

Executive Team:

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement:

Phil Franey, Chair
David Couch, Vice-Chair
Deon Duffey
Juan Gonzalez
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
John Sanders
Tyler Whitezell
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

August 8, 2024

Members, Board of Retirement
Employee Bargaining Units
Requesting News Media
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association
Board of Retirement

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Board of Retirement will be held on Wednesday, August 14, 2024 at 8:30 a.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers (*landline recommended for best audio*) and enter ID# 840 4861 6221:

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/84048616221?pwd=kkNTBePbtuofLLNq9XM0V1hmbctPL6.1>
- Passcode: 344165

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to administration@kcera.org.

Sincerely,

Dominic D. Brown
Chief Executive Officer

Attachments

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code § 54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

CALL TO ORDER

ROLL CALL (IN PERSON)

SALUTE TO FLAG / MOMENT OF SILENCE

AB 2449 REMOTE APPEARANCE(S)

Items 1 and/or 2 withdrawn from agenda if no trustee(s) request to appear remotely:

1. JUST CAUSE CIRCUMSTANCE(S):
 - a) The following Trustee(s) have notified the Board of a “Just Cause” to attend this meeting via teleconference. (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) who wish to notify the Board of a “Just Cause” to attend this meeting via teleconference. (See Government Code § 54953) – RECEIVE/ HEAR REQUEST(S); NO BOARD ACTION REQUIRED
2. EMERGENCY CIRCUMSTANCE(S):
 - a) The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an “Emergency Circumstance.” (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an “Emergency Circumstance”. (See Government Code § 54953) – TAKE ACTION ON REQUEST(S) FOR REMOTE APPEARANCE DUE TO EMERGENCY CIRCUMSTANCE

CONSENT MATTERS

All items listed with an asterisk (*) are considered to be routine and non-controversial by staff and will be approved by one motion if no member of the Board or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Board concerning the item before action is taken. Staff recommendations are shown in caps after each item.

- *3. Application for service-connected disability pension benefits for Dolores Gregory, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT, SERVICE-CONNECTED DISABILITY PENSION
- *4. Application for service-connected disability pension benefits for James Morrison, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT, SERVICE-CONNECTED DISABILITY PENSION
- *5. Application for service-connected disability pension benefits for Jerry Rice, Fire (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT, SERVICE-CONNECTED DISABILITY PENSION
- *6. Proposed Decision and Findings of Fact submitted by Hearing Officer Barbara Kong-Brown for Brenda Martinez De Moore, Behavioral Health & Recovery (General) – ADOPT PROPOSED FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDATION OF HEARING OFFICER TO DENY APPLICATION FOR SERVICE-CONNECTED DISABILITY
- *7. [Summary of proceedings of the following meetings:](#)
- May 14, 2024 Investment Committee
 - May 29, 2024 Finance Committee
 - May 31, 2024 Investment Committee
 - June 12, 2024 Board of Retirement
 - June 24, 2024 Special Board of Retirement
- RECEIVE AND FILE
- *8. [Report from the KCERA office on members retired from service for the months of June and July 2024 – RATIFY](#)
- *9. [Report from the KCERA office on deceased retirees for the months of June and July 2024 – RECEIVE AND FILE](#)
- *10. [Report of current disability retirement applications and appeals of KCERA Board decisions for the periods ending June 30, 2024 and July 31, 2024 – RECEIVE AND FILE](#)

- *11. [Securities Lending Earnings Summary Report for the periods ending May 31, 2024 and June 30, 2024 from Deutsche Bank – RECEIVE AND FILE](#)
- *12. [KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the months of May and June 2024 – RECEIVE AND FILE](#)
- *13. [KCERA Class Action Proceeds Report from April 1 through June 30, 2024 for the Northern Trust Company – RECEIVE AND FILE](#)
- *14. [Corrections in Benefit Payments Report for the period January through June 2024 – RECEIVE AND FILE](#)
- *15. [Corrections in Benefit Contributions Report for the period January through June 2024 – RECEIVE AND FILE](#)
- *16. [Board of Retirement Semi-annual Trustee Education Report – RECEIVE AND FILE](#)
- *17. [2024 KCERA Retirement Benefit Statement and Cover Letter Sample – RECEIVE AND FILE; APPROVE](#)
- *18. [Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFY](#)
- *19. [Amendment to agreement for Actuarial Services with the Segal, effective August 14, 2024 – RECEIVE AND FILE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *20. [Invitation from State Association of County Retirement Systems \(SACRS\) to Board of Directors to attend the SACRS Board of Directors Meeting July 18, 2024, in Berkeley, California – RATIFY ATTENDANCE OF TRUSTEE JORDAN KAUFMAN](#)
- *21. [Invitation from California Association of Public Retirement Systems \(CALAPRS\) to trustees to attend the CALAPRS Principles of Pension Governance for Trustees, August 26-29, 2024, in Tiburon, California – APPROVE ATTENDANCE OF TRUSTEES DEON DUFFEY AND JOHN SANDERS](#)
- *22. [Invitation from Workiva for Member Services Manager Cory Pruett to attend the Amplify Conference, September 9-11, 2024, in Aurora, Colorado – RECEIVE AND FILE](#)
- *23. [Invitation from SALT iConnections for Senior Investment Analyst Rafael Jimenez to attend the Global Alts Asia 2024 Conference, November 11-13, 2024, in Singapore – RECEIVE AND FILE](#)

- *24. [Letter from Chief Executive Officer Dominic Brown, dated June 26, 2024, to the Kern County Auditor-Controller-County Clerk regarding Board of Retirement Election for Second, Seventh, and Alternate Seventh Members – RECEIVE AND FILE](#)

PUBLIC COMMENTS

25. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

INVESTMENT MATTERS

26. [Discussion and appropriate action on emerging markets equity recommendations](#) presented by Brian Kwan, CFA, CAIA, Verus, Chief Investment Officer Daryn Miller, CFA, Senior Investment Analyst Rafael Jimenez, Investment Analyst, Melekte Yohannes (MJ), and the Investment Committee –
- (A) INVEST \$70MM IN ABS EMERGING MARKETS DIRECT PORTFOLIO; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW; AND
- (B) INVEST \$70MM IN CARRHAE CAPITAL EMERGING MARKETS EQUITIES FUND; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
27. [Discussion and appropriate action on private market fund recommendation](#) presented by Maria Surina, Managing Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – APPROVE UP TO \$30MM COMMITMENT TO COVENANT FUND XII; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
28. [Discussion and appropriate action on private market fund recommendation](#) presented by Maria Surina, Managing Director, Cambridge Associates², Senior Investment Analyst Jack Bowman, and the Investment Committee – APPROVE UP TO \$50MM COMMITMENT TO SCULPTOR FUND V AND UP TO \$10MM COMMITMENT TO SCULPTOR FUND V RELATED CO-INVESTMENT; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and § 54957.5.

² Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and § 54957.5.

29. [Discussion and appropriate action on private market fund recommendation](#) presented by Mark Mallory, Investment Director, Cambridge Associates³, Senior Investment Officer Geoff Nolan, and the Investment Committee – APPROVE UP TO \$25MM COMMITMENT TO FORTRESS CREDIT OPPORTUNITIES FUND VI; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
30. [Presentation on Core Real Estate deep dive presented by Brian Kwan, CFA, CAIA,](#) Verus, Senior Investment Officer Geoff Nolan, Senior Investment Analyst Jack Bowman, and the Investment Committee – HEAR PRESENTATION; RECEIVE EDUCATIONAL TRAINING (10 MINUTES TRUSTEE EDUCATION CREDIT)
31. [Discussion and appropriate action on core real estate recommendation presented](#) by Brian Kwan, CFA, CAIA, Verus, Senior Investment Analyst Jack Bowman, and the Investment Committee – INVEST \$50MM IN ANGELO GORDON ESSENTIAL HOUSING FUND III; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

ADMINISTRATIVE MATTERS

32. [Trustee education regarding the Life Cycle of a Member presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, Chief Financial Officer Angela Kruger, and Deputy Chief Member Services Officer Sherry Willard](#) – RECEIVE EDUCATIONAL TRAINING (30 MINUTES TRUSTEE EDUCATION CREDIT)

STAFF REPORTS

33. [Report from Chief Executive Officer](#)
34. [Report from Chief Investment Officer](#)
35. [Report from Chief Legal Officer](#)

COMMITTEE REPORTS

36. Report from Committee Chairs:
 - a. Administrative Committee: Contreras
 - b. Finance Committee: Sanders
 - c. Investment Committee: Whitezell

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

³ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and § 54957.5.

EXECUTIVE SESSION

Items 3-6 are withdrawn from Executive Session if approved on the consent agenda:

3. PUBLIC EMPLOYMENT (pursuant to Government Code § 54957) Application for service-connected disability pension benefits:

Dolores Gregory Sheriff Safety

4. PUBLIC EMPLOYMENT (pursuant to Government Code § 54957) Application for service-connected disability pension benefits:

James Morrison Sheriff Safety

5. PUBLIC EMPLOYMENT (pursuant to Government Code § 54957) Application for service-connected disability pension benefits:

Jerry Rice Fire Safety

6. PUBLIC EMPLOYMENT (pursuant to Government Code § 54957) Application for service-connected disability pension benefits:

Brenda Martinez De Moore Behavioral Health & Recovery General

37. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION

Determination of whether to initiate litigation pursuant to paragraph (4) of subdivision (c) and (d) of Government Code § 54956.9. (Number of potential cases: one).

38. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Paragraph (1) of subdivision (d) of Government Code § 54956.9. (*Reynolds v. Reynolds*, Kern County Superior Court Case No. BFL-20-001032).

RETURN TO PUBLIC SESSION

ROLL CALL TO CONFIRM QUORUM

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

39. On their own initiative, Board members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.

NEW BUSINESS

40. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – CONSIDER, DISCUSS, AND TAKE ACTION ON WHETHER TO AGENDIZE PROPOSED ITEMS, IF ANY, FOR A FUTURE MEETING
41. Adjournment



**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Investment Committee
May 14, 2024**

8:30 a.m.

Committee Members: Couch, Kaufman, Kratt, Sanders (Alternate) Chair Whitezell

ROLL CALL

Present: Couch, Kratt, Whitezell

Absent: Kaufman, Sanders

NOTE: The vote is displayed in bold below each item. For example, Kratt-Couch denotes Trustee Rick Kratt made the motion and Trustee David Couch seconded the motion.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

TRUSTEE JORDAN KAUFMAN ARRIVED AT 8:30 A.M.

3. Presentation on equity deep dive presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and Senior Investment Analyst Rafael Jimenez – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEES DAVID COUCH, JORDAN KAUFMAN, AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; SENIOR INVESTMENT ANALYST RAFAEL JIMENEZ HEARD

TRUSTEE JOHN SANDERS ARRIVED AT 8:44 A.M.

HEARD PRESENTATION

4. Response to referral directing staff to update policies to delegate manager selection and termination to the Chief Investment Officer within parameters selected by the Investment Committee presented by Governance Consultants Julie Becker and David Forman, Aon, Chief Executive Officer Dominic Brown, and Chief Investment Officer Daryn Miller, CFA – JULIE BECKER AND DAVID FORMAN, AON, HEARD; SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEES DAVID COUCH, JORDAN KAUFMAN, AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

MOTION TO APPROVE THE PROPOSED PARAMETERS AND POLICY UPDATES

Kaufman-No Second

MOTION DIED DUE TO LACK OF SECOND

DIRECTED STAFF TO ADDRESS COMMENTS AND BRING MATTER BACK TO A FUTURE INVESTMENT COMMITTEE MEETING

PUBLIC COMMENTS

5. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

6. On their own initiative, Committee members may make a brief announcement refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE

7. ADJOURNED – 10:36 A.M.

Secretary, Board of Retirement

Chair, Investment Committee

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Finance Committee
May 29, 2024**

8:34 a.m.

Committee Members: Contreras, Franey (Alternate), Gonzalez, Nunneley, Chair
Sanders

ROLL CALL

Present: Contreras, Franey, Gonzalez, Nunneley, Sanders

Absent: None

NOTE: The vote is displayed in bold below each item. For example, Gonzalez-Nunneley denotes Trustee Juan Gonzalez made the motion and Trustee Chase Nunneley seconded the motion.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

CONSENT MATTERS

All consent matter items listed below with an asterisk () were considered to be routine and non-controversial by staff and approved by one motion, unless otherwise noted.*

- *3. KCERA Schedules of Employer Allocations and Pension Amounts by Employer and related notes including independent auditors' report as of and for the year ended June 30, 2023, and Segal's Governmental Accounting Standards Board (GASB 68) Actuarial Valuation based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024 – RECOMMENDED BOARD OF RETIREMENT RECEIVE AND FILE

Nunneley-Gonzalez – 4 Ayes

PUBLIC COMMENTS

4. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

FINANCE MATTERS

5. Presentation on the audit plan for the FY 2023-24 Financial Statement Audit, presented by Jason Ostroski, CPA, Principal, and Tim Rawal, CPA, Senior Manager, UHY LLP – JASON OSTROSKI, CPA, UHY LLP, HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

APPROVED

Nunneley-Gonzalez – 4 Ayes

6. Discussion and appropriate action on Request for Proposal (RFP) for Actuarial Audit Services, presented by Chief Executive Officer Dominic Brown and Chief Operations Officer Matthew Henry – TRUSTEE JUAN GONZALEZ HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD

RECOMMENDED THE BOARD OF RETIREMENT ENGAGE CHEIRON TO PERFORM AN ACTUARIAL AUDIT OF THE JUNE 30, 2023 ACTUARIAL VALUATION AND THE JULY 1, 2019 THROUGH JUNE 30, 2023 ACTUARIAL EXPERIENCE STUDY; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Gonzalez-Contreras – 4 Ayes

7. Presentation regarding KCERA Organizational Landscape and Budget Governance presented by presented by Chief Executive Officer Dominic Brown – TRUSTEE PHIL FRANNEY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

TRUSTEE JUAN GONZALEZ LEFT AT 9:00 A.M.

HEARD PRESENTATION

8. Discussion and appropriate action on the proposed fiscal year 2024-2025 KCERA Operating Budget presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matthew Henry, and Chief Financial Officer Angela Kruger – TRUSTEES DUSTIN CONTRERAS, PHIL FRANNEY, AND CHASE NUNNELEY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD; CHIEF FINANCIAL OFFICER ANGELA KRUGER HEARD

RECOMMENDED APPROVAL TO BOARD OF RETIREMENT

Franey-Contreras – 4 Ayes

Trustee Phil Franey voted in place of Trustee Juan Gonzalez

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

9. On their own initiative, Committee members may make a brief announcement refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE
10. ADJOURNED – 9:31 A.M.

Secretary, Board of Retirement

Chair, Finance Committee

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Investment Committee
May 31, 2024**

11:01 a.m.

Committee Members: Couch, Kaufman, Kratt, Sanders (Alternate) Chair Whitezell

ROLL CALL

Present: Couch, Kaufman, Kratt, Sanders, Whitezell

Absent: None

NOTE: The vote is displayed in bold below each item. For example, Kratt-Couch denotes Trustee Rick Kratt made the motion and Trustee David Couch seconded the motion.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

PUBLIC COMMENTS

3. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

INVESTMENT MATTERS

4. Discussion and appropriate action on private market fund recommendation presented by Maria Surina, Investment Director, Cambridge Associates¹, and Senior Investment Officer Geoff Nolan – MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; CHAIR TYLER WHITEZELL HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE UP TO \$45MM COMMITMENT TO QUANTUM CAPITAL SOLUTIONS II AND UP TO \$10MM COMMITMENT TO QUANTUM CAPITAL SOLUTIONS II-C; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Couch-Kratt – 4 Ayes

5. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Managing Director, Cambridge Associates², and Senior Investment Officer Geoff Nolan – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE UP TO \$25MM COMMITMENT TO CASTLELAKE AVIATION V STABLE YIELD; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 4 Ayes

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

6. On their own initiative, Committee members may make a brief announcement refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

² Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

7. ADJOURNED – 11:21A.M.

Secretary, Board of Retirement

Chair, Investment Committee

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Board of Retirement Meeting
June 12, 2024**

8:35 a.m.

Board Members: Contreras (Alternate), Vice-Chair Couch, Duffey, Chair Franey, Gonzalez, Hughes, Kaufman, Kratt, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell

ROLL CALL (IN PERSON)

Present: Contreras, Couch, Duffey, Franey, Gonzalez, Hughes, Kratt, Seibly, Whitezell

Absent: Kaufman, Nunneley, Sanders

SALUTE TO FLAG – TRUSTEE HUGHES

MOMENT OF SILENCE

NOTE: The vote is displayed in bold below each item. For example, Sanders-Kaufman denotes Trustee John Sanders made the motion and Trustee Jordan Kaufman seconded the motion.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

CONSENT MATTERS

All consent matter items listed below with an asterisk () were considered to be routine and non-controversial by staff and approved by one motion, unless otherwise noted.*

TRUSTEE DUSTIN CONTRERAS DECLARED A POTENTIAL CONFLICT BASED ON PERSONAL KNOWLEDGE OF AND EXPERIENCE WITH THE APPLICANT IN ITEM 3, RECUSED HIMSELF FROM ITEM 3, AND LEFT THE MEETING AT 8:37 A.M.

ITEM NUMBERS FOR CONSENT AGENDA INADVERTENTLY MISSTATED AS ITEMS 3 THROUGH 17, INSTEAD OF 3 THROUGH 18. CONSENT AGENDA ITEM 18 TAKEN UP AFTER ITEM 20

- *3. Application for service-connected disability pension benefits for Justin Fleeman, Sheriff (Safety) – ADOPTED RECOMMENDATION OF SDAG TO DENY, WITH PREJUDICE, SERVICE-CONNECTED DISABILITY PENSION

Kratt-Whitezell – 7 Ayes

Trustee Rick Kratt voted in place of Trustee Dustin Contreras per Cal. Gov. Code section 31520.1

- *4. Application for service-connected disability pension benefits for Stephen Kauffman, District Attorney (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Kratt-Whitezell – 7 Ayes

- *5. Application for service-connected disability pension benefits for Mark Rodriguez, Fire (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Kratt-Whitezell – 7 Ayes

- *6. Application for service-connected disability pension benefits for Mark Schmidt, Fire (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Kratt-Whitezell – 7 Ayes

- *7. Summary of proceedings of the following meetings:

- April 24, 2024 Administrative Committee
- April 26, 2024 Finance Committee
- April 26, 2024 Special Board of Retirement
- April 26, 2024 Investment Committee
- May 1, 2024 Board of Retirement

RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

- *8. Report from the KCERA office on members retired from service for the month of May 2024 – RATIFIED

Kratt-Whitezell – 7 Ayes

- *9. Report from the KCERA office on deceased retirees for the month of May 2024 – RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

- *10. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending May 31, 2024 – RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

- *11. Securities Lending Earnings Summary Report for the period April 30, 2024 from Deutsche Bank – RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

- *12. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of April 2024 – RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

- *13. Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFIED

Kratt-Whitezell – 7 Ayes

- *14. KCERA Schedules of Employer Allocations and Pension Amounts by Employer and related notes including independent auditors' report as of and for the year ended June 30, 2023, and Segal's Governmental Accounting Standards Board (GASB 68) Actuarial Valuation based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024 – RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

- *15. Recommendation from staff and the Finance Committee for actuarial auditor to perform an actuarial audit of the June 30, 2023 Actuarial Valuation and the July 1, 2019 through June 30, 2023 Actuarial Experience Study – ENGAGED CHEIRON TO PERFORM AN ACTUARIAL AUDIT OF THE JUNE 30, 2023 ACTUARIAL VALUATION AND THE JULY 1, 2019 THROUGH JUNE 30, 2023 ACTUARIAL EXPERIENCE STUDY; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Whitezell – 7 Ayes

- *16. Agreement for Governance Consulting Services with Aon – RECEIVED AND FILED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Whitezell – 7 Ayes

- *17. Invitation from NAPPA for Deputy Chief Legal Officer Kristen McDonald to attend the NAPPA Annual Conference, June 24-28, 2024, in Fort Lauderdale, FL – RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

TRUSTEE DUSTIN CONTRERAS RETURNED TO THE MEETING AT 8:39 A.M., FOLLOWING THE CONCLUSION OF CONSENT AGENDA

ITEMS 19 AND 20 HEARD OUT OF ORDER FOR THE REASON STATED ABOVE

PUBLIC COMMENTS

19. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

INVESTMENT MATTERS

20. Discussion and appropriate action on private market fund recommendation presented by Maria Surina, Investment Director, Cambridge Associates¹, Senior Investment Officer Geoff Nolan, and the Investment Committee – MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE TYLER WHITEZELL HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

TRUSTEE JOHN SANDERS ARRIVED AT 8:47 A.M.

APPROVED UP TO \$45MM COMMITMENT TO QUANTUM CAPITAL SOLUTIONS II AND UP TO \$10MM COMMITMENT TO QUANTUM CAPITAL SOLUTIONS II-C; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 8 Ayes

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

CONSENT MATTERS (CONTINUED)

- *18. Invitation from State Association of County Retirement Systems (SACRS) to trustees and staff to attend the SACRS UC Berkeley Program, July 14-17, 2024, in Berkeley, California – APPROVED ATTENDANCE OF TRUSTEES DEON DUFFEY AND JORDAN KAUFMAN

Hughes-Kratt – 7 Ayes

Trustee John Sanders not called to vote for additional consent item

INVESTMENT MATTERS (CONTINUED)

21. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Managing Director, Cambridge Associates², Senior Investment Officer Geoff Nolan, and the Investment Committee – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE TYLER WHITEZELL HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

APPROVED UP TO \$25MM COMMITMENT TO CASTLELAKE AVIATION V STABLE YIELD; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Couch-Kratt – 8 Ayes

22. Presentation on the 2H 2023 Private Markets Performance Report presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Investment Director, Cambridge Associates³, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Geoff Nolan – KELLY JENSEN, KEIRSTEN LAWTON, AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Whitezell-Couch – 8 Ayes

23. Presentation on the 1st Quarter Investment Performance Review period ending March 31, 2024 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; TRUSTEE RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Couch-Kratt – 8 Ayes

² Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

³ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

24. Presentation on the 1st Quarter 2024 Portfolio Review presented by Spencer Edge, Albourne America⁴ – SPENCER EDGE, ALBOURNE AMERICA, HEARD

RECEIVED AND FILED

Whitezell-Couch – 8 Ayes

25. Presentation on equity deep dive presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and Senior Investment Analyst Rafael Jimenez – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR PHIL FRANEY HEARD; TRUSTEES RICK KRATT AND TYLER WHITEZELL HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT ANALYST RAFAEL JIMENEZ HEARD

HEARD PRESENTATION

FINANCE MATTERS

26. Presentation regarding KCERA Organizational Landscape and Budget Governance presented by presented by Chief Executive Officer Dominic Brown – TRUSTEE ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN, HEARD

HEARD PRESENTATION

27. Discussion and appropriate action on the proposed fiscal year 2024-2025 KCERA Operating Budget presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matthew Henry, Chief Financial Officer Angela Kruger, and the Finance Committee – CHAIR PHIL FRANEY HEARD; TRUSTEES ROBB SEIBLY AND TYLER WHITEZELL HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD; CHIEF FINANCIAL OFFICER ANGELA KRUGER HEARD

APPROVED

Whitezell-Couch – 8 Ayes

⁴ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

ADMINISTRATIVE MATTERS

28. Managed Medical Review Organization (MMRO) disability retirement application status update presented by Doug Minke, JD, MBA, Vice President Corporate Development & General Counsel, MMRO – DOUG MINKE, JD, MBA, MMRO, HEARD; TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

HEARD PRESENTATION; RECEIVED AND FILED UPDATE

Couch-Kratt – 8 Ayes

29. Discussion and appropriate action on AB 2248 presented by Chief Legal Officer, Jennifer Zahry – CHAIR PHIL FRANNEY HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEES DUSTIN CONTRERAS, JUAN GONZALEZ, RICK KRATT, ROBB SEIBLY, AND TYLER WHITEZELL HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

DIRECTED STAFF TO SUBMIT LETTER OF OBJECTION

Couch-Sanders – 8 Ayes

STAFF REPORTS

30. Report from Chief Executive Officer:

CHIEF OPERATIONS OFFICER MATTHEW HENRY REPORTED THE FOLLOWING:

- OFFICE UPDATE
- DISABILITY UPDATE
- 2024-25 EMPLOYEE & EMPLOYER CONTRIBUTION RATES DISTRIBUTED
- UPCOMING STAFF PRESENTATIONS ON MEMBER LIFECYCLE
- OPERATIONS ACTIVITY
- UPCOMING EVENTS

TRUSTEE ROBB SEIBLY HEARD

31. Report from Chief Investment Officer:

CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, REPORTED THE FOLLOWING:

- REBALANCING – MAY ACTIVITY
- POSITIONING – ACTUAL VS POLICY TARGET
- UPCOMING INVESTMENT COMMITTEE MEETINGS
- TAKEAWAYS FROM RECENT TRAVEL
- PRIVATE EQUITY IMPACTS

CHAIR PHIL FRANNEY HEARD

32. Report from Chief Legal Officer:

CHIEF LEGAL OFFICER JENNIFER ZAHRY AND DEPUTY CHIEF LEGAL OFFICER KRISTEN MCDONALD REPORTED THE FOLLOWING:

- LEGISLATIVE UPDATE
- LITIGATION UPDATE

CHAIR PHIL FRANNEY HEARD; VICE-CHAIR DAVID COUCH HEARD

COMMITTEE REPORTS

33. Report from Committee Chairs:

- a. Administrative Committee: CONTRERAS – NONE
- b. Finance Committee: SANDERS – NONE
- c. Investment Committee: WHITEZELL – MEETING TO BE SCHEDULED

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S) – NONE

EXECUTIVE SESSION

34. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION

Determination of whether to initiate litigation pursuant to paragraph (4) of subdivision (c) and (d) of Section 54956.9. (Number of potential cases: one).

35. CONFERENCE WITH LABOR NEGOTIATORS REGARDING UNREPRESENTED EMPLOYEE (pursuant to Government Code §54957.6(a))

Agency Designated Representatives: Juan Gonzalez and Joseph D. Hughes;
Unrepresented Employee: Chief Executive Officer

36. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to Government Code §54957): Title: Chief Executive Officer

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED IN PUBLIC SESSION AT 1:29 P.M.

ROLL CALL

To establish quorum present upon resuming public session

Present: Contreras, Couch, Duffey, Franey, Gonzalez, Hughes, Kratt, Sanders, Seibly, Whitezell

Absent: Kaufman, Nunneley

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 34 – DIRECTED STAFF TO FILE AMICUS BRIEF

Couch-Sanders – 8 Ayes

(Couch, Duffey, Franey, Gonzalez, Hughes, Kratt, Sanders, Whitezell)

ITEM 35 – NO REPORTABLE ACTION

ITEM 36 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

37. On their own initiative, Board members may make a brief announcement, refer matters to staff (subject to KCERA's rules and procedures), or make a brief report on their own activities – CHAIR PHIL FRANEY HEARD; TRUSTEE ROBB SEIBLY HEARD

NEW BUSINESS

38. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – NONE
39. ADJOURNED – 1:33 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Special Board of Retirement Meeting
June 24, 2024**

11:02 A.M.

Board Members: Contreras (Alternate), Vice-Chair Couch, Duffey, Chair Franey, Gonzalez, Hughes, Kaufman, Kratt, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell

ROLL CALL (IN PERSON)

Present: Contreras, Couch, Duffey, Franey, Gonzalez, Kaufman, Nunneley, Sanders, Seibly, Whitezell

Absent: Hughes, Kratt

SALUTE TO FLAG – TRUSTEE KAUFMAN

MOMENT OF SILENCE

NOTE: The vote is displayed in bold below each item. For example, Sanders-Kaufman denotes Trustee John Sanders made the motion and Trustee Jordan Kaufman seconded the motion.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

CONSENT MATTERS

All consent matter items listed below with an asterisk () were considered to be routine and non-controversial by staff and approved by one motion, unless otherwise noted.*

*3. Evaluation period initiated pursuant to Evaluation Period Policy – RATIFIED

Whitezell-Couch – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

PUBLIC COMMENTS

4. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

INVESTMENT MATTERS

5. Discussion and appropriate action on opportunistic fund recommendation presented by Spencer Edge, Albourne America¹, Chief Investment Officer Daryn Miller, CFA, and Senior Investment Analyst Rafael Jimenez* – SPENCER EDGE, ALBOURNE AMERICA, HEARD, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT ANALYST RAFAEL JIMENEZ HEARD

APPROVED \$10MM INVESTMENT IN PHARO OPPORTUNITIES FUND;
AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL
ADVICE AND REVIEW

**Pursuant KCERA's Board Operations Policy #38, this matter was presented to the Board without the involvement of the Investment Committee to timely capture an investment opportunity and prevent diminished returns. Prior consideration of this matter by the Investment Committee would have been imprudent.*

Kaufman-Couch – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

ADMINISTRATIVE MATTERS

6. Update on referral to staff regarding options to conduct Board of Retirement Elections presented by Chief Executive Officer – CHAIR PHIL FRANNEY HEARD; TRUSTEE JUAN GONZALEZ HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECEIVED AND FILED UPDATE

Couch-Gonzalez – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

7. On their own initiative, Board members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE

8. ADJOURNED – 11:19 A.M.

Secretary, Board of Retirement

Chair, Board of Retirement



**Kern County Employees' Retirement Association
New Retirees - June 01, 2024 to June 30, 2024**

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Flores	Maria	09/16/2023	General Tier I	5120 - Depart Of Human Services
Kindred	Aleshiea	05/25/2024	General Tier I	5120 - Depart Of Human Services
Louie	Chad	05/18/2024	General Tier I	2180 - District Attorney
Rodriguez	Eric	04/12/2024	Safety Tier I	2210S - Sheriff
Weiss	Ubaldo	05/04/2024	Safety Tier I	2210S - Sheriff

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Amorsolo	Maria Glenda	05/18/2024	General Tier I	9460 - Kern County Hospital Authority
Gomez	Luz Maria	05/18/2024	General Tier I	9460 - Kern County Hospital Authority
Maldonado	Maria	05/04/2024	General Tier I	9460 - Kern County Hospital Authority
Swartz	Lise	05/11/2024	General Tier I	9460 - Kern County Hospital Authority
Urunday	Sandra	05/04/2024	General Tier II PEPRA	9460 - Kern County Hospital Authority



**Kern County Employees' Retirement Association
New Retirees - July 01, 2024 to July 31, 2024**

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Anderson	Joe	02/28/2024	General Tier I	2180 - District Attorney
Briley	Kevin	06/03/2024	General Tier I	2180 - District Attorney
Faulk	Laura	06/07/2024	General Tier I	5120 - Depart Of Human Services
Favela Hernandez	Abundio	06/29/2024	General Tier I	8954 - Public Works-Public Ways
Gonzalez	Victoria	06/15/2024	General Tier I	5120 - Depart Of Human Services
Heintz	Stephanie	06/06/2024	General Tier I	4120 - Behavioral Health & Reco
Jones	Stefanie	06/29/2024	Safety Tier I	2210S - Sheriff
Kadel	Diana	06/01/2024	Safety Tier I	2180S - District Attorney
Kirk	Robert	06/15/2024	General Tier I	2210 - Sheriff
Ly	Hanh	06/01/2024	General Tier I	8954 - Public Works-Public Ways
Moreno	Noemi	06/21/2024	General Tier I	4300 - California Childrens Svcs
Perez	Manuelita	07/11/2024	Safety Tier I	2340S - Probation-Safety
Ratliff	Alesia	06/29/2024	General Tier I	2210 - Sheriff
Richardson	Kendra	06/12/2024	General Tier I	2415 - Fire
Smith	Clifton	03/23/2024	Safety Tier I	2415S - Fire
Valles	Raymond	06/29/2024	General Tier I	2610 - Dept Of Ag And Measmnt St
Waite	Sandra	06/01/2024	General Tier II PEPRA	2190 - Public Defender

Employer Name: KC Superior Court



**Kern County Employees' Retirement Association
New Retirees - July 01, 2024 to July 31, 2024**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Sanchez	Anne	06/15/2024	General Tier I	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Galeana	Alma	06/17/2024	General Tier II PEPRA	9460 - Kern County Hospital Authority

Employer Name: San Joaquin Valley APCD

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Copp	John	06/15/2024	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Ludwick	John	06/26/2024	General Tier I	0959 - San Joaquin Valley Air Pollution Control District



**Kern County Employees' Retirement Association
Decedents - June 01, 2024 to June 30, 2024**

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Abbott	Randall	General	County Of Kern
Addison	Robert	General	County Of Kern
Borjon	Earlene	General	County Of Kern
Etchegorry	Victor	General	County Of Kern
Ferris	Iris	General	County Of Kern
Gnekow	Michael	General	County Of Kern
Gonzales	Joe	General	County Of Kern
Hahn	Jane	General	County Of Kern
Lafore	Greg	General	San Joaquin Valley APCD
Leach	Gary	General	County Of Kern
Leishman	Laurel	General	County Of Kern
Lopez	Gregorio	General	County Of Kern
Manson	William	General	County Of Kern
McEwen	Jan	General	County Of Kern
Neri	Joe	General	Kern Mosquito & Vec Cntr
Reyes	Jasper	General	County Of Kern
Ruiz	Alfred	General	County Of Kern
Vela	Aresdi	General	County Of Kern
Woods	Roger	Safety	County Of Kern
Youree	Clayton	Safety	County Of Kern



**Kern County Employees' Retirement Association
Decedents - July 01, 2024 to July 31, 2024**

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Harmonson	Benjamin	Safety	County Of Kern

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Arnold	Thomas	General	County Of Kern
Brown	Russell	Safety	County Of Kern
Crompton	Isaiah	General	County Of Kern
Fieber	David	General	County Of Kern
Goetz	Velen	General	County Of Kern
Gonzalez	Elizabeth	General	County Of Kern
Gonzalez	Mary	General	County Of Kern
Harrison	Patrick	General	County Of Kern
Horner	Dione	Safety	County Of Kern
Morgan	Chris	Safety	County Of Kern
Palisoc	Maria	General	County Of Kern
Ramey	Robert	General	County Of Kern
Russell	Thomas	Safety	County Of Kern
Schmidt	Mark	Safety	County Of Kern
Sisemore	Judy	General	County Of Kern
Tish	Kimberly	Safety	County Of Kern

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF JUNE 30, 2024**

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Taylor, Andre	DEPARTMENT OF HUMAN SERVICES	6/20/2024	6/28/2024
Fadel, Jamal	PUBLIC WORKS	5/23/2024	5/31/2024
Riel, Elise	SHERIFF	5/9/2024	5/17/2024
Mock, Tiffany	SHERIFF	4/30/2024	5/3/2024
Stewart, Emily	DEPARTMENT OF HUMAN SERVICES	4/10/2024	4/22/2024
Miarta, Erica	SUPERIOR COURT	3/22/2024	4/5/2024
NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
Geissel, Zachary	FIRE	2/28/2024	5/17/2024
Wells, Michael	FIRE	2/23/2024	5/8/2024
Sutherland, Darrell	SHERIFF	2/8/2024	5/8/2024
Beyeler, Shawn	PUBLIC WORKS	12/14/2023	5/6/2024
Harbour, Leslie	SHERIFF	11/13/2023	3/14/2024
Brazeau, Bradley	FIRE	10/23/2023	1/26/2024
Lindley, Jeffrey	FIRE	9/27/2023	1/12/2024
De La Rosa, Alfred	SHERIFF	9/18/2023	12/18/2023
Rickels, Adam	SHERIFF	8/11/2023	10/11/2023
Stephan, Daren	PUBLIC WORKS	7/7/2023	9/15/2023
Norris, David	SHERIFF	5/26/2023	8/11/2023
Meeks, Sandra	BEHAVIORAL HEALTH & RECOVERY SERVICES	5/1/2023	7/18/2023
Fulmer, Evon	DEPARTMENT OF HUMAN SERVICES	4/28/2023	7/18/2023
Muniz, Linda	BEHAVIORAL HEALTH & RECOVERY SERVICES	4/6/2023	6/26/2023
Romero, Anthony	FIRE	3/10/2023	6/19/2023
Gonzalez-Lopez, Rebecca	DEPARTMENT OF HUMAN SERVICES	3/9/2023	6/19/2023
Guivas Smith, Loida	AGING AND ADULT SERVICES	3/8/2023	6/19/2023
Allen, Paul	SHERIFF	2/22/2023	4/25/2023
Miarta, Richard	SHERIFF	2/10/2023	4/25/2023
Harbour, Leslie	SHERIFF	2/9/2023	4/25/2023

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF JUNE 30, 2024**

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
Ramirez, Edward	SHERIFF	2/7/2023	4/25/2023
Lock, Ranna	SHERIFF	2/1/2023	4/25/2023
Inman Ferguson, Jill	KERN COUNTY SUPERIOR COURT	1/24/2023	4/10/2023
Monahan, Laura	KERN COUNTY WATER AGENCY	1/3/2023	4/6/2023
Kimbrell, Tamara	SHERIFF	11/29/2022	3/23/2023
Dunlap, James	SHERIFF	11/1/2022	2/8/2023
Perez, Manuelita	PROBATION	10/27/2022	1/17/2023
Yanez, Alfred	SHERIFF	10/3/2022	2/10/2022
Morrison, James	SHERIFF	9/14/2022	12/19/2022
Gregory, Dolores	SHERIFF	8/16/2022	12/19/2022
Smith, Clifton	FIRE	8/15/2022	12/19/2022
Cockrell, June	DEPARTMENT OF HUMAN SERVICES	8/11/2022	10/18/2022
Gaetzman, Travis	SHERIFF	8/10/2022	11/22/2022
Hartley-Anders, Kim	KERN COUNTY SUPERIOR COURT	8/9/2022	11/22/2022
Hudson, Richard	SHERIFF	8/8/2022	11/22/2022
Carrillo, Aaron	SHERIFF	7/15/2022	9/30/2022
Rice, Jerry	FIRE	7/7/2022	11/22/2022
Roden, Jim	SHERIFF	6/22/2022	9/30/2022
Pena, Armando	PROBATION	5/27/2022	9/19/2022
Hill, Sheldon	SHERIFF	5/27/2022	8/19/2022
Cano, Emma	BEHAVIORAL HEALTH AND RECOVERY SERVICES	3/17/2022	8/19/2022
Fussel, Kathy	KERN COUNTY HOSPITAL AUTHORITY	11/3/2021	2/24/2022
Brannan, Derek	SHERIFF	7/14/2021	11/22/2021
Leon, Theresa	DEPARTMENT OF HUMAN SERVICES	7/7/2021	10/18/2021
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	2/25/2021	8/20/2021
McAdoo, John	SHERIFF	2/24/2021	8/20/2021

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF JUNE 30, 2024**

COMPLETED IN 2024			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Baker, Breanne	DEPARTMENT OF HUMAN SERVICES	4/2/2020	5/1/2024
Fleeman, Justin	SHERIFF	9/17/2020	6/12/2024
Cushman, Harris	SHERIFF	12/22/2020	2/14/2024
Smith, Thomas Jr.	SHERIFF	3/16/2021	2/14/2024
Williams, Theron	GENERAL SERVICES	5/12/2021	2/14/2024
Introini, Jessica	SHERIFF	6/18/2021	4/10/2024
Kauffman, Stephen	DISTRICT ATTORNEY	8/16/2021	6/12/2024
Guandique, Sandra	RISK MANAGEMENT	10/15/2021	4/10/2024
Gomez, Armando	INFORMATION TECHNOLOGY SERVICES	4/29/2022	2/14/2024
Fecke, Daniel	KERN COUNTY HOSPITAL AUTHORITY	6/15/2022	3/13/2024
Rodriguez, Mark	FIRE	6/21/2022	6/12/2024
Schmidt, Mark	FIRE	10/26/2022	6/12/2024

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS: APPEALS
AS OF JUNE 30, 2024**

NAME	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	HEARING OFFICER SELECTED	STATUS
Burchfield, James	PUBLIC WORKS	11/17/2020	SDAG to grant SCD	1/12/2024	2/16/2024	With Hearing Officer
Bankston, Josh	SHERIFF	2/9/2021	SDAG to deny SCD	9/15/2023; 1/19/2024	3/1/2024	With Hearing Officer
Patton, Eric	SHERIFF	6/30/2021	SDAG to deny SCD	5/17/2024		Pending Additional Medical
Candelaria, Valorie	DEPARTMENT OF HUMAN SERVICES	6/23/2021	SDAG to deny SCD	12/21/2023	1/17/2024	With Hearing Officer

HEARINGS COMPLETED IN 2024

NAME	DEPARTMENT	DATE FILED	DATE HEARING COMPLETED	BOARD DECISION
Martinez de Moore, Brenda	BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/2018	4/1/2024	Hearing Officer Findings & Recommendation to Deny SCD

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF JULY 31, 2024**

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Linch, Valentine	FIRE	7/22/2024	7/29/2024
Mena, Aaron	FIRE	7/16/2024	7/31/2024
Taylor, Andre	DEPARTMENT OF HUMAN SERVICES	6/20/2024	6/28/2024
Fadel, Jamal	PUBLIC WORKS	5/23/2024	5/31/2024
Riel, Elise	SHERIFF	5/9/2024	5/17/2024
NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
Mock, Tiffany	SHERIFF	4/30/2024	7/17/2024
Stewart, Emily	DEPARTMENT OF HUMAN SERVICES	4/10/2024	7/2/2024
Miarta, Erica	SUPERIOR COURT	3/22/2024	7/2/2024
Geissel, Zachary	FIRE	2/28/2024	5/17/2024
Wells, Michael	FIRE	2/23/2024	5/8/2024
Sutherland, Darrell	SHERIFF	2/8/2024	5/8/2024
Beyeler, Shawn	PUBLIC WORKS	12/14/2023	5/6/2024
Harbour, Leslie	SHERIFF	11/13/2023	3/14/2024
Brazeau, Bradley	FIRE	10/23/2023	1/26/2024
Lindley, Jeffrey	FIRE	9/27/2023	1/12/2024
De La Rosa, Alfred	SHERIFF	9/18/2023	12/18/2023
Rickels, Adam	SHERIFF	8/11/2023	10/11/2023
Stephan, Daren	PUBLIC WORKS	7/7/2023	9/15/2023
Norris, David	SHERIFF	5/26/2023	8/11/2023
Meeks, Sandra	BEHAVIORAL HEALTH & RECOVERY SERVICES	5/1/2023	7/18/2023
Fulmer, Evon	DEPARTMENT OF HUMAN SERVICES	4/28/2023	7/18/2023
Muniz, Linda	BEHAVIORAL HEALTH & RECOVERY SERVICES	4/6/2023	6/26/2023
Romero, Anthony	FIRE	3/10/2023	6/19/2023
Gonzalez-Lopez, Rebecca	DEPARTMENT OF HUMAN SERVICES	3/9/2023	6/19/2023
Guivas Smith, Loida	AGING AND ADULT SERVICES	3/8/2023	6/19/2023
Allen, Paul	SHERIFF	2/22/2023	4/25/2023

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF JULY 31, 2024**

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
Miarta, Richard	SHERIFF	2/10/2023	4/25/2023
Harbour, Leslie	SHERIFF	2/9/2023	4/25/2023
Ramirez, Edward	SHERIFF	2/7/2023	4/25/2023
Lock, Ranna	SHERIFF	2/1/2023	4/25/2023
Inman Ferguson, Jill	KERN COUNTY SUPERIOR COURT	1/24/2023	4/10/2023
Monahan, Laura	KERN COUNTY WATER AGENCY	1/3/2023	4/6/2023
Kimbrell, Tamara	SHERIFF	11/29/2022	3/23/2023
Dunlap, James	SHERIFF	11/1/2022	2/8/2023
Perez, Manuelita	PROBATION	10/27/2022	1/17/2023
Yanez, Alfred	SHERIFF	10/3/2022	2/10/2022
Morrison, James	SHERIFF	9/14/2022	12/19/2022
Gregory, Dolores	SHERIFF	8/16/2022	12/19/2022
Smith, Clifton	FIRE	8/15/2022	12/19/2022
Cockrell, June	DEPARTMENT OF HUMAN SERVICES	8/11/2022	10/18/2022
Gaetzman, Travis	SHERIFF	8/10/2022	11/22/2022
Hartley-Anders, Kim	KERN COUNTY SUPERIOR COURT	8/9/2022	11/22/2022
Hudson, Richard	SHERIFF	8/8/2022	11/22/2022
Carrillo, Aaron	SHERIFF	7/15/2022	9/30/2022
Rice, Jerry	FIRE	7/7/2022	11/22/2022
Roden, Jim	SHERIFF	6/22/2022	9/30/2022
Pena, Armando	PROBATION	5/27/2022	9/19/2022
Hill, Sheldon	SHERIFF	5/27/2022	8/19/2022
Cano, Emma	BEHAVIORAL HEALTH AND RECOVERY SERVICES	3/17/2022	8/19/2022
Fussel, Kathy	KERN COUNTY HOSPITAL AUTHORITY	11/3/2021	2/24/2022
Brannan, Derek	SHERIFF	7/14/2021	11/22/2021
Leon, Theresa	DEPARTMENT OF HUMAN SERVICES	7/7/2021	10/18/2021
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	2/25/2021	8/20/2021
McAdoo, John	SHERIFF	2/24/2021	8/20/2021

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF JULY 31, 2024**

COMPLETED IN 2024			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Baker, Breanne	DEPARTMENT OF HUMAN SERVICES	4/2/2020	5/1/2024
Fleeman, Justin	SHERIFF	9/17/2020	6/12/2024
Cushman, Harris	SHERIFF	12/22/2020	2/14/2024
Smith, Thomas Jr.	SHERIFF	3/16/2021	2/14/2024
Williams, Theron	GENERAL SERVICES	5/12/2021	2/14/2024
Introini, Jessica	SHERIFF	6/18/2021	4/10/2024
Kauffman, Stephen	DISTRICT ATTORNEY	8/16/2021	6/12/2024
Guandique, Sandra	RISK MANAGEMENT	10/15/2021	4/10/2024
Gomez, Armando	INFORMATION TECHNOLOGY SERVICES	4/29/2022	2/14/2024
Fecke, Daniel	KERN COUNTY HOSPITAL AUTHORITY	6/15/2022	3/13/2024
Rodriguez, Mark	FIRE	6/21/2022	6/12/2024
Schmidt, Mark	FIRE	10/26/2022	6/12/2024

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS: APPEALS
AS OF JULY 31, 2024**

NAME	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	HEARING OFFICER SELECTED	STATUS
Burchfield, James	PUBLIC WORKS	11/17/2020	SDAG to grant SCD	1/12/2024	2/16/2024	Pending Board Decision
Bankston, Josh	SHERIFF	2/9/2021	SDAG to deny SCD	9/15/2023; 1/19/2024	3/1/2024	Post-Hearing briefs
Patton, Eric	SHERIFF	6/30/2021	SDAG to deny SCD	5/17/2024		Pending Additional Medical
Candelaria, Valorie	DEPARTMENT OF HUMAN SERVICES	6/23/2021	SDAG to deny SCD	12/21/2023	1/17/2024	With Hearing Officer

HEARINGS COMPLETED IN 2024

NAME	DEPARTMENT	DATE FILED	DATE HEARING COMPLETED	BOARD DECISION
Martinez de Moore, Brenda	BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/2018	4/1/2024	Pending Board Decision

SECURITIES LENDING

Summary Earnings Report

Run Time: 10-Jun-2024 10:23 EDT
Date Range: 01-MAY-2024 To 31-MAY-2024
Location: Not specified
Currency: Not Specified
Client ID: Not Specified
Master Client: CAKERN
Grouping Type: None
Level: Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
KNCTY - Harvest Midstream	CAKE18	10,153,554.35	16,172.85	1,455.56	14,717.29	KNC15
KNCTY - PIMCO Midstream	CAKE19	17,433,935.64	4,995.30	449.58	4,545.72	KNC16
KNCTY PIMCO Core Plus	CAKE07	34,699,141.79	6,848.04	616.32	6,231.72	KNC11
KNCTY PIMCO EMD	CAKE08	1,426,070.39	755.38	67.98	687.40	KNC12
KNTCY - Alliance Bernstein	CAKE15	21,802,409.46	6,095.04	548.55	5,546.48	2664130
KNTCY - Geneva	CAKE16	15,509,296.54	4,389.73	395.08	3,994.65	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	9,136,308.29	3,024.45	272.20	2,752.25	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	39,974,208.40	20,358.41	1,832.26	18,526.15	KNC08
CCY Total		150,134,924.84	62,639.19	5,637.53	57,001.66	

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SECURITIES LENDING

Summary Earnings Report

Run Time: 09-Jul-2024 09:48 EDT
Date Range: 01-JUN-2024 To 30-JUN-2024
Location: Not specified
Currency: USD
Client ID: Not Specified
Master Client: CAKERN
Grouping Type: None
Level: Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
KNCTY - Harvest Midstream	CAKE18	19,782,178.86	8,399.02	755.91	7,643.11	KNC15
KNCTY - PIMCO Midstream	CAKE19	20,474,779.40	6,042.39	543.82	5,498.58	KNC16
KNCTY PIMCO Core Plus	CAKE07	51,349,443.97	7,691.88	692.27	6,999.61	KNC11
KNCTY PIMCO EMD	CAKE08	937,569.00	465.60	41.90	423.70	KNC12
KNTCY - Alliance Bernstein	CAKE15	23,789,932.14	6,730.33	605.73	6,124.60	2664130
KNTCY - Geneva	CAKE16	15,843,980.83	4,270.71	384.36	3,886.35	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	5,320,956.16	2,366.63	213.00	2,153.64	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	41,774,145.97	19,276.17	1,734.86	17,541.32	KNC08
CCY Total USD:		179,272,986.34	55,242.73	4,971.85	50,270.89	
Grand Total USD:			55,242.73	4,971.85	50,270.89	

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KCERA ASSET ALLOCATION*
5/31/2024

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) \$(000)
AllianceBernstein	Small Cap Value	106,852	1.8%			
Geneva Capital	Small Cap Growth	58,298	1.0%			
Mellon Capital Management EB DV	Large Cap Passive	644,392	11.1%			
PIMCO StockPlus	Large Cap Enhanced	141,267	2.4%			
Total Domestic Equity		\$950,809	16.4%	12 - 28%	16.4%	\$950,809
American Century	International Small	62,258	1.1%			
Cevian Capital II LP	International Large	49,205	0.8%			
Daiton Japan Long Only	International Small	58,404	1.0%			
Lazard Japanese Equity	International Large	118,528	2.0%			
Mellon Capital Management-EB DV	International Large Passive	444,136	7.7%			
Total International Developed Equity		\$732,531	12.6%	5 - 18%	12.6%	\$732,531
DFA Emerging Markets Value Portfolio	Emerging Markets	93,401	1.6%			
Mellon Emerging Markets	Emerging Markets	114,591	2.0%			
Total Emerging Market Equity		\$207,992	3.6%	0 - 9%	3.6%	\$207,992
TOTAL EQUITY		\$1,891,332	32.6%	33.0%	(0.4%)	(\$23,414)
Mellon Capital Management Ag Bond	Core	163,762	2.8%			
PIMCO CP	Core Plus	169,484	2.9%			
Western Asset Management - CP	Core Plus	84,618	1.5%			
Total Core		\$417,864	7.2%	15.0%	(7.8%)	(\$452,475)
TCW Securitized Opportunities LP	Securitized Opportunities	91,168	1.6%			
Western Asset Management - HY	High Yield	169,580	2.9%			
PIMCO EM Beta	Emerging Markets	156,633	2.7%			
Stone Harbor Global Funds	Emerging Markets	40,503	0.7%			
Total Credit		\$457,884	7.9%	10.0%	(2.1%)	(\$122,342)
TOTAL FIXED INCOME		\$875,748	15.1%	25.0%	(9.9%)	(\$574,817)
Gresham Commodity Builder Fund	Active	36,559	0.6%			
Wellington Trust Company (WTC)	Active	190,358	3.3%			
TOTAL COMMODITIES		\$226,917	3.9%	4.0%	(0.1%)	(\$5,173)
Aristeia International Ltd	Hedge Fund - Direct	74,618	1.3%			
Brevan Howard Fund Limited	Hedge Fund - Direct	55,053	0.9%			
D. E. Shaw Composite Fund	Hedge Fund - Direct	62,332	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	49,798	0.9%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	83,501	1.4%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	48,702	0.8%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	81,595	1.4%			
Pharo Macro Fund LTD	Hedge Fund - Direct	70,644	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.8%			
TOTAL HEDGE FUND		\$571,842	9.9%	10.0%	(0.1%)	(\$8,384)
ASB Capital Management	Core	132,795	2.3%			
Blue Owl Real Estate Fund VI	Core	12,010	0.2%			
JPMCB Strategic Property Fund	Core	110,691	1.9%			
TOTAL CORE REAL ESTATE		\$255,496	4.4%	5.0%	(0.6%)	(\$34,617)
Davidson Kempner	Hedge Fund - Direct	59,346	1.0%			
Garda Fixed Income	Hedge Fund - Direct	64,696	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	37,056	0.6%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.0%			
TOTAL CE ALPHA POOL		\$221,943	3.8%	8.0%	(4.2%)	(\$242,238)
Harvest Midstream	Midstream	155,829	2.7%			
PIMCO Midstream	Midstream	139,457	2.4%			
TOTAL MIDSTREAM ENERGY		\$295,286	5.1%	5.0%	0.1%	\$5,173
Aristeia Select Opportunities II LP	Opportunistic	45,987	0.8%			
Hudson Bay Special Opportunities Fund	Opportunistic	2,680	0.0%			
River Birch International Ltd	Opportunistic	5,267	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	92,622	1.6%			
TOTAL OPPORTUNISTIC		\$146,556	2.5%	0.0%	2.5%	\$146,556
Abbott Capital Funds	Private Equity Fund of Funds	15,174	0.3%			
Brighton Park Capital Fund I	Private Equity	40,790	0.7%			
Brighton Park Capital Fund II	Private Equity	4,094	0.1%			
Level Equity Growth Partners	Private Equity	15,325	0.3%			
LGT Crown Global V & VI	Private Equity	40,099	0.7%			
Linden Capital Partners	Private Equity	19,858	0.3%			
Longreach CAP Partners IV-JPY	Private Equity	3,708	0.1%			
Pantheon Funds	Private Equity Fund of Funds	7,338	0.1%			
Parthenon Investors VII	Private Equity	419	0.0%			
Peak Rock	Private Equity	18,851	0.3%			
OrbiMed Private Investments IX	Private Equity	2,333	0.0%			
Rubicon Technology Partners IV	Private Equity	9,997	0.2%			
Vista Foundation Fund IV	Private Equity	19,775	0.3%			
Warren Equity Partners Fund III and Fund IV	Private Equity	50,472	0.9%			
WEP IV TS Co-Investment LP	Private Equity	7,220	0.1%			
TOTAL PRIVATE EQUITY		\$255,483	4.4%	5.0%	(0.6%)	(\$34,630)
Ares Pathfinder Fund II	Private Credit	3,662	0.1%			
Blue Torch Credit Opportunites II	Private Credit	13,593	0.2%			
Blue Torch Credit Opportunites Fund III	Private Equity	18,284	0.3%			
Brookfield Real Estate Finance Fund V	Private Credit	12,920	0.2%			
Cerberus Levered Loan Opportunites Fund V LP	Private Credit	18,487	0.3%			
Colony Distressed Credit Fund	Private Credit	15,070	0.3%			
Fortress Credit Opportunites Fund V	Private Credit	29,811	0.5%			
Fortress Lending Fund II (A)	Private Credit	25,071	0.4%			
Fortress Lending Fund III (A)	Private Credit	28,825	0.5%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	46,722	0.8%			
HPS Special Situations Opportunity Fund II	Private Credit	5,152	0.1%			
ITE Rail Fund LP	Private Credit	19,900	0.3%			
Magnetar Constellation Fund V	Private Credit	24,217	0.4%			
Oak Hill Advisors Structured Products Fund III LP	Private Credit	13,469	0.2%			
OrbiMed Royalty & Credit Opportunites IV	Private Credit	9,716	0.2%			
Silver Point Specialty Credit Fund III	Private Credit	8,130	0.1%			
Sixth Street TAO Partners (B)	Private Credit	43,300	0.7%			
TOTAL PRIVATE CREDIT		\$336,129	5.8%	8.0%	(2.2%)	(\$128,052)
Covenant Apartment Fund X	Private Real Estate	29,338	0.5%			
Covenant Apartment Fund XI	Private Real Estate	21,061	0.4%			
Invesco Real Estate Funds III & IV	Private Real Estate	158	0.0%			
Juniper Capital IV LP & Juniper High Noon Partners	Private Real Estate	8,224	0.1%			
KSL Capital Partners VI, LP and ITS Parallel Funds	Private Real Estate	5,488	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	17,924	0.3%			
Landmark Real Estate Partners VIII & IX	Private Real Estate	33,297	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	34,470	0.6%			
Merit Hill Self-Storage V, LP	Private Real Estate	14,505	0.2%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	15,595	0.3%			
TOTAL PRIVATE REAL ESTATE		\$180,060	3.1%	5.0%	(1.9%)	(\$110,053)
Northern Trust STIF	Short Term	195,806	3.4%			
BlackRock Short Duration	Short Term	244,645	4.2%			
Parametric	Overlay	85,327	1.5%			
Treasurers Pooled Cash	Short Term	17,964	0.3%			
Wells Fargo Bank	Short Term	1,475	0.0%			
TOTAL CASH AND OVERLAY		\$545,217	9.4%	-8.0%	17.4%	\$1,009,398
Transition Accounts	Liquidation	251	0.0%			
Other		\$251	0.0%	0.0%	0.0%	\$251
As Allocated to Managers **		\$5,802,260	100.0%	100.0%	(0.0%)	\$0

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement September 2023.

**Physical securities market value only. Does not include notional market values of the overlay or capital efficiency program

KCERA
CASH FLOW POSITION
May, 2024
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	10,631,724
Employer Contributions	39,838,236		
Employee Contributions	5,789,474		
Service Purchases	58,452		
Miscellaneous			
Total Receipts:			45,686,163
Operating Expenses	(1,196,256)		
Investment Expenses	(726,688)		
Transfers-out	(36,500,000)		
Total Disbursements:			<u>(38,422,944)</u>
Ending Cash Balance:			<u><u>17,894,943</u></u>

NORTHERN TRUST

Beginning Cash Balance:		\$	174,597,194
Private Markets - Distributions	2,724,269		
Commingled Funds - Distributions	38,288		
Redemption Western Asset Mgmt	40,000,000		
Dividend and Interest Income	1,284,994		
Class Action Proceeds	309		
Interest	777,056		
Securities Lending Earnings (NET)	52,343		
Total Receipts:			44,877,259
Capital Calls Orbimed	(3,000,000)		
Capital Calls Covenant	(1,500,000)		
Capital Calls Linden	(1,555,630)		
Capital Calls Warren Equity	(1,363,241)		
Capital Calls Blue Owl	(12,048,773)		
Capital Calls Fortress	(968,373)		
Capital Calls Peak Rock	(1,308,636)		
Contribution Longreach	(3,713,172)		
Other Expenses	(14,015)		
Total Disbursements:			<u>(25,471,839)</u>
Ending Cash Balance:		\$	<u><u>194,002,615</u></u>

**KCERA
CASH FLOW POSITION
May, 2024**

WELLS FARGO BANK

Beginning Cash Balance		\$ 2,322,601
Transfer In Northern Trust		
Transfer In TPC - County	36,500,000	
ACH Returns / Deletes	63,283	
Total Receipts:		36,563,283
ACH Benefit Payments	(32,527,209)	
Total Checks Paid	(323,953)	
Taxes Withholding Deposits	(4,558,834)	
Bank Services	(583)	
Total Disbursements:		(37,410,578)
WFB ending Balance		<u>\$ 1,475,306</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED MAY, 2024**

Description	July	August	September	October	November	December	January	February	March	April	May	Total
Investment Base Fees:												
Domestic Equity:												
AllianceBernstein				145,101.55			163,911.53			170,533.78		479,546.86
Henderson Geneva Capital		95,077.00			97,284.00			94,438.00			106,680.00	393,479.00
Mellon Capital					64,654.57			64,248.35		47,555.67		176,458.59
International Equity:												
BlackRock			90,670.26								458,571.85	549,242.11
Lazard								54,280.41		92,650.68		
Fixed Income:												
Mellon Capital (Ag Bond)					10,962.57			11,418.67		11,209.05		33,590.29
Pacific Investment Management Company		275,622.93			309,236.21			319,961.03	262,275.14	35,622.62		1,202,717.93
Western Asset Management				165,649.45				165,646.04		169,776.22		501,071.71
Commodities:												
Wellington Trust Company		312,457.14		350,207.54								662,664.68
Real Estate:												
ASB Capital Management		319,553.46				305,430.29		280,535.35			260,250.08	1,165,769.18
Midstream Energy:												
Harvest Midstream				301,649.30			273,661.79			280,950.17		856,261.26
Overlay												
Parametric		74,523.00			75,233.00			70,085.00			68,897.00	288,738.00
Subtotal	0.00	1,077,233.53	90,670.26	962,607.84	862,800.64	0.00	437,573.32	1,060,612.85	262,275.14	808,298.19	894,398.93	6,456,470.70
Investment Professional Fees:												
Consulting:												
Abel Noser			7,875.00			7,875.00		7,875.00				23,625.00
Albourne America LLC		33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	46,283.33	33,333.33	33,333.33	33,333.33	33,333.33	346,283.30
Cambridge Associates			187,500.00			187,500.00			187,500.00			562,500.00
Glass, Lewis & Co.	7,950.00											7,950.00
Nasdaq Evestment							39,000.00					
Two Sigma		11,250.00		11,250.00			11,250.00			11,250.00		45,000.00
Verus		34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	341,666.70
Consulting - Other Expenses											539.08	539.08
Custodial:												
The Northern Trust Co.				121,666.67					114,250.00	128,183.33		364,100.00
Legal:												
Foley & Lardner LLP												0.00
Hanson Bridgett LLP												0.00
Nossaman LLP		8,983.50	82,779.00		20,000.00	52,183.00		25,000.00		79,672.00	92,796.00	361,413.50
Due Diligence / Investment-Related Travel:					2,713.91					3,463.56	2,906.05	
Subtotal	7,950.00	87,733.50	345,654.00	200,416.67	90,213.91	315,058.00	130,700.00	100,375.00	369,250.00	290,068.89	163,741.13	2,101,161.10
Total Investment Fees	7,950.00	1,164,967.03	436,324.26	1,163,024.51	953,014.55	315,058.00	568,273.32	1,160,987.85	631,525.14	1,098,367.08	1,058,140.06	8,557,631.80

KCERA
Operating Expense Budget Status Report
For the Month Ended May 31, 2024

Expense Type	Budget FY 2023/24	Expenses	Over (Under)
Staffing			
Salaries	4,215,888.00	\$3,371,633.83	(844,254.17)
Benefits	2,655,190.00	1,899,568.71	(755,621.29)
Staffing Total	6,871,078.00	5,271,202.54	(1,599,875.46)
Staff Development			
Education & Professional Development	120,000.00	\$71,547.62	(48,452.38)
Staff Appreciation	4,000.00	\$3,115.42	(884.58)
Staff Development Total	124,000.00	74,663.04	(49,336.96)
Professional Fees			
Actuarial fees	100,000.00	\$98,868.00	(1,132.00)
Audit fees	98,275.00	\$53,360.00	(44,915.00)
Consultant fees	115,000.00	\$117,565.00	2,565.00
Legal fees	20,000.00	\$14,244.16	(5,755.84)
Professional Fees Total	333,275.00	284,037.16	(49,237.84)
Office Expenses			
Building expenses	124,000.00	\$119,876.67	(4,123.33)
Communications	84,062.00	\$56,188.18	(27,873.82)
Equipment lease	12,000.00	\$10,330.59	(1,669.41)
Equipment maintenance	10,100.00	\$6,898.66	(3,201.34)
Memberships	20,000.00	\$11,029.00	(8,971.00)
Office supplies & misc. admin.	80,000.00	\$42,711.85	(37,288.15)
Payroll & accounts payable fees	25,000.00	\$7,669.69	(17,330.31)
Other Services - Kern County	40,000.00	\$32,801.83	(7,198.17)
Postage	20,000.00	\$14,450.23	(5,549.77)
Subscriptions	15,000.00	\$12,143.32	(2,856.68)
Utilities	30,000.00	\$46,066.37	16,066.37
Office Expense Total	460,162.00	360,166.39	(99,995.61)
Insurance	173,384.00	\$179,620.27	6,236.27
Member Services			
Disability - legal fees	50,000.00	\$97,883.49	47,883.49
Disability - administration MMRO	200,000.00	\$283,283.75	83,283.75
Member Services Total	250,000.00	381,167.24	131,167.24
Systems			
Audit – security & vulnerability scan	15,000.00	\$9,670.00	(5,330.00)
Business continuity expenses	16,050.00	\$9,176.92	(6,873.08)
Hardware	37,420.00	\$39,636.06	2,216.06
Licensing & support	140,780.00	\$141,491.64	711.64
Software	217,600.00	\$164,758.60	(52,841.40)
Website design & hosting	13,200.00	\$13,200.00	-
Systems Total	440,050.00	377,933.22	(62,116.78)
Board of Retirement			
Board compensation	12,000.00	\$8,300.00	(3,700.00)
Board conferences & training	50,000.00	\$23,673.96	(26,326.04)
Board elections	-	-	-
Board meetings	8,500.00	\$2,659.01	(5,840.99)
Board of Retirement Total	70,500.00	34,632.97	(35,867.03)
Depreciation / Amortization	42,651.00	\$194,895.73	152,244.73
Total Operating Expenses	8,765,100.00	7,158,318.56	(1,606,781.44)

KCERA ASSET ALLOCATION*
6/30/2024

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) (\$000)
AlianceBernstein	Small Cap Value	105,688	1.8%			
Geneva Capital	Small Cap Growth	58,384	1.0%			
Mellon Capital Management EB DV	Large Cap Passive	667,509	11.4%			
PIMCO StockPlus	Large Cap Enhanced	146,190	2.5%			
Total Domestic Equity		\$977,771	16.7%	12 - 28%	16.7%	\$977,771
American Century	International Small	64,559	1.1%			
Cevian Capital II LP	International Large	47,350	0.8%			
Daiton Japan Long Only	International Small	56,404	1.0%			
Lazard Japanese Equity	International Large	118,771	2.0%			
Mellon Capital Management-EB DV	International Large Passive	436,964	7.5%			
Total International Developed Equity		\$726,048	12.4%	5 - 18%	12.4%	\$726,048
DFA Emerging Markets Value Portfolio	Emerging Markets	95,168	1.6%			
Mellon Emerging Markets	Emerging Markets	118,979	2.0%			
Total Emerging Market Equity		\$214,147	3.7%	0 - 9%	3.7%	\$214,147
TOTAL EQUITY		\$1,917,966	32.8%	33.0%	(0.2%)	(\$12,043)
Mellon Capital Management Ag Bond	Core	165,322	2.8%			
PIMCO CP	Core Plus	170,574	2.9%			
Western Asset Management - CP	Core Plus	85,299	1.5%			
Total Core		\$421,195	7.2%	15.0%	(7.8%)	(\$456,082)
TCW Securitized Opportunities LP	Securitized Opportunities	92,290	1.6%			
Western Asset Management - HY	High Yield	170,079	2.9%			
PIMCO EN Beta	Emerging Markets	156,138	2.7%			
Stone Harbor Global Funds	Emerging Markets	39,809	0.7%			
Total Credit		\$458,314	7.8%	10.0%	(2.2%)	(\$126,537)
TOTAL FIXED INCOME		\$879,509	15.0%	25.0%	(10.0%)	(\$582,619)
Gresham Commodity Builder Fund	Active	36,237	0.6%			
Wellington Trust Company (WTC)	Active	188,083	3.2%			
TOTAL COMMODITIES		\$224,320	3.8%	4.0%	(0.2%)	(\$9,621)
Aristeia International Ltd	Hedge Fund - Direct	74,441	1.3%			
Brevan Howard Fund Limited	Hedge Fund - Direct	55,473	0.9%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	62,504	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	50,473	0.9%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	84,103	1.4%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	49,088	0.8%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	82,496	1.4%			
Pharo Macro Fund LTD	Hedge Fund - Direct	70,656	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.8%			
TOTAL HEDGE FUND		\$574,833	9.8%	10.0%	(0.2%)	(\$10,018)
ASB Capital Management	Core	132,795	2.3%			
Blue Owl Real Estate Fund VI	Core	11,956	0.2%			
JPMCB Strategic Property Fund	Core	111,135	1.9%			
TOTAL CORE REAL ESTATE		\$255,886	4.4%	5.0%	(0.6%)	(\$36,540)
Davidson Kempner	Hedge Fund - Direct	59,687	1.0%			
Garda Fixed Income	Hedge Fund - Direct	64,978	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	37,056	0.6%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.0%			
TOTAL CE ALPHA POOL		\$222,566	3.8%	8.0%	(4.2%)	(\$245,315)
Harvest Midstream	Midstream	161,465	2.8%			
PIMCO Midstream	Midstream	141,189	2.4%			
TOTAL MIDSTREAM ENERGY		\$302,654	5.2%	5.0%	0.2%	\$10,228
Aristeia Select Opportunities II LP	Opportunistic	44,537	0.8%			
Pharo Opportunities Fund SFC	Opportunistic	10,000	0.2%			
Hudson Bay Special Opportunities Fund	Opportunistic	2,880	0.0%			
River Birch International Ltd	Opportunistic	4,714	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	89,788	1.5%			
TOTAL OPPORTUNISTIC		\$151,717	2.6%	0.0%	2.6%	\$151,717
Abbott Capital Funds	Private Equity Fund of Funds	13,924	0.2%			
Brighton Park Capital Fund I	Private Equity	40,790	0.7%			
Brighton Park Capital Fund II	Private Equity	5,678	0.1%			
Level Equity Growth Partners	Private Equity	17,881	0.3%			
LGT Crown Global V & VI	Private Equity	42,886	0.7%			
Linden Capital Partners	Private Equity	19,888	0.3%			
Longreach CAP Partners IV-JPY	Private Equity	3,763	0.1%			
Pantheon Funds	Private Equity Fund of Funds	7,356	0.1%			
Pantheon Investors VII	Private Equity	1,191	0.0%			
Peak Rock	Private Equity	18,357	0.3%			
OrbiMed Private Investments IX	Private Equity	2,717	0.0%			
Rubicon Technology Partners IV	Private Equity	9,997	0.2%			
Vista Foundation Fund IV	Private Equity	19,775	0.3%			
Warren Equity Partners Fund III and Fund IV	Private Equity	53,790	0.9%			
WEP IV TS Co-Investment LP	Private Equity	7,220	0.1%			
TOTAL PRIVATE EQUITY		\$265,213	4.6%	5.0%	(0.5%)	(\$27,213)
Ares Pathfinder Fund II	Private Credit	4,526	0.1%			
Blue Torch Credit Opportunities II	Private Credit	13,593	0.2%			
Blue Torch Credit Opportunities Fund III	Private Equity	23,889	0.4%			
Brookfield Real Estate Finance Fund V	Private Credit	15,983	0.3%			
Cerberus Levered Loan Opportunities Fund V LP	Private Credit	18,404	0.3%			
Colony Distressed Credit Fund	Private Credit	15,070	0.3%			
Fortress Credit Opportunities Fund V	Private Credit	29,140	0.5%			
Fortress Lending Fund II (A)	Private Credit	24,573	0.4%			
Fortress Lending Fund III (A)	Private Credit	28,825	0.5%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	40,898	0.7%			
HPS Special Situations Opportunity Fund II	Private Credit	5,152	0.1%			
ITE Rail Fund LP	Private Credit	25,604	0.4%			
Magnetar Constellation Fund V	Private Credit	23,921	0.4%			
Oak Hill Advisors Structured Products Fund III LP	Private Credit	13,469	0.2%			
OrbiMed Royalty & Credit Opportunities IV	Private Credit	10,010	0.2%			
Silver Point Specialty Credit Fund III	Private Credit	9,549	0.2%			
Sixth Street TAO Partners (B)	Private Credit	46,335	0.8%			
TOTAL PRIVATE CREDIT		\$348,942	6.0%	8.0%	(2.0%)	(\$118,939)
Covenant Apartment Fund X	Private Real Estate	29,338	0.5%			
Covenant Apartment Fund XI	Private Real Estate	21,061	0.4%			
Invesco Real Estate Funds III & IV	Private Real Estate	1,375	0.0%			
Juniper Capital IV LP & Juniper High Noon Partner	Private Real Estate	8,224	0.1%			
KSL Capital Partners VI, LP and ITS Parallel Funds	Private Real Estate	5,345	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	17,924	0.3%			
Landmark Real Estate Partners VIII & IX	Private Real Estate	33,292	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	33,432	0.6%			
Merit Hill Self-Storage V, LP	Private Real Estate	14,505	0.2%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	18,045	0.3%			
TOTAL PRIVATE REAL ESTATE		\$181,324	3.1%	5.0%	(1.9%)	(\$111,101)
Northern Trust STIF	Short Term	169,186	2.9%			
BlackRock Short Duration	Short Term	245,548	4.2%			
Parametric	Overlay	91,123	1.6%			
Treasurers Pooled Cash	Short Term	16,103	0.3%			
Wells Fargo Bank	Short Term	1,375	0.0%			
TOTAL CASH AND OVERLAY		\$523,335	8.9%	-8.0%	16.9%	\$991,216
Transition Accounts	Liquidation	248	0.0%			
Other		\$248	0.0%	0.0%	0.0%	\$248
As Allocated to Managers **		\$5,848,513	100.0%	100.0%	0.0%	\$0

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement September 2023.

**Physical securities market value only. Does not include notional market values of the overlay or capital efficiency program

KCERA
CASH FLOW POSITION
JUNE, 2024
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	17,894,943
Employer Contributions	29,693,519		
Employee Contributions	4,388,118		
Service Purchases	70,321		
Total Receipts:			34,151,958
Operating Expenses	(676,602)		
Investment Expenses	(384,804)		
Transfers-out	(35,000,000)		
Total Disbursements:			(36,061,406)
Ending Cash Balance:			15,985,495

NORTHERN TRUST

Beginning Cash Balance:		\$	194,002,615
Private Markets - Distributions	11,923,564		
Commingled Funds - Distributions	2,891,286		
Dividend and Interest Income	4,213,406		
Class Action Proceeds	308		
Interest	792,788		
Securities Lending Earnings (NET)	57,002		
Total Receipts:			19,878,355
Capital Calls Linden	(267,947)		
Capital Calls Warren Equity	(3,359,722)		
Capital Calls Landmark	(1,213,803)		
Capital Calls Silver Point	(1,418,294)		
Capital Calls Sixth Street	(3,034,599)		
Capital Calls ITE Rail	(5,703,693)		
Capital Calls Crown Global	(2,050,000)		
Capital Calls Brighton Park	(1,864,395)		
Capital Calls Parthenon	(1,449,377)		
Capital Calls Blue Torch	(6,000,000)		
Capital Calls Level Equity	(2,748,895)		
Capital Calls Ares	(863,636)		
Capital Calls Brookfield	(3,178,221)		
Capital Calls Singerman	(2,450,000)		
Capital Calls Blue Owl	(15,625)		
Capital Calls Orbimed	(499,201)		
Contribution Pharo	(10,000,000)		
Other Expenses	(155,275)		
Transfers-out	(2,000,000)		
Total Disbursements:			(48,272,683)
Ending Cash Balance:			\$ 165,608,286

**KCERA
CASH FLOW POSITION
JUNE, 2024**

WELLS FARGO BANK

Beginning Cash Balance		\$ 1,475,306
Transfer In Northern Trust	2,000,000	
Transfer In TPC - County	35,000,000	
ACH Returns / Deletes	22,367	
Total Receipts:		37,022,367
ACH Benefit Payments	(32,172,732)	
Total Checks Paid	(374,548)	
Taxes Withholding Deposits	(4,574,343)	
Bank Services	(573)	
Total Disbursements:		(37,122,196)
WFB ending Balance		<u>\$ 1,375,477</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED JUNE, 2024**

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Investment Base Fees:													
Domestic Equity:													
AllianceBernstein				145,101.55			163,911.53			170,533.78			479,546.86
Henderson Geneva Capital		95,077.00			97,284.00			94,438.00			106,680.00		393,479.00
Mellon Capital					64,654.57			64,248.35		47,555.67			176,458.59
International Equity:													
BlackRock			90,670.26								458,571.85		549,242.11
Lazard								54,280.41		92,650.68			
Fixed Income:													
Mellon Capital (Ag Bond)					10,962.57			11,418.67		11,209.05			33,590.29
Pacific Investment Management Company		275,622.93			309,236.21			319,961.03	262,275.14	35,622.62			1,202,717.93
Western Asset Management				165,649.45				165,646.04		169,776.22			501,071.71
Commodities:													
Wellington Trust Company		312,457.14		350,207.54									662,664.68
Real Estate:													
ASB Capital Management		319,553.46			305,430.29			280,535.35			260,250.08		1,165,769.18
Midstream Energy:													
Harvest Midstream				301,649.30			273,661.79			280,950.17			856,261.26
Overlay													
Parametric		74,523.00			75,233.00			70,085.00			68,897.00		288,738.00
Subtotal	0.00	1,077,233.53	90,670.26	962,607.84	862,800.64	0.00	437,573.32	1,060,612.85	262,275.14	808,298.19	894,398.93	0.00	6,456,470.70
Investment Professional Fees:													
Consulting:													
Abel Noser			7,875.00			7,875.00		7,875.00				7,875.00	31,500.00
Albourne America LLC		33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	46,283.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	379,616.63
Cambridge Associates			187,500.00			187,500.00			187,500.00			187,500.00	750,000.00
Glass, Lewis & Co.	7,950.00												7,950.00
Nasdaq Evestment							39,000.00						
Two Sigma		11,250.00		11,250.00			11,250.00			11,250.00			45,000.00
Verus		34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	375,833.37
Consulting - Other Expenses											539.08	3,000.00	3,539.08
Custodial:													
The Northern Trust Co.				121,666.67					114,250.00	128,183.33		116,266.67	480,366.67
Legal:													
Foley & Lardner LLP													0.00
Hanson Bridgett LLP													0.00
Nossaman LLP		8,983.50	82,779.00		20,000.00	52,183.00		25,000.00		79,672.00	92,796.00		361,413.50
Due Diligence / Investment-Related Travel:							2,713.91					2,662.69	
Subtotal	7,950.00	87,733.50	345,654.00	200,416.67	90,213.91	315,058.00	130,700.00	100,375.00	369,250.00	290,068.89	163,741.13	384,804.36	2,485,965.46
Total Investment Fees	7,950.00	1,164,967.03	436,324.26	1,163,024.51	953,014.55	315,058.00	568,273.32	1,160,987.85	631,525.14	1,098,367.08	1,058,140.06	384,804.36	8,942,436.16

KCERA
Operating Expense Budget Status Report
For the Month Ended June 30, 2024

Expense Type	Budget FY 2023/24	Expenses	Over (Under)
Staffing			
Salaries	4,215,888.00	\$3,681,970.24	(533,917.76)
Benefits	2,655,190.00	2,079,843.78	(575,346.22)
Staffing Total	6,871,078.00	5,761,814.02	(1,109,263.98)
Staff Development			
Education & Professional Development	120,000.00	\$86,309.57	(33,690.43)
Staff Appreciation	4,000.00	\$3,045.42	(954.58)
Staff Development Total	124,000.00	89,354.99	(34,645.01)
Professional Fees			
Actuarial fees	100,000.00	\$98,868.00	(1,132.00)
Audit fees	98,275.00	\$53,360.00	(44,915.00)
Consultant fees	115,000.00	\$132,565.00	17,565.00
Legal fees	20,000.00	\$14,452.36	(5,547.64)
Professional Fees Total	333,275.00	299,245.36	(34,029.64)
Office Expenses			
Building expenses	124,000.00	\$129,078.45	5,078.45
Communications	84,062.00	\$58,727.73	(25,334.27)
Equipment lease	12,000.00	\$10,907.56	(1,092.44)
Equipment maintenance	10,100.00	\$6,898.66	(3,201.34)
Memberships	20,000.00	\$16,879.00	(3,121.00)
Office supplies & misc. admin.	80,000.00	\$55,450.81	(24,549.19)
Payroll & accounts payable fees	25,000.00	\$9,404.69	(15,595.31)
Other Services - Kern County	40,000.00	\$32,801.83	(7,198.17)
Postage	20,000.00	\$16,478.03	(3,521.97)
Subscriptions	15,000.00	\$13,647.59	(1,352.41)
Utilities	30,000.00	\$46,279.53	16,279.53
Office Expense Total	460,162.00	396,553.88	(63,608.12)
Insurance	173,384.00	\$179,620.27	6,236.27
Member Services			
Disability - legal fees	50,000.00	\$130,337.49	80,337.49
Disability - administration MMRO	200,000.00	\$283,283.75	83,283.75
Member Services Total	250,000.00	413,621.24	163,621.24
Systems			
Audit – security & vulnerability scan	15,000.00	\$9,670.00	(5,330.00)
Business continuity expenses	16,050.00	\$9,176.92	(6,873.08)
Hardware	37,420.00	\$40,447.28	3,027.28
Licensing & support	140,780.00	\$141,491.64	711.64
Software	217,600.00	\$168,574.65	(49,025.35)
Website design & hosting	13,200.00	\$13,200.00	-
Systems Total	440,050.00	382,560.49	(57,489.51)
Board of Retirement			
Board compensation	12,000.00	\$9,600.00	(2,400.00)
Board conferences & training	50,000.00	26,525.56	(23,474.44)
Board elections	-	-	-
Board meetings	8,500.00	\$3,166.54	(5,333.46)
Board of Retirement Total	70,500.00	39,292.10	(31,207.90)
Depreciation / Amortization	42,651.00	\$215,392.29	172,741.29
Total Operating Expenses	8,765,100.00	7,777,454.64	(987,645.36)

◆ Class Action Activity Detail by Event Name

Class Action Name	Event Status	Event Status As Of	Class Start Class End	Filing Deadline	Objection/ Exclusion Deadline	Claims Admin Name	Web Address	
ALPHABET, INC. (2018)	FILED	22 Jul 24	20 Apr 18 26 Jul 19	25 Jul 24	23 Aug 24 23 Aug 24	Gilardi & Co.	www.alphabetsecuritiessettlement.com	
			Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
			KNC13	KNCTY-SGA	22 Jul 24 FILED			
QUALCOMM INCORPORATED (2017)	NOTIFIED	26 Jul 24	31 Jan 12 20 Apr 17	08 Nov 24	06 Sep 24 29 Jan 24	AB Data	www.qualcommsecuritieslitigation.com/	
			Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
			2671873	ZZKNCTY-T. ROWE PRICE -SL	26 Jul 24 TO BE FILED			
			2671874	ZZKNCTY-PANAGORA -SL	26 Jul 24 TO BE FILED			
VALEANT PHARMACEUTICALS INT(2020)(SEC)	NOTIFIED	03 Jul 24	20 Oct 14 28 Apr 16		24 Jul 24	Securities and Exchange Commission		
	INFORMATIONAL ONLY							
			Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
			2671878	ZZKNCTY-NEUBERGER BERM-SL	03 Jul 24 INFORMATIONAL ONLY			
			KNC08	KNCTY-WESTERN ASSET MGMT CO HY	03 Jul 24 INFORMATIONAL ONLY			

◆ Class Action Activity Detail by Event Name

Class Action Name	Event Status	Event Status As Of	Class Start Class End	Filing Deadline	Objection/ Exclusion Deadline	Claims Admin Name	Web Address
WELLS FARGO & COMPANY (2018)	DISBURSING	12 Jul 24	02 Nov 16 01 Nov 17	21 Aug 23	27 Jul 23 26 Jan 23	Gilardi	wellsfargo2018securitieslitigation.com

Account Notified/Filed	Account Notified/Filed Name	Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
2671873	ZZKNCTY-T. ROWE PRICE -SL	21 Feb 24 NO LOSS					
2671874	ZZKNCTY-PANAGORA -SL	21 Feb 24 NO ELIGIBLE ACTIVITY					

Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

Class Action Proceeds by Account

Account Paid	Account Paid Name	Class Action Name	Gross Amount Paid	Net Amount Paid	Service Charge	Processing Charge	Currency	Date Distributed
2608468	KNCTY-CASH ACCOUNT	AMEDISYS INC (2010)	155.59	155.59	0.00	0.00	USD	30 May 24
2608468	KNCTY-CASH ACCOUNT	AMEDISYS INC (2010)	146.60	146.60	0.00	0.00	USD	30 May 24
2608468	KNCTY-CASH ACCOUNT	DFC GLOBAL CORP.	135.36	135.36	0.00	0.00	USD	18 Jun 24
2608468	KNCTY-CASH ACCOUNT	INSULET CORPORATION	48.83	48.83	0.00	0.00	USD	06 Jun 24
2608468	KNCTY-CASH ACCOUNT	OSI SYSTEMS INC.	124.23	124.23	0.00	0.00	USD	18 Jun 24
Sub Total	2608468	and Currency USD	610.61	610.61	0.00	0.00		
KNC08	KNCTY-WESTERN ASSET MGMT	NAVIENT CORPORATION (2016)	37.84	37.84	0.00	0.00	USD	12 Jun 24
Sub Total	KNC08	and Currency USD	37.84	37.84	0.00	0.00		

Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.



Date: August 14, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: Report on Errors in Benefit Payments

As required in the Correction of Errors in Benefit Payments Principles, Policy and Procedures, every reasonable effort is made to collect the amount of payments in excess of what members are entitled to receive. KCERA will abandon claims for collection of overpaid benefits only if it concludes that settlement is not possible and pursuing the claim is not appropriate under the circumstances. When KCERA has underpaid benefits, the member shall be entitled to both the correction of the underpayment prospectively and a retroactive lump-sum payment plus interest (if applicable).

Underpayments in the amount of \$4,334.21 were made to two members during the past six months; in accordance with policy interest was not applicable due to the correction being processed within one year. Accordingly, it is recommended the Board receive and file this report.

MEMBERS UNDERPAID						
#	Last 4 SSN	EXPLANATION	DATE CORRECTED	PRINCIPAL UNDERPAID	INTEREST	PAID
1	0051	Member received a retro payment in May 2023 that did not include April 2023 COLA; Retro COLA was paid out April 2024.	04/25/2024	\$ 2,644.75	\$ 0.00	\$ 2,644.75
2	4075	Member received a retro payment in January 2024 that did not include April 2023 COLA; Retro COLA was paid out April 2024.	04/25/2024	\$ 1,689.46	\$ 0.00	\$ 1,689.46
TOTALS				\$ 4,334.21	\$ 0.00	\$ 4,334.21

Chief Executive Officer Memo re: Report on Errors in Benefit Payments

August 14, 2024

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KCERA was unable to obtain adequate information, including death benefit claims or valid bank information, on behalf of fourteen decedents to whom \$83,007.18 was not paid. KCERA has attempted to contact the beneficiaries on file by certified mail, and responses were not received. Accordingly, it is recommended that the Board approve writing off the unclaimed benefits for decedents who have been deceased five years or more.

UNRESOLVED DECEDENT PAYMENTS						
#	Last 4 SSN	EXPLANATION	DATE CORRECTED	PRINCIPAL UNDERPAID	INTEREST	PAID
1	1975	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 295.95	\$ 0.00	\$ 295.95
2	7212	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 241.20	\$ 0.00	\$ 241.20
3	3478	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 145.35	\$ 0.00	\$ 145.35
4	1413	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 373.40	\$ 0.00	\$ 373.40
5	1188	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 3,562.27	\$ 0.00	\$ 3,562.27
6	5343	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 539.10	\$ 0.00	\$ 539.10
7	8025	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 529.65	\$ 0.00	\$ 529.65
8	4247	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 100.95	\$ 0.00	\$ 100.95
9	8865	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 3,832.30	\$ 0.00	\$ 3,832.30
10	9107	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 3,090.80	\$ 0.00	\$ 3,090.80
11	8056	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 225.59	\$ 0.00	\$ 225.59
12	6739	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 33,852.18	\$ 0.00	\$ 33,852.18
13	3451	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 517.88	\$ 0.00	\$ 517.88
14	7343	KCERA could not locate the beneficiary therefore unclaimed benefit should be written off.	06/30/2024	\$ 35,700.56	\$ 0.00	\$ 35,700.56
TOTALS				\$ 83,007.18	\$ 0.00	\$ 83,007.18

Accordingly, it is recommended that the Board receive and file this report.

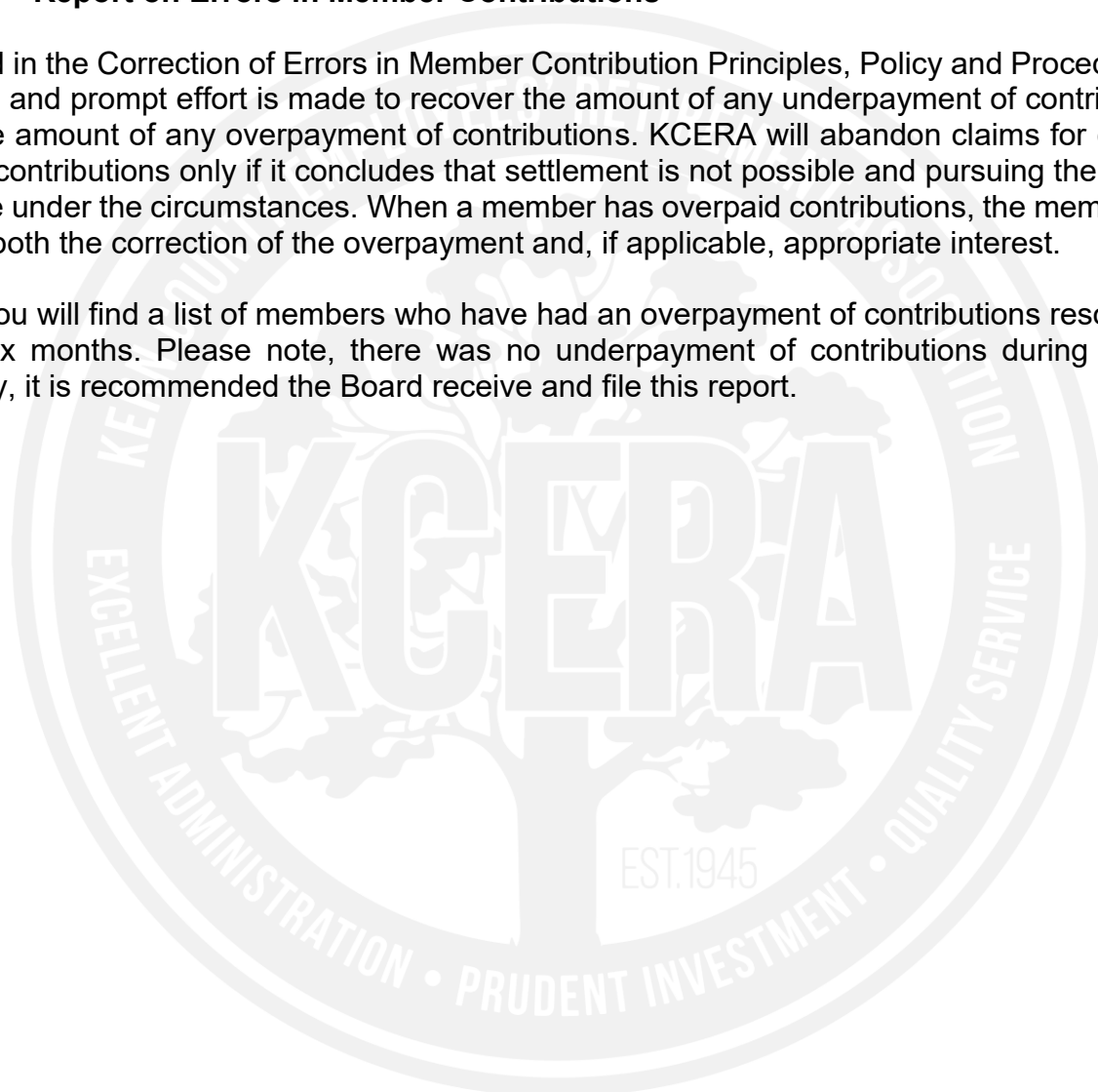


Memorandum from the Office of
The Chief Executive Officer
Dominic D. Brown

Date: August 14, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: Report on Errors in Member Contributions

As required in the Correction of Errors in Member Contribution Principles, Policy and Procedures, every reasonable and prompt effort is made to recover the amount of any underpayment of contributions and to remit the amount of any overpayment of contributions. KCERA will abandon claims for collection of underpaid contributions only if it concludes that settlement is not possible and pursuing the claim is not appropriate under the circumstances. When a member has overpaid contributions, the member shall be entitled to both the correction of the overpayment and, if applicable, appropriate interest.

Attached you will find a list of members who have had an overpayment of contributions resolved during the past six months. Please note, there was no underpayment of contributions during this period. Accordingly, it is recommended the Board receive and file this report.



<u>Member</u>	<u>Amount</u>	<u>Corrective Action</u>	<u>Reason for Correction</u>
xxxxx7875	\$25,868.72	Refund	Adjusted to actual hours worked
xxxxx4755	\$18,961.27	Refund	Adjusted to actual hours worked
xxxxx0103	\$1,715.25	Refund	Paid contribution on non-pensionable pay

DUSTIN CONTRERAS (Education Cycle: January 2024-December 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Other Audit Services and Agreed Upon Procedures Engagements	1/18/24	Bakersfield, CA	X	0.33
Stakeholder Summit	2/28/24	Bakersfield, CA	X	1.5
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Committee Chair Orientation	3/22/24	Bakersfield, CA	X	0.25
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
Total Hours of Education				2.85

DAVID COUCH (Education Cycle: January 2024-December 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Chair/Vice-Chair Orientation	4/10/24	Bakersfield, CA	X	0.52
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
SACRS Spring Conference	5/7/24- 5/10/24	Santa Barbara, CA		3
Total Hours of Education				4.29

DEON DUFFEY (Education Cycle: May 2024-April 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Trustee Orientation	4/29/24	Bakersfield, CA	X	3.83
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
<i>Total Hours of Education</i>				3.98

PHIL FRANEY (Education Cycle: January 2023-December 2024)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
AB 2449	2/8/23	Bakersfield, CA	x	0.53
AB 2449 continued Education	2/28/23	Bakersfield, CA	x	0.37
CALAPRS: General Assembly	3/5-7/2023	Monterey, CA		7
Fiduciary duties with emphasis on investment considerations, including evaluation of ESG factors	3/8/23	Bakersfield, CA	X	1
Proxy voting	3/8/23	Bakersfield, CA	X	0.25
Chief Legal Officer Report regarding case review	3/8/23	Bakersfield, CA	X	0.23
Special District Status considerations	4/12/23	Bakersfield, CA	X	0.76
Triennial Actuarial Experience Study	4/12/23	Bakersfield, CA	X	0.98
History on KPI (Part 1)	4/12/23	Bakersfield, CA	X	0.25
KCERA Disability Retirement Process	5/3/23	Bakersfield, CA	X	0.23
KCERA Internal Revenue Code limits on Plan Sponsor Contributions under 26 USCA §401(a) (17)	5/3/23	Bakersfield, CA	X	0.18
Service purchases and community property	5/3/23	Bakersfield, CA	X	0.16
SACRS Spring Conference	5/9/23-5/12/23	San Diego, CA		9.5
Managed Medical Review Organization Disability Workflow status update	6/14/23	Bakersfield, CA	X	0.58
Wellness Audit communication initiative	8/9/23	Bakersfield, CA	X	0.27
Life Cycle of an Investment	11/1/23	Bakersfield, CA	X	1
Fiduciary Training	11/1/23	Bakersfield, CA	X	0.35
Alameda Administrative Appeals Orientation	11/1/23	Bakersfield, CA	X	0.25
SACRS Fall Conference	11/7/23-11/9/23	Rancho Mirage, CA		9
Other Audit Services and Agreed Upon Procedures Engagements	1/18/24	Bakersfield, CA	X	0.33
Sexual Harassment Prevention Training	2/19/24	Virtual		2
Ethics Training	2/19/24	Virtual		2
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Chair/Vice-Chair Orientation	4/10/24	Bakersfield, CA	X	0.52
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
SACRS Spring Conference	5/7/24-5/10/24	Santa Barbara, CA		8
Total Hours of Education				46.51

JUAN GONZALEZ (Education Cycle: July 2023-June 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Wellness Audit communication initiative	8/9/23	Bakersfield, CA	X	0.27
Life Cycle of an Investment	11/1/23	Bakersfield, CA	X	1
Fiduciary Training	11/1/23	Bakersfield, CA	X	0.35
Alameda Administrative Appeals Orientation	11/1/23	Bakersfield, CA	X	0.25
Sexual Harassment Prevention Training	11/7/23	Rancho Mirage, CA		2
SACRS Fall Conference	11/7/23- 11/9/23	Rancho Mirage, CA		10.5
Ethics Training	1/25/24	Virtual		2
Stakeholder Summit	2/28/24	Bakersfield, CA	X	1.5
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
SACRS Spring Conference	5/7/24- 5/10/24	Santa Barbara, CA		10.5
Total Hours of Education				29.14

JOSEPH D. HUGHES (Education Cycle: June 2023-May 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Managed Medical Review Organization Disability Workflow status update	6/14/23	Bakersfield, CA	X	0.58
Life Cycle of an Investment	11/1/23	Bakersfield, CA	X	1
Fiduciary Training	11/1/23	Bakersfield, CA	X	0.35
Alameda Administrative Appeals Orientation	11/1/23	Bakersfield, CA	X	0.25
SACRS Fall Conference	11/8/23-11/10/23	Rancho Mirage, CA		7.5
CALAPRS: General Assembly	3/2-5/24	Rancho Mirage, CA		6.5
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Total Hours of Education				16.8

JORDAN KAUFMAN (Education Cycle: January 2023-December 2024)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
AB 2449	2/8/23	Bakersfield, CA	x	0.53
Special District Status considerations	4/12/23	Bakersfield, CA	X	0.76
Triennial Actuarial Experience Study	4/12/23	Bakersfield, CA	X	0.98
History on KPI (Part 1)	4/12/23	Bakersfield, CA	X	0.25
Sexual Harassment Prevention Training	5/9/23	San Diego, CA		2
SACRS Spring Conference	5/9/23-5/12/23	San Diego, CA		9
SACRS Fall Conference	11/8/23-11/10/23	Rancho Mirage, CA		6
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
SACRS Spring Conference	5/7/24-5/10/24	Santa Barbara, CA		8
Total Hours of Education				27.67

RICK KRATT (Education Cycle: January 2023-December 2024)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
AB 2449	2/8/23	Bakersfield, CA	x	0.53
Fiduciary duties with emphasis on investment considerations, including evaluation of ESG factors	3/8/23	Bakersfield, CA	X	1
Proxy voting	3/8/23	Bakersfield, CA	X	0.25
Chief Legal Officer Report regarding case review	3/8/23	Bakersfield, CA	X	0.23
Special District Status considerations	4/12/23	Bakersfield, CA	X	0.76
Triennial Actuarial Experience Study	4/12/23	Bakersfield, CA	X	0.98
History on KPI (Part 1)	4/12/23	Bakersfield, CA	X	0.25
KCERA Disability Retirement Process	5/3/23	Bakersfield, CA	X	0.23
KCERA Internal Revenue Code limits on Plan Sponsor Contributions under 26 USCA §401(a) (17)	5/3/23	Bakersfield, CA	X	0.18
Service purchases and community property	5/3/23	Bakersfield, CA	X	0.16
Managed Medical Review Organization Disability Workflow status update	6/14/23	Bakersfield, CA	X	0.58
Wellness Audit communication initiative	8/9/23	Bakersfield, CA	X	0.27
Life Cycle of an Investment	11/1/23	Bakersfield, CA	X	1
Fiduciary Training	11/1/23	Bakersfield, CA	X	0.35
Alameda Administrative Appeals Orientation	11/1/23	Bakersfield, CA	X	0.25
SACRS Fall Conference	11/7/23 - 11/10/23	Rancho Mirage, CA		9
Ethics Training	3/3/24	Rancho Mirage, CA		2
CALAPRS General Assembly	3/2-5/24	Rancho Mirage, CA		6.5
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
Total Hours of Education				25.29

CHASE NUNNELEY (Education Cycle: January 2024-December 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
SACRS Spring Conference	5/7/24- 5/10/24	Santa Barbara, CA		9
Sexual Harassment Prevention Training	5/10/24	Santa Barbara, CA		2
<i>Total Hours of Education</i>				11.77

JOHN SANDERS (Education Cycle: May 2023-April 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Trustee Orientation	5/2/23	Bakersfield, CA	X	2
KCERA Disability Retirement Process	5/3/23	Bakersfield, CA	X	0.23
KCERA Internal Revenue Code limits on Plan Sponsor Contributions under 26 USCA §401(a) (17)	5/3/23	Bakersfield, CA	X	0.18
Service purchases and community property	5/3/23	Bakersfield, CA	X	0.16
Managed Medical Review Organization Disability Workflow status update	6/14/23	Bakersfield, CA	X	0.58
Sexual Harassment Prevention Training	7/15/23	Virtual		2
Ethics	7/17/23	Virtual		2.63
Wellness Audit communication initiative	8/9/23	Bakersfield, CA	X	0.27
Life Cycle of an Investment	11/1/23	Bakersfield, CA	X	1
Fiduciary Training	11/1/23	Bakersfield, CA	X	0.2
Alameda Administrative Appeals Orientation	11/1/23	Bakersfield, CA	X	0.25
Other Audit Services and Agreed Upon Procedures Engagements	1/18/24	Bakersfield, CA	X	0.33
Stakeholder Summit	2/28/24	Bakersfield, CA	X	1.5
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Committee Chair Orientation	3/22/24	Bakersfield, CA	X	0.35
SACRS Spring Conference	5/7/24-5/10/24	Santa Barbara, CA		4.5
Total Hours of Education				16.8

ROBB SEIBLY (Education Cycle: January 2024-December 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Orientation on Disability Litigation Services	5/1/24	Bakersfield, CA	X	0.15
SACRS Spring Conference	5/7/24- 5/10/24	Santa Barbara, CA		15
<i>Total Hours of Education</i>				15.77

TYLER WHITEZELL (Education Cycle: January 2024-December 2025)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Other Audit Services and Agreed Upon Procedures Engagements	1/18/24	Bakersfield, CA	X	0.33
Brown Act Compliance Training	2/29/24	Bakersfield, CA	X	0.62
Committee Chair Orientation	3/22/24	Bakersfield, CA	X	0.25
Sexual Harassment Prevention Training	7/15/24	Virtual		2
<i>Total Hours of Education</i>				3.2



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

September 1, 2024

Dear Member:

The Kern County Employees' Retirement Association (KCERA) and the Board of Retirement are pleased to provide you with your annual Retirement Benefit Statement. We want to take this opportunity to reacquaint you with some of the valuable benefits of your KCERA membership:

- KCERA benefits are calculated using a formula based on your age at retirement, total years of retirement service credit, final average compensation, and benefit tier.
- KCERA retirement benefits are payable for your lifetime.
- Membership provides retirement, disability, and death benefits.

You may visit KCERA at www.kcera.org to access all of our forms as well as additional information on member benefits, the Member Portal, calculating estimated retirement benefits, and information about the Board of Retirement. KCERA staff is also available to provide benefit information, respond to inquiries, and assist with submitting your application for retirement.

Other services that are available to members of KCERA:

- A KCERA-specific power of attorney form and related FAQs.
- Members may register for an online Member Portal account through the website.

Please take time to review your benefit statement carefully. It is essential that KCERA have current address information for each member: active employees must provide address updates to their respective employers, and deferred members may use the portal, or they can obtain the appropriate change form from our website and submit it to our office. If you have been divorced during your membership with KCERA, it is vital you provide a complete copy of your judgment to our legal team by mail, in person, or email at legal@kcera.org. If you have questions about your statement, contact KCERA at (661) 381-7700 or by email at memberservices@kcera.org.

Sincerely,

Dominic D. Brown
Chief Executive Officer



RETIREMENT BENEFIT STATEMENT

As of September 1, 2024

Jane Doe
11125 River Run
Bakersfield, CA 93311

71820

PERSONAL INFORMATION

Year of birth:	1979	Vested:	Yes
Status:	Employed	Eligible to retire:	No
Work schedule:	Full Time 80 Hour		
Entry age for contributions:	27		
Membership date:	May 27, 2006		
Benefit tier:	General Tier I		
Department:			

Years of earned service	Years of purchased service	Total years of credited service	Reciprocity:	Beneficiary(ies):*
16.2519	0.1867	16.4386	No	John Doe

*It is very important that KCERA has your most up-to-date beneficiary information. If you need to designate a new beneficiary due to marriage, divorce, or death, please complete and return the [Beneficiary Designation Form](#) located at www.kcera.org.

ESTIMATED FUTURE RETIREMENT BENEFITS

Retirement Date	Retirement Age	Years of Service	Percent of Salary	Retirement Allowance
11/24/29	50	23.6829	.33	\$1,834.74
11/24/39	60	33.6870	.66	\$3,914.66
11/24/44	65	38.6699	.68	\$3,990.28

The benefits shown above are payable under the Unmodified Option. Under this option, your spouse or registered domestic partner may be eligible to receive 60% of your benefit after your death. At retirement, you may select from benefit payment options other than the Unmodified Option.

EMPLOYEE CONTRIBUTIONS

On September 1, 2024, your biweekly retirement contribution was \$148.48. Between September 2, 2023 and September 1, 2024, you made contributions and purchases of \$3,471.15 into KCERA and earned 1.0000 years of benefit service.

Employee contribution balances as of September 1, 2024:

	<u>Tax Deferred</u>
Contributions:	\$40,268.60
Contribution Interest:	\$21,247.31
Total Contributions and Interest:	\$61,515.91

Social Security Benefit: In addition to your KCERA benefits, you may be entitled to receive Social Security benefits during retirement *if* your pay is integrated with Social Security. You can obtain an estimate of your monthly Social Security benefit by calling the Social Security Administration's toll-free number at (800) 772-1213 or visiting www.ssa.gov/estimator.



Understanding Your Member Benefit Statement

Know Your Retirement

Your retirement benefits are an essential component of your financial security. Your KCERA Member benefit Statement provides the information you can use in your financial planning, such as the current value of your contributions and a projection of future benefits you may be entitled to receive. Your KCERA benefit will be based on your age, final average compensation, years of service, and benefit tier. It will not be based on your contributions to KCERA.

Personal Information

This section shows the personal information KCERA has on file for you. The information used to prepare this statement is the same information used to determine your benefits when you retire or terminate employment. Your total years of credited service do not include any service purchases currently in progress.

- If you are appointed to a permanent position of at least 50% of the regular standard hours required, you will enter KCERA on the first day of the pay period following your date of hire. This is your “KCERA entry date” and will be used as a starting point for accruing retirement service credit, which increases with each biweekly that you are paid. Your hire date and entry date will always be two different dates.
- Vesting means you have a legal right to receive a lifetime benefit from KCERA once you meet the other eligibility requirements.
- In KCERA, you are classified as a safety member or a general member. Safety members are employed in active law enforcement, active fire suppression, probation, detention, or criminal investigation. All other eligible employees are considered general members.
- Active and deferred members have the right to purchase eligible service credit before retiring or terminating employment. Purchasing service credit can increase your retirement benefit and, in some cases, allow you to retire earlier. KCERA offers two types of service purchases: Prior County/District Service and Prior Public Service (including Prior Military Service). See the *Purchase of Service FAQ* at kcera.org for more information.
- Reciprocity reflects any systems that you have established a reciprocal arrangement with. Visit kcera.org for more information.

Employee Contributions

This section is a detailed breakdown of the contributions in your KCERA account. The amounts shown include: the beginning balance as of the day before the statement period begin date; any refundable (pre-tax/post-tax) contributions made during the statement period; the interest accrued on your contributions during the statement period; and a grand total of the contributions in your account as of the statement period.

If you terminate employment and choose to take a refund, you would forfeit all rights to any retirement, disability, or other member benefits through KCERA. Active and reciprocal members are not eligible to withdraw their funds.

Estimated Retirement Benefits

The benefit amounts shown are estimates of your future KCERA income. Additional estimates with different dates and projected earnings can be completed in your member portal at kcera.org. Prior to your retirement, KCERA will conduct a full review of your earning and service information received from your employer. This may result in adjustments not reflected in the estimated benefits.

This estimate is based upon your continuing service through the retirement date; it would apply if you continue to work at the same number of hours as you do currently. Any changes in salary are not assumed in the calculation.

General members can retire prior to age 50 with 30 years of retirement service credit. Safety members can retire prior to age 50 with 20 years of retirement service credit. In addition, any member who has attained the age of 70 may retire regardless of their years of retirement service credit.

These estimates are based on the information available to KCERA at the time this statement was generated. Your actual benefit will be based on your age at retirement, your final average monthly salary, your years of accrued service credit, your benefit tier, and possibly other factors that may differ from the factors used to calculate these estimates. Your benefit may also be subject to cost-of-living adjustments (COLAs), legislative and judicial legal actions, your reciprocal rights, if any, from other pension systems, and community property (divorce) reduction, if applicable. If you have questions regarding the information within this statement or plan to retire within the next six months, please contact Member Services at the email below.

Please Read Carefully


Please review this Member Benefit Statement carefully. All monetary amounts and accrued service credit appearing on this statement reflect the information on file for you through the statement period. It is very important that you keep the KCERA office advised of any changes in your information (i.e., address, beneficiary, marital status). Please contact our office should there be any discrepancy in the information within this statement. We encourage you to visit kcera.org to access other retirement information and related forms, including the member handbook, retirement planning tools, and change of information forms. You can also access your KCERA account information via the Member Portal.

You may also contact us by email:

memberservices@kcera.org for general membership questions.

legal@kcera.org for legal correspondence related to domestic relations orders, powers of attorney, etc.



Date: August 14, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer 
Subject: **Initiation of Service Provider Evaluation Period**

The Board of Retirement's Evaluation Period Policy was established to help ensure that decisions involving the selection, retention, or termination of KCERA service providers are consistent with fiduciary standards of conduct, and that service providers being considered by KCERA are treated fairly.

An "evaluation period" may be initiated by the Chief Executive Officer ("CEO") in the following situations:

- a) when a request for proposals (RFP) has been issued by KCERA or a short list of candidate firms has been identified for consideration by KCERA, or
- b) the Board otherwise deems it to be in the best interest of KCERA and its members and beneficiaries to do so.

The CEO has exercised his discretion and initiated the evaluation period for the following providers:

- 1) Sculptor Capital Management Group
- 2) Covenant Capital Group
- 3) ABS Investment Management
- 4) Carrhae Capital LLP
- 5) Fortress Investment Group
- 6) TPG Angelo Gordon

Trustees are required to comply with the evaluation period restrictions upon receipt of this notification. (See Board Communications Policy).

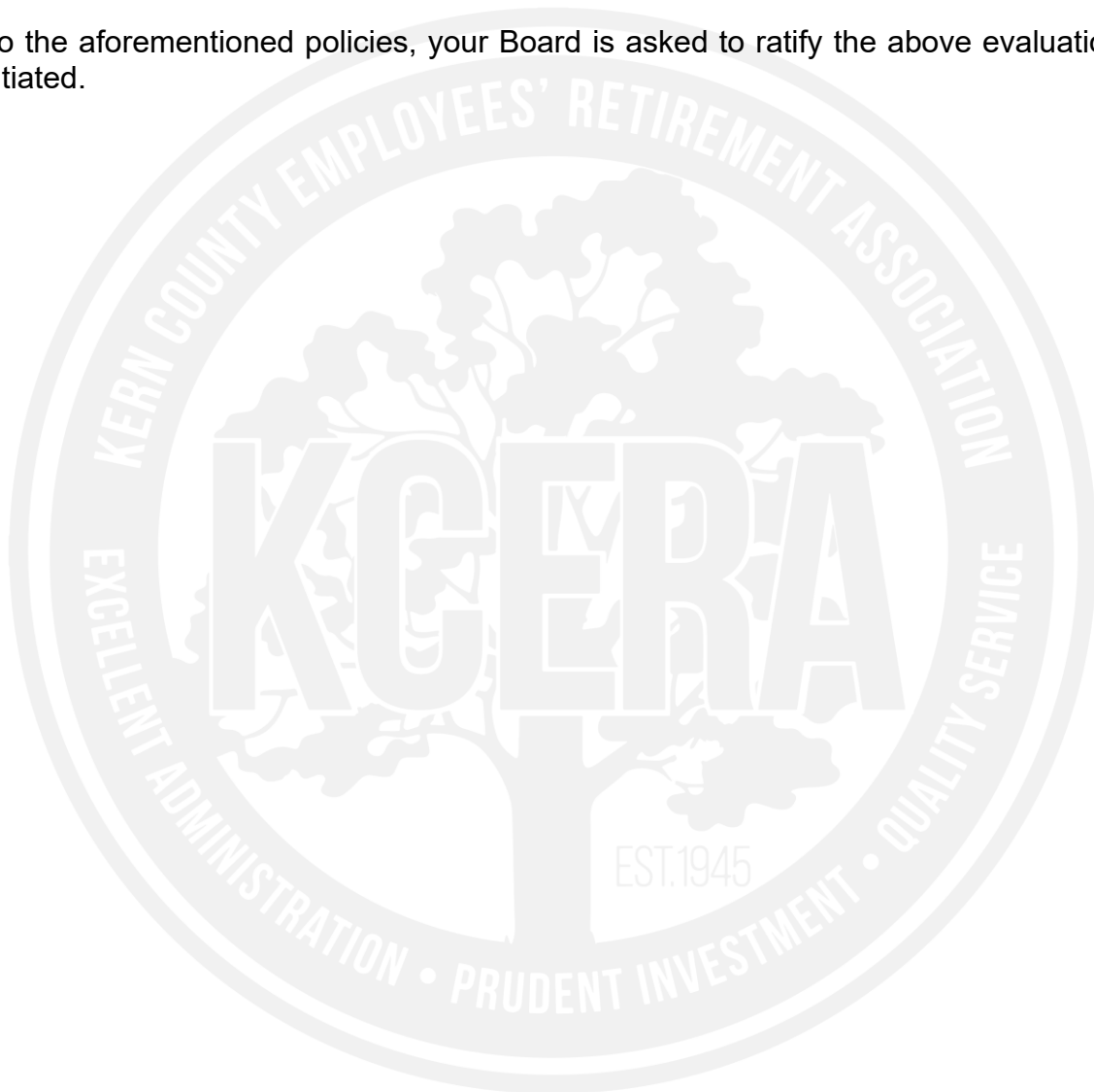
During evaluation periods, trustees shall not communicate with the specified service providers, except during board meetings, committee meetings, or KCERA-authorized due diligence visits; nor shall they accept meals, travel, hotel, or other types of gifts from the specified service providers. Notwithstanding the above, Trustees who need to communicate with such service providers for reasons unrelated to KCERA business agree to disclose such need to the Board beforehand. If circumstances do not permit timely

disclosure to the Board, the trustee shall provide disclosure of the intended communication to the CEO and to the Chair or Vice-Chair.

Service providers that breach this policy may be terminated by KCERA or disqualified from consideration in a search process. Board members who breach this policy may be sanctioned in accordance with the KCERA Code of Conduct.

(See Evaluation Period Policy).

Pursuant to the aforementioned policies, your Board is asked to ratify the above evaluation period I recently initiated.



AMENDMENT 1 TO AGREEMENT FOR ACTUARIAL SERVICES

(Segal)

THIS AMENDMENT 1, is made and entered into this 14th day of August 2024, by and between the Board of Retirement ("Board") of the Kern County Employees' Retirement Association ("KCERA"), and THE SEGAL COMPANY (WESTERN STATES), INC. d/b/a SEGAL ("Actuaries").

WHEREAS, on April 1, 2022, KCERA and Actuaries entered into an Agreement for Actuarial Services ("Agreement"); and

WHEREAS, various portions of the Agreement including Sections 13, 14 and Exhibit B of the Agreement reference Paul Angelo as the Principal Actuary, require the consulting services be performed under the direct supervision of Paul Angelo, and state that no substitution of the actuary will be permitted without express written consent of the Board; and

WHEREAS, with Paul Angelo's impending retirement, the parties now wish to modify the terms and conditions of the agreement, as amended, as set forth below.

NOW THEREFORE, in consideration of the mutual promises and agreements in the Agreement, KCERA and Actuaries agree as follows:

1. **Section 13** of the Agreement entitled, "*General Provisions*," Paragraph A is hereby amended to read as follows, "*The consulting services shall be performed under the direct supervision of Paul Angelo, FSA, an actuary who is a member of Actuaries' firm and who is an enrolled actuary under the Employees' Retirement Income Security Act until his retirement effective on October 1, 2024. Effective October 1, 2024, the consulting services shall be performed under the direct supervision of Molly Calcagno, ASA, an actuary who is a member of Actuaries' firm and who is an enrolled actuary under the Employees' Retirement Income Security Act. It is understood that no substitution for the supervising actuary will be permitted without the express written consent of the Board. In the event a supervising actuary is removed from the KCERA's account for any reason during the term of this Agreement, Board may terminate this Agreement effective immediately upon mailing written notification to Actuaries.*"
2. **Section 14** of the Agreement entitled, "Notices" is hereby amended to add Todd Tauzer's name to the list of persons to receive copies under this section. Paul Angelo shall continue to receive copies under this section until his retirement effective on October 1, 2024.
3. **Exhibit B** of the Agreement entitled, "*Actuarial Fee Schedule*," is hereby amended to add Todd Tauzer, FSA as a Principal Actuary, effective with this amendment. Paul Angelo shall continue as a Principal Actuary until his retirement effective on October 1, 2024. Todd Tauzer shall continue service as Principal Actuary after October 1, 2024.

4. Except as expressly modified hereby, all of the terms and conditions in the 2022 Agreement, as amended, shall continue unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives, as of the date set forth above.

APPROVED AS TO CONTENT:

THE SEGAL COMPANY (WESTERN STATES), INC. d/b/a SEGAL

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

By: _____
Todd Tauzer
Senior Vice President and Actuary

By: _____
Dominic D. Brown
Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Jennifer Esquivel Zahry
Chief Legal Officer

Date: August 14, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer



Subject: SACRS Board of Directors Meeting
Berkeley, California
July 17-18, 2024

In accordance with the Travel Policy approved by the Board of Retirement on April 13, 2022, I have attached information concerning the above-captioned meeting, as follows:

- Specific information as to whether members of the Board will serve as a speaker or panel participant – None
- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the meeting sponsor

The meeting topics are relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustee Jordan Kaufman.

Attachment

Travel Subject	SACRS Board of Directors Meeting
Sponsor	SACRS
Date(s)	July 17-18, 2024
Location	Berkeley, CA
Proposed Attendee(s)	Jordan Kaufman

Estimated Total Travel Cost **\$560.50**

Description	Computation	Kaufman	Totals	Borne By	
				KCERA	Sponsor
Registration fees	=	-	-	-	
Lodging expense	1 nights @ \$ 300.00 /night	= 300.00	300.00	300.00	
Per diem meals reimbursement:	1 days @ \$ 74.00 /day	= 74.00			
Less meals provided by sponsor	1 Breakfast, 1 Lunch, 0 Dinner = \$34.50	= (\$34.50)			\$34.50
Total meals expense	=		74.00	39.50	
Shuttle/taxicab expense	Taxi Estimate	=	-	-	
Airfare	\$0.00	= \$0.00	\$0.00	-	
Vehicle-related expenses:	=	-	-	-	
Parking	1 days @ 20.00 /day	= 20.00	20.00	20.00	
Mileage	miles @ /mile (Department Head)	= -	-	-	
	300 miles @ 0.67 /mile (Staff, Trustee)	= 201.00	201.00	201.00	
Rental car	=	-	-	-	
Rental car gasoline	=	-	-	-	
Totals	=	560.50	\$ 595.00	\$ 560.50	\$ 34.50

Date: August 14, 2024

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer



Subject: **CALAPRS Principles of Pension Governance for Trustees**
Tiburon, California
August 26-29, 2024

In accordance with the Travel Policy approved by the Board of Retirement on April 13, 2022, I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of attendance to a fiduciary – Preliminary agenda is attached
- Specific information as to whether members of the Board will serve as a speaker or panel participant – None
- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the conference sponsor

The topic list is timely and relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustees Deon Duffey and John Sanders.

Attachments

Travel Subject CALAPRS Principles of Pension Governance for Trustees
Sponsor CALAPRS
Date(s) August 26 - 29,2024
Location Tiburon, CA
Proposed Attendee(s) Deon Duffey, John Sanders

Estimated Total Travel Cost \$7,032.00

Description	Computation		Duffey	Sanders	Totals	Borne By	
						KCERA	Sponsor
Registration fees	\$3,000.00	=	3,000.00	3,000.00	6,000.00	6,000.00	
Lodging expense	3 nights @ /night	=	-	-	-	-	
Per diem meals reimbursement:	4 days @ \$ 74.00 /day	=	296.00	296.00			
Less meals provided by sponsor	3 Breakfast, 3 Lunch, 3 Dinner = \$222.00	=	(\$222.00)	(\$222.00)			\$444.00
Total meals expense		=			592.00	148.00	
Shuttle/taxicab expense	Taxi Estimate	=			-	-	
Airfare	\$0.00	=	\$0.00	\$0.00	\$0.00	-	
Vehicle-related expenses:		=	-	-	-	-	
Parking	4 days @ 10.00 /day	=	40.00	40.00	80.00	80.00	
Mileage	miles @ 0.395 /mile (Department Head)	=	-	-	-	-	
	600 miles @ 0.670 /mile (Staff, Trustee)	=	402.00	402.00	804.00	804.00	
Rental car		=	-	-	-	-	
Rental car gasoline		=	-	-	-	-	
Totals		=	3,516.00	3,516.00	\$ 7,476.00	\$ 7,032.00	\$ 444.00

2024 PROGRAM SCHEDULE

Program Location: The Lodge at Tiburon, Tiburon, CA



Monday - August 26

- 4:00 PM Hotel Check-In
- 6:00PM Welcome Dinner
- 7:30PM **Introductions and Course Overview**
Kristen Santos, Administrator, Merced County Employees' Retirement Association

Tuesday - August 27

- 8:00-9:30AM **100: What's the Big Deal About Being A Fiduciary?**
Maytak Chin, Partner, Reed Smith LLP
Greg Levin, Chief Executive Officer, Santa Barbara County Employees Retirement System
- 9:30-10:00AM Networking Break
- 10:00-11:45AM **101: How Should a Board Function?**
Greg Levin, Chief Executive Officer, Santa Barbara County Employees Retirement System
- 11:45AM-12:45PM Lunch
- 12:45-2:00PM **102: What Benefits Do We Provide/What is the Board's Role?**
Kristen Santos, Administrator, Merced County Employees' Retirement Association
Janey Cabral, Trustee, Merced County Employees' Retirement Association
- 2:00-2:20PM Break
- 2:20-4:00PM **103: What Are the Key Issues in Disability Retirement?**
Renee Ostrander, CEO, San Joaquin County Employees' Retirement Association
- 4:00- 4:20PM Break
- 4:20- 5:30 PM **104: Disability Hearing: Case Study**
Renee Ostrander, CEO, San Joaquin County Employees' Retirement Association
- 5:45 PM Walk over to Off-site Dinner at Sam's Anchor Cafe
- 6:00 – 8:00 PM Off-site Dinner & Content Review



Wednesday – August 28

- 8:00-11:15AM **105: How Should We Manage Our Pension Liabilities?**
Paul Angelo, FSA, Senior Vice President & Actuary, Segal
Todd Tauzer, FSA, Senior Vice President & Actuary, Segal
Molly Calcagno, Actuary, Segal
- 11:15-11:30AM Break
- 11:30-12:30PM **106: Investment Basics**
Colin Bebee, Managing Principal, Consultant, Meketa Investment Group
Chad Jacobs, Investment Officer, City of Fresno Retirement Systems
- 12:30-1:30PM Lunch
- 1:30-2:30PM 106 (Cont'd)
- 2:30-2:45PM Break
- 2:45-4:00PM **107: How Should We Manage Our Investment Program?**
Colin Bebee, Managing Principal, Consultant, Meketa Investment Group
Chad Jacobs, Investment Officer, City of Fresno Retirement Systems
- 4:00-4:30PM **107: Investments Case Study**
Colin Bebee, Managing Principal, Consultant, Meketa Investment Group
Chad Jacobs, Investment Officer, City of Fresno Retirement Systems
- 4:30-5:30PM Break
- 5:30-6:30PM **108: Case Study: Who Are Our Stakeholders/What Are Our Roles?**
Dave Nelsen, CEO, Alameda County Employees' Retirement Association
- 6:30 – 8:00 PM Dinner and Table Topics Content Review

Thursday – August 29

- 8:00-10:00AM **109: AB1234 Ethics Training**
Ashley K. Dunning, Partner, Nossaman LLP
- 10:10-11:30AM **110: Course Summary**
Kristen Santos, Administrator, Merced County Employees' Retirement Association
- 11:30AM Certificates and Final Course Evaluation with Lunch To-Go

Date: August 14, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **Workiva Amplify Conference 2024**
Aurora, Colorado
September 9-11, 2024



I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of the following staff attendance – Member Services Manager Cory Pruett
- Specific information as to whether staff will serve as a speaker or panel participant – None
- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the conference sponsor

The topic list is timely and relevant to the administration of the retirement system. Therefore, it is recommended that your Board receive and file.

Attachments

Travel Subject Workiva Amplify Conference
Date(s) September 9 - 11, 2024
Location Aurora, Colorado
Proposed Attendee(s) Cory Pruett

Estimated Total Travel Cost **\$3,082.00**

Description	Computation	Pruett	Totals	Borne By	
				KCERA	Sponsor
Registration fees	\$1,295.00	= \$1,295.00	1,295.00	1,295.00	
Lodging expense	3 nights @ \$ 300.00 /night	= 900.00	900.00	900.00	
Per diem meals reimbursement:	4 days @ \$ 79.00 /day	= 316.00			
Less meals provided by sponsor	2 Breakfast, 2 Lunch, 0 Dinner = \$79.00	= (\$79.00)			\$79.00
Total meals expense		=	316.00	237.00	
Shuttle/taxicab expense		= 100.00	100.00	100.00	
Airfare		= \$550.00	\$550.00	550.00	
Vehicle-related expenses:		= -	-	-	
Parking	- days @ - /day	= -	-	-	
Mileage	miles @ 0.395 /mile (Department Head)	= -	-	-	
	miles @ 0.670 /mile (Staff, Trustee)	= -	-	-	
Rental car		= -	-	-	
Rental car gasoline		= -	-	-	
Totals		= 3,082.00	\$ 3,161.00	\$ 3,082.00	\$ 79.00

09/09/2024

7:00 am - 8:00 pm	Registration Open
1:00 pm - 2:30 pm	Partner Summit
3:00 pm - 4:00 pm	General Session
	Ready for What's Next? General Session
4:30 pm - 5:30 pm	General Session
	A Conversation with former First Lady Michelle Obama General Session
5:30 pm - 8:00 pm	Welcome Reception in the Amplify Hub

09/10/2024

7:00 am - 8:00 am	Breakfast
7:00 am - 5:00 pm	Registration Open
8:00 am - 9:00 am	General Session
	Built for This: You're Ready with Workiva General Session
9:30 am - 10:30 am	A Regulatory Update: Hot Topics in Financial Reporting Breakout
	Collaboration and Controls: How to Build a Resilient Program and Improve Oversight Breakout
	Boosting the ROI of Workiva: Building the Business Case Breakout
	The Next Level for Public Sector: Do More with Workiva Innovations Breakout

Workiva for SOX, Audit, and Risk 101: Your Guide to the Basics

Workshop

XBRL Tagging and the Workiva Platform—Introduction (Workshop)

Workshop

Process Management with Workiva: Workflows, Certifications, Data Collection, and More

Workshop

ESG Learning Lab: A Roundtable Discussion

Roundtable

Automating the End-to-End Planning and Reporting Process: Combining Management Reporting with Financial Planning Capabilities

Breakout

Navigating the Complexities of Multi-Entity Global Reporting with Workiva

Breakout

Workiva for Banking: Managing Capital and Liquidity in a Changing Economic Environment

Roundtable

9:30 am - 3:00 pm

Partner Summit

11:00 am - 12:00 pm

Preparing for the Future of Sustainability

Breakout

How to Bring Audit and Legal Teams into the Workiva Platform

Breakout

Beyond Q's and K's: Take Financial Reporting to the Next Level with Workiva

Breakout

Workiva Can Do What?! 5 Platform Features You Need to Start Using

Breakout

WorldCom Whistleblower: Unraveling the 21st Century Scandals from WorldCom, FTX, and Theranos

XBRL Tagging and the Workiva Platform—Intermediate (Workshop)

Workshop

Workiva for SOX, Audit, and Risk 201: Beyond the Basics

Workshop

ESG at Work

Workshop

Public Sector Customer Roundtable: Government Transformation

Roundtable

Accounting Leader Roundtable: Driving Efficiency Across Departments

Roundtable

It's Getting Hot in Here: How Your Board and Executives are Navigating Current Challenges

Breakout

Streamlining Carbon Accounting with Workiva Carbon

Breakout

Streamlining SOX: How Fannie Mae is Unlocking Efficiency with Bi-Directional API Integration

Breakout

12:00 pm - 2:00 pm

Audit and Risk Networking Lunch

12:00 pm - 2:00 pm

Lunch in the Amplify Hub

2:00 pm - 3:00 pm

Insider Panel with a Workiva Customer—Secrets to Using the Same Tech Across Teams

Breakout

Common Oversights in XBRL Tagging

Breakout

Growing Your ESG Program: Data Collection, Templates, GHG, and More

Breakout

Managing Liquidity, Raising Capital, and Exploring Strategic M&A Opportunities in Today's Market

Breakout

Make the Greatest Impact: 5 GRC Features You Should Use Now

Breakout

What Does the Future Hold? ESG Practitioner & Executive Benchmark Surveys

Breakout

Intro to Controls Management Data Experience

Workshop

Wrangle Financial Facts and Figures with the Data Management Suite

Workshop

Gen AI Innovation Lab—Performing an Audit in an Hour

Workshop

Modernizing Insurance Statutory Reporting

Breakout

ESG Pro Group: Practical Tips for Navigating ESG Trends

Breakout

Must-Know Features for Financial Reporting: What's New & What's Next

Breakout

Workiva for Banking: How to Leverage Technology and Data for Stress Testing

Breakout

Adopting Workiva to Scale up an Internal Controls Program

Breakout

3:30 pm - 4:30 pm

General Session

Leadership Lessons Learned from Working for 7 (Yes, 7) CEOs in the Best and Toughest of Times

General Session

4:30 pm - 6:30 pm

Capital Markets Networking Happy Hour

4:30 pm - 6:30 pm

Networking in the Amplify Hub

09/11/2024

7:00 am - 8:00 am

Breakfast

7:00 am - 4:00 pm

Registration Open

8:00 am - 9:00 am

General Session

Acting On Your Opportunities: Perspectives from George Clooney

General Session

9:30 am - 10:30 am

Beyond Q's and K's: How a Workiva Customer is Automating More Work with Workiva

Breakout

Expert Perspective — Generative AI and the Future of Work

Breakout

Bridging the Gap Between ESG and SEC Teams

Breakout

The Power of Designed Reporting: Taking Your Reports to the Artful Next Level

Breakout

Developing Change Management Strategies for ESG Reporting Transformation

Breakout

A Great Adventure: Peaks and Valleys in 2024 Stock-Based Compensation

Breakout

Achieving Efficiency: How Solenis Leveraged Workiva to Excel Through Rapid Growth

Financial Reporting Breakout
The SOXification of ESG

Breakout

Global Regulation: How CSRD Impacts Sustainability Reporting

Breakout

Workiva for SOX, Audit, and Risk 101: Your Guide to the Basics

Workshop

XBRL Tagging and the Workiva Platform—Introduction (Workshop)

Workshop

Process Management with Workiva: Workflows, Certifications, Data Collection, and More

Workshop

SOX Pro Group: From Compliance to Value: An Auditor's Guide to Increasing Organizational Impact

Roundtable

Fund Reporting Revolution With Embark and Deerpath

Breakout

Strength in Numbers—Thriving Through Change with Data and Collaboration

Breakout

11:00 am - 12:00 pm

Financial Reporting Across the Globe: Scaling Efficiency at Multi-Entity Organizations

Breakout

Working Well with IT: Bringing Financial Data Integrations to Life

Breakout

The Role of ESG in Assured Integrated Reporting

Breakout

The Leaders' Guide to Achieving Assured Integrated Reporting

Breakout

Public Sector Automation with FH Black and State of Georgia

Breakout

Grupo Bimbo’s Guide to Recruiting and Retaining Top Audit Talent

Breakout

Integrating ESG and GRC: A Fortune 10 Tech Giant’s Journey with Clearstulting

Breakout

XBRL Tagging and the Workiva Platform—Intermediate (Workshop)

Workshop

Workiva for SOX, Audit, and Risk 201: Beyond the Basics

Workshop

Feature Focus: Automated Table of Contents

Workshop

Transform Reporting Operations to Increase ROI

Roundtable

Harness the Power of Workiva for CSRD Reporting

Roundtable

Revolutionize Your Reporting: The Power of Automated Batch Reports

Breakout

Building Your Finance Tech Stack: Embark and Customer

Breakout

Streamlining Carbon Accounting with Workiva Carbon

Breakout

12:00 pm - 2:00 pm

Lunch in the Amplify Hub

2:00 pm - 3:00 pm

Tackling Sustainability Regulation Head On: From Obligation to Opportunity

Breakout

The Hiring Conundrum for Finance Leaders: New Ways to Address the Talent Gap in Accounting and Finance

Breakout

Embracing Change: How to Prepare for Emerging XBRL Regulations

Breakout

Sustainability Product Roadmap: 2025 Reporting Readiness

Breakout

Building and Optimizing Your ESG Tech Ecosystem

Breakout

Top Trends in Sustainability

Breakout

Enhance Your Workiva Workspace with Cutting-Edge Features

Breakout

Disclosure Defense: Cybersecurity's SEC Survival Guide

Breakout

Advancing Automation in Governance, Risk, And Compliance Management for Financial Services

Breakout

Intro to Controls Management Data Experience

Workshop

Wrangle Financial Facts and Figures with the Data Management Suite

Workshop

Gen AI Innovation Lab—Performing an Audit in an Hour

Workshop

Scaling for Success: Hear a Customer and RSM's Global Fund Reporting Rollout story powered by Workiva

Breakout

The ESG Expert Roundtable: Navigating 2024 & Beyond with Embark and Customers

Breakout

3:30 pm - 4:30 pm

Global Compliance and Reporting Reimagined

Breakout

Common Oversights in XBRL Tagging

Breakout

The Language of Influence: Strategies for Engaging Audit Committees and Stakeholders

Breakout

Spend Less Time for Better Results: How Embark Sped Up Global Statutory and Financial Reporting at Datasite

Breakout

GRC Product Spotlight: What's New & What's Coming

Breakout

Gen AI for ESG Assurance and Regulatory Readiness

Breakout

Ensuring Effective Governance over the Use of Generative Artificial Intelligence

Breakout

The Intersection of ESG & GRC

Breakout

Workiva Admin: Managing Roles, Permissions, and Settings in Your Org and Workspaces

Workshop

ESG at Work

Workshop

Building a Business Case for Cross-Functional Workiva Platform Usage and Expansion

Roundtable

Pro Groups: Breaking Down Barriers—Unveiling Cross-Functional Dynamics for More Productive and Happier Teams

Breakout

ESG Learning Lab: A Roundtable Discussion

Roundtable
6:30 pm - 9:30 pm

Closing Event with Goo Goo Dolls

Date: August 14, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **Global Alts Asia 2024 Conference**
Singapore
November 11-13, 2024



I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of the following staff attendance – Senior Investment Analyst Rafael Jimenez
- Specific information as to whether staff will serve as a speaker or panel participant – None
- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the conference sponsor

The topic list is timely and relevant to the administration of the retirement system. Therefore, it is recommended that your Board receive and file.

Attachments



Global Alts Asia '24

Marina Bay Sands, Singapore
November 11 - 13, 2024

Asia's Flagship Cap Intro Event

iConnections Asia, returning to Marina Bay Sands this November 11-13, gathers top investors and managers for specialized capital introductions and in-depth conversations. iConnections organize premier cap intro events for alternative investment industry in New York, Singapore, and Miami.



750+
Attendees

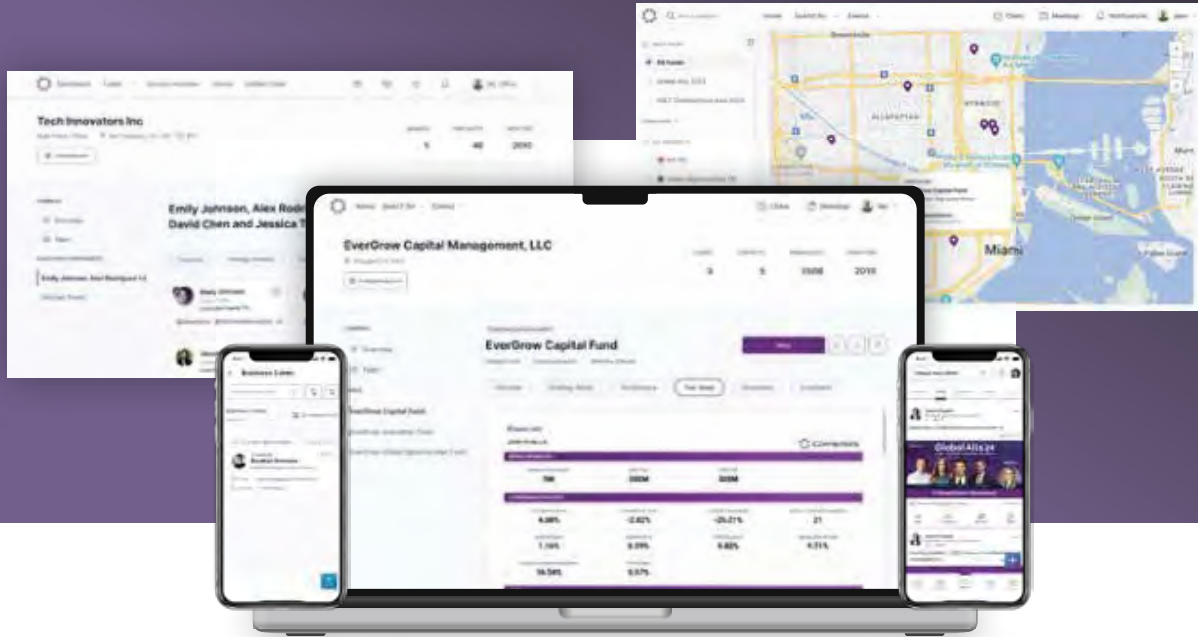
1,000+
Meetings

300
Allocators

250
Fund Managers



How It Works!



1

Become a member and build a profile

2

Communicate with Allocators & Managers

3

Schedule in-person meetings in the app

4

Access your connections 24/7

EVENT AGENDA

Monday
Nov 11th

6:00pm - 9:00pm
Registration

6:00pm - 9:00pm
Welcome Reception

Tuesday
Nov 12th

8:00am - 6:00pm
Registration & Breakfast

9:00am - 6:00pm
Content Sessions

10:00am - 5:00pm
One-on-One Meetings

12:30pm - 2:00pm
Lunch

7:00pm - 10:00pm
Evening Reception

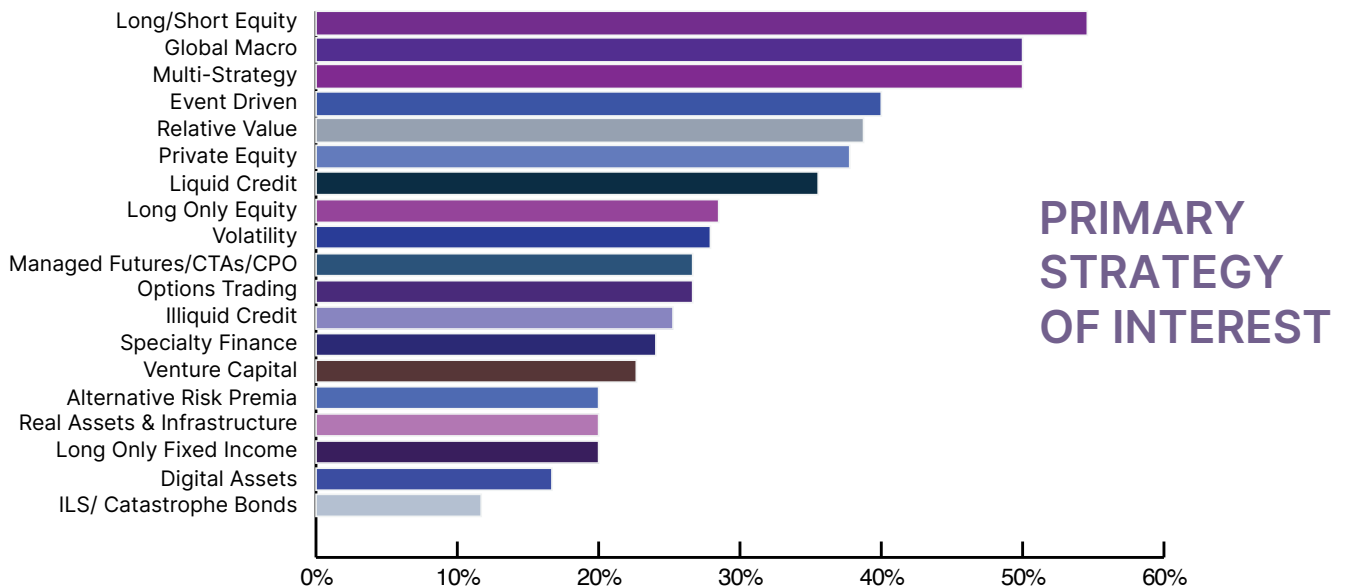
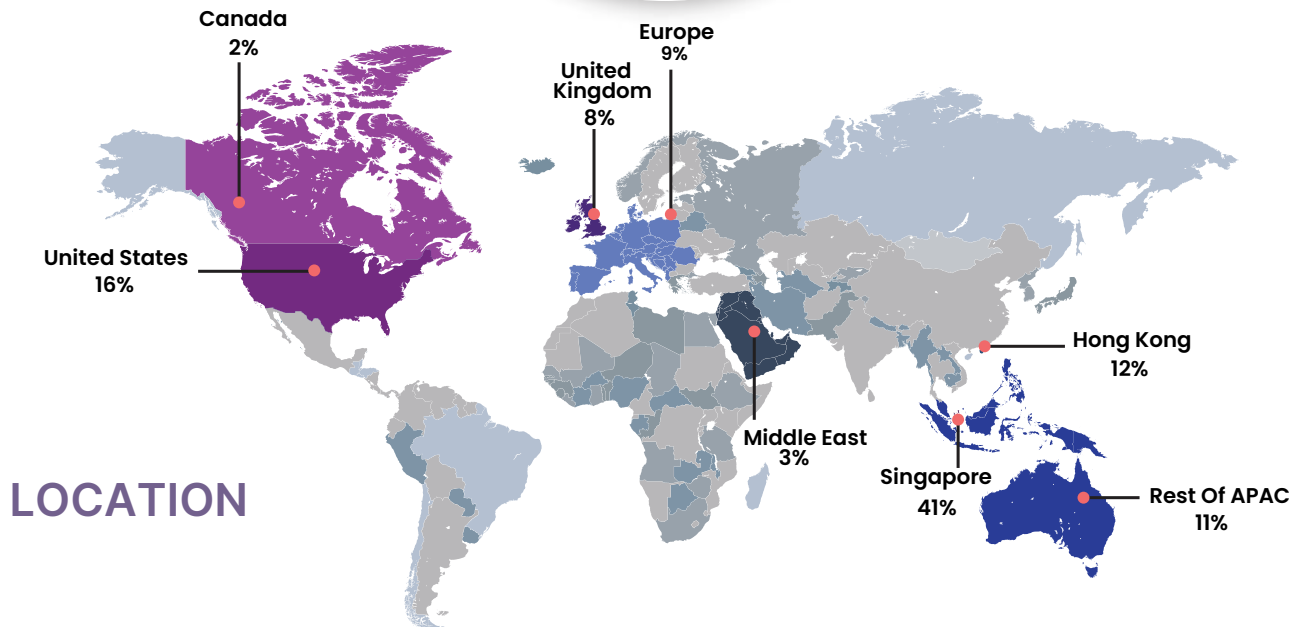
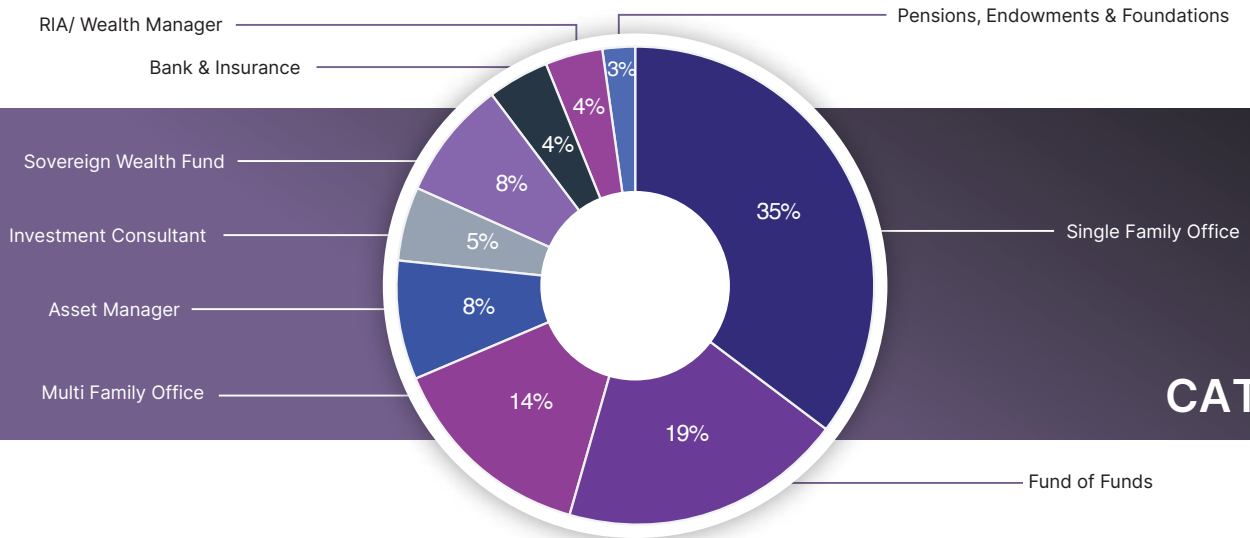
Wednesday
Nov 13th

8:00am - 6:00pm
Registration

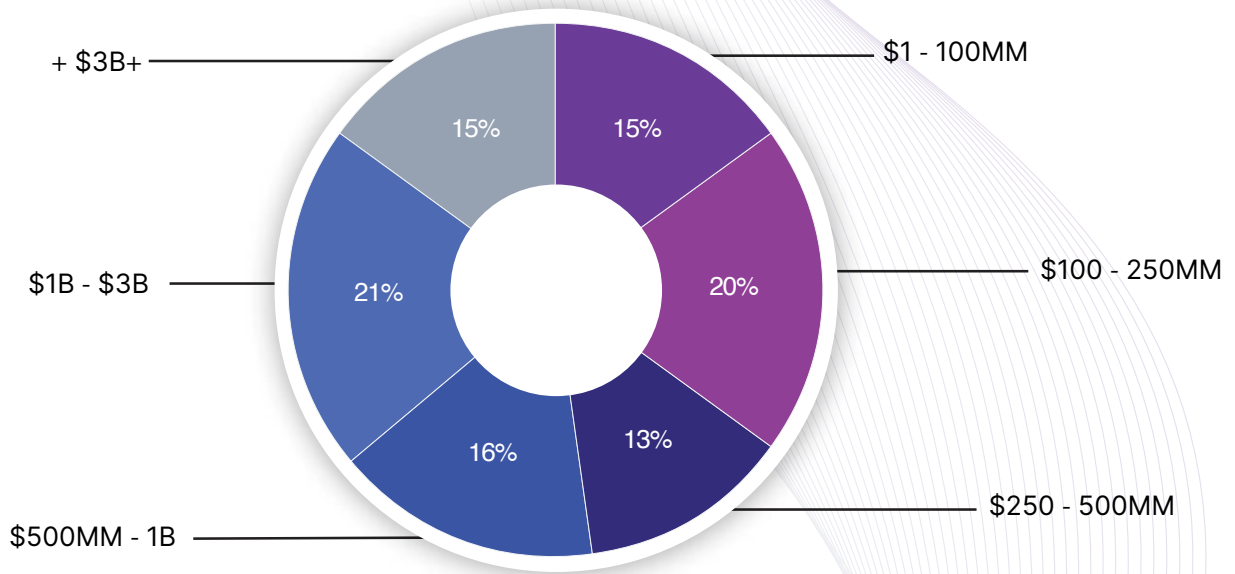
9:00am - 5:00pm
Content Sessions

10:00am - 5:00pm
One-on-One Meetings

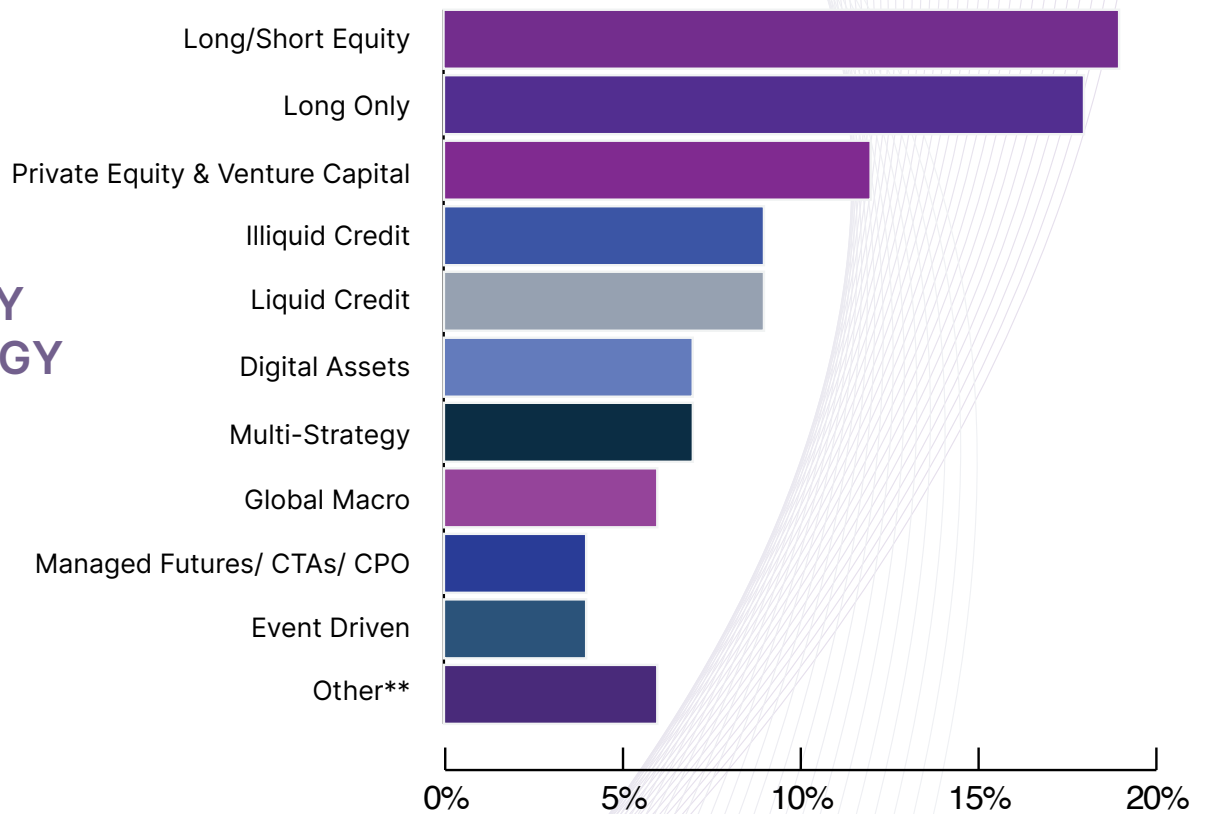
12:30pm - 2:00pm
Lunch



FIRM AUM*



PRIMARY STRATEGY



*Firm AUM represented in USD

**Relative Value, Volatility, SPAC, OptionsTrading, Alternative Risk Prima, Insurance-Linked Securities / Catastrophe Bonds, Geographic Specialist

Past Speakers



Kevin Bong
AIMCo



Elizabeth Burton
Goldman Sachs Asset
Management



Joe Dowling
Blackstone Alternative
Asset Management
(BAAM)



Ashish Goyal
OMERS



Kerrine Koh
Hamilton Lane

- Hoda Abou-Jamra, TVM Capital Healthcare Partners
- Johnny Adji, Mercer
- Hassan Ahmed, Coinbase
- Jeremy Allaire, Circle
- Ann Berry, Threadneedle & Public.com
- Sushant Bhansali, Ambit Asset Management
- Marco Bizzozero, iCapital
- Jennifer Buckley, Sweef Capital
- Charmaine Chin, Blackstone Alternative Asset Management
- Kelly Choo, True Global Ventures
- Baldwin Emmanuel Choy, Bloomberg L.P.
- Michael Denoon-Slater, iConnections
- Kurt Eldridge, Broadridge Financial Solutions
- Jonathan Fein, Trei's
- Maya Funaki, RBC BlueBay Asset Management
- Michael Garrow, HS Group
- Bryan Goh, Tsao Family Office
- Wee Ping Goh, Wee Hur Holdings
- Riady Gozali, Golden Vision Capital
- Melissa Cannon Guzy, Arbor Ventures
- Vishal Harnal, 500 Global
- Sean Ho, Triata Capital
- Keisuke Honda, X&
- Lily Jin, Columbia University Irving Medical Center
- Wouter Kneepkens, Blauwpark Partners
- Yan Kvitko, CPP Investments



Debra Ng
Albourne



Rich Nuzum
Mercer



Kim Rosenkilde
Singlife



Agus Tandiono
CPP Investments

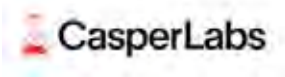
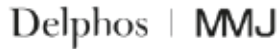


Pontus von Essen
AP7

Past Speakers

- Ho Kwon Ping, Banyan Tree Holdings
- Kher Sheng Lee, AIMA
- Vivian Claire Liew, Climate Smart Investments & PhilanthropyWorks
- Wei Liu, Clocktower Group
- Boon Chye Loh, SGX Group
- Kaitlin Malin, CFA, CAIA, iConnections
- Anish Mathew, Sundaram Asset Management Singapore
- Alexandra McGuigan, 100 Women in Finance
- John Nahas, Ava Labs
- Justin Ng, King Seal Holdings
- Leon Rapp, Platinum Asset Management
- Anthony Scaramucci, SkyBridge
- Arijit Sengupta, B Capital
- Damien Tan, Cambridge Associates
- Agus Tandiono, CPP Investments
- Jamie Thomson, Vulcan Forged
- Meng Yee Tuck, JRT Partners
- Kay Van-Petersen, Ascent Capital
- Iris Wang, CFA, TruMed Investment
- Staci Warden, Algorand Foundation
- Adam Watson, Partners Capital
- Dr. Arsani William, Logos Capital
- Bonnie Yu, CFA, FRM, CDPQ
- Steve Zhang, UBIQUANT Asset Management
- Cathy Zhu, CasperLabs
- Pat LaVecchia, Oasis Pro

Partners



Industry Partners



Travel Subject Global Alts Asia 2024 Conference
Date(s) November 11 - 13, 2024
Location Singapore
Proposed Attendee(s) Rafael Jimenez

Estimated Total Travel Cost \$3,127.26

Description	Computation	Jimenez	Totals	Borne By	
				KCERA	Sponsor
Registration fees		= -	-	-	
Lodging expense	3 nights @ \$ 362.42 /night	= 1,087.26	1,087.26	1,087.26	
Per diem meals reimbursement:	4 days @ \$ 110.00 /day	= 440.00			
Less meals provided by sponsor	0 Breakfast, 0 Lunch, 0 Dinner = \$0.00	= \$0.00			\$0.00
Total meals expense		=	440.00	440.00	
Shuttle/taxicab expense		= 200.00	200.00	200.00	
Airfare		= \$1,400.00	\$1,400.00	1,400.00	
Vehicle-related expenses:		= -	-	-	
Parking	_____ days @ _____ /day	= -	-	-	
Mileage	_____ miles @ <u>0.395</u> /mile (Department Head)	= -	-	-	
	_____ miles @ <u>0.670</u> /mile (Staff, Trustee)	= -	-	-	
Rental car		= -	-	-	
Rental car gasoline		= -	-	-	
Totals		= 3,127.26	\$ 3,127.26	\$ 3,127.26	\$ -



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

June 26, 2024

Via Electronic Mail

Aimee X. Espinoza
Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue, 1st Floor
Bakersfield, CA 93301
espinozaa@kerncounty.com

Subject: KCERA Board of Retirement Election for Second, Seventh, and Alternate Seventh Members

Dear Ms. Espinoza:

The terms of office of the Second, Seventh, and Alternate Seventh seats of the Board of Retirement expire on December 31, 2024. The Second member is a General member employee elected by the General members of the Kern County Employees' Retirement Association ("KCERA"), and the Seventh and Alternate Seventh members are Safety members of KCERA who are elected by the Safety members of KCERA.

The Government Code provides that members of the Board of Retirement shall be elected for three-year terms in a manner to be determined by the Board of Supervisors. The Auditor-Controller-County Clerk has conducted previous elections upon direction from the Board of Supervisors and there is no fiscal impact as the Auditor-Controller-County Clerk is reimbursed by KCERA for all expenses incurred in conducting the election.

Therefore, it is requested that you conduct an election, pursuant to the Board of Retirement's elections procedures, for the Board of Retirement positions listed above for the term of office ending December 31, 2027.

Respectfully submitted,

Dominic D. Brown
Chief Executive Officer

cc: Aimee X. Espinoza, Auditor-Controller-County Clerk
Laura Cantu, Assistant Registrar of Voters
Jennifer Zahry, KCERA Chief Legal Officer
Trustees, Board of Retirement

Date: August 14, 2024

To: Trustees, Board of Retirement

From: Daryn Miller, CFA, Chief Investment Officer
Rafael A. Jimenez, Senior Investment Analyst
Melekte Yohannes, Investment Analyst



Subject: Emerging Markets Equity Recommendations

RECOMMENDATION

Staff recommends a \$70M investment in the ABS Emerging Markets Direct Portfolio (“ABS”) and a \$70M investment in the Carrhae Capital Emerging Markets Equities Fund (“Carrhae”) both subject to negotiating terms and conditions. The funding source for the recommended additions to the Emerging Markets Equity allocation will be partial redemptions from the passive Mellon Emerging Market Stock Index Fund (“Mellon”) and the DFA Emerging Markets Value strategy (“DFA”).

This recommendation would result in the percentage of active management in the Emerging Markets Equity allocation rising from 44.4% to 91.1%. The Plan’s exposure to active management in Emerging Markets was reduced in November 2023 following the termination and liquidation of Alliance Bernstein Emerging Markets Strategic Core (“AB”). Additionally, the termination of AB resulted in the factor exposures of the Emerging Markets allocation to be tilted toward size and value style factors. Staff’s recommendation is consistent with the view that Emerging Markets is an inefficient asset class where skilled managers can generate alpha and can be expected to be compensated for taking active risk.

EMERGING MARKETS EQUITY ALLOCATION

The Plan’s long-term strategic asset allocation includes a 33% allocation to Global Public Equity and the allocation is benchmarked to the MSCI ACWI IMI Index. The Plan maintains dedicated regional exposure to Emerging Markets within Global Public Equity and the respective allocation to Emerging Markets is in line with the MSCI ACWI IMI Index.

Compared to Developed Markets, Emerging Markets is a more attractive asset class for the pursuit of active management. This can be attributed to the degree of information asymmetry, higher economic growth potential, and the ability for a manager to capitalize on specialized knowledge in a specific country or sector. The ability to generate alpha is further promoted by the lack of institutional market participants and dominance of retail investors in certain markets. Historical data suggests that there is a positive relationship between incremental risk-taking and incremental return generation in Emerging Markets Equity.

Proposed Allocation

	Current Allocation	Proposed Allocation	Proposed Trade	% of EM Portfolio	Active or Passive
Emerging Markets Equity					
Mellon Emerging Markets Fund	\$118,979,373	\$18,979,373	-100M	8.86%	Passive
DFA Emerging Markets Value	\$95,168,457	\$55,168,457	-40M	25.76%	Active
ABS Emerging Markets Direct		\$70,000,000	+70M	32.69%	Active
Carrhae EM Equities Fund		\$70,000,000	+70M	32.69%	Active
Total Emerging Markets Equity	\$214,147,830	\$214,147,830			
Active Management (%)	44.4%	91.1%			

*Market Values as of 6/30/2024

The recommended investments in ABS and Carrhae will have effects on portfolio risk at both the Emerging Markets Equity level and the Total Public Equity level, which Staff has modeled and analyzed through the Venn portfolio risk analytics system.

The dollar amount of the proposed redemptions from Mellon and DFA are not final. However, Staff expects for the respective redemptions to be similar. The risk and return analytics in the Appendix are based on the *Proposed Allocation* illustrated above.

Please find exhibits in the Appendix section at the end of this memorandum.

ABS EMERGING MARKETS DIRECT PORTFOLIO – ANALYSIS

Firm: ABS Global Investments (“ABS”) is a global investment management firm that specializes in constructing a portfolio of local managers that focus on stock selection in their respective market. ABS was established in 2003 and the firm has been managing Emerging Markets strategies since 2012. The firm is headquartered in Greenwich, Connecticut and maintains offices in Sao Paulo, Zurich, and Hong Kong.

ABS currently manages approximately \$7.1B across a range of equity strategies for a diverse group of clients, including pensions, foundations, endowments and family offices. The firm offers Long/Short, Long-Only, and systematic products for Emerging Markets investors. The ABS Emerging Markets Direct Portfolio (“ABS Direct”) represents \$211M in assets under management and has a track record dating to April 2018. ABS Direct provides exposure through direct equity investments. The ABS Emerging Markets Strategic Portfolio provides exposure through direct equity investments and Long-Only funds; the strategy has \$1,960M in assets under management. Pension clients represent 50% of the firm’s AUM.

ABS believes in the importance of young, talented members of its team becoming equity owners of the business in order to promote the alignment of interest with the success and continuity of the firm. The firm has 37 employees; 26 are equity partners and 20 are dedicated investment professionals.

Investment Philosophy & Performance: The investment philosophy for ABS is centered around

constructing a portfolio of local, boots-on-the ground, managers that are specialists in their respective country. The portfolio management team is tasked with constructing an aggregate portfolio that minimizes country and sector deviations relative to the MSCI Emerging Markets Index and adds value through the stock selection expertise of the managers it invests in. The firm employs a manager research and selection process that includes elements of both qualitative and quantitative due diligence.

ABS believes that the inefficiency in Emerging Markets is best exploited by local specialists with a physical presence in the geographies they are investing in and an understanding of the culture. The manager allocates capital to independent boutiques that are sourced through relationships with existing managers, sovereign wealth funds, and family offices. ABS strives to invest in local managers with only one strategy and where the CIO, CEO, and Portfolio Manager are all the same person. These managers can be Hedge Fund managers running a Long/Short mandate that are hired to implement a Long-Only strategy for ABS. The local managers run concentrated portfolios that contain between 20 and 40 high conviction positions. It should be noted that while the active risk of a singular local manager in the portfolio can be high, the aggregate tracking error of the strategy is effectively “dampened” through the diversification benefits and consideration of correlation amongst managers. ABS embraces active risk and the weighted average tracking error of the underlying managers is between 9 – 10%. ABS maintains an expansive bench of prospective managers in each country. The strategy’s historic turnover has been low and the manager is patient when a local manager is underperforming their respective country index; ABS motivates underperforming managers to continue to take risk.

The strategy is not limited to investing in any particular segment of the market-cap spectrum; however, the strategy is expected to maintain a relative overweight to small and mid-cap companies and an underweight to large-cap companies. The underweight to large-cap companies can be attributed to the notion that there is less inefficiency in large companies given their degree of global integration. The strategy is expected to maintain an adaptive style profile and can tilt toward Growth or Value depending on the market environment.

The track record of investment performance demonstrate that ABS has been able to generate solid investment results on both an absolute basis and relative to its benchmark. The team at ABS has been able to generate alpha in periods where both Growth and Value have outperformed the broader Emerging Markets index. The strategy has been able to achieve attractive risk adjusted returns through consistent generation of alpha and maintaining a moderate level of active risk. Investors in the strategy have been able to achieve an asymmetrically positive return profile that has captured more of the broader market’s upside and less of the downside in the previous 5, 7, and 10-year trailing periods.

Portfolio Managers & Team: Guilherme Valle, CFA is the Co-Founder of ABS and the Portfolio Manager for the Emerging Markets Direct Portfolio. Mr. Valle has over 30 years of investment experience and has been in an allocator role since 1994; he has been the key decision maker for the strategy since its inception. Valle is based out of Greenwich but spends a material amount of time “on-the-ground” meeting with existing and prospective local managers. Valle is responsible for directing the qualitative due diligence team.

The qualitative due diligence team is dedicated to the firm’s Emerging Markets strategies and is tasked with forming an assessment, monitoring and conducting diligence on the existing roster of local

managers in addition to the bench of prospective managers. The goal of the team is to select the managers best equipped to outperform their local benchmark through an evaluation of their investment philosophy and differentiated source of alpha generation, in addition to gauging manager motivation, congruency, and consistency. The qualitative team counts on 6 analysts each dedicated to a specific region. There are 2 Asia analysts based out of Hong Kong; although the rest of the team is based out of Greenwich, the analysts spend a significant amount of time in the geographies they cover. The quantitative due diligence team is a universal resource for the firm and is responsible for the analysis of performance and risk management. The quantitative team aids the qualitative team in portfolio construction by providing further insight into a local manager's performance trends, relative deviations, and risk exposures at the manager and aggregate portfolio level.

Vehicle and Terms: Staff's recommended investment in ABS will be structured in a 3c7, Limited Liability Company (LLC). The firm has established separately managed accounts for each of its local managers in the name of ABS and the Plan will own an interest in the LLC. ABS has proposed a competitive management fee of 65 basis points on all assets under management.

ABS Direct offers investors monthly liquidity and requires a 30-day redemption notice. The strategy also offers daily liquidity, with a 7-day redemption notice. Daily redemptions are subject to a 2% exit fee.

Risks & Considerations: The reliance on Mr. Valle as Portfolio Manager and clear leader of the team presents key person risk to the strategy, and a departure would prompt Staff to re-underwrite the investment. However, this risk is mitigated through the culture that Valle has fostered, particularly within the tenured qualitative due diligence team.

A consideration for investing in this vehicle is the fee structure which inherently involves two layers of fees – the fee paid to the underlying managers and the fee an investor would pay to ABS. Valle and his team have negotiated a competitive fee structure with the local managers the firm allocates capital to and continuously engages with managers to reduce costs. ABS prefers to pursue a fee structure that includes a performance fee to increase the alignment of interest with local specialists. Staff's assessment of the manager's performance is inclusive of both layers of fees.

CARRHAE CAPITAL EMERGING MARKETS EQUITIES FUND – ANALYSIS

Firm: Carrhae Capital ("Carrhae") is an Emerging Markets Boutique founded in 2011 by Ali Akay. Carrhae has 2 distinct strategies: a Long/Short launched in 2011 and a Long-Only launched in 2014. Carrhae is headquartered in London and maintains a global investment team in the UAE, India, China, and Brazil. Carrhae currently has 11 investment professionals with plans to add 2 additional investment analysts to assist senior investment professionals. Carrhae has 18 employees across the investment and operational groups. The firm currently manages \$1.77B in assets, \$900M in the Long-Only strategy and \$871M in the Long/Short strategy.

Investment Philosophy & Performance: The investment philosophy for Carrhae can be described as flexible and opportunistic with a specialty in emerging markets. The firm has established one investment philosophy and relies on the same team and process for both its Long-Only and Long/Short offerings. The Carrhae Long-Only fund is comprised of the long positions in the Long/Short fund and any discretionary deviations in sizing exposures is the decision of Chief Investment Officer, Ali Akay.

Carrhae's security selection process is built on a bottom-up approach that starts with understanding the fundamentals of a company. Carrhae seeks to be in the top quartile of knowledge prior to investing in a certain sector, as such they have on-the-ground analysts in various sectors and countries to gain better insight into micro and macro dynamics

The investment process for Carrhae Capital is based on 3 foundational pillars: fundamentals, adoption of a deal team approach, and risk management. The fundamentals first mindset is a process which allocates significant time and resource towards bottom-up research on companies and industries. The deal team approach combines the expertise of regional and sectors analysts on a single investment thesis to improve the research teams' knowledge and promote pattern recognition across sectors and regions. The risk management framework creates a guideline with the tools to optimize the portfolio based on the risk-reward characteristics and conviction score of their investments.

The Long-Only fund is a concentrated portfolio that can consist of between 30 and 50 positions. The top 10 holdings can be expected to account for 50-60% of the portfolio. The level of security concentration contributes to the strategy's tracking error which can range between 8-9%. Carrhae's security selection and risk management process has resulted in historical excess returns that are in proportion with the level of risk taken by the manager. The strategy has been consistently able to generate positive excess return over different 3-year and 5-year rolling periods. Furthermore, the manager's Information Ratio has been strong, demonstrating that the level of active risk has been commensurate with excess return. Carrhae's track record demonstrates that the manager has been able to generate solid investment results in a consistent and repeatable manner.

Portfolio Managers & Team: Ali Akay, Founder and Chief Investment Officer, counts on 25 years of investment experience and founded Carrhae in 2011. Deputy Chief Investment Officer, Plamen Dokov also has a tenured investing career with close to 20 years in the industry, 10 of those years were with Carrhae alongside Ali Akay. Prior to joining Carrhae Mr. Dokov worked at SAC as a Senior Analyst, where he worked directly with Mr. Akay.

The Carrhae investment team consists of 11 investment professionals, including 7 on-the-ground investment analysts and 2 professionals in the quantitative research group. For the larger country exposures in the Emerging Markets Index, Carrhae employs on-the-ground analysts that understand the local culture and language of the geographies they are investing in. Additionally, the firm has a culture of mentorship that is cultivated through their senior professionals.

Vehicle and Terms: Staff's recommended investment in Carrhae is in a fund structure. The investment would be in Share Class "F". Class F shares have a 75 basis point management fee and a performance fee of 12% on returns in excess of the MSCI Emerging Markets Total Return Index. The fee structure includes a high-water mark which further aids in the alignment of interest and benefits the Plan during periods of underperformance. The strategy offers monthly redemption with a 30-day redemption notice.

Risk & Considerations: Akay is the key decision-maker for the strategy, introducing a notable level of key person risk. This risk is mitigated by the tenure and extensive presence of Deputy CIO, Plamen Dokov. Akay and Dokov have an extensive working relationship and in the absence of Akay, Mr. Dokov undertakes the investment decisions. In the event that Akay would be unable to serve in his current

capacity, investors would be given the opportunity to further underwrite Dokov and will have the ability to liquidate their investment in the fund.

The strategy has the ability to invest up to 10% of assets in non-equity investments and has historically invested in credit and commodities. The manager has made use of this allocation to express a macro view when the market of the country is illiquid or the investable equity securities are limited. It should be noted that the level of non-equity investments has historically been nominal, and the highest average annual exposure has been 1.6%.

INVESTMENT PROCESS

Following the termination of AB, Staff initiated a replacement search for an active manager to complement the existing managers in the Emerging Markets allocation. Staff used eVestment to screen the universe of Global Emerging Markets managers and arrive at an initial list of candidates based on historical performance and an emphasis on consistency during different trailing and rolling time periods. Staff conducted preliminary conversations with 19 investment managers for 21 distinct strategies in order to understand the team, investment philosophy, and process. Staff identified the strategies that warranted further consideration through a combination of qualitative and quantitative factors. Staff conducted additional interviews with 8 managers to better understand historical performance, risk considerations, and environments where the strategy can be expected to under or overperform. Staff identified finalists for the mandate and communicated the short list of potential managers to Verus. Staff engaged with Verus actively in the final stage of the investment process. Staff's collaboration with Verus included an assessment of capacity, liquidity and off-benchmark exposures. Staff arrived at an investment decision after thoughtful consideration of performance, investment methodology, and the complementary aspects of each manager. Verus is supportive of Staff's investment recommendation.

Staff relied on Venn to analyze the size of the recommended investments in ABS and Carrhae. Staff was also considerate of the factor exposures of the current Emerging Markets allocation and believes the proposed allocation provides a more balanced exposure to risk factors. Staff has modeled the effects of the proposed investments on portfolio risk and return and has included output in the Appendix section.

VERUS

Verus undertook an independent assessment of the recommended managers to determine their institutional quality and provided a complementary memorandum that is supportive of Staff's recommendation. The Verus memorandum is appended to this document.

SUMMARY

The recommended investments in ABS and Carrhae represent an attractive opportunity for the Plan to gain access to two high conviction managers that have demonstrated the ability to capitalize on the inefficiencies in Emerging Markets Equity. The proposed allocation of the Emerging Markets Equity portfolio is consistent with Staff's view that the asset class is situated for alpha generation and skilled managers are compensated for taking active risk. The managers are complementary and have exhibited a low, and at times negative, correlation of excess return; *demonstrating that the strategies are differentiated in their approach*. The investments in ABS and Carrhae allow the Plan to capture the breadth of the opportunity set in Emerging Markets and earn a return that is consistent with the objective of the Public Equity allocation.

APPENDIX

Emerging Markets Level Risk & Return (Analysis Period July 2018 - June 2024)

Historical Performance	Current Allocation	Proposed Allocation
Volatility (Analysis Period)	18.44%	18.42%
Excess Return (Analysis Period)	-0.43%	3.28%
Tracking Error (Analysis Period)	3.59%	3.07%
Information Ratio (Analysis Period)	-0.10	1.03

Global Public Equity Level Risk & Return (Analysis Period July 2018 - June 2024)

Historical Performance	Current Allocation	Proposed Allocation
Volatility (Analysis Period)	17.33%	17.36%
Excess Return (Analysis Period)	-0.06%	0.36%
Tracking Error (Analysis Period)	1.33%	1.27%
Information Ratio (Analysis Period)	-0.08	0.23

Correlation of Excess Return

Analysis Period (February 2014 - June 2024)

Excess Return Correlation	DFA	Carrhae	ABS
Dimensional Fund Advisors	1.00		
Carrhae Capital EM Long Only	-0.26	1.00	
ABS EM Direct	-0.04	0.13	1.00

Analysis Period (February 2014 - January 2017)

Excess Return Correlation	DFA	Carrhae	ABS
Dimensional Fund Advisors	1.00		
Carrhae Capital EM Long Only	-0.56	1.00	
ABS EM Direct	-0.46	0.65	1.00

Analysis Period (February 2017 - January 2021)

Excess Return Correlation	DFA	Carrhae	ABS
Dimensional Fund Advisors	1.00		
Carrhae Capital EM Long Only	-0.24	1.00	
ABS EM Direct	-0.05	-0.13	1.00

Analysis Period (February 2021 - January 2024)

Excess Return Correlation	DFA	Carrhae	ABS
Dimensional Fund Advisors	1.00		
Carrhae Capital EM Long Only	-0.11	1.00	
ABS EM Direct	0.31	-0.22	1.00



Memorandum

To: Board of Retirement, Kern County Employees' Retirement Association KCERA
cc: Investment Staff
From: Scott J. Whalen, CFA, CAIA, Managing Director and Senior Consultant
Date: August 14, 2024
RE: Emerging Market Equity Mandate

Background

KCERA's investment strategy includes a policy allocation to Global Equity, a portion of which is dedicated to Emerging Market Equity ("EME"). As of 6/30/24, the EME allocation was invested with two managers, one active and one passive, equaling 3.7% of the total investment portfolio, or approximately \$214 million. Near the end of 2023, following close observation and evaluation due to an extended period of underperformance, KCERA redeemed its investment in the AB Emerging Markets Strategic Core Equity fund. The assets were placed in an index fund as a holding place until Investment Staff could conduct a thorough asset-class review. Earlier this year KCERA initiated a deep-dive research project with support from Verus to develop a long-term solution for the EME mandate. The evaluation resulted in the identification of the following two managers that are being recommended to the Investment Committee:

- Carrhae Capital Emerging Markets Equities Fund; and
- ABS Emerging Markets Direct Portfolio

These two strategies will work in conjunction with KCERA's current manager, DFA, and a small residual passive allocation to provide a balanced portfolio across growth and value styles and small, mid, and large capitalization ranges.

This memo provides a description of the comprehensive due diligence steps that went into this project, the strategies and sizing that make up the recommended structure, and our favorable view of Staff's recommendation.

Evaluation Process

INVESTMENT STAFF DUE DILIGENCE

Following termination of the AB fund, a thorough search and detailed implementation analysis was carried out in multiple stages, including:

- A review of eVestment's comprehensive database of EME investment managers and strategies;
- 19 introductory manager calls covering 21 separate strategies;
- Deep quantitative analysis;
- Due diligence interviews with 8 semi-finalist candidates;
- Additional due diligence interviews with 4 finalist candidates;
- Manager structure analysis; and
- Mandate sizing analysis.

Through these stages, Investment Staff assessed various factors and attributes, including:

- Historical risk and return;
- Investment team, philosophy, and process;
- Approach to risk management;
- Discreet periods of out and underperformance; and
- Factor exposures across managers.

VERUS PARTICIPATION

Verus supported KCERA Investment Staff through the evaluation process by providing additional analytical resources related to emerging market asset class capacity constraints, off benchmark and developed market holdings, and benchmarking analysis. Verus actively participated in finalist candidate interviews and provided additional analytical rigor in relation to final manager selection and structure.

Strategy Description

Currently, KCERA's EME portfolio consists of a value manager, DFA, and a passive core index fund. Through the search process, two additional active managers have been identified that fit well within KCERA's EME portfolio.

CARRHAE CAPITAL EMERGING MARKETS EQUITIES FUND

Carrhae is a boutique investment shop based in London with a geographically dispersed employee base of 18 employees and 11 investment professionals. The firm manages two investment strategies, long-short equity and long-only equity, both of which are based on the same investment philosophy and approach. KCERA Investment Staff is recommending investing in the long-only strategy.

Carrhae firmly believes emerging market equities are a highly inefficient asset class, which leads to compelling opportunities for fundamental investors. They further believe this opportunity is increasing with a significant and growing trend toward passive investing. The firm's fundamental investment approach seeks to take positions in growing companies that can be obtained at a reasonable price. The Fund's investment process consists of the following six basic steps:

- Idea generation;
- Idea analysis;
- Idea refinement;
- Execution;
- Management; and
- Exit.

During idea generation, the investment team monitors key macro variables and extraordinary events around the world, leverages its global network of contacts, meets with company management and their competitors, and follows cross-border corporate actions. They also monitor relative valuations of same-sector companies and stock dividend yields.

Idea analysis and refinement involves covering the basics of the trade and developing proprietary analysis identifying where their view may differ from that of the market. Part of the

idea analysis is focused on determining the target position size, which considers liquidity, risk tolerance, conviction level and expected return. Ideas are presented to the CIO and are brought up for team discussion. Carrhae is conscious of spending time efficiently. The firm uses sell-side research to obtain background for investment ideas and also commissions custom analysis and proprietary surveys. Internally, the investment team spends most of its time sourcing proprietary information and developing in-house models.

For idea execution, the CIO works with the trader to determine entry points and the pace of fund deployment. Positions are sized dynamically both ahead of and after key trading milestones.

The firm utilizes a proprietary dashboard for managing and exiting positions that provides a real-time road map for each security in the portfolio and whether it should be increased or reduced in size. The dashboard tracks country risk, industry risk, performance relative to price targets, and ongoing conviction in the investment thesis. In practice Carrhae tends to marginally add to positions during selloffs, as a security's risk/reward profile improves, and reduce position sizes as risk/reward deteriorates and a stock moves toward its price target.

ABS EMERGING MARKETS DIRECT PORTFOLIO

ABS Investment Management (ABS) is a global investment firm focused on building differentiated equity portfolios using a fund-of-funds structure. The ABS Emerging Markets Direct strategy is a highly active, yet still diversified, portfolio of local specialist managers with a geographical and cultural advantage in identifying alpha opportunities. The ABS team packages these unconstrained underlying managers into a single core portfolio designed to provide consistently strong relative results regardless of the market environment.

The Emerging Markets Direct strategy is intended to be an all-cap, core portfolio with an all-weather return profile. Because the process strives to minimize factor exposures outside of beta, the strategy should perform well in normal market environments where fundamentals are rewarded. Sharp, technical moves (up or down) would present a more difficult environment for the strategy.

ABS is majority employee-owned with a stable and diverse team of experienced investors. The team employs a well-articulated philosophy and process that focuses on minimizing unwanted exposures, which leads to results driven primarily by stock selection. The fund-of-funds structure often leads to exposure to smaller and mid-size companies. The firm's highly sophisticated, proprietary portfolio and risk management database facilitates thorough insight into stock, sub-fund, and portfolio-level exposures.

Even though the fund-of-funds structure leads to a double layer of fees, ABS has been able to demonstrate strong relative net-of-fee performance across its product suite. Also, the firm is continually focused on lowering fees for investors. In recent years, the team has been able to attain material fee reductions through transitioning underlying exposures to separately managed accounts from commingled fund structures.

Mandate Structure and Sizing

Through factor and structure analysis, Investment Staff has concluded that the three managers (Carrhae, ABS, and DFA), when taken together, will provide complementary return streams with

a strong chance of producing excess returns for the overall EME mandate. Our independent analysis confirms this. The first table below provides excess returns correlation of the three strategies over a 10-year period ending 3/31/24. As one can see, correlations are low to negative, indicating high diversification benefit from the recommended structure.

	ABS	Carrhae	DFA
ABS	1.00		
Carrhae	-0.15	1.00	
DFA	0.32	-0.15	1.00

The second table shows the characteristics of a representative 10-year historical return stream constructed from the three managers' composite returns, combined in proportion to the recommended allocation. As one can see here, combining the three managers would have provided far superior performance versus the passive benchmark.

Metric	Combined Portfolio	MSCI EM Index
Annualized Return	6.99%	3.58%
Standard Deviation	16.46%	16.94%
Beta	0.95	--
Alpha	3.47%	--
Information Ratio	0.98	--
Sharpe Ratio	0.34	0.13
Upside Capture	102.5%	--
Downside Capture	89.6%	--

Verus and Investment Staff agree that Emerging Market Equity is a relatively inefficient space where active management can have a favorable impact on overall asset class returns. Therefore, the recommended mandate is predominately invested utilizing active management with a modest allocation of less than 10% remaining in a passive index for the purpose of maintaining operational efficiency and flexibility.

Verus Position

Based on our review of the evaluation work of KCERA's Investment Staff and the independent work conducted by Verus research, we are supportive of Staff's recommendation.

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

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Core Real Estate Review

Presented by:

Geoff Nolan

Senior Investment Officer

Jack Bowman

Senior Investment Analyst



Contents

- Introduction and Objectives
- Role of Core Real Estate
- KCERA's Core Real Estate Portfolio
- Core Real Estate Outlook
- Market Value and Performance
- Next Steps
- Questions
- Appendix



Introduction and Objectives

What is Staff seeking to achieve with this analysis?

- **Goal:** Determine whether the Core Real Estate (“CRE”) portfolio is meeting its goal/objectives.
- **Process:** Review performance and risk drivers.
- **Next Steps:** Consider strategic alternatives for potential structural improvements to CRE.

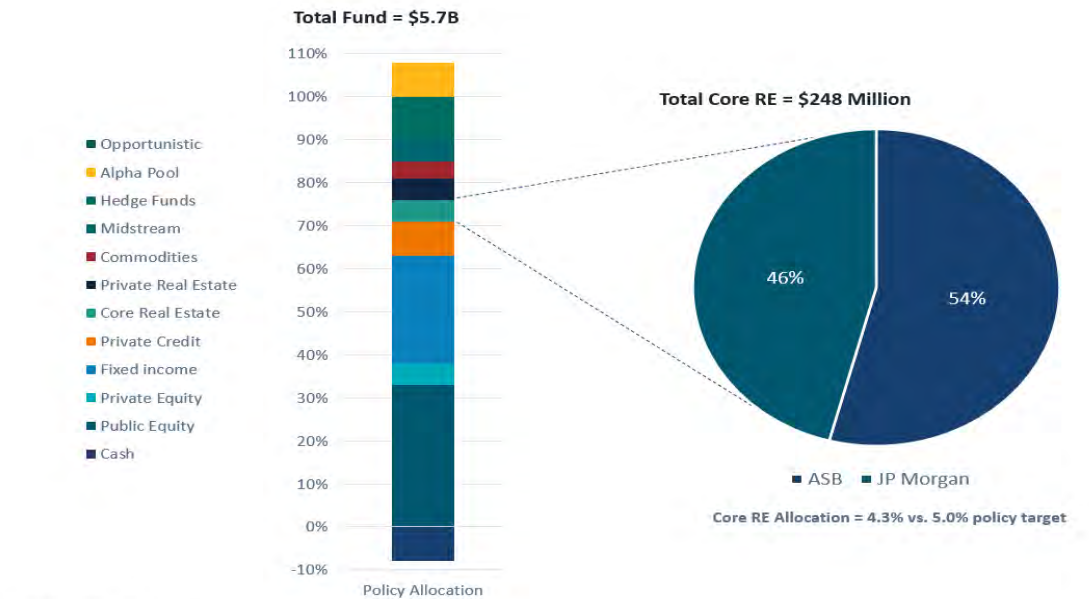


Role of a CRE Portfolio

- **Stable income generating cash flows:** Properties often come with long-term leases, providing stable and predictable cash flows.
- **Diversification:** Low correlation with stocks and bonds.
- **Inflation hedge:** Values and rental rates typically increase with inflation.

KCERA's Core Real Estate Portfolio

- KCERA has had real estate exposure for over 30 years. The CRE allocation was established in 2013 and the Plan's current two CRE managers have been in place since 2013 and 2014.
- Over the last 5 years, the CRE portfolio has met its diversification and cash flow objectives but given property value declines it has fallen short on providing an inflation hedge.
- CRE within KCERA Portfolio:





KCERA's CRE Manager Fund Overview

- ***JP Morgan's Strategic Property Fund*** seeks an income-driven rate of return of 100 basis points over the NCREIF Property Index over a full market cycle through asset, geographic and sector selection and active asset management. The Fund invests in high-quality stabilized assets with dominant competitive characteristics in markets with attractive demographics throughout the United States.
- ***ASB Core Fund*** seeks to achieve above-benchmark investment performance through long-term net operating growth by investing in urban markets with strong real estate fundamentals and in assets that have competitive advantages that may drive long-term tenant demand. The Fund seeks to build a portfolio that is diversified by the core property types including office, multi-family, retail and industrial, as well as by maintaining strong geographic diversification across the nation's strongest metropolitan areas.



KCERA's CRE Managers

Similarities:

- Modest leverage (35%-40%).
- Expanding allocations to non-core investments.
- Undertaking a multi-year portfolio allocation shift to reduce office exposure and shift towards both industrial and residential assets.
- KCERA's managers have fulfilled their mandate to provide an annual cash flow component, annualized at 3+% for the past 5 years.

Differences:

- ASB historically focused on urban markets
- Fund Size:
 - ASB: \$4.8 billion Gross Asset Value
 - JPM: \$25.7 billion Gross Asset Value

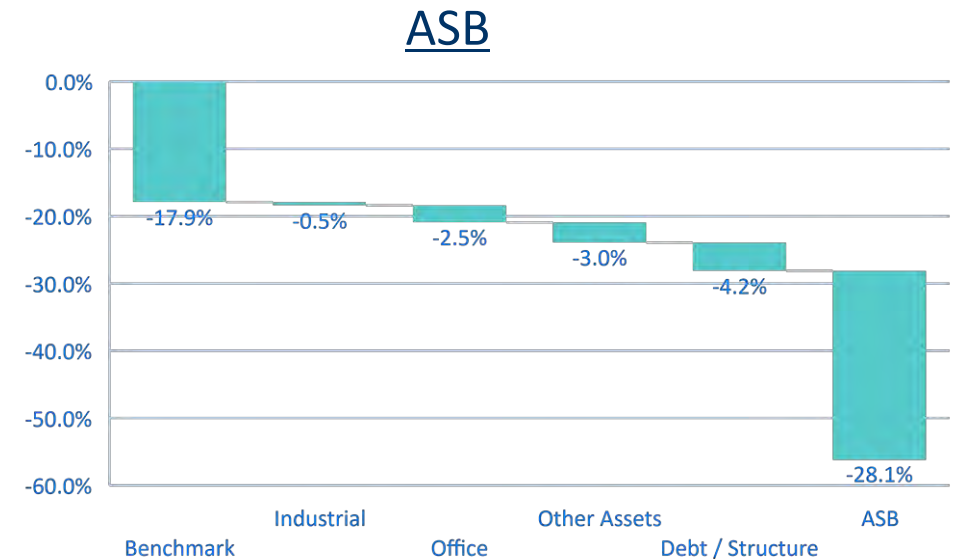
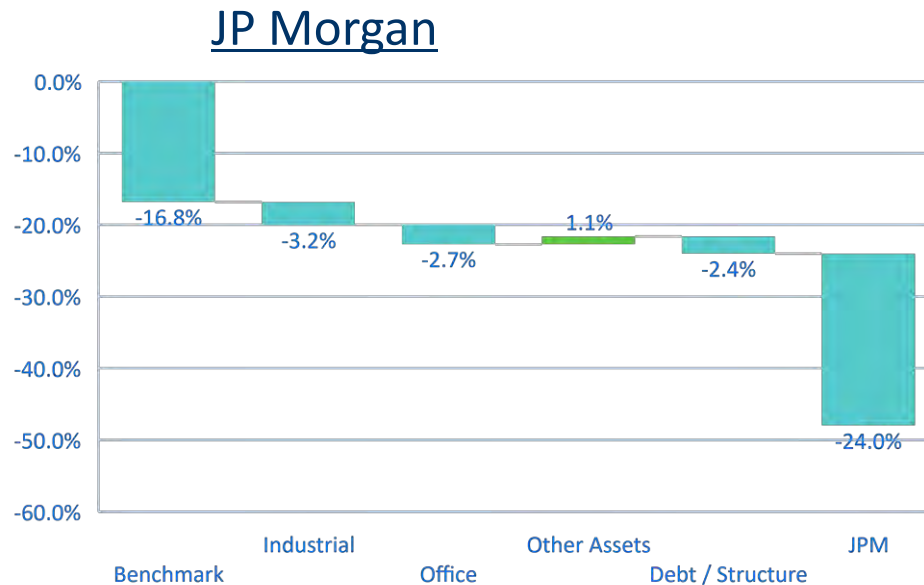
KCERA's CRE Performance Results

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Inception	Inception Date
Core Real Estate	247,841,190	4.3	-6.4	-16.8	-20.3	-2.3	-0.3	-	-12.4	24.8	5.6	1.4	5.9	4.0	Oct-14
<i>NCREIF ODCE</i>			<i>-2.4</i>	<i>-8.8</i>	<i>-11.3</i>	<i>3.4</i>	<i>3.5</i>	<i>-</i>	<i>-10.0</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>6.4</i>	
ASB Allegiance Real Estate Fund	133,800,042	2.3	-6.9	-17.5	-22.7	-3.5	-1.0	3.8	-13.3	23.0	5.4	1.5	6.8	4.2	Sep-13
<i>NCREIF ODCE</i>			<i>-2.4</i>	<i>-8.8</i>	<i>-11.3</i>	<i>3.4</i>	<i>3.5</i>	<i>6.8</i>	<i>-10.0</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>7.0</i>	
JPMCB Strategic Property Fund	114,041,148	2.0	-5.7	-15.9	-17.4	-0.7	0.6	-	-11.4	27.9	5.9	1.3	5.0	4.4	Jul-14
<i>NCREIF ODCE</i>			<i>-2.4</i>	<i>-8.8</i>	<i>-11.3</i>	<i>3.4</i>	<i>3.5</i>	<i>-</i>	<i>-10.0</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>6.6</i>	

KCERA CRE managers have underperformed the NCREIF ODCE benchmark over 1-, 3-,5-year periods, since inception, as well as every fiscal year since 2019.

KCERA's CRE Performance Drivers

- Underperformance Drivers: overweight office, underweight industrial.
 - COVID & work from home trend negatively impacted office holdings.
 - Strong growth in e-commerce lifted industrial holdings.
- Attribution Walk (2022 Q3 to 2024 Q1):





Core Real Estate Market Update

- Core real estate has experienced ~2 years of negative total returns and weakening fundamentals (rising vacancies, softening growth rates, over-supply in certain markets).
 - Primary drivers: COVID's impact on the office sector, rising interest rates.
- Across the CRE industry, property value declines have been material.
- In addition, managers are facing substantial redemption queue requests.
- Lack of transaction volume due to buyers/sellers not being able to bridge sale price differences in stressed markets has resulted in constrained / restricted liquidity for CRE investors (including KCERA).
- While CRE managers are seeing transactions picking up, additional valuation declines may still be on the horizon.



Next Steps

- Further shift portfolio allocation to a more diversified portfolio that encompasses a CRE segment (office, industrial, retail, residential) along with complementary non-traditional asset classes (e.g., senior housing, outdoor storage, data centers, triple net lease strategies, land bank, REITS, etc.).
 - Considerations:
 - Tracking error vs. current benchmark (NFI-ODCE).
 - Open-end vs. close-end funds.
 - Fund structure liquidity.
- Determine the appropriate level of CRE exposure versus other asset types.
- Determine whether KCERA has the appropriate CRE managers.
- Consider whether to create a Real Assets allocation (i.e., assets with similar characteristics that can meet allocation objectives) of which CRE would be a sub-allocation. Real Assets would allow for exposure to infrastructure, land, etc.

Questions



Appendix



Core Real Estate Policy Benchmark

- The NFI-ODCE index is a capitalization-weighted, gross of fee, time-weighted return index with an inception date of December 31, 1977.
- Open-end fund are generally defined as evergreen / infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests
- The constituents of the NFI-ODCE must meet the following requirements:
 - At least 80% of the fund's gross assets are invested in private equity direct real estate assets.
 - At least 95% of the fund's aggregate properties gross market value must be invested in the United States.
 - At least 75% of the fund's aggregate gross market value at effective ownership share are invested in office, industrial, apartment, and retail property types
 - At least 75% of the fund's gross assets are invested in private equity direct real estate properties that are 75% or more leased
 - No more than 35% Tier 1 leverage as defined in the NCREIF PREA Reporting Standards
 - No more than 60% (+- for market forces) of the gross market value of real estate in one property type, and must be invested in three of the four main property types, with a minimum of 5% in each the three types. No more than 65% (+- for market forces) of real estate gross market value in one region.



Kern County Employees' Retirement Association

www.kcera.org

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AUGUST 2024

Core Real Estate Review

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Real estate refresher **TAB I**

Current market dynamics **TAB II**

KCERA portfolio **TAB III**

Potential improvement opportunities **TAB IV**

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I. Real estate refresher

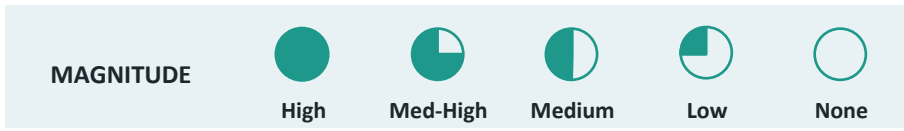
The case for commercial real estate

Investing in commercial real estate offers several strategic benefits to institutional investors, such as:

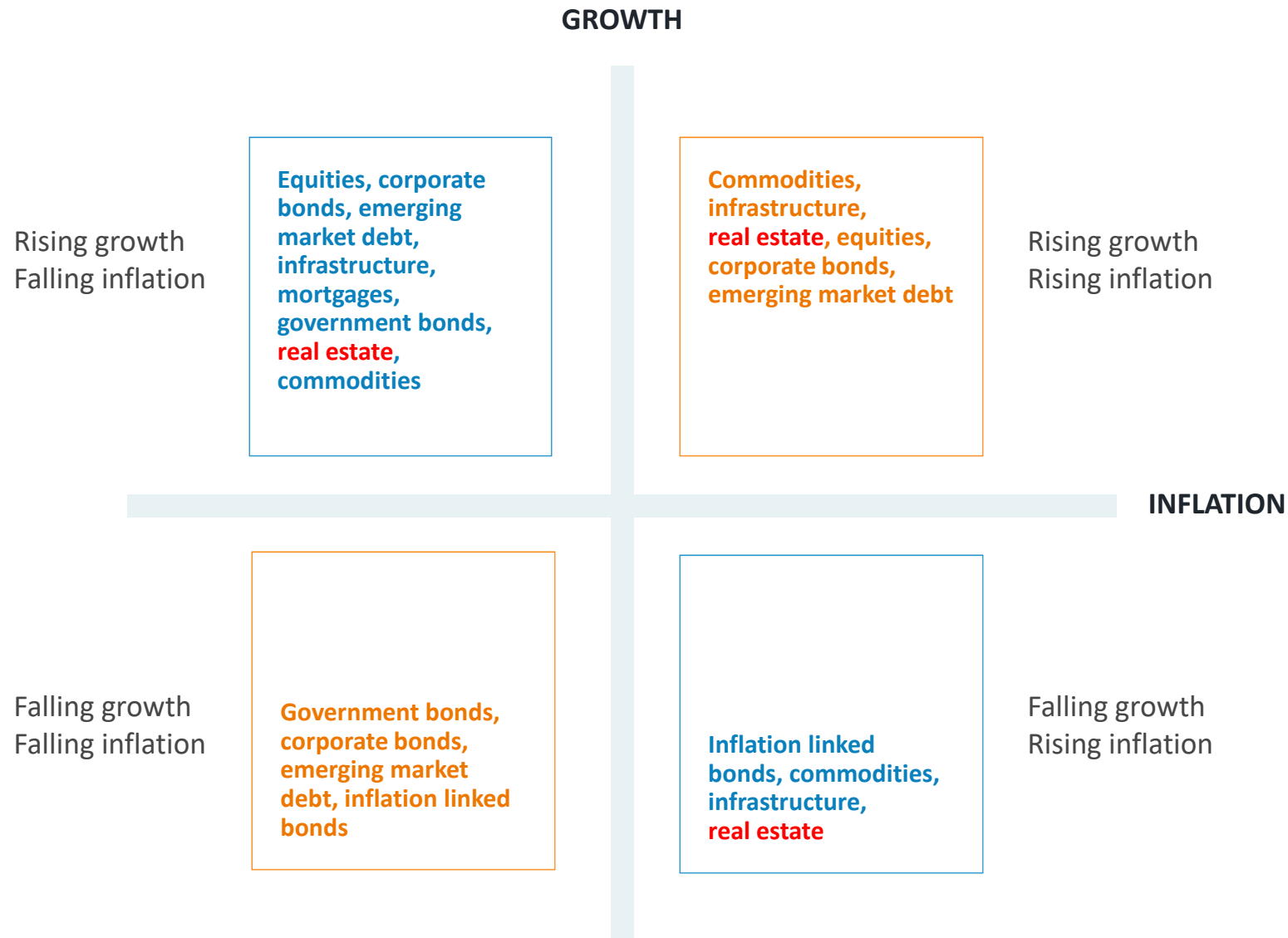
- **Diversification:** Real estate has a low correlation with most other asset classes like stocks and bonds, which can help diversify risk in an investment portfolio
- **Stable Cash Flows:** Commercial properties often come with long-term leases, providing stable and predictable cash flows compared to more volatile assets
- **Inflation Hedge:** Real estate values and rental income typically increase with inflation, making commercial real estate a good hedge against inflation
- **Capital Appreciation:** Over time, commercial properties typically appreciate in value, offering the potential for capital gains in addition to steady income from rents

Real estate's role in a diversified portfolio

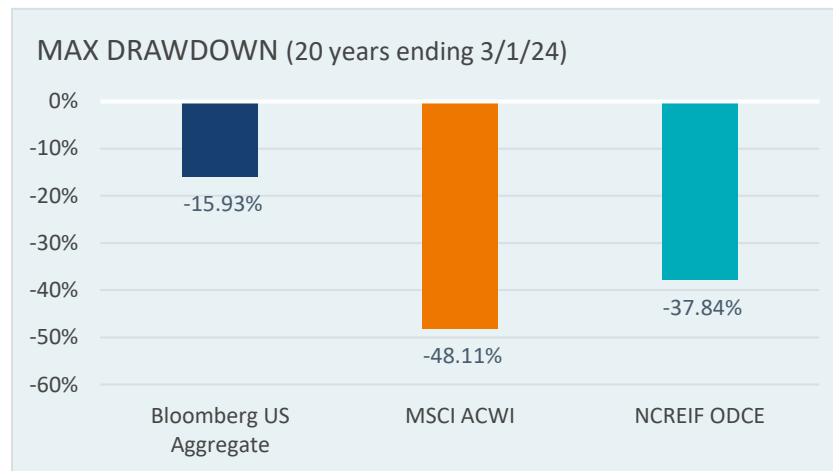
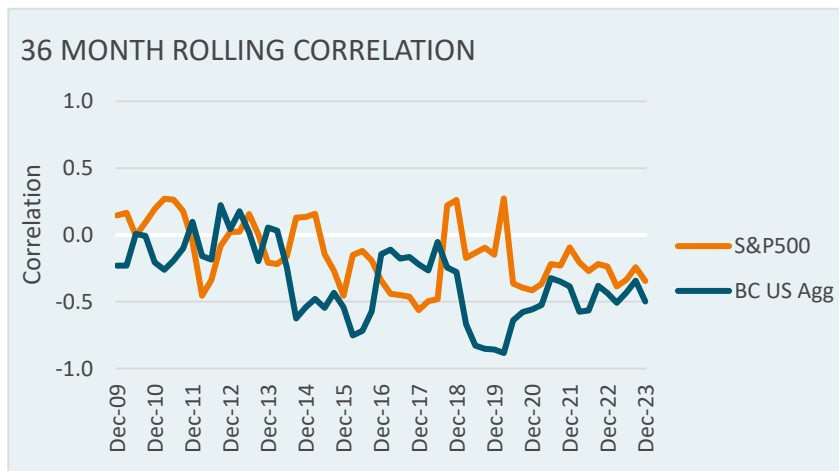
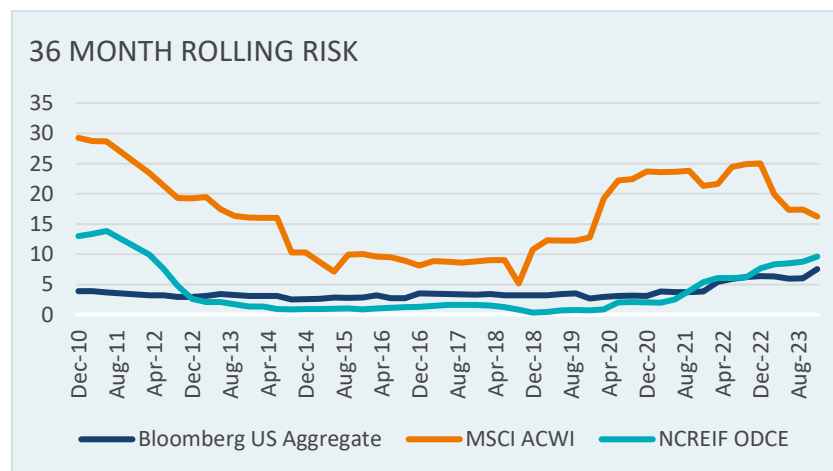
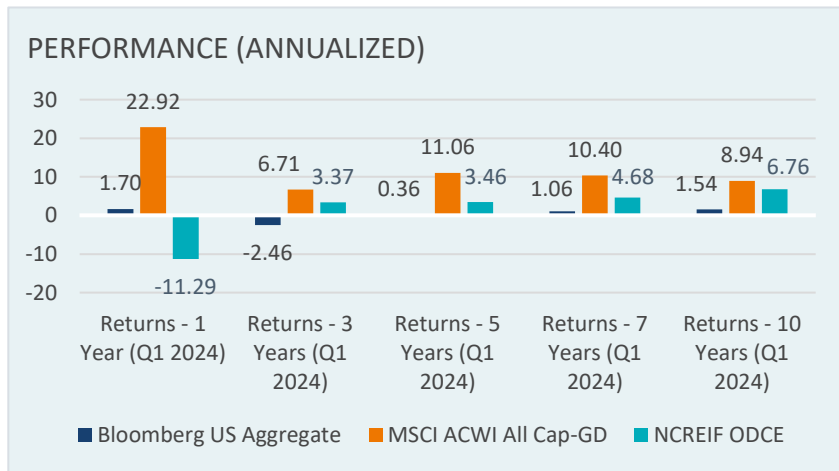
	RETURN ROLES				DIVERSIFICATION & VOLATILITY ROLES			HOW MACRO OUTLOOK/GDP AFFECTS ROLE	
	Benefit from GDP Growth	Earn Risk Premium	Produce Stable Income	Hedge Against Inflation	Low Absolute Volatility	Low Corr. To Other Assets	Reduce Portfolio Volatility	Elements of Return for Asset Class	Sensitivity to GDP
Public Equities	●	◐	◐	◐	○	○	○	PEs, Dividends, Earnings Growth	●
Private Equity	●	●	○	◐	○	◐	○	PEs (exits), Financing, Opportunity Set	●
Fixed Income (Rates)	○	○	●	◐	●	●	●	Direct Link to Yields	◐
Fixed Income (Credit)	◐	◐	●	◐	◐	◐	◐	Direct Link to Yields, Credit Spreads	◐
Real Estate	●	◐	◐	●	◐	◐	◐	Unemployment, Vacancies, Cap Rates	●



Real estate across market environments



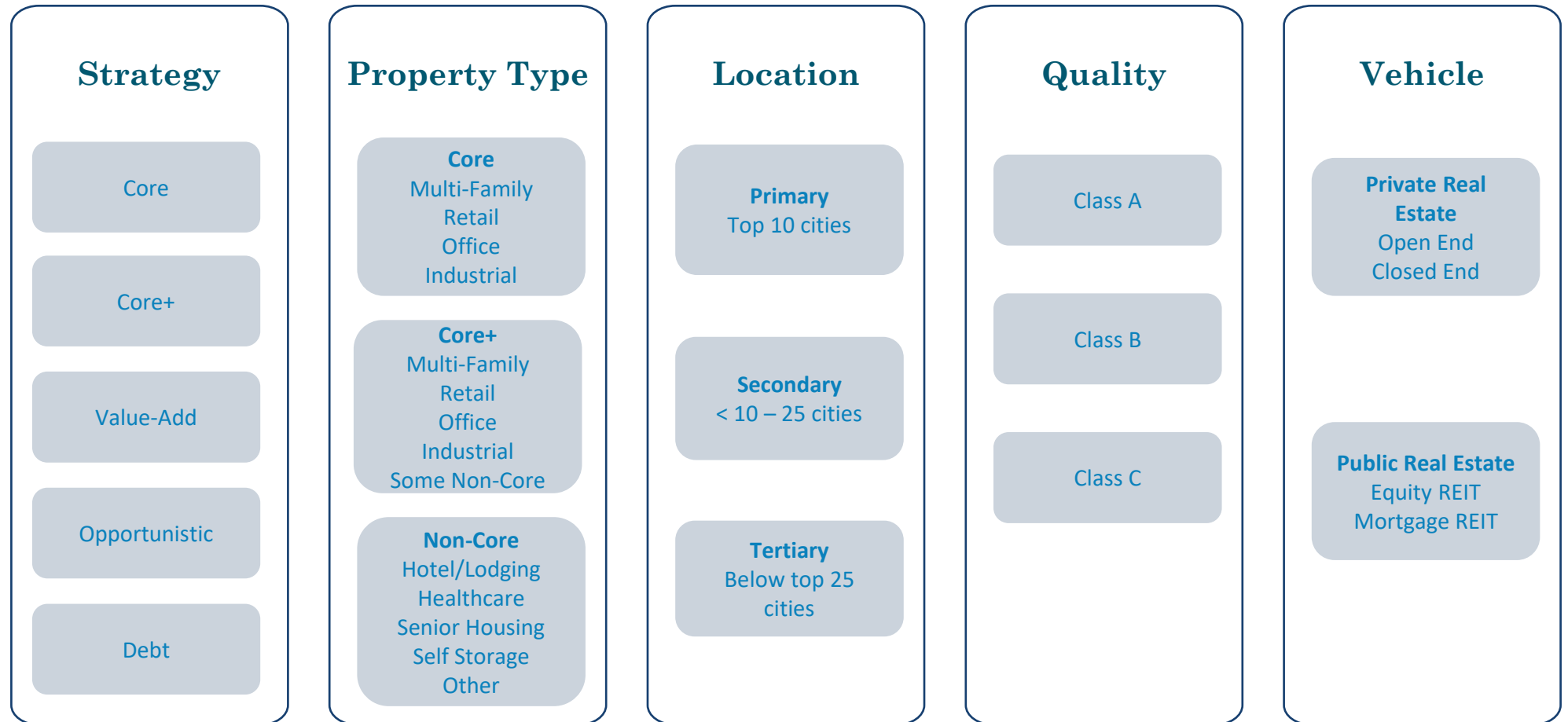
Real estate in an institutional portfolio



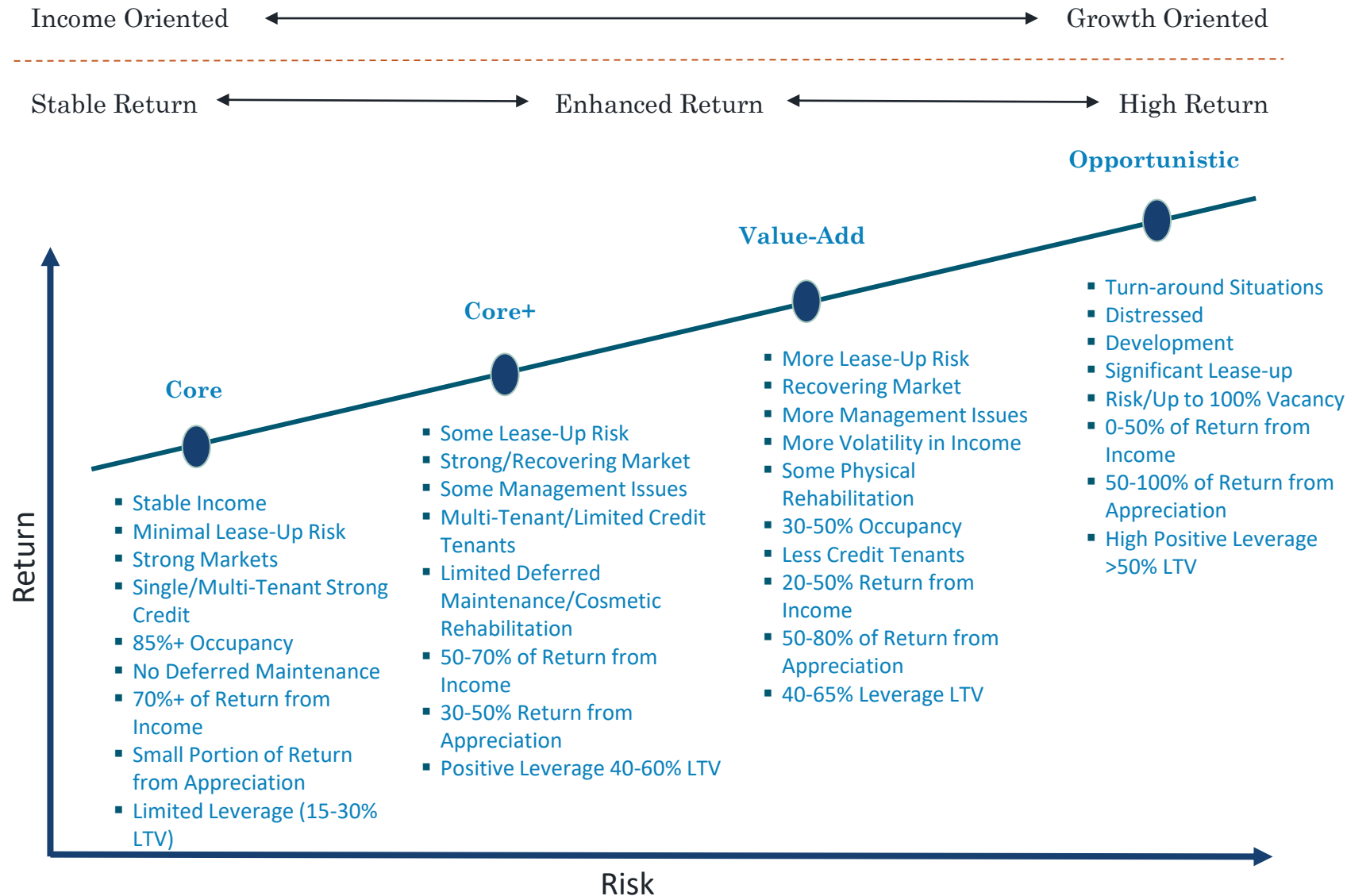
Note: Real estate represented by the NCREIF ODCE Index, data as of March 31, 2024.

Real estate market dimensions

Investors considering an investment in real estate face a range of decisions about the type of strategy, property type, location, and quality of the property they wish to invest in, as well as whether they prefer a private investment or to access real estate through the public markets.

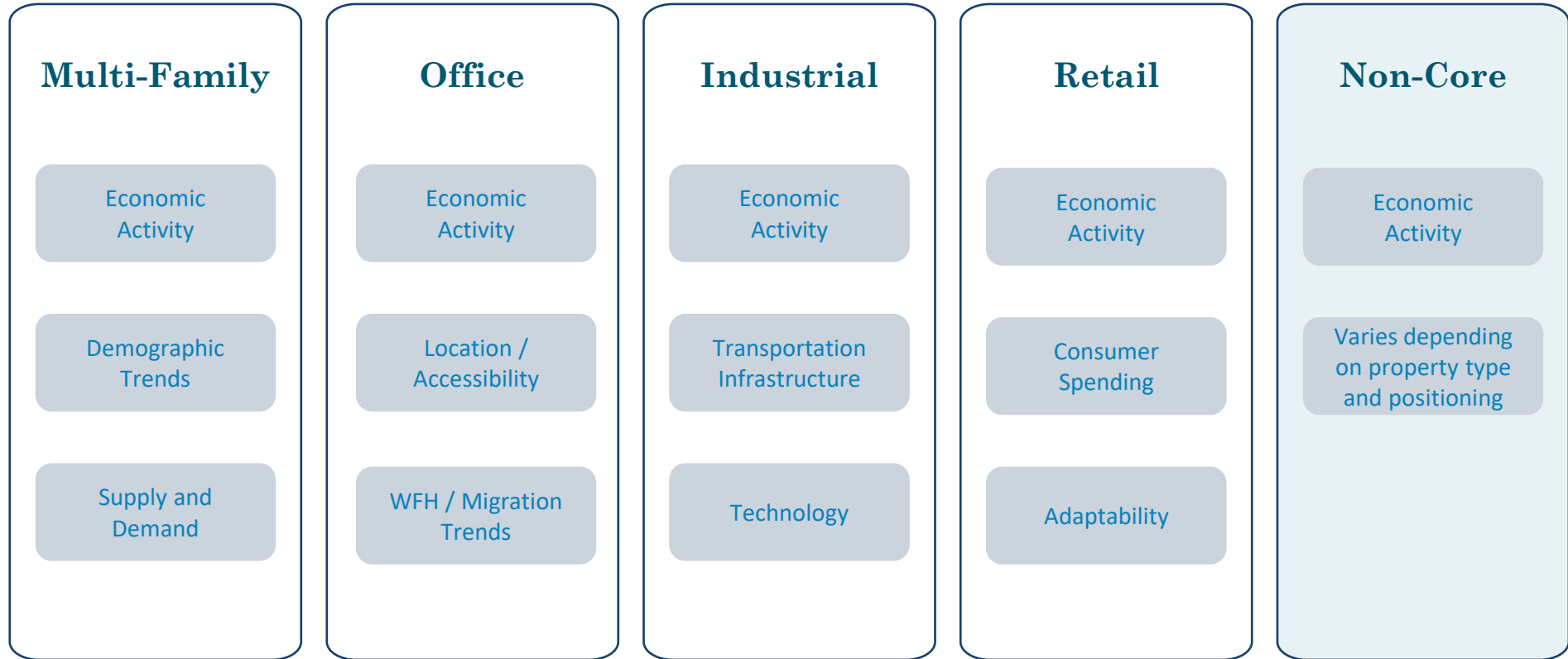


Real estate equity risk & return

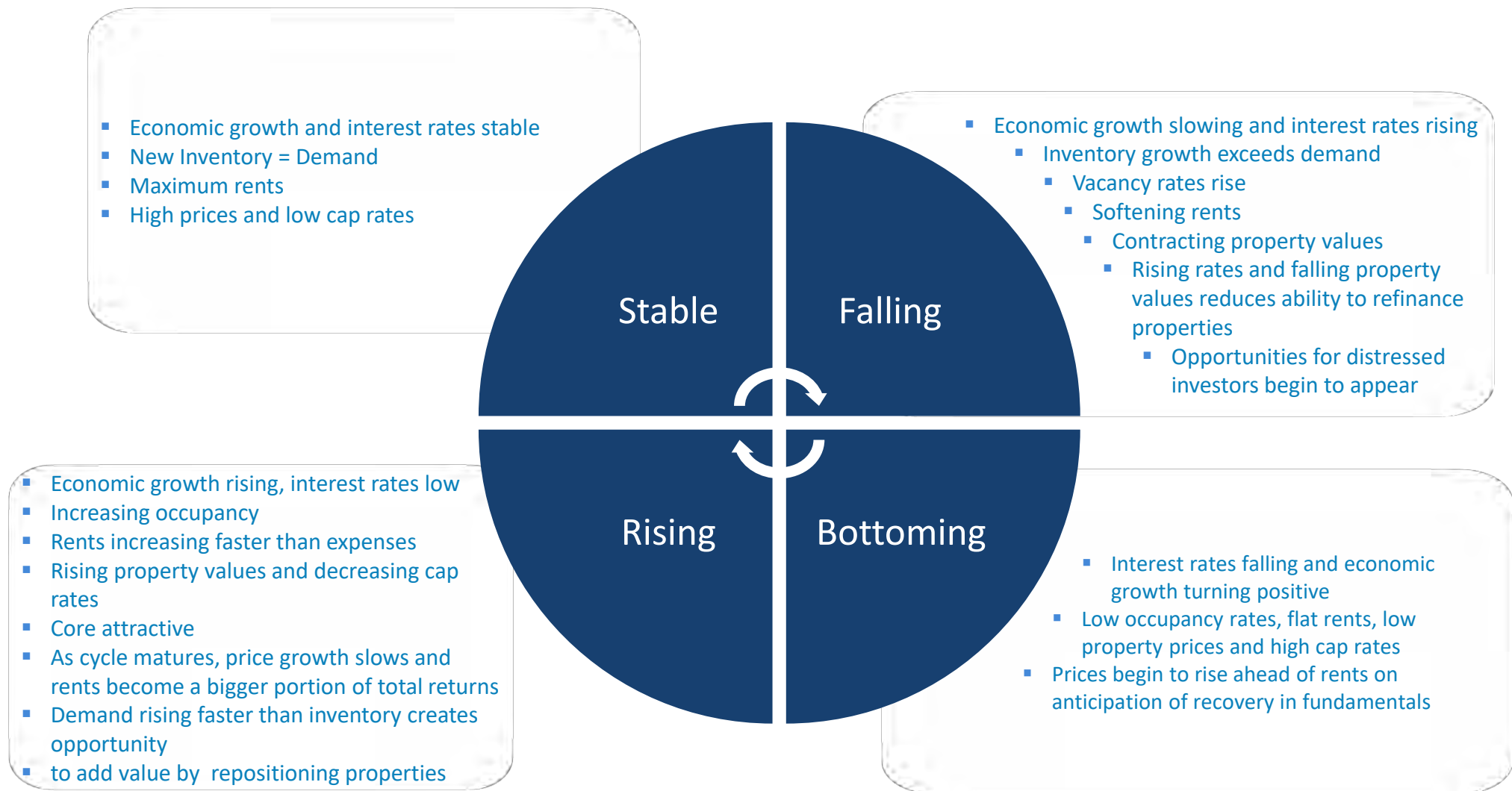


Core real estate focuses on high quality tenants and properties, while Value-Added and Opportunistic strategies take more risk with under-leased properties or development projects and also use more leverage.

Return drivers by property type



Typical real estate market cycle



Open-end vs. Closed-end

	Closed-end Fund	Open-end Fund
Pros	<ul style="list-style-type: none"> — Pure exposure. All clients in a fund enter and exit at the same time experiencing 100% of each asset's performance — Objective nature of valuation process – the ultimate performance is cash flow based rather than appraisal estimates 	<ul style="list-style-type: none"> — Quarterly Liquidity Available. — Better vintage year and property life cycle diversification, which reduces the J-Curve — Flat management fee in some (no incentive fee), which results in a lower percentage fee when returns are high — Easier to maintain desired asset class exposure without dealing with capital calls and distributions
Cons	<ul style="list-style-type: none"> — Long term lock-up (minimum 7 years) — Early fund life J-Curve effect — Incentive fees reduce investor net returns — Predefined timing of purchases and sales may lead to selling at sub-optimal levels, depending on market conditions 	<ul style="list-style-type: none"> — Large cash flows to/from investors can affect strategy performance — Values are appraisal based, which may lag in volatile markets and could affect NAV entry and exit accuracy — Manager has ability to restrict redemptions during times of stress

Public vs. private

	Public (REITS)	Private (Open-end)
Volatility	— Shares of public REITs are daily valued and subject to market fluctuations	— Private investment funds are valued quarterly and therefore experience much lower volatility
Liquidity	— REITs offer high liquidity, as shares can be bought and sold on the stock market during trading hours	— Private real estate investments have narrower liquidation windows and can experience liquidity gates in distressed market environments
Management Fees	— REITS typically have lower fee structures, and very-low-fee passive options are available	— Higher management fees and operational costs are typical due to more active portfolio management
Performance	— Because REITS are daily valued, price performance is reflective of current market conditions; this also leads to higher correlation with public market equity returns	— Valuation delays cause performance to lag market conditions

II. Current market dynamics

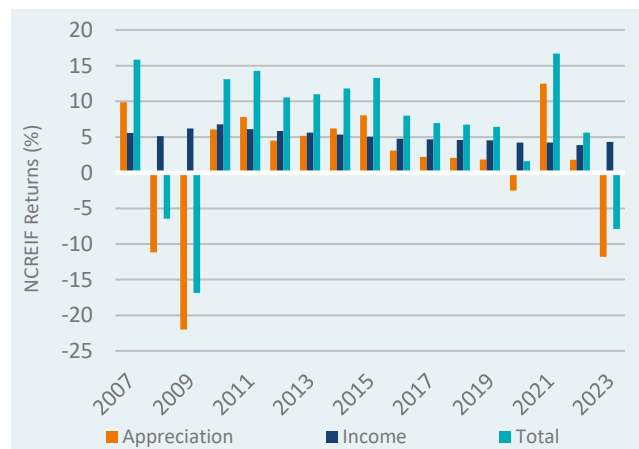
Outlook summary

Strategy	Current Environment	Potential Risks	Outlook/Implementation	View
Core real estate	Core real estate has experienced six straight quarters of negative total returns as valuations have been steadily adjusting downward. The NFI ODCE was down 12% in 2023 and is down over 18% over the last six quarters (through 1Q'24). The primary reason has been adjusting to the higher interest rate environment; however, fundamentals have softened with rising vacancy rates, declining growth rates, higher costs of debt, and an over-supply in certain markets and property types.	<ul style="list-style-type: none"> — Cap rates have not yet fully adjusted to the new higher interest rate environment and we expect more to come in 2024, especially in the office sector. — Core real estate returns tend to have high correlation to overall GDP growth. There are risks to weakening fundamentals if a recession materializes. 	<p>We recommend clients continue to rebalance/ take liquidity from core ODCE funds where possible, although redemption exit queues continue to pay only modest liquidity.</p> <p>We recommend continued diversification into alternative property types to reduce existing exposures to office, which may face longer term challenges.</p>	Negative
Value-add real estate	Transaction levels remain subdued for value-add investments. The costs of leverage remains elevated making it difficult for strategies historically reliant upon leverage to made deals pencil out. Sellers remain reluctant to trade at discounted pricing, with the exception of deals where a catalyst exists such as the inability to refinance/restructure debt creates a need for rescue capital. Many assets are facing an equity gap when refinancing is due and preferred equity structures are becoming more prevalent. Entry pricing is much more favorable on a go-forward basis.	<ul style="list-style-type: none"> — Higher interest rates and borrowing costs has challenged high leverage value-add strategies, pressuring total returns. — Slowing rent growth in a cooling economy has the potential to further reduce forecasted returns 	We continue to favor strategies with limited focus on high leverage and those with strong asset management capabilities to add value as cap rate compression and market growth will be less reliable sources of return.	Neutral
Opportunistic real estate	The steep rise in interest rates that began in 2022 has created pockets of stress and distress in the real estate market. Many asset owners in need of refinancing face a gap in their capital stack as values have declined and credit standards have tightened. Borrowers will be forced to get creative with financing as they often lack fresh equity capital and want to minimize their dilution. Preferred equity financing, structured solutions and investments in debt may see attractive opportunities.	<ul style="list-style-type: none"> — Higher interest rates and borrowing costs has challenged high leverage opportunistic strategies, pressuring total returns — Competition could be a challenge as large sums of capital have been raised waiting for this opportunity to emerge. — Increasing construction costs due to materials and labor may pressure development strategies. 	Non-core funds with vintage years during periods of economic stress tend to be some of the best performing vintages. The impact from higher rates will likely create more attractive entry points. Loans coming due at higher borrowing costs and at higher loan-to-values sets the stage for opportunities to provide rescue capital. GPs with experience in distressed situations and those able to be flexible up and down the cap stack are viewed favorably.	Positive
Real estate debt	Lending rates have increased, both from floating rate base rates as well as spreads. Traditional lending sources (banks and insurance companies) are retreating from writing loans as they continue to reduce risk across their balance sheets. The wall of maturities coming due over the next few years will need refinancing and private lenders are well positioned to take advantage of the opportunity.	<ul style="list-style-type: none"> — Rising rates, while generally positive for lending strategies, could also decrease transaction volumes and therefore increase competition for deals. — Loan defaults are also on the horizon so having capabilities to structure workouts will be important 	Senior lending strategies look attractive as borrowing costs have risen, both in base rates and spreads. Private capital providers look attractive as there will be less competition from traditional lending sources.	Positive

Real estate performance – recent history

- Core real estate was negative in 2023. The unlevered NPI Index was down 7.9% with the levered NFI-ODCE Index was down 12.0%. 1st quarter of 2024 was also negative for both indices at -1.0% and -2.4%, respectively.
- Since late 2022, core real estate has experienced six consecutive quarters of write-downs, totaling negative 11.3% for the unlevered NPI Index and negative 18.4% for the levered NFI-ODCE Index.
- In 2023, every core sector was negative, ranging from office at -17.6%, while retail posted a modest -0.9%.
- Non-core real estate vintage funds have historically outperformed during recessionary years and early recovery periods (e.g., 2000-2003 and 2009-2011) as market dislocations created attractive entry valuations. Given the recent stress in the market, current non-core vintages could be attractive, especially opportunistic strategies with a focus on distress.

NCREIF PROPERTY INDEX RETURNS (CORE)



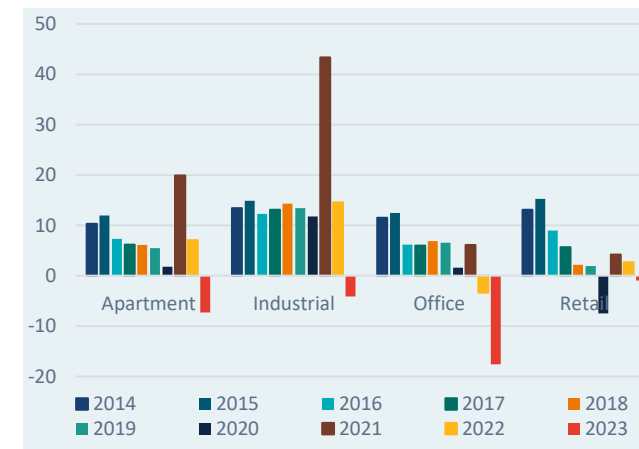
Source: NCREIF, as of 12/31/23

**VINTAGE YEAR MEDIAN RETURN (%)
NON-CORE REAL ESTATE**



Source: Refinitiv, as of 9/30/23

CORE SECTOR ANNUAL RETURNS (%)

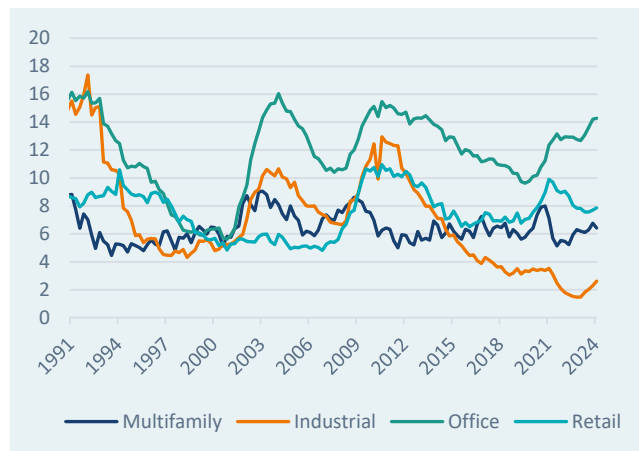


Source: NCREIF, as of 12/31/23

Real estate fundamentals

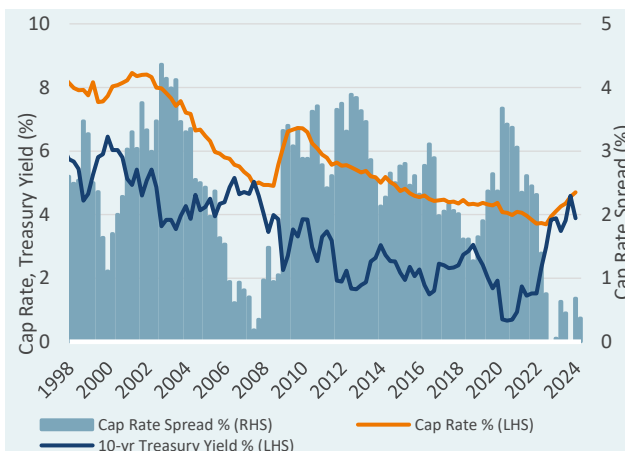
- Private real estate fundamentals have generally weakened over the last year with vacancy rates ticking upward and net operating income trending downward.
- Cap rates spreads, however, have been range bound below 1% for the past couple of years, as they have not fully adjusted to the higher interest rate environment. While cap rates and interest rates do not trade in lock step over shorter time periods, they generally correlate over the long run. Since mid 2022, interest rates have climbed 3%, while appraisal cap rates have climbed only 1%. The valuation process lags, and we expect continued pressure on cap rates, likely through 2024.
- Vacancy rates have been ticking upward for all sectors with the exception of retail, which has trended down recently due to lack of new retail supply and finally seeing positive net absorption.
- NOI growth has come down from the highs of 2021 and early 2022 but remain positive for all sectors including office, although office has been bouncing around zero.

VACANCY BY PROPERTY TYPE



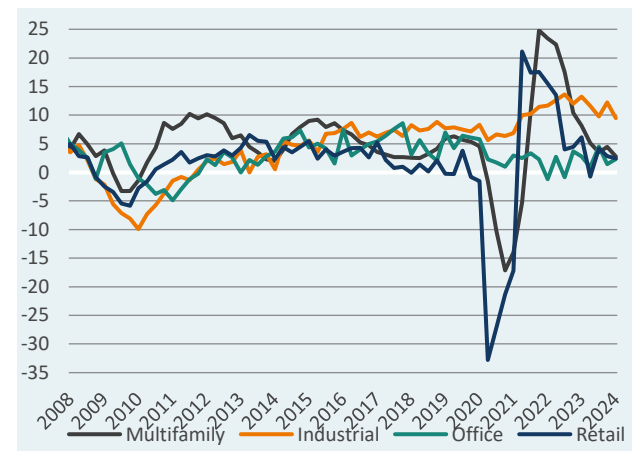
Source: NCREIF, as of 3/31/24

CAP RATE SPREADS



Source: FRED, NCREIF, as of 3/31/24

4-QTR ROLLING NOI GROWTH (%) BY PROPERTY TYPE

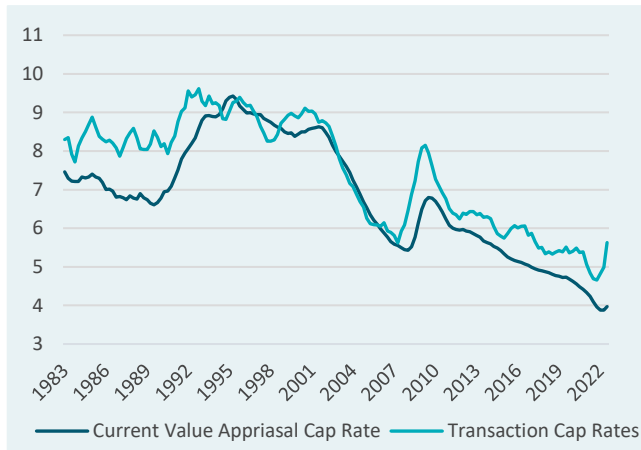


Source: NCREIF, as of 3/31/24

Cap rates

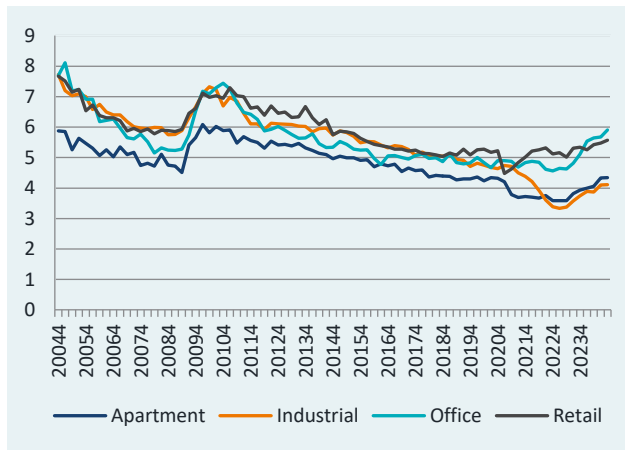
- Private real estate appraisal cap rates have been slower to react to the rising interest rate environment. This is not atypical, as the appraisal process generally lags when there is a decline in transaction volumes and fewer comparable sales or “comps” for appraisers to use as a data set.
- For transactions that are taking place, there is a continued widening gap with appraised values indicated there is more downside to come in private valuations as they adjust to “market”.
- We have also seen a widening gap over the last several years between property types as industrial and multifamily have been more in favor with investors versus office and retail. Private market cap rates have come up 0.7% over the last 2 years (through the end of '23)
- We can also look to the public real estate markets for an idea of where cap rates are heading. Implied cap rates in the REIT market have moved up more quickly as indicated in the chart on the bottom right. Implied cap rates are more volatile but can be a leading indicator directionally as they are quicker to respond than the appraisal process.

PRIVATE CAP RATES (4-QTR MOVING AVERAGES)



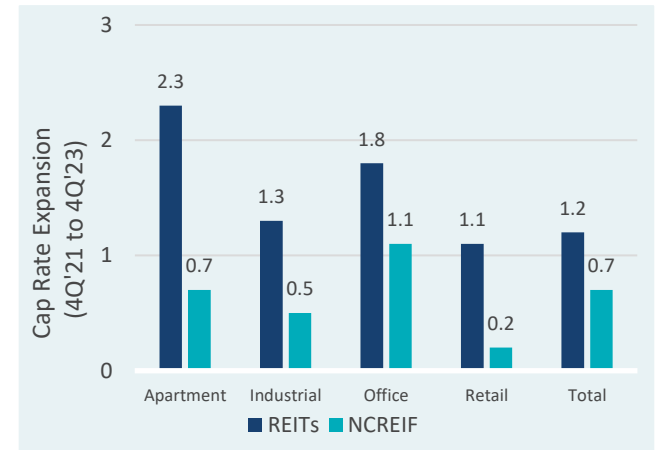
Source: NCREIF, 3/31/2024

CURRENT VALUE CAP RATES BY PROPERTY TYPE



Source: NCREIF, 3/31/2024

PRIVATE CAP RATES VS REIT IMPLIED CAP RATES



Source: NCREIF, NAREIT, 12/31/23

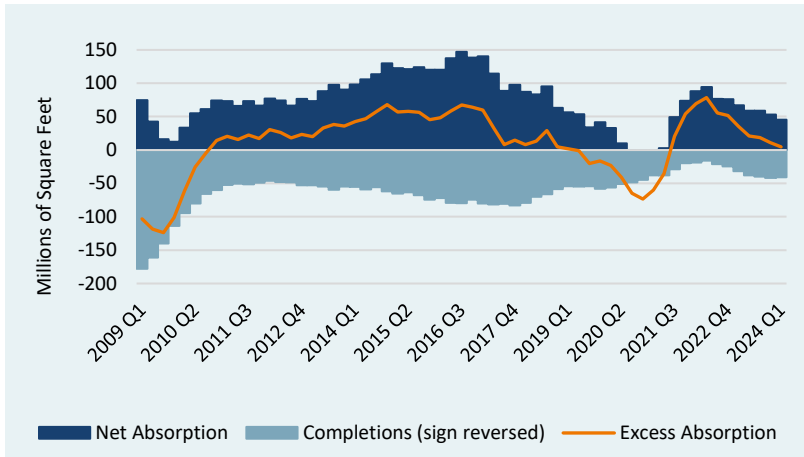
Real estate – new supply and absorption

Demand has declined recently while new completions remains elevated.

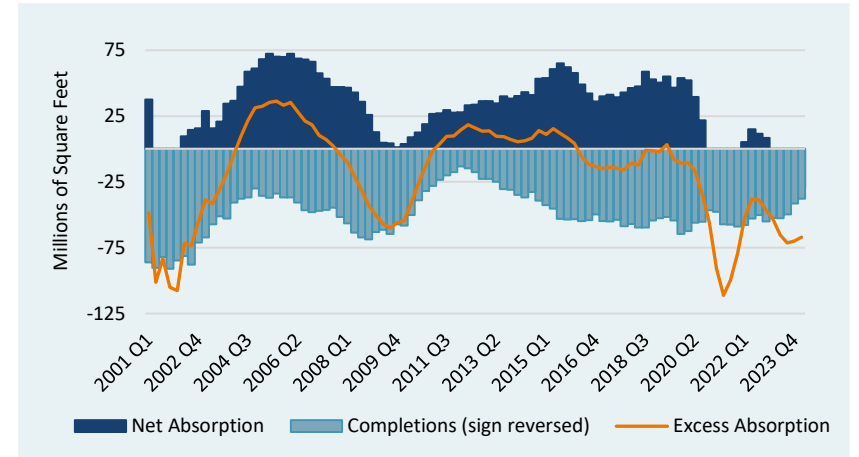
Demand has generally been declining across most segments of CRE markets.

Excess net absorption has been negative (with the exception of retail) as higher levels of new construction began prior to dislocation continues to deliver.

RETAIL



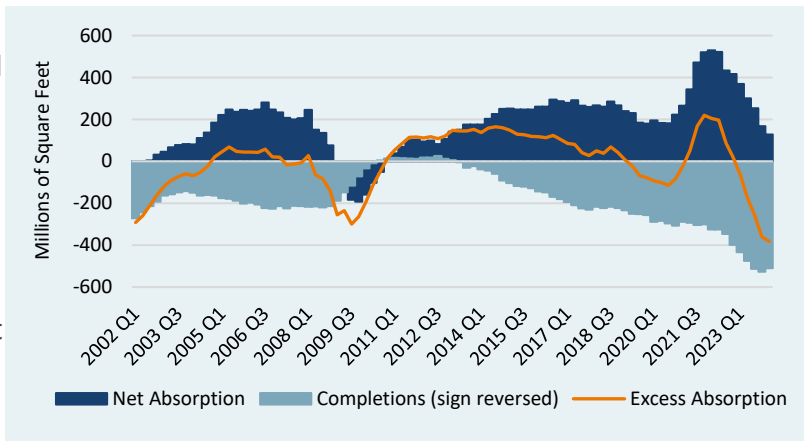
OFFICE



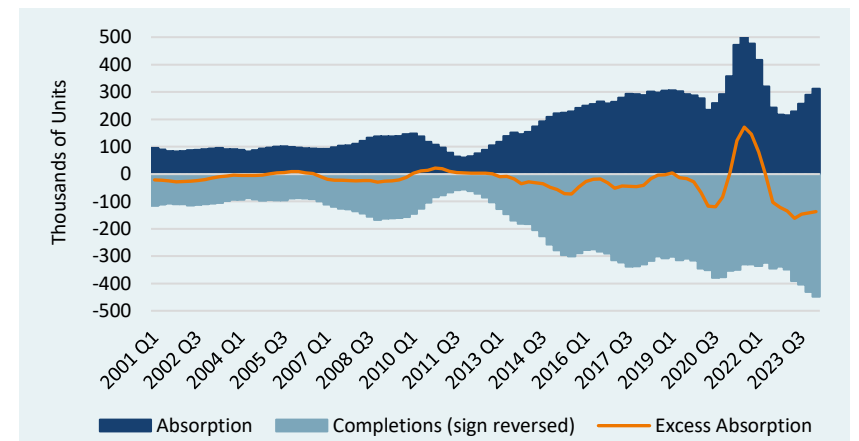
Given higher construction costs and availability of debt, new permitting has declined, indicating new supply may begin to trend back down.

Retail is the one bright spot for this metric, as new completions remain muted.

INDUSTRIAL



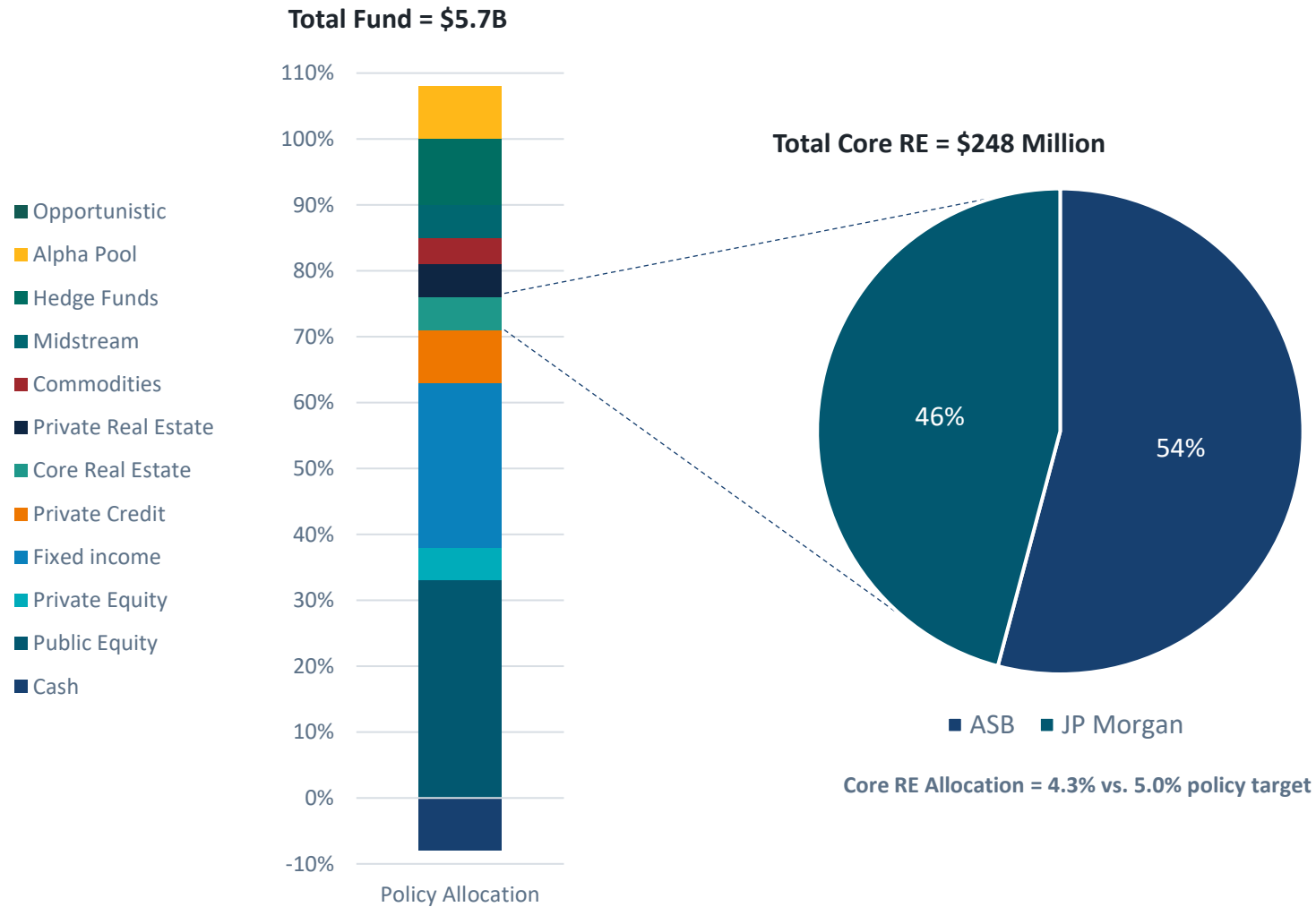
MULTIFAMILY



Source: American Realty Advisors utilizing CoStar data as of 12/31/23

III. KCERA portfolio

Real estate holdings

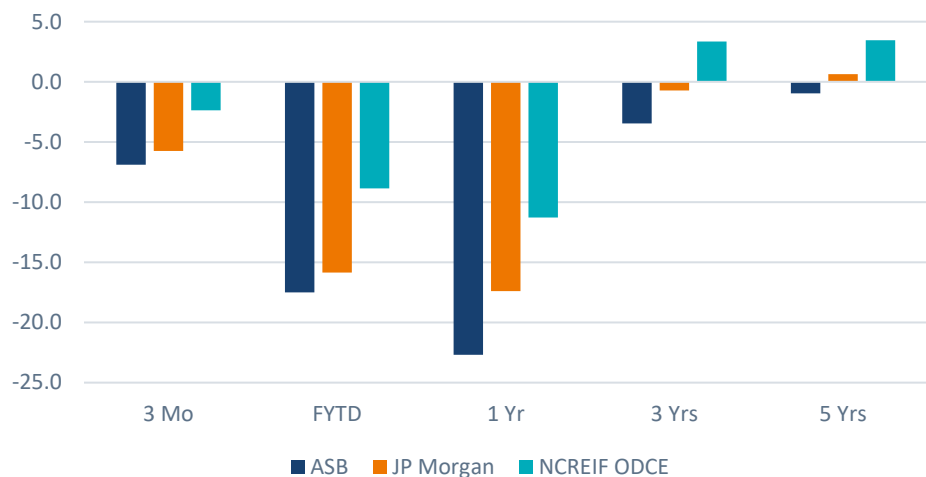


As of March 31, 2024

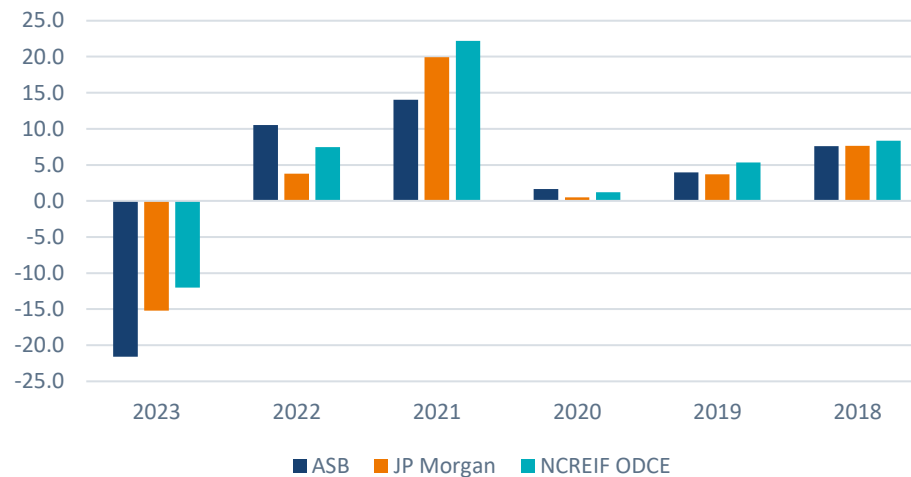
Performance by manager

	3 Mo	FYTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2023	2022	2021	2020	2019	2018	Inception	Inception Date
Core Real Estate	-6.4	-16.8	-20.3	-2.3	-0.3	-	-18.8	7.3	16.5	1.1	3.8	7.6	4.0	Oct-14
ASB Allegiance Real Estate Fund	-6.9	-17.5	-22.7	-3.5	-1.0	3.8	-21.6	10.5	14.0	1.6	4.0	7.6	4.2	Sep-13
JPMCB Strategic Property Fund	-5.7	-15.9	-17.4	-0.7	0.6	-	-15.2	3.8	19.9	0.5	3.7	7.6	4.4	Jul-14
NCREIF ODCE	-2.4	-8.8	-11.3	3.4	3.5	-	-12.0	7.5	22.2	1.2	5.3	8.3	6.6	

ANNUALIZED PERFORMANCE



CALENDAR YEAR PERFORMANCE



Notes:

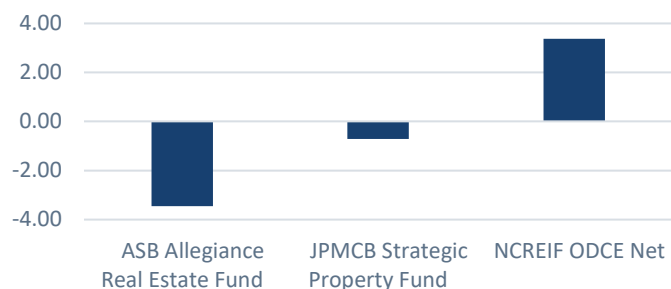
Net-of-fee

Period ending 3/31/24

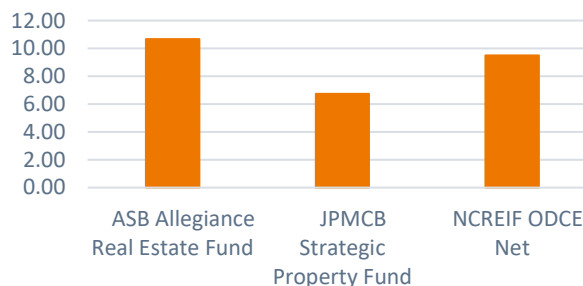
Other summary statistics

	Annualized Return	Annualized Standard Deviation	Beta	Sharpe Ratio	Tracking Error
Core Real Estate	-2.32	8.16	0.76	-0.53	4.38
ASB Allegiance Real Estate Fund	-3.45	10.67	1.01	-0.50	4.73
JPMCB Strategic Property Fund	-0.71	6.74	0.46	-0.42	7.26
NCREIF ODCE Net	3.37	9.51	1.00	0.12	0.00

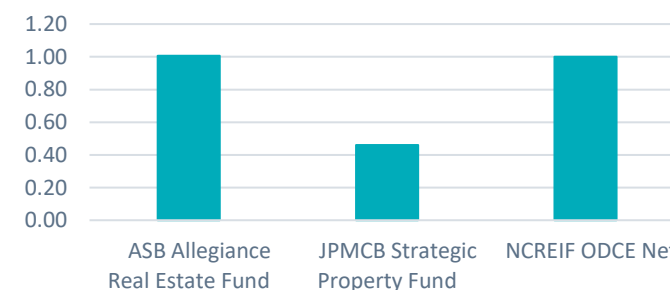
Annualized Return



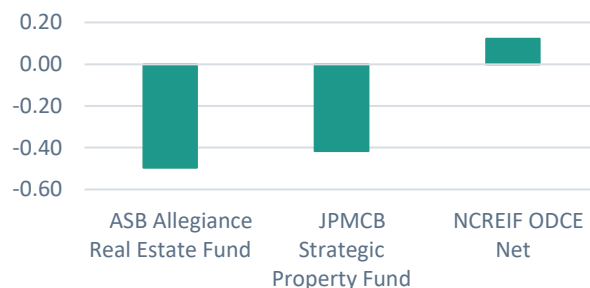
Annualized Standard Deviation



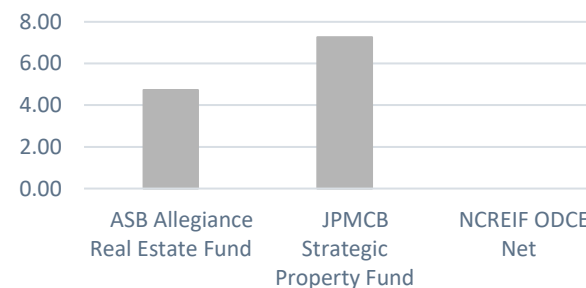
Beta



Sharpe Ratio



Tracking Error



Notes:

Net-of-fee

3-year period ending 3/31/24

STRATEGY DESCRIPTION

The Fund seeks to achieve above-benchmark investment performance through long-term net operating growth by investing in urban markets with strong real estate fundamentals and in assets that have competitive advantages that may drive long-term tenant demand. The Fund's investment strategy is characterized by a tenant-centric approach to asset selection that considers where tenants want to be and how they use space. The Fund seeks to achieve investment performance within the risk parameters appropriate for a core real estate investment fund by maintaining a portfolio that is well diversified by the core property types including office, multi-family, retail and industrial, as well as by maintaining strong geographic diversification across the nation's strongest metropolitan areas.

PERFORMANCE

- Returned -6.9% net for the quarter.
- Underperformed the NCREIF ODCE Index by 450 bps (-6.9% vs -2.4%)
- Gross return of -6.82% for the quarter, comprised of:
 - income of 82 bps
 - appreciation of -760 bps.
- Persistently high interest rates and a struggling office market continued to result in negative appreciation in real estate performance during the first quarter.
- The Fund registered quarter-over-quarter increases in NOI absorption, driven by gains in the industrial portfolio as well as improvements in multifamily and retail.
- Leasing activity spurred occupancy to edge higher across all sectors and write-downs eased except in the Fund's urban-centered office and retail portfolios.
- Portfolio occupancy increased modestly to 90.6% as of March 31st up from 89.9% at year-end 2023.
- More than 671,000 square feet of commercial leases were signed or renewed during the quarter in the commercial portfolio.

PROFESSIONAL TURNOVER (LAST 3 YEARS)

	<u>Acquisitions</u>		<u>Dispositions</u>		<u>Property Management</u>		<u>Portfolio Management</u>	
	Gained	Lost	Gained	Lost	Gained	Lost	Gained	Lost
2021	5	5	n/a	n/a	n/a	n/a	1	1
2022	2	(3)	n/a	n/a	n/a	n/a	0	(1)
2023	4	(4)	n/a	n/a	n/a	n/a	1	0
YTD 2024	0	(1)	n/a	n/a	n/a	n/a	0	0

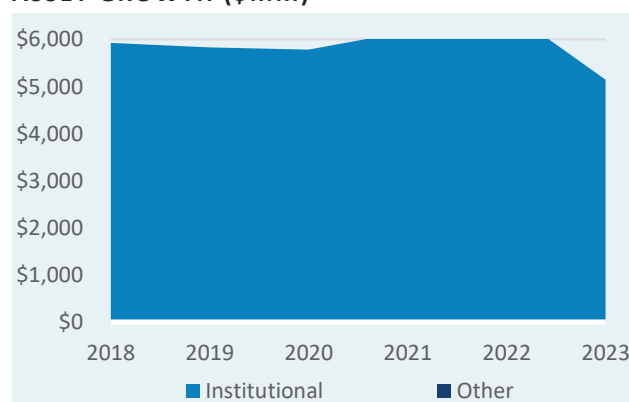
As of 2021, Dispositions and Property Management is included in Acquisitions

CLIENT TURNOVER (LAST 3 YEARS)

	<u>Assets (\$MM)</u>			<u>Accounts</u>		
	Gained	Lost	Net	Gained	Lost	Net
2021	\$186	(\$629)	(\$443)	0	0	0
2022	\$218	(\$335)	(\$117)	3	(14)	(11)
2023	\$9	(\$84)	(\$75)	4	0	4
YTD 2024	\$0.4	(\$21)	(\$21)	0	0	0

**Assets gained includes capital from new clients, existing clients, and reinvested dividends*

ASSET GROWTH (\$MM)



COMMENTS / CONCERNS

N/A

STRATEGY DESCRIPTION

Strategic Property Fund is an actively managed diversified, core, open-end commingled pension trust fund. It seeks an income-driven rate of return of 100 basis points over the NCREIF Property Index over a full market cycle (three-to-five-year horizon) through asset, geographic and sector selection and active asset management. The Fund invests in high-quality stabilized assets with dominant competitive characteristics in markets with attractive demographics throughout the United States.

PERFORMANCE

- Returned -5.7% net for the quarter,
- Underperformed the NCREIF ODCE by 330 bps (-5.7% vs -2.4%).
- Gross return was -5.5% for the quarter, comprised of:
 - income of 93 bps
 - property depreciation of 643 bps
 - debt mark-to-market depreciation of 11 bps.
- Quarterly valuation of real estate investments resulted in an overall value decrease of 630 bps.
- The office sector was the primary detractor for the quarter with depreciation of 437 bps due to capital market adjustments across the portfolio.
- The industrial sector was the second largest detractor for the quarter primarily driven by higher capital market assumptions at various California holdings.
- The residential portfolio recognized depreciation of 64 bps as a result of decreased market rents in Seattle, WA and increased capital market assumptions Sunnyvale, CA.
- The retail portfolio continues to be the most resilient sector in the Fund during this period of repricing as operational outperformance and tempered valuations have mitigated the impact of cap rate expansion.
- Disposition activity included a transaction that was among the largest retail sales completed in the post-COVID era.

Source: JP Morgan, Verus
As of March 31, 2024

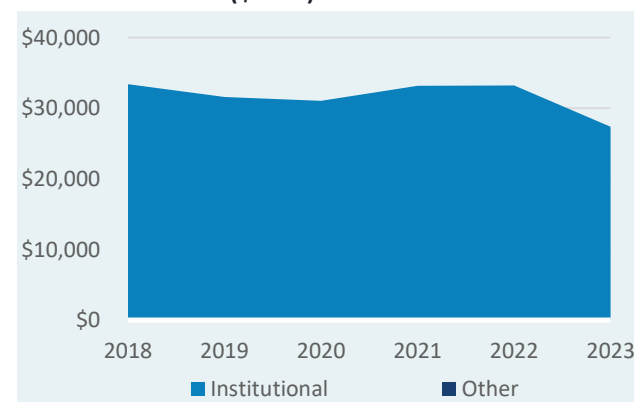
PROFESSIONAL TURNOVER¹ (LAST 3 YEARS)

	<u>Acquisitions</u>		<u>Dispositions</u>		<u>Property Management²</u>		<u>Portfolio Management</u>	
	Gained	Lost	Gained	Lost	Gained	Lost	Gained	Lost
2021	2	(4)	0	0	0	(3)	0	(1)
2022	0	0	0	0	7	(7)	0	(2)
2023	0	0	0	0	14	0	0	(1)
YTD 2024	0	0	0	0	2	0	0	(5)

CLIENT TURNOVER (LAST 3 YEARS)

	<u>Assets (\$MM)³</u>			<u>Accounts³</u>		
	Gained	Lost	Net	Gained	Lost	Net
2021	\$1,780	(\$5,479)	(\$996)	11	(72)	10
2022	\$1,088	(\$2,584)	(\$3,699)	11	(9)	(61)
2023	\$2	(\$1,210)	(\$1,208)	2	0	2
YTD 2024	\$176	(\$300)	(\$124)	8	0	8

ASSET GROWTH⁴ (\$MM)

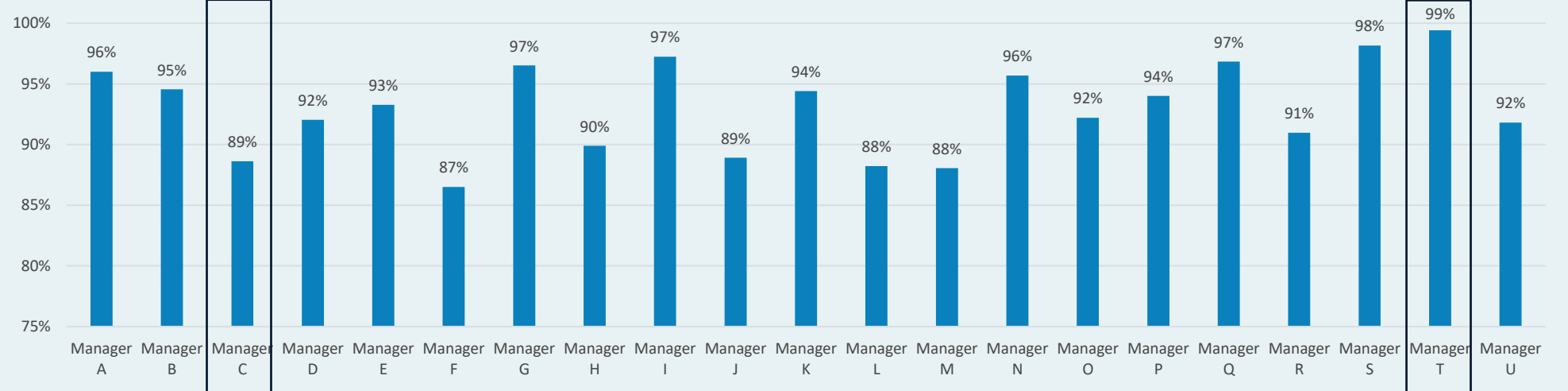


COMMENTS / CONCERNS

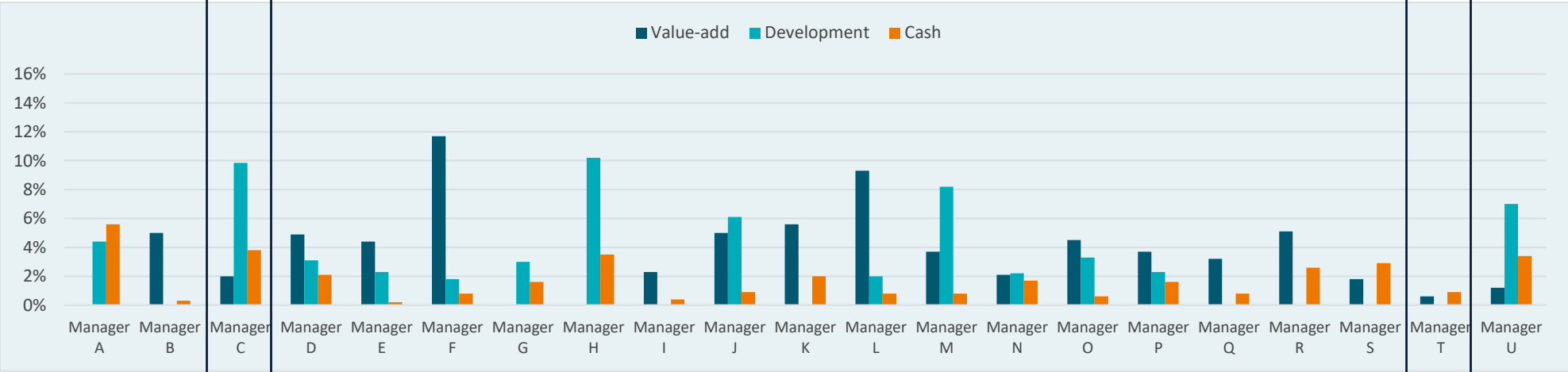
- 1 - Includes U.S. Real Estate investment professionals, Vice President and above. It excludes promotions
- 2 - Property Management represents Asset Management
- 3 - Assets gained and lost represent complete as well as partial contribution and redemptions during the year whereas # of Accounts gained and lost represent fully redeemed and new accounts.
- 4 - Total product assets represent AUM of the fund.

Core and non-core exposures

CORE REAL ESTATE EXPOSURES



NON-CORE EXPOSURES AND CASH

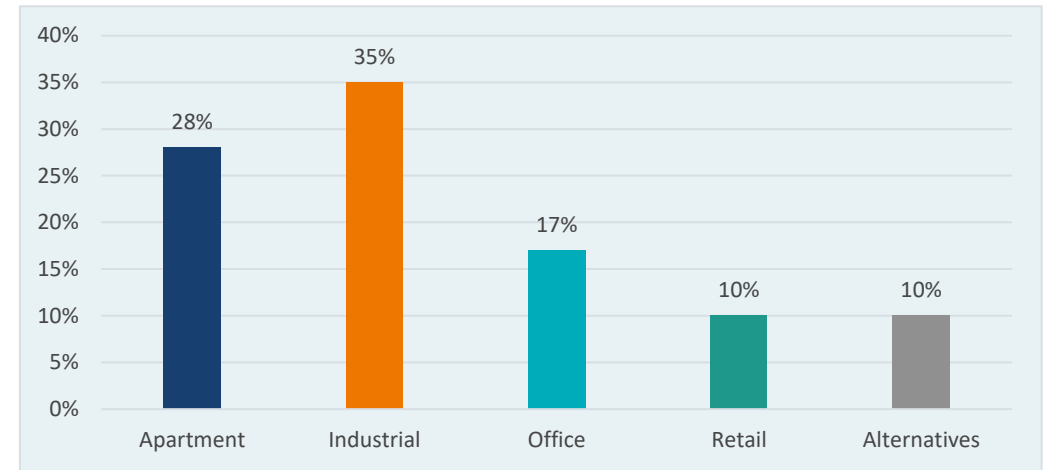


Source: Verus Annual Survey 2024. Data collected through 12/31/23.

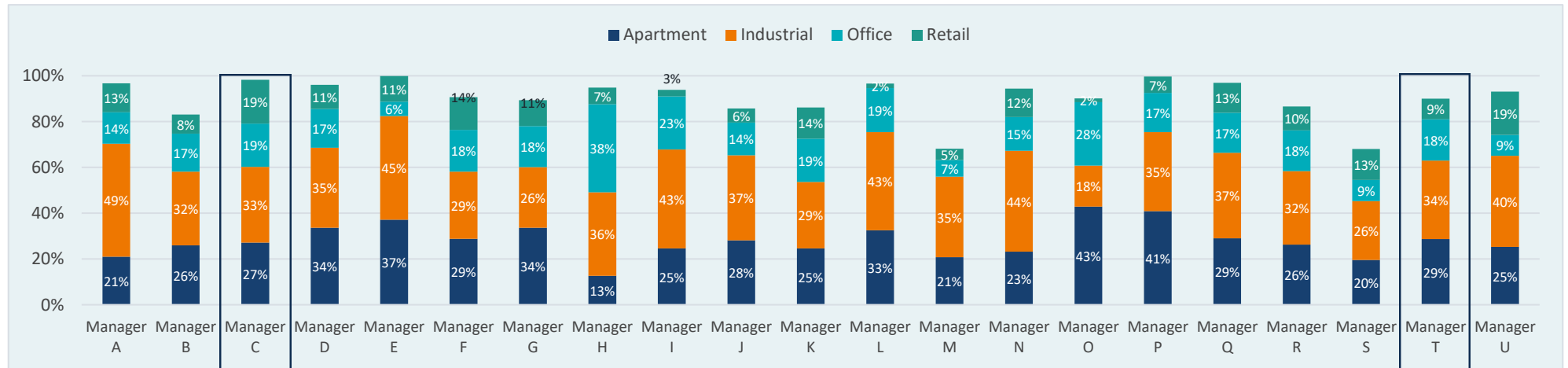
Primary sector exposures

- Total office exposure as a percentage of fund assets have been cut in half over the last two years as valuations have declined the most in this sector and funds have looked to shed office where they can. Average office exposure is down to 17%, which is down from 21% last year and 35% two years ago.
- Concern within office is higher for aging, multi-tenant CBD assets, versus suburban or offices in high growth markets.
- Alternative property types are now up to 10%, which has continued to see increases as a percentage of fund assets (see page 6).

AVERAGE MANAGER WEIGHTS IN PRIMARY REAL ESTATE SECTORS



PRIMARY REAL ESTATE SECTORS

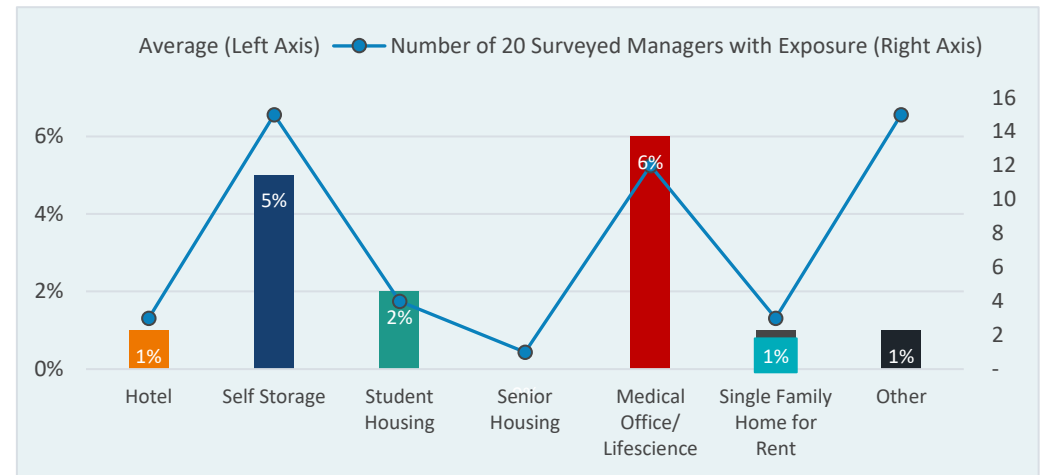


Source: Verus Annual Survey 2024. Data collected through 12/31/23.

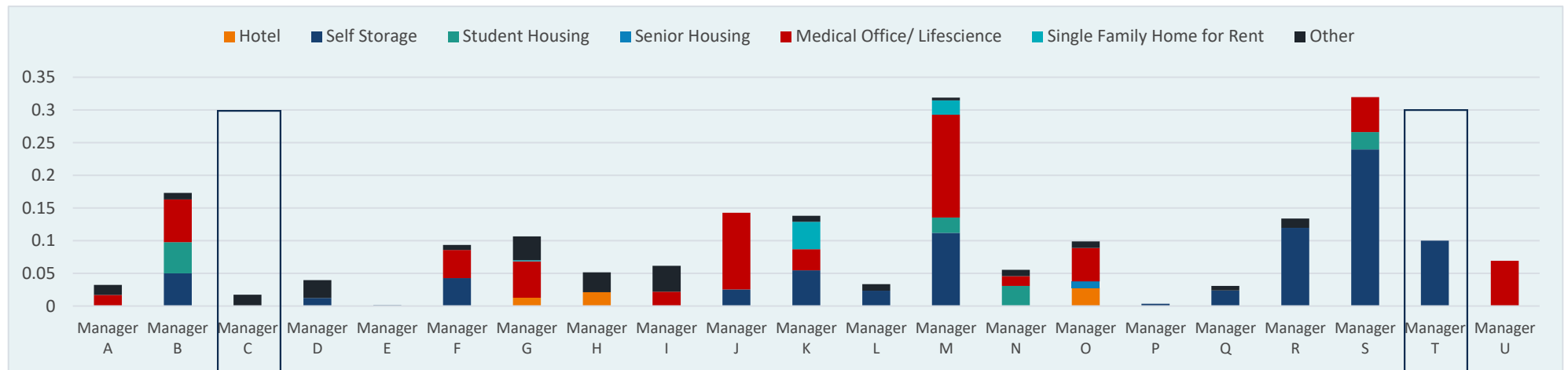
Alternative sector exposures

- Alternative property types or “other” (self storage, senior/student housing, life science, single family rentals) comprise 10% of total core fund allocations, up from 4% two years ago.
- Many funds hold less than 5%, meaning these sectors continue to be underrepresented in many portfolios.
- We expect core funds to increasingly move allocations lower for office and grow exposure to alternative property types, shifting the definition of what are “Core” sectors

OTHER SECTOR AVERAGES (FOR THOSE MANAGERS WITH EXPOSURE)



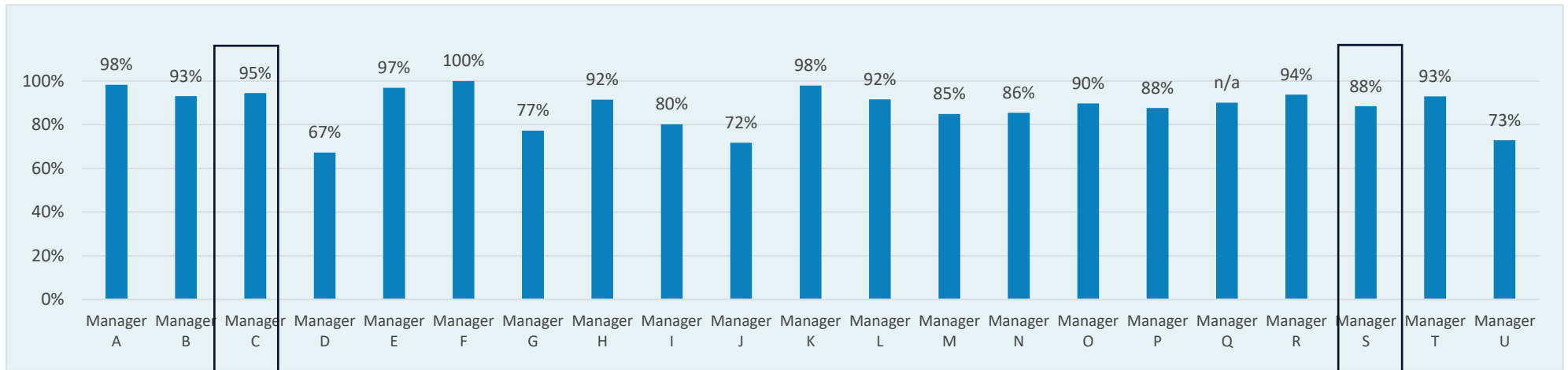
OTHER REAL ESTATE SECTORS



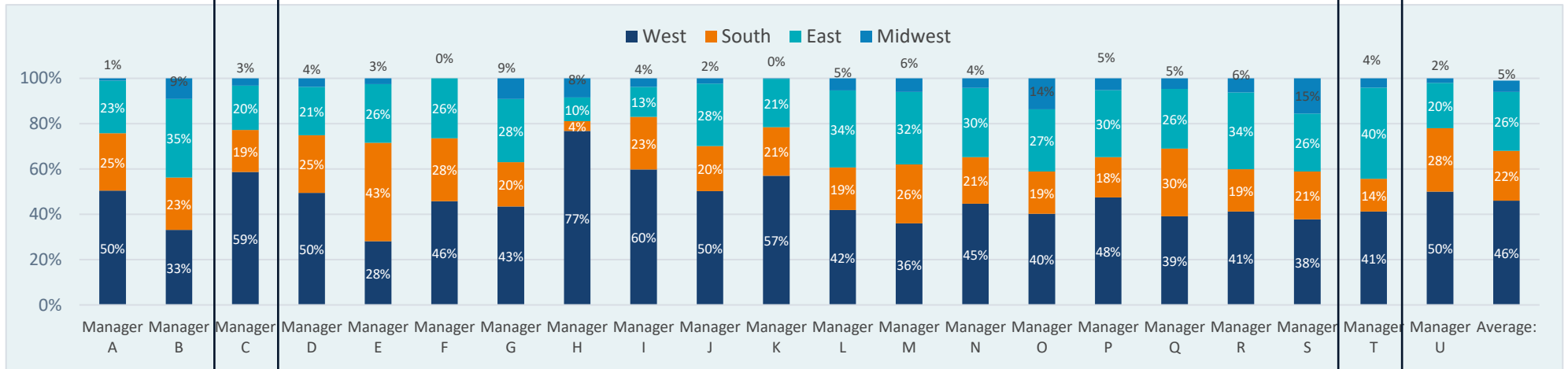
Source: Verus Annual Survey 2024. Data collected through 12/31/23.

Top MSA and regional exposures

TOP 20 METROPOLITAN STATISTICAL AREA (MSA)



REGIONAL EXPOSURE

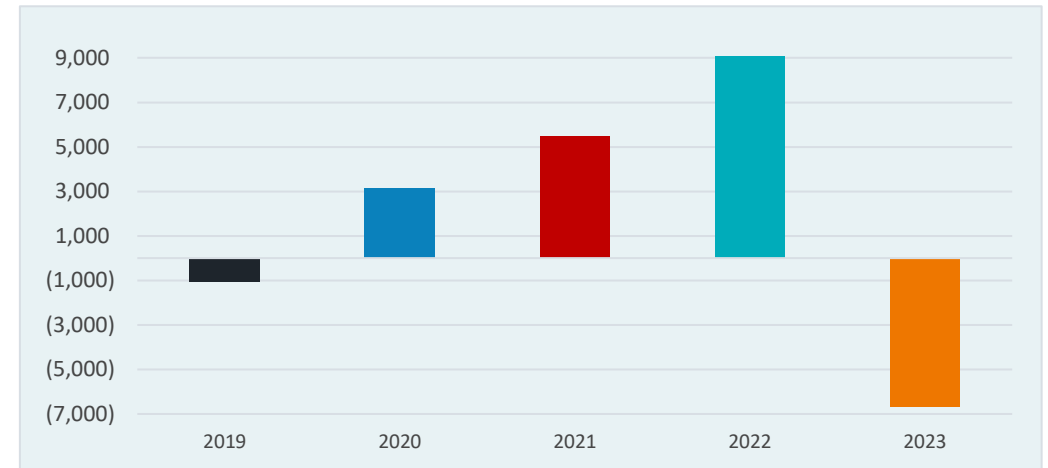


Source: Verus Annual Survey 2024. Data collected through 12/31/23.

Transaction activity

- The charts on this page provide a high-level net view of purchases and sales activity.
- In aggregate, funds sold more than they purchased for the first time since 2019, driven by the growing redemption queues in the funds.
- Transaction activity across the entire real estate market fell off sharply in 3Q'22 and has remained low through 2023 as the market has been repricing to higher interest rates.
- Much of the sales in recent years have come from large funds with large redemption queues.
- Additional individual fund details can be found on p. 18.

TOTAL NET VALUE OF PROPERTIES PURCHASED MINUS SOLD (\$MM)



NET VALUE OF PROPERTIES PURCHASED MINUS SOLD (\$MM) BY MANAGER



Source: Verus Annual Survey 2024. Data collected through 12/31/23.

Core Real Estate Entry/Exit Queues

- Redemption queues have continued to increase dramatically. Exit queues were at \$10 billion at the end of 2021, rose to \$33 billion by the end of 2022 and were over \$39 billion at the end of 2023.
- The average fund has a redemption queue of 17% of NAV currently. This is up from 13% at the end of 2022.
- Redemption payments slowed significantly as the transaction market was essentially shut down. In the calendar year 2023, only \$5.7 billion was paid out, which was less than 15% of the redemption queues.
- The average time expected to make full payments is over a year from this point, with several funds expecting to take multiple years to fully pay redemptions.

<i>Investment Queue</i>					<i>Redemption Queue</i>			
Manager	NAV (\$mm) 4Q'23	Current Inv. Queue 4Q'23	% of NAV	Est. time for calling new commitments	Redemptions paid out 2023	Redemption Queue 4Q'23	% of NAV	Est. time for making full payments
Manager A	\$5-\$10B	\$2	0%	3 Months	\$162	\$890	13%	12 Months
Manager B	>\$20B	\$1	0%	N/A	N/A	\$5,293	17%	N/A
Manager C	>\$20B	\$831	3%	1-3 Months	\$1,210	\$6,200	23%	N/A
Manager D	\$5-\$10B	\$597	7%	3-6 Months	\$125	\$1,351	15%	0-3 Months
Manager E	\$5-\$10B	\$347	6%	3-6 Months	\$145	\$352	6%	N/A
Manager F	\$1B-\$5B	\$0	0%	0-3 Months	\$30	\$604	29%	12-18 Months
Manager G	\$1B-\$5B	\$213	5%	6-9 Months	\$60	\$626	14%	N/A
Manager H	\$1B-\$5B	\$0	0%	0 Months	\$31	\$3	0%	12 Months
Manager I	\$1B-\$5B	\$0	0%	0-3 Months	\$56	\$84	5%	12 Months
Manager J	\$10B-\$20B	\$0	0%	N/A	\$1,094	\$3,284	24%	N/A
Manager K	\$10B-\$20B	\$0	0%	3 Months	\$200	\$2,521	23%	N/A
Manager L	\$5-\$10B	\$0	0%	0 Months	\$111	\$1,540	28%	12 Months
Manager M	\$5-\$10B	\$0	0%	0-6 Months	\$145	\$690	9%	6-18 Months
Manager N	\$10B-\$20B	\$0	0%	N/A	\$622	\$1,463	11%	1-2 Months
Manager O	\$5-\$10B	\$326	4%	3-6 Months	\$40	\$1,015	12%	1-3 Months
Manager P	\$10B-\$20B	\$0	0%	3 Months	\$225	\$6,519	60%	24-36 Months
Manager Q	\$5-\$10B	\$25	0%	0-3 Months	\$170	\$753	14%	3-6 Months
Manager R	>\$20B	\$34	0%	3 Months	\$1,152	\$3,160	13%	N/A
Manager S	\$5-\$10B	\$60	1%	3-6 Months	\$0	\$1,678	19%	24 Months
Manager T	\$5-\$10B	\$0	0%	3-6 Months	\$84	\$885	17%	9-12 Months
Manager U	\$1B-\$5B	\$69	2%	6-12 Months	\$81	\$374	11%	12-24 Months
Total:	\$208,728	\$2,505			\$5,743	\$39,286		
Average:	\$9,939	\$119	1%	4 Months		\$1,871	17%	12 Months

Source: Verus Annual Survey 2024. Data collected through 12/31/23.

Summary

ASB

- Mid Size ODCE Fund
- Positive track record over the very long term, but has had several recent years of underperformance reducing trailing returns
 - Underperformance has been driven by positioning going into Covid, with higher office exposure than peers and lower industrial exposure than peers, along with higher leverage
 - The fund has worked to transition from these areas and is currently more neutral weight. No changes in personnel driving performance. The same team generated returns that were top of ODCE for 10 years post GFC
- Strong labor policy and responsible contractor policies.
- Loyal client base
- Redemption queue is \$880M (17% of NAV), equal to average among peers
- Sector exposures right on ODCE weights. Office exposure at 18% (average is 17%). Alternative property types make up 10% of portfolio (all self-storage)
- Leverage is higher than peers at 31%
- Medium conviction strategy going forward

JP MORGAN

- One of the largest core funds with a 40+ year track record
- Typically holds larger assets; major metro focus
- Has had recent and intermediate performance issues
 - 10 year (6.3% vs 7.3% ODCE) -1.0% relative
 - 3 years (2.7% vs 4.9% ODCE) -2.2% relative
 - Higher leverage than peers at 30% now (27% is avg)
 - Higher office exposure historically – although has come down to 19% (vs. 17% avg.)
- Retail is much higher than peers at 19% (vs. 10% avg.); They own several large A-quality supermalls
- Some recent PM turnover, but very deep and experienced team and firm resources overall
- Redemption queue is one of the largest in the ODCE at \$6.2B (23% of NAV), higher than peers on \$ and %.
 - Will take long time to clear given the size
 - Fund will likely be more on defensive with little ability to acquire opportunistically.
- Lower conviction strategy going forward
 - Large redemption queue (23% of NAV vs. 17% peer average).
 - Recent PM change.

IV. Potential improvement opportunities

Considerations

Question	Response
Is the CRE portfolio meeting its objectives?	Yes. Despite a significant decline last year due to rising rates and an impaired office sector resulting from an increase in work-from-home trends, KCERA's core real estate allocation has acted as a good diversifier to the overall portfolio over the past 5 years
Is CRE SAA exposure appropriate for KCERA?	We believe the strategic allocation is currently appropriate. We would not recommend a target weight below 5% and may consider an allocation up to 10% as the asset class begins to recover.
Does KCERA need two core managers; are there alternative structures that may work better?	JPMorgan and ASB were hired as complementary managers with different investment styles and approaches that were expected to provide alpha (excess return) diversification. These expectations have not been met through the last market cycle, and a broadly diversified approach, described below, is suggested.

A broadly diversified approach

DESCRIPTION

- **Diversification:** This strategy aims to diversify risk by mixing lower-risk, stable assets with higher-risk, potentially higher-return investments. By doing so, it seeks to achieve a more favorable risk/return profile than investing solely in either high-risk or low-risk properties.
- **Flexibility and Exposure:** It allows investors to explore new opportunities and sectors without significantly altering the risk profile of their overall portfolio. For example, an investor might add a satellite position in a high-growth urban retail space or in a new residential development project.
- **Efficiency:** A broadly diversified approach can also be efficient in terms of management and transaction costs. The core properties, being stable and less management-intensive, help keep overall costs down, while the satellites allow for targeted positions to take advantage of specific trends or market sectors.

POTENTIAL SATELLITE POSITIONS

- Non-Traditional Core Sectors, e.g.:
 - Senior Housing
 - Student Housing
 - Manufactured Housing
 - Medical Office
 - Life Sciences
 - Outdoor Storage
 - Parking
 - Data Centers
 - Triple Net Lease Strategies*
- Other:
 - Land bank
 - Cell towers
 - Public REITs
 - Infrastructure
 - Real Estate Debt

A broadly diversified approach in core real estate investing can be used to effectively balance risk and return by combining a large “core” segment of the portfolio with one or more smaller “satellite” investments

**A commitment has been made to a Triple Net Leasing Strategy, which will be funded over the next few years*

Potential next steps

- Conduct market survey to ensure best core manager(s) is/are utilized
- Conduct ongoing investigation of diversifying opportunities

Date: August 14, 2024

To: Trustees, Board of Retirement

From: Daryn Miller, CFA, Chief Investment Officer
Geoff Nolan, Senior Investment Officer
Jack Bowman, Senior Investment Officer



Subject: Core Real Estate Recommendation

RECOMMENDATION

Staff recommends a \$50 million commitment to TPG AG's Essential Housing Financing Fund III ("Fund"). This commitment will be part of KCERA's ("Plan") core real estate asset allocation.

CORE REAL ALLOCATION

As stated in the Plan's Investment Policy Statement ("IPS"), "The primary goals of the core real estate allocation are income generation, positive correlation to inflation, and diversification."

As of March 31, 2024, the Plan had \$248 million dollars allocated to two different managers in the core real estate allocation, which represents a 4.3% allocation with a policy target allocation of 5% and an adjusted policy target allocation of 6.3%.

TPG ANGELO GORDON

Angelo Gordon is a leading alternative investment firm, specializing in credit and real estate strategies. Founded in 1988, the firm has a global presence with offices in Europe, Asia, and North America. The firm has more than 650 employees and \$74 billion in assets under management ("AUM"). In May of 2023, TPG acquired Angelo Gordon in a cash and equity transaction valued at \$2.7 billion. The combined organization currently manages over \$220 billion in AUM and has over 1,800 employees spread across 31 offices globally.

BACKGROUND

The Essential Housing Fund ("EHF") was launched in 2020. The Fund was formed around one of the largest investment grade homebuilders in the United States, Lennar Corporation, and subsequent funds were launched at a greater scale with the addition of more homebuilders due to its success. EHF is a transformative vehicle that provides homebuilders flexibility with capital efficient off-balance-sheet financing for short duration, close-to-production land inventory. Essential Housing Funds 1 and 2 have generated a net IRR greater than 11%. EHF 3 will continue their partnerships with the 11 established homebuilders with a targeted net return of 13-15%, higher than the returns for EHF I and EHF II due to higher base rates.

ANALYSIS

Market Opportunity

EHF provides homebuilders flexibility with capital efficient off-balance-sheet financing for close-to-production land inventory. Homebuilders benefit from:

- Capital light source of financing
 - Creating capital efficiency and improved earnings without capitalization changes.
- Positive credit ratings impact: rating agencies prefer land purchase options given their ability to (1) limit downside, and (2) allow homebuilders to avoid utilizing existing debt facility capacity thus limiting added leverage.

Structure

EHF deals are structured as contractual repurchase obligations between the homebuilder and the Fund for the contractual repurchase of the asset (land) at cost (which includes improvements) plus a required yield. The land assets plus improvements serve as collateral. Should the builder not perform under their option agreement, both the undeveloped land and, in particular, the developed land, are valuable assets. These assets are in the homebuilder's better communities and can be monetized quickly, thus reducing downside risk for EHF.

Investment Thesis

The underlying thesis is a unique capital solution (i.e., a "land bank") that takes advantage of the constrained housing supply.

Development of new homes has been depressed since the Global Financial Crisis ("GFC") and a housing stock shortage persists today. With lessons learned from the GFC, homebuilders have better matched their sales pacing with the supply of new homes. Supply constraints also limit how much new supply can be added to the market.

Additionally, the available supply of resale homes remains constrained due to the rise in mortgage rates, diverting that demand towards the new home market. This further exacerbates the existing new home supply/demand imbalance.

Finally, the housing industry has shifted to utilize land banks as it recognizes the capital structure advantages. EHF has been the leader in this space and offers attractive investment characteristics.

Essential Housing Fund Investment Characteristics:

- Direct ownership of land collateral
 - No foreclosure required.
 - EHF finances homebuilders' assets at a discount to fair value:
 - Land basis: Public builders can purchase land for better pricing, often receiving discounts due to larger scale purchases and certainty of close.
 - Value added development: Horizontal site improvements completed by the homebuilder to create a fully improved lot ready for vertical constructions requiring operating expertise and is a value-add process.
 - Builder deposit: Builder at-risk deposit is 19.9%.

- Short tenor
 - No option agreement longer than 40 months.
 - EHF retains the right to accept new projects on a rolling basis.
- Amortization
 - Monthly payments consist of amortized principal plus yield.
 - Amortization causes rapid de-risking.
 - Reducing the breakeven of an average project to ~14 months.
 - Monthly payments typically commence within six months and continue throughout the life of the project.
- Custom built portfolio
 - EHF has complete control over the selection of projects.
- Yield enhancement from prepayment
 - Homebuilders are permitted to accelerate repayment but are subject to a minimum MOIC.
- No risk of structural / temporal subordination
 - EHF does not share its collateral with any other creditors.
- Proprietary access to deal flow
 - Contractual exclusivity with Lennar / otherwise “functional exclusivity” through price – builders is economically motivated to show EHF a project first as they are generally the lowest cost of capital.

Risks and Considerations

Essential Housing Fund’s risks can be summarized as counterparty risk, key man risk and market risk. EHF has structural considerations in place to mitigate these risks and protect capital.

- Counter party credit risk – Homebuilders cannot meet their contractual obligations
 - 19.9% downpayment from the homebuilder.
 - Diversified geographic locations and partners.
 - Enhanced value of assets through land improvements.
- Key Man risk – There are three individuals that are key to the operation: Ryan Mollett (Portfolio Manager), Bryan Rush (Portfolio Manager), and Steve Benson (Head of Asset Management Team). All have extensive tenures with the strategy.
 - Key man risk is mitigated through non-compete clauses as well as consideration of external solutions in the event of Steven Benson’s absence.
- Market risk – Potential for housing demand to dwindle due to economic factors
 - The fund has “Pause Provisions” in place
 - In the event of a significant market decline, instead of termination, builder and EHF may mutually agree to designate a Pause Provision for a period not to exceed six months following the last completed takedown.

Vehicle and Terms

The Fund has a draw-down structure, similar to our other Private Market investments, where the manager calls capital, and the fund has a set end date.

The Fund has a target size of \$3 billion, of which TPG AG is committing \$500 million. The Fund’s investment period is 30 months, with one 3-month extension at General Partners’ discretion plus one 3-month extension with LP approval. The Fund’s harvest period is 24-36 months.

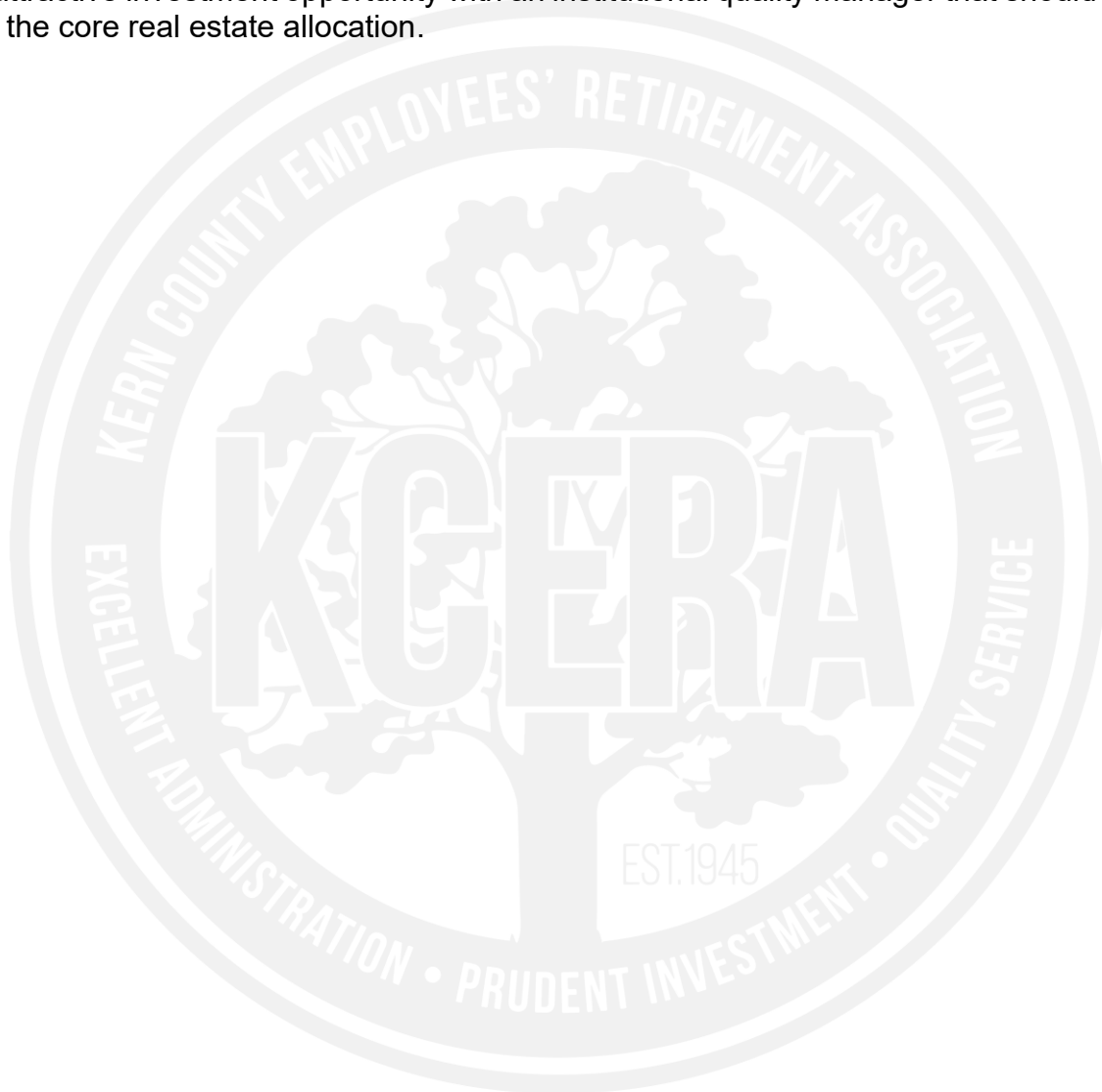
Fund terms include, a) 0.50% management fee (calculated on total assets including leverage), and b) 15% carried interest over a 7.5% preferred return with an 80/20 GP/LP catch-up.

Consultant Recommendation

Verus, our general consultant, has provided a recommendation memo.

CONCLUSION

This is an attractive investment opportunity with an institutional quality manager that should be a positive addition to the core real estate allocation.



Memorandum

To: Board of Retirement, Kern County Employees' Retirement Association KCERA
cc: Investment Staff
From: Scott J. Whalen, CFA, CAIA, Managing Director | Senior Consultant
Date: August 14, 2024
RE: TPG AG Essential Housing Fund III

Background

KCERA's investment strategy includes a policy allocation to core real estate of 5% with a current allocation of 4.2% or approximately \$244 million (as of June 30, 2024). Core real estate has traditionally been characterized as an investment in an open-ended commingled fund that invests in office, multi-family housing (apartment), retail, and light industrial (warehouse) properties. Most of the return in a core fund comes from stable rental income in fully-leased or nearly fully-leased properties. More recently, property types included in the "core" sector have expanded into other building types such as medical office, self-storage facilities, and student and senior housing.

KCERA's current allocation to core real estate is invested in two separate strategies managed by ASB and JP Morgan, respectively. Both managers invest largely in traditional core property types, and both, like many other core strategies, have been hurt by the pandemic-induced downturn in office properties and the impact of rising interest rates on valuations.

Given the recent performance challenges, KCERA Investment Staff launched a research initiative to explore the idea of investing in strategies that extend beyond traditional core real estate to identify ways to increase risk-adjusted returns. One such strategy is a triple-net lease fund that was recently approved by the Board and is currently being added to the portfolio. The TPG AG Essential Housing Fund III ("the Fund") is also a strategy that resides outside the traditional definition of core real estate but is being included in the allocation as a diversifier with the expectation it will complement and improve the risk/return profile of KCERA's current holdings.

This memo describes the investment thesis behind the Fund, outlines its expected return and risk profiles, and provides our view on its merits.

Strategy Description

Overview

The TPG AG Essential Housing Fund III is a real estate debt fund designed to take advantage of an ongoing strategic shift in the homebuilding industry, i.e., removing raw land from company balance sheets. This "asset light" approach was pioneered by NCR, the fourth largest residential real estate developer in the nation and resulted from the firm's near bankruptcy in the early 1990s. Historically, homebuilders purchased tracts of raw land and held them on their balance sheet while they prepared the land for development. This tied up capital and also led to operational volatility as the residential real estate market was impacted by broader economic cycles. Moving the land off balance sheet allows a homebuilder to focus on its core

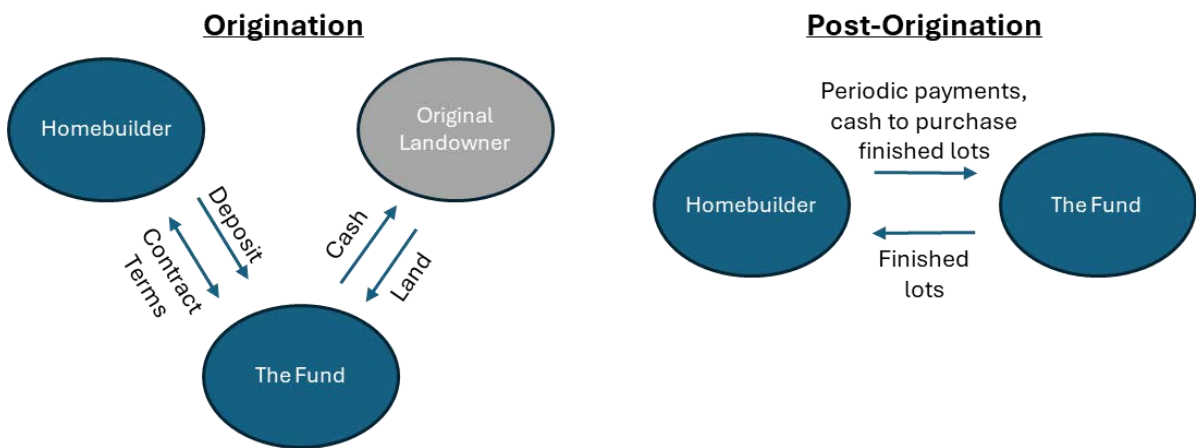
competencies of constructing and selling new homes. Other significant benefits to the homebuilder include:

- Lower capital requirements;
- Lower exposure to market economic risks;
- Improved credit rating; and
- Increased operational flexibility.

Mechanics

This off-balance sheet objective is achieved through a structure that is akin to an option-based repurchase agreement, resulting from the following process. First, the homebuilder identifies a plot of land on which it would like to build. The Fund then steps in and buys the land on behalf of the homebuilder. At the same time the homebuilder acquires an option to repurchase the land from the Fund at a future date in exchange for reimbursement of the original cost of the land plus a pre-specified yield (it is this structure that leads to the return characteristics of a debt investment). Once the land is acquired, the homebuilder prepares it for development (e.g., grading, sewage, roads), while at the same time making a series of payments to the Fund to maintain the purchase option. Once the buildable lots are finished, the option is exercised, and the construction-ready land is delivered to the homebuilder.

The graphic below describes the process at a high-level through the transaction stages.



Fund History

The fund under consideration is the third fund in the Essential Housing Fund series. The first fund was initiated in 2020 and was considered a “proof of concept”, working with just one homebuilder, Lennar (the second largest homebuilder in the U.S.). The first fund is currently in the harvest phase of the investment cycle and has so far achieved a 12.2% net IRR, compared to a 12-13% targeted return. The second fund expanded the number of participants in the fund from one to 11 homebuilders. It is currently entering the harvest phase and has so far achieved a return of 11.5% with a 12-13% life-of-fund target. Fund III is in the portfolio construction phase and is targeting a net IRR of 13-15%

Risk and Risk Mitigation

The biggest risk associated with this investment is that the counterparties (homebuilders) are not able to meet their contractual obligations, most probably due to a downturn in the economy leading to falling home prices. There are multiple layers of protection built into the structure of the Fund to reduce the risks associated with this scenario, including:

- Selection of high-quality projects with strong forecasted economics
- 19.9% upfront option fee (down payment)
- Land improvements enhance value of collateral throughout the process
- Geographic diversification

Manager analysis estimates capital loss to Fund investors would require a sustained nationwide decline in the average sales price (“ASP”) of a home of 20-25%. For context, the ASP during the Global Financial Crisis was 24%.

Verus Position

Verus agrees with the approach of diversifying KCERA’s core real estate fund exposure, and we further believe the TPG AG Essential Housing Fund III will help achieve this and also improve the expected return of the overall core real estate asset allocation.

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



Life Cycle of a Member

Chief Legal Officer

Jennifer Zahry

Chief Financial Officer

Angela Kruger

Deputy Chief Member Services Officer

Sherry Willard

Life Cycle of a Member

Kelly

- General Member
 - Nurse (Hospital)
- Single, no children

Pat

- Safety Member
 - Sheriff Deputy
- Married, no children
- Prior Military service

Life Cycle of a Member

Presentation Topics:

- Enrollments
- Divorce/Marriage
- Purchases of Service
- Disability Retirement
- Service Retirement
- Death

Life Cycle of a Member

Questions?

Life Cycle of a Member



Preliminary Work

- Friday before payday:
 - Search for new hires – Notices of Employment (NOE)
 - County System
 - District Uploads
 - District Outreach
 - If corrections to Tier or contribution rates are identified, correcting payroll transactions are submitted to the employer
 - Some sworn statements are collected at this point
 - IT sends email reminders to 6 districts

Life Cycle of a Member



Active Payroll Import Day (payday) – IT Districts

- Follow up with district on any uploads not yet received
 - Districts, retrieve files from cloud storage site or download from payroll service provider
 - Kern County Mosquito Vector Control District sends multiple files – IT uses a separated workbook to scrub and combine the data
 - Combine district files into a single file for Pension Administration System (CPAS) import
 - Review for accuracy

Life Cycle of a Member



Import Day (payday) – Hospital Authority (HA)

- HA manually uploads their files and reports to a secure site
 - Regular payroll run on either Friday or Monday
 - Off cycle run on Tuesday
 - Occasionally formatting issues must be corrected for the files to pass validation
 - Both must be imported and posted
 - Sworn Statements are imported from secure site and uploaded into member records
 - Kelly's bi-weekly pay records and sworn statement are uploaded

Life Cycle of a Member



Import Day (payday) – Kern County Courts and Kern County

- Kern County Courts file is retrieved from the Secure File
 - Kern County Courts uses a slightly different bi-weekly calendar, occasionally the file header dates must be changed to reflect the appropriate dates for CPAS
- Kern County file is retrieved via the shared drive.
 - Pat's NOE, Sworn Statement and initial bi-weekly pay records are received

Life Cycle of a Member



Member Services Active Payroll/Enrollment Processing

- Data file post validation review and posting
 - Errors related to contributions or service purchases
 - Work schedule errors
 - Partial bi-weeklies – Term or new hires
 - HA 80 hr full v 72 hr full
 - Errors related to employees working for multiple employers
- Active payroll file is posted
 - CPAS generates a case for each new employee

Life Cycle of a Member



New Hire (new enrollment)

- Notice of Employment (NOE) is used to verify the following:
 - Member General Information
 - Employment date
 - Employment status, permanent full time/permanent part time/extra help
 - Employer
 - Entry Age
 - DOB
 - Tier, general/ safety
 - Employee Contribution Rate

Life Cycle of a Member



New Hire (new enrollment) (continued)

- NOE is used to verify the following:
 - Employment History Review
 - Base salary
 - Gross salary
 - Hours scheduled
 - Actual hours
 - Special pays
 - Service flag (contributing, non-contributing)
 - Percent time (100%, 50%, etc)

Life Cycle of a Member



New Hire (new enrollment) (continued)

- NOE is used to verify the following:
 - Employment Status codes
 - Department
 - Job classification
 - Retirement flag
 - Type of appointment
 - Type of work
 - Contribution indicator

Life Cycle of a Member



New Hire (new enrollment) (continued)

- When CPAS review is completed, any issues are identified and corrected through a payroll transaction
 - Payroll transactions frequently needed to correct member records:
 - Age correction
 - Tier correction
 - Contribution taken during waiting period
- Each of these payroll transactions result in a monetary correction

Life Cycle of a Member



Sworn Statement

- (1) The filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and other information as is required by the board.
- (2) In lieu of a sworn statement, the submission by the member's employer to the retirement association of the information otherwise required in paragraph (1), in a form determined by the retirement association. §31526

Life Cycle of a Member



Sworn Statement (continued)

- Sworn Statement Card (SSC) Verification Process
 - Review each SSC for completeness
 - Review member information, name, SSN, DOB, beneficiary designation, percent time
 - Review beneficiary information, name, SSN, DOB
 - If errors are identified or the SSC is not fully completed, a letter is sent to the member to provide the missing information or complete a new sworn statement card

Missing information or incomplete SSC can take several attempts from KCERA before issues are resolved.

Life Cycle of a Member

Questions?



Chief Executive Officer's Report

Presented by: Dominic D. Brown, Chief Executive Officer

August 2024



Office Update

- Election Update: Both Safety and General are going to ballot
- Solar Update: System is producing as expected and we have a net credit so far
- Investment Delegation: Will come before Board in September
- LACERA Decision: Will come before Board in September
- Compensation Policy: Will come before Board in September



Office Update (con't)

- Segal Contract Update due to Personnel Changes
- Comments on budget variances at year-end
- Artificial Intelligence utilization at KCERA will be presented to Board in near future
- Disability Update
- Recruitments: Paralegal, Administrative Specialist



Operations Activity

- Member Services*
 - 29 new retirements and calculations
 - 91 death benefit calculations
 - 328 service-credit purchase calculations
 - 123 retirement estimates
 - 248 new active members
 - 152 terminations with disposition packets
 - 41 in-person appointments
 - 307 walk-ins
 - 1,240 phone calls
 - 288 emails
- Accounting & Reporting
 - Service Purchases – <30 days
 - ACFR audit commenced
 - GFOA Award PY
 - Active Payroll – Kern Medical
 - Remittances no longer sent to retirees monthly
- Information Technology
 - Monitoring full-time members working less than full-time
 - 24-25 Contribution Rates

**Data for months of June and July 2024*



Member Outreach & Education



- 8/7 Kern County Department of Human Services Podcast (2-part retirement series)
- 8/8 Kern County New Employee Orientation
- 8/13 Retired Employees of Kern County Luncheon
- 8/15 Sheriff Academy New Employee Orientation
- 8/20 San Joaquin Valley APCD Employee Association Lunch & Learn Presentation
- 8/21 Payroll Clerk Training – Hospital Authority
- 9/4 Payroll Clerk Training – Kern County Behavioral Health
- 9/14 Kern County 2024 Career Expo
- 9/21 Payroll Clerk Training – Kern County Department of Human Services
- 9/19 Kern County Jobfest (Mojave)
- 9/26 End-of-Career Seminar
- 10/3 San Joaquin Air Pollution Control District Resource Fair (Modesto)
- 10/10 San Joaquin Air Pollution Control District Resource Fair (Bakersfield)





Upcoming Events

- Administrative Committee – Meeting to be scheduled to discuss election service provider and changes to policy
- Finance Committee – No meetings scheduled
- Investment Committee – Meeting to be scheduled to discuss Short-Term Credit, Bank Loan, and Private Credit recommendations
- Board of Retirement – Next regular monthly meeting will be September 11, 2024





CIO REPORT

INVESTMENT PROGRAM UPDATE

August 2024

Presented by:
Daryn Miller, CFA
Chief Investment Officer



Rebalancing

JUNE & JULY ACTIVITY

- Equities
 - Sell 40MM Parametric S&P
- Fixed Income
 - Sell 75MM Parametric Rates
 - Buy 50MM PIMCO EM Debt
- Commodities
 - Buy 10MM Wellington Commodities

Reporting period covers 06/13/2024 to 07/31/2024



Public Equities: Reduce public equities exposure following equity rally; bring exposure in line to adjusted policy target.



Fixed Income: Reduce rates exposure following fixed income rally.
Increase exposure to EM Debt; moves underweight position to target.



Commodities: Increase exposure to commodities; moves underweight in line with target.

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Adj. Pol.
Public Equities	33.6%	33.0%	33.7%	-0.1%
Fixed Income	21.8%	25.0%	27.0%	-5.2%
Core	13.1%	15.0%	17.0%	-3.9%
Credit	8.7%	10.0%	10.0%	-1.3%
Commodities	3.8%	4.0%	4.0%	-0.2%
Hedge Funds	10.0%	10.0%	10.0%	0.0%
Alpha Pool	3.9%	4.0%	4.0%	-0.1%
Midstream Energy	5.2%	5.0%	5.0%	0.2%
Core Real Estate	4.1%	5.0%	7.0%	-2.9%
Private Real Estate	3.0%	5.0%	3.0%	0.0%
Private Equity	4.3%	5.0%	4.3%	0.0%
Private Credit	6.0%	8.0%	6.0%	0.0%
Opportunistic	2.6%	0.0%	0.0%	2.6%
Cash	1.7%	-4.0%	-4.0%	5.7%
Total	100.0%	100.0%	100.0%	0.0%

Positioning

ACTUAL VS POLICY TARGET

Public Equity: roughly inline with adjusted policy target.

Core Fixed Income: underweight relative adjusted policy target.

Credit: underweight high yield.

Exposures to Core Fixed Income and Credit have effectively been reallocated to Cash.

Core Real Estate: underweight relative to adjusted policy target.

Cash: overweight cash; taking advantage of a weighted average cash return of ~6%.



After an extended period of strong performance, equity market leadership rotated in July—former leaders lagged and vis versa. Following a weak US job report in early August, risk assets sold off globally, while interest rates rallied (driving yields lower); the Japan equity market dropped 12% in one day, and the Japanese yen strengthened. As of August 5th, the S&P500 declined ~8.5% from it's mid-July peak. The 10-year US Treasury bond rallied, with the rate declining from ~4.5% in early July to nearly 3.6% on

MARKET UPDATE

August 5th. As of August 6th, when we write this, markets are bouncing higher. TBD if markets resume the sell-off, or trade higher from here. On August 5th, Investment Staff took advantage of market volatility and added to positions (+10M commodities and +15M Japan equities) where we see good fundamentals, valuation, and entry point; and funded through a 30M reduction to interest rates. We will continue with this approach if volatility continues, and fundamentals remain in place.





Key Initiatives

Enhancing return while managing risk

- **2035 Initiative**
- **Asset Class Deep Dives**
 - Midstream
 - Opportunistic
 - Commodities
- **Currency management**
- **Governance/Delegation**
- **Improve hedge fund program returns**
- **Opportunistic investments**
- **Private markets**
- **Repositioning fixed income**

Investment Committee Meetings

Next meeting early September

The next IC meeting agenda will include the following items:

- Short-Term Credit Recommendation
- Bank Loan Recommendation
- Private Credit Recommendation

The last IC meeting was held on August 2nd.



Investment Activity

Passed Investments

The following investment opportunities were diligenced, but not pursued (last 4 quarters)

Description	Comments
Private Equity, technology buyout	Passed, portfolio fit
Private Equity, secondaries	Passed, investment team turnover
Private Equity, Japan buyout	No access, fund oversubscribed
Private Equity, secondaries	Passed, overlap with existing manager
Private Credit, direct lending	Passed, found opportunity with better risk-adjusted returns and portfolio fit
Private Credit, direct lending	Passed, lower-middle market exp.
Private Credit, direct lending	Passed, portfolio fit
Private Credit, direct lending	Passed, portfolio fit
Private Credit, special situations lending	Passed, lower-middle market exp.
Private Credit, opportunistic lending	Passed, portfolio fit
Private Credit, direct lending	Passed, lower-middle market exp.
Private Credit, aviation	Passed, portfolio fit
Private Credit, credit opportunities	Passed, found opportunity with better risk-adjusted returns
Private Credit, opportunistic lending	Passed, found opportunity with better risk-adjusted returns and portfolio fit
Private Credit, opportunistic lending	Passed, portfolio fit
Private Credit, direct lending	Passed, lower-middle market exp.
Private Credit, specialty lending	Passed, portfolio fit
Private Credit, opportunistic lending	Passed, portfolio fit
Private Credit, opportunistic lending	Passed, portfolio fit

Description	Comments
Private Credit, direct lending	Passed, found opportunity with better risk-adjusted returns
Private Credit, specialty lending	Passed, found opportunity with better risk-adjusted returns
Private Credit, direct lending	Passed, found opportunity with better risk-adjusted returns
Private Credit, real estate lending	Passed, found opportunity with better risk-adjusted returns
Private Credit, opportunistic lending	Passed, portfolio fit
Private Real Estate, agriculture	Passed, portfolio fit
Private Real Estate, NNN	Passed, non-investment grade focus
Private Real Estate, alternative sectors	Passed, found opportunity with better risk-adjusted returns
Private Real Assets, energy	Passed, found opportunity with better risk adjusted opportunity
Private Real Assets, energy	Passed, found opportunity with better risk adjusted opportunity
Private Real Estate, opportunistic real estate	Passed, portfolio fit
Private Real Estate, opportunistic real estate	Passed, portfolio fit
Private Real Estate, opportunistic real estate	Passed, found opportunity with better risk adjusted opportunity
Hedge Fund, equity market neutral	No access
Hedge Fund, multi-strategy	Passed, lack of conviction in strategy



CLO Report August 2024

Jennifer Esquivel Zahry, Chief Legal Officer
Kristen McDonald, Deputy Chief Legal Officer
Maggie Peralta-Lee, KCERA Senior Paralegal
Irma Chavez, KCERA Senior Legal Secretary

Legislative Update

- AB 2474 – Post-Retirement Employment Penalties
 - Approved by Governor 7/15.
 - § 31452.6 – amended to add subdivision (d) – authorizes deposit of monthly allowance into “Miller Trust”
 - § 31680.9 – newly added – financial penalties for exceeding post-retirement period; reporting and notice requirements for employers.

Legislative Update

- AB 2284 – Adding Definition of “grade” to compensation earnable
 - Last update: 6/27/24-Ordered to third reading. – Senate
 - Oppositions on file from KCERA and SBCERA; additional opposition(s) pending
 - Recent amendment would require approval by county boards of supervisors

Legislative Update

- AB 3025 – Benefit Corrections
 - Last update: 6/27/24-Ordered to third reading. – Senate
 - Adds § 31541.2 – requirements for handling benefit corrections; potential for employer payments to employees for improper pensionable payments if pension reduced through no fault of employee

Legislative Update

- AB 2715 – Closed Session item for threats to critical infrastructure relating to cybersecurity
 - Last update: 6/27/24-Ordered to third reading. – Senate
- AB 2770 – “Return Receipt” requirements removed
 - Amends §§ 31628 and 31783.5 to exclude
 - Approved by Governor 7/15
- AB 2770 – Sunset date extended for PTSD presumption
 - Amends § 31720.91 from 1/1/25 to 1/1/29
 - Approved by Governor 7/15

Litigation Update

LACERA. v. County of Los Angeles (2024) 102 Cal.App.5th 1167.

Two Issues on Appeal:

- “Does the fiduciary board of a county public employee retirement system established under the County Employees Retirement Law of 1937 (Gov. Code, § 31450 et seq. (CERL)) have authority under the California Constitution and relevant statutes to create employment classifications and set salaries for employees of the retirement system?”
- Does section 31522.1 impose a ministerial duty on a county board of supervisors to include in the county’s employment classifications and salary ordinance the classifications and salaries adopted by the board of a county public employee retirement system for employees of that system?”

Decision: “Yes and Yes.”

Reasoning: California Constitution Art. XVI § 17 (added by voter initiative Prop. 162 in 1992) authorizes such actions by boards of retirement and imposes such duties on county boards of supervisors.

Litigation Update

LACERA. v. County of Los Angeles (2024) 102 Cal.App.5th 1167.

Legal Framework: Appellate courts are not bound by decisions from other appellate districts, but generally follow such decisions unless there is a good reason to disagree. The court deciding the LACERA matter outlined their reasons for not following the *Westly* case.

Status: Two conflicting appellate court decisions: the Second District Court of Appeal (*Westly*) and the Third District Court of Appeal (LACERA). The Fifth District Court of Appeal decides Kern County matters and has not directly ruled on the issue.

Grounds for Review: Appellate courts in California are considered “courts of last resort” because there is no “right to appeal” to the Supreme Court on the merits. Parties may “petition” for Supreme Court review. “The Supreme Court may order review of a Court of Appeal decision when necessary to secure uniformity of decision or to settle an important question of law.” (Cal. Rule of Court 8.500). A Petition for Review must be filed and served 10 days after Court of Appeal decision becomes final. The California Supreme Court has 90 days to respond.

Litigation Update

Loper Bright Enterprises et al. v. Raimondo et al. (Decided with *Relentless, Inc. et al. v. Dept. of Commerce, et al.*) (2024) 144 S.Ct. 2244

- **Dispute:** Commercial herring fishing companies challenged a federal agency's regulatory at-sea monitoring program that required observers on half of trips. US Supreme Court review granted as to question of agency deference under prior case *Chevron USA Inc. v. Nat. Res. Defense Council, Inc.* ("Chevron Doctrine").
- **Chevron Doctrine:** 2-step framework for courts reviewing agency decisions: (1) assess if statute directly addresses issue, reject any agency determination contrary to clear statutory intent; (2) if statute silent/ambiguous on question, court defers to a reasonable interpretation of statute by agency that has expertise in issue/is responsible for implementing the statute.

Litigation Update

Loper Bright Enterprises et al. v. Raimondo et al. (2024) 144 S.Ct. 2244

- **Findings:** Court overruled the *Chevron* Doctrine as incompatible with the federal Administrative Procedure Act, which SCOTUS says requires independent judgment from courts in interpreting statutes. An agency's interpretation of a statute is not binding on a court, but may be considered informative and persuasive, especially if based on "factual premises" within the agency's area of expertise.
- **Take Away:** Uncertain impact on CERL systems, which are not federal administrative agencies but do implement certain federal regulations (i.e. Internal Revenue Code, IRS regulations/guidance (which also impact trust and estates law), Treasury regulations, Social Security regulations). The writ of mandate procedures under the CA Code of Civil Procedure include the types of review and level of deference to be given to the underlying administrative decision.



Q2 2024 Metrics	Completed
Administrative Appeals	0
Board/ Committee Meetings/ Staff Meetings/ Conferences	58
Board Documents	33
Community Property Matters	45
Disability Matters	11
Investment/ Custodial Documents	43
Legal Correspondence	144
Operational Contracts	4
Post-Retirement Employment	9
Probate Matters	22
Public Records Act Requests	13



August Calendar

Pending CLO/DCLO
Review

Administrative Appeals

3

Board/ Committee Meetings/ Staff Meetings/
Conferences

17

Board Materials

8

Community Property Matters

5

Disability Matters

11

Investment/ Custodial Documents

8

Member Inquiries

1

Operational Contracts

3

Plan Sponsor Inquiries

1

Powers of Attorney

3

Public Records Act Requests

3

Staff Inquiries

10

Training of new DCLO



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
Laurie Johnson, LJ Consulting & Advocacy
RE: **Legislative Update – August 2024**

Capitol Update

It's been a relatively quiet month in Sacramento, as the Legislature has been on summer recess since the July 4th holiday. However, the Senate and the Assembly will be back in Session on Monday, August 5th and will have to wrap up all outstanding business prior to this session's adjournment on August 31st. The immediate focus of the Legislature upon return will be on the fiscal committees. Both the Senate and the Assembly have until August 16th to move all their respective bills through the Appropriations Committees and to the floor for final action. This will be another opportunity for Members to cull the number of bills moving through the process, as any bills with significant revenue impacts on the state will be highly scrutinized. The last two weeks of the session are limited to floor sessions where lawmakers will vote on all remaining policy bills.

The following is an update on bills SACRS is following:

SACRS is tracking the following bills:

- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees' Retirement Association to appoint a Chief Technology Officer. Status: This bill was signed by the Governor on 7/15
- **AB 2284 (Grayson)** – The bill amends the definition of "compensation earnable" to define a work classification "grade" to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. The bill was amended on 6/27 to include a provision that requires the Board of Supervisors to pass a resolution to allow for the language to become operational within the jurisdiction. The SACRS Board met on July 18th and took an Oppose position. Status: This bill passed out of the Senate Labor, Public Pension and Retirement Committee and is awaiting action on the Senate Floor.
- **AB 2301 (Nguyen)** – This bill, the Sacramento Area Sewer District



Pension Protection Act of 2024, provides for the continuation of benefits and pension obligations for employees transferring from the County of Sacramento to the Sacramento Area Sewer District. Status: This bill was signed by the Governor on 7/2.

- **AB 2474 (Lackey)** – This is a SACRS-sponsored bill and was amended in Committee to allow LACERA-only to deposit retirement allowances into prepaid accounts until January 1, 2028, as a pilot program. The bill also provides clarity regarding the ability of a system to deposit pension payments in a member’s living trust bank account. The bill also clarifies potential consequences when a retiree exceeds the 960-hour post-retirement employment limit and provides systems with administrative flexibility on that matter. This bill was signed by the Governor on 7/15.
- **AB 2770 (Committee on Public Employment and Retirement)** – This is the annual housekeeping bill that includes various technical amendments for CalPERS, CalSTRS, and ’37 Act systems. SACRS is a co-sponsor of the bill. The bill removes the “return receipt” requirements as part of current procedures in statute that systems must follow to locate members and beneficiaries. The bill also conforms the sunset date of January 1, 2025, to the Labor Code for the recently added disability presumption for post-traumatic stress disorder. Status: This bill was signed by the Governor on 7/15.
- **AB 3025 (Valencia)** – This bill creates a framework for making benefit corrections and contribution refunds when disallowed compensation is inadvertently included in pension calculations. This bill includes a penalty to be paid by the employer to the member if compensation is later determined to be disallowed. The bill also includes language that is intended to protect a system’s *Alameda* correction process currently underway. The SACRS Legislative Committee is working with the bill’s author and sponsor to ensure ’37 Act systems can properly implement the bill, consistent with IRS regulations. The bill was amended on 6/27 to expressly state that confidential information is not subject to the California Public Records Act. The author has also agreed to accept one last amendment that clarifies “Initiated a process” to mean a system has formally adopted a resolution “*or made an administrative determination*”. Status: The bill passed out of the Senate Labor, Public Employment and Retirement Committee and the Senate Judiciary Committee and is



awaiting action on the Senate Floor.

SACRS is also monitoring the following bills that do not impact the '37 Act systems but are of interest:

- **SB 252 (Gonzalez)** – This bill prohibits CalPERS and CalSTRS from making new investments in a fossil fuel company and requires those systems to divest from fossil fuel companies by July 1, 2031, unless the board determines in good faith that the action is inconsistent with the board's fiduciary responsibilities. Status: Dead. This bill was not taken up by the Assembly Public Employment and Retirement Committee.
- **SB 537 (Becker)** – This bill provides flexibility for local government agencies to conduct remote meetings under Open Meeting laws and exempts multijurisdictional, cross county local agencies from certain Brown Act provisions. Status: Dead. This bill was amended into a different measure unrelated to Open Meetings laws.
- **AB 817 (Pacheco)** -. The bill would have provided flexibility for local government agencies to conduct remote meetings under Open Meeting laws. Specifically, this bill would have allowed a subsidiary body of a local agency to teleconference their meetings without having to publicly notice or make all locations publicly available. Status: Dead. This bill did not pass out of the Senate Local Government Committee.
- **SB 1240 (Alvarado-Gil)** – This bill provides for the continuation of pension benefits for employees of El Dorado County Fire Protection District and the Diamond Springs Fire Protection District under a new consolidated district. Status: This bill passed out of the Assembly PERS Committee and has been referred to the Assembly Appropriations Committee.
- **AB 2715 (Boerner)** – This bill allows a legislative body to discuss a threat to critical infrastructure controls or critical infrastructure information relating to cyber security during a closed session. Status: This bill passed out of the Senate Judiciary Committee and is awaiting action on the Senate Floor.

Assembly Bill No. 2474

CHAPTER 108

An act to amend Section 31452.6 of, to add Section 31680.9 to, and to add and repeal Sections 31452.61 and 31590.2 of, the Government Code, relating to retirement.

[Approved by Governor July 15, 2024. Filed with Secretary of State July 15, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2474, Lackey. Retirement: County Employees Retirement Law of 1937: benefit payments and overpayments.

(1) The County Employees Retirement Law of 1937 (CERL) authorizes counties and districts to establish retirement systems in order to provide pension benefits to their employees and their beneficiaries and prescribes the rights, benefits, and duties of members in this regard. CERL defines compensation and compensation earnable for purposes of its provisions. Existing law, the Public Employees' Pension Reform Act of 2013 (PEPRA), prescribed various limitations on public employees, employers, and retirement systems concerning, among other things, the types of remuneration that may be included in compensation that is applied to pensions.

Under CERL, the board of retirement is required to comply with and give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member, as described, authorizing the treasurer or other entity authorized by the board to deliver the monthly warrant, check, or electronic fund transfer for the retirement allowance or benefit to any specified bank, savings and loan institution, or credit union to be credited to the account of the retired member or survivor of a deceased retired member.

This bill would also define "account of the retired member or survivor of a deceased retired member" to include an account held in a living trust or an income-only trust, as specified.

This bill, until January 1, 2028, would additionally authorize the board of retirement for the County of Los Angeles to have the monthly warrant, check, or electronic fund transfer for the retirement allowance or benefit be delivered to a prepaid account, as defined, in accordance with certain procedures.

Under CERL, any person entitled to the receipt of benefits may authorize the payment of the benefits to be directly deposited by electronic fund transfer into the person's account at the financial institution of the person's choice, as specified.

This bill, until January 1, 2028, would authorize the board of retirement for the County of Los Angeles to permit a person entitled to receive benefit

payments to have them deposited into a prepaid account, as described. This bill would also require the retirement system for the County of Los Angeles, no later than November 30, 2027, to submit a report to specified legislative committees that includes certain information regarding the implementation of these provisions.

(2) Under CERL, any person who has retired may be employed and paid in a position requiring special skills or knowledge for a period of time not to exceed 90 working days or 720 hours, whichever is greater, in any one fiscal year or any other 12-month period designated by the board of supervisors. That law authorizes a county to extend, as specified, that period of time, not to exceed 120 working days or 960 hours, whichever is greater, in any one fiscal year or any other 12-month period, as specified. That law also authorizes other specified retired members to be reemployed and paid in a position requiring special skills or knowledge for a period of time not to exceed 120 working days or 960 hours, whichever is greater, in any one fiscal year. That law further authorizes this employment without reinstatement into the system, termination or suspension of their retirement allowance, or deductions to their salary as contributions to the system.

Under PEPRA, a retired person is prohibited from serving, or being employed by, as specified, a public employer in the same public retirement system from which the retiree receives the benefit without reinstatement from retirement, unless an exception applies. Under PEPRA, one of those exceptions authorizes a retired person to serve without reinstatement if appointed by the appointing power of a public employer during an emergency to prevent stoppage of public business or because the retired person has skills needed to perform work of limited duration. That law limits those appointments to a total for all employers in that system of 960 hours or other equivalent limit, in a calendar or fiscal year, depending on the administrator of the system.

This bill would prohibit a person who has been retired under CERL from being employed in any capacity thereafter by a county or district of the retirement system unless the person has first been reinstated from retirement or is authorized under CERL or PEPRA. The bill would prohibit a person whose employment without reinstatement is authorized from acquiring service credit or retirement rights under CERL with respect to that employment. The bill would require a retired member employed in violation of specified provisions of CERL and PEPRA to reimburse the retirement system for any allowance received during the period in violation and to pay other related amounts, as specified.

The bill would also require a public employer that employs a retired member in violation of CERL or PEPRA, if the retired member is reinstated, to pay the retirement system an amount of money equal to the employer contributions that would otherwise have been paid, plus interest, for the period of time that the member was employed in violation of these provisions, and to contribute toward reimbursement for reasonable administrative expenses of the system. The bill would further authorize the board of a retirement system under CERL to assess certain fees upon an

employer that fails to enroll a retired member without reinstatement, subject to certain procedural and notice requirements.

The people of the State of California do enact as follows:

SECTION 1. Section 31452.6 of the Government Code is amended to read:

31452.6. (a) The board shall comply with and give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member entitled to a retirement allowance or benefit under this chapter or the California Public Employees' Pension Reform Act of 2013, authorizing the treasurer or other entity authorized by the board to deliver the monthly warrant, check, or electronic fund transfer, for the retirement allowance or benefit to any specified bank, savings and loan institution, or credit union to be credited to the account of the retired member or survivor of a deceased retired member. That delivery is full discharge of the liability of the board to pay a monthly retirement allowance or benefit to the retired member or survivor of a deceased retired member.

(b) Any payments directly deposited by electronic fund transfer following the date of death of a person who was entitled to receive a retirement allowance or benefit under this chapter or the California Public Employees' Pension Reform Act of 2013 shall be refunded to the retirement system.

(c) In order to obtain information from a financial institution following the death of a retired member or the beneficiary of a retired member, as provided in subdivision (o) of Section 7480, the board may certify in writing to the financial institution that the retired member or the beneficiary of a retired member has died and that transfers to the account of the retired member or beneficiary of a retired member at the financial institution from the retirement system occurred after the date of death of the retired member or the beneficiary of a retired member.

(d) For purposes of this section, "account of the retired member or survivor of a deceased retired member," may include an account held in a living trust or an income-only trust, also known as a Miller trust, that is controlled by the retired member or survivor of a deceased retired member or that is established for the retired member's or the survivor of a deceased retired member's benefit, in order to qualify for Medi-Cal, as established pursuant to Chapter 14 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, or comparable assistance.

SEC. 2. Section 31452.61 is added to the Government Code, to read:

31452.61. (a) (1) This section applies only to a retirement system in a county of the first class, as described in Sections 28020 and 28022.

(2) The board shall comply with and give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member entitled to a retirement allowance or benefit under this chapter or the California Public Employees' Pension Reform Act of 2013, authorizing the treasurer or other entity authorized by the board to deliver the monthly

warrant, check, or electronic fund transfer, for the retirement allowance or benefit to any specified bank, savings and loan institution, credit union, or prepaid account to be credited to the account of the retired member or survivor of a deceased retired member. That delivery is full discharge of the liability of the board to pay a monthly retirement allowance or benefit to the retired member or survivor of a deceased retired member.

(3) For purposes of this subdivision, a prepaid account shall have the same meaning as in Section 1339.1 of the Unemployment Insurance Code and shall meet the applicable requirements of that section to qualify under this subdivision.

(4) Prior to implementing the option to receive a retirement allowance or benefit by electronic fund transfer to a prepaid account pursuant to this section, the board shall develop a procedure to provide a retired member or beneficiary who elects the option all of the following:

(A) Access to a monthly statement detailing the retirement allowance or benefit amount and any deductions thereof.

(B) A reasonable process for the retired member or beneficiary to report and contest any error of the retirement allowance or benefit amount.

(C) Contact information for a responsible system ombudsperson to assist the retired member or beneficiary in recovering any amounts deducted from the net retirement allowance or benefit amount once it has been deposited in the account, resulting from an error or by fraud.

(b) Any payments directly deposited by electronic fund transfer following the date of death of a person who was entitled to receive a retirement allowance or benefit under this chapter or the California Public Employees' Pension Reform Act of 2013 shall be refunded to the retirement system.

(c) In order to obtain information from a financial institution following the death of a retired member or the beneficiary of a retired member, as provided in subdivision (o) of Section 7480, the board may certify in writing to the financial institution that the retired member or the beneficiary of a retired member has died and that transfers to the account of the retired member or beneficiary of a retired member at the financial institution from the retirement system occurred after the date of death of the retired member or the beneficiary of a retired member.

(d) (1) No later than November 30, 2027, a retirement system of a county of the first class shall submit a report to the Assembly Committee on Public Employment and Retirement and the Senate Committee on Labor, Public Employment and Retirement that includes, but is not limited to, each of the following:

(A) A description of the history and need for a prepaid account to be offered as an option to the retirement system's retired members or their beneficiaries.

(B) A summary of the board of retirement system's processes and procedures to implement this section and Section 31590.2.

(C) The total number of all retired members of the retirement system.

(D) The total number of retired members of the retirement system who elected to have their retirement allowance under this chapter directly

deposited into an account at a financial institution, as identified by the retired member.

(E) The total number of retired members of the retirement system who elected to have their retirement allowance provided by bank draft, such as a check.

(F) The total number of retired members of the retirement system who elected to have their retirement allowance deposited to a prepaid account, consistent with this section and Section 31590.2.

(G) Information detailing all costs to the retirement system with respect to implementing and administering the option of a prepaid account, consistent with this section and Section 31590.2, respectively.

(H) To the extent feasible, a summary of comments, feedback, or experiences received from a retired member who elected to have their retirement allowance deposited to a prepaid account card, consistent with this section and Section 31590.2, and with respect to obtaining, using, or the replacement of, a prepaid account card for their retirement allowance.

(2) The report pursuant to paragraph (1) shall be submitted in compliance with Section 9795.

(e) This section shall remain in effect only until January 1, 2028, and as of that date is repealed.

SEC. 3. Section 31590.2 is added to the Government Code, to read:

31590.2. (a) (1) This section applies only to a retirement system in a county of the first class, as described in Sections 28020 and 28022.

(2) All warrants, checks, and electronic fund transfers drawn on the retirement fund shall be signed or authorized by at least two board officers or employees, designated by the board or by the treasurer if designated by the board. If the treasurer is designated by the board, the board shall also designate the auditor to sign or authorize warrants, checks, and electronic fund transfers. The authorization may be by blanket authorization of all warrants, checks, or electronic fund transfers appearing on a list or register, or may be by a standing order to draw warrants, checks, or electronic fund transfers, which shall be good until revoked. If the treasurer and auditor are designated by the board, a warrant, check, or electronic fund transfer is not valid until it is signed or authorized, numbered, and recorded by the county auditor, except as provided in subdivision (c).

(b) Any person entitled to the receipt of benefits may authorize the payment of the benefits to be deposited as follows:

(1) Directly deposited by electronic fund transfer into the person's account at the financial institution of the person's choice under a program for direct deposit by electronic transfer established by the board or treasurer if authorized by the board. The direct deposit shall discharge the system's obligation in respect to that payment.

(2) Deposited into a prepaid account under a program for deposit into a prepaid account that is established by the board or by the treasurer if authorized by the board. That deposit shall discharge the system's obligation in respect to that payment. For purposes of this paragraph, a prepaid account shall have the same meaning as in Section 1339.1 of the Unemployment

Insurance Code and shall meet the applicable requirements of that section to qualify under this paragraph.

(c) The board may, or, if authorized by the board, the treasurer shall, authorize a trust company or trust department of any state or national bank authorized to conduct the business of a trust company in this state or the Federal Reserve Bank of San Francisco or any branch thereof within this state, to process and issue payments by check or electronic fund transfer.

(d) This section shall remain in effect only until January 1, 2028, and as of that date is repealed.

SEC. 4. Section 31680.9 is added to the Government Code, to read:

31680.9. (a) A person who has been retired under the retirement system, for service or for disability, may not be employed in any capacity thereafter by the county or a district of the retirement system unless the person has first been reinstated from retirement pursuant to this chapter, or unless the employment, without reinstatement, is authorized by this article or the Public Employees' Pension Reform Act of 2013. A retired person whose employment without reinstatement is authorized by this article or the Public Employees' Pension Reform Act shall acquire no service credit or retirement rights under this part with respect to the employment.

(b) Any retired member employed in violation of Section 31680.2, 31680.3, 31680.6, or 7522.56 shall do all of the following:

(1) Reimburse the retirement system for any retirement allowance received during the period or periods of employment that are in violation of law. The retirement allowance that was paid in violation of law shall be considered an overpayment subject to collection by the retirement system.

(2) Only if reinstated, pay to the retirement system an amount of money equal to the employee contributions that would otherwise have been paid during the period or periods of unlawful employment, plus interest thereon.

(3) Contribute toward reimbursement of the retirement system for reasonable administrative expenses incurred in responding to this situation, to the extent the member is determined by the retirement system administrator to be at fault.

(c) Any public employer that employs a retired member in violation of Section 31680.2, 31680.3, 31680.6, or 7522.56 shall do both of the following:

(1) Only if the retired member is reinstated, pay to the retirement system an amount of money equal to employer contributions that would otherwise have been paid for the period or periods of time that the member is employed in violation of this article, plus interest thereon.

(2) Contribute toward reimbursement of the retirement system for reasonable administrative expenses incurred in responding to this situation, to the extent the employer is determined by the administrator of the retirement system to be at fault.

(d) If an employer fails to enroll, solely for the administrative recordkeeping purposes of the system, a retired member employed in any capacity, without reinstatement, within 30 days of the effective date of hire, the board may assess the employer a fee of two hundred dollars (\$200) per

retired member per month until the retired member is enrolled in those administrative aspects of the system.

(e) If an employer fails to report the pay rate and number of hours worked of a retired member employed in any capacity, without reinstatement, within 30 days following the last day of the pay period in which the retired member worked, the board may assess the employer a fee of two hundred dollars (\$200) per retired member per month until the information is reported.

(f) An employer shall not pass on to an employee any fees assessed pursuant to subdivisions (d) and (e).

(g) The employer shall provide written notice to the employee, by an appropriate mechanism, including by first-class mail or email, before the employee is within 10 business days or 80 hours of the period of time included in Section 31680.2, 31680.3, 31680.6, or 7522.56.

AMENDED IN SENATE JUNE 27, 2024

AMENDED IN ASSEMBLY MAY 2, 2024

AMENDED IN ASSEMBLY MARCH 18, 2024

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

ASSEMBLY BILL

No. 3025

**Introduced by Assembly Member Valencia
(Coauthors: Assembly Members Chen and Lackey)**

February 16, 2024

An act to add Section 31541.2 to the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 3025, as amended, Valencia. County employees' retirement: disallowed compensation: benefit adjustments.

(1) Existing law, the California Public Employees' Pension Reform Act of 2013 (PEPRA), generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act. PEPRA, among other things, establishes new defined benefit formulas and caps on pensionable compensation.

The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to their employees. CERL generally vests management of each retirement system in a board of retirement. CERL authorizes a board of retirement to correct errors in the calculation of a retired member's monthly allowances or other benefits under CERL in certain circumstances, including if the member caused their final compensation to be improperly increased or otherwise overstated at the time of retirement, and the system applied that overstated amount as

the basis for calculating the member's monthly retirement allowance or benefits under CERL, subject to certain limitations.

The Public Employees' Retirement Law (PERL) also authorizes its board of administration to adjust retirement payments due to errors or omissions, including for cases in which the retirement systems that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPR and other specified laws and is thus impermissible.

This bill would require a retirement system established under CERL, upon determining that the compensation reported for a member is disallowed compensation, to require the employer, as defined, to discontinue reporting the disallowed compensation. The bill would require, for an active member, the retirement system to credit all employer contributions made on the disallowed compensation against future contributions to the benefit of the employer that reported the disallowed compensation, and return any member contribution paid by, or on behalf of, that member, to the member directly or indirectly through the employer that reported the disallowed compensation, except in certain circumstances in which a system has already initiated a process, as defined, to recalculate compensation. The bill would require the system, for a retired member, survivor, or beneficiary whose final compensation was predicated upon the disallowed compensation, to credit the employer contributions made on the disallowed compensation against future contributions, to the benefit of the employer that reported the disallowed compensation, to return any member contributions paid by, or on behalf of, that member, to the member directly, and to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation. The bill would establish other conditions required to be satisfied with respect to a retired member, survivor, or beneficiary when final compensation was predicated upon disallowed compensation, including, among others, requiring a specified payment to be made by the employer that reported contributions on the disallowed compensation to the retired member, survivor, or beneficiary, as appropriate. The bill would authorize a retirement system that has initiated a process prior to January 1, 2024, to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation to use that system in lieu of specified provisions that the bill would enact. The bill would also require certain information

regarding the relevant retired member, survivor, or beneficiary needed for purposes of these provisions to be kept confidential by the recipient.

This bill would authorize an employer to submit to a retirement system for review a compensation item proposed to be included in an agreement, as specified, on and after January 1, 2025, that is intended to form the basis of a pension benefit calculation and would require the system to provide guidance on the matter. The bill would prescribe a process in this regard. The bill would specify that it does not affect or otherwise alter a party’s right to appeal any determination regarding disallowed compensation made by the system after July 30, 2020.

(2) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 31541.2 is added to the Government
2 Code, to read:

3 31541.2. (a) For purposes of this section, the following
4 definitions apply:

5 (1) “Agreement” means a memorandum of understanding or
6 collective bargaining agreement between the employer and an
7 exclusive representative pursuant to the Meyers-Milias-Brown Act
8 (Chapter 10 (commencing with Section 3500) of Division 4 of
9 Title 1).

10 (2) “Alameda” means the Supreme Court case of Alameda
11 County Deputy Sheriff’s Association v. Alameda County
12 Employees’ Retirement Association (2020) 9 Cal.5th 1032 and its
13 holding.

14 (3) “Disallowed compensation” means nonpensionable
15 compensation reported for a member of the retirement system that
16 the system subsequently determines is not in compliance with
17 PEPPRA, the holding in Alameda, other provisions of this part, or
18 the system’s administrative regulations or policies through no fault
19 of the member.

1 For purposes of this paragraph, “disallowed compensation” also
2 includes nonpensionable compensation that was previously
3 included in an agreement.

4 (4) “Employer” means the appropriate applicable county, county
5 agency, or special district standing in relationship between the
6 employee and the system.

7 (5) “Initiated a process” means a system has formally adopted
8 a resolution for a correction process on identified disallowed
9 compensation that has required or will require collecting any
10 portion of an overpayment from, or refunding member
11 contributions to, any affected active member, retired member,
12 survivor, or beneficiary, or adjusting the retirement allowance of
13 any affected retired member, survivor, or beneficiary due to the
14 determination of disallowed compensation by the system, including
15 a determination by the system that is consistent with PEPRRA, the
16 holding in Alameda, and other provisions of this part.

17 (6) “PEPRRA” means the California Public Employees’ Pension
18 Reform Act of 2013 (Article 4 (commencing with Section 7522)
19 of Chapter 21 of Division 7 of Title 1).

20 (7) “System” means a retirement association or system
21 established pursuant to the County Employees Retirement Law of
22 1937 (commencing with Section 31450).

23 (b) If the system determines that the compensation reported for
24 a member is disallowed compensation, it shall require the employer
25 to discontinue reporting the disallowed compensation.

26 (1) (A) In the case of an active member, the system shall credit
27 all employer contributions made on the disallowed compensation
28 against future contributions to the benefit of the employer that
29 reported the disallowed compensation, and shall return any member
30 contribution paid by, or on behalf of, that member, to the member
31 directly or indirectly through the employer that reported the
32 disallowed compensation, except as provided by subparagraph
33 (B).

34 (B) A system that has initiated a process prior to January 1,
35 2024, to recalculate an active member’s compensation earnable
36 pursuant to Section 31461 to exclude disallowed compensation
37 and return contributions, either directly to the member or indirectly
38 through the employer, may continue to use that process to ensure
39 compliance with PEPRRA, and that is consistent with, and pursuant
40 to, the holding in Alameda.

1 (2) In the case of a retired member, survivor, or beneficiary
2 whose final compensation at the time of retirement was predicated
3 upon the disallowed compensation, the system shall credit the
4 employer contributions made on the disallowed compensation
5 against future contributions, to the benefit of the employer that
6 reported the disallowed compensation, shall return any member
7 contributions paid by, or on behalf of, that member, to the member
8 directly, and the system shall permanently adjust the benefit of the
9 affected retired member, survivor, or beneficiary to reflect the
10 exclusion of the disallowed compensation.

11 (3) (A) In the case of a retired member, survivor, or beneficiary
12 whose final compensation at the time of retirement was predicated
13 upon the disallowed compensation as described in paragraph (2),
14 the repayment and notice requirements described in this paragraph
15 and paragraph (4) shall apply only if all of the following conditions
16 are met:

17 (i) The employer reported the compensation to the system and
18 made contributions on that compensation while the member was
19 actively employed.

20 (ii) The system determined after the date of retirement that the
21 compensation was disallowed.

22 (iii) The member was not aware that the compensation was
23 disallowed at the time the employer reported it.

24 (B) If the disallowed compensation meets the conditions of
25 subparagraph (A), the employer that reported contributions on it
26 shall do all of the following:

27 (i) Pay to the system, as a direct payment, or through recognition
28 in the actuarial accrued liability, as determined by the system, the
29 full cost of any overpayment of the prior paid benefit made to an
30 affected retired member, survivor, or beneficiary resulting from
31 the disallowed compensation.

32 (ii) Pay to the affected retired member, survivor, or beneficiary,
33 as appropriate, an amount that is 20 percent of the amount
34 calculated by the system representing the actuarial equivalent
35 present value of the difference between the monthly allowance
36 that was predicated on the disallowed compensation and the
37 adjusted monthly allowance calculated pursuant to paragraph (2)
38 for the duration the system projects to pay that allowance to the
39 retired member, survivor, or beneficiary. The employer shall begin
40 payment within six months of notice from the system as prescribed

1 in paragraph (4) and may have up to four years to complete the
 2 payment. The system may charge the employer the actual costs of
 3 actuarial services provided under this paragraph.

4 (4) The system shall provide a written notice to the employer
 5 that reported contributions on the disallowed compensation and
 6 to the affected retired member, survivor, or beneficiary, including,
 7 at a minimum, all of the following:

8 (A) The overpayment amount that the employer shall pay to the
 9 system as described in subparagraph (B) of paragraph (3).

10 (B) The actuarial equivalent present value that the employer
 11 owes to the retired member, survivor, or beneficiary as described
 12 in clause (ii) of subparagraph (B) of paragraph (3), if applicable.

13 (C) Written disclosure of the employer’s obligations to the
 14 retired member, survivor, or beneficiary pursuant to this section.

15 (5) In lieu of the process described in paragraphs (3) and (4), a
 16 system that has initiated a process prior to January 1, 2024, to
 17 permanently adjust the benefit of the affected retired member,
 18 survivor, or beneficiary to reflect the exclusion of the disallowed
 19 compensation pursuant to paragraph (2) may continue to use that
 20 process provided that it is consistent with PEPRRA, and with the
 21 holding in Alameda.

22 (6) Upon the employer’s request, the system shall provide the
 23 employer with contact information data in its possession of a
 24 relevant retired member, survivor, or beneficiary in order for the
 25 employer or agency to fulfill their obligations to that retired
 26 member, survivor, or beneficiary pursuant to this section. The
 27 recipient of this contact information data shall keep it ~~confidential~~
 28 ~~and confidential~~, shall use such contact data only to the extent
 29 necessary to carry out its duties under this ~~section~~ *section*, and
 30 *shall not be disclosable under the California Public Records Act*
 31 *(Division 10 (commencing with Section 7920.000) of Title 1).*

32 (c) (1) An employer or authorized employee representative
 33 may submit to the system for review an additional compensation
 34 item that a party to a proposed agreement requests be included,
 35 contained, adopted, or entered into that agreement, on and after
 36 January 1, 2025, that is intended to form the basis of a pension
 37 benefit calculation, in order for the system to review consistency
 38 of the proposal with PEPRRA, the holding in Alameda, Section
 39 31461, other provisions in the part, and the system’s administrative
 40 regulations or policies.

1 (2) A submission to the system for review under paragraph (1)
2 shall include all supporting documents or requirements the system
3 deems necessary to complete its review.

4 (3) The system shall provide guidance regarding the submission
5 within 90 days of the receipt of all information required to make
6 a review.

7 (d) The system may periodically publish a notice of the proposed
8 compensation language submitted to the system pursuant to this
9 section for review and the guidance it provided.

10 (e) This section does not alter or abrogate an employer's
11 responsibility to meet and confer in good faith with the employee
12 organization regarding the impact of the disallowed compensation
13 or the effect of any disallowed compensation on the rights of the
14 employees and the obligations of the employer to its employees,
15 including any employees who, due to the passage of time and
16 promotion, may have become exempt from inclusion in a
17 bargaining unit, but whose benefit was the product of collective
18 bargaining.

19 (f) This section does not affect or otherwise alter a party's right
20 to appeal any determination regarding disallowed compensation
21 made by the system after July 30, 2020.

22 (g) The board of retirement or board of supervisors, as
23 authorized pursuant to this chapter, may enter into any contracts
24 for administrative purposes or as may be necessary and appropriate
25 to carry out the provisions of this section.

26 (h) (1) It is the intent of the Legislature in enacting this section
27 to fully comply with the provisions of the Internal Revenue Code,
28 the Internal Revenue Service Employee Plans Compliance
29 Resolution System (EPCRS), and any successor to such Internal
30 Revenue Service program, that apply to public retirement systems
31 in order to maintain and ensure the federal income tax exempt
32 status of the county employees' retirement systems.

33 (2) Systems that have initiated a process under this section that
34 was or is intended to comply with the Internal Revenue Code and
35 EPCRS requirements may revise the process as necessary to the
36 extent required to comply with the Internal Revenue Code and
37 EPCRS in order to maintain the tax exempt status of the system.

38 SEC. 2. The Legislature finds and declares that Section 1 of
39 this act, which adds Section 31541.2 to the Government Code,
40 imposes a limitation on the public's right of access to the meetings

1 of public bodies or the writings of public officials and agencies
2 within the meaning of Section 3 of Article I of the California
3 Constitution. Pursuant to that constitutional provision, the
4 Legislature makes the following findings to demonstrate the interest
5 protected by this limitation and the need for protecting that interest:
6 In order to appropriately maintain the current confidentiality of
7 personal contact information held by a county retirement system
8 regarding retired members of the system, and their survivors and
9 beneficiaries, it is necessary to limit access to this information if
10 it is provided to other public entities for purposes of Section
11 31541.2 of the Government Code.

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