

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

October 31, 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, November 6, 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# 882 5432 8501:

- (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/88254328501?pwd=q7ZrGi7ElmVfgVG6aaOZL8zfsprJtQ.1>
- Passcode: 614854

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 Edward Ramirez, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *4. Application for service-connected disability pension benefits for Jim Roden, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO DENY SERVICE-CONNECTED DISABILITY PENSION
- *5. Application for non-service-connected disability pension benefits for Laura Monahan, Water Agency (General) – ADOPT RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY PENSION
- *6. Proposed Decision and Findings of Fact submitted by Hearing Officer Richard Terzian for Valorie Candelaria, Department of Human Services (General) – ADOPT PROPOSED FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDATION OF HEARING OFFICER TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *7. [Memorandum regarding receipt of a Supplemental Disability Allowance under California Government Code §31725.65 by James Burchfield](#) – RECEIVE AND FILE
- *8. [Summary of proceedings of the following meetings:](#)
 - October 7, 2024 Investment Committee
 - October 9, 2024 Board of RetirementRECEIVE AND FILE
- *9. [Report from the KCERA office on members retired from service for the month of October 2024](#) – RATIFY
- *10. [Report from the KCERA office on deceased retirees for the month of October 2024](#) – RECEIVE AND FILE
- *11. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending October 31, 2024](#) – RECEIVE AND FILE

- *12. [Securities Lending Earnings Summary Report for the period ending September 30, 2024 from Deutsche Bank – RECEIVE AND FILE](#)
- *13. [KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of September 2024 – RECEIVE AND FILE](#)
- *14. [Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFY](#)
- *15. [The KCERA Class Action Proceeds Report from July 1 through September 30, 2024 for the Northern Trust Company – RECEIVE AND FILE](#)
- *16. [Public Pension Standards Award for Funding and Administration 2024 received from the Public Pension Coordinating Council \(PPCC\) – RECEIVE AND FILE](#)
- *17. [Proposed revisions to KCERA’s Overpayment and Underpayment of Member Benefits Policy – APPROVE PROPOSED CHANGES](#)
- *18. [Proposed revisions to KCERA’s Overpayment and Underpayment of Member Contributions Policy – APPROVE PROPOSED CHANGES](#)
- *19. [Invitation from Harvard Law School’s Center for Labor and a Just Economy to Trustee Duffey to attend the Trustee Leadership Forum: Peer Mentoring Project, October 28-29, 2024 and June 2025, in Boston, Massachusetts – RATIFY AND APPROVE ATTENDANCE OF TRUSTEE DEON DUFFEY](#)
- *20. [Cambridge Associates On-Site Due Diligence Meeting Summary – RECEIVE AND FILE](#)

PUBLIC COMMENTS

- 21. 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.

ADMINISTRATIVE MATTERS

- 22. [Presentation on Managed Medical Review Organization \(MMRO\) Medical Advisor Overview by Doug Minke, JD, MBA, Vice President Corporate Development & General Counsel, and Michelle Brezinski, MD, MMRO – HEAR PRESENTATION](#)

23. [Trustee education regarding the Life Cycle of a Member: Disability \(Part 4 of 6\)](#) presented by Chief Executive Officer Dominic Brown, Deputy Chief Legal Officer Kristen McDonald, and Deputy Chief Member Services Officer Sherry Willard – RECEIVE EDUCATIONAL TRAINING (30 MINUTES TRUSTEE EDUCATION CREDIT)
24. [SACRS Fall Conference Business Meeting Packet 2024 for SACRS business meeting on November 15, 2024 in Monterey, California](#) – RECEIVE AND FILE
25. [Presentation on SACRS Legislative Proposals for 2025 presented by Chief Legal Officer Jennifer Zahry](#) – APPROVE SACRS LEGISLATIVE PROPOSALS; DIRECT VOTING DELEGATE TO CAST VOTES ACCORDINGLY

FINANCE MATTERS

26. [Trustee education regarding The 80% Funding Myth presented by Actuary Todd Tauzer, Segal](#) – RECEIVE EDUCATIONAL TRAINING (30 MINUTES TRUSTEE EDUCATION CREDIT)
27. [Presentation on proposed revisions to KCERA's Regular Interest and Excess Interest Crediting Policy](#) by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – APPROVE PROPOSED CHANGES
28. [Presentation on development of a KCERA Option Four Policy by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry](#) – DIRECT STAFF TO DRAFT POLICY AND PRESENT TO THE FINANCE COMMITTEE FOR REVIEW

STAFF REPORTS

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

COMMITTEE REPORTS

32. 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:

Edward Ramirez Sheriff Safety

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

Jim Roden Sheriff Safety

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

Laura Monahan Water Agency General

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

Valorie Candelaria Department of Human Services General

33. 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

34. 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

35. 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


36. 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

37. Adjournment



Date: November 6, 2024

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer 
By: Sherry Willard, Deputy Chief Member Services Officer

Subject: **James Burchfield – Disability Application**

Mr. Burchfield accepted an alternate position with the Public Works-Public Ways Department as an Office Services Technician, which accommodates the permanent restrictions established by his physicians. At its September 2024 meeting, the Board of Retirement accepted the recommendation of the SDAG to grant the service-connected disability. Thus, the member will receive a supplemental disability allowance effective June 20, 2021, pursuant to California Government Code section 31725.65.



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

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Investment Committee
October 7, 2024**

10:00 a.m.

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

ROLL CALL

Present: Couch, Kaufman, Kratt

Absent: Sanders, Whitezell*

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.

**In Chair Tyler Whitezell's absence, Trustee David Couch was appointed to the Chair role for this meeting*

AB 2449 REMOTE APPEARANCE(S)

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

INVESTMENT MATTERS

3. Discussion and appropriate action on bank loans recommendation presented by Chief Investment Officer Daryn Miller, CFA, Senior Investment Officer Geoff Nolan, and Scott Whalen, CFA, Verus – CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD; SCOTT WHALEN, CFA, VERUS HEARD; CHAIR DAVID COUCH HEARD

RECOMMENDED THE BOARD OF RETIREMENT INVEST \$180MM IN KKR US BROADLY SYNDICATED LOAN FUND; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Kaufman – 3 Ayes

PUBLIC COMMENTS

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

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 – 10:12 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

**Board of Retirement Meeting
October 9, 2024**

8:31 a.m.

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

ROLL CALL (IN PERSON)

Present: Contreras, Couch, Duffey, Franey, Gonzalez, Kaufman, Kratt, Nunneley, Seibly

Absent: Hughes, Sanders, Whitezell

SALUTE TO FLAG – TRUSTEE COUCH

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. Application for service-connected disability pension benefits for Derek Brannan, Sheriff (Safety) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION**

Kratt-Couch – 6 Ayes

- *4. Application for service-connected disability pension benefits for Jill Inman Ferguson, Superior Court (General) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION**

Kratt-Couch – 6 Ayes

*5. Summary of proceedings of the following meetings:

- September 5, 2024 Investment Committee
September 11, 2024 Board of Retirement

RECEIVED AND FILED

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

*9. Securities Lending Earnings Summary Report for the period ending August 31, 2024 from Deutsche Bank – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

*13. 2025 Board of Retirement Meeting Schedule – RECEIVED AND FILED; APPROVED

Kratt-Couch – 6 Ayes

- *14. Statements from Auditor-Controller-County Clerk Aimee Espinoza, September 20, 2024, regarding the Certificate of Results of the KCERA Board of Retirement Election held September 17, 2024 – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *15. Invitation from State Association of County Retirement Systems (SACRS) to trustees and staff to attend the SACRS Fall Conference, November 12-15, 2024, in Monterey, California – APPROVED ATTENDANCE OF TRUSTEES DUSTIN CONTRERAS, DAVID COUCH, DEON DUFFEY, PHIL FRANNEY, JUAN GONZALEZ, JORDAN KAUFMAN, RICK KRATT, AND JOHN SANDERS

Kratt-Couch – 6 Ayes

- *16. Invitation from Fortress Investment Group for Senior Investment Officer Geoff Nolan to attend the 2024 Fortress Credit Conference, October 15-17, 2024, in Dallas, Texas – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *17. Invitation from Public Pension Financial Forum (P2F2) for Chief Financial Officer Angela Kruger and Member Services Manager Cory Pruett to attend the 21st Annual P2F2 Conference, October 27-30, 2024 in Indianapolis, Indiana – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

PUBLIC COMMENTS

18. 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

19. Discussion and appropriate action on bank loan recommendation presented by Chief Investment Officer Daryn Miller, CFA, Senior Investment Officer Geoff Nolan, Scott Whalen, CFA, Verus, and the Investment Committee – CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD; SCOTT WHALEN, CFA, VERUS HEARD

APPROVED \$180MM INVESTMENT IN KKR US BROADLY SYNDICATED LOAN FUND; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Couch-Kratt – 6 Ayes

ADMINISTRATIVE MATTERS

20. Trustee education regarding Artificial Intelligence Utilization presented by Chief Executive Officer Dominic Brown and Director of Information Technology Security Tyson Harlan – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; DIRECTOR OF INFORMATION TECHNOLOGY SECURITY TYSON HARLAN HEARD; CHAIR PHIL FRANEY HEARD

RECEIVED EDUCATIONAL TRAINING (17 MINUTES TRUSTEE EDUCATION CREDIT)

21. Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems (SACRS) Fall 2024 Conference, presented by Chief Executive Officer Dominic Brown – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHAIR PHIL FRANEY HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD

APPOINTED TRUSTEE JORDAN KAUFMAN AS THE VOTING DELEGATE AND CHIEF EXECUTIVE OFFICER DOMINIC BROWN AS ALTERNATE VOTING DELEGATE

Couch-Kratt – 6 Ayes

22. Appointment of Nominating Committee by Chair (two members) and the Board (two members) to propose a slate of officers and designate chair to the Board of Retirement for the 2025 calendar year – CHAIR PHIL FRANEY HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEE JUAN GONZALEZ HEARD

CHAIR PHIL FRANEY APPOINTED TRUSTEES DAVID COUCH AND DUSTIN CONTRERAS TO NOMINATING COMMITTEE; THE BOARD OF RETIREMENT APPOINTED TRUSTEE JUAN GONZALEZ AND DEON DUFFEY TO NOMINATING COMMITTEE; CHAIR PHIL FRANEY DESIGNATED DUSTIN CONTRERAS AS THE NOMINATING COMMITTEE CHAIR; APPROVED

Couch-Kratt – 6 Ayes

23. Trustee education regarding the Life Cycle of a Member: Purchase of Service (Part 3 of 6) presented by Chief Executive Officer Dominic Brown, Member Services Manager Cory Pruett, and Deputy Chief Member Services Officer Sherry Willard – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD; DEPUTY CHIEF MEMBER SERVICES OFFICER SHERRY WILLARD HEARD; MEMBER SERVICES MANAGER CORY PRUETT HEARD; CHAIR PHIL FRANNEY HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEES DUSTIN CONTRERAS, JUAN GONZALEZ, JORDAN KAUFMAN, RICK KRATT, AND ROBB SEIBLY HEARD

RECEIVED EDUCATIONAL TRAINING (53 MINUTES TRUSTEE EDUCATION CREDIT)

STAFF REPORTS

24. Report from Chief Executive Officer:

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- ELECTION UPDATE
- DISABILITY UPDATE
- STAFFING/RECRUITMENTS UPDATE
- NOVEMBER BOARD: INTEREST CREDITING POLICY UPDATES
- KERN 360 PLANNING MEETINGS
- GRAND JURY REPORT: INYOKERN COMMUNITY SERVICES DISTRICT
- OPERATIONS ACTIVITY
- MEMBER OUTREACH AND EDUCATION
- UPCOMING EVENTS
- BOARD OF SUPERVISORS APPROVED INCREASE FOR MANAGERS

SENIOR COMMUNICATIONS MANAGER JEREMY ROWELL HEARD; CHAIR PHIL FRANNEY HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEES JUAN GONZALEZ, RICK KRATT, AND ROBB SEIBLY HEARD

25. Report from Chief Investment Officer:

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

- REBALANCING – SEPTEMBER ACTIVITY
- POSITIONING – ACTUAL VS POLICY TARGET
- UPCOMING INVESTMENT COMMITTEE MEETINGS
- CLOSED INVESTMENTS
- INVESTMENT ACTIVITY

CHAIR PHIL FRANNEY HEARD; TRUSTEE RICK KRATT HEARD

26. Report from Chief Legal Officer:

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

- LEGISLATIVE UPDATE
- Q3 2024 METRICS
- OCTOBER CALENDAR

CHAIR PHIL FRANNEY HEARD; TRUSTEE JORDAN KAUFMAN HEARD

COMMITTEE REPORTS

27. 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

28. THREAT TO PUBLIC SERVICES OR FACILITIES – ANTICIPATED LITIGATION

Consultation with KCERA counsel and CEO. (Cal. Gov. Code §54957)

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED IN PUBLIC SESSION AT 11:30 A.M.

ROLL CALL

To establish quorum present upon resuming public session

Present: Contreras, Couch, Duffey, Franey, Gonzalez, Kaufman, Kratt, Nunneley, Seibly

Absent: Hughes, Sanders, Whitezell

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 28 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

29. 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

NEW BUSINESS

30. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE

31. ADJOURNED – 11:32 A.M.

Secretary, Board of Retirement

Chair, Board of Retirement



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

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Bautista	Rommel	09/21/2024	General Tier I	4120 - Behavioral Health & Reco
Black	Michelle	09/21/2024	Safety Tier I	2210S - Sheriff
Boado	Donald	09/21/2024	General Tier I	1610 - General Services Division
Bravo	Rosalba	09/03/2024	General Tier II PEPRA	5610 - Aging And Adult Services
Buck	Ryan	05/30/2024	General Tier I	5120 - Depart Of Human Services
Cox	Carol	09/21/2024	General Tier I	1610 - General Services Division
Lievanos	Tabitha	09/07/2024	Safety Tier I	2340S - Probation-Safety
Love	Marla	09/19/2024	General Tier I	2210 - Sheriff
Rojas	Mario	09/21/2024	Safety Tier I	2210S - Sheriff
Tenny	Bernard	09/07/2024	General Tier I	4120 - Behavioral Health & Reco
Walters	Bryan	08/26/2024	General Tier II PEPRA	1210 - County Counsel

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Facho	Lysetta	09/21/2024	General Tier I	9460 - Kern County Hospital Authority



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

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Olson	Michael	General	County Of Kern
Walters	Stephen	Safety	County Of Kern
Wilson-Smith	Michael	General	County Of Kern

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Archuleta	Patricia	General	County Of Kern
Barghi	Fred	General	County Of Kern
Cady	Geraldine	General	County Of Kern
Cosper	Gary	Safety	County Of Kern
Cox	Evielee	General	County Of Kern
Divelbiss	Bruce	General	County Of Kern
Haley	Virginia	General	County Of Kern
Harris	Ernest	General	County Of Kern
Hobbs	Joyce	General	County Of Kern
Hume	Peggy	General	County Of Kern
Justice	Warren	General	County Of Kern
King	Ross	General	Kern County Hospital
Lane	Francine	General	County Of Kern
Malahowski	Catherine	General	County Of Kern
Malouf	Kathleen	General	County Of Kern
Marroquin	Jesus	General	County Of Kern
Matherly	Paul	General	County Of Kern
Melroy-Sparks	Josephine	General	Kern County Hospital
Mize	Jack	General	County Of Kern
Prince	Gregory	General	County Of Kern
Reyes	Antonio	General	County Of Kern
Shivers	Ruth	General	County Of Kern
Warren	James	Safety	County Of Kern

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

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Spears-Huckabee, Dustin	SHERIFF	10/1/2024	10/22/2024
Dobbs, Jacob	SHERIFF	9/4/2024	9/20/2024
Chow-Garcia, Arianne	SHERIFF	7/31/2024	8/12/2024
Fadel, Jamal	PUBLIC WORKS	5/23/2024	9/20/2024
NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
Linch, Valentine	FIRE	7/22/2024	9/24/2024
Mena, Aaron	FIRE	7/16/2024	9/30/2024
Taylor, Andre	DEPARTMENT OF HUMAN SERVICES	6/20/2024	9/12/2024
Riel, Elise	SHERIFF	5/9/2024	8/12/2024
Mock, Tiffany	SHERIFF	4/30/2024	7/17/2024
Stewart, Emily	DEPARTMENT OF HUMAN SERVICES	4/10/2024	7/2/2024
Miarta, Erica	SUPERIOR COURT	3/22/2024	7/2/2024
Geissel, Zachary	FIRE	2/28/2024	5/17/2024
Wells, Michael	FIRE	2/23/2024	5/8/2024
Sutherland, Darrell	SHERIFF	2/8/2024	5/8/2024
Beyeler, Shawn	PUBLIC WORKS	12/14/2023	5/6/2024
Harbour, Leslie	SHERIFF	11/13/2023	3/14/2024
Brazeau, Bradley	FIRE	10/23/2023	1/26/2024
Lindley, Jeffrey	FIRE	9/27/2023	1/12/2024
De La Rosa, Alfred	SHERIFF	9/18/2023	12/18/2023
Rickels, Adam	SHERIFF	8/11/2023	10/11/2023
Stephan, Daren	PUBLIC WORKS	7/7/2023	9/15/2023
Norris, David	SHERIFF	5/26/2023	8/11/2023
Meeks, Sandra	BEHAVIORAL HEALTH & RECOVERY SERVICES	5/1/2023	7/18/2023
Fulmer, Evon	DEPARTMENT OF HUMAN SERVICES	4/28/2023	7/18/2023
Muniz, Linda	BEHAVIORAL HEALTH & RECOVERY SERVICES	4/6/2023	6/26/2023
Romero, Anthony	FIRE	3/10/2023	6/19/2023

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

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
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
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
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
Roden, Jim	SHERIFF	6/22/2022	9/30/2022
Pena, Armando	PROBATION	5/27/2022	9/19/2022
Hill, Sheldon	SHERIFF	5/27/2022	8/19/2022
Cano, Emma	BEHAVIORAL HEALTH AND RECOVERY SERVICES	3/17/2022	8/19/2022
Fussel, Kathy	KERN COUNTY HOSPITAL AUTHORITY	11/3/2021	2/24/2022
Leon, Theresa	DEPARTMENT OF HUMAN SERVICES	7/7/2021	10/18/2021
Patton, Eric	SHERIFF	6/30/2021	11/22/2021
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	2/25/2021	8/20/2021
McAdoo, John	SHERIFF	2/24/2021	8/20/2021

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

COMPLETED IN 2024			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Baker, Breanne	DEPARTMENT OF HUMAN SERVICES	4/2/2020	5/1/2024
Fleeman, Justin	SHERIFF	9/17/2020	6/12/2024
Burchfield, James	PUBLIC WORKS-PUBLIC WAYS	11/17/2020	9/11/2024
Cushman, Harris	SHERIFF	12/22/2020	2/14/2024
Smith, Thomas Jr.	SHERIFF	3/16/2021	2/14/2024
Williams, Theron	GENERAL SERVICES	5/12/2021	2/14/2024
Introini, Jessica	SHERIFF	6/18/2021	4/10/2024
Brannan, Derek	SHERIFF	7/14/2021	10/9/2024
Kauffman, Stephen	DISTRICT ATTORNEY	8/16/2021	6/12/2024
Guandique, Sandra	RISK MANAGEMENT	10/15/2021	4/10/2024
Gomez, Armando	INFORMATION TECHNOLOGY SERVICES	4/29/2022	2/14/2024
Fecke, Daniel	KERN COUNTY HOSPITAL AUTHORITY	6/15/2022	3/13/2024
Rodriguez, Mark	FIRE	6/21/2022	6/12/2024
Rice, Jerry	FIRE	7/7/2022	8/14/2024
Gregory, Dolores	SHERIFF	8/16/2022	8/14/2024
Morrison, James	SHERIFF	9/14/2022	8/14/2024
Yanez, Alfred	SHERIFF	10/3/2022	9/11/2024
Schmidt, Mark	FIRE	10/26/2022	6/12/2024
Inman Ferguson, Jill	KERN COUNTY SUPERIOR COURT	1/24/2023	10/9/2024

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

NAME	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	HEARING OFFICER SELECTED	STATUS
Bankston, Josh	SHERIFF	2/9/2021	SDAG to deny SCD	9/15/2023; 1/19/2024	3/1/2024	With Hearing Officer
Candelaria, Valorie	DEPARTMENT OF HUMAN SERVICES	6/23/2021	SDAG to deny SCD	12/21/2023	1/17/2024	Pending Board Decision

HEARINGS COMPLETED IN 2024					
NAME	DEPARTMENT	DATE FILED	DATE HEARING COMPLETED	BOARD DECISION	
Martinez de Moore, Brenda	BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/2018	4/1/2024	Board Denied Service-Connected Disability	

SECURITIES LENDING



Summary Earnings Report

Run Time: 08-Oct-2024 11:39 EDT
Date Range: 01-SEP-2024 To 30-SEP-2024
Location: Not specified
Currency: USD
Client ID: Not Specified
Master Client: CAKERN
Grouping Type: None
Level: Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
KNCTY - Harvest Midstream	CAKE18	3,995,079.57	1,066.66	96.00	970.66	KNC15
KNCTY - PIMCO Midstream	CAKE19	18,183,829.00	5,129.31	461.64	4,667.68	KNC16
KNCTY PIMCO Core Plus	CAKE07	41,445,991.09	7,403.27	666.29	6,736.97	KNC11
KNCTY PIMCO EMD	CAKE08	980,421.33	500.07	45.01	455.07	KNC12
KNTCY - Alliance Bernstein	CAKE15	30,294,350.95	8,912.37	802.11	8,110.26	2664130
KNTCY - Geneva	CAKE16	19,423,777.79	5,385.65	484.71	4,900.94	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	2,656,063.55	962.45	86.62	875.83	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	42,188,297.01	18,705.88	1,683.53	17,022.35	KNC08
CCY Total USD:		159,167,810.27	48,065.67	4,325.91	43,739.76	
Grand Total USD:			48,065.67	4,325.91	43,739.76	

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KCERA ASSET ALLOCATION*
9/30/2024

Manager Name	Type	(\$000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) (\$000)
AllianceBernstein	Small Cap Value	125,024	2.1%			
Geneva Capital	Small Cap Growth	68,873	1.1%			
Melton Capital Management EB DV	Large Cap Passive	706,788	11.6%			
RIMCO StockPlus	Large Cap Enhanced	154,576	2.6%			
Total Domestic Equity		\$1,055,259	17.4%	12 - 28%	17.4%	\$1,055,259
American Century	International Small	69,815	1.2%			
Cevian Capital II LP	International Large	48,613	0.8%			
Dalton Japan Long Only	International Small	60,967	1.0%			
Lazard Japanese Equity	International Large	144,122	2.4%			
Melton Capital Management-EB DV	International Large Passive	471,332	7.8%			
Total International Developed Equity		\$794,849	13.1%	5 - 18%	13.1%	\$794,849
ASB Direct Equity	Emerging Markets	70,000	1.2%			
Carrhae Long Only	Emerging Markets	70,000	1.2%			
DFA Emerging Markets Value Portfolio	Emerging Markets	58,777	1.0%			
Melton Emerging Markets	Emerging Markets	21,115	0.4%			
Total Emerging Market Equity		\$220,892	3.6%	0 - 9%	3.6%	\$220,892
TOTAL EQUITY		\$2,071,000	34.1%	33.0%	1.1%	\$67,814
Melton Capital Management Ag Bond	Core	248,737	4.1%			
PIMCO CP	Core Plus	179,822	3.0%			
Western Asset Management - CP	Core Plus	13,322	0.2%			
Total Core		\$441,881	7.3%	15.0%	(7.7%)	(\$468,658)
TCW Securitized Opportunities LP	Securitized Opportunities	94,494	1.6%			
Western Asset Management - HY	High Yield	175,529	2.9%			
PIMCO EM Beta	Emerging Markets	221,369	3.6%			
Stone Harbor Global Funds	Emerging Markets	42,309	0.7%			
Total Credit		\$533,701	8.8%	10.0%	(1.2%)	(\$73,325)
TOTAL FIXED INCOME		\$975,582	16.1%	25.0%	(8.9%)	(\$541,983)
Gresham Commodity Builder Fund	Active	46,794	0.8%			
Wellington Trust Company (WTC)	Active	214,954	3.5%			
TOTAL COMMODITIES		\$261,748	4.3%	4.0%	0.3%	\$18,938
Aristeia International Ltd	Hedge Fund - Direct	74,750	1.2%			
Brevan Howard Fund Limited	Hedge Fund - Direct	55,896	0.9%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	64,827	1.1%			
Elliott Associates, LP	Hedge Fund - Direct	6,500	0.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	88,753	1.5%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	80,704	1.3%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	50,279	0.8%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	83,152	1.4%			
Pharo Macro Fund LTD	Hedge Fund - Direct	71,884	1.2%			
Sculptor Enhanced Domestic Partners LP	Hedge Fund - Direct	40,599	0.7%			
TOTAL HEDGE FUND		\$617,344	10.2%	10.0%	0.2%	\$10,318
ASB Capital Management	Core	121,560	2.0%			
Blue Owl Real Estate Fund VI	Core	16,162	0.3%			
JPMCB Strategic Property Fund	Core	108,267	1.8%			
TOTAL CORE REAL ESTATE		\$245,989	4.1%	5.0%	(0.9%)	(\$57,524)
Davidson Kempner	Hedge Fund - Direct	61,106	1.0%			
Garda Fixed Income	Hedge Fund - Direct	65,256	1.1%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	66,307	1.1%			
TOTAL CE ALPHA POOL		\$192,669	3.2%	4.0%	(0.8%)	(\$50,141)
Harvest Midstream	Midstream	166,914	2.7%			
PIMCO Midstream	Midstream	146,850	2.4%			
TOTAL MIDSTREAM ENERGY		\$313,764	5.2%	5.0%	0.2%	\$10,251
Aristeia Select Opportunities II LP	Opportunistic	42,700	0.7%			
Pharo Opportunities Fund SPC	Opportunistic	10,114	0.2%			
Hudson Bay Special Opportunities Fund	Opportunistic	3,751	0.1%			
River Birch International Ltd	Opportunistic	4,930	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	67,441	1.2%			
TOTAL OPPORTUNISTIC		\$148,936	2.5%	0.0%	2.5%	\$148,936
Abott Capital Funds	Private Equity Fund of Funds	13,243	0.2%			
Blue Owl Strategic Equity Partners	Private Equity	3,891	0.1%			
Brighton Park Capital Fund I	Private Equity	42,464	0.7%			
Brighton Park Capital Fund II	Private Equity	8,630	0.1%			
Level Equity Growth Partners	Private Equity	18,857	0.3%			
LGT Crown Global V & VI	Private Equity	45,674	0.8%			
Linden Capital Partners	Private Equity	20,574	0.3%			
Longreach CAP Partners IV-JPY	Private Equity	4,231	0.1%			
Pantheon Funds	Private Equity Fund of Funds	5,094	0.1%			
Parthenon Investors VII	Private Equity	1,461	0.0%			
Peak Rock	Private Equity	19,777	0.3%			
OrbiMed Private Investments IX	Private Equity	2,717	0.0%			
Rubicon Technology Partners IV	Private Equity	10,109	0.2%			
Vista Foundation Fund IV	Private Equity	21,132	0.3%			
Warren Equity Partners Fund III and Fund IV	Private Equity	54,815	0.9%			
WEP IV TS Co-Investment LP	Private Equity	7,378	0.1%			
TOTAL PRIVATE EQUITY		\$280,047	4.6%	5.0%	(0.4%)	(\$23,466)
Ares Pathfinder Fund II	Private Credit	5,442	0.1%			
Ares Senior Direct Lending	Private Credit	4,501	0.1%			
Blue Torch Credit Opportunities II	Private Credit	12,936	0.2%			
Blue Torch Credit Opportunities Fund III	Private Credit	27,579	0.5%			
Brookfield Real Estate Finance Fund V	Private Credit	13,746	0.2%			
Carbanus Levered Loan Opportunities Fund V LP	Private Credit	19,164	0.3%			
Colony Distressed Credit Fund	Private Credit	15,883	0.3%			
Fortress Credit Opportunities Fund V	Private Credit	30,575	0.5%			
Fortress Lending Fund II (A)	Private Credit	24,089	0.4%			
Fortress Lending Fund III (A)	Private Credit	30,665	0.5%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	38,153	0.6%			
HPS Special Situations Opportunity Fund II	Private Credit	5,530	0.1%			
ITE Rail Fund LP	Private Credit	34,504	0.6%			
Magnetar Constellation Fund V	Private Credit	18,716	0.3%			
Oak Hill Advisors Structured Products Fund III LP	Private Credit	14,173	0.2%			
OrbiMed Royalty & Credit Opportunities IV	Private Credit	12,909	0.2%			
Silver Point Specialty Credit Fund III	Private Credit	12,491	0.2%			
Sixth Street TAO Partners (B)	Private Credit	48,155	0.8%			
TOTAL PRIVATE CREDIT		\$369,211	6.1%	8.0%	(1.9%)	(\$116,410)
Covenant Apartment Fund X	Private Real Estate	27,331	0.5%			
Covenant Apartment Fund XI	Private Real Estate	25,820	0.4%			
Invesco Real Estate Funds III & IV	Private Real Estate	146	0.0%			
Juniper Capital IV LP & Juniper High Noon Partners	Private Real Estate	7,972	0.1%			
KSL Capital Partners VI, LP and ITS Parallel Funds	Private Real Estate	5,976	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	20,380	0.3%			
Landmark Real Estate Partners VIII & IX	Private Real Estate	36,013	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	33,596	0.6%			
Merit Hill Self-Storage V, LP	Private Real Estate	14,464	0.2%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	18,073	0.3%			
TOTAL PRIVATE REAL ESTATE		\$189,771	3.1%	5.0%	(1.9%)	(\$113,742)
Northern Trust STIF	Short Term	114,474	1.9%			
BlackRock Short Duration	Short Term	239,899	4.0%			
Parametric	Overlay	38,649	0.6%			
Treasurers Pooled Cash	Short Term	9,282	0.2%			
Wells Fargo Bank	Short Term	1,528	0.0%			
TOTAL CASH AND OVERLAY		\$403,832	6.7%	-4.0%	10.7%	\$646,742
Transition Accounts	Liquidation	269	0.0%			
Other		\$269	0.0%			\$269
As Allocated to Managers **		\$6,070,262	100.0%	100.0%	0.0%	\$0

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement May 2024.

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

**KCERA
CASH FLOW POSITION
SEPTEMBER, 2024**

TREASURERS POOLED CASH

Beginning Cash Balance:		\$	12,237,151
Employer Contributions	31,288,927		
Employee Contributions	4,816,027		
Service Purchases	29,443		
Miscellaneous	109,498		
Total Receipts:			36,243,894
Operating Expenses	(907,096)		
Investment Expenses	(1,291,806)		
Transfers-out	(37,000,000)		
Total Disbursements:			<u>(39,198,902)</u>
Ending Cash Balance:			<u><u>9,282,143</u></u>

WELLS FARGO BANK

Beginning Cash Balance		\$	1,828,014
Transfer In Northern Trust			
Transfer In TPC - County	37,000,000		
ACH Returns / Deletes	29,795		
Total Receipts:			37,029,795
ACH Benefit Payments	(32,416,028)		
Total Checks Paid	(228,236)		
Taxes Withholding Deposits	(4,585,923)		
Bank Services	(42)		
Total Disbursements:			(37,230,229)
WFB ending Balance		\$	<u><u>1,627,580</u></u>

**KCERA
CASH FLOW POSITION
SEPTEMBER, 2024**

NORTHERN TRUST

Beginning Cash Balance:		\$	12,874,934
Private Markets - Distributions	8,679,928		
Commingled Funds - Distributions	4,162,922		
Hedge Funds - Distributions	1,691		
Redemption Western Asset Mgmt Core Plus	46,000,000		
Redemption Mellon EM	100,000,000		
Redemption DFA	40,000,000		
Dividend and Interest Income	4,693,971		
Class Action Proceeds	780		
Interest	587,825		
Securities Lending Earnings (NET)	51,558		
Total Receipts:			204,178,675
Capital Calls Silver Point	(2,066,052)		
Capital Calls LBA Logistics	(1,923,077)		
Capital Calls ITE Rail	(8,555,540)		
Capital Calls KSL	(580,510)		
Capital Calls Landmark	(3,447,886)		
Capital Calls Sixth Street	(1,032,640)		
Capital Calls Brighton Park	(2,422,663)		
Capital Calls Blue Torch	(4,000,000)		
Capital Calls Ares	(916,112)		
Capital Calls Blue Owl	(4,373,385)		
Contribution Mellon	(75,000,000)		
Other Expenses	(10,672)		
Total Disbursements:			<u>(104,328,537)</u>
Ending Cash Balance:		\$	<u>112,725,073</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED SEPTEMBER 30, 2024**

Description	July	August	September	Total
Investment Base Fees:				
Domestic Equity:				
AllianceBernstein	184,947.38			184,947.38
Henderson Geneva Capital		107,551.00		107,551.00
Mellon Capital				0.00
International Equity:				
Lazard	88,929.76			88,929.76
Fixed Income:				
Mellon Capital (Agg Bond)				0.00
Pacific Investment Management Company		308,677.30		308,677.30
Western Asset Management		207,750.22		207,750.22
Commodities:				
Wellington Trust Company			1,015,135.73	1,015,135.73
Real Estate:				
ASB Capital Management		239,009.78		239,009.78
Midstream Energy:				
Harvest Midstream	285,400.15			285,400.15
Cash & Overlay				
BlackRock	128,989.29			128,989.29
Parametric		70,948.00		70,948.00
Subtotal	688,266.58	933,936.30	1,015,135.73	2,637,338.61
Investment Professional Fees:				
Consulting:				
Abel Noser			7,875.00	7,875.00
Albourne America LLC	33,333.33	33,333.33	33,333.33	99,999.99
Cambridge Associates			187,500.00	187,500.00
Glass, Lewis & Co.	7,950.00			7,950.00
Nasdaq Evestment				0.00
Two Sigma	11,250.00			11,250.00
Verus	34,166.67	34,166.67	34,166.67	102,500.01
Consulting - Other Expenses				0.00
Custodial:				
The Northern Trust Co.				0.00
Legal:				
Foley & Lardner LLP				0.00
Hanson Bridgett LLP				0.00
Nossaman LLP	5,457.00	54,792.20	13,795.50	74,044.70
Due Diligence / Investment-Related Travel:				
Subtotal	92,157.00	122,292.20	276,670.50	491,119.70
Total Investment Fees	780,423.58	1,056,228.50	1,291,806.23	3,128,458.31


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

Expense Type	Budget FY 2024/25	Expenses	Over (Under)
Personnel Costs			
Salaries	4,531,471	837,359	(3,694,112)
Benefits	2,770,224	466,710	(2,303,514)
Total Personnel Costs	7,301,695	1,304,069	(5,997,625)
Staff Development			
Education & professional development	120,000	27,922	(92,078)
Staff appreciation	4,600	286	(4,314)
Total Staff Development	124,600	28,208	(96,392)
Professional Services			
Actuarial fees	250,000	-	(250,000)
Audit fees	202,875	34,520	(168,355)
Consultant fees	115,000	-	(115,000)
Disability services	575,000	108,066	(466,934)
Investment consultants	1,657,400	558,075	(1,099,325)
Legal fees	430,000	17,814	(412,186)
Total Professional Services *	3,230,275	718,475	(2,511,799)
Office Expenses			
Building expenses	158,000	20,068	(137,932)
Communication platforms	60,110	18,191	(41,919)
Equipment lease & maintenance	22,100	8,248	(13,852)
Member engagement	44,200	-	(44,200)
Subscriptions & memberships	35,000	7,089	(27,911)
Office supplies & misc. admin.	100,000	19,916	(80,084)
Payroll & accounts payable fees	25,000	697	(24,303)
Postage	30,000	2,126	(27,874)
Other services - Kern County	40,000	3,426	(36,574)
Utilities	18,000	2,209	(15,791)
Total Office Expenses	532,410	81,970	(450,442)
Insurance	198,410	77,749	198,410
Information Technology Systems			
Audit-security & vulnerability scan	15,000	-	(15,000)
Business continuity expenses	16,050	-	(16,050)
Hardware	78,211	31,190	(47,021)
Licensing & support	217,523	50,060	(167,463)
Special project - accounting software upgrades	35,000	-	(35,000)
Software	335,518	83,117	(252,401)
Website design & hosting	13,200	4,400	(8,800)
Total Information Technology Systems	710,502	168,767	(541,735)
Board of Retirement			
Board compensation	12,000	600	(11,400)
Board conferences & training	50,000	16,305	(33,695)
Board elections	75,000	-	(75,000)
Board meetings	8,500	709	(7,791)
Total Board of Retirement	145,500	17,614	(127,886)
Depreciation	245,956	61,489	195,825
Total Operating Expenses	12,489,348	2,458,341	(9,331,645)

* Includes prior period adjustments for non-admin investment consulting and legal services.

Date: November 6, 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) Mesirow Financial
- 2) Record Financial Group
- 3) Ares Management
- 4) Pacific Investment Management Company
- 5) Knightsbridge Wealth Management
- 6) KraneShares

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
Kern County Employees' Retirement Association

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.



◆ Class Action Activity Detail by Event Name

Class Action Name	Event Status	Event Status As Of	Class Start Class End	Filing Deadline	Objection/ Exclusion Deadline	Claims Admin Name	Web Address	
APACHE CORPORATION	FILED	02 Oct 24	06 Sep 16 11 Jun 20	09 Oct 24	29 Aug 24 29 Aug 24	AB Data	www.apachesecuritiessettlement.com/	
			Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
			2671873	ZZKNCTY-T. ROWE PRICE -SL	02 Oct 24 FILED			
			2671874	ZZKNCTY-PANAGORA -SL	02 Oct 24 FILED			
BRITISH AMER TOBACCO	NOTIFIED INFORMATIONAL ONLY	03 Oct 24	31 Jul 07 31 Dec 23	22 Nov 24		Woodsford Litigation Funders	BAT.Engagement@Woodsford.com	
			Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
			KNC04	KNCTY-TRANSITION ACCOUNT	03 Oct 24 INFORMATIONAL ONLY			
			KNC05	KNCTY-JP MORGAN FLEMING ASSET	03 Oct 24 INFORMATIONAL ONLY			

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

My Report Library

Class Action Proceeds by Account

Account Paid	Account Paid Name	Class Action Name	Gross Amount Paid	Net Amount Paid	Service Charge	Processing Charge	Currency	Date Distributed
2608468	KNCTY-CASH ACCOUNT	HARBORVIEW MORTGAGE LOAN	27.40	27.40	0.00	0.00	USD	29 Aug 24
2608468	KNCTY-CASH ACCOUNT	LIBOR-BASED FNCL INSTR USD	726.98	726.98	0.00	0.00	USD	11 Sep 24
2608468	KNCTY-CASH ACCOUNT	LIBOR-BASED FNCL INSTR USD	40.09	40.09	0.00	0.00	USD	11 Sep 24
2608468	KNCTY-CASH ACCOUNT	NIELSEN HOLDINGS PLC * (S.D.N.Y.)	371.82	371.82	0.00	0.00	USD	27 Aug 24
2608468	KNCTY-CASH ACCOUNT	WAMU -TIA SETTLEMENT (2012)	13.09	13.09	0.00	0.00	USD	18 Sep 24
Sub Total	2608468	and Currency USD	1,179.38	1,179.38	0.00	0.00		
KNC04	KNCTY-TRANSITION ACCOUNT	WAMU -TIA SETTLEMENT (2012)	43.73	43.73	0.00	0.00	USD	18 Sep 24
Sub Total	KNC04	and Currency USD	43.73	43.73	0.00	0.00		
KNC06	KNCTY-WESTERN ASSET MGMT	LIBOR-BASED FNCL INSTR USD	3,277.87	3,277.87	0.00	0.00	USD	11 Sep 24
Sub Total	KNC06	and Currency USD	3,277.87	3,277.87	0.00	0.00		
KNC08	KNCTY-WESTERN ASSET MGMT	LIBOR-BASED FNCL INSTR USD	162.02	162.02	0.00	0.00	USD	11 Sep 24
Sub Total	KNC08	and Currency USD	162.02	162.02	0.00	0.00		

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



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2024***

Presented to

Kern County Employees' Retirement Association

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is fluid and cursive.

Alan H. Winkle
Program Administrator



Date: November 6, 2024

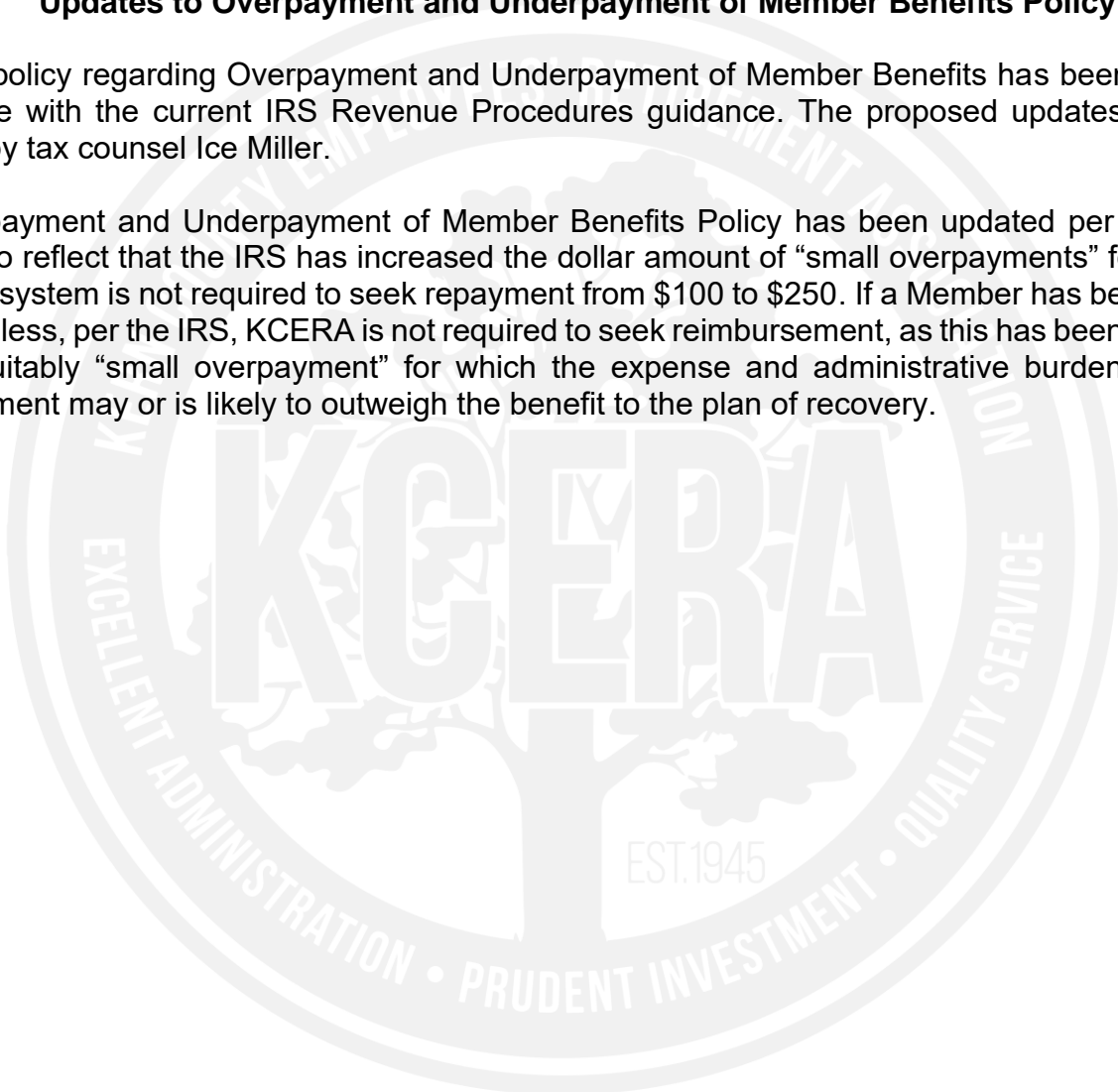
To: Trustees, Board of Retirement

From: Jennifer Esquivel Zahry, Chief Legal Officer
Kristen McDonald, Deputy Chief Legal Officer

Subject: Updates to Overpayment and Underpayment of Member Benefits Policy

KCERA's policy regarding Overpayment and Underpayment of Member Benefits has been updated in accordance with the current IRS Revenue Procedures guidance. The proposed updates have been reviewed by tax counsel Ice Miller.

The Overpayment and Underpayment of Member Benefits Policy has been updated per current IRS guidance to reflect that the IRS has increased the dollar amount of "small overpayments" for which the retirement system is not required to seek repayment from \$100 to \$250. If a Member has been overpaid by \$250 or less, per the IRS, KCERA is not required to seek reimbursement, as this has been determined to be a suitably "small overpayment" for which the expense and administrative burden of seeking reimbursement may or is likely to outweigh the benefit to the plan of recovery.





OVERPAYMENT AND UNDERPAYMENT OF MEMBER BENEFITS POLICY

(formerly known as "Correction of Errors in Benefit Payments - Principles, Policy and Procedures")

The Board of Retirement ("Board") has fiduciary and compliance obligations to the retirement fund and its members to conserve and protect fund assets for the benefit of Kern County Employees' Retirement Association's (KCERA's) members and beneficiaries.

POLICY STATEMENT

To preserve KCERA's financial integrity and comply with its fiduciary responsibilities and IRS (Internal Revenue Service) provisions governing the correction of benefit overpayments and underpayments, it is KCERA's policy to review any overpayment or underpayment promptly and to make such reasonable, diligent, and systematic efforts as are appropriate under the circumstances to return to a Member the amount of any underpayment of benefits and to return to the Plan, the amount of any overpayment of benefits, consistent with this Policy, and procedures established by the Board and in compliance with [IRS qualification requirements and the IRS' Employee Plans Compliance Resolution System. Revenue Procedure \("Rev. Proc."\) 2018-522021-30.](#)

PURPOSE

The purpose of this Policy is to provide guidelines and a process for evaluation and collection or repayment of funds owed to a Member¹ or KCERA. Therefore, when KCERA has paid a Member an amount under or in excess of that to which the Member is entitled under provisions of the KCERA defined benefit plan (the "Plan") or other applicable law, including the CERL (County Employees Retirement Law of 1937), every reasonable effort shall be made to pay or collect the amount of such underpayment or overpayment, consistent with this Policy and procedures established by the Board and in compliance with [IRS qualification requirements and the IRS' Employee Plans Compliance Resolution System. Revenue Ruling 2018-522021-30.](#)

This policy is designed for use when errors affect an individual Member's benefits. In the event of a system-wide Overpayment or Underpayment that affects multiple Members' benefits, the Board may implement a system-wide correction process it determines is appropriate after consideration of all of the facts and circumstances related to the error.

¹ For purposes of this Policy, "Member" shall mean a member, ~~or~~ beneficiary, or estate.

GUIDELINES

<u>Underpayment(s)</u>	Any amount delivered to the Member by the Plan that is less than that to which the Member is entitled under the Plan.
<u>Overpayment(s)</u>	Mistaken or excess benefit payment(s) made to the Member by the Plan.
<u>Resolved</u>	<p>With regard to Underpayments, the issue is “Resolved” when the Plan has remitted the amount of the Underpayment(s), including interest, if applicable or otherwise complied with this Policy.</p> <p>With regard to Overpayments, the issue is “Resolved” when the Plan has received full payment of the amount of the Overpayment(s), including interest, if applicable, or otherwise complied with this Policy. For purposes of this Policy, “full payment” may include an installment repayment plan for the full amount owed, including applicable interest.</p>
<u>SRBR Benefits</u>	The Board has statutory authority to determine the method of distribution of funds allocated to the Supplemental Retiree Benefit Reserve (“SRBR”). SRBR is funded out of “excess [investment] earnings” of the retirement system and supplemental benefits are not vested in that excess earnings cannot be guaranteed. In determining whether to recoup Overpayments of SRBR Benefits, the Board is not required to consider the constitutional and statutory principles applicable to recovery of overpaid vested benefits since those principles do not apply to SRBR Benefits, but Benefits but shall weigh the cost of recovery against the amount to be recovered and the likelihood of recovery.
<u>Appropriate Interest</u>	Consistent with Revenue Procedure 2018-52 correction principles under federal law , interest on an Overpayment to a Member shall be due to KCERA, or to the Member in the case of an Underpayment, as set forth in this Policy.
<u>KCERA’s credited Interest rate</u>	The rate of interest credited to the Member Reserve in accordance with KCERA’s Interest Crediting Policy.
<u>Final Calculation</u>	Notification designated as “FINAL CALCULATION” by KCERA to Member regarding the total Overpayment or Underpayment—, including appropriate interest, as applicable.

PROCEDURES

A. General Procedures

1. Investigation

- a. When an Underpayment or Overpayment has been identified, the ~~Executive Director~~Chief Executive Officer will initiate an investigation into the facts and circumstances surrounding the Overpayment or Underpayment to resolve the matter consistent with this Policy.
- b. When an Underpayment or Overpayment is discovered in the benefit payment(s) to one Member, KCERA staff shall carry out all reasonable analysis to determine whether such error also may ~~also~~ affect any other Member(s) and shall take all reasonable actions set forth in this Policy.

2. Notification

- a. KCERA's ~~Executive Director~~Chief Executive Officer shall report any Underpayment or Overpayment to a Member that exceeds \$10,000 in principal to the Board at the next regularly scheduled Board meeting.
- b. KCERA's ~~Executive Director~~Chief Executive Officer shall provide the Board with a semi-annual, written report of any Underpayment or Overpayment in excess of the principal amount of \$1,000 that was resolved over the preceding six-month period, with a description of the actions taken to correct the Underpayment or Overpayment.

B. Underpayment of Benefits by the Plan

1. Resolution

- a. When an Underpayment of benefits is discovered, KCERA shall, after appropriate written notice to the Member, make a prospective adjustment to the Member's benefit (if necessary) in order to correct the Member's benefit and shall repay any underpaid benefits through a retroactive lump sum payment, with interest (if applicable), subject to the provisions of this policy, applicable law, and IRS Regulations and guidance in place at the time the Underpayment is discovered.

(1) **Mistake in Fact** - In the case of an Underpayment that arises due to a mistake in fact (e.g., a calculation error), the Member shall be entitled to a retroactive lump sum payment in an amount equal to the amount underpaid since the Member's retirement, plus applicable interest identified in this Policy.

(2) **Mistake in Law** - In the case of an Underpayment that arises due to a mistake in law (e.g., excluding or including an item of pay from the definition of “compensation earnable” or “pensionable compensation,” as applicable, and such exclusion is later determined to be an incorrect application of law), the Member shall be entitled to a retroactive lump sum payment in the amount that would have been paid during the three year period prior to discovery of the error, plus applicable interest; offset by the contributions to KCERA that would have been paid by the Member but for the mistake in law, together with applicable interest.

2. Interest

- a. KCERA shall include interest in its repayment only if the Underpayment of benefits is not resolved within the same calendar year in which the Underpayment was made.
- b. Interest shall be calculated using KCERA’s credited interest rate during the period of the Underpayment.
- c. If interest is required, then interest will be charged on the Underpayment(s) from the time of the Underpayment until the time of the final calculation by KCERA.

3. Due Process

- a. If a member disagrees with Staff’s decision regarding resolution of the Underpayment of benefits, the Member shall be advised of their right to participate in an administrative appeal process provided by KCERA.

C. **Overpayment of Benefits by the Plan**

1. Resolution

- a. Whenever an Overpayment of benefits is discovered, KCERA shall, after appropriate written notice to the Member, make a prospective adjustment to the Member’s benefit (as necessary) in order to get the Member on the correct monthly benefit and shall take all reasonable steps to recover the full amount of all past Overpayment(s), with interest, subject to the provisions of this Policy ~~and~~, applicable law, and KCERA’s fiduciary duties.
- b. KCERA will recover Overpayment(s) either by (a) lump sum payment from the Member or (b) additional amounts deducted from the Member’s future monthly benefit(s), over a period of time as determined by KCERA, unless KCERA, in its discretion and because of legal or practical considerations, determines that another process is warranted.

2. Overpayment Exceeding \$20,000

- a. Overpayment(s) for which the principal exceeds \$20,000 should result in a full payment of the overpaid amount, plus applicable interest. For purposes of this Policy, full payment may include an installment repayment plan for the full amount owed, including applicable interest. A resolution on these terms does not require Board approval.
- b. Overpayment(s) for which the principal exceeds \$20,000 and which do not result in an immediate full payment, including applicable interest, as described in the Section C.1.a., must be approved by the Board.

3. Overpayment of \$20,000 or less _____

- a. Overpayment(s) for which the principal amount does not exceed \$20,000, should result in a full payment of the overpaid amount, plus applicable interest. For purposes of this Policy, full payment may include an installment repayment plan for the full amount owed, including applicable interest. A resolution on these terms does not require Board approval.
- b. Subject to the procedures in the Policy, and IRS Regulations and guidance in place at the time the Overpayment is discovered, the ~~Executive Director~~Chief Executive Officer will have discretion to resolve any Overpayment of \$20,000 or less, excluding interest, so long as the resolution complies with all applicable fiduciary duties.
- c. Collection of Overpayments for principal amounts ~~less than of \$100250 or less,~~ or such other amount identified by the IRS as a small overpayment subject to exception from full correction ~~(Rev. Proc. 2021-30 section 6.02(5)(c)), is not required. shall only be pursued as directed by the~~ Executive Director~~Chief Executive Officer.~~

4. Interest

- a. Interest shall be calculated using KCERA's credited interest rate during the period of the Overpayment.
- b. KCERA shall charge the Member interest only if the Overpayment of benefits is not resolved within the same calendar year in which the Overpayment was made.

- c. If interest is required, then interest will be charged on the Overpayment(s) from the time of the Overpayment until the time of the final calculation by KCERA.

5. Due Process

- a. Prospective Corrections - KCERA will prospectively correct benefit Overpayment(s) to reflect the correct amount to which the Member is entitled or eligible after providing written notification to the Member.
- b. Past Overpayment(s) - KCERA shall not further reduce a Member's benefit (whether vested or SRBR payments) as an offset to recoup Overpayments until the Member has 1) signed an Agreement to repay the Overpayment or 2) has been provided at least 30 days' notice of KCERA's intent to recoup the Overpayment(s) and been given an opportunity to participate in the administrative appeals process.

6. Procedures and Considerations for Evaluating Collection of Overpayment(s) in Certain Cases

- a. In situations where, upon review of the totality of the circumstances and KCERA's fiduciary duties, KCERA determines that full payment is unreasonable, KCERA may settle (i.e., accept less than full repayment of overpaid benefits, including applicable interest) a claim for Overpayments of benefits, whether vested or non-vested, pursuant to the following guidelines:

- (1) All settlements must be reasonably prudent under the circumstances of the particular case.

- (2) The period for repayment under the settlement may be negotiated between KCERA and the affected Member, but such period shall not exceed twice the length of time over which the Overpayment of benefits occurred or five years, whichever is shorter.-

Settlement agreements may be signed by the ~~Executive Director~~Chief Executive Officer, or designee, in all cases except where the principal amount of the Overpayment(s) exceeds \$20,000. In cases where the principal amount exceeds \$20,000, the ~~Executive Director~~Chief Executive Officer, or designee, shall only sign a settlement agreement if authorized by the Board. In all cases, settlement agreements shall be approved as to legal form by KCERA's legal counsel.

- b. In determining whether it is appropriate to settle a claim, KCERA shall consider the following factors:

- (1) The total amount of the Overpayment (including applicable interest);

- (2) The likelihood of success of recoupment at an administrative hearing or other judicial forum;
 - (3) KCERA's ability to collect from the Member;
 - (4) The anticipated cost of pursuing a claim against the Member measured against the amount to be collected;
 - (5) Any other reasonable factors regarding KCERA's fiduciary obligations, its compliance considerations as a qualified plan, or other public policy considerations; and
 - (6) The ability of KCERA to collect the Overpayment from the plan sponsor or some other individual or entity.
- c. KCERA will abandon claims for collection of overpaid benefits only if it concludes that settlement is not possible and pursuing the claim is unreasonable under the totality of the circumstances.
- d. The ~~Executive Director~~Chief Executive Officer shall document in a memorandum to the file the bases for abandoning or settling a claim (whether in whole or in part).

POLICY REVIEW AND HISTORY

~~1)~~ 1) This policy shall be reviewed at least every five (5) years.

~~1)~~ 2) This policy was:

a. Adopted by the Board ~~in~~on March 22, 2000.

b. Reviewed and amended by the Board in February 12, 2014; ~~and on~~ April 10, 2019
and September 11 November 136, 2024.

DRAFT



OVERPAYMENT AND UNDERPAYMENT OF MEMBER BENEFITS POLICY

(formerly known as "Correction of Errors in Benefit Payments - Principles, Policy and Procedures")

The Board of Retirement ("Board") has fiduciary and compliance obligations to the retirement fund and its members to conserve and protect fund assets for the benefit of Kern County Employees' Retirement Association's (KCERA's) members and beneficiaries.

POLICY STATEMENT

To preserve KCERA's financial integrity and comply with its fiduciary responsibilities and IRS (Internal Revenue Service) provisions governing the correction of benefit overpayments and underpayments, it is KCERA's policy to review any overpayment or underpayment promptly and to make such reasonable, diligent, and systematic efforts as are appropriate under the circumstances to return to a Member the amount of any underpayment of benefits and to return to the Plan, the amount of any overpayment of benefits, consistent with this Policy, and procedures established by the Board and in compliance with IRS qualification requirements and the IRS' Employee Plans Compliance Resolution System.

PURPOSE

The purpose of this Policy is to provide guidelines and a process for evaluation and collection or repayment of funds owed to a Member¹ or KCERA. Therefore, when KCERA has paid a Member an amount under or in excess of that to which the Member is entitled under provisions of the KCERA defined benefit plan (the "Plan") or other applicable law, including the CERL (County Employees Retirement Law of 1937), every reasonable effort shall be made to pay or collect the amount of such underpayment or overpayment, consistent with this Policy and procedures established by the Board and in compliance with IRS qualification requirements and the IRS' Employee Plans Compliance Resolution System.

This policy is designed for use when errors affect an individual Member's benefits. In the event of a system-wide Overpayment or Underpayment that affects multiple Members' benefits, the Board may implement a system-wide correction process it determines is appropriate after consideration of all of the facts and circumstances related to the error.

¹ For purposes of this Policy, "Member" shall mean a member, beneficiary, or estate.

GUIDELINES

Underpayment(s) Any amount delivered to the Member by the Plan that is less than that to which the Member is entitled under the Plan.

Overpayment(s) Mistaken or excess benefit payment(s) made to the Member by the Plan.

Resolved With regard to Underpayments, the issue is “Resolved” when the Plan has remitted the amount of the Underpayment(s), including interest, if applicable or otherwise complied with this Policy.

With regard to Overpayments, the issue is “Resolved” when the Plan has received full payment of the amount of the Overpayment(s), including interest, if applicable, or otherwise complied with this Policy. For purposes of this Policy, “full payment” may include an installment repayment plan for the full amount owed, including applicable interest.

SRBR Benefits The Board has statutory authority to determine the method of distribution of funds allocated to the Supplemental Retiree Benefit Reserve (“SRBR”). SRBR is funded out of “excess [investment] earnings” of the retirement system and supplemental benefits are not vested in that excess earnings cannot be guaranteed. In determining whether to recoup Overpayments of SRBR Benefits, the Board is not required to consider the constitutional and statutory principles applicable to recovery of overpaid vested benefits since those principles do not apply to SRBR Benefits but shall weigh the cost of recovery against the amount to be recovered and the likelihood of recovery.

Appropriate Interest Consistent with correction principles under federal law, interest on an Overpayment to a Member shall be due to KCERA, or to the Member in the case of an Underpayment, as set forth in this Policy.

KCERA’s credited Interest rate The rate of interest credited to the Member Reserve in accordance with KCERA’s Interest Crediting Policy.

Final Calculation Notification designated as “FINAL CALCULATION” by KCERA to Member regarding the total Overpayment or Underpayment, including appropriate interest, as applicable.

PROCEDURES

A. General Procedures

1. Investigation

- a. When an Underpayment or Overpayment has been identified, the Chief Executive Officer will initiate an investigation into the facts and circumstances surrounding the Overpayment or Underpayment to resolve the matter consistent with this Policy.
- b. When an Underpayment or Overpayment is discovered in the benefit payment(s) to one Member, KCERA staff shall carry out all reasonable analysis to determine whether such error also may affect any other Member(s) and shall take all reasonable actions set forth in this Policy.

2. Notification

- a. KCERA'S Chief Executive Officer shall report any Underpayment or Overpayment to a Member that exceeds \$10,000 in principal to the Board at the next regularly scheduled Board meeting.
- b. KCERA's Chief Executive Officer shall provide the Board with a semi-annual, written report of any Underpayment or Overpayment in excess of the principal amount of \$1,000 that was resolved over the preceding six-month period, with a description of the actions taken to correct the Underpayment or Overpayment.

B. Underpayment of Benefits by the Plan

1. Resolution

- a. When an Underpayment of benefits is discovered, KCERA shall, after appropriate written notice to the Member, make a prospective adjustment to the Member's benefit (if necessary) in order to correct the Member's benefit and shall repay any underpaid benefits through a retroactive lump sum payment, with interest (if applicable), subject to the provisions of this policy, applicable law, and IRS Regulations and guidance in place at the time the Underpayment is discovered.

(1) **Mistake in Fact** - In the case of an Underpayment that arises due to a mistake in fact (e.g., a calculation error), the Member shall be entitled to a retroactive lump sum payment in an amount equal to the amount underpaid since the Member's retirement, plus applicable interest identified in this Policy.

(2) **Mistake in Law** - In the case of an Underpayment that arises due to a mistake in law (e.g., excluding or including an item of pay from the

definition of “compensation earnable” or “pensionable compensation,” as applicable, and such exclusion is later determined to be an incorrect application of law), the Member shall be entitled to a retroactive lump sum payment in the amount that would have been paid during the three year period prior to discovery of the error, plus applicable interest; offset by the contributions to KCERA that would have been paid by the Member but for the mistake in law, together with applicable interest.

2. Interest

- a. KCERA shall include interest in its repayment only if the Underpayment of benefits is not resolved within the same calendar year in which the Underpayment was made.
- b. Interest shall be calculated using KCERA’s credited interest rate during the period of the Underpayment.
- c. If interest is required, then interest will be charged on the Underpayment(s) from the time of the Underpayment until the time of the final calculation by KCERA.

3. Due Process

- a. If a member disagrees with Staff’s decision regarding resolution of the Underpayment of benefits, the Member shall be advised of their right to participate in an administrative appeal process provided by KCERA.

C. **Overpayment of Benefits by the Plan**

1. Resolution

- a. Whenever an Overpayment of benefits is discovered, KCERA shall, after appropriate written notice to the Member, make a prospective adjustment to the Member’s benefit (as necessary) in order to get the Member on the correct monthly benefit and shall take all reasonable steps to recover the full amount of all past Overpayment(s), with interest, subject to the provisions of this Policy, applicable law, and KCERA’s fiduciary duties.
- b. KCERA will recover Overpayment(s) either by (a) lump sum payment from the Member or (b) additional amounts deducted from the Member’s future monthly benefit(s), over a period of time as determined by KCERA, unless KCERA, in its discretion and because of legal or practical considerations, determines that another process is warranted.

2. Overpayment Exceeding \$20,000

- a. Overpayment(s) for which the principal exceeds \$20,000 should result in a full payment of the overpaid amount, plus applicable interest. For purposes of this Policy, full payment may include an installment repayment plan for the full amount owed, including applicable interest. A resolution on these terms does not require Board approval.
- b. Overpayment(s) for which the principal exceeds \$20,000 and which do not result in an immediate full payment, including applicable interest, as described in the Section C.1.a., must be approved by the Board.

3. Overpayment of \$20,000 or less

- a. Overpayment(s) for which the principal amount does not exceed \$20,000, should result in a full payment of the overpaid amount, plus applicable interest. For purposes of this Policy, full payment may include an installment repayment plan for the full amount owed, including applicable interest. A resolution on these terms does not require Board approval.
- b. Subject to the procedures in the Policy, and IRS Regulations and guidance in place at the time the Overpayment is discovered, the Chief Executive Officer will have discretion to resolve any Overpayment of \$20,000 or less, excluding interest, so long as the resolution complies with all applicable fiduciary duties.
- c. Collection of Overpayments for principal amounts of \$250 or less, or such other amount identified by the IRS as a small overpayment subject to exception from full correction is not required.

4. Interest

- a. Interest shall be calculated using KCERA's credited interest rate during the period of the Overpayment.
- b. KCERA shall charge the Member interest only if the Overpayment of benefits is not resolved within the same calendar year in which the Overpayment was made.
- c. If interest is required, then interest will be charged on the Overpayment(s) from the time of the Overpayment until the time of the final calculation by KCERA.

5. Due Process

- a. Prospective Corrections - KCERA will prospectively correct benefit Overpayment(s) to reflect the correct amount to which the Member is entitled or eligible after providing written notification to the Member.

- b. Past Overpayment(s) - KCERA shall not further reduce a Member's benefit (whether vested or SRBR payments) as an offset to recoup Overpayments until the Member has 1) signed an Agreement to repay the Overpayment or 2) has been provided at least 30 days' notice of KCERA's intent to recoup the Overpayment(s) and been given an opportunity to participate in the administrative appeals process.
6. Procedures and Considerations for Evaluating Collection of Overpayment(s) in Certain Cases

- a. In situations where, upon review of the totality of the circumstances and KCERA's fiduciary duties, KCERA determines that full payment is unreasonable, KCERA may settle (i.e., accept less than full repayment of overpaid benefits, including applicable interest) a claim for Overpayments of benefits, whether vested or non-vested, pursuant to the following guidelines:

- (1) All settlements must be reasonably prudent under the circumstances of the particular case.
- (2) The period for repayment under the settlement may be negotiated between KCERA and the affected Member, but such period shall not exceed twice the length of time over which the Overpayment of benefits occurred or five years, whichever is shorter.

Settlement agreements may be signed by the Chief Executive Officer, or designee, in all cases except where the principal amount of the Overpayment(s) exceeds \$20,000. In cases where the principal amount exceeds \$20,000, the Chief Executive Officer, or designee, shall only sign a settlement agreement if authorized by the Board. In all cases, settlement agreements shall be approved as to legal form by KCERA's legal counsel.

- b. In determining whether it is appropriate to settle a claim, KCERA shall consider the following factors:

- (1) The total amount of the Overpayment (including applicable interest);
- (2) The likelihood of success of recoupment at an administrative hearing or other judicial forum;
- (3) KCERA's ability to collect from the Member;
- (4) The anticipated cost of pursuing a claim against the Member measured against the amount to be collected;

- (5) Any other reasonable factors regarding KCERA's fiduciary obligations, its compliance considerations as a qualified plan, or other public policy considerations; and
 - (6) The ability of KCERA to collect the Overpayment from the plan sponsor or some other individual or entity.
- c. KCERA will abandon claims for collection of overpaid benefits only if it concludes that settlement is not possible and pursuing the claim is unreasonable under the totality of the circumstances.
- d. The Chief Executive Officer shall document in a memorandum to the file the bases for abandoning or settling a claim (whether in whole or in part).

POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on March 22, 2000.
 - b) Reviewed and amended by the Board in February 12, 2014; April 10, 2019; and November 6, 2024.



Date: November 6, 2024

To: Trustees, Board of Retirement

From: Jennifer Esquivel Zahry, Chief Legal Officer
Kristen McDonald, Deputy Chief Legal Officer

Subject: Updates to Overpayment and Underpayment of Member Contributions Policy

KCERA's policy regarding Overpayment and Underpayment of Member Contributions has been updated in accordance with the current IRS Revenue Procedures guidance. The proposed updates have been reviewed by tax counsel Ice Miller.

The Overpayment and Underpayment of Member Contributions Policy ("Policy") has been updated per current IRS guidance to reflect that the IRS has increased the threshold dollar amount of corrective distributions (overpaid contributions) required to be paid to a member to \$75. If a Member has overpaid contributions by \$75 or less, per the IRS, KCERA is not required to repay the Member if the reasonable costs of processing and administration for the distribution would exceed the corrective amount. Under that standard, KCERA's practice of returning overpaid contributions greater than \$10 remains the same. Additionally, the Policy specifies that with respect to collection of underpaid contributions from members, federal law prohibits KCERA from providing an option between a lump sum post-tax payment or pre-tax installment payments. KCERA will make the determination in its sole discretion and considering all relevant facts and circumstances. Lastly, the Policy specifies that if interest is required on underpaid member contributions, said interest will be charged from the time of the underpayment until the time of the final calculation by KCERA; this language mirrors the interest language as to distributions for overpaid member contributions.



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OVERPAYMENT AND UNDERPAYMENT OF MEMBER CONTRIBUTIONS POLICY

The Board of Retirement (“Board”) has fiduciary and compliance obligations to the retirement fund and its Members to conserve and protect fund assets for the benefit of the Kern County Employees’ Retirement Association’s (“KCERA’s”) Members and beneficiaries.

POLICY STATEMENT

To preserve KCERA’s financial integrity and comply with its fiduciary responsibilities and IRS (Internal Revenue Service) provisions governing the correction of contribution overpayments and underpayments, it is KCERA’s policy to review any overpayment or underpayment promptly and diligently and to make such reasonable, diligent, and systematic efforts as are appropriate under the circumstances to recover from a Member the amount of any underpayment of contributions and to remit to a Member the amount of any overpayment of contributions, consistent with this Policy, and procedures established by the Board and in compliance with [IRS qualification requirements and the IRS’ Employee Plans Compliance Resolution System Revenue Procedure \(“Rev. Proc.”\) 2018-52](#)~~2021-30~~.

PURPOSE

The KCERA defined benefit plan (“the Plan”) establishes the required Member¹ contributions in accordance with applicable law, including the CERL (County Employees Retirement Law of 1937), dependent on membership tier and, as appropriate, in consultation with its actuary. Unfortunately, errors sometimes occur in the amount of contributions which a member owes to the Plan. However, the Board is committed to providing Members with accurate and reliable contribution information and treatment. The purpose of this policy is to provide guidelines and a process for evaluation and collection or repayment of contributions owed to a Member or the Plan.

¹ For purposes of this Policy, “Member” shall mean a member, ~~or~~ beneficiary, or estate.

This Policy is designed for use when errors affect an individual Member's contributions. In the event of a system-wide error that affects multiple Members' contributions, the Board may implement a system-wide correction process it determines is appropriate after consideration of ~~all of all the~~ facts and circumstances related to the error.

GUIDELINES

Underpayment(s) Any amount delivered to the Plan by the Member through payroll contribution deductions that is less than that to which the Plan was entitled.

Overpayment(s) Mistaken or excess employee contributions made to the Plan through the Member's payroll contribution deductions.

Contributions For purposes of this Policy, Member contributions include amounts paid for purchases of service credit.

Resolved With regard to Overpayments, the issue is "Resolved" when the Plan has remitted the amount of the Overpayment(s), or otherwise complied with this Policy.

With regard to Underpayments, the issue is "Resolved" when the Plan has received full payment of the amount of the Underpayment(s), including interest, if applicable, or otherwise complied with this Policy. For purposes of this Policy, "full payment" may include an installment repayment plan for the full amount owed, including applicable interest.

Appropriate Interest Consistent with IRS qualification requirements Revenue correction principles under federal law Procedure 2018-52 2021-30, interest on an Overpayment to a Member shall be due to the Plan, or to the Member in the case of an Underpayment, as set forth in this Policy.

PROCEDURES

A. General Procedures

1. Investigation

- a. When an Underpayment or Overpayment has been identified, the ~~Executive Director~~ Chief Executive Officer will initiate an investigation into the facts and circumstances surrounding the Overpayment or Underpayment to resolve the matter consistent with this Policy.

- b. When an Underpayment or Overpayment is discovered in the contribution payment(s) to one Member, KCERA staff shall carry out all [reasonable analysis](#) to determine whether such error may also affect any other Member(s) and shall take action as set forth in this Policy.

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2. Notification

- a. KCERA's ~~Executive Director~~Chief Executive Officer shall report any Underpayment or Overpayment that exceeds \$5,000 in principal to the Board at the next regularly scheduled Board meeting.
- b. KCERA's ~~Executive Director~~Chief Executive Officer shall provide the Board with a semi-annual, written report of any Underpayment or Overpayment in excess of the principal amount of \$1,000 that was resolved over the preceding six-month period, with a description of the actions taken to correct the Underpayment or Overpayment.

B. Underpayment of Contributions by Members

1. Resolution

- a. Whenever an Underpayment of contributions is discovered, KCERA shall, after appropriate written notice to the Member, make a prospective adjustment to the Member's contribution rate (if necessary) in order to get the Member on the correct contribution rate and shall take all reasonable steps to recover the full amount of all past Underpayments, with interest, subject to the provisions of this Policy and applicable law.
- b. KCERA will recover Underpayments either by (a) lump sum payment from the Member which is made on a post-tax basis or (b) additional amounts added to the Member's future contributions, over a period of time as determined by KCERA, unless KCERA, in its discretion and because of legal or practical considerations, determines that another process is warranted. Under option (b), the additional amounts will be paid to KCERA on a pre-tax basis. Federal law prohibits KCERA from providing the Member with a choice between a lump sum post-tax payment or installment payments on a pre-tax basis. Instead, KCERA will make the determination in its sole discretion and in considering all relevant facts and circumstances.
- c. Collection of Underpayments shall only be pursued in cases in which the cumulative total amount underpaid exceeds \$10 (excluding interest)². (Rev. Proc. 2021-30 section 6.02(5)(b)).

2. Underpayment of Contributions Exceeding \$5,000

- a. Underpayment for which the principal exceeds \$5,000 should result in a full payment of the entire amount, plus interest, as applicable. For purposes of this Policy, full payment may include an installment payment

² KCERA notes that federal law does not provide a minimum threshold and requires contribution underpayments be collected to the extent feasible. KCERA has set a \$10 threshold because the volume of contributions corrections under this threshold are not feasible to correct and the cost of the correction outweighs the correction amount.

for the full amount owed as described above, including applicable interest. A resolution on these terms does not require Board approval.

- b. Any resolution of an Underpayment exceeding \$5,000, that does not result in full payment of the entire amount, plus interest (as applicable under this Policy), must be approved by the Board.
3. Underpayment of Contributions \$5,000 or less
 - a. Underpayment for which the principal is \$5,000 or less should result in a full payment of the entire amount, plus applicable interest. For purposes of this Policy, full payment may include an installment payment for the full amount owed described in this Policy, including applicable interest. A resolution on these terms does not require Board approval.
 - b. The ~~Executive Director~~Chief Executive Officer shall have authority to resolve Underpayments in accordance with this Policy when the total principal amount of Underpayment (excluding the interest) to KCERA does not exceed \$5,000, so long as the resolution complies with all applicable fiduciary duties.
 4. Interest
 - a. Interest shall be calculated using KCERA's credited interest rate during the period of the Underpayment, applied to the outstanding amount due until such amount is fully repaid.
 - b. KCERA shall charge the Member interest only if the Underpayment of benefits is not paid in full within the same calendar year in which the Underpayment was made-occurred.
 - c. If interest is required, then interest will be charged on the Underpayment from the time of the Underpayment until the time of the final calculation by KCERA.
 - b.
 5. Due Process
 - a. Prospective Corrections - KCERA will prospectively correct contribution Underpayment(s) to reflect the correct amount to which Plan is entitled after providing written notification to the Member.
 - b. Past Underpayment(s) - KCERA shall not add additional amounts owed to the Plan until the Member has 1) signed an Agreement to repay the Underpayment or 2) has been provided at least 30 days' notice of KCERA's intent to recoup the Underpayment(s) and been given an opportunity to

participate in the administrative appeals process provided by KCERA, whichever occurs first.

6. Procedures and Considerations for Evaluating Collection of Underpayment of Contributions in Certain Cases

a. In situations where, upon review of the totality of the circumstances and KCERA's fiduciary duties, KCERA determines that full payment of past underpaid contributions is unreasonable, KCERA may settle (i.e., accept less than full repayment, including applicable interest) a claim for Underpayments of contributions, pursuant to the following guidelines:

(1) All settlements must be reasonably prudent under the circumstances of the particular case.

(2) The period for repayment under the settlement may be negotiated between KCERA and the affected Member, but such period shall not exceed twice the length of time over which the Underpayment of contributions occurred or five years, whichever is shorter.

(3) Settlement agreements may be signed by the ~~Executive Director~~Chief Executive Officer, or designee, in all cases except where the principal amount of the Underpayment(s) exceeds \$5,000. In cases where the principal amount exceeds \$5,000, the ~~Executive Director~~Chief Executive Officer, or designee, shall only sign a settlement agreement if authorized by the Board. In all cases, settlement agreements shall be approved as to legal form by KCERA's legal counsel.

b. In determining whether it is appropriate to settle a claim, KCERA shall consider the following factors:

(1) The total amount of the Underpayment (including applicable interest);

(2) The likelihood of success of recoupment at an administrative hearing or other judicial forum;

(3) KCERA's ability to collect from the Member;

(4) The anticipated cost of pursuing a claim against the Member measured against the amount to be collected;

(5) Any other reasonable factors regarding KCERA's fiduciary obligations, its compliance considerations as a qualified plan, or other public policy considerations; and

(6) The ability of KCERA to collect the Underpayment from the Member's employer or some other individual or entity.

7. The ~~Executive Director~~Chief Executive Officer shall document in a memorandum to the file the basis for settling a claim.
8. To the extent KCERA is not able to fully recover the Underpayment from the Member prior to the Member's retirement, the Member's retirement benefit shall be adjusted actuarially to account for the outstanding Underpayment.
9. KCERA may pursue all legal remedies to collect Underpayments, including making a claim on an estate ~~or trust~~, if appropriate.

C. Overpayment of Contributions by Members

1. Resolution

When a Member has overpaid contributions, the Member shall be notified of the Overpayment and that he/she is entitled to a prospective adjustment to his or her contribution rate, if appropriate, as well as a lump sum payment for all past Overpayments, with appropriate interest

2. Interest

- a. If interest is required, then interest shall accrue on each Overpayment from the date of the Overpayment to the date of the lump sum corrective payment.
- b. Interest shall be calculated using KCERA's credited interest rate during the period of the Overpayment.
- (+) (c) KCERA shall pay the Member interest only if the Overpayment of contributions is not corrected within the same calendar year in which the Overpayment was made.

3. Corrective Payment

- a. If the Overpayment is discovered in the same calendar year in which the Overpayment was made to the Plan, and if correction also is able to be made in the same calendar year, KCERA shall coordinate with the Member's employer and a corrective payment shall be made in the Member's pay from the Member's employer as soon as is reasonably practicable following KCERA's discovery of the Overpayment.
- b. If the Overpayment is discovered in a different calendar year from the calendar year in which the Overpayment was made to the Plan, KCERA shall make a corrective distribution to the Member in accordance with [IRS qualification requirements and the IRS' Employee Plans Compliance Resolution System-Rev. Proc. 2018-522021-30](#).
- c. Overpayments (principal only) of \$10³ or less will not only be refunded at the request of the Member. (Rev. Proc. 2021-30 section 6.02(5)(b)).

4. Due Process

If a member disagrees with Staff's decision regarding resolution of the Underpayment of contributions, the Member shall be advised of their right to participate in an administrative appeal process provided by KCERA.

³ [KCERA notes that under federal law, corrective distributions of \\$75 or less are not required if the reasonable direct cost of processing and delivering the distribution would exceed the amount of the distribution.](#)

POLICY REVIEW AND HISTORY

- ~~1)~~ 1) This policy shall be reviewed at least every five (5) years.
- ~~2)~~ This policy was:
 - a) Adopted by the Board on February 13, 2019.
 - ~~b) Amended September 13, 2024.~~
b) Amended ~~September~~ November 13, 2024.

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OVERPAYMENT AND UNDERPAYMENT OF MEMBER CONTRIBUTIONS POLICY

The Board of Retirement (“Board”) has fiduciary and compliance obligations to the retirement fund and its Members to conserve and protect fund assets for the benefit of the Kern County Employees’ Retirement Association’s (“KCERA’s”) Members and beneficiaries.

POLICY STATEMENT

To preserve KCERA’s financial integrity and comply with its fiduciary responsibilities and IRS (Internal Revenue Service) provisions governing the correction of contribution overpayments and underpayments, it is KCERA’s policy to review any overpayment or underpayment promptly and diligently and to make such reasonable, diligent, and systematic efforts as are appropriate under the circumstances to recover from a Member the amount of any underpayment of contributions and to remit to a Member the amount of any overpayment of contributions, consistent with this Policy, and procedures established by the Board and in compliance with IRS qualification requirements and the IRS’ Employee Plans Compliance Resolution System.

PURPOSE

The KCERA defined benefit plan (“the Plan”) establishes the required Member¹ contributions in accordance with applicable law, including the CERL (County Employees Retirement Law of 1937), dependent on membership tier and, as appropriate, in consultation with its actuary. Unfortunately, errors sometimes occur in the amount of contributions which a member owes to the Plan. However, the Board is committed to providing Members with accurate and reliable contribution information and treatment. The purpose of this policy is to provide guidelines and a process for evaluation and collection or repayment of contributions owed to a Member or the Plan.

This Policy is designed for use when errors affect an individual Member’s contributions. In the event of a system-wide error that affects multiple Members’ contributions, the Board may implement a system-wide correction process it determines is appropriate after consideration of all facts and circumstances related to the error.

¹ For purposes of this Policy, “Member” shall mean a member, beneficiary, or estate.

GUIDELINES

<u>Underpayment(s)</u>	Any amount delivered to the Plan by the Member through payroll contribution deductions that is less than that to which the Plan was entitled.
<u>Overpayment(s)</u>	Mistaken or excess employee contributions made to the Plan through the Member's payroll contribution deductions.
<u>Contributions</u>	For purposes of this Policy, Member contributions include amounts paid for purchases of service credit.
<u>Resolved</u>	<p>With regard to Overpayments, the issue is "Resolved" when the Plan has remitted the amount of the Overpayment(s), or otherwise complied with this Policy.</p> <p>With regard to Underpayments, the issue is "Resolved" when the Plan has received full payment of the amount of the Underpayment(s), including interest, if applicable, or otherwise complied with this Policy. For purposes of this Policy, "full payment" may include an installment repayment plan for the full amount owed, including applicable interest.</p>
<u>Appropriate Interest</u>	Consistent with correction principles under federal law, interest on an Overpayment to a Member shall be due to the Plan, or to the Member in the case of an Underpayment, as set forth in this Policy.

PROCEDURES

A. General Procedures

1. Investigation

- a. When an Underpayment or Overpayment has been identified, the Chief Executive Officer will initiate an investigation into the facts and circumstances surrounding the Overpayment or Underpayment to resolve the matter consistent with this Policy.
- b. When an Underpayment or Overpayment is discovered in the contribution payment(s) to one Member, KCERA staff shall carry out all reasonable analysis to determine whether such error may also affect any other Member(s) and shall take action as set forth in this Policy.

2. Notification

- a. KCERA'S Chief Executive Officer shall report any Underpayment or Overpayment that exceeds \$5,000 in principal to the Board at the next regularly scheduled Board meeting.

- b. KCERA's Chief Executive Officer shall provide the Board with a semi-annual, written report of any Underpayment or Overpayment in excess of the principal amount of \$1,000 that was resolved over the preceding six-month period, with a description of the actions taken to correct the Underpayment or Overpayment.

B. Underpayment of Contributions by Members

1. Resolution

- a. Whenever an Underpayment of contributions is discovered, KCERA shall, after appropriate written notice to the Member, make a prospective adjustment to the Member's contribution rate (if necessary) in order to get the Member on the correct contribution rate and shall take all reasonable steps to recover the full amount of all past Underpayments, with interest, subject to the provisions of this Policy and applicable law.
- b. KCERA will recover Underpayments either by (a) lump sum payment from the Member which is made on a post-tax basis or (b) additional amounts added to the Member's future contributions, over a period of time as determined by KCERA, unless KCERA, in its discretion and because of legal or practical considerations, determines that another process is warranted. Under option (b), the additional amounts will be paid to KCERA on a pre-tax basis. Federal law prohibits KCERA from providing the Member with a choice between a lump sum post-tax payment or installment payments on a pre-tax basis. Instead, KCERA will make the determination in its sole discretion and in considering all relevant facts and circumstances.
- c. Collection of Underpayments shall only be pursued in cases in which the cumulative total amount underpaid exceeds \$10 (excluding interest) ².

2. Underpayment of Contributions Exceeding \$5,000

- a. Underpayment for which the principal exceeds \$5,000 should result in a full payment of the entire amount, plus interest, as applicable. For purposes of this Policy, full payment may include an installment payment for the full amount owed as described above, including applicable interest. A resolution on these terms does not require Board approval.
- b. Any resolution of an Underpayment exceeding \$5,000, that does not result in full payment of the entire amount, plus interest (as applicable under this Policy), must be approved by the Board.

² KCERA notes that federal law does not provide a minimum threshold and requires contribution underpayments be collected to the extent feasible. KCERA has set a \$10 threshold because the volume of contributions corrections under this threshold are not feasible to correct and the cost of the correction outweighs the correction amount.

3. Underpayment of Contributions \$5,000 or less
 - a. Underpayment for which the principal is \$5,000 or less should result in a full payment of the entire amount, plus applicable interest. For purposes of this Policy, full payment may include an installment payment for the full amount owed described in this Policy, including applicable interest. A resolution on these terms does not require Board approval.
 - b. The Chief Executive Officer shall have authority to resolve Underpayments in accordance with this Policy when the total principal amount of Underpayment (excluding the interest) to KCERA does not exceed \$5,000, so long as the resolution complies with all applicable fiduciary duties.
4. Interest
 - a. Interest shall be calculated using KCERA's credited interest rate during the period of the Underpayment, applied to the outstanding amount due until such amount is fully repaid.
 - b. KCERA shall charge the Member interest only if the Underpayment is not paid in full within the same calendar year in which the Underpayment occurred.
 - c. If interest is required, then interest will be charged on the Underpayment from the time of the Underpayment until the time of the final calculation by KCERA.
5. Due Process
 - a. Prospective Corrections - KCERA will prospectively correct contribution Underpayment(s) to reflect the correct amount to which Plan is entitled after providing written notification to the Member.
 - b. Past Underpayment(s) - KCERA shall not add additional amounts owed to the Plan until the Member has 1) signed an Agreement to repay the Underpayment or 2) has been provided at least 30 days' notice of KCERA's intent to recoup the Underpayment(s) and been given an opportunity to participate in the administrative appeals process provided by KCERA, whichever occurs first.
6. Procedures and Considerations for Evaluating Collection of Underpayment of Contributions in Certain Cases
 - a. In situations where, upon review of the totality of the circumstances and KCERA's fiduciary duties, KCERA determines that full payment of past underpaid contributions is unreasonable, KCERA may settle (i.e., accept less than full repayment, including applicable interest) a claim for Underpayments of contributions, pursuant to the following guidelines:

- (1) All settlements must be reasonably prudent under the circumstances of the particular case.
 - (2) The period for repayment under the settlement may be negotiated between KCERA and the affected Member, but such period shall not exceed twice the length of time over which the Underpayment of contributions occurred or five years, whichever is shorter.
 - (3) Settlement agreements may be signed by the Chief Executive Officer, or designee, in all cases except where the principal amount of the Underpayment(s) exceeds \$5,000. In cases where the principal amount exceeds \$5,000, the Chief Executive Officer, or designee, shall only sign a settlement agreement if authorized by the Board. In all cases, settlement agreements shall be approved as to legal form by KCERA's legal counsel.
- b. In determining whether it is appropriate to settle a claim, KCERA shall consider the following factors:
- (1) The total amount of the Underpayment (including applicable interest);
 - (2) The likelihood of success of recoupment at an administrative hearing or other judicial forum;
 - (3) KCERA's ability to collect from the Member;
 - (4) The anticipated cost of pursuing a claim against the Member measured against the amount to be collected;
 - (5) Any other reasonable factors regarding KCERA's fiduciary obligations, its compliance considerations as a qualified plan, or other public policy considerations; and
 - (6) The ability of KCERA to collect the Underpayment from the Member's employer or some other individual or entity.
7. The Chief Executive Officer shall document in a memorandum to the file the basis for settling a claim.
 8. To the extent KCERA is not able to fully recover the Underpayment from the Member prior to the Member's retirement, the Member's retirement benefit shall be adjusted actuarially to account for the outstanding Underpayment.
 9. KCERA may pursue all legal remedies to collect Underpayments, including making a claim on an estate, if appropriate.

C. Overpayment of Contributions by Members

1. Resolution

When a Member has overpaid contributions, the Member shall be notified of the Overpayment and that he/she is entitled to a prospective adjustment to his or her contribution rate, if appropriate, as well as a lump sum payment for all past Overpayments, with appropriate interest.

2. Interest

- a. If interest is required, then interest shall accrue on each Overpayment from the date of the Overpayment to the date of the lump sum corrective payment.
- b. Interest shall be calculated using KCERA's credited interest rate during the period of the Overpayment.
- c. KCERA shall pay the Member interest only if the Overpayment of contributions is not corrected within the same calendar year in which the Overpayment was made.

3. Corrective Payment

- a. If the Overpayment is discovered in the same calendar year in which the Overpayment was made to the Plan, and if correction also is able to be made in the same calendar year, KCERA shall coordinate with the Member's employer and a corrective payment shall be made in the Member's pay from the Member's employer as soon as is reasonably practicable following KCERA's discovery of the Overpayment.
- b. If the Overpayment is discovered in a different calendar year from the calendar year in which the Overpayment was made to the Plan, KCERA shall make a corrective distribution to the Member in accordance with IRS qualification requirements and the IRS' Employee Plans Compliance Resolution System.
- c. Overpayments (principal only) of \$10³ or less will not be refunded.

4. Due Process

If a member disagrees with Staff's decision regarding resolution of the Underpayment of contributions, the Member shall be advised of their right to participate in an administrative appeal process provided by KCERA.


³ KCERA notes that under federal law, corrective distributions of \$75 or less are not required if the reasonable direct cost of processing and delivering the distribution would exceed the amount of the distribution.

POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on February 13, 2019.
 - b) Amended November 6, 2024.

Date: November 6, 2024

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer 

Subject: **Harvard Law School's Center for Labor and a Just Economy**
Boston, Massachusetts
October 28-29, 2024 & June 2025

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 – 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 Trustee Deon Duffey.

Attachments

Travel Subject Harvard Law School's Center for Labor and a Just Economy
Sponsor Harvard Law School
Date(s) October 28-29, 2024 & June 2025
Location Boston, Massachusetts
Proposed Attendee(s) Deon Duffey

Estimated Total Travel Cost \$2,573.84

Description	Computation	Duffey	Totals	Borne By	
				KCERA	Sponsor
Registration fees	-	= -	-	-	
Lodging expense	4 nights @ \$ 187.80 /night	= 751.20	751.20	751.20	
Per diem meals reimbursement:	4 days @ \$ 92.00 /day	= 368.00			
Less meals provided by sponsor	0 Breakfast, 2 Lunch, 2 Dinner = \$145.36	= (\$145.36)			\$145.36
Total meals expense		=	368.00	222.64	
Shuttle/taxicab expense	Taxi Estimate	= 400.00	400.00	400.00	
Airfare	\$1,200.00	= \$1,200.00	\$1,200.00	1,200.00	
Vehicle-related expenses:		= -	-	-	
Parking	- days @ - /day	= -	-	-	
Mileage	miles @ 0.395 /mile (Department Head)	= -	-	-	
	miles @ 0.670 /mile (Staff, Trustee)	= -	-	-	
Rental car		= -	-	-	
Rental car gasoline		= -	-	-	
Totals		=	2,573.84	\$ 2,719.20	\$ 145.36



TLF Peer Mentoring Project at the Center for Labor and a Just Economy

HARVARD LAW SCHOOL

TLF Peer Mentoring Project (PMP) Kickoff Convening

Harvard Law School, Hauser 101 | October 28-29, 2024

Monday, October 28, 2024

Time	Programming
6:00 – 8:00 pm	Welcome Dinner at DoubleTree Suites by Hilton (Cambridge)

Tuesday, October 29, 2024


Time	Programming
8:15 am	Shuttle/Taxi to Hauser Hall (PMP staff have arranged this. If you're staying at the DT, please meet in the lobby by 8:10 am)
8:30 – 9:00 am	Coffee at Hauser Hall
9:00 – 9:15 am	Opening Remarks and the PMP's Vision
9:15 – 12:30 pm	Interactive Workshop: What is Peer Mentoring?
12:30 – 1:15 pm	Lunch w. your Pair
1:15 – 2:00 pm	Discussion: ESG & Fiduciary Duty for Trustees
2:00 – 2:15 pm	Overview of the PMP's Goals & Structure
2:15 – 2:30 pm	Break
2:30 – 3:15 pm	Meet & Greet your Advisor & Pod
3:15 – 4:00 pm	Discussion: PMP Trustee Advisors' Professional Experiences
4:00 – 4:30 pm	Closeout

Additional Notes:

- The only transportation that PMP staff is coordinating is the shuttle/taxi from the DoubleTree to Harvard Law School on the morning of 10/29. All other travel, such as to/from the airport, should be arranged on your own.
- If you are staying at the DoubleTree and would like your confirmation number, please email Eric Horvath (ehorvath@law.harvard.edu) to request it directly.

Date: November 6, 2024

To: Trustees, Board of Retirement

From: Daryn Miller, CFA, Chief Investment Officer 

Subject: **On-Site Due Diligence – Cambridge Associates**

Executive Summary:

Per the Due Diligence & Service Provider Selection Policy, investment staff is required to complete on-site due diligence once every five years for all investment consultants. On October 24, 2024, the Plan's CIO met in person at the Cambridge Associates (Cambridge) Boston headquarters -- the on-site due diligence meeting coincided with the CIO's attendance at the Global ARC conference in Boston earlier that week. The nearly three-hour meeting covered a number of topics with several Cambridge employees.

Background:

In 2019, staff released an RFP for Private Markets Consulting Services. Following the RFP evaluation, staff made a recommendation to the Board of Retirement, to retain Cambridge as the Plan's private market investment consultant. As part of the due diligence process, staff performed on-site due diligence at Cambridge's headquarters in Boston, MA. In January 2020, KCERA executed a consulting contract with Cambridge, with a five year term and two option one-year extensions. Staff has penciled in a Private Market consulting RFP in late 2025 or early 2026.

Meeting Summary:

Topics covered during the on-site meeting included 1) Cambridge strategic initiatives, growth, staffing, and corporate culture, 2) updates on each of the different private market research teams, and 3) discussing the landscape and current environment for Private Credit, Private Real Assets, Private Equity, and US Venture Capital.

Growth, culture and recent acquisition

Earlier this year, Cambridge announced the acquisition of SIGLO Capital Advisors, a Zurich-based alternatives investment firm-- the acquisition was the first in the firm's history. We discussed the rationale for the acquisition, and how it fits with the firm's strategy. In addition, we discussed how the firm is prioritizing capital deployment, including staffing and technology initiatives. Finally, we covered the topic of internal investment products (which are limited), and how they are thinking about these products vis-à-vis client interests.

Private market landscape

Several themes persist across private markets including limited distributions in private equity and venture, which potentially improves access as LPs reduce allocation sizes or limit the number of GPs they are re-upping with. Private credit continues to gain significant attention given the increase in base cash interest rates and wider spreads, plus the decline in bank participation in the space due to regulatory changes. In addition, the breadth and variety of sub-strategies in private credit is bringing increased attention to strategies that are away from the more traditional direct lending. Lastly, the real estate landscape can be framed with some high level narratives including, continued challenges in office, potential headwinds in multi-family (although product and market dependent), the reemergence of retail (primarily grocery anchored), and continued positive perspectives for industrial.

Attendees

Several Cambridge employees participated in the meeting, including:

- Marc Cardillo, Managing Director, Head of the Global Real Assets Investment Group
Marc has been with the firm for over 20 years and works with clients to build customized real assets portfolios. He is also responsible for identifying and underwriting investment opportunities across the various real assets sectors
- Jed Cronin*, Investment Associate
Jed joined Cambridge in July 2022 as an Investment Analyst, following his graduation from Bryant University. Jed specializes in private investments in his work with both U.S. and Europe-based pension clients.
- Frank Fama, Managing Director, Head of the Global Credit Investment Group
Frank has more than 26 years of investment experience and leads and oversees the firm's private credit research platform, performing due diligence on investments in direct lending opportunities, niche credit, and distressed markets, as well as monitoring investment firms and their portfolio companies. In addition, Frank authors research papers for the firm.
- Theresa Hajer, Partner, Head of U.S. Venture Capital Research
Theresa joined Cambridge Associates in 1998 and has over 20 years of investment experience. She is a member of the Global Private Investment Research team, specializing in venture capital (VC) and growth equity. Theresa is also a member of the firm's Global Private Investment Research Committee.
- Keirsten Lawton*, Partner, Co-Head of US Private Equity Research Group
Keirsten co-leads the firm's U.S. private equity research team and performs due diligence on investment opportunities in private equity and distressed markets. Her responsibilities include identifying, conducting diligence on, and monitoring investment firms and their portfolio companies. Additionally, Keirsten is responsible for analyzing market conditions and tracking the industry. Keirsten is a member of the Private Growth Research Committee and Credit Committee
- Mark Mallory*, Investment Director
Mark joined Cambridge in 2019. He specializes in private investments, covering buyouts, growth equity, venture capital, private credit, and private real estate opportunities. Mark works mostly with the firm's public pension clients, and provides private investment research, manager due diligence analysis, and portfolio management solutions.
- Brian McDonnell, Global Head of the Pension Practice
Brian joined the firm in 2008 and has more than 20 years of investment experience. He

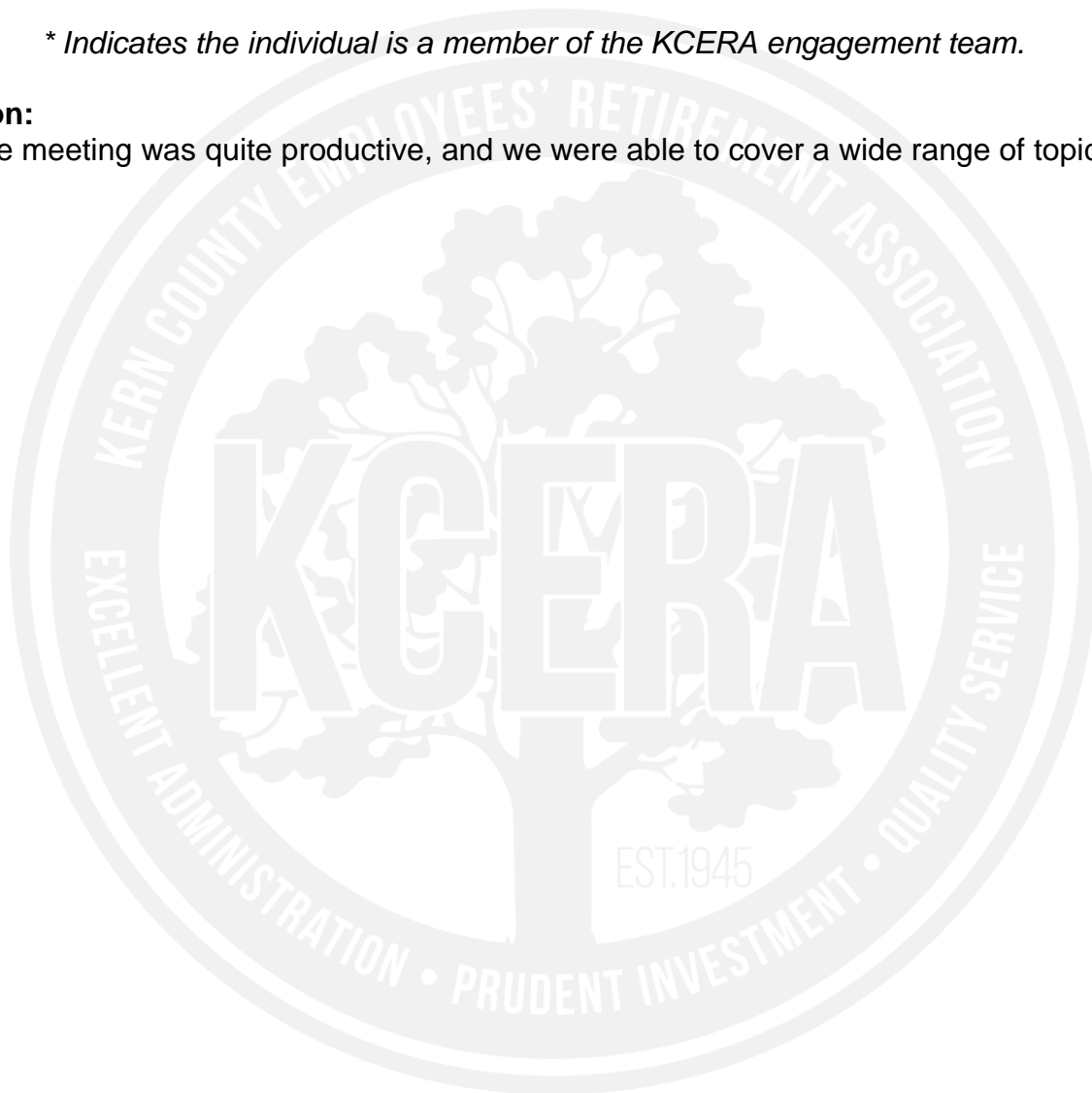
oversees the firm's work with more than 150 plan sponsors globally, including public, union, and non-profit plan sponsors; healthcare institutions; and other investors with multi-asset pools.

- Josh Zweig, Managing Director, Co-Head of US Private Equity Research Group
Josh co-leads the U.S. private equity research team, performing due diligence on investment opportunities in U.S. buyouts, growth equity, and distressed markets, as well as monitoring investment firms and their portfolio companies. Josh also chairs Cambridge Associates' Global Private Investment Research Committee.

** Indicates the individual is a member of the KCERA engagement team.*

Conclusion:

Overall, the meeting was quite productive, and we were able to cover a wide range of topics.



Managed Medical Review Organization, Inc.

MEDICAL ADVISOR TO THE KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

● **November 6, 2024**

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) or Functional Capacity Evaluations (FCE) are reserved for claims where there is an initial recommendation for disapproval. In these instances, the member will be seen for an IME/FCE, and then the specialist reviewer will review the report and issue an Addendum with a final recommendation.

PHYSICIAN REVIEWER/EXAMINER NETWORK

MMRO MAINTAINS NATIONWIDE ACCESS TO QUALIFIED AND FULLY CREDENTIALLED 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)
 - 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 PROGRAM ENHANCEMENTS

THE KCERA/MMRO PARTNERSHIP CONTINUES TO STRENGTHEN THE DISABILITY RETIREMENT PROGRAM WITH THE FOLLOWING ENHANCEMENTS:

- MMRO's Associate Medical Director, Michele 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/FCE Report opinions and ultimate Medical Advisor Recommendation Reports.



MICHELE BREZINSKI, MD

Associate Medical Director



Michele Brezinski, M.D., is board-certified in Family Medicine and Integrative Holistic Medicine and has been actively practicing since 2007. Dr. Brezinski works closely with MMRO's Quality Department and Clinical Operations to oversee its Physician Panel Health Program, which includes the onboarding, training, and remediation of physician reviewers to ensure reviewers are provided the information and feedback necessary to perform their roles and adhere to Federal and State guidelines and URAC standards for independent medical review. In addition to her Family Medicine practice, Dr. Brezinski has been providing IMR services for several years. In 2021 she transitioned her knowledge and expertise as a Family Medicine physician and Independent Medical Reviewer to her role as Associate Medical Director with MMRO.

MEDICAL DIRECTOR PROGRAM OVERSIGHT

Key Points

01

Verifying clinical rigor applied to claim review

03

Ensure reviewer understanding, and correct application, of CERL-specific requirements (including service-connection and “presumption” analyses)

02

Providing enhanced understanding of job-specific duties (e.g. “usual duties”)

04

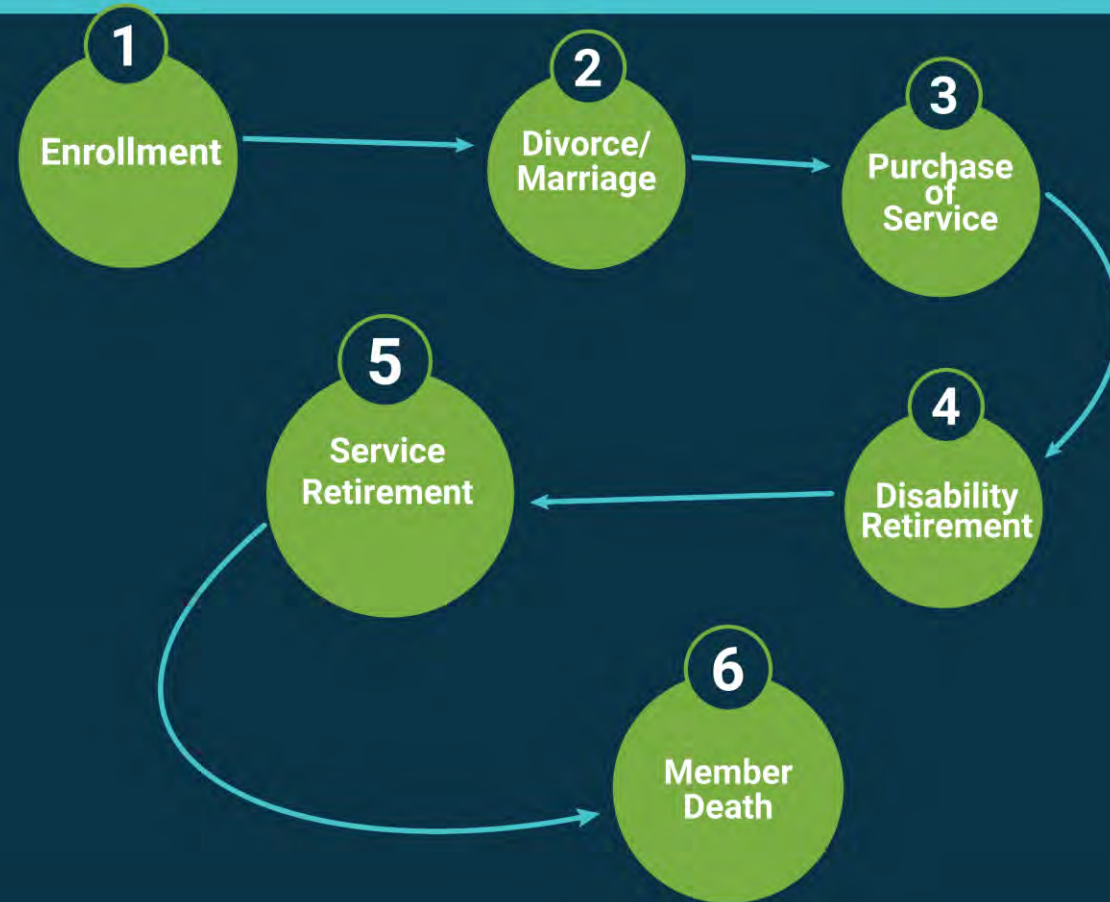
Resolving conflicting medical opinions



ANY QUESTIONS?



Life Cycle of a Member





DISABILITY RETIREMENT

(Part 4 of 6)

Presented by:

Sherry Willard

Deputy Chief Member Services Officer

Kristen McDonald

Deputy Chief Legal Officer



Life Cycle of a Member

Kelly

- General Member
 - Nurse (Hospital)
- Single, no children
- Purchased Per Diem service



Pat

- Safety Member
 - Sheriff Deputy
- Divorced w/Alternate Payee; Remarried
- Purchased Prior Military service and Academy time



Life Cycle of a Member

Presentation Topics:

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



Life Cycle of a Member



Disability Retirement vs Workers' Compensation

- Being awarded Workers' Comp benefits does not guarantee a Disability Retirement from KCERA, and vice versa
- Workers' Compensation has different rules and procedures
 - Benefits are based on a percentage of whole person impairment.
- Disability Retirement is fairly cut and dry
 - You are either permanently incapacitated or you are not
 - If you are, is it job-connected or not

Life Cycle of a Member



What Does Permanently Incapacitated Mean?

§31720. Permanent incapacity

Any member permanently incapacitated for the performance of duty shall be retired for disability regardless of age if, and only if:

- (a) The member's incapacity is a result of injury or disease arising out of and in the course of the member's employment, and such employment contributes substantially to such incapacity, or*
- (b) The member has completed five years of service, and*
- (c) The member has not waived retirement in respect to the particular incapacity or aggravation thereof as provided by Section 31009*

Life Cycle of a Member



Basically....the member is no longer able to perform the usual duties of their job for an indefinite period.

- A temporary injury/illness is NOT considered permanently incapacitated
- If the department can accommodate his/her restrictions, he/she is NOT considered permanently incapacitated

Life Cycle of a Member



Service-Connected Disability (SCD) vs Non-Service-Connected Disability (NSCD)

- **SCD**
 - Result of a job-related injury, illness, or disease
 - Must arise out of and in the course of employment
 - Must be substantial evidence of a real and measurable connection
- **Benefits of SCD**
 - Minimum 50% of the final average compensation (FAC)
 - Tax exempt
 - 100% continuance to eligible spouse, Registered Domestic Partner (RDP), or minor child if no spouse or RDP
 - Health Benefits may be enhanced

Life Cycle of a Member



- **NSCD**
 - Not the result of a job-related injury, illness or disease
 - Must have five (5) years or more of service (includes reciprocal service)
- **Benefits of NSCD**
 - Minimum 20% of the FAC (year 5-6)
 - Increases 2% for each complete year thereafter
 - Maxes at 40% (year 15+)
 - Ability to retire prior to minimum retirement age 50

Life Cycle of a Member



Process



- Initial member contact/counseling
 - Must be counseled by a KCERA disability analyst
- Kelly contacted KCERA because she is on a medical leave of absence due to a knee and shoulder injury
 - Review the member's history within CPAS
 - Age, service credit, employment history, beneficiaries, reciprocity, etc.
 - Filing for an NSCD?
 - If member is eligible to service retire and that retirement will provide 40% or more of FAC, filing is moot
 - Eligible to service retire while disability is pending?
- Kelly is vested but she is not age eligible to service retire

Life Cycle of a Member



Process (cont.)



- Advance Disability Payments (ADP)
 - Safety (only members eligible for 4850)
 - KCERA audits the file and provides a disability retirement estimate to County Auditor's office
 - Member is paid monthly via Auditor's office
 - Paid until member cancels, retires, or the disability has been granted/denied
 - If granted, County is reimbursed out of the member's retro from KCERA
 - If denied, member must still reimburse the County
- Kelly is a General member; therefore, this is not an option for her

Life Cycle of a Member



Process (cont.)



- Alternate position within their medical restrictions
 - Supplemental disability benefit
 - Must file for disability prior to accepting the alternate position
 - Entire disability process
 - Does not legally become eligible for the supplemental benefit until the Board grants the disability retirement
 - If granted, KCERA will supplement the difference in salary between the former position and the alternate position
 - Supplement is in lieu of disability retirement allowance

Life Cycle of a Member



Kelly



- On a medical leave of absence
 - Vested but she's not age eligible to service retire
- Claims a knee and shoulder injury
 - She claims the constant stress of being on her feet over the years has damaged her knees
 - She claims that she injured her shoulder after lifting a patient
- Per Kelly, her employer is unable to accommodate her permanent restrictions

Life Cycle of a Member



Applying for Disability Retirement

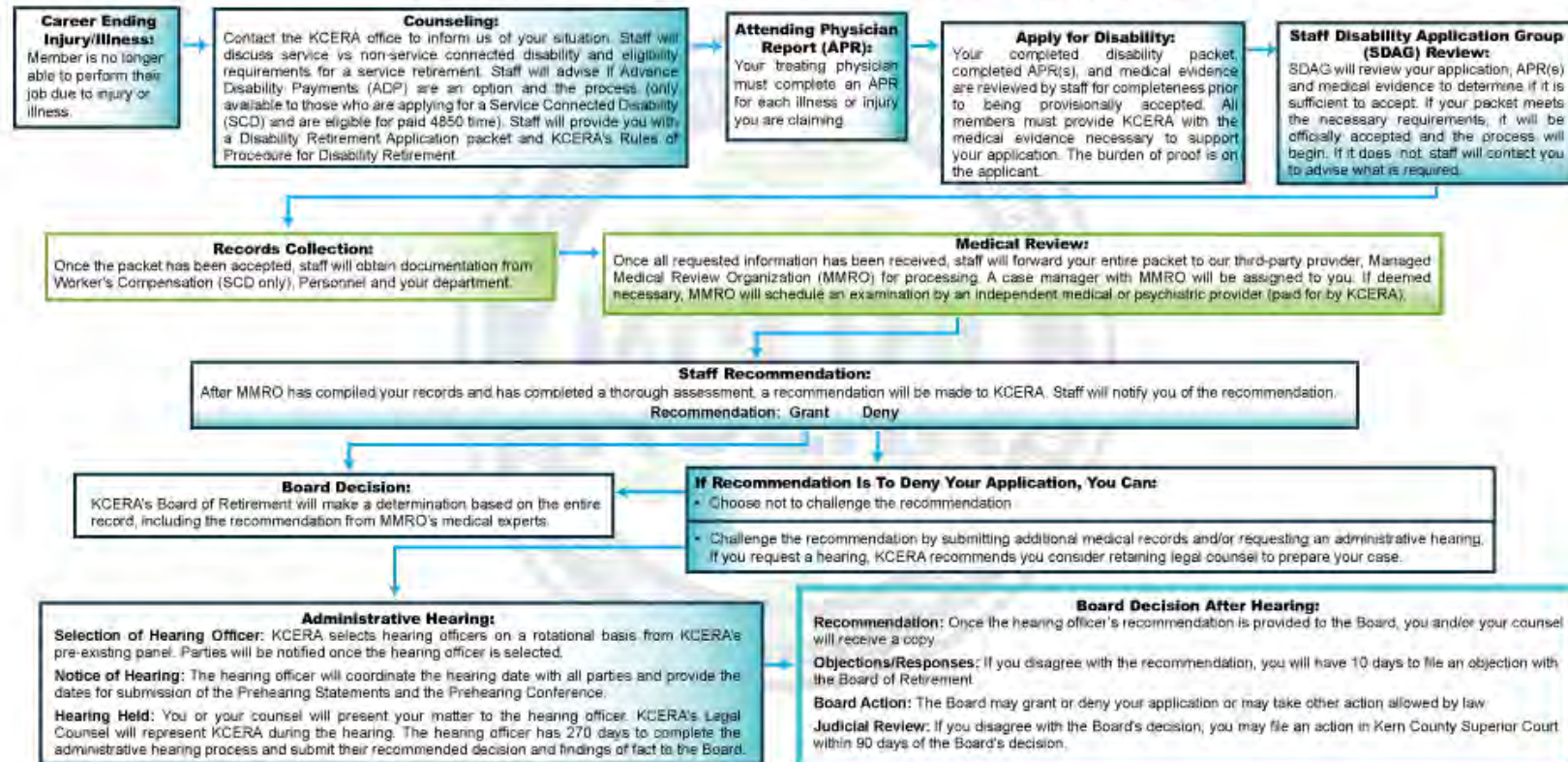
Disability Application Packet Handbook:

- Application
- Attending Physician's Report (APR)
 - One (1) APR for each illness or injury that is being claimed
 - The APR must be completed by a duly licensed physician
- Authorization form
- A copy of the member's official job description
- Rules of Procedure for Disability Retirement (the *Rules*)
- Disability Retirement Process Flowchart

Life Cycle of a Member



Disability Retirement Process Flowchart



Life Cycle of a Member



Submitting the Packet



Analyst will review for completeness

- Member is encouraged to submit all medical documentation to support their case
 - All application packets are received on a provisional basis
 - Logged for tracking purposes
 - Scheduled for review at the next Staff Disability Application Group (SDAG)
 - SDAG: COO, DCLO, DCMSO, two Legal staff and two Member Services staff
 - SDAG will review and if packet meets eligibility requirements, it will be officially accepted
- Kelly's packet met all eligibility requirements, therefore it was accepted by SDAG

Life Cycle of a Member



Documentation Requests



After acceptance by SDAG, Analyst will request the following:

- Personnel Records
 - Workers' Comp/Risk Management (SCD Only)
 - Department Head Report
 - "60-day" letter to member
 - Informs of official acceptance
 - Provides member 60 days to submit any additional medical
- Analyst requested all the above information relating to Kelly and sent her the 60-day letter

Life Cycle of a Member



Documentation Requests



After expiration of 60 days, entire packet is returned to SDAG

- If no concerns, packet is uploaded to MMRO's secure portal
 - If there are concerns, packet will be returned to staff to address and then return to the next SDAG
- Kelly's packet was successfully uploaded to MMRO

Life Cycle of a Member



MMRO

After the upload, MMRO will begin creating the Administrative Record (AR). They will build onto the application packet by requesting and obtaining any missing records and scheduling any necessary appointments (IME/IPE)

- An orthopedic IME was scheduled for and attended by Kelly

Once the IME/IPE report has been received, MMRO's Medical Advisor (MA) will review the entire AR and make a final recommendation to KCERA

Life Cycle of a Member



Recommendation



To Grant:

- Analyst will generate the Executive Summary
 - Case is placed on the next Board meeting
 - Board Pending letter is mailed to the member
 - Analyst will begin auditing the member's file to prep it for payroll post Board
- The recommendation for Kelly was to grant. Based on testing and medical history, the IME opined that her claimed injuries were in fact permanently incapacitating and that there was substantial evidence directly connecting the injuries to her job

Life Cycle of a Member



Recommendation

To Deny:

- Analyst will generate the Right to Hearing letter
 - Advises the member of the recommendation and gives them the opportunity to appeal within 30 days
- If the member does not appeal:
 - Case is scheduled for the first Board meeting after the 30-day expiration
- If the member elects to appeal:
 - Case is transferred from Member Services to Legal

Life Cycle of a Member



Administrative Hearing Process

New Records

- If the member includes any additional medical records with their request for administrative hearing, those records go to MMRO for further review by the MA
- If the MA's opinion changes based on new objective evidence, the Deny can be switched to a Grant
- If the MA's opinion does not change, the administrative appeal proceeds

Life Cycle of a Member



Administrative Hearing Process

Hearing Officer

- Hearing Officer selection and assignment
 - Notification
 - Peremptory challenge
 - Assignment
- Once assigned, the Hearing Officer's jurisdiction lasts 270 days from the date they are notified of the assignment

Life Cycle of a Member



Administrative Hearing Process

Prehearing Activity

- The Hearing Officer sets a scheduling conference to set timelines
- Discovery, if needed
- Prehearing Conference
 - Prehearing Statements

Life Cycle of a Member



Administrative Hearing Process

Hearing

- Held either virtually or in-person
- Court reporter present
- Rules of evidence relaxed
- Examine/cross-examine witnesses
- Argument
- Applicant has the burden of proof

- Burden of proof: preponderance of the evidence
 - Incapacity
 - Permanence
 - Causation

Life Cycle of a Member



Administrative Hearing Process

Post Hearing

- Closing briefs
- Hearing Officer's Findings and Recommendation
 - 10 business days to serve any objections
 - SDAG considers any objections when determining recommendation to Board
 - DCLO reviews Findings and Recommendation for legal sufficiency
- SDAG recommendation to Board
 - If Deny, member may request to address the Board

Life Cycle of a Member



Administrative Hearing Process

Post Board Decision

- If the member disagrees with the Board's decision, their only recourse is the courts.
- Writ of Mandate: CCP § 1094.5
 - Only whether: (a) Board has exceeded its jurisdiction; (b) there was a fair trial; (c) there was prejudicial abuse of discretion
 - Trial court applies its independent judgment but presumes the Board's action was correct unless/until proven otherwise
- If a party loses at the Writ of Mandate stage in the Superior Court, they can appeal to the Court of Appeals. We are in the 5th District Court of Appeals.

Life Cycle of a Member



Recap

- Disability Retirement and Workers' Comp are governed under different laws
 - A member must be PERMANENTLY incapacitated to be eligible to receive a disability retirement benefit through KCERA
 - Staff ensure each case is processed in accordance with CERL and the *Rules*
- Kelly applied for and was granted an SCD

Next month:

- Applying for and processing service retirements
 - QDROs, Reciprocity, and Disability
- Process Kelly's disability retirement



Life Cycle of a Member



Questions?



SACRS
Fall Conference
Annual Business Meeting 2024

Friday, November 14, 2024
10:15 am – 11:30 am
Regency Ballroom

Hyatt Regency Monterey Hotel & Spa
Monterey, CA



Vision, Mission, Core Values

The members and staff of the State Association of County Retirement Systems (SACRS) share a common purpose, mission and core values.

Statement of Purpose

The specific and primary purposes of SACRS are to provide forums for disseminating knowledge of and developing expertise in the operation of 20 county retirement systems existing under the County Employees Retirement Law of 1937 (CERL) sets forth in California Government Code section 31450 et. seq., and to foster and take an active role in the legislative process as it affects county retirement systems.

Mission Statement

The mission of this organization shall be to serve the 1937 Act Retirement Systems by exchanging information, providing education and analyzing legislation.

Core Values

Teamwork

Integrity

Education

Service and Support



SACRS Business Meeting Agenda
Friday, November 15, 2024
10:15 AM – 11:30 AM
Monterey Hyatt Regency Resort & Spa
Monterey, CA
Regency Ballroom

SACRS Parliamentarian – David Lantzer, San Bernardino CERA

SACRS Sergeant at Arms – Brian Williams, Sonoma CERA

Meeting Call to Order

1. SACRS System Roll Call

Zandra Cholmondely, Santa Barbara CERS, SACRS Secretary

2. SACRS Secretary's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

- A. SACRS Business Meeting Minutes May 2024

3. SACRS Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

- A. July 2024 – August 2024 Financials
- B. 2024-2025 SACRS Budget

4. SACRS President Report - No Action

David MacDonald, Contra Costa CERA, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Report – Action Item

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA, SACRS Legislative Committee Co-Chairs

- A. Legislative Committee Report
- B. Proposed 2024-2025 SACRS Legislation



6. SACRS Nomination Committee Report – No Action

Vivian Gray, Los Angeles CERA, SACRS Nomination Committee Chair

- A. SACRS Board of Directors Elections 2025-2026

7. SACRS Audit Committee Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS Audit 2023-2024 Update

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. Education Committee Report

9. SACRS Program Committee Report – No Action

Adele Tagaloa, Orange CERS, SACRS Program Committee Chair

- A. Program Committee Report

10. SACRS Affiliate Committee Report – No Action

JoAnne Svensgaard, Adrian Lee & Partners, SACRS Affiliate Committee Chair

- A. Affiliate Committee Report

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Report

12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give a verbal report on their meetings. No printed materials for this item.

- A. Administrators
- B. Affiliates



- C. Attorneys
- D. Disability/ Operations & Benefits Combo
- E. Internal Auditors
- F. Investment Officers
- G. Safety Trustees
- H. General Trustees

13. Adjournment

Next scheduled SACRS Business Meeting will be held on Friday, May 16, 2025. The meeting will be held at the Omni Rancho Las Palmas Resort & Spa, Rancho Mirage, during SACRS Annual Spring Conference May 13-16, 2025



1. Roll Call

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

Roll Call of the 20 SACRS Retirement Systems.

Please state your Retirement System, your name, and if you are the voting delegate or alternate delegate.



1. SACRS System Roll Call

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

System	Delegate Name	Alternate Delegate Name	Absent
Alameda			
Contra Costa			
Fresno			
Imperial			
Kern			
Los Angeles			
Marin			
Mendocino			
Merced			
Orange			
Sacramento			
San Bernardino			
San Diego			
San Joaquin			
San Mateo			
Santa Barbara			
Sonoma			
Stanislaus			
Tulare			
Ventura			
Total			



2. SACRS Secretary's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

- A. SACRS Business Meeting Minutes Spring 2024



SACRS Business Meeting Minutes
Friday, May 10, 2024
10:15 AM – 11:30 AM
Hilton Santa Barbara Beachfront Resort
Santa Barbara, CA
Santa Barbara Ballroom

SACRS Parliamentarian – David Lantzer, San Bernardino CERA

SACRS Sergeant at Arms – Brian Williams, Sonoma CERA

Meeting called to order at 10:18 am

1. SACRS System Roll Call

Zandra Cholmondely, Santa Barbara CERS, SACRS Secretary

All 20 Retirement Systems Present

Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

2. SACRS Secretary's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

A. SACRS Business Meeting Minutes November 2023

Motion: A motion to approve the November 2023 Business Meeting Minutes was made by San Mateo CERA.

2nd: San Diego CERA

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Abstention: Mendocino

Motion Passes 19-0-1

3. SACRS Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July 2023 – January 2024 Financials



Motion: A motion to approve the Treasurers Report was made by San Diego CERA.

2nd: San Joaquin CERA

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Abstention: Mendocino

Motion Passes 19-0-1

4. SACRS President Report - No Action

David MacDonald, Contra Costa CERA, SACRS President

A. SACRS President Update

Discussion: David MacDonald thanked the membership for their participation at the conference, highlighted the 70th anniversary, thanked the Board of Directors and the Program Committee for a stellar roster of speakers, and gave thanks to the volunteers and staff.

5. SACRS Legislative Committee Report – No Action

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA, SACRS Legislative Committee Co-Chairs

A. Legislative Committee Report

Discussion: Eric and Dave introduced SACRS' new lobbying team, Laurie Johnson, and Cara Martinson. The new team was immediately thrown into SACRS' legislative process and presented at the Legislative update session on Thursday afternoon. They gave a brief overview of the status of current legislation and reminded members to submit their legislative proposals for the next legislative session for consideration.

6. SACRS Nomination Committee Report - Action

Vivian Gray, Los Angeles CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2024-2025

Motion: A motion to approve the recommended slate for the SACRS Board of Directors 2024-2025 was made by San Diego CERA –

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagalooa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS



- General – David Gilmore, San Diego CERA
- General – Rhonda Biesemeier, Stanislaus CERA

2nd: Santa Barbara CERS

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Abstentions: 0

Motion Passes 20-0-0

7. SACRS Audit Committee Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Audit 2022-2023 Report

Discussion: Steve Delaney presented the SACRS 2022-2023 Annual Audit performed by outside auditors James Marta & Co. The financials received a clean audit with no negative findings. Steve thanked the committee members for their time and participation reviewing drafts and meetings with the auditors.

Motion: A motion to approve the SACRS Audit 2022-2023 Report was made by San Mateo CERA.

2nd: Imperial CERA

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Abstentions: 0

Motion Passes 20-0-0

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. Education Committee Report

Discussion: JJ Popowich gave a brief update on the review of the conference from the Education Committee meeting held on Thursday afternoon at the conference. Attendees enjoyed the drone show for the 70th gala, the Disability Session was a great session and well attended. The Affiliate breakout featured “Shark Tank” presentation which received positive reviews and mentions of bringing it back in the future. Overall, the conference agenda topics



were very timely and educational. A full report will be presented to the Board of Directors at their next meeting.

9. SACRS Program Committee Report – No Action

Adele Tagaloa, Orange CERS, SACRS Program Committee Chair

A. Program Committee Report

Discussion: Adele Tagaloa thanked the Program Committee members and the Board for their continued support and assistance in developing the conference agenda. Great speakers, and Trustees really enjoyed the “Shark Tank” presentation at the Affiliate Breakout. Adele highlighted the July UC Berkeley Program and encouraged members to attend more than once because the agenda is different each time and has exceptionally relevant content.

10. SACRS Affiliate Committee Report – No Action

JoAnne Svensgaard, Adrian Lee & Partners, SACRS Affiliate Committee Chair

A. Affiliate Committee Report

Discussion: JoAnne Svensgaard announced that the committee has three new members –

- Tracey Monroe, RBC Global Asset Mgmt.
- Tim Stidham, Oak Real Estate Partners
- Natalie Fitch, Hamilton Lane

Sean Gannon, Manulife, will serve as the next Affiliate Chair, Ken McCray, Nuveen, will serve as the next Vice Chair and Rodrigo Soto, Cohen & Steers Capital Mgt., will serve as the committee Secretary.

Joanne thanked the members for their continued support of the Affiliate Committee and their presentations. She will now serve as the past chair and remain on the committee for the remainder of her term.

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Report

Discussion: Barbara Hannah updated the membership on the pending changes to the Bylaws. A complete review is underway, the committee will present suggested amendments to the Board and once finalized, will bring it back to the membership for consideration and approval. The project could take a year to complete.



12. SACRS Spring Conference Breakout Reports – No Action

A representative from each breakout will give a verbal report on their meetings. No printed materials for this item.

- A. Administrators – Thomas Stadelmaier, Stanislaus CERA
Donald Kendig gave a brief update on the Administrators breakout, well attended and Amy Herron, Administrator, Ventura CERA will serve as the Fall volunteer moderator.
- B. Affiliates – JoAnne Svendsgaard, Affiliate Committee Chair
See Affiliate Committee report.
- C. Attorneys – Barbara Hannah and David Lantzer, San Bernardino CERA
David Lantzer gave a brief update on the Attorney’s breakout, Rick Muir spoke on , Ashley Dunning also reviewed current litigation status. Aaron Zaheem, San Joaquin CERA and Karen Levy, Contra Costa CERA, will serve as the Fall volunteer moderators.
- D. Disability/ Operations & Benefits Combo – Theodore King, Los Angeles CERA
Carolos Barios, Alameda CERA and Patty Montoya, Fresno CERA will serve as the Fall volunteer moderators.
- E. Internal Auditors – Harsh Jadhav, Alameda CERA
Harsh Jadhav will serve as the Fall volunteer moderator.
- F. Investment Officers – Donald Pierce, San Bernardino CERS
No report
- G. Safety Trustees – Brian Williams, Sonoma CERS
Brian Williams gave a brief update on the Safety breakout, Tracy Towner presented to the group and Skip Murphy, Trustee, San Diego CERA, will serve as the Fall volunteer moderator.
- H. General Trustees – Adele Tagaloa, Orange CERS
Adele Tagaloa gave a brief update on the General Trustees breakout; it was well attended. Over 40 trustees participated in the Shark Tank presentation, and then discussed the session back in their breakout. Adele will serve as the Fall volunteer moderator.

13. Adjournment

Next scheduled SACRS Business Meeting will be held on Friday, November 15, 2024. The meeting will be held at the Hyatt Regency Monterey Hotel and Spa during SACRS Annual Fall Conference November 12 – 15, 2024.

Meeting Adjourned 10:55 AM



3. SACRS Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

- A. July – September 2024 Financials
- B. 2024 – 2025 Annual Budget

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of August 31, 2024

ASSETS

Current Assets

Checking/Savings

1000 · First Foundation Bank-Checking 317,742.72

1001 · BofA Interest Checking 4389 6,646.98

1002 · First Foundation Bank ICS Acct 7,628.75

Total Checking/Savings 332,018.45

Other Current Assets

1100 · CalTrust - Medium Term 309,714.78

1107 · CalTrust Liquidity Fund 9,119.39

1110 · CAMP-SACRS Liquidity Fund 537,576.94

Total Other Current Assets 856,411.11

Total Current Assets 1,188,429.56

TOTAL ASSETS 1,188,429.56

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2201 · First Foundation Master Card 2,337.40

Total Credit Cards 2,337.40

Other Current Liabilities

2150 · Refund Liability 2,670.00

Total Other Current Liabilities 2,670.00

Total Current Liabilities 5,007.40

Total Liabilities 5,007.40

Equity

32000 · Retained Earnings 909,148.98

Net Income 274,273.18

Total Equity 1,183,422.16

TOTAL LIABILITIES & EQUITY 1,188,429.56

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July through August 2024

Jul - Aug 24

Ordinary Income/Expense

Income

4100 · Membership Dues

4101 · Affiliates	148,500.00
4102 · Non Profit - Organizations	1,500.00
4103 · Non Profit - Systems	1,800.00
4104 · Systems - Medium	32,000.00
4105 · Systems - Large	36,000.00

Total 4100 · Membership Dues 219,800.00

4250 · Product Income

4269 · Product Shipping	25.00
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Total 4250 · Product Income 25.00

4270 · UC Berkeley Program

4271 · Registrations	24,500.00
4272 · Sponsorships	13,500.00
4270 · UC Berkeley Program - Other	100.00

Total 4270 · UC Berkeley Program 38,100.00

4300 · Fall Conference Registration

4302 · Affiliates - Regular	118,800.00
4304 · Non Profit	1,050.00
4305 · Systems	7,080.00
4306 · Non-Members	28,800.00
4307 · Fun Run	345.00
4308 · Yoga	225.00
4309 · Spouse	900.00
4310 · Sponsorship	3,500.00

Total 4300 · Fall Conference Registration 160,700.00

4350 · Spring Conference Registration

4353 · Affiliates - Late/Onsite	1,536.00
4355 · Systems	1,230.00
4356 · Non-Members	3,204.00
4357 · Fun Run	15.00
4350 · Spring Conference Registration - Other	175.00

Total 4350 · Spring Conference Registration 6,160.00

4900 · Interest Earned 11,901.53

Total Income

436,686.53

Gross Profit

436,686.53

Expense

5000 · Administrative Fee	37,500.00
5003 · Bank Charges/Credit Card Fees	5,722.64
5010 · Berkeley & Symposium	
5013 · Hotel	24,035.25
5015 · Materials/Printing/Design	712.32
5016 · Travel	831.80

Total 5010 · Berkeley & Symposium 25,579.37

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July through August 2024

	<u>Jul - Aug 24</u>
5030 · CERL	
5031 · Materials/Printing/Design	15,691.00
5032 · Shipping	1,603.37
Total 5030 · CERL	<u>17,294.37</u>
5071 · Legal & Professional Fees	10,840.00
5072 · Legislative Advocacy	6,000.00
6010 · Office Expenses / Supplies	208.23
6011 · Postage & Delivery	682.15
6020 · Spring Conference	
6023 · Entertainment	850.00
6024 · Hotel	
6024.2 · Conference	26,073.79
Total 6024 · Hotel	<u>26,073.79</u>
6025 · Program Material	16,100.00
6027 · Supplies	3,816.00
6028 · Travel	2,410.48
Total 6020 · Spring Conference	<u>49,250.27</u>
6051 · Taxes & Licenses	809.42
6053 · Technology/AMS/Website	8,409.07
6054 · Travel	117.83
Total Expense	<u>162,413.35</u>
Net Ordinary Income	274,273.18
Income	<u><u>274,273.18</u></u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2024

	Jul - Aug 24	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Affiliates	148,500.00	375,000.00	-226,500.00	39.6%
4102 · Non Profit - Organizations	1,500.00	3,000.00	-1,500.00	50.0%
4103 · Non Profit - Systems	1,800.00	6,500.00	-4,700.00	27.69%
4104 · Systems - Medium	32,000.00	52,000.00	-20,000.00	61.54%
4105 · Systems - Large	36,000.00	42,000.00	-6,000.00	85.71%
Total 4100 · Membership Dues	219,800.00	478,500.00	-258,700.00	45.94%
4200 · Webinar Symposium Registration				
4202 · Affiliates - Regular	0.00	3,500.00	-3,500.00	0.0%
4204 · Non Profit	0.00	2,500.00	-2,500.00	0.0%
4205 · Systems	0.00	2,500.00	-2,500.00	0.0%
4206 · Non-Members	0.00	4,500.00	-4,500.00	0.0%
Total 4200 · Webinar Symposium Registration	0.00	13,000.00	-13,000.00	0.0%
4250 · Product Income				
4251 · CEREAL	0.00	200.00	-200.00	0.0%
4269 · Product Shipping	25.00	50.00	-25.00	50.0%
Total 4250 · Product Income	25.00	250.00	-225.00	10.0%
4270 · UC Berkeley Program				
4271 · Registrations	24,500.00	165,000.00	-140,500.00	14.85%
4272 · Sponsorships	13,500.00	45,000.00	-31,500.00	30.0%
4273 · Spouse	0.00	1,000.00	-1,000.00	0.0%
4270 · UC Berkeley Program - Other	100.00			
Total 4270 · UC Berkeley Program	38,100.00	211,000.00	-172,900.00	18.06%
4300 · Fall Conference Registration				
4302 · Affiliates - Regular	118,800.00	337,500.00	-218,700.00	35.2%
4303 · Affiliates - Late/Onsite	0.00	37,500.00	-37,500.00	0.0%
4304 · Non Profit	1,050.00	1,500.00	-450.00	70.0%
4305 · Systems	7,080.00	21,000.00	-13,920.00	33.71%
4306 · Non-Members	28,800.00	256,000.00	-227,200.00	11.25%
4307 · Fun Run	345.00	1,500.00	-1,155.00	23.0%
4308 · Yoga	225.00	500.00	-275.00	45.0%
4309 · Spouse	900.00	2,500.00	-1,600.00	36.0%
4310 · Sponsorship	3,500.00	40,000.00	-36,500.00	8.75%
Total 4300 · Fall Conference Registration	160,700.00	698,000.00	-537,300.00	23.02%
4350 · Spring Conference Registration				
4352 · Affiliates - Regular	0.00	337,500.00	-337,500.00	0.0%
4353 · Affiliates - Late/Onsite	1,536.00	37,500.00	-35,964.00	4.1%
4354 · Non Profit	0.00	1,500.00	-1,500.00	0.0%
4355 · Systems	1,230.00	50,750.00	-49,520.00	2.42%
4356 · Non-Members	3,204.00	256,000.00	-252,796.00	1.25%
4357 · Fun Run	15.00	1,500.00	-1,485.00	1.0%
4358 · Yoga	0.00	500.00	-500.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2024

	Jul - Aug 24	Budget	\$ Over Budget	% of Budget
4359 · Spouse	0.00	2,500.00	-2,500.00	0.0%
4360 · Sponsorship	0.00	40,000.00	-40,000.00	0.0%
4350 · Spring Conference Registration - Other	175.00			
Total 4350 · Spring Conference Registration	6,160.00	727,750.00	-721,590.00	0.85%
4900 · Interest Earned	11,901.53	30,000.00	-18,098.47	39.67%
Total Income	436,686.53	2,158,500.00	-1,721,813.47	20.23%
Gross Profit	436,686.53	2,158,500.00	-1,721,813.47	20.23%
Expense				
5000 · Administrative Fee	37,500.00	225,000.00	-187,500.00	16.67%
5001 · Administrative Services	0.00	500.00	-500.00	0.0%
5002 · Awards	0.00	500.00	-500.00	0.0%
5003 · Bank Charges/Credit Card Fees	5,722.64	55,000.00	-49,277.36	10.41%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	7,000.00	-7,000.00	0.0%
5013 · Hotel	24,035.25	25,000.00	-964.75	96.14%
5014 · Food & Beverage	0.00	20,000.00	-20,000.00	0.0%
5015 · Materials/Printing/Design	712.32	1,500.00	-787.68	47.49%
5016 · Travel	831.80	2,700.00	-1,868.20	30.81%
5017 · UC Berkeley	0.00	252,000.00	-252,000.00	0.0%
Total 5010 · Berkeley & Symposium	25,579.37	308,200.00	-282,620.63	8.3%
5020 · Webinar Symposium				
5022 · Webinar Technology	0.00	25,000.00	-25,000.00	0.0%
Total 5020 · Webinar Symposium	0.00	25,000.00	-25,000.00	0.0%
5030 · CERL				
5031 · Materials/Printing/Design	15,691.00	16,500.00	-809.00	95.1%
5032 · Shipping	1,603.37	1,300.00	303.37	123.34%
Total 5030 · CERL	17,294.37	17,800.00	-505.63	97.16%
5039 · Charitable Contributions	0.00	2,000.00	-2,000.00	0.0%
5040 · Commissions & Fees	0.00	10,000.00	-10,000.00	0.0%
5041 · Consulting	0.00	18,000.00	-18,000.00	0.0%
5042 · Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
5050 · Fall Conference				
5051 · Audio/Visual	0.00	100,000.00	-100,000.00	0.0%
5052 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	0.00	75,000.00	-75,000.00	0.0%
5054.2 · Conference	0.00	50,000.00	-50,000.00	0.0%
5054.3 · Food & Beverage	0.00	250,000.00	-250,000.00	0.0%
Total 5054 · Hotel	0.00	375,000.00	-375,000.00	0.0%
5055 · Program Material	0.00	10,000.00	-10,000.00	0.0%
5056 · Speakers	0.00	50,000.00	-50,000.00	0.0%
5057 · Supplies	0.00	500.00	-500.00	0.0%
5058 · Travel	0.00	15,000.00	-15,000.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2024

	Jul - Aug 24	Budget	\$ Over Budget	% of Budget
Total 5050 · Fall Conference	0.00	559,500.00	-559,500.00	0.0%
5070 · Insurance	0.00	6,200.00	-6,200.00	0.0%
5071 · Legal & Professional Fees	10,840.00	15,000.00	-4,160.00	72.27%
5072 · Legislative Advocacy	6,000.00	54,000.00	-48,000.00	11.11%
5080 · Magazine				
5082 · Design/Printing/Etc.	0.00	3,500.00	-3,500.00	0.0%
5083 · Magazine - Other	0.00	8,000.00	-8,000.00	0.0%
Total 5080 · Magazine	0.00	11,500.00	-11,500.00	0.0%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	0.00	10,000.00	-10,000.00	0.0%
6001.3 · Travel - BOD Meetings	0.00	8,000.00	-8,000.00	0.0%
6001.4 · Travel - Miscellaneous BOD	0.00	8,000.00	-8,000.00	0.0%
6001.5 · Board Of Directors - Other	0.00	5,000.00	-5,000.00	0.0%
Total 6001 · Board of Directors	0.00	31,000.00	-31,000.00	0.0%
6002 · Legislative Committee Meetings	0.00	350.00	-350.00	0.0%
6003 · Program Committee Meetings	0.00	1,500.00	-1,500.00	0.0%
6006 · Education Committee Meetings	0.00	350.00	-350.00	0.0%
Total 6000 · Board & Committees	0.00	33,200.00	-33,200.00	0.0%
6010 · Office Expenses / Supplies	208.23	2,500.00	-2,291.77	8.33%
6011 · Postage & Delivery	682.15	8,500.00	-7,817.85	8.03%
6020 · Spring Conference				
6021 · Audio/Visual	0.00	100,000.00	-100,000.00	0.0%
6022 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
6023 · Entertainment	850.00	6,500.00	-5,650.00	13.08%
6024 · Hotel				
6024.1 · Wednesday Night Event	0.00	75,000.00	-75,000.00	0.0%
6024.2 · Conference	26,073.79	50,000.00	-23,926.21	52.15%
6024.3 · Food & Beverage	0.00	250,000.00	-250,000.00	0.0%
Total 6024 · Hotel	26,073.79	375,000.00	-348,926.21	6.95%
6025 · Program Material	16,100.00	10,000.00	6,100.00	161.0%
6026 · Speakers	0.00	50,000.00	-50,000.00	0.0%
6027 · Supplies	3,816.00	2,000.00	1,816.00	190.8%
6028 · Travel	2,410.48	15,000.00	-12,589.52	16.07%
Total 6020 · Spring Conference	49,250.27	561,000.00	-511,749.73	8.78%
6050 · Strategic Facilitator	0.00	0.00	0.00	0.0%
6051 · Taxes & Licenses	809.42	1,200.00	-390.58	67.45%
6053 · Technology/AMS/Website	8,409.07	42,000.00	-33,590.93	20.02%
6054 · Travel	117.83	1,500.00	-1,382.17	7.86%
Total Expense	162,413.35	1,961,800.00	-1,799,386.65	8.28%
Net Ordinary Income	274,273.18	196,700.00	77,573.18	139.44%
	274,273.18	196,700.00	77,573.18	139.44%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss by Class

July through August 2024

	<u>PAST YEAR</u>	<u>GENERAL</u>	<u>FUTURE</u>	<u>TOTAL</u>
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Affiliates	0.00	148,500.00	0.00	148,500.00
4102 · Non Profit - Organizations	0.00	1,500.00	0.00	1,500.00
4103 · Non Profit - Systems	0.00	1,800.00	0.00	1,800.00
4104 · Systems - Medium	0.00	32,000.00	0.00	32,000.00
4105 · Systems - Large	0.00	36,000.00	0.00	36,000.00
Total 4100 · Membership Dues	0.00	219,800.00	0.00	219,800.00
4250 · Product Income				
4269 · Product Shipping	0.00	25.00	0.00	25.00
Total 4250 · Product Income	0.00	25.00	0.00	25.00
4270 · UC Berkeley Program				
4271 · Registrations	0.00	24,500.00	0.00	24,500.00
4272 · Sponsorships	0.00	13,500.00	0.00	13,500.00
4270 · UC Berkeley Program - Other	0.00	100.00	0.00	100.00
Total 4270 · UC Berkeley Program	0.00	38,100.00	0.00	38,100.00
4300 · Fall Conference Registration				
4302 · Affiliates - Regular	0.00	118,800.00	0.00	118,800.00
4304 · Non Profit	0.00	1,050.00	0.00	1,050.00
4305 · Systems	0.00	7,080.00	0.00	7,080.00
4306 · Non-Members	0.00	28,800.00	0.00	28,800.00
4307 · Fun Run	0.00	345.00	0.00	345.00
4308 · Yoga	0.00	225.00	0.00	225.00
4309 · Spouse	0.00	900.00	0.00	900.00
4310 · Sponsorship	0.00	3,500.00	0.00	3,500.00
Total 4300 · Fall Conference Registration	0.00	160,700.00	0.00	160,700.00
4350 · Spring Conference Registration				
4353 · Affiliates - Late/Onsite	1,536.00	0.00	0.00	1,536.00
4355 · Systems	1,230.00	0.00	0.00	1,230.00
4356 · Non-Members	3,204.00	0.00	0.00	3,204.00
4357 · Fun Run	15.00	0.00	0.00	15.00
4350 · Spring Conference Registration - Other	175.00	0.00	0.00	175.00
Total 4350 · Spring Conference Registration	6,160.00	0.00	0.00	6,160.00
4900 · Interest Earned	0.00	11,901.53	0.00	11,901.53
Total Income	6,160.00	430,526.53	0.00	436,686.53
Gross Profit	6,160.00	430,526.53	0.00	436,686.53
Expense				
5000 · Administrative Fee	0.00	37,500.00	0.00	37,500.00
5003 · Bank Charges/Credit Card Fees	0.00	5,722.64	0.00	5,722.64
5010 · Berkeley & Symposium				
5013 · Hotel	0.00	24,035.25	0.00	24,035.25
5015 · Materials/Printing/Design	0.00	712.32	0.00	712.32
5016 · Travel	0.00	831.80	0.00	831.80
Total 5010 · Berkeley & Symposium	0.00	25,579.37	0.00	25,579.37

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss by Class

July through August 2024

	PAST YEAR	GENERAL	FUTURE	TOTAL
5030 · CERL				
5031 · Materials/Printing/Design	0.00	15,691.00	0.00	15,691.00
5032 · Shipping	0.00	1,603.37	0.00	1,603.37
Total 5030 · CERL	0.00	17,294.37	0.00	17,294.37
5071 · Legal & Professional Fees	4,250.00	6,590.00	0.00	10,840.00
5072 · Legislative Advocacy	6,000.00	0.00	0.00	6,000.00
6010 · Office Expenses / Supplies	0.00	208.23	0.00	208.23
6011 · Postage & Delivery	0.00	682.15	0.00	682.15
6020 · Spring Conference				
6023 · Entertainment	850.00	0.00	0.00	850.00
6024 · Hotel				
6024.2 · Conference	26,073.79	0.00	0.00	26,073.79
Total 6024 · Hotel	26,073.79	0.00	0.00	26,073.79
6025 · Program Material	16,100.00	0.00	0.00	16,100.00
6027 · Supplies	3,816.00	0.00	0.00	3,816.00
6028 · Travel	2,410.48	0.00	0.00	2,410.48
Total 6020 · Spring Conference	49,250.27	0.00	0.00	49,250.27
6051 · Taxes & Licenses	809.42	0.00	0.00	809.42
6053 · Technology/AMS/Website	0.00	8,409.07	0.00	8,409.07
6054 · Travel	0.00	117.83	0.00	117.83
Total Expense	60,309.69	102,103.66	0.00	162,413.35
Net Ordinary Income	-54,149.69	328,422.87	0.00	274,273.18
	-54,149.69	328,422.87	0.00	274,273.18

SACRS 2024-2025 Budget

	Budget
Ordinary Income/Expense	
Income	
4100 · Membership Dues	
4101 · Affiliates	375,000.00
4102 · Non Profit - Organizations	3,000.00
4103 · Non Profit - Systems	6,500.00
4104 · Systems - Medium	52,000.00
4105 · Systems - Large	42,000.00
Total 4100 · Membership Dues	478,500.00
4200 · Webinar Symposium Registration	
4202 · Affiliates - Regular	3,500.00
4204 · Non Profit	2,500.00
4205 · Systems	2,500.00
4206 · Non-Members	4,500.00
Total 4200 · Webinar Symposium Registration	13,000.00
4250 · Product Income	
4251 · CERL	200.00
4269 · Product Shipping	50.00
Total 4250 · Product Income	250.00
4270 · UC Berkeley Program	
4271 · Registrations	165,000.00
4272 · Sponsorships	45,000.00
4273 · Spouse	1,000.00
4270 · UC Berkeley Program - Other	
Total 4270 · UC Berkeley Program	211,000.00
4300 · Fall Conference Registration	
4302 · Affiliates - Regular	337,500.00
4303 · Affiliates - Late/Onsite	37,500.00
4304 · Non Profit	1,500.00
4305 · Systems	21,000.00
4306 · Non-Members	256,000.00
4307 · Fun Run	1,500.00
4308 · Yoga	500.00
4309 · Spouse	2,500.00
4310 · Sponsorship	40,000.00
Total 4300 · Fall Conference Registration	698,000.00
4350 · Spring Conference Registration	
4352 · Affiliates - Regular	337,500.00
4353 · Affiliates - Late/Onsite	37,500.00
4354 · Non Profit	1,500.00
4355 · Systems	50,750.00
4356 · Non-Members	256,000.00
4357 · Fun Run	1,500.00
4358 · Yoga	500.00

4359 · Spouse	2,500.00
4360 · Sponsorship	40,000.00
4350 · Spring Conference Registration - Other	
Total 4350 · Spring Conference Registration	727,750.00
4900 · Interest Earned	30,000.00
Total Income	2,158,500.00
Gross Profit	2,158,500.00
Expense	
5000 · Administrative Fee	225,000.00
5001 · Administrative Services	500.00
5002 · Awards	500.00
5003 · Bank Charges/Credit Card Fees	55,000.00
5010 · Berkeley & Symposium	
5011 · Audio/Visual	7,000.00
5013 · Hotel	25,000.00
5014 · Food & Beverage	20,000.00
5015 · Materials/Printing/Design	1,500.00
5016 · Travel	2,700.00
5017 · UC Berkeley	252,000.00
Total 5010 · Berkeley & Symposium	308,200.00
5020 · Webinar Symposium	
5022 · Webinar Technology	25,000.00
Total 5020 · Webinar Symposium	25,000.00
5030 · CERL	
5031 · Materials/Printing/Design	16,500.00
5032 · Shipping	1,300.00
Total 5030 · CERL	17,800.00
5039 · Charitable Contributions	2,000.00
5040 · Commissions & Fees	10,000.00
5041 · Consulting	18,000.00
5042 · Dues & Subscriptions	3,700.00
5050 · Fall Conference	
5051 · Audio/Visual	100,000.00
5052 · Delivery & Shipping	2,500.00
5053 · Entertainment	6,500.00
5054 · Hotel	
5054.1 · Wednesday Night Event	75,000.00
5054.2 · Conference	50,000.00
5054.3 · Food & Beverage	250,000.00
Total 5054 · Hotel	375,000.00
5055 · Program Material	10,000.00
5056 · Speakers	50,000.00
5057 · Supplies	500.00
5058 · Travel	15,000.00
Total 5050 · Fall Conference	559,500.00
5070 · Insurance	6,200.00

5071 · Legal & Professional Fees	15,000.00
5072 · Legislative Advocacy	54,000.00
5080 · Magazine	
5082 · Design/Printing/Etc.	3,500.00
5083 · Magazine - Other	8,000.00
Total 5080 · Magazine	<u>11,500.00</u>
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	10,000.00
6001.3 · Travel - BOD Meetings	8,000.00
6001.4 · Travel - Miscellaneous BOD	8,000.00
6001.5 · Board Of Directors - Other	5,000.00
Total 6001 · Board of Directors	<u>31,000.00</u>
6002 · Legislative Committee Meetings	350.00
6003 · Program Committee Meetings	1,500.00
6006 · Education Committee Meetings	350.00
Total 6000 · Board & Committees	<u>33,200.00</u>
6010 · Office Expenses / Supplies	2,500.00
6011 · Postage & Delivery	8,500.00
6020 · Spring Conference	
6021 · Audio/Visual	100,000.00
6022 · Delivery & Shipping	2,500.00
6023 · Entertainment	6,500.00
6024 · Hotel	
6024.1 · Wednesday Night Event	75,000.00
6024.2 · Conference	50,000.00
6024.3 · Food & Beverage	250,000.00
Total 6024 · Hotel	<u>375,000.00</u>
6025 · Program Material	10,000.00
6026 · Speakers	50,000.00
6027 · Supplies	2,000.00
6028 · Travel	15,000.00
Total 6020 · Spring Conference	<u>561,000.00</u>
6050 · Strategic Facilitator	0.00
6051 · Taxes & Licenses	1,200.00
6053 · Technology/AMS/Website	42,000.00
6054 · Travel	1,500.00
Total Expense	<u>1,961,800.00</u>
Net Ordinary Income	<u>196,700.00</u>
	<u><u>196,700.00</u></u>



4. SACRS President Report - No Action

David MacDonald, Contra Costa CERA, SACRS President

A. SACRS President Update

No printed materials for this item



5. SACRS Legislative Committee Report - Action Item

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA

- A. Legislative Committee Report
- B. SACRS Legislative Proposals



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

Capitol Update

The Governor just met his 30-day deadline to take action on the 990 bills that were sent to his Desk. Overall, he vetoed 183 bills, making his veto rate roughly 18% - which has been about his average. Some of the bills that met his red pen were automatic voter registration, a major AI safety bill, and a bill that would have let undocumented immigrants eligible for home loans. During these last few weeks, the Assembly has convened their 2nd Extraordinary Session to consider legislation aimed at easing gas price spikes, including the Governor's proposal that would require oil refineries to maintain a minimum supply of fuel. Although, not thrilled with being stuck at the Capitol, legislators are in full campaign-mode, with almost a third of the Legislature's seats turning over in the 100 legislative districts up for election.

SACRS is tracking the following bills:

- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees' Retirement Association to appoint a Chief Technology Officer. Status: This bill was signed by the Governor on 7/15
- **SB 1379 (Dodd)** – This bill creates an exception to PEPRA from the 960-hour limitation on retired public employees working after retirement for hours worked in an appointment by Solano County Sheriff's Office. Status: This bill was signed by the Governor on 9/29.
- **AB 2284 (Grayson)** – The bill amends the definition of "compensation earnable" to define a work classification "grade" to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. The bill was amended on 6/27 to include a provision that requires the Board of Supervisors to pass a resolution to allow for the language to become operational within the jurisdiction. The SACRS Board met on July 18th and took an Oppose position. Status: This bill was signed by the Governor on 9/28.



- **AB 2301 (Nguyen)** – This bill, the Sacramento Area Sewer District Pension Protection Act of 2024, provides for the continuation of benefits and pension obligations for employees transferring from the County of Sacramento to the Sacramento Area Sewer District. Status: This bill was signed by the Governor on 7/2.
- **AB 2474 (Lackey)** – This is a SACRS-sponsored bill and was amended in Committee to allow LACERA-only to deposit retirement allowances into prepaid accounts until January 1, 2028, as a pilot program. The bill also provides clarity regarding the ability of a system to deposit pension payments in a member’s living trust bank account. The bill also clarifies potential consequences when a retiree exceeds the 960-hour post-retirement employment limit and provides systems with administrative flexibility on that matter. This bill was signed by the Governor on 7/15.
- **AB 2770 (Committee on Public Employment and Retirement)** – This is the annual housekeeping bill that includes various technical amendments for CalPERS, CalSTRS, and ’37 Act systems. SACRS is a co-sponsor of the bill. The bill removes the “return receipt” requirements as part of current procedures in statute that systems must follow to locate members and beneficiaries. The bill also conforms the sunset date of January 1, 2025, to the Labor Code for the recently added disability presumption for post-traumatic stress disorder. Status: This bill was signed by the Governor on 7/15.
- **AB 3025 (Valencia)** – This bill creates a framework for making benefit corrections and contribution refunds when disallowed compensation is inadvertently included in pension calculations. This bill includes a penalty to be paid by the employer to the member if compensation is later determined to be disallowed. The bill also includes language that is intended to protect a system’s *Alameda* correction process currently underway. The SACRS Legislative Committee is working with the bill’s author and sponsor to ensure ’37 Act systems can properly implement the bill, consistent with IRS regulations. The bill was amended on 6/27 to expressly state that confidential information is not subject to the California Public Records Act. The author has also agreed to accept one last amendment that clarifies “Initiated a process” to mean a system has formally adopted a resolution “*or made an administrative determination*”.



Status: The bill was signed by the Governor on 9/22.

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

- **SB 252 (Gonzalez)** – This bill prohibits CalPERS and CalSTRS from making new investments in a fossil fuel company and requires those systems to divest from fossil fuel companies by July 1, 2031, unless the board determines in good faith that the action is inconsistent with the board's fiduciary responsibilities. Status: Dead. This bill was not taken up by the Assembly Public Employment and Retirement Committee.
- **AB 817 (Pacheco)** -. The bill would have provided flexibility for local government agencies to conduct remote meetings under Open Meeting laws. Specifically, this bill would have allowed a subsidiary body of a local agency to teleconference their meetings without having to publicly notice or make all locations publicly available. Status: Dead. This bill did not pass out of the Senate Local Government Committee.
- **SB 1240 (Alvarado-Gil)** – This bill provides for the continuation of pension benefits for employees of El Dorado County Fire Protection District and the Diamond Springs Fire Protection District under a new consolidated district. Status: This bill was signed by the Governor on 9/28.
- **AB 2715 (Boerner)** – This bill allows a legislative body to discuss a threat to critical infrastructure controls or critical infrastructure information relating to cyber security during a closed session. Status: This bill was signed by the Governor on 9/14.



August 16, 2024

RE: SACRS Legislative Proposals 2025

Dear SACRS Board of Directors,

The SACRS Legislative Committee has developed a legislative package for consideration in the upcoming 2025 legislative session. These proposals reflect the input of SACRS member systems and are intended to provide technical and administrative clarity to various sections of the County Employees Retirement Law of 1937 (CERL).

The following proposed amendments to the CERL correct drafting omissions following the implementation of PEPRA in 2013:

- Three-Year Final Compensation (Government Code Section 31462.05): This amendment clarifies how the three-year final compensation period is calculated when a member has less than 36 months of service, consistent with similar sections of law.
- Safety Designation (Government Code Section 31470.14): This amendment clarifies that service for miscellaneous positions that are converted to safety positions after January 1, 2013, cannot be retroactively enhanced.

We thank the Legislative Committee for reviewing these proposals and engaging in a collaborative, deliberative process to achieve consensus on issues. These amendments represent process improvements that will provide administrative efficiencies to retirement systems and members.

Respectfully,

/s/

David Nelsen and Eric Stern
Co-Chairs, Legislative Committee

ATTACHMENT

- SACRS 2025 Legislative Proposal – Draft Language

SACRS 2025 Legislative Proposal
DRAFT LANGUAGE
As of August 16, 2024

31462.05.

(a) For a member who is subject to the California Public Employees' Pension Reform Act of 2013 (Article 4 (commencing with Section 7522) of Chapter 21 of Division 7 of Title 1) for all or any portion of their membership in the county retirement system, "final compensation" as defined in Section 7522.32 shall apply. The computation for any absence shall be based on the pensionable compensation of the position held by the member at the beginning of the absence.

(b) If a member has less than three years of service, that member's final compensation shall be determined by dividing the total pensionable compensation by the number of months of service credited to the member and multiplying by 12.

~~(c) When determining final compensation for a member who does not have three consecutive years of earned pensionable compensation due to an absence, the compensation for any absence shall be based on the pensionable compensation of the position held by the member immediately prior to the absence.~~

31470.14.

(a) Local prosecutors, local public defenders, and local public defender investigators are eligible.

(b) Except as provided in subdivision (c) and notwithstanding Sections 31639.7 and 31639.75, past service as a general member shall be converted to safety service if the past service was rendered in a position that has subsequently been reclassified as a safety position pursuant to this section before January 1, 2013. On or after January 1, 2013, any enhancement to safety service shall be subject to Section 7522.44. For local prosecutors, as described in paragraph (2) of subdivision (a) of Section 31469.2, service in the office of a district attorney and a local child support agency shall be considered service for the district attorney for purposes of this section.

(c) Notwithstanding any other provision of this chapter, within 90 days after this section becomes operative in the county, or on the first day of the calendar month following his or her entrance into service, whichever is later, a local prosecutor, local public defender, or local public defender investigator may file a written election not to become a local safety member pursuant to this section.

(d) Notwithstanding any other provision of this chapter, local prosecutors, local public defenders, and local public defender investigators shall be subject to the benefit formula contained in Section 31664 or 31664.2, or any other benefit formula applicable to safety members that does not provide benefits greater than those benefits provided under Section 31664.2, as designated in the resolution described in subdivision (e). A local prosecutor, local public defender, or local public defender investigator shall not be deemed to be a county peace officer, as defined in Section 31469.1, for any purpose under this chapter.

(e) This section shall not be operative in a county unless and until the board of supervisors, by resolution adopted by majority vote, makes this section operative in the county. A resolution to make this section operative in the county shall include all local prosecutors, local public defenders, and local public defender investigators described in Section 31469.2.

(f) A provision in a memorandum of understanding that an employer is not obligated to meet and confer regarding wages, hours, or conditions of employment during the term of the memorandum shall not be construed to preclude meetings regarding the provisions of this section between an employer and local prosecutors, local public defenders, and local public defender investigators prior to the expiration of the term of the memorandum of understanding.

(g) This section does not apply to any person described in Section 31469.2 who dies prior to the date this section becomes applicable in the county.



6. SACRS Nomination Committee Report – Information Only

Vivian Gray, Los Angeles CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2025-2026



September 12, 2024

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Vivian Gray, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2025-2026 - Elections Notice

SACRS BOD 2025-2026 election process will begin January 1, 2025. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2025	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2025	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 10, 2025	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference
May 10, 2025	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of



SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference May 13-16, 2025. Elections will be held during the Annual Business meeting on Friday, May 16, at the Omni Rancho Las Palmas, Rancho Mirage.

If you have any questions, please contact Vivian Gray at vgray@lacara.com.

Thank you for your prompt attention to this timely matter.

Sincerely,

Vivian Gray

Vivian Gray, Trustee, Los Angeles CERA and SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director

SACRS Nomination Submission Form



SACRS Board of Directors Elections 2025-2026

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2025.** Please submit to the Nominating Committee Chair at vgray@lacera.com **AND** to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	



7. SACRS Audit Committee Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Audit Update

No printed materials for this item



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. Education Committee Report

No printed materials for this item



9. SACRS Program Committee Report – No Action

Adele Tagaloa, Orange CERS, SACRS Program Committee Chair

A. Program Committee Report

No printed materials for this item



10. SACRS Affiliate Committee Report – No Action

Sean Gannon, Manulife Investment Mgt, SACRS Affiliate Committee Chair

A. Affiliate Committee Report

No printed materials for this item



11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Report

No printed materials for this item



12. SACRS Spring Conference Breakout Reports – No Action

A representative from each breakout will give a verbal report on their meetings. No printed materials for this item.

- A. Administrators
- B. Affiliates
- C. Attorneys
- D. Disability/ Operations & Benefits Combo
- E. Internal Auditors
- F. Investment Officers
- G. Safety Trustees
- H. General Trustees



13. Adjournment

Next scheduled SACRS Business Meeting will be held on Friday, May 16, 2025. The meeting will be held at the Omni Rancho Las Palmas during SACRS Annual Spring Conference May 13 – 16, 2025.

No printed materials for this item



Date: November 6, 2024

To: Trustees, Board of Retirement

From: Jennifer Esquivel Zahry, Chief Legal Officer
Kristen McDonald, Deputy Chief Legal Officer

Subject: SACRS Legislative Proposal – November 2024

At the SACRS Business Meeting on Friday, November 15, 2024, KCERA's voting delegate will be asked to provide input on a legislative proposal submitted by the SACRS Legislative Committee. The narrow issue to be discussed is whether SACRS should sponsor the legislation. (Relevant excerpts for the SACRS Business meeting are attached).

Proposal

The proposal concerns two sections of the CERL: (a) section 31462.05 regarding the determination of "final compensation" and (b) section 31470.14 regarding the eligibility of local prosecutors, local public defenders, and local public defender investigators. Both proposed legislative changes are intended to bring technical and administrative clarity to the application of these CERL sections and are not intended to create substantive changes to the law.

CERL section 31462.05

Regarding CERL section 31462.05, the proposal would add the following language to subsection (a) for calculating final compensation for time which includes a leave of absence: "[t]he computation for any absence shall be based on the pensionable compensation of the position held by the member at the beginning of the absence," as well as delete current subsection (c), which discusses determining compensation when a member does not have three consecutive years of earned pensionable compensation due to an absence. The net effect is that regardless of whether a member has three consecutive years of service or not, the system should fill in any unpaid leaves of absence with the pensionable compensation earned by the member at the beginning of the absence, and then assess their highest three-year FAC period—rather than first finding and using a consecutive three-year period without any unpaid leaves of absence

The argument, per LACERA (the source of this change) is that, as currently written, the statutory language only deals with absences when a member has less than three consecutive years of pensionable compensation but does not address a situation where a member has more than three consecutive years of pensionable compensation and also has periods of absences, such that a recent absence could inadvertently deny them the benefit of their higher pay being counted, and force the calculation to be made with lower paying time. For example, what if the member is absent all of 2024 but has three consecutive years of pensionable compensation for 2021, 2022, and 2023? Without the proposed clarification, current law could be interpreted to not impute pensionable compensation from 2023 to "fill in" the unpaid leave of absence in 2024 even though the pensionable compensation in effect in 2023 is higher than the previous years. The average of 2022, 2023, and 2024 would be higher

than the average of 2021, 2022, and 2023. If the member's pensionable compensation from 2023 is not imputed for the unpaid leave in 2024, the member would be disadvantaged.

CERL section 31470.14

Regarding CERL section 31470.14, the proposal would add language to subsection (b), clarifying that any reclassification of said local positions (prosecutors, public defenders, and public defender investigators) from general to safety on or after January 1, 2013, would be subject to PEPRA section 7522.44, which states that enhancements to a retirement formula/benefit are prospective only. Reclassification of those positions from general to safety prior to January 1, 2013, would allow the change to be applied retroactively.

Anticipated Effect on KCERA

Proposed change to CERL section 31462.05: no anticipated effect. CPAS programming is consistent with the clarification the SACRS Legislative Committee is proposing.

Proposed change to CERL section 31470.14: no anticipated effect at present. None of these positions have been converted from general to safety in Kern County, so were it to happen in the future all would be prospective. In that case, members of these groups would have a pension based on two separate benefit tiers: one based on their time as a general member and a second based on their time as a safety member.

Considerations

KCERA'S Legislative Policy ("Policy") sets forth the Board's guidelines for considering whether to support or oppose pending legislation. The full Policy is attached for reference. Supporting the current proposals is consistent with KCERA's legislative principles as set forth in the Policy, in particular, the exhortation to "[s]upport legislative proposals that clarify statutory interpretation of '37 Act provisions unless inconsistent with KCERA's legislative policy." The current legislative proposals would, in KCERA's estimation, clarify the current statutory interpretation of CERL sections 31462.05 and 31470.14.

Recommendation: The Chief Legal Officer recommends your Board direct the voting delegate to vote in favor of both legislative proposals at the SACRS Business Meeting on Friday, November 15, 2024.

SACRS Legislative Proposals 2025



Presented by:
Jennifer Esquivel Zahry, Chief Legal Officer



Determination of Final Compensation

31462.05 – Whenever a member has had an absence (such as a leave of absence), the computation for the absence period is based on the pensionable pay for the position held “at the beginning of the absence.”

If a member has absences, the system should impute the pensionable compensation the member earned at the beginning of the absence, and then assess the FAC period, rather than selecting the FAC period that does not include unpaid absences.



Safety Designation for District Attorneys, Public Defenders, and Public Defender Investigators

31470.14—Adds that if any of these positions are converted from general to safety service on or after January 1, 2013, that enhancement to benefits is prospective only.



Recommendations



Determination of Final
Compensation

Recommend Vote in Favor



Safety Designation for
DAs, PDs, PD
Investigators

Recommend Vote in Favor



August 16, 2024

RE: SACRS Legislative Proposals 2025

Dear SACRS Board of Directors,

The SACRS Legislative Committee has developed a legislative package for consideration in the upcoming 2025 legislative session. These proposals reflect the input of SACRS member systems and are intended to provide technical and administrative clarity to various sections of the County Employees Retirement Law of 1937 (CERL).

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- Safety Designation (Government Code Section 31470.14): This amendment clarifies that service for miscellaneous positions that are converted to safety positions after January 1, 2013, cannot be retroactively enhanced.

We thank the Legislative Committee for reviewing these proposals and engaging in a collaborative, deliberative process to achieve consensus on issues. These amendments represent process improvements that will provide administrative efficiencies to retirement systems and members.

Respectfully,

/s/

David Nelsen and Eric Stern
Co-Chairs, Legislative Committee

ATTACHMENT

- SACRS 2025 Legislative Proposal – Draft Language

SACRS 2025 Legislative Proposal
DRAFT LANGUAGE
As of August 16, 2024

31462.05.

(a) For a member who is subject to the California Public Employees' Pension Reform Act of 2013 (Article 4 (commencing with Section 7522) of Chapter 21 of Division 7 of Title 1) for all or any portion of their membership in the county retirement system, "final compensation" as defined in Section 7522.32 shall apply. The computation for any absence shall be based on the pensionable compensation of the position held by the member at the beginning of the absence.

(b) If a member has less than three years of service, that member's final compensation shall be determined by dividing the total pensionable compensation by the number of months of service credited to the member and multiplying by 12.

~~(c) When determining final compensation for a member who does not have three consecutive years of earned pensionable compensation due to an absence, the compensation for any absence shall be based on the pensionable compensation of the position held by the member immediately prior to the absence.~~

31470.14.

(a) Local prosecutors, local public defenders, and local public defender investigators are eligible.

(b) Except as provided in subdivision (c) and notwithstanding Sections 31639.7 and 31639.75, past service as a general member shall be converted to safety service if the past service was rendered in a position that has subsequently been reclassified as a safety position pursuant to this section before January 1, 2013. On or after January 1, 2013, any enhancement to safety service shall be subject to Section 7522.44. For local prosecutors, as described in paragraph (2) of subdivision (a) of Section 31469.2, service in the office of a district attorney and a local child support agency shall be considered service for the district attorney for purposes of this section.

(c) Notwithstanding any other provision of this chapter, within 90 days after this section becomes operative in the county, or on the first day of the calendar month following his or her entrance into service, whichever is later, a local prosecutor, local public defender, or local public defender investigator may file a written election not to become a local safety member pursuant to this section.

(d) Notwithstanding any other provision of this chapter, local prosecutors, local public defenders, and local public defender investigators shall be subject to the benefit formula contained in Section 31664 or 31664.2, or any other benefit formula applicable to safety members that does not provide benefits greater than those benefits provided under Section 31664.2, as designated in the resolution described in subdivision (e). A local prosecutor, local public defender, or local public defender investigator shall not be deemed to be a county peace officer, as defined in Section 31469.1, for any purpose under this chapter.

(e) This section shall not be operative in a county unless and until the board of supervisors, by resolution adopted by majority vote, makes this section operative in the county. A resolution to make this section operative in the county shall include all local prosecutors, local public defenders, and local public defender investigators described in Section 31469.2.

(f) A provision in a memorandum of understanding that an employer is not obligated to meet and confer regarding wages, hours, or conditions of employment during the term of the memorandum shall not be construed to preclude meetings regarding the provisions of this section between an employer and local prosecutors, local public defenders, and local public defender investigators prior to the expiration of the term of the memorandum of understanding.

(g) This section does not apply to any person described in Section 31469.2 who dies prior to the date this section becomes applicable in the county.

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.



KCERA – November 6, 2024

The 80% Funding Myth

Todd Tauzer, Senior Vice President and Actuary, National Public Sector Retirement Practice Leader

The Funded Position

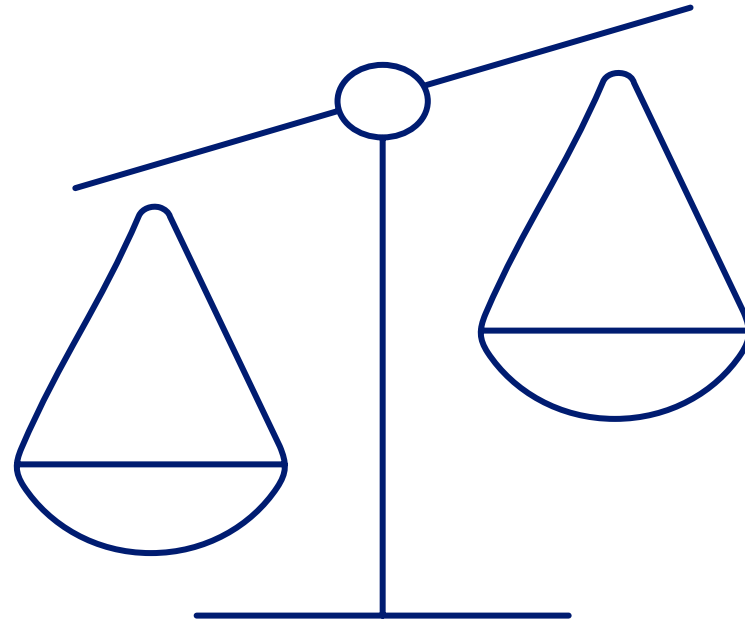
Basics

Funded Ratio

- Assets / Liabilities

Funded Status

- Liabilities - Assets



The Funded Position

Beware of nuances – dependent on the purpose of the measurement

Asset valuations vary, for example:

- Market value of assets
- Actuarial value of assets

Liability valuations vary, for example:

- Actuarial accrued (funding) liability
- Termination liability
- Low-default-risk obligation measure (LDRROM)

“Assessing Pension Plan Health: More Than One Right Number Tells the Whole Story”



Funded Ratio


The 80% Myth

Why the focus on funded ratio?

- Desire for comparability
- **Quest for unattainable simplicity** 

Why a common focus on 80%?

- Corporate and multiemployer (union) pension funding trigger
- Benchmark in credit rating agency pension analysis
- Relatively attainable



A funded ratio of 80% or more is within the range that many public sector experts, union officials, and advocates view as a healthy pension system.

U.S. Government Accountability Office, 2007



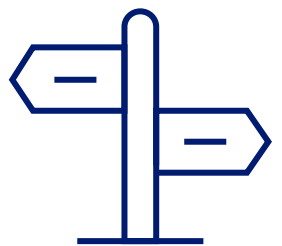
[The plan] currently has around a 71% funding ratio, below the 80% benchmark that healthy pension plans shoot for.

Chief Investment Officer, 2019

Significance of Funded Ratio

Which plan would you prefer?

	Funded Ratio	
Valuation Date	Plan A	Plan B
2024	73%	82%



Significance of Funded Ratio

Which plan would you prefer?

	Funded Ratio	
Valuation Date	Plan A	Plan B
2024	73%	82%
2023	61%	89%
2022	57%	93%
2021	46%	102%
2020	38%	118%
2019	24%	132%

Funded Ratio

Caution warranted

The funded ratio is:

- Helpful in indicating plan trajectory over long periods of time
- A single point in time measurement
- Subject to the ups and downs of economic cycles
- **Heavily based on actuarial assumptions and even cost methods**
- Easily used, and easily misused



“The 80% Pension Funding Myth”



The 80% Pension Funding Myth

Context is key

The funded ratio provides meaning in context:

- Degree of conservatism in actuarial assumptions
- Strength of (and consistent adherence to) funding policy
- History of benefit provision changes
- Size of unfunded liabilities relative to financial size of plan sponsor(s)
- Financial health of plan sponsor(s)
- Investment strategy and level of investment volatility
- Projections of funding and contribution trajectory

The 80% Pension Funding Myth

What to target?

What does 100% funded mean?

- Indicates being “on track”
- Eliminates unfunded liability payments
- Ongoing costs continue to be covered through the normal cost

Why target at least 100% funded?

- Holding unfunded liability is extremely expensive
- Past decisions to defer costs have led to the most expensive plans
- To be prepared for future economic cycles and risks

[“Objectives and Principles for Funding Public Sector Pension Plans”](#)





The idea that an 80% funding ratio is a ‘healthy’ level is frequently cited. ... As will be demonstrated, there are drastic long-term financial consequences for not fully funding pension benefits over a reasonable time period.

CalSTRS Board Report, 2018

Beyond Funded Ratios

Principles for sound pension funding

Healthy governance

- Structure and culture where politics take a back seat for the ultimate goal
- Supports intergenerational equity as much as possible

Realistic assessment of liability

- Transparent, unbiased, prudent assumptions

Effective required contributions

- Amortization that identifies, tracks, and eliminates unfunded liability
- Contributions are consistently met in full

Beyond Funded Ratios

Funding discipline is essential

For The Five Highest-Funded U.S. State Pension Plans, Being Proactive Keeps Liabilities Manageable

Primary Credit Analyst:

Oladunni M Ososami, Dallas 972-367-3338; oladunni.ososami@spglobal.com

Secondary Contact:

Todd N Tauzer, FSA, CERA, MAAA, San Francisco (1) 415-371-5033; todd.tauzer@spglobal.com

Best Funded Plans

- Early movers to lower discount rate
- Early movers to adopt generational mortality
- Commitment to strong funding policies
- Consistent contributions in full

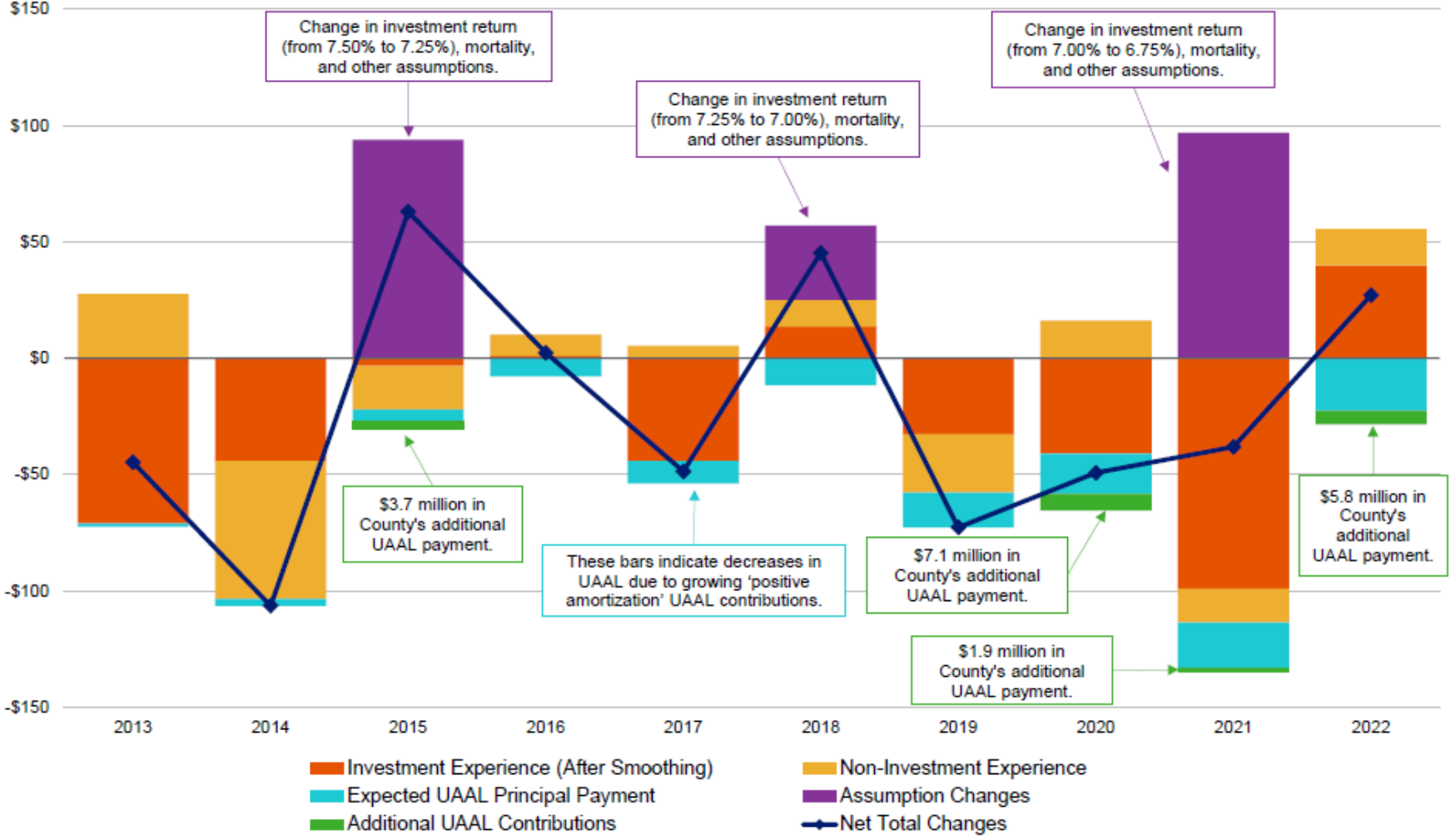
Worst Funded Plans

- Political resistance to update assumptions
- Invented ways to defer funding commitment
- Ineffective funding policies
- Inconsistent contributions

Beyond Funded Ratios

Tracking and managing unfunded liabilities (sample plan)

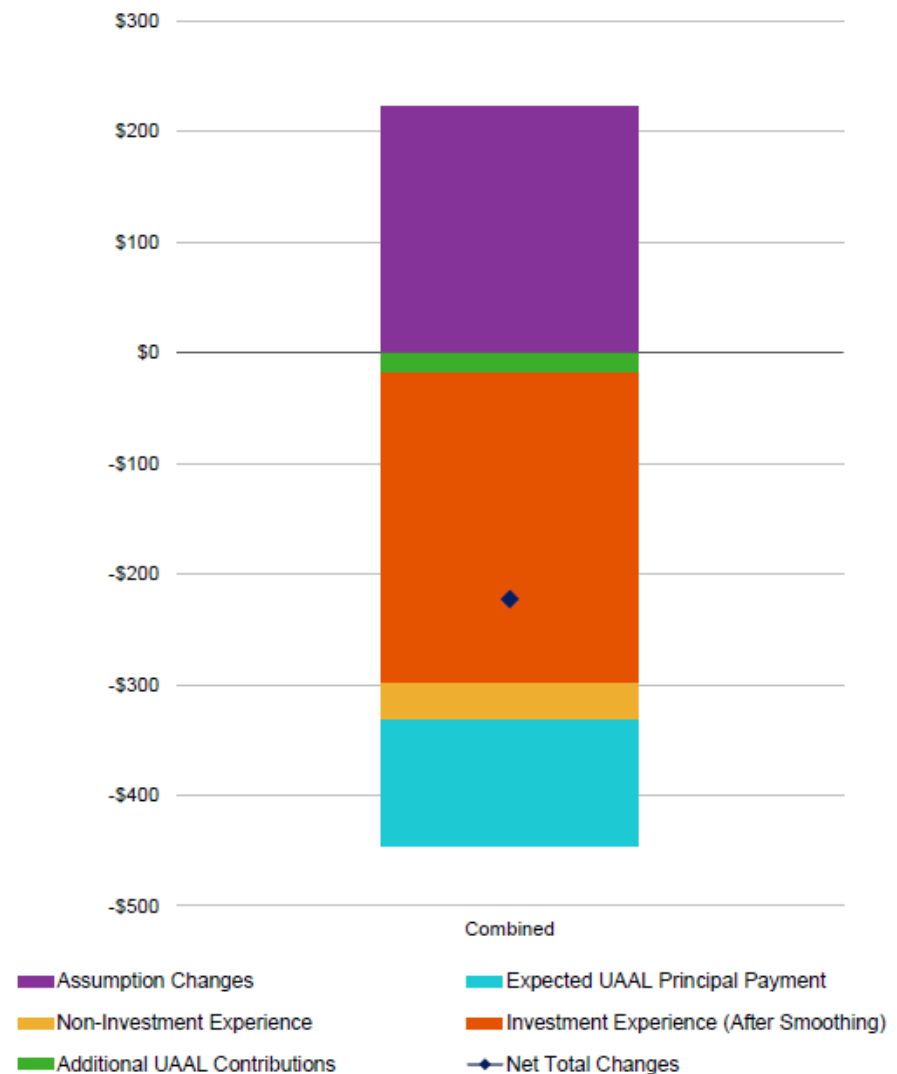
Factors that Changed UAAL in December 31, 2013 to 2022 Valuations (\$ Millions)



Beyond Funded Ratios

Tracking and managing unfunded liabilities (sample plan)

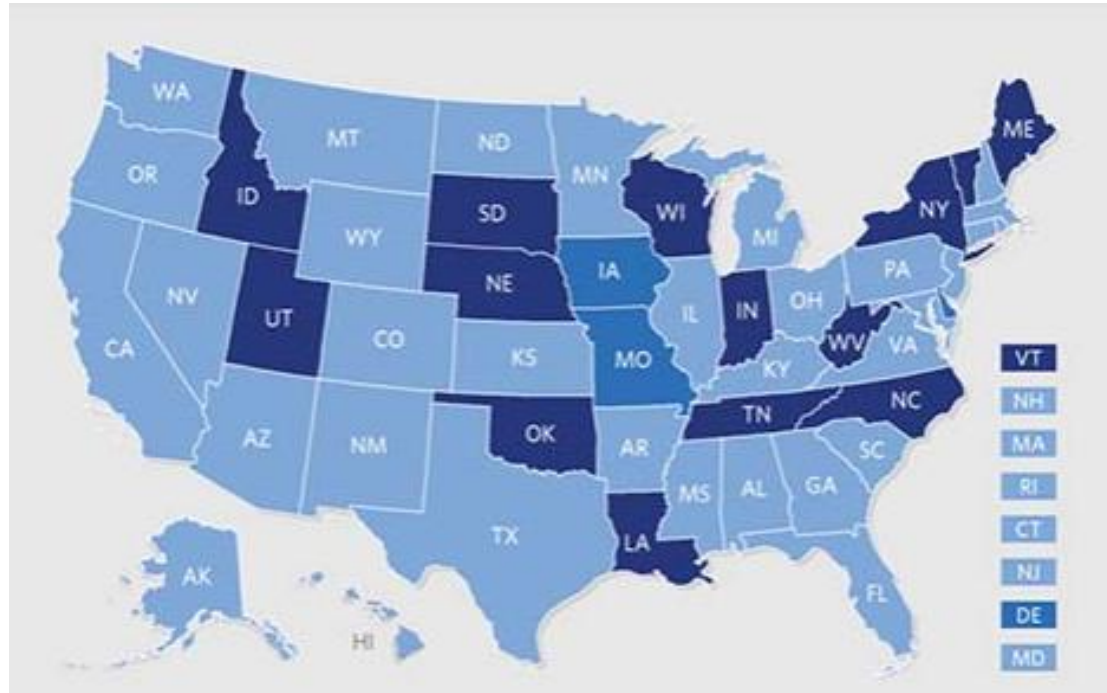
Factors that Changed UAAL in December 31, 2013 to 2022 Valuations Combined (\$ Millions)



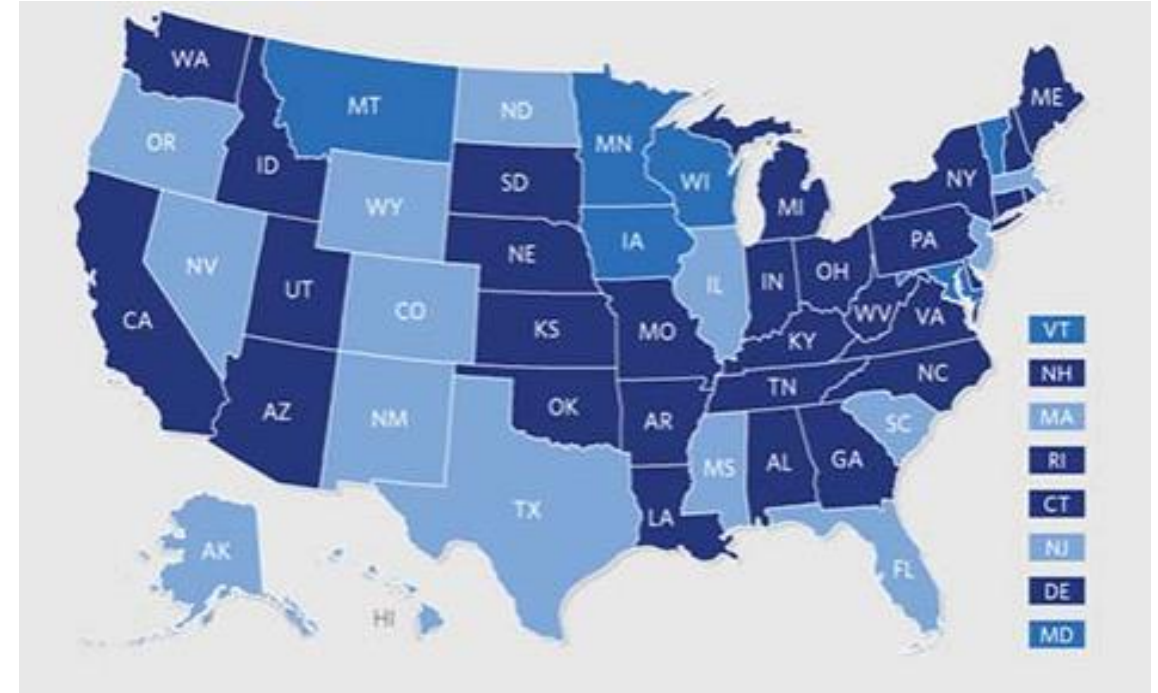
Beyond Funded Ratios

Progress through positive amortization

Weaker Levels in 2014



Significantly Improved in 2019



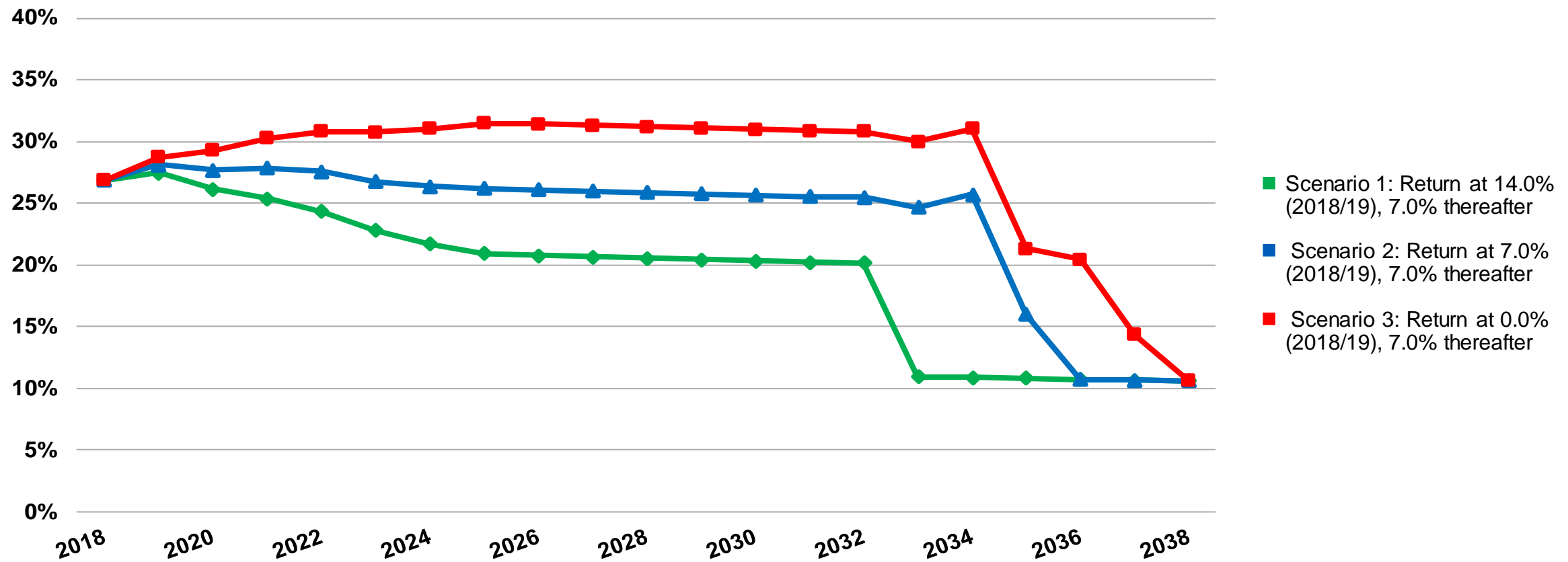
■ Positive amortization ■ Stable amortization ■ Negative amortization

“The State Pension Funding Gap: Plans Have Stabilized in Wake of Pandemic” from PEW



Prepare for What Might Come Next

Investment Return Scenarios on Future Contribution Rates



Projecting contributions based on practical, realistic investment scenarios over the very next year provides a basis for enhanced financial preparation and informed decision making.

Plan Ahead

Surplus Management Policy

Important Considerations

- Understand what “surplus” means and does not mean
- Build a robust funding policy that includes a surplus management strategy
 - Take reactive politics out of the picture!
- Utilize the opportunity to re-evaluate assumptions and funding policies
 - In light of long-term risk management goals
- Acknowledge additional potential risk reduction strategies
 - Examine investment portfolio risk/reward trade off
 - Consider reserves, rainy-day funds, or other methods for stabilizing future contributions





In our view, plans that demonstrate strong funding discipline by targeting 100% funding on a prudent and consistent actuarial basis with conservative assumptions and methods are much more likely to manage pension liabilities...

S&P Global Ratings, 2019

Thank You

Todd Tauzer, FSA, CERA, FCA, MAAA
National Public Sector Retirement Practice Leader
Senior Vice President & Actuary

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Date: November 6, 2024

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer



Subject: Update to Interest Crediting Policy

The Interest Crediting Policy has been updated for the accounting of the 2.0% & 0.5% Cost-of-Living Member Deposit Reserves and 2.0% & 0.5% Cost-of-Living Reserve for employer contributions. In accordance with the 2001 Settlement Agreement between KCERA and the Kern Law Enforcement Association, et al. ("Ventura Settlement"), funds were earmarked from the Supplemental Retiree Benefit Reserve (SRBR) to fund the initial cost associated with an increase from a 2.0% COLA benefit to a 2.5% COLA benefit. Unlike the Unallocated SRBR, this portion of the SRBR is treated as a valuation reserve and can only be used to provide the additional 0.5% COLA benefit. The Ventura Settlement ordered that reserve be used to pay for the additional 0.5% COLA benefit until the allocated amount was exhausted. Thereafter, the COLA would be paid first with excess earnings, if any; or by the County, if none. As of June 30, 2023, the allocated amount has been exhausted. Effective with the interest crediting period ending December 31, 2024, the 0.5% Cost-of-Living Reserve is the reserve to which 0.5% cost-of-living employer contributions will be credited.



REGULAR INTEREST AND EXCESS INTEREST CREDITING POLICY

PURPOSE

- I. The purpose of this policy is to establish the process to be used by the Kern County Employees' Retirement Associations ("KCERA") to credit semi-annual interest to reserves. This policy shall include, but may not be limited to, the following:
 1. Defining the reserves maintained by KCERA;
 2. Determining the regular and excess rates of interest at which reserves are to be credited; and
 3. Determining the priorities and sequence by which interest will be credited to the reserves.

GOVERNING LAW

- II. KCERA is governed by provisions of the County Employees Retirement Law of 1937 ("CERL"), as well as other federal and State laws relating to public retirement systems.

CERL generally governs interest crediting and excess earnings. Under CERL, interest is credited every 6 months. Various reserves and designations are established and maintained by the Board under procedures adopted by the Board pursuant to Article 5.5 of CERL.

OBJECTIVES

- III. The policy has been developed with the following objectives:
 1. To comply with appropriate legal and regulatory requirements.
 2. To maintain consistency between the reserving structure and the actuarial funding of KCERA.
 3. To limit, to the extent possible, the volatility of interest crediting from period to period.
 4. To limit, to the extent possible, the charging of losses to valuation reserves.

5. To assure that the reserve values track the market value of assets over the long term.

CURRENT RESERVES

- IV. KCERA maintains the following reserves:

Valuation Reserves:

Member Deposit Reserves – The reserves to which basic member contributions are credited. These contributions may be refunded to the member upon separation from service or left on deposit by the member upon separation from service (deferred retirement). Upon retirement of a member, a transfer is made to Retired Member Reserves (Annuity).

2.0% Cost-of-Living Member Deposit Reserves – The reserves to which 2.0% cost-of-living member contributions are credited, if applicable. These contributions may be refunded to the member upon separation from service or left on deposit by the member upon separation from service (deferred retirement). Upon retirement of a member, a transfer is made to 2.0% Cost-of-Living Reserves.

0.5% Cost-of-Living Member Deposit Reserves – The reserves to which 0.5% cost-of-living member contributions are credited, if applicable. These contributions may be refunded to the member upon separation from service or left on deposit by the member upon separation from service (deferred retirement). Upon retirement of a member, a transfer is made to 0.5% Cost-of-Living Reserves.

Employer Advance Reserves – The reserves to which basic employer contributions are credited. Upon retirement of a member, a transfer is made to Retired Member Reserves (Pension).

~~Cost-of-Living Reserves – The reserves to which cost-of-living employer contributions are credited.~~

Retired Member Reserves (Annuity & Pension) – The reserves to which transfers are made from Member Deposit Reserves and Employer Advance Reserves at the time of a member's retirement. The total of these reserves should equal the present value (excluding cost-of-living increases) of the total benefit due all retirees and eligible beneficiaries.

2.0% Cost-of-Living Reserve – The reserve to which 2.0% cost-of-living employer contributions are credited.

0.5% Cost-of-Living Reserve ((FKA¹) Allocated Supplemental Retiree Benefit Reserve (0.5% COLA Reserve)) – In accordance with the 2001 Settlement Agreement between KCERA and the Kern Law Enforcement Association et al

¹ FKA, as used throughout this policy stands for Formerly Known As).

("Ventura Settlement"), funds were earmarked from the Supplemental Retiree Benefit Reserve (SRBR) to fund some of the cost associated with an increase from a 2.0% COLA benefit to a 2.5% COLA benefit. Unlike the Unallocated SRBR, this portion of the SRBR is treated as a valuation reserve and can only be used to provide the additional 0.5% COLA benefit. This reserve is used to pay for an additional 0.5% COLA benefit until the allocated amount is exhausted. As of June 30, 2023, the allocated amount has been exhausted. Effective with the interest crediting period ending December 31, 2024, the 0.5% Cost-of-Living Reserve is the reserve to which 0.5% cost-of-living employer contributions are credited. At that time, the Cost-of-Living Reserve will be used to pay for the additional 0.5% COLA benefit.

Non-valuation Reserves:

COLA Contribution Reserve (CCR) – The amounts in the CCR, established pursuant to Section 31617, are set aside to provide credit towards future employer contributions for the 2% COLA benefits. The funds in the CCR, if any, are applied as of the subsequent July 1 in lieu of cash contributions otherwise expected to be paid by the employers. Any funds in the CCR as of ~~December 31~~June 30 will be used to determine the amount ~~of that~~ employer contributions ~~that~~ will be reduced for the subsequent fiscal year commencing July 1 twelve months later. Such amounts will be transferred from the CCR to the 2.0% Cost-of-Living Reserve on July 1 of the subsequent fiscal year twelve months later. Any interest earned on the CCR after ~~December 31~~June 30 will remain in the CCR and be used towards the subsequent year's June 30 determination of the credits.

Contingency Reserve – The reserve is maintained in an amount equal to 3% of the total market value of assets to provide funds to offset future deficiencies in interest earnings, losses on investment or other contingencies. This reserve consists of the minimum 1% required pursuant to Section 31616 plus a discretionary 2% as also permitted by Section 31616. If the Contingency Reserve is negative, then it will be included as an offset to the valuation value of assets used to determine the employers' contribution rates in the annual actuarial valuation.

Supplemental Retiree Benefit Reserve (SRBR) – This reserve is used for the payment of benefits provided to members who are retired or beneficiaries as determined by the Board in accordance with Section 31618 of the CERL. The SRBR Reserve is divided into two parts:

1. 0.5% Cost-of-Living Reserve (FKA Allocated SRBR (0.5% COLA Reserve)) – This reserve was originally funded by the SRBR. However, this reserve is now treated as a valuation reserve and can only be used to provide the additional 0.5% COLA benefit.
2. Unallocated SRBR – This reserve is the remaining amount of the total SRBR less the 0.5% Cost-of-Living Reserve (FKA Allocated SRBR (0.5% COLA Reserve)).

Financial Statement Reserves and Accounts:

Market Stabilization Reserve – The difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

GENERAL POLICIES

- V.
1. Base “Available Earnings” on actual current period earnings of the fund calculated on the actuarial value of assets as determined under the Board’s funding policy, plus any positive balance in the Contingency Reserve.
 2. Credit regular interest at the assumed annual valuation interest rate on the valuation reserves, the CCR and the Unallocated SRBR. Earnings will be credited twice each year to all reserves that have been on deposit for six full months, in accordance with Section 31615 of the CERL. The crediting of interest will take effect on June 30 and December 31 of each year. Allocations of interest credits as of June 30 of each fiscal year will take into consideration interest credits made as of December 31 of the same fiscal year in determining whether or not the full assumed annual interest rate has been allocated.
 3. Maintain a 3% Contingency Reserve. This reserve is made up of the minimum 1% required pursuant to Section 31616 plus a discretionary 2% as permitted also by Section 31616.
 4. Any Available Earnings remaining after crediting full interest to valuation reserves, the CCR and the Unallocated SRBR, and restoring the Contingency Reserve to its target level constitute Excess Earnings. The Excess Earnings will be allocated in the following order of priority:
 - A. Allocate up to the amount determined to be payable by participating employers for the 2.0% COLA benefit contributions in the prior fiscal year to the CCR. This allocation is made even if all or a portion of the employers’ contributions for the 2.0% COLA benefits for that twelve-month period were made with credits from the CCR for such prior period instead of contributions actually paid by the employers.
 - B. Allocate one-half of the remaining earnings to the Unallocated SRBR.

Allocate the other one-half of the remaining earnings to the valuation reserves and the CCR in proportion to the amounts in each of those reserves, on the balance in the fund for at least six full months. The [0.5% Cost-of-Living Reserve \(FKA Allocated SRBR \(0.5% COLA Reserve\)\)](#) does not participate in this allocating of remaining earnings.

REGULAR INTEREST CREDITING POLICY

VI. **Step 1 Determine “Available Earnings” for accounting period as the sum of:**

- A. Earnings of the retirement fund for the period based on actuarial value of assets, expressed in dollars. This could be a negative amount.
- B. Positive balance in the Contingency Reserve.

If sum of A. and B. is negative, such negative amount is only credited to the Contingency Reserve but not to the valuation reserves, the CCR or the Unallocated SRBR.

Step 2 Credit interest to the valuation reserves, the CCR and the Unallocated SRBR:

- A. Credit the valuation reserves, the CCR and the Unallocated SRBR at a rate up to the assumed annual valuation interest rate.
- B. Deduct the interest credited above from Available Earnings. If the amount of interest credited is more than the Available Earnings, credit in Step 2A only up to the amount of the Available Earnings.

Step 3 Maintain a Contingency Reserve of 3.0%:

Transfer from any remaining Available Earnings into the Contingency Reserve the amount required to maintain a Contingency Reserve of 3% of market value.

EXCESS INTEREST CREDITING POLICY

VII. **Step 1 Apply any remaining available earnings as follows:**

- A. Allocate up to the amount determined to be payable by participating employers for the 2.0% COLA benefit contributions in the prior fiscal year to the CCR. This allocation is made even if all or a portion of the employers’ contributions for the 2.0% COLA benefits for that twelve-month period were made with credits from the CCR for such prior period instead of contributions actually paid by the employers.
- B. Allocate one-half of any remaining earnings to the Unallocated SRBR.

Allocate the other one-half of the remaining earnings to the valuation reserves and the CCR in proportion to the amounts in each of those reserves, on the balance in the fund for at least six full months. The [0.5% Cost-of-Living Reserve \(FKA Allocated SRBR \(0.5% COLA](#)

Reserve)) does not participate in this allocation of remaining earnings.

Step 2 Consider discretionary uses of the Unallocated SRBR:

The usage of funds in the Unallocated SRBR is entirely at the discretion of the Board according to its SRBR benefit payment policy.

ADOPTION AND EFFECTIVE DATE

- VIII. This policy has been adopted by a majority vote of the KCERA Board, and can be amended by the KCERA Board by a majority vote. This policy is effective with the six-month interest crediting period ending December 31, ~~2013~~[2024](#).

POLICY REVIEW AND HISTORY

- 1) This policy will be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on October 30, 2013.
 - b) Amended by the Board on June 8, 2022 and [November 6, 2024](#).

REGULAR INTEREST AND EXCESS INTEREST CREDITING POLICY

PURPOSE

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Employer Advance Reserves – The reserves to which basic employer contributions are credited. Upon retirement of a member, a transfer is made to Retired Member Reserves (Pension).

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portion of the SRBR is treated as a valuation reserve and can only be used to provide the additional 0.5% COLA benefit. This reserve is used to pay for an additional 0.5% COLA benefit until the allocated amount is exhausted. As of June 30, 2023, the allocated amount has been exhausted. Effective with the interest crediting period ending December 31, 2024, the 0.5% Cost-of-Living Reserve is the reserve to which 0.5% cost-of-living employer contributions are credited.

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2. Unallocated SRBR – This reserve is the remaining amount of the total SRBR less the 0.5% Cost-of-Living Reserve (FKA Allocated SRBR (0.5% COLA Reserve)).

Financial Statement Reserves and Accounts:

Market Stabilization Reserve – The difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

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- V.
1. Base “Available Earnings” on actual current period earnings of the fund calculated on the actuarial value of assets as determined under the Board’s funding policy, plus any positive balance in the Contingency Reserve.
 2. Credit regular interest at the assumed annual valuation interest rate on the valuation reserves, the CCR and the Unallocated SRBR. Earnings will be credited twice each year to all reserves that have been on deposit for six full months, in accordance with Section 31615 of the CERL. The crediting of interest will take effect on June 30 and December 31 of each year. Allocations of interest credits as of June 30 of each fiscal year will take into consideration interest credits made as of December 31 of the same fiscal year in determining whether or not the full assumed annual interest rate has been allocated.
 3. Maintain a 3% Contingency Reserve. This reserve is made up of the minimum 1% required pursuant to Section 31616 plus a discretionary 2% as permitted also by Section 31616.
 4. Any Available Earnings remaining after crediting full interest to valuation reserves, the CCR and the Unallocated SRBR, and restoring the Contingency Reserve to its target level constitute Excess Earnings. The Excess Earnings will be allocated in the following order of priority:
 - A. Allocate up to the amount determined to be payable by participating employers for the 2.0% COLA benefit contributions in the prior fiscal year to the CCR. This allocation is made even if all or a portion of the employers’ contributions for the 2.0% COLA benefits for that twelve-month period were made with credits from the CCR for such prior period instead of contributions actually paid by the employers.
 - B. Allocate one-half of the remaining earnings to the Unallocated SRBR.

Allocate the other one-half of the remaining earnings to the valuation reserves and the CCR in proportion to the amounts in each of those reserves, on the balance in the fund for at least six full months. The 0.5% Cost-of-Living Reserve (FKA Allocated SRBR (0.5% COLA Reserve)) does not participate in this allocating of remaining earnings.

REGULAR INTEREST CREDITING POLICY

VI. Step 1 Determine “Available Earnings” for accounting period as the sum of:

- A. Earnings of the retirement fund for the period based on actuarial value of assets, expressed in dollars. This could be a negative amount.
- B. Positive balance in the Contingency Reserve.

If sum of A. and B. is negative, such negative amount is only credited to the Contingency Reserve but not to the valuation reserves, the CCR or the Unallocated SRBR.

Step 2 Credit interest to the valuation reserves, the CCR and the Unallocated SRBR:

- A. Credit the valuation reserves, the CCR and the Unallocated SRBR at a rate up to the assumed annual valuation interest rate.
- B. Deduct the interest credited above from Available Earnings. If the amount of interest credited is more than the Available Earnings, credit in Step 2A only up to the amount of the Available Earnings.

Step 3 Maintain a Contingency Reserve of 3.0%:

Transfer from any remaining Available Earnings into the Contingency Reserve the amount required to maintain a Contingency Reserve of 3% of market value.

EXCESS INTEREST CREDITING POLICY

VII. Step 1 Apply any remaining available earnings as follows:

- A. Allocate up to the amount determined to be payable by participating employers for the 2.0% COLA benefit contributions in the prior fiscal year to the CCR. This allocation is made even if all or a portion of the employers' contributions for the 2.0% COLA benefits for that twelve-month period were made with credits from the CCR for such prior period instead of contributions actually paid by the employers.

- B. Allocate one-half of any remaining earnings to the Unallocated SRBR.

Allocate the other one-half of the remaining earnings to the valuation reserves and the CCR in proportion to the amounts in each of those reserves, on the balance in the fund for at least six full months. The 0.5% Cost-of-Living Reserve (FKA Allocated SRBR (0.5% COLA Reserve)) does not participate in this allocation of remaining earnings.

Step 2 Consider discretionary uses of the Unallocated SRBR:

The usage of funds in the Unallocated SRBR is entirely at the discretion of the Board according to its SRBR benefit payment policy.

ADOPTION AND EFFECTIVE DATE

- VIII. This policy has been adopted by a majority vote of the KCERA Board, and can be amended by the KCERA Board by a majority vote. This policy is effective with the six-month interest crediting period ending December 31, 2024.

POLICY REVIEW AND HISTORY

- 1) This policy will be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on October 30, 2013.
 - b) Amended by the Board on June 8, 2022 and November 6, 2024.



KERN COUNTY
EMPLOYEES' RETIREMENT
ASSOCIATION

Optional Settlement 4- Single Beneficiary

Presented by:

Jennifer Esquivel Zahry

Chief Legal Officer

Optional Settlement 4

Optional settlement 4 consists of the right to elect in writing to have a retirement allowance paid to the member until the member's death and thereafter to have **other benefits as are approved by the board, upon the advice of the actuary**, continued throughout the life of and paid to the natural persons, having an insurable interest in the member's life, **as the member nominates** by written designation duly executed and filed with the board at the time of retirement. The designation **shall not, in the opinion of the board and the actuary, place any additional burden upon the retirement system.**

Government Code § 31764

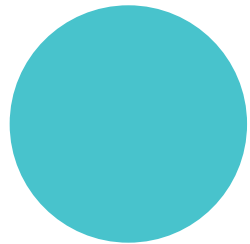


Specify a certain continuance percentage

Actuary approval

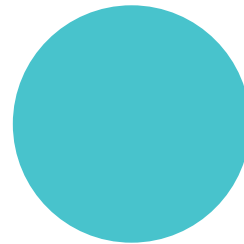
Continuances

Optional Settlements: Government Code §§ 31761-31764



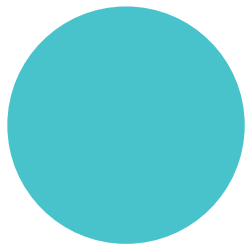
Option One

Pay out the balance of the annuity.



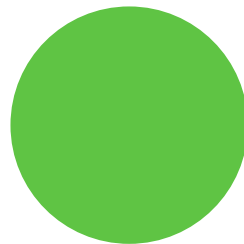
Option 3

50% continuance to one person.



Option Two

100% continuance to one person.



Unmodified Gov. Code § 31760.1

60% continuance to surviving spouse (if none, minor child/children).



Current Option 4 Approach

At present, KCERA only allows members to select Option 4 when they want to apportion a continuance among multiple beneficiaries.

Several other '37 Act systems allow Option 4 in the case of a single beneficiary.

Upon review, staff believe expanding the Option 4 approach to include single beneficiary designations is in the best interest of our members.

Effect on Members: Divorces

More tailored option, better
suited to individual
circumstances

- Community property interests are not limited to 50%, 60%*, or 100%.
- Courts often default to the Time Rule in divorces, which calculates the percentage of time during the person's membership in KCERA they have been married to this person. Half of that percentage is the former spouse's community property interest in the member's KCERA retirement.
 - KCERA member 25 years of service, married 10 of the 25 years: $10/25 = 40\%$ of the KCERA retirement is community property. Half of 40% = former spouse's interest is 20%.
- What are the options KCERA provides to members ordered to provide a continuance for their former spouse under the Time Rule? Answer: 50%, 100%, Option 4 (if 2nd beneficiary available).

*The unmodified 60% isn't available to members after divorce because the former spouse is not a "surviving spouse."

Actuary Approval

CERL requirement

Gov. Code § 31764 specifically requires actuary and Board approval.

Establish a preapproved range

Fresno (FCERA's) example: establish a "Basic Optional Settlement 4" range preauthorized by the actuary and Board.

Relieves the requirement of having to go to the actuary and Board for each file.





QUESTIONS?





Chief Executive Officer's Report

Presented by: Dominic D. Brown, Chief Executive Officer

November 2024



Office Update

- Staffing Update: Paralegal, Administrative Specialist
- December BOR: ACFR & Actuarial reports for FYE 6/30/2024
- Kern360 planning meetings are underway (Kern County general ledger and payroll)
- Reviewing drafts of the Actuarial Audit and inaugural internal audit reports
- In the testing phase of a new Chatbot function on the KCERA website



Operations Activity

- Member Services
 - 14 new retirements and calculations
 - 65 death benefit calculations
 - 33 service-credit purchase calculations
 - 54 retirement estimates
 - 119 new active members
 - 76 terminations with disposition packets
 - 13 in-person appointments
 - 189 walk-ins
 - 718 phone calls
 - 204 emails
- Accounting & Reporting
 - Service Purchases <30 days
 - ACFR audit ongoing
- Information Technology
 - Member Annual Statements were distributed to all active and deferred members



Member Outreach & Education

- 11/12 Retired Employees of Kern County (REOKC) Luncheon
- 11/21 Kern County New Employee Orientation
- 1/01 Kern County Behavior Health New Employee Orientation
- 1/16 Kern County Airport Presentation
- 1/23 Kern County Fire Department Union Presentation



Upcoming Events

- Administrative Committee – No meetings scheduled
- Finance Committee – No meetings scheduled
- Investment Committee – No meetings scheduled
- Nominating Committee – Meeting will be scheduled to discuss Chair and Vice-Chair for 2025
- Board of Retirement – Next regular monthly meeting will be December 11, 2024





CIO REPORT

INVESTMENT PROGRAM UPDATE

November 2024

Presented by:
Daryn Miller, CFA
Chief Investment Officer



Rebalancing

NOVEMBER ACTIVITY

- Western Asset Core Plus Termination
 - Sell 11MM Western Asset Core Plus
- Western Asset High Yield Termination
 - Sell 171MM Western Asset High Yield
- Fixed Income
 - Mellon Aggregate Bond Fund
 - Buy 15MM 10/2
 - Buy 20MM 10/4
 - Buy 60MM 10/11
 - Buy 20MM 10/21
 - Buy 55MM 10/29
 - Parametric Rates
 - Sell 45MM 10/11
 - Sell 35MM 10/29
 - KKR Bank Loans
 - Buy 180MM
- Commodities
 - Sell 18MM Wellington Commodities
- Cash
 - Sell 20MM BlackRock Short Duration

Reporting period covers 10/01/2024 to 10/31/2024



Fixed Income: Continued the liquidation of Western Asset Core Plus that began in September (remaining market value as of October 31st, 2024, reflects unsettled Bank Loan sales); Provided Western Asset formal notification to begin liquidation of High Yield mandate (176MM as of October 31st, 2024); Increased exposure to Mellon Aggregate Bond Fund to reduce the underweight to duration following weakness in rates throughout the month

Reduced Fixed Income exposure through futures (Parametric) in favor of obtaining physical exposure through Mellon

Initiated KKR Bank Loan mandate; This is consistent with the replacement of High Yield in the Credit sleeve of the Fixed Income portfolio



Commodities: Reduced exposure following strength in the asset class and brought the allocation closer to Policy target



Cash: Reduced exposure to the front end of the yield curve following normalization of the interest rate environment; The incremental yield at the front of the curve has been reduced and the Plan seeks to be positioned further out the curve

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Adj. Pol.
Public Equities	34.3%	33.0%	33.5%	0.8%
Fixed Income	21.7%	25.0%	27.1%	-5.4%
Core	12.8%	15.0%	17.1%	-4.3%
Credit	8.9%	10.0%	10.0%	-1.1%
Commodities	4.1%	4.0%	4.0%	0.1%
Hedge Funds	9.8%	10.0%	10.0%	-0.2%
Alpha Pool	3.0%	4.0%	4.0%	-1.0%
Midstream Energy	5.3%	5.0%	5.0%	0.3%
Core Real Estate	4.1%	5.0%	7.0%	-2.8%
Private Real Estate	3.0%	5.0%	3.0%	0.0%
Private Equity	4.5%	5.0%	4.5%	0.0%
Private Credit	5.9%	8.0%	5.9%	0.0%
Opportunistic	2.8%	0.0%	0.0%	2.8%
Cash	1.5%	-4.0%	-4.0%	5.5%
Total	100.0%	100.0%	100.0%	0.0%

Positioning

ACTUAL VS POLICY TARGET

Public Equity: slight overweight to adjusted policy target.

Core Fixed Income: underweight relative adjusted policy target.

Credit: underweight as credit portfolio is repositioned.

Exposures to Core Fixed Income and Credit have effectively been reallocated to Cash, although given flattening in yield curve we are started to move closer to target.

Core Real Estate: underweight relative to adjusted policy target.

Cash: maintaining an overweight position to take advantage of weighted average cash returns of ~6%.



Key Initiatives

Enhancing return while managing risk

- **2035 Initiative**
- **Asset Class Deep Dives**
 - Commodities
 - Opportunistic
- **Core Real Estate improvement**
- **Currency management**
- **Improve hedge fund program returns**
 - Equity long short
- **Opportunistic investments**
- **Private markets**
- **Repositioning fixed income**

Investment Committee Meetings

Next meeting early December

The next IC meeting agenda will include the following items:

- Currency Management
- ST IG Credit
- Commodities Asset Class Deep Dive

The last IC meeting was held on October 7th.



Delegation

The following investments fall within the parameters of the Delegation Policy and were approved by the CIO

\$30M

LEVEL EQUITY

Level Equity Growth Partners VI - \$15M

Level Equity Opportunities Fund 2025 - \$15M

Level seeks to make minority and majority equity investments in lower-middle-market enterprise software companies based primarily in the United States.

Closed Investments

Contracting completed (all), and funded (non-private market investments)

- Level Equity Growth Partners VI (Private Equity) – \$15MM
- Level Equity Opportunities Fund 2025 (Private Equity) – \$15MM
- KKR US Broadly Syndicated Loan Fund (Fixed Income, Credit)* - \$180MM

Reporting Period covers 10/1/2024 to 10/31/2024

**Indicates investment was also funded*

3

FUNDS

\$30M

COMMITTED

\$180M

FUNDED

Investment Activity

Passed Investments

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

Description	Comments
Public Equity, emerging markets	Passed, lack of conviction in strategy
Public Equity, emerging markets	Passed, found opportunity with better risk-adjusted returns
Private Equity, secondaries	Passed, investment team turnover
Private Equity, Japan buyout	No access, fund oversubscribed
Private Equity, GP led secondaries	Passed, overlap with existing manager
Private Equity, Distressed	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
Private Credit, direct lending	Passed, found opportunity with better risk-adjusted returns

Description	Comments
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 Credit, opportunistic lending	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 returns
Private Real Assets, energy	Passed, found opportunity with better risk-adjusted returns
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 returns
Hedge Fund, equity market neutral	No access
Hedge Fund, multi-strategy	Passed, lack of conviction in strategy



CLO Report November 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

- Levine Act Changes – Cal. Gov. Code § 84308
 - Prohibits party seeking license, permit, contract, etc. from making contribution greater than \$250 to public official
 - Applies to agencies whose members are directly elected by voters, including local elected officials serving on their boards
 - SB 1243/SB 1181 – Amends “pay to play” campaign contributions statutes
 - Effective January 1, 2025

Legislative Update

- Levine Act Changes – Cal. Gov. Code § 84308
 - Limit increased from \$250 to \$500
 - Disclosure on the record by party
 - Contribution prohibited 12 months prior and after
 - Reasonably foreseeable test
 - Local agency's counsel exempted
 - 30-day cure period (extended from 14 days currently) – no cure allowed for knowing and willful acceptance

Legislative Update

- Levine Act Changes – Cal. Gov. Code § 84308
 - Exemptions - “license, permit, entitlement for use”
 - Contract under \$50k
 - Contract awarded under competitive bid process
 - Labor and personal employment contracts
 - Contracts w/ no financial compensation
 - Contracts between government agencies
 - Periodic reviews/renewals of the above (unless material modifications)

Litigation Update

- LACERA Decision –
 - Retirement plan's ability to classify employees and set salaries and County board's ministerial duty to implement BOR decisions
- Petition for Review Granted by the California Supreme Court
 - Opening Briefs – mid-December
 - Response – mid-February
 - Reply – March/April
 - Amicus – 30 days after reply briefs
 - Argument/Decision – late 2025 or early 2026



November Calendar

	Pending CLO/DCLO Review
Administrative Appeals	2
Board/ Committee Meetings/ Staff Meetings/ Conferences	12
Board Materials	3
Community Property Matters	5
Disability Matters	12
Investment/ Custodial Documents	3
Plan Sponsor Inquiries	1
Powers of Attorney	2
Public Records Act Request	1
Special Projects	13
Staff Inquiries	10



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

Capitol Update

The Governor just met his 30-day deadline to take action on the 990 bills that were sent to his Desk. Overall, he vetoed 183 bills, making his veto rate roughly 18% - which has been about his average. Some of the bills that met his red pen were automatic voter registration, a major AI safety bill, and a bill that would have let undocumented immigrants eligible for home loans. During these last few weeks, the Assembly has convened their 2nd Extraordinary Session to consider legislation aimed at easing gas price spikes, including the Governor's proposal that would require oil refineries to maintain a minimum supply of fuel. Although, not thrilled with being stuck at the Capitol, legislators are in full campaign-mode, with almost a third of the Legislature's seats turning over in the 100 legislative districts up for election.

SACRS is tracking the following bills:

- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees' Retirement Association to appoint a Chief Technology Officer. Status: This bill was signed by the Governor on 7/15
- **SB 1379 (Dodd)** – This bill creates an exception to PEPRA from the 960-hour limitation on retired public employees working after retirement for hours worked in an appointment by Solano County Sheriff's Office. Status: This bill was signed by the Governor on 9/29.
- **AB 2284 (Grayson)** – The bill amends the definition of "compensation earnable" to define a work classification "grade" to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. The bill was amended on 6/27 to include a provision that requires the Board of Supervisors to pass a resolution to allow for the language to become operational within the jurisdiction. The SACRS Board met on July 18th and took an Oppose position. Status: This bill was signed by the Governor on 9/28.



- **AB 2301 (Nguyen)** – This bill, the Sacramento Area Sewer District Pension Protection Act of 2024, provides for the continuation of benefits and pension obligations for employees transferring from the County of Sacramento to the Sacramento Area Sewer District. Status: This bill was signed by the Governor on 7/2.
- **AB 2474 (Lackey)** – This is a SACRS-sponsored bill and was amended in Committee to allow LACERA-only to deposit retirement allowances into prepaid accounts until January 1, 2028, as a pilot program. The bill also provides clarity regarding the ability of a system to deposit pension payments in a member’s living trust bank account. The bill also clarifies potential consequences when a retiree exceeds the 960-hour post-retirement employment limit and provides systems with administrative flexibility on that matter. This bill was signed by the Governor on 7/15.
- **AB 2770 (Committee on Public Employment and Retirement)** – This is the annual housekeeping bill that includes various technical amendments for CalPERS, CalSTRS, and ’37 Act systems. SACRS is a co-sponsor of the bill. The bill removes the “return receipt” requirements as part of current procedures in statute that systems must follow to locate members and beneficiaries. The bill also conforms the sunset date of January 1, 2025, to the Labor Code for the recently added disability presumption for post-traumatic stress disorder. Status: This bill was signed by the Governor on 7/15.
- **AB 3025 (Valencia)** – This bill creates a framework for making benefit corrections and contribution refunds when disallowed compensation is inadvertently included in pension calculations. This bill includes a penalty to be paid by the employer to the member if compensation is later determined to be disallowed. The bill also includes language that is intended to protect a system’s *Alameda* correction process currently underway. The SACRS Legislative Committee is working with the bill’s author and sponsor to ensure ’37 Act systems can properly implement the bill, consistent with IRS regulations. The bill was amended on 6/27 to expressly state that confidential information is not subject to the California Public Records Act. The author has also agreed to accept one last amendment that clarifies “Initiated a process” to mean a system has formally adopted a resolution “*or made an administrative determination*”.



Status: The bill was signed by the Governor on 9/22.

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

- **SB 252 (Gonzalez)** – This bill prohibits CalPERS and CalSTRS from making new investments in a fossil fuel company and requires those systems to divest from fossil fuel companies by July 1, 2031, unless the board determines in good faith that the action is inconsistent with the board's fiduciary responsibilities. Status: Dead. This bill was not taken up by the Assembly Public Employment and Retirement Committee.
- **AB 817 (Pacheco)** -. The bill would have provided flexibility for local government agencies to conduct remote meetings under Open Meeting laws. Specifically, this bill would have allowed a subsidiary body of a local agency to teleconference their meetings without having to publicly notice or make all locations publicly available. Status: Dead. This bill did not pass out of the Senate Local Government Committee.
- **SB 1240 (Alvarado-Gil)** – This bill provides for the continuation of pension benefits for employees of El Dorado County Fire Protection District and the Diamond Springs Fire Protection District under a new consolidated district. Status: This bill was signed by the Governor on 9/28.
- **AB 2715 (Boerner)** – This bill allows a legislative body to discuss a threat to critical infrastructure controls or critical infrastructure information relating to cyber security during a closed session. Status: This bill was signed by the Governor on 9/14.