

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

Juan Gonzalez, Chair
Tyler Whitezell, Vice-Chair
Jeanine Adams
David Couch
Phil Franey
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
Traco Matthews
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

January 13, 2022

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, January 19, 2022 at 8:30 a.m. via teleconference pursuant to Assembly Bill 361, signed into law on September 16, 2021 as urgency legislation, Resolution 2021-06 adopted by the KCERA Board of Retirement at its Special Meeting held December 20, 2021 and Governor Newsom's March 4, 2020 proclaimed State of Emergency, which remains in effect. (Cal. Gov. Code section 54953, as amended by Assembly Bill 361).

If you wish to listen to the teleconference meeting, please dial one of the following numbers and enter Meeting ID# 289-998-6429:

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

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

Attachment

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 teleconference 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.

ROLL CALL

MOMENT OF SILENCE

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.

- *1. [Discussion and appropriate action pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – CIRCUMSTANCES OF THE STATE OF EMERGENCY RECONSIDERED; BOARD FINDS THE STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF ATTENDEES TO MEET SAFELY IN PERSON AND THAT SOCIAL DISTANCING MEASURES ARE BEING RECOMMENDED AT THE STATE AND LOCAL LEVEL; FINDINGS ADOPTED FOR THE BOARD AND ALL KCERA STANDING COMMITTEES; APPROVE 30-DAY RESOLUTION](#)
 - *2. Application for service-connected disability pension benefits for Anita Haight, Courts (General) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
 - *3. Application for non-service-connected disability pension benefits for Juan Lucio, Public Works (General) – ADOPT RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY PENSION
 - *4. [Summary of proceedings of the following meetings:](#)
 - December 2, 2021 Administrative Committee
 - December 3, 2021 Special Board of Retirement
 - December 8, 2021 Board of Retirement
 - December 14, 2021 Investment Committee
 - December 20, 2021 Special Board of Retirement
- RECEIVE AND FILE
- *5. [Report from the KCERA office on members retired from service for the month of December 2021 – RATIFY](#)
 - *6. [Report from the KCERA office on deceased retirees for the month of December 2021 – RECEIVE AND FILE](#)
 - *7. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending December 31, 2021 – RECEIVE AND FILE](#)
 - *8. [Securities Lending Earnings Summary Report for the period November 1-30, 2021 from Deutsche Bank – RECEIVE AND FILE](#)
 - *9. [KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of November 2021 – RECEIVE AND FILE](#)
 - *10. [2022 Board of Retirement Committee Assignments – RECEIVE AND FILE](#)
 - *11. [Board of Retirement Semi-annual Trustee Education Report – RECEIVE AND FILE;](#)
POST TO KCERA WEBSITE IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 31522.8(d)

- *12. [Kern County Employees' Retirement Association Annual Comprehensive Financial Report \(ACFR\) for the fiscal year ended June 30, 2021 – RECEIVE AND FILE](#)
- *13. [Auditor's reports to management for the fiscal year ended June 30, 2021 – APPROVE AUDITOR'S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021](#)
- *14. [Letter from Segal, dated January 7, 2022, regarding the Allocation of June 30, 2021 Liabilities and Assets by District – RECEIVE AND FILE](#)
- *15. [Memorandum from Chief Legal Officer Jennifer Zahry, dated January 19, 2022, regarding gift restrictions – RECEIVE AND FILE](#)
- *16. [Memorandum from Chief Legal Officer Jennifer Zahry, dated January 19, 2022, regarding gifts of travel – RECEIVE AND FILE](#)
- *17. [Report on Special Pays Codes classified by the Chief Executive Officer – RECEIVE AND FILE](#)

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.

INVESTMENT MATTERS

- 19. [Discussion and appropriate action on private market fund recommendation](#) presented by Keirsten Lawton, Investment Managing Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and the Investment Committee – APPROVE UP TO \$40MM COMMITMENT TO FORTRESS LENDING FUND III; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

STAFF REPORTS

- 20. [Report from Chief Executive Officer](#)
- 21. [Report from Chief Investment Officer](#)

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

22. [Report from Chief Legal Officer](#)

COMMITTEE REPORTS

23. Report from Committee Chairs:

- a. Administrative Committee: Hughes
- b. Finance Committee: Franey
- c. Investment Committee: Kaufman
- d. KCERA Property, Inc. Board: Seibly

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION

Items 1-2 are withdrawn from Executive Session if approved on the consent agenda:

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

Anita Haught Courts General

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

Juan Lucio Public Works General

24. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Facts and circumstances that might result in litigation against the local agency but which the local agency believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed (approximately 1200 potential cases).

RETURN TO PUBLIC SESSION

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

25. 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

26. 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
27. Adjournment





Consideration of AB 361 Findings

KCERA ADMINISTRATION

Requirement:

The Board of Retirement must reconsider the circumstances of the current State of Emergency and determine whether any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the attendees to meet safely in person;

and/or

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

AB 361 Findings – Safety of Attendees

FACTS TO SUPPORT DIRECT IMPACT ON ABILITY OF ATTENDEES TO SAFELY MEET IN-PERSON

- ❖ Kern County Infection Rate – HIGH (CDC Covid Data Tracker); 7-day case rate is 58.6 per 100,000 (one week ago it was 15.2) (KCPH)
- ❖ 7-day Percent Change: 130.06% (cases)(CDC Covid Data Tracker)
- ❖ State-wide universal mask mandate extended to 2/15/22
- ❖ Winter Surge: 1,143 newly reported cases on 1/11/2022 (KCPH Dec. model predicted 1,023 cases per day by February as worst-case scenario).
- ❖ Strike Teams recently deployed to local hospitals through end of February to expand bed capacity, assist with 911 response calls, offload ambulances, medical care
- ❖ KCERA ventilation system not evaluated (CEO)
- ❖ Size of Board Room – 12 Trustees, 6+ Staff, and varying public attendance depending on topic
- ❖ Duration of Indoor Meetings: 1 – 4 hours depending on agenda

FACTS TO SUPPORT NO/LOW IMPACT ON ATTENDEE SAFETY MEETING BY IN-PERSON

- ❖ For fully vaccinated individuals in Kern County: 2.48% positivity rate (up from 1.4% in December) and .06% hospitalization rate (cumulative from 1/21/21).
- ❖ Mandatory masking required indoors regardless of vaccinated status from December 15, 2021 through February 15, 2022

Recommendation

- ❖ Reconsider circumstances of the State of Emergency; and
- ❖ Find the State of Emergency continues to directly impact the ability of attendees to meet safely in person; and/or
- ❖ Find that social distancing measures are being recommended at the state and local level; and
- ❖ Adopted such findings for the Board and all KCERA standing committees; and
- ❖ Approve proposed 30-day resolution.

**BEFORE THE BOARD OF RETIREMENT
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION No. 2022-01**

In the matter of:

**MEETINGS OF THE KCERA BOARD OF RETIREMENT AND ITS STANDING
COMMITTEES PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION
54953, AS AMENDED BY ASSEMBLY BILL 361.**

Ayes:

Noes:

Absent:

Dominic D. Brown,
Secretary to the Board of Retirement,
Kern County Employees' Retirement Association

RESOLUTION

Section 1. WHEREAS:

- (a) The Kern County Employees' Retirement Association ("KCERA") is required by the Ralph M. Brown Act (Cal. Gov. Code¹ 54950 – 54963) ("the Brown Act") to conduct open and public meetings, so that any member of the public may attend, participate, and watch KCERA's legislative bodies conduct their business; and

¹ All statutory references are to the California Government code unless stated otherwise.

- (b) All meetings of KCERA's Board of Retirement and its standing committees are open and public in accordance with the Brown Act or other governing authority; and
- (c) KCERA is committed to preserving and encouraging public access and participation in meetings of the Board of Retirement; and
- (d) The Brown Act, at section 54953(e) (as added by Assembly Bill 361), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the teleconference requirements of section 54953(b)(3), subject to the existence of certain conditions; and
- (e) A state of emergency must have been declared by the Governor pursuant to section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in section 8558; and such state of emergency must be in effect at the time of the meeting in order to conduct a meeting under section 54953(e); and
- (f) Governor Newsom proclaimed a State of Emergency on March 4, 2020, pursuant to section 8625 that remains active; and
- (g) The KCERA Board of Retirement made findings on December 20, 2021, by majority vote, that it has reconsidered the circumstances of the state of emergency and found that the state of emergency continues to directly impact the ability of attendees to safely meet in person over the next 30 days and/or

- that Cal/OSHA continues to impose or recommend measures to promote social distancing in certain circumstances; and
- (h) To continue to teleconference without compliance with section 54953(b)(3), section 54953(e) requires the legislative body to make certain findings by majority vote within 30 days of December 20, 2021; and
 - (i) California's Division of Occupational Safety and Health, ("Cal/OSHA") COVID-19 Prevention Emergency Temporary Standards continue to include requirements for vaccinated and unvaccinated workers. (8 C.C.R. § 3205). These Standards continue to recommend physical distancing as part of training and instruction that must be given to employees. And, in some circumstances, the Standards continue to require physical distancing. (8 C.C.R. § 3205). These standards continue to apply to all workers in California with few exceptions. KCERA continues to follow the Cal/OSHA guidance; and
 - (j) Kern County continues to be designated as having "high" community transmission by the Centers for Disease Control and Prevention ("CDC") and the California Department of Public Health ("CDPH"); and
 - (k) Variants of concern remain active in Kern County and the 7-day case rate is 58.6 per 100,000 (one week ago it was 15.2);
 - (l) The Public Health Officer for the CDPH has extended the state-wide mask mandate for all individuals in all indoor public settings regardless of vaccination status through February 15, 2022 and strike teams have been recently

deployed to local hospitals through the end of February to expand bed capacity, assist with 911 response calls, offload ambulances, medical care; and

- (m) the Board finds that it has reconsidered the circumstances of the state of emergency and found that the state of emergency continues to directly impact the ability of attendees to safely meet in person over the next 30 days and/or that state and local officials continue to impose or recommend measures to promote social distancing in certain circumstances.

Section 2. NOW, THEREFORE BE IT RESOLVED, by the Board of Retirement for the Kern County Employees' Retirement Association as follows:

Effective January 19, 2022, the following actions are authorized and required of KCERA:

- 1) Remote Teleconference Meetings. The Chief Executive Officer and legislative bodies of KCERA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act in order to avoid directly impacting the ability of attendees to meet safely in person during the next 30 days of the current State of Emergency (proclaimed by the Governor on March 4, 2020).
- 2) Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) February 18, 2022, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the

legislative bodies of KCERA may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

RESOLUTION HISTORY

- 1) This Resolution was:
 - a) Approved by the Board on October 13, 2021.
 - b) Approved by the Board on November 3, 2021.
 - c) Approved by the Board on December 3, 2021.
 - d) Approved by the Board on December 20, 2021.
 - e) Approved by the Board on January 19, 2022.

PROPOSED

Evidence in Support of Findings

EVIDENCE IN SUPPORT OF FINDINGS

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State or territory:

California

County or metro area:

Kern County

Kern County, California

[State Health Department](#)

7-day Metrics | [7-day Percent Change](#)

Community Transmission High

Everyone in **Kern County, California** should wear a mask in public, indoor settings. Mask requirements might vary from place to place. Make sure you follow local laws, rules, regulations or guidance.

[How is community transmission calculated?](#)

January 12, 2022

Cases	7,049
Case Rate per 100k	783.05
% Positivity	N/A
Deaths	11
% of population ≥ 5 years of age fully vaccinated	53.6%
New Hospital Admissions	215

The following data are cumulative from 1/21/21, the first date a resident of Kern was considered fully vaccinated

Fully Vaccinated Individuals:

445,840

11,472

Total Post-Vaccine Cases

2.57%

Percentage of Vaccinated
People Who Tested Positive

293

Total Post-Vaccine
Hospitalizations

0.066%

Percentage of Vaccinated
People Who were Hospitalized

Unvaccinated Individuals:

474,811

72,734

Total Unvaccinated Cases

86.38%

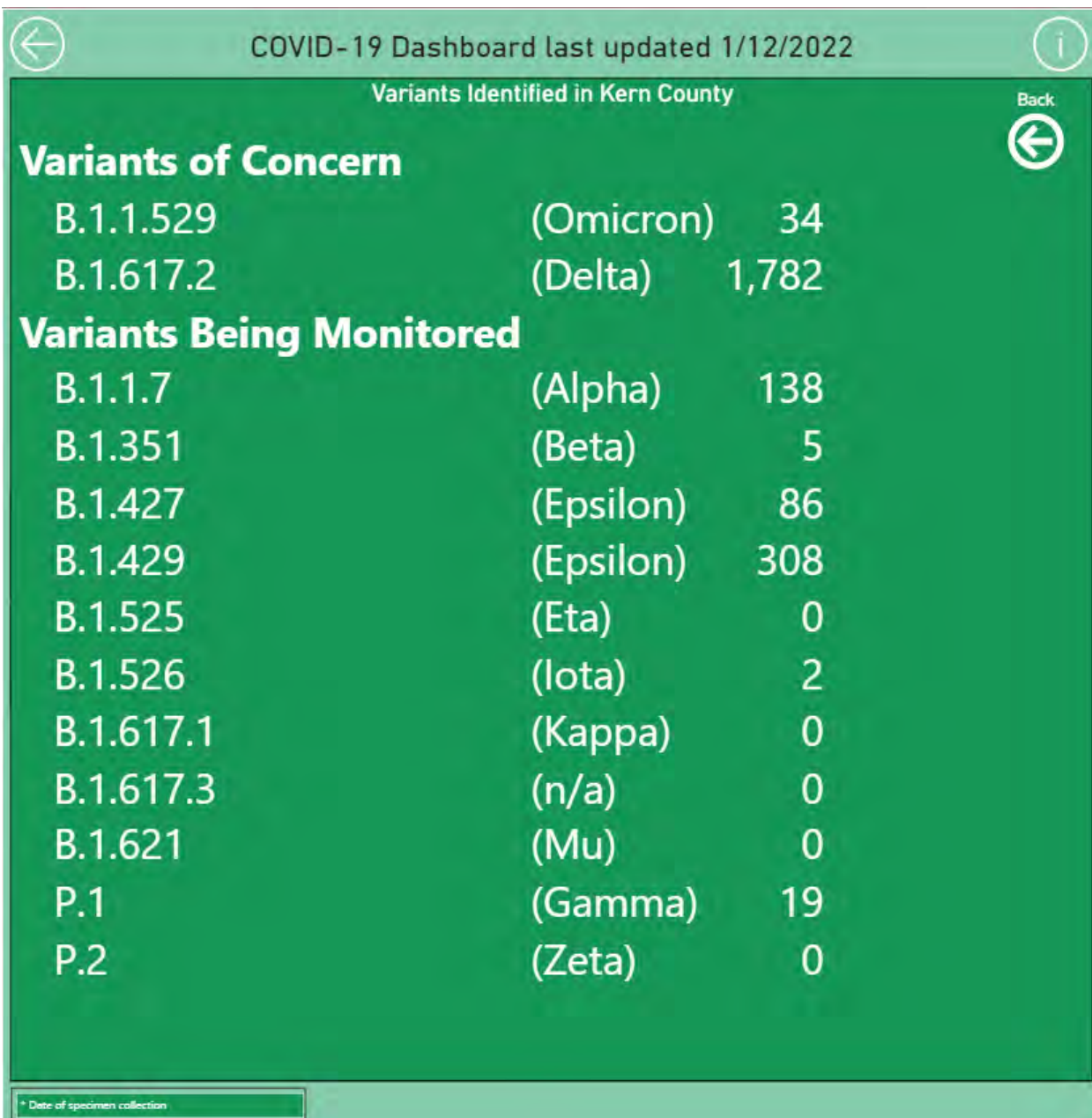
Percentage of All Cases that
are Unvaccinated

3,079

Total Unvaccinated
Hospitalizations

91.31%

Percentage of All Hospitalizations
that are Unvaccinated





January 11, 2022

NEWS RELEASE

Media Contact: Michelle Corson, 661-868-0288

Kern County Public Health Announces Latest COVID-19 Facts

- There are 1,143 newly reported confirmed cases in Kern County bringing our total confirmed cases to date to 175,585.
- There are no new deaths being reported today and a total of 1,936 COVID-19 deaths since the start of the pandemic.
- The 7-day case rate is 58.6 per 100,000 (one week ago it was 15.2).
- As of January 9, 1,060,285 doses of the COVID-19 vaccine have been administered to Kern County residents. 449,994 or 52.6% of Kern's eligible population have been *fully* vaccinated against COVID-19.
- As of yesterday, Kern County has 199 COVID-19 related hospitalizations and 29 are in the ICU.

"Local COVID-19 related hospitalizations are increasing, but our ICU numbers are currently remaining relatively stable. We hope this is a sign that Omicron will cause less severe illness; however, hospitalizations typically trail increases in cases by a couple of weeks, so it is too early to know for sure," says Brynn Carrigan, Director of Kern County Public Health.

Kern County Public Health continues to garner additional resources to ensure our pre-hospital and hospital systems remain available to serve our residents in need. Two state-staffed teams are currently in Kern that have expanded both regular and ICU hospital bed capacity, providing approximately 25 ICU beds and 15 med-surge beds to Kern's capacity. It is anticipated this staffing will remain through February, at which time needs will be reassessed. Additionally, Public Kern also has an ambulance strike team consisting of five ambulances with 10 crew members and a supervisor assisting with ambulance response to 9-1-1 calls through January 20, 2022. Finally, Public Health is working to bring three state-staffed strike teams consisting of twelve medical staff for each team assigned to the emergency department in three hospitals to assist with offloading patients from ambulances and patient care in the emergency room. These teams are expected to arrive this week and be in Kern through the end of March.

Kern continues to experience high volumes of 911 calls that are taxing our entire emergency response system. We urge our residents to use the emergency system responsibly and call 911 only in a true emergency such as a heart attack, stroke or other serious health condition.

The California Department of Public Health (CDPH) recently announced that emergency medical services workers to fall under the healthcare worker [Isolation and Quarantine guidance](#). This allows expedited return from isolation/quarantine during critical staffing shortages. Additionally, on Saturday, CDPH announced a temporary allowance for asymptomatic positive and exposed healthcare workers, including EMS workers to work while wearing an N95 respirator, due to extreme staffing shortages in these positions statewide.

On January 7, CDC recommended shortening the interval between initial series to booster for the Moderna vaccine from 6 months to 5 months. View CDC media [statement](#) to learn more.

“With this recent increase in COVID-19 cases in Kern County, and the presence of the highly transmissible Omicron variant, it is imperative that we use as many layers of protection to prevent the spread of this disease. Individuals with chronic conditions such as diabetes and heart disease or who are obese are at higher risk of severe complications from COVID-19,” says Carrigan. “Even if you do not have underlying chronic conditions, it is imperative that we all keep our bodies healthy and resilient by eating a healthy diet, getting plenty of rest, and exercising regularly.”

Additional layers of protection include:

- Getting vaccinated against COVID-19
- Getting your COVID-19 booster as soon as eligible
- Wearing a mask while in indoor public settings
- Staying home when sick or exposed to COVID-19
- Washing your hands often
- Get tested before gathering or traveling
- Gather outside or increase ventilation when indoors

Visit our website www.kernpublichealth.com for the latest information on COVID-19 in Kern County, which includes interactive maps of vaccination and testing locations.

###

NEWS RELEASE

Release Number: 2022-03

Date: January 6, 2022

Cal/OSHA Updates COVID-19 FAQs to Align with CDPH Guidance on Isolation and Quarantines

Oakland—Cal/OSHA today updated its [FAQs on COVID-19 Prevention Emergency Temporary Standards \(ETS\)](#) to incorporate new [guidance from the California Department of Public Health \(CDPH\) on isolation and quarantine periods](#).

In December 2020, Governor Newsom issued [Executive Order N-84-20](#), which states that the recommended isolation and quarantine periods in the ETS will be overridden by any CDPH applicable isolation or quarantine recommendation if the ETS periods are longer than those recommended by CDPH.

Cal/OSHA helps protect workers from health and safety hazards on the job in almost every workplace in California. Employers who have questions or need assistance with workplace safety and health programs, including assistance with developing a COVID-19 prevention program at their worksite, can call [Cal/OSHA's Consultation Services Branch](#) at 800-963-9424.

Workers who have questions about COVID-19 hazards at work can call 833-579-0927 to speak with a Cal/OSHA representative during normal business hours. Complaints about workplace safety and health hazards can be filed confidentially with [Cal/OSHA district offices](#).

Media Contact: Communications@dir.ca.gov, (510) 286-1161

Employers with Questions on Requirements May Contact: InfoCons@dir.ca.gov or call your [local Cal/OSHA Consultation Office](#)

The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#)



TOMÁS J. ARAGÓN, M.D., Dr.P.H.
State Public Health Officer & Director

State of California—Health and Human
Services Agency
**California Department of Public
Health**



GAVIN NEWSOM
Governor

January 5, 2022

TO: All Californians

SUBJECT: Guidance for the Use of Face Masks

Related Materials: [Face Coverings Q&A](#) | [Face Coverings Fact Sheet \(PDF\)](#) | [Face Mask Tips and Resources](#) | [Face Shields Q&A \(PDF\)](#) | [Safe Schools for All Hub](#) | [More Home & Community Guidance](#) | [All Guidance](#) | [More Languages](#)

Updates as of January 5, 2022:

- Extends requirement for universal masking indoors statewide December 15, 2021, through February 15, 2022.

Guidance For the Use of Masks

Background

The COVID-19 vaccines remain effective in preventing serious disease, hospitalization, and death from the SARS-CoV-2 virus. Unvaccinated persons are more likely to get infected and spread the virus which is transmitted through the air and concentrates indoors. To ensure that we collectively protect the health and well-being of all Californians; keep schools open for in-person instruction; and allow California's economy to remain open and thrive, the California Department of Public Health (CDPH) **is requiring masks to be worn in all indoor public settings, irrespective of vaccine status, until February 15, 2022.** This requirement will be updated as CDPH continues to assess conditions on an ongoing basis.

This measure brings an added layer of mitigation as the Omicron variant, a Variant of Concern as labeled by the World Health Organization, continues to increase in prevalence across California, the United States, and the world and spreads much more easily than the original SARS-CoV-2 virus and the Delta variant.

Over the last two weeks, the statewide seven-day average case rate has increased by more than sixfold and hospitalizations have doubled. While the percentage of Californians fully vaccinated and boosted continues to increase, we continue to have areas of the state where vaccine coverage is low, putting individuals and communities at greater risk for COVID-19. Given the current hospital census, which is over capacity, the surge in cases and hospitalizations has materially impacted California's health care delivery system within many regions of the state. Staffing levels are also increasingly impacted by COVID-19 transmission in many critical sectors.

As noted in the Science Brief[1] by the Centers for Disease Control and Prevention (CDC) updated in December 2021, at least ten studies have confirmed the benefit of universal masking in community level analyses: in a unified hospital system,[2] a German city,[3] two U.S. states,[4], [5] a panel of 15 U.S. states and Washington, D.C.,[6], [7] as well as both Canada[8] and the U.S.[9], [10], [11] nationally. Each analysis demonstrated that, following directives for universal

masking, new infections fell significantly. Two of these studies[12], [13] and an additional analysis of data from 200 countries that included the U.S.[14] also demonstrated reductions in mortality. Another 10-site study showed reductions in hospitalization growth rates following mask mandate implementation.[15]

Implementing a universal masking requirement not only has proven to decrease the rate of infections but is able to slow community transmission. A series of cross-sectional surveys in the U.S. suggested that a 10% increase in self-reported mask wearing tripled the likelihood of slowing community transmission.[16]

The masking requirement in California schools has allowed us to keep schools open when compared to other parts of the country. California accounts for roughly 12% of all U.S. students, but only 1% of COVID-19 related school closures. Nationally during the Delta surge in July and August 2021, jurisdictions without mask requirements in schools experienced larger increases in pediatric case rates, and school outbreaks were 3.5 times more likely in areas without school mask requirements.[17], [18]

In workplaces, employers are subject to the Cal/OSHA COVID-19 Emergency Temporary Standards (ETS) or in some workplaces the Cal/OSHA Aerosol Transmissible Diseases (ATD) Standard and should consult those regulations for additional applicable requirements.

Masking Requirements

Masks are required for all individuals in all indoor public settings, regardless of vaccination status from December 15, 2021 through February 15, 2022 [surgical masks or higher-level respirators (e.g., N95s, KN95s, KF94s) with good fit are recommended].

See State Health Officer Order, issued on July 26, 2021, for a full list of high-risk congregate and other healthcare settings where surgical masks are required for unvaccinated workers, and recommendations for respirator use for unvaccinated workers in healthcare and long-term care facilities in situations or settings not covered by Cal OSHA ETS or ATD.

For additional information on types of masks, the most effective masks, and ensuring a well-fitted mask, individuals should refer to CDPH Get the Most out of Masking and see CDPH Masking Guidance Frequently Asked Questions for more information.

No person can be prevented from wearing a mask as a condition of participation in an activity or entry into a business.

Exemptions to masks requirements

The following **individuals** are exempt from wearing masks at all times:

- Persons younger than two years old. Very young children must not wear a mask because of the risk of suffocation.
- Persons with a medical condition, mental health condition, or disability that prevents wearing a mask. This includes persons with a medical condition for whom wearing a mask could obstruct breathing or who are unconscious, incapacitated, or otherwise unable to remove a mask without assistance.
- Persons who are hearing impaired, or communicating with a person who is hearing impaired, where the ability to see the mouth is essential for communication.
- Persons for whom wearing a mask would create a risk to the person related to their work, as determined by local, state, or federal regulators or workplace safety guidelines.

[1] Science Brief: Community Use of Masks to Control the Spread of SARS-CoV-2 | CDC

[2] Wang X, Ferro EG, Zhou G, Hashimoto D, Bhatt DL. Association between universal masking in a health care system and SARS-CoV-2 positivity among health care workers. *JAMA*. 2020;324(7):703–704.

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State of California—Health and Human
Services Agency
**California Department of
Public Health**



GAVIN NEWSOM
Governor

October 7, 2021

TO: All Californians

SUBJECT: Interim Guidance for Ventilation, Filtration, and Air Quality in Indoor Environments

Related Materials: [More Employees & Workplaces Guidance](#) | [All Guidance](#) | [More Languages](#)

Updates as of October 7, 2021:

- Incorporate Cal/OSHA revisions to the COVID-19 Emergency Temporary Standards.
- Clarify legal requirements pertaining to the guidance.
- Added additional resources.



This Guidance is intended to be used for buildings for which the state or local health department is permitting business, assembly, or other occupancy or use to occur indoors.

NOTE: On November 30, 2020, the California Division of Occupational Safety and Health (Cal/OSHA) implemented a mandatory emergency temporary standard (ETS) to prevent employee exposure to COVID-19 in California workplaces not covered by the Cal/OSHA Aerosol Transmissible Diseases standard; subsequently, a revised ETS was adopted and became effective June 17, 2021. Employers must become familiar with and implement all employee protection requirements covered in the ETS. Please see Section 9 of this document identifying the specific provisions of the ETS that pertain to ventilation.

The following guidance supplements the Cal/OSHA ETS by recommending practical steps building operators can take to promote better ventilation, filtration, and air quality in indoor environments for the purpose of reducing the spread of COVID-19. This interim guidance may change as scientific knowledge, experience, community transmission, and other conditions change. Other useful information on building ventilation and related issues is available from the Centers for Disease Control and Prevention (CDC) and Section 10 of this document, Resources.

The recommendations described below come with a range of initial costs and ongoing operating costs, which may affect decisions about which interventions to implement. Always consult with building engineering or maintenance staff prior to making changes to a mechanical ventilation system.

The following protocols are based on experience and principles that have a wide application. This guidance does not supersede any other mandatory requirements. Workplaces must continue to meet the requirements of the Cal/OSHA ETS and all other local and state directives regarding COVID-19.

The guidance is intended for use by non-healthcare organizations, including many types of businesses, companies, offices, restaurants, schools, faith-based organizations, etc. Healthcare facilities, which are expected to have infectious patients, require higher ventilation rates and employ higher filtration in order to ensure sufficient infection control; these requirements are not addressed in this guidance. Note that the recommendations contained in the guidance might not be applicable to your particular building or activity. Be aware that some of the recommendations could result in increased energy bills or increased wear and tear on ventilation system components.

1. COVID-19 Basics

COVID-19 is transmitted from person-to-person and may occur in the following scenarios:

- Large droplets from coughing and sneezing are propelled directly into the face, nose, eyes, or mouth of someone nearby, usually within six (6) feet. These droplets are sometimes called "ballistic droplets" because they tend to travel in straight lines and fall out of the air rapidly.
- Small particles (also known as aerosols) are released when a person breathes, talks or vocalizes, sings, coughs, or sneezes. These small particles can remain suspended in the air for a period of time and can move beyond six feet on air currents. Other people might inhale these small particles even if they are farther than six feet away.
- A person touches a surface that is contaminated and then touches a mucus membrane such as their nose, eyes, or mouth. Contaminated objects and surfaces are sometimes called "fomites." Aerosols deposited on surfaces may also be disturbed and introduced back into the air where they might be inhaled.

Effective ventilation is one of the most important ways to control small aerosol transmission. However, ventilation and other indoor air quality improvements are an addition to, and not a replacement for mandatory protections required by the Cal/OSHA ETS and state or local directives. Individuals at higher risk for severe illness from COVID-19 should exercise more caution regarding the time they spend in indoor environments outside of their home.

2. Definitions

Aerosol means solid or liquid particles suspended in a gas (typically air).

Air Changes per Hour (ACH, also called Air Change Rate) approximates how many times the air within a space is replaced each hour. ACH is a calculated value that allows standards, guidelines, and comparisons for ventilation to be made for rooms of different dimensions and which have different ventilation systems.

Using English units, the formula for ACH is:

$$\text{ACH} = (\text{ventilation rate in CFM} \times 60 \text{ minutes/hour}) / \text{room volume in cubic feet}$$

Air Cleaners are standalone devices that move air in a room through a filter. Some filters are capable of removing tiny particles, including virus particles and smoke. They are referred to in this document as Portable Air Cleaners (PACs) to differentiate them from filters and other devices in HVAC systems that provide air cleaning.

ASHRAE is the American Society for Heating, Refrigeration, and Air-Conditioning Engineers. Facilities staff, engineers, and health and safety professionals are familiar with this organization and its literature.

CADR, or Clean Air Delivery Rate, measures a Portable Air Cleaner's effectiveness based on room space and the volume of clean air produced per minute. Tested units have three CADR ratings; for COVID-19 purposes the "Smoke" CADR rating should be used.

CFM, or cubic feet per minute, is a measure of air flow into or out of a room.

In order to calculate how many cfm are required to obtain a desired ACH, the formula is:

$$\text{CFM} = (\text{ACH desired}) \times (\text{room volume in cubic feet}) / 60 \text{ minutes/hour}$$

Room volume can be calculated by the following formula:

$$\text{width} \times \text{length} \times \text{height to ceiling (all dimensions in feet)}$$

Clean Air, for the purposes of this document, refers both to clean outside supplied air, and also to recirculated indoor supplied air that has been passed through a Portable Air Cleaner (PAC) with an appropriately rated CADR, or through an HVAC system equipped with a Minimum Efficiency Reporting Value (MERV) 13 or greater filter. Note that unfiltered outside air contaminated with wildfire smoke may not qualify as clean air.

Fans are devices that pull or push air in one direction. Fans can be rectangularly shaped for placement in windows or doorways, they may be "pedestal type" for placement anywhere in a room, or they may be attached to ceiling fixtures. Some fans have switches that allow the user to change the direction of airflow of the fan; fans that do not have such switches must be physically turned to change the direction of air.

HEPA Filter refers to a High-Efficiency Particulate Air Filter. This type of air filter is designed to meet a standard of removing at least 99.97% of dust, pollen, mold, bacteria, and any airborne particles with a size of 0.3 micron (μm). They are tested with 0.3 micron-sized particles as a "worst case" scenario, as this particle size penetrates through a filter most easily. Particles that are larger or smaller are trapped with even higher efficiency.

HVAC stands for Heating, Ventilation, and Air Conditioning system. Also referred to as "Mechanical Ventilation" because of the system's use of fans to move air in and out of rooms, typically through ducts and plenums.

Mechanical Ventilation is the active process of supplying air to or removing air from an indoor space by powered equipment such as motor-driven fans and blowers, but not by devices such as wind-driven turbine ventilators and mechanically operated windows.

Outside Air (outdoor air) refers to clean air drawn from outside the building either by natural or mechanical ventilation. Also referred to as "Fresh Air" or for selected applications "Makeup Air."

PACs are Portable Air Cleaners, devices that can be moved within a building or room to provide air cleaning. PACs are generally sold with some form of highly efficient filter such as a HEPA filter. The portability of PACs allows them to be placed where air cleaning will be most beneficial to room occupants.

Natural Ventilation refers to ventilation that is accomplished by opening windows and doors to the outside.

Recirculated Air refers to air that has been drawn from the inside of the building, passed through filters, conditioned, and reintroduced into the building. Unless passed through MERV-13 or greater efficiency filters, recirculated air is not considered when assessing building ventilation for COVID-19 purposes.

3. General Considerations

Our understanding of the role that the built environment plays in the transmission of COVID-19 is evolving; recent literature has clearly demonstrated small aerosols can be carried well beyond the six (6) foot physical radius and remain suspended in room air where they can be inhaled. With the possible exception of hospitals, healthcare facilities, and research facilities that employ exhaust hoods, existing ventilation requirements, such as those established in the California Building Code and Title 24, were not intended to control exposures to small aerosols of hazardous infectious agents such as COVID-19. Consequently, code compliance should be considered as the baseline, or starting point, in creating more protective environments. Ventilation should be maximized to levels as far above code requirements as is feasible, particularly for areas where people are unmasked (e.g., while eating in restaurants) and/or where there is mixing of people from different households, regardless of mask use.

In general, the greater the number of people in an indoor environment, the greater the need for ventilation with outdoor air. Efforts should be focused on providing fresh air ventilation to the spaces with the highest density of occupants, as well as where occupants may be unmasked. Decrease occupancy in areas where outdoor ventilation cannot be increased. Other changes that can be considered in buildings with specific ventilation features include:

- For buildings with mechanical ventilation systems, see Section 5. Improving Mechanical Ventilation.
- Inspect and maintain exhaust ventilation in support areas such as laundry rooms or kitchens.
- Ensure exhaust fans in restrooms and other areas are functioning properly and operating continuously or as needed. Since the virus can be present in fecal matter, closing toilet lids (if available) during flushing is advised.
- Keep windows and other sources of natural ventilation open to the greatest extent possible.
- Consider adding Portable Air Cleaners (PACs) in areas where fresh air ventilation cannot be increased.

To help you in improving your building's ventilation, some of the following professionals may be able to assist:

- Facilities ("Stationary") Engineers,
- Building Maintenance and Repair Staff,
- Mechanical Engineers,
- Mechanical (HVAC) Contractors,
- General Contractors,
- Architects, and/or
- Indoor Air Quality or Industrial Hygiene Consultants

Schools and other interested parties are encouraged to read the Yale School of Public Health's web page Ventilation Key to Reducing Risk, part of Yale's Public Health Guidance for Reopening Schools in 2020.

4. Improving Natural Ventilation and Proper Use of Fans

Consider implementing any of the following to improve the supply of outside air into a space, using caution on days with poor air quality:

- When weather and air quality conditions allow, increase fresh outdoor air by opening windows and doors. Do not open windows and doors if doing so poses a safety or health risk to anyone using the facility.
- Use fans to increase the effectiveness of open windows. Position fans securely and carefully in or near windows. Take care with electrical cords; look out for tripping or wet conditions, which can create electrocution hazards. Position fans so that air does not blow from one person to another. Window fans placed in exhaust mode can help draw fresh air into a room via other open windows and doors without generating strong room air currents. NOTE: For buildings with both operable windows and mechanical ventilation systems, the interactions between the two need to be carefully considered.
- Some rooms have high ceiling fans. There is not enough scientific evidence supporting their effectiveness in diluting potentially contaminated air with cleaner air in the higher parts of the room. Ceiling fans do not bring additional fresh air into an indoor space and are not considered to be equivalent to fresh air

ventilation. Given this uncertainty about their effect, ceiling fans should be turned off unless necessary for the thermal comfort of building occupants. Ceiling fans may result in improved air mixing, provided outdoor air is being introduced into the space.

- For information on the use of portable air cleaners, please see Section 7. Portable Air Cleaners ("HEPA Air Filters").

5. Improving Mechanical Ventilation

Consider mechanical ventilation system upgrades or improvements and other steps to 1) increase the delivery of clean air and 2) remove or dilute concentrations of COVID-19 or other contaminants in the building air. The amount of outdoor air brought into the mechanical system should be maximized.

MERV 13 or greater filtration is efficient at capturing airborne viruses and should be the target minimum level of filtration. If the air handling system cannot function with such a high level of filtration, increase the filtration in the equipment to the maximum allowable for the system.

Note that (regardless of COVID-19) CCR Title 8, Section 5142, requires that mechanical ventilation systems be maintained and operated to provide at least the quantity of outdoor air required by the State Building Standards Code, Title 24, Part 2, California Administrative Code, in effect at the time the building permit was issued.

Obtain consultation from experienced HVAC professionals when considering changes to HVAC systems and equipment. Some of the recommendations below are based on ASHRAE's Guidance for Building Operations During the COVID-19 Pandemic. Review additional ASHRAE Guidelines for Schools and Universities for further information on ventilation recommendations for different types of buildings and building readiness for occupancy. Not all steps are applicable for all scenarios.

- Fully open outdoor air dampers and close recirculation dampers to reduce or eliminate air recirculation. Set economizers at 100% outdoor air. In mild weather, this will not affect thermal comfort or humidity, but in cold, hot, or humid weather this may result in changes to indoor air, so expect a need for adjustments regarding clothing and/or space heaters.
- Improve central air filtration to as high as possible without significantly diminishing design airflow. Target air filtration should be MERV 13 or greater.
 - Inspect filter housings and racks to ensure appropriate filter fit and check for ways that air could bypass the filter.
 - Clean or replace filters and check filters to ensure they are appropriately installed, seated, functioning, and are not torn. Note that during poor air quality events caused by wildfire smoke, for example, higher efficiency filters will load faster and will need closer monitoring. Since filters may be contaminated with virus particles, anyone changing filters must wear, at a minimum, a fit-tested N95 respirator in accordance with the requirements of CCR Title 8, Section 5144 or Section 5199, as well as eye protection (face shield or goggles), and disposable gloves.
- Disable "demand controls" and occupancy sensors on ventilation systems so that fans operate continuously, independently of heating or cooling needs. This is done by setting the fan on the system's thermostat to the "ON" position instead of "AUTO."
 - If HVAC systems operate on day/night or other pre-programmed cycles, consider running the HVAC system at maximum outside airflow for 1-2 hours before the building opens and for 2-3 hours after the building is closed.
 - Consider running HVAC fans 24/7.
 - Continuous operation of the HVAC system is required regardless of COVID-19 when employees are present under CCR Title 8, Section 5142.
- Generate clean-to-less-clean air movement by adjusting the settings of supply and exhaust air diffusers and/or dampers in higher risk areas, so that potentially contaminated air is moved away from occupants.

- Typically, in-room, wall-mounted fan coil systems do not remove virus particles; this could allow virus particles to accumulate in a space. Such systems should not be operated in occupied rooms unless the fan coils have MERV 13 filtration as a minimum.
- The amount of outdoor air brought into the mechanical system should always be maximized regardless of air filtration.

6. Determining Mechanical System Function

- Small pieces of ribbon or tissue paper can be affixed to ventilation supply registers to verify that the system is operating.
- A lightweight (down) feather on the end of a stick or dowel can be used to trace air currents such as from fans or PACs to verify that air is not being blown from person to person.
- Carbon dioxide (CO₂) levels increase as mechanical ventilation systems fail to keep up with the occupancy of a space. Therefore, the measurement of CO₂ levels in a space may be used to determine the effectiveness of the ventilation system in more densely occupied indoor spaces. However, CO₂ level is a lagging indicator since it takes time for it to increase after a space becomes occupied. Consultation with a knowledgeable professional mechanical engineer or industrial hygienist on how to best to use CO₂ monitoring technology in a facility is recommended.
- If you need assistance in evaluating your system, see the professionals listed in Section 3. General Considerations.

7. Portable Air Cleaners ("HEPA Air Filters")

Portable Air Cleaners (PACs) should be considered in rooms and areas where mechanical and passive ventilation cannot be improved. PACs come in a range of sizes, features, and prices; higher-priced units may not necessarily provide greater improvements to air quality. Depending on the quantity, quality, and condition of existing ventilation, PACs providing 2-5 additional ACH may be needed. Review these key points about effective use of PACs:

- Purchase PACs that are certified for ozone emissions and electrical safety by the California Air Resources Board (CARB).
- Ensure PACs are appropriately sized for the room or area they are deployed in. One method for selecting the appropriate size unit is the Association of Home Appliance Manufacturer's (AHAM) Clean Air Delivery Rate (CADR). The authors of the CADR standard suggest that a unit should have a CADR at least 2/3 of the room's floor area (in square feet), with adjustments made if the room's ceiling is more than eight feet in height. If this method is used, the unit's CADRs for Smoke should be used. A list of all units with CADR ratings (with the rating values) can be found on AHAM's "Verifide" website. It's possible that a room may need more than one PAC.
- PACs are very efficient at capturing coronavirus-size particles, but the particles must first physically travel to the filter. The faster a PAC can cycle air through the filter, the better its chances of catching virus particles. CADR reflects, in cubic feet per minute, the volume of clean air the PAC produces at its highest speed setting. (The efficiency of the PAC in cleaning the air decreases at lower speeds). PACs have three CADR ratings; smoke, dust and pollen, which represent small, medium and larger particles, respectively. For purposes of COVID-19, the smoke CADR rating should be used. Smoke particles are similar in size to the smallest virus droplets, while larger virus droplets are closer to the pollen size range. A PAC with a CADR of 250 for smoke reduces smoke particle levels to the same concentration that would be achieved by adding 250 cubic feet of clean air each minute.
- For more in-depth help determining the correct size of PACs for COVID-19, Harvard University and the University of Colorado, Boulder have jointly developed a spreadsheet for identifying the correct PAC, using the CADR. If using this spreadsheet, please note that the PACs listed on the third tab are only examples of

verified manufacturers and models; you can input your CADR (using the smoke value) for any unit on the second tab of the spreadsheet.

- Manufacturer's specifications, CADR values, and the Harvard/CU spreadsheet all base their estimates on the PAC operating at maximum fan speed. Reducing fan speed may reduce the noise generated by the unit but will also decrease the amount of air filtration the unit will provide.
- For effective air cleaning, a PAC should be placed towards the center of where people sit or gather with the unit exhaust directed so that it will not blow air from person to person. PACs that exhaust straight up should be used to avoid blowing air from one person to another. Placing air filtration units in unused corners of rooms or beneath tables will not effectively clean the air. Do not create a tripping hazard with the PAC or associated electrical cords.
- Industrial air cleaners that use high efficiency particulate air (HEPA) filtration can be used and are particularly well-suited for larger rooms and areas:

Commercial/Industrial units, sometimes referred to as "Negative Air Machines (NAMs)" or "hogs," may already be available in larger facilities; check with Facilities/Maintenance personnel, who may also be able to order this type of unit through their equipment suppliers. All such units should be inspected for proper discharge of exhaust.

Industrial air cleaners typically do not have CADR ratings. Instead, the manufacturer's rated airflow (in CFM) is incorporated into the Air Changes per Hour calculation provided in Section 2. *Definitions*. Depending on the fresh air ventilation in the room, ACHs of 2.5-6 are needed, with lower values working for well-ventilated rooms, and ACHs of 4-6 for rooms with marginal ventilation.

8. Ventilation During Wildfire Smoke Events

- Ventilation and filtration can be very effective in reducing indoor air concentrations of both wildfire smoke particles and coronavirus-sized particles; however, these strategies should be used in conjunction with physical distancing protocols, face coverings or masks, frequent hand washing, and other practices.
- When used with windows and doors closed, and when properly installed and maintained and operated, an HVAC system with MERV 13 filters will effectively reduce indoor exposure to both wildfire smoke and virus particles.
- Where buildings are not equipped with HVAC systems, PACs can effectively reduce the concentration of both smoke and corona virus-sized particles in indoor air. As noted above, more than one portable air filter might be needed to meet the air filtration rate recommended by the Association of Home Appliance Manufacturers (AHAM).
- To filter wildfire smoke and coronavirus-sized particles, the PAC should have a CADR for tobacco smoke (0.9-1.0 μm).

9. Requirements on Ventilation in Cal/OSHA COVID-19 Prevention Standards

On June 17, 2021, Cal/OSHA implemented a revised version of the mandatory emergency temporary standard (ETS) originally implemented on November 30, 2020, to prevent employee exposure to COVID-19 in California workplaces, with the following exceptions: (1) when employees are covered by CCR Title 8, Section 5199, the Aerosol Transmissible Diseases standard; (2) when employees are working from home; or (3) in work locations with one employee who does not have contact with other persons; or (4) when employees are teleworking from a location of the employee's choice which is not under control of the employer.

The ETS appears in CCR Title 8, Sections 3205 *COVID-19 Prevention*; 3205.1 *Multiple COVID-19 Infections and COVID-19 Outbreaks*; 3205.2 *Major COVID-19 Outbreaks*; 3205.3 *COVID-19 Prevention in Employer-Provided Housing*; and 3205.4 *COVID-19 Prevention in Employer-Provided Transportation to and from Work*.

The ETS requires covered employers to establish, implement and maintain an effective, written COVID-19 Prevention Program that includes elements pertaining specifically to ventilation and filtration, as follows:

- Section 3205 (c)(2)(E): *For indoor locations, the employer shall evaluate how to maximize ventilation with outdoor air; the highest level of filtration efficiency compatible with the existing ventilation system; and whether the use of portable or mounted High Efficiency Particulate Air (HEPA) filtration units, or other air cleaning systems, would reduce the risk of COVID-19 transmission.*
- Section 3205 (c)(2)(F): *The employer shall review applicable orders and guidance from the State of California and the local health department related to COVID-19 hazards and prevention. These orders and guidance are both information of general application, including Interim guidance for Ventilation, Filtration, and Air Quality in Indoor Environments by the California Department of Public Health (CDPH), and information specific to the employer's industry, location, and operations.*
- Section 3205 (c)(7)(A): *For buildings with mechanical or natural ventilation, or both, employers shall maximize the quantity of outside air provided to the extent feasible, except when the United States Environmental Protection Agency (EPA) Air Quality Index is greater than 100 for any pollutant or if opening windows or maximizing outdoor air by other means would cause a hazard to employees, for instance from excessive heat or cold.*

Under Sections 3205.1, *Multiple COVID-19 Infections and COVID-19 Outbreaks*, employers have additional ventilation and filtration requirements in the event of a COVID-19 outbreak, as follows (note: these provisions also apply to major outbreaks, addressed under Section 3205.2):

- Section 3205.1 (e)(3): *Multiple COVID-19 Infections and COVID-19 Outbreaks. The employer shall implement changes to reduce the transmission of COVID-19 based on the investigation and review required by subsections (e)(1) and (e)(2). The employer shall consider moving indoor tasks outdoors or having them performed remotely, increasing outdoor air supply when work is done indoors, improving air filtration, increasing physical distancing as much as feasible, requiring respiratory protection in compliance with section 5144, and other applicable controls.*
- Section 3205.1 (f): *In buildings or structures with mechanical ventilation, employers shall filter recirculated air with Minimum Efficiency Reporting Value (MERV) 13 or higher efficiency filters if compatible with the ventilation system. If MERV-13 or higher filters are not compatible with the ventilation system, employers shall use filters with the highest compatible filtering efficiency. Employers shall also evaluate whether portable or mounted High Efficiency Particulate Air (HEPA) filtration units or other air cleaning systems would reduce the risk of transmission and, if so, shall implement their use to the degree feasible.*

Under Sections 3205.3 and 3205.4, employers must implement ventilation requirements for employer-provided housing and transportation, as follows:

Section 3205.3 COVID-19 Prevention in Employer-Provided Housing ...

... (c) Ventilation. In housing units, employers shall maximize the quantity and supply of outdoor air and increase filtration efficiency to the highest level compatible with the existing ventilation system. If there is not a Minimum Efficiency Reporting Value (MERV) 13 or higher filter in use, portable or mounted High Efficiency Particulate Air (HEPA) filtration units shall be used, to the extent feasible, in all sleeping areas in which there are two or more residents who are not fully vaccinated.

Section 3205.4 COVID-19 Prevention in Employer-Provided Transportation ...

...(f) Ventilation. Employers shall ensure that vehicle windows are kept open, and the ventilation system set to maximize outdoor air and not set to recirculate air. Windows do not have to be kept open if one or more of the

following conditions exist:

- (1) The vehicle has functioning air conditioning in use and excessive outdoor heat would create a hazard to employees.*
- (2) The vehicle has functioning heating in use and excessive outdoor cold would create a hazard to employees.*
- (3) Protection is needed from weather conditions, such as rain or snow.*
- (4) The vehicle has a cabin air filter in use and the U.S. EPA Air Quality Index for any pollutant is greater than 100.*

10. Resources

State of California

- www.covid19.ca.gov

Cal/OSHA (Division of Occupational Safety and Health, Department of Industrial Relations) workplace safety regulations

- Cal/OSHA Emergency Temporary Standards - Fact Sheets, Model Program, and Other Resources
- CCR Title 8, Section 3205 COVID-19 Prevention; 3205.1 Multiple COVID-19 Infections and COVID-19 Outbreaks; 3205.2 Major COVID-19 Outbreaks; 3205.3 COVID-19 Prevention in Employer-Provided Housing; and 3205.4 COVID-19 Prevention in Employer-Provided Transportation to and from Work
- CCR Title 8, Section 5142 Mechanically Driven Heating, Ventilating and Air Conditioning (HVAC) Systems to Provide Minimum Building Ventilation.
- CCR Title 8, Section 5143 General Requirements of Mechanical Ventilation Systems.
- CCR Title 8, Section 5144 Respiratory Protection

Centers for Disease Control and Prevention

- Ventilation in Buildings
- Operating Schools during COVID-19: CDC's Considerations
- Wildfire Smoke and COVID-19: Frequently Asked Questions and Resources for Air Resource Advisors and Other Environmental Health Professionals

AIHA (formerly the American Industrial Hygiene Association)

- Reducing the Risk of COVID-19 Using Engineering Controls

American Conference of Governmental Industrial Hygienists

- White Paper on Ventilation for Industrial Settings during the COVID-19 Pandemic

American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE)

- Guidance for Building Operations During the COVID-19 Pandemic
- ASHRAE Resources Available to Address COVID-19 Concerns
- ASHRAE Reopening Schools and Universities C19 Guidance
- Standard 62.1-2019 Ventilation for Acceptable Indoor Air Quality (*Note: This is a for-fee document. ASHRAE provides free web access to a read-only version from the linked web page; look for Standard 62.1-2019*)

Association of Home Appliance Manufacturers

- Directory of Certified Portable Air Cleaners
- Information Regarding Portable Air Cleaner Testing

California Air Resources Board (CARB)

- Air Cleaners & Ozone Generating Products

Environmental Protection Agency (EPA)

- Ventilation and COVID-19
- Indoor Air in Homes and COVID-19

Harvard University School of Public Health and University of Colorado, Boulder School of Engineering

- Harvard-CU Boulder Portable Air Cleaner Calculator for Schools

Johns Hopkins Bloomberg School of Public Health Center for Health Security

- School Ventilation: A Vital Tool to Reduce COVID-19 Spread

World Health Organization

- Q&A: Ventilation and Air Conditioning in Public Spaces and Buildings and COVID-19

Yale University School of Public Health

- Reopening Schools - Ventilation Key to Reducing Risk

This Interim Guidance for Ventilation, Filtration, and Air Quality in Indoor Environments was adapted with permission from a similar document prepared by the San Francisco Department of Public Health (SFPDH): SFPDH COVID-19 Information and Guidance

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Barclays Official California Code of Regulations Currentness
Title 8. Industrial Relations
Division 1. Department of Industrial Relations
Chapter 4. Division of Industrial Safety
Subchapter 7. General Industry Safety Orders
Introduction

8 CCR § 3205

§ 3205. COVID-19 Prevention.

NOTE: See *Executive Order N-84-20 (2019 CA EO 84-20)*, issued in response to the COVID-19 pandemic, which suspends certain provisions relating to the exclusion of COVID-19 cases from the workplace.

(a) Scope.

(1) This section applies to all employees and places of employment, with the following exceptions:

(A) Work locations with one employee who does not have contact with other persons.

(B) Employees working from home.

(C) Employees with occupational exposure as defined by section 5199, when covered by that section.

(D) Employees teleworking from a location of the employee's choice, which is not under the control of the employer.

(2) Nothing in this section is intended to limit more protective or stringent state or local health department mandates or guidance.

(b) Definitions. The following definitions apply to this section and to sections 3205.1 through 3205.4.

(1) “Close contact” means being within six feet of a COVID-19 case for a cumulative total of 15 minutes or greater in any 24-hour period within or overlapping with the “high-risk exposure period” defined by this section. This definition applies regardless of the use of face coverings.

EXCEPTION: Employees have not had a close contact if they wore a respirator required by the employer and used in compliance with section 5144, whenever they were within six feet of the COVID-19 case during the high-risk exposure period.

(2) “COVID-19” means coronavirus disease, an infectious disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

(3) “COVID-19 case” means a person who:

(A) Has a positive “COVID-19 test” as defined in this section; or

(B) Has a positive COVID-19 diagnosis from a licensed health care provider; or

(C) Is subject to a COVID-19-related order to isolate issued by a local or state health official; or

(D) Has died due to COVID-19, in the determination of a local health department or per inclusion in the COVID-19 statistics of a county.

(4) “COVID-19 hazard” means potentially infectious material that may contain SARS-CoV-2, the virus that causes COVID-19. Potentially infectious materials include airborne droplets, small particle aerosols, and airborne droplet nuclei, which most commonly result from a person or persons exhaling, talking or vocalizing, coughing, or sneezing, or from

procedures performed on persons which may aerosolize saliva or respiratory tract fluids. This also includes objects or surfaces that may be contaminated with SARS-CoV-2.

(5) “COVID-19 symptoms” means fever of 100.4 degrees Fahrenheit or higher, chills, cough, shortness of breath or difficulty breathing, fatigue, muscle or body aches, headache, new loss of taste or smell, sore throat, congestion or runny nose, nausea or vomiting, or diarrhea, unless a licensed health care professional determines the person's symptoms were caused by a known condition other than COVID-19.

(6) “COVID-19 test” means a viral test for SARS-CoV-2 that is:

(A) Approved by the United States Food and Drug Administration (FDA) or has an Emergency Use Authorization from the FDA to diagnose current infection with the SARS-CoV-2 virus; and

(B) Administered in accordance with the FDA approval or the FDA Emergency Use Authorization as applicable.

(7) “Exposed group” means all employees at a work location, working area, or a common area at work, where an employee COVID-19 case was present at any time during the high-risk exposure period. A common area at work includes bathrooms, walkways, hallways, aisles, break or eating areas, and waiting areas. The following exceptions apply:

(A) For the purpose of determining the exposed group, a place where persons momentarily pass through while everyone is wearing face coverings, without congregating, is not a work location, working area, or a common area at work.

(B) If the COVID-19 case was part of a distinct group of employees who are not present at the workplace at the same time as other employees, for instance a work crew or shift that does not overlap with another work crew or shift, only employees within that distinct group are part of the exposed group.

(C) If the COVID-19 case visited a work location, working area, or a common area at work for less than 15 minutes during the high-risk exposure period, and the COVID-19 case was

wearing a face covering during the entire visit, other people at the work location, working area, or common area are not part of the exposed group.

NOTE: An exposed group may include the employees of more than one employer. See [Labor Code sections 6303 and 6304.1](#).

(8) “Face covering” means a surgical mask, a medical procedure mask, a respirator worn voluntarily, or a tightly woven fabric or non-woven material of at least two layers. A face covering has no visible holes or openings and must cover the nose and mouth. A face covering does not include a scarf, ski mask, balaclava, bandana, turtleneck, collar, or single layer of fabric.

(9) “Fully vaccinated” means the employer has documented that the person received, at least 14 days prior, either the second dose in a two-dose COVID-19 vaccine series or a single-dose COVID-19 vaccine. Vaccines must be FDA approved; have an emergency use authorization from the FDA; or, for persons fully vaccinated outside the United States, be listed for emergency use by the World Health Organization (WHO).

(10) “High-risk exposure period” means the following time period:

(A) For COVID-19 cases who develop COVID-19 symptoms, from two days before they first develop symptoms until all of the following are true: it has been 10 days since symptoms first appeared; 24 hours have passed with no fever, without the use of fever-reducing medications; and symptoms have improved.

(B) For COVID-19 cases who never develop COVID-19 symptoms, from two days before until 10 days after the specimen for their first positive test for COVID-19 was collected.

(11) “Respirator” means a respiratory protection device approved by the National Institute for Occupational Safety and Health (NIOSH) to protect the wearer from particulate matter, such as an N95 filtering facepiece respirator.

(12) “Worksite,” for the limited purposes of COVID-19 prevention regulations only, means the building, store, facility, agricultural field, or other location where a COVID-19 case was

present during the high-risk exposure period. It does not apply to buildings, floors, or other locations of the employer that a COVID-19 case did not enter.

NOTE: The term worksite is used for the purpose of notice requirements in subsections (c)(3)(B)3. and 4. only.

(c) Written COVID-19 Prevention Program. Employers shall establish, implement, and maintain an effective, written COVID-19 Prevention Program, which may be integrated into the employer's Injury and Illness Prevention Program required by section 3203, or be maintained in a separate document. The written elements of a COVID-19 Prevention Program shall include:

(1) System for communicating. The employer shall do all of the following in a form readily understandable by employees:

(A) Ask employees to report to the employer, without fear of reprisal, COVID-19 symptoms, possible close contacts, and possible COVID-19 hazards at the workplace.

(B) Describe how employees with medical or other conditions that put them at increased risk of severe COVID-19 illness can request accommodations.

(C) Provide information about access to COVID-19 testing as described in subsection (c)(5)(I) when testing is required under this section, section 3205.1, or section 3205.2.

(D) In accordance with subsection (c)(3)(B), communicate information about COVID-19 hazards and the employer's COVID-19 policies and procedures to employees and to other employers, persons, and entities within or in contact with the employer's workplace.

NOTE: See subsection (c)(3)(C) for confidentiality requirements for COVID-19 cases.

(2) Identification and evaluation of COVID-19 hazards.

(A) The employer shall allow for employee and authorized employee representative participation in the identification and evaluation of COVID-19 hazards.

(B) The employer shall develop and implement a process for screening employees for and responding to employees with COVID-19 symptoms. The employer may ask employees to evaluate their own symptoms before reporting to work. If the employer conducts screening indoors at the workplace, the employer shall ensure that face coverings are used during screening by both screeners and employees who are not fully vaccinated and, if temperatures are measured, that non-contact thermometers are used.

(C) The employer shall develop COVID-19 policies and procedures to respond effectively and immediately to individuals at the workplace who are a COVID-19 case to prevent or reduce the risk of transmission of COVID-19 in the workplace.

(D) The employer shall conduct a workplace-specific identification of all interactions, areas, activities, processes, equipment, and materials that could potentially expose employees to COVID-19 hazards. Employers shall treat all persons, regardless of symptoms or negative COVID-19 test results, as potentially infectious.

1. This shall include identification of places and times when people may congregate or come in contact with one another, regardless of whether employees are performing an assigned work task or not, for instance during meetings or trainings and including in and around entrances, bathrooms, hallways, aisles, walkways, elevators, break or eating areas, cool-down areas, and waiting areas.

2. This shall include an evaluation of employees' potential workplace exposure to all persons at the workplace or who may enter the workplace, including coworkers, employees of other entities, members of the public, customers or clients, and independent contractors. Employers shall consider how employees and other persons enter, leave, and travel through the workplace, in addition to addressing stationary work.

(E) For indoor locations, the employer shall evaluate how to maximize ventilation with outdoor air; the highest level of filtration efficiency compatible with the existing ventilation system; and whether the use of portable or mounted High Efficiency Particulate Air (HEPA) filtration units, or other air cleaning systems, would reduce the risk of COVID-19 transmission.

(F) The employer shall review applicable orders and guidance from the State of California and the local health department related to COVID-19 hazards and prevention. These orders and guidance are both information of general application, including Interim guidance for Ventilation, Filtration, and Air Quality in Indoor Environments by the California Department of Public Health (CDPH), and information specific to the employer's industry, location, and operations.

(G) The employer shall evaluate existing COVID-19 prevention controls at the workplace and the need for different or additional controls. This includes evaluation of controls in subsections (c)(4), (c)(6), and (c)(7).

(H) The employer shall conduct periodic inspections as needed to identify unhealthy conditions, work practices, and work procedures related to COVID-19 and to ensure compliance with employers' COVID-19 policies and procedures.

(3) Investigating and responding to COVID-19 cases in the workplace.

(A) Employers shall have an effective procedure to investigate COVID-19 cases in the workplace. This includes procedures for seeking information from employees regarding COVID-19 cases and close contacts, COVID-19 test results, and onset of COVID-19 symptoms, and identifying and recording COVID-19 cases.

(B) The employer shall take the following actions when there has been a COVID-19 case at the place of employment:

1. Determine the day and time the COVID-19 case was last present and, to the extent possible, the date of the positive COVID-19 test(s) and/or diagnosis, and the date the COVID-19 case first had one or more COVID-19 symptoms, if any were experienced.

2. Determine who may have had a close contact. This requires an evaluation of the activities of the COVID-19 case and all locations at the workplace which may have been visited by the COVID-19 case during the high-risk exposure period.

NOTE: See subsection (c)(9) for exclusion requirements for employees after a close contact.

3. Within one business day of the time the employer knew or should have known of a COVID-19 case, the employer shall give written notice, in a form readily understandable by employees, that people at the worksite may have been exposed to COVID-19. The notice shall be written in a way that does not reveal any personal identifying information of the COVID-19 case. Written notice may include, but is not limited to, personal service, email, or text message if it can reasonably be anticipated to be received by the employee within one business day of sending. The notice shall include the disinfection plan required by [Labor Code section 6409.6\(a\)\(4\)](#). The notice must be sent to the following:

a. All employees at the worksite during the high-risk exposure period. If the employer should reasonably know that an employee has not received the notice, or has limited literacy in the language used in the notice, the employer shall provide verbal notice, as soon as practicable, in a language understandable by the employee.

b. Independent contractors and other employers at the worksite during the high-risk exposure period.

4. Within one business day of the time the employer knew or should have known of the COVID-19 case, the employer shall provide the notice required by [Labor Code section 6409.6\(a\)\(2\)](#) and (c) to the authorized representative of any employee at the worksite during the high-risk exposure period.

5. Make COVID-19 testing available at no cost, during paid time, to all employees of the employer who had a close contact in the workplace and provide them with the information on benefits described in subsections (c)(5)(B) and (c)(9)(C), with the following exceptions:

a. Employees who were fully vaccinated before the close contact and do not have COVID-19 symptoms.

b. COVID-19 cases who returned to work pursuant to subsection 3205(c)(10) (A) or (B) and have remained free of COVID-19 symptoms, for 90 days after the initial onset of COVID-19 symptoms or, for COVID-19 cases who never developed symptoms, for 90 days after the first positive test.

6. Investigate whether workplace conditions could have contributed to the risk of COVID-19 exposure and what could be done to reduce exposure to COVID-19 hazards.

(C) Personal identifying information of COVID-19 cases or persons with COVID-19 symptoms, and any employee medical records required by this section or by sections 3205.1 through 3205.4, shall be kept confidential unless disclosure is required or permitted by law. Unredacted information on COVID-19 cases shall be provided to the local health department, CDPH, the Division, and NIOSH immediately upon request, and when required by law.

(4) Correction of COVID-19 hazards. Employers shall implement effective policies and/or procedures for correcting unsafe or unhealthy conditions, work practices, policies and procedures in a timely manner based on the severity of the hazard. This includes, but is not limited to, implementing controls and/or policies and procedures in response to the evaluations conducted under subsections (c)(2) and (c)(3) and implementing the controls required by subsections (c)(6) and (c)(7).

(5) Training and instruction. The employer shall provide effective training and instruction to employees that includes the following:

(A) The employer's COVID-19 policies and procedures to protect employees from COVID-19 hazards, and how to participate in the identification and evaluation of COVID-19 hazards under subsection (c)(2)(A).

(B) Information regarding COVID-19-related benefits to which the employee may be entitled under applicable federal, state, or local laws. This includes any benefits available under legally mandated sick and vaccination leave, if applicable, workers' compensation law, local governmental requirements, the employer's own leave policies, leave guaranteed by contract, and this section.

(C) The fact that COVID-19 is an infectious disease that can be spread through the air when an infectious person talks or vocalizes, sneezes, coughs, or exhales; that COVID-19 may be transmitted when a person touches a contaminated object and then touches their eyes, nose, or mouth, although that is less common; and that an infectious person may have no symptoms.

(D) The fact that particles containing the virus can travel more than six feet, especially indoors, so physical distancing, face coverings, increased ventilation indoors, and respiratory protection decrease the spread of COVID-19, but are most effective when used in combination.

(E) The employer's policies for providing respirators, and the right of employees who are not fully vaccinated to request a respirator for voluntary use as stated in this section, without fear of retaliation and at no cost to employees. Whenever respirators are provided for voluntary use under this section or sections 3205.1 through 3205.4:

1. How to properly wear the respirator provided;
2. How to perform a seal check according to the manufacturer's instructions each time a respirator is worn, and the fact that facial hair interferes with a seal.

(F) The importance of frequent hand washing with soap and water for at least 20 seconds and using hand sanitizer when employees do not have immediate access to a sink or hand washing facility, and that hand sanitizer does not work if the hands are soiled.

(G) Proper use of face coverings and the fact that face coverings are not respiratory protective equipment. COVID-19 is an airborne disease. N95s and more protective respirators protect the users from airborne disease while face coverings primarily protect people around the user.

(H) COVID-19 symptoms, and the importance of not coming to work and obtaining a COVID-19 test if the employee has COVID-19 symptoms.

(I) Information on the employer's COVID-19 policies; how to access COVID-19 testing and vaccination; and the fact that vaccination is effective at preventing COVID-19, protecting against both transmission and serious illness or death.

(J) The conditions under which face coverings must be worn at the workplace and that face coverings are additionally recommended outdoors for people who are not fully vaccinated if six feet of distance between people cannot be maintained. Employees can request face coverings from the employer at no cost to the employee and can wear them at work, regardless of vaccination status, without fear of retaliation.

(6) Face coverings.

(A) For all employees who are not fully vaccinated, employers shall provide face coverings and ensure they are worn when indoors or in vehicles.

(B) Employers shall provide face coverings and ensure they are worn by employees when required by orders from the CDPH.

(C) Employers shall ensure that required face coverings are clean and undamaged, and that they are worn over the nose and mouth. Face shields are not a replacement for face coverings, although they may be worn together for additional protection.

(D) When employees are required to wear face coverings under this section or sections 3205.1 through 3205.4, the following exceptions apply:

1. When an employee is alone in a room or vehicle.
2. While eating or drinking at the workplace, provided employees are at least six feet apart and outside air supply to the area, if indoors, has been maximized to the extent feasible.
3. Employees wearing respirators required by the employer and used in compliance with section 5144.

4. Employees who cannot wear face coverings due to a medical or mental health condition or disability, or who are hearing-impaired or communicating with a hearing-impaired person.

5. Specific tasks which cannot feasibly be performed with a face covering. This exception is limited to the time period in which such tasks are actually being performed.

(E) Employees exempted from wearing face coverings due to a medical condition, mental health condition, or disability shall wear an effective non-restrictive alternative, such as a face shield with a drape on the bottom, if their condition or disability permits it.

(F) Any employee not wearing a face covering, pursuant to the exceptions in subsections (c)(6)(D)4. or 5., and not wearing a non-restrictive alternative when allowed by subsection (c)(6)(E), shall be at least six feet apart from all other persons unless the unmasked employee is either fully vaccinated or tested at least weekly for COVID-19 during paid time and at no cost to the employee. Employers may not use the provisions of subsection (c)(6)(F) as an alternative to face coverings when face coverings are otherwise required by this section.

(G) No employer shall prevent any employee from wearing a face covering when not required by this section, unless it would create a safety hazard, such as interfering with the safe operation of equipment.

(H) When face coverings are not required by this section or by sections 3205.1 through 3205.4, employers shall provide face coverings to employees upon request, regardless of vaccination status.

(I) Employers shall implement measures to communicate to non-employees the face coverings requirements on their premises.

(7) Other engineering controls, administrative controls, and personal protective equipment.

(A) For buildings with mechanical or natural ventilation, or both, employers shall maximize the quantity of outside air provided to the extent feasible, except when the United States Environmental Protection Agency (EPA) Air Quality Index is greater than 100 for any pollutant or if opening windows or maximizing outdoor air by other means would cause a hazard to employees, for instance from excessive heat or cold.

(B) Employers shall implement cleaning and disinfecting procedures, which require:

1. Identifying and regularly cleaning frequently touched surfaces and objects, such as doorknobs, elevator buttons, equipment, tools, handrails, handles, controls, phones, headsets, bathroom surfaces, and steering wheels. The employer shall inform employees and authorized employee representatives of cleaning and disinfection protocols, including the planned frequency and scope of cleaning and disinfection.

2. Cleaning of areas, material, and equipment used by a COVID-19 case during the high-risk exposure period, and disinfection if the area, material, or equipment is indoors and will be used by another employee within 24 hours of the COVID-19 case.

NOTE: Cleaning and disinfecting must be done in a manner that does not create a hazard to employees. See Group 2 and Group 16 of the General Industry Safety Orders for further information.

(C) To protect employees from COVID-19 hazards, the employer shall evaluate its handwashing facilities, determine the need for additional facilities, encourage and allow time for employee handwashing, and provide employees with an effective hand sanitizer. Employers shall encourage employees to wash their hands for at least 20 seconds each time. Provision or use of hand sanitizers with methyl alcohol is prohibited.

(D) Personal protective equipment.

1. Employers shall evaluate the need for personal protective equipment to prevent exposure to COVID-19 hazards, such as gloves, goggles, and face shields, and provide such personal protective equipment as needed.

2. Upon request, employers shall provide respirators for voluntary use in compliance with subsection 5144(c)(2) to all employees who are not fully vaccinated and who are working indoors or in vehicles with more than one person. Whenever an employer makes respirators for voluntary use available, under this section or sections 3205.1 through 3205.4, the employer shall encourage their use and shall ensure that employees are provided with a respirator of the correct size.

3. Employers shall provide and ensure use of respirators in compliance with section 5144 when deemed necessary by the Division through the Issuance of Order to Take Special Action, in accordance with title 8, section 332.3.

4. Employers shall provide and ensure use of eye protection and respiratory protection in compliance with section 5144 when employees are exposed to procedures that may aerosolize potentially infectious material such as saliva or respiratory tract fluids.

NOTE: Examples of work covered by subsection (c)(7)(D)4. include, but are not limited to, certain dental procedures and outpatient medical specialties not covered by section 5199.

(E) Testing of symptomatic employees. Employers shall make COVID-19 testing available at no cost to employees with COVID-19 symptoms who are not fully vaccinated, during employees' paid time.

(8) Reporting, recordkeeping, and access.

(A) The employer shall report information about COVID-19 cases and outbreaks at the workplace to the local health department whenever required by law, and shall provide any related information requested by the local health department. The employer shall report all information to the local health department as required by [Labor Code section 6409.6](#).

(B) The employer shall maintain records of the steps taken to implement the written COVID-19 Prevention Program in accordance with section 3203(b).

(C) The written COVID-19 Prevention Program shall be made available at the workplace to employees, authorized employee representatives, and to representatives of the Division immediately upon request.

(D) The employer shall keep a record of and track all COVID-19 cases with the employee's name, contact information, occupation, location where the employee worked, the date of the last day at the workplace, and the date of a positive COVID-19 test.

(9) Exclusion of COVID-19 cases and employees who had a close contact. The purpose of this subsection is to limit transmission of COVID-19 in the workplace.

(A) Employers shall ensure that COVID-19 cases are excluded from the workplace until the return to work requirements of subsection (c)(10) are met.

(B) Employers shall exclude from the workplace employees who had a close contact until the return to work requirements of subsection (c)(10) are met, with the following exceptions:

1. Employees who were fully vaccinated before the close contact and who do not develop COVID-19 symptoms; and

2. COVID-19 cases who returned to work pursuant to subsection (c)(10)(A) or (B) and have remained free of COVID-19 symptoms, for 90 days after the initial onset of COVID-19 symptoms or, for COVID-19 cases who never developed COVID-19 symptoms, for 90 days after the first positive test.

(C) For employees excluded from work under subsection (c)(9), employers shall continue and maintain an employee's earnings, wages, seniority, and all other employee rights and benefits, including the employee's right to their former job status, as if the employee had not been removed from their job. Employers may use employer-provided employee sick leave for this purpose to the extent permitted by law. Wages due under this subsection are subject to existing wage payment obligations and must be paid at the employee's regular rate of pay no later than the regular pay day for the pay period(s) in which the employee is excluded. Unpaid wages owed under this subsection are subject to enforcement through procedures available

in existing law. If an employer determines that one of the exceptions below applies, it shall inform the employee of the denial and the applicable exception.

EXCEPTION 1: Subsection (c)(9)(C) does not apply where the employee received disability payments or was covered by workers' compensation and received temporary disability.

EXCEPTION 2: Subsection (c)(9)(C) does not apply where the employer demonstrates that the close contact is not work related.

(D) Subsection (c)(9) does not limit any other applicable law, employer policy, or collective bargaining agreement that provides for greater protections.

(E) At the time of exclusion, the employer shall provide the employee the information on benefits described in subsections (c)(5)(B) and (c)(9)(C).

(10) Return to work criteria.

(A) COVID-19 cases with COVID-19 symptoms shall not return to work until:

1. At least 24 hours have passed since a fever of 100.4 degrees Fahrenheit or higher has resolved without the use of fever-reducing medications; and
2. COVID-19 symptoms have improved; and
3. At least 10 days have passed since COVID-19 symptoms first appeared.

(B) COVID-19 cases who tested positive but never developed COVID-19 symptoms shall not return to work until a minimum of 10 days have passed since the date of specimen collection of their first positive COVID-19 test.

(C) Once a COVID-19 case has met the requirements of subsection (c)(10)(A) or (B), as applicable, a negative COVID-19 test shall not be required for an employee to return to work.

(D) Persons who had a close contact may return to work as follows:

1. Persons who had a close contact but never developed any COVID-19 symptoms may return to work when 10 days have passed since the last known close contact.

2. Persons who had a close contact and developed any COVID-19 symptom cannot return to work until the requirements of subsection (c)(10)(A) have been met, unless all of the following are true:

a. The person tested negative for COVID-19 using a polymerase chain reaction (PCR) COVID-19 test with specimen taken after the onset of symptoms; and

b. At least 10 days have passed since the last known close contact; and

c. The person has been symptom-free for at least 24 hours, without using fever-reducing medications.

3. During critical staffing shortages, when there are not enough staff to provide safe patient care, essential critical infrastructure workers in the following categories may return after Day 7 from the date of last exposure if they have received a negative PCR COVID-19 test result from a specimen collected after Day 5:

a. Health care workers who did not develop COVID-19 symptoms;

b. Emergency response workers who did not develop COVID-19 symptoms; and

c. Social service workers who did not develop COVID-19 symptoms and who work face to face with clients in child welfare or assisted living.

(E) If an order to isolate, quarantine, or exclude an employee is issued by a local or state health official, the employee shall not return to work until the period of isolation or quarantine

is completed or the order is lifted. If no period was specified, then the period shall be in accordance with the return to work periods in subsection (c)(10)(A), (c)(10)(B), or (c)(10)(D), as applicable.

(F) If no violations of local or state health officer orders for isolation, quarantine, or exclusion would result, the Division may, upon request, allow employees to return to work on the basis that the removal of an employee would create undue risk to a community's health and safety. In such cases, the employer shall develop, implement, and maintain effective control measures to prevent transmission in the workplace including providing isolation for the employee at the workplace and, if isolation is not feasible, the use of respirators in the workplace.

Note: Authority cited: [Section 142.3, Labor Code](#). Reference: [Sections 142.3, 144.6 and 6409.6, Labor Code](#).

HISTORY

1. New section filed 11-30-2020 as an emergency; operative 11-30-2020. Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20) (Register 2020, No. 49). A Certificate of Compliance must be transmitted to OAL by 10-1-2021 or emergency language will be repealed by operation of law on the following day. For prior history, see Register 74, No. 43.
2. Governor Newsom issued Executive Order N-84-20 (2019 CA EO 84-20), dated December 14, 2020, which suspended certain provisions relating to the exclusion of COVID-19 cases from the workplace.
3. Editorial correction of punctuation errors in subsections (b)(1), (c)(3)(D), (c)(10)(C) and (c)(10)(E) (Register 2021, No. 24).
4. New section refiled with amendments 6-17-2021 as an emergency; operative 6-17-2021 pursuant to Executive Order N-09-21 (Register 2021, No. 25). Exempt from the APA pursuant to [Government Code sections 8567, 8571 and 8627](#) (Executive Order N-09-21). Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20). A Certificate of Compliance must be transmitted to OAL by 1-13-2022 or emergency language will be repealed by operation of law on the following day.

This database is current through 9/17/21 Register 2021, No. 38

8 CCR § 3205, 8 CA ADC § 3205

End of Document

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NEWS RELEASE

Release Number: 2021-86

Date: August 25, 2021

Cal/OSHA Encourages Employers and Workers to Follow Updated CDPH Guidance Recommending Face Coverings Indoors

Oakland—In addition to the requirements of the [COVID-19 Prevention Emergency Temporary Standards](#) (ETS) and as a best practice, Cal/OSHA encourages employers and workers to follow the recent update from the California Department of Public Health (CDPH) recommending that all individuals wear face coverings while indoors regardless of vaccination status.

CDPH recently updated its [Guidance for the Use of Face Coverings](#) to include that recommendation due to the recent increase of COVID-19 infections in the workplace. For more specifics on the recent updates from CDPH, please refer to their fact sheet [When Do You Need Your Mask in California?](#)

Employers should ensure that any employee who requests a face covering at work is provided one, as required by the ETS.

Cal/OSHA helps protect workers from health and safety hazards on the job in almost every workplace in California. Employers who have questions or need assistance with workplace safety and health programs, including assistance with developing a COVID-19 prevention program at their worksite, can call [Cal/OSHA's Consultation Services Branch](#) at 800-963-9424.

Workers who have questions about COVID-19 hazards at work can call 833-579-0927 to speak with a Cal/OSHA representative during normal business hours. Complaints about workplace safety and health hazards can be filed confidentially with [Cal/OSHA district offices](#).

Media Contact: Communications@dir.ca.gov, (510) 286-1161

Employers with Questions on Requirements May Contact: InfoCons@dir.ca.gov or call your [local Cal/OSHA Consultation Office](#)

The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#)

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

PROCLAMATION OF A STATE OF EMERGENCY

WHEREAS in December 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19), was first identified in Wuhan City, Hubei Province, China, and has spread outside of China, impacting more than 75 countries, including the United States; and

WHEREAS the State of California has been working in close collaboration with the national Centers for Disease Control and Prevention (CDC), with the United States Health and Human Services Agency, and with local health departments since December 2019 to monitor and plan for the potential spread of COVID-19 to the United States; and

WHEREAS on January 23, 2020, the CDC activated its Emergency Response System to provide ongoing support for the response to COVID-19 across the country; and

WHEREAS on January 24, 2020, the California Department of Public Health activated its Medical and Health Coordination Center and on March 2, 2020, the Office of Emergency Services activated the State Operations Center to support and guide state and local actions to preserve public health; and

WHEREAS the California Department of Public Health has been in regular communication with hospitals, clinics and other health providers and has provided guidance to health facilities and providers regarding COVID-19; and

WHEREAS as of March 4, 2020, across the globe, there are more than 94,000 confirmed cases of COVID-19, tragically resulting in more than 3,000 deaths worldwide; and

WHEREAS as of March 4, 2020, there are 129 confirmed cases of COVID-19 in the United States, including 53 in California, and more than 9,400 Californians across 49 counties are in home monitoring based on possible travel-based exposure to the virus, and officials expect the number of cases in California, the United States, and worldwide to increase; and

WHEREAS for more than a decade California has had a robust pandemic influenza plan, supported local governments in the development of local plans, and required that state and local plans be regularly updated and exercised; and

WHEREAS California has a strong federal, state and local public health and health care delivery system that has effectively responded to prior events including the H1N1 influenza virus in 2009, and most recently Ebola; and

WHEREAS experts anticipate that while a high percentage of individuals affected by COVID-19 will experience mild flu-like symptoms, some will have more serious symptoms and require hospitalization, particularly individuals who are elderly or already have underlying chronic health conditions; and

WHEREAS it is imperative to prepare for and respond to suspected or confirmed COVID-19 cases in California, to implement measures to mitigate the spread of COVID-19, and to prepare to respond to an increasing number of individuals requiring medical care and hospitalization; and

WHEREAS if COVID-19 spreads in California at a rate comparable to the rate of spread in other countries, the number of persons requiring medical care may exceed locally available resources, and controlling outbreaks minimizes the risk to the public, maintains the health and safety of the people of California, and limits the spread of infection in our communities and within the healthcare delivery system; and

WHEREAS personal protective equipment (PPE) is not necessary for use by the general population but appropriate PPE is one of the most effective ways to preserve and protect California's healthcare workforce at this critical time and to prevent the spread of COVID-19 broadly; and

WHEREAS state and local health departments must use all available preventative measures to combat the spread of COVID-19, which will require access to services, personnel, equipment, facilities, and other resources, potentially including resources beyond those currently available, to prepare for and respond to any potential cases and the spread of the virus; and

WHEREAS I find that conditions of Government Code section 8558(b), relating to the declaration of a State of Emergency, have been met; and

WHEREAS I find that the conditions caused by COVID-19 are likely to require the combined forces of a mutual aid region or regions to appropriately respond; and

WHEREAS under the provisions of Government Code section 8625(c), I find that local authority is inadequate to cope with the threat posed by COVID-19; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code section 8625, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist in California.

IT IS HEREBY ORDERED THAT:

1. In preparing for and responding to COVID-19, all agencies of the state government use and employ state personnel, equipment, and facilities or perform any and all activities consistent with the direction of the Office of Emergency Services and the State Emergency Plan, as well as the California Department of Public Health and the Emergency Medical Services Authority. Also, all residents are to heed the advice of emergency officials with regard to this emergency in order to protect their safety.
2. As necessary to assist local governments and for the protection of public health, state agencies shall enter into contracts to arrange for the procurement of materials, goods, and services needed to assist in preparing for, containing, responding to, mitigating the effects of, and recovering from the spread of COVID-19. Applicable provisions of the Government Code and the Public Contract Code, including but not limited to travel, advertising, and competitive bidding requirements, are suspended to the extent necessary to address the effects of COVID-19.
3. Any out-of-state personnel, including, but not limited to, medical personnel, entering California to assist in preparing for, responding to, mitigating the effects of, and recovering from COVID-19 shall be permitted to provide services in the same manner as prescribed in Government Code section 179.5, with respect to licensing and certification. Permission for any such individual rendering service is subject to the approval of the Director of the Emergency Medical Services Authority for medical personnel and the Director of the Office of Emergency Services for non-medical personnel and shall be in effect for a period of time not to exceed the duration of this emergency.
4. The time limitation set forth in Penal Code section 396, subdivision (b), prohibiting price gouging in time of emergency is hereby waived as it relates to emergency supplies and medical supplies. These price gouging protections shall be in effect through September 4, 2020.
5. Any state-owned properties that the Office of Emergency Services determines are suitable for use to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services for this purpose, notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.
6. Any fairgrounds that the Office of Emergency Services determines are suitable to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services pursuant to the Emergency Services Act, Government Code section 8589. The Office of Emergency Services shall notify the fairgrounds of the intended use and can immediately use the fairgrounds without the fairground board of directors' approval, and

notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.

7. The 30-day time period in Health and Safety Code section 101080, within which a local governing authority must renew a local health emergency, is hereby waived for the duration of this statewide emergency. Any such local health emergency will remain in effect until each local governing authority terminates its respective local health emergency.
8. The 60-day time period in Government Code section 8630, within which local government authorities must renew a local emergency, is hereby waived for the duration of this statewide emergency. Any local emergency proclaimed will remain in effect until each local governing authority terminates its respective local emergency.
9. The Office of Emergency Services shall provide assistance to local governments that have demonstrated extraordinary or disproportionate impacts from COVID-19, if appropriate and necessary, under the authority of the California Disaster Assistance Act, Government Code section 8680 et seq., and California Code of Regulations, Title 19, section 2900 et seq.
10. To ensure hospitals and other health facilities are able to adequately treat patients legally isolated as a result of COVID-19, the Director of the California Department of Public Health may waive any of the licensing requirements of Chapter 2 of Division 2 of the Health and Safety Code and accompanying regulations with respect to any hospital or health facility identified in Health and Safety Code section 1250. Any waiver shall include alternative measures that, under the circumstances, will allow the facilities to treat legally isolated patients while protecting public health and safety. Any facilities being granted a waiver shall be established and operated in accordance with the facility's required disaster and mass casualty plan. Any waivers granted pursuant to this paragraph shall be posted on the Department's website.
11. To support consistent practices across California, state departments, in coordination with the Office of Emergency Services, shall provide updated and specific guidance relating to preventing and mitigating COVID-19 to schools, employers, employees, first responders and community care facilities by no later than March 10, 2020.
12. To promptly respond for the protection of public health, state entities are, notwithstanding any other state or local law, authorized to share relevant medical information, limited to the patient's underlying health conditions, age, current condition, date of exposure, and possible contact tracing, as necessary to address the effect of the COVID-19 outbreak with state, local, federal, and nongovernmental partners, with such information to be used for the limited purposes of monitoring, investigation and control, and treatment and coordination of care. The

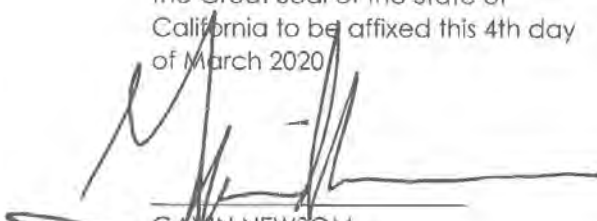
notification requirement of Civil Code section 1798.24, subdivision (i), is suspended.

13. Notwithstanding Health and Safety Code sections 1797.52 and 1797.218, during the course of this emergency, any EMT-P licensees shall have the authority to transport patients to medical facilities other than acute care hospitals when approved by the California EMS Authority. In order to carry out this order, to the extent that the provisions of Health and Safety Code sections 1797.52 and 1797.218 may prohibit EMT-P licensees from transporting patients to facilities other than acute care hospitals, those statutes are hereby suspended until the termination of this State of Emergency.

14. The Department of Social Services may, to the extent the Department deems necessary to respond to the threat of COVID-19, waive any provisions of the Health and Safety Code or Welfare and Institutions Code, and accompanying regulations, interim licensing standards, or other written policies or procedures with respect to the use, licensing, or approval of facilities or homes within the Department's jurisdiction set forth in the California Community Care Facilities Act (Health and Safety Code section 1500 et seq.), the California Child Day Care Facilities Act (Health and Safety Code section 1596.70 et seq.), and the California Residential Care Facilities for the Elderly Act (Health and Safety Code section 1569 et seq.). Any waivers granted pursuant to this paragraph shall be posted on the Department's website.

I FURTHER DIRECT that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

IN WITNESS WHEREOF I have
hereunto set my hand and caused
the Great Seal of the State of
California to be affixed this 4th day
of March 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

**Teleconference Meeting – Administrative Committee
December 2, 2021**

8:29 a.m.

Committee Members: Brandon, Chair Franey, Hughes, Seibly

ROLL CALL

Present: Brandon, Franey, Seibly

Absent: Hughes

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

PUBLIC COMMENTS

1. 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

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

EXECUTIVE SESSION

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (PURSUANT TO GOVERNMENT CODE §54957) – TITLE: CHIEF EXECUTIVE OFFICER

RETURN TO PUBLIC SESSION

ADMINISTRATIVE COMMITTEE RECONVENED AT 8:47 A.M.

ROLL CALL

All Committee members present (noted by Board Clerk, roll was not called)

Present: Brandon, Franey, Seibly

Absent: Hughes

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 2 – REFERRED MATTER TO THE BOARD OF RETIREMENT FOR DISCUSSION AND FURTHER ACTION, AS DEEMED NECESSARY BY THE BOARD

Franey-Brandon – 3 Ayes

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

3. 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
4. ADJOURNED – 8:48 A.M.

Secretary, Board of Retirement

Chair, Administrative Committee

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Special Board of Retirement Meeting

December 3, 2021

8:32 a.m.

Board Members: Brandon (Alternate), Couch, Franey, Chair Gonzalez, Hughes, Kaufman, Kratt, Nunneley (Alternate), Robinson, Seibly (Alternate), Skidmore, Vice-Chair Whitezell

ROLL CALL

Present: Gonzalez, Kaufman, Kratt, Nunneley, Seibly, Whitezell

Absent: Brandon, Couch, Franey, Hughes, Skidmore

MOMENT OF SILENCE

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

1. Discussion and appropriate action pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – FIDUCIARY COUNEL ASHLEY DUNNING, NOSSAMAN, LLP, HEARD; CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES JORDAN KAUFMAN, RICK KRATT AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

ADOPTED FINDINGS FOR ITSELF AND ALL KCERA STANDING COMMITTEES; APPROVED 30-DAY RESOLUTION

Kaufman-Kratt – 5 Ayes

Trustee Robb Seibly voted in place of Trustee Phil Franey

2. Discussion and appropriate action regarding Approval of Appeals Process for Benefit Determinations Arising out of the *Alameda* Supreme Court Decision (“*Alameda Appeals*”) – FIDUCIARY COUNSEL ASHLEY DUNNING, NOSSAMAN, LLP, HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEE JORDAN KAUFMAN HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

APPROVED RESOLUTION 2021-05

Kratt-Whitezell – 5 Ayes

Trustee Robb Seibly voted in place of Trustee Phil Franey

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

3. 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 – TRUSTEE ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD
4. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – NONE
5. ADJOURNED – 9:13 A.M.

Secretary, Board of Retirement

Chair, Board of Retirement

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Board of Retirement Meeting

December 8, 2021

8:32 a.m.

Board Members: Brandon (Alternate), Couch, Franey, Chair Gonzalez, Hughes, Kaufman, Kratt, Nunneley (Alternate), Seibly (Alternate), Skidmore, Whitezell

ROLL CALL

Present: Brandon, Franey, Gonzalez, Kratt, Nunneley, Seibly, Skidmore, Whitezell

Absent: Couch, Hughes, Kaufman

MOMENT OF SILENCE

TRUSTEE DAVID COUCH ARRIVED AT 8:34 A.M.

- *1. Application for service-connected disability pension benefits for Phillip Campas, Sheriff (Safety) – ADOPTED RECOMMENDATION OF SDAG TO FIND MEMBER IS ENTITLED TO A SERVICE-CONNECTED DISABILITY RETIREMENT; PROVIDE APPLICABLE BENEFIT OPTIONS TO APPLICANT

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

*3. Summary of proceedings of the following meetings:

- November 3, 2021 Board of Retirement
- November 3, 2021 Nominating Committee

RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

*4. Report from the KCERA office on members retired from service for the month of November 2021 – RATIFIED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

*5. Report from the KCERA office on deceased retirees for the month of November 2021 – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

*6. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending November 30, 2021 – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

*7. Securities Lending Earnings Summary Report for the period October 1-31, 2021 from Deutsche Bank – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

*8. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of October 2021 – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *9. Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020 presented by the Government Finance Officers Association (GFOA) – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *10. Annual Fee Disclosure Report FY 2020-21 – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *11. Annual On-Site Due Diligence Schedule FY 2020-21 – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *12. Albourne America On-Site Due Diligence Meeting Summary – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *13. Annual Investment Manager Compliance Report FY 2020-21 – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *15. Extension of appointment of Retiree Extra-Help Thad Kennedy, effective January 1, 2022 – APPROVED APPOINTMENT EXTENSION

Franey-Whitezell – 8 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

PUBLIC COMMENTS

16. 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

ADMINISTRATIVE MATTERS

THIS ITEM HEARD OUT OF ORDER

23. Presentation of plaque honoring former Chair Dustin Dodgin for his service to the Kern County Employees' Retirement Association Board of Retirement as Chair – FORMER CHAIR DUSTIN DODGIN HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEES DAVID COUCH, PHIL FRANEY, RICK KRATT AND LAUREN SKIDMORE HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

MADE PRESENTATION

17. Presentation on Phase 4 of the *Alameda* decision implementation and actuarial analysis performed by KCERA's Actuary to determine total net impact to the Plan presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, Actuaries Paul Angelo and Molly Calcagno, Segal Consulting, and Tax Counsel Robert L. Gauss, Partner, and Audra Ferguson-Allen, Partner, Ice Miller LLP – TRUSTEE RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

TRUSTEE JOSEPH D. HUGHES ARRIVED AT 8:53 A.M.

HEARD PRESENTATION

INVESTMENT MATTERS

18. Presentation on the Private Markets Performance Report as of June 30, 2021 presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Anelise Hohl, Investment Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Brian Long, CFA – ANDREA AUERBACH, ANELISE HOHL AND KELLY JENSEN, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

RECEIVED AND FILED

Franey-Kratt – 9 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

19. Trustee education regarding Venture Capital presented by Andrea Auerbach, Investment Managing Director, Kelly Jensen, Senior Investment Director Cambridge Associates, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Brian Long, CFA – KELLY JENSEN, CAMBRIDGE ASSOCIATES, HEARD; CHAIR JUAN GONZALEZ HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED EDUCATIONAL TRAINING (21 MINUTES TRUSTEE EDUCATION CREDIT)

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

FINANCIAL MATTERS

20. Discussion and appropriate action on review of the actuarial valuation as of June 30, 2021, recommended employer and employee contribution rates for fiscal year 2022-2023, and related reports presented by Actuaries Paul Angelo and Molly Calcagno, Segal – ACTUARIES PAUL ANGELO AND MOLLY CALCAGNO, SEGAL, HEARD; CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES DAVID COUCH, PHIL FRANNEY AND RICK KRATT HEARD

PUBLIC COMMENT: JOSEPH ARRIOLA, COUNTY ADMINISTRATIVE OFFICE, HEARD

RECEIVED AND FILED; APPROVED THE ACTUARIAL VALUATION, EMPLOYER AND EMPLOYEE CONTRIBUTION RATES, AND RELATED REPORTS FOR FISCAL YEAR 2022-23 RECOMMENDED BY ACTUARY; SEND TO PLAN SPONSORS FOR ADOPTION

Franey-Kratt – 9 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

21. Discussion and appropriate action on the draft Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021, presented by Auditors Tim Rawal and Jason Ostroski, CliftonLarsonAllen LLP, and Chief Financial Officer Angela Kruger – TIM RAWAL, CLIFTONLARSONALLEN LLP, HEARD; TRUSTEE RICK KRATT HEARD; CHIEF FINANCIAL OFFICER ANGELA KRUGER HEARD

APPROVED DRAFT ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Kratt-Whitezell – 9 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

ADMINISTRATIVE MATTERS (Continued)

22. Slate of nominees for Chair and Vice-Chair for the calendar year 2021 presented by Nominating Committee Chair – VICE-CHAIR TYLER WHITEZELL HEARD

ELECTED TRUSTEE JUAN GONZALEZ AS CHAIR AND TRUSTEE TYLER WHITEZELL AS VICE-CHAIR FOR CALENDAR YEAR 2022

Couch-Kratt – 9 Ayes

Trustee Bradly Brandon voted due to vacant 3rd seat

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

24. Presentation of plaque honoring Trustee Bradly Brandon for his service to the Kern County Employees' Retirement Association Board of Retirement – CHAIR JUAN GONZALEZ HEARD; TRUSTEE BRADLY BRANDON HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

MADE PRESENTATION

25. Presentation of plaque honoring Trustee Lauren Skidmore for her service to the Kern County Employees' Retirement Association Board of Retirement – CHAIR JUAN GONZALEZ HEARD; TRUSTEE LAUREN SKIDMORE HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

MADE PRESENTATION

STAFF REPORTS

26. Report from Chief Executive Officer

TRUSTEE LAUREN SKIDMORE LEFT AT 10:46 A.M.

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- BOARD ELECTION UPDATE
- WINTER RECESS
- NEW COUNTY COMPENSATION STRUCTURE
- FACILITIES UPDATE
- STAFFING UPDATE
- DISABILITIES UPDATE
- SERVICE PURCHASE UPDATE
- *ALAMEDA* DECISION UPDATE
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

27. Report from Chief Investment Officer

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

- REBALANCING NOVEMBER ACTIVITY
- POSITIONING
- KEY INITIATIVES
- INVESTMENT COMMITTEE MEETING IN DECEMBER

28. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- LACERA LAWSUIT
- DECEMBER 2021 CALENDAR ITEMS

CHAIR JUAN GONZALEZ HEARD; TRUSTEE PHIL FRANEY HEARD

COMMITTEE REPORTS

29. Report from Committee Chairs:

- a. Administrative Committee: FRANEY – NONE
- b. Finance Committee: WHITEZELL – NONE
- c. Investment Committee: KRATT – UPCOMING MEETING DECEMBER 14, 2021
- d. KCERA Property, Inc.: SEIBLY – NONE

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

TRUSTEE DAVID COUCH LEFT AT 11:03 A.M.

EXECUTIVE SESSION

30. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Facts and circumstances that might result in litigation against the local agency but which the local agency believes are not fully known to a potential plaintiff or plaintiffs, which facts and circumstances related to implementation of the *Alameda* decision (approximately 290 potential cases).

31. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957) – Title: Chief Executive Officer

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 12:07 P.M.

ROLL CALL

Present: Brandon, Franey, Gonzalez, Hughes, Kratt, Nunneley, Seibly, Whitezell

Absent: Couch, Kaufman, Skidmore

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 30 – NO REPORTABLE ACTION

ITEM 31 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

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

NEW BUSINESS

33. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE
34. ADJOURNED – 12:11 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

**Teleconference Meeting – Investment Committee
December 14, 2021**

9:41 a.m.

Committee Members: Couch, Gonzalez, Hughes (Alternate), Kaufman, Chair Kratt

ROLL CALL

Present: Gonzalez, Kratt, Nunneley*

**Investment Committee Chair Rick Kratt appointed Trustee Chase Nunneley to the Committee as an additional alternate trustee to satisfy quorum requirements for this meeting. (Committee Chair Charter 2.d).*

Absent: Couch, Hughes, Kaufman

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

1. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Investment Managing Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Brian Long, CFA – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; CHAIR RICK KRATT HEARD; SENIOR RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

RECOMMENDED THE FOLLOWING TO THE BOARD OF RETIREMENT:
APPROVE UP TO \$40MM COMMITMENT TO FORTRESS LENDING FUND III;
AUTHORIZE EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE
AND REVIEW

Nunneley-Gonzalez – 3 Ayes

1 Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

2. Trustee education regarding Capital Efficiency presented by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, AND MARC GESELL, VERUS, HEARD; CHAIR RICK KRATT HEARD; TRUSTEES JUAN GONZALEZ AND CHASE NUNNELEY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED EDUCATIONAL TRAINING (30 MINUTES TRUSTEE EDUCATION CREDIT)

3. Discussion and appropriate action on recommended changes to DB Investors Fund IV¹ presented by Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Brian Long, CFA – CHAIR RICK KRATT HEARD; TRUSTEE CHASE NUNNELEY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECOMMENDED THE FOLLOWING TO THE BOARD OF RETIREMENT: A) APPROVE CHANGES TO DB INVESTORS FUND IV; B) AUTHORIZE EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Gonzalez-Nunneley – 3 Ayes

4. Presentation on the FY 2020-21 Fee Analysis Report presented by Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and Retirement Investment Analyst II Jack Bowman – CHAIR RICK KRATT HEARD; TRUSTEES JUAN GONZALEZ AND CHASE NUNNELEY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; RETIREMENT INVESTMENT ANALYST II JACK BOWMAN HEARD

RECEIVED AND FILED

Nunneley-Gonzalez – 3 Ayes

PUBLIC COMMENTS

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

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

6. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE
7. ADJOURNED – 10:52 A.M.

Secretary, Board of Retirement

Chair, Investment Committee

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Special Board of Retirement Meeting

December 20, 2021

8:30 a.m.

Board Members: Brandon (Alternate), Couch, Franey, Chair Gonzalez, Hughes, Kaufman, Kratt, Nunneley (Alternate), Robinson, Seibly (Alternate), Skidmore, Vice-Chair Whitezell

ROLL CALL

Present: Gonzalez, Hughes, Kaufman, Kratt, Nunneley, Seibly, Whitezell

Absent: Brandon, Couch, Franey, Skidmore

MOMENT OF SILENCE

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

1. Discussion and appropriate action pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES DAVID COUCH, JOSEPH D. HUGHES, RICK KRATT, AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

TRUSTEE DAVID COUCH ARRIVED AT 8:37 A.M.

ADOPTED FINDINGS FOR ITSELF AND ALL KCERA STANDING COMMITTEES; APPROVED 30-DAY RESOLUTION

Kratt-Couch – 7 Ayes

Trustee Robb Seibly voted in place of Trustee Phil Franey

2. Discussion and appropriate action on recommended changes to DB Investors Fund IV¹ presented by Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and the Investment Committee –
– VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEE RICK KRATT HEARD;
CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED CHANGES TO DB INVESTORS FUND IV; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 7 Ayes

Trustee Robb Seibly voted in place of Trustee Phil Franey

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

3. 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

4. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – NONE
5. ADJOURNED – 9:02 A.M.

Secretary, Board of Retirement

Chair, Board of Retirement

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

**Kern County Employees' Retirement Association
New Retirees - December 1, 2021 to December 31, 2021**

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Andre	Daniel	11/06/2021	Safety Tier I	2210S - Sheriff
Banks	Christopher	07/06/2019	Safety Tier I	2210S - Sheriff
Bonsness	Michael	02/04/2017	Safety Tier I	2210S - Sheriff
Boyd	Michael	11/05/2015	Safety Tier I	2210S - Sheriff
Burich	Theresa	03/31/2018	General Tier I	8997 - Kern Medical Center
Campbell	Michael	11/02/2021	Safety Tier I	2210S - Sheriff
Castillo	David	02/18/2017	Safety Tier I	2210S - Sheriff
Coster	James	02/04/2017	Safety Tier I	2210S - Sheriff
Downey	Dustin	06/24/2017	Safety Tier I	2210S - Sheriff
Dransoff	Ralph	02/22/2014	Safety Tier I	2210S - Sheriff
Ellison	Daren	03/28/2020	Safety Tier I	2210S - Sheriff
Etherton	Stuart	11/06/2021	General Tier I	1610 - General Services Division
Fullerton	Alan	02/06/2016	Safety Tier I	2210S - Sheriff
Gaddis	Brian	06/06/2020	Safety Tier I	2415S - Fire
Garza	Desiree	11/08/2021	General Tier I	2210 - Sheriff
Gildner	Justin	08/04/2018	Safety Tier I	2210S - Sheriff
Gomez	Marvin	09/28/2019	Safety Tier I	2210S - Sheriff
Griepsma	Curtis	03/31/2018	Safety Tier I	2210S - Sheriff
Haislip	Royce	03/30/2019	Safety Tier I	2210S - Sheriff
Holt	Linda	06/01/2015	General Tier I	9460 - Kern County Hospital Authority
Hutchison	Douglas	07/24/2020	Safety Tier I	2210S - Sheriff

**Kern County Employees' Retirement Association
New Retirees - December 1, 2021 to December 31, 2021**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Isen	Lance	03/28/2020	General Tier I	2180 - District Attorney
Jackson	John	11/06/2021	General Tier I	8954 - Public Works-Public Ways
Jacquez	Jana	07/04/2020	General Tier I	2210 - Sheriff
Juarez	Cleofas	10/23/2021	General Tier I	2210 - Sheriff
Knight	Hayley	11/06/2021	General Tier I	2190 - Public Defender
Knight	Stacy	10/27/2021	General Tier I	2183 - Dept Of Child Support Svc
Leal	Anthony	07/04/2020	Safety Tier I	2210S - Sheriff
Lee	Cecelia	11/20/2021	General Tier I	8954 - Public Works-Public Ways
Lopez	Scott	03/21/2015	Safety Tier I	2210S - Sheriff
Marin	Joaquin	07/18/2020	General Tier I	5120 - Depart Of Human Services
Mwaniki	Daniel	11/20/2021	General Tier I	1160 - Information Technology Sv
Neufeld	Connie	11/01/2021	General Tier I	2183 - Dept Of Child Support Svc
Rebeske	Sandra	03/30/2013	General Tier I	8997 - Kern Medical Center
Reyes	Ashley	11/06/2021	General Tier I	5120 - Depart Of Human Services
Saldana	Joe	11/30/2016	Safety Tier I	2210S - Sheriff
Sanchez	Jose	09/01/2018	Safety Tier I	2210S - Sheriff
Saporette	Heather	07/04/2020	General Tier I	4120 - Behavioral Health & Reco

**Kern County Employees' Retirement Association
New Retirees - December 1, 2021 to December 31, 2021**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Shearer	Norman	11/06/2021	General Tier I	4120 - Behavioral Health & Reco
Sikes	De Anna	10/31/2021	General Tier I	2415 - Fire
Sincoff	Robert	03/31/2018	General Tier I	4120 - Behavioral Health & Reco
Smith	Brenton	10/30/2021	General Tier II	9149 - Air Pollution Control Dis
Smith	Kenneth	09/19/2015	Safety Tier I	2210S - Sheriff
Stone	Kelly	11/06/2021	General Tier I	2190 - Public Defender
Thomas	Danny	11/20/2021	Safety Tier I	2415S - Fire
Tisdell	Reggie	06/20/2020	Safety Tier I	2340S - Probation-Safety
Velazquez	Mary	11/06/2021	Safety Tier I	2210S - Sheriff
Williams	Gary	03/04/2017	Safety Tier I	2210S - Sheriff
Williams	Steven	10/26/2019	Safety Tier I	2210S - Sheriff

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Gum	Melissa	07/07/2018	General Tier I	9410 - Superior Court
Posey	Susan	11/06/2021	General Tier I	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Alaniz	Felipa	11/20/2021	General Tier I	9460 - Kern County Hospital Authority
Angel	Sofia	01/19/2019	General Tier I	9460.2 - KCHA Post 201807

**Kern County Employees' Retirement Association
New Retirees - December 1, 2021 to December 31, 2021**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Ballesteros	Ma Corazon	03/28/2020	General Tier I	9460 - Kern County Hospital Authority
Carrillo	Eduardo	11/20/2021	General Tier I	9460 - Kern County Hospital Authority
Clemente	Shirley	07/06/2019	General Tier I	9460 - Kern County Hospital Authority
Delrosario	Divina	02/01/2020	General Tier I	9460 - Kern County Hospital Authority
Ferrer	Luzviminda	01/04/2020	General Tier I	9460 - Kern County Hospital Authority
Fussel	Kathy	11/06/2021	General Tier II	9460 - Kern County Hospital Authority
Kearney	Kathleen	11/20/2021	General Tier I	9460 - Kern County Hospital Authority
Noriega	Lourdes	03/28/2020	General Tier I	9460 - Kern County Hospital Authority

Employer Name: San Joaquin Valley APCD

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Baldwin	Ellyce	01/07/2017	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Boston	Robert	04/22/2016	General Tier I	0959 - San Joaquin Valley Air Pollution Control District

**Kern County Employees' Retirement Association
New Retirees - December 1, 2021 to December 31, 2021**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Brodie	Steven	03/07/2015	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
England	Clarence	10/29/2016	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Goon	Robert	01/11/2014	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Hejde	John	12/12/2015	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Lawler	Cheryl	08/01/2020	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Mansur	Rhonda	04/01/2017	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Mitchell	Craig	06/11/2016	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Parks	Sam	07/16/2015	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Tange	Suzanne	06/22/2019	General Tier I	0959 - San Joaquin Valley Air Pollution Control District

**Kern County Employees' Retirement Association
New Retirees - December 1, 2021 to December 31, 2021**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Tomlin	Marianne	10/28/2018	General Tier I	0959 - San Joaquin Valley Air Pollution Control District
Tomlin	Steven	09/28/2020	General Tier I	0959 - San Joaquin Valley Air Pollution Control District

Kern County Employees' Retirement Association

Decedents - December 1, 2021 to December 31, 2021

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Stewart	Jeffrey	General	County Of Kern
Utter	Jeffrey	General	County Of Kern

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Albiar	Albert	Safety	County Of Kern
Arnold	Elizabeth	General	County Of Kern
Azevedo	Mary	General	County Of Kern
Blackburn	Betty	General	County Of Kern
Blick	Morris	General	County Of Kern
Christopherson	James	Safety	County Of Kern
Croson	Fred	Safety	County Of Kern
Culley	Robert	Safety	County Of Kern
Davis	Mary	General	County Of Kern
Klarczyk	Jerry	Safety	County Of Kern
Martinez	Joseph	General	County Of Kern
O'Harra	James	Safety	County Of Kern
Rebeske	Sandra	General	County Of Kern
Rodriguez	Sarah	General	County Of Kern
Rolin	Sheryl	General	County Of Kern
Ryals	Sara	General	County Of Kern
Shea	Deborah	General	County Of Kern
Sterling	Diane	General	County Of Kern
Sweet	George	General	County Of Kern
Thomas	Michael	General	County Of Kern
Traffanstedt	James	Safety	County Of Kern
Valdez	Ignacio	General	County Of Kern

KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 12/31/21

NAME	DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Yohn, Jacob	SHERIFF	11/30/21	11/18/21
Fussel, Kathy	HOSPITAL AUTHORITY	11/03/21	11/18/21
Guandique, Sandra	RISK MANAGEMENT	10/29/21	11/03/21
Kauffman, Stephen	DISTRICT ATTORNEY	08/16/21	11/23/21
Gardner, Stephen	FIRE	07/19/21	09/22/21
NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Lucio, Juan	PUBLIC WORKS	07/19/21	10/13/21
Brannan, Derek	SHERIFF	07/14/21	11/22/21
Leon, Theresa	HUMAN SERVICES	07/07/21	10/18/21
Patton, Eric	SHERIFF	06/30/21	11/22/21
Candelaria, Valerie	HUMAN SERVICES	06/23/21	09/15/21
Introini, Jessica	SHERIFF	06/18/21	11/22/21
Williams, Theron	GENERAL SERVICES	05/12/21	09/15/21
Garcia, Judy	HOSPITAL AUTHORITY	03/29/21	10/18/21
Smith, Thomas Jr.	SHERIFF	03/16/21	11/08/21
Brandon, Bradly	SHERIFF	03/04/21	08/20/21
Bravo, Enrique	SHERIFF	03/01/21	08/20/21
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	02/25/21	08/20/21
McAdoo, John	SHERIFF	02/24/21	08/20/21
Bankston, Josh	SHERIFF	02/09/21	08/19/21
Cushman, Harris	SHERIFF	12/22/20	08/19/21
Carrillo, Mabelle	ANIMAL CONTROL	11/18/20	04/21/21
Burchfield, James	PUBLIC WORKS	11/17/20	07/16/21
Tisinger, Douglas	KERN COUNTY WATER AGENCY	10/05/20	05/21/21
Fleeman, Justin	SHERIFF	09/17/20	02/08/21
Diffenbaugh, Anthony	FIRE	06/11/20	04/26/21
Haight, Anita	COURTS	05/14/20	09/29/20
Brown, Michael	SHERIFF	04/14/20	08/31/20
Baker, Breanne	HUMAN SERVICES	04/02/20	09/29/20
Terry, Leann	SHERIFF	10/17/19	06/30/20
Martinez de Moore, Brenda	BEHAVIORAL HEALTH & RECOVERY SERVICES	12/10/18	09/08/20
Boren, Colleen	RISK MANAGEMENT	08/02/18	09/03/20
Champlin, Timothy	PROBATION	04/25/18	05/21/20
Hulsey, Jonathan	PROBATION	04/18/18	04/22/20
Alaniz, Maria D.	PUBLIC HEALTH	04/13/18	10/17/20
Coletti, John	SHERIFF	01/30/18	05/20/20

KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 12/31/21

NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Tennison, Robyn (McClain)	BEHAVIORAL HEALTH & RECOVERY SERVICES	07/17/17	02/20/20
Rodriquez, Ted	SHERIFF	06/22/17	02/20/20
Hsu, Sue	BEHAVIORAL HEALTH & RECOVERY SERVICES	04/05/17	02/06/20
Paxson, Kalae	SHERIFF	03/15/17	11/05/19
Carvel, Scott	DISTRICT ATTORNEY	01/27/17	11/05/19
COMPLETED IN 2021			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Campas, Phillip	SHERIFF	08/11/21	12/08/21
Conner, James	SHERIFF	05/14/20	12/08/21
Burgess, Daniel	ANIMAL CONTROL	04/21/20	10/13/21
Chandler, Ian (Melanie Chandler)	SHERIFF	01/06/20	09/08/21
Zdarstek, Derek-ADP	PROBATION	11/22/19	09/08/21
Milton, Dawn	BEHAVIORAL HEALTH & RECOVERY SERVICES	09/19/19	05/05/21
Weiting, Neil	SHERIFF	08/14/19	09/08/21
Day, Lester	SAN JOAQUIN VALLEY AIR POLLUTION CONTROL	08/02/19	06/09/21
Ayon, Saul	SHERIFF	08/01/19	03/10/21
Avila, Andy	SHERIFF	07/05/19	04/14/21
Jefferson, Jill	AGRICULTURE & MEASUREMENT STANDARDS	04/02/19	05/05/21
Wimberly, Laura (Rodriguez)	PROBATION	02/01/19	03/10/21
Snyder, Zachary	FIRE	12/07/18	03/10/21
Ramsey, Denise	SHERIFF	08/13/18	02/10/21
Ashley, James	SHERIFF	07/10/18	02/10/21
Deacon, Pamela	CHILD SUPPORT SERVICES	04/13/18	02/10/21
Herman, Mark	DISTRICT ATTORNEY	04/04/18	09/08/21
Acosta, Timothy	SHERIFF	04/03/18	03/10/21
Gonzalez, Richard	FIRE	02/14/18	04/14/21
VanDoorn, Kimberly	SHERIFF	01/05/18	03/10/21
Houston, Jeffrey	SHERIFF	11/20/17	10/13/21
Rubio-Estaban, Maria	BEHAVIORAL HEALTH & RECOVERY SERVICES	06/21/17	01/21/21
Montoya-Cearley, Durinda	SAN JOAQUIN VALLEY AIR POLLUTION CONTROL	05/23/17	03/10/21
Panero, Paul	KERN HOSPITAL AUTHORITY	05/17/17	01/20/21
Reed, Robert T	SHERIFF	03/22/17	04/14/21
Simmons, Amber	PROBATION	07/21/16	03/10/21

**KCERA
APPEALS PENDING
AS OF 12/31/21**

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	SENT TO COUNTY COUNSEL	HEARING OFFICER ASSIGNED	HEARING DATE
Winn, Jay M.	DISTRICT ATTORNEY	03/16/16	SDAG to deny SCD	05/28/20	06/02/20	06/25/20	11/09/20

WRIT OF MANDATE	DEPARTMENT	DATE FILED	BOARD DECISION
Blue, Michael	SHERIFF	06/14/13	Board denied SCD
Ashley, Mark	SHERIFF	09/03/15	Board denied SCD and granted NSCD

COURT OF APPEAL	DEPARTMENT	DATE FILED	BOARD DECISION
Morgan, Gloria	SHERIFF	03/26/15	Board denied SCD

HEARINGS COMPLETED IN 2021			
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED
Barnett, Donald	FIRE	08/23/11	02/10/21
Candler, Laura	SHERIFF	10/13/14	06/09/21

SECURITIES LENDING

Summary Earnings Report

Run Time: 08-Dec-2021 11:22 EST
Date Range: 01-NOV-2021 To 30-NOV-2021
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
New York						
USD						
KNCTY - Harvest Midstream	CAKE18	3,201,218.57	1,612.99	161.30	1,451.69	KNC15
KNCTY - PIMCO Midstream	CAKE19	12,755,951.33	6,107.76	610.78	5,496.99	KNC16
KNCTY PIMCO Core Plus	CAKE07	23,131,849.53	5,752.21	575.22	5,176.99	KNC11
KNCTY PIMCO EMD	CAKE08	476,426.67	203.91	20.39	183.52	KNC12
KNTCY - Alliance Bernstein	CAKE15	15,179,384.94	4,753.13	475.31	4,277.82	2664130
KNTCY - Geneva	CAKE16	11,306,383.22	3,375.14	337.51	3,037.63	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	34,176,196.53	9,349.61	934.96	8,414.65	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	33,046,001.80	12,619.21	1,261.92	11,357.29	KNC08
CCY Total USD:		133,273,412.58	43,773.97	4,377.40	39,396.57	
Grand Total USD:			43,773.97	4,377.40	39,396.57	

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KCERA ASSET ALLOCATION*
11/30/2021

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) \$(000)
AllianceBernstein	Small Cap Value	97,055	1.8%	Domestic Equity Range 16.0% - 27.0%	(7.4%)	(\$399,824)
Geneva Capital	Small Cap Growth	57,966	1.1%			
Mellon Capital Management EB DV	Large Cap Passive	355,382	6.6%			
PIMCO StockPlus	Large Cap Enhanced	119,595	2.2%			
Total Domestic Equity		\$629,998	11.6%	19.0%		
American Century	International Small	93,766	1.7%	International Developed Equity Range 8.0% - 18.0%	(0.5%)	(\$28,486)
BlackRock International Alpha Tilts	International Large	0	0.0%			
Cevian Capital II LP	International Large	33,981	0.6%			
Mellon Capital Management-EB DV	International Large Passive	548,382	10.1%			
Total International Developed Equity		\$676,129	12.5%	13.0%		
AB Emerging Markets Strategic Core	Emerging Markets	103,837	1.9%	Emerging Market Equity Range 1.0% - 9.0%	0.2%	\$12,669
DFA Emerging Markets Value Portfolio	Emerging Markets	80,612	1.5%			
Mellon Emerging Markets	Emerging Markets	99,226	1.8%			
Total Emerging Market Equity		\$283,675	5.2%	5.0%		
TOTAL EQUITY		\$1,589,802	29.3%	37.0%	(7.7%)	(\$415,641)
Mellon Capital Management Ag Bond	Core	226,132	4.2%	Core Range 12.0% - 25.0%	(1.2%)	(\$62,601)
PIMCO	Core Plus	231,905	4.3%			
Western Asset Management	Core Plus	238,178	4.4%			
Total Core		\$696,215	12.8%	14.0%		
TCW Securitized Opportunities LP	Securitized Opportunities	132,607	2.4%	Credit Range 3.0% - 9.0%	(0.1%)	(\$5,725)
Western Asset Management	High Yield	186,875	3.4%			
Total Credit		\$319,482	5.9%	6.0%		
PIMCO EM Beta	Emerging Markets	154,379	2.8%	Emerging Market Debt Range 1.0% - 7.0%	0.8%	\$42,216
Stone Harbor Global Funds	Emerging Markets	104,642	1.9%			
Total Emerging Market Debt		\$259,021	4.8%	4.0%	(0.5%)	(\$26,110)
TOTAL FIXED INCOME		\$1,274,718	23.5%	24.0%		
Gresham Commodity Builder Fund	Active	90,057	1.7%	Commodities Range 0.0% - 6.0%	1.2%	\$66,907
Wellington Trust Company (WTC)	Active	193,655	3.6%			
TOTAL COMMODITIES		\$283,712	5.2%	4.0%		
Aristeia International Ltd	Hedge Fund - Direct	67,147	1.2%	Hedge Fund Range 5.0% - 15.0%	0.4%	\$24,197
Brevan Howard Fund Limited	Hedge Fund - Direct	67,837	1.3%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	58,404	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	55,830	1.0%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	72,621	1.3%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	38,713	0.7%			
Magnetar Structured Credit Fund	Hedge Fund - Direct	10,788	0.2%			
Myriad Opportunities Offshore Fund	Hedge Fund - Direct	10,001	0.2%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	63,235	1.2%			
PMF LTD	Hedge Fund - Direct	63,733	1.2%			
River Birch International Ltd	Hedge Fund - Direct	830	0.0%			
Systematica Blue Trend	Hedge Fund - Direct	0	0.0%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	57,070	1.1%			
TOTAL HEDGE FUND		\$666,209	10.4%	10.0%		
ASB Capital Management	Core	166,125	3.1%	Core Real Estate Range 3.0% - 7.0%	0.4%	\$20,463
JPMCB Strategic Property Fund	Core	126,344	2.3%			
TOTAL CORE REAL ESTATE		\$291,469	5.4%	5.0%		
Davidson Kempner	Hedge Fund - Direct	54,539	1.0%	CE Alpha Pool Range 0.0% - 7.0%	(0.1%)	(\$5,894)
Garda Fixed Income	Hedge Fund - Direct	48,934	0.9%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	54,512	1.0%			
HBK Spac Fund	Hedge Fund - Direct	50,895	0.9%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	56,232	1.0%			
TOTAL CE ALPHA POOL		\$265,112	4.9%	5.0%		
Harvest Midstream	Midstream	130,540	2.4%	Midstream Energy Range 0.0% - 7.0%	4.7%	\$253,919
PIMCO Midstream	Midstream	123,379	2.3%			
TOTAL MIDSTREAM ENERGY		\$253,919	4.7%	0.0%		
Aristeia Select Opportunities II LP	Opportunistic	49,717	0.9%	Opportunistic Range 0.0% - 10.0%	2.8%	\$150,433
DB Investor's Fund IV	Opportunistic	40,204	0.7%			
TSSP Adjacent Opportunities Partners (D)	Opportunistic	60,512	1.1%			
TOTAL OPPORTUNISTIC		\$150,433	2.8%	0.0%		
Abbott Capital Funds	Private Equity Fund of Funds	34,195	0.6%	Private Equity Range 0.0% - 10.0%	(3.1%)	(\$166,774)
Brighton Park	Private Equity	21,700	0.4%			
Level Equity Growth Partners	Private Equity	198	0.0%			
LGT Crown Global	Private Equity	11,750	0.2%			
Pantheon Funds	Private Equity Fund of Funds	14,039	0.3%			
Peak Rock	Private Equity	4,394	0.1%			
Visia	Private Equity	9,380	0.2%			
Warren Equity Partners	Private Equity	8,576	0.2%			
TOTAL PRIVATE EQUITY		\$104,232	1.9%	5.0%		
Blue Torch Credit Opportunit	Private Credit	14,092	0.3%	Private Credit Range 0.0% - 10.0%	(0.7%)	(\$37,462)
Brookfield Real Estate Finance Fund V	Private Credit	25,646	0.5%			
Colony Distressed Credit Fund	Private Credit	43,190	0.8%			
Fortress Credit Opportunities Fund V	Private Credit	11,084	0.2%			
Fortress Lending Fund II (A)	Private Credit	28,781	0.5%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	33,822	0.6%			
Magnetar Constellation Fund V	Private Credit	38,543	0.7%			
TSSP Adjacent Opportunities Partners (B)	Private Credit	38,386	0.7%			
TOTAL PRIVATE CREDIT		\$233,544	4.3%	5.0%		
Covenant Apartment Fund	Private Real Estate	17,345	0.3%	Private Real Estate Range 0.0% - 10.0%	(3.6%)	(\$196,488)
Invesco Real Estate Funds III & IV	Private Real Estate	15,421	0.3%			
KCERA Property	Private Real Estate	4,629	0.1%			
Landmark Real Estate Partners VIII	Private Real Estate	22,803	0.4%			
Long Wharf Real Estate Partners VI	Private Real Estate	14,135	0.3%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	184	0.0%			
TOTAL PRIVATE REAL ESTATE		\$74,517	1.4%	5.0%		
Northern Trust STIF	Short Term	5,830	0.1%	Cash Range 0.0% - 5.0%	6.1%	\$331,970
BlackRock Short Duration	Short Term	119,541	2.2%			
Parametric	Overlay	198,135	3.7%			
Treasurers Pooled Cash	Short Term	2,708	0.0%			
Wells Fargo Bank	Short Term	5,756	0.1%			
TOTAL CASH AND OVERLAY		\$331,970	6.1%	0.0%		
Transition Accounts	Liquidation	479	0.0%	0.0%	0.0%	\$479
Other		\$479	0.0%	0.0%		
As Allocated to Managers **		\$5,420,116	100.0%	100.0%	0.0%	\$0

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement April 2020.

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

KCERA
Operating Expense Budget Status Report
For the Month Ended November 30, 2021

Expense Type	Budget FY 2021/22	Expenses	Over (Under)
Staffing			
Salaries	\$ 3,000,135	\$1,054,467	\$ (1,945,668)
Benefits	2,098,829	666,019	(1,432,810)
Temporary staff	100,000	16,057	(83,943)
Staffing Total	5,198,964	1,736,543	(3,462,421)
Staff Development			
Education & Professional Development	57,500	7,047	(50,453)
Staff Appreciation	2,500	486	(2,014)
Staff Development Total	60,000	7,533	(52,467)
Professional Fees			
Actuarial fees	190,000	21,769	(168,231)
Audit fees	49,000	44,812	(4,188)
Consultant fees	125,000	10,250	(114,750)
Legal fees	80,000	4,231	(75,769)
Professional Fees Total	444,000	81,063	(362,937)
Office Expenses			
Building expenses	72,000	55,978	(16,022)
Communications	33,100	11,437	(21,663)
Equipment lease	13,000	4,565	(8,435)
Equipment maintenance	2,000	2,000	-
Memberships	16,000	8,770	(7,230)
Office supplies & misc. admin.	54,540	16,397	(38,143)
Payroll & accounts payable fees	22,800	2,961	(19,839)
Other Services - Kern County	100,000	6,280	(93,720)
Postage	25,000	3,390	(21,610)
Subscriptions	13,500	2,468	(11,032)
Utilities	50,000	16,354	(33,646)
Office Expense Total	401,940	130,600	(271,340)
Insurance	138,385	146,228	7,843
Member Services			
Disability- legal fees	50,000	1,312	(48,688)
Disability – professional services	45,000	-	(28,800)
Disability- administration MMRO	130,800	16,200	(129,272)
Member communications	20,000	1,528	(960)
Member Services Total	245,800	19,040	(207,719)
Systems			
Audit – security & vulnerability scan	15,000	-	(15,000)
Business continuity expenses	14,700	8,740	(5,960)
Hardware	35,775	3,417	(32,358)
Licensing & support	138,415	113,706	(24,709)
Software	95,500	75,985	(19,515)
Website design & hosting	64,700	390	(64,310)
Systems Total	364,090	202,238	(161,852)
Board of Retirement			
Board compensation	12,000	2,993	(9,007)
Board conferences & training	30,000	3,517	(26,483)
Board elections	35,000	-	(35,000)
Board meetings	3,500	121	(3,379)
Board of Retirement Total	80,500	6,631	(73,869)
Depreciation / Amortization	646,908	269,131	(377,777)
Total Operating Expenses	\$ 7,578,087	\$ 2,599,007	\$ (4,979,080)

KCERA
CASH FLOW POSITION
November, 2021
TREASURERS POOLED CASH

Beginning Cash Balance:		\$ 2,059,759
Employer Contributions	23,404,710	
Employee Contributions	3,329,146	
Service Purchases	170,833	
Miscellaneous - Including erroneous deposit	6,884	
Total Receipts:		26,911,573
Operating Expenses	(471,969)	
Investment Expenses	(1,791,725)	
Transfers-out	(24,000,000)	
Total Disbursements:		<u>(26,263,694)</u>
Ending Cash Balance:		<u>\$ 2,707,638</u>

NORTHERN TRUST

Beginning Cash Balance:		27,816,570
Commingled Funds - Distributions	169,880	
Hedge Funds - Distributions	619,075	
Redemption Parametric	5,000,000	
Redemption Mellon	35,000,000	
Class Action Proceeds	722	
Interest	4,062	
Securities Lending Earnings (NET)	38,754	
Total Receipts:		40,832,492
Capital Calls Level Equity	(198,473)	
Capital Calls Fortress	(4,383,356)	
Capital Calls Crown Global	(1,750,000)	
Capital Calls Long Wharf	(1,486,620)	
Contribution Mellon	(45,000,000)	
Other Expenses	(2,872)	
Transfers-out	(10,000,000)	
Total Disbursements:		<u>(62,821,321)</u>
Ending Cash Balance:		<u>\$ 5,827,741</u>

WELLS FARGO BANK

Beginning Cash balance:		\$ 1,114,775
Transfer-In	34,000,000	
Total Receipts:		34,000,000
Pension Payments	(32,006,946)	
Lump Sum Payments	(897,458)	
Bank Service Charges	(2,006)	
Cash Clearing (NET) *	3,547,972	
Total Disbursements:		<u>(29,358,437)</u>
Ending Cash Balance:		<u>\$ 5,756,337</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED NOVEMBER, 2021**

Description	July	August	September	October	November	Total
Investment Base Fees:						
Domestic Equity:						
AllianceBernstein	\$ 221,668				\$ 206,725	\$ 428,393
Henderson Geneva Capital		124,076			109,770	233,846
Mellon Capital	135,800				91,967	227,767
International Equity:						
BlackRock			65,882			65,882
Fidelity Institutional Asset Management						-
Fixed Income:						
Mellon Capital (Ag Bond)	11,876				12,011	23,888
Pacific Investment Management Company		284,673			300,372	585,045
Western Asset Management			219,911		223,146	443,058
Commodities:						
Wellington Trust Company		364,698			371,111	735,809
Real Estate:						
ASB Capital Management		242,926			323,985	566,911
Midstream Energy:						-
Harvest Midstream	187,309			233,264		420,573
Overlay						
Parametric				77,171	77,186	
Subtotal	556,653	1,016,373	285,794	310,435	1,716,275	3,885,530
Investment Professional Fees:						
Consulting:						
Abel Noser			7,500	7,500		
Albourne America LLC	33,333	33,333	33,333	33,333	33,333	166,667
Cambridge Associates				168,750		168,750
Glass, Lewis & Co.					7,950	7,950
Verus	34,167	34,167	34,167	34,167	34,167	170,833
Custodial:						
The Northern Trust Co.	228,542		111,875			340,417
Legal:						
Foley & Lardner LLP						-
Hanson Bridgett LLP			2,220	7,380		9,600
Nossaman LLP	1,148		28,137			29,285
Due Diligence / Investment-Related Travel:						-
Subtotal	297,190	67,500	217,232	251,130	75,450	908,501
Total Investment Fees	\$ 853,843	\$ 1,083,873	\$ 503,025	\$ 561,565	\$ 1,791,725	\$ 4,794,031

2022 KCERA Board Committee Assignments

Member Seat #	Trustee Name	Administrative Committee	Finance Committee	Investment Committee
3rd <i>(Elected)</i>	Adams		Member	
7th Alt. Sfty <i>(Elected)</i>	Contreras	Alternate		
4th <i>(Appointed)</i>	Couch			Member
8th <i>(Elected)</i>	Franey	Member	Chair	
2nd <i>(Elected)</i>	Gonzalez		Member	Member
5th <i>(Appointed)</i>	Hughes	Chair		
1st <i>(Statute)</i>	Kaufman			Chair
7th <i>(Elected)</i>	Kratt			Member
6th <i>(Appointed)</i>	Matthews	Member		
1st Alt. <i>(Statute)</i>	Nunneley		Alternate	
8th Alt. Ret. <i>(Elected)</i>	Seibly	Member		
9th <i>(Appointed)</i>	Whitezell		Member	Alternate

*The **alternate 7th member (safety)** shall vote as a member of the Board only if the 2nd (general elected), 3rd (general elected), 7th (safety elected), or 8th (retiree elected) member (and 8th alternate) is absent from a board meeting for any cause. Or, if there is a vacancy with respect to the 2nd, 3rd, 7th or 8th member (and 8th alternate), the alternate 7th member shall fill the vacancy until a successor qualifies.*

*The **alternate 8th (retiree elected) member** shall vote as a member of the Board if the 8th member is absent from a board meeting for any cause. Or, if the 8th member is present and both the 2nd and 3rd, both the 2nd and 7th, or both the 3rd and 7th members are absent from a board meeting for any cause.*

BRAD BRANDON (Education Cycle: January 2020-December 2021)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Trustee Orientation	1/10/20	Bakersfield, CA	X	3
Disability Report on Current Application and Appeals	1/15/20	Bakersfield, CA	X	0.18
Disability Overview I	1/15/20	Bakersfield, CA	X	1
Disability Overview II	1/15/20	Bakersfield, CA	X	0.37
Presentation on KCERA Board Performance Assessment	1/29/20	Bakersfield, CA	X	0.13
Presentation on asset allocation	3/11/20	Bakersfield, CA	X	0.5
Presentation on midstream energy	4/1/20	Bakersfield, CA	X	0.43
KCERA Division Overviews	7/8/20	Bakersfield, CA	X	1
SACRS: AB 1234 Ethics Training for Elected Officials - Certification	7/9/20	Virtual		2
SACRS: Sexual Harassment Prevention Training - Certification	7/15/20	Virtual		2
Presentation on Cancer Presumption	8/12/20	Bakersfield, CA	X	0.73
Environmental, Social, and Corporate Governance	9/9/20	Bakersfield, CA	X	0.7
Internal Revenue Service Requirements for Qualified Retirement Plans, the Exclusive Benefit Rule, and Plan Corrections	9/9/20	Bakersfield, CA	X	1.13
Asset Allocation	10/14/20	Bakersfield, CA	X	0.46
Board Fiduciary Duty	4/21/21	Virtual	X	1.08
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
CALAPRS: Principles of Pension Governance	9/28-30/21	Virtual		3
SACRS: Fall Conference	11/9-12/21	Hollywood, CA		9
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35

Total Hours of Education 27.44

DAVID COUCH (Education Cycle: January 2020-December 2021)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Disability Overview I	1/15/20	Bakersfield, CA	X	1
Disability Overview II	1/15/20	Bakersfield, CA	X	0.37
How to Review a Disability File	2/12/20	Bakersfield, CA	X	1
Presentation on asset allocation	3/11/20	Bakersfield, CA	X	0.5
Presentation on midstream energy	3/25/20	Bakersfield, CA	X	0.5
Presentation on midstream energy	4/1/20	Bakersfield, CA	X	0.43
Education on legal presumption for blood borne infections in disability cases	5/6/20	Bakersfield, CA	X	0.28
Governance review	5/20/20	Bakersfield, CA	X	0.51
Organizational Landscape and Budget Governance	6/10/20	Bakersfield, CA	X	0.1
SACRS: AB 1234 Ethics Training for Elected Officials - Certification	7/9/20	Virtual		2
SACRS: Sexual Harassment Prevention Training - Certification	7/15/20	Virtual		2
Environmental, Social, and Corporate Governance	9/9/20	Bakersfield, CA	X	0.7
Internal Revenue Service Requirements for Qualified Retirement Plans, the Exclusive Benefit Rule, and Plan Corrections	9/9/20	Bakersfield, CA	X	1.13
Asset Allocation	10/14/20	Bakersfield, CA	X	0.46
Disability Update	11/4/20	Bakersfield, CA	X	0.2
Board Governance: Open Meeting Law Compliance	11/4/20	Bakersfield, CA	X	0.46
Supplemental Retiree Benefit Reserve Education	2/26/21	Virtual	X	1.36
Board Fiduciary Duty	4/21/21	Virtual	X	1.08
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Total Hours of Education				14.81

PHIL FRANEY (Education Cycle: January 2021-December 2022)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Supplemental Retiree Benefit Reserve Education	2/26/21	Virtual	X	1.36
CALAPRS: General Assembly	3/8-9/21	Virtual		5
SACRS: Spring Conference	5/11-14/21	Virtual		0
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35

Total Hours of Education 7.09

JUAN GONZALEZ (Education Cycle: July 2021-June 2023)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Presentation on Capital Efficiency	12/14/24	Bakersfield, CA	X	0.5
<i>Total Hours of Education</i>				0.85

JOSEPH D. HUGHES (Education Cycle: June 2021-June 2023)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
<i>Total Hours of Education</i>				0.73

JORDAN KAUFMAN (Education Cycle: January 2021-December 2022)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Board Fiduciary Duty	4/21/21	Virtual	X	1.08
SACRS: Spring Conference	5/11-14/21	Virtual		6
SACRS: Sexual Harassment Prevention Training	5/14/21	Virtual		2
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
SACRS: Fall Conference	11/9-12/2021	Hollywood, CA		7

Total Hours of Education 16.46

RICK KRATT (Education Cycle: January 2021-December 2022)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Board Fiduciary Duty	4/21/21	Virtual	X	1.08
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Presentation on Capital Efficiency	12/14/24	Bakersfield, CA	X	0.5
<i>Total Hours of Education</i>				2.31

CHASE NUNNELEY (Education Cycle: January 2020-December 2021)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Trustee Orientation	1/10/20	Bakersfield, CA	X	3
Disability Report on Current Application and Appeals	1/15/20	Bakersfield, CA	X	0.18
Disability Overview I	1/15/20	Bakersfield, CA	X	1
Disability Overview II	1/15/20	Bakersfield, CA	X	0.37
Presentation on 4th Quarter Investment Performance Review	2/12/20	Bakersfield, CA	X	0.33
Presentation on 4th Quarter Portfolio Review	2/12/20	Bakersfield, CA	X	0.25
Presentation on private markets	2/12/20	Bakersfield, CA	X	0.6
How to Review a Disability File	2/12/20	Bakersfield, CA	X	1
Presentation on asset allocation	3/11/20	Bakersfield, CA	X	0.5
Presentation on midstream energy	4/1/20	Bakersfield, CA	X	0.43
Education on legal presumption for blood borne infections in disability cases	5/6/20	Bakersfield, CA	X	0.28
CALAPRS Virtual Overview Course	5/8/20	Virtual		4.25
Organizational Landscape and Budget Governance	6/10/20	Bakersfield, CA	X	0.73
KCERA Division Overviews	7/8/20	Bakersfield, CA	X	1
SACRS: Sexual Harassment Prevention Training - Certification	7/15/20	Virtual		2
BOR Educational Session - Actuarial Experience Study	7/16/20	Virtual	X	1.46
CALAPRS: Fiduciary duty and Sound Decision Making	8/18/20	Virtual		1.5
CALAPRS: Investment Policy Basics & Overseeing the Investment Program	8/25/20	Virtual		3.5
CALAPRS: Addressing Pension Liabilities	8/26/20	Virtual		3.5
Presentation on Cancer Presumption	8/12/20	Bakersfield, CA	X	0.73
Environmental, Social, and Corporate Governance	9/9/20	Bakersfield, CA	X	0.7
Internal Revenue Service Requirements for Qualified Retirement Plans, the Exclusive Benefit Rule, and Plan Corrections	9/9/20	Bakersfield, CA	X	1.13
Asset Allocation	10/14/20	Bakersfield, CA	X	0.46
Disability Update	11/4/20	Bakersfield, CA	X	0.2
Board Governance: Open Meeting Law Compliance	11/4/20	Bakersfield, CA	X	0.6
SACRS Fall Conference	11/10-13/20	Virtual		9
Ethics Training	3/2/21	Virtual		2
Board Fiduciary Duty	4/21/21	Virtual	X	1.08
SACRS: Spring Conference	5/11-14/21	Virtual		9
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Presentation on Capital Efficiency	12/14/24	Bakersfield, CA	X	0.5
Total Hours of Education				52.01

ROBB SEIBLY (Education Cycle: January 2020-December 2021)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Trustee Orientation	1/10/20	Bakersfield, CA	X	3
Disability Report on Current Application and Appeals	1/15/20	Bakersfield, CA	X	0.18
Disability Overview I	1/15/20	Bakersfield, CA	X	1
Disability Overview II	1/15/20	Bakersfield, CA	X	0.37
Presentation on 4th Quarter Investment Performance Review	2/12/20	Bakersfield, CA	X	0.33
Presentation on 4th Quarter Portfolio Review	2/12/20	Bakersfield, CA	X	0.25
Presentation on private markets	2/12/20	Bakersfield, CA	X	0.6
How to Review a Disability File	2/12/20	Bakersfield, CA	X	1
Presentation on asset allocation	3/11/20	Bakersfield, CA	X	0.5
Presentation on midstream energy	4/1/20	Bakersfield, CA	X	0.43
Education on legal presumption for blood borne infections in disability cases	5/6/20	Bakersfield, CA	X	0.28
SACRS: Operational Tools for Liquidity and Re-balancing during market volatility	5/12/20	Virtual		1.5
SACRS: Don't stop thinking about tomorrow - China A-share market & opportunities	5/13/20	Virtual		1.5
SACRS: Private Markets Today vs The Global Financial Crisis: What's the same, what's different and where do we go from here?	5/14/20	Virtual		1.5
SACRS: Cash Flows & Investment Management in the Time of COVID	5/15/20	Virtual		1.5
SACRS: Has the Coronavirus Pandemic Changed the Outlook for ESG Investing?	5/19/20	Virtual		1.5
SACRS: The Case for Investing with Small and Emerging Managers	5/21/20	Virtual		1.5
Organizational Landscape and Budget Governance	6/10/20	Bakersfield, CA	X	0.73
KCERA Division Overviews	7/8/20	Bakersfield, CA	X	1
SACRS: AB 1234 Ethics Training for Elected Officials - Certification	7/9/20	Virtual		2
SACRS: Sexual Harassment Prevention Training - Certification	7/15/20	Virtual		2
BOR Educational Session - Actuarial Experience Study	7/16/20	Virtual	X	1.46
SACRS: UC Berkley Webinars	7/28-8/13/20	Virtual		18
CALAPRS: Fiduciary duty and Sound Decision Making	8/18/20	Virtual		1.5
CALAPRS: Investment Policy Basics & Overseeing the Investment Program	8/25/20	Virtual		3.5
CALAPRS: Addressing Pension Liabilities	8/26/20	Virtual		3.5
Presentation on Cancer Presumption	8/12/20	Bakersfield, CA	X	0.73
Environmental, Social, and Corporate Governance	9/9/20	Bakersfield, CA	X	0.7
Internal Revenue Service Requirements for Qualified Retirement Plans, the Exclusive Benefit Rule, and Plan Corrections	9/9/20	Bakersfield, CA	X	1.13
Asset Allocation	10/14/20	Bakersfield, CA	X	0.46
Disability Update	11/4/20	Bakersfield, CA	X	0.2
Board Governance: Open Meeting Law Compliance	11/4/20	Bakersfield, CA	X	0.41

CALAPRS: General Assembly	3/8-9/21	Virtual		5
Board Fiduciary Duty	4/21/21	Virtual	X	1.08
CALAPRS: Adv Principles of Pension for Trustees	6/7, 9, 11, 2021	Virtual		7.5
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
CALAPRS: Principles of Pension Governance	9/28-30/21	Virtual		7.5
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
<i>Total Hours of Education</i>				76.07

LAUREN SKIDMORE (Education Cycle: March 2020-February 2022)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Presentation on midstream energy	4/1/20	Bakersfield, CA	X	0.43
Education on legal presumption for blood borne infections in disability cases	5/6/20	Bakersfield, CA	X	0.13
Organizational Landscape and Budget Governance	6/10/20	Bakersfield, CA	X	0.73
SACRS: Global market recovery in the face of a global pandemic are we beyond the economic shocks?	6/24/20	Virtual		1.5
SACRS: Sexual Harassment Prevention Training - Certification	7/15/20	Virtual		2
BOR Educational Session - Actuarial Experience Study	7/16/20	Virtual	X	1.46
SACRS: UC Berkley Webinars	7/28-8/13/20	Virtual		18
Presentation on Cancer Presumption	8/12/20	Bakersfield, CA	X	0.73
Environmental, Social, and Corporate Governance	9/9/20	Bakersfield, CA	X	0.7
Internal Revenue Service Requirements for Qualified Retirement Plans, the Exclusive Benefit Rule, and Plan Corrections	9/9/20	Bakersfield, CA	X	1.13
Asset Allocation	10/14/20	Bakersfield, CA	X	0.46
Ethics Training	12/11/20	Bakersfield, CA		2
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Total Hours of Education				30

Appointment Effective Jan 2019
Original Appointment Mar 2016
Term Expires 12/31/2021

TYLER WHITEZELL (Education Cycle: January 2020-December 2021)

<i>Conference Name</i>	<i>Date</i>	<i>Location</i>	<i>KCERA Training</i>	<i>Hours of Education</i>
Trustee Orientation	1/10/20	Bakersfield, CA	X	3
Disability Report on Current Application and Appeals	1/15/20	Bakersfield, CA	X	0.18
Disability Overview I	1/15/20	Bakersfield, CA	X	1
Disability Overview II	1/15/20	Bakersfield, CA	X	0.37
Presentation on 4th Quarter Investment Performance Review	2/12/20	Bakersfield, CA	X	0.33
Presentation on 4th Quarter Portfolio Review	2/12/20	Bakersfield, CA	X	0.25
Presentation on private markets	2/12/20	Bakersfield, CA	X	0.6
How to Review a Disability File	2/12/20	Bakersfield, CA	X	1
Presentation on asset allocation	3/11/20	Bakersfield, CA	X	0.5
Presentation on midstream energy	4/1/20	Bakersfield, CA	X	0.43
Education on legal presumption for blood borne infections in disability cases	5/6/20	Bakersfield, CA	X	0.28
CALAPRS Virtual Overview Course	5/8/20	Virtual		4.25
Governance review	5/20/20	Bakersfield, CA	X	0.51
Organizational Landscape and Budget Governance	6/10/20	Bakersfield, CA	X	0.73
KCERA Division Overviews	7/8/20	Bakersfield, CA	X	1
SACRS: AB 1234 Ethics Training for Elected Officials - Certification	7/9/20	Virtual		2
SACRS: Sexual Harassment Prevention Training - Certification	7/15/20	Virtual		2
BOR Educational Session - Actuarial Experience Study	7/16/20	Virtual	X	1.45
Presentation on Cancer Presumption	8/12/20	Bakersfield, CA	X	0.73
Environmental, Social, and Corporate Governance	9/9/20	Bakersfield, CA	X	0.7
Internal Revenue Service Requirements for Qualified Retirement Plans, the Exclusive Benefit Rule, and Plan Corrections	9/9/20	Bakersfield, CA	X	1.13
Asset Allocation	10/14/20	Bakersfield, CA	X	0.46
Disability Update	11/4/20	Bakersfield, CA	X	0.2
Board Governance: Open Meeting Law Compliance	11/4/20	Bakersfield, CA	X	0.6
SACRS Fall Conference	11/10-13/20	Virtual		9
Supplemental Retiree Benefit Reserve Education	2/26/21	Virtual	X	1.36
Board Fiduciary Duty	4/21/21	Virtual	X	1.08
CALAPRS: Principles of Pension Governance	9/28-30/21	Virtual		9
SACRS: Fall Conference	11/9-12/2021	Hollywood, CA		7
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Total Hours of Education				51.49

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended June 30, 2021 and 2020



KCERA

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

A defined benefit pension plan in Kern County, California

Kern County Employees' Retirement Association

A defined benefit public pension plan (California)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended June 30 ,2021 and 2020

ISSUED BY:

Dominic Brown, Chief Executive Officer

Matthew Henry, Chief Operating Officer

Angela Kruger, Chief Financial Officer

Kern County Employees' Retirement Association (KCERA)

11125 River Run Blvd, Bakersfield, CA 93311

Ph. (661) 381-7700 / www.kcera.org

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INTRODUCTORY SECTION

Executive Team

Dominic D. Brown, CPA, CFE
Executive Director

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
General Counsel

Matthew Henry, CFE
Assistant Executive Director

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



PRUDENT INVESTMENT • QUALITY SERVICE

Board of Retirement

Rick Kratt, Chair
Dustin Dodgin, Vice-Chair
David Couch
Phil Franey
Juan Gonzalez
Jordan Kaufman
Edward Robinson
Lauren Skidmore
Tyler Whitezell
Bradly Brandon, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

December 16, 2021

Dear Board Members:

As Chief Executive Officer of the Kern County Employees' Retirement Association (KCERA), I am pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2021, and 2020. This Letter of Transmittal is presented as a narrative introduction, overview and analysis in conjunction with the Management's Discussion and Analysis included in the Financial Section of the Annual Comprehensive Financial Report.



Dominic D. Brown

Chief Executive Officer

KCERA is public employee retirement system that was established on January 1, 1945 by the County of Kern. The KCERA Plan provides retirement, disability, death, beneficiary, cost-of-living and supplemental retirement benefits. As of June 30, 2021, KCERA had 12,589 active and deferred-vested members and paid retirement benefits to 8,835 retirees and their beneficiaries.

KCERA AND ITS SERVICES

KCERA was established on January 1, 1945, to provide retirement allowances and other benefits to all permanent general and safety employees of the County of Kern and of participating special districts. As of June 30, 2021, fourteen districts participated in the retirement plan: Berrenda Mesa Water District, Buttonwillow Recreation and Park District, East Kern Cemetery District, Inyokern Community Services District, Kern County Hospital Authority, Kern County Superior Court, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, and West Side Recreation and Park District.

The Plan is administered by the Kern County Board of Retirement (Board), which consists of nine members and three alternate members. The Board is responsible for establishing policies governing the administration of the retirement plan, determining benefit allowances and managing the investments of KCERA's assets. The Board oversees the Executive Director and the KCERA staff in the performance of their duties in accordance with the County Employees' Retirement Law of 1937 and the regulations, procedures and policies adopted by the KCERA Board.

MAJOR INITIATIVES

KCERA & COVID-19

As is the case with everyone in the world KCERA had a short time frame to make accommodations for COVID-19. KCERA was able to transition staff to remote work over a three-day period. The service to members was essentially uninterrupted, with staff utilizing technology to provide services. In May of 2021 KCERA began a gradual return to the office, by June 30, 2021, more than half of KCERA's staff had returned to the KCERA offices.

KCERA Reorganization and Recruitments

KCERA management continued the reorganization that is allowing us to better accomplish the mission of the organization. As part of the reorganization, KCERA added an Applications Manager and a Programmer to the IT section to provide better support for the KCERA team. An Investment Analyst position was filled to assist in the management of the \$5.4 billion fund.

Alameda Decision

On August 24th, 2020, the Board of Retirement approved a resolution to implement the Alameda California Supreme Court decision. The Alameda decision filed on July 30, 2020, concludes that all amendments to the definition of compensation earnable in Government Code section 31461, enacted as a result of the Public Employees' Pension Reform Act of 2013 and related statutory changes to CERL ("PEPRA"), effective January 1, 2013 are constitutional, and that CERL retirement boards may not be contractually bound or estopped by settlement agreements, board resolutions, or other similar actions, from implementing those amendments. The Alameda Decision further determines that CERL retirement boards may not include items in retirement allowance calculations, either compensation earnable under section 31461, as amended, or pensionable compensation under section 7522.34, that the applicable statutes require them to exclude ("PEPRA Exclusions"). Additional information may be found in the notes to these financial statements.

FUNDING

KCERA's funding objective is to meet long-term benefit obligations through level contributions to the Plan and the accrual and compounding of investment income. As of June 30, 2020, the funded ratio of the Plan was 64.4% using actuarial assets and actuarial liabilities of \$4,508,548,000 and \$7,005,589,000, respectively. The funded percentage decreased .4% from June 30, 2019, due primarily to recognition of net deferred losses.

Pursuant to provisions in the County Employees' Retirement Law of 1937, KCERA engages an independent actuarial consulting firm, Segal Consulting, to conduct annual actuarial valuations. Every three years, an experience study is performed to review all economic and demographic assumptions. The economic and demographic assumptions are updated at the time each triennial valuation is performed. Triennial valuations serve as the basis for changes in member and employer contribution rates necessary to properly fund the Plan. The last triennial analysis was performed as of June 30, 2019.

The triennial analysis covered several changes to economic and non-economic assumptions that were adopted by the Board of Retirement on August 12, 2020, for the June 30, 2020, actuarial valuation. The actuary recommended changes in the assumptions for inflation, promotional and merit salary increases, retirement rates, mortality rates, termination rates, and disability incidence rates. The major changes included lowering the inflation assumption from 3.00% to 2.75%, reducing the current

inflationary salary increase assumption from 3.00% to 2.75%, real “across the board” salary increases will decrease from 3.50% to 3.25%, and changing the mortality tables to the Pub-2010 Amount Weighted Mortality Tables.

FINANCIAL INFORMATION

The Annual Comprehensive Financial Report (ACFR) for the fiscal years June 30, 2021, and 2020 was prepared by KCERA’s management, which is responsible for the accuracy, completeness, fair presentation of information and all disclosures in this report. The report has been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

KCERA maintains an internal control system to provide reasonable assurance that assets are properly safeguarded from loss, theft or misuse, and the fair presentation of the financial statements and supporting schedules. Further, it should be recognized that there are inherent limitations in the effectiveness of any system of internal controls due to changes in conditions. Moreover, the concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived. The Board of Retirement has established a finance committee to oversee the financial reporting process and to review the scope and results of independent audits. The independent auditors have unrestricted access to the finance committee to discuss their related findings as to the integrity of the financial reporting and adequacy of internal controls.

KCERA’s external auditor, CliftonLarsonAllen, LLP, has conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board of Retirement. The financial audit ensures that KCERA’s financial statements are presented in conformity with accounting principles generally accepted in the United States of America and are free of material misstatements. Their opinion is that KCERA’s financial statements present fairly, in all material respects, the Fiduciary Net Position of KCERA as of June 30, 2021, and 2020 and its Changes in Fiduciary Net Position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

INVESTMENTS

The Board of Retirement has exclusive control of all investments of KCERA and is responsible for establishing investment policies, objectives and strategies. The Board is authorized to invest in any form or type of investment deemed “prudent” in the informed opinion of the Board. The members of the Board serve as fiduciaries for the members and beneficiaries of the retirement association and are held to a high standard of care in all transactions.

The Board operates under a standard of care in California commonly known as the “prudent person” rule, which allows the Board to invest or delegate the authority to invest the assets of the Plan when prudent in the informed opinion of the Board. In addition, the rule requires the Board to diversify the investments of the Plan, unless it is clearly prudent not to do so under the circumstances. The Board therefore makes basic policy decisions with respect to the Plan, including, but not limited to, the allocation of assets to various investment classes. The Board delegates much discretion to professional investment advisors to execute investment policy subject only to policy and guidelines provided by the Board.

KCERA's assets are managed exclusively by external, professional investment managers. KCERA staff monitors the activity of these managers and assists the Board with the development and implementation of investment policies and long-term investment strategies. These policies and guidelines are outlined in KCERA's Investment Policy Statement, which states the investment philosophy, investment guidelines, performance objectives and asset allocation of the Plan. The Board employs the services of independent investment consultants Verus Investments, Albourne America, Cambridge Associates and Abel Noser to assist the Board in formulating policies, setting goals and manager guidelines, and selecting and monitoring the performance of the money managers.

For fiscal year 2021, the investments of the Plan returned 23.9%* (net of fees). KCERA's annualized rate of return, net of fees, was 10.3% in the past three years, 9.8% in the past five years, and 7.6% in the past ten years. The investment expenses of the fund are linked to the performance of the investment portfolio and other factors and therefore vary year to year.

PROFESSIONAL SERVICES

The Board retains professional consultants and investment managers to provide professional services essential to the effective and efficient operation of KCERA. These entities are included in the Schedule of Investment Fees on pages 76-79.

Opinions from the certified public accountant and the actuary for the Plan are included in this report. The consultants and investment managers retained by the Board are listed on page 73 of this report.

CERTIFICATE OF ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to KCERA for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and well-organized Annual Comprehensive Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we will again submit it to the GFOA for appraisal.

KCERA also received the Public Pension Standards Award for Fund and Administration for the fiscal year ended June 30, 2020. The award is issued by the Public Pension Coordinating Council and is used to recognize KCERA meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

* References in this document to KCERA's investment rate of return assume a time-weighted rate of return unless otherwise specified as a money-weighted rate of return, per GASB 67 guidelines.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined effort of the KCERA staff. This report is intended to provide complete information as a basis for management decisions, as a means for establishing compliance with legal requirements, and as a means for determining the responsible stewardship of the KCERA fund.

I wish to take this opportunity to thank the members of KCERA for their confidence in KCERA and to express my gratitude to the Board of Retirement for your support of the KCERA administration and the best interests of the beneficiaries of the Plan throughout the fiscal year. I also wish to thank the consultants and staff for their continued commitment to KCERA and their diligent work to ensure the successful administration of the Plan.

Respectfully submitted,



Dominic D. Brown
Chief Executive Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Kern County Employees' Retirement Association
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2021***

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 cursive script that reads 'Alan H. Winkle'.

Alan H. Winkle
Program Administrator

KCERA 2020 - Members of the Board of Retirement



Rick Kratt
Elected by Safety Members
Term expires on December 31, 2021



Jordan Kaufman
Member, Investment Committee
Appointed by Statute



Joseph D. Hughes
Appointed by Board of Supervisors
Term expires on December 31, 2022



Chase Nunneley
Appointed by Statute: 1st Member
Alternate since 2020

Photo Unavailable

Bradly Brandon
Elected by Safety Members
Term expires on December 31, 2021



Edward Robinson
Elected by General Members
Term expires on December 31, 2022



David Couch
Appointed by Board of Supervisors
Term expires on December 31, 2021



Robb Seibly
Elected by Retired Members
Term expires on December 31, 2022



Phil Franey
Elected by Retired Members
Term expires on December 31, 2022



Lauren Skidmore
Appointed by Board of Supervisors
Term expires on December 31, 2021



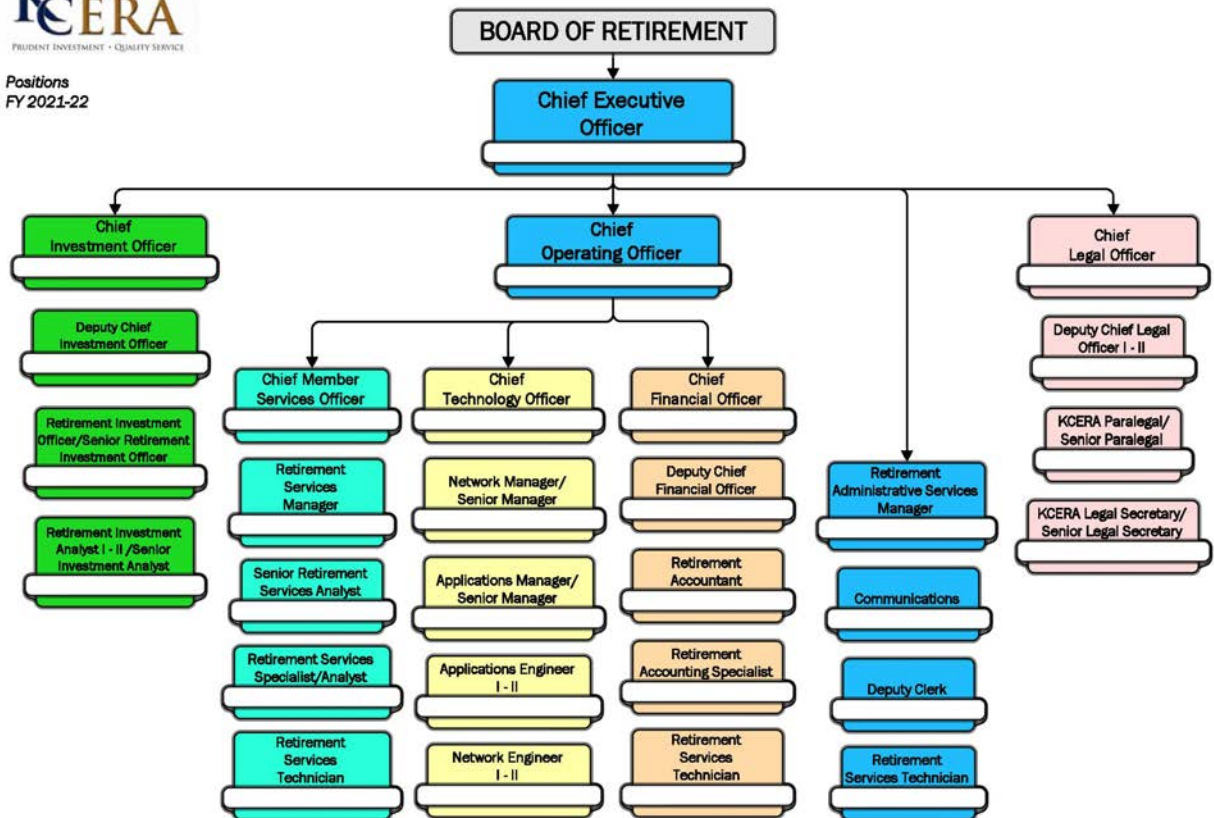
Juan Gonzalez
Elected by General Members
Term expires on December 31, 2021



Tyler Whitezell
Appointed by Board of Supervisors
Term expires on December 31, 2022



Positions
FY 2021-22



As of June 30, 2021

ACTUARY

The Segal Company, Inc.

AUDITORS

CliftonLarsonAllen, LLP

CUSTODIAN

The Northern Trust Company

INVESTMENT CONSULTANTS

Abel Noser
Albourne America LLC
Cambridge Associates
Verus Investments

LEGAL

Foley & Lardner, LLP
Hanson Bridgett, LLP
Ice Miller, LLP
Nossaman, LLP
Reed Smith, LLP

OTHER SPECIALIZED SERVICES

Agility Recovery Solutions
Cortex Applied Research, Inc.
Glass, Lewis & Co., LLC
Deutsche Bank
Cheiron

Refer to the Investment Section for a list of Investment Managers, pg 74 and the Schedule of Investment Management Fees pgs 77-80

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Retirement and the Finance Committee
Kern County Employees' Retirement Association
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Kern County Employees' Retirement Association, which comprise the statement of fiduciary net position and statement of changes in fiduciary net position, as of and for the years ended June 30, 2021 and 2020, and the related notes to the basic financial statements, which collectively comprise the Kern County Employees' Retirement System's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

Board of Retirement and the Finance Committee
Kern County Employees' Retirement Association

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kern County Employees' Retirement Association as of June 30, 2021 and 2020, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of changes in the net pension liability and related ratios, employer contributions, and money-weighted rates of returns and the related notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kern County Employees' Retirement Association's basic financial statements. The other supplemental information and the introductory, investment, actuarial and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, which includes the schedules of administrative expenses, investment expenses, and payments to consultants, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Board of Retirement and the Finance Committee
Kern County Employees' Retirement Association

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Kern County Employees' Retirement Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kern County Employees' Retirement Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kern County Employees' Retirement Association's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 13, 2021

This section presents management's discussion and analysis of the Kern County Employees' Retirement Association's (KCERA) financial statements and the significant events and conditions that affected the operations and performance during the years ended June 30, 2021 and 2020. It is presented as a narrative overview and analysis in conjunction with the Executive Director's *Letter of Transmittal* included in the Introductory Section of the Comprehensive Annual Financial Report.

FINANCIAL HIGHLIGHTS

- KCERA's net position increased by \$978.7 million during the fiscal year ended June 30, 2021, a 22.0% increase from the last fiscal year. The increase was primarily the result of positive investment returns.
- Member contributions decreased by \$(4.1) million, or (7.0)%, mainly as a result of a decrease in covered payroll. Employer contributions decreased by \$(5.3) million, or (1.9)%, which was primarily due to decrease in covered payroll. The average employer contribution rate decreased from 49.16% of payroll for fiscal year 2019-20 to 49.10% for fiscal year 2020-21.
- The total fund's investment performance exceeded the actuarial assumed rate of return for the fiscal year. The investment portfolio reported a total return of 23.9% (net of fees)* versus the actuarial assumed rate of return of 7.25% for the fiscal year ended June 30, 2021. The increase was due to favorable market conditions.
- Vested pension benefits increased by \$16.3 million, or 4.8%, over the prior year. The increase is attributable to a 1.9% increase in retired members and beneficiaries receiving pension benefits, and a 2.8% increase in the average monthly benefit, which rose to \$3,563 in the fiscal year. In 2020, the Board adopted a COLA increase of 1.5% for new pensioners. Pensioners with an accumulated COLA carry-over received up to the maximum 2.5% increase in April 2021.
- As of June 30, 2021, the date of the most recent actuarial funding valuation, the funded ratio for KCERA was 67.1% compared to the funded ratio of 64.4% as of June 30, 2020. The increase in the ratio is mainly due to strong investment performances.

OVERVIEW OF BASIC FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

- 1) **The Statement of Fiduciary Net Position** is the basic statement of position for a defined benefit pension plan. This statement presents asset and liability account balances at fiscal year-end. The difference between assets and liabilities represents the net position available for future payments to retirees and their beneficiaries. Assets and current liabilities of the Plan reflect full accruals. The statement reflects investments at fair value and accounting liabilities as distinct from actuarial liabilities.
- 2) **The Statement of Changes in Fiduciary Net Position** is the basic operating statement for a defined benefit pension plan. Changes in plan net position are recorded as additions or deductions from the Plan. All additions and deductions are reported on a full accrual basis.
- 3) **Notes to the Basic Financial Statements** are an integral part of the financial statements and provide important additional information.
- 4) **Required Supplementary Information** consists of three required schedules and their related notes: Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Money-Weighted Rates of Return.

** References in this document to KCERA's investment rate of return assume a time-weighted rate of return unless otherwise specified as a money-weighted rate of return, per GASB 67 guidelines.*

OVERVIEW OF BASIC FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION (cont)

- 5) **Other Supplemental Information** includes schedules of administrative expenses, investment manager fees, other investment expenses, and payments to consultants.

The required financial statements and disclosures have been prepared in accordance with accounting principles generally accepted in the United States of America and are in compliance with Governmental Accounting Standards Board (GASB) Statements.

FINANCIAL ANALYSIS

FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS

KCERA provides pension benefits to the employees and their beneficiaries of the County of Kern and other public agencies. KCERA's benefits are funded by member and employer contributions, and by investment income. KCERA's fiduciary net position restricted for pension benefits at June 30, 2021 was \$5.4 billion, an increase of \$978.7 million, or 22.0%, from June 30, 2020. KCERA's fiduciary net position-restricted for pension benefits at June 30, 2020 was \$4.4 billion, an increase of \$93.0 million, or 2.1%, from June 30, 2019. Key elements of the increase in net position are described below and in Tables 1 and 2 on pages 18 & 19.

CONTRIBUTIONS AND INVESTMENT INCOME

Additions to fiduciary net position include member and employer contributions and investment income. Member contributions were approximately \$53.8 million, \$57.9 million and \$50.1 million for the years ended June 30, 2021, 2020 and 2019, respectively.

Member contributions decreased by \$(4.1) million, or (7.0)% in 2021 and increased by \$7.7 million, or 15.4% in 2020. The decrease in member contributions in 2021 was primarily the result of decreases in covered payroll.

Employer contributions were \$268.6 million, \$273.9 million and \$229.1 million for the years ended June 30, 2021, 2020 and 2019, respectively. Employer contributions decreased approximately \$(5.3) million, or (1.9)% in 2021 and increased approximately \$44.8 million, or 19.6% in 2020. The decrease in 2021 was due to a decrease in covered payroll. The increase in 2020 was primarily due to increased contribution rates from the investment return (after "smoothing") less the assumption rate.

Net investment and securities lending income was \$1,043.4 million, \$127.9 million and \$214.2 million for the years ended June 30, 2021, 2020 and 2019, respectively.

For the fiscal years ended June 30, 2021, 2020 and 2019, the KCERA portfolio returned (net of fees) 23.9%, 3.0%, and 5.3%, respectively. More information on KCERA's investment portfolio is contained in the investment section of this report.

BENEFITS, REFUNDS AND EXPENSES

Deductions to plan fiduciary net position include pension benefits, lump sum payments, supplemental benefits, refunds of member contributions, and administrative expenses. The pension benefits (annuity, pension and cost-of-living allowances) were \$355.2 million, \$338.9 million and \$320.9 million for the years ended June 30, 2021, 2020 and 2019, respectively. Pension benefits increased by approximately \$16.3 million, or 4.8% in 2021 and \$18 million, or 5.6% in 2020.

These increases were mainly due to a consistently growing population of retired members and beneficiaries receiving pension benefits and an increase in the average monthly benefit, attributable to higher final average compensations, and the maximum 2.5% cost-of-living adjustment. Retired members and beneficiaries increased by 2.0% in 2021 and by 2.3% in 2020.

FINANCIAL ANALYSIS (cont)

BENEFITS, REFUNDS AND EXPENSES (cont)

KCERA previously adopted California Government Code Section 31618, which provides for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). In fiscal year 2021, SRBR provides retirees with 82% purchasing power parity and a \$5,000 death benefit. In addition to pension benefits, the supplemental retirement benefits paid were \$19.3 million, \$17.7 million and \$16.1 million for the years ended June 30, 2021, 2020 and 2019, respectively. Refunds of member contributions were \$6.5 million, \$4.5 million and \$4.7 million for the years ended June 30, 2021, 2020 and 2019, respectively.

KCERA's administrative expenses were \$6.1 million, \$5.5 million and \$4.8 million for the years ended June 30, 2021, 2020 and 2019, respectively.

Average aggregate monthly defined benefit payments, excluding SRBR benefits, AND total number of retirees and beneficiaries:

2021	2020	2019
\$30.9 million	\$28.2 million	\$26.7 million
8,835	8,667	8,496

STATEMENT OF FIDUCIARY NET POSITION

Table 1

(in thousands)

	2021	Increase (Decrease) Amount	2020	Increase (Decrease) Amount	2019
Assets					
Current Assets	\$ 493,109	\$ 170,150	\$ 322,959	\$ (107,325)	\$ 430,284
Investments	5,000,984	607,362	4,393,622	(115,559)	4,509,181
Securities Lending Collateral	181,519	(2,641)	184,160	86,225	97,935
Capital Assets	1,692	(653)	2,345	(448)	2,793
Total Assets	5,677,304	774,218	4,903,086	(137,107)	5,040,193
Liabilities					
Current Liabilities	78,272	(201,859)	280,131	(316,347)	596,478
Liabilities for Security Lending	181,519	(2,641)	184,160	86,225	97,935
Total Liabilities	259,791	(204,500)	464,291	(230,122)	694,413
Fiduciary Net Position - Restricted for Pension Benefits	\$ 5,417,513	\$ 978,718	\$ 4,438,795	\$ 93,015	\$ 4,345,780

FINANCIAL ANALYSIS (cont)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Table 2

(in thousands)

	2021	Increase (Decrease) Amount	2020	Increase (Decrease) Amount	2019
Additions					
Employer Contributions*	\$ 268,625	\$ (5,284)	\$ 273,909	\$ 44,789	\$ 229,120
Member Contributions*	53,789	(4,073)	57,862	7,730	50,132
Net Investment Income	1,043,361	915,500	127,861	(86,383)	214,244
Total Additions	1,365,775	906,143	459,632	(33,864)	493,496
Deductions					
Pension Benefits	355,197	16,302	338,895	18,000	320,895
Supplemental Retirement Benefits	19,286	1,539	17,747	1,605	16,142
Refunds of Member Contributions	6,513	2,061	4,452	(285)	4,737
Administrative Expenses	6,061	538	5,523	719	4,804
Total Deductions	387,057	20,440	366,617	20,039	346,578
Increase (Decrease) in Net Position	\$ 978,718	\$ 885,703	\$ 93,015	\$ (53,903)	\$ 146,918
Fiduciary Net Position -					
Restricted for Pension Benefits					
At Beginning of Year	\$ 4,438,795	\$ 93,015	\$ 4,345,780	\$ 146,918	\$ 4,198,862
At End of Year	\$ 5,417,513	\$ 978,718	\$ 4,438,795	\$ 93,015	\$ 4,345,780

*Employer paid member contributions are classified as member contributions.

RESERVES

KCERA's reserves are established for the purpose of managing benefit operations in accordance with the County Employees Retirement Law of 1937 (CERL). The total amount of reserves equals KCERA's Fiduciary Net Position – Restricted for Pension Benefits at the end of the year.

Investments are stated at fair value instead of at cost and include the recognition of unrealized gains and losses. Unrealized gains and losses effect the reserves indirectly through an actuarial asset "smoothing" process and are held in the Market Stabilization Reserve with a portion allocated to all other reserves. KCERA uses a five-year smoothing methodology to recognize unrealized gains and losses. The five-year smoothing is calculated by subtracting the expected return of the actuarial assumed interest rate of 7.25% from the total Fund's actual return on net position. The Market Stabilization Reserve was \$429.1 million, \$(196.2) million and \$(72.3) million for the years ended June 30, 2021, 2020 and 2019, respectively.

Interest at the actuarial rate of 7.25%, or at the highest rate possible if net earnings are not sufficient to credit the full actuarial rate, is credited semiannually on December 31 and June 30. Interest is credited to all reserves, except the contingency reserve. KCERA credited the reserves 7.25% in fiscal year 2021 and 6.99% in fiscal year 2020. In addition, in fiscal year 2021, \$53.6 million was credited to reduce the negative contingency reserve to a positive 0.99% of total market value of assets, in accordance with the Board of Retirement's Interest Crediting Policy. As investment returns continue to improve, the Contingency Reserve will increase to 3% of market value of assets.

RESERVES (cont)

(in thousands)

KCERA Reserves			
	2021	2020	2019
Member Reserve	505,907	461,921	414,083
Employer Reserve	1,169,530	1,052,439	944,125
Cost of Living Reserve	1,557,603	1,437,684	1,345,986
Retired Member Reserve	1,549,933	1,539,650	1,561,743
Supplemental Retiree Benefit Reserve	151,852	159,691	168,536
Contingency Reserve	53,624	(16,355)	(16,355)
Market Stabilization Reserve	429,064	(196,235)	(72,338)
Total	\$ 5,417,513	\$ 4,438,795	\$ 4,345,780

FIDUCIARY RESPONSIBILITIES

The Board of Retirement and management staff are fiduciaries of the pension trust fund. Under the California Pension Protection Act of 1992, the Board of Retirement has plenary authority and fiduciary responsibility for the investment of monies and for the administration of KCERA. The Board of Retirement has the sole and exclusive fiduciary responsibility over the assets of the Plan. The assets are held for the exclusive purpose of providing benefits to KCERA members and their survivors, as mandated.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of KCERA's finances and accountability for the plan sponsors and members. Questions concerning any of the information provided in this report or requests for additional information should be directed to Angela Kruger, KCERA's Chief Financial Officer, at angela.kruger@kcera.org or (661) 381-7700.

KCERA 2021 - Statement of Fiduciary Net Position

As of June 30, 2021 and 2020

	(In thousands)	
	2021	2020
Assets		
Cash in County Pool	\$ 10,945	\$ 11,045
Short-Term Investment Funds	425,488	152,206
Total Cash and Short-Term Investment Funds	436,433	163,251
Receivables:		
Investments Sold	33,460	137,113
Interest and Dividends	7,956	8,644
Contributions and Other Receivables	15,095	13,913
Total Receivables	56,511	159,670
Investments at Fair Value:		
Domestic Fixed Income	834,930	1,106,431
International Fixed Income	366,910	301,576
Domestic Equities	912,614	1,013,064
International Equities	978,552	685,222
Real Estate Investments	390,499	278,658
Alternative Investments	1,173,685	792,527
Commodities	345,848	220,590
Swaps/Options	(2,054)	(4,446)
Collateral Held for Securities Lending	181,519	184,160
Total Investments	5,182,503	4,577,782
Capital Assets:		
Computer Software	6,298	6,298
Equipment/Computers	813	609
Accumulated Depreciation	(5,419)	(4,562)
Total Capital Assets	1,692	2,345
Prepaid Expenses	165	38
Total Assets	5,677,304	4,903,086
Liabilities		
Securities Purchased	77,248	275,979
Collateral Held for Securities Lent	181,519	184,160
Other Liabilities	1,024	4,152
Total Liabilities	259,791	464,291
Fiduciary Net Position - Restricted for Pension Benefits	\$ 5,417,513	\$ 4,438,795

See accompanying notes to the financial statements.

KCERA 2021 - Statement of Changes in Fiduciary Net Position

for the years ended June 30, 2021 and 2020

	(In thousands)	
	2021	2020
Additions		
Contributions:		
Employer	\$ 268,625	\$ 273,909
Member	53,789	57,862
Total Contributions	322,414	331,771
Investment Income:		
Net Appreciation in Fair Value of Investments	1,038,614	98,538
Interest	33,928	31,997
Dividends	15,619	16,519
Real Estate Investments	16,385	14,715
Total Investment Income	1,104,546	161,769
Less: Investment Expenses	61,550	34,407
Net Investment Income	1,042,996	127,362
Securities Lending Activity:		
Securities Lending Income	405	554
Less: Rebates & Bank Fees	40	55
Net Securities Lending Income	365	499
Total Additions	1,365,775	459,632
Deductions		
Retirement and Survivor Benefits	355,197	338,895
Supplemental Retirement Benefits	19,286	17,747
Refunds of Member Contributions	6,513	4,452
Administrative Expenses	6,061	5,523
Total Deductions	387,057	366,617
Net Increase	978,718	93,015
Fiduciary Net Position - Restricted for Pension At Beginning of Year	4,438,795	4,345,780
Fiduciary Net Position - Restricted for Pension At End of Year	\$ 5,417,513	\$ 4,438,795

See accompanying notes to the financial statements.

NOTE 1 – DESCRIPTION OF PLAN

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

As of June 30, 2021, employee membership data related to the pension plan was as follows:

	General	Safety	Total
Active – Vested	4,240	1,302	5,542
Active – Non-Vested	3,142	388	3,530
Total Active Members	7,382	1,690	9,072
Terminated – Deferred Vested	2,569	241	2,810
Retirees and Beneficiaries	6,746	2,089	8,835
Total Members	16,697	4,020	20,717

As of June 30, 2020, employee membership data related to the pension plan was as follows:

	General	Safety	Total
Active – Vested	4,173	1,358	5,531
Active – Non-Vested	3,468	327	3,795
Total Active Members	7,641	1,685	9,326
Terminated – Deferred Vested	2,224	196	2,420
Retirees and Beneficiaries	6,626	2,041	8,667
Total Members	16,491	3,922	20,413

BENEFIT PROVISIONS

KCERA provides service retirement, disability, death, survivor and supplemental benefits to eligible employees. All regular full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the payroll period following the date of hire. Safety membership includes those in active law enforcement, fire suppression, criminal investigation and probation officers. General members (excluding Tier III) are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with five or more years of retirement service credit.

NOTE 1 – DESCRIPTION OF PLAN (CONT)**BENEFIT PROVISIONS (CONT)**

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

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

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

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

For members in Tier I or Tier II, the maximum monthly retirement allowance is 100% of FAC. There is no FAC limit on the maximum retirement benefit for General Tier III members.

The maximum amount of compensation earnable that can be taken into account for 2021 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$290,000. The maximum amount of compensation earnable that was taken into account for 2020 was \$285,000. For General Tier III members enrolled in Social Security who joined on or after January 1, 2013, the maximum pensionable compensation for 2021 is \$128,059. The maximum pensionable compensation for 2020 was \$126,291. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

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

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

NOTE 1 – DESCRIPTION OF PLAN (CONT)

BENEFIT PROVISIONS (CONT)

DEATH BENEFITS:

Death Before Retirement

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

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

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

Death After Retirement

If a member dies after retirement, a death benefit of \$5,000 is payable to his/her designated beneficiary or estate. If the retirement was for a nonservice-connected disability and the member chose the unmodified allowance option, the surviving spouse, registered domestic partner or minor children will receive a monthly continuance equal to 60% of the benefit. If the retirement was for a service-connected disability, the spouse, registered domestic partner or minor children will receive a 100% continuance of the member's benefit.

NOTE 1 – DESCRIPTION OF PLAN (CONT)

BENEFIT PROVISIONS (CONT)

DISABILITY BENEFIT:

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

COST-OF-LIVING ADJUSTMENT:

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

SUPPLEMENTAL BENEFITS:

The Board of Retirement and the Board of Supervisors adopted Government Code Section 31618 on April 23, 1984, which provides for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is used only for the benefit of future and current retired members and their beneficiaries. The supplemental benefit is not a guaranteed benefit. The distribution of the SRBR is determined by the Board of Retirement. In fiscal year 2019, SRBR provided for 80% purchasing power protection and a \$5,000 death benefit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

KCERA, with its own governing board, is an independent governmental entity separate and distinct from the County of Kern.

BASIS OF ACCOUNTING

KCERA follows Governmental Accounting Standards Board (GASB) accounting principles and reporting guidelines. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of KCERA. Employer and member contributions are recognized in the period in which the contributions are due, and benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized as revenue when earned and is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) to investment income based on investment valuations, which includes both realized and unrealized gains and losses on investments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**ADMINISTRATIVE EXPENSES**

KCERA's Board annually adopts the operating budget for the administration of KCERA. Costs of administering the Plan are charged against the Plan's earnings. KCERA's administrative budget is calculated pursuant to Government Code Section 31580.2(a), which provides that the administrative expenses incurred in any year may not exceed the greater of either twenty-one hundredths of 1 percent (0.21%) of the actuarial accrued liability of the system or \$2,000,000, as adjusted annually by the amount of the annual cost-of-living adjustment computed in accordance with Article 16.5. Government Code Section 31580.2(b) provides that expenditures for computer software, hardware and computer technology consulting services in support of the computer products shall not be considered a cost of administrative expenses in the calculation.

CASH EQUIVALENTS

Cash equivalents are assets that are readily convertible into cash, such as short-term government bonds or Treasury bills and commercial paper. Cash equivalents are distinguished from other investments through their short-term existence; they mature within three months. A cash equivalent must also be an investment with an insignificant risk of change in value.

VALUATION OF INVESTMENTS

Fair value for investments are derived by various methods as indicated in the following table:

Publicly traded stocks	Most recent exchange closing price. International securities reflect currency exchange rates in effect at June 30, 2021 and 2020.
Short-term investments and bonds	Institutional evaluations or priced at par.
OTC securities	Evaluations based on good faith opinion as to what a buyer in the marketplace would pay for a security.
Commingled funds	Net asset value provided by the investment manager.
Alternative investments	Net asset value provided by the Fund manager based on the underlying financial statements and fair value of the Fund.
Real estate investments	Estimated based on price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investments without a public market are valued based on assumptions made and multiple valuation techniques or appraisals used by the investment manager. The KCERA property is valued based on an annual appraisal.
Commodities Swaps/Options	Listed market prices are used to report the fair values for derivative instruments, if available. If listed market prices are not available for derivative instruments, the price used may be from a vendor, an investment manager or a counterparty.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**RISKS AND UNCERTAINTIES**

KCERA invests in various investment securities, which are exposed to various risks, including interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

CAPITAL ASSETS

Assets shall be recorded at historical cost or, if that amount is not practicably determined, at estimated historical cost. Accumulated depreciation shall be summarized and reflected on KCERA's annual financial statements. Capital assets shall be depreciated over their estimated useful lives using the straight-line depreciation method. Intangible assets with limited useful lives (e.g., by legal or contractual provisions) should be amortized over their estimated useful lives. Amortization of computer software should begin when the program is placed into service.

Capitalization Thresholds and Useful Life

Capital Asset	Thresholds	Useful Life
Furniture	\$2,500	5-15 years
Equipment/Computers	\$5,000	3-10 years
Internally generated computer software	\$1,000,000	5-12 years
Computer software	\$100,000	3-10 years

INCOME TAXES

The Plan qualifies under Section 401(a) of the Internal Revenue Code and is therefore not subject to tax under present income tax laws. No provision for income taxes has been made in the accompanying financial statements, as the Plan is exempt from federal and state income taxes under the provisions of Internal Revenue Code, Section 501 and California Revenue and Taxation Code, Section 23701, respectively.

MANAGEMENT'S ESTIMATES

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

GASB PRONOUNCEMENTS

The accompanying financial statements were prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). KCERA has determined that no new GASB statements were applicable to KCERA during fiscal year 2021.

NOTE 3 – DEPOSITS AND INVESTMENTS

The Board of Retirement (the Board) has the fiduciary responsibility and authority to oversee the investment portfolio. The Board is governed by the County Employees' Retirement Law of 1937. It is also governed by California Government Code Sections 31594 and 31595, which provide for prudent person governance of the Plan. Under this law, the type and amount of plan investments as well as the quality of securities are not specifically delineated; rather, the investments made are assumed to be in the best interest of the Plan such that others with similar information would acquire similar investments. The Board is required to diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless it is clearly prudent not to do so. The investments shall be made for the exclusive purpose of providing benefits to the participants and their beneficiaries and defraying reasonable expenses to the Plan.

The Board maintains a formal Investment Policy Statement, which addresses guidelines for the investment process. The primary investment objectives for KCERA's assets shall be:

1. Earn a long-term net of fees rate of return which is equal to or exceeds the assumed rate of return.
2. Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark.
3. Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONT.)

The asset allocation decision is a critical decision and involves complex analysis. KCERA's policy regarding the allocation of assets is established and may be amended by the Board. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation as of June 30, 2021:

Asset Class	Target	Range
Global Equity	37 %	32 - 46%
Domestic		16 - 27%
International Developed		8 - 18%
Emerging Market		1 - 9%
Fixed Income	24 %	20 - 34%
Core	14 %	12 - 25%
Credit	6 %	3 - 9%
Emerging Market Debt	4 %	1 - 7%
Commodities	4 %	0 - 6%
Hedge Funds	10 %	5 - 15%
Core Real Estate	5 %	3 - 7%
CE Alpha Pool	5 %	0 - 7%
Midstream Energy	5 %	0 - 7%
Opportunistic	0 %	0 - 10%
Private Equity	5 %	0 - 10%
Private Credit	5 %	0 - 10%
Private Real Estate	5 %	0 - 10%
Cash*	-5 %	- 7 - 5%

* In fiscal year 2019-2020 the Board approved a new strategic long-term asset allocation which includes the new Capital Efficiency program. The Capital Efficiency program seeks to improve the returns of the Plan by using derivatives in place of physical securities, and then utilizing a portion of the unencumbered cash from the derivative position to fund investments in the CE Alpha Pool. As a result, as capital is invested in the CE Alpha Pool, the effective cash exposure for the Plan becomes negative.

For the year ended June 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of pension investment expenses, was 24.3% and 3.2%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Board retains a number of professional investment managers. Investment manager selection involves complex due diligence and the Board's investment policy requires independent performance measurement of investment managers.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)**DEPOSITS**

Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. All cash and cash equivalents are held as follows: by the County of Kern as part of Kern County's treasury pool; by Wells Fargo Bank as cash for benefit payments and KCERA Property, Inc.; and by KCERA's master global custodian, The Northern Trust Company. The County Treasury Oversight Committee is responsible for regulatory oversight of the Kern County Treasury Pool. Substantially all of the cash held at The Northern Trust Company is swept into collective, short-term investment funds.

Below is a summary of cash, deposits and short-term investments as of as of June 30, 2021 and 2020:

	<i>(In thousands)</i>	
Held by	2021	2020
County of Kern	\$ 10,945	\$ 11,045
Wells Fargo	1,776	1,100
Northern Trust	426,782	150,699
Disbursements	(3,070)	407
Total	<u>\$ 436,433</u>	<u>\$ 163,251</u>

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. KCERA does not have a formal policy for custodial credit risk but limits custodial credit risk for deposits by maintaining cash in an external investment pool managed by the County of Kern and cash and short-term investments managed by The Northern Trust Company. Deposits held at The Northern Trust Company that were uninsured and uncollateralized were \$1.7 million and \$1.8 million for the years ended June 30, 2021 and 2020, respectively.

INVESTMENTS

Investments of the Plan are reported at fair value. In fulfilling its responsibilities, the Board of Retirement has contracted with investment managers and a master global custodian. For the year ended June 30, 2021 and 2020, The Northern Trust Company is the global custodian for the majority of the investments of the Plan.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The KCERA investment policy's minimum average credit quality rating for fixed income, with the exception of high yield, shall be at least A- and the minimum issue quality shall be B-rated. The minimum overall average credit quality for high yield shall be at least B.

At June 30, 2021 and 2020, KCERA's assets consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations, as shown on the next page.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)**INVESTMENTS (CONT)****Standard & Poor's (S&P) Credit Quality by Investment Type***As of June 30, 2021**(In thousands)*

Type of Investment	S&P Credit Quality						NR	U.S. Gov Guaranteed	Total
	AAA	AA	A	BBB-B	CCC-C	D			
Asset-Backed Securities	\$ 2,219	\$ 972	\$ 681	\$ 2,482	\$ 5,181	\$ 299	\$ 5,941		\$ 17,775
Bank Loans				22,872	337		6,409		29,618
Commercial Mortgage-Backed Securities	1,798		280	1,053			9,495		12,626
Corporate Bonds	3,568	7,146	39,904	273,392	14,003		22,202		360,215
Corporate Convertible Bonds				1,594	449		4,798		6,841
Government Agencies		1,120	2,143	5,930	313		9,084	1,463	20,053
Government Bonds		5,955	8,455	62,865	2,743	127	60,956	97,713	238,814
Government Mortgage Backed Securities				198			281	82,359	82,838
Government-Issued Commercial Mortgage Backed Securities	—							1,316	1,316
Municipal / Provincial Bonds	—	198	3,663	606		455	715		5,637
U.S. Treasuries & Notes	—		—	—	—	—	1,602	3,949	5,551
Non-Government-Backed C.M.O.s	—	576	77	262	773		4,210	—	5,898
Sukuk	—		273	1,460			2,055	—	3,788
Collective / Commingled Funds	—	—	—	—	—	—	410,870	—	410,870
Total	\$ 7,585	\$ 15,967	\$ 55,476	\$372,714	\$23,799	\$ 881	\$538,618	\$ 186,800	\$ 1,201,840

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)**INVESTMENTS (CONT)****Standard & Poor's (S&P) Credit Quality by Investment Type***As of June 30, 2020**(In thousands)*

Type of Investment	S&P Credit Quality						NR	U.S. Gov Guarantee d	Total
	AAA	AA	A	BBB-B	CCC-C	D			
Asset-Backed Securities	\$ 2,119	\$ 1,014	\$ 651	\$ 2,307	\$ 1,552	\$ —	\$ 6,017	\$ —	\$ 13,660
Bank Loans	—	—	—	23,686	399	252	6,043	—	30,380
Commercial Mortgage-Backed Securities	2,223	408	—	562	—	\$ —	9,674	—	12,867
Corporate Bonds	3,938	9,933	61,102	314,460	12,027	—	12,437	—	413,897
Corporate Convertible Bonds	—	—	—	4,727	396	—	1,788	—	6,911
Government Agencies	—	558	892	2,987	284	—	2705	628	8,054
Government Bonds	—	4,093	7,109	51,252	1,652	949	50,748	199,763	315,566
Government Mortgage Backed Securities	—	—	—	—	—	—	2,214	116,206	118,420
Government-Issued Commercial Mortgage Backed Securities	225	—	—	—	—	—	—	2,585	2,810
Municipal / Provincial Bonds	—	—	3,853	322	—	411	504	—	5,090
U.S. Treasuries & Notes	—	—	—	—	—	—	1,373	13,154	14,527
Non-Government-Backed C.M.O.s	—	696	102	192	251	—	6,236	—	7,477
Sukuk	—	—	—	977	—	—	303	—	1,280
Collective / Commingled Funds	—	—	—	—	—	—	457,068	—	457,068
Total Fixed Income	\$ 8,505	\$ 16,702	\$ 73,709	\$401,472	\$ 16,561	\$1,612	\$557,110	\$ 332,336	\$ 1,408,007

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT)

INVESTMENTS (CONT)

CUSTODIAL CREDIT RISK - INVESTMENTS

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. KCERA does not have a formal policy for limiting custodial credit risk. As of June 30, 2021 and 2020, there were no investment securities exposed to custodial credit risk.

CONCENTRATION OF CREDIT RISK

The KCERA investment policy limits exposure to any single investment manager or product. The maximum allocation to a single active manager is up to 12% of the aggregate fair value of the Plan. The maximum allocation to a single active management product is 8%. This limitation applies to any non-index investment vehicle. With the exception of any sovereign entity (both U.S. and non-U.S.) U.S. agency-backed and U.S. agency issued mortgages, portfolios may not invest more than 5% per investment-grade issuer. Securities of a single noninvestment-grade issuer should not represent more than 2% of the fair value of the portfolio. KCERA's investment portfolio contained no investments in any one single investment-grade issuer greater than 5% of fiduciary net position As of June 30, 2021 and 2020 (other than the exceptions listed above).

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. KCERA's investment policy requires active managers to be within 20% of their benchmark. The overall Fund duration is expected to be within 20% of the Fund's benchmark duration. At June 30, 2021 and 2020, the segmented time distribution of the fixed income portfolio, by investment type, was as follows:

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT)**INVESTMENTS (CONT)***(In thousands)*

Investment Type	Investment Maturities (in years) as of June 30, 2021					Maturity Not Determined
	Fair Value	Less Than 1	1-5	6-10	More Than 10	
Asset-Backed Securities	\$ 17,774	\$ 289	\$ —	\$ 3,692	\$ 13,793	\$ —
Bank Loans	29,618	—	10,598	19,020	—	—
Commercial Mortgage-Backed Securities	12,626	—	—	863	11,763	—
Corporate Bonds	360,214	8,294	100,158	181,909	69,853	—
Corporate Convertible Bonds	6,841	345	2,395	620	3,481	—
Government Agencies	20,053	—	9,981	4,899	5,173	—
Government Bonds	238,815	10,985	77,710	54,868	95,252	—
Government Mortgage Backed Securities	82,839	17,951	59	3,222	61,607	—
Government-Issued Commercial Mortgage Backed Securities	1,316	—	10	924	382	—
US Treasuries & Notes	5,551	3,500	—	—	2,051	—
Municipal / Provincial Bonds	5,637	150	1,139	1,824	2,524	—
Non-Government-Backed C.M.O.s	5,898	—	324	41	5,533	—
Sukuk	3,788	—	1,083	2,705	—	—
Collective / Commingled Funds	\$ 410,870	\$ —	\$ —	\$ —	\$ —	\$ 410,870
Total	\$ 1,201,840	\$ 41,514	\$ 203,457	\$ 274,587	\$ 271,412	\$ 410,870

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT)**INVESTMENTS (CONT)***(In thousands)*

Investment Type	Investment Maturities (in years) as of June 30, 2020					Maturity Not Determined
	Fair Value	Less than 1	1-5	6-10	More than 10	
Asset-Backed Securities	\$13,660	\$ —	\$ 1,175	\$ 2,718	\$ 9,767	\$ —
Bank Loans	30,380	—	19,059	11,321	—	—
Commercial Mortgage-Backed Securities	12,867	—	—	995	11,872	—
Corporate Bonds	413,897	6,774	190,046	134,851	82,226	—
Corporate Convertible Bonds	6,911	—	1,010	82	5,819	—
Government Agencies	8,054	—	4,053	827	3,174	—
Government Bonds	315,566	8,375	124,238	105,544	77,409	—
Government Mortgage Backed Securities	118,420	—	263	2,864	81,078	34,215
Government-Issued Commercial Mortgage Backed Securities	2,810	—	40	2,233	537	—
Index-Linked Government Bonds	14,527	—	1,730	2,815	9,982	—
Municipal / Provincial Bonds	5,090	132	1,152	1,325	2,481	—
Non-Government-Backed C.M.O.s	7,477	—	450	57	6,970	—
Sukuk	1,280	—	—	1,280	—	—
Collective / Commingled Funds	457,068	—	—	—	—	457,068
Total	\$1,408,007	\$15,281	\$343,216	\$266,912	\$291,315	\$491,283

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of an investment.

The Board of Retirement considers the currency risk exposure when setting the asset allocation targets of the Plan. KCERA's investment policy permits an 18% allocation to non-U.S. equities and a 4% allocation to emerging market debt. In addition, the core fixed income and high yield managers invest in a diversified portfolio, which can include up to 10% in foreign currency exposure and 30% in non-dollar securities.

The direct holdings shown on the following page represent KCERA's foreign currency risk exposure as of June 30, 2021 and 2020.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT)

Foreign Currency		Fair Value					
		As of June 30, 2021				(In thousands)	
Foreign Currency		Equities	Fixed Income	Cash	Cash Collateral/ Variation Margin	Swaps/Options	Total
Brazilian real	\$	—	\$ 14,629	\$ (6,065)		\$ 28	\$ 8,592
Canadian dollar		11,112	654	3,986	—		15,752
Chinese yuan renminbi		—	3,752	2,856		(63)	6,545
Colombian peso		—	8,744	(1,574)		69	7,239
Czech koruna		—	2,107	1,184	10	(8)	3,293
Euro		—	3,682	(12)	270	35	3,975
Hungarian forint		—	397	2,737	46	(36)	3,144
Indonesian rupiah		—	6,509	774			7,283
Malaysian ringgit		—	4,762	1,009			5,771
Mexican peso		—	8,263	3,989	(22)	76	12,306
Polish zloty		—	2,478	4,352	79	(49)	6,860
Russian ruble		—	11,817	(2,309)			9,508
South African rand		—	7,057	(832)	—		6,225
Thai baht		—	3,355	3,555			6,910
Other Currencies ¹		38	11,338	862	211	(104)	12,345
Total	\$	11,150	\$ 89,544	\$ 14,512	\$ 594	\$ (52)	\$ 115,748

Foreign Currency		Fair Value					
		As of June 30, 2020				(In thousands)	
Foreign Currency		Equities	Fixed Income	Cash	Cash Collateral/ Variation Margin	Swaps/Options	Total
Australian dollar	\$	3,011	\$ —	\$ —	\$ —	\$ —	\$ 3,011
Brazilian real		—	9,991	(4,185)	—	159	5,965
British pound sterling		9,825	(9,097)	(503)	153	9,453	9,831
Canadian dollar		4,756	174	(265)	—	—	4,665
Euro		18,683	(8,896)	(5,071)	1,034	13,002	18,752
Indonesian rupiah		—	4,366	(3)	—	—	4,363
Japanese yen		17,676	(7,042)	(103)	97	7,042	17,670
Malaysian ringgit		—	3,904	(763)	—	—	3,141
Mexican peso		—	8,865	2,125	(584)	592	10,998
Polish zloty		—	2,602	1,426	—	—	4,028
Russian ruble		—	7,928	(60)	—	—	7,868
South African rand		—	3,840	(498)	—	—	3,342
Swiss franc		4,385	—	5	—	—	4,390
Thai baht		—	1,976	2,382	—	—	4,358
Other Currencies ²		10,420	14,276	210	(18)	69	24,957
Total	\$	68,756	\$ 32,887	\$ (5,303)	\$ 682	\$ 30,317	\$ 127,339

¹ Other currencies include (in thousands) \$5 of Argentine peso, \$51 of Australian dollar, \$335 of British Pound Sterling, \$2,035 of Chilean peso, \$98 of Dominican peso, \$1,378 of HK offshore Chinese Yuan Renminbi, \$2,650 of Japanese yen, \$2,437 of New Romanian leu, \$50 of New Zealand dollar, \$1,719 of Peruvian nuevo sol, \$98 of Philippine peso, \$5 of Swiss franc, \$1,485 of Turkish lira

² Other currencies include (in thousands) \$347 of Argentine peso, \$1,086 of Chilean peso, \$453 of Chinese Yuan Renminbi, \$2,443 of Colombian peso, \$2,334 of Czech koruna, \$742 of Danish krone, \$249 of Dominican peso, \$1,426 of HK offshore Chinese Yuan Renminbi, \$1,600 of Hong Kong dollar, \$1,687 of Hungarian forint, \$309 of New Israeli shekel, \$1,342 of New Romanian leu, \$533 of New Zealand dollar, \$837 of Norwegian krone, \$1,619 of Peruvian nuevo sol, \$96 of Philippine peso, \$1,106 of Singapore dollar, \$2,418 of South Korean won, \$2,923 of Swedish krona, \$1,407 of Turkish lira ²

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT)**INVESTMENTS (CONT)****HIGHLY SENSITIVE INVESTMENTS**

KCERA utilizes investments that are highly sensitive to interest rate changes in its fixed income, separately managed investment accounts. Highly sensitive investments include mortgage-backed securities, asset-backed securities, collateralized mortgage obligations, and collateralized bond obligations (CBO). Mortgage-backed securities, collateralized mortgage obligations and asset-backed securities are created from pools of mortgages or other assets (receivables). A CBO is an investment-grade, asset-based security comprised of low-rated bonds that are transferred to a special purpose vehicle that manages the issue. Such securities are subject to credit and interest rate risks, including uncollectible mortgages or receivables backing a security, home mortgages that are prepaid at the option of the homeowner, and the duration and maturity of the issues.

Such securities are subject to credit and interest rate risks, including uncollectible mortgages or receivables backing a security, home mortgages that are prepaid at the option of the homeowner, and the duration and maturity of the issues.

Fair Value	(In thousands)	
	June 30, 2021	June 30, 2020
Mortgage-Backed Securities	\$ 96,780	\$ 134,097
Asset-Backed Securities	17,775	13,660
Collateralized Mortgage Obligation Securities	5,898	7,477
Total	\$ 120,453	\$ 155,234

NOTE 4 – FAIR VALUE MEASUREMENT

KCERA's investments are measured and reported within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based on unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

NOTE 4 – FAIR VALUE MEASUREMENT (CONT)**Investments Measured at Fair Value***(In thousands)*

	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value				
Asset-Backed Securities	117,451	—	103,011	14,440
Bank Loans	29,618	—	29,618	—
Bond Funds	11,524	—	11,524	—
Collateralized Debt Obligations	3,525	—	—	3,525
Corporate Debt Securities	364,839	—	363,123	1,716
Government Debt Securities	263,669	107,414	155,363	892
State & Local Government Debt Securities	3,228	—	3,228	—
Structured Debt	4,858	2,052	—	2,806
Sukuk	3,788	—	3,788	—
Short Term Investment Funds	69,938	2,160	67,778	—
<i>Debt Securities:</i>	\$ 802,500	\$ 109,466	\$ 669,655	\$ 23,379
Common Stock	345,733	345,562	—	171
Convertible Equity	559	—	559	—
Equity Funds	96,745	86,745	—	10,000
Preferred Stock	789	—	789	—
<i>Equity Investments:</i>	443,826	432,307	1,348	10,171
Real Estate	5,014	—	—	5,014
<i>Real Assets:</i>	5,014	—	—	5,014
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	385,485			
Hedge Funds	770,926			
Private Equity	402,759			
Commingled Commodity Funds	345,848			
Commingled Equity Funds	1,447,340			
Commingled Bond Funds	399,340			
<i>Net Asset Value (NAV)</i>	3,751,698			
Credit Contracts	(3,132)	—	(3,132)	—
Interest Rate Contracts	1,783	(53)	1,836	—
Other	(705)	—	(705)	—
<i>Derivatives</i>	(2,054)	(53)	(2,001)	—
<i>Invested Securities Lending Collateral</i>	181,519	—	181,519	—
Total	\$ 5,182,503			

NOTE 4 – FAIR VALUE MEASUREMENT (CONT)**Investments Measured at Fair Value***(In thousands)*

	June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value				
Asset-Backed Securities	153,267	—	135,988	17,279
Bank Loans	30,380	—	30,380	—
Bond Funds	10,925	—	10,925	—
Collateralized Debt Obligations	2,525	—	—	2,525
Corporate Debt Securities	419,604	—	417,696	1,908
Government Debt Securities	324,947	220,487	102,535	1,925
State & Local Government Debt Securities	3,205	—	2,158	1,047
Structured Debt	15,732	14,266	261	1,205
Escrow	14,837	14,837	0	—
Debt Securities:	\$ 976,702	\$ 249,590	\$ 701,223	\$ 25,889
Common Stock	181,092	179,799	—	1,293
Equity Funds	251	251	—	—
Preferred Stock	99,602	95,508	4,094	—
Stapled Securities	267	267	—	—
Equity Investments:	281,212	275,825	4,094	1,293
Real Estate	5,015	—	—	5,015
Real Assets:	5,015	—	—	5,015
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	273,643			
Hedge Funds	569,785			
Private Equity	222,742			
Commingled Commodity Funds	220,590			
Commingled Equity Funds	1,417,074			
Commingled Bond Funds	431,305			
Net Asset Value (NAV)	3,135,139			
Credit Contracts	(164)	—	(164)	—
Interest Rate Contracts	(4,414)	125	(4,539)	—
Other	132	—	132	—
Derivatives	(4,446)	125	(4,571)	—
Invested Securities Lending Collateral	184,160	—	184,160	—
Total	\$4,577,782			

NOTE 4 – FAIR VALUE MEASUREMENT (CONT)

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

(In thousands)

Investments Measured at Net Asset Value (NAV)	6/30/2021	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Commingled Bond Funds ⁽¹⁾	\$ 399,340	Daily, Quarterly, None	2-30 Days	\$ —
Commingled Commodity Funds ⁽¹⁾	345,848	Daily, Monthly	1-30 Days	—
Commingled Equity Fund Domestic ⁽¹⁾	555,899	Daily, Quarterly	1-60 Days	—
Commingled Equity Fund Non-US ⁽¹⁾	891,441	Daily, Monthly	1-15 Days	—
Hedge Funds and Alpha Pool:				
<i>Directional</i> ⁽²⁾	136,141	Monthly	30-60 Days	—
<i>Equity Long/Short</i> ⁽³⁾	40,202	Quarterly	45 Days	—
<i>Event-Driven</i> ⁽⁴⁾	158,036	Quarterly, Annually, 36 months	45-90 Days	—
<i>Multi-Strategy</i> ⁽⁵⁾	252,962	Quarterly, Annually	60-90 Days	—
<i>Relative Value</i> ⁽⁶⁾	183,585	Monthly, Quarterly, Semi-annually	45-120 Days	—
Real Estate Funds ⁽⁷⁾	385,485	Quarterly, None	30-45 Days	103,430
Private Asset Funds ⁽⁷⁾	402,759	N/A	N/A	159,568
Total	\$ 3,751,698			\$ 262,998

⁽¹⁾ Commingled Bond Funds, Commodity Funds and Equity Funds: Three bond funds, three commodity funds and nine equity funds are considered to be commingled in nature. Each is valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments.

⁽²⁾ Directional: The global macro funds utilize this strategy to generate consistent long-term appreciation through active, direct and indirect, leveraged trading and investment on a global basis in multiple investment strategies. The directional funds are valued at NAV.

⁽³⁾ Equity Long/Short Hedge Fund: Consisting of one fund utilizing both long and short strategies seeking risk-adjusted returns principally through investment in the Asian-Pacific region. The fund is valued at NAV.

⁽⁴⁾ Event-Driven Hedge Funds: Consisting of four funds, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share.

⁽⁵⁾ Multi-Strategy Hedge Funds: The eight funds that make up this group aim to pursue varying strategies in order to diversify risks and reduce volatility. These investments are valued at NAV per share.

⁽⁶⁾ Relative Value Hedge Funds: Consisting of three funds, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. The funds are valued at NAV.

⁽⁷⁾ Private Asset and Real Estate Funds: KCERA's Private Asset portfolio consists of twelve private equity funds with exposure to funds investing in buyouts, venture capital and special situations. An additional eight private credit funds and two opportunistic funds investing directly in distressed credit, special situations and real estate. The Real Estate portfolio, comprised of six funds, invests mainly in U.S. commercial real estate and utilizes a combination of Core open-end commingled funds and closed-end Value-Added funds. The open-end funds are eligible for redemption on a quarterly basis. Distributions are received from the closed-end funds as underlying investments within the funds are liquidated. Individual holdings contained in the funds are valued at NAV using a combination of the income, cost and sales comparison approaches.

NOTE 4 – FAIR VALUE MEASUREMENT (CONT)

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

(In thousands)

Investments Measured at Net Asset Value (NAV)	6/30/2020	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Commingled Bond Funds ⁽¹⁾	\$ 431,305	Daily, Quarterly, None	2-30 Days	\$ —
Commingled Commodity Funds ⁽¹⁾	220,590	Daily, Monthly	1-30 Days	—
Commingled Equity Fund Domestic ⁽¹⁾	822,978	Daily, Quarterly	1-60 Days	—
Commingled Equity Fund Non-US ⁽¹⁾	594,096	Daily, Monthly	1-15 Days	—
Hedge Funds:				
CTA ⁽²⁾	12,101	Monthly	30 Days	—
Directional ⁽³⁾	101,026	Monthly	30-60 Days	—
Equity Long/Short ⁽⁴⁾	29,135	Quarterly	45 Days	—
Event-Driven ⁽⁵⁾	105,298	Quarterly, Annually, 36 Months	45-90 Days	—
Multi-Strategy ⁽⁶⁾	148,903	Quarterly, Annually	60-90 Days	—
Relative Value ⁽⁷⁾	114,302	Monthly, Quarterly, Semi-annually	45-120 Days	—
Structured Credit ⁽⁸⁾	59,020	Monthly	N/A	—
Real Estate Funds ⁽⁸⁾	273,643	Quarterly, None	30-45 Days	89,040
Private Asset Funds ⁽⁸⁾	222,742	N/A	N/A	224,444
Total	\$ 3,135,139			\$ 313,484

⁽¹⁾ Commingled Bond Funds, Commodity Funds and Equity Funds: Four bond funds, three commodity funds and eight equity funds are considered to be commingled in nature. Each is valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments.

⁽²⁾ CTA: The objective of this fund is to provide consistent long-term appreciation of assets through implementation of a systematic trading model or portfolio of systematic trading models that trade in a number of debt, equity, foreign exchange and commodity instruments and derivative contracts. The fund is valued at NAV.

⁽³⁾ Directional: The global macro funds utilize this strategy to generate consistent long-term appreciation through active, direct and indirect, leveraged trading and investment on a global basis in multiple investment strategies. The directional funds are valued at NAV.

⁽⁴⁾ Equity Long/Short Hedge Fund: Consisting of one fund utilizing both long and short strategies seeking risk-adjusted returns principally through investment in the Asian-Pacific region. The fund is valued at NAV.

⁽⁵⁾ Event-Driven Hedge Funds: Consisting of four funds, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share.

⁽⁶⁾ Multi-Strategy Hedge Funds: The six funds that make up this group aim to pursue varying strategies in order to diversify risks and reduce volatility. These investments are valued at NAV per share.

⁽⁷⁾ Relative Value Hedge Funds: Consisting of four funds, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. All four funds are valued at NAV.

⁽⁸⁾ The structured credit fund investments in collateral backed securities. Structured credit investors attempt to identify mispriced securities where the return is greater than warranted by the underlying risk. The fund is valued at NAV.

⁽⁹⁾ Private Asset and Real Estate Funds: KCERA's Private Asset portfolio consists of eight private equity funds with exposure to funds investing in buyouts, venture capital and special situations. An additional four private credit funds and two opportunistic funds investing directly in distressed credit, special situations and real estate. The Real Estate portfolio, comprised of six funds, invests mainly in U.S. commercial real estate and utilizes a combination of Core open-end commingled funds and closed-end Value-Added funds. The open-end funds are eligible for redemption on a quarterly basis. Distributions are received from the closed-end funds as underlying investments within the funds are liquidated. Individual holdings contained in the funds are valued at NAV using a combination of the income, cost and sales comparison approaches.

NOTE 5 – SECURITIES LENDING

Under provisions of state statutes, the Board of Retirement permits KCERA to participate in a securities lending program, whereby securities are transferred to independent broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities plus a fee in the future. Deutsche Bank is KCERA's agent for securities lending.

Deutsche Bank is authorized to lend U.S. government obligations, U.S. bonds and equities, and international bonds and equities that are being held in custody to various borrowers, such as banks and brokers. Securities are lent for collateral. KCERA does not have the ability to pledge or sell collateral securities absent a broker default. All securities loans can be terminated on demand by either KCERA or the borrower.

U.S. securities are loaned versus collateral valued at 102% of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 110% of the fair value of the securities plus any accrued interest. Marking to market is performed every business day subject to de minimis rules of change in value; the borrower is required to deliver additional collateral when necessary so that the total collateral held by the agent will at least equal the fair value of the borrowed securities. Deutsche Bank invests cash collateral in repurchase agreements on an overnight and term basis collateralized by readily liquid and marketable securities at 102% or greater.

At June 30, 2021 and 2020, KCERA had no credit risk exposure to borrowers due to the nature of the program's collateralization of loans at 102% or 110% plus accrued interest.

The tables below show the balances relating to securities lending transactions as of June 30, 2021 and 2020.

As of June 30, 2021

(In thousands)

Security Type	Fair Value of Loaned Securities Securitized by Cash	Cash Collateral	Fair Value of Loaned Securities Securitized by Non-Cash Collateral	Non-Cash Collateral
Domestic Equities	\$ 40,281	\$ 41,269	\$ 318	
International Equities	—	—	—	—
Corporate Bonds	61,400	62,784	157	—
Government Bonds	1,287	1,323	—	—
Treasuries	74,983	76,143	—	—
Total	\$ 177,951	\$ 181,519	\$ 475	\$ 504

As of June 30, 2020

(In thousands)

Security Type	Fair Value of Loaned Securities Securitized by Cash	Cash Collateral	Fair Value of Loaned Securities Securitized by Non-Cash Collateral	Non-Cash Collateral
Domestic Equities	\$ 56,078	\$ 57,464	\$ 1,596	\$ —
International Equities	712	749	—	—
Corporate Bonds	58,967	60,322	614	—
Corporate Bonds	328	334	—	—
Government Bonds	64,249	65,291	—	2,329
Total	\$ 180,334	\$ 184,160	\$ 2,210	\$ 2,329

NOTE 6 – DERIVATIVES**DESCRIPTION OF AND AUTHORITY FOR DERIVATIVE INVESTMENTS**

KCERA invests in derivative financial investments (i.e., instruments) as authorized by the Board of Retirement. Investment managers may use derivatives where guidelines permit. A derivative instrument is defined as a contract that derives its value, usefulness and marketability from an underlying instrument that represents a direct ownership of an asset or a direct obligation of an issuer. Derivative instruments include, but are not limited to, futures, options, forward contracts, and interest rate or commodity swap transactions. All derivatives are considered investments by KCERA.

Substitution and risk control are the two derivative strategies permitted. Substitution strategy is when the characteristics of the derivative sufficiently parallel that of the cash market instruments; the derivatives may be substituted on a short-term basis for the cash market instrument. Risk control strategy is when the characteristics of the derivative sufficiently parallel that of the cash instrument; an opposite position from the cash instrument could be taken in the derivative instrument to alter the exposure to or the risk of the cash instrument.

Portfolios may not sell securities short nor create leverage through the use of financial futures and options. Uncovered futures or options positions are prohibited.

Financial futures and options may only be used to hedge currency risk or to manage portfolio duration. Investment in structured notes is prohibited. KCERA may invest in the following:

FUTURES

Futures contracts are used to hedge against a possible increase in the price of currency. Futures contracts are classified by category of underlying instrument, such as equity, fixed income, commodity or cash equivalent. Derivative positions are tied to the performance of underlying securities. Futures contracts are priced “mark-to-market,” and daily settlements are recorded as investment gains or losses. Accounting for the daily mark-to-markets in this manner, the fair value of the futures contract at the end of the reporting period is the pending mark-to-market. For investment performance, risk and exposure purposes, KCERA’s custodian reports the notional fair values of futures contracts with corresponding offsets. When a futures contract is closed, futures are removed from the record with the final gain/loss equal to the fluctuation in value from the last mark-to-market to the closing value.

OPTIONS

Options are used to manage risk exposures in certain accounts as a result of asset allocation requirements or unusual flows of cash to or from such accounts. Purchased put/call options are reported as assets with cost equal to the premium amount paid at inception, and written put/call options are reported as liabilities with cost equal to the premium received at inception. During the term of the options contracts, options are revalued at the end of each reporting period. Unrealized gains and losses are reported as the difference between the premium (cost) and the current fair value. At expiration, sale, or exercise, options are removed from record, and realized gains and losses are generally recognized. Because of the nature of options transactions, notional values are not included in the Investment Derivatives Summary table on page 46.

NOTE 6 – DERIVATIVES (CONT)**DESCRIPTION OF AND AUTHORITY FOR DERIVATIVE INVESTMENTS (CONT)****SWAPS**

Swap transactions are used to preserve a return or spread on investments to protect against currency fluctuations as a duration management technique or to protect against any increase in the price of securities. Because the fair values of swaps can fluctuate, swaps are represented as assets (if fair value is greater than zero) and liabilities (if fair value is less than zero). If a premium is paid or received at inception of the swap, the premium amount is generally recorded as the cost of the swap. During the term of the swap agreement, the periodic cash flows as either income or expense associated with the swap agreement. At each reporting period, swaps are revalued and unrealized gains or losses are reported. KCERA's custodian generally obtains swap valuations from a pricing vendor, the investment manager or the counterparty. At closing, KCERA's custodian removes the swap assets and liabilities from the record. The difference between any closing premium exchanged and the cost basis is recognized as realized gain or loss.

FORWARD EXCHANGE CONTRACTS

Forward exchange contracts are used for the purpose of hedging against adverse movement in currency exchange rates and to facilitate settlement of transactions in foreign securities. KCERA's reporting methodology for foreign exchange (FX) contracts reflects payables and receivables for the currencies to be exchanged while the forward FX contracts are pending; the two pending cash flows are valued separately. The overall cost basis for a pending FX deal is zero (the net of the cost basis for the payable and receivable). Pending forward FX contracts are valued using the closing forward FX rate as of the report date. The difference between the forward rate (base fair value) at the reporting date and the contracted rate on trade date (base cost) of the forward FX contract is unrealized gain/loss. The difference between the spot rate applied at settlement date and the contracted rate on trade date is realized gain/loss at the settlement of the forward FX contract. KCERA does not discount the valuation of the anticipated cash flows associated with pending forward FX contracts.

SUMMARY OF DERIVATIVE INVESTMENTS

Investment derivative instruments are reported as investments (if fair value is greater than zero) or liabilities (if fair value is less than zero) as of fiscal year end on the Statement of Fiduciary Net Position. Listed market prices are used to report the fair values for derivative instruments, if available. If listed market prices are not available for derivative instruments, the price used may be from a vendor, an investment manager or a counterparty. All changes in fair value are reported in the Statement of Changes in Fiduciary Net Position as a component of investment income.

As of June 30, 2021 and 2020, KCERA has the following instruments outstanding (see Summary table on next page) with an objective to earn a rate of return consistent with KCERA's investment policies. Notional values listed on the Summary table that are positive (assets) or negative (liabilities) are aggregated for similar derivative types.

NOTE 6 – DERIVATIVES (CONT)**Derivative Investment Summary***As of June 30, 2021**(In thousands)*

Derivative Investment Type	Changes in Fair Value Gain (Loss)	Fair Value	Notional Value
Futures	\$ 81,122	\$ —	\$ 536,690
Options	(182)	(114)	—
Swaps	(6,331)	(1,235)	—
Foreign Exchange Contracts	(67)	(705)	—
Rights/Warrants Equity Contracts	—	—	—
Total Value	\$ 74,542	\$ (2,054)	\$ 536,690

*As of June 30, 2020**(In thousands)*

Derivative Investment Type	Changes in Fair Value Gain (Loss)	Fair Value	Notional Value
Futures	\$ 3,358	—	\$ (118,597)
Options	429	122	—
Swaps	(13,478)	(4,700)	—
Foreign Exchange Contracts	1,359	132	—
Rights/Warrants Equity Contracts	(8)	—	—
Total Value	\$ (8,340)	\$ (4,446)	\$ (118,597)

NOTE 7 – CONTRIBUTIONS

Following the establishment of KCERA on January 1, 1945, eligible employees and their beneficiaries became entitled to pension, disability and survivor benefits under the provisions of the CERL. As a condition of participation under the provisions of the CERL, members are required to pay a percentage of their salaries, depending on their entry age in the Plan, membership type and benefit tier.

The funding objective of the KCERA Board of Retirement is to provide sufficient assets to permit the payment of all regular benefits promised under KCERA while minimizing the volatility of contribution rates for participating employers from year to year as a percentage of covered payroll. There are three sources of funding for KCERA retirement benefits: employer contributions, member contributions and investment earnings.

Total contributions made during fiscal years 2021 and 2020, respectively, amounted to approximately \$322.4 million and \$331.8 million, of which \$268.6 million and \$273.9 million were contributed by employers, and \$53.8 million and \$57.9 million were contributed by members.

PENSION OBLIGATION BONDS

In 1995 and 2003, the County of Kern issued pension obligation bonds and contributed \$224.5 million and \$285.1 million to the Plan, respectively. Special districts did not participate in the funding provided by pension obligation bonds. Therefore, different employer contribution rates are required to fund the unfunded liabilities for each class of participation.

COST-OF-LIVING ADJUSTMENT

On April 1, 1973, an annual cost-of-living adjustment (COLA) of up to 2% for all retirees and continuance beneficiaries was adopted. The 2% COLA was funded entirely from the unreserved fund balance until February 5, 1983. After this date and prior to fiscal year 2003, funding of the 2% COLA was included in the employers' contributions. In fiscal year 2002, the County of Kern activated Government Code Section 31617, which provides that COLAs shall be funded first from excess earnings, to the extent of such excess, and thereafter from employer contributions. In fiscal year 2021, the Plan had no excess earnings; \$0 was reserved to fund the employer COLA contributions in fiscal year 2021.

EMPLOYER CONTRIBUTIONS

Each year, an actuarial valuation is performed for the purpose of determining the funded position of the retirement plan and the employer contributions necessary to pay benefits accruing to KCERA members not otherwise funded by member contributions or investment earnings. The employer contribution rates are actuarially determined by using the Entry Age Actuarial Cost Method. The Plan's employer rates provide for both "Normal Cost" and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. Contribution rates determined in each actuarial valuation (as of June 30) apply to the fiscal year beginning 12 months after the valuation date. Employer rates for fiscal year 2021 ranged from 35.78% to 78.08% of covered payroll, with a combined average of 49.10% for all employers.

NOTE 7 – CONTRIBUTIONS (CONT)**DECLINING EMPLOYER CONTRIBUTIONS**

In August 2019, the Board determined that a triggering event occurred during the 2019-20 fiscal year, resulting from two employers ceasing to enroll new hires and/or a material and expected long-lasting reduction in KCERA covered payroll. Based on KCERA's Declining Employer Payroll Policy, KCERA's actuary determined the Valuation Value of Assets (VVA), Actuarial Accrued Liability (AAL) and resulting Unfunded Actuarial Accrued Liability (UAAL). As of June 30, 2020 the UAAL allocated to Inyokern Community Services District was \$117,000 and the UAAL allocated to Berrenda Mesa Water District was \$4,847,000. The District's UAAL were amortized as a single layer over an 18-year period. Inyokern¹ and Berrenda² Mesa will be billed annually for the UAAL contributions.

MEMBER CONTRIBUTIONS

Member contributions are made through payroll deductions on a pre-tax basis, per IRS Code Section 414(h)(2). Member contribution rates for fiscal year 2021 ranged from 4.55% to 18.74% and were applied to the member's base pay plus "pensionable" special pay; they were calculated based on the member's KCERA entry age and actuarially calculated benefits. Members are required to contribute depending on the member's tier, employer and bargaining unit. For certain safety bargaining units, a flat member contribution rate is applied. "New members," as defined in PEPRA, hired on or after January 1, 2013 pay a flat member contribution rate: 50% of the total Normal Cost rate.

For members covered by Social Security, the member contribution rates above apply to monthly salaries over \$350. (A one-third reduction in the rates applies to the first \$350 of monthly salary.)

As a result of the 1997 Memorandum of Understanding (MOU), some members received an employer "pick up" of their contributions. General members hired after MOU-specified dates in 2004 or 2005 and safety members hired after MOU-specified dates in 2007 were required to pay 100% of the employees' retirement contributions with the employer paying no part of the employees' contributions. Effective in 2014, non-contributing County general and safety members were required to pay one-third of their employee contributions. Buttonwillow Recreation and Park District and San Joaquin Valley Air Pollution Control District did not elect the 1997 MOU. Buttonwillow employees continue to pay 50% of their full rates. San Joaquin's Tier I members pay 50% of the Normal Cost rate as of June 30, 2018. Employees of the Kern County Superior Court are required to pay an additional 8% of base salary.

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

¹ The annual UAAL contribution in dollars of \$11,000 for Inyokern is equal to an 18-year level dollar amortization of the \$117,000 in UAAL of \$11,000 plus \$0 in administrative expenses plus a \$0 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2021.

² The annual UAAL contribution in dollars of \$490,000 for Berrenda Mesa is equal to an 18-year level dollar amortization of the \$4,847,000 in UAAL of \$486,000 plus \$1,000 in administrative expenses plus a \$3,000 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2021.

NOTE 8 – RESERVE ACCOUNTS AND DESIGNATIONS OF NET POSITION

Member and employer contributions are allocated to various legally required reserve accounts based on actuarial determinations. Member, employer and retired members' reserves are fully funded. KCERA maintains the following reserve and designation accounts:

MEMBER'S DEPOSIT RESERVE – member contributions and interest allocation to fund member retirement benefits.

EMPLOYER'S ADVANCE RESERVE – employer contributions and interest allocation to fund member retirement benefits.

COST-OF-LIVING RESERVE– employer contributions and interest allocation to fund annual cost-of-living increases for retirees and their continuance beneficiaries.

RETIRED MEMBERS' RESERVE – transfers from members' deposit reserve and employers' advance reserve, and interest allocation for funding of retirees' and their beneficiaries' monthly annuity payments.

SUPPLEMENTAL RETIREE BENEFIT RESERVE – monies reserved for enhanced, non-vested benefits to current and future retired members and their beneficiaries.

COLA CONTRIBUTION RESERVE – monies reserved to credit future employer COLA contributions

CONTINGENCY RESERVE – excess income to supplement deficient earnings. The contingency reserve satisfies the Government Code Section 31616 requirement for KCERA to reserve at least 1% of assets, up to a maximum of 3% of assets. At fiscal year ended June 30, 2021, 0.99% of the Plan's net position were in contingencies, according to the Board of Retirement's Interest Credit Policy.

Balances in these reserve accounts and designations of net position available for pension and other benefits at June 30, 2021 and 2020 (under the five-year smoothed market asset valuation method for actuarial valuation purposes) are as follows:

NOTE 8 – RESERVE ACCOUNTS AND DESIGNATIONS OF NET POSITION (CONT)

		(In thousands)	
Reserve Account	2021	2020	
Members' Deposit Reserve - General	\$ 305,216	\$ 284,659	
Members' Deposit Reserve - Safety	158,711	143,397	
Members' Deposit Reserve - Special District	33,029	31,090	
Members' Deposit Reserve - Courts	2,324	1,434	
Members' Deposit Reserve - Hospital Authority	6,627	1,341	
Employers' Advance Reserve - General	427,228	406,404	
Employers' Advance Reserve - Safety	581,003	527,844	
Employers' Advance Reserve - Special District	54,312	48,621	
Employers' Advance Reserve - Courts	25,370	17,087	
Employers' Advance Reserve - Kern Medical	81,617	52,483	
Cost-of-living Reserve - General	830,471	778,856	
Cost-of-living Reserve - Safety	619,641	571,879	
Cost-of-living Reserve - Special District	69,634	62,866	
Cost-of-Living Reserve - Courts	9,329	6,155	
Cost-of-Living Reserve - Kern Medical	28,528	17,928	
Retired Members' Reserve - General	1,150,088	1,131,013	
Retired Members' Reserve - Safety	399,845	408,637	
Supplemental Retiree Benefit Reserve (SRBR)	128,798	126,481	
SRBR allocated for 0.5% COLA	23,054	33,210	
Contingency Reserve	53,624	(16,355)	
Total reserves at five-year smoothed market actuarial valuation	4,988,449	4,635,030	
Market Stabilization Reserve*	429,064	(196,235)	
Total Fiduciary Net Position - Restricted for Pension Benefits	\$ 5,417,513	\$ 4,438,795	

* The Market Stabilization Reserve represents the difference between the five-year smoothed fair value of the fund and the fair value as of the fiscal year end.

NOTE 9 - RELATED PARTY TRANSACTION**OFFICE LEASE**

KCERA, as the sole shareholder, formed a title holding corporation, KCERA Property, Inc. (KPI) for the purpose of accommodating the administrative offices of the Plan. In October 2010, KCERA entered into a build-to-suit lease agreement with KPI to occupy 14,348 square feet. KCERA is required to pay a monthly rate of \$2.13 per square foot as well as taxes, insurance and operating costs as defined in the agreement. The base rent was subject to an automatic 10.4% increase beginning on the fifth anniversary of the commencement date, November 2015, and on each fifth year anniversary date thereafter during the lease term. The sum of payments due for fiscal year ended June 30, 2021 is \$355,707 for base rent and \$24,023 for HVAC, insurance and assessment fees. KCERA's base rent and other costs are abated from KPI's rental income.

NOTE 10 – NET PENSION LIABILITY

The components of the net pension liability are as follows:

Reserve Account	June 30, 2021	June 30, 2020
Total Pension Liability	\$7,306,894,934	\$7,100,695,964
Plan Fiduciary Net Position	(5,417,513,179)	(4,438,794,794)
Net Pension Liability	\$1,889,381,755	\$2,661,901,170
Plan Fiduciary Net Position as Percentage of Total Pension Liability	74.14%	62.51%

The Plan's Fiduciary Net Position includes assets held for the Supplemental Retiree Benefit Reserve (SRBR). A split of the Total Pension Liability (TPL), Plan's Fiduciary Net Position (FNP) and Net Pension Liability (NPL) by the regular benefits (non- SRBR) and the SRBR benefits as of June 30, 2021 and June 30, 2020 are shown in the tables below.

June 30, 2021	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability	\$7,227,710,796	\$79,184,138	\$7,306,894,934
Plan Fiduciary Net Position	5,288,714,922	128,798,257	5,417,513,179
Net Pension Liability (Asset)	\$1,938,995,874	\$(49,614,119)	\$1,889,381,755

June 30, 2020	Regular Benefits (Non-SRBR)	SRBR Benefit	Total KCERA
Total Pension Liability	\$7,020,429,953	\$80,266,011	\$7,100,695,964
Plan Fiduciary Net Position	4,312,313,461	126,481,333	4,438,794,794
Net Pension Liability (Asset)	\$2,708,116,492	\$(46,215,322)	\$2,661,901,170

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2021 and June 30, 2020. The Plan's Fiduciary Net Position was valued as of the measurement dates while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2020, and June 30, 2019, respectively, to the measurement date of June 30, 2021 and 2020, respectively.

PLAN PROVISIONS. The plan provisions used in the measurement of the net pension liability are the same as those used in the KCERA actuarial valuation as of June 30, 2021 and 2020, respectively. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR).

ACTUARIAL ASSUMPTIONS AND METHODS. The TPLs as of June 30, 2021 and 2020 that were measured by actuarial valuations as of June 30, 2020 and 2019, respectively, used the same actuarial assumptions and actuarial cost method as the June 30, 2020 and 2019 funding valuations. The actuarial assumptions used in the 2020 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019. The assumptions used in the 2019 valuation were based on the results of an experience study for the period from July 1, 2013 through June 30, 2016. In particular, the following actuarial assumptions were applied to the periods included in the measurement.

NOTE 10 – NET PENSION LIABILITY (CONT)

As of June 30, 2021	
<i>Inflation:</i>	2.75%
<i>Salary Increases:</i>	General: 4.00% to 8.75%. Safety: 3.75% to 12.00%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.25%, net of plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both employers and members based on the components of the total average contribution rate (before expenses) for employers and members.
<i>Other Assumptions:</i>	Same as those used in the June 30, 2020 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2016 through June 30, 2019.

As of June 30, 2020	
<i>Inflation:</i>	2.75%
<i>Salary Increases:</i>	General: 4.00% to 8.75%. Safety: 3.75% to 12.00%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.25%, net of plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both employers and members based on the components of the total average contribution rate (before expenses) for employers and members.
<i>Other Assumptions:</i>	Same as those used in the June 30, 2020 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2016 through June 30, 2019.

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

The long-term expected rate of return on pension plan investments was determined using building block method in which expected future real rates of return (i.e., expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized on the next page.

NOTE 10 – NET PENSION LIABILITY (CONT)

	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Weighted Average
Global Equity	37%	6.51%	2.41%
Core Fixed Income	14%	1.09%	0.15%
High Yield Corporate Credit	6%	3.38%	0.20%
Emerging Market Debt Blend	4%	3.41%	0.14%
Commodities	4%	3.08%	0.12%
Core Real Estate	5%	4.59%	0.23%
Private Real Estate	5%	9.50%	0.48%
Midstream	5%	8.20%	0.41%
Capital Efficiency Alpha Pool	5%	2.40%	0.12%
Hedge Funds	10%	2.40%	0.24%
Private Equity	5%	9.40%	0.47%
Private Credit	5%	5.60%	0.28%
Cash	-5%	0.00%	0.00%
Inflation	—	—	2.75%
Total	100%		8.00%

Discount rate. The discount rate used to measure the TPL was 7.25% as of June 30, 2021 and 2020. The projection of cash flows used to determine the discount rates assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2021 and 2020.

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

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL of the KCERA as of June 30, 2021, calculated using the discount rate of 7.25%, as well as what the KCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current (7.25%)	1% Increase (8.25%)
Net Pension Liability as of June 30, 2021	\$ 2,845,489,516	\$ 1,889,381,755	\$ 1,103,132,119

	1% Decrease (6.25%)	Current (7.25%)	1% Increase (8.25%)
Net Pension Liability as of June 30, 2020	\$ 3,609,272,609	\$ 2,661,901,170	\$ 1,892,133,726

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR FISCAL YEARS ENDED JUNE 30**

(In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
<i>Total Pension Liability:</i>									
Service Cost	\$ 123,394	\$ 124,146	\$ 122,869	\$ 123,407	\$ 122,184	\$ 123,181	\$ 125,161	\$ 125,118	\$ 125,644
Interest	510,015	481,972	466,379	450,172	438,385	427,646	415,820	400,559	384,837
Change of Benefit Terms	(32,129)	—	—	31,034	—	—	5,036	—	—
Differences between Expected and Actual Experience	(16,282)	(23,991)	(48,814)	(80,208)	(109,368)	(105,053)	(89,306)	(57,034)	(49,064)
Changes in Assumptions	—	151,379	—	—	196,259	—	—	205,038	—
Benefit Payments, including Refunds	(378,799)	(361,094)	(341,812)	(321,613)	(305,817)	(288,738)	(273,865)	(257,495)	(242,630)
Net Change in Total Pension Liability	206,199	372,412	198,622	202,792	341,643	157,036	182,846	416,186	218,787
<i>Total Pension Liability: Beginning of Year</i>									
	7,100,696	6,728,284	6,529,662	6,326,870	5,985,227	5,828,191	5,645,345	5,229,159	5,010,372
<i>Total Pension Liability: End of Year (a)</i>									
	7,306,895	7,100,696	6,728,284	6,529,662	6,326,870	5,985,227	5,828,191	5,645,345	5,229,159
<i>Plan Fiduciary Net Position:</i>									
Contributions - Employer ¹	268,625	273,909	229,120	242,534	224,351	234,713	215,477	220,393	211,677
Contributions - Employee	53,789	57,862	50,132	52,504	51,410	33,279	30,325	25,810	20,283
Net Investment Income	1,043,361	127,861	214,244	267,659	426,606	(27,535)	81,931	487,591	319,432
Benefit Payments, including Refunds	(378,799)	(361,094)	(341,774)	(321,613)	(305,817)	(288,738)	(273,864)	(257,495)	(242,630)
Administrative Expense	(6,061)	(5,523)	(4,804)	(5,117)	(5,243)	(5,224)	(4,887)	(4,958)	(4,016)
Other ²	(2,197)	—	—	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	978,718	93,015	146,918	235,967	391,307	(53,505)	48,982	471,341	304,746
<i>Plan Fiduciary Net Position: Beginning of Year</i>									
	4,438,795	4,345,780	4,198,862	3,962,895	3,571,588	3,625,093	3,576,111	3,104,770	2,800,024
<i>Plan Fiduciary Net Position: End of Year (b)</i>									
	5,417,513	4,438,795	4,345,780	4,198,862	3,962,895	3,571,588	3,625,093	3,576,111	3,104,770
Net Pension Liability: (a) - (b)	\$1,889,382	\$2,661,901	\$2,382,504	\$2,330,800	\$2,363,975	\$2,413,639	\$2,203,098	\$2,069,234	\$2,124,389
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.14 %	62.51 %	64.59 %	64.30 %	62.64 %	59.67 %	62.20 %	63.35 %	59.37 %
Covered Payroll ³	\$ 604,320	\$ 607,695	\$ 579,072	\$ 576,729	\$ 546,671	\$ 537,540	\$ 531,598	\$ 533,851	\$ 516,465
Plan Net Pension Liability as a Percentage of Covered Payroll	312.65 %	438.03 %	411.43 %	404.14 %	432.43 %	449.02 %	414.43 %	387.61 %	411.33 %

¹ See footnote (1) under Schedule of Employer contributions.

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Covered Payroll
2012	\$189,837,000	\$189,837,000	—	\$526,079,162	36.09%
2013	\$211,677,000	\$211,677,000	—	\$516,465,189	40.99%
2014	\$220,393,000	\$220,393,000	—	\$533,850,811	41.28%
2015	\$215,477,000	\$215,477,000	—	\$531,598,183	40.53%
2016	\$234,717,000	\$234,717,000	—	\$537,539,991	40.23%
2017	\$224,351,000	\$224,351,000	—	\$546,671,003	41.04%
2018	\$242,534,000	\$242,534,000	—	\$576,728,789	42.05%
2019	\$229,120,000	\$229,120,000	—	\$579,071,865	39.57%
2020	\$273,908,831	\$273,908,831	—	\$607,695,110	45.07%
2021	\$268,626,000	\$268,626,000	—	\$604,320,398	44.45%

See accompanying notes to this schedule on next page.

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

METHODS AND ASSUMPTIONS USED TO ESTABLISH ACTUARIALLY DETERMINED CONTRIBUTION RATES:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded liability (assuming 3.625% increase).
Remaining amortization period:	15.5 years as of June 30, 2020 for all UAAL as of June 30, 2011. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
Asset valuation method	Fair value of assets less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a fair value basis and are recognized semiannually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves.

June 30, 2019

Actuarial Assumptions:

Investment rate of return	7.25%, net of investment expenses, including inflation
Inflation rate	3.00%
Real across-the-board salary increase	0.50%
Projected salary increases*	General: 4.00% to 9.00% Safety: 4.00% to 12.50%
Administrative expenses	0.90% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.
Cost-of-living adjustments	2.5% (actual increases based on CPI increases with a 2.5% maximum)
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

(1) Includes inflation at 3% plus real across-the-board salary increase of 0.50% plus merit and promotional increases.

SCHEDULE OF MONEY WEIGHTED RATES OF RETURNS FOR LAST 10 FISCAL YEARS ENDED JUNE 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return*	24.3%	3.2%	5.6%	6.8%	12.0%	0.3%	3.0%	15.5%	10.8%

*Net of investment expenses.

Data is provided only for those years for which information is available.

SCHEDULE ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<i>Staffing</i>		
Salaries	\$ 2,357,739	\$ 2,174,798
Benefits	1,651,823	1,532,800
Temporary staff	82,179	26,910
Staffing Total	4,091,741	3,734,508
<i>Staff Development</i>	16,636	51,193
<i>Professional Fees:</i>		
Actuarial fees	71,570	132,870
Audit fees ¹	126,500	46,500
Consultant fees	45,807	105,838
Legal fees	119,665	52,261
Professional Fees Total	363,542	337,469
<i>Office Expenses:</i>		
Building expenses	62,863	73,471
Communications	35,540	23,083
Equipment lease	10,138	11,276
Equipment maintenance	9,638	7,690
Memberships	9,495	9,856
Office supplies & misc. admin.	50,631	54,626
Payroll & accounts payable fees	4,584	10,633
Postage	20,209	20,599
Subscriptions	9,991	4,890
Utilities	39,586	39,566
Office Expenses Total	252,675	255,690
<i>Insurance</i>	136,176	129,645
<i>Member Services</i>		
Benefit payment fees	14,745	12,340
Disability - legal	46,111	16,125
Disability - medical advisors	15,113	34,047
Disability - professional services	167,210	39,731
Member communications	13,247	5,860
Member Services Total	\$ 256,426	\$ 108,103

See accompanying independent auditors' report. Schedule continued on next page.

¹ Includes periodic actuarial audit, see page 60.

SCHEDULE ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 2021 AND 2020 (CONT)

	2021	2020
<i>Systems:</i>		
Audit - security & vulnerability scan	\$ 7,680	\$ 13,750
Business continuity expense	18,730	10,568
Hardware	33,359	23,806
Licensing & support	142,796	83,298
Software	69,384	33,954
Website design	1,655	780
Systems Total	273,604	166,156
<i>Board of Retirement</i>		
Board compensation	12,161	9,921
Board conferences & training	4,535	39,151
Board elections	—	34,705
Board meetings	137	3,001
Board of Retirement Total	16,833	86,778
<i>Depreciation/Amortization</i>	653,043	653,687
Total Administrative Expenses	\$ 6,060,676	\$ 5,523,229

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<i>Investment manager Fees:</i>		
Equity	\$ 4,491,285	\$ 4,712,717
Fixed income	3,863,690	2,600,791
Commodities	1,457,520	2,139,458
Midstream Energy	525,498	—
Real estate	2,537,863	4,211,708
Opportunistic	3,258,096	—
Private equity/Credit funds	8,324,665	3,811,689
Hedge funds	34,122,569	15,061,468
Cash and Overlay	301,265	—
Total Investment Manager Fees	58,882,451	32,537,831
<i>Other Investment Expenses:</i>		
Custodian	536,729	480,000
Actuarial valuation	130,576	113,871
Investment consultants	1,646,195	1,149,086
Legal fees	308,169	96,546
Due diligence	—	9,021
Real estate	45,600	20,194
Total Other Investment Expenses	2,667,269	1,868,718
Total Fees and Other Investment Expenses	61,549,720	34,406,549
<i>Securities Lending rebates and bank fees</i>	40,503	55,392
Total Investment Expenses	\$ 61,590,223	\$ 34,461,941

See accompanying independent auditors' report.

SCHEDULE OF PAYMENTS TO CONSULTANTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Individual or Firm	Nature of Service	Commission/Fee	
		2021	2020
Cortex Applied Research, Inc.	Policy consultants	\$ 45,807	\$ 75,138
Segal Consulting	Actuarial services	71,570	132,870
Kern County Counsel	Legal counsel	63,688	31,705
Nossaman LLP	Legal counsel	68,424	30,422
Ice Miller	Legal counsel	20,809	1,265
Reed Smith LLP	Legal counsel	12,856	12,973
Cheiron	External auditors	80,000	—
CliftonLarsonAllen	External auditors	46,500	46,500
Agility Recovery Solutions	Disaster recovery	18,730	10,568
TraceSecurity LLC	System audit	7,680	13,750
Total Payments to Consultants		\$ 436,064	\$ 355,191

*These payments were made to outside consultants other than investment professionals.
A Schedule of Investment Fees is presented on pages 78-81 in the Investment Section.*

See accompanying independent auditors' report.

INVESTMENT SECTION



October 15, 2021

Mr. Dominic Brown
Executive Director
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

Dear Mr. Brown,

Verus is pleased to have had the opportunity to serve the Kern County Employees' Retirement Association since July 2011 and to provide this investment review for the fiscal year ending June 30, 2021.

Verus independently calculated the Fund's fiscal year performance results utilizing a time-weighted annualized rate of return methodology (modified Dietz method) with data on market valuations and transactions provided by the Fund's custodian bank, the Northern Trust Company. For the fiscal year ended June 30, 2021, KCERA's retirement fund had an investment gain of 24.2% (gross of fees) and 23.9% (net of fees) and ended the fiscal year with total assets of approximately \$5.4 billion.

All KCERA's investments are managed according to guidelines codified in KCERA's Statement of Investment Goals, Objectives and Policies. This Statement is reviewed periodically to ensure best practices are employed in all aspects our work and was last updated in December 2020.

Capital Markets Review

Two steps forward, one step back, two steps forward, one step back. Slow and bumpy improvement probably best describes the trajectory of the global economy over the last year. The faster-than-expected distribution of highly effective vaccines within the developed world paved the way for gradual reopening of developed economies, but emerging economies with less access to quality vaccines were less prepared to deal with the litany of more-virulent mutations and had to respond with more draconian social distancing controls to mitigate increases in case growth.

Risk-on sentiment propelled financial markets forward, backstopped by continued support from global central banks, the light at the end of the tunnel provided by vaccines and the inclination of markets to shrug off big surprises on earnings and economic data. Expectations for a strong rebound in economic growth and inflation over the intermediate-term sparked a rotation from the growth sectors that had performed well through the crisis toward more value-orientated sectors prospectively positioned to outperform in a period of rising interest rates. This reflation trade thrived from around mid-August until mid-May but began to unravel late in the fiscal year as a result of concerns about the delta Covid-19 variant impeding a full and swift global economic recovery, as well as a hawkish pivot from the Federal Reserve, which reduced the likelihood of higher inflation and interest rates over the longer term. Looking ahead, the major questions investors are grappling with center around the staying power of high levels of inflation, the timeframe over which the Federal Reserve may begin to taper asset purchases, the outlook for fiscal stimulus, and the capability of companies to sustain high enough levels of earnings growth to justify elevated valuations.

U.S. equity

Up and to the right has been the story for U.S. equity prices over the past year as investors largely looked through the shorter-term impact of pandemic-related shutdowns and bet that fiscal and monetary support would be able to build a bridge to a post-pandemic world. As of June 30th, 2020, the S&P 500 Index remained 8.4% beneath its previous high-water mark of 3386. By August 18th, the overall index had reached a fresh all-time high, and would proceed to close at record high levels in 53 of the 218 remaining trading days in the fiscal year, delivering a 40.8% total return along the way. Realized and implied volatility receded to levels more in line with longer-term historical averages. Since making its full recovery in August of 2020, the largest drawdown from prior peak levels suffered by the S&P 500 Index was -9.6%, and between November 4th, 2020 and June 30th, 2021, the index never closed further than 5% beneath its previous record high.

Corporate revenues began to recover over the year, and higher operating leverage ratios which resulted from a litany of cost-saving initiatives implemented during the pandemic worked to supercharge earnings growth. Per FactSet, the estimated year-over-year earnings growth for the S&P 500 Index as of Q2 2021 is 64.0%. If that rate were to materialize, it would mark the highest year-over-year rate reported by the index since Q4 2009 (109.1%). Despite the massive increase in corporate earnings, increasing prices prevented a material rerating of U.S. equity valuations, which remain at stretched levels relative to recent history. The forward 12-month price-to-earnings ratio of the S&P 500 Index remains at 21.4x -- well above both the five-year (18.1x) and ten-year (16.2x) averages. It is worth noting, however, that forward earnings estimates 12 months ago proved far too pessimistic, as analysts underestimated the strength of profit growth which resulted in an overestimation of valuations.

In terms of size and style, small-cap equities (Russell 2000 Index +62.0%) made back some lost ground relative to large-cap equities (Russell 1000 Index +43.1%) and the value factor (Russell 1000 Value Index +43.7%) narrowly outperformed the growth factor (Russell 1000 Growth Index +42.5). Much of the outperformance of the value factor was driven by the reflation trade which dominated the market narrative from around August when news broke about the successful mRNA vaccines to around mid-May and June when concerns around the delta variant and a hawkish Fed pivot pushed down the long end of the U.S. yield curve. That reflation trade favored sectors more heavily weighted in the value benchmarks, including financials, industrials, and materials, which returned 57.6%, 47.5%, and 46.0% over the fiscal year, respectively.

International equity

Global equities largely tracked U.S. equities over the trailing twelve months, and the MSCI ACWI Index returned 39.3% in U.S. dollar terms, with weakness in the U.S. dollar providing a slight boost to returns experienced by unhedged U.S. investors. Emerging market equities delivered a total return of 40.9% in U.S. dollar terms, edging out U.S. equities (S&P 500 Index +40.8%) and outpacing international developed equities (MSCI EAFE +32.4%).

The superior performance of emerging market equities was driven by a rebound in its Latin American contingent broadly, and Brazil and Mexico specifically. The MSCI Brazil Index returned +46.6%, boosted by a 10% appreciation of the Brazilian real relative to the U.S. dollar. In Mexico, stocks advanced 55.9%, as the Mexican peso appreciated 15.4% relative to the dollar. The recovery in crude oil prices from around \$41 to \$75 per barrel undoubtedly played a huge role in the resurgence, but that recovery also coincided with a material pickup in inflation which led many central banks within the index to begin tightening the reins with regard to monetary policy. Year-over-year inflation in Brazil rose from 2.1% to 8.4%, which led the Brazilian central bank to hike its

main rate from 2.50% to 4.25% over the course of the year. The story was largely the same in Mexico, where inflation rose from 3.3% to 5.9%, and policymakers at the Banco de Mexico hiked their target overnight rate in June for the first time since December 2018. There exists some concern that given the general lack of access to quality vaccines in some of these countries, persistently high inflation rates could force monetary policymakers to tighten financial conditions before their respective economies are ready, which could pressure the outlook.

In Asia, Taiwanese (+70.5%) and Korean (+66.2%) equities delivered impressive returns, but Chinese equities returned just 27.4%, materially lagging the global opportunity set. Chinese equities began to sell off in late February, with the initial catalyst being a decision from the People's Bank of China to shift its focus away from ensuring accommodative financial conditions to enable a swift economic recovery and toward limiting the risks of excessive leverage which has been building up in certain segments of the economy, most notably the domestic housing market. This shift in focus from ensuring economic recovery to managing the risks of financial excesses resulted in a marginal tightening of liquidity across the region, which sparked a sell-off in some of the high-flying tech companies that had driven emerging market outperformance in the early days of the pandemic. Losses in China accelerated in the second quarter of 2021 when regulators in China cracked down on some national champions in the IT industry over concerns around the risks of the data gathered by those companies falling into the wrong hands, which could undermine the position of the Communist Party of China. While it appears that both general liquidity conditions have begun to improve and the tech crackdown has showed signs of easing, these issues remain front and center for the broader emerging market equity universe.

In Europe, stocks returned just 26.6% in local terms, but the strong run of the euro relative to the dollar boosted performance for unhedged U.S. investors in European equities to 35.1%. Inflation in Europe has picked up more slowly than in the U.S. or the emerging markets. This, combined with the Eurozone's relative inflexibility with regard to fiscal policy, likely supports the case that the European Central Bank will have the longest runway for continuing to provide monetary accommodation. In the first half of 2021, concerns around the spread of the delta variant pushed ECB policymakers to accelerate the pace of purchases within the Pandemic Emergency Purchase Program to provide additional support over the short-term, with the goal of preserving conditions for a robust recovery. The most recent commentary from ECB President Lagarde reflected a "guardedly optimistic" outlook for the economy but did not mention any expected changes to policy in the near term. Within the international developed complex in Asia, Japanese equities underperformed in both local (+28.4%) and U.S. dollar (+24.8%) terms. The Japanese yen was one of the few currencies which depreciated relative to the dollar over the last year, due in part to the significant increase in U.S. Treasury yields above Japanese government bond yields, which officials at the Bank of Japan have committed to keeping within a relatively narrow range (within 25 basis points of 0.0%).

Fixed income

The reflation narrative and debate over the persistence of higher inflation rates largely directed the global fixed income markets over the last year. In the U.S., the 10-year Treasury yield rose from 0.66% to a post-pandemic peak of 1.74% by the end of the first quarter of 2021, before moderating to 1.47% by the end of the fiscal year. Breakeven inflation rates tracked Treasury yields in terms of direction – the ten-year breakeven inflation rate rose from 1.34% to an eight-year high of 2.56% in May before moderating slightly during the last few weeks of the fiscal year. Overall, the Fed has remained steadfast in its view that recent increases in inflation rates have been a byproduct of the broad economic reopening, pandemic-related supply chain disruptions, and low base effects

(inflation is a year-over-year calculation which means the depressed prices of early 2020 create the appearance of rising inflation). In other words, their view is that increases in inflation are more likely to be transitory than persistent. An analysis of the drivers of inflation growth on balance appear to support this view - most of the acceleration in price growth of the last year can be attributed increases in gas prices as the energy sector has recovered, and a surge in used car and truck sales. Increases in gas and energy have been highly impacted by the fact that energy prices reached extremely low levels in early 2020, as oil prices actually went negative in the futures market. The price recovery of energy has placed significant upward pressure on inflation because inflation measures 12-month price change. Used car and truck prices were likely pushed higher as a result of two effects: first, a massive surge in new car purchases driven by government stimulus checks and compounded by health concerns relative to public transportation. Second, a global semiconductor shortage which crimped supply of new vehicles. Price movements caused by these effects were likely one-time in nature and will dissipate as stimulus spending slows and supply chains are brought back in order. However, owner's equivalent rent (OER) may be pushing up prices in a more structural way. OER is much slower moving due to the impact of 12-month lease arrangements and the longer time it takes for price increases to flow through to consumers more broadly. Proponents of the persistent inflation argument may point to this category, as well as recent increases in wages as evidence that price growth may prove sustainable. In any case, the Fed appears to be focusing more on the risks to the labor market and economic recovery of pulling back on accommodative policy too early, rather than the risk of runaway inflation. This likely stoked a sizeable steepening in the yield curve and a surge in longer-term interest and breakeven inflation rates. However, at their June meeting, Fed officials signaled that a full labor market recovery was more of a "when" question rather than an "if" question and appeared to be shifting more focus onto inflation over the shorter term, which markets took as hawkish on the margin. Following the release, the market-implied number of fed funds range hikes by the end of 2023 picked up to between two and three, slightly higher than the two hikes implied by the June edition of the Federal Open Market Committee's dot plot. Rising expectations for rate hikes in the shorter-term helped to drive down interest rates on the long-end of the curve, due to the path-dependent nature of longer-term growth and inflation expectations: more restrictive policy in the near-term is likely to reduce the potential for longer-term growth and reduces the likelihood of longer-term inflation. Currently, conversations at the Fed are focused on the optimal time to begin tapering asset purchases. The Fed is still buying \$80 billion in Treasuries and \$40 billion in mortgage-backed securities per month, and division appears to be forming within the Fed regarding the ideal complexion of the taper. Some members of the committee have pointed to the health of the housing market and argued that mortgage-backed security purchases could perhaps be cut back before Treasuries, while other members are in favor of a proportional unwind over time. We will continue to follow developments.

In terms of performance, global treasuries returned 1.2% in U.S. dollar terms, with U.S. Treasuries underperforming (-3.5%), and longer-duration Treasuries in the U.S. faring the worst (-10.6%). Large increases in breakeven inflation rates helped to buffer Treasury inflation-protected securities from the impact of increasing interest rates, and the Bloomberg Barclays TIPS Index returned 6.5%. Credit spreads compressed to the lowest level since the Global Financial Crisis and default rates fell to below average levels, supporting outperformance of riskier credit. In the U.S., corporates within the Bloomberg Barclays Aggregate Index delivered a return of 3.3%, high-yield credit returned 15.4% as spreads dipped from 6.26% to 2.68%, and bank loans advanced 11.7%. Outside of the U.S., hard-currency denominated emerging markets debt climbed 6.8%, while local-currency emerging market debt returned 6.6%. While emerging market debt spreads have remained at compressed levels, increases in benchmark interest rates pushed forward by central bankers within

the complex sent total yields slightly higher, which weighed on performance. The anticipation of further hikes could put pressure on prices.

Commodities

The global economic reopening and the coincident pickup in inflation rates increased the demand for input goods and spot assets. These dynamics fueled strong commodities performance. The Bloomberg Commodity Index generated a 45.6% total return, and all major sectors contributed positively to the total return of the overall index. Three sectors in particular drove the advance. The energy sector surged 54.2%, supported by strong returns of both West Texas Intermediate crude oil (+81.6%) and Brent crude oil (+77.4%). Grains advanced 65.3%, boosted by surges in corn (+85.5%) and soybeans (+69.7%) as Chinese purchases increased dramatically and droughts in the crucial Black Sea region impaired supply. Industrial metals advanced broadly, with copper, aluminum, zinc, and nickel all climbing more than 40% over the fiscal year. Broadly, it appears that corporations around the world were far too pessimistic in their assessments for demand over the year, which led commodity producers to cut production. The subsequent quick recovery in demand forecasts, alongside reduced capacity to supply that demand, resulted in a “bullwhip” effect which helped to push commodity prices up across the board. Roll return continued to exert a significant negative impact on commodities total return, but more recent backwardation in specific commodity futures curves may paint a more optimistic picture for roll return moving ahead.

Currency

Shifts in foreign exchange rates played a large role in relative performance across countries and regions over the last year. The major story proved to be a downward trend in the U.S. dollar relative to both developed and emerging market pairs. Despite showing some signs of stabilization in both the first quarter and the month of June in 2021, the overall trend was lower. The Bloomberg Dollar Spot Index, a gauge of the strength of the U.S. dollar relative to trade-weighted pairs, declined 6.4%. Within the developed market basket, the pound (+11.5%) and the euro (+5.6%) gained ground on the dollar while the yen (-2.9%) weakened slightly. Oil-linked currencies including the Canadian dollar (+9.5%) and Swedish krona (+9.0%) benefitted from the energy rebound. Emerging market currencies (+5.5%) appreciated broadly, with the largest gains coming from currencies in countries whose economies were more value-orientated, and which were poised to benefit more from a pro-cyclical recovery in economic activity and growth. Overall, the embedded currency portfolio of the MSCI ACWI Index increased returns for unhedged U.S. investors by 2.3%, while the boost from embedded currency worked out to 4.3% and 5.8% for unhedged U.S. investors in the MSCI EAFE Index and MSCI Emerging Markets Index, respectively.

Outlook

Risk-on sentiment has driven global financial markets over the last year, with equity benchmarks hitting fresh all-time highs, bond yields rising, credit spreads tightening to their lowest level in over a decade, and the dollar weakening. Investors appear to have priced in an eventual full recovery from the global pandemic, and the expectation for continued support over the intermediate term from developed market central banks appears to have emboldened market participants to continue to take risk. More recently, concerns have built around the spread of the delta variant and its potential to limit the pace of global economic growth moving forward, as well as eventual asset purchase tapering from the Fed which looks less likely to allow inflation to run unchecked. As a result, the reflation trade has slowed, and investors have rotated out of shorter-duration energy stocks toward longer-duration tech stocks, and into bets on a flatter yield curve. Corporate earnings have delivered to some extent on the promise implied by price action last year, but continued price increases this year have kept valuations at historically stretched levels. While it appears possible that risk assets could continue to rally into the next year, the road could well become bumpier from here, given the lack of value apparent across asset classes at present.

Written by Verus Advisory

Asset Allocation

At fiscal year-end, KCERA's asset allocation was broadly in line with Investment Policy targets, as shown in the table below:

<i>Asset Class</i>	<i>Policy Target</i>	<i>Year-End Allocation*</i>
Equity	37%	41.4%
Fixed Income	24%	23.1%
Commodities	4%	5.4%
Hedge Funds (incl. Alpha Pool)	15%	14.7%
Midstream Energy MLPs	5%	4.4%
Core Real Estate	5%	5.0%
Private Equity	5%	1.6%
Private Credit	5%	4.2%
Private Real Estate	5%	1.2%
Opportunistic Investments	0%	1.8%
Cash	-5%	-2.8%

**May not sum to 100% due to rounding*

During the year, the Plan implemented adjustments to its strategic asset allocation, which included additional allocations to Midstream Energy, Private Real Estate, and a Capital Efficiency program intended to take advantage of the alpha earning potential inherent in hedge funds. These changes are expected to increase the Plan's efficiency by increasing return expectations while maintaining a relatively conservative risk profile.

Investment Performance

The Plan earned 23.9% for the fiscal year ending 6/30/21, exceeding the actuarial assumed rate of return and its policy benchmark. The primary contributor to the Plan's excess returns was the sharp market recovery from the global pandemic, combined with a modest overweight to public market equity as the recovery strengthened.



As always, Verus greatly appreciates the opportunity to assist the KCERA Board in meeting the Plan's long-term investment objectives. We look forward to continuing in our role of investment advisor and providing guidance to help navigate ever-changing capital market environments.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Whalen", with a long, sweeping horizontal line extending to the right.

Scott J. Whalen, CFA, CAIA
Executive Managing Director

POLICIES ADOPTED BY THE BOARD OF RETIREMENT ON MARCH 9, 2016

GENERAL INFORMATION

The Board of Retirement (the Board) has exclusive control of the investments of the retirement fund and, therefore, establishes investment policies and implements investment decisions. The overall objective of KCERA's investment program is to prudently invest assets such as to offset some of the costs of the Plan in providing the retirement benefits required by the County Employees' retirement Law of 1937.

The Board is governed by Government Code Sections 31594 and 31595, which provide a standard of care commonly known as the "prudent expert rule," a rule that recognizes that special skill and knowledge may be necessary in order to invest the fund prudently. Accordingly, the Board retains a number of professional investment advisers and investment consultants. The Board is required to diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless it is clearly prudent not to do so.

The Board consists of nine members and two alternate members. Four members of the Board are appointed by the Kern County Board of Supervisors; four members are elected by active and retired members of KCERA; and the County Treasurer-Tax Collector is a statutory member of the Board.

SUMMARY OF INVESTMENT GUIDELINES

The Board of Retirement has adopted an Investment Policy Statement to serve as the framework for investment policy making and investment objective setting within the context of applicable California laws. The Statement establishes investment guidelines, objectives and policies, and defines the responsibilities of the Board members in regard to KCERA's investments. The investment philosophy articulated in the Statement is outlined below:

- Protecting the corpus of the Fund;
- Managing the fund in a prudent manner, recognizing risk and return trade-offs;
- Earning adequate investment returns in order to protect and pay the benefits promised to the participants with a minimum amount of associated risk;
- Maintaining sufficient liquidity to fund expenses and benefit payments as they come due; and
- Complying with applicable law.

SUMMARY OF PROXY VOTING GUIDELINES

The Board has established the KCERA Proxy Voting Policy for dealing with proxies. This policy considers shareholder voting on corporate issues to represent assets of the Plan to be voted in the best interests of the beneficiaries of the Plan. The voting of proxies is delegated to a third party to vote on behalf of the Board according to the guidelines established in the policy. The Board is responsible to monitor proxy voting to see that its policies are implemented effectively.

ASSET ALLOCATION

The Board of Retirement periodically establishes an asset allocation policy aimed at achieving a long-term rate of return on the fund's investments such as to prudently add income to the fund to help provide the benefits promised. The asset allocation statement provides a target allocation or weighting to each of the broad investment classes of assets along with allowable ranges of weightings around each target weight. The target weights are viewed as longer-term objectives to be funded in a manner consistent with efficiency and cost savings. The asset allocation policy provides the target level of diversification among asset classes anticipated for the future. Asset allocation is reviewed on an annual basis to ensure that the expectations and assumptions incorporated in the policy remain valid and appropriate. Investment performance is monitored on quarterly, annual and multi-year basis. The asset allocation of the fund is rebalanced, as needed, but also in view of the costs of such transactions.

The Board engages external professional investment advisers to invest various portions of the fund. The advisers are, however, constrained to invest as provided in KCERA's investment policies and allocation guidelines. Investment advisers formally notice their compliance with such policies, and their portfolios are scrutinized for compliance at regular intervals. KCERA's investment consultant and investment staff participate in policy formulation and new manager searches, as well as in the termination of existing managers failing to perform or maintain compliance with their investment mandates.

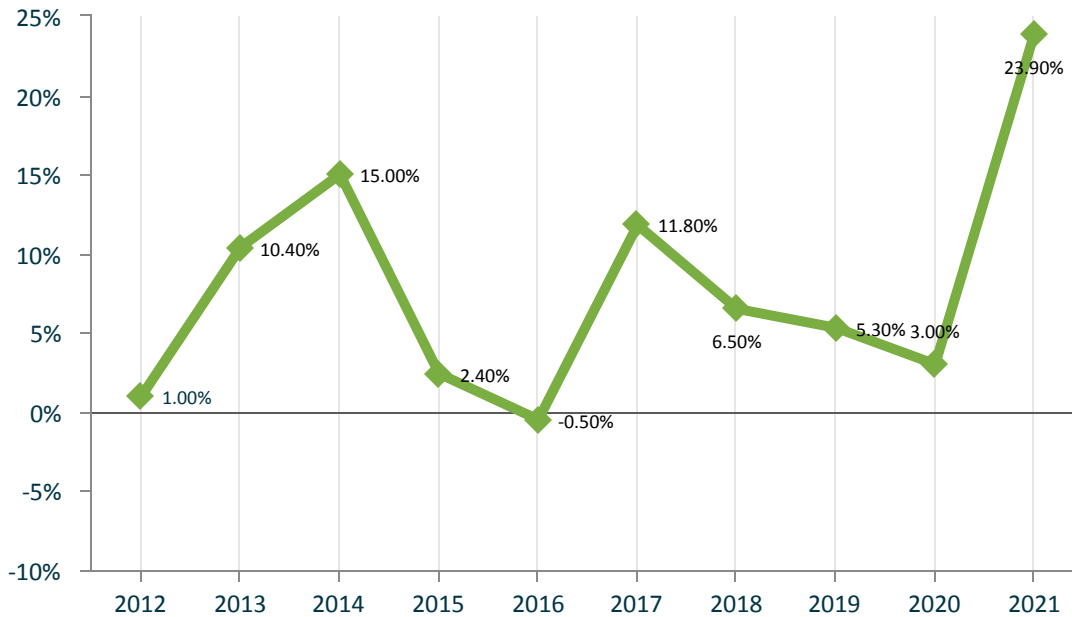
The Board of Retirement adopted the current asset allocation policy in December 2020. KCERA's strategic target asset allocation and actual asset allocation as of June 30, 2021 are as follows:

Asset Class	Actual	Target	Minimum	Maximum
Domestic Equity	22.5%	21.0%	16.0%	27.0%
International Developed Equity	13.1%	12.0%	8.0%	18.0%
Emerging Markets Equity	5.8%	4.0%	1.0%	9.0%
Domestic Fixed Income Core Plus	12.1%	14.0%	12.0%	25.0%
Domestic Fixed Income High Yield	5.9%	6.0%	3.0%	9.0%
Emerging Markets Fixed Income	5.1%	4.0%	1.0%	7.0%
Commodities	5.4%	4.0%	0.0%	6.0%
Hedge Funds	10.8%	10.0%	5.0%	15.0%
Capital Efficiency Alpha Pool	3.9%	5.0%	0.0%	7.0%
Midstream	4.4%	5.0%	0.0%	7.0%
Core Real Estate	5.0%	5.0%	3.0%	7.0%
Opportunistic	1.8%	0.0%	0.0%	10.0%
Private Equity	1.6%	5.0%	0.0%	10.0%
Private Credit	4.2%	5.0%	0.0%	10.0%
Private Real Estate	1.2%	5.0%	0.0%	10.0%
Cash and Equivalents	-2.8%	-5.0%	-5.0%	-7.0%
Total	100.0%	100.0%		

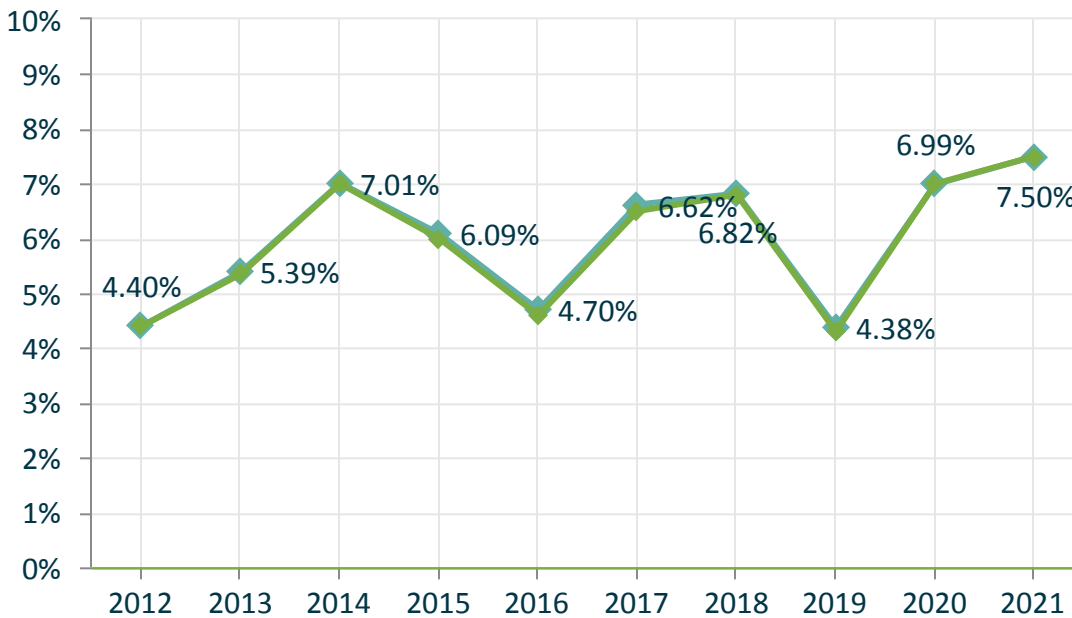
Type of Investment	Fair Value (In thousands)	% of Total Fair Value
<i>Domestic Equity:</i>		
All Cap Passive	\$ 364,341	6.48 %
Large Cap Enhanced	196,534	3.50 %
Small Cap Growth	56,852	1.01 %
Small Cap Value	95,584	1.70 %
Total Domestic Equities	713,311	12.69 %
<i>International /Global Equity</i>		
Large Cap	264,510	4.71 %
Global	313,376	5.58 %
Small Cap	310,426	5.52 %
Emerging Markets	289,543	5.15 %
Total International Equities	1,177,855	20.96 %
<i>Fixed Income</i>		
Core	180,212	3.21 %
Core Plus	430,548	7.66 %
Structured Debt	130,701	2.33 %
High Yield	181,482	3.23 %
Emerging Markets	276,842	4.93 %
Total Fixed Income	1,199,785	21.36 %
<i>Real Estate</i>		
Core	269,838	4.80 %
Value Added	116,663	2.08 %
Property	3,998	0.07 %
Total Real Estate	390,499	6.95 %
<i>Alternate Investments</i>		
Private Credit	228,159	4.06 %
Private Equities	97,275	1.73 %
Opportunistic	82,523	1.47 %
Hedge Funds	765,727	13.63 %
Commodities	345,848	6.16 %
Total Alternative Investments	1,519,532	27.05 %
Collateral held for Securities Lending	181,519	3.23 %
Cash and Equivalents	436,433	7.76 %
Total Investments	\$ 5,618,934	100.00 %
KCERA Capital Assets	1,859	
KCERA Receivables/Payables	(203,280)	
Fiduciary Net Position	\$ 5,417,513	

*Fair Value totals are inclusive of payables and receivables as of June 30.

ANNUAL RETURNS (NET OF FEES) FOR PERIODS ENDED JUNE 30



FIVE-YEAR SMOOTHED ASSET VALUATION FOR PERIODS ENDED JUNE 30



KCERA uses the five-year smoothed spread gain valuation method to allocate investment earnings greater than (or less than) the assumed investment return (i.e., actuarial assumption rate minus actual rate). The reserve account balances reflect the five-year smoothed asset valuation method for actuarial purposes. In accordance with KCERA's Interest Crediting Policy, when investment returns would result in a negative five-year smoothed rate, KCERA sets the smoothed rate at 0.00% and credits the Contingency Reserve with the negative balance.

RETURNS FOR PERIODS ENDED JUNE 30

	Current Year	Annualized		
		3-Year	5-Year	10-Year
Total Fund:	23.9	10.3	9.8	7.6
Benchmark: Policy Index*	23.6	10.7	9.8	7.4
Domestic Equity:	43.2	18.2	17.8	—
Benchmark: Russell 3000	44.2	18.7	17.9	—
International Developed Equity:	36.7	8.5	11.2	—
Benchmark: MSCI World ex USA IMI GR	35.4	9.1	11.1	—
Emerging Markets Equity:	39.5	7.0	8.5	—
Benchmark: MSCI EM IMI GR	43.7	11.8	13.3	—
Core Plus Fixed Income:	1.0	6.0	3.8	—
Benchmark: Barclays US Aggregate	-0.3	5.3	3.0	—
High Yield/Specialty Credit	13.1	6.4	6.3	—
Benchmark: ICE BofAML High Yield Master II	15.6	7.1	7.3	—
Emerging Market Debt:	9.1	5.0	3.8	—
Benchmark: **	8.7	5.5	4.2	—
Commodities:	43.2	6.1	5.6	—
Benchmark: Bloomberg Comm. Index	45.6	3.9	2.4	—
Hedge Funds	16.1	8.4	8.0	5.8
Benchmark: ***	12.3	8.0	7.8	6.2
Alpha Pool	14.6	—	—	—
Benchmark: 91-Day T-Bill +4%	4.1	—	—	—
Midstream Energy	—	—	—	—
Benchmark: Alerian Midstream Index	53.0	—	—	—
Core Real Estate:	5.6	4.3	5.2	—
Benchmark: NCREIF-ODCE	8.0	5.5	6.6	9.6
Private Real Estate:	10.9	8.1	7.1	10.3.
Private Equity:	38.0	11.1	11.0	10.0
Private Credit:	3.8	6.3	7.7	—
Opportunistic	52.0	—	—	—
Benchmark: Assumed Rate of Return +3%	10.4	—	—	—

* Total Fund:

37% MSCI ACWI IMI,
6% Ice BofA ML High Yield Master II Index
2% JPM Governmental Bond Index Emerging Markets
7.5% 3-Month T-Bill + 400 bps
1% Actual time-weighted Private Equity Returns
1% Actual time-weighted Private Real Estate Returns
4% Alerian Midstream 1% BBgBarc

14% Barclays US Aggregate
2% JPM Emerging Markets Bond Index Global
4% Bloomberg Commodities
2.5% MSCI ACWI 5% NCREIF-ODCE
4% Actual time-weighted Private Credit Returns
4% MSCI ACWI* 5% Barclays US Aggregate

** 50 JPM EMBI Global Div/50 JPM GBI EM

*** 75% 90Day TBills + 4% / 25% MSCI ACWI

Note: Return calculations were prepared, net of fees, using a time-weighted rate of return based on fair values.

Note: Return calculations were prepared, net of fees, using a time-weighted rate of return based on fair values.

CONSULTANTS

Abel Noser
Albourne America LLC
Cambridge Associates
Verus Investments

CUSTODIAN

The Northern Trust Company

THIRD-PARTY SECURITIES LENDING

Deutsche Bank

INVESTMENT MANAGERS

Domestic Equity

AllianceBernstein
Geneva Capital Management
Mellon Investment Management
Pacific Investment Management Co

International Developed Equity

American Century Investment Management
BlackRock Financial Management
Cevian Capital
Mellon Investment Management

Emerging Market Equity

AllianceBernstein
Dimensional Fund Advisors
Mellon Investment Management

Core Fixed Income

Mellon Investment Management
Pacific Investment Management Co
Western Asset Management

High Yield Fixed Income

TCW Asset Management
Western Asset Management

Emerging Markets Debt

Pacific Investment Management Co
Stone Harbor Investment Partners

Commodities

Gresham Investment Management
Wellington Trust Company (WTC)

Midstream Energy

Blackstone Harvest
Pacific Investment Management Co

Core Real Estate

ASB Capital Management
J.P. Morgan Asset Management

INVESTMENT MANAGERS (CONT.)

Private Real Estate

Covenant Capital Group
Invesco
KCERA Property
Landmark Partners
Long Wharf Capital

Private Equity

Abbott Capital Funds
Brighton Park Equity
LGT Crown
Pantheon Funds
Vista Equity Partners
Warren Equity

Private Credit

Blue Torch Capital
Brookfield Asset Management
Colony Capital
Fortress Investment Group
H.I.G. Capital
Magnetar Capital
TSSP Adjacent Opportunities Partners

Opportunistic

DB Investors
TAO Contingent

Hedge Funds

Aristeia Capital
Brevan Howard Capital Management
D.E. Shaw & Co
HBK Capital Management
Hudson Bay Capital Management
Indus Capital Partners
Magnetar Capital
Myriad Asset Management
Pacific Investment Management Co
PMF LTD
River Birch Capital
Sculptor Capital Management Group

Alpha Pool

Hudson Bay Capital Management
Davidson Kempner Capital Management
HBK Capital Management

LARGEST STOCK DIRECT HOLDINGS (FAIR VALUE)

Shares	Stocks	Fair Value
260,950	CHENIERE ENERGY INC COM NEW	22,634,803
763,515	MLP MPLX LP COM UNIT REPSTG LTD PARTNER	22,607,679
780,774	MLP ENTERPRISE PRODS PARTNERS L P COM	18,840,077
1,676,161	MLP ENERGY TRANSFER LP COMMON UNITS REP	17,817,591
541,154	WILLIAMS CO INC COM	14,367,639
543,467	WESTERN MIDSTREAM PARTNERS L P COM UNITS	11,641,063
247,033	TARGA RES CORP COM	10,980,617
329,275	PEMBINA PIPELINE CORPORATION COMMON	10,464,580
205,072	ENBRIDGE INC COM	8,211,083
597,605	PLAINS GP HLDGS L P LTD PARTNER INT CL ANEW	7,135,404

LARGEST BOND DIRECT HOLDINGS (FAIR VALUE)

Par	Bonds	Fair Value
14,950,000	UNITED STATES OF AMER TREAS BONDS DTD	16,251,863
10,300,000	FNMA SINGLE FAMILY MORTGAGE 2% 30 YEARS	10,353,109
7,400,000	FNMA SINGLE FAMILY MORTGAGE 4% 30 YEARS	7,921,469
6,940,000	USA TREASURY NTS USA TREAS NTS 2.75%	7,321,667
6,500,000	UTD STATES TREAS 1.375% DUE 08-31-2026	6,890,699
6,200,000	UNITED STATES TREAS NTS 2.125% 03-31-2024	6,131,800
6,240,000	UNITED STATES TREAS BDS 1.875% DUE	5,701,953
5,820,000	US TREASURY N/B 2% DUE 02-15-2050 REG	6,095,007
5,130,000	UNITED STATES TREAS BDS 1.875% DUE 02-15-2041	4,845,759
4,600,000	FNMA SINGLE FAMILY MORTGAGE 3% 30 YEARS	4,781,844

A complete list of portfolio holdings is available upon request.

for the years ended June 30, 2021 and 2020

(In thousands)			
Asset Classes	2021	2020	
Domestic Equity	\$ 912,614	\$ 1,013,064	
International / Global Equity	976,498	680,776	
Fixed Income	1,201,840	1,408,007	
Real Estate	390,499	278,658	
Hedge Funds	852,051	548,866	
Private Credit	216,110	159,225	
Private Equity	105,524	84,435	
Commodities	345,848	220,590	
Investments at Fair Value	5,000,984	4,393,621	
Cash & Short-Term Investments	436,433	163,251	
Investments Sold / Purchased	(43,788)	(138,866)	
Investment Income & Other Liabilities	23,051	22,557	
Total Assets Under Management	5,416,680	4,440,563	
KCERA Capital Assets	1,692	2,345	
KCERA Prepaid Expenses	165	38	
KCERA Accruals	(1,024)	(4,152)	
Fiduciary Net Position	\$ 5,417,513	\$ 4,438,794	

for the years ended June 30, 2021 and 2020

Investment Manager Fees	2021	2020
<u>Domestic Equity</u>		
AllianceBernstein Trust Company	\$ 779,571	\$ 537,539
Henderson Geneva Capital Management	527,076	477,432
Mellon Capital Management (Dynamic US Equity)	367,416	359,899
Mellon Capital Management (US Equity)	52,629	54,874
Pacific Investment Management Company	532,868	207,014
Sustainable Growth Advisors	—	571,167
Total Domestic Equity Managers	2,259,560	2,207,925
<u>International / Global Equity</u>		
American Century	104,639	—
BlackRock Institutional Trust Company	260,196	261,805
Cevian Capital II SP	345,122	301,704
Dodge & Cox Funds	—	608,395
Pyramis Global Advisors (Small Cap)	271,048	451,595
Mellon Int'l (Canada Stock & Int'l Stock)	81,998	43,088
Total International Equity Managers	1,063,003	1,666,587
<u>Emerging Markets Managers</u>		
AllianceBernstein Trust Company	695,100	563,662
Dimensional Fund Advisors	433,555	459,818
MCM DB SL Emerging Markets Sock Index Fund	40,067	272
Total Emerging Markets Managers	1,168,722	1,023,752
<u>Total Core</u>		
Mellon Capital Management (Fixed Income)	52,887	92,979
Pacific Investment Management Company	180,336	247,261
Western Asset Management Company	535,270	553,272
Total Core Managers	768,493	893,512
<u>Total Credit</u>		
TCW Securitized Opportunities	931,114	791,042
Western Asset Management Company	449,605	371,584
Total Credit Managers	1,380,719	1,162,626
<u>Total Emerging Markets Debt</u>		
PIMCO EB Beta	1,307,159	116,158
Gramercy Funds Management	—	234,993
Stone Harbor Investment Partners	407,319	309,659
Total Emerging Markets Debt Managers	1,714,478	660,810

(Schedule of Investment Fees continued on next page)

KCERA 2021 - Schedule of Investment Fees

Investment Manager Fees	2021	2020
<u>Commodities</u>		
Gresham Investment Management	380,756	330,489
Wellington Trust Company	1,076,764	699,191
Total Commodity Managers	1,457,520	1,029,680
<u>Hedge Funds</u>		
Aristeia International Ltd	3,578,377	1,399,278
Systematica Blue Trend	15,375	94,649
Brevan Howard Multi-Strategy Fund	2,206,490	2,213,877
D.E. Shaw Composite Fund	5,257,062	2,569,621
HBK Multi-Strategy Fund	2,061,218	827,260
Hudson Bay Cap Structure Arbitrage	7,451,652	4,741,043
Indus Pacific Opportunities Fund	2,956,868	370,271
Magnetar Structured Credit Fund	868,828	739,188
Myriad Opportunities Offshore Fund	1,405,790	404,302
Pacific Investment Management Company	1,190,635	1,109,779
Sculptor Capital (Formerly OZ Domestic Partners II)	2,864,941	1,379,090
River Birch International Ltd	6,647	21,184
PMF (Pharo)	2,575,829	—
Total Hedge Fund Managers	32,439,712	15,869,542
<u>Core Real Estate</u>		
ASB Real Estate Investors	941,421	910,140
J.P. Morgan Chase Bank (Strategic Property Fund)	(489,756)	1,449,326
Total Core Real Estate Managers	451,665	2,359,466
<u>CE Alpha Pool</u>		
Davidson Kempner Institutional Partners	453,808	—
HBK Milti-Strategy Fund - Alpha Pool	979,866	—
HBK SPAC Series	249,183	—
Total CE Alpha Pool Managers	1,682,857	—
<u>Midstream Energy</u>		
Harvest Midstream	287,610	—
PIMCO Midstream	237,888	—
Total Midstream Energy Managers	525,498	—
<u>Opportunistic</u>		
DB Investors	—	—
TSSP Adjacent Opportunities Partners (D)	3,258,096	712,957
Total Opportunistic Managers	3,258,096	712,957

(Schedule of Investment Fees continued on next page)

for the years ended June 30, 2021 and 2020

Investment Manager Fees	2021	2020
<u>Private Equity</u>		
Abbott Capital Management (Fund V)	121,642	234,604
Abbott Capital Management (Fund VI)	327,014	280,484
Brighton Park Capital	282,133	—
LGT Crown Global	611,722	—
Pantheon Ventures, Inc. (Fund VI)	3,964	127,842
Pantheon Ventures, Inc. (Fund VII)	92,106	260,156
Pantheon Ventures, Inc. (Secondary Fund III)	—	200,133
Vista Equity Partners	674,297	—
Warren Equity Partners Fund III	407,635	—
Total Private Equity Managers	2,520,513	1,103,219
<u>Private Credit</u>		
Blue Torch Credit Opportunities	142,615	—
Brookfield Real Estate Finance Fund V	518,561	563,297
Colony Capital Credit IV, LLC	834,014	1,003,743
Fortress Credit Opportunity Fund V	79,752	—
Fortress Lending Fund II (A)	656,583	—
HIG	1,299,245	428,473
Magnetar Constellation Fund V	690,455	—
TSSP Adjacent Opportunities Partners (B)	1,582,927	—
Total Private Credit Managers	5,804,152	1,995,513
<u>Private Real Estate</u>		
Long Wharf Real Estate Partners (FREG Fund III)	837,961	751,032
Invesco Real Estate (Fund III)	26,235	102,452
Invesco Real Estate (US Value-Add Fund IV)	356,377	398,758
Landmark Real Estate Partners VIII	600,000	600,000
Covenant Apartment Fund X	265,625	—
Total Real Estate Managers	2,086,198	1,852,242
<u>Cash and Overlay</u>		
Parametric Overlay	301,265	—
Total Overlay Managers	301,265	—
Total Investment Managers' Fees	\$ 58,882,451	\$ 32,537,831

(Schedule of Investment Fees continued on next page)

for the years ended June 30, 2021 and 2020

KCERA 2021 - Schedule of Investment Fees

Other Investment Expenses	2021	2020
<i>Custodial Fees</i>		
The Northern Trust Company	\$536,729	\$480,000
<i>Actuarial Fees</i>		
Segal Company	130,576	113,871
<i>Investment Consultant Fees</i>		
Abel Noser	30,000	0
Albourne America LLC	409,450	503,950
Glass, Lewis & Co.	7,294	14,588
Verus	400,000	380,000
Cambridge Associates	799,451	250,549
<i>Legal Fees</i>		
Foley & Lardner LLP	54,011	15,955
Hanson Bridgett LLP	26,400	30,020
Nossaman LLP	227,758	50,571
<i>Due Diligence Travel Expenses</i>		
Trustees / KCERA Management	—	9,021
<i>Real Estate Expenses</i>		
KCERA Property Inc.	45,600	20,194
Total Other Investment Expenses	2,667,269	1,868,719
 Total Investment Expenses	 61,549,720	 34,406,550
 <i>Security Lending Bank Fees</i>		
Deutsche Bank	40,503	55,392
 Total Investment Fees and Services	 \$61,590,223	 \$34,461,942

ACTUARIAL SECTION



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

Via Email

August 17, 2021

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

**Re: Kern County Employees' Retirement Association (KCERA)
June 30, 2020 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal prepared the June 30, 2020 annual actuarial valuation of the Kern County Employees' Retirement Association (KCERA). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and KCERA's funding policy that was last reviewed with the Board in 2012. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the June 30, 2020 actuarial valuation, Segal conducted an examination of all participant data for reasonableness. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the Association's financial statements. For actuarial valuation purposes, retirement plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected market investment return over 10 six-month periods. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 50% of the market value of assets.

One of the general goals of an actuarial valuation is to establish contribution rates, which, over time, will remain level as a percentage of payroll for each generation of active members. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

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Board of Retirement
August 17, 2021
Page 2

The UAAL as of June 30, 2011 is amortized as a level percentage of payroll over a 15.5-year closed period as of June 30, 2020. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in UAAL that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years). The progress being made towards meeting the funding objective through June 30, 2020 is illustrated in the Schedule of Funding Progress.

A listing of supporting schedules Segal prepared for inclusion in the actuarial, statistical, and financial sections of the Association's Comprehensive Annual Financial Report (Annual Report) is provided below. Unless otherwise stated, the schedules were prepared based on the results of the actuarial valuation as of June 30, 2020 for funding purposes. In particular, we have excluded the benefits, assets and liabilities associated with the Supplemental Retiree Benefit Reserve (SRBR) when preparing the schedules. The notes to the financial section and Required Supplementary Information were prepared by the Association based on the results of the Governmental Accounting Standards (GAS) 67 actuarial valuation as of June 30, 2021 prepared by Segal.

Exhibit I	Schedule of Active Member Valuation Data;
Exhibit II	Retirees and Beneficiaries Added To and Removed From Retiree Payroll;
Exhibit III	Schedule of Funded Liabilities by Type;
Exhibit IV	Actuarial Analysis of Financial Experience; and
Exhibit V	Schedule of Funding Progress.

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the June 30, 2019 Actuarial Experience Study.

As we disclosed in our June 30, 2020 funding valuation report, the 7.25% investment return assumption that the Board approved for determining the liabilities for funding purposes and used for establishing the employer and employee contribution rates was developed without considering the impact of any future 50/50 excess earnings allocation. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the SRBR, does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption of 7.25%.

As indicated by the guidance found in Actuarial Standard of Practice (ASOP) No. 4 ("Measuring Pension Obligations and Determining Pension Plan Costs or Contributions"), we performed stochastic modeling in 2015 to estimate the impact of the 50% allocation of future excess earnings to the SRBR. The results of our model indicated that the 50/50 allocation of future excess earnings would have about the same impact as an "outflow" (i.e., assets not available to fund the benefits included in the funding valuation) that would average approximately 0.3% of

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assets over time. **For informational purposes only**, when we applied the results of our stochastic model to this valuation, we estimated that such an annual outflow would increase the actuarial accrued liability (AAL) measured in this valuation using a 7.25% investment return assumption from \$7.01 billion to \$7.26 billion (for a difference of about \$259 million) and would increase the employer's contribution rate by about 4.1% of payroll.

It is our opinion that the assumptions used in the June 30, 2020 valuation produce results, which, in aggregate, reflect the future experience of the retirement plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years and was last performed as of June 30, 2019 with those assumptions first being implemented in the June 30, 2020 actuarial valuation.

In the June 30, 2020 valuation, the ratio of the valuation assets to actuarial accrued liabilities (funded percentage) decreased slightly from 64.8% to 64.4%. The aggregate employer contribution rate has increased from 47.09% of payroll to 49.16% of payroll, while the aggregate employee rate has increased from 6.67% of payroll to 6.74% of payroll.

Under the asset smoothing method, the total unrecognized investment losses are \$196 million as of June 30, 2020. These investment losses will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years.

The deferred losses of \$196 million represent about 4.4% of the market value of assets as of June 30, 2020. Unless offset by future investment gains or other favorable experience, the recognition of the \$196 million market losses is expected to have an impact on the Association's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the deferred losses were recognized immediately in the valuation value of assets, the funded percentage would decrease from 64.4% to 61.6%.
- If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer rate would increase from 49.16% to 51.76% of payroll.

The actuarial calculations were directed under the supervision of Mark Hamwee, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Actuary

JAC/bbf
Enclosures

The methods and assumptions below were selected by the actuary as being appropriate for the Plan and were used in the latest actuarial valuation dated June 30, 2020. The most recently updated Summary of Actuarial Assumptions and Methods was adopted by the Board of Retirement on August 3, 2020.

Economic Assumptions

<i>Interest Rate of Return:</i>	7.25% per year, net of investment expenses
<i>Salary Increases:</i>	Rates vary by service as shown in Table 1 on page 87
<i>Inflation Assumption:</i>	2.75% per year
<i>Cost-of-Living Adjustments:</i>	2.50% (actual increases depend on CPI increases; 2.50% maximum)

Actuarial Methods

<i>Funding Method:</i>	Entry Age Funding Method. Costs are allocated as a level percent of salary.
<i>Actuarial Cost Method:</i>	Entry Age Actuarial Cost Method. The actuarial present value of the projected benefits of each member are allocated as a level percentage of the member's projected compensation between entry age and assumed exit (until maximum retirement age).
<i>Amortization Period:</i>	<p>The actuarial present value of benefits expected to be paid in the future is the Normal Cost. The difference between the Normal Cost and the actuarial present value of all future benefits for contributing members, former contributing members and their survivors is the Actuarial Accrued Liability (AAL). The difference between the AAL and the actuarial value of the assets is the Unfunded Actuarial Accrued Liability (UAAL).</p> <p>As of June 30, 2020, the remaining amortization period for all UAAL as of June 30, 2011 was 15.5 years. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over an 18-year closed period, effective with each valuation. Any change in UAAL that arises due to plan amendments is amortized over its own declining 15-year period (with the exception of a change due to retirement incentives, which are amortized over a declining period of up to 5 years).</p>

Actuarial Methods (cont.)

Amortization Period (cont.):

Beginning July 1, 2009, any liability attributable to golden handshakes is paid by one of two methods, as elected by the employer:

1. Payment in full in the first month of the fiscal year following the fiscal year in which the golden handshake(s) was granted; or
2. According to a 5-year amortization to be invoiced to the employer in the first month of the fiscal year following the fiscal year in which the golden handshake(s) was granted. The amortization schedule will be based upon the valuation interest rate used in the most recently completed valuation at the time that the amortization schedule is created. The employer may complete payment of the golden handshake(s) at any time during the 5-year amortization period.

Demographic Assumptions

Post-Retirement Mortality:

A) General Members and Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward one year for male and two years for female General Members and set back one year for male and female Safety members projected generationally with the two-dimensional MP-2016 projection scale.

B) Beneficiaries: Rates are the same as a General service retiree of the opposite sex.

C) Disability Retirement: Combined RP-2014 Healthy Annuitant Mortality Table set forward seven years for male and eight years for female General Members and set forward three years for male and female Safety Members projected generationally with the two-dimensional MP-2016 projection scale

Proportion of Members with Spouse/Partner at Retirement: 70% of male active members and 60% of female active employees are assumed to have a spouse or registered domestic partner eligible for the 60% continuance at retirement. Females are assumed to be three years younger than their spouses.

Rate of Termination of Employment: Rates vary by years of service, as shown in Table 2 on page 88.

Reciprocal Agency: For current active members, the probability of joining a reciprocal agency immediately after terminating is 45% for General members and 60% for Safety members.

Deferred Retirement Age for

Vested Termination Age 57 for General members. Age 53 for Safety members.

Annual Rate of Compensation Increase

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

The chart above depicts annual increases in salary before wage inflation. Inflation is 2.75% per year, plus “across the board” real salary increases of 0.50% per year; plus the merit and promotion increases.

KCERA 2021 - Table 2: Probabilities of Separation from Active Service

(Rates in percentages)

Mortality Rates : Pre-Retirement				
Age	General		Safety	
	Male	Female	Male	Female
25	0.03	0.01	0.03	0.02
30	0.04	0.01	0.04	0.02
35	0.05	0.02	0.04	0.03
40	0.07	0.04	0.05	0.04
45	0.10	0.06	0.07	0.06
50	0.15	0.08	0.10	0.08
55	0.22	0.12	0.15	0.11
60	0.32	0.19	0.23	0.14
65	0.47	0.30	0.35	0.20

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

Termination Rates			Electing a Refund upon Termination	
Years of Service	General	Safety	General	Safety
Less than 1	17.00	9.00	100.00	100.00
1 - 2	13.00	8.00	100.00	100.00
2 - 3	10.00	7.00	100.00	100.00
3 - 4	9.00	6.00	100.00	100.00
4 - 5	8.50	5.00	100.00	100.00
5 - 6	8.00	4.00	36.00	44.00
6 - 7	7.00	3.50	34.00	40.00
7 - 8	6.00	3.25	32.00	38.00
8 - 9	5.00	3.00	30.00	32.00
9 - 10	4.00	2.60	28.00	30.00
10 - 11	3.75	2.20	26.00	26.00
11 - 12	3.50	1.80	25.00	25.00
12 - 13	3.25	1.60	24.00	21.00
13 - 14	3.00	1.40	23.00	18.00
14 - 15	2.75	1.20	22.00	15.00
15 - 16	2.50	1.00	21.00	12.00
16 - 17	2.30	0.90	18.00	10.00
17 - 18	2.10	0.75	16.00	8.00
18 - 19	1.90	0.75	14.00	6.00
19 - 20	1.70	0.75	13.00	4.00
20 - 21	1.50	0.00	12.00	0.00
21 - 22	1.30	0.00	11.00	0.00
22 - 23	1.10	0.00	10.00	0.00
23 - 30	1.00	0.00	<8.00	0.00
30 & Over	0.00	0.00	0.00	0.00

*Disability 50% of General member disabilities are assumed to be service-connected, and the other 50% are assumed to be nonservice-connected. Furthermore, 90% of Safety member disabilities are assumed to be service-connected.

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

KCERA 2021 - Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Members	Annual Payroll	Annual Average Pay	Increase in Average Pay
6/30/2011	General	6,487	\$ 404,729,012	\$ 62,391	0.2 %
	Safety	1,700	\$ 135,105,643	\$ 79,474	(0.5)%
	Total	8,187	\$ 539,834,655	\$ 65,938	0.1 %
6/30/2012	General	6,494	\$ 406,039,414	\$ 62,525	0.2 %
	Safety	1,759	\$ 137,518,061	\$ 78,180	(1.6)%
	Total	8,253	\$ 543,557,475	\$ 65,862	(0.1)%
6/30/2013	General	6,619	\$ 410,905,480	\$ 62,080	(0.7)%
	Safety	1,866	\$ 144,847,330	\$ 77,625	(0.7)%
	Total	8,485	\$ 555,752,810	\$ 65,498	(0.6)%
6/30/2014	General	6,629	\$ 410,350,884	\$ 61,902	(0.3)%
	Safety	1,883	\$ 145,284,147	\$ 77,156	(0.6)%
	Total	8,512	\$ 555,635,031	\$ 65,277	(0.3)%
6/30/2015	General	6,637	\$ 411,427,313	\$ 61,990	0.1 %
	Safety	1,844	\$ 145,396,935	\$ 78,849	2.2 %
	Total	8,481	\$ 556,824,248	\$ 65,655	0.6 %
6/30/2016	General	6,788	\$ 421,043,714	\$ 62,028	0.1 %
	Safety	1,839	\$ 146,217,425	\$ 79,509	0.8 %
	Total	8,627	\$ 567,261,139	\$ 65,754	0.2 %
6/30/2017	General	6,966	\$ 431,532,274	\$ 61,948	(0.1)%
	Safety	1,762	\$ 140,549,312	\$ 79,767	0.3 %
	Total	8,728	\$ 572,081,586	\$ 65,546	(0.3)%
6/30/2018	General	7,106	\$ 443,482,638	\$ 62,410	0.7 %
	Safety	1,761	\$ 140,698,321	\$ 79,897	0.2 %
	Total	8,867	\$ 584,180,959	\$ 65,883	0.5 %
6/30/2019	General	7,433	\$471,228,860	\$63,397	1.6 %
	Safety	1,764	\$141,048,417	\$79,959	0.1 %
	Total	9,197	\$612,277,277	\$66,574	1.0 %
6/30/2020	General	7,641	\$495,639,348	\$64,866	2.3 %
	Safety	1,685	\$138,930,289	\$82,451	3.1 %
	Total	9,326	\$634,569,637	\$68,043	2.2 %

KCERA 2021 - Schedule of Retirees and Beneficiaries Added to and Removed from Payroll

Plan Year	At Beginning of Year	Added During Year	Removed During Year	At End of Year	Annual Allowance Added	Annual Allowance Removed	Retiree Payroll Ending	% Increase in Retiree Allowance	Average Annual Allowance*
2011	6,199	569	198	6,570	\$27,159,926	\$3,568,064	\$204,969,766	13.0%	\$31,198
2012	6,570	499	179	6,890	\$24,783,041	\$3,411,092	\$226,341,715	10.4%	\$32,851
2013	6,890	468	187	7,171	\$22,305,618	\$3,825,313	\$244,822,020	8.2%	\$34,141
2014	7,171	442	216	7,397	\$19,663,621	\$4,173,211	\$260,312,430	3.1%	\$35,192
2015	7,397	440	238	7,599	\$20,734,025	\$5,817,539	\$275,229,096	5.7%	\$36,219
2016	7,599	454	206	7,847	\$20,236,339	\$5,034,075	\$290,431,360	5.5%	\$37,012
2017	7,847	501	255	8,093	\$22,566,737	\$6,358,810	\$306,639,287	5.6%	\$37,889
2018	8,093	426	218	8,301	\$22,799,714	\$6,125,093	\$323,313,908	5.4%	\$38,949
2019	8,301	402	208	8,495	\$25,086,184	\$5,533,123	\$342,866,969	6.0%	\$40,361
2020	8,495	405	233	8,667	\$24,009,780	\$6,538,327	\$360,338,422	5.1%	\$41,576

* Excludes SRBR amounts

Schedule of Funded Liabilities by Type								
Valuation Date	Aggregate Accrued Liabilities			Total	Portion of Accrued Liabilities Covered by Reported Assets			
	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)		Actuarial Value of Assets	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)
6/30/2011	\$225,649	\$2,680,161	\$1,766,538	\$4,672.348	\$2,839,747	100%	98%	—%
6/30/2012	\$231,626	\$2,933,987	\$1,729,377	\$4,894.99	\$2,960,507	100%	93%	0%
6/30/2013	\$244,832	\$3,153,966	\$1,709,821	\$5,108.619	\$3,120,632	100%	91%	0%
6/30/2014	\$268,826	\$3,446,962	\$1,776,652	\$5,492.44	\$3,342,122	100%	89%	0%
6/30/2015	\$295,447	\$3,607,511	\$1,754,215	\$5,657.173	\$3,529,786	100%	90%	0%
6/30/2016	\$320,400	\$3,766,875	\$1,725,817	\$5,813.092	\$3,685,447	100%	89%	0%
6/30/2017	\$351,592	\$4,093,826	\$1,746,015	\$6,191.433	\$3,913,073	100%	87%	0%
6/30/2018	\$387,376	\$4,288,475	\$1,722,963	\$6,398.814	\$4,163,476	100%	88%	0%
6/30/2019	\$414,082	\$4,513,958	\$1,694,455	\$6,622.495	\$4,291,573	100%	86%	0%
6/30/2020	\$461,921	\$4,823,175	\$1,720,493	\$7,005.589	\$4,508,548	100%	84%	0%

Actuarial Analysis of Financial Experience				(In thousands)
Investment Performance	June 30, 2020	June 30, 2019	June 30, 2018	
Asset Return Greater				
(Less) than Expected	\$ (65,123)	\$ (110,973)	\$ (5,686)	
Salary Increase Less				
(Greater) than Expected	\$ 13,666	\$ 34,965	\$ 47,018	
Other Experience				
Including Demographic Changes	\$ (506)	\$ (42,967)	\$ (14,367)	
Change in Assumptions/Methodology	\$ (146,618.00)	\$ —	\$ —	
Plan Changes	\$ —	\$ —	\$ —	
Composite Gain (or Loss) During Year	\$ (198,581)	\$ (118,975)	\$ 26,965	

KCERA 2021 - Schedule of Funding Progress & Schedule of Employer Contributions

SCHEDULE OF FUNDING PROGRESS*						(Dollars in thousands)
Actuarial Valuation Date (1)	Actuarial Accrued Liability (2)	Valuation Value of Assets (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Annual Payroll (4) / (6) (7)
6/30/2011	\$4,672,348	\$2,839,747	\$1,832,601	60.8 %	\$539,836	339.5%
6/30/2012	\$4,894,990	\$2,960,507	\$1,934,483	60.5 %	\$543,558	355.9%
6/30/2013	\$5,108,619	\$3,120,632	\$1,987,987	61.1 %	\$555,752	357.7%
6/30/2014	\$5,492,440	\$3,342,122	\$2,150,318	60.8 %	\$555,634	387.0%
6/30/2015	\$5,657,173	\$3,529,786	\$2,127,387	62.4 %	\$556,824	382.1%
6/30/2016	\$5,813,092	\$3,685,447	\$2,127,645	63.4 %	\$567,261	375.1%
6/30/2017	\$6,191,433	\$3,913,073	\$2,278,360	63.2 %	\$572,081	398.3%
6/30/2018	\$6,398,814	\$4,163,476	\$2,235,338	65.1 %	\$584,180	382.6%
6/30/2019	\$6,622,495	\$4,291,573	\$2,330,992	64.8 %	\$612,277	380.7%
6/30/2020	\$7,005,589	\$4,508,548	\$2,497,041	64.4 %	\$634,570	393.5%

* Net of SRBR and \$5,000 death benefits

SCHEDULE OF EMPLOYER CONTRIBUTIONS			(Dollars in thousands)
Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
2011	\$177,444	100%	
2012	\$189,837	100%	
2013	\$211,677	100%	
2014	\$220,393	100%	
2015	\$215,477	100%	
2016	\$234,714	100%	
2017	\$224,351	100%	
2018	\$242,534	100%	
2019	\$229,120	100%	
2020	\$273,909	100%	

Briefly summarized below are the major provisions of the County Employees' Retirement Law of 1937, including Sections 31676.01, 31676.14, 31676.17, 31664, 31664.1 and 7522.20(a), as adopted by the County of Kern and special districts.

Membership

Membership is automatic upon appointment to a permanent position of 50% or more of the regular standard hours required. Retirement entry date is the first day of the first full biweekly payroll period following the date of employment.

All safety and general members hired by the County of Kern or a special district on or after January 1, 2013 are subject to the "new member" provisions found in Code Section 7522.20(a) of the Public Employees' Pension Reform Act of 2013 (PEPRA).

Final Average Salary

For non-PEPRA benefit tiers, "final average salary" is the highest 12 consecutive months of pensionable pay, including base salary and other pay elements includible as a result of the "Ventura" decision. "Pensionable compensation" for members subject to PEPRA is the highest 36 consecutive months of pensionable pay, including base salary and eligible special pay items defined in PEPRA.

Vesting

Members are considered vested in the Plan after obtaining five years of retirement service credit.

Member Contribution Rates

The basic contribution is computed on the member's base pay plus pensionable special pays, with the contribution rate being determined by the member's entry age into KCERA, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified in the County Employees' Retirement Law of 1937.

The normal rates of contribution are such as to provide, for each year of service, an average annuity at age 55 of 1.0% of final compensation for General Tier I members, an average annuity at age 60 of 0.833% of final compensation for General Tier II members, an average annuity at age 50 of 1.5% of final compensation for Safety Tier I members, and an average annuity at age 50 of 1.0% of final compensation for Safety Tier II members, according to the tables adopted by the Board of Supervisors, for each year of service rendered after entering the Plan.

General and safety members subject to PEPRA provisions will pay 100% of their contributions until retirement. Their contribution rates will be 50% of the actuarially determined Normal Cost rate for each membership group. All other KCERA members will contribute based on their entry age or a flat average rate (i.e., for certain safety bargaining units).

Per IRS Code Section 414(h)(2), member contributions made through payroll deductions are pretax. Interest is credited to contribution balances on June 30 and December 31, per the County Employees' Retirement Law of 1937, Article 5.5.

Withdrawal Benefits

If a member resigns, his or her contributions plus interest can be refunded. Members with less than five years of service may elect to leave his or her contributions on deposit and receive interest. Any vested member may elect to leave his or her contributions on deposit and receive a deferred-vested benefit when eligible for retirement.

Compensation Limit

For members who joined KCERA on or after July 1, 1996 but before January 1, 2013, “compensation earnable” is limited by IRC Section 401(a)(17) and indexed annually for inflation. “Pensionable compensation” for General Tier III members enrolled in Social Security is capped at the Social Security limit and indexed annually for inflation.

Service Retirement Benefits

General members with at least 10 years of retirement service credit who are age 50 or older, have 30 years of service credit regardless of age, or are age 70 regardless of service credit are eligible for service retirement.

General Tier I provides 3.0% of final compensation for each year of service at age 60, multiplied by Government Code Section 31676.17 factors. General Tier II provides 1.62% of final compensation for each year of service at age 65, multiplied by Government Code Section 31676.01 factors.

Berrenda Mesa Water District and Inyokern Community Services District still have Government Code Section 31676.14 for service prior to January 1, 2005.

General Tier II applies to most general members hired by the County of Kern and Kern County Hospital Authority on or after October 27, 2007, or hired by the following special districts: Berrenda Mesa Water District on or after January 12, 2010; Buttonwillow Recreation and Park District and East Kern Cemetery District on or after December 17, 2012; Inyokern Community Services District on or after December 13, 2012; Kern County Water Agency on or after January 1, 2010; Kern Mosquito and Vector Control District on or after December 12, 2012; North of the River Sanitation District on or after October 29, 2007; San Joaquin Valley Air Pollution Control District on or after July 31, 2012; Shafter Recreation and Park District on or after December 19, 2012; West Side Cemetery District on or after December 18, 2012; West Side Mosquito and Vector Control District on or after November 15, 2012; and Kern County Superior Court on or after March 12, 2011.

General members hired by the West Side Recreation and Park District on or after January 1, 2013 are General Tier III members. Their benefit formula is 2.5% at age 67. They are eligible to retire at age 52 with 5 years of retirement service credit.

Safety members with at least 10 years of retirement service credit who are age 50 or older, or with 20 years of retirement service credit regardless of age, are eligible for service retirement.

Safety Tier I provides 3.0% of final compensation for each year of service at age 50, multiplied by Government Code Section 31664.1 factors. Safety Tier II provides 2.0% of final compensation for each year of service at age 50, multiplied by Government Code Section 31664 factors.

For members integrated with Social Security, benefits based on \$350 of monthly final average salary are reduced by one-third.

Disability Benefit

Members with five years of retirement service credit, regardless of age, are eligible for nonservice-connected disability. This benefit provides 20% to 40% of the member’s final average monthly compensation for life.

If the disability is service-connected, there is no minimum retirement service credit requirement. This benefit provides 50% of the member’s final average monthly compensation, tax-free, for life.

Death Benefit (Before Retirement)

A non-vested active member's beneficiary is entitled to receive the Basic Death Benefit, which consists of accumulated contributions plus interest and one month of salary for each full year of service, up to six months of salary.

The beneficiary (i.e., eligible spouse or registered domestic partner) of a vested active member who does not die in the performance of duty is entitled to either the Basic Death Benefit or a monthly benefit equal to 60% of the benefit payable if the member had retired with a nonservice-connected disability on his or her date of death. This also applies to minor children if there is no eligible spouse or partner.

If a member dies in the performance of duty, the eligible spouse, partner or minor children receives 50% of the member's final average salary.

Death Benefit (After Retirement)

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

If a member retired for service or with a nonservice-connected disability and he or she chose the Unmodified Option, the eligible surviving spouse, registered domestic partner or minor children will receive a benefit equal to 60% of the member's retirement benefit. If the retirement was for a service-connected disability, the member's spouse, registered domestic partner or minor children will receive a 100% continuance of the benefit.

Supplemental Retirement Benefits (SRBR)

The Board of Retirement adopted California Government Code Section 31618 on April 23, 1984, which provided for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR may be used only for the benefit of retired members and their beneficiaries. The distribution of the SRBR shall be determined by the Board of Retirement. SRBR approved benefits include all Tier 1, Tier 2, Tier 3, Tier 4 and death benefits approved through the June 30, 2019 Actuarial Valuation.

KCERA 2021 - Summary of Major Plan Provisions

Post-Retirement Cost-of-Living Benefits

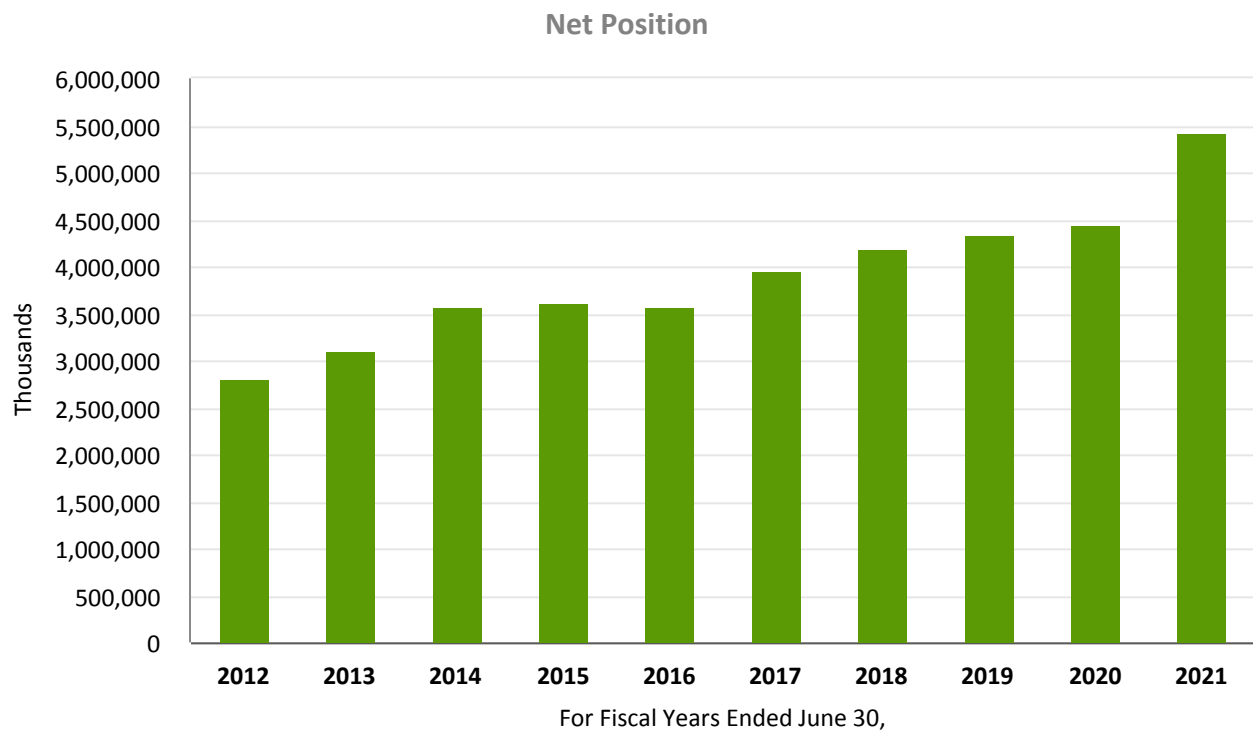
Each April 1, retiree benefits are adjusted by the percentage change in the Consumer Price Index for the preceding calendar year (capped at 2.5%).

<u>Eligibility</u>	Tier 1:	Hired on or before July 1, 1994.
	Tier 2:	Pensioners with at least five years of credited service and who retired prior to 1981 or 1985 (and their surviving beneficiaries) whose benefits have reduced by 20% in purchasing power since retirement.
	Tier 3:	Pensioners and their surviving beneficiaries whose benefits have reduced by 20% in purchasing power since retirement.
	Tier 4:	Hired on or before July 1, 2018.
<u>Benefits</u>	Tier 1:	\$35.50 per month, not subject to cost-of-living adjustments.
	Tier 2:	\$1.372 times years of service, per month, for members who retired prior to 1985; granted July 1, 1994.
		\$5.470 times years of service, per month, for members who retired prior to 1985; granted July 1, 1996.
		\$10.276 times years of service, per month, for members who retired prior to 1981; granted July 1, 1997.
	Tier 3:	Additional benefits to maintain 80% purchasing power protection.
	Tier 4:	\$21.00 per month, not subject to cost-of-living adjustments.
	Death Benefit:	A one-time payment of \$5,000 to a retired member's beneficiary.
<u>Funding</u>	0.5% COLA	\$64.7 million allocation of funds to initially pay for a 0.5% cost-of-living allowance; arisen from a litigation judgment entered on January 24, 2002.
		Crediting of interest and the allocation of "undistributed earnings": the amount that remains after net earnings have been used to credit interest to the Plan's reserves.

STATISTICAL SECTION

The Statistical Section offers additional historical perspective and detail to provide a fuller understanding of this year's financial statements, note disclosures and supplementary information. This section also provides 10 year trending of financial and operating information to supply a more comprehensive perspective on how KCERA's financial position and performance have changed over time. Specifically, the financial and operating information provides contextual data for KCERA's changes in net position, benefit expenses, retirement types, benefit payments and membership data. The financial and operating trend information is located on the following pages.

KCERA NET POSITION VALUE



KCERA 2021 - Schedule of Changes in Fiduciary Net Position

(In thousands)

	2012	2013	2014	2015	2016
Additions					
Employer Contributions	\$ 189,837	\$ 211,677	\$ 220,393	\$ 215,477	\$ 234,714
Member Contributions	18,720	20,283	25,810	30,325	33,278
Net Investment Income (Loss)	21,150	319,264	487,494	81,930	(27,535)
Total Additions	229,707	551,224	733,697	327,732	240,457
Deductions					
Total Benefit Expenses**	222,140	242,630	257,495	273,865	288,738
Administrative Expenses	3,469	3,848	4,860	4,886	5,225
Miscellaneous					
Total Deductions	225,609	246,478	262,355	278,751	293,963
Change in Fiduciary Net Position	\$ 4,098	\$ 304,746	\$ 471,342	\$ 48,981	\$ (53,506)

(In thousands)

	2017	2018	2019	2020	2021
Additions					
Employer Contributions*	\$ 241,112	\$ 242,534	\$ 229,120	\$ 273,909	\$ 268,625
Member Contributions*	34,649	52,503	50,132	57,862	53,789
Net Investment Income (Loss)	426,607	267,659	214,244	127,861	1,043,361
Total Additions	702,368	562,696	493,496	459,632	1,365,775
Deductions					
Total Benefit Expenses**	305,817	321,613	341,774	361,094	380,996
Administrative Expenses	5,243	5,116	4,804	5,523	6,061
Miscellaneous					
Total Deductions	311,060	326,729	346,578	366,617	387,057
Change in Fiduciary Position	\$ 391,308	\$ 235,967	\$ 146,918	\$ 93,015	\$ 978,718

* The 2018, 2019, 2020 and 2021 fiscal year's financial statements reclassified employer paid member contributions as member contributions.

** See Schedule of Benefit Expenses by Type on next page.

KCERA 2021 - Schedule of Benefit Expenses by Type

(In thousands)

	2012	2013	2014	2015	2016
<i>Service Retirement Benefits</i>					
General	\$ 114,742	\$ 127,139	\$ 137,993	\$ 148,697	\$ 159,101
Safety	62,207	68,078	68,705	72,097	74,978
Total	176,949	195,217	206,698	220,794	234,079
<i>Service-Connected Disability (SCD) Benefits</i>					
General	7,947	8,064	8,331	8,422	8,260
Safety	15,145	15,495	20,565	21,222	21,676
Total	23,092	23,559	28,896	29,644	29,936
<i>Beneficiary Benefits</i>					
General	10,353	11,152	10,660	11,186	12,261
Safety	8,231	8,602	7,565	7,881	8,393
Total	18,584	19,754	18,225	19,067	20,654
<i>Lump Sum Death Benefits</i>	433	606	564	862	787
Total Benefit Payments	219,058	239,136	254,383	270,367	285,456
<i>Refunds</i>					
General	2,408	2,973	2,762	2,876	2,563
Safety	674	521	350	622	719
Total	3,082	3,494	3,112	3,498	3,282
Total Benefit Expenses	\$ 222,140	\$ 242,630	\$ 257,495	\$ 273,865	\$ 288,738

KCERA 2021 - Schedule of Benefit Expenses by Type

(In thousands)

	2017	2018	2019	2020	2021
<i>Service Retirement Benefits</i>					
General	\$ 169,370	\$ 179,977	\$ 193,308	\$ 206,802	\$ 217,511
Safety	78,453	81,806	86,007	91,880	96,306
Total	247,823	261,783	279,315	298,682	313,817
<i>Service-Connected Disability (SCD) Benefits</i>					
General	8,411	8,647	8,479	8,451	8,567
Safety	22,207	22,842	22,596	23,548	24,388
Total	30,618	31,489	31,075	31,999	32,955
<i>Beneficiary Benefits</i>					
General	13,579	14,136	14,903	14,818	15,944
Safety	8,979	9,612	10,719	10,046	10,757
Total	22,558	23,748	25,622	24,864	26,701
<i>Lump Sum Death Benefits</i>					
	894	903	1,025	1,097	1,010
Total Benefit Payments	\$ 301,893	\$ 317,923	\$ 337,037	\$ 356,642	\$ 374,483
<i>Refunds</i>					
General	2,718	2,966	3,519	3,126	5,207
Safety	1,206	724	1,218	1,326	1,307
Total	3,924	3,690	4,737	4,452	6,514
Total Benefit Expenses	\$ 305,817	\$ 321,613	\$ 341,774	\$ 361,094	\$ 380,997

KCERA 2021 - Schedule of Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retirants	Type of Retirement								
		1	2	3	4	5	6	7	8	9
\$1-500	374	258	2	0	0	53	8	0	5	48
\$501-1,000	896	619	28	1	0	140	19	2	22	65
\$1,001-1,500	970	689	61	35	0	115	24	0	11	35
\$1,501-2,000	886	607	44	79	0	87	20	0	20	29
\$2,001-3,000	1611	1,125	19	218	0	143	11	1	55	39
\$3,001-4,000	1210	884	6	166	0	107	4	6	25	12
\$4,001-5,000	777	646	3	51	0	58	1	0	9	9
\$5,001-6,000	517	462	3	22	0	18	2	0	10	0
Over \$6,000	1594	1,409	8	128	0	28	1	0	18	2
Totals	8,835	6,699	174	700	0	749	90	9	175	239

Amount of Monthly Benefit	Number of Retirants	Option Selected						
		Option 1	Option 2	Option 2	Option 4	Unmodified		
						A	B	C
\$1-500	374	9	33	0	0	111	0	221
\$501-1,000	896	6	69	5	0	314	1	501
\$1,001-1,500	970	6	69	5	0	354	15	521
\$1,501-2,000	886	8	47	2	0	337	46	446
\$2,001-3,000	1611	10	75	12	5	589	147	773
\$3,001-4,000	1210	6	55	1	2	484	119	543
\$4,001-5,000	777	4	36	3	2	400	38	294
\$5,001-6,000	517	2	30	5	2	310	15	153
Over \$6,000	1594	3	63	4	3	1064	115	342
Totals	8,835	54	477	37	14	3,963	496	3,794

Type of Retirement

- 1 – Normal retirement for age and service
- 2 – NonService - connected disability retirement
- 3 – Service-connected disability retirement
- 4 – Former member with deferred future benefit
- 5 – Beneficiary payment – normal retirement
- 6 – Beneficiary payment – active member who died and was eligible for retirement
- 7 – Beneficiary payment – death in service
- 8 – Beneficiary payment – disability retirement
- 9 – Supplemental and ex-spouses

Option Selected

- Option 1** – Beneficiary receives lump sum of member's unused contributions
- Option 2** – Beneficiary receives 100% of member's reduced monthly allowance
- Option 3** – Beneficiary receives 50% of member's reduced monthly allowance
- Option 4** – More than one beneficiary receives 100% of member's reduced monthly allowance
- A** – Unmodified 60% continuance
- B** – Unmodified no continuance
- C** – Unmodified 100% continuance

KCERA 2021 - Schedule of Average Benefit Payment Amounts by Year of Retirement

	Years of Retirement Service Credit						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Fiscal Year 2012							
Average Annual Benefit (\$)	8,182	15,037	20,599	34,635	46,509	68,852	86,890
Average Monthly Benefit (\$)	682	1,253	1,717	2,886	3,876	5,738	7,241
Average Final Monthly Salary (\$)	7,079	5,620	4,682	5,603	5,685	6,626	7,035
Number of Active Retirants	13	32	80	47	69	90	78
Fiscal Year 2013							
Average Annual Benefit (\$)	9,121	16,908	21,948	32,303	45,408	63,765	78,584
Average Monthly Benefit (\$)	760	1,409	1,829	2,692	3,784	5,314	6,549
Average Final Monthly Salary (\$)	7,851	5,485	4,951	5,420	5,659	6,332	6,543
Number of Active Retirants	17	31	80	57	67	63	75
Fiscal Year 2014							
Average Annual Benefit (\$)	9,215	13,410	21,177	32,740	44,637	70,218	86,650
Average Monthly Benefit (\$)	768	1,117	1,765	2,728	3,720	5,851	7,221
Average Final Monthly Salary (\$)	9,447	5,590	5,082	5,403	5,829	6,988	7,301
Number of Active Retirants	16	27	67	41	49	68	46
Fiscal Year 2015							
Average Annual Benefit (\$)	4,559	14,428	23,357	35,953	43,234	60,235	89,828
Average Monthly Benefit (\$)	380	1,202	1,946	2,996	3,603	5,020	7,486
Average Final Monthly Salary (\$)	5,732	5,444	5,236	5,805	5,395	6,350	7,493
Number of Active Retirants	6	44	74	40	42	75	54
Fiscal Year 2016							
Average Annual Benefit (\$)	6,508	14,308	24,278	32,909	45,685	64,833	78,159
Average Monthly Benefit (\$)	542	1,192	2,023	2,742	3,807	5,403	6,513
Average Final Monthly Salary (\$)	7,213	5,417	5,828	5,614	5,958	6,747	7,062
Number of Active Retirants	23	43	70	44	47	78	55

KCERA 2021 - Schedule of Average Benefit Payment Amounts by Year of Retirement

	Years of Retirement Service Credit						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Fiscal Year 2017							
Average Annual Benefit (\$)	7,349	14,633	24,354	36,971	49,048	63,608	84,147
Average Monthly Benefit (\$)	612	1,219	2,029	3,081	4,087	5,301	7,012
Average Final Monthly Salary (\$)	8,677	5,975	5,921	6,001	6,427	6,558	7,230
Number of Active Retirants	17	46	76	65	68	60	55
Fiscal Year 2018							
Average Annual Benefit (\$)	6,440	12,906	20,699	33,844	54,312	60,419	84,403
Average Monthly Benefit (\$)	537	1,076	1,725	2,820	4,526	5,035	7,034
Average Final Monthly Salary (\$)	8,446	6,155	5,588	5,750	7,332	6,635	7,331
Number of Active Retirants	13	46	59	54	56	53	40
Fiscal Year 2019							
Average Annual Benefit (\$)	11,162	10,090	22,802	33,047	49,646	78,685	88,127
Average Monthly Benefit (\$)	930	841	1,900	2,754	4,137	6,557	7,344
Average Final Monthly Salary (\$)	10,168	5,109	5,776	5,712	6,780	8,308	7,905
Number of Active Retirants	15	33	67	46	57	53	54
Fiscal Year 2020							
Average Annual Benefit (\$)	9,646	10,796	23,160	35,576	43,723	66,222	81,158
Average Monthly Benefit (\$)	804	900	1,930	2,965	3,644	5,518	6,763
Average Final Monthly Salary (\$)	9,952	5,387	5,954	6,075	5,893	6,941	7,150
Number of Active Retirants	9	31	62	51	62	66	40
Fiscal Year 2021							
Average Annual Benefit (\$)	8,904	13,003	22,720	36,782	52,449	61,735	83,240
Average Monthly Benefit (\$)	742	1,084	1,893	3,065	4,371	5,145	6,937
Average Final Monthly Salary (\$)	9,812	6,752	6,420	6,360	7,326	6,669	7,434
Number of Active Retirants	12	35	51	44	83	52	48

KCERA 2021 - Participating Employers and Active Members

	2012	2013	2014	2015	2016
County of Kern					
General Members	5,632	5,873	5,833	6	5,937
Safety Members	1,762	1,873	1,886	2	1,840
Total	7,394	7,746	7,719	8	7,777

Participating Agencies (General Membership):

Berrenda Mesa Water District	10	10	10	9	6
Buttonwillow Recreation and Park District	6	6	4	5	4
East Kern Cemetery District	1	1	1	1	2
Inyokern Community Services District	1	1	1	1	1
Kern County Water Agency	71	65	68	67	62
Kern Mosquito & Vector Control District	19	18	18	18	18
North of the River Sanitation District	11	13	12	13	13
San Joaquin Valley Air Pollution Control District	281	281	276	264	269
Shafter Recreation and Park District	—	—	—	—	—
West Side Cemetery District	6	6	6	6	6
West Side Mosquito & Vector Control Dist.	7	7	10	10	9
West Side Recreation and Park District	10	10	11	11	11
Kern County Superior Court	443	353	389	414	457
Total	866	771	806	819	858

Total Active Membership:

General Members	6,498	6,644	6,639	6,645	6,795
Safety Members	1,762	1,873	1,886	1,847	1,840
Total	8,260	8,517	8,525	8,492	8,635

	2017	2018	2019	2020	2021
County of Kern:					
General Members	4,720	4,818	5,014	5,091	4,891
Safety Members	1,767	1,771	1,773	1,685	1,690
Total	6,487	6,589	6,787	6,776	6,581
<i>Participating .Agencies (General Membership):</i>					
Berrenda Mesa Water District	6	4	3	3	3
Burtonwillow Recreation and Park District	3	2	1	1	1
East Kern Cemetery District	2	2	2	2	2
Inyokern Community Services District	—	—	—	—	—
Kern County Hospital Authority	1,374	1,446	1,550	1,621	1,605
Kern County Water Agency	60	59	55	53	51
Kern Mosquito & Vector Control District	18	19	18	22	21
North of the River Sanitation District	13	18	18	20	17
San Joaquin Valley Air Pollution Control District	273	275	289	303	296
Shafter Recreation and Park District	1	3	2	4	4
West Side Cemetery District	6	6	6	5	4
West Side Mosquito & Vector Control Dist.	8	8	8	6	5
West Side Recreation and Park District	9	8	7	6	5
Kern County Superior Court	478	483	519	504	477
Total	2,251	2,333	2,478	2,550	2,491
Total Active Membership:					
General Members	6,971	7,151	7,492	7,641	7,382
Safety Members	1,767	1,771	1,773	1,685	1,690
Total	8,738	8,922	9,265	9,326	9,072



Board of Retirement and the Finance Committee
Kern County Employees' Retirement Association
Bakersfield, California

We have audited the financial statements of Kern County Employees' Retirement Association (KCERA) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 13, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kern County Employees' Retirement Association are described in Note 2 to the financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimates of the fair value of investments in private equity, hedge funds, real estate investments, and other alternative investments which are based on adjusting the most recent market values reported by the funds. These adjustments are made by estimates from investment managers as to fair values at year-end, including known cash flow activity, such as capital calls, distributions and management fees. We evaluated the key factors and assumptions used to develop the fair value of these investments and found them to be reasonably stated in relation to the financial statements as a whole.
- Management's estimate of the total pension liability is based on a third party actuarial valuation. We evaluated the key factors and assumptions used to develop the total pension liability and found them to be reasonably stated in relation to the financial statements as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of KCERA's net pension liability, assumptions and methods which are included in Note 10 to the financial statements and the schedule of changes in net pension liability in the required supplementary information.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated December 13, 2021.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the other supplemental information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 13, 2021.

Other information is being included in documents containing the audited financial statements and the auditors' report thereon. Our responsibility for such other information does not extend beyond the financial information identified in our auditors' report. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents. As required by professional standards, we read the introductory, investment, actuarial and statistical sections (the other information) in order to identify material inconsistencies between the audited financial statements and the other information. We did not identify any material inconsistencies between the other information and the audited financial statements.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the information and use of the Board of Retirement and the Finance Committee and management of Kern County Employees' Retirement Association and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 13, 2021



CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Kern County Employees' Retirement Association, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Kern County Employees' Retirement Association's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kern County Employees' Retirement Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kern County Employees' Retirement Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Kern County Employees' Retirement Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kern County Employees' Retirement Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 13, 2021

January 12, 2022

Mr. Dominic Brown
Executive Director
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

**Re: Kern County Employees' Retirement Association (KCERA)
Allocation of June 30, 2021 Liabilities and Assets by District**

Dear Dominic:

As requested, the following provides an allocation of the Actuarial Accrued Liability (AAL), the Valuation Value of Assets (VVA) and the Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2021 for each District. This information (and a few other results) is included on the enclosed Exhibit.

The AAL for each District is based on the results of the June 30, 2021 actuarial valuation including the actuarial assumptions and demographic data used in that valuation. However, since the Association is a cost-sharing multiple employer plan, assets and UAAL are generally not maintained on an employer-by-employer basis in our actuarial valuation. Assets are maintained for each of three UAAL cost groups in the valuation. Those cost groups are County General with Courts, Districts and Safety.

In order to allocate the assets maintained for all Districts to each District, we have pro-rated the assets based on the AAL for each District.¹ This results in the same funded ratio for each of the Districts. Based on this methodology, we have prepared the attached Exhibit that contains a breakdown of various June 30, 2021 valuation results by each District.

Note that the UAAL we calculate for each District is not equal to the unfunded liability that would be allocated to that District in the event of a plan termination by that District. This is because the methodology used in this letter is not the same as the methodology adopted by the Retirement Board for determining unfunded liabilities for terminating employers. It is also not equal to the Net Pension Liability (NPL) allocated to each employer for financial reporting purposes as shown in the Governmental Accounting Standards (GAS) No. 68 report.²

¹ The assets for Berrenda Mesa Water and Inyokern Community Services have been allocated based on the Association's Declining Employer Payroll Policy. The remaining assets are pro-rated based on the AAL for the other Districts.

² The methodologies used for allocating unfunded liabilities to terminating employers and NPL to active employers for financial reporting purposes are generally based on allocating by payroll. Note that the methodology used in the actuarial valuation to allocate active employer UAAL contributions is also based on payroll.

As noted above, all of the above calculations are based on the June 30, 2021 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of Molly Calcagno, ASA, MAAA, Enrolled Actuary.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Actuary

MYM/bbf
Enclosure

Kern County Employees' Retirement Association
Allocation as of June 30, 2021

			A	B	C	D	E
					Actuarial		Unfunded
				Present Value of	Accrued Liability	Valuation Assets	Actuarial
			Present Value of	Future Normal	(AAL)	(Prorated by	Liability
		Member	Projected Benefits	Costs**	(A - B)	AAL)***	(UAAL)
Category	District Name	Count*					(C - D)
IV	Berrenda Mesa Water	16	\$10,033,011	\$261,863	\$9,771,148	\$5,576,752	\$4,194,396
III	Buttonwillow Recreation & Park	4	927,834	96,231	831,603	510,375	321,228
II	East Kern Cemetery	3	1,138,450	132,840	1,005,610	617,167	388,443
IV	Inyokern Community Services	2	274,755	0	274,755	150,120	124,635
I	Kern County Water Agency	146	109,368,595	8,046,848	101,321,747	62,183,605	39,138,142
II	Kern Mosquito & Vector Control	47	20,129,038	1,882,850	18,246,188	11,198,127	7,048,061
V	North of the River Sanitation	33	11,513,511	1,578,625	9,934,886	6,097,280	3,837,606
III	San Joaquin Valley Unified Air Pollution Control	638	275,497,642	42,150,254	233,347,388	143,210,933	90,136,455
II	Shafter Recreation & Park	9	842,007	235,234	606,773	372,391	234,382
VI	West Side Cemetery	14	6,557,984	393,369	6,164,615	3,783,373	2,381,242
II	West Side Mosquito Abatement	17	9,206,663	800,211	8,406,452	5,159,243	3,247,209
II	West Side Recreation & Park	27	7,308,462	677,232	6,631,230	4,069,746	2,561,484
	Total Districts	956	\$452,797,952	\$56,255,557	\$396,542,395	\$242,929,112	\$153,613,283

* Includes both active and inactive members

** Includes both employer and employee contributions

*** The assets for Berrenda Mesa Water and Inyokern Community Services have been allocated based on the Association's Declining Employer Payroll Policy. The remaining assets are pro-rated based on the AAL for the other Districts.

Note: Results may not match those shown in the Actuarial Valuation and Review as of June 30, 2021 due to rounding.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Memorandum from the
Office of the Chief Legal Officer
Jennifer Esquivel Zahry

Date: January 19, 2022
To: Trustees, Board of Retirement
From: Jennifer Esquivel Zahry, Chief Legal Officer
Subject: **Gift Restrictions**

This memo reminds you of the two gift restrictions that apply to members of KCERA's Board of Retirement and some KCERA staff: 1) the \$10 per month gift limit from lobbyists or lobbying firms; and 2) the \$520 annual gift limit from any single source. The statutes and regulations regarding gift restrictions, exceptions to such restrictions, and reporting requirements can be difficult to interpret. This memo summarizes general rule governing "gifts" under the Fair Political Practice Act.

Enforcement

According to the Fair Political Practices Commission, "failure to comply with the laws related to gifts, honoraria, loans, and travel payments may, depending on the violation, result in criminal prosecution and substantial fines, or in administrative or civil monetary penalties for as much as \$5,000 per violation or three times the amount illegally obtained. (See Gov. Code Sections 83116, 89520, 89521, 91000, 91004 and 91005.5.)"

Gift - Defined

A "gift" is any benefit given to you for which you did not provide payment or services of equal or greater value. Such benefits include, but are not limited to, meals, travel, sporting event tickets, conference fees, and price discounts not offered to the public.

With some exceptions, you will be deemed to have "received" or "accepted" a gift when you know you have actual possession of the gift or when you take any action exercising direction or control over the gift, including discarding the gift or turning it over to another person.

You can find a description of exceptions (i.e. items not considered gifts) at www.fppc.ca.gov. On the right side of the home page, under "Resources For..." and click on Public Officials & Employees, then click on Gifts and Honoraria.

Gift - Limits

\$50 Reporting Limit – You must report gifts of any kind that total more than \$50 from a single source in a calendar year on the Form 700 – Statement of Economic Interests. (Gov. Code, § 87207.)

\$520 Maximum Single Source Limit – You may not accept gifts that total more than \$520 from any single source in a calendar year. (Gov. Code, § 89503, Cal. Code Regs., tit. 2, § 18940.2.)

\$520 Disqualification Limit – If you accept a gift of \$520 from a single source within a 12-month period, you may be disqualified from voting or otherwise participating in any Board of Retirement decision affecting that source. (Gov. Code, §§ 87100 and 87103.)

To avoid becoming disqualified from voting on matters affecting the donor, you may return the gift (unused) or reimburse the donor for all or a portion of the gift within 30 days of receipt. You may also donate the gift to a charitable organization within 30 days of receipt. (C.C.R. §18941; Gov. Code 82028). You may also “buy down” the value of the gift by reimbursing the donor an amount that brings the value of the gift under \$520.

Please note that the look-back period for determining whether you may be disqualified from voting/participating on a decision affecting a source is 12-months from the date the matter is scheduled for action by the Board; however, the \$520 single source limit is based on a calendar year. This means that if gifts to you from a single source exceed \$520 within 12-months of the scheduled board action affecting that source, you can be disqualified from voting even if you did not exceed the \$520 maximum single source limit within the calendar year.

Gift Limits – Applicable to Spouses and Immediate Family Members

A gift given to your spouse¹ or child (up to age 23) is presumed to be a gift to you as follows: 1) if there is no established relationship between the donor and your family member to make the donor’s gift appropriate; or 2) within 12 months of making the gift the donor (a) lobbies KCERA, (b) is involved in an action before KCERA’s board, (c) has a contract with KCERA, or (d) engages in business with KCERA in which you will foreseeably participate. (Cal. Code Regs., tit. 2, § 18943).

Gifts Issues - Multiple Donors

If you receive separate gifts from an entity and a person who controls more than 50% of that entity, the gifts are treated as received from the same source.

A single gift from multiple donors (sources) need not be reported, unless any one individual contributes more than \$50 towards your gift. (But, a gift from a single organization (source) above \$50 must be reported: it is not considered a gift from multiple donors of that organization.)

Please contact me if you have additional questions regarding gifts. The FPPC also has a toll-free advice line at 1 (866) ASK—FPPC or advice@fppc.ca.gov.

¹ Includes domestic partners.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Memorandum from the
Office of the Chief Legal Officer
Jennifer Esquivel Zahry

Date: January 19, 2022
To: Trustees, Board of Retirement
From: Jennifer Esquivel Zahry, Chief Legal Officer
Subject: **Gifts of Travel**

The statutes and regulations regarding travel payments and reporting requirements can be difficult to interpret. This memo summarizes important information regarding gifts of travel.

As a KCERA Trustee, your travel expenses for external education programs are reimbursed to you by KCERA. You are not required to report these reimbursements on your Form 700 -- Statement of Economic Interest. However, when your travel expenses are paid by someone other than yourself or KCERA, the payment/repayment is generally reportable and may be subject to the gift limitations described in the Gift Restrictions Memo dated January 19, 2022.

Speeches

While travel payments, advances, reimbursements for travel in the U.S. (related to a legitimate government purpose) made in connection with a speech given by a KCERA Trustee for expenses incurred the day immediately preceding the speech, the day of, and the day immediately following the speech, are not subject to the \$520 annual gift limit, Trustees are still subject to the disqualification rules regarding gifts. This means that a Trustee, who accepts a gift(s) of travel totaling \$520 or more from a third party in a 12-month period, may be disqualified from voting or otherwise participating in a Board of Retirement decision affecting the third party. (Gov. Code § 87103.)

Avoiding Disqualification

As set forth in the Gift Restriction Memo, to avoid becoming disqualified from voting on matters affecting the donor, you may refuse the gift of transportation or accommodations or reimburse the donor for all or a portion of the gift within 30 days of receipt. (C.C.R. § 18941; Gov. Code § 82028). You may also "buy down" the gift by reimbursing the donor an amount that brings the value of the gift under \$520. Such action needs to occur before the Trustee can vote on the decision affecting the donor.

SPECIAL PAY CODE – PENSIONABLE/ NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
County	TP	Probation Program Specialist Trainer Pay INCLUDED FOR LEGACY MEMBERS, EXCLUDED FOR PEPR MEMBERS	<p>“Probation Program Specialist Trainer Pay of 5% of base hourly pay will be paid to those Kern County Probation Department employees who are actively engaged in training other employees in curricula of validated, evidence-based programming for youth and adults. To receive the training incentive pay, employees must receive approval by the Chief Probation Officer or their designee to conduct the subject training. The 5% trainer pay will be paid on an hourly basis and shall be paid only for the hours spent providing the training.”</p> <p>SEIU MOU, Article V, Section 22, December 14, 2021</p>	<p><i>Cal. Gov. Code section 7522.34 (c)(3) and (10) (excludes any ad hoc payments and any bonus paid in addition to member’s normal monthly rate of pay or base pay).</i></p> <p><i>Cal. Gov. Code section 31461(b)(1)(B) (excludes ad hoc payments to a member, only when not paid to all similarly situated members in the same grade or class).</i></p>

THE FOLLOWING SPECIAL ALLOWANCE DESIGNATIONS DISPLAY THE SPECIAL ALLOWANCES CLASSIFIED BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO KCERA BOARD'S ADMINISTRATION OF SPECIAL ALLOWANCES POLICY & CA SUPREME COURT ALAMEDA DECISION (7/30/2020)

COMPENSATION EARNABLE

THE FOLLOWING SPECIAL ALLOWANCES ARE CONSIDERED **COMPENSATION EARNABLE** FOR APPLICABLE MEMBERS (MEMBERSHIP BEFORE 1/1/2013).

<u>SPECIAL ALLOWANCE</u>	
<u>CODE</u>	<u>FULL LEGEND</u>
TP	PROBATION PROGRAM SPECIALIST TRAINER PAY

PENSIONABLE COMPENSATION

THE FOLLOWING SPECIAL ALLOWANCES ARE **NOT** CONSIDERED **PENSIONABLE COMPENSATION** FOR APPLICABLE MEMBERS (MEMBERSHIP ON OR AFTER 1/1/2013).

<u>SPECIAL ALLOWANCE</u>	
<u>CODE</u>	<u>FULL LEGEND</u>
TP	PROBATION PROGRAM SPECIALIST TRAINER PAY

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §6254.26)

(CA Gov. Code §6255)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE



CHIEF EXECUTIVE OFFICER'S REPORT

KCERA | DOMINIC D. BROWN | JANUARY 2022



OFFICE UPDATE

- RFP Status – General Investment Consultant and Actuary
- New County Compensation Structure – KCERA budget and staff will be impacted by new MOUs and Resolution
- Facilities – Solar installation is in progress
- Staffing – Recruitments ongoing for Accountant, Senior Retirement Services Analyst, Retirement Services Analyst, Retirement Services Specialist, and Retirement Services Technician
 - Board-approved Reorganization is being implemented with County Human Resources
- *Alameda* Decision – Final analysis is being completed for presentation to the Board

OPERATIONS ACTIVITY

- Member Services
 - 25 new retirements and calculations
 - 51 death benefit calculations
 - 179 service-credit purchase calculations
 - 52 retirement estimates
 - 133 new active members
 - 106 terminations with disposition packets
 - 18 in-person appointments
 - 134 walk-ins
 - 524 phone calls
 - 137 emails
- Accounting & Reporting
 - 1099R
 - State Controller's Report
 - ACFR – GFOA Award
- Information Technology
 - Annual contribution correction
 - 1099R
 - Some district plan sponsors are switching payroll providers



UPCOMING EVENTS

- Finance Committee – Next meeting will be scheduled early in 2022 to continue SRBR discussions
- Administrative Committee – Meeting will be scheduled in late January or early February
- Investment Committee – Meeting will be scheduled in late January or early February
- KCERA Property, Inc. – No meetings currently scheduled
- Board of Retirement – Next regular monthly meeting will be on February 9



CIO REPORT

INVESTMENT PROGRAM UPDATE | January 2022

Rebalancing

DECEMBER ACTIVITY

- Public Equity
 - -15M Parametric S&P 500
 - -15M Parametric S&P 500
 - -20M Mellon Stock Index Fund
 - +8MM Parametric Russell 2000
 - +15M Parametric S&P 500
- Reduce Core Fixed Income
 - -20MM PIMCO Core Plus
 - -10MM Western Asset Core Plus
- Increase Midstream
 - +15MM Blackstone Harvest



Reduced Public Equity overweight

Trimmed Core Fixed Income

Following a period of Midstream weakness, increased exposure

Asset Class	Actual	Target	Difference
Public Equity	40.6%	37%	+3.6%
Fixed Income	22.7%	24%	-1.3%
Core	12.1%	14%	-1.9%
Credit	5.9%	6%	-0.1%
Emerging Market Debt	4.8%	4%	+0.8%
Commodities	5.4%	4%	+1.4%
Midstream	5.3%	5%	+0.3%
Hedge Funds	10.0%	10%	+0.0%
Alpha Pool	4.8%	5%	-0.2%
Core Real Estate	5.3%	5%	+0.3%
Opportunistic	2.8%	0%	+2.8%
Private Markets	7.8%	15%	-7.2%
Cash	-4.7%	-5%	+0.3%

Positioning

ACTUAL VS POLICY TARGET

Public equity: reduced exposure but maintaining small overweight.

Fixed Income: close to maximum underweight in Core; overweight EM Debt.

Midstream: increased allocation following weakness in November and first-half of December.

Private Markets continues to be a key focus; the allocation should reach 15% target around 2025.

Private Markets underweight continues to be reallocated to Public Equity, and other asset classes where we see opportunity, including EM Debt, Commodities, Midstream, and Opportunistic. *Historically, Private Credit and Private Real Estate underweights were allocated to Core Fixed Income.*

Key Initiatives



Enhancing return while managing risk

- Capital Efficiency
 - Analysis of multi-beta exposure, and reserve sizing requirements
- Multi-asset and tactical asset allocation research
- Opportunistic investments
- Private Markets
 - Continued program build-out
 - Venture Capital research
 - Annual Plan early 2022
- Tail hedge research

Investment Committee Meetings

Next meeting late January/early February

Topics to be discussed include:

- Private market fund recommendations; potentially 3 funds

The last IC meeting was held on December 14th.





CLO Report January 2022

Jennifer Esquivel Zahry, Chief Legal Officer

Phillip Jenkins, Deputy Chief Legal Officer

Maggie Peralta-Lee, Senior Paralegal

Irma Jimenez, Senior Legal Secretary

Updates

Litigation

- *Allum v. SJCERA – Funding and Statute of limitations*
 - 3d DCA Affirmed trial court (unpub.)
- *Nowicki v. CCCERA – pre-PEPRA straddling/pension spiking*
 - 1st DCA reversed trial court (pub.)
- *O’Neal v. StanCERA- funding decision*
 - 5th DCA upheld trial court (unpub.)
- *Houston Community College v. Wilson – free speech vs. discipline for violation of governance standards*
 - Under submission w/ SCOTUS

Legislation

- See SACRS memo (attached)
 - New legislation
 - Two year bills

JANUARY CALENDAR

	Pending CLO Review
Operational Contracts	4
Investment/ Custodial Documents	5
Disability Matters	0
Community Property Matters	4
PRA Requests	0
Staff Inquiries	10
Administrative Appeals	8
Board/Committee Meetings	2
Special Projects – Training of new DCLO	~

Q4 2021 METRICS

	Completed
Operational Contracts	5
Investment/ Custodial Documents	31
Board Documents	44
Community Property Matters	46
Disability Matters	14
Post-Retirement Employment Certifications	12
Powers of Attorney	8
PRA Requests	9
Administrative Appeals – Response to Objections	5
Special Projects	10
CLO Responses to inquiries/ Legal Review of Docs	400+



January 6, 2022

TO: State Association of County Retirement Systems
FROM: Edelstein Gilbert Robson & Smith, LLC
RE: **Legislative Update – January 2022**

General Update

The Legislature reconvened for the second year of the 2021-22 Legislative session on Monday January 3. Legislators are beginning to introduce new bills, and two-year bills that are in the first house are getting set for hearing.

Legislators have until February 18 to introduce new legislation. All two-year bills that are still in the house of origin must pass out of that house by the end of January. Two-year bills that are already in the second house have a more relaxed timeline.

The “Swing Space” where legislative offices are housed during the construction of the annex is up and running. However, due to the spike in COVID-19 cases, many legislative staff are still working from home. It remains to be seen how the Capitol working dynamic will evolve as case rates change in the Winter and into Spring.

2022-23 California State Budget

Governor Newsom is expected to introduce the January 2022-23 State Budget next week. Like last year, California is anticipating a record surplus. Latest projections put this figure at \$31 billion, and this means it will be another busy budget year as legislators and organizations vie for a portion of this funding.

We will keep SACRS apprised of any budget items of interest that are introduced in the coming weeks and months.

Redistricting

The 2020 California Citizens Redistricting Commission approved the new district lines on December 27. Incumbent legislators are making decisions about where to run next cycle or to even run at all. To that end, a handful of legislators have already announced that they will not be seeking reelection for their next term. We expect more shuffling to come.

SACRS Sponsored Bill

The SACRS membership approved the SACRS proposed legislation at the Fall Conference in November. Now that it is approved, the Legislative Committee and lobbyists are having the relevant discussions in the Legislature to get the proposals introduced into bills.

Half of the proposals in the approved SACRS Sponsored Bill will be placed into an annual omnibus committee cleanup bill. This year that bill will be authored by the Assembly Public Employment and Retirement Committee. The other half of the proposals, while not controversial, will need to be placed in a policy bill because they are more than “technical cleanup” suitable for an omnibus bill. The SACRS lobbying team is in the process of securing a legislator to author this bill.