

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

June 6, 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, June 12, 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# 833 1373 3784:

- (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/83313733784?pwd=dUppVG1zVTNQNFBBQ2RSTGZiQk04QT09>
- Passcode: 727046

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 Justin Fleeman, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO DENY, WITH PREJUDICE, SERVICE-CONNECTED DISABILITY PENSION
- *4. Application for service-connected disability pension benefits for Stephen Kauffman, District Attorney (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *5. Application for service-connected disability pension benefits for Mark Rodriguez, Fire (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *6. Application for service-connected disability pension benefits for Mark Schmidt, Fire (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *7. [Summary of proceedings of the following meetings:](#)
 - April 24, 2024 Administrative Committee Meeting
 - April 26, 2024 Finance Committee Meeting
 - April 26, 2024 Special Board of Retirement Meeting
 - April 26, 2024 Investment Committee Meeting
 - May 1, 2024 Board of Retirement Meeting

RECEIVE AND FILE

- *8. [Report from the KCERA office on members retired from service for the month of May 2024 – RATIFY](#)
- *9. [Report from the KCERA office on deceased retirees for the month of May 2024 – RECEIVE AND FILE](#)
- *10. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending May 31, 2024 – RECEIVE AND FILE](#)
- *11. [Securities Lending Earnings Summary Report for the period ending April 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 month of April 2024 – RECEIVE AND FILE](#)
- *13. [Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFY](#)
- *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 – RECEIVE AND FILE
- *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 – 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; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *16. [Agreement for Governance Consulting Services with Aon – RECEIVE AND FILE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *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 – RECEIVE AND FILE](#)
- *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 – APPROVE ATTENDANCE OF TRUSTEES DEON DUFFEY AND JORDAN KAUFMAN](#)

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.

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 – APPROVE UP TO \$45MM COMMITMENT TO QUANTUM CAPITAL SOLUTIONS II AND UP TO \$10MM COMMITMENT TO QUANTUM CAPITAL SOLUTIONS II-C; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
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 – APPROVE UP TO \$25MM COMMITMENT TO CASTLELAKE AVIATION V STABLE YIELD; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
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 – RECEIVE AND FILE
23. [Presentation on the 1st Quarter Investment Performance Review period ending](#) March 31, 2024 by Scott Whalen, CFA, Verus – RECEIVE AND FILE
24. [Presentation on the 1st Quarter 2024 Portfolio Review presented by Spencer](#) Edge, Albourne America⁴ – RECEIVE AND FILE
25. [Presentation on equity deep dive presented by Scott Whalen, CFA, Verus, Chief](#) Investment Officer Daryn Miller, CFA, and Senior Investment Analyst Rafael Jimenez – HEAR PRESENTATION

FINANCE MATTERS

26. [Presentation regarding KCERA Organizational Landscape and Budget](#) Governance presented by presented by Chief Executive Officer Dominic Brown – HEAR PRESENTATION

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.

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.

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.

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 – APPROVE

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 – HEAR PRESENTATION; RECEIVE AND FILE UPDATE
29. [Discussion and appropriate action on AB 2248](#) presented by Chief Legal Officer, Jennifer Zahry – DIRECT STAFF TO SUBMIT LETTER OF CONCERN OR LETTER OF OBJECTON

STAFF REPORTS

30. [Report from Chief Executive Officer](#)
31. [Report from Chief Investment Officer](#)
32. [Report from Chief Legal Officer](#)

COMMITTEE REPORTS

33. 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)

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:

Justin Fleeman

Sheriff

Safety

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

Stephen Kauffman

District Attorney

Safety

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

Mark Rodriguez

Fire

Safety

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

Mark Schmidt

Fire

Safety

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

ROLL CALL TO CONFIRM QUORUM

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

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.

NEW BUSINESS

38. 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

39. Adjournment

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

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Administrative Committee
April 24, 2024**

2:03 p.m.

Committee Members: Chair Contreras, Gonzalez, Hughes, Seibly

ROLL CALL

Present: Contreras, Gonzalez, Hughes, Seibly

Absent: None

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

AB 2449 REMOTE APPEARANCE(S)

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

3. KCERA Governance Report for the period from January 1 – December 31, 2023 presented by Governance Consultants Julie Becker and Benita Falls Harper, Aon – JULIE BECKER, AON, HEARD; TRUSTEES JUAN GONZALEZ AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECOMMENDED THE BOARD OF RETIREMENT RECEIVE AND FILE

Seibly-Hughes – 4 Ayes

4. KCERA 2024 Board Self-Assessment Report presented by Chief Executive Officer Dominic Brown and Governance Consultants Julie Becker and Benita Falls Harper, Aon – BENITA FALL HARPER AND JULIE BECKER, AON, HEARD; CHAIR DUSTIN CONTRERAS HEARD; TRUSTEES JUAN GONZALEZ, JOSEPH D. HUGHES AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECOMMENDED THE BOARD OF RETIREMENT RECEIVE AND FILE

Gonzalez-Seibly – 4 Ayes

5. Review and Discuss Annual KCERA Human Resources Report presented by Chief Executive Officer Dominic Brown – TRUSTEES JUAN GONZALEZ AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD

RECOMMEND THE BOARD OF RETIREMENT RECEIVE AND FILE

Seibly-Gonzalez – 4 Ayes

PUBLIC COMMENTS

6. 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

7. 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 – CHAIR DUSTIN CONTRERAS HEARD; TRUSTEES JOSEPH D. HUGHES AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

REFERRAL TO STAFF TO REVIEW BUILDING SECURITY PROCEDURES

8. ADJOURNED – 3:01 P.M.

Secretary, Board of Retirement

Chair, Administrative Committee

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

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Finance Committee
April 26, 2024**

9:32 a.m.

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

ROLL CALL

Present: Franey, Gonzalez, Nunneley, Sanders

Absent: Contreras

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. Memo from Chief Operations Officer Matthew Henry regarding issuance of RFP for Actuarial Auditor Services – RECEIVED AND FILED

Franey-Nunneley – 4 Ayes

Trustee Phil Franey voted in place of Trustee Dustin Contreras

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

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

5. 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
6. ADJOURNED – 9:38 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
April 26, 2024**

10:32 a.m.

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

Present: Couch, Kratt, Sanders, Whitezell

Absent: Kaufman

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.

3. Discussion and appropriate action on the annual asset allocation review presented by Scott Whalen, CFA, Verus, and Chief Investment Officer Daryn Miller, CFA – SCOTT WHALEN, CFA, VERUS, HEARD; TRUSTEES DAVID COUCH AND RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE ASSET ALLOCATION

Kratt-Couch – 4 Ayes

Trustee John Sanders voted in place of Trustee Jordan Kaufman

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

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

5. 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
6. ADJOURNED – 10:55 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

**Special Board of Retirement Meeting
April 26, 2024**

10:00 A.M.

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

ROLL CALL (IN PERSON)

Present: Contreras, Couch, Franey, Gonzalez, Hughes, Kratt, Nunneley, Sanders, Whitezell

Absent: Kaufman, Seibly

SALUTE TO FLAG – TRUSTEE SANDERS

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

Whitezell-Nunneley – 8 Ayes

Trustee Dustin Contreras was not called on to vote in place of vacant 3rd seat

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 private equity fund recommendation presented by Mark Mallory, Investment Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and Senior Investment Analyst Rafael Jimenez* – MARK MALLORY, CAMBRIDGE ASSOCIATES, HEARD; CHAIR PHIL FRANNEY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT ANALYST RAFAEL JIMENEZ HEARD

APPROVED UP TO \$15MM COMMITMENT TO LONGREACH CAPITAL PARTNERS IV; 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.*

Couch-Sanders – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

6. 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

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.

7. ADJOURNED – 10:27 A.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

**Board of Retirement Meeting
May 1, 2024**

8:32 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, Duffey, Franey, Gonzalez, Kratt, Nunneley, Seibly

Absent: Couch, Hughes, Kaufman, Sanders, Whitezell

SALUTE TO FLAG – TRUSTEE GONZALEZ

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 DAVID COUCH ARRIVED AT 8:33 A.M.

TRUSTEE JORDAN KAUFMAN ARRIVED AT 8:34 A.M.

TRUSTEE RICK KRATT HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

- *3. Application for service-connected disability pension benefits for Breanne Baker, Department of Human Services (General) – **ADOPTED RECOMMENDATION OF SDAG TO DENY, WITH PREJUDICE, SERVICE-CONNECTED DISABILITY PENSION**

Kratt-Couch – 6 Ayes

*4. Summary of proceedings of the following meetings:

- April 10, 2024 Board of Retirement

RECEIVED AND FILED

Kratt-Couch – 6 Ayes

*5. Report from the KCERA office on members retired from service for the month of April 2024 – RATIFIED

Kratt-Couch – 6 Ayes

*6. Report from the KCERA office on deceased retirees for the month of April 2024 – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

*7. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending April 30, 2024 – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

*8. Securities Lending Earnings Summary Report for the period March 1-31, 2024 from Deutsche Bank – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

*10. KCERA Class Action Proceeds Report from January 1 through March 31, 2024 from the Northern Trust Company – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

*11. Report on Special Pay Codes classified by the Chief Executive Officer – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

*12. SACRS Business Meeting 2024 Packet for SACRS business meeting on May 10, 2024 in Santa Barbara, California – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *13. Invitation from Ares for Senior Investment Officer Geoff Nolan to attend the Ares Firmware Annual Conference, May 13-16, 2024, in Phoenix, AZ – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *14. Invitation from ILPA for Chief Investment Officer Daryn Miller, CFA, to attend the ILPA Members Conference, June 4-6, 2024, in Chicago, IL – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *15. Invitation from Leap HR for Administrative Services Officer Aimee Morton, SHRM-CP, to attend the Leap HR: State & Local Government Summit, June 4-5, 2024, in Denver, CO – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *16. Agreement for Tax Counsel Legal Services with Ice Miller LLP – RECEIVED AND FILED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 6 Ayes

PUBLIC COMMENTS

- 17. 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

- 18. Discussion and appropriate action on the annual asset allocation review presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS, HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEE JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED ASSET ALLOCATION

Couch-Kratt – 6 Ayes

ADMINISTRATIVE MATTERS

19. KCERA Governance Report for the period from January 1 – December 31, 2023 presented by Governance Consultants Julie Becker and Benita Falls Harper, Aon, and the Administrative Committee – BENITA FALLS HARPER, AON, HEARD

RECEIVED AND FILED

Kratt-Contreras – 6 Ayes

20. KCERA 2024 Board Self-Assessment Report presented by Chief Executive Officer Dominic Brown, Governance Consultants Julie Becker and Benita Falls Harper, Aon, and the Administrative Committee – CHAIR PHIL FRANEY HEARD; TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECEIVED AND FILED

Couch-Kratt – 6 Ayes

21. Orientation regarding disability litigation services provided by Nossaman, LLP, presented by John T. Kennedy, Partner, Nossaman, LLP – JOHN T. KENNEDY, NOSSAMAN, HEARD; TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

HEARD PRESENTATION; RECEIVED EDUCATIONAL TRAINING (9 MINUTES TRUSTEE EDUCATION CREDIT)

22. Review and discussion of the Annual KCERA Human Resources Report presented by Chief Executive Officer Dominic Brown, and the Administrative Committee – TRUSTEE JORDAN KAUFMAN HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

TRUSTEE JOHN SANDERS ARRIVED AT 9:16 A.M.

RECEIVED AND FILED

Kratt-Couch – 7 Ayes

23. Presentation on the inaugural KCERA Communications Plan for years 2024-26 presented by Senior Communications Manager Jeremy Rowell – CHAIR PHIL FRANEY HEARD; TRUSTEES RICK KRATT AND ROBB SEIBLY HEARD

HEARD PRESENTATION

24. Discuss whether to research options to initiate an in-house election process with a third-party election administrator – CHAIR PHIL FRANEY HEARD; TRUSTEES DUSTIN CONTRERAS, JUAN GONZALEZ, JORDAN KAUFMAN, AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN, HEARD

DIRECTED STAFF TO RESEARCH OPTIONS AND PRESENT TO ADMINISTRATIVE COMMITTEE

Kaufman-Couch – 7 Ayes

STAFF REPORTS

25. Report from Chief Executive Officer:

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- RECRUITMENT UPDATE
- DISABILITY UPDATE
- SOLAR PROJECT UPDATE
- SPECIAL ELECTION RESULTS
- OUTREACH UPDATE
- OPERATIONS ACTIVITY
- UPCOMING EVENTS

26. Report from Chief Investment Officer:

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

- REBALANCING – APRIL ACTIVITY
- POSITIONING
- UPCOMING INVESTMENT COMMITTEE MEETINGS

CHAIR PHIL FRANEY HEARD

27. Report from Chief Legal Officer:

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- LEGISLATIVE UPDATE
- LITIGATION UPDATE

CHAIR PHIL FRANEY HEARD

COMMITTEE REPORTS

28. Report from Committee Chairs:
- a. Administrative Committee: CONTRERAS – NONE
 - b. Finance Committee: SANDERS – NONE
 - c. Investment Committee: WHITEZELL – NONE

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

EXECUTIVE SESSION

THIS ITEM HEARD OUT OF ORDER

31. THREAT TO PUBLIC SERVICES OR FACILITIES – ANTICIPATED LITIGATION
Consultation with KCERA counsel and CEO. (Cal. Gov. Code §54957)

TRUSTEE JOSEPH D. HUGHES ARRIVED AT 10:46 A.M.

29. 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

TRUSTEE ROBB SEIBLY LEFT AT 11:00 A.M.

30. 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 11:23 A.M.

ROLL CALL

To establish quorum present upon resuming public session

Present: Contreras, Couch, Duffey, Franey, Gonzalez, Hughes, Kaufman, Kratt, Nunneley, Sanders

Absent: Seibly, Whitezell

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 31 – MATTER REFERRED TO STAFF TO INVESTIGATE FURTHER

Couch-Kratt – 8 Ayes, 0 Noes: Couch, Duffey, Franey, Gonzalez, Hughes, Kaufman, Kratt, Sanders

ITEM 29 – NO REPORTABLE ACTION

ITEM 30 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

32. 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 FRANNEY HEARD; TRUSTEE JUAN GONZALEZ HEARD

NEW BUSINESS

33. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE
34. ADJOURNED – 11:26 A.M.

Secretary, Board of Retirement

Chair, Board of Retirement



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

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Benson	Anne	03/23/2024	General Tier I	2340 - Probation-Safety
Brito	Theresa	04/20/2024	General Tier I	5120 - Depart Of Human Services
Caneta	Eileen	03/23/2024	General Tier I	1640 - Construction Services
East	Michael	03/23/2024	General Tier I	1610 - General Services Division
Eggert	Ellen	04/01/2024	General Tier I	4120 - Behavioral Health & Reco
Embree	Gregory	03/23/2024	General Tier II PEPRA	8954 - Public Works-Public Ways
Fambrough-Tilford	Tammi	03/30/2024	General Tier I	2183 - Dept Of Child Support Svc
Ferdon	Patricia	03/23/2024	General Tier I	9149 - Air Pollution Control Dis
Fernandez	Susan	03/23/2024	Safety Tier I	2210S - Sheriff
Gibson	Scott	03/23/2024	General Tier I	1160 - Information Technology Sv
Gomez	Rafael	07/29/2022	Safety Tier I	2340S - Probation-Safety
Greynolds	Edward	03/23/2024	General Tier I	2610 - Dept Of Ag And Measmnt St
Hunt	Carleen	03/23/2024	General Tier I	5923 - Employers' Train Resource
Kent	Christopher	03/23/2024	Safety Tier I	2210S - Sheriff
Klossing	Debbi	03/01/2024	General Tier I	9149 - Air Pollution Control Dis
Marcos	Lisa	03/23/2024	General Tier I	1610 - General Services Division
Morgan	Gloria	04/29/2024	General Tier I	2210 - Sheriff
Nicholas	Michael	03/23/2024	Safety Tier I	2415S - Fire



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

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Oberg	Sandra	03/23/2024	General Tier I	5120 - Depart Of Human Services
Pierson	Gaye	03/23/2024	General Tier I	1910 - Risk Management
Ramirez	Monique	02/24/2024	General Tier I	2180 - District Attorney
Regan	Michael	03/23/2024	Safety Tier I	2340S - Probation-Safety
Rodriguez	Mark	03/23/2024	Safety Tier I	2415S - Fire
Salazar	Shelly	03/23/2024	General Tier I	5120 - Depart Of Human Services
Sherrill	Robert	03/23/2024	Safety Tier I	2340S - Probation-Safety
Solis	Daniel	03/23/2024	Safety Tier I	2415S - Fire
Vasquez	Elizabeth	03/23/2024	General Tier I	5120 - Depart Of Human Services
Walker	Ann Marie	03/23/2024	General Tier I	4110 - Depart Of Public Health
Waters	Michelle	04/20/2024	General Tier I	4120 - Behavioral Health & Reco

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Gomez	Evangalina	04/19/2024	General Tier I	9410A - Judges and Courtroom Suppt
Hudspeth	Tya	04/20/2024	General Tier I	9410 - Superior Court
Iwanami	Kate	03/01/2024	General Tier II PEPRA	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
------------------	-------------------	-----------------	-----------------	-----------------



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

Cherry	Annette	03/30/2024	General Tier I	9460 - Kern County Hospital Authority
Price	Debra	03/23/2024	General Tier I	9460 - Kern County Hospital Authority
Schoborg	Ophelia	03/23/2024	General Tier I	9460 - Kern County Hospital Authority

Employer Name: Kern County Water Agency

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Campbell	Thane	03/27/2024	General Tier I	0957 - Kern County Water Agency
Minaberrigarai	Amelia	03/24/2024	General Tier I	0957 - Kern County Water Agency
Ruettgers	Steven	03/23/2024	General Tier I	0957 - Kern County Water Agency
Seymour	Cecilia	03/23/2024	General Tier I	0957 - Kern County Water Agency

Employer Name: San Joaquin Valley APCD

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Joy	Trevor	03/29/2024	General Tier I	0959 - San Joaquin Valley Air Pollution Control District



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

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Irvin	Robert	General	County Of Kern

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Aguirre	Ruth	General	County Of Kern
Bone	Stuart	General	County Of Kern
Christian	Laura	General	County Of Kern
Deans	Lou	General	County Of Kern
Graham	Jerry	Safety	County Of Kern
Greene	Donna	General	County Of Kern
Henry	Marc	General	County Of Kern
Holik	Dennis	Safety	County Of Kern
Iverson	Dennis	General	County Of Kern
Lavake	Karen	General	County Of Kern
Mcphee	Melverta	General	County Of Kern
Olivarez	Robert	Safety	County Of Kern
Poplin	Delores	General	County Of Kern
Romero	Leroy	Safety	County Of Kern
Swan	Tony	General	County Of Kern
Sweaney	Stanley	Safety	County Of Kern
Wailes	Larry	General	County Of Kern
Watson	Steven	General	County Of Kern
Werling	Glen	Safety	County Of Kern
Wright-Patterson	Carol	General	County Of Kern

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

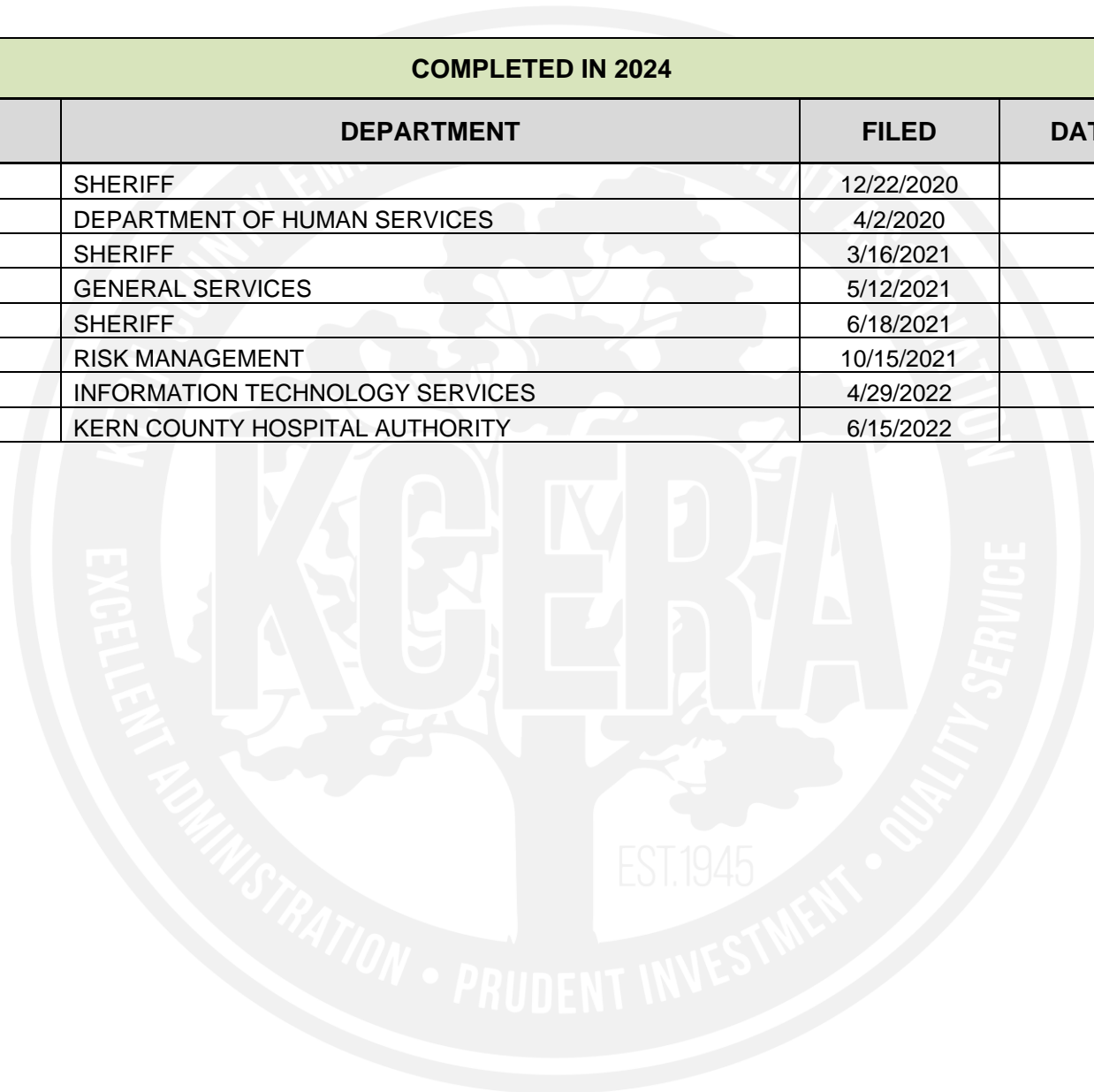
NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Fadel, Jamal	PUBLIC WORKS	5/23/2024	5/31/2024
Riel, Elise	SHERIFF	5/9/2024	5/17/2024
Mock, Tiffany	SHERIFF	4/30/2024	5/3/2024
Stewart, Emily	DEPARTMENT OF HUMAN SERVICES	4/10/2024	4/22/2024
Miarta, Erica	SUPERIOR COURT	3/22/2024	4/5/2024
NAME	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
Ramirez, Edward	SHERIFF	2/7/2023	4/25/2023
Lock, Ranna	SHERIFF	2/1/2023	4/25/2023

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

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
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
Schmidt, Mark	FIRE	10/26/2022	3/23/2023
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
Rodriguez, Mark	FIRE	6/21/2022	9/1/2022
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
Kauffman, Stephen	DISTRICT ATTORNEY	8/16/2021	4/25/2022
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
Fleeman, Justin	SHERIFF	9/17/2020	2/8/2021

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

COMPLETED IN 2024			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Cushman, Harris	SHERIFF	12/22/2020	2/14/2024
Baker, Breanne	DEPARTMENT OF HUMAN SERVICES	4/2/2020	5/1/2024
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
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



**KCERA
DISABILITY RETIREMENT APPLICATIONS APPEALS PENDING
AS OF MAY 31, 2024**

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	HEARING OFFICER ASSIGNED	STATUS
Martinez de Moore, Brenda	BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/2018	SDAG to deny SCD	9/15/2023	10/3/2023	With Hearing Officer
Candelaria, Valorie	DEPARTMENT OF HUMAN SERVICES	6/23/2021	SDAG to deny SCD	12/21/2023	1/17/2024	With Hearing Officer
Burchfield, James	PUBLIC WORKS	11/17/2020	SDAG to deny SCD	1/12/2024	2/16/2024	With Hearing Officer
Bankston, Josh	SHERIFF	2/9/2021	SDAG to deny SCD	9/15/23; 1/19/2024	3/1/2024	With Hearing Officer
Patton, Eric	SHERIFF	6/20/2021	SDAG to deny SCD	5/17/2024		

HEARINGS COMPLETED IN 2024				
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED	

SECURITIES LENDING

Summary Earnings Report

Run Time: 08-May-2024 12:41 EDT
Date Range: 01-APR-2024 To 30-APR-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	3,027,668.81	10,789.81	971.08	9,818.73	KNC15
KNCTY - PIMCO Midstream	CAKE19	16,402,422.56	4,425.32	398.28	4,027.05	KNC16
KNCTY PIMCO Core Plus	CAKE07	37,590,671.89	7,613.51	685.22	6,928.29	KNC11
KNCTY PIMCO EMD	CAKE08	1,408,189.33	651.81	58.66	593.15	KNC12
KNTCY - Alliance Bernstein	CAKE15	23,513,410.79	6,152.30	553.71	5,598.60	2664130
KNTCY - Geneva	CAKE16	13,201,361.19	3,538.85	318.50	3,220.35	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	9,065,250.22	2,907.39	261.66	2,645.72	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	36,615,687.13	21,440.67	1,929.66	19,511.01	KNC08
CCY Total		140,824,661.92	57,519.66	5,176.77	52,342.89	

This document is intended for discussion purposes only and does not create any legally binding obligations on the part of Deutsche Bank AG and/or its affiliates ("DB"). Without limitation, this document does not constitute a DB's view, an offer, an invitation to offer or a recommendation to enter into any transaction. DB is not acting as your financial advisor or in any other fiduciary capacity with respect to this document. The transaction(s) or product(s) mentioned herein may not be appropriate for all users and before entering into any transaction you should take steps to ensure that you fully understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment. If you decide to enter into a transaction with DB, you do so in reliance on your own judgment. The information contained in this document is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Any opinions expressed herein may differ from the opinions expressed by other DB departments. DB may engage in transactions in a manner inconsistent with the views discussed herein. DB trades or may trade as principal in the instruments (or related derivatives) discussed herein. The distribution of this document and availability of these products and services in certain jurisdictions may be restricted by law. You may not distribute this document, in whole or in part, without our express written permission. DB SPECIFICALLY DISCLAIMS ALL LIABILITY FOR ANY DIRECT INDIRECT, CONSEQUENTIAL OR OTHER LOSSES OR DAMAGES INCLUDING LOSS OF PROFITS INCURRED BY YOU OR ANY THIRD PARTY THAT MAY ARISE FROM ANY RELIANCE ON THIS DOCUMENT FOR THE RELIABILITY, ACCURACY, COMPLETENESS OR TIMELINESS THEREFORE. Deutsche Bank AG, including its subsidiaries and affiliates, does not provide legal, tax or accounting advice. The recipient of this communication should seek advice from an independent tax advisor regarding any tax matters addressed herein based on its particular circumstances.

KCERA ASSET ALLOCATION*
4/30/2024

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) (\$000)
AllianceBernstein	Small Cap Value	101,271	1.8%			
Geneva Capital	Small Cap Growth	55,399	1.0%			
Mellon Capital Management EB DV	Large Cap Passive	613,956	10.8%			
PIMCO StockPlus	Large Cap Enhanced	134,521	2.4%			
Total Domestic Equity		\$905,147	15.9%	12 - 28%	15.9%	\$905,147
American Century	International Small	85,313	1.2%			
Cevian Capital II LP	International Large	46,147	0.8%			
Dalton Japan Long Only	International Small	58,404	1.0%			
Lazard Japanese Equity	International Large	117,875	2.1%			
Mellon Capital Management-EB DV	International Large Passive	427,432	7.5%			
Total International Developed Equity		\$715,171	12.6%	5 - 18%	12.6%	\$715,171
DFA Emerging Markets Value Portfolio	Emerging Markets	91,374	1.6%			
Mellon Emerging Markets	Emerging Markets	113,911	2.0%			
Total Emerging Market Equity		\$205,285	3.6%	0 - 9%	3.6%	\$205,285
TOTAL EQUITY		\$1,825,603	32.1%	33.0%	(0.9%)	(\$48,343)
Mellon Capital Management Ag Bond	Core	161,020	2.8%			
PIMCO CP	Core Plus	166,060	2.9%			
Western Asset Management - CP	Core Plus	122,373	2.2%			
Total Core		\$449,453	7.9%	15.0%	(7.1%)	(\$402,341)
TCW Securitized Opportunities LP	Securitized Opportunities	89,933	1.6%			
Western Asset Management - HY	High Yield	168,101	3.0%			
PIMCO EM Beta	Emerging Markets	153,907	2.7%			
Stone Harbor Global Funds	Emerging Markets	39,956	0.7%			
Total Credit		\$451,897	8.0%	10.0%	(2.0%)	(\$115,965)
TOTAL FIXED INCOME		\$901,350	15.9%	25.0%	(9.1%)	(\$518,306)
Gresham Commodity Builder Fund	Active	36,027	0.6%			
Wellington Trust Company (WTC)	Active	191,206	3.4%			
TOTAL COMMODITIES		\$227,233	4.0%	4.0%	0.0%	\$88
Aristeia International Ltd	Hedge Fund - Direct	74,093	1.3%			
Brevan Howard Fund Limited	Hedge Fund - Direct	55,643	1.0%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	62,332	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	49,186	0.9%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	83,455	1.5%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	48,490	0.9%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	80,226	1.4%			
Pharo Macro Fund LTD	Hedge Fund - Direct	69,582	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.8%			
TOTAL HEDGE FUND		\$568,606	10.0%	10.0%	0.0%	\$744
ASB Capital Management	Core	132,795	2.3%			
JPMCB Strategic Property Fund	Core	110,103	1.9%			
TOTAL CORE REAL ESTATE		\$242,898	4.3%	5.0%	(0.7%)	(\$41,033)
Davidson Kempner	Hedge Fund - Direct	59,380	1.0%			
Garda Fixed Income	Hedge Fund - Direct	64,327	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	37,056	0.7%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.1%			
TOTAL CE ALPHA POOL		\$221,608	3.9%	8.0%	(4.1%)	(\$232,682)
Harvest Midstream	Midstream	152,559	2.7%			
PIMCO Midstream	Midstream	136,818	2.4%			
TOTAL MIDSTREAM ENERGY		\$289,377	5.1%	5.0%	0.1%	\$5,446
Aristeia Select Opportunities II LP	Opportunistic	45,787	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	91,198	1.6%			
TOTAL OPPORTUNISTIC		\$144,932	2.6%	0.0%	2.6%	\$144,932
Abbott Capital Funds	Private Equity Fund of Funds	14,752	0.3%			
Brighton Park Capital Fund I	Private Equity	41,055	0.7%			
Brighton Park Capital Fund II	Private Equity	4,204	0.1%			
Level Equity Growth Partners	Private Equity	15,325	0.3%			
LGT Crown Global V & VI	Private Equity	40,097	0.7%			
Linden Capital Partners	Private Equity	17,839	0.3%			
Pantheon Funds	Private Equity Fund of Funds	7,682	0.1%			
Parthenon Investors VII	Private Equity	419	0.0%			
Peak Rock	Private Equity	16,479	0.3%			
OrbiMed Private Investments IX	Private Equity	2,333	0.0%			
Rubicon Technology Partners IV	Private Equity	9,891	0.2%			
Vista Foundation Fund IV	Private Equity	19,136	0.3%			
Warren Equity Partners Fund III and Fund IV	Private Equity	48,727	0.9%			
TOTAL PRIVATE EQUITY		\$237,739	4.2%	5.0%	(0.8%)	(\$46,192)
Ares Pathfinder Fund II	Private Credit	3,662	0.1%			
Blue Torch Credit Opportunities II	Private Credit	13,355	0.2%			
Blue Torch Credit Opportunities Fund III	Private Equity	17,273	0.3%			
Brookfield Real Estate Finance Fund V	Private Credit	12,860	0.2%			
Cerberus Levered Loan Opportunities Fund V LP	Private Credit	18,215	0.3%			
Colony Distressed Credit Fund	Private Credit	15,258	0.3%			
Fortress Credit Opportunities Fund V	Private Credit	27,147	0.5%			
Fortress Lending Fund II (A)	Private Credit	25,011	0.4%			
Fortress Lending Fund III (A)	Private Credit	27,778	0.5%			
H.I.G. BaySide Loan Opportunity Fund	Private Credit	44,593	0.8%			
HPS Special Situations Opportunity Fund II	Private Credit	5,152	0.1%			
ITE Rail Fund LP	Private Credit	19,900	0.4%			
Magnetar Constellation Fund V	Private Credit	24,618	0.4%			
Oak Hill Advisors Structured Products Fund III LP	Private Credit	12,486	0.2%			
OrbiMed Royalty & Credit Opportunities IV	Private Credit	6,804	0.1%			
Silver Point Specialty Credit Fund III	Private Credit	8,389	0.1%			
Sixth Street TAO Partners (B)	Private Credit	42,299	0.7%			
WEPI IV TS Co-Investment LP	Private Credit	7,236	0.1%			
TOTAL PRIVATE CREDIT		\$332,034	5.8%	8.0%	(2.2%)	(\$122,256)
Covenant Apartment Fund X	Private Real Estate	29,338	0.5%			
Covenant Apartment Fund XI	Private Real Estate	19,509	0.3%			
Invesco Real Estate Funds III & IV	Private Real Estate	509	0.0%			
Juniper Capital LP & Juniper High Noon Partners	Private Real Estate	8,424	0.1%			
KSL Capital Partners VI, LP and ITS Parallel Funds	Private Real Estate	5,352	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	18,108	0.3%			
Landmark Real Estate Partners VIII & IX	Private Real Estate	33,893	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	34,439	0.6%			
Merit Hill Self-Storage V, LP	Private Real Estate	14,420	0.3%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	15,393	0.3%			
TOTAL PRIVATE REAL ESTATE		\$179,385	3.2%	5.0%	(1.8%)	(\$104,546)
Northern Trust STIF	Short Term	173,309	3.1%			
BlackRock Short Duration	Short Term	243,222	4.3%			
Parametric	Overlay	78,126	1.4%			
Treasurers Pooled Cash	Short Term	10,632	0.2%			
Wells Fargo Bank	Short Term	2,323	0.0%			
TOTAL CASH AND OVERLAY		\$507,612	8.9%	-8.0%	16.9%	\$961,902
Transition Accounts	Liquidation	247	0.0%			
Other		\$247	0.0%	0.0%	0.0%	\$247
As Allocated to Managers **		\$5,678,624	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
APRIL, 2024
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	16,534,052
Employer Contributions	29,278,328		
Employee Contributions	4,296,204		
Service Purchases	19,387		
Miscellaneous	77,302		
Total Receipts:			33,671,220
Operating Expenses	(975,181)		
Investment Expenses	(1,098,367)		
Transfers-out	(37,500,000)		
Total Disbursements:			<u>(39,573,548)</u>
Ending Cash Balance:			<u><u>10,631,724</u></u>

NORTHERN TRUST

Beginning Cash Balance:		\$	165,585,625
Private Markets - Distributions	18,535,489		
Commingled Funds - Distributions	7,561,961		
Hedge Funds - Distributions	1,986,554		
Dividend and Interest Income	1,446,445		
Interest	740,500		
Securities Lending Earnings (NET)	69,536		
Total Receipts:			30,340,485
Capital Calls HPS Special	(5,152,410)		
Capital Calls SRE Opportunistic	(131,250)		
Capital Calls LBA Logistics	(2,307,692)		
Capital Calls Blue Owl	(32,188)		
Capital Calls KSL Capital	(299,541)		
Capital Calls Brighton Park	(953,337)		
Capital Calls Fortress	(2,439,057)		
Contribution AllianceBernstein	(10,000,000)		
Other Expenses	(13,442)		
Total Disbursements:			<u>(21,328,916)</u>
Ending Cash Balance:		\$	<u><u>174,597,194</u></u>

**KCERA
CASH FLOW POSITION
APRIL, 2024**

WELLS FARGO BANK

Beginning Cash Balance		\$ 1,574,038
Transfer In Northern Trust		
Transfer In TPC - County	37,500,000	
ACH Returns / Deletes	43,871	
Total Receipts:		37,543,871
ACH Benefit Payments	(32,100,025)	
Total Checks Paid	(191,057)	
Taxes Withholding Deposits	(4,503,643)	
Bank Services	(583)	
Total Disbursements:		(36,795,308)
WFB ending Balance		<u>\$ 2,322,601</u>

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


Description	July	August	September	October	November	December	January	February	March	April	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			286,799.00
Mellon Capital					64,654.57			64,248.35		47,555.67	176,458.59
International Equity:											
BlackRock			90,670.26								90,670.26
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			905,519.10
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			219,841.00
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	5,562,071.77
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	312,949.97
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	307,500.03
Consulting - Other Expenses											0.00
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	268,617.50
Due Diligence / Investment-Related Travel:					2,713.91					3,463.56	
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	1,937,419.97
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	7,499,491.74

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

Expense Type	Budget FY 2023/24	Expenses	Over (Under)
Staffing			
Salaries	4,215,888.00	\$2,902,361.00	(1,313,527.00)
Benefits	2,655,190.00	1,637,213.79	(1,017,976.21)
Staffing Total	6,871,078.00	4,539,574.79	(2,331,503.21)
Staff Development			
Education & Professional Development	120,000.00	\$53,940.40	(66,059.60)
Staff Appreciation	4,000.00	\$2,711.09	(1,288.91)
Staff Development Total	124,000.00	56,651.49	(67,348.51)
Professional Fees			
Actuarial fees	100,000.00	\$82,094.00	(17,906.00)
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	267,263.16	(66,011.84)
Office Expenses			
Building expenses	124,000.00	\$114,717.05	(9,282.95)
Communications	84,062.00	\$50,035.17	(34,026.83)
Equipment lease	12,000.00	\$9,369.00	(2,631.00)
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	\$39,945.88	(40,054.12)
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	\$13,625.28	(6,374.72)
Subscriptions	15,000.00	\$10,531.05	(4,468.95)
Utilities	30,000.00	\$42,839.26	12,839.26
Office Expense Total	460,162.00	339,461.87	(120,700.13)
Insurance	173,384.00	\$179,620.27	6,236.27
Member Services			
Disability - legal fees	50,000.00	\$81,033.24	31,033.24
Disability - administration	200,000.00	\$283,283.75	83,283.75
Member Services Total	250,000.00	364,316.99	114,316.99
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	\$36,427.68	(992.32)
Licensing & support	140,780.00	\$133,587.60	(7,192.40)
Software	217,600.00	\$158,676.77	(58,923.23)
Website design & hosting	13,200.00	\$12,199.99	(1,000.01)
Systems Total	440,050.00	359,738.96	(80,311.04)
Board of Retirement			
Board compensation	12,000.00	\$6,600.00	(5,400.00)
Board conferences & training	50,000.00	\$15,916.93	(34,083.07)
Board elections	-	-	-
Board meetings	8,500.00	\$2,501.78	(5,998.22)
Board of Retirement Total	70,500.00	25,018.71	(45,481.29)
Depreciation / Amortization	42,651.00	\$154,916.28	112,265.28
Total Operating Expenses	8,765,100.00	6,286,562.52	(2,478,537.48)

Date: June 12, 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) Castllake
- 2) Quantum Energy Partners

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.



SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

*Actuarial Valuation based on June 30, 2023 Measurement Date
for Employer Reporting as of June 30, 2024*

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
11125 River Run Boulevard Bakersfield, CA 93311
(661) 381-7700 (661) 381-7799 fax www.kcera.org

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Schedule of Employer Allocations	4
Schedule of Pension Amounts by Employer	5
Notes to Schedules of Employer Allocations and Pension Amounts by Employer	10

INDEPENDENT AUDITOR'S REPORT

Board of Retirement
Kern County Employees' Retirement Association
Bakersfield, California

Opinion

We have audited the accompanying schedule of employer allocations of the Kern County Employees' Retirement Association (KCERA), as of and for the year ended June 30, 2023, and related notes. We have also audited the total for all entities of the rows titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense as of and for the year ended June 30, 2023, and the net pension liability as of June 30, 2022 (specified row totals), included in the accompanying schedule of pension amounts by employer and related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense for KCERA, as of and for the year ended June 30, 2023, and net pension liability as of June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of KCERA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error. In preparing the schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified row totals included in the accompanying schedule of pension amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KCERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Audited Fiduciary Net Position of the Kern County Employees' Retirement Association

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of KCERA, as of and for the year ended June 30, 2023, and our report thereon, dated December 13, 2023, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of management and the Board of Retirement of KCERA, its employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

UHY LLP

Columbia, Maryland
May 14, 2024

Kern County Employees' Retirement Association - Schedule of Employer Allocations

As of and for the year ended June 30, 2023

	Actual Payroll by Employer	Employer Payroll Percentage	Total Allocated Net Pension Liability	Employer Proportionate Share
Kern County	\$ 484,326,866	71.537 %	\$ 1,905,312,538	75.718 %
Kern County Hospital Authority	116,976,730	17.278 %	344,447,058	13.688 %
Kern County Superior Courts	34,739,947	5.131 %	102,294,470	4.065 %
Berrenda Mesa Water District	183,116	0.027 %	3,963,829	0.158 %
Buttonwillow Recreation and Park District	82,462	0.012 %	323,772	0.013 %
East Kern Cemetery District	142,762	0.021 %	560,529	0.022 %
Inyokern Community Services District	—	— %	132,705	0.005 %
Kern County Water Agency	6,291,738	0.929 %	24,703,345	0.982 %
Kern Mosquito and Vector Control District	1,329,594	0.196 %	5,220,405	0.207 %
North of the River Sanitation District	1,267,296	0.187 %	4,975,803	0.198 %
San Joaquin Valley Unified Air Pollution Control District	30,552,374	4.513 %	119,958,246	4.767 %
Shafter Recreation and Park District	178,851	0.026 %	702,225	0.028 %
West Side Cemetery District	197,621	0.029 %	775,922	0.031 %
West Side Mosquito and Vector Control District	426,512	0.063 %	1,674,620	0.067 %
West Side Recreation and Park District	330,556	0.049 %	1,297,867	0.052 %
Total	\$ 677,026,425	100 %	\$ 2,516,343,334	100 %

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022

	Kern County	Kern County Hospital Authority	Kern County Superior Courts
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 1,775,600,455	\$ 345,399,109	\$ 100,732,710
NET PENSION LIABILITY (ASSET) as of June 30, 2023	1,905,312,538	344,447,058	102,294,470
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	126,177,671	22,810,708	6,774,363
Changes of assumptions	134,740,491	24,358,715	7,234,092
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,377,238	10,103,570	397,460
Total Deferred Outflows of Resources	284,295,400	57,272,993	14,405,915
Deferred Inflows of Resources			
Differences between expected and actual experience	59,333,006	10,726,366	3,185,534
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,369,098	21,152,722	4,472,579
Total Deferred Inflows of Resources	67,702,104	31,879,088	7,658,113
Pension Expense			
Proportionate share of plan pension expense	234,306,329	42,358,471	12,579,690
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(3,362,468)	1,948,786	(1,107,319)
Total Employer Pension Expense	\$ 230,943,861	\$ 44,307,257	\$ 11,472,371

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	Berrenda Mesa Water District	Buttonwillow Recreation and Park District	East Kern Cemetery District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 4,056,987	\$ 153,804	\$ 537,298
NET PENSION LIABILITY (ASSET) as of June 30, 2023	3,963,829	323,772	560,529
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	262,501	21,442	37,121
Changes of assumptions	280,315	22,897	39,640
Changes in proportion and differences between employer contributions and proportionate share of contributions	402,732	116,993	24,212
Total Deferred Outflows of Resources	945,548	161,332	100,973
Deferred Inflows of Resources			
Differences between expected and actual experience	123,437	10,083	17,455
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	818,366	14,701	4,976
Total Deferred Inflows of Resources	941,803	24,784	22,431
Pension Expense			
Proportionate share of plan pension expense	487,452	39,816	68,931
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	378,795	3,100	14,379
Total Employer Pension Expense	\$ 866,247	\$ 42,916	\$ 83,310

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	Inyokern Community Services District	Kern County Water Agency	Kern Mosquito and Vector Control District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 113,126	\$ 24,377,444	\$ 5,400,397
NET PENSION LIABILITY (ASSET) as of June 30, 2023	132,705	24,703,345	5,220,405
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	8,788	1,635,958	345,717
Changes of assumptions	9,385	1,746,979	369,178
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,763	4,408	379,902
Total Deferred Outflows of Resources	29,936	3,387,345	1,094,797
Deferred Inflows of Resources			
Differences between expected and actual experience	4,133	769,283	162,568
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,404	1,174,893	390,957
Total Deferred Inflows of Resources	12,537	1,944,176	553,525
Pension Expense			
Proportionate share of plan pension expense	16,318	3,037,900	641,980
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	18,106	(415,237)	93,890
Total Employer Pension Expense	\$ 34,424	\$ 2,622,663	\$ 735,870

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	North of the River Sanitation District	San Joaquin Valley Unified Air Pollution Control District	Shafter Recreation and Park District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 4,935,134	\$ 113,722,982	\$ 647,741
NET PENSION LIABILITY (ASSET) as of June 30, 2023	4,975,803	119,958,246	702,225
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	329,518	7,944,131	46,504
Changes of assumptions	351,880	8,483,245	49,660
Changes in proportion and differences between employer contributions and proportionate share of contributions	236,455	4,746,503	67,398
Total Deferred Outflows of Resources	917,853	21,173,879	163,562
Deferred Inflows of Resources			
Differences between expected and actual experience	154,951	3,735,599	21,868
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	284,764	2,169,220	80,831
Total Deferred Inflows of Resources	439,715	5,904,819	102,699
Pension Expense			
Proportionate share of plan pension expense	611,901	14,751,899	86,356
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	76,718	2,706,716	41,636
Total Employer Pension Expense	\$ 688,619	\$ 17,458,615	\$ 127,992

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	West Side Cemetery District	West Side Mosquito and Vector Control District	West Side Recreation and Park District	Total
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 938,815	\$ 1,626,425	\$ 1,534,454	\$2,379,776,881
NET PENSION LIABILITY (ASSET) as of June 30, 2023	775,922	1,674,620	1,297,867	2,516,343,334
Deferred Outflows of Resources				
Differences between expected and actual experience	—	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	51,385	110,900	85,950	166,642,657
Changes of assumptions	54,872	118,426	91,783	177,951,558
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,524	1,123	68,099	39,942,380
Total Deferred Outflows of Resources	110,781	230,449	245,832	384,536,595
Deferred Inflows of Resources				
Differences between expected and actual experience	24,163	52,149	40,417	78,361,012
Net difference between projected and actual investment earnings on pension plan investments	—	—	—	—
Changes of assumptions	—	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	459,563	222,856	318,450	39,942,380
Total Deferred Inflows of Resources	483,726	275,005	358,867	118,303,392
Pension Expense				
Proportionate share of plan pension expense	95,420	205,937	159,606	309,448,006
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(160,521)	(83,341)	(153,240)	—
Total Employer Pension Expense	\$ (65,101)	\$ 122,596	\$ 6,366	\$ 309,448,006

Cost-Sharing, Multiple-Employer Pension Plan
Notes to Schedules of Employer Allocations and Pension Amounts
by Employer As of and for the Year Ended June 30, 2023

Note 1 – DESCRIPTION OF THE ENTITY

Plan Description

The Kern County Employees' Retirement Association (KCERA) was established on January 1, 1945 by the County of Kern Board of Supervisors under the provisions of the County Employees' Retirement Law of 1937 (CERL). KCERA is a cost-sharing, multiple-employer defined benefit plan (the Plan) covering all permanent employees of the County of Kern and of the following agencies: Buttonwillow Recreation and Park District, East Kern Cemetery District, Kern County Hospital Authority, Kern County Superior Court, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Unified Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, West Side Recreation and Park District, and. The Plan is administered by the Kern County Board of Retirement, which consists of nine members and two alternate members.

Pension Benefits

All regular, full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the payroll period following the date of hire. Safety membership includes those in active law enforcement, fire suppression, criminal investigation, detention and probation.

General members (excluding Tier III) are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with 5 or more years of retirement service credit.

Safety members are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age.

The retirement benefit the member will receive is based on age at retirement, final average compensation (FAC), years of retirement service credit and benefit tier.

General member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Sections 31676.17 and 31676.01, respectively. The monthly allowance is equal to 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31676.17 (Tier I), or 1/90th of FAC times years of accrued retirement service credit times an age factor from Section 31676.01 (Tier II). General Tier III member benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the FAC multiplied by years of accrued retirement credit multiplied by an age factor from Section 7522.20(a).

Safety member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Sections 31664.1 and 31664, respectively. The monthly allowance is equal to 3% of FAC times years of accrued retirement service credit times an age factor from Section 31664.1 (Tier I), or 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31664 (Tier II).

For members in Tiers I and II, the maximum monthly retirement allowance is 100% of final average compensation (FAC). There is no FAC limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2023 for members in Tier I and Tier II is \$330,000. For General Tier III members who are enrolled in Social Security, the maximum amount of pensionable compensation that can be taken into account for 2023 is equal to \$146,042 (\$175,250 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

FAC consists of the highest 12 consecutive months of pensionable pay for a General Tier I or Tier IIA member or a Safety Tier I or Tier IIA members, and the highest 36 consecutive months of pensionable pay for a General Tier IIB or Tier III member or a Safety Tier IIB member.

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible spouse or partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

Death Benefits

An active member's beneficiary is entitled to receive death benefits, which consist of accumulated contributions, plus interest, and one month's salary for each full year of service, up to a maximum of six months of salary.

If a member is vested and their death is not the result of a job-caused injury or disease, the spouse or registered domestic partner will be entitled to receive a lifetime monthly allowance equal to 60% of the retirement allowance to which they would have been entitled if they had retired with a nonservice-connected disability on the date of their death. The same choice is given to their minor children under the age of 18 (continuing to age 22 if enrolled full time in an accredited school).

If a member dies in the performance of duty, the spouse or registered domestic partner receives, for life, monthly allowance equal to at least 50% of the member's final average salary. This will only apply to minor children under the age of 18 (continuing to age 22 if enrolled full time in an accredited school).

If a member dies after retirement, a death benefit of \$5,000 is payable to their designated beneficiary or the estate.

If the retirement was for service-connected or nonservice-connected disability and the member chose the unmodified allowance option, their surviving spouse, registered domestic partner or minor children will receive a monthly continuance equal to 60% of the benefit.

If the retirement was for service-connected disability, their spouse, registered domestic partner or minor children will receive a 100% continuance of the member's benefit.

Disability Benefits

A member with five years of service, regardless of age, who becomes permanently incapacitated from the performance of duty will be eligible for a nonservice-connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible for a service-connected disability, regardless of service length or age.

Cost-of-Living Adjustments

An annual cost-of-living adjustment (COLA) of up to 2.0% was adopted for all retirees and continuance beneficiaries as of April 1, 1973. An additional 0.5% COLA was granted by the Ventura Settlement as of April 1, 2002, resulting in a maximum COLA of 2.5%, depending on the rate of inflation.

Supplemental Benefits

The Board of Retirement and the Board of Supervisors adopted Government Code Section 31618 on April 23, 1984, which provides for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is used only for the benefit of future and current retired members and their beneficiaries. The supplemental benefit is not a guaranteed benefit. The distribution of the SRBR is determined by the Board of Retirement. SRBR currently provides for 82% purchasing power protection and the \$5,000 death benefit.

On September 14, 2022, the Board adopted a Restructured SRBR benefit effective July 1, 2022 equal to \$1.80 per year of service, but no less than the member’s current SRBR benefit as of July 1, 2022. The Restructured SRBR benefit also includes a 2.5% COLA on the SRBR benefit, so long as the SRBR remains adequately funded. This plan amendment increased the NPL by \$30.4 million.

Contributions

Eligible employees and their beneficiaries are entitled to pension, disability and survivors’ benefits under the provision of the CERL with the establishment of KCERA on January 1, 1945. As a condition of participation under the provisions of the CERL, members are required to pay a percentage of their salaries, depending up their age at date of entry in the Plan, membership type and benefit tier.

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation) was 6.82% of compensation.

Interest is credited to member contributions semi-annually on June 30 and December 31, in accordance with Article 5.5 of the CERL. Member contributions and credited interest are refundable upon termination of membership.

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA’s actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation and after reflecting the phase-in of the impact of the assumption changes) was 48.76% of compensation.

Note 2 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Employers participating in the Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2015, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27. In accordance with GASB Statement No. 82, Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73, employer-paid member contributions are classified as employee contributions for purposes of GASB Statement 68. Starting with the June 30, 2016 measurement date for the employers, employer-paid member contributions are excluded from employer contributions.

The accompanying schedules were prepared by KCERA's independent actuary and were derived from information provided by KCERA in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB, they are reported using the economic resources measurement focus and the accrual basis of accounting.

Employer-covered payroll KCERA received within the fiscal year ended June 30, 2023, is used as the basis for determining each employer's proportionate share reported in the Schedule of Employer Allocations. The following items for each membership class is based on the corresponding proportionate share within each membership class:

- Net Pension Liability
- Service cost
- Interest on the Total Pension Liability
- Expensed portion of the current-period benefit changes
- Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- Member contributions
- Projected earnings on plan investments
- Expensed portion of current-period differences between actual and projected earnings on plan investments
- Administrative expense
- Recognition of beginning-of-year deferred outflows of resources as pension expense
- Recognition of beginning-of-year deferred inflows of resources as pension expense

The Fiduciary Net Position of KCERA and additions to/deductions from KCERA's Fiduciary Net Position have been determined on the same basis as they are reported in KCERA's Annual Comprehensive Financial Report. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The reporting date and measurement date for the plan is June 30, 2023. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – NET PENSION LIABILITY

The Net Pension Liability of \$2,516,343,334 was measured as of June 30, 2023. The Net Pension Liability (NPL) is the Total Pension Liability reduced by the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability was determined based upon rolling forward the Total Pension Liability from the actuarial valuation as of June 30, 2022 to the measurement date of June 30, 2023. The Plan provisions used in the measurement of the Net Pension Liability are the same as those used in the KCERA actuarial valuation as of June 30, 2023. The Total Pension Liability and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR). The employers' proportions of the NPL are based on the employers' share of covered payroll for each membership class.

The NPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class.

- The safety membership class has only one employer (Kern County), so all of the NPL for safety is allocated to the County.
- For general and district membership classes, the NPL is allocated based on the covered payroll within their respective classes.
 - Calculate ratio of employer's payroll to the total payroll for the membership class.
 - This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.
- If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.
- The negative NPL associated with the SRBR is allocated based on the actual total payroll for each employer within KCERA.

Note 4 – ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) as of June 30, 2023 was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward)) to include the following actuarial assumptions and actuarial cost method that the Retirement Board has adopted for use in the June 30, 2023 funding valuation and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

<i>Inflation:</i>	2.50%
<i>Salary Increases:</i>	General: 3.70% to 8.00%. Safety: 4.00% to 10.00%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.00%, net of pension plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.95% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
<i>Other Assumptions:</i>	Same as those used in the in June 30, 2023 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2019 through June 30, 2022.

The TPL as of June 30, 2022 that was measured by the actuarial valuation as of June 30, 2021 used the same actuarial assumptions and actuarial cost method as of the June 30, 2022 funding valuation. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

<i>Inflation:</i>	2.75%
<i>Salary Increases:</i>	General: 4.00% to 8.75%. Safety: 3.75% to 12.00%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.25%, net of pension plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
<i>Other Assumptions:</i>	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2016 through June 30, 2019 Actuarial Experience Study dated August 3, 2020. Unless otherwise noted, all actuarial assumptions and methods apply to members for all tiers. These assumptions were adopted by the Board.

The Entry Age Actuarial Cost Method used in KCERA's annual actuarial valuation has also been applied in measuring the Service Cost and TPL with one exception. For purposes of measuring the Service Cost and TPL, KCERA has reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the Normal Cost and Actuarial Accrued Liability are determined as if the current benefit accrual rate had always been in effect.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the chart on page 16.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Weighted Average
Global Equity	37%	7.05%	2.60%
Core Fixed Income	14%	1.97%	0.28%
High Yield Corporate Credit	6%	4.63%	0.28%
Emerging Market Debt Blend (Hard)	2%	4.72%	0.09%
Emerging Market Debt Blend (Local)	2%	4.53%	0.09%
Commodities	4%	4.21%	0.17%
Core Real Estate	5%	3.86%	0.19%
Value Added Real Estate	5%	6.70%	0.34%
Midstream	5%	8.00%	0.40%
Capital Efficiency Alpha Pool	8%	3.10%	0.25%
Hedge Funds	10%	3.10%	0.31%
Private Equity	5%	10.27%	0.51%
Private Credit	5%	6.97%	0.35%
Cash	(8)%	0.63%	(0.05)%
Inflation			2.50%
Total	100%		8.31%

Note 5 – DISCOUNT RATE

The discount rate used to measure the TPL was 7.00% as of June 30, 2023 and 7.25% as of June 20, 2022. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2023 and June 30, 2022.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and Supplemental Retiree Benefit Reserve SRBR asset pools.

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability as of June 30, 2023, calculated using a discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one point lower (6.00%) or one point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2023	\$3,549,044,545	\$2,516,343,334	\$1,667,639,118

Note 6 - AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

There are changes in each employer’s proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2023. The net effect of the change on the employer’s proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for the current period is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 4.64 years determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023).

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2025	\$ 67,269,950
2026	\$ 7,826,347
2027	\$ 156,924,379
2028	\$ 34,212,527
2029	\$ —
Thereafter	\$ —

Note 7 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (including the disclosure of the Net Pension Liability and the unmodified audit opinion on the financial statements) is located in the Kern County Employees’ Retirement Association’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The supporting actuarial information is included in the Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2023 and Governmental Accounting Standard (GAS) 68 Actuarial Valuation as of June 30, 2023. The additional financial and actuarial information is available at www.kcera.org or by contacting KCERA’s office, 11125 River Run Blvd., Bakersfield, CA 93311, or by calling (661) 381-7700.

May 14, 2024

Board of Retirement
Kern County Employees' Retirement Association
Bakersfield, California

We have audited the schedule of employer allocations and the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense included in the schedule of pension amounts by employer as of and for the year ended June 30, 2023, and net pension liability as of June 30, 2022 (the Schedules) of the Kern County Employees' Retirement Association (KCERA), and the related notes and have issued our report thereon dated May 14, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by KCERA are described in the related notes to the Schedules. We noted no transactions entered into by KCERA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Schedules in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the Schedules prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the Schedules and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Schedules is related to the actuarial valuation of the total pension liability.

The actuarial valuation was based on the actuarial assumptions and methods adopted by the Board, including an actuarial expected investment rate of return of 7.00% per annum compounded annually. In accordance with GASB 67, the total pension liability of the defined benefit pension plan was calculated with the most recently available actuarial valuation dated June 30, 2022, rolled forward to the measurement date of June 30, 2023. We evaluated the key factors and assumptions used to develop the estimate of the total pension liability in determining that it is reasonable in relation to the Schedules taken as a whole.

The Schedules' Disclosures

There were no particularly sensitive disclosures.

The disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated May 14, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to KCERA's Schedules or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Restriction on Use

This information is intended solely for the information and use of the Board of Retirement and management of KCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

UHY LLP

Columbia, Maryland



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

May 14, 2024

UHY LLP
8601 Robert Fulton Drive
Columbia, Maryland 21046

This representation letter is provided in connection with your audit of the schedules of employer allocations and pension amounts by employer (the schedules) of the Kern County Employees' Retirement Association (KCERA) as of June 30, 2023, and pension liability as of June 30, 2022, and the related notes to the schedules, for the purpose of expressing opinions as to whether schedules are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 6, 2024, the following representations made to you during your audit.

Schedules

- 1) We have fulfilled our responsibilities, as set out in the terms of our contract dated June 14, 2023 and management acknowledgement letter dated March 19, 2024, including our responsibility for the preparation and fair presentation of the schedules in accordance with U.S. GAAP.
- 2) The schedules referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All significant KCERA amendments, adopted during the period or subsequent to the date of the schedules, and their effects on benefits and fiduciary net position have been disclosed in the schedules.
- 8) No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the schedules.

- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the schedules in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fiduciary net position.
- 11) With respect to actuarial assumptions and valuations:
 - a) We agree with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the total pension liability and have no knowledge or belief that would make such methods or assumptions inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the actuary.
 - b) There were no omissions from the participant data provided to the actuary for the purpose of determining the total pension liability and other actuarially determined amounts in the schedules.
 - c) There have been no changes in the actuarial methods or assumptions used in calculating the amounts recorded or disclosed in the schedules, except as made known to you and disclosed in the schedules.
 - d) There have been no changes in plan provisions between the actuarial valuation date and the date of this letter, except as made known to you and disclosed in the schedules.
- 12) We believe the plan and trust are qualified under the appropriate section of the Internal Revenue Code, and we intend to continue them as a qualified plan and trust.
- 13) We are not aware of any present legislative intentions to terminate the plans.
- 14) There are no material concentrations to be properly disclosed in accordance with U.S. GAAP. We understand that concentrations include the nature and type of investments held by the entity, or markets for which events could occur which would significantly disrupt normal finances within the next year.

Information Provided

- 15) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the schedules, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within KCERA from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Retirement or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 16) All material transactions have been recorded in the accounting records and are reflected in the schedules.
- 17) We have disclosed to you the results of our assessment of the risk that the schedules may be materially misstated as a result of fraud.
- 18) We have no knowledge of any fraud or suspected fraud that affect KCERA and involve—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the schedules.

- 19) We have no knowledge of any allegations of fraud or suspected fraud affecting KCERA's schedules communicated by employees, former employees, regulators, or others.
- 20) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing schedules.
- 21) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the schedules, and we have disclosed to you any material consultations with our General Counsel or outside lawyers concerning litigation, claims, or assessments.
- 22) We have disclosed to you the names of KCERA's related parties and all the related party relationships and transactions, including any side agreements.
- 23) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 24) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 25) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 26) KCERA has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.
- 27) We are responsible for compliance with the laws, regulations, and provisions of contracts applicable to us, including debt limits or debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts agreements, or debt limits, and any related debt covenants whose effects should be considered for disclosure in the schedules, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) KCERA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) KCERA has complied with all aspects of contractual agreements that would have a material effect on the schedules in the event of noncompliance.
- 31) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: *Dominic D. Brown*

Title: CEO

Signature: *Angela Kruger*

Title: CFO

Kern County Employees' Retirement Association

Governmental Accounting Standards Board Statement No. 68 (GAS 68) Actuarial Valuation

Actuarial Valuation based on June 30, 2023 Measurement
Date for Employer Reporting as of June 30, 2024



This report has been prepared at the request of the Board of Retirement to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the KCERA pension plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

Copyright © 2024 by The Segal Group, Inc. All rights reserved.

Segal



180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com
T 415.263.8200

April 29, 2024

Board of Retirement
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

Dear Board Members:

We are pleased to submit this Governmental Accounting Standard (GAS) 68 Actuarial Valuation based on a June 30, 2023 measurement date for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order for Kern County Employees' Retirement Association (KCERA) employers to comply with GAS 68.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the KCERA pension plan. The census and financial information on which our calculations were based was provided by KCERA. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Molly Calcagno, ASA, MAAA and Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Association and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

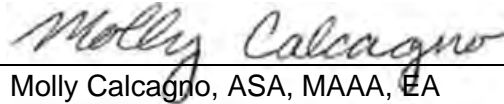
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

ST/jl

Table of Contents

Section 1: Actuarial Valuation Summary	5
Purpose and basis.....	5
General observations on the GAS 68 actuarial valuation	5
Highlights of the valuation.....	6
Summary of key valuation results	10
Important information about actuarial valuations.....	11
Section 2: GAS 68 Information.....	13
General information about the pension plan	13
Net Pension Liability	16
Determination of discount rate and investment rates of return	19
Discount rate sensitivity	21
Schedule of changes in Net Pension Liability – Last two fiscal years.....	22
Schedule of contributions – Last ten fiscal years	23
Determination of proportionate share.....	26
Pension expense	36
Deferred outflows of resources and deferred inflows of resources.....	52
Schedule of proportionate share of the Net Pension Liability	69
Schedule of reconciliation of Net Pension Liability	85
Schedule of recognition of changes in total Net Pension Liability.....	101
Allocation of changes in total Net Pension Liability	105
Section 3: Actuarial Assumptions and Methods and Appendices	112
Actuarial assumptions and methods	112
Appendix A: Projection of Plan’s Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2023.....	131
Appendix B: Definition of Terms.....	133

Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement 68 (GAS 68) for employer reporting as of as of June 30, 2024. The results used in preparing this GAS 68 report are comparable to those used in preparing the Governmental Accounting Standards Board Statement 67 (GAS 67) report for the plan based on a reporting date and a measurement date as of June 30, 2023. This valuation is based on:

- The benefit provisions of KCERA, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2022, provided by KCERA;
- The assets of the Plan as of June 30, 2023, provided by KCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the June 30, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the June 30, 2023 valuation.

General observations on the GAS 68 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as KCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is generally determined on the same basis as KCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Plan's Fiduciary Net Position includes assets held for the Supplemental Retiree Benefit Reserve (SRBR). The TPL reflects all future projected benefits expected to be paid from the SRBR for members as of the valuation date.

Section 1: Actuarial Valuation Summary

- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis. The exception is that the NPL is reduced by the excess of the SRBR assets over the TPL associated with the SRBR benefits.

Highlights of the valuation

- For this report, the reporting dates for the employer are June 30, 2024 and June 30, 2023. The NPL was measured as of June 30, 2023 and June 30, 2022, respectively, and was determined based upon rolling forward the results from actuarial valuations as of June 30, 2022 and June 30, 2021. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 and June 30, 2022 are not adjusted or rolled forward to the June 30, 2024 and June 30, 2023 reporting dates, respectively.
- The NPL increased from \$2.38 billion as of June 30, 2022 to \$2.52 billion as of June 30, 2023 primarily due to the changes in actuarial assumptions and the 5.96% return on the market value of assets during 2022-2023 (that was lower than the assumed return of 7.25%), offset to some extent by gains from retirement experience during 2021-2022 (because liabilities are rolled forward from June 30, 2022 to June 30, 2023, this change is not reflected until this valuation as of June 30, 2023). Changes in these values during the last two fiscal years ending June 30, 2023 and June 30, 2022 can be found in *Section 2, Schedule of changes in Net Pension Liability* on page 22.
- All results shown in this report are on a combined basis including both the regular statutory (non-SRBR) benefits and the SRBR benefits. For purposes of illustration, separate values for the TPL, Plan's Fiduciary Net Position and NPL for the regular statutory (non-SRBR) benefits and the SRBR benefits as of June 30, 2023 are shown in the table below:

	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability (TPL)	\$7,791,557,918	\$111,366,610	\$7,902,924,528
Plan's Fiduciary Net Position¹	5,252,882,900	133,698,294	5,386,581,194
Net Pension Liability (NPL)	2,538,675,018	(22,331,684)	2,516,343,334

¹ The total Fiduciary Net Position of \$5,386,581,194 as of June 30, 2023 is equal to the final market value of assets in the Pension Trust Fund as of June 30, 2023. This differs from the \$5,381,286,859 market value of assets used in our June 30, 2023 funding valuation because our funding valuation was based on the preliminary market value of assets provided in the unaudited financial statements.

Section 1: Actuarial Valuation Summary

4. The pension expense increased from \$255.7 million as of June 30, 2022 to \$309.4 million as of June 30, 2023. The primary cause of the increase is a result of natural changes in the components of the pension expense as well as new expense from the assumption changes. A breakdown of the pension expense for the last two fiscal years can be found in *Section 2, Pension Expense* on page 36.
5. The discount rate originally used to determine the TPL and NPL as of June 30, 2023 was 7.25%, following the same assumption used by the Association in the funding valuation as of June 30, 2022. However, as the Board has approved a new set of actuarial assumptions (including a new discount rate of 7.00%) for use in the funding valuation as of June 30, 2023, we have estimated the impact of these assumption changes by (1) revaluing the TPL as of June 30, 2022 (before the roll forward) and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The detailed derivation of the discount rate of 7.00% used in the calculation of the TPL and NPL as of June 30, 2023 can be found in *Section 3, Appendix A*. The discount rate assumption has been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and SRBR asset pools. Various other information that is required to be disclosed can be found throughout *Section 2*.
6. As discussed in our letter dated September 11, 2015 regarding the treatment of the SRBR for financial reporting purposes, Actuarial Standard of Practice (ASOP) No. 4 (“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”) states that some plan provisions, including “gain sharing” provisions, “may create pension obligations that are difficult to appropriately measure using traditional valuation procedures.” ASOP No. 4 further states that “for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling... to reflect the impact of variations in experience from year to year.” The 50% allocation of future excess earnings to the SRBR for KCERA is a clear example of the gain sharing provisions referenced by ASOP No. 4.

After several meetings with KCERA and its auditors, and based on information regarding another SRBR system that included discussions with GASB staff, it was previously determined that future allocations to the SRBR should be treated as an additional “outflow” (i.e., assets not available to fund the benefits included in the determination of the TPL) against the Plan’s Fiduciary Net Position in the GASB crossover test² (see *Section 3, Appendix A*).

However, as noted earlier in this report, the Plan’s Fiduciary Net Position includes assets held for the SRBR, and the TPL includes all projected future benefits expected to be paid from the SRBR for members as of the valuation date. This treatment was also discussed with KCERA and its auditors and determined to be appropriate. Therefore, any outflows due to the 50/50 excess earnings allocation would not affect the outcome of the crossover test since the crossover test is performed based on the combined results of the statutory (non-SRBR) benefits and the SRBR.

² The purpose of the GASB crossover test is to determine if the full expected return (or 7.00% in this case) can be used as the discount rate to determine the TPL and the NPL. That is, if there is no crossover point where the projected benefit payments would exceed the Plan’s Fiduciary Net Position, then the full expected return assumption can be used. As detailed later in this report, KCERA does pass the crossover test, which means that the full 7.00% investment rate of return assumption can be used as the discount rate to determine the TPL and the resulting NPL.

Section 1: Actuarial Valuation Summary

7. Based on discussions with KCERA and their auditors, starting with the June 30, 2016 measurement date for the employers, employer paid member contributions are excluded from employer contributions in the determination of the Actuarially Determined Contribution (ADC). The amount of employer paid member contributions was estimated by first determining what the employer contribution rates would have been during the year, excluding any employer paid member contributions. The actual employer contribution rates were then adjusted by the ratio of the employer contribution rates determined above and the employer contribution rates determined in the annual actuarial valuation. The result is the employer contributions excluding any employer paid member contributions. This change has not been applied on a retroactive basis prior to the 2015-2016 fiscal year.
8. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2023. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.
9. Due to the implementation of the Declining Employer Payroll Policy, the NPL as of June 30, 2022 and June 30, 2023 for Berrenda Mesa Water District and Inyokern Community Services District was determined based on rolling forward the results from the actuarial valuations as of June 30, 2021 and June 30, 2022, respectively, and allocating a portion of the Plan's Fiduciary Net Position as of June 30, 2022 and June 30, 2023, respectively, based on the valuation value of assets allocated to these employers as of the same dates.
10. The Safety membership class has only one employer (Kern County), so all of the NPL for Safety as of both June 30, 2022 and June 30, 2023 is allocated to the County.

For General and District, the NPL as of June 30, 2022 and June 30, 2023 is allocated based on the actual payroll within the General and District membership classes for 2021-2022 and 2022-2023, respectively. The steps we used are as follows:

- Calculate ratio of employer's payroll to the total payroll for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.³

The negative NPL associated with the SRBR is allocated based on the proportionate share of the non-SRBR NPL for each employer within KCERA.

Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers. The NPL allocation can be found in *Section 2, Determination of proportionate share*.

11. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2023. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation is based on Plan data as of June 30, 2022 and it does not include any possible short-term or long-term

³ For the District, the ratio used to multiply the NPL is the employer's payroll to the total payroll (less the payroll for Berrenda Mesa Water District and Inyokern Community Services District). The NPL allocated is the total District NPL (less the NPL for Berrenda Mesa Water District and Inyokern Community Services District).

Section 1: Actuarial Valuation Summary

impacts on mortality of the covered population that may emerge after June 30, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Reporting Date for Employer under GAS 68		June 30, 2024 ¹	June 30, 2023 ¹
Measurement Date for Employer under GAS 68		June 30, 2023	June 30, 2022
Disclosure elements for plan year ending June 30:	• Service cost ²	\$119,519,579	\$118,979,049
	• Total Pension Liability	7,902,924,528	7,510,905,541
	• Plan's Fiduciary Net Position	5,386,581,194	5,131,128,660
	• Net Pension Liability	2,516,343,334	2,379,776,881
	• Pension expense	309,448,006	255,707,142
Schedule of contributions for plan year ending June 30:	• Actuarially determined contributions ³	\$316,838,000	\$287,063,000
	• Actual employer contributions ³	316,838,000	287,063,000
	• Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:⁴	• Number of retired members and beneficiaries	9,156	9,015
	• Number of inactive vested members ⁵	4,391	4,015
	• Number of active members	9,557	9,076
Key assumptions as of June 30:	• Investment rate of return	7.00%	7.25%
	• Inflation rate	2.50%	2.75%
	• Real across-the-board salary increase	0.50%	0.50%
	• Projected salary increases ⁶	General: 3.70% to 8.00% and Safety: 4.00% to 10.00%	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%
	• Cost of living adjustments	2.50%	2.50%

¹ The reporting dates and measurement dates for the plan are June 30, 2023 and June 30, 2022, respectively.

² Excludes administrative expense load. The service cost is based on the previous year's valuation, meaning the June 30, 2023 and June 30, 2022 values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively. Both service costs have been calculated using the assumptions shown in the June 30, 2022 column, as there had been no changes in the actuarial assumptions between the June 30, 2021 and June 30, 2022 valuations.

³ See footnote (1) under *Section 2, Schedule of contributions* on page 23.

⁴ Data as of June 30, 2022 is used in the measurement of the TPL as of June 30, 2023.

⁵ Includes terminated members due a refund of member contributions.

⁶ Includes inflation at 2.50% plus real across-the-board salary increase of 0.50% plus merit and promotional increases that vary by service for the June 30, 2023 measurement date and includes inflation at 2.75% plus real across-the-board salary increase of 0.50% plus merit and promotional increases that vary by service for the June 30, 2022 measurement date.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant information	An actuarial valuation for a plan is based on data provided to the actuary by KCERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the measurement date, as provided by KCERA.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

Actuarial results in this report are not rounded, but that does not imply precision.

If KCERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Association should look to their other advisors for expertise in these areas.

While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

Segal's report shall be deemed to be final and accepted by KCERA upon delivery and review. KCERA should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of KCERA, it is not a fiduciary in its capacity as actuaries and consultants with respect to KCERA.

Section 2: GAS 68 Information

General information about the pension plan

Plan Description

Plan administration. The Kern County Employees' Retirement Association (KCERA) was established by the County of Kern in 1945. KCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.), the California Public Employees' Pension Reform Act (CalPEPRA) and the bylaws, procedures and policies adopted by the KCERA Board. KCERA is a cost-sharing multiple employer defined benefit public employee retirement system whose main function is to provide retirement, disability, death, beneficiary, cost-of-living and supplemental retirement benefits to the General and Safety members employed by the County of Kern. KCERA also provides retirement benefits to the employee members of the Berrenda Mesa Water District, Buttonwillow Recreation and Park District, East Kern Cemetery District, Inyokern Community Services District, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Unified Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, West Side Recreation and Park District, the Kern County Superior Court, and the Kern County Hospital Authority.

The management of KCERA is vested with the KCERA Board of Retirement. The Board consists of nine members and two alternate members. The County Treasurer is elected by the general public and is a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor; two members are elected by the general membership; one member and one alternate member are elected by the safety membership; and one member and one alternate member are elected by the retired members of the Association. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his term as County Treasurer.

Plan membership. At June 30, 2023, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	9,156
Inactive vested members entitled to, but not yet receiving benefits ¹	4,391
Active members	9,557
Total	23,104

¹ Includes terminated members due a refund of member contributions.

Note: Data as of June 30, 2023 is not used in the measurement of the TPL as of June 30, 2023.

Section 2: GAS 68 Information

Benefits provided. KCERA provides retirement, disability, beneficiary, cost-of-living and supplemental retirement benefits to eligible employees. All regular full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the first full biweekly payroll period following the date of employment. There are separate retirement benefits for General and Safety members. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers.

General members (excluding Tier III) are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire once they have attained the age of 70 regardless of service or at age 52 and have acquired 5 or more years of retirement service credit.

Safety members are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits for Tier I and Tier II are calculated pursuant to the provisions of California Government Code Sections 31676.17 and 31676.01, respectively. The monthly allowance is equal to 1/50th of final average compensation times years of accrued retirement service credit times age factor from Section 31676.17 (Tier I) or 1/90th of final average compensation times years of accrued retirement service credit times age factor from Section 31676.01 (Tier II). General Tier III member benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final average compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety member benefits for Tier I and Tier II are calculated pursuant to the provisions of California Government Code Sections 31664.1 and 31664, respectively. The monthly allowance is equal to 3% of final average compensation times years of accrued retirement service credit times age factor from 31664.1 (Tier I) or 1/50th (or 2%) of final average compensation times years of accrued retirement service credit times age factor from Section 31664 (Tier II).

For members in Tier I or Tier II, the maximum monthly retirement allowance is 100% of final average compensation. There is no final average compensation limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2023 for members in Tier I or Tier II is \$330,000. For General Tier III members who are enrolled in Social Security, the maximum amount of pensionable compensation that can be taken into account for 2023 is equal to \$146,042 (\$175,250 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Section 2: GAS 68 Information

Final average compensation consists of the highest 12 consecutive months of pensionable pay for a General Tier I or Tier IIA member or a Safety Tier I or Tier IIA member and the highest 36 consecutive months of pensionable pay for a General Tier IIB or Tier III member or a Safety Tier IIB member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

KCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the ratio of the past two Consumer Price Indices for the Los Angeles-Long Beach-Anaheim Area, is capped at 2.5%.

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation and after reflecting the phase-in of the impact of the assumption changes for the County Safety cost group) was 48.91% of compensation.

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation) was 6.82% of compensation.

Section 2: GAS 68 Information

Net Pension Liability

The components of the Net Pension Liability were as follows:

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Total Pension Liability	\$7,902,924,528	\$7,510,905,541
Plan's Fiduciary Net Position	<u>5,386,581,194</u>	<u>5,131,128,660</u>
Net Pension Liability	\$2,516,343,334	\$2,379,776,881
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	68.16%	68.32%

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2023 and June 30, 2022. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2022 and June 30, 2021, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2023 and June 30, 2022 are the same as those used in the KCERA actuarial valuations as of June 30, 2023 and June 30, 2022, respectively. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR).

Actuarial assumptions and actuarial cost method. The TPLs as of June 30, 2023 was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward) to include the following actuarial assumptions and actuarial cost method that the Retirement Board has adopted for use in the June 30, 2023 funding valuation and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The actuarial assumptions used in the June 30, 2023 funding valuation were based on the result of an experience study for the period from July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the June 30, 2023 measurement:

Section 2: GAS 68 Information

Investment rate of return:	7.00%, net of pension plan investment expense, including inflation.
Inflation rate:	2.50%
Administrative expenses:	0.95% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 3.70% to 8.00% and Safety: 4.00% to 10.00%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	Retiree COLA increases due to CPI are assumed to be 2.50%.
Other assumptions:	Same as those used in the June 30, 2023 funding valuations. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2019 through June 30, 2022.

The TPL as of June 30, 2022 that was measured by the actuarial valuation as of June 30, 2021 used the same actuarial assumptions and actuarial cost method as the June 30, 2022 funding valuation. The actuarial assumptions used in the June 30, 2022 funding valuation were based on the result of an experience study for the period from July 1, 2016 through June 30, 2019. In particular, the following actuarial assumptions were applied to all periods included in the June 30, 2022 measurement:

Investment rate of return:	7.25%, net of pension plan investment expense, including inflation.
Inflation rate:	2.75%
Administrative expenses:	0.90% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	Retiree COLA increases due to CPI are assumed to be 2.50%.
Other assumptions:	Same as those used in the June 30, 2022 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2016 through June 30, 2019.

Section 2: GAS 68 Information

The Entry Age Actuarial Cost Method used in KCERA's annual actuarial valuation has also been applied in measuring the service cost and TPL with one exception. For purposes of measuring the service cost and TPL, we have reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the Normal Cost is determined as if the current benefit accrual rate had always been in effect.

Section 2: GAS 68 Information

Determination of discount rate and investment rates of return

In the most recent experience study performed in 2023, the long-term expected rate of return on pension plan investments was determined using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023 this portfolio return is also adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following tables. For June 30, 2022 these rates are before deducting investment management expenses while for June 30, 2023 they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 and June 30, 2022 actuarial valuations. This information will change every three years based on the actuarial experience study.

June 30, 2023

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	37%	7.05%
Core Fixed Income	14%	1.97%
High Yield Corporate Credit	6%	4.63%
Emerging Market Debt (Hard)	2%	4.72%
Emerging Market Debt (Local)	2%	4.53%
Commodities	4%	4.21%
Core Real Estate	5%	3.86%
Value Added Real Estate	5%	6.70%
Midstream	5%	8.00%
Capital Efficiency Alpha Pool	8%	3.10%
Hedge Fund	10%	3.10%
Private Equity	5%	10.27%
Private Credit	5%	6.97%
Cash	-8%	0.63%
Total	100%	5.81%

Section 2: GAS 68 Information

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	37%	6.51%
Core Fixed Income	14%	1.09%
High Yield Corporate Credit	6%	3.38%
Emerging Market Debt Blend	4%	3.41%
Commodities	4%	3.08%
Core Real Estate	5%	4.59%
Private Real Estate	5%	9.50%
Midstream	5%	8.20%
Capital Efficiency Alpha Pool	5%	2.40%
Hedge Fund	10%	2.40%
Private Equity	5%	9.40%
Private Credit	5%	5.60%
Cash	-5%	0.00%
Total	100%	5.25%

Discount rate. The discount rate used to measure the TPL was 7.00% as of June 30, 2023 and 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rates assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2023 and June 30, 2022.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and Supplement Retirement Benefit Reserve (SRBR) asset pools.

Section 2: GAS 68 Information

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL of the KCERA as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the KCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Kern County	\$2,687,248,188	\$1,905,312,538	\$1,262,694,829
Kern County Hospital Authority	485,807,297	344,447,058	228,273,058
Kern County Superior Courts	144,275,873	102,294,470	67,792,919
Berrenda Mesa Water District	5,590,575	3,963,829	2,626,921
Buttonwillow Recreation and Park District	456,647	323,772	214,571
East Kern Cemetery District	790,569	560,529	371,476
Inyokern Community Services District	187,167	132,705	87,947
Kern County Water Agency	34,841,538	24,703,345	16,371,480
Kern Mosquito and Vector Control District	7,362,847	5,220,405	3,459,684
North of the River Sanitation District	7,017,861	4,975,803	3,297,580
San Joaquin Valley Unified Air Pollution Control District	169,188,820	119,958,246	79,499,113
Shafter Recreation and Park District	990,416	702,225	465,381
West Side Cemetery District	1,094,359	775,922	514,222
West Side Mosquito and Vector Control District	2,361,880	1,674,620	1,109,810
West Side Recreation and Park District	<u>1,830,508</u>	<u>1,297,867</u>	<u>860,127</u>
Total for all Employers	\$3,549,044,545	\$2,516,343,334	\$1,667,639,118

Section 2: GAS 68 Information

Schedule of changes in Net Pension Liability – Last two fiscal years

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Total Pension Liability		
• Service cost	\$119,519,579	\$118,979,049
• Interest	538,058,603	523,871,953
• Change of benefit terms	0	30,437,639
• Differences between expected and actual experience	(33,519,899)	(69,170,152)
• Changes of assumptions	185,815,002	0
• Benefit payments, including refunds of member contributions	<u>(417,854,298)</u>	<u>(400,107,882)</u>
Net change in Total Pension Liability	\$392,018,987	\$204,010,607
Total Pension Liability – beginning	<u>7,510,905,541</u>	<u>7,306,894,934</u>
Total Pension Liability – ending (a)	<u>\$7,902,924,528</u>	<u>\$7,510,905,541</u>
Plan’s Fiduciary Net Position		
• Contributions – employer ¹	\$316,837,594	\$287,063,044
• Contributions – employee ¹	59,521,508	54,514,264
• Net investment income	304,207,898	(219,947,045)
• Benefit payments, including refunds of member contributions	(417,854,298)	(400,107,882)
• Administrative expense	(7,260,168)	(6,702,394)
• Other	<u>0</u>	<u>(1,204,506)</u> ²
Net change in Plan’s Fiduciary Net Position	\$255,452,534	\$(286,384,519)
Plan’s Fiduciary Net Position – beginning	<u>5,131,128,660</u>	<u>5,417,513,179</u>
Plan’s Fiduciary Net Position – ending (b)	<u>\$5,386,581,194</u>	<u>\$5,131,128,660</u>
Net Pension Liability – ending (a) – (b)	<u>\$2,516,343,334</u>	<u>\$2,379,776,881</u>
Plan’s Fiduciary Net Position as a percentage of the Total Pension Liability	68.16%	68.32%
Covered payroll ³	\$677,026,425	\$612,609,249
Net Pension Liability as percentage of covered payroll	371.68%	388.47%

¹ See footnote (1) under *Section 2, Schedule of contributions* on page 23.

² This represents the amount of recovery or refunds of benefits and/or member contributions previously paid in conjunction with PEPRA implementation and pay items impacted by the implementation of the Alameda decision.

³ Covered payroll represents payroll on which contributions to the pension plan are based.

Notes to Schedule: Benefit changes: None.

Section 2: GAS 68 Information

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions ¹	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll
2014	\$220,393,000	\$220,393,000	\$0	\$533,850,811	41.28%
2015	215,477,000	215,477,000	0	531,598,183	40.53%
2016	216,229,000	216,229,000	0	537,539,991	40.23%
2017	224,351,000	224,351,000	0	546,671,003	41.04%
2018	242,534,000	242,534,000	0	576,728,789	42.05%
2019	229,120,000	229,120,000	0	579,071,865	39.57%
2020	273,909,000	273,909,000	0	607,695,110	45.07%
2021	268,626,000	268,626,000	0	604,320,398	44.45%
2022	287,063,000	287,063,000	0	612,609,249	46.86%
2023	316,838,000	316,838,000	0	677,026,425	46.80%

¹ All “Actuarially Determined Contributions” through June 30, 2014 were determined as the “Annual Required Contribution” under GAS 25 and 27. Starting from 2016, actuarially determined contributions exclude employer paid member contributions.

² Covered payroll represents payroll on which contributions to the pension plan are based.

See accompanying notes to this schedule on next page.

Section 2: GAS 68 Information

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level percent of payroll for total unfunded liability
Remaining amortization period:	12.5 years as of June 30, 2023 for all UAAL as of June 30, 2011. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
Asset valuation method:	Market value of assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized semi-annually over a five-year period. The AVA cannot be less than 50% of MVA, nor greater than 150% of MVA. The Actuarial Value of Assets (AVA) is reduced by the value of the non-valuation reserves.

Section 2: GAS 68 Information

Actuarial assumptions:

Valuation Date:	June 30, 2021 Valuation Date (used for the year ended June 30, 2023 ADC)
Investment rate of return:	7.25%, net of pension plan investment expenses, including inflation
Inflation rate:	2.75%
Administrative expense:	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member
Real across-the-board salary increase:	0.50%
Projected salary increases:¹	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%
Cost of living adjustments:	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)
Other assumptions:	Same as those used in the June 30, 2021 funding actuarial valuation

¹ Includes inflation at 2.75% plus real across-the-board salary increase of 0.50% plus merit and promotional increases that vary by service.

Section 2: GAS 68 Information

Determination of proportionate share

Actual Payroll by Employer and Membership Class
July 1, 2021 to June 30, 2022
for Proportionate Share as of June 30, 2022 Measurement Date

Employer	General	General Percentage ¹	Safety	Safety Percentage	District	District Percentage ¹	Total	Total Percentage
Kern County	\$298,565,177	68.400%	\$137,577,656	100.000%	\$0	0.000%	\$436,142,833	71.194%
Kern County Hospital Authority	106,790,632	24.465%	0	0.000%	0	0.000%	106,790,632	17.432%
Kern County Superior Courts	31,144,579	7.135%	0	0.000%	0	0.000%	31,144,579	5.084%
Berrenda Mesa Water District	0	0.000%	0	0.000%	179,557	0.466%	179,557	0.029%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	38,334	0.099%	38,334	0.006%
East Kern Cemetery District	0	0.000%	0	0.000%	133,916	0.348%	133,916	0.022%
Inyokern Community Services District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
Kern County Water Agency	0	0.000%	0	0.000%	6,075,829	15.769%	6,075,829	0.992%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,345,994	3.493%	1,345,994	0.220%
North of the River Sanitation District	0	0.000%	0	0.000%	1,230,032	3.192%	1,230,032	0.201%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	28,344,293	73.562%	28,344,293	4.627%
Shafter Recreation and Park District	0	0.000%	0	0.000%	161,443	0.419%	161,443	0.026%
West Side Cemetery District	0	0.000%	0	0.000%	233,990	0.607%	233,990	0.038%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	405,370	1.052%	405,370	0.066%
West Side Recreation and Park District	0	0.000%	0	0.000%	382,447	0.993%	382,447	0.062%
Total for all Employers	\$436,500,388	100.000%	\$137,577,656	100.000%	\$38,531,205	100.000%	\$612,609,249	100.000%

¹ The unrounded percentages are used in the allocation of the NPL amongst the General and District employers.

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2022 Net Pension Liability

Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$975,200,025	68.400%	\$817,929,838	100.000%	\$0	0.000%	\$1,793,129,863	74.612%
Kern County Hospital Authority	348,809,021	24.465%	0	0.000%	0	0.000%	348,809,021	14.514%
Kern County Superior Courts	101,727,182	7.135%	0	0.000%	0	0.000%	101,727,182	4.233%
Berrenda Mesa Water District	0	0.000%	0	0.000%	4,097,039	2.567%	4,097,039	0.170%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	155,322	0.097%	155,322	0.006%
East Kern Cemetery District	0	0.000%	0	0.000%	542,602	0.340%	542,602	0.023%
Inyokern Community Services District	0	0.000%	0	0.000%	114,243	0.072%	114,243	0.005%
Kern County Water Agency	0	0.000%	0	0.000%	24,618,107	15.424%	24,618,107	1.024%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	5,453,712	3.417%	5,453,712	0.227%
North of the River Sanitation District	0	0.000%	0	0.000%	4,983,856	3.123%	4,983,856	0.207%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	114,845,699	71.956%	114,845,699	4.779%
Shafter Recreation and Park District	0	0.000%	0	0.000%	654,136	0.410%	654,136	0.027%
West Side Cemetery District	0	0.000%	0	0.000%	948,083	0.594%	948,083	0.039%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	1,642,482	1.029%	1,642,482	0.068%
West Side Recreation and Park District	0	0.000%	0	0.000%	1,549,603	0.971%	1,549,603	0.064%
Total for all Employers	\$1,425,736,228	100.000%	\$817,929,838	100.000%	\$159,604,884	100.000%	\$2,403,270,950	100.000%

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2022 Net Pension Liability

Employer	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(17,529,408)	74.612%	\$1,775,600,455	74.612%
Kern County Hospital Authority	(3,409,912)	14.514%	345,399,109	14.514%
Kern County Superior Courts	(994,472)	4.233%	100,732,710	4.233%
Berrenda Mesa Water District	(40,052)	0.170%	4,056,987	0.170%
Buttonwillow Recreation and Park District	(1,518)	0.006%	153,804	0.006%
East Kern Cemetery District	(5,304)	0.023%	537,298	0.023%
Inyokern Community Services District	(1,117)	0.005%	113,126	0.005%
Kern County Water Agency	(240,663)	1.024%	24,377,444	1.024%
Kern Mosquito and Vector Control District	(53,315)	0.227%	5,400,397	0.227%
North of the River Sanitation District	(48,722)	0.207%	4,935,134	0.207%
San Joaquin Valley Unified Air Pollution Control District	(1,122,717)	4.779%	113,722,982	4.779%
Shafter Recreation and Park District	(6,395)	0.027%	647,741	0.027%
West Side Cemetery District	(9,268)	0.039%	938,815	0.039%
West Side Mosquito and Vector Control District	(16,057)	0.068%	1,626,425	0.068%
West Side Recreation and Park District	(15,149)	0.064%	1,534,454	0.064%
Total for all Employers	\$(23,494,069)	100.000%	\$2,379,776,881	100.000%

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Notes:

Based on the July 1, 2021 through June 30, 2022 actual payroll as provided by KCERA.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding the SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets. Note that the NPL for Berrenda Mesa Water District and Inyokern Community Services District is calculated for each employer separately using the methodology described below.

Due to the implementation of the Declining Employer Payroll Policy, the NPL as of June 30, 2022 for Berrenda Mesa Water District and Inyokern Community Services District was determined based on rolling forward the results from the actuarial valuation as of June 30, 2021 and allocating a portion of the Plan's Fiduciary Net Position as of June 30, 2022 based on the valuation value of assets allocated to these employers as of the same dates.

The Safety membership class has only one employer (Kern County), so all of the NPL for Safety is allocated to the County.

For General and District, the NPL is allocated based on the actual payroll within the General and District membership classes, respectively.

- Calculate ratio of employer's payroll to the total payroll for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.¹

The NPL associated with the SRBR is allocated based on the proportionate share of the non-SRBR NPL for each employer within KCERA.

If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2023. The reporting date and measurement date for the plan under GAS 67 are June 30, 2022. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2022 are not adjusted or "rolled forward" to June 30, 2023. Other results such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

¹ For the District, the ratio used to multiply the NPL is the employer's payroll to the total payroll (less the payroll for Berrenda Mesa Water District and Inyokern Community Services District). The NPL allocated is the total District NPL (less the NPL for Berrenda Mesa Water District and Inyokern Community Services District).

Section 2: GAS 68 Information

Notes (continued):

The following items are allocated based on the corresponding proportionate share:

- 1) Net Pension Liability
- 2) Service cost
- 3) Interest on the Total Pension Liability
- 4) Current-period benefit changes
- 5) Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- 6) Expensed portion of current-period changes of assumptions or other inputs
- 7) Member contributions
- 8) Projected earnings on plan investments
- 9) Expensed portion of current-period differences between actual and projected earnings on plan investments
- 10) Administrative expense
- 11) Other
- 12) Recognition of beginning of year deferred outflows of resources as pension expense
- 13) Recognition of beginning of year deferred inflows of resources as pension expense

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Actual Payroll by Employer and Membership Class
July 1, 2022 to June 30, 2023
for Proportionate Share as of June 30, 2023 Measurement Date

Employer	General	General Percentage ¹	Safety	Safety Percentage	District	District Percentage ¹	Total	Total Percentage
Kern County	\$335,693,777	68.873%	\$148,633,089	100.000%	\$0	0.000%	\$484,326,866	71.537%
Kern County Hospital Authority	116,976,730	24.000%	0	0.000%	0	0.000%	116,976,730	17.278%
Kern County Superior Courts	34,739,947	7.127%	0	0.000%	0	0.000%	34,739,947	5.131%
Berrenda Mesa Water District	0	0.000%	0	0.000%	183,116	0.447%	183,116	0.027%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	82,462	0.201%	82,462	0.012%
East Kern Cemetery District	0	0.000%	0	0.000%	142,762	0.348%	142,762	0.021%
Inyokern Community Services District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
Kern County Water Agency	0	0.000%	0	0.000%	6,291,738	15.354%	6,291,738	0.929%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,329,594	3.244%	1,329,594	0.196%
North of the River Sanitation District	0	0.000%	0	0.000%	1,267,296	3.092%	1,267,296	0.187%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	30,552,374	74.549%	30,552,374	4.513%
Shafter Recreation and Park District	0	0.000%	0	0.000%	178,851	0.436%	178,851	0.026%
West Side Cemetery District	0	0.000%	0	0.000%	197,621	0.482%	197,621	0.029%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	426,512	1.041%	426,512	0.063%
West Side Recreation and Park District	0	0.000%	0	0.000%	330,556	0.807%	330,556	0.049%
Total for all Employers	\$487,410,454	100.000%	\$148,633,089	100.000%	\$40,982,882	100.000%	\$677,026,425	100.000%

¹ The unrounded percentages are used in the allocation of the NPL amongst the General and District employers.

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2023 Net Pension Liability

Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$997,248,759	68.873%	\$924,972,775	100.000%	\$0	0.000%	\$1,922,221,534	75.718%
Kern County Hospital Authority	347,503,907	24.000%	0	0.000%	0	0.000%	347,503,907	13.688%
Kern County Superior Courts	103,202,298	7.127%	0	0.000%	0	0.000%	103,202,298	4.065%
Berrenda Mesa Water District	0	0.000%	0	0.000%	3,999,007	2.413%	3,999,007	0.158%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	326,645	0.197%	326,645	0.013%
East Kern Cemetery District	0	0.000%	0	0.000%	565,503	0.341%	565,503	0.022%
Inyokern Community Services District	0	0.000%	0	0.000%	133,883	0.081%	133,883	0.005%
Kern County Water Agency	0	0.000%	0	0.000%	24,922,579	15.036%	24,922,579	0.982%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	5,266,734	3.178%	5,266,734	0.207%
North of the River Sanitation District	0	0.000%	0	0.000%	5,019,962	3.029%	5,019,962	0.198%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	121,022,834	73.016%	121,022,834	4.767%
Shafter Recreation and Park District	0	0.000%	0	0.000%	708,457	0.427%	708,457	0.028%
West Side Cemetery District	0	0.000%	0	0.000%	782,808	0.472%	782,808	0.031%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	1,689,482	1.019%	1,689,482	0.067%
West Side Recreation and Park District	0	0.000%	0	0.000%	1,309,385	0.790%	1,309,385	0.052%
Total for all Employers	\$1,447,954,964	100.000%	\$924,972,775	100.000%	\$165,747,279	100.000%	\$2,538,675,018	100.000%

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2023 Net Pension Liability

Employer	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(16,908,996)	75.718%	\$1,905,312,538	75.718%
Kern County Hospital Authority	(3,056,849)	13.688%	344,447,058	13.688%
Kern County Superior Courts	(907,828)	4.065%	102,294,470	4.065%
Berrenda Mesa Water District	(35,178)	0.158%	3,963,829	0.158%
Buttonwillow Recreation and Park District	(2,873)	0.013%	323,772	0.013%
East Kern Cemetery District	(4,974)	0.022%	560,529	0.022%
Inyokern Community Services District	(1,178)	0.005%	132,705	0.005%
Kern County Water Agency	(219,234)	0.982%	24,703,345	0.982%
Kern Mosquito and Vector Control District	(46,329)	0.207%	5,220,405	0.207%
North of the River Sanitation District	(44,159)	0.198%	4,975,803	0.198%
San Joaquin Valley Unified Air Pollution Control District	(1,064,588)	4.767%	119,958,246	4.767%
Shafter Recreation and Park District	(6,232)	0.028%	702,225	0.028%
West Side Cemetery District	(6,886)	0.031%	775,922	0.031%
West Side Mosquito and Vector Control District	(14,862)	0.067%	1,674,620	0.067%
West Side Recreation and Park District	(11,518)	0.052%	1,297,867	0.052%
Total for all Employers	\$(22,331,684)	100.000%	\$2,516,343,334	100.000%

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Notes:

Based on the July 1, 2022 through June 30, 2023 actual payroll as provided by KCERA.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding the SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets. Note that the NPL for Berrenda Mesa Water District and Inyokern Community Services District is calculated for each employer separately using the methodology described below.

Due to the implementation of the Declining Employer Payroll Policy, the NPL as of June 30, 2023 for Berrenda Mesa Water District and Inyokern Community Services District was determined based on rolling forward the results from the actuarial valuation as of June 30, 2022 and allocating a portion of the Plan's Fiduciary Net Position as of June 30, 2023 based on the valuation value of assets allocated to these employers as of the same dates.

The Safety membership class has only one employer (Kern County), so all of the NPL for Safety is allocated to the County.

For General and District, the NPL is allocated based on the actual payroll within the General and District membership classes, respectively.

- Calculate ratio of employer's payroll to the total payroll for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.¹

The NPL associated with the SRBR is allocated based on the proportionate share of the non-SRBR NPL for each employer within KCERA.

If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2024. The reporting date and measurement date for the plan under GAS 67 are June 30, 2023. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 are not adjusted or "rolled forward" to June 30, 2024. Other results such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

¹ For the District, the ratio used to multiply the NPL is the employer's payroll to the total payroll (less the payroll for Berrenda Mesa Water District and Inyokern Community Services District). The NPL allocated is the total District NPL (less the NPL for Berrenda Mesa Water District and Inyokern Community Services District).

Section 2: GAS 68 Information

Notes (continued):

The following items are allocated based on the corresponding proportionate share:

- 1) Net Pension Liability
- 2) Service cost
- 3) Interest on the Total Pension Liability
- 4) Current-period benefit changes
- 5) Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- 6) Expensed portion of current-period changes of assumptions or other inputs
- 7) Member contributions
- 8) Projected earnings on plan investments
- 9) Expensed portion of current-period differences between actual and projected earnings on plan investments
- 10) Administrative expense
- 11) Other
- 12) Recognition of beginning of year deferred outflows of resources as pension expense
- 13) Recognition of beginning of year deferred inflows of resources as pension expense

Section 2: GAS 68 Information

Pension expense

Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$119,519,579	\$118,979,049
• Interest on the Total Pension Liability	538,058,603	523,871,953
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	30,437,639
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(7,224,116)	(14,501,080)
• Expensed portion of current-period changes of assumptions or other inputs	40,046,337	0
• Member contributions	(59,521,508)	(54,514,264)
• Projected earnings on plan investments	(370,239,446)	(390,361,347)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	13,206,310	122,061,678
• Administrative expense	7,260,168	6,702,394
• Other	0	1,204,506
• Recognition of beginning of year deferred outflows of resources as pension expense	206,596,148	92,459,734
• Recognition of beginning of year deferred inflows of resources as pension expense	(178,254,069)	(180,633,120)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	\$309,448,006	\$255,707,142

Section 2: GAS 68 Information

Pension expense (continued)

Kern County

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$90,497,247	\$88,772,713
• Interest on the Total Pension Liability	407,404,581	390,871,635
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	5,115,565	1,717,179
• Current-period benefit changes	0	22,710,147
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(5,469,919)	(10,819,554)
• Expensed portion of current-period changes of assumptions or other inputs	30,322,090	0
• Member contributions	(45,068,206)	(40,674,213)
• Projected earnings on plan investments	(280,336,094)	(291,256,626)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	9,999,491	91,072,729
• Administrative expense	5,497,218	5,000,793
• Other	0	898,708
• Recognition of beginning of year deferred outflows of resources as pension expense	156,429,463	68,986,110
• Recognition of beginning of year deferred inflows of resources as pension expense	(134,969,542)	(134,774,085)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(8,478,033)	(14,223,310)
Pension Expense	\$230,943,861	\$178,282,226

Section 2: GAS 68 Information

Pension expense (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$16,360,315	\$17,268,534
• Interest on the Total Pension Liability	73,651,596	76,034,399
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(3,731,898)	(2,732,352)
• Current-period benefit changes	0	4,417,697
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(988,866)	(2,104,676)
• Expensed portion of current-period changes of assumptions or other inputs	5,481,701	0
• Member contributions	(8,147,540)	(7,912,161)
• Projected earnings on plan investments	(50,679,844)	(56,656,766)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	1,807,732	17,715,944
• Administrative expense	993,801	972,781
• Other	0	174,821
• Recognition of beginning of year deferred outflows of resources as pension expense	28,279,700	13,419,539
• Recognition of beginning of year deferred inflows of resources as pension expense	(24,400,124)	(26,216,961)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	5,680,684	10,838,349
Pension Expense	\$44,307,257	\$45,219,148

Section 2: GAS 68 Information

Pension expense (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$4,858,713	\$5,036,221
• Interest on the Total Pension Liability	21,873,176	22,174,785
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(632,870)	64,133
• Current-period benefit changes	0	1,288,384
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(293,675)	(613,811)
• Expensed portion of current-period changes of assumptions or other inputs	1,627,965	0
• Member contributions	(2,419,670)	(2,307,514)
• Projected earnings on plan investments	(15,050,986)	(16,523,463)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	536,863	5,166,704
• Administrative expense	295,141	283,703
• Other	0	50,985
• Recognition of beginning of year deferred outflows of resources as pension expense	8,398,553	3,913,694
• Recognition of beginning of year deferred inflows of resources as pension expense	(7,246,390)	(7,645,954)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(474,449)	26,431
Pension Expense	\$11,472,371	\$10,914,298

Section 2: GAS 68 Information

Pension expense (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$188,272	\$202,834
• Interest on the Total Pension Liability	847,568	893,084
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(71,236)	(201,830)
• Current-period benefit changes	0	51,889
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(11,380)	(24,721)
• Expensed portion of current-period changes of assumptions or other inputs	63,082	0
• Member contributions	(93,760)	(92,935)
• Projected earnings on plan investments	(583,214)	(665,479)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	20,803	208,088
• Administrative expense	11,436	11,426
• Other	0	2,053
• Recognition of beginning of year deferred outflows of resources as pension expense	325,437	157,623
• Recognition of beginning of year deferred inflows of resources as pension expense	(280,792)	(307,939)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>450,031</u>	<u>631,312</u>
Pension Expense	\$866,247	\$865,405

Section 2: GAS 68 Information

Pension expense (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$15,379	\$7,689
• Interest on the Total Pension Liability	69,231	33,858
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	31,343	1,049
• Current-period benefit changes	0	1,967
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(930)	(937)
• Expensed portion of current-period changes of assumptions or other inputs	5,153	0
• Member contributions	(7,658)	(3,523)
• Projected earnings on plan investments	(47,638)	(25,229)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	1,699	7,889
• Administrative expense	934	433
• Other	0	78
• Recognition of beginning of year deferred outflows of resources as pension expense	26,582	5,976
• Recognition of beginning of year deferred inflows of resources as pension expense	(22,936)	(11,674)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(28,243)</u>	<u>(68,572)</u>
Pension Expense	\$42,916	\$(50,996)

Section 2: GAS 68 Information

Pension expense (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$26,624	\$26,862
• Interest on the Total Pension Liability	119,855	118,278
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,367)	5,764
• Current-period benefit changes	0	6,872
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,609)	(3,274)
• Expensed portion of current-period changes of assumptions or other inputs	8,921	0
• Member contributions	(13,259)	(12,308)
• Projected earnings on plan investments	(82,473)	(88,134)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	2,942	27,559
• Administrative expense	1,617	1,513
• Other	0	272
• Recognition of beginning of year deferred outflows of resources as pension expense	46,020	20,875
• Recognition of beginning of year deferred inflows of resources as pension expense	(39,707)	(40,783)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>15,746</u>	<u>13,188</u>
Pension Expense	\$83,310	\$76,684

Section 2: GAS 68 Information

Pension expense (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$6,302	\$5,655
• Interest on the Total Pension Liability	28,376	24,903
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	1,731	(2,556)
• Current-period benefit changes	0	1,447
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(381)	(689)
• Expensed portion of current-period changes of assumptions or other inputs	2,112	0
• Member contributions	(3,139)	(2,591)
• Projected earnings on plan investments	(19,525)	(18,556)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	696	5,802
• Administrative expense	383	319
• Other	0	57
• Recognition of beginning of year deferred outflows of resources as pension expense	10,895	4,395
• Recognition of beginning of year deferred inflows of resources as pension expense	(9,401)	(8,587)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>16,375</u>	<u>14,665</u>
Pension Expense	\$34,424	\$24,264

Section 2: GAS 68 Information

Pension expense (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$1,173,344	\$1,218,771
• Interest on the Total Pension Liability	5,282,207	5,366,326
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(206,324)	(19,138)
• Current-period benefit changes	0	311,791
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(70,920)	(148,543)
• Expensed portion of current-period changes of assumptions or other inputs	393,141	0
• Member contributions	(584,332)	(558,421)
• Projected earnings on plan investments	(3,634,700)	(3,998,699)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	129,648	1,250,349
• Administrative expense	71,274	68,657
• Other	0	12,338
• Recognition of beginning of year deferred outflows of resources as pension expense	2,028,187	947,119
• Recognition of beginning of year deferred inflows of resources as pension expense	(1,749,949)	(1,850,331)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(208,913)	(4,378)
Pension Expense	\$2,622,663	\$2,595,841

Section 2: GAS 68 Information

Pension expense (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$247,955	\$269,997
• Interest on the Total Pension Liability	1,116,256	1,188,816
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(99,297)	96,493
• Current-period benefit changes	0	69,072
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(14,987)	(32,907)
• Expensed portion of current-period changes of assumptions or other inputs	83,080	0
• Member contributions	(123,483)	(123,709)
• Projected earnings on plan investments	(768,099)	(885,842)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	27,398	276,993
• Administrative expense	15,062	15,210
• Other	0	2,733
• Recognition of beginning of year deferred outflows of resources as pension expense	428,604	209,818
• Recognition of beginning of year deferred inflows of resources as pension expense	(369,806)	(409,908)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>193,187</u>	<u>111,156</u>
Pension Expense	\$735,870	\$787,922

Section 2: GAS 68 Information

Pension expense (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$236,338	\$246,738
• Interest on the Total Pension Liability	1,063,954	1,086,395
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(60,992)	59,311
• Current-period benefit changes	0	63,121
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(14,285)	(30,072)
• Expensed portion of current-period changes of assumptions or other inputs	79,187	0
• Member contributions	(117,697)	(113,051)
• Projected earnings on plan investments	(732,109)	(809,524)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	26,114	253,129
• Administrative expense	14,356	13,899
• Other	0	2,498
• Recognition of beginning of year deferred outflows of resources as pension expense	408,522	191,741
• Recognition of beginning of year deferred inflows of resources as pension expense	(352,479)	(374,593)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>137,710</u>	<u>125,477</u>
Pension Expense	\$688,619	\$715,069

Section 2: GAS 68 Information

Pension expense (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$5,697,697	\$5,685,682
• Interest on the Total Pension Liability	25,650,143	25,034,398
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(240,514)	1,103,832
• Current-period benefit changes	0	1,454,531
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(344,386)	(692,967)
• Expensed portion of current-period changes of assumptions or other inputs	1,909,075	0
• Member contributions	(2,837,489)	(2,605,087)
• Projected earnings on plan investments	(17,649,926)	(18,654,294)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	629,567	5,832,991
• Administrative expense	346,104	320,289
• Other	0	57,560
• Recognition of beginning of year deferred outflows of resources as pension expense	9,848,780	4,418,396
• Recognition of beginning of year deferred inflows of resources as pension expense	(8,497,666)	(8,631,959)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>2,947,230</u>	<u>2,693,982</u>
Pension Expense	\$17,458,615	\$16,017,354

Section 2: GAS 68 Information

Pension expense (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$33,353	\$32,384
• Interest on the Total Pension Liability	150,154	142,590
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	1,602	(29,181)
• Current-period benefit changes	0	8,285
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,016)	(3,947)
• Expensed portion of current-period changes of assumptions or other inputs	11,176	0
• Member contributions	(16,610)	(14,838)
• Projected earnings on plan investments	(103,321)	(106,251)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	3,685	33,223
• Administrative expense	2,026	1,824
• Other	0	328
• Recognition of beginning of year deferred outflows of resources as pension expense	57,654	25,166
• Recognition of beginning of year deferred inflows of resources as pension expense	(49,745)	(49,166)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	40,034	90,664
Pension Expense	\$127,992	\$131,081

Section 2: GAS 68 Information

Pension expense (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$36,855	\$46,937
• Interest on the Total Pension Liability	165,912	206,666
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(40,100)	(53,305)
• Current-period benefit changes	0	12,008
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,228)	(5,721)
• Expensed portion of current-period changes of assumptions or other inputs	12,348	0
• Member contributions	(18,354)	(21,506)
• Projected earnings on plan investments	(114,164)	(153,996)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	4,072	48,153
• Administrative expense	2,239	2,644
• Other	0	475
• Recognition of beginning of year deferred outflows of resources as pension expense	63,705	36,475
• Recognition of beginning of year deferred inflows of resources as pension expense	(54,965)	(71,259)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(120,421)	(49,564)
Pension Expense	(\$65,101)	\$(1,993)

Section 2: GAS 68 Information

Pension expense (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$79,539	\$81,315
• Interest on the Total Pension Liability	358,077	358,033
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(5,973)	(33,983)
• Current-period benefit changes	0	20,802
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(4,808)	(9,911)
• Expensed portion of current-period changes of assumptions or other inputs	26,651	0
• Member contributions	(39,611)	(37,257)
• Projected earnings on plan investments	(246,393)	(266,787)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	8,789	83,421
• Administrative expense	4,832	4,581
• Other	0	823
• Recognition of beginning of year deferred outflows of resources as pension expense	137,489	63,190
• Recognition of beginning of year deferred inflows of resources as pension expense	(118,628)	(123,451)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(77,368)</u>	<u>(60,326)</u>
Pension Expense	\$122,596	\$80,450

Section 2: GAS 68 Information

Pension expense (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$61,646	\$76,717
• Interest on the Total Pension Liability	277,517	337,787
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(59,670)	24,584
• Current-period benefit changes	0	19,626
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(3,726)	(9,350)
• Expensed portion of current-period changes of assumptions or other inputs	20,655	0
• Member contributions	(30,700)	(35,150)
• Projected earnings on plan investments	(190,960)	(251,701)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	6,811	78,704
• Administrative expense	3,745	4,322
• Other	0	777
• Recognition of beginning of year deferred outflows of resources as pension expense	106,557	59,617
• Recognition of beginning of year deferred inflows of resources as pension expense	(91,939)	(116,470)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(93,570)</u>	<u>(139,074)</u>
Pension Expense	\$6,366	\$50,389

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources

Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$39,942,380	\$36,940,751
• Changes of assumptions or other inputs	177,951,558	61,981,869
• Net excess of projected over actual earnings on pension plan investments (if any)	166,642,657	145,836,317
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$384,536,595	\$244,758,937
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$39,942,380	\$36,940,751
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	78,361,012	85,541,024
• Total Deferred Inflows of Resources	\$118,303,392	\$122,481,775
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$28,342,079
2025	\$67,269,950	21,241,419
2026	7,826,347	(38,202,184)
2027	156,924,379	110,895,848
2028	34,212,527	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$23,377,238	\$6,473,756
• Changes of assumptions or other inputs	134,740,491	46,245,946
• Net excess of projected over actual earnings on pension plan investments (if any)	126,177,671	108,811,475
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$284,295,400	\$161,531,177
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$8,369,098	\$18,564,310
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	59,333,006	63,823,917
• Total Deferred Inflows of Resources	\$67,702,104	\$82,388,227
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$12,668,575
2025	\$51,069,040	10,867,003
2026	11,088,396	(28,456,519)
2027	125,257,016	84,063,891
2028	29,178,844	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$10,103,570	\$18,516,606
• Changes of assumptions or other inputs	24,358,715	8,996,004
• Net excess of projected over actual earnings on pension plan investments (if any)	22,810,708	21,166,578
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$57,272,993	\$48,679,188
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$21,152,722	\$10,300,967
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	10,726,366	12,415,363
• Total Deferred Inflows of Resources	\$31,879,088	\$22,716,330
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$9,794,233
2025	\$9,637,730	7,244,414
2026	(2,183,181)	(5,067,222)
2027	15,644,623	13,991,433
2028	2,294,733	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$397,460	\$1,064,553
• Changes of assumptions or other inputs	7,234,092	2,623,608
• Net excess of projected over actual earnings on pension plan investments (if any)	6,774,363	6,173,052
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$14,405,915	\$9,861,213
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,472,579	\$3,310,473
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	3,185,534	3,620,835
• Total Deferred Inflows of Resources	\$7,658,113	\$6,931,308
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$725,233
2025	\$1,229,297	26,627
2026	(1,263,074)	(2,565,407)
2027	5,795,808	4,743,452
2028	985,771	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$402,732	\$1,056,071
• Changes of assumptions or other inputs	280,315	105,665
• Net excess of projected over actual earnings on pension plan investments (if any)	262,501	248,618
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$945,548	\$1,410,354
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$818,366	\$762,375
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>123,437</u>	<u>145,828</u>
• Total Deferred Inflows of Resources	\$941,803	\$908,203
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$498,348
2025	\$75,968	77,450
2026	(101,074)	(107,292)
2027	20,550	33,645
2028	8,301	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$116,993	\$3,955
• Changes of assumptions or other inputs	22,897	4,006
• Net excess of projected over actual earnings on pension plan investments (if any)	21,442	9,425
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$161,332	\$17,386
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$14,701	\$43,993
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>10,083</u>	<u>5,528</u>
• Total Deferred Inflows of Resources	\$24,784	\$49,521
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(26,411)
2025	\$27,871	(10,754)
2026	31,874	(2,945)
2027	52,342	7,975
2028	24,461	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$24,212	\$39,958
• Changes of assumptions or other inputs	39,640	13,994
• Net excess of projected over actual earnings on pension plan investments (if any)	37,121	32,926
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$100,973	\$86,878
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,976	\$0
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>17,455</u>	<u>19,313</u>
• Total Deferred Inflows of Resources	\$22,431	\$19,313
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$22,145
2025	\$26,581	17,759
2026	7,186	(1,815)
2027	38,028	29,476
2028	6,747	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$11,763	\$25,616
• Changes of assumptions or other inputs	9,385	2,946
• Net excess of projected over actual earnings on pension plan investments (if any)	8,788	6,933
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$29,936	\$35,495
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$8,404	\$12,183
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	4,133	4,066
• Total Deferred Inflows of Resources	\$12,537	\$16,249
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$17,722
2025	\$4,794	525
2026	1,656	(2,304)
2027	8,038	3,303
2028	2,911	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,408	\$106,178
• Changes of assumptions or other inputs	1,746,979	634,916
• Net excess of projected over actual earnings on pension plan investments (if any)	1,635,958	1,493,887
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$3,387,345	\$2,234,981
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$1,174,893	\$734,558
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>769,283</u>	<u>876,247</u>
• Total Deferred Inflows of Resources	\$1,944,176	\$1,610,805
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$81,411
2025	\$147,801	(88,687)
2026	(227,945)	(489,781)
2027	1,319,490	1,121,233
2028	203,823	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$379,902	\$600,420
• Changes of assumptions or other inputs	369,178	140,655
• Net excess of projected over actual earnings on pension plan investments (if any)	345,717	330,944
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$1,094,797	\$1,072,019
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$390,957	\$56,847
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	162,568	194,117
• Total Deferred Inflows of Resources	\$553,525	\$250,964
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$257,503
2025	\$170,262	178,204
2026	63,025	59,393
2027	300,558	325,955
2028	7,427	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$236,455	\$407,192
• Changes of assumptions or other inputs	351,880	128,537
• Net excess of projected over actual earnings on pension plan investments (if any)	329,518	302,432
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$917,853	\$838,161
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$284,764	\$95,778
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>154,951</u>	<u>177,393</u>
• Total Deferred Inflows of Resources	\$439,715	\$273,171
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$196,485
2025	\$165,287	137,310
2026	(10,743)	(44,450)
2027	294,980	275,645
2028	28,614	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,746,503	\$8,374,653
• Changes of assumptions or other inputs	8,483,245	2,961,943
• Net excess of projected over actual earnings on pension plan investments (if any)	7,944,131	6,969,116
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$21,173,879	\$18,305,712
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$2,169,220	\$1,974,668
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	3,735,599	4,087,770
• Total Deferred Inflows of Resources	\$5,904,819	\$6,062,438
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$4,301,620
2025	\$4,956,561	3,005,274
2026	745,178	(1,212,980)
2027	8,090,284	6,149,360
2028	1,477,037	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$67,398	\$130,784
• Changes of assumptions or other inputs	49,660	16,871
• Net excess of projected over actual earnings on pension plan investments (if any)	46,504	39,695
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$163,562	\$187,350
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$80,831	\$110,012
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>21,868</u>	<u>23,283</u>
• Total Deferred Inflows of Resources	\$102,699	\$133,295
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$47,748
2025	\$39,913	25,320
2026	(12,545)	(26,729)
2027	22,925	7,716
2028	10,570	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,524	\$24,747
• Changes of assumptions or other inputs	54,872	24,452
• Net excess of projected over actual earnings on pension plan investments (if any)	51,385	57,532
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$110,781	\$106,731
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$459,563	\$454,245
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	24,163	33,746
• Total Deferred Inflows of Resources	\$483,726	\$487,991
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(109,240)
2025	\$(155,755)	(128,018)
2026	(169,321)	(146,705)
2027	(32,757)	2,703
2028	(15,112)	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$1,123	\$23,579
• Changes of assumptions or other inputs	118,426	42,361
• Net excess of projected over actual earnings on pension plan investments (if any)	110,900	99,670
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$230,449	\$165,610
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$222,856	\$300,936
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>52,149</u>	<u>58,462</u>
• Total Deferred Inflows of Resources	\$275,005	\$359,398
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(57,998)
2025	\$(58,321)	(82,599)
2026	(77,473)	(102,817)
2027	72,295	49,626
2028	18,943	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$68,099	\$92,683
• Changes of assumptions or other inputs	91,783	39,965
• Net excess of projected over actual earnings on pension plan investments (if any)	85,950	94,034
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$245,832	\$226,682
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$318,450	\$219,406
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>40,417</u>	<u>55,156</u>
• Total Deferred Inflows of Resources	\$358,867	\$274,562
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(75,295)
2025	\$(67,079)	(28,409)
2026	(65,612)	(34,611)
2027	40,199	90,435
2028	(20,543)	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

There are changes in each employer's proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2023. The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for the current period (i.e., 2022-2023) is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 4.64 years determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023). This is described in Paragraph 33a. of GAS 68.

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2023 is recognized over the same period.

The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources and the difference between the actual employer contributions and the proportionate share of the employer contributions for prior periods continue to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability

Total for all Employers

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	100.000%	\$2,069,234,081	\$533,850,811	387.61%	63.35%
2016	100.000%	2,203,097,939	531,598,183	414.43%	62.20%
2017	100.000%	2,413,639,356	537,539,991	449.02%	59.67%
2018	100.000%	2,363,975,142	546,671,003	432.43%	62.64%
2019	100.000%	2,330,800,045	576,728,789	404.14%	64.30%
2020	100.000%	2,382,504,403	579,071,865	411.44%	64.59%
2021	100.000%	2,661,901,170	607,695,110	438.03%	62.51%
2022	100.000%	1,889,381,755	604,320,398	312.65%	74.14%
2023	100.000%	2,379,776,881	612,609,249	388.47%	68.32%
2024	100.000%	2,516,343,334	677,026,425	371.68%	68.16%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	75.942%	\$1,571,423,351	\$405,150,369	387.86%	63.60%
2016	75.618%	1,665,934,895	395,298,960	421.44%	62.46%
2017	77.130%	1,861,645,866	401,455,839	463.72%	59.90%
2018	77.683%	1,836,401,634	407,333,715	450.83%	62.97%
2019	76.587%	1,785,078,802	422,275,740	422.73%	64.67%
2020	75.842%	1,806,944,701	418,430,675	431.84%	65.04%
2021	74.671%	1,987,665,686	433,696,195	458.31%	63.13%
2022	74.316%	1,404,103,571	429,103,990	327.22%	74.66%
2023	74.612%	1,775,600,455	436,142,833	407.11%	68.84%
2024	75.718%	1,905,312,538	484,326,866	393.39%	68.43%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	15.972%	\$330,492,938	\$77,008,989	429.16%	62.95%
2016	15.672%	345,262,534	81,925,123	421.44%	61.87%
2017	13.670%	329,935,445	78,433,199	420.66%	59.37%
2018	12.405%	293,255,458	78,815,070	372.08%	62.49%
2019	13.182%	307,234,709	89,068,706	344.94%	64.19%
2020	13.520%	322,103,797	93,857,773	343.18%	64.43%
2021	14.319%	381,152,811	104,248,078	365.62%	62.00%
2022	15.044%	284,243,193	107,477,006	264.47%	73.38%
2023	14.514%	345,399,109	106,790,632	323.44%	67.86%
2024	13.688%	344,447,058	116,976,730	294.46%	68.52%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	3.247%	\$67,189,363	\$19,571,588	343.30%	62.95%
2016	3.649%	80,394,021	21,864,229	367.70%	61.87%
2017	4.085%	98,598,626	24,964,019	394.96%	59.37%
2018	4.287%	101,346,545	27,236,241	372.10%	62.49%
2019	4.368%	101,801,570	29,515,356	344.91%	64.19%
2020	4.435%	105,673,461	30,791,227	343.19%	64.43%
2021	4.461%	118,738,715	32,475,906	365.62%	62.00%
2022	4.229%	79,900,510	30,211,691	264.47%	73.38%
2023	4.233%	100,732,710	31,144,579	323.44%	67.86%
2024	4.065%	102,294,470	34,739,947	294.46%	68.52%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.075%	\$1,542,994	\$494,815	311.83%	60.66%
2016	0.066%	1,456,264	424,688	342.90%	59.25%
2017	0.053%	1,276,568	338,001	377.68%	57.15%
2018	0.046%	1,079,726	270,303	399.45%	57.90%
2019	0.042%	975,922	256,223	380.89%	59.22%
2020	0.147%	3,512,507	161,736	2171.75%	62.19%
2021	0.175%	4,647,756	161,005	2886.72%	53.60%
2022	0.214%	4,040,127	149,588	2700.84%	61.35%
2023	0.170%	4,056,987	179,557	2259.44%	59.54%
2024	0.158%	3,963,829	183,116	2164.65%	60.60%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.024%	\$500,655	\$160,470	311.99%	60.66%
2016	0.018%	402,524	117,500	342.57%	59.25%
2017	0.021%	511,119	135,355	377.61%	57.15%
2018	0.023%	542,546	135,623	400.04%	57.90%
2019	0.013%	308,902	81,140	380.70%	59.22%
2020	0.009%	217,227	53,795	403.81%	58.47%
2021	0.007%	174,012	38,085	456.90%	55.90%
2022	0.006%	119,200	38,085	312.98%	69.69%
2023	0.006%	153,804	38,334	401.22%	62.80%
2024	0.013%	323,772	82,462	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.010%	\$207,281	\$66,341	312.45%	60.66%
2016	0.011%	231,931	67,647	342.85%	59.25%
2017	0.015%	355,569	94,080	377.94%	57.15%
2018	0.019%	448,133	112,019	400.05%	57.90%
2019	0.019%	452,431	118,685	381.20%	59.22%
2020	0.020%	475,004	118,101	402.20%	58.47%
2021	0.021%	568,645	124,456	456.90%	55.90%
2022	0.021%	404,156	129,130	312.98%	69.69%
2023	0.023%	537,298	133,916	401.22%	62.80%
2024	0.022%	560,529	142,762	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.010%	\$198,239	\$63,752	310.95%	60.66%
2016	0.010%	218,549	63,752	342.81%	59.25%
2017	0.009%	213,601	56,396	378.75%	57.15%
2018	0.000%	0	0	N/A	N/A
2019	0.000%	0	0	N/A	N/A
2020	0.004%	101,953	0	N/A	58.22%
2021	0.005%	120,857	0	N/A	54.11%
2022	0.006%	106,775	0	N/A	61.75%
2023	0.005%	113,126	0	N/A	61.75%
2024	0.005%	132,705	0	N/A	60.38%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.925%	\$19,135,553	\$6,138,341	311.74%	60.66%
2016	1.011%	22,263,402	6,490,763	343.00%	59.25%
2017	0.992%	23,954,836	6,342,198	377.71%	57.15%
2018	1.050%	24,828,435	6,215,199	399.48%	57.90%
2019	1.091%	25,420,676	6,670,825	381.07%	59.22%
2020	1.099%	26,191,823	6,509,654	402.35%	58.47%
2021	1.050%	27,955,352	6,118,418	456.90%	55.90%
2022	1.030%	19,461,206	6,217,954	312.98%	69.69%
2023	1.024%	24,377,444	6,075,829	401.22%	62.80%
2024	0.982%	24,703,345	6,291,738	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.157%	\$3,248,181	\$1,041,816	311.78%	60.66%
2016	0.161%	3,538,099	1,031,557	342.99%	59.25%
2017	0.166%	4,009,961	1,061,688	377.70%	57.15%
2018	0.187%	4,413,319	1,104,807	399.47%	57.90%
2019	0.188%	4,388,960	1,151,669	381.10%	59.22%
2020	0.200%	4,760,174	1,182,856	402.43%	58.47%
2021	0.194%	5,163,331	1,130,067	456.90%	55.90%
2022	0.205%	3,865,316	1,234,988	312.98%	69.69%
2023	0.227%	5,400,397	1,345,994	401.22%	62.80%
2024	0.207%	5,220,405	1,329,594	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.130%	\$2,698,448	\$865,760	311.69%	60.66%
2016	0.137%	3,017,365	879,725	342.99%	59.25%
2017	0.136%	3,285,264	869,712	377.74%	57.15%
2018	0.157%	3,708,561	928,465	399.43%	57.90%
2019	0.170%	3,952,940	1,037,184	381.12%	59.22%
2020	0.180%	4,299,653	1,068,758	402.30%	58.47%
2021	0.197%	5,252,547	1,149,593	456.90%	55.90%
2022	0.192%	3,632,018	1,160,448	312.98%	69.69%
2023	0.207%	4,935,134	1,230,032	401.22%	62.80%
2024	0.198%	4,975,803	1,267,296	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	3.297%	\$68,213,462	\$21,882,301	311.73%	60.66%
2016	3.404%	74,985,888	21,862,199	342.99%	59.25%
2017	3.468%	83,711,648	22,163,475	377.70%	57.15%
2018	3.886%	91,852,721	22,993,004	399.48%	57.90%
2019	4.084%	95,186,053	24,978,663	381.07%	59.22%
2020	4.287%	102,135,944	25,384,117	402.36%	58.47%
2021	4.648%	123,717,825	27,077,369	456.90%	55.90%
2022	4.518%	85,354,840	27,271,303	312.98%	69.69%
2023	4.779%	113,722,982	28,344,293	401.22%	62.80%
2024	4.767%	119,958,246	30,552,374	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.000%	\$0	\$0	N/A	N/A
2016	0.000%	0	0	N/A	N/A
2017	0.015%	356,787	94,569	377.28%	57.15%
2018	0.012%	293,850	73,697	398.73%	57.90%
2019	0.017%	393,653	103,297	381.09%	59.22%
2020	0.021%	511,209	126,991	402.56%	58.47%
2021	0.030%	802,951	175,737	456.90%	55.90%
2022	0.033%	619,606	197,967	312.98%	69.69%
2023	0.027%	647,741	161,443	401.22%	62.80%
2024	0.028%	702,225	178,851	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.055%	\$1,147,467	\$368,139	311.69%	60.66%
2016	0.057%	1,261,130	367,764	342.92%	59.25%
2017	0.058%	1,401,253	371,112	377.58%	57.15%
2018	0.063%	1,485,315	371,617	399.69%	57.90%
2019	0.066%	1,548,627	406,579	380.89%	59.22%
2020	0.069%	1,642,239	408,157	402.35%	58.47%
2021	0.069%	1,841,340	403,003	456.90%	55.90%
2022	0.051%	962,166	307,417	312.98%	69.69%
2023	0.039%	938,815	233,990	401.22%	62.80%
2024	0.031%	775,922	197,621	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.081%	\$1,680,139	\$539,127	311.64%	60.66%
2016	0.100%	2,192,225	639,073	343.03%	59.25%
2017	0.087%	2,106,211	557,694	377.66%	57.15%
2018	0.090%	2,134,171	534,406	399.35%	57.90%
2019	0.087%	2,018,824	529,958	380.94%	59.22%
2020	0.090%	2,154,895	535,694	402.26%	58.47%
2021	0.086%	2,286,558	500,445	456.90%	55.90%
2022	0.076%	1,434,582	458,356	312.98%	69.69%
2023	0.068%	1,626,425	405,370	401.22%	62.80%
2024	0.067%	1,674,620	426,512	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.075%	\$1,556,010	\$499,003	311.82%	60.66%
2016	0.088%	1,939,112	565,203	343.08%	59.25%
2017	0.094%	2,276,602	602,654	377.76%	57.15%
2018	0.092%	2,184,728	546,838	399.52%	57.90%
2019	0.087%	2,037,976	534,764	381.10%	59.22%
2020	0.075%	1,779,816	442,331	402.37%	58.47%
2021	0.068%	1,812,784	396,753	456.90%	55.90%
2022	0.060%	1,134,489	362,475	312.98%	69.69%
2023	0.064%	1,534,454	382,447	401.22%	62.80%
2024	0.052%	1,297,867	330,556	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability

Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$2,379,776,881	\$1,889,381,755
• Pension Expense	309,448,006	255,707,142
• Employer Contributions	(316,837,594)	(287,063,044)
• New Net Deferred Inflows/Outflows	172,298,120	433,577,642
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion ¹	0	0
• Recognition of Prior Deferred Inflows/Outflows	(28,342,079)	88,173,386
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>0</u>	<u>0</u>
Ending Net Pension Liability	\$2,516,343,334	\$2,379,776,881

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$1,775,600,455	\$1,404,103,571
• Pension Expense	230,943,861	178,282,226
• Employer Contributions	(238,682,117)	(215,586,928)
• New Net Deferred Inflows/Outflows	130,459,848	323,501,192
• Change in Allocation of Prior Deferred Inflows/Outflows	1,351,718	(1,184,647)
• New Net Deferred Flows Due to Change in Proportion ¹	18,620,661	6,473,756
• Recognition of Prior Deferred Inflows/Outflows	(21,459,921)	65,787,975
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>8,478,033</u>	<u>14,223,310</u>
Ending Net Pension Liability	\$1,905,312,538	\$1,775,600,455

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$345,399,109	\$284,243,193
• Pension Expense	44,307,257	45,219,148
• Employer Contributions	(44,690,354)	(40,768,957)
• New Net Deferred Inflows/Outflows	23,584,850	62,929,148
• Change in Allocation of Prior Deferred Inflows/Outflows	(1,009,437)	2,118,471
• New Net Deferred Flows Due to Change in Proportion ¹	(13,584,107)	(10,300,967)
• Recognition of Prior Deferred Inflows/Outflows	(3,879,576)	12,797,422
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(5,680,684)</u>	<u>(10,838,349)</u>
Ending Net Pension Liability	\$344,447,058	\$345,399,109

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$100,732,710	\$79,900,510
• Pension Expense	11,472,371	10,914,298
• Employer Contributions	(13,728,508)	(12,366,719)
• New Net Deferred Inflows/Outflows	7,004,269	18,352,750
• Change in Allocation of Prior Deferred Inflows/Outflows	(205,010)	(15,740)
• New Net Deferred Flows Due to Change in Proportion ¹	(2,303,648)	241,782
• Recognition of Prior Deferred Inflows/Outflows	(1,152,163)	3,732,260
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>474,449</u>	<u>(26,431)</u>
Ending Net Pension Liability	\$102,294,470	\$100,732,710

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$4,056,987	\$4,040,127
• Pension Expense	866,247	865,405
• Employer Contributions	(461,000)	(519,000)
• New Net Deferred Inflows/Outflows	271,410	739,153
• Change in Allocation of Prior Deferred Inflows/Outflows	(15,840)	173,195
• New Net Deferred Flows Due to Change in Proportion ¹	(259,299)	(760,897)
• Recognition of Prior Deferred Inflows/Outflows	(44,645)	150,316
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(450,031)</u>	<u>(631,312)</u>
Ending Net Pension Liability	\$3,963,829	\$4,056,987

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$153,804	\$119,200
• Pension Expense	42,916	(50,996)
• Employer Contributions	(41,631)	(20,032)
• New Net Deferred Inflows/Outflows	22,169	28,022
• Change in Allocation of Prior Deferred Inflows/Outflows	7,830	(615)
• New Net Deferred Flows Due to Change in Proportion ¹	114,087	3,955
• Recognition of Prior Deferred Inflows/Outflows	(3,646)	5,698
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>28,243</u>	<u>68,572</u>
Ending Net Pension Liability	\$323,772	\$153,804

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$537,298	\$404,156
• Pension Expense	83,310	76,684
• Employer Contributions	(71,055)	(65,144)
• New Net Deferred Inflows/Outflows	38,380	97,892
• Change in Allocation of Prior Deferred Inflows/Outflows	(369)	(4,741)
• New Net Deferred Flows Due to Change in Proportion ¹	(4,976)	21,731
• Recognition of Prior Deferred Inflows/Outflows	(6,313)	19,908
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(15,746)</u>	<u>(13,188)</u>
Ending Net Pension Liability	\$560,529	\$537,298

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$113,126	\$106,775
• Pension Expense	34,424	24,264
• Employer Contributions	(13,000)	(22,000)
• New Net Deferred Inflows/Outflows	9,087	20,611
• Change in Allocation of Prior Deferred Inflows/Outflows	636	3,586
• New Net Deferred Flows Due to Change in Proportion ¹	6,301	(9,637)
• Recognition of Prior Deferred Inflows/Outflows	(1,494)	4,192
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(16,375)</u>	<u>(14,665)</u>
Ending Net Pension Liability	\$132,705	\$113,126

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$24,377,444	\$19,461,206
• Pension Expense	2,622,663	2,595,841
• Employer Contributions	(3,115,755)	(2,979,088)
• New Net Deferred Inflows/Outflows	1,691,478	4,441,389
• Change in Allocation of Prior Deferred Inflows/Outflows	(52,142)	22,658
• New Net Deferred Flows Due to Change in Proportion ¹	(751,018)	(72,152)
• Recognition of Prior Deferred Inflows/Outflows	(278,238)	903,212
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>208,913</u>	<u>4,378</u>
Ending Net Pension Liability	\$24,703,345	\$24,377,444

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$5,400,397	\$3,865,316
• Pension Expense	735,870	787,922
• Employer Contributions	(636,080)	(600,193)
• New Net Deferred Inflows/Outflows	357,450	983,912
• Change in Allocation of Prior Deferred Inflows/Outflows	(23,806)	(89,273)
• New Net Deferred Flows Due to Change in Proportion ¹	(361,441)	363,779
• Recognition of Prior Deferred Inflows/Outflows	(58,798)	200,090
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(193,187)</u>	<u>(111,156)</u>
Ending Net Pension Liability	\$5,220,405	\$5,400,397

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$4,935,134	\$3,632,018
• Pension Expense	688,619	715,069
• Employer Contributions	(561,099)	(531,577)
• New Net Deferred Inflows/Outflows	340,701	899,145
• Change in Allocation of Prior Deferred Inflows/Outflows	(11,786)	(60,500)
• New Net Deferred Flows Due to Change in Proportion ¹	(222,013)	223,604
• Recognition of Prior Deferred Inflows/Outflows	(56,043)	182,852
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(137,710)</u>	<u>(125,477)</u>
Ending Net Pension Liability	\$4,975,803	\$4,935,134

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$113,722,982	\$85,354,840
• Pension Expense	17,458,615	16,017,354
• Employer Contributions	(14,249,137)	(13,006,626)
• New Net Deferred Inflows/Outflows	8,213,736	20,719,481
• Change in Allocation of Prior Deferred Inflows/Outflows	(14,134)	(1,043,097)
• New Net Deferred Flows Due to Change in Proportion ¹	(875,472)	4,161,449
• Recognition of Prior Deferred Inflows/Outflows	(1,351,114)	4,213,563
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(2,947,230)</u>	<u>(2,693,982)</u>
Ending Net Pension Liability	\$119,958,246	\$113,722,982

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$647,741	\$619,606
• Pension Expense	127,992	131,081
• Employer Contributions	(80,317)	(66,557)
• New Net Deferred Inflows/Outflows	48,082	118,014
• Change in Allocation of Prior Deferred Inflows/Outflows	841	22,273
• New Net Deferred Flows Due to Change in Proportion ¹	5,829	(110,012)
• Recognition of Prior Deferred Inflows/Outflows	(7,909)	24,000
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(40,034)</u>	<u>(90,664)</u>
Ending Net Pension Liability	\$702,225	\$647,741

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$938,815	\$962,166
• Pension Expense	(65,101)	(1,993)
• Employer Contributions	(106,107)	(121,631)
• New Net Deferred Inflows/Outflows	53,129	171,045
• Change in Allocation of Prior Deferred Inflows/Outflows	(10,533)	45,840
• New Net Deferred Flows Due to Change in Proportion ¹	(145,962)	(200,960)
• Recognition of Prior Deferred Inflows/Outflows	(8,740)	34,784
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>120,421</u>	<u>49,564</u>
Ending Net Pension Liability	\$775,922	\$938,815

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$1,626,425	\$1,434,582
• Pension Expense	122,596	80,450
• Employer Contributions	(223,635)	(207,703)
• New Net Deferred Inflows/Outflows	114,664	296,323
• Change in Allocation of Prior Deferred Inflows/Outflows	(2,193)	30,300
• New Net Deferred Flows Due to Change in Proportion ¹	(21,744)	(128,114)
• Recognition of Prior Deferred Inflows/Outflows	(18,861)	60,261
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>77,368</u>	<u>60,326</u>
Ending Net Pension Liability	\$1,674,620	\$1,626,425

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$1,534,454	\$1,134,489
• Pension Expense	6,366	50,389
• Employer Contributions	(177,799)	(200,889)
• New Net Deferred Inflows/Outflows	88,867	279,565
• Change in Allocation of Prior Deferred Inflows/Outflows	(15,775)	(17,710)
• New Net Deferred Flows Due to Change in Proportion ¹	(217,198)	92,683
• Recognition of Prior Deferred Inflows/Outflows	(14,618)	56,853
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>93,570</u>	<u>139,074</u>
Ending Net Pension Liability	\$1,297,867	\$1,534,454

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of recognition of changes in total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience on Total Pension Liability (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30:¹

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	2023	2024	2025	2026	2027	2028	Thereafter
2018	\$(109,368)	5.11	\$(2,354)	\$0	\$0	\$0	\$0	\$0	\$0
2019	(80,208)	5.08	(15,789)	(1,263)	0	0	0	0	0
2020	(48,814)	5.05	(9,666)	(9,666)	(483)	0	0	0	0
2021	(23,991)	5.08	(4,723)	(4,723)	(4,723)	(378)	0	0	0
2022	(16,282)	4.90	(3,323)	(3,323)	(3,323)	(2,991)	0	0	0
2023	(69,170)	4.77	(14,501)	(14,501)	(14,501)	(14,501)	(11,166)	0	0
2024	(33,520)	4.64	N/A	(7,224)	(7,224)	(7,224)	(7,224)	(4,623)	0
Net increase/(decrease) in pension expense			\$(50,356)	\$(40,700)	\$(30,254)	\$(25,094)	\$(18,390)	\$(4,623)	\$0

Note: Results may not total due to rounding.

As described in *Section 2, Deferred outflows of resources and deferred inflows of resources*, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through KCERA (active and inactive employees) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 4.64 years.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 68 Information

Schedule of recognition of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition
of the Effects of Assumption Changes (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30	Effect of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30: ¹						
			2023	2024	2025	2026	2027	2028	Thereafter
2018	\$196,259	5.11	\$4,225	\$0	\$0	\$0	\$0	\$0	\$0
2019	0	5.08	0	0	0	0	0	0	0
2020	0	5.05	0	0	0	0	0	0	0
2021	151,379	5.08	29,799	29,799	29,799	2,384	0	0	0
2022	0	4.90	0	0	0	0	0	0	0
2023	0	4.77	0	0	0	0	0	0	0
2024	185,815	4.64	N/A	40,046	40,046	40,046	40,046	25,630	0
Net increase/(decrease) in pension expense			\$34,024	\$69,845	\$69,845	\$42,430	\$40,046	\$25,630	\$0

Note: Results may not total due to rounding.

As described in *Section 2, Deferred outflows of resources and deferred inflows of resources*, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through KCERA (active and inactive employees) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 4.64 years.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 68 Information

Schedule of recognition of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30:¹

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	2023	2024	2025	2026	2027	2028	Thereafter
2018	\$(160,062)	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	18,502	5.00	3,700	0	0	0	0	0	0
2020	87,733	5.00	17,547	17,547	0	0	0	0	0
2021	185,945	5.00	37,189	37,189	37,189	0	0	0	0
2022	(723,891)	5.00	(144,778)	(144,778)	(144,778)	(144,778)	0	0	0
2023	610,308	5.00	122,062	122,062	122,062	122,062	122,062	0	0
2024	66,032	5.00	N/A	13,206	13,206	13,206	13,206	13,206	0
Net increase/(decrease) in pension expense			\$35,719	\$45,225	\$27,679	\$(9,510)	\$135,268	\$13,206	\$0

Note: Results may not total due to rounding.

The differences between projected and actual earnings on pension plan investments are recognized over a five-year period per Paragraph 33b of GAS 68.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 68 Information

Schedule of recognition of changes in total Net Pension Liability (continued)

Total Increase (Decrease) in Pension Expense (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30:¹

Reporting Date for Employer under GAS 68 Year Ended June 30	Total Differences	2023	2024	2025	2026	2027	2028	Thereafter
2018	\$(73,170)	\$1,870	\$0	\$0	\$0	\$0	\$0	\$0
2019	(61,705)	(12,088)	(1,263)	0	0	0	0	0
2020	38,919	7,880	7,880	(483)	0	0	0	0
2021	313,333	62,265	62,265	62,265	2,006	0	0	0
2022	(740,174)	(148,101)	(148,101)	(148,101)	(147,769)	0	0	0
2023	541,138	107,561	107,561	107,561	107,561	110,896	0	0
2024	218,327	<u>N/A</u>	<u>46,029</u>	<u>46,029</u>	<u>46,029</u>	<u>46,029</u>	<u>34,213</u>	<u>0</u>
Net increase/(decrease) in pension expense		\$19,387	\$74,371	\$67,270	\$7,826	\$156,924	\$34,213	\$0

Note: Results may not total due to rounding.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability

In addition to the amounts shown in *Section 2, Schedule of recognition of changes in total Net Pension Liability*, there are changes in each employer's proportionate share of the total NPL during the measurement period ending on June 30, 2023. The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown above. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2023 are recognized over the same period. These amounts are shown on the following page, with the corresponding amounts for the measurement periods ending each June 30 beginning in 2018 shown on the pages after that. While these amounts are different for each employer, they sum to zero over the entire KCERA.

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer and Member Contributions for the Year Ended June 30, 2023

	Total Change	Recognition Period (Years)	2024	2025	2026	2027	2028	2029
Kern County	\$23,736,226	4.64	\$5,115,565	\$5,115,565	\$5,115,565	\$5,115,565	\$3,273,966	\$0
Kern County Hospital Authority	(17,316,005)	4.64	(3,731,898)	(3,731,898)	(3,731,898)	(3,731,898)	(2,388,413)	0
Kern County Superior Courts	(2,936,518)	4.64	(632,870)	(632,870)	(632,870)	(632,870)	(405,038)	0
Berrenda Mesa Water District	(330,535)	4.64	(71,236)	(71,236)	(71,236)	(71,236)	(45,591)	0
Buttonwillow Recreation and Park District	145,430	4.64	31,343	31,343	31,343	31,343	20,058	0
East Kern Cemetery District	(6,343)	4.64	(1,367)	(1,367)	(1,367)	(1,367)	(875)	0
Inyokern Community Services District	8,032	4.64	1,731	1,731	1,731	1,731	1,108	0
Kern County Water Agency	(957,342)	4.64	(206,324)	(206,324)	(206,324)	(206,324)	(132,046)	0
Kern Mosquito and Vector Control District	(460,738)	4.64	(99,297)	(99,297)	(99,297)	(99,297)	(63,550)	0
North of the River Sanitation District	(283,005)	4.64	(60,992)	(60,992)	(60,992)	(60,992)	(39,037)	0
San Joaquin Valley Unified Air Pollution Control District	(1,115,986)	4.64	(240,514)	(240,514)	(240,514)	(240,514)	(153,930)	0
Shafter Recreation and Park District	7,431	4.64	1,602	1,602	1,602	1,602	1,023	0
West Side Cemetery District	(186,062)	4.64	(40,100)	(40,100)	(40,100)	(40,100)	(25,662)	0
West Side Mosquito and Vector Control District	(27,717)	4.64	(5,973)	(5,973)	(5,973)	(5,973)	(3,825)	0
West Side Recreation and Park District	<u>(276,868)</u>	4.64	<u>(59,670)</u>	<u>(59,670)</u>	<u>(59,670)</u>	<u>(59,670)</u>	<u>(38,188)</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer and Member Contributions for the Year Ended June 30, 2022

	Total Change	Recognition Period (Years)	2023	2024	2025	2026	2027	2028
Kern County	\$8,190,935	4.77	\$1,717,179	\$1,717,179	\$1,717,179	\$1,717,179	\$1,322,219	\$0
Kern County Hospital Authority	(13,033,319)	4.77	(2,732,352)	(2,732,352)	(2,732,352)	(2,732,352)	(2,103,911)	0
Kern County Superior Courts	305,915	4.77	64,133	64,133	64,133	64,133	49,383	0
Berrenda Mesa Water District	(962,727)	4.77	(201,830)	(201,830)	(201,830)	(201,830)	(155,407)	0
Buttonwillow Recreation and Park District	5,004	4.77	1,049	1,049	1,049	1,049	808	0
East Kern Cemetery District	27,495	4.77	5,764	5,764	5,764	5,764	4,439	0
Inyokern Community Services District	(12,193)	4.77	(2,556)	(2,556)	(2,556)	(2,556)	(1,969)	0
Kern County Water Agency	(91,290)	4.77	(19,138)	(19,138)	(19,138)	(19,138)	(14,738)	0
Kern Mosquito and Vector Control District	460,272	4.77	96,493	96,493	96,493	96,493	74,300	0
North of the River Sanitation District	282,915	4.77	59,311	59,311	59,311	59,311	45,671	0
San Joaquin Valley Unified Air Pollution Control District	5,265,281	4.77	1,103,832	1,103,832	1,103,832	1,103,832	849,953	0
Shafter Recreation and Park District	(139,193)	4.77	(29,181)	(29,181)	(29,181)	(29,181)	(22,469)	0
West Side Cemetery District	(254,265)	4.77	(53,305)	(53,305)	(53,305)	(53,305)	(41,045)	0
West Side Mosquito and Vector Control District	(162,097)	4.77	(33,983)	(33,983)	(33,983)	(33,983)	(26,165)	0
West Side Recreation and Park District	<u>117,267</u>	4.77	<u>24,584</u>	<u>24,584</u>	<u>24,584</u>	<u>24,584</u>	<u>18,931</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer and Member Contributions for the Year Ended June 30, 2021

	Total Change	Recognition Period (Years)	2022	2023	2024	2025	2026	2027
Kern County	\$(6,857,067)	4.90	\$(1,399,402)	\$(1,399,402)	\$(1,399,402)	\$(1,399,402)	\$(1,259,459)	\$0
Kern County Hospital Authority	15,916,363	4.90	3,248,237	3,248,237	3,248,237	3,248,237	2,923,415	0
Kern County Superior Courts	(5,593,557)	4.90	(1,141,542)	(1,141,542)	(1,141,542)	(1,141,542)	(1,027,389)	0
Berrenda Mesa Water District	848,213	4.90	173,105	173,105	173,105	173,105	155,793	0
Buttonwillow Recreation and Park District	(3,113)	4.90	(635)	(635)	(635)	(635)	(573)	0
East Kern Cemetery District	2,889	4.90	590	590	590	590	529	0
Inyokern Community Services District	11,800	4.90	2,408	2,408	2,408	2,408	2,168	0
Kern County Water Agency	(334,577)	4.90	(68,281)	(68,281)	(68,281)	(68,281)	(61,453)	0
Kern Mosquito and Vector Control District	281,901	4.90	57,531	57,531	57,531	57,531	51,777	0
North of the River Sanitation District	(161,832)	4.90	(33,027)	(33,027)	(33,027)	(33,027)	(29,724)	0
San Joaquin Valley Unified Air Pollution Control District	(3,336,508)	4.90	(680,920)	(680,920)	(680,920)	(680,920)	(612,828)	0
Shafter Recreation and Park District	53,955	4.90	11,011	11,011	11,011	11,011	9,911	0
West Side Cemetery District	(427,963)	4.90	(87,339)	(87,339)	(87,339)	(87,339)	(78,607)	0
West Side Mosquito and Vector Control District	(224,600)	4.90	(45,837)	(45,837)	(45,837)	(45,837)	(41,252)	0
West Side Recreation and Park District	<u>(175,904)</u>	4.90	<u>(35,899)</u>	<u>(35,899)</u>	<u>(35,899)</u>	<u>(35,899)</u>	<u>(32,308)</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer and Member Contributions for the Year Ended June 30, 2020

	Total Change	Recognition Period (Years)	2021	2022	2023	2024	2025	2026
Kern County	\$(26,086,134)	5.08	\$(5,135,066)	\$(5,135,066)	\$(5,135,066)	\$(5,135,066)	\$(5,135,066)	\$(410,804)
Kern County Hospital Authority	18,183,528	5.08	3,579,435	3,579,435	3,579,435	3,579,435	3,579,435	286,353
Kern County Superior Courts	945,705	5.08	186,162	186,162	186,162	186,162	186,162	14,895
Berrenda Mesa Water District	245,726	5.08	48,371	48,371	48,371	48,371	48,371	3,871
Buttonwillow Recreation and Park District	(60,327)	5.08	(11,875)	(11,875)	(11,875)	(11,875)	(11,875)	(952)
East Kern Cemetery District	32,867	5.08	6,470	6,470	6,470	6,470	6,470	517
Inyokern Community Services District	(6,215)	5.08	(1,223)	(1,223)	(1,223)	(1,223)	(1,223)	(100)
Kern County Water Agency	(1,134,183)	5.08	(223,264)	(223,264)	(223,264)	(223,264)	(223,264)	(17,863)
Kern Mosquito and Vector Control District	(138,840)	5.08	(27,331)	(27,331)	(27,331)	(27,331)	(27,331)	(2,185)
North of the River Sanitation District	329,251	5.08	64,813	64,813	64,813	64,813	64,813	5,186
San Joaquin Valley Unified Air Pollution Control District	7,721,218	5.08	1,519,925	1,519,925	1,519,925	1,519,925	1,519,925	121,593
Shafter Recreation and Park District	186,464	5.08	36,705	36,705	36,705	36,705	36,705	2,939
West Side Cemetery District	17,648	5.08	3,474	3,474	3,474	3,474	3,474	278
West Side Mosquito and Vector Control District	(93,568)	5.08	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(1,473)
West Side Recreation and Park District	<u>(143,140)</u>	5.08	<u>(28,177)</u>	<u>(28,177)</u>	<u>(28,177)</u>	<u>(28,177)</u>	<u>(28,177)</u>	<u>(2,255)</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer and Member Contributions for the Year Ended June 30, 2019

	Total Change	Recognition Period (Years)	2020	2021	2022	2023	2024	2025
Kern County	\$(16,601,122)	5.05	\$(3,287,351)	\$(3,287,351)	\$(3,287,351)	\$(3,287,351)	\$(3,287,351)	\$(164,367)
Kern County Hospital Authority	6,678,985	5.05	1,322,571	1,322,571	1,322,571	1,322,571	1,322,571	66,130
Kern County Superior Courts	1,894,164	5.05	375,082	375,082	375,082	375,082	375,082	18,754
Berrenda Mesa Water District	2,180,907	5.05	431,863	431,863	431,863	431,863	431,863	21,592
Buttonwillow Recreation and Park District	(67,126)	5.05	(13,292)	(13,292)	(13,292)	(13,292)	(13,292)	(666)
East Kern Cemetery District	14,229	5.05	2,818	2,818	2,818	2,818	2,818	139
Inyokern Community Services District	89,616	5.05	17,746	17,746	17,746	17,746	17,746	886
Kern County Water Agency	445,258	5.05	88,170	88,170	88,170	88,170	88,170	4,408
Kern Mosquito and Vector Control District	333,938	5.05	66,126	66,126	66,126	66,126	66,126	3,308
North of the River Sanitation District	218,548	5.05	43,277	43,277	43,277	43,277	43,277	2,163
San Joaquin Valley Unified Air Pollution Control District	4,784,203	5.05	947,367	947,367	947,367	947,367	947,367	47,368
Shafter Recreation and Park District	101,228	5.05	20,045	20,045	20,045	20,045	20,045	1,003
West Side Cemetery District	77,967	5.05	15,439	15,439	15,439	15,439	15,439	772
West Side Mosquito and Vector Control District	113,403	5.05	22,456	22,456	22,456	22,456	22,456	1,123
West Side Recreation and Park District	<u>(264,198)</u>	5.05	<u>(52,317)</u>	<u>(52,317)</u>	<u>(52,317)</u>	<u>(52,317)</u>	<u>(52,317)</u>	<u>(2,613)</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer and Member Contributions for the Year Ended June 30, 2018

	Total Change	Recognition Period (Years)	2019	2020	2021	2022	2023	2024
Kern County	\$(23,710,493)	5.08	\$(4,667,420)	\$(4,667,420)	\$(4,667,420)	\$(4,667,420)	\$(4,667,420)	\$(373,393)
Kern County Hospital Authority	16,687,313	5.08	3,284,904	3,284,904	3,284,904	3,284,904	3,284,904	262,793
Kern County Superior Courts	2,649,131	5.08	521,483	521,483	521,483	521,483	521,483	41,716
Berrenda Mesa Water District	(93,788)	5.08	(18,462)	(18,462)	(18,462)	(18,462)	(18,462)	(1,478)
Buttonwillow Recreation and Park District	(221,630)	5.08	(43,628)	(43,628)	(43,628)	(43,628)	(43,628)	(3,490)
East Kern Cemetery District	6,664	5.08	1,312	1,312	1,312	1,312	1,312	104
Inyokern Community Services District	0	5.08	0	0	0	0	0	0
Kern County Water Agency	863,665	5.08	170,013	170,013	170,013	170,013	170,013	13,600
Kern Mosquito and Vector Control District	23,398	5.08	4,606	4,606	4,606	4,606	4,606	368
North of the River Sanitation District	211,691	5.08	41,671	41,671	41,671	41,671	41,671	3,336
San Joaquin Valley Unified Air Pollution Control District	3,621,056	5.08	712,806	712,806	712,806	712,806	712,806	57,026
Shafter Recreation and Park District	92,309	5.08	18,171	18,171	18,171	18,171	18,171	1,454
West Side Cemetery District	83,215	5.08	16,381	16,381	16,381	16,381	16,381	1,310
West Side Mosquito and Vector Control District	(100,775)	5.08	(19,838)	(19,838)	(19,838)	(19,838)	(19,838)	(1,585)
West Side Recreation and Park District	<u>(111,756)</u>	5.08	<u>(21,999)</u>	<u>(21,999)</u>	<u>(21,999)</u>	<u>(21,999)</u>	<u>(21,999)</u>	<u>(1,761)</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

For June 30, 2023 Measurement Date and Employer Reporting as of June 30, 2024:

Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated May 24, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to members for all tiers. These assumptions were adopted by the Board.
<u>Economic Assumptions</u>	
Net Investment Return:	7.00%; net of investment expenses. Based on the Actuarial Experience Study reference above, expected investment expenses represent about 0.05% of the Actuarial Value of Assets.
Administrative Expenses:	0.95% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.
Member Contribution Crediting Rate:	7.00%, compounded semi-annually.
Consumer Price Index (CPI) and Cost of Living Adjustments (COLA):	CPI increase of 2.50% per year. Retiree COLA increases due to CPI are assumed to be 2.50% per year.
Payroll Growth:	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 2.50% per year from the valuation date.
Increase in Section 7522.10 Compensation Limit:	Increase of 2.50% per year from the valuation date.

Section 3: Actuarial Assumptions and Methods and Appendices

Salary Increases:

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across the board” salary increases of 0.50% per year, plus
- The following merit and promotion increases:

Years of Service	Merit and Promotion Increases	
	Rate (%)	
	General	Safety
Less than 1	5.00	7.00
1 – 2	5.25	8.00
2 – 3	4.50	6.00
3 – 4	4.00	5.50
4 – 5	3.25	5.00
5 – 6	2.75	4.00
6 – 7	2.25	3.50
7 – 8	2.00	3.00
8 – 9	1.75	2.00
9 – 10	1.50	1.75
10 – 11	1.25	1.25
11 – 12	1.15	1.25
12 – 13	1.05	1.25
13 – 14	1.00	1.25
14 – 15	0.90	1.25
15 – 16	0.80	1.00
16 & Over	0.70	1.00

Section 3: Actuarial Assumptions and Methods and Appendices

Demographic Assumptions:

Post-Retirement Mortality Rates:

Healthy

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

- **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries

- **Beneficiaries not currently in Pay Status:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Beneficiaries in Pay Status:** Pub-2010 General Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above with generational projection to the ages of participants as of the measurement date reasonably reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Section 3: Actuarial Assumptions and Methods and Appendices

Pre-Retirement Mortality Rates:

- **General Members:** Pub-2010 General Employee Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP 2021.
- **Safety Members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Age	Rate (%)			
	General		Safety	
	Male	Female	Male	Female
25	0.03	0.01	0.03	0.02
30	0.04	0.01	0.04	0.02
35	0.05	0.02	0.04	0.03
40	0.07	0.04	0.05	0.04
45	0.10	0.06	0.07	0.06
50	0.15	0.08	0.10	0.08
55	0.22	0.12	0.15	0.11
60	0.32	0.19	0.23	0.14
65	0.47	0.30	0.35	0.20

Note that generational projections beyond the base year (2010) are not reflected in the above mortality rates. All pre-retirement deaths are assumed to be non-service connected.

Mortality Rates for Member Contributions:

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 30% male and 70% female.
- **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 80% male and 20% female.

Section 3: Actuarial Assumptions and Methods and Appendices

Disability Incidence:

Age	Rate (%)	
	General	Safety
20	0.02	0.05
25	0.02	0.07
30	0.03	0.10
35	0.06	0.18
40	0.08	0.33
45	0.11	0.46
50	0.16	1.01
55	0.22	2.34
60	0.31	3.75
65	0.35	4.25

50% of General disabilities are assumed to be service connected disabilities.
 The other 50% are assumed to be non-service connected disabilities.
 90% of Safety disabilities are assumed to be service connected disabilities.
 The other 10% are assumed to be non-service connected disabilities.

Section 3: Actuarial Assumptions and Methods and Appendices

Termination:

Years of Service	Rate (%)	
	General	Safety
Less than 1	20.00	11.00
1 – 2	15.00	9.00
2 – 3	12.00	8.00
3 – 4	11.00	7.00
4 – 5	9.00	6.50
5 – 6	8.50	5.50
6 – 7	8.00	4.75
7 – 8	7.50	4.50
8 – 9	6.50	4.25
9 – 10	5.00	4.00
10 – 11	4.50	3.50
11 – 12	4.00	3.25
12 – 13	3.75	3.00
13 – 14	3.50	2.00
14 – 15	3.25	2.00
15 – 16	3.00	2.00
16 – 17	2.75	1.00
17 – 18	2.25	0.90
18 – 19	2.00	0.80
19 – 20	1.90	0.75
20 – 21	1.75	0.00
21 – 22	1.50	0.00
22 – 23	1.25	0.00
23 – 24	1.00	0.00
24 – 25	1.00	0.00
25 – 26	1.00	0.00
26 – 27	1.00	0.00
27 – 28	1.00	0.00
28 – 29	1.00	0.00
29 – 30	1.00	0.00
30 & Over	0.00	0.00

Refer to the next table that contains rates for electing a refund of contributions upon termination. No termination is assumed after a member is first assumed to retire.

Section 3: Actuarial Assumptions and Methods and Appendices

Electing a Refund of Contributions upon Termination:

Proportion of Total Terminations Assumed to Elect a Refund of Contributions Upon Termination

Years of Service	Rate (%)	
	General	Safety
Less than 5	100.00	100.00
5 – 10	25.00	30.00
10 – 15	15.00	12.00
15 – 20	15.00	12.00
20 & Over	0.00	0.00

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates:

Rate (%)				
General				
Tier I				
Age	Less Than 25 Years of Service	25 or More Years of Service	Tier IIA and IIB	Tier III
50	10.00	10.00	5.00	0.00
51	6.00	6.00	3.00	0.00
52	6.00	10.00	3.00	3.00
53	5.00	12.00	3.00	3.00
54	5.00	12.00	3.25	3.25
55	5.00	12.00	3.50	3.50
56	6.00	14.00	4.00	4.00
57	5.00	16.00	4.50	4.50
58	9.00	20.00	6.50	6.50
59	14.00	24.00	11.00	11.00
60	20.00	30.00	12.00	12.00
61	14.00	24.00	13.00	13.00
62	20.00	30.00	20.00	20.00
63	20.00	30.00	20.00	20.00
64	20.00	30.00	20.00	20.00
65	33.00	33.00	33.00	33.00
66	33.00	33.00	33.00	33.00
67	30.00	30.00	30.00	30.00
68	30.00	30.00	30.00	30.00
69	35.00	35.00	35.00	35.00
70	100.00	100.00	100.00	100.00

The retirement rates only apply to members who are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates (continued):

Age	Rate (%)		
	Safety		
	Tier I		
	Less Than 25 Years of Service	25 or More Years of Service	Tier IIA and IIB
41	5.00	5.00	0.00
42	5.00	5.00	0.00
43	5.00	5.00	0.00
44	5.00	5.00	0.00
45	5.00	5.00	0.00
46	5.00	5.00	0.00
47	8.00	8.00	0.00
48	8.00	8.00	0.00
49	22.00	36.00	0.00
50	16.00	36.00	5.00
51	10.00	30.00	3.00
52	10.00	30.00	3.00
53	10.00	30.00	5.00
54	12.00	28.00	11.00
55	14.00	28.00	13.00
56	14.00	28.00	12.00
57	14.00	28.00	12.00
58	14.00	28.00	12.00
59	14.00	28.00	12.00
60	30.00	60.00	15.00
61	30.00	60.00	15.00
62	30.00	60.00	30.00
63	30.00	60.00	30.00
64	30.00	60.00	30.00
65	100.00	100.00	100.00

The retirement rates only apply to members who are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Age and Benefit for Deferred Vested Members:	<p>For current and future deferred vested members, retirement assumptions are as follows:</p> <p>General Non-Reciprocal Retirement Age: 56 General Reciprocal Retirement Age: 60 Safety Retirement Age: 51</p> <p>We assume that 45% of future General and 60% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocal members, we assume 3.70% and 4.00% compensation increases per annum for General and Safety members, respectively.</p>
Future Benefit Accruals:	1.0 year of service per year of employment.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	All active members of KCERA as of the valuation date.
Form of Payment:	All active and inactive members are assumed to elect the unmodified option at retirement.
Percent Married:	For all active and inactive members, 65% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.
Age and Gender of Spouse:	For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.
<u>Actuarial Methods</u>	
Actuarial Cost Method:	Entry Age Actuarial Cost Method. Entry Age is the age on the valuation date minus the lesser of years of employment or years of benefit service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.
Expected Remaining Service Lives:	<p>The average of the expected service lives of all employees is determined by:</p> <ul style="list-style-type: none"> • Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest. • Setting the remaining service life to zero for each nonactive or retired member. • Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Section 3: Actuarial Assumptions and Methods and Appendices

Changed Actuarial Assumptions and Methods:	Based on the Actuarial Experience Study, the following assumptions were changed. Previously these assumptions and methods were as follows:
<i>Net Investment Return:</i>	7.25%; net of investment expenses. Expected investment expenses represent about 0.40% of the Market Value of Assets.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.
<i>Member Contribution Crediting Rate:</i>	7.25%, compounded semi-annually.
<i>Consumer Price Index (CPI) and Cost of Living Adjustments (COLA):</i>	CPI increase of 2.75% per year. Retiree COLA increases due to CPI are assumed to be 2.50% per year.
<i>Payroll Growth:</i>	Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year.
<i>Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:</i>	Increase of 2.75% per year from the valuation date.
<i>Increase in Section 7522.10 Compensation Limit:</i>	Increase of 2.75% per year from the valuation date.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Salary Increases:

The annual rate of compensation increase includes: inflation at 2.75%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Merit and Promotion Increases	
	Rate (%)	
	General	Safety
Less than 1	5.50	8.75
1 – 2	4.50	7.00
2 – 3	4.00	5.50
3 – 4	3.50	5.00
4 – 5	3.00	4.50
5 – 6	2.50	4.00
6 – 7	2.25	3.50
7 – 8	1.75	2.50
8 – 9	1.50	1.50
9 – 10	1.25	1.25
10 – 11	1.15	1.00
11 – 12	1.05	0.80
12 – 13	0.95	0.75
13 – 14	0.85	0.70
14 – 15	0.75	0.65
15 – 16	0.75	0.60
16 – 17	0.75	0.55
17 – 18	0.75	0.50
18 – 19	0.75	0.50
19 – 20	0.75	0.50
20 & Over	0.75	0.50

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Post-Retirement Mortality Rates:

Healthy

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

Disabled

- **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Beneficiaries

- **General and Safety Members:** Pub-2010 General Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Pre-Retirement Mortality Rates:

- **General Members:** Pub-2010 General Employee Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety Members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

Age	Rate (%)			
	General		Safety	
	Male	Female	Male	Female
25	0.03	0.01	0.03	0.02
30	0.04	0.01	0.04	0.02
35	0.05	0.02	0.04	0.03
40	0.07	0.04	0.05	0.04
45	0.10	0.06	0.07	0.06
50	0.15	0.08	0.10	0.08
55	0.22	0.12	0.15	0.11
60	0.32	0.19	0.23	0.14
65	0.47	0.30	0.35	0.20

All pre-retirement deaths are assumed to be non-service connected. Note that generational projections beyond the base year (2010) are not reflected in the above mortality rates.

Mortality Rates for Member Contributions:

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 30% male and 70% female.
- **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 80% male and 20% female.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Disability Incidence:

Age	Rate (%)	
	General	Safety
20	0.02	0.05
25	0.03	0.07
30	0.04	0.10
35	0.07	0.19
40	0.09	0.28
45	0.13	0.39
50	0.18	1.08
55	0.26	2.55
60	0.36	3.70
65	0.40	4.00
70	0.00	0.00

50% of General disabilities are assumed to be service connected (duty) disabilities and the other 50% are assumed to be non-service connected (ordinary) disabilities.

90% of Safety disabilities are assumed to be service connected (duty) disabilities and the other 10% are assumed to be non-service connected (ordinary) disabilities.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Termination:

Years of Service	Rate (%)	
	General	Safety
Less than 1	17.00	9.00
1 – 2	13.00	8.00
2 – 3	10.00	7.00
3 – 4	9.00	6.00
4 – 5	8.50	5.00
5 – 6	8.00	4.00
6 – 7	7.00	3.50
7 – 8	6.00	3.25
8 – 9	5.00	3.00
9 – 10	4.00	2.60
10 – 11	3.75	2.20
11 – 12	3.50	1.80
12 – 13	3.25	1.60
13 – 14	3.00	1.40
14 – 15	2.75	1.20
15 – 16	2.50	1.00
16 – 17	2.30	0.90
17 – 18	2.10	0.75
18 – 19	1.90	0.75
19 – 20	1.70	0.75
20 – 21	1.50	0.00
21 – 22	1.30	0.00
22 – 23	1.10	0.00
23 – 24	1.00	0.00
24 – 25	1.00	0.00
25 – 26	1.00	0.00
26 – 27	1.00	0.00
27 – 28	1.00	0.00
28 – 29	1.00	0.00
29 – 30	1.00	0.00
30 & Over	0.00	0.00

Refer to the next table that contains rates for electing a refund of contributions upon termination. No termination is assumed after a member is first assumed to retire.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

*Electing a Refund of Contributions
upon Termination:*

Years of Service	Rate (%)	
	General	Safety
Less than 5	100.00	100.00
5 – 6	36.00	44.00
6 – 7	34.00	40.00
7 – 8	32.00	38.00
8 – 9	30.00	32.00
9 – 10	28.00	30.00
10 – 11	26.00	26.00
11 – 12	25.00	25.00
12 – 13	24.00	21.00
13 – 14	23.00	18.00
14 – 15	22.00	15.00
15 – 16	21.00	12.00
16 – 17	18.00	10.00
17 – 18	16.00	8.00
18 – 19	14.00	6.00
19 – 20	13.00	4.00
20 – 21	12.00	0.00
21 – 22	11.00	0.00
22 – 23	10.00	0.00
23 – 24	8.00	0.00
24 – 25	6.00	0.00
25 – 26	4.00	0.00
26 – 27	2.00	0.00
27 & Over	0.00	0.00

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Retirement Rates:

Age	Rate (%)						
	General Tier I		General Tiers IIA and IIB	General Tier III	Safety Tier I		Safety Tiers IIA and IIB
	<25 Years of Service	>25 Years of Service			<25 Years of Service	>25 Years of Service	
45	0.00	0.00	0.00	0.00	5.00	5.00	0.00
46	0.00	0.00	0.00	0.00	5.00	5.00	0.00
47	0.00	0.00	0.00	0.00	5.00	5.00	0.00
48	0.00	0.00	0.00	0.00	5.00	5.00	0.00
49	0.00	0.00	0.00	0.00	25.00	25.00	0.00
50	10.00	10.00	5.00	0.00	10.00	30.00	3.00
51	6.00	6.00	3.00	0.00	8.00	24.00	3.00
52	6.00	12.00	3.00	3.00	8.00	24.00	3.00
53	6.00	12.00	3.00	3.00	8.00	24.00	5.00
54	6.00	12.00	3.50	3.50	12.00	24.00	11.00
55	6.00	12.00	4.00	4.00	14.00	28.00	13.00
56	6.00	14.00	4.50	4.50	14.00	28.00	12.00
57	6.00	16.00	5.00	5.00	8.00	28.00	12.00
58	9.00	18.00	6.50	6.50	8.00	28.00	12.00
59	16.00	24.00	11.00	11.00	14.00	28.00	12.00
60	20.00	35.00	12.00	12.00	25.00	28.00	12.00
61	16.00	28.00	13.00	13.00	25.00	50.00	12.00
62	20.00	35.00	20.00	20.00	25.00	50.00	25.00
63	20.00	30.00	20.00	20.00	25.00	50.00	25.00
64	20.00	30.00	20.00	20.00	25.00	50.00	25.00
65	35.00	35.00	35.00	35.00	100.00	100.00	100.00
66	35.00	35.00	35.00	35.00	100.00	100.00	100.00
67	35.00	35.00	35.00	35.00	100.00	100.00	100.00
68	35.00	35.00	35.00	35.00	100.00	100.00	100.00
69	40.00	40.00	40.00	40.00	100.00	100.00	100.00
70	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Retirement Age and Benefit for Deferred Vested Members:

For current and future deferred vested members, retirement age assumptions are as follows:

General Retirement Age: 57

Safety Retirement Age: 53

We assume that 45% of future General and 60% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocal members, we assume 4.00% and 3.75% compensation increases per annum for General and Safety members, respectively.

Percent Married:

For all active and inactive members, 70% of male members and 60% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.

Section 3: Actuarial Assumptions and Methods and Appendices

Appendix A: Projection of Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2023 (\$ in millions)

Year Beginning June 30	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2022	\$5,131	\$376	\$418	\$7	\$304	\$5,387
2023	5,387	364	464	5	373	5,654
2024	5,654	368	459	5	392	5,951
2025	5,951	373	476	5	412	6,256
2026	6,256	385	494	5	434	6,577
2027	6,577	395	511	4	456	6,912
2028	6,912	399	531	4	479	7,255
2029	7,255	402	550	4	503	7,605
2030	7,605	395	570	4	526	7,953
2031	7,953	394	589	4	550	8,304
2062	6,870	1	688	0*	457	6,640
2063	6,640	1	675	0*	441	6,407
2064	6,407	0*	661	0*	425	6,172
2065	6,172	0*	645	0*	409	5,937
2066	5,937	0*	628	0*	394	5,703
2097	4,992	0	25	0	349	5,315
2098	5,315	0	20	0	371	5,667
2099	5,667	0	15	0	396	6,048
2100	6,048	0	11	0	423	6,459
2101	6,459	0	8	0	452	6,903
2137	73,514	0	0*	0	5,146	78,659
2138	78,659					
2138 Discounted Value	33**					

* Less than \$1 million when rounded.

** \$78,659 million when discounted with interest at the rate of 7.00% per annum has a value of \$33 million (or 0.61% of the Plan's Fiduciary Net Position) as of the June 30, 2023 measurement date.

Section 3: Actuarial Assumptions and Methods and Appendices

Notes:

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning July 1, 2022 row are actual amounts, based on the final audited financial statements provided by KCERA.
3. Various years have been omitted from this table.
4. **Column (a):** Except for the "discounted value" shown for 2138, none of the projected beginning Plan's Fiduciary Net Position amounts shown have been adjusted for the time value of money.
5. **Column (b):** Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2022); plus employer contributions to the unfunded actuarial accrued liability; plus employer and employee contributions to fund each year's annual administrative expenses, based on the Plan's funding policy. Contributions are assumed to occur halfway through the year, on average.
6. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2022. The projected benefit payments reflect the cost of living increase assumption of 2.50% per annum and include projected benefits associated with the Supplemental Retiree Benefit Reserve, including applicable cost of living increases on those benefits. Benefit payments are assumed to occur halfway through the year, on average.
7. **Column (d):** Projected administrative expenses are calculated as approximately 0.95% of the closed group payroll. Administrative expenses are assumed to occur halfway through the year, on average.
8. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.
9. As illustrated in this Appendix, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2023 shown earlier in this report, pursuant to Paragraph 44 of GASB Statement No. 67.
10. This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of Plan's Fiduciary Net Position and the discounting of benefits is part of the model.

Section 3: Actuarial Assumptions and Methods and Appendices

Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement 68. The terms may have different meanings in other contexts.

Active Employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual Contributions	Cash contributions recognized as additions to a pension Plan's Fiduciary Net Position.
Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Closed Period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.

Section 3: Actuarial Assumptions and Methods and Appendices

Collective Net Pension Liability	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective Pension Expense	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions	Additions to a Pension Plan's Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to the pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.
Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Section 3: Actuarial Assumptions and Methods and Appendices

Discount Rate:	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan's Fiduciary Net Position is projected (under the requirements of Statement 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.
Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.

Section 3: Actuarial Assumptions and Methods and Appendices

Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

5822716v2/13452.005



Date: June 12, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **Agreement for Actuarial Audit Services**

The Board of Retirement's Monitoring and Reporting Policy identifies reports that it is to receive on a regular basis. An actuarial audit is one such report. The Board of Retirement's Finance Committee Charter requires the Finance Committee to timely monitor initiation and completion of an actuarial audit. An actuarial audit is an independent review of the validity of the analyses and methodologies used by the consulting actuary, Segal, in preparing KCERA's actuarial valuation. The actuarial audit is performed by a third-party actuary every three to five years. The last actuarial audit was performed in 2020.

The scope of the actuarial audit consists of the following:

- Perform a peer review audit of the Actuarial Experience Study during the period July 1, 2019 through June 30, 2022 and a review of economic actuarial assumptions.
- Conduct a parallel valuation (independent reproduction of the detailed valuation results) of KCERA's June 30, 2023 valuation, including the SRBR valuation and the GASB 67 valuation.
- Communicate the peer review results to the consulting actuary, Segal, prior to the completion of the June 30, 2024 valuations so that Segal may consider such adjustments and recommendations for inclusion in the June 30, 2024 valuations.

On March 29, 2024, KCERA issued a Request for Proposal (RFP) for actuarial audit services. On May 29, 2024, after a thorough review of RFP proposals by the Evaluation Committee, the Evaluation Committee recommended and Finance Committee approved the selection of Cheiron, Inc. as the actuarial auditor. The agreement with Cheiron, Inc. is now before your board for consideration.

Therefore, it is recommended that the Board of Retirement approve Cheiron, Inc. to perform the scope of services listed above.

Appendix E

Attachment 4: Dollar Cost Bid

ATTACHMENT 4

DOLLAR COST BID
NOT-TO-EXCEED MAXIMUM PRICE

Actuarial Audit Services \$ 75,000

Basic Retainer
(if required) \$ N/A

Date: June 12, 2024

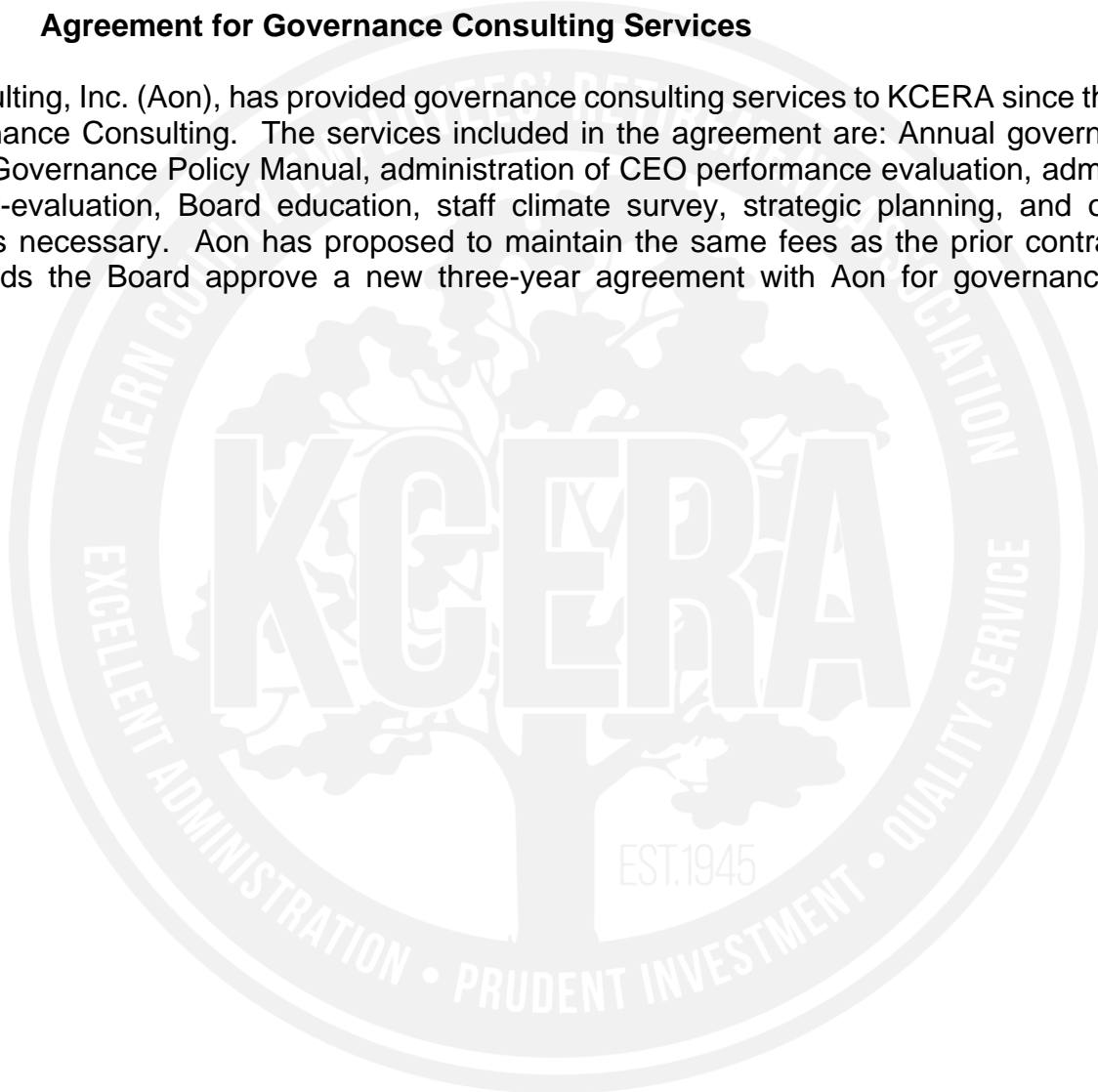
To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer



Subject: **Agreement for Governance Consulting Services**

Aon Consulting, Inc. (Aon), has provided governance consulting services to KCERA since the 2021 RFP for Governance Consulting. The services included in the agreement are: Annual governance report, review of Governance Policy Manual, administration of CEO performance evaluation, administration of Board self-evaluation, Board education, staff climate survey, strategic planning, and other special projects as necessary. Aon has proposed to maintain the same fees as the prior contract and staff recommends the Board approve a new three-year agreement with Aon for governance consulting services.



AGREEMENT FOR PROFESSIONAL SERVICES
(KCERA – AON CONSULTING, INC.)

INDEPENDENT CONTRACTOR

THIS AGREEMENT is made and entered into this 12th day of June, 2024, by and between the **KERN COUNTY EMPLOYEES RETIREMENT ASSOCIATION** (hereinafter “KCERA”), a retirement system organized pursuant to the County Employees Retirement Law of 1937, with its principal location at 11125 River Run Boulevard, Bakersfield, California 93311 and **AON CONSULTING, INC.**, a New Jersey corporation, with its principal location at 200 East Randolph Street, Chicago, IL 60601 (hereinafter “Consultant”);

WITNESSETH:

WHEREAS:

(a) KCERA is a multi-tier 401(a) defined benefit public retirement system administered by its Board of Retirement (hereinafter “Board”) in accordance with the County Employees Retirement Law of 1937 and related laws; and

(b) California Government Code section 31588.2 authorizes the KCERA Board of Retirement (“Board”) to expend assets of the retirement system for administrative purposes;

(c) KCERA desires to retain Consultant to assist the Board in monitoring compliance with the provisions of its charters and policies, including periodic reviews of such governance documents to ensure their continuing validity in changing environments;

(d) Consultant, by reason of its qualifications, experience, and facilities for doing the type of work herein contemplated, has offered to provide the required services on the terms set forth herein;

NOW, THEREFORE, IT IS AGREED between the parties hereto as follows:

1. **Services to be Rendered.** Consultant shall provide the KCERA Board with ongoing consulting services, including the preparation of annual reports that review compliance with various governance documents and periodic reviews of such governance documents, necessary revisions thereto, as well as several special projects, all as more fully described in the Services and Fee Schedule for 2021-2024 (attached hereto as “Attachment A”) and incorporated herein by this reference. Consultant agrees to provide the Core Services described in Attachment “A” and perform any Special Projects requested by KCERA’s Chief Executive Officer as budgeted for in Attachment “A”.

2. **Compensation to Consultant.** KCERA agrees to compensate Consultant for professional services performed in accordance with the terms and conditions of this Agreement as outlined in Attachment A.

In addition to the fixed fees for the projects contemplated in Attachment “A”, KCERA shall reimburse Consultant for its necessary travel expenses incurred on behalf of KCERA at the travel and per diem rates applicable to Kern County employees, attached hereto as Attachment “B”, as amended from time to time. Consultant shall make every reasonable effort to control expenses and, when possible, will plan delivery of services to other clients to coincide with required travel to or for KCERA so that its clients can share travel costs. No additional compensation shall be paid for secretarial, clerical support staff, or any other overhead costs incurred by Consultant in the delivery of services pursuant to this Agreement.

3. **Reimbursement Policy and Billing Requirements.** Invoices for payment shall be submitted in a form approved by KCERA and shall contain an itemization of all costs and fees broken down and also stated as a cumulative total. Invoices shall be sent to KCERA for review and processing. Payment will be made to Consultant within thirty (30) days of receipt and approval of each invoice by KCERA.

4. **Term.** This Agreement shall commence as of the date first written above and shall remain in effect until June 30, 2027, unless sooner terminated as hereinafter provided.

5. **Representations.** Consultant makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement:

a. Consultant has the expertise, support staff and facilities necessary to provide the services described in this Agreement and the attached Attachment “A”;

b. Consultant does not have any actual or potential adverse interests to KCERA nor does Consultant represent a person or firm with an interest adverse to KCERA with reference to the subject of this Agreement; and

c. Consultant shall diligently provide all required services in a timely and professional manner in accordance with the terms and conditions stated in this Agreement.

6. **Assignment.** Consultant shall not assign or transfer this Agreement, or any part hereof without the prior express and written approval of KCERA.

7. **Negation of Partnership.** In the performance of all services under this Agreement, Consultant shall be, and acknowledges that Consultant is, in fact and law, an independent contractor and not an agent or employee of KCERA. Consultant has and retains the right to exercise full supervision and control of the manner and methods of providing services to KCERA under this Agreement. Consultant retains full supervision and control over the employment, direction, compensation, and discharge of all persons assisting Consultant in the provision of services under this Agreement. With respect to Consultant’s employees, if any, Consultant shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employee taxes, of whatever nature, and compliance with any and all other laws regulating employment.

8. **Indemnification.** If KCERA suffers any losses, claims, demands, actions, damages, liabilities, or expenses of any nature (including reasonable attorneys' fees and expenses) (collectively, a "Loss" or "Losses") arising directly from Consultant's material failure to comply with the terms and conditions hereunder with respect to services described in Attachment "A", Consultant will indemnify and hold KCERA harmless from and against such Losses incurred during each sequential 12-month period in which Consultant provides services (commencing on the commencement date of such services thereunder) in an amount not to exceed the total fees paid to us during such 12-month period, but without regard to this limit for any Losses due to Consultant's gross negligence, willful, fraudulent or criminal misconduct, breach of Consultant confidentiality obligations or fiduciary duties. Consultant shall bear no liability for any Losses arising from communications Consultant reasonably believes to constitute KCERA's instructions. In no event will either party be liable to the other party for incidental, consequential, special, or punitive damages (including loss of profits, data, business or goodwill, or government fines, penalties, taxes, or filing fees), regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranty, failure of essential purpose or otherwise, and even if advised of the likelihood of such damages.

9. **Insurance.**

a. Consultant shall maintain, at all times during the term of this Agreement, the following minimum insurance coverages and limits:

- (1) Workers' Compensation and related insurance as prescribed by the law of the state in which the Services are to be performed;
- (2) General Liability in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and
- (3) Professional Liability in the amount of \$1,000,000 per claim and in the aggregate.
- (4) Automobile Liability insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy.

b. Prior to Consultant commencing any of its obligations under this Agreement, evidence of insurance in compliance with the requirements above shall be furnished to KCERA by Certificate of Insurance. Consultant shall maintain the above-stated insurance coverages until the completion of all Consultant's obligations under this Agreement. Such insurance coverages shall not be reduced, modified, or canceled without thirty (30) days prior written notice to KCERA. Consultant shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

c. All insurance shall be issued by a company or companies listed in the current “Best’s Key Rating Guide” publication with a minimum of an “A-:VII” rating, or in special circumstances, be pre-approved by KCERA.

d. All insurance afforded by Consultant pursuant to this Agreement shall be primary to and not contributing to any other insurance maintained by KCERA. Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Consultant for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude KCERA from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.

e. Failure by Consultant to maintain all such insurance in effect at all time required by this Agreement shall be a material breach of this Agreement by Consultant. KCERA, at its sole option, may terminate this Agreement and obtain damages from Consultant resulting from such breach.

10. **Termination.** This Agreement may be terminated by written notice as follows: (a) by either party for cause upon 30 days’ notice; (b) by either party upon sixty (60) days prior written notice to the other party; or (c) upon mutual agreement of both parties. In the event of termination, the Consultant shall stop work immediately, unless otherwise directed by KCERA, and shall be entitled to compensation for all satisfactory professional service fees performed prior to termination and for expense reimbursement submitted in accordance with the Agreement. Any such compensation and/or reimbursement shall not exceed the applicable maximum dollar amount set forth in Attachment “A”.

11. **Ownership of Documents.** All reports, documents and other items generated or gathered in the course of providing services to KCERA under this Agreement, with the exception of Consultant’s proprietary survey tools and PowerPoint presentations, are and shall remain the property of KCERA, and shall be returned to KCERA upon full completion of all services by Consultant or termination of this Agreement, whichever occurs first.

12. **Notices.** All notices required or provided for in this Agreement shall be provided to the parties at the following addresses, by personal delivery or deposit in the U.S. Mail, postage prepaid, registered or certified mail, or e-mail addressed as specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received five (5) days after deposit. A party may change the address to which notice is to be given by giving notice as provided in this Section.

To KCERA: Kern County Employees’ Retirement Association
Attn.: Dominic D. Brown, Chief Executive Officer
11125 River Run Boulevard
Bakersfield, California 93311

To Consultant: Aon Consulting, Inc.
Attn: Legal Department

200 East Randolph Street
Chicago, IL 60601

Nothing in this Agreement shall be construed to prevent or render ineffective delivery of notices required or permitted under this Agreement by leaving such notice with the receptionist or other person if like capacity employed by Consultant or in KCERA's office.

13. **Conflict of Interest.** Consultant has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. Consultant agrees that they are unaware of any financial or economic interest of any public officer or employee of KCERA relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, KCERA may immediately terminate this Agreement by giving written notice thereof. Consultant shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

14. **Sole Agreement.** This document, including Attachment "A", contains the entire agreement of the parties relating to the services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.

15. **Authority to Bind KCERA.** It is understood that Consultant, in Consultant's performance of any and all duties under this Agreement, except as otherwise provided in this Agreement, has no authority to bind KCERA to any agreements or undertakings.

16. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

17. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of KCERA. Forbearance or indulgence by KCERA in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Consultant. KCERA shall be entitled to invoke any remedy available to KCERA under this Agreement or by law or in equity despite said forbearance or indulgence.

18. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the State of California. This Agreement has been entered into and is to be performed in the County of Kern. Accordingly, the parties agree that the venue of any action relating to this Agreement shall be in the County of Kern.

19. **Confidentiality.** Consultant acknowledges and agrees that KCERA is a public agency subject to state laws, including, without limitation, (A) the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), which governs meetings for local legislative bodies; and (B) the California Public Records Act (California Government Code Sections 6250 et seq.) (the "Act"), which provides generally that all records relating to a public agency's business, including reports of transactions and proceedings, constitute "public records or files," and are open

to public inspection, disclosure, and copying in the manner provided in the Act, unless specifically exempted under the Act. Consultant will not make any claim against KCERA if the KCERA makes available to the public any report, notice or other information it receives from Consultant, which KCERA, in good faith, determines is not exempt from public disclosure under applicable law, including, without limitation, the Act. During the provision of Consultant's services to KCERA, Consultant will provide proprietary information to KCERA. The party's respective signatures on this Agreement will confirm that each of the party's organizations will continue to retain all right, title and interest in and to a party's own proprietary information.

20. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to KCERA is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

21. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

22. **Compliance with Law.** Consultant shall observe and comply with all applicable state and federal laws, rules and regulations now in effect or hereafter enacted, each of which are hereby made a part hereof and incorporated herein by reference.

23. **Captions and Interpretation.** Paragraph headings in this Agreement are used solely for convenience and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

24. **Time of Essence.** Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision hereof, and each such provision is hereby made and declared to be a material, necessary and essential part of this Agreement. It is agreed by and between and the parties, however, that neither party shall be liable to the other for delays in performance that are caused in whole or in part by the other party, by third parties over which the parties hereto do not have the legal right to control, or by forces de majeure.

25. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

26. **Non-discrimination.** Neither Consultant, nor any officer, agent, employee, servant or sub-Consultant of Consultant shall discriminate in the treatment or employment of any

individual or groups of individuals on the grounds of race, color, religion, national origin, age, or sex, either directly, indirectly or through contractual or other arrangements.

27. **Audit, Inspection and Retention of Records.** Consultant agrees to maintain and make available to KCERA accurate books and records relative to all its activities under this Agreement. Consultant shall permit reasonable requests for KCERA to audit, examine and make excerpts and transcripts from such records, and to conduct audits of all invoices, materials, records of personnel or other data related to all other matters covered by this Agreement. Consultant shall maintain such data and records in an accessible location and condition for a period of not less than three (3) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The State of California and/or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon KCERA herein.

28. **Non-Collusion Covenant.** Consultant represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with KCERA. Consultant has received from KCERA no incentive or special payments, nor considerations not related to the provision of services under this Agreement.

29. **Signature Authority.** Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

30. **Third Parties.** The KCERA and VENDOR are the only parties to this Agreement and are the only parties to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide, any right or benefit, whether directly or indirectly or otherwise, to third persons.

[Signature Page Follows]

IN WITNESS WHEREOF, each party to this Agreement has signed this Agreement upon the date indicated, and agrees, for itself, its employees, officers, partners and successors, to be fully bound by all terms and conditions of this Agreement.

APPROVED AS TO CONTENT:

**Kern County Employees'
Retirement Association
(KCERA)**

Aon Consulting, Inc.

By: _____
Dominic D. Brown,
Chief Executive Officer
KCERA

By: _____

APROVED AS TO FORM:

By: _____
Jennifer Esquivel Zahry,
Chief Legal Officer
KCERA

Attachment “A”

**CONSULTANT’S
 SERVICES AND FEE SCHEDULE 2024 - 2027**

<u>SERVICES/DELIVERABLES</u>	<u>PROFESSIONAL FEES</u>
<p>Core Services:</p> <ul style="list-style-type: none"> • Annual governance report (including policy compliance, board member attendance, and board education activities). • Ongoing review of the Governance Policy Manual. • On-line administration of Chief Executive Officer performance evaluation survey, including follow-up telephone interviews, tabulate results, prepare summary report. • Board self-evaluation (survey administration plus follow-up telephone interviews). • Administer Board education needs assessment survey and prepare report. • Administer staff climate survey and prepare report. 	<p>\$ <u>55,000</u></p>
<p>Special Projects: Examples:</p> <ul style="list-style-type: none"> • Strategic planning • On-site meetings 	<p>\$ <u>35,000</u></p>
<p>Total Professional Fees not to exceed:</p>	<p>\$ <u>90,000</u></p>

*Consultant will correct Consultant work product without additional charge if any errors or omissions occur in Consultant’s work.

Attachment “B”

COMPENSATION AND REIMBURSEMENT OF EXPENSES SCHEDULE

All services to be provided by the Consultant will only be performed in response to specific written requests for service by KCERA and shall be provided in accordance with the terms and conditions of this Agreement.

The allowable reimbursement rates are updated on an annual basis¹. KCERA shall reimburse Consultant for its necessary and reasonable costs and travel expenses incurred on behalf of KCERA at the travel and per diem rates approved by the Kern County Board of Supervisors for that year without the need to amend this Agreement.

Expense Type	Per Diem Amount
Meals	\$64.00 per day
Mileage	\$0.67 per mile
Lodging	\$278.00 per night, including taxes
Common carrier	Actual fare for economy or coach class
Rental car	Actual cost (for reasonable and necessary vehicle class)

¹ The annual rates can be found on the Kern County website (www.kerncounty.com) by searching for “Annual Employee Travel Reimbursement Rates.”

Date: June 12, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **NAPPA Annual Conference**
Fort Lauderdale, FL
June 24-28, 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 – Deputy Chief Legal Officer Kristen McDonald
- 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	NAPPA Annual Conference
Sponsor	NAPPA
Date(s)	June 24-28, 2024
Location	Fort Lauderdale, FL
Proposed Attendee(s)	Kristen McDonald
Estimated Total Travel Cost	\$3,247.96

Description	Computation	McDonald	Totals	Borne By	
				KCERA	Sponsor
Registration fees	=	990.00	990.00	990.00	
Lodging expense	4 nights @ \$ 339.98 /night =	1,359.93	1,359.93	1,359.93	
Per diem meals reimbursement:	4 days @ \$ 69.00 /day =	276.00			
Less meals provided by sponsor	3 Breakfast, 0 Lunch, 1 Dinner = \$77.97 =	(\$77.97)			\$77.97
Total meals expense	=		276.00	198.03	
Shuttle/taxicab expense	Uber/Taxi Estimate =		-	-	
Airfare	\$600.00 =	\$600.00	\$600.00	600.00	
Vehicle-related expenses:	=	-	-	-	
Parking	4 days @ 25.00 /day =	100.00	100.00	100.00	
Mileage	miles @ 0.395 /mile (Department Head) =	-	-	-	
	miles @ 0.670 /mile (Staff, Trustee) =	-	-	-	
Rental car	=	150.00	-	-	
Rental car gasoline	=	50.00	-	-	
Totals	=	3,447.96	\$ 3,325.93	\$ 3,247.96	\$ 77.97



NAPPA

National Association of
Public Pension Attorneys



2024

Legal Education Conference

AGENDA

June 25th - June 28th

Marriott Harbor Beach Resort
Fort Lauderdale, FL

SCHEDULE

Tuesday, June 25, 2024

12:00 p.m. - 4:15 p.m...... *Grand Foyer*
Conference Registration

General Session:

1:30 p.m. - 2:00 p.m...... *Grand Salon E*
Introduction to NAPPA and Roundtable Q&A

Moderator

Lydia Lee

Presenters

Guillaume Buell

Gwin Hall

Elizabeth Myers

Jessica Palvino

Concurrent Sessions: (choose one)

2:00 p.m. - 3:00 p.m. *Grand Salon E*
Session A: Public Pension Overview, Part I. Benefits & Fiduciary Duty

Moderator

Ruby Menon

Presenters

Janilyn Murtha

Tiffany Reeves

2:00 p.m. - 3:00 p.m...... *Grand Salon F*
**Session B: The Joys and Challenges of Investing in
Secondaries, Co-Investments, and Continuation Vehicles**

Moderator

Maureen Hazen

Presenters

Benton Burroughs

Nicholas Chladek

Steven Taylor

3:00 p.m. - 3:15 p.m...... ***Break***

SCHEDULE

Tuesday, June 25, 2024 (continued)

Concurrent Sessions: (choose one)

3:15 p.m. - 4:15 p.m...... *Grand Salon E*
Session A: Public Pension Overview, Part II. Investments and Actuary

Moderator
Ruby Menon

Presenters
Aaron Gutierrez
Yuliya Oryol

3:15 p.m. - 4:15 p.m...... *Grand Salon F*
Session B: Current Trends in Public Market Investments

Moderator
Joshua Geller

Presenters
Bryan Fujita
Tiffany Reeves
Jason Samansky

4:30 p.m. - 6:00 p.m...... *Ocean View Terrace*
Welcome Reception for All Members (provided by NAPPA)



Just a few steps from the restaurants and shops of famed Las Olas Avenue, Las Olas Beach is a small beach with calm waters and a family-friendly environment during the day. In the evening, the atmosphere heats up as the nightlife crowd on Las Olas Avenue arrives.

SCHEDULE

Wednesday, June 26, 2024

7:00 a.m. - 4:00 p.m...... *Grand Foyer*
Conference Registration

7:15 a.m. - 8:15 a.m...... *Ocean View Terrace*
Breakfast (*provided by NAPPA*)

8:15 a.m. - 8:30 a.m...... *Grand Salons E & F*
Introductions and Announcements

General Session:

8:30 a.m. - 9:30 a.m. *Grand Salons E & F*
**Ethics 1 – Implicit Bias – How it Affects You as a Lawyer
Without You Knowing**

Moderator

Suzanne Dugan

Presenters

Honorable Audrey Moorehead
Jonathan Smaby

9:30 a.m. - 9:45 a.m...... **Break**

General Session:

9:45 a.m. - 10:45 a.m...... *Grand Salons E & F*
**ESG Investment and its Backlash: Implementation
Developments and Fiduciary Implications**

Moderator

Julie Becker

Presenters

Miguel Bahamon
Michael Board
Dee Larsen

10:45 a.m. - 11:00 a.m...... **Break**

General Session:

11:00 a.m. - 12:00 p.m...... *Grand Salons E & F*
**Legal Counsel’s Role in Addressing Cybersecurity Risks
and Incidents**

Moderator

MaryEllen O’Neill

Presenters

Julie Borisov
Benita Harper
MaryEllen O’Neill

12:00 p.m. - 1:45 p.m...... *Tampa*
Emeritus Board Lunch (*provided by NAPPA*)

12:00 p.m. - 1:45 p.m...... *Ocean 2 & 4*
General Counsel Lunch (*provided by NAPPA*)

12:00 p.m. - 1:45 p.m.
Lunch – All others on your own

SCHEDULE

Wednesday, June 26, 2024 (continued)

Concurrent Sessions: (choose one)

1:45 p.m. - 2:45 p.m...... *Grand Salon E*
Session A: Don't Stop Believing (in Agency Deference)!

Moderator
Richmond Giles

Presenters
Liza Eves
Alyca Garrison
Kevin Walsh

1:45 p.m. - 2:45 p.m...... *Grand Salon F*
Session B: You Have MNPI. Now What?

Moderator
Joseph Indelicato

Presenters
Chris Bowlin
Elizabeth Goldstein
James Van Horn

2:45 p.m. - 3:00 p.m...... **Break**

Concurrent Sessions: (choose one)

3:00 p.m. - 4:00 p.m...... *Grand Salon E*
Session A: No Boundaries: Novel Ideas to Correct Errors and Collect Overpayments

Moderator
Laura Gilson

Presenters
Mark Cavanaugh
Laura Gilson
Gwin Hall
Sarah Kahn

3:00 p.m. - 4:00 p.m...... *Grand Salon F*
Session B: Ain't No Party Like a WCAG Party: Web Accessibility and Retirement Systems

Moderator
Kristin Bellar

Presenters
Esther Sandlin
Adam Walters

6:00 p.m. - 8:30 p.m...... *Dinner*
Dinner @ Marriott Fort Lauderdale Harbor Beach (Ocean View Terrace)
Advance registration is required to attend this event.

SCHEDULE

Thursday, June 27, 2024

7:00 a.m. - 4:00 p.m. *Grand Foyer*
Conference Registration

7:15 a.m. - 8:15 a.m. *Ocean View Terrace*
Breakfast (*provided by NAPPA*)

8:15 a.m. - 8:30 a.m. *Grand Salons E & F*
Introductions and Announcements

General Session:

8:30 a.m. - 9:30 a.m. *Grand Salons E & F*
Ethics II – To Advise or Not To Advise? The Model Rules
Answer the Question

Moderator
Mary Beth Foley

Presenters
Bonni Jensen
Robert Klausner

9:30 a.m. - 9:45 a.m. **Break**

General Session:

9:45 a.m. - 10:45 a.m. *Grand Salons E & F*
Open Meetings Laws Post-Pandemic: Navigating Governance
and Proposed Changes

Moderator
Julie Borisov

Presenters
Ashley Dunning
Michelle Mellon-Werch

10:45 a.m. - 11:00 a.m. **Break**

General Session:

11:00 a.m. - 12:00 p.m. *Grand Salons E & F*
SECURE 2.0 and the IRS' Released Guidance

Moderator
Jenni Kregel

Presenters
Jenni Kregel
Michelle McCarthy
Jessica Palvino

12:00 p.m. - 1:45 p.m.
Lunch (*on your own*)

SCHEDULE

Thursday, June 27, 2024 (continued)

Concurrent Sessions: (choose one)

1:45 p.m. - 2:45 p.m...... *Grand Salon E*

Session A: Developing and Managing an Effective Securities Litigation Program

Moderator

Maya Saxena

Presenters

Javier Bleichmar

Darren Check

Jeff Gill

Michael Herrera

1:45 p.m. - 2:45 p.m...... *Grand Salon F*

Session B: Send Lawyers, Guns, and Money: Enrollment Disputes and Social Security Entanglements

Moderator

Carolyn Clifford

Presenters

Benjamin Huxen

Lindsay Knowles

2:45 p.m. - 3:00 p.m...... **Break**

Concurrent Sessions: (choose one)

3:00 p.m. - 4:00 p.m...... *Grand Salon E*

Session A: The “Other” Part of the Code: Social Security

Moderator

Megan Peitzmeier

Presenters

Luke Bailey

Melanie Walker

3:00 p.m. - 4:00 p.m...... *Grand Salon F*

Session B: Terminating Affiliation – When is it Really Over?

Moderator

Kevin Gallaway

Presenters

Caleb Durling

Kevin Gallaway

Dinner on your own

SCHEDULE

Friday, June 28, 2024

7:00 a.m. - 12:15 p.m. *Grand Foyer*
Conference Registration

7:15 a.m. - 8:15 a.m. *Ocean View Terrace*
Breakfast (provided by NAPPA)

8:15 a.m. - 8:45 a.m. *Grand Salons FGHIK*
Introductions, Announcements, and Business Meeting

General Session:

8:45 a.m. - 9:45 a.m. *Grand Salons FGHIK*
Preparing for Your Pension or Benefits Administration
System Upgrade

Moderator

Nicole Giambarrese

Presenter

Thomas Walsh

9:45 a.m. - 10:00 a.m. **Break**

General Session:

10:00 a.m. - 11:00 a.m. *Grand Salons FGHIK*
Federal Legislative and Regulatory Update

Moderator

Tony Roda

Presenters

Tony Roda
Leigh Snell

11:00 a.m. - 11:15 a.m. **Break**

General Session:

11:15 a.m. - 12:15 p.m. *Grand Salons FGHIK*
Public Pension & Related Litigation of National Importance

Moderator

Laurie McKinnon

Presenters

Carolyn Clifford
Matthew Jacobs
Scott Miller

Date: June 12, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **SACRS UC Berkeley Program**
Berkeley, California
July 14-17, 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 Jordan Kaufman.

Attachments

Travel Subject	SACRS UC Berkeley Program
Sponsor	SACRS
Date(s)	July 14-17, 2024
Location	Berkeley, CA
Proposed Attendee(s)	Deon Duffey, Jordan Kaufman

Estimated Total Travel Cost \$11,528.88

Description	Computation		Duffey	Kaufman	Totals	Borne By	
						KCERA	Sponsor
Registration fees	\$3,000.00	=	3,000.00	3,000.00	6,000.00	6,000.00	
Lodging expense	5 nights @ \$ 401.49 /night	=	2,007.44	2,007.44	4,014.88	4,014.88	
Per diem meals reimbursement:	5 days @ \$ 74.00 /day	=	370.00	370.00			
Less meals provided by sponsor	4 Breakfast, 4 Lunch, 0 Dinner = \$148.00	=	(\$148.00)	(\$148.00)			\$296.00
Total meals expense		=			740.00	444.00	
Shuttle/taxicab expense	Taxi Estimate	=			-	-	
Airfare	\$0.00	=	\$0.00	\$0.00	\$0.00	-	
Vehicle-related expenses:		=	-	-	-	-	
Parking	4 days @ 50.00 /day	=	200.00	200.00	400.00	400.00	
Mileage	miles @ 0.395 /mile (Department Head)	=	-	-	-	-	
	500 miles @ 0.670 /mile (Staff, Trustee)	=	335.00	335.00	670.00	670.00	
Rental car		=	-	-	-	-	
Rental car gasoline		=	-	-	-	-	
Totals		=	5,764.44	5,764.44	\$ 11,824.88	\$ 11,528.88	\$ 296.00

MODERN INVESTMENT THEORY & PRACTICE

for Retirement Systems

SACRS PUBLIC PENSION INVESTMENT MANAGEMENT PROGRAM 2024

July 14-17, 2024 | UC Berkeley Haas School of Business Executive Education

AGENDA

SUNDAY, JULY 14 ▶ Claremont Club & Spa, A Fairmont Hotel Investing Fundamentals	MONDAY, JULY 15 ▶ UC Berkeley, Haas School of Business Asset Allocation	TUESDAY, JULY 16 ▶ UC Berkeley, Haas School of Business Managing Investment Managers	WEDNESDAY, JULY 17 ▶ UC Berkeley, Haas School of Business Governance & Decision Making
Registration and Breakfast Claremont Club & Spa, A Fairmont Hotel 8:30am – 9:00am	Breakfast Claremont Club & Spa, A Fairmont Hotel 8:30am – 9:00am	Breakfast Claremont Club & Spa, A Fairmont Hotel 8:30am – 9:00am	Breakfast Claremont Club & Spa, A Fairmont Hotel 8:30am – 9:00am
9:00am Session Held Onsite at Claremont Hotel	8:00am Depart Hotel to UC Berkeley Bus leaves at 8:10am	8:00am Depart Hotel to UC Berkeley Bus leaves at 8:10am	8:00am Depart Hotel to UC Berkeley Bus leaves at 8:10am
Pension Fund and Investment Basics 9:00am – 10:30am	Introduction and Program Overview 9:00am – 10:30am	Should you still be in Hedge Funds ? 9:00am – 10:30am	Governance Panel 9:00am – 10:30am
10:30am – 11:00am Break	10:30am – 11:00am Break	10:30am – 11:00am Break	10:30am – 11:00am Break
Return, Risk, and Diversification 11:00am – 12:30pm	Actuarial/Actuarial Considerations 11:00am – 12:30pm	Private Equity: How to manage your portfolio 11:00am – 12:30pm	The ESG Controversy 11:00am – 12:30pm
12:30pm – 1:30pm Lunch	12:30pm – 1:30pm Lunch	12:30pm – 1:30pm Lunch	12:30pm – 1:30pm Lunch
Practical Mean-Variance Analysis 1:30pm – 3:00pm	Active v Passive Panel 1:30pm – 3:00pm	Private Credit: The hottest new asset class? 1:30pm – 3:00pm	How GenAI will change the world 1:30pm – 3:00pm
3:00pm – 3:30pm Break	3:00pm – 3:30pm Break	3:00pm – 3:30pm Break	3:00pm – 3:30pm Break
Asset Classes and Asset Management 3:30pm – 5:00pm	The Macro Environment for Pension Funds 3:30pm – 5:00pm	Real Estate and Infrastructure 3:30pm – 5:00pm	Difficult Conversations 3:30pm – 5:00pm
Bus departs back to hotel at 5:10pm			
Reception 5:30pm – 6:30pm	Reception 5:30pm – 6:30pm	Reception 5:30pm – 6:30pm	See you in the Fall! SACRS Annual Fall Conference 2024 November 12-15, 2024

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §7928.710)

(CA Gov. Code §7922.000)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §7928.710)

(CA Gov. Code §7922.000)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §7928.710)

(CA Gov. Code §7922.000)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: MARCH 31, 2024

Investment Performance Review for

Kern County Employees' Retirement Association

Table of Contents



[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

Investment Landscape

TAB I

Investment Performance
Review

TAB II

A decorative geometric overlay is present on the left side of the slide. It consists of a grid of interconnected lines forming a pattern of triangles and hexagons. The lines are primarily blue and white, with some gold-colored lines. A large white triangle is positioned to the left of the main text.

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

2ND QUARTER 2024
Investment Landscape

Verus business update

Since our last Investment Landscape webinar:

- Verus hired Joe Ratliffe as a Performance Analyst in our Los Angeles office
- Brent Nelson, Managing Director | Senior Consultant, received the 2023 Verus North Star Award for championing client success
- Verus will be partnering with Rainier Scholars for a 2024 Summer internship in our Seattle office
- Recent research, found at verusinvestments.com/research:
 - *Market concentration & equal weighted indexing*
 - *Ten thoughts for 2024*
 - *What are continuation funds?*

Table of contents



VERUSINVESTMENTS.COM

SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

Economic environment 9

Fixed income rates & credit 22

Equity 28

Other assets 37

Appendix 40

Recent Verus research

Visit: verusinvestments.com/research

Topics of interest

TEN THOUGHTS FOR 2024

Every January we write a list of 10 things we expect to be important in the coming year. Many firms do this—we do something unusual, which is mark ourselves on the success or failure of the previous year’s predictions. Some years we do well in our predictions, some years less well, but we find the self-enforced humility worthwhile when taking on the task of forecasting. This year is no different. We can look back with some pleasure: in a year where many forecasts went awry, five of our ten forecasts can be counted as a success, with two more a partial success, and three misses.

Other thought leadership

WHAT ARE CONTINUATION FUNDS?

Continuation funds are an innovative financial tool that have been transforming the landscape of private equity. But this new opportunity leaves many investors wondering: What are they? Who can invest in them? What are the risks? Our video explores this concept and how Verus recommends to assess them.

MARKET CONCENTRATION & EQUAL-WEIGHTED INDEXING

Equal-weighted indexing presents an intriguing proposition to the issue of market concentration often seen in market cap-weighted indexes, such as the S&P 500. However, a closer look shows that this approach has failed to deliver on many of the qualities that investors may be seeking. This video provides a look into the equal-weighted index strategy and examines its track record from a few vital angles.

1st quarter summary

THE ECONOMIC CLIMATE

- Real GDP growth unexpectedly slowed in Q1 to 1.6% quarter-over-quarter (3.0% year-over-year), falling short of economist forecasts for 2.5% growth. The GDP release reflected positive but decelerating spending by households, slowing exports, and less government expenditures. Residential fixed investment accelerated partly driven by new single-family home construction, while private inventory investment fell.
- The U.S. job market has been incredibly resilient, with unemployment rising slightly from 3.7% to 3.8% but labor participation improving from 62.5% to 62.7%. Some economists and investors have begun to partially attribute surprisingly strong labor conditions to substantial immigration (both legal and illegal) in recent years.

PORTFOLIO IMPACTS

- The 10-year U.S. Treasury yield rose 32 basis points to 4.20% during Q1 on broad acknowledgment that disinflation trends have stalled and that the Federal Reserve may not cut rates in 2024 as significantly as markets had hoped for.
- Market-priced volatility (Cboe VIX Index) remained incredibly low during the quarter, ending at 13.0 in March. Historically, market volatility of this level has coincided with strong upward trending risk markets and investor enthusiasm.

THE INVESTMENT CLIMATE

- Equity markets delivered another quarter of large gains—much of the performance fueled by richer valuations rather than fundamentals. Credit spreads declined further to very low levels, leading to moderate returns for higher risk credit. Many markets appear to be priced to perfection as recession fears subside.
- U.S. inflation increased in Q1, following a handful of hotter-than-expected inflation and jobs reports. Headline inflation increased from 3.3% to 3.5% year-over-year in March, while core CPI (ex-food & energy) declined slightly from 3.9% to 3.8%. It now seems more likely that inflation ends this year closer to, or above, 3% rather than 2%.

ASSET ALLOCATION ISSUES

- U.S. equities (S&P 500 +10.6%) once again outpaced international developed equities (MSCI EAFE +5.8%) and emerging market equities (MSCI EM +2.4%) during the quarter. The domestic market has also delivered outperformance over the past year, fueled by the artificial intelligence boom. Telecom (+49.8%) and Technology (+46.0%) saw the biggest gains across the S&P 500.
- Style factor investing underperformed during Q1. Small cap lagged large cap by -5.1% (Russell 2000 +5.2% vs. Russell 1000 +10.3%). Value underperformed Growth by -2.4% (Russell 1000 Value +9.0% vs. Russell 1000 Growth +11.4%). Mega cap companies continue to dominate large cap index performance and affect style behavior.

Equity markets delivered another large rally in Q1, while credit showed mildly positive returns

Stubborn inflation and fewer Fed interest rate cuts seem likely for 2024

What drove the market in Q1?

“U.S. Consumer Prices Heat Up in March; Seen Delaying Fed Rate Cut”

FED FUNDS FUTURES IMPLIED RATES: END OF 2024

Jan 15th	Jan 31st	Feb 15th	Feb 29th	Mar 15th	Mar 31st
3.76%	3.86%	4.37%	4.48%	4.61%	4.66%

Article Source: Reuters, April 10th, 2024

“Resilient U.S. Boosts IMF Forecast for Global Economic Growth”

IMF WORLD ECONOMIC OUTLOOK 2024 GLOBAL GDP FORECAST

Jan 23	April 23	July 23	Oct 23	Jan 24	April 24
3.1%	3.0%	3.0%	2.9%	3.1%	3.2%

Article Source: U.S. News & World Report, January 30th, 2024

“A Persistently Strong Labor Market Delivers Economic Stability”

NONFARM PAYROLL GROWTH

Oct	Nov	Dec	Jan	Feb	Mar
165k	182k	290k	256k	270k	303k

Article Source: Forbes, January 27th, 2024

“Earnings, Big Tech Gave Investors Reasons to Buy U.S. Stocks”

S&P 500 YEAR-OVER-YEAR EARNINGS GROWTH (DECLINE)

Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
2.3%	-4.7%	-1.7%	-4.2%	4.9%	4.2%

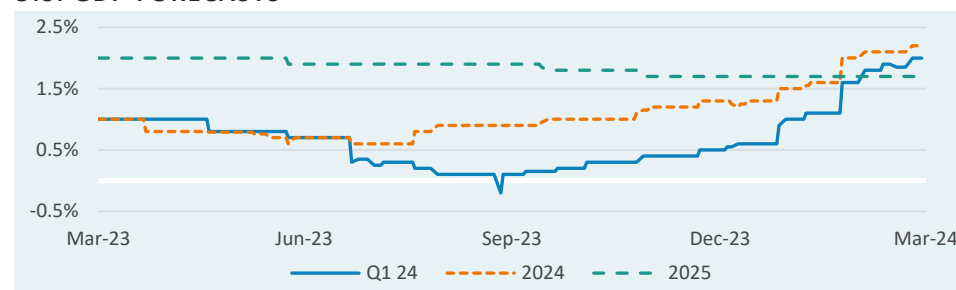
Article Source: Bloomberg, March 2nd, 2024

CPI COMPONENT: SHELTER (YEAR-OVER-YEAR)



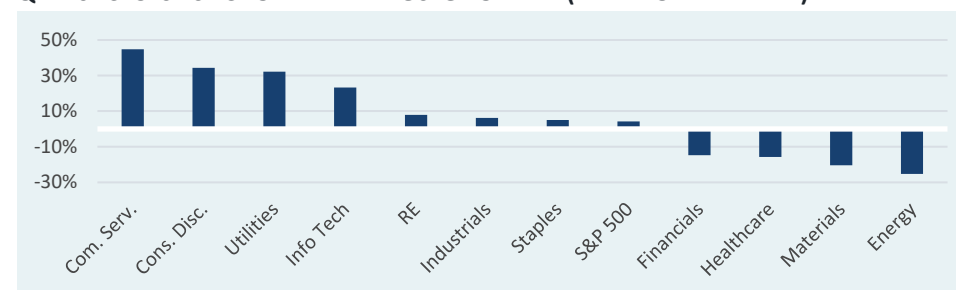
Source: BLS, as of 3/31/24

U.S. GDP FORECASTS



Source: Bloomberg, as of 3/31/24

Q4 2023 U.S. SECTOR EARNINGS GROWTH (YEAR-OVER-YEAR)



Source: FactSet, as of 3/31/24

Economic environment

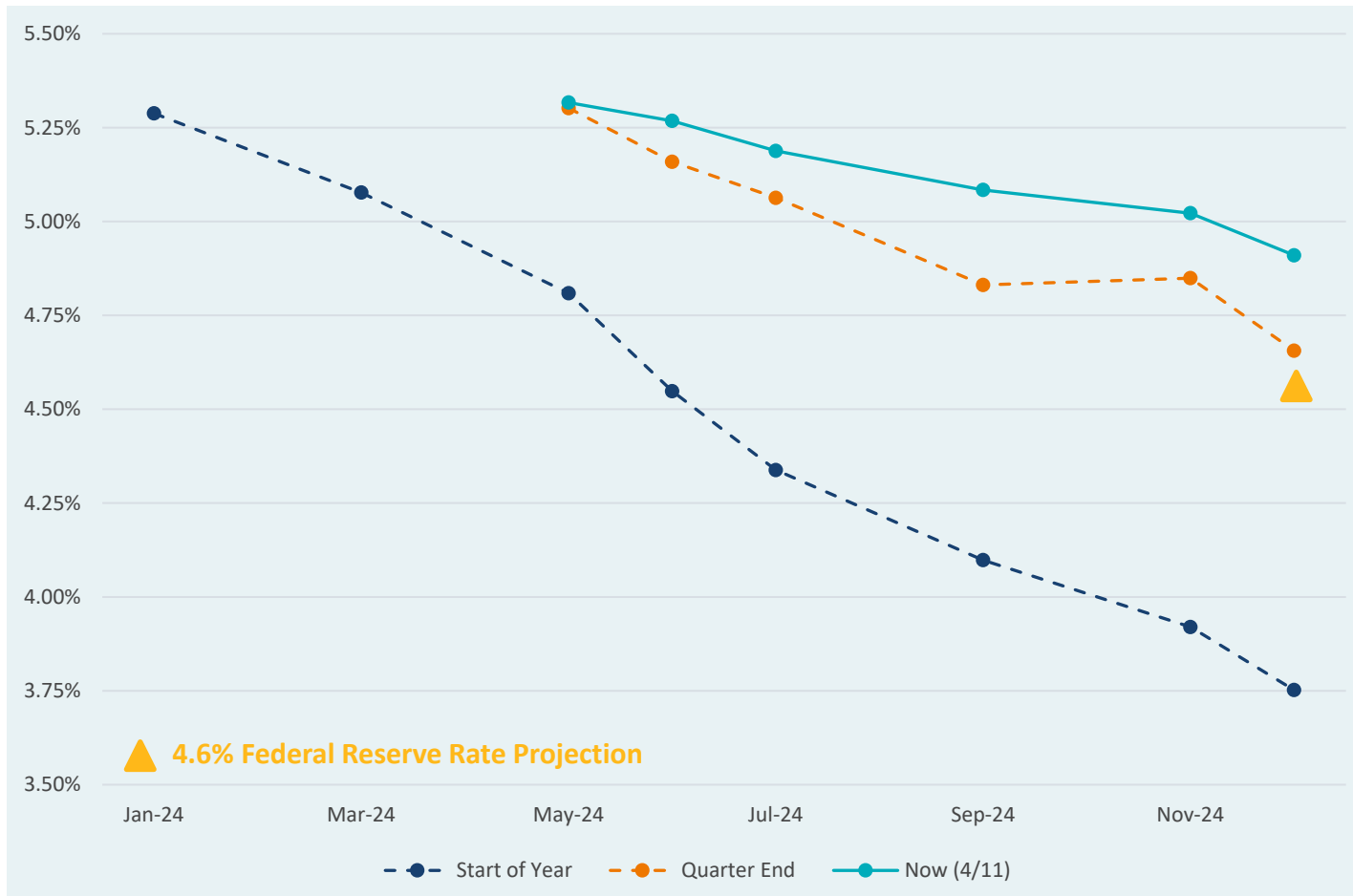
U.S. economics summary

- Real GDP growth unexpectedly slowed in Q1 to 1.6% quarter-over-quarter (3.0% year-over-year), falling short of economist forecasts for 2.5% growth. The GDP release reflected positive but decelerating spending by households, slowing exports, and less government expenditures. Residential fixed investment accelerated partly driven by new single-family home construction, while private inventory investment fell.
- U.S. inflation increased in Q1, following a handful of hotter-than-expected inflation and jobs reports. Headline inflation increased from 3.3% to 3.5% year-over-year in March, while core CPI (ex-food & energy) declined slightly from 3.9% to 3.8%. It seems more likely that inflation ends this year closer to, or above, 3% rather than 2%.
- Inflation adjusted consumer spending has remained moderate, at 2.4% YoY in February. Purchases of services have materially outpaced purchases of goods in recent years, a reversal of the historically unprecedented boom in goods purchases that occurred during the pandemic.
- Employment has been incredibly resilient. Unemployment was stable during Q1, while labor participation increased. Some economists and investors have partially attributed labor market gains to substantial immigration (both legal and illegal) in recent years—with millions of immigrants being of working age and seeking work. Given the level of immigration, we expect official labor data has been, and will continue to be, meaningfully impacted.
- Consumer sentiment has jumped significantly on better financial situations of households, expectations that inflation will further ease, and a steadying economy. At the same time, The NFIB Small Business Optimism index deteriorated to the weakest level since 2012. Inflation remains a top concern, and business owners indicated they could not find qualified candidates to fill job openings.

	Most Recent	12 Months Prior
Real GDP (YoY)	3.0% 3/31/24	1.7% 3/31/23
Inflation (CPI YoY, Core)	3.8% 3/31/24	5.6% 3/31/23
Expected Inflation (5yr-5yr forward)	2.3% 3/31/24	2.2% 3/31/23
Fed Funds Target Range	5.25–5.50% 3/31/24	4.75–5.00% 3/31/23
10-Year Rate	4.20% 3/31/24	3.47% 3/31/23
U-3 Unemployment	3.8% 3/31/24	3.5% 3/31/23
U-6 Unemployment	7.3% 3/31/24	6.7% 3/31/23

Federal Reserve policy

FED FUNDS FUTURES IMPLIED 2024 RATE PATH



Markets started the year pricing in six rate cuts by the end of 2024

Implied pricing now indicates expectations for just two rate cuts, a tighter path relative to the three forecasted rate cuts projected in the Federal Reserve's Summary of Economic Projections

Source: Bloomberg, as of 4/11/24

Inflation

U.S. inflation increased in Q1, following a handful of hotter-than-expected inflation and jobs reports. Headline inflation increased from 3.3% to 3.5% year-over-year in March, while core CPI (ex-food & energy) declined slightly from 3.9% to 3.8%. It seems more likely that inflation ends this year closer to, or above, 3% rather than 2%. Certain goods and services have further moderated in price growth, such as Used Vehicles and Food, while other price trends remain hot such as Housing and Auto Insurance.

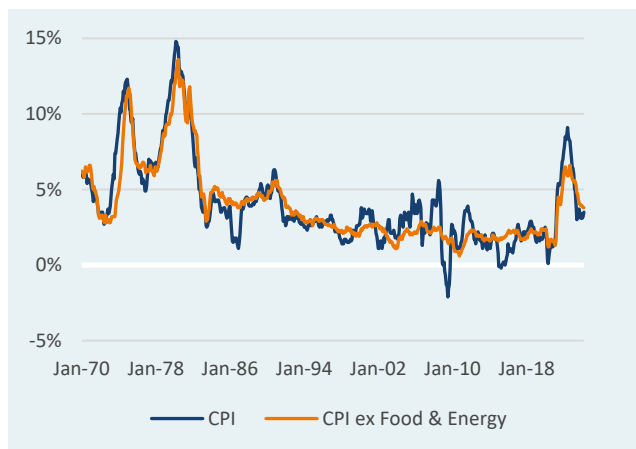
The outsized impact of Shelter—which makes up more than a third of the entire CPI basket—remains a major force keeping inflation elevated. While shelter prices reported by the Bureau

of Labor Statistics have moved closer to real-time price gauges, March’s 0.4% month-over-month increase still reflected an annualized rate of nearly 5%.

Inflation appears to be flattening out rather than continuing lower towards the Federal Reserve 2% target, which has been a catalyst for changing monetary policy expectations. Stubborn inflation combined with strong labor and other economic activity provides little incentive for the Federal Reserve to ease rates. At the beginning of the year the market expected six rate cuts in 2024. That has since fallen to two cuts.

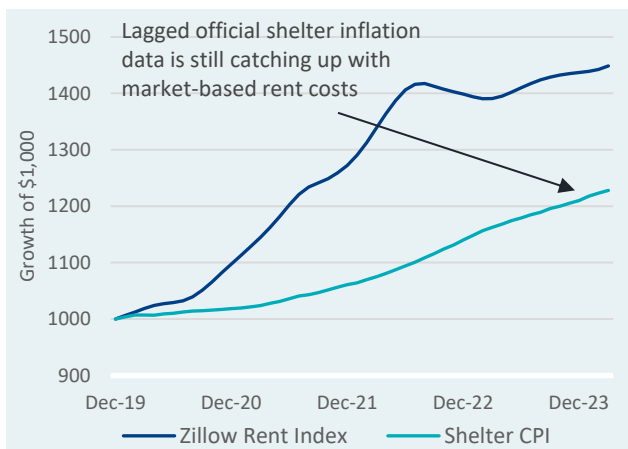
Q1 inflation remains above the Fed’s target, affecting market expectations for a “higher for longer” rate environment

U.S. CPI (YOY)



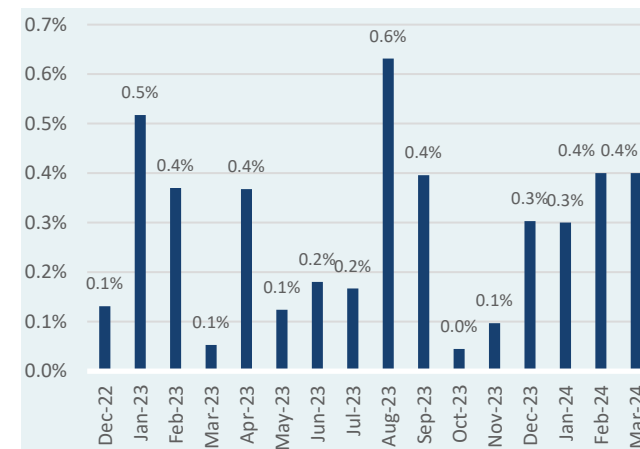
Source: BLS, as of 3/31/24

ZILLOW OBSERVED RENT VS. SHELTER CPI



Source: Zillow Observed Rent Index, FRED, of 3/31/24

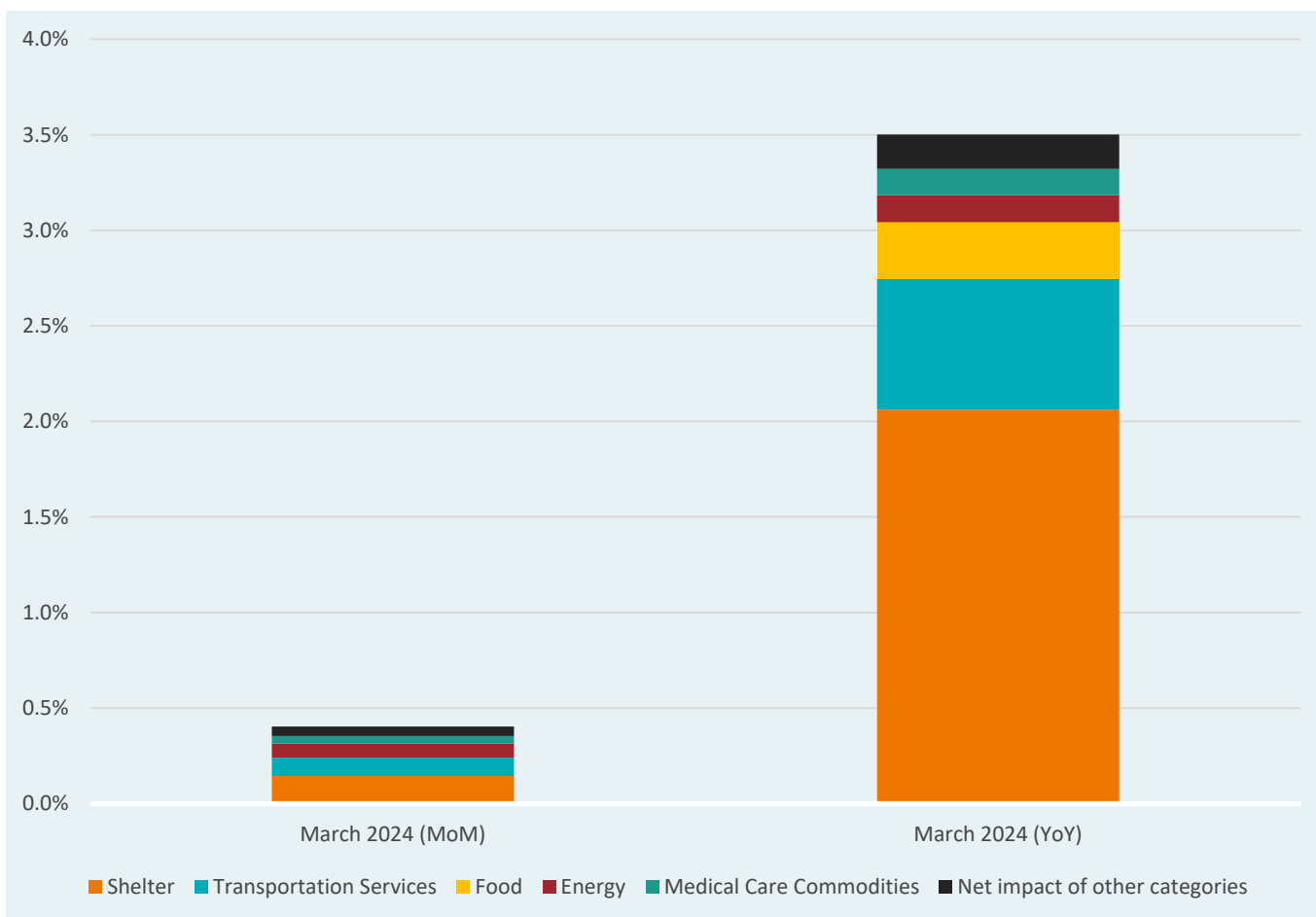
MONTHLY PRICE MOVEMENT (CPI)



Source: BLS, as of 3/31/24

Inflation: shelter's outsized impact

CONTRIBUTION TO MARCH 2024 CPI



Shelter's contribution to inflation remains outsized, making up more than two-percent of the 3.5% year-over-year headline print

Amongst services, transportation costs have materially increased from the past year, notably amongst motor vehicle insurance (+22.2%) and maintenance and repair (+8.2%)

Source: BLS, as of 3/31/24.

GDP growth

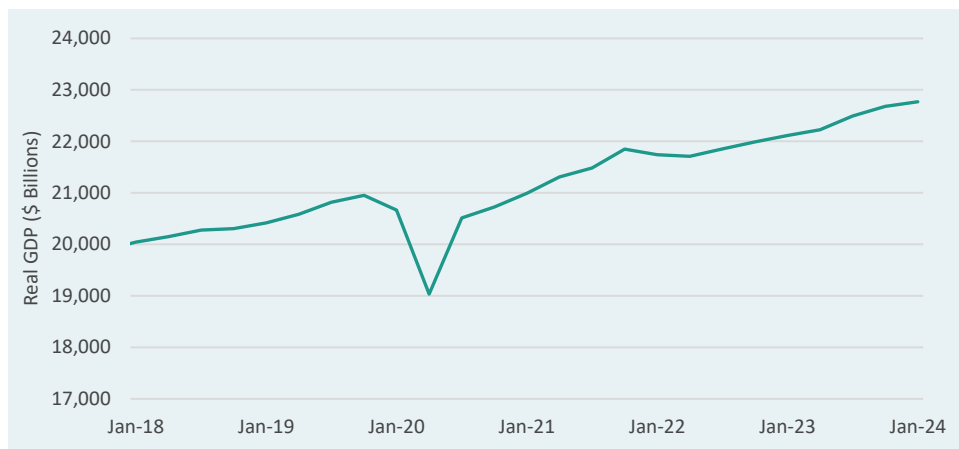
Real GDP growth unexpectedly slowed in Q1 to 1.6% quarter-over-quarter (3.0% year-over-year), falling short of economist forecasts for 2.5% growth. The GDP release reflected positive but decelerating spending by households, slowing exports, and less government expenditures. Residential fixed investment accelerated partly driven by new single-family home construction, while private inventory investment fell.

Slower economic growth in the first quarter appears to have been mostly driven by weakness in exports and imports, as well as a moderation in government spending. Other aspects of the economy such as consumer spending and investment

have slowed in recent quarters but growth remains moderately positive, as high inflation and weaker wage gains have not yet obviously resulted in a decline in spending. The first quarter GDP print marked the first instance of weak economic data after a seemingly months-long series of strong releases, from employment, to consumer sentiment, to spending. This was an abrupt change in direction of the data, and it will be important for investors to monitor whether it marks a true change in trend or is simply a bump in the road with further U.S. strength ahead.

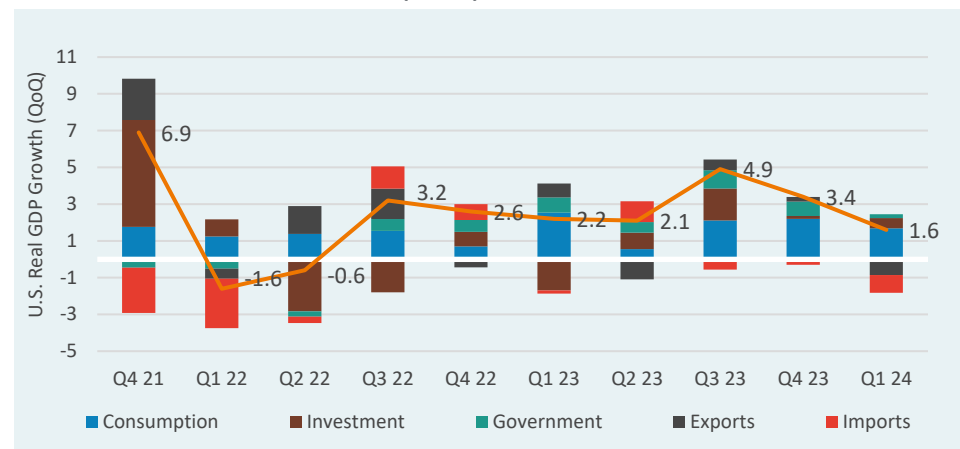
U.S. growth slowed a bit in Q1 but continues to show resilience despite aggressive monetary tightening

U.S. REAL GROSS DOMESTIC PRODUCT



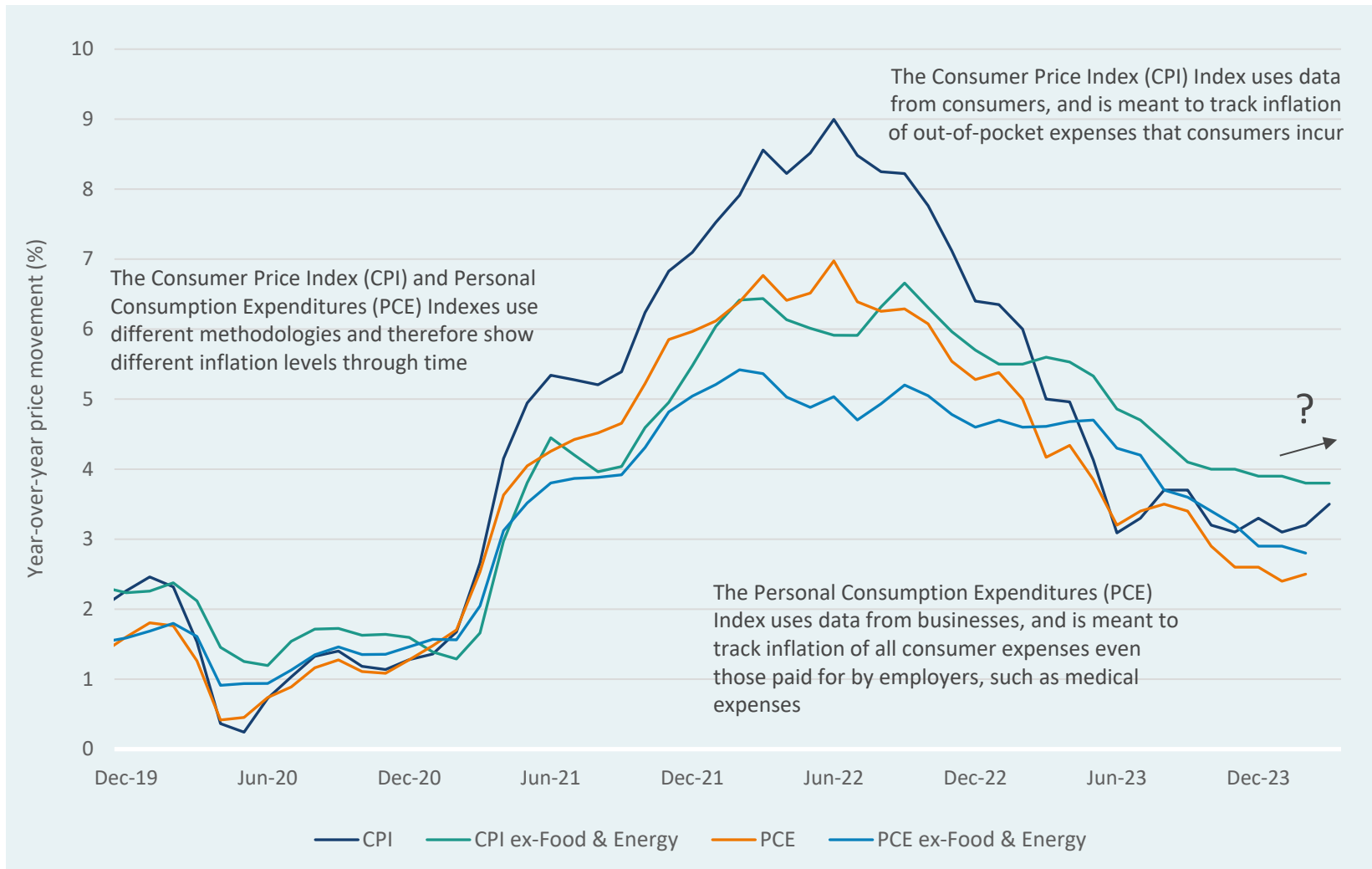
Source: FRED, as of 3/31/24

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 3/31/24

How are inflation conditions evolving?



Recent hot inflation numbers have created concerns that inflation may be stabilizing at a higher level than what is required for interest rate cuts to occur

Source: FRED, Verus, PCE data as of 3/31/24, CPI data as of 2/29/24

Labor market

The unemployment rate was fairly stable during the quarter, rising slightly from 3.7% to 3.8%. Meanwhile, labor participation improved from 62.5% to 62.7%.

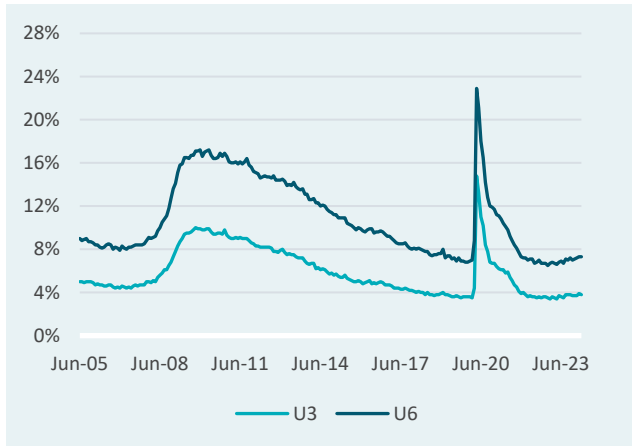
The U.S. job market has been incredibly resilient in the face of higher interest rates, and ongoing employment data releases continue to show outsized labor market gains. Some economists and investors have begun to partially attribute the record labor market gains to substantial immigration (both legal and illegal) into the country in recent years—with millions of immigrants being of working age and seeking employment. Given total immigration estimates, we would

expect that official jobs data, which is based on both phone surveys and also on employer payroll figures, to be meaningfully impacted.

Rebalancing within the labor market continued. The mismatch between the number of *workers available* and the number of *available jobs* was greater than 6 million in early 2022. Nearly two-thirds of that gap has now closed, with steady improvement over the past year.

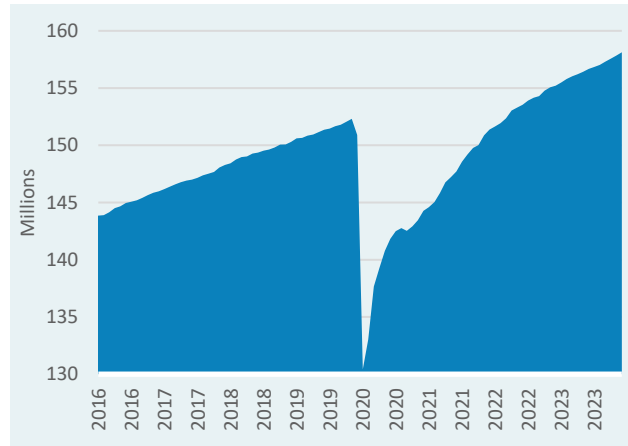
A substantial rise in different types of immigration over recent years may partially describe strong labor data

U.S. UNEMPLOYMENT



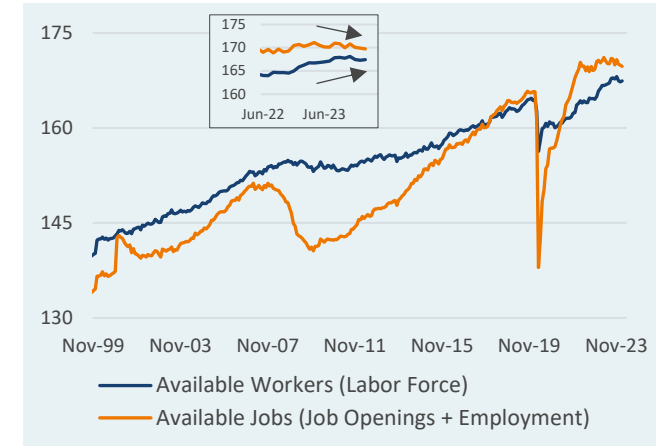
Source: FRED, as of 3/31/24

TOTAL U.S. EMPLOYMENT



Source: FRED, as of 3/31/24

WORKERS AVAILABLE VS. AVAILABLE JOBS



Source: BLS, Verus, as of 2/29/24

The consumer

Inflation adjusted spending has remained moderate, at 2.4% year-over-year in February. Purchases of services have materially outpaced purchases of goods in recent years in terms of growth, since the historically unprecedented boom in goods purchases that occurred during the pandemic. We believe that extreme surge in goods purchases effectively *pulled forward* these purchases from future years, such as in home sales activity, home improvement projects, and recreational vehicle sales, which has led to the recent lull.

but have since fallen back to extremely low levels. The reason for this trend is unclear, though it coincides with a notable improvement in consumer sentiment, which suggests lower savings rates for some households might reflect an improved outlook for the economy and personal finances. However, high prices and cost of living is likely a greater contributing factor. Overall, Americans continue to spend rather freely despite higher costs of goods and services taking up a greater portion of take-home income. This includes nonessential spending such as for travel.

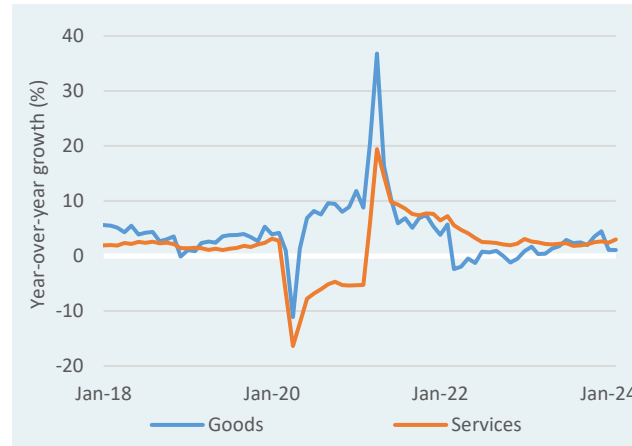
Personal savings rates had been improving through mid-2023

REAL PERSONAL SPENDING



Source: FRED, as of 2/29/24

GOODS VS. SERVICES SPENDING (REAL)



Source: FRED, as of 2/29/24

PERSONAL SAVINGS RATE



Source: FRED, as of 2/29/24

Sentiment

Consumer sentiment has seen significant improvement over the past year. The University of Michigan Consumer Sentiment survey bounced from 69.7 to 79.4 in Q1 on better financial positions of U.S. households, expectations that inflation will continue to ease, and impressions that the economy has achieved a “steady state”.

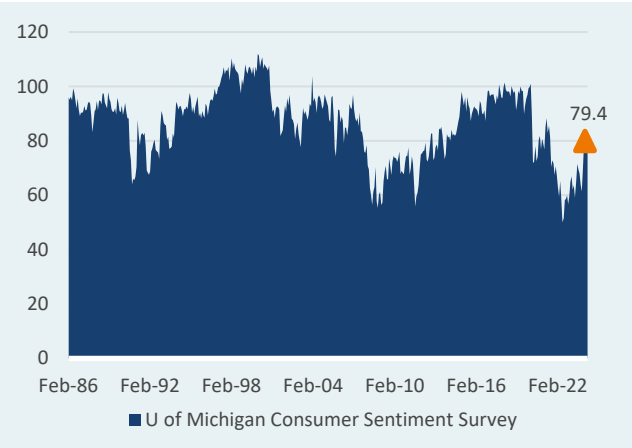
Although the domestic annual inflation rate is now closer to the longer-term average, sentiment surveys continue to reflect discontent with high costs of living. As we have discussed in recent quarters, this effect might be termed the “lower inflation conundrum”. As prices of many goods and services jumped significantly higher during and after the pandemic, the wages of

the average worker did not keep up in many respects. Although price *movement* (official inflation numbers) has come down recently, high prices persist and remain a thorn in household budgets, savings levels, and the overall financial security of Americans. This is reflected in sentiment survey responses.

The NFIB Small Business Optimism index has deteriorated to the weakest level since 2012. Inflation has been reported as a top business concern, and 37% of business owners indicated they could not find qualified candidates to fill job openings, overall reflecting a poor business climate.

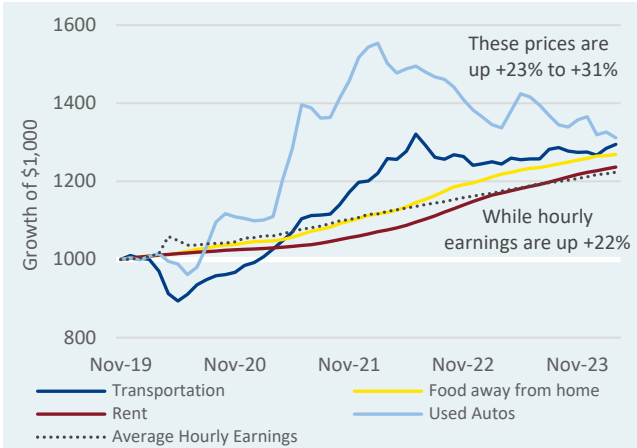
Consumer sentiment improved during Q1, while small business optimism dropped to the weakest level since 2012

CONSUMER SENTIMENT



Source: University of Michigan, as of 3/31/24

HOUSEHOLDS STILL FEELING THE SQUEEZE



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

NFIB SMALL BUSINESS SENTIMENT



Source: NFIB, as of 3/31/24

Housing

Domestic housing market activity picked up in Q1. Existing home sales increased 10% quarter-over-quarter, and the number of homes listed for sale rose by a similar magnitude. According to Redfin, the median home sales price was up +5.3% in March from the prior year. After an extended period of high mortgage rates and difficult affordability, it is possible that many sellers and buyers are accepting market conditions and choosing to no longer wait on the sidelines.

Housing affordability improved slightly but remains extremely poor, with the 30-year average fixed mortgage rate jumping slightly from 6.6% to 6.8%. Prospects for lower interest rates and therefore better affordability have diminished as investors expect fewer upcoming rate cuts from the Federal Reserve, though a rebound in home sales activity may suggest that the

market has stabilized. Real estate markets can stay out of balance in terms of affordability for very long periods of time. A path to affordability in the current environment is not yet clear, as interest rates will most likely stay high, and homeowners are not willing to, and seemingly do not need to, adjust their selling prices downwards.

Mortgage delinquency levels of single-family homeowners remain muted, at 1.69% as of Q4. This compares to 2.34% in Q4 of 2019 prior to the onset of the pandemic. Conditions have been supported by steadily increasing home prices that have led to robust home equity balances, as well as ultra-low interest rates following COVID-19 which allowed for attractive refinancing opportunities and lower monthly payments.

30-YEAR MORTGAGE RATE (%)



Source: Freddie Mac, as of 3/31/24

EXISTING HOME SALES



Source: FRED, as of 2/28/24

HOUSING AFFORDABILITY



Source: FRED, as of 12/31/23 – Housing affordability is calculated as the cost of a median priced single-family home at the current mortgage rate, as a percentage of the median family income

International economics summary

— The broad global narrative remains similar to last quarter, as global metrics paint a picture of slowing yet resilient economic growth. While a hotter March inflation print in the U.S. changed expectations around the policy path of the Federal Reserve, inflation in international developed economies has shown greater signs of moderation, putting central banks such as the European Central Bank and Bank of England on a path to policy easing.

— Developed economies continue to juggle economic growth and inflation. Price pressures have shown signs of easing across the Eurozone and U.K., with inflation sitting at 2.4% and 3.2%, respectively. Despite inflation moderation, conditions remain weak across the Eurozone, with GDP nearly flat on a year-over-year basis and unemployment elevated at 6.5%.

— In Japan, growth conditions also remain shaky, as the country nearly avoided a technical recession

following an upward revised GDP release. While the BOJ formally ended its zero-interest rate policy, the Japanese Yen weakened further against the U.S. dollar after unclear guidance from the BOJ and expectations for higher U.S. interest rates. The Japanese economic story remains challenged despite positive performance of the equity market.

— Growth in emerging markets continues to offset slowing activity in developed economies, as year-over-year GDP growth of 8.4% and 5.3% in India and China outpace most of the globe. China remains in the headlines given that economic and technological rivalry with the U.S. persists. Despite sentiment challenges, growth has remained above the target of 5%, even in the face of a lagging property market and financial stress seen amongst local-government financing vehicles and regional banks.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	3.0% 3/31/24	3.5% 3/31/24	3.8% 3/31/24
Eurozone	0.1% 12/31/23	2.4% 3/31/24	6.5% 2/29/24
Japan	1.2% 12/31/23	2.6% 3/31/24	2.6% 2/29/24
BRICS Nations	5.3% 12/31/23	1.7% 3/31/24	4.8% 12/31/22
Brazil	2.1% 12/31/23	3.9% 3/31/24	7.8% 2/29/24
Russia	4.9% 12/31/23	7.7% 3/31/24	2.8% 2/29/24
India	8.4% 12/31/23	4.9% 3/31/24	7.6% 3/31/24
China	5.3% 3/31/24	0.1% 3/31/24	5.2% 3/31/24

NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy. The Chinese unemployment rate represents the monthly surveyed urban unemployment rate in China.

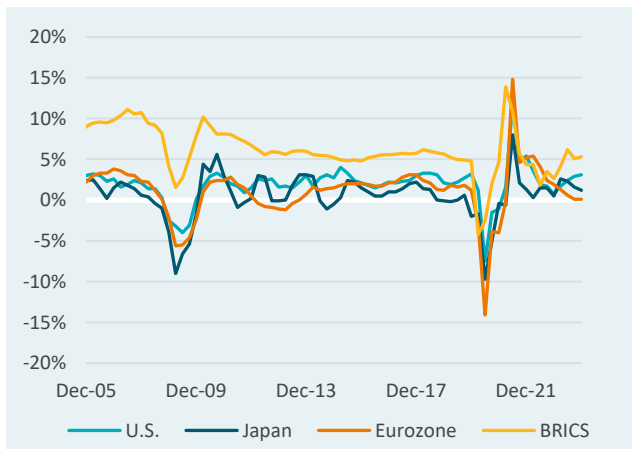
International economics

We believe the global narrative remains intact, and that many economies are set to slow in 2024 but will likely avoid recession. While hotter inflation data in the U.S. has led to changed policy expectations, inflation in international developed economies showed signs of moderation, putting central banks like the European Central Bank (ECB) and Bank of England (BOE) on a path to policy easing. The market is pricing three 25 bps interest rate cuts from the ECB and the BOE by end-of-year.

The IMF's April World Economic Outlook (WEO) communicated a much more balanced economic environment, as steady growth and disinflation has resulted in a lower likelihood of a "hard landing". The IMF sees global growth at 3.2% for 2024 and 2025, with the 2024 growth estimate revised up +0.1% from the January WEO update.

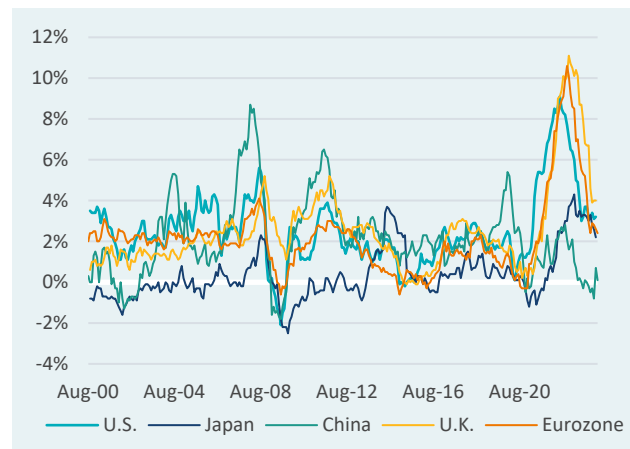
Going forward, we see material downside risks but also potential growth catalysts to the upside. Continuing and escalating conflicts in the Middle East and Eastern Europe have raised fears around energy market disruption, especially when considering that rising oil and natural gas prices were a major contributor to the recent four-decade-high bout of inflation. On the other hand, growth catalysts such as accelerated computing and artificial intelligence offer a broad range of applicability and impact that, although difficult to quantify, could act as a substantial driver of productivity and growth in the future. Additionally, if inflation pressures were to ease more quickly than expected, allowing for easier monetary policies, this may fuel growth and markets forward.

REAL GDP GROWTH (YEAR-OVER-YEAR)



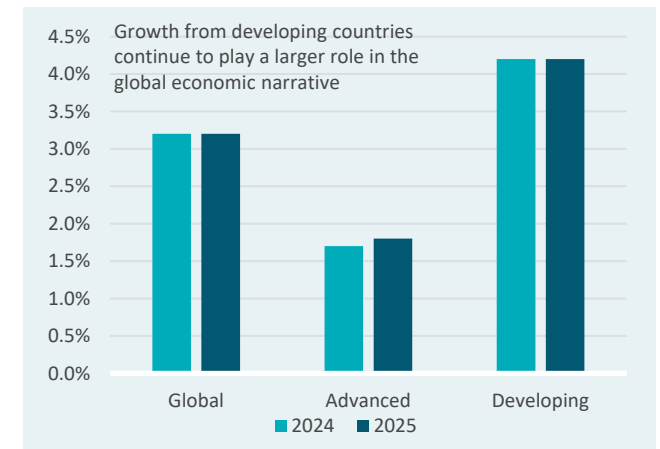
Source: Bloomberg, as of 12/31/23

INFLATION (CPI YEAR-OVER-YEAR)



Source: Bloomberg, as of 3/31/24 – or most recent release

IMF APRIL 2024 GDP FORECASTS



Source: IMF April World Economic Outlook, as of 4/16/24

Fixed income rates & credit

Fixed income environment

- The 10-year U.S. Treasury yield rose 32 basis points from 3.88% to 4.20% during Q1 on broad acknowledgment that disinflation trends have stalled and that the Federal Reserve may not cut rates in 2024 as significantly as markets had hoped for. Yields across the Treasury curve increased, with shorter-term rates rising more than longer-term.
- Domestic high-quality, duration-sensitive bonds experienced slight losses during the quarter, while most credit indices saw positive returns. High yield gained +1.5% (Bbg U.S. Corporate High Yield), while bank loans rose +2.5% (S&P/LSTA Leveraged Loan). Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) declined by -1.7% during the quarter as both rising interest rates and concerns about inflation detracted from performance.
- The U.S. yield curve has remained inverted since June 6th, 2022, marking the longest yield curve inversion on

record. This is indicated by the 10-year minus 2-year Treasury yield—ending the quarter at -39bps, down slightly from -35bps in Q4. While the yield curve has historically been a reliable predictor of recession, economic growth remains robust.

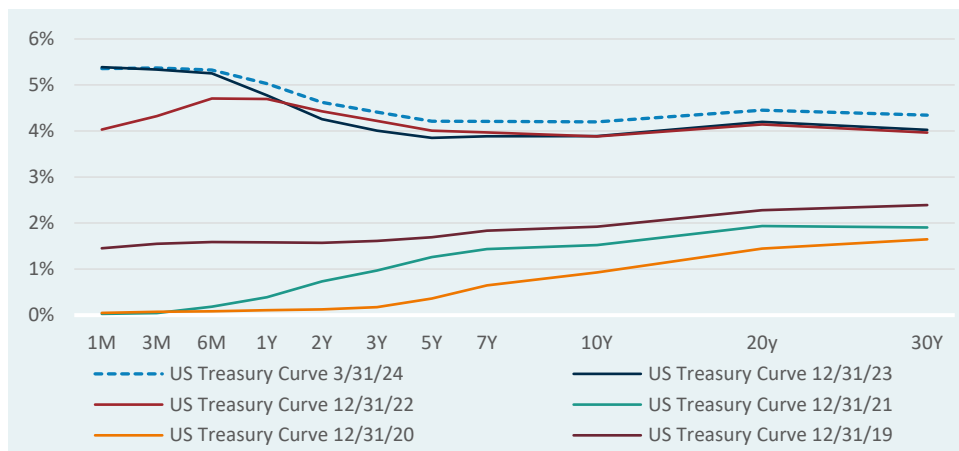
- Although default activity remains low, volumes increased as slowing economic growth and rising borrowing costs acted as headwinds. During the period, \$20.6 billion of bank loan and high yield bonds were affected by default or distressed exchanges, up from \$15.8 billion in the prior quarter. Notable company defaults included Jo-Ann’s (Retail), Hornblower (Travel & Leisure), and RobertShaw (Technology).
- Structured credit hedge funds, which focus on credit sectors such as CLOs, ABS (auto, credit card, etc), MBS, and CMBS, continue to deliver strong returns relative to traditional high yield and remain competitive versus leveraged loan indices.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	(0.8%)	1.7%
Core Plus Fixed Income (Bloomberg U.S. Universal)	(0.5%)	2.7%
U.S. Treasuries (Bloomberg U.S. Treasury)	(1.0%)	0.1%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	(3.8%)	(7.3%)
U.S. High Yield (Bloomberg U.S. Corporate HY)	1.5%	11.2%
Bank Loans (S&P/LSTA Leveraged Loan)	2.5%	12.4%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	(2.1%)	4.9%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	2.0%	11.3%
Mortgage-Backed Securities (Bloomberg MBS)	(1.0%)	1.4%

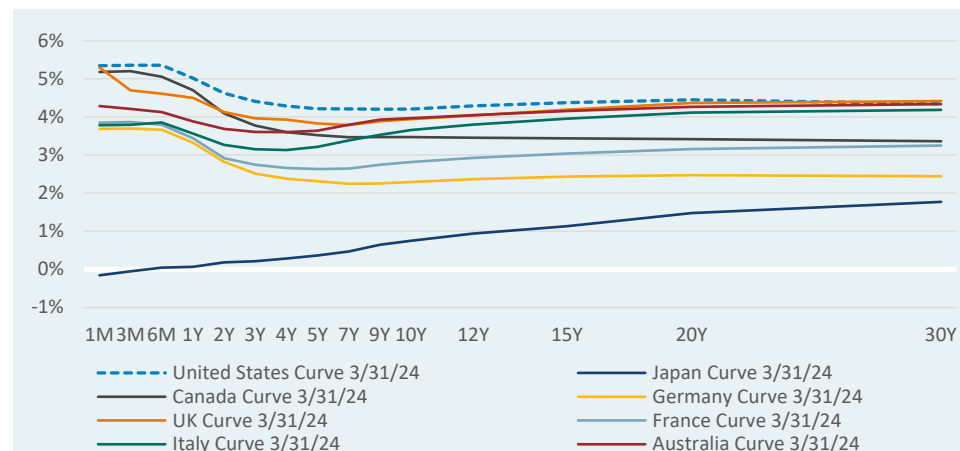
Source: Bloomberg, as of 3/31/24

Yield environment

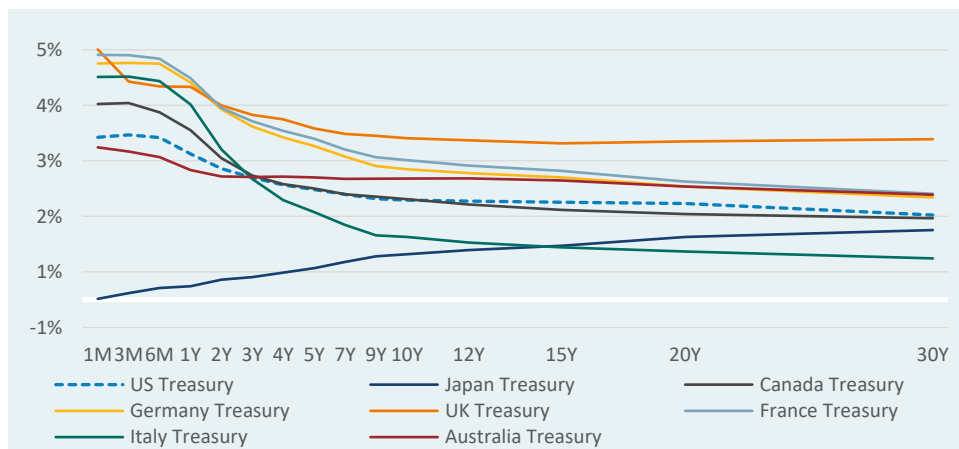
U.S. YIELD CURVE



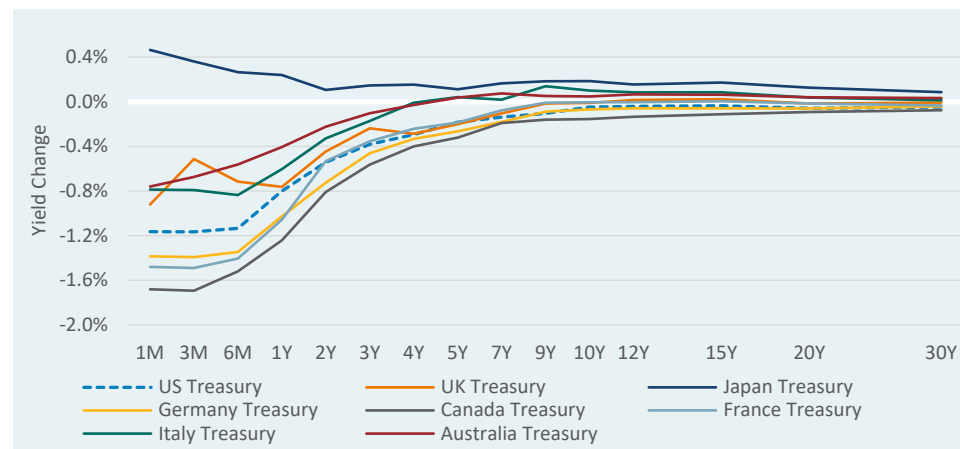
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 3/31/24

Credit environment

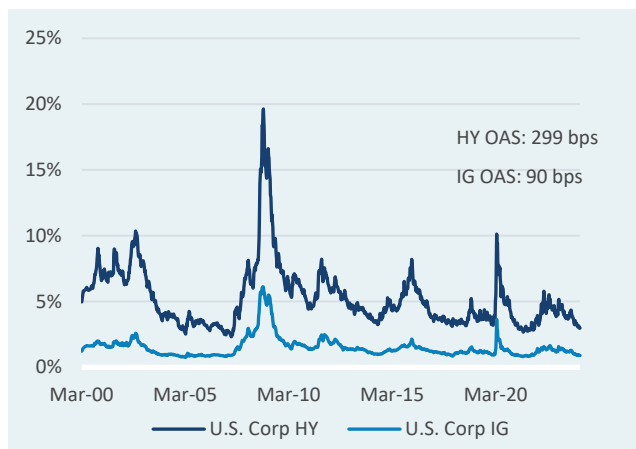
During the first quarter, credit markets delivered mixed returns with lower-quality credits such as high yield bonds and bank loans leading. Bank loans rose +2.5% (CS Leveraged Loans), while high yield bonds increased by +1.5% (Bbg U.S. Corporate High Yield). Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) fell by -1.7% as pressure from both rising interest rates and higher expected inflation acted as a headwind to performance.

Returns across credit ratings were mixed during Q1. Higher-quality BB-rated bonds returned +1.3% compared to +1.0% for B-rated and +1.3% for and CCC-rated bonds, respectively. Lower-quality bank loans experienced strong returns with CCC-rated loans rising by +6.0%,

compared to +2.5% and +1.9% for BB- and B-rated loans, respectfully,

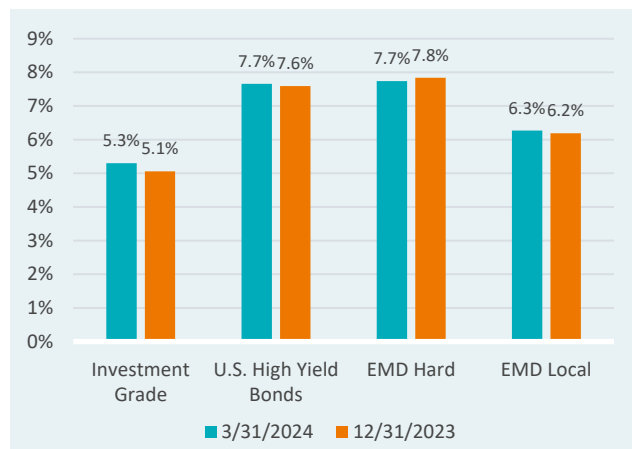
Credit spreads were slightly narrower during the quarter as stronger-than-expected economic growth eased concerns related to potential recession. Lower-quality high yield bond spreads fell by 0.2% to roughly 3.2%, while investment grade spreads decreased by roughly 0.1% to 1.2%. Broadly, spreads remain below their long-term historical averages, which suggests that investors are staying confident about the ability of those businesses to service debt. That said, slower U.S. economic growth could lead to wider credit spreads as investors might seek safety in higher quality assets.

SPREADS



Source: Barclays, Bloomberg, as of 3/31/24

YIELD TO WORST



Source: Bloomberg, J.P. Morgan as of 3/31/24

CREDIT SPREAD (OAS)

Market	3/31/24	3/31/23
Long U.S. Corp	1.1%	1.6%
U.S. Inv Grade Corp	0.9%	1.4%
U.S. High Yield	3.1%	4.6%
U.S. Bank Loans*	3.9%	3.7%

Source: Barclays, Credit Suisse, Bloomberg, as of 3/31/24
*Discount margin (4-year life)

Default & issuance

Default activity increased during the quarter as slowing economic growth and rising borrowing costs acted as headwinds. During the period, \$20.6 billion of bank loan and high yield bonds were affected by default or distressed exchanges, up from \$15.8 billion in the prior quarter. Notable company defaults included Jo-Ann's (Retail), Hornblower (Travel & Leisure), and RobertShaw (Technology).

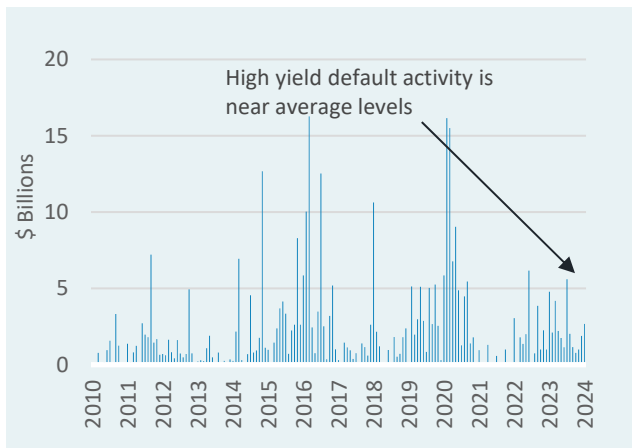
Year-to-date, the combined total of defaults and exchanges tracked slightly behind last year's pace by roughly -3.0%.

High yield bond default rates increased to 2.6%, up from 1.9% a year earlier, but were still below the long-term annual average of roughly 3.4%. High-yield default recovery rates ended the quarter at 33.1%, up slightly from

32.8% at the end of 2023, but below the long-term average of roughly 40%.

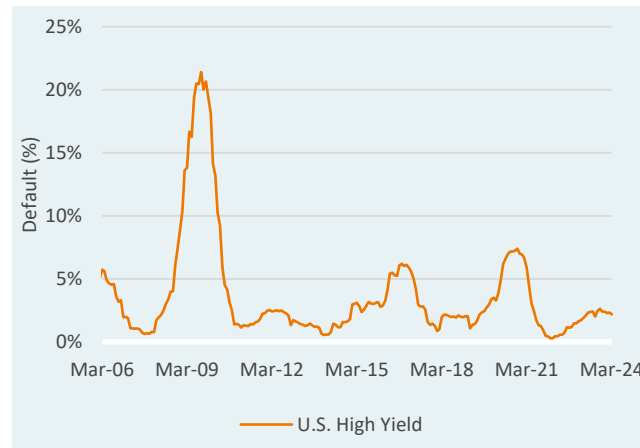
The issuance of investment grade credit increased significantly from the prior quarter, by \$328.0 billion (\$531.0 billion from \$208.0 billion). Despite higher borrowing costs, high-yield bond issuance climbed slightly to \$86.6 billion during the quarter (up from \$42.0 billion in Q4). On a year-over-year basis, the volume of both investment-grade and high yield issuance increased by roughly \$181.0 billion, (\$636.0 billion from \$436.0 billion). Low credit spreads improve the relative attractiveness of borrowing, which was likely a factor driving recent strong issuance.

U.S. HY MONTHLY DEFAULTS (PAR WEIGHTED)



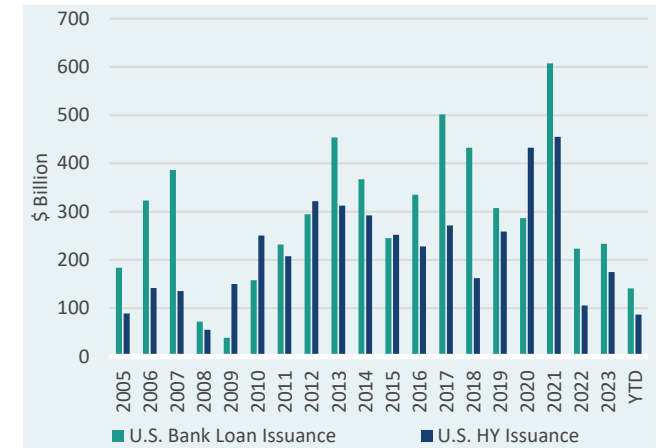
Source: BofA Merrill Lynch, as of 3/31/24

U.S. HY SECTOR DEFAULTS (LAST 12 MONTHS)



Source: BofA Merrill Lynch, as of 3/31/24 – par weighted

DEVELOPED MARKET ISSUANCE (\$ BILLIONS)

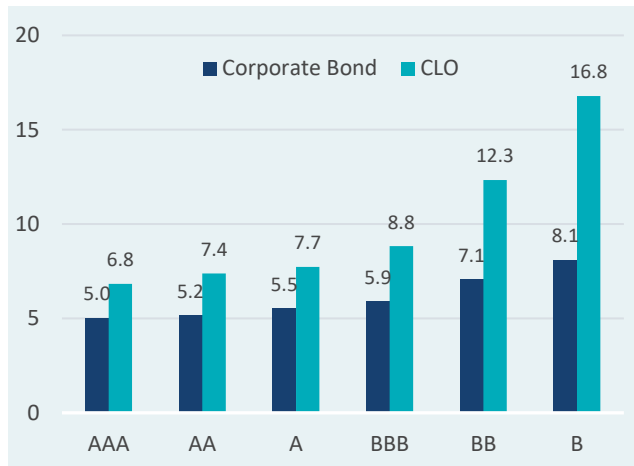


Source: BofA Merrill Lynch, all developed markets, as of 3/31/24

Credit hedge funds

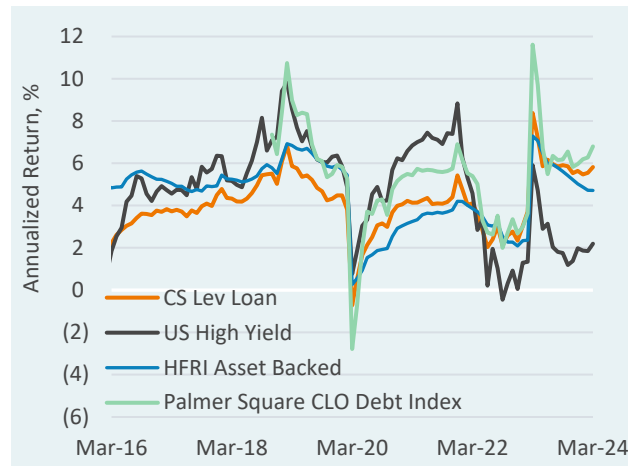
- Structured credit hedge funds, which focus on credit sectors such as CLOs, ABS (auto, credit card, etc), MBS, and CMBS, continue to deliver strong returns relative to traditional high yield and remain competitive relative to leveraged loan performance.
- Yields in those securitized markets remain wide in contrast to equivalent rating-risk corporate yields, with CLOs offering 150-300bps of spread in the IG tranches and up to 800bps in sub-investment grade tranches. Other sectors, such as CMBS, offer significantly wider spreads, evidence of the uncertainty and stress unfolding in the commercial property market.
- Distressed credit hedge funds performed well after the pandemic due to the amount of dry powder these strategies typically keep on hand and the abundance of opportunities created by market stress during that period. Strategies have kept up with high yield in the last 12-18 months and have seen their opportunity set gradually improve as interest rates remain elevated.

CLO VS CORPORATE BOND YIELDS (%)



Source: Bloomberg, BofA, Federal Reserve, MPI. As of 3/31/24

3 YEAR ROLLING RETURN



Source: CS, HFR, Bloomberg, Palmer Square, MPI

1 YEAR ROLLING RETURN



Source: Bloomberg, EurekaHedge, MPI

Equity

Equity environment

- U.S. equities (S&P 500 +10.6%) continued an impressive rally during the first quarter, once again outpacing international developed equities (MSCI EAFE +5.8%) and emerging markets (MSCI EM +2.4%). The domestic market has also delivered outperformance over the past year, fueled by the artificial intelligence boom. Telecom (+49.8%) and Technology (+46.0%) saw the biggest gains during the period.
- The U.S. dollar gained in value during Q1, likely buoyed by the higher for longer interest rate narrative. A reassessment of the Federal Reserve policy path for 2024 has improved the outlook for the dollar, as currencies which offer higher interest rates, and relatively attractive prospects for continued higher interest rates, tend to better hold their value. Losses from unhedged Japanese currency exposure has been extreme (-9.3% over the quarter, -25.2% over the past year, as indicated by the TOPIX Index).
- Style investing underperformed during Q1. Small cap lagged large cap by -5.1% (Russell 2000 +5.2% vs. Russell 1000 +10.3%). Value underperformed Growth by -2.4% (Russell 1000 Value +9.0% vs. Russell 1000 Growth +11.4%). Style premia has also suffered over the past full year. Small cap underperformed large cap by -10.2% while value stocks underperformed growth by -18.7%.
- Market-priced volatility (Cboe VIX Index) remained incredibly low during the quarter, ending at 13.0 in March. Historically, market volatility of this level has coincided with strong upward trending risk asset prices and investor enthusiasm.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	10.6%		29.9%	
U.S. Small Cap (Russell 2000)	5.2%		19.7%	
U.S. Equity (Russell 3000)	10.0%		29.3%	
U.S. Large Value (Russell 1000 Value)	9.0%		20.3%	
US Large Growth (Russell 1000 Growth)	11.4%		39.0%	
Global Equity (MSCI ACWI)	8.2%	9.6%	23.2%	25.4%
International Large (MSCI EAFE)	5.8%	10.5%	15.3%	22.4%
Eurozone (EURO STOXX 50)	10.3%	13.1%	20.1%	23.6%
U.K. (FTSE 100)	3.0%	4.0%	10.7%	9.1%
Japan (TOPIX)	10.0%	19.3%	24.0%	49.2%
Emerging Markets (MSCI Emerging Markets)	2.4%	4.4%	8.2%	10.7%

Source: Russell Investments, MSCI, STOXX, FTSE, JPX, as of 3/31/24

Domestic equity

U.S. equities notched another quarter of outperformance over international developed and emerging market shares, with the S&P 500 finishing up +10.6%. Market momentum carried forward from the end of 2023, as large cap equities advanced off a boost to corporate earnings from developments in accelerated computing and artificial intelligence. At the same time, economic indicators reflected resilience across labor and economic activity, alleviating some fears around potential recession.

Large technology company performance has helped push the broader index higher, as the Magnificent Seven contributed around 37% of the S&P 500's total return in the first quarter, per Morningstar. A combination of Nvidia, Microsoft, Meta, and Amazon drove 47% of total returns. The Magnificent 7

stocks fueled nearly two-thirds of index performance in 2023. These figures exemplify the outsized impact large companies have had on broader domestic equity returns, both to the downside and upside.

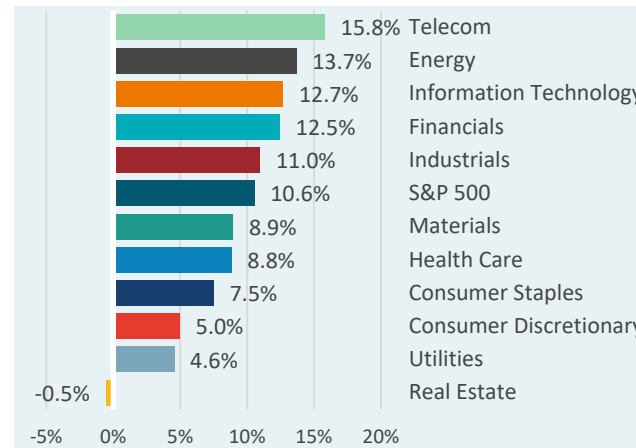
On the other hand, these strong price gains have moved valuations towards the richer side of the historical range, and the term “priced for perfection” has become more popular amongst the news lexicon. U.S. shares have also been relatively unbothered by changing expectations for the Federal Reserve rate hiking path. The higher for longer narrative has had a large negative impact on bond markets, but apparently little impact on risk assets, so far.

S&P 500 PRICE INDEX



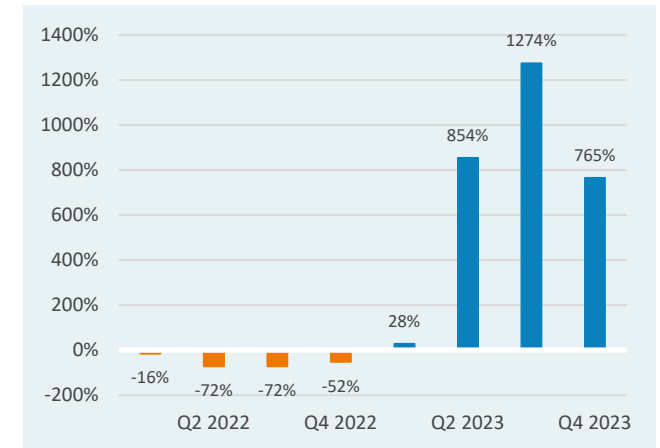
Source: Bloomberg, as of 3/31/24

Q1 2024 SECTOR PERFORMANCE



Source: Morningstar, as of 3/31/24

NVIDIA EPS GROWTH (YEAR-OVER-YEAR)



Source: Nvidia, as of 3/31/24. GAAP Diluted EPS

Domestic equity size & style

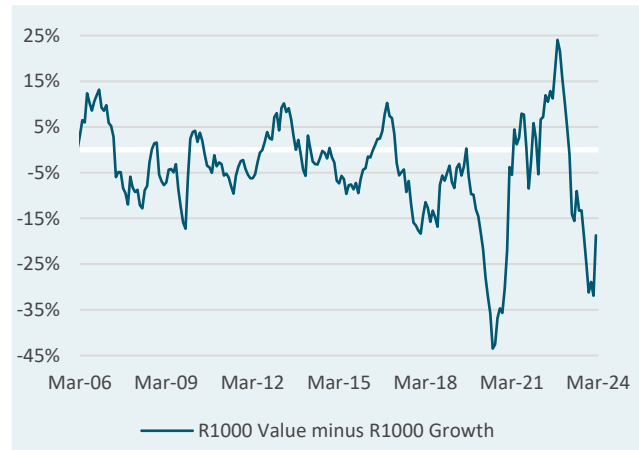
Small cap and value style investing underperformed during Q1. Small cap lagged large cap by -5.1% (Russell 2000 +5.2% vs. Russell 1000 +10.3%). Value underperformed Growth by -2.4% (Russell 1000 Value +9.0% vs. Russell 1000 Growth +11.4%). These style premia also suffered over the past full year. Small cap underperformed large cap by -10.2% while value stocks underperformed growth by -18.7%.

Mega cap companies continue to dominate large cap index performance. The “Magnificent 7” securities, including Amazon, Netflix, Google, Meta, Nvidia, Apple, and Tesla, drove the index into drawdown territory during 2022, contributed to a strong bounce back rally in 2023, then have pushed the index higher still in 2024. However, performance of this group

has been a bit mixed year-to-date, with Apple and Tesla lagging the overall index materially. Index concentration has created headwinds for the performance of active managers, on average, and dominant growth stocks have pushed the overall index towards a higher multiple while depressing dividend yields.

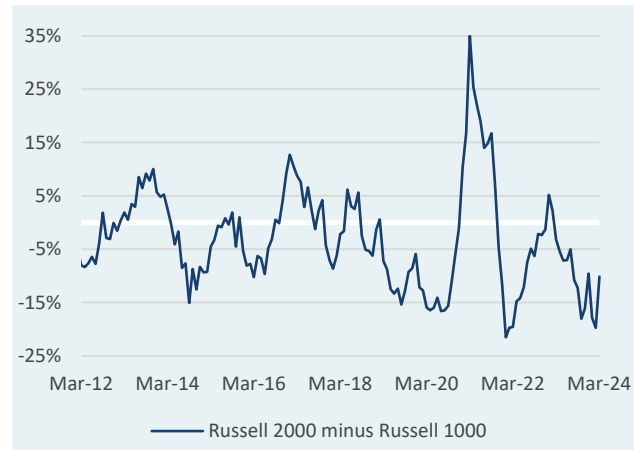
Variability in the behavior of style factors, often driven by idiosyncratic sector moves and broader macro themes, continues to provide evidence that style investing should typically be a longer-term endeavor. Short-term factor timing decisions should in most circumstances be pursued only in the rare occasion of obvious market mispricing and a foreseen catalyst for price correction.

VALUE VS. GROWTH 1-YR ROLLING



Source: FTSE, as of 3/31/24

SMALL CAP VS LARGE CAP 1-YR ROLLING



Source: FTSE, as of 3/31/24

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	20.3%	29.9%	39.0%
Mid Cap	20.4%	22.3%	26.3%
Small Cap	18.8%	19.7%	20.3%

Source: FTSE, as of 3/31/24

International developed equity

International developed shares notched a strong first quarter, although returns trailed domestic equities. The MSCI EAFE index returned +5.8% in unhedged U.S. dollar terms, materially lower than the hedged return of +10.5%. The dollar's advance was likely fueled by higher rate expectations for the Federal Reserve, along with expected policy easing decisions from the European Central Bank and Bank of Japan, both of which are positive for the U.S. dollar (i.e. led to losses for unhedged investors).

Resilient global economic growth has been a tailwind to performance amongst international developed shares. All major regional equities (Eurozone, Japan, and United Kingdom)

saw positive returns over the period.

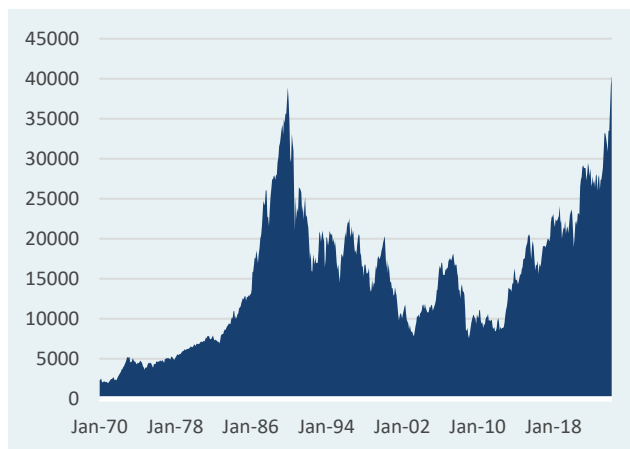
While performance has been better than expected, future growth catalysts remain uncertain. Falling Eurozone inflation boosted regional risk assets, as inflation fell from 3.1% to 2.4% in March. Easing inflation has taken some pressure off the ECB, resulting in rising expectations for rate cuts in June. In Japan, equities have carried forward positive momentum from 2023, evident by the Nikkei achieving a 34-year high in February. Easy monetary policy from the BOJ continues to provide a boost to local earnings, while poor inflation and wage growth metrics have provided little evidence for the BOJ to quickly move away from their low interest rate policy.

INTERNATIONAL DEVELOPED EQUITY



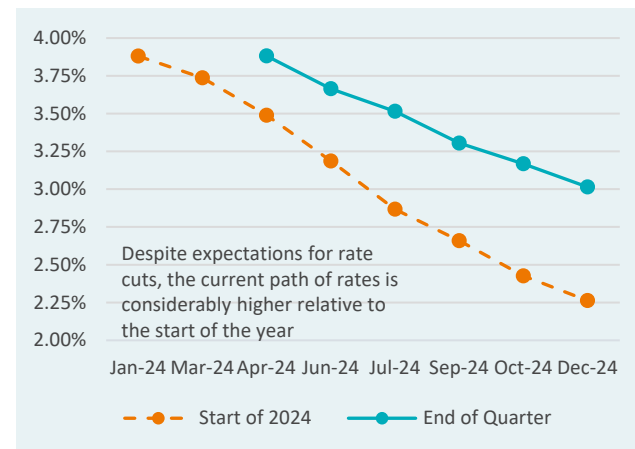
Source: MSCI, as of 3/31/24

NIKKEI 225 INDEX



Source: Bloomberg, Nikkei, as of 3/31/24

ECB RATE EXPECTATIONS



Source: Bloomberg, as of 3/31/24

Emerging market equity

Emerging markets have delivered mild gains year-to-date, rising +2.4%, and are up +8.2% over the past year. Chinese equities have continued to act as a drag the index, down -2.2% in 2024, and -17.1% over the past year.

From a sector perspective, the momentum behind accelerated computing carried into emerging markets, as the information technology sector outperformed (+9.5%), driven by gains from South Korea & Taiwan. Peru, Turkey, and Columbia were the best performing countries in the first quarter, seeing gains of +15.5%, +14.1%, and +12.5% - broadly gaining off strength in oil and copper.

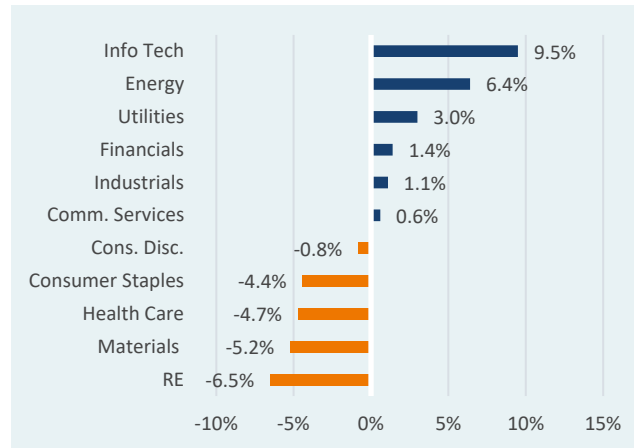
China remains a large question mark among emerging market country exposures, facing significant structural headwinds in the form of a declining population, imbalances in the real estate market, and a reversal in sentiment from the international community which contributed to a broad withdrawal of foreign direct investment, for example. Additionally, many U.S.-based institutional investors have centered on the possibility of top-down government restrictions on China investment that, if imposed, could result in losses to existing exposure as this could cause a way of selling activity. An invasion of Taiwan remains another risk, though we believe the chances of this are remote.

EMERGING MARKET EQUITY



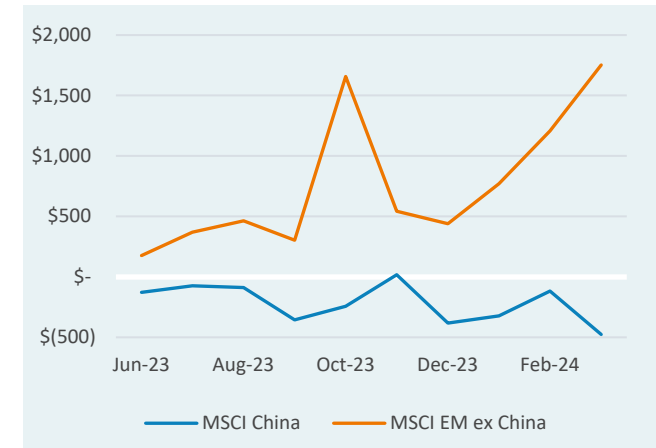
Source: MSCI, as of 3/31/24

MSCI EM Q1 2024 SECTOR RETURNS (USD)



Source: MSCI, J.P. Morgan, as of 3/31/24

ISHARES ETF MONTHLY FUND FLOWS (\$M USD)



Source: BlackRock, Bloomberg, as of 3/31/24

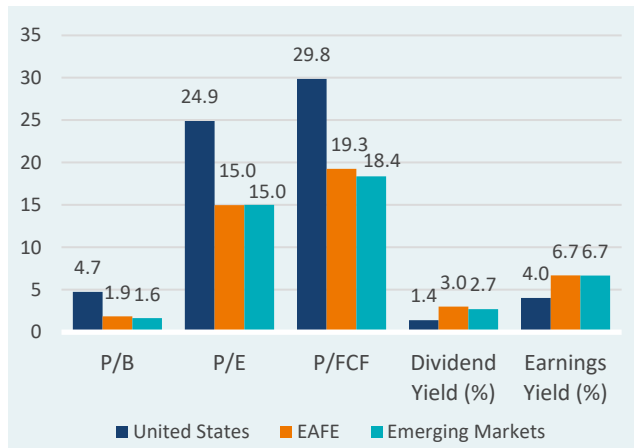
Equity valuations

Valuations drifted upward during the quarter, as the equity rally has been driven partially by higher price multiples. Larger multiples and a greater concentration of growth stocks in the index, which tend to have lower dividend payout ratios, have led the S&P 500 to offer a nearly all-time low dividend yield of 1.4%. In an environment where investors can receive more than a 5% yield from risk-free cash, this is testament to the rising attractiveness of fixed income relative to equities.

Domestic equities are priced at a 40% premium over international developed markets, and have shown little sensitivity so far to investors'

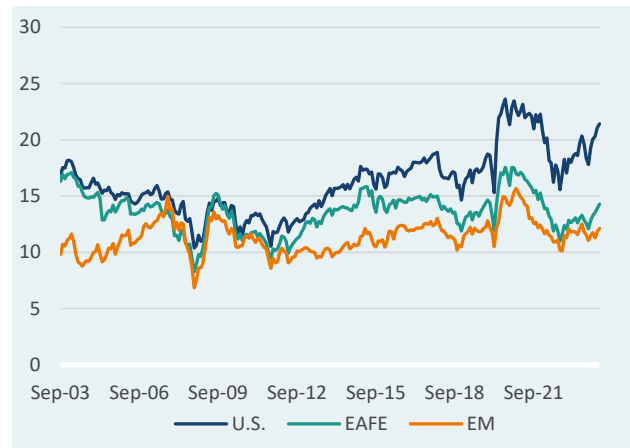
repricing of the interest rate path in 2024. Future stock market returns must come from either: corporate earnings growth, expansion of stock multiples (meaning stocks become more expensive), higher dividend yields (an increase in dividend payments), or higher inflation (assuming businesses pass this on by raising prices in line with inflation). In the current environment of already high stock multiples, a very low dividend yield, and high corporate profit margins, the likelihood of seeing another decade of performance like investors have received over the past ten years seems low.

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 3/31/24

FORWARD PRICE/EARNINGS RATIO



Source: MSCI, Bloomberg, as of 3/31/24

S&P 500 HISTORICAL DIVIDEND YIELD



Source: S&P, Bloomberg, as of 3/31/24

Market volatility

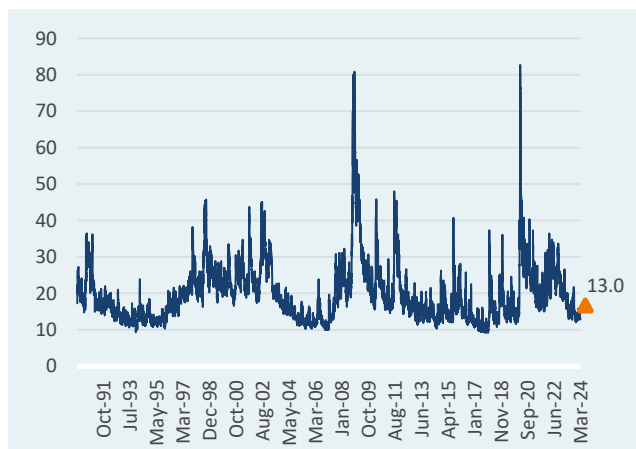
Market-priced volatility (Cboe VIX Index) remained incredibly low during the quarter, ending at 13.0 in March. Historically, market volatility of this level has coincided with strong upward trending risk markets and investor enthusiasm.

The realized past one-year volatility of global equity markets has moderated, with U.S. equity volatility at 13.6%—very close to current VIX implied volatility. The relative volatility of markets has moved back in line with historical behavior—U.S. equities showing the lowest volatility, followed closely by international developed equities, and with emerging market equities delivering greater risk.

However, many investors might be surprised to know that international developed equities have shown similar risk to U.S. equities over the long term, if currency movements are excluded. It is unhedged currency exposure that has historically caused the difference in risk.

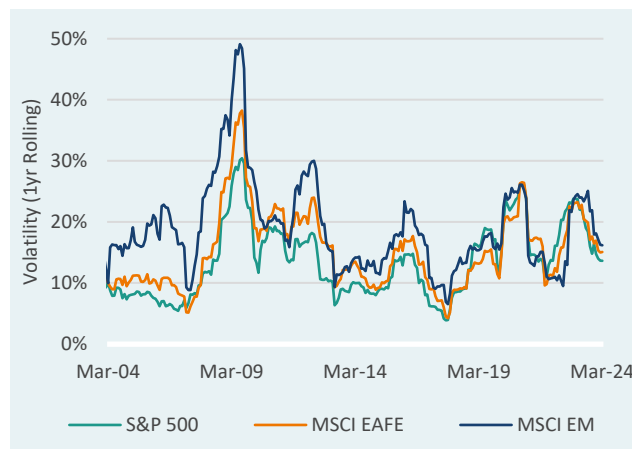
Bond market implied volatility has moderated considerably from extreme levels of 2023. This is indicated by the “MOVE” Index—which calculates the implied volatility of U.S. Treasury securities. However, notable uncertainty remains around inflation, the Federal Reserve’s interest rate path and the extent of rate cuts (if any) in 2024, and economic growth.

U.S. IMPLIED VOLATILITY (VIX)



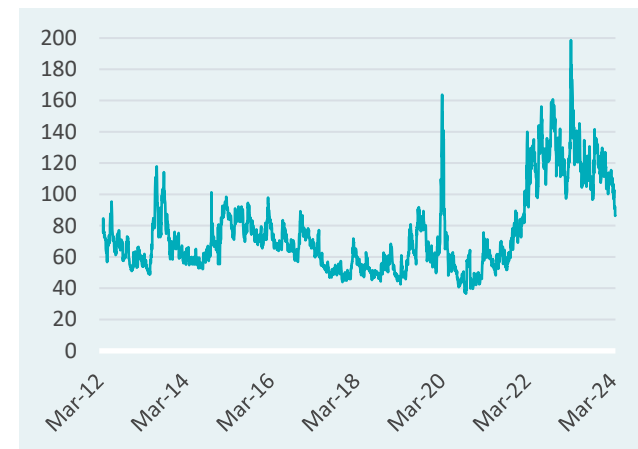
Source: Cboe, as of 3/31/24

REALIZED VOLATILITY



Source: S&P, MSCI, as of 3/31/24

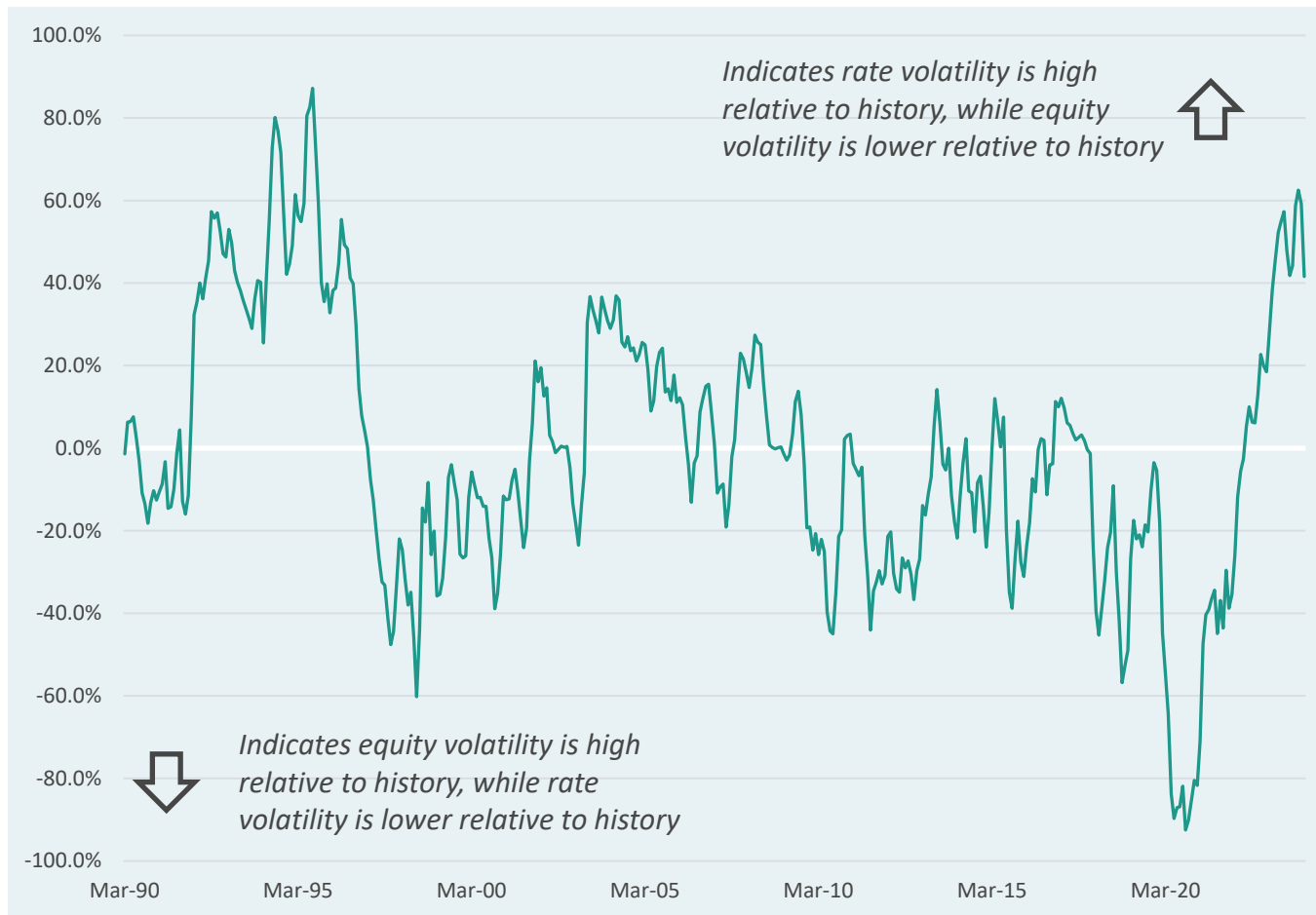
U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)



Source: Bloomberg, as of 3/31/24

Implied volatility: domestic rates vs. equity

RATES VS. EQUITIES VOLATILITY: HISTORICAL PERCENTILE SPREAD

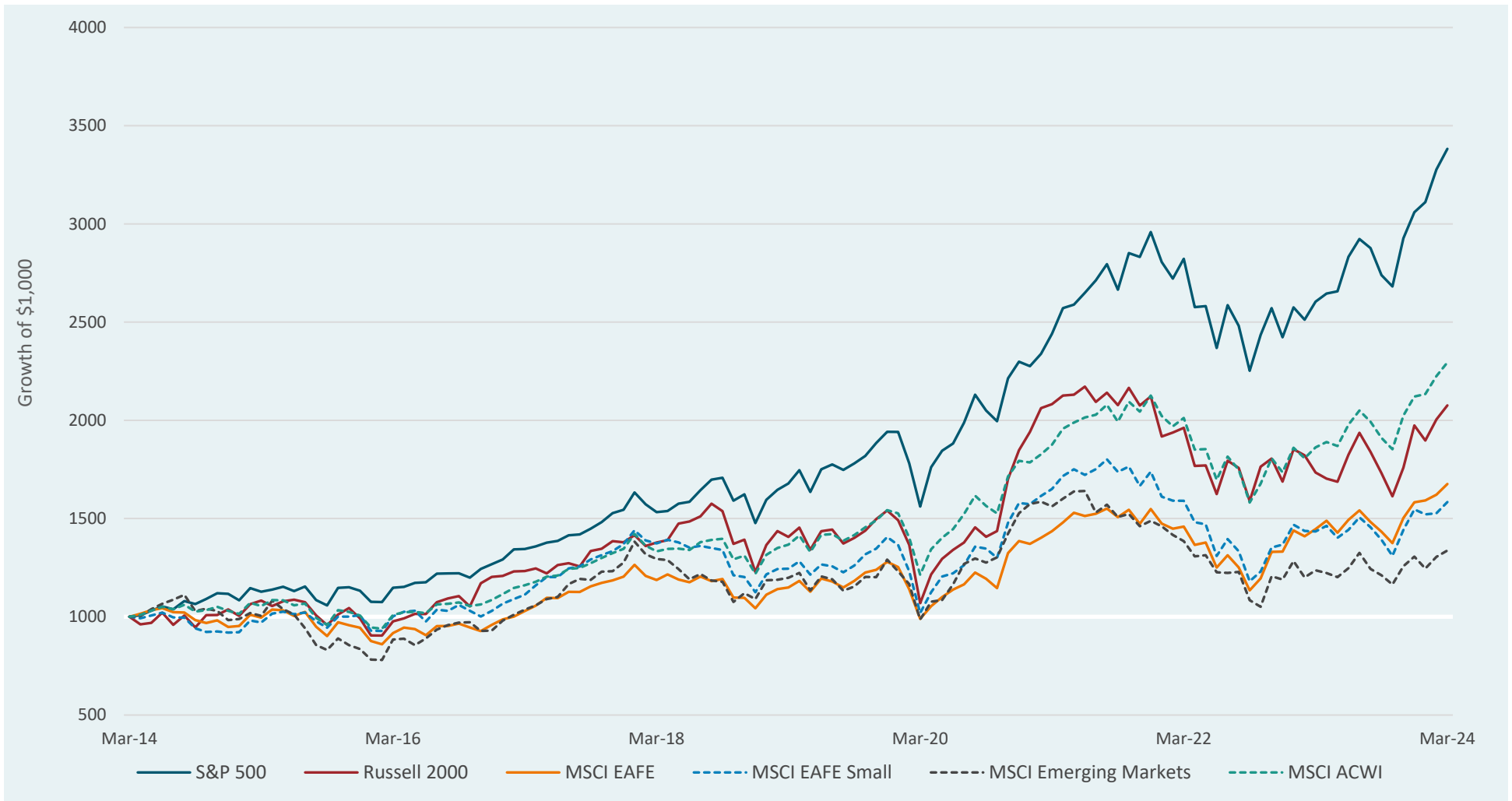


This chart looks at the relationship between rate and equity volatility by comparing historical percentiles dating back to 1990. By taking a spread between the rate and equity percentile, we get a clear picture of environments when implied volatility is relatively higher for one asset class compared to the other.

Our chart shows that we have not seen an environment like this since 1995 (which is also viewed as the Fed's only "soft landing").

Source: ICE BofA, CBOE, as of 3/31/24

Long-term equity performance



Source: MPI, as of 3/31/24

Other assets

Currency

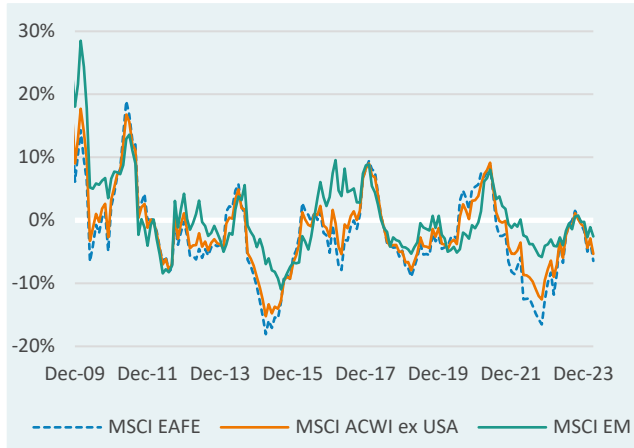
The U.S. dollar gained in value during the quarter, likely buoyed by the *higher for longer* interest rate narrative. A reassessment of the Federal Reserve policy path for 2024 has improved the outlook for the dollar, as currencies which offer higher interest rates, and relatively attractive prospects for continued higher interest rates, tend to better hold their value.

Investors without a currency hedging program in place lost -4.7% from their international developed equity exposure (MSCI EAFE) during the quarter and -7.1% over the past year. Losses from unhedged Japanese currency exposure have been extreme (-9.3% over the quarter, -25.2% over the past year, based on the TOPIX Index), while unhedged European equity exposure losses due to currency have been milder (-2.8% over the quarter, -2.5% over

the past year, based on the EURO Stoxx 50 Index).

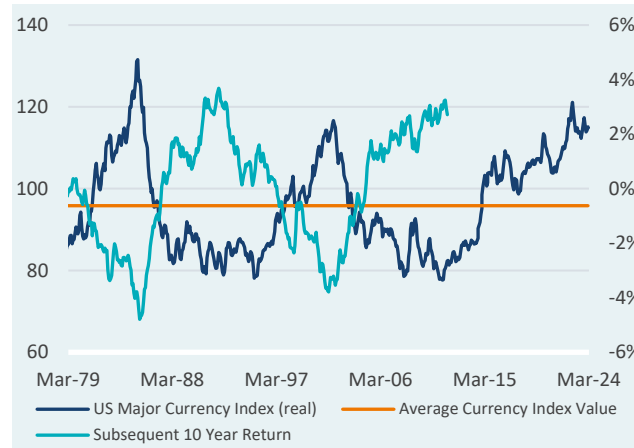
This past year marks another period of uncompensated volatility and losses caused by unhedged currency market exposure. The benefits which a more thoughtful currency approach might deliver have been on display for a number of years. This approach involves reducing the uncompensated risk of unhedged foreign currency exposure, and instead of unhedged exposure to currency markets, making a passive investment in the currency market by investing in currencies with higher interest rates, currencies that are undervalued, and currencies that are showing positive price momentum. This approach, represented by the MSCI Currency Factor Mix Index—has offered a positive one-year rolling return over most periods with far lower volatility than the unhedged currency exposure that many investors hold.

EFFECT OF CURRENCY (1-YEAR ROLLING)



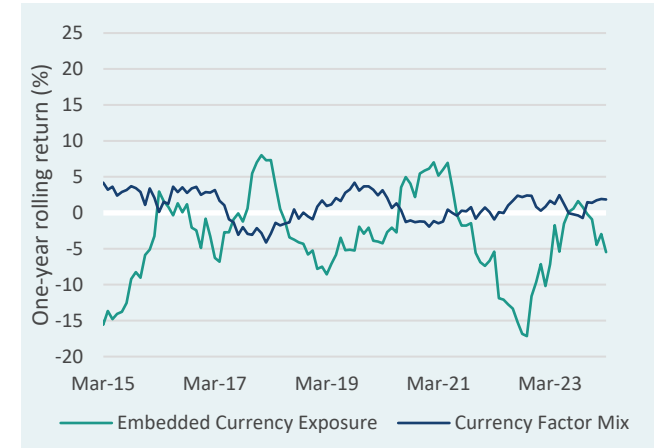
Source: MSCI, as of 3/31/24

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Bloomberg, as of 3/31/24

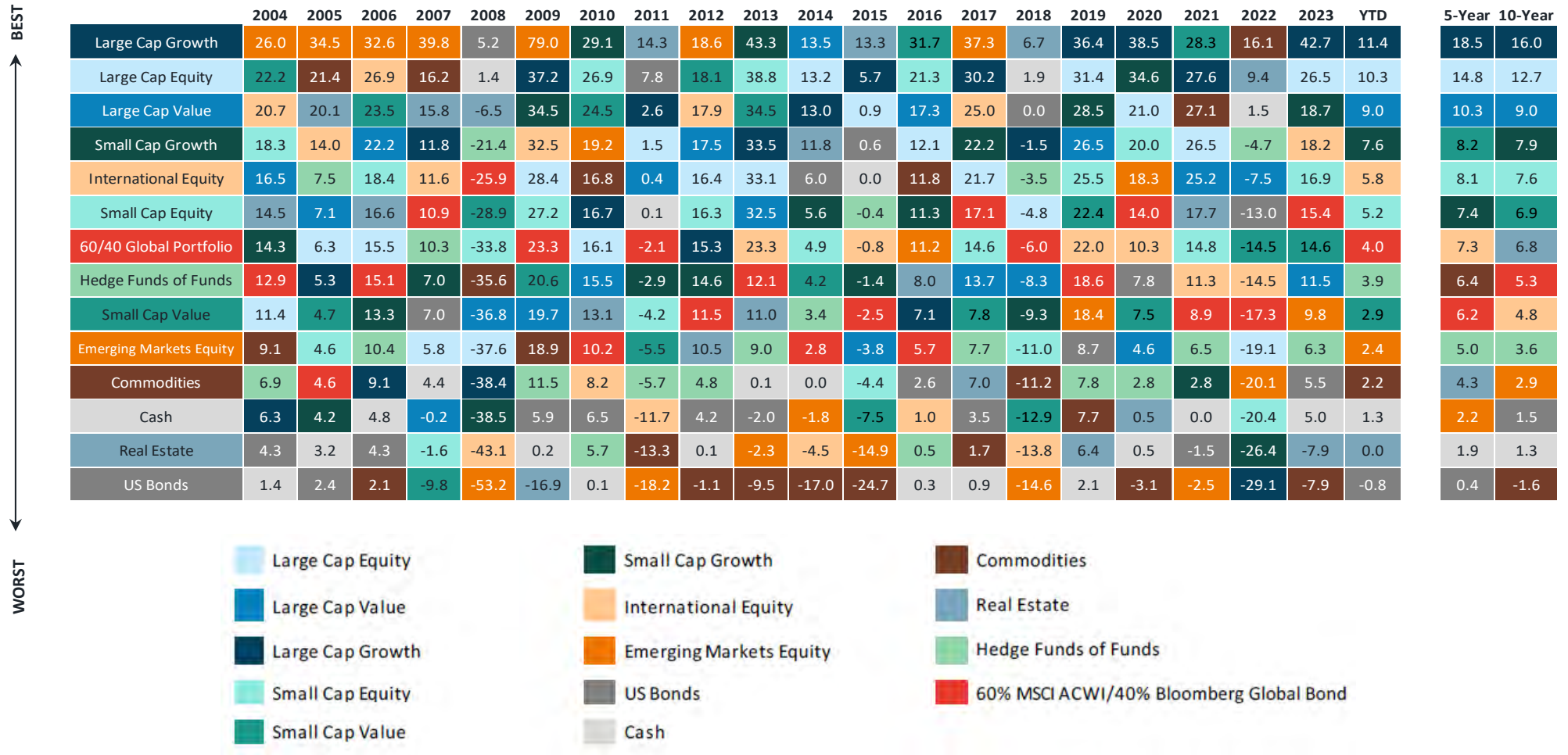
EMBEDDED CURRENCY VS CURRENCY FACTORS



Source: Bloomberg, MSCI, as of 3/31/24

Appendix

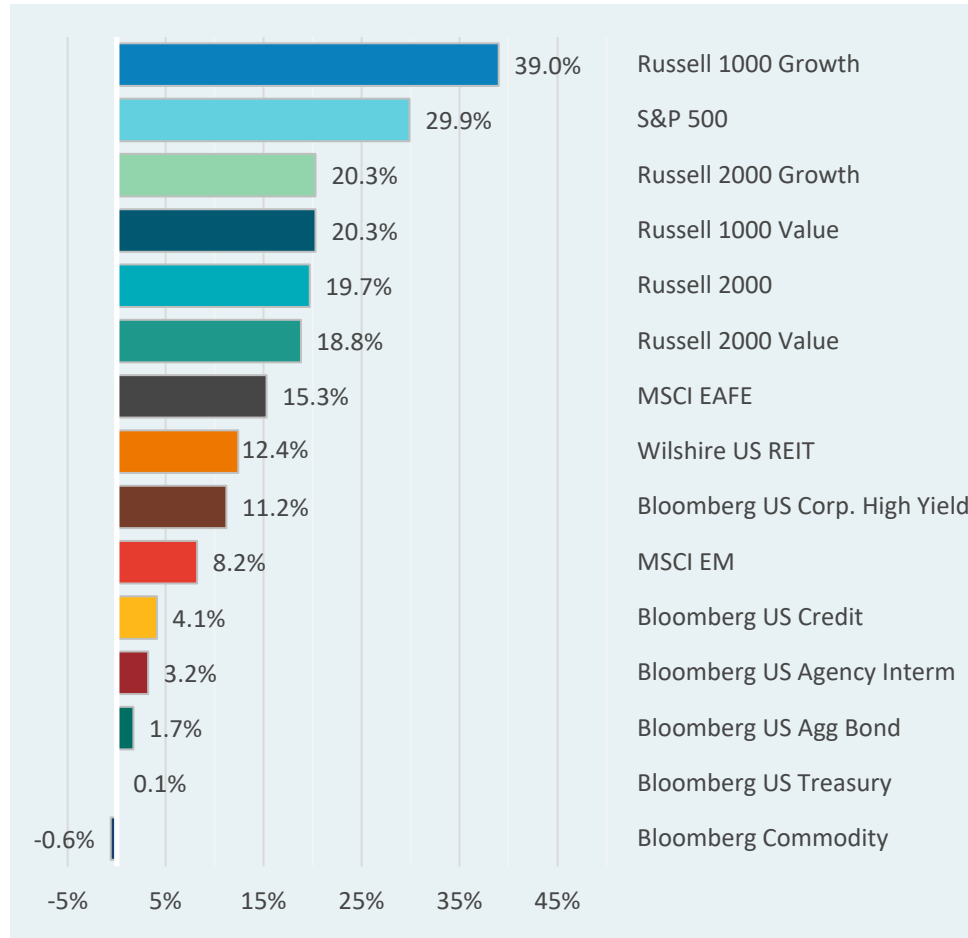
Periodic table of returns



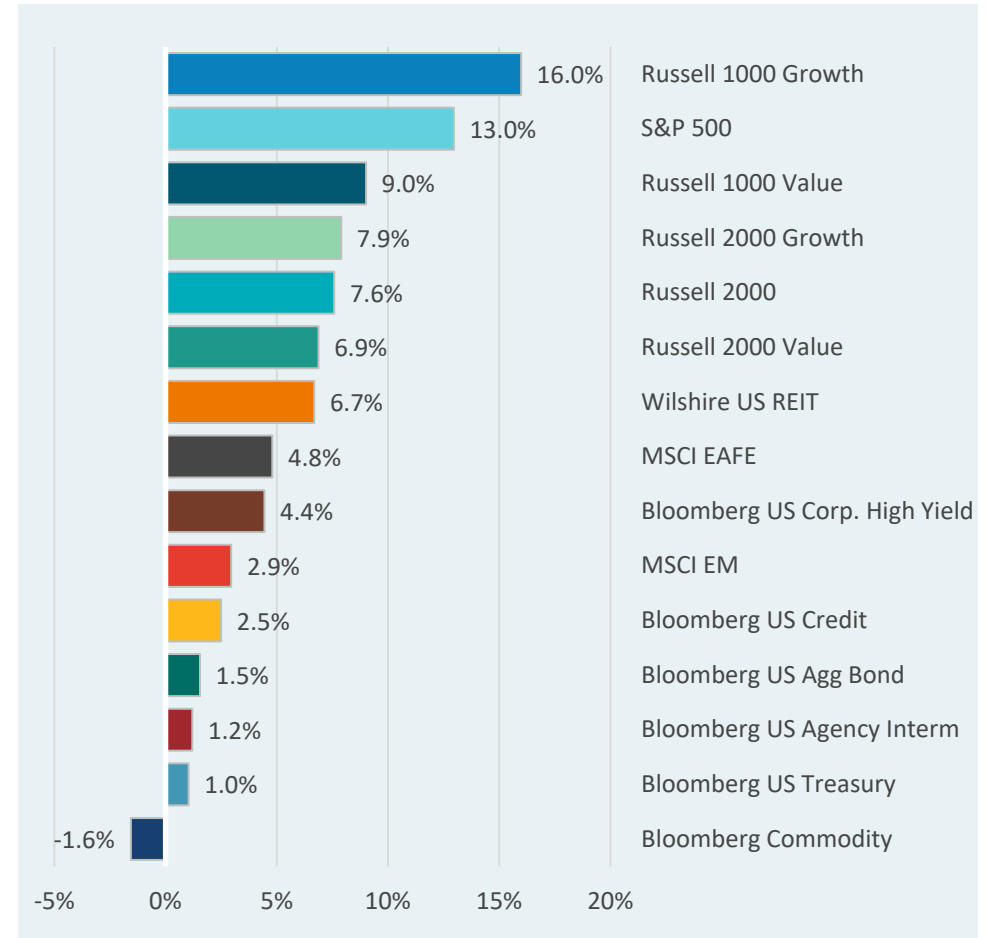
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 12/31/23.

Major asset class returns

ONE YEAR ENDING MARCH



TEN YEARS ENDING MARCH



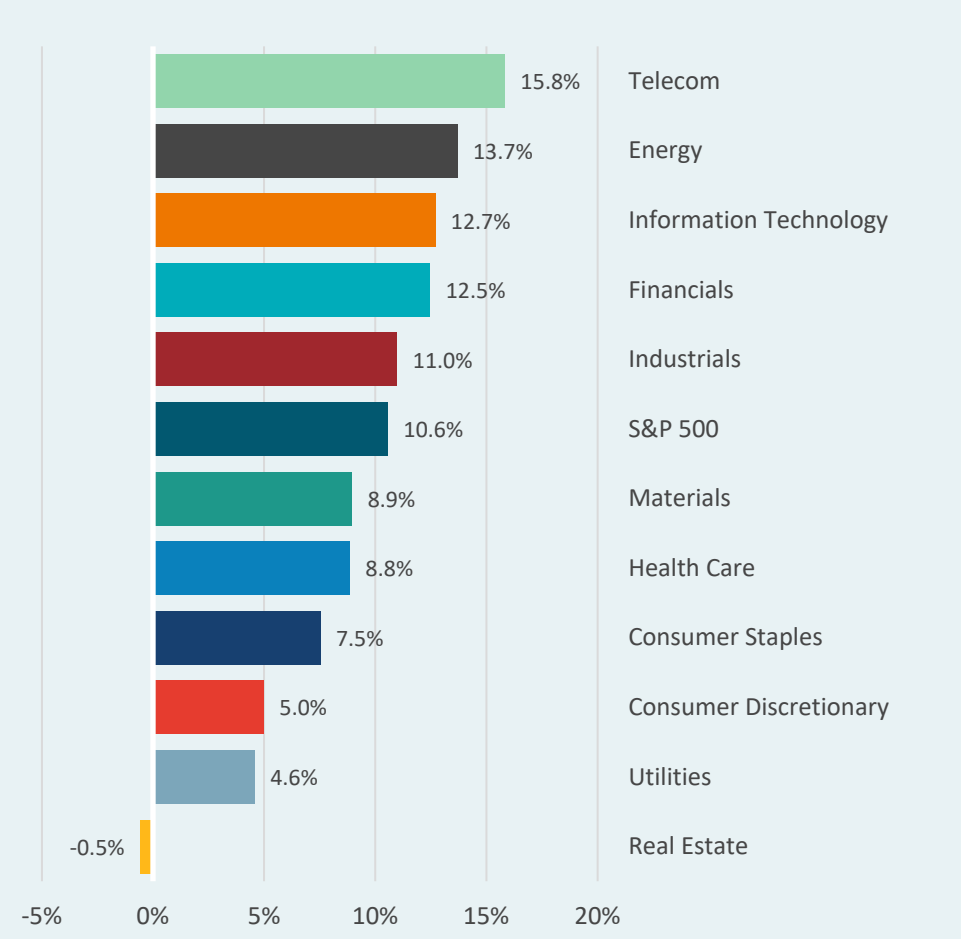
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 3/31/24

Source: Morningstar, as of 3/31/24

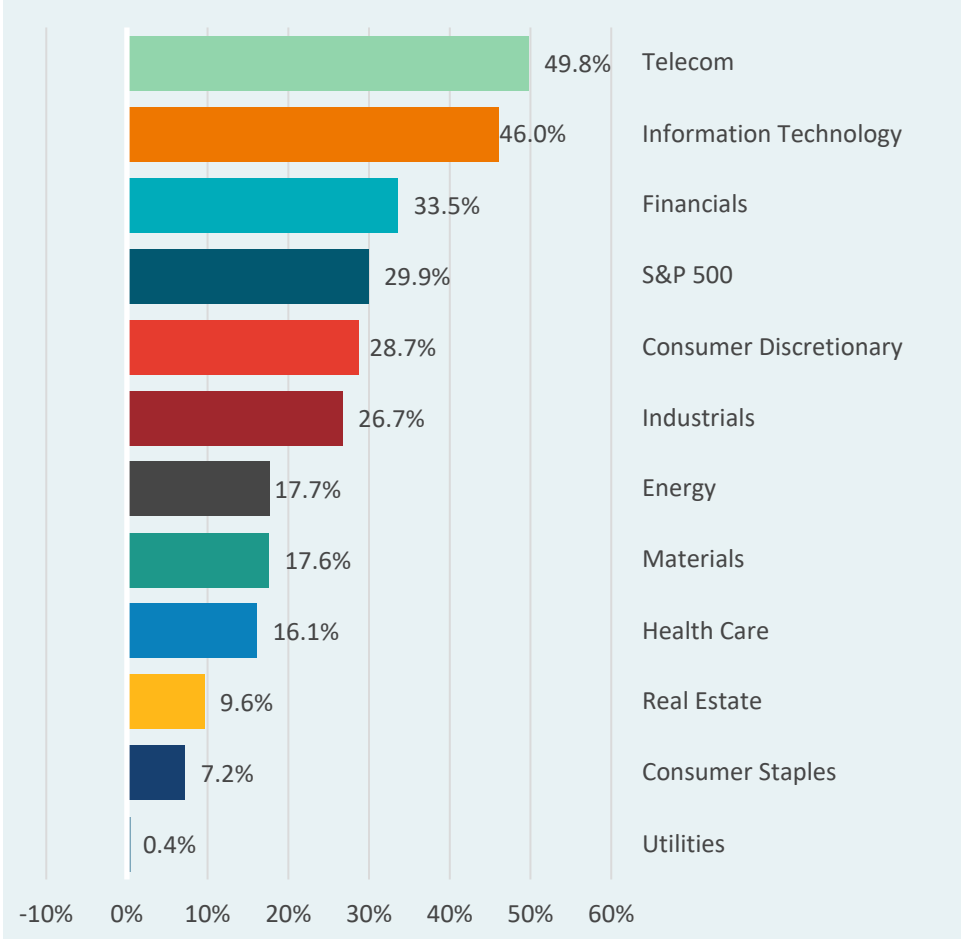
S&P 500 sector returns

QTD



Source: Morningstar, as of 3/31/24

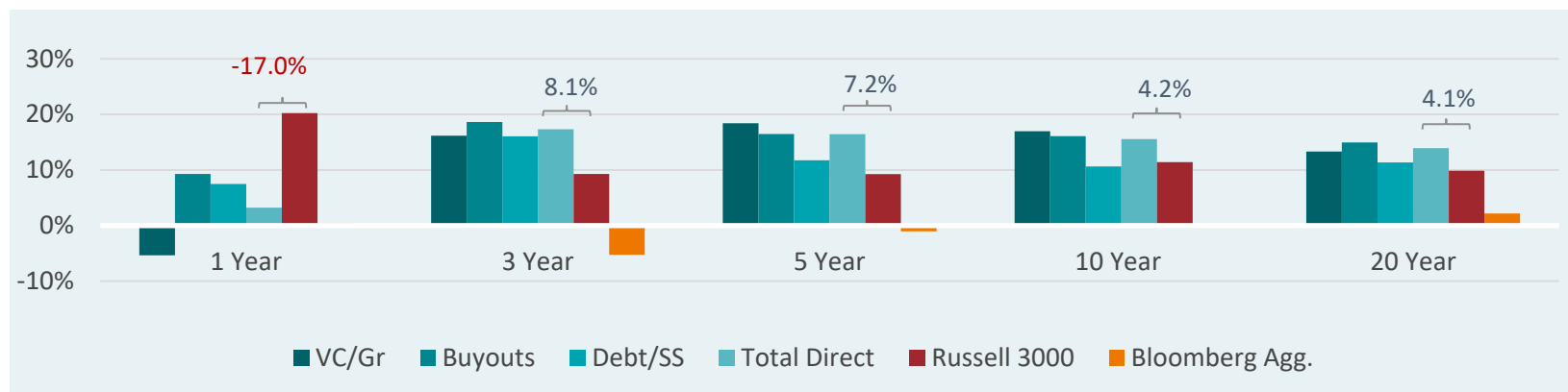
ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/24

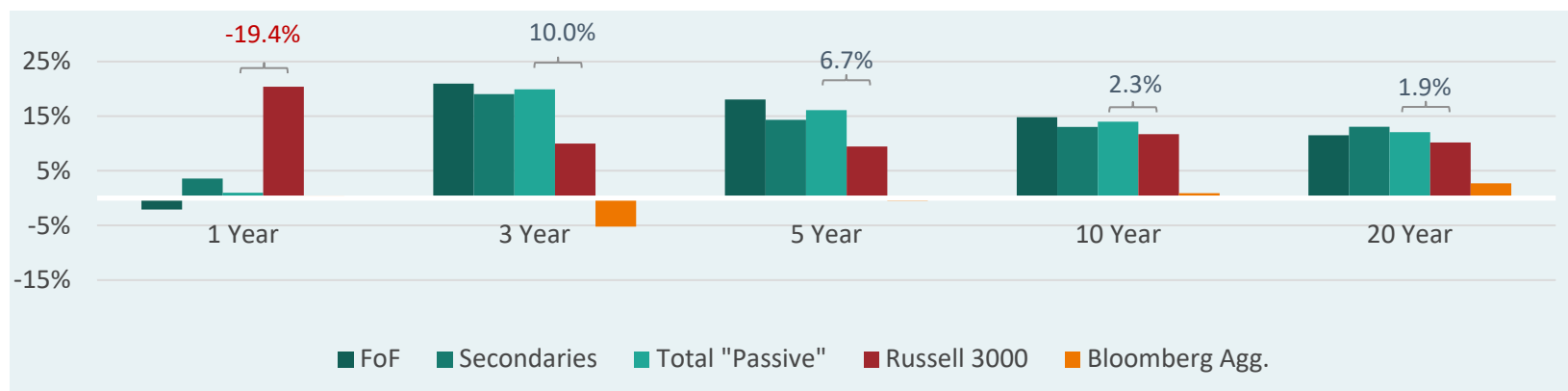
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund investments outperformed comparable public equities across all time periods, aside from the 1-year

"PASSIVE" STRATEGIES

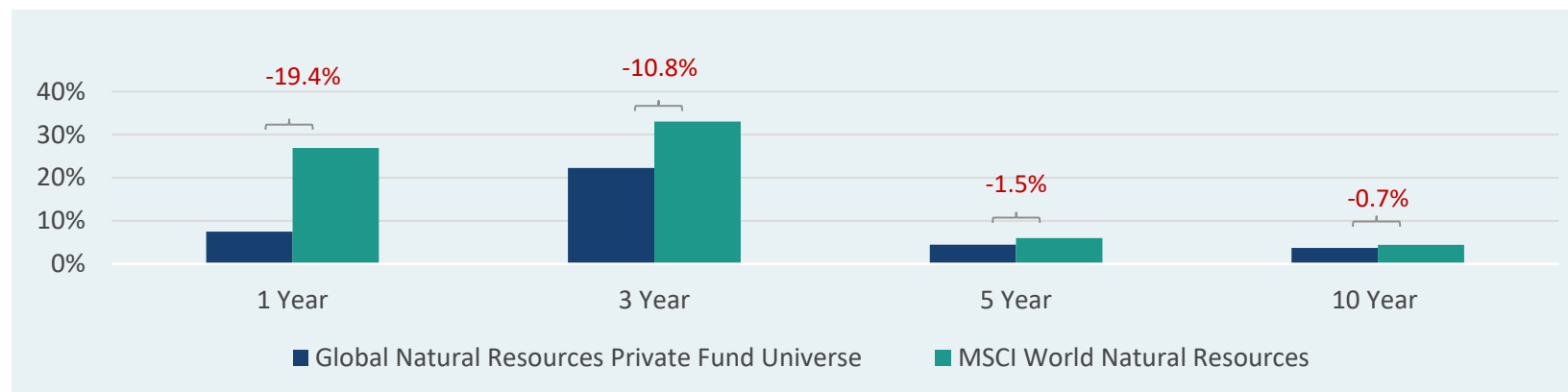


"Passive" strategies outperformed comparable public equities across all time periods, aside from the 1-year

Sources: Refinitiv PME: U.S. Private Equity Funds sub asset classes as of September 30, 2023. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.

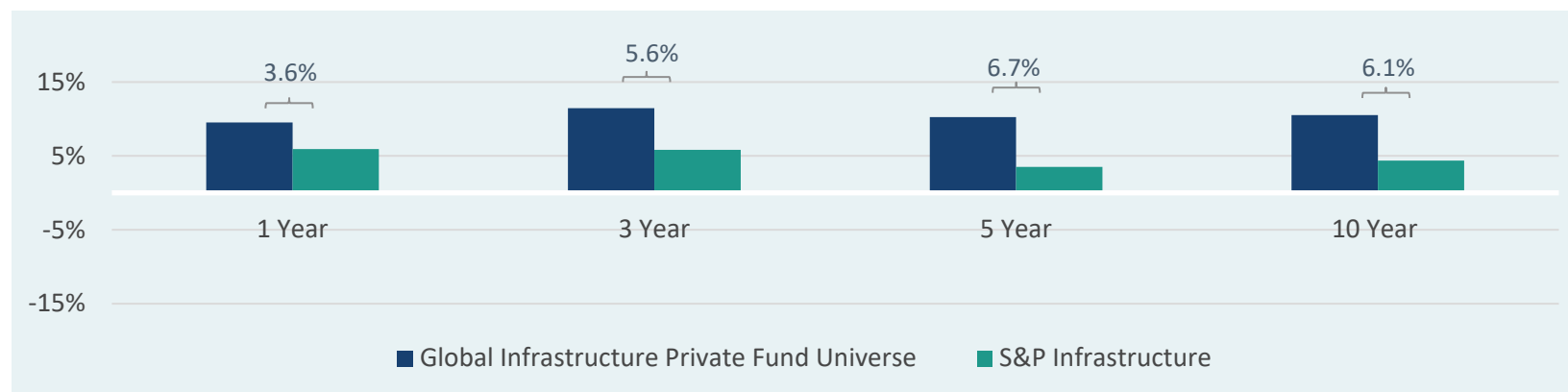
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds underperformed the MSCI World Natural Resources benchmark across all periods

GLOBAL INFRASTRUCTURE FUNDS

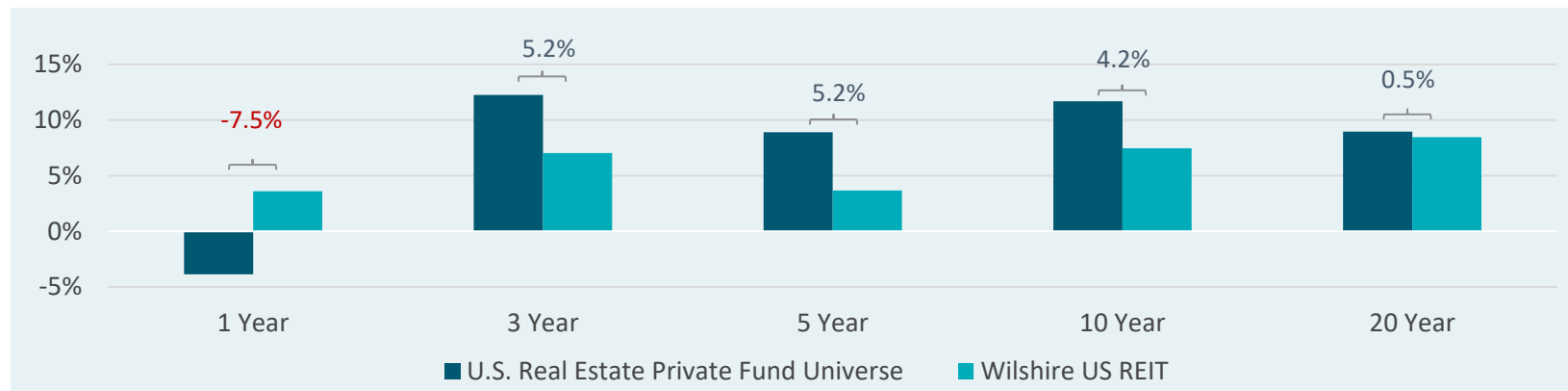


Infra. funds outperformed the S&P Infra. across all periods

Sources: Refinitiv PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of September 30, 2023. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

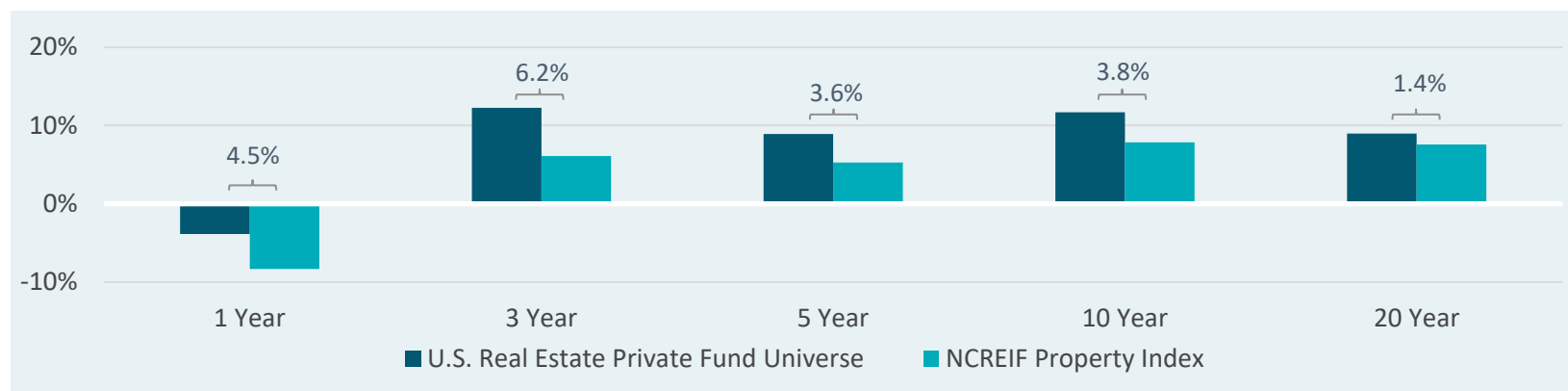
Private vs. liquid and core real estate performance

U.S. PRIVATE REAL ESTATE FUNDS VS. LIQUID UNIVERSE



U.S. Private R.E. funds outperformed the Wilshire U.S. REIT Index across most time periods, aside from the 1-year

U.S. PRIVATE REAL ESTATE FUNDS VS. CORE FUNDS



U.S. Private R.E. Funds outperformed the NCREIF Property Index across all time periods

Sources: Refinitiv PME: U.S. Real Estate universes as of September 30, 2023. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	3.2	10.6	10.6	29.9	11.5	15.1	13.0
S&P 500 Equal Weighted	4.5	7.9	7.9	19.4	8.2	12.4	10.9
DJ Industrial Average	2.2	6.1	6.1	22.2	8.7	11.3	11.8
Russell Top 200	2.9	10.8	10.8	32.4	12.0	16.1	13.7
Russell 1000	3.2	10.3	10.3	29.9	10.5	14.8	12.7
Russell 2000	3.6	5.2	5.2	19.7	(0.1)	8.1	7.6
Russell 3000	3.2	10.0	10.0	29.3	9.8	14.3	12.3
Russell Mid Cap	4.3	8.6	8.6	22.3	6.1	11.1	9.9
Style Index							
Russell 1000 Growth	1.8	11.4	11.4	39.0	12.5	18.5	16.0
Russell 1000 Value	5.0	9.0	9.0	20.3	8.1	10.3	9.0
Russell 2000 Growth	2.8	7.6	7.6	20.3	(2.7)	7.4	7.9
Russell 2000 Value	4.4	2.9	2.9	18.8	2.2	8.2	6.9

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	3.1	8.2	8.2	23.2	7.0	10.9	8.7
MSCI ACWI ex US	3.1	4.7	4.7	13.3	1.9	6.0	4.3
MSCI EAFE	3.3	5.8	5.8	15.3	4.8	7.3	4.8
MSCI EM	2.5	2.4	2.4	8.2	(5.1)	2.2	2.9
MSCI EAFE Small Cap	3.7	2.4	2.4	10.4	(1.4)	4.9	4.7
Style Index							
MSCI EAFE Growth	2.3	7.0	7.0	13.3	2.8	7.8	5.9
MSCI EAFE Value	4.4	4.5	4.5	17.3	6.6	6.4	3.5
Regional Index							
MSCI UK	4.5	3.1	3.1	10.9	7.7	5.1	2.9
MSCI Japan	3.0	11.0	11.0	25.8	3.7	7.8	6.7
MSCI Euro	4.1	8.4	8.4	17.4	6.9	9.0	4.7
MSCI EM Asia	3.0	3.4	3.4	6.3	(6.5)	2.8	4.5
MSCI EM Latin American	1.0	(4.0)	(4.0)	22.6	10.5	3.7	1.7

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	0.8	(0.1)	(0.1)	0.5	(0.5)	2.5	2.2
Bloomberg US Treasury Bills	0.5	1.3	1.3	5.3	2.6	2.0	1.4
Bloomberg US Agg Bond	0.9	(0.8)	(0.8)	1.7	(2.5)	0.4	1.5
Bloomberg US Universal	1.0	(0.5)	(0.5)	2.7	(2.1)	0.7	1.8
Duration							
Bloomberg US Treasury 1-3 Yr	0.4	0.3	0.3	2.9	0.0	1.1	1.1
Bloomberg US Treasury Long	1.2	(3.3)	(3.3)	(6.1)	(8.0)	(2.8)	1.2
Bloomberg US Treasury	0.6	(1.0)	(1.0)	0.1	(2.7)	(0.1)	1.0
Issuer							
Bloomberg US MBS	1.1	(1.0)	(1.0)	1.4	(2.8)	(0.4)	1.1
Bloomberg US Corp. High Yield	1.2	1.5	1.5	11.2	2.2	4.2	4.4
Bloomberg US Agency Interm	0.4	0.2	0.2	3.2	(0.6)	0.8	1.2
Bloomberg US Credit	1.2	(0.4)	(0.4)	4.1	(1.9)	1.4	2.5

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	3.3	2.2	2.2	(0.6)	9.1	6.4	(1.6)
Wilshire US REIT	1.5	(0.0)	(0.0)	12.4	4.5	4.4	6.7
CS Leveraged Loans	0.8	2.5	2.5	12.4	5.8	5.3	4.6
S&P Global Infrastructure	4.6	1.3	1.3	4.1	5.5	4.9	5.2
Alerian MLP	4.9	14.7	14.7	37.3	29.2	10.4	2.9
Regional Index							
JPM EMBI Global Div	2.1	2.0	2.0	11.3	(1.4)	0.7	3.0
JPM GBI-EM Global Div	(0.0)	(2.1)	(2.1)	4.9	(1.6)	0.1	(0.3)
Hedge Funds							
HFRI Composite	2.5	4.9	4.9	12.1	4.3	7.0	5.0
HFRI FOF Composite	1.3	3.9	3.9	9.4	2.8	5.0	3.6
Currency (Spot)							
Euro	(0.2)	(2.2)	(2.2)	(0.6)	(2.8)	(0.8)	(2.4)
Pound Sterling	(0.1)	(0.9)	(0.9)	2.2	(2.9)	(0.6)	(2.7)
Yen	(1.1)	(6.9)	(6.9)	(12.1)	(10.0)	(6.1)	(3.8)

Source: Morningstar, HFRI, as of 3/31/24

Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.lanqerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

NAHB Housing Market Index - the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula $(\text{Good-Poor} + 100)/2$ to the present and future sales series and $(\text{High/Very High-Low/Very Low} + 100)/2$ to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

Notices & disclosures

Past performance is no guarantee of future results. This report or presentation is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and should not be relied upon by retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. The opinions and information expressed are current as of the date provided or cited only and are subject to change without notice. This information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Verus Advisory Inc. expressly disclaim any and all implied warranties or originality, accuracy, completeness, non-infringement, merchantability and fitness for a particular purpose. This report or presentation cannot be used by the recipient for advertising or sales promotion purposes.

The material may include estimates, outlooks, projections and other "forward-looking statements." Such statements can be identified by the use of terminology such as "believes," "expects," "may," "will," "should," "anticipates," or the negative of any of the foregoing or comparable terminology, or by discussion of strategy, or assumptions such as economic conditions underlying other statements. No assurance can be given that future results described or implied by any forward looking information will be achieved. Actual events may differ significantly from those presented. Investing entails risks, including possible loss of principal. Risk controls and models do not promise any level of performance or guarantee against loss of principal.

"VERUS ADVISORY"™ and any associated designs are the respective trademarks of Verus Advisory, Inc. Additional information is available upon request.

Verus⁷⁷⁷ is a registered trademark of Verus Advisory, Inc.

Kern County Employees' Retirement Association

Investment Performance Review

Period Ending: March 31, 2024



VERUSINVESTMENTS.COM

SEATTLE 206.622.3700
CHICAGO 312.815.5228
PITTSBURGH 412.784.6678
LOS ANGELES 310.297.1777
SAN FRANCISCO 415.362.3484

Total Fund
Portfolio Reconciliation

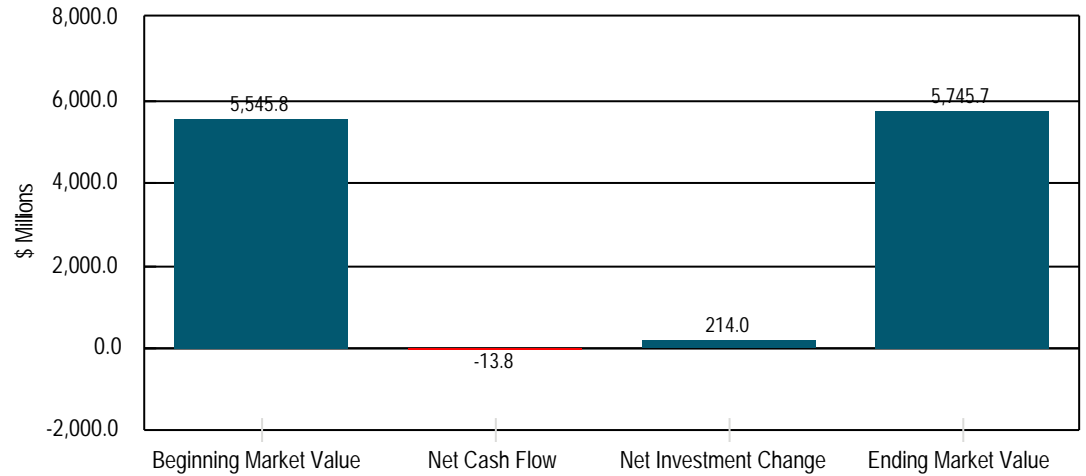
Kern County Employees' Retirement Association
Period Ending: March 31, 2024

Portfolio Reconciliation

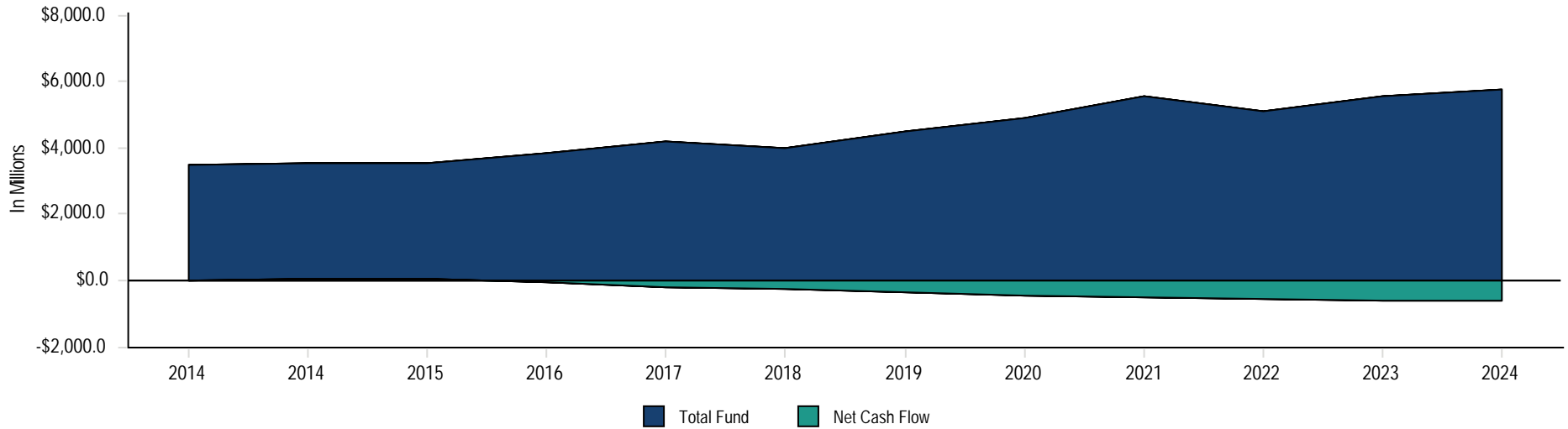
Last Three Months

Beginning Market Value	\$5,545,796,887
Net Cash Flows	-\$13,758,738
Net Investment Change	\$213,973,235
Ending Market Value	\$5,745,689,065

Change in Market Value
Last Three Months



Market Value History



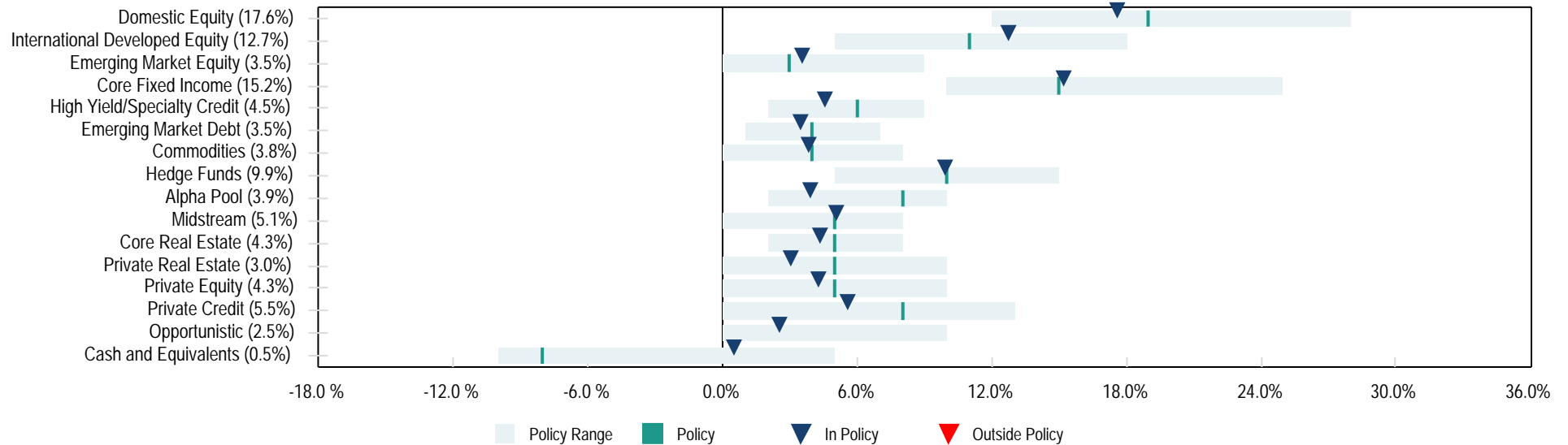
Total Fund

Asset Allocation vs. Policy

Kern County Employees' Retirement Association
 Period Ending: March 31, 2024

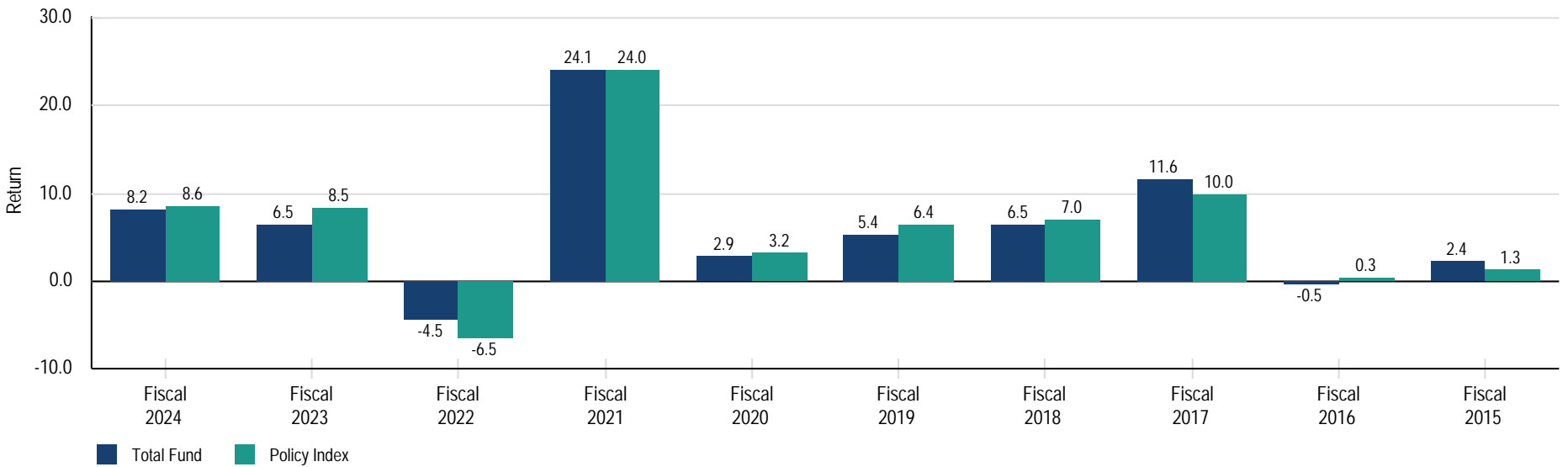
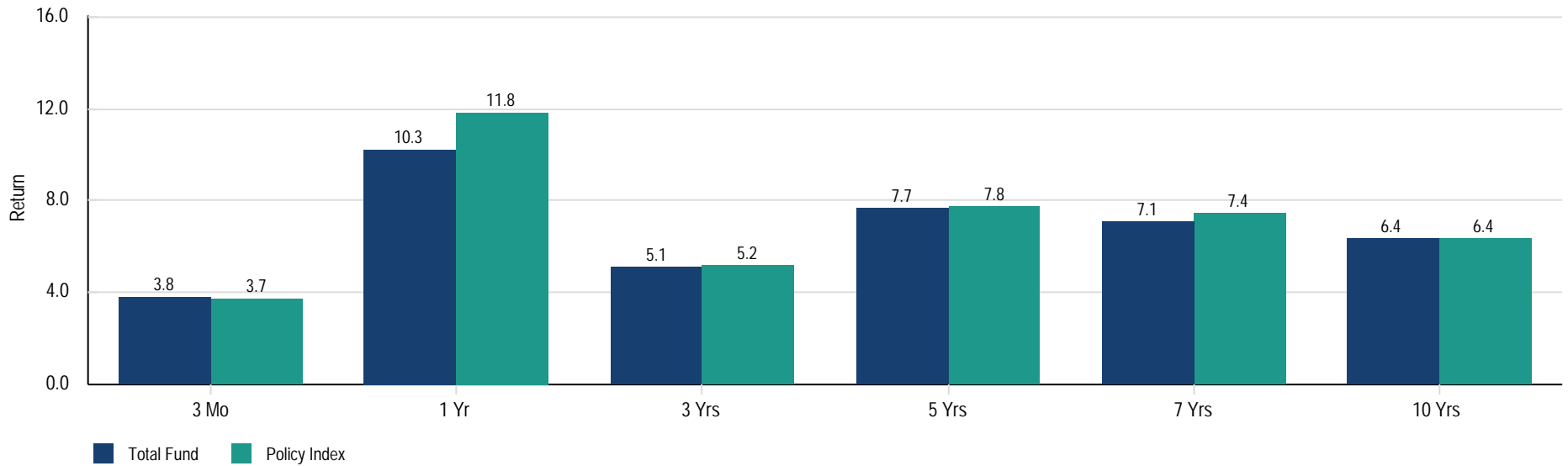
	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Excess Allocation (%)	Policy Range (%)	Within IPS Range?
Equity	1,947,024,404	33.9	33.0	0.9	23.0 - 45.0	Yes
Fixed Income	1,330,993,517	23.2	25.0	-1.8	15.0 - 35.0	Yes
Core Real Estate	247,841,190	4.3	5.0	-0.7	2.0 - 8.0	Yes
Hedge Funds	570,388,005	9.9	10.0	-0.1	5.0 - 15.0	Yes
Alpha Pool	225,846,861	3.9	8.0	-4.1	2.0 - 10.0	Yes
Private Equity	244,684,706	4.3	5.0	-0.7	0.0 - 10.0	Yes
Private Credit	318,443,874	5.5	8.0	-2.5	0.0 - 13.0	Yes
Private Real Estate	173,778,519	3.0	5.0	-2.0	0.0 - 10.0	Yes
Commodities	218,661,777	3.8	4.0	-0.2	0.0 - 8.0	Yes
Opportunistic	145,854,173	2.5	0.0	2.5	0.0 - 10.0	Yes
Midstream	292,089,375	5.1	5.0	0.1	0.0 - 8.0	Yes
Cash and Equivalents	30,082,663	0.5	-8.0	8.5	-10.0 - 5.0	Yes
Total	5,745,689,065	100.0	100.0	0.0		

Executive Summary



Total Fund
Performance vs. Policy (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024



Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	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
Total Fund	5,745,689,065	100.0	3.9	8.4	10.5	5.4	8.0	6.8	6.7	-4.2	24.4	3.2	5.7
<i>Policy Index</i>			3.7	8.6	11.8	5.2	7.8	6.4	8.5	-6.5	24.0	3.2	6.4
<i>InvMetrics Public DB > \$1B Rank</i>			52	56	69	29	36	51	70	34	88	24	65
Equity	1,947,024,404	33.9	7.9	15.0	21.1	6.6	10.9	9.3	15.9	-14.9	41.2	0.7	5.3
<i>MSCI AC World IMI Index (Net)</i>			7.7	15.6	22.5	6.3	10.6	8.4	16.1	-16.5	40.9	1.2	4.6
Domestic Equity	1,011,652,212	17.6	9.8	18.5	27.7	9.9	14.4	-	17.8	-12.0	43.6	6.3	9.2
<i>MSCI USA IMI</i>			10.0	19.3	29.3	10.0	14.5	-	19.2	-13.7	44.4	6.7	9.0
International Developed Equity	732,299,566	12.7	7.1	12.2	15.4	4.9	8.0	-	17.2	-17.2	37.0	-5.5	-0.6
<i>MSCI World ex U.S. IMI Index (Net)</i>			5.2	11.6	14.6	4.1	7.2	-	16.3	-17.7	34.8	-5.1	0.2
Emerging Markets Equity	203,071,515	3.5	2.4	8.3	11.5	-2.2	2.6	-	5.3	-21.4	40.6	-10.9	0.4
<i>MSCI Emerging Markets IMI (Net)</i>			2.2	8.0	9.8	-3.9	3.0	-	3.2	-24.8	43.2	-4.0	0.5
Fixed Income	1,330,993,517	23.2	-0.1	3.9	4.0	-1.3	1.6	2.4	3.1	-12.7	5.4	6.6	7.9
<i>Fixed Income Custom Benchmark</i>			-0.1	4.5	4.3	-1.2	1.2	2.2	1.9	-11.6	4.0	5.2	8.4
Core Fixed Income	871,601,612	15.2	-0.7	2.4	1.4	-2.7	0.5	-	-0.9	-11.2	1.0	9.5	8.0
<i>Bloomberg U.S. Aggregate Index</i>			-0.8	2.6	1.7	-2.5	0.4	-	-0.9	-10.3	-0.3	8.7	7.9
High Yield/ Specialty Credit	260,776,484	4.5	1.6	6.2	8.1	2.1	3.9	-	7.9	-9.7	13.6	0.0	7.5
<i>ICE BofA U.S. High Yield Index</i>			1.5	9.3	11.0	2.2	4.0	-	8.9	-12.7	15.6	-1.1	7.6
Emerging Market Debt	198,367,452	3.5	0.4	7.2	10.1	0.1	1.5	-	11.7	-19.6	9.4	-1.2	8.5
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			-0.1	5.6	8.1	-1.5	0.5	-	9.4	-20.2	7.1	-1.1	10.8
Commodities	218,661,777	3.8	5.4	11.7	8.8	12.0	10.0	1.0	-6.3	20.1	43.5	-10.7	-6.2
<i>Bloomberg Commodity Index Total Return</i>			2.2	2.1	-0.6	9.1	6.4	-1.6	-9.6	24.3	45.6	-17.4	-6.8
Hedge Funds	570,388,005	9.9	2.3	7.3	9.0	6.4	8.4	6.5	6.9	2.8	16.3	7.3	2.6
<i>75% 90 Day TBills +3% / 25% MSCI ACWI IMI (Net)</i>			3.6	9.0	12.4	6.9	7.5	6.5	10.1	-0.9	12.3	5.1	6.6
Alpha Pool	225,846,861	3.9	1.0	1.2	-0.2	1.1	-	-	-0.9	1.5	14.5	-	-
<i>3-Month Treasury Bill +3%</i>			2.0	6.4	8.4	5.7	-	-	6.7	3.2	3.1	-	-
Midstream Energy	292,089,375	5.1	11.6	24.3	28.3	23.7	-	-	20.1	9.6	-	-	-
<i>Alerian Midstream Energy Index</i>			10.2	20.2	24.6	20.5	-	-	12.2	11.4	-	-	-
Core Real Estate	247,841,190	4.3	-6.2	-16.4	-19.9	-1.7	0.4	-	-11.9	25.6	6.6	2.3	6.1
<i>NCREIF ODCE</i>			-2.4	-8.8	-11.3	3.4	3.5	-	-10.0	29.5	8.0	2.2	6.4
Private Real Estate	173,778,519	3.0	0.0	-4.4	-5.3	10.8	9.8	11.6	7.9	31.3	12.1	4.4	9.0
			0.0	-4.4	-5.3	10.8	9.8	11.6	7.9	31.3	12.1	4.4	9.0
Private Equity	244,684,706	4.3	4.7	8.9	12.2	11.8	11.8	10.7	-0.6	23.0	41.7	-10.5	10.9
			4.7	8.9	12.2	11.8	11.8	10.7	-0.6	23.0	41.7	-10.5	10.9
Private Credit	318,443,874	5.5	2.8	8.7	11.7	5.3	5.3	-	3.2	1.2	4.8	5.5	9.7
			2.8	8.7	11.7	5.3	5.3	-	3.2	1.2	4.8	5.5	9.7

Policy Index: 34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investments managers. FY: 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool.*

Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	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
Opportunistic	145,854,173	2.5	1.8	2.8	3.9	2.8	-	-	0.6	-5.4	59.9	-	-
<i>Assumed Rate of Return +3%</i>			<i>2.4</i>	<i>7.4</i>	<i>10.0</i>	<i>10.0</i>	-	-	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	-	-
Cash	425,244,044	7.4	1.6	4.9	5.4	2.3	1.7	2.1	2.3	-0.2	0.1	1.0	2.0
<i>3 Month T-Bill</i>			<i>1.3</i>	<i>4.0</i>	<i>5.2</i>	<i>2.6</i>	<i>2.0</i>	<i>1.4</i>	<i>3.6</i>	<i>0.2</i>	<i>0.1</i>	<i>1.6</i>	<i>2.3</i>

Policy Index: 34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-QDCE Gross Monthly, 4% actual time-weighted Private Equity Returns, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investments managers. FY: 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool.*

Performance and Attribution

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	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
Total Fund	5,745,689,065	100.0	3.8	8.2	10.3	5.1	7.7	6.4	6.5	-4.5	24.1	2.9	5.4	6.7	Jun-11
<i>Policy Index</i>			3.7	8.6	11.8	5.2	7.8	6.4	8.5	-6.5	24.0	3.2	6.4	6.6	
Equity	1,947,024,404	33.9	7.9	14.8	20.9	6.4	10.6	8.9	15.7	-15.1	40.7	0.3	4.8	9.4	Jun-11
<i>MSCI AC World IMI Index (Net)</i>			7.7	15.6	22.5	6.3	10.6	8.4	16.1	-16.5	40.9	1.2	4.6	8.8	
Domestic Equity	1,011,652,212	17.6	9.7	18.3	27.5	9.7	14.2	-	17.6	-12.2	43.2	6.0	8.8	12.3	Jul-14
<i>MSCI USA IMI</i>			10.0	19.3	29.3	10.0	14.5	-	19.2	-13.7	44.4	6.7	9.0	12.2	
Equity Beta Exposure	74,849,850	1.3	10.3	19.2	29.5	11.0	-	-	19.2	-11.0	-	-	-	15.2	Aug-20
<i>S&P 500 Index</i>			10.6	19.4	29.9	11.5	-	-	19.6	-10.6	-	-	-	15.6	
Mellon DB SL Stock Index Fund	640,105,317	11.1	10.5	19.4	29.9	11.5	15.0	-	19.6	-10.6	40.8	7.5	10.4	13.8	Oct-17
<i>S&P 500 Index</i>			10.6	19.4	29.9	11.5	15.0	-	19.6	-10.6	40.8	7.5	10.4	13.7	
PIMCO StocksPLUS	140,270,349	2.4	11.0	20.5	31.1	10.7	14.8	12.8	18.8	-12.8	41.7	7.7	10.6	11.2	Jul-03
<i>S&P 500 Index</i>			10.6	19.4	29.9	11.5	15.0	13.0	19.6	-10.6	40.8	7.5	10.4	10.5	
AB US Small Cap Value Equity	97,451,717	1.7	3.8	12.0	12.4	0.3	7.6	-	4.3	-16.1	77.5	-19.4	-6.9	7.1	Jul-15
<i>Russell 2000 Value Index</i>			2.9	15.1	18.8	2.2	8.2	-	6.0	-16.3	73.3	-17.5	-6.2	7.6	
Geneva Capital Small Cap Growth	58,974,980	1.0	7.0	11.1	17.4	1.6	9.8	-	15.6	-22.1	37.6	9.3	8.6	10.6	Jul-15
<i>Russell 2000 Growth Index</i>			7.6	12.4	20.3	-2.7	7.4	-	18.5	-33.4	51.4	3.5	-0.5	7.3	
International Developed Equity	732,299,566	12.7	7.0	12.2	15.3	4.8	7.8	-	17.1	-17.3	36.7	-5.7	-0.9	5.2	Jul-14
<i>MSCI World ex U.S. IMI Index (Net)</i>			5.2	11.6	14.6	4.1	7.2	-	16.3	-17.7	34.8	-5.1	0.2	4.4	
Mellon DB SL World ex-US Index Fund	438,411,988	7.6	5.6	12.1	15.8	5.7	8.2	-	17.9	-16.1	35.6	-5.5	-	6.5	Jul-18
<i>MSCI World ex U.S. IMI Index (Net)</i>			5.2	11.6	14.6	4.1	7.2	-	16.3	-17.7	34.8	-5.1	-	5.5	
Cevian Capital II	46,636,862	0.8	5.9	20.0	23.3	11.9	14.1	-	25.3	-8.2	46.8	-8.2	-5.0	9.0	Dec-14
<i>MSCI Europe (Net)</i>			5.2	11.1	14.1	6.2	8.0	-	21.8	-17.6	35.1	-6.8	1.9	5.6	
Lazard Japanese Equity	123,534,244	2.2	13.2	-	-	-	-	-	-	-	-	-	-	23.6	Nov-23
<i>TOPIX Net Total Return Index</i>			9.9	-	-	-	-	-	-	-	-	-	-	20.7	
American Century Non-US Small Cap	65,312,790	1.1	8.2	9.6	8.4	-2.8	-	-	7.9	-27.4	-	-	-	-0.3	Dec-20
<i>MSCI World ex U.S. Small Cap Growth Index (Net)</i>			2.3	7.0	7.2	-4.2	-	-	9.5	-28.6	-	-	-	-1.9	
Dalton Japan Long Only	58,403,682	1.0	5.7	-	-	-	-	-	-	-	-	-	-	16.8	Oct-23
<i>MSCI Japan Small Cap Index (Net)</i>			5.0	-	-	-	-	-	-	-	-	-	-	17.6	
Emerging Markets Equity	203,071,515	3.5	2.3	7.9	11.0	-2.8	1.8	-	4.6	-21.9	39.5	-11.8	-0.6	1.7	Jul-14
<i>MSCI Emerging Markets IMI (Net)</i>			2.2	8.0	9.8	-3.9	3.0	-	3.2	-24.8	43.2	-4.0	0.5	2.6	
DFA Emerging Markets Value I	89,884,072	1.6	2.7	10.2	15.3	3.5	4.8	4.1	7.9	-12.9	47.6	-17.7	2.0	4.6	Mar-14
<i>MSCI Emerging Markets Value (Net)</i>			1.3	8.6	11.4	-0.9	2.1	2.2	4.1	-18.6	41.6	-15.7	5.0	2.5	
Mellon Emerging Markets Stock Index Fund	113,187,443	2.0	2.0	6.5	7.3	-5.4	-	-	1.6	-25.5	41.1	-	-	3.3	Jun-20
<i>MSCI Emerging Markets (Net)</i>			2.4	7.2	8.2	-5.1	-	-	1.7	-25.3	40.9	-	-	5.6	
Fixed Income	1,330,993,517	23.2	-0.1	3.7	3.7	-1.6	1.3	2.1	2.9	-13.0	5.1	6.3	7.6	3.2	Jun-10
<i>Fixed Income Custom Benchmark</i>			-0.1	4.5	4.3	-1.2	1.2	2.2	1.9	-11.6	4.0	5.2	8.4	3.0	
Core Fixed Income	871,601,612	15.2	-0.7	2.4	1.2	-2.8	0.4	-	-1.0	-11.4	0.8	9.3	7.9	1.5	Jul-14
<i>Bloomberg U.S. Aggregate Index</i>			-0.8	2.6	1.7	-2.5	0.4	-	-0.9	-10.3	-0.3	8.7	7.9	1.4	
Fixed Income Beta Exposure	409,545,497	7.1	-0.9	1.4	-0.1	-	-	-	-2.5	-	-	-	-	0.7	Jun-22
<i>Bloomberg U.S. Aggregate Index</i>			-0.8	2.6	1.7	-	-	-	-0.9	-	-	-	-	0.0	
Mellon DB SL Aggregate Bond Index Fund	165,191,596	2.9	-0.8	2.5	1.7	-2.5	0.3	1.5	-0.9	-10.4	-0.4	8.8	7.9	2.0	Jan-11
<i>Bloomberg U.S. Aggregate Index</i>			-0.8	2.6	1.7	-2.5	0.4	1.5	-0.9	-10.3	-0.3	8.7	7.9	2.1	
PIMCO Core Plus	170,876,531	3.0	-0.1	3.7	2.8	-1.8	0.8	1.8	-0.7	-9.9	1.1	8.7	6.3	2.4	Feb-11
<i>Bloomberg U.S. Aggregate Index</i>			-0.8	2.6	1.7	-2.5	0.4	1.5	-0.9	-10.3	-0.3	8.7	7.9	2.0	

Policy Index: 34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investment's managers. FY : 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool. Cevian Capital II Benchmark MSCI Europe Index return shown in Euro to reflect currency exchange rate.

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	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
Western Asset Core Plus	125,987,988	2.2	-0.8	3.1	2.7	-3.0	0.6	2.1	0.8	-14.5	2.4	9.3	9.4	3.7	Jun-04
<i>Bloomberg U.S. Aggregate Index</i>			-0.8	2.6	1.7	-2.5	0.4	1.5	-0.9	-10.3	-0.3	8.7	7.9	3.2	
High Yield/ Specialty Credit	260,776,484	4.5	1.5	5.9	7.7	1.6	3.4	-	7.5	-10.2	13.1	-0.5	7.0	2.9	Jul-14
<i>ICE BoFA U.S. High Yield Index</i>			1.5	9.3	11.0	2.2	4.0	-	8.9	-12.7	15.6	-1.1	7.6	4.2	
Western Asset High Yield Fixed Income	170,504,476	3.0	1.6	8.6	10.8	1.8	3.7	3.8	9.5	-14.1	16.5	-2.2	8.3	6.0	Jun-05
<i>Bloomberg US HY BalB 2% Cap TR</i>			1.3	8.7	10.2	2.1	4.3	4.5	8.9	-12.4	13.4	2.1	8.8	6.2	
TCW Securitized Opportunities	90,272,008	1.6	1.1	1.1	2.4	1.0	2.3	-	4.4	-4.0	6.4	2.2	5.2	3.2	Feb-16
<i>Bloomberg U.S. High Yield - 2% Issuer Cap</i>			1.5	9.2	11.2	2.2	4.2	-	9.1	-12.8	15.3	0.0	7.5	6.3	
Emerging Market Debt	198,367,452	3.5	0.3	6.8	9.7	-0.3	1.1	-	11.2	-19.9	9.1	-1.7	7.9	0.6	Jul-14
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			-0.1	5.6	8.1	-1.5	0.5	-	9.4	-20.2	7.1	-1.1	10.8	1.0	
Stone Harbor Emerging Markets Debt Blend Portfolio	40,753,547	0.7	-0.1	7.6	10.7	-0.6	1.1	1.1	10.8	-20.9	9.5	-1.8	8.2	0.6	Aug-12
<i>50 JPM GBI-EM Global Div / 40 JPM EMBI Global Div / 10 JPM Corporate EM Bond Idx</i>			0.0	5.5	7.9	-1.3	0.7	1.5	9.2	-19.5	7.2	-0.8	10.6	1.4	
PIMCO EMD	157,613,905	2.7	0.4	6.5	9.2	-0.1	-	-	11.3	-19.2	8.7	-	-	-0.1	Feb-20
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			-0.1	5.6	8.1	-1.5	-	-	9.4	-20.2	7.1	-	-	-1.5	
Commodities	218,661,777	3.8	5.2	11.1	8.0	11.3	9.3	0.4	-7.0	19.4	42.5	-11.3	-6.7	0.6	Jul-13
<i>Bloomberg Commodity Index Total Return</i>			2.2	2.1	-0.6	9.1	6.4	-1.6	-9.6	24.3	45.6	-17.4	-6.8	-0.7	
Gresham MTAP Commodity Builder Fund	35,387,098	0.6	3.3	3.5	1.6	8.9	6.7	-1.0	-11.5	24.7	46.8	-16.3	-9.0	-0.5	Oct-13
<i>Bloomberg Commodity Index Total Return</i>			2.2	2.1	-0.6	9.1	6.4	-1.6	-9.6	24.3	45.6	-17.4	-6.8	-0.8	
Wellington Commodities	183,274,679	3.2	5.6	12.8	9.4	11.7	10.5	1.6	-5.2	17.2	40.2	-7.5	-5.4	1.4	Sep-13
<i>S&P GSCI Commodity Equal Weighted</i>			6.7	8.8	3.4	10.6	8.5	1.2	-6.0	19.0	40.9	-12.4	-3.5	1.2	
Hedge Funds	570,388,005	9.9	2.2	7.5	9.1	6.4	8.3	6.0	6.8	2.8	16.1	7.0	2.5	6.1	Sep-10
<i>75% 90 Day TBills +3% / 25% MSCI ACWI IMI (Net)</i>			3.6	9.0	12.4	6.9	7.5	6.5	10.1	-0.9	12.3	5.1	6.6	6.4	
Aristeia International Limited	74,092,689	1.3	1.0	4.5	5.9	4.5	8.8	-	5.5	1.8	21.6	8.7	9.2	5.4	May-14
Brevan Howard Fund	55,643,110	1.0	-2.0	2.5	-0.4	4.9	10.4	7.3	-1.0	15.2	6.1	20.5	12.7	6.9	Sep-13
D.E. Shaw Composite Fund	62,332,223	1.1	5.0	10.8	14.0	18.0	17.5	14.5	11.0	29.0	19.0	15.6	11.5	14.3	Jul-13
HBK Fund II	49,186,197	0.9	2.5	9.2	9.9	7.0	6.7	5.3	7.9	2.3	11.0	1.5	5.5	5.0	Nov-13
Hudson Bay Cap Structure Arbitrage Enhanced Fund	79,215,595	1.4	0.9	3.3	4.4	6.8	-	-	7.7	7.7	14.2	16.2	-	10.2	Jun-19
Indus Pacific Opportunities Fund	48,475,711	0.8	6.1	4.5	1.7	0.9	8.6	-	-0.4	-8.2	38.0	15.8	-19.2	6.7	Jul-14
Pharo Macro Fund	69,581,938	1.2	1.5	10.5	13.3	-0.1	-	-	1.2	-11.1	3.5	-	-	1.4	Dec-19
PIMCO Commodity Alpha Fund	79,895,079	1.4	2.3	11.9	19.0	14.0	10.9	-	18.3	8.6	14.2	4.8	5.2	11.6	Jun-16
Enhanced Domestic Partners to Sculptor Master Fund	51,965,463	0.9	5.0	11.2	14.5	-0.2	5.1	-	8.8	-19.9	16.8	6.5	-	6.5	Feb-19
Alpha Pool	225,846,861	3.9	1.0	1.2	-0.2	1.1	-	-	-0.9	1.5	14.5	-	-	4.2	Jul-20
<i>3-Month Treasury Bill +3%</i>			2.0	6.4	8.4	5.7	-	-	6.7	3.2	3.1	-	-	5.1	
Hudson Bay - Alpha Pool	65,084,519	1.1	0.0	-2.0	-3.5	1.6	-	-	-1.1	6.7	-	-	-	4.2	Aug-20
Davidson Kempner Institutional Partners	59,379,556	1.0	2.3	1.7	0.1	-1.0	-	-	-4.1	-3.4	-	-	-	0.7	Dec-20
HBK Fund II	37,055,770	0.6	1.5	3.8	1.8	1.8	-	-	-1.0	1.3	-	-	-	2.7	Dec-20
Garda Fixed Income Relative Value Opportunity Fund	64,327,016	1.1	0.7	2.2	1.6	-	-	-	3.6	-	-	-	-	4.4	Sep-21

Policy Index: 34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BoFA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Glob al Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill +3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investment's managers. FY : 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool. Cevian Capital II Benchmark MSCI Europe Index return shown in Euro to reflect currency exchange rate.

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	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
Midstream Energy	292,089,375	5.1	11.4	23.8	27.5	23.2	-	-	19.3	9.3	-	-	-	28.9	Sep-20
<i>Alerian Midstream Energy Index</i>			<i>10.2</i>	<i>20.2</i>	<i>24.6</i>	<i>20.5</i>	-	-	<i>12.2</i>	<i>11.4</i>	-	-	-	<i>25.7</i>	
Harvest Midstream	153,718,313	2.7	14.0	27.8	30.6	28.1	-	-	20.9	15.3	-	-	-	34.8	Aug-20
<i>Alerian Midstream Energy Index</i>			<i>10.2</i>	<i>20.2</i>	<i>24.6</i>	<i>20.5</i>	-	-	<i>12.2</i>	<i>11.4</i>	-	-	-	<i>25.7</i>	
PIMCO Midstream	138,371,062	2.4	8.8	19.8	24.4	17.4	-	-	16.9	2.2	-	-	-	23.4	Oct-20
<i>50/25/25 Alerian Midstream/ICE BofA US Pipeline/ICE BofA US HY Midstream</i>			<i>5.8</i>	<i>13.9</i>	<i>16.6</i>	<i>11.2</i>	-	-	<i>10.1</i>	<i>-0.7</i>	-	-	-	<i>15.9</i>	
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>-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>-10.0</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>6.6</i>	
Private Real Estate	173,778,519	3.0	0.0	-4.4	-5.3	10.8	9.8	11.2	7.9	31.3	12.1	4.4	9.0	11.3	Mar-11
			<i>0.0</i>	<i>-4.4</i>	<i>-5.3</i>	<i>10.8</i>	<i>9.8</i>	<i>11.6</i>	<i>7.9</i>	<i>31.3</i>	<i>12.1</i>	<i>4.4</i>	<i>9.0</i>	<i>11.4</i>	
Private Equity	244,684,706	4.3	4.7	8.9	12.2	11.8	11.8	10.3	-0.6	22.9	41.7	-10.5	10.9	10.7	Sep-10
			<i>4.7</i>	<i>8.9</i>	<i>12.2</i>	<i>11.8</i>	<i>11.8</i>	<i>10.7</i>	<i>-0.6</i>	<i>23.0</i>	<i>41.7</i>	<i>-10.5</i>	<i>10.9</i>	<i>10.9</i>	
Private Credit	318,443,874	5.5	2.8	8.7	11.7	5.3	5.3	-	3.2	1.2	4.8	5.5	9.7	7.4	Jan-16
			<i>2.8</i>	<i>8.7</i>	<i>11.7</i>	<i>5.3</i>	<i>5.3</i>	-	<i>3.2</i>	<i>1.2</i>	<i>4.8</i>	<i>5.5</i>	<i>9.7</i>	<i>7.4</i>	
Opportunistic	145,854,173	2.5	1.7	2.7	3.9	2.7	-	-	0.6	-5.4	59.9	-	-	8.8	Jan-20
<i>Assumed Rate of Return +3%</i>			<i>2.4</i>	<i>7.4</i>	<i>10.0</i>	<i>10.0</i>	-	-	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	-	-	<i>10.0</i>	
River Birch International	5,412,216	0.1	1.1	20.9	40.3	-	-	-	45.1	-	-	-	-	45.2	Jun-22
<i>Assumed Rate of Return +3%</i>			<i>2.4</i>	<i>7.4</i>	<i>10.0</i>	-	-	-	<i>10.0</i>	-	-	-	-	<i>10.0</i>	
Sixth Street TAO Partners (D)	91,197,527	1.6	2.9	9.5	15.0	10.3	-	-	4.4	9.6	39.6	-	-	15.0	Mar-20
<i>Assumed Rate of Return +3%</i>			<i>2.4</i>	<i>7.4</i>	<i>10.0</i>	-	-	-	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	-	-	<i>10.0</i>	
Aristeia Select Opportunities II	45,787,157	0.8	-0.5	-5.3	-7.6	-	-	-	-7.2	-	-	-	-	-2.9	Jul-21
<i>Assumed Rate of Return +3%</i>			<i>2.4</i>	<i>7.4</i>	<i>10.0</i>	-	-	-	<i>10.0</i>	-	-	-	-	<i>10.0</i>	
Hudson Bay Special Opportunities Fund LP	3,457,272	0.1	-	-	-	-	-	-	-	-	-	-	-	0.0	Feb-24
<i>Assumed Rate of Return +3%</i>			-	-	-	-	-	-	-	-	-	-	-	<i>1.0</i>	
Cash	425,244,044	7.4	1.6	4.8	5.3	2.2	1.7	2.0	2.2	-0.2	0.1	1.0	2.0	1.7	Apr-11
<i>3 Month T-Bill</i>			<i>1.3</i>	<i>4.0</i>	<i>5.2</i>	<i>2.6</i>	<i>2.0</i>	<i>1.4</i>	<i>3.6</i>	<i>0.2</i>	<i>0.1</i>	<i>1.6</i>	<i>2.3</i>	<i>1.1</i>	

Policy Index: 34% MSCI ACWI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investment's managers. FY : 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool. Cevian Capital II Benchmark MSCI Europe Index return shown in Euro to reflect currency exchange rate.

Total Fund
Total Private Equity

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

IRR Analysis as of IRR date												
Vintage Year	Manager/Fund	Estimated Market Value as of 03/31/2024	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ³	IRR Date
Private Equity												
2008	Abbott Capital PE VI	\$14,751,729	\$50,000,000	\$49,750,000	100%	\$250,000	\$80,834,694	\$16,921,054	1.62x	1.92x	12.6%	09/30/23
2006	Pantheon Global III	\$542,524	\$50,000,000	\$47,300,000	95%	\$2,700,000	\$52,000,000	\$545,328	1.10x	1.11x	1.9%	12/31/23
2002	Pantheon USA V	\$372,041	\$25,000,000	\$24,350,000	97%	\$650,000	\$37,950,000	\$374,357	1.56x	1.57x	9.0%	12/31/23
2004	Pantheon USA VI	\$329,223	\$35,000,000	\$33,075,000	95%	\$1,925,000	\$50,823,827	\$329,324	1.53x	1.54x	6.7%	12/31/23
2006	Pantheon USA VII	\$6,431,968	\$50,000,000	\$46,600,000	93%	\$3,400,000	\$80,999,998	\$6,739,818	1.74x	1.88x	10.1%	12/31/23
2020	Vista Foundation Fund IV	\$19,440,908	\$25,000,000	\$19,970,294	80%	\$5,029,706	\$30,252	\$38,047,551	0.00x	0.98x	-0.2%	12/31/23
2021	Crown Global Secondaries V Master S.C.Sp	\$39,156,263	\$50,000,000	\$30,800,000	62%	\$19,200,000	\$1,550,000	\$39,156,263	0.05x	1.32x	24.5%	03/31/24
2021	Brighton Park Capital Fund I	\$41,250,646	\$30,000,000	\$29,517,163	98%	\$482,837	\$1,325,801	\$41,250,646	0.04x	1.44x	13.1%	03/31/24
2021	Warren Equity Partners Fund III	\$35,816,645	\$32,500,000	\$27,590,020	85%	\$4,909,980	\$508,290	\$35,816,645	0.02x	1.32x	21.0%	03/31/24
2021	Peak Rock Capital Fund III	\$16,945,661	\$30,000,000	\$14,069,566	47%	\$15,930,434	\$2,667,265	\$16,945,661	0.19x	1.39x	26.1%	03/31/24
2021	Level Equity Growth Partners V	\$8,532,754	\$15,000,000	\$7,550,363	50%	\$7,449,637	\$0	\$8,532,754	0.00x	1.13x	10.0%	03/31/24
2021	Level Equity Opportunities Fund 2021	\$6,565,113	\$15,000,000	\$5,788,419	39%	\$9,211,581	\$0	\$6,565,113	0.00x	1.13x	11.1%	03/31/24
2022	Linden Capital Partners V LP	\$13,779,144	\$22,500,000	\$12,011,178	53%	\$10,488,822	\$0	\$13,014,916	0.00x	1.15x	13.2%	12/31/24
2022	Rubicon Technology Partners IV LP	\$9,838,432	\$30,000,000	\$10,757,463	36%	\$19,242,537	\$0	\$5,135,484	0.00x	0.91x	-31.0%	12/31/24
2022	OrbilMed Private Investments IV, LP	\$2,039,772	\$10,000,000	\$2,150,000	22%	\$7,850,000	\$0	\$1,167,203	0.00x	0.95x	31.9%	03/31/24
2022	Brighton Park Capital Fund II	\$3,391,755	\$30,000,000	\$4,174,920	14%	\$25,825,080	\$0	N/A	0.00x	0.81x	N/A	N/A
2022	Linden Co-Investment V LP	\$4,413,688	\$7,500,000	\$7,499,177	100%	\$823	\$55,503	\$4,113,076	0.01x	0.60x	21.7%	12/31/23
2022	Warren Equity Partners Fund IV	\$12,910,057	\$32,500,000	\$7,612,883	23%	\$24,887,117	\$0	\$12,910,057	0.00x	1.70x	15.9%	03/31/24
2023	WEP Co-Invest IV	\$7,235,509	\$10,000,000	\$7,470,589	75%	\$2,529,411	\$173,170	N/A	0.02x	0.99x	N/A	N/A
2023	Crown Global Secondaries Fund VI	\$940,874	\$30,000,000	\$450,000	2%	\$29,550,000	\$0	N/A	0.00x	2.09x	N/A	N/A
2024	Accel-KKR Capital Partners VII	\$0	\$25,000,000	\$0	0%	\$25,000,000	\$0	N/A	N/A	N/A	N/A	N/A
2023	Parthenon Investors VII	\$0	\$30,000,000	\$0	0%	\$30,000,000	\$0	N/A	N/A	N/A	N/A	N/A
Total Private Equity		\$244,684,706	\$835,000,000	\$388,487,035	61%	\$246,512,965	\$308,718,801	\$245,565,248	0.79x	1.42x		
% of Portfolio (Market Value)		4.3%										

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR is provided by the Fund manager and is reflective of the Fund IRR, rather than KCERA's specific IRR.

Total Fund
Total Private Credit

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

IRR Analysis as of IRR date												
Vintage		Estimated Market Value	Total	Capital	%	Remaining	Capital		Distrib./	Tot. Value/	Net IRR	IRR
Year	Manager/Fund	3/31/2024	Commitment	Called	Called	Commitment	Returned	Market Value as of IRR date	(DPI) ¹	(TVPI) ²	Since Inception ³	Date
Private Credit												
2015	DC Value Recovery Fund IV ⁴	\$18,041,473	\$74,360,749	\$73,340,099	99%	\$1,020,650	\$41,560,033	\$18,041,473	0.57x	0.81x	N/A	N/A
2017	Sixth Street TAO Partners (B)	\$42,298,855	\$108,035,958	\$86,061,180	80%	\$21,974,778	\$46,945,528	\$42,694,725	0.55x	1.04x	10.4%	12/31/23
2017	Brookfield Real Estate Finance Fund V	\$12,698,028	\$50,000,000	\$36,019,917	72%	\$13,980,083	\$31,444,596	\$12,698,028	0.87x	1.23x	8.8%	3/31/24
2018	Magnetar Constellation Fund V	\$25,053,561	\$60,000,000	\$56,445,318	94%	\$3,554,682	\$44,340,876	\$25,053,561	0.79x	1.23x	5.3%	3/31/24
2019	H.I.G Bayside Loan Opportunity Fund V	\$45,495,767	\$60,000,000	\$35,821,497	60%	\$24,178,503	\$16,755,402	\$45,495,767	0.47x	1.74x	18.3%	3/31/24
2020	Blue Torch Credit Opportunities Fund II	\$15,532,183	\$20,000,000	\$16,613,092	83%	\$3,386,908	\$5,642,562	\$15,184,695	0.34x	1.27x	13.1%	12/31/23
2020	Fortress Credit Opportunitites Fund V Expansion	\$24,853,353	\$40,000,000	\$22,134,324	55%	\$17,865,676	\$468,590	\$22,238,689	0.02x	1.14x	19.7%	12/31/23
2021	Fortress Lending Fund II	\$27,428,105	\$40,000,000	\$34,937,851	87%	\$5,062,149	\$11,945,219	\$28,269,695	0.34x	1.13x	10.0%	12/31/23
2022	Blue Torch Credit Opportunities Fund III	\$25,574,861	\$40,000,000	\$26,999,891	67%	\$13,000,109	\$5,108,700	\$25,242,588	0.19x	1.14x	18.7%	12/31/23
2022	Fortress Lending Fund III	\$29,132,881	\$40,000,000	\$26,432,701	66%	\$13,567,299	\$4,701,532	\$27,777,855	0.18x	1.28x	11.8%	12/31/23
2022	OrbiMed Royalty & Credit Opportunities IV	\$7,598,005	\$30,000,000	\$8,983,980	30%	\$21,016,020	\$2,145,444	\$7,598,005	0.24x	1.08x	11.8%	3/31/24
2023	Cerberus Business Finance V	\$18,215,431	\$30,000,000	\$16,734,852	56%	\$13,265,148	\$0	\$16,415,118	0.00x	1.09x	20.2%	2/29/24
2023	Silver Point – Specialty Credit Fund III	\$9,520,807	\$30,000,000	\$9,705,708	32%	\$20,294,292	\$1,056,630	\$9,520,807	N/A	N/A	16.6%	3/31/24
2023	Ares Pathfinder II	\$3,799,094	\$30,000,000	\$3,662,335	12%	\$26,337,665	\$0	\$2,450,370	N/A	N/A	17.0%	12/31/23
2023	Oak Hill Advisors Structured Products Fund III, L.P.	\$13,201,470	\$25,000,000	\$12,420,411	50%	\$12,579,589	\$0	\$5,488,324	N/A	N/A	23.9%	12/31/23
2023	Ares Senior Direct Lending III	\$0	\$30,000,000	\$0	0%	\$30,000,000	\$0	\$0	N/A	N/A	N/A	N/A
Total Private Credit		\$318,443,874	\$562,396,707	\$423,789,849	75%	\$138,806,858	\$211,058,482	\$304,167,700	0.50x	1.25x		
% of Portfolio (Market Value)		5.5%										

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR is provided by the Fund manager and is reflective of the Fund IRR, rather than KCERA's specific IRR.

⁴Name changed from Colony Distressed Credit fund to DC Value Recovery Fund IV

IRR Analysis as of IRR date												
Vintage Year	Manager/Fund	Estimated Market Value 3/31/2024	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ³	IRR Date
Private Real Estate												
2014	Invesco Real Estate Value-Add Fund IV	\$509,038	\$50,000,000	\$43,637,717	87%	\$6,362,283	\$56,824,750	\$509,038	1.30x	1.31x	10.1%	03/31/24
2017	Landmark Real Estate Partners VIII	\$32,731,187	\$60,000,000	\$45,109,466	75%	\$14,890,534	\$25,662,388	\$31,486,250	0.57x	1.29x	14.1%	12/31/23
2018	Long Wharf Real Estate Partners VI	\$34,458,333	\$50,000,000	\$50,000,000	100%	\$0	\$24,281,467	\$34,458,333	0.49x	1.17x	15.1%	03/31/24
2020	Covenant Apartment Fund X	\$30,237,283	\$30,000,000	\$25,507,333	85%	\$4,492,667	\$7,920,010	\$30,237,283	0.31x	1.50x	14.1%	03/31/24
2021	Singerman Real Estate Opportunity Fund IV	\$15,505,631	\$35,000,000	\$13,527,500	39%	\$21,472,500	\$0	\$14,774,492	0.00x	1.15x	19.1%	12/31/23
2022	LBA Logistics Value Fund IX, L.P.	\$15,799,980	\$40,000,000	\$14,230,769	36%	\$25,769,231	\$0	\$15,799,980	0.00x	1.11x	-8.1%	03/31/24
2022	Covenant Apartment Fund XI	\$19,508,856	\$30,000,000	\$15,800,000	52%	\$38,076,924	\$3,112	\$19,508,856	0.00x	1.25x	0.1%	\$45,382
2022	KSL Capital Partners VI	\$5,344,102	\$30,000,000	\$6,945,876	23%	\$23,054,124	\$212,603	\$5,344,102	0.03x	0.80x	-28.4%	03/31/24
2023	Merit Hill V	\$14,569,101	\$30,000,000	\$17,529,762	58%	\$12,470,238	\$2,062,594	N/A	0.12x	0.95x	N/A	N/A
2024	Juniper Capital IV, L.P.	\$5,115,008	\$30,000,000	\$5,115,008	17%	\$24,884,992	\$0	N/A	0.00x	1.00x	N/A	N/A
2024	Landmark Real Estate Partners IX	\$0	\$40,000,000	\$0	0%	\$40,000,000	\$0	N/A	N/A	N/A	N/A	N/A
2024	Juniper High Noon Partners, L.P.	\$0	\$5,000,000	\$0	0%	\$5,000,000	\$0	N/A	N/A	N/A	N/A	N/A
Total Private Real Estate		\$173,778,519	\$430,000,000	\$237,203,431	55%	\$216,473,493	\$116,966,924	\$152,118,334	0.49x	1.23x		
% of Portfolio (Market Value)		3.0%										

¹(DPI) is equal to (capital returned / capital called)

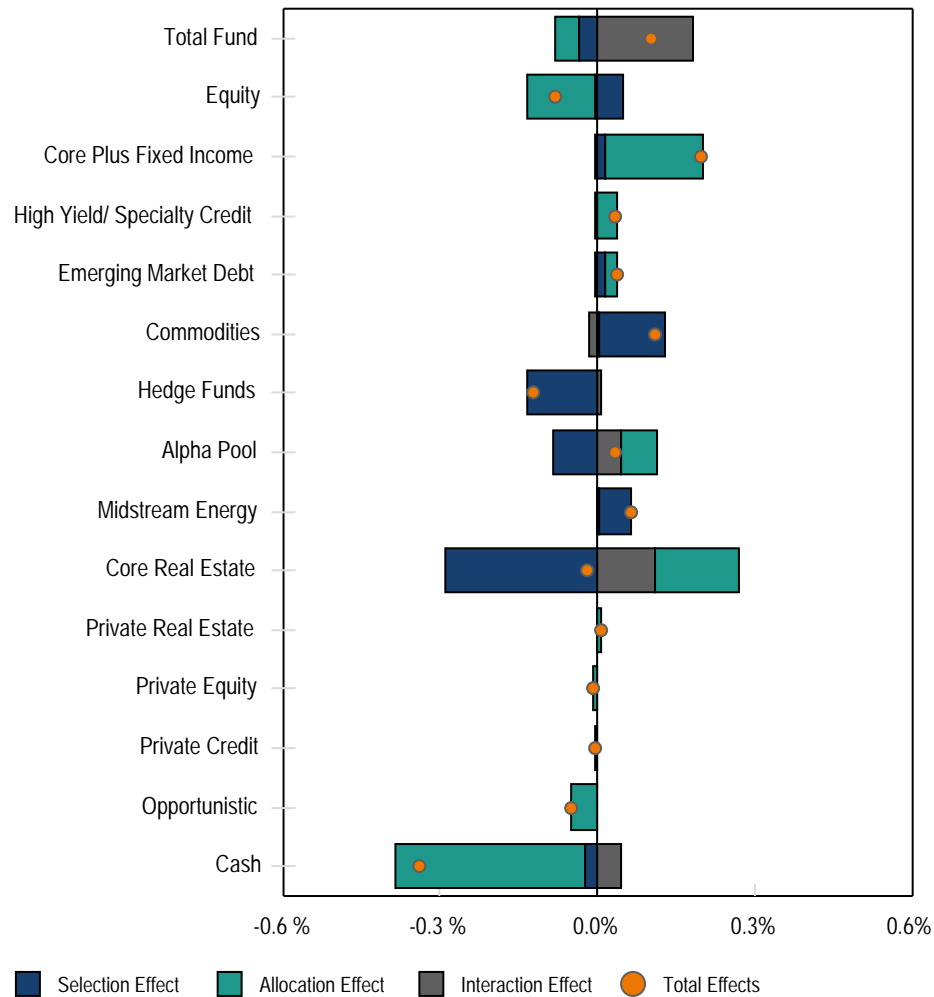
²(TVPI) is equal to (market value + capital returned) / capital called

³Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR is provided by the Fund manager and is reflective of the Fund IRR, rather than KCERA's specific IRR.

Total Fund
Attribution Analysis - Asset Class Level (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

Attribution Effects
Last Three Months



Performance Attribution

	Last Three Months
Wtd. Actual Return	3.8
Wtd. Index Return	3.7
Excess Return	0.1
Selection Effect	0.0
Allocation Effect	0.0
Interaction Effect	0.2

Attribution Summary
Last Three Months

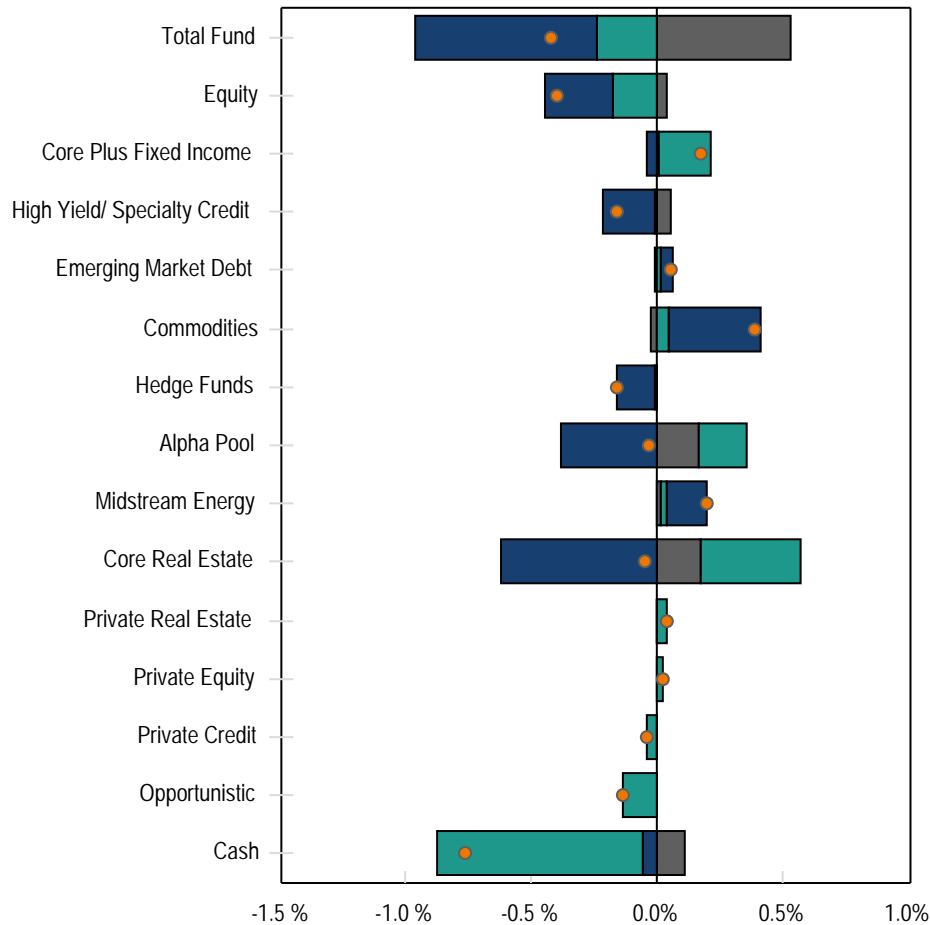
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	7.9	7.7	0.2	0.1	-0.1	0.0	-0.1
Core Plus Fixed Income	-0.7	-0.8	0.1	0.0	0.2	0.0	0.2
High Yield/ Specialty Credit	1.5	1.5	-0.1	0.0	0.0	0.0	0.0
Emerging Market Debt	0.3	-0.1	0.3	0.0	0.0	0.0	0.0
Commodities	5.2	2.2	3.0	0.1	0.0	0.0	0.1
Hedge Funds	2.2	3.6	-1.3	-0.1	0.0	0.0	-0.1
Alpha Pool	1.0	2.0	-1.0	-0.1	0.1	0.0	0.0
Midstream Energy	11.4	10.2	1.3	0.1	0.0	0.0	0.1
Core Real Estate	-6.4	-2.4	-4.0	-0.3	0.2	0.1	0.0
Private Real Estate	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private Equity	4.7	4.7	0.0	0.0	0.0	0.0	0.0
Private Credit	2.8	2.8	0.0	0.0	0.0	0.0	0.0
Opportunistic	1.7	2.4	-0.7	0.0	0.0	0.0	0.0
Cash	1.6	1.3	0.3	0.0	-0.4	0.0	-0.3
Total Fund	3.8	3.7	0.1	0.0	0.0	0.2	0.1

Weighted returns shown in attribution analysis may differ from actual returns. Negative cash allocation unable to be shown in Attribution Summary table. Wtd. Index Returns calculated from benchmark returns and weightings of each component. Selection Effect includes Other Effect in the Performance Attribution table.

Total Fund
Attribution Analysis - Asset Class Level (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

Attribution Effects
Fiscal YTD



Performance Attribution

	Fiscal YTD
Wtd. Actual Return	8.2
Wtd. Index Return	8.6
Excess Return	-0.4
Selection Effect	-0.7
Allocation Effect	-0.2
Interaction Effect	0.5

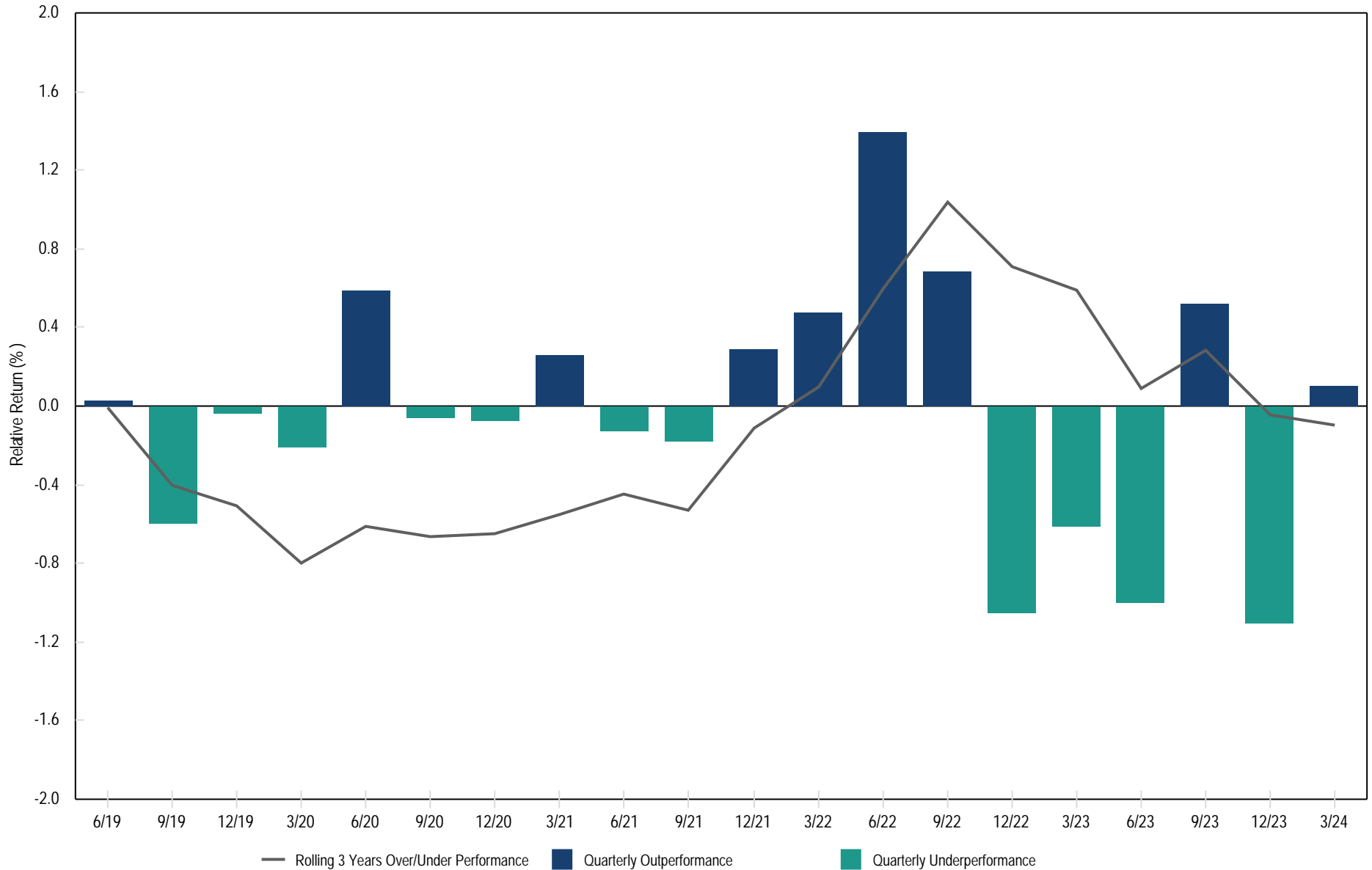
Attribution Summary
FYTD

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	14.8	15.6	-0.8	-0.1	-0.2	0.0	-0.4
Core Plus Fixed Income	2.4	2.6	-0.2	0.0	0.2	0.0	0.2
High Yield/ Specialty Credit	5.9	9.3	-3.4	-0.2	0.0	0.1	-0.2
Emerging Market Debt	6.8	5.6	1.3	0.1	0.0	0.0	0.1
Commodities	11.1	2.1	9.0	0.4	0.1	0.0	0.4
Hedge Funds	7.5	9.1	-1.6	-0.1	0.0	0.0	-0.2
Alpha Pool	1.2	6.6	-5.4	-0.4	0.2	0.2	0.0
Midstream Energy	23.8	20.2	3.7	0.2	0.0	0.0	0.2
Core Real Estate	-16.8	-8.8	-7.9	-0.6	0.4	0.2	0.0
Private Real Estate	-4.4	-4.4	0.0	0.0	0.0	0.0	0.0
Private Equity	8.9	8.9	0.0	0.0	0.0	0.0	0.0
Private Credit	8.7	8.7	0.0	0.0	0.0	0.0	0.0
Opportunistic	2.7	7.4	-4.7	0.0	-0.1	0.0	-0.1
Cash	4.8	4.0	0.7	0.0	-0.8	0.1	-0.8
Total Fund	8.2	8.6	-0.4	-0.7	-0.2	0.5	-0.4

■ Selection Effect ■ Allocation Effect ■ Interaction Effect ● Total Effects

Weighted returns shown in attribution analysis may differ from actual returns. Negative cash allocation unable to be shown in Attribution Summary table. Wtd. Index Returns calculated from benchmark returns and weightings of each component. Selection Effect includes Other Effect in the Performance Attribution table.

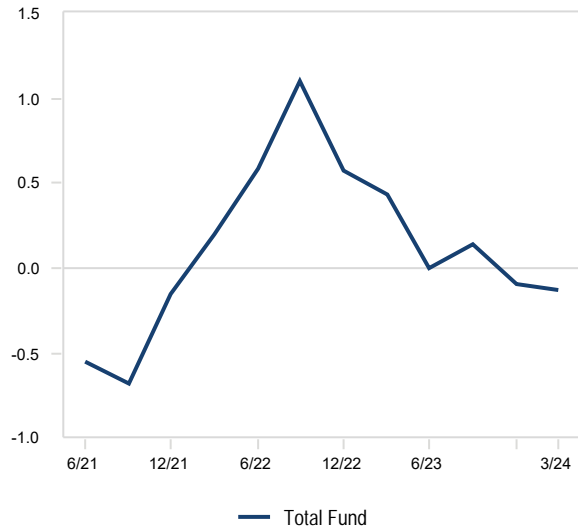
Rolling 3 Year Annualized Excess Performance



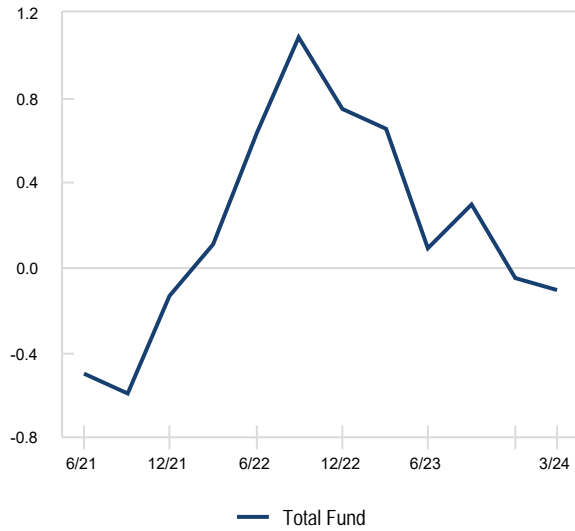
Total Fund
Rolling Risk Statistics: 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

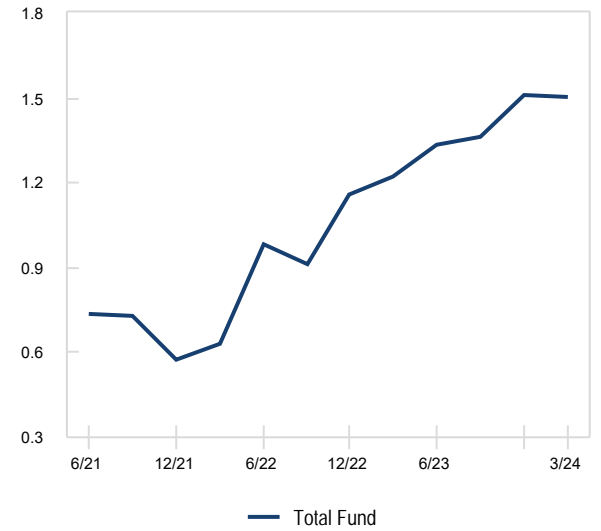
Rolling Information Ratio



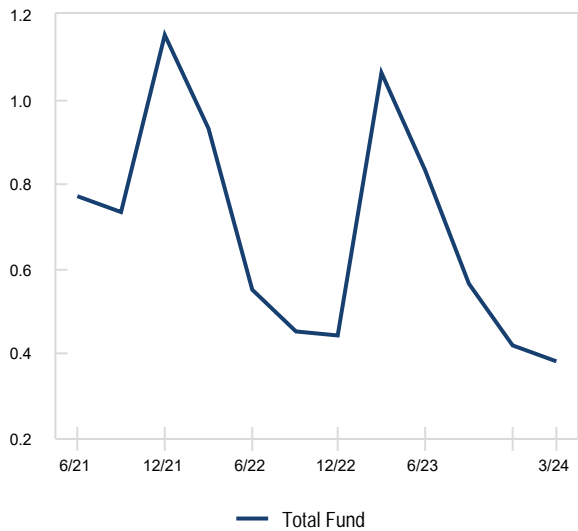
Rolling Annual Excess Benchmark Return



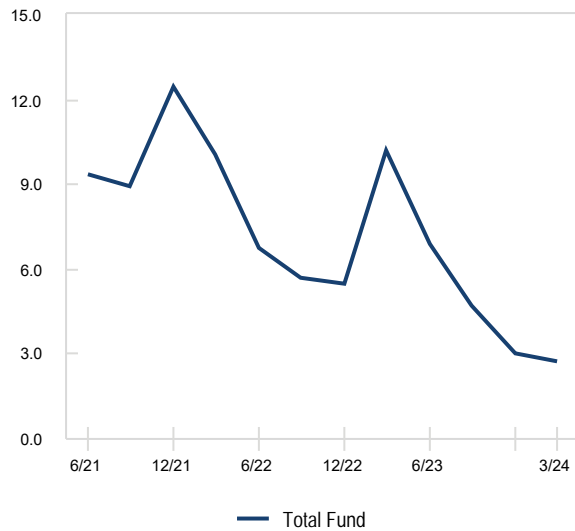
Rolling Tracking Error



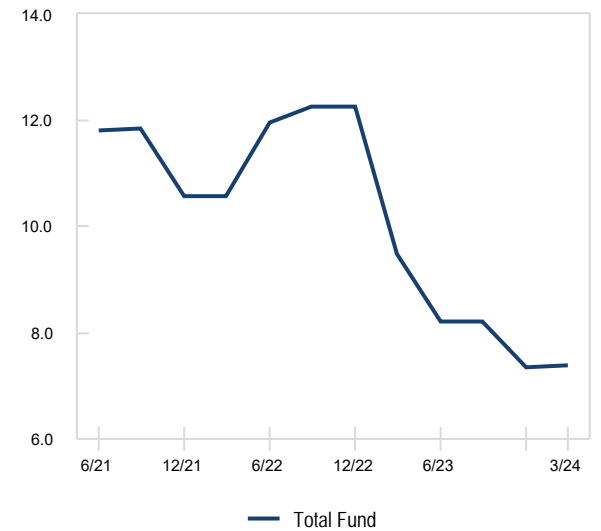
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



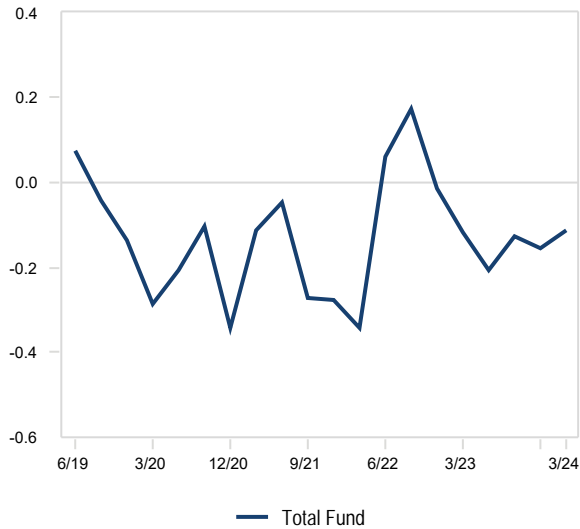
Rolling Annualized Standard Deviation



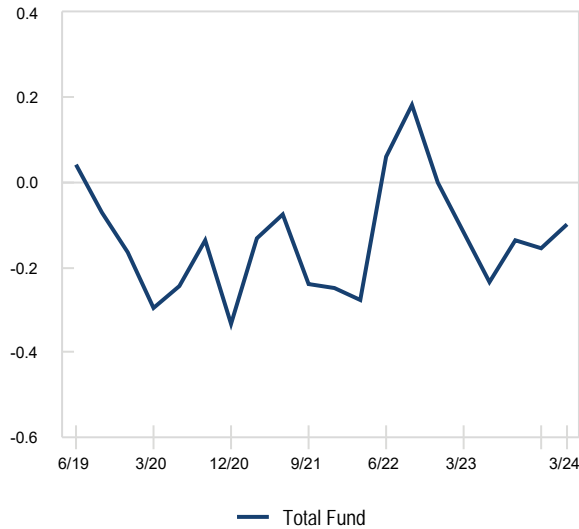
Total Fund
Rolling Risk Statistics: 5 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

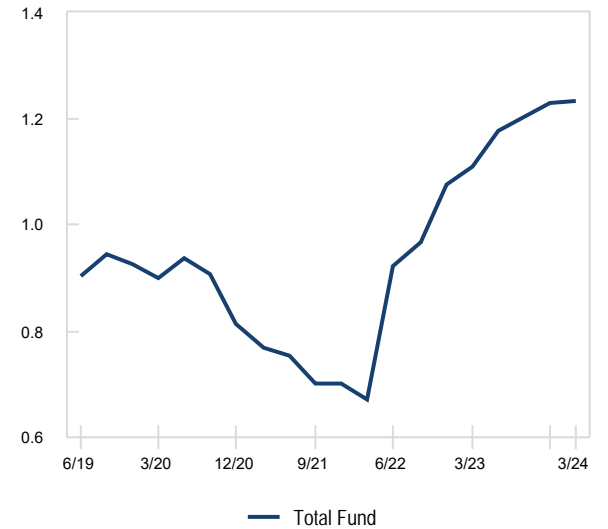
Rolling Information Ratio



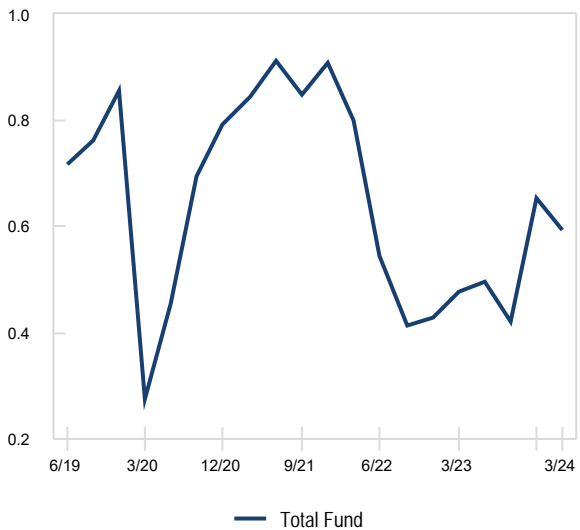
Rolling Annual Excess Benchmark Return



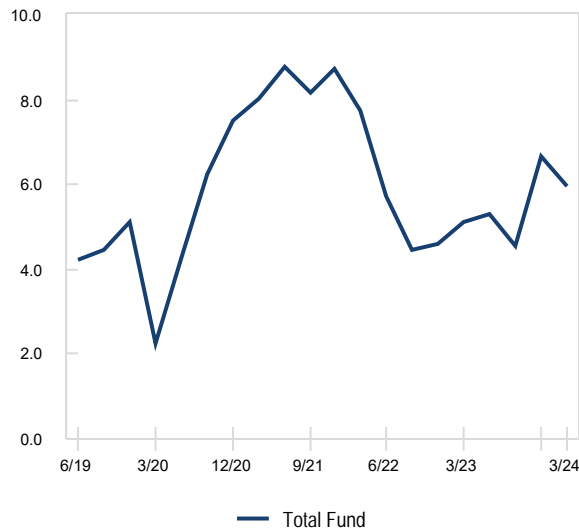
Rolling Tracking Error



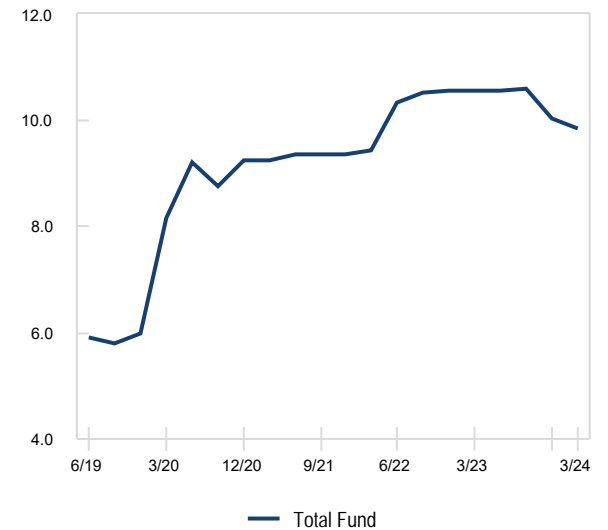
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



Rolling Annualized Standard Deviation



Cash Flows

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Equity	1,804,668,699	898,534	-648,962		-333,000	142,439,133	1,947,024,404
Equity Beta Exposure	67,962,000	898,534	-648,962		-333,000	6,971,278	74,849,850
Mellon DB SL Stock Index Fund	579,000,969					61,104,347	640,105,317
PIMCO StocksPLUS	126,366,009					13,904,340	140,270,349
AB US Small Cap Value Equity	93,666,254					3,785,463	97,451,717
Geneva Capital Small Cap Growth	55,025,832					3,949,148	58,974,980
Mellon DB SL World ex-US Index Fund	415,298,504					23,113,484	438,411,988
Cevian Capital II	44,029,220					2,607,642	46,636,862
Lazard Japanese Equity	109,154,063					14,380,181	123,534,244
American Century Non-US Small Cap	60,360,821					4,951,969	65,312,790
DFA Emerging Markets Value I	87,548,956					2,335,116	89,884,072
Mellon Emerging Markets Stock Index Fund	110,984,819					2,202,624	113,187,443
Dalton Japan Long Only	55,270,144					3,133,538	58,403,682
Transition Equity	1,108					3	1,111
Fixed Income	1,276,401,377	63,667,444	-959,339		-7,236,689	-879,275	1,330,993,517
Fixed Income Beta Exposure	351,655,645	63,667,444	-959,339		-1,754,000	-3,064,253	409,545,497
Mellon DB SL Aggregate Bond Index Fund	166,484,242					-1,292,646	165,191,596
PIMCO Core Plus	170,961,375					-84,844	170,876,531
Western Asset Core Plus	126,921,814					-933,826	125,987,988
Western Asset High Yield Fixed Income	170,770,013				-3,079,986	2,814,449	170,504,476
TCW Securitized Opportunities	91,132,542				-1,876,015	1,015,481	90,272,008
Stone Harbor Emerging Markets Debt Blend Portfolio	41,325,698				-526,597	-45,555	40,753,547
PIMCO EMD	156,891,690					722,215	157,613,905
Transition Fixed Income	258,357				-92	-10,296	247,968
Commodities	207,453,782					11,207,995	218,661,777
Gresham MTAP Commodity Builder Fund	34,270,350					1,116,748	35,387,098
Wellington Commodities	173,183,432					10,091,247	183,274,679
Hedge Funds	557,778,481					12,609,524	570,388,005
Aristeia International Limited	73,340,536					752,153	74,092,689
Brevan Howard Fund	56,802,993					-1,159,883	55,643,110
D.E. Shaw Composite Fund	59,341,499					2,990,724	62,332,223
HBK Fund II	48,006,986					1,179,211	49,186,197
Hudson Bay Cap Structure Arbitrage Enhanced Fund	78,511,107					704,488	79,215,595

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Indus Pacific Opportunities Fund	45,669,351					2,806,360	48,475,711
Pharo Macro Fund	68,570,627					1,011,311	69,581,938
PIMCO Commodity Alpha Fund	78,129,135					1,765,944	79,895,079
Enhanced Domestic Partners to Sculptor Master Fund	49,406,248					2,559,215	51,965,463
Alpha Pool	221,490,241				2,087,000	2,269,620	225,846,861
Hudson Bay - Alpha Pool	64,505,703				604,968	-26,152	65,084,519
Davidson Kempner Institutional Partners	57,525,287				544,189	1,310,080	59,379,556
HBK Fund II	36,167,379				341,888	546,503	37,055,770
Garda Fixed Income Relative Value Opportunity Fund	63,291,872				595,955	439,189	64,327,016
Midstream Energy	302,780,890				-44,324,346	33,632,831	292,089,375
Harvest Midstream	145,365,427				-12,206,965	20,559,851	153,718,313
PIMCO Midstream	157,415,463				-32,117,382	13,072,981	138,371,062
Core Real Estate	267,156,219			-281,039	-2,607,640	-16,426,350	247,841,190
ASB Allegiance Real Estate Fund	144,618,851				-1,025,740	-9,793,069	133,800,042
JPMCB Strategic Property Fund	122,537,368			-281,039	-1,581,900	-6,633,280	114,041,148
Private Real Estate	161,001,260				12,713,304	63,955	173,778,519
Invesco Real Estate Value-Add Fund IV	649,619					-140,581	509,038
Landmark Real Estate Partners VIII	31,486,250				1,083,912	161,025	32,731,187
Long Wharf Real Estate	34,319,023					139,310	34,458,333
Covenant Apartment Fund X	29,983,585				-351,343	605,041	30,237,283
Singerman Real Estate Opportunity Fund IV	14,774,492				131,250	599,889	15,505,631
LBA Logistics Value Fund IX, L.P.	15,969,138					-169,157	15,799,980
Covenant Apartment Fund XI, LP	14,987,980				4,500,000	20,876	19,508,856
KSL Capital Partners VI	5,598,482					-254,380	5,344,102
Merit Hill Self-Storage V, LP.	13,232,691				2,234,477	-898,067	14,569,101
Juniper Capital IV, L.P					5,115,008		5,115,008
Private Equity	224,715,208				9,423,686	10,545,812	244,684,706
Abbott VI	16,001,729				-1,250,000		14,751,729
Pantheon Secondary III	545,326					-2,802	542,524
Pantheon V	374,357					-2,316	372,041
Pantheon VI	329,324					-101	329,223

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Pantheon VII	6,739,818				-375,000	67,150	6,431,968
Vista Foundation Fund IV	18,765,984				448,991	225,933	19,440,908
Crown Global Secondaries V Master S.C.Sp	36,047,551				2,100,000	1,008,712	39,156,263
Brighton Park Capital Fund I	36,960,843				636,846	3,652,957	41,250,646
Warren Equity Partners Fund III	34,020,296					1,796,349	35,816,645
Peak Rock Capital Fund III	14,333,765				1,454,915	1,156,981	16,945,661
Level Equity Growth Partners V	7,597,497				435,712	499,545	8,532,754
Level Equity Opportunities Fund 2021	6,407,431					157,682	6,565,113
Linden Capital Partners V LP	13,014,916					764,227	13,779,144
Rubicon Technology Partners IV L.P.	5,135,484				4,572,222	130,726	9,838,432
OrbiMed Private Investments IX, LP	1,167,203				950,000	-77,431	2,039,772
Brighton Park Capital Fund II, L.P.	3,658,153					-266,398	3,391,755
Linden Co-Investment V LP	4,113,076					300,612	4,413,688
Warren Equity Partners Fund IV	12,263,238					646,819	12,910,057
WEP IV TS Co-Investment, L.P.	7,239,217					-3,708	7,235,509
Crown Global Secondaries VI Master S.C.Sp					450,000	490,874	940,874
Private Credit	304,080,326				6,183,042	8,180,506	318,443,874
DC Value Recovery Fund IV	17,346,522					694,951	18,041,473
Sixth Street TAO Partners (B)	42,694,725				-982,835	586,965	42,298,855
Brookfield Real Estate Finance Fund V	15,305,465				-2,607,438		12,698,028
Magnetar Constellation Fund V	26,403,562				-1,557,696	207,695	25,053,561
H.I.G. Bayside Loan Opportunity Fund V	45,173,127				-2,276,381	2,599,021	45,495,767
Blue Torch Credit Opportunities Fund II	15,184,695					347,488	15,532,183
Fortress Credit Opportunites Fund V Expansion	22,238,689				2,012,311	602,353	24,853,353
Fortress Lending Fund II	28,269,695				-1,827,930	986,340	27,428,105
Blue Torch Credit Opportunities Fund III	25,242,588					332,273	25,574,861
Fortress Lending Fund III	27,777,855				698,051	656,975	29,132,881
OrbiMed Royalty & Credit Opportunities IV	4,831,827				2,628,913	137,265	7,598,005
Cerberus Business Finance V	16,022,074				1,554,661	638,696	18,215,431
Silver Point Specialty Credit Fund III, L.P.	9,652,808				177,749	-309,750	9,520,807
Ares Pathfinder II	2,450,370				1,363,636	-14,912	3,799,094
Oak Hill Advisors Structured Products Fund III, L.P.	5,486,324				7,000,000	715,146	13,201,470

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Opportunistic	143,114,014				249,251	2,490,908	145,854,173
Sixth Street TAO Partners (D)	91,747,562				-3,208,021	2,657,986	91,197,527
Aristeia Select Opportunities II	46,013,723					-226,566	45,787,157
River Birch International - Opportunistic Investment	5,352,729					59,488	5,412,216
Hudson Bay Special Opportunities Fund LP					3,457,272		3,457,272
Cash	415,705,315	32,709,417	-54,031,300	-41,279	24,295,393	6,606,498	425,244,044
Short Term Investment Funds	177,721,518	32,709,417	-54,031,300	-41,279	24,295,393	2,719,768	183,373,517
BlackRock Short Duration Fund	237,983,797					3,886,730	241,870,527
Other	-340,548,925	87,184,388	-143,028,920			1,232,076	-395,161,380
Parametric Cash Overlay	83,131,531	35,069,295	-37,771,789				80,429,037
Goldman Sachs Cash Account	-15,155,811	46,220,746	-34,907,006				-3,842,071
Futures Offset	-419,617,645	4,340,348	-70,350,126			1,232,076	-484,395,347
Collateral Cash	11,093,000	1,554,000					12,647,000

Total Fund
Cash Flow History

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

Portfolio Reconciliation

	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Beginning Market Value	5,545,796,887	5,352,263,309	5,240,888,799	5,116,318,382	4,253,583,727	3,494,442,152
Contributions	308,652,260	1,431,685,945	1,800,444,131	8,647,761,778	13,253,555,746	19,403,332,673
Withdrawals	-322,410,998	-1,481,136,979	-1,841,708,518	-8,852,042,246	-13,633,031,562	-20,031,922,287
Fees	-322,318	-548,429	-471,296	-22,941,691	-51,584,938	-127,342,663
Net Cash Flows	-13,758,738	-49,451,033	-41,264,387	-204,280,468	-379,475,816	-628,589,614
Net Investment Change	213,650,916	442,876,789	546,064,653	833,651,151	1,871,581,154	2,879,836,527
Ending Market Value	5,745,689,065	5,745,689,065	5,745,689,065	5,745,689,065	5,745,689,065	5,745,689,065
Net Change \$	199,892,178	393,425,756	504,800,266	629,370,683	1,492,105,338	2,251,246,913

Contribution and withdrawals include transfers in and out of accounts. Ending market value is net of fees. Market value and flows do not include the Short Term Cash Account balance.

Risk Metrics

Total Fund
Actual Correlation Matrix

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

Correlation Matrix
3 Years Ending March 31, 2024

	A	B	C	D	E	F	G	H	I	J	K	L
A	1.00											
B	0.98	1.00										
C	0.95	0.98	1.00									
D	0.96	0.97	0.90	1.00								
E	0.79	0.81	0.70	0.82	1.00							
F	0.85	0.85	0.79	0.86	0.79	1.00						
G	0.73	0.75	0.70	0.76	0.70	0.97	1.00					
H	0.89	0.87	0.84	0.86	0.69	0.89	0.80	1.00				
I	0.84	0.85	0.76	0.88	0.89	0.91	0.80	0.80	1.00			
J	0.55	0.43	0.37	0.47	0.40	0.23	0.11	0.35	0.32	1.00		
K	0.44	0.42	0.42	0.42	0.24	0.27	0.15	0.41	0.34	0.23	1.00	
L	-0.20	-0.27	-0.21	-0.31	-0.33	-0.39	-0.38	-0.31	-0.41	0.05	-0.18	1.00

- A = Total Fund
- B = Equity
- C = Domestic Equity
- D = International Developed Equity
- E = Emerging Markets Equity
- F = Fixed Income
- G = Core Fixed Income
- H = High Yield/ Specialty Credit
- I = Emerging Market Debt
- J = Commodities
- K = Hedge Funds
- L = Core Real Estate

- Low Interaction
- Moderate Interaction
- Moderate to High Interaction
- High Interaction

Total Fund
Risk Analysis - 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	Alpha	Beta	R-Squared	Return	Information Ratio	Excess Performance	Tracking Error	Sharpe Ratio	Excess Return	Standard Deviation	Sortino Ratio	Up Capture	Down Capture
Total Fund	0.6	0.9	1.0	5.1	-0.1	-0.1	1.6	0.3	2.8	8.1	0.5	88.5	84.8
Equity	0.2	1.0	1.0	6.4	0.0	0.1	1.1	0.3	5.0	16.1	0.5	99.0	98.4
Domestic Equity	-0.2	1.0	1.0	9.7	-0.3	-0.3	1.0	0.5	8.3	17.6	0.7	98.2	98.8
International Developed Equity	0.8	1.0	1.0	4.8	0.5	0.8	1.4	0.2	3.5	16.3	0.3	101.1	98.3
Emerging Markets Equity	0.9	0.9	1.0	-2.8	0.5	1.2	2.3	-0.3	-4.1	16.2	-0.4	94.6	90.9
Fixed Income	-0.3	1.0	1.0	-1.6	-0.4	-0.3	0.8	-0.6	-3.9	7.1	-0.7	99.6	102.8
Core Fixed Income	-0.4	1.0	1.0	-2.8	-0.8	-0.4	0.5	-0.7	-5.2	7.1	-0.9	98.6	102.4
High Yield/ Specialty Credit	-0.1	0.7	0.9	1.6	-0.3	-0.6	2.7	-0.1	-0.8	6.4	-0.2	71.7	71.9
Emerging Market Debt	1.3	1.0	1.0	-0.3	1.4	1.2	0.9	-0.2	-2.3	10.6	-0.3	105.6	96.7
Commodities	3.2	0.9	0.9	11.3	0.3	2.2	5.0	0.6	9.1	14.0	1.0	89.0	71.4
Hedge Funds	4.9	0.2	0.2	6.4	-0.2	-0.6	3.8	1.9	3.7	2.0	3.7	46.9	-42.4
Alpha Pool	5.9	-0.7	0.1	1.1	-2.5	-5.6	2.1	-0.7	-1.4	1.9	-0.9	17.6	-
Midstream Energy	5.0	0.9	1.0	23.2	0.4	2.7	4.2	1.2	19.8	16.5	2.0	91.7	72.0
Core Real Estate	-4.8	0.8	0.8	-2.3	-1.3	-5.7	4.4	-0.5	-4.6	8.2	-0.7	62.7	128.5
Private Real Estate	0.0	1.0	1.0	10.8	-	0.0	0.0	1.1	8.0	6.6	3.0	100.0	100.0
Private Equity	0.0	1.0	1.0	11.8	-0.6	0.0	0.0	1.3	8.9	6.9	3.4	100.0	100.3
Private Credit	0.0	1.0	1.0	5.3	-0.6	0.0	0.0	0.7	2.7	3.9	1.5	99.9	100.0
Opportunistic	-	-	-	2.7	-0.8	-7.3	8.4	0.1	0.5	8.4	0.1	31.8	-

Risk Return Statistics: Last Three Years

Period Ending: March 31, 2024

	Equity	MSCI AC World IMI (Net)	Core Plus Fixed Income	Bloomberg U.S. Aggregate Index	High Yield/ Specialty Credit	ICE BofA U.S. High Yield Index	Emerging Market Debt	3 Years 50 JPM EMBI Global Div/ 50 JPM GBI EM Global Div	Commodities	Bloomberg Commodity Index Total Return	Hedge Funds	75% 3 Month T-Bill +4% / 25% MSCI ACWI (net)	Core Real Estate	NCREIF ODCE-monthly
RETURN SUMMARY STATISTICS														
Up Market Periods	22	22	14	14	22	22	17	17	21	21	23	23	30	30
Down Market Periods	14	14	22	22	14	14	19	19	15	15	13	13	6	6
Maximum Return	8.39	9.24	4.23	4.53	4.80	6.02	7.56	7.35	7.67	8.78	1.46	2.89	5.39	7.97
Minimum Return	-9.42	-9.65	-4.27	-4.32	-5.04	-6.81	-5.99	-5.81	-8.90	-10.77	-0.75	-1.96	-6.33	-4.97
Return	6.42	6.31	-2.83	-2.46	1.61	2.21	-0.27	-1.47	11.26	9.11	6.38	7.06	-2.32	3.37
Excess Return	4.99	4.95	-5.17	-4.78	-0.76	-0.02	-2.26	-3.50	9.14	7.40	3.67	4.37	-4.56	1.21
Excess Performance	0.10	0.00	-0.37	0.00	-0.60	0.00	1.20	0.00	2.15	0.00	-0.67	0.00	-5.69	0.00
RISK SUMMARY STATISTICS														
Beta	0.98	1.00	0.99	1.00	0.74	1.00	1.02	1.00	0.86	1.00	0.20	1.00	0.76	1.00
Upside Risk	12.33	12.52	4.87	4.99	4.74	6.14	7.44	7.09	11.41	12.02	2.60	4.18	5.12	8.17
Downside Risk	10.65	10.95	5.24	5.14	4.28	5.71	7.55	7.49	8.77	10.19	0.69	2.08	6.37	4.98
RISK/RETURN SUMMARY STATISTICS														
Standard Deviation	16.15	16.49	7.11	7.14	6.36	8.35	10.60	10.31	13.99	15.49	2.01	4.22	8.16	9.51
Alpha	0.21	0.00	-0.39	0.00	-0.07	0.00	1.27	0.00	3.23	0.00	4.93	0.00	-4.77	0.00
Sharpe Ratio	0.31	0.30	-0.74	-0.68	-0.12	0.00	-0.22	-0.35	0.65	0.47	1.88	1.07	-0.53	0.12
Excess Risk	16.04	16.38	7.01	7.03	6.25	8.22	10.41	10.12	14.12	15.70	1.96	4.07	8.65	9.89
Tracking Error	1.07	0.00	0.51	0.00	2.69	0.00	0.89	0.00	5.02	0.00	3.82	0.00	4.38	0.00
Information Ratio	0.04	-	-0.75	-	-0.27	-	1.40	-	0.35	-	-0.18	-	-1.32	-
CORRELATION STATISTICS														
R-Squared	1.00	1.00	0.99	1.00	0.94	1.00	0.99	1.00	0.90	1.00	0.18	1.00	0.79	1.00
Actual Correlation	1.00	1.00	1.00	1.00	0.97	1.00	1.00	1.00	0.95	1.00	0.43	1.00	0.89	1.00

Kern County Employees' Retirement Association
 Period Ending: March 31, 2024

Risk Return Statistics: Last Two Years

	Midstream Energy	Alerian Midstream Energy Index	2 Yrs Opportunistic	Assumed Rate of Return +3%
RETURN SUMMARY STATISTICS				
Up Market Periods	12	12	24	24
Down Market Periods	12	12	0	0
Maximum Return	11.14	11.05	5.16	0.80
Minimum Return	-11.84	-12.21	-4.04	0.80
Return	15.90	10.97	-3.50	10.00
Excess Return	12.63	8.62	-7.09	5.77
Excess Performance	4.93	0.00	-13.50	0.00
RISK SUMMARY STATISTICS				
Beta	0.88	1.00	-	-
Upside Risk	14.75	15.37	1.47	2.76
Downside Risk	10.95	12.87	5.37	0.00
RISK/RETURN SUMMARY STATISTICS				
Standard Deviation	17.75	19.72	7.35	0.00
Alpha	5.59	0.00	-	-
Sharpe Ratio	0.71	0.44	-0.99	11.05
Excess Risk	17.73	19.69	7.17	0.52
Tracking Error	4.06	0.00	7.35	0.00
Information Ratio	0.99	-	-1.75	-
CORRELATION STATISTICS				
R-Squared	0.96	1.00	-	-
Actual Correlation	0.98	1.00	-	-

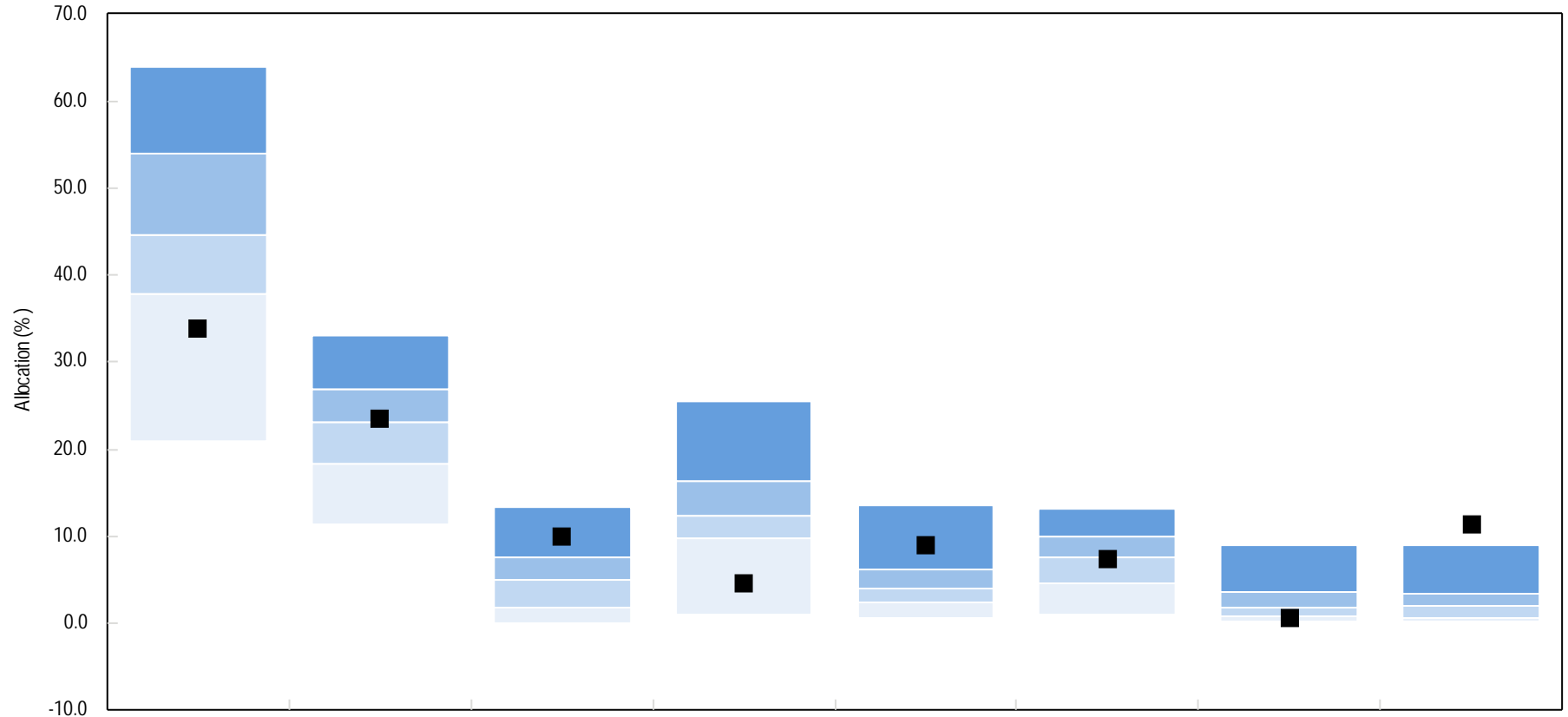
Data for unavailable for positions held for less than two years.

Peer Comparison

Total Fund
Peer Universe Comparison: Asset Allocation

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

Total Plan Allocation vs. InvMetrics Public DB > \$1B
As of March 31, 2024

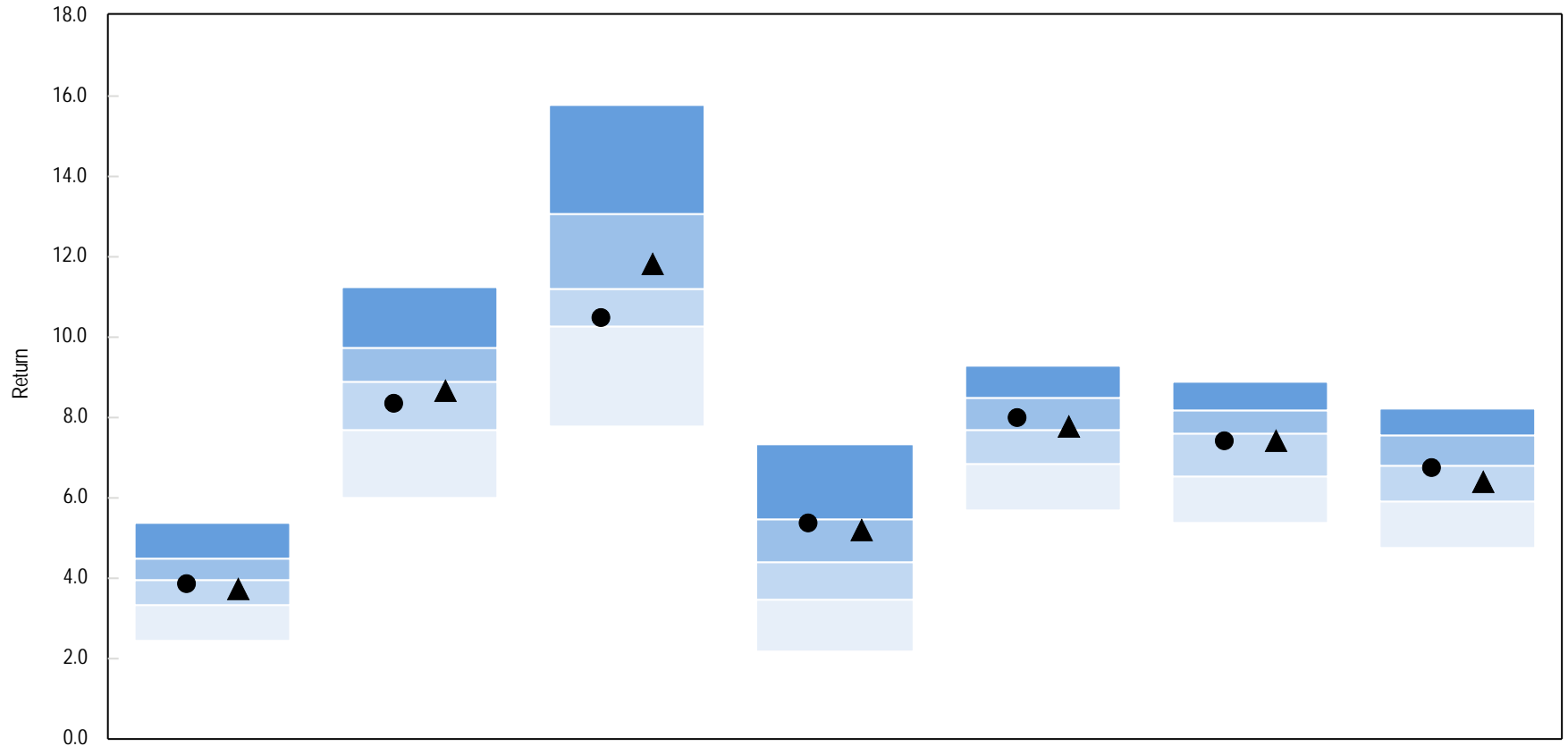


	Total Equity	Total Fixed Income	Hedge Funds	Private Equity	Real Assets/Commod	Real Estate - Private	Cash & Equivalents	Other
■ Total Fund	33.9 (87)	23.5 (45)	9.9 (17)	4.5 (88)	8.9 (18)	7.3 (52)	0.5 (84)	11.4 (1)
5th Percentile	64.1	33.2	13.3	25.4	13.5	13.1	8.9	9.0
1st Quartile	54.1	27.0	7.5	16.3	6.2	10.0	3.5	3.4
Median	44.6	23.1	5.1	12.4	4.0	7.6	1.8	2.0
3rd Quartile	37.8	18.3	1.8	9.8	2.3	4.6	0.7	0.5
95th Percentile	21.0	11.4	0.0	1.0	0.6	1.0	0.1	0.2
Population	96	96	47	76	52	68	85	15



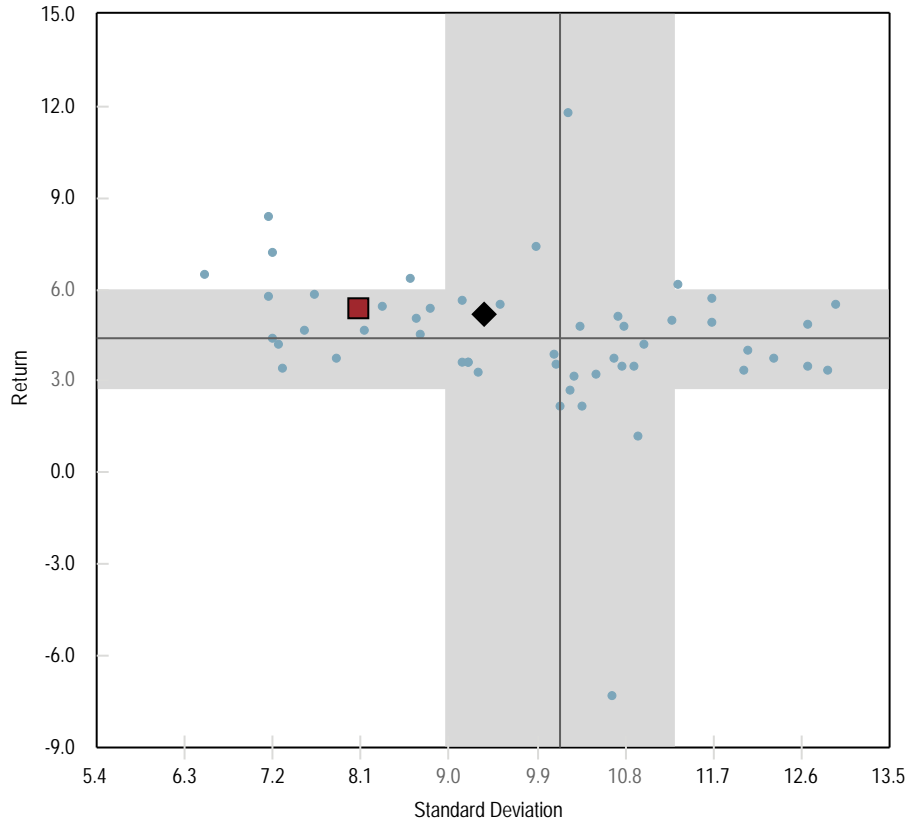
Parentheses contain percentile rankings. Other contains Alpha Pool, Opportunistic, and Private Credit. Real Estate contains Private and Core Real Estate. Real Assets contain Commodities and Midstream.

Total Fund vs. InvMetrics Public DB > \$1B



	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	3.9 (52)	8.4 (56)	10.5 (69)	5.4 (29)	8.0 (36)	7.4 (56)	6.8 (51)
▲ Policy Index	3.7 (63)	8.6 (53)	11.8 (42)	5.2 (30)	7.8 (48)	7.4 (56)	6.4 (61)
5th Percentile	5.4	11.3	15.8	7.3	9.3	8.9	8.2
1st Quartile	4.5	9.8	13.1	5.5	8.5	8.2	7.5
Median	3.9	8.9	11.2	4.4	7.7	7.6	6.8
3rd Quartile	3.3	7.7	10.3	3.5	6.8	6.5	5.9
95th Percentile	2.4	6.0	7.8	2.2	5.7	5.4	4.8
Population	98	63	55	51	51	50	47

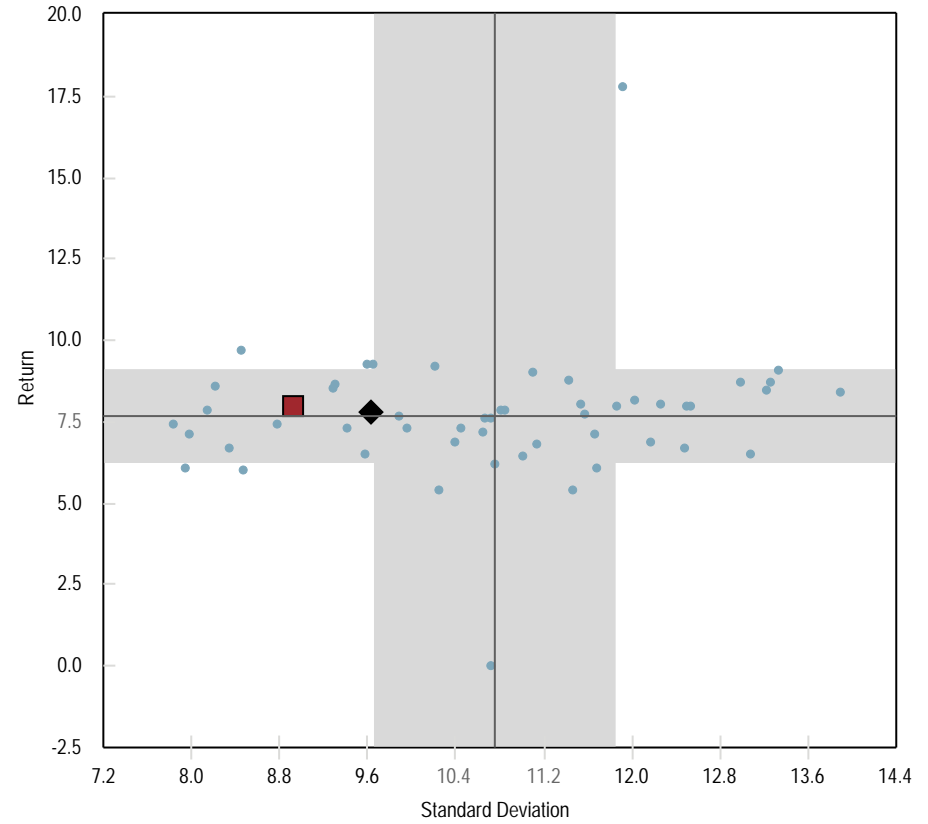
Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2024



● InvMetrics Public DB > \$1B

	Return	Standard Deviation
■ Total Fund	5.39	8.06
◆ Policy Index	5.21	9.36
— Median	4.39	10.14
Population	51	51

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2024



● InvMetrics Public DB > \$1B

	Return	Standard Deviation
■ Total Fund	7.98	8.92
◆ Policy Index	7.77	9.64
— Median	7.67	10.76
Population	51	51

Other

Total Fund
Quarterly Historical Returns (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2024

	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Total Fund	3.8	5.1	-0.8	1.9	3.2	4.5	-3.1	-7.5	-0.8	3.6	0.5	5.5
<i>Policy Index</i>	<i>3.7</i>	<i>6.2</i>	<i>-1.4</i>	<i>2.9</i>	<i>3.8</i>	<i>5.5</i>	<i>-3.8</i>	<i>-8.9</i>	<i>-1.3</i>	<i>3.3</i>	<i>0.7</i>	<i>5.7</i>

	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Total Fund	3.5	8.8	4.4	10.7	-11.3	4.6	0.2	3.1	6.8	-6.4	2.3	0.3
<i>Policy Index</i>	<i>3.3</i>	<i>8.8</i>	<i>4.5</i>	<i>10.1</i>	<i>-11.1</i>	<i>4.6</i>	<i>0.8</i>	<i>3.0</i>	<i>7.0</i>	<i>-5.5</i>	<i>2.2</i>	<i>0.7</i>

	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Total Fund	-0.1	3.0	3.2	2.7	4.2	0.8	3.5	1.9	1.1	2.2	-5.4	0.7
<i>Policy Index</i>	<i>-0.1</i>	<i>3.2</i>	<i>3.1</i>	<i>2.8</i>	<i>3.5</i>	<i>0.5</i>	<i>2.9</i>	<i>2.2</i>	<i>1.8</i>	<i>1.4</i>	<i>-4.9</i>	<i>0.4</i>

Total Fund Data Sources and Methodology

Kern County Employees' Retirement Association Period Ending: March 31, 2024

Performance Return Calculations

Performance is calculated using a Time Weighted Rates of Return (TWRR) methodology. Monthly returns are linked geometrically and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

Manager Line Up

<u>Investment Fund or Strategy</u>	<u>Fund Incepted</u>	<u>Data Source</u>	<u>Investment Fund or Strategy</u>	<u>Fund Incepted</u>	<u>Data Source</u>
AB US Small Cap Value Equity	7/7/2015	Northern Trust	Linden Capital Partners V LP	7/19/2022	Linden
Abbott Capital PE VI	3/31/2008	Abbott Capital	Linden Co-Investment V LP	6/30/2022	Linden
American Century Non-US Small Cap	12/15/2020	American Century	Long Wharf Real Estate	6/27/2019	Long Wharf
Ares Pathfinder	10/1/2023	Ares	Magnetar Constellation	11/14/2018	Magnetar
Aristeia International Limited	5/1/2014	Northern Trust	Mellon Aggregate Bond Index Fund	1/14/2011	Mellon
ASB Real Estate	9/30/2013	ASB	Mellon EB DV Stock Index	10/18/2017	Mellon
Barclays Capital Aggregate Rebalancing Overlay	6/15/2022	Parametric	Mellon EB DV World ex-US Index	8/1/2018	Mellon
BlackRock Short Duration Fund	9/8/2021	BlackRock	Merit Hill Self Storage	11/3/2023	Merit
Blue Torch Credit Opportunities	7/24/2020	Blue Torch	Myriad Opportunities Offshore	5/19/2016	Northern Trust
Brevan Howard	11/1/2013	Northern Trust	Oak Hill Advisors	12/22/2023	Oak Hill
Brighton Private Equity	3/28/2021	Brighton	OrbiMed Private Investments IV, LP	11/4/2022	OrbiMed
Brighton Park Capital Fund II, L.P.	9/30/2022	Brighton	OrbiMed Royalty & Credit Opportunities	9/12/2022	OrbiMed
Brookfield Real Estate Finance Fund V	12/18/2017	Northern Trust	Pantheon Global III	6/30/2000	Pantheon
Cerberus Business Finance V	8/25/2023	Cerberus	Pantheon USA V	6/30/2005	Pantheon
Cevian Capital II	12/30/2014	Northern Trust	Pantheon USA VI	3/31/2005	Pantheon
Covenant Apartment Fund X	10/29/2020	Covenant	Pantheon USA VII	3/31/2005	Pantheon
Crown Global Secondaries V Master S.C.Sp	2/1/2021	Crown	Parametric Overlay/ Cap Efficiency Program	7/31/2020	Parametric
Crown Global Secondaries Fund VI	2/1/2021	Crown	Peak Rock Capital Fund III	7/13/2021	Peak Rock
Dalton Japan Long Only	10/31/2023	Dalton	PIMCO Core Plus	1/21/2011	Northern Trust
DC Value Recovery fund IV	12/28/2015	Colony	PIMCO Commodity Alpha	5/4/2016	PIMCO
D.E. Shaw	6/30/2013	Northern Trust	PIMCO EMD	2/29/2020	Northern Trust
DFA Emerging Markets Value I	3/7/2014	Northern Trust	PIMCO Midstream	10/9/2020	PIMCO
Fortress Credit Opportunities	12/17/2020	Fortress	PIMCO StocksPLUS	7/14/2003	PIMCO
Fortress Lending Fund II	3/15/2021	Fortress	Fidelity Non-US Small Cap Equity	6/10/2008	Northern Trust
Garda Fixed Income Relative Value Opp	9/30/2021	Garda	River Birch	8/3/2015	Northern Trust
Geneva Capital Small Cap Growth	7/22/2015	Geneva	Rubicon Technology Partners IV LP	11/30/2022	Rubicon
Gresham MTAP Commodity	9/3/2013	Gresham	Silver Point Specialty Credit Fund III, L.P.	10/4/2023	Singerman
Harvest Midstream	9/28/2020	Harvest Midstream	Singerman Real Estate Opportunity Fund IV	10/27/2021	Sculptor
HBK Fund II	11/1/2013	Northern Trust	Sculptor Enhanced Domestic Partners	3/26/2019	Northern Trust
Henderson Smallcap Growth	7/22/2015	Northern Trust	Short Term Cash Account	12/31/2000	Northern Trust
H.I.G Bayside Loan Opportunities Fund V	7/24/2019	H.I.G. Capital	Short Term Investment Funds	6/30/2000	Stone Harbor
Hudson Bay	6/7/2019	Northern Trust	Stone Harbor Emerging Markets Debt	8/8/2012	TPG Sixth Street
Hudson Bay Special Opportunities Fund	2/20/2024	Hudson Bay	TAO Contingent	4/16/2020	TCW
Indus Pacific Opportunities	6/30/2014	Northern Trust	TCW Securitized Opportunities	2/3/2016	Northern Trust
Invesco Real Estate III	6/30/2013	Invesco	Transition Equity	9/30/2010	Northern Trust
Invesco Real Estate IV	12/18/2015	Invesco	Transition Fixed Income	9/30/2010	TPG Sixth Street
J.P. Morgan Strategic Property	7/2/2014	J.P. Morgan	TSSP Adjacent Opportunities Partners	11/17/2017	Vista Equity
Juniper Capital IV, L.P.	4/26/2023	Juniper	Vista Equity Partners	7/24/2020	Warren
KSL Capital Partners VI	4/26/2023	KSL Capital	Warren Equity III	4/1/2021	Warren
Landmark Real Estate Partners VIII	4/29/2018	Landmark	Warren Equity IV	1/1/2023	Wellington
Lazard Japanese Equity	11/1/2023	Lazard	Wellington Alternative Investments	2/9/2023	Wellington
LBA Logistics Value Fund IX, L.P.	2/22/2022	LBA	WEP IV TS Co-Investment, L.P.	8/14/2023	Northern Trust
Level Equity Growth Partners V	11/1/2021	Level Equity	Western Asset Core Plus	5/31/2004	Northern Trust
Level Equity Opportunities Fund 2021	11/1/2021	Level Equity	Western Asset High Yield Fixed income	5/31/2005	
LGT Crown	2/1/2021	LGT			

Policy & Custom Index Composition	
Policy Index: 10/31/2023 - Present	33% MSCI ACWI IMI (Net), 15% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 5% Alerian Midstream Energy Index, 5% NCREIF-ODCE Gross Monthly, 5% actual time-weighted Private Equity Returns*, 8% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill.
Policy Index: 4/1/2022-9/30/23	37% MSCI ACWI IMI (Net), 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +4%, 2.5% MSCI ACWI (Net), 8% 91 Day T-Bill + 4%, 5% NCREIF-ODCE Gross Monthly, 5% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 3-Month T-bill.
Policy Index: 7/1/2021-4/1/2022	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 1% Bloomberg US Aggregate*, 4% Bloomberg US Aggregate, 5% Alerian Midstream, 5% 3-Month T-bill +400bps, 91 Day T-Bills, -5% 3-Month T-bill.
Policy Index: 1/1/2021-6/30/2021	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 1% Bloomberg US Aggregate*, 4% Bloomberg US Aggregate, 5% Alerian Midstream, 5% 3-Month T-bill +400bps, 91 Day T-Bills, -5% 3-Month T-bill.
Policy Index: 7/1/2020-12/31/2020	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 4% MSCI ACWI*, 5% Bloomberg US Aggregate, 1% Alerian Midstream, 4% Bloomberg US Aggregate
Policy Index: 4/1/2020-6/30/2020	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 1/1/2020-3/31/2020	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 10/1/2019-12/31/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*.
Policy Index: 7/1/2019-9/30/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 4/1/2019-6/30/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*.
Policy Index: 1/1/2019-3/31/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 2% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 10/1/2018-12/31/2018	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 2% actual time-weighted Private Credit Returns*, 2% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*.
Policy Index: 7/1/2018-9/30/2018	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 3% actual time-weighted Private Equity Returns*, 2% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 2% MSCI ACWI*, 7% Bloomberg US Aggregate*.
Policy Index: 1/1/2017- 6/30/2018	19% Russell 3000 Index, 18% MSCI ACWI ex US, 29% Bloomberg US Aggregate, 10% NCREIF-ODCE, 4% Bloomberg Commodity Index, 7.5% 91-day T-bills + 400bps, 2.5% MSCI ACWI, 5% Russell 3000 Index + 300 bps, 5% ICE BofA ML High Yield + 200 bps.
Policy Index: 4/1/2014-12/31/2016	23% Russell 3000 Index, 29% Bloomberg US Aggregate, 22% MSCI ACWI ex US.

Other Disclosures

*Private Asset actual weights, rounded to 1%, and actual time-weighted returns of Private Equity, Private Credit, Private Real Estate used in policy with the difference in weight versus target allocated to private markets public market "equivalent", Private Equity to Global Equity, Private Credit and Private Real Estate to Core Plus.

All data prior to 2Q 2011 has been provided by the investment managers.

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: $\text{Portfolio Return} - [\text{Risk-free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk-free Rate})]$.

Benchmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: $\text{excess return} / \text{tracking error}$.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

Disclaimer

This report contains confidential and proprietary information and is subject to the terms and conditions of the Consulting Agreement. It is being provided for use solely by the customer. The report may not be sold or otherwise provided, in whole or in part, to any other person or entity without written permission from Verus Advisory, Inc., (hereinafter Verus) or as required by law or any regulatory authority. The information presented does not constitute a recommendation by Verus and cannot be used for advertising or sales promotion purposes. This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities or any other financial instruments or products.

The information presented has been prepared using data from third party sources that Verus believes to be reliable. While Verus exercised reasonable professional care in preparing the report, it cannot guarantee the accuracy of the information provided by third party sources. Therefore, Verus makes no representations or warranties as to the accuracy of the information presented. Verus takes no responsibility or liability (including damages) for any error, omission, or inaccuracy in the data supplied by any third party. Nothing contained herein is, or should be relied on as a promise, representation, or guarantee as to future performance or a particular outcome. Even with portfolio diversification, asset allocation, and a long-term approach, investing involves risk of loss that the investor should be prepared to bear.

The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §7928.710)

(CA Gov. Code §7922.000)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE



Public Equity Review

Presented by:

Daryn Miller, CFA

Chief Investment Officer

Rafael A. Jimenez

Senior Investment Analyst

Introduction and Objective

What is Staff seeking to achieve with this analysis?

- Evaluate the Public Equity Portfolio to determine if the asset class is serving its goal within the greater KCERA Investment Program
- Communicate to trustees the efficacy of the asset class to meet the primary objective of return generation
- Understand the Public Equity Portfolio's risk and return drivers, and relative factor exposures
- Contemplate strategic considerations for potential structural improvement
- Identify areas of concern that will dictate potential initiatives and actions



Executive Summary

- The Public Equity Portfolio maintains an underweight to Domestic Equity and an overweight to International Developed Equity.
 - The allocation to International Developed is primarily attributed to the Japan country overweight and is based on Staff conviction that excess return can be generated through regional exposure (Beta) and manager selection (Alpha).
- Staff has been effective at determining and managing underlying manager exposures to meaningfully reduce risk factor exposures relative to MSCI ACWI IMI.
- No factor exposures deviate meaningfully from the Policy Benchmark, but the Portfolio has a modest tilt toward smaller companies and lower valuations – Both *compensated* equity risk factors.
- The Portfolio has a more conservative risk profile than the Policy Benchmark as evidenced by volatility, drawdown, Beta, and VaR.
- The Portfolio has less Tracking Error relative to a peer universe of similar Public Plans.



Contents

- Total Plan Investment Objectives
- Positioning and Market Value (as of 12/31/23)
- Performance and Attribution
- Factor Exposure vs Policy Benchmark
- Risk
- Strategic Considerations
- Appendix

Total Plan Investment Objectives

The mission of the KCERA Investment Program is to prudently invest the assets of the Plan on behalf of its stakeholders in accordance with the Investment Policy Statement (IPS).



Objective One

Earn a long-term net of fees return which is equal to or greater than the Plan's assumed rate of return of 7.0%.



Objective Two

Earn a long-term net of fees return which is equal to greater than the Plan's blended Policy Benchmark.



Objective Three

Earn a long-term net of fees return which exceeds the long-term rate of inflation.

We invest in Public Equity for capital appreciation, diversification among asset classes, and as an inflation hedge.

Public Equity serves the core purpose of return generation toward the Plan's stated 7.0% return and can be expected to earn a return that exceeds the long-term rate of inflation.

	Market Value	Active/Passive	% of Portfolio	% of Policy Index	Relative Regional Weight (%)
Equity	1,804,667,591				
MSCI AC World IMI (Net)					
Domestic Equity	922,021,064		51.1	61.42	-10.33
MSCI USA IMI					
Equity Beta Exposure	67,962,000	Passive			
Mellon DB SL Stock Index Fund	579,000,969	Passive			
PIMCO StocksPlus	126,366,009	Passive			
AB US Small Cap Value Equity	93,666,254	Active			
Geneva Capital Small Cap Growth	55,025,832	Active			
International Developed Equity	684,112,752		37.9	27.71	10.20
MSCI World ex U.S. IMI (Net)					
Mellon DB SL World ex-US Index Fund	415,298,504	Passive			
Cevian Capital II	44,029,220	Active			
American Century Non-US Small Cap	60,360,821	Active			
Dalton Japan Long Only	55,270,144	Active			
Lazard Japanese Equity	109,154,063	Active			
Emerging Markets Equity	198,533,775		11.0	10.87	0.13
MSCI EM IMI (Net)					
DFA Emerging Markets Value I	87,548,956	Active			
Mellon Emerging Markets Stock Index Fund	110,984,819	Passive			

Positioning & Market Values

KCERA REGIONAL EXPOSURE VS POLICY BENCHMARK

Domestic Equity: The Portfolio is **underweight** Domestic Equity 10.33% relative to the regional exposure in MSCI ACWI IMI.

International Developed Equity: The Portfolio is **overweight** International Developed Equity 10.20% relative to the regional exposure in MSCI ACWI IMI.

Emerging Markets Equity: The Portfolio exposure to Emerging Markets Equity is largely in line (+0.13%) with the regional exposure in MSCI ACWI IMI.

At the regional level, the Portfolio underweight to Domestic Equity can be attributed to the underweight exposure to large cap domestic equity.

The overweight to International Developed Equity can be primarily attributed to the overweight country exposure to Japan. At the policy benchmark level, there is an 8.5% overweight to Japan.

Performance and Attribution

*How has the Portfolio performed relative to the Policy Benchmark?
What are the drivers of performance and sources of excess return?*

Exposure Type (Benchmark)	Performance		
	Active Return	Type	Notes
Global Equity (MSCI ACWI)	+	Stock Selection	• Stronger performance driven by stock selection
U.S. Equity (Russell 1000)	-	Factor Driven	• Weaker performance driven by factors (primarily market and small size exposures)
International Developed Equity (MSCI World ex. U.S.)	+	Stock Selection	• Stronger performance driven by stock selection
EM Equity (MSCI EM)	+	Factor Driven	• Stronger performance driven by factors (primarily value exposures)

*As of December 31st, 2023. Source: Goldman Sachs Asset Management

Goldman Sachs analysis does not rely on the respective IMI indices for MSCI ACWI, MSCI World Ex US, or MSCI EM. The IMI indices are more comprehensive and target approximately 99% of each region's market capitalization. IMI indices can be expected to have more exposure to small cap securities. Performance attribution for Domestic Equity is relative to the Russell 1000 index. Staff expects the results of this analysis to be directionally similar and help explain the structural drivers of performance.

Overall positive performance over the past 5 years, primarily driven by manager selection, while market exposure and size factors detracted.

- The Public Equity Portfolio generated an excess return of **+0.11%** net-of-fees relative to MSCI ACWI during the 5-year period ending December 31st, 2023.
 - Performance was driven by manager selection.
- The Domestic Equity Portfolio generated an excess return of **-0.57%** net-of-fees relative to Russell 1000.
 - Performance was driven by factor exposure to small companies and lower market beta.
- The International Developed Equity Portfolio generated an excess return of **+1.43%** net-of-fees relative to MSCI World ex US.
 - Performance was driven by manager selection.
- The Emerging Markets Equity Portfolio generated an excess return of **+1.05%** net-of-fees relative to MSCI EM.
 - Performance was driven by factor exposure to companies with lower valuations.

Performance and Attribution, cont.

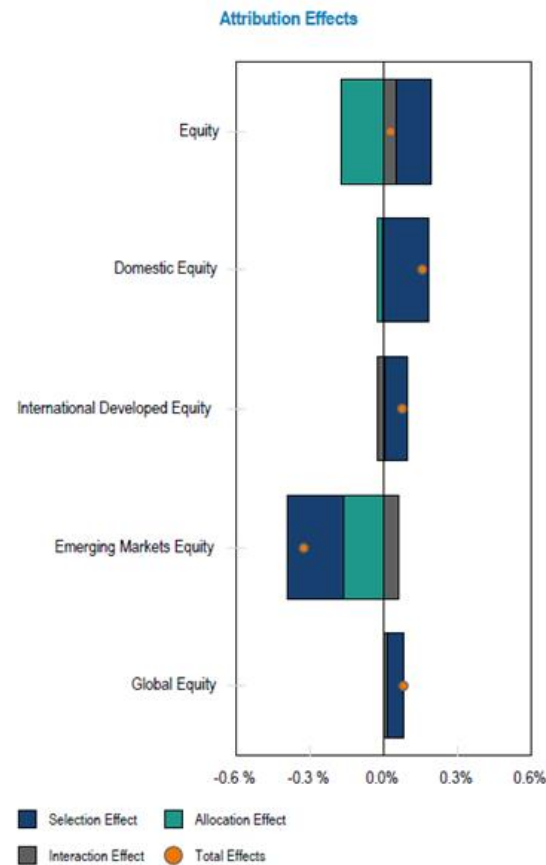
5-Year Analysis (Net-of-Fees)

Total Fund

Kern County Employees' Retirement Association

Attribution Analysis - Asset Class Level (Net of Fees)

Period Ending: December 31, 2023



Performance Attribution

	5 Yrs
Wtd. Actual Return	11.5
Wtd. Index Return	11.5
Excess Return	0.0
Selection Effect	0.1
Allocation Effect	-0.2
Interaction Effect	0.1

Attribution Summary

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity	15.1	14.8	0.3	0.2	0.0	0.0	0.2
International Developed Equity	8.5	8.2	0.3	0.1	0.0	0.0	0.1
Emerging Markets Equity	2.8	4.5	-1.6	-0.2	-0.2	0.1	-0.3
Global Equity	3.9	5.3	-1.5	0.1	0.0	0.0	0.1
Equity	11.5	11.5	0.0	0.1	-0.2	0.1	0.0

Performance over the past 5 years was inline with the benchmark. Manager selection was additive, while allocation detracted.

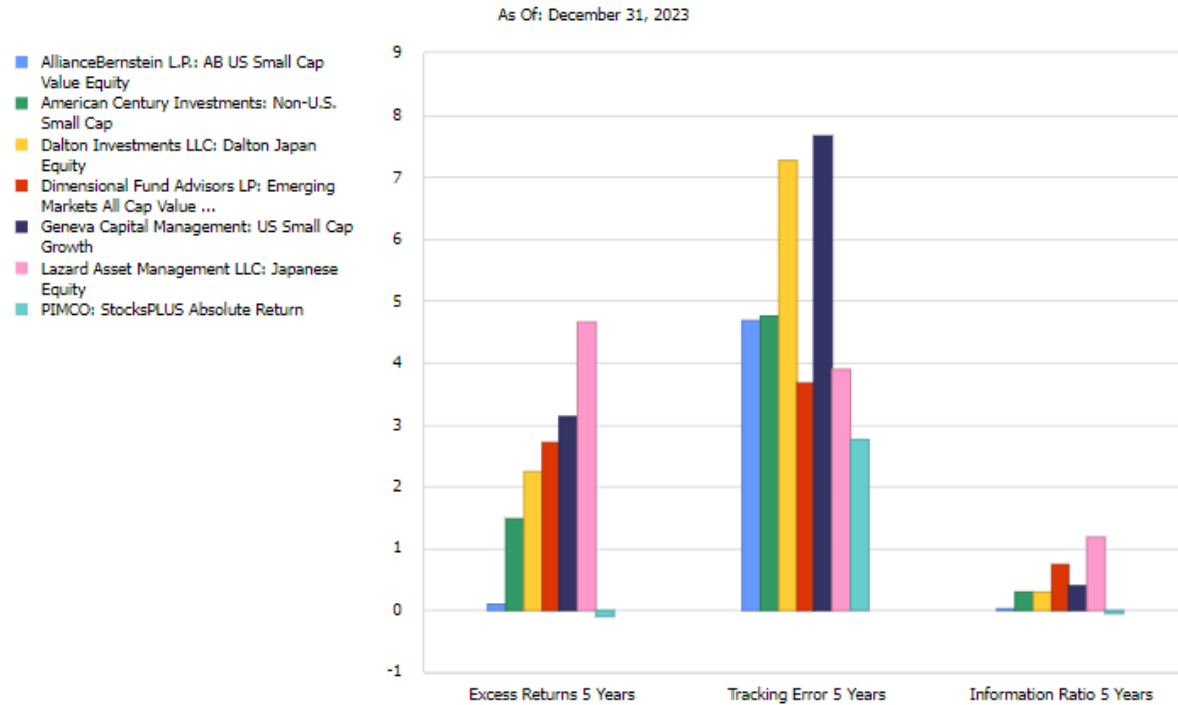
- The Public Equity Portfolio generated an excess return of **+0.0%** net-of-fees relative to the Policy Benchmark during the 5-year period ending December 31st, 2023.
 - Manager selection was a positive contributor to relative performance and regional allocation was a detractor.
- The Domestic and International Developed Equity Portfolios contributed positively to relative performance and demonstrated positive manager selection.
 - Regional allocation to Domestic Equity was additive to aggregate portfolio performance during drawdown from COVID-19 pandemic.
- The Emerging Markets Equity Portfolio was a detractor to relative performance and demonstrated negative manager selection and regional allocation effects.

*As of December 31st, 2023. Source: Verus

Active Manager Performance, cont.

5-Year Analysis

- Analysis includes the hypothetical performance of the following managers for which KCERA was not invested the entire 5-year period:
 - Dalton Japan Equity
 - Lazard Japanese Equity
 - American Century
- Cevian Capital II is not included. The manager hedges all exposure back to US Dollars and the most appropriate index, MSCI Europe (Hedged), is not available for analysis.
- American Century Investments is based on user-entered representative account data. The manager runs a tailored mandate that excludes EM exposure.



Over the past 5-years, StocksPLUS has not produced a positive excess return or a positive Information Ratio.

	VT	RM	Excess Returns 5 Years	Tracking Error 5 Years	Information Ratio 5 Years
AllianceBernstein L.P.	SA	GF	0.12	4.70	0.02
American Century Investments	CF	GF	1.49	4.77	0.31
Dalton Investments LLC	SA	GF	2.25	7.29	0.31
Dimensional Fund Advisors LP	SA	GF	2.72	3.69	0.74
Geneva Capital Management	SA	GF	3.14	7.66	0.41
Lazard Asset Management LLC	SA	GF	4.68	3.90	1.20
PIMCO	SA	GF	-0.10	2.76	-0.03

Results displayed in USD using Spot Rate (SR).

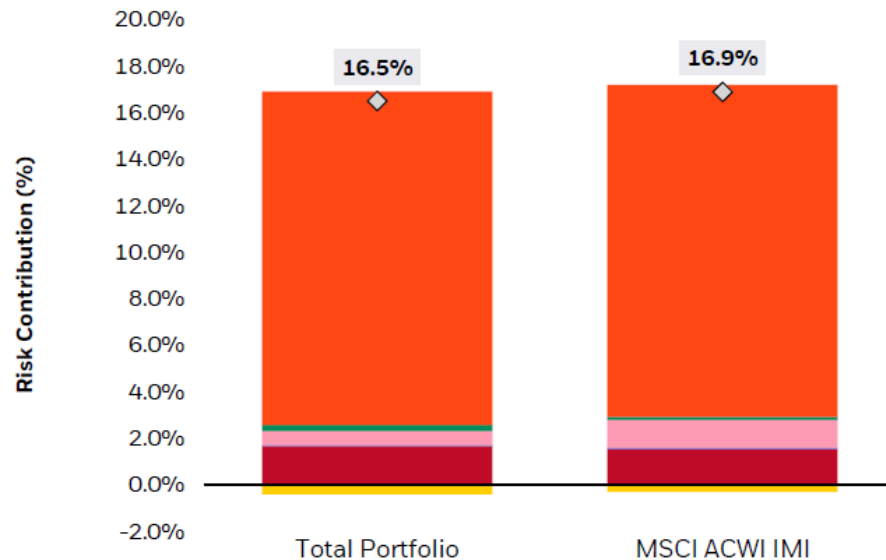
Manager Preferred Benchmark

*Source: eVestment
Based on gross-of-fees composite data provided to eVestment

Factor Exposure vs Policy Benchmark

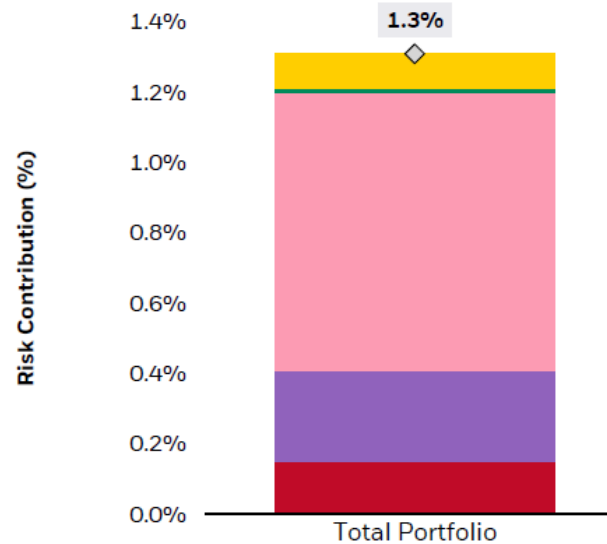
Total Public Equity Portfolio
Benchmark: MSCI ACWI IMI

Portfolio Risk (%)



Market	14.3%	14.3%
Style	-0.4%	-0.3%
Sector	0.3%	0.1%
Country	0.6%	1.2%
Idiosyncratic	0.1%	0.1%
FX	1.7%	1.5%
Other	0.0%	-0.0%
Total	16.5%	16.9%

Active Risk (%)



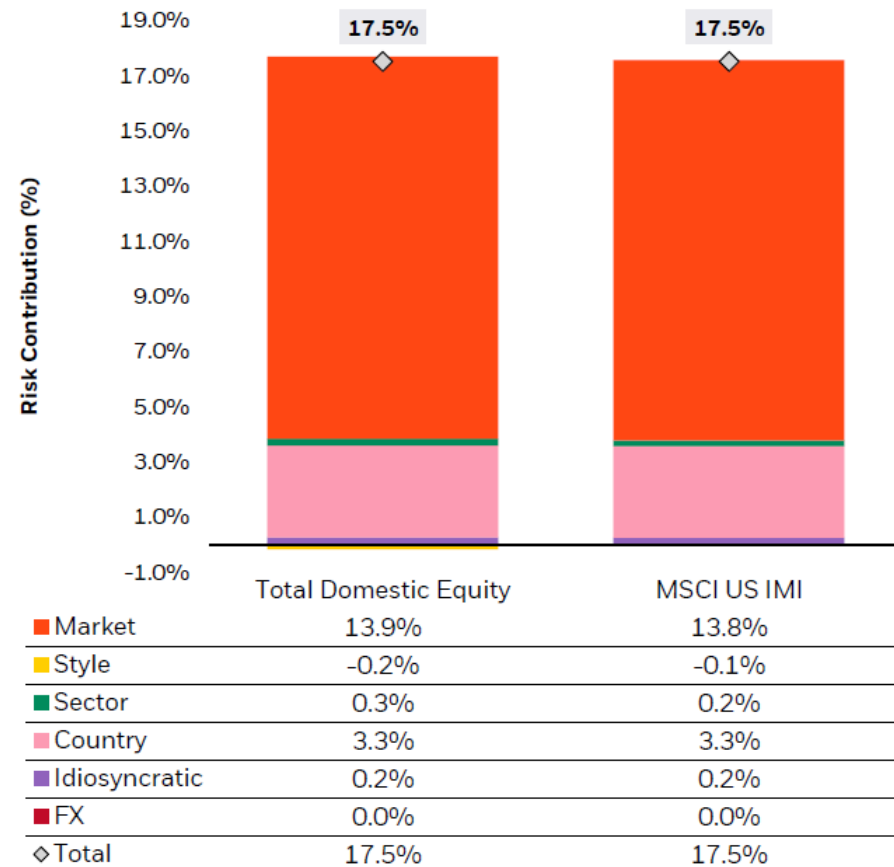
Market	-
Style	0.1%
Sector	0.0%
Country	0.8%
Idiosyncratic	0.3%
FX	0.2%
Other	-
Total	1.3%

- A **Factor** is an investment characteristic with which asset risk and return is correlated.
- Active Factor Tilts greater than 0.2 on an absolute level are considered meaningful risk deviations from the benchmark.
- It is ideal for Active Risk to be primarily driven by *Idiosyncratic*, or manager-specific, attributes.
- The Public Equity Portfolio has **less** risk than the Policy Benchmark.
- Tracking Error is primarily driven by Country Risk, followed by Idiosyncratic Risk.
- No factors represent a significant deviation from the benchmark. However, active tilts are consistent with exposure to smaller companies and lower valuations.

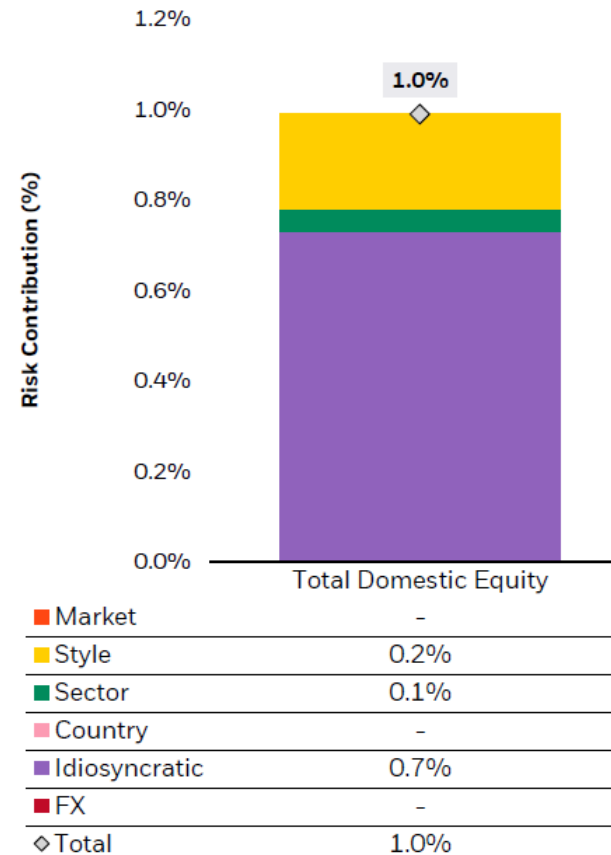
Factor Exposure vs Policy Benchmark

Domestic Equity Portfolio
Benchmark: MSCI USA IMI

Portfolio Risk (%)



Active Risk (%)

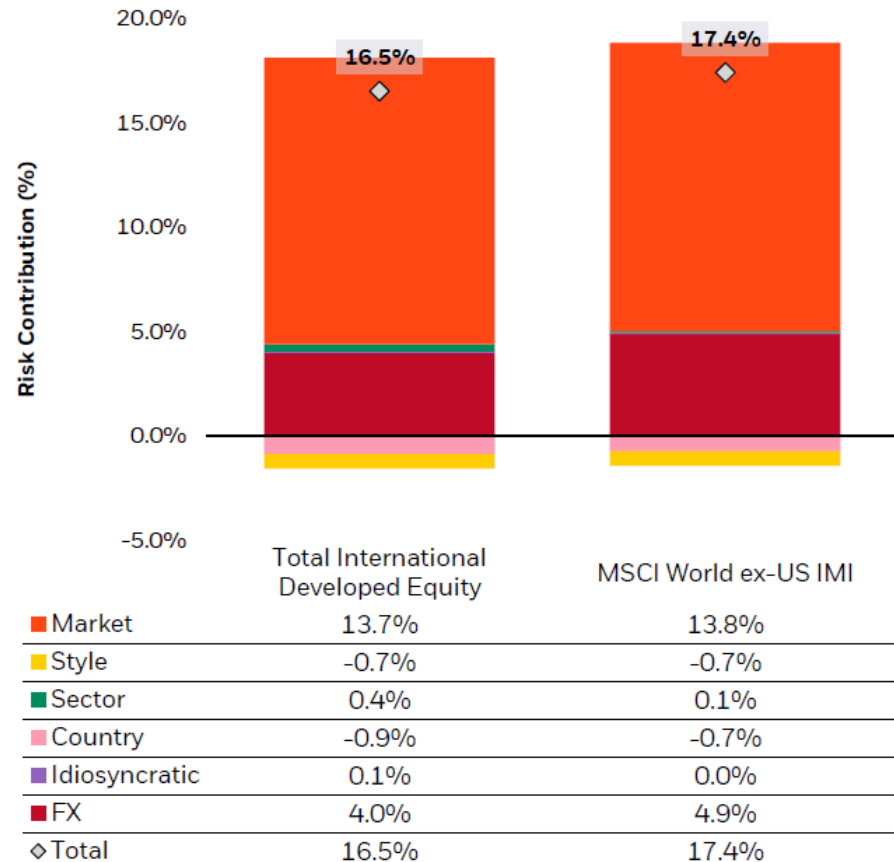


- Domestic Equity Portfolio Risk is **in line** with the Policy Benchmark.
- The largest contributor to tracking error is Idiosyncratic Risk and is driven by small cap active management.
- No style factors deviate meaningfully from the index.
 - However, active factor tilts are consistent with exposure to smaller companies and lower valuations.
- Size exposure is driven by Alliance Bernstein and Geneva.
- Value exposure is driven by Alliance Bernstein.

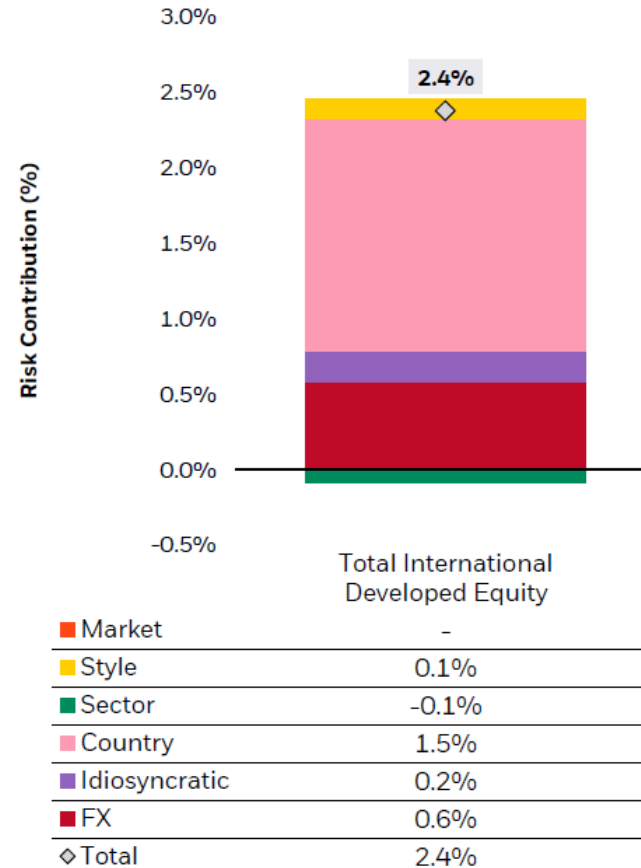
Factor Exposure vs Policy Benchmark

International Developed Equity Portfolio
 Benchmark: MSCI World ex US IMI

Portfolio Risk (%)



Active Risk (%)

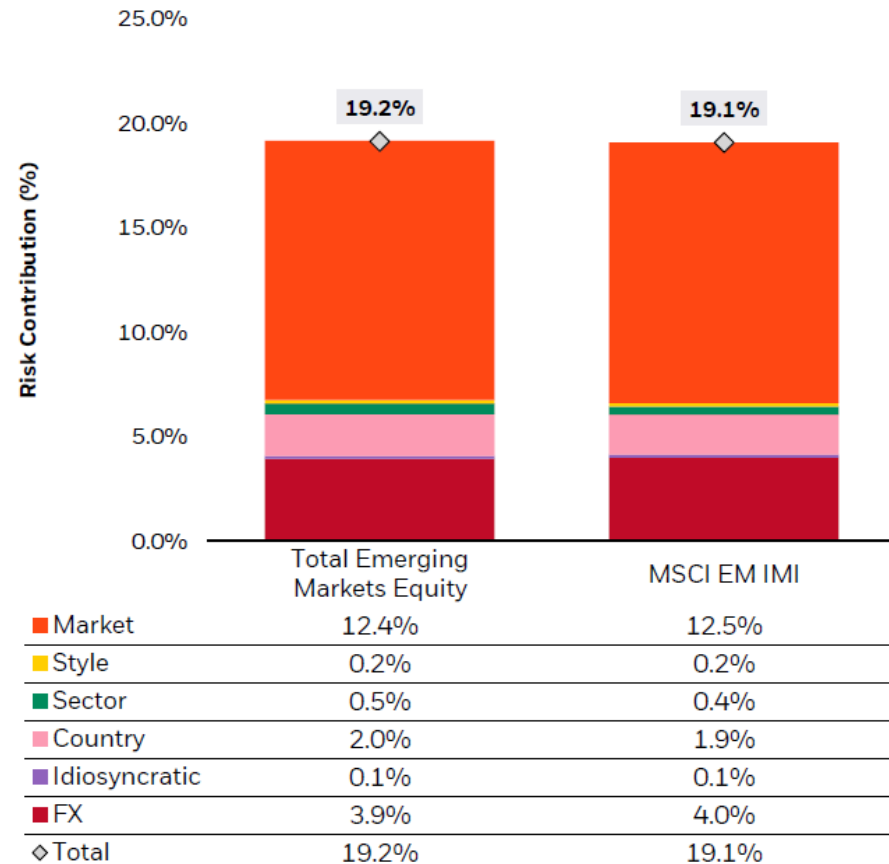


- The International Developed Equity Portfolio has **less** risk than the Policy Benchmark.
- The largest contributor to tracking error is Country Risk, followed by FX Risk, and is driven by the Japan overweight.
 - The portfolio has a **+16.9%** active weight to Japan at the regional level.
- No style factors deviate meaningfully from the index.
 - The most prominent active factor tilts include Momentum and Dividend Yield.
- Positive momentum exposure is exhibited by all the portfolio's active managers.
- Negative dividend yield exposure is driven by Lazard and Dalton.
 - Japanese companies have historically not paid a dividend, although this is changing with corporate governance reform.

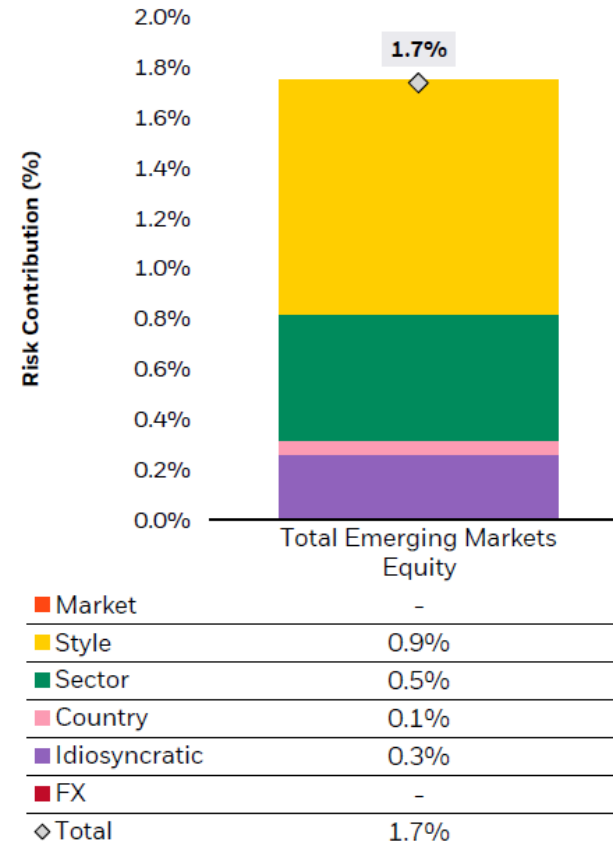
Factor Exposure vs Policy Benchmark

Emerging Markets Equity Portfolio
Benchmark: MSCI EM IMI

Portfolio Risk (%)



Active Risk (%)



- The Emerging Markets Equity Portfolio has **more** risk than the Policy Benchmark.
- The largest contributor to tracking error is Style and is driven by *Dimensional*.
 - The manager exhibits an intentional tilt toward valuation, size, and profitability.
- Value and Dividend Yield style factors represent a meaningful deviation from the benchmark.
- Additional factor tilts include Earnings Yield (positive) and Growth (negative).
 - These factor exposures are consistent with the investment strategy of the only active manager in the Regional Portfolio.

Risk

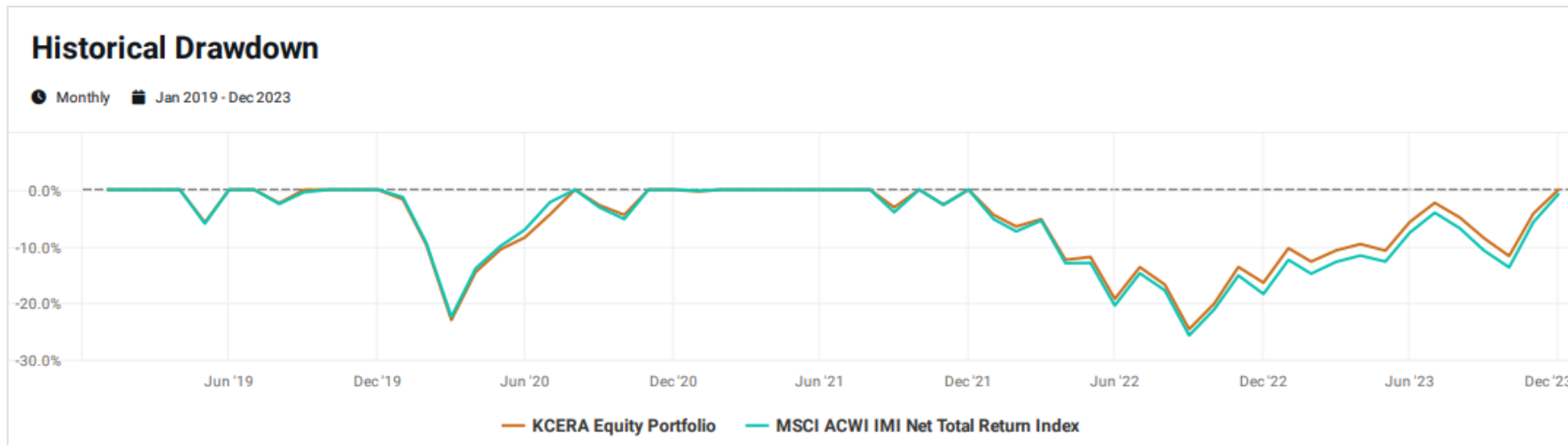
January 2019 – December 2023

Performance and Risk

Monthly Jan 2019 - Dec 2023 Common Benchmark

	KCERA Equity Portfolio	MSCI ACWI IMI Net Total Return Index
Volatility	17.86%	18.27%
Max drawdown	-24.62%	-25.72%
VaR (95%)	8.15%	8.21%
VaR (97.5%)	8.95%	9.17%
VaR (99%)	11.60%	11.60%
Beta To Benchmark	0.97	-
Downside Capture	95.91%	-
Upside Capture	97.91%	-

The Public Equity Portfolio exhibits less risk than the Policy Benchmark, consistent with the other risk approaches used.



Source: Venn Risk Analytics
 Additional information on risk modeling approach can be found on page 24 in the Appendix.

Strategic Considerations

Tracking Error

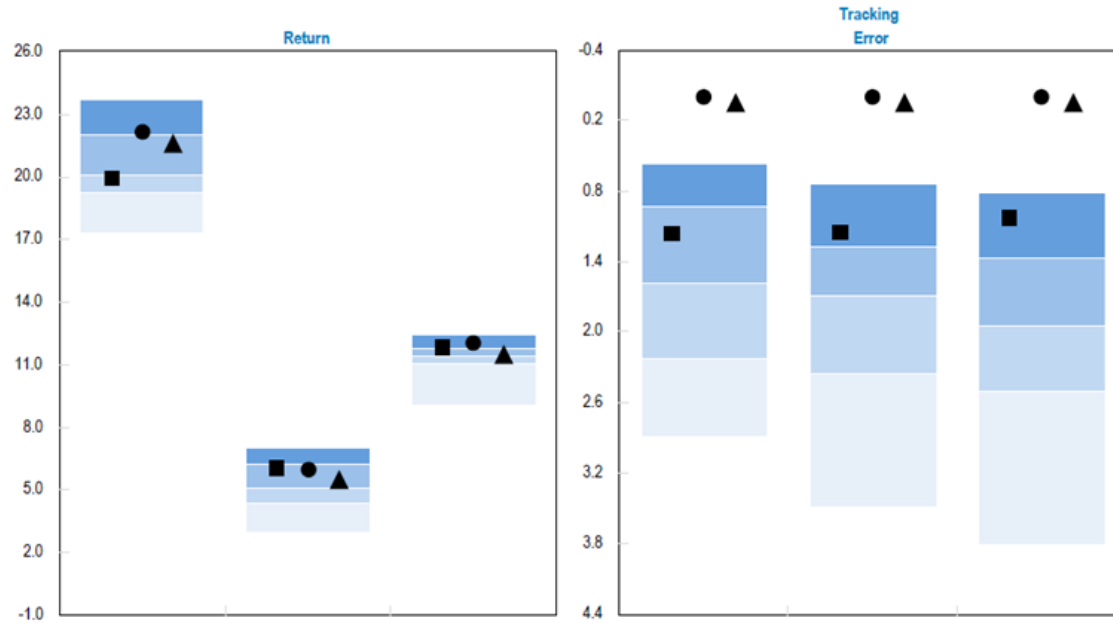
How much tracking error is appropriate?

Equity

Kern County Employees' Retirement Association

Risk Profile: Trailing 3 & 5-Yr Risk Metrics Peer Comparison

Period Ending: December 31, 2023



Parentheses contain percentile rankings. InvMetrics Public DB Total Equity

- Verus ran an analysis of the Public Equity Portfolio's tracking error relative to the Policy Benchmark over different time periods:
 - 1 Year Tracking Error **1.2%**
 - 3 Year Tracking Error **1.1%**
 - 5 Year Tracking Error **1.0%**
- The median Plan had a tracking error of 1.6%, 1.7%, and 1.9% respectively over 1, 3, and 5 years.
 - Over the 5-year period, KCERA tracking error is approximately half that of the median peer.
- Relative to a peer universe of other Public Plans with more than 1B in assets, KCERA tracking error is in the 32nd, 23rd, and 18th percentile, respectively.
- Should Staff consider pursuing additional active risk in exchange for a higher expected return?

*As of December 31st, 2023. Source: Verus

Strategic Considerations, cont.

Active vs Passive Management Public Equity Portfolio

- **72.0%** of the Public Equity Portfolio is passively managed.
- **83.9%** of the Domestic Equity Portfolio is passively managed.
 - Active management is reserved for Small Cap and is consistent with expectations for Large Cap to be efficient.
- **60.7%** of the International Developed Equity Portfolio is passively managed.
 - Portfolio has regional overweight to Japan.
 - Investment Staff believes, there is an opportunity to generate excess return through Japan *Beta* in addition to *Alpha* from active management.
- **55.9%** of the Emerging Markets Equity Portfolio is passively managed.
 - Given the inefficiency of the asset class, an increase in active management could be expected to be beneficial.

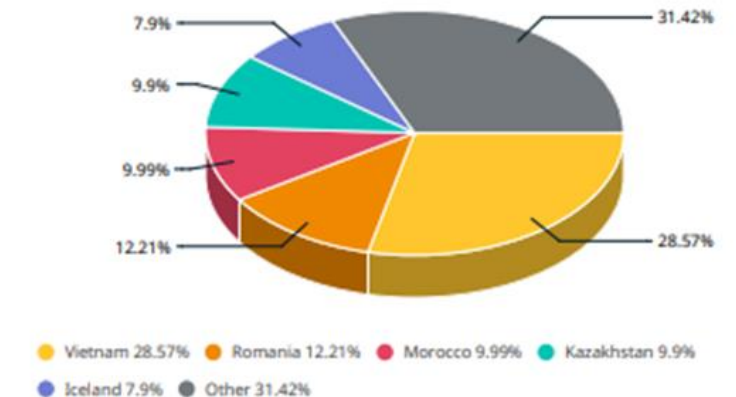
	Passive Mgmt.	Active Mgmt.
Total Public Equity	72.0%	28.0%
Domestic Equity	83.9%	16.1%
International Developed Equity	60.7%	39.3%
Emerging Markets Equity	55.9%	44.1%

Strategic Considerations, cont.

Should the Public Equity Portfolio consider an allocation to Frontier Markets?

- Frontier Markets, also known as pre-emerging markets, are less advanced capital markets in the developing world.
- Frontier Markets are investable, but risks include political instability, poor liquidity, inadequate regulation and large currency fluctuations.
- Frontier Markets would represent an “off-benchmark” investment that would add tracking error as the region is not included in the Policy Benchmark.
- Pros:
 - Diversification
 - High growth potential driven by demographics and increasing consumption
 - The opportunity to invest in a market that may develop and mature over time
- Cons:
 - Limited information
 - Lack of regulation
 - Currency Risk
 - Liquidity Risk
 - Geopolitical Risk
 - Sizing—the appropriate size from a risk perspective, might be too small to “move the needle” and warrant the effort

COUNTRY WEIGHTS



*As of March 29th, 2024. Source: MSCI

Strategic Considerations, cont.

Foreign Currency Risk (FX)

- As of December 31st, 2023, there is approximately 880M of FX exposure in the Public Equity Portfolio.
- Unhedged International Equity risk and return has two components:
 - The return of the security in its local currency
 - The return of the underlying foreign currency relative to the US Dollar
- Unhedged ownership of foreign securities includes the *embedded* ownership of a portfolio of currencies that is short the US Dollar.
- The long-term expected return of the foreign currency portfolio is **0** but the embedded currency portfolio adds volatility and can result in deeper drawdowns.
 - Currency Risk is **uncompensated**
- A currency overlay program can improve the risk-adjusted returns of the Portfolio.
- Should a currency overlay program be active or passive? Should an overlay program be concerned with managing the currency risk in both Developed and Emerging Markets?
- Staff has been working on this initiative and anticipates introducing currency management at an upcoming BOR meeting with a potential recommendation to follow.



Source: Verus

Strategic Considerations, cont.

In-House Security Trading

- Should Staff consider managing equity exposure in-house instead of through an external manager?
- Internal security trading would require the appropriate infrastructure:
 - A brokerage relationship
 - Security level fundamental research and market structure research
 - Robust training on the trading system
 - Professional Liability Insurance
 - Time from Staff to construct and manage the re-balancing process
- Pros:
 - Cost reduction
- Cons:
 - Subscribing to a data provider for the necessary periodic index composition
 - Learning curve and human capital associated with managing the process
 - Potential for trading errors and increased tracking error
- The implicit costs associated with an internal security trading process may exceed the implicit cost of an external passive manager

Questions



Appendix

Investment Managers

Equity Beta Exposure: The manager provides passive exposure to the S&P 500 synthetically through equity futures. The strategy is structured to provide notional exposure with minimal capital requirement in combination with tactical exposure to the index that can be long or short. This structure allows the Plan to achieve a target net exposure and facilitates implementation of the Alpha Pool provided that the rate of return exceeds the financing cost. The tracking error of a passive strategy through futures can be expected to be greater than through physical securities.

Mellon DB SL Stock Index: The manager provides passive exposure to the S&P 500 through full replication of the benchmark. Tracking error relative to the index is expected to be minimal and can be attributed to securities lending proceeds, corporate actions, equitization effects, and administrative expenses.

PIMCO StocksPLUS: The strategy provides passive exposure to the S&P 500 Index through index futures contracts and aims to generate alpha by investing unencumbered cash in a short duration portfolio of fixed income securities. The strategy is structured to capture the return of the S&P 500 synthetically, while active management of the fixed income portfolio seeks to add incremental return above the benchmark. The benefit of using index instruments is the minimal capital requirement necessary to fund the desired equity exposure, allowing capital to be invested in an alpha strategy. The manager generates an excess return if the bond portfolio outperforms the money market financing cost.

AB US Small Cap Value Equity: The strategy invests in domestic small companies that possess both an attractive valuation and compelling company- and/or industry-level upside catalysts. The manager believes that macroeconomic or idiosyncratic concerns cause investors to react emotionally and underestimate long-term fundamentals, causing securities to become mispriced. The strategy capitalizes on these short-term inefficiencies through identifying undervalued companies relative to their long-term cash earnings power that possess an investment catalyst that will force recognition of mispricing. Catalysts can include a shift in management's receptiveness to implement initiatives that will create shareholder value or an improvement in the supply/demand balance of a company's end market.

Geneva Capital Small Cap Growth: The manager invests in high-quality domestic small cap companies characterized by sustainable growth records, low leverage, and superior corporate management teams. A central principle of the strategy is that qualitative characteristics are as important as quantitative characteristics and there is a focus on identifying passionate and innovative management teams. Investment candidates must be industry leaders and possess a sustainable competitive advantage that is supportive of above average growth. Quantitative considerations for investment include earnings and growth rate hurdles, low debt to capital, above average margins, and high return on equity and return on asset ratios.

Mellon DB SL World ex-US Index: The manager provides passive exposure the MSCI World ex U.S. IMI Index (Net Dividend) through full replication of the MSCI EAFE Index in combination with the MSCI Canada Index. Tracking error relative to the index is expected to be minimal and can be attributed to securities lending proceeds, composition differences, corporate actions, equitization effects, and administrative expenses.

Investment Managers

Cevian Capital II: The strategy invests in a concentrated portfolio of companies domiciled in Europe, although the securities may trade on a domestic exchange. The manager seeks to generate alpha by establishing substantial minority ownership positions in undervalued companies in order to effectuate corporate improvement. The manager's ability to create corporate value is driven through activism and Board representation. As of December 31st, 2023, Cevian is on the Board of 10 of their 14 portfolio companies. The strategy is differentiated through its Hedge Fund structure and Private Equity focus on operational improvement.

American Century Non-US Small Cap: The manager invests in Developed Markets small cap companies outside the U.S. that exhibit improving fundamentals and accelerating growth. The manager's investment philosophy is that accelerating growth in revenues and earnings is more highly correlated to stock price performance than the absolute level of growth. The strategy is anchored to an investment framework centered around Inflection, Sustainability, Earnings Gap, and Valuation (ISGV). The process is designed to uncover stocks that outperform as earnings growth accelerates, market expectations rise, and price multiples expand.

Dalton Japan Long Only: The manager invests in Japanese equities primarily in the small and mid-cap segment of the market cap spectrum and opportunistically in large-cap companies. The strategy employs a value approach that focuses on identifying companies that align the interest of shareholders with management. Given the explicit focus on maximizing shareholder value, the manager relies on a robust engagement framework to drive corporate improvement. The ongoing corporate governance reform in Japan is a tailwind for the strategy and has expanded the opportunity set to companies that are candidates for privatization.

Lazard Japanese Equity: The manager invests in Japanese equities predominantly in the large-cap segment of the market cap spectrum. The investment philosophy for the strategy can be described as a core approach that is not restricted to an explicit growth or value style and seeks to generate alpha through identification of asymmetric payoff opportunities – investments with more upside potential than downside risk. The strategy has historically rotated between growth and value depending on where the asymmetric return opportunity exists. The manager maintains a designated allocation to banks which can be expected to be a tailwind as Japanese monetary policy normalizes.

DFA Emerging Markets Value: The strategy is centered around an investment philosophy based on theoretical and empirical evidence that targets higher expected returns through exposure to *compensated* equity factors. The investment process is systematic and invests in value stocks across the entire market cap spectrum. The manager constructs a diversified portfolio of more than 3,000 holdings with an emphasis on exposure to value, size, and profitability. Relative to the benchmark, the strategy can be expected to exhibit a bias toward small-cap companies and the lowest third of stocks by price-to-book. Additional alpha is generated through efficient portfolio management and the incorporation of daily data in trading.

Mellon Emerging Markets Stock Index: The manager provides passive exposure to the MSCI Emerging Markets Index (Net Dividend) through full replication of the benchmark. Tracking error relative to the index is expected to be minimal and can be attributed to securities lending proceeds, composition differences, tax liability considerations, corporate actions, equitization effects, and administrative expenses.

Risk Modeling Approaches:

Holdings-Based Analysis: The Holdings-Based Analysis (HBA) produced by BlackRock utilizes their proprietary Aladdin risk management system and is a representation of the composition of the Public Equity Portfolio as of December 31st, 2023. Output of the HBA, including calculations of active risk and relative factor exposures, is based on a 180 month/15-year lookback period for each security. A holdings-based style analysis is a “bottom-up” approach in which the characteristics of a portfolio are derived from the characteristics of the securities it contains relative to the index benchmark.

Returns-Based Analysis: The Returns-Based Analysis (RBA) produced by Goldman Sachs is based on the composition of the Public Equity Portfolio as of December 31st, 2023, and the historical net-of-fees return of each investment manager using 60 months/5 years of data. A returns-based approach is to regress the portfolio’s historical returns against the returns of a passively constructed reference portfolio that represents a particular investment style.

Venn Risk Modeling: Venn is a risk analytics system by Two Sigma Investor Solutions that is used by Staff to assist in systematically identifying, assessing, monitoring, and reporting on portfolio risk at the asset class or aggregate portfolio level. Venn relies on user-entered return data and utilizes 18 different factors to run regression analysis to determine which factors are significant and will run Ordinary Least Squares (OLS) multiple linear regression.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

www.kcera.org

11125 River Run Blvd. Bakersfield, CA 93311



Organizational Landscape and Budget Governance

Presented by:

Dominic D. Brown

Chief Executive Officer

June 12, 2024



Governance & Budget

- KCERA was established under the provisions of the County Employee Retirement Law of 1937 (CERL) by resolution of the Kern County Board of Supervisors. These provisions vest plenary authority of the management of the retirement system with the Board of Retirement.
- The complexity of benefits administration has increased significantly over the years, and the resource requirements to discharge those fiduciary duties are also increasing.
 - *Ventura* Decision, Tier I/Tier II, Service Purchases, PEPRA, Retiree Return to Work, Hospital Authority, Payroll Providers, Declining Employers, Affordable Care Act, Reciprocity, Portfolio Growth, *Alameda* Decision, etc.

Governance Landscape

- KCERA Board
 - 4-1-4 composition
- Government Code
 - An entire section of the government code is dedicated to the CERL and as the Plan Document, it governs the administration of KCERA's defined benefit system
- County Salary Schedule
- KCERA is responsible for delivering the pension promises made by our plan sponsors to their employees, to the extent allowed by our Plan and governing laws

The Five Fiduciary Pillars

Primary Loyalty to Members



- Avoid “two hat” conflicts of interest
- **Attract and retain capable staff**
- **Provide superior member service**
- Minimize risk of loss

Exclusive Benefit of Members



- Avoid diverting assets for other purposes
- Avoid impacting plan for others’ goals
- **Pay only reasonable expenses to administer fund**

Prudent Care and Expertise



- Establish and follow good governance policies as a Board
- Be transparent
- **Engage and delegate to expert staff and consultants**
- Monitor and adjust as needed

Diversify the Assets



- **Establish collective risk tolerance**
- Seek risk-adjusted returns across all markets
- Weigh each investment for its contribution to whole program

Follow the Law

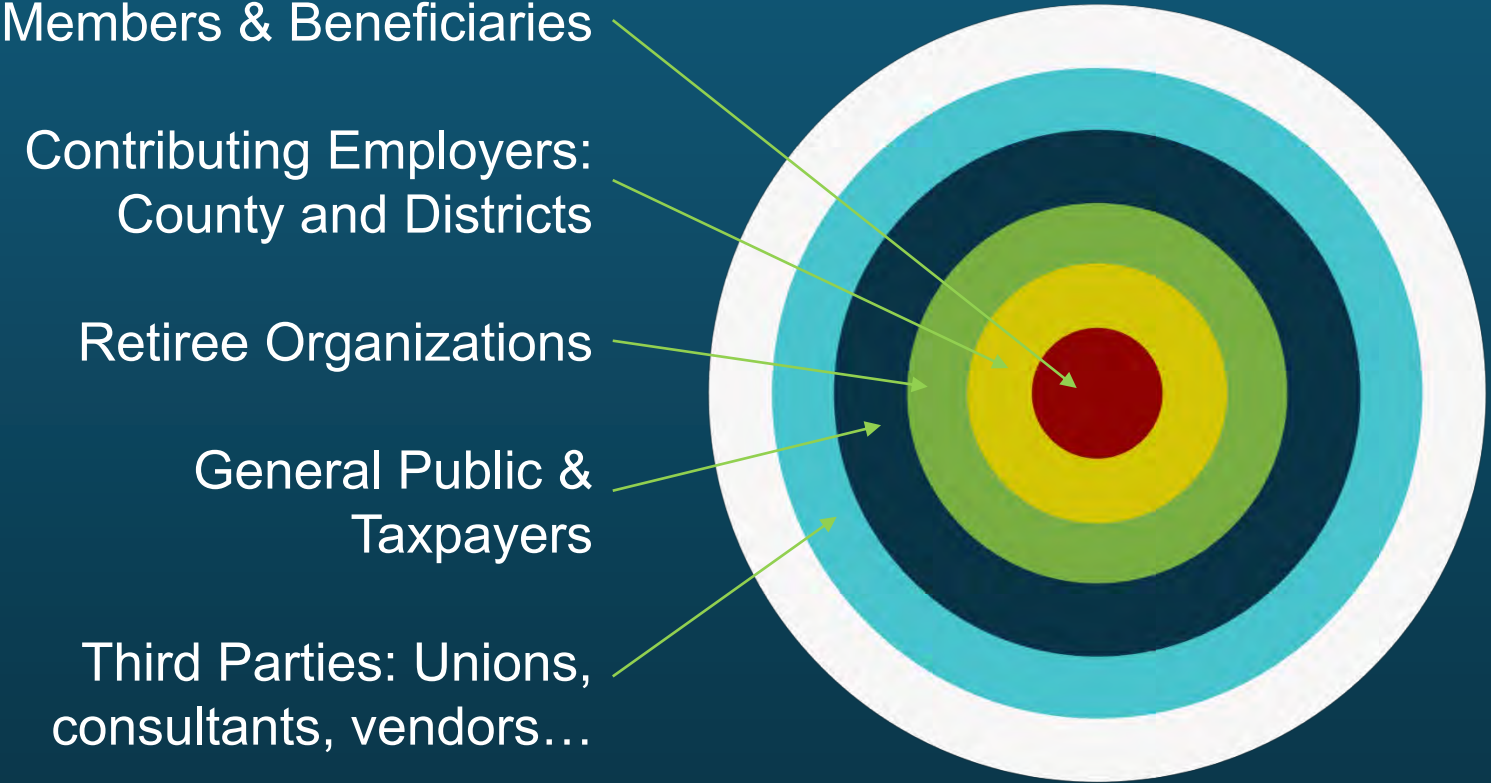


- Establish and comply with written plan documents
- **Be mindful of public official role**

Delegation and Oversight

- A public fiduciary may (often must!) delegate, but only to others who are held to the same fiduciary standards
- You have specific authority to delegate to staff
CERL sec. 31522.1: “The board of retirement ... may appoint such administrative, technical, and clerical staff personnel as are required to accomplish the necessary work of the boards.”
- But don’t “set and forget” – prudent delegation requires vigilant oversight: Monitor, evaluate, adjust when appropriate
- Engage advisors (auditors, consultants, counsel) to help you exercise your oversight role

KCERA's "Stakeholders"



Cal. Gov. Code section 31522.1 Appointment of Staff Personnel

CERL – Cal. Gov. Code section 31522.1 –

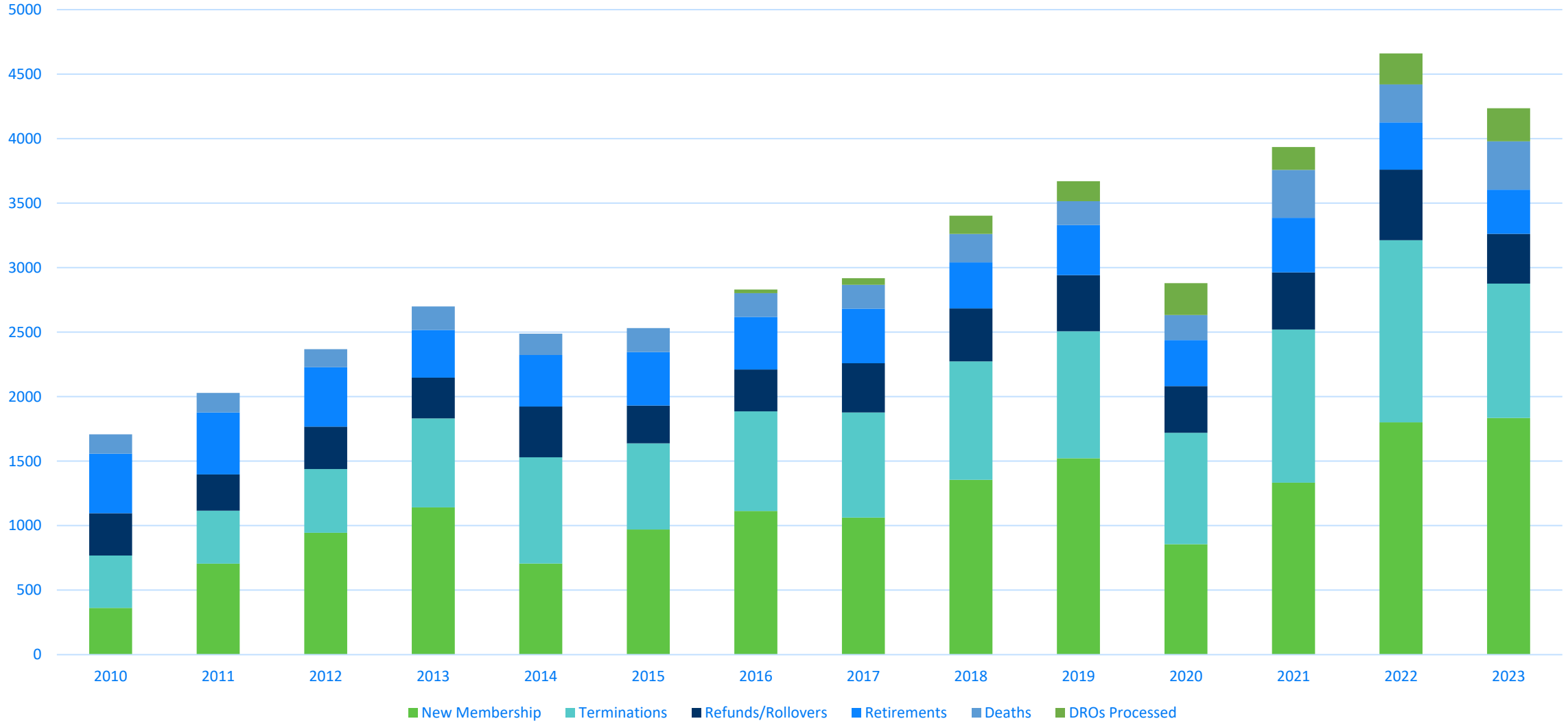
The **board of retirement** and both the board of retirement and board of investment **may appoint** such administrative, technical, and clerical staff **personnel** as are required **to accomplish the necessary work of the boards**. The appointments shall be made from eligible lists created in accordance with the civil service or merit system rules of the county in which the retirement system governed by the boards is situated. **The personnel shall be county employees and shall be subject to the county civil service** or merit system rules and **shall be included in the salary ordinance** or resolution adopted by the board of supervisors for the compensation of county officers and employees.

California Constitution

Art. XVI, section 17 (Prop 162) (1992)

- “Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have **plenary authority** and fiduciary responsibility for **investment of moneys** and **administration of the system**, subject to all of the following:
- (a) The retirement board of a public pension or retirement system shall have the **sole and exclusive fiduciary responsibility** over the assets of the public pension or retirement system. **The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries...**”

Member Activity by Year



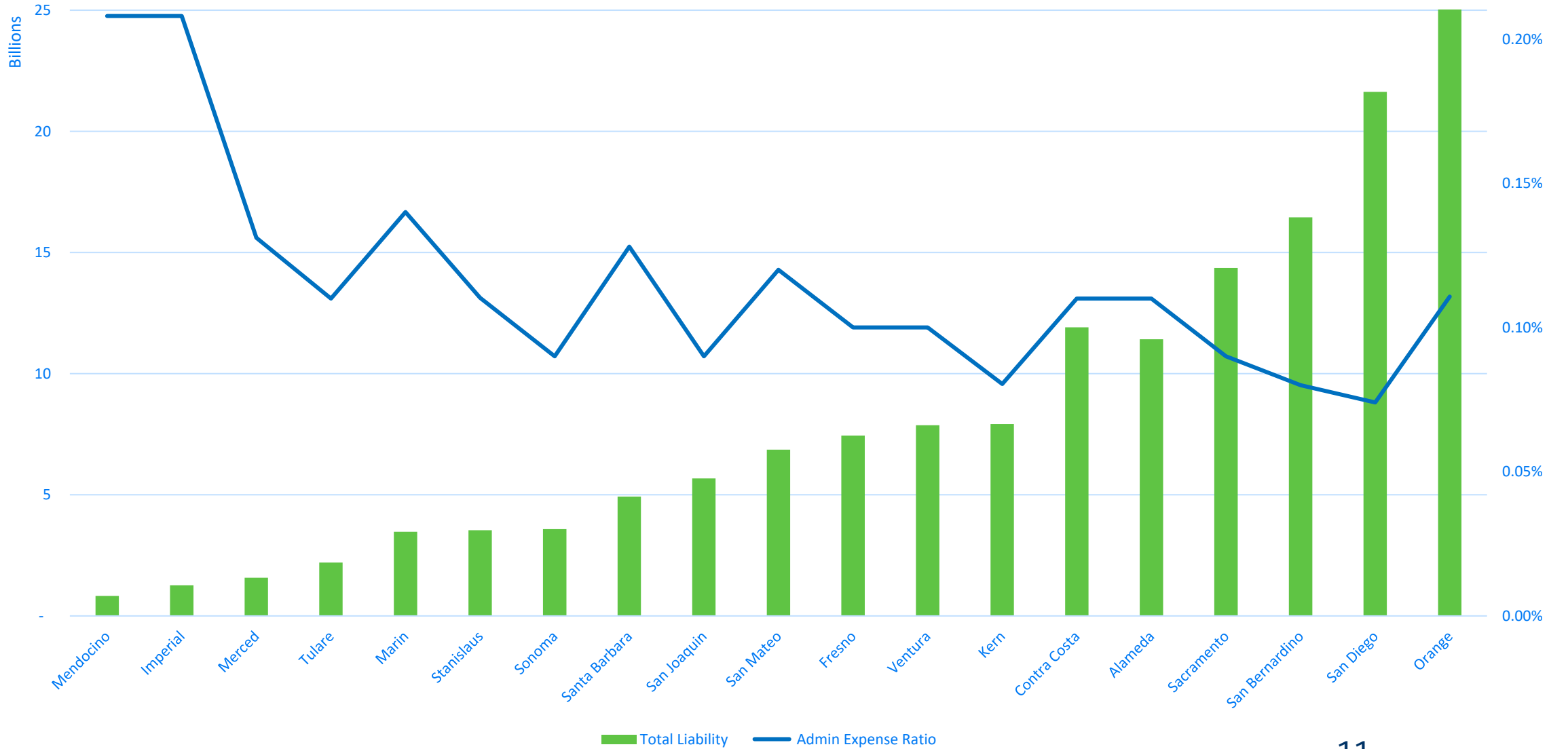


KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Benchmarking

- The KCERA Board of Retirement is charged with exercising its fiduciary duty to determine the resources required in order to fulfill the KCERA mission and has independent budgetary authority to administer the system
- Other California State Association of County Retirement Systems (SACRS) peers can be a very helpful benchmark to help determine reasonable resource requirements
 - KCERA has a very low administrative expense ratio compared to peers

Total Liability vs. Admin Expense Ratio



APPFA & COSO

- The Association of Public Pension Fund Auditors, Inc. has published a document entitled *Operational Risks of a Defined Benefit and Related Plans and Controls to Mitigate those Risks*. A review of this document has revealed many risks that require additional resources in order to be sufficiently mitigated

https://www.appfa.org/assets/docs/APPFA_OpRisk-Feb13-Final7.pdf

- COSO is an internal control framework that is used by accounting firms, the County, and other organizations for creating and evaluating business processes and internal controls

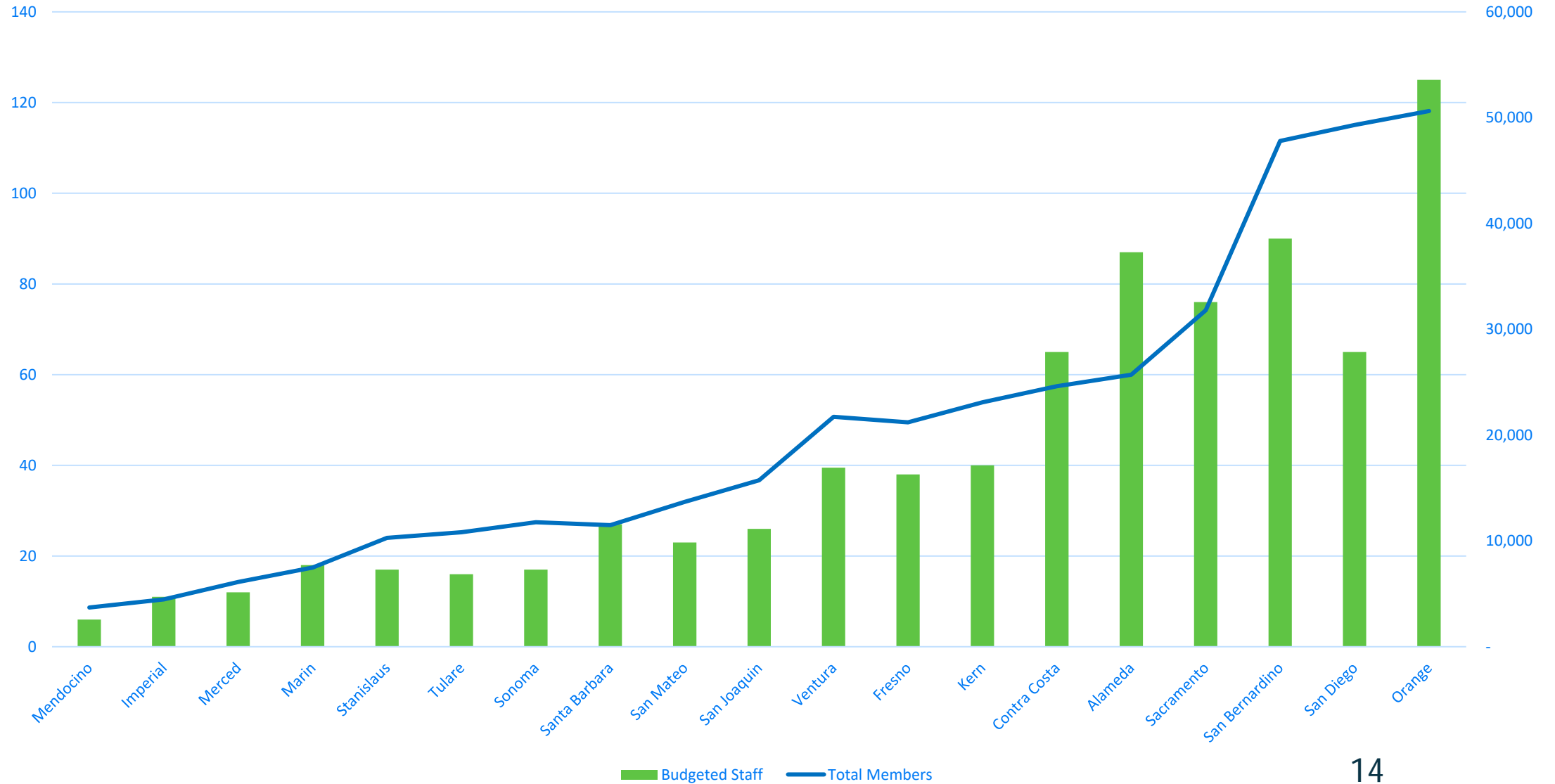
https://www.coso.org/_files/ugd/3059fc_1df7d5dd38074006bce8fdf621a942cf.pdf

- Staff has analyzed business processes throughout the organization and identified risks and opportunities to mitigate risks and improve service to our members

Uncompensated Operational Risks

- Errors in benefits, including tier placement, rate determinations, reciprocity analysis, service purchase calculations, special pay designations, MOU terms, COLA application, salary history analysis, etc.
- Slow response times to members including inquiries regarding retirement planning, service purchases, disability, DROs, etc.
- Attract and retain competent staff to carry out organizational responsibilities
- Headline risk

Staff vs Membership



Opportunities



- Mitigate operational risks
- Audit member data and enhance quality of member experience with KCERA by ensuring data is clean before member approaches retirement
- Enhance member education, especially retirement planning for Tier II members that will have a much smaller pension in retirement
- Member communication regarding domestic relations orders, member checklists, interaction with defined contribution plan, social security, health benefits, etc.

Reorganization

- KCERA completed a significant reorganization in the last few years, resulting in the addition of many positions, particularly in the investment and legal sections
- The next phase will focus on employee retention, cross-training, and succession planning
- KCERA needs to focus on attracting and retaining high performing staff to succeed in fulfilling our mission statement



Expenses of Investing Money

CERL – Cal. Gov. Code section 31596.1 –

The expenses of investing its moneys shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered as a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:

- [California Code, Cal. Gov't Code § 31596.1, Expenses of investing](#)



Conclusions

- KCERA must discharge its fiduciary duty to administer the plan prudently, including ensuring the Plan has adequate resources to administer benefits
- When compared with SACRS peers, KCERA's administrative expense ratio is low because KCERA strives to be lean and efficient
- The Board of Retirement has supported growth of KCERA staff over the last few years, and those staff expenses are now being fully realized

KCERA's Mission Statement:

KCERA's mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries.



Budget Book

For Fiscal Year

2024-25

Presented by:

Chief Executive Officer Dominic D. Brown, CPA, CFE

Chief Operations Officer Matthew Henry, CFE

Chief Financial Officer Angela Kruger

June 12, 2024

Table of Contents

Section I	Letter from the Chief Executive Officer	1
Section II	Administrative Expenses	4
Section III	Operating Expense Budget	6
Section IV	Budget Policies and Process	14

SECTION I

Letter from the Chief Executive Officer



June 12, 2024

Members of the Board of Retirement:

I am pleased to present to you the proposed Operating Expense Budget for fiscal year 2024-25. Highlights of the 2023-24 and 2024-25 budgets include:

- The largest budgetary category is staff, which comprises 58.5% of the total proposed budget. The 2023-24 projected actual expense for staffing is \$6.0 million, which is \$870,316 less than what was approved.
- The proposed 2024-25 Administrative Expense Budget of \$7.3 million (8.7 basis points) is \$10.3 million (12.3 basis points) under the statutory limit of 21 basis points of the actuarial accrued liability of the retirement system, pursuant to Government Code Section 31580.2. See *Section IV – Administrative Expenses*.
- Enhanced presentation of operating expenses to include non-administrative fees for investment, legal and actuarial consultants (including prior period adjustments), as well as a separate, detailed presentation of administrative expense.
- For 2024-25, staff recommends a budget of \$12.49 million, which is \$1.66 million 15.3% more than last year's approved budget of \$10.83 million. The increase is mainly due to incorporating depreciation cost of the building historically accounted for in KCERA Property Inc. (KPI). Other increases include additional investment software, disability vendors and salaries.

Key Events for Fiscal Year 2023-24

In the past year management continued to implement the strategic staffing plan approved by the Board. Staff worked to align duties and responsibilities with the appropriate level of personnel to improve the effectiveness and efficiency of each division. The initiatives included in the Strategic Plan are intended to further the Board's goals and priorities to enhance stakeholder relations, strengthen the investment program, leverage available technology in our operations, build the effectiveness of KCERA staff, and ensure plan sustainability. Staff conducted KCERA's first Stakeholder Summit. The event was well attended and received positive feedback. KCERA staff looks forward additional events and continuing the enhancement of services provided to KCERA members and stakeholders.

In this fiscal period, staff were added in Investments, Finance and Member Services. The end of the year will bring about the launch of the plan sponsor compliance project, ongoing member engagement efforts, activation of the solar array, and several requests for proposals for services.

Future Expectations

In fiscal year 2024-25, priorities are to continue developing a culture and infrastructure of accountability and cost effectiveness, to make for a more transparent organization moving forward. Additionally, we will continue building an organization focused on its core values and a vision of exceeding customer expectations, of engaging team members and of developing a supportive leadership.

In this year's budget projection, additional professional services are being requested to assist your Board in continuing to meet challenges to maintain a culture of excellence, fiscal responsibility, transparency, and prudent management of risk. In doing so, your Board will set the future direction of the organization while ensuring that you meet your duties as fiduciaries of the plan.

Management is very grateful to the Board for the support it has received over the last year, and I am pleased to present you with KCERA's budget for 2024-25.

Sincerely,



Dominic D. Brown
Chief Executive Officer

SECTION II

Administrative Expenses

Administrative Expense Budget

The administrative expenses incorporates the limits of Section 31580.2 of the County Employees Retirement Act of 1937, whereby administrative expenses are “capped” at 0.21% of KCERA’s actuarially accrued liabilities. The liability is calculated by KCERA’s actuary. Pursuant to the relevant code sections, certain costs are excluded from the expense cap, namely those associated with investment related costs, expenditures for computer software, hardware and related technology consulting services.

Comparison of Administrative Expenses to Limits (Section 31580.2)	FY23 Budget	FY24 Budget*	FY25 Proposed Budget**
Total actuarial accrued liabilities	\$7,372,653,000	\$7,918,848,000	\$8,367,000,000
Limit on expenses in basis points	21.00	21.00	21.00
Maximum allowed	\$15,482,571	\$16,629,581	\$17,570,700
Operating expenses budget***	\$10,462,475	\$10,830,100	\$12,489,348
Less information technology expenses	\$(1,152,111)	\$(482,701)	\$(788,882)
Less investment and legal expenses***	\$(3,385,465)	\$(3,735,453)	\$(4,383,927)
Administrative expenses	\$5,924,899	\$6,611,946	\$7,316,539
Over (Under) Maximum	\$(9,557,672)	\$(10,017,635)	\$(10,254,161)
Basis Points	8.04	8.35	8.74

* Based on total actuarial accrued liabilities for pension as of June 30, 2023 (latest available actuarial valuation).

** Based on projected valuation value of assets and actuarial accrued liabilities (ASOP 51 Risk Report updated estimate April 4, 2024).

*** Includes prior period adjustments for non-admin investment consulting and legal services.

SECTION III

Operating Expense Budget

Operating Expense Budget

KCERA's mission is to prudently administer retirement benefits, invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries. The annual Operating Expense Budget is a detailed plan established to estimate the anticipated costs of carrying out that mission.

The Board annually adopts the operating budget for the administration of KCERA. Each month, the Board reviews year-to-date actual expenses to ensure budget compliance.

Important assumptions in the fiscal year 2024-25 budget include:

- Additional resources to complete the internal reorganization to effectively administer KCERA's service to members and stakeholders.
 - o Continued growth of Investment Unit to enhance KCERA's ability to effectively increase investment returns and meet the mandates required in managing a complex and diverse portfolio.
 - o Anticipated 2% COLA increase for all staff.
- Increased expenses for disability claim review professional services in KCERA's ongoing disability claim process improvement.
- Funds allocated for the triennial actuarial audit
- Additional information technology expenses to maintain hardware, upgrade outdated software and purchase new software.
- Board election expenses, general and safety member elections in fiscal year 2024-25.
- The KCERA office building transition from investment to capital asset resulting in increased non-cash depreciation expenses.

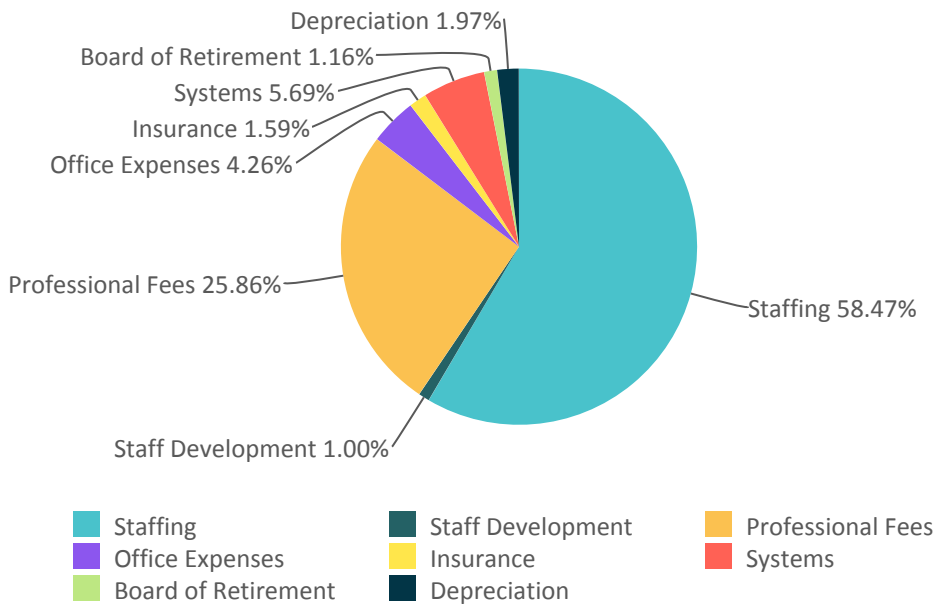
KCERA's requested fiscal year 2024-25 Operating Expense Budget may be viewed on the following pages.

Operating Expense Budget Summary

Expense Type	FYE 24	FYE 25	Increase (Decrease)	FYE 25
	Approved Budget*	Proposed Budget		% of Total Operating Expenses
Staffing	\$ 6,871,078	\$ 7,301,695	\$ 430,617	58.47 %
Staff Development	124,000	124,600	600	1.00 %
Professional Fees	2,648,275	3,230,275	582,000	25.86 %
Office Expenses	460,162	532,410	72,248	4.26 %
Insurance	173,384	198,410	25,026	1.59 %
Systems	440,050	710,502	270,452	5.69 %
Board of Retirement	70,500	145,500	75,000	1.16 %
Depreciation	42,651	245,956	203,305	1.97 %
Total Operating Expenses	\$ 10,830,100	\$ 12,489,348	\$ 1,659,248	100 %

* Includes prior period adjustments for non-admin investment consulting and legal services.

Proposed Budget



Total Proposed Budget

Expense Type	FYE 24 Approved Budget	FYE 24 Estimated Expenses	Over (Under)	FYE 25 Proposed Budget	Proposed vs. Approved Over (Under)	% Change
Personnel Costs						
Salaries	4,215,888	3,831,412	(384,476)	4,531,471	315,583	
Benefits	<u>2,655,190</u>	<u>2,169,350</u>	<u>(485,840)</u>	<u>2,770,224</u>	<u>115,034</u>	
Total Personnel Costs	6,871,078	6,000,762	(870,316)	7,301,695	430,617	6.27 %
Staff Development						
Education & professional development	120,000	102,856	(17,144)	120,000	—	
Staff appreciation	<u>4,000</u>	<u>2,711</u>	<u>(1,289)</u>	<u>4,600</u>	<u>600</u>	
Total Staff Development	124,000	105,567	(18,433)	124,600	600	0.48 %
Professional Services						
Actuarial fees	200,000	176,846	(23,154)	250,000	50,000	
Audit fees	98,275	98,275	—	202,875	104,600	
Consultant fees	115,000	117,565	2,565	115,000	—	
Disability services	250,000	379,284	244,018	575,000	325,000	
Investment consultants	1,615,000	1,657,400	42,400	1,657,400	42,400	
Legal fees	<u>370,000</u>	<u>372,744</u>	<u>2,744</u>	<u>430,000</u>	<u>60,000</u>	
Total Professional Services *	2,648,275	2,916,848	268,573	3,230,275	582,000	21.98 %
Office Expenses						
Building expenses	124,000	129,251	5,251	158,000	34,000	
Communication platforms	54,062	54,165	103	60,110	6,048	
Equipment lease & maintenance	22,100	18,284	(3,816)	22,100	—	
Member engagement	30,000	26,243	(3,757)	44,200	14,200	
Subscriptions & memberships	35,000	25,992	(9,009)	35,000	—	
Office supplies & misc. admin.	80,000	61,825	(18,175)	100,000	20,000	
Payroll & accounts payable fees	25,000	15,469	(9,531)	25,000	—	
Postage	20,000	16,425	(3,575)	30,000	10,000	
Other services - Kern County	40,000	32,802	(7,198)	40,000	—	
Utilities	<u>30,000</u>	<u>50,090</u>	<u>20,090</u>	<u>18,000</u>	<u>(12,000)</u>	
Total Office Expenses	460,162	430,546	(29,617)	532,410	72,248	15.70 %
Insurance	173,384	179,620	6,236	198,410	25,026	14.43 %
Information Technology Systems						
Audit-security & vulnerability scan	15,000	9,670	(5,330)	15,000	—	
Business continuity expenses	16,050	9,177	(6,873)	16,050	—	
Hardware	37,420	36,428	(992)	78,211	40,791	
Licensing & support	140,780	142,838	2,058	217,523	76,743	
Special project-software upgrades	—	—	—	35,000	35,000	
Software	217,600	169,851	(47,749)	335,518	117,918	
Website design & hosting	<u>13,200</u>	<u>13,300</u>	<u>100</u>	<u>13,200</u>	<u>—</u>	
Total Information Technology Systems	440,050	381,264	(58,786)	710,502	270,452	61.46 %
Board of Retirement						
Board compensation	12,000	10,500	(1,500)	12,000	—	
Board conferences & training	50,000	30,916	(19,084)	50,000	—	
Board elections	—	40,000	40,000	75,000	75,000	
Board meetings	<u>8,500</u>	<u>3,502</u>	<u>(4,998)</u>	<u>8,500</u>	<u>—</u>	
Total Board of Retirement	70,500	84,918	14,418	145,500	75,000	106.38 %
Depreciation	42,651	238,476	195,825	245,956	203,305	476.67 %
Total Operating Expenses	10,830,100	10,338,001	(492,100)	12,489,348	1,659,248	15.32 %

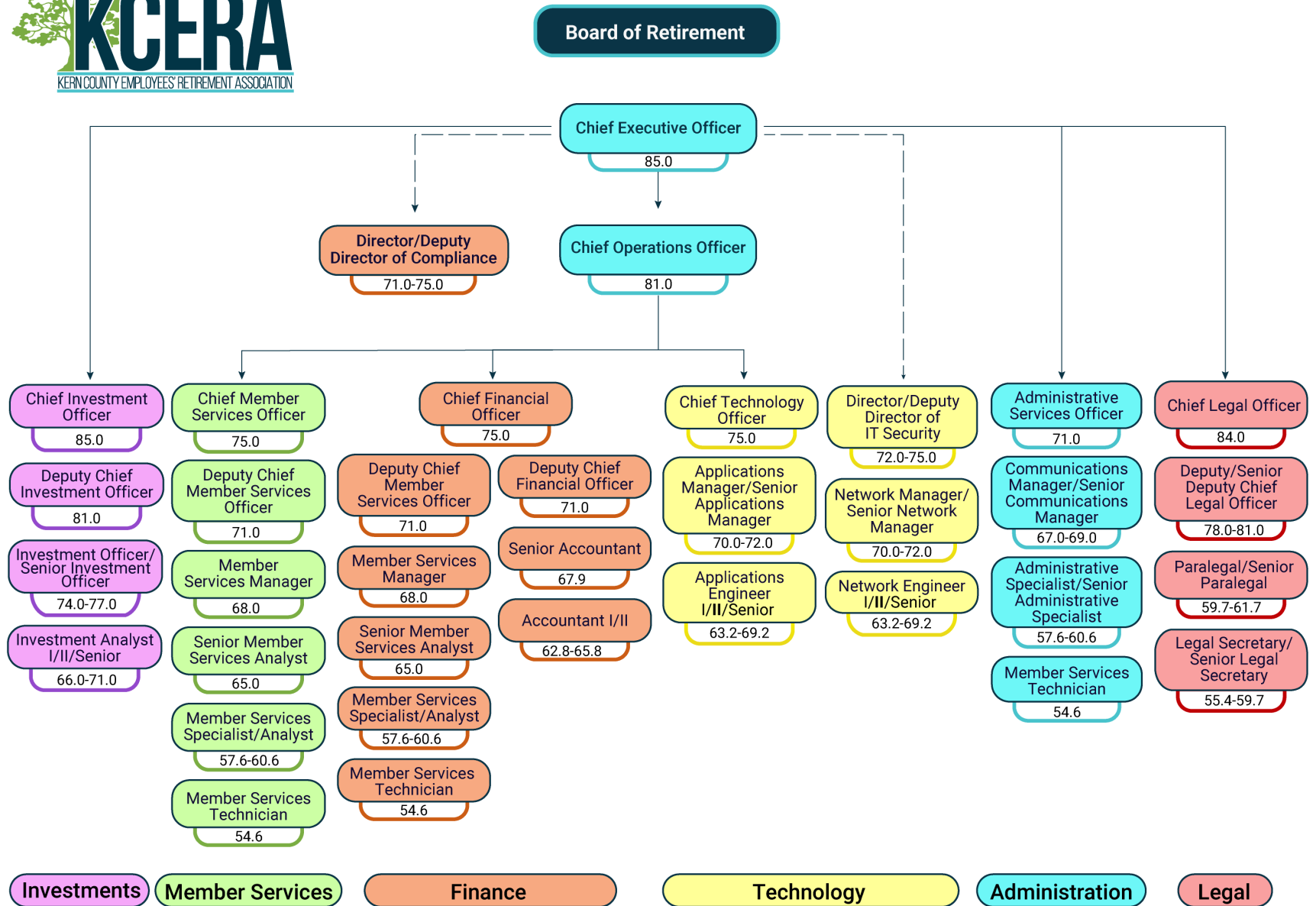
* Includes prior period adjustments for non-admin investment consulting and legal services.

Proposed Administrative Budget

Expense Type	FYE 24 Approved Budget	FYE 24 Estimated Expenses	Over (Under)	FYE 25 Proposed Budget	Proposed vs. Approved Over (Under)	% Change
Staffing						
Salaries	3,164,415	2,751,088	(413,327)	3,279,049	114,634	
Benefits	<u>2,036,210</u>	<u>1,579,221</u>	<u>(456,989)</u>	<u>2,052,691</u>	<u>16,481</u>	
Staffing Total	5,200,625	4,330,309	(870,316)	5,331,740	131,115	2.52 %
Staff Development						
Education & professional development	120,000	102,856	(17,144)	105,000	(15,000)	
Staff appreciation	<u>4,000</u>	<u>2,711</u>	<u>(1,289)</u>	<u>4,600</u>	<u>600</u>	
Staff Development Total	124,000	105,567	(18,433)	109,600	(14,400)	(11.61)%
Professional Fees						
Audit fees	98,275	98,275	—	202,875	104,600	
Consultant fees	115,000	117,565	2,565	115,000	—	
Disability – administration	250,000	379,284	129,284	400,000	150,000	
Disability - other services	—	113,196	113,196	175,000	175,000	
Legal & actuarial (non-admin) fees	<u>120,000</u>	<u>199,590</u>	<u>79,590</u>	<u>—</u>	<u>(120,000)</u>	
Professional Fees Total	583,275	907,910	324,635	892,875	309,600	53.08 %
Office Expenses						
Building expenses	124,000	129,251	5,251	138,250	14,250	
Communication platforms	54,062	54,165	103	38,675	(15,387)	
Equipment lease & maintenance	22,100	18,284	(3,816)	20,838	(1,262)	
Member engagement	30,000	26,243	(3,757)	44,200	14,200	
Subscriptions & memberships	35,000	25,992	(9,009)	30,625	(4,375)	
Office supplies & misc. admin.	80,000	61,825	(18,175)	87,500	7,500	
Other services - Kern County	40,000	32,802	(7,198)	40,000	—	
Payroll & accounts payable fees	25,000	15,469	(9,531)	25,000	—	
Postage	20,000	16,425	(3,575)	30,000	10,000	
Utilities	<u>30,000</u>	<u>50,090</u>	<u>20,090</u>	<u>15,750</u>	<u>(14,250)</u>	
Office Expense Total	460,162	430,546	(29,617)	470,838	10,676	2.32 %
Insurance	173,384	179,620	6,236	198,410	25,026	14.43 %
Board of Retirement						
Board compensation	12,000	10,500	(1,500)	12,000	—	
Board conferences & training	50,000	30,916	(19,084)	50,000	—	
Board elections	—	40,000	40,000	75,000	75,000	
Board meetings	<u>8,500</u>	<u>3,502</u>	<u>(4,998)</u>	<u>8,500</u>	<u>—</u>	
Board of Retirement Total	70,500	84,918	14,418	145,500	75,000	106.38 %
Depreciation	—	167,576	167,576	167,576	167,576	
Total Operating Expenses	6,611,946	6,206,446	(405,501)	7,316,539	704,593	10.66 %

Operating Expense Budget		Variance Over (Under)
2024-25 Proposed Budget vs. 2023-24 Approved Budget		
Staff Staffing		
·	Increased cost for salaries and benefits consistent with COLA and annual step increments.	430,617
Professional Fees		
·	Increase in actuarial fees	50,000
·	Actuarial audit	104,600
·	Anticipated increase in MMRO service fees, legal fees and medical examiners related to disability claim review services	325,000
·	Increase in investment consultant fees	42,400
Office Expenses		
·	Increase in property management and building expenses,	34,000
·	Increased expenses for member outreach and engagement	14,200
·	Increased office expenses related to cost of goods and additional staff	20,000
·	Increased postage expenses related member wellness audits	10,000
·	Decreased utility costs due to addition of solar facilities	(12,000)
Insurance		
·	Increased costs associated to insurance premiums	25,026
Systems		
·	Increased expenses related to hardware purchases	40,791
·	Increased expenses for licensing and support	76,743
·	Increased costs for accounting software upgrade	35,000
·	Increased costs for new investment and financial reporting software	117,918
Board of Retirement		
·	Elections for trustees	75,000
Depreciation		
·	Non-cash depreciation expense for capitalization of KCERA office building	203,305

Operating Expense Budget		Variance Over (Under)
2023-24 Estimated Expenses vs. 2023-24 Approved Budget		
Staff Staffing		
· Savings in permanent positions not filled 100% of the time during the fiscal year		(870,316)
Staff Development		
· Decrease in staff's attendance at conferences/meetings/training		(18,433)
Professional Fees		
· Increase in MMRO service fees, legal fees and medical examiners related to disability claim review services		244,018
· Increase in investment consultant fees		42,400
Office Expenses		
· Decrease in anticipated office and member engagement expenses		(47,760)
· Utilities not offset due to solar project delay		20,090
Systems		
· Applied savings from other IT expenses to purchase hardware and software		(48,741)
· Savings from security audit and other IT expenses		(10,045)
Board of Retirement		
· Decrease in trustees' attendance at conferences/training		(19,084)
· Board Elections due to unexpected vacancy		40,000
Depreciation		
· Depreciation on KCERA office building		195,825



SECTION IV

Budget Policies and Process

Budget Policies and Process

Budget Policies

KCERA's budgeting policies and guidelines are based on the County Employees Retirement Law of 1937 ("CERL"), and the policies and charters of the Board of Retirement ("Board"). The California Government Code Section 31580.2 that governs the Kern County Employees' Retirement Association ("KCERA") specifies that the Board of Retirement "... shall annually adopt a budget covering the entire expense of administration of the retirement system, which expense shall be charged against the earnings of the retirement fund..."

The retirement system's administrative expenses are limited to 0.21% (21 basis points) of the Actuarial Accrued Liability. Government Code Sections 31522.6 and 31580.2(b) indicate that KCERA should exclude actuarial fees, investment-related expenses and technology from that portion of the operating expense budget subject to the statutory limit.

The Board annually adopts the operating budget for the administration of KCERA. Each line item is budgeted based on Board initiatives, past costs, vendor proposals, and estimates of anticipated expenses. The Board also reviews year-to-date actual expenses for budget compliance on a monthly basis. The budget may be amended throughout the fiscal year, if necessary. Budgeted amounts may be reallocated between categories at the discretion of the Chief Executive Officer. These reclassifications do not result in increases or decreases to the total approved budget. Increases or decreases to the total approved budget must be approved by the Board of Retirement. Action items to increase or decrease the approved budget are introduced by KCERA staff to the Finance Committee. If the Finance Committee deems the action item necessary, it will recommend approval to the Board of Retirement.

Budget Process

The Budget Team consists of the Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, and the division managers of KCERA. The team members review the requirements of their respective divisions for the balance of the current fiscal year and the upcoming budget year. The Chief Financial Officer projects the current year-end actual expenses and the projected expenses for the budget year and finalizes the proposed budget.

The proposed budget is presented to the Finance Committee for review and feedback. Any revisions to the proposed budget recommended by the Finance Committee are incorporated to produce the final version the Committee recommends to the Board of Retirement for final adoption.

KCERA prepares the budget on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and consistent with KCERA's audited financial statements.



Managed Medical Review Organization

Medical Advisor to the Kern County Employees' Retirement Association

JUNE 12, 2024

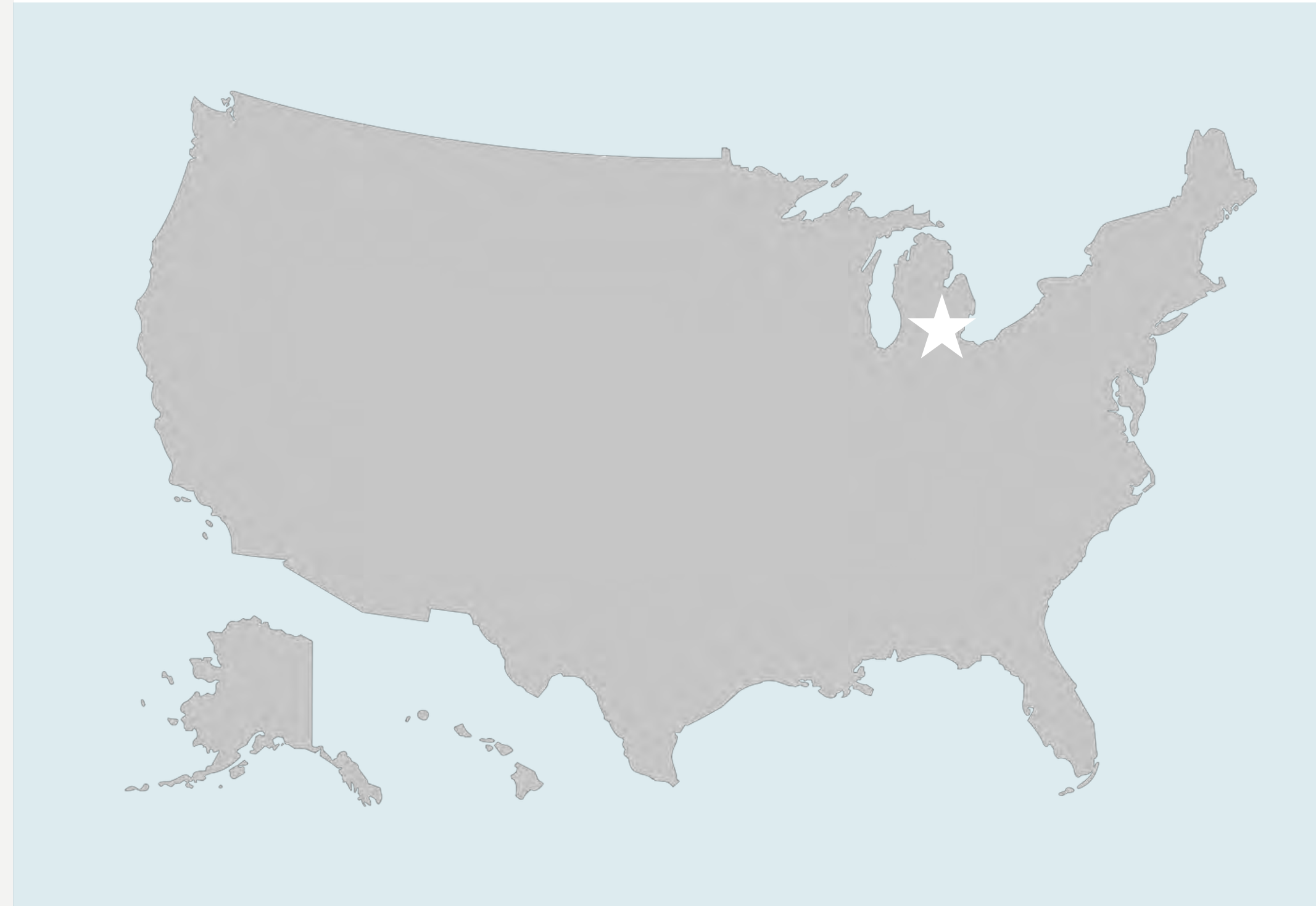
ABOUT US

MMRO is a national leader in providing Case Management and Disability Retirement Review Services to Public Retirement Systems. We partner with more than 75 state, county and municipal retirement systems nationwide.

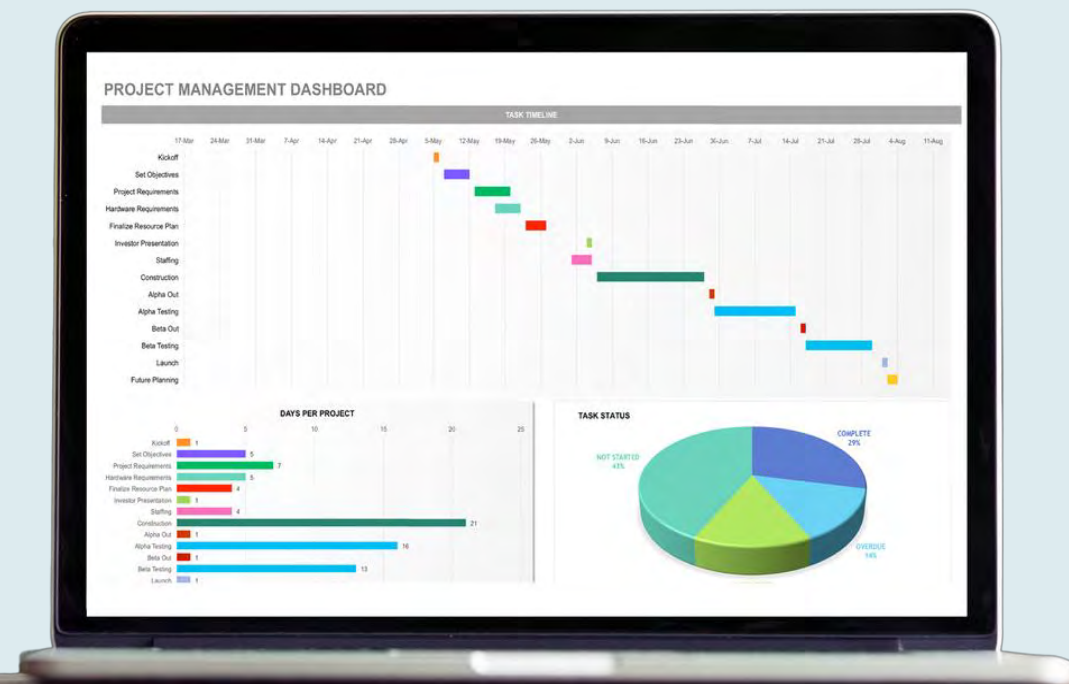
Our specialties include:

- Modernizing and streamlining disability retirement programs
- Incorporating the most advanced technology and the industry's best practices
- Meeting all applicable statutes, ordinances, and administrative requirements

Approximately 10,000 disability reviews performed per year



COMMITMENT TO CLINICAL INTEGRITY AND DATA SECURITY



MMRO maintains accreditation as an Independent Review Organization through URAC.



This accreditation ensures MMRO adheres to nationally recognized standards to ensure Quality, Credibility and Independence.

MMRO applies URAC Standards to every aspect of the disability retirement program, including:

- **Physician Credentialing & Qualifications**
- **Conflict of Interest**
- **Quality Review and Measure**
- **Quality Management and Control**

MMRO's security systems and controls are reviewed and tested on an ongoing basis, including an annual SOC 2 Type II audit of its internal control environment.



MMRO is currently finishing its annual SOC2 Audit, with a final report expected in July 2024.

MMRO's Security Testing Procedures include:

- **Internal Vulnerability Scans**
- **Web Application (Portal) Scans**
- **External Penetration Tests**
- **Internal Penetration Tests**

California County Retirement System Clients

MMRO continues to grow its California County client base

MMRO currently serves as Medical Advisor to six (6) California County Retirement Systems, including:

- *Kern County Employees' Retirement Association (KCERA)*
- *Alameda County Employees' Retirement Association (ACERA)*
- *Mendocino County Employees' Retirement Association (MCERA)*
- *San Mateo County Employees Retirement Association (SAMCERA)*
- *Contra Costa County Employees' Retirement Association (CCCERA)*
- *San Luis Obispo County Pension Trust (SLOCPT) (**California Charter County)*

Through more than nine (9) years of experience in the California market, MMRO has developed the institutional knowledge to properly handle the unique clinical questions presented by the County Employees Retirement Law of 1937 ("CERL"):

- **"Incapacity" Standard**
- **"Permanency" Standard**
- **"Service Connected" Disability Analysis**
- ***Statutory "Presumption" Cases (including newly-enacted presumptions)***

The KCERA-MMRO Partnership

*MMRO is proud to have served as
KCERA's Medical Advisor since 2019*

- Since late-2019, MMRO has handled **116 disability retirement claims** on behalf of KCERA.
 - 10 claims currently amid the clinical review process (including claim referred for IME/IPE)
 - 35 claims in which clinical claim handling is complete and the final Recommendation Report is being produced
- *The MMRO and KCERA Disability Teams maintain a strong working relationship, with MMRO personnel being involved in bi-weekly meetings with the KCERA SDAG.*
- *With the aim of continuous improvement in the disability claim review process, MMRO and KCERA implemented the "Medical Board" claim review process in late-2022.*

MEDICAL BOARD REVIEW MODEL

In 2022, MMRO and KCERA jointly developed and implemented an enhanced disability claim review model based on clinical review by physician specialists.

Program Revisions

- ***This Specialist Review model utilizes MMRO's panel of more than 375 board-certified physicians, in virtually all major specialties and sub-specialties.***
- ***BENEFIT: Recommendation Reports are completed by specialists who are board-certified in the condition(s) at issue (e.g., a heart presumption claim is best reviewed by a Cardiologist; a PTSD claim is best reviewed by a Psychiatrist, etc.).***
- ***A specialized, expert opinion in each Disability Retirement claim makes the claim process more efficient and less burdensome on members.***
- ***BENEFIT: The revised process is leading to a decrease in the overall claim completion timeframes, while in-person Independent Medical Examinations (IME) are reserved for claims where there is an initial recommendation for disapproval. In these instances, the member will be seen for an IME, and then the specialist reviewer will review the IME report and issue an Addendum with a final recommendation.***

PHYSICIAN REVIEWER/EXAMINER NETWORK



MMRO maintains nationwide access to qualified and fully credentialed Disability Physician Reviewers/Examiners who specialize in Disability:

Covers over 65 specialties and sub-specialties:

- American Board of Medical Specialties (ABMS)
- Osteopathic Board Certification (AOA)
- American Board of Professional Psychology (ABPP)
- American Board of Podiatric Medicine (DPM)

Physician Reviewers are trained and well-versed in the unique disability retirement statutes and factors of Disability Retirement Review.

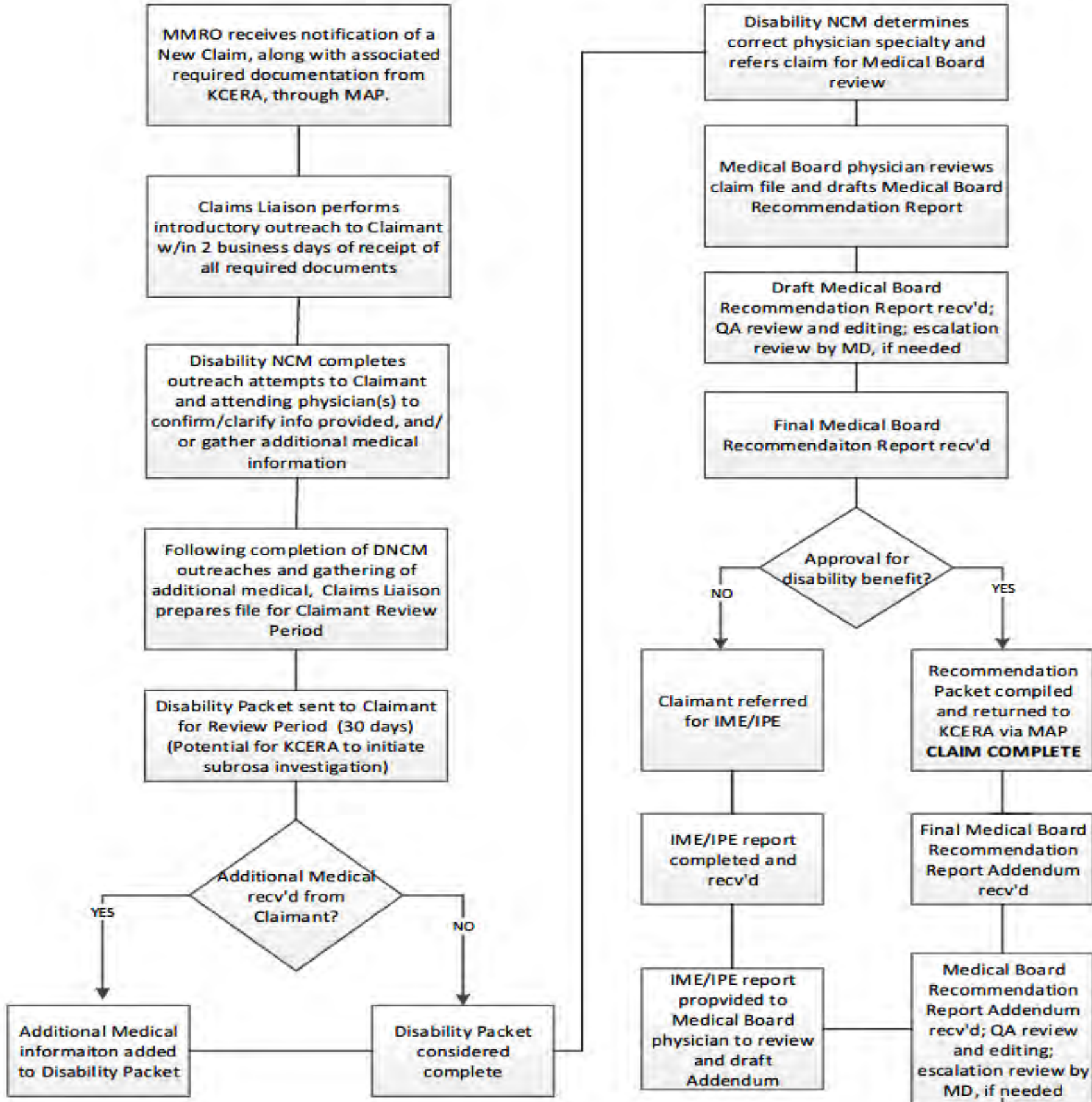
Specialties include, but not limited to: ***Cardiology, Family Medicine, Gastroenterology, Internal Medicine, Neurology, Occupational Medicine, Orthopedics, Physical Medicine & Rehabilitation, Psychiatry, Psychology***

CREDENTIALING STANDARDS



- Current non-restricted license or certification
- Board Certification
 - *American Board of Medical Specialties (ABMS),*
 - *American Osteopathic Association (AOA),*
 - *American Board of Podiatric Surgery (ABPS),*
 - *American Board of Podiatric Orthopedics and Primary Podiatric Medicine (ABPOPPM), or*
 - *American Board of Professional Psychology (ABPP)*

- Professional experience to include five (5) years' full-time experience providing direct clinical care to patients
- No history of sanctions or disciplinary actions
- Specialty matched based on Dx



DISABILITY RETIREMENT CLAIM WORKFLOW



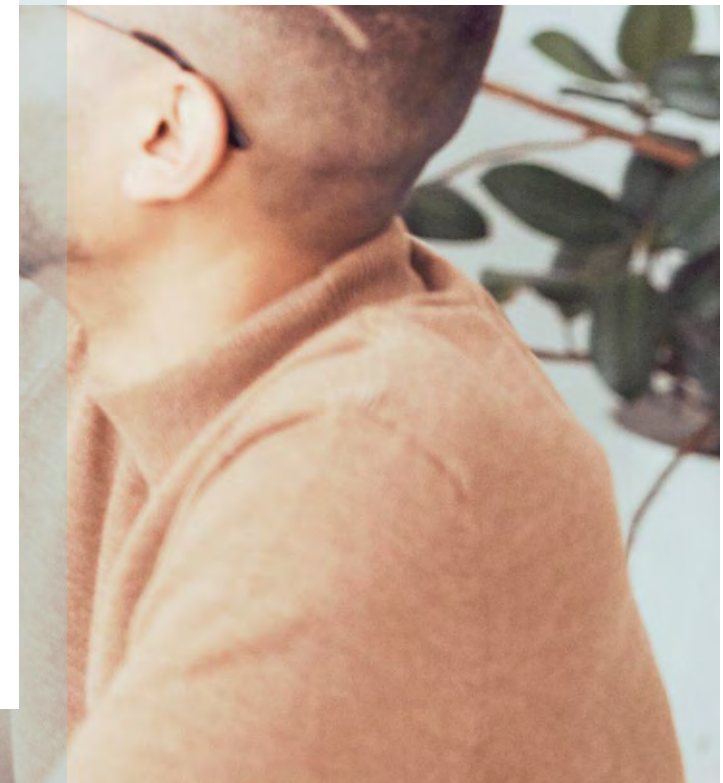
MEDICAL BOARD PROGRAM RESULTS

Review of past 12 months of Medical Board Operations

- 41 Claims have completed clinical handling over the past 12 months, with Recommendation Reports proceeding to the Board for consideration or final processing to ensure medical/legal compliance.
- A rigorous, physician specialist-driven clinical review process supporting all claim recommendations with the aim of increased credibility/reliability.
- Independent Medical Examinations (IMEs) are being utilized in initial Disapproval recommendations, resulting in either: (i) Disapproval recommendations being supported with an independent, in-person evaluation; or (ii) Recommendation for Approval, following the supplementation of the claim file with this recent, objective clinical information and opinion.
- Overall claim completion timeframes are decreasing, with a material decrease in time from receipt of claim through referral to the Medical Board for Report completion
 - *Technology investments have increased efficiency in the review/organization of voluminous claim files.*
 - *Physician training and QA efforts are reducing the time claims are in final Report Completion Stage.*

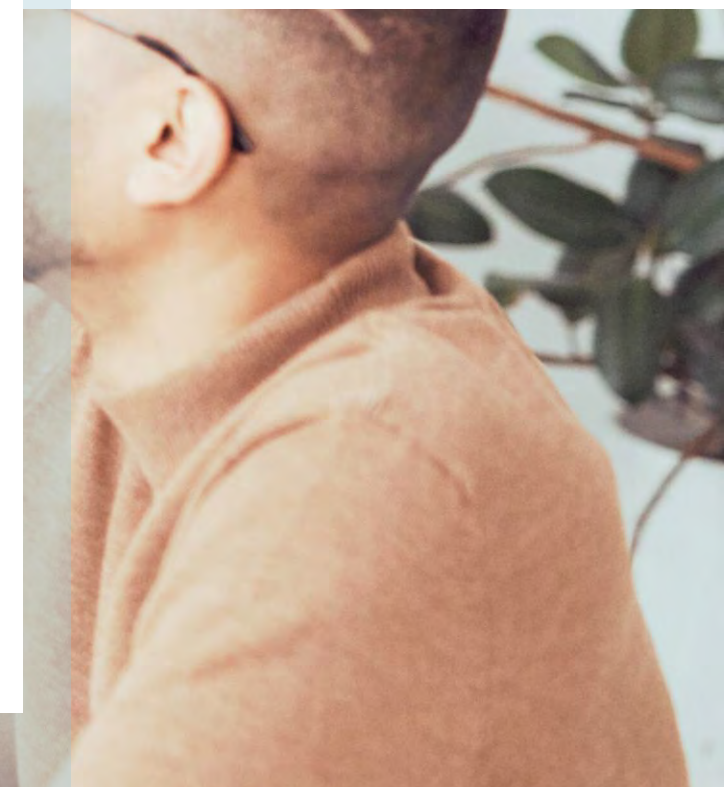
DISABILITY PROGRAM ENHANCEMENTS


- *The KCERA/MMRO Partnership continues to strengthen the Disability Retirement Program with the following enhancements:*
 - *MMRO's Associate Medical Director, Michelle Brezinski, M.D., has taken the lead role in clinical oversight involving the KCERA Claim Reviews, including chairing the Clinical Escalation Committee reviewing all KCERA claims.*
 - *Centralized review of Medical Board Reports to ensure clinical compliance with Report structure*
 - *Available for peer-to-peer discussions with Medical Advisors to discuss clinical complexities of a claim, ensure understanding and application of medical/legal standard, as well as proper analysis as applied to a specific Job Description (and "usual job duties").*
 - *Reconciling/harmonizing IME Report opinions and ultimate Medical Advisor Recommendation Reports.*



DISABILITY PROGRAM ENHANCEMENTS

- ***Expansion of Applicable Statutory Presumptions***
 - *Effective January 1, 2024, the California Legislature added several statutory presumptions that will impact CERL claims, including:*
 - Post-Traumatic Stress Disorder (Sec. 31720.91)
 - Lower Back Impairments (Sec. 31720.96)
 - Skin Cancer (Sec. 31720.94)
 - Hernia or Pneumonia (Sec. 31720.97)
 - Additional Presumptions (Tuberculosis, Meningitis, Lyme Disease)
 - *MMRO and KCERA have worked together to develop question templates for the Medical Advisors to guide them through the proper analyses in these claims (in addition to existing templates for the “Heart Trouble” and existing “Cancer” presumptions).*





ANY QUESTIONS?

Date: June 12, 2024

To: Trustees, Board of Retirement

From: Jennifer Esquivel Zahry, Chief Legal Officer
Kristen McDonald, Deputy Chief Legal Officer

Subject: **AB 2284 County Employees' Retirement: Compensation**

Issue Presented

Whether KCERA's Board of Retirement should adopt an official position on AB 2284 ("the Bill"). (See attached Bill).

Summary Recommendation

Sending a Letter of Concern or an Opposition to this Bill promotes sound public policy and finality of judgments. In the context of retirement system administration, legislating around final judicial determinations creates uncertainty and hinders KCERA's ability to fulfill its duty to properly administer retirement benefits. Because of the potential for confusion, administrative burdens, and uncertainty, Staff recommends your Board either direct staff to send a Letter of Concern or Opposition to this bill.

Governing Policy

The Legislative Principles in KCERA's Legislative Policy guide your Board's consideration of this issue. (See attached). The Policy encourages the Board to, among other things, 1) support legislative proposals that clarify statutory interpretation of the '37 Act; 2) support legislative proposals that strengthen the financial condition of KCERA and promote administrative efficiency; 3) oppose legislative proposals that create the potential for increased unfunded actuarial liability without appropriate funding provisions; and 4) oppose legislative proposals that compromise or interfere with KCERA's duty to deliver benefits to participants and beneficiaries.

Background

On February 8, 2024, Assembly Member Grayson introduced AB 2284. If enacted this Bill would define the term "grade" within the definition of compensation earnable in section 31461 of the California Government Code (part of the '37 Act).

Currently, "compensation earnable" is defined as "the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked *by persons in the same grade or class of positions during*

the period, and at the same rate of pay..." (Cal. Gov. Code section 31461(a).) (Emphasis added.)

For retirement systems that have not defined the term "grade,"¹ AB 2284 would specifically define the term 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 group or class." (Cal. Gov. Code section 31461(a)(1) and (2)).

While the proposed amendment may appear innocuous on its face, in its current form, the Bill appears to be another attempt to chip away at PEPRA, the *Alameda* decision, and the pensionability designations KCERA implemented under those governing laws.

The "grade" definition in the Bill is lifted directly from failed bill AB 2493, which this Board joined CERL systems statewide in opposing in 2022. While the current Bill does not contain all the language KCERA previously objected to in the failed bill, the current Bill was introduced with identical language to that used in AB 2493. On April 18, 2024, a minor amendment was made, adding that "[a] single employee shall not constitute a group or class."

The SACRS Legislative Committee is working with the author on the Bill regarding its compliance with PEPRA and the *Alameda* decision. The Committee plans to address the Bill with the SACRS Board at their July meeting.

Status and Staff Concerns

While the Bill may not apply to KCERA directly, it may present the following administrative problems for KCERA.

Confusion and Loss of Member Confidence

The 2020 *Alameda* decision confirmed PEPRA's changes to "compensation earnable" are constitutional. Your Board took swift action to implement the *Alameda* decision to minimize financial impacts to its members and educate its members about why KCERA was required by law to adjust their pensions and correct contribution balances.

This Bill's vague and overbroad definition of "grade" potentially allows other retirement systems (that have not defined "grade") to either convert currently non-pensionable pays into pensionable pays or allow the system to retain certain pays as pensionable—even if such pays would otherwise be considered non-pensionable under PEPRA and the *Alameda* decision.

Such actions are not only contrary to PEPRA and the *Alameda* decision, but they also undermine the education KCERA provided to its members during the *Alameda*

¹ KCERA has implicitly defined "grade" when it implemented the *Alameda* decision.

Implementation and erode the trust KCERA built with our members, labor groups, and plan sponsors through the education process.

The Bill's definition of "grade" serves to confuse rather than clarify the CERL's definition of compensation earnable.

Interference with Plan Sponsor Roles

The Bill says it's intended to be consistent with the *Alameda* decision. However, that does not square with the overbroad definition of "grade" nor does it address the overreach into responsibilities reserved for plan sponsors. The Bill expressly gives retirement systems the ability to determine whether one or more employees of a plan sponsor are a "grade" and therefore eligible for a pensionable pay. San Bernardino County Employees' Retirement Association similarly argued in its opposition to failed bill AB 2493 that the proposed definition of "grade" would interfere with the right of the Board of Supervisors to classify employees and would interject retirement systems into issues that are appropriately the subject of labor negotiations. Such actions would not promote administrative efficiency.

Administrative Burden and Likelihood of Additional Litigation

The Bill's vague and overbroad definition of "grade" will necessarily invite claims and litigation over "grade" determinations and pensionability. In turn, this may generate statewide legal challenges and associated delay and uncertainty about how to interpret and apply "compensation earnable." The concern is that we would have yet another situation where a group of members' contributions and pension calculations are in question. Additional litigation surrounding pensionable pay designations may interfere with KCERA's duty to deliver benefits to participants and beneficiaries.

Recommendation

AB 2284, as proposed, does not clarify a statutory interpretation of the '37 Act or promote administrative efficiency. And, it may interfere with KCERA's duty to deliver benefits to participants and beneficiaries. For these reasons and those described above, Staff recommends your Board direct Staff to submit an Opposition or Letter of Concern to the California Legislature regarding Assembly Bill 2284.

Attachments:

1. AB 2284 Bill
2. Legislative Policy

Attachment 1



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

AB-2284 County employees' retirement: compensation. (2023-2024)

As Amends the Law Today

SECTION 1. Section 31461 of the Government Code is amended to read:

31461. (a) (1) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(2) *To the extent a retirement system has not defined "grade," it may define "grade," as described in paragraph (1), 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 group or class. A single employee shall not constitute a group or class.*

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* ~~(2003)110~~ (2003) 110 Cal.App.4th 426.

(d) *This section is intended to be consistent with and not in conflict with the holding in Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032.

Attachment 2

LEGISLATIVE POLICY

PURPOSE AND BACKGROUND

- 1) The purpose of the legislative policy is to provide the organization with a broad framework, which it can utilize as a basis for action. The Board is charged with the responsibility of administering the Association in a manner to assure appropriate and prompt delivery of benefits and related services to plan participants and their beneficiaries and of managing the assets in a prudent manner. Legislation affecting the Association must be closely monitored to determine the potential impact on the Association and whether action is necessary.

OBJECTIVES

- 2) The objectives of the Legislative Policy are to:
 - a) Establish a procedure by which the Board of Retirement can adopt an official position on proposed legislation;
 - b) Identify future legislative action in light of the Association's needs;
 - c) Facilitate the timely communication of proposed and enacted legislative changes to the Board and staff;
 - d) Provide guidance in communicating KCERA's official legislative positions to third parties;
 - e) Identify the optimal sources to promote KCERA's official legislative positions.

POLICY GUIDELINES

Roles and Responsibilities

- 3) The Board will be responsible for:
 - a) Adopting an official position for pertinent legislative proposals affecting the Association;
 - b) Identifying the ongoing needs of KCERA for future legislative proposals;

- c) Analyzing legislative proposals suggested by KCERA's Board members, staff, or interested third parties, and determining appropriate action.
- 4) Staff will be responsible for:
- a) Analyzing and reporting on proposed legislation affecting KCERA, (and other public pension funds if relevant), at the beginning of each legislative session;
 - b) Monitoring proposed legislation throughout the legislative session and reporting material modifications and their potential impact on KCERA to the Board;
 - c) Monitoring all chaptered legislation and determining the impact on KCERA;
 - d) Reporting the impact of, and, as required, suggesting procedures to implement, all chaptered legislation to the Board and staff;
 - e) Communicating with organizations, active and retired KCERA's members, and/or plan sponsors, as applicable, to inform them of legislative changes affecting KCERA;
 - f) Drafting proposed legislation based upon proposals received from Board members, staff and interested parties, in accordance with SACRS' Legislative Committee, or other appropriate entity, guidelines and presenting the draft legislation to the Board for consideration; and
 - g) Identifying and communicating with elected representatives to serve as authors of KCERA-proposed legislation, when appropriate.

Legislative Principles

- 5) The following legislative principles will guide the Board when considering its position on proposed legislation:
- a) Promote KCERA's legislative position primarily through organizations in which KCERA participates unless proposed legislation has a specific and unique effect on KCERA;
 - b) Support legislative proposals that strengthen the confidentiality protections for member records;
 - c) Support legislative proposals that clarify statutory interpretation of '37 Act provisions unless inconsistent with KCERA's legislative policy;
 - d) Support legislative proposals that strengthen the financial condition of KCERA and promote administrative efficiency;
 - e) Oppose legislative proposals that create the potential for increased unfunded actuarial liability without appropriate funding provisions;

- f) Oppose legislative proposals that compromise or interfere with KCERA's duty to deliver benefits to participants and beneficiaries.



POLICY REVIEW AND HISTORY

- 6) The Board will review this policy at least every five years to ensure that it remains relevant and appropriate.
- 7) This policy was:
 - a) Adopted by the Board on January 10, 2018.
 - b) Amended by the Board on March 9, 2022.



Chief Executive Officer's Report

Presented by: Dominic D. Brown, Chief Executive Officer

June 2024



Office Update

- Recruitments: Investment Analyst
- Disability: MMRO presentation today
- 24-25 EE & ER Contributions Rates distributed to plan sponsors
- Upcoming staff presentation: Lifecycle of a Member



Operations Activity

- Member Services
 - 40 new retirements and calculations
 - 54 death benefit calculations
 - 49 service-credit purchase calculations
 - 54 retirement estimates
 - 203 new active members
 - 113 terminations with disposition packets
 - 20 in-person appointments
 - 205 walk-ins
 - 638 phone calls
 - 166 emails
- Communications
 - Monitoring website traffic analytics
 - NEO & Job Fairs
- Accounting & Reporting
 - Service Purchases – <30 days
 - GASB 68 Audit Report
- Information Technology
 - Monitoring full-time members working less than full-time
 - 24-25 Contribution Rates
 - Beneficiary wellness audit



Upcoming Events

- Administrative Committee – No meetings scheduled
- Finance Committee – No meetings scheduled
- Investment Committee – August meeting Core Real Estate deep dive, 2035 cash flow discussion and Delegation Update
- Board of Retirement – Next regular monthly meeting will be August 14, 2024





CIO REPORT

INVESTMENT PROGRAM
UPDATE
June 2024

Presented by:
Daryn Miller, CFA
Chief Investment Officer



Rebalancing

MAY ACTIVITY

- Equities
 - Sell 25MM Parametric S&P
- Fixed Income
 - Sell 40MM WAMCO Core Plus



Public Equities: Reduce public equities exposure following equity rally.



Fixed Income: Reduce rates exposure following fixed income rally to generate cash for increase private market capital call activity; underweight both policy target and adjusted policy target.

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Adj. Pol.
Public Equities	33.7%	33.0%	33.6%	0.1%
Fixed Income	22.2%	25.0%	27.1%	-5.0%
Core	14.2%	15.0%	17.1%	-2.9%
Credit	7.9%	10.0%	10.0%	-2.1%
Commodities	4.0%	4.0%	4.0%	-0.1%
Hedge Funds	9.9%	10.0%	10.0%	-0.1%
Alpha Pool	3.9%	4.0%	4.0%	-0.1%
Midstream Energy	5.1%	5.0%	5.0%	0.1%
Core Real Estate	4.4%	5.0%	7.0%	-2.5%
Private Real Estate	3.0%	5.0%	3.0%	0.0%
Private Equity	4.4%	5.0%	4.4%	0.0%
Private Credit	5.9%	8.0%	5.9%	0.0%
Opportunistic	2.5%	0.0%	0.0%	2.5%
Cash	1.0%	-4.0%	-4.0%	5.0%
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 both high yield and EMD.

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%.



Key Initiatives

Enhancing return while managing risk

- **Asset Class Deep Dives**
 - Public Equity
 - Core Real Estate
 - Opportunistic
- **Currency management**
- **Improve hedge fund program returns**
- **Multi-asset research / tactical asset allocation**
- **Opportunistic investments**
- **Private markets**
- **Repositioning fixed income**

Investment Committee Meetings

Next meeting ~early-August

The next IC meeting agenda will include the following items:

- Delegation
- Core Real Estate deep dive
- Private Market fund recommendations
- 2035 cash flow discussion

The last IC meeting was held on May 31st.



Investment Activity

Passed Investments

The following investment opportunities were diligenced, but not pursued (last 12 months)

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 June 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

- May 24th – House of Origin Deadline
- AB 2284 – previously discussed
- AB 2474 – Post-Retirement Consequences
- AB 3025 – Benefit Corrections

Litigation Update

Ventura County Professional Firefighters' Association (VCPFA) v. Ventura County Employees' Retirement Association (VCERA), et al. (Ventura SC 2023CUWM013556)

- **Dispute:** Whether employees hired on an “intermittent” basis, who worked year-round in that classification, are entitled to membership in the pension plan.
- **Filings:**
 - VCPFA, on behalf of its members, filed a Petition for Writ of Mandate under CCP § 1085 seeking to force Ventura County and VCERA to admit FCWs who worked year-round in an “intermittent” classification into VCERA membership retroactively and prospectively.
 - VCERA and their County filed an Answer to the Petition asserting several affirmative defenses. Hearing on affirmative defenses set for October 2024.
- **Issues to Watch:** how the court addresses standing, statute of limitations; and whether the VCPFA can state a claim against VCERA.

Litigation Update

Lemos v. Ventura County Employees' Retirement Association (VCERA), et al. (Ventura SC 2024CUWM020966)

- **Dispute:** application of Reciprocity Benefit Cap Rule when one of the reciprocal systems is PERS.
 - Member claims VCERA improperly reduced her disability benefit amount. VCERA says it applied the Reciprocity Benefit Cap Rule (GC § 31838.5) properly to work around the PERS service retirement amount.
- **Filings:**
 - Member filed a Petition for Writ of Mandate under CCP § § 1085 and 1094.5 to overturn VCERA Board of Retirement determination that her benefit was calculated correctly. Member also seeking attorney's fees under CCP § 1021.5 and GC § 800.
 - VCERA filed a Motion to Strike CCP § 1094.5 claim and attorney's fees. Hearing set for July 2024.
- **Current Take Away:** VCERA likely successful on striking § 1094.5 claim, continue on § 1085 version of Writ of Mandate. Attorney's fees might be part struck and part put off for later.



June Calendar

	Pending CLO/DCLO Review
Administrative Appeals	5
Board/Committee Meetings/Staff Meetings/ Conferences	11
Board Materials	13
Community Property Matters	5
Disability Matters	11
Investment/ Custodial Documents	7
Member Inquiries	1
Operational Contracts	6
Plan Sponsor Inquiries	3
Powers of Attorney	6
Public Records Act Requests	2
Staff Inquiries	12
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 – May 2024**

SACRS Welcomes New Lobbyists

SACRS welcomes Laurie Johnson of LJ Consulting & Advocacy and Cara Martinson of Public House Consulting as our new Legislative Representatives. Cara and Laurie bring us much experience in California state government, as both have represented county clients in front of the Legislature and worked in and around the Capitol for many years. They started with SACRS on May 1st.

Legislative Update

With a challenging budget scenario looming over the Legislature, bills are cycling fast as Members try and move over 2600+ bills through policy and fiscal committees. Deadlines dominate this time of year, with May 3rd being the deadline for all bills to move out of policy committees and report to either the floor or fiscal committees. Appropriations committees have until May 10th to hear all fiscal bills, and we expect the release of the Suspense File on the 15th. Finally, the House of Origin deadline is May 24th. It is anticipated a significant number of bills will be “held” this year, due to fiscal constraints and this year’s looming election (voting on some of the more controversial bills might jeopardize vulnerable Members).

Budget Update

In early-April, the Administration and Legislative Leadership came to an early agreement to trim \$17 billion from the state’s unknown, but massive deficit. This Early Action Agreement, includes:

- \$3.6 billion in Reductions from Multi-Year Budget Commitments, which include some climate programs, CalWORKs reversions, broadband and a housing foreclosure program.
- \$3.1 billion in Delays of funding to areas such as the Transit and Intercity Rail Capital Program, Behavioral Bridge Housing and Continuum programs, Broadband Last Mile to mention a few.
- \$5.2 billion in Revenue /Borrowing with the Managed Care Organization tax bringing in \$3.8 billion of that total.
- \$3.4 billion in Fund Shifts from the Greenhouse Gas Reduction Fund, Medi-Cal Drug Rebate Program, Retirement Contributions, etc.



- \$2.1 billion in Deferrals which include statewide payroll deferral and UC/CSU deferrals.

While this early agreement is a positive and proactive plan to address the state's growing deficit, there is more uncertainty than answers at this point. This uncertainty is firmly predicated on the actual size of our deficit. The Administration in recent weeks has conceded that their original estimate of \$38 billion has grown with monthly projections overstating incoming revenue – it is nothing compared to LAO's assertion that it is upwards of \$73 billion. Before April, state revenues from all sources were running \$5.6 billion below what Newsom had projected for the current fiscal year in his proposed 2024-25 budget, according to the Governor's budget staff.

The immense disparity between the Newsom Administration's budget picture and the LAO remains unresolved. However, the net personal income tax collections tracked by the controller's office so far in April appear to be hitting the Administration's estimate of \$16.3 billion for the month.

What happens in the remaining six weeks before the June 15 constitutional budget deadline will center on two related factors: settling on a deficit number and deciding what actions can be taken that would reduce it to zero.

SACRS is tracking the following bills:

- **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: Approved by Assembly; pending in Senate Committee.
- **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 continues to be discussed with amendments forthcoming. Status: Approved by Assembly; pending in Senate Committee.

- **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 SACRS Legislative Committee has been engaged with the bill’s author and sponsors regarding compliance with PEPRA and the *Alameda* decision. Status: Pending on Assembly Floor.
- **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 on amendments to ensure ’37 Act systems can properly implement the bill, consistent with IRS regulations. Status: Pending on Assembly 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: Approved by Assembly; pending in Senate Committee.
- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees’ Retirement Association to appoint a chief technology officer. Status: Approved by Senate; pending in the Assembly.

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

- **AB 817 (Pacheco)** and **SB 537 (Becker)** – These bills provide flexibility for local government agencies to conduct remote meetings under Open



Meeting laws. Status: Approved by Assembly, pending in Senate Committee (AB 817); Ordered to the Assembly Inactive File (SB 537).

- **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: Approved by Senate, pending in Assembly 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: Approved by Senate, pending in the Assembly.