COUNTY OF TULARE

BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
VISALIA, CALIFORNIA 93291

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AGENDA OF THE BOARD OF RETIREMENT
REGULAR RETIREMENT BOARD MEETING
Wednesday, March 9, 2022 at 8:30 a.m.
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

NOTICE TO THE PUBLIC

Persons who wish to address the Board of Retirement during public comment or regarding an item that is on the agenda may address the Board of Retirement in person at the meeting. Any person addressing the Board will be limited to a maximum of five (5) minutes. A total of 15 minutes will be allotted for the Public Comment period unless otherwise extended by the Board Chair. If you are part of a large group that would like to comment on an agenda item, please consider commenting in writing or sending one spokesperson to speak on behalf of the group. Members of the public may also submit public comment via U.S. mail or via email to BORPublicComment@tularecounty.ca.gov before the meeting. The comments received via U.S. mail or email before the meeting will be read to the Board of Retirement in open session during the meeting as long as the comments meet the requirements for Public Comments as posted in the agenda. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).)

Persons wishing to listen to the meeting may call the TCERA Office during regular business hours (Monday through Friday, 8:00 a.m. to 5:00 p.m.) within 48 hours of the meeting at 559-713-2900 for access information. Documents related to the items on this agenda are available for public inspection at the Retirement Office, 136 N Akers Street, Visalia, CA, during normal business hours. Such documents are also available on TCERA's website, www.tcera.org, subject to staff's ability to post the documents before the meeting.

As a courtesy to those in attendance, all individuals are requested to place cell phones and other electronic devices in the non-audible alert mode.

I. CALL TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PUBLIC COMMENT

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board

consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes. Please state your name for the record.

V. X-AGENDA ITEMS

VI. CONSENT CALENDAR

1. Approve Minutes of the following meetings:
   a. Retirement Board Minutes of February 23, 2022.
2. Approve payments to:
   a. Nossaman – invoice for legal services to the Board of Retirement in the amount of $16,164.45 for the period ending January 31, 2022
3. Pension Board Reports and Actions
   a. Ratify Retirement Administrator actions regarding Retirement Application approvals and Option Selections for the month of February 2022.
   b. Approve Reports regarding Retirement Applications, Option Selections and Deceased Pensioners and 30-Year Members for the month of February 2022.

VII. ADMINISTRATIVE COMMITTEE REPORT

1. Update by Dave Kehler regarding the Administrative Committee meeting of February 23, 2022. Discussion and possible action regarding the following items:
   a. TCERA and TCERA Property, Inc. Preliminary Financial Statements before Interest Posting – December 31, 2021
   b. Actuarial Audit by Roeder Financial

VIII. INVESTMENTS

1. Presentation from QMA (PGIM) regarding TCERA's allocation to enhanced large cap core equity investments. Discussion and possible action.
2. Presentation from LMCG (Leeward) regarding TCERA's allocation to small cap value equity investments.
3. Discussion and possible action regarding TCERA's strategic investment allocation and investment managers, including performance, contracts, and fees.

IX. NEW BUSINESS

1. Discussion and possible action regarding adoption of Amendment to Resolution Regarding Pay Codes Included as Pensionable Income – Tulare County Superior Court.

X. EDUCATION ITEMS

1. Discussion and possible action regarding Summary Education Reports as filed:
   a. Leanne Malison – JP Morgan 1Q22 Guide To China – Webinar, February 15, 2022, 1 hour
   b. Leanne Malison – BlackRock Market Pulse: Navigating Today's Volatility, February 24, 2022, .5 hour
2. Discussion and possible action regarding available educational events.

XI. COMMUNICATIONS

1. Cheiron Pension Alert – Revised Actuarial Standard

XII. UPCOMING MEETINGS

1. Investment Committee Meeting March 9, 2022, 10:00 a.m.
2. Board of Retirement Meeting March 23, 2022, 8:30 a.m.
3. Administrative Committee Meeting March 23, 2022, 10:00 a.m.

XIII. TRUSTEE/STAFF COMMMENTS

Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time.

XIV. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Secretary of the Board of Retirement at (559) 713-2900. Notification 48 hours prior to the meeting will help enable staff to make reasonable arrangements to ensure meaningful access. Documents related to the items on this Agenda submitted after distribution of the Agenda packet are available for public inspection at TCERA, 136 N. Akers Street, Visalia, CA. during normal business hours.

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AGENDA OF THE BOARD OF RETIREMENT
INVESTMENT COMMITTEE MEETING
Wednesday, March 9, 2022 @ 10:00 a.m.
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

NOTICE TO THE PUBLIC

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I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT

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IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:
   a. Approve Investment Committee Minutes from January 12, 2022.
   b. Asset Allocation Status
   c. 2022 Investment Committee Goals and Objectives Timeline and 2022 Education Calendar
   d. Private Markets Documentation – Legal Review Under Verus Discretionary Mandate
   e. Verus TCERA Compliance Evaluation Report
      1) Replacement for BNY Mellon Compliance Service
   f. Investment Managers
      1) Verus Flash Report – All Managers
      2) Managers of Interest
         a) State Street Global Advisors – Personnel Changes

V. UPCOMING MEETING

1. April 13, 2022, 10:00 a.m.

VI. ADJOURN

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Secretary of the Board of Retirement at (559) 713-2900. Notification 48 hours prior to the meeting will help enable staff to make reasonable arrangements to ensure meaningful access. Documents related to the items on this Agenda submitted after distribution of the Agenda packet are available for public inspection at TCERA, 136 N. Akers Street, Visalia, CA. during normal business hours.

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MINUTES OF THE BOARD OF RETIREMENT
INVESTMENT COMMITTEE MEETING
Wednesday, January 12, 2022 @ 10:30 a.m.
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

I. CALL TO ORDER

The meeting was called to order at 10:30 a.m. by Gary Reed, Chair.

II. ROLL CALL

Voting Trustees Present:	Gary Reed, Chair; Pete Vander Poel, Cass Cook, Nathan Polk
Alternate Trustee Present:	Paul Sampietro and Dave Vasquez
Staff Members Present:	Leanne Malison, Retirement Administrator Mary Warner, Assistant Retirement Administrator Susie Brown, Secretary I
Consultants Participating Remotely:	Scott Whalen, Verus and Mike Kamell, Verus

III. PUBLIC COMMENT

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes so that all interested parties have an opportunity to speak. Please state your name for the record.

None

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:

   a. Approve Investment Committee Minutes from December 8, 2021.

   Motion to approve the minutes as presented.

   Motion: Vander Poel
   Second: Cook
   Motion passed unanimously.

   b. Asset Allocation Status

Ms. Malison indicated that the report reflects December 31, 2021 updates including the majority of the rebalancing transactions as directed by the Board.

c. 2021-2022 Investment Committee Goals and Objectives Timeline and 2021-2022 Education Calendar

Ms. Malison reviewed updates to the reports including the objectives underway for implementing the new asset allocation.

d. Vendor/Investment Firm Referral Report – Barrow Hanley, Small Cap Value Equity

Ms. Malison reported this has been submitted by Jim Young as required by Board policy. Mr. Reed asked Verus for any feedback regarding this manager. Mr. Kamell, Verus, reported there are no issues regarding this firm.

Motion to approve Barrow Hanley, small cap value equity manager.

Motion: Cook
Second: Polk
Motion passed unanimously.

e. Investment Managers

1. Verus Flash Report – All Managers

Mr. Kamell reported there will be more positive numbers in the December report.

2. Managers of Interest

a. LMCG – Notice of transition to Leeward Investments, LLC.

Mr. Kamell reported there were no comments to highlight with this transition, and Leeward Investments, LLC., has offered a lower fee.

No action taken.

V. UPCOMING MEETING

1. February 9, 2022, 10:30 a.m. (tentative pending new committee assignments) This meeting has been cancelled due to the World Ag Expo.

2. March meeting is pending committee assignments.

VI. ADJOURN

The meeting was adjourned at 10:39 a.m.

_____
Gary Reed, Chair

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TCERA, Board of Retirement
Investment Committee

Agenda Item # IV. 1 b.

Agenda Date: March 9, 2022

Subject: Asset Allocation Status

Requests:

That the Investment Committee:

1. Discuss the current asset allocation status as compared to targets.
2. Make recommendations to the Board of Retirement as necessary.

Summary:

The Asset Allocation Comparison is provided as a reference tool for the Committee to note the current allocation as compared to target and to track new manager implementation and rebalancing activity. Depending on the date of the Investment Committee meeting, the report may not be available for distribution with the original packet of backup materials. The report will be provided as soon as the data is available from the custodian bank.

Prepared by: Leanne Malison

TCERA Asset Allocation Comparison 2-28-22 - Preliminary Numbers

Manager	Category	Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
	DOMESTIC EQUITY						
QMA	Large Core Enhanced	71,648,929	3.69%	3.00%	58,205,843	13,443,086	Rebalancing Pending Capital Calls
SSGA S&P 500 Sec Lnd Index Fund	Large Core	215,309,430	11.10%	10.00%	194,019,477	21,289,953	
Boston Partners	Large Value	74,567,066	3.84%	3.50%	67,906,817	6,660,249	
Ivy (Waddell & Reed)	Large Growth	73,969,727	3.81%	0.00%	-	73,969,727	
William Blair	Large Growth	-	0.00%	3.50%	67,906,817	(67,906,817)	
SSGA US Ext Sec Lnd	SMID Core Index	72,937,668	3.76%	3.00%	58,205,843	14,731,825	
LMCG	Small Value	33,495,406	1.73%	1.50%	29,102,922	4,392,484	
William Blair	Smid Growth	29,551,527	1.52%	1.50%	29,102,922	448,605	
	Total	571,479,753	29.45%	26.00%	504,450,639	67,029,113	
	INTERNATIONAL EQUITY						
SGA	International Growth	91,221,425	4.70%	6.00%	116,411,686	(25,190,261)	
PIMCO RAE	International Value	104,104,560	5.37%	4.00%	77,607,791	26,496,770	
SSGA - ACWI Index Fund	International Core	102,931,923	5.31%	6.00%	116,411,686	(13,479,763)	
	Total	298,257,908	15.37%	16.00%	310,431,163	(12,173,254)	
	GLOBAL EQUITY						
Skellig Water Fund (KBI)	Water Related	61,604,273	3.18%	3.00%	58,205,843	3,398,430	
	Total	61,604,273	3.18%	3.00%	58,205,843	3,398,430	
	PRIVATE EQUITY						
Pantheon	Private Equity - F of F	293,953	0.02%				Underweight pending new commitments and capital calls. Pantheon, Stepstone and BlackRock in liquidation phase.
Stepstone	PE - Secondaries	6,211,096	0.32%				
Ocean Avenue III	Private Equity - F of F	19,781,511	1.02%				
Ocean Avenue IV	Private Equity - F of F	19,574,403	1.01%				
Ocean Avenue V	Private Equity - F of F	-	0.00%				
Pathway Fund 8	Private Equity - F of F	32,222,413	1.66%				
Pathway Fund 9	Private Equity - F of F	25,878,400	1.33%				
Pathway Fund 10	Private Equity - F of F	14,315,541	0.74%				
BlackRock Alternatives	Private Equity - F of F	514,486	0.03%				
	Total	118,791,803	6.12%	12.00%	232,823,372	(114,031,569)	
	FIXED INCOME						
BlackRock	Core Plus	128,971,562	6.65%	6.00%	116,411,686	12,559,876	Rebalancing Pending Capital Calls
MacKay Shields	Core Plus	118,467,739	6.11%	5.50%	106,710,712	11,757,027	
DoubleLine	Core Plus	114,568,729	5.91%	5.50%	106,710,712	7,858,017	
PGIM	Emerging Market Debt	53,626,932	2.76%	3.00%	58,205,843	(4,578,911)	

TCERA Asset Allocation Comparison 2-28-22 - Preliminary Numbers

Manager	Category	Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
	Total	415,634,962	21.42%	20.00%	388,038,953	27,596,009	
	PRIVATE CREDIT						
Sixth Street DCP (TSSP)	Private Credit	86,252,377	4.45%	5.00%	97,009,738	(10,757,361)	Underweight pending capital calls
	Total	86,252,377	4.45%	5.00%	97,009,738	(10,757,361)	
	REAL ASSETS						
Invesco	Real Estate Debt	66,357,795	3.42%	3.00%	58,205,843	8,151,952	Underweight pending IFM Opportunistic RE and American Realty capital calls. RREEF America II overweight pending rebalancing. SSGA REIT - Holding for other capital calls.
American Realty Advisors	Value Add Real Estate	39,472,295	2.03%	4.00%	77,607,791	(38,135,496)	
Opportunistic RE Funds	Opportunistic Real Estate	-	0.00%	4.00%	77,607,791	(77,607,791)	
IFM	Infrastructure	-	0.00%	4.00%	77,607,791	(77,607,791)	
SSGA US REIT	REIT Index Fund	37,968,054	1.96%	0.00%	-	37,968,054	
RREEF America II	Core Commingled	198,423,129	10.23%	3.00%	58,205,843	140,217,286	
	Total	342,221,273	17.64%	18.00%	349,235,058	(7,013,785)	
	OPPORTUNISTIC						
KKR - Mezzanine	Opportunistic	3,950,904	0.20%	n/a	-	3,950,904	Opportunistic outside of Target Allocation. KKR and PIMCO funds in distribution phase.
Sixth Street TAO Contingent (TSSP)	Opportunistic	22,548,676	1.16%	n/a	-	22,548,676	
PIMCO BRAVO - Distressed Debt	Opportunistic	10,324	0.00%	n/a	-	10,324	
	Total	26,509,904	1.37%		-	26,509,904	
	OTHER		1.37%		-	26,509,904	
Cash		19,442,514	1.00%	0.00%	-	19,442,514	Capital Calls and Cash Flow Needs.
	Total	19,442,514	1.00%	0.00%	-	19,442,514	
	Grand Total	**1,940,194,767**	**100.00%**	**100.00%**	**1,940,194,767**		

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TCERA, Board of Retirement
Investment Committee

Agenda Item # IV. 1 c.

Agenda Date: March 9, 2022

Subject: 2022 Investment Committee Goals and Objectives Timeline and 2022 Education Calendar

Requests:

That the Investment Committee:

1. Discuss the Goals and Objectives Timeline and Education Calendar
2. Direct Staff to make revisions as determined by the Committee
3. Make recommendations to the Board of Retirement as necessary

Summary:

The Goals and Objectives Timeline is provided to assist the Committee in monitoring the progress of its goals and objectives for the year. The Education Calendar is provided to ensure that education items related to the Committee's goals and objectives are included in the presentation schedule for the year.

Prepared by: Leanne Malison

TCERA Investment Committee Goals and Objectives Timeline

Revised 3/1/22

2022

January - March

Large Cap Growth Equity Manager Review – Comparative manager information as it relates to the large cap growth equity investment with Ivy was provided by Verus at the October 13th Investment Committee meeting. The Committee recommended identifying Sands Capital and William Blair as finalists for the mandate and the Board approved the recommendation at the October 27th Board meeting. Finalists presented to the Board on January 26th. The Board selected William Blair for the mandate. On site due diligence was waived because William Blair is already an investment manager for TCERA. Contract is pending.

"Dry Powder" Investment -- On October 27th, the Board approved the transfer of funds from Global Fixed Income and Emerging Market Debt to SSGA SMID and REIT index funds pending capital calls for real estate and private equity. The REIT Index Fund has been opened with SSGA. Transfer of funds is complete. -- ***Completed***

Infrastructure – On October 27th, the Board requested a presentation from IFM to the Board of Retirement regarding the firm's infrastructure fund. IFM presented to the Board on November 17th. At that meeting the Board approved IFM as the infrastructure investment manager. Contract is finalized. -- ***Completed***

Private Equity/Opportunistic Real Estate – On October 27th, the Board determined that direct fund investing with the assistance of a consultant will be the implementation strategy for private equity and other similar private markets investments. At the November 17, 2021 Board meeting, the Board authorized Staff to enter into a contract with Verus for private markets consulting. Implementation can begin when the contract is complete. Contract is finalized. Discussion regarding required legal review of investment documents is scheduled for the March 9th Investment Committee meeting.

Small Cap Value Review – In response to the LMCG investment group's formation of a new investment management firm, Leeward Investments, the Investment Committee recommended an exploratory search to compare other top tier managers to LMCG/Leeward. The review is scheduled for the April 13, 2022 Investment Committee meeting with a recommendation to be presented to the Board on April 27th.

Education regarding China – The Board requested that additional education regarding China be provide in 2022. Elliot Hentov, Head of Policy Research, State Street Global Advisors, is scheduled to make an educational presentation to the Board of Retirement on April 27th.

TCERA Board of Retirement
2022 Trustee Education/Presentation Calendar

Month	Meeting Date	Education Topics
January	January 12 January 26	 Large Cap Growth Equity Presentations
February	 February 23	No first meeting due to World Ag Expo 12/31/21 Investment Report – Verus
March	March 9 March 23	QMA (PGIM) LMCG (Leeward) Actuarial Audit Presentation
April	April 13 April 27	Sixth Street Stepstone Small Cap Value Review (Investment Committee) Education Presentation – Investments in China Small Cap Value Review (Recommendation from Investment Committee)
May	SACRS – May 10-13 May 25	 3/31/22 Investment Report – Verus Strategic Asset Allocation Review - Verus
June	June 8 June 22	RREEF Ocean Avenue
July	July 13 July 27	William Blair KBI Private Markets Review – Verus
August	August 10 August 24	PGIM American Realty 6/30/22 Investment Report – Verus Investment Manager Fee Review

September	September 14 September 28	MacKay Shields KKR
October	October 12 October 26	Preliminary Actuarial Analysis - Cheiron
November	November 2 - due to SACRS SACRS Nov 8-11 November 16 - due to Thanksgiving Holiday	Actuarial Valuation Report - Cheiron 9/30/22 Investment Report
December	December 14	Brown Armstrong – Audit Results

Expected 2023 Investment Manager Regular Biennial Presentations:

BlackRock
PIMCO RAE
Boston Partners
SGA
Pathway
DoubleLine
Invesco
SSGA
IFM

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TCERA, Board of Retirement
Investment Committee

Agenda Item # IV. 1 d.

Agenda Date: March 9, 2022

Subject: Private Markets Documentation – Legal Review Under Verus Discretionary Mandate

Requests:

That the Investment Committee:

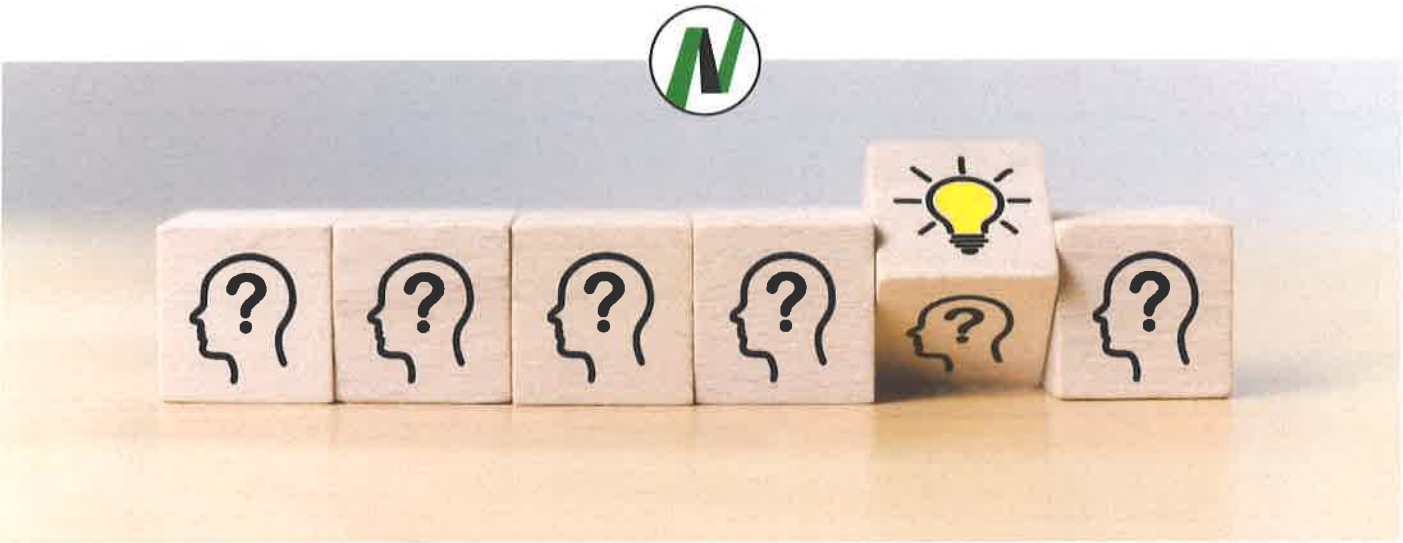
1. Discuss the options for legal review of private markets documentation under the discretionary mandate with Verus
2. Make recommendations to the Board of Retirement

Summary:

Staff has received feedback from independent counsel regarding the review of documentation for the Verus discretionary private markets investments. Attached is an article on the topic provided by Nossaman, TCERA's counsel in these matters. Warren Spencer, internal counsel for Verus, will join the meeting remotely to discuss Verus approach to documentation review. The Committee is requested to make a recommendation to the Board of Retirement regarding the required documentation review for these private markets investments. Some options include:

1. Require a full review by TCERA's independent counsel.
2. Rely on the review by Verus internal counsel.
3. Develop a standard side letter approved by TCERA's independent counsel to be used for these investments. Any change to the pre-approved side letter would require approval from TCERA's independent counsel.

Prepared by: Leanne Malison



Whom Does Your Outside Counsel Work For? The Need for Independent Legal Review for Investments

08.17.2012 | By Kurt W. Melchior, Yuliya A. Oryol

Institutional investors have come under intense pressure to find creative solutions to deal with serious funding challenges. Many have taken proactive measures to reduce their administrative budgets and cut expenses; for example, negotiating discounts and fee concessions from third party service providers such as consultants and money managers, reducing the size of their investment staff, restricting investment staff and board members from attending educational seminars, and reducing use of outside legal counsel to review and negotiate fund documents.

To help institutional investors drive down investment related costs and become more competitive on fees in general, in addition to providing recommendations with respect to appropriate levels of allocation to different financial products and conducting due diligence prior to recommending specific investments, some consulting firms package the legal review of fund documents together with their investment management and advisory services. This is particularly attractive to those investors who do not have sufficient legal in-house support or expertise for advising on these investments. Instead of the investor clients hiring their own outside legal counsel to review and negotiate the fund documents, legal review is provided on behalf of an investor client or a group of investor clients to whom the consultant has recommended a particular investment by either using the consultant's own in-house staff counsel to review the investment documents, or by a single outside counsel selected and retained by the consultant to conduct such legal review. It should be noted that this practice is more often seen with private equity investments, such consulting practices are not limited to a particular asset class.

In our view, the use of the consultant's legal counsel presents serious concerns for the institutional investors involved. The institutional investors may not be receiving unbiased legal advice when the counsel is

retained by the consultant. In addition, this practice may trigger conflicts of interest issues with respect to the consultant and also the consultant's other investor clients. Although the institutional investor may believe that the counsel represents its interests, the parties may not have an effective attorney-client relationship nor be subject to the attorney-client privilege. Furthermore, often the institutional investor may not even know what they are paying in legal fees.

In most cases where in-house counsel or a single outside counsel is engaged to advise a group of investors, the lawyer negotiates a single form of side letter for the whole group of clients that are making an investment in a particular vehicle irrespective of the fact that the clients may not be similarly situated and may have different legal needs. In fact, in certain circumstances, such investor counsel inevitably finds itself negotiating with fund counsel to address a particular issue perceived to be impacting one but not another client. Often the instructions to counsel come directly from the consultant, not from a specific investor. Regardless of whether the outside counsel is employed directly or indirectly by the consultant, it seems clear to us that the consultant is controlling the legal review process.

The institutional investor clients are not usually aware of the exact amount of fees paid for such legal services because the fees are either packaged into the overall compensation paid to the consultants for their services or invoiced pro rata among the client group. Certainly, there is no legal cost break-out where the review is done with the consultant's own in-house staff counsel who are directly employed and salaried by the consulting firm since the clients are not privy to the employment contract between the consultancy firm and its in-house counsel. Furthermore, there is often no break-out for legal fees paid to an outside counsel retained or paid by the consultant to provide legal services to a group of clients investing in the same investment product or fund.

The use of the consultant's counsel has developed from the practice of many consultants today advising clients as a group in an attempt to reduce third party fees for their clients. There is no denying that for many institutional investors, the group review process has resulted in cheaper consulting fees and lower outside counsel legal fees for each investment. But what has been forgotten in an attempt to save legal fees is that legal vetting, or due diligence, as well as legal advice, involves a review and evaluation of the proposed investment, including its contractual commitments and obligations, from the specific investor's perspective. Every investor faces legal requirements specific to it (no matter how similarly situated a group of investors may seem to be). A lawyer who is retained only by one investor will review the investment from that investor's perspective. If the lawyer is asked to perform the same or related functions for more than one party with respect to a single investment, he or she must look at the engagement from the respective perspectives of each of the separate clients, who may face different legal requirements for permitted investments or may have different economic objectives. However, as the case of *Buehler v. Scarbellati* (1995) 34 Cal. App.4th 1527 explains, it is possible for a single lawyer or firm to represent disparate investors in a single real estate investment; but such lawyer functions essentially as a scrivener and he or she cannot act as advocate for a single client's objectives over those of another. If problems develop downstream, the law firm cannot represent any of its original clients in the matter and the investor must retain new counsel.

Even when outside counsel is used and legal fees are shared pro rata among a group of clients and passed through to each investor client separately from the consultant's advisory fees, such arrangement is still problematic and not conflict-free. There still exists an inherent conflict of interest in allowing the consultant's in-house staff counsel or outside counsel to review and negotiate the investment documents on behalf of the consultant's client or group of clients, whether or not such counsel also reviews the documents on the

consultant's behalf. This scenario equally applies in circumstances of investments commonly referred to as "discretionary" or "discretion in a box" in which the consultant recommends to its clients those investment opportunities that meet identified investment criteria and has a certain level of discretion to invest in such funds on behalf of its clients. What may seem as an effective way for the institutional investors to cut down on legal fees may in fact taint the legal review process and potentially jeopardize the investments.

To explain the subject of our concern briefly, the courts have stated that "a conflict of interest is present where the circumstances of a particular case present 'a substantial risk that the lawyer's representation of the client would be materially and adversely affected by the lawyer's own interests or by the lawyer's duties to another current client, a former client, or a third person.'" Vapnek, et al., Professional Responsibility, § 4:1. Although the outside counsel is providing legal review on behalf of the investor clients, it is unclear whom the counsel really represents. This is especially the case with a consultant's in-house staff counsel, but also true in the case of an outside law firm retained by the consultant and paid for by the group of clients separately from the consultant fees. It is still questionable whether the counsel is able to stay impartial vis-à-vis the investment recommendations made by the consultant, given that legal counsel was retained by such consultant to provide the legal services in support of the investment recommendations provided by the consultant's firm. It is questionable whether counsel in that position can recommend against key provisions of the proposed transaction if the consultant, which engaged counsel, favors those terms or perhaps failed to sufficiently address the terms in its recommendation to the clients? We are not aware of any statistics as to what percentage of investments are considered but ultimately not made by an institutional investor group, or by at least some of the investor clients in a group, due to information uncovered by the outside legal counsel, nor of any studies of the ability of such counsel to negotiate terms on behalf of a specific investor, despite the recommendation by the consultant. We would venture to suggest, however, that though there are many examples of a single investor pulling out because of legal concerns, few investments fall through where outside legal counsel, retained in some form or another by the consultant, conduct the review and the negotiation process for a group of investors. In addition, consider when a group of the consultant's clients who are represented by a single outside counsel have conflicting interests or objectives, which illustrates another problem with having the same attorney represent the investor group.

The institutional investor may wrongly believe it is saving the pension system legal fees by using the consultant's counsel, but there are real dangers in this practice. It is questionable whom such counsel represents. Just who are such counsel's clients; and who gives such counsel instructions from the client's perspective? In most cases, the consultant's in-house staff counsel does not have a direct attorney-client relationship with the clients. It is certainly unlikely that such counsel would perform a conflict check prior to commencement of the representation, although it is standard practice, and a requirement under state rules of professional conduct and the American Bar Association (ABA) guidelines, for any attorney to ensure that there is no conflict of interest between the institutional investor clients it represents. Nor does such counsel in the majority of cases obtain conflict waivers for any potentially conflicting representations, as those rules require. At the very least, in order to comply with the ABA requirements as well as the particular state ethics rules governing attorney-client relationships, such counsel acting on behalf of more than one investor, or on behalf of the consultant and one or more investors, needs to obtain conflict waivers from all of the investor group clients, and for each separate investment negotiation, prior to representing them.

In addition, while the attorney client privilege exists in the case of multiple clients, the privilege disappears as to any part of the subject matter if the clients become at odds about the engagement. That may seem a remote issue at the time the due diligence is performed and the investment documents are negotiated; but

any one of the clients can disclose privileged material at will, and the material will then lose its privileged status for all. Moreover, an arrangement seems unwise whereby the confidences of any one client can be shared – and under ethical rules for joint representation, must be shared at another client's request – between multiple clients. Moreover, since the consultant is often privy to all of the communications between the investors and the consultant-retained common counsel, the communications between the parties are not subject to the basic confidentiality standards which typically exist between counsel and its client.

Those of us who regularly prepare and review investment documents understand that the investment terms contained in summary form in a term sheet or a private placement memorandum may look different by the time they are written into the investment documents. It is not the consultant's role to carefully review the legal terms contained in the investment documents after the consultant has made the recommendation to invest with a particular manager and, in fact, in many cases the investment agreements have not yet been drafted at the time that the consultant may be performing its due diligence. It is the responsibility of each investor to review the legal terms and confirm that the documents say exactly what the manager or the consultant claims they say, and that they reflect the specific investor's needs. In addition, it is the legal counsel's duty, whether in-house or outside counsel, to not only review and negotiate the investment documents but also check them against the recommendations made by the consultant and, when appropriate, make sure that the terms the consultant has relied upon to make its recommendations are properly documented in the investment documents. In some cases, it may be necessary for legal counsel to question the basis of a consultant's recommendation or the sufficiency of the initial or follow-on due diligence performed by the consultant in connection with a particular investment. We believe that the level of independent review and vigilance in reviewing the consultant's recommendation and the clients' individual needs is compromised when the outside counsel who performs that task has been retained by the consultant – and that this money-saving compromise clearly becomes improper where the same counsel represent both the consultant and the investors.

Many of the consultants we regularly work with understand the inherent conflict of interest and the potential liability to themselves. The more prudent consultants do not package their advisory services together with the legal review, and avoid facilitating the use of their in-house staff counsel or the retention of outside counsel for their clients. In fact, many of these consultants, in an attempt to reduce any liability and remain conflict free, include express language in their written recommendations stating that the investment documents remain subject to independent legal review. Even those consultants who have their in-house staff counsel assist clients with the initial review of the investment documents should still, if they are prudent, encourage their clients to conduct an independent legal review of the investment documents.

Regardless of whether the consultant's in-house staff or outside counsel performs an initial review of the investment documents, and even negotiates a basic side letter on behalf of a group of investors, each investor should ultimately have its own independent counsel review the investment documents. Whether that review is carefully conducted by the city attorney, county counsel, staff attorney, or an outside law firm, such independent review for each and every investment is critical to protecting the investment. Institutional investors who, in an attempt to save on investment related expenses, have come to rely on their consultants for legal review should re-evaluate their practices to ensure that doing so does not compromise the legal advice they are receiving from counsel. Independent outside counsel should be carefully vetted, selected and retained directly by the institutional investors themselves, not their consultants. The attorney-client relationship and the investment document review process are too important to be compromised. There is simply too much at stake for the investors and their beneficiaries.

COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

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TCERA, Board of Retirement
Investment Committee

Agenda Item # IV. 1 e.

Agenda Date: March 9, 2022

Subject: Verus TCERA Compliance Evaluation Report

Requests:

That the Investment Committee:

1. Discuss the Compliance Evaluation Report provided by Verus
2. Consider whether this report can replace the BNY Mellon compliance monitoring service
3. Make recommendations to the Board of Retirement

Summary:

Under the new investment consulting contract, Verus is required to monitor investment manager compliance with TCERA guidelines. Attached is the first report prepared by Verus to meet this requirement. TCERA also contracts with BNY Mellon for compliance monitoring with a fee of $20 thousand per year. The Committee is asked to confirm that Verus is meeting its responsibilities regarding compliance monitoring with quarterly reports similar to the one provided for review. The Committee is also asked to determine if this monitoring can replace the service currently provided by BNY Mellon.

Prepared by: Leanne Malison

Verus

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

FOURTH QUARTER 2021

TCERA Compliance Evaluation Report

VERUSINVESTMENTS.COM

SEATTLE 206-622-3700
LOS ANGELES 310-297-1777
SAN FRANCISCO 415-362-3484
PITTSBURGH 412-784-6739

Verus

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Executive Summary
4th Quarter 2021

The purpose of this report is to summarize the results of the investment guideline compliance monitoring activities conducted by Verus on behalf of the Tulare County Employees' Retirement Association ("TCERA").

TCERA's portfolio is comprised of both commingled vehicles and separately managed account ("SMAs"). Each SMA has specific guidelines the manager must follow when managing TCERA's investments. In order to obtain assurance that the assets held in SMAs are managed in accordance with their respective guidelines, Verus obtains quarterly certification from the compliance department of each investment manager. Enclosed are copies of the required certification letters for the past quarter.

Investments held in commingled vehicles are typically governed by a single document for all investors in the fund, e.g., a prospectus or partnership agreement. Investment guideline compliance within these vehicles is independently verified by third party accounting firms that report the results of their work in annual reports. Verus' undertakes no additional monitoring activity for commingled investments.

For the quarter ending December 31, 2021, all separate account managers reported compliance with their respective investment guidelines.

Scott Whalen, CFA, CAIA
Executive Managing Director & Senior Consultant

Disclaimer
Verus has exercised all reasonable professional care in the evaluation of each investment manager's compliance to the Investment Policy and Guidelines of the Association as of the report date. This report is provided to the Board of Trustees in conjunction with our responsibilities under the investment consulting agreement. Our professionals necessarily relied on data provided by third parties to perform our evaluation. Verus makes no claims as to the accuracy of the data used in this evaluation and shall not be held liable for damages caused by errors or omissions in content, except to the extent arising from our sole gross negligence.

STRATEGY SUMMARY

Investment Manager	Strategy	Investment Vehicle	Public Mkt Asset Class	Enforcable Guidelines
Equity				
SSGA	S&P index	CF	Equity	No
QMA	Large cap core	SMA	Equity	Yes
Ivy	Large cap growth	SMA	Equity	Yes
Boston Partners	Large cap value	SMA	Equity	Yes
SSGA	US extended mkt index	CF	Equity	No
William Blair	SMID cap growth	SMA	Equity	Yes
Lee Munder	Small cap value	SMA	Equity	Yes
SSGA	MSCI ACWI ex-US index	CF	Equity	No
PIMCO RAE	Global ex-US	CF	Equity	No
SGA	Global growth	CF	Equity	No
Skellig KBI	Water fund	CF	Equity	No
Fixed Income				
BlackRock	Core fixed income	SMA	Fixed Income	Yes
DoubleLine	Core plus fixed income	CF	Fixed Income	No
MacKay Shields	Core plus fixed income	CF	Fixed Income	No
Franklin Templeton	Global bond plus	CF	Fixed Income	No
PGIM	Emerging markets debt	CF	Fixed Income	No

SMA: Separately Managed Account
CF: Commingled Account

PGIM QUANTITATIVE SOLUTIONS

DAWN PALLITTO
Chief Compliance Officer
PGIM Quantitative Solutions

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Two Gateway Center, Newark, NJ, 07102

FOR PUBLIC MARKET STRATEGY

INVESTMENT GUIDELINES COMPLIANCE AFFIRMATION
For quarter ending: December 31, 2021

Investment manager name & strategy: PGIM Quantitative Solutions

Account name: Tulare County Employees' Retirement Association (TCERA)

This is to confirm that, to the best of our knowledge, all of PGIM Quantitative Solutions' investment activity during the quarter noted above, on behalf of TCERA US Core Equity Account has been consistent with the investment policies and restrictions set forth in the Investment Advisory agreement, Investment Guidelines and Investment Policy Statement and that the portfolio is in compliance with those policies and restrictions below:

Guidelines	In Compliance	Exception
Benchmark Weight: At time of rebalance, the fund may not invest more than +/- 1.50% per issue relative to the benchmark (S&P 500) weighting for that issue, at market value. (Tested at issuer level).	☒	
Benchmark Weight: At time of rebalance, the fund may not invest more than +/- 5% in any individual industry relative to the benchmark (S&P 500) weighting for that industry.	☒	
Benchmark Weight: At time of rebalance, the fund may not invest more than +/- 5% of a sector relative to the benchmark (S&P 500) weighting for that sector.	☒	
Cash: The intent is to be fully invested and the allocation to cash should be less than 5%; however cash balances may occasionally exceed this level as the consequence of contributions and withdrawals' of funds.	☒	
Diversification: The portfolio will be invested primarily in equities and equity-related securities.	☒	
Exchange: The portfolio will be primarily invested in a diversified portfolio of common stocks that are traded on U.S. securities markets (including NASDAQ). However, it may also invest in stocks not traded on U.S. markets.	☒	

PGIM QUANTITATIVE SOLUTIONS

DAWN PALLITTO
Chief Compliance Officer
PGIM Quantitative Solutions

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Two Gateway Center, Newark, NJ, 07102

Financial futures and other derivatives, as well as ETFs may be utilized to assist in managing risk, managing transactions costs, or maintaining desired market exposure.	☒	
Market Cap: At time of rebalance the fund may not have market capitalization equal to the S&P 500 +/- 5% in any capitalization grouping.	☒	
Non-benchmark %: Most of the portfolio will be invested in constituents in the benchmark (S&P 500), however up to 10% of the portfolio may be held in non-benchmark securities.	☒	
Where financial futures are utilized, treasury securities and other cash equivalents may be purchased as collateral for these instruments.	☒	

Sincerely,

Dawn Pallitto

Digitally signed by Dawn Pallitto
Date: 2022.01.24 17:55:50 -05'00'

Dawn Pallitto, Chief Compliance Officer
PGIM Quantitative Solutions, LLC

Ivy INVESTMENTS®

Confirmation of Portfolio Compliance

The table below represents a summary of the daily portfolio compliance testing for the Tulare County Employees' Retirement Association account managed by Ivy Investment Management Company for the most recent quarter ending December 31, 2021. Any exceptions to these noted guidelines are explained further below the table, as needed.

Investment Guidelines	In Compliance	Exception
Restriction the Concentration or Item Count		
Max Issuer Limit – 10% or +2% greater than R1000G security weighting	☒	☐
Max Convertible Securities – 10%	☒	☐
Max Foreign Securities – 25%	☒	☐
Max Cash & Cash Equivalents – 5%	☒	☐
Max of Issuer's Total Outstanding Shares – 5%	☒	☐
Min number of securities held – 30	☒	☐
Permitted Transactions	☒	☐
Security Types – Common Stock, Preferred Stock, US Convertibles and ADRs	☒	☐
Exchanges – Trading only on US Exchanges or OTC	☒	☐
Prohibited/Restricted	☒	☐
NO Foreign Denominated Securities (non-USD)	☒	☐
NO Lettered, Legend or otherwise Restricted Securities	☒	☐
NO Commodities or Commodity Contracts	☒	☐
NO Real Estate	☒	☐
NO Derivatives	☒	☐
NO Financial Margin (Leverage)	☒	☐
NO Securities Lending	☒	☐
NO Short Sales	☒	☐
NO Cross Trades	☒	☐

Explanation of exceptions:

NONE

By: David Kurth
Signature

Name: David Kurth

Title: Compliance Officer

Date: January 20, 2022

BostonPartners

One Beacon Street, 30th Floor
Boston, MA 02108
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T 617 832-8200

FOR PUBLIC MARKET STRATEGY

INVESTMENT GUIDELINES COMPLIANCE AFFIRMATION
For quarter ending: December 31, 2021

Investment manager name & strategy: Boston Partners Global Investors Inc., LCV Strategy

Account name: Tulare County Employees' Retirement Association (TCERA)

This is to confirm that, to the best of our knowledge, all of Boston Partners Global Investors Inc.'s investment activity during the quarter noted above, on behalf of TCERA LCV account has been consistent with the investment policies and restrictions set forth in the Investment Advisory agreement, Investment Guidelines and Investment Policy Statement and that the portfolio is in compliance with those policies and restrictions below.

Guidelines:	In Compliance	Exception
At least 80% of the portfolio will be invested in companies with market capitalizations within the range of the Russell 1000 Value Index.	☑	
Number of Holdings: 75-100	☑	
Account holdings in any one issuer shall not exceed the greater of the Benchmark weight plus 1 percentage point or 5% of the Account, measured at market value, in either case, determined at the time of purchase.	☑	
Maximum Cash Allocation 5%	☑	
No individual economic sector shall represent more than 35% of the portfolio.	☑	
No more than 15% invested in foreign securities	☑	

By:

Name: Kenneth Lengieza

Title: Chief Compliance Officer

Date: January 14, 2022

William Blair

Tulare County Employees' Retirement Association (TCERA)
Q4 2021 Compliance Report

Investment Guideline Compliance Checklist

Investment Guideline	Compliant during Quarter (Y/N)
The portfolio shall remain fully invested at all times. Fully invested is defined as 5% or less of the market value of the portfolio in cash equivalents. Any cash position in excess of this level for 30 days shall require the manager to notify the System of the position and provide the action taken to rectify it.	Y
No purchase shall exceed 5% of the market value of the portfolio at time of purchase.	Y
No holding shall ever constitute more than 7% of the market value of the portfolio.	Y
No investment in letter stock.	Y
No margin purchases.	Y
No short sales	Y
No derivatives.	Y
No options, financial futures, or forwards.	Y
No foreign securities except ADRs traded on a U.S. exchange.	Y
No more than 10% of the portfolio in U.S. convertible securities.	Y
No more than 5% investment of the outstanding voting securities of any corporation.	Y
Securities must be traded on a regulated stock exchange or listed on the NASDAQ or a compatible foreign market operation.	Y
No private placements.	Y
The portfolio typically will hold between 65-80 securities.	Y
Details of Investment Guideline Violations (if any): None	

Reported by:

Name: Walter R. Randall, Jr.
Title: Chief Compliance Officer – Investment Management
Date:

+1 312 236 1600 tel

The William Blair Building
150 North Riverside Plaza
Chicago, Illinois 60606

INVESTMENT GUIDELINES COMPLIANCE AFFIRMATION
For Quarter Ending December 31, 2021

Investment Manager Name: LMCG Investments, LLC
Strategy: Small Cap Value
Account Name: Tulare County Employees' Retirement Association (TCERA)

This is to confirm that, to the best of our knowledge, all of LMCG's investment activity during the quarter above on behalf of the TCERA portfolio has been consistent with the investment policies & restrictions set forth in the Investment Advisory Agreement, Investment Guidelines, and Investment Policy Statement and that the portfolio is in compliance with the policies and restrictions below.

Guideline	In Compliance	Exception
The market capitalization range of the portfolio shall approximate that of the Russell 2000 Value Index. Generally, at the time of purchase, the market cap of stocks will be less than the largest market capitalization stock in the Russell 2000 Value Index.	☑	
Max cash allocation: 10%	☑	
No individual security shall exceed 5% of the market value of the portfolio at the time of purchase. No holding shall ever constitute more than 10% of the market value of the portfolio.	☑	
Investment in 5% or more of the voting securities of any one issuer is prohibited	☑	
No IPOs	☑	
No private placements without prior approval of TCERA	☑	
No options	☑	
No derivatives	☑	

By: Joseph F Tower III

Joseph F. Tower, III
Chief Compliance Officer

Date: January 20, 2022

BLACKROCK

January 7, 2022

Tulare County Employees' Retirement Association

RE: Tulare County Employees' Retirement Association (TCERA), (the "Portfolio")

This letter confirms that, unless otherwise noted below, as of December 31, 2021, the Portfolio has been in compliance, in all material respects, with the investment guidelines applicable to the Portfolio.

BlackRock
By:

Spencer Fleming
Managing Director

55 E. 52nd Street
New York, NY 10055
Tel 212.810.5300
www.blackrock.com

BlackRock.

Tulare County Employees' Retirement Association (TCERA)

Guidelines:	In Compliance:	Exception:	Comments:
CLOs are permitted, but shall comprise no more than 10% of the portfolio market value.	☒	☐	
CMBS are permitted, but shall comprise no more than 15% of the portfolio market value.	☒	☐	
Except for US Government and Agency issues, no more than 5% of the portfolio will be invested in the securities of a single issuer.	☒	☐	
Minimum Issue Credit Rating: ABS and MBS must be rated at least B.	☒	☐	
Non-USD denominated securities are permitted, but shall comprise no more than 30% of the portfolio market value, of which no more than 5% of the portfolio may be exposed to non-USD currencies.	☒	☐	
No more than 10% of the portfolio may be grade rated Issues below BBB rated issues.	☒	☐	
Duration of cash securities must be less than one year.	☒	☐	
Corporate and Mortgage-Backed Securities will each be subject to a maximum limit of 65%.	☒	☐	
Minimum Issue Credit Rating: Long-term corporate debt must be rated at least B.	☒	☐	
If bonds are downgraded below the minimum credit quality allowable in the guidelines at time of purchase, the Manager is allowed to hold up to 2% in aggregate market value of these securities.	☒	☐	
Portfolio Duration +/- 20% of the benchmark.	☒	☐	
Corporate and Mortgage-Backed Securities will each be subject to a maximum limit of 65%.	☒	☐	
Investments in mortgage interest only (IO) and principal only (PO) securities or their derivations are prohibited.	☒	☐	
Commercial paper must be rated at least A2-, P-2, or F-2.	☒	☐	
CLO's must be rated A2/A.	☒	☐	
Foreign Government and Agencies (non-US) must be rated at least B2/B.	☒	☐	Positions held in Argentinian bonds since 2020. Client provided authorization to hold.
US Government issues will comprise a minimum of 10% of the portfolio market.	☒	☐	
Average Portfolio Credit Quality A- or better.	☒	☐	
Private placements are permitted but shall comprise no more than 25% of the portfolio market value.	☒	☐	
Non-USD denominated securities are permitted, but shall comprise no more than 30% of the portfolio market value, of which no more than 5% of the portfolio may be exposed to non-USD currencies.	☒	☐	

BlackRock.

Eligible Investments: MBS (Agency/non-Agency and CMBS), BA, CDs, CapSec, Conv, CoCo, Pref, BTP, Repos, CP, Corporates, US & Foreign Govt/Agcy, Munis, ABS, STIF, Futures, Options, Swaps, Private Placements, benchmark securities, USD Sovereigns, CLO, & ETF	☒	☐	

COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

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TCERA, Board of Retirement
Investment Committee

Agenda Item # IV. 1. f.

Agenda Date: March 9, 2022

Subject: Investment Manager Review

Requests:

That the Investment Committee:

1. Review and Discuss manager performance as reported in the most recent Verus Flash Report.
2. Review and Discuss any Managers of Interest and other presented topics

Summary:

1. **Verus Flash Report** – The Flash Report provides the most current performance information provided by Verus. The Committee will periodically discuss individual managers and their performance as well as overall portfolio performance. The Flash report is prepared by Verus as soon as month end information is available from TCERA's managers and is generally available by the 15th of the month. Depending on the timing of the receipt of the investment data and the date of the committee meeting, the most recent month-end report may not be ready in time for distribution or discussion.

2. **Managers of Interest** – The Committee has requested a standing agenda item to discuss managers of interest in greater detail. Most often these will be current investment managers as listed on the Verus Flash Report that have reported firm/personnel changes or managers that require additional discussion or scrutiny.

    a. State Street Global Advisors – Personnel Changes

Prepared by: Leanne Malison

	Market Value	% of Portfolio	1 Mo	Fiscal YTD	Fiscal 2021	Fiscal 2020	Fiscal 2019	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Fund	**1,979,184,561**	**100.0**	**-3.1**	**0.9**	**23.6**	**0.6**	**6.0**	**8.6**	**9.7**	**8.4**	**7.6**	**5.3**	**6.4**
Policy Index			*-3.5*	*1.9*	*21.9*	*3.0*	*6.9*	*9.0*	*10.5*	*9.1*	*7.8*	*6.0*	*6.9*
Total Domestic Equity	**583,236,899**	**29.5**	**-5.7**	**2.3**	**44.5**	**4.2**	**7.6**	**19.6**	**18.9**	**15.6**	**14.8**	**9.9**	**9.4**
Russell 3000 Index			*-5.9*	*2.7*	*44.2*	*6.5*	*9.0*	*18.8*	*19.9*	*16.1*	*15.0*	*10.0*	*9.5*
SSGA S&P 500 Flagship Fund	221,958,569	11.2	-5.2	5.9	40.8	7.5	10.4	23.2	20.7	16.8	15.4	-	-
S&P 500 Index			*-5.2*	*5.9*	*40.8*	*7.5*	*10.4*	*23.3*	*20.7*	*16.8*	*15.4*	-	-
QMA Large Cap Core	73,282,202	3.7	-3.6	6.4	39.6	3.8	6.6	24.7	18.5	15.1	15.0	-	-
S&P 500 Index			*-5.2*	*5.9*	*40.8*	*7.5*	*10.4*	*23.3*	*20.7*	*16.8*	*15.4*	-	-
Ivy Large Cap Growth	78,019,222	3.9	-7.8	4.2	38.0	20.2	15.1	22.9	25.7	22.3	17.8	-	-
Russell 1000 Growth Index			*-8.6*	*3.2*	*42.5*	*23.3*	*11.6*	*17.5*	*26.4*	*22.3*	*18.0*	-	-
Boston Partners Large Cap Value	75,145,956	3.8	0.0	7.6	49.6	-8.8	4.5	31.6	15.3	12.4	13.1	9.0	9.2
Russell 1000 Value Index			*-2.3*	*4.4*	*43.7*	*-8.8*	*8.5*	*23.4*	*13.8*	*10.5*	*12.3*	*7.2*	*8.2*
SSGA US Extended Market Index	72,933,638	3.7	-10.0	-12.3	-	-	-	-	-	-	-	-	-
Dow Jones U.S. Completion Total Stock Market Indx			*-10.1*	*-12.5*	-	-	-	-	-	-	-	-	-
William Blair SMID Cap Growth	28,932,035	1.5	-12.5	-12.2	42.3	6.1	10.1	-6.1	14.6	15.4	14.5	11.6	-
Russell 2500 Growth Index			*-13.2*	*-16.1*	*49.6*	*9.2*	*6.1*	*-11.3*	*14.9*	*13.8*	*13.3*	*10.0*	-
Lee Munder Small Value	32,965,278	1.7	-3.7	2.9	61.1	-14.9	-4.7	25.8	14.0	8.3	10.7	-	-
Russell 2000 Value Index			*-5.8*	*-4.7*	*73.3*	*-17.5*	*-6.2*	*14.8*	*11.7*	*7.9*	*10.6*	-	-
Total International Equity	**301,876,204**	**15.3**	**-3.6**	**-4.5**	**38.3**	**-4.0**	**3.5**	**6.0**	**11.0**	**8.9**	**6.7**	**2.6**	**6.4**
MSCI AC World ex USA Index			*-3.7*	*-4.7*	*36.3*	*-4.4*	*1.8*	*4.1*	*9.6*	*8.5*	*6.7*	*4.0*	*7.3*
SSGA MSCI ACWI Ex US Index Fund	105,185,795	5.3	-3.7	-4.8	35.9	-4.5	1.5	3.8	9.3	8.3	6.4	-	-
MSCI AC World ex USA (Net)			*-3.7*	*-4.9*	*35.7*	*-4.8*	*1.3*	*3.6*	*9.1*	*8.0*	*6.2*	-	-
PIMCO RAE Fundamental Global Ex US Fund	104,104,560	5.3	0.7	-1.4	45.3	-14.9	-1.5	12.1	7.5	6.4	-	-	-
MSCI AC World ex USA Value (Net)			*0.9*	*-0.2*	*37.6*	*-15.3*	*-0.1*	*11.6*	*6.0*	*5.5*	-	-	-
SGA Global Growth	92,585,848	4.7	-7.9	-7.3	34.3	6.5	10.7	2.8	15.2	-	-	-	-
MSCI AC World ex USA Growth (Net)			*-8.1*	*-9.3*	*33.7*	*5.8*	*2.6*	*-4.0*	*11.8*	-	-	-	-

Interim Policy Index (10/1/2021): 26% Russell 3000, 16% MSCI ACWI ex US, 3% MSCI ACWI, 17% Bloomberg US Aggregate, 3% JPM GBI Global, 13.4% NCREIF-ODCE, 5% Russell 2000, 4.6% MSCI REIT Index, 7% Private Equity Returns, 5% Private Credit Returns. SSGA Russell Small Cap Completeness Index transitioned to SSGA US Extended Market Index on 6/10/21. Invesco Commercial MIF funded 9/1/21. Franklin Templeton Global Bond Plus liquidates 12/9/2021. SSGA US REIT Index funded 12/10/2021. All data is preliminary.

	Market Value	% of Portfolio	1 Mo	Fiscal YTD	Fiscal 2021	Fiscal 2020	Fiscal 2019	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Global Equity	63,375,738	3.2	-8.6	0.9	50.4	-3.6	1.9	16.4	15.3	12.5	-	-	-
MSCI AC World Index			-4.9	0.6	39.9	2.6	6.3	13.7	16.0	13.2	-	-	-
Skellig Water Fund (aka KBI)	63,375,738	3.2	-8.6	0.9	50.4	-3.6	1.9	16.4	15.3	12.5	-	-	-
MSCI AC World Index (Net)			-4.9	0.4	39.3	2.1	5.7	13.2	15.4	12.6	-	-	-
Total Fixed Income	423,821,778	21.4	-1.9	-2.8	2.8	2.9	7.2	-3.4	2.3	2.4	2.5	4.0	4.3
Blmbg. U.S. Aggregate Index			-2.2	-2.1	-0.3	8.7	7.9	-3.0	3.7	3.1	2.6	3.9	4.2
Total Domestic Fixed Income	367,217,784	18.6	-2.0	-2.0	2.3	7.3	7.6	-2.2	4.2	3.4	3.0	-	-
Blmbg. U.S. Aggregate Index			-2.2	-2.1	-0.3	8.7	7.9	-3.0	3.7	3.1	2.6	3.9	-
BlackRock Fixed Income	130,943,731	6.6	-2.2	-2.1	0.5	9.1	8.0	-2.8	4.1	3.3	2.9	4.2	4.5
Blmbg. U.S. Aggregate Index			-2.2	-2.1	-0.3	8.7	7.9	-3.0	3.7	3.1	2.6	3.9	4.2
Doubleline Core Plus	115,862,627	5.9	-1.6	-1.5	2.9	4.1	7.0	-1.7	3.4	2.9	-	-	-
Blmbg. U.S. Aggregate Index			-2.2	-2.1	-0.3	8.7	7.9	-3.0	3.7	3.1	-	-	-
MacKay Shields Core Plus	120,411,426	6.1	-2.3	-2.2	3.7	8.5	7.4	-1.9	5.0	3.9	-	-	-
Blmbg. U.S. Aggregate Index			-2.2	-2.1	-0.3	8.7	7.9	-3.0	3.7	3.1	-	-	-
Total Emerging Markets Fixed Income	56,603,994	2.9	-1.4	-4.6	10.3	-2.4	-	-5.5	-	-	-	-	-
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-1.4	-4.7	7.1	-1.1	-	-5.6	-	-	-	-	-
PGIM Emerging Markets Debt	56,603,994	2.9	-1.4	-4.6	10.3	-	-	-5.5	-	-	-	-	-
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-1.4	-4.7	7.1	-	-	-5.6	-	-	-	-	-
Total Real Estate	325,015,000	16.4			2.2	5.3	6.7	11.0	5.9	6.3	8.6	4.9	7.3
NCREIF ODCE					7.1	1.3	5.5	21.0	8.2	7.7	9.4	5.8	7.3
RREEF America II	180,697,807	9.1			2.1	5.3	6.6	12.0	6.2	6.5	9.7	5.9	-
NCREIF ODCE					7.1	1.3	5.5	21.0	8.2	7.7	9.4	5.8	-
American Realty	37,834,746	1.9			3.4	-	-	10.5	-	-	-	-	-
NCREIF ODCE					7.1	-	-	21.0	-	-	-	-	-
Invesco Commercial Mortgage Income Fund	67,123,595	3.4			-	-	-	-	-	-	-	-	-
NCREIF ODCE					-	-	-	-	-	-	-	-	-
SSGA US REIT Index Non-Lending Fund	39,358,852	2.0			-	-	-	-	-	-	-	-	-
NCREIF ODCE					-	-	-	-	-	-	-	-	-

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	Market Value	% of Portfolio	1 Mo	Fiscal YTD	Fiscal 2021	Fiscal 2020	Fiscal 2019	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Private Equity	117,789,041	6.0			42.8	5.4	17.8	18.2	19.4	18.4	14.9	-	-
Private Equity Benchmark					*42.8*	*5.4*	*17.8*	*18.2*	*19.4*	*18.4*	*15.4*	-	-
BlackRock Alternative Advisors	514,486	0.0			-13.7	8.1	8.8	-35.4	-4.4	1.6	5.0	-	-
Ocean Avenue Fund III	19,428,499	1.0			25.2	13.7	35.4	41.0	24.1	28.0	-	-	-
Ocean Avenue Fund IV	20,601,057	1.0			35.2	-	-	12.5	-	-	-	-	-
Pantheon Ventures	420,959	0.0			4.4	-23.1	5.6	-6.7	-7.8	-2.4	2.7	3.6	-
Pathway Private Equity Fund Investors 8	33,854,318	1.7			67.5	4.9	26.4	35.6	31.8	29.0	-	-	-
Pathway Private Equity Fund Investors 9	24,383,776	1.2			73.9	0.0	22.0	29.4	25.9	-	-	-	-
Pathway Private Equity Fund Investors 10	12,374,850	0.6			46.9	-	-	24.9	-	-	-	-	-
Stepstone Secondary Opportunities Fund II	6,211,096	0.3			22.4	-0.5	2.1	3.6	6.9	7.1	-	-	-
Total Private Credit	84,635,665	4.3			28.3	-4.5	11.2	7.0	9.3	9.1	-	-	-
Private Credit Benchmark					*28.3*	*-4.5*	*11.2*	*7.0*	*9.3*	*9.1*	-	-	-
Sixth Street DCP (frmrly TSSP DCP)	84,635,665	4.3			28.3	-4.5	11.2	7.0	9.3	9.1	-	-	-
Total Opportunistic	27,502,405	1.4			15.0	-6.2	-6.2	9.1	4.5	7.8	12.6	-	-
Sixth Street TAO Contingent (frmrly TSSP TAO Contingent)	23,587,526	1.2			27.6	-	-	8.7	-	-	-	-	-
KKR Mezzanine Partners I	3,904,517	0.2			-13.6	-7.3	1.5	10.0	-5.5	1.6	7.2	-	-
PIMCO Bravo	10,362	0.0			-23.8	-76.0	-45.1	-41.0	-47.2	-29.2	-8.0	-	-

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A message from our Chairman and CEO of State Street Corporation.

STATE STREET GLOBAL ADVISORS

Dear Investor,

By now you may have learned the news that after more than six years at State Street Global Advisors (Global Advisors) — including the past four years as president and chief executive officer — Cyrus Taraporevala has decided to retire in 2022.

To ensure seamless services to and performance for our clients, Cyrus will remain as leader of Global Advisors through the selection of, and transition to, his successor. Our search for Cyrus's successor will include both external and internal candidates, given the depth of Global Advisors' leadership team. We anticipate appointing a new head of Global Advisors by the second half of this year. In the meantime, Cyrus will lead the firm and continue to execute its investment and growth strategy.

While we will all miss Cyrus, he will be leaving Global Advisors in a very good position — as a trusted investment partner of choice to clients globally. Under Cyrus's leadership, Global Advisors has strengthened and deepened its capabilities and delivered innovative and distinct solutions that help achieve better investment outcomes for our clients. For example, during the COVID crisis, Global Advisors helped clients navigate extreme market volatility, and the market looked to SPDR ETFs to provide an essential source of liquidity and price discovery when the primary fixed income markets were not functioning properly. Under Cyrus's leadership, Global Advisors introduced an innovative retirement income solution, incorporated into target-date funds, to help ensure that people do not outlive their savings. He has also been a strong voice on environmental, social and governance (ESG) stewardship and policy, and helped secure Global Advisors' position as an ESG leader and solutions provider.

As a result, State Street Global Advisors' clients have entrusted the firm

with more of their capital. In sum, Cyrus led the firm to become a more forward-looking, high-performing, and client-centric organization. It is this legacy that benefits our clients and upon which the firm will continue to build.

For me, Cyrus's decision is bittersweet. He and I have worked together off and on for over 25 years, and I know this decision is part of his long-term life plan. He has been a truly great leader, constantly driving forward on behalf of our clients and people. I will miss his wisdom, counsel, and grace. At the same time, I have no doubt that we will identify a worthy successor and continue to serve you exceptionally well.

Thank you for your continued partnership and trust. We look forward to working together and serving you in 2022. I will keep you informed about Cyrus's successor and the transition as and when I have news.

Though Cyrus will continue to lead Global Advisors for much of this year, please join me in recognizing Cyrus for his many contributions, and wishing him the very best on his retirement and next chapter.

Regards,
Ron

Ronald O'Hanley
Chairman and Chief Executive Officer
State Street Corporation

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in industry sectors or securities which underperform the market as a whole.

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