

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

Tyler Whitezell, Chair
Phil Franey, Vice-Chair
Jeanine Adams
David Couch
Juan Gonzalez
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate
6th Member (Vacant)

February 2, 2023

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, February 8, 2023 at 8:30 a.m. via teleconference pursuant to California Government Code section 54953, subdivision (e) upon adoption of required findings.

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers (*landline recommended for best audio*) and enter ID# 851-7296-7457:

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

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

- <https://us02web.zoom.us/j/85172967457?pwd=NWd3TGZQNlczOGhnZUZKZTdIb3Nidz09>
- Passcode: 760245

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

SALUTE TO FLAG

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. [Findings and new Initial Resolution needed to utilize alternative teleconferencing requirements during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – ADOPT FINDINGS FOR THE BOARD AND ALL KCERA STANDING COMMITTEES; APPROVE 30-DAY RESOLUTION](#)

*2. [Summary of proceedings of the following meetings:](#)

- December 12, 2022 Investment Committee
- December 12, 2022 Nominating Committee
- December 14, 2022 Board of Retirement

RECEIVE AND FILE

- *3. [Report from the KCERA office on members retired from service for the months of December 2022 and January 2023 – RATIFY](#)
- *4. [Report from the KCERA office on deceased retirees for the months of December 2022 and January 2023 – RECEIVE AND FILE](#)
- *5. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending January 31, 2023 – RECEIVE AND FILE](#)
- *6. [Securities Lending Earnings Summary Report for the periods November 1-30, 2022 and December 1-31, 2022 from Deutsche Bank – RECEIVE AND FILE](#)
- *7. [KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the months of November and December 2022 – RECEIVE AND FILE](#)
- *8. [KCERA Class Action Proceeds Report from October 1, 2022 through December 31, 2022 from the Northern Trust Company – RECEIVE AND FILE](#)
- *9. [Corrections in Benefit Payments Report for the period July through December 2022– RECEIVE AND FILE](#)
- *10. [Corrections in Benefit Contributions Report for the period July through December 2022 – RECEIVE AND FILE](#)
- *11. [Glass Lewis Proxy Voting Management Report for the period January 1 through December 31, 2022 – RECEIVE AND FILE](#)
- *12. [2023 Board of Retirement Committee Assignments – RECEIVE AND FILE](#)
- *13. [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)
- *14. [Kern County Employees' Retirement Association 2022 Annual Comprehensive Financial Report \(ACFR\) for the fiscal years ended June 30, 2022 and 2021 – RECEIVE AND FILE](#)

- *15. [Auditor’s reports to management for the fiscal year ended June 30, 2022 – APPROVE AUDITOR’S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022](#)
- *16. [Letter from Segal Consulting, dated January 23, 2023, on annual cost-of-living adjustment \(COLA\) rates as of April 1, 2023 – ADOPT THE FOLLOWING:](#)

RETIREMENT DATE	COLA
ON OR BEFORE APRIL 1, 2023	2.5%

- *17. [Letter from Segal, dated January 13, 2023, regarding Five-Year Projection of Employer Contribution Rates based on June 30, 2022 Valuation – RECEIVE AND FILE; DISTRIBUTE TO KCERA PLAN SPONSORS TO BE INTEGRATED INTO PAYROLL PROCESS](#)
- *18. [Appointment of Retiree Extra-Help Sofia Reyes, effective February 13, 2023 to June 30, 2023 – RECEIVE AND FILE](#)
- *19. [Memorandum from Chief Legal Officer Jennifer Esquivel Zahry, dated February 8, 2023, regarding gift restrictions – RECEIVE AND FILE](#)
- *20. [Memorandum from Chief Legal Officer Jennifer Esquivel Zahry, dated February 8, 2023, regarding gifts of travel – RECEIVE AND FILE](#)
- *21. [Report on Special Pays Codes classified by the Chief Executive Officer – RECEIVE AND FILE](#)
- *22. [Invitation for trustees to attend the 2023 California Association of Public Retirement Systems \(CALAPRS\) General Assembly, March 4-7, 2023 in Monterey, CA – APPROVE THE ATTENDANCE OF TRUSTEES DUSTIN CONTRERAS, PHIL FRANEY AND JUAN GONZALEZ](#)

PUBLIC COMMENTS

- 23. 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

24. [Presentation on Annual Private Markets Plan presented by Andrea Auerbach](#), Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Investment Director, Cambridge Associates, and Chief Investment Officer Daryn Miller, CFA – RECEIVE AND FILE
25. [Presentation on the 4th Quarter Investment Performance Review for the period ending December 31, 2022 by Scott Whalen, CFA, Verus](#) – RECEIVE AND FILE
26. [Presentation on the 4th Quarter 2022 Portfolio Review presented by Spencer Edge](#), Albourne America¹ – RECEIVE AND FILE

ADMINISTRATIVE MATTERS

27. [Trustee education regarding AB 2449 presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry](#) – RECEIVE EDUCATIONAL TRAINING (10 MINUTES TRUSTEE EDUCATION CREDIT)

STAFF REPORTS

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

COMMITTEE REPORTS

31. Report from Committee Chairs:
 - a. Administrative Committee: Gonzalez
 - b. Finance Committee: Contreras
 - c. Investment Committee: Kratt
 - d. KCERA Property, Inc. Board: Kratt

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION

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

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

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.

RETURN TO PUBLIC SESSION

ROLL CALL

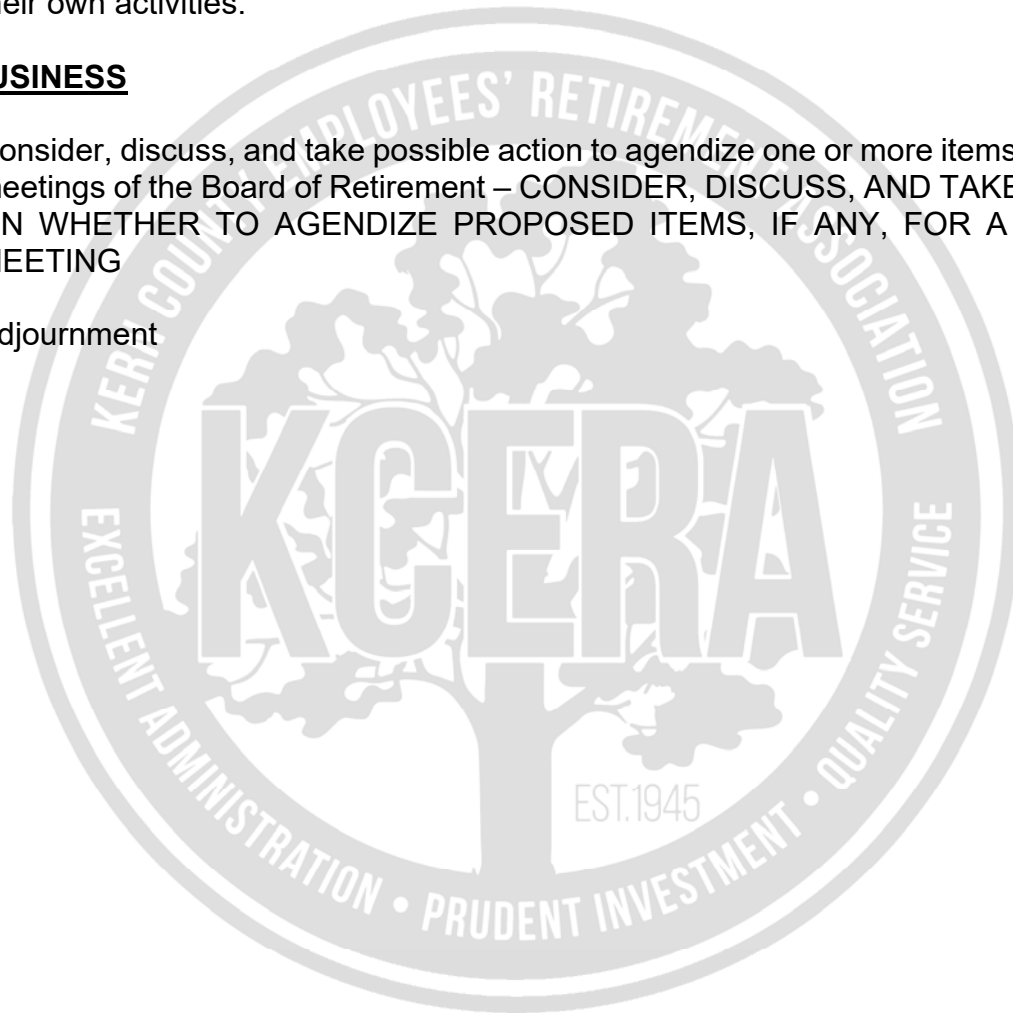
REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

33. 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

34. Consider, discuss, and take possible action to agendaize 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
35. Adjournment



**BEFORE THE BOARD OF RETIREMENT
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION No. 2023-01**

In the matter of:

NEW INITIAL RESOLUTION RE 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 and adopted Resolution 2022-11 on December 14, 2022, by majority vote, evidencing that it 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 14, 2022; and
 - (i) Resolution 2022-11 lapsed due to inaction as KCERA's Board of Retirement was not scheduled to hold a Regular Meeting within 30 days of December 14, 2022; and
 - (j) KCERA's Board of Retirement wishes to pass this new Initial Resolution in accordance with its State of Emergency Protocols for KCERA Board Meetings (adopted March 9, 2022) and after reconsidering the circumstances of the state of emergency; and
 - (k) On January 30, 2023, the latest estimate of the R-effective in Kern County was 1.02 ("spread of COVID-19 is likely stable") –this number is up from 0.94 on December 5, 2022); and
 - (l) The Centers for Disease Control and Prevention (CDC) updated its framework to focus on hospitalizations and hospital capacity rather than test positivity; its multi-tiered approach determines whether the level of COVID-19 and severe disease in the community is low, medium or high; as of January 26, 2023, the CDC classifies Kern County at a "low level" of COVID-19 and severe disease; and

- (m) The 7-day case rate in Kern County, has not been reported by Kern County Public Health since March 2022, but the CDPH reported on January 30, 2023 that Kern County had 5.7 cases per 100,000 with 52 average cases per day; and
- (n) Effective March 1, 2022, there is no longer a state mandate requiring masking indoors for anyone; however, the Public Health Officer for the CDPH strongly recommends all individuals wear a mask in all indoor public settings regardless of vaccination status; and
- (o) the Board finds that it has reconsidered the circumstances of the state of emergency and determines that the state of emergency remains in effect and although much improved, it continues to directly impact the ability of attendees to safely meet in person over the next 30 days.

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

Effective February 8, 2023, 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 March 10, 2023, or such time the Board of Retirement adopts a subsequent resolution in accordance with Government Code section 54953(e)(3).

RESOLUTION HISTORY

- 1) This Resolution was:
 - a) Approved by the Board on February 8, 2023.

PROPOSED

Evidence in Support of Findings

EVIDENCE IN SUPPORT OF FINDINGS

TABLE OF CONTENTS

R-EFFECTIVE KERN COUNTY (AS OF JANUARY 30, 2023)	1
CDC TRACKER – KERN COUNTY (AS OF JANUARY 26, 2023)	2
CDPH KERN CASES (AS OF JANUARY 30, 2023).....	3
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CA PROCLAMATION OF A STATE OF EMERGENCY (MARCH 4, 2020)	5

Latest Estimate of R-effective is:

0.92

Range: 0.88 - 0.94
Spread of COVID-19 is likely stable
2023-01-27

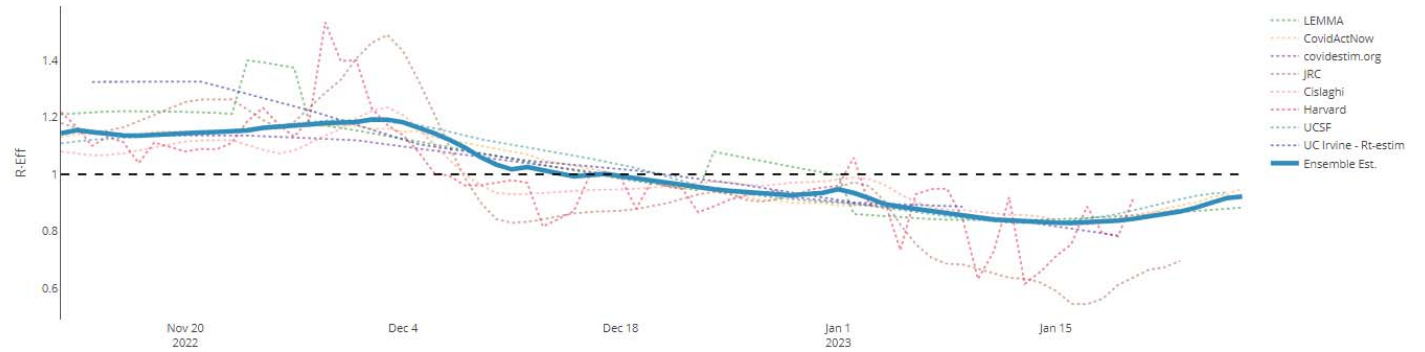
What does a R-eff of this size mean?

Download R-eff Values

Download Interactive Plot

Statewide Estimates of R-effective

The effective reproductive number (R-eff) is the average number of secondary infected persons resulting from a infected person. If R-eff > 1, the number of infected persons will increase. If R-eff < 1, the number of infected persons will decrease. At R-eff = 1, the number of infected persons remains constant. See COVID Technical Notes tab for more information.



Kern

Latest Estimate of R-effective is:

1.02

Spread of COVID-19 is likely stable
2023-01-26

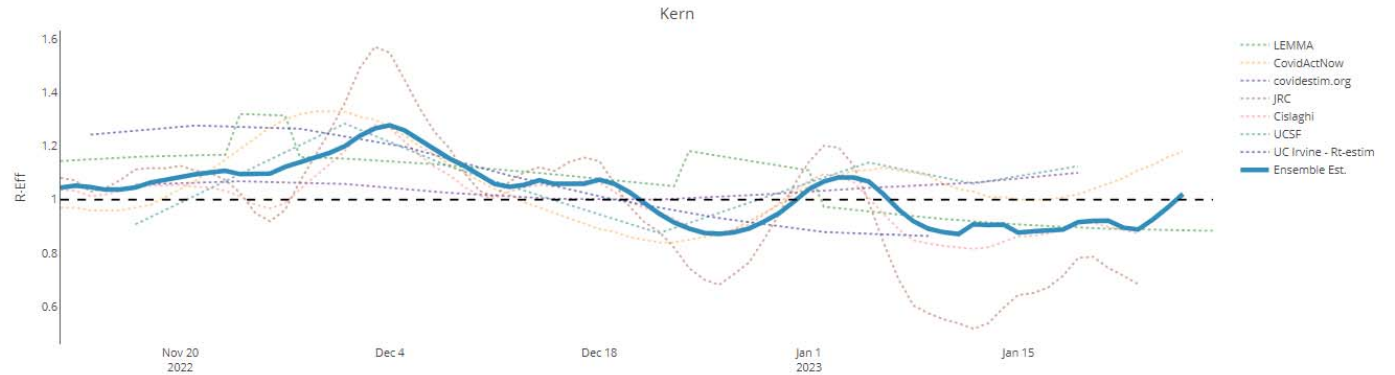
Download County R-eff Trend

NOTE: Some counties do not have sufficient case numbers in order for modelers to estimate R-effective.

Download Interactive Plot

R-effective Trends by County

Select a county to see how R-effective has changed over time. See COVID Technical Notes tab for more information.





COVID-19 County Check

Find community levels and prevention steps by county. Data updated weekly.

Select a Location (all fields required)

California

Kern County

Go

< Start Over

● Low

In **Kern County, California**, community level is **Low**.

- [Stay up to date](#) with COVID-19 vaccines, including recommended booster doses.
- Maintain [ventilation improvements](#).
- Avoid contact with people who have suspected or confirmed COVID-19.
- Follow recommendations for [isolation](#) if you have suspected or confirmed COVID-19.
- Follow the recommendations for [what to do if you are exposed](#) to someone with COVID-19.
- If you are at [high risk of getting very sick](#), talk with a healthcare provider about additional prevention actions.

People may choose to mask at any time. People with symptoms, a positive test, or exposure to someone with COVID-19 should wear a high-quality [mask or respirator](#) when indoors in public.

If you are immunocompromised, learn more about [how to protect yourself](#).

Find out more about the COVID-19 situation in **Kern County, California** with [COVID-19 Data Tracker](#).

January 26, 2023

Cases and deaths

Kern **Statewide**

California has 11,016,379 confirmed cases of COVID-19, resulting in 99,130 confirmed deaths.

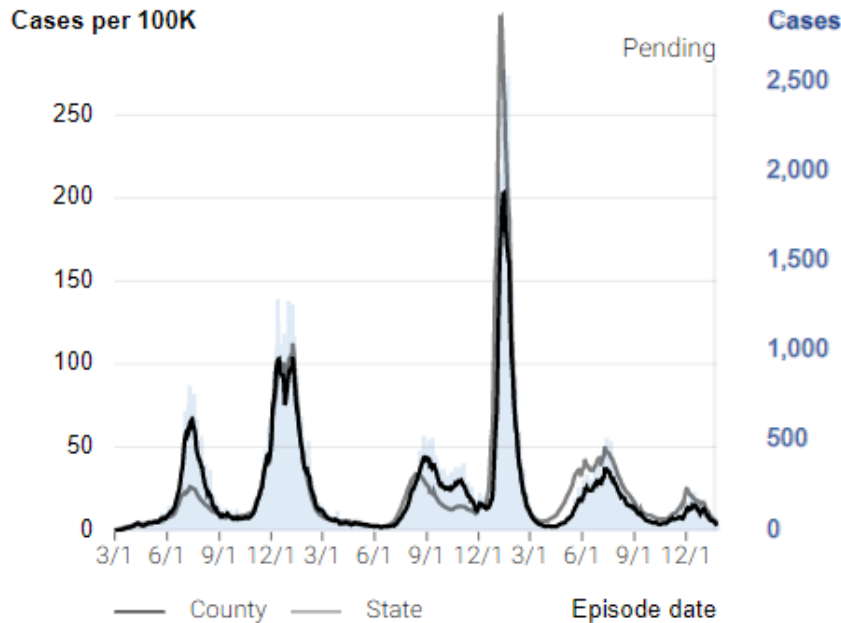
Cases in Kern County

Confirmed ▾ **All time** ▾

227,749 total confirmed cases

52 average cases per day

5.7 cases per 100K (7-day average)



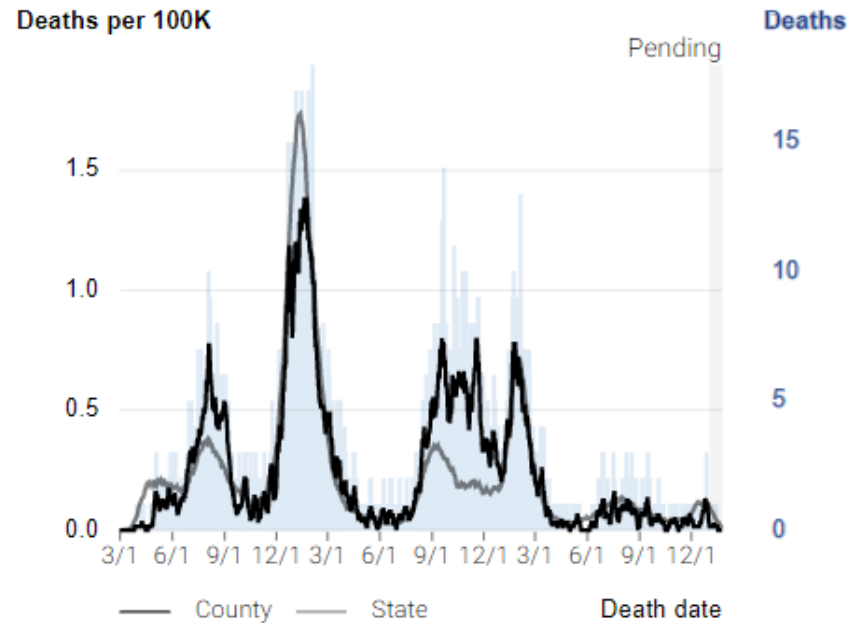
Deaths in Kern County

Confirmed ▾ **All time** ▾

2,467 total confirmed deaths

0 average deaths per day

0.02 deaths per 100K (7-day average)



[Cases and deaths source data](#) . Data is updated weekly.

State of Emergency Protocol for KCERA Board Meetings

This document provides guidance for holding meetings of the KCERA Board of Retirement and its Committees during a proclaimed state of emergency.

1. Adoption of Findings

So long as a proclaimed state of emergency remains in effect, the Board of Retirement finds that meeting in person would present imminent risks to the health and safety of attendees and will adopt findings necessary to utilize teleconferencing options under California Government Code section 54953(e).

a. Trustee Participation

While the State of Emergency remains in effect and following the adoption of the findings, trustees may choose to attend meetings in-person or via teleconference.

b. Public Participation

While the State of Emergency remains in effect and following the adoption of the findings, members of the public may attend the meetings via teleconference with the ability to view the KCERA Board meetings through a webinar (video and audio) format or via telephone.

c. Safety Protocols for Trustees

Trustees who choose to attend meetings in-person must adhere to the same safety standards required of KCERA employees by the County of Kern.

d. Standard Safety Precautions

KCERA Staff will configure the Board Room in accordance with State and local public health and employee safety guidelines. Additional safety precautions may be available to Trustees upon request, subject to budgetary restrictions and availability.

2. Termination of State of Emergency

When the proclaimed State of Emergency is terminated, the Board will continue to follow #1.c and #1.d above. Trustees will participate in meetings as required by governing law. KCERA's Board meeting room will reopen to the public. The ability of the public to listen to the KCERA meetings via the webinar format and telephone will continue.

**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.

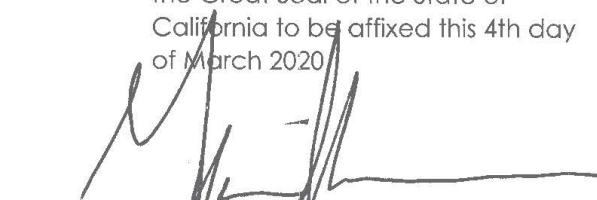
7. The 30-day time period in Health and Safety Code section 101080, within which a local governing authority must renew a local health emergency, is hereby waived for the duration of this statewide emergency. Any such local health emergency will remain in effect until each local governing authority terminates 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 – Investment Committee
December 12, 2022**

9:01 a.m.

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

ROLL CALL

Present: Gonzalez, Kaufman, Kratt, Whitezell

Absent: Couch

CONSENT MATTERS

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

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

- *1. Findings needed to utilize alternative teleconferencing requirements during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – **ADOPTED FINDINGS**

TRUSTEE DAVID COUCH ARRIVED AT 9:02 A.M.

Gonzalez-Whitezell – 4 Ayes

2. Discussion and appropriate action on private equity fund recommendation presented by Mark Mallory, Associate Investment Director, Cambridge Associates¹, and Chief Investment Officer Daryn Miller, CFA – MARK MALLORY, KELLY JENSEN, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE JUAN GONZALEZ HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE UP TO \$30MM COMMITMENT TO ACCEL-KKR CAPITAL PARTNERS FUND VII; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Gonzalez – 4 Ayes

PUBLIC COMMENTS

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

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

4. 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
5. ADJOURNED – 9:17 A.M.

Secretary, Board of Retirement

Chair, Investment Committee

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

SUMMARY OF PROCEEDINGS

**Teleconference Meeting – Nominating Committee
December 12, 2022**

9:23 a.m.

Committee Members: Adams, Couch, Chair Kaufman, Kratt

ROLL CALL

Present: Adams, Kaufman, Kratt

Absent: Couch

CONSENT MATTERS

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

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

- *1. Findings needed to utilize alternative teleconferencing requirements during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – **ADOPTED FINDINGS**

Adams-Kratt – 3 Ayes

2. Discussion and appropriate action regarding nominations of trustees for Chair and Vice-Chair of the Board of Retirement for calendar year 2023 – **CHAIR JORDAN KAUFMAN HEARD; TRUSTEES JEANINE ADAMS AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD**

NOMINATED TRUSTEE TYLER WHITEZELL AS CHAIR CANDIDATE AND TRUSTEE PHIL FRANNEY AS VICE-CHAIR CANDIDATE FOR 2023 SLATE FOR PRESENTATION TO THE BOARD OF RETIREMENT

Kratt-Adams – 3 Ayes

PUBLIC COMMENTS

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

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

4. 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
5. ADJOURNED – 9:35 A.M.

Secretary, Board of Retirement

Chair, Nominating Committee

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

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Board of Retirement Meeting

December 14, 2022

8:37 a.m.

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

ROLL CALL

Present: Adams, Contreras, Couch, Franey, Gonzalez, Hughes, Kaufman, Kratt, Matthews, Seibly, Whitezell

Absent: Nunneley

SALUTE TO FLAG – CHIEF EXECUTIVE OFFICER DOMINIC BROWN

MOMENT OF SILENCE

CONSENT MATTERS

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

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. Findings and new Initial Resolution needed to utilize alternative teleconferencing requirements during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – **ADOPTED FINDINGS FOR THE BOARD AND ALL KCERA STANDING COMMITTEES; APPROVED 30-DAY RESOLUTION**

Whitezell-Matthews – 9 Ayes

*2. Summary of proceedings of the following meetings:

- November 2, 2022 Board of Retirement
- November 16, 2022 Administrative Committee

RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

*3. Report from the KCERA office on members retired from service for the month of November 2022 – RATIFIED

Whitezell-Matthews – 9 Ayes

*4. Report from the KCERA office on deceased retirees for the month of November 2022 – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

*5. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending November 30, 2022 – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

*6. Securities Lending Earnings Summary Report for the period October 1-31, 2022 from Deutsche Bank – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

*7. KCERA asset allocation, cash flow position, investment fees, and budget status report for the month of October 2022 – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

*8. Letter from Auditor-Controller-County Clerk Mary B. Bedard, CPA, dated November 22, 2022, regarding the Certificate of Results of the KCERA Board of Retirement Election scheduled for December 6, 2022 – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

*9. Annual Fee Disclosure Report FY 2021-22 – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

*10. Annual On-Site Due Diligence Schedule FY 2021-22 – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

- *11. Annual Investment Manager Compliance Report FY 2021-22 – RECEIVED AND FILED

Whitezell-Matthews – 9 Ayes

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

Whitezell-Matthews – 9 Ayes

- *13. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting January 9-10, 2023, in Northern California (location TBA) – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Whitezell-Matthews – 9 Ayes

PUBLIC COMMENTS

14. 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

FINANCIAL MATTERS

15. Discussion and appropriate action on review of the actuarial valuation as of June 30, 2022, recommended employer and employee contribution rates for fiscal year 2023-2024, and related reports presented by Actuaries Paul Angelo and Molly Calcagno, Segal – PAUL ANGELO AND MOLLY CALCAGNO, SEGAL, HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECEIVED AND FILED; APPROVED THE ACTUARIAL VALUATION, EMPLOYER AND EMPLOYEE CONTRIBUTION RATES, AND RELATED REPORTS FOR FISCAL YEAR 2023-24 RECOMMENDED BY ACTUARY; SEND TO PLAN SPONSORS FOR ADOPTION

Franey-Kratt – 9 Ayes

16. Discussion and appropriate action on the draft Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022, presented by Auditor Daniel Sefick, Engagement Principal, CliftonLarsonAllen LLP, Chief Financial Officer Angela Kruger and Deputy Chief Financial Officer Maritza Rodriguez – DANIEL SEFICK, CLIFTONLARSONALLEN LLP HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEE TRACO MATTHEWS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

APPROVED DRAFT ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Matthews-Couch – 9 Ayes

INVESTMENT MATTERS

17. Presentation on the Private Markets Performance Report as of June 30, 2022 presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Senior Investment Director, Cambridge Associates¹, and Chief Investment Officer Daryn Miller, CFA – KELLY JENSEN, ANDREA AUERBACH, KEIRSTEN LAWTON, AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; CHAIR JUAN GONZALEZ HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Kaufman-Matthews – 9 Ayes

18. Discussion and appropriate action on private equity fund recommendation presented by Mark Mallory, Associate Investment Director, Cambridge Associates², Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – MARK MALLORY, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED UP TO \$30MM COMMITMENT TO ACCEL-KKR CAPITAL PARTNERS FUND VII; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Franey-Couch – 9 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 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.

ADMINISTRATIVE MATTERS

19. Response to referral regarding implementation of Risk Mitigation and Position Creation presented by Chief Executive Officer Dominic Brown, Governance Consultants Julie Becker and Benita Harper, Aon, and the Administrative Committee – JULIE BECKER, AON, HEARD; CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES DAVID COUCH, PHIL FRANEY, JOSEPH D. HUGHES, JORDAN KAUFMAN, RICK KRATT AND TRACO MATTHEWS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

APPROVED PROPOSED EDITS TO CHARTERS WITH ADDITION OF REPORT TO BOARD OF RETIREMENT ON CONSENT AGENDA

Kratt-Franey – 9 Ayes

20. Trustee education regarding Due Process and KCERA's Administrative Appeals Processes presented by Deputy Chief Legal Officer Phillip Jenkins – CHAIR JUAN GONZALEZ HEARD; TRUSTEE RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; DEPUTY CHIEF LEGAL OFFICER PHILLIP JENKINS HEARD

RECEIVED EDUCATIONAL TRAINING (17 MINUTES TRUSTEE EDUCATION CREDIT)

21. Slate of nominees for Chair and Vice-Chair for the calendar year 2023 presented by Nominating Committee Chair – CHAIR JUAN GONZALEZ HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD

ELECTED TRUSTEE TYLER WHITEZELL AS CHAIR AND TRUSTEE PHIL FRANEY AS VICE-CHAIR FOR CALENDAR YEAR 2023

Kratt-Couch – 9 Ayes

22. Presentation of plaque honoring Chair Juan Gonzalez for his service to the Kern County Employees' Retirement Association Board of Retirement as Chair – CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES DAVID COUCH, PHIL FRANEY, JOSEPH D. HUGHES AND TRACO MATTHEWS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

TRUSTEE ROBB SEIBLY LEFT AT 11:21 A.M.

MADE PRESENTATION

STAFF REPORTS

23. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- BOARD REFERRAL UPDATES
- KCERA TRUSTEE ELECTION/APPOINTMENTS
- STAFFING UPDATE
- AED INSTALLED IN KCERA LOBBY
- SOLAR PROJECT UPDATE
- RFP FOR OTHER AUDIT SERVICES UPDATE
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

TRUSTEE DAVID COUCH LEFT AT 11:22 A.M.

TRUSTEE ROBB SEIBLY RETURNED AT 11:23 A.M.

TRUSTEE MATTHEWS LEFT AT 11:30 A.M.

CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD;
TRUSTEE TRACO MATTHEWS HEARD; CHIEF LEGAL OFFICER JENNIFER
ZAHRY HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD

24. Report from Chief Investment Officer

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

- OCTOBER REBALANCING ACTIVITY
- PORTFOLIO POSITIONING & MARKET UPDATE
- KEY INITIATIVES & UPDATES

CHAIR JUAN GONZALEZ HEARD

25. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- U.S. DEPARTMENT OF LABOR FINAL RULE REGARDING ESG
- EXPANDED PAY TO PLAY TO COVERED ELECTED OFFICIALS
- DECEMBER CALENDAR ITEMS

TRUSTEE JEANINE ADAMS HEARD

TRUSTEE JORDAN KAUFMAN LEFT AT 11:43 A.M

COMMITTEE REPORTS

26. Report from Committee Chairs:
- a. Administrative Committee: HUGHES – NONE
 - b. Finance Committee: FRANNEY – NONE
 - c. Investment Committee: KAUFMAN – NONE
 - d. KCERA Property, Inc.: KRATT – NONE

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

EXECUTIVE SESSION

27. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957): Title: Chief Executive Officer
28. CONFERENCE WITH LABOR NEGOTIATORS REGARDING UNREPRESENTED EMPLOYEE (pursuant to Government Code §54957.6(a))

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

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 1:00 P.M.

ROLL CALL

Present: Adams, Contreras, Franey, Gonzalez, Hughes, Kratt, Seibly, Whitezell

Absent: Couch, Kaufman, Matthews, Nunneley

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 27 – NO REPORTABLE ACTION

ITEM 28 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

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

NEW BUSINESS

30. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE
31. ADJOURNED – 1:01 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement



**Kern County Employees' Retirement Association
New Retirees- December 1, 2022 to December 31, 2022**

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Alvarez	Maria	03/12/2022	General Tier I	2210 - Sheriff
Ammons	Arlene	11/04/2022	General Tier I	2180 - District Attorney
Banks	Lamarka	10/22/2022	General Tier I	2210 - Sheriff
Bonner	Irene	10/29/2022	General Tier I	5120 - Depart Of Human Services
Caldwell	Wayne	11/05/2022	General Tier I	8954 - Public Works-Public Ways
Espericueta	Brigette	10/22/2022	General Tier I	4120 - Behavioral Health & Reco
Gonzalez	Yesenia	11/01/2022	General Tier I	5120 - Depart Of Human Services
Hernandez	Sergio	11/01/2022	Safety Tier I	2340S - Probation-Safety
Knox	Brian	11/05/2022	Safety Tier I	2210S - Sheriff
Lifquist	Jonathon	10/22/2022	General Tier I	1130 - Assessor
Luckhardt	Elizabeth	11/19/2022	Safety Tier II PEPRA	2180S - District Attorney
Marquez	Linda	11/05/2022	General Tier I	2190 - Public Defender
Moreno	Daniel	10/22/2022	General Tier II	1640 - Construction Services
Romero	Anthony	11/04/2022	Safety Tier I	2415S - Fire
Sabin	Mark	07/01/2019	General Tier I	2610 - Dept Of Ag And Measmnt St
Sanchez	John	11/05/2022	Safety Tier I	2340S - Probation-Safety
Tafoya	Sylvia	10/20/2022	General Tier I	2210 - Sheriff
Tanner	Vanya	11/04/2022	General Tier II	4110D - Health-Mat Child Adol Hlt



**Kern County Employees' Retirement Association
New Retirees- December 1, 2022 to December 31, 2022**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Tejano	Jhun	10/22/2022	General Tier I	8954 - Public Works-Public Ways
Turney	Trundi	11/19/2022	General Tier I	2183 - Dept Of Child Support Svc

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Hartley-Anders	Kim	11/19/2022	General Tier I	9410 - Superior Court
Rupert	Jerry	10/22/2022	General Tier II	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Co	Edna	11/19/2022	General Tier II	9460 - Kern County Hospital Authority
Miller	Roger	10/22/2022	General Tier II	9460 - Kern County Hospital Authority
Muncy	Kathleen	11/05/2022	General Tier I	9460 - Kern County Hospital Authority
Ramos	Flordeliza	10/22/2022	General Tier I	9460 - Kern County Hospital Authority
Valenzuela	Nancy	10/22/2022	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
Cano	Charlene	11/19/2022	General Tier I	0959 - San Joaquin Valley Air Pollution Control



**Kern County Employees' Retirement Association
New Retirees- December 1, 2022 to December 31, 2022**

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



**Kern County Employees' Retirement Association
New Retirees- January 1, 2023 to January 31, 2023**

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Alarcon	Jerry	11/19/2022	Safety Tier I	2340S - Probation-Safety
Basham	Tammy	12/17/2022	General Tier I	5923 - Employers' Train Resource
Contreras	Elvia	12/12/2022	General Tier I	2183 - Dept Of Child Support Svc
Dear	Robert	12/17/2022	General Tier II PEPRA	8954 - Public Works-Public Ways
Dobbs	Michael	12/15/2022	Safety Tier I	2210 - Sheriff
Klassen	Michael	12/01/2022	General Tier I	5120 - Depart Of Human Services
Luna	Pascual	12/06/2022	General Tier I	1610 - General Services Division
Nesheiwat	Issa	12/17/2022	Safety Tier I	2340S - Probation-Safety
Powell	Marcella	11/23/2022	General Tier I	5120 - Depart Of Human Services
Ramirez	Edward	11/05/2022	Safety Tier I	2210S - Sheriff
Ratliff	Diana	10/22/2022	General Tier II	6210 - Library
Rodriguez	Janeen	11/30/2022	General Tier I	2750 - Planning & Community Devl
Romeri	Christopher	12/03/2022	General Tier II PEPRA	8954 - Public Works-Public Ways
Russell	Wendy	12/31/2022	General Tier II	5120 - Depart Of Human Services
Sharp	Peggy	11/23/2022	General Tier II	4120 - Behavioral Health & Reco



**Kern County Employees' Retirement Association
New Retirees- January 1, 2023 to January 31, 2023**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Snyder	Deborah	12/07/2022	General Tier I	2210 - Sheriff
Vela	Jose	12/17/2022	General Tier I	4120 - Behavioral Health & Reco
Vieyra	Magdalena	12/01/2022	General Tier I	4120 - Behavioral Health & Reco
Watson	Lawrence	12/15/2022	General Tier I	5923 - Employers' Train Resource
Wright	Chad	12/18/2022	Safety Tier I	2340S - Probation-Safety

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Siefkas	Jon	12/03/2022	General Tier I	9410 - Superior Court
Sutton	Candace	12/17/2022	General Tier I	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Duenas	Salvador	12/17/2022	General Tier II PEPRA	9460 - Kern County Hospital Authority
Makavo	Lyvette	12/02/2022	General Tier II	9460 - Kern County Hospital Authority

Employer Name: San Joaquin Valley APCD

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Murchison	Melody	10/01/2022	General Tier I	0959 - San Joaquin Valley Air Pollution Control District



Kern County Employees' Retirement Association Decedents- December 1, 2022 to December 31, 2022

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Falk	Brian	Safety	County Of Kern

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Cowan	Evans	General	County Of Kern
Craft	Joy	General	County Of Kern
Dillon	William	General	County Of Kern
Harris	Daisy	General	County Of Kern
Harrod	Nancy	General	County Of Kern
Madsen	Gary	Safety	County Of Kern
Mcdaniel	Anne	Safety	County Of Kern
Murotani	Ronald	General	County Of Kern
Phillips	Brenda	General	County Of Kern
Rosa	Mary	General	County Of Kern
Sabin	Mark	General	County Of Kern



Kern County Employees' Retirement Association Decedents- January 1, 2023 to January 31, 2023

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Asbridge	Linda	General	County Of Kern
Patton	Eric	Safety	County Of Kern
Schmidt	Mark	Safety	County Of Kern
Simmons	Ronald	General	County Of Kern

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Amos	Aniece	General	County Of Kern
Barker	Peggy	General	County Of Kern
Bettes	Sandra	General	County Of Kern
Hill	Dan	Safety	County Of Kern
Hill	Victoria	General	County Of Kern
Lee	Elinor	General	County Of Kern
Lewis	Gilbert	General	County Of Kern
Marin	Sylvia	General	County Of Kern
McKnight	James	General	County Of Kern
Nacca	Gay	General	County Of Kern
Page	Michael	General	County Of Kern
Pilatti	Carmen	General	County Of Kern
Poole	Thomas	General	County Of Kern
Tista	Joann	General	County Of Kern
Wilkins	George	General	County Of Kern

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 1/31/2023**

NAME	DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Inman Ferguson, Jill	SUPERIOR COURT	01/24/23	01/27/23
Monahan, Laura	ENGINEERING & GROUNDWATER SERVICES	01/03/23	01/13/23
Kimbrell, Tamara	SHERIFF	11/29/22	01/13/23
Dunlap, James	SHERIFF	11/01/22	12/01/22
Schmidt, Mark	FIRE	10/26/22	12/02/22
Yanez, Alfred	SHERIFF	10/03/22	01/17/23
NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Perez, Manuelita	PROBATION	10/27/22	01/17/23
Morrison, James	SHERIFF	09/14/22	12/19/22
Gregory, Dolores	SHERIFF	08/16/22	12/19/22
Smith, Clifton	FIRE	08/15/22	12/19/22
Cockrell, June	DEPT OF HUMAN SERVICES	08/11/22	10/18/22
Gaetzman, Travis	SHERIFF	08/10/22	11/22/22
Hartley-Anders, Kim	SUPERIOR COURT	08/09/22	11/22/22
Hudson, Richard	SHERIFF	08/08/22	11/22/22
Carrillo, Aaron	SHERIFF	07/15/22	09/30/22
Rice, Jerry	FIRE	07/07/22	11/22/22
Roden, Jim	SHERIFF	06/22/22	09/30/22
Rodriguez, Mark	FIRE	06/21/22	09/01/22
Fecke, Daniel	HOSPITAL AUTHORITY	06/15/22	09/30/22
Pena, Armando	PROBATION	05/27/22	09/19/22
Hill, Sheldon	SHERIFF	05/27/22	08/19/22
Gomez, Armando	ITS	04/29/22	10/14/22
Cano, Emma	BEHAVIORAL HEALTH & RECOVERY SERVICES	03/17/22	08/19/22
Barnes, Mark	SHERIFF	12/03/21	07/21/22
Yohn, Jacob	SHERIFF	11/30/21	07/21/22
Fussel, Kathy	HOSPITAL AUTHORITY	11/03/21	02/24/22
Guandique, Sandra	RISK MANAGEMENT	10/15/21	03/14/22
Kauffman, Stephen	DISTRICT ATTORNEY	08/16/21	04/25/22
Gardner, Stephen	FIRE	07/19/21	02/24/22
Brannan, Derek	SHERIFF	07/14/21	11/22/21
Leon, Theresa	DEPARTMENT OF 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 DIVISION	05/12/21	09/15/21
Garcia, Judy	KERN HOSPITAL AUTHORITY	03/29/21	10/18/21

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 1/31/2023**

NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
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	8/20/201
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
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	KERN BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/18	09/08/20
Champlin, Timothy	PROBATION	04/25/18	05/21/20
Hulsey, Jonathan	PROBATION	04/18/18	04/22/20
Coletti, John	SHERIFF	01/30/18	05/20/20
Rodriquez, Ted	SHERIFF	06/22/17	02/20/20
Carvel, Scott	DISTRICT ATTORNEY	01/27/17	11/05/19
COMPLETED IN 2023			
NAME	DEPARTMENT	FILED	DATE COMPLETED

**KCERA
DISABILITY RETIREMENT APPLICATION APPEALS PENDING
AS OF 1/31/23**

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	HEARING OFFICER ASSIGNED	STATUS
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WRIT OF MANDATE	DEPARTMENT	DATE FILED	BOARD DECISION	PETITION FOR WRIT FILED	STATUS
Ashley, Mark	SHERIFF	09/03/15	Board denied SCD and granted NSCD 9/8/2021	12/8/2021	Trial 12/9/2022; Waiting for Judgment

COURT OF APPEAL	DEPARTMENT	DATE FILED	BOARD DECISION	PETITION FOR WRIT FILED	JUDGMENT ON WRIT	NOTICE OF APPEAL RECEIVED	STATUS
Morgan, Gloria	SHERIFF	03/26/15	Board denied SCD 8/14/2019	11/6/2019	7/8/2021	7/29/2021	Case fully briefed 5/20/2022; Waiting for Court

HEARINGS COMPLETED IN 2023			
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED

SECURITIES LENDING

Summary Earnings Report

Run Time: 08-Dec-2022 12:19 EST
Date Range: 01-NOV-2022 To 30-NOV-2022
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	4,984,500.67	7,965.29	796.53	7,168.76	KNC15
KNCTY - PIMCO Midstream	CAKE19	24,847,160.02	19,985.15	1,998.52	17,986.64	KNC16
KNCTY PIMCO Core Plus	CAKE07	22,309,706.35	4,189.10	418.91	3,770.19	KNC11
KNCTY PIMCO EMD	CAKE08	1,554,591.28	692.06	69.21	622.85	KNC12
KNTCY - Alliance Bernstein	CAKE15	29,781,016.36	11,798.05	1,179.80	10,618.24	2664130
KNTCY - Geneva	CAKE16	20,577,710.71	5,142.34	514.23	4,628.11	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	6,014,518.64	2,202.50	220.25	1,982.25	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	43,027,807.62	21,922.83	2,192.28	19,730.55	KNC08
	CCY Total USD:	153,097,011.63	73,897.33	7,389.73	66,507.59	
	Grand Total USD:		73,897.33	7,389.73	66,507.59	

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SECURITIES LENDING

Summary Earnings Report

Run Time: 10-Jan-2023 13:20 EST
Date Range: 01-DEC-2022 To 31-DEC-2022
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	4,721,172.91	4,313.86	431.39	3,882.47	KNC15
KNCTY - PIMCO Midstream	CAKE19	25,768,042.80	15,624.00	1,562.40	14,061.60	KNC16
KNCTY PIMCO Core Plus	CAKE07	25,020,215.83	6,781.11	678.11	6,103.00	KNC11
KNCTY PIMCO EMD	CAKE08	836,575.81	636.36	63.64	572.72	KNC12
KNTCY - Alliance Bernstein	CAKE15	25,791,053.61	12,686.43	1,268.64	11,417.79	2664130
KNTCY - Geneva	CAKE16	17,227,626.76	4,572.53	457.25	4,115.28	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	7,554,363.65	5,684.33	568.43	5,115.90	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	38,937,327.94	17,954.35	1,795.43	16,158.91	KNC08
	CCY Total USD:	145,856,379.31	68,252.98	6,825.30	61,427.68	
	Grand Total USD:		68,252.98	6,825.30	61,427.68	

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KCERA ASSET ALLOCATION*
11/30/2022

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) \$(000)
AllianceBernstein	Small Cap Value	91,550	1.8%			
Geneva Capital	Small Cap Growth	49,527	1.0%			
Mellon Capital Management EB DV	Large Cap Passive	486,459	9.3%			
PIMCO StockPlus	Large Cap Enhanced	105,517	2.0%			
Total Domestic Equity		\$733,053	14.1%	19.0%	(4.9%)	(\$255,603)
American Century	International Small	70,254	1.4%			
Cevian Capital II LP	International Large	33,863	0.7%			
Mellon Capital Management-EB DV	International Large Passive	473,886	9.1%			
Total International Developed Equity		\$578,003	11.1%	13.0%	(1.9%)	(\$98,446)
AB Emerging Markets Strategic Core	Emerging Markets	49,527	1.0%			
DFA Emerging Markets Value Portfolio	Emerging Markets	76,859	1.5%			
Mellon Emerging Markets	Emerging Markets	81,434	1.6%			
Total Emerging Market Equity		\$207,820	4.0%	5.0%	(1.0%)	(\$52,353)
TOTAL EQUITY		\$1,518,876	29.2%	37.0%	(7.8%)	(\$406,401)
Mellon Capital Management Ag Bond	Core	158,429	3.0%			
PIMCO CP	Core Plus	160,936	3.1%			
Western Asset Management - CP	Core Plus	120,070	2.3%			
Total Core		\$439,435	8.4%	14.0%	(5.6%)	(\$289,048)
TCW Securitized Opportunities LP	Securitized Opportunities	93,909	1.8%			
Western Asset Management - HY	High Yield	164,190	3.2%			
Total Credit		\$258,099	5.0%	6.0%	(1.0%)	(\$54,108)
PIMCO EM Beta	Emerging Markets	135,830	2.6%			
Stone Harbor Global Funds	Emerging Markets	63,486	1.2%			
Total Emerging Market Debt		\$199,316	3.8%	4.0%	(0.2%)	(\$8,822)
TOTAL FIXED INCOME		\$896,850	17.2%	24.0%	(6.8%)	(\$351,978)
Gresham Commodity Builder Fund	Active	82,354	1.6%			
Wellington Trust Company (WTC)	Active	162,064	3.1%			
TOTAL COMMODITIES		\$244,418	4.7%	4.0%	0.7%	\$36,280
Aristeia International Ltd	Hedge Fund - Direct	68,297	1.3%			
Brevarn Howard Fund Limited	Hedge Fund - Direct	76,101	1.5%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	62,198	1.2%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	58,131	1.1%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	79,234	1.5%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	37,958	0.7%			
Magnetar Structured Credit Fund	Hedge Fund - Direct	8,207	0.2%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	60,827	1.2%			
Pharo Macro Fund LTD	Hedge Fund - Direct	61,772	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.9%			
TOTAL HEDGE FUND		\$558,324	10.7%	10.0%	0.7%	\$37,979
ASB Capital Management	Core	195,081	3.7%			
JPMCB Strategic Property Fund	Core	154,633	3.0%			
TOTAL CORE REAL ESTATE		\$349,714	6.7%	5.0%	1.7%	\$89,541
Davidson Kempner	Hedge Fund - Direct	53,310	1.0%			
Garda Fixed Income	Hedge Fund - Direct	54,357	1.0%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	54,395	1.0%			
HBK Spac Fund	Hedge Fund - Direct	31,331	0.6%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.2%			
TOTAL CE ALPHA POOL		\$254,238	4.9%	5.0%	(0.1%)	(\$5,935)
Harvest Midstream	Midstream	185,406	3.6%			
PIMCO Midstream	Midstream	155,195	3.0%			
TOTAL MIDSTREAM ENERGY		\$340,601	6.5%	5.0%	1.5%	\$80,428
Aristeia Select Opportunities II LP	Opportunistic	49,306	0.9%			
DB Investor's Fund IV	Opportunistic	22,698	0.4%			
River Birch International Ltd	Opportunistic	7,538	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	89,591	1.7%			
TOTAL OPPORTUNISTIC		\$169,133	3.3%	0.0%	3.3%	\$169,133
Abbott Capital Funds	Private Equity Fund of Funds	23,469	0.5%			
Blue Torch Credit Opportunities Fund III	Private Equity	7,389	0.1%			
Brighton Park Capital Fund I	Private Equity	34,387	0.7%			
Brighton Park Capital Fund II	Private Equity	2,349	0.0%			
Level Equity Growth Partners	Private Equity	5,024	0.1%			
LGT Crown Global	Private Equity	21,513	0.4%			
Linden Capital Partners	Private Equity	6,673	0.1%			
Pantheon Funds	Private Equity Fund of Funds	9,482	0.2%			
Peak Rock	Private Equity	9,330	0.2%			
Rubicon Technology Partners IV	Private Equity	3,214	0.1%			
Visia Foundation Fund IV	Private Equity	13,821	0.3%			
Warren Equity Partners	Private Equity	25,682	0.5%			
TOTAL PRIVATE EQUITY		\$162,313	3.1%	5.0%	(1.9%)	(\$97,860)
Blue Torch Credit Opportunities II	Private Credit	17,352	0.3%			
Brookfield Real Estate Finance Fund V	Private Credit	19,486	0.4%			
Colony Distressed Credit Fund	Private Credit	32,445	0.6%			
Fortress Credit Opportunities Fund V	Private Credit	12,979	0.2%			
Fortress Lending Fund II (A)	Private Credit	28,509	0.5%			
Fortress Lending Fund III (A)	Private Credit	21,207	0.4%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	40,072	0.8%			
Magnetar Constellation Fund V	Private Credit	29,700	0.6%			
OrbiMed Royalty & Credit Opportunities IV & IX	Private Credit	3,428	0.1%			
Sixth Street TAO Partners (B)	Private Credit	40,042	0.8%			
TOTAL PRIVATE CREDIT		\$245,220	4.7%	5.0%	(0.3%)	(\$14,953)
Covenant Apartment Fund X	Private Real Estate	30,286	0.6%			
Covenant Apartment Fund XI	Private Real Estate	4,753	0.1%			
Invesco Real Estate Funds III & IV	Private Real Estate	2,659	0.1%			
KCERA Property	Private Real Estate	4,629	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	8,077	0.2%			
Landmark Real Estate Partners VIII	Private Real Estate	32,365	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	32,145	0.6%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	3,884	0.1%			
TOTAL PRIVATE REAL ESTATE		\$118,798	2.3%	5.0%	(2.7%)	(\$141,375)
Northern Trust STIF	Short Term	126,124	2.4%			
BlackRock Short Duration	Short Term	119,734	2.3%			
Parametric	Overlay	93,791	1.8%			
Treasurers Pooled Cash	Short Term	3,528	0.1%			
Wells Fargo Bank	Short Term	1,440	0.0%			
TOTAL CASH AND OVERLAY		\$344,617	6.6%	-5.0%	11.6%	\$604,790
Transition Accounts	Liquidation	349	0.0%			
Other		\$349	0.0%	0.0%	0.0%	\$349
As Allocated to Managers **		\$5,203,451	100.0%	100.0%	0.0%	\$0

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement April 2022.

KCERA
CASH FLOW POSITION
November, 2022
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	3,528,219
Employer Contributions	25,408,541		
Employee Contributions	4,856,754		
Service Purchases	8,721		
Miscellaneous	75,781		
Total Receipts:			30,349,797
Operating Expenses	(706,245)		
Investment Expenses	(971,501)		
Transfers-out	(28,000,000)		
Total Disbursements:			<u>(29,677,746)</u>
Ending Cash Balance:			<u><u>4,200,271</u></u>

NORTHERN TRUST

Beginning Cash Balance:		\$	107,579,505
Private Markets - Distributions	2,708,470		
Hedge Funds - Distributions	5,079,645		
Redemption Harvest	25,000,000		
Redemption PIMCO	5,000,000		
Dividend and Interest Income	1,321,845		
Interest	272,867		
Securities Lending Earnings (NET)	37,746		
Total Receipts:			39,420,574
Capital Calls Orbimed	(500,000)		
Capital Calls LBA	(1,923,077)		
Capital Calls Landmark	(2,336,407)		
Capital Calls TSSP	(3,573,096)		
Capital Calls Rubicon	(3,214,080)		
Capital Calls Fortress	(2,000,000)		
Other Expenses	(8,436)		
Transfers-out	(7,000,000)		
Total Disbursements:			<u>(20,555,095)</u>
Ending Cash Balance:			<u><u>\$ 126,444,985</u></u>

**KCERA
CASH FLOW POSITION
November, 2022**

WELLS FARGO BANK

Beginning Cash Balance		\$ 773,063
Transfer In Northern Trust	7,000,000	
Transfer In TPC - County	28,000,000	
ACH Returns / Deletes	9,125	
Total Receipts:		35,009,125
ACH Benefit Payments	(29,459,770)	
Total Checks Paid	(609,049)	
Taxes Withholding Deposits	(4,272,925)	
Bank Services	(544)	
Total Disbursements:		(34,342,289)
WFB ending Balance		<u>\$ 1,439,900</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED NOVEMBER, 2022**

Description		July	August	September	October	November	Total
Investment Base Fees:							
Domestic Equity:							
406045	AllianceBernstein				136,722.65		136,722.65
406046	Henderson Geneva Capital				88,266.00		88,266.00
406035, 406029,	Mellon Capital				52,344.44		52,344.44
International Equity:							
406032, 406021	BlackRock					95,148.74	95,148.74
406034	Fidelity Institutional Asset Management						0.00
Fixed Income:							
406050	Mellon Capital (Ag Bond)				10,917.00		10,917.00
406019, 406022,	Pacific Investment Management Company		280,932.77			279,097.65	560,030.42
406021, 406018	Western Asset Management		210,204.72			102,451.82	312,656.54
Commodities:							
406101	Wellington Trust Company						0.00
Real Estate:							
406088	ASB Capital Management		374,856.86			383,045.97	757,902.83
Midstream Energy:							
406060	Harvest Midstream				366,080.72		366,080.72
Overlay							
406120	Parametric		67,965.00			77,590.00	145,555.00
	Subtotal	0.00	933,959.35	0.00	654,330.81	937,334.18	2,525,624.34
Investment Professional Fees:							
Consulting:							
407009	Abel Noser			7,500.00			7,500.00
407008	Albourne America LLC		33,333.33	33,333.33	33,333.33		99,999.99
407004	Cambridge Associates				187,500.00		187,500.00
407001	Glass, Lewis & Co.						0.00
407006	Verus		34,166.67	34,166.67	34,166.67	34,166.67	136,666.68
407005	Consulting - Other Expenses						0.00
Custodial:							
407071	The Northern Trust Co.			120,000.00			120,000.00
Legal:							
406097	Foley & Lardner LLP						0.00
406097	Hanson Bridgett LLP						0.00
406097	Nossaman LLP	25,980.00					25,980.00
406098	Due Diligence / Investment-Related Travel:						
	Subtotal	25,980.00	67,500.00	195,000.00	255,000.00	34,166.67	577,646.67
Total Investment Fees		25,980.00	1,001,459.35	195,000.00	909,330.81	971,500.85	3,103,271.01

KCERA
Operating Expense Budget Status Report
For the Month Ended November 30, 2022

Expense Type	Budget FY 2022/23	Expenses	Over (Under)
Staffing			
Salaries	3,724,357.00	1,207,708.16	(2,516,648.84)
Benefits	2,410,676.00	703,820.41	(1,706,855.59)
Staffing Total	6,135,033.00	1,911,528.57	(4,223,504.43)
Staff Development			
Education & Professional Development	90,000.00	24,834.54	(65,165.46)
Staff Appreciation	3,000.00	731.66	(2,268.34)
Staff Development Total	93,000.00	25,566.20	(67,433.80)
Professional Fees			
Actuarial fees	140,000.00	15,006.00	(124,994.00)
Audit fees	50,500.00	6,300.00	(44,200.00)
Consultant fees	115,000.00	-	(115,000.00)
Legal fees	80,000.00	18,770.71	(61,229.29)
Professional Fees Total	385,500.00	40,076.71	(345,423.29)
Office Expenses			
Building expenses	115,000.00	40,819.72	(74,180.28)
Communications	52,770.00	11,319.74	(41,450.26)
Equipment lease	9,600.00	3,079.74	(6,520.26)
Equipment maintenance	7,178.00	2,000.00	(5,178.00)
Memberships	20,000.00	5,165.00	(14,835.00)
Office supplies & misc. admin.	68,300.00	6,810.58	(61,489.42)
Payroll & accounts payable fees	27,800.00	-	(27,800.00)
Other Services - Kern County	40,000.00	6,958.89	(33,041.11)
Postage	20,000.00	3,739.51	(16,260.49)
Subscriptions	13,733.00	4,805.73	(8,927.27)
Utilities	30,000.00	19,811.35	(10,188.65)
Office Expense Total	404,381.00	104,510.26	(299,870.74)
Insurance	160,595.00	\$156,210.00	(4,385.00)
Member Services			
Disability- legal fees	10,000.00	-	(10,000.00)
Disability – professional services	20,000.00	-	(20,000.00)
Disability- administration MMRO	140,000.00	24,875.00	(115,125.00)
Member communications	20,000.00	10,916.03	(9,083.97)
Member Services Total	190,000.00	35,791.03	(154,208.97)
Systems			
Audit – security & vulnerability scan	15,000.00	-	(15,000.00)
Business continuity expenses	23,850.00	16,934.33	(6,915.67)
Hardware	48,453.00	2,379.09	(46,073.91)
Licensing & support	148,413.00	107,519.74	(40,893.26)
Software	164,229.00	103,909.26	(60,319.74)
Website design & hosting	85,695.00	4,790.00	(80,905.00)
Systems Total	485,640.00	235,532.42	(250,107.58)
Board of Retirement			
Board compensation	12,000.00	2,800.00	(9,200.00)
Board conferences & training	50,000.00	11,370.89	(38,629.11)
Board elections	50,000.00	-	(50,000.00)
Board meetings	5,000.00	632.10	(4,367.90)
Board of Retirement Total	117,000.00	14,802.99	(102,197.01)
Depreciation / Amortization	666,471.00	270,486.00	(395,985.00)
Total Operating Expenses	8,637,620.00	2,794,504.18	(5,843,115.82)

KCERA ASSET ALLOCATION*
12/31/2022

Manager Name	Type	(\$000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) (\$000)
AllianceBernstein	Small Cap Value	86,116	1.7%			
Geneva Capital	Small Cap Growth	46,028	0.9%			
Mellon Capital Management EB DV	Large Cap Passive	458,436	9.0%			
PIMCO StockPlus	Large Cap Enhanced	99,472	1.9%			
Total Domestic Equity		\$690,052	13.5%	19.0%	(5.5%)	(\$282,173)
American Century	International Small	68,890	1.3%			
Cevian Capital II LP	International Large	34,436	0.7%			
Mellon Capital Management-EB DV	International Large Passive	471,377	9.2%			
Total International Developed Equity		\$574,703	11.2%	13.0%	(1.8%)	(\$90,503)
AB Emerging Markets Strategic Core	Emerging Markets	48,186	0.9%			
DFA Emerging Markets Value Portfolio	Emerging Markets	75,159	1.5%			
Mellon Emerging Markets	Emerging Markets	80,359	1.6%			
Total Emerging Market Equity		\$203,704	4.0%	5.0%	(1.0%)	(\$52,145)
TOTAL EQUITY		\$1,468,459	28.7%	37.0%	(8.3%)	(\$424,821)
Mellon Capital Management Ag Bond	Core	157,714	3.1%			
PIMCO CP	Core Plus	160,395	3.1%			
Western Asset Management - CP	Core Plus	119,268	2.3%			
Total Core		\$437,377	8.5%	14.0%	(5.5%)	(\$278,999)
TCW Securitized Opportunities LP	Securitized Opportunities	95,017	1.9%			
Western Asset Management - HY	High Yield	161,854	3.2%			
Total Credit		\$256,871	5.0%	6.0%	(1.0%)	(\$50,147)
PIMCO EM Beta	Emerging Markets	137,880	2.7%			
Stone Harbor Global Funds	Emerging Markets	63,667	1.2%			
Total Emerging Market Debt		\$201,547	3.9%	4.0%	(0.1%)	(\$3,132)
TOTAL FIXED INCOME		\$895,795	17.5%	24.0%	(6.5%)	(\$332,278)
Gresham Commodity Builder Fund	Active	52,498	1.0%			
Wellington Trust Company (WTC)	Active	153,304	3.0%			
TOTAL COMMODITIES		\$205,802	4.0%	4.0%	0.0%	\$1,123
Aristeia International Ltd	Hedge Fund - Direct	67,994	1.3%			
Brevarn Howard Fund Limited	Hedge Fund - Direct	75,250	1.5%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	62,472	1.2%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	60,159	1.2%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	80,130	1.6%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	37,238	0.7%			
Magnetar Structured Credit Fund	Hedge Fund - Direct	8,193	0.2%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	63,026	1.2%			
Pharo Macro Fund LTD	Hedge Fund - Direct	61,279	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.9%			
TOTAL HEDGE FUND		\$561,340	11.0%	10.0%	1.0%	\$49,643
ASB Capital Management	Core	195,081	3.8%			
JPMCB Strategic Property Fund	Core	150,888	2.9%			
TOTAL CORE REAL ESTATE		\$345,969	6.8%	5.0%	1.8%	\$90,120
Davidson Kempner	Hedge Fund - Direct	53,729	1.1%			
Garda Fixed Income	Hedge Fund - Direct	55,371	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	54,395	1.1%			
HBK Spac Fund	Hedge Fund - Direct	28,801	0.6%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.2%			
TOTAL CE ALPHA POOL		\$253,141	4.9%	5.0%	(0.1%)	(\$2,708)
Harvest Midstream	Midstream	152,090	3.0%			
PIMCO Midstream	Midstream	147,401	2.9%			
TOTAL MIDSTREAM ENERGY		\$299,491	5.9%	5.0%	0.9%	\$43,642
Aristeia Select Opportunities II LP	Opportunistic	49,658	1.0%			
DB Investor's Fund IV	Opportunistic	21,705	0.4%			
River Birch International Ltd	Opportunistic	7,538	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	90,905	1.8%			
TOTAL OPPORTUNISTIC		\$169,806	3.3%	0.0%	3.3%	\$169,806
Abbott Capital Funds	Private Equity Fund of Funds	22,208	0.4%			
Blue Torch Credit Opportunities Fund III	Private Equity	7,389	0.1%			
Brighton Park Capital Fund I	Private Equity	34,229	0.7%			
Brighton Park Capital Fund II	Private Equity	2,349	0.0%			
Level Equity Growth Partners	Private Equity	6,995	0.1%			
LGT Crown Global	Private Equity	24,331	0.5%			
Linden Capital Partners	Private Equity	6,985	0.1%			
Pantheon Funds	Private Equity Fund of Funds	8,853	0.2%			
Peak Rock	Private Equity	10,458	0.2%			
Rubicon Technology Partners IV	Private Equity	3,214	0.1%			
Visia Foundation Fund IV	Private Equity	13,821	0.3%			
Warren Equity Partners	Private Equity	25,682	0.5%			
TOTAL PRIVATE EQUITY		\$166,494	3.3%	5.0%	(1.7%)	(\$69,355)
Blue Torch Credit Opportunities II	Private Credit	17,089	0.3%			
Brookfield Real Estate Finance Fund V	Private Credit	18,930	0.4%			
Colony Distressed Credit Fund	Private Credit	18,822	0.4%			
Fortress Credit Opportunities Fund V	Private Credit	13,921	0.3%			
Fortress Lending Fund II (A)	Private Credit	28,509	0.6%			
Fortress Lending Fund III (A)	Private Credit	24,007	0.5%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	40,072	0.8%			
Magnetar Constellation Fund V	Private Credit	29,928	0.6%			
OrbiMed Royalty & Credit Opportunities IV & IX	Private Credit	4,928	0.1%			
Sixth Street TAO Partners (B)	Private Credit	38,660	0.8%			
TOTAL PRIVATE CREDIT		\$234,866	4.6%	5.0%	(0.4%)	(\$20,983)
Covenant Apartment Fund X	Private Real Estate	30,286	0.6%			
Covenant Apartment Fund XI	Private Real Estate	4,753	0.1%			
Invesco Real Estate Funds III & IV	Private Real Estate	1,425	0.0%			
KCERA Property	Private Real Estate	4,629	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	7,574	0.1%			
Landmark Real Estate Partners VIII	Private Real Estate	32,029	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	29,861	0.6%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	8,084	0.2%			
TOTAL PRIVATE REAL ESTATE		\$118,641	2.3%	5.0%	(2.7%)	(\$137,208)
Northern Trust STIF	Short Term	162,066	3.2%			
BlackRock Short Duration	Short Term	150,529	2.9%			
Parametric	Overlay	81,808	1.6%			
Treasurers Pooled Cash	Short Term	950	0.0%			
Wells Fargo Bank	Short Term	1,456	0.0%			
TOTAL CASH AND OVERLAY		\$396,809	7.8%	-5.0%	12.8%	\$652,658
Transition Accounts	Liquidation	360	0.0%			
Other		\$360	0.0%	0.0%	0.0%	\$360
As Allocated to Managers **		\$5,116,973	100.0%	100.0%	0.0%	\$0

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement April 2022.

KCERA
CASH FLOW POSITION
December, 2022
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	4,200,271
Employer Contributions	25,214,133		
Employee Contributions	2,325,303		
Service Purchases	24,595		
Miscellaneous	3,076		
Total Receipts:			27,567,108
Operating Expenses	(729,152)		
Investment Expenses	(87,950)		
Transfers-out	(30,000,000)		
Total Disbursements:			<u>(30,817,102)</u>
Ending Cash Balance:			<u><u>950,276</u></u>

NORTHERN TRUST

Beginning Cash Balance:		\$	126,444,984
Private Markets - Distributions	16,795,678		
Commingled Funds - Distributions	1,234,827		
Hedge Funds - Distributions	2,748,692		
Redemption Harvest	20,000,000		
Redemption Wellington	10,000,000		
Redemption Gresham	27,000,000		
Dividend and Interest Income	4,655,582		
Class Action Proceeds	4,221		
Interest	409,357		
Securities Lending Earnings (NET)	66,508		
Total Receipts:			82,914,865
Capital Calls Orbimed	(1,500,000)		
Capital Calls TSSP	(1,313,862)		
Capital Calls Linden	(477,975)		
Capital Calls Singerman	(4,200,000)		
Capital Calls Long Wharf	(2,358,771)		
Capital Calls Crown Global	(2,500,000)		
Capital Calls Fortress	(3,841,074)		
Capital Calls Peak Rock	(1,393,715)		
Capital Calls Level Equity	(2,022,817)		
Contribution BlackRock Short Duration	(30,000,000)		
Other Expenses	(10,439)		
Transfers-out	(4,000,000)		
Total Disbursements:			<u>(53,618,654)</u>
Ending Cash Balance:		\$	<u><u>155,741,195</u></u>

**KCERA
CASH FLOW POSITION
December, 2022**

WELLS FARGO BANK

Beginning Cash Balance		\$ 1,439,900
Transfer In Northern Trust	4,000,000	
Transfer In TPC - County	30,000,000	
ACH Returns / Deletes	31,649	
Total Receipts:		34,031,649
ACH Benefit Payments	(29,425,424)	
Total Checks Paid	(356,299)	
Taxes Withholding Deposits	(4,233,662)	
Bank Services	(569)	
Total Disbursements:		(34,015,954)
WFB ending Balance		<u>\$ 1,455,595</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED DECEMBER, 2022**

Description		July	August	September	October	November	December	Total
Investment Base Fees:								
Domestic Equity:								
406045	AllianceBernstein				136,722.65			136,722.65
406046	Henderson Geneva Capital				88,266.00			88,266.00
406035, 406029,	Mellon Capital				52,344.44			52,344.44
International Equity:								
406032, 406021	BlackRock					95,148.74		95,148.74
406034	Fidelity Institutional Asset Management							0.00
Fixed Income:								
406050	Mellon Capital (Ag Bond)				10,917.00			10,917.00
406019, 406022,	Pacific Investment Management Company		280,932.77			279,097.65		560,030.42
406021, 406018	Western Asset Management		210,204.72			102,451.82		312,656.54
Commodities:								
406101	Wellington Trust Company							0.00
Real Estate:								
406088	ASB Capital Management		374,856.86			383,045.97		757,902.83
Midstream Energy:								
406060	Harvest Midstream				366,080.72			366,080.72
Overlay								
406120	Parametric		67,965.00			77,590.00		145,555.00
	Subtotal	0.00	933,959.35	0.00	654,330.81	937,334.18	0.00	2,525,624.34
Investment Professional Fees:								
Consulting:								
407009	Abel Noser			7,500.00			7,500.00	15,000.00
407008	Albourne America LLC		33,333.33	33,333.33	33,333.33		46,283.33	146,283.32
407004	Cambridge Associates				187,500.00			187,500.00
407001	Glass, Lewis & Co.							0.00
407006	Verus		34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	170,833.35
407005	Consulting - Other Expenses							0.00
Custodial:								
407071	The Northern Trust Co.			120,000.00				120,000.00
Legal:								
406097	Foley & Lardner LLP							0.00
406097	Hanson Bridgett LLP							0.00
406097	Nossaman LLP		25,980.00					25,980.00
406098	Due Diligence / Investment-Related Travel:							
	Subtotal	25,980.00	67,500.00	195,000.00	255,000.00	34,166.67	87,950.00	665,596.67
Total Investment Fees		25,980.00	1,001,459.35	195,000.00	909,330.81	971,500.85	87,950.00	3,191,221.01

KCERA
Operating Expense Budget Status Report
For the Month Ended December 31, 2022

Expense Type	Budget FY 2022/23	Expenses	Over (Under)
Staffing			
Salaries	3,724,357.00	1,456,431.78	(2,267,925.22)
Benefits	2,410,676.00	844,158.14	(1,566,517.86)
Staffing Total	6,135,033.00	2,300,589.92	(3,834,443.08)
Staff Development			
Education & Professional Development	90,000.00	39,486.38	(50,513.62)
Staff Appreciation	3,000.00	771.66	(2,228.34)
Staff Development Total	93,000.00	40,258.04	(52,741.96)
Professional Fees			
Actuarial fees	140,000.00	15,006.00	(124,994.00)
Audit fees	50,500.00	33,600.00	(16,900.00)
Consultant fees	115,000.00	20,000.00	(95,000.00)
Legal fees	80,000.00	21,418.01	(58,581.99)
Professional Fees Total	385,500.00	90,024.01	(295,475.99)
Office Expenses			
Building expenses	115,000.00	52,440.65	(62,559.35)
Communications	52,770.00	13,891.90	(38,878.10)
Equipment lease	9,600.00	3,623.66	(5,976.34)
Equipment maintenance	7,178.00	2,000.00	(5,178.00)
Memberships	20,000.00	5,165.00	(14,835.00)
Office supplies & misc. admin.	68,300.00	7,917.63	(60,382.37)
Payroll & accounts payable fees	27,800.00	3,279.38	(24,520.62)
Other Services - Kern County	40,000.00	7,942.89	(32,057.11)
Postage	20,000.00	5,015.98	(14,984.02)
Subscriptions	13,733.00	5,884.43	(7,848.57)
Utilities	30,000.00	23,277.22	(6,722.78)
Office Expense Total	404,381.00	130,438.74	(273,942.26)
Insurance	160,595.00	\$156,210.00	(4,385.00)
Member Services			
Disability - legal fees	10,000.00	-	(10,000.00)
Disability - professional services	20,000.00	-	(20,000.00)
Disability - administration MMRO	140,000.00	27,525.00	(112,475.00)
Member communications	20,000.00	11,463.64	(8,536.36)
Member Services Total	190,000.00	38,988.64	(151,011.36)
Systems			
Audit – security & vulnerability scan	15,000.00	13,750.00	(1,250.00)
Business continuity expenses	23,850.00	16,934.33	(6,915.67)
Hardware	48,453.00	2,379.09	(46,073.91)
Licensing & support	148,413.00	107,576.41	(40,836.59)
Software	164,229.00	107,444.54	(56,784.46)
Website design & hosting	85,695.00	5,890.00	(79,805.00)
Systems Total	485,640.00	253,974.37	(231,665.63)
Board of Retirement			
Board compensation	12,000.00	3,600.00	(8,400.00)
Board conferences & training	50,000.00	16,235.89	(33,764.11)
Board elections	50,000.00	-	(50,000.00)
Board meetings	5,000.00	908.67	(4,091.33)
Board of Retirement Total	117,000.00	20,744.56	(96,255.44)
Depreciation / Amortization	666,471.00	324,583.20	(341,887.80)
Total Operating Expenses	8,637,620.00	3,355,811.48	(5,281,808.52)

Class Action Services

◆ Class Action Activity Detail by Event Name

Class Action Name	Event Status	Event Status As Of	Class Start Class End	Filing Deadline	Objection/ Exclusion Deadline	Claims Admin Name	Web Address
EVOQUA WATER TECHNOLOGIES CORP.	DISBURSING	13 Jan 23	01 Nov 17 28 May 21	03 Dec 21	12 Oct 21 12 Oct 21	AB Data Ltd.	www.evoquasecuritieslitigation.com

Account Notified/Filed	Account Notified/Filed Name	Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
2667336	KNCTY-GENEVA	31 Jan 22 NO ELIGIBLE ACTIVITY					

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

Class Action Services

Class Action Proceeds by Account

Account Paid	Account Paid Name	Class Action Name	Gross Amount Paid	Net Amount Paid	Service Charge	Processing Charge	Currency	Date Distributed
2608468	KNCTY-CASH ACCOUNT	PUMA BIOTECHNOLOGY, INC. 2015	4,201.43	4,201.43	0.00	0.00	USD	27 Dec 22
2608468	KNCTY-CASH ACCOUNT	WELLS FARGO & COMPANY (2016)	26.16	26.16	0.00	0.00	USD	21 Oct 22
Sub Total	2608468	and Currency USD	4,227.59	4,227.59	0.00	0.00		
KNC05	KNCTY-JP MORGAN FLEMING	CITI SPONSORED ADRS (CITIBANK)	12.87	12.87	0.00	0.00	USD	08 Dec 22
Sub Total	KNC05	and Currency USD	12.87	12.87	0.00	0.00		
KNC12	KNCTY - PIMCO EMD	PETROLEO BRAS S.A. (PETROBRAS	2,456.39	2,456.39	0.00	0.00	USD	21 Nov 22
Sub Total	KNC12	and Currency USD	2,456.39	2,456.39	0.00	0.00		

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Kern County Employees' Retirement Association

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Bakersfield, CA 93311

Tel (661) 381-7700 • Fax (661) 381-7799
Toll Free (877) 733-6831
TTY Relay (800) 735-2929
www.kcera.org

Date: February 8, 2023
To: Trustees, Board of Retirement
From: Dominic D. Brown, Executive Director
Subject: **Report on Errors in Benefit Payments**

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

There were not any over or underpayments during the past six months. Accordingly, it is recommended the Board receive and file this report.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: February 8, 2023

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer 

Subject: **Report on Errors in Member Contributions**

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

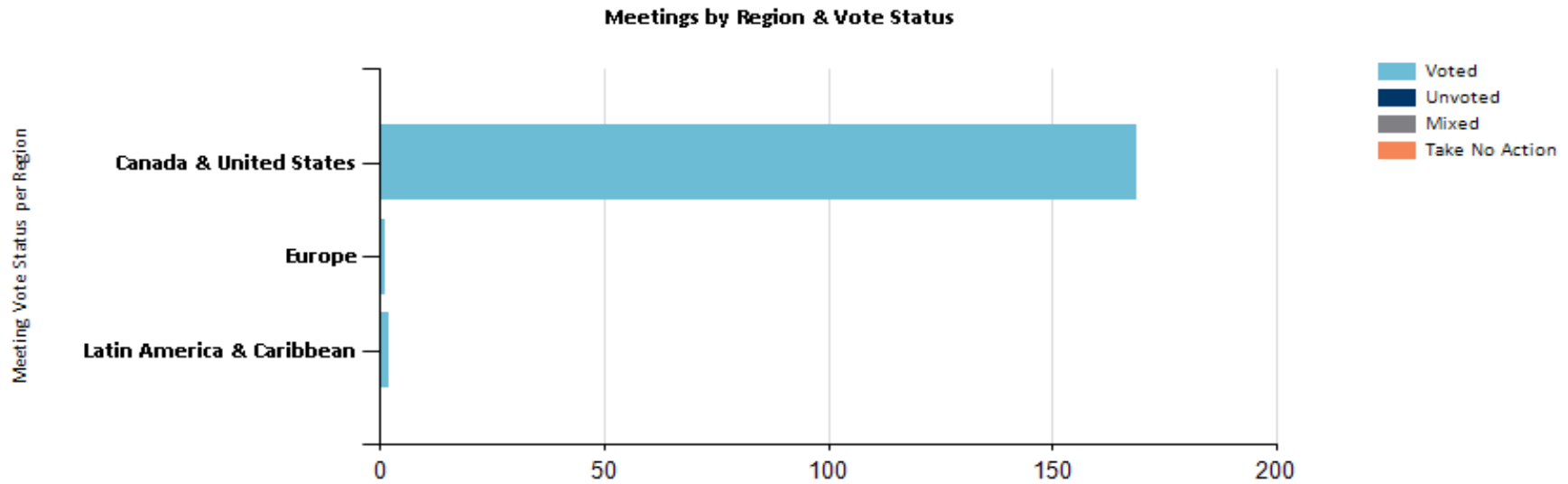
Below you will find a list of members who have had an overpayment of contributions resolved during the past six months. Please note that there were no underpayment of contributions during this period. Accordingly, it is recommended the Board receive and file this report.

Attachment A

Employee ID	Amount	Corrective Action	Reason for Correction
xxxxx1351	\$7,871.10	Refund	Percent Time Adjustment
xxxxx2087	\$8,415.09	Refund	Percent Time Adjustment

Meeting Statistics Report

From 1/1/2022 to 12/31/2022



Region	Country Of Origin	Voted	Unvoted	Mixed	Take No Action	Total
Total for all Regions		172	0	0	0	172
Canada & United States		169	0	0	0	169
	Canada	10	0	0	0	10
	United States	159	0	0	0	159
Europe		1	0	0	0	1
	France	1	0	0	0	1
Latin America & Caribbean		2	0	0	0	2
	Puerto Rico	1	0	0	0	1
	Virgin Islands (British)	1	0	0	0	1

2023 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		Chair	
4th <i>(Appointed)</i>	Couch			Member
8th <i>(Elected)</i>	Franey	Alternate	Member	
2nd <i>(Elected)</i>	Gonzalez	Chair		
5th <i>(Appointed)</i>	Hughes	Member		
1st <i>(Statute)</i>	Kaufman			Member
7th <i>(Elected)</i>	Kratt			Chair
1st Alt. <i>(Statute)</i>	Nunneley	Member		Alternate
8th Alt. Ret. <i>(Elected)</i>	Seibly	Member		
9th <i>(Appointed)</i>	Whitezell		Member	Member
6th <i>(Appointed)</i>	Vacant		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.

JEANINE ADAMS (Education Cycle: December 2021-November 2023)

Conference Name	Date	Location	KCERA Training	Hours of Education
Trustee Orientation	1/14/22	Bakersfield, CA	X	2
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Disability Training	3/3/22	Bakersfield, CA	X	1.5
CALAPRS: General Assembly	3/5-8/22	San Diego, CA		8
CALAPRS: Ethics Training	3/6/22	San Diego, CA		2
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
CALAPRS: Special Trustees Roundtable	4/29/22	Virtual		4.5
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
SACRS: Spring Conference	5/10-13/22	Rancho Mirage, CA		8.5
SACRS: Sexual Harrasment Prevention Training	5/10/22	Rancho Mirage, CA		2
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
Trustee Orientation: Session 2	6/16/22	Bakersfield, CA	X	1
SACRS: UC Berkeley Program	7/17-20/22	Berkeley, CA		27
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
ValueEdge Public Pension Funds Forum	9/6-8/22	Laguna Beach, CA		11
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Cybersecurity	10/12/22	Bakersfield, CA	X	1
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
CALAPRS: Trustee Roundtable	10/28/22	Virtual		4
AB 2449	11/2/22	Bakersfield, CA	X	0.46
SACRS Fall Conference	11/8-11/22	Long Beach, CA		7
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				85.43

DUSTIN CONTRERAS (Education Cycle: January 2022-December 2023)

Conference Name	Date	Location	KCERA Training	Hours of Education
Trustee Orientation	1/14/22	Bakersfield, CA	X	2
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Disability Training	3/3/22	Bakersfield, CA	X	1.5
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Trustee Orientation: Session 2	6/16/22	Bakersfield, CA	X	1
Sexual Harrassment Prevention Training	6/20/22	Virtual		2
SACRS UC Berkeley Program	7/17-20/22	Berkeley, CA		27
CALARPS Principles of Pension Governance	8/29-9/1/22	Tiburon, CA		20.75
CALAPRS: Ethics training	9/1/22	Tiburon, CA		2
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Cybersecurity	10/12/22	Bakersfield, CA	X	1
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
AB 2449	11/2/22	Bakersfield, CA	X	0.46
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				60.72

DAVID COUCH (Education Cycle: January 2022-December 2023)

Conference Name	Date	Location	KCERA Training	Hours of Education
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
SACRS: Spring Conference	5/10-13/22	Rancho Mirage, CA		3
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Cybersecurity	10/12/22	Bakersfield, CA	X	1
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
AB 2449	11/2/22	Bakersfield, CA	X	0.46
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				9.93

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

Conference Name	Date	Location	KCERA Training	Hours of Education
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
Ethics Training	2/16/22	Virtual		2
Sexual Harrassment Prevention Training	2/16/22	Virtual		2
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedgining	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
SACRS: Spring Conference	5/10-13/22	Rancho Mirage, CA		9.5
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Cybersecurity	10/12/22	Bakersfield, CA	X	1
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
AB 2449	11/2/22	Bakersfield, CA	X	0.46
SACRS Fall Conference	11/8-11/22	Long Beach, CA		9.5
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				36.32

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

Conference Name	Date	Location	KCERA Training	Hours of Education
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Presentation on Capital Efficiency	12/14/21	Bakersfield, CA	X	0.5
Sexual Harrassment Prevention Training	2/2/22	Virtual		2
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Cybersecurity	10/12/22	Bakersfield, CA	X	1
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
SACRS: Ethics Training	11/8/22	Long Beach, CA		2
SACRS Fall Conference	11/8-11/22	Long Beach, CA		11
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				22.32

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

Conference Name	Date	Location	KCERA Training	Hours of Education
Death Benefits	8/11/21	Bakersfield, CA	X	0.38
Presentation on Venture Capital	12/8/21	Bakersfield, CA	X	0.35
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
AB 2449	11/2/22	Bakersfield, CA	X	0.46
Cybersecurity	11/17/22	Bakersfield, CA	X	1
Ethics Training	12/7/22	Bakersfield, CA		2
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				8.41

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

Conference Name	Date	Location	KCERA Training	Hours of Education
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
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Ethics Training	5/10/22	Rancho Mirage, CA		2
SACRS: Spring Conference	5/10-13/22	Rancho Mirage, CA		9.5
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Cybersecurity	10/12/22	Bakersfield, CA	X	1
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
AB 2449	11/2/22	Bakersfield, CA	X	0.46
SACRS Fall Conference	11/8-11/22	Long Beach, CA		8
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				42.27

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

Conference Name	Date	Location	KCERA Training	Hours of Education
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
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
SACRS: Spring Conference	5/10-13/22	Rancho Mirage, CA		6.5
SACRS: Ethics	5/10/22	Rancho Mirage, CA		2
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
Sexual Harassment Prevention Training	6/28/22	Virtual		2
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Cybersecurity	10/12/22	Bakersfield, CA	X	1
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
AB 2449	11/2/22	Bakersfield, CA	X	0.46
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				19.74

TRACO MATTHEWS (Education Cycle: January 2022-December 2023)

Conference Name	Date	Location	KCERA Training	Hours of Education
Trustee Orientation	1/14/22	Bakersfield, CA	X	2
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Disability Training	3/3/22	Bakersfield, CA	X	1.5
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
Trustee Orientation: Session 2	6/16/22	Bakersfield, CA	X	1
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.72
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				8.23

CHASE NUNNELEY (Education Cycle: January 2022-December 2023)

Conference Name	Date	Location	KCERA Training	Hours of Education
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
SACRS: Spring Conference	5/10-13/22	Rancho Mirage, CA		10.5
Sexual Harassment Prevention Training	7/11/22	Virtual		2
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
Cybersecurity	10/12/22	Bakersfield, CA	X	1
AB 2449	11/2/22	Bakersfield, CA	X	0.46
Total Hours of Education				17.75

ROBB SEIBLY (Education Cycle: January 2022-December 2023)

Conference Name	Date	Location	KCERA Training	Hours of Education
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
Sexual Harassment Prevention Training	5/4/22	Virtual		2
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.88
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
AB 2449	11/2/22	Bakersfield, CA	X	0.46
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				7.93

TYLER WHITEZELL (Education Cycle: January 2022-December 2023)

Conference Name	Date	Location	KCERA Training	Hours of Education
Capital Efficiency Program and Potential Changes	2/9/22	Bakersfield, CA	X	0.7
Fiduciary Responsibility and Governance	3/9/22	Bakersfield, CA	X	0.78
Tail Risk Hedging	5/4/22	Bakersfield, CA	X	0.58
KCERA Board Communication Policy	5/4/22	Bakersfield, CA	X	0.38
Tail Risk Hedging	6/8/22	Bakersfield, CA	X	0.62
Sexual Harassment Prevention Training	6/17/22	Virtual		2
KCERA Benefit History	8/31/22	Bakersfield, CA	X	0.8
KCERA Declining Employer Payroll and Employer Termination Policies	10/12/22	Bakersfield, CA	X	0.42
KCERA Securities Litigation Policy	10/12/22	Bakersfield, CA	X	0.2
Attorney Client Relationship	10/12/22	Bakersfield, CA	X	0.63
AB 2449	11/2/22	Bakersfield, CA	X	0.46
Cybersecurity	11/17/22	Bakersfield, CA	X	1
Due Process and KCERA's Administrative Appeals Processes	12/14/22	Bakersfield, CA	X	0.28
Total Hours of Education				8.85

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended June 30, 2022 and 2021



Kern County Employees' Retirement Association

A defined benefit public pension plan (California)

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2022 and 2021

Issued by:

Dominic D. Brown, CPA, CFE

Chief Executive Officer

Angela Kruger

Chief Financial Officer

Kern County Employees' Retirement Association (KCERA)

11125 River Run Blvd, Bakersfield, CA 93311

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INTRODUCTORY SECTION



December 19, 2022

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

Dear Board Members:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the years ended June 30, 2022 and 2021. 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.

Kern County Employees' Retirement Association (KCERA) is a 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, 2022, KCERA had 13,091 active and deferred-vested members and paid retirement benefits to 9,015 retirees and their beneficiaries.

KCERA AND ITS SERVICES

KCERA provides 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, 2022, 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 KCERA 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 Chief Executive Officer and the KCERA staff in the performance of their duties in accordance with the County Employees' Retirement Law of 1937 (CERL) and the regulations, procedures and policies adopted by the KCERA Board.

MAJOR INITIATIVES

KCERA & COVID-19

As a result of the COVID-19 pandemic, KCERA transitioned staff to remote work over a three-day period in March 2020. Member services were essentially uninterrupted, with staff utilizing technology to provide those services. In May of 2021 KCERA began a gradual return to the office. By June 30, 2022, KCERA's staff had fully returned to the KCERA offices. We want to recognize the continued flexibility, innovation, and dedication of the KCERA team as we have adapted to the new COVID-19 world and, at the same time, have successfully fulfilled all our fiduciary, operational, and financial responsibilities.

MAJOR INITIATIVES (CONT.)

KCERA Reorganization and Recruitments

KCERA management continued the reorganization that is allowing us to better accomplish the mission of the organization. A Deputy Chief Legal Officer was added to the Legal section to assist with KCERA's extensive legal matters. Additionally, an Accountant position was upgraded to Senior Accountant to more accurately reflect the complex demands of the Finance section.

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").

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, 2021, the funded ratio of the Plan was 67.1% using actuarial assets and actuarial liabilities of \$4,806,026,000 and \$7,164,255,000, respectively. The funded percentage increased 2.7% from June 30, 2020, due primarily to recognition of net deferred investment gains.

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 ACFR for the years ended June 30, 2022 and 2021 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).

FINANCIAL INFORMATION (CONT.)

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, 2022 and 2021 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 2022, the investments of the Plan returned (4.5)%* (net of fees). KCERA's annualized rate of return, net of fees, was 6.8% in the past three years, 6.5% in the past five years, and 7.1% 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.

* 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.

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 77-80.

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 pages 10 and 74, respectively, 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, 2021. 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, 2021. 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.

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.

We wish to take this opportunity to thank the members of KCERA for their confidence in KCERA and to express our 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. We 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, CPA, CFE
Chief Executive Officer



Angela Kruger
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Kern County Employees' Retirement Association
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

**Public Pension Standards Award
For Funding and Administration
2022**

Presented to

Kern County Employees' Retirement Association

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style.

Alan H. Winkle
Program Administrator



Rick Kratt
Elected by Safety Members
Term expires on December 31, 2024



Jordan Kaufman
Appointed by Statute



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



Chase Nunneley
Appointed by Statute



Dustin Contreras
Elected by Safety Members
Term expires on December 31, 2024



Jeanine Adams
Elected by General Members
Term expires on December 31, 2022



David Couch
Appointed by Board of Supervisors
Term expires on December 31, 2024



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



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



Traco Mathews
Appointed by Board of Supervisors
Term expires on December 31, 2024



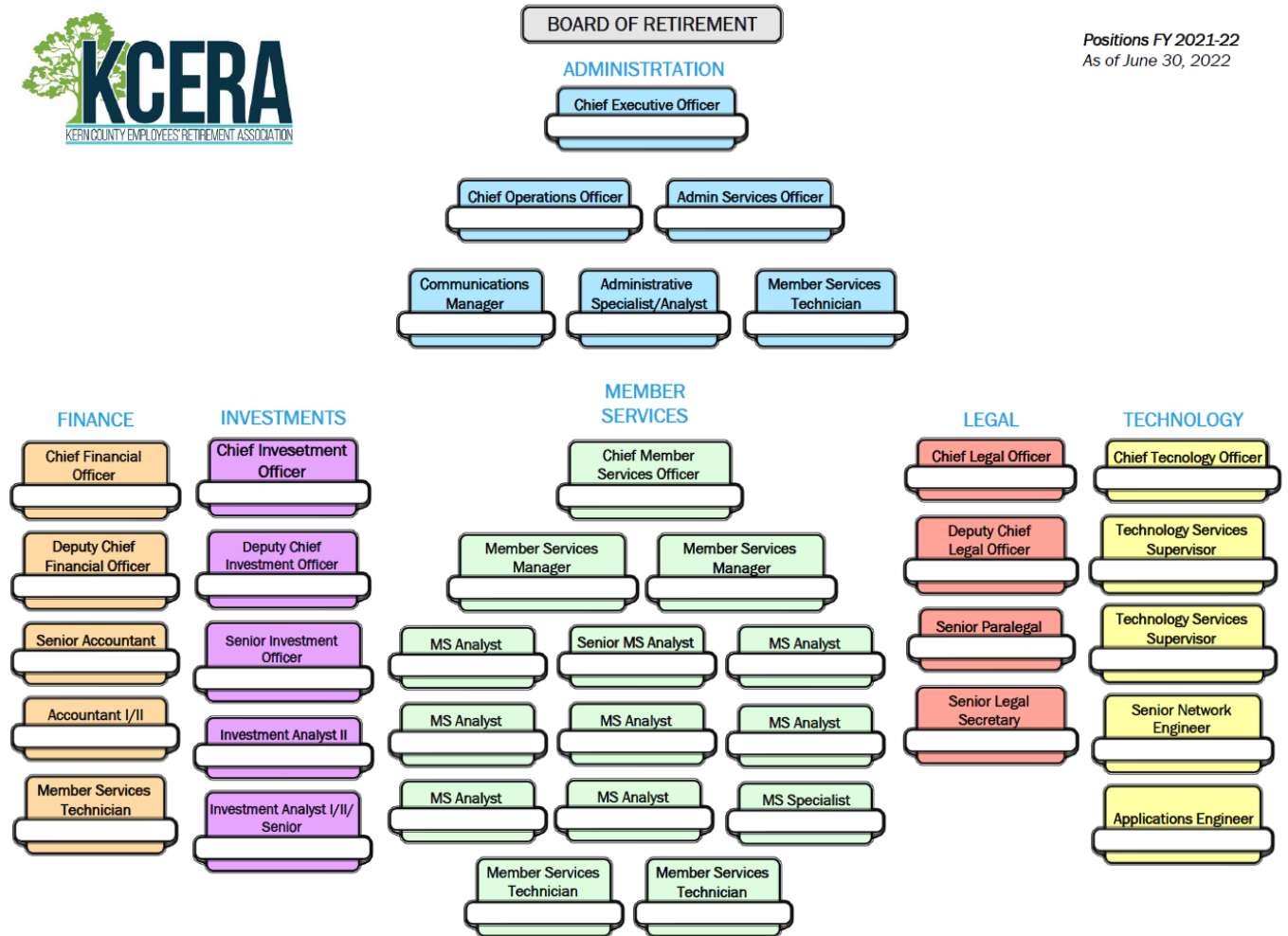
Juan Gonzalez
Elected by General Members
Term expires on December 31, 2024



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



Positions FY 2021-22
As of June 30, 2022



As of June 30, 2022

ACTUARY

The Segal Company, Inc.

AUDITORS

CliftonLarsonAllen, LLP

CUSTODIAN

The Northern Trust Company

INVESTMENT CONSULTANTS

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

Abel Noser
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 72 and the Schedule of Investment Management Fees pgs 75-78

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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kern County Employees' Retirement Association (the Plan), which comprise the statements of fiduciary net position and statements of changes of fiduciary net position, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of June 30, 2022 and 2021, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider 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 GAAS, 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The Schedules of Administrative Expenses, Investment Expenses and Payments to Consultants are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, Schedules of Administrative Expenses, Investment Expenses and Payments to Consultants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the Plan'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 the Plan'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 the Plan's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
December 19, 2022

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, 2022 and 2021. 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 Annual Comprehensive Financial Report.

FINANCIAL HIGHLIGHTS

- KCERA's net position decreased by \$(286.4) million during the fiscal year ended June 30, 2022, a (5.3)% decrease from the last fiscal year. The decrease was primarily the result of negative investment returns.
- Member contributions increased by \$0.7 million, or 1.3%, mainly as a result of a increase in covered payroll. Employer contributions increased by \$18.4 million, or 6.9%, which was primarily due to increase in covered payroll. The average employer contribution rate decreased from 49.10% of payroll for fiscal year 2020-21 to 48.91% for fiscal year 2021-22.
- The total fund's investment performance did not meet the actuarial assumed rate of return for the fiscal year. The investment portfolio reported a total return of (4.5)% (net of fees)* versus the actuarial assumed rate of return of 7.25% for the fiscal year ended June 30, 2022. The decrease was due to unfavorable market conditions.
- Vested pension benefits increased by \$16.2 million, or 4.6%, over the prior year. The increase is attributable to a 2.0% 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 2021, 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 2022.
- As of June 30, 2022, the date of the most recent actuarial funding valuation, the funded ratio for KCERA was 69.2% compared to the funded ratio of 67.1% as of June 30, 2021. The increase in the ratio is due to the deferral of the most current year investment losses and the recognition of prior investment gains and losses.

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, 2022 was \$5.1 billion, an decrease of \$(286.4) million, or (5.3)%, from June 30, 2021. 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. Key elements of the increase in net position are described below and in Tables 1 and 2 on pages 17 & 18.

CONTRIBUTIONS AND INVESTMENT INCOME

Additions to fiduciary net position include member and employer contributions and investment income. Member contributions were approximately \$54.5 million, \$53.8 million and \$57.9 million for the years ended June 30, 2022, 2021 and 2020, respectively.

Member contributions increased by \$0.7 million, or 1.3% in 2022 and decreased by \$(4.1) million, or (7.0)% in 2021. The increase in member contributions in 2022 was primarily the result of increases in covered payroll.

Employer contributions were \$287.1 million, \$268.6 million and \$273.9 million for the years ended June 30, 2022, 2021 and 2020, respectively. Employer contributions increased approximately \$18.4 million, or 6.9% in 2022 and decreased approximately \$(5.3) million, or (1.9)% in 2021. The increase in 2022 was due to an increase in covered payroll. The decrease in 2021 was primarily due to a decrease in covered payroll.

Net investment and securities lending income was \$(219.9) million, \$1,043.4 million and \$127.9 million for the years ended June 30, 2022, 2021 and 2020, respectively.

For the fiscal years ended June 30, 2022, 2021 and 2020, the KCERA portfolio returned (net of fees) (4.5)%, 23.9%, and 3.0%, 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 \$371.4 million, \$355.2 million and \$338.9 million for the years ended June 30, 2022, 2021 and 2020, respectively. Pension benefits increased by approximately \$16.2 million, or 4.6% in 2022 and \$16.3 million, or 4.8% in 2021.

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 1.9% in 2022 and by 2.0% in 2021.

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 2022, 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 \$20.6 million, \$19.3 million and \$17.7 million for the years ended June 30, 2022, 2021 and 2020, respectively. Refunds of member contributions were \$9.4 million, \$6.5 million and \$4.5 million for the years ended June 30, 2022, 2021 and 2020, respectively.

KCERA's administrative expenses were \$6.7 million, \$6.1 million and \$5.5 million for the years ended June 30, 2022, 2021 and 2020, respectively.

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

2022	2021	2020
\$30.7 million	\$29.4 million	\$28.2 million
9,015	8,835	8,667

STATEMENT OF FIDUCIARY NET POSITION

Table 1

(in thousands)

	2022	Increase (Decrease) Amount	2021	Increase (Decrease) Amount	2020
Assets					
Current Assets	\$ 504,582	\$ 11,473	\$ 493,109	\$ 170,150	\$ 322,959
Investments	4,759,908	(241,076)	5,000,984	607,362	4,393,622
Securities Lending Collateral	153,386	(28,133)	181,519	(2,641)	184,160
Capital Assets	1,077	(615)	1,692	(653)	2,345
Total Assets	5,418,953	(258,351)	5,677,304	774,218	4,903,086
Liabilities					
Current Liabilities	134,438	56,166	78,272	(201,859)	280,131
Liabilities for Security Lending	153,386	(28,133)	181,519	(2,641)	184,160
Total Liabilities	287,824	28,033	259,791	(204,500)	464,291
Fiduciary Net Position - Restricted for Pension Benefits	\$ 5,131,129	\$ (286,384)	\$ 5,417,513	\$ 978,718	\$ 4,438,795

FINANCIAL ANALYSIS (CONT.)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Table 2

(in thousands)

	2022	Increase (Decrease) Amount	2021	Increase (Decrease) Amount	2020
Additions					
Employer Contributions*	\$ 287,063	\$ 18,438	\$ 268,625	\$ (5,284)	\$ 273,909
Member Contributions*	54,514	725	53,789	(4,073)	57,862
Net Investment Income	(219,947)	(1,263,308)	1,043,361	915,500	127,861
Total Additions	121,630	(1,244,145)	1,365,775	906,143	459,632
Deductions					
Pension Benefits	371,350	16,153	355,197	16,302	338,895
Supplemental Retirement Benefits	20,590	1,304	19,286	1,539	17,747
Refunds of Member Contributions	9,373	2,860	6,513	2,061	4,452
Administrative Expenses	6,702	641	6,061	538	5,523
Total Deductions	408,015	20,958	387,057	20,440	366,617
Increase (Decrease) in Net Position	\$ (286,384)	\$ (1,265,103)	\$ 978,718	\$ 885,703	\$ 93,015
Fiduciary Net Position -					
Restricted for Pension Benefits					
At Beginning of Year	\$ 5,417,513	\$ 978,718	\$ 4,438,795	\$ 93,015	\$ 4,345,780
At End of Year	\$ 5,131,129	\$ (286,385)	\$ 5,417,513	\$ 978,718	\$ 4,438,795

*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 \$(220.1) million, \$429 million and \$(196.2) million for the years ended June 30, 2022, 2021 and 2020, 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 2022 and 7.25% in fiscal year 2021. In addition, in fiscal year 2022, \$63.9 million was credited to increase the contingency reserve to a 2.29% of total fair 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 fair value of assets.

RESERVES (CONT.)

(in thousands)

KCERA Reserves			
	2022	2021	2020
Member Reserve	547,558	505,907	461,921
Employer Reserve	1,294,007	1,169,530	1,052,439
Cost of Living Reserve	1,687,815	1,557,603	1,437,684
Retired Member Reserve	1,562,252	1,549,933	1,539,650
Supplemental Retiree Benefit Reserve	142,006	151,852	159,691
Contingency Reserve	117,544	53,624	(16,355)
Market Stabilization Reserve	(220,053)	429,064	(196,235)
Total	<u>\$ 5,131,129</u>	<u>\$ 5,417,513</u>	<u>\$ 4,438,795</u>

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 2022 - Statements of Fiduciary Net Position

As of June 30, 2022 and 2021

	(In thousands)	
	2022	2021
Assets		
Cash in County Pool	\$ 16,415	\$ 10,945
Short-Term Investment Funds	<u>389,168</u>	<u>425,488</u>
Total Cash and Short-Term Investment Funds	405,583	436,433
Receivables:		
Investments Sold	74,962	33,460
Interest and Dividends	8,804	7,956
Contributions and Other Receivables	<u>15,096</u>	<u>15,095</u>
Total Receivables	98,862	56,511
Investments at Fair Value:		
Domestic Fixed Income	890,184	834,930
International Fixed Income	326,338	366,910
Domestic Equities	808,226	912,614
International Equities	819,911	978,552
Real Estate Investments	462,020	390,499
Alternative Investments	1,296,766	1,173,685
Commodities	334,656	345,848
Swaps/Options	(178,193)	(2,054)
Collateral Held for Securities Lending	<u>153,386</u>	<u>181,519</u>
Total Investments	4,913,294	5,182,503
Capital Assets:		
Computer Software	6,298	6,298
Equipment/Computers	846	813
Accumulated Depreciation	<u>(6,067)</u>	<u>(5,419)</u>
Total Capital Assets	1,077	1,692
Prepaid Expenses	<u>137</u>	<u>165</u>
Total Assets	5,418,953	5,677,304
Liabilities		
Securities Purchased	132,265	77,248
Collateral Held for Securities Lent	153,386	181,519
Other Liabilities	<u>2,173</u>	<u>1,024</u>
Total Liabilities	<u>287,824</u>	<u>259,791</u>
Fiduciary Net Position - Restricted for Pension Benefits	<u>\$ 5,131,129</u>	<u>\$ 5,417,513</u>

See accompanying notes to the financial statements.

KCERA 2022 - Statements of Changes in Fiduciary Net Position

For the years ended June 30, 2022 and 2021

	(In thousands)	
	2022	2021
Additions		
Contributions:		
Employer	\$ 287,063	\$ 268,625
Member	54,514	53,789
Total Contributions	341,577	322,414
Investment Income:		
Net Appreciation in Fair Value of Investments	(253,607)	1,038,614
Interest	30,603	33,928
Dividends	40,098	15,619
Real Estate Investments	22,292	16,385
Total Investment Income	(160,614)	1,104,546
Less: Investment Expenses	59,814	61,550
Net Investment Income	(220,428)	1,042,996
Securities Lending Activity:		
Securities Lending Income	534	405
Less: Rebates & Bank Fees	53	40
Net Securities Lending Income	481	365
Total Additions	121,630	1,365,775
Deductions		
Retirement and Survivor Benefits	371,350	355,197
Supplemental Retirement Benefits	20,590	19,286
Refunds of Member Contributions	9,373	6,513
Administrative Expenses	6,702	6,061
Total Deductions	408,015	387,057
Net Increase	(286,384)	978,718
Fiduciary Net Position - Restricted for Pension At Beginning of Year	5,417,513	4,438,795
Fiduciary Net Position - Restricted for Pension At End of Year	\$ 5,131,129	\$ 5,417,513

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, 2022, employee membership data related to the pension plan was as follows:

	General	Safety	Total
Active – Vested	4,226	1,206	5,432
Active – Non-Vested	3,149	495	3,644
Total Active Members	7,375	1,701	9,076
Terminated – Deferred Vested	3,550	465	4,015
Retirees and Beneficiaries	6,851	2,164	9,015
Total Members	17,776	4,330	22,106

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

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 2022 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$305,000. The maximum amount of compensation earnable that was taken into account for 2021 was \$290,000. For General Tier III members enrolled in Social Security who joined on or after January 1, 2013, the maximum pensionable compensation for 2022 is \$134,974. The maximum pensionable compensation for 2021 was \$128,059. 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, 2022 and 2021.
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 2022.

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, 2022:

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, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension investment expenses, was (4.2)% and 24.3%, 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, 2022 and 2021:

<i>(In thousands)</i>		
Held by	2022	2021
County of Kern	\$ 16,415	\$ 10,945
Wells Fargo	958	1,776
Northern Trust	390,104	426,782
Disbursements	(1,894)	(3,070)
Total	<u>\$ 405,583</u>	<u>\$ 436,433</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 \$2.2 million and \$1.7 million for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022

(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	\$ 14,793	\$ 1,537	\$ 1,007	\$ 1,986	\$ 5,863	\$ 487	\$ 16,374	\$ —	\$ 42,047
Bank Loans	—	—	—	14,981	677	—	4,649	—	20,307
Commercial Mortgage-Backed Securities	3,124	100	507	571	—	—	18,641	—	22,943
Commercial Paper	—	—	—	—	—	—	1,493	—	1,493
Corporate Bonds	1,526	5,855	43,753	274,331	14,540	—	17,763	—	357,768
Corporate Convertible Bonds	—	—	—	2,098	297	—	2,741	—	5,136
Government Agencies	473	1,851	1,439	4,133	518	—	5,212	1,413	15,039
Government Bonds	—	1,808	6,165	62,802	2,011	580	34,911	68,465	176,742
Government Mortgage Backed Securities	—	—	394	468	—	—	373	99,683	100,918
Government-Issued Commercial Mortgage Backed Securities	—	—	—	—	—	—	—	916	916
Municipal / Provincial Bonds	290	—	2,666	469	339	—	181	—	3,945
U.S. Treasuries & Notes	—	—	—	—	—	—	541	10,337	10,878
Non-Government-Backed C.M.O.s	1,427	380	133	362	204	—	4,196	—	6,702
Sukuk	—	—	248	598	—	—	1,875	—	2,721
Collective / Commingled Funds	—	—	—	—	—	—	448,967	—	448,967
Total Fixed Income	\$ 21,633	\$ 11,531	\$ 56,312	\$362,799	\$24,449	\$ 1,067	\$557,917	\$ 180,814	\$ 1,216,522

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							U.S. Gov Guaranteed	Total
	AAA	AA	A	BBB-B	CCC-C	D	NR		
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 Fixed Income	\$ 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.)

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, 2022 and 2021, 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, 2022 and 2021 (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, 2022 and 2021, 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, 2022						Maturity Not Determined
	Fair Value	Less Than 1	1-5	6-10	More Than 10		
Asset-Backed Securities	\$ 42,047	\$ —	\$ 5,270	\$ 12,859	\$ 23,918	\$ —	
Bank Loans	20,307	—	10,696	9,611	—	—	
Commercial Mortgage-Backed Securities	22,943	—	272	1,055	21,616	—	
Commercial Paper	1,493	1,493	—	—	—	—	
Corporate Bonds	357,768	8,002	127,189	169,466	53,111	—	
Corporate Convertible Bonds	5,136	—	1,967	380	2,789	—	
Government Agencies	15,039	—	7,650	3,011	4,378	—	
Government Bonds	176,742	24,624	37,065	33,114	81,939	—	
Government Mortgage Backed Securities	100,918	43,660	151	2,896	54,211	—	
Government-Issued Commercial Mortgage Backed Securities	916	—	42	396	479	—	
US Treasuries & Notes	3,945	—	1,286	650	2,009	—	
Municipal / Provincial Bonds	10,878	8,519	2,359	—	—	—	
Non-Government-Backed C.M.O.s	6,702	—	227	206	6,269	—	
Sukuk	2,721	—	981	1,508	232	—	
Collective / Commingled Funds	\$ 448,967	\$ —	\$ —	\$ —	\$ —	\$ 448,967	
Total	\$ 1,216,522	\$ 86,298	\$ 195,155	\$ 235,152	\$ 250,951	\$ 448,967	

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	\$17,775	\$ 289	\$ —	\$ 3,692	\$ 13,794	\$ —
Bank Loans	29,618	—	10,598	19,020	—	—
Commercial Mortgage-Backed Securities	12,626	—	—	863	11,763	—
Corporate Bonds	360,215	8,294	100,158	181,909	69,854	—
Corporate Convertible Bonds	6,841	345	2,395	620	3,481	—
Government Agencies	20,053	—	9,981	4,899	5,173	—
Government Bonds	238,814	10,985	77,710	54,868	95,251	—
Government Mortgage Backed Securities	82,838	17,951	59	3,222	61,606	—
Government-Issued Commercial Mortgage Backed Securities	1,316	—	10	924	382	—
Index-Linked Government Bonds	5,637	150	1,139	1,824	2,524	—
Municipal / Provincial Bonds	5,551	3,500	—	—	2,051	—
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

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, 2022 and 2021.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

Foreign Currency		Fair Value					
		As of June 30, 2022				(In thousands)	
Foreign Currency	Equities	Fixed Income	Cash	Cash Collateral/ Variation Margin	Swaps/Options	Total	
Brazilian real	\$ —	\$ 10,023	\$ (2,967)	\$ —	\$ 51	\$ 7,107	
Canadian dollar	14,681	409	5,239	—	—	20,329	
Chinese yuan renminbi	—	—	2,839	—	(26)	2,813	
Colombian peso	—	11,598	(1,458)	—	251	10,391	
Czech koruna	—	1,609	1,847	75	(64)	3,467	
HK offshore Chinese yuan renminbi	—	3,475	355	—	—	3,830	
Hungarian forint	—	2,436	(512)	235	(221)	1,938	
Indonesian rupiah	—	7,986	(1,569)	—	—	6,417	
Malaysian ringgit	—	4,443	2,409	—	—	6,852	
Mexican peso	—	7,649	2,682	677	(632)	10,376	
New Romanian leu	—	1,085	1,031	—	—	2,116	
Polish zloty	—	1,395	3,013	470	(444)	4,434	
South African rand	—	7,173	(993)	7	12	6,199	
Thai baht	—	7,334	(626)	—	—	6,708	
Other Currencies ¹	33	(3,339)	9,629	741	(508)	6,556	
Total	\$ 14,714	\$ 63,276	\$ 20,919	\$ 2,205	\$ (1,581)	\$ 99,533	

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 ²	38	11,338	862	211	(104)	12,345	
Total	\$ 11,150	\$ 89,544	\$ 14,512	\$ 594	\$ (52)	\$ 115,748	

¹ Other currencies include (in thousands) \$4 of Argentine peso, \$(186) of Australian dollar, \$674 of British pound sterling, \$1,344 of Chilean peso, \$71 of Danish krone, \$96 of Dominican peso, \$1,057 of Egyptian pound, \$428 of Euro, \$140 of Japanese yen, \$(9) of New Israeli shekel, \$45 of New Zealand dollar, \$1,400 of Peruvian nuevo sol, \$89 of Philippine peso, \$871 of Russian ruble, \$5 of Swiss franc, \$432 of Turkish lira, \$96 of Uruguayan peso uruguayo

² 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

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	<i>(In thousands)</i>	
	June 30, 2022	June 30, 2021
Mortgage-Backed Securities	\$ 124,777	\$ 96,780
Asset-Backed Securities	42,047	17,775
Collateralized Mortgage Obligation Securities	6,702	5,898
Total	\$ 173,526	\$ 120,453

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, 2022	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	\$ 157,535	\$ —	\$ 157,355	\$ 180
Bank Loans	20,308	—	19,707	601
Bond Funds	11,117	—	11,117	—
Collateralized Debt Obligations	17,239	—	17,239	—
Corporate Debt Securities	362,903	—	361,540	1,363
Government Debt Securities	194,172	—	192,809	1,363
State & Local Government Debt Securities	1,670	—	1,670	—
Structured Debt	2,359	—	2,359	—
Sukuk	2,721	—	2,721	—
<i>Debt Securities:</i>	770,024	—	766,517	3,507
Common Stock	255,133	254,976	—	157
Convertible Equity	—	—	—	—
Equity Funds	86,966	86,966	—	—
Preferred Stock	753	—	753	—
<i>Equity Investments:</i>	342,852	341,942	753	157
Real Estate	5,394	5,394	—	—
<i>Real Assets:</i>	5,394	—	—	—
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	456,626			
Hedge Funds	910,341			
Private Equity	386,425			
Commingled Commodity Funds	334,656			
Commingled Equity Funds	1,285,286			
Commingled Bond Funds	265,780			
<i>Net Asset Value (NAV)</i>	3,639,114			
Credit Contracts	(195)	—	(195)	—
Interest Rate Contracts	2,719	(188)	2,907	—
Other	—	—	—	—
<i>Derivatives</i>	2,524	(188)	2,712	—
<i>Invested Securities Lending Collateral</i>	153,386	—	153,386	—
Total	\$ 4,913,294			

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
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
Equity Funds	559	—	559	—
Preferred Stock	96,745	86,745	—	10,000
Stapled Securities	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	—	184,160	—
Total	\$ 5,182,503			

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)	6/30/2022	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Commingled Bond Funds ⁽¹⁾	\$ 263,591	Daily, Quarterly, None	2-30 Days	\$ —
Commingled Commodity Funds ⁽¹⁾	334,656	Daily, Monthly	1-30 Days	—
Commingled Equity Fund Domestic ⁽¹⁾	1,051,805	Daily, Quarterly	1-60 Days	—
Commingled Equity Fund Non-US ⁽¹⁾	398,964	Daily, Monthly	1-15 Days	—
Hedge Funds:				
<i>Diversified</i> ⁽²⁾	103,261	Quarterly, Annually	30-75 Days	—
<i>Structured Credit</i> ⁽³⁾	17,738	Quarterly	90 Days	—
<i>Long/Short</i> ⁽⁴⁾	36,899	Quarterly	45 Days	—
<i>Event-Driven</i> ⁽⁵⁾	236,863	Quarterly	65-90 Days	—
<i>Macro</i> ⁽⁶⁾	133,416	Quarterly, Quarterly	30-90 Days	—
<i>Relative Value</i> ⁽⁷⁾	166,546	Monthly, Quarterly	30-60-90 Days	—
<i>Arbitrage</i> ⁽⁸⁾	52,322	Quarterly	60 Days	—
Real Estate Funds ⁽⁹⁾	456,626	Quarterly, None	30-45 Days	128,724
Private Asset Funds ⁽⁹⁾	386,427	N/A	N/A	237,646
Total	\$ 3,639,114			\$ 366,370

⁽¹⁾ Commingled Bond Funds, Commodity Funds and Equity Funds: Two bond funds, three commodity funds and thirteen 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⁾ Diversified Hedge Fund: A hedge fund where the capital is deployed across multiple superstrategies; it is not concentrated in on broad area of strategies.

⁽³⁾ Structured Credit Hedge Fund: This strategy invests in ABS securities and other structured credit instruments like CLOs.

⁽⁴⁾ 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⁾ Macro Hedge Funds: The investment decisions are based on a manager's top-down or macro views on the market.

⁽⁷⁾ 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.

⁽⁸⁾ Arbitrage Hedge Funds: Managers take long and short positions in different markets in to take advantage of inefficiencies in the market.

⁽⁹⁾ 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)	6/30/2021	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:				
Alpha Pool ⁽⁵⁾	105,076	Monthly	30 Days	—
Directional ⁽²⁾	136,141	Monthly	30-60 Days	—
Equity Long/Short ⁽³⁾	40,202	Quarterly	45 Days	—
Event-Driven ⁽⁴⁾	158,036	Quarterly, Annually, 36 Months	45-90 Days	—
Multi-Strategy ⁽⁵⁾	147,886	Quarterly, Annually	60-90 Days	—
Relative Value ⁽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 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, 2022 and 2021, 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, 2022 and 2021.

As of June 30, 2022

(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	\$ 60,103	\$ 61,572	\$ 2,480	\$ 2,348
International Equities	—	—	—	—
Corporate Bonds	51,013	52,236	15,954	16,499
Government Bonds	923	946	—	—
Treasuries	38,065	38,632	—	18,847
Total	\$ 150,104	\$ 153,386	\$ 18,434	\$ 37,694

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	—
Corporate Bonds	1,287	1,323	—	—
Government Bonds	74,983	76,143	—	504
Total	\$ 177,951	\$ 181,519	\$ 475	\$ 504

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 45.

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, 2022 and 2021, 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, 2022

(In thousands)

Derivative Investment Type	Changes in Fair Value Gain (Loss)	Fair Value	Notional Value
Futures	\$ (54,504)	\$ —	\$ 627,215
Options	(43)	(210)	—
Swaps	1,734	2,733	—
Foreign Exchange Contracts	(2,603)	(49)	—
Rights/Warrants Equity Contracts	1	—	—
Total Value	\$ (55,415)	\$ 2,474	\$ 627,215

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

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 2022 and 2021, respectively, amounted to approximately \$341.6 million and \$322.4 million, of which \$287.1 million and \$268.6 million were contributed by employers, and \$54.5 million and \$53.8 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 2022, the Plan had no excess earnings; \$0 was reserved to fund the employer COLA contributions in fiscal year 2022.

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 2022 ranged from 36.02% to 76.64% of covered payroll, with a combined average of 48.91% 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, 2021 the UAAL allocated to Inyokern Community Services District was \$124,000 and the UAAL allocated to Berrenda Mesa Water District was \$4,195,000. 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 2022 ranged from 4.72% to 19.29% 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 CERL. Member contributions and credited interest are refundable upon termination of membership.

¹This annual UAAL contribution in dollars of \$13,000 for Inyokern is equal to the level dollar layered amortization of the \$124,000 in UAAL of \$13,000 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, 2022.

²This annual UAAL contribution in dollars of \$431,000 for Berrenda Mesa is equal to the level dollar layered amortization of the \$4,195,000 in UAAL of \$437,000 plus \$1,000 in administrative expenses minus a \$7,000 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2022.

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, 2022, 2.29% 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, 2022 and 2021 (under the five-year smoothed fair asset valuation method for actuarial valuation purposes) are as follows:

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

Reserve Account	(In thousands)	
	2022	2021
Members' Deposit Reserve - General	\$ 325,743	\$ 305,216
Members' Deposit Reserve - Safety	171,943	158,711
Members' Deposit Reserve - Special District	37,373	33,029
Members' Deposit Reserve - Courts	3,925	2,324
Members' Deposit Reserve - Hospital Authority	8,574	6,627
Employers' Advance Reserve - General	489,657	427,228
Employers' Advance Reserve - Safety	628,132	581,003
Employers' Advance Reserve - Special District	56,700	54,312
Employers' Advance Reserve - Courts	28,945	25,370
Employers' Advance Reserve - Kern Medical	90,573	81,617
Cost-of-living Reserve - General	889,114	830,471
Cost-of-living Reserve - Safety	671,515	619,641
Cost-of-living Reserve - Special District	76,937	69,634
Cost-of-living Reserve - Courts	10,769	9,330
Cost-of-living Reserve - Kern Medical	39,480	28,528
Retired Members' Reserve - General	1,161,298	1,150,088
Retired Members' Reserve - Safety	400,954	399,845
Supplemental Retiree Benefit Reserve (SRBR)	131,236	128,798
SRBR allocated for 0.5% COLA	10,770	23,054
Contingency Reserve	117,544	53,624
Total reserves at five-year smoothed fair value actuarial valuation	5,351,182	4,988,449
Market Stabilization Reserve*	(220,053)	429,064
Total Fiduciary Net Position - Restricted for Pension Benefits	\$ 5,131,129	\$ 5,417,513

* 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, 2022 is \$367,239 for base rent and \$13,732 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, 2022	June 30, 2021
Total Pension Liability	\$7,510,905,541	\$7,306,894,934
Plan Fiduciary Net Position	(5,131,128,660)	(5,417,513,179)
Net Pension Liability	\$2,379,776,881	\$1,889,381,755
Plan Fiduciary Net Position as Percentage of Total Pension Liability	68.32%	74.14%

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, 2022 and June 30, 2021 are shown in the tables below.

June 30, 2022	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability	\$7,403,163,840	\$107,741,701	\$7,510,905,541
Plan Fiduciary Net Position	4,999,892,890	131,235,770	5,131,128,660
Net Pension Liability (Asset)	\$2,403,270,950	\$(23,494,069)	\$2,379,776,881

June 30, 2021	Regular Benefits (Non-SRBR)	SRBR Benefit	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

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2022 and June 30, 2021. 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, 2021, and June 30, 2020, respectively, to the measurement date of June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021 that were measured by actuarial valuations as of June 30, 2021 and 2020, respectively, used the same actuarial assumptions and actuarial cost method as the June 30, 2021 and 2020 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, 2022	
<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 and real across-the-board salary increase.
<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 the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
<i>Other Assumptions:</i>	Same as those used in the June 30, 2022 funding valuations. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2016 through June 30, 2019.

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 the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
<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	0%	0.00%	2.75%
Total	100%		8.00%

Discount rate. The discount rate used to measure the TPL was 7.25% as of June 30, 2022 and 2021. 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, 2022 and 2021.

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, 2022, 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, 2022	\$ 3,356,289,212	\$ 2,379,776,881	\$ 1,576,389,656
	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

NOTE 11 - SUBSEQUENT EVENT

In compliance with accounting standards, management has evaluated events that have occurred after fiscal year-end to determine if these events are required to be disclosed in the basic financial statements.

SRBR RESTRUCTURE

On September 14, 2022 the KCERA Board of Retirement unanimously voted to restructure the Supplemental Retiree Benefit Reserve (SRBR) Program. This change came after more than a year and a half of working meetings with the Finance Committee and the Board to improve the mix of benefits to reflect the following objectives:

- Allocate additional funds by increasing benefits
- Increase predictability of future assets and liabilities
- Exercise duty of loyalty to all KCERA members
- Simplify the benefit structure
- Do no harm to any members already receiving benefits

Before the recent revisions, the SRBR Policy required the Board consider new benefits whenever the funded ratio exceeded 120% two years in a row, and required the Board consider eliminating benefits when the funded ratio fell below 120% for two consecutive years. This ongoing need to re-evaluate benefits, along with the wide range of benefit options available to the Board, regularly resulted in prolonged and burdensome approval processes.

Resolution

With the help of KCERA's actuaries, KCERA Staff proposed a new benefit structure to address the past problems and allocate funds to all members, including current and future retirees. KCERA Trustees considered a range of new benefit options, but ultimately favored a single benefit based on years of service ("Years of Service Benefit").

KCERA Staff and Trustees focused on developing a benefit structure that would maintain SRBR benefits for any member who was already receiving them while creating a more predictable and sustainable structure for the future. To do so, KCERA Staff worked with its actuaries to devise a process in which all members will have their SRBR benefit calculated, on a one-time basis, under the new "Years of Service" benefit (\$1.80 per year of service) and the old SRBR 1-4 structure. Members will then receive whichever benefit calculation yields a higher result. That will be the member's starting SRBR benefit under the Restructured SRBR (also referred to as the "floor" benefit).

One of the best aspects of this Restructured SRBR is that eligible members will receive a 2.5% COLA on their SRBR benefit every year, so long as the SRBR remains adequately funded.

Under the Restructured SRBR, KCERA's Board will consider benefit changes when the SRBR funding is above 115% funded or below 95% funded for two consecutive years. If the funded ratio begins to creep up above 115%, the KCERA Board can increase benefits or change the eligibility date to include more members. If the funded ratio drops below 95%, the Board can simply suspend or reduce the annual 2.5% SRBR COLA to bring the funded status within range.

The change in benefit structure is effective July 1, 2022, but it will take time for staff to fully implement the change. For eligible retirees whose "floor" benefit is greater under the Years of Service calculation, Staff is currently targeting January 2023 for the first new payments, and February for any retroactive payments. The first 2.5% COLA will be applied July 1, 2023 for all eligible recipients.

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

(In thousands)

	2022	2021	2020	2019	2018
<i>Total Pension Liability:</i>					
Service Cost	\$ 118,979	\$ 123,394	\$ 124,146	\$ 122,869	\$ 123,407
Interest	523,872	510,015	481,972	466,379	450,172
Change of Benefit Terms	30,438	(32,129)	—	—	31,034
Differences between Expected and Actual Experience	(69,170)	(16,282)	(23,991)	(48,814)	(80,208)
Changes in Assumptions	—	—	151,379	—	—
Benefit Payments, including Refunds	(400,108)	(378,799)	(361,094)	(341,812)	(321,613)
Net Change in Total Pension Liability	204,011	206,199	372,412	198,622	202,792
<i>Total Pension Liability: Beginning of Year</i>					
	7,306,895	7,100,696	6,728,284	6,529,662	6,326,870
Total Pension Liability: End of Year (a)	7,510,906	7,306,895	7,100,696	6,728,284	6,529,662
<i>Plan Fiduciary Net Position:</i>					
Contributions - Employer ¹	287,063	268,625	273,909	229,120	242,534
Contributions - Employee	54,514	53,789	57,862	50,132	52,504
Net Investment Income	(219,947)	1,043,361	127,861	214,244	267,659
Benefit Payments, including Refunds	(400,108)	(378,799)	(361,094)	(341,774)	(321,613)
Administrative Expense	(6,702)	(6,061)	(5,523)	(4,804)	(5,117)
Other ²	(1,204)	(2,197)	—	—	—
Net Change in Plan Fiduciary Net Position	(286,384)	978,718	93,015	146,918	235,967
<i>Plan Fiduciary Net Position:</i>					
<i>Beginning of Year</i>	5,417,513	4,438,795	4,345,780	4,198,862	3,962,895
Plan Fiduciary Net Position: End of Year (b)	5,131,129	5,417,513	4,438,795	4,345,780	4,198,862
Net Pension Liability: (a) - (b)	\$ 2,379,777	\$ 1,889,382	\$ 2,661,901	\$ 2,382,504	\$ 2,330,800
<i>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</i>					
	68.32 %	74.14 %	62.51 %	64.59 %	64.30 %
Covered Payroll ³	\$ 612,609	\$ 604,320	\$ 607,695	\$ 579,072	\$ 576,729
Plan Net Pension Liability as a Percentage of Covered Payroll	388.47 %	312.65 %	438.03 %	411.43 %	404.14 %

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

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

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

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

(In thousands)

	2017	2016	2015	2014	2013
<i>Total Pension Liability:</i>					
Service Cost	\$ 122,184	\$ 123,181	\$ 125,161	\$ 125,118	\$ 125,644
Interest	438,385	427,646	415,820	400,559	384,837
Change of Benefit Terms	—	—	5,036	—	—
Differences between Expected and Actual Experience	(109,368)	(105,053)	(89,306)	(57,034)	(49,064)
Changes in Assumptions	196,259	—	—	205,038	—
Benefit Payments, including Refunds	(305,817)	(288,738)	(273,865)	(257,495)	(242,630)
Net Change in Total Pension Liability	341,643	157,036	182,846	416,186	218,787
<i>Total Pension Liability: Beginning of Year</i>					
	5,985,227	5,828,191	5,645,345	5,229,159	5,010,372
Total Pension Liability: End of Year (a)	6,326,870	5,985,227	5,828,191	5,645,345	5,229,159
<i>Plan Fiduciary Net Position:</i>					
Contributions - Employer ¹	224,351	234,713	215,477	220,393	211,677
Contributions - Employee	51,410	33,279	30,325	25,810	20,283
Net Investment Income	426,606	(27,535)	81,931	487,591	319,432
Benefit Payments, including Refunds	(305,817)	(288,738)	(273,864)	(257,495)	(242,630)
Administrative Expense	(5,243)	(5,224)	(4,887)	(4,958)	(4,016)
Other ²	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	391,307	(53,505)	48,982	471,341	304,746
<i>Plan Fiduciary Net Position:</i>					
<i>Beginning of Year</i>	3,571,588	3,625,093	3,576,111	3,104,770	2,800,024
Plan Fiduciary Net Position: End of Year (b)	3,962,895	3,571,588	3,625,093	3,576,111	3,104,770
Net Pension Liability: (a) - (b)	\$ 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	62.64 %	59.67 %	62.20 %	63.35 %	59.37 %
Covered Payroll ³	\$ 546,671	\$ 537,540	\$ 531,598	\$ 533,851	\$ 516,465
Plan Net Pension Liability as a Percentage of Covered Payroll	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 or benefits and/or member contributions previously paid in conjunction with pay items impacted by the implementation of the Alameda Decision.

³ Cover 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
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	\$216,229,000	\$216,229,000	—	\$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	\$273,909,000	\$273,909,000	—	\$607,695,110	45.07%
2021	\$268,626,000	\$268,626,000	—	\$604,320,398	44.45%
2022	\$287,063,000	\$287,063,000	—	\$612,609,249	46.86%

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 ACTUARIALY 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
- Remaining amortization period:** 13.5 years as of June 30, 2022 for all UAAL as of June 30, 2011. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
- Asset valuation method** Market value of assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized semiannually over a five-year period. The Actuarial Value of Assets (AVA) cannot be less than 50% of MVA, nor greater than 150% of MVA. The AVA is reduced by the value of the non-valuation reserves.

**June 30, 2020 Valuation Date
(used for the year ended June 30, 2022 ADC)**

Actuarial Assumptions:

Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
<i>Inflation rate</i>	2.75%
<i>Real across-the-board salary increase</i>	0.50%
<i>Projected salary increases*</i>	General: 4.00% to 8.75% Safety: 3.75% to 12.00%
<i>Administrative expenses</i>	0.90% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member
<i>Cost-of-living adjustments</i>	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)
<i>Other assumptions</i>	Same as those used in the June 30, 2020 funding actuarial valuation

**Includes inflation at 2.75% 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return*	(4.2)%	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, 2022 AND 2021

	2022	2021
<i>Staffing</i>		
Salaries	\$ 2,822,794	\$ 2,357,739
Benefits	1,834,721	1,651,823
Temporary staff	36,177	82,179
Staffing Total	4,693,692	4,091,741
<i>Staff Development</i>	45,705	16,636
<i>Professional Fees:</i>		
Actuarial fees	105,709	71,570
Audit fees ¹	53,500	126,500
Consultant fees	41,744	45,807
Legal fees	36,675	119,665
Professional Fees Total	237,628	363,542
<i>Office Expenses:</i>		
Building expenses	121,744	62,863
Communications	28,976	35,540
Equipment lease	10,086	10,138
Equipment maintenance	2,000	9,638
Memberships	12,749	9,495
Office supplies & misc. admin.	39,620	50,631
Payroll & accounts payable fees	25,797	4,584
Other Services - Kern County	37,851	—
Postage	21,522	20,209
Subscriptions	11,009	9,991
Utilities	42,080	39,586
Office Expenses Total	353,434	252,675
<i>Insurance</i>	148,495	136,176
<i>Member Services</i>		
Benefit payment fees	—	14,745
Disability - legal	2,896	46,111
Disability - medical advisors	—	15,113
Disability - professional services	9,826	167,210
Disability - administration MMRO	106,200	—
Member communications	13,996	13,247
Member Services Total	\$ 132,918	\$ 256,426

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

¹ Includes periodic actuarial audit, see page 61.

SCHEDULE ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (CONT.)

	2022	2021
<i>Systems:</i>		
Audit - security & vulnerability scan	\$ 2,290	\$ 7,680
Business continuity expense	8,740	18,730
Hardware	52,251	33,359
Licensing & support	125,005	142,796
Software	97,539	69,384
Website design	81,708	1,655
Systems Total	367,533	273,604
 <i>Board of Retirement</i>		
Board compensation	10,640	12,161
Board conferences & training	20,492	4,535
Board elections	40,974	—
Board meetings	2,351	137
Board of Retirement Total	74,457	16,833
 <i>Depreciation/Amortization</i>	 648,530	 653,043
Total Administrative Expenses	\$ 6,702,392	\$ 6,060,676

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<i>Investment manager Fees:</i>		
Equity	\$ 4,224,707	\$ 4,491,285
Fixed income	2,545,173	3,863,690
Commodities	2,078,697	1,457,520
Midstream Energy	1,791,459	525,498
Real estate	4,961,774	2,537,863
Opportunistic	4,515,578	3,264,743
Private equity/Credit funds	12,763,699	8,324,665
Hedge funds	24,032,903	34,115,922
Cash and Overlay	706,914	301,265
Total Investment Manager Fees	57,620,904	58,882,451
<i>Other Investment Expenses:</i>		
Custodian	363,646	536,729
Actuarial valuation	232,693	130,576
Investment consultants	1,406,361	1,646,195
Legal fees	141,008	308,169
Real estate	49,799	45,600
Total Other Investment Expenses	2,193,507	2,667,269
Total Fees and Other Investment Expenses	59,814,411	61,549,720
<i>Securities Lending rebates and bank fees</i>	53,430	40,503
Total Investment Expenses	\$ 59,867,841	\$ 61,590,223

See accompanying independent auditors' report.

SCHEDULE OF PAYMENTS TO CONSULTANTS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Individual or Firm	Nature of Service	Commission/Fee	
		2022	2021
Cortex Applied Research, Inc.	Policy consultants	\$ 51,500	\$ 45,807
Segal Consulting	Actuarial services	105,709	71,570
Kern County Counsel	Legal counsel	3,450	63,688
Nossaman LLP	Legal counsel	20,904	68,424
Ice Miller	Legal counsel	13,673	20,809
Reed Smith LLP	Legal counsel	2,039	12,856
Cheiron	External auditors	—	80,000
CliftonLarsonAllen	External auditors	53,500	46,500
Agility Recovery Solutions	Disaster recovery/audit	11,030	18,730
TraceSecurity LLC	System audit	—	7,680
Total Payments to Consultants		\$ 261,805	\$ 436,064

These payments were made to outside consultants other than investment professionals. A Schedule of Investment Fees is presented on pages 77-80 in the Investment Section.

See accompanying independent auditors' report.

INVESTMENT SECTION



September 22, 2022

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, 2022.

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, 2022, KCERA's retirement fund had an investment loss of 4.5% (net of fees) and ended the fiscal year with total assets of approximately \$5.0 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 April 2022.

Market Environment

2022 Summary

The broad story was a tale of two halves over the fiscal year, as global markets delivered mildly positive returns in the latter half of 2021, with below-average volatility, spurred by easy monetary policy, pandemic reopening demand, and a resurgence in economic growth. The reopening story painted a more optimistic picture in advanced economies, while emerging economies struggled due to less access to quality vaccines and more stringent pandemic lockdown measures, specifically within China. However, this optimism began to fade as inflation surged and central banks turned more hawkish.

The first half of 2022 proved to be a notably different environment from what was experienced during 2021. The persistence of inflation was a driving narrative, as the supply shocks coming from Russia's invasion of Ukraine and supply chain issues from China's continued zero-covid policy accelerated already high price growth. Central banks, keen to lower inflation, responded by raising interest rates, which hurt both equities and bonds alike. Nearly all asset classes have sustained losses year-to-date, a somewhat



rare occurrence, which left most diversified portfolios materially in the red. Central bank tightening also increased fears of recession and possibly stagflation, as inflation ceased to moderate through the end of the fiscal year (U.S. headline CPI hit 9.1% in June—a four-decade high).

U.S. Equity

While the S&P 500 delivered a solid 11.7% return in the second half of 2021, the first half of 2022 saw a significant reversal of -20%, qualifying as a technical market correction. In an effort to curb four-decade high inflation within the U.S., the Federal Reserve raised their policy rate by 25 bps, 50 bps, and 75 bps, respectively, at their March, May, and June meetings. It's important to note that although the pace of rate hikes has been rapid compared to most previous tightening cycles, the overall magnitude of tightening has been small.

Higher interest rates have diminished the present value of cash flows further out in the future, hitting growth-orientated sectors the hardest (Consumer Discretionary -32.8%, Communication Services -30.2%, Information Technology -27.0% YTD).

Investors began recognizing the potential for recession in the second quarter of 2022, as economic data indicated a slowdown alongside Federal Reserve tightening. Persistent inflation in the face of multiple rate hikes impacted company revenues and profits. On the sales front, declines in real purchasing power slashed consumer sentiment and impacted discretionary spending. With regard to corporate profits, higher expenses, particularly for companies unable to pass through prices, have resulted in earnings compression (MSCI U.S. Profit Margins down from 12.9% in December 2021 to 12.2% in June 2022). Ultimately, U.S. equities have faced a tough environment in the first half of 2022, with the S&P 500 falling 20.0% as of June 30th.

Briefly looking at size and style, the Value factor outperformed the Growth factor during the fiscal year (Russell 1000 Value -7.4%, Russell 1000 Growth -19.0%). The Russell 1000 Value Index has declined -12.9% versus -28.1% for the Russell 1000 Growth Index year-to-date. As expected, rising rates inflicted more pain on duration-sensitive equities. From a size perspective, small-cap equities underperformed significantly during the fiscal year (Russell 2000 -25.2%, Russell 1000 -13.0%).

International Equity

International developed equities lagged U.S. equities over the fiscal year, as the MSCI EAFE Index returned -17.8% relative to the S&P 500 -10.6% return. Dollar strength hurt U.S. investors with unhedged foreign currency exposure, as the Bloomberg Dollar Spot Index advanced 10.3% during the period. Despite the underperformance over the full fiscal year, both developed and emerging market equities outperformed U.S. shares on a year-to-date basis through June 30th, as the MSCI EAFE and MSCI EM Indices returned -19.6% and -17.6%, respectively.



Emerging market equities underperformance during the fiscal year was primarily due to the large drop in Chinese equities (MSCI China -31.8%), as the country locked down major cities and cracked down on sectors including technology, education, and real estate. This narrative switched gears during the first half of 2022, as news of potential easing of government restrictions and the reopening of several large cities boosted share prices of the largest country constituent in the MSCI EM Index (35.4%). While being the worst performer over the full fiscal year, emerging market equities ended the first half of 2022 as the best performing market.

Developed economies faced a similar equity environment to that of the United States. Positive performance in the second half of 2021 due to reopening growth was reversed in the first half of 2022, as rising inflation was amplified by Russia's invasion of Ukraine in late February. Ensuing sanctions against Russian petroleum exports from the West pushed energy prices upward, forcing the Bank of England and European Central Bank to shift gears in terms of monetary policy. The MSCI EAFE Index fell -19.6% over the year-to-date, wiping out the 2.3% gain seen during the second half of 2021. International developed equities continue to be challenged, as the energy crisis escalates, and consumer strength remains less resilient than that of the U.S.

Fixed Income

Core fixed income suffered a loss of -10.3% over the full fiscal year (BBgBarc U.S. Aggregate), though the entirety of the losses occurred in the first half of 2022. All eyes have been on inflation, which has forced central bankers to tighten conditions while attempting to avoid pushing their economies into recession. Rate hikes and forward guidance from central banks have hammered equity and bond markets alike and created the uncommon environment of sharp losses in both asset classes.

The magnitude of expected rate hikes has jumped materially since late 2021. During December 2021, Fed funds futures contracts implied the Fed Funds Rate would end 2022 at 0.82% (only three 25 bps rate hikes expected). By the end of March 2022, markets were pricing in a total of nine 25 bps rate hikes. This placed the implied Fed Funds Rate at 2.39% by the end of 2022. The trend continued in Q2, as inflation remained persistent. The Federal Reserve pushed through an additional 50 bps hike in May and a 75 bps hike in June (the largest single meeting hike since 1994). Going forward, markets are pricing in an additional seven rate hikes (not including the six previously implemented) by the end of 2022, bringing the year-end implied rate in line with the Fed's expectation of 3.4%. Many countries currently face similar problems, as inflation remains a challenge.

The impact of policy tightening on duration-sensitive assets has been significant. Performance was negative across all fixed income asset classes over the year-to-date, as rates jumped from historically low levels. The Bloomberg Global Treasury Index returned -14.8% in dollar terms over the year-to-date. In the U.S., the Bloomberg Universal Index suffered its worst-ever quarterly loss in Q1 2022—down -6.1%—while the Bloomberg Aggregate Index fell -5.9% (its third worst quarterly loss, dating back to 1976). Performance during Q2 was also negative, with the Universal and Aggregate Indices down -5.1% and -4.7%, respectively. Longer duration assets underperformed. The Bloomberg U.S. Long Treasury



Index fell -21.3% year-to-date, compared to the -3.0% decline of the Bloomberg U.S. Treasury 1-3 Year index.

Looking at credit, spreads significantly widened over the course of 2022. Investment grade spreads widened by 63 bps, moving from 0.92% to 1.55% at the end of June. High yield spreads also jumped, starting the year at 283 bps before moving to 569 bps over the same period. Spread movements widely reflected the risk-off tone and growing concerns over a slowing economy. Despite spread expansion, default rates for par weighted U.S. high yield and bank loans ended Q2 at 0.76% and 0.74%—far below the longer-term historical averages of 3.2% and 3.1%. The variable rate characteristic of bank loans helped as rates rose, resulting in bank loan outperformance over high yield bonds, declining -4.4% versus -14.2% over the year-to-date. Outside of the U.S., emerging market debt struggled in both hard and local currency terms. Hard currency underperformed, with the JPM EMBI GD Index falling -20.3%, relative to the -14.5% decline of the JPM GBI-EM GD Index.

Commodities

Commodities were the best performing asset class over the fiscal year, with the Bloomberg Commodity Index returning 24.3%. Commodities moved higher in Q3 2021, driven by supply chain imbalances and rising signs of inflation. These gains tailed off towards the end of 2021, as signals of tighter monetary policy crimped global economic growth expectations.

The real story emerged in the first quarter of 2022, specifically following Russia’s invasion of Ukraine. Both Russia and Ukraine being large suppliers of energy and grain commodities spiked prices, propelling inflation higher. Natural gas and WTI Crude Oil prices shot up +58.4% and 38.3%, while Wheat and Corn bounced 29.6% and 26.3%, respectively. Despite the sharp tick up in prices, commodities have begun to normalize, as recession fears have cut demand forecasts, shipping costs have moved down, and supply chain pressures have started to ease.

Currency

A strong dollar remained the biggest currency story in 2022, as the dollar continued its 2021 trend. The Bloomberg Dollar Spot Index returned +7.4% over the year-to-date, driven by higher relative interest rates, a relatively strong economic outlook, and safe-haven currency status. The dollar performed well against major pairs, as currency impacts were significant within the international developed equities space. The Japanese Yen remaining particularly strained, down -15.2% against the dollar in 2022, as the Bank of Japan anchored rates while other central banks hiked. The J.P. Morgan Emerging Markets Currency Index declined -1.8%, though the dollar was mixed relative to emerging market currency pairs. The Russian Ruble remained incredibly volatile, initially plummeting after the invasion of Ukraine, but spiking as petroleum export prices rose, imports fell, and high rates set by the Bank of Russia propelled the currency.



Outlook

A key question going forward is whether global central banks will be able to bring inflation under control without dragging their respective economies into recession. This task is perhaps more difficult than past inflationary regimes, given the war in Ukraine, lockdowns in China, and acute pandemic-related supply shortages, which have led to high prices that may be difficult to control with traditional central bank policy. Within the U.S, the possibility of a “soft landing” for the economy seems to be off the table, as the economy appears to be in recession, or at least very close to one. Uncertainty remains high, although the recent drawdown of most major asset classes has reversed the “low return environment” dynamic that has been common for nearly a decade. Many asset classes now appear to offer robust yields and prospective returns relative to past years—perhaps a silver lining in an environment which has proved challenging for investors with diversified portfolios.

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%	34.9%
Fixed Income	24%	22.4%
Commodities	4%	5.3%
Hedge Funds (incl. Alpha Pool)	18%	15.9%
Midstream Energy MLPs	5%	6.3%
Core Real Estate	5%	7.1%
Private Equity	5%	2.8%
Private Credit	5%	4.9%
Private Real Estate	5%	1.7%
Opportunistic Investments	0%	3.3%
Cash	-8%	-4.6%

During the year, the Plan implemented a planned increase to its Capital Efficiency program, which included a modest adjustment to the Alpha Pool from 5% to 8% and an offsetting adjustment to cash. This change is intended to take further advantage of the alpha earning potential inherent in hedge funds and should increase the Plan’s overall efficiency by increasing expected return while maintaining a relatively conservative risk profile.



Investment Objectives

As stated in the Plan’s Investment Policy, the Plan’s primary investment objectives are as follows:

- Earn a long-term net of fees rate of return which is equal to or exceeds the assumed rate of return;
- Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark (“Policy Benchmark”); and
- Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

Objectives / Performance	1-Year	3-Year	5-Year	10-Year
Assumed Rate of Return*	7.25%			
Policy Benchmark	-6.6%	6.1%	6.3%	6.7%
Rate of Inflation	9.1%	5.0%	3.9%	2.6%
Net-of-Fee Performance	-4.2%	7.1%	6.8%	7.4%

*The current actuarial assumed rate of return is used for comparison to investment performance across periods.

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,

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 April 2022. KCERA’s strategic target asset allocation and actual asset allocation as of June 30, 2022 are as follows:

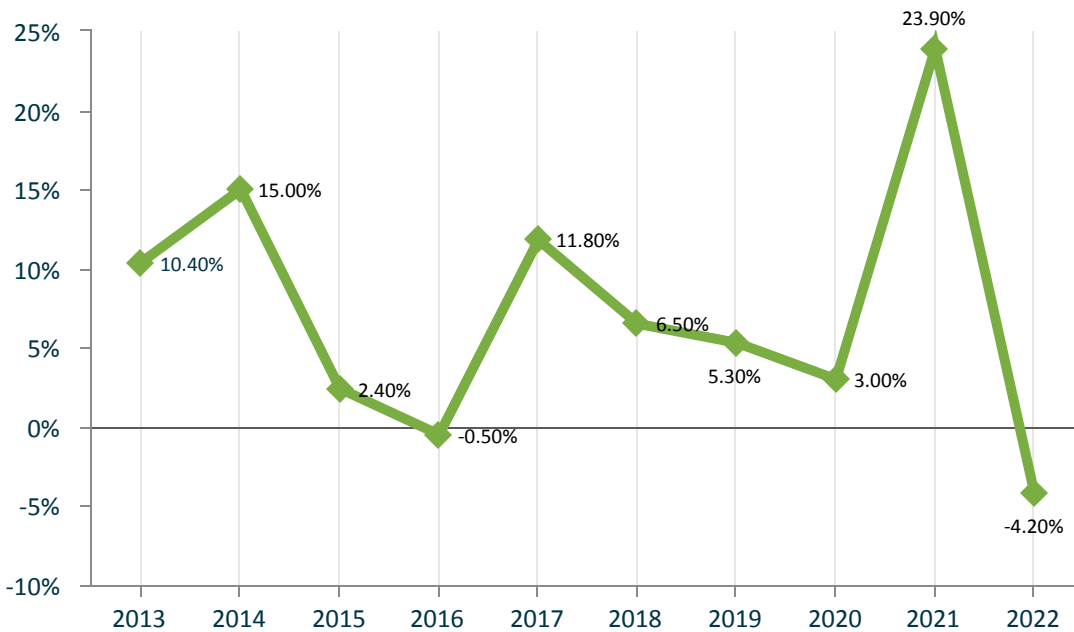
Asset Class	Actual	Target	Minimum	Maximum
Domestic Equity	18.7%	21.0%	16.0%	27.0%
International Developed Equity	11.3%	12.0%	8.0%	18.0%
Emerging Markets Equity	4.9%	4.0%	1.0%	9.0%
Domestic Fixed Income Core Plus	12.0%	14.0%	12.0%	25.0%
Domestic Fixed Income High Yield	6.1%	6.0%	3.0%	9.0%
Emerging Markets Fixed Income	4.3%	4.0%	1.0%	7.0%
Commodities	5.3%	4.0%	0.0%	6.0%
Hedge Funds	10.8%	10.0%	5.0%	15.0%
Capital Efficiency Alpha Pool	5.1%	5.0%	0.0%	7.0%
Midstream	6.3%	5.0%	0.0%	7.0%
Core Real Estate	7.1%	5.0%	3.0%	7.0%
Opportunistic	3.3%	0.0%	0.0%	10.0%
Private Equity	2.8%	5.0%	0.0%	10.0%
Private Credit	4.9%	5.0%	0.0%	10.0%
Private Real Estate	1.7%	5.0%	0.0%	10.0%
Cash and Equivalents	-4.6%	-5.0%	-5.0%	-7.0%
Total	<u>100.0%</u>	<u>100.0%</u>		

KCERA 2022 - Investment Summary

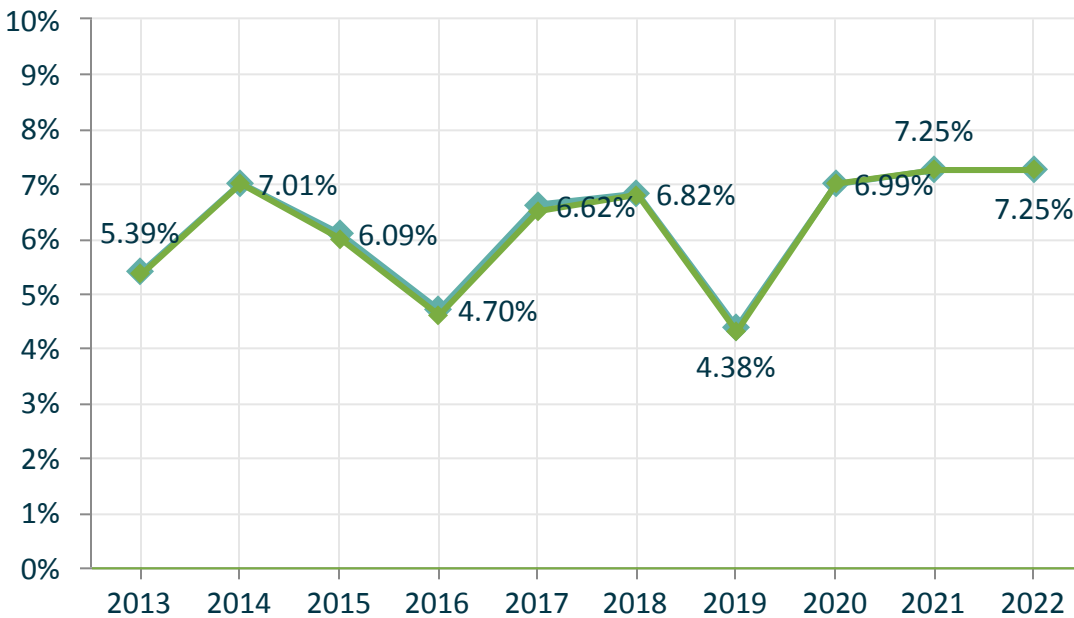
Type of Investment	Fair Value (In thousands)	% of Total Fair Value
<i>Domestic Equity:</i>		
All Cap Passive	\$ 280,796	5.28 %
Large Cap Enhanced	97,925	1.84 %
Small Cap Growth	45,419	0.85 %
Small Cap Value	363,010	6.82 %
Total Domestic Equities	787,150	14.79 %
<i>International /Global Equity</i>		
Large Cap	31,023	0.58 %
Global	478,361	8.99 %
Small Cap	87,144	1.64 %
Emerging Markets	246,460	4.63 %
Total International Equities	842,988	15.84 %
<i>Fixed Income</i>		
Core	162,487	3.05 %
Core Plus	402,028	7.56 %
Structured Debt	71,104	1.34 %
High Yield	183,852	3.46 %
Emerging Markets	218,857	4.11 %
Total Fixed Income	1,038,328	19.52 %
<i>Real Estate</i>		
Core	356,171	6.70 %
Value Added	101,220	1.90 %
Property	4,629	0.09 %
Total Real Estate	462,020	8.69 %
<i>Alternate Investments</i>		
Private Credit	245,818	4.62 %
Private Equities	140,607	2.64 %
Opportunistic	165,740	3.12 %
Hedge Funds	474,701	8.92 %
Alpha Pool	267,900	5.04 %
Commodities	334,656	6.29 %
Total Alternative Investments	1,629,422	30.63 %
<i>Collateral held for Securities Lending</i>	153,386	2.88 %
<i>Cash and Equivalents</i>	405,583	7.65 %
Total Investments	\$ 5,318,877	100.00 %
KCERA Capital Assets	1,214	
KCERA Receivables/Payables	(188,962)	
Fiduciary Net Position	\$ 5,131,129	

*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:	(4.5)	6.8	6.5	7.1
Benchmark: Policy Index*	(6.6)	6.1	6.4	6.7
Domestic Equity:	(12.2)	10.0	10.9	—
Benchmark: MSCI USA IMI (Net)	(13.7)	10.0	10.7	—
International Developed Equity:	(17.3)	2.1	2.8	—
Benchmark: MSCI World ex USA IMI Index	(17.7)	1.7	2.6	—
Emerging Markets Equity:	(21.9)	(1.3)	(0.3)	—
Benchmark: MSCI EM IMI (Net)	(24.8)	1.1	2.3	—
Core Plus Fixed Income:	(11.4)	(0.8)	1.0	—
Benchmark: Barclays US Aggregate	(10.3)	(0.9)	0.9	—
High Yield/Specialty Credit	(10.0)	0.4	2.2	—
Benchmark: ICE BofAML High Yield Index	(12.7)	(0.1)	1.9	—
Emerging Market Debt:	(19.8)	(4.9)	(2.3)	—
Benchmark: **	(20.2)	(5.5)	(1.7)	—
Commodities:	19.4	14.7	9.8	—
Benchmark: Bloomberg Comm. Index	24.3	14.3	8.4	—
Hedge Funds	3.0	8.6	7.1	6.1
Benchmark: ***	(1.0)	5.4	5.9	5.8
Alpha Pool	1.5	—	—	—
Benchmark: 91-Day T-Bill +4%	4.2	—	—	—
Midstream Energy	9.3	—	—	—
Benchmark: Alerian Midstream Energy Index	11.4	—	—	—
Core Real Estate:	24.8	10.2	8.7	—
Benchmark: NCREIF-ODCE	29.5	12.7	10.5	—
Private Real Estate:	31.3	15.4	12.0	12.3
Private Equity:	22.9	16.0	13.3	11.6
Private Credit:	1.2	3.8	6.1	—
Opportunistic	(5.4)	—	—	—
Benchmark: Assumed Rate of Return +3%	7.2	—	—	—

* 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
2% Actual time-weighted Private Equity Returns
1% Actual time-weighted Private Real Estate Returns
4% Alerian Midstream 1% BBgBarc

14% Bloomberg US Aggregate
2% JPM Emerging Markets Bond Index Global Diversified
4% Bloomberg Commodities
2.5% MSCI ACWI 5% NCREIF-ODCE
4% Actual time-weighted Private Credit Returns
3% MSCI ACWI* 1% Bloomberg US Aggregate
5% Alerian Midstream 5% 3-Month T-Bill + 400bps, 91 Day T-Bills
(-)5%3-MonthT-Bill

** 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.

INVESTMENT MANAGERS

Domestic Equity

AllianceBernstein
Geneva Capital
Mellon Capital Management EB DV
PIMCO StockPlus

International Developed Equity

American Century
Cevian Capital II LP
Mellon Capital Management-EB DV

Emerging Market Equity

AB Emerging Markets Strategic Core
DFA Emerging Markets Value Portfolio
Mellon Emerging Markets

Core Fixed Income

Mellon Capital Management Ag Bond
PIMCO
Western Asset Management - CP

High Yield Fixed Income

TCW Securitized Opportunities LP
Western Asset Management - HY

Emerging Markets Debt

PIMCO EM Beta
Stone Harbor Global Funds

Commodities

Gresham Commodity Builder Fund
Wellington Trust Company (WTC)

Midstream Energy

Harvest Midstream
PIMCO Midstream

Core Real Estate

ASB Capital Management
JPMCB Strategic Property Fund

Private Equity

Abbott Capital Funds
Brighton Park
Level Equity Growth Partners
LGT Crown Global
Pantheon Funds
Peak Rock
Vista
Warren Equity Partners

INVESTMENT MANAGERS (CONT.)

Private Real Estate

Covenant Apartment Fund
Invesco Real Estate Funds III & IV
KCERA Property
LBA Logistics Value Fund IX
Landmark Real Estate Partners VIII
Long Wharf Real Estate Partners VI
Singerman Real Estate Opportunity Fund IV

Private Credit

Blue Torch Credit Opportunitites
Brookfield Real Estate Finance Fund V
Colony Distressed Credit Fund
Fortress Credit Opportunities Fund V
Fortress Lending Fund II (A)
Fortress Lending Fund III (A)
H.I.G Bayside Loan Opportunity Fund
Magnetar Constellation Fund V
TSSP Adjacent Opportunities Partners (B)

Opportunistic

Aristeia Select Opportunities II LP
DB Investor's Fund IV
River Birch International Ltd
TSSP Adjacent Opportunities Partners (D)

Hedge Funds

Aristeia International Ltd
Brevan Howard Fund Limited
D.E. Shaw Composite Fund
HBK Multi-Strategy Fund
Hudson Bay Enhanced Fund LP
Indus Pacific Opportunities Fund
Magnetar Structured Credit Fund
Myriad Opportunities Offshore Fund
PIMCO Commodity Alpha Fund LLC
PMF LTD
Sculptor Enhanced LP (Formerly OZ Domestic)

Alpha Pool

Davidson Kempner
Garda Fixed Income
HBK Multi-Strategy Fund
HBK Spac Fund
Hudson Bay Enhanced Fund LP

Information on the Custodian, Consultants and Other Specialized Services can be found on page 10.

LARGEST STOCK DIRECT HOLDINGS (FAIR VALUE)

Shares	Stocks	Fair Value
3,737,714	MLP ENERGY TRANSFER LP COMMON UNITS REP	37,302,386
236,605	CHENIERE ENERGY INC COM NEW	31,475,563
1,234,519	MLP ENTERPRISE PRODS PARTNERS L P COM	30,085,228
994,741	MLP MPLX LP COM UNIT REPSTG LTD PARTNER	28,996,700
425,955	TARGA RES CORP COM	25,416,735
752,375	WESTERN MIDSTREAM PARTNERS L P COM UNITS	18,290,236
495,089	PEMBINA PIPELINE CORPORATION COMMON	17,491,098
452,942	WILLIAMS CO INC COM	14,136,320
393,637	MLP DCP MIDSTREAM LP COMMON UNITS	11,643,782
138,500	ENBRIDGE INC COM NPV	5,836,552

LARGEST BOND DIRECT HOLDINGS (FAIR VALUE)

Par	Bonds	Fair Value
22,400,000	FNMA SINGLE FAMILY MORTGAGE 0% 30 YEARS	21,460,207
10,600,000	FNMA SINGLE FAMILY MORTGAGE 2% 30 YEARS	9,120,555
9,000,000	UNITED STATES OF AMER TREAS NOTES .125%	8,982,085
9,000,000	UNITED STS TREAS NTS .125% 09-30-2022	8,966,968
9,000,000	FNMA SINGLE FAMILY MORTGAGE 0% 30 YEARS	8,918,506
8,740,000	UNITED STATES TREAS BDS 2% 11-15-2041	8,718,299
6,760,000	UNITED STATES TREAS BDS 2.25% 05-15-2041	7,030,974
6,480,000	UNITED STATES TREAS BDS WIT 1 7/8 08/15/41	6,196,632
5,504,000	UNITED STATES TREAS BDS 2.0% 02-15-2052	5,022,372
5,130,000	UNITED STATES TREAS BDS 1.875% DUE	4,845,759

A complete list of portfolio holdings is available upon request.

FOR YEARS ENDED JUNE 30

(In thousands)

Asset Classes	Assets Under Management	
	2022	2021
Domestic Equity	\$ 808,226	\$ 912,614
International / Global Equity	641,718	976,498
Fixed Income	1,216,522	1,201,840
Real Estate	462,020	390,499
Hedge Funds	914,297	852,051
Private Credit	243,818	216,110
Private Equity	138,651	105,524
Commodities	334,656	345,848
Investments at Fair Value	4,759,908	5,000,984
Cash & Short-Term Investments	405,583	436,433
Investments Sold / Purchased	(57,303)	(43,788)
Investment Income & Other Liabilities	23,900	23,051
Total Assets Under Management	5,132,088	5,416,680
KCERA Capital Assets	1,077	1,692
KCERA Prepaid Expenses	137	165
KCERA Accruals	(2,173)	(1,024)
Fiduciary Net Position	\$ 5,131,129	\$ 5,417,513

FOR YEARS ENDED JUNE 30

Investment Manager Fees	2022	2021
<u>Domestic Equity</u>		
AllianceBernstein Trust Company	\$ 774,407	\$ 779,571
Henderson Geneva Capital Management	406,751	527,076
Mellon Capital Management (Dynamic US Equity)	30,154	367,416
Mellon Capital Management (US Equity) Stock Index	46,122	52,629
PIMCO StocksPLUS #4450	363,761	532,868
Total Domestic Equity Managers	1,621,195	2,259,560
<u>International / Global Equity</u>		
American Century	149,940	104,639
BlackRock Institutional Trust Company	21,561	260,196
Cevian Capital II SP	1,175,334	345,122
Pyramis Global Advisors (Small Cap)	—	271,048
Mellon Int'l (Canada Stock & Int'l Stock)	158,562	81,998
Total International Equity Managers	1,505,397	1,063,003
<u>Emerging Markets Managers</u>		
AllianceBernstein Trust Company	669,293	695,100
Dimensional Fund Advisors	381,240	433,555
MCM DB SL Emerging Markets Stock Index Fund	47,582	40,067
Total Emerging Markets Managers	1,098,115	1,168,722
<u>Total Core</u>		
Mellon Capital Management (Fixed Income) Agg Bond	50,572	52,887
Pacific Investment Management Company #7350	169,892	180,336
Western Asset Management Company	488,095	535,270
Total Core Managers	708,559	768,493
<u>Total Credit</u>		
TCW Securitized Opportunities	682,485	931,114
Western Asset Management Company	382,538	449,605
Total Credit Managers	1,065,023	1,380,719
<u>Total Emerging Markets Debt</u>		
PIMCO EB Beta	426,518	1,307,159
Stone Harbor Investment Partners	345,073	407,319
Total Emerging Markets Debt Managers	771,591	1,714,478

(Schedule of Investment Fees continued on next page)

KCERA 2022 - Schedule of Investment Fees

FOR YEARS ENDED JUNE 30

Investment Manager Fees	2022	2021
<u>Commodities</u>		
Gresham Investment Management	473,255	380,756
Wellington Trust Company	1,605,442	1,076,764
Total Commodity Managers	2,078,697	1,457,520
<u>Hedge Funds</u>		
Aristeia International Ltd	1,065,956	3,578,377
Systematica Blue Trend (formerly BlueTrend Fund)	—	15,375
Brevan Howard Multi-Strategy Fund	1,751,097	2,206,490
D.E. Shaw Composite Fund	7,111,064	5,257,062
HBK Multi-Strategy Fund	1,465,095	2,061,218
Hudson Bay Cap Structure Arbitrage	5,423,475	7,451,652
Indus Pacific Opportunities Fund	(222,964)	2,956,868
Magnetar Structured Credit Fund	186,830	868,828
Myriad Opportunities Offshore Fund	377,908	1,405,790
PIMCO Commodities #2580	1,076,352	1,190,635
Sculptor Capital (formerly OZ)	595,938	2,864,941
PMF (PHARO)	1,265,833	2,575,829
Total Hedge Fund Managers	20,096,584	32,433,065
<u>Core Real Estate</u>		
ASB Real Estate Investors	1,394,449	941,421
J.P. Morgan Chase Bank (Strategic Property Fund)	803,762	(489,756)
Total Core Real Estate Managers	2,198,211	451,665
<u>CE Alpha Pool</u>		
Davidson Kempner Institutional Partners	822,439	453,808
Garda Fixed Income	1,498,669	—
HBK Multi-Strategy fund - Alpha Pool	1,408,952	979,866
HBK SPAC Series	206,259	249,183
Total CE Alpha Pool Managers	3,730,060	1,433,674
<u>Midstream Energy</u>		
Harvest Midstream	1,196,495	287,610
PIMCO Midsream 11178	594,964	237,888
Total Midstream Energy Managers	1,791,459	525,498
<u>Opportunistic</u>		
Aristeia Select Opportunities II	233,320	—
River Birch International Ltd	13,487	6,647
TSSP Adjacent Opportunities Partners (D)	4,268,771	3,258,096
Total Opportunistic Managers	4,515,578	3,264,743

(Schedule of Investment Fees continued on next page)

KCERA 2022 - Schedule of Investment Fees

FOR YEARS ENDED JUNE 30

Investment Manager Fees	2022	2021
Private Equity		
Abbott Capital Management (Fund V)	6,075	121,642
Abbott Capital Management (Fund VI)	410,207	327,014
Brighton Park Capital Fund I	620,231	282,133
Level Equity Opportunities fund 2021	85,089	—
Level Equity Growth Partners V	578,853	—
LGT Crown Global	1,164,591	611,722
Linden Capital Partners V	559,371	—
Pantheon Ventures, Inc. (Fund VI)	—	3,964
Pantheon Ventures, Inc. (Fund VII)	176,054	92,106
Peak Rock	74,997	—
Vista Equity Partners	499,918	674,297
Warren Equity Partners Fund III	1,243,474	407,635
Total Private Equity Managers	3,424,417	1,346,475
Private Credit		
Blue Torch Credit Opportunities Fund II	—	142,615
Brookfield Real Estate Finance Fund V	434,204	518,561
Colony Capital Credit IV, LLC	637,781	834,014
Fortress Credit Opportunity Fund V	192,484	79,752
Fortress Lending Fund II (A) LP	1,518,206	656,583
Fortress Lending Fund III	289,243	—
HIG	2,040,288	1,299,245
Magnetar Constellation Fund V	526,859	690,455
TSSP Adjacent Opportunities Partners (B)	1,705,774	1,582,927
Total Private Credit Managers	5,639,065	4,221,225
Private Real Estate		
Long Wharf Real Estate Partners (FREG Fund III)	924,093	837,961
Invesco Real Estate (Fund III)	—	26,235
Invesco Real Estate (US Value-Add Fund IV)	148,674	356,377
Landmark Real Estate Partners VIII	548,527	600,000
LBA Logistics Value Fund IX	303,750	—
Singerman Real Estate Opportunity Fund IV	463,519	—
Covenant Apartment Fund X	375,000	265,625
Total Real Estate Managers	1,925,044	1,820,573
Cash and Overlay		
BlackRock Short Duration	232,553	—
Parametric Overlay	474,361	301,265
Total Overlay Managers	706,914	301,265
Total Investment Managers' Fees	\$ 57,620,904	\$ 58,882,451

(Schedule of Investment Fees continued on next page)

FOR YEARS ENDED JUNE 30

KCERA 2022 - Schedule of Investment Fees

Other Investment Expenses	2022	2021
Custodial Fees		
The Northern Trust Company	363,646	536,729
Actuarial Fees		
Segal Company	232,693	130,576
Investment Consultant Fees		
Abel Noser	30,000	30,000.00
Albourne America LLC	411,350	409,450
Glass, Lewis & Co.	8,511	7,294
Verus	410,000	400,000
Cambridge Associates	537,500	799,451
Investment Consulting - Other Expenses	9,000	—
Legal Fees		
Foley & Lardner LLP	3,684	54,011
Hanson Bridgett LLP	7,680	26,400
Nossaman LLP	129,644	227,758
Real Estate Expenses		
KCERA Property Inc.	49,799	45,600
Total Other Investment Expenses	2,193,507	2,667,269
Total Investment Expenses	59,814,411	61,549,720
Security Lending Bank Fees		
Deutsche Bank	53,430	40,503
Total Investment Fees and Services	\$ 59,867,841	\$ 61,590,223

ACTUARIAL SECTION



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

Via Email

September 7, 2022

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

**Re: Kern County Employees' Retirement Association (KCERA)
June 30, 2021 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal prepared the June 30, 2021 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, 2021 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
September 7, 2022
Page 2

The UAAL as of June 30, 2011 is amortized as a level percentage of payroll over a 14.5-year closed period as of June 30, 2021. 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 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, 2021 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 Annual Comprehensive Financial Report (ACFR) is provided below. Unless otherwise stated, the schedules were prepared based on the results of the actuarial valuation as of June 30, 2021 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, 2022 prepared by Segal.

- | | |
|-----------|---|
| Exhibit 1 | Schedule of Active Member Valuation Data; |
| Exhibit 2 | Retirees and Beneficiaries Added to and Removed from Retiree Payroll; |
| Exhibit 3 | Schedule of Funded Liabilities by Type; |
| Exhibit 4 | Actuarial Analysis of Financial Experience; and |
| Exhibit 5 | 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, 2021 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

Board of Retirement
September 7, 2022
Page 3

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 \$7.16 billion to \$7.43 billion (for a difference of about \$262 million) and would increase the employer's contribution rate by about 4.2% of payroll.

It is our opinion that the assumptions used in the June 30, 2021 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, 2021 valuation, the ratio of the valuation assets to actuarial accrued liabilities (funded percentage) increased from 64.4% to 67.1%. The aggregate employer contribution rate has decreased from 49.16% of payroll to 49.10% of payroll, while the aggregate employee rate has increased from 6.74% of payroll to 6.82% of payroll.

Under the asset smoothing method, the total unrecognized net investment gains are \$429 million as of June 30, 2021. These investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years.

The deferred gains of \$429 million represent about 7.9% of the market value of assets as of June 30, 2021. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$429 million market gains 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 (without taking into consideration any possible impact of the 50/50 excess earnings allocation between the retirement and SRBR asset pools):

- If the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 67.1% to 73.1%.
- If the deferred gains were recognized immediately in the valuation value of assets, the aggregate employer rate would decrease from 49.10% to 43.31% of payroll.

The actuarial calculations were directed under the supervision of Molly Calcagno, ASA, 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

ST/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, 2021. 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 89
<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 2022 - Table 2: Probabilities of Separation from Active Service

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

Years of Service	Termination Rates		Electing a Refund upon Termination	
	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

(Rates in percentages)

*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.

KCERA 2022 - Table 2: Probabilities of Separation from Active Service

Retirement Rates							
Age	General Tier I		General Tiers IIA and IIB	General Tier III	Safety Tier I		Safety Tier IIA and IIB
	<25 Years of Service	>25 Years of Service			<25 Years of Service	>25 Years of Service	
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

(Rates in percentages)

KCERA 2022 - Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Members	Annual Payroll	Annual Average Pay	Increase in Average Pay
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 %
6/30/2021	General	7,382	\$484,722,431	\$65,663	1.2 %
	Safety	1,690	\$138,571,654	\$81,995	(0.6)%
	Total	9,072	\$623,294,085	\$68,705	1.0 %

KCERA 2022 - 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*
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
2021	8,667	468	300	8,835	\$26,956,474	\$9,582,527	\$377,712,369	4.8%	\$42,752

* Excludes SRBR amounts

KCERA 2022 - Schedule of Funded Liabilities by Type & Actuarial Analysis of Financial Experience

Schedule of Funded Liabilities by Type								
Valuation Date	Aggregate Accrued Liabilities				Portion of Accrued Liabilities Covered by Reported Assets			
	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)	Total	Actuarial Value of Assets	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)
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%
6/30/2021	\$505,907	\$5,020,756	\$1,637,562	\$7,164.225	\$4,806,026	100%	86%	0%

Actuarial Analysis of Financial Experience				(In thousands)
Investment Performance	June 30, 2021	June 30, 2020	June 30, 2019	
Asset Return Greater				
(Less) than Expected	\$ 30,447	\$ (65,123)	\$ (110,973)	
Salary Increase Less				
(Greater) than Expected	\$ 39,749	\$ 13,666	\$ 34,965	
Other Experience				
Including Demographic Changes	\$ (6,980)	\$ (506)	\$ (42,967)	
Change in Assumptions/Methodology	\$ —	\$ (146,618.00)	\$ —	
Plan Changes	\$ 28,922	\$ —	\$ —	
Composite Gain (or Loss) During Year	\$ 92,138	\$ (198,581)	\$ (118,975)	

KCERA 2022 - Schedule of Funding Progress & Schedule of Employer Contributions

SCHEDULE OF FUNDING PROGRESS*						(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)
6/30/2012	\$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%
6/30/2021	\$7,164,255	\$4,806,026	\$2,358,199	67.1 %	\$623,295	378.3%

* Net of SRBR and \$5,000 death benefits

SCHEDULE OF EMPLOYER CONTRIBUTIONS			(In thousands)
Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
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%	
2021	\$268,626	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 provide 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, 2021 Actuarial Valuation.

Post-Retirement Cost-of-Living Benefits

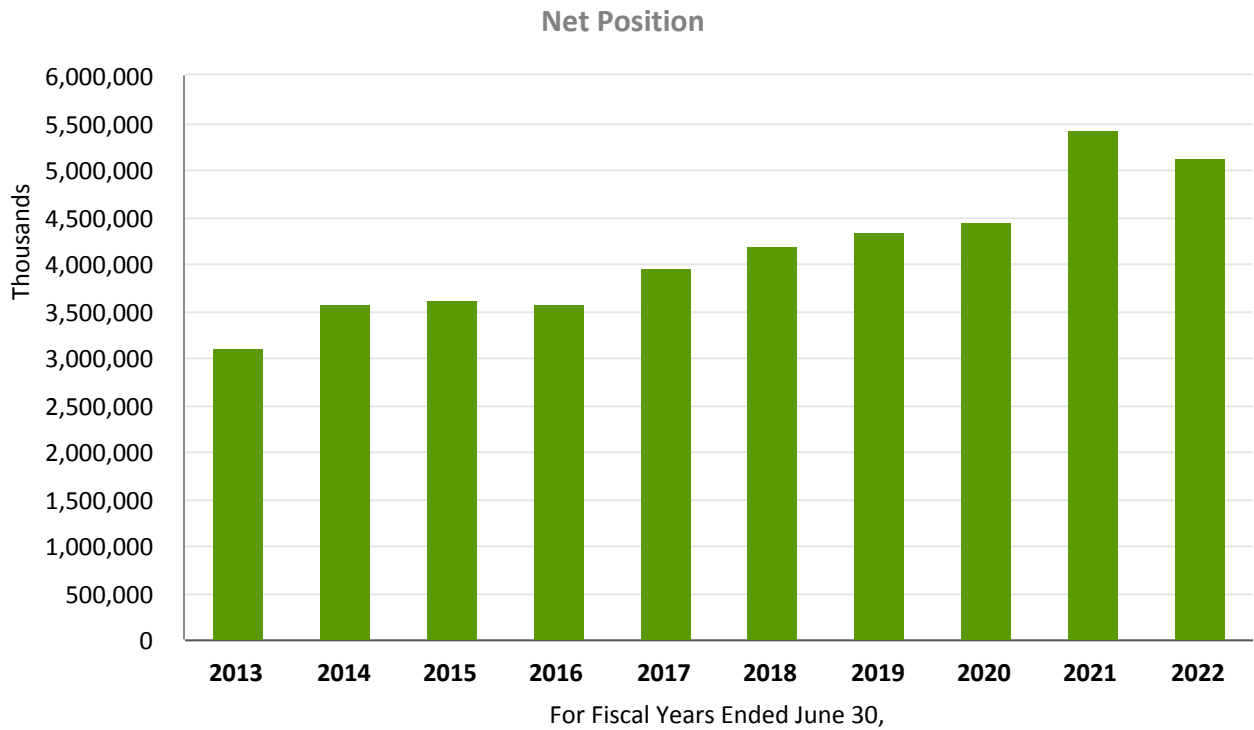
Each April 1, retiree benefits are adjusted by the percentage change in the Consumer Price Index for the preceding calendar year (capped at 2.5%).

<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.
	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.
	<u>Funding</u>	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 2022 - Schedule of Changes in Fiduciary Net Position

(In thousands)

	2013	2014	2015	2016	2017
Additions					
Employer Contributions	\$ 211,677	\$ 220,393	\$ 215,477	\$ 234,714	\$ 241,112
Member Contributions	20,283	25,810	30,325	33,278	34,649
Net Investment Income (Loss)	319,264	487,494	81,930	(27,535)	426,607
Total Additions	551,224	733,697	327,732	240,457	702,368
Deductions					
Total Benefit Expenses**	242,630	257,495	273,865	288,738	305,817
Administrative Expenses	3,848	4,860	4,886	5,225	5,243
Total Deductions	246,478	262,355	278,751	293,963	311,060
Change in Fiduciary Net Position	\$ 304,746	\$ 471,342	\$ 48,981	\$ (53,506)	\$ 391,308

(In thousands)

	2018	2019	2020	2021	2022
Additions					
Employer Contributions*	\$ 242,534	\$ 229,120	\$ 273,909	\$ 268,625	\$ 287,063
Member Contributions*	52,503	50,132	57,862	53,789	54,514
Net Investment Income (Loss)	267,659	214,244	127,861	1,043,361	(219,947)
Total Additions	562,696	493,496	459,632	1,365,775	121,630
Deductions					
Total Benefit Expenses**	321,613	341,774	361,094	380,996	401,313
Administrative Expenses	5,116	4,804	5,523	6,061	6,702
Total Deductions	326,729	346,578	366,617	387,057	408,015
Change in Fiduciary Position	\$ 235,967	\$ 146,918	\$ 93,015	\$ 978,718	\$ (286,385)

* The 2018, 2019, 2020, 2021 and 2022 fiscal year's financial statements reclassified employer paid member contributions as member contributions.

** See Schedule of Benefit Expenses by Type on next page.

KCERA 2022 - Schedule of Benefit Expenses by Type

(In thousands)

	2013	2014	2015	2016	2017
<i>Service Retirement Benefits</i>					
General	\$ 127,139	\$ 137,993	\$ 148,697	\$ 159,101	\$ 169,370
Safety	68,078	68,705	72,097	74,978	78,453
Total	195,217	206,698	220,794	234,079	247,823
<i>Service-Connected Disability (SCD) Benefits</i>					
General	8,064	8,331	8,422	8,260	8,411
Safety	15,495	20,565	21,222	21,676	22,207
Total	23,559	28,896	29,644	29,936	30,618
<i>Beneficiary Benefits</i>					
General	11,152	10,660	11,186	12,261	13,579
Safety	8,602	7,565	7,881	8,393	8,979
Total	19,754	18,225	19,067	20,654	22,558
<i>Lump Sum Death Benefits</i>					
	606	564	862	787	894
Total Benefit Payments	239,136	254,383	270,367	285,456	301,893
<i>Refunds</i>					
General	2,973	2,762	2,876	2,563	2,718
Safety	521	350	622	719	1,206
Total	3,494	3,112	3,498	3,282	3,924
Total Benefit Expenses	\$ 242,630	\$ 257,495	\$ 273,865	\$ 288,738	\$ 305,817

KCERA 2022 - Schedule of Benefit Expenses by Type

(In thousands)

	2018	2019	2020	2021	2022
<i>Service Retirement Benefits</i>					
General	\$ 179,977	\$ 193,308	\$ 206,802	\$ 217,511	\$ 225,618
Safety	81,806	86,007	91,880	96,306	99,934
Total	261,783	279,315	298,682	313,817	325,552
<i>Service-Connected Disability (SCD) Benefits</i>					
General	8,647	8,479	8,451	8,567	8,655
Safety	22,842	22,596	23,548	24,388	25,125
Total	31,489	31,075	31,999	32,955	33,780
<i>Beneficiary Benefits</i>					
General	14,136	14,903	14,818	15,944	18,161
Safety	9,612	10,719	10,046	10,757	13,484
Total	23,748	25,622	24,864	26,701	31,645
<i>Lump Sum Death Benefits</i>	903	1,025	1,097	1,010	1,876
Total Benefit Payments	\$ 317,923	\$ 337,037	\$ 356,642	\$ 374,483	\$ 392,853
<i>Refunds</i>					
General	2,966	3,519	3,126	5,207	6,695
Safety	724	1,218	1,326	1,307	2,274
Total	3,690	4,737	4,452	6,514	8,969
Total Benefit Expenses	\$ 321,613	\$ 341,774	\$ 361,094	\$ 380,997	\$ 401,822

KCERA 2022 - 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	373	256	2	0	0	53	8	0	6	48
\$501-1,000	888	610	24	1	0	141	21	2	20	69
\$1,001-1,500	930	667	56	26	0	108	22	0	13	38
\$1,501-2,000	890	609	42	78	0	87	22	0	21	31
\$2,001-3,000	1601	1,122	23	195	0	152	12	1	53	43
\$3,001-4,000	1298	935	7	184	0	119	3	7	31	12
\$4,001-5,000	786	653	2	53	0	58	1	0	11	8
\$5,001-6,000	537	472	2	25	0	23	2	0	12	1
Over \$6,000	1712	1,524	5	120	0	36	1	1	24	1
Totals	9,015	6,848	163	682	0	777	92	11	191	251

Amount of Monthly Benefit	Number of Retirants	Option Selected						
		Option 1	Option 2	Option 3	Option 4	Unmodified		
						A	B	C
\$1-500	373	9	37	0	0	115	0	212
\$501-1,000	888	5	63	5	0	319	1	495
\$1,001-1,500	930	5	76	5	0	334	10	500
\$1,501-2,000	890	7	52	4	0	330	46	451
\$2,001-3,000	1601	8	80	13	4	589	127	780
\$3,001-4,000	1298	8	58	1	3	513	135	580
\$4,001-5,000	786	4	37	1	2	396	38	308
\$5,001-6,000	537	2	28	5	2	303	15	182
Over \$6,000	1712	3	80	7	4	1139	108	371
Totals	9,015	51	511	41	15	4,038	480	3,879

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 2022 - 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 2013							
Average Annual Benefit (\$)	10,016	18,534	24,145	35,166	48,651	68,141	86,483
Average Monthly Benefit (\$)	835	1,544	2,012	2,930	4,054	5,678	7,207
Average Final Monthly Salary (\$)	7,851	5,445	4,930	5,435	5,613	6,289	6,545
Number of Active Retirants	17	30	73	56	65	62	74
Fiscal Year 2014							
Average Annual Benefit (\$)	9,988	16,032	23,223	34,756	49,783	76,869	95,563
Average Monthly Benefit (\$)	832	1,336	1,935	2,896	4,149	6,406	7,964
Average Final Monthly Salary (\$)	9,447	5,439	5,081	5,300	5,881	6,883	7,300
Number of Active Retirants	16	26	65	39	47	64	45
Fiscal Year 2015							
Average Annual Benefit (\$)	4,984	15,972	25,347	37,633	47,744	66,201	99,504
Average Monthly Benefit (\$)	415	1,331	2,112	3,136	3,979	5,517	8,292
Average Final Monthly Salary (\$)	5,732	5,474	5,230	5,551	5,424	6,284	7,520
Number of Active Retirants	6	44	70	37	39	72	53
Fiscal Year 2016							
Average Annual Benefit (\$)	7,115	15,615	26,646	36,159	50,102	70,638	86,002
Average Monthly Benefit (\$)	593	1,301	2,221	3,013	4,175	5,887	7,167
Average Final Monthly Salary (\$)	7,213	5,349	5,886	5,585	5,939	6,722	7,103
Number of Active Retirants	23	43	69	41	45	77	53
Fiscal Year 2017							
Average Annual Benefit (\$)	8,058	16,600	27,270	40,904	52,623	69,290	91,444
Average Monthly Benefit (\$)	671	1,383	2,272	3,409	4,385	5,774	7,620
Average Final Monthly Salary (\$)	8,677	5,928	5,944	6,034	6,331	6,605	7,155
Number of Active Retirants	17	45	76	59	66	60	55

KCERA 2022 - 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 2018							
Average Annual Benefit (\$)	7,379	15,207	22,003	37,024	58,771	66,055	94,362
Average Monthly Benefit (\$)	615	1,267	1,834	3,085	4,898	5,505	7,863
Average Final Monthly Salary (\$)	8,584	6,108	5,457	5,964	7,266	6,583	7,493
Number of Active Retirants	14	48	59	53	55	55	41
Fiscal Year 2019							
Average Annual Benefit (\$)	10,773	14,021	24,348	34,802	52,104	85,145	94,720
Average Monthly Benefit (\$)	898	1,168	2,029	2,900	4,342	7,095	7,893
Average Final Monthly Salary (\$)	9,659	5,327	5,834	5,622	6,772	8,362	7,856
Number of Active Retirants	18	35	64	45	58	52	52
Fiscal Year 2020							
Average Annual Benefit (\$)	10,066	12,648	25,112	37,219	44,669	68,992	84,226
Average Monthly Benefit (\$)	839	1,054	2,093	3,102	3,722	5,749	7,019
Average Final Monthly Salary (\$)	9,959	5,373	6,089	6,086	5,954	6,934	7,102
Number of Active Retirants	9	33	62	53	66	65	40
Fiscal Year 2021							
Average Annual Benefit (\$)	8,628	13,320	23,282	37,017	52,979	63,815	85,297
Average Monthly Benefit (\$)	719	1,110	1,940	3,085	4,415	5,318	7,108
Average Final Monthly Salary (\$)	9,483	6,752	6,395	6,285	7,236	6,754	7,434
Number of Active Retirants	13	35	51	43	85	50	48
Fiscal Year 2022							
Average Annual Benefit (\$)	6,522	11,189	21,316	35,964	51,317	74,399	81,410
Average Monthly Benefit (\$)	543	932	1,776	2,997	4,276	6,200	6,784
Average Final Monthly Salary (\$)	7,041	5,449	5,923	6,787	6,824	8,058	7,406
Number of Active Retirants	13	28	57	52	97	54	44

KCERA 2022 - Participating Employers and Active Members

	2013	2014	2015	2016	2017
County of Kern					
General Members	5,873	5,833	5,827	5,937	4,720
Safety Members	1,873	1,886	1,847	1,840	1,767
Total	7,746	7,719	7,674	7,777	6,487
<i>Participating Agencies</i>					
<i>(General Membership):</i>					
Berrenda Mesa Water District	10	10	9	6	6
Buttonwillow Recreation and Park District	6	4	5	4	3
East Kern Cemetery District	1	1	1	2	2
Inyokern Community Services District	1	1	1	1	—
Kern County Hospital Authority	—	—	—	—	1,374
Kern County Water Agency	65	68	67	62	60
Kern Mosquito & Vector Control District	18	18	18	18	18
North of the River Sanitation District	13	12	13	13	13
San Joaquin Valley Air Pollution Control District	281	276	264	269	273
Shafter Recreation and Park District	—	—	—	—	1
West Side Cemetery District	6	6	6	6	6
West Side Mosquito & Vector Control Dist.	7	10	10	9	8
West Side Recreation and Park District	10	11	11	11	9
Kern County Superior Court	353	389	414	457	478
	771	806	819	858	2,251
Total Active Membership:					
General Members	6,644	6,639	6,645	6,795	6,971
Safety Members	1,873	1,886	1,847	1,840	1,767
Total	8,517	8,525	8,492	8,635	8,738

KCERA 2022 - Participating Employers and Active Members

	2018	2019	2020	2021	2022
County of Kern:					
General Members	4,818	5,014	5,091	4,891	4,900
Safety Members	1,771	1,773	1,685	1,690	1,701
Total	6,589	6,787	6,776	6,581	6,601
<i>Participating Agencies</i>					
<i>(General Membership):</i>					
Berrenda Mesa Water District	4	3	3	3	3
Burtonwillow Recreation and Park District	2	1	1	1	1
East Kern Cemetery District	2	2	2	2	2
Inyokern Community Services District	—	—	—	—	—
Kern County Hospital Authority	1,446	1,550	1,621	1,605	1,559
Kern County Water Agency	59	55	53	51	49
Kern Mosquito & Vector Control District	19	18	22	21	20
North of the River Sanitation District	18	18	20	17	19
San Joaquin Valley Air Pollution Control District	275	289	303	296	314
Shafter Recreation and Park District	3	2	4	4	3
West Side Cemetery District	6	6	5	4	3
West Side Mosquito & Vector Control Dist.	8	8	6	5	5
West Side Recreation and Park District	8	7	6	5	5
Kern County Superior Court	483	519	504	477	492
	2,333	2,478	2,550	2,491	2,475
Total Active Membership:					
General Members	7,151	7,492	7,641	7,382	7,375
Safety Members	1,771	1,773	1,685	1,690	1,701
Total	8,922	9,265	9,326	9,072	9,076



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kern County Employees' Retirement Association (the Plan), which comprise the statements of fiduciary net position and statements of changes of fiduciary net position, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of June 30, 2022 and 2021, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The Schedules of Administrative Expenses, Investment Expenses and Payments to Consultants are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, Schedules of Administrative Expenses, Investment Expenses and Payments to Consultants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the Plan'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 the Plan'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 the Plan's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
December 19, 2022



**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, 2022, 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 19, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Denver, Colorado
December 19, 2022



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, 2022, and have issued our report thereon dated December 19, 2022. 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 in our engagement letter dated July 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

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.

No new accounting policies were adopted, and the application of existing policies was not changed during 2022.

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.

Significant unusual transactions

We identified no significant unusual transactions.

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 19, 2022.

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 audit findings or issues

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- During the audit we identified the following significant risk(s) of material misstatement that has not previously been communicated to you:
 - Alternative Investments Valuation

Required supplementary information

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.

Supplementary information in relation to the financial statements as a whole

With respect to the Schedules of Administrative Expenses, Investment Expenses and Payments to Consultants (collectively, the supplementary 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 supplementary 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 19, 2022.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory, investment, actuarial and statistical sections (the other information). Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. 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 your annual report.

We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
December 19, 2022

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

December 19, 2022

CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111

This representation letter is provided in connection with your audits of the financial statements of Kern County Employees' Retirement Association (the Plan), which comprise the fiduciary net position as of June 30, 2022, and the changes in fiduciary net position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of December 16, 2022, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated July 19, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge and have fulfilled our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.

- Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We have not identified or been notified of any uncorrected financial statement misstatements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- We have analyzed all lease contracts and have considered and recorded material embedded leases contained within other contracts in accordance with U.S. GAAP.
- We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

With respect to actuarial assumptions and valuations:

- a. We agree with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the total pension liability and have no knowledge or belief that would make such methods or assumptions inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the actuary.
- b. There were no omissions from the participant data provided to the actuary for the purpose of determining the total pension liability and other actuarially determined amounts in the financial statements.
- c. There have been no changes in the actuarial methods or assumptions used in calculating the amounts recorded or disclosed in the financial statements, except as made known to you and disclosed in the financial statements.
- d. There have been no changes in plan provisions between the actuarial valuation date and the date of this letter.

- We believe the plan and trust established under the plan are qualified under the appropriate section of the Internal Revenue Code, and we intend to continue them as a qualified plan and trust.
- We are not aware of any present legislative intentions to terminate the plan.

Information Provided

We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All actuarial reports prepared for the plan during the year.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts, or abuse whose effects should be considered when preparing financial statements.

- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
- We have disclosed to you the identity of all the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.
- We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We are responsible for compliance with the laws, regulations, and provisions of contracts applicable to the entity; and we have identified and disclosed to you all laws, regulations, and provisions of contracts that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts, or any debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The financial statements properly classify all funds and activities.
- All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- Provisions for uncollectible receivables have been properly identified and recorded.

- Expenses have been appropriately classified in or allocated to functions and programs in the statement of changes in net position, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of changes in net position.

Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- We have obtained the service auditor's report from our service organization, Northern Trust.
- We have reviewed such reports, including the complementary user controls. We have implemented the relevant user controls, and they were in operation for the year ended June 30, 2022.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

Signature:



Title: Chief Financial Officer



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January 23, 2023

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

**Re: Kern County Employees' Retirement Association
Cost-of-Living Adjustments (COLA) as of April 1, 2023**

Dear Dominic:

We have determined the cost-of-living adjustments for the Association in accordance with Section 31870 of the 1937 Act and reflecting Paragraph 15 of the Ventura Settlement. The cost-of-living adjustments are provided in the enclosed exhibit.

The first step in the development of the cost-of-living factor to be used by the Association on April 1, 2023 is to compare the annual average CPI for the Los Angeles-Long Beach-Anaheim Area (with 1982-84 as the base period), as published by the Bureau of Labor Statistics, in each of the past two years. The ratio of the past two annual indices, 310.782 in 2022 and 289.244 in 2021, is 1.0745. The County Law section cited above indicates that the resulting percentage change of 7.45% should be rounded to the nearest one-half percent, which is 7.5%, but shall not exceed the 2.0% maximum pursuant to Section 31870.

Based on historical practices, the maximum COLA is increased by an additional 0.5% (to 2.5%) on each April 1, with the additional 0.5% being provided through the Supplemental Retiree Benefit Reserve (SRBR) pursuant to Paragraph 15 of the Ventura Settlement. We understand that, according to the Ventura Settlement, these two COLAs combined (i.e., the maximum 2.0% under Section 31870 and the additional 0.5% payable through the SRBR) function "in all respects as if the County had adopted Government Code section 31870.1, except that the increase shall not exceed 2.5%."

The actual cost-of-living adjustment is independent of the date of retirement. The CPI adjustment to be applied on April 1, 2023 is provided in Column (4) of the enclosed exhibit. The COLA bank on April 1, 2023 is provided in Column (5).

Based on the Board's prior referral to legal for review of Government Code Section 31870, and consistent with KCERA staff's request, we have determined the April 1, 2023 COLA according to the following steps:

- a. The first step in determining the COLA to be provided on April 1, 2023 is to determine the rounded change in the CPI (i.e., to the nearest 0.5%).
- b. The second step is to add the COLA bank from April 1, 2022 to the result from item a above.
- c. To determine the COLA to be provided on April 1, 2023, the resulting percentage in item b is rounded down to the completed 0.5%, but is limited to 2.0% pursuant to Section 31870, plus the additional COLA of up to 0.5% being provided through the SRBR, for a maximum of 2.5%.
- d. To determine the COLA bank on April 1, 2023, the difference between the rounded change in the CPI (item a) and the COLA to be provided on April 1, 2023 (item c) is added to the April 1, 2022 COLA bank.

The actuarial liabilities for the April 1, 2023 COLA payments will be allocated between the COLA Reserve and the 0.5% COLA reserve set aside by the KCERA Board within the SRBR as provided in the Ventura Settlement. The portion allocated to the 2% COLA Reserve is the cost of any increase up to 2%, with any remaining cost allocated to the 0.5% COLA Reserve.

Please give us a call if you have any questions.

Sincerely,



Molly Calcagno, ASA, MAAA, EA
Actuary

bts/hy
Enclosure

Kern County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2023

Retirement Date	(1) April 1, 2022 Accumulated Carry-over	(2) CPI Change*	(3) CPI Rounded	(4) CPI Used**	(5) April 1, 2023 Accumulated Carry-over***
All General and Safety Section 31870 Maximum Annual COLA	2.5% ****				
On or Before 4/1/1974	93.0%	7.45%	7.5%	2.5%	98.0%
04/02/1974 to 04/01/1975	90.4%	7.45%	7.5%	2.5%	95.4%
04/02/1975 to 04/01/1976	81.1%	7.45%	7.5%	2.5%	86.1%
04/02/1976 to 04/01/1977	72.5%	7.45%	7.5%	2.5%	77.5%
04/02/1977 to 04/01/1978	67.7%	7.45%	7.5%	2.5%	72.7%
04/02/1978 to 04/01/1979	62.8%	7.45%	7.5%	2.5%	67.8%
04/02/1979 to 04/01/1980	57.4%	7.45%	7.5%	2.5%	62.4%
04/02/1980 to 04/01/1981	48.7%	7.45%	7.5%	2.5%	53.7%
04/02/1981 to 04/01/1982	34.9%	7.45%	7.5%	2.5%	39.9%
04/02/1982 to 04/01/1983	27.1%	7.45%	7.5%	2.5%	32.1%
04/02/1983 to 04/01/1985	23.2%	7.45%	7.5%	2.5%	28.2%
04/02/1985 to 04/01/1986	20.7%	7.45%	7.5%	2.5%	25.7%
04/02/1986 to 04/01/1987	18.1%	7.45%	7.5%	2.5%	23.1%
04/02/1987 to 04/01/1988	16.9%	7.45%	7.5%	2.5%	21.9%
04/02/1988 to 04/01/1989	14.4%	7.45%	7.5%	2.5%	19.4%
04/02/1989 to 04/01/1990	12.0%	7.45%	7.5%	2.5%	17.0%
04/02/1990 to 04/01/1991	8.9%	7.45%	7.5%	2.5%	13.9%
04/02/1991 to 04/01/1992	5.0%	7.45%	7.5%	2.5%	10.0%
04/02/1992 to 04/01/1993	3.0%	7.45%	7.5%	2.5%	8.0%
04/02/1993 to 04/01/2000	3.3%	7.45%	7.5%	2.5%	8.3%
04/02/2000 to 04/01/2001	3.0%	7.45%	7.5%	2.5%	8.0%
04/02/2001 to 04/01/2002	3.2%	7.45%	7.5%	2.5%	8.2%
04/02/2002 to 04/01/2003	3.4%	7.45%	7.5%	2.5%	8.4%
04/02/2003 to 04/01/2004	3.1%	7.45%	7.5%	2.5%	8.1%
04/02/2004 to 04/01/2005	3.0%	7.45%	7.5%	2.5%	8.0%
04/02/2005 to 04/01/2007	3.2%	7.45%	7.5%	2.5%	8.2%
04/02/2007 to 04/01/2008	3.4%	7.45%	7.5%	2.5%	8.4%
04/02/2008 to 04/01/2010	3.1%	7.45%	7.5%	2.5%	8.1%
04/02/2010 to 04/01/2011	3.4%	7.45%	7.5%	2.5%	8.4%
04/02/2011 to 04/01/2012	3.2%	7.45%	7.5%	2.5%	8.2%
04/02/2012 to 04/01/2018	3.0%	7.45%	7.5%	2.5%	8.0%
04/02/2018 to 04/01/2019	2.5%	7.45%	7.5%	2.5%	7.5%
04/02/2019 to 04/01/2022	1.5%	7.45%	7.5%	2.5%	6.5%
04/02/2022 to 04/01/2023		7.45%	7.5%	2.5%	5.0%

* Based on ratio of 2022 annual average CPI to 2021 annual average CPI for the Los Angeles - Long Beach - Anaheim Area.
 ** These are the cost-of-living adjustment factors to be applied on April 1, 2023.
 *** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2023.
 **** Includes the additional 0.5% payable through the SRBR 0.5% COLA Reserve.



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January 13, 2023

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

**Re: Kern County Employees' Retirement Association (KCERA)
Five-Year Projection of Employer Contribution Rates**

Dear Dominic:

As requested, we have prepared a five-year projection of estimated employer contributions for KCERA. This projection is generally derived from the June 30, 2022 actuarial valuation. Other key assumptions and methods are detailed below. **It is important to note that these results are entirely dependent on those assumptions. Actual results as determined in future actuarial valuations will differ from these results. In particular, actual investment returns and actual salary levels different than assumed can have a significant impact on future contribution rates.**

Results

In the next several years, assuming the key assumptions and methods detailed below were to be met, the Contingency Reserve is anticipated to be exhausted. This occurs as the \$220 million of net deferred investment losses from the June 30, 2022 valuation are recognized in the valuation of assets under KCERA's five-year asset smoothing. As a result, there are no contribution rate changes due to recognition of net deferred investment losses until June 30, 2026, after the Contingency Reserve is anticipated to be exhausted.

The estimated contribution rate changes shown below apply to the average employer contribution rate for all of KCERA. For purposes of this projection, the rate changes reflected are derived from the net deferred asset losses that will be amortized as a level percentage of the Association's total active payroll base. In addition, these projections reflect that the Board elected to phase-in (over a three-year period) the impact of the new actuarial assumptions on the employer Unfunded Actuarial Accrued Liability (UAAL) contribution rates for Safety as calculated in the June 30, 2020 actuarial valuation.

The changes in contribution rate are due to: (1) recognition of net deferred investment losses under the actuarial asset smoothing methodology, (2) contribution losses due to the three-year

phase-in of the impact of the assumption changes on the Safety rates, and (3) adjustment for the 12-month delay in rate implementation.

The following table provides the year-to-year rate changes from each of the above components and the cumulative rate change over the five-year projection period. These rate changes become effective 12 months following the actuarial valuation date shown in the table. To obtain the estimated average employer contribution rate at each successive valuation date, these cumulative rate changes should be added to the average employer rate in the June 30, 2022 actuarial valuation report. This calculation is generally the basis for the “total plan” projection of estimated employer contributions at the bottom of Exhibit B.

The rate changes shown below represent the changes in average rate for the aggregate plan.

Rate Change Component	Valuation Date (6/30)				
	2023	2024	2025	2026	2027
(1) Investment (Gains)/Losses	0.00%	0.00%	0.00%	0.78%	0.72%
(2) Contribution Loss due to Three-year Phase-in	0.02%	0.00%	0.00%	0.00%	0.00%
(3) Adjustment for 12-Month Delay	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.06%</u>	<u>0.06%</u>
Incremental Rate Change	0.02%	0.00%	0.00%	0.84%	0.78%
Cumulative Rate Change	0.02%	0.02%	0.02%	0.86%	1.64%

The rate change for an individual cost group or employer will vary depending primarily on the size of that group’s assets and liabilities relative to its payroll. The ratio of the group’s assets to payroll is sometimes referred to as the Asset Volatility Ratio (AVR). A higher AVR results in more volatile contributions and can result from the following factors:

- More generous benefits
- More retirees
- Older workforce
- Shorter careers
- Higher funded ratio

Exhibit A shows the AVR for KCERA’s cost groups along with the “relative AVR” which is the AVR for that specific cost group divided by the average AVR for the aggregate plan. Using these ratios, we have estimated the rate change due to these generally investment related net losses for each individual cost group by multiplying the rate changes shown above for the aggregate plan by the relative AVR for each cost group. The exception is that the rate changes due to the contribution losses due to the three-year phase-in have been allocated only to the

Safety cost group based on the phase-in amount for that cost group.¹ These estimated rate changes for each cost group are shown in Exhibit A.

As with the rate change components discussed earlier for the total plan, in order to obtain contribution rates for specific employers, the cumulative rate changes shown in Exhibit A should be added to the contribution rates in the June 30, 2022 actuarial valuation for specific employers depending on which cost groups they are in.

Exhibit B shows the projection of estimated employer contribution rates and dollar contributions for each cost group and for the total plan, using this methodology to apply the rate changes from Exhibit A.

Note that because we have estimated the allocation of the rate changes across the cost groups, the actual rate changes by group may differ from those shown in the exhibit, even if the plan-wide average rate changes are close to those shown above.

Key Assumptions and Methods

The projection is based upon the following assumptions and methods:

- June 30, 2022 non-economic assumptions remain unchanged.
- June 30, 2022 retirement benefit formulas remain unchanged.
- June 30, 2022 1937 Act and CalPEPRA statutes remain unchanged.
- UAAL amortization method remains unchanged (i.e., 18-year layers, level percent of pay).
- June 30, 2022 economic assumptions remain unchanged, including the 7.25% investment earnings assumption.
- We have assumed that returns of 7.25% are actually earned on a market value basis for each of the next five plan years beginning July 1, 2022.
- Active payroll grows at 3.25% per annum.
- Deferred investment gains and losses are recognized per the asset smoothing schedule shown on page 23 of the June 30, 2022 actuarial valuation. They are funded as a level percentage of the Association's total active payroll base.
- Deferred investment gains in the Contingency Reserve are credited according to the Board's Interest Crediting Policy.

¹ The phase-in of the change in the Safety employer UAAL contribution rate will not have any impact on the employer UAAL contribution rates for the other cost groups as assets are tracked separately for each cost group.

- The Asset Volatility Ratio (AVR) used for these projections is based on the June 30, 2022 actuarial valuation and is assumed to stay constant during the projection period.
- All other actuarial assumptions used in the June 30, 2022 actuarial valuation are realized.
- No changes are made to any other actuarial methodologies.
- The projections do not reflect any changes in the employer contribution rates that could result due to future changes in the demographics of KCERA's active members or decreases in the employer contribution rates that might be due to new hires going into new tiers as applicable.

Other Considerations

It is important to note that the projection is based on plan assets as of June 30, 2022. The Association's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this projection does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Finally, we emphasize that projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Unless otherwise noted, all of the above calculations are based on the June 30, 2022 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these projections were completed under the supervision of Molly Calcagno, ASA, MAAA, Enrolled Actuary.

Mr. Dominic Brown
January 13, 2023
Page 5

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirement to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Actuary

ST/bbf
Enclosures

Kern County Employees' Retirement Association
Estimated Employer Contribution Rate Changes by Cost Group based on June 30, 2022 Valuation

	General County* and Courts	General Districts	Safety	Total Plan
Market Value of Assets (MVA)**	\$2,835,345,045	\$251,117,227	\$1,795,887,036	\$4,882,349,307
Projected Payroll for 2022/2023	\$450,496,000	\$39,521,000	\$143,086,000	\$633,103,000
Asset Volatility Ratio (AVR) = MVA/Payroll	6.29	6.35	12.55	7.71
Relative Asset Volatility Ratio (AVR) = CG AVR / Total Plan AVR	0.82	0.82	1.63	1.00
Rate Change due to Investments and Adjustment for 12-Month Delay				
Estimated Incremental Rate Change as of 6/30/2023	0.00%	0.00%	0.00%	0.00%
Estimated Incremental Rate Change as of 6/30/2024	0.00%	0.00%	0.00%	0.00%
Estimated Incremental Rate Change as of 6/30/2025	0.00%	0.00%	0.00%	0.00%
Estimated Incremental Rate Change as of 6/30/2026	0.69%	0.69%	1.37%	0.84%
Estimated Incremental Rate Change as of 6/30/2027	0.64%	0.64%	1.27%	0.78%
Rate Change due to Contribution Loss due to Three-year Phase-in				
Estimated Incremental Rate Change as of 6/30/2023	0.00%	0.00%	0.09%	0.02%
Estimated Incremental Rate Change as of 6/30/2024	0.00%	0.00%	0.00%	0.00%
Estimated Incremental Rate Change as of 6/30/2025	0.00%	0.00%	0.00%	0.00%
Estimated Incremental Rate Change as of 6/30/2026	0.00%	0.00%	0.00%	0.00%
Estimated Incremental Rate Change as of 6/30/2027	0.00%	0.00%	0.00%	0.00%
Cumulative Rate Change as of 6/30/2023				
Cumulative Rate Change as of 6/30/2023	0.00%	0.00%	0.09%	0.02%
Cumulative Rate Change as of 6/30/2024	0.00%	0.00%	0.09%	0.02%
Cumulative Rate Change as of 6/30/2025	0.00%	0.00%	0.09%	0.02%
Cumulative Rate Change as of 6/30/2026	0.69%	0.69%	1.46%	0.86%
Cumulative Rate Change as of 6/30/2027	1.33%	1.33%	2.73%	1.64%

* Including the Hospital Authority

** Excludes non-valuation reserves

Kern County Employees' Retirement Association Projection of Estimated Employer Contributions

County General* without Courts				
Valuation Date	Fiscal Year	Total Payroll	Total Employer Contribution	Contribution Rate
June 30, 2021	2022-23	\$417,863,000	\$168,148,000	40.24%
June 30, 2022	2023-24	431,444,000	171,801,000	39.82%
June 30, 2023	2024-25	445,466,000	177,385,000	39.82%
June 30, 2024	2025-26	459,944,000	183,150,000	39.82%
June 30, 2025	2026-27	474,892,000	189,102,000	39.82%
June 30, 2026	2027-28	490,326,000	198,631,000	40.51%
June 30, 2027	2028-29	506,262,000	208,327,000	41.15%

Courts				
Valuation Date	Fiscal Year	Total Payroll	Total Employer Contribution	Contribution Rate
June 30, 2021	2022-23	\$32,633,000	\$13,122,000	40.21%
June 30, 2022	2023-24	33,694,000	13,390,000	39.74%
June 30, 2023	2024-25	34,789,000	13,825,000	39.74%
June 30, 2024	2025-26	35,920,000	14,275,000	39.74%
June 30, 2025	2026-27	37,087,000	14,738,000	39.74%
June 30, 2026	2027-28	38,292,000	15,481,000	40.43%
June 30, 2027	2028-29	39,536,000	16,237,000	41.07%

Districts				
Valuation Date	Fiscal Year	Total Payroll	Total Employer Contribution	Contribution Rate
June 30, 2021	2022-23	\$39,521,000	\$19,614,000	49.63%
June 30, 2022	2023-24	40,805,000	19,901,000	48.77%
June 30, 2023	2024-25	42,131,000	20,547,000	48.77%
June 30, 2024	2025-26	43,500,000	21,215,000	48.77%
June 30, 2025	2026-27	44,914,000	21,905,000	48.77%
June 30, 2026	2027-28	46,374,000	22,937,000	49.46%
June 30, 2027	2028-29	47,881,000	23,988,000	50.10%

Safety				
Valuation Date	Fiscal Year	Total Payroll	Total Employer Contribution	Contribution Rate
June 30, 2021	2022-23	\$143,086,000	\$109,661,000	76.64%
June 30, 2022	2023-24	147,736,000	113,624,000	76.91%
June 30, 2023	2024-25	152,537,000	117,453,000	77.00%
June 30, 2024	2025-26	157,494,000	121,270,000	77.00%
June 30, 2025	2026-27	162,613,000	125,212,000	77.00%
June 30, 2026	2027-28	167,898,000	131,582,000	78.37%
June 30, 2027	2028-29	173,355,000	138,060,000	79.64%

Total Plan				
Valuation Date	Fiscal Year	Total Payroll	Total Employer Contribution	Contribution Rate
June 30, 2021	2022-23	\$633,103,000	\$310,545,000	49.05%
June 30, 2022	2023-24	653,679,000	318,716,000	48.76%
June 30, 2023	2024-25	674,923,000	329,210,000	48.78%
June 30, 2024	2025-26	696,858,000	339,910,000	48.78%
June 30, 2025	2026-27	719,506,000	350,957,000	48.78%
June 30, 2026	2027-28	742,890,000	368,631,000	49.62%
June 30, 2027	2028-29	767,034,000	386,612,000	50.40%

* Including the Hospital Authority

Estimated Employer Contribution Amounts for 2022-23 Fiscal Year are Based on June 30, 2021 Valuation Contribution Rate and June 30, 2022 Valuation Payroll.

Note: These rates are after reflecting the three-year phase-in of the impact of the assumption changes on the Safety employer's UAAL contribution rate.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: February 8, 2023

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: Request to Employ Retired Kern County Employee

The Kern County Employees' Retirement Association (KCERA) requests approval to employ retired Kern County employee, Sofia Reyes, as a Senior Paralegal, Step 10, effective February 13, 2023, pursuant to Section 130 of Chapter 1 of the County's Administrative Policy and Procedures Manual. Ms. Reyes retired from Kern County service on October 17, 2015.

Ms. Reyes will be providing senior paralegal support to KCERA's Chief Legal Counsel and Legal team, as well as the Member Services and Administrative Services divisions, in clearing backlogs related to administering decedent estates and submitting tax reclaim forms. Ms. Reyes is an experienced senior paralegal who has worked previously with KCERA and is familiar with the types of assignments that will assist staff in effectively administering the law and serving our membership when workload has increased beyond what KCERA staff can manage.

Therefore, it is recommended that your Board approve the request to employ retired Kern County employee Sofia Reyes as a Senior Paralegal, Step 10, at an estimated cost of \$30,924 for a period expiring June 30, 2023, or 960 hours; whichever occurs first.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Memorandum from the
Office of the Chief Legal Officer
Jennifer Esquivel Zahry

Date: February 8, 2023
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 \$590 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 rules 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.)

\$590 Maximum Single Source Limit – You may not accept gifts that total more than \$590 from any single source in a calendar year. (Gov. Code, § 89503, Cal. Code Regs., tit. 2, § 18940.2.)

\$590 Disqualification Limit – If you accept a gift of \$590 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 \$590.

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 \$590 single source limit is based on a calendar year. This means that if gifts to you from a single source exceed \$590 within 12-months of the scheduled board action affecting that source, you can be disqualified from voting even if you did not exceed the \$590 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: February 8, 2023
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 February 8, 2023.

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 \$590 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 \$590 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 \$590. Such action needs to occur before the Trustee can vote on the decision affecting the donor.

SPECIAL PAY CODE – NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
Hospital Authority	MQ	Mmeal - HA EXCLUDED FOR ALL MEMBERS	An amendment to Labor Code §512.1 (SB 1334) applies to public sector hospitals that provide patient care. This is a premium/penalty to employees of one hour of pay for meal periods not provided to employees (up to two hours a day). Premium/penalty is one hour of pay at regular hourly rate of pay for all non-exempt employees	Gov. Code §§ 31461(b)(1)(B) and (b)(3) Gov. Code §§ 7522.34(c)(1), (3), (6) and (8)

SPECIAL PAY CODE – NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
Hospital Authority	MR	Mrest - HA EXCLUDED FOR ALL MEMBERS	An amendment to Labor Code §512.1 (SB 1334) applies to public sector hospitals that provide patient care. This is a premium/penalty to employees of one hour of pay for rest breaks not provided to employees (up to two hours a day). Premium/penalty is one hour of pay at regular hourly rate of pay for all non-exempt employees	Gov. Code §§ 31461(b)(1)(B) and (b)(3) Gov. Code §§ 7522.34(c)(1), (3), (6) and (8)

SPECIAL PAY CODE – PENSIONABLE/ NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
SEIU	AB	<p>Ag/Weights Class A/B DL Cert Pay 5%</p> <p>INCLUDED FOR LEGACY MEMBERS</p> <p>EXCLUDED FOR PEPR MEMBERS</p>	<p>To provide certification pay for the flexible classification series of Agricultural Biologist/Weights and Measures Inspector I/II/III Senior at the level of 5% of biweekly base salary for possession of a valid California Class “A” or “B” Driver’s License.</p>	<p>Gov. Code §§ 7522.34(a) and (c)(7)</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>CODE</u>	<u>SPECIAL ALLOWANCE</u>	<u>FULL LEGEND</u>
AB		AG/WEIGHTS CLASS A/B DL CERT PAY 5%

THE FOLLOWING SPECIAL ALLOWANCES ARE **NOT** CONSIDERED **COMPENSATION EARNABLE** FOR APPLICABLE MEMBERS (MEMBERSHIP BEFORE 1/1/2013).

<u>CODE</u>	<u>SPECIAL ALLOWANCE</u>	<u>FULL LEGEND</u>
MQ		MMEAL – HA
MR		MREST - HA

PENSIONABLE COMPENSATION


THE FOLLOWING SPECIAL ALLOWANCES ARE **NOT** CONSIDERED **PENSIONABLE COMPENSATION** FOR APPLICABLE MEMBERS (MEMBERSHIP ON OR AFTER 1/1/2013).

<u>CODE</u>	<u>SPECIAL ALLOWANCE</u>	<u>FULL LEGEND</u>
AB		AG/WEIGHTS CLASS A/B DL CERT PAY 5%
MQ		MMEAL – HA
MR		MREST - HA



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: February 8, 2023
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer 
Subject: **CALAPRS General Assembly
Monterey, California
March 4-7, 2023**

In accordance with the Travel Policy approved by the Board of Retirement on August 11, 2021, I have attached information concerning the above-captioned conference, as follows:

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

The topic list is timely and relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustees Dustin Contreras, Phil Franey and Juan Gonzalez.

Attachments

Travel Subject CALAPRS General Assembly
Sponsor CALAPRS
Date(s) March 4-7, 2023
Location Monterey, CA
Proposed Attendee(s) Contreras, Franey, Gonzalez

Estimated Total Travel Cost \$4,615.43

Description	Computation		Contereas	Franey	Gonzalez	Totals	Borne By	
							KCERA	Sponsor
Registration fees	\$250.00	=	250.00	250.00	250.00	750.00	750.00	
Lodging expense	3 nights @ \$ 262.20 /night	=	786.60	786.60	786.60	2,359.80	2,359.80	
Per diem meals reimbursement:	4 days @ \$ 74.00 /day	=	296.00	296.00	296.00			
Less meals provided by sponsor	2 Breakfast, 1 Lunch, 1 Dinner = \$89.54	=	(\$89.54)	(\$89.54)	(\$89.54)			\$268.62
Total meals expense		=				888.00	619.38	
Shuttle/taxicab expense	Taxi Estimate	=				-	-	
Airfare	\$0.00	=	\$0.00	\$0.00	\$0.00	\$0.00	-	
Vehicle-related expenses:		=	-	-	-	-	-	
Parking	4 days @ 10.00 /day	=	40.00	40.00	40.00	80.00	80.00	
Mileage	430 miles @ 0.370 /mile (Department Head)	=				-	-	
	430 miles @ 0.625 /mile (Staff, Trustee)	=	268.75	268.75	268.75	806.25	806.25	
Rental car		=	-	-	-	-	-	
Rental car gasoline		=	-	-	-	-	-	
Totals		=	1,551.81	1,551.81	1,551.81	\$ 4,884.05	\$ 4,615.43	\$ 268.62

CALAPRS

EDUCATION · COMMUNICATION · NETWORKING

California Association of Public Retirement Systems

MARCHING FORWARD



GENERAL ASSEMBLY 2023

MARCH 4 – 7, 2023 > MONTEREY, CA

The California Association of Public Retirement Systems (CALAPRS) invites you to attend the annual **General Assembly, March 4 – March 7, 2023 at the Monterey Marriott!** The General Assembly is an educational conference for retirement system trustees, senior staff, and our annual sponsors. Attendees will learn from experts and peers, while getting the opportunity to network with colleagues.

REGISTRATION

Register online at www.calaprs.org/events

- **Retirement System Fee:** \$250/person
- **Sponsor Fee:** \$2,500 annual sponsorship includes registration for 2 representatives at no additional cost.

LODGING

CALAPRS has arranged for a discounted room rate at the meeting hotel, the Monterey Marriott, 350 Calle Principal, Monterey, CA for the duration of the meeting.

Room Rate: \$234/night, plus taxes and fees

Book Online: bit.ly/GA2023_Hotel

By Phone: 1-877-901-6632 and reference "CALAPRS"

Cut-off Date: The room rate is available until February 7, 2023 or until the block is sold out, whichever comes first.

HEALTH & SAFETY

CALAPRS is dedicated to providing a safe event experience for all participants involved including attendees, sponsors, staff, and guests. CALAPRS will conduct the General Assembly as advised by government (local, state, and national) regulations, CDC recommendations, and venue requirements at the time of the event. Read the fully in-person event policy here: www.calaprs.org/page/eventpolicy

CALAPRS GENERAL ASSEMBLY | PROGRAM

DAY 01

SATURDAY,
MARCH 4

4:00 – 6:00 PM
Registration Open

DAY 02

SUNDAY,
MARCH 5

9:30 AM – 5:00 PM
Registration Open

10:00 AM – 12:00 PM

AB1234 Ethics for Trustees | Ashley K. Dunning, Partner, Co-Chair Public Pensions & Investment Group, Nossaman LLP

2:00 – 2:15 PM

Opening Remarks | Johanna Shick, CEO, SJCERA and General Assembly Conference Chair; and Dave Nelsen, CEO, ACERA and CALAPRS President

2:15 – 3:15 PM

NASRA Statistics | Keith Brainard, Research Director, National Association of State Retirement Administrators

3:15 – 3:30 PM

Networking Break

3:30 – 4:30 PM

Legal Mock Trial | Maytak Chin, Partner and Harvey Leiderman, Partner, Reed Smith LLP

7:00 – 9:30 PM

Strolling Dinner at the Monterey Bay Aquarium | System attendees may bring a guest to the Strolling Dinner. Please contact info@calaprs.org to add a guest.

DAY 03

MONDAY,
MARCH 6

7:00 AM – 4:00 PM
Registration Open

7:15 – 8:15 AM
Breakfast

8:15 – 8:30 AM

Opening Remarks | Johanna Shick, CEO, SJCERA and General Assembly Conference Chair

8:30 – 9:30 AM

Searching for a Soft Landing in 2023 | Brian Nick, CAIA, Chief Investment Strategist, Nuveen

9:30 – 10:00 AM

Networking Break

10:00 – 11:00 AM

Geopolitical Risks Not Yet Resolved In 2023 | Matt Gertken, Chief Strategist, BCA Research

11:00 AM – 12:00 PM

Investments in 2023 – What You Need to Know | Toner, CFA, Chief Investment Officer, Verus

12:00 – 1:30 PM

Lunch

1:30 – 2:30 PM

Robotic Process Automation | Robert Pucci, Executive Director of Intelligent Automation, State of Tennessee

2:30 – 3:00 PM

Networking Break

3:00 – 4:00 PM

Tracking Productivity & Performance Measures | CalPERS

5:00 – 6:00 PM

Networking Reception (Ferrantes Bayview Room of the Monterey Marriott)

DAY 04
TUESDAY,
MARCH 7

7:30 – 11:00 AM

Registration Open

7:30 – 8:30 AM

Breakfast

8:30 – 10:00 AM

Digital Opportunities Panel: Online Retirement Process, Trustee Electronic Elections, and Multi-Factor Authentication/ID-ME | Danielle Couture, Communications Manager, SBCERA; Suzanne Jenike, Assistant CEO External Operations, OCERS; and Tim Taylor, Enterprise Solutions Development Division Chief, CalPERS

10:00 – 10:15 AM

Networking Break

10:15 – 11:00 AM

LDRM & The Impact of Inflation on Liabilities | Todd Tauzer, Vice President & Actuary, Segal

11:00 – 11:15 AM

Closing Remarks | Johanna Shick, CEO, SJCERA and General Assembly Conference Chair

***Thank you
to our 2023
General
Assembly
Planning
Committee***

Johanna Shick, CEO, SJCERA (Chair)

Steve Delaney, CEO, OCERS

Scott Hood, CEO, SamCERA

Greg Levin, CPA, CEO, SBCERS

Dave Nelsen, CEO, ACERA

Anthony Suine, Deputy Executive Officer, Communications & Stakeholder Relations, CalPERS

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PRIVATE MARKETS ANNUAL PLAN



KCERA Private Markets Portfolio—Where We Are Today

- KCERA has a 15% long-term target allocation to private markets
 - 5% to private equity (includes private equity secondaries and venture capital)
 - 5% to private credit
 - 5% to private real estate (includes real estate secondaries)

- As of September 30, 2022, the private markets portfolio NAV stood at \$495.7 million, or ~9.5% of total Plan assets¹
 - ~2.7% to private equity
 - ~4.8% to private credit
 - ~2.0% to private real estate

- To achieve the long-term target, we recommend maintaining an annual commitment pace of ~\$260 million for 2023 though monitoring commitment activity on a rolling 3-year basis to allow for flexibility

- KCERA's private markets program is roughly three years into its build-out; while still developing, underlying managers are performing in line with expectations. The portfolio is diversified across asset classes, strategies and sectors, positioning it to perform well under varying market conditions
 - Portfolio is appropriately concentrated in best ideas; we continue to maintain a high bar for new commitments

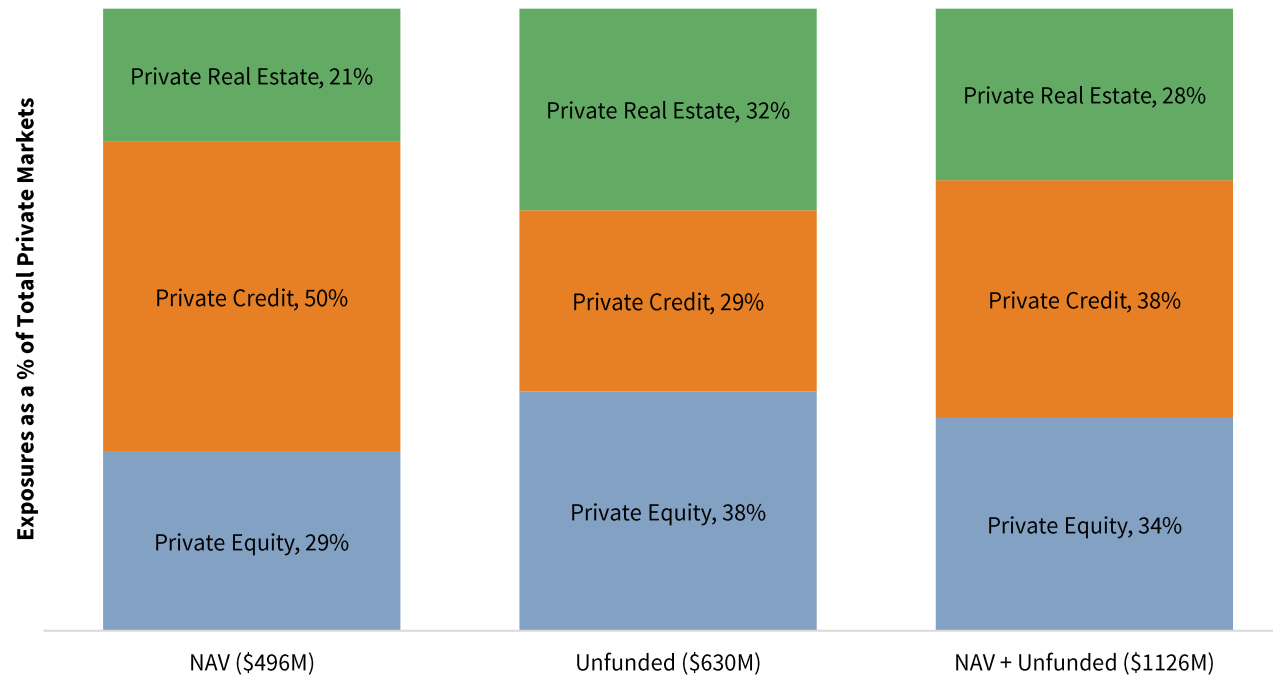
2022 Year in Review

- 2022 was another productive year for the KCERA private markets portfolio:
 - \$338 million in commitments to 11 funds
 - Pacing balanced across asset classes and guided by opportunities in the market
 - 5 private equity / venture capital funds, 3 private credit funds, 3 private real estate funds
 - Took advantage of a more challenged market backdrop to gain access to 5 new access-constrained funds
 - We expect 2022/2023 vintages to be strong given broad-based, ongoing valuation reset
- Private Equity:
 - Upgraded buyout portfolio, adding two best-in-class technology sector specialists
 - Re-committed to two high conviction, sector-focused managers in technology and industrials
 - Made first venture capital fund commitment, a first step in KCERA's VC portfolio build-out
- Private Credit:
 - Added incremental exposure to senior lending and credit opportunities
 - Established relationship with complementary life science lending manager
- Private Real Estate:
 - Added dedicated hospitality and defensive, multi-family exposures with two experienced and cycle-tested managers
 - Real estate secondaries re-commitment to provide “j-curve” mitigation in this part of the portfolio

Private Markets Portfolio Snapshot

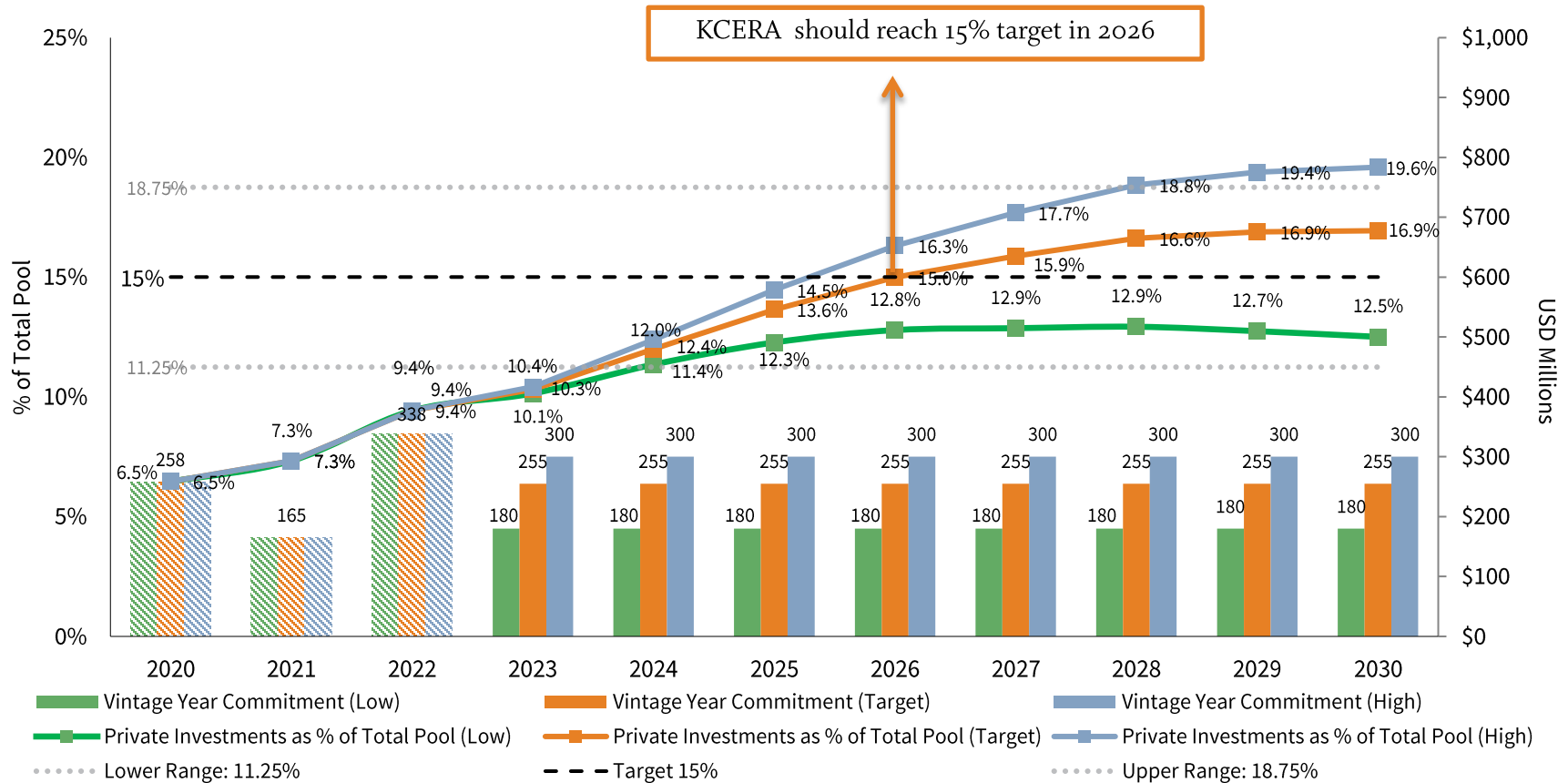
- Current portfolio NAV biased towards private credit strategies (50%) given legacy commitments
- Exposures are expected to balance out over the next few years as legacy private credit exposure unwinds, recent commitments mature, and unfunded capital is drawn

ASSET CLASS EXPOSURES



Private Markets Commitment Pacing

- Recommended commitment pace of ~\$260 million p.a. for the portfolio to reach target around 2026
- Maintain flexibility – actual commitments to be determined based on the quality of the opportunity set
- Re-underwrite pacing should market conditions change materially and/or public market volatility persists



2023 Private Markets Plan

- We expect 2023 to be a lighter re-up year. While the portfolio is currently well-diversified across various dimensions, there may be room in the commitment budget to add complementary exposures, especially where access for new LPs becomes available
- Within private equity, defensive and/or value-oriented strategies should be well-positioned for the go-forward environment and would complement technology/growth opportunities added in 2022
- Add venture capital exposure selectively (prioritize early-stage opportunities given relatively more favorable valuations)
- Private credit portfolio could benefit from addition of stable direct lending relationship, but market conditions are attractive for the asset class overall
- Anticipate opportunity to add diversifying real estate exposure with top-tier global diversified player

	<i># of Manager Relationships</i>	<i>Target Returns (net)</i>	<i>Sub-Strategies</i>	<i>2023 Priorities / Potential Areas of Focus</i>
Private Equity	6-13*	12-15% IRR 1.8x-2.0x+	Middle Market Buyouts Growth Equity PE Secondaries Venture Capital	Buyout Re-ups PE Secondaries Re-up Early-Stage / Sector-focused Venture Capital
Private Credit	4-6	10-12% IRR 1.4x-1.7x	Direct Lending Credit Opportunities Niche/Specialty Finance	Direct Lending Complementary Non-corporate Exposures Monitor Stressed/Distressed Cycle
Private Real Estate	6-8	10-14% IRR 1.4x-1.7x	Opportunistic Real Estate Value Add Real Estate Real Estate Secondaries	US/Europe Opportunistic

Private Equity and Private Credit Commitment Planning

Managers	Strategy	2020	2021	2022	2023	2024	Total
Buyouts							
<i>Vista Foundation</i>	Buyouts - Tech	\$25	--	--	--	--	\$25
<i>Peak Rock Capital</i>	Distressed Special Situations	\$30	--	--	--	--	\$30
<i>Warren Equity Partners</i>	Buyouts - Industrial	\$32.5	--	\$32.5	--	--	\$65
<i>Linden Capital Partners</i>	Buyouts - Healthcare	--	\$30	--	--	--	\$30
<i>Rubicon Technology Partners</i>	Buyouts - Tech	--	--	\$30	--	--	\$30
<i>Accel-KKR</i>	Buyouts - Tech	--	--	\$25	--	--	\$25
<i>TBD (manager / coinvestments)</i>	TBD	--	--	--	\$30	--	\$30
<i>Anticipated Re-up Commitments</i>	TBD	--	--	--	\$60	\$30	\$90
Subtotal Buyouts		\$88	\$30	\$88	\$90	\$30	\$325
Growth & Venture Capital¹							
<i>Brighton Park</i>	Growth Equity	\$30	--	\$30	--	--	\$60
<i>Level Equity Growth & Opportunities</i>	Growth Equity	--	\$30	--	--	--	\$30
<i>OrbiMed Private Investments IX</i>	Venture Capital - Multi Stage	--	--	\$10	--	--	\$10
<i>Anticipated Re-up Commitments</i>	TBD	--	--	--	--	\$60	\$60
Subtotal Growth & Venture Capital		\$30	\$30	\$40	--	\$60	\$160
Private Equity Secondaries							
<i>LGT - Crown Global Secondaries</i>	Global Secondaries	\$50	--	--	--	--	\$50
<i>Anticipated Re-up Commitments</i>	TBD	--	--	--	\$30	--	\$30
Subtotal Private Equity Secondaries		\$50	--	--	\$30	--	\$80
Subtotal Private Equity							
		\$168	\$60	\$128	\$120	\$90	\$565
<i>Proposed Commitment Pace (Approximate)</i>		\$155	\$80	\$85	\$85	\$85	\$490
<i>Variance</i>		\$13	(\$20)	\$43	\$35	\$5	\$75
Private Credit							
<i>Fortress Credit Opportunities</i>	Credit Opportunities	\$40	--	--	--	--	\$40
<i>Blue Torch Credit Opportunities Fund</i>	Senior Lending	\$20	--	\$40	--	--	\$60
<i>Fortress Lending Fund</i>	Credit Opportunities	--	\$40	\$40	--	--	\$80
<i>OrbiMed Royalty & Credit Opportunities IV</i>	Specialty Finance	--	--	\$30	--	--	\$30
<i>TBD (manager)</i>	Direct Lending	--	--	--	\$40	--	\$40
<i>TBD (manager)</i>	Opportunistic/Distressed	--	--	--	\$40	--	\$40
<i>Anticipated Re-up Commitments</i>	TBD	--	--	--	--	\$80	\$80
Subtotal Private Credit		\$60	\$40	\$110	\$80	\$80	\$370
<i>Proposed Commitment Pace (Approximate)</i>		\$45	\$80	\$85	\$85	\$85	\$380
<i>Variance</i>		\$15	(\$40)	\$25	(\$5)	(\$5)	(\$10)

Notes: For illustrative purposes. Commitments in bold indicate the fund has closed. Commitment planning reflects estimated fundraising timelines.

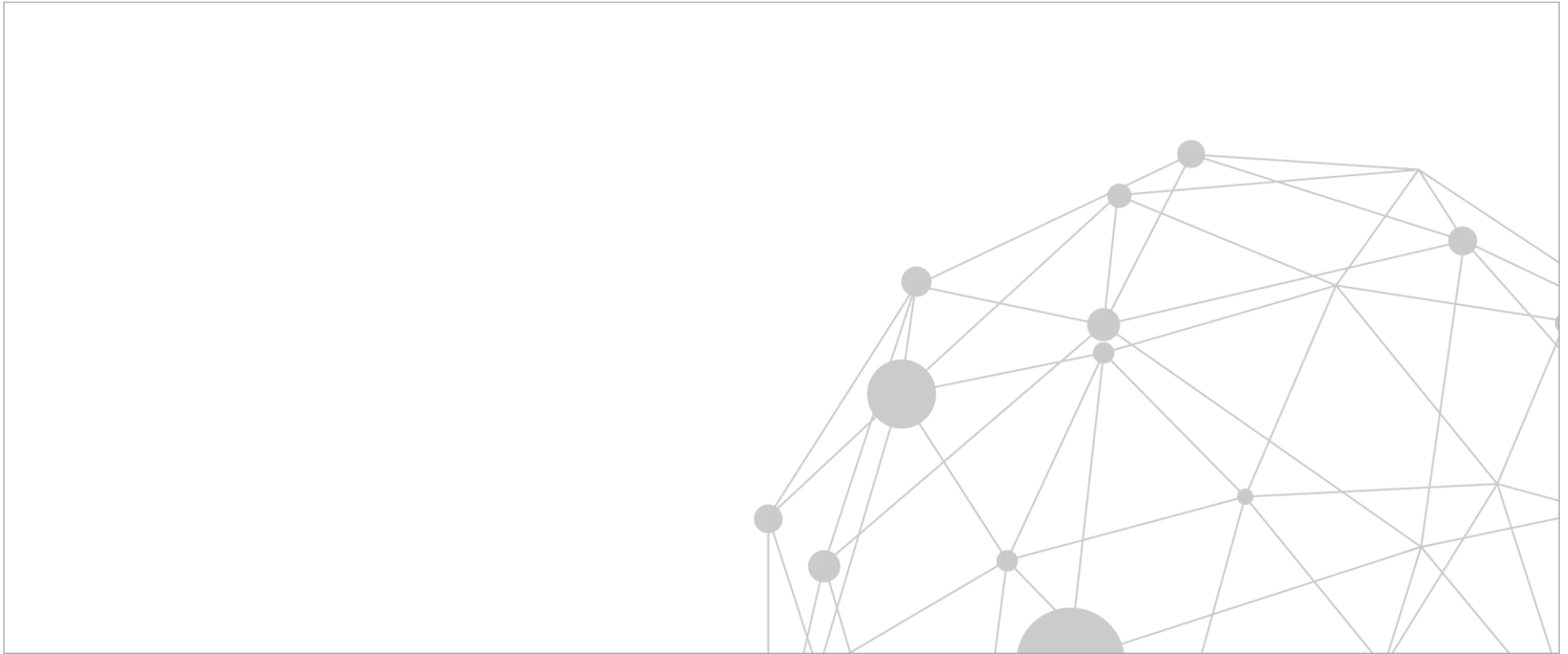
1. Commitments to venture capital strategies will be made opportunistically as part of the private equity allocation for the time being, with potential for formalizing a target allocation down the line.

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Private Real Estate Commitment Planning

Managers	Strategy	2020	2021	2022	2023	2024	Total
Private Real Estate							
<i>Covenant Capital Group</i>	US Value-Add Real Estate - Multi-Family	\$30	--	\$30	--	--	\$60
<i>Singerman Real Estate</i>	US Opportunistic Real Estate	--	\$35	--	--	--	\$35
<i>LBA Realty</i>	US Real Estate - Industrial	--	\$30	--	--	--	\$30
<i>KSL Capital Partners</i>	Opportunistic Real Estate - Hospitality	--	--	\$30	--	--	\$30
<i>TBD (manager / coinvestments)</i>	TBD	--	--	--	\$50	--	\$50
<i>TBD (manager / coinvestments)</i>	TBD	--	--	--	\$35	--	\$35
<i>Anticipated Re-up Commitments</i>	TBD	--	--	--	--	\$95	\$95
Subtotal Private Real Estate		\$30	\$65	\$60	\$85	\$95	\$335
Real Estate Secondaries							
<i>Landmark Partners, Inc.</i>	Real Estate Secondaries	--	--	\$40	--	--	\$40
Subtotal Real Estate Secondaries		--	--	\$40	--	--	\$40
Subtotal Private Real Estate		\$30	\$65	\$100	\$85	\$95	\$375
<i>Proposed Commitment Pace (Approximate)</i>		\$30	\$80	\$85	\$85	\$85	\$365
<i>Variance</i>		--	(\$15)	\$15	--	\$10	\$10
Total Private Investments							
<i>Proposed Commitment Pace (Approximate)</i>		\$230	\$240	\$260	\$260	\$260	\$1,250
<i>Variance</i>		\$28	(\$75)	\$78	\$25	\$5	\$60

APPENDIX



Implementation Plan for Private Equity Portfolio

STRATEGY	GROWTH EQUITY & VENTURE CAPITAL	BUYOUTS
POSSIBLE WEIGHTING (% OF TOTAL PE ALLOCATION)	20%-40%	50-70%
# OF MANAGER RELATIONSHIPS	2-5	4-8
COMMITMENT SIZING	\$30-35M (Growth Equity) \$6-10M (Venture Capital)	\$30-50M
TARGET RETURN	12-15%+	12-15%+
TARGET MULTIPLE	1.8X-2.0X+	1.8X
FOCUS	<ul style="list-style-type: none"> ▪ Mid and lower middle market growth equity ▪ Strong sourcing capability ▪ Sub sectors of expertise ▪ Venture capital (early-stage and/or sector specialist bias) 	<ul style="list-style-type: none"> ▪ Small/mid-cap bias ▪ Operational value-add ▪ Buy and build ▪ Sector specialists ▪ PE secondaries

Total Private Equity Portfolio Targets (net): 12-15% IRR; 1.8-2.0x Multiple

Implementation Plan for Private Credit Portfolio

STRATEGY	DISTRESSED	CREDIT OPPORTUNITIES	PRIVATE CREDIT
WEIGHTING (% OF TOTAL PRIVATE CREDIT ALLOCATION)	0%-15%	40%-70%	30%-60%
# OF MANAGER RELATIONSHIPS	0-1	2-3	2-3
COMMITMENT SIZING	\$20-40M	\$30-40M	\$30-40M
TARGET RETURN	12-15%	10-13%	9-12%
TARGET MULTIPLE	1.7X	1.5X	1.4X
FOCUS	<ul style="list-style-type: none"> ▪ Special situations ▪ Distressed credit ▪ Distressed assets and ABS 	<ul style="list-style-type: none"> ▪ Credit opportunities ▪ ABS ▪ Intellectual property ▪ Litigation finance ▪ Royalties ▪ Life settlements 	<ul style="list-style-type: none"> ▪ Senior secured lending/direct lending ▪ Capital solutions

Total Private Credit Portfolio Targets (net): 10-12% IRR; 1.4-1.7x Multiple

Implementation Plan for Private Real Estate Portfolio

STRATEGY	OPPORTUNISTIC REAL ESTATE	VALUE-ADDED REAL ESTATE
WEIGHTING (% OF TOTAL REAL ASSETS ALLOCATION)	20%-50%	20%-50%
# OF MANAGER RELATIONSHIPS	2-5	2-5
COMMITMENT SIZING	\$25-40M	\$25-40M
TARGET RETURN	12-15%	10-13%
TARGET MULTIPLE	1.5-1.8X	1.3-1.6X
FOCUS	<ul style="list-style-type: none"> ▪ Defensive property types ▪ Secular-driven opportunities ▪ Property-type specialists ▪ Operationally-oriented firms ▪ Real estate secondaries as J-curve mitigant 	
Total Private Real Estate Portfolio Targets (net): 10-14% IRR; 1.4-1.7x Multiple		

KCERA's Legacy Portfolio

- As of September 30, 2022, KCERA's legacy portfolio included \$1,077.0 million in commitments to 23 private investment partnerships, of which \$1,064.8 million had been drawn down. Distributions of \$1,137.1 million, or 106.8% of paid-in-capital, had been received. The legacy portfolio has returned a net IRR of 7.5% since inception.

ASSET CLASS	SINCE INCEPTION RETURNS	NOTES
Private Equity	7.7% net IRR 1.6x net TVPI	<ul style="list-style-type: none"> The legacy Private Equity portfolio is made up of nine funds across two manager relationships with vintage years between 1997-2008. Two funds are liquidated and the rest are no longer making new investments but have remaining NAV that will be distributed over time Exposures are almost fully concentrated in diversified Fund of Funds, with the remainder in one private equity secondaries fund
Private Credit	4.1% net IRR 1.1x net TVPI	<ul style="list-style-type: none"> The legacy Private Credit portfolio is made up of five funds across five manager relationships with vintage years between 2014-2019. Three funds are still calling capital, while the remaining two are no longer making new investments but have remaining NAV that will be distributed over time. Exposures are mostly concentrated in real estate debt strategies with the remainder in distressed corporate credit and senior debt strategies
Private Real Estate	8.2% net IRR 1.3x net TVPI	<ul style="list-style-type: none"> The legacy Private Real Estate portfolio is made up of nine funds across four manager relationships with vintage years between 1996-2018. Six funds have been fully liquidated, one is no longer making new investments but have remaining NAV, and one is still actively investing Exposures are concentrated in generalist, direct real estate mandates, with the remainder in one real estate secondaries fund

KCERA's Legacy Portfolio

ASSET CLASS	LEGACY MANAGERS
Private Equity	<ul style="list-style-type: none"> • Abbott Capital Private Equity Fund II, IV, V, VI • Pantheon USA Fund III, V, VI, VII • Pantheon Global Secondary Fund III
Private Credit	<ul style="list-style-type: none"> • DC Value Recovery Fund IV (f/k/a Colony Distressed Credit Fund IV)¹ • Magnetar Constellation Fund V • TSSP Adjacent Opportunities Partners (B) • Brookfield Real Estate Finance Fund V • H.I.G. Bayside Loan Opportunity Feeder Fund V
Private Real Estate	<ul style="list-style-type: none"> • Fidelity Real Estate Manager II, III • Fidelity Real Estate Growth Fund I, II, III • Invesco Real Estate Fund III, IV • Long Wharf Real Estate Partners VI • Landmark Real Estate Partners VIII

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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: DECEMBER 31, 2022

Investment Performance Review for

Kern County Employees' Retirement Association

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Investment Landscape

TAB I

Investment Performance
Review

TAB II

A decorative overlay consisting of a grid of interconnected triangles in various shades of blue and green, with some triangles containing white or blue geometric shapes, is positioned on the left side of the slide.

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

1ST QUARTER 2023
Investment Landscape

Verus business update

Since our last Investment Landscape webinar:

- Verus hired two new employees:
 - **Cholo Villanueva**, Performance Analyst – Seattle office
 - **Demitri Castaneda**, Performance Analyst – Seattle office
- Two employees passed their Level III CFA exams, earning their charters. Verus now has a total of 33 CFA charterholders.
- Verus retained a new client in Alaska, adding a fourth client to the state.
- We celebrated our 37th anniversary. Wurts Johnson & Company (founding name) was established in January 1986.
- We also enhanced our research content management system to improve how we *communicate* our conviction in managers with our new IQ Ratings system. *(details on next page)*

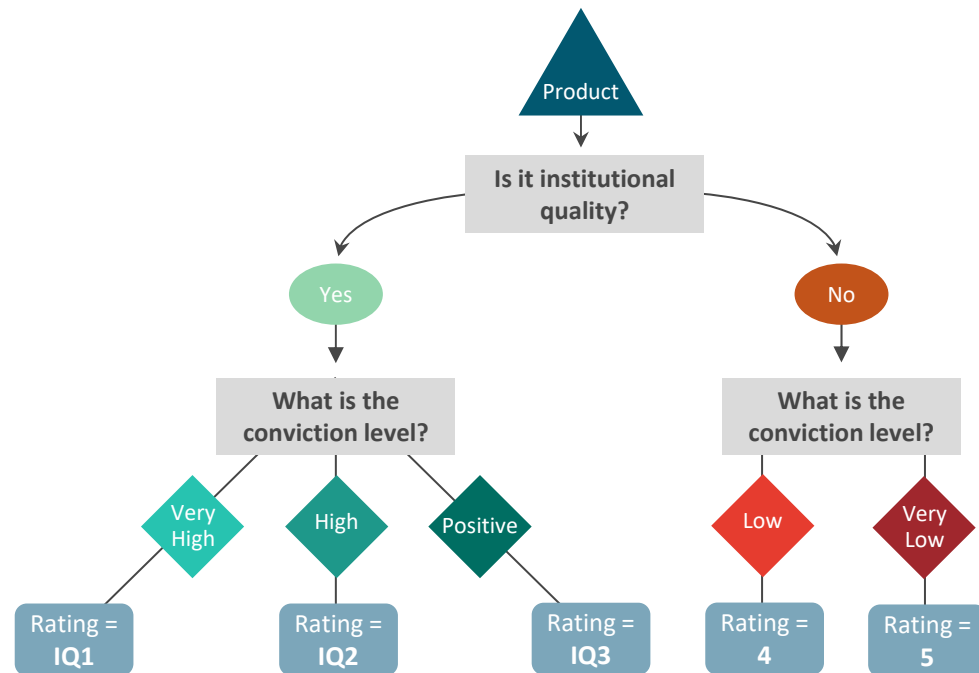
Manager rating system

The IQ Rating System communicates our conviction in investment products

There are two components to the rating:

- Institutional quality** – (IQ) The product meets or exceeds the standards of fiduciary care required by institutional investors and is suitable for use in clients’ portfolios.
- Conviction** – (1 to 5) Represents the conviction of our research teams in the distinguishing qualities of the product relative to its peers, with 1 as the highest rating and 5 the lowest.

PROCESS



Rating process simplified for illustrative purposes only

DEFINITIONS & GUIDELINES

Rating	Institutional Quality?	Conviction Level	Defining Characteristics	Recommendations
IQ1	Yes	Very High	Earns Verus’ highest conviction. Above-average characteristics most likely to achieve the strategy’s desired investment results.	Recommended for use in client portfolios. May be used in Verus discretionary portfolios.
IQ2	Yes	High	Maintains Verus’ high conviction. Above-average characteristics most likely to achieve strategy’s desired investment results.	Recommended for use in client portfolios. May be used in Verus discretionary portfolios.
IQ3	Yes	Positive	Meets institutional quality standards that can achieve desired investment results. Strengths outweigh weaknesses.	While IQ1 or IQ2 rated products are generally preferable, certain client needs may be better addressed by a highly specialized IQ3 product.
4	No	Low	Concerns with the product’s ability to meet institutional-quality standards.	Clients should re-evaluate retention or monitor closely.
5	No	Very Low	Significant issues inhibit the product’s ability to meet institutional-quality standards.	Verus recommends termination, immediately.

Recent Verus research

Visit: <https://www.verusinvestments.com/insights/>

Topics of interest papers

A BRIEF GUIDE TO THE SFA PROGRAM

In this paper, we plan to approach the Special Financial Assistance (SFA) program from an investment perspective. First, we describe the interest rate rules. Next, we offer some ways in which investors may think about their legacy assets relative to their new SFA funds. This section concludes by outlining a strategy in which SFA funds are used to cash flow match expected future liability payments. Overall, the health of a Plan will determine how much SFA funding is available, and the total amount of SFA funding awarded will likely determine the degree to which this program should reasonably impact an investor's total portfolio strategy.

IS PAINLESS DIVERSIFICATION BACK?

Low interest rates over the last few years have caused investors significant asset allocation problems. The 2022 market reversal has begun to reverse these challenges. The implications of this return to more normal conditions for investors include:

- The renewed role of fixed income in portfolios
- Greater flexibility to meet performance objectives through simple portfolio structures
- The ability of certain investors to meet return objectives while taking less market risk
- The potential for pensions to take advantage of higher interest rates and likely stronger funded status by pursuing more liability-aware investment strategies

Annual research

2023 CAPITAL MARKET ASSUMPTIONS

Some important developments occurred in the last year. Capital Market Assumptions guide our advice and recommendations. They reflect the best judgments of our research and investment teams regarding the expected behavior and associated risks of capital markets in the years ahead. During our 2023 Capital Market Assumptions webinar, we discussed:

- A significant increase in our Capital Market Assumptions, and aspects of the environment which have driven this change
- The “building blocks” of market returns and our philosophy around forecasting future asset-class performance
- Implications for investors as markets escape the *low-return environment* of recent years

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Fixed income rates & credit 19

Equity 26

Other assets 36

Appendix 38

4th quarter summary

THE ECONOMIC CLIMATE

- Real GDP increased at a 2.9% rate in the fourth quarter (1.0% year-over-year growth), slightly exceeding expectations. Consumer spending, private inventory investment, government expenditures, and nonresidential investment were supportive of growth.
- Unemployment remained near historic lows during the quarter, at 3.5% in December. While this figure suggests a strong and resilient job market, the workforce remains much smaller than pre-pandemic times as more than two million workers remain out of the labor force.

PORTFOLIO IMPACTS

- Inflation fears continue to ease as domestic inflation fell further. Headline inflation was 6.5% year-over-year in December—the lowest since October 2021—while core inflation came in at 5.7%. Prices for most goods and services have moderated with the exception of shelter costs, which increased at a worryingly fast pace of 10.0% annualized in December.
- U.S. real personal spending held steady at 2.0% year-over-year in August. Households focused spending on services over goods, which has removed some stress from supply chains and likely helped to normalize global transportation issues. Relatively strong spending seems to suggest it is possible that inflation moderates without a painful slowdown in the economy.

THE INVESTMENT CLIMATE

- China’s rapid pivot away from a “Zero Covid” policy towards the end of Q4 added a large tailwind to emerging market equity performance and the global growth outlook. Despite this positive news, an uptick in virus cases poses challenges for China’s reopening.
- Credit performed well in the fourth quarter, as resilient U.S. economic growth combined with expectations for the Fed to ease their tightening cycle helped mitigate investor concerns of a near-term cyclical downturn.

ASSET ALLOCATION ISSUES

- Calendar year 2022 proved to be a year of *reversal* regarding asset class performance. Top performing investments of the past decade, such as U.S. growth and small cap stocks, suffered some of the largest losses. Meanwhile, many of the worst performing investments of the past decade, including commodities and value stocks, significantly outperformed.
- Value stocks outperformed markedly during 2022, outpacing growth stocks by 10.2% in Q4 and 21.6% for the year. Energy, industrials, and materials—sectors heavily tilted toward value—showed strong returns, with energy ending the year up 64.6%.

Markets have partially recovered as inflation fears eased

Recession risks and an earnings slowdown may come into focus in 2023

What drove the market in Q4?

“Has Inflation Peaked?”

HEADLINE CONSUMER PRICE INFLATION (YEAR-OVER-YEAR)

Jul	Aug	Sep	Oct	Nov	Dec
8.5%	8.3%	8.2%	7.7%	7.1%	6.5%

Article Source: Financial Times, December 8th, 2022

“The Labor Market is Still Hot”

CHANGE IN U.S. NONFARM PAYROLLS

Jul	Aug	Sep	Oct	Nov	Dec
+537k	+292k	+269k	+284k	+263k	+223k

Article Source: Axios, November 1st, 2022

“Fed Raises Rate by 0.5 Percentage Point, Signals More Increases Likely”

FOMC MEETING RATE HIKE DECISIONS

May	Jun	July	Sep	Nov	Dec
+50 bps	+75 bps	+75 bps	+75 bps	+75 bps	+50 bps

Article Source: Wall Street Journal, December 14th, 2022

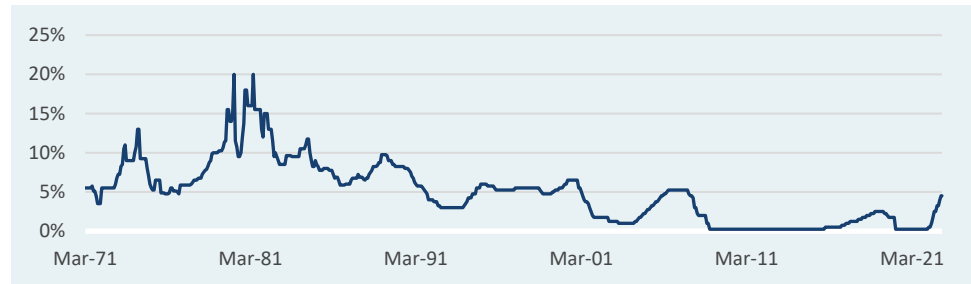
“China’s Covid Pivot Accelerates as Cities Ease Testing Rules”

CHINESE REPORTED NEW CASES (DAILY AVERAGE FOR THE MONTH)

Jul	Aug	Sep	Oct	Nov	Dec
559	1,629	1,158	1,340	18,914	14,748

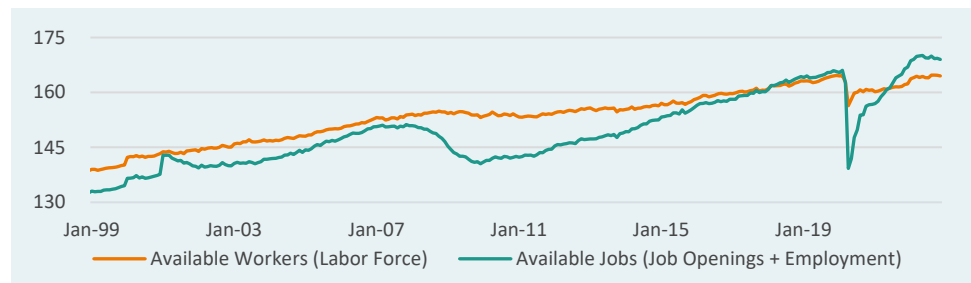
Article Source: Bloomberg, December 5th, 2022. Dataset from Our World in Data

FED FUNDS RATE UPPER BOUND



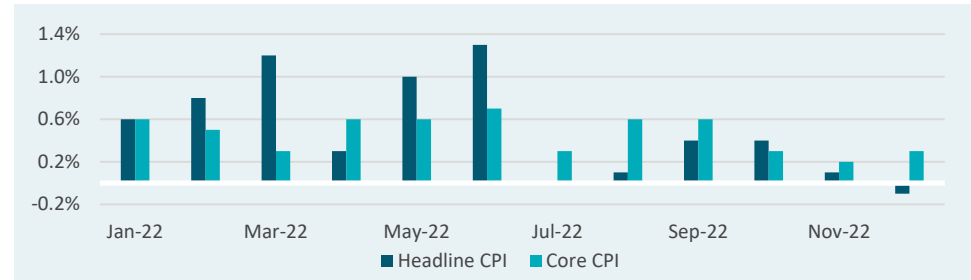
Source: Federal Reserve, as of 12/31/22

U.S. AVAILABLE WORKERS VS. AVAILABLE JOBS (MILLIONS)



Source: Bureau of Labor Statistics, as of 11/30/22

U.S. HEADLINE & CORE CPI (MONTH-OVER-MONTH)



Source: Bureau of Labor Statistics, as of 12/31/22

Economic environment

U.S. economics summary

- Real GDP increased at a 2.9% rate in Q4 (1.0% year-over-year growth). Consumer spending, private inventory investment, government expenditures, and nonresidential investment supported the economy.
- Inflation fears continue to ease as domestic inflation fell further. December headline inflation came in at 6.5% year-over-year while core inflation (excluding food & energy) came in at 5.7%. Most goods and services price rises have slowed, with the exception of shelter costs, which increased at a worryingly fast pace of 10% annualized in December.
- Unemployment remained very low during the quarter, at 3.5% in December. While this official figure suggests a strong and resilient job market, the workforce remains much smaller than pre-pandemic times as more than two million workers are missing from the labor force.
- Consumer spending kept steady though savings rates dropped to 2.3%—a depressed level not seen since the mid-2000s. A low household savings rate is sometimes seen as an indicator of strong consumer confidence and spending, though we suspect household budgets are currently being hit hard by higher costs.
- Consumer sentiment improved during Q4 but is still very downbeat. In the most recent University of Michigan survey, respondents showed less concern around inflation, reported better business conditions and long-term outlook, but were pessimistic over personal finances.
- U.S. home prices peaked in June 2022 and have been falling since then, according to S&P CoreLogic. Significantly higher mortgage interest rates have led to the worst home affordability on record, according to the National Association of Realtors.

	Most Recent	12 Months Prior
Real GDP (YoY)	1.0% 12/31/22	5.7% 12/31/21
Inflation (CPI YoY, Core)	5.7% 12/31/22	5.5% 12/31/21
Expected Inflation (5yr-5yr forward)	2.2% 12/31/22	2.3% 12/31/21
Fed Funds Target Range	4.25% – 4.50% 12/31/22	0.00% – 0.25% 12/31/21
10-Year Rate	3.87% 12/31/22	1.51% 12/31/21
U-3 Unemployment	3.5% 12/31/22	3.9% 12/31/21
U-6 Unemployment	6.5% 12/31/22	7.3% 12/31/21

GDP growth

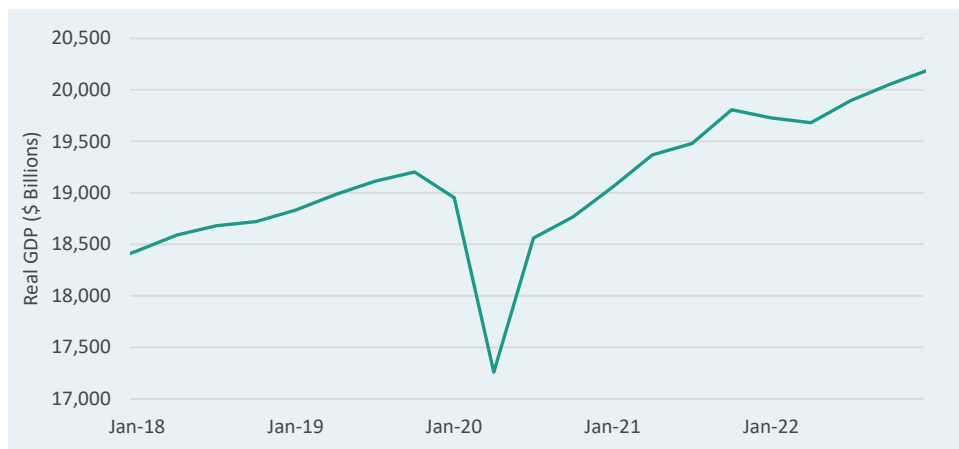
Real GDP increased at a 2.9% rate in the fourth quarter (1.0% growth year-over-year), slightly exceeding expectations of 2.8%. Consumer spending supported growth, along with gains in private inventory investment, government expenditures, and nonresidential investment. Residential fixed investment saw an extreme drop of -26.7% during the quarter as the housing market weakened. Declining exports also acted as a drag on growth.

Investors appear unsure about how to interpret the recent string of strong U.S. economic data. Although consumer sentiment is very poor by most measures, spending remains positive and the job market remains surprisingly resilient. Were the economy to avoid recession, this would be positive for businesses and for corporate

earnings, but might also lead to further aggressive Federal Reserve action and interest rate hikes, which are negative for equity prices.

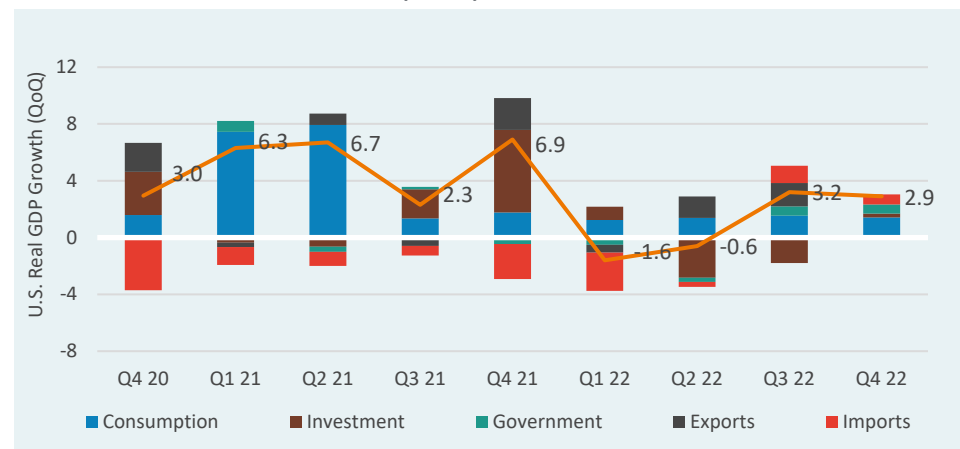
The inflation environment following the COVID-19 pandemic is unlike many past inflation cycles. Much of the price pressure has been fueled by factors *other than* a strong economy, such as an unprecedented shift in consumer spending behavior towards goods and away from services, port and international transportation issues related to lockdowns, and Russia's invasion of Ukraine. Because many of these variables are outside of the Federal Reserve's control, we believe it is possible that inflation continues to fall despite a relatively strong U.S. economy.

U.S. REAL GROSS DOMESTIC PRODUCT



Source: FRED, as of 12/31/22

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 12/31/22

Inflation

The inflation picture continued to improve in the United States, as both headline and core inflation figures declined further. December headline inflation came in at 6.5% year-over-year—the lowest since October 2021—while core inflation came in at 5.7%. Most goods and services prices have moderated with the exception of shelter, which increased at a worryingly fast pace of 10% annualized in December. Food inflation has been a large contributor to high inflation, but food price rises reassuringly slowed in December, increasing at a 3.7% annualized rate.

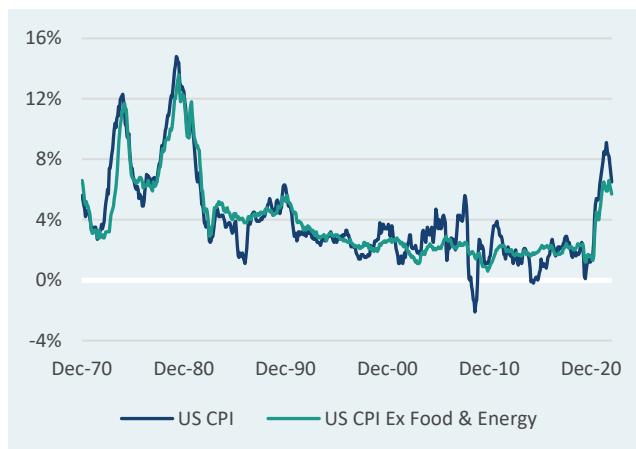
Strong increases in U.S. hourly wages over recent years have

been a welcome development for workers who are feeling the squeeze of higher prices on household budgets. But wage rises can also act as a key risk to the inflation environment. Accelerating wages might sustain higher spending and therefore persistently elevated rates of inflation. However, government data now indicates that wage growth is slowing, which mitigates the risk of a *wage-price spiral*.

Overall, we believe inflation is falling and will likely be much less of a perceived market risk in 2023. Certain persistent price pressures suggest that an inflation level of 3-4% is more likely than the 1-2% experienced throughout much of the 2010s.

Price pressures continue to ease, adding to optimism that inflation will fall to more normal levels

U.S. CPI (YOY)



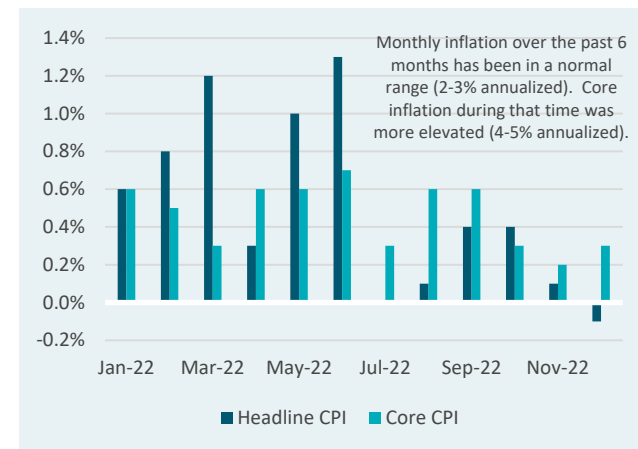
Source: BLS, as of 12/31/22

AVERAGE HOURLY EARNINGS



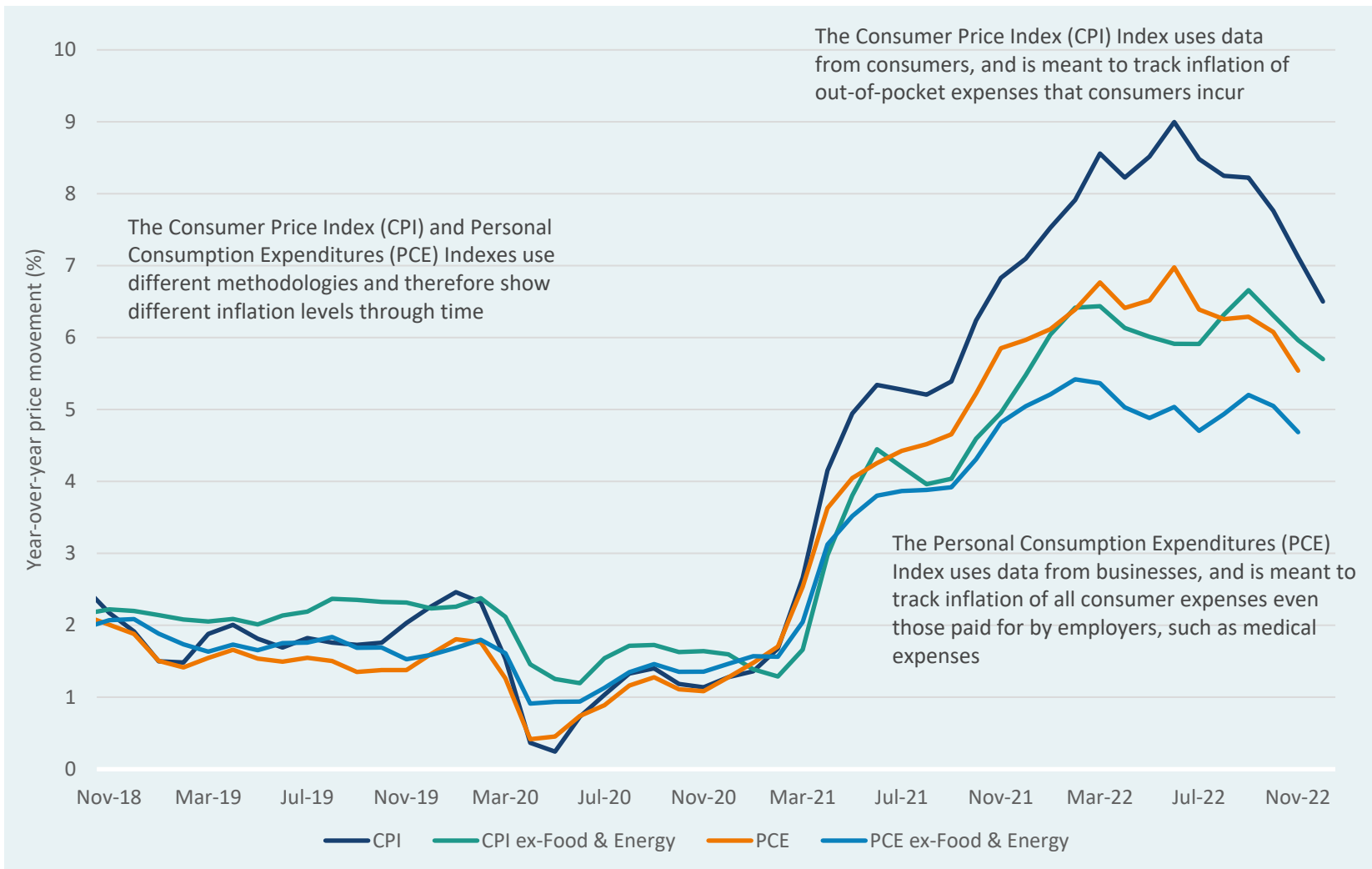
Source: BLS, as of 12/31/22

MONTHLY PRICE MOVEMENT



Source: BLS, as of 12/31/22

How are inflation conditions evolving?



Price rises have slowed considerably in recent months, which is bringing down official year-over-year inflation figures

Source: FRED, Verus, PCE data as of 11/30/22, CPI data as of 12/31/22

Labor market

Unemployment remained very low during the quarter, at 3.5% in December. This official figure suggests a strong and resilient job market for those workers who seek employment, although this data contrasts with media reports of fairly widespread layoff activity.

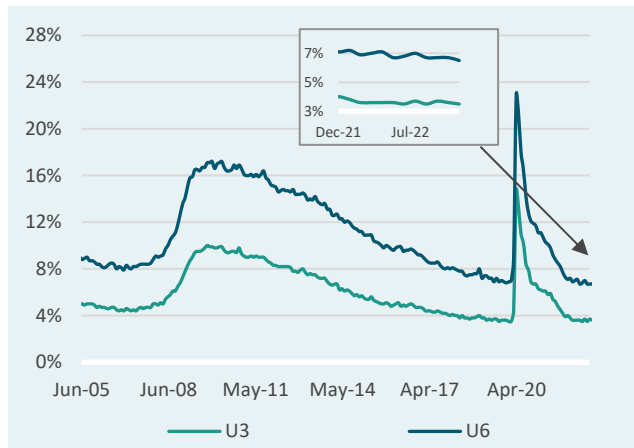
The labor participation rate also remained unchanged during the quarter. Low labor participation paints a different and much weaker picture of the job market, because this figure takes into account the workers *who are not seeking employment*. More than two million workers remain out of the labor force, relative to the pre-pandemic job market. Survey

and government-reported data suggests that much of this effect is due to “Long Covid” health troubles. Other variables such as early retirements, and parents taking time off to care for children, have also likely had a material impact on the size of the workforce.

The result of millions of Americans dropping out of the workforce has been a historically large mismatch regarding the number of jobs available and the number of workers available to fill those jobs. This gap remains wide, but has been closing recently as job openings have fallen.

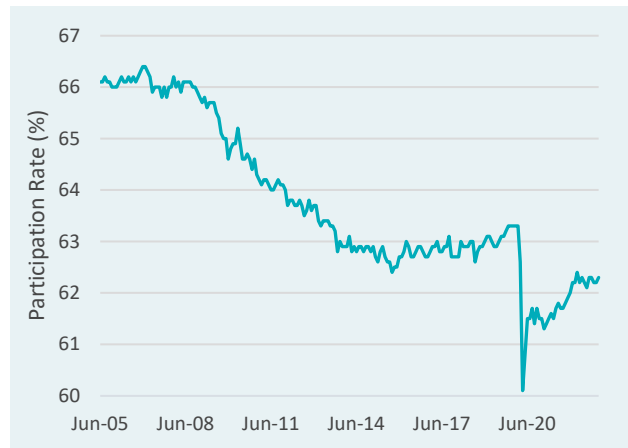
The labor market remains tight, though the size of workforce is much smaller relative to pre-pandemic times

U.S. UNEMPLOYMENT



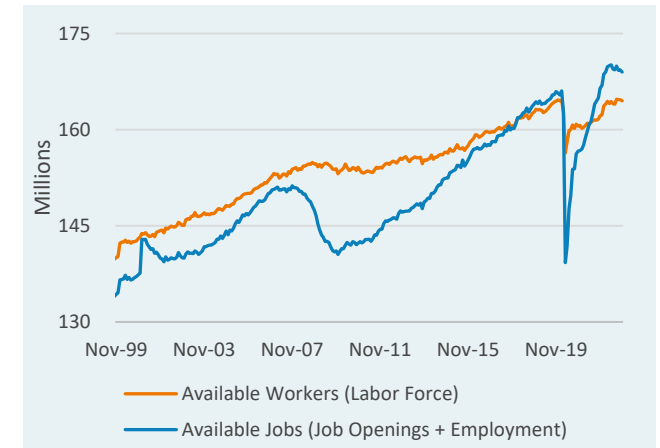
Source: FRED, as of 12/31/22

LABOR FORCE PARTICIPATION RATE



Source: FRED, as of 12/31/22

WORKERS AVAILABLE VS. AVAILABLE JOBS



Source: BLS, as of 11/30/22

The consumer

U.S. real (inflation-adjusted) personal consumption expenditures held steady in August, at 2.0% year-over-year. Households have focused spending on services rather than goods, which removed some stress from supply chains and likely helped to normalize transportation issues. Relatively strong spending seems to suggest it is possible that inflation moderates without a painful slowdown in the economy.

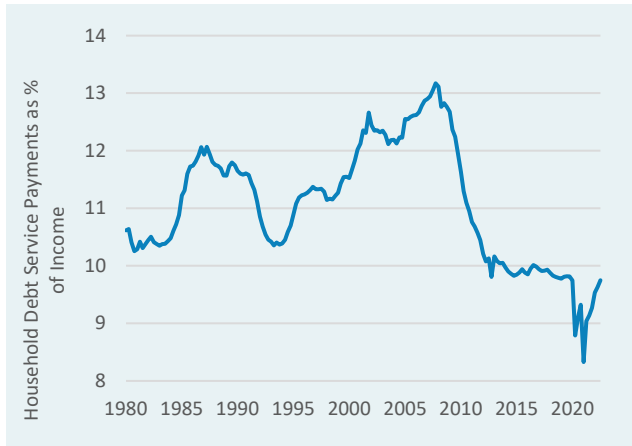
Spending has slowed but savings rates have also dropped to 2.3%—a depressed level not seen since the mid-2000s. A low household savings rate is sometimes seen as an indicator of

strong consumer confidence and spending, though in the current environment we suspect that household budgets are being hit hard by inflation and higher living costs.

Big ticket items such as automobiles have seen falling sales as higher interest rates make purchases less affordable and household budgets come under strain. The pressure of higher interest rates is reflected in *average debt payments relative to average income*—a metric which has risen towards pre-pandemic levels.

Household spending remains strong, though a very low savings rate may suggest budgets are being squeezed

DEBT SERVICE AS % HOUSEHOLD INCOME



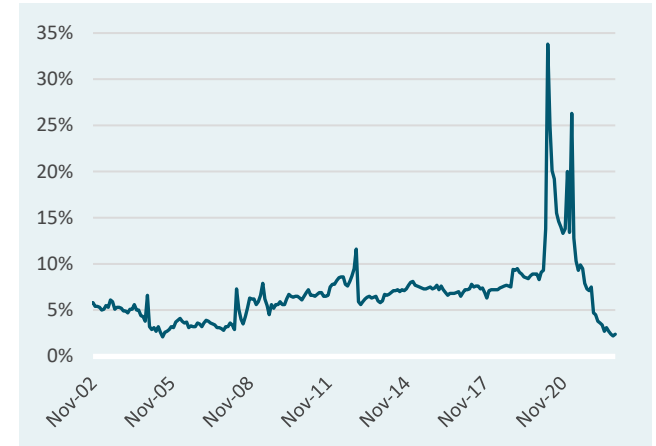
Source: FRED, as of 9/30/22

REAL PERSONAL CONSUMPTION



Source: FRED, as of 11/30/22

PERSONAL SAVINGS RATE



Source: FRED, as of 11/30/22

Sentiment

Consumer sentiment improved again during the fourth quarter, but remains very downbeat, according to the University of Michigan. In the most recent survey, respondents expressed less concerns over inflation, reported better business conditions and long-term outlook, though pessimism around current and future personal finances remained.

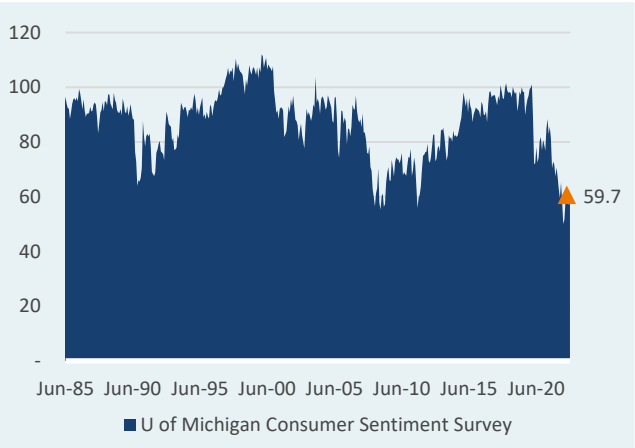
Consumer confidence measured by the Conference Board improved slightly in the fourth quarter—at the highest level since April. According to the Conference Board, views around

current conditions and future conditions improved as households were more upbeat regarding the economy and jobs. Inflation expectations continued to fall (improve), driven by lower gas prices in particular.

The NFIB Small Business Optimism index deteriorated slightly during the quarter, reflecting a very poor business outlook. Thirty-two percent of business owners expressed inflation as their greatest concern for business operations. Other concerns included difficulties in filling open job positions and an inability to raise prices to keep up with inflation.

Sentiment, by most measures, remains very poor

CONSUMER SENTIMENT



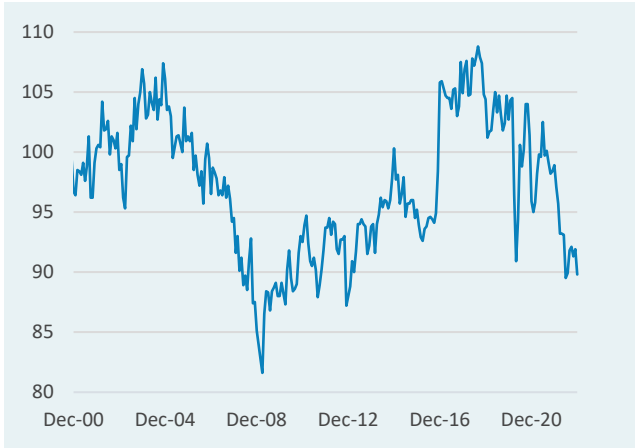
Source: University of Michigan, as of 12/31/22

CONFERENCE BOARD CONSUMER CONFIDENCE



Source: Conference Board, as of 12/31/22

NFIB SMALL BUSINESS SENTIMENT



Source: NFIB, as of 12/31/22

Housing

U.S. home prices peaked in June 2022 and have been falling since that time, according to the S&P CoreLogic Case-Shiller U.S. National Index. Significantly higher mortgage interest rates have led to the worst home affordability on record, as indicated by the National Association of Realtors.

Higher home prices and interest rates have also resulted in a sharp slowdown in sales activity—a notable change from the frothy environment that had occurred post-pandemic. Existing home sales activity has now fallen to a rate not seen since the real estate market was recovering from the housing

crisis during the early 2010s.

Conditions in housing today appear to be helping to *rebalance* the housing market, as suggested by the monthly supply of homes. Weaker sales volumes and worse affordability has meant that potential buyers have much more inventory to select from. The monthly supply of homes is now at 8.6 months, up from an all-time-low of 3.3 months in August 2020. As homes sit on the market unsold for longer, prices may need to fall further to attract buyers.

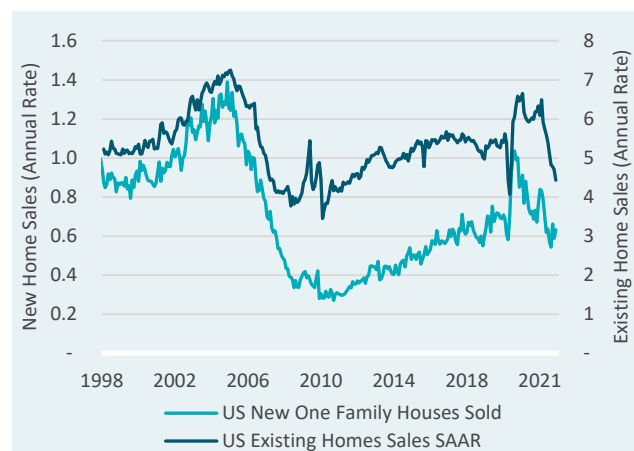
HOUSING AFFORDABILITY INDEX



Source: NAR, as of 11/30/22

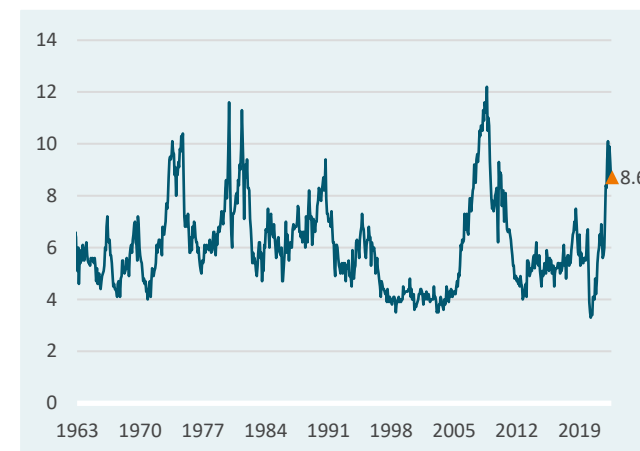
The Monthly Housing Affordability Index measures whether or not a typical family earns enough income to qualify for a mortgage loan on a typical home at the national and regional levels based on the most recent monthly price and income data

HOME SALES: NEW & EXISTING (MILLIONS)



Source: FRED, as of 10/31/22

MONTHLY SUPPLY OF HOMES



Source: FRED, as of 11/30/22

International economics summary

- Economic growth expectations continued to weaken, although the GDP outlook for emerging economies is starting to paint a more optimistic picture. Developed economies, specifically across the Eurozone and United Kingdom, are still facing the negative growth impacts of tighter financial conditions as inflation remains elevated.
- Inflation in both the Eurozone and U.K. has reinforced tighter policies from the ECB and BOE. While U.K. inflation fell to 10.7% from the 11.1% peak in October, interest rates are expected to be raised further (but in smaller increments). Eurozone inflation has shown signs of moving past its peak, although core inflation hit a new high of 5.2%, stoking fears that inflation may be spreading to core goods and services.
- Unemployment rates have remained stable over the quarter.

India stood out as an exception, where unemployment jumped from 6.4% to 8.3%.

- The war in Ukraine carried on despite temporary “ceasefires” declared by Russia. The fighting has intensified in Eastern Ukraine around Kharkiv, with a supporting effort in Southern Ukraine, as Russian forces attempt to secure frontline positioning in the Kherson Oblast.
- China’s rapid pivot away from a “Zero Covid” policy towards the end of the quarter added a large tailwind to the global growth outlook. Despite this positive news, a rapid uptick in COVID-19 cases challenges the timeline of the reopening story. Additionally, many wonder how a large uptick in global demand might impact inflation pressures at a time when advanced economies struggle specifically to reign in spending.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	1.0% 12/31/22	6.5% 12/31/22	3.5% 12/31/22
Eurozone	2.3% 9/30/22	9.2% 12/31/22	6.5% 11/30/22
Japan	1.5% 9/30/22	4.0% 12/31/22	2.4% 11/30/22
BRICS Nations	3.6% 9/30/22	3.5% 12/31/22	5.2% 12/31/21
Brazil	3.6% 9/30/22	5.8% 12/31/22	8.3% 10/31/22
Russia	(3.7%) 9/30/22	11.9% 12/31/22	3.7% 11/30/22
India	6.3% 9/30/22	5.7% 12/31/22	8.3% 12/31/22
China	3.9% 9/30/22	1.8% 12/31/22	5.7% 11/30/22

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

International economics

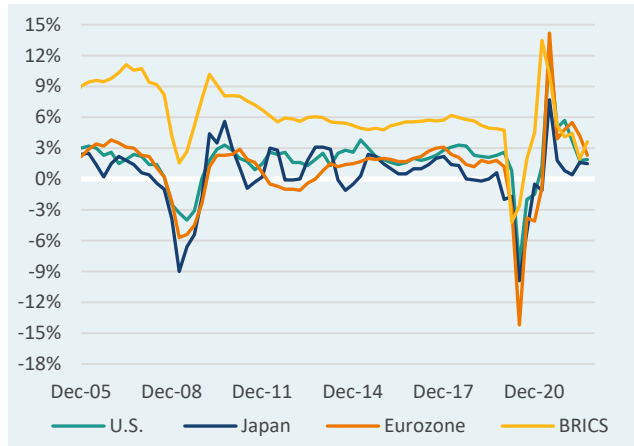
Growth expectations outside of the U.S. contracted over the quarter, with the largest moves coming from developed economies. The IMF cut its GDP forecast by 0.7% and 0.2% for the Eurozone and U.K. in their October outlook (now expecting 2023 GDP of 0.5% and 0.3%, respectively) as the European Central Bank and Bank of England struggle to rein in record high inflation. Japan saw a smaller downward revision of 0.1%, with 2023 growth expectations now at 1.6%.

The outlook for emerging markets is much more optimistic. Most countries have avoided the high inflation seen in developed markets. A rapid reopening of the Chinese economy

is likely providing a tailwind to growth, although the timing remains unclear due to another wave of COVID-19 infections. The 2023 GDP forecast for emerging economies per Bloomberg ticked down from 4.3% to 3.9% over the quarter, but emerging economy growth is still expected to far exceed that of developed economies (developed economy 2023 GDP expectations sit at 0.4%, according to the IMF).

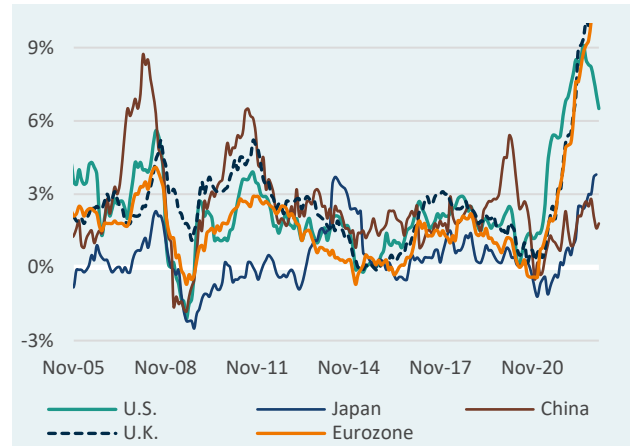
Despite the slowdown in economic growth, employment remains stable amongst the regions we track. India stood out as an exception, where unemployment jumped from 6.4% to 8.3% during Q4.

REAL GDP GROWTH (YOY)



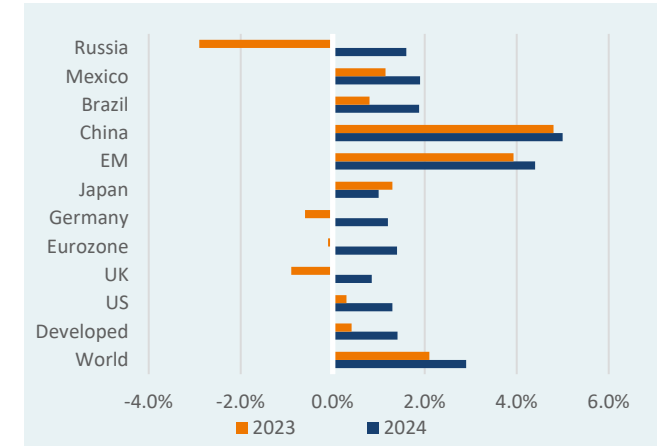
Source: Bloomberg, as of 9/30/22

INFLATION (CPI YOY)



Source: Bloomberg, as of 12/31/22 – or most recent release

ECONOMIC GROWTH FORECASTS



Source: Bloomberg, as of 12/31/22 – or most recent release

Fixed income rates & credit

Fixed income environment

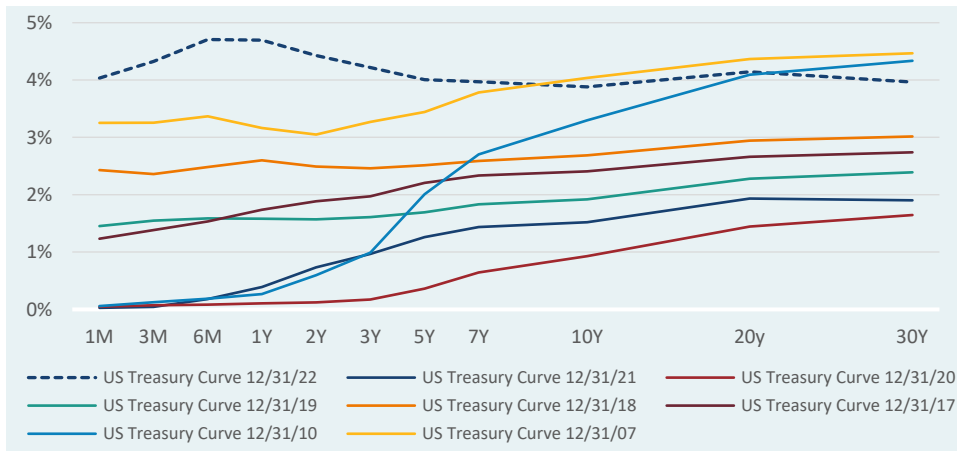
- The 10-year U.S. Treasury yield ended the quarter unchanged at 3.8%. It is possible that long-term interest rates have already reached a cyclical peak, assuming inflation continues to fall and the Federal Reserve becomes less aggressive.
- Credit performance was positive during the fourth quarter, with riskier exposures such as U.S. high yield and emerging market debt (both local and hard currency) leading the pack. Expectations for a slowdown in Federal Reserve rate hikes, and a rosier U.S. economic environment, have provided a tailwind to the credit space.
- Default activity in high yield bonds and bank loans remained subdued during Q4. Throughout the year, 17 companies defaulted totaling \$26.3 billion, with large defaults concentrated in the Healthcare sector which accounted for over 36% of total dollar volume. Default rates for par-weighted U.S. high yield and bank loans remained very low at 0.8% and 1.0%, respectively.
- The U.S. yield curve inversion reached historically negative levels, with the 10-year 2-year yield spread seeing its widest inversion since 1981 (short-term interest rates being higher than long-term interest rates). The negative spread bottomed out at ~81 bps on December 5th before gradually easing during the latter half of the month.
- Derivative markets are beginning to clash with Federal Reserve projections, as investors are pricing in a shorter tightening cycle relative to that indicated by comments from Federal Reserve officials. Federal Funds futures reflect a target interest rate of approximately 4.6% by the end of 2023, which compares to 5.1% indicated by the Federal Reserve's December Summary of Economic Projections.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	1.9%	(13.0%)
Core Plus Fixed Income (Bloomberg U.S. Universal)	2.2%	(13.0%)
U.S. Treasuries (Bloomberg U.S. Treasury)	0.7%	(12.5%)
U.S. High Yield (Bloomberg U.S. Corporate HY)	4.2%	(11.2%)
Bank Loans (S&P/LSTA Leveraged Loan)	2.7%	(0.6%)
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	8.5%	(11.7%)
Emerging Market Debt Hard (JPM EMBI Global Diversified)	8.1%	(17.8%)
Mortgage-Backed Securities (Bloomberg MBS)	2.1%	(11.8%)

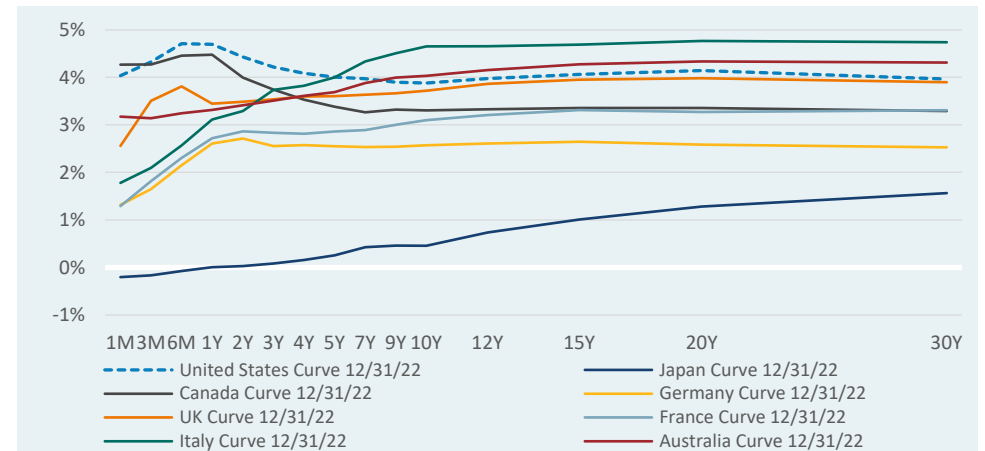
Source: Bloomberg, as of 12/31/22

Yield environment

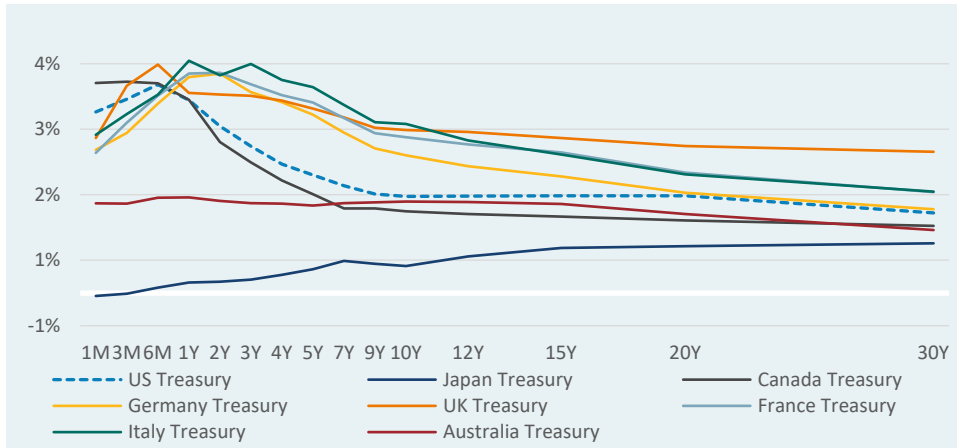
U.S. YIELD CURVE



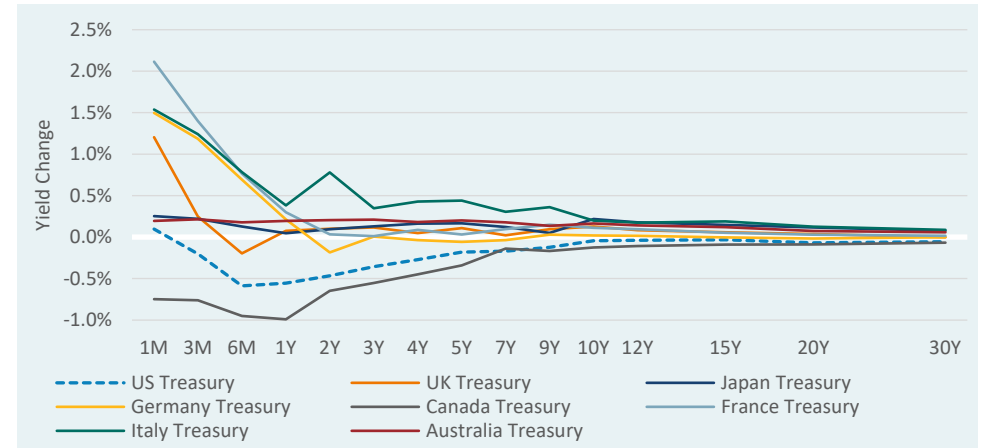
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



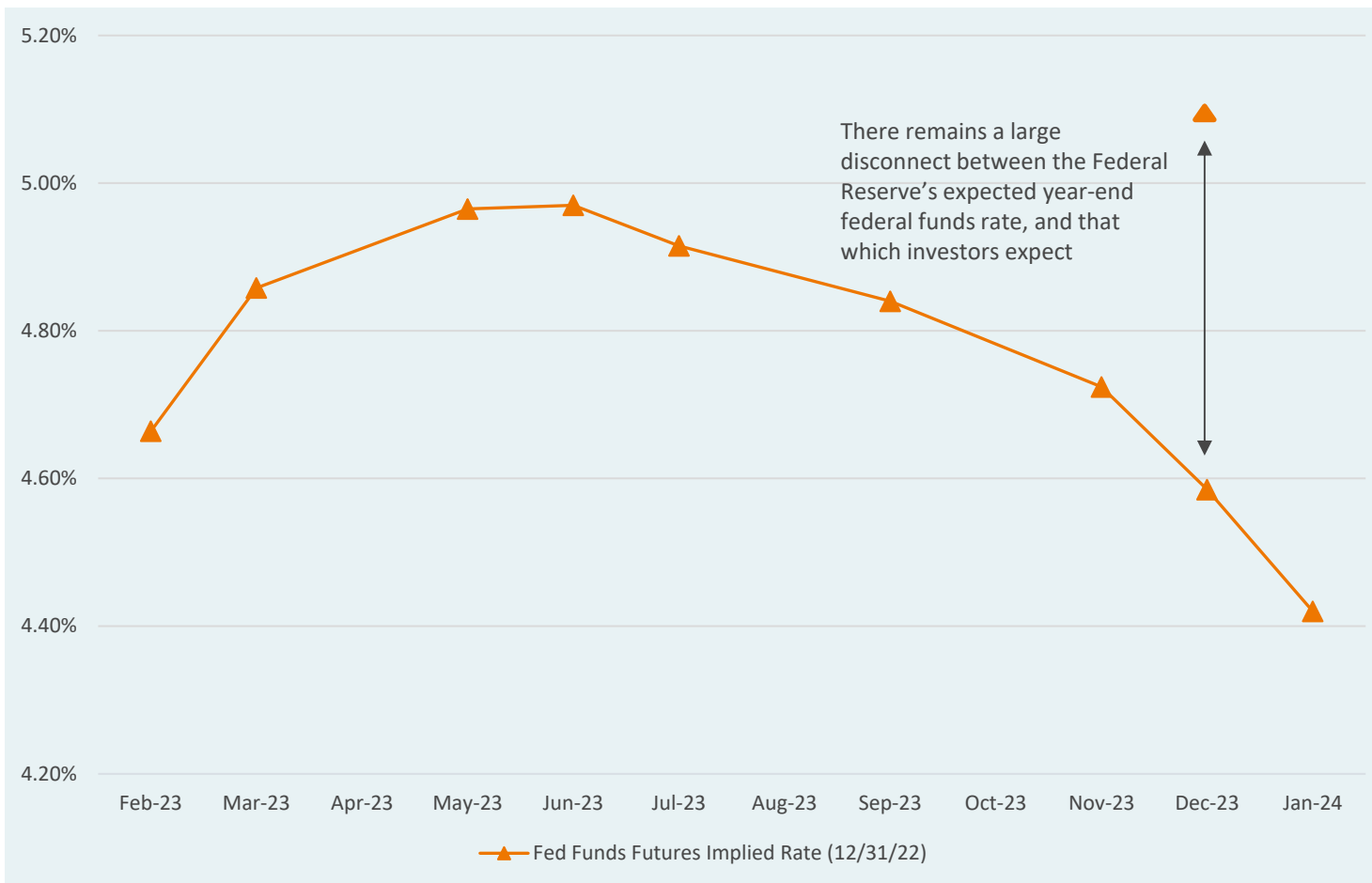
IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 12/31/22

Markets more optimistic than the Fed

FED FUNDS FUTURES IMPLIED FED RATE



Markets expected the federal funds rate to rise to a peak of near 5.0% in Spring of 2023, followed by rate cuts throughout the remainder of the year

This contrasts sharply with forecasts from the Federal Reserve, which indicates a federal funds rate projection for the end of 2023 of **5.1%**

Source: Bloomberg, as of 12/31/22

Credit environment

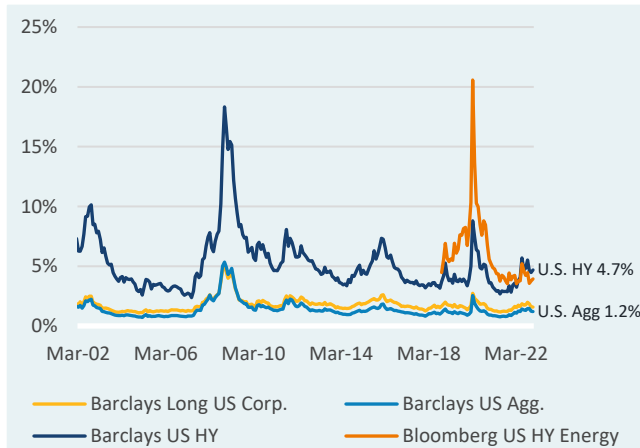
During the fourth quarter, markets began pricing in an eventual end to the Federal Reserve rate hiking cycle. This supported the performance of credit assets, as well as stronger-than-expected U.S. economic data which helped alleviate recession fears. High yield credit returns led the way with 4.2%, followed by 3.6% from investment grade credit and 2.3% from bank loans.

Credit spreads broadly tightened, with investment grade spreads falling to 130 bps from their high of 165 bps in Q3. High yield spreads compressed further, moving from 552 bps to 469 bps over the quarter. Despite calendar year returns of investment grade credit being the worst on record at -15.8%, and two consecutive years of negative returns, spreads have

widened less than anticipated. This suggests spreads could expand from these levels if conditions deteriorate.

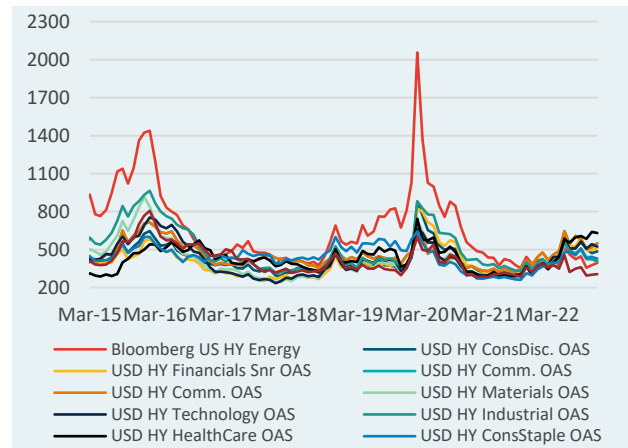
The total yield of high yield credit declined modestly throughout Q4, ending the quarter at 9.0%, which was 71 bps below Q3 yields but still elevated far above yields to start 2022. The Bloomberg US Corporate Investment Grade Index saw similar movement, with yields declining to 5.4% from 5.7% during the quarter, though still significantly higher than 2.4% to start the year. More attractive yield levels have the potential to drive demand for fixed income broadly, though concerns around growth and recession may act as headwinds to the spread-sensitive performance of higher risk credit.

SPREADS



Source: Barclays, Bloomberg, as of 12/31/22

HIGH YIELD SECTOR SPREADS (BPS)



Source: Bloomberg, as of 12/31/22

Market	Credit Spread (OAS)	
	12/31/22	12/31/21
Long U.S. Corp	1.6%	1.3%
U.S. Inv Grade Corp	1.3%	0.9%
U.S. High Yield	4.7%	2.8%
U.S. Bank Loans*	5.9%	4.3%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/22

*Discount margin (4-year life)

Default & issuance

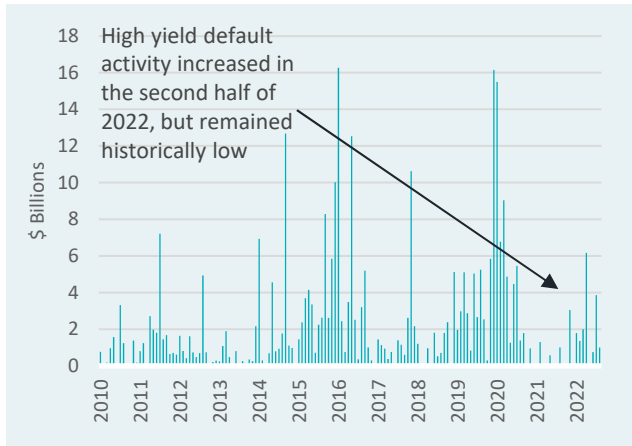
Default activity in high yield bonds and bank loans remained subdued during Q4. Throughout the year, 17 companies defaulted totaling \$26.3 billion, with large defaults concentrated in the Healthcare sector which accounted for over 36% of total dollar volume. Default rates for par-weighted U.S. high yield and bank loans remained very low at 0.8% and 1.0%, respectively. While these levels are well below long-term historical averages, defaults are widely expected to increase amid sustained higher interest rates, tighter financial conditions, and weaker economic growth.

Default recovery rates of high yield and bank loans remained strong for a second consecutive year. High yield recovery rates ended the year at 55% (above the long-term average of 40%) while the recovery rate of bank loans

ended the year at 58% (below the long-term average of 64%).

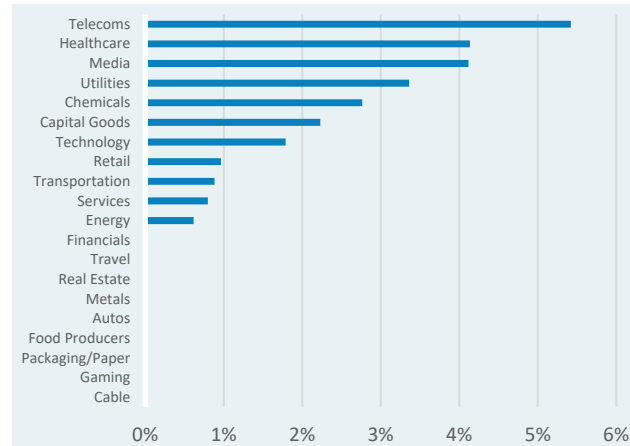
Investment grade credit issuance remained light, with \$195 billion of issuance in Q4 being the lowest quarter of the year. During 2022, \$1.2 trillion of investment grade bond issuance was 12% lower than 2021 but still in line with the past five-year average. Levered credit also saw quarterly lows of issuance, with \$16.5 billion and \$47.6 billion in the high yield and levered loan spaces, respectively. The year-over-year declines in issuance within high yield and bank loans have been dramatic, down around 70% since 2021.

U.S. HY MONTHLY DEFAULTS (PAR WEIGHTED)



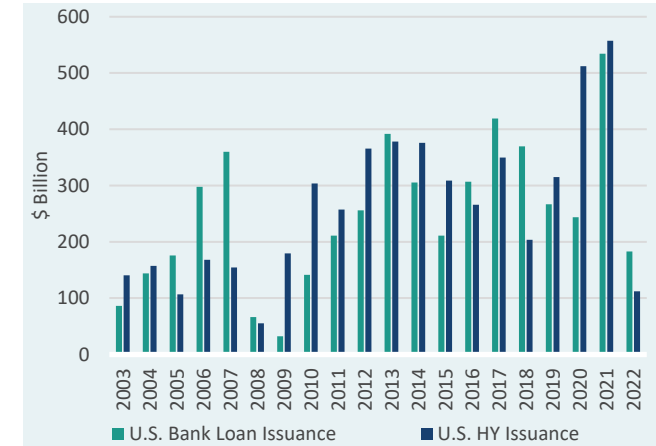
Source: BofA Merrill Lynch, as of 12/31/22

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



Source: BofA Merrill Lynch, as of 12/31/22 – par weighted

U.S. ISSUANCE (\$ BILLIONS)



Source: BofA Merrill Lynch, as of 12/31/22

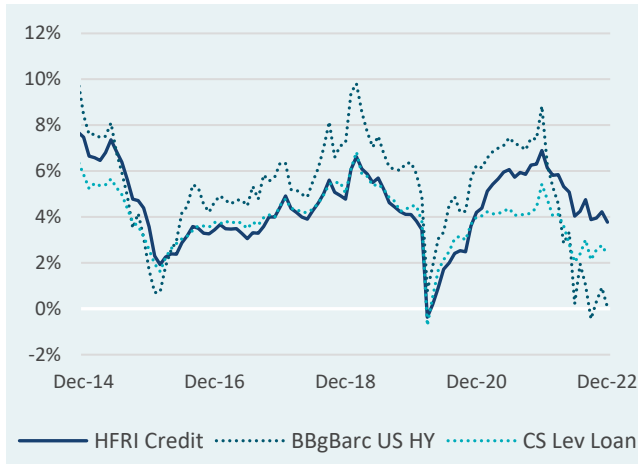
Alternative credit

Credit hedge fund strategies held up well in 2022 despite continued pressure on high yield and duration-sensitive assets. The HFRI Credit Index, which typically delivers performance between that of high yield and bank loans, only lost -2.6% for the year despite widening credit spreads and exposure to duration (which has been very painful for traditional credit).

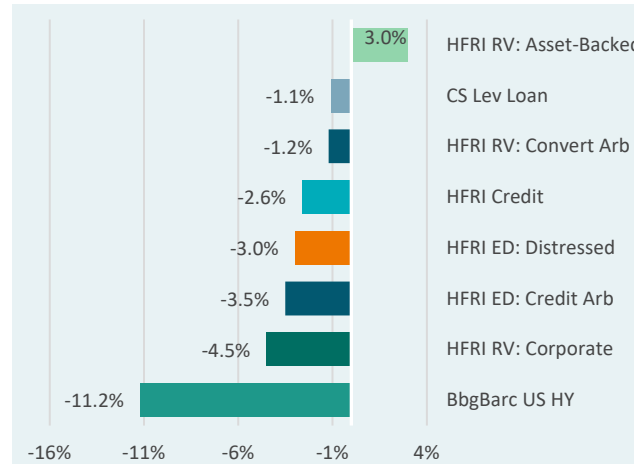
Looking more closely at hedge fund credit, asset-backed strategies were the strongest performers throughout the year. These strategies gained 3% while most other alternative credit funds were modestly negative, in line with bank loans.

We believe asset-backed and distressed strategies remain the most interesting in the space. Asset-backed funds have found attractive yields in off-the-run securitized credit markets, while distressed funds benefited from value investing coming back into favor, and increasing corporate stress which provides new trading opportunities.

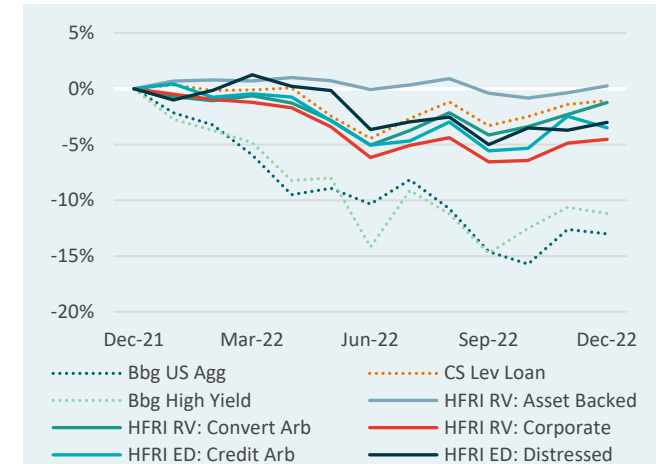
3-YEAR ROLLING RETURN



2022 RETURN



2022 CUMULATIVE RETURN



Source: MPI, Morningstar, HFR, Bloomberg, as of 12/31/22

Equity

Equity environment

- U.S. equities delivered their only positive quarterly return of 2022 during Q4 (S&P 500 +7.6%), helping to dampen the index’s worst calendar year performance since 2008 (-18.1% loss in 2022). Higher interest rates and recession fears contributed to poor returns.
- U.S. corporate earnings in Q3 grew 2.4% from the year prior, marking the slowest rate of growth since Q3 2020. Per FactSet, earnings are projected to decline by -4.1% in Q4, which would mark the first decline in U.S. earnings since 2020.
- Many equity markets now trade at valuation levels near historical averages as rising rates and growth concerns have contributed to more attractive pricing. The S&P 500 forward P/E ratio of 18.3 (as of November 30th) is under the five-year average of 18.6 and the ten-year average of 20.2.
- Currency movements continued to create portfolio volatility for investors with unhedged exposure to foreign currencies. The U.S. dollar depreciated sharply during Q4 which resulted in a large gain of 7.6% for investors with unhedged foreign currency exposure (+17.3% MSCI EAFE unhedged, +9.7% MSCI EAFE hedged).
- Value stocks outpaced growth stocks by 10.2% in Q4 and by 21.6% for the year. Energy, industrials, and materials—sectors which are heavily tilted toward value—showed strong returns, with energy ending the year up 64.6%.
- Implied volatility fell significantly over the quarter, as the Cboe VIX Index moved from 31.6 to 21.7. Equity markets advanced on cooling inflation, potential for less aggressive central bank action, and perhaps optimism around China’s reopening.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	7.6%		(18.1%)	
U.S. Small Cap (Russell 2000)	6.2%		(20.4%)	
U.S. Equity (Russell 3000)	7.2%		(19.2%)	
U.S. Large Value (Russell 1000 Value)	12.4%		(7.5%)	
US Large Growth (Russell 1000 Growth)	2.2%		(29.1%)	
Global Equity (MSCI ACWI)	9.8%	7.6%	(18.4%)	(15.5%)
International Large (MSCI EAFE)	17.3%	9.7%	(14.5%)	(4.6%)
Eurozone (EURO STOXX 50)	24.8%	15.7%	(15.1%)	(7.0%)
U.K. (FTSE 100)	17.1%	9.3%	(7.0%)	5.9%
Japan (NIKKEI 225)	11.3%	1.4%	(18.9%)	(5.2%)
Emerging Markets (MSCI Emerging Markets)	9.7%	6.7%	(20.1%)	(16.3%)

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 12/31/22

Domestic equity

U.S. equities notched their only positive quarterly return for the year during Q4 (S&P 500 +7.6%), helping to dampen the index's worst annual performance since 2008 (-18.1% loss in 2022). Domestic shares were negatively impacted by higher interest rates and growing recession fears due to tightening from the Federal Reserve. While performance over the quarter was positive, U.S. equities trailed emerging market and international developed equities.

Earnings in the third quarter grew 2.4% from the year prior, marking the slowest rate of growth since Q3 2020. Energy dominated the narrative,

as earnings grew an incredible 137% from the previous year. U.S. energy companies experienced margin expansion due to materially higher commodity prices, specifically within oil and natural gas. Per FactSet, earnings are projected to decline by -4.1% in Q4, which would mark the first decline in U.S. earnings since 2020. A potential recession could pose challenges for the earnings outlook.

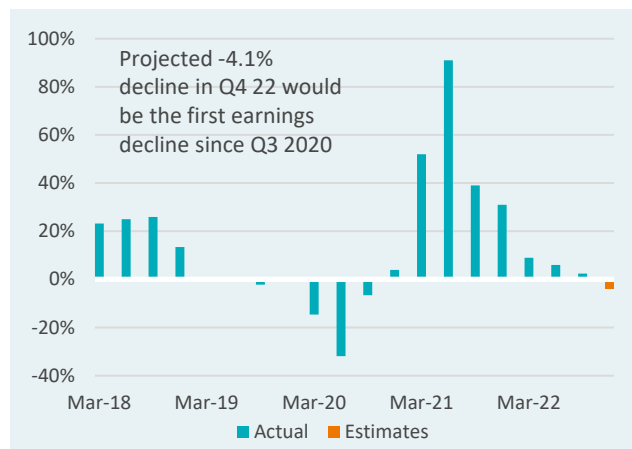
Energy dominated sector performance in the quarter (+22.8), leading the positive performance seen in most sectors, while telecommunications (-1.4%) and consumer discretionary (-10.2%) saw negative returns.

S&P 500 PRICE INDEX



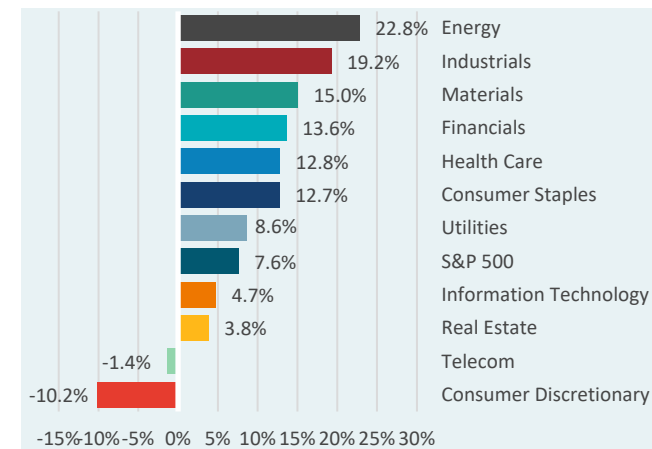
Source: Standard & Poor's, as of 12/31/22

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



Source: FactSet, as of 12/31/22

Q4 SECTOR PERFORMANCE



Source: Morningstar, as of 12/31/22

Domestic equity size & style

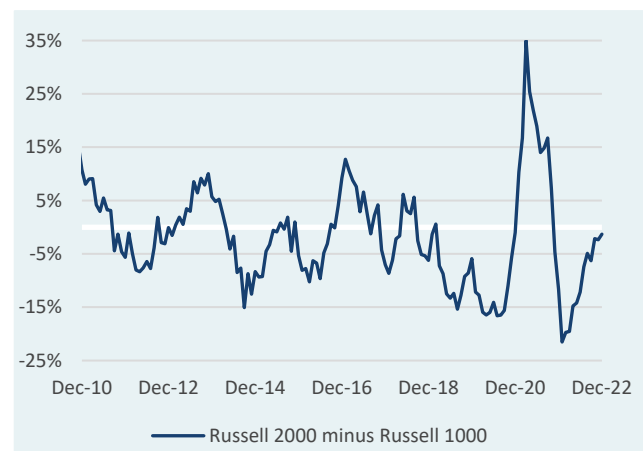
Value stocks outpaced growth stocks by 10.2% in Q4 and by 21.6% for the year. Energy, industrials, and materials —sectors which are heavily tilted toward value—showed strong returns, with the energy sector ending the year up 64.6%.

Markets adjusted to Federal Reserve rate hikes in the fourth quarter and throughout the year. Profitless and high-growth companies suffered the most as investors favored higher yielding fixed income and preferred stocks with strong fundamentals.

Small capitalization stocks underperformed large capitalization stocks (Russell 2000 +6.2%, Russell 1000 +7.2%), and remain relatively rich in valuations despite recent performance pain.

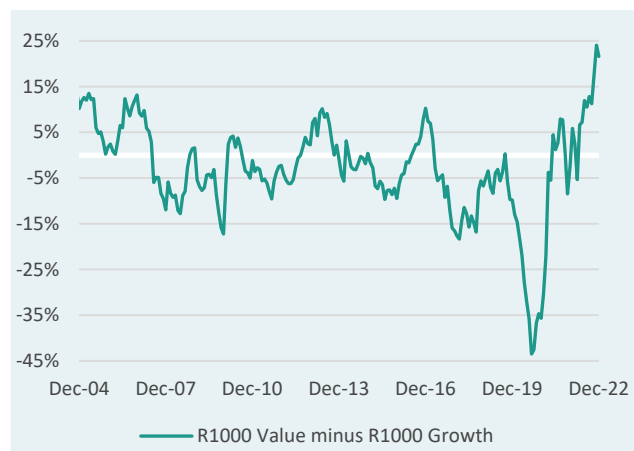
Domestic equities made a modest recovery in Q4 as inflation appears to have peaked and the end of the Fed’s hiking cycle is in sight. These dynamics will likely help determine the relative performance of style factors in the near-term.

SMALL CAP VS LARGE CAP (YOY)



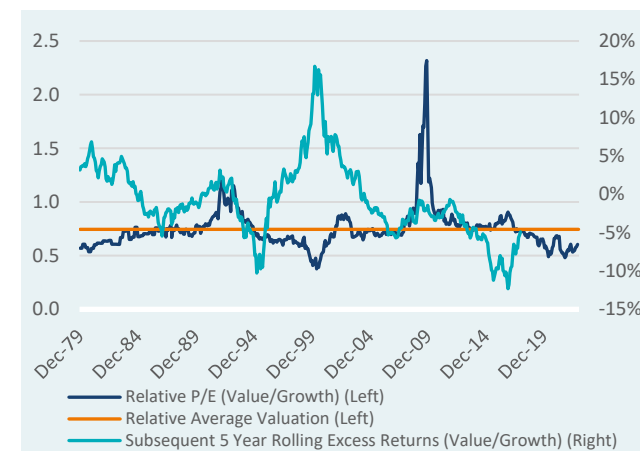
Source: FTSE, as of 12/31/22

VALUE VS GROWTH (YOY)



Source: FTSE, as of 12/31/22

VALUE VS. GROWTH RELATIVE VALUATIONS



Source: FTSE, Bloomberg, as of 12/31/22

International developed equity

International developed equities rallied significantly in the fourth quarter, driven by strong gains from Eurozone equities and favorable currency movements. The MSCI EAFE Index finished the quarter up 17.3% on an unhedged currency basis, handily outperforming emerging market and U.S. equities.

A bounce back from European shares helped drive the double-digit returns seen from the MSCI EAFE Index. Investors showed preference towards larger names, as the EURO STOXX 50—a gauge of the largest companies in the

Eurozone—rose 24.8%, outpacing the 19.7% gain from the broader EURO STOXX 600 Index. Both indices were trading at 2022 lows at the start of the fourth quarter.

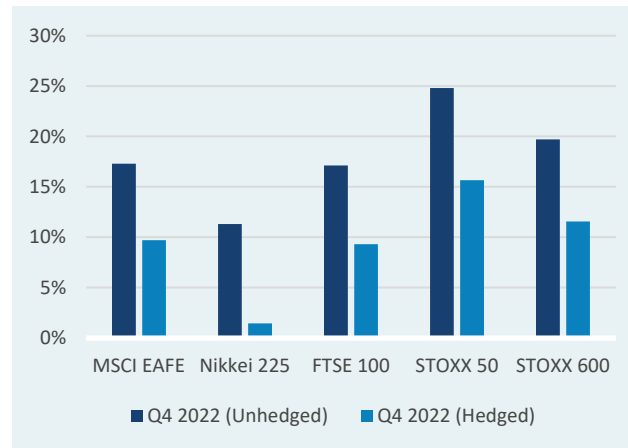
Currency movements played a large role in unhedged Eurozone performance and also boosted the unhedged returns of Japan and the United Kingdom. The U.S. dollar sharply pivoted on market views that the Federal Reserve may follow a shorter tightening cycle. As a result, exchange rates for the Euro, Pound, and Yen appreciated relative to the greenback.

INTERNATIONAL DEVELOPED EQUITY



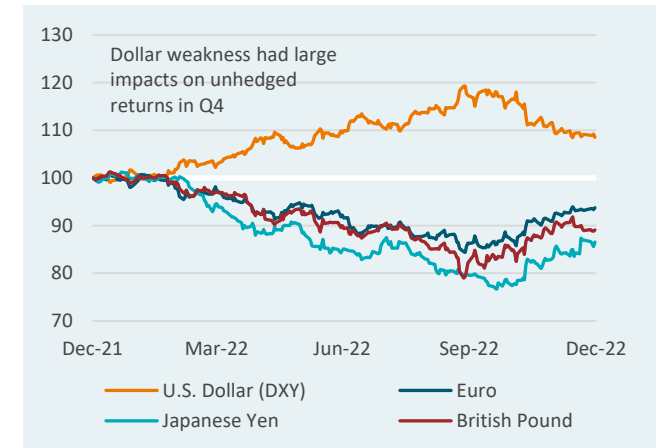
Source: MSCI, as of 12/31/22

Q4 2022 REGIONAL INDEX RETURNS



Source: MSCI, STOXX, FTSE, Nikkei, as of 12/31/22

2022 CURRENCY MOVEMENTS (BASE OF 100)



Source: Bloomberg, as of 12/31/22

Emerging market equity

Emerging market equities advanced alongside global equities as the MSCI EM Index finished the quarter up 9.7%. Performance was volatile over the quarter, as losses in October were pared by a 13.2% rally over November and December. Despite the rally to close out the year, the index still ended down -20.1%, underperforming both international developed and U.S. equity benchmarks.

Returns in the fourth quarter were driven by gains in Chinese equities, which jumped following a rapid pivot away from the Chinese Communist Party's "Zero Covid" policy. While

Chinese shares still dominate the index (around 30%), strong performance from countries with smaller weights also played a large role.

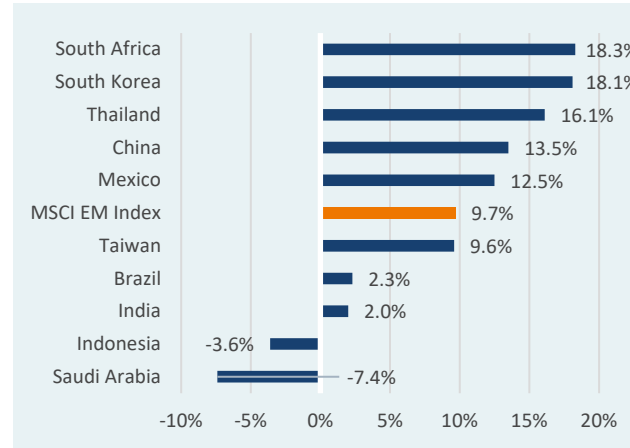
Indian shares, which hold the second largest weight in the index, acted as a drag on returns during the quarter but still ended in positive territory. Despite a modest 2.0% quarterly gain, the Indian market was one of the best performers of 2022, finishing the year down -8.0%. This compared to double-digit losses from other regional indices.

EMERGING MARKET EQUITY



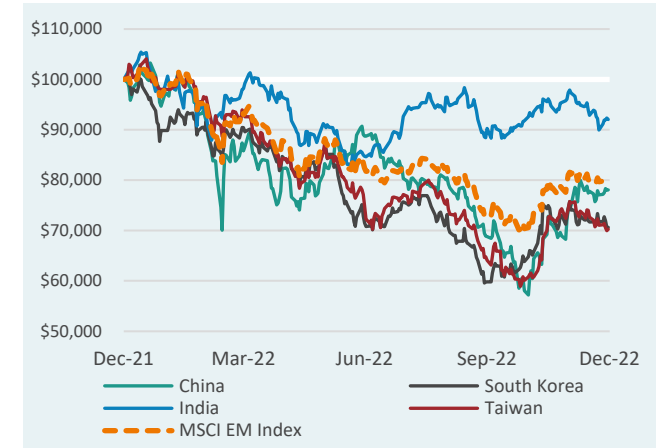
Source: MSCI, as of 12/31/22

Q4 2022 MSCI COUNTRY RETURNS (USD)



Source: Bloomberg, MSCI, as of 12/31/22

GROWTH OF \$100K IN 2022 (EM WEIGHTS >10%)



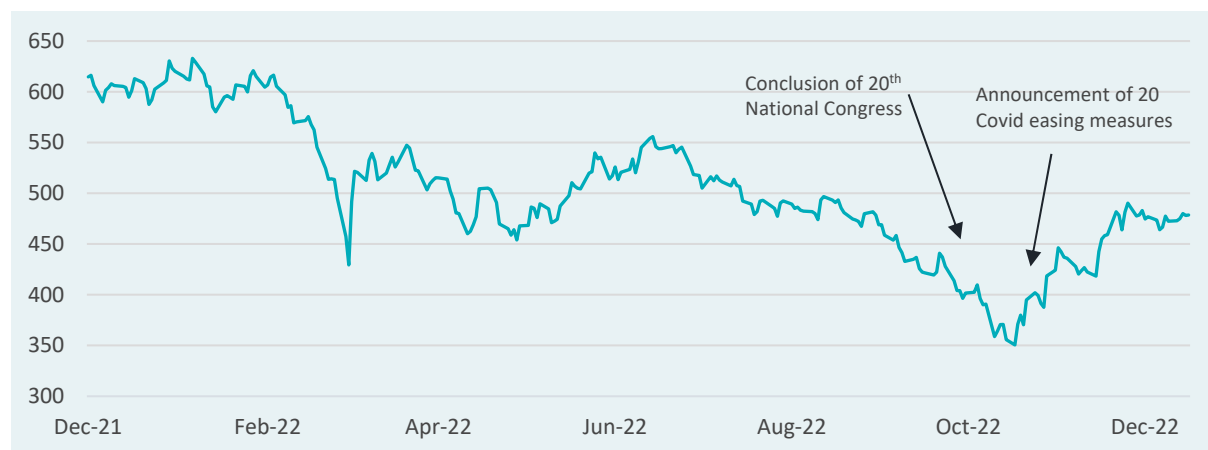
Source: Bloomberg, MSCI, as of 12/31/22 - performance in USD

Recent developments in China

China has continued to make global headlines, though two stories seemed to dominate the narrative. First, the 20th National Congress of the Chinese Communist Party (CCP) resulted in greater concentration of power and an unprecedented third-term for CCP General Secretary Xi Jinping. Second, China communicated a sharp reversal of its “Zero Covid” policy, as the government swiftly reopened major cities from stringent lockdowns, which has contributed to a new wave of COVID-19 cases.

Chinese equity markets dropped sharply following the 20th National Congress, but quickly reversed course following a string of economic reopening announcements. Markets moved even higher during the latter half of the quarter, fueled by the reopening story and prospects for easier monetary and fiscal policy relative to the rest of the world. While the reopening of the world’s largest economy presents a tailwind to economic growth, concerns remain around the timeline of recovery, the net impact of eased supply chains and increased global demand, as well as the new concentration of power within the government.

MSCI CHINA INDEX (USD)



Source: Bloomberg, as of 12/31/22

CHINESE LEADERSHIP SINCE MAO ZEDONG

Leader	Electing Central Committee
Mao Zedong	6th (1928 - 1945)
	7th
	8th
	9th
	10th (1973 - 1977)
Hua Guofeng	11th (1977 - 1982)
Hu Yaobang	11th (1977 - 1982)
	12th (1982 - 1987)
Zhao Ziyang	12th (1982 - 1987)
	13th (1987 - 1992)
Jiang Zemin	13th (1987 - 1992)*
	14th (1992 - 1997)
	15th (1997 - 2002)
Hu Jintao	16th (2002 - 2007)
	17th (2007 - 2012)
Xi Jinping	18th (2012 - 2017)
	19th (2017 - 2022)
	20th (2022 - 2027)

*Replaced Zhao Ziyang mid-term in 1989

First third-term election since Mao Zedong

Equity valuations

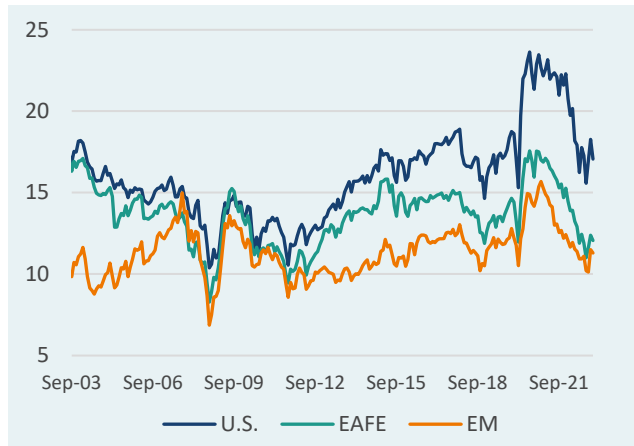
Many markets now trade at valuation levels near their historical average as inflation and rising interest rates have brought prices down. The S&P 500 forward P/E ratio of 17.1 is below the five- and ten-year averages of 18.6 and 20.2, respectively. The Federal Reserve remains in focus for U.S. investors as valuations over the past decade have been lifted by low interest rates. International equity valuations are depressed but may be further challenged by inflation and recession. Emerging market equities appear to be poised for a strong recovery, given a more positive growth outlook, and

as China's reopening could improve fundamentals and bring the asset class back into favor.

International developed equities remain inexpensive relative to U.S. equities, but developed markets face significant long-term headwinds. In Q4, gains in the Euro and Yen and an easing energy crisis boosted international developed equity returns, but high inflation, high debt and low growth in Japan, poor demographics, and a hawkish ECB make for a challenged long-term outlook.

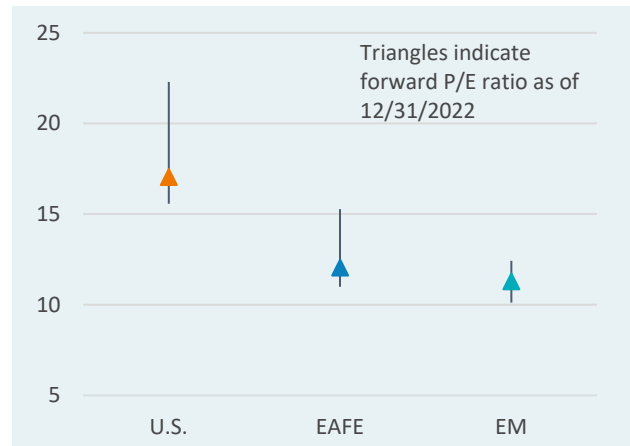
International developed equities remain extremely cheap relative to U.S. markets

FORWARD P/E RATIOS



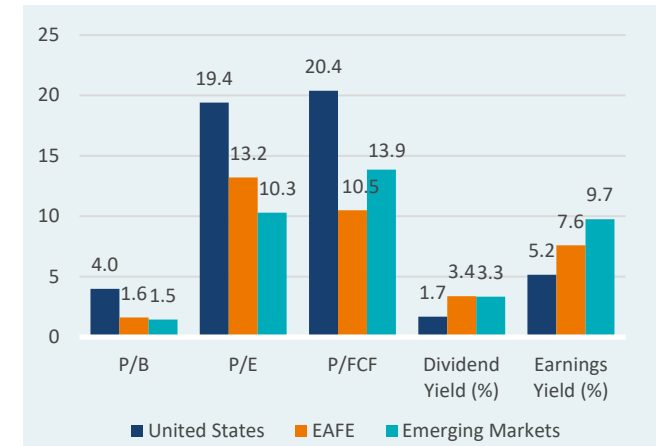
Source: MSCI, 12m forward P/E, as of 12/31/22

FORWARD P/E RATIO RANGES (DURING 2022)



Source: MSCI, 12m forward P/E, as of 12/31/22

VALUATION METRICS (3-MONTH AVERAGE)



Source: Bloomberg, MSCI, as of 12/31/22 - trailing P/E

Equity volatility

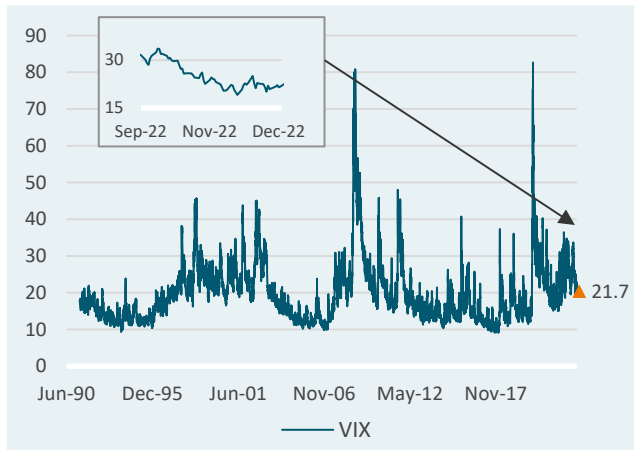
Implied volatility fell significantly over the quarter. The Cboe VIX Index moved from 31.6 to 21.7. Equity markets advanced on cooling inflation, potential for less aggressive central bank action, and perhaps optimism around China’s reopening.

In contrast, realized volatility increased from the prior quarter. Volatility rose across S&P 500, MSCI EAFE, and MSCI EM Indices. Realized volatility in the domestic market remained the highest—a trend consistent with last quarter—as markets swung around inflation prints, two Federal

Reserve interest rate decisions, and growing concerns over a potential 2023 recession.

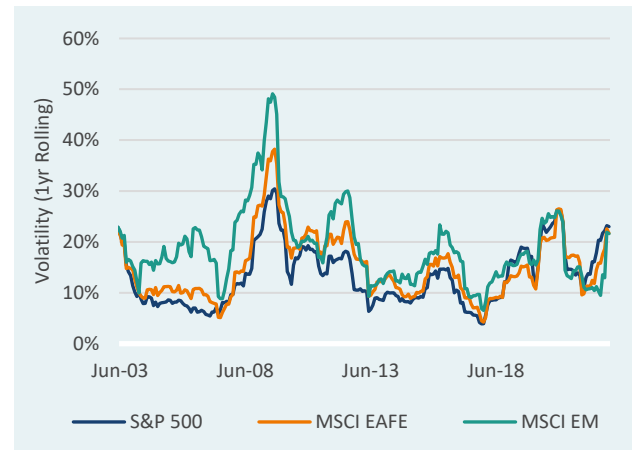
Historically speaking, the S&P 500 delivered exceptionally poor performance in line with some of the worst of the index’s history. Looking all the way back to 1929, this year was the seventh worst in the index’s history and the worst calendar year performance since 2008.

U.S. IMPLIED VOLATILITY (VIX)



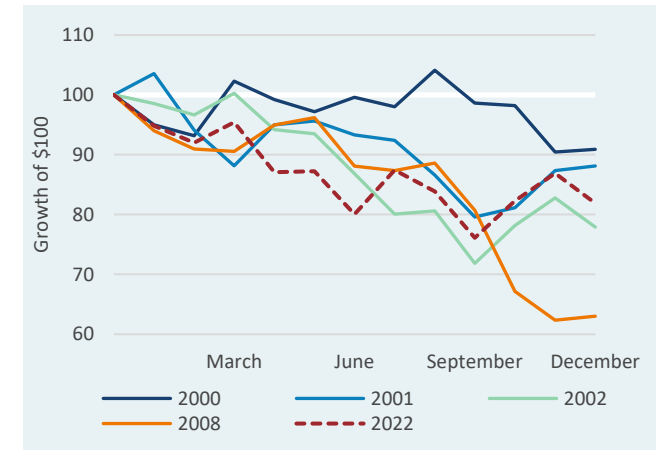
Source: Cboe, as of 12/31/22

REALIZED VOLATILITY



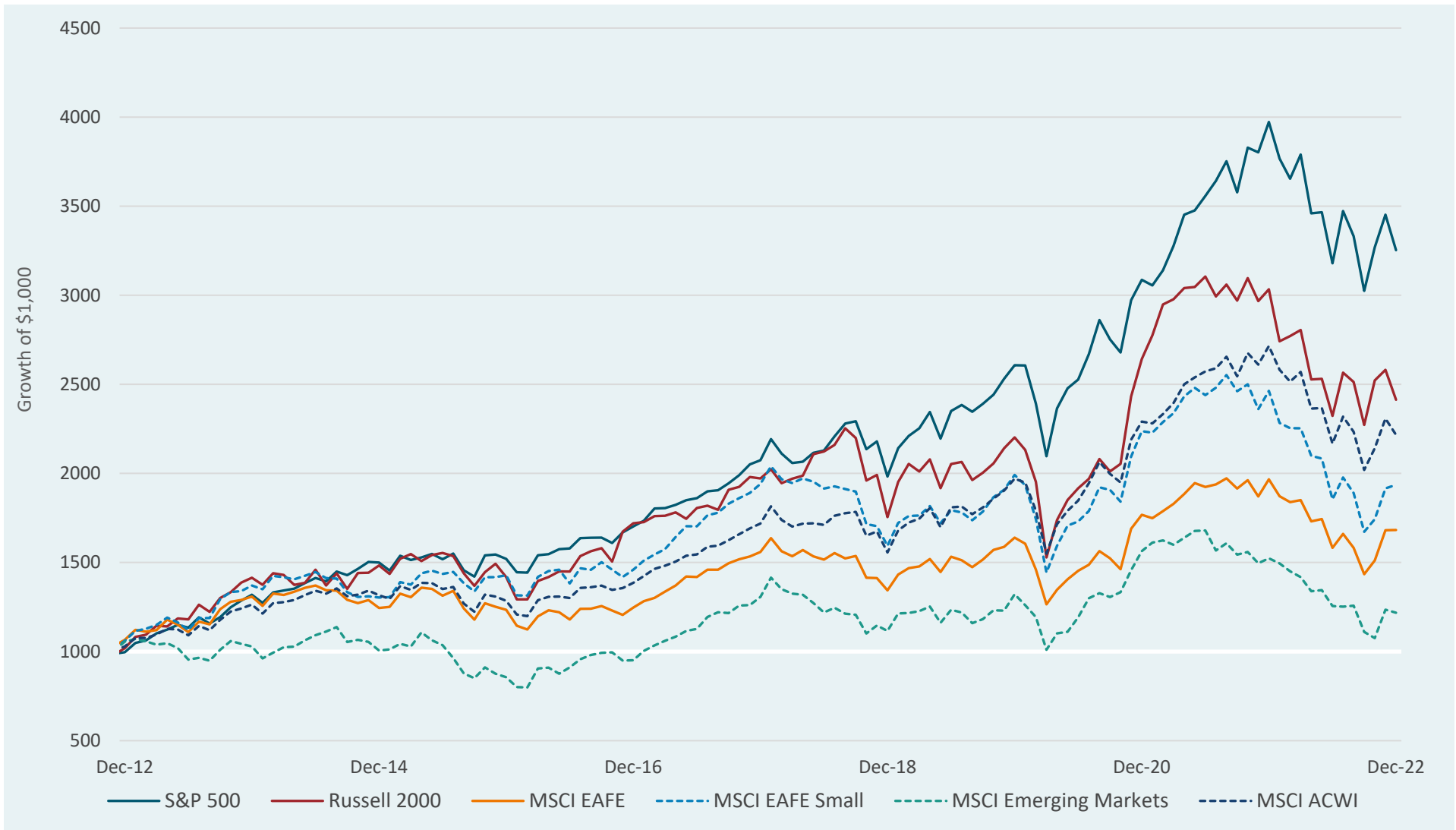
Source: S&P, MSCI, as of 12/31/22

S&P 500 FIVE WORST YEARS SINCE 1988



Source: S&P, Bloomberg, as of 12/31/22 – since 1988

Long-term equity performance



Source: MPI, as of 12/31/22

Other assets

Currency

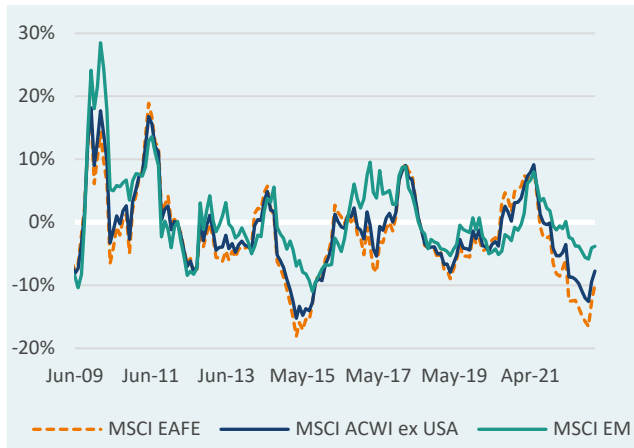
Currency volatility has translated to much higher portfolio volatility for investors with unhedged exposure to foreign currencies. The U.S. dollar depreciated relative to major currencies during the fourth quarter which resulted in large gains for investors with unhedged foreign currency exposure. These currency gains amounted to 7.6% for investors with unhedged exposure to the MSCI EAFE Index (+17.3% MSCI EAFE unhedged, +9.7% MSCI EAFE hedged).

U.S. dollar strength of 2022 was reversed in Q4 as markets began pricing in a shorter Federal Reserve tightening cycle. Expectations for lower rates in the U.S., combined with an ongoing struggle to control high inflation (and therefore tighter financial policies from respective central banks)

within developed economies, likely played a major role in the U.S. dollar sell-off.

Despite currency gains seen this quarter, we believe that a thoughtful currency program may allow an investor to reduce their total portfolio risk while also increasing long-term expected returns. The MSCI Currency Factor Mix Index—a representation of a passive investment in the currency market—has shown a positive one-year rolling return over most periods with very low volatility. This contrasts to the unhedged currency exposure (what we refer to as “embedded currency”) that most investors own, which has shown high volatility and frequent losses.

EFFECT OF CURRENCY (1-YEAR ROLLING)



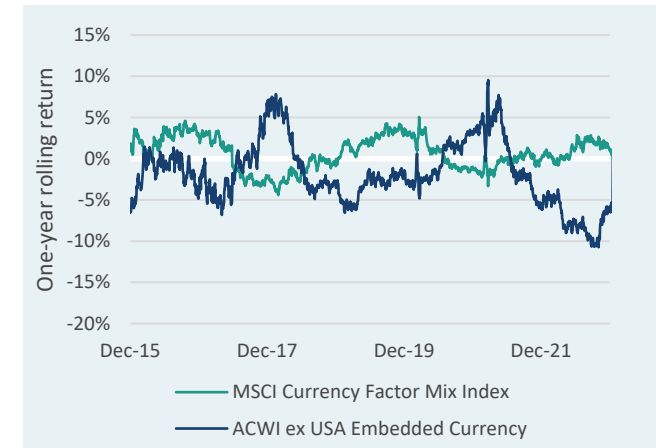
Source: MSCI, as of 12/31/22

BLOOMBERG DOLLAR SPOT INDEX



Source: Bloomberg, as of 12/31/22

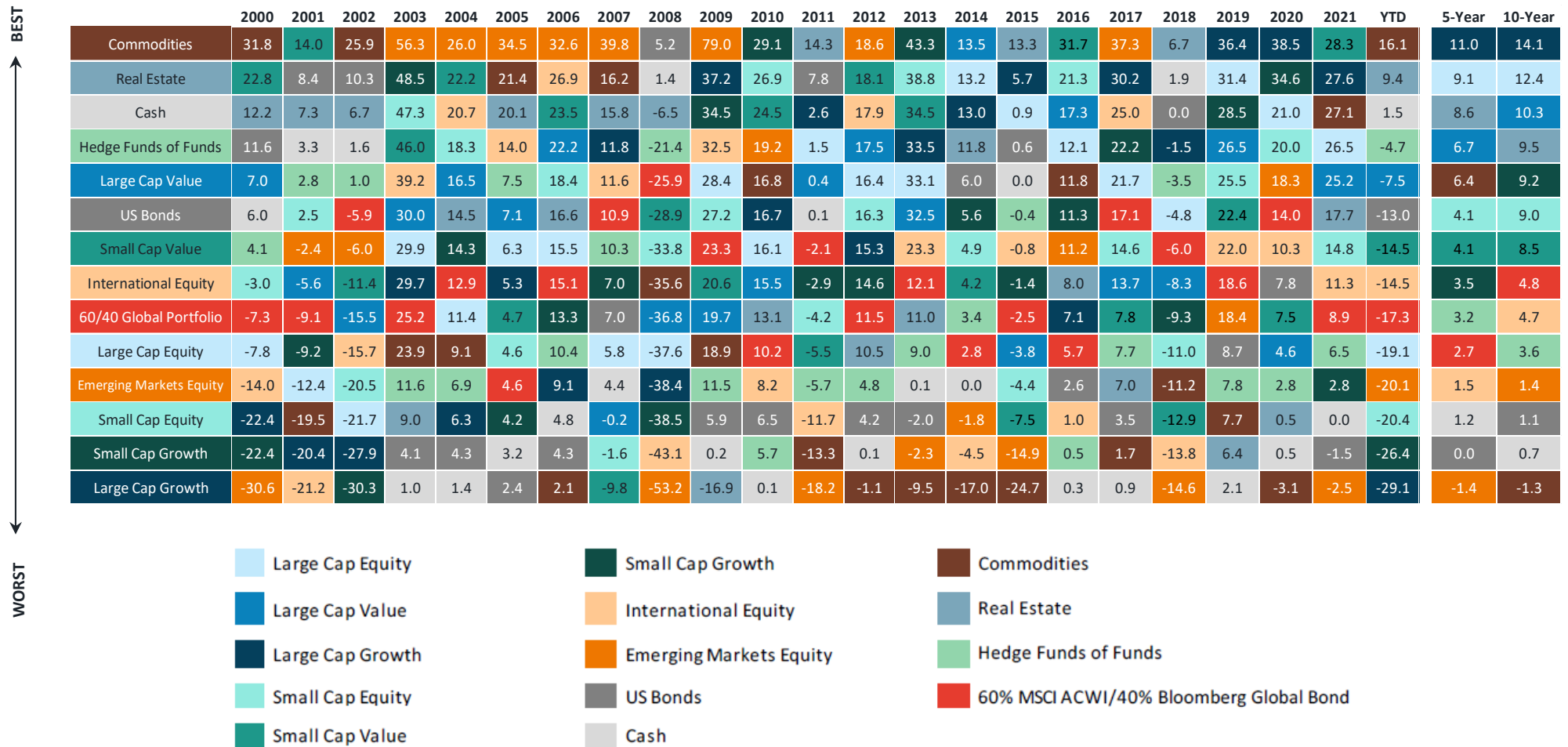
EMBEDDED CURRENCY VS CURRENCY FACTORS



Source: Bloomberg, as of 12/31/22

Appendix

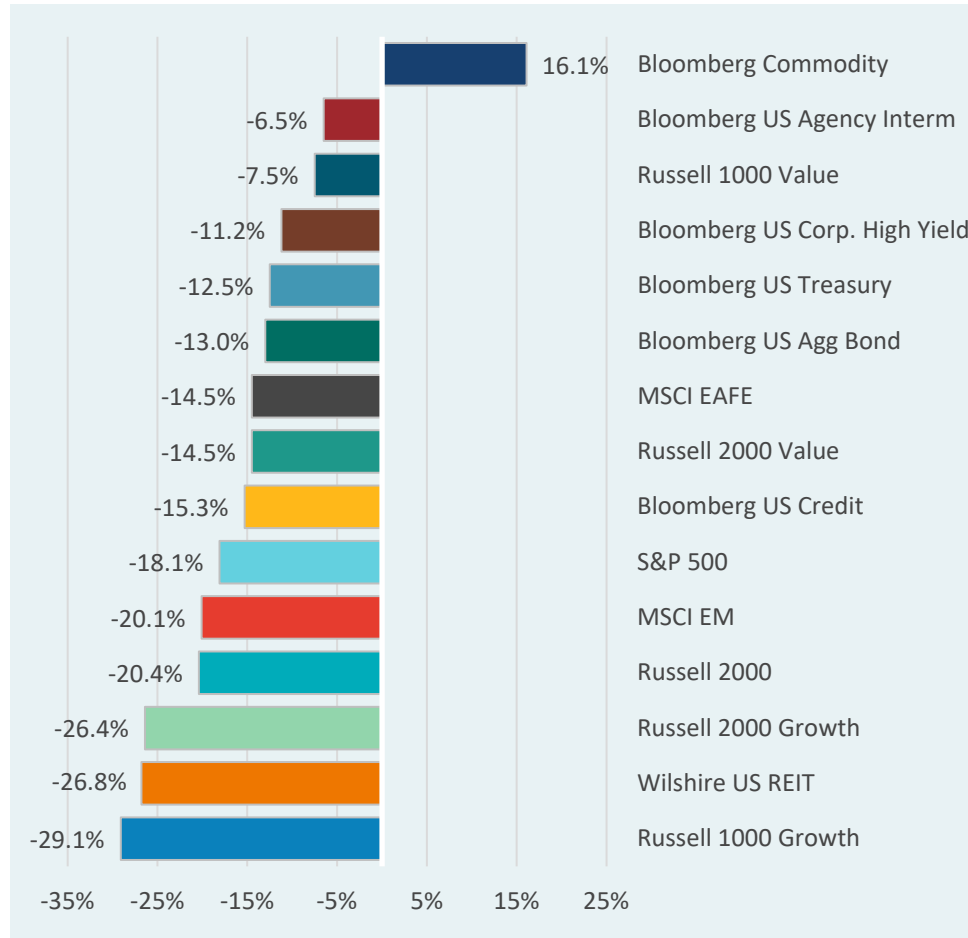
Periodic table of returns



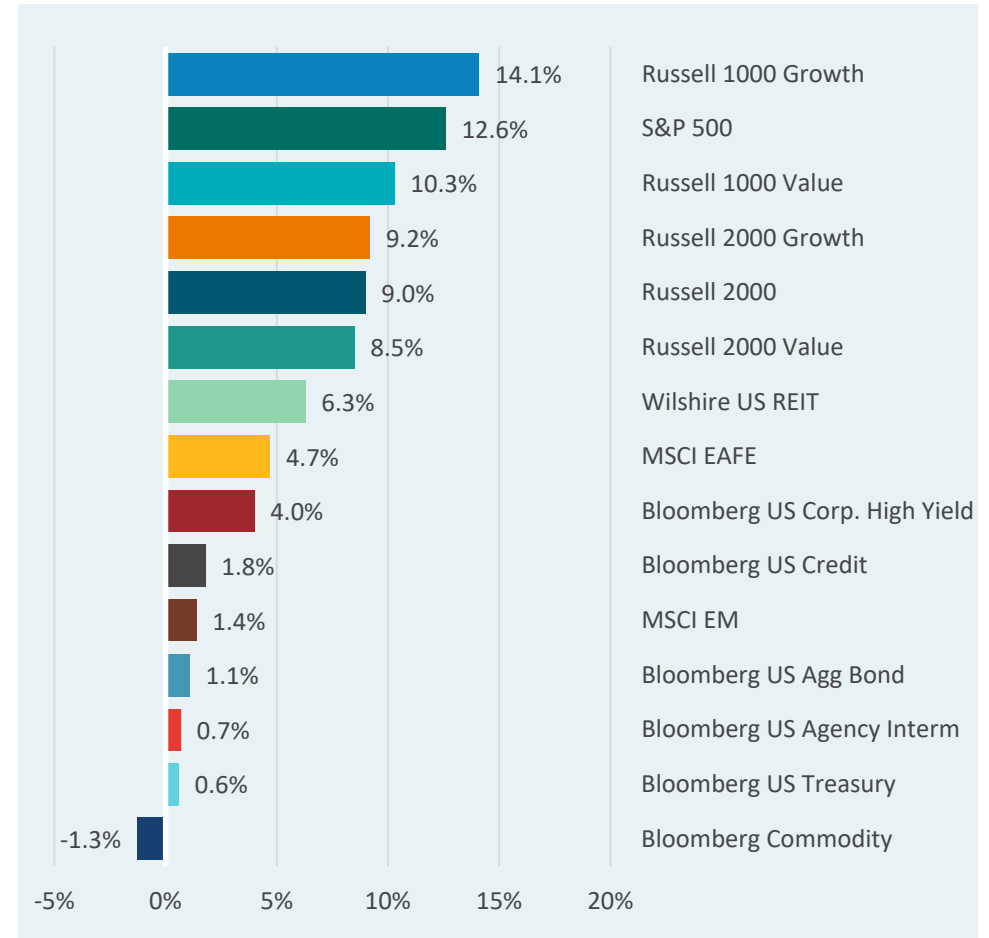
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond as of 12/31/22. NCREIF Property Index performance data as of 9/30/22.

Major asset class returns

ONE YEAR ENDING DECEMBER



TEN YEARS ENDING DECEMBER



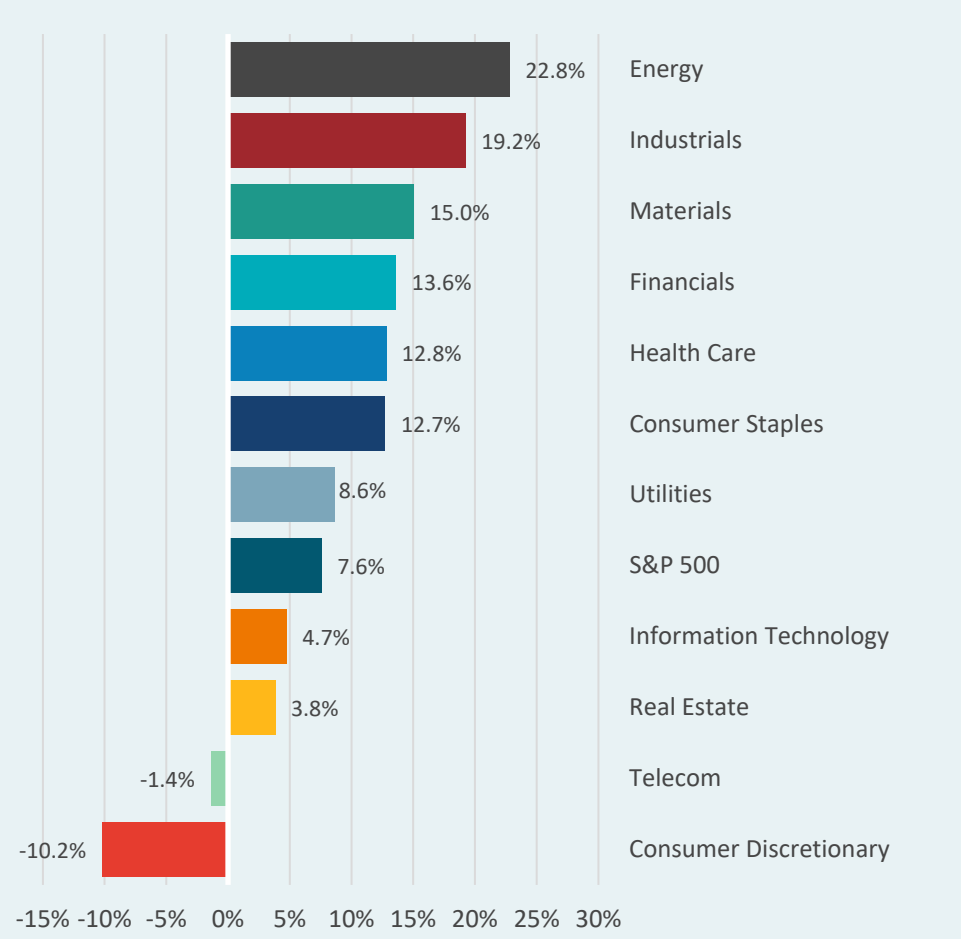
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 12/31/22

Source: Morningstar, as of 12/31/22

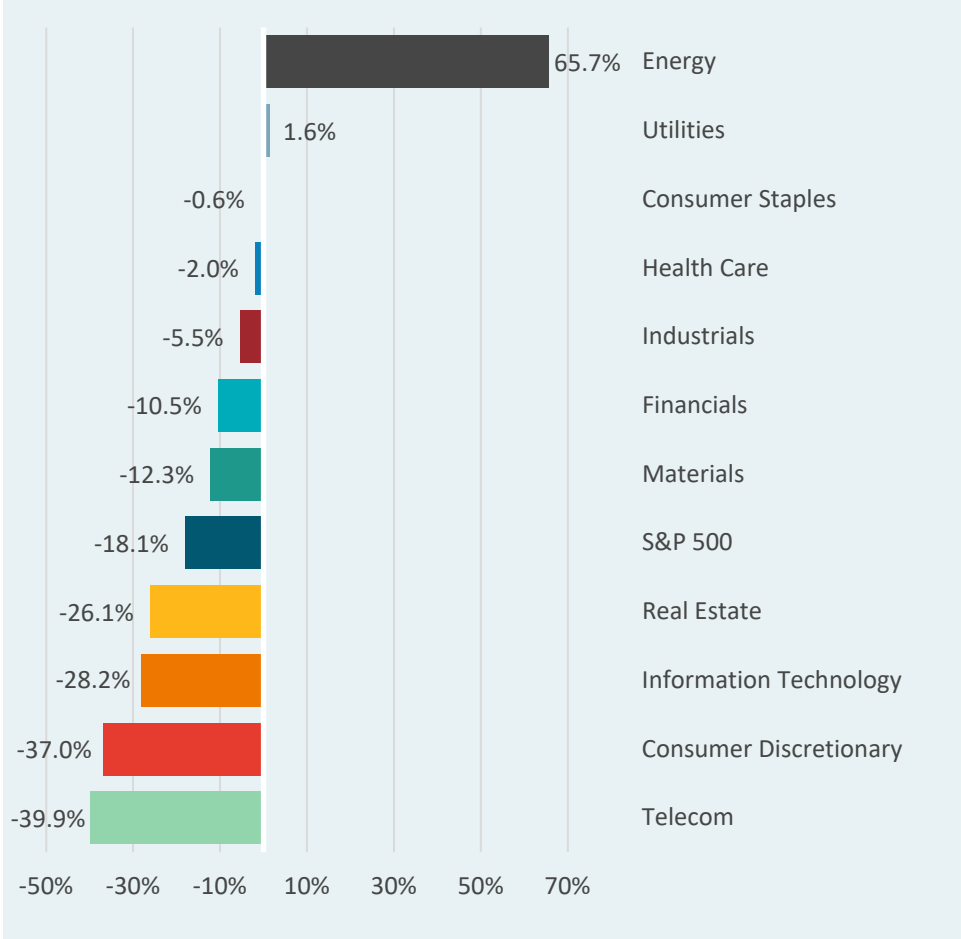
S&P 500 sector returns

QTD



Source: Morningstar, as of 12/31/22

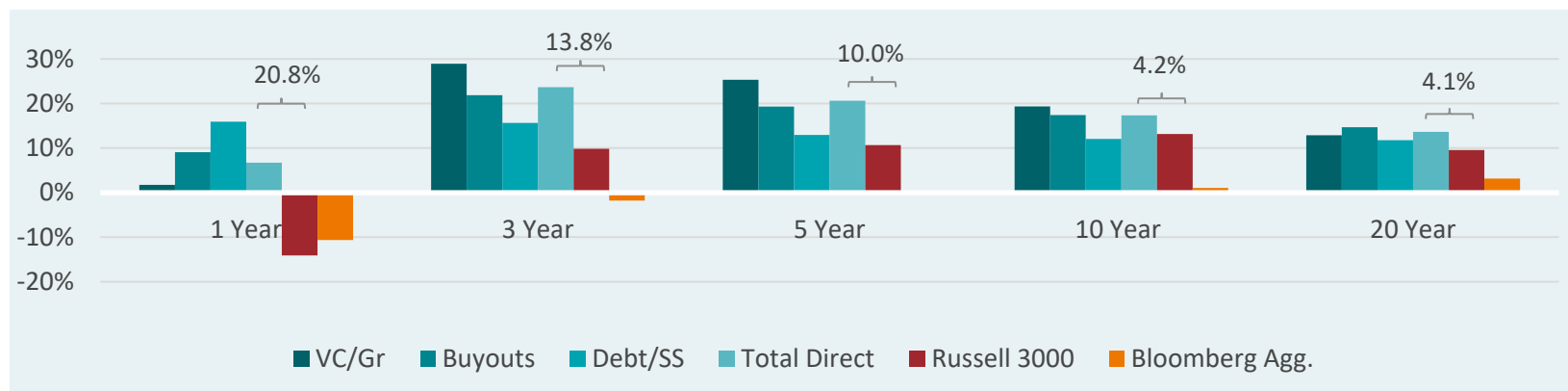
ONE YEAR ENDING DECEMBER



Source: Morningstar, as of 12/31/22

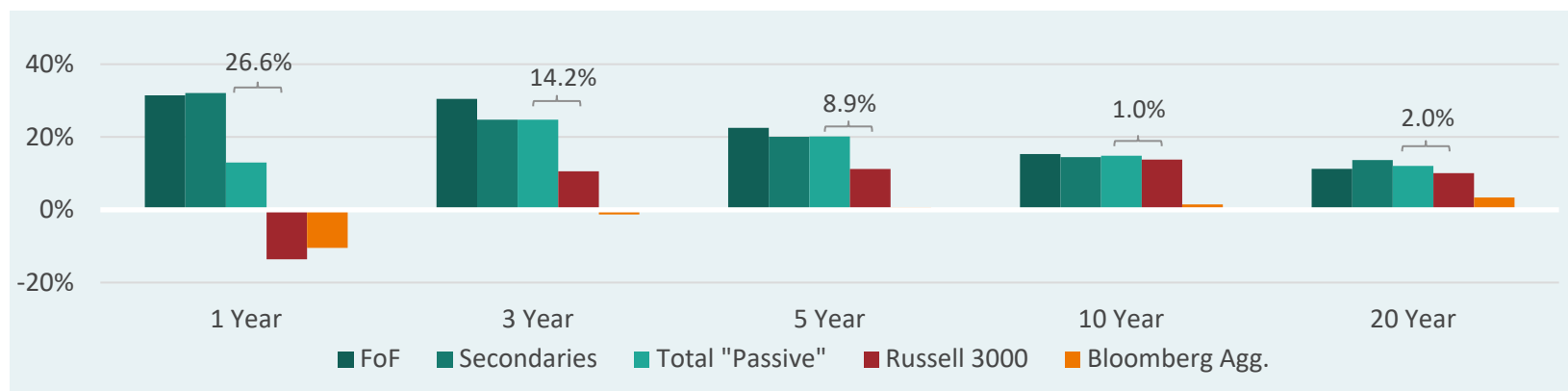
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed over all time periods, though elevated short-term outperformance may be transitory due to appraisal lags

"PASSIVE" STRATEGIES

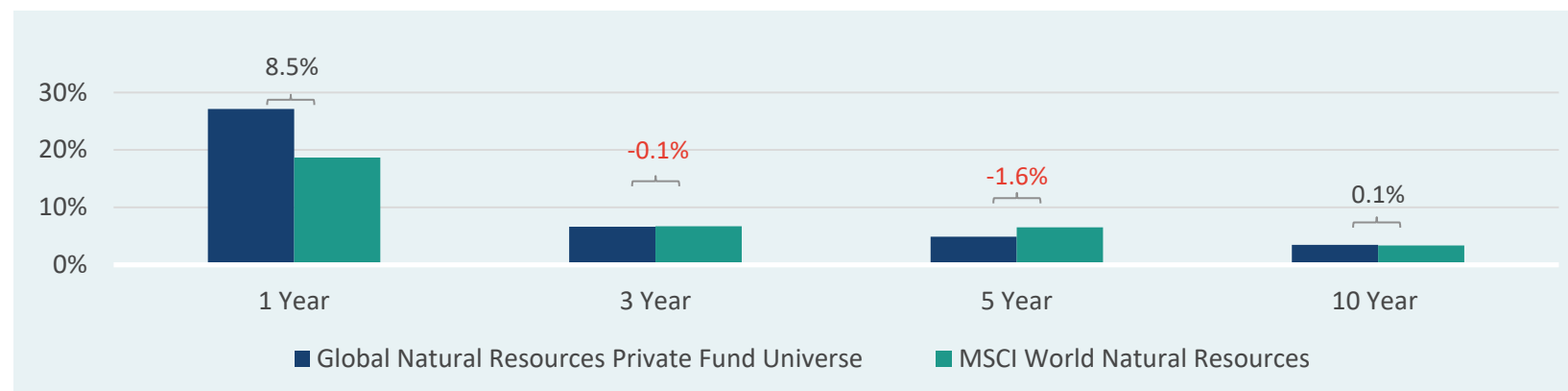


"Passive" strategies outperformed over all periods

Sources: Refinitiv PME: U.S. Private Equity Funds sub asset classes as of June 30, 2022. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.

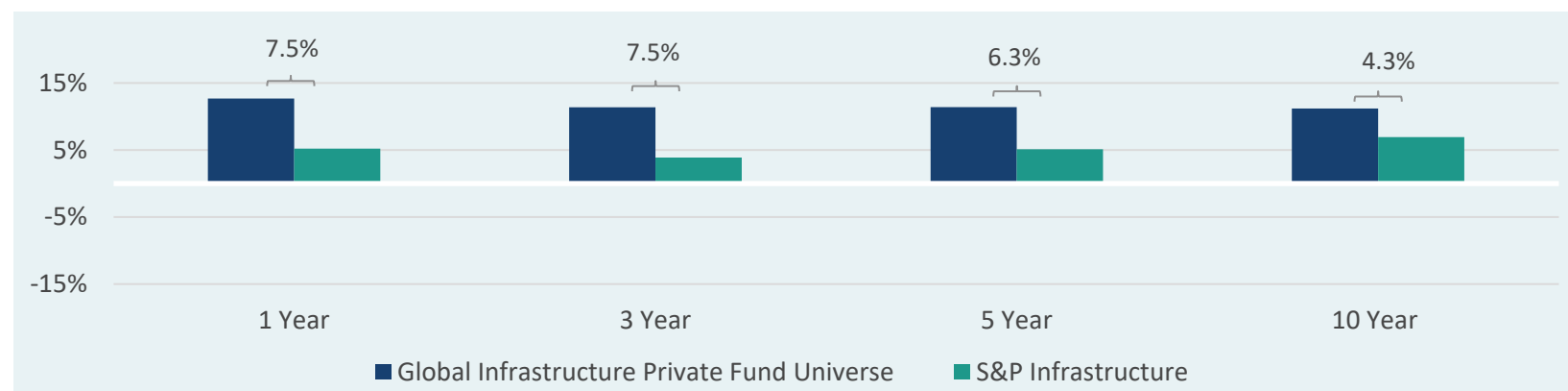
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds outperformed the MSCI World Natural Resources benchmark across 1- and 10-year periods

GLOBAL INFRASTRUCTURE FUNDS

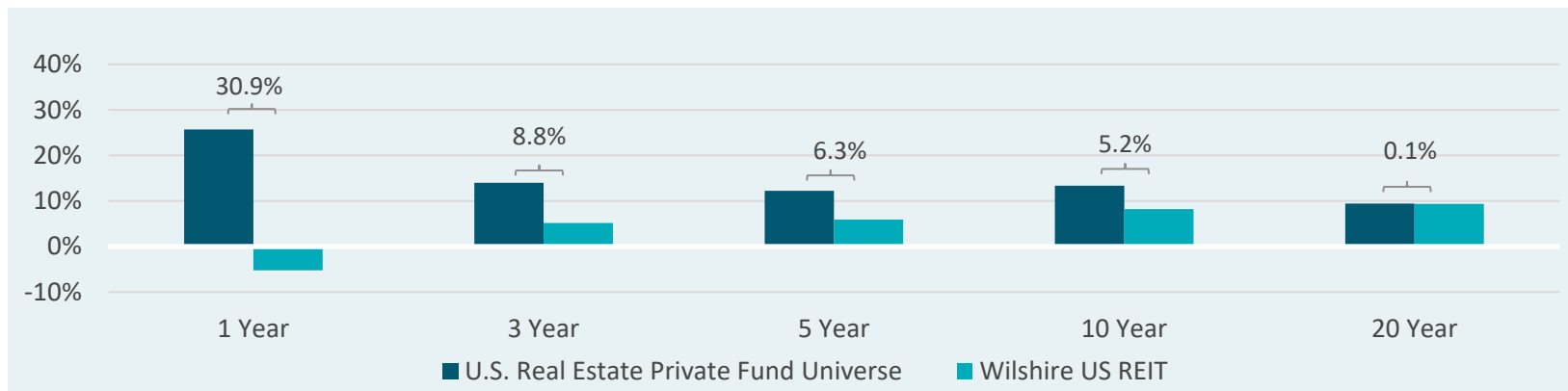


Infra. funds outperformed the S&P Infra. across all periods

Sources: Refinitiv PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of June 30, 2022. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

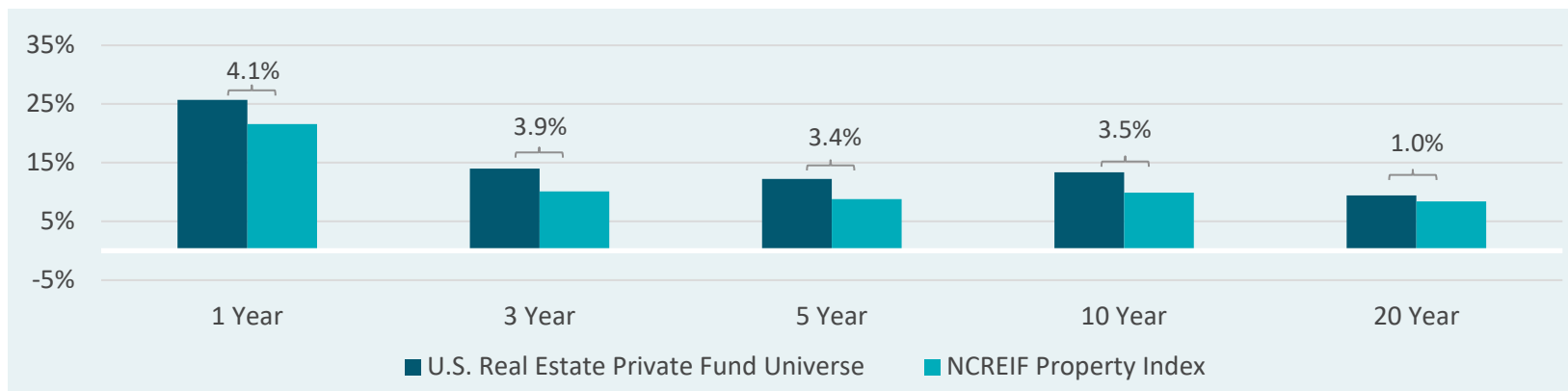
Private vs. liquid and core real estate performance

U.S. PRIVATE REAL ESTATE FUNDS VS. LIQUID UNIVERSE



U.S. Private R.E. funds outperformed the Wilshire U.S. REIT Index across all time periods, though short-term outperformance may be transitory due to appraisal lags

U.S. PRIVATE REAL ESTATE FUNDS VS. CORE FUNDS



U.S. Private R.E. Funds outperformed across all periods

Sources: Refinitiv PME: U.S. Real Estate universes as of June 30, 2022. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	(5.8)	7.6	(18.1)	(18.1)	7.7	9.4	12.6
S&P 500 Equal Weighted	(4.7)	11.6	(11.4)	(11.4)	9.0	9.1	12.4
DJ Industrial Average	(4.1)	16.0	(6.9)	(6.9)	7.3	8.4	12.3
Russell Top 200	(6.0)	6.6	(19.8)	(19.8)	7.9	9.9	12.9
Russell 1000	(5.8)	7.2	(19.1)	(19.1)	7.3	9.1	12.4
Russell 2000	(6.5)	6.2	(20.4)	(20.4)	3.1	4.1	9.0
Russell 3000	(5.9)	7.2	(19.2)	(19.2)	7.1	8.8	12.1
Russell Mid Cap	(5.4)	9.2	(17.3)	(17.3)	5.9	7.1	11.0
Style Index							
Russell 1000 Growth	(7.7)	2.2	(29.1)	(29.1)	7.8	11.0	14.1
Russell 1000 Value	(4.0)	12.4	(7.5)	(7.5)	6.0	6.7	10.3
Russell 2000 Growth	(6.4)	4.1	(26.4)	(26.4)	0.6	3.5	9.2
Russell 2000 Value	(6.6)	8.4	(14.5)	(14.5)	4.7	4.1	8.5

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	(3.9)	9.8	(18.4)	(18.4)	4.0	5.2	8.0
MSCI ACWI ex US	(0.7)	14.3	(16.0)	(16.0)	0.1	0.9	3.8
MSCI EAFE	0.1	17.3	(14.5)	(14.5)	0.9	1.5	4.7
MSCI EM	(1.4)	9.7	(20.1)	(20.1)	(2.7)	(1.4)	1.4
MSCI EAFE Small Cap	1.1	15.8	(21.4)	(21.4)	(0.9)	(0.0)	6.2
Style Index							
MSCI EAFE Growth	(1.1)	15.0	(22.9)	(22.9)	0.5	2.5	5.6
MSCI EAFE Value	1.3	19.6	(5.6)	(5.6)	0.6	0.2	3.5
Regional Index							
MSCI UK	(0.4)	17.0	(4.8)	(4.8)	0.3	1.0	3.1
MSCI Japan	0.3	13.2	(16.6)	(16.6)	(1.0)	0.2	5.6
MSCI Euro	(0.5)	23.0	(17.2)	(17.2)	0.5	0.8	4.3
MSCI EM Asia	(0.8)	10.8	(21.1)	(21.1)	(1.3)	(0.6)	3.6
MSCI EM Latin American	(4.0)	5.7	8.9	8.9	(4.8)	(1.1)	(2.1)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(1.0)	2.0	(11.8)	(11.8)	1.2	2.1	1.1
Bloomberg US Treasury Bills	0.4	0.9	1.3	1.3	0.7	1.2	0.8
Bloomberg US Agg Bond	(0.5)	1.9	(13.0)	(13.0)	(2.7)	0.0	1.1
Bloomberg US Universal	(0.3)	2.2	(13.0)	(13.0)	(2.5)	0.2	1.3
Duration							
Bloomberg US Treasury 1-3 Yr	0.2	0.7	(3.8)	(3.8)	(0.5)	0.7	0.7
Bloomberg US Treasury Long	(1.7)	(0.6)	(29.3)	(29.3)	(7.4)	(2.2)	0.6
Bloomberg US Treasury	(0.5)	0.7	(12.5)	(12.5)	(2.6)	(0.1)	0.6
Issuer							
Bloomberg US MBS	(0.4)	2.1	(11.8)	(11.8)	(3.2)	(0.5)	0.7
Bloomberg US Corp. High Yield	(0.6)	4.2	(11.2)	(11.2)	0.0	2.3	4.0
Bloomberg US Agency Interm	0.0	0.8	(6.5)	(6.5)	(1.3)	0.4	0.7
Bloomberg US Credit	(0.4)	3.4	(15.3)	(15.3)	(2.9)	0.4	1.8

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(2.4)	2.2	16.1	16.1	12.7	6.4	(1.3)
Wilshire US REIT	(5.6)	4.0	(26.8)	(26.8)	(0.5)	3.4	6.3
CS Leveraged Loans	0.4	2.3	(1.1)	(1.1)	2.3	3.2	3.8
S&P Global Infrastructure	(2.2)	11.0	(0.2)	(0.2)	1.7	3.9	6.5
Alerian MLP	(4.7)	10.5	31.4	31.4	8.3	3.6	2.1
Regional Index							
JPM EMBI Global Div	0.3	8.1	(17.8)	(17.8)	(5.3)	(1.3)	1.6
JPM GBI-EM Global Div	2.2	8.5	(11.7)	(11.7)	(6.1)	(2.5)	(2.0)
Hedge Funds							
HFRI Composite	(0.4)	2.2	(4.3)	(4.3)	5.7	4.4	4.7
HFRI FOF Composite	0.9	2.4	(4.7)	(4.7)	3.9	3.2	3.6
Currency (Spot)							
Euro	3.7	8.9	(6.2)	(6.2)	(1.7)	(2.3)	(2.1)
Pound Sterling	1.0	7.8	(11.2)	(11.2)	(3.2)	(2.3)	(3.0)
Yen	5.8	9.7	(12.7)	(12.7)	(6.3)	(3.1)	(4.1)

Source: Morningstar, HFRI, as of 12/31/22.

Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.lanqerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

NAHB Housing Market Index - the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula $(\text{Good-Poor} + 100)/2$ to the present and future sales series and $(\text{High/Very High-Low/Very Low} + 100)/2$ to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

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Kern County Employees' Retirement Association

Investment Performance Review
Period Ending: December 31, 2022



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Total Fund
Portfolio Reconciliation

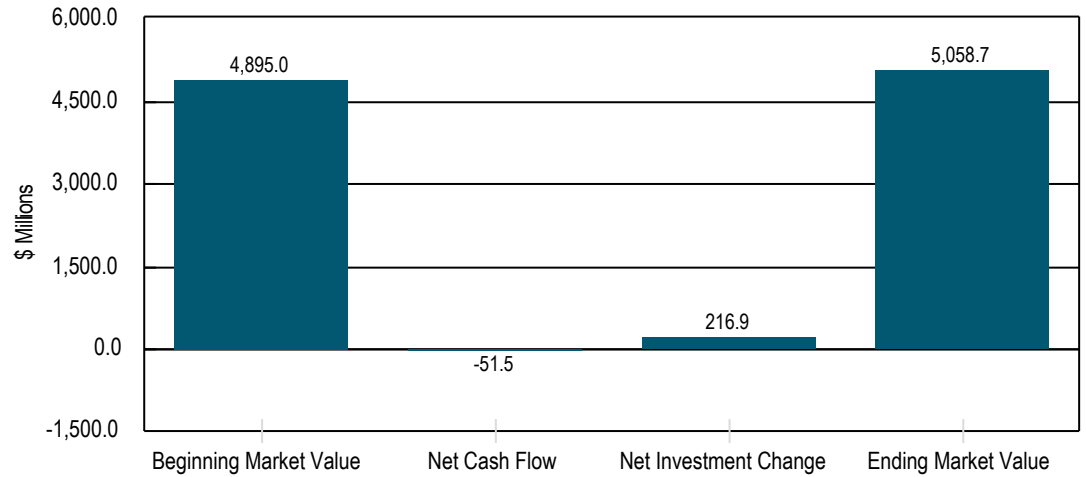
Kern County Employees' Retirement Association
Period Ending: December 31, 2022

Portfolio Reconciliation

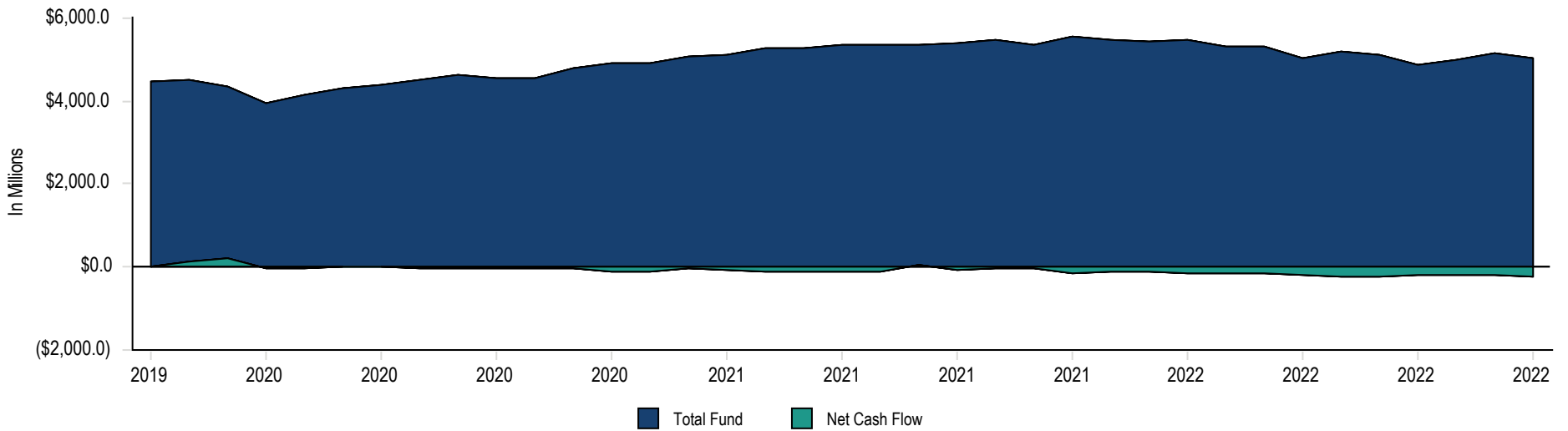
Last Three Months

Beginning Market Value	\$4,894,965,664
Net Cash Flows	-\$51,517,947
Net Investment Change	\$216,883,904
Ending Market Value	\$5,058,733,151

Change in Market Value
Last Three Months



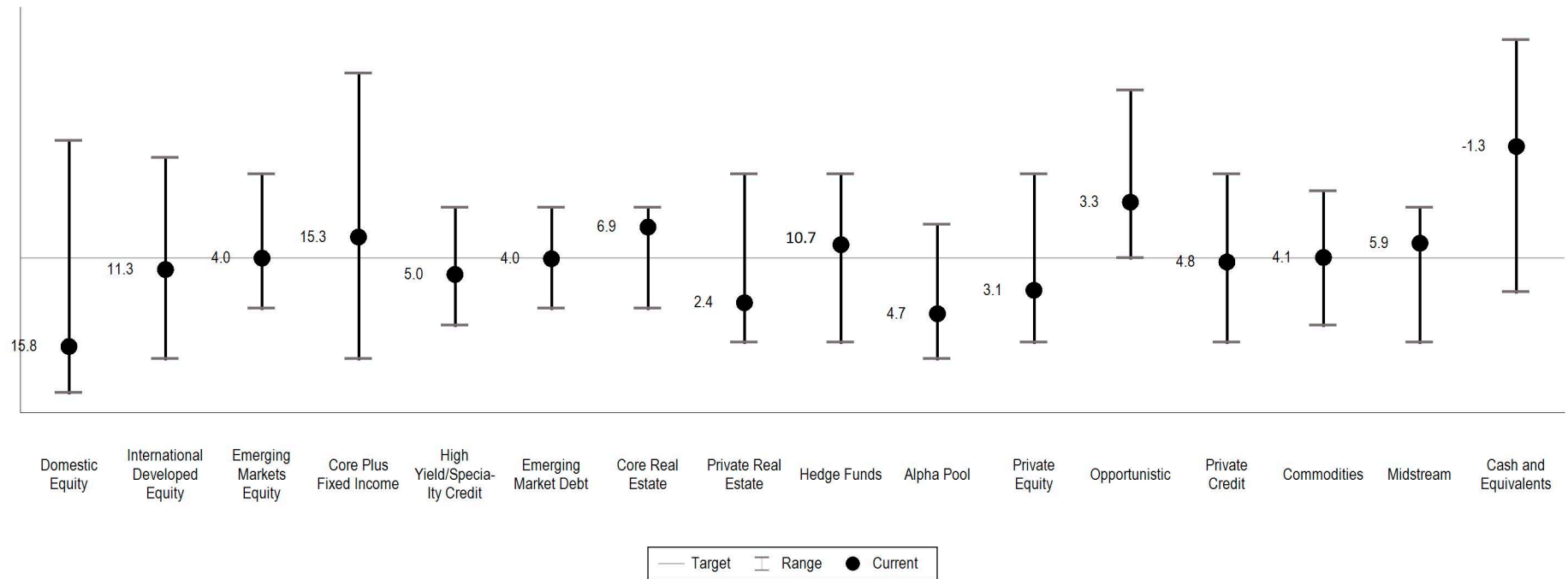
Market Value History



Total Fund
Asset Allocation vs. Policy

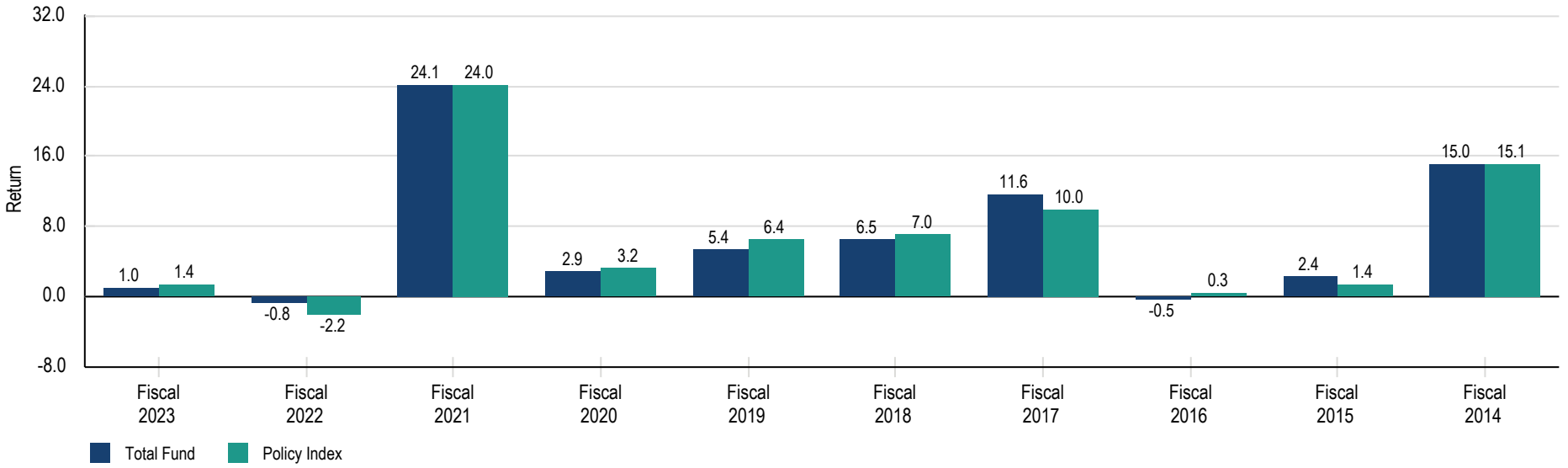
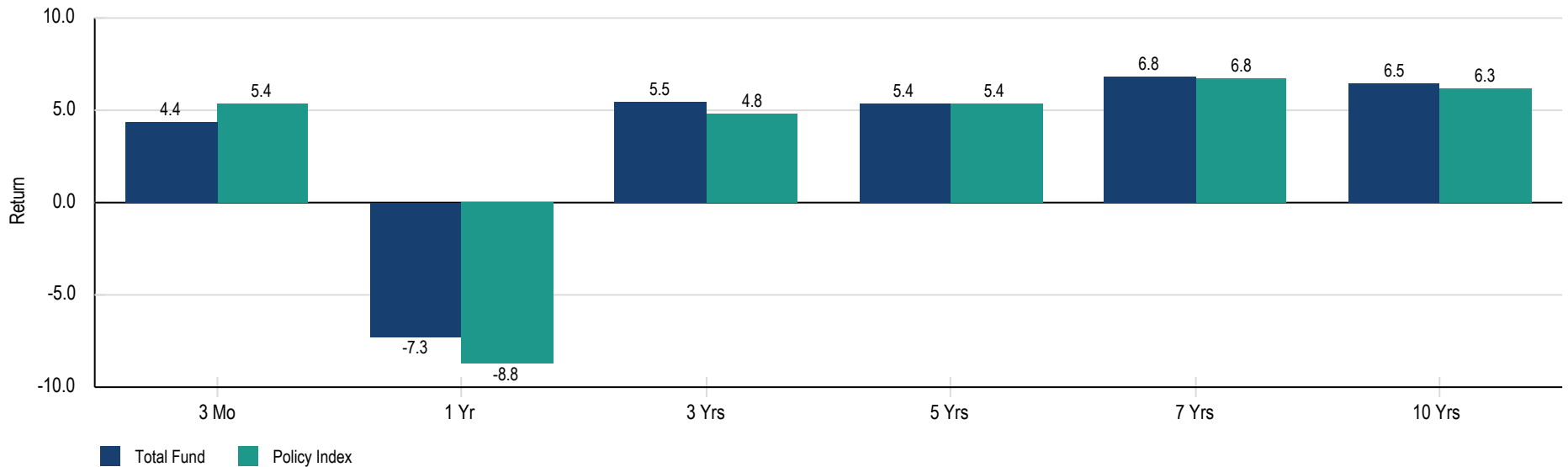
Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
Equity	\$1,577,575,704	31.1%	37.0%	-\$299,088,853	26.0% - 48.0%	Yes
Fixed Income	\$1,232,206,332	24.3%	24.0%	\$14,910,403	14.0% - 34.0%	Yes
Core Real Estate	\$348,227,698	6.9%	5.0%	\$94,624,380	2.0% - 8.0%	Yes
Hedge Funds	\$542,272,051	10.7%	10.0%	\$41,408,649	5.0% - 15.0%	Yes
Alpha Pool	\$239,505,576	4.7%	8.0%	-\$167,190,866	2.0% - 10.0%	Yes
Private Equity	\$157,192,972	3.1%	5.0%	-\$96,410,346	0.0% - 10.0%	Yes
Private Credit	\$242,779,662	4.8%	5.0%	-\$10,823,656	0.0% - 10.0%	Yes
Private Real Estate	\$119,647,273	2.4%	5.0%	-\$133,956,045	0.0% - 10.0%	Yes
Commodities	\$205,801,777	4.1%	4.0%	\$2,919,122	0.0% - 8.0%	Yes
Opportunistic	\$169,805,558	3.3%	0.0%	\$169,805,558	0.0% - 10.0%	Yes
Midstream	\$299,392,352	5.9%	5.0%	\$45,789,033	0.0% - 8.0%	Yes
Cash and Equivalents	-\$67,752,688	-1.3%	-8.0%	\$338,012,622	-10.0% - 5.0%	Yes
Total	\$5,058,733,151	100.0%	100.0%			



Total Fund
Performance vs. Policy (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022



Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018
Total Fund	5,058,733,151	100.0	4.5	1.1	-7.1	5.8	5.7	6.9	-4.2	24.4	3.2	5.7	6.8
<i>Policy Index</i>			5.4	1.4	-8.8	4.8	5.4	6.3	-6.5	24.0	3.2	6.4	7.0
<i>InvMetrics Public DB > \$1B Rank</i>			80	45	14	29	51	63	33	90	21	61	97
Equity	1,577,575,704	31.2	10.5	2.8	-17.4	4.6	5.7	9.3	-14.9	41.2	0.7	5.3	12.4
<i>MSCI AC World IMI (Net)</i>			9.8	2.6	-18.4	3.9	5.0	7.9	-16.5	40.9	1.2	4.6	11.1
Domestic Equity	798,916,006	15.8	7.6	2.0	-18.9	7.4	9.2	-	-12.0	43.6	6.3	9.2	16.1
<i>MSCI USA IMI</i>			7.2	2.4	-19.2	7.3	8.9	12.2	-13.7	44.4	6.7	9.0	14.9
International Developed Equity	574,955,091	11.4	15.3	5.8	-15.0	2.0	2.1	-	-17.2	37.0	-5.5	-0.6	9.1
<i>MSCI World ex U.S. IMI Index (Net)</i>			16.0	5.3	-15.3	1.0	1.6	4.7	-17.7	34.8	-5.1	0.2	7.7
Emerging Markets Equity	203,703,762	4.0	9.3	-2.6	-18.2	-2.7	-2.2	-	-21.4	40.6	-10.9	0.4	4.0
<i>MSCI Emerging Markets IMI (Net)</i>			9.5	-2.3	-19.8	-1.8	-1.1	-	-24.8	43.2	-4.0	0.5	7.9
Fixed Income	1,232,206,332	24.4	2.9	-0.4	-12.8	-1.7	0.7	1.7	-12.7	5.4	6.6	7.9	0.2
<i>Fixed Income Custom Benchmark</i>			3.0	-1.0	-12.6	-2.4	0.4	1.6	-11.6	4.0	5.2	8.4	-0.1
Core Plus Fixed Income	774,514,623	15.3	1.4	-3.2	-14.2	-2.6	0.2	-	-11.2	1.0	9.5	8.0	0.0
<i>Blmbg. U.S. Aggregate Index</i>			1.9	-3.0	-13.0	-2.7	0.0	1.1	-10.3	-0.3	8.7	7.9	-0.4
High Yield/ Specialty Credit	255,740,719	5.1	2.4	2.5	-9.0	0.7	2.6	-	-9.5	13.6	0.0	7.5	3.3
<i>ICE BofA U.S. High Yield Index</i>			4.0	3.3	-11.3	-0.2	2.1	3.9	-12.7	15.6	-1.1	7.6	2.5
Emerging Market Debt	201,843,943	4.0	9.3	4.9	-12.6	-3.7	-1.8	-	-19.6	9.4	-1.2	8.5	-3.6
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			8.3	3.3	-14.8	-5.7	-1.9	-0.2	-20.2	7.1	-1.1	10.8	-1.9
Commodities	205,801,777	4.1	5.3	-2.2	12.5	13.4	7.4	-	20.1	43.5	-10.7	-6.2	13.7
<i>Bloomberg Commodity Index Total Return</i>			2.2	-2.0	16.1	12.7	6.4	-1.3	24.3	45.6	-17.4	-6.8	7.3
Hedge Funds	542,272,051	10.7	2.4	4.1	4.8	9.2	7.1	6.5	2.8	16.3	7.3	2.6	7.6
<i>75% 90 Day TBills +4% / 25% MSCI ACWI IMI (Net)</i>			3.9	3.4	-0.6	5.0	5.7	5.9	-0.9	12.3	5.1	6.6	7.0
Alpha Pool	239,505,576	4.7	0.5	0.7	0.7	-	-	-	1.5	14.5	-	-	-
<i>90-Day T-Bill +4%</i>			1.8	3.3	5.5	-	-	-	4.2	4.1	-	-	-
Midstream Energy	299,392,352	5.9	7.7	13.1	22.8	-	-	-	9.6	-	-	-	-
<i>Alerian Midstream Energy Index</i>			8.4	7.3	21.5	-	-	-	11.4	-	-	-	-
Core Real Estate	340,306,582	6.7	-4.4	-3.8	7.9	8.9	7.8	-	25.6	6.6	2.3	6.1	7.4
<i>NCREIF ODCE</i>			-5.0	-4.5	7.5	9.9	8.7	10.1	29.5	8.0	2.2	6.4	8.4
Private Real Estate	119,647,273	2.4	2.4	5.6	17.7	17.6	12.3	13.2	31.3	12.1	4.4	9.0	5.4
			2.4	5.6	17.7	17.6	12.3	13.2	31.3	12.1	4.4	9.0	5.4
Private Equity	157,192,972	3.1	-3.3	-6.8	-1.8	12.5	10.9	11.1	23.0	41.7	-10.5	10.9	7.8
			-3.3	-6.8	-1.8	12.5	10.9	11.1	23.0	41.7	-10.5	10.9	7.8
Private Credit	242,779,662	4.8	-0.9	-2.1	-2.3	2.2	4.5	-	1.2	4.8	5.5	9.7	9.3
			-0.9	-2.1	-2.3	2.2	4.5	-	1.2	4.8	5.5	9.7	9.3

Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018
Opportunistic	169,805,558	3.4	-0.8	-3.9	-14.3	9.7	-	-	-5.4	59.9	-	-	-
<i>Assumed Rate of Return +3%</i>			1.8	3.6	7.2	7.2	-	-	7.2	7.2	-	-	-
Cash	-67,752,688	-1.3	6.5	7.4	6.6	2.3	2.3	-2.3	-0.7	0.1	1.0	2.0	3.2

Performance and Attribution

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Inception	Inception Date
Total Fund	5,058,733,151	100.0	4.4	1.0	-7.3	5.5	5.4	6.5	-4.5	24.1	2.9	5.4	6.5	6.2	Jun-11
<i>Policy Index</i>			5.4	1.4	-8.8	4.8	5.4	6.3	-6.5	24.0	3.2	6.4	7.0	6.0	
Equity	1,577,575,704	31.2	10.5	2.6	-17.6	4.3	5.3	8.8	-15.1	40.7	0.3	4.8	11.8	8.0	Jun-11
<i>MSCI AC World IMI (Net)</i>			9.8	2.6	-18.4	3.9	5.0	7.9	-16.5	40.9	1.2	4.6	11.1	7.1	
Domestic Equity	798,916,006	15.8	7.6	1.9	-19.1	7.2	8.9	-	-12.2	43.2	6.0	8.8	15.5	10.1	Jul-14
<i>MSCI USA IMI</i>			7.2	2.4	-19.2	7.3	8.9	-	-13.7	44.4	6.7	9.0	14.9	9.8	
Equity Beta Exposure	108,880,200	2.2	6.8	0.7	-19.7	-	-	-	-11.0	-	-	-	-	7.4	Aug-20
<i>S&P 500 Index</i>			7.6	2.3	-18.1	-	-	-	-10.6	-	-	-	-	8.5	
Mellon DB SL Stock Index Fund	458,436,087	9.1	7.6	2.3	-18.1	7.6	9.4	-	-10.6	40.8	7.5	10.4	-	10.1	Oct-17
<i>S&P 500 Index</i>			7.6	2.3	-18.1	7.7	9.4	-	-10.6	40.8	7.5	10.4	-	10.0	
PIMCO StocksPLUS	99,467,229	2.0	7.5	1.6	-20.4	6.8	8.9	12.6	-12.8	41.7	7.7	10.6	14.1	10.0	Jul-03
<i>S&P 500 Index</i>			7.6	2.3	-18.1	7.7	9.4	12.6	-10.6	40.8	7.5	10.4	14.4	9.4	
AB US Small Cap Value Equity	86,111,927	1.7	10.0	4.3	-16.6	5.5	3.8	-	-16.1	77.5	-19.4	-6.9	13.2	6.7	Jul-15
<i>Russell 2000 Value Index</i>			8.4	3.4	-14.5	4.7	4.1	-	-16.3	73.3	-17.5	-6.2	13.1	6.5	
Geneva Capital Small Cap Growth	46,020,563	0.9	5.8	0.9	-24.4	4.2	7.5	-	-22.1	37.6	9.3	8.6	22.7	8.9	Jul-15
<i>Russell 2000 Growth Index</i>			4.1	4.4	-26.4	0.6	3.5	-	-33.4	51.4	3.5	-0.5	21.9	5.2	
International Developed Equity	574,955,091	11.4	15.3	5.7	-15.0	1.8	1.9	-	-17.3	36.7	-5.7	-0.9	8.7	3.3	Jul-14
<i>MSCI World ex U.S. IMI Index (Net)</i>			16.0	5.3	-15.3	1.0	1.6	-	-17.7	34.8	-5.1	0.2	7.7	2.5	
Mellon DB SL World ex-US Index Fund	471,377,465	9.3	16.1	5.6	-13.6	2.1	-	-	-16.1	35.6	-5.5	-	-	3.1	Jul-18
<i>MSCI World ex U.S. IMI Index (Net)</i>			16.0	5.3	-15.3	1.0	-	-	-17.7	34.8	-5.1	0.2	-	2.0	
Cevian Capital II	34,435,773	0.7	9.6	11.0	-3.8	8.5	5.2	-	-8.2	46.8	-8.2	-5.0	2.9	6.4	Dec-14
<i>MSCI Europe (Net)</i>			19.3	7.2	-15.1	1.3	1.9	-	-17.6	35.1	-6.8	1.9	5.3	3.6	
American Century Non-US Small Cap	68,889,933	1.4	13.1	4.2	-27.6	-	-	-	-27.4	-	-	-	-	-6.4	Dec-20
<i>MSCI World ex U.S. Small Cap Growth Index (Net)</i>			13.6	3.6	-27.0	-	-	-	-28.6	-	-	-	-	-9.1	
Emerging Markets Equity	203,703,762	4.0	9.2	-3.0	-18.7	-3.4	-3.0	-	-21.9	39.5	-11.8	-0.6	2.9	0.1	Jul-14
<i>MSCI Emerging Markets IMI (Net)</i>			9.5	-2.3	-19.8	-1.8	-1.1	-	-24.8	43.2	-4.0	0.5	7.9	1.4	
DFA Emerging Markets Value I	75,158,678	1.5	10.3	-0.5	-10.7	1.0	-0.1	-	-12.9	47.6	-17.7	2.0	5.7	3.1	Mar-14
<i>MSCI Emerging Markets Value (Net)</i>			9.8	-2.3	-15.8	-2.6	-1.6	-	-18.6	41.6	-15.7	5.0	4.3	1.1	
AB Emerging Markets Strategic Core Equity Collective Trust	48,185,996	1.0	6.6	-5.7	-24.0	-5.3	-4.2	-	-25.2	33.6	-5.1	-2.6	1.2	0.7	Dec-16
<i>MSCI Emerging Markets (Net)</i>			9.7	-3.0	-20.1	-2.7	-1.4	-	-25.3	40.9	-3.4	1.2	8.2	4.2	
Mellon Emerging Markets Stock Index Fund	80,359,088	1.6	9.7	-3.1	-20.5	-	-	-	-25.5	41.1	-	-	-	0.6	Jun-20
<i>MSCI Emerging Markets (Net)</i>			9.7	-3.0	-20.1	-	-	-	-25.3	40.9	-	-	-	3.6	
Fixed Income	1,232,206,332	24.4	2.9	-0.5	-13.1	-1.9	0.4	1.4	-13.0	5.1	6.3	7.6	-0.1	2.9	Jun-10
<i>Fixed Income Custom Benchmark</i>			3.0	-1.0	-12.6	-2.4	0.4	1.6	-11.6	4.0	5.2	8.4	-0.1	2.7	
Core Plus Fixed Income	774,514,623	15.3	1.4	-3.2	-14.3	-2.7	0.1	-	-11.4	0.8	9.3	7.9	-0.2	1.2	Jul-14
<i>Bloomberg U.S. Aggregate Index</i>			1.9	-3.0	-13.0	-2.7	0.0	-	-10.3	-0.3	8.7	7.9	-0.4	1.0	
Fixed Income Beta Exposure	337,322,663	6.7	-0.1	-5.6	-	-	-	-	-	-	-	-	-	-3.3	Jun-22
<i>Bloomberg U.S. Aggregate Index</i>			1.9	-3.0	-	-	-	-	-	-	-	-	-	-4.5	
Mellon DB SL Aggregate Bond Index Fund	157,713,715	3.1	1.9	-3.0	-13.1	-2.8	0.0	1.0	-10.4	-0.4	8.8	7.9	-0.4	1.8	Jan-11
<i>Bloomberg U.S. Aggregate Index</i>			1.9	-3.0	-13.0	-2.7	0.0	1.1	-10.3	-0.3	8.7	7.9	-0.4	1.9	

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Inception	Inception Date
PIMCO Core Plus	160,665,585	3.2	2.0	-2.9	-12.8	-2.0	0.3	1.1	-9.9	1.1	8.7	6.3	1.0	2.1	Feb-11
<i>Bloomberg U.S. Aggregate Index</i>			1.9	-3.0	-13.0	-2.7	0.0	1.1	-10.3	-0.3	8.7	7.9	-0.4	1.9	
Western Asset Core Plus	118,812,660	2.3	3.1	-1.7	-15.9	-3.2	0.1	1.7	-14.5	2.4	9.3	9.4	-0.4	3.7	Jun-04
<i>Bloomberg U.S. Aggregate Index</i>			1.9	-3.0	-13.0	-2.7	0.0	1.1	-10.3	-0.3	8.7	7.9	-0.4	3.1	
High Yield/ Specialty Credit	255,740,719	5.1	2.3	2.3	-9.5	0.1	2.1	-	-10.0	13.1	-0.5	7.0	2.8	2.1	Jul-14
<i>ICE BofA U.S. High Yield Index</i>			4.0	3.3	-11.3	-0.2	2.1	-	-12.7	15.6	-1.1	7.6	2.5	3.1	
Western Asset High Yield Fixed Income	161,987,205	3.2	3.9	3.7	-12.4	-0.9	1.8	3.6	-14.1	16.5	-2.2	8.3	2.2	5.6	Jun-05
<i>50% Bloomberg US HY Ba 2%/50% Bloomberg US HY B 2% CAP</i>			4.6	3.8	-10.6	0.3	2.6	4.0	-12.4	13.4	2.1	8.8	1.8	5.8	
TCW Securitized Opportunities	93,753,514	1.9	-0.2	0.5	-5.0	1.2	2.3	-	-4.0	6.4	2.2	5.2	4.3	3.1	Feb-16
<i>Bloomberg U.S. High Yield - 2% Issuer Cap</i>			4.2	3.5	-11.2	0.0	2.3	-	-12.8	15.3	0.0	7.5	2.6	5.3	
Emerging Market Debt	201,843,943	4.0	9.2	4.6	-13.0	-4.0	-2.2	-	-19.8	9.1	-1.7	7.9	-4.2	-0.4	Jul-14
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			8.3	3.3	-14.8	-5.7	-1.9	-	-20.2	7.1	-1.1	10.8	-1.9	-0.2	
Stone Harbor Emerging Markets Debt Blend Portfolio	63,666,940	1.3	9.1	4.7	-14.3	-4.9	-2.2	-1.0	-20.9	9.5	-1.8	8.2	-3.1	-0.6	Aug-12
<i>50 JPM GBI-EM Global Div/ 40 JPM EMBI Global Div/ 10 JPM Corporate EM Bond Idx</i>			7.9	3.1	-14.2	-5.3	-1.6	-0.1	-19.5	7.2	-0.8	10.6	-1.7	0.5	
PIMCO EMD	138,177,003	2.7	9.2	4.5	-12.2	-	-	-	-19.2	8.7	-	-	-	-4.3	Feb-20
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			8.3	3.3	-14.8	-	-	-	-20.2	7.1	-	-	-	-5.9	
Commodities	205,801,777	4.1	5.1	-2.6	11.7	12.7	6.8	-	19.4	42.5	-11.3	-6.7	13.3	0.1	Jul-13
<i>Bloomberg Commodity Index Total Return</i>			2.2	-2.0	16.1	12.7	6.4	-	24.3	45.6	-17.4	-6.8	7.3	-0.2	
Gresham MTAP Commodity Builder Fund	52,497,584	1.0	1.4	-3.7	16.7	12.8	6.4	-	24.7	46.8	-16.3	-9.0	12.4	-0.1	Oct-13
<i>Bloomberg Commodity Index Total Return</i>			2.2	-2.0	16.1	12.7	6.4	-	24.3	45.6	-17.4	-6.8	7.3	-0.3	
WTC-CTF	153,304,193	3.0	6.8	-1.9	9.9	13.2	7.2	-	17.2	40.2	-7.5	-5.4	14.2	0.7	Sep-13
<i>S&P GSCI Commodity Equal Weighted</i>			6.9	-0.7	12.0	12.1	7.3	-	19.0	40.9	-12.4	-3.5	12.6	1.0	
Hedge Funds	542,272,051	10.7	2.2	3.7	4.6	9.0	7.0	5.9	3.0	16.1	7.0	2.5	7.6	5.9	Sep-10
<i>75% 90 Day TBills +4% / 25% MSCI ACWI (Net)</i>			3.9	3.4	-0.6	5.0	5.7	5.9	-0.9	12.3	5.1	6.6	7.0	5.8	
Aristeia International Limited	68,181,409	1.3	-0.8	1.4	0.9	10.0	8.8	-	1.8	21.6	8.7	9.2	2.6	5.1	May-14
Brevan Howard Fund	76,763,840	1.5	0.3	5.4	19.8	16.1	13.9	-	15.2	6.1	20.5	12.7	7.8	8.3	Sep-13
D.E. Shaw Composite Fund	58,856,929	1.2	2.9	6.6	25.4	21.7	17.3	-	29.0	19.0	15.6	11.5	11.3	14.6	Jul-13
HBK Fund II	44,169,126	0.9	4.2	5.7	2.8	6.4	5.5	-	2.3	11.0	1.5	5.5	3.0	4.5	Nov-13
Hudson Bay Cap Structure Arbitrage Enhanced Fund	80,091,097	1.6	2.2	5.8	9.3	12.9	-	-	7.7	14.2	16.2	-	-	12.4	Jun-19
Indus Pacific Opportunities Fund	37,237,546	0.7	0.0	0.9	-0.6	13.1	4.0	-	-8.2	38.0	15.8	-19.2	15.8	7.3	Jul-14
Magnetar Structured Credit Fund	7,260,041	0.1	1.7	2.2	0.6	12.1	9.4	-	1.1	38.1	-0.2	5.4	7.7	7.8	May-14
Pharo Macro Fund	62,281,994	1.2	1.9	0.2	-7.5	-1.7	-	-	-11.1	3.5	-	-	-	-1.7	Dec-19
PIMCO Commodity Alpha Fund	63,025,840	1.2	7.2	4.4	2.1	9.4	8.1	-	8.6	14.2	4.8	5.2	10.4	9.9	Jun-16
Sculptor Domestic Partners II LP	44,404,229	0.9	1.5	0.8	-15.9	-0.7	-	-	-19.9	16.8	6.5	-	-	3.7	Feb-19
Alpha Pool	239,505,576	4.7	0.5	0.6	0.7	-	-	-	1.5	14.5	-	-	-	6.5	Jul-20
<i>90-Day T-Bill +4%</i>			1.8	3.3	5.5	-	-	-	4.2	4.1	-	-	-	4.7	
Hudson Bay	61,864,015	1.2	-0.5	1.4	4.2	-	-	-	6.7	-	-	-	-	8.4	Aug-20
Davidson Kempner Institutional Partners	54,247,004	1.1	-0.8	-2.0	-5.0	-	-	-	-3.4	-	-	-	-	1.3	Dec-20
HBK Fund II	42,476,585	0.8	1.6	2.2	-1.2	-	-	-	1.3	-	-	-	-	4.1	Dec-20
HBK Opportunities Platform – SPAC Series	24,757,936	0.5	-0.2	-0.8	-2.5	-	-	-	-2.5	-	-	-	-	2.2	Nov-20
Garda Fixed Income Relative Value Opportunity Fund	56,160,036	1.1	2.1	1.8	8.0	-	-	-	-	-	-	-	-	5.6	Sep-21

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Inception	Inception Date
Midstream Energy	299,392,352	5.9	7.6	13.0	22.4	-	-	-	9.3	-	-	-	-	31.6	Sep-20
<i>Alerian Midstream Energy Index</i>			8.4	7.3	21.5	-	-	-	11.4	-	-	-	-	28.9	
Harvest Midstream	152,077,589	3.0	7.0	14.3	30.4	-	-	-	15.3	-	-	-	-	39.1	Aug-20
<i>Alerian Midstream Energy Index</i>			8.4	7.3	21.5	-	-	-	11.4	-	-	-	-	28.9	
PIMCO Midstream	147,314,763	2.9	8.4	11.0	12.4	-	-	-	2.2	-	-	-	-	24.8	Sep-20
<i>50/25/25 Alerian Midstream/ ICE BofA US Pipeline/ ICE BofA US HY Midstream</i>			6.5	5.1	4.2	-	-	-	-0.7	-	-	-	-	-	
Core Real Estate	340,306,582	6.7	-4.6	-4.1	7.4	8.1	7.1	-	24.8	5.6	1.4	5.9	7.4	8.1	Oct-14
<i>NCREIF ODCE</i>			-5.0	-4.5	7.5	9.9	8.7	-	29.5	8.0	2.2	6.4	8.4	9.5	
ASB Allegiance Real Estate Fund	189,419,041	3.7	-4.0	-1.9	10.7	8.6	7.5	-	23.0	5.4	1.5	6.8	7.1	8.4	Sep-13
<i>NCREIF ODCE</i>			-5.0	-4.5	7.5	9.9	8.7	-	29.5	8.0	2.2	6.4	8.4	9.8	
JPMCB Strategic Property Fund	150,887,540	3.0	-5.3	-6.7	3.8	7.8	6.9	-	27.8	5.9	1.3	5.0	7.6	7.9	Jul-14
<i>NCREIF ODCE</i>			-5.0	-4.5	7.5	9.9	8.7	-	29.5	8.0	2.2	6.4	8.4	9.6	
Private Real Estate	119,647,273	2.4	2.4	5.6	17.7	17.6	12.3	12.7	31.3	12.1	4.4	9.0	5.4	12.8	Mar-11
			2.4	5.6	17.7	17.6	12.3	13.2	31.3	12.1	4.4	9.0	5.4	12.9	
Private Equity	157,192,972	3.1	-3.3	-6.8	-1.8	12.5	10.9	10.6	22.9	41.7	-10.5	10.9	7.8	10.5	Sep-10
			-3.3	-6.8	-1.8	12.5	10.9	11.1	23.0	41.7	-10.5	10.9	7.8	10.7	
Private Credit	242,779,662	4.8	-0.9	-2.1	-2.3	2.2	4.5	-	1.2	4.8	5.5	9.7	9.3	-25.2	Dec-15
			-0.9	-2.1	-2.3	2.2	4.5	-	1.2	4.8	5.5	9.7	9.3	6.6	
Opportunistic	169,805,558	3.4	-0.8	-3.9	-14.3	9.7	-	-	-5.4	59.9	-	-	-	10.0	Jan-20
<i>Assumed Rate of Return +3%</i>			1.8	3.6	7.2	7.2	-	-	7.2	7.2	-	-	-	7.2	
River Birch International	7,537,076	0.1	1.8	8.4	7.8	-2.8	-2.7	-	-0.2	-0.7	-19.9	-0.5	2.8	-	Jul-15
<i>Assumed Rate of Return +3%</i>			1.8	3.6	7.2	7.2	-	-	7.2	7.2	7.2	-	-	-	
DB Investors Fund IV	21,705,376	0.4	-3.9	-14.9	-50.5	2.8	-	-	-34.4	95.1	-	-	-	2.8	Dec-19
<i>Assumed Rate of Return +3%</i>			1.8	3.6	7.2	7.2	-	-	7.2	7.2	-	-	-	7.2	
Sixth Street TAO Partners (D)	90,905,157	1.8	3.1	-1.8	3.6	-	-	-	9.6	39.6	-	-	-	16.0	Mar-20
<i>Assumed Rate of Return +3%</i>			1.8	3.6	7.2	-	-	-	7.2	7.2	-	-	-	7.2	
Aristeia Select Opportunities II	49,657,949	1.0	-6.1	-4.7	-3.6	-	-	-	-	-	-	-	-	-0.1	Jul-21
<i>Assumed Rate of Return +3%</i>			1.8	3.6	7.2	-	-	-	7.2	-	-	-	-	7.2	
Cash	-67,752,688	-1.3	6.5	7.4	6.6	2.3	2.3	-2.3	-0.8	0.1	1.0	2.0	3.2	-1.9	Apr-11

Total Fund
Total Private Equity

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

IRR Analysis as of IRR date

Vintage Year	Manager/Fund	Estimated Market Value as of 12/31/2022	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ³	IRR Date
Private Equity												
2005	Abbott Capital PE V	\$2,868,708	\$65,000,000	\$62,790,000	97%	\$2,210,000	\$89,361,494	\$3,100,331	1.42x	1.47x	6.9%	12/31/21
2008	Abbott Capital PE VI	\$18,940,319	\$50,000,000	\$49,750,000	100%	\$250,000	\$77,095,564	\$22,959,156	1.55x	1.93x	13.0%	09/30/22
2006	Pantheon Global III	\$553,872	\$50,000,000	\$47,300,000	95%	\$2,700,000	\$52,000,000	\$567,222	1.10x	1.11x	1.9%	09/30/22
1998	Pantheon USA III	\$47,064	\$7,500,000	\$7,335,000	98%	\$165,000	\$8,197,500	\$49,712	1.12x	1.12x	1.9%	09/30/22
2002	Pantheon USA V	\$411,492	\$25,000,000	\$24,350,000	97%	\$650,000	\$37,950,000	\$414,136	1.56x	1.58x	9.0%	09/30/22
2004	Pantheon USA VI	\$346,190	\$35,000,000	\$33,075,000	95%	\$1,925,000	\$50,623,827	\$354,968	1.53x	1.54x	6.7%	09/30/22
2006	Pantheon USA VII	\$7,894,161	\$50,000,000	\$46,600,000	93%	\$3,400,000	\$79,424,999	\$8,101,079	1.70x	1.87x	10.2%	09/30/22
2020	Vista Foundation Fund IV	\$13,821,190	\$25,000,000	\$14,189,855	57%	\$10,810,145	\$30,252	\$13,958,460	0.00x	0.98x	9.8%	09/30/22
2021	Crown Global Secondaries V Master S.	\$24,331,453	\$50,000,000	\$19,250,000	39%	\$30,750,000	\$0	\$21,065,609	0.00x	1.26x	35.8%	09/30/22
2021	Brighton Park Capital Fund I	\$35,136,102	\$30,000,000	\$33,416,761	111%	-\$3,416,761	\$1,325,801	\$37,910,214	0.04x	1.09x	17.5%	09/30/22
2021	Warren Equity Partners Fund III	\$25,661,636	\$32,500,000	\$22,969,862	71%	\$9,530,138	\$508,290	\$8,979,016	0.02x	1.14x	23.8%	06/30/22
2021	Peak Rock Capital Fund III	\$10,755,627	\$30,000,000	\$11,109,034	37%	\$18,890,966	\$1,879,477	\$9,273,982	0.17x	1.14x	22.27%	09/30/22
2021	Level Equity Growth Partners V	\$4,037,203	\$15,000,000	\$4,759,015	32%	\$10,240,985	\$0	N/A	0.00x	N/A	N/A	N/A
2021	Level Equity Opportunities Fund 2021	\$3,212,848	\$15,000,000	\$3,673,753	24%	\$11,326,247	\$0	N/A	0.00x	N/A	N/A	N/A
2022	Linden Capital Partners V LP	\$5,461,028	\$22,500,000	\$5,623,610	25%	\$16,876,390	\$0	N/A	0.00x	N/A	N/A	N/A
2022	Rubicon Technology Partners IV LP	\$3,214,080	\$30,000,000	\$3,214,080	11%	\$26,785,920	\$0	N/A	0.00x	N/A	N/A	N/A
2022	OrbiMed Private Investments IX, LP	\$500,000	\$10,000,000	\$500,000	5%	\$9,500,000	\$0	N/A	0.00x	N/A	N/A	N/A
Total Private Equity		\$157,192,972	\$542,500,000	\$389,905,970	72%	\$152,594,030	\$398,397,205	\$126,733,885	1.02x	1.42x		
% of Portfolio (Market Value)		3.1%										

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR figure is provided by its respective manager.

Total Fund
Total Private Credit

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

IRR Analysis as of IRR date												
Vintage Year	Manager/Fund	Estimated Market Value 12/31/2022	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ³	IRR Date
Private Credit												
2015	DC Value Recovery Fund IV ⁴	\$18,822,414	\$60,000,000	\$73,340,099	122%	-\$5,500,870	\$37,625,485	\$33,313,661	0.51x	0.77x	11.0%	9/30/22
2017	Sixth Street TAO Partners (B)	\$38,674,463	\$50,000,000	\$67,850,097	136%	-\$17,850,097	\$42,191,344	\$37,760,184	0.62x	1.19x	9.9%	9/30/22
2017	Brookfield Real Estate Finance Fund V	\$19,618,101	\$50,000,000	\$36,019,917	72%	\$13,980,083	\$26,878,678	\$19,766,051	0.75x	1.29x	7.70%	9/30/22
2018	Magnetar Constellation Fund V	\$29,927,932	\$60,000,000	\$64,905,493	108%	-\$4,905,493	\$41,406,431	\$29,927,932	0.64x	1.10x	7.1%	11/30/22
2019	H.I.G Bayside Loan Opportunity Fund V	\$40,072,143	\$60,000,000	\$33,496,503	56%	\$26,503,497	\$11,244,389	\$40,257,660	0.34x	1.53x	17.8%	9/30/22
2020	Blue Torch Credit Opportunities Fund II	\$17,089,280	\$20,000,000	\$16,613,092	83%	\$3,386,908	\$1,836,476	\$19,379,415	0.11x	1.14x	13.7%	9/30/22
2022	Blue Torch Credit Opportunities Fund III	\$7,389,421	\$40,000,000	\$7,199,891	18%	\$32,800,109	\$0	N/A	0.00x	1.03x	N/A	N/A
2020	Fortress Credit Opportunitites Fund V Expansion	\$14,019,822	\$40,000,000	\$12,688,449	32%	\$27,311,551	\$468,590	\$12,998,162	0.04x	1.14x	23.8%	9/30/22
2021	Fortress Lending Fund II	\$28,599,104	\$40,000,000	\$32,137,851	80%	\$7,862,149	\$4,398,525	\$30,712,727	0.14x	1.03x	11.1%	9/30/22
2022	Fortress Lending Fund III	\$24,006,650	\$40,000,000	\$22,800,000	57%	\$17,200,000	\$0	\$15,394,988	N/A	N/A	N/A	9/30/22
2022	OrbiMed Royalty & Credit Opportunities IV	\$4,560,332	\$30,000,000	\$4,500,000	15%	\$25,500,000	\$0	\$3,000,000	0.00x	1.01x	25.8%	9/30/22
Total Private Credit		\$242,779,662	\$490,000,000	\$371,551,392	76%	\$126,287,837	\$166,049,918	\$242,510,780	0.45x	1.10x		
% of Portfolio (Market Value)		4.8%										

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²(TVPI) is equal to (market value + capital returned) / capital called

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⁴Name changed from Colony Distressed Credit fund to DC Value Recovery Fund IV

Total Fund
Total Private Real Estate

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

IRR Analysis as of IRR date												
Vintage Year	Manager/Fund	Estimated Market Value 12/31/2022	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ³	IRR Date
Private Real Estate												
2014	Invesco Real Estate Value-Add Fund IV	\$2,659,454	\$50,000,000	\$43,637,717	87%	\$6,362,283	\$55,590,259	\$4,031,249	1.27x	1.33x	10.8%	09/30/22
2017	Landmark Real Estate Partners VIII	\$31,724,146	\$60,000,000	\$38,464,357	64%	\$21,535,643	\$22,374,230	\$28,646,936	0.58x	1.41x	21.8%	09/30/22
2018	Long Wharf Real Estate Partners VI	\$34,816,611	\$50,000,000	\$44,063,429	88%	\$5,936,571	\$17,542,121	\$34,816,611	0.40x	1.19x	24.8%	12/31/22
2020	Covenant Apartment Fund X	\$30,285,646	\$30,000,000	\$22,807,333	76%	\$7,192,667	\$6,027,231	\$27,939,711	0.26x	1.59x	33.3%	09/30/22
2021	Singerman Real Estate Opportunity Fund IV	\$8,214,827	\$35,000,000	\$8,146,250	23%	\$26,853,750	\$0	\$3,850,122	0.00x	1.01x	22.3%	09/30/22
2022	LBA Logistics Value Fund IX, L.P.	\$7,574,005	\$40,000,000	\$8,076,923	5%	\$38,076,923	\$0	N/A	N/A	N/A	N/A	N/A
2022	Covenant Apartment Fund XI	\$4,753,125	\$30,000,000	\$3,300,000	105%	\$38,076,924	\$0	\$1,507,333	0.00x	1.44x	16.0%	09/30/22
Total Private Real Estate		\$120,027,813	\$295,000,000	\$168,496,010	57%	\$144,034,760	\$101,533,841	\$100,791,963	0.60x	1.31x		
% of Portfolio (Market Value)		2.4%										

¹(DPI) is equal to (capital returned / capital called)

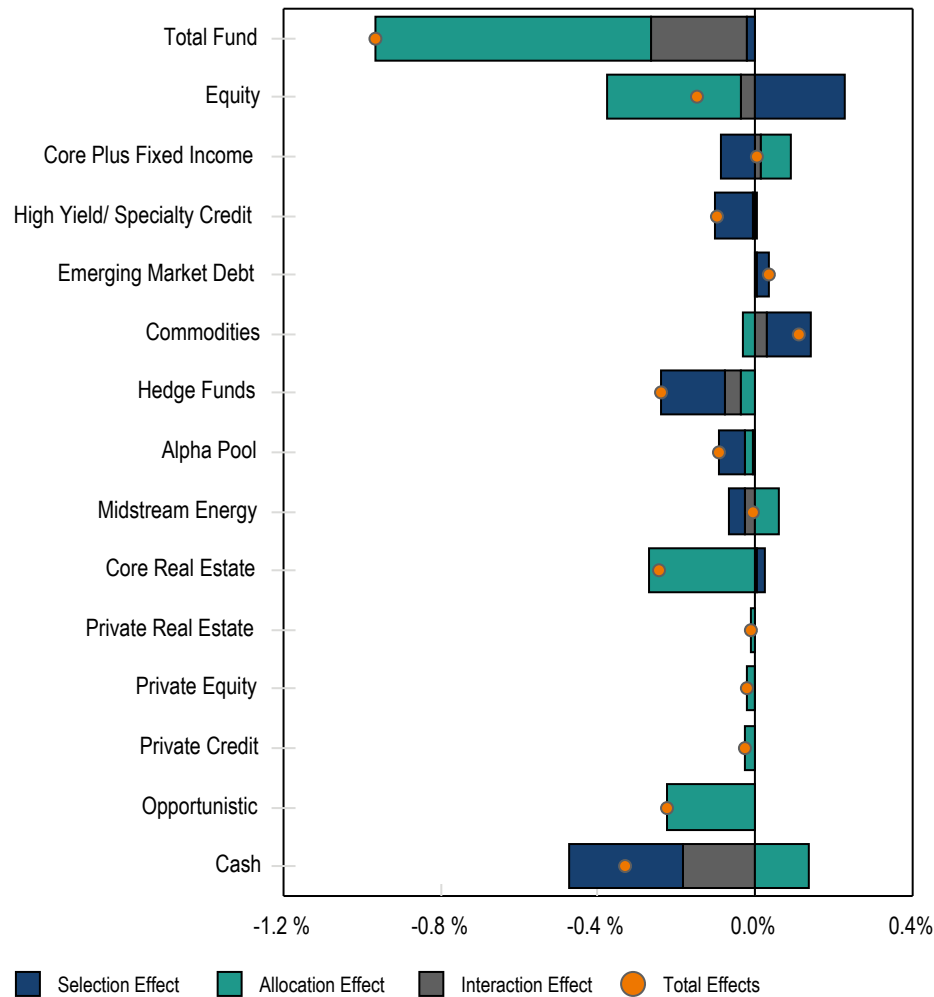
²(TVPI) is equal to (market value + capital returned) / capital called

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Total Fund
Attribution Analysis - Asset Class Level (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

Attribution Effects
Last Three Months



Performance Attribution

	Last Three Months
Wtd. Actual Return	4.4
Wtd. Index Return	5.4
Excess Return	-1.0
Selection Effect	0.0
Allocation Effect	-0.7
Interaction Effect	-0.2

Attribution Summary
Last Three Months

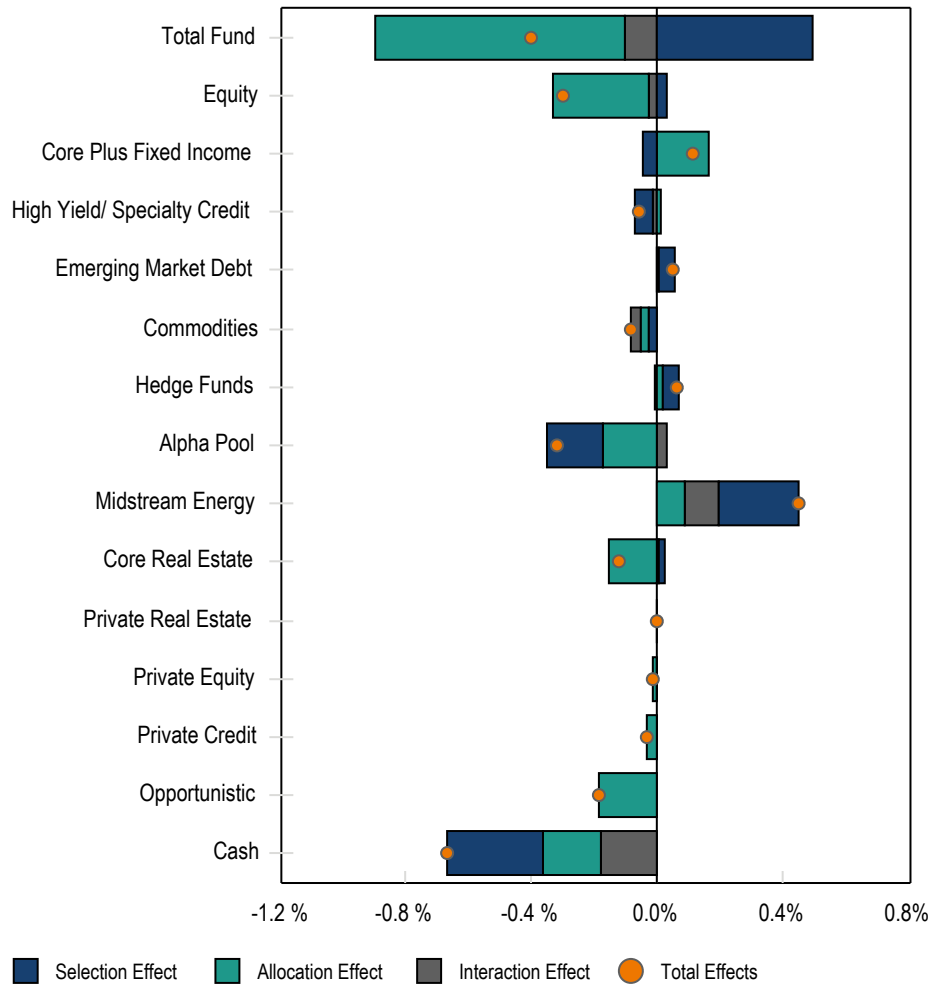
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	10.5	9.8	0.6	0.2	-0.3	0.0	-0.1
Core Plus Fixed Income	1.4	1.9	-0.5	-0.1	0.1	0.0	0.0
High Yield/ Specialty Credit	2.3	4.0	-1.6	-0.1	0.0	0.0	-0.1
Emerging Market Debt	9.2	8.3	0.9	0.0	0.0	0.0	0.0
Commodities	5.1	2.2	2.8	0.1	0.0	0.0	0.1
Hedge Funds	2.2	3.9	-1.7	-0.2	0.0	0.0	-0.2
Alpha Pool	0.5	1.8	-1.3	-0.1	0.0	0.0	-0.1
Midstream Energy	7.6	8.4	-0.8	-0.1	0.1	0.0	0.0
Core Real Estate	-4.6	-5.0	0.4	0.0	-0.3	0.0	-0.2
Private Real Estate	2.4	2.4	0.0	0.0	0.0	0.0	0.0
Private Equity	-3.3	-3.3	0.0	0.0	0.0	0.0	0.0
Private Credit	-0.9	-0.9	0.0	0.0	0.0	0.0	0.0
Opportunistic	-0.8	1.8	-2.6	0.0	-0.2	0.0	-0.2
Cash	6.5	0.8	5.7	-0.5	0.1	-0.2	-0.3
Total Fund	4.4	5.4	-1.0	-0.6	-0.7	-0.2	-1.0

Weighted returns shown in attribution analysis may differ from actual returns. Negative cash allocation unable to be shown in Attribution Summary table. Wtd. Index Returns calculated from benchmark returns and weightings of each component. Selection Effect includes Other Effect in the Performance Attribution table.

Total Fund
Attribution Analysis - Asset Class Level (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

Attribution Effects
Fiscal YTD



Performance Attribution

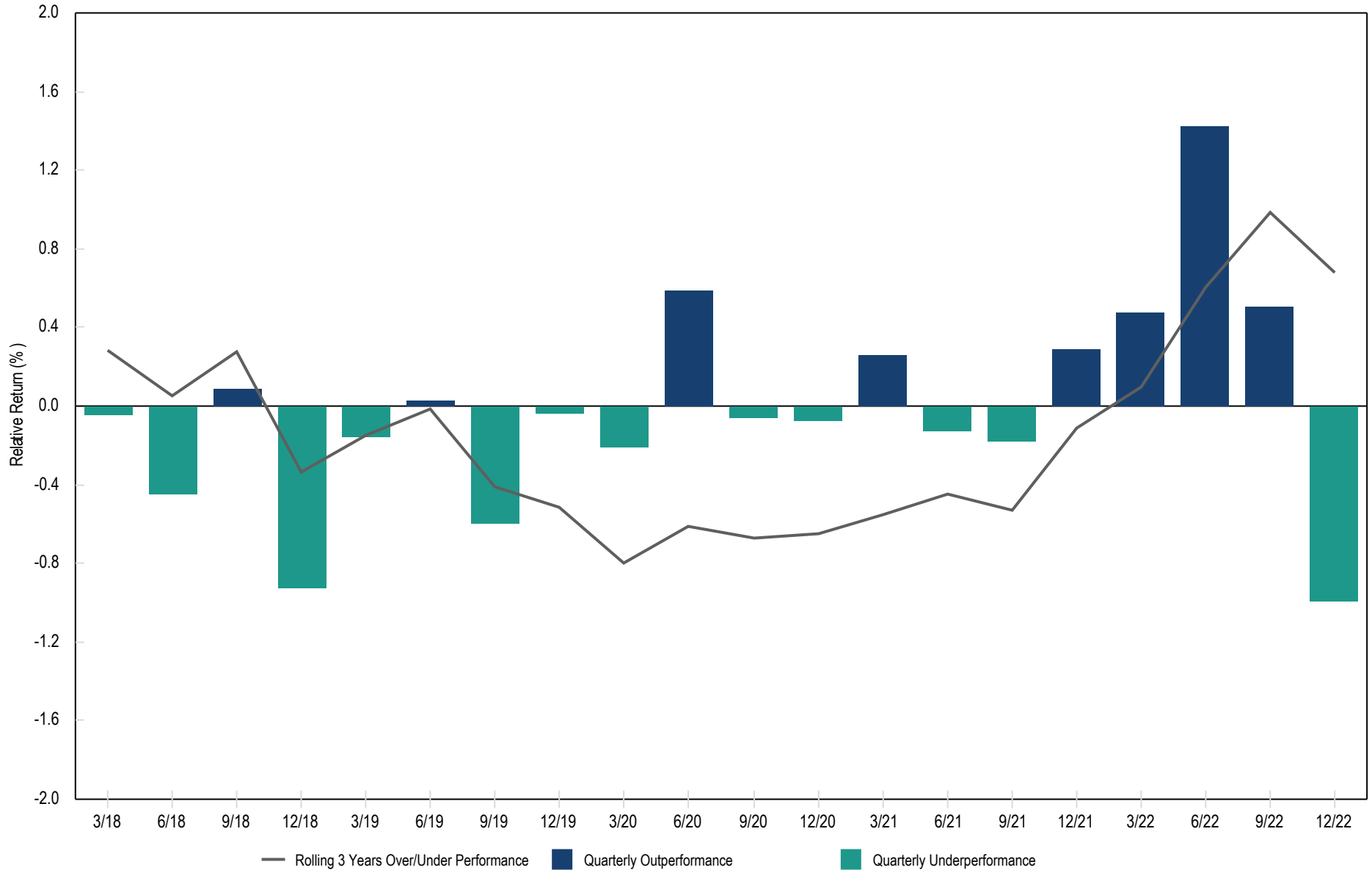
	Fiscal YTD
Wtd. Actual Return	1.0
Wtd. Index Return	1.4
Excess Return	-0.4
Selection Effect	0.5
Allocation Effect	-0.8
Interaction Effect	-0.1

Attribution Summary
Fiscal YTD

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	2.6	2.6	0.1	0.0	-0.3	0.0	-0.3
Core Plus Fixed Income	-3.2	-3.0	-0.3	0.0	0.2	0.0	0.1
High Yield/ Specialty Credit	2.3	3.3	-1.0	-0.1	0.0	0.0	-0.1
Emerging Market Debt	4.6	3.3	1.3	0.1	0.0	0.0	0.1
Commodities	-2.6	-2.0	-0.6	-0.1	0.0	0.0	-0.1
Hedge Funds	3.7	3.4	0.3	0.0	0.0	0.0	0.1
Alpha Pool	0.6	3.3	-2.7	-0.1	-0.2	0.0	-0.3
Midstream Energy	13.0	7.3	5.6	0.4	0.1	0.1	0.5
Core Real Estate	-4.1	-4.5	0.4	0.0	-0.1	0.0	-0.1
Private Real Estate	5.6	5.6	0.0	0.0	0.0	0.0	0.0
Private Equity	-6.8	-6.8	0.0	0.0	0.0	0.0	0.0
Private Credit	-2.1	-2.1	0.0	0.0	0.0	0.0	0.0
Opportunistic	-3.9	3.6	-7.5	0.0	-0.2	0.0	-0.2
Cash	7.4	1.3	6.1	-0.5	-0.2	-0.2	-0.7
Total Fund	1.0	1.4	-0.4	-0.3	-0.8	-0.1	-0.4

Weighted returns shown in attribution analysis may differ from actual returns. Negative cash allocation unable to be shown in Attribution Summary table. Wtd. Index Returns calculated from benchmark returns and weightings of each component. Selection Effect includes Other Effect in the Performance Attribution table.

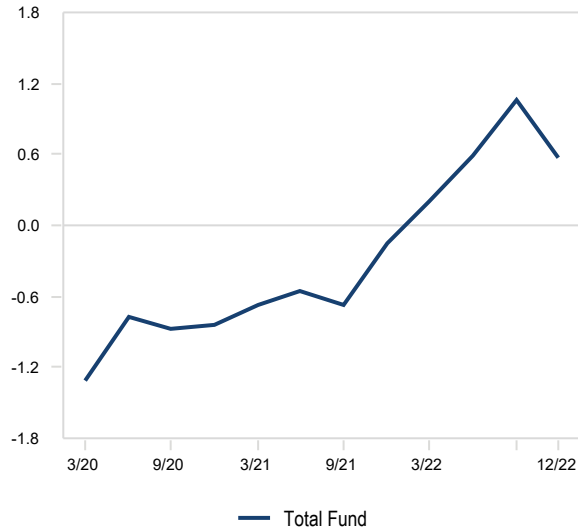
Rolling 3 Year Annualized Excess Performance



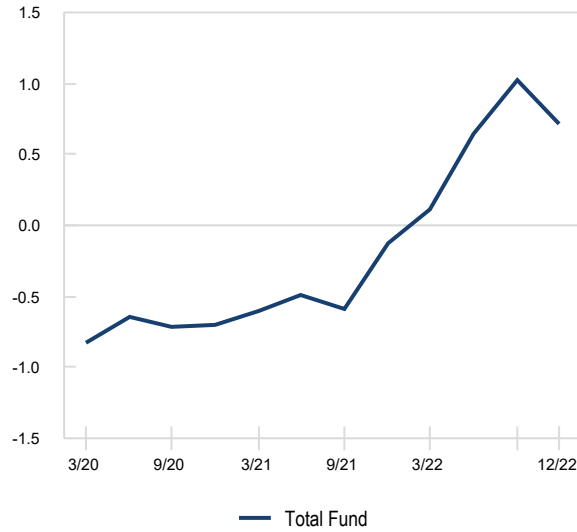
Total Fund
Rolling Risk Statistics: 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

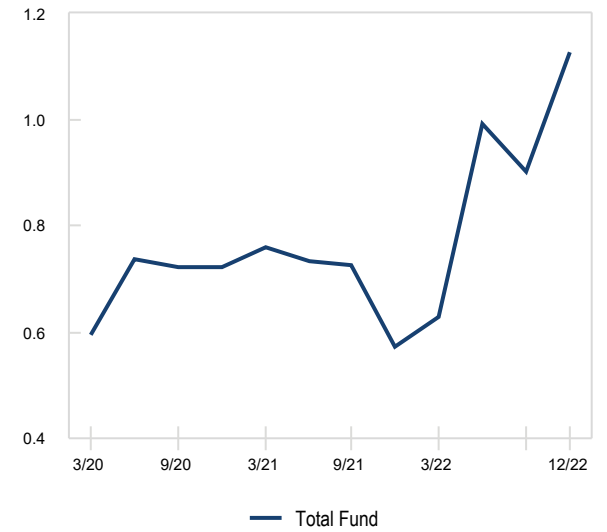
Rolling Information Ratio



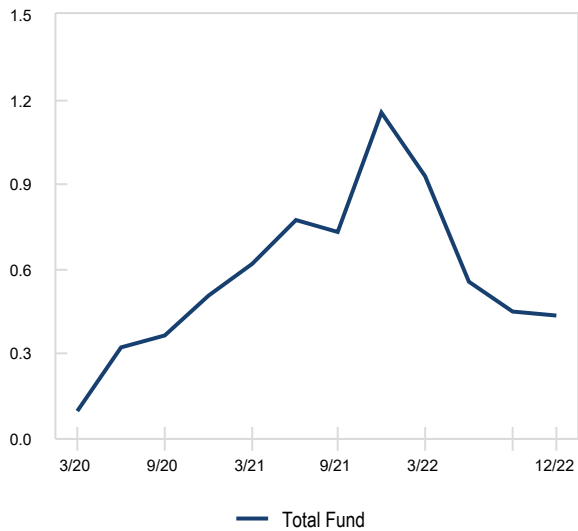
Rolling Annual Excess Benchmark Return



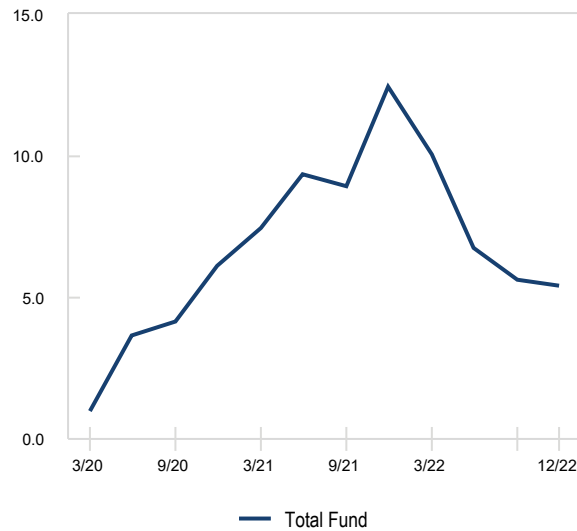
Rolling Tracking Error



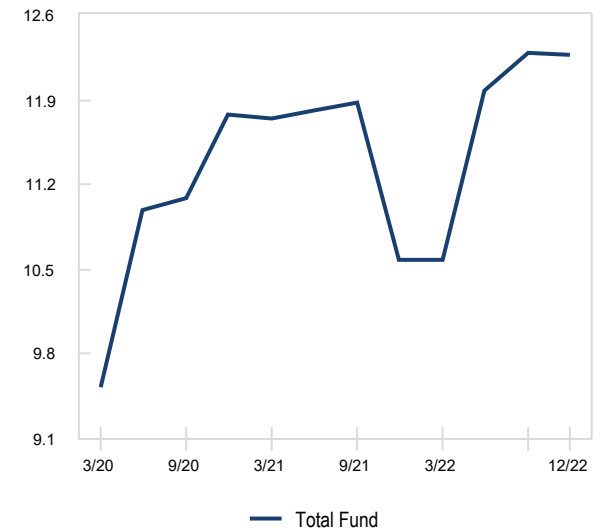
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



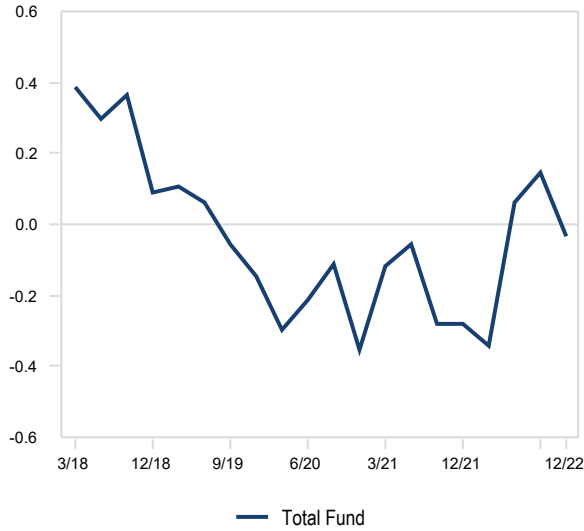
Rolling Annualized Standard Deviation



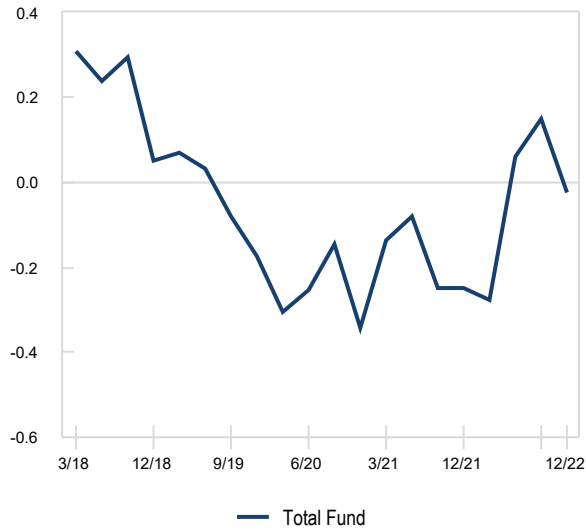
Total Fund
Rolling Risk Statistics: 5 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

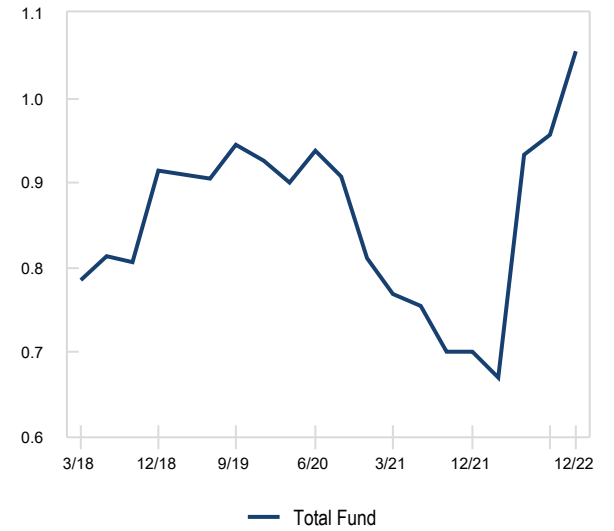
Rolling Information Ratio



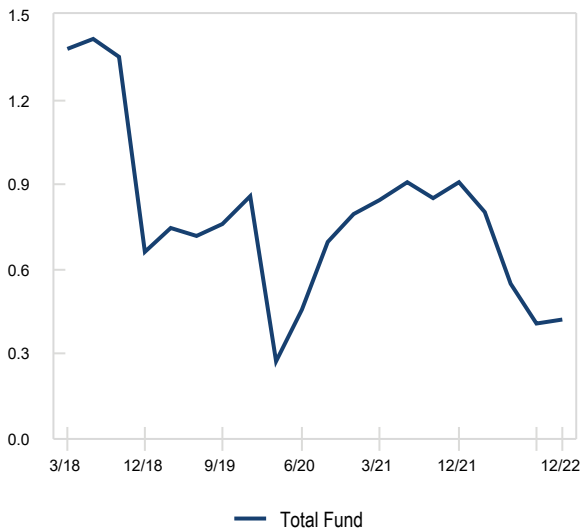
Rolling Annual Excess Benchmark Return



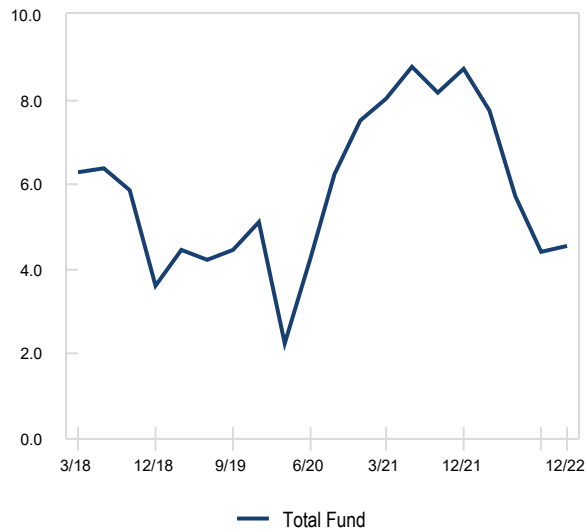
Rolling Tracking Error



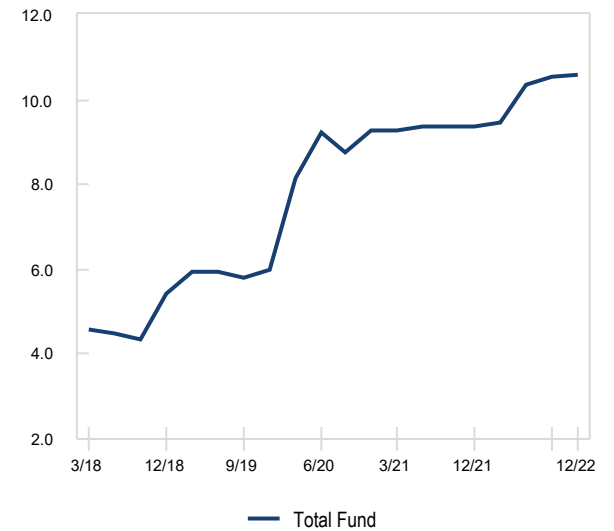
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



Rolling Annualized Standard Deviation



Cash Flows

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
Equity	1,469,296,073		-25,000,156		-20,000,020	153,279,806	1,577,575,704
Equity Beta Exposure	124,611,900		-25,000,000			9,268,300	108,880,200
Mellon DB SL Stock Index Fund	426,205,824					32,230,263	458,436,087
PIMCO StocksPLUS	92,550,537					6,916,692	99,467,229
AB US Small Cap Value Equity	78,127,226					7,984,701	86,111,927
Geneva Capital Small Cap Growth	43,421,320		-156			2,599,399	46,020,563
Mellon DB SL World ex-US Index Fund	405,985,897					65,391,568	471,377,465
Fidelity Non-US Small Cap Equity	232,584					19,336	251,920
Cevian Capital II	31,433,651					3,002,123	34,435,773
American Century Non-US Small Cap	60,918,029				-20	7,971,923	68,889,933
DFA Emerging Markets Value I	68,160,210					6,998,468	75,158,678
AB Emerging Markets Strategic Core Equity Collective Trust	64,396,359				-20,000,000	3,789,637	48,185,996
Mellon Emerging Markets Stock Index Fund	73,251,800					7,107,288	80,359,088
Transition Equity	736					109	845
Fixed Income	1,149,208,298	84,055,182	-2,658,271	-120,385	-29,921,330	31,642,837	1,232,206,332
Fixed Income Beta Exposure	254,923,009	84,055,182				-1,655,528	337,322,663
Mellon DB SL Aggregate Bond Index Fund	154,776,570					2,937,145	157,713,715
PIMCO Core Plus	157,443,885					3,221,700	160,665,585
Western Asset Core Plus	115,138,268					3,674,392	118,812,660
Western Asset High Yield Fixed Income	183,575,160				-28,154,988	6,567,033	161,987,205
TCW Securitized Opportunities	97,625,393		-1,855,318	-120,385	-1,766,341	-129,835	93,753,514
Stone Harbor Emerging Markets Debt Blend Portfolio	59,118,869		-802,952			5,351,023	63,666,940
PIMCO EMD	126,505,886					11,671,117	138,177,003
Transition Fixed Income	101,258					5,790	107,047
Commodities	231,611,569			-28,714	-37,000,000	11,218,921	205,801,777
Gresham MTAP Commodity Builder Fund	78,689,436			-28,714	-27,000,000	836,861	52,497,584
WTC-CTF	152,922,133				-10,000,000	10,382,060	153,304,193
Hedge Funds	555,236,603		-19,884,811	-1,110,390	-5,000,000	13,030,649	542,272,051
Aristeia International Limited	68,735,073					-553,664	68,181,409
Brevan Howard Fund	76,508,122					255,718	76,763,840
D.E. Shaw Composite Fund	61,196,084		-4,120,886	-1,046,810		2,828,541	58,856,929
HBK Fund II	56,515,419		-14,726,776	-63,580		2,444,063	44,169,126
Hudson Bay Cap Structure Arbitrage Enhanced Fund	78,368,295					1,722,802	80,091,097

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
Indus Pacific Opportunities Fund	37,249,096					-11,550	37,237,546
Magnetar Structured Credit Fund	8,159,524		-1,037,149			137,666	7,260,041
Pharo Macro Fund	61,133,696					1,148,298	62,281,994
PIMCO Commodity Alpha Fund	63,623,535				-5,000,000	4,402,305	63,025,840
Sculptor Domestic Partners II LP	43,747,759					656,470	44,404,229
Alpha Pool	257,700,699	6,629,891	-18,326,095		-7,827,649	1,328,730	239,505,576
Hudson Bay	60,533,289	1,605,247				-274,521	61,864,015
Davidson Kempner Institutional Partners	53,269,455	1,402,609				-425,060	54,247,004
HBK Fund II	54,349,773	1,424,384	-14,162,453			864,881	42,476,585
HBK Opportunities Platform – SPAC Series	35,999,510	741,862	-4,163,642		-7,827,649	7,855	24,757,936
Garda Fixed Income Relative Value Opportunity Fund	53,548,672	1,455,790				1,155,574	56,160,036
Midstream Energy	322,797,858				-48,890,841	25,485,335	299,392,352
Harvest Midstream	185,889,047				-47,789,638	13,978,180	152,077,589
PIMCO Midstream	136,908,811				-1,101,202	11,507,154	147,314,763
Core Real Estate	360,386,343			-338,981	-3,926,267	-15,814,512	340,306,582
ASB Allegiance Real Estate Fund	199,291,186				-1,951,028	-7,921,116	189,419,041
JPMCB Strategic Property Fund	161,095,157			-338,981	-1,975,239	-7,893,396	150,887,540
Private Real Estate	104,997,989				12,462,751	2,186,534	119,647,273
Invesco Real Estate Value-Add Fund IV	4,031,249					-1,371,795	2,659,454
Landmark Real Estate Partners VIII	28,646,936				2,020,382	1,056,828	31,724,146
Long Wharf Real Estate	33,209,484				1,268,583	338,544	34,816,611
Covenant Apartment Fund X	27,939,711				-380,540	2,345,935	29,905,106
Singerman Real Estate Opportunity Fund IV	3,850,122				4,331,250	33,455	8,214,827
LBA Logistics Value Fund IX, L.P.	5,813,153				1,923,077	-162,225	7,574,005
Private Equity	151,555,511				10,660,667	-5,023,206	157,192,972
Abbott V	3,100,331					-231,623	2,868,708
Abbott VI	22,959,156				-1,245,490	-2,773,347	18,940,319
Pantheon Secondary III	567,222					-13,350	553,872
Pantheon III	49,712					-2,648	47,064
Pantheon V	414,136					-2,644	411,492
Pantheon VI	354,968					-8,778	346,190

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
Pantheon VII	8,101,079					-206,918	7,894,161
Vista Foundation Fund IV	13,958,460					-137,270	13,821,190
Crown Global Secondaries V Master S.C.Sp	21,065,609				2,500,000	765,844	24,331,453
Brighton Park Capital Fund I	37,910,214				748,993	-3,523,105	35,136,102
Warren Equity Partners Fund III	24,410,915					1,250,721	25,661,636
Peak Rock Capital Fund III	9,273,982				998,647	482,998	10,755,627
Level Equity Growth Partners V	2,872,189				1,443,646	-278,632	4,037,203
Level Equity Opportunities Fund 2021	1,371,903				2,022,817	-181,872	3,212,848
Linden Capital Partners V LP	5,145,635				477,975	-162,582	5,461,028
Rubicon Technology Partners IV L.P.					3,214,080		3,214,080
OrbiMed Private Investments IX, LP					500,000		500,000
Private Credit	251,235,260				-6,167,405	-2,288,193	242,779,662
DC Value Recovery Fund IV	33,313,661				-13,622,353	-868,894	18,822,414
Sixth Street TAO Partners (B)	37,760,184				325,471	588,808	38,674,463
Brookfield Real Estate Finance Fund V	19,766,051				-918,105	770,155	19,618,101
Magnetar Constellation Fund V	31,448,946				-1,900,729	379,715	29,927,932
H.I.G. Bayside Loan Opportunity Fund V	40,257,660					-185,517	40,072,143
Blue Torch Credit Opportunities Fund II	19,379,415				-262,540	-2,027,595	17,089,280
Fortress Credit Opportunites Fund V Expansion	12,998,162				1,041,074	-19,414	14,019,822
Fortress Lending Fund II	30,712,727				-1,130,223	-983,400	28,599,104
Fortress Lending Fund III	15,394,988				8,800,000	-188,338	24,006,650
OrbiMed Royalty & Credit Opportunities IV	3,000,000				1,500,000	60,332	4,560,332
Opportunistic	168,102,976				3,050,766	-1,348,184	169,805,558
DB Investors Fund IV	22,582,102					-876,726	21,705,376
Sixth Street TAO Partners (D)	84,455,252				3,814,422	2,635,483	90,905,157
Aristeia Select Opportunities II	52,911,257					-3,253,308	49,657,949
River Birch International	8,154,365				-763,656	146,367	7,537,076
Cash	-127,163,515	139,365,938	-215,699,626		132,559,327	3,185,188	-67,752,688
Short Term Cash Account	1						1
Short Term Investment Funds	62,107,829	67,719	-11,000,000		102,559,327	2,223,479	155,958,354
Parametric Cash Overlay	46,075,185	61,525,010	-40,652,380			623,880	67,571,696
Goldman Sachs Cash Account	25,625,978	40,797,305	-62,038,791				4,384,492
Futures Offset	-379,534,909	36,975,905	-102,008,455			-1,635,403	-446,202,863

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
Collateral Cash							
BlackRock Short Duration Fund	118,562,401				30,000,000	1,973,232	150,535,633

Total Fund
Cash Flow History

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

Portfolio Reconciliation

	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Beginning Market Value	4,894,965,664	5,061,132,474	5,557,439,932	4,500,464,640	4,159,475,804	3,102,407,361
Contributions	478,685,097	1,865,510,648	3,377,821,291	10,197,839,022	12,256,238,485	18,157,043,144
Withdrawals	-530,203,044	-1,929,965,480	-3,480,405,383	-10,447,065,693	-12,619,579,200	-18,837,761,694
Fees	-1,598,469	-3,122,750	-12,587,940	-41,755,975	-68,491,880	-128,172,471
Net Cash Flows	-51,517,947	-64,454,832	-102,584,092	-249,226,671	-363,340,715	-680,718,550
Net Investment Change	215,285,435	62,055,509	-396,122,688	807,495,182	1,262,598,062	2,637,044,341
Ending Market Value	5,058,733,151	5,058,733,151	5,058,733,151	5,058,733,151	5,058,733,151	5,058,733,151
Net Change \$	163,767,488	-2,399,323	-498,706,780	558,268,511	899,257,347	1,956,325,790

Contribution and withdrawals include transfers in and out of accounts. Ending market value is net of fees. Market value and flows do not include the Short Term Cash Account balance.

Risk Metrics

Total Fund
Actual Correlation Matrix

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

Correlation Matrix
3 Years Ending December 31, 2022

	A	B	C	D	E	F	G	H	I	J	K	L
A	1.00											
B	0.98	1.00										
C	0.96	0.98	1.00									
D	0.96	0.98	0.93	1.00								
E	0.85	0.84	0.75	0.84	1.00							
F	0.82	0.79	0.75	0.77	0.77	1.00						
G	0.61	0.60	0.58	0.56	0.58	0.92	1.00					
H	0.90	0.85	0.82	0.82	0.79	0.87	0.65	1.00				
I	0.84	0.81	0.73	0.82	0.85	0.90	0.68	0.87	1.00			
J	0.71	0.63	0.57	0.67	0.62	0.39	0.11	0.60	0.56	1.00		
K	0.73	0.69	0.65	0.67	0.70	0.58	0.33	0.77	0.70	0.56	1.00	
L	-0.16	-0.17	-0.10	-0.21	-0.25	-0.36	-0.33	-0.25	-0.34	-0.01	-0.22	1.00

- A = Total Fund
- B = Equity
- C = Domestic Equity
- D = International Developed Equity
- E = Emerging Markets Equity
- F = Fixed Income
- G = Core Plus Fixed Income
- H = High Yield/ Specialty Credit
- I = Emerging Market Debt
- J = Commodities
- K = Hedge Funds
- L = Core Real Estate

- Low Interaction
- Moderate Interaction
- Moderate to High Interaction
- High Interaction

Total Fund
Risk Analysis - 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	Alpha	Beta	R-Squared	Return	Information Ratio	Excess Performance	Tracking Error	Sharpe Ratio	Excess Return	Standard Deviation	Sortino Ratio	Up Capture	Down Capture
Total Fund	1.0	0.9	1.0	5.5	0.4	0.7	1.5	0.5	5.2	10.3	0.7	95.7	89.3
Equity	0.4	1.0	1.0	4.3	0.4	0.4	1.0	0.3	5.6	20.1	0.4	100.1	98.6
Domestic Equity	0.0	1.0	1.0	7.2	-0.1	-0.1	1.2	0.4	8.5	21.3	0.6	99.1	99.2
International Developed Equity	0.8	1.0	1.0	1.8	0.7	0.8	1.1	0.2	3.2	20.4	0.2	102.2	99.7
Emerging Markets Equity	-1.7	1.0	1.0	-3.4	-0.6	-1.6	2.9	-0.1	-2.2	20.0	-0.1	91.0	97.4
Fixed Income	0.6	1.1	1.0	-1.9	0.5	0.4	1.0	-0.3	-2.4	7.1	-0.4	111.5	104.2
Core Plus Fixed Income	0.1	1.1	1.0	-2.7	0.0	0.0	1.2	-0.5	-3.3	6.2	-0.6	113.5	109.5
High Yield/ Specialty Credit	0.3	0.8	1.0	0.1	0.1	0.4	2.9	0.0	-0.2	9.0	0.0	75.6	73.4
Emerging Market Debt	2.1	1.1	1.0	-4.0	1.2	1.6	1.5	-0.3	-3.9	13.3	-0.4	109.8	97.1
Commodities	1.1	0.9	0.9	12.7	0.0	0.0	5.8	0.7	12.8	17.6	1.1	92.8	88.7
Hedge Funds	5.5	0.7	0.4	9.0	0.9	4.1	4.1	1.5	8.1	5.1	2.6	95.7	12.1
Core Real Estate	2.3	0.6	0.9	8.1	-0.5	-1.8	4.0	1.4	7.2	5.2	3.3	78.8	69.3
Private Real Estate	0.0	1.0	1.0	17.6	-	0.0	0.0	1.8	16.0	8.7	5.5	100.0	100.0
Private Equity	0.0	1.0	1.0	12.5	-0.6	0.0	0.0	0.9	12.1	13.9	1.7	100.0	100.1
Private Credit	0.0	1.0	1.0	2.2	-0.6	0.0	0.0	0.3	1.6	4.7	0.5	99.9	100.0

Data not available for time periods less than 3 years (Alpha Pool, Midstream, & Opportunistic added in 2020)

Risk Return Statistics: Last Three Years

Period Ending: December 31, 2022

	Equity	MSCI AC World IMI (Net)	Core Plus Fixed Income	Bloomberg U.S. Aggregate Index	High Yield/ Specialty Credit	ICE BofA U.S. High Yield Index	Emerging Market Debt	3 Years 50 JPM EMBI Global Div/ 50 JPM GBI EM Global Div	Commodities	Bloomberg Commodity Index Total Return	Hedge Funds	75% 90 Day TBills +4%/ 25% MSCI ACWI (Net)	Core Real Estate	NCREIF ODCE- monthly
RETURN SUMMARY STATISTICS														
Up Market Periods	21	21	16	16	23	23	17	17	25	25	23	23	34	34
Down Market Periods	15	15	20	20	13	13	19	19	11	11	13	13	2	2
Maximum Return	12.43	12.66	3.31	3.68	4.64	6.01	7.59	7.35	8.01	8.78	3.99	3.34	5.39	7.97
Minimum Return	-14.74	-14.39	-4.34	-4.32	-10.52	-11.76	-13.80	-12.46	-12.65	-12.81	-5.24	-3.02	-3.35	-4.97
Return	4.32	3.89	-2.73	-2.71	0.14	-0.25	-4.05	-5.66	12.65	12.65	9.03	4.99	8.12	9.93
Excess Return	5.56	5.18	-3.29	-3.30	-0.16	-0.33	-3.93	-5.73	12.83	12.98	8.09	4.28	7.25	9.13
Excess Performance	0.42	0.00	-0.01	0.00	0.39	0.00	1.62	0.00	0.00	0.00	4.04	0.00	-1.81	0.00
RISK SUMMARY STATISTICS														
Beta	0.99	1.00	1.05	1.00	0.79	1.00	1.06	1.00	0.91	1.00	0.69	1.00	0.58	1.00
Upside Risk	14.50	14.54	3.74	3.48	5.14	6.71	7.82	7.20	13.64	13.62	4.78	4.24	5.27	8.32
Downside Risk	14.05	14.18	4.98	4.66	7.34	8.84	10.84	10.33	11.83	12.95	3.10	2.89	2.15	3.00
RISK/RETURN SUMMARY STATISTICS														
Standard Deviation	20.11	20.24	6.19	5.77	8.96	11.10	13.33	12.51	17.63	18.38	5.10	4.93	5.20	8.37
Alpha	0.43	0.00	0.15	0.00	0.25	0.00	2.13	0.00	1.08	0.00	5.48	0.00	2.32	0.00
Sharpe Ratio	0.27	0.25	-0.53	-0.57	-0.02	-0.03	-0.29	-0.46	0.72	0.70	1.54	0.85	1.35	1.07
Excess Risk	20.23	20.36	6.22	5.78	9.09	11.22	13.39	12.56	17.78	18.54	5.24	5.04	5.35	8.49
Tracking Error	1.05	0.00	1.24	0.00	2.89	0.00	1.54	0.00	5.77	0.00	4.07	0.00	4.05	0.00
Information Ratio	0.36	-	0.01	-	0.06	-	1.18	-	-0.03	-	0.93	-	-0.46	-
CORRELATION STATISTICS														
R-Squared	1.00	1.00	0.96	1.00	0.96	1.00	0.99	1.00	0.90	1.00	0.45	1.00	0.86	1.00
Actual Correlation	1.00	1.00	0.98	1.00	0.98	1.00	0.99	1.00	0.95	1.00	0.67	1.00	0.93	1.00

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

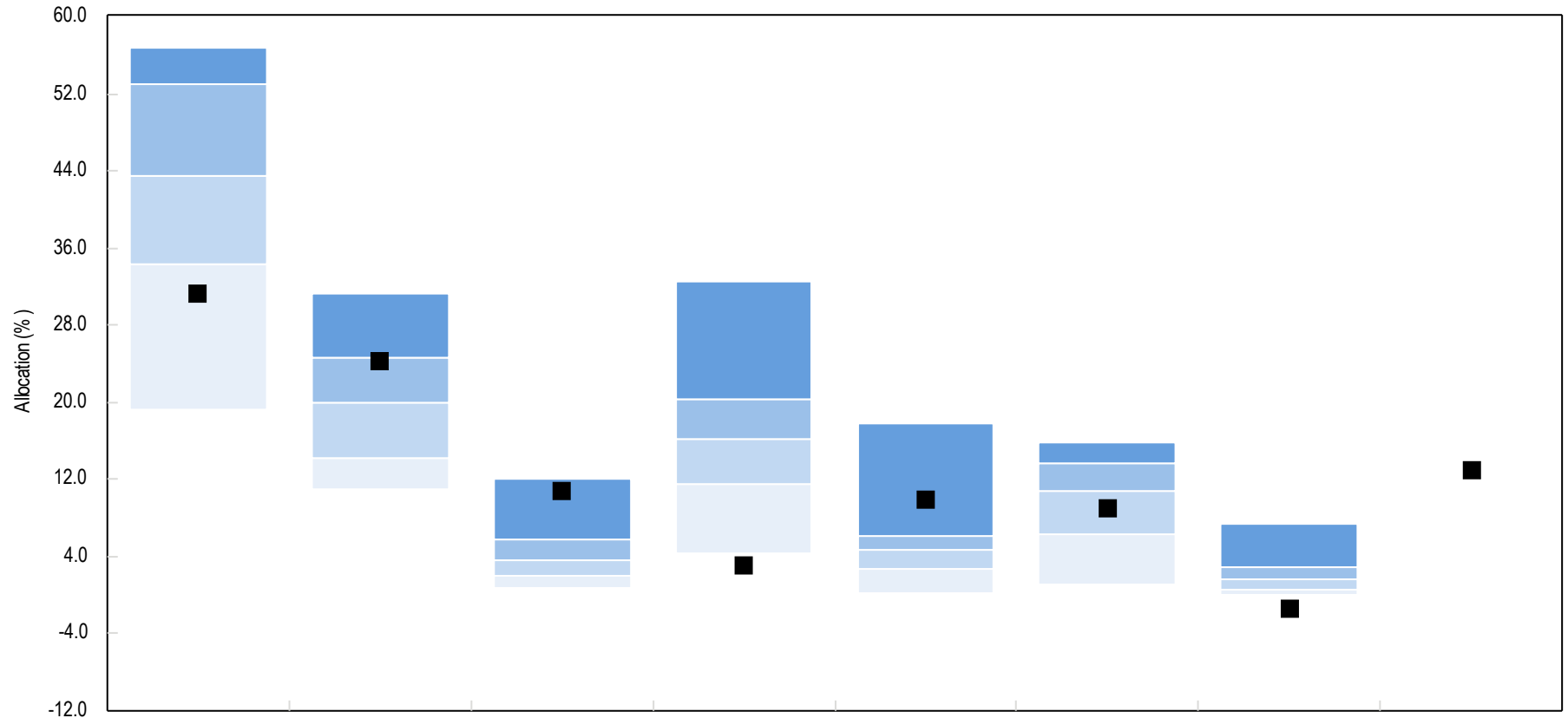
Risk Return Statistics: Last Two Years

	Midstream Energy	Alerian Midstream Energy Index	Opportunistic	Assumed Rate of Return +3%
2 Yrs				
RETURN SUMMARY STATISTICS				
Up Market Periods	16	16	24	24
Down Market Periods	8	8	0	0
Maximum Return	11.20	11.05	19.65	0.58
Minimum Return	-11.82	-12.21	-4.04	0.58
Return	28.29	29.70	13.74	7.25
Excess Return	26.22	27.93	13.53	6.27
Excess Performance	-1.41	0.00	6.49	0.00
RISK SUMMARY STATISTICS				
Beta	0.85	1.00	-	-
Upside Risk	16.94	19.04	16.64	2.03
Downside Risk	11.36	13.31	5.38	0.00
RISK/RETURN SUMMARY STATISTICS				
Standard Deviation	18.85	21.70	17.00	0.00
Alpha	2.51	0.00	-	-
Sharpe Ratio	1.38	1.28	0.79	17.27
Excess Risk	18.95	21.80	17.09	0.36
Tracking Error	4.71	0.00	17.00	0.00
Information Ratio	-0.36	-	0.43	-
CORRELATION STATISTICS				
R-Squared	0.97	1.00	-	-
Actual Correlation	0.98	1.00	-	-

Data for unavailable for positions held for less than two years.

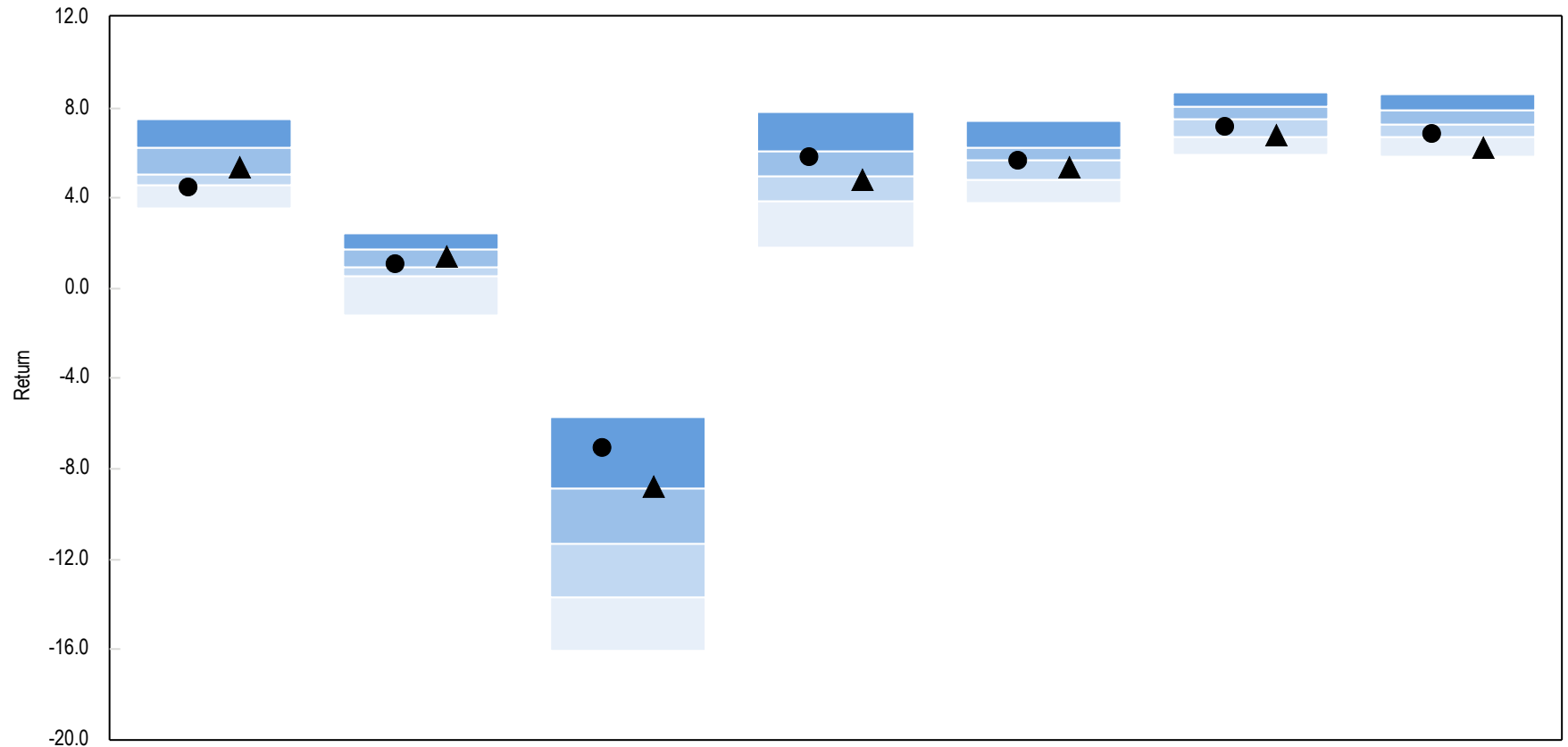
Peer Comparison

Total Plan Allocation vs. InvMetrics Public DB > \$1B
As of December 31, 2022



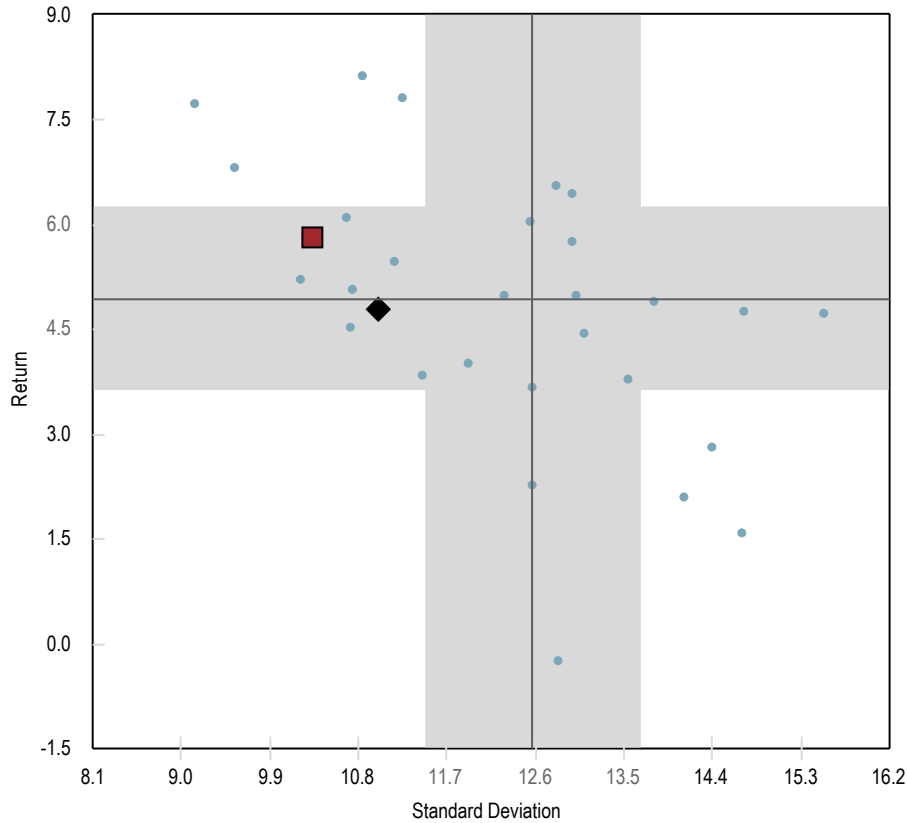
	Total Equity	Total Fixed Income	Hedge Funds	Private Equity	Real Assets/Commod	Real Estate - Private	Cash & Equivalents	Other
■ Total Fund	31.2 (86)	24.4 (27)	10.7 (9)	3.1 (97)	10.0 (22)	9.1 (63)	-1.3	12.9 (100)
5th Percentile	56.8	31.3	12.1	32.6	17.8	15.9	7.5	-
1st Quartile	53.1	24.6	5.8	20.4	6.2	13.7	3.0	-
Median	43.5	20.0	3.6	16.2	4.7	10.9	1.7	-
3rd Quartile	34.4	14.2	2.0	11.5	2.7	6.3	0.6	-
95th Percentile	19.3	10.9	0.8	4.3	0.3	1.1	0.1	-
Population	35	36	16	24	17	25	27	0

Total Fund vs. InvMetrics Public DB > \$1B



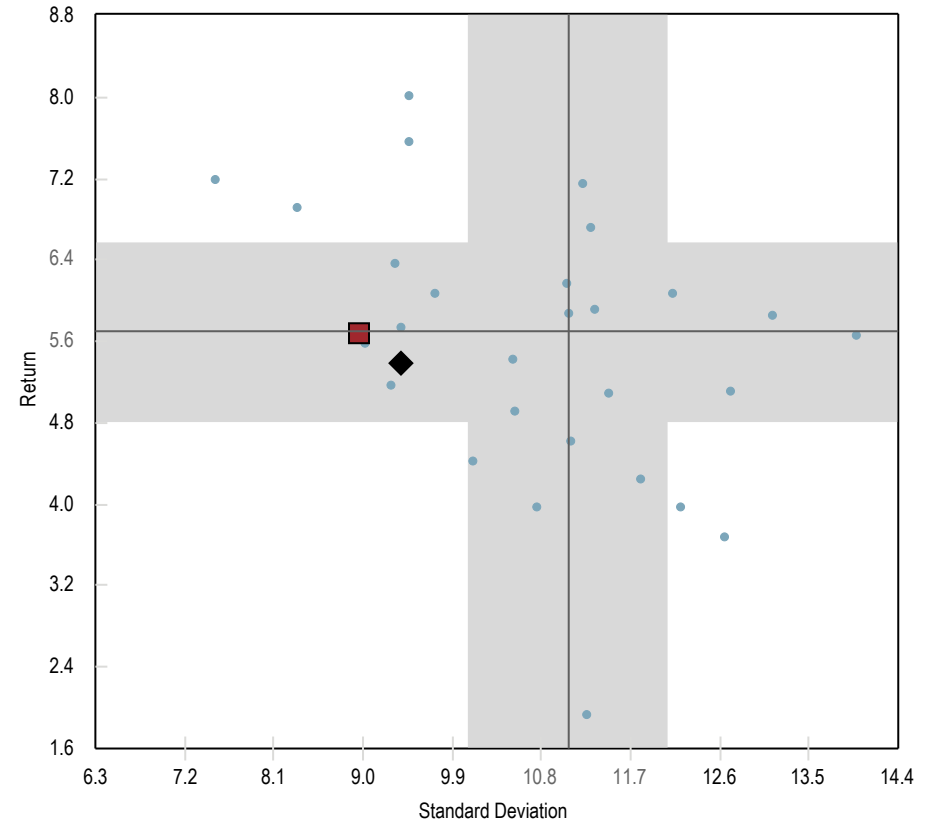
	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	4.5 (80)	1.1 (45)	-7.1 (14)	5.8 (29)	5.7 (51)	7.2 (55)	6.9 (63)
▲ Policy Index	5.4 (42)	1.4 (34)	-8.8 (25)	4.8 (55)	5.4 (60)	6.8 (75)	6.3 (93)
5th Percentile	7.5	2.5	-5.7	7.8	7.4	8.7	8.6
1st Quartile	6.2	1.7	-8.9	6.1	6.2	8.1	7.9
Median	5.1	0.9	-11.3	4.9	5.7	7.5	7.3
3rd Quartile	4.6	0.6	-13.7	3.8	4.8	6.7	6.7
95th Percentile	3.6	-1.2	-16.0	1.8	3.8	5.9	5.8
Population	31	31	28	28	28	28	25

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2022



	Return	Standard Deviation
Total Fund	5.83	10.33
Policy Index	4.80	10.99
Median	4.95	12.58
Population	28	28

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2022



	Return	Standard Deviation
Total Fund	5.69	8.96
Policy Index	5.39	9.39
Median	5.69	11.07
Population	28	28

Other

Total Fund
Watchlist (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

Fund Name	Allocation Group	Overall Status	Outperformed Universe 10th percentile (1yr)	Outperformed Universe 75th percentile (1yr)	Outperformed Index (1yr)	Outperformed Median Rank (3 yrs)	Outperformed Index (3yrs)	Outperformed Median Rank (5 yrs)	Outperformed Index (5yrs)	Concern	Index Fund Tracking Error over 0.25% (1yr)
Equity Beta Exposure	Equity	■	-	-	-	-	-	-	-	-	⚠
Russell 2000 Overlay	Equity	■	-	-	-	-	-	-	-	-	-
Mellon DB SL Stock Index Fund	Equity	■	-	-	-	-	-	-	-	-	✓
PIMCO StocksPLUS	Equity	■	✓	⚠	⚠	⚠	⚠	✓	⚠	-	-
AB US Small Cap Value Equity	Equity	■	✓	⚠	⚠	⚠	✓	⚠	⚠	-	-
Geneva Capital Small Cap Growth	Equity	■	✓	✓	✓	⚠	✓	⚠	✓	-	-
Mellon DB SL World ex-US Index Fund	Equity	■	-	-	-	-	-	-	-	-	⚠
Fidelity Non-US Small Cap Equity	Equity	■	⚠	✓	✓	✓	✓	✓	✓	-	-
Cevian Capital II	Equity	■	-	-	-	-	-	-	-	-	⚠
American Century Non-US Small Cap	Equity	■	✓	✓	⚠	-	-	-	-	-	-
DFA Emerging Markets Value I	Equity	■	⚠	✓	✓	✓	✓	✓	✓	-	-
AB Emerging Markets Strategic Core Equity Collective Trust	Equity	■	✓	✓	-	⚠	-	⚠	-	-	-
Mellon Emerging Markets Stock Index Fund	Equity	■	-	-	-	-	-	-	-	-	-
Mellon DB SL Aggregate Bond Index Fund	Fixed Income	■	-	-	-	-	-	-	-	-	✓
PIMCO Core Plus	Fixed Income	■	✓	✓	✓	✓	✓	⚠	✓	P	-
Western Asset Core Plus	Fixed Income	■	✓	⚠	⚠	⚠	⚠	⚠	✓	-	-
Western Asset High Yield Fixed Income	Fixed Income	■	✓	✓	⚠	✓	⚠	✓	⚠	-	-
TCW Securitized Opportunities	Fixed Income	■	✓	✓	✓	✓	✓	✓	⚠	-	-
Stone Harbor Emerging Markets Debt Blend Portfolio	Fixed Income	■	✓	✓	⚠	⚠	✓	⚠	⚠	P	-
PIMCO EMD	Fixed Income	■	✓	✓	✓	-	-	-	-	-	-
Gresham MTAP Commodity Builder Fund	Commodities	■	✓	✓	✓	⚠	✓	⚠	⚠	-	-
WTC-CTF	Commodities	■	✓	⚠	⚠	⚠	✓	⚠	⚠	-	-

Legend For Overall Status

No Issues	■
Watch	■
Terminate	■

Legend for Standards

Pass	✓
Fail	⚠

Legend for Concern

Provisional	P
Restricted	R
No Issues	--

Total Fund Watchlist (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

Fund Name	Allocation Group	Overall Status	Outperformed Universe 10th percentile (1yr)	Outperformed Universe 75th percentile (1yr)	Outperformed Index (1yr)	Outperformed Median Rank (3 yrs)	Outperformed Index (3yrs)	Outperformed Median Rank (5 yrs)	Outperformed Index (5yrs)	Concern	Index Fund Tracking Error over 0.25% (1yr)
Aristeia International Limited	Hedge Funds	■	-	-	Ⓟ	-	✓	-	✓	-	-
Brevan Howard Fund	Hedge Funds	■	-	-	✓	-	✓	-	✓	-	-
D.E. Shaw Composite Fund	Hedge Funds	■	-	-	✓	-	✓	-	✓	-	-
HBK Fund II	Hedge Funds	■	-	-	Ⓟ	-	✓	-	Ⓟ	-	-
Hudson Bay Cap Structure Arbitrage Enhanced Fund	Hedge Funds	■	-	-	✓	-	✓	-	✓	-	-
Indus Pacific Opportunities Fund	Hedge Funds	■	-	-	Ⓟ	-	✓	-	Ⓟ	-	-
Magnetar Structured Credit Fund	Hedge Funds	■	-	-	Ⓟ	-	✓	-	✓	-	-
PIMCO Commodity Alpha Fund	Hedge Funds	■	✓	Ⓟ	Ⓟ	Ⓟ	✓	✓	✓	-	-
River Birch International	Opportunistic	■	-	-	✓	-	Ⓟ	-	Ⓟ	-	-
Sculptor Domestic Partners II LP	Hedge Funds	■	-	-	Ⓟ	-	Ⓟ	-	-	-	-
Harvest Midstream	Midstream	■	Ⓟ	✓	✓	-	-	-	-	-	-
PIMCO Midstream	Midstream	■	✓	✓	Ⓟ	-	-	-	-	-	-
ASB Allegiance Real Estate Fund	Core Real Estate	■	-	-	✓	-	Ⓟ	-	Ⓟ	-	-
JPMCB Strategic Property Fund	Core Real Estate	■	-	-	Ⓟ	-	Ⓟ	-	Ⓟ	-	-
Invesco Real Estate Value-Add Fund IV	Private Real Estate	■	-	-	Ⓟ	-	Ⓟ	-	Ⓟ	-	-
Landmark Real Estate Partners VIII	Private Real Estate	■	-	-	-	-	-	-	-	-	Ⓟ
DB Investors Fund IV	Opportunistic	■	-	-	Ⓟ	-	Ⓟ	-	-	-	-
Sixth Street TAO Partners (D)	Opportunistic	■	-	-	Ⓟ	-	-	-	-	-	-
Aristeia Select Opportunities II	Opportunistic	■	-	-	Ⓟ	-	-	-	-	-	-

Legend For Overall Status

No Issues	■
Watch	■
Terminate	■

Legend for Standards

Pass	✓
Fail	Ⓟ

Legend for Concern

Provisional	P
Restricted	R
No Issues	--

Total Fund
Quarterly Historical Returns (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2022

	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Total Fund	4.4	-3.3	-7.5	-0.8	3.6	0.5	5.5	3.5	8.8	4.4	10.7	-11.3
<i>Policy Index</i>	5.4	-3.8	-8.9	-1.3	3.3	0.7	5.7	3.3	8.8	4.5	10.1	-11.1

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Total Fund	4.6	0.2	3.1	6.8	-6.4	2.3	0.3	-0.1	3.0	3.2	2.7	4.2
<i>Policy Index</i>	4.6	0.8	3.0	7.0	-5.5	2.2	0.7	-0.1	3.2	3.1	2.8	3.5

	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Total Fund	0.8	3.5	1.9	1.1	2.2	-5.4	0.7	2.4	0.8	-1.5	3.6	2.1
<i>Policy Index</i>	0.5	2.9	2.2	1.8	1.4	-4.9	0.4	2.0	0.4	-1.4	3.4	2.4

Total Fund Data Sources and Methodology

Kern County Employees' Retirement Association Period Ending: December 31, 2022

Performance Return Calculations

Performance is calculated using a Time Weighted Rates of Return (TWRR) methodology. Monthly returns are linked geometrically and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

Manager Line Up

<u>Investment Fund or Strategy</u>	<u>Fund Incepted</u>	<u>Data Source</u>	<u>Investment Fund or Strategy</u>	<u>Fund Incepted</u>	<u>Data Source</u>
AB Emerging Markets Strategic Core	11/3/2016	Northern Trust	Linden Capital Partners V LP	7/19/2022	Linden
AB US Small Cap Value Equity	7/7/2015	Northern Trust	Long Wharf Real Estate	6/27/2019	Long Wharf
Abbott Capital PE IV	7/13/2001	Abbott Capital	Magnetar Constellation	11/14/2018	Magnetar
Abbott Capital PE V	5/25/2005	Abbott Capital	Magnetar Structured Credit	5/1/2014	Magnetar
Abbott Capital PE VI	3/31/2008	Abbott Capital	Mellon Aggregate Bond Index Fund	1/14/2011	Mellon
American Century Non-US Small Cap	12/15/2020	American Century	Mellon EB DV Stock Index	10/18/2017	Mellon
Aristeia International Limited	5/1/2014	Northern Trust	Mellon EB DV World ex-US Index	8/1/2018	Mellon
ASB Real Estate	9/30/2013	ASB	Myriad Opportunities Offshore	5/19/2016	Northern Trust
Barclays Capital Aggregate Rebalancing Overlay	6/15/2022	Parametric	OrbiMed Royalty & Credit Opportunities	9/12/2022	OrbiMed
BlackRock Short Duration Fund	9/8/2021	BlackRock	Pantheon Global III		Pantheon
Blue Torch Credit Opportunities	7/24/2020	Blue Torch	Pantheon USA III		Pantheon
Brevan Howard	11/1/2013	Northern Trust	Pantheon USA V		Pantheon
Brighton Private Equity	3/28/2021	Brighton	Pantheon USA VI		Pantheon
Brookfield Real Estate Finance Fund V	12/18/2017	Northern Trust	Pantheon USA VII		Pantheon
Cevian Capital II	12/30/2014	Northern Trust	Parametric Overlay/ Cap Efficiency Program	7/31/2020	Parametric
DC Value Recovery fund IV	12/28/2015	Colony	Peak Rock Capital Fund III	7/13/2021	Peak Rock
Covenant Apartment Fund X	10/29/2020	Covenant	PIMCO Commodity Alpha	5/4/2016	PIMCO
DB Investors Fund IV	1/29/2020	DB	PIMCO Core Plus	1/21/2011	Northern Trust
D.E. Shaw	6/30/2013	Northern Trust	PIMCO EMD		Northern Trust
DFA Emerging Markets Value I	3/7/2014	Northern Trust	PIMCO Midstream	10/9/2020	PIMCO
Fortress Credit Opportunities	12/17/2020	Fortress	PIMCO StocksPLUS	7/14/2003	PIMCO
Fortress Lending Fund II	3/15/2021	Fortress	Fidelity Non-US Small Cap Equity	6/10/2008	Northern Trust
Garda Fixed Income Relative Value Opp	9/30/2021	Garda	River Birch	8/3/2015	Northern Trust
Geneva Capital Small Cap Growth	7/22/2015	Geneva	Rubicon Technology Partners IV LP	11/30/2022	Rubicon
Gresham MTAP Commodity	9/3/2013	Gresham	Singerman Real Estate Opportunity Fund IV	10/27/2021	Singerman
Harvest Midstream	9/28/2020	Harvest Midstream	Sculptor Enhanced Domestic Partners	3/26/2019	Sculptor
HBK Fund II	11/1/2013	Northern Trust	Short Term Cash Account		Northern Trust
Henderson Smallcap Growth	7/22/2015	Northern Trust	Short Term Investment Funds		Northern Trust
H.I.G Bayside Loan Opportunities Fund V	7/24/2019	H.I.G. Capital	Stone Harbor Emerging Markets Debt	8/8/2012	Stone Harbor
Hudson Bay	6/7/2019	Northern Trust	TAO Contingent	4/16/2020	TPG Sixth Street
Indus Pacific Opportunities	6/30/2014	Northern Trust	TCW Securitized Opportunities	2/3/2016	TCW
Invesco Real Estate III	6/30/2013	Invesco	Transition Equity		Northern Trust
Invesco Real Estate IV	12/18/2015	Invesco	Transition Fixed Income		Northern Trust
J.P. Morgan Strategic Property	7/2/2014	J.P. Morgan	TSSP Adjacent Opportunities Partners	11/17/2017	TPG Sixth Street
Landmark Real Estate Partners VIII	4/29/2018	Landmark	Vista Equity Partners	7/24/2020	Vista Equity
LBA Logistics Value Fund IX, L.P.	2/22/2022	LBA	Warren Equity	4/1/2021	Warren
Level Equity Growth Partners V	11/1/2021	Level Equity	Wellington Commodities	9/10/2013	Wellington
Level Equity Opportunities Fund 2021	11/1/2021	Level Equity	Western Asset Core Plus	5/31/2004	Northern Trust
LGT Crown	2/1/2021	LGT	Western Asset High Yield Fixed income	5/31/2005	Northern Trust

Total Fund Data Sources and Methodology

Kern County Employees' Retirement Association Period Ending: December 31, 2022

Policy & Custom Index Composition

Policy Index: 4/1/2022-Present	37% MSCI ACWI IMI (Net), 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +4%, 2.5% MSCI ACWI (Net), 8% 91 Day T-Bill + 4%, 5% NCREIF-ODCE Gross Monthly, 5% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 3-Month T-bill.
Policy Index: 7/1/2021-4/1/2022	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 1% Bloomberg US Aggregate*, 4% Bloomberg US Aggregate, 5% Alerian Midstream, 5% 3-Month T-bill +400bps, 91 Day T-Bills, -5% 3-Month T-bill.
Policy Index: 1/1/2021-6/30/2021	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 4% MSCI ACWI*, 1% Bloomberg US Aggregate*, 4% Bloomberg US Aggregate, 5% Alerian Midstream, 5% 3-Month T-bill +400bps, 91 Day T-Bills, -5% 3-Month T-bill.
Policy Index: 7/1/2020-12/31/2020	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 4% MSCI ACWI*, 5% Bloomberg US Aggregate, 1% Alerian Midstream, 4% Bloomberg US Aggregate
Policy Index: 4/1/2020-6/30/2020	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 1/1/2020-3/31/2020	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 10/1/2019-12/31/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*.
Policy Index: 7/1/2019-9/30/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 4/1/2019-6/30/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*.
Policy Index: 1/1/2019-3/31/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 2% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*.
Policy Index: 10/1/2018-12/31/2018	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 2% actual time-weighted Private Credit Returns*, 2% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*.
Policy Index: 7/1/2018-9/30/2018	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 3% actual time-weighted Private Equity Returns*, 2% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 2% MSCI ACWI*, 7% Bloomberg US Aggregate*.
Policy Index: 1/1/2017- 6/30/2018	19% Russell 3000 Index, 18% MSCI ACWI ex US, 29% Bloomberg US Aggregate, 10% NCREIF-ODCE, 4% Bloomberg Commodity Index, 7.5% 91-day T-bills + 400bps, 2.5% MSCI ACWI, 5% Russell 3000 Index + 300 bps, 5% ICE BofA ML High Yield + 200 bps.
Policy Index: 4/1/2014-12/31/2016	23% Russell 3000 Index, 29% Bloomberg US Aggregate, 22% MSCI ACWI ex US,

Other Disclosures

*Private Asset actual weights, rounded to 1%, and actual time-weighted returns of Private Equity, Private Credit, Private Real Estate used in policy with the difference in weight versus target allocated to private market's public market "equivalent". Private Equity to Global Equity, Private Credit and Private Real Estate to Core Plus. All data prior to 2Q 2011 has been provided by the investment managers.

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: Portfolio Return - [Risk-free Rate + Portfolio Beta x (Market Return - Risk-free Rate)].

Benchmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: Portfolio Excess Return / Portfolio Standard Deviation.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §6254.26)

(CA Gov. Code §6255)

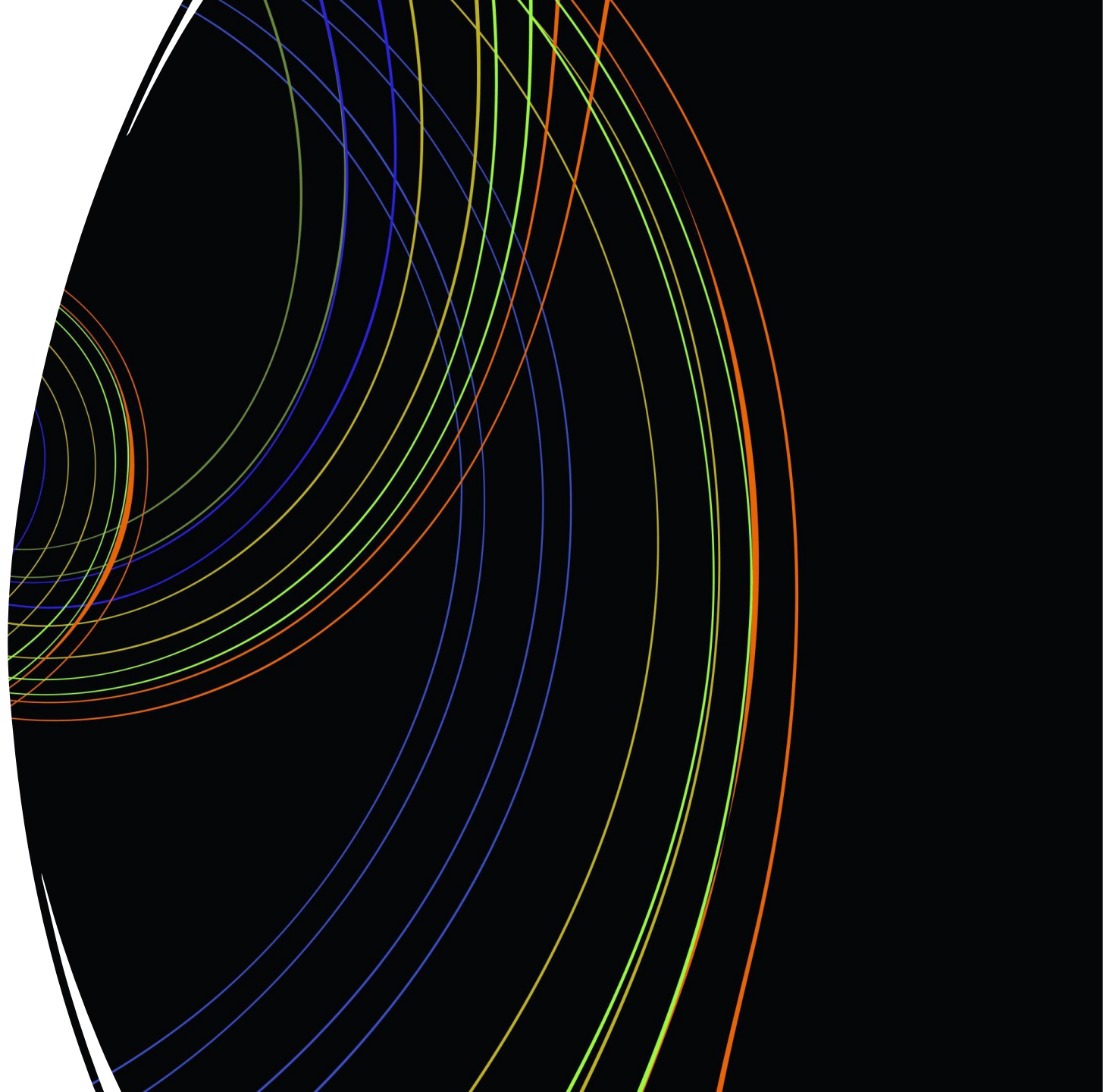
(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE

KCERA AB 2449 Process

Jennifer Esquivel Zahry,
Chief Legal Officer



Notification Prior to Meeting

- Remote Appearance Form included with Calendaring Appointment
- Available in Workspaces
- Fillable Form
 - Name, Meeting type
 - Just Cause vs Emergency Circumstance
 - Reminder of Limitations
 - 2 “Just Cause” circumstances per year
 - NTE 3 consecutive months
- Submit form ASAP or 1 week before meeting
- Zoom link provided once form received
- If unable to submit request for remote appearance prior to posting, Trustee will initially log on via public Zoom link

Process During Meeting

- Meeting Protocol Revised
- Initial in person roll call (5 persons required)
- Agenda Item 1 Remote Appearance – “Just Cause”
 - Notification(s) received prior to agenda posting
 - Chair Directs Clerk to add Trustee(s) to roll
 - Mandatory Disclosures
 - Chair calls for additional “Just Cause” requests not on agenda
 - Notifications announced
 - Chair Directs Clerk to add Trustee(s) to roll
 - Disclosure(s) made
 - Staff promotes Trustee to panelist position on Zoom
 - Reminder: remote attendees must keep camera on

Process During Meeting (continued)

- Agenda Item 2 Remote Appearance - “Emergency”
 - Request(s) received prior to agenda posting
 - Board Action
 - If approved, Chair directs Clerk to add Trustee to Roll
 - Chair calls for required disclosure(s)
 - Chair calls for additional Emergency Circumstance requests not listed on Agenda
 - Trustee(s) make request
 - Board Action
 - If approved, Chair directs Clerk to add Trustees to Roll
 - Staff promotes Trustee to panelist position on Zoom
 - Chair calls for required disclosure(s)
 - Reminder: remote attendees must keep camera on

Administrative Tracking and Housekeeping

- Follow up – Staff will have to follow-up with Trustee(s) who did not submit form (i.e., request was not listed on agenda). Trustee(s) will need to complete and submit form for records.
- Summaries of Proceedings – Meeting summaries will need to reflect verbal requests not listed on agenda and action taken.
- Tracking – Staff will be required to track Trustee remote appearances to advise Trustees before voting on a remote appearance request.
- Voting and Meeting Pace – Potential for administrative delays; pack patience

AB 2449
Amendments to
Brown Act
Teleconferencing
Requirements

Jennifer Zahry, Chief Legal Officer

Teleconferencing Allowed by Brown Act (Pre-COVID pandemic to present)

- If the legislative body “elects to use teleconferencing” ...
 - Post Agenda at all teleconference locations
 - Identify teleconference location in notice of meeting and agenda
 - Allow public access to all teleconference locations
 - Quorum of the legislative body must be present within the boundaries of the Board’s jurisdiction(Cal. Gov. Code §54953(b)(3)).

Teleconferencing Allowed by Brown Act AB 361 States of Emergency (9/16/21-2/28/23)

- Legislative body of local agency may use teleconferencing without complying with 54953(b)(3) (i.e., slide #2) if:
 - Active State of Emergency exists **AND**
 - Public health officers have imposed/recommended social distancing measures **OR**
 - Board is meeting to determine whether meeting in person would present imminent risks to health or safety of attendees **OR**
 - Board majority votes that as a result of the state of emergency, meeting in person would result in imminent risks to the health or safety of attendees
 - Renewed/Newly Adopted Resolution every 30 days
- (Cal. Gov. Code §54953(e))

Newly Added Teleconferencing Provisions (effective 1/1/23-12/31/25) (Cal. Gov. Code §54953(f))

The Board “may use teleconferencing without complying with §54953(b)” (posting and access requirements in slide #2)

if ...

- Quorum of legislative body participates
 - in person
 - from a singular physical location
 - ✓ listed on the agenda
 - ✓ open to public
 - ✓ located within jurisdiction of local agency

AND

Newly Added Teleconferencing Provisions
(effective 1/1/23-12/31/25)
(Cal. Gov. Code §54953(f))

Trustees only participate remotely for

- JUST CAUSE

OR

- EMERGENCY CIRCUMSTANCE

“JUST CAUSE”

- Caregiving Need
 - Child, parent, grandparent, grandchild, sibling, spouse, domestic partner
 - Contagious Illness
 - Physical or mental disability
 - Traveling while on official business of KCERA or another state or local agency
- (Cal. Gov. Code 54953(j)(2)).

Newly Added Teleconferencing Provisions (effective 1/1/23-12/31/25) “JUST CAUSE” - Procedures and Limitations



- Trustee notifies the legislative body at the “earliest opportunity possible” (including start of meeting)
- Trustee must provide a general description of the need to appear remotely
- Limits: Teleconferencing for “just cause” may only be used for two meetings per calendar year

(Cal. Gov. Code §54953(f)).

Newly Added Teleconferencing Provisions (effective 1/1/23-12/31/25) “EMERGENCY CIRCUMSTANCE”

- Qualifying Emergency: “Physical or family medical emergency that prevents trustee from attending in person.”
- Procedure:
 - Trustee must notify legislative body (staff) of the request to attend remotely due to Emergency Circumstance as soon as possible
 - Item placed on Agenda with general description of the emergency circumstance causing the request for remote appearance
 - not required to disclose personal medical information
 - separate request to appear remotely required for each meeting
 - If notice of the Emergency Circumstance cannot be included on the agenda due to timing, BOR may act on the request at the beginning of the meeting (Cal. Gov. Code §54953(f)(2) and §54953(j)(1), 54954.2(b)(4)).

Newly Added Teleconferencing Provisions Additional Restrictions Applicable to All Remote Appearances

- Trustees appearing remotely must publicly disclose at start of meeting whether any other persons 18 years or older are present in the room at the remote location and the member's relationship to that person
- Trustees appearing remotely "shall participate through both audio and visual technology" (i.e., must be seen and heard)
- Limits: Teleconferencing cannot be used for more than three consecutive months or 20% of Board meetings

(Cal. Gov. Code §54953(f)).



Misc. Statutory Requirements

- Technology Requirements
- Notice and instructions to public
- Reasonable accommodations
- Pause meetings for teleconference disruption

Practical Implications

- New administrative burdens associated with remote appearances:
 - Trustees
 - Contact Staff
 - Provide general description of need for remote appearance
 - Request and Receive Board/Committee approval
 - Make disclosures on the record
 - Staff
 - Develop and implement standardized process for:
 - intake and notification of remote requests
 - “just cause” and “emergency circumstances”
 - tracking compliance with limits on usage
 - uploading and adding items to agenda(s)
 - ensuring compliance with new statutory requirements

CHIEF EXECUTIVE OFFICER'S REPORT

KCERA | DOMINIC D. BROWN | FEBRUARY 2023



OFFICE UPDATE

- Board Referrals
 - Implementation of Risk Mitigation and Position Creation
- Staffing
 - New Staff: Senior Investment Officer Geoff Nolan
 - Recruitments: Investment Analyst, Communications Manager/Senior, Senior Accountant, Member Services Manager
 - Upcoming Recruitments: Member Services Specialist, Legal Secretary
- Solar Update – Solar company has revised and resubmitted application to the business park Association
- RFP Update
- Governance Consultant Aon conducting Strategic Planning interviews with Trustees

OPERATIONS ACTIVITY

- Member Services
 - 26 new retirements and calculations
 - 34 death benefit calculations
 - 18 service-credit purchase calculations
 - 100 retirement estimates
 - 114 new active members
 - 64 terminations with disposition packets
 - 37 in-person appointments
 - 170 walk-ins
 - 810 phone calls
 - 206 emails
- Accounting & Reporting
 - Annual audit complete
 - State Controller's Report
- Information Technology
 - SRBR programming

UPCOMING EVENTS

- Finance Committee – February target for Form 700 policy, audit RFP, and actuarial valuation considerations
- Administrative Committee – February target for CEO Goals for 23-24
- Investment Committee – A meeting is scheduled for February 27 for consideration of fund recommendation
- KCERA Property, Inc. – No meetings currently scheduled
- Board of Retirement – Next regular monthly meeting will be March 8, 2023
- Special Board Meeting – March target for Actuarial Experience education; June target for *Alameda* Decision Appeals



CIO REPORT

INVESTMENT PROGRAM UPDATE | February 2023

Rebalancing

DECEMBER & JANUARY ACTIVITY

- Equity
 - -25MM Parametric S&P 500
- Fixed Income
 - +80MM Parametric Rates
- Midstream
 - -20MM Harvest Midstream
- Commodities
 - -27MM Gresham
 - -10MM Wellington
- Cash
 - +30MM BlackRock Short Duration



Public Equities: Reduced equity exposure, further increased underweight



Fixed Income: Increase rates exposure, overweight versus policy while underweight versus adjusted policy



Midstream: Took advantage of strong YTD performance to reduce exposure, while maintaining an overweight position



Commodities: Took advantage of strong YTD performance to eliminate overweight. Now a slight underweight



Cash: Increased exposure to take advantage of higher cash return

Positioning

ACTUAL VS POLICY TARGET

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Pol.
Public Equities	31.9%	37.0%	38.8%	-6.9%
Fixed Income	24.0%	24.0%	27.4%	-3.4%
Core	15.0%	14.0%	17.4%	-2.4%
Credit	5.0%	6.0%	6.0%	-1.0%
Emerging Market Debt	4.0%	4.0%	4.0%	0.0%
Commodities	3.8%	4.0%	4.0%	-0.2%
Hedge Funds	10.4%	10.0%	10.0%	0.4%
Alpha Pool	4.3%	5.0%	5.0%	-0.7%
Midstream Energy	5.9%	5.0%	5.0%	0.9%
Core Real Estate	6.4%	5.0%	5.0%	1.4%
Private Real Estate	2.1%	5.0%	2.1%	0.0%
Private Equity	3.2%	5.0%	3.2%	0.0%
Private Credit	4.5%	5.0%	4.5%	0.0%
Opportunistic	3.1%	0.0%	0.0%	3.1%
Cash	0.3%	-5.0%	-5.0%	5.3%

Key underweight position is **Public Equity**

Public Equity: underweight vs. policy target and adjusted policy target. Underweight is primarily in domestic large cap.

Core Fixed Income: overweight vs. policy target and underweight adjusted policy target.

Core Real Estate: staff is working to reduce overweight; however, the funds have redemption queues and are limiting redemptions.

Private Equity and Private Real Estate: underweights continue to be reallocated to other asset classes where we see better return opportunity than Public Equity, including **Cash, Midstream, and Opportunistic**.

Private Markets: exposure approaching 10%; the allocation should reach 15% target around 2026.

**Adjusted Policy Target: see example in the Appendix*

As of January 30, 2023. Source: KCERA.

Updates

- Our new Senior Investment Officer, Geoff Nolan started in mid-January

Geoff Nolan comes to KCERA from the Oregon State Treasury where he oversaw the fixed income platform (~\$50BN AUM). At KCERA, Geoff is focusing on public fixed income, private credit, core real estate and hedge funds.

Prior to Oregon, Geoff worked in the private sector at Qualcomm, eBay, Wells Fargo, Wellington Management, GE Capital, NationsBank (now Bank of America) and JP Morgan.

Geoff has over 30 years of US and international investment experience spanning public market investing, private credit / alternative financings, external manager oversight, capital markets transactions, investment & risk management and credit analysis.

Geoff has a BA & MBA from Columbia University and a JD from the University of Connecticut Law School.

Key Initiatives



Enhancing return while managing risk

- Asset Liability Study
- Fixed Income portfolio review
- Improve cash flow modeling
- Investment Policy Statement review
- Multi-asset research / tactical asset allocation
- Opportunistic investments
- Private Markets
- Risk management tool

Investment Committee Meetings

Next meeting February 27th

Topics to be discussed include:

- 2 private market fund recommendations

The last IC meeting was held on December 12th



Appendix

Policy and Adjusted Policy Target Methodology

Asset Class	Actual	Policy Target	Diff. Act. Vs. Pol.	Adj. Target
Public Equities	30.5%	37.0%		38.9%
Fixed Income	23.3%	24.0%		26.3%
Core	13.8%	14.0%		16.8%
Credit	5.7%	6.0%		5.7%
Emerging Market Debt	3.8%	4.0%		3.8%
Commodities	4.7%	4.0%		4.7%
Hedge Funds	10.4%	10.0%		10.4%
Alpha Pool	5.2%	5.0%		5.2%
Midstream Energy	6.7%	5.0%		6.7%
Core Real Estate	7.2%	5.0%		7.2%
Private Real Estate	2.1%	5.0%	-2.9%	5.0%
Private Equity	3.1%	5.0%	-1.9%	5.0%
Private Credit	5.1%	5.0%	0.1%	5.0%
Opportunistic	3.2%	0.0%		3.2%
Cash	-1.5%	-5.0%		-1.5%

Public Equity Adjusted Target

The 1.9% underweight from Private Equity is reallocated to Public Equity

Policy Target of 37% + 1.9% = 38.9%, which is the Adjusted Policy Target

Core Fixed Income Adjusted Target

The 2.8% combined underweight from Private Credit and Real Estate are reallocated to Core Fixed Income

Policy Target of 14% + 2.8% = 16.8%, the Adjusted Policy Target



Jennifer Esquivel Zahry, Chief Legal Officer

Phillip Jenkins, Deputy Chief Legal Officer

Maggie Peralta-Lee, Senior Paralegal

Irma Chavez, Senior Legal Secretary

CLO Report February 2023

Discussion Items



SECURE 2.0



GIFTS & TRAVEL



Q4 2022 METRICS



FEBRUARY
CALENDAR

SECURE 2.0

- Generally effective January 1, 2023
- Required Minimum Distribution (RMD) changes
- More flexibility regarding collections of inadvertent overpayments
- Amendments to Model Tax Regulations

Gifts & Travel

LIMITS

- \$50 Reporting Limit from Single Source
- \$590 Calendar Year Single Source Limit
- \$590 Disqualification Limit – 12 month look back

WAYS TO AVOID

- Don't accept gifts (meals, travel, conferences)
- Return Gift
- Reimburse donor w/n 30 days
- Buy Down Value of Gift
- Donate to Charity w/n 30 days

APPLICABLE TO TRUSTEES AND IMMEDIATE FAMILY

Q4 2022 Metrics

	Completed
Operational Contracts	8
Investment/ Custodial Documents	20
Board Documents	39
Community Property Matters	55
Disability Matters	4
Legal Correspondence	125+
Powers of Attorney/ Guardianships/Conservatorships	16
Post-Retirement Certifications	3
PRA Requests	6

February Calendar

	Pending CLO/DCLO Review
Operational Contracts	1
Investment/ Custodial Documents	7
Disability Matters	11
Community Property Matters	3
Staff Inquiries	22
Administrative Appeals	2
Board/Committee Meetings/Staff Meetings/ Conferences	11
Probate Matters	2
Trainings	1
Special Projects	1
Public Records Request	1