portfolio (Gross)[1] (%)	Portfolio (Net)[1] (%)	MSCI EAFE[2] (%)	Difference (Gross) (%)	Difference (Net) (%)	Market Events
1986	45.86	45.01	69.44	(23.58)	(24.43)	
1987	14.77	14.09	24.63	(9.86)	(10.54)	
1988	26.36	25.62	28.27	(1.91)	(2.65)	**Japanese Asset Price Bubble**
1989	27.87	27.12	10.54	17.33	16.58	December 1986 - February 1991
1990	**(6.74)**	**(7.30)**	**(23.45)**	**16.71**	**16.15**	
1991	24.01	23.28	12.13	11.88	11.15	
1992	**0.41**	**(0.19)**	**(12.17)**	**12.58**	**11.98**	
1993	36.06	35.26	32.56	3.50	2.70	
1994	6.15	5.52	7.78	(1.63)	(2.26)	
1995	12.38	11.72	11.21	1.17	0.51	
1996	18.28	17.58	6.05	12.23	11.53	
1997	10.51	9.85	1.78	8.73	8.07	
1998	9.89	9.23	20.00	(10.11)	(10.77)	
1999	23.22	22.50	26.96	(3.74)	(4.46)	
2000	**2.32**	**1.71**	**(14.17)**	**16.49**	**15.88**	**Technology, Media and Telecom Bubble**
2001	**(4.91)**	**(5.48)**	**(21.44)**	**16.53**	**15.96**	March 2000 - October 2002
2002	**(0.70)**	**(1.30)**	**(15.94)**	**15.24**	**14.64**	
2003	34.51	33.73	38.59	(4.08)	(4.86)	
2004	25.25	24.51	20.25	5.00	4.26	
2005	14.76	14.09	13.54	1.22	0.55	
2006	30.41	29.65	26.34	4.07	3.31	
2007	6.24	5.60	11.17	(4.93)	(5.57)	
2008	**(42.14)**	**(42.50)**	**(43.38)**	**1.24**	**0.88**	**Global Financial Crisis**
2009	36.99	36.19	31.78	5.21	4.41	December 2007 - June 2009
2010	19.42	18.72	7.75	11.67	10.97	
2011	**(10.31)**	**(10.85)**	**(12.14)**	**1.83**	**1.29**	
2012	17.75	17.06	17.32	0.43	(0.26)	
2013	17.57	16.88	22.78	(5.21)	(5.90)	
2014	**(2.83)**	**(3.41)**	**(4.90)**	**2.07**	**1.49**	
2015	**(8.72)**	**(9.27)**	**(0.81)**	**(7.91)**	**(8.46)**	
2016	12.38	11.71	1.00	11.38	10.71	
2017	27.99	27.24	25.03	2.96	2.21	
2018	**(13.43)**	**(13.95)**	**(13.79)**	**0.36**	**(0.16)**	
2019	17.76	17.07	22.01	(4.25)	(4.94)	
2020	4.44	3.81	7.82	(3.38)	(4.01)	**COVID-19 Global Pandemic**
2021	7.44	6.80	11.26	(3.82)	(4.46)	March 2020 - Present
2022	**(11.37)**	**(11.91)**	**(14.45)**	**3.08**	**2.54**	
2023, YTD[3]	9.60	9.44	8.47	1.13	0.97	
Since Inception[1,3]	10.52	9.86	7.43	3.09	2.43	

[1]Returns presented for Sprucegrove International Representative Account 1. Inception Date: September 30, 1985. For historical illustration purpose only. Past performance is no guarantee of future results. The principal value and investment return will fluctuate so that you may have a gain or loss when you sell your units.
[2]Bold numbers indicate down markets (negative Index return).
[3]Period ended March 31, 2023.
Source: Sprucegrove, MSCI. Britannica, International Banker, Federal Reserve History, Centers for Disease Control and Prevention.

Returns shorter than a 1-year period have not been annualized.
Returns greater than a 1-year period have been annualized. Returns are gross of fees in U.S. dollars. Investment performance will be reduced by investment management fees. Net returns reflect Gross returns reduced by management fees and withholding taxes associated with any dividends paid, where imposed by certain jurisdictions. Refer to Performance Footnotes in the appendix for additional details.

Annualized Performance Results, as at March 31, 2023

SPRUCEGROVE INTERNATIONAL EQUITIES

As of: 3/31/2023	Q1 (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	10 Years (%)	15 Years (%)	20 Years (%)	25 Years (%)	30 Years (%)	35 Years (%)	Since Inception (%)
Sprucegrove International Equities (Gross)[1]	9.60	1.71	(1.36)	15.48	4.01	2.51	4.80	3.91	8.11	6.85	8.41	8.93	10.52
Sprucegrove International Equities (Net)[1,2]	9.44	1.10	(1.95)	14.79	3.39	1.90	4.18	3.29	7.46	6.21	7.77	8.28	9.86
MSCI EAFE	8.47	(1.38)	(0.12)	12.99	5.42	3.52	5.00	3.00	7.32	4.26	5.50	4.81	7.43
MSCI EAFE Value	5.93	(0.31)	1.60	14.58	3.82	1.75	3.75	1.90	6.78	4.25	5.83	5.40	8.13
Sprucegrove International CIT (Gross)[3]	8.93	0.62	(0.99)	15.22	4.42	3.20	-	-	-	-	-	-	1.90
Sprucegrove International CIT (Net)[2,3]	8.84	0.27	(1.31)	14.84	4.08	2.86	-	-	-	-	-	-	1.56
MSCI EAFE	8.47	(1.38)	(0.12)	12.99	5.42	3.52	-	-	-	-	-	-	2.13
MSCI EAFE Value	5.93	(0.31)	1.60	14.58	3.82	1.75	-	-	-	-	-	-	0.26
Ventura County Employees' Retirement Association (Gross)[4]	8.93	0.74	(1.72)	15.07	3.73	2.28	4.66	3.81	8.01	-	-	-	6.89
Ventura County Employees' Retirement Association (Net)[2,4]	8.84	0.44	(2.04)	14.70	3.38	1.93	4.29	3.40	7.59	-	-	-	6.46
MSCI EAFE	8.47	(1.38)	(0.12)	12.99	5.42	3.52	5.00	3.00	7.32	-	-	-	5.62
MSCI EAFE Value	5.93	(0.31)	1.60	14.58	3.82	1.75	3.75	1.90	6.78	-	-	-	5.03

[1] Returns presented for the Sprucegrove International Representative Account 1. Inception date: September 30, 1985. Performance reflects a linking between Sprucegrove International Representative Account 1 and the Sprucegrove U.S. International Pooled Fund in June 2022. The fund's performance is linked to the Confederation Life International Pooled Fund for periods prior to 1994 (for which the Sprucegrove Investment Management team managed the portfolio since its inception). For historical illustration purpose only. Past performance is no guarantee of future results. The principal value and investment return will fluctuate so that you may have a gain or loss when you sell your units.
[2] Net returns reflect Gross returns reduced by management fees and withholding taxes associated with any dividends paid, where imposed by certain jurisdictions.
[3] Returns presented for Sprucegrove International CIT. Inception Date: January 31, 2018.
[4] Inception date of Ventura County Employees' Retirement Association: April 1, 2002

Returns reflect a linking of Sprucegrove U.S. International Pooled Fund to the Sprucegrove International CIT on June 1, 2022.

Assets under management: $259,522,558.06

The MSCI EAFE is the benchmark for Sprucegrove International Representative Account 1, the Sprucegrove International CIT and Ventura County Employees' Retirement Association. The MSCI EAFE Index was launched on Mar 31, 1986 and the MSCI EAFE Value Index was launched on Dec 08, 1997. Data prior to the launch date is back-tested test (i.e. calculations of how the index might have performed over that time period had the index existed). All supplementary indices are presented for comparative purposes only. All presented indices show performance that is net of dividends unless otherwise stated.

Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are gross of fees in U.S. dollars. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.
Source: Sprucegrove, MSCI.

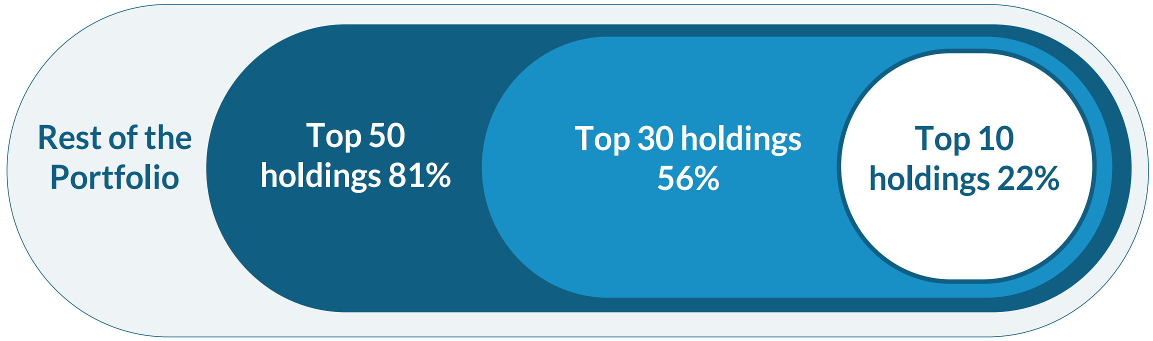
Our Portfolios look much different than the Index

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023

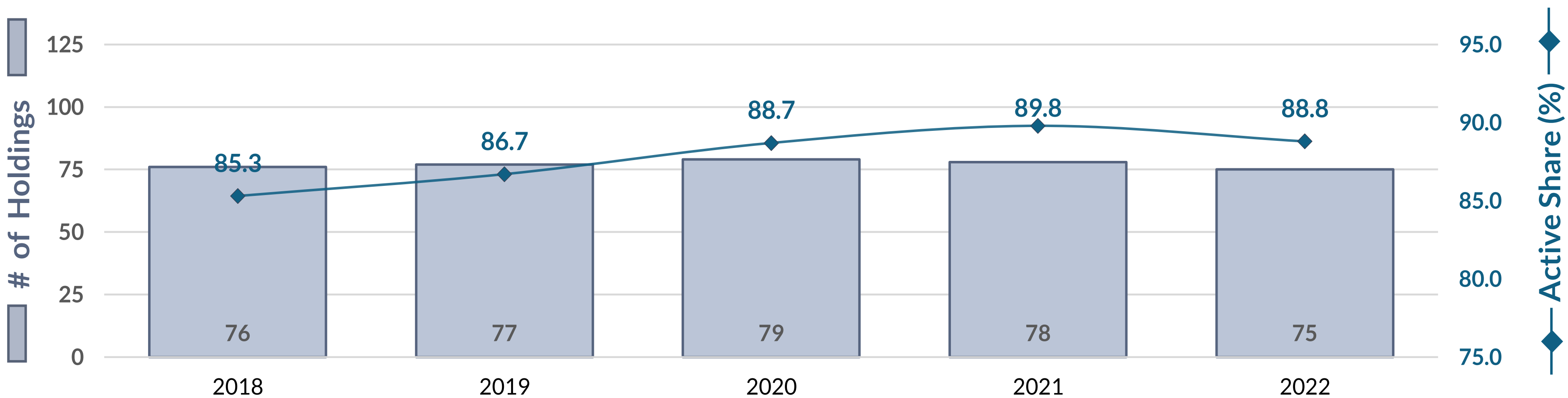
# of Portfolio Holdings	76
# MSCI EAFE Constituents	795
Portfolio Active Share[1]	88%

Most of the portfolio is invested in the top 30-50 holdings



Top portfolio holdings excluding cash.

HISTORICAL HOLDINGS AND ACTIVE SHARE[1,2]



[1] Active Share is a measure of the percentage of stock holdings in a portfolio that differ from the benchmark.
[2] All data as at December 31
Source: Sprucegrove, MSCI, FactSet.

Application of the Process

Q1 2023 TRANSACTION SUMMARY – SPRUCEGROVE INTERNATIONAL CIT

New Holdings & Additions

As Of: 3/31/2023	Sector	Projected ROE (%)	Normalized P/E (X)
New Holdings			
Roche Holding	**Health Care**	**50.0**	**16.2**
Anglo American	Materials	15.0	11.6
Nitto Denko	Materials	11.0	11.8
Adani Ports	Industrials	20.0	13.5
Assa Abloy	Industrials	18.0	17.2
Alibaba	Consumer Discretionary	14.0	11.5
Nokian Tyres	Consumer Discretionary	11.0	8.4
Seria	Consumer Discretionary	15.0	13.7
AIN Holdings	Consumer Staples	12.0	13.1
North West Company	Consumer Staples	20.0	13.6
Fresenius Medical Care	Health Care	11.0	5.4
Nihon Kohden	Health Care	12.0	14.1
Smith & Nephew	Health Care	16.0	14.7
Banco Bradesco	Financials	17.0	5.6
Omron	Information Technology	11.0	16.1
Venture Corp.	Information Technology	13.0	13.4
Average		**16.6**	**12.5**
MSCI EAFE		**11.0**	**15.5**

Eliminations & Reductions

As Of: 3/31/2023	Sector	Projected ROE (%)	Normalized P/E (X)
None			
CRH	Materials	11.0	16.4
Richemont	Consumer Discretionary	13.0	35.1
Average		**12.0**	**25.8**
MSCI EAFE		**11.0**	**15.5**

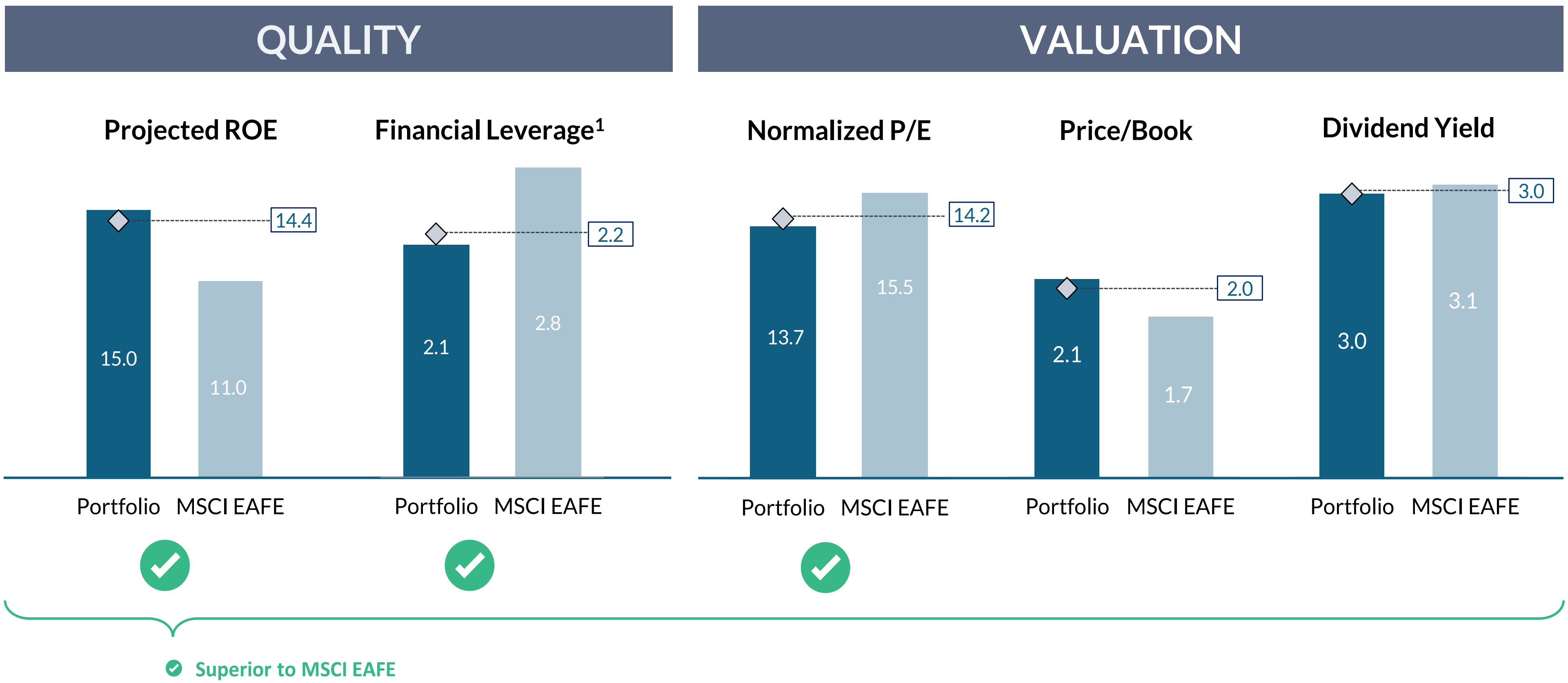
Valuation characteristics are based on weighted average purchase or sale price over the quarter and the latest reported book value per share. The Index is as of the end of the quarter.

Examples of specific holdings are intended to demonstrate our investment process and should not be construed as representative of investment performance or an investment recommendation. It should not be assumed that investments made in the future will be profitable or will equal any results presented. Investors should be aware that market conditions affect performance and that investment programs carry with them the possibility of loss. Transaction Summary information may exclude certain information and is not intended as a complete statement of transactions. Please see Important Information for a complete summary of possible exclusions.

Source: Sprucegrove, MSCI, FactSet.

Portfolio Characteristics – Q1 2023

QUALITY COMPANIES AT ATTRACTIVE VALUATIONS



[1] Financial Leverage weighted average excludes companies in the Financials sector.

◆ Sprucegrove International Representative Account 1's long term average since inception, September 30, 1985.

Source: Sprucegrove, MSCI, FactSet.

Historical Rolling Returns – Net of Fees

SPRUCEGROVE EAFE – U.S. CLIENT COMPOSITE

	Annual (%)		3 Years (%)		5 Years (%)		7 Years (%)		10 Years (%)		20 Years (%)		30 Years (%)	
Year	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE
1986	44.78	69.44												
1987	13.93	24.63												
1988	25.45	28.27	27.43	39.40										
1989	26.96	10.54	21.97	20.90										
1990	-7.42	-23.45	13.82	2.77	19.45	18.04								
1991	23.10	12.13	13.10	-1.74	15.64	8.69								
1992	0.56	-12.17	4.65	-8.99	12.79	1.34	17.05	12.33						
1993	36.39	32.56	19.08	9.29	14.69	2.01	16.06	8.46						
1994	5.41	7.78	13.07	7.86	10.50	1.50	14.78	6.23						
1995	11.47	11.21	17.02	16.69	14.68	9.37	12.86	4.09	17.04	13.62				
1996	16.94	6.05	11.17	8.32	13.51	8.15	11.54	3.48	14.57	8.42				
1997	9.42	1.78	12.57	6.27	15.45	11.39	14.23	7.77	14.11	6.25				
1998	8.11	20.00	11.42	9.00	10.20	9.19	12.13	8.82	12.42	5.54				
1999	21.37	26.96	12.81	15.74	13.35	12.83	15.19	14.71	11.92	7.01				
2000	1.68	-14.17	10.08	9.35	11.29	7.13	10.45	7.80	12.97	8.24				
2001	-5.70	-21.44	5.18	-5.05	6.60	0.89	8.71	3.04	10.00	4.46				
2002	-1.74	-15.94	-1.97	-17.24	4.33	-2.89	6.77	-1.00	9.75	4.00				
2003	33.27	38.59	7.28	-2.91	8.79	-0.05	8.78	2.86	9.49	4.47				
2004	24.06	20.25	17.56	11.89	9.27	-1.13	10.75	5.34	11.29	5.62				
2005	13.63	13.54	23.39	23.68	11.72	4.55	11.54	4.51	11.51	5.84	14.24	9.66		
2006	29.65	26.34	22.26	19.93	19.07	14.98	12.60	4.43	12.66	7.71	13.61	8.06		
2007	4.36	11.17	15.41	16.83	20.51	21.59	13.02	8.37	12.13	8.66	13.11	7.45		
2008	-42.59	-43.38	-8.07	-7.35	1.83	1.66	5.28	3.41	5.25	0.80	8.78	3.14		
2009	35.63	31.78	-6.68	-6.04	3.66	3.54	10.25	10.27	6.43	1.17	9.14	4.05		
2010	18.84	7.75	-2.55	-7.02	4.60	2.46	8.45	6.38	8.10	3.50	10.51	5.85		
2011	-10.82	-12.14	12.86	7.65	-2.94	-4.72	3.46	1.71	7.50	4.67	8.74	4.56		
2012	17.33	17.32	7.54	3.56	-0.64	-3.69	3.93	2.19	9.43	8.21	9.59	6.09		
2013	17.09	22.78	7.00	8.17	14.58	12.44	2.43	1.78	8.02	6.91	8.75	5.68		
2014	-3.89	-4.90	9.71	11.06	6.95	5.33	1.24	-0.47	5.30	4.43	8.25	5.02		
2015	-9.23	-0.81	0.71	5.01	1.34	3.60	8.08	7.83	2.96	3.03	7.15	4.42	10.35	7.40
2016	10.74	1.00	-1.14	-1.60	5.83	6.53	5.00	3.81	1.35	0.75	6.85	4.17	9.37	5.57
2017	26.67	25.03	8.39	7.80	7.46	7.90	5.96	6.04	3.33	1.94	7.64	5.25	9.75	5.58
2018	-14.10	-13.79	6.41	2.87	1.00	0.53	5.39	5.75	7.58	6.32	6.41	3.52	8.38	4.19
2019	17.86	22.01	8.64	9.56	5.21	5.67	5.46	6.35	6.08	5.50	6.25	3.32	8.11	4.53
2020	4.28	7.82	1.82	4.28	8.17	7.45	3.73	4.39	4.70	5.51	6.39	4.50	8.54	5.73
2021	7.88	11.26	9.86	13.54	7.61	9.55	5.45	6.76	6.71	8.03	7.11	6.33	8.06	5.71
2022	-12.44	-14.45	-0.50	0.87	-0.06	1.54	4.91	4.53	3.63	4.67	6.49	6.43	7.56	5.61
Periods Outperformed	62%		63%		79%		81%		86%		100%		100%	
Number of Years	23/37		22/35		26/33		25/31		24/28		18/18		8/8	

Outperform

Underperform

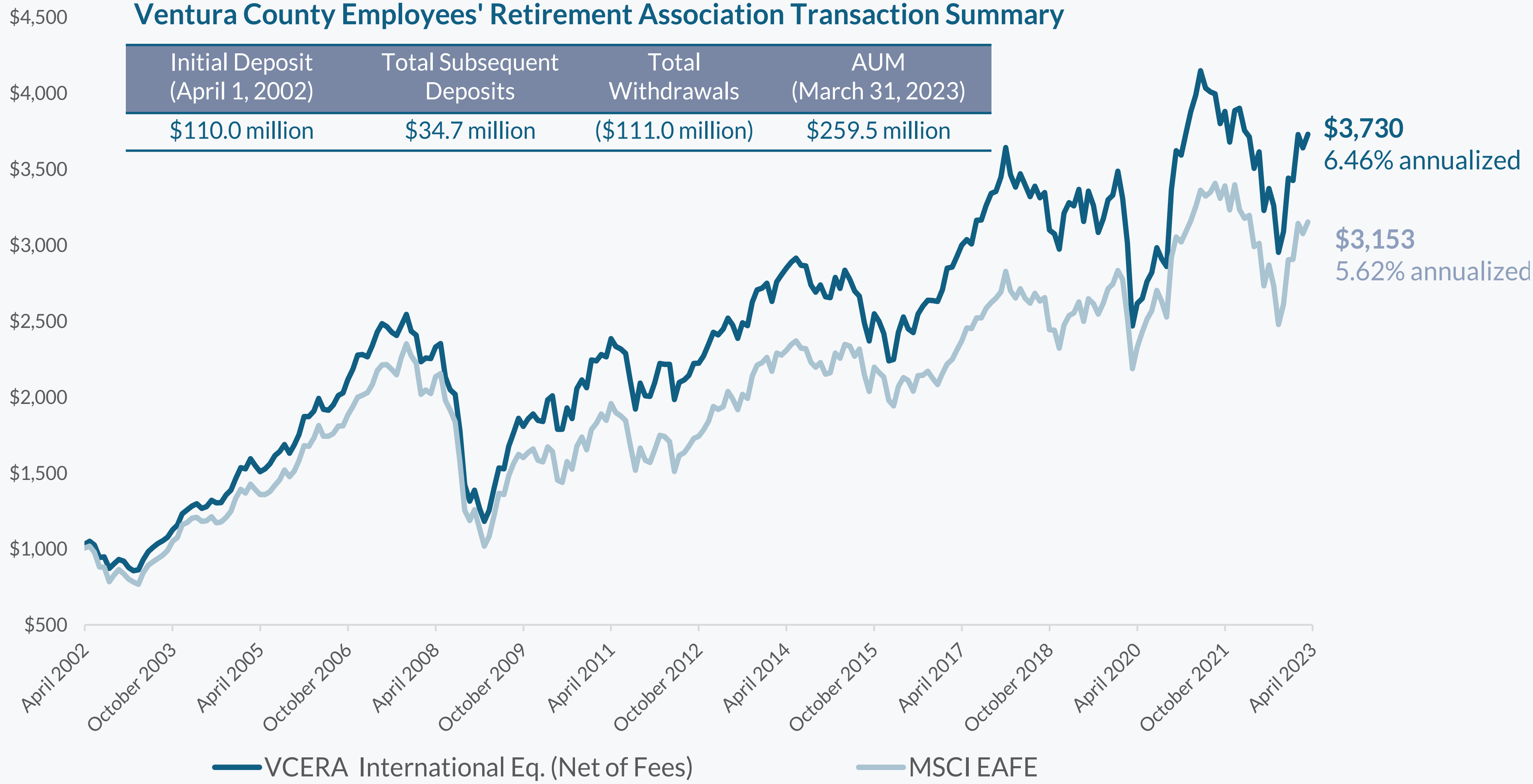
All data as at December 31. Returns greater than a 1-year period have been annualized. Returns are net of fees in U.S. dollars.
Investment performance will be reduced by investment management fees. Past performance is no guarantee of future results. The principal value and investment return will fluctuate so that you may have a gain or loss when you sell your units. Refer to Performance Footnotes in the appendix for additional details.
Source: Sprucegrove, MSCI.

Cumulative total return history for VCERA

GROWTH OF $1,000 SINCE INCEPTION ON APRIL 1, 2002 TO MARCH 31, 2023

Ventura County Employees' Retirement Association Transaction Summary

Initial Deposit (April 1, 2002)	Total Subsequent Deposits	Total Withdrawals	AUM (March 31, 2023)
$110.0 million	$34.7 million	($111.0 million)	$259.5 million



Returns are net of fees in U.S. dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Appendices

Partial List of Clients and Investors

CORPORATE

20 + Years	10 + Years	< 10 Years
Leith Wheeler, resolute Forest Products, the co-operators, Cargill	TEXTRON, BASF	Vanguard, CO-OP Consumers' Co-operative Refineries Limited, WELLS FARGO

PUBLIC PLANS

20 + Years	< 10 Years
NYCERS NYC Employees' Retirement System, New York City Police Pension Fund, Fire Department City of New York, Board of Education City of New York, trsnyc, SBA FLORIDA State Board of Administration, Ville de Montréal, BR City of Baton Rouge, VCERA Ventura County Employees' Retirement Association	U.S. ARMY, City of Tulsa A New Kind of Energy, Jefferson County Alabama

UNIVERSITIES & HEALTH CARE

20 + Years	10 + Years	< 10 Years
Florida State University, Redeemer Health	UNB Est. 1785 University of New Brunswick	Harris Health System, Huron University

INSURANCE, NON-PROFITS AND MULTI-EMPLOYER PLANS

20 + Years	10 + Years
Blue Cross Blue Shield Massachusetts, Diocese of Rockville Centre, Texas Mutual Insurance Company, Wespath, canada life, CSS Pension Plan, International Brotherhood of Teamsters	Manulife, iA Financial Group

The above list is a partial list of investors which are clients of Sprucegrove or investors in Funds managed by Sprucegrove. Sprucegrove sought consent from all such clients and investors for their inclusion in this list. All clients and investors who provided their consent in writing are included. It is not known whether the listed clients and investors approve or disapprove of Sprucegrove or the advisory services provided.
As at March 31, 2023.

Investment and Client Services Professionals

PORTFOLIO MANAGEMENT	Sprucegrove Years	Industry Years
Shirley Woo B.A., CFA PORTFOLIO MANAGER & BOARD DIRECTOR	39[1]	39
Arjun Kumar B.A., MBA, CFA CEO & PORTFOLIO MANAGER & BOARD DIRECTOR	20	20
Chris Rankin B.A., B.Sc., Mfin, CFA ASSISTANT PORTFOLIO MANAGER & ANALYST	20	22
Jonathan Singer B.A., CFA ASSISTANT PORTFOLIO MANAGER & RESEARCH DIRECTOR	15	21

SENIOR ANALYSTS		
Sabu Mehta B.Comm. SENIOR INVESTMENT ANALYST & BOARD DIRECTOR	31[1]	35
Matthew Bellis B.Comm., CFA SENIOR INVESTMENT ANALYST & ASSISTANT RESEARCH DIRECTOR	15	15
Kyle Koch B.Comm., MBA SENIOR INVESTMENT ANALYST	6	6

- An Experienced Team With a Collaborative Approach.
- 40 Out of 58 Employees are Shareholders.

[1]Includes years with Sprucegrove & Confederation Life.
As at March 31, 2023.

ANALYSTS	Sprucegrove Years	Industry Years
Hugh Nowers B.Comm., CFA	9	9
David Kwok B.Comm., MBA, CFA	6	12
Catherine Yi B.B.A., MBA, CFA	5	14
Ihsan Kohistani B.Comm., M.A., CFA	5	5
Bradley Romain B.Sc., CFA	4	21
Rajeev Saffar B.Eng., MBA, CFA	4	5
Jonathan Eng B.B.A.	3	2
Derek Ye B.Sc., MS	1	4
Mukhtar Mustapha B.Comm., M.Comm	1	16
Ace Cyrus Mirali B.Comm., MBA, CFA	1	5
Michael Malanda B.B.A.	<1	3
Prashanth Uppuluri CA, MBA, CFA	<1	14

MARKETING & CLIENT SERVICES		
Tasleem Jamal B.Comm., B.A., MBA, CFA EXECUTIVE VICE PRESIDENT, HEAD OF MARKETING & CLIENT SERVICES	12	24
Sebastien Roy B.A., CFA VICE PRESIDENT, MARKETING & CLIENT SERVICES	9	26
Elizabeth Taverna B.Sc., CFA VICE PRESIDENT, MARKETING & CLIENT SERVICES	1	15

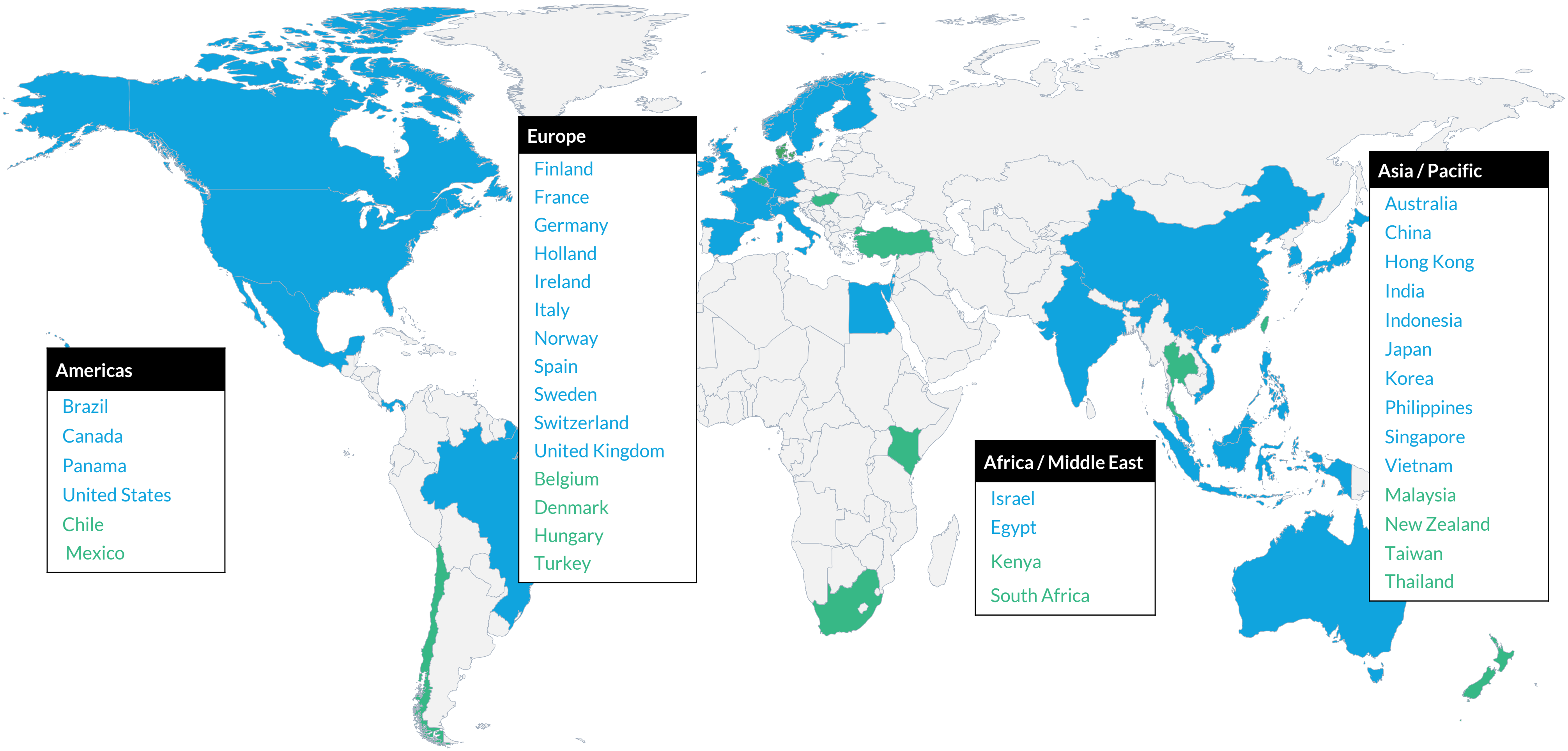
Foundation of our Investment Philosophy

*Active Share and Turnover are calculated based on 10-year average.
All data as at March 31, 2023.

Global Expertise

CANVASSING THE GLOBE TO DISCOVER, MEET WITH AND INVEST IN QUALITY COMPANIES

- ✓ **Working list:** 393 names in 39 countries
- ✓ >35 years investing in Developed Markets
- ✓ >30 years investing in Emerging Markets
- ✓ Sprucegrove International CIT:
- ✓ 76 holdings in 23 countries



■ Countries of domicile of working list names in our portfolios ■ Countries of domicile of working list names not in our portfolios

All data as at March 31, 2023.
Source: Sprucegrove.

Investment Process

RESEARCH

We define quality through five criteria

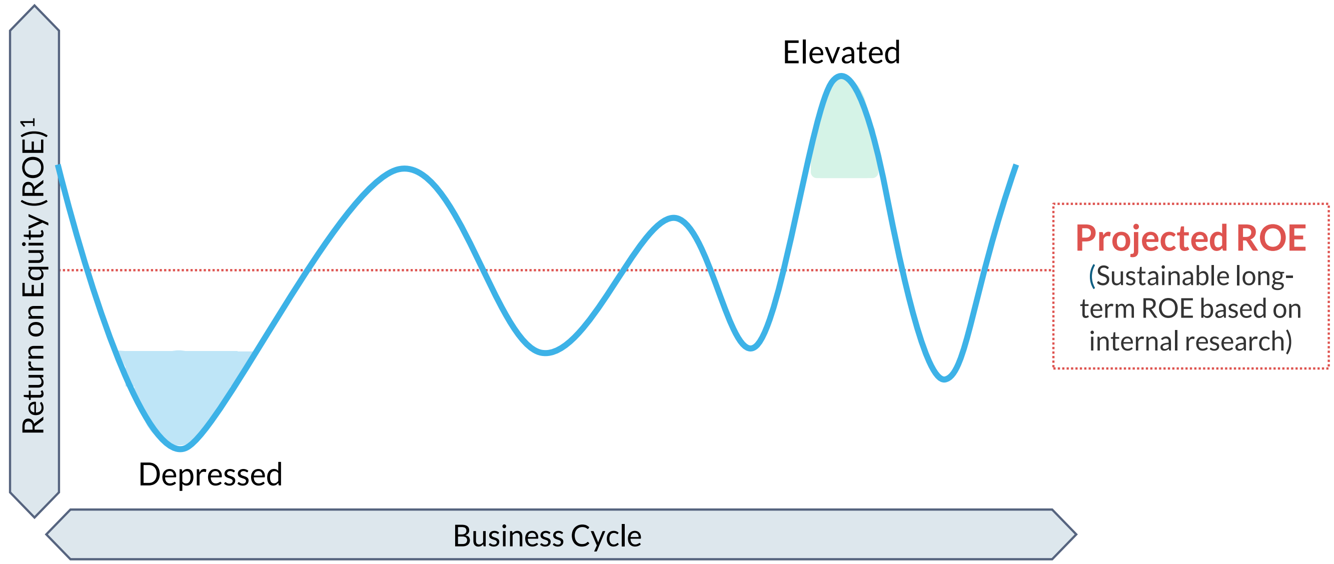
- Above Average and Consistent Profitability
- Sustainable Competitive Advantages
- Financial Strength
- Opportunity to Grow the Business
- Capable Management

Margin of safety on quality

Investment Process

1. QUALITY

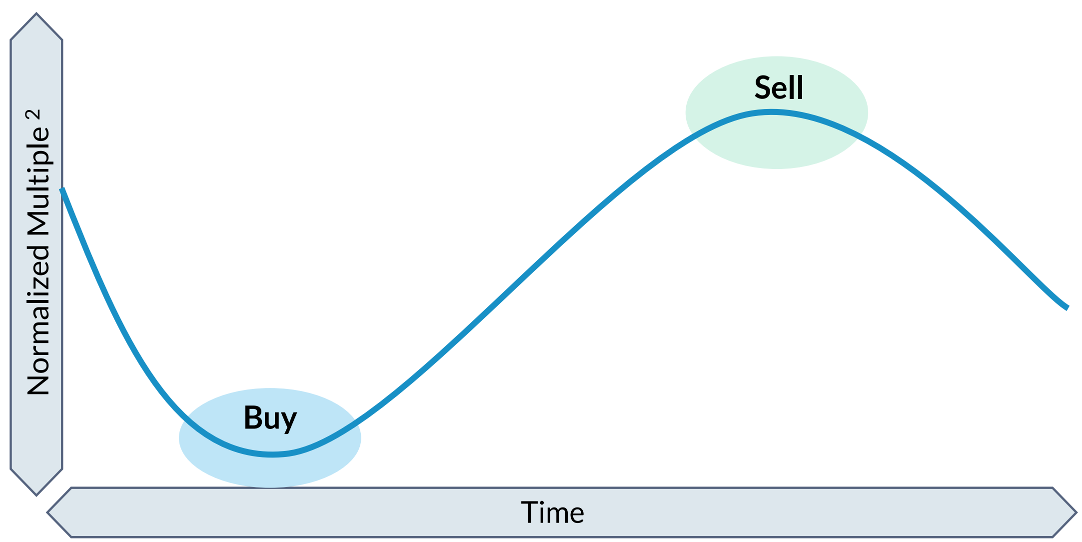
- **Proprietary Research**
- Margin of Safety: Conservative Projection



[1] ROE = (EBT / Sales) x (1-Tax) x (Sales / Total assets) x (Total assets / Total Common Equity)

2. VALUATION

- **Proprietary Method**
- Margin of Safety: Disciplined Valuation



[2] Normalized Multiple = Price / **Normalized Earnings**; Normalized Earnings = BVPS x Projected ROE

Security Selection

BUY DISCIPLINE

Attractive Quality

BUSINESSES THAT

- We understand
- Meet our quality standards

Attractive Valuations

RELATIVE TO

- Market indices
- Historical valuation
- Global peers

A security is purchased when it meets our quality criteria and is attractively valued.

Roche Holding – Switzerland

NEW HOLDING – Q1 2023

LEADERSHIP POSITION	RECORD OF HIGH AND CONSISTENT PROFITIBILITY	FINANCIAL POSITION	GROWTH OPPORTUNITY	MANAGEMENT
› A global leader in Oncology and In-Vitro Diagnostics	› Operating margin averaged 28% over the last 10 years › ROE averaged 45% over the last 10 years	› Net debt to equity of 60%	› A large pipeline in oncology and other therapeutic areas	› Focused on internal R&D that is geared towards first-in-class drugs › Striving to become more diversified across therapeutic areas

Market Cap.	$ 232.8B USD		Roche Q1 2023	MSCI Switzerland Q1 2023	EAFE Q1 2023
Quality	Projected ROE	(%)	**50.0**	13.0	11.0
	Financial Leverage	(X)	**3.2**	2.7	2.8
Valuation	Normalized P/E	(X)	**16.2**	24.3	15.5
	Price/Book	(X)	**8.1**	3.2	1.7
	Dividend Yield	(%)	**3.6**	3.0	3.1

Valuation Characteristics are based on the average price of the transactions during the quarter and latest reported book value per share

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. The information presented is an example of investment technique and should not be construed as representative of investment performance. A list of all securities purchased and sold within the past year together with dates and prices is available upon request.

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, FactSet

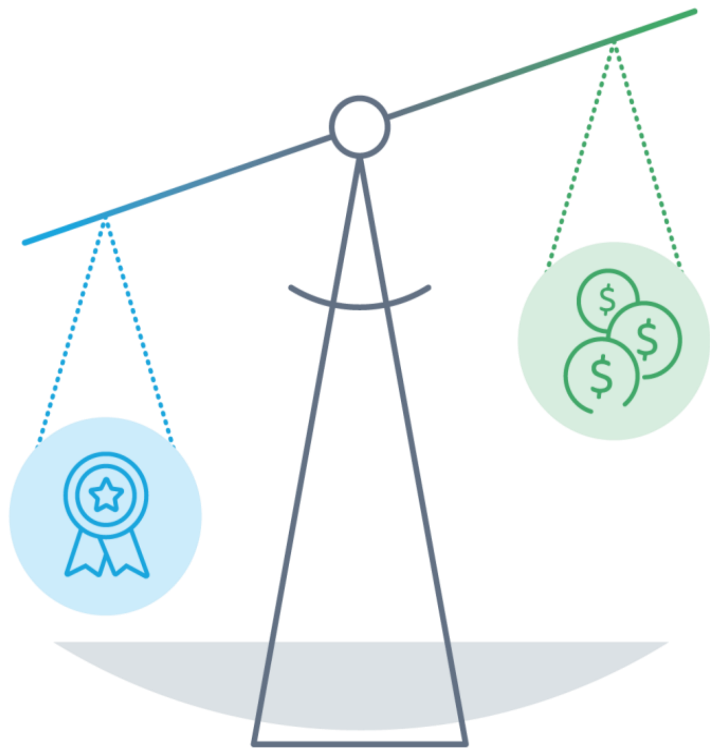
Security Selection

SELL DISCIPLINE

Lower Quality

BUSINESSES THAT

- No longer meet our quality criteria



Higher Valuations

BUSINESSES THAT

- Are no longer attractively valued

A security is sold when it no longer meets our quality criteria or is no longer attractively valued.

Richemont – Switzerland

RECENT REDUCTION – Q1 2023

LEADERSHIP POSITION	RECORD OF HIGH AND CONSISTENT PROFITIBILITY	FINANCIAL POSITION	GROWTH OPPORTUNITY	MANAGEMENT
› A global leader in the design and manufacture of luxury goods, › Focus on hard luxury – watches & jewellery › Flagship brands include Cartier and Van Cleef & Arpels	› Operating margin averaged 19% over the last 10 years › ROE averaged 12% over the last 10 years	› Net cash position	› Growing numbers of affluent consumers in developing markets › Omnichannel sales distribution › Growing demand for branded jewelry	› Focused on enhancing its brands and leading market positions › Experienced management team › Engaged on ESG matters impacting the industry

Market Cap.	$ 83.4B USD		Richemont Q1 2023	MSCI Switzerland Q1 2023	EAFE Q1 2023
Quality	Projected ROE	(%)	**13.0**	13.0	11.0
	Financial Leverage	(X)	**2.0**	2.7	2.8
Valuation	Normalized P/E	(X)	**35.1**	24.3	15.5
	Price/Book	(X)	**4.6**	3.2	1.7
	Dividend Yield	(%)	**1.4**	3.0	3.1

Valuation Characteristics are based on the average price of the transactions during the quarter and latest reported book value per share

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. The information presented is an example of investment technique and should not be construed as representative of investment performance. A list of all securities purchased and sold within the past year together with dates and prices is available upon request.

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, FactSet

Historical Characteristics

SPRUCEGROVE INTERNATIONAL EQUITIES[1]

		'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22
Quality																					
Portfolio Projected ROE	%	14.5	14.5	15.0	16.5	17.5	16.9	15.9	15.4	15.2	15.0	15.1	15.0	14.9	14.2	14.4	14.4	14.3	14.7	14.6	14.6
MSCI EAFE Projected ROE	%	10.0	10.0	10.0	11.0	11.0	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Portfolio Historical ROE	%	14.5	14.6	16.0	17.5	18.4	17.8	17.4	17.0	16.8	16.6	16.8	16.6	16.8	17.3	16.3	16.7	16.6	17.0	16.3	16.6
MSCI EAFE Historical ROE	%	8.6	8.5	9.3	9.9	11.3	11.3	11.6	11.6	11.6	11.5	11.8	11.9	11.7	11.2	10.4	9.8	9.5	9.5	9.5	9.5
Portfolio Fin. Leverage[2]	x	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.1	2.0	2.0	2.1	2.1	2.2	2.3	2.1	2.1	2.2	2.1	2.2	2.1
MSCI EAFE Fin. Leverage[2]	x	3.2	3.2	3.1	3.0	2.8	2.8	2.8	2.8	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.9	2.8
Valuation																					
Portfolio Normalized P/E	x	14.4	15.8	17.3	17.3	14.4	9.8	12.8	13.5	11.4	12.5	13.7	13.4	12.0	13.3	14.2	11.7	13.2	14.4	14.9	12.4
MSCI EAFE Normalized P/E	x	19.9	20.0	23.6	22.3	20.0	10.1	14.6	14.0	11.5	13.0	15.6	15.0	14.8	15.0	15.9	13.3	15.3	16.0	17.5	14.4

Consistently applied philosophy and process over time

[1] Sprucegrove International Representative Account 1's long term average since inception, September 30, 1985. For historical illustration purpose only - past performance may not be repeated.
[2] Financial Leverage weighted average excludes companies in the Financials sector.
All data as at December 31.
Source: Sprucegrove, MSCI, FactSet.

Sprucegrove Guiding Principles

OBJECTIVES

- To provide clients with above average investment performance and superior service over the long term.
- To make our firm a good long-term investment, with the same quality and solid financial attributes we require from our investments.

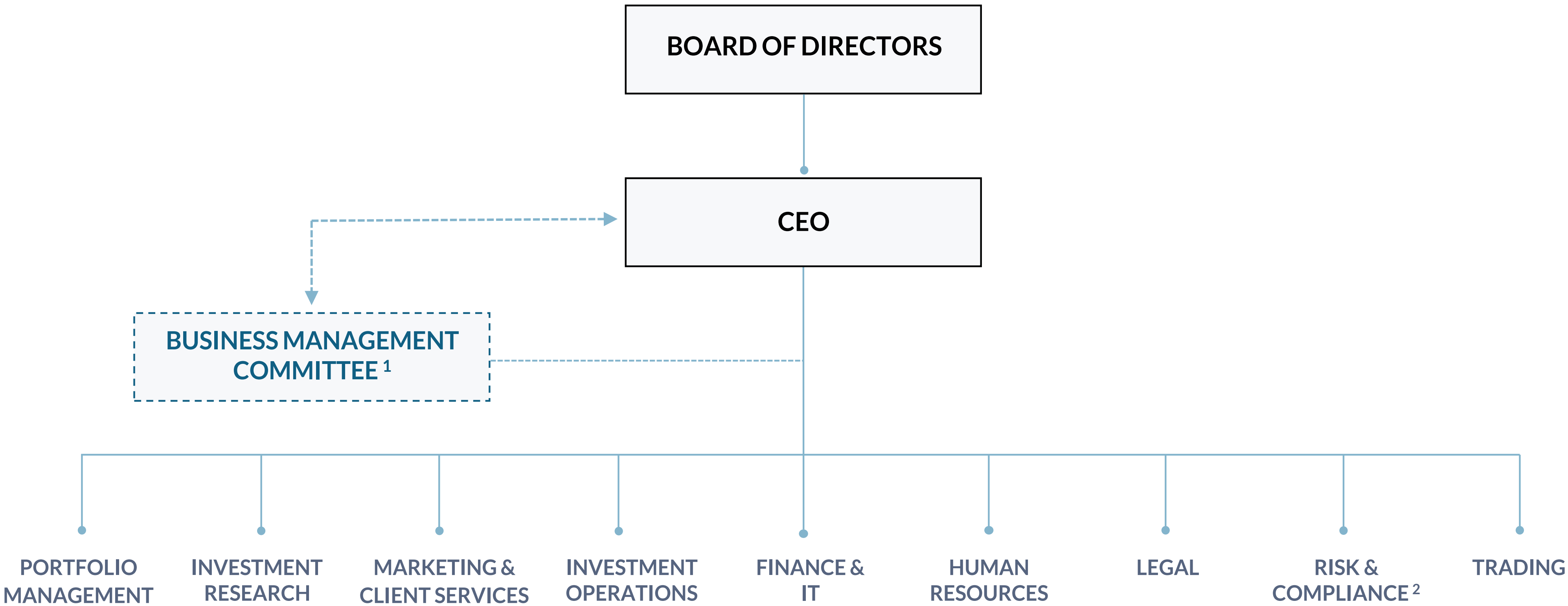
ORGANIZATION

- We make each aspect of the firm stronger by working together as one team.
- We are independent and employee owned.
- We are a small, focused business, carefully controlling our growth.

CORE VALUES

- Trust is the foundation of our team.
- We strive to act with honesty and integrity in all of our dealings to build strong relationships and our reputation.
- Showing respect for each other by being supportive and responsive.
- Putting our clients' interests first.
- Leading by example.
- Valuing loyalty to Sprucegrove, our colleagues, and our clients.
- Promoting a healthy work/life balance.
- Acting with humility and keeping a low profile.

Organization



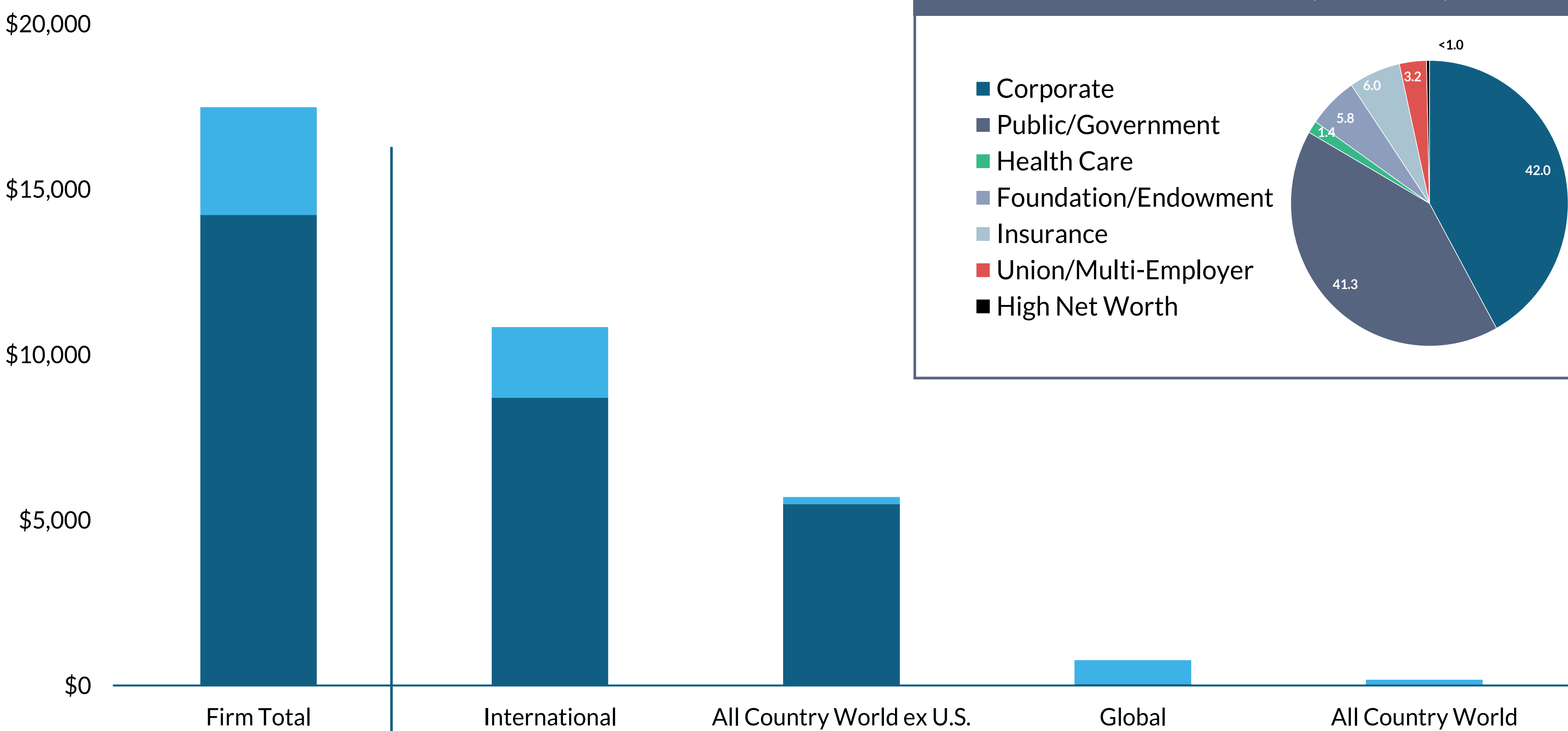
[1] The Business Management Committee, which is made up of the CEO, Senior Executives, and Department Heads, has the responsibility of overseeing the day-to-day management of the business and making key operating decisions.

[2] Risk & Compliance and Trading are subject to direct oversight by the. Board of Directors

Assets Under Management

MARCH 31, 2023

CLIENT TYPE (% of AUM)



AUM (USD$)	$ 17,486.8	$ 10,843.4	$ 5,701.5	$ 767.5	$ 174.3
U.S. Clients	$ 14,234.2	$ 8,706.7	$ 5,490.2	$ 37.3	-
Canadian Clients	$ 3,252.6	$ 2,136.7	$ 211.3	$ 730.2	$ 174.3
# Of Clients	57	32	16	7	2

All dollar amounts are in millions.

Top 10 Holdings

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023

				QUALITY		VALUE		
Stock	Country	Sector	Weight in Portfolio (%)	Projected ROE (%)	Financial Leverage[1] (x)	Normalized P/E (x)	P/B (x)	Dividend Yield (%)
Holcim	Switzerland	Materials	2.5	10.0	2.1	12.3	1.2	4.2
Smiths Group	United Kingdom	Industrials	2.4	13.0	1.9	18.8	2.4	2.3
HSBC	United Kingdom	Financials	2.1	9.0	17.7	9.0	0.8	4.7
AIA Group	Hong Kong	Financials	2.1	15.0	7.8	21.8	3.3	1.8
Novartis	Switzerland	Health Care	2.1	16.0	2.1	18.8	3.0	3.7
BASF	Germany	Materials	2.0	13.0	2.1	8.4	1.1	7.0
CRH	Ireland	Materials	2.0	11.0	2.1	15.8	1.7	2.6
Berkeley Group	United Kingdom	Consumer Discretionary	2.0	16.0	2.1	8.9	1.4	0.5
Jardine Matheson	Hong Kong	Industrials	2.0	12.0	3.1	4.1	0.5	4.4
BMW	Germany	Consumer Discretionary	1.9	10.0	3.0	7.5	0.7	5.7
Total			**21.1**					
Weighted Average				**12.5**	**1.8**	**12.7**	**1.6**	**3.7**
MSCI EAFE				**11.0**	**2.8**	**15.5**	**1.7**	**3.1**

[1] Financial Leverage weighted average excludes companies in the Financials sector.
Source: Sprucegrove, MSCI, FactSet.

Energy Holdings

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023

Company	Country	QUALITY: Projected ROE (%)	QUALITY: Financial Leverage[1] (x)	VALUE: Normalized P/E (x)	VALUE: Price/ Book (x)	VALUE: Dividend Yield (%)
SBM Offshore	Holland	13.0	4.9	6.0	0.8	7.5
Shell	United Kingdom	13.0	2.3	8.4	1.1	2.7
TotalEnergies	France	13.0	2.7	9.1	1.2	4.9
Vopak	Holland	12.0	2.4	11.4	1.4	3.8
Total Energy		**12.8**	**2.9**	**8.8**	**1.1**	**4.5**
Total Portfolio Average		**15.0**	**2.1**	**13.6**	**2.1**	**2.9**
MSCI EAFE		**11.0**	**2.8**	**15.5**	**1.7**	**3.1**

[1] Financial Leverage weighted average excludes companies in the Financials sector.
Not reflective of all holdings. All holdings by sector are available upon request.
Source: Sprucegrove, MSCI, FactSet.

Materials Holdings

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023

Company	Country	QUALITY: Projected ROE (%)	QUALITY: Financial Leverage[1] (x)	VALUE: Normalized P/E (x)	VALUE: Price/ Book (x)	VALUE: Dividend Yield (%)
ADBRI	Australia	11.0	2.0	7.3	0.8	3.1
Air Liquide	France	14.0	2.1	24.3	3.4	1.8
Anglo American	United Kingdom	15.0	2.5	9.5	1.4	7.4
BASF	Germany	13.0	2.1	8.4	1.1	7.0
CRH	Ireland	11.0	2.1	15.8	1.7	2.6
Fuchs Petrolub	Germany	19.0	1.4	14.7	2.8	2.9
Holcim	Switzerland	10.0	2.1	12.3	1.2	4.2
Nitto Denko	Japan	11.0	1.3	12.8	1.4	2.7
Stella-Jones	Canada	15.0	2.0	13.1	2.0	1.5
UPL	India	16.0	3.6	13.5	2.2	1.4
Victrex	United Kingdom	23.0	1.3	12.0	2.8	3.8
Total Materials		**13.8**	**1.9**	**13.3**	**1.8**	**3.8**
Total Portfolio Average		**15.0**	**2.1**	**13.6**	**2.1**	**2.9**
MSCI EAFE		**11.0**	**2.8**	**15.5**	**1.7**	**3.1**

[1] Financial Leverage weighted average excludes companies in the Financials sector.
Not reflective of all holdings. All holdings by sector are available upon request.
Source: Sprucegrove, MSCI, FactSet.

Financials Holdings

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023

		QUALITY		VALUE		
Company	Country	Projected ROE (%)	Financial Leverage[1] (x)	Normalized P/E (x)	Price/ Book (x)	Dividend Yield (%)
Banco Bradesco	Brazil	17.0	11.4	5.5	0.9	3.4
Bank of Nova Scotia	Canada	14.0	18.2	8.8	1.2	6.0
HSBC	United Kingdom	9.0	17.7	9.0	0.8	4.7
National Australia Bank	Australia	13.0	17.9	11.4	1.5	5.4
United Overseas Bank	Singapore	12.0	10.9	10.2	1.2	4.5
HDFC	India	18.0	5.2	14.7	2.6	1.1
AIA Group	Hong Kong	15.0	7.8	21.8	3.3	1.8
Total Financials		**13.8**	**11.9**	**12.4**	**1.8**	**3.6**
Total Portfolio Average		**15.0**	**2.1**	**13.6**	**2.1**	**2.9**
MSCI EAFE		**11.0**	**2.8**	**15.5**	**1.7**	**3.1**

[1] Financial Leverage weighted average excludes companies in the Financials sector.
Not reflective of all holdings. All holdings by sector are available upon request.
Source: Sprucegrove, MSCI, FactSet.

U.K. Holdings

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023

Company	Sector	QUALITY Historical ROE (%)	QUALITY Projected ROE (%)	QUALITY Financial Leverage[1] (x)	VALUE Normalized P/E (x)	VALUE Price/ Book (x)	VALUE Dividend Yield (%)	Non-U.K. Sales (%)
Anglo American	Materials	18.0	15.0	2.5	9.5	1.4	7.4	96.0
Berkeley Group	Consumer Discretionary	20.0	16.0	2.1	8.9	1.4	0.5	0.0
HSBC	Financials	12.0	9.0	17.7	9.0	0.8	4.7	80.0
IMI	Industrials	26.0	25.0	2.8	17.5	4.4	1.7	95.5
Renishaw	Information Technology	20.0	22.0	1.2	15.9	3.5	1.8	95.3
RS Group	Industrials	22.0	22.0	1.9	15.3	3.4	2.1	74.7
Shell	Energy	20.0	13.0	2.3	8.4	1.1	2.7	86.8
Smith & Nephew	Health Care	16.3	16.0	1.8	14.0	2.2	2.8	96.4
Smiths Group	Industrials	18.0	13.0	1.9	18.8	2.4	2.3	97.1
Spectris	Information Technology	15.0	15.0	1.4	17.8	2.7	2.0	96.1
Travis Perkins	Industrials	9.2	14.0	2.0	6.8	1.0	4.1	0.0
Victrex	Materials	20.1	23.0	1.3	12.0	2.8	3.8	100.0
Weir Group	Industrials	11.8	16.0	2.4	17.4	2.8	1.3	100.0
Portfolio U.K. Average		**17.5**	**16.1**	**2.0**	**13.0**	**2.2**	**2.8**	
Total Portfolio Average		**17.0**	**15.0**	**2.1**	**13.6**	**2.1**	**2.9**	
MSCI EAFE		**9.5**	**11.0**	**2.8**	**15.5**	**1.7**	**3.1**	

[1] Financial Leverage weighted average excludes companies in the Financials sector.
Not reflective of all holdings. All holdings by sector are available upon request.
Source: Sprucegrove, MSCI, FactSet.

Emerging Market Holdings

SPRUCEGROVE INTERNATIONAL CIT

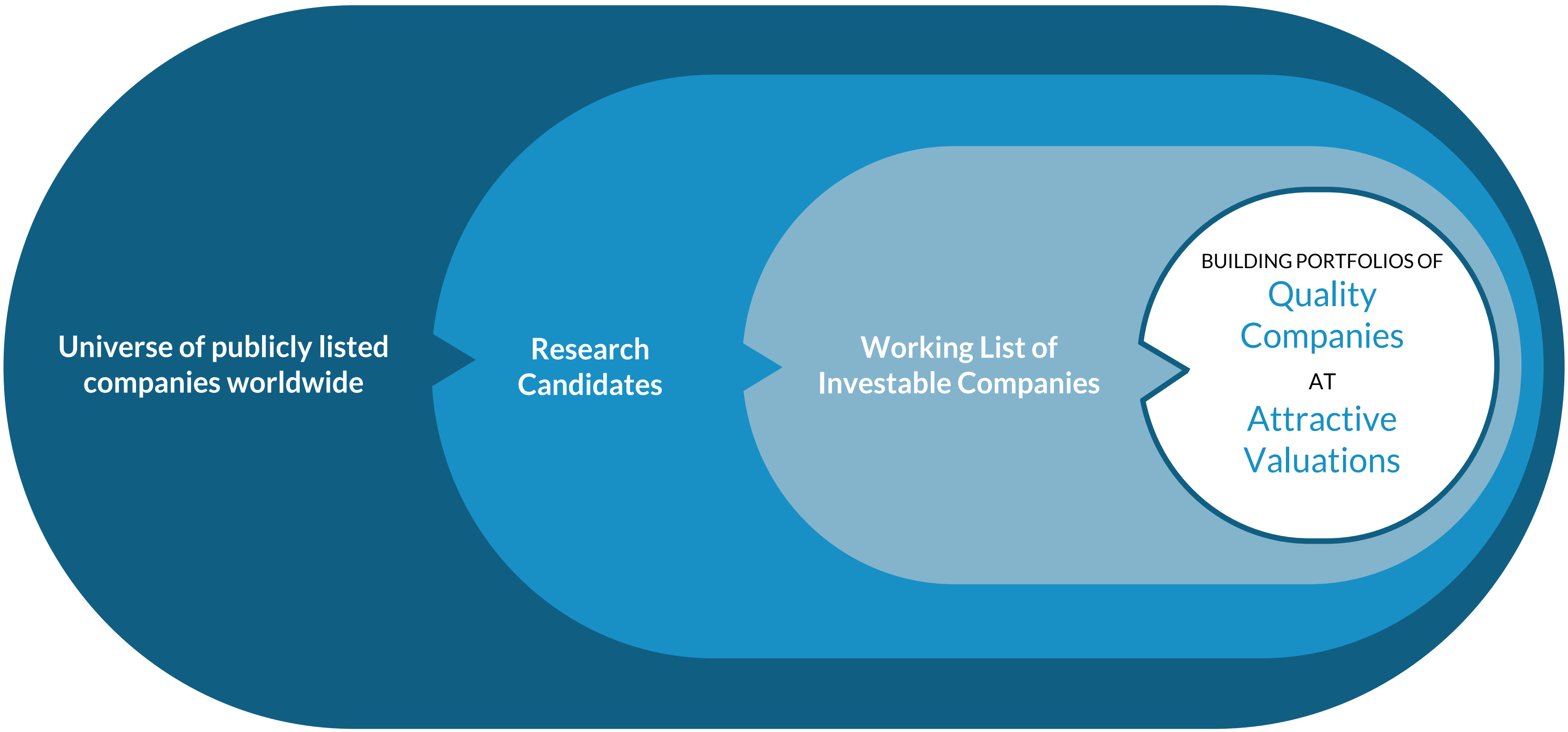
As Of: 3/31/2023

Company	Country	Mkt Cap (US$ Bn)	QUALITY: Projected ROE (%)	QUALITY: Financial Leverage[1] (x)	VALUE: Normalized P/E (x)	VALUE: Price/ Book (x)	VALUE: Dividend Yield (%)
Ambev (ADR)	Brazil	45	22.0	1.7	12.7	2.8	5.3
Banco Bradesco	Brazil	26	17.0	11.4	5.5	0.9	3.4
Alibaba	China	271	14.0	1.8	13.5	1.9	0.0
Tencent Holdings	China	470	23.0	2.2	19.0	4.4	0.4
Adani Ports	India	17	20.0	2.4	15.2	3.0	0.8
HDFC	India	59	18.0	5.2	14.7	2.6	1.1
UPL	India	7	16.0	3.6	13.5	2.2	1.4
Zee Entertainment	India	2	18.0	1.3	10.3	1.9	1.2
Samsung Electronics (GDR)	Korea	328	14.0	1.3	8.1	1.1	4.2
Copa Holdings	Panama	3	15.0	3.1	17.1	2.6	0.0
Vietnam Dairy	Vietnam	7	33.0	1.6	15.8	5.2	5.2
Portfolio Emerging Markets		**112**	**18.4**	**2.0**	**12.9**	**2.4**	**2.2**
Total Portfolio Average		**50**	**15.0**	**2.1**	**13.6**	**2.1**	**2.9**
MSCI EM		**5**	**12.0**	**2.5**	**13.4**	**1.6**	**3.3**
MSCI EAFE		**19**	**11.0**	**2.8**	**15.5**	**1.7**	**3.1**

[1] Financial Leverage weighted average excludes companies in the Financials sector.
Not reflective of all holdings. All holdings by sector are available upon request.
Source: Sprucegrove, MSCI, FactSet.

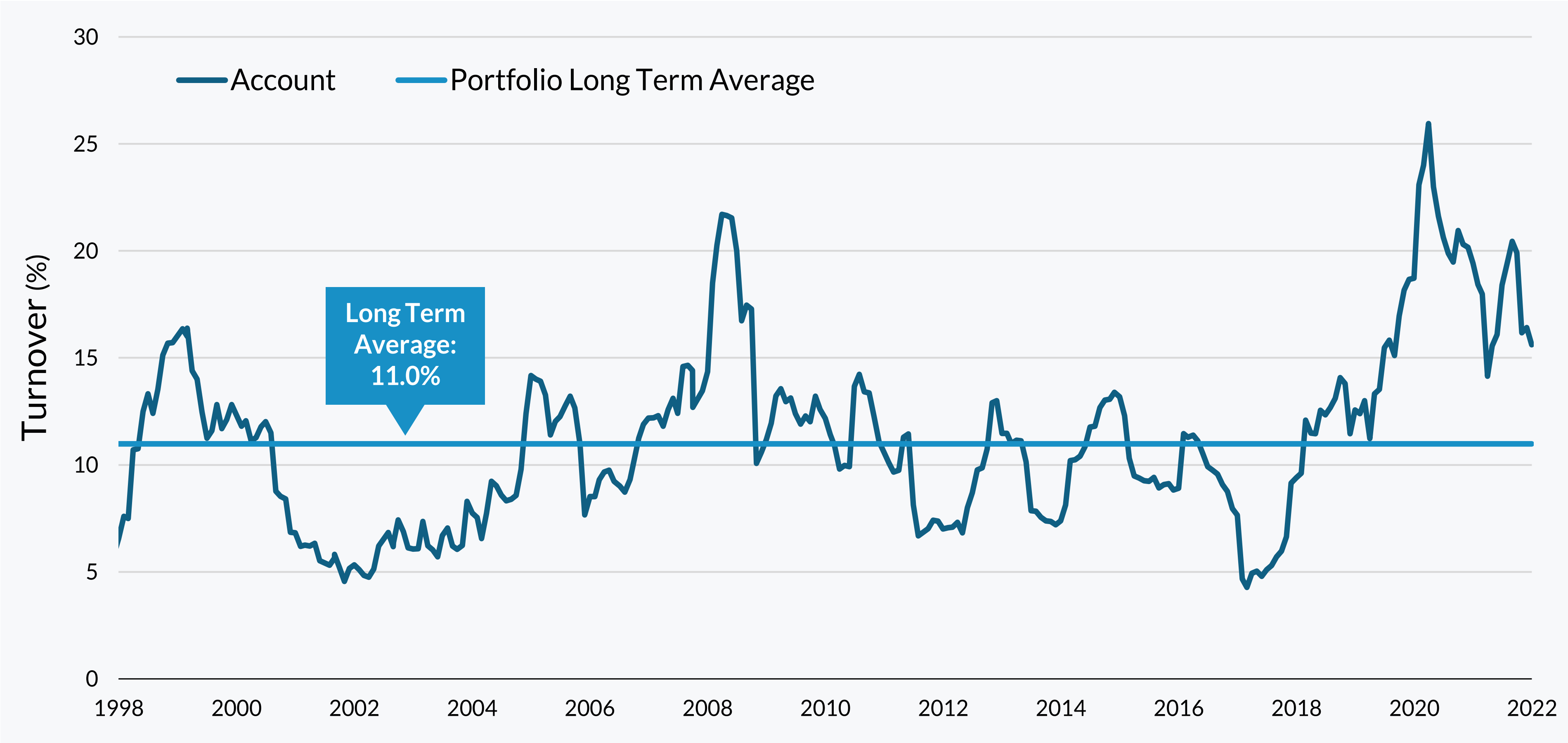
Investment Process

OUR PORTFOLIOS ARE CONSTRUCTED FROM THE BOTTOM-UP, BASED ON QUALITY & VALUATION



12 Month Trailing Portfolio Turnover

SPRUCEGROVE INTERNATIONAL EQUITIES[1]



1 YEAR TURNOVER, AS AT DECEMBER 31, 2022

Sprucegrove International Equities[1]	16%
EAFE All Cap Equity Universe Average	39%

[1] Data presented for Sprucegrove International Representative Account 1. Data from December 31, 1998 to December 31, 2022. Sprucegrove International Equities included for illustration purposes only in light of the similarities between strategies.
Turnover Calculated as: (Total of the lesser of buys or sales over 12 month period / Average market values over period) x 100.
Source: Sprucegrove, eVestment.

Sector Weightings/Returns – Q1 2023

SPRUCEGROVE INTERNATIONAL CIT

VS. MSCI EAFE	WEIGHTING[2] (%)		PERFORMANCE, QTR[2] (%)		
Sector	Portfolio[1]	MSCI EAFE	Portfolio[1,3]	MSCI EAFE	Impact[4]
Energy	5.75	4.48	2.13	0.42	-
Materials	**15.60**	**7.71**	**12.09**	**7.59**	**+**
Industrials	18.74	15.62	10.66	11.85	-
Consumer Discretionary	17.27	12.02	15.38	17.03	+
Consumer Staples	8.07	10.44	4.38	7.58	-
Health Care	**8.09**	**13.17**	**8.92**	**5.37**	**+**
Financials	10.92	17.68	(0.28)	2.52	+
Information Technology	**7.61**	**8.56**	**14.88**	**18.95**	**-**
Communication Services	**2.86**	**4.51**	**0.91**	**10.45**	**-**
Utilities	1.33	3.42	30.68	8.18	+
Real Estate	0.81	2.38	(1.09)	(2.09)	+
Cash	2.94	0.00	-	-	
Total	100.00	100.00	8.84	8.47	

ATTRIBUTION HIGHLIGHTS

vs. MSCI EAFE

› Stock selection in Materials and underweight Health Care were the top contributors.

› Underweight Information Technology detracted the most.

VS. MSCI EAFE Value	WEIGHTING[2] (%)		PERFORMANCE, QTR[2] (%)		
Sector	Portfolio[1]	MSCI EAFE Value	Portfolio[1,3]	MSCI EAFE Value	Impact[4]
Energy	5.75	8.61	2.13	0.25	+
Materials	**15.60**	**10.42**	**12.09**	**4.69**	**+**
Industrials	18.74	12.94	10.66	11.20	+
Consumer Discretionary	**17.27**	**8.58**	**15.38**	**12.80**	**+**
Consumer Staples	8.07	6.12	4.38	5.25	-
Health Care	8.09	8.55	8.92	7.10	+
Financials	10.92	27.21	(0.28)	3.50	-
Information Technology	**7.61**	**2.88**	**14.88**	**10.65**	**+**
Communication Services	2.86	4.65	0.91	8.48	-
Utilities	1.33	6.19	30.68	9.22	+
Real Estate	**0.81**	**3.84**	**(1.09)**	**(2.95)**	**+**
Cash	2.94	0.00	-	-	
Total	100.00	100.00	8.84	5.93	

ATTRIBUTION HIGHLIGHTS

vs. MSCI EAFE Value

› Stock selection in Materials as well overweight Consumer Discretionary and Information Technology were the top contributors

[1] Data presented for Sprucegrove International CIT. Returns and attribution does not show cash.

[2] Bold numbers indicate primary contributors to relative performance vs. the Index.

[3] Returns are net of fees in U.S. dollars.

[4] Net impact of sector allocation and security selection on relative performance.

Investment performance will be reduced by investment management fees. Past performance is no guarantee of future results. The principal value and investment return will fluctuate so that you may have a gain or loss when you sell your units. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, FactSet.

Country Weightings/Returns – Q1 2023

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023	WEIGHTING[1] (%)		PERFORMANCE, QTR[1,2] (%)	
Country	**Portfolio**	**MSCI EAFE**	**Portfolio**	**MSCI**
Australia	1.20	7.46	(7.97)	2.79
Hong Kong	6.79	2.73	(3.34)	(2.39)
Japan	11.45	21.51	9.47	6.19
Singapore	5.38	1.51	5.68	7.05
Other	0.00	0.22	-	-
Pacific	**24.82**	**33.43**	**3.90**	**4.71**
Finland	0.74	0.98	(5.26)	(0.34)
France	3.19	12.53	4.47	14.62
Germany	11.56	8.66	18.31	14.69
Holland	2.20	4.59	6.91	16.64
Ireland	3.45	0.78	28.51	21.43
Italy	1.64	2.48	31.50	14.66
Spain	1.11	2.60	26.57	15.66
Other	0.00	1.42	-	-
Eurozone[3]	**23.89**	**34.04**	**16.71**	**14.23**
Norway	0.84	0.66	3.60	(7.17)
Sweden	1.03	3.37	11.53	9.53
Switzerland	8.84	9.97	15.63	6.72
United Kingdom	19.73	14.80	9.91	6.11
Other	0.00	3.06	-	-
Non-Eurozone	**30.43**	**31.85**	**11.37**	**6.92**
Israel	0.41	0.67	3.04	0.83
Europe & Middle East	**54.73**	**66.57**	**13.59**	**10.45**
Brazil	2.94	0.00	(1.07)	(3.17)
China	2.22	0.00	17.32	4.71
India	4.33	0.00	(4.65)	(6.35)
Korea	1.77	0.00	11.18	9.58
Panama	1.48	0.00	11.04	-
Philippines	0.00	0.00	-	2.44
South Africa	0.00	0.00	-	(0.58)
Vietnam	0.68	0.00	(1.50)	-
Other	0.00	0.00	-	-
Emerging Markets	**13.41**	**0.00**	**3.42**	**3.96**
Canada	4.11	0.00	7.17	4.31
Cash	**2.94**	**0.00**	-	-
Total/MSCI EAFE	**100.00**	**100.00**	**8.84**	**8.47**

- Stock selection in Switzerland and the U.K. as well as underweight Japan were the top contributors.
- Underweight France and exposure to Emerging Markets detracted the most.

[1]Data presented for Sprucegrove International CIT. Returns and attribution does not show cash.

[2]Returns are net of fees in U.S. dollars, unless otherwise stated.

[3]Eurozone benchmark is represented by the MSCI Euro Index. Please see Important Information for additional details.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the Appendix for additional details.
Source: Sprucegrove, MSCI, FactSet.

Attribution Highlights – Q1 2023

EXPOSURES WITH THE MOST IMPACT ON RELATIVE PERFORMANCE

QTD PERFORMANCE, AS AT MARCH 31, 2023

Sprucegrove International CIT[1]: 8.84% vs **MSCI EAFE: 8.47%**

SECTOR ALLOCATION[3]

Contributors	Detractors
Materials › Holcim, CRH **Health Care** › ***Underweight*** › Fresenius Medical Care	**Information Technology** › ***Underweight*** › *ASML Holding[2]*

COUNTRY ALLOCATION[3]

Contributors	Detractors
Switzerland › Holcim, Richemont **United Kingdom** › IMI, Spectris, Berkeley Group **Japan** › ***Underweight*** › Koito Manufacturing	**France** › ***Underweight*** › TotalEnergies, *LMVH[2]* **Emerging Markets** › Zee Entertainment **Hong Kong** › **Overweight** › AIA Group, Jardine Matheson

[1] Returns presented for Sprucegrove International CIT are net of fees in U.S. dollars. Returns and attribution does not show cash.

[2] Non holdings or holding underweight relative to the index.

[3] Selection of meaningful Countries/Sectors: contributes at least 20 bps or 10% of the total contribution to return whichever is greater in absolute terms.

Under/overweight comments will be based on whichever component is greater than 66% of contribution. A combined comment may be used. Sequence of comments: The country/sector that are meaningful contributors and detractors will be listed first respectively. Securities listed: based on the impact on relative performance, typically 2 securities will be listed unless the subsequent ones have a similar impact.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, FactSet.

Impact Stocks – Q1 2023

SPRUCEGROVE INTERNATIONAL CIT

As Of: 3/31/2023

	Country	Sector	Average Weighting (%)	Estimated Contribution (bps)
Top 5 Contributors				
Holcim	Switzerland	Materials	2.5	56
CRH**	Ireland	Materials	1.9	52
Brembo	Italy	Consumer Discretionary	1.6	41
Richemont**	Switzerland	Consumer Discretionary	1.9	41
BMW	Germany	Consumer Discretionary	1.9	40
				230
Bottom 5 Contributors				
Anglo American*	United Kingdom	Materials	1.4	(17)
AIA Group	Hong Kong	Financials	2.3	(12)
Zee Entertainment	India	Communication Services	1.0	(11)
AIN Holdings*	Japan	Consumer Staples	1.0	(9)
National Australia Bank	Australia	Financials	1.0	(9)
				(58)

*Addition/New Holding
**Reduction/Elimination

Average weighting is calculated as the average daily weight of the equity in the portfolio. Contribution to Fund Return is calculated using the geometric daily linking of the return multiplied by the beginning of day weight. A list of all holdings' contributions is available upon request.

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, FactSet.

Sector Weightings/Returns – 1 Year, ending December 31, 2022

SPRUCEGROVE INTERNATIONAL CIT

VS. MSCI EAFE	WEIGHTING[2] (%)		PERFORMANCE, 1-YEAR[2] (%)		
Sector	Portfolio[1]	MSCI EAFE	Portfolio[1,3]	MSCI EAFE	Impact[4]
Energy	6.57	4.95	20.92	27.67	+
Materials	15.40	7.80	(11.98)	(10.26)	+
Industrials	18.44	15.06	(17.00)	(20.58)	+
Consumer Discretionary	**16.88**	**11.12**	**(27.13)**	**(22.42)**	-
Consumer Staples	**8.37**	**10.47**	**(4.14)**	**(13.05)**	+
Health Care	**6.14**	**13.55**	**(19.31)**	**(11.03)**	-
Financials	12.52	18.66	1.05	(4.57)	+
Information Technology	**7.00**	**7.81**	**(25.49)**	**(32.37)**	+
Communication Services	3.17	4.46	(14.22)	(16.78)	+
Utilities	1.12	3.48	60.53	(12.45)	+
Real Estate	0.88	2.63	(6.38)	(20.89)	+
Cash	3.52	0.00	-	-	
Total	**100.00**	**100.00**	**(11.95)**	**(14.45)**	

ATTRIBUTION HIGHLIGHTS

vs. MSCI EAFE

- Underweight and stock selection in Information Technology contributed the most.
- Stock selection in Consumer Discretionary was the top detractor.

VS. MSCI EAFE Value	WEIGHTING[2] (%)		PERFORMANCE, 1-YEAR[2] (%)		
Sector	Portfolio[1]	MSCI EAFE Value	Portfolio[1,3]	MSCI EAFE Value	Impact[4]
Energy	6.57	9.29	20.92	29.90	-
Materials	**15.40**	**10.56**	**(11.98)**	**2.22**	-
Industrials	**18.44**	**12.33**	**(17.00)**	**(11.01)**	-
Consumer Discretionary	**16.88**	**8.02**	**(27.13)**	**(22.23)**	-
Consumer Staples	8.37	6.13	(4.14)	(7.26)	+
Health Care	**6.14**	**8.44**	**(19.31)**	**(3.35)**	-
Financials	12.52	27.73	1.05	(2.42)	+
Information Technology	7.00	2.74	(25.49)	(22.30)	-
Communication Services	3.17	4.55	(14.22)	(10.17)	+
Utilities	1.12	6.04	60.53	(11.74)	+
Real Estate	0.88	4.17	(6.38)	(17.08)	+
Cash	3.52	0.00	-	-	
Total	**100.00**	**100.00**	**(11.95)**	**(5.58)**	

ATTRIBUTION HIGHLIGHTS

vs. MSCI EAFE Value

- Underweight and stock selection in Consumer Discretionary, Materials and Industrials were the top detractors.
- Underweight and stock selection in Utilities contributed most.

[1] Data presented for Sprucegrove International CIT. Returns and attribution does not show cash.

[2] Bold numbers indicate primary contributors to relative performance vs. the Index.

[3] Returns are net of fees in U.S. dollars.

[4] Net impact of sector allocation and security selection on relative performance.

Investment performance will be reduced by investment management fees. Past performance is no guarantee of future results. The principal value and investment return will fluctuate so that you may have a gain or loss when you sell your units. Refer to Performance Footnotes in the appendix for additional details. Source: Sprucegrove, MSCI, FactSet.

Country Weightings/Returns – 1 Year, ending December 31, 2022

SPRUCEGROVE INTERNATIONAL CIT

As Of: 12/31/2022	WEIGHTING[1] (%)		PERFORMANCE, 1-YEAR[1,2] (%)	
Country	Portfolio	MSCI EAFE	Portfolio	MSCI
Australia	1.42	7.94	(13.05)	(5.25)
Hong Kong	7.77	3.03	(0.71)	(4.71)
Japan	11.28	21.94	(25.79)	(16.65)
Singapore	5.68	1.51	15.57	(10.99)
Pacific	**26.15**	**34.61**	**(10.23)**	**(13.03)**
Finland	0.79	1.02	(72.93)	(15.28)
France	3.62	11.85	11.46	(13.34)
Germany	10.44	8.15	(24.56)	(22.34)
Holland	2.31	4.25	18.30	(27.78)
Ireland	3.18	0.69	(24.24)	(26.23)
Italy	1.43	2.35	(20.30)	(14.28)
Spain	1.00	2.42	19.77	(7.28)
Eurozone[3]	**22.77**	**32.19**	**(17.72)**	**(17.86)**
Norway	0.86	0.78	(2.36)	(7.02)
Sweden	0.98	3.33	2.27	(28.41)
Switzerland	7.91	10.14	(3.44)	(18.32)
United Kingdom	19.70	15.27	(17.42)	(4.84)
Non-Eurozone	**29.45**	**32.48**	**(12.98)**	**(12.17)**
Israel	0.42	0.72	8.46	(26.67)
Europe & Middle East	**52.64**	**65.39**	**(14.80)**	**(15.20)**
Brazil	3.24	0.00	(1.56)	14.15
China	2.01	0.00	(28.60)	(21.93)
India	4.24	0.00	(9.43)	(7.95)
Korea	1.70	0.00	(32.08)	(29.36)
Panama	1.46	0.00	(0.10)	-
Philippines	0.00	0.00	19.52	(13.92)
South Africa	0.00	0.00	(20.07)	(3.88)
Vietnam	0.75	0.00	(8.55)	-
Emerging Markets	**13.41**	**0.00**	**(11.04)**	**(20.09)**
Canada	4.29	0.00	(3.88)	(12.87)
Cash	**3.52**	**0.00**	-	-
Total/MSCI EAFE	100.00	100.00	(11.95)	(14.45)

- Stock selection in Holland, Singapore and Switzerland were the top contributors.
- Stock selection in the U.K., Finland and Japan detracted most.

[1]Data presented for Sprucegrove International CIT. Returns and attribution does not show cash.

[2]Returns are net of fees in U.S. dollars, unless otherwise stated.

[3]Eurozone benchmark is represented by the MSCI Euro Index. Please see Important Information for additional details.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the Appendix for additional details.
Source: Sprucegrove, MSCI, FactSet.

Attribution Highlights – 1 Year, ending December 31, 2022

EXPOSURES WITH THE MOST IMPACT ON RELATIVE PERFORMANCE

1 YEAR PERFORMANCE, ENDING DECEMBER 31, 2022

Sprucegrove International CIT[1]: -11.95% vs **MSCI EAFE: -14.45%**

SECTOR ALLOCATION[3]

Contributors	Detractors
Information Technology › ***Underweight*** › *ASML Holdings[2]* **Consumer Staples** › Ambev, Saputo **Industrials** › Boskalis Westminster, Adani Ports	**Consumer Discretionary** › Nokian Tyres, Denso, Koito Manufacturing **Health Care** › ***Underweight*** › Fresenius Medical Care

COUNTRY ALLOCATION[3]

Contributors	Detractors
Holland › Boskalis Westminster, *ASML Holdings[2]*, SBM Offshore **Singapore** › United Overseas Bank, Sembcorp Industries, SingTel **Switzerland** › Holcim, *Roche Holding[2]* **France** › TotalEnergies	**United Kingdom** › Travis Perkins, Victrex, IMI, Berkeley Group **Finland** › Nokian Tyres **Japan** › Denso, Koito Manufacturing, Kubota

[1] Returns presented for Sprucegrove International CIT are net of fees in U.S. dollars. Returns and attribution does not show cash.

[2] Non holdings or holding underweight relative to the index.

[3] Selection of meaningful Countries/Sectors: contributes at least 20 bps or 10% of the total contribution to return whichever is greater in absolute terms.

Under/overweight comments will be based on whichever component is greater than 66% of contribution. A combined comment may be used. Sequence of comments: The country/sector that are meaningful contributors and detractors will be listed first respectively. Securities listed: based on the impact on relative performance, typically 2 securities will be listed unless the subsequent ones have a similar impact.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, FactSet.

Impact Stocks – 1 Year, ending December 31, 2022

SPRUCEGROVE INTERNATIONAL CIT

As Of: 12/31/2022

	Country	Sector	Average Weighting (%)	Estimated Contribution (bps)
Top 5 Contributors				
TotalEnergies **Q4	France	Energy	2.1	60
Shell *Q2	United Kingdom	Energy	2.0	52
United Overseas Bank	Singapore	Financials	2.1	39
Sembcorp Industries	Singapore	Utilities	0.9	38
AIA Group *Q1*Q2	Hong Kong	Financials	2.4	26
				215
Bottom 5 Contributors				
Nokian Tyres *Q1*Q2	Finland	Consumer Discretionary	1.0	(145)
Travis Perkins *Q1*Q3	United Kingdom	Industrials	1.7	(110)
Fresenius Medical Care *Q1*Q3	Germany	Health Care	1.6	(101)
Denso **Q1	Japan	Consumer Discretionary	1.8	(90)
Koito Manufacturing *Q1*Q2	Japan	Consumer Discretionary	1.0	(58)
				(504)

*Addition/New Holding
**Reduction/Elimination

Average weighting is calculated as the average daily weight of the equity in the portfolio. Contribution to Fund Return is calculated using the geometric daily linking of the return multiplied by the beginning of day weight. A list of all holdings' contributions is available upon request.

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, FactSet.

Covid-19 Pandemic[1], Inflation, and Rising Rates

SPRUCEGROVE INTERNATIONAL EQUITIES

Cumulative Performance March 31, 2020 – March 31, 2023 (%)	
Sprucegrove International CIT (Gross)	52.95
Sprucegrove International CIT (Net)[2]	51.47
MSCI EAFE	44.23
MSCI EAFE Value	50.41

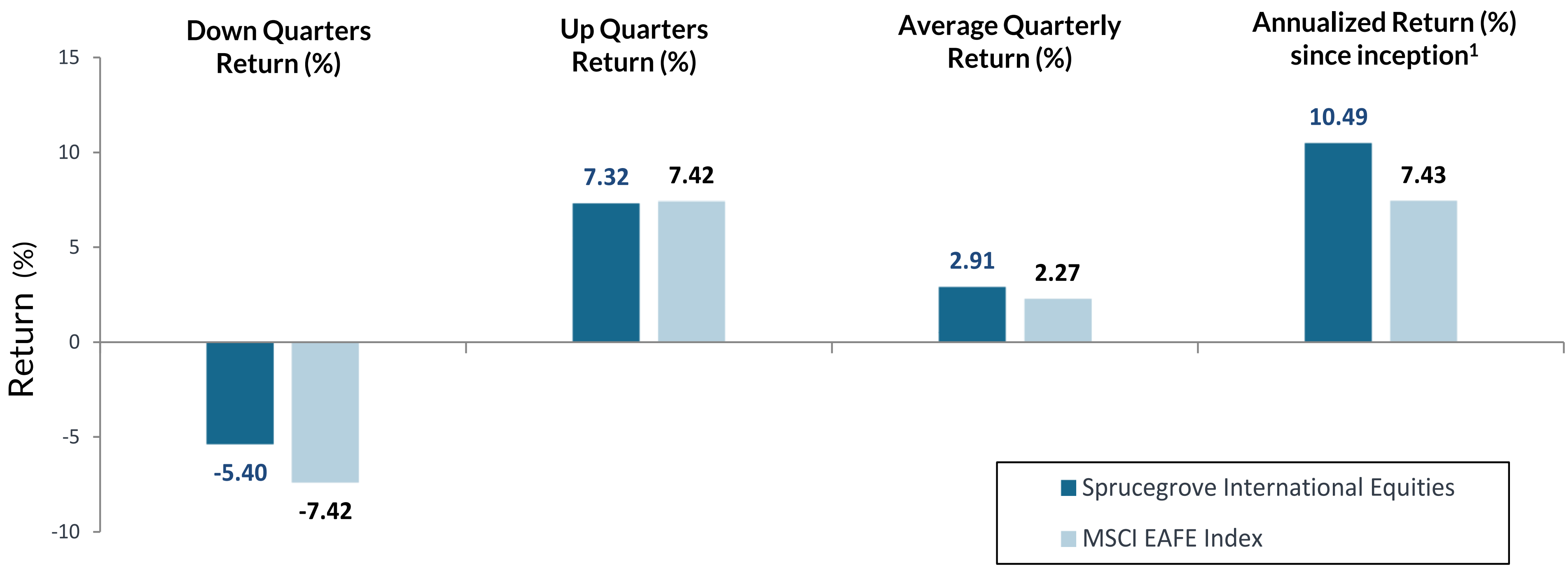
› With a focus on quality and a discipline on valuations, the Fund has outperformed so far in the post pandemic cycle.

[1]Post-Pandemic – Inflation and Rising Rates (March 2020 – Ongoing) Source: Centers for Disease Control and Prevention
[2] Net returns reflect Gross returns reduced by management fees and withholding taxes associated with any dividends paid, where imposed by certain jurisdictions.
The MSCI EAFE is the benchmark for the Sprucegrove International CIT. All supplementary indices are presented for comparative purposes only.
All presented indices show performance that is net of dividends unless otherwise stated.

Source: Sprucegrove, MSCI, FactSet. Performance is in U.S. dollars. Past performance does not guarantee future results.

Average Quarterly Up and Down Market Performance

SPRUCEGROVE INTERNATIONAL EQUITIES[1] VS. MSCI EAFE, AS OF MARCH 31, 2023



DOWN MARKETS

- % of down quarters since inception[1]: 35%
- % of times Portfolio outperformed: 75%
- **Down-market capture: 73%**

UP MARKETS

- % of up quarters since inception[1]: 65%
- % of times Portfolio outperformed: 44%
- **Up-market capture: 99%**

[1]Data presented for Sprucegrove International Representative Account 1. Inception date: September 30, 1985. Preliminary returns, subject to change. For historical illustration purpose only - past performance may not be repeated.

Negative Index returns in a quarter are considered down quarters whereas positive Index returns in a quarter are considered up quarters. Quarterly returns shown are not annualized and are simple arithmetic averages, for illustration purposes only. Returns are Gross of Fees in U.S. dollars. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details. Source: Sprucegrove, eVestment, MSCI.

MSCI EAFE Value & Growth Indices

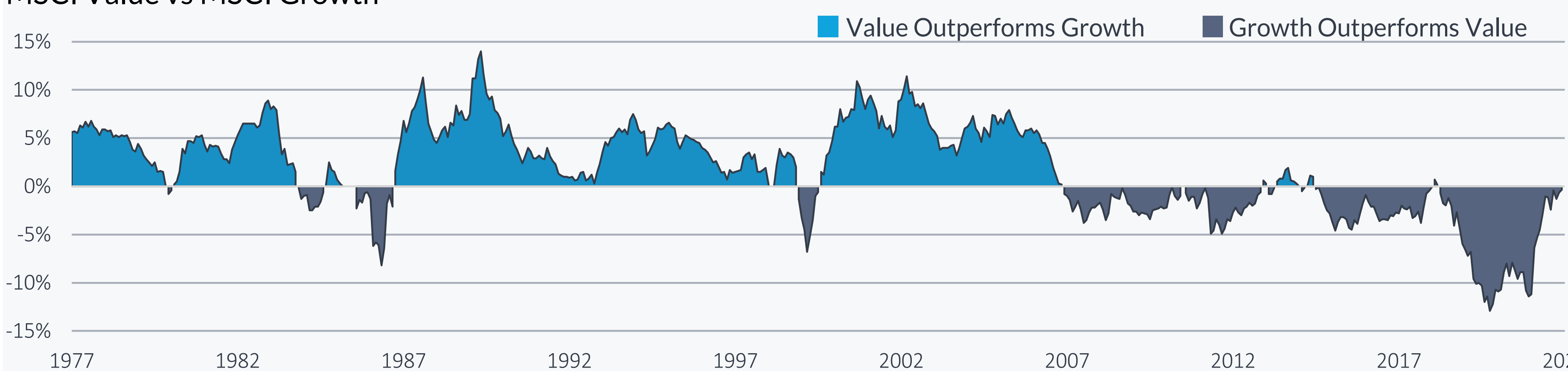
Calendar Year Performance Results[1]	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)
MSCI EAFE Value	(12.2)	17.7	23.0	(5.4)	(5.7)	5.0	21.4	(14.8)	16.1	(2.6)	10.9	(5.6)
MSCI EAFE Growth	(12.1)	16.9	22.5	(4.4)	4.1	(3.0)	28.9	(12.8)	27.9	18.3	11.3	(22.9)

Annualized Performance Results[1]	Q1 (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	10 Years (%)	15 Years (%)	20 Years (%)	25 Years (%)	30 Years (%)	35 Years (%)
MSCI EAFE Value	5.9	(0.3)	1.6	14.6	3.8	1.7	3.7	1.9	6.8	4.2	5.8	5.4
MSCI EAFE Growth	11.1	(2.8)	(2.1)	10.9	6.5	4.9	6.0	3.9	7.7	4.1	5.0	4.1

outperformed

3-YR. ROLLING TOTAL RETURN DIFFERENCE:

MSCI Value vs MSCI Growth[2]



[1]Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are in U.S. dollars. Returns have been rounded to one decimal place.

[2]Style Rotation depicts the MSCI EAFE Value and MSCI EAFE Growth Indices. Performance is in U.S. dollars. Past performance does not guarantee future results.

The MSCI EAFE Value Index and the MSCI EAFE Growth Index were launched on Dec 08, 1997. Data prior to the launch date is back-tested test (i.e. calculations of how these indices might have performed over that time period had the index existed).

Refer to Performance Footnotes in the appendix for additional details. Source: MSCI, eVestment, FactSet.

Historical Country Weightings

SPRUCEGROVE INTERNATIONAL EQUITIES[1]

	SPRUCEGROVE INTERNATIONAL EQUITIES COUNTRY WEIGHTINGS (%)										MSCI EAFE
Country	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2022**
Australia	2.5	2.3	2.4	2.5	2.0	2.3	2.5	1.4	1.4	1.4	7.9
Hong Kong	5.7	6.7	6.8	6.6	6.1	7.0	6.2	6.7	6.0	7.5	3.0
Japan	16.7	15.5	13.8	12.8	12.2	11.9	12.1	12.7	12.1	11.3	21.9
Singapore	6.0	6.6	6.1	5.2	6.1	5.8	5.1	4.5	5.1	7.1	1.5
Other	-	-	-	-	-	-	-	-	-	-	0.3
Pacific	**30.9**	**31.1**	**29.1**	**27.1**	**26.4**	**26.9**	**25.9**	**25.3**	**24.6**	**27.2**	**34.6**
Finland	0.3	0.8	1.7	1.2	0.8	0.6	1.1	1.5	1.4	0.6	1.0
France	3.6	3.3	3.9	4.7	4.7	4.7	4.2	3.4	3.4	3.6	11.8
Germany	3.4	3.2	4.1	3.1	3.6	4.6	6.0	8.6	9.8	10.2	8.2
Holland	4.9	4.3	4.2	4.3	4.4	4.3	3.9	3.3	3.3	2.2	4.3
Ireland	4.0	3.5	3.6	2.4	1.5	1.7	2.7	3.2	3.2	3.3	0.7
Italy	1.1	1.0	1.0	0.6	0.5	0.7	-	0.9	1.3	1.3	2.3
Spain	2.5	2.6	2.2	2.1	2.3	1.7	1.5	-	-	0.9	2.4
Other	-	-	-	-	-	-	-	-	-	-	1.5
Eurozone	**19.7**	**18.7**	**20.7**	**18.3**	**17.9**	**18.2**	**19.5**	**20.9**	**22.3**	**22.2**	**32.2**
Denmark	-	-	-	-	0.2	0.4	0.6	0.5	-	-	-
Norway	0.8	1.9	2.1	3.1	3.1	3.5	3.4	2.6	2.4	0.8	0. 8
Sweden	-	-	-	-	-	-	-	-	-	1.0	3.3
Switzerland	11.3	8.8	8.5	9.7	9.1	8.5	8.5	7.6	7.6	7.8	10.1
U.K.	18.9	19.1	20.7	22.3	22.6	23.1	24.6	23.5	22.6	19.8	15.3
Other	-	-	-	-	-	-	-	-	-	-	3.0
Non-Eurozone	**31.0**	**29.8**	**31.2**	**35.0**	**35.0**	**35.4**	**37.1**	**34.1**	**32.6**	**29.5**	**32.5**
Israel	-	-	-	-	-	-	-	0.3	0.3	0.3	0.7
Europe & Middle East	**50.8**	**48.5**	**52.0**	**53.3**	**52.9**	**53.6**	**56.6**	**55.2**	**55.2**	**52.0**	**65.4**
Brazil	1.5	1.3	0.6	1.3	1.6	2.3	1.8	2.7	2.9	3.4	-
China	1.8	2.3	2.3	1.7	1.4	1.6	1.2	0.7	0.8	1.9	-
Hungary	0.5	0.3	-	-	-	-	-	-	-	-	-
India	2.9	4.0	4.3	3.9	4.7	5.0	4.0	6.1	5.4	4.1	-
Korea	3.3	3.1	3.1	4.0	3.7	3.0	3.3	2.6	2.0	1.8	-
Malaysia	0.3	0.4	0.4	-	-	-	-	-	-	-	-
Panama	-	-	-	0.8	0.5	0.7	0.8	1.3	1.4	1.6	-
South Africa	2.3	2.3	2.1	2.3	2.4	2.2	1.0	1.0	0.8	-	-
Vietnam	-	-	-	-	-	-	-	-	-	0.7	-
Emerging Markets	**12.5**	**13.6**	**12.7**	**14.0**	**14.3**	**14.8**	**12.0**	**14.5**	**13.3**	**13.7**	**-**
Canada	3.5	3.6	3.0	3.0	2.1	1.9	1.7	1.7	3.6	4.2	-
Cash	2.4	3.2	3.2	2.6	4.4	2.8	3.8	3.3	3.3	2.8	-
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1]Data presented for Sprucegrove International Representative Account 1. Inception date: September 30, 1985. For historical illustration purpose only - past performance may not be repeated.

All data as at December 31.

Source: Sprucegrove, MSCI.

Historical Sector Weightings

SPRUCEGROVE INTERNATIONAL EQUITIES[1]

	SPRUCEGROVE INTERNATIONAL EQUITIES COUNTRY WEIGHTINGS (%)										MSCI EAFE
Sector	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
Energy	11.6	10.0	10.0	11.0	9.8	9.1	7.6	5.1	5.5	6.2	5.0
Materials	11.8	11.7	10.8	15.0	15.5	17.3	18.4	20.2	18.6	14.9	7.8
Industrials	19.4	19.0	17.3	16.7	16.3	16.4	17.0	21.1	18.7	18.7	15.1
Consumer Discretionary	13.0	12.4	15.7	14.0	13.4	11.9	14.1	16.3	19.1	16.6	11.1
Consumer Staples	4.6	4.6	5.9	6.5	7.1	7.8	7.9	7.8	8.0	8.7	10.5
Health Care	7.5	6.1	4.8	3.5	3.5	4.4	3.3	3.1	4.3	6.2	13.6
Financials	12.9	15.4	15.5	14.3	14.6	14.8	13.8	10.5	11.9	12. 5	18.7
Information Technology	11.4	11.4	10.9	11.1	10.1	9.0	9.6	7.8	5.5	7.2	7.8
Telecomm. Services	2.6	3.0	2.8	2.1	2.1	-	-	-	-	-	-
Communication Services	-	-	-	-	-	2.9	2.5	3.4	2.7	3.4	4.5
Utilities	2.9	3.2	3.2	1.9	2.1	2.3	1.1	0.9	1.6	1.9	3.5
Real Estate	-	-	-	1.3	1.2	1.3	1.0	0.7	0.8	0.8	2.6
Cash	2.4	3.2	3.2	2.6	4.4	2.8	3.8	3.3	3.3	2.8	-
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1]Data presented for Sprucegrove International Representative Account 1. Inception date: September 30, 1985. For historical illustration purpose only - past performance may not be repeated.
All data as at December 31.
Source: Sprucegrove, MSCI.

MSCI EAFE Value & Growth Indices

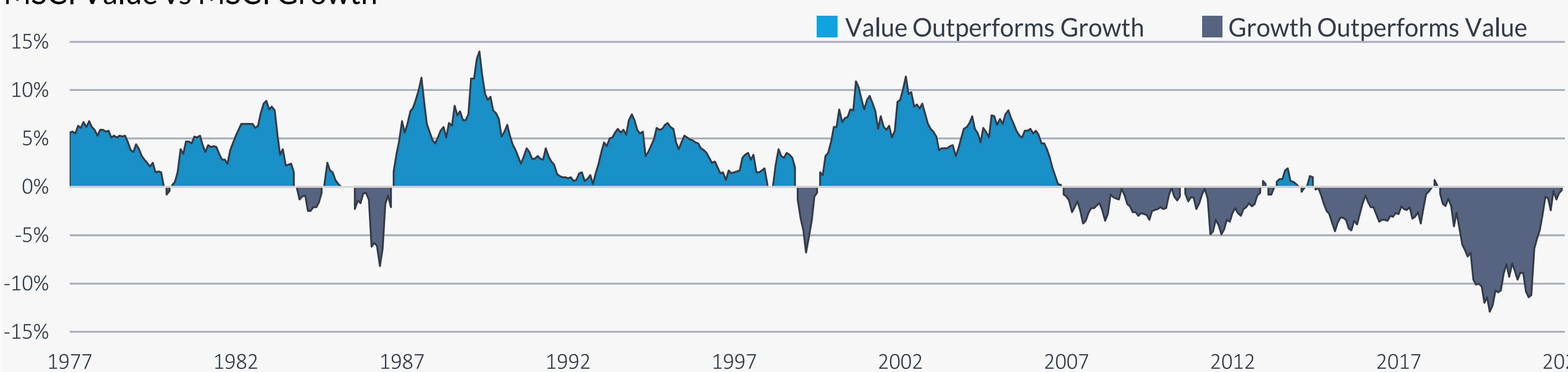
Calendar Year Performance Results[1]	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)
MSCI EAFE Value	(12.2)	17.7	23.0	(5.4)	(5.7)	5.0	21.4	(14.8)	16.1	(2.6)	10.9	(5.6)
MSCI EAFE Growth	(12.1)	16.9	22.5	(4.4)	4.1	(3.0)	28.9	(12.8)	27.9	18.3	11.3	(22.9)

Annualized Performance Results[1]	Q1 (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	10 Years (%)	15 Years (%)	20 Years (%)	25 Years (%)	30 Years (%)	35 Years (%)
MSCI EAFE Value	5.9	(0.3)	1.6	14.6	3.8	1.7	3.7	1.9	6.8	4.2	5.8	5.4
MSCI EAFE Growth	11.1	(2.8)	(2.1)	10.9	6.5	4.9	6.0	3.9	7.7	4.1	5.0	4.1

outperformed

3-YR. ROLLING TOTAL RETURN DIFFERENCE:

MSCI Value vs MSCI Growth[2]



[1]Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are in U.S. dollars. Returns have been rounded to one decimal place.

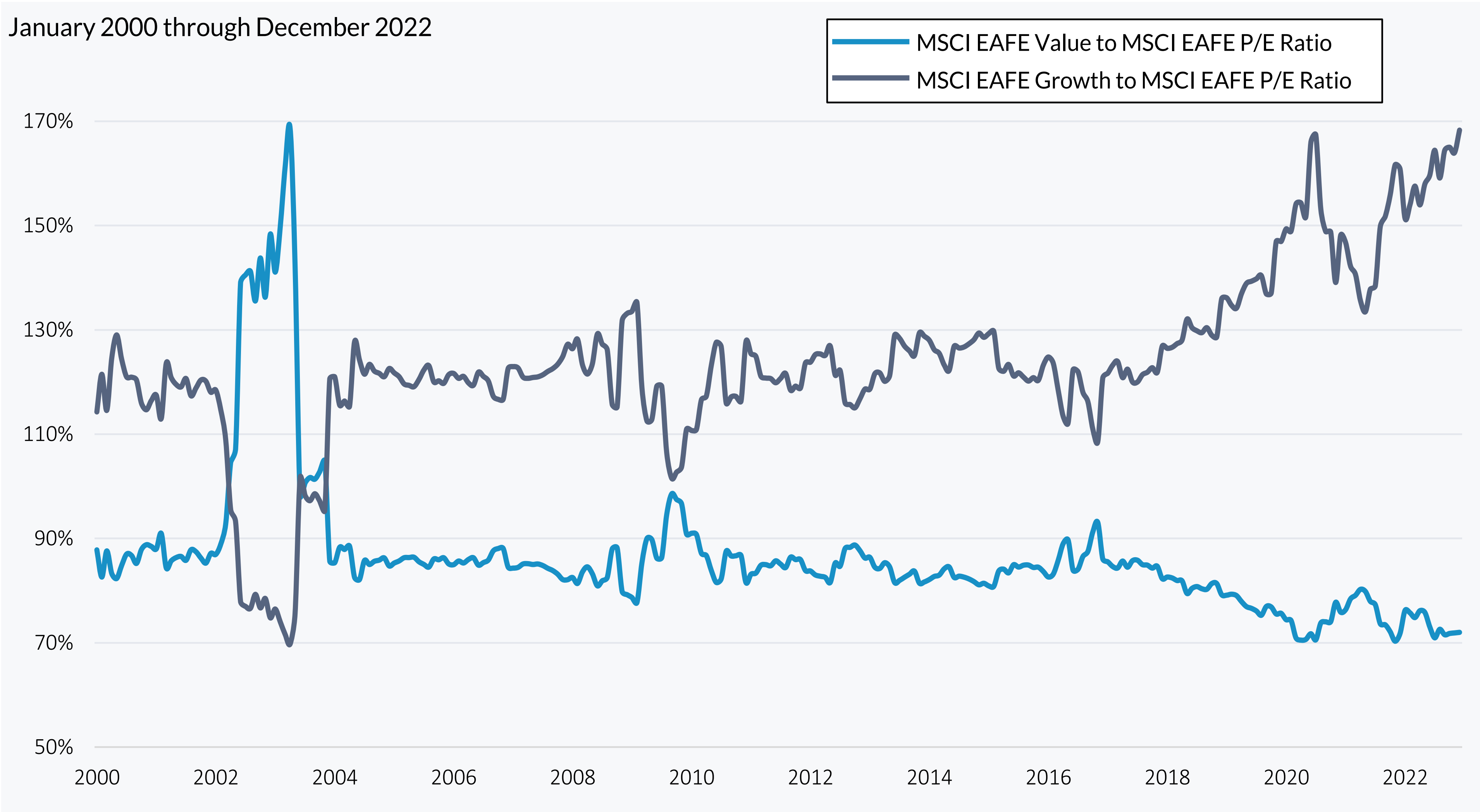
[2]Style Rotation depicts the MSCI EAFE Value and MSCI EAFE Growth Indices. Performance is in U.S. dollars. Past performance does not guarantee future results.

The MSCI EAFE Value Index and the MSCI EAFE Growth Index were launched on Dec 08, 1997. Data prior to the launch date is back-tested test (i.e. calculations of how these indices might have performed over that time period had the index existed).

Refer to Performance Footnotes in the appendix for additional details. Source: MSCI, eVestment, FactSet.

Price/Earnings Ratio Comparison

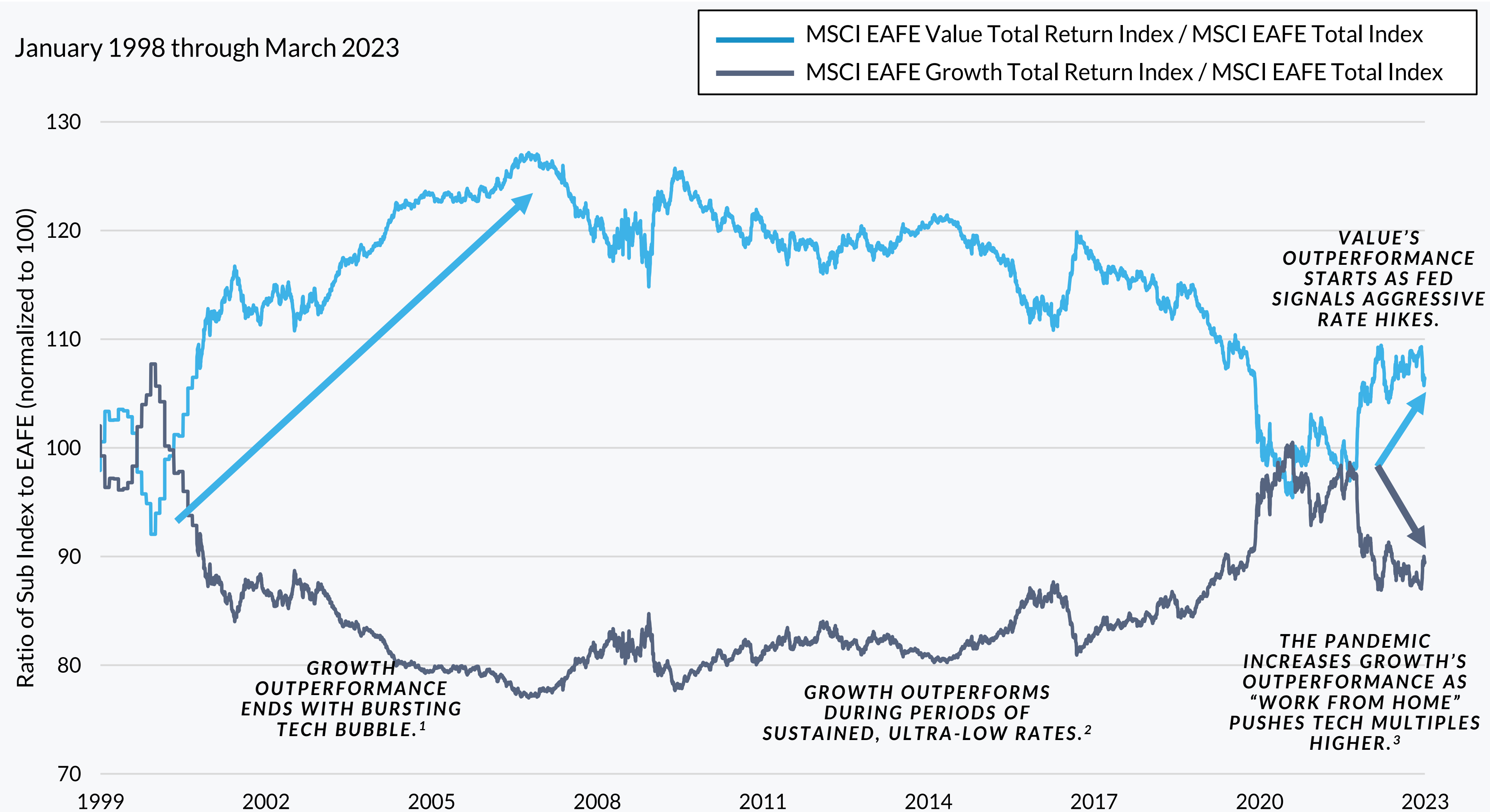
MSCI EAFE VALUE INDEX vs. MSCI EAFE GROWTH INDEX



Relative Price/Earnings Ratio of the MSCI EAFE Value Index to MSCI EAFE Index and MSCI EAFE Growth Index to MSCI EAFE Index. Past performance does not guarantee future results.
Source: MSCI, FactSet.

Return to Value

MSCI EAFE VALUE INDEX vs. MSCI EAFE GROWTH INDEX



› Inflation and rising interest rates should continue to provide a backdrop for rotation back into value

[1] Tech Bubble (March 2000 – October 2002) Source: International Banker
[2] An ultra-low-rate-environment occurs when the rate of interest set by the central bank is lower than the historic average for a prolonged period of time.
[3] Post-Pandemic – Inflation and Rising Rates (March 2020 – Ongoing) Source: Centers for Disease Control and Prevention.
Source: Sprucegrove, MSCI, FactSet, Fairfax AGM 2022

Risk Management

RISK CONTROL AND OVERSIGHT IS AN INTEGRAL PART OF OUR INVESTMENT PROCESS

Internal Research

Invest in attractively priced, quality companies to control company specific and portfolio risk.

Portfolio Guidelines

Ensures overall diversification.
PMs review exposure to individual securities, sectors, countries daily.

Quality
- Company specific risks
- Quality Assessment
- Weight determination

Valuation
- Overall valuation
- Absolute and relative
- Incremental buying and selling approach

Sector
- Industry risk factors
- Total industry exposure

Region/ Country
- Country risk factors
- Total country exposure

Emerging Markets
- Additional margin of safety in both weights and valuations

Currency - No Hedging

- Long-Term Investors
- Natural Hedge from Focus on Security Selection
- Natural Diversification from Currency Basket
- We do not believe we can add Value by Hedging

Historical Rolling Returns – Gross of Fees

SPRUCEGROVE EAFE – U.S. CLIENT COMPOSITE

	Annual (%)		3 Years (%)		5 Years (%)		7 Years (%)		10 Years (%)		20 Years (%)		30 Years (%)	
Year	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE
1986	45.78	69.44												
1987	14.72	24.63												
1988	26.32	28.27	28.31	39.40										
1989	27.83	10.54	22.81	20.90										
1990	-6.78	-23.45	14.61	2.77	20.28	18.04								
1991	23.96	12.13	13.89	-1.74	16.44	8.69								
1992	1.26	-12.17	5.37	-8.99	13.57	1.34	17.86	12.33						
1993	37.34	32.56	19.90	9.29	15.49	2.01	16.86	8.46						
1994	6.14	7.78	13.86	7.86	11.27	1.50	15.57	6.23						
1995	12.24	11.21	17.83	16.69	15.48	9.37	13.64	4.09	17.85	13.62				
1996	17.90	6.05	11.99	8.32	14.33	8.15	12.33	3.48	15.38	8.42				
1997	10.34	1.78	13.45	6.27	16.31	11.39	15.07	7.77	14.93	6.25				
1998	8.99	20.00	12.34	9.00	11.05	9.19	12.98	8.82	13.25	5.54				
1999	22.31	26.96	13.73	15.74	14.25	12.83	16.07	14.71	12.75	7.01				
2000	2.48	-14.17	10.96	9.35	12.19	7.13	11.31	7.80	13.82	8.24				
2001	-4.96	-21.44	6.01	-5.05	7.46	0.89	9.57	3.04	10.84	4.46				
2002	-1.09	-15.94	-1.24	-17.24	5.13	-2.89	7.61	-1.00	10.58	4.00				
2003	34.19	38.59	8.05	-2.91	9.59	-0.05	9.62	2.86	10.32	4.47				
2004	24.87	20.25	18.34	11.89	10.05	-1.13	11.57	5.34	12.13	5.62				
2005	14.36	13.54	24.21	23.68	12.49	4.55	12.34	4.51	12.34	5.84	15.06	9.66		
2006	30.46	26.34	23.05	19.93	19.85	14.98	13.38	4.43	13.48	7.71	14.43	8.06		
2007	5.01	11.17	16.14	16.83	21.29	21.59	13.77	8.37	12.92	8.66	13.92	7.45		
2008	-42.20	-43.38	-7.49	-7.35	2.49	1.66	5.97	3.41	5.98	0.80	9.55	3.14		
2009	36.58	31.78	-6.06	-6.04	4.34	3.54	10.97	10.27	7.16	1.17	9.92	4.05		
2010	19.57	7.75	-1.91	-7.02	5.27	2.46	9.16	6.38	8.82	3.50	11.29	5.85		
2011	-10.28	-12.14	13.58	7.65	-2.32	-4.72	4.12	1.71	8.20	4.67	9.51	4.56		
2012	18.07	17.32	8.20	3.56	0.00	-3.69	4.60	2.19	10.13	8.21	10.35	6.09		
2013	17.78	22.78	7.66	8.17	15.30	12.44	3.08	1.78	8.70	6.91	9.51	5.68		
2014	-3.33	-4.90	10.37	11.06	7.60	5.33	1.87	-0.47	5.96	4.43	9.00	5.02		
2015	-8.70	-0.81	1.30	5.01	1.95	3.60	8.75	7.83	3.60	3.03	7.88	4.42	11.11	7.40
2016	11.37	1.00	-0.57	-1.60	6.45	6.53	5.62	3.81	1.97	0.75	7.57	4.17	10.11	5.57
2017	27.43	25.03	9.02	7.80	8.09	7.90	6.59	6.04	3.96	1.94	8.35	5.25	10.50	5.58
2018	-13.62	-13.79	7.02	2.87	1.59	0.53	6.01	5.75	8.23	6.32	7.10	3.52	9.11	4.19
2019	18.52	22.01	9.27	9.56	5.81	5.67	6.07	6.35	6.70	5.50	6.93	3.32	8.84	4.53
2020	4.88	7.82	2.40	4.28	8.79	7.45	4.32	4.39	5.31	5.51	7.05	4.50	9.26	5.73
2021	8.46	11.26	10.47	13.54	8.21	9.55	6.05	6.76	7.33	8.03	7.76	6.33	8.78	5.71
2022	-11.97	-14.45	0.04	0.87	0.50	1.54	5.50	4.53	4.22	4.67	7.14	6.43	8.27	5.61
Periods Outperformed	65%		66%		85%		90%		89%		100%		100%	
Number of Years	24/37		23/35		28/33		28/31		25/28		18/18		8/8	

Outperform

Underperform

All data as at December 31. Returns greater than a 1-year period have been annualized. Returns are gross of fees in U.S. dollars.
Investment performance will be reduced by investment management fees. Past performance is no guarantee of future results. The principal value and investment return will fluctuate so that you may have a gain or loss when you sell your units. Refer to Performance Footnotes in the appendix for additional details.
Source: Sprucegrove, MSCI.

Policy Guidelines

SPRUCEGROVE INTERNATIONAL CIT

Methodology	Value approach using a bottom-up, stock selection process with an emphasis on owning quality companies at attractive valuations.
Mandate	International equities
Benchmark	MSCI EAFE Index net of taxes (U.S. Dollars)

Investment Objective[1]

The Fund's investment objective is to maximize the long-term rate of return while seeking to preserve the investment capital of the Fund.
The Fund seeks to outperform the MSCI EAFE Index net of taxes over a full market cycle. There is no assurance that the Fund will achieve its investment objective.

Diversification and Risk Control[2]

Asset Mix	Cash & Short Term Equities	0% - 10% 90% - 100%
Region	Minimum three countries from EAFE Europe region and three countries from EAFE Asia/Pacific region.	
Country	Japan United Kingdom Canada United States Each individual country in the MSCI EAFE Index (not listed above) Total of all countries not in the MSCI EAFE Index, excluding Canada Total of all countries not in the MSCI EAFE Index, including Canada	5% - 50% 10% - 50% 0% - 10% Not permitted 0%-15% 0% - 15% 0%-20%
Sector	Minimum 7 of 11 MSCI sectors Maximum individual industry 25%	
Company Holdings	Minimum 40 companies Maximum company weighting: 5%. Maximum ownership: 5% of an issuer's outstanding shares.	

[1] There can be no assurance that the investment objectives of the fund will be achieved. Past performance is not necessarily indicative of future results. Prospective investors are urged to consult with their own Financial, Legal and Tax Advisers regarding their individual circumstances and the suitability of an investment in the Fund. Investors may lose all or a portion of the capital invested.

[2] The Fund will typically invest 90% of its total assets in publicly traded equity securities and other permitted investments, subject to the below exceptions with respect to cash and cash equivalents. The Fund may hold up to 100% of its total assets in cash or cash equivalent securities or any combination of cash, cash equivalent securities, Government securities, money.

For purposes of these guidelines, "total assets" means the market value of all assets and cash held by the Fund. For the sake of clarity and avoidance of any doubt, these diversification and risk control limits shall be solely evaluated at the time of purchase and any subsequent variances therefrom due to price changes, market movements, volatility or other factors shall not be considered a violation of these investment guidelines and do not require immediate action by Sprucegrove.

For full guidelines, please reference the applicable fund documents.

Policy Guidelines

SPRUCEGROVE INTERNATIONAL EQUITIES[1]

Methodology	Value approach using a bottom-up, stock selection process with an emphasis on owning quality companies at attractive valuations.
Mandate	International equities
Benchmark	MSCI EAFE Index net of taxes (U.S. Dollars)

Investment Objective[2]

The Fund's investment objective is to maximize the long-term rate of return while seeking to preserve the investment capital of the Fund.
The Fund seeks to outperform the MSCI EAFE Index net of taxes over a full market cycle. There is no assurance that the Fund will achieve its investment objective.

Diversification and Risk Control[3]

Asset Mix	Cash & Short Term Equities	0% - 10% 90% - 100%
Region	Minimum three countries from EAFE Europe region and three countries from EAFE Asia/Pacific region.	
Country	Japan United Kingdom Canada United States Each individual country in the MSCI EAFE Index (not listed above) Total of all countries not in the MSCI EAFE Index, excluding Canada Total of all countries not in the MSCI EAFE Index, including Canada	5% - 50% 10% - 50% 0% - 10% Not permitted 0%-15% 0% - 15% 0%-20%
Sector	Minimum 7 of 11 MSCI sectors Maximum individual industry 30%	
Company Holdings	Minimum 40 companies Maximum company weighting 5%. Maximum ownership, lesser of outstanding shares 5%; free float 10%	

[1]Data presented for Sprucegrove International Representative Account 1.

[2]There can be no assurance that the investment objectives of the fund will be achieved. Past performance is not necessarily indicative of future results. Prospective investors are urged to consult with their own Financial, Legal and Tax Advisers regarding their individual circumstances and the suitability of an investment in the Fund. Investors may lose all or a portion of the capital invested.

[3]The Fund will typically invest 90% of its total assets in publicly traded equity securities and other permitted investments, subject to the below exceptions with respect to cash and cash equivalents. The Fund may hold up to 100% of its total assets in cash or cash equivalent securities or any combination of cash, cash equivalent securities, Government securities, money.

For purposes of these guidelines, "total assets" means the market value of all assets and cash held by the Fund. For the sake of clarity and avoidance of any doubt, these diversification and risk control limits shall be solely evaluated at the time of purchase and any subsequent variances therefrom due to price changes, market movements, volatility or other factors shall not be considered a violation of these investment guidelines and do not require immediate action by Sprucegrove.

For full guidelines, please reference the applicable fund documents.

Assets Under Management

BREAKDOWN BY MANDATES, $USD

	Firm			EAFE			Global			ACW ex U.S.			ACW			U.S. Equity
Year[1]	Total Assets	U.S. Clients	Canadian Clients	Total Assets	U.S. Clients	Canadian Clients	Total Assets	U.S. Clients	Canadian Clients	Total Assets	U.S. Clients	Canadian Clients	Total Assets	U.S. Clients	Canadian Clients	Canadian Clients
2012	21,421	9,455	11,966	14,684	8,977	5,706	5,244	478	4,766	-	-	-	-	-	-	1,493
2013	24,583	11,245	13,337	16,949	10,667	6,282	5,690	578	5,112	-	-	-	-	-	-	1,943
2014	22,652	10,719	11,933	15,371	10,046	5,325	5,374	673	4,701	-	-	-	-	-	-	1,907
2015	17,375	8,826	8,548	12,931	8,740	4,191	2,982	86	2,896	-	-	-	-	-	-	1,462
2016	14,888	8,946	5,942	12,198	8,946	3,252	2,683	-	2,683	-	-	-	-	-	-	6
2017	16,104	10,316	5,788	14,173	10,316	3,857	1,720	-	1,720	-	-	-	204	-	204	6
2018	12,880	8,378	4,501	11,133	8,234	2,899	1,486	-	1,486	144	144	-	117	-	117	-
2019	15,070	9,803	5,268	12,280	9,324	2,956	1,750	-	1,750	898	479	419	143	-	143	-
2020	22,550	18,167	4,383	12,526	9,901	2,625	1,217	53	1,164	5,408	4,965	443	3,399	3,248	151	-
2021	24,512	20,581	3,931	13,087	10,532	2,555	847	50	797	6,469	6,078	391	4,108	3,921	187	-

[1]All data for years ending December 31.
Source: Sprucegrove.

Annual Performance Results

SPRUCEGROVE EAFE - U.S. CLIENTS COMPOSITE

Year (ending Dec. 31)	Gross Return $USD (%)	Net Return $USD (%)	MSCI EAFE Index $USD (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	# of Portfolios	Internal Dispersion (%)	Composite Assets ($M)	Firm Assets ($M)
2012	18.1	17.3	17.3	17.8	19.4	18	1.2	8,977	21,421
2013	17.8	17.1	22.8	14.2	16.3	20	3.7	10,667	24,583
2014	(3.3)	(3.9)	(4.9)	11.6	13.0	20	2.4	10,046	22,652
2015	(8.7)	(9.2)	(0.8)	11.5	12.5	17	3.8	8,740	17,375
2016	11.4	10.7	1.0	12.5	12.5	17	4.3	8,946	14,888
2017	27.4	26.7	25.0	12.2	11.8	15	3.1	10,316	16,104
2018	(13.6)	(14.1)	(13.8)	11.7	11.2	14	0.8	8,234	12,880
2019	18.5	17.9	22.0	12.5	10.8	14	3.4	9,324	15,070
2020	4.9	4.3	7.8	20.5	17.9	11	1.6	9,901	22,550
2021	8.5	7.9	11.3	20.1	16.9	14	2.0	10,532	24,512

Composite inception date: September 30, 1985.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.
Source: Sprucegrove, MSCI.

Sprucegrove Equity Strategies

VEHICLES			MANDATES			
Vehicle Type	**Client type**	**Minimum**	**International**	**Global**	**All Country World ex. U.S.**	**All Country World**
U.S. Investors						
U.S. Investor Fund	› Pension (DB) › Endowments › Foundations › Family Office	› $5 M	✓	-	✓	-
Collective Investment Trust	› ERISA Pension (DB & DC)	› $5 M	✓	✓	✓	-
U.S. Registered Mutual Fund	› ALL	› $1 M	✓	-	-	-
Separate Account	› ALL	› $50 M	✓	✓	✓	✓
Canadian Investors						
Canadian Investor Fund	› ALL	› $5 M	✓	✓	✓	✓
Separate Account	› ALL	› $50 M	✓	✓	✓	✓
Rest of World						
Cayman Fund	› ALL	› $5 M	✓	-	✓	✓
UCITS	› ALL	› $5 M	✓	✓	-	-
Separate Account	› ALL	› $50 M	✓	✓	✓	✓

GIPS Disclosures

SPRUCEGROVE EAFE - U.S. CLIENTS COMPOSITE AND ALL COUNTRY WORLD EX U.S. - U.S. CLIENTS COMPOSITE

GIPS Compliance

Sprucegrove claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sprucegrove has been independently verified for the periods 1993 through December 31, 2021.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The EAFE U.S. Clients Composite has had a performance examination from inception on September 30, 1985 through, December 31, 2021.

The All Country World ex U.S. - U.S. Clients Composite has had a performance examination from inception on February 28, 2018, through December 31, 2021.

The verification and performance examination reports are available upon request.

Definition of the Firm

Sprucegrove Investment Management Ltd. ("Sprucegrove" or the "Firm") is an independent investment management firm. The firm is 100% employee owned. Sprucegrove was founded in 1993 by the global portfolio management team, formerly at Confederation Life of Canada ("Confed"). The team has been managing international equity mandates since 1985. Sprucegrove manages equities via a series of pooled funds and separately managed accounts. Sprucegrove is registered as a Portfolio Manager in most provinces in Canada and an Investment Advisor with the SEC.

Sprucegrove Investment Returns

Investment performance returns exclude any investment management fees paid by the investor. Investment advisory fees will reduce stated returns. Performance returns are calculated on a time weighted, total return basis which includes dividend net of withholding taxes and interest income, realized and unrealized gains or losses, transaction costs and other expenses, if any. For example, a 70 basis point fee applied to an investment with an annual gross return of 10% will provide a compounded net return of 9.24% after 1 year and a 55.53% return after 5 years. Valuations are computed and performance is reported in US dollars.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Composite and benchmark returns are presented gross of non-reclaimable withholding taxes. [Composite net-of-fees returns are calculated by deducting 5.83 bps from the monthly gross composite return.]

Possibility of Loss

Investors should be aware that market conditions affect performance and that investment programs carry with them the possibility of loss. It should not be assumed that investments made in the future will be profitable or will equal any results shown in this document.

Composite and Benchmark

Composite Description – Sprucegrove's composites are composed of all fee-paying, discretionary accounts greater than $5 million managed by Sprucegrove in this investment style and mandate. This was changed from a minimum market value of $15 million in July 2016. The performance of the Composite is stated in U.S. dollars and is net of non-reclaimable withholding taxes on dividends, interest income and capital gains where applicable. Sprucegrove's policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The Sprucegrove EAFE U.S. Clients Composite was created in 1996 and represents an equity strategy managed for U.S. clients that utilizes a value approach to invest in companies domiciled in developed, excluding the United States, and emerging market countries. The maximum holding in emerging markets is 15%. Prior to December 31, 2011, the name of the composite was EAFE Pooled and Separate Accounts Combined – U.S. Clients.

Prior to Sprucegrove commencing operations in 1993, the Sprucegrove team managed the Confederation Life American International Pooled Fund at Confed, from its inception in 1985 until the portfolio was acquired by Sprucegrove in 1994. Accordingly, the performance of the Fund from 1985 to 1994 is linked to its continuation at Sprucegrove. The investment mandate and approach did not change during this transition.

The MSCI EAFE Index (Net) is an equity Index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding US and Canada. The Index covers approximately 85% of the free float adjusted market capitalization in each country.

The Sprucegrove All Country World ex-U.S. – U.S. Clients Composite was created in March 2018 and represents an equity strategy managed for U.S. clients that utilizes a value approach to invest in companies domiciled in developed, excluding the United States, and emerging market countries. The minimum/maximum holding in emerging markets is +/- 10% of the emerging markets weight in the Index.

The MSCI ACWI ex U.S. Index (Net) is an equity Index which captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 25 Emerging Markets (EM) countries. The Index covers approximately 85% of the global equity opportunity set outside the US.

GIPS Disclosures (Continued)

International Equity Vehicles available in the U.S.

Mandate	Vehicles Available	Valuation	Custodian
International Equities	Sprucegrove International Representative Account 1	Daily	Brown Brothers Harriman
	Sprucegrove International Representative Account 2	Daily	Northern Trust
	Sprucegrove International CIT	Daily	Brown Brothers Harriman
	Separate Account	Client Determines	Client Determines

Fee Schedules

The following are the standard fee schedules based on the market value of assets managed.

Pooled Fund Accounts	Assets Managed	Rate
First	$5,000,000.00	0.70%
Next	$10,000,000.00	0.65%
Next	$25,000,000.00	0.55%
Next	$35,000,000.00	0.50%
Next	$225,000,000.00	0.25%
Balance		0.20%

CIT Accounts	Invested Plan Assets	Rate
Class A	$0 - $15 million	0.70%
Class B	$15 - $50 million	0.60%
Class C	$50 - $100 million	0.55%
Class D	$100 - $400 million	0.35%
Class E	Over $400 million	0.25%

Mutual Fund Accounts	Assets Managed	Rate
Institutional Class Shares: SPRNX	on all assets	0.60%
Investor Class Shares: SPRVX	on all assets	0.75%
Advisor Class Shares: SPRDX	on all assets	1.00%

Separate Fund Accounts	Assets Managed	Rate
First	$25,000,000.00	0.70%
Next	$25,000,000.00	0.60%
Next	$25,000,000.00	0.50%
Next	$225,000,000.00	0.25%
Balance		0.20%

Calculations

Composite dispersion is calculated as the difference in percentage between the highest and lowest annual portfolio return in the composite.

Internal dispersion is calculated using asset-weighted portfolio returns.

The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.

Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

Further Information

For further information, please contact your client service representative.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Important Information

All vehicles available in the U.S. by Mandate

Mandate	Vehicles Available	Valuation	Custodian
International Equities	Sprucegrove International Representative Account 1	Daily	Brown Brothers Harriman
	Sprucegrove International Representative Account 2	Daily	Northern Trust
	Sprucegrove International CIT*	Daily	Brown Brothers Harriman
	Separate Account	Client Determines	Client Determines
All Country World ex US Equities	Sprucegrove All Country World ex. U.S. Representative Account	Daily	Northern Trust
	Sprucegrove All Country World ex U.S. CIT*	Daily	Brown Brothers Harriman
	Separate Account	Client Determines	Client Determines
Global Equities	Sprucegrove Global CIT*	Daily	Brown Brothers Harriman
	Separate Account	Client Determines	Client Determines
All Country World Equities	Separate Account	Client Determines	Client Determines

*SEI Trust Company (the "Trustee") serves as the Trustee of the Fund and maintains ultimate fiduciary authority over the management of, and the investments made, in the Fund. The Fund is part of a Collective Investment Trust (the "Trust") operated by the Trustee. The Trustee is a trust company organized under the laws of the Commonwealth of Pennsylvania and a wholly owned subsidiary of SEI Investments Company ("SEI"). "The Sprucegrove Collective Investment Trusts are trusts for the collective investment of assets or participating tax qualified pension and profit sharing plans and related trusts, and governmental plans as more fully described in the Declaration of Trust. As bank collective trusts, the Sprucegrove Collective Investment Trusts are exempt from registration as an investment company. The Sprucegrove Collective Investment Trusts are managed by SEI Trust Company, the trustee, based on the investment advice of Sprucegrove Investment Management Ltd. ("Sprucegrove"), the investment advisor to the trusts."

Indices

The Morgan Stanley Capital International (MSCI) EAFE, World, ACWI ex. US and ACWI Indices are presented as benchmarks for investment performance. The Indices are the arithmetical average, weighted by market value of the performance of companies representing the stock markets of Canada, the U.S., Europe, Australasia, the Far East and Emerging Markets. Returns shown assume reinvestment of dividends unless stated otherwise.

The MSCI EAFE Index (Net) is an equity Index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding US and Canada. The Index covers approximately 85% of the free float adjusted market capitalization in each country. **The MSCI World Index (Net)** is an equity Index which captures large and mid-cap representation across 23 Developed Markets (DM) countries. The Index covers approximately 85% of the free float-adjusted market capitalization in each country. **The MSCI ACWI ex US Index (Net)** is an equity Index which captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 25 Emerging Markets (EM) countries. The Index covers approximately 85% of the global equity opportunity set outside the US. **The MSCI ACWI Index (Net)** is an equity Index which captures large and mid-cap representation across 23 Developed and 25 Emerging Markets countries. The Index covers approximately 85% of the global investable equity opportunity set.

Throughout this report MSCI data is provided as a comparative reference only and may not be used in any way without the express permission of MSCI.

The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Sprucegrove. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering and securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. (www.msci.com)

MSCI indices may include back tested information (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance -- whether actual or back-tested -- is no indication or guarantee of future performance.

The S&P 500 Index is presented as a benchmark for investment performance. The Index is the arithmetic average, weighted by market value of the performance of companies representing the stock markets of the U.S. Returns shown assume reinvestment of dividends. The S&P Index includes 500 leading companies in leading industries of the U.S. economy.

Index information is provided for illustrative purposes only and is not intended to imply past or future performance. Please note an investor cannot invest directly in an index. Unless otherwise noted, index returns reflect the reinvestment of income and dividends, if any, but do not reflect fees, brokerage commissions or other expenses of investing.

Criteria for Company Examples

All new holdings, additions, eliminations, and reductions that were completed during the quarter are included in the Transaction Summary. The Transaction Summary excludes program trades. Company examples are chosen from the Transaction Summary based on certain factors. Sprucegrove can discuss other holdings upon client/ prospect request.

Specific Recommendations

Examples of specific holdings are intended to demonstrate our investment process and should not be construed as representative of investment performance. It should not be assumed that investments made in the future will be profitable or will equal any results presented. A list of all securities purchased and sold within the past year (together with dates and prices) is available upon request.

Important Information

Products and services described herein are provided by Sprucegrove Investment Management Ltd. (“Sprucegrove”). The information in this document is confidential and may not be reproduced or redistributed in whole or in part without the prior written consent of Sprucegrove.

Certain accounts (e.g., employees/former employees) are not included in the client number count. Clients with multiple accounts, mandates or affiliated investments are aggregated and counted only once. Clients are removed once all associated assets have been liquidated.

All returns are in U.S. dollars, unless otherwise noted.

Weightings may not total 100% due to rounding in this report.

This portfolio data is “as of” the date indicated and should not be relied upon as a complete or current listing of holdings (or top holdings) of the [fund/account/composite]. The holdings are subject to change without notice, and may not represent current or future portfolio composition.

Past performance is no guarantee of future results. Performance data assumes reinvestment of dividends. Performance is shown gross of investment management fees, which will reduce the client’s return. For example, a 70 basis point fee applied to an investment with an annual gross return of 10% will provide a compounded net return of 9.24% after 1 year and a 55.53% return after 5 years. Our fees are described in Form ADV Part 2. Returns are calculated on a time weighted, total return basis which includes dividend and interest income, realized and unrealized gains or losses, transaction costs and other expenses, if any.

Index information is provided for illustrative purposes only and is not intended to imply past or future performance. Please note an investor cannot invest directly in an index. Unless otherwise noted, index returns reflect the reinvestment of income and dividends, if any, but do not reflect fees, brokerage commissions or other expenses of investing.

This is not an offer to purchase or sell, or the solicitation of an offer to purchase or sell, any securities, any investment funds, vehicles or accounts (each, a “fund”), any investment advice, or any other service by Sprucegrove. An investment in a fund may be offered only pursuant to the fund’s offering memorandum and/or other offering materials. A fund’s offering materials will contain disclosure relating to certain risk factors, conflicts of interest and other considerations that should be carefully evaluated before making an investment in a fund or account managed by Sprucegrove. An investment in a fund or account managed by Sprucegrove is not suitable or desirable for all investors; investors may lose all or a portion of the capital invested.

The opinions, estimates and views expressed are on behalf of Sprucegrove for the period ending March 31, 2023 (Unless otherwise stated), constitute Sprucegrove’s best judgement as of the date of this document and are subject to change at any time based on market or other conditions. Sprucegrove does not guarantee the accuracy, adequacy or completeness of any third party data. Any predictions, opinions, and other information contained in this report are subject to change and without notice of any kind and may no longer be true and accurate after the date this report was first completed and disseminated. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. In addition, any forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place or may never do so. While the information set out in this document has been prepared in good faith, no representation or warranty is given, and no responsibility is accepted, by Sprucegrove in relation to its accuracy or completeness.

The information provided herein should not be considered a recommendation to purchase or sell any particular security. The securities discussed herein are examples of Sprucegrove’s investment approach but do not represent an entire portfolio or the performance of a fund or strategy and in the aggregate may represent only a small percentage of portfolio holdings. It should not be assumed that any of the securities discussed herein were or will prove to be profitable, or that the investment recommendations or decisions made by Sprucegrove in the future will be profitable.

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Transaction Summary information may exclude certain information and is not intended as a complete statement of transactions. Corporate actions, period end transaction in the process of being filled and program trades are excluded from transaction summary information. A list of all securities purchased and sold within the past year (together with dates and prices) is available upon request. Please refer to your financial statement for a complete list of transactions.

This material is for informational purposes only to provide general information and is not meant to be legal or tax advice for any particular investor, which can only be provided by qualified tax and legal counsel. Please read the constating documents carefully prior to investing. Parties should independently investigate any investment strategy or manager, and should consult with qualified investment, legal, and tax professionals before making any investments.

For the purpose of analytical reporting: i) Eurozone reflects the MSCI Euro (10 Countries that use the Euro, but Large Cap names only) versus the MSCI EMU (10 Countries that use Euro currency with Large and Mid Cap companies); ii) Non-EUROZONE reflects the MSCI Europe ex EMU (Countries not using Euro currency with Large and Mid Cap companies); and iii) Europe & Middle East reflects the MSCI Europe and Middle East (Developed Markets and Israel using Large and Mid Cap Names).

Certain accounts (e.g., employees/former employees) are not included in the client number count. Clients with multiple accounts, mandates or affiliated investments are aggregated and counted only once. Clients are removed once all associated assets have been liquidated.

SPRUCEGROVE
INVESTMENT MANAGEMENT

FOR MORE INFORMATION PLEASE CONTACT:

TASLEEM JAMAL
Executive Vice President, Head of Marketing & Client Services
tjamal@sprucegrove.com
+1 416.363.5854 ext.487

SEBASTIEN ROY
Vice President, Marketing & Client Services
sroy@sprucegrove.com
+1 416.363.5854 ext.225

ELIZABETH TAVERNA
Vice President, Marketing & Client Services
etaverna@sprucegrove.com
+1 416.363.5854 ext.261

SPRUCEGROVE INVESTMENT MANAGEMENT
181 University Ave. Suite 1300
Toronto, Ontario
M5H 3M7
Canada

+1 416.363.5854
info@sprucegrove.com
www.sprucegrove.com

April 17, 2023

Ventura County Employees' Retirement Association

Custody Services

 5616667.1.1.AM.

STATE STREET

Agenda

- State Street at a Glance
- Relationship Overview
- Risk and Controls
- Core Services

Joseph Rooney

Vice President, Client Service Team Lead
State Street Bank and Trust

Joe started his career at State Street in the US Asset Owners in 2006 as a Portfolio Accountant. Joe has remained in the US AO department at State Street throughout his career and has worked in various roles within the department. He was promoted to a Vice President role in 2020 and is currently responsible for leading a client service team which oversees Public Funds, Corporate Pensions, Endowments and Foundations.

Joe attended the University of Missouri and Western Illinois University. He graduated from WIU with a Bachelor of Science in Finance.

Julianna Frank

Assistant Vice President, Client Service Owner
State Street Bank and Trust

Julianna Frank is an Officer within the Client Delivery Management team. Julianna has 13 years of industry experience at State Street Corporation servicing Public Fund, Not-for-profit, Taft Hartley and Corporate Clients. Julianna has been working with Ventura County Employees' Retirement Association for the past nine years.

Prior to her current roll, Julianna worked as a Senior Portfolio accountant within the accounting team. During her time in the accounting team, Julianna serviced a number of Public Fund, Not-for-profit, Taft Hartley and Corporate Clients. Julianna began working at State Street in 2010 as a Portfolio Accountant. She was promoted to Client Service Operations Manager within the accounting team in 2013.

Julianna earned a Bachelor of Science in Accounting with a minor in Finance from Missouri Western State University in 2008. In 2013, Julianna received a Master's in Business Administration from Baker University.

Jared Douglas

Officer, Client Service Owner
State Street Bank and Trust

Jared Douglas has been with State Street for over 16 years, all within the Institutional Investor Services (IIS) division. Jared currently serves as a Client Service Officer, acting as the point of contact for various corporate and nonprofit clients. He has a great deal of experience researching and resolving inquiries from clients, consultants and auditors, preparing and auditing financial statements, and processing and accounting for client cash activity.

Jared earned a Bachelor of Arts degree in Business Administration from William Jewell College and a Master's degree in Business Administration from Park University.

Shawn Currier

Vice President, Senior Relationship Manager
Account Management, Securities Finance

Shawn Currier is a vice president and overseas relationship management for broad range of client types in the United States. His team works with existing and potential lending clients helping them customize programs that will provide opportunities to help enhance risk-adjusted returns. He is responsible for ensuring overall service delivery and satisfaction for lending customers. He also acts as the point of contact and advocate for Securities Finance-related matters for customers.

Mr. Currier has over 25 years' experience working in Securities Finance and joined State Street's account management team in 2008. Prior to assuming his current role, Mr. Currier spent 10 years with the Securities Finance operations team serving in a variety of roles which included the development and expansion of the third party lending model.
Mr. Currier has a Bachelor's degree in Business Administration from The University of Massachusetts with a concentration in Finance.

State Street provides experienced securities lending capabilities and supplies liquidity across more than 45 markets, worldwide, via Securities Finance offices and trading desks located throughout the Americas, Europe/Middle-East/Africa and Asia/Pacific regions.

Chris Dugas

Officer
Business Development/Relationship Management

Chris Dugas is an officer in State Street's Securities Finance division where he is responsible for relationship management and business development. He works with potential and existing lending clients to help customize and oversee their finance needs. He is responsible for ensuring overall service delivery and satisfaction for his Agency Lending clients; including Family offices, U.S. mutual funds, U.S. public funds, U.S. pension funds, U.S. corporate and union retirement plans.

Mr. Dugas joined State Street in 2016 and has held numerous client facing roles at the bank. His responsibilities have included the oversight of client satisfaction with regards to financial reporting and acting as the point of contact and advocate for Securities Finance related matters for clients. He transitioned to Securities Finance in 2020. He holds a Bachelor of Science degree in Finance from Stonehill College.

State Street provides experienced securities lending capabilities and supplies liquidity across more than 45 markets, worldwide, via Securities Finance offices and trading desks located throughout the Americas, Europe/Middle-East/Africa and Asia/Pacific regions.

State Street at a Glance

Integrated Solutions Delivered Across Client Segments

State Street Institutional Services

Asset servicing

- A leading financial service provider, with $36.7 trillion AUC/A[1]
- Expert fund accounting and administration, custody, investment operations outsourcing
- Covering alternative asset classes, including hedge funds, real assets, private equity and derivatives

Research and Trading

- A leading provider of market liquidity, funding and collateral management, and securities lending
- Leveraging market insights and academic partnerships to offer investment indicators and analytics
- $27.35 trillion in foreign exchange traded, including interbank volume[2]

State Street Alpha℠

- First fully open, front-to-back investment platform offered from a single provider
- Delivering real-time views of investments, exposures and investable cash on a single desktop
- Alpha Data Platform streamlines the data environment for deeper insights

State Street Digital

- Launched a dedicated division to deliver full-service support for digital assets
- Strong partnerships with technology platforms, industry regulators and disruptors
- Developing a 'GSIFI-grade' digital trading infrastructure for the institutional space

State Street Global Advisors

Asset management

- World's fourth-largest asset manager, with $3.5 trillion AUM[3]
- Creator of the first exchange traded fund and a pioneer in index investing
- Offering investment strategies across the risk / return spectrum
- A leading provider of ESG-focused investment strategies

Client Segments

- Asset Managers
- Alternative Asset Managers
- Asset Owners
- Insurance Companies
- Official Institutions and Sovereign Wealth Funds

[1] As of December 31, 2022
[2] Annual volume as of December 31, 2022
[3] Assets under management as of December 31, 2022 includes approximately $59 billion of assets with respect to SPDR® products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

Relationship Overview

Ventura County Employees' Retirement Association

At a Glance

Relationship

Ventura County Employees' Retirement Association

Client since 1997

Fiscal year-end: 6/30

Consultant: NEPC

Consultant: Abbott Capital Management

Contacts

Linda Webb

Lori Nemiroff

Dan Gallagher

La Valda Marshall

Karla Mairena

Elda Boudaghians

Reporting

Monthly Accounting Reporting

- Completed 5th BD

Monthend Accounting Reports

- Available on 6th BD via MyStateStreet

Year End Accounting Reports

- Annual reports available on 6th BD via MyStateStreet

Regulatory Reporting

- GASB 40
- GASB 53
- GASB 72
- Audit requirements as requested

.

STATE STREET

Ventura County Employees' Retirement Association

Account Matrix

Fund	Name	Type	Total NAV as of 3/31/23
2M2E	BGI ALL CNTY WRLD EX-US INDEX	Commingled	552,385,520.12
2M1L	BGI U.S. DEBT INDEX	Commingled	158,436,170.08
2M2R	BGI MSCI ACWI GLOBAL EQ INDEX	Commingled	738,460,174.86
2M1O	BGI RUSSELL 1000 LG CAP INDEX	Commingled	1,660,303,603.38
2M1Y	BGI RUSSELL 2500 SMID US EQIND	Commingled	84,703,191.47
2M2U	BRIDGEWATER ASSOCIATES	Commingled	129,675,510.22
2V3A	BUENAVENTURE TWO LLC	Private Equity	2,033,754.31
2M2D	LOOMIS SAYLES & CO (MULTI SEC)	Global Fixed Income	84,792,086.39
2M2V	LOOMIS SAYLES &CO(STRAT ALPHA)	Commingled	46,522,423.21
2M2G	PARAMETRIC	Overlay	61,673,106.55
2M2W	PRIVATE CREDIT	Private Equity	423,968,736.88
2M2J	PRIVATE EQUITY	Private Equity	1,405,153,304.96
2M1G	PRUDENTIAL REAL ESTATE (PRISA)	Real Estate	216,785,650.56
2M2Z	REAL ASSETS	Real Estate	191,207,458.97
2M2Y	REAMS - US TREASURY PORTFOLIO	Domestic Fixed Income	76,755,367.88
2M1W	REAMS ASSET MGMT CO(CORE PLUS)	Commingled	281,451,655.11
2M1X	SPRUCEGROVE INV MGMT LTD	Commingled	259,522,558.06
2M2S	TORTOISE CAPITAL ADVISORS	Domestic Equity	111,795,674.05
2M1Z	UBS REALTY INVESTORS	Real Estate	252,295,915.79
2M2X	VCERA CASH	Cash Account	75,347,786.27
2M2M	WALTER SCOTT & PARTNERS	Commingled	270,699,435.93
2M1N	WESTERN ASSET MGMT (CORE BOND)	Global Fixed Income	191,207,918.35
2M2F	WESTERN ASSET MGMT(PORT ALPHA)	Global Fixed Income	170,336,443.10
Total			$7,445,513,446.50

Relationship and Service Model

Executive Leadership

Maria O'Toole– Senior Vice President/Senior Managing Director	• VCERA's executive advocate • Access to senior decision makers

Client Service and Delivery

US Asset Owners **Kate Hubbard – Managing Director– Client Service Department Lead** **Joseph Rooney– Vice President – Client Service Team Lead** **Julianna Frank– Assistant Vice President– Client Service Owner** **Jared Douglas– Officer– Client Service Owner** **Sandeep Shetty– Officer– Client Service Delivery**	• Conversion and Implementation • Client Service advocates driving continuous improvement for VCERA • Manage business to business issues • Strategic planning • Contract and service level negotiations • Day to day servicing • Management of negotiated business requirements • Primary contact to disseminate news and impact to VCERA regarding day to day client direction • Primary contact for operational requests

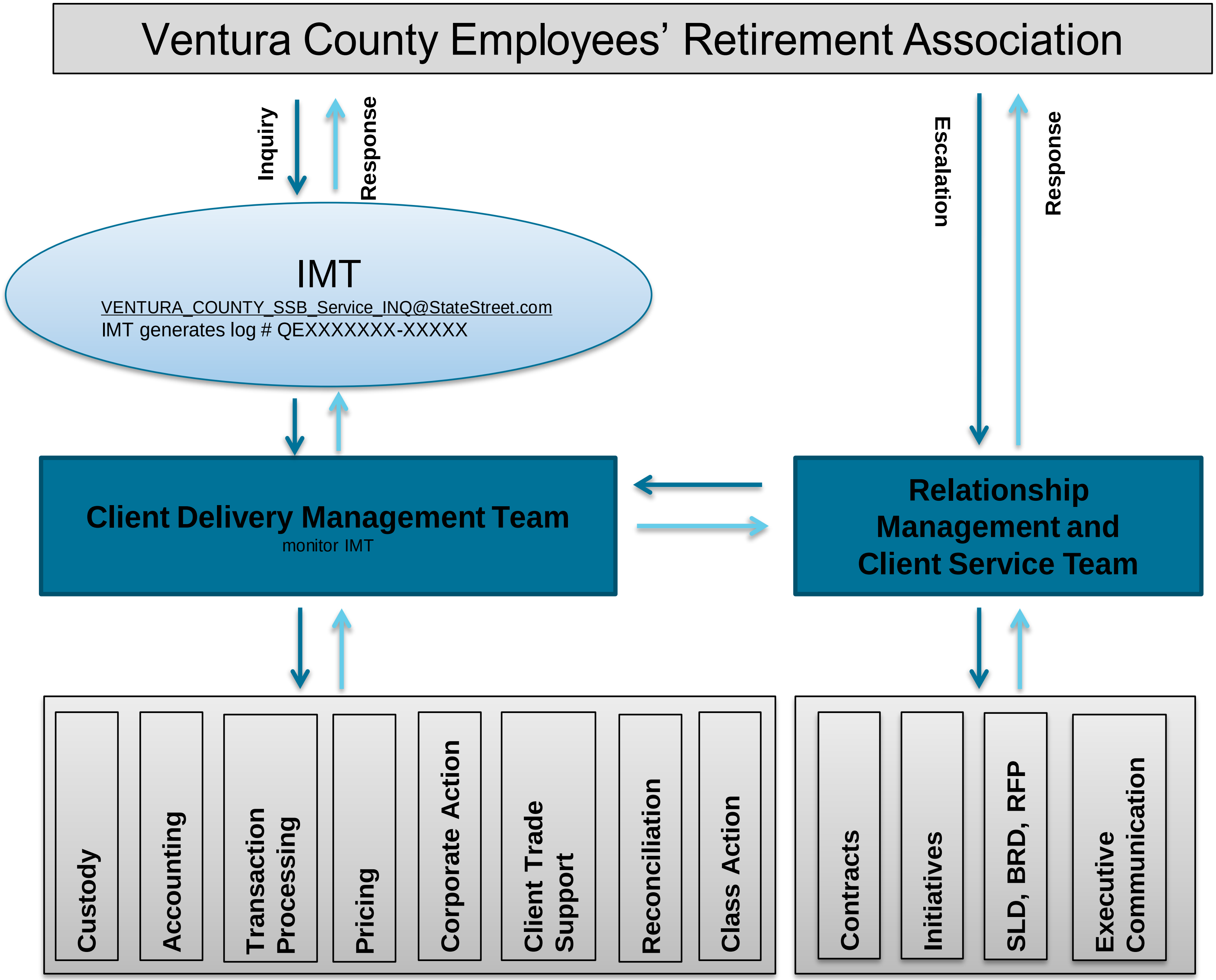
Functional Expertise of Extended Team

Global Network	Corporate Actions	Class Action	Trade Processing
Global Custody	Securities Pricing	Income Collections	Information Technology and Integration
Reconciliations	FX Trading	Performance & Analytics	State Street Global Advisors

• Delivery of services
• Subject matter expertise
• Measure impact of regulatory change on clients

STATE STREET

Inquiry Management Tool (IMT): Flow of Information



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STATE STREET

Risk and Controls

Risk Excellence

Drive continuous improvement in our system of internal controls

1 **Actively manage our risk and control environments**

2 **Act at all times with the highest levels of integrity**

3 **Meet or exceed Regulatory expectations**

We recognize the need for and value of meaningful and sustained focus on Risk Excellence, as well as client satisfaction and financial performance. We do this by:

- Coordinating risk management across all three lines of defense, with a standard language and methodology for identifying, evaluating, measuring and reporting risk
- Enhancing infrastructure, technology, operating standards and governance
- Communicating and enforcing our Standard of Conduct

Each business unit has a Business Risk Management team, which partners with product and process leaders to drive continuous risk identification and assessment, effective risk response, and the development and maintenance of a strong control environment.

Business Risk Management (BRM) teams report up through business line management, but with a matrixed reporting line to State Street's Chief Administrative Officer to ensure consistency in business line risk management practices across the organization.

Anti-Money Laundering

Continue to weave AML & Sanctions risk management into our culture

1 **Our AML and Sanctions program is evolving to balance the complex risk management demands of our regulators with the emerging investment landscape of our customers**

- Continue to work with business partners and internal stakeholders to review and revise our Global Policy and standards to reflect the needs of a complex global customer base.
- Partnering and working closely with our global regulators to ensure our policies and controls are in line with their expectations on emerging investment schemes, including marijuana, digital assets (block chain) and other risk management challenged market opportunities.

2 **Improving our approach and increasing our view of AML and Sanctions risk management to produce more impactful results and reporting**

- Increased information channels to better inform our business partners on effective suspicious activity reporting (SARs) to highlight our responsibility as a globally significant institution
- Enhancing our alert data collection processes to utilize Artificial Intelligence (AI) principles that reduces the number of false alerts to provide more effective oversight

Our Fully Integrated System

Global Horizon

A single platform which is the foundation for many critical business decisions

Global Horizon	Client Service Workstation	my.statestreet.com
• Real-time • Base and local currency reporting • Trade date calculation • Full accrual and “as of” capabilities	• Automated daily processing • Exceptions identified daily • 13 automated audits – Cost and Share – Price Tolerance – Price Consistency – Unrealized gain / loss – Realized gain / loss – Income Verification – Income Activity – Open Trades – Pending Foreign Exchange – Payable and Receivable – Local cash – Base Equivalent Cash – Trial Balance	• Web-based • 24-hour access from work or home • Reporting – Standard – Customized – Performance – Private assets • Sophisticated Dashboards

my.statestreet.com

Your secure, online single entry point to a full suite of sophisticated market data and analysis applications

To help you achieve better outcomes and improve the interactions that you have with us, we have continued to evolve our client portal to make it easy for you to access all relevant tools, products and insights at a single location.

Here's a summary of what's new:

- Simpler Navigation
- Better Data Visualizations
- Improved Workflow Capabilities
- More Secure Document Sharing
- Better Information

Simpler Navigation

You'll find what's most important to you at your fingertips and reduce the number of choices you need to make in order to navigate the portal.

Example:

The new landing page shows you the applications and features you used most recently, allowing you to quickly pick up where you left off.

Better Data Visualizations

Dashboards have been simplified and the user experience is cleaner and less cluttered, allowing you to more quickly focus on key information you need.

Example:

The improved Custody dashboard provides an easy-to-read summary of your trade settlements, cash positions across your funds and your open foreign exchange transactions.

More Secure Document Sharing

You'll be able to ensure that documents are properly protected and delivered only to those individuals authorized to see them.

Example:

The updated Online Documents feature includes folder-level permissions and upload controls to reduce the risk of improper distribution and alerts that keep you informed when new documents are available.

Improved Workflow Capabilities

We continue to invest and deploy capabilities to enable you to initiate and track activity throughout a workflow cycle.

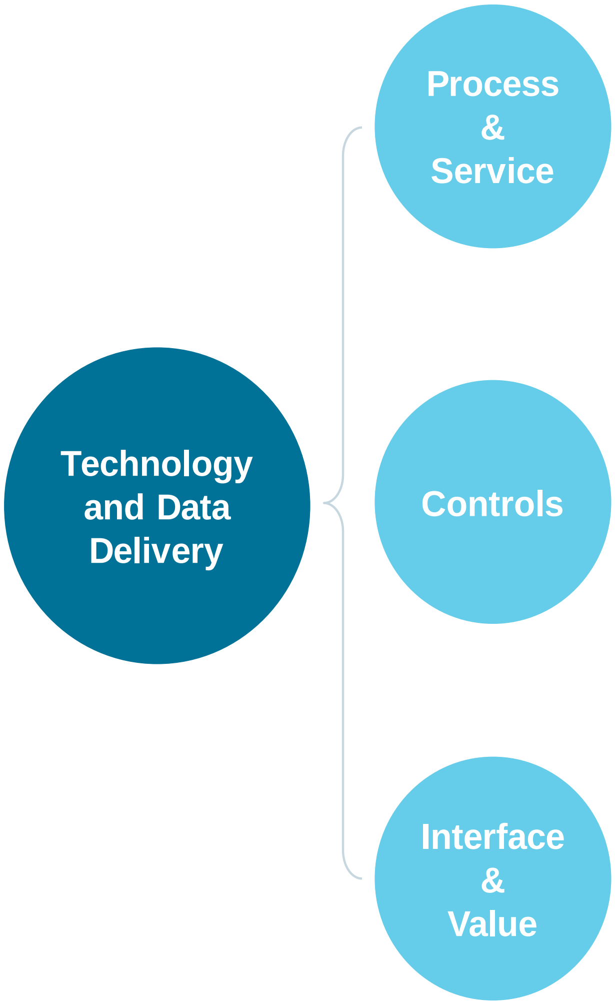
Example:

Creating process inquiries can be done from within the portal, and you can track and get updates on progress as an issue is being resolved.

STATE STREET

Core Services

Technology, Data Delivery and Reporting Are Core to Service



eHorizon Global Platform

- eHorizon platform is designed to accommodate complex products and holdings in a daily environment
- Global custody and accounting operations performed on a single, global, proprietary platform
- Utilized across the globe in all servicing locations

Controls and Data Integrity

- Our global custody platform is a proprietary platform for which we own the code behind it
- We are able to control system upgrades, which enables us to minimize any client disruption
- Secured data through three global enterprise data centers, promoting "active-active-active" backups

Reporting and Client Views

- Agile technology promotes flexibility and integration with client systems and processes
- Near-real-time views into custody data
- Flexible and customizable reporting capabilities
- Standard reporting across all product lines

STATE STREET

2022 Foundational Work Enhancing the Core at a Glance

Transaction Management
Streamlining ingestion of transactions through single entry

Reconciliations
Consolidate onto TLP and EZOps platforms, automate workflow, matching and reporting

Fund Accounting
Globalize existing regional automated solutions and optimize use of Driverless NAV

Corporate Actions
Automate data ingestion and validation routines, reducing manual processing

Income
Automate data validation, reporting and tracking of past due income reducing errors

Middle Office
Streamline exception-based review and change management processes

Securities Valuation
New feeds to automate manual pricing and remove Investment Book of Record (IBOR) / Accounting Book of Record (ABOR) price differences

Alternatives
Enhance Investor Services onboarding, integrating platforms to reduce manual process

Financial Reporting
Deploy data pre-processing logic and extend workflow to auditors and clients

Loans
Automate cash, settlement and life cycle events in Wall Street Office (WSO)

Client Servicing
Enhance reporting and query analytics

Derivatives
Enhance Derivatives Hub capabilities

State Street’s Suite of Technology Working for VCERA

Industry Expertise At Your Fingertips

STATE STREET

One Platform -- One Method -- One Look

Accounting Platform	Reporting Platform	Method of Moving Cash	Live Look into Your DDA
• Multi-Currency Horizon (MCH)	• my.statestreet.com	• Cash Flow Module (eCFM)	• CustodyNet

Straight-through Processing

VCERA Monthly Timeline

Daily

- Trade, Income, and Corporate action processing
- Cash & Security Reconciliation
- Security Valuation
- Track trade fails & past due income resolved

Business Day 1-2

- Late trade instructions back-valued into prior period
- Confirm month over month price changes vs market indices
- Review cash & security transfers between portfolios

Business Day 3-5

- Review reconciliations provided by investment managers
- Submit price challenges for any variance outside of tolerance
- Validate NAV differences with investment manager are within established thresholds

Business Day 5

- Automated tool validated ledger balances
- Monthly portfolio rate of return verified vs benchmark
- Monthend books are hard closed

Business Day 6

- Final reporting available on MyStateStreet

STATE STREET

Enterprise Cash Flow Module
(eCFM)

Efficiently run your fund accounting and administrative activities

Reduce FTTOP callbacks

Our automated system helps to reduce manual fax interaction. You can use eCFM to electronically input and authorize money movement.

Schedule future-dated payments

You no longer need to maintain or monitor a manual paper file. Make sure payments are paid on time and recorded properly, by scheduling automatic, pre-approved payments. The system automatically triggers payment on the scheduled date, without requiring you to log in or maintain paper files.

Use built-in system check and balance controls

Approved invoices can be directly paid by wire or check, aiming to reduce the need for reconciliation between accounting and custody records. Our interface is specifically designed to support various approval groups. Standard controls are also built into the application to help you mitigate operational risk and reduce errors.

Audit and track user activity

Using the system's audit trail functionality, you can proactively monitor invoices and authorizations.

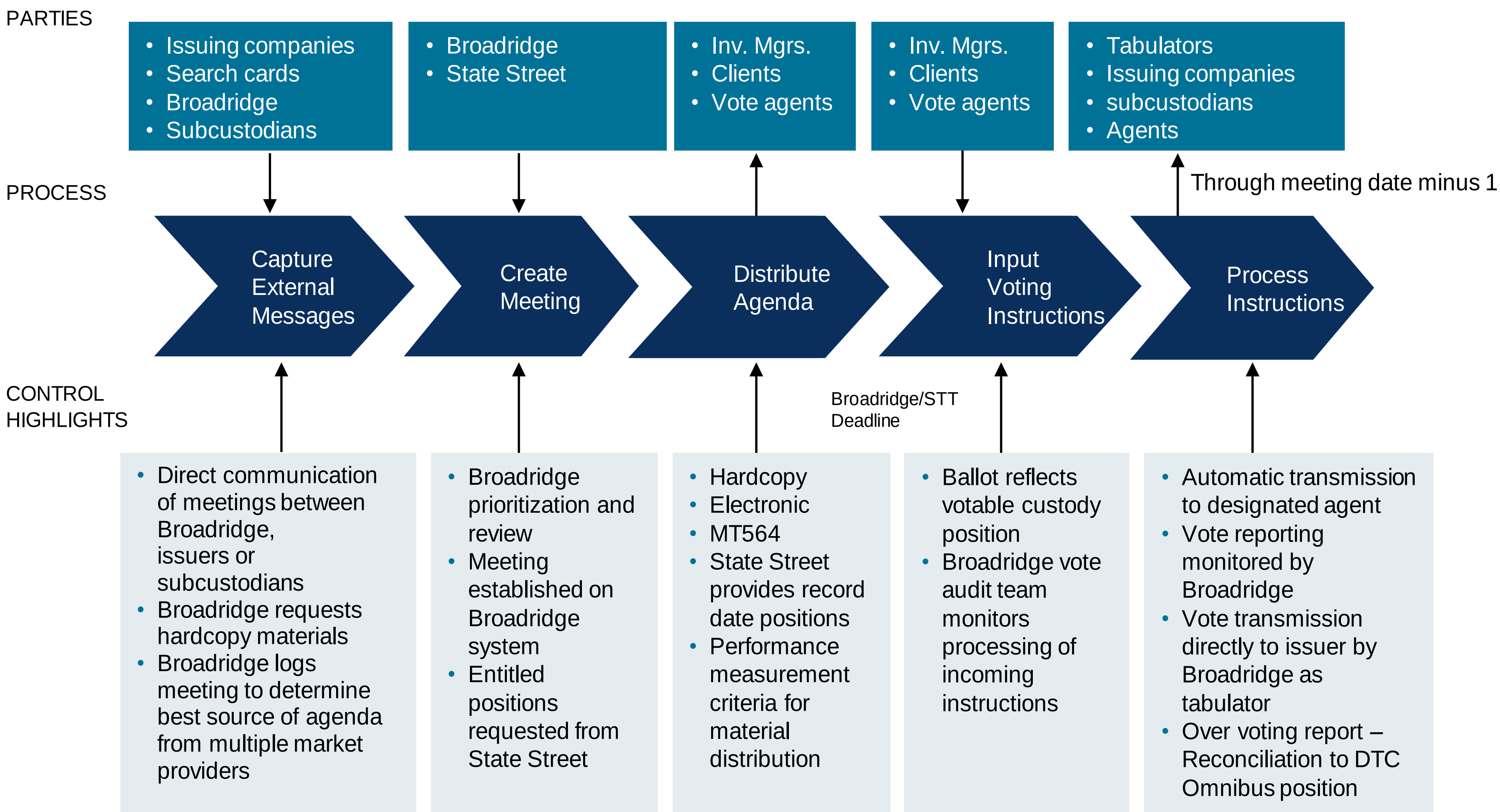
Access real-time data

View payment status at any point in the payment lifecycle. All payments are archived with an audit and log trail, so you can easily research historical payments.

Select from user-defined SWIFT templates

The platform allows you to send an unlimited number of international payments in your local time zone via the SWIFT network. You can authorize outgoing payments with protected preformat templates and up-to-date routing information.

Proxy Process and Controls



 Information Classification: Limited Access 5616667.1.1.AM.

STATE STREET

Service Offering for U.S. Class Actions

Notification	Class action litigation notices for securities received from various sources, researched for case details, and forwarded to identified clients who wish to receive them (Directly from CAPS or indirectly from Client Service team contacts)
Filing	Complete an electronic Proof of Claim on OPT OUT type actions for eligible funds / activity and submit to Claims Administrator on the client's behalf
Monitoring/ Collections	Monitor the status of all claims through payment Deposit any proceeds received into the appropriate account
Reporting	A database that tracks notices, filing status and collections is maintained Reports are available on my.statestreet.

Ventura County Class Action Statistics

Year	Class Action Amount Received
2013	$67,646.38
2014	$236,196.23
2015	$1,006.73
2016	$178,948.19
2017	$192,083.41
2018	$76,953.40
2019	$111,496.35
2020	$20,063.83
2021	$1,353.67
2022	$11,797.68
TOTAL	$897,545.87

STATE STREET

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To learn how State Street looks after your personal data, visit: https://www.statestreet.com/utility/privacy-notice.html. Our Privacy Statement provides important information about how we manage personal information.

State Street Corporation
One Lincoln Street, Boston, MA 02111-2900

Expiration date: 2/9/2024

April 17, 2023

Ventura County Employees' Retirement Association

State Street Securities Finance

AdTrax Tracking Number: 5613205.1.1.AM.

STATE STREET

Agenda

- Performance Update
- Collateral Pool Update

STATE STREET®

VCERA's Performance

Relationship Summary

Our relationship commenced in May 1997

VCERA has 5 funds in securities lending

- 2M1N – Western Asset Management
- 2M2D – Loomis, Sayles & Co. LP
- 2M2F – Western Asset Management
- 2M2S – Tortoise Capital Advisors
- 2M2Y – Reams Asset Management

Earnings Summary (calendar year)

- Since Inception ~ $9.5 million (through February 2023)
- 2022 YTD ~ $201k (as of 2/28/23)

Programs

- U.S. Equity
- U.S. Corporate Bonds
- U.S. Government

Cash Collateral

- Compass Fund

Noncash Collateral approved in 2023 – Currently representing 30% of overall balances

VCERA is indemnified against borrower default

Notes:
(1) Data represents past performance and is not a guarantee of future results
(2) Data Source: Securities Finance Business Intelligence

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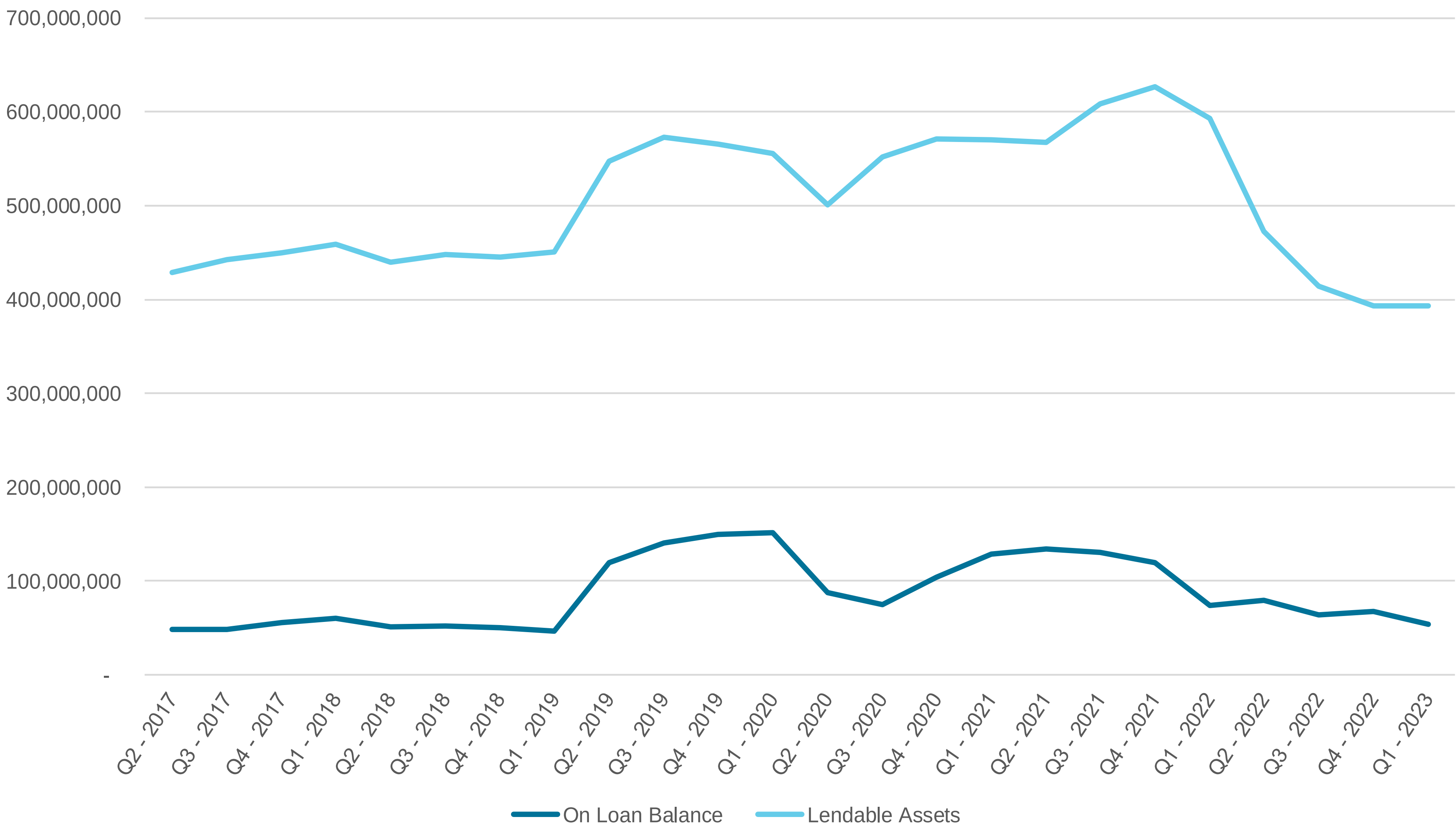
Lendable and On Loan Trend

Q1 2016 – Q1 2023



Performance data shown represents past performance and is no guarantee of future results.
Source: Securities Finance Business Intelligence

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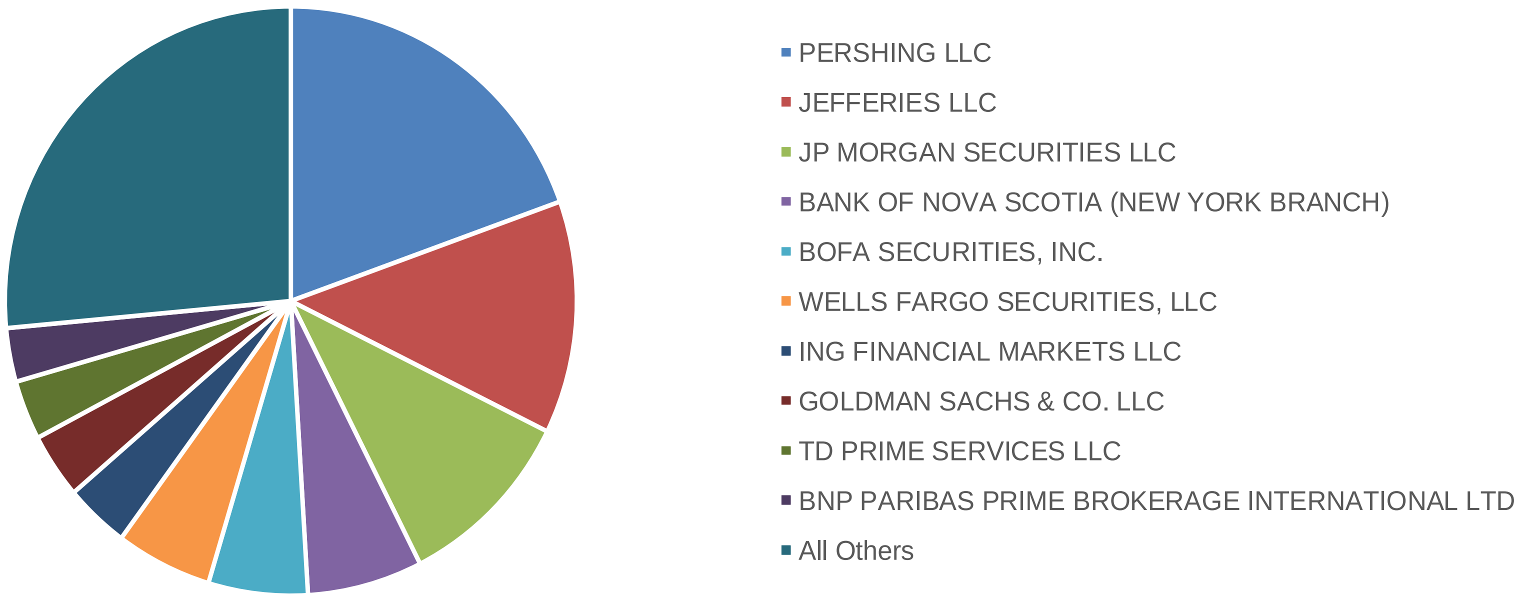
Borrower Diversification

Average Market Value on Loan (7/1/22 to 2/28/23)

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION				
Borrower External Name	**Average Amount On Loan**	**Average Collateral Amount**	**Collateralization Level**	**% of Total**
PERSHING LLC	12,311,039.27	12,562,711.27	1.02	20%
JEFFERIES LLC	8,062,060.21	8,202,582.83	1.02	13%
JP MORGAN SECURITIES LLC	6,455,049.57	6,594,460.50	1.02	10%
BANK OF NOVA SCOTIA (NEW YORK BRANCH)	4,104,827.71	4,187,298.07	1.02	7%
BOFA SECURITIES, INC.	3,541,281.96	3,617,985.44	1.02	6%
WELLS FARGO SECURITIES, LLC	3,436,794.37	3,513,512.05	1.02	5%
ING FINANCIAL MARKETS LLC	2,286,947.47	2,331,605.79	1.02	4%
GOLDMAN SACHS & CO. LLC	2,257,726.02	2,303,948.27	1.02	4%
TD PRIME SERVICES LLC	2,060,984.56	2,139,167.89	1.04	3%
BNP PARIBAS PRIME BROKERAGE INTERNATIONAL LTD	1,860,498.89	1,900,188.77	1.02	3%
All Others	16,694,395.94	17,050,028.41	1.02	26%
Summary	**63,071,605.95**	**64,403,489.28**	**1.02**	**100%**



Performance data shown represents past performance and is no guarantee of future results.
Source: Securities Finance Business Intelligence and my.statestreet.com

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Securities Lending Performance

Ventura County Employees' Retirement Association

	FY 2019	FY 2020	FY 2021	FY 2022	FYTD 2023
Average Lendable ($)	472,795,194	550,416,362	561,972,232	575,490,112	401,204,339
Average on Loan ($)	66,868,032	132,623,475	113,760,360	101,276,511	63,071,606
Utilization	14.1%	24.1%	20.2%	17.8%	15.7%
Earnings by Program ($)					
US Equity & Corp. Bond	116,767	94,172	64,662	71,817	60,504
US Government & Agency	61,699	331,310	257,969	178,560	71,116
Non-US Fixed	999	8	0	1	201
Total Earnings	179,465	425,489	322,631	250,378	131,821
Components of Spread (bps)					
Demand Spread	2	6	13	14	31
Reinvestment Spread	35	38	27	20	12
Net Spread	37	44	39	34	43
Return to Lendable (bps)	3.8	7.7	5.7	4.4	5.0

Notes:
(1) FYTD 2022 Data includes July 2022 – February 2023
(2) Risk-Free rate used for spread calculations is OBFR
(3) Data represents past performance and is not a guarantee of future results
(4) Data Source: Securities Finance Business Intelligence

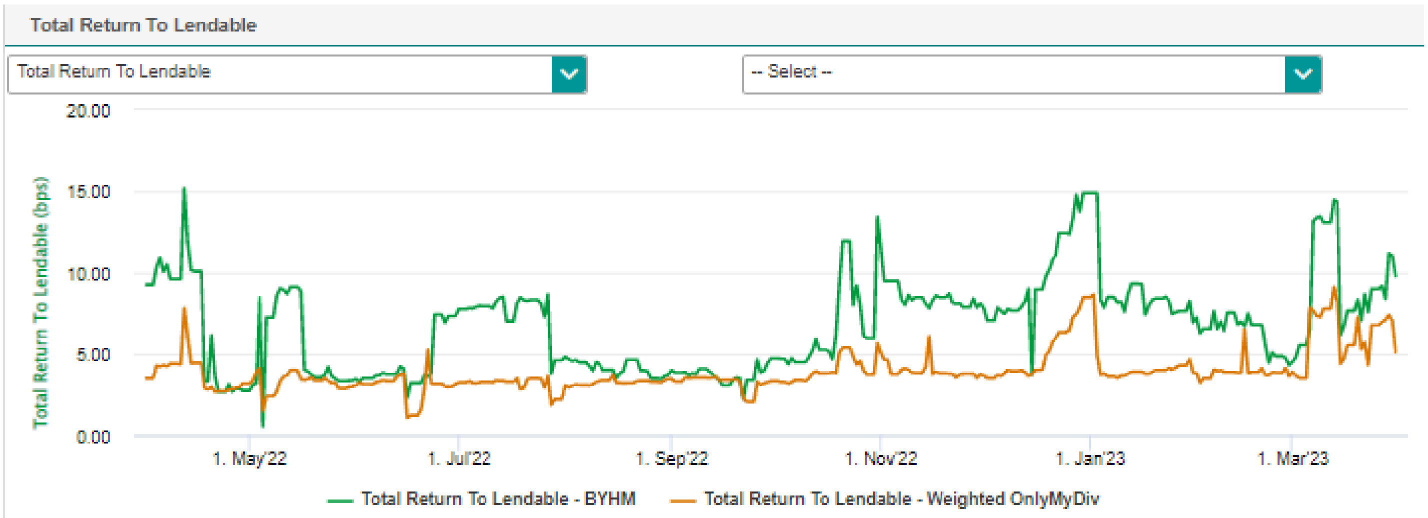
Performance Benchmarking

Demonstrated Results: PerformanceExplorer™- Return to Lendables

PerformanceExplorer™ provides independent performance benchmarking for securities lending.

Group includes data from agent lenders, principal lenders, borrowers and beneficial owners (BNY Mellon, JP Morgan Chase, Northern, HSBC, UBS, Brown Brothers, State Street & others).

VCERA's securities lending program with State Street has outperformed the peer group as indicated.



Total Return To Lendable (bps)	High	Low	Average
Client	15.17	0.55	6.78
Benchmark	9.13	1.05	3.89

VCERA's average return to lendable of 6.78bps was 74% higher than the peer group level of 3.89bps.

Source: The above data is provided by Markit Securities Finance and is underpinned by source data provided by PerformanceExplorer™ participants and also market data. However, because of the possibility of human or mechanical errors, neither Markit Securities Finance , nor the providers of the source or market data can guarantee the accuracy, adequacy or completeness of the information. This summary contains information that is confidential and is the property of Markit Group Limited. It may not be copied, published or used, in whole or in part, for any purpose other than expressly authorized by the owners.

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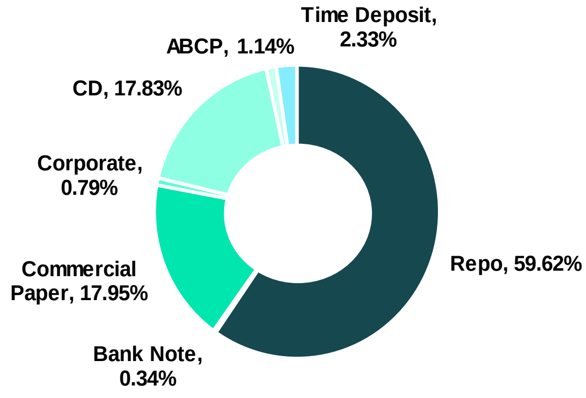
Collateral Pool

The Compass Fund

FC14 — The Compass Fund

As of February 28, 2023

Summary Characteristics	
1-Day Yield[1]	4.93%
Par Position + Uninvested Cash (in millions)	6667.29
Floating Rate %	75.8
Foreign Issuers %[2]	28.23
Weighted Average Maturity (WAM)[3]	4.21
WAM to Call	4.21
Call v. Mat Spread	0
% Callables	--
Weighted Average Life (WAL)[4]	94.78
Fund Price as of 02/28/2023	100.03
Number of Holdings	86



Liquidity Schedule	% of Fund
Next Business Day	22.32
1 Week Liquidity[5]	**23.97**
2-30 Days Liquidity	6.7
31-60 Days Liquidity	13.39
61-90 Days Liquidity	8.22
90 Days Liquidity	**50.64**
91-120 Days Liquidity	22.06
121-150 Days Liquidity	--
151-180 Days Liquidity	4.11
181-270 Days Liquidity	20.36
271-360 Days Liquidity	2.83
12-15 Months Liquidity	--
15-18 Months Liquidity	--
18-21 Months Liquidity	--
21-24 Months Liquidity	--
Greater Than 2 Years Liquidity	--
YE 2023 Liquidity	97.54

Credit Quality BreakDown

Long-term Ratings	% of Fund
AAA	--
AA	3.03
A	10.57
BBB	--
Below Investment Grade LT	--
Short-term Ratings	**% of Fund**
A-1+	7.54
A-1	66.65
A-2/A-3	--
Below Investment Grade ST	--
No Ratings	**% of Fund**
NR	12.21

Repo Collateral	% of
Treasuries	1.22
Agencies	--
Agency MBS	10.74
Money Markets	--
Corporates	7.22
Asset Backed	--
Equities	40.45

Floating Rate Index Breakdown	% of Fund
FED FUNDS	--
1 MO LIBOR	--
3 MO LIBOR	--
3 MO TBILL	--
FCPR	--
OBFR	44.31
SOFR	31.48
BSBY	--

Floating Rate Reset Buckets	% of Fund
Next Business Day	75.8
2-7 Days	--
8-31 Days	--
1-2 Months	--
2-3 Months	--

Source:SSGA Bloomberg. Ratings are from Bloomberg and are S&P. Past performance is not a guarantee of future results. ABCP are asset backed commercial papers.

[1] 1 Day Yield is the Gross Yield. The fund is in USD and the benchmark is the Overnight Bank Funding Rate (OBFR).

[2] All YCD's are being reported as Domestic and thus not included in the % Foreign Issuers. % Foreign issuers is the % of the fund held in foreign issues (domicile of issuer which represents the issuer's country of incorporation, for repo it's where the counterparty is incorporated).

[3] Weighted Average Maturity (WAM): aggregation of WAM of underlying securities in fund defined as (1) Floating rate securities: Next Reset Date – Current Date; (2) Fixed Rate: Maturity Date – Current Date (defined in days)

[4] Weighted Average Life (WAL): aggregation of WAL of underlying securities in fund defined as (1) Floating rate securities: Expected Maturity Date – Current Date; (2) Fixed Rate: Expected Maturity Date – Current Date (defined in days)

State Street Global Advisors investment management fee is 1.75 bps per annum

Any S&P ratings below BB- or below A-1 as well as Unrated securities are included in the "Other" category

Floating rate % is the % of floating rate securities held in the fund.

Liquidity schedule is the maturity profile of the cash investment.

Global Markets

Fundamentals of Securities Lending

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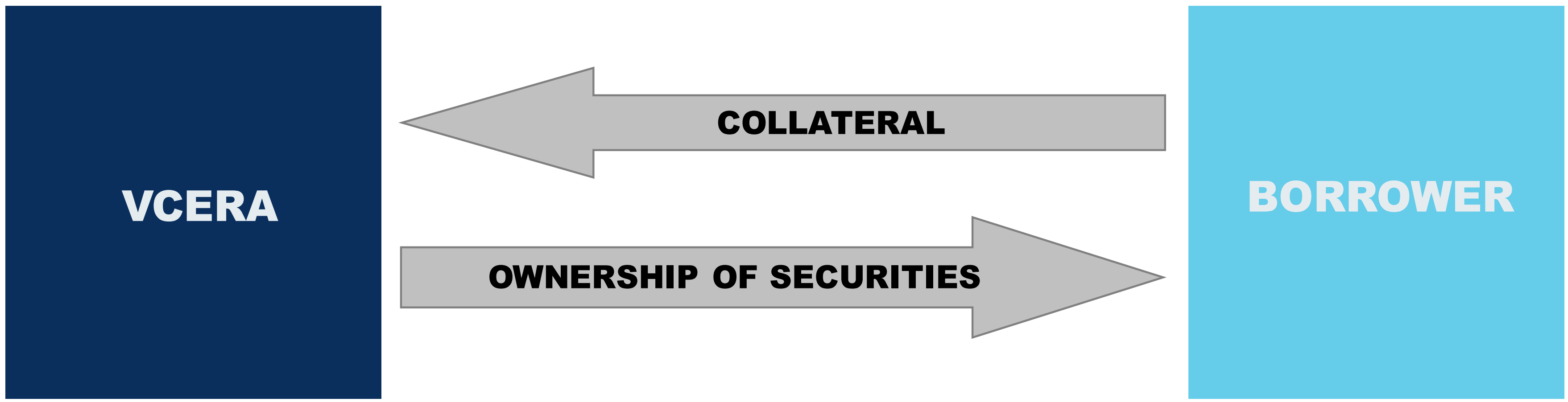
Securities Lending

An investment management product where participants generate revenue by temporarily transferring idle securities, in a collateralized transaction, to a borrower.



- Lender transfers legal ownership of securities while retaining rights of beneficial ownership (i.e., entitlements on all dividend distributions and corporate actions)
- Borrower is contractually obligated to return the securities upon recall by the lender

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Fundamentals of Securities Lending

How are Earnings Generated?

Cash collateral is posted by the borrower at the inception of the lending transaction

State Street pays interest (the “rebate”) on the cash to the borrower at a rate that reflects the supply/demand characteristics of the loaned security

State Street invests this cash collateral according to the VCERA’s investment guidelines

The difference between the yield on the investment of the cash and the interest paid to the borrower represents the earnings or “spread”

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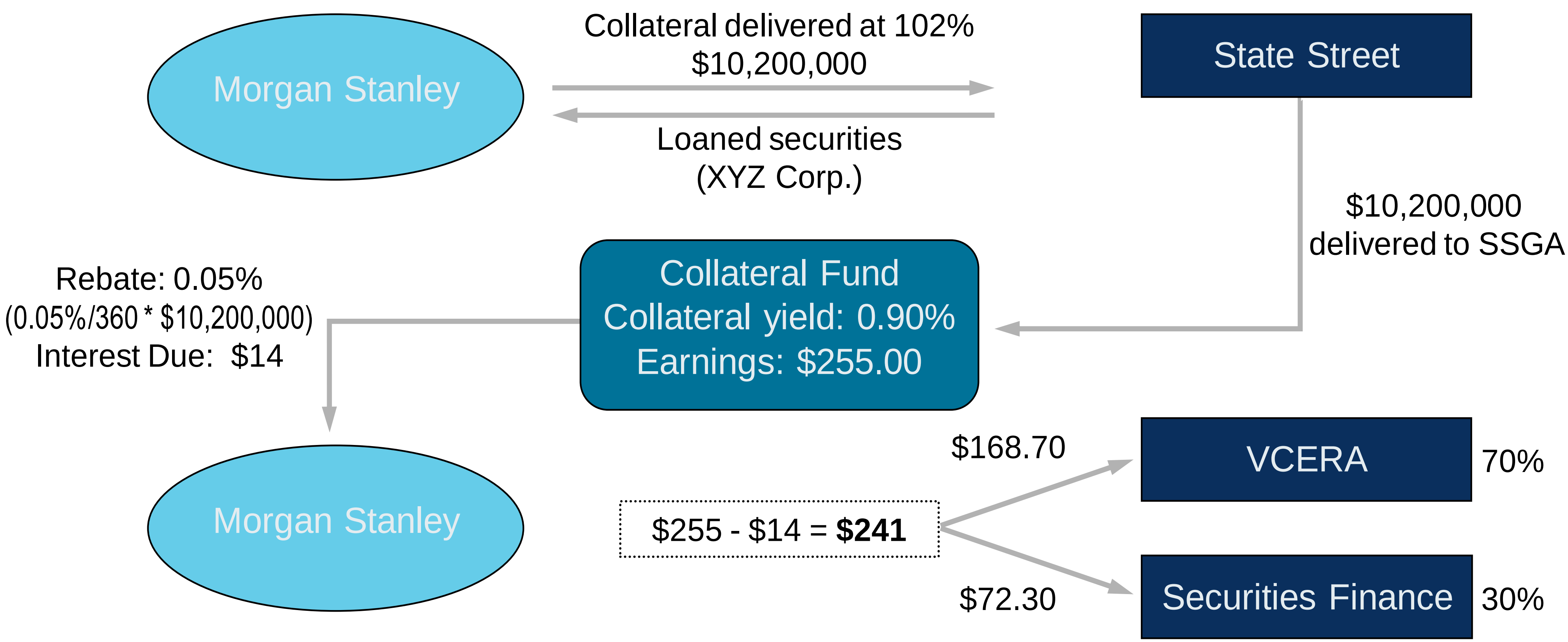
Fundamentals of Securities Finance

One Day Sample Transaction Diagram



Yield – Rebate = **Total Spread**	Yield – OBFR = **Investment Spread**	OBFR – Rebate = **Demand Spread**
0.90% - 0.05% = 0.85% (85 bps)	0.90% - 0.25% = 0.65% (65 bps)	0.25% - 0.05% = 0.20% (20 bps)

OBFR = Overnight Bank Funding Rate

Collateral Yield and Rebate Rate are annualized using a 360 – day basis.

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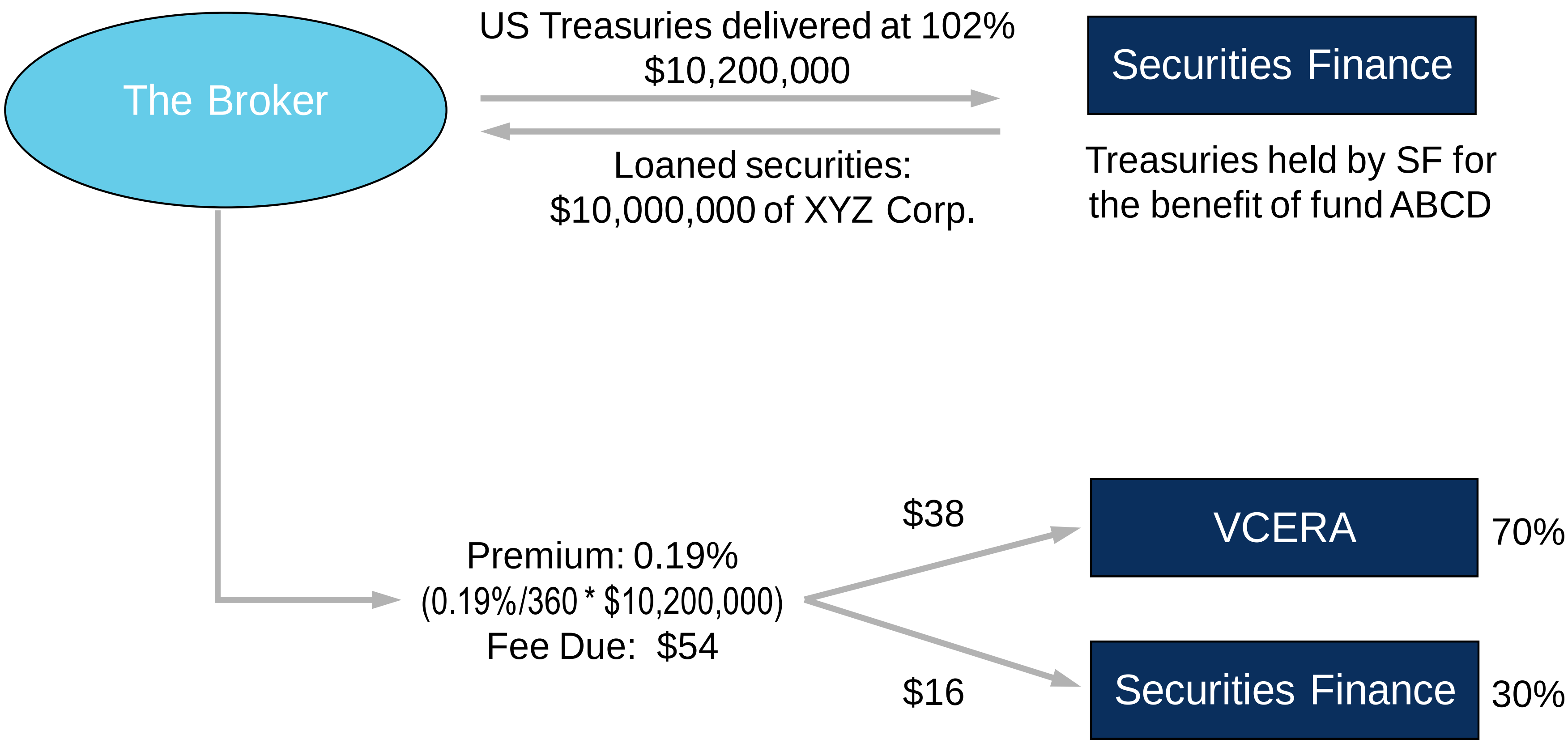
Fundamentals of Securities Finance

One Day Sample Transaction Diagram – Non-Cash Collateral (US Treasuries)



Premium rate annualized using a 360-day basis.

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THANK YOU!

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VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: $35 Million Commitment to Alterra IOS Venture III, LP

Dear Board Members:

NEPC and I jointly recommend that the Board commit $35 million to Alterra IOS Venture III, L.P.

Discussion

As described in greater detail in both NEPC's recommendation memo and in Alterra's presentation deck, the Alterra IOS Fund III (IOS 3) would be a follow-on fund to VCERA's investment in Alterra IOS Fund II. IOS 3 will continue to invest in smaller, infill industrial outdoor storage (IOS) properties which will operate on triple net leases which minimize property management expenses and day-to-day management oversight. This product is differentiated in part by targeting properties which are most commonly single owner-operator IOS businesses in a fragmented property type market, sized below the radar of most institutional industrial real estate investors. Alterra will pursue a range of value-added initiatives diversified by lease term, geography, and tenancy. These efforts are bolstered by Alterra's team of in-house acquisition, management, leasing, development personnel to support scale and manage risk.

Management fees will be 1.5% on committed capital during the investment period, which is three years from the final close subject to a one-year extension, and 1.5% on invested capital. Carried interest is 20%, with a preferred return of 9% to investors. The fund is scheduled to terminate eight years from the final close, subject to two one-year extensions. There is an early close 25 basis points fees discount on committed but uninvested capital during the investment period. Additional NEPC aggregated client assets management fee discounts may become available upon qualification.

The Board adopted its most recently revised asset allocation targets at its meeting of April 18, 2022, in part ratifying its 8% ***target*** allocation to real estate. However, as shown on NEPC's February 28, 2023 monthly report, VCERA's ***actual*** real estate allocation was below target, at 7.5%. In moving towards its 8% target allocation, the Board approved a $75 million allocation for LaSalle Value Fund IX at its March 27, 2023 meeting. Alterra IOS Venture III will continue to advance VCERA's actual real estate allocation towards its 8% target.

We view this as an opportunity to invest with a strong, disciplined manager in an underexploited real estate market segment and believe it would be a good fit for VCERA's real estate portfolio.

Alterra is targeting an attractive 14% to 16% net internal rate of return (net IRR), and a 1.7x to 1.8x net multiple of invested capital (MOIC), with leverage anticipated at 65% loan-to-value.

Staff recommends that the Board approve this investment, as more fully described in the attached NEPC report and Alterra IOS III presentation deck.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve a commitment of $35 million to Alterra IOS Venture III, L.P. and,**

2. **Subject to legal review, authorize the Board Chair or the Retirement Administrator or in the absence of both, the Chief Investment Officer, to approve and execute the required documentation.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

To: Board of Retirement, Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: April 17, 2023

Subject: Alterra IOS Venture III Recommendation – $35 Million

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Recommendation

NEPC and VCERA staff recommend that the Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") approve a commitment of $35 million to Alterra IOS Venture III (the "Fund" or "Fund III"). NEPC views the Fund as an appropriate investment that is additive to VCERA's private real estate portfolio. Alterra IOS Manager, LLC (the "Manager" or "Alterra") currently manages a $35 million commitment from VCERA to their previous fund ("Fund II"), and Fund III will continue the same industrial outdoor storage ("IOS") investment strategy as its predecessor. Fund II was rated 1 by the NEPC Private Investment Committee.

NEPC and VCERA's CIO believe that Alterra IOS Venture III fits well in the Plan's Private Real Estate allocation for the following reasons:

- **Strong sector fundamentals –** NEPC believes the continuous rise in e-commerce sales along with anticipated future public infrastructure spending will continue to support demand for IOS. From a supply standpoint, competition for land from other property uses such as residential, self-storage, and industrial contributes to a shrinking supply of available IOS properties near major transportation infrastructure. As e-commerce vendors compete for faster delivery times to customers, demand for infill parking locations for delivery fleets is expected to increase IOS demand. Additionally, zoning that permits IOS is difficult to obtain as municipalities prefer other uses that generate higher tax revenues, more jobs, and lower traffic volumes.
- **Early mover and fragmented sector** – In 2016, the Manager launched a dedicated industrial outdoor storage platform to invest in an industrial sub-sector that has been underserved by institutional capital due to highly fragmented ownership and small transaction sizes. The IOS market is approximately 95% privately owned, with no single owner holding more than 1-2% of the market. The average transaction size is small relative to other property types, typically $5 to $15 million. Alterra has developed a strong network of IOS-specific relationships and deep in-house knowledge of the IOS market that has facilitated its early mover advantage in this property type. As of December 31, 2022, Alterra is one of the largest institutional owners of IOS properties in the U.S., with historical closed and committed investments of over $1.4B across 181 sites and 31 states.
- **Strong income profile** – IOS leases are typically structured as triple-net leases, or modified triple-net, thereby minimizing property management expenses and operational intensity to Alterra. Alterra believes the Fund will be able to acquire IOS properties at going-in cash yields representing a 100-300 bps premium to prevailing cap rates in other industrial

property types. Alterra expects the Fund to generate 30-40% of its total returns through current cash flow, or cash flow yields of 6-8% annually.

- **Low capex requirements** – IOS properties are characterized by a minimal risk of physical obsolescence, resulting in lower capex requirements and more surety of income. Furthermore, almost all capital investment from paving, fencing, and lighting is additive to future tenants.

Overview of VCERA Private Real Estate Program

As of February 28, 2023, the VCERA Real Estate sub-asset class comprises approximately $537 million, representing 7.5% of the Total Fund versus the 8% policy target. Exposure includes open-end core real estate funds via Prudential and UBS and private investments via LaSalle Income + Growth VIII Limited Partnership and Alterra IOS Venture II. Since its initial investment in February 2020, the Private Real Estate portfolio has earned an IRR of 13.2% and a TVPI multiple of 1.12x.

The approval of Alterra IOS Venture III would increase the total 2023 commitments to the Private Real Estate Program to $110 million.

Executive Summary of Alterra IOS Venture III

Alterra is seeking to raise $750 million for Fund III, which will continue Alterra's strategy of investing in industrial outdoor storage properties in infill locations across the United States. IOS is mission critical real estate that supports e-commerce, infrastructure, construction, logistics/transportation, and many other parts of the economy; uses include storage, truck parking, equipment repair, container yards, and building materials. The Manager anticipates creating a portfolio of 100-125 properties which will be highly diversified by tenant, geography, and lease term. The Fund will leverage Alterra's network to target smaller transactions of $5 to $15 million, which tend to fall below the radar of most institutional buyers.

Alterra is a Philadelphia-based real estate investment manager focused on industrial outside storage, residential, and mixed-use properties. For the first 11 years of its history, APG was focused exclusively on the development and acquisition of residential and mixed-use properties. In 2016, APG launched a dedicated IOS platform, capitalizing its IOS investments through a combination of equity joint ventures and separate accounts. The Manager has served as the investment manager on a separate account for J.P. Morgan Asset Management known as IOS Venture, LLC ("Venture I"). In June 2021, Alterra launched fundraising for its first dedicated commingled closed-end IOS real estate fund, Alterra IOS Venture II. The Manager is vertically integrated, with a team of 80 professionals across three offices, all in Pennsylvania.

The Firm is 100% employee owned by Leo Addimando, Matt Pfeiffer, and Jeff Pustizzi, who comprise the Investment Committee. As a vertically integrated real estate investment firm, Alterra has in-house capabilities in acquisitions, property management, construction oversight, leasing, asset management, finance, accounting, legal, and investor reporting. The Firm's IOS platform includes 17 professionals that are 100% dedicated to the Fund from varying real estate backgrounds and an average 14 years of experience, however the Firm lists 25 total professionals that will spend most of their time on the Fund in different investment functions.

Alterra is looking to hold a final close in May 2023 and has established a hard cap of $850 million. The Fund is targeting a 14%-16% net internal rate of return ("IRR") and 1.7x-1.8x net multiple on invested capital ("MOIC") for the Fund while generating a 6%-8% net yield. Fund II only began calling capital in April of 2022, and is almost 2/3 drawn as of 2/28/2023. Results to-date are not meaningful.

Firm and Team Overview

Alterra is a Philadelphia-based real estate investment manager focused on industrial outside storage, residential, and mixed-use properties. They are vertically integrated, with a team of over 80 professionals across real estate verticals as of December 31, 2022. Alterra's in-house operating capabilities include acquisitions, property management, construction oversight, leasing, asset management, finance, accounting, legal, and investor reporting. Alterra has three offices, all in Pennsylvania; the Firm's headquarters is in Philadelphia, and two additional offices are in Conshohocken and Pittsburgh.

For the first 11 years of its history, Alterra and its predecessors were focused exclusively on the development and acquisition of residential and mixed-use properties, primarily within the Greater Philadelphia area. The Firm has acquired or developed over 2,500 apartment units, representing over $1 billion of gross asset value. Today, they manage over 2,000 apartment units. In 2016, the Firm launched a dedicated industrial outdoor storage platform to invest in an industrial sector that the Manager believes has been underserved by institutional capital due to highly fragmented ownership and small average transaction size. Historically, Alterra capitalized its IOS investments through a combination of equity joint ventures and separate accounts, including a separate account for J.P. Morgan Asset Management, known as IOS Venture I. In December 2021, the Firm launched its first dedicated closed-end industrial outdoor storage private equity real estate fund, Alterra IOS Venture II.

As a vertically integrated real estate investment firm, Alterra has in-house capabilities in acquisitions, property management, construction oversight, leasing, asset management, finance, accounting, legal, and investor reporting. Fund III has 25 professionals that will devote most of their time to various investment functions of the Fund. The Investment Committee consists of the three Partners, which include Leo Addimando, Matt Pfeiffer, and Jeff Pustizzi. Senior Vice President Charlie Totten and Vice Presidents Mark Gannon, Parker Pearson, and Matthew McNutt are focused on acquisitions and are responsible for sourcing IOS investments. Jeff Schaeffer, Vice President, oversees the Firm's asset management initiatives. Mark Cartella, Vice President, leads the Firm's development and construction initiatives.

The Firm is 100% employee owned by Leo Addimando, Matt Pfeiffer, and Jeff Pustizzi.

Investment Strategy

Venture III is seeking $750 million to continue Alterra's strategy of investing in industrial outdoor storage properties, which supports e-commerce, transportation, logistics, and infrastructure aspects of the economy; uses include storage, truck parking, equipment repair, container yards, and building materials. Alterra expects the Fund to pursue a range of value-creation initiatives at the property level including marking rents to market, sale-leasebacks, tenant-in-tow, build-to-suit, and selective redevelopments. IOS leases are typically structured as triple-net leases, or modified triple-net, thereby minimizing property management expenses and operational intensity to the owners. Alterra expects the Fund's acquisitions to be diversified across major markets in the United States and Canada, with further diversification across IOS sector, tenant, lease term, and business plan. Within its target markets, the Fund will target submarkets with low vacancy, as well as limits on new supply that reduce tenant relocation options. The Fund will focus on properties in infill locations featuring "clusters" of IOS tenants and access to vital transportation arteries such as interstates, intermodals, ports, airports, and urban centers.

The Fund will leverage Alterra's network to target smaller transactions of $5 million to $15 million, which tend to fall below the radar of most institutional buyers. Many of these smaller transactions are executed on either a limited-marketing or off-market basis, which is a function of Alterra's relationships with local owners, leasing brokers, and tenants. The ownership of these IOS properties tend to be fragmented and dominated by owner-occupiers or local private investors. While Alterra does not underwrite a portfolio premium on exit, the Manager will seek to sell part of the Fund through portfolio sales which could represent an upside scenario when compared to the asset-by-asset exits that are contemplated in the base case underwriting. While the Fund's primary objective is capital appreciation, Alterra expects the Fund to generate 30-40% of its total returns through current cash flow, or cash flow yields of 6-8% annually.

Fees

Management fees will be 1.5% on committed capital during the investment period, which is three years from the final close, subject to a one-year extension, and 1.5% on invested capital. Carried interest is 20%, with a preferred return of 9% to investors. There is an early close 25 basis points fees discount on committed but uninvested capital during the investment period. Additional NEPC aggregated client assets management fee discounts may become available upon qualification.

Summary

NEPC Research views Alterra IOS Venture III as additive to the VCERA private real estate portfolio. We believe that Alterra's relationships in the IOS market and proven track record of execution on acquisitions and dispositions combined with a fragmented non-institutional IOS market will allow the Fund to continue to acquire and aggregate attractive risk adjusted IOS properties. Furthermore, as open-ended core-oriented real estate funds look to add to their niche property type portfolios, industrial outdoor storage assets remain a target for those managers to invest in, indicating potential continued exit opportunities. A slight concern to be aware of includes cross-collateralization of small assets to optimize loan terms, however Alterra's loan terms include a right for individual assets to be released so long as a minimum debt yield is maintained for the remaining assets, which minimizes the risk. Another concern involves value-add real estate investing in general, as increased borrowing costs tend to negatively impact property-level income returns. Alterra has continued to adapt its underwriting approach to reflect rising interest rates, and NEPC believes that Alterra will be able to leverage their relationships with sources of capital to finance properties in the current environment. NEPC supports the staff's recommendation to commit $35 million to Alterra IOS Venture III.

NEPC Research Ratings Definitions

Rating	Description
1	A high conviction investment product. Product has a clear and economically-grounded investment thesis, and is managed by an investment team that is sufficiently resourced and incented to execute on the thesis.
2	NEPC has a positive view of the strategy. Strategy has a compelling and sound investment thesis. The manager is sufficiently resourced and incented to execute on the thesis. Strengths outweigh the weaknesses, but the strategy does not meet all requirements for a 1 rating.
3	A satisfactory investment product. The strategy lacks a compelling investment thesis, however there are no significant concerns around the manager's viability.
4	The strategy may have an unclear or ambiguous investment thesis or the manager may lack the ability to execute on the stated thesis. The strategy likely has strengths and weaknesses and the weaknesses may outweigh the strengths.
5	A strategy that lacks an investment thesis or NEPC has no confidence in the manager's ability to execute on the thesis, and/or the investment firm may not be viable. Serious issues have been identified with an investment manager or product. This rating aligns with a Due Diligence status of Terminate for client-owned products.
Not Rated	Due diligence has not been sufficiently completed on the product or manager.

Disclaimers and Disclosures

- Past performance is no guarantee of future results.
- The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- This memo for the Fund provides a summary of information and documentation received by NEPC from the manager through phone calls and meetings. The product has been rated by NEPC's Alternative Assets Committee.
- Information used to prepare this report was obtained directly from the investment manager, and market index data was provided by other external sources. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- NEPC does not provide legal, regulatory or tax advice. Please consult your attorney or tax advisor for assistance as needed.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

In addition, it is important that investors understand the following characteristics of non- traditional investment strategies including hedge funds, real estate, and private equity:

- Performance can be volatile, and investors could lose all or a substantial portion of their investment.
- Leverage and other speculative practices may increase the risk of loss.
- Past performance may be revised due to the revaluation of investments.
- These investments can be illiquid, and investors may be subject to lockups or lengthy redemption terms.
- A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value.
- These funds are not subject to the same regulatory requirements as registered investment vehicles.
- Managers may not be required to provide periodic pricing or valuation information to investors.
- These funds may have complex tax structures and delays in distributing important tax information.
- These funds often charge high fees.
- Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy.

Alterra IOS Venture III, LP
Industrial Outdoor Storage

An Alterra IOS Manager, LLC Advised Fund

APRIL 17TH, 2023

VCERA
VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

FOR INSTITUTIONAL INVESTORS ONLY

Attendees for Board Meeting

April 17th, 2023

Leo Addimando

ALTERRA IOS - MANAGING PARTNER, CEO

Leo is the Managing Partner and CEO for Alterra IOS and APG. Over 20 years as a real estate entrepreneur, Leo has gained experience with a diverse range of real estate product types, acquired property in over 20 U.S. states, closed over $2B of real estate transactions, acquired or developed approximately 3,000 residential units, structured dozens of complex transactions, and overseen all aspects of numerous mixed-use real estate development projects. Currently, in his role at Alterra, Leo oversees management of the firm, provides overall vision and leadership to the company, serves on its Investment Committee, raises capital, and spearheads the firm's residential, mixed-use development, and investment program. Before his career in real estate, Leo was an early employee of Orbitz.com, helping the company successfully complete an IPO in 2003. Before working at Orbitz, Leo worked as an Associate for the Boston Consulting Group.

Leo is also the former President of the Building Industry Association ("BIA") of Philadelphia, an Advisory Board member for the Port of Philadelphia, and a member of YPO. Leo received his BA from the University of Michigan and his MBA from Harvard Business School.

Matthew Pfeiffer

ALTERRA IOS - MANAGING PARTNER, CIO

Matt is the Managing Partner and CIO for Alterra IOS and APG. He oversees all investment and asset management activity. He and his Partners are responsible for forming and implementing investment strategies across the company. Matt played an integral part in the formation of Alterra IOS's platform and oversees the day-to-day acquisitions and asset management initiatives of that platform. In addition, he is responsible for raising and structuring equity and debt for Alterra IOS's ongoing business initiatives. Matt has been involved with approximately $1B of transactions during his time at Alterra.

Prior to joining Alterra, Matt focused on acquisitions on the East Coast for CenterSquare, a real estate private equity firm located in Philadelphia. He began his career in real estate at Blackstone (2007-2012). Matt is actively involved with Wharton's Zell Lurie Real Estate Center and is a member of the board for Georgetown's Steers Center for Global Real Estate. Matt received his BS from Georgetown University and his MBA from The Wharton School at UPenn.

Amy Cummings

PARK MADISON PARTNERS - PARTNER

Amy is a Partner at Park Madison Partners focused on capital formation, strategic advisory services, and client management. She has over 35 years of real estate experience across a wide range of roles including acquisitions, asset management, portfolio management, and capital formation.

Important Disclosures

This document is provided on a confidential basis for discussion purposes only and is not an offer to sell or the solicitation of an offer to invest in any real estate investment related to Alterra IOS Manager, LLC ("Alterra IOS"). Alterra IOS Venture III GP, LLC (the "General Partner") or any entity sponsored by Alterra IOS or the General Partner. It has not been filed with or reviewed by, and the securities offered have not been registered with or approved by, the Securities and Exchange Commission (the "SEC") or any securities regulatory authority of any state, nor has the SEC or any authority passed upon the accuracy or adequacy of this document. Alterra IOS is an affiliate of Alterra Property Group, LLC ("APG"). Alterra IOS and APG are collectively referred to as "Alterra".

In particular, this document does not constitute an offer or solicitation with respect to shares or limited partner interests ("Interests") in Alterra IOS Venture III, LP ("Venture III"), a private fund advised by Alterra IOS. The information contained herein has been prepared on a confidential basis solely for the benefit of select, qualified individuals and entities for informational and discussion purposes only in connection with the potential private placement of the Interests in Venture III and does not constitute an offer to sell or a solicitation of an offer to purchase an Interest in Venture III. Any offer to sell or a solicitation of an offer to purchase Interests in Venture III will only be made by means of a confidential private placement memorandum, summary of terms or similar document (a "Memorandum"); no offer to purchase an Interest will be accepted prior to receipt by the offeree of a Memorandum and the completion of all appropriate documentation. The information set forth herein is qualified, in its entirety, by the constitutive documents of Venture III, including the Memorandum.

The Interests have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws or the laws of any foreign jurisdiction. The Interests will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made. The Interests will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the applicable statutes. In addition, such Interests may not be sold, transferred, assigned or hypothecated, in whole or in part, except as provided in Venture III's organizational documents.

Accordingly, investors should always be aware that, should they choose to invest in Venture III, they will be required to bear the financial risks of an indefinite period of time. Venture III will not be registered as an investment company under the Investment Company Act of 1940 (the "Investment Company Act"). Consequently, investors will not be afforded the protections of the Investment Company Act.

Projected performance results do not represent actual results and past performance is not indicative of future results. No representation is being made that Alterra IOS or Venture III will achieve any projected results contained herein. Actual results will vary depending on a number of factors which cannot be fully accounted for, including factors related to the markets in general and to the implementation of Venture III's investment strategy. Investment in Venture III will involve significant risks, including risk of loss of the entire investment. Some of Venture III's investments may bear incentive fees that will reduce returns to investors. Before deciding to invest in Venture III, prospective investors should pay particular attention to the risk factors contained in the Memorandum.

Alterra IOS has provided information regarding certain potential investment opportunities it is currently evaluating on behalf of Venture III, but there can be no assurances any of these opportunities will be available to, or consummated on behalf of, Venture III. There also can be no assurances that other investment opportunities similar to those presented herein will be available to Venture III or that these investments if consummated or any future investments made by Venture III will achieve results commensurate with those stated herein. The information contained in this presentation does not purport to be all inclusive or to contain all the information that a prospective investor may desire to review in investigating Venture III. An investment in Venture III involves substantial tax, investment, and other risks. Each investor must conduct and rely on his, her or its own evaluation of Venture III, including the merits and risks involved in making an investment decision with respect to the Interests of Venture III.

This document contains highly confidential information and your acceptance of this document constitutes your agreement to (i) keep confidential all the information contained in this document, as well as any information derived by you from the information contained in this document (collectively, "Confidential Information") and not disclose any such Confidential Information without permission from Alterra IOS and (ii) promptly return this document and copies hereof upon request.

Certain information in this presentation has been obtained from sources outside of Alterra IOS. While such information is believed to be reliable for the purposes used herein, no representations are made as to the accuracy or completeness thereof and Alterra IOS takes no responsibility for such information.

The financial projections presented in this document represent the subjective views of Alterra IOS and their management's current estimates of future performance based on many assumptions which management believes are reasonable, but which may or may not be actually realized. There can be no assurance that management's views are accurate or that management's projections will be realized. These and other statements made by management may constitute "forward-looking statements" under securities law, which can be identified by the use of terminology such as "may", "might", "will",

Important Disclosures

“would”, “should”, “could”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “plan” or “believe”. Such forward-looking statements are based on our estimates and assumptions that are inherently uncertain and involve risks and uncertainties, including, but not limited to, economic, competitive, governmental, and technological factors outside of our control, including without limitation, the risk factors contained in the Memorandum, that may cause actual results or events to differ materially from the statements made herein. The sole purpose of this document is to assist prospective investors and/or venture partners in deciding whether to proceed with a further investigation and evaluation of Alterra IOS and Venture III. This document does not purport to contain all information that may be material to an investor (or joint venture partner) and recipients of this document should conduct their own independent evaluation of Alterra IOS and Venture III. Each recipient agrees, and the receipt of this document serves as an acknowledgment thereof, that if such recipient decides to invest in Venture III, its determination is based solely on the recipient’s own investigation, analysis, and assessment of Alterra IOS and Venture III.

Each recipient agrees, and the receipt of this document serves as an acknowledgment thereof, that the subject matter hereof and all of the information contained herein is of a confidential nature and that the recipient will treat it in a confidential manner and that it will not, directly or indirectly, disclose or permit its affiliates or representatives to disclose any information regarding its receipt hereof or any information contained herein to any other person, or reproduce, disseminate, quote, or refer to this document, in whole or in part, without the prior written consent of Alterra IOS.

Although reasonable care has been taken to ensure that the facts and opinions given in this presentation are fair and accurate, Park Madison Partners LLC (“PMP”) has not independently verified the information in this document and no warranty, express or implied, is made as to the accuracy of the information contained in this document. No responsibility or liability, whether direct or indirect, express or implied, contractual, statutory or otherwise, can be accepted by PMP for the contents or accuracy of this document or any omission from this document. PMP has not taken any steps to ensure that investment in Venture III is suitable for any particular investor. Each potential investor should consult with its independent financial advisor, lawyer or accountant as to legal, tax and related matters to which it may be subject under the laws of the country of residence or domicile concerning the acquisition, holding or disposition of any investment in Venture III.

SEC MARKETING RULE DISCLOSURE

Alterra IOS has engaged PMP to assist in sales of interests in Venture III and to solicit investors for Venture III. While PMP is not an investor in any funds advised by Alterra IOS, affiliates of PMP are or may become investors in private funds advised by Alterra IOS. PMP is not acting on behalf of prospective investors, and prospective investors should be aware that PMP may be entitled to certain cash and non-cash compensation in exchange for placing interests in Venture III, which by nature creates certain conflicts of interest between PMP and prospective investors.

INVESTMENT CASE STUDIES

Historical investment case studies included in this document were selected as examples of the types of investments and strategies Alterra IOS expects to target in Venture III and are for illustrative purposes only. These investments have, in the opinion of Alterra IOS, been selected through the use of objective, non-performance related criteria, including sourcing strategy, size, geography, tenant profile, and value drivers. Venture III will not have any ownership in the historical investments described herein and the actual investments of Venture III will differ materially. While the investment team remains the same, prior results were not achieved by a registered investment advisor. Investments highlighted herein include (i) single assets not tied to a fund, (ii) unrealized investments, and (iii) investments made as part of Alterra IOS Venture II, LP (“Venture II”). It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the investments identified.

REGISTERED INVESTMENT ADVISOR

Alterra IOS is registered as an “investment adviser” under the Investment Advisers Act of 1940 (the “Advisers Act”). Alterra IOS is subject to the record keeping, disclosure, and other fiduciary obligations specified in the Advisers Act. Such registration does not imply any approval by the SEC of Alterra IOS or its polices. A copy of Alterra IOS’ Form ADV is available on the SEC’s Investment Adviser Public Disclosure website at http://www.adviserinfo.sec.gov/ by searching Alterra IOS, Firm: Alterra IOS Manager, LLC.

ESTABLISHED IOS TRACK RECORD

Performance results were achieved by historical investment vehicles sponsored by Alterra prior to the registration of Alterra IOS as a registered investment adviser under the Advisers Act. While this performance was achieved under the sponsorship of a different entity, it is important to note that the same investment team is/will be making decisions for Alterra IOS. Individual biographies are included as part of this presentation. The investment committee consists of Leo Addimando, Matt Pfeiffer, and Jeff Pustizzi.

Executive Summary

Alterra IOS Venture III, LP ("Venture III") will focus on acquiring low density industrial outdoor storage ("IOS") properties in core infill locations. IOS is mission critical real estate that supports e-commerce, transportation and logistics, infrastructure, and construction. Venture III is seeking $750M and will target a 14-16% net IRR[1].

COMPELLING MARKET OPPORTUNITY

- High transaction volume due to non-institutional ownership, even during a period when seller conditions are less favorable
- Continued ability to aggregate national portfolios with diversification across geography, IOS sector, tenant, lease term, and business plan
- Focus on average transaction sizes of $5-15M in infill locations near major transportation demand generators
- Create value through marking rents to market, re-tenanting, sale-leasebacks, build-to-suits, and/or improving land optionality

COMPETITIVE ADVANTAGE IN IOS

- Deep lending relationships and a proven track record of being able to close debt despite capital market volatility
- Vertically integrated team with in-house acquisitions, asset/property management, leasing, and development professionals
- Established nationwide sourcing network of owners, brokers, and private equity firms, with infrastructure to support scale
- Existing portfolio and national tenant relationships provides asymmetric market intelligence
- Proprietary database of IOS comp data integrated with deal management software, and with predictive analytics under development

PROVEN TRACK RECORD[2]

- Alterra has closed on 181 IOS properties in 31 states since 2016
- Alterra's total portfolio cost basis is $1.4B as of 12/31/2022, making it one of the largest pure-play managers of IOS[3]
- In its predecessor vehicle, Venture II[4], Alterra has acquired 81 properties across 51 transactions as of 12/31/2022
- Active market presence, with 78 IOS leases executed over the past 24 months, and 63 leases in 2022 alone
- 24 IOS realizations across 13 states since 2016[5]
- Proven ability to execute on complex transactions of any size from $5M - $125M, single assets or portfolio acquisitions

(1) Investment in Venture III carries inherent risk regarding changes to supply, demand, and operational structure. Please see Risk Factor Notes for more information on potential investment risks.
(2) Inclusive of all IOS properties acquired by Alterra commencing in 2016 through 12/31/2022.Past performance is no guarantee of future results.
(3) Alterra IOS alone has an aggregate property level cost basis of $736M, with the remaining held by other Alterra affiliates that are not registered investment advisors.
(4) Venture II pre-dates Alterra IOS Manager, LLC's registration as a Registered Investment Advisor. Registration does not imply a certain level of skill or training.
(5) Includes one sale that occurred in 12/2022, which is not reflected in the realizations shown in the track record section

Defining IOS

IOS is the mission critical "back office" real estate that supports e-commerce, infrastructure, construction, logistics/transportation, and many other parts of the economy.

MARKET SIZE

$200B+, significantly larger than other niche property types like SFR and manufactured housing

AVERAGE PROPERTY SIZE

5,000-100,000 SF on 2-30+ acres

TYPICAL LAND USE

Storage, laydown yard, truck parking, equipment repair, container yards, building materials, etc.

TYPICAL LOCATION

Usually located in "clusters" near major transportation nodes serving large MSAs

DEMAND GENERATORS

E-commerce, infrastructure, construction, logistics, transportation, etc.

LEASE STRUCTURE

Triple-net leases, with rent comprising a low percentage of overall cost of goods sold (1-5%)

EQUIPMENT RENTALS

TRUCK/VEHICLE STORAGE

BUILDING MATERIALS

CONTAINER STORAGE

(1) Investment in Venture III carries inherent risk regarding changes to supply, demand, and operational structure. Please see Risk Factor Notes for more information on potential investment risks.

IOS Market Opportunity[1]

Attractive fundamentals in a highly fragmented sector with limited institutional competition.

LARGE AND HIGHLY FRAGMENTED MARKET

$200B+ total market size, $10-15B / yr trades, with 95% private ownership

DEMAND DRIVERS

E-Commerce & infrastructure

SUPPLY CONSTRAINTS

Zoning / municipalities, development to other uses, replacement cost

NATIONAL TENANT NEEDS

Credit tenants currently under served by local, private owners

NNN

NNN LEASE STRUCTURE

Minimal resources required to manage properties

LOW CAPEX

Low costs to maintain or re-tenant

(1) Investment in Venture III carries inherent risk regarding changes to supply, demand, and operational structure. Please see Risk Factor Notes for more information on potential investment risks.

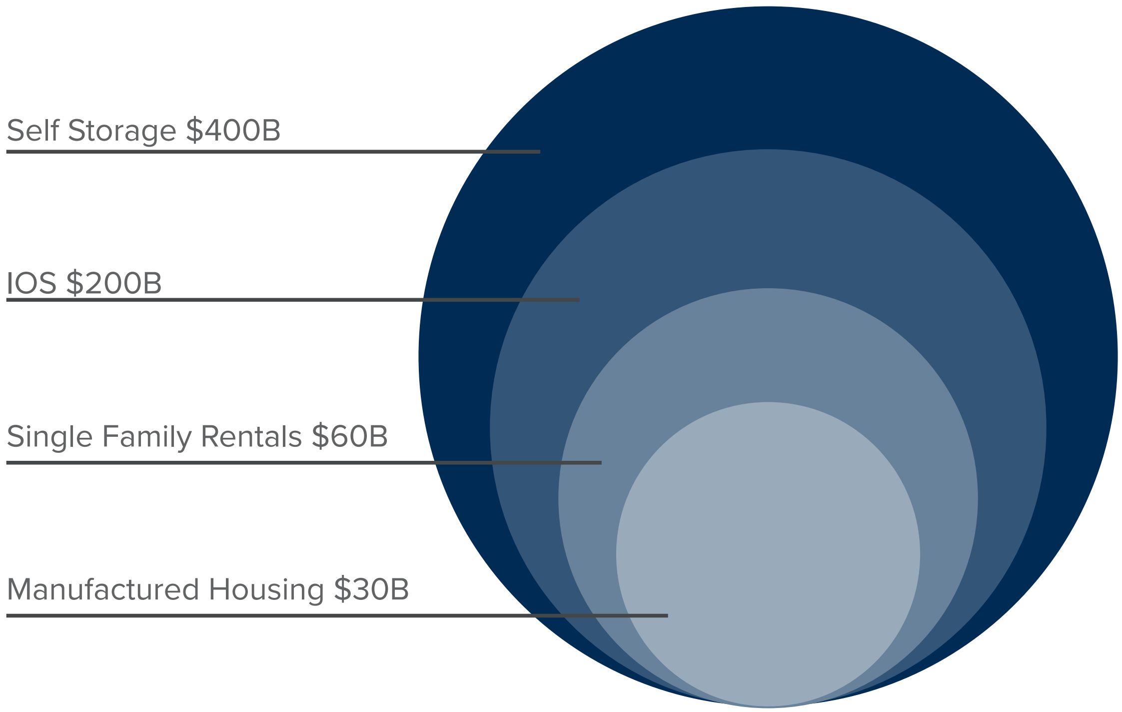
IOS Market Size

AlterraIOS INDUSTRIAL OUTDOOR STORAGE

The IOS market size is comparable to other property types with similar investment characteristics, but presents an unique opportunity to institutionalize operations, ownership, and management.

- Other property types of similar scale have institutional capital and publicly traded pure-play REITs
- IOS is over 3x the size of the single family rental market, where the largest REIT operator has a market cap of $20B
- IOS is over 6x the size of the manufactured housing market, where the largest REIT operator has a market cap of $19B

COMPARATIVE MARKETS[1]



LARGEST OPERATORS IN COMPARATIVE MARKETS[2]

SELF STORAGE

Public Storage

Market Cap: $52B[3]

SINGLE FAMILY RENTALS

invitation homes

Market Cap: $20B

MANUFACTURED HOUSING

SUN

SUN COMMUNITIES, INC.®

Market Cap: $19B[4]

(1) Comparative markets source data: NAREIT "Estimating the Size of the Commercial Real Estate Market in the U.S.", ALM GlobeSt " The Next Institutional Frontier Is Industrial Outdoor Storage", NYTimes " A $60 Billion Housing Grab by Wall Street", Allied Research "Manufactured Housing Market Overview - 2027".
(2) Market capitalization source: Yahoo Finance. Market capitalizations as of 11/30/2022. For illustrative purposes only; not investment research.
(3) Public Storage's market cap includes interests in investments in Europe, which is outside of the investment parameters for Venture III. As of 9/30/2022, 94% of the total rentable square feet in which Public Storage held interests were located in the United States, per Public Storage's Q3 2022 Earnings Release.
(4) Sun Communities, Inc.'s market cap includes operations in marinas and RV resorts. It also includes operations in the United Kingdom and Australia, which are outside of the investment parameters for Venture III. As of 9/30/2022, 48% of Sun Communities Inc.'s revenue was derived from manufactured housing with 85% of Sun Communities, Inc.'s manufactured housing sites located within the United States and Canada, per Sun Communities Inc.'s Q3 2022 Form 10-Q.

IOS vs. Traditional Industrial[1]

The IOS sector features national credit tenants, but with limited risks from new supply, physical obsolescence, or expensive capital improvements.

	IOS	BIG BOX	LAST MILE	SMALL BAY	COLD STORAGE
					
Rent Metric	Per Acre	Per SF	Per SF	Per SF	Per Cubic Foot
Avg. Lease Term > 5 Years	Yes	Yes	Yes	No	Yes
Leasing Costs / CapEx	Low	Low	Medium	High	High
Landlord Competition	Low	High	High	High	Medium
Supply Risk	Low	High	Medium	Medium	Medium
Physical Obsolescence	Low	Medium	Medium/High	Medium	Medium
Credit National Tenants	Yes	Yes	Yes	No	Yes
Redevelopment Optionality	High	Low	Low	Low/Medium	Low

(1) Details in this table are based on subjective analysis by Alterra IOS and may change at any point depending on market conditions.

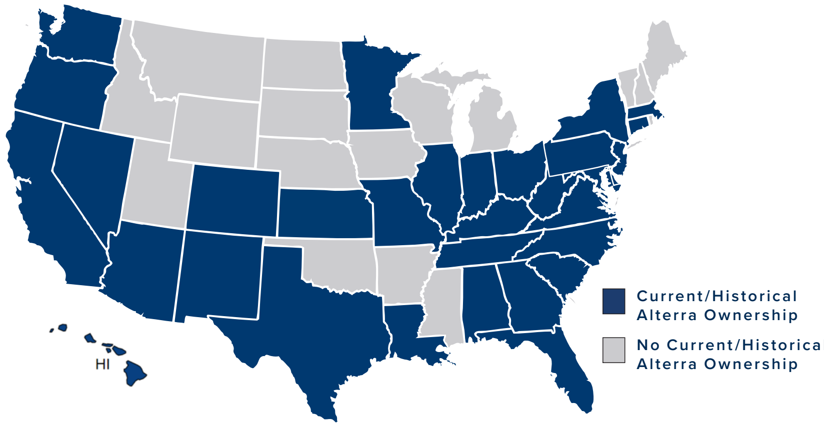
About Alterra

Alterra is a Philadelphia-based real estate investment manager focused on industrial outside storage, residential, and mixed-use.

ESTABLISHED PLATFORM WITH NATIONAL SCALE

- Since 2016, Alterra has acquired over 181 IOS transactions representing nearly $1.4B of gross capitalization across 31 states
- IOS Venture II[1], which is the only fully discretionary vehicle of scale raised to date in the IOS sector, secured $524M in commitments from a variety of highly qualified institutional investors including pension funds, endowments, foundations, consultants and family offices

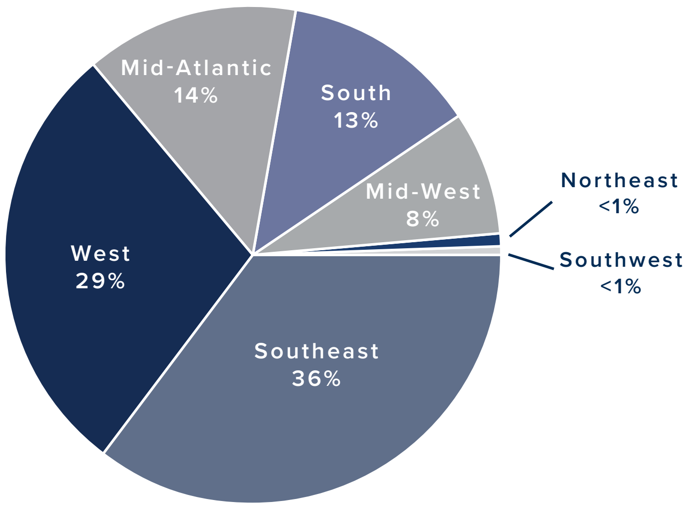
CURRENT / HISTORICAL OWNERSHIP



VERTICALLY INTEGRATED, EXPERIENCED TEAM

- 80+ professionals, inclusive of Alterra IOS and Alterra Property Group, led by Leo Addimando, Matthew Pfeiffer, and Jeff Pustizzi
- Alterra IOS team members have prior experience at leading real estate firms including Blackstone, CenterSquare, Exeter, Liberty Property Trust, and Turner Construction
- In-house operating capabilities including acquisitions, property management, construction oversight, leasing, asset management, finance, accounting, legal, and investor reporting

PORTFOLIO BY REGION

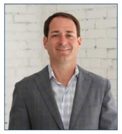


(1) Venture II pre-dates Alterra IOS Manager, LLC's registration as a Registered Investment Advisor.

IOS Organizational Chart

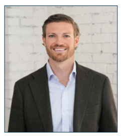
Vertically-integrated, cross-disciplined Alterra IOS team with diverse backgrounds across the real estate industry and an average 15 years of experience.

PARTNERS



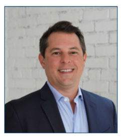
Leo Addimando
Managing Partner, CEO

- 21 years of experience
- Boston Consulting Group, Orbitz
- U. of Michigan, Harvard



Matthew Pfeiffer
Managing Partner, CIO

- 15 years of experience
- Blackstone, CenterSquare
- Georgetown, UPenn



Jeff Pustizzi
Partner, General Counsel

- 17 years of experience
- Stradley Ronon Stevens & Young
- Villanova, Villanova Law

SENIOR ADVISOR

William Hankowsky
Senior Advisor, IOS

- 30 years of experience
- Liberty Property Trust
- Brown University

DEDICATED ALTERRA IOS TEAM

Charlie Totten
SVP, Acquisitions

- 11 years of experience
- Fischer & Company
- Georgetown University

James Freeman[1]
Deputy General Counsel

- 21 years of experience
- Liberty Property Trust, Prologis
- Penn State University, Washington & Lee

Lacee Daniel, CPA
Controller

- 8 years of experience
- RSM US LLP
- College of Charleston, U. of Maryland

Mark Gannon
VP, Acquisitions

- 9 years of experience
- Exeter, AEW
- UPenn

Carolyn Barr
VP, Transactions

- 29 years of experience
- Liberty Property Trust, Capano Mgmt
- U. of Michigan

Gillian Zhao
Associate, Asset Management

- 6 years of experience
- Rubenstein Partners, Brandywine
- Tsinghua University, UPenn

Parker Pearson
VP, Acquisitions

- 13 years of experience
- Hub Group, Latch, Pearson
- Miami University of Ohio

Jon Cordingley
Director, IOS Development

- 14 years of experience
- Rivian Automotive, Turner & Townsend
- Texas Tech, Georgetown University

Lauren Olson
Associate, Transactions & Compliance

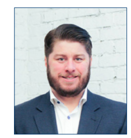
- 8 years of experience
- StoneMor
- Arcadia University

Matt McNutt
VP, Acquisitions

- 17 years of experience
- Fischer & Company
- Arizona State University

Liam Sullivan
Director, IOS Construction

- 16 years of experience
- Turner Construction, URBN
- Stony Brook University

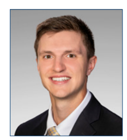


Rory O'Connor
Senior Fund Accountant

- 5 years of experience
- Rubenstein Partners, EY
- Temple University

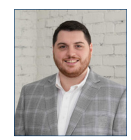
Gavin Weaver
Associate, Acquisitions

- 6 years of experience
- Rubenstein Partners, HFF
- U. of Delaware



Sean Christman
Analyst, Acquisitions

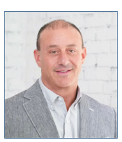
- 2 years of experience
- JLL
- Boston University



Jason Wallace
Staff Accountant

- 4 years of experience
- Design Pro Development
- U. of Pittsburgh

SHARED ALTERRA PROPERTY GROUP RESOURCES

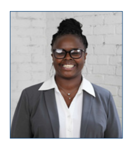


Eric Babroff
VP, Property Management

- 25 years of experience
- Trinity Property Consultants
- Rowan University

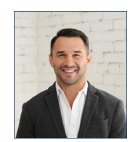
Tom Baker, CPA
Chief Financial Officer

- 18 years of experience
- PwC, Liberty Property Trust
- West Chester University



Tisia Baynes
VP, Human Resources

- 21 years of experience
- Core Realty
- Mansfield University



Mark Cartella
SVP, Construction & Development

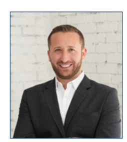
- 16 years of experience
- Turner Construction, Aegis
- Drexel University

Gregory Hicks
VP, Facilities & Maintenance

- 21 years of experience
- Village Green, Pinnacle

Leah McVay
Director of Marketing

- 16 years of experience
- Campus Living Villages
- Temple University



Jeff Schaeffer
VP, Asset Management

- 11 years of experience
- Independence Realty Trust
- Pennsylvania State University

(1) James Freeman is an employee of Rittenhouse Law but spends a substantial majority of his time on Alterra related work.

IOS Investment Approach[1]

Portfolio aggregation strategy focused on strong cash-flowing assets with embedded rental upside and limited capex exposure.

AGGREGATION STRATEGY

- Focus on smaller transaction sizes of approximately $5-$15M that fall below most institutional investors' radars
- Leverage Alterra IOS's streamlined due diligence and acquisitions processes to achieve scale efficiently, closing approximately 10+ transactions per quarter
- Aggregate smaller assets into high quality, diversified IOS portfolios that may command a premium on exit

INFILL LOCATIONS

- Infill locations featuring "clusters" of IOS tenants that Alterra IOS expects to benefit from e-commerce growth and infrastructure investment
- Focus on mission-critical, strategic sites located near major transportation nodes (ports, intermodals, highways, etc.)
- Submarkets with low vacancy and limits on new supply that reduce tenant relocation options
- Growing competition from other commercial uses that result in greater land optionality

PORTFOLIO DIVERSIFICATION

- **Term:** Balanced lease expiration profile between short-term / vacant and medium to long term leases, targeting a WALT of 4-5 years
- **Geography:** Infill locations of IOS "clusters" diversified across major MSAs
- **Sector:** Weighted towards transportation and logistics (e-commerce) with exposure to equipment rental and building material sectors (infrastructure)
- **Tenant:** Heavy focus on national and/or publicly-traded tenants, with no single tenant occupying >15% of the portfolio

VALUE CREATION INITIATIVES

- **Mark-to-Market Rents**: Acquire properties with below market in-place rents and limited relocation options
- **Sale-Leaseback**: Acquire corporate-owned sites from IOS tenants seeking to divest real estate assets, often driven by private equity ownership
- **Tenant-in-Tow & Build-to-Suits**: Target potential new sites in partnership with national IOS tenants where Alterra IOS has a strong existing relationship
- **Redevelopment**: Selectively target sites with land optionality and redevelopment potential

(1) Investment in Venture III carries inherent risk regarding changes to supply, demand, and operational structure. Please see Risk Factor Notes for more information on potential investment risks.

Execution by the Numbers[1]

ACQUISITIONS AND LEASING ACTIVITY

180+
Properties Closed

107
Leases Signed

$503M
Total Rental Value of Leases

SAME STORE STATISTICS[2]

62%
Average Rent Increase on New Leases

18%
Premium to Underwritten Rental Value

57 Days
Average Downtime on New Leases

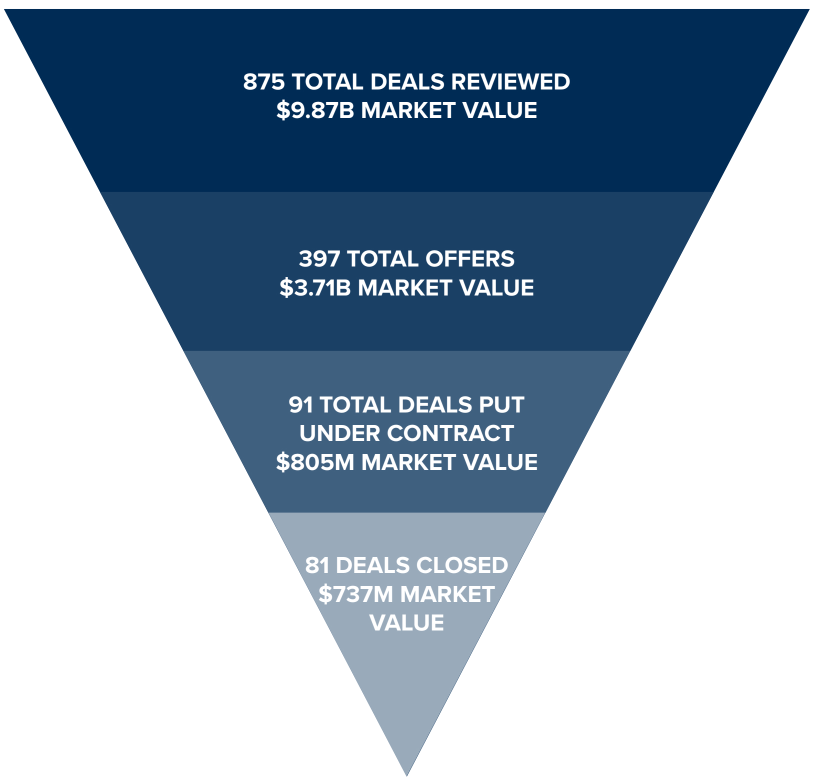
(1) Inclusive of all IOS properties acquired by Alterra commencing in 2016 through 12/31/2022.Past performance is no guarantee of future results. Please see page 18 of this document for more detail on Alterra's historical track record.
(2) Same Store Statistics only apply to properties at which Alterra has experienced vacancy and/or lease negotiations.

Proven Ability to Source[1]

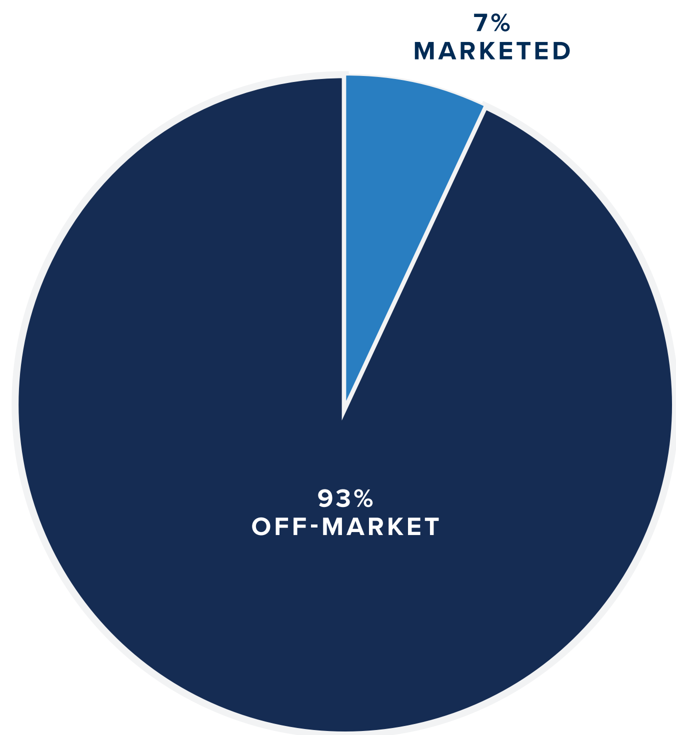
Streamlined investment process designed to achieve institutional scale despite high barriers to entry.

- Established national relationships with 300+ brokers that specialize and transact in IOS
- Proprietary sourcing network that leads to off-market transactions that help drive differentiation in returns
- Proven track record of acquiring 50+ properties per calendar year with an average purchase price for Venture II[2] being $8.7M across 81 properties as of 12/31/22. Excluding Benicia, the average purchase price was $7.3M

DEAL FUNNEL[3]



HISTORICAL DEAL SOURCES[3,4]



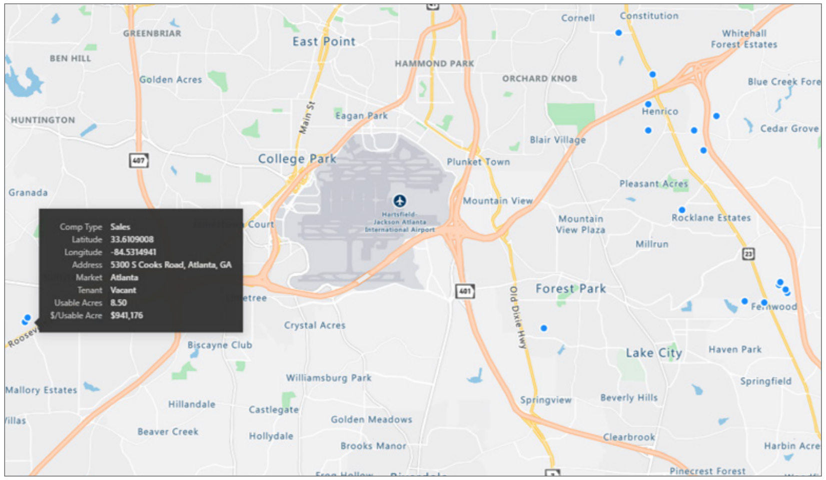
(1) Investment in Venture III carries inherent risk regarding changes to supply, demand, and operational structure. Please see Risk Factor Notes for more information on potential investment risks.
(2) Venture II pre-dates Alterra IOS Manager, LLC's registration as a Registered Investment Advisor.
(3) Deal Funnel and Historical Deal Sources Charts only include investments in Venture II. Values as of 12/31/2022.
(4) Percentage Off-Market Transactions: 93% (by number of deals), 69% (by capitalization of the deals). Values as of 12/31/2022.

Informational Competitive Advantage

Alterra IOS is investing in technology and data analytics to in order to establish an informational advantage in the IOS sector.

CONTINUOUS INFORMATION FLOW

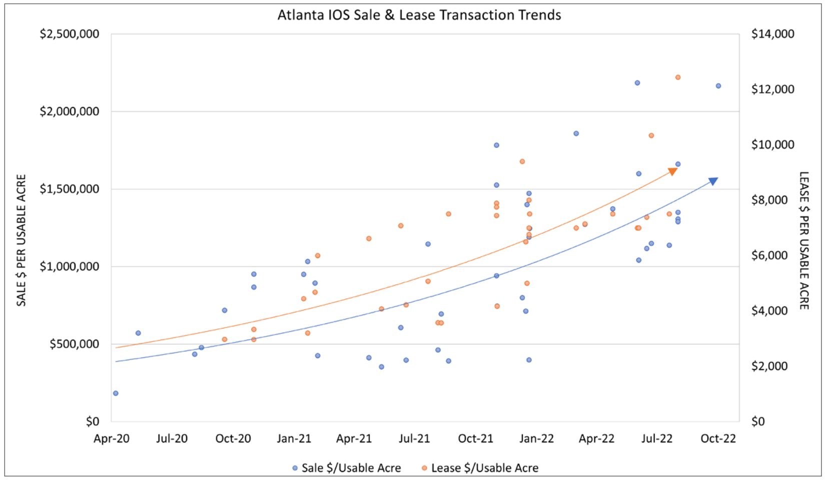
- Through its investment activities since 2017, Alterra has collected public and non-public IOS leasing and transactions data within its target markets
- Dealpath serves as Alterra IOS's centralized hub to track asset-level data from due diligence to disposition, including leasing activity, rent rolls, sale/lease comps, and other metrics
- Dealpath directly integrates into Alterra IOS's custom-built business intelligence ("BI") platform, which is used to aggregate and visualize market data



Example Query: *IOS sale transactions during the past 24 months within 5 miles of Hartsfield-Jackson (ATL) Airport*

TREND IDENTIFICATION AND PREDICTIVE ANALYTICS

- Alterra IOS's BI platform, supported by a continuous information flow from Dealpath, is used to support IOS due diligence and investment decisions
- Overlaying macroeconomic data with IOS-specific data will allow Alterra IOS to identify key trends that corroborate market feedback and sale/lease comps
- In the near future, Alterra IOS expects its BI platform will be able to use predictive analytics to guide investment strategy and continuously improve its competitive advantages



Trend Identification: *Alterra IOS is able to synthesize the data collected to assist in valuation and pricing decisions*

Case Study: North New Jersey

Mark-to-Market

Investment Overview

Acquisition Date
November 2020

Size
4.1 acres / 17,630 SF

Location
120 Minue Street, Carteret, New Jersey

Purchase Price
$9,500,000 ($2,317,073 / acre)

Going-in Cap Rate
7.1%

Stabilized Yield-on-Cost
6.8%

Projected Returns
53.4% IRR / 2.7x

BACKGROUND & SOURCING

- Alterra was approached by the tenant, Maxim Crane Works, which was seeking to remain onsite, but separate itself from its current landlord, who was the founder of a legacy crane business and had previously litigated and evicted Maxim from other locations
- Maxim and Alterra had previously executed on a number of real estate transactions including national sale-leaseback of Maxim's owned real estate portfolio
- Prime location fronting I-95 in North New Jersey submarket of Carteret, with close proximity to the Port and NYC MSA

INVESTMENT THESIS

- Attractive land basis with recent transactions on vacant properties selling for $2.5-$3.0M/acre in inferior locations compared to current basis of $2.3M/acre for Maxim Carteret
- In-place rents of $13,415/acre/month with market asking rents from $15,000/acre/month to as high as $20,000/acre/month
- Well-located asset with attractive physical attributes in a supply constrained market; other nearby tenants include Amazon, FedEx, and UPS with immediate parking and storage needs

EXECUTION

- Maxim signed a 12-year NNN lease at closing with a starting rent of $13,415/acre/month and 2.5% annual escalations
- Compelling going-in yield on purchase price of 7.1% compared to market trades between 4.5-5% cap rates

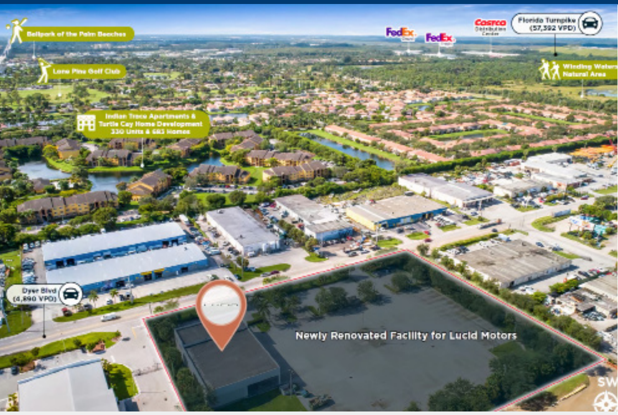
Note: All performance is gross of fees unless noted otherwise. Please see Important Disclosures and Track Record Notes for additional information regarding projected returns.

Case Study: North New Jersey

Area Map

Case Study: West Palm Beach

Lease-Up



Investment Overview

Acquisition Date
January 2020

Size
3.0 acres / 12,104 SF

Location
4651 Dyer Boulevard, West Palm Beach, FL

Purchase Price
$3,500,000 ($1,166,667 / acre)

Going-in Cap Rate
6.6%

Stabilized Yield-on-Cost
9.6%

Realized Returns
55.2% IRR / 2.1x

BACKGROUND & SOURCING

- Alterra was awarded the transaction over four other offers from users due to Alterra's ability to execute on a fast closing and the broker's desire to do multiple transactions with Alterra compared to a one-off transaction with a user
- Tesla occupied the site and used it as its service center with a near term lease expiration in March 2021; Tesla planned to vacate and move to a different location
- Strategically located in a strong industrial submarket of Palm Beach County, FL in close proximity to the Florida Turnpike, I-95, the Port of Miami, and the Miami International Airport

INVESTMENT THESIS

- Property was leased to Tesla at a significantly below market rent of $6,333/acre/month versus market rents of $10,000/acre/month
- Attractive going-in yield of 6.6% on in-place rents with pro forma mark-to-market of 9.6% yield-on-cost
- Opportunity to enter into negotiations with Tesla for a lease termination early into ownership due to their desire to relocate

EXECUTION

- Simultaneously executed a lease termination with Tesla 7 months into ownership and a new 7-year NNN lease with Lucid Motors (NYSE: LCID) at $10,000/acre/month
- Increased rents 56% with $0 spent on tenant improvements, improving yield-on-cost to 9.6%
- Sold in July 2021 for $5,950,000, representing a 6.0% cap rate and an approximately 57% increase over Alterra's cost basis

Note: All performance is gross of fees unless noted otherwise. Please see Important Disclosures and Track Record Notes for additional information regarding projected returns.

Case Study: West Palm Beach

Area Map

Summary of Vehicle Terms[1]

THE FUND	Alterra IOS Venture III, LP, a Delaware limited partnership (“Venture III”)
ADVISOR/GENERAL PARTNER	Alterra IOS Manager, LLC ("Alterra IOS") / Alterra IOS Venture III GP, LLC
INVESTMENT STRATEGY	Venture III intends to invest in industrial outdoor storage assets across the United States and Canada
TARGET FUND SIZE	$750,000,000
GENERAL PARTNER COMMITMENT	The General Partner, an affiliate of Alterra IOS, and its principals together will contribute or be deemed to have contributed capital representing 1% Venture III's aggregate commitments, up to $7,500,000
TARGET NET RETURN[2]	14-16% IRR, 1.7x-1.8x MOIC
MINIMUM COMMITMENT	$5,000,000; the General Partner has discretion to accept lesser amounts
INVESTMENT PERIOD	Three years from the Final Closing, subject to a one-year extension by the General Partner
TERM	Eight years from the Final Closing, subject to two one-year extensions by the General Partner
MANAGEMENT FEE	1.5% on commitments during the Investment Period; 1.5% on invested capital
PREFERRED RETURN	9%
CARRIED INTEREST	20%, with 50/50 catch-up
AFFILIATE FEES	Alterra IOS affiliates will be entitled to receive and retain property management, construction, development, sales brokerage, and leasing fees for providing such services at the rates set forth in the Memorandum

(1) The terms described above are preliminary, not complete and subject to change, and are qualified entirely by the terms set forth in the Memorandum. Please refer to the Memorandum for a complete description of Venture III's investment objectives, program and restrictions, which qualify this presentation. An investment in Venture III may only be made on the basis of the information contained in the Memorandum, as and when available. Please see “Important Disclosures” at the beginning of this presentation for additional information relating to targets and projections.
(2) The adoption of the Target Returns is not intended to predict Venture III's performance. Rather, the Target Returns are intended to provide additional context with respect to Venture III's investment strategy. The ultimate returns realized by Venture III will depend on numerous factors and are subject to a variety or risks. There can be no assurance that Venture III will achieve its objectives or that Venture III will be able to implement its investment strategy. As with all real estate investments, past performance is not necessarily indicative of future returns of Venture III. Additional information with respect to these performance objectives is available upon request.

VENTURE II UPDATE

Venture II pre-dates Alterra IOS Manager, LLC's registration as a Registered Investment Advisor

FOR INSTITUTIONAL INVESTORS ONLY

Venture II[1] Highlights

A $524M[2] IOS-focused, fully-discretionary, closed-end, institutional real estate investment fund.

FUNDRAISING AND CAPITAL DEPLOYMENT

- Venture II raised $524 million from a diverse investor base, including public and private pensions, endowment and foundations, asset managers, family offices, and high net worth individuals and held its final closing in March 2022
- As of 12/31/2022, closed on 51 transactions comprising 81 properties across 22 states, including 28 sale leasebacks
- Average purchase price of $8.7 million ($7.3 million excluding Benicia)
- Expected to be fully committed by Q2 2023

INVESTMENT EXECUTION

- 93% of transactions sourced off-market (69% if weighted by capitalization)
- 41 leases signed as of 12/31/2022
- NNN lease structure has allowed 92% expense pass-through to tenants[3]
- 100% of rents collected
- Prudent use of leverage with portfolio LTC of 63%[4] as of 12/31/2022

(1) Venture II pre-dates Alterra IOS Manager, LLC's registration as a Registered Investment Advisor.
(2) Venture II is closed to new investment.
(3) Alterra IOS Venture II portfolio from March - September 2022, excluding any property/asset management fees.
(4) Represents the aggregate loan-to-cost for all assets that are currently encumbered with permanent financing

ADDITIONAL IOS BACKGROUND INFORMATION

Nationally-Recognized Tenants

AlterraIOS
INDUSTRIAL OUTDOOR STORAGE

Alterra IOS primarily focuses on high quality, credit tenants in three IOS sectors: transportation & logistics, building materials, and equipment rentals.

TRANSPORTATION & LOGISTICS

FedEx
amazon
ups
XPO Logistics
Hub Group
Ryder Ever better.
J.B. HUNT
SCHNEIDER
SAIA
PENSKE
YRC FREIGHT
MANHEIM Auctions
ITS ConGlobal INTEGRATING INTERMODAL
mobile mini, inc.
A&R Logistics
NFI

BUILDING MATERIALS

ABC Supply Co. inc.
HD SUPPLY
PROBuild
HAJOCA
Beacon Roofing Supply
L&W SUPPLY
ALLIED A Beacon Roofing Supply Company
SiteOne LANDSCAPE SUPPLY Stronger Together
SRS Distribution
TRUGREEN Live life outside.
Builders FirstSource, Inc.
FERGUSON

EQUIPMENT RENTALS

United Rentals
GRAINGER
SUNBELT RENTALS
FASTENAL
MSC BUILT TO MAKE YOU BETTER
MRC Global
MAXIM Crane Works, L.P.
Ingersoll Rand
AHERN RENTALS
HercRentals
H&E EQUIPMENT SERVICES
SUNSTATE Equipment Co.
BRAND SAFWAY
WILLSCOT
JOHN DEERE
BRIGGS EQUIPMENT
CAT

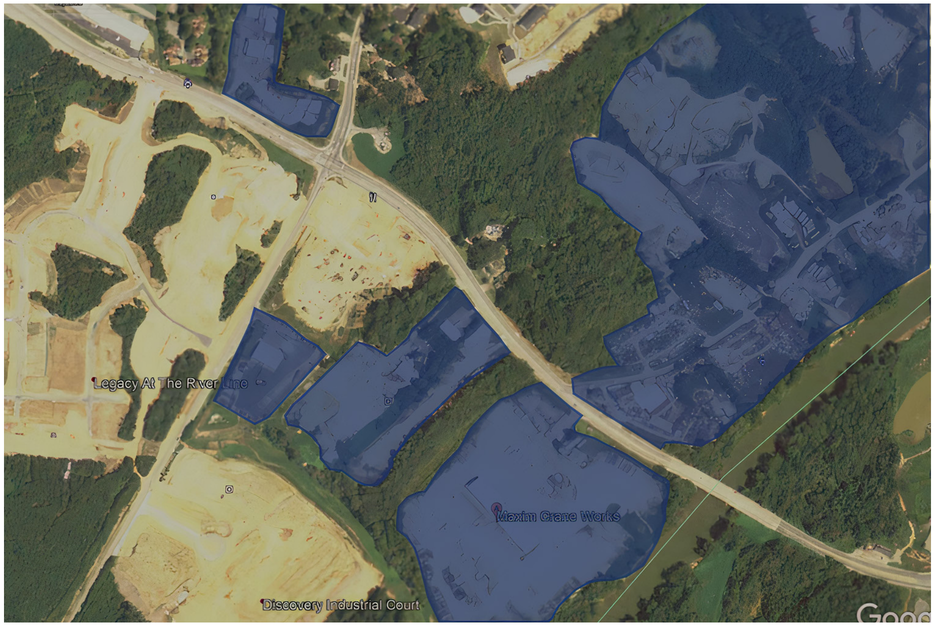
(1) Any third-party trademarks, logos and trade names included in this content are the property of their respective owners. Inclusion is provided for reference and does not imply an endorsement or, association with, or adoption by us.

Shrinking Supply of IOS Sites

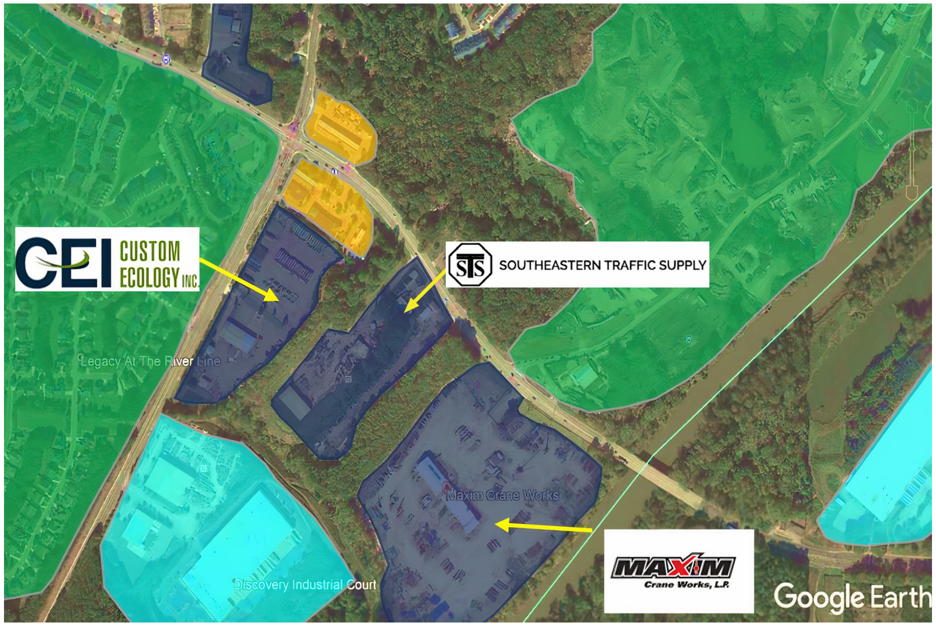
Redevelopment of existing IOS sites combined with zoning restrictions on new development has led to shrinking IOS supply despite surging demand.

- Competition for land from other property uses such as residential, self-storage, and industrial contributes to shrinking supply of available IOS properties in close proximity to major transportation infrastructure
- Zoning that permits IOS is difficult to obtain as municipalities prefer other uses that generate higher tax revenues

MABLETON, GA - 2006



MABLETON, GA - 2020



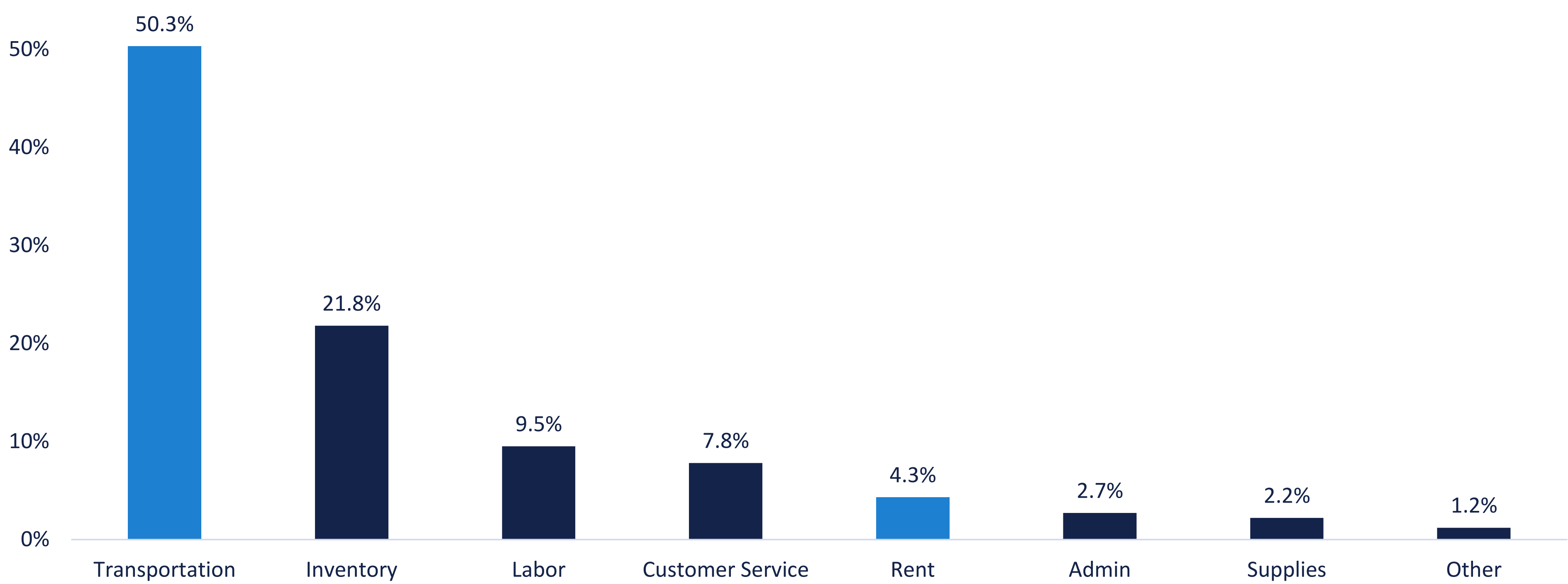
IOS
INDUSTRIAL
RESIDENTIAL
RETAIL

Pricing Power

Favorable supply and demand dynamics drives ability to mark rents to market.

- Logistics-oriented IOS tenants typically spend approximately 12x more on transportation (fuel, etc.) than they do on rent
- Strategically-located IOS sites that help minimize transportation costs are in high demand and availability is low
- Limited relocation options for mission-critical sites increases pricing power for IOS property owners

TRANSPORTATION & LOGISTICS TENANTS - TOTAL OPERATING EXPENSES[1]



(1) Source: Opex Analytics, "Inside the Boardroom: How Supply Chain & Logistics Drive Site Selection." 2021.

TEAM BIOGRAPHIES

Biographies

Leo Addimando

MANAGING PARTNER, CEO

Leo is the Managing Partner and CEO for Alterra IOS and APG. Over 20 years as a real estate entrepreneur, Leo has gained experience with a diverse range of real estate product types, acquired property in over 20 U.S. states, closed over $2B of real estate transactions, acquired or developed approximately 3,000 residential units, structured dozens of complex transactions, and overseen all aspects of numerous mixed-use real estate development projects. Currently, in his role at Alterra, Leo oversees management of the firm, provides overall vision and leadership to the company, serves on its Investment Committee, raises capital, and spearheads the firm's residential, mixed-use development, and investment program. Before his career in real estate, Leo was an early employee of Orbitz.com, helping the company successfully complete an IPO in 2003. Before working at Orbitz, Leo worked as an Associate for the Boston Consulting Group.

Leo is also the former President of the Building Industry Association ("BIA") of Philadelphia, an Advisory Board member for the Port of Philadelphia, and a member of YPO. Leo received his BA from the University of Michigan and his MBA from Harvard Business School.

Matthew Pfeiffer

MANAGING PARTNER, CIO

Matt is the Managing Partner and CIO for Alterra IOS and APG. He oversees all investment and asset management activity. He and his Partners are responsible for forming and implementing investment strategies across the company. Matt played an integral part in the formation of Alterra IOS's platform and oversees the day-to-day acquisitions and asset management initiatives of that platform. In addition, he is responsible for raising and structuring equity and debt for Alterra IOS's ongoing business initiatives. Matt has been involved with approximately $1B of transactions during his time at Alterra.

Prior to joining Alterra, Matt focused on acquisitions on the East Coast for CenterSquare, a real estate private equity firm located in Philadelphia. He began his career in real estate at Blackstone (2007-2012). Matt is actively involved with Wharton's Zell Lurie Real Estate Center and is a member of the board for Georgetown's Steers Center for Global Real Estate. Matt received his BS from Georgetown University and his MBA from The Wharton School at UPenn.

Biographies

Jeff Pustizzi

PARTNER, GENERAL COUNSEL

Jeff is the Partner and General Counsel for Alterra IOS and APG. Jeff's 16 years in real estate have allowed him to gain a wealth of experience in both the legal and business aspects of the industry. He has handled $2B of real estate transactions nationwide across a wide range of asset classes, including multifamily, industrial, office, retail, and student housing. Those diverse transactions have often entailed complex and sophisticated structures, including historic tax credits and joint ventures with some of the country's most well-known institutional investors. Jeff's responsibilities at Alterra include managing all aspects of legal, finance, risk-management, and operational matters for the company, as well as collaborating with his Partners on the firm's investment decisions.

Prior to forming Alterra, Jeff began his career at the Philadelphia-based law firm of Stradley Ronon Stevens & Young, where he honed his skills in commercial real estate and finance. Jeff received his BA and MBA from Villanova University and his JD from The Villanova School of Law.

William ("Bill") P. Hankowsky

SENIOR ADVISOR & FORMER CEO, LIBERTY PROPERTY TRUST

Bill is the Senior Advisor for Industrial Outdoor Storage for Alterra IOS and APG. He was Chairman, President, and Chief Executive Officer of Liberty Property Trust, until February 2020. Bill joined Liberty in 2001 as Chief Investment Officer, in 2002 was named president, and in 2003 appointed Chief Executive Officer and elected Chairman of Liberty's board of trustees. Prior to joining Liberty, he served for 11 years as President of the Philadelphia Industrial Development Corporation and before that served as the city of Philadelphia's Commerce Director. He grew Liberty to be one of the nation's leading REITs with 112 million square feet logistic portfolio across 24 U.S. markets and the United Kingdom. Liberty was acquired by Prologis in February 2020 for $13B.

Bill currently serves on the boards of Citizens Financial Group Inc. (NYSE: CFG), the Greater Philadelphia Chamber of Commerce, Delaware River Waterfront Corporation, Philadelphia Convention and Visitors Bureau, Philadelphia Shipyard Development Corporation, and Pennsylvania Academy of Fine Arts. Bill has extensive public company experience in addition to his time at Liberty Property Trust, having served on the Board of Essential Utilities (NYSE:WTRG) from 2004-2019, and at various times chairing the Audit and Compensation Committees. He has been on the Board of Citizen Financial Group from 2006 and on the Audit and Compensation and Human Resources Committees. Bill received his BA from Brown University.

Biographies

Charlie Totten

SENIOR VICE PRESIDENT, ACQUISITIONS

Charlie is a Vice President of Acquisitions for Alterra IOS. He focuses on sourcing, underwriting, and acquisition due diligence for Alterra IOS's platform. He has 10 years of experience in the real estate industry. Formerly at Fischer & Company, he spent his time working on all facets of strategic portfolio management and planning for numerous Fortune 500 companies through periods of both rapid network expansion and contraction. Throughout his career he has travelled extensively, leading millions of square feet of projects from inception to completion in 24 different states. Charlie graduated from Georgetown University.

Mark Gannon

VICE PRESIDENT, ACQUISITIONS

Mark is a Vice President of Acquisitions for Alterra IOS. He focuses on sourcing, underwriting, and acquisition due diligence for Alterra IOS's platform. Mark most recently served as an Associate Portfolio Manager and Senior Acquisitions Associate at Exeter Property Group, helping source and underwrite industrial transactions for Exeter's value-add & core investment vehicle. Prior to Exeter, Mark was an Assistant Vice President at AEW Capital Management, focused on East Coast acquisition opportunities. Mark received his BA from the University of Pennsylvania.

Parker Pearson

VICE PRESIDENT, ACQUISITIONS

Parker is a Vice President of Acquisitions for Alterra IOS. He focuses on sourcing, underwriting, and acquisition due diligence for Alterra IOS's platform. Parker has 12 years of experience in the real estate industry leading strategic business development across several asset classes. He was formerly the head of real estate for an international transportation and logistics company. Parker spent his time working on optimizing terminal locations across the country. He led all leasing, asset management, and development for both the industrial and office portfolio. Parker received his BA from Miami University in Ohio.

Biographies

Matt McNutt

VICE PRESIDENT, ACQUISITIONS

Matt focuses on sourcing, underwriting and acquisition due diligence for Alterra IOS. He has 17 years of experience in the real estate industry, including 12 exclusively in the IOS sector. Formerly at Fischer & Company, he spent his time leading the IOS brokerage team which represented several Fortune 500 companies in achieving their national and global strategic real estate portfolio needs. This included leasing, disposing of, and acquiring millions of square feet of real estate projects from inception to completion as well as developing strategic planning within their real estate, finance, and executive levels. Matt attended Arizona State with a degree in Business Administration – Marketing. Matt currently resides in La Jolla, CA.

Gavin Weaver

ASSOCIATE, ACQUISITIONS

Gavin is an Associate of Acquisitions for Alterra IOS. He focuses on acquisition opportunities and asset management functions. Prior to joining Alterra, Gavin was an Associate at Rubenstein Partners since 2019, where he worked on office acquisitions for the company's equity portfolios as well as loan originations for the company's mortgage fund. Previously, Gavin worked at HFF in Philadelphia on the debt and equity placement team. Gavin graduated from the University of Delaware where he majored in Finance.

Sean Christman

ANALYST, ACQUISITIONS

Sean focuses on acquisition opportunities and asset management functions for Alterra IOS. Prior to joining Alterra, Sean worked as an analyst on the Industrial Capital Markets team at JLL, where he worked on both investment sales advisory & equity placement transactions in Pennsylvania & New Jersey. Sean graduated from Boston University where he majored in Finance and was a member of the men's lacrosse team.

Biographies

James Freeman

DEPUTY GENERAL COUNSEL

James is the Deputy General Counsel for Alterra IOS and APG. Prior to joining Alterra, he was Prologis' lead company counsel for the East Region and was responsible for overseeing and managing transactional real estate and development matters, including the acquisition, disposition, construction, and development of industrial facilities throughout the United States. He began with Liberty Property Trust prior to the acquisition. Prior to that, he was a Vice President and Assistant General Counsel for StoneMor Partners L.P., a Senior Attorney for Blank Rome LLP, and an Associate Attorney for Latham & Watkins. James received his BS from Penn State University and his JD from Washington and Lee University School of Law.

Carolyn Barr

VICE PRESIDENT, TRANSACTIONS

Carolyn is the Vice President of Transactions for Alterra IOS and APG. She joined the firm as part of the legal, acquisitions, and asset management teams. Carolyn handles the management of due diligence related to acquisitions and financing for Alterra's sites. Carolyn's legal and real estate career began at law firms in Kalamazoo, MI as a Legal Secretary and then Atlanta, GA as a Paralegal. Upon moving to Philadelphia, she began working at Liberty Property Trust as a Paralegal, transitioning to Director of Due Diligence after 11 years. She remained at Liberty until February 2020 when it was acquired by Prologis. Most recently Carolyn worked at Capano Management Company as a Paralegal and Lease Negotiator. Additionally, she is a Notary Public and a licensed Real Estate Salesperson. Carolyn received her BA from the University of Michigan.

Lauren Olsen

ASSOCIATE, TRANSACTIONS AND COMPLIANCE

Lauren Olson is a part of the legal, acquisitions and asset management teams. Lauren works closely with all members of the Alterra IOS team on transactions, due diligence, compliance and insurance. Prior to joining Alterra, Lauren worked at StoneMor, Inc., which she joined in 2017. She worked on licensing and regulatory matters for 400+ properties throughout the United States. Lauren also worked on acquisitions and divestitures, corporate and real estate record management, and assisted legal with various employment, real estate and general litigation matters. Lauren earned her Bachelor's Degree from Arcadia University.

Biographies

Jon Cordingley

DIRECTOR, IOS DEVELOPMENT

Jon Cordingley is Director of Development, supporting the company's industrial outdoor storage portfolio. Prior to joining Alterra, Jon was a Project Management Lead at Rivian Automotive, where he supported the development of Rivian's $5B East Atlanta campus. Before Rivian, he completed projects as a project management consultant, most recently as an Associate Director at Turner & Townsend. Jon has completed projects working in a range of environments including industrial, manufacturing, hospital, lab expansions and corporate occupier. His clients include Tesla, Rolls-Royce, Chevron, and ExxonMobil Global Real Estate, among others. Jon earned a Master and Bachelor of Architecture from Texas Tech University, as well as a Master of Real Estate from Georgetown University. He currently lives in the greater Atlanta area.

Liam Sullivan

DIRECTOR, IOS CONSTRUCTION

Liam is the Senior Development Manager for Alterra IOS. He focuses on mixed use and industrial projects. Prior to joining Alterra, Liam was with Turner Construction. After Turner Construction, Liam joined URBN, the publicly traded parent company of Urban Outfitters, Anthropologie, and Free People. Holding positions in both development and construction, Liam completed projects throughout the U.S. and Canada. He has also held several senior positions with Philadelphia based development groups, including Shift Capital, a mission based Social Impact Fund. During his career, Liam has managed projects ranging from historically significant adaptive reuse to technical healthcare facilities, including BSL3 to mixed-use developments. Liam received his BS from Stony Brook University.

Lacee Daniel, CPA

CONTROLLER

Lacee is a senior accountant working directly with Alterra IOS's investment partners. Prior to joining Alterra, Lacee worked for RSM US LLP where she performed/provided transaction advisory due diligence and assurance services to her clients, which included Real Estate. Lacee holds a Masters in Accounting from the University of Maryland-College Park and an undergraduate degree in accounting from the College of Charleston. She is a licensed Certified Public Accountant for the State of Pennsylvania and a member of the AICPA and PICPA.

Biographies

Gillian Zhao

ASSOCIATE, ASSET MANAGEMENT

Gillian works on asset and portfolio management for Alterra IOS. Prior joining Alterra, Gillian served as an Asset Management Associate for Rubenstein Partners L.P. focusing on budgeting, financing, performance projections, and cash management for over $3B AUM. Before Rubenstein, Gillian worked as an Acquisitions and Asset Management Analyst at Brandywine Realty Trust, where she helped underwrite and do Due Diligence for transactions on offices. Gillian earned her Bachelor's Degree in Architecture from Tsinghua University. She also has a Master's Degree from the University of Pennsylvania.

Rory O'Connor

SENIOR FUND ACCOUNTANT

Rory is a Senior Fund Accountant for Alterra IOS. Prior to joining Alterra, Rory was the Corporate and Fund Accountant for Rubenstein Partners L.P. working on the corporate entities and funds. Rory also worked at EY in the Wealth and Asset Management Assurance group, working on mutual fund, hedge fund, private equity fund audits and accounting system transitions. Rory is a graduate from Temple University with a Bachelor's Degree in Accounting.

Jason Wallace

STAFF ACCOUNTANT

Jason is a Staff Accountant for Alterra IOS. Prior to joining the Alterra, Jason served as Staff Accountant at Design Pro Development, a Philadelphia-based real estate development start-up. Jason received his BS from the University of Pittsburgh.

Biographies

Eric Babroff

VICE PRESIDENT, PROPERTY MANAGEMENT

Eric is the Vice President of Property Management for Alterra IOS and APG, where he oversees property management initiatives. Prior to Alterra, Eric managed residential and commercial assets for Forest City Realty Trust and Trinity Property Consultants in key markets including Chicago, Philadelphia, Massachusetts, New Jersey, and New York. Eric has 25 years of experience managing new construction projects, historic redevelopments, and renovations of high-rise and garden-style communities in both urban and suburban environments. He is an active member of the National Apartment Association (NAA), holding CAM and CAPs certifications. Eric received his BFA from Rowan University.

Tom Baker, CPA

CHIEF FINANCIAL OFFICER

Tom is the Chief Financial Offer for Alterra IOS and APG. As the CFO, Tom is responsible for the management and oversight of the financial reporting and accounting functions of the company, as well as financial deliverables that are due to Alterra's investment partners. Prior to Alterra IOS, Tom worked for several private real estate equity firms in the Philadelphia area within multiple real estate asset classes. On the public side, Tom gained extensive real estate accounting and auditing experience while working for the operations and development teams of a global real estate investment trust and as an assurance auditor for PricewaterhouseCoopers (PwC) in their asset management practice (Funds and Real Estate). Tom is a Certified Public Accountant for the Commonwealth of Pennsylvania. Tom received his BS from West Chester University.

Tisia Baynes

VICE PRESIDENT, HUMAN RESOURCES

Tisia is the Vice President of Human Resources for Alterra IOS and APG. She has spent a vast amount of her career in Human Resources and Staffing, serving as a Principal and Director of Human Resources for Immaculate Office Cleaning Co. LLC, a commercial janitorial cleaning company, as well as Director of Operations with Physician Billing Solutions Inc, for 12+ years. Tisia brings to Alterra over 20 years in the Human Resources industry, focusing on recruitment, staffing, employee relations, benefit management, training, and development. For the last 8 years prior to joining Alterra, Tisia served as the Human Resources Manager for Core Realty Inc., a real estate developer in the Philadelphia area, building an HR Department and team. Tisia received her BS from Mansfield University.

Biographies

Mark Cartella

SENIOR VICE PRESIDENT, CONSTRUCTION & DEVELOPMENT

Mark is the Vice President of Construction and Development for Alterra IOS and APG. He oversees the execution phase of Alterra's real estate development and capital improvement projects including all facets of the project delivery process with a focus on design and construction. Prior to joining Alterra, Mark worked several years at Turner Construction Company, the largest construction management company in the world by volume, gaining construction management expertise. After, Mark worked 7 years at Aegis Property Group, one of Philadelphia's preeminent project management and real estate services companies. During his career, Mark has successfully managed the design and construction of various projects ranging from sophisticated healthcare facilities, historic preservation/adaptive reuse buildings, higher ed/K-12 institutions, office space, and multifamily/mixed used developments with an aggregate volume valued in the billions. He holds a LEED AP designation under the USGBC. Mark received his BS from Drexel University.

Gregory Hicks

VICE PRESIDENT, FACILITIES & MAINTENANCE

Greg Hicks joined Alterra with over 20 years of experience in construction and property management. Prior to joining Alterra, Greg rose through the ranks of larger companies like Village Green and Pinnacle Management where he had the opportunity to manage over a thousand units as well as oversee multi-million dollar capital improvement projects. As VP of Facilities & Maintenance he is responsible for overseeing all facility operations across the Alterra IOS portfolio. Greg has a variety of professional licenses and certifications including OSHA 30 and Philadelphia building engineers license.

Leah McVay

DIRECTOR OF MARKETING

Leah is the Director of Marketing for Alterra IOS and APG. She brings over 15 years of marketing and project management experience in multifamily housing, student living, and furnished corporate accommodations. Leah is experienced in implementing innovative systems and creative strategies resulting in established brand identity, enhanced customer engagement, and lead generation. She is responsible for managing the overall marketing strategy for the residential portfolio to include digital marketing and advertising, social media, and product launch. Prior to Alterra, she worked with Campus Living Villages. She brings a strong understanding of real estate marketing, sales leadership, and team development to Alterra. Leah received her BA from Temple University.

Biographies

Jeff Schaeffer

VICE PRESIDENT, ASSET MANAGEMENT

Jeff is the Vice President of Asset Management for Alterra IOS and APG and oversees the firm's asset management functions. Prior to joining Alterra, Jeff was Vice President of Asset Management at Independence Realty Trust (NYSE: IRT), a role focused on leading strategic organizational initiatives in addition to the asset management of a diverse real estate portfolio. Previously, he spent time in several asset management roles at Resource Real Estate, a multibillion-dollar series of privately held real estate funds, primarily focused on multifamily asset transformation through value-add redevelopment efforts. Jeff began his career as a consultant within Deloitte Consulting's Strategy and Operations practice, focusing on organizational growth strategy and opportunities with large, global clients. Jeff received his BS from Pennsylvania State University.

Risk Factor Notes

This is only a summary of key risk factors. Please refer to the Memorandum for further information about the material risks of Venture III discussed herein.

Nature of the Investment: Investment in Venture III requires a long-term commitment with no certainty of return.

Real Estate Ownership in General: Venture III's investments will be subject to the risks generally incident to the ownership of real property. Real estate values are affected by a number of factors, including: (i) changes in the general national or international economic climate, local conditions (such as oversupply of space or reduction in the demand for space), the quality and philosophy of management, competition based on rental rates and operating expense efficiency, attractiveness and location of the properties, population trends (including gentrification), neighborhood values, community conditions, public perceptions (including, for example, neighborhood stability and crime levels), general economic conditions, local employment conditions, interest rates and real estate tax rates; (ii) uncertainty of cash flow to meet fixed and other obligations; (iii) changes in fiscal policies; (iv) changes in applicable laws and regulations (including tax laws) and (v) uninsured losses and other risks that are beyond the control of the General Partner.

Market Conditions May Dramatically Affect Venture III's Investments: Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for Venture III, Venture III's ability to make investments, the availability of funding to support Venture III's investment objectives, the performance and/or valuation of Venture III's investments, and/or Venture III's ability to dispose of investments.

Significant risks for Venture III and the Limited Partners exist as a result of the potential for disruptions in the credit markets and uncertain economic conditions. These risks include, among others, (i) the possibility that Venture III may find it more difficult to sell any of its Assets, thus rendering it more difficult to dispose of such Assets if and when it desires to sell them, (ii) the possibility that the price at which Assets can be sold by Venture III will have deteriorated from the cost of such investment to Venture III, and (iii) the impact of adverse economic conditions on Venture III and its Assets.

General Risks of Acquisition Activities: The General Partner or Alterra IOS may not be able to locate and complete investments which enable Venture III to invest all of its Commitments in opportunities that satisfy Venture III's investment objectives, realize the value of these investments or fully invest Venture III's Commitments; Venture III may incur significant expenses in connection with the identification of investment opportunities and the investigation of other potential investments that are ultimately not consummated; Venture III may be unable to acquire a desired property, or to acquire such property on desirable terms, because of competition from other well-capitalized real estate investors. As a result, property owners seeking to sell may have increased bargaining power and no assurance can be given that such competition will not adversely affect Venture III's ability to make investments and generate revenues; Even if Venture III enters into an acquisition agreement for a property, such an agreement would typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations, which may be costly; Even if Venture III is able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price paid; Venture III may be unable to finance acquisitions on favorable terms; Once acquired, a property may fail to perform as Venture III projected when analyzing its investments; Venture III's estimates of the costs of repositioning, or re-tenanting acquired properties may be inaccurate; and Venture III may not be able to exit some or all of its Assets on expected timelines and based on pricing and terms that achieve its targeted results.

Land Acquisitions, Zoning, Tax Assessments: Venture III is affected by zoning and use restrictions and other laws and regulations that are common to any business that deals with real estate. There is a risk of change in state, local, or federal regulations related to property use and zoning and attempt to disallow the existing IOS use, specifically in cases where continuous operation of the property as IOS is not maintained. As a result of rezoning or takings, Venture III may be unable to obtain, or experience delays in obtaining necessary zoning, occupancy, or other required governmental or third party permits and authorizations, which could result in an increase in costs or a delay or desertion of opportunities. Further, land acquisition is often costly and is accompanied by the risk that the value of acquired land changes due to market or other circumstances. The adoption of additional taxes or surcharges could adversely impact the value of Venture III's Assets and, as a result, Venture III's business, financial condition and results of operations.

Financing: The acquisition and development of the Assets may be financed in substantial part by borrowing, which increases the exposure to loss. The use of leverage involves a high degree of financial risk and may increase the exposure of Venture III or its investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the collateral underlying such investments. The use of leverage will increase the amount of funds available to Venture III for investment but will also increase the risk of loss. The investments may be unsecured and subordinated to substantial amounts of senior indebtedness. The investments may not be protected by financial covenants or limitations upon additional indebtedness. Market fluctuations may significantly decrease the availability of and increase the cost of leverage.

Track Record Notes

Track record information contained herein, such as performance of realized investments and the projected performance of unrealized investments, is provided for illustrative purposes only. Past performance is not indicative of future results.

Venture III will have no ownership interest in the investments described herein. Venture III will hold a separate portfolio of investments, the terms of Venture III may differ from prior Alterra-sponsored investment vehicles, and there can be no assurance that Venture III will achieve similar returns as achieved by such prior investment vehicles. Prospective investors should only rely on performance information included in the Memorandum when determining an investment in Venture III.

The historical Alterra-sponsored investment vehicles listed herein were investing in market conditions that are materially different than those in which Venture III expects to be investing, and some of the investments were based on strategies that differ from those to be employed by Venture III. There can be no assurance that Venture III will achieve similar returns as those presented herein.

With respect to any projections presented on a gross basis, such projections do not reflect any reduction for fees, expenses or carried interest at the vehicle-level. The deduction of these items will, in the aggregate, have a substantial effect on performance and reduce returns to investors. IRRs are calculated on the basis of daily cash inflows and outflows. Equity Multiples are calculated as a quotient of the total equity distributions divided by the total equity contributions.

Projected returns factor in all actual returns/cash flows as of the date stated, and estimated future cash flows based upon Alterra's business plans and estimated forecasts for each asset as of the date cited.

Alterra's projections were arrived at based on methodology and estimates deemed reasonable by Alterra. Current / FMV returns reflect (a) the sum of (i) realized proceeds, if any, and (ii) (A) an estimated fair market value of each investment as of the date reported (based on independent appraisals, broker opinions of value, acquisition cost and/or estimates deemed reasonable by Alterra) or (B) estimated forecasts for each investment as of the date reported (based on methodology deemed reasonable by Alterra), as applicable.

The actual realized return on Alterra's unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which will differ from the assumptions on which the valuations used in the prior performance data contained herein are based. Actual results may differ materially.

AlterraIOS
INDUSTRIAL OUTDOOR STORAGE

720 Fayette Street, Suite 700
Conshohocken, PA 19428
(215) 667-6830

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 17, 2023

SUBJECT: $25 Million Commitment to Monroe Capital Opportunistic Private Credit Fund II

Dear Board Members:

Attached is a joint recommendation from NEPC and me for a $25 million investment in Monroe Capital Opportunistic Private Credit Fund II.

Discussion

At its meeting of April 18, 2022, the Board increased its target allocation to private credit from 6% to 8%. During 2022 the Board approved commitments of $265 million to private credit funds. To continue moving towards the 8% target allocation, at its meeting of March 27 the Board approved a Private Credit Pacing Plan calling for $225 million to be committed to private credit strategies during 2023.

VCERA is invested in Monroe Private Credit Funds III and IV, targeted to middle market direct lending. As detailed in NEPC's recommendation memo, and as broadly described in Monroe's presentation deck, Monroe's Opportunistic Fund differs by providing a more flexible mandate which can take advantage of a wide range of opportunities that will vary across different investment environments. In addition, the proposed fund offers investors attractively discounted economics. Returns are targeted to deliver a net Internal Rate of Return (net IRR) of between 15% and 17%, and a Total Value to Paid-In Capital (TVPI) multiple of 1.5x to 1.6x.

Standard fees are 1.5% on invested capital with an 18% carried interest, and an 8% hurdle rate. However, for first-close investors, management fees are reduced to 1.0% on invested capital and to 12.5% on carried interest. Further management fee and carried interest discounts based on aggregated NEPC client assets will be available upon qualification.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve a commitment of $25 million to Monroe Capital Opportunistic Private Credit Fund II, and direct staff and counsel to negotiate the necessary legal documents; and**

2. **Subject to successful contract negotiations, authorize the Board Chair or the Retirement Administrator or if both are unavailable the Chief Investment Officer to approve and execute the required documentation.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

To: Board of Retirement, Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: April 17, 2023

Subject: Monroe Capital Opportunistic Fund II Recommendation – $25 Million

Recommendation

NEPC and VCERA staff recommend that the Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") approve a commitment of $25 million to Monroe Capital Opportunistic Fund II ("The Fund", "Fund II", or "Monroe Opportunistic Fund II"). NEPC views Monroe Opportunistic Fund II as an appropriate investment that is additive to VCERA's private credit portfolio. Monroe currently manages $46 million across two funds in the VCERA private credit allocation., primarily focused on US Middle Market Direct Lending. The Fund has been rated 3 by the NEPC Private Investment Committee.

NEPC and VCERA's CIO believe that Monroe Opportunistic Fund II fits well in the Plan's Private Credit allocation for the following reasons:

- **Established Firm** – Monroe was founded in 2004 and as of December 31, 2022, has approximately $16 billion in AUM, approximately 200 employees and approximately 90 investment professionals. There is significant institutional investment experience at Monroe, across the North American private middle market. The Firm has specialized expertise across various strategies in the private credit markets, including direct lending, asset-based lending, specialty finance, and opportunistic and structured credit. The opportunistic initiative is new; however, it should be noted that Monroe has significant resources across the Firm that can aid the team as it grows the opportunistic platform.
- **Flexible Mandate** – Monroe Opportunistic Fund II will have a flexible mandate to invest in a range of compelling opportunities. Fund II will be able to invest in specialty finance, highly structured real estate opportunities, asset heavy corporate credit, and secondary investments when the team sees dislocations in markets. The strategy will primarily be focused on North America but could invest in international markets to a degree, Fund I is presently allocated 84% to North America.
- **Discounted Economics** – First close investors will receive a management fee of 1.0% on invested capital and a 12.5% caried interest over an 8% preferred return. For a $10 million investment, the base fees are a 1.5% management fee on invested capital and an 18% carried interest over an 8% preferred return. NEPC considers the first close discount of 0.50% from the management fee and 5.5% from the carried interest to be meaningful. It should also be noted that should NEPC clients reach $100 million in commitments in Fund II, NEPC investors would receive a 1.0% management fee on invested capital and a 10% carried interest over an 8% preferred return.

Overview of VCERA Private Credit Program

As of 2/28/2023, VCERA has committed $800 million to Private Credit, with approximately $388 million invested. Through 2/28/2023, the PC allocation has generated a net internal rate of return of 6.7% per annum, with a Total Value to Paid-In Capital ratio of 1.12x. Results have been achieved through a broad mix of Direct Lending, Real Estate, Distressed and Opportunistic lending strategies. Upon approval, this commitment will be VCERA's fourth 2023 vintage year commitment, with a total commitment of $110 Million versus the 2023 Pacing Plan target of $225 Million.

Executive Summary of Monroe Capital Opportunistic Fund II

Monroe is fundraising for the Firm's second opportunistic credit fund, Monroe Capital Opportunistic II Private Credit Master Fund ("Monroe Opportunistic Fund II," or "Fund II," or the "Fund"). Monroe has not closed on any commitments yet for Fund II; however, it anticipates having a first close by the end of April 2023 or early May 2023. Monroe is targeting $750 million in commitments for this strategy, with no stated hard cap. It is expected that Fund II will be open into Q2 2024. This is a new initiative for Monroe: Monroe Opportunistic Fund I, a 2021 vintage year fund, had approximately $290 million in commitments. The team is comprised of 10 individuals, led by Co-Portfolio Managers Aaron Peck and Kyle Asher. Messrs. Peck and Asher will sit on the Investment Committee for Fund II. The Investment Committee will also include Ted Koenig and Mike Egan. It should be noted that Messrs. Koenig and Egan will spend time on Fund II, but their time will be shared by other responsibilities at Monroe. The Investment Committee will be supplemented by 6 individuals, including 4 Managing Directors and 2 Vice Presidents, rounding out the 10-person team. Monroe Opportunistic Fund II should provide a diversified mix of North American middle market exposure across specialty finance, real estate, and corporate credit. This should be a strategy that can perform through economic cycles and flexibly pivot to the best risk-adjusted opportunities that Monroe can source in the specialty finance, real estate, and corporate credit markets. Fund II will make investments in the $25 million to $200 million size range, totaling 20 to 40 investments. Fund II will be targeting a net levered IRR in the 15% to 17% range and a net TVPI in the 1.5x to 1.6x range. Fund II will have the ability to apply leverage up to a maximum of 1.5x; however, it is likely to be under 1.0x. Fund I applied approximately 0.7x leverage to date.

Firm and Team Overview

Monroe Capital LLC is a boutique asset management firm specializing in private credit markets across various strategies, including direct lending, asset-based lending, specialty finance, opportunistic and structured credit, and equity. Since Monroe's founding in 2004, the Firm has been providing capital solutions to clients, primarily in North America. Monroe was founded by Ted Koenig, Mike Egan, and Tom Aronson, who have an average of approximately 30 years of private middle market credit experience. Prior to founding, Messrs. Koenig and Egan worked together at Hilco Capital since 1999. Mr. Aronson joined them at Hilco Capital in 2002. Since founding, Monroe characterizes itself as a value-add and user-friendly partner to business owners, management, and private equity sponsors. Monroe's platform offers a wide variety of investment products for both institutional and high net worth investors with a focus on generating strong risk-adjusted returns irrespective of economic cycles. Monroe is headquartered in Chicago and maintains offices in Atlanta, Boston, Los Angeles, Miami, Naples, New York, San Francisco, and Seoul. As of December 31, 2022, Monroe has approximately $16 billion in assets under management ("AUM"), approximately 200 employees, and approximately 90 investment professionals.

The Monroe Opportunistic Fund II team is comprised of 10 individuals. The team is led by Co-Portfolio Managers Aaron Peck and Kyle Asher who will dedicate most of their time to the Fund. Key individuals that are also related to the Fund are Mr. Egan (Vice Chairman & Chief Credit Officer) and Mr. Koenig (President & Chief Executive Officer). They will dedicate a portion of their time to the Fund but will also have other responsibilities that require their attention. The Fund II Investment

Committee will comprise four individuals: Messrs. Peck, Asher, Egan, and Koenig. New investments to Fund II must receive unanimous approval from the Investment Committee.

In addition to the Investment Committee members, the Monroe Opportunistic Fund II team is rounded out by Jason Starr (Managing Director), Darrick Ginkel (Managing Director), Matt Phillips (Managing Director), Joe Valickus (Managing Director), Chris Spanel (Vice President), and Alex Childs (Vice President). Although not serving on the Investment Committee, they will be dedicating 100% of their time to the Fund in various capacities. The most tenured member not on the Investment Committee has worked at Monroe for 3 years. This should be considered a relatively new team.

Investment Strategy

Monroe Opportunistic Fund II's investment objective is to provide investors with attractive risk-adjusted returns with downside protection. The downside protection will be acquired through asset-based and secured corporate private credit opportunities in a manner that is uncorrelated from public market volatility.

The Fund will seek to provide attractive risk-adjusted returns and downside protection by investing primarily in secured private credit transactions and assets on an opportunistic basis, in addition to targeting investments that have significant downside protection through a focus on asset coverage. Investments are expected to be made primarily in (i) senior and junior secured and unsecured loans, notes, bonds, preferred equity (including preferred partnership equity), convertible debt and other securities; (ii) unitranche loans and securities; (iii) asset-based loans and securities; (iv) small business loans and leases; (v) specialty finance facilities secured by pools of assets; (vi) consumer and litigation finance; (vii) commercial and residential real estate finance; (viii) structured settlements; (ix) structured debt and structured equity; and (x) syndicated loans. The Fund will also invest in securitized debt and subordinated notes of CLO facilities, asset-backed securities and warehouse loan facilities; illiquid investments from Monroe advised funds as a result of liquidity constraints resulting from investor redemptions, market dislocations or fund liquidations; secondary opportunities in pooled investment funds managed by a third-party; private equity fund-level financing backed by the residual value of third-party private equity fund portfolio companies; private and public equity on an opportunistic basis; and investments in the secondary markets.

The Fund may also pursue sectors where it can acquire investments at a discount to the intrinsic value of their underlying assets, such as situations where an issuer has liquidity issues, limited refinancing choices, is under time pressure or has a complicated or faulty capital structure; and companies undergoing reorganizations.

The Fund has a mandate which allows for maximum flexibility to move quickly and efficiently on sectors and opportunities as economic conditions warrant. This adaptability should facilitate the Fund's efforts to seek out inefficiencies and mis-pricings in markets and in areas in which there is a shortage of financing options. A key advantage for the Fund is its ability to shift exposures as markets change and the economic cycle fluctuates. Due to the opportunistic nature of the Fund, Monroe will seek to use prudent risk management to limit out-sized concentrations in any one specific category.

The Fund will employ a conviction-based approach when determining investment decisions regarding allocations of capital within the portfolio. In the event of downturns in the economic cycle, the Fund's investment strategy gives the Fund the flexibility to shift investment allocations to areas with the highest risk adjusted return potential.

Monroe will generally follow the investment strategy outlined above but may, in its sole discretion, use other trading techniques, strategies, assets or trading vehicles that it believes will maximize capital appreciation with an acceptable level of risk or are otherwise in accordance with the Fund's investment objective.

Summary

NEPC Research views Monroe Capital Opportunistic Fund II as additive to the VCERA private credit portfolio. Monroe is a well-resourced and stable firm. Monroe Opportunistic II offers a flexible mandate and favorable economics for VCERA. The strategy should be well positioned, given the expected contraction in Regional Bank lending following the collapse of Silicon Valley Bank. Concerns to be aware of include lack of tenure among the team outside of the Investment Committee, the strategy's short track record, the increase in fund size from Fund I, and the higher level of leverage that can be employed on the strategy. Overall NEPC supports staff's recommendation to commit $25 million to Monroe Capital Opportunistic Fund II.

NEPC Research Ratings Definitions

Rating	Description
1	A high conviction investment product. Product has a clear and economically-grounded investment thesis, and is managed by an investment team that is sufficiently resourced and incented to execute on the thesis.
2	NEPC has a positive view of the strategy. Strategy has a compelling and sound investment thesis. The manager is sufficiently resourced and incented to execute on the thesis. Strengths outweigh the weaknesses, but the strategy does not meet all requirements for a 1 rating.
3	A satisfactory investment product. The strategy lacks a compelling investment thesis, however there are no significant concerns around the manager's viability.
4	The strategy may have an unclear or ambiguous investment thesis or the manager may lack the ability to execute on the stated thesis. The strategy likely has strengths and weaknesses and the weaknesses may outweigh the strengths.
5	A strategy that lacks an investment thesis or NEPC has no confidence in the manager's ability to execute on the thesis, and/or the investment firm may not be viable. Serious issues have been identified with an investment manager or product. This rating aligns with a Due Diligence status of Terminate for client-owned products.
Not Rated	Due diligence has not been sufficiently completed on the product or manager.

Disclaimers and Disclosures

- Past performance is no guarantee of future results.
- The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- This memo for the Fund provides a summary of information and documentation received by NEPC from the manager through phone calls and meetings. The product has been rated by NEPC's Alternative Assets Committee.
- Information used to prepare this report was obtained directly from the investment manager, and market index data was provided by other external sources. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- NEPC does not provide legal, regulatory or tax advice. Please consult your attorney or tax advisor for assistance as needed.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

In addition, it is important that investors understand the following characteristics of non- traditional investment strategies including hedge funds, real estate, and private equity:

- Performance can be volatile, and investors could lose all or a substantial portion of their investment.
- Leverage and other speculative practices may increase the risk of loss.
- Past performance may be revised due to the revaluation of investments.
- These investments can be illiquid, and investors may be subject to lockups or lengthy redemption terms.
- A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value.
- These funds are not subject to the same regulatory requirements as registered investment vehicles.
- Managers may not be required to provide periodic pricing or valuation information to investors.
- These funds may have complex tax structures and delays in distributing important tax information.
- These funds often charge high fees.
- Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy.

Monroe Capital

Experience | Security | Consistency

VCERA
Ventura County Employees' Retirement Association

Opportunistic Private Credit Fund II

April 17, 2023

Monroe Capital Contact Information

Aaron Peck

Partner, Managing Director & Co-Head and Co-Portfolio Manager, Opportunistic Private Credit.

Mr. Peck is a Managing Director, Co-Portfolio Manager and Co-Head of Monroe Capital's Opportunistic Private Credit investment vehicles. He is responsible for deal origination, structuring, and portfolio management, as well as overseeing the opportunistic business and its team. As part of the opportunistic business, Mr. Peck co-leads the firms' investments in real estate, specialty finance and corporate special situations. He joined the firm in 2012 and is a member of Monroe's Investment Committee. Mr. Peck has over 25 years of experience in credit, lending, opportunistic finance, high yield and distressed credit. Prior to Monroe, Mr. Peck was Co-Chief Investment Officer at Deerfield Capital Management and was responsible for the investment teams at Deerfield which managed over $10 billion in AUM in bank loans, middle market credit, mezzanine debt, credit default swaps, commercial real estate loans, asset-backed securities, and residential and commercial mortgage-backed securities. Mr. Peck was also chief portfolio manager for Deerfield's publicly-traded specialty finance mortgage REIT and in that capacity, was the key point of contact for all institutional and retail investors, investment banking research analysts, lenders and investment bankers. Prior to Deerfield, he worked in leveraged credit and opportunistic finance at several investment firms including AEG Investors, Black Diamond Capital, Salomon Smith Barney (Citibank), and ESL Investments. Mr. Peck earned his M.B.A. in Finance and Accounting with Honors from The University of Chicago Graduate School of Business and his B.S. in Commerce from The University of Virginia, McIntire School of Commerce.

Mark Friedrich

Managing Director – Business Development – Institutional Funds.

Phone Number: 949-945-4849 | **Email Address:** mfriedrich@monroecap.com

Mr. Friedrich is a Managing Director, Business Development – Institutional Funds of Monroe Capital. He is responsible for the firm's institutional fundraising and investor relations efforts. He has over 25 years of experience in the financial industry. Prior to Monroe, Mr. Friedrich was a Sales Executive with Western Asset Management Company focusing on institutional relationships in the Western US region. He also held prior roles at Nuveen, Wisdom Tree, Goldman Sachs and Applied Materials. Mr. Friedrich earned his M.B.A. at the Leavy School of Business at Santa Clara University and his B.S. in Finance at Fowler College of Business at San Diego State University.

"The first rule in making money is not losing money. We never make an investment until we can answer the question, 'what's the worst possible outcome,' and then, 'how do we structure a transaction to monetize our collateral or access the underlying cash flows if that scenario does happen?'

It's at the heart of our 'credit first – zero loss' philosophy."

TED KOENIG | MONROE CAPITAL, CHAIRMAN AND CEO

Monroe Capital at a Glance

Monroe Capital is a **$15.9 billion** diversified private credit solutions provider[1]. While protecting client capital against loss is at the heart of the Monroe ethos, it's been our ability to consistently attract high quality deal flow that has enabled the firm's nearly decades of growth.

2004	$33.8B	200+	9	$15.9B	90+	31%
Year founded	Invested capital[2]	Total employees[3]	Offices	AUM[1]	Total investment professionals[3]	Diversity across senior team[3]

Recognized by the industry for excellence in lending and asset management[4]

Creditflux (An Acuris company) · Pension Bridge · The M&A Atlas Awards Americas · Private Debt Investor Awards 2022 · Mergers & Acquisitions · Best Asset Managers

Proud signatory

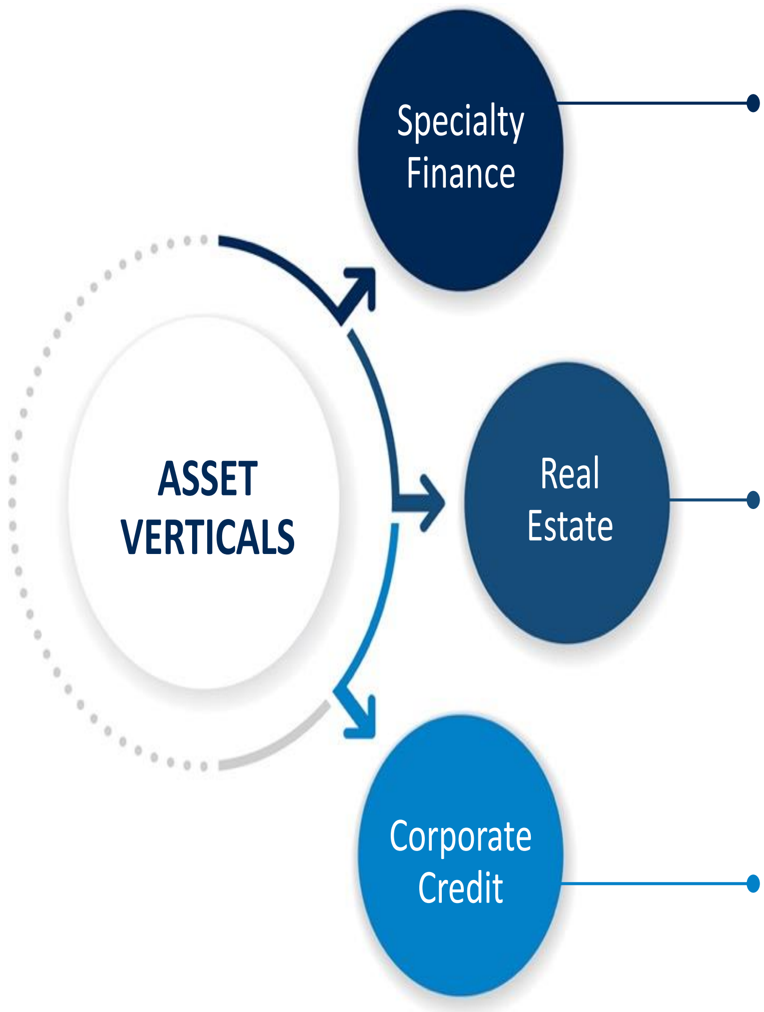
PRI Principles for Responsible Investment — May 2019

We Support UN Global Compact — March 2021

1. As of December 31, 2022.
2. Monroe investments of $33.8 billion is the total of all investments across all strategies from inception through December 31, 2022.
3. As of March 31, 2023.
4. Please refer to the Disclaimer Notice section entitled "Third Party Recognitions and Rankings" (which is integral to the information contained in this slide and are hereby incorporated by reference) for important additional information regarding Monroe award considerations and specific details about the awards on this slide.

MONROE CAPITAL

Where We Focus



Specialty Finance: Loans made directly to specialty finance companies or against portfolios of asset-backed financial instruments and receivables[1]

Real Estate: Bespoke loan structures – often with high complexity – geared to multiple asset types across industrial, multi-family, residential, and others

Corporate Credit: Companies with asset value and premium sum-of-the-parts break-up value that may be suffering from liquidity challenges or unpredictable cash flows

VERTICALS	Asset Management	Fund Finance	Media & Entertainment	Royalty Streams	Sports Lending
	Consumer Finance	Litigation Finance	Real Estate & Infrastructure	Small Business Lending	Telecom & Wireless

1. The use of leverage may increase the risk of potential losses and may materially reduce returns otherwise attributable to a given investment.

How we fit into Investor Portfolios

We target high-quality assets in niche situations whose value is often masked by collateral complexity or structural nuances.

Opportunistic transactions are defined by a distinct set of characteristics – with most investments falling outside of the market's more traditional opportunistic or asset-based lending archetypes.

Unlike Distressed Debt strategies – where opportunities become most prevalent in down market cycles – Opportunistic Credit is not dependent on market conditions but thrives in volatile times.

	OPPORTUNISTIC CREDIT	DISTRESSED DEBT
Complexity/Structural Flexibility	Highly structured	Highly Structured
Counterparty Quality	High quality	Lender of last resort
Sourcing	Bespoke	Hybrid
Loan Protection	Asset-centric	Price / timing
Current Income	High	Minimal
Sensitivity to Economic Cycle	Low	High
Total Return Potential	Mid-teens+	High-teens

MONROE CAPITAL

“COMPLEX” DOES NOT MEAN HIGH RISK.

Our strategy takes advantage of an underwriting skillset already in place to focus on high-quality assets whose value are often masked by collateral complexity. The primary draw is the alpha found through embracing complex credits, coupled with the hedging characteristics of an “all-weather” strategy.

Experience | Security | Consistency

Our Fit Within Monroe

Our home-grown dedicated team within the larger Monroe platform has a long history specializing in sourcing, pricing and structuring highly complex transactions across private credit, asset-centric lending, and real estate. The breadth of experience customizing solutions to bespoke situations enables us to be creative and flexible to meet the needs of the firm's borrowers.

Years of Experience

PORTFOLIO MANAGEMENT

30 — **AARON PECK**
Partner, Co-Head & Co-PM
citi | ESL Partners | DEERFIELD CAPITAL MANAGEMENT LLC

15 — **KYLE ASHER**
Partner, Co-Head & Co-PM
CALDER CAPITAL

INVESTMENT TEAM

19 — **JASON STARR**
MD, Head of Underwriting, Real Estate
citi | cerberus | ARENA INVESTORS LP

15 — **MATT PHILLIPS**
Managing Director, Real Estate
JDS DEVELOPMENT GROUP | WRE Holdings | City Storage Systems LLC

24 — **DARRICK GINKEL**
MD & Head of Secondaries
WHITEBOX | Ellington Management Group

13 — **JOE VALICKUS**
Managing Director
UBS

8 — **CHRIS SPANEL**
Vice President
CREDIT SUISSE | VICTORY PARK CAPITAL

7 — **ALEX CHILDS**
Vice President
LAZARD | VICTORY PARK CAPITAL

7 — **ROB KELLER**
Vice President
J.P.Morgan | BMO

INVESTMENT COMMITTEE MEMBERS

39 — **THEODORE KOENIG**
Chairman & CEO
WINSTON & STRAWN LLP | Holleb & Coff | Hilco Capital

39 — **MIKE EGAN**
Vice Chairman & Chief Credit Officer
Hilco Capital | CIT

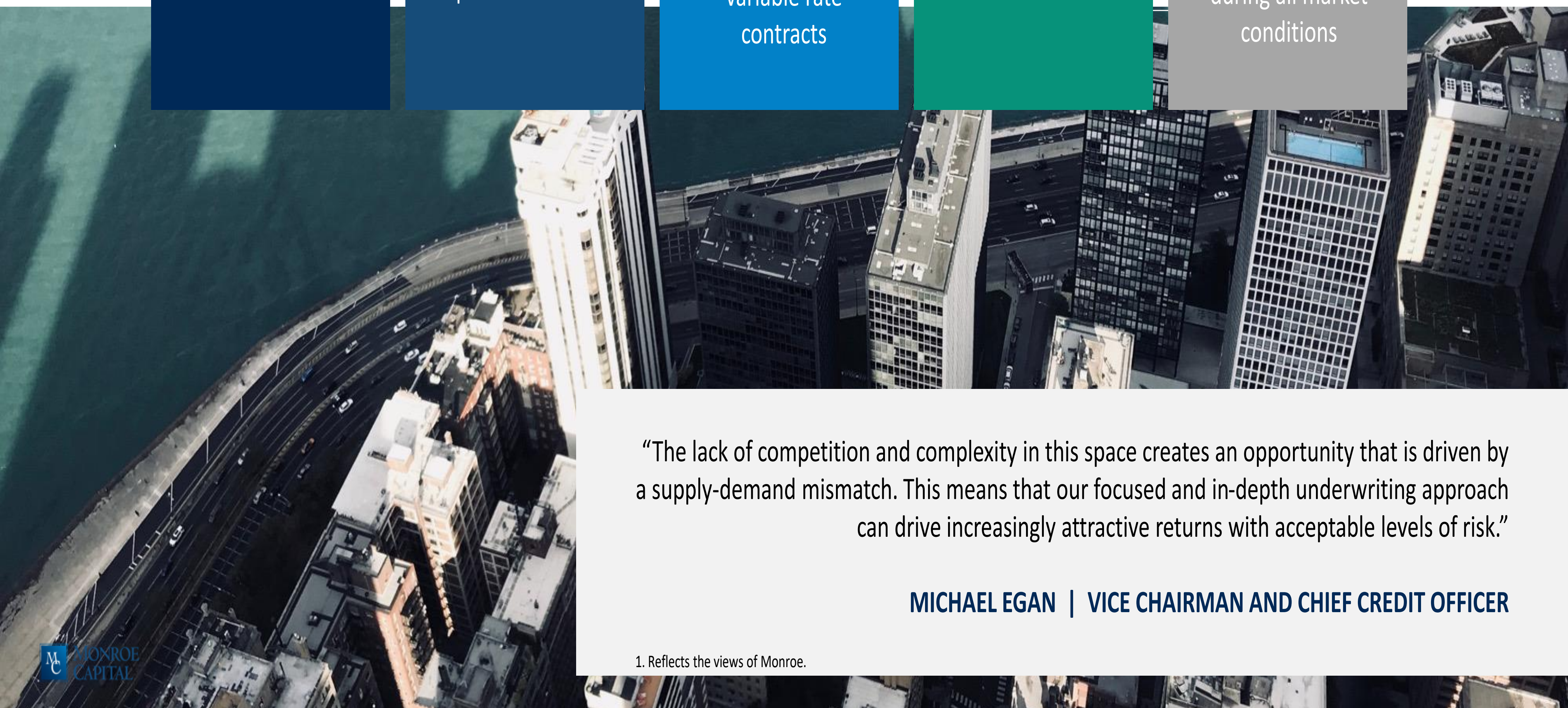
MONROE CAPITAL

1. Logos here reflect each individual's personal previous work history. The companies shown in no way endorse Monroe or the Fund.

An Approach That Works

A repeatable investment approach that works in multiple market conditions.

- Strong asset coverage
- Highly structured and bespoke transactions
- Superior yield profile and variable rate contracts
- Significant recoveries on defaulted deals
- Ability to generate attractive returns during all market conditions



"The lack of competition and complexity in this space creates an opportunity that is driven by a supply-demand mismatch. This means that our focused and in-depth underwriting approach can drive increasingly attractive returns with acceptable levels of risk."

MICHAEL EGAN | VICE CHAIRMAN AND CHIEF CREDIT OFFICER

1. Reflects the views of Monroe.

"We launched the Opportunistic strategy to address an unmet client need.

While the business is rooted in the founders' own experience in asset-based lending, it's the combination of diverse skillsets and industry knowledge distinct to this team that has enabled the strategy to evolve into a strategy that can source and realize opportunities in any market environment.

When people talk about "all-weather" investing, we believe this is exactly the type of strategy to which they are referring."

AARON PECK | CO-HEAD, OPPORTUNISTIC CREDIT GROUP

Investment Process – Origination…*the* Barrier to Entry

Monroe's origination and underwriting teams are among the largest in the private credit market

90+	9	350
Investment professionals[1]	Offices[1]	Opportunistic Transactions Reviewed Annually

SOURCING CAPABILITIES

EXTENSIVE NETWORK

- CEOs, Executives, and Developers
- Joint Venture Partners
- Private Equity Firms
- Boutique Intermediaries
- Global Investment Banks
- Specialty Verticals
- Asset Owners

EXPERTISE

- Industry-Specific Specialization
- Market studies
- Third Party Appraisers

WE PROVIDE BORROWERS

- Certainty of Closing
- Ability to Manage Structural and Collateral Complexity
- Timely Decision Making
- Accessibility

MONROE CAPITAL

1. As of March 31, 2023.

Investment Process

Our value to borrowers comes down to our ability formulate bespoke solutions that fit both parties and then structure a transaction at a conservative valuation. This entails highly selective underwriting standards, including:

LENDER'S RIGHTS

- Evaluate bankruptcy laws and enforcement processes for deal jurisdiction

DOCUMENTATION

- Structure strong protective provisions to mitigate downside
- Provide for future negotiating leverage in event of unanticipated adverse development
- Engage highly experienced external counsel to draft and review strength of documentation

STRESS-TESTING

- Stress test the documentation
- Determine if deal structure can withstand market volatility
- Analyze if deal can de-risk through excess spread

STRUCTURING

- Evaluate the financing solutions: tenor, rate, strategy, call protection, flexibility, timing, accordion feature

COLLATERAL VALUE

- Front load work on potential opportunity
- Conduct sector research to understand industry dynamics and business economics
- Perform an evaluation to determine liquidation value and explore all exit solutions for liquidation

MONROE CAPITAL

"The distinguishing characteristic of the Opportunistic strategy is that no two deals are ever identical, yet all share the common threads of deep underwriting driven by bottom-up analysis and significant stress-testing. We know what we own – we have no excuse not to.

Underwriting to the worst possible outcome means, "lending to the value of the asset."

KYLE ASHER | CO-HEAD, OPPORTUNISTIC CREDIT

Risk Management: Early Intervention

CONTINUOUS MONITORING OF THE "WORST POSSIBLE OUTCOMES"

- Internal credit ratings generated for each transaction on a scale of 1 to 5
- Monthly trend card analysis evaluates key drivers of performance utilizing customized analytics for each investment

+

CONSTANT RISK ASSESSMENT

- Weekly discussion of elevated risk situations
- Monthly portfolio reviews
- Quarterly valuation by **multiple** third-party valuation firms
  - This includes performing spot appraisals and field exams

DISCIPLINED PORTFOLIO CONSTRUCTION LEADS TO BETTER DOWNSIDE PROTECTION

20-40
Expected number of "positions" in Opportunistic Fund II

2-3
Target Years average duration

15%-17%
Target Net IRR[1]

1. Monroe's investment objective for Opportunistic Fund II is to seek net returns of 15%-17% and Target Net MOIC of 1.5x-1.6x by investing in opportunistic investments. The returns that Monroe is seeking for Opportunistic Fund II are hypothetical in nature and based on assumptions that may not be realized. Please refer to the Endnotes section entitled "Target Performance" for important additional information. Please also refer to the Core Risk Factors. The use of leverage may increase the risk of potential losses and may materially reduce returns otherwise attributable to a given investment. There is a possibility of loss in connection with an investment in the Fund. Different alternative investment vehicles, feeder funds and other vehicles through which investors make individual investments may bear different taxes and otherwise have different effective tax rates.
2. There can be no assurance that the Fund will invest with similar investment outcomes and/or returns in the future or that future investment opportunities will materialize.

Fund I Performance

As of 12/31/2022

14.9%
Gross cumulative IRR[1,2]

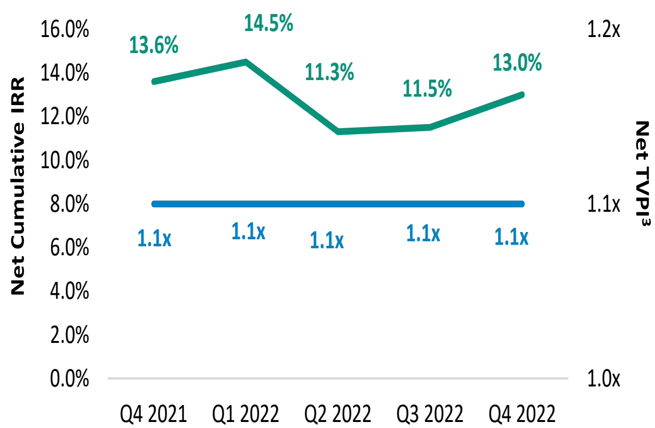
11.4%
LTD annualized net investment income return[1,3]

13.0%
Net cumulative IRR[1]

CURRENT OVERVIEW AS OF DECEMBER 31, 2022

INVESTMENT PERIOD	December 2021-2024
EQUITY COMMITMENT	$286.9MM
EQUITY CALLED (%)	70.0%[4]
TOTAL ASSETS INVESTED	$363.2MM
FUND LEVERAGE	0.4X

NET CUMULATIVE IRR AND NET TVPI[1,5,6]



INVESTMENT PERFORMANCE

	2020	2021	2022
NET INVESTMENT INCOME[1,7]	-8.1%	14.3%	9.6%
CASH-ON-CASH DISTRIBUTION[1,8]	n/a	8.2%	10.2%

1. Past performance is not indicative of future returns and there is a possibility of loss with an investment in the Fund. There can be no assurance that the Fund will invest with similar investment outcomes and/or returns. Different alternative investment vehicles, feeder funds and other vehicles through which investors may make individual investments may bear different taxes and otherwise have different effective tax rates. Performance figures are based in U.S. Dollars. Actual returns for investors in countries with non-USD currencies may have increased or decreased as a result of currency fluctuations. The Fund's return metrics exclude the returns for the GP and affiliated investors. Please refer to the Disclaimer Notice (which is integral to the information contained in this slide and is hereby incorporated by reference) at the back of this presentation for important additional information.
2. Gross IRR presented above is gross of management fees and performance fees.
3. Net investment income return excludes performance fees from inception to date.
4. Excludes capital called after December 31, 2022.
5. Net TVPI is calculated as (Total Distributions + Fund NAV)/Total Capital Called.
6. Net cumulative IRR and Net TVPI are calculated for an investor at the highest rates in Opportunistic Fund I (management fee rate of 1.5% per annum on invested assets and a performance fee rate of 12.5%).
7. Net investment income return for 2020 included the full weight of organizational costs for the structure which were expensed as incurred. Excluding organizational costs, Net investment income return for 2020 would be 5.6%.
8. Cash-on-Cash Distribution is calculated as (Income Distributions / Average Capital Called) for an investor at the highest fee rates in Opportunistic Fund I (management fee rate of 1.5% per annum on invested assets and a performance fee rate of 12.5%).
9. Financial Statements from this period and prior periods are available on the Fund's Intralinks web portal.

MONROE CAPITAL

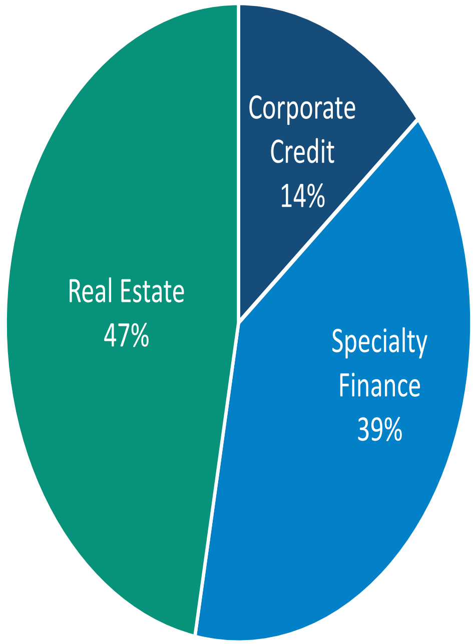
Current Portfolio Characteristics – Opportunistic Fund I

UNREALIZED INVESTMENTS – CURRENT PORTFOLIO CHARACTERISTICS

As of 12/31/2022

ASSETS AT FAIR VALUE[1]	$287.7MM
ASSETS AT COST[2]	$282.8MM
AVERAGE THIRD PARTY PORTFOLIO MARK[3]	101.7%
TOTAL COMMITMENTS – ISSUER LEVEL	$351.7MM
TOTAL OUTSTANDING – ISSUER LEVEL	$284.8MM
% OF COMMITMENT FUNDED[4]	81.0%
NUMBER OF PORTFOLIO COMPANIES	35
DEALS WITH EQUITY UPSIDE	13
WEIGHTED AVERAGE COUPON[5,6]	12.5%
WEIGHTED AVERAGE YIELD TO MATURITY[6]	12.9%
% FLOATING RATE[6]	68.3%
% MONROE-AGENTED[6]	83.1%
AVERAGE MONROE COMMITMENT[7]	$66.3MM
AVERAGE FUND COMMITMENT[7]	$10.0MM
AVERAGE COMPANY AGE (YEARS) AT CLOSE[7]	17.3
AVERAGE LOAN-TO-VALUE AT CLOSE[7]	57.4%
AVERAGE LOAN-TO-VALUE AT CLOSE (EQUITY EXCLUDED)[6,7]	53.5%

PORTFOLIO DIVERSIFICATION BY FUNDED ASSETS



The anticipated portfolio diversification for the Fund at the end of the investment period is approximately equivalent across Real Estate, Corporate Credit, and Specialty Finance, although this is subject to market conditions and the best risk return transactions.

* All values are weighted on outstanding amount.
1. Assets at Fair Value represents the total fair value of investments of the Fund.
2. Assets at Cost represents the total amortized cost of investments of the Fund.
3. Represents the fair value of the portfolio as a percentage of amortized cost.
4. Represents the total outstanding investments as a percentage of total transaction commitments.
5. Weighted Average Coupon is the actual effective rate that the borrower pays, inclusive of the reference rate or interest rate floor (where applicable), contractual rate, and other recurring fees. All-in coupon does not include closing fees.
6. Excludes equity investments.
7. Portfolio statistics are taken from the time of deal closing.

MONROE CAPITAL

Proposed Terms – Monroe Capital Opportunistic Private Credit Fund II[1]

FUND STRUCTURE	Monroe Capital Opportunistic II Private Credit (Delaware) Feeder Fund LP Monroe Capital Opportunistic II Private Credit (Lux) Feeder Fund SCSp SICAV-RAIF Monroe Capital Opportunistic II Private Credit (Lux) Treaty Feeder Fund SCSp SICAV-RAIF
PREFERRED RETURN	8.0%, 100% Catch-up
FUND INVESTMENT PERIOD	Three-year investment period beginning on the "Final Close" of the Fund
QUARTERLY DISTRIBUTIONS	Interest and fees distributed to Fund
FUND LIFE	Five years, including a three-year investment period and a two-year amortization period (plus manager option for two one-year extensions)
TARGET CAPITAL RAISE	$750 Million
LEVERAGE	Maximum 1.5x[2,3]
ESTIMATED FIRST CLOSE	Q2 2023
FEES	Management Fee: 1.5% | Performance Fee/Carry Rate: 18.0%[4]

1. The use of leverage may increase the risk of potential issues and may materially reduce returns otherwise attributable to a given investment.
2. The terms set forth herein represent a summary only and are qualified in their entirety by the Fund's Offering Memorandum and Limited Partnership Agreement; The figures are in U.S. Dollars. The costs and amounts listed above may increase or decrease as a result of currency and exchange rate fluctuations.
3. Based on historical average leverage of 0.6x utilized from fund inception to December 31, 2022 by Opportunistic Fund I, we expect to utilize leverage of less than 1.0x for Opportunistic Fund II. It is possible that we may exceed 1.0x target (but subject to the 1.5x maximum leverage per the Fund documents).
4. Additional fee discounts are available with appropriate qualifications

Appendix

The Importance of ESG to Monroe

Our commitment to corporate responsibility is embedded in the Monroe DNA. Environmental, social, and governance ("ESG") practices are considered from the top-down and extend to the businesses we invest in.

Our screening and due diligence efforts adhere to strict processes as they pertain to ESG factors. The Monroe New Business Proposal ("NBP") and Closing Memo require the investment team to consider and document ESG-related risks and opportunities – both in the present and the future.

SPECIFIC INITIATIVES AND PRACTICES (BOTH AT MONROE AND ENCOURAGED WITHIN THE BUSINESSES WE INVEST) INCLUDE:

ENVIRONMENTAL

- Greenhouse emissions
- Energy/water/hazardous materials management
- Use of sustainable resources
- Responsible practices within the office environment

Social

- Community relations
- Customer welfare
- Product safety
- Labor relations/practices

Governance

- Structures governing oversight to audit, risk management, strategy implementation and potential conflicts of interest
- High standards for accurate, and consistent reporting, along with financial transparency

PRI Principles for Responsible Investment

WE SUPPORT UN GLOBAL COMPACT

MONROE CAPITAL

Diversity and Community Involvement

Monroe thrives on unique ideas and perspectives, so we value the breadth of thought and experience that a diverse workforce and inclusive environment provides.

HOW MONROE CAPITAL FOSTERS DIVERSITY

DIVERSITY & INCLUSION COMMITTEE

Our 10-person committee works to create a culture of understanding and respect for present, past and future colleagues, business partners and the community. The committee focuses on the areas of education, awareness, employee policy, recruiting and volunteer outreach.

MONROE WOMEN'S NETWORK

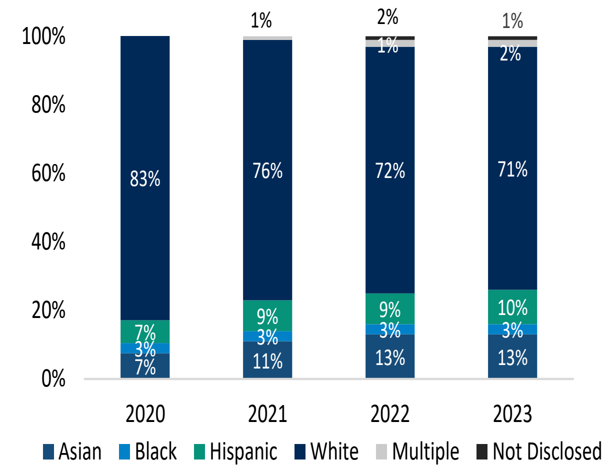
Our network participates in events with similar groups across the financial services industry to build understanding and support.

WOMEN & MINORITY INCLUSION CONFERENCES AND EVENTS

We involve ourselves with conferences and events promoting diversity, including:

- With Intelligence - Women in Private Equity Summit
- KAYO Women's Private Markets Conferences
- GCM Consortium Diverse + Women Mangers Conference
- Association of Asian American Investment Managers Annual Event

2023 DIVERSITY[1]



Community involvement supported through volunteering and/or donations

Hope Chicago

Cradles to Crayons

GREATER CHICAGO - FOOD - DEPOSITORY

MY BLOCK MY HOOD MY CITY

1. As of March 31, 2023.

MONROE CAPITAL

End Notes

MOIC on Defaults. Calculations of Gross MOIC and Net MOIC on investment-level Defaults in the Opportunistic Strategy are based on all Defaults as of 9/30/2022. Such calculations are hypothetical in nature and based on assumptions that may not be realized. Such calculations are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon by any person as, a guaranty, an assurance, a prediction of a definitive result, a statement of fact or to imply a probability that any performance will be achieved. No representation or warranty is made as to the reasonableness of the assumptions made with respect to determining the Gross MOIC/Net MOIC on such Defaults, or that all assumptions used in determining the Gross MOIC/Net MOIC on such Defaults have been stated or fully considered. The following key assumptions were used by Monroe to arrive at Gross MOIC/Net MOIC on such Defaults, but these assumptions should not be considered an exhaustive list of all assumptions used in such calculations.

Such hypothetical performance was not prepared with a view towards public disclosure. Actual performance and realized returns of all investments may differ from the assumptions on which the calculations on investment-level Defaults contained herein are based. The actual performance and realized returns of any entity or transaction described herein may differ materially from the Gross MOIC and Net MOIC on Defaults included in this presentation. Monroe's origination platform should not be relied upon as an indication of future investment sourcing. There can be no assurance that any investments will ultimately be consummated.

Hypothetical Default Pool Assumptions:	**Opportunistic Strategy Defaults**
Principal Amount of Defaulted Positions[1]	$196 million
Historical Gross Return of the Defaulted Positions	12.3%
Hypothetical Historical Base Rate	1.0%
Estimated Income Above Base Rate – Spread[2]	11.3%
Management Fee[3]	1.50%
Performance Fee/Carry Rate[4]	18.0%
Performance Fee/Carry Hurdle[5]	8.0%
Annual Fund Expenses[6]	0.50%

1. As of the date of Default for each position.
2. Spread assumption includes OID and other yield enhancement (PIK/warrants/success fees).
3. Based on invested assets which is calculated as capital called plus leverage deployed.
4. Performance Fee/Carry Rate is earned when the Fund's return is over and above an annual compounded preferred return threshold.
5. Performance Fee/Carry Hurdle is calculated on unreturned called capital.
6. Annual Fund Expense ratio is based on total expected assets and excludes interest expense and debt financing costs and management and performance fees/carried interest.

End Notes

Target Performance. Monroe's investment objective for Opportunistic Fund II is to seek net returns of 15%-17% by investing in opportunistic investments. The returns that Monroe is seeking for Opportunistic Fund II are hypothetical in nature and based on assumptions that may not be realized. The target performance contained herein is provided for illustrative purposes only as a statement of investment objective and is not intended to serve as, and must not be relied upon by any person as, a guaranty, an assurance, a prediction of a definitive results or as a statement of fact or to imply a probability that any targeted performance will be achieved. Actual events and circumstances are difficult or impossible to determine and may differ from assumptions. No representation or warranty is made as to the reasonableness of the assumptions made with respect to determining the targeted performance or that all assumptions used in determining the targeted performance have been stated or fully considered. The following key assumptions were used by Monroe to arrive at the target performance range that Opportunistic Fund II is seeking, but these assumptions should not be considered an exhaustive list of all assumptions used in determining the range.

Fund Assumptions:	
LP Commitments	$750 million
Called	85%
Fund Leverage	0.70x
Assumed Debt Spread (1)	3.75%

Hypothetical Performance Assumptions:	
Historical Gross Return of the Opportunistic Strategy	12.5%
Hypothetical Historical Base Rate	1.0%
Estimated Income Above Base Rate – Spread[2]	11.5%
Projected Base Rate[3]	1-month forward SOFR curve
Management Fee[4]	1.50%
Performance Fee/Carry Rate[5]	18.0%
Performance Fee/Carry Hurdle[6]	8.0%
Capital Deployment Period (Years)	1
Equity Deployment Year 1	65.0%
Annual Fund Expenses[7]	0.50%
Wind Down Beginning (Years)	4
Wind Down Period (Years)	2

Such targeted performance was not prepared with a view towards public disclosure or compliance with any published guidelines. Actual performance and realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the targeted valuations used in any performance data contained herein are based. The actual performance and realized returns of any entity or transaction described herein may differ materially from the targeted returns. Monroe's origination platform should not be relied upon as an indication of future investment sourcing. There can be no assurance that any investments will ultimately be consummated. As a sophisticated investor, you accept and agree to use such information only for the purpose of discussing with the Monroe your preliminary interest in investing in Monroe products.

1. Cost of Debt assumption represents blended fees of using both subscription and permanent debt facilities.
2. Spread assumption includes OID and other yield enhancement (PIK/warrants/success fees).
3. Forward 1MO SOFR curve according to Chatham Financial as of 12/7/2022.
4. Based on invested assets which is calculated as capital called plus leverage deployed.
5. Performance Fee/Carry Rate is earned when the Fund's return is over and above an annual compounded preferred return threshold.
6. Performance Fee/Carry Hurdle is calculated on unreturned called capital.
7. Annual Fund Expense ratio is based on total expected assets and excludes interest expense and debt financing costs and management and performance fees/carried interest.

Core Risk Factors

The following is a summary of some of the principal risks to which the Fund is exposed. For a more complete and detailed review of relevant and material risks, read the confidential private offering memorandum of the Fund before you invest which is available upon request.

Investments are Subject to Default Risk. In the event that one of the portfolio companies the Fund invests in cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, a default by the borrower under any of the Fund's loans may result in the Fund being unable to liquidate such loans prior to the dissolution of the Fund. Such loans may end up being restructured on terms that might result in the Fund being unable to liquidate such loans prior to the dissolution of the Fund. As a result, upon the dissolution of the Fund, the Limited Partners may receive in-kind distributions in respect of such loans.

The Fund's Investments will be Illiquid. The Fund expects to make or purchase loans, a substantial portion of which will be illiquid and have no, or only a limited, trading market. The Fund's investment in illiquid loans may restrict its ability to dispose of investments in a timely fashion and for a fair price and may result in the inability to pursue other favorable investment opportunities, which could adversely affect the returns of the Fund.

The Value of the Fund's Investments will be Volatile. The market value of the Fund's loans may be volatile and generally will fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the financial condition of the obligors on, or issuers of, the loans, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, developments or trends in any particular industry, prevailing credit spreads and changes in prevailing interest rates.

Interest Rate Risk. In the event that the Fund invests in fixed-rate loans, it would be subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will typically be greater for long-term securities than for short-term securities. The Fund may attempt to minimize the exposure of its portfolio to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other hedging strategies.

Insolvency Considerations with Respect to Issuers of Loan. One or more of the issuers of loans acquired by the Fund may become involved in bankruptcy or similar proceedings. There are a number of significant risks inherent in the bankruptcy process, which may reduce the amount recovered by the Fund, if any.

Lack of Sufficient Investment Opportunities. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. In addition, the Fund will be competing with a significant number of other private investment funds, as well as institutional and strategic (industry) investors, for investments in portfolio companies. The business of identifying and structuring debt investments is highly competitive and involves a high degree of uncertainty.

Use of Leverage by the Fund. Subject to the restrictions in the Fund governing agreements, the Fund expects to make use of leverage by incurring debt to finance a portion of its investments (either singly or on a portfolio basis). The use of leverage will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing the volatility of the performance of the Fund, including the risk of total loss of the amount invested. Leverage will increase the exposure of the Fund to adverse economic factors such as significantly rising interest rates, severe economic downturns or a deterioration in the condition of the Fund's investments or their corresponding markets. To the extent refinancing facilities are not available in the market at economic rates or at all, the Fund may be required to sell assets at disadvantageous prices, may not be able to make Investments it otherwise would have made, and/or may not be able to achieve the leverage it would otherwise find it advantageous to achieve. Any such deleveraging may result in losses which could be severe and accordingly could have a material adverse effect on the performance of the Fund.

Reliance on the Investment Manager and Portfolio Company Management. Control over the operation of the Fund will be vested entirely with the Investment Manager as delegate of the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the senior management employees of the Investment Manager. The loss of service of one or more of such senior management employees could have an adverse impact on the Fund's ability to realize its investment objectives.

Core Risk Factors

The following is a summary of some of the principal risks to which the Fund is exposed. For a more complete and detailed review of relevant and material risks, read the confidential private offering memorandum of the Fund before you invest which is available upon request.

Absence of Operating History; Prior Performance. The Fund is a newly organized entity and has no prior operating history or track record upon which prospective Limited Partners may base an evaluation of its likely performance. The Fund's results of operations will depend upon the availability of suitable investment opportunities for the Fund and the performance of its investments. While the senior management employees of the Investment Manager and the members of the Investment Committee have previous experience making and managing investments similar to those contemplated by the Fund and have experience managing and investing a committed pool of funds, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of such senior management employees or that it will generate returns for the Limited Partners. The prior performance of Monroe is not necessarily indicative of the Fund's future results. In addition, the Fund's investments may differ from previous investments made by such senior management employees in a number of respects. On any given investment, loss of principal is possible.

Limited Transferability of Fund Interests. There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Fund's governing agreements and applicable securities laws.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Acts of terrorism in the United States and abroad, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and caused consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, which in turn reduces the accuracy of the financial projections. Furthermore, the uncertainty may have an adverse effect upon the portfolio companies in which the Fund makes investments.

Tax Structure. The Fund's returns are highly dependent on the structure of the Fund for U.S. federal income tax purposes, and a change in applicable tax laws could have a material adverse effect. In particular, the tax efficiency of the Fund is based, in part, on the conclusion that the Investment Manager should qualify as an "agent of an independent status" under applicable income tax treaties. There is no assurance that the Investment Manager will so qualify or that the Fund will meet other tests to minimize adverse U.S. federal income tax consequences. Even if the Fund meets such tests, the Fund and Limited Partners may bear substantial U.S. taxes.

Integration of Sustainability Risk into Investment Decision Making. Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "SFDR"), the financial market participants (i.e., the Luxembourg AIFM of the Fund) are required to integrate sustainability risk into their investment due diligence procedures, disclose the manner in which Sustainability Risks (as defined hereafter) are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks (as defined below) on the returns of the Luxembourg Fund. The management of sustainability risk (being the risk that the value of the Fund could be materially negatively impacted by an ESG Event, defined below) ("Sustainability Risk") ordinarily is not considered to be relevant to a material part of the due diligence process implemented by the Investment Manager (under the supervision of the Luxembourg AIFM) when making an investment decision in respect of the Fund, provided that, investments in issuers as relevant engaged in certain industries may be precluded altogether for the Fund (or only made with investor consent) as specified in the investment restrictions applicable to the relevant Fund entity. In short, the Investment Manager considers credit risk as not correlated to Sustainability Risk because, to date, the Investment Manager has not identified environmental, social or governance event or conditions ("ESG Events") that the Investment Manager considers likely to materially adversely affect the creditworthiness of portfolio companies to which the Luxembourg Fund may have indirect exposure. While the Fund may exclude issuers from certain industries, the rationale for their exclusion is not based upon Sustainability Risk criteria, but the preference of the Investment Manager and/or investors in the Luxembourg Fund to avoid participation in a particular industry. Information on the AIFM environmental, social, or governance approach and its policy on the integration of Sustainability Risk is available on the AIFM's website at https://www.waystone.com/waystone-policies/. For the purposes of the EU Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, prospective investors are hereby informed that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The Fund acts in accordance with Article 6 of Regulation EU 2019/2088 on SFDR.

Disclaimer Notice

General. No person has been authorized to make any statement concerning the Fund or any other entity managed by the Investment Manager other than as set forth herein, and any such statements, if made, may not be relied upon. An investment in Monroe managed funds carries certain risks, including without limitation the risk of loss of principal, lack of liquidity, limited transferability, use of leverage and market disruptions, as only partially described herein and further described in the offering documents of the Fund, and is suitable only for qualified investors that fully understand the risks of such investments. The information contained herein does not take into account the particular investment objectives or financial circumstances of any specific person who may receive such information.

Informational Only. This material is provided to you for informational purposes only and is not intended to be, and shall not be regarded or construed as, a recommendation for a transaction or investment, financial or other advice of any kind. This is neither an offer to sell nor a solicitation of any offer to buy any securities in any fund managed by Monroe Capital Management Advisors, LLC (the "Investment Manager" or "Monroe") or its affiliates. These materials contain a preliminary summary of certain proposed terms of a hypothetical offering of securities as currently contemplated and do not purport to be a complete description of all material terms or of the terms of an offering that may be finally consummated. Any offering is made only pursuant to the relevant offering documents and the relevant subscription application (collectively, the "Offering Documents"), all of which must be read in their entirety. The information contained herein will be superseded by, and is qualified in its entirety by reference to, the Offering Documents, which will contain information about the investment objectives, terms and conditions of any such fund and will also contain additional material tax information and additional material risk disclosures that are important to any investment decision regarding any such fund. No offer to purchase securities will be made or accepted prior to receipt by the prospective purchaser of these documents and the completion of all appropriate documentation. Each prospective investor should consult with its counsel and advisors as to the legal, tax, regulatory, financial and related matters concerning an investment in interests in the Fund and to whether such investment would be suitable for such investor.

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Historical Performance Returns. The Securities and Exchange Commission has not reviewed or approved performance returns presented herein. Such performance returns herein may be presented on a gross of fees basis and on a net of fee basis, side-by-side. Any such gross returns would be further reduced by certain fees and expenses, including Monroe's management fee and performance fee/carried interest, as is more fully described in the applicable Monroe fund's governing agreements and offering memorandum, and Monroe's form ADV part 2A. In contrast, net performance reflects actual returns over the periods shown after all expenses paid and accrued.

The historical performance of certain Monroe funds set forth herein is provided for illustrative purposes only and may be based on unaudited, preliminary information and subject to change (including as a result of the realization of unrealized investments). Please refer to the offering documents for Monroe products for a description of the fees and expenses that will be applicable to investors in Monroe products. Such prior investment performance is not necessarily indicative of Monroe products' future investment results. There can be no assurance that Monroe products will achieve comparable results or be able to avoid losses.

In addition, there can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from assumptions on which valuations contained herein are based.

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Circular 230 notice:

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE INVESTMENT MANAGER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The Fund interests described herein have not been recommended by any United States federal or state securities commission or regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. Interests in the Fund have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state or non-U.S. jurisdiction and will be offered and sold in reliance on exemptions from the registration requirements of the Securities Act and such laws. Any such securities will not be transferred or resold except as permitted under the Securities Act and applicable state or non-U.S. securities laws. Investors should be aware that they will be required to bean the financial risks of investment in the Fund for an extended period of time. There will not be any public market for interests in the Fund. The Fund will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information contained herein may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that reflect the current views of the Investment Manager with respect to, among other things, future events and financial performance. We generally identify forward-looking statements by the terminology such as “outlook,” “believe,” “expect,” “potential,” “continue,” “may,” “will,” “should,” “could,” “seek,” “approximately,” “predict,” “intend,” “plan,” “estimate,” “anticipate,” “opportunity,” “comfortable,” “assume,” “remain,” “maintain,” “sustain,” “achieve,” “see,” “think,” “position” or the negative version of those words or other comparable words.

Any forward-looking statements contained in this presentation are based upon historical information and on the Investment Manager’s current plans, estimates and expectations. The inclusion of this or other forward-looking information should not be regarded as a representation by the Investment Manager or any other person that the future plans, estimates or expectations contemplated by the Investment Manager will be achieved. We caution that forward-looking statements are subject to numerous assumptions, estimates, risks and uncertainties, including but not limited to global economic, business and market geopolitical conditions; U.S. and foreign regulatory developments relating to, among other things, financial institutions and markets, government oversight and taxation; the conditions impacting the private investment industry; the Investment Manager’s ability to successfully compete for fund investors, professional talent and investment opportunities; the Investment Manager’s successful formulation and execution of its business and growth strategies; the Investment Manager ’s ability to appropriately manage conflicts of interest, and tax and other regulatory factors relevant to the Investment Manager’s business; as well as assumptions relating to the Investment Manager’s operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the Investment Manager’s assumptions or estimates prove to be incorrect, the Investment Manager’s actual results may vary materially from those indicated in these statements. These factors are not and should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and risks. Any forward-looking statements contained in this presentation are made only as of the date of this presentation.

The Investment Manager does not undertake to update any forward-looking statement, whether as a result of new information, future developments or otherwise. Prior returns and performance contained in these materials are not necessarily indicative of future results and all investments are subject to risk of loss.

The reference to Monroe as an SEC-registered investment adviser does not imply a certain level of skill or training.

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Third Party Recognitions and Rankings

From time to time, Monroe Capital Management Advisors, LLC, Monroe Capital, LLC and their affiliates (collectively, "Monroe Capital") may be recognized or ranked by independent third-party rating services or publications, summaries of which may be included in this presentation and/or on our website. Such recognitions or rankings are generally based on information prepared or submitted by the recognized advisory firm, and are usually limited only to those advisory firms who choose to participate in such surveys. Monroe Capital's nomination for any award is not indicative of the future performance of any Monroe managed fund. Any third-party recognition or ranking that may be included in this presentation and/or on our website should not be construed as a guarantee that any client or prospective client will experience any specific level of investment performance or receive any specific level of customer service, as a result of such recognition or ranking. Furthermore, any such recognition or ranking should not be construed as an endorsement by any of Monroe Capital's clients. As such, clients and prospective clients should not put undue reliance on any of these statements.

Specific Rankings on Slide Entitled "Monroe Capital at a Glance" - Footnote 3:

1. *Private Debt Investor* – These awards are determined annually through a PDI reader poll and aim to recognize the contributions of industry participants to the development of the private debt asset class. Winners were selected by eligible voters among the private debt, private equity and institutional investor communities. For additional information visit: https://www.privatedebtinvestor.com.

2. *Creditflux* - These direct lending awards are calculated based on several criteria including a combination of Net IRR, leverage calculations, and capital deployed. This award is based solely on detailed, data driven metrics. For additional information visit http://creditflux.com/.

3. *Korean Economic Daily Global* - This award recognizes and rewards the highest performing asset managers based on a comprehensive survey of Korean institutional investors. For additional information, visit *Best Asset Managers by Korean Investors - KED Global.*

4. *M&A Atlas Awards - Middle Markets Lender of the Year Awards, in the Americas and U.S.A.* – This award is based on the firm's notable transactions, expertise, track record, team leadership and client service. For purposes of this, Mid-Markets Lender is a lender in the middle market to lower market segments qualified per sweet spot range on EBITDA average between $5 to $100 million. For additional information visit: https://globalmanetwork.com.

5. Pension Bridge - This award is based on applicable Monroe fund's overall performance and the firm's expertise, growth, track record, team leadership, ESG strategy and client service. For additional information, visit: https://iamanagementawards.awardstage.com.

6. *Mergers and Acquisitions* - This award is based on the firm's growth, volume of loans and their significance, innovation, thought leadership and influence on the M&A industry. For additional information visit: https://www.themiddlemarket.com.

7. *The SBIC of the Year Award* – This award is based on the fund's overall performance and demonstrated commitment to supporting the growth and expansion of small businesses. For additional information regarding this award visit: https://www.sbia.org.

8. *The M&A Advisor Award Winner* - This award is based on the firm's notable transactions, expertise, track record, team leadership and client service. For additional information visit: www.maadvisor.com.

Definitions: To the extent referenced in this presentation, the below defined terms have the following meanings -

Defaults. A loan is considered a default after the obligor has either filed for bankruptcy or missed a scheduled payment which has remained uncured for more than 90 days.

Gross IRR. The IRR generated by the fund (and including leverage), net of fund expenses (as described in detail in the applicable Monroe fund's offering documents), not taking into account management fees or carried interest/performance fees (as applicable) to arrive at a return as if such fees had not been charged. This does not reflect the effect of taxes.

Gross MOIC. The MOIC achieved by a fund (including leverage), not taking into account fund expenses, management fees or carried interest/performance fees (as applicable). This does not reflect the effect of taxes.

IRR. The dollar-weighted, annualized internal rate of return calculated by considering the daily timing of all cash flows and the net asset value of the fund as of the end of the reporting period which is inclusive of the fair market value of each unrealized investment. This does not reflect the effect of taxes.

MOIC. With respect to a fund, the multiple on invested capital returned to investors over the life of a fund, and with respect to an investment or group of investments, the multiple on invested capital produced by the investment(s) over the life of the investment. Any unrealized MOIC for a fund incorporates the net asset value as of the end of the reporting period which is inclusive of the fair market value of each unrealized investment, and with respect to an investment or a group of investments, any unrealized MOIC incorporates the fair market value of the remaining investment(s) as of the end of the reporting period. This does not reflect the effect of taxes.

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Net IRR. The IRR generated by the fund (and including leverage), net of fund expenses (as described in detail in the applicable Monroe fund's offering documents), management fees and carried interest/performance fees (as applicable) but excludes taxes.

Net MOIC. The MOIC achieved by a fund (and including leverage), net of fund expenses (as described in detail in the applicable Monroe fund's offering documents), management fees and carried interest/performance fees (as applicable) but excludes taxes.

Strategies. References throughout this presentation to the following Monroe "strategies" (or "platforms") have the meanings described below. For the avoidance of doubt, an investment listed in this presentation may fall under multiple Monroe strategies (e.g., in describing number of deals per Monroe strategy in this presentation, an investment may count as both "Direct Lending" and also "Opportunistic"). A list of funds and accounts invested in each Strategy is available upon request.

- ***Direct Lending.*** Investments deemed by Monroe to constitute "direct lending" investments include: Monroe-agented or club investments in secured loans, any investment made in connection with any secured loans, or investments that are issued or issuable upon any restructuring of, or in exchange for, any secured loans. For purposes of the foregoing, "secured loans" shall include, without limitation, first and second lien loans, asset-based loans, unitranche loans, or Opportunistic investments. The Direct Lending strategy investments referenced herein include all investments categorized by Monroe as "direct lending" based on the foregoing criteria held by Monroe funds and accounts from January 2004 through December 31, 2022.
- ***Middle Market CLO.*** Investments deemed by Monroe to constitute "middle market CLO" investments include: investments in the subordinated notes or other debt securities issued by collateralized loan obligations, or subordinated notes or equity investments in warehouses established to accumulate assets with the intention of forming a collateralized loan obligation. The Middle Market CLO strategy investments referenced herein include all investments categorized by Monroe as "middle market CLO" based on the foregoing criteria held by Monroe funds and accounts from January 2004 through December 31, 2022.
- ***Opportunistic.*** Investments deemed by Monroe to constitute "opportunistic" investments include the following asset classes: specialty finance loans, corporate loans that Monroe considers opportunistic in nature (due to a primary focus on asset coverage, out-of-favor sectors, or other factors, secondary purchases of loans, real estate loans, and equity investments (either in connection with a loan or otherwise). For avoidance of doubt, all investments included in Opportunistic Fund I and Opportunistic Fund II are considered opportunistic investments. The "Opportunistic" strategy investments referenced herein include all investments categorized by Monroe as "opportunistic" based on the foregoing criteria held by Monroe funds and accounts from strategy inception through December 31, 2022.
- ***Real Estate.*** Investments deemed by Monroe to constitute "real estate" investments include: Monroe-agented or club investments in mortgages and/or loans secured by real property (direct and indirect) including land, real estate in construction, existing completed real estate, real estate financial assets, real estate portfolios of assets or fund interests, and may also include lender finance, secondary note purchases, structured equity, and common equity (including joint ventures). The Real Estate strategy investments reference herein include all investments categorized by Monroe as "real estate" based on the foregoing criteria held by Monroe funds and accounts from strategy inception through December 31, 2022.
- ***Software & Technology.*** Investments deemed by Monroe to constitute "software & technology" investments include: senior secured direct loans and other loans or related investments made in middle market companies whose core value proposition is driven by software and technology. The Software & Technology strategy investments referenced herein include all investments categorized by Monroe as "software & technology" based on the foregoing criteria held by Monroe funds and accounts from strategy inception through December 31, 2022 (excluding deals held exclusively in Monroe CLO funds established since 2013).
- ***Traditional Middle Market.*** Investments deemed by Monroe to constitute "traditional middle market" investments include: investments in syndicated secured loans, any investment made in connection with any secured loans, or investments that are issued or issuable upon any restructuring of, or in exchange for, any secured loans. For purposes of the foregoing, "secured loans" shall include, without limitation, first and second lien loans, asset-based loans, unitranche loans, or Opportunistic investments. Traditional Middle Market strategy investments referenced herein include all investments categorized by Monroe as "traditional middle market" based on the foregoing criteria held by Monroe funds and accounts from January 2004 through December 31, 2022.

Target Net Levered IRR. Represents Monroe's investment objective for the Fund, which is to seek net levered returns within the Target Net Levered IRR range by investing in Opportunistic investments. The returns that Monroe is seeking for the Fund are hypothetical in nature and based on assumptions that may not be realized. This does not reflect the effect of taxes.

Target Net MOIC. Represents Monroe's investment objective for the Fund, which is to seek net returns within the Target Net MOIC range by investing in Opportunistic investments. The returns that Monroe is seeking for the Fund are hypothetical in nature and based on assumptions that may not be realized. This does not reflect the effect of taxes.

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: PROPOSED RESOLUTION TO IMPLEMENT CHANGES TO COMPENSATION EARNABLE RESOLUTION IN COMPLIANCE WITH THE CALIFORNIA SUPREME COURT DECISION, *ALAMEDA COUNTY SHERIFF'S ASSOC. ET AL., V. ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSN., ET AL (2020) 9 Cal.5th 1032 ("Alameda")* FOLLOWING GOVERNOR NEWSOM VETO OF ASSEMBLY BILL 826

Dear Board Members:

At the March 27, 2023, Board of Retirement meeting, staff and fiduciary presented the Board with the (then) latest version of the attached Resolution for review and discussion. This was to allow ample time for Board and public review of the Resolution in advance of anticipated action at today's meeting.

The Resolution as presented today is the same as was presented on March 27th, with the following clarifying edits, as shown in the "redline" version:

- Page 2: Additional text to clarify that the in-kind benefit of annual leave donations are also addressed by the provisions of the Resolution;
- Page 3: Inserted text to confirm no impact on VRSD Legacy members;
- Page 4, Item #3: Updated language to reflect previous Board action on March 27th in regard to adopted interest rate of 7.9% per annum;
- Page 4-5, Items #4 & #5: Updated language in Item #4 regarding basis for contribution refunds to active members, and terminology corrections;
- Page 5, Item #6: Additional text to clarify that VCERA will not recoup from retirees overpaid benefits other than by offsetting those amounts against overpaid contributions and to ratify application of the *Alameda* Exclusion rules to annual leave donations to the County Employee Emergency Assistance Program;
- Page 5, Item #7: Describes VCERA's obligations regarding written notice to members, and the process for member challenges to VCERA calculations.

Detailed background information as to the events leading to today's meeting and proposed Resolution adoption were provided in the staff letter of March 27, 2023; that letter is attached.

RECOMMENDATION: ADOPT PROPOSED RESOLUTION REGARDING CORRECTION OF PENSIONABILITY OF BENEFITS UNDER COUNTY OF VENTURA'S FLEXIBLE BENEFITS PROGRAM

Sincerely,

Linda Webb

Linda Webb
Retirement Administrator

[PROPOSED] RESOLUTION OF THE BOARD OF RETIREMENT OF VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REGARDING CORRECTION OF PENSIONABILITY OF BENEFITS UNDER COUNTY OF VENTURA'S FLEXIBLE BENEFITS PROGRAM

WHEREAS, the Ventura County Employees' Retirement Association ("VCERA") and its Board (the "Board") are governed by the County Employees Retirement Law of 1937 (Government Code sections 31450, *et seq*.) ("CERL") and the Public Employees' Pension Reform Act of 2013 (Government Code sections 7522, *et seq.*) ("PEPRA").

WHEREAS, the Board is required by CERL to determine "compensation" and "compensation earnable" for VCERA members who entered membership in VCERA before January 1, 2013, or who entered membership in another California public retirement system before January 1, 2013 and become eligible for reciprocity with VCERA ("Legacy Members").

WHEREAS, in the case of *In Re Retirement Cases* (2003) 110 Cal.App.4th 426, to which VCERA and the County of Ventura ("County") were parties, the superior court issued a ruling on July 20, 2000, stating that "insurance-related benefits," including "employer payments into flexible benefit plans" are benefits of insurance coverage, not cash, and "[a]s such, it is an in-kind advantage." The ruling further stated that cash payments to employees from a flexible benefit plan in lieu of health benefits is cash remuneration and constitutes "compensation." The court of appeal affirmed all aspects of the superior court's ruling and concluded that public retirement systems therefore "need not" include in-kind advantages in the calculation of retirement benefits. Specifically, the court in *In re Retirement Cases* stated, "We conclude that the Legislature has expressed its intent not to include employer payments into flexible benefits plans and payments of insurance carrier premiums as "compensation" under CERL . . . . Accordingly, we conclude the trial court properly found that CERL did not require these payments to be included in the calculation of retirement benefits." *In re Retirement Cases* at p. 481. The court of appeal did not address the question of whether retirement boards had the discretion to include flexible benefit payments in compensation earnable, even though the retirement boards were not required to do so.

WHEREAS, on July 30, 2020, the California Supreme Court filed a decision entitled *Alameda County Deputy Sheriffs' Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032, 1070 ("*Alameda*"), which stated, in pertinent part, that "there is no indication . . . that a local board," such as the VCERA Board, "has the discretion to include the monetary value of in-kind benefits," in the determination of retirement allowances. The Supreme Court also expressly "disapproved" footnote 6 of *Guelfi v. Marin County Employees' Retirement Assn.* (1983) 145 Cal.App.3d 297 ("*Guelfi*"), stating "we reject [*Guelfi's*] open-ended concept of compensation earnable . . . The term 'compensation,' as used in section 31461, is . . . statutorily defined: It is an employee's 'remuneration paid in cash' and expressly excludes the 'monetary value' of benefits paid in kind. (§31460) Nothing in those definitions hints either that they are intended merely to establish a minimum, rather than to serve as a comprehensive definition, or that they may be implemented at the discretion of a local retirement board." *Alameda* at p. 1070. *Alameda* further holds that retirement boards, such as the VCERA Board, have no discretion to include benefits in Legacy Members' compensation earnable or in PEPRA

Members' pensionable compensation that CERL, PEPRA, or other applicable statutes do not permit to be included (the "*Alameda* Exclusions").

WHEREAS, by an "*Alameda* Implementation Resolution" adopted and approved by the Board on October 12, 2020, the Board followed the *Alameda* Court's directive and stated that "all portions of Flex Credit that may not be provided to members in cash under a participating employer's rules applicable during the pertinent time period" ("In-Kind Only Flex Credit") fall within the definitions of *Alameda* Exclusions, and that the Board thus has no discretion to include In-Kind Only Flex Credit in VCERA members' retirement benefit calculations, even though it has historically included all Flex Credit in the calculation of its Legacy Members' "compensation earnable". However, the Board deferred implementation of the *Alameda* Exclusions applicable to In-Kind Only Flex Credit, under paragraphs 3, 6 and 9 of the *Alameda* Implementation Resolution, to seek judicial resolution of the matter through the declaratory relief action, *Ventura County Employees' Retirement Association v. County of Ventura, et al.* (Case No. VENCI00546574) ("*VCERA v. County of Ventura, et al.*"). For clarification, VCERA has applied the *Alameda* Implementation Resolution to one other in-kind benefit, i.e., annual leave donations to the County Employee Emergency Assistance Program, and to all PEPRA Exclusions, as defined therein, to Legacy members who retired on or after July 30, 2020.

WHEREAS, an Ad Hoc Litigation Committee of Board members recommended to the Board at its February 22, 2021 meeting that it adopt a Resolution Implementing Non-Pensionability of In-Kind Only Flex Credit, and in response numerous stakeholders objected citing, among other things, pending proposed legislation, which, if adopted as then presented, would permit VCERA to continue including In-Kind Only Flex Credit in the compensation earnable of Legacy Members.

WHEREAS, on June 14, 2021, the court in *VCERA v. County of Ventura, et al.*, sustained the County's demurrer to VCERA's cause of action requesting declaratory relief regarding In-Kind Only Flex Credit, having concluded that the issue was not able to be adjudicated unless the Board took specific action with respect to In-Kind Only Flex Credit that other parties to the litigation disputed.

WHEREAS, on July 26, 2021, the Board adopted a "Resolution Regarding Pensionability of Flex Credit Pending AB 826," which addressed the Flex Credit provided to those VCERA Legacy Members within benefit plans administered by County, and the Board determined that while the proposed legislation that numerous stakeholders supported, Assembly Bill 826 (2021-2022) ("AB 826"), was pending, VCERA would include Flex Credit in compensation earnable at the lowest amount that is provided to all persons in an individual member's bargaining unit or unrepresented group during the final compensation period ("AB 826 Flex Credit Resolution").

WHEREAS, AB 826 was vetoed by Governor Newsom on September 29, 2022, and the Governor's veto letter critiques the bill because it "expands the definitions of 'compensation' and 'compensation earnable' in [CERL] . . . to include an employee's flexible benefit allowance," notes sympathy to "workers who may see a reduction in their anticipated pension because of prior misinterpretations of what constitutes 'compensation' and 'compensation earnable'" but concludes that AB 826 would "inappropriately incentivize noncompliance with

[PEPRA]" and "attempt[s] to circumvent recent court decisions, undermine the intent of PEPRA and expose the local governments to increased costs and litigation."

WHEREAS, at the October 24, 2022 regular meeting of the Board, both the County and representatives of various unions requested that the Board continue to delay implementation of *Alameda* with respect to Flex Credit while the County and the unions negotiated new terms for the provision of that benefit, and the Board voted to postpone consideration of the topic until its first business meeting in April 2023.

WHEREAS, the County currently provides a Flexible Credit Allowance ("FCA") to all regular employees by bargaining unit under a structure ("Flexible Credit Allowance for All" ("FCA-A")), that is either (i) a flat amount given to all full-time members or (ii) a tiered amount based on the number of dependents; for employees who choose to opt out of the County-provided medical coverage, an Opt-Out Fee ("OOF") is subsequently deducted from the FCA; the maximum baseline cashable amount ("Maximum Baseline Cashable Amount") under the FCA-A that all similarly situated members of a member's grade or class may receive thereunder in a given plan year is the flat or "employee-only" FCA minus the lesser of the OOF or the lowest-priced healthcare plan.

WHEREAS, the County is in the process of implementing a new Flexible Benefits Program allowance structure ("Flexible Credit Allowance or Opt-Out Allowance" ("FCA/O")) that will be implemented as soon as administratively possible, which provides a new "Medical Plan Opt-Out Option" for members who opt out, in which they do not receive an FCA nor are they charged an OOF, but rather they receive an Opt-Out Allowance ("OOA"), while other members who opt in continue to receive an FCA; the OOA is the Maximum Baseline Cashable Amount under the FCA/O that all similarly situated members of a member's grade or class may receive thereunder in a given plan year and is not subject to variation by a member's ad hoc election each year that is unrelated to their job duties. (Gov. Code §31461, subd. (b)(1)(A) and/or (B), excluding in-kind conversions and ad hoc payments from compensation earnable.)

WHEREAS, VCERA's participating employer the Ventura Regional Sanitation District ("VRSD") has a cafeteria plan, but VRSD and its employees did not pay contributions to VCERA on the full value of the cafeteria plan as of July 30, 2020 or thereafter, and instead has paid retirement contributions only on the portion of the cafeteria plan that members were permitted to receive directly in cash; accordingly, this Resolution ("Flexible Benefits Correction Resolution" or "this Resolution")) does not impact Legacy Members as to the pensionability of any cafeteria plan they received during their employment by VRSD, regardless of their retirement date, and VCERA will continue to include in compensation earnable the portion of their cafeteria plan benefit that such Legacy Members were permitted to receive in cash.

WHEREAS, California law does not support retirement boards providing a "window period" during which members may retire with allowances calculated to include benefits that are not pensionable after *Alameda*'s disapproval of *Guelfi* footnote no. 6. See, e.g., *City of San Diego v. San Diego City Employees' Retirement System* (2010) 186 Cal.App.4th 69 ("window period" during which the retirement board knowingly permitted members to purchase service credit at unlawfully low rates was illegal). California law does, however, support a retirement board's discretionary determination that, when the totality of circumstances so warrant, it need not recoup all amounts it has overpaid to retirees directly from them, and such amounts may be returned to the retirement system through employer payments on the unfunded actuarial accrued liability ("UAAL"). See *City of Oakland v. Oakland Police and Fire Retirement System* (2014) 224 Cal.App.4th 210*; In Re Retirement Cases*, *supra,* 110 Cal.App.4th 426.

WHEREAS, this Flexible Benefits Correction Resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, and the regulations issued thereunder, as applicable.

NOW, THEREFORE BE IT RESOLVED, that the VCERA Board declares the following:

1. The foregoing Recitals are incorporated herein by reference.

2. This Flexible Benefits Correction Resolution directs that, subject to the caveats in paragraph no. 3 below, for Legacy Members who retired, or will retire, on or after July 30, 2020 ("Post-*Alameda* Legacy [Active, Deferred and Retired] Members"), VCERA will require member and employer contributions on, and pay retirement allowances based on, only the portion of any cafeteria plan benefit that such members could receive directly in cash, and limited to the maximum cashable amount permitted to be provided to everyone in the same grade or class of positions. For clarification, the determination of the Maximum Baseline Cashable Amount will be made as follows:

A) Under the Flexible Credit Allowance for All (FCA-A) structure, the Maximum Baseline Cashable Amount is the flat or "employee-only" flexible credit allowance (FCA) minus the lesser of the opt-out fee (OOF) or the lowest-priced healthcare plan.

B) Under the Flexible Credit Allowance or Opt-Out Allowance (FCA/O) structure, the Maximum Baseline Cashable Amount is the Opt-Out Allowance (OOA).

3. With respect to Post-*Alameda* Legacy Retired Members and their beneficiaries (collectively, "Retirees"), VCERA will determine, as soon as administratively feasible, the member contributions paid on In-Kind Only Flex Credit ("Overpaid Contributions") ~~with~~, plus compound interest per annum ~~(at a rate to be determined by the Board~~, calculated as of VCERA's applicable semi-annual interest crediting dates (at 7.9% per annum, which the Board set based upon VCERA's earnings since inception) ("Interest"). Any Overpaid Contributions plus Interest to be refunded as the result of the correction required by this Flexible Benefits Correction Resolution, will be offset by any overpaid benefits such Retirees already have received as the result of the inclusion of In-Kind Only Flex Credit ("Overpaid Benefits"), plus Interest, in accordance with requirements under the Internal Revenue Code and other applicable law; provided, however, for good cause shown that the Retirees, as a whole, did not cause the delay in the Board's implementation of this Flex Credit Correction Resolution and would be unduly burdened by recoupment of funds from them, the Board hereby exercises its lawful discretion to limit its recoupment from Retirees of any Overpaid Benefits that they have received, and will receive, plus Interest, prior to VCERA correcting their retirement allowance distribution in accordance with this Resolution, to the referenced offset against their Overpaid Contributions, plus Interest. All remaining Overpaid Benefits will be returned to VCERA through employer payments on the UAAL.

4. With respect to Post-*Alameda* Legacy Active Members ("Active Members"), VCERA will determine, as soon as administratively feasible, the Overpaid Contributions, together with Interest, to be refunded as the result of the ~~correction~~corrections required by law, as set forth in the *Alameda* Implementation Resolution and this Flexible ~~Benefit~~Benefits Correction

Resolution. VCERA will communicate amounts due to the Active Members, and then provide those amounts, either through direct payments or rollovers to the Active Members, or through the County or their other VCERA participating employer if any, as soon as practicable and in accordance with applicable tax law. For clarification, member and employer contributions as to Active Members are only to be paid on the Maximum Baseline Cashable ~~Benefit~~Amount, and retirement allowance calculations as to Active Members will include only the applicable Maximum Baseline Cashable ~~Benefit~~Amount to members. For further avoidance of doubt, all Flexible Benefits-related remuneration, whether provided in cash or in-kind, will continue to be excluded from the retirement allowance calculations of PEPRA members as required by Government Code section 7522.34, subd. (c)(1), (2), (3), (7), (11) and/or (12).

5. With respect to Post-*Alameda* Legacy Deferred Members ("Deferred Members"), VCERA will determine, as soon as administratively feasible, the Overpaid Contributions, plus Interest, to be refunded to members as the result of the ~~correction~~corrections required by this Resolution. VCERA will communicate amounts due to the Deferred Members, and then provide those amounts, either through direct payments or rollovers, or, if neither are elected by the Deferred Member(s), then with the Deferred Members' retirement or other allowance, or with a refund of all Overpaid Contributions, plus Interest, due to the Deferred Members or their beneficiaries, as is applicable.

6. The AB 826 Flex Credit Resolution and all other Board actions relating to Flex Credit or recoupments from retirees of Overpaid Benefits other than by offsetting those amounts against Overpaid Contributions are hereby rescinded to the extent they are inconsistent with this Flexible Benefits Correction Resolution. For avoidance of doubt, the limitation in the AB 826 Flex Credit Resolution of compensation earnable to the "lowest amount that is provided to all persons in an individual member's bargaining unit or unrepresented group during the final compensation period," and related corrections, remains in effect to the extent that amount is the Maximum Baseline Cashable ~~Benefit.~~ Amount. Also for avoidance of doubt, the Board hereby ratifies application of the *Alameda* Exclusion rules, as defined in the *Alameda* Implementation Resolution and set forth herein, to annual leave donations to the County Employee Emergency Assistance Program.

7. VCERA will provide VCERA members who will be impacted by the foregoing actions written notice of the calculation of refunded amounts that will be paid to them, if any, and the adjusted benefit amounts that will be provided to them, as soon as administratively practicable, along with options for receipt of any payments due as set forth in this Resolution. Any challenges to such calculations shall first be made to the VCERA Retirement Administrator, and, if denied, may be referred by the Administrator for further review pursuant to the VCERA Resolution on *Alameda* Appeals, and if not, are appealable under Code of Civil Procedure section 1085. *Shelden v. Marin Cty. Employees' Ret. Assn.* (2010) 189 Cal.App.4th 458.

Mike Sedell, Chair of the Board

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[PROPOSED] RESOLUTION OF THE BOARD OF RETIREMENT OF VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REGARDING CORRECTION OF PENSIONABILITY OF BENEFITS UNDER COUNTY OF VENTURA'S FLEXIBLE BENEFITS PROGRAM

WHEREAS, the Ventura County Employees' Retirement Association ("VCERA") and its Board (the "Board") are governed by the County Employees Retirement Law of 1937 (Government Code sections 31450, *et seq*.) ("CERL") and the Public Employees' Pension Reform Act of 2013 (Government Code sections 7522, *et seq.*) ("PEPRA").

WHEREAS, the Board is required by CERL to determine "compensation" and "compensation earnable" for VCERA members who entered membership in VCERA before January 1, 2013, or who entered membership in another California public retirement system before January 1, 2013 and become eligible for reciprocity with VCERA ("Legacy Members").

WHEREAS, in the case of *In Re Retirement Cases* (2003) 110 Cal.App.4th 426, to which VCERA and the County of Ventura ("County") were parties, the superior court issued a ruling on July 20, 2000, stating that "insurance-related benefits," including "employer payments into flexible benefit plans" are benefits of insurance coverage, not cash, and "[a]s such, it is an in-kind advantage." The ruling further stated that cash payments to employees from a flexible benefit plan in lieu of health benefits is cash remuneration and constitutes "compensation." The court of appeal affirmed all aspects of the superior court's ruling and concluded that public retirement systems therefore "need not" include in-kind advantages in the calculation of retirement benefits. Specifically, the court in *In re Retirement Cases* stated, "We conclude that the Legislature has expressed its intent not to include employer payments into flexible benefits plans and payments of insurance carrier premiums as "compensation" under CERL . . . . Accordingly, we conclude the trial court properly found that CERL did not require these payments to be included in the calculation of retirement benefits." *In re Retirement Cases* at p. 481. The court of appeal did not address the question of whether retirement boards had the discretion to include flexible benefit payments in compensation earnable, even though the retirement boards were not required to do so.

WHEREAS, on July 30, 2020, the California Supreme Court filed a decision entitled *Alameda County Deputy Sheriffs' Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032, 1070 ("*Alameda"*), which stated, in pertinent part, that "there is no indication . . . that a local board," such as the VCERA Board, "has the discretion to include the monetary value of in-kind benefits," in the determination of retirement allowances. The Supreme Court also expressly "disapproved" footnote 6 of *Guelfi v. Marin County Employees' Retirement Assn.* (1983) 145 Cal.App.3d 297 ("*Guelfi*"), stating "we reject [*Guelfi's*] open-ended concept of compensation earnable . . . The term 'compensation,' as used in section 31461, is . . . statutorily defined: It is an employee's 'remuneration paid in cash' and expressly excludes the 'monetary value' of benefits paid in kind. (§31460) Nothing in those definitions hints either that they are intended merely to establish a minimum, rather than to serve as a comprehensive definition, or that they may be implemented at the discretion of a local retirement board." *Alameda* at p. 1070. *Alameda* further holds that retirement boards, such as the VCERA Board, have no discretion to include benefits in Legacy Members' compensation earnable or in PEPRA

Members' pensionable compensation that CERL, PEPRA, or other applicable statutes do not permit to be included (the "*Alameda* Exclusions").

WHEREAS, by an "*Alameda* Implementation Resolution" adopted and approved by the Board on October 12, 2020, the Board followed the *Alameda* Court's directive and stated that "all portions of Flex Credit that may not be provided to members in cash under a participating employer's rules applicable during the pertinent time period" ("In-Kind Only Flex Credit") fall within the definitions of *Alameda* Exclusions, and that the Board thus has no discretion to include In-Kind Only Flex Credit in VCERA members' retirement benefit calculations, even though it has historically included all Flex Credit in the calculation of its Legacy Members' "compensation earnable". However, the Board deferred implementation of the *Alameda* Exclusions applicable to In-Kind Only Flex Credit, under paragraphs 3, 6 and 9 of the *Alameda* Implementation Resolution, to seek judicial resolution of the matter through the declaratory relief action, *Ventura County Employees' Retirement Association v. County of Ventura, et al.* (Case No. VENCI00546574) ("*VCERA v. County of Ventura, et al.*"). For clarification, VCERA has applied the *Alameda* Implementation Resolution to one other in-kind benefit, i.e., annual leave donations to the County Employee Emergency Assistance Program, and to all PEPRA Exclusions, as defined therein, to Legacy members who retired on or after July 30, 2020.

WHEREAS, an Ad Hoc Litigation Committee of Board members recommended to the Board at its February 22, 2021 meeting that it adopt a Resolution Implementing Non-Pensionability of In-Kind Only Flex Credit, and in response numerous stakeholders objected citing, among other things, pending proposed legislation, which, if adopted as then presented, would permit VCERA to continue including In-Kind Only Flex Credit in the compensation earnable of Legacy Members.

WHEREAS, on June 14, 2021, the court in *VCERA v. County of Ventura, et al.*, sustained the County's demurrer to VCERA's cause of action requesting declaratory relief regarding In-Kind Only Flex Credit, having concluded that the issue was not able to be adjudicated unless the Board took specific action with respect to In-Kind Only Flex Credit that other parties to the litigation disputed.

WHEREAS, on July 26, 2021, the Board adopted a "Resolution Regarding Pensionability of Flex Credit Pending AB 826," which addressed the Flex Credit provided to those VCERA Legacy Members within benefit plans administered by County, and the Board determined that while the proposed legislation that numerous stakeholders supported, Assembly Bill 826 (2021-2022) ("AB 826"), was pending, VCERA would include Flex Credit in compensation earnable at the lowest amount that is provided to all persons in an individual member's bargaining unit or unrepresented group during the final compensation period ("AB 826 Flex Credit Resolution").

WHEREAS, AB 826 was vetoed by Governor Newsom on September 29, 2022, and the Governor's veto letter critiques the bill because it "expands the definitions of 'compensation' and 'compensation earnable' in [CERL] . . . to include an employee's flexible benefit allowance," notes sympathy to "workers who may see a reduction in their anticipated pension because of prior misinterpretations of what constitutes 'compensation' and 'compensation earnable'" but concludes that AB 826 would "inappropriately incentivize noncompliance with

[PEPRA]" and "attempt[s] to circumvent recent court decisions, undermine the intent of PEPRA and expose the local governments to increased costs and litigation."

WHEREAS, at the October 24, 2022 regular meeting of the Board, both the County and representatives of various unions requested that the Board continue to delay implementation of *Alameda* with respect to Flex Credit while the County and the unions negotiated new terms for the provision of that benefit, and the Board voted to postpone consideration of the topic until its first business meeting in April 2023.

WHEREAS, the County currently provides a Flexible Credit Allowance ("FCA") to all regular employees by bargaining unit under a structure ("Flexible Credit Allowance for All" ("FCA-A")), that is either (i) a flat amount given to all full-time members or (ii) a tiered amount based on the number of dependents; for employees who choose to opt out of the County-provided medical coverage, an Opt-Out Fee ("OOF") is subsequently deducted from the FCA; the maximum baseline cashable amount ("Maximum Baseline Cashable Amount") under the FCA-A that all similarly situated members of a member's grade or class may receive thereunder in a given plan year is the flat or "employee-only" FCA minus the lesser of the OOF or the lowest-priced healthcare plan.

WHEREAS, the County is in the process of implementing a new Flexible Benefits Program allowance structure ("Flexible Credit Allowance or Opt-Out Allowance" ("FCA/O")) that will be implemented as soon as administratively possible, which provides a new "Medical Plan Opt-Out Option" for members who opt out, in which they do not receive an FCA nor are they charged an OOF, but rather they receive an Opt-Out Allowance ("OOA"), while other members who opt in continue to receive an FCA; the OOA is the Maximum Baseline Cashable Amount under the FCA/O that all similarly situated members of a member's grade or class may receive thereunder in a given plan year and is not subject to variation by a member's ad hoc election each year that is unrelated to their job duties. (Gov. Code §31461, subd. (b)(1)(A) and/or (B), excluding in-kind conversions and ad hoc payments from compensation earnable.)

WHEREAS, VCERA's participating employer the Ventura Regional Sanitation District ("VRSD") has a cafeteria plan, but VRSD and its employees did <u>not</u> pay contributions to VCERA on the full value of the cafeteria plan as of July 30, 2020 or thereafter, and instead has paid retirement contributions only on the portion of the cafeteria plan that members were permitted to receive directly in cash; accordingly, this Resolution ("Flexible Benefits Correction Resolution" or "this Resolution")) does not impact Legacy Members as to the pensionability of any cafeteria plan they received during their employment by VRSD, regardless of their retirement date, and VCERA will continue to include in compensation earnable the portion of their cafeteria plan benefit that such Legacy Members were permitted to receive in cash.

WHEREAS, California law does not support retirement boards providing a "window period" during which members may retire with allowances calculated to include benefits that are not pensionable after *Alameda*'s disapproval of *Guelfi* footnote no. 6. See, e.g., *City of San Diego v. San Diego City Employees' Retirement System* (2010) 186 Cal.App.4th 69 ("window period" during which the retirement board knowingly permitted members to purchase service credit at unlawfully low rates was illegal). California law does, however, support a retirement board's discretionary determination that, when the totality of circumstances so warrant, it need not recoup all amounts it has overpaid to retirees directly from them, and such amounts may be returned to the retirement system through employer payments on the unfunded actuarial accrued liability ("UAAL"). See *City of Oakland v. Oakland Police and Fire Retirement System* (2014) 224 Cal.App.4th 210*; In Re Retirement Cases*, *supra,* 110 Cal.App.4th 426.

WHEREAS, this Flexible Benefits Correction Resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, and the regulations issued thereunder, as applicable.

NOW, THEREFORE BE IT RESOLVED, that the VCERA Board declares the following:

1. The foregoing Recitals are incorporated herein by reference.

2. This Flexible Benefits Correction Resolution directs that, subject to the caveats in paragraph no. 3 below, for Legacy Members who retired, or will retire, on or after July 30, 2020 ("Post-*Alameda* Legacy [Active, Deferred and Retired] Members"), VCERA will require member and employer contributions on, and pay retirement allowances based on, only the portion of any cafeteria plan benefit that such members could receive directly in cash, and limited to the maximum cashable amount permitted to be provided to everyone in the same grade or class of positions. For clarification, the determination of the Maximum Baseline Cashable Amount will be made as follows:

A) Under the Flexible Credit Allowance for All (FCA-A) structure, the Maximum Baseline Cashable Amount is the flat or "employee-only" flexible credit allowance (FCA) minus the lesser of the opt-out fee (OOF) or the lowest-priced healthcare plan.

B) Under the Flexible Credit Allowance or Opt-Out Allowance (FCA/O) structure, the Maximum Baseline Cashable Amount is the Opt-Out Allowance (OOA).

3. With respect to Post-*Alameda* Legacy Retired Members and their beneficiaries (collectively, "Retirees"), VCERA will determine, as soon as administratively feasible, the member contributions paid on In-Kind Only Flex Credit ("Overpaid Contributions"), plus compound interest per annum, calculated as of VCERA's applicable semi-annual interest crediting dates (at 7.9% per annum, which the Board set based upon VCERA's earnings since inception) ("Interest"). Any Overpaid Contributions plus Interest to be refunded as the result of the correction required by this Flexible Benefits Correction Resolution, will be offset by any overpaid benefits such Retirees already have received as the result of the inclusion of In-Kind Only Flex Credit ("Overpaid Benefits"), plus Interest, in accordance with requirements under the Internal Revenue Code and other applicable law; provided, however, for good cause shown that the Retirees, as a whole, did not cause the delay in the Board's implementation of this Flex Credit Correction Resolution and would be unduly burdened by recoupment of funds from them, the Board hereby exercises its lawful discretion to limit its recoupment from Retirees of any Overpaid Benefits that they have received, and will receive, plus Interest, prior to VCERA correcting their retirement allowance distribution in accordance with this Resolution, to the referenced offset against their Overpaid Contributions, plus Interest. All remaining Overpaid Benefits will be returned to VCERA through employer payments on the UAAL.

4. With respect to Post-*Alameda* Legacy Active Members ("Active Members"), VCERA will determine, as soon as administratively feasible, the Overpaid Contributions, together with Interest, to be refunded as the result of the corrections required by law, as set forth in the *Alameda* Implementation Resolution and this Flexible Benefits Correction Resolution. VCERA will communicate amounts due to the Active Members, and then provide those

amounts, either through direct payments or rollovers to the Active Members, or through the County or their other VCERA participating employer if any, as soon as practicable and in accordance with applicable tax law. For clarification, member and employer contributions as to Active Members are only to be paid on the Maximum Baseline Cashable Amount, and retirement allowance calculations as to Active Members will include only the applicable Maximum Baseline Cashable Amount to members. For further avoidance of doubt, all Flexible Benefits-related remuneration, whether provided in cash or in-kind, will continue to be excluded from the retirement allowance calculations of PEPRA members as required by Government Code section 7522.34, subd. (c)(1), (2), (3), (7), (11) and/or (12).

5. With respect to Post-*Alameda* Legacy Deferred Members ("Deferred Members"), VCERA will determine, as soon as administratively feasible, the Overpaid Contributions, plus Interest, to be refunded to members as the result of the corrections required by this Resolution. VCERA will communicate amounts due to the Deferred Members, and then provide those amounts, either through direct payments or rollovers, or, if neither are elected by the Deferred Member(s), then with the Deferred Members' retirement or other allowance, or with a refund of all Overpaid Contributions, plus Interest, due to the Deferred Members or their beneficiaries, as is applicable.

6. The AB 826 Flex Credit Resolution and all other Board actions relating to Flex Credit or recoupments from retirees of Overpaid Benefits other than by offsetting those amounts against Overpaid Contributions are hereby rescinded to the extent they are inconsistent with this Flexible Benefits Correction Resolution. For avoidance of doubt, the limitation in the AB 826 Flex Credit Resolution of compensation earnable to the "lowest amount that is provided to all persons in an individual member's bargaining unit or unrepresented group during the final compensation period," and related corrections, remains in effect to the extent that amount is the Maximum Baseline Cashable Amount. Also for avoidance of doubt, the Board hereby ratifies application of the *Alameda* Exclusion rules, as defined in the *Alameda* Implementation Resolution and set forth herein, to annual leave donations to the County Employee Emergency Assistance Program.

7. VCERA will provide VCERA members who will be impacted by the foregoing actions written notice of the calculation of refunded amounts that will be paid to them, if any, and the adjusted benefit amounts that will be provided to them, as soon as administratively practicable, along with options for receipt of any payments due as set forth in this Resolution. Any challenges to such calculations shall first be made to the VCERA Retirement Administrator, and, if denied, may be referred by the Administrator for further review pursuant to the VCERA Resolution on *Alameda* Appeals, and if not, are appealable under Code of Civil Procedure section 1085. *Shelden v. Marin Cty. Employees' Ret. Assn.* (2010) 189 Cal.App.4th 458.

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Mike Sedell, Chair of the Board

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: RECOMMENDATION TO ADOPT RESOLUTION TO SUPPLEMENT THE OCTOBER 12, 2020, ALAMEDA IMPLEMENTATION RESOLUTION BY: (1) MODIFYING PARAGRAPH 4 THEREOF SUCH THAT OVERPAYMENTS MADE ON AND AFTER THE AUGUST 31, 2020, WOULD NOT BE RECOUPED DIRECTLY FROM POST-PEPRA LEGACY RETIREES; AND (2) SPECIFYING ALTERNATIVE MEANS FOR ADMINISTRATIVE APPEALS.

Dear Board Members:

Staff proposes adoption of the attached Resolution, which is meant to supplement and clarify the Resolution previously adopted by the Board on October 12, 2020. Specifically, it is to (1) allow VCERA to forego recoupment from post-PEPRA retirees (those who retired on or after January 1, 2013) overpaid benefits other than by offsetting those amounts against overpaid contributions in regard to, and as a result of, the PEPRA Exclusions, and (2) provide an alternative means for administrative appeals on calculation issues. PEPRA Exclusions are listed and highlighted below for convenience:

Category	Description	Examples
PEPRA Exclusions	Payments outside normal working hours; unused leave cash outs in excess of statutory amounts	• Standby pay • Differentials on Overtime • Annual Leave Redemptions > what can be cashed out in each 12-month period (Leave "straddling")

Note that this proposed Resolution addresses the October 12, 2020, Resolution only as to the two specific modifications identified above. PEPRA Exclusions have been implemented for all members who have retired since July 30, 2020, and for all active members. Staff will be pleased to answer any questions the Board may have at its April 17, 2023, meeting.

Sincerely,

Linda Webb
Retirement Administrator

RESOLUTION OF THE BOARD OF RETIREMENT OF VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REGARDING *ALAMEDA* IMPLEMENTATION TO COMPENSATION EARNABLE AND PENSIONABLE COMPENSATION

WHEREAS, the Ventura County Employees' Retirement Association ("VCERA") and the VCERA Board of Retirement ("Board") are governed by the County Employees Retirement Law of 1937 (Gov. Code sections 31450, et seq. ("CERL") and the Public Employees' Pension Reform Act of 2013 (Gov. Code sections 7522, et seq.), enacted by Assembly Bill 340 (regular session 2011-2012), effective January 1, 2013 ("PEPRA").

WHEREAS, by Resolution adopted on November 17, 2014, the Board implemented PEPRA's provisions regarding the determination of "pensionable compensation" in Government Code section 7522.34 ("Pensionable Compensation"), which applies to VCERA members for their service rendered on or after January 1, 2013 as "new members" under Government Code section 7522.04(f) of PEPRA ("New Member" or "PEPRA Members") ("Pensionable Compensation Resolution").

WHEREAS, the Pensionable Compensation Resolution includes a reservation of rights to change any particular determination it makes on the bases set forth therein and that reservation of rights applies to this *Alameda* Implementation Resolution as well.

WHEREAS, the Board is required by Government Code sections 31460, 31461 and 31542, to determine *compensation* and *compensation earnable* for those VCERA members ("legacy members") who are not PEPRA Members and is required by Government Code sections 31460, 31542, and 7522.34, to determine *compensation* and *pensionable compensation* for those individuals who are PEPRA members.

WHEREAS, the Board has taken numerous prior actions to implement pensionable compensation to PEPRA members as anticipated by the Pensionable Compensation Resolution, but the Board has postponed applying Assembly Bill 197 (2012-2013) ("AB 197"), as it amended section 31461 ("PEPRA Exclusions"), because it was awaiting the outcome of pending litigation against other CERL retirement systems who had implemented the PEPRA Exclusions ("AB 197 Litigation").

WHEREAS, on July 30, 2020, the California Supreme Court filed its decision in the AB 197 Litigation, in a decision entitled *Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al.* (2020) 9 Cal.5th 1032 (the "*Alameda* Decision"). The *Alameda* Decision concludes that all amendments to the definition of compensation earnable in Government Code section 31461, enacted as a result of the PEPRA and related statutory changes to CERL (PEPRA Exclusions), effective January 1, 2013 are constitutional, and that CERL retirement boards may not be contractually bound or estopped by settlement agreements, board resolutions, or other similar actions, from implementing those amendments. The *Alameda* Decision further determines that CERL retirement boards may not include items in retirement allowance calculations, either compensation earnable under section 31461, as amended, or pensionable compensation under section 7522.34, that the applicable statutes require them to exclude. As used herein, the term "PEPRA Exclusions" shall refer to any payments that are not permitted by subdivision (b)(2), (3) or (4) of Government Code section 31461 to be included in "compensation earnable," or by subdivision (c) of Government Code section 7522 to be included in "pensionable compensation," including, among other items, payments received by the member for additional services rendered outside of normal working hours, whether paid in lump sum or otherwise.

WHEREAS, the *Alameda* Decision also held that CERL retirement boards have no discretion to include pay items in retirement allowance calculations that are excluded under CERL, PEPRA, or other applicable statutes even without the enactment of PEPRA ("*Alameda* Exclusions), disapproving of statements to the contrary in footnote no. 6 of *Guelfi v. Marin County Employees' Retirement Assn.* (1983) 145 Cal.App.3d 297 ("*Guelfi* footnote 6").

WHEREAS, the Board hereby determines that the *Alameda* Decision and other applicable law require it to change its determinations of certain pay codes for either compensation earnable, pensionable compensation, or both, as resolved below.

WHEREAS, this Resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, as amended or replaced from time to time and the regulations issued thereunder (the "Code") as applicable.

NOW, THEREFORE BE IT RESOLVED, by the VCERA Board of Retirement declares the following:

1. The foregoing Recitals are incorporated herein by this reference.

2. VCERA shall comply with *Alameda*'s directives regarding mandatorily excluded pay items, which includes the PEPRA Exclusions, and apply that directive to all retiree payroll for individuals who retire on or after January 1, 2013 (including those who will retire on or after the date of this Resolution), effective with the first retiree payroll occurring after *Alameda,* that is, as of the VCERA retiree payroll on August 31, 2020;

3. VCERA shall comply with *Alameda*'s directives regarding the Board's lack of authority to include the *Alameda* Exclusions in compensation and compensation earnable. To the extent, in contravention of *Alameda,* VCERA currently includes any benefits that members may not receive in cash and therefore that are not "compensation" under Government Code section 31460 (e.g., all portions of Flex Credit that *may not be provided to members in cash* under a participating employer's rules applicable during the pertinent time period) ("in-kind benefits" as described in *In re Retirement Cases* (2003) 110 Cal.App.4th 426), apply that directive to all retiree payroll for individuals who retire on or after July 30, 2020, when the Supreme Court overturned *Guelfi* footnote 6 and VCERA was thus on notice of that statement of law (including those who will retire on or after the date of this Resolution); provided, however, in light of pending litigation over the legality of certain "opt-out fees" currently required by the County of Ventura ("County") (see *Sanders v. County of Ventura* (U.S.D.C., Central District of California, Case No. 2:19-cv-06370-MWF-E) ("*Sanders v. County* litigation)), implementation of this provision to Flex Credit will occur as described further in paragraphs 6 and 9 below.

4. With respect to overpayments that occurred prior to the August 31, 2020 payroll, VCERA shall not recoup those amounts related to PEPRA Exclusions from retirees unless directed to do so by the Internal Revenue Service and/or a final, non-appealable, order of a court of competent jurisdiction (any overpayments made on and after the August 31, 2020 payroll would be recouped).

5. VCERA shall make a corrective distribution (which may include interest) on the overpaid contributions reported on PEPRA Exclusions to retirees: (i) if such retirees were in active member service anytime on or after January 1, 2013; and (ii) to the extent the member's contributions exceed any retirement benefit payments that were based on the PEPRA Exclusions. In the event no contributions associated with the PEPRA Exclusions remain for a retiree, no corrective distribution of contributions shall be made.

6. Subject to a final court determination in *Sanders v. County,* or other determination acceptable to the VCERA Board, that opt-out fees are lawful such that those amounts (or mandatory minimum insurance coverage as discussed in paragraph 9 below, whichever is lower) constitute in-kind benefits to members because they may not be received in cash directly by the member ("Opt-Out Fee Legality Determination"), VCERA shall also make a corrective distribution (which may include interest) to active and deferred members of contributions that they made on in-kind benefits that constitute *Alameda* Exclusions (provided such members did not retire before July 30, 2020 and therefore will not have the *Alameda* Exclusions included in the calculation of their retirement allowances from VCERA).

7. VCERA shall make a corrective distribution (which may include interest) to active and deferred members for employee contributions reported and or associated with PEPRA Exclusions while in active service from January 1, 2013 through the date of implementation of the corrective distribution.

8. For clarification with respect to all corrective distributions provided for in this Resolution, to the extent a particular payment is permitted to be included in compensation earnable under section 31461 so long as the timing of the payment did not result in prohibited overpayments (e.g., "straddling" of years for leave cash outs, which is a "PEPRA Exclusion"), active member contributions will continue to be taken, and will not be refunded, on those leave cash outs because they properly contribute to the payment of the member's future VCERA retirement allowance's inclusion of leave cash outs in an amount that does not exceed that which may be earned and payable in each 12-month period during the final average compensation period, regardless of when reported or paid.

9. For clarification with respect to corrective actions regarding *Alameda* Exclusions (e.g., return of contributions, collection of future contributions and determination of compensation earnable for members who retire on or after July 30, 2020), VCERA will assume that the VCERA member maximizes his or her benefit that may be received in cash directly by the member. See generally, *Hittle v. Santa Barbara County Employees' Retirement System* (1985) 39 Cal.3d 374. Further, as provided in paragraphs 3 and 6 above, VCERA shall defer the return of contributions relating to *Alameda* Exclusions until an Opt-Out Fee Legality Determination. If *Sanders v. County* determines that such opt-out fees have not been lawful, then no return of contributions will be warranted for individuals as to whom the County applies

the conclusion in *Sanders*. Further, in that instance, retirement benefits of any members who retire on or after July 30, 2020 that do not include Flex Credit that was able to be received in cash (as determined by *Sanders*) will be trued up (with interest if applicable).

10. Any amounts that VCERA is unable to collect from VCERA's active, deferred, and retired members as a result of this corrective action shall be collected instead through participating employer payments on the unfunded actuarial liability in accordance with recommendations from VCERA's actuary.

11. Present impacted pay codes as soon as practicable to the Board to ratify exclusions from compensation earnable and pensionable compensation in compliance with *Alameda*, and communicate to VCERA participating employers that member contributions are no longer to be taken on such pay codes.

12. Provide members with an opportunity to administratively appeal factual determinations VCERA makes regarding pay codes with which they may disagree (such as whether particular pay codes are for services rendered during normal working hours of members in the class or grade of the member). Gov. Code §31461(b)(3); see *Stevenson v. Board of Retirement of OCERS* (2010) 186 Cal.App.4th 498. Such appeals would occur under Code of Civil Procedure section 1085. *Shelden v. Marin Cty. Employees' Pet. Assn.* (2010) 189 Cal.App.4th 458.

13. Inform VCERA members of the foregoing actions through appropriate means; and

14. This resolution supersedes any previous resolutions for employer pay codes of employee compensation relating to compensation earnable and pensionable compensation to the extent they are inconsistent with the foregoing directives.

ADOPTED AND APPROVED by the Board of Retirement of the Ventura County Employees' Retirement Association on the 12th day of October 2020, with the exception of numbered paragraph 3, 6 and 9, the subjects of which will be addressed through an action for declaratory relief or other appropriate judicial resolution.

Arthur "Art" E. Goulet, Chair of the Board

[PROPOSED] RESOLUTION OF THE BOARD OF RETIREMENT OF VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REGARDING *ALAMEDA* CORRECTIONS OF PEPRA EXCLUSIONS AS TO RETIRED MEMBERS

WHEREAS, the Ventura County Employees' Retirement Association ("VCERA") and its Board (the "Board") are governed by the County Employees Retirement Law of 1937 (Government Code sections 31450, *et seq*.) ("CERL") and the Public Employees' Pension Reform Act of 2013 (Government Code sections 7522, *et seq.*) ("PEPRA").

WHEREAS, on July 30, 2020, the California Supreme Court filed a decision entitled *Alameda County Deputy Sheriffs' Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032, 1070 ("*Alameda"*).

WHEREAS, by an "*Alameda* Implementation Resolution" adopted and approved by the Board on October 12, 2020, the Board followed *Alameda*, and directed that "PEPRA Exclusions" were to be applied to members who retired on or after January 1, 2013.

WHEREAS, VCERA has applied the PEPRA Exclusions to its members who retired on and after July 30, 2020, but has not yet changed the retirement or survivor allowances of its members and beneficiaries who retired on or after January 1, 2013 and prior to July 30, 2020, in light of continuing litigation and administrative appeals applicable to those pay items ("post-PEPRA Retirees").

WHEREAS, California law does not support retirement boards providing a "window period" during which members may retire with allowances calculated to include benefits that are not pensionable. See, e.g., *City of San Diego v. San Diego City Employees' Retirement System* (2010) 186 Cal.App.4th 69 ("window period" during which the retirement board knowingly permitted members to purchase service credit at unlawfully low rates was illegal). California law does, however, support a retirement board's discretionary determination that, when the totality of circumstances so warrant, it need not recoup all amounts it has overpaid to retirees directly from them, and such amounts may be returned to the retirement system through employer payments on the unfunded actuarial accrued liability ("UAAL"). See *City of Oakland v. Oakland Police and Fire Retirement System* (2014) 224 Cal.App.4th 210*; In Re Retirement Cases*, *supra,* 110 Cal.App.4th 426.

WHEREAS, this "*Alameda* Correction Resolution of PEPRA Exclusions as to Retired Members" ("this Resolution") supplements the *Alameda* Implementation Resolution by (1) modifying paragraph 4 thereof such that overpayments made on and after August 31, 2020 would not be recouped directly from post-PEPRA Retirees; and (2) specifying alternative means for administrative appeals.

WHEREAS, this Resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, and the regulations issued thereunder, as applicable.

NOW, THEREFORE BE IT RESOLVED, that the VCERA Board declares the following:

1. The foregoing Recitals are incorporated herein by reference.

2. With respect to all Post-PEPRA Retirees whose benefits have not already been calculated in accordance with *Alameda* with overpaid contributions refunded as provided herein ("Retirees"), VCERA will determine, as soon as administratively feasible, the member contributions paid by Retirees on any PEPRA Exclusions on and after January 1, 2013 ("Overpaid Contributions"). VCERA will apply to the Overpaid Contributions compound interest per annum, calculated as of VCERA's applicable semi-annual interest crediting dates (at 7.9% per annum, which the Board set based upon VCERA's earnings since inception) ("Interest"). Any Overpaid Contributions plus Interest to be refunded, will be offset by any overpaid benefits such Retirees already have received as the result of the inclusion of any PEPRA Exclusions ("Overpaid Benefits"), plus Interest, in accordance with requirements under the Internal Revenue Code and other applicable law; provided, however, for good cause shown that the Retirees, as a whole, did not cause the delay in the Board's implementation of this *Alameda* Correction Resolution and would be unduly burdened by recoupment of funds from them, the Board hereby exercises its lawful discretion, notwithstanding statements to the contrary in the *Alameda* Implementation Resolution which are hereby modified, to <u>limit</u> its recoupment from Retirees of any Overpaid Benefits that they have received, and will receive, plus Interest, prior to VCERA correcting their retirement allowance distribution in accordance with this Resolution, to the referenced offset against their Overpaid Contributions, plus Interest. All remaining Overpaid Benefits will be returned to VCERA through employer payments on the UAAL.

3. VCERA will provide Retirees who will be impacted by the foregoing actions written notice of the calculation of refunded amounts that will be paid to them, if any, and the adjusted benefit amounts that will be provided to them, as soon as administratively practicable, along with options for receipt of any payments due as set forth in this Resolution. Any challenges to such calculations shall first be made to the VCERA Retirement Administrator, and, if denied, may be referred by the Administrator for further review pursuant to the VCERA Resolution on *Alameda* Appeals, and if not, are appealable under Code of Civil Procedure section 1085. *Shelden v. Marin Cty. Employees' Ret. Assn.* (2010) 189 Cal.App.4th 458.

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Mike Sedell, Chair of the Board

March 27, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

Subject: ANTICIPATED VCERA ACTIONS REGARDING THE ALAMEDA DECISION

Dear Members of Our Retirement Board:

This letter is sent in response to the March 2023 draft resolution regarding Flex Benefit that is before you for review and comment today, as well as regarding issues the draft resolution raises when compared to the companion resolution adopted by the VCERA Board on October 12, 2020.

We appreciate all of the work you do on behalf of VCERA, and for us. We ask for your continued careful consideration of this critical matter.

As you know, retirement benefits are of great importance to all retirees. For many it is a key factor when deciding to accept a job with the County. Key decisions about retirement timing are based on the last estimate of benefits from VCERA – including whether or not to retire. Once you retire, there is no opportunity to "fix" changes in pension – you cannot work another year or two, or take a job within a different retirement system seamlessly.

While a county can make adjustments to labor agreements to accommodate new legal requirements for those still employed, any such adjustments typically have no effect on those who have already retired. Employees make decisions upon retirement, such as moving to new areas of the state or country, moving to more supported living due to health issues, or offering support to a disabled child or parent. Most employees are exceedingly careful about their retirement decisions. Any post-retirement reduction in benefits can have catastrophic results for retirees who picked their retirement dates based on the final benefit calculations provided by VCERA to them while they were still employed. In any case, retirees *earned* those benefits, and VCERA's calculations were the basis of contributions made by the employees and County.

<u>The Flex Credit Resolution</u>

We genuinely appreciate the proposed action to apply reduction of the Flex Credit related to compensation earnable only to Legacy Employees/Retirees who retire(d) after July 30, 2020, and support the adoption of this policy. The proposed Flex Credit resolution conforms to the Supreme Court's *Alameda* Decision (Alameda), summarized below, and equally important, it conforms to the approach used by other county retirement system actions for both flex credits and other components of final compensation at issue after Alameda.

We do, however, have concerns for members who retired after July 30, 2020, and before your final decisions on these matters. These members will now face uncertainty about their benefit amounts, the timing of any reductions, and what they may "owe" VCERA, unless your position on this matter is changed. They have had no control over the delay since 2020, and no notice about your adoption of a resolution in October 2020, which we only recently discovered.

Second, while the current Flex Credit resolution discusses return of member "overpayments" to retirees after July 30, 2020, there is no discussion about how investment returns on those funds will be applied, nor about what happens to contributions made by the County on their behalf, to cover their pensions – contributions that in many cases were far greater than retirees' personal contributions. Such County funds were contributed on behalf of those employees, based on actuarial data provided by VCERA and its consultants. County contributions were detailed on each employee's pay statements each and every pay period. If the benefit is no longer provided, it cannot be appropriate for them to be retained by VCERA, as they were contributed to secure those retirees' future benefits at the levels promised by VCERA, which you are now proposing to reduce without any prior notice to affected individuals.

Will such "excess" County contributions be returned to the County with the investment gains over the years held by VCERA? Or will they be included in the calculation of overpayments made on behalf of the employees? And, who will be making these complex calculations for the large number of employees (now retirees) since July 2020, in the case of Flex Benefits, and since 2013 in the case of annual leave buydowns, discussed below.

Comparison to the October 2020 Resolution

While the Flex Benefits draft resolution calls for application only to employees who retire on or after July 30, 2020, the adopted October 12, 2020 Resolution, takes a completely different (and, we believe, incorrect) approach to employees' final annual leave buydowns. As we recently learned, the October 2020 resolution requires exclusion of a portion of annual leave buydowns for all affected Legacy Employees/Retirees who retired on or after January 1, 2013, with benefit reductions effective August 1, 2020. This contradictory policy should be remedied.

We find the different treatment of these two pay items troubling, and we are opposed to the application of this artificial reduction in future pension payments for Legacy Retirees, as well as any "return of overpayments" from such retirees since August 2020. ***This is not required by the Alameda Decision for any annual buydowns within the limits previously permitted by VCERA,*** just as reductions are not required regarding Flex Credit Benefits as your proposed resolution makes clear. ***Annual leave buydowns in Ventura County were NOT designed to artificially increase pension benefits. They were always intended as compensation for work in lieu of salary increases.***

We urge you to bring back the October 12, 2020 Resolution on a future agenda and to apply the same policy and language to past approved and authorized annual leave buydowns as presented in the resolution you are reviewing today for Flex Credits. It would be both beneficial and clear if these actions could be taken at your April meeting. You would be well supported by the law and following other county retirement boards in taking such actions, as also shown below.

As you likely know, for many decades it has been clear that decisions made affecting public employees in the State of California are *prospective only*, in the broadest sense. Historically this has meant that not only that the employees will not be charged with "clawbacks" of past overpayments, but further that new rules or new interpretations of law will <u>not</u> be applied to harm employees who have retired prior to such determintations.

In fact, the Alameda Court itself was careful to clarify that its ruling was a new decision: "...this matter requires us to address for the first time the interplay of the two parts of the Allen I test." (Alameda Decision, pages 82-83, and "we must now turn to this unresolved issue...")

The Court was also clear that the Legislature's primary focus in adopting PEPRA was the prevention of "pension spiking," otherwise defined as "income designed to <u>artificially</u> inflate a pension benefit..." (Id., page 88, underlining added.) Annual leave buydowns in Ventura County were <u>not</u> designed as pension spiking. They were taken as compensation, from year to year, regardless of whether or not such compensation was paid in the year of retirement.

We are here not relying on settlement agreements that came out of the Ventura Decision, nor on any contract rights or rights of estoppel. We are relying solely on the plain language of PEPRA and the Alameda Decision itself. We noted in the staff report for this item that "the determination of appropriate annual leave amounts is being litigated." We want to be very clear that retirees have received no prior notice of this litigation and are not participants in it insofar as our benefits may be at risk.

Our position is that Alameda is clear on our side with regard to these issues, including that retirees have a right to their promised pensions, and the fact that each county retirement system must conduct its own analysis and develop findings before exclusion of any compensation items.

VCERA is obligated to treat all its members and retirees fairly, and VCERA cannot eliminate or reduce promised and expected pensions unless absolutely legally required to do so. The Alameda decision, as several other retirement boards have determined, does ***not*** require the reductions currently planned by VCERA for Legacy Retirees.

<u>Support for approach is by examining what other county systems have done</u>

Our positions are supported by the actions of other counties. Those we reviewed were careful not to negatively affect employees who retired before August 1, 2020 (or even, in one county, before January 29, 2021) unless absolutely required by law. Within the information provided regularly to employees and retirees immediately after the Alameda Decision and ongoing, here are the statements by such counties:

-"It (Alameda) does not affect members who retired prior to January 29, 2021."

-"This determination will be applied prospectively meaning that the Board's action will not affect any current retirees or members who received such compensation prior to January 29, 2021."

-"Fiduciary Counsel has confirmed that the Board's determination may be applied prospectively. This means that the Board's action will not affect any current retirees or Members who received such compensation prior to January 29, 2021."

-"the retirement system...has determined that the mandatory exclusion of medical premium payments from compensation earnable is a new interpretation of the law. Therefore, the exclusion of medical premium payments from compensation earnable will not affect any retirees who retired before July 30, 2020."

-"Comply with Alameda's directives...and apply that directive to all retiree payroll for individuals who are legacy members who retired on or after July 30, 2020..."

The Alameda Decision itself makes clear that PEPRA "was designed to limit pension spiking, the manipulation of compensation to artificially increase a pension benefit." (Page 82) We believe examination of items such as Flex Credit in Ventura County, or the County's limited annual leave buydown policy, as previously approved by VCERA, demonstrates that there was no such intent.

<u>**What Alameda Requires**</u>

Further, Alameda states explicitly that immediate exclusion of items discussed in the decision is not required.

"<u>The PEPRA amendment does not require exclusion solely because an item of compensation fits within one of these examples</u>. Instead, they illustrate the <u>types of practices that raise suspicion</u> under section 31461, subdivision (b)(1). (*Ibid*, 'That compensation may include...') **<u>Before it is excluded, an item of compensation (31461, subdivision (b)(1) must be found by the county retirement board to have been paid to enhance a member's retirement benefit.</u>"** (Page 19, footnote 13) (underlining added)

Also, in regard to annual leave buydowns, the Alameda Court refers to Subdivision (b) of Section 31461, which states, "Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, <u>in an amount that exceeds that which may be earned and payable in each 12-month</u>

period during the final average salary period, regardless of when reported or paid." The language refers to 12-month period, not a calendar year. And also refers to the amount earned and payable in each 12-month period, again not calendar year.

Again, the court regarding cashed out leave states, "A better reading requires 'earned and payable' to refer to the amount of leave time that can be accrued during the final compensation period." (pg 79, fn31) County labor agreements and resolutions limited buydowns to a maximum of 200 hours per calendar year, and only after both the use of a minimum amount of annual leave, and having earned the amount cashed out in that calendar year. The final 12 months, therefore, could include two buydowns of annual leave, but the County further limited the amount counted toward final compensation to far less than 400 hours, a maximum of 280 hours, even though 400 hours may have been both earned and sold in the final compensation period. No termination pay items were included. And, again, it does not meet the test in Footnote 13 as having "been paid to enhance a member's retirement benefit."

This was never the purpose of vacation buydowns in Ventura County, where annual leave was expressly given to employees *in lieu of salary increases* by the Board of Supervisors. Typically, employees (such as ourselves) annually cashed in annual leave in amounts needed for income purposes; ***we did this not only in the year or years immediately prior to retirement, but also for many if not all years before those years for which retirement calculations were based***.

The fact that Alameda's changes in law (or interpretation of law) are to be prospective in the truest sense, the fact that Ventura County did not allow employees to double or triple their vacation buydowns in the years immediately prior to retirement (as referred to in Alameda), and the fact that annual leave income was not designed to artificially inflate the members' pensions but to provide additional income in any year needed by employees, ALL of these factors show that the findings required by Footnote 13 of Alameda to revoke such benefits cannot be made.

Finally, the concept that members would be required "to pay back overpayments" due to VCERA's delay in implementing such unnecessary and unrequired measures is unreasonable, at the very least, and may be unconstitutional. Such actions would also invite otherwise needless litigation from many (if not all) Legacy Retirees impacted by reductions and "clawbacks."

The Conclusion: Our Request

We ask that you approve the Flex Benefit Resolution as presented to you today, with the exception that we ask for consideration for Legacy employees/retirees who are now caught by VCERA's delay since August 2020, without notice and through no fault of their own, who are faced with reductions that, if they had been given notice, might have changed their retirement plans.

Further, we ask that in April 2023, or at your earliest opportunity, you review your October 12, 2020 Resolution related to annual leave buydowns and revise it to conform to what is proposed, as amended, for you to adopt for Flex Benefits.

We also ask that both final resolutions include a statement that (as shown above) "Alameda does not affect the benefits of any retirees or members who retired before July 30, 2020." Again, we believe that those who retired between July 30, 2020 and today's date should not be penalized for delays by VCERA as such actions were not under their control and for which they have received no notice even to this date.

Thank you for your consideration. We are available to meet with your CEO and General Counsel, and to answer any questions you may have.

Sincerely,

Lyn Krieger (retired March 2018)

Gerhardt Hubner (retired August 2017)

Chris Stephens (retired February 2019)

Tracey Pirie (retired August 2020)

Scott Barash (retired September 2018)

Roberta Rodriguez Griego

Roberto R. Orellana, Esq. (retired January 2020)

TO:	**Board of Retirement**
FROM:	**Linda Webb** **Retirement Administrator**
DATE:	**April 7, 2023**
SUBJECT:	**RESPONSE TO LETTER OF CONCERN FROM VCERA RETIREES RE: ALAMEDA IMPLEMENTATION**

At the March 27, 2023, Board of Retirement meeting, the Board heard public comment from several VCERA retirees, and a letter was submitted as well. Some have also contacted trustees directly, either in person or via email, to express concerns about several aspects of VCERA's implementation of the Alameda Decision. Some concerns are in regard to the Resolution adopted by the Board in October of 2020, and others in regard to the pending Resolution scheduled for action on April 17, 2023.

Staff would like to address specific issues raised by these concerned retirees.

Summary of Retiree Concerns

Warning & Notice: Historically, for a retiree's monthly benefit to decrease to any degree is a rare occurrence, and under very limited circumstances. (Ex: late payroll correction from the employer, or reciprocal agency sending corrected/updated Final Average Compensation (FAC) data.) The landmark and far-reaching Alameda Decision ("*Alameda*") requires corrections to benefit amounts for groups of retirees whose FACs included pay items we *now know should have been excluded*. These retirees are understandably unhappy to learn this.

Prior to the ruling being issued on July 30, 2020, neither VCERA nor our CERL colleagues could have known what *Alameda* would say or require. Further, the impact of Alameda was different among CERL systems because of the diverse and distinctive pay items and benefit structures in place among them. Once VCERA learned of the ruling, each member who had a retirement application in progress was immediately notified (most via a direct phone call from a VCERA staff member in the interest of speed) that a recent California Supreme Court ruling could have potential impact on their retirement benefit, and that impact was being assessed. Members who have retired after the ruling were/are given notice at retirement that their benefits were subject to change once the Board adopts pending Resolutions, followed by an implementation period.

Effective Date(s) and Retroactivity: As a reminder, for VCERA there are two "categories" of exclusions stemming from *Alameda*. These two categories of exclusions from Alameda have different "effective" dates based on whether they should have been effective January 1, 2013, the effective date of PEPRA and related amendments to "compensation earnable" in CERL ("PEPRA

Exclusions"), or whether Alameda ruled that retirement boards had no authority to ever include them ("Alameda Exclusions").

Category	Description	Examples	Retired Between 1/1/13 – 7/30/2020	Retired On/After 7/30/2020
PEPRA Exclusions	Payments outside normal working hours; unused leave cash outs in excess of statutory amounts	• Standby pay • Differentials on Overtime • Annual Leave Redemptions > what can be cashed out in each 12-month period (Leave "straddling")	• Recalculate FAC & Benefit • Calculate Overpayment & Refund, Apply Interest • Refund if Applicable	
Alameda Exclusions	In-kind or 3rd party payments, not payable in cash directly to a member.	• Flex Credit Restricted to Non-Cash Benefits; • Annual Leave Donations	NO IMPACT	• Recalculate FAC & Benefit • Calculate Overpayment & Refund, Apply Interest • Refund if Applicable

Many VCERA stakeholders have requested that the Board of Retirement make its Resolutions implementing *Alameda* be effective upon Resolution adoption date, rather than the effective date(s) of PEPRA (1-1-2013) or Alameda (7-30-2020); however, the Board has been fully briefed by fiduciary counsel that a "window period" is not legally permissible. That is, once a law violation is known and identified, the Board does not have the authority to delay implementation, so as to create a window period for a group of members to continue to benefit from the violation. Tax counsel has further advised the Board that proper correction of errors is a "full" correction in regard to both timing and member population.

Put simply, VCERA must:

- Implement the PEPRA Exclusions from the date the definition of compensation earnable was amended (January 1, 2013); and
- Implement the prohibition on inclusion of in-kind benefits (i.e. Alameda Exclusions) as of the date the Supreme Court announced the rule that retirement boards do not have discretion to include such benefits in compensation earnable (July 30, 2020).

Application of Alameda in Other CERL County Systems

In support of the request for the Board to implement *prospectively*, the retirees' letter cited other CERL counties' implementation documents or opinions to illustrate examples of prospective application. As stated previously, the implementation for each CERL system is unique, whether from the pay items/structures, legal cases or issues distinct to that system, or conditions not applicable to VCERA.

At SBCERS (Santa Barbara County), the County renegotiated the nature of specific disputed pay codes, making forward-looking structural changes in several areas. This is also not the situation in Ventura County.

The San Diego County Employees' Retirement Association (SCDERA) was another referenced example. In January of 2021, the SDCERA Board voted to exclude three pay items on prospective basis:

• AWD – Recognition Award
• CAW – Chief Administrative Officers Award
• WIP – Wellness Incentive Program

These pay items were recommended for exclusion by SDCERA staff and counsel under Government Code section 31461(b)(1)(B), which provides that compensation earnable does not include "Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include: . . .(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade of class." Under these unique circumstances, SDCERA's fiduciary counsel advised that the exclusion could be applied on a prospective basis.

ACERA was one of the three retirement systems that were parties to the Alameda case. Due to unique circumstances of their litigation, i.e., stays, remand and involvement of the Attorney General, as well as a variation in legal interpretation of the straddling issue, ACERA adopted certain changes to its annual leave redemption rules on a prospective basis. The factors that led to that outcome are not present here.

Significant to the topic of implementation differences among CERL counties, it is notable that VCERA has actually taken a more liberal view of inclusion on several aspects of *Alameda* than some of our CERL colleagues. In regard to in-kind benefits (flex credit) some have excluded ALL cafeteria plan benefits and not made the distinction between cashable and non-cashable, while VCERA has consistently proposed *inclusion* of the cashable portion. Others have excluded pay items not payable to an entire classification of employees, while VCERA consistently has taken the position "similarly-situated members in a group of class" may be applied to a subset within a broader classification.

<u>Straddling</u>
The issue of "leave straddling" is one of clear importance to many retirees, and the Board was presented with written and verbal arguments asserting that VCERA's pre-Alameda Resolution was legally compliant. However, each of the arguments raised are among those that were made by the County and labor organizations in the recent declaratory relief litigation. The Superior Court rejected those arguments and ruled in favor of VCERA as detailed in the October 12, 2020, Resolution.[1]

<u>Recoupment of Overpaid Benefits</u>
While the Board of Retirement does not have the authority to forego retroactive implementation of *Alameda*, the law does allow the Board to forego recoupment of overpaid retirement benefits as part of the corrective process where there is good cause to do so.

The preliminary Resolution regarding correction of pensionability under the County's flexible benefits program that was reviewed and discussed at the March 27, 2023, Board meeting provides that, for retirees whose benefit overpayments exceed their contribution refund amounts (with applicable interest applied) that VCERA NOT RECOUP overpaid benefits.

At the April 17, 2023, meeting when staff returns with the final proposed Resolution, staff will further request a modification to the previously-approved October 12, 2020, Resolution addressing the PEPRA Exclusions, proposing similar treatment so as to not recoup overpayments.

<u>Conclusion</u>
The impact of Alameda on so many VCERA members is significant. Staff shares in the Board's wish to minimize the impact on affected members, and particularly sympathizes with those retirees for

[1] Though Superior Court judgment is on appeal, no stay has been issued; VCERA must implement in accordance with the Resolution.

whom *Alameda* implementation will result in *any* decrease in their monthly retirement benefit. As they correctly expressed, they could not have predicted the ruling and are no longer represented or in a position to negotiate with their employer. We suggest that retirees contact the County to inquire as to potential alternative post-retirement benefits to replace benefits lost by elimination of non-cashable flex credit.

The Board has delayed exclusion of the in-kind portion of flex credit to allow time for exploration of all legal avenues to prevent such exclusion from being necessary. Staff acknowledges the burden of fiduciary duty when following the law has a negative effect on members in any capacity.

RETIRED EMPLOYEES ASSOCIATION OF VENTURA COUNTY (REAVC)

"Dedicated to Those who Have Already Served"

April 12, 2023

Michael Sedell, Board Chair
Ventura County Retirement Association (VCERA)
1190 S. Victoria Avenue, Unit 200
Ventura, CA 93003

Dear VCERA Board Members,
The Retired Employees Association of Ventura County, Inc. (REAVC) represents some 7,000 retirees, 3,000 of whom are dues paying members. Currently, we have 16 Board members. The purpose of REAVC is to promote the common welfare of present and future retired public employees of the County of Ventura (County). REAVC's main purpose is to promote activity and to coordinate, initiate, or oppose legislation effecting retirees with the Ventura County Employees Retirement Association (VCERA), County Board of Supervisors or other legislative bodies.

According to the VCERA website one of the most valuable benefits offered by your employer is a unique defined benefit (DB) pension plan. Unlike any other employment benefits, a DB pension plan (VCERA) offers retirement income that will last for your lifetime. As of June 30, 2022, VCERA retirement fund balance was $7.3 billion and 97% funded based on actuarial studies.

All REAVC members carried out the important work of the County. Some were in executive positions. Many more were not at the highest pay levels but did work critical to operations. All of them came to work for the County in part for its retirement program. They invested many years of diligent effort to do their jobs, whether managing a department, processing invoices, cleaning hospital floors, repairing equipment, constructing and maintaining public infrastructure, public safety, and so many other public services. Most do not receive a COLA, and some leave for reasons other than reaching full retirement age, such as their own illness, taking care of a disabled dependent or parent, and so on.

REAVC cares deeply about their welfare, and the promises made to them by VCERA when they were hired by the County. VCERA's reaching back to those who retired in 2013 to reduce their benefits going forward would be a shock to these retirees, or to their surviving family members. Some have already been retired for up to ten years, and a majority of retirees have had no notice of this possibility. Your actions will have a significant impact on their lives. For many it could mean the ability to remain in their current home or adequate money for food or medical needs at a time of high inflation.

For these reasons, we have carefully reviewed both the Proposed VCERA Resolution for potential action on April 17, 2023, regarding the treatment of Flex Benefits, and the already adopted VCERA Resolution originally concerning both Flex Benefits and Annual Leave/Vacation Buydown dated October 12, 2020.

REAVC, P.O. Box 7231, Ventura, CA 93006
Email info@reavc.org; Phone: (805) 644-7814; Website: https://reavc.org/

Assuming that all language in the October 2020 Resolution regarding Flex Benefits has now been replaced by the Proposed April 2023 Resolution, we have the following comments. First, we appreciate the evolution of VCERA's proposal regarding Flex Benefits, and the proposal to apply this exclusion only to members who retire on or after July 30, 2020, with no future losses or obligation to past "overpayments." This change is much appreciated. However, this will still negatively affect members who retired on and after July 30, 2020, in the midst of the pandemic.

We urge you to broaden your view, based on the law outlined in page 4, paragraph 3 of the proposed Flex Benefits Resolution, that:

> "..for good cause shown that the Retirees, as a whole, did not cause the delay in the Board's implementation of this Flex Credit Correction Resolution and would be unduly burdened by recoupment of funds from them, the Board hereby exercises its lawful discretion…",

and apply this as well to their unanticipated loss in benefits, beginning application of the exclusion to members who retire after the last action by the VCERA Board. This, we assume, would create a date sometime in 2023.

In addition, in the interest of our members and the trust between employees and VCERA, we urge you to similarly replace the October 12, 2020 resolution with one dedicated to Annual Leave/Vacation Buydown. We request that VCERA conduct its own analysis and develop exclusions of any compensation items related to annual leave/vacation buydown in excess of what is both earned and payable in each 12-month period.

We do not believe Annual Leave/Vacation Buydown as Ventura County designed it qualifies as an excluded item. Given that the County has strictly limited the amount of Annual Leave/Vacation to be included in the Final Compensation Period, the County's Annual Leave/Vacation program, intended as income to employees, should not be excluded under the PEPRA test. We request that the analysis provided to the VCERA Board and the procedure for evaluation required by PEPRA be provided to us so that we can better understand the decision-making process.

Thank you for your consideration.

Sincerely,

R. R. Pakala, President, REAVC

Cc: VCERA Board members (6)
REAVC Board members (16)
County of Ventura Board of Supervisors (5)
County of Ventura, CEO
Linda Webb, Retirement Administrator

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: REQUEST FOR ADDITION OF ONE NEW FULL-TIME EQUIVALENT (FTE) STAFF POSITION FOR RETIREMENT INVESTMENT OFFICER UNDER HR CLASSIFICATION OF ADMINISTRATIVE SERVICES DIRECTOR IV

Dear Board Members:

The Board of Retirement has directed the addition of a position to assist the Chief Investment Officer (CIO) in overseeing VCERA'S portfolio of approximately $7 billion, working closely with investment managers, consultants, custodians, outside legal counsel, VCERA's Chief Financial Officer (CFO), fiscal staff, and other outside industry practitioners. Our understanding from the CIO is that this would be a generalist role but with a major focus on private markets. The incumbent would work closely with the CIO with management of the overall investment portfolio, with a focus on the selection, recommendation, implementation, and monitoring of private market strategies. The CIO has reviewed the position requirements and determined that the job classification of Administrative Services Director IV best matches the current needs.

RECOMMENDATIONS:

1. Approve the addition of one allocation with the following payroll title and salary range:

Job Code	Description	FTE	Salary Range (Annual)
01787	Administrative Services Director IV	1.0	$145,359.97 - $203,503.96

Staff does not anticipate the recruitment and hiring of the new employee will occur in the current fiscal year. There will be a 4.0% salary increase applied effective December 24, 2023, per the County Management Resolution. For FY 2023-24, the salaries and benefits, budget impact is an increase of $311,579.

FISCAL IMPACT	**FY 2022-23**	**2023-24**
Salaries & Employee Benefits	N/A	$311,579

Staff will be pleased to answer any questions at today's board meeting.

Sincerely,

Linda Webb
Retirement Administrator

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: BOARD MEMBER EDUCATION COMPLIANCE REPORT FOR 2022

Dear Board Members:

Per Government Code Section 31522.8, the Board has an education policy that requires trustees to receive at least 24 hours of Board member education during the first two years after becoming a trustee, and during each subsequent two-year period. The code further requires the Board to maintain a record of compliance and to post the information annually on the website.

Provided is a summary of the Board's education compliance for 2022 with this information. Please note that a Trustees measurement period is based on when they were elected or appointed to the Board.

RECOMMENDATION: RECEIVE AND FILE COMPLIANCE REPORT FOR 2022 AND AUTHORIZE STAFF TO POST TO WEBSITE IN COMPLIANCE WITH GOVERNMENT CODE SECTION 31522.8

Staff would be happy to answer any questions regarding the item at the Disability & Business meeting of April 17, 2023.

Sincerely,

Linda Webb
Retirement Administrator

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

VCERA Board of Retirement
Annual Education Compliance Report
Calendar Year 2022

Trustee Name	Board Position	Deadline to Complete 24 Education Hours	Education Hours Completed During Current Two-Year Period	Remaining Education Hours Required by Deadline
Sue Horgan	Treasure (Ex Officio)	Dec. 31, 2024	0.00	24.00
Cecilia Hernandez-Garcia	General Member	Jul. 15, 2022	51.58	0.00
Jordan Roberts	General Member	Oct. 21, 2023	48.50	0.00
Michael Sedell	Appointed Member	Dec. 31, 2022	49.50	0.00
Kelly Long	Appointed Member	Dec. 8, 2022	13.50	10.50
Tommie Joe	Appointed Member	Dec. 8, 2022	61.75	0.00
Aaron Grass	Safety Member	Dec. 8, 2022	40.00	0.00
Arthur Goulet	Retired Member	Dec. 31, 2022	57.83	0.00
Robert Ashby	Alternate Safety	Jul. 1, 2023	28.50	0.00
Wilbur Hoag	Alternate Retiree	Dec. 31, 2022	39.50	0.00

Measurement Period Ends

2022 2023 2024

Per Government Code Section 31522.8, and the Board of Retirement's education policy, trustees are required to receive at least 24 hours of Board member education during the first two years after becoming a trustee, and during each subsequent two-year period.

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 17, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: 2nd Quarter Fiscal Year (FY) 2022-23 Financial Statements and Budget Summaries, FY 2022-23 Year-end Budget Projections, and Actuarial Audit

Dear Board Members,

At its April 12, 2023, meeting, the Finance Committee considered and reviewed the Financial Statements and Budget Summaries for the 2nd quarter of the 2022-23 FY. The review was relatively straight forward. Questions were asked, which were capably responded to by Staff.

In its review, the Committee felt there was nothing of concern in the Budget Summary.

Upon completion of its review, the Committee unanimously adopted a motion to recommend that the Board approve and receive and file the Financial Statements and Budget Summaries for the 2nd quarter of the 2022-23 FY.

The Committee also reviewed the Staff's Year-end Budget Projections for the current FY and found them to be reasonable; the Committee unanimously adopted a motion to recommend that the Board approve and receive and file the projections.

Finally, the Committee and Staff discussed the need for an actuarial audit. The Monitoring and Reporting Policy requires that such an audit be conducted at least every six (6) years. The last time one was performed was in mid-2017, six years ago.

Prior to engagement of the Actuarial Auditor, the Board appointed an ad-hoc committee to prepare an RFP for the services, to review the responses received, and to make recommendations as to engagement. At that time, there was no Finance Committee. Since there is one now, the Committee feels it can perform the necessary tasks obviating the need to create an ad hoc committee and recommends to the Board that this work be assigned to the Finance Committee. This is consistent with the Committee Charter, which provides that it will perform "any other duties assigned by the Board".

Sincerely,

Chair, Finance Committee

March 24, 2023

To: SACRS Trustees & SACRS Administrators/CEO's
From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections 2023-2024 Elections – Final Ballot

SACRS BOD 2023-2024 election process began January 2023. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2023	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2023	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 12, 2023	Nominating Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 9-12, 2023
May 12, 2023	Board of Directors take office for 1 year (until Spring 2024 Elections)

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members.

> ***A. Immediate Past President.*** *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*
> ***B. Two (2) Regular Members****. Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors*. Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25.
The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of

SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.
Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference on Friday, May 12, 2023, during the scheduled business meeting at the Paradise Point Resort & Spa, San Diego, CA.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The Regular Member listed as “Open” is due to a late withdrawal of a submission by an interested candidate. We are past the deadline to submit a nomination, and we received no other submissions of interest. SACRS Bylaws do not allow nominations or write-in candidates from the floor, therefore the Nominating Committee will be reaching out to the regular membership in search of interested parties that would like to serve.
****Bylaws- Article VIII Board of Directors/Section 2/ Elections of Directors***

The Bylaws state that the Board of Directors can make an appointment if there is a vacant position on the Board. Once the Board of Directors are elected, at their first meeting in June, they will fill the vacancy.
****Bylaws- Article VIII Board of Directors/Section 6/ Elections of Directors***

Regular members interested in serving as a “Regular Member” of the SACRS Board of Directors may complete a supplemental candidate form for consideration. Send the supplemental candidate form, no later than April 21, 2023, to sulema@sacrs.org to be reviewed by the Nominating Committee. At the SACRS Business meeting in May, the Nominating Committee will update the membership on submissions received and make a recommendation to the newly elected Board of Directors.

Please prepare your voting delegate to have the ability to vote by the recommended ballot and by each position separately.

If you have any questions, please contact me at Dan McAllister, Dan.McAllister@sdcounty.ca.gov or Sulema Peterson, sulema@sacrs.org (916) 701-5158.

Continued

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director

Attached: 2023-2024 Candidate submissions
Candidate Form

SACRS Nomination SUPPLEMENTAL Submission
Form SACRS Board of Directors Elections

All interested candidates that would like to be considered for appointment to the Board of Directors for the 2023-2024 OPEN REGULAR MEMBER position must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than April 21, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	○ Chair ○ Alternate ○ **General Elected** ○ Retiree ○ Other ____________
Applying for SACRS Board of Directors Position (select only one)	~~○ President~~ ~~○ **Vice President**~~ ~~○ Treasurer~~ ~~○ Secretary~~ ○ Regular Member
Brief Bio in Paragraph Format	

President Candidate Form - David MacDonald, Contra Costa CERA

SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [redacted] Email Address: dmacdcccera@gmail.com Phone: [redacted]
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	○ Chair ○ Alternate ○ General Elected ○ Retiree ○ **Other - Vice Chair X (elected board member)**
Applying for SACRS Board of Directors Position (select only one)	○ **President X** ○ Vice President ○ Treasurer ○ Secretary ○ Regular Member
Brief Bio	* SACRS Board of Directors, Member – 2020-2021 & 2021-2022 * SACRS Vice President – 2022-2023 * Vice Chair, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 29 years serving on the PDOCC Executive Board, including many years as Vice President and President. * 32 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program, Trustees Masters Program - CALAPRS Trustee Education – Principles of Pension Governance

Vice President Candidate Form - Adele Tagaloa, Orange CERS

SACRS

SACRS Nomination Submission Form
SACRS Board of Directors Elections 2022-2023

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2022.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	**Adele Tagaloa**
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [redacted] Email Address: **atagaloa@ocers.org** [redacted] Phone: [redacted]
Name of Retirement System Candidate Currently Serves On	System Name: **Orange County Employees Retirement System (OCERS)**
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	○ Chair ○ Alternate ● General Elected ○ Retiree ○ Other ___________
Applying for SACRS Board of Directors Position (select only one)	○ President ● Vice President ○ Treasurer ○ Secretary ○ Regular Member
Brief Bio	◆ **Secretary,** [redacted] **ram and Bylaws Committee** ◆ **Elected General Member Trustee, OCERS, 2020 to present** Over 13 years of service to the County of Orange Proudly serving 1.8 million registered voters at the Registrar of Voters office ◆ **Chair, OCERS Disability Committee 2020 to present** ◆ **Vice- Chair, OCERS Investment Committee 2022 to present** ◆ **Member, OCERS Governance Committee member 2022 to present** ◆ **Union Steward, Orange County Employees Association (OCEA) 2012 to present** ◆ **Board of Directors, OCEA 2018 to present** ◆ **Political Action Committee and Scholarship Committee member, OCEA** **Public Pension Trustee Certificates:** Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 190 hours of education, 2020 - present

Treasurer Candidate Form - Jordan Kaufman, Kern CERA

SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	[redacted] Email Address: jkaufman@kerncounty.com [redacted]
Name of Retirement System Candidate Currently Serves On	System Name: Kern CERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	o Chair o Alternate o **General Elected** o Retiree x Other __Statutory___
Applying for SACRS Board of Directors Position (select only one)	o President o **Vice President** x Treasurer o Secretary o Regular Member
Brief Bio in Paragraph Format	I am the current SACRS Treasurer and am excited for the opportunity to continue in this role. I am in my second term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the $5.2 billion Treasury Investment Pool and the responsibility of annually collecting over $1.4 billion in local property taxes. I am also the Plan Administrator for the $670 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Commissioner on the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.

Secretary Candidate Form - Zandra Cholmondeley, Santa Barbara CERS

Providing insight. Fostering oversight.

SACRS

SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Zandra Cholmondeley
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [redacted] Email Address: zcholmondeley@gmail.com Phone: [redacted]
Name of Retirement System Candidate Currently Serves On	System Name: Santa Barbara County Employees' Retirement System (SBCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	○ Chair ○ Alternate ○ General Elected ◉ Retiree ○ Other __________
Applying for SACRS Board of Directors Position (select only one)	○ President ○ Vice President ○ Treasurer ○ Secretary ◉ Regular Member
Brief Bio in Paragraph Format	Zandra Cholmondeley was elected to represent County retirees as a trustee on the governing board of the Santa Barbara County Retirement System (SBCERS) in November 2008. She joined the SBCERS Board in January 2009 and starting in January 2010, served two terms as Chair of the Board. She has also served three terms as the President of the Retired Employees of Santa Barbara County (RESBC). Zandra retired in July 2008. As Principal Analyst for Santa Barbara County she was charged with overseeing the development of the County's annual budget and performed numerous special projects for the County Executive Officer (CEO). Her budget responsibilities included working with County departments to ensure the accuracy of projections and overall preparation of the budget document. Special projects experience included implementing fiscal policy for the County Executive and oversight of internal service funds including the fleet and self-insurance funds.

Regular Member Candidate Form - David Gilmore, San Diego CERA

SACRS™

SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David Gilmore
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [redacted] Email Address: DGilmore@sdscera.org Phone: [redacted]
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	o Chair o Alternate ox **General Elected** o Retiree o Other ____________
Applying for SACRS Board of Directors Position (select only one)	o President o **Vice President** o Treasurer o Secretary oxx Regular Member
Brief Bio in Paragraph Format	I have over 25 years with the County of San Diego and have been in management for the past 13 years. I am currently in my second term at SDCERA as a trustee and occupy the safety seat. I was elected to the SACRS Board of Directors last year and am seeking re-election for the upcoming year. I have a degree in accounting and a graduate degree in public administration. Thank you for your consideration and please see my letter of intent attached.

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 17, 2023

SUBJECT: Chief Investment Officer's 1st Quarter 2023 Investment Activity Report

Dear Board Members:

Below is a summary of 1st quarter 2023 investment activity.

Private investments commitments:

- $20 million private equity commitment to BlackFin IV- Abbott mandate.
- $20 million private equity commitment to Charlesbank Technology Opportunities Fund II -- Abbott mandate.
- $25 million private credit add-on commitment to Cross Ocean European Special Situations Fund IV- NEPC/ Board approved.
- $20 million private equity commitment to GTCR XIV-- Abbott mandate.
- $30 million private credit commitment to HarbourView Royalties Fund I-- NEPC/ Board approved.
- $20 million private equity commitment to Hellman & Friedman Fund XI -- Abbott mandate.
- $30 million private credit commitment to Kennedy Lewis Fund III-- NEPC/ Board approved.
- $75 million real estate commitment to LaSalle Value Partners US IX Fund IX, L.P.- NEPC/ Board approved.
- $20 million private equity commitment to Parthenon Fund VII-- Abbott mandate.

Investment presentations:

- Abbott Capital Management:
  - Private equity investment environment and outlook; program; portfolio strategy, composition, and portfolio review.
  - 2023 Private Equity Investment Strategic Annual Plan, Pacing Plan, and investment pipeline.
- Adams Street: Annual VCERA Board presentation on VCERA's investments in the following Adams Street funds:
  - 2010 Annual U.S. Fund; Non-U.S. Fund; Emerging Markets Fund; Direct Fund
  - 2013 Global Fund; 2016 Global Fund
  - Co-Investment Fund IV; Co-Investment Fund V
  - Global Private Equity Secondaries Fund 7
- Cross Ocean European Special Situations Fund IV Board Presentation materials.
- HarbourVest: Annual VCERA Board presentation on VCERA's investments in the following HarbourVest funds:
  - Secondary Funds of Funds: Dover Fund VIII; Dover Fund IX; Dover Fund X
  - Co-Investment Fund IV and Co-Investment Fund V
  - Real Assets Fund IV
- HarbourView Royalties Fund I VCERA Board presentation materials with primer on royalties.
- Kennedy Lewis Fund III VCERA Board presentation materials.
- LaSalle Income & Growth Fund VIII annual VCERA Board presentation.

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

- LaSalle Value Partners Fund U.S. IX VCERA Board presentation materials.
- NEPC
  - December 2022 quarterly; December 2022; January and February 2023 monthly investment performance reports.
  - 2023 NEPC Capital Markets Assumptions.
  - Joint recommendation research report for a $25 million private credit add-on commitment to Cross Ocean European Special Situations Fund IV.
  - Joint recommendation research report for a $30 million private credit commitment to HarbourView Royalties Fund I
  - Joint recommendation research report for a $30 million private credit commitment to Kennedy Lewis Capital Partners Fund III.I
  - Joint recommendation research report for a $75 million real estate equity fund commitment to LaSalle Value Partners US IX Fund IX
  - 2023 Private Credit Pacing Plan
- Pantheon Annual VCERA Board Presentation on VCERA's investments in the following Pantheon funds:
  - Secondary Private Equity Funds of Funds: PGSF IV; PGSF V; PGSF VI
  - Secondaries Private Credit Opportunity Fund II
- Prudential (PGIM): Annual VCERA Board Presentation on VCERA's investment in the PRISA-U.S. Core Real Estate Fund
- UBS: Annual VCERA Board Presentation on VCERA's investment in Trumbull Property Fund, a U.S. core real estate fund
- *VCERA's CIO*
  - Memorandum to approve an amendment to the custody agreement modifying fees with State Street in relation to provision of custody, class action claims, administration, third party FX transactions, and other administrative services to VCERA.
  - Memorandum to approve an amendment to the State Street Bank Securities Lending Agreement modifying the schedule of acceptable forms of loan collateral to include various forms of non-cash collateral.
  - Memorandum to approve amending the NEPC contract to update outdated contract provisions, including a fee increase.
  - Memorandum requesting approval and authorization to conduct, and reimbursement of expenses for, and on-site due diligence visit to WAMCO and PIMCO by VCERA General Counsel Lori Nemiroff, VCERA CIO Dan Gallagher, and up to two VCERA trustees.
  - Memorandum requesting approval and authorization to conduct, and reimbursement of expenses for, and on-site due diligence visit to Walter Scott, and subsequent attendance at the 2023 Walter Scott Research Conference by VCERA CIO Dan Gallagher and up to two VCERA trustees.
  - Cover memo to approve $25 million private credit add-on commitment to Cross Ocean European Special Situations Fund IV.
  - Cover memo to approve $30 million private credit commitment to HarbourView Royalties Fund I.
  - Cover memo to approve $30 million private credit commitment to Kennedy Lewis Fund III.

- Cover memo to approve $75 million private real estate equity fund commitment to LaSalle Value Partners US IX.
- Cover memo to approve Private Credit Pacing Plan.
- Cover memo to approve a Private Equity Annual Plan (including Pacing Plan).
- WAMCO and PIMCO on-site due diligence written reports.
- Silicon Valley Bank, Signature Bank, Credit Suisse, and First Republic Bank verbal reports.

Other:

- Teleconferences, phone calls, etc., with investment managers across asset classes, consultants, custodian, regarding actions taken and portfolio monitoring; and to ensure liquidity to execute VCERA's priorities.
- Group conference calls with California public funds CIOs to share investor activity.
- UBS Newsflash- California Flooding Update
- Abbott Annual Client Letter

Goals for 2023

- Continuous evaluation of consultant driven private equity deal flow and opportunities towards reaching and maintaining the Board approved 18% asset allocation target. The Board approved its private equity commitment target for 2023 at $235 million. VCERA committed $100 million in the first quarter 2023.
- Continuous evaluation of consultant driven private credit deal flow and opportunities towards achieving the Board's approved allocation of 8% for private credit over 3 to 5 years. The Board approved VCERA's private credit commitment target for 2023 at $225 million. VCERA committed $85 million in the first quarter 2023.

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

EDELSTEIN GILBERT ROBSON & SMITH LLC

Donald B. Gilbert Michael R. Robson Trent E. Smith Jason D. Ikerd Associate Bridget E. McGowan Associate

April 6, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: Legislative Update – April 2023

General Update

With the bill introduction deadline behind us, the Legislature now turns to policy committee hearings for the first house. The Legislature will have until April 28 for all fiscal bills to be heard in policy committee. Until this date (aside from Spring Recess from March 30 – April 10), the Legislature will be busy conducting hearings for bills introduced this year.

By this point, most of the “spot” or “intent” bills (placeholder bills without substantive language) have since been amended with substantive language that will allow them to move forward in the legislative process and get a hearing in policy committee.

Non-fiscal bills will have until May 5 to be heard in policy committee.

Legislation of Interest

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL, similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced SB 1173 from last session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of a package of climate legislation.

SB 660 (Alvarado-Gil) - CA Public Retirement System Agency Cost and Liability Panel. This bill would establish the CA Public Retirement System Agency Cost and

Liability Panel that would be tasked to determine how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same retirement system or concurrently retires with two or more systems that have entered into a reciprocity agreement. The panel would include a member from the State Association of County Retirement Systems (SACRS).

Public Meeting Bills
Since the onset of the COVID-19 pandemic, teleconferencing flexibilities have become a subject of interest in California's Legislature, with local government groups sponsoring various bills on the topic since 2021. This session is no exception, and a handful of bills have been introduced:

AB 557 (Hart) - AB 361 Sunset Extension. This bill would remove the sunset established in AB 361 (R. Rivas) as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days.

AB 817 (Pacheco) – Open Meeting Flexibility for Subsidiary Bodies. This bill allows subsidiary bodies to use teleconferencing without regard to a state of emergency if they meet certain requirements. Subsidiary bodies are bodies that serve in an advisory capacity and do not take final action on specified items.

AB 1379 (Papan) - Teleconference Flexibilities. AB 1379 expands various flexibilities for local agencies under the Brown Act including, but not limited to, relaxing requirements for posting teleconference locations, relaxing certain quorum requirements, removing the existing January 1, 2026 sunset date of flexibilities in current law, removing restrictions that prohibit members from participating remotely for more than two meetings a year, among other changes. The bill also requires that a legislative body have at least two meetings a year where members are in person at a single designated location.

SB 411 (Portantino) - Teleconferencing for Appointed Bodies. This bill would allow local legislative bodies with appointed members to use teleconferencing indefinitely regardless of the presence of an emergency. The author intends this bill to apply to neighborhood councils. The bill is an urgency bill and therefore requires a 2/3 vote.

SB 537 (Becker) - Teleconference Flexibilities. This bill was recently amended with substantive language that allows multijurisdictional, cross county legislative bodies to use teleconferencing indefinitely and without regard to a state of emergency and adds certain requirements, like requiring a legislative body to provide a record of attendance on its website within 7 days of the meeting. The bill also adds to the list of circumstances where a member is permitted to participate remotely. We have met with the author's staff and are preparing some amendments to clarify that local retirement systems are covered by the bill. The bill is an urgency bill and therefore requires a 2/3 vote.