

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

October 27, 2022

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

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

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Board of Retirement will be held on Wednesday, November 2, 2022 at 8:30 a.m. via teleconference pursuant to California Government Code section 54953, subdivision (e), Resolution 2022-09 adopted by the KCERA Board of Retirement at its Regular Meeting held October 12, 2022 and Governor Newsom's March 4, 2020 proclaimed State of Emergency, which remains in effect. (Cal. Gov. Code section 54953, as amended by Assembly Bill 361).

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 (*for best audio a landline is recommended*) and enter ID# 853-0379-6610:

- (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/85303796610?pwd=MEZITTNmUWpIK0RWeDdqXFsMHpWdz09>
- Passcode: 019656

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 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. Application for service-connected disability pension benefits for Brian Falk, Fire (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

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

- October 12, 2022 Board of Retirement

RECEIVE AND FILE

- *4. [Report from the KCERA office on members retired from service for the month of October 2022 – RATIFY](#)
- *5. [Report from the KCERA office on deceased retirees for the month of October 2022 – RECEIVE AND FILE](#)
- *6. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending October 31, 2022 – RECEIVE AND FILE](#)
- *7. [Securities Lending Earnings Summary Report for the period September 1-30, 2022 from Deutsche Bank – RECEIVE AND FILE](#)
- *8. [KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of September 2022 – RECEIVE AND FILE](#)
- *9. [The KCERA Class Action Proceeds Report from July 1 through September 30, 2022 for the Northern Trust Company – RECEIVE AND FILE](#)
- *10. [Public Pension Standards Award for Funding and Administration 2022 received from the Public Pension Coordinating Council \(PPCC\) – RECEIVE AND FILE](#)

PUBLIC COMMENTS

11. 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

12. [Presentation on the 3rd Quarter Investment Performance Review period ending September 30, 2022 presented by Scott Whalen, CFA, Verus – RECEIVE AND FILE](#)

13. [Presentation on the 3rd Quarter 2022 Portfolio Review presented by Spencer Edge, Albourne America¹](#) – RECEIVE AND FILE

ADMINISTRATIVE MATTERS

14. [Trustee education regarding AB 2449 presented by Chief Legal Officer Jennifer Zahry](#) – RECEIVE EDUCATIONAL TRAINING (20 MINUTES TRUSTEE EDUCATION CREDIT); TAKE OTHER ACTION, AS APPROPRIATE
15. [Report on Newly Created Special Pay Code – APPROVE DESIGNATION OF SPECIAL PAY CODE AS NON-PENSIONABLE](#)

STAFF REPORTS

16. [Report from Chief Executive Officer](#)
17. [Report from Chief Investment Officer](#)
18. [Report from Chief Legal Officer](#)

COMMITTEE REPORTS

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

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION

Item 2 is withdrawn from Executive Session if approved on the consent agenda:

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

Brian Falk

Fire

Safety

20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9. (Number of potential cases: one).

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.

21. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION

Significant exposure to litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9. (Number of potential cases: one).

22. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION/
INITIATION OF LITIGATION

Significant exposure to litigation pursuant to paragraph (2), (3), or (4) of subdivision (d) of Section 54956.9. (Number of potential cases: one).

RETURN TO PUBLIC SESSION

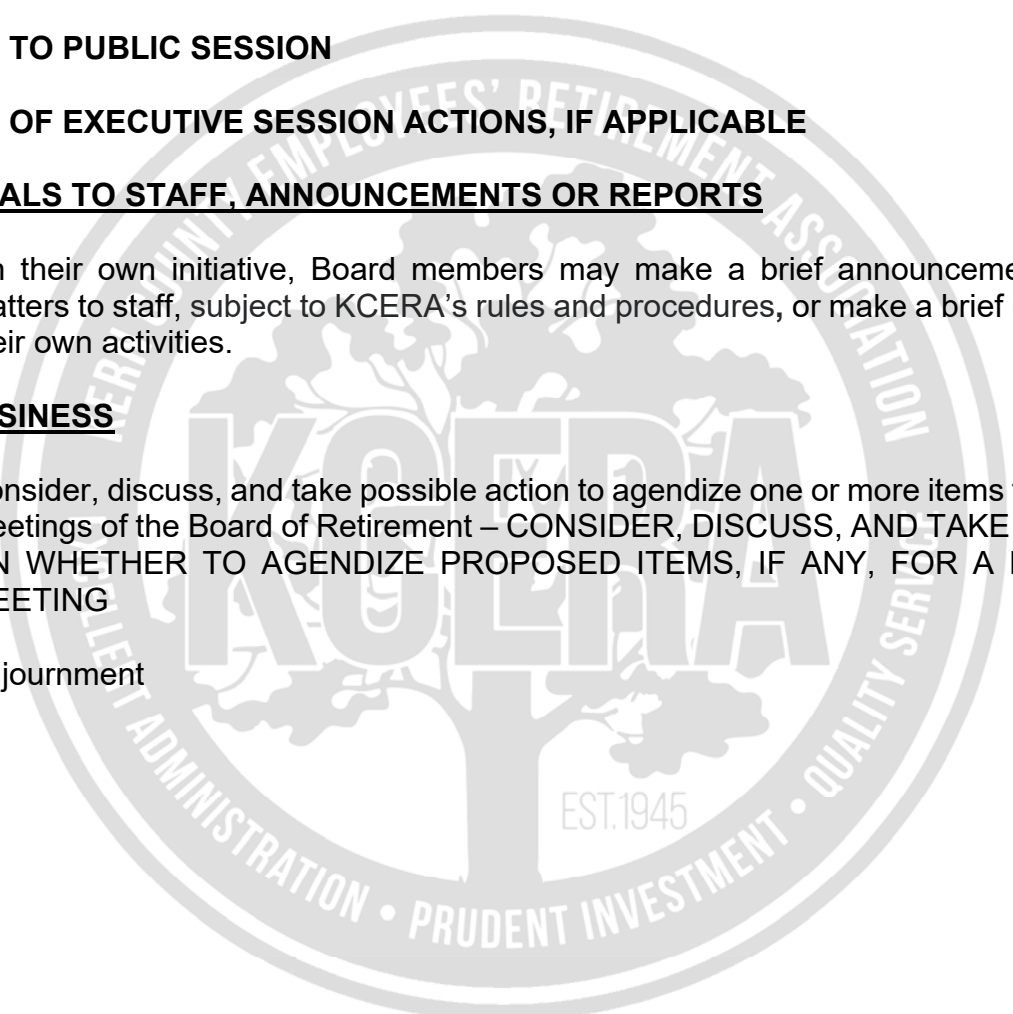
REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

23. 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

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



**BEFORE THE BOARD OF RETIREMENT
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION No. 2022-10**

In the matter of:

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

Ayes:

Noes:

Absent:

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

RESOLUTION

Section 1. WHEREAS:

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

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

- (b) All meetings of KCERA's Board of Retirement and its standing committees are open and public in accordance with the Brown Act or other governing authority; and
- (c) KCERA is committed to preserving and encouraging public access and participation in meetings of the Board of Retirement; and
- (d) The Brown Act, at section 54953(e) (as added by Assembly Bill 361), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the teleconference requirements of section 54953(b)(3), subject to the existence of certain conditions; and
- (e) A state of emergency must have been declared by the Governor pursuant to section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in section 8558; and such state of emergency must be in effect at the time of the meeting in order to conduct a meeting under section 54953(e); and
- (f) Governor Newsom proclaimed a State of Emergency on March 4, 2020, pursuant to section 8625 that remains active; and
- (g) The KCERA Board of Retirement made findings and adopted Resolution 2022-09 on October 12, 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 October 12, 2022; and
- (i) On October 20, 2022, the latest estimate of the R-effective in Kern County was 0.9 (“spread of COVID-19 is likely stable”) –this number is down from 1.04 on October 4, 2022; and
- (j) 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 October 20, 2022, the CDC classifies Kern County at a “low level” of COVID-19 and severe disease; and
- (k) The 7-day case rate in Kern County, has not been reported by Kern County Public Health since March, but the CDPH reported on October 21, 2022 that Kern County had 3.8 cases per 100,000 with 36 average cases per day; and
- (l) 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

- (m) 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 November 2, 2022, the following actions are authorized and required of KCERA:

- 1) Remote Teleconference Meetings. The Chief Executive Officer and legislative bodies of KCERA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act in order to avoid directly impacting the ability of attendees to meet safely in person during the next 30 days of the current State of Emergency (proclaimed by the Governor on March 4, 2020).
- 2) Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of December 2, 2022, 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 September 14, 2022.
 - b) Amended and approved by the Board on October 12, 2022.
 - c) Amended and approved by the Board on November 2, 2022.

Evidence in Support of Findings

EVIDENCE IN SUPPORT OF FINDINGS
TABLE OF CONTENTS

R-EFFECTIVE KERN COUNTY (AS OF OCTOBER 21, 2022) 1

CDC TRACKER – KERN COUNTY (AS OF OCTOBER 20, 2022) 2

CDPH KERN CASES (AS OF OCTOBER 21, 2022)..... 3

STATE OF EMERGENCY PROTOCOL FOR KCERA BOARD MEETINGS
(APPROVED MARCH 9, 2022) 4

CA PROCLAMATION OF A STATE OF EMERGENCY (MARCH 4, 2020) 5

Latest Estimate of R-effective is:

0.75

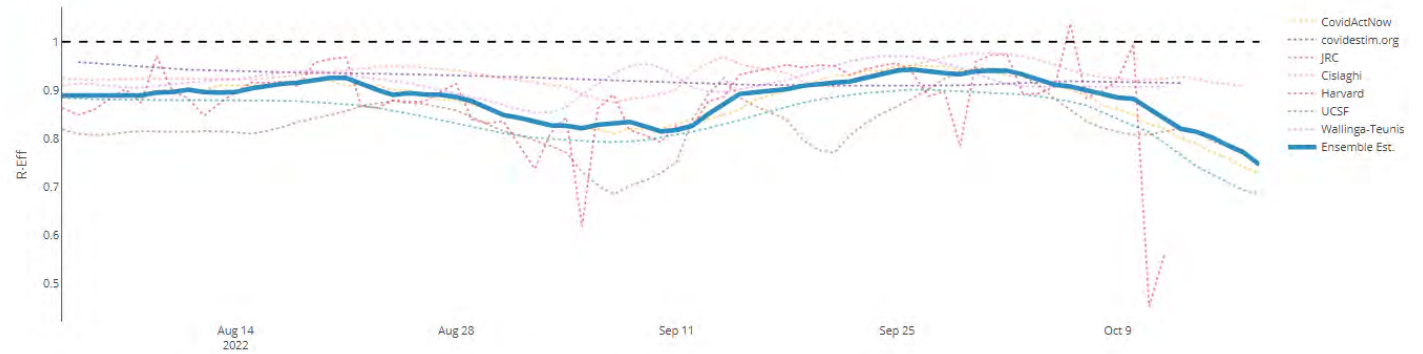
Range: 0.69 - 0.91
Spread of COVID-19 is likely decreasing
2022-10-18

What does a R-eff of this size mean?

Download R-eff Values

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:

0.9

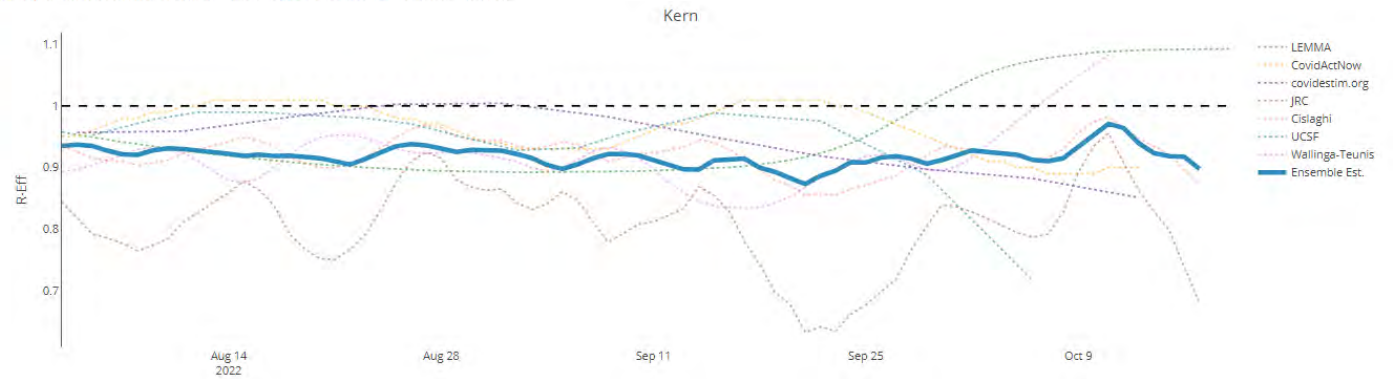
Spread of COVID-19 is likely stable
2022-10-17

Download County R-eff Trend

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

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)

[< Start Over](#)

● Low

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

- Stay [up to date](#) with COVID-19 vaccines
- [Get tested](#) if you have symptoms

People may choose to mask at any time. People with symptoms, a positive test, or exposure to someone with COVID-19 should wear a mask.

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](#).

October 20, 2022

Cases and deaths

Kern **Statewide**

California has 10,476,942 confirmed cases of COVID-19, resulting in 95,808 confirmed deaths.

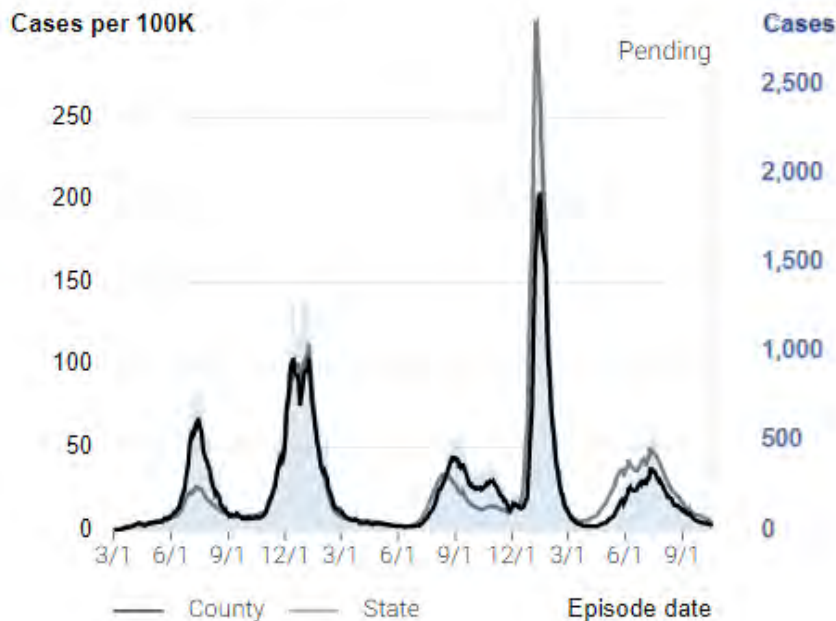
Cases in Kern County

Confirmed ▾ **All time** ▾

219,679 total confirmed cases

36 average cases per day

3.8 cases per 100K (7-day average)



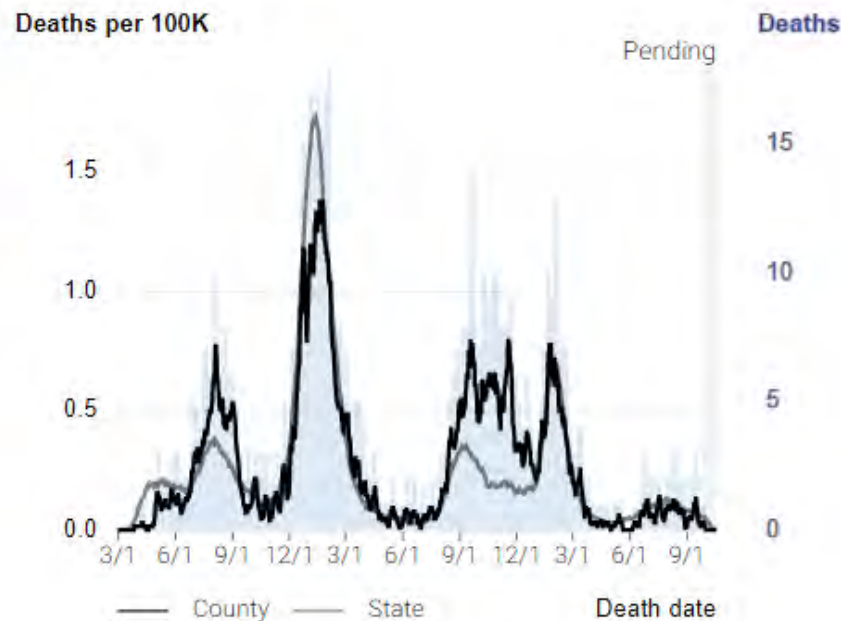
Deaths in Kern County

Confirmed ▾ **All time** ▾

2,424 total confirmed deaths

0 average deaths per day

0.03 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.

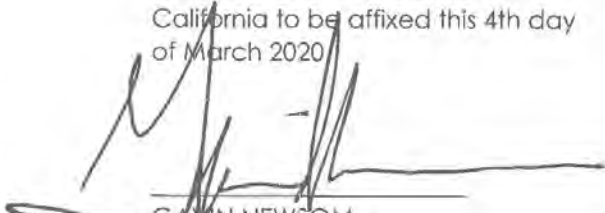
7. The 30-day time period in Health and Safety Code section 101080, within which a local governing authority must renew a local health emergency, is hereby waived for the duration of this statewide emergency. Any such local health emergency will remain in effect until each local governing authority terminates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

October 12, 2022

8:33 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, Kaufman, Kratt, Nunneley, Seibly, Whitezell

Absent: Hughes, Matthews

SALUTE TO FLAG – TRUSTEE DUSTIN CONTRERAS

MOMENT OF SILENCE

CONSENT MATTERS

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**

Franey-Kratt – 7 Ayes

*2. Summary of proceedings of the following meetings:

- August 31, 2022 Special Board of Retirement
- September 14, 2022 Board of Retirement
- September 19, 2022 Administrative Committee

RECEIVED AND FILED

Franey-Kratt – 7 Ayes

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

Franey-Kratt – 7 Ayes

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

Franey-Kratt – 7 Ayes

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

Franey-Kratt – 7 Ayes

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

Franey-Kratt – 7 Ayes

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

Franey-Kratt – 7 Ayes

*8. 2023 Board of Retirement Meeting Schedule – RECEIVED AND FILED; APPROVED

Franey-Kratt – 7 Ayes

*9. Memo from Chief Investment Officer Daryn Miller, CFA, regarding the Wellington Commodity Investment Management Agreement (IMA) – AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Franey-Kratt – 7 Ayes

- *10. First Amendment to Agreement for Disability Assessment & Management Services with Managed Medical Review Organization, Inc. (MMRO), effective October 12, 2022 – RECEIVED AND FILED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Franey-Kratt – 7 Ayes

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

Franey-Kratt – 7 Ayes

- *12. Invitation from State Association of County Retirement Systems (SACRS) to trustees and staff to attend the SACRS Fall Conference, November 8-11, 2022, in Long Beach, California – APPROVED ATTENDANCE OF TRUSTEES JEANINE ADAMS, DUSTIN CONTRERAS, PHIL FRANEY, JUAN GONZALEZ AND JORDAN KAUFMAN, CHIEF EXECUTIVE OFFICER DOMINIC BROWN, CHIEF INVESTMENT OFFICER DARYN MILLER, CHIEF OPERATIONS OFFICER MATTHEW HENRY, DEPUTY CHIEF LEGAL OFFICER PHILLIP JENKINS, CHIEF TECHNOLOGY OFFICER BRENDA GREENWOOD, MEMBER SERVICES MANAGER SHERRY WILLARD, ADMINISTRATIVE SERVICES OFFICER AIMEE MORTON, SENIOR NETWORK MANAGER TYSON HARLAN AND SENIOR PARALEGAL MARGARITA PERALTA-LEE

Franey-Kratt – 7 Ayes

PUBLIC COMMENTS

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

ADMINISTRATIVE MATTERS

14. Response to referral and Trustee education regarding the KCERA Declining Employer Payroll and Employer Termination Policies presented by Chief Legal Officer Jennifer Zahry – TRUSTEES DAVID COUCH, PHIL FRANNEY AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (25 MINUTES TRUSTEE EDUCATION CREDIT)

15. Trustee education regarding the KCERA Securities Litigation Policy presented by Deputy Chief Legal Officer Phillip Jenkins and Chief Financial Officer Angela Kruger – TRUSTEES DAVID COUCH AND RICK KRATT HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; DEPUTY CHIEF LEGAL OFFICER PHILLIP JENKINS HEARD; CHIEF FINANCIAL OFFICER ANGELA KRUGER HEARD

RECEIVED EDUCATIONAL TRAINING (12 MINUTES TRUSTEE EDUCATION CREDIT)

16. Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems (SACRS) Fall 2022 Conference, presented by Chief Executive Officer Dominic Brown – TRUSTEES DAVID COUCH, PHIL FRANNEY, JORDAN KAUFMAN, AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

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

Franey-Kratt – 7 Ayes

17. Appointment of Nominating Committee by Chair (two members) and the Board (two members) to propose a slate of officers to the Board of Retirement for the 2023 calendar year – CHAIR JUAN GONZALEZ HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

CHAIR JUAN GONZALEZ APPOINTED TRUSTEES JORDAN KAUFMAN AND JEANINE ADAMS TO NOMINATING COMMITTEE; TRUSTEE JORDAN KAUFMAN APPOINTED TRUSTEE RICK KRATT TO NOMINATING COMMITTEE; TRUSTEE RICK KRATT APPOINTED TRUSTEE DAVID COUCH TO NOMINATING COMMITTEE; APPROVED

Kaufman-Couch – 7 Ayes

STAFF REPORTS

18. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- ANNUAL STATEMENT DISTRIBUTION
- DECEMBER 6 BOARD OF RETIREMENT ELECTION
- STAFFING UPDATE
- SOLAR PROJECT UPDATE
- RFI ISSUED FOR PORTFOLIO RISK ANALYTICS
- EXTENDED RFP FOR OTHER AUDIT SERVICES
- KERN COUNTY CAREER EXPO
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

TRUSTEE JEANINE ADAMS HEARD

19. Report from Chief Investment Officer

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

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

TRUSTEE JEANINE ADAMS HEARD

20. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- SACRS LEGISLATIVE UPDATE
- Q3 2022 METRICS
- OCTOBER CALENDAR

CHAIR JUAN GONZALEZ HEARD; TRUSTEES DAVID COUCH, PHIL FRANNEY AND JORDAN KAUFMAN HEARD

COMMITTEE REPORTS

21. Report from Committee Chairs:
 - a. Administrative Committee: HUGHES – NONE
 - b. Finance Committee: FRANNEY – MEETING TO BE SCHEDULED
 - c. Investment Committee: KAUFMAN – NONE
 - d. KCERA Property, Inc.: SEIBLY – NONE

RECESS UNTIL 1:30 P.M.

BOARD OF RETIREMENT RECONVENED AT 1:30 P.M.

ROLL CALL

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

Absent: Hughes

22. Trustee education regarding the Attorney Client Relationship presented by Fiduciary Counsel Ashley K. Dunning and Aalia T. Menes, Nossaman, LLP – ASHLEY K. DUNNING AND AALIA T. MENES, NOSSAMAN, LLP HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEES JEANINE ADAMS AND DAVID COUCH HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECEIVED EDUCATIONAL TRAINING (38 MINUTES TRUSTEE EDUCATION CREDIT)

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

23. 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

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

25. ADJOURNED – 2:10 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement



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

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Amaya	Julian	08/27/2022	Safety Tier I	2210S - Sheriff
Gallardo	Monica	09/20/2022	General Tier I	5120 - Depart Of Human Services
Gonzalez	Elizabeth	08/27/2022	General Tier II	5120 - Depart Of Human Services
Martin	Jeffrey	08/27/2022	Safety Tier I	2210S - Sheriff
Mccune	Wendala	08/27/2022	Safety Tier I	2340S - Probation-Safety
Ols	Robert	08/23/2022	Safety Tier I	2340S - Probation-Safety
Onsum Cacciatori	Heather	05/08/2021	General Tier II	2210 - Sheriff
Pineda	Artemio	09/01/2022	Safety Tier I	2340S - Probation-Safety
Rangel	Lee	09/10/2022	General Tier II	1610 - General Services Division
Slankard	Tammy	09/07/2022	General Tier I	5120 - Depart Of Human Services
Yanez	Alfred	08/18/2022	Safety Tier I	2210 - Sheriff

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
InmanFerguson	Jill	08/26/2022	General Tier I	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Monzon	Nancy	07/17/2021	General Tier I	9460 - Kern County Hospital Authority



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

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Ramos	Maria	09/01/2022	General Tier II	9460 - Kern County Hospital Authority



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

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Brackett	Kimberlina	General	County Of Kern
Hahn	Cathy	General	County Of Kern
Ledezma	Irma	General	County Of Kern
Manuell	Barbara	General	County Of Kern

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Boone	Ruth	General	County Of Kern
Brown	Johnny	General	County Of Kern
Busby	Roberta	General	County Of Kern
Eastman	Geraldine	General	County Of Kern
Johnson	Carol	General	KC Superior Court
Johnston	Gloria	General	County Of Kern
Naschke	Eugene	General	County Of Kern
Ross-Smith	Barbara	General	County Of Kern
Somers	Wilma	General	County Of Kern
Stafford	Nellie	General	County Of Kern
Williams	Dora	General	County Of Kern

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 10/31/22**

NAME	DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Yanez, Alfred	SHERIFF	10/03/22	10/14/22
Morrison, James	SHERIFF	09/14/22	09/29/22
Gregory, Dolores	SHERIFF	08/16/22	08/26/22
Smith, Clifton	FIRE	08/15/22	08/26/22
Gaetzman, Travis	SHERIFF	08/10/22	10/18/22
Hartley-Anders, Kim	SUPERIOR COURT	08/09/22	10/18/22
Hudson, Richard	SHERIFF	08/08/22	10/18/22
Rice, Jerry	FIRE	07/07/22	10/18/22
NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Falk, Brian	FIRE	08/11/22	09/09/22
Cockrell, June	DEPT OF HUMAN SERVICES	08/11/22	10/18/22
Carrillo, Aaron	SHERIFF	07/15/22	09/30/22
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
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

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 10/31/22**

NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
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
Rodriguez, Ted	SHERIFF	06/22/17	02/20/20
Carvel, Scott	DISTRICT ATTORNEY	01/27/17	11/05/19
COMPLETED IN 2022			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Lucio, Juan	PUBLIC WORKS	07/19/21	01/19/22
Haight, Anita	COURTS	05/14/20	01/19/22
Boren, Colleen	RISK MANAGEMENT	08/02/18	09/14/22
Alaniz, Maria D.	PUBLIC HEALTH	04/13/18	03/09/22
Tennison, Robyn (McClain)	KERN BEHAVIORAL HEALTH AND RECOVERY SERVICES	07/17/17	09/14/22
Hsu, Sue	BEHAVIORAL HEALTH & RECOVERY SERVICES	04/05/17	09/14/22
Paxson, Kalae	SHERIFF	03/15/17	09/14/22

KCERA
 APPEALS PENDING
 AS OF 10/31/22

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	SENT TO COUNTY COUNSEL	HEARING OFFICER ASSIGNED	HEARING DATE
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WRIT OF MANDATE	DEPARTMENT	DATE FILED	BOARD DECISION
Ashley, Mark	SHERIFF	09/03/15	Board denied SCD and granted NSCD

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

HEARINGS COMPLETED IN 2022			
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED
Blue, Michael	SHERIFF	06/14/13	05/04/22
Winn, Jay M.	DISTRICT ATTORNEY	03/16/16	04/13/22

SECURITIES LENDING



Summary Earnings Report

Run Time: 11-Oct-2022 11:57 EDT
 Date Range: 01-SEP-2022 To 30-SEP-2022
 Location: New York
 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	2,426,149.26	2,887.80	288.78	2,599.02	KNC15
KNCTY - PIMCO Midstream	CAKE19	13,743,181.09	9,119.70	911.97	8,207.73	KNC16
KNCTY PIMCO Core Plus	CAKE07	22,267,402.72	5,231.21	523.12	4,708.09	KNC11
KNCTY PIMCO EMD	CAKE08	1,587,789.76	831.46	83.15	748.31	KNC12
KNTCY - Alliance Bernstein	CAKE15	31,670,948.37	11,404.88	1,140.49	10,264.40	2664130
KNTCY - Geneva	CAKE16	21,238,036.66	5,858.96	585.90	5,273.06	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	14,044,529.94	4,094.98	409.50	3,685.48	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	47,959,906.38	22,535.08	2,253.51	20,281.57	KNC08
	CCY Total USD:	154,937,944.19	61,964.06	6,196.41	55,767.66	
	Grand Total USD:		61,964.06	6,196.41	55,767.66	

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KCERA ASSET ALLOCATION*
9/30/2022

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) \$(000)
AllianceBernstein	Small Cap Value	78,128	1.6%			
Geneva Capital	Small Cap Growth	43,425	0.9%			
Mellon Capital Management EB DV	Large Cap Passive	426,206	8.7%			
PIMCO StockPlus	Large Cap Enhanced	92,550	1.9%			
Total Domestic Equity		\$640,309	13.0%	19.0%	(6.0%)	(\$292,969)
American Century	International Small	60,918	1.2%			
Cevian Capital II LP	International Large	31,434	0.6%			
Mellon Capital Management-EB DV	International Large Passive	405,986	8.3%			
Total International Developed Equity		\$498,338	10.1%	13.0%	(2.9%)	(\$140,221)
AB Emerging Markets Strategic Core	Emerging Markets	46,366	0.9%			
DFA Emerging Markets Value Portfolio	Emerging Markets	68,160	1.4%			
Mellon Emerging Markets	Emerging Markets	73,252	1.5%			
Total Emerging Market Equity		\$187,778	3.8%	5.0%	(1.2%)	(\$57,821)
TOTAL EQUITY		\$1,326,425	27.0%	37.0%	(10.0%)	(\$491,011)
Mellon Capital Management Ag Bond	Core	154,777	3.2%			
PIMCO CP	Core Plus	157,247	3.2%			
Western Asset Management - CP	Core Plus	116,058	2.4%			
Total Core		\$428,082	8.7%	14.0%	(5.3%)	(\$59,597)
TCW Securitized Opportunities LP	Securitized Opportunities	97,622	2.0%			
Western Asset Management - HY	High Yield	183,594	3.7%			
Total Credit		\$281,216	5.7%	6.0%	(0.3%)	(\$13,503)
PIMCO EM Beta	Emerging Markets	125,925	2.6%			
Stone Harbor Global Funds	Emerging Markets	59,119	1.2%			
Total Emerging Market Debt		\$185,044	3.8%	4.0%	(0.2%)	(\$11,436)
TOTAL FIXED INCOME		\$894,342	18.2%	24.0%	(5.8%)	(\$284,535)
Gresham Commodity Builder Fund	Active	78,689	1.6%			
Wellington Trust Company (WTC)	Active	152,922	3.1%			
TOTAL COMMODITIES		\$231,611	4.7%	4.0%	0.7%	\$35,131
Aristeia International Ltd	Hedge Fund - Direct	68,281	1.4%			
Brevan Howard Fund Limited	Hedge Fund - Direct	74,962	1.5%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	60,834	1.2%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	56,563	1.2%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	78,772	1.6%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	37,249	0.8%			
Magnetar Structured Credit Fund	Hedge Fund - Direct	8,286	0.2%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	63,624	1.3%			
Pharo Macro Fund LTD	Hedge Fund - Direct	65,533	1.3%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.9%			
TOTAL HEDGE FUND		\$559,703	11.4%	10.0%	1.4%	\$68,504
ASB Capital Management	Core	192,714	3.9%			
JPMCB Strategic Property Fund	Core	161,095	3.3%			
TOTAL CORE REAL ESTATE		\$353,809	7.2%	5.0%	2.2%	\$108,210
Davidson Kempner	Hedge Fund - Direct	53,775	1.1%			
Garda Fixed Income	Hedge Fund - Direct	53,670	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	54,395	1.1%			
HBK Spac Fund	Hedge Fund - Direct	35,956	0.7%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.2%			
TOTAL CE ALPHA POOL		\$258,641	5.3%	5.0%	0.3%	\$13,042
Harvest Midstream	Midstream	185,893	3.8%			
PIMCO Midstream	Midstream	136,965	2.8%			
TOTAL MIDSTREAM ENERGY		\$322,858	6.6%	5.0%	1.6%	\$77,259
Aristeia Select Opportunities II LP	Opportunistic	52,516	1.1%			
DB Investor's Fund IV	Opportunistic	22,582	0.5%			
River Birch International Ltd	Opportunistic	8,331	0.2%			
TSSP Adjacent Opportunities Partners (D)	Opportunistic	84,455	1.7%			
TOTAL OPPORTUNISTIC		\$167,884	3.4%	0.0%	3.4%	\$167,884
Abbott Capital Funds	Private Equity Fund of Funds	23,469	0.5%			
Blue Torch Credit Opportunities Fund III	Private Equity	7,200	0.1%			
Brighton Park Capital Fund I	Private Equity	34,561	0.7%			
Brighton Park Capital Fund II	Private Equity	2,927	0.1%			
Level Equity Growth Partners	Private Equity	4,244	0.1%			
LGT Crown Global	Private Equity	21,240	0.4%			
Linden Capital Partners	Private Equity	6,108	0.1%			
Pantheon Funds	Private Equity Fund of Funds	9,482	0.2%			
Peak Rock	Private Equity	9,262	0.2%			
Vista	Private Equity	13,958	0.3%			
Warren Equity Partners	Private Equity	24,169	0.5%			
TOTAL PRIVATE EQUITY		\$156,620	3.2%	5.0%	(1.8%)	(\$88,979)
Blue Torch Credit Opportunities II	Private Credit	16,754	0.3%			
Brookfield Real Estate Finance Fund V	Private Credit	19,766	0.4%			
Colony Distressed Credit Fund	Private Credit	33,314	0.7%			
Fortress Credit Opportunities Fund V	Private Credit	12,998	0.3%			
Fortress Lending Fund II (A)	Private Credit	29,713	0.6%			
Fortress Lending Fund III (A)	Private Credit	15,395	0.3%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	40,136	0.8%			
Magnetar Constellation Fund V	Private Credit	31,451	0.6%			
OrbiMed Royalty & Credit Opportunities IV	Private Credit	3,000	0.1%			
TSSP Adjacent Opportunities Partners (B)	Private Credit	38,969	0.8%			
TOTAL PRIVATE CREDIT		\$241,496	4.9%	5.0%	(0.1%)	(\$4,103)
Covenant Apartment Fund	Private Real Estate	27,940	0.6%			
Covenant Apartment Fund XI	Private Real Estate	1,500	0.0%			
Invesco Real Estate Funds III & IV	Private Real Estate	4,031	0.1%			
KCERA Property	Private Real Estate	4,629	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	6,154	0.1%			
Landmark Real Estate Partners VIII	Private Real Estate	28,647	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	33,209	0.7%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	3,733	0.1%			
TOTAL PRIVATE REAL ESTATE		\$109,843	2.2%	5.0%	(2.8%)	(\$135,757)
Northern Trust STIF	Short Term	82,119	1.7%			
BlackRock Short Duration	Short Term	118,574	2.4%			
Parametric	Overlay	75,853	1.5%			
Treasurers Pooled Cash	Short Term	10,154	0.2%			
Wells Fargo Bank	Short Term	1,723	0.0%			
TOTAL CASH AND OVERLAY		\$288,423	5.9%	-5.0%	10.9%	\$534,022
Transition Accounts	Liquidation	335	0.0%			
Other		\$335	0.0%	0.0%	0.0%	\$335
As Allocated to Managers **		\$4,911,989	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
September, 2022
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	64,668,920
Employer Contributions	24,449,432		
Employee Contributions	3,488,608		
Service Purchases	7,314		
Miscellaneous	0		
Total Receipts:			27,945,353
Operating Expenses	(465,072)		
Investment Expenses	(195,000)		
Transfers-out	(30,000,000)		
Total Disbursements:			(30,660,072)
Ending Cash Balance:		\$	61,954,201

NORTHERN TRUST

Beginning Cash Balance:		\$	81,860,572
Private Markets - Distributions	13,060,672		
Commingled Funds - Distributions	-		
Hedge Funds - Distributions	3,747,280		
Redemption Western Asset Mgmt	75,000,000		
Redemption Harvest	12,606,719		
Redemption PIMCO	25,000,000		
Redemption Mellon Intl	25,000,000		
Redemption AllianceBernstein	15,000,000		
Redemption Stone Harbor	15,000,000		
Redemption			
Interest	132,580		
Securities Lending Earnings (NET)	60,198		
Total Receipts:			184,607,449
Capital Calls Blue Torch	(5,199,891)		
Capital Calls Orbimed	(2,000,000)		
Capital Calls Covenant	(1,507,333)		
Capital Calls Landmark	(3,000,000)		
Capital Calls TSSP	(1,916,440)		
Capital Calls Linden	(2,968,579)		
Capital Calls Long Wharf	(6,451,933)		
Capital Calls Crown Global	(2,000,000)		
Contribution Mellon	(175,000,000)		
Other Expenses	(5,538)		
Transfers-out	(4,500,000)		
Total Disbursements:			(204,549,714)
Ending Cash Balance:		\$	61,918,306

**KCERA
CASH FLOW POSITION
September, 2022**

WELLS FARGO BANK

Beginning Cash Balance		\$ 1,327,360
Transfer In Northern Trust	4,500,000	
Transfer In TPC - County	30,000,000	
ACH Returns / Deletes	32,146	
Total Receipts:		34,532,146
ACH Benefit Payments	(29,559,546)	
Total Checks Paid	(196,697)	
Taxes Withholding Deposits	(4,379,982)	
Bank Services	(553)	
Total Disbursements:		(34,136,778)
WFB ending Balance		<u>\$ 1,722,728.52</u>

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

Description	July	August	September	Total
Investment Base Fees:				
Domestic Equity:				
406045 AllianceBernstein				0.00
406046 Henderson Geneva Capital				0.00
406035, 406029 Mellon Capital				0.00
International Equity:				
406032, 406021 BlackRock				0.00
406034 Fidelity Institutional Asset Management				0.00
Fixed Income:				
406050 Mellon Capital (Ag Bond)				0.00
406019, 406022 Pacific Investment Management Company		280,932.77		280,932.77
406021, 406018 Western Asset Management		210,204.72		210,204.72
Commodities:				
406101 Wellington Trust Company				0.00
Real Estate:				
406088 ASB Capital Management		374,856.86		374,856.86
Midstream Energy:				
406060 Harvest Midstream				0.00
Overlay				
406120 Parametric		67,965.00		67,965.00
Subtotal	0.00	933,959.35	0.00	933,959.35
Investment Professional Fees:				
Consulting:				
407009 Abel Noser			7,500.00	7,500.00
407008 Albourne America LLC		33,333.33	33,333.33	66,666.66
407004 Cambridge Associates				0.00
407001 Glass, Lewis & Co.				0.00
407006 Verus		34,166.67	34,166.67	68,333.34
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	288,480.00
Total Investment Fees	25,980.00	1,001,459.35	195,000.00	1,222,439.35

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

Expense Type	Budget FY 2022/23	Expenses	Over (Under)
Staffing			
Salaries	3,724,357.00	599,824.47	(3,124,532.53)
Benefits	2,410,676.00	351,795.94	(2,058,880.06)
Staffing Total	6,135,033.00	951,620.41	(5,183,412.59)
Staff Development			
Education & Professional Development	90,000.00	6,159.27	(83,840.73)
Staff Appreciation	3,000.00	\$343.59	(2,656.41)
Staff Development Total	93,000.00	6,502.86	(86,497.14)
Professional Fees			
Actuarial fees	140,000.00	-	(140,000.00)
Audit fees	50,500.00	6,300.00	(44,200.00)
Consultant fees	115,000.00	-	(115,000.00)
Legal fees	80,000.00	63.90	(79,936.10)
Professional Fees Total	385,500.00	6,363.90	(379,136.10)
Office Expenses			
Building expenses	115,000.00	32,931.88	(82,068.12)
Communications	52,770.00	6,319.64	(46,450.36)
Equipment lease	9,600.00	2,060.18	(7,539.82)
Equipment maintenance	7,178.00	2,000.00	(5,178.00)
Memberships	20,000.00	4,000.00	(16,000.00)
Office supplies & misc. admin.	68,300.00	4,828.55	(63,471.45)
Payroll & accounts payable fees	27,800.00	-	(27,800.00)
Other Services - Kern County	40,000.00	5,388.06	(34,611.94)
Postage	20,000.00	1,896.09	(18,103.91)
Subscriptions	13,733.00	2,648.33	(11,084.67)
Utilities	30,000.00	10,677.26	(19,322.74)
Office Expense Total	404,381.00	72,749.99	(331,631.01)
Insurance	160,595.00	152,388.00	(8,207.00)
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	10,150.00	(129,850.00)
Member communications	20,000.00	2,078.31	(17,921.69)
Member Services Total	190,000.00	12,228.31	(177,771.69)
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	2,252.05	(46,200.95)
Licensing & support	148,413.00	84,318.54	(64,094.46)
Software	164,229.00	72,352.05	(91,876.95)
Website design & hosting	85,695.00	1,490.00	(84,205.00)
Systems Total	485,640.00	177,346.97	(308,293.03)
Board of Retirement			
Board compensation	12,000.00	1,500.00	(10,500.00)
Board conferences & training	50,000.00	9,879.11	(40,120.89)
Board elections	50,000.00	-	(50,000.00)
Board meetings	5,000.00	151.82	(4,848.18)
Board of Retirement Total	117,000.00	11,530.93	(105,469.07)
Depreciation / Amortization	666,471.00	162,291.60	(504,179.40)
Total Operating Expenses	8,637,620.00	1,553,022.97	(7,084,597.03)

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
GENERAL ELECTRIC COMPANY (SEC FAIR FUND)	CLOSED	30 Sep 22	16 Oct 15 16 Apr 18		30 Mar 22	RCB Fund Services LLC	www.gefairfund.com/
	INFORMATIONAL ONLY						
Account Notified/Filed	Account Notified/Filed Name	Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
2671873	ZZKNCTY-T. ROWE PRICE -SL	30 Sep 22 CLOSED					
2671874	ZZKNCTY-PANAGORA -SL	30 Sep 22 CLOSED					
GENERAL ELECTRIC COMPANY (SEC FAIR FUND)	FILED	17 Oct 22	15 Oct 15 16 Apr 18	19 Oct 22	30 Mar 22	RCB Fund Services LLC	www.gefairfund.com/
Account Notified/Filed	Account Notified/Filed Name	Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
2671873	ZZKNCTY-T. ROWE PRICE -SL	17 Oct 22 FILED					
2671874	ZZKNCTY-PANAGORA -SL	17 Oct 22 FILED					
SPROUTS FARMERS MARKET INC (AZ SUP CRT)	DISBURSING	06 Oct 22	03 Mar 15 29 Mar 19	25 Jun 19	10 May 19 10 May 19	AB Data	www.sproutssecuritieslitigation.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
2671877	ZZKNCTY-COLUMBIA MGMT.-SL	15 Jul 21 NO ELIGIBLE ACTIVITY					

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
WELLS FARGO & COMPANY (SEC)	DISBURSING	04 Oct 22	16 Nov 12 13 Dec 16	25 Jun 21	05 Sep 20	Rust Consulting Inc.	www.WellsFargoFairFund.com

Account Notified/Filed	Account Notified/Filed Name	Claim Status as of Date/ Claim Status	Account Paid	Account Paid Name	Amount Currency	Distribution/ Type	Date Distributed
2671873	ZZKNCTY-T. ROWE PRICE -SL	08 Jun 22 NO LOSS					
2671874	ZZKNCTY-PANAGORA -SL	08 Jun 22 NO LOSS					

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	AMEDISYS INC (2010)	284.54	284.54	0.00	0.00	USD	19 Jul 22
2608468	KNCTY-CASH ACCOUNT	AMEDISYS INC (2010)	268.09	268.09	0.00	0.00	USD	19 Jul 22
2608468	KNCTY-CASH ACCOUNT	DFC GLOBAL CORP.	512.48	512.48	0.00	0.00	USD	08 Jul 22
2608468	KNCTY-CASH ACCOUNT	METLIFE, INC. (2012) (S.D.N.Y.)	1,028.42	1,028.42	0.00	0.00	USD	27 Jul 22
2608468	KNCTY-CASH ACCOUNT	OMNIVISION TECHNOLOGIES, INC	92.45	92.45	0.00	0.00	USD	20 Jul 22
2608468	KNCTY-CASH ACCOUNT	OMNIVISION TECHNOLOGIES, INC	377.67	377.67	0.00	0.00	USD	20 Jul 22
2608468	KNCTY-CASH ACCOUNT	OSI SYSTEMS INC.	177.24	177.24	0.00	0.00	USD	11 Jul 22
2608468	KNCTY-CASH ACCOUNT	SANTANDER CONSUMER USA	14,648.41	14,648.41	0.00	0.00	USD	14 Jul 22
2608468	KNCTY-CASH ACCOUNT	SANTANDER CONSUMER USA	3,455.04	3,455.04	0.00	0.00	USD	14 Jul 22
2608468	KNCTY-CASH ACCOUNT	UNIVERSAL HEALTH SERVICES, INC.	480.63	480.63	0.00	0.00	USD	21 Jul 22
Sub Total	2608468	and Currency USD	21,324.97	21,324.97	0.00	0.00		

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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 cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: SEPTEMBER 30, 2022

Investment Performance Review for

Kern County Employees' Retirement Association

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Investment Landscape

TAB I

Investment Performance
Review

TAB II



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

4TH QUARTER 2022
Investment Landscape

Verus business update

Since our last Investment Landscape webinar:

- *Chief Investment Officer* has nominated Verus for its **2022 Innovation Awards** in the Diversity category, recognizing Verus President, Shelly Heier's work to progress the [Institutional Investing Diversity Cooperative \(iidcoop.org\)](https://iidcoop.org) mission promote greater diversity in the institutional asset management industry.
- The firm continues to grow with two new clients, located on the West Coast and in the Midwest.
- Verus has hired several new employees. **Colleen Flannery**, Associate Director | Public Markets; **Jason Fajardo**, Performance Analyst; **Sam Geschickter**, Portfolio Management Associate; **Linda Wu, CFA**, Senior Consulting Associate; and **Amanda Schroeder**, Director of Marketing.
- Recent research, found at verusinvestments.com/insights
 - In August, we put out a short video on our *Perspectives on the recession and the economy*
 - In September, we released a whitepaper on *Opportunities in small caps*
 - *This month, we shared our 2022 Private Equity Outlook* and a paper called, *Minding the gap: Insights into actuarial assumed rate of return*

Recent Verus research

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

Topics of interest papers

OPPORTUNITIES IN SMALL CAPS

In this Topic of Interest white paper, we first briefly walk through the original small cap premium thesis and research that led to its industry-wide recognition. Forty years have passed since much of this analysis was conducted, so in this section we take a look at whether the small cap effect has remained statistically significant. Next, we discuss active management opportunities in small caps, as these businesses are smaller and less covered by analysts. Last, many U.S. companies are staying private for longer. We cover this trend and its implications for the small cap market, which is directly impacted by the private/public decisions of younger businesses.

MINDING THE GAP: INSIGHTS INTO ACTUARIAL ASSUMED RATE OF RETURN

As consultants, we are often asked “how can we support a strategic asset allocation with an expected return (ER) that is different from the actuarial assumed rate of return (AARR)?” We believe Plan sponsors with a gap between these two metrics should work to bring the ER and AARR in line. Boards may face modest differences for three distinct reasons – each have countervailing reasons for closing the gap they cause. First, it might be argued that these forecasts are built for different purposes. Second, there is variability in ER forecasts as markets fluctuate year-to-year. Third, the timeframe over which the forecasts are used differs. In this paper, we further explain this reasoning and conclude by offering approaches for Plans to reduce any mismatch between ER and AARR to a reasonable level, which we generally believe to be less than 0.5%.

Annual research

2022 PRIVATE EQUITY OUTLOOK

In the 2022 Private Equity Outlook, we focus attention on the rise of GP-led continuation funds and what investors should consider when evaluating such opportunities. The outlook also addresses the following observations:

- Late-stage venture valuations have increased, and involvement of nontraditional investors has shifted
- Private equity deal activity has slowed in the face of rising interest rates and falling public markets
- Venture capital activity has slowed while fundraising remains strong
- Direct lending continues to drive investor interest while distressed debt and special situations credit have received more attention
- As many factors continue to impact the public markets and create volatility, the secondary market continues to grow

New Verus manager rating system

- Ratings are applied to products across all public and private market asset classes based on their distinguishing qualities around five key evaluation areas. 1) Alignment with client interests 2) Investment edge 3) Implementation approach 4) Optimal use of risk 5) Understandable performance
- Our “IQ Ratings” considers the institutional quality of the product plus the conviction of our research teams:
 - **Institutional Quality Rating:** Investment products are rated based on insight gained from using five evaluation criteria: Alignment, Investment Edge, Implementation, Optimal Use of Risk, and Understandable Performance. Products that meet or exceed standards of fiduciary care required by institutional investors are indicated with an IQ symbol.
 - **Conviction Rating:** This second component 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.
- Importantly, our due diligence process has not changed, just how we communicate our relative conviction in products.

- The following table shows the ratings that may be assigned to an investment product, including their respective characteristics and Verus recommendations:

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

- Please reach out to your consultant for further details regarding your portfolio.

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Equity 28

Other assets 37

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3rd quarter summary

THE ECONOMIC CLIMATE

- U.S. real GDP fell in Q2 for a second consecutive quarter, down -0.6% annualized (+1.6% over the past full year). Forecasts suggest a potential growth turnaround in the third quarter; the Atlanta Fed GDPNow forecast indicated a growth rate of 2.8% and economists expected 0.9% as of October 14th.
- The U.S. dollar delivered an impressive rally year-to-date, appreciating approximately 15% relative to major currencies. A stronger dollar may result in slowing U.S. exports as domestic goods become more expensive to foreign buyers, and lower inflation as American businesses and households are able to purchase foreign goods at cheaper prices.

PORTFOLIO IMPACTS

- September inflation figures conveyed two stories: first, U.S. core CPI (excludes food & energy) remained elevated, rising 0.6% during the month to a new 40-year high of 6.6% year-over-year; second, headline inflation (includes all prices) continued to show another more moderate monthly print of 0.4% but remained high at 8.2% year-over-year.
- Credit performance was mixed during Q3, with lower duration exposures faring better than higher duration. Fears of a looming recession remained as the Fed's 75 basis point rate hikes in both July and September reinforced its intention to fight inflation until the "job is done."

THE INVESTMENT CLIMATE

- The Russia Ukraine war may be taking a turn, as Ukraine's counteroffensive gains steam. In a rare admission, Russia's Defense Ministry spokesman Igor Konashenkov acknowledged recent defeats: "With numerically superior tank units in the direction of Zolota Balka and Oleksandrivka, the enemy managed to forge deep into our defenses."
- The broad market selloff increased in intensity as global central banks hiked interest rates, effectively withdrawing liquidity from the financial system. Higher interest rates and central bank balance sheet winddowns mark a major change from the liquidity-driven environment of the past decade.

ASSET ALLOCATION ISSUES

- Markets year-to-date have delivered sharp losses across nearly every asset class, including double digit losses of core fixed income (Bloomberg US Aggregate Bond -10.8%). Historically speaking, these moves have been highly unusual and reflect an environment where diversification has not served investors well.
- Growth stocks outperformed value stocks during the quarter (Russell 1000 Growth -3.6% vs Russell 1000 Value -5.6%), and small capitalization stocks outperformed large capitalization stocks (Russell 2000 -2.2%, Russell 1000 -4.7%).

The broad market selloff has increased in severity, as central banks remove liquidity from the global financial system

What drove the market in Q3?

“U.S. Consumer Prices Rise Sharply Despite Fed Rate Increases”

HEADLINE CONSUMER PRICE INFLATION (YEAR-OVER-YEAR)

Apr	May	Jun	Jul	Aug	Sep
8.3%	8.6%	9.1%	8.5%	8.3%	8.2%

Article Source: Financial Times, October 13th, 2022

“U.S. Job Growth Eases, but Is Too Strong to Suit Investors”

CHANGE IN NON-FARM PAYROLLS

Apr	May	Jun	Jul	Aug	Sep
+368k	+386k	+293k	+526k	+315k	+263k

Article Source: New York Times, October 7th, 2022

“Dollar’s Rise Spells Trouble for Global Economies”

U.S. DOLLAR INDEX PRICE LEVEL

Apr	May	Jun	Jul	Aug	Sep
103.0	101.8	104.7	105.9	108.8	112.1

Article Source: Wall Street Journal, September 19th, 2022

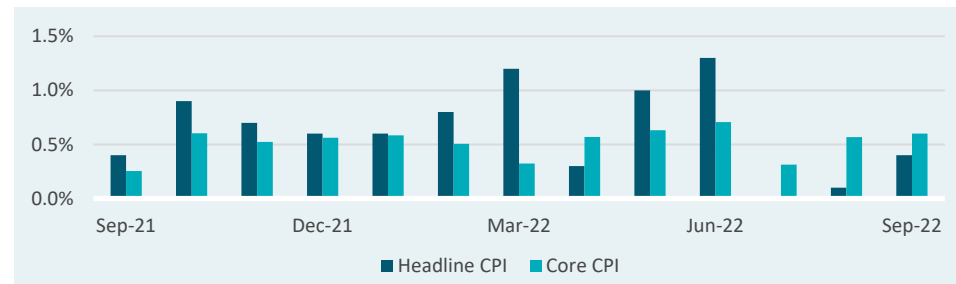
“Mortgage Demand Drops as Rates Top 6%”

FREDDIE MAC U.S. 30-YEAR FIXED RATE MORTGAGE RATE

Sep 2021	May	Jun	Jul	Aug	Sep
3.01%	5.10%	5.70%	5.30%	5.66%	6.70%

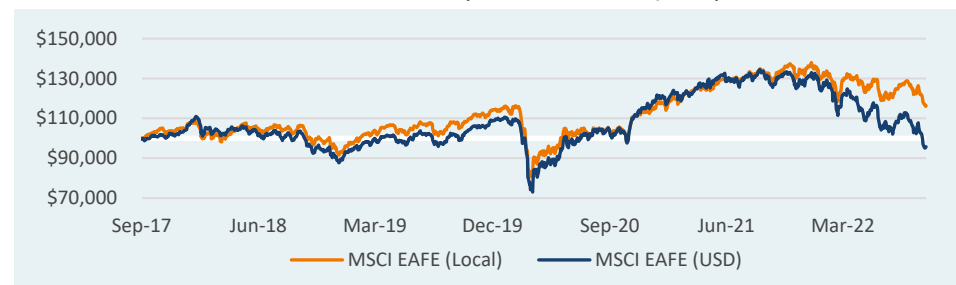
Article Source: CNBC, September 14th, 2022

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



Source: Bureau of Labor Statistics, as of 9/30/22

MSCI EAFE LOCAL VS USD RETURNS, GROWTH OF \$100,000



Source: MSCI, Bloomberg, as of 9/30/22

U.S. EXISTING HOME SALES (YEAR-OVER-YEAR % CHANGE)



Source: National Association of Realtors, as of 8/31/22

Economic environment

U.S. economics summary

- U.S. real GDP fell in Q2 for a second consecutive quarter, down -0.6% annualized (+1.6% over the past full year). Forecasts suggest a potential growth turnaround in the third quarter; the Atlanta Fed GDPNow forecast indicated a growth rate of 2.8% and economists expected 0.9% as of October 14th.
- U.S. core CPI remained elevated in September, rising 0.6% during the month to a new 40-year high of 6.6% year-over-year. Headline inflation continued to show another more moderate monthly print of 0.4% but remained high at 8.2% year-over-year.
- Unemployment fell slightly from 3.6% in June to 3.5% in September, which did not reflect an increase in employment but rather the departure of some Americans from the job market altogether. Weekly initial jobless claims—a measure of the number of workers who filed for unemployment during any given week—moved higher during Q2 to 244,000 in early July but has since fallen to 193,000 in late September.
- The U.S. dollar has appreciated roughly 15% relative to major currencies. A stronger dollar may result in slowing U.S. exports as domestic goods become more expensive to foreign buyers, and lower inflation as American businesses and households are able to purchase foreign goods at cheaper prices.
- Coverage of COVID-19 has tended to focus on the health impacts in a binary way: either the infected individual recovers (and lives) or does not recover (and is deceased). There is a growing body of research by medical experts that suggests a significant portion of survivors face longer-term, often severe, health problems. These issues are known as “long COVID” and may be the primary cause for a severe shrinking of the U.S. labor force.

	Most Recent	12 Months Prior
Real GDP (YoY)	1.6% 6/30/22	12.5% 6/30/21
Inflation (CPI YoY, Core)	6.6% 9/30/22	4.0% 9/30/21
Expected Inflation (5yr-5yr forward)	2.1% 9/30/22	2.2% 9/30/21
Fed Funds Target Range	3.00% – 3.25% 9/30/22	0.00% – 0.25% 9/30/21
10-Year Rate	3.83% 9/30/22	1.49% 9/30/21
U-3 Unemployment	3.5% 9/30/22	4.7% 9/30/21
U-6 Unemployment	6.7% 9/30/22	8.5% 9/30/21

GDP growth

U.S. real GDP fell in Q2 for a second consecutive quarter, down -0.6% annualized (+1.6% over the past full year). Most aspects of economic activity showed decline, including private investment (-2.7%), government spending (-0.3%), and imports (-0.5%). Forecasts suggest a potential growth turnaround in the third quarter; the Atlanta Fed GDPNow forecast indicated a growth rate of 2.8% and economists expected 0.9% as of October 14th.

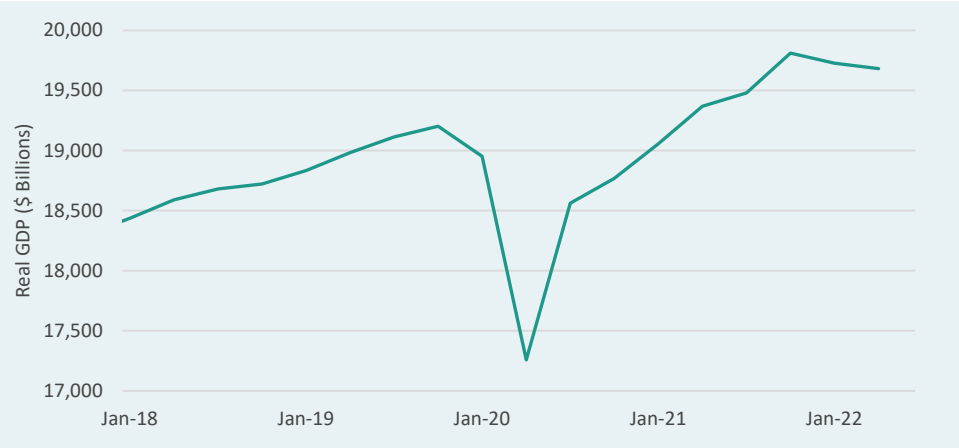
It is possible that the U.S. has avoided technical recession, for now, especially if third quarter GDP growth shows a positive figure. Pundits remain primarily focused on the relatively strong labor market to justify their claims that the U.S. is not in fact

experiencing recession, and slightly positive consumer spending growth during 2022 also adds to their argument.

The U.S. dollar has delivered an impressive rally year-to-date, appreciating approximately 15% relative to other major currencies. Two expected economic impacts of a rising U.S. dollar, all else equal, include: a slowdown in U.S. exports as domestic goods become more expensive to foreign buyers; and lower inflation as American businesses and households are able to purchase foreign goods at cheaper prices. Other countries such as the U.K. may be seeing the opposite of these effects as their domestic currencies fall in value.

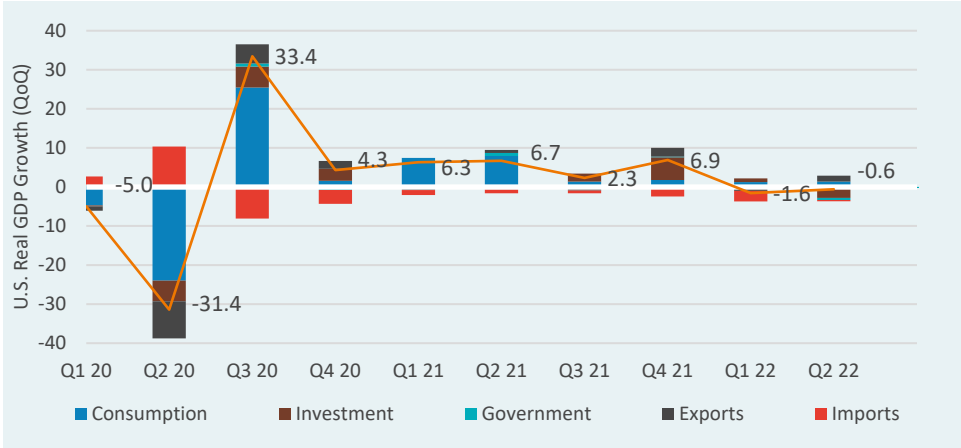
It remains unclear whether the U.S. has entered recession

U.S. REAL GROSS DOMESTIC PRODUCT



Source: FRED, as of 6/30/22

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 6/30/22

Inflation

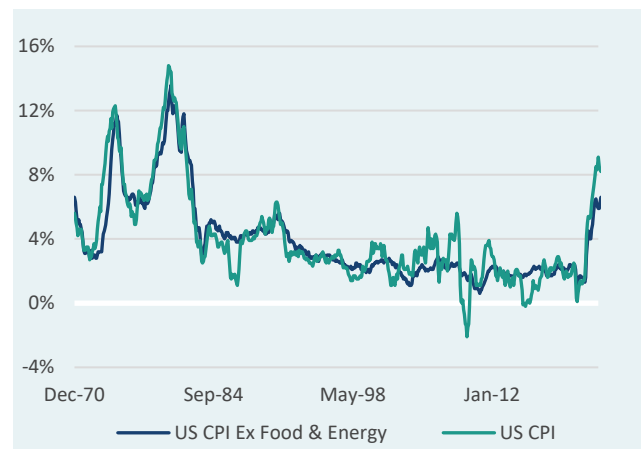
The September inflation print conveyed two separate stories: first, that U.S. core CPI (excludes food & energy) remained elevated, rising 0.6% during the month to a new 40-year high of 6.6% year-over-year; second, headline inflation (includes all prices) continued to show another more moderate monthly print of 0.4%, but remains high at 8.2% year-over-year.

We see a variety of economic developments that suggest inflation is abating, although the level of inflation may not fall to pre-pandemic levels due to the breadth of price movement. These developments include: lower commodity prices,

dramatically lower international shipping costs, and the general slowdown of economic activity on the back of Federal Reserve tightening.

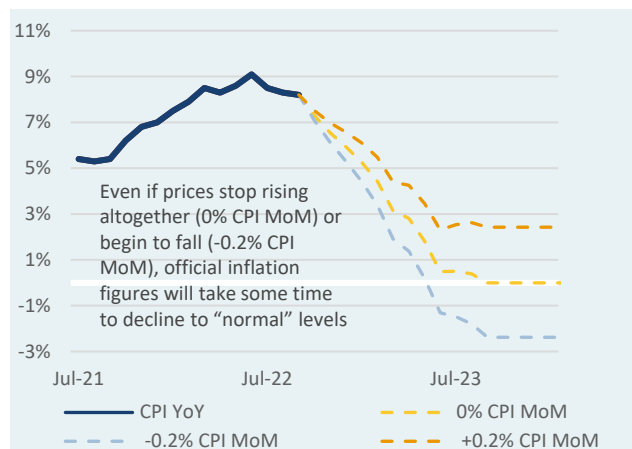
Inflation will take some time to fall back to normal levels, even if *monthly* inflation is 0% in the future. Below we illustrate a few scenarios of *monthly* future price movement. Even if prices stop rising completely (a monthly inflation rate of 0%), the U.S. inflation rate will still likely take until spring of 2023 to fall back to 2%.

U.S. CPI (YOY)



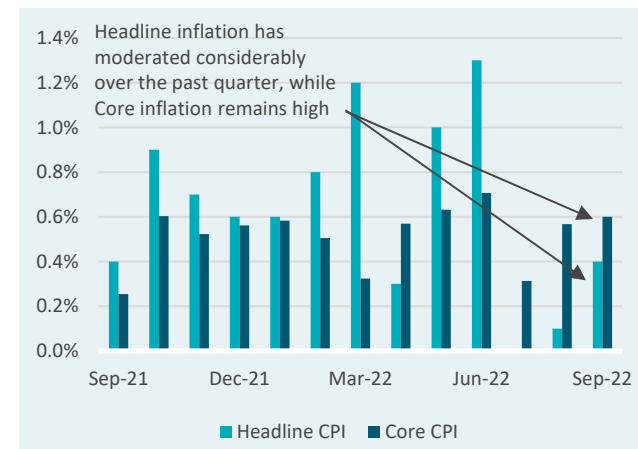
Source: BLS, as of 9/30/22

INFLATION IS A SLOW-MOVING METRIC



Source: Verus, BLS, as of 9/30/22

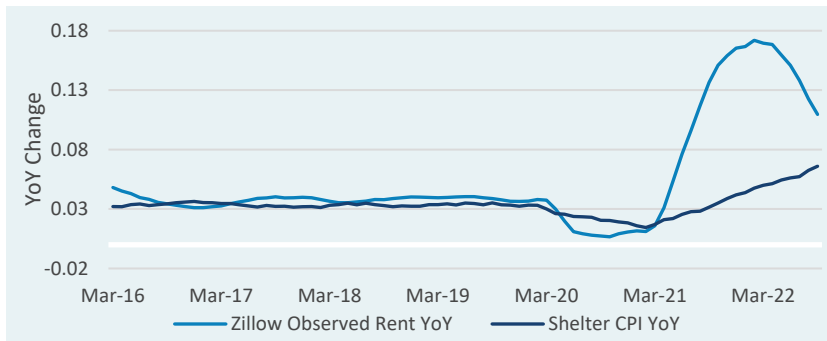
MONTHLY PRICE MOVEMENT



Source: BLS, as of 9/30/22

How are inflation conditions evolving?

CPI SHELTER COSTS (YEAR-OVER-YEAR)



Shelter costs account for approx. 32% of the CPI gauge and have moved considerably higher along with the broader real estate boom. However, only a small portion of these costs have been captured in official data, so far. While there is evidence that home prices and rents have stopped rising, it is not yet clear whether/when the jump in costs of recent years will flow into official CPI data.

BLOOMBERG COMMODITY SPOT INDEX



Fears of recession and its impact on commodity demand, as well as some potential easing of uncertainty around Ukraine, have likely contributed to a sharp drop in commodity prices. If weaker conditions persist, the reversal in commodity markets should have a deflationary impact on broader consumer prices, though this effect may take time to flow through to broader goods and services prices.

Source: Zillow, FRED, as of 9/30/22 (upper), Bloomberg, as of 9/30/22 (lower)

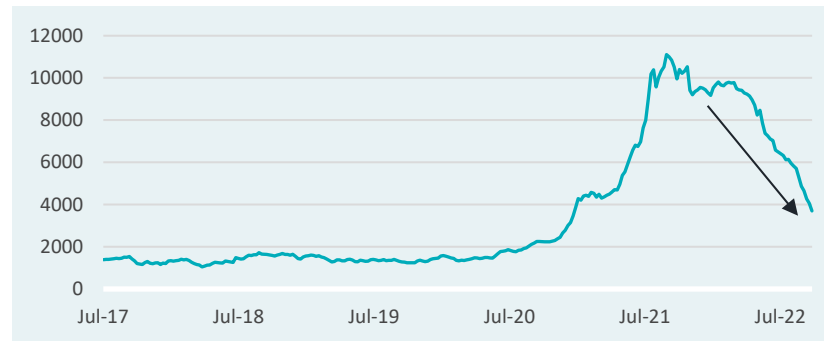
CPI USED CAR & TRUCK PRICES



Used auto prices have been dropping materially according to the Mannheim Used Auto Value Index, down more than 13% from highs. If falling prices soon are reflected in official CPI statistics, this would place downward pressure on official inflation figures.

Inflation dynamics are complex. This slide shows a few potentially *inflationary* forces and *deflationary* forces

FREIGHTOS SHIPPING CONTAINER COST INDEX



Pandemic-related supply and demand complexities initially contributed to many supply shortages and price spikes. These shipping costs are quickly falling back towards pre-pandemic levels. We would expect the mitigation of shipping problems to have a deflationary effect on prices, assuming businesses begin to pass these cost savings on to customers.

Source: FRED, as of 9/30/22 (upper), Freightos, as of 10/7/22 (lower)

Labor market

The U.S. labor market continues to be strong, which is arguably the biggest factor empowering the Federal Reserve’s aggressive policy stance. However, while employment is strong, high inflation has eaten away at household purchasing power, as demonstrated by the consistent decline in inflation-adjusted weekly earnings since mid-2020.

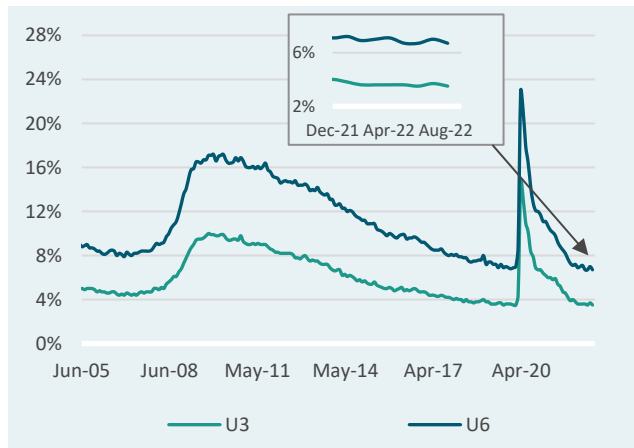
Unemployment fell slightly from 3.6% in June to 3.5% in September, which did not reflect an increase in employment but rather the departure of some Americans from the job market altogether. Weekly *initial jobless claims*—a measure of

the number of workers who filed for unemployment on any given week—moved higher during Q2 to 244,000 in early July but has since fallen to 193,000 in late September.

The gap in labor force participation rates across different age cohorts remains notable, with the age 55+ cohort failing to recover. Previously we had assumed that abnormally early retirements of older workers during the pandemic was likely the main cause for this effect. However, as we propose on the next page, the apparently very widespread health effects of “Long COVID” may be playing a role in this story.

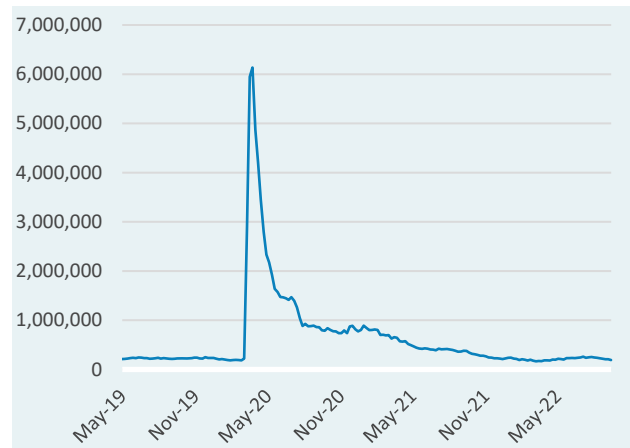
The labor market appears tight according to most metrics, but workers’ wages are falling on an inflation-adjusted basis

U.S. UNEMPLOYMENT



Source: FRED, as of 9/30/22

INITIAL JOBLESS CLAIMS



Source: FRED, as of 9/25/22

U.S. AVERAGE WEEKLY REAL WAGES

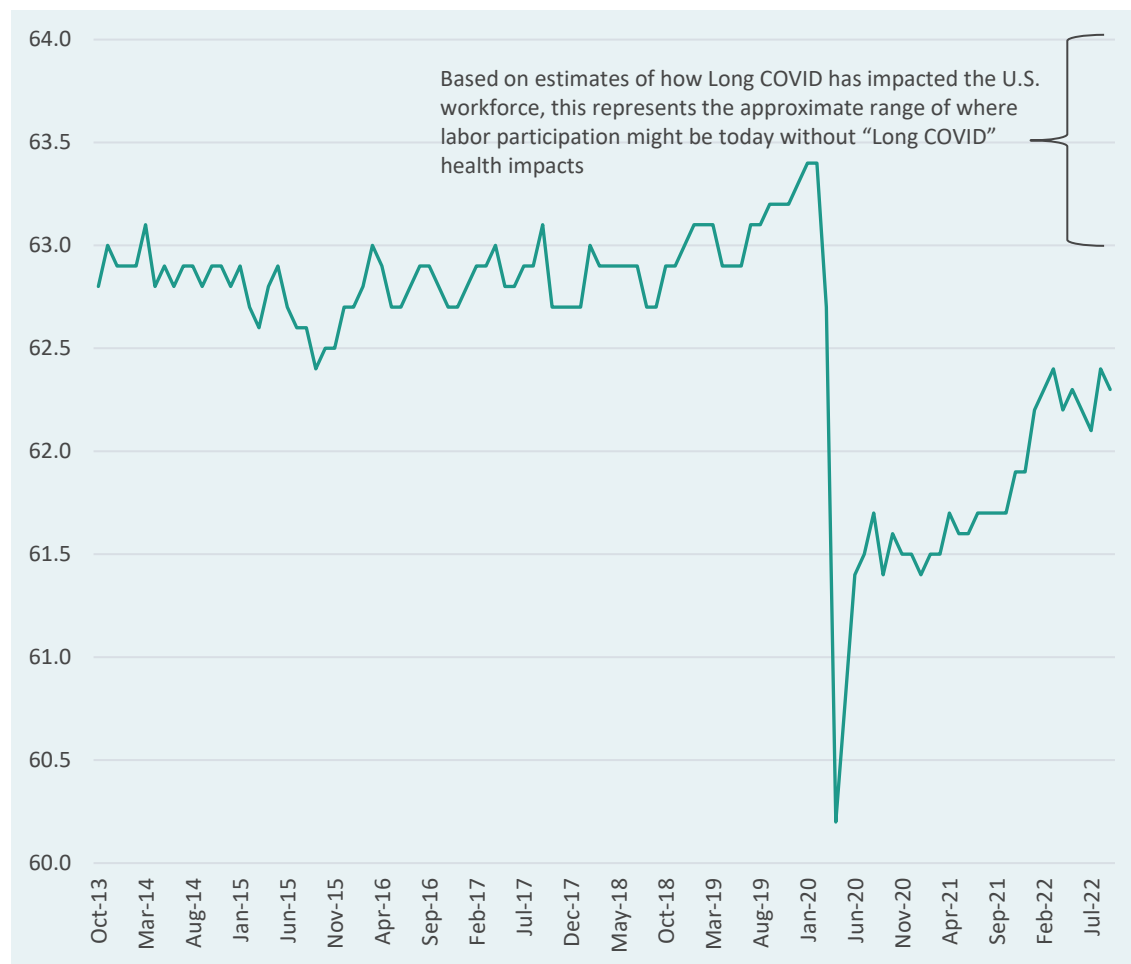


Source: FRED, as of 6/30/22

Labor dynamics: Long COVID-19

- Most coverage of COVID-19 has focused on the health impacts of COVID-19 in a binary way: either the infected individual recovers (and lives) or they do not recover (and is deceased). There is a growing body of research by medical experts that suggests a significant portion of COVID-19 survivors face longer-term, often severe, health problems. These issues are known as “Long COVID”.
- COVID-19 is broadly thought of as a virus that affects the lungs. However, it can severely impact the brain and heart as well. Studies vary in their projections regarding the number of Americans who are unable to work due to Long COVID health issues. We have observed estimates between half a million and 4 million workers. This chart illustrates that Long COVID could in fact be the primary reason for a shrunken American workforce and the unusual number of unfilled job openings.
- This topic should be seen as important to investors, because: a) the size of the U.S. labor force determines the productive capacity of the country and therefore the rate of economic growth, the direction of wage pressures, and likely also the actions of the Federal Reserve (as decided by metrics such as labor market tightness and household income/spending).
- We are continuing to closely follow these dynamics. Depending on the persistence of Long COVID, future expectations could vary from *permanently reduced U.S. workforce and commensurately reduced U.S. growth prospects* to *continued inflow of previously ill workers back into the workforce*.

LABOR PARTICIPATION RATE (%)



Source: FRED, Verus, as of 9/30/22

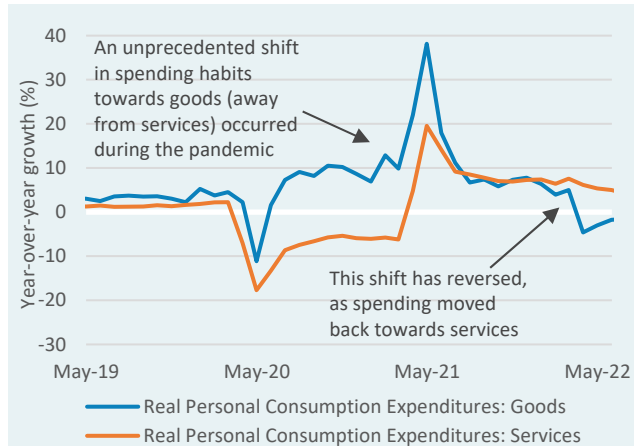
The consumer

U.S. real (inflation-adjusted) personal consumption expenditures slowed further to 1.8% year-over-year in August. The purchases of goods have fallen as consumers move back towards pre-pandemic spending habits (sales of goods have been consistently falling year-to-date, after adjusting for inflation). A moderation of goods purchased means less shipping volume and has likely helped mitigate overburdened supply chains and high international shipping costs, which have been easing materially.

Spending has slowed while savings rates have dropped to 3.5%—a level not seen since 2008—which seems to imply that household budgets are being hit hard by inflation and higher living costs.

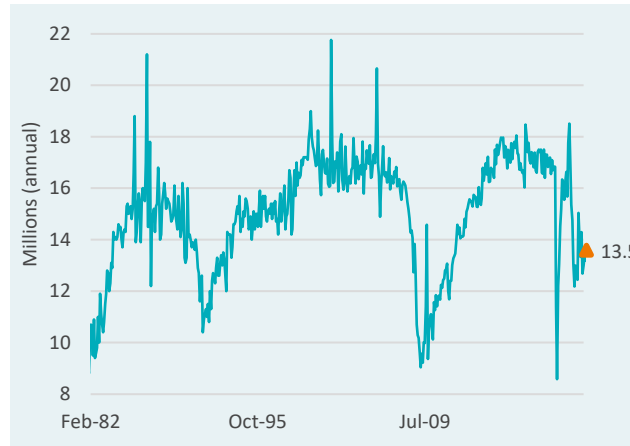
Auto sales activity remains very weak, although automakers have reported improvements in computer chip supplies that will allow production to rise. On the other hand, higher interest rates, diminished household budgets, and high car prices may constrain a recovery in auto sales activity despite new inventory coming online.

REAL PERSONAL CONSUMPTION EXPENDITURES



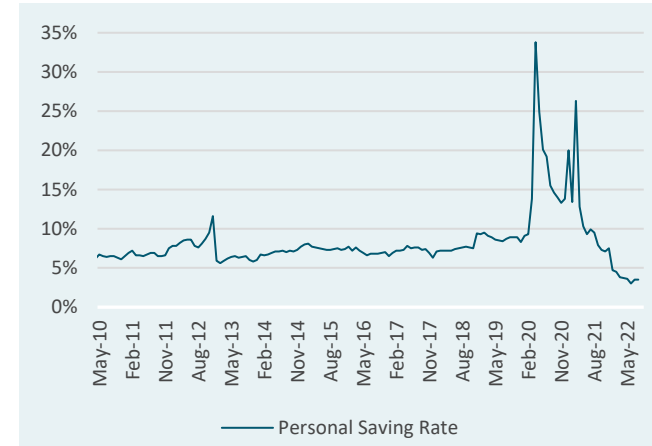
Source: FRED, as of 8/31/22

AUTO SALES



Source: Federal Reserve, as of 9/30/22

PERSONAL SAVINGS RATE



Source: FRED, as of 8/31/22

Sentiment

Consumer sentiment improved slightly from extremely depressed levels, according to the University of Michigan survey. In this survey, respondents mentioned better buying conditions for durable goods and a more optimistic one-year outlook, though this brighter sentiment was generally offset by a deteriorating outlook for business conditions.

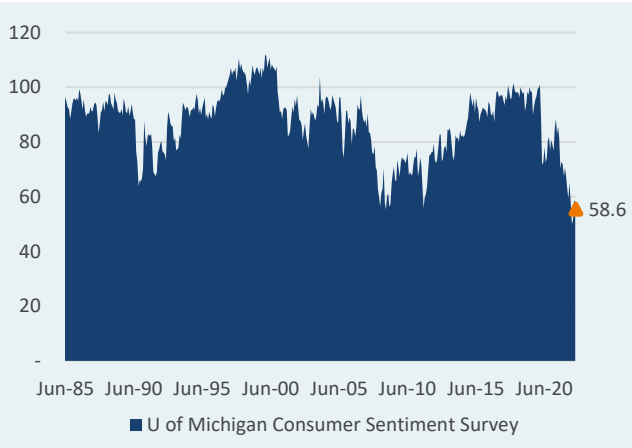
Consumer confidence measured by the Conference Board ticked up in the third quarter, as inflation expectations lessened, and more specifically as households saw prices at the pump materially contract. Consumers' assessments of current conditions and the short-term outlook improved, although

recession risks remain material. While improved confidence could bode well for spending in the fourth quarter of 2022, continued higher prices and global economic slowdowns will likely act as major headwinds.

The NFIB Small Business Optimism index improved slightly from very depressed levels. According to NFIB's Chief Economist Bill Dunkelberg, "inflation and worker shortages continue to be the hardest challenges facing small business owners". Slightly more businesses expect healthier business conditions six months in the future (though overall sentiment is very negative on this topic), and more expect difficulties in filling open job postings.

Sentiment, by most measures, is extremely poor

CONSUMER SENTIMENT



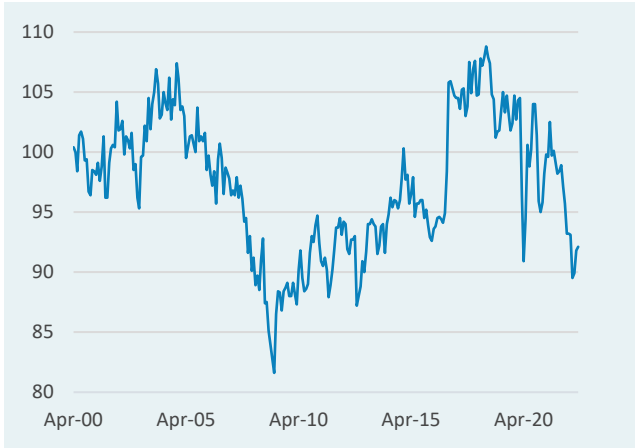
Source: University of Michigan, as of 9/30/22

CONFERENCE BOARD CONSUMER CONFIDENCE



Source: Conference Board, as of 9/30/22

NFIB SMALL BUSINESS SENTIMENT



Source: NFIB, as of 9/30/22

Housing

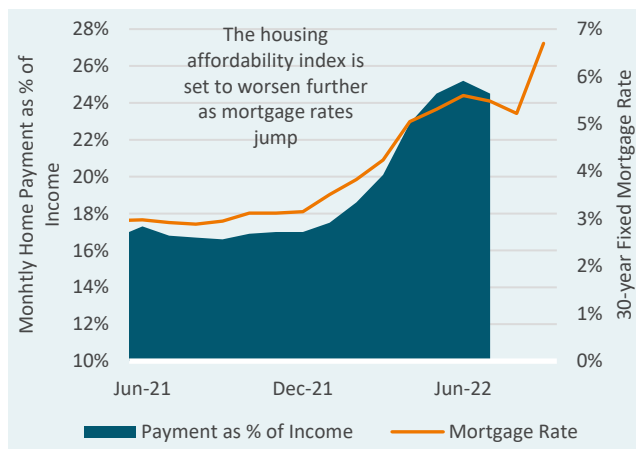
U.S. home prices fell -0.3% from June to July, according to the S&P CoreLogic Case-Shiller U.S. National Index, which might signal a reversal of the remarkable upward march in real estate values. The index suggested home prices were 15.8% higher over the past full year. Sales volumes have dropped precipitously since the beginning of 2022 which has coincided with a notable jump in monthly inventory levels.

Higher home prices and much higher mortgage interest rates have translated to the average monthly home payment rising from 16% of an average family's income to more than 24% in July, according to the National Association of Realtors. Further

increases in mortgage rates since July suggest that affordability has likely deteriorated further.

The housing market may be in the midst of a material slowdown as mortgage rates have more than doubled during 2022, from 3.1% at the beginning of the year to 6.7% at the end of the third quarter. Spiking mortgage rates in the past have coincided with a softening of the real estate market and placed downward pressure on home values. In recent years, low home inventories have been a support to markets, but this may be receding as inventories are now above average.

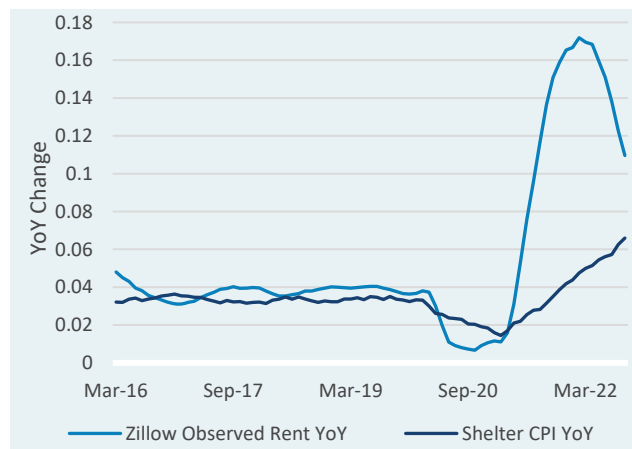
CHANGE IN HOUSING AFFORDABILITY



Source: NAR, as of 7/31/22, FRED as of 9/30/22

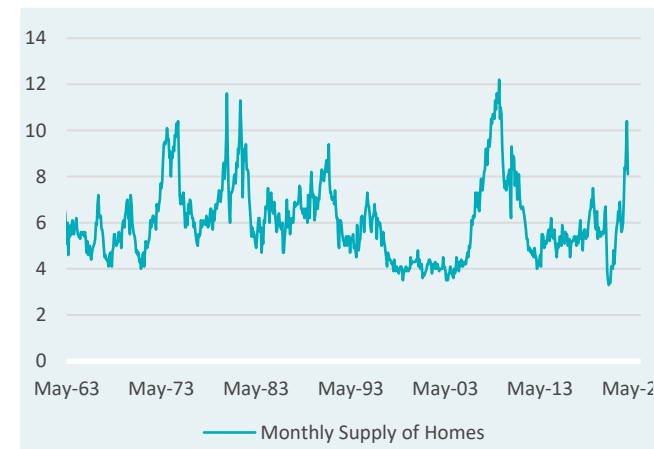
Census Bureau median family income is compared here to the monthly cost (principal + interest) of an average priced home

HOUSING & RENT COSTS



Source: Zillow, FRED, as of 9/30/22

SUPPLY OF HOMES



Source: FRED, as of 8/31/22

International economics summary

- Economic growth expectations continue to weaken around the world, and recession appears possible in some developed countries. High inflation has placed central banks in a corner, requiring a choice between tightening (lower inflation with possible recession) or accommodation (stronger economic activity with possibly continued high inflation).
 - Multi-decade high inflation continues to spread across Europe, as consumer prices in September rose 10% from the prior year. Food and energy were major drivers, although the core inflation number is also elevated at 4.8%. Inflation remains a challenge in Europe and the U.S., as prices have been relatively stable in the Asia-pacific region.
 - Unemployment rates have been stable and tight in most markets, though this may now be seen as a problem as central bankers work to
- slow economies and weaken labor markets in order to fight inflation.
- The Russia Ukraine war may be taking a turn, as Ukraine’s counteroffensive gains steam. In a rare admission, Russia’s Defense Ministry spokesman Igor Konashenkov acknowledged recent defeats: “With numerically superior tank units in the direction of Zolata Balka and Oleksandrivka, the enemy managed to forge deep into our defenses.”
 - Still dealing with the highest inflation seen in four-decades, the U.K. economy continues to struggle, especially as the Bank of England tightens economic conditions in the face of a recession. The situation worsened following newly elected Prime Minister Liz Truss’ new growth plan announcement, which introduced a large tax cut initiatives without additional funding sources secured.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	1.8% 6/30/22	8.2% 9/30/22	3.5% 9/30/22
Eurozone	4.1% 6/30/22	10.0% 9/30/22	6.6% 8/31/22
Japan	1.6% 6/30/22	2.8% 9/30/22	2.5% 8/31/22
BRICS Nations	1.9% 6/30/22	4.5% 9/30/22	5.2% 12/31/21
Brazil	3.2% 6/30/22	7.2% 9/30/22	8.9% 8/31/22
Russia	(4.1)% 6/30/22	13.7% 9/30/22	3.8% 8/31/22
India	13.5% 6/30/22	7.4% 9/30/22	6.4% 9/30/22
China	0.4% 6/30/22	2.8% 9/30/22	5.3% 8/31/22

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

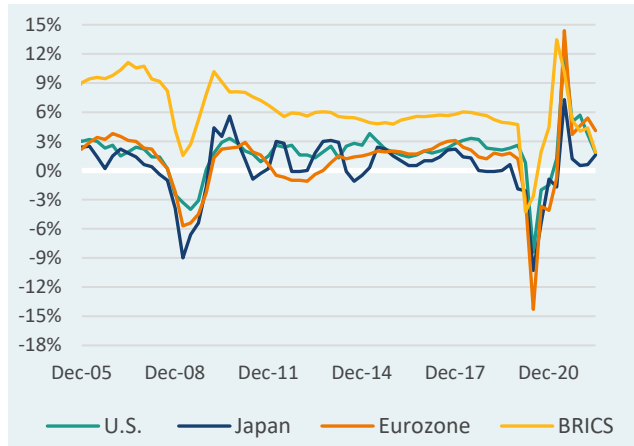
Growth expectations have further weakened around the world, and recession appears possible in some developed countries. Throughout 2022, headline inflation remained stubbornly high in many places such as the United States and Europe. Other areas, such as Japan, had avoided the initial wave of inflation but are now seeing larger price rises in recent months.

Many central banks are walking a tightrope in their fight against inflation since overly aggressive monetary policy could quickly send an economy into recession. Inflation has

become a lightning rod for political leaders, as rising prices squeeze household budgets and standards of living. This is perhaps evident most recently in the U.K., where Prime Minister Liz Truss came under harsh scrutiny for a proposal to cut tax rates and spend which seemed to conflict with Bank of England efforts to combat inflation.

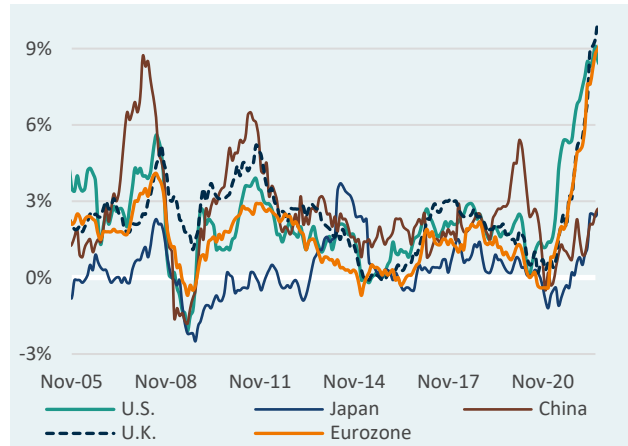
Unemployment rates are stable and tight in most markets, though central bankers may now see this as a problem standing in the way of efforts to slow economies and fight rising prices.

REAL GDP GROWTH (YOY)



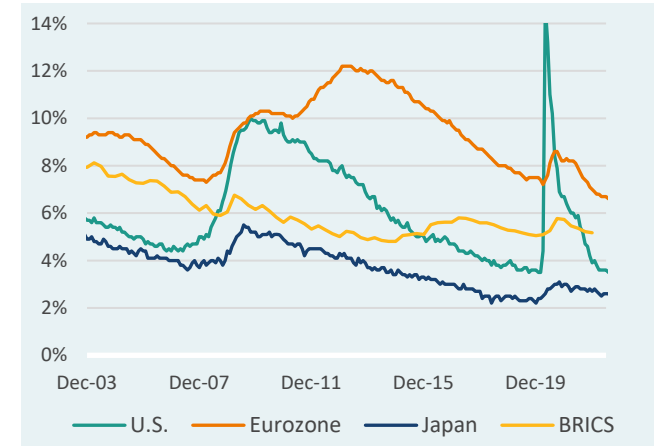
Source: Bloomberg, as of 6/30/22

INFLATION (CPI YOY)



Source: Bloomberg, as of 9/30/22 – or most recent release

UNEMPLOYMENT



Source: Bloomberg, as of 9/30/22 – or most recent release

U.K. flash crash

Inflationary pressures have continued within the broader European complex, as a dependence on imported energy has pushed up local energy prices dramatically. Within the U.K., the Bank of England has been forced into a difficult position. The central bank increased rates at every meeting since December 2021, but headline inflation still sits at 9.9% year-over-year.

More recently, newly elected Prime Minister Liz Truss and the Chancellor of the Exchequer Kwasi Kwarteng unveiled a plan with to reignite growth and spur economic productivity through tax cuts, guarantees regarding household energy prices, and supply side reforms including infrastructure projects.

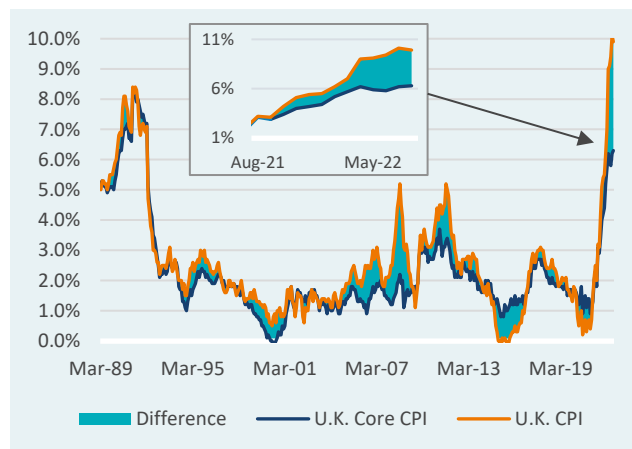
Markets reacted very poorly to the announcement. U.K. Gilt (U.K. treasury bond) yields soared, and the British pound sold off to its lowest level against the dollar in history. Markets stabilized following a commitment from the Bank of England to purchase long-dated bonds, given that many U.K. pension funds were facing margin calls on their liability-driven investment (LDI) derivative positions. The Bank of England also suspended its plans to reduce the balance sheet by selling Gilt holdings. The U.K. government then announced it would scrap its original plan to cut the top income tax rate, leading to increased volatility for the pound and U.K. sovereign debt.

U.K. BASELOAD ELECTRICITY FORWARD PRICES



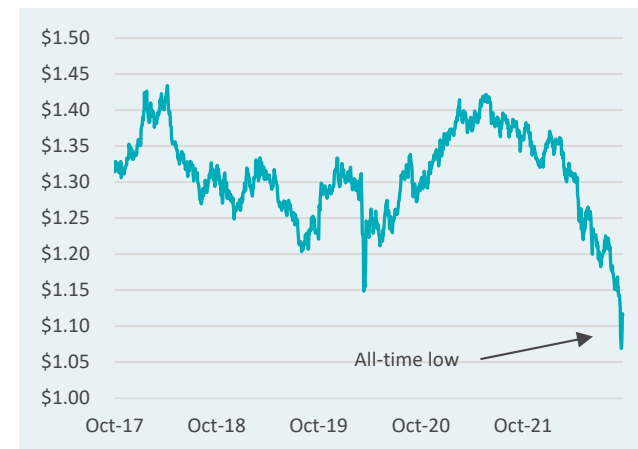
Source: Bloomberg, as of 10/4/22

U.K. INFLATION (CPI YOY)



Source: U.K. Office for National Statistics, as of 8/31/22

VALUE OF 1 GBP IN USD



Source: Bloomberg, as of 9/30/22

Fixed income rates & credit

Fixed income environment

- The 10-year U.S. Treasury yield rose materially from 2.89% to 3.83% as the Federal Reserve reaffirmed its aggressive stance and markets questioned whether interest rates might be held at higher levels for longer than previously anticipated.
- Credit performance was mixed over Q3 with lower duration exposures faring better than higher duration exposures. Fears of a looming recession remained as the Fed’s 75 basis point rate hikes in July and September reinforced its intention to fight inflation until the “job is done.” Leveraged loans performed the best, returning 1.2%, followed by high yield credit and investment grade credit which returned -0.6% and -4.9%, respectively.
- Default activity continued to pick up in the third quarter with seven companies defaulting on loans and bonds totaling \$16.5 billion. This was the highest quarterly total seen since the second quarter of 2020.

Activity represented a significant jump from the \$1.6 billion and \$10.4 billion shown in Q1 and Q2, respectively.

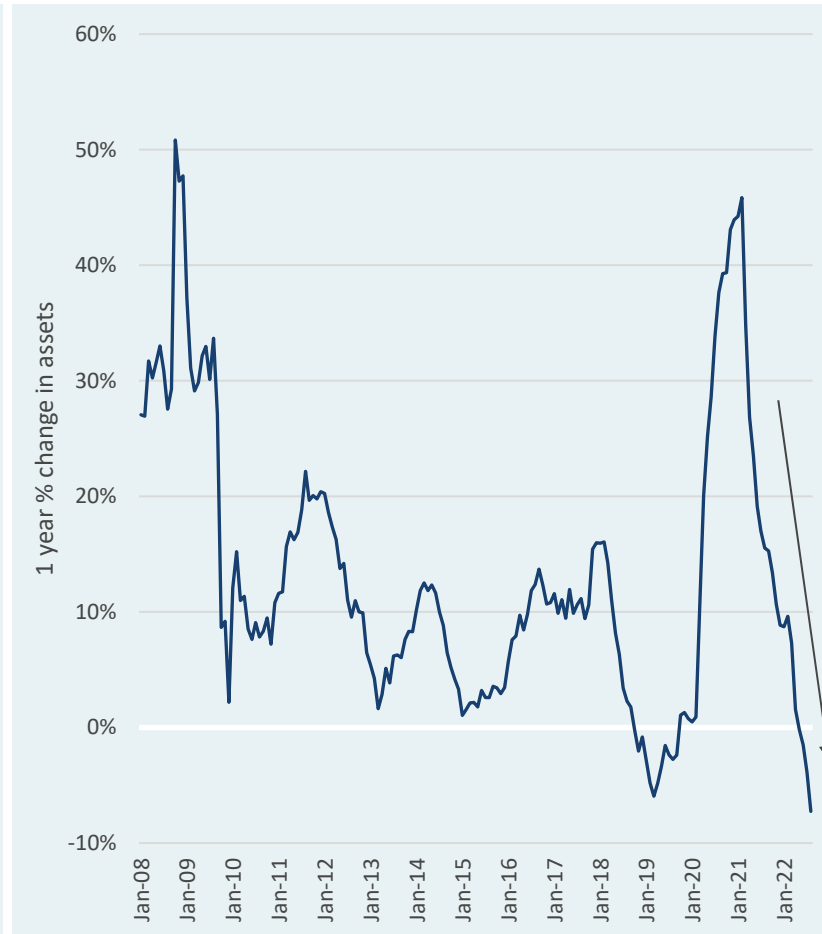
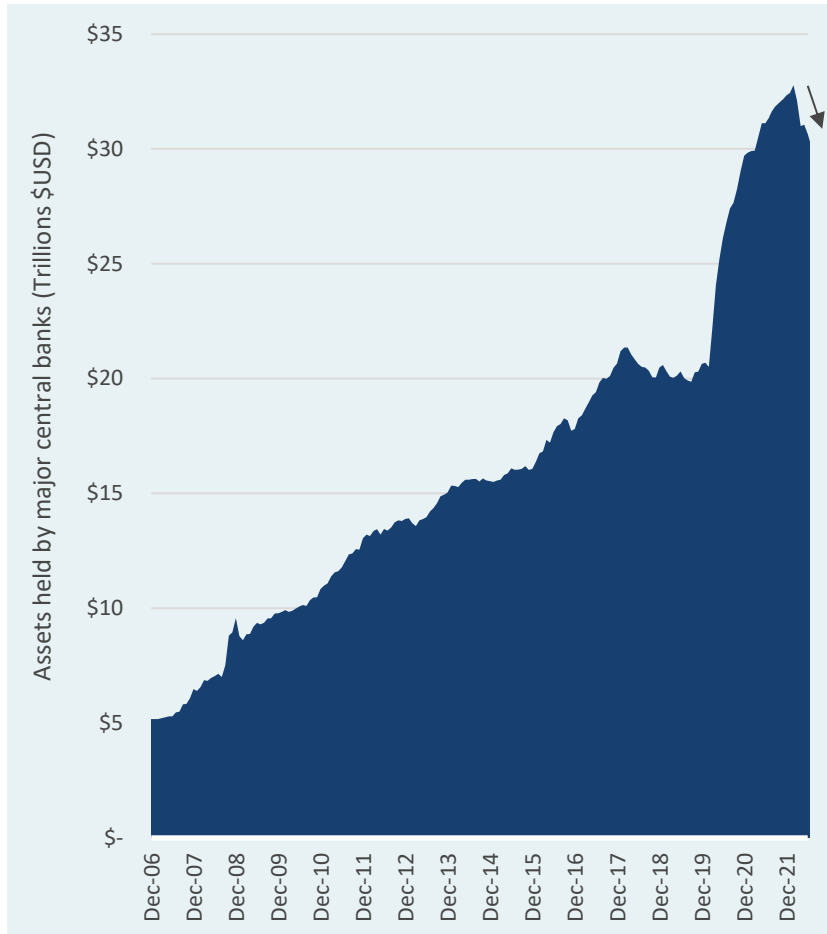
- The U.S. Yield Curve inverted during the quarter, with the 10-year 2-year spread falling from 0.1% to -0.4%. An inverted curve has historically suggested recession within two years or so.
- Throughout the third quarter, the Federal Reserve continued its path to reduce the balance sheet, beginning in June with the paced redemption of maturing securities. The initial June monthly redemption caps of \$30 billion for Treasuries and \$17.5 billion for agency MBS were increased to \$60 billion and \$35 billion in September. Markets have seemingly digested the reduction well, although the total drawdown has been relatively small so far, around \$200 billion against the peak size of \$8.97 trillion in April 2022.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	(4.8%)	(14.6%)
Core Plus Fixed Income (Bloomberg U.S. Universal)	(4.5%)	(14.9%)
U.S. Treasuries (Bloomberg U.S. Treasury)	(4.3%)	(12.9%)
U.S. High Yield (Bloomberg U.S. Corporate HY)	(0.6%)	(14.1%)
Bank Loans (S&P/LSTA Leveraged Loan)	(1.4%)	(2.5%)
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	(4.7%)	(20.6%)
Emerging Market Debt Hard (JPM EMBI Global Diversified)	(4.6%)	(24.3%)
Mortgage-Backed Securities (Bloomberg MBS)	(5.3%)	(9.0%)

Source: Bloomberg, as of 9/30/22

The great liquidity withdrawal

Central banks are planning to remove substantial liquidity from the global financial system



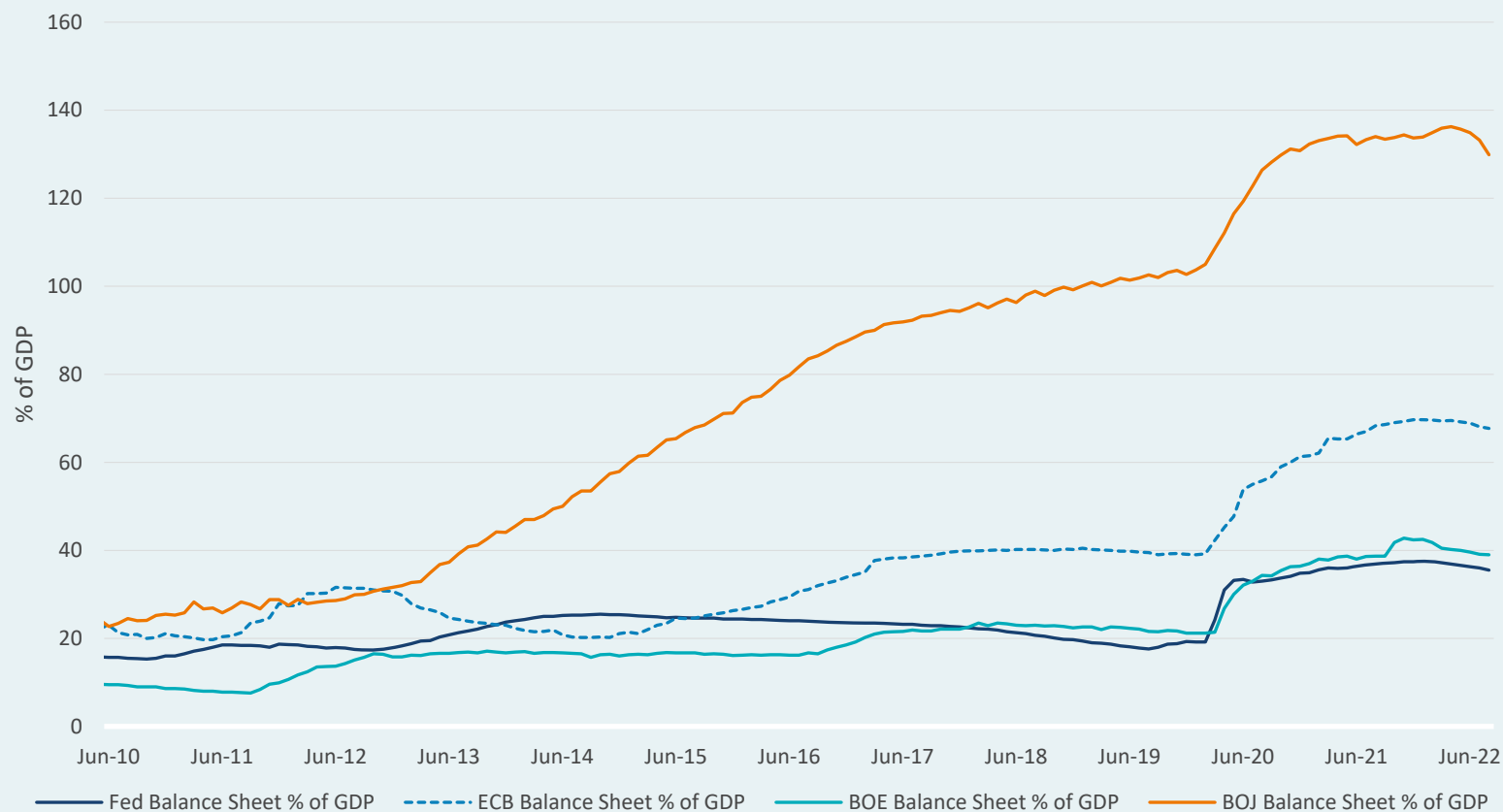
Markets are entering an unusual time of mass central bank asset roll-off

Source: Bloomberg, Verus, as of 9/30/22 – includes Fed, BOE, ECB, BoJ, PBOC

The great liquidity withdrawal (continued)

CENTRAL BANK ASSETS AS % OF GDP

U.S. DOLLAR DENOMINATED



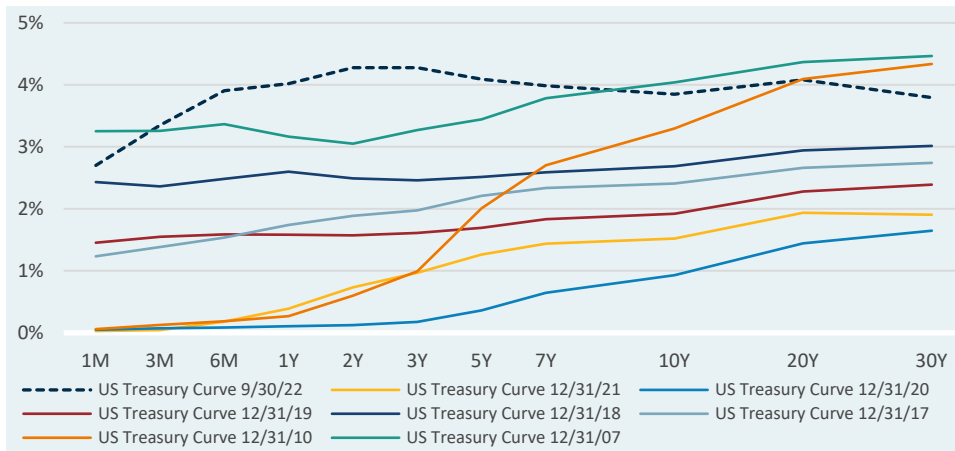
Central banks have accumulated very large balance sheets

Surprisingly, the U.S. Federal Reserve balance sheet is more moderate in size, relative to GDP

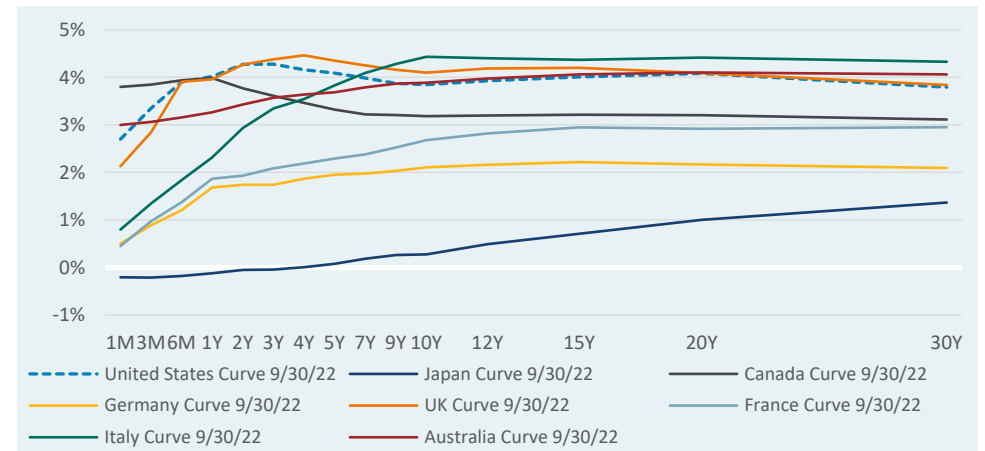
Source: Bloomberg, Verus, as of 9/30/22

Yield environment

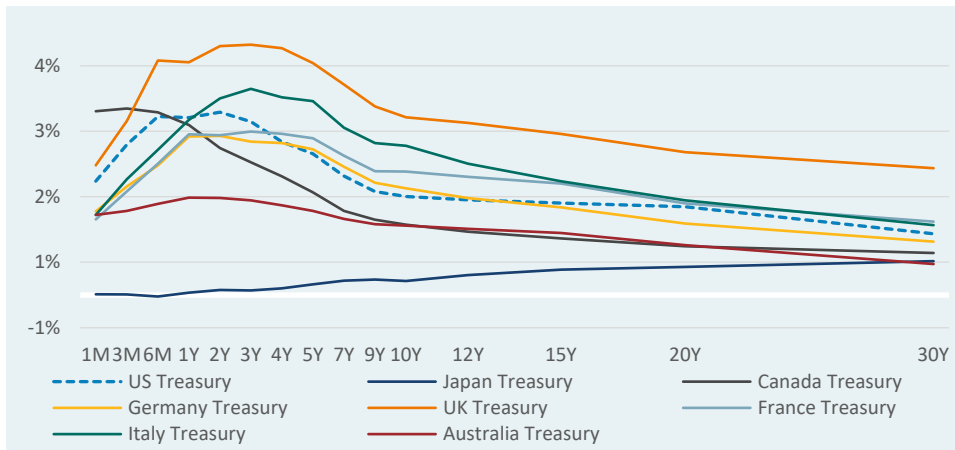
U.S. YIELD CURVE



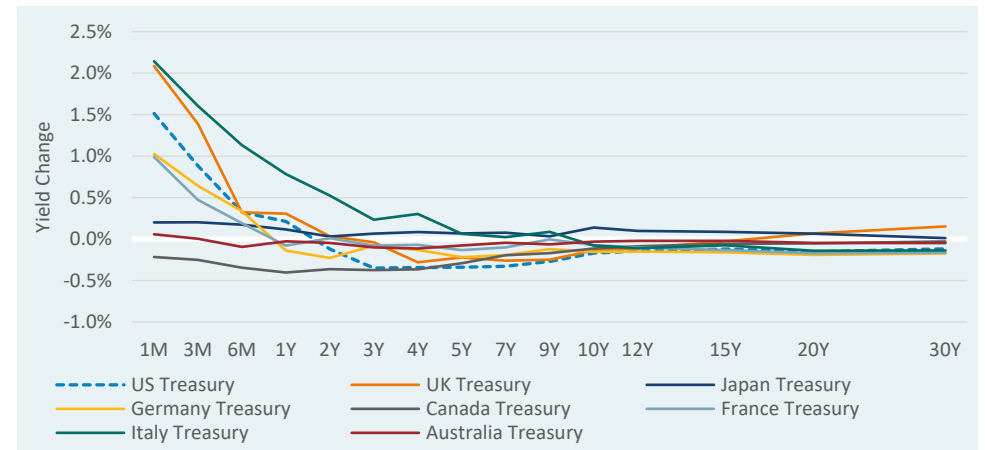
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 9/30/22

Credit environment

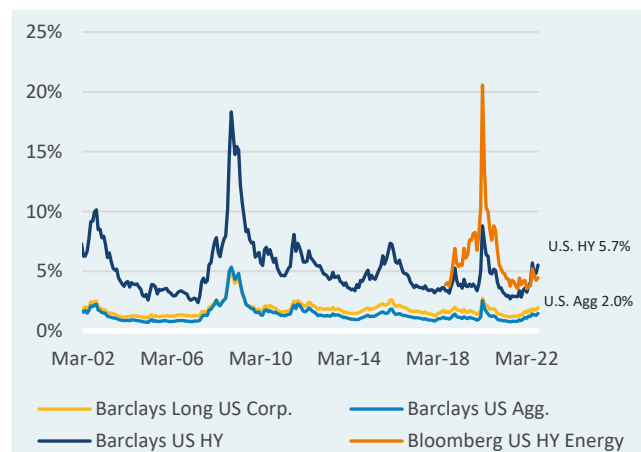
Credit market performance was mixed over the third quarter, with lower duration exposures faring better than higher duration exposures. Fears of a looming recession remained as the Fed's 75 basis point rate hikes in July and September reinforced its intention to fight inflation until the "job is done." Leveraged loans performed the best, returning 1.2%, followed by high yield corporate credit and investment grade credit which returned -0.6% and -4.9%, respectively.

Volatility and outflows contributed to investment grade credit spreads widening during the quarter. After reaching a 2022 high of 164 basis points in mid-September, investment grade credit spreads finished the third quarter at 159 basis points, an increase of 4 basis points from the

previous quarter's end. High yield spreads decreased by 17 basis points throughout the quarter to 552 basis points, though remaining above the long term non-recessionary average of 454 bps. Despite this recent decline, high yield spreads remain up 269 basis points year-to-date.

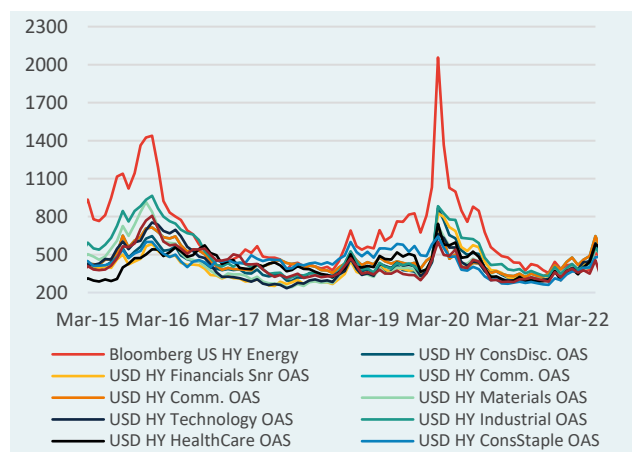
Over the course of the year, total yields have risen significantly within credit markets with the Bloomberg US High Yield Index now at 9.7%—almost double the levels of 4.9% seen at the start the year. Similarly, the yield of the Bloomberg US Corporate Investment Grade Index was 5.7%, up from 2.4% at the start of the year.

SPREADS



Source: Barclays, Bloomberg, as of 9/30/22

HIGH YIELD SECTOR SPREADS (BPS)



Source: Bloomberg, as of 9/30/22

Market	Credit Spread (OAS)	
	9/30/22	9/30/21
Long U.S. Corp	2.0%	1.2%
U.S. Inv Grade Corp	1.6%	0.8%
U.S. High Yield	5.5%	2.9%
U.S. Bank Loans*	6.0%	4.3%

Source: Barclays, Credit Suisse, Bloomberg, as of 9/30/22

*Discount margin (4-year life)

Default & issuance

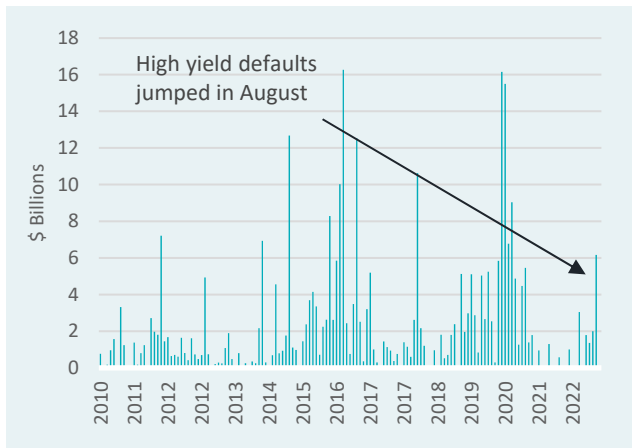
Default activity continued to pick up in the third quarter with seven companies defaulting on loans and bonds totaling \$16.5 billion. This was the highest quarterly total seen since the second quarter of 2020. Activity represented a significant jump from the \$1.6 billion and \$10.4 billion shown in Q1 and Q2, respectively.

Default rates for par-weighted US high yield and bank loans ended the quarter at 0.8% and 1.0%, respectively. While default rates reached a 15-month high, both values were well below the long-term historical averages of 3.2% and 3.1% for the high yield and loan markets. Given the prospects of tighter financial conditions and lower growth, default rates are expected to rise over the remainder of the year and into 2023 while

remaining well below the previously stated long-term historical averages.

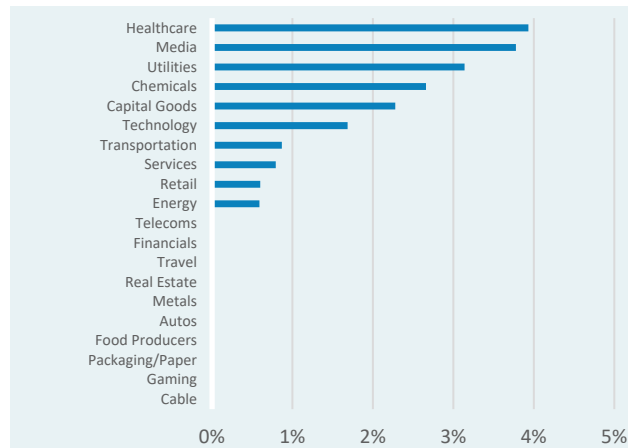
Leveraged credit issuance remained very light, which was consistent with the weaker trend of 2022. The third quarter total of \$18.9 billion issued in high yield bonds marked the lightest issuance since the first quarter of 2009. A similar effect was observed in the bank loans market, which totaled \$24 billion over the third quarter, down from \$120.5 billion and \$60.6 billion in the first and second quarters of this year. Additionally, the 2022 year-to-date loan issuance total of \$205.0 billion was down 69% on a year-over-year basis.

U.S. HY MONTHLY DEFAULTS (PAR WEIGHTED)



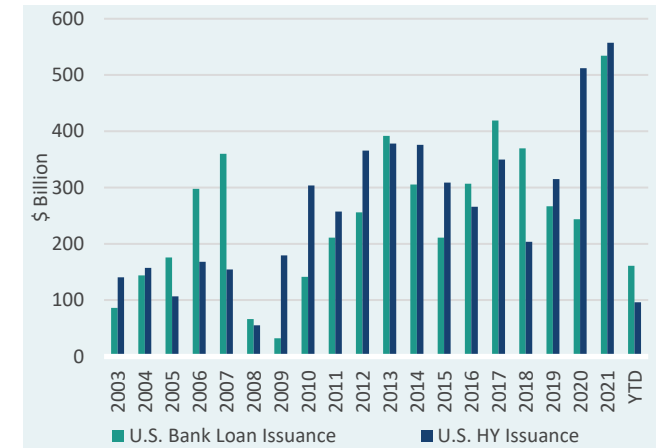
Source: BofA Merrill Lynch, as of 9/30/22

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



Source: BofA Merrill Lynch, as of 9/30/22 – par weighted

U.S. ISSUANCE (\$ BILLIONS)



Source: BofA Merrill Lynch, as of 9/30/22

Equity

Equity environment

— Equity markets saw further losses during Q3, extending the selloff deeper into bear market territory. Emerging market equities (MSCI Emerging Markets -11.6%) experienced the greatest drawdown, on an unhedged currency basis, followed by international developed (MSCI EAFE -9.4%) and domestic equities (S&P 500 -4.9%).

— Many markets now trade at valuation levels below their historical average. According to FactSet, the S&P 500 sat at a forward price/earnings of 15.4 as of September 30th, below the five-year average of 18.6 and 10-year average of 17.1. Interestingly, earnings expectations have been fairly resilient at 7.4% for calendar year 2022 and 7.9% for 2023.

— Investors with unhedged foreign currency exposure have seen extreme losses recently. A U.S. investor with an international developed equity investment

(MSCI EAFE) suffered a loss of -15.7% over the past year from currency movements. Investors in non-US equity (MSCI ACWI ex-US) saw a -12.0% loss. Currency risk is typically the second largest risk in institutional portfolios and is not expected to be compensated over the long term. We continue to believe that more forward-thinking currency solutions can materially improve portfolio outcomes.

— Value stocks underperformed growth stocks mildly during the quarter (Russell 1000 Value -5.6% vs Russell 1000 Growth -3.6%), and small capitalization stocks outperformed large capitalization stocks (Russell 2000 -2.2%, Russell 1000 -4.7%).

— Volatility remained elevated as the Cboe VIX Index rose further from 28.7% to 31.6%. Risk assets sold-off on concerns of Federal Reserve tightening and liquidity being broadly removed from the global financial system.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	(4.9%)		(15.5%)	
U.S. Small Cap (Russell 2000)	(2.2%)		(23.5%)	
U.S. Equity (Russell 3000)	(4.5%)		(17.6%)	
U.S. Large Value (Russell 1000 Value)	(5.6%)		(11.4%)	
US Large Growth (Russell 1000 Growth)	(3.6%)		(22.6%)	
Global Equity (MSCI ACWI)	(6.8%)	(4.6%)	(20.7%)	(15.9%)
International Large (MSCI EAFE)	(9.4%)	(2.8%)	(25.1%)	(9.4%)
Eurozone (Euro Stoxx 50)	(9.8%)	(3.1%)	(28.9%)	(14.1%)
U.K. (FTSE 100)	(10.6%)	(2.3%)	(16.5%)	1.8%
Japan (NIKKEI 225)	(7.2%)	0.2%	(31.0%)	(8.5%)
Emerging Markets (MSCI Emerging Markets)	(11.6%)	(8.2%)	(28.1%)	(22.5%)

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 9/30/22

Domestic equity

U.S. equities experienced further losses during the quarter (S&P 500 -4.9%), while outperforming international (MSCI EAFE -9.4%) and emerging markets (MSCI Emerging Markets -11.6%).

Earnings expectations have been fairly resilient at 7.4% for calendar year 2022 and 7.9% for 2023, though these forecasts have been consistently revised lower for three consecutive quarters. The energy sector continues to lift the earnings growth of the S&P 500, as overall growth would have been negative in recent quarters if energy sector profits were excluded. According to corporate earnings calls, an increasing number of

businesses reported labor costs & shortages as a significant issue, followed by supply chain disruptions & costs, and FX movement. During Q2, businesses with more than 50% of revenues from outside of the U.S. generated 13.3% earnings growth, while those with less than 50% of revenues from outside the U.S. saw only a 2.1% growth rate.

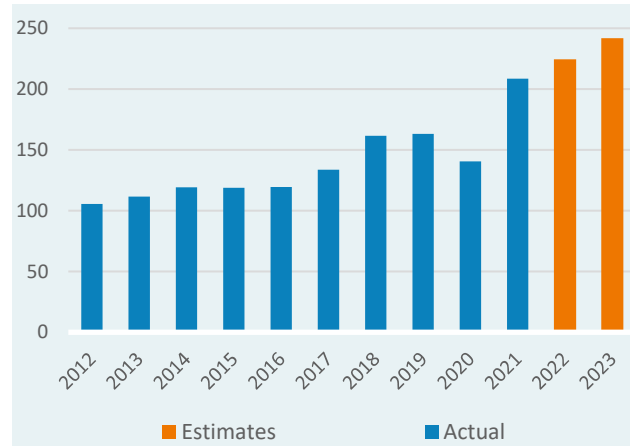
Sector performance during Q3 was disparate. Consumer discretionary (4.4%) and energy (2.3%) sectors lifted the overall index while all other sectors were in the red.

S&P 500 PRICE INDEX



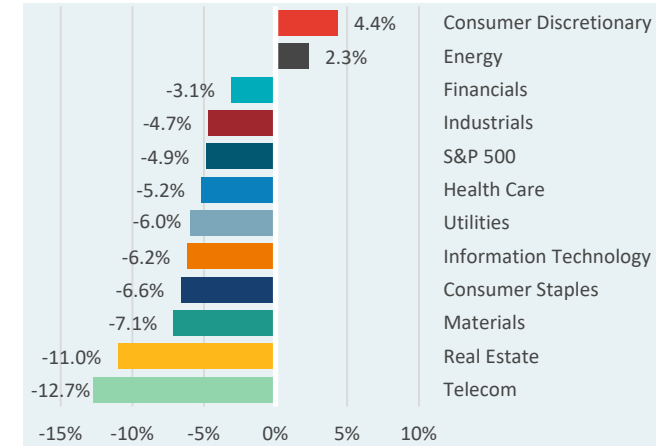
Source: Standard & Poor's, as of 9/30/22

S&P BOTTOM-UP EARNINGS & ESTIMATES



Source: FactSet, as of 9/30/22

Q3 SECTOR PERFORMANCE



Source: Morningstar, as of 9/30/22

Domestic equity size & style

Reversing the trend from last quarter, growth stocks outperformed value stocks, although the divergence was relatively mild (Russell 1000 Growth -3.6% vs. Russell 1000 Value -5.6%). Growth outperformed despite struggles within the Telecommunications and Information Technology sectors (-12.7% and -6.2%), fueled by positive returns from Consumer Discretionary +4.4% (with Amazon and Tesla being the largest weights).

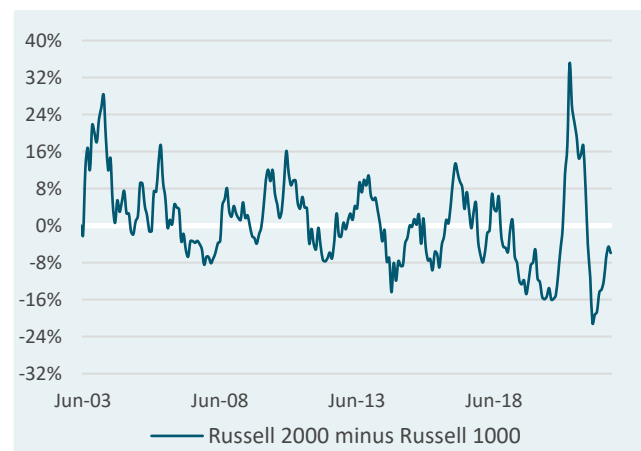
Despite this quarter, value has outperformed significantly over the past year. The Russell 1000 Value Index is down -17.8%, while the growth equivalent has lost -30.7%. With the Federal

Reserve continuing to tighten conditions and hike rates, companies with cash flows further out in the future (those with higher durations) have seen larger negative impacts to their multiples.

Looking at size, small capitalization stocks outperformed large capitalization stocks (Russell 2000 -2.2%, Russell 1000 -4.7%), diverging from the trend seen in the second quarter of 2022.

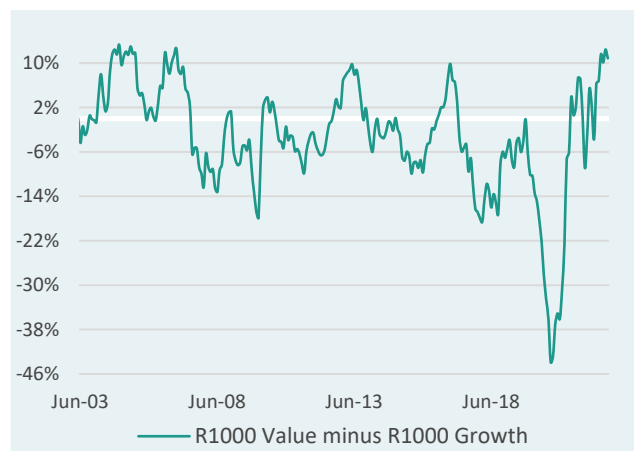
Domestic equities have continued to be challenged regardless of size and style, as investors weigh the impacts of a tighter economic environment on company earnings.

SMALL CAP VS LARGE CAP (YOY)



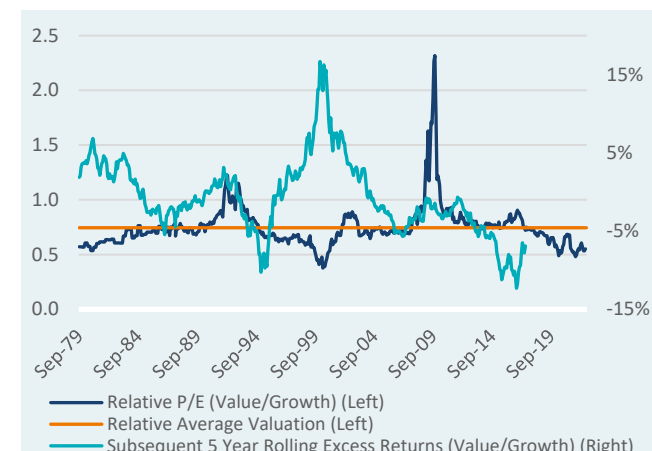
Source: FTSE, as of 9/30/22

VALUE VS GROWTH (YOY)



Source: FTSE, as of 9/30/22

VALUE VS. GROWTH RELATIVE VALUATIONS



Source: Standard & Poor's, as of 9/30/22

International developed equity

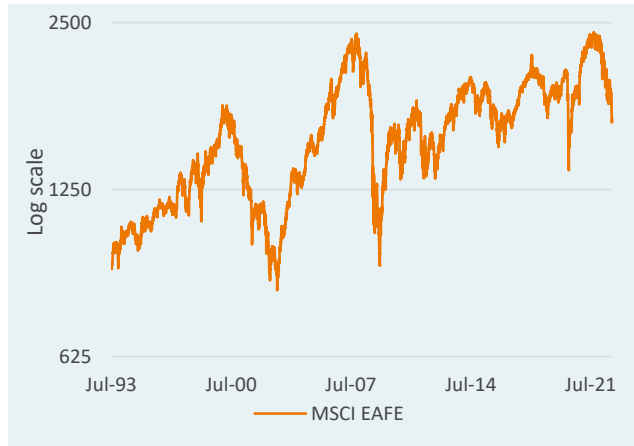
International developed equities fell alongside the global opportunity set in the third quarter. The MSCI EAFE Index dropped -9.4% in U.S. dollar terms, although most of those losses can be attributed to currency impacts, with hedged returns only experiencing a -2.8% loss. The Federal Reserve continues to set the tone for global central bank rate hikes, which has pushed the dollar higher.

Looking at sub-regional performance, Japanese equities were the best performing markets in local terms, being one of the few asset classes with positive Q3 return (+0.2%). Despite strong local returns, diverging rate policy between the BOJ

and Federal Reserve has crushed the Japanese yen, resulting in a seven percent spread between hedged and unhedged equity outcomes.

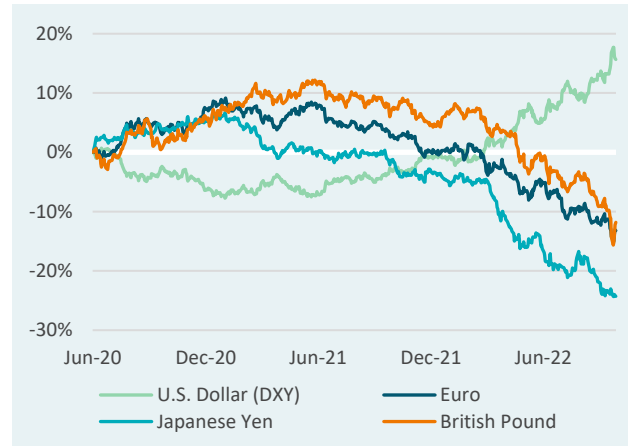
European equities also saw losses over the quarter, although local returns were strong relative to U.S. and Emerging market equities. The flash crash of the British pound had a material impact on FTSE 100 performance in U.S. dollar terms, with U.K. equities closing the quarter down -10.6%, lagging the broader European benchmark (Euro Stoxx 50 - 9.8%)

INTERNATIONAL DEVELOPED EQUITY



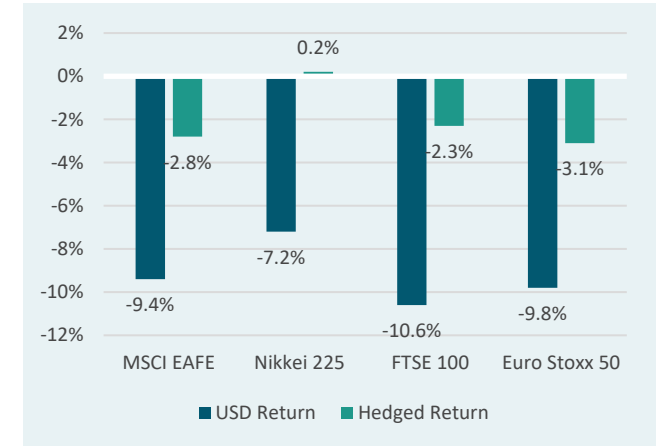
Source: MSCI, as of 9/30/22

FX MOVEMENTS RELATIVE TO THE U.S. DOLLAR



Source: Bloomberg, as of 9/30/22

Q3 2022 SUBREGIONAL INDEX RETURNS



Source: MSCI, STOXX, FTSE, Nikkei, as of 9/30/22

Emerging market equity

Emerging market equities fell during the third quarter, dragged lower by a steep Chinese equity bear market (-22.5%). The MSCI EM index ended the quarter down -11.6% in U.S. dollar terms, bringing one-year total losses to -28.1%. A strong dollar had a -3.4% impact in the third quarter; significant, but not to the same extent seen in the International developed space.

Growing risks of a global recession hit equities across the board, though emerging markets have suffered more than their developed counterparts. China faces its own set of

unique problems, including the continuation of its zero-COVID policy, a property crisis, and geopolitical risks with Taiwan (though we view an invasion as highly unlikely). Despite these headwinds, the People's Bank of China is one of the few central banks implementing accommodative policy, which should provide a tailwind to the local economy.

Performance variability has significantly changed some country weights. China's weight in the index fell by 3.7%, while India moved up 2.6%, replacing Taiwan as the second largest weight.

EMERGING MARKET EQUITY



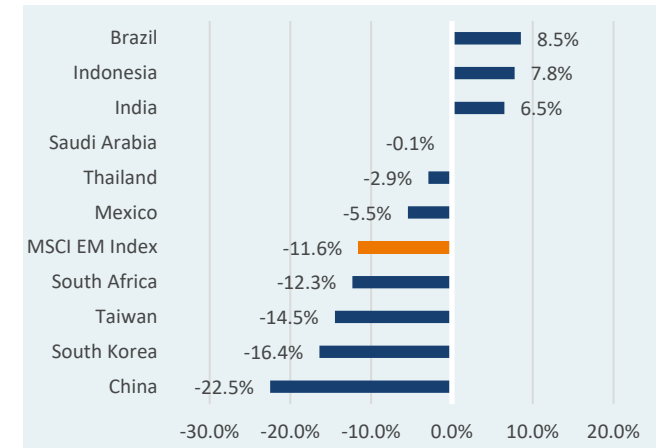
Source: MSCI, as of 9/30/22

MSCI EM INDEX TOP 10 COUNTRY WEIGHTS

Country	9/30/2022	6/30/2022	Rank Change
1. China	29.5%	33.2%	
2. India	15.3%	12.7%	↑
3. Taiwan	13.7%	14.3%	↓
4. South Korea	10.6%	11.3%	
5. Brazil	5.8%	4.9%	
6. Saudi Arabia	4.8%	4.3%	
7. South Africa	3.4%	3.5%	
8. Mexico	2.2%	2.1%	
9. Indonesia	2.2%	1.8%	
10. Thailand	2.1%	1.9%	

Source: Bloomberg, MSCI as of 9/30/22

Q3 2022 MSCI COUNTRY RETURNS (USD)



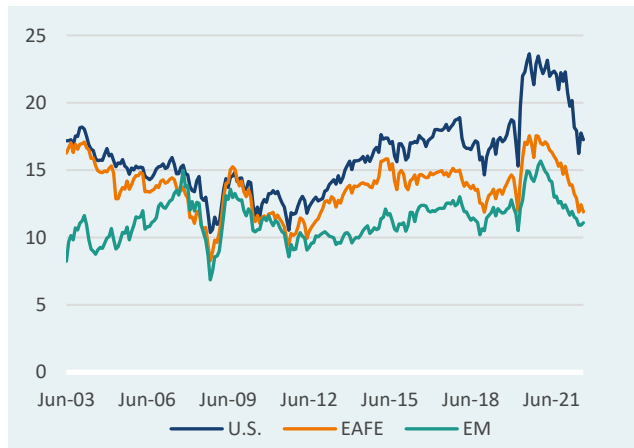
Source: Bloomberg, MSCI as of 9/30/22, performance in USD terms

Equity valuations

Many markets now trade at valuation levels below their historical average as inflation and rising rate concerns have translated to more attractive pricing. According to FactSet, the S&P 500 traded at a forward price/earnings of 15.4 as of September 30th, which was below the five-year average of 18.6 and 10-year average of 17.1. Valuations have continued to drop within the International and Emerging market space as well, although we believe International developed equities may have further to fall, given more acute inflation and energy issues in Europe. Emerging market valuations have reached very low levels, which may act as a floor to further losses, assuming healthy earnings.

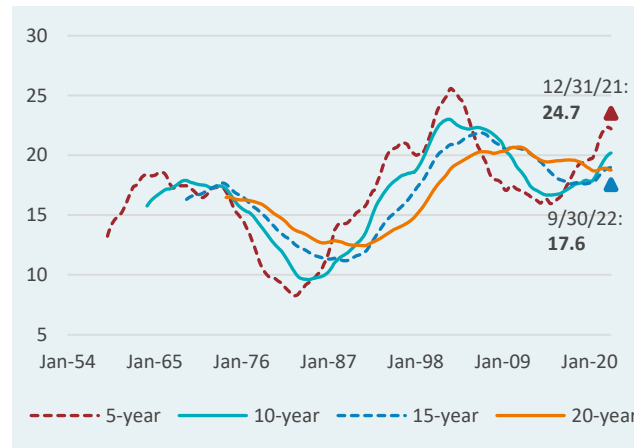
Domestic earnings were challenged in the second quarter. Businesses faced higher costs, large currency impacts, and a more budget-constrained consumer. While blended earnings grew at a 6.7% clip from the previous year, excluding the energy sector would bring that earnings figure down to -3.7%, per FactSet. While valuations have moved more in line with historical averages, all eyes are on third quarter earnings, which will likely help determine the market's direction from this point.

FORWARD P/E RATIOS



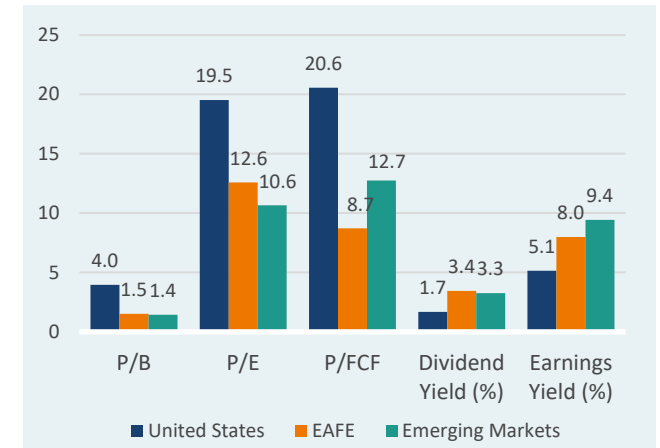
Source: MSCI, 12m forward P/E, as of 8/31/22

S&P 500 AVERAGE TRAILING P/E RATIOS



Source: Bloomberg, as of 9/30/22

VALUATION METRICS (3-MONTH AVERAGE)



Source: Bloomberg, MSCI as of 9/30/22 - trailing P/E

Equity volatility

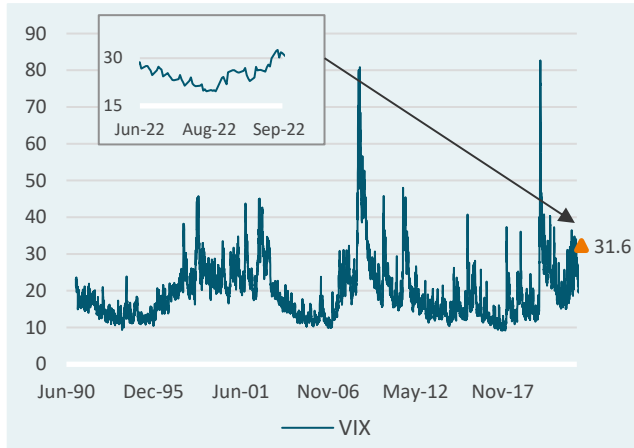
Volatility remained elevated through the quarter as the Cboe VIX Index rose further from 28.7% to 31.6%. Risk assets sold-off into a deeper bear market and concerns focused on Federal Reserve tightening and liquidity being removed from the global financial system. Inflation and Fed actions seem to exist as the greatest risk to markets, although potential for recession or a corporate earnings drawdown are also likely contributing to choppiness.

Realized volatility of equity markets over the past year has picked up from low levels. U.S. markets have shown

materially more volatility than developed or emerging markets, which has been rare historically.

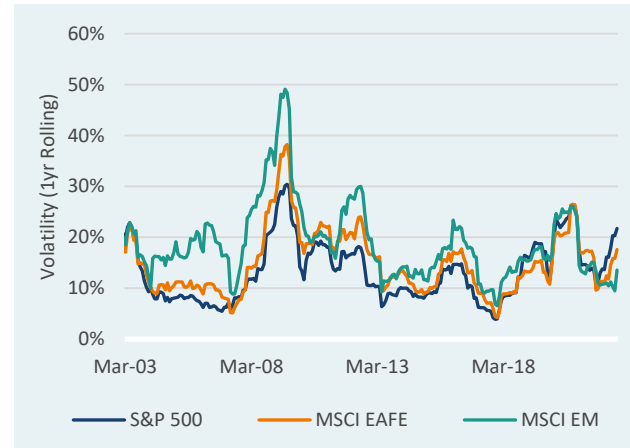
The current bear market has been particularly painful given the broadness of the selloff across equity fixed income, and real assets. Currency markets also moved against investors, with U.S. dollar appreciation delivering large losses for those with unhedged international asset exposure. Commodities remain a lone bright spot regarding 2022 year-to-date performance.

U.S. IMPLIED VOLATILITY (VIX)



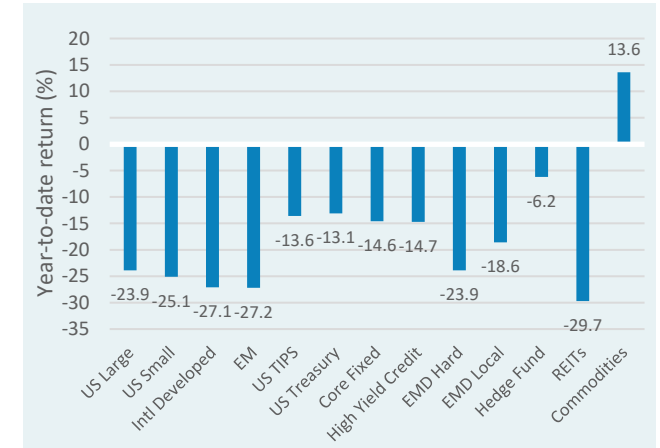
Source: Cboe, as of 9/30/22

REALIZED VOLATILITY



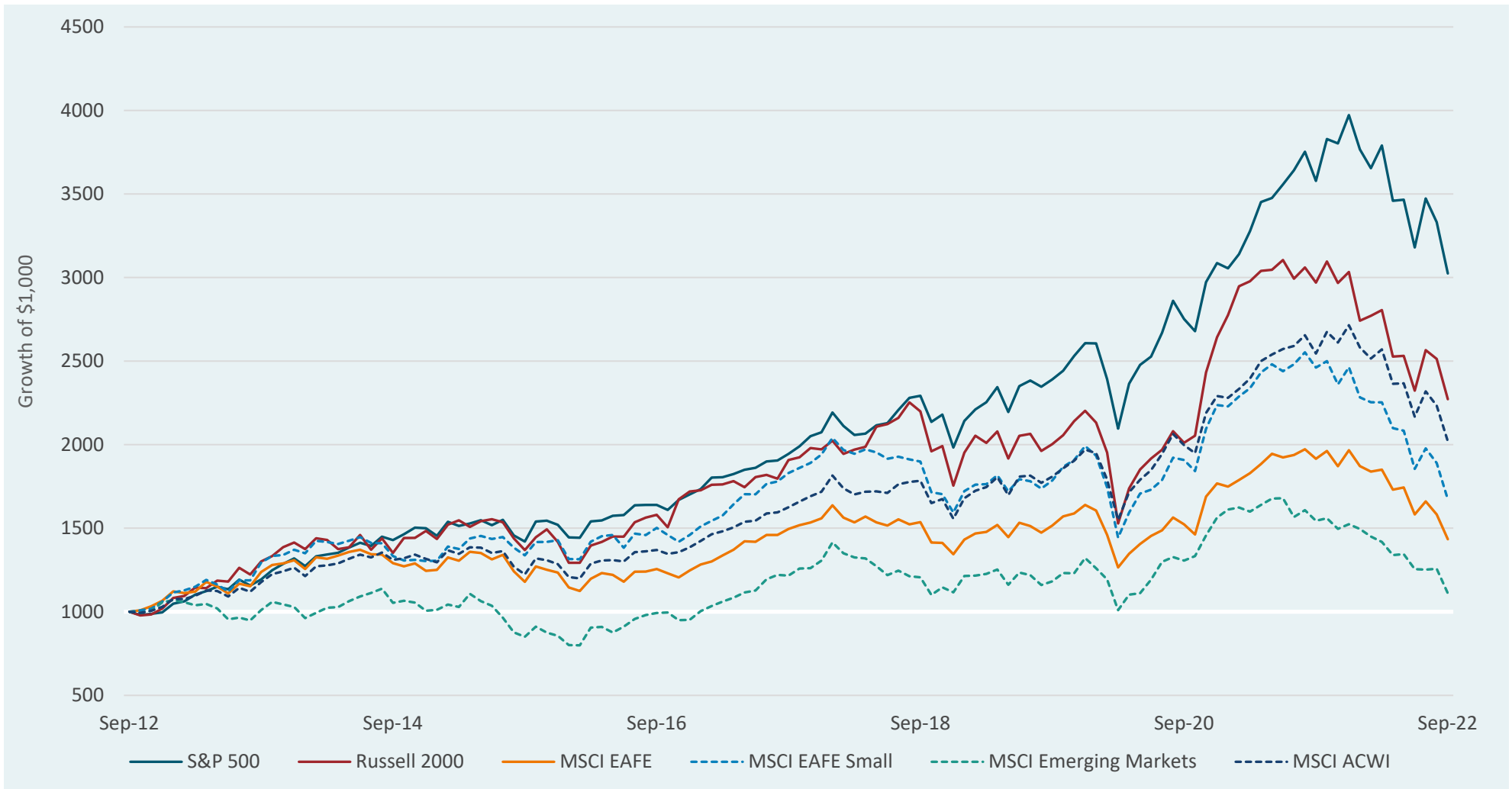
Source: Standard & Poor's, MSCI, as of 9/30/22

BROAD SELLOFF



Source: MPI, as of 9/30/22

Long-term equity performance



Source: Morningstar, as of 9/30/22

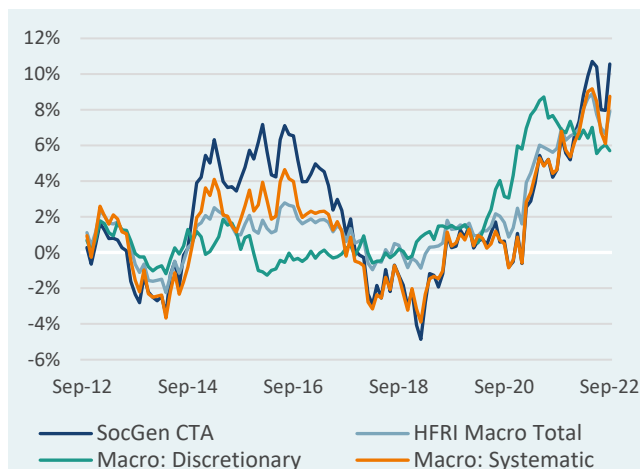
Other assets

Asymmetric macro strategies

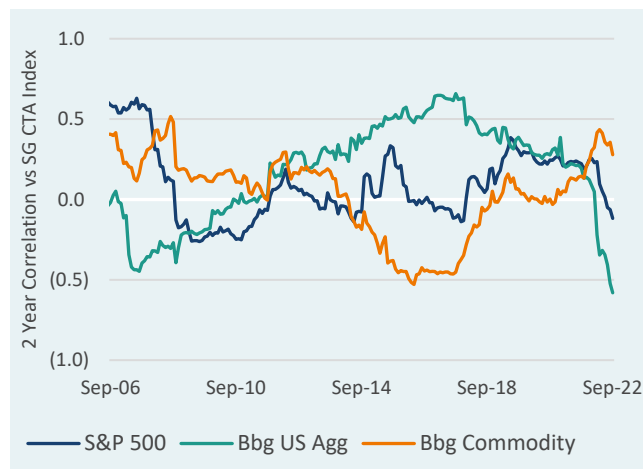
Macro strategies have been the top performing hedge fund strategy since 2021. Both parts of the Macro universe—Discretionary and Systematic—have done extremely well over the last 12-18 months. Systematic strategies have benefitted from strong trend following performance, which has returned to favor after a period of mediocre returns from 2016 to 2020. This periodicity is typical of trend following/CTA type strategies. Discretionary macro strategies have done well to capture the move in interest rates by shorting bonds as central banks reacted to high inflation by consistently hiking interest rates from ultra-low post-COVID levels.

Trend following funds can and have offered significant diversification from traditional asset classes due to their ability to go long or short markets depending on the current trends. As evidenced in the middle chart below, CTA funds had maintained long bond, short commodity positions for several years following the global financial crisis, though that changed significantly over the past year. Discretionary funds struggled when interest rates were zero-bound in the mid-2010s but have shown once again that they can perform well when central banks are taking action—either hiking or cutting rates—by taking positions based on fundamental economic data.

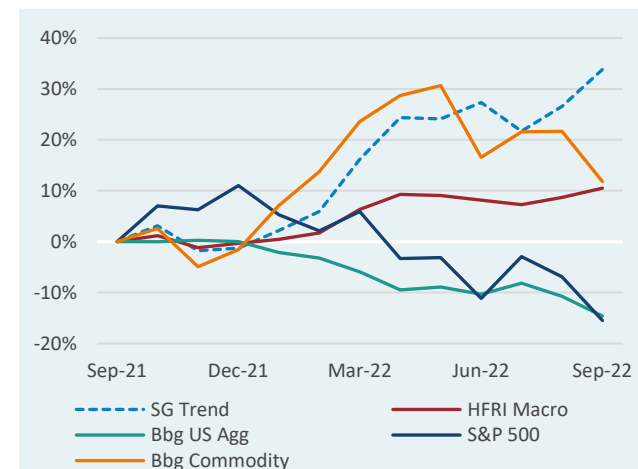
3 YEAR ROLLING RETURN FOR MACRO FUNDS



CTA FUNDS CORRELATION TO MARKETS



CUMULATIVE RETURN LAST 12 MONTHS



Source: HFR, MPI, Morningstar, SocGen, data as of 9/30/22

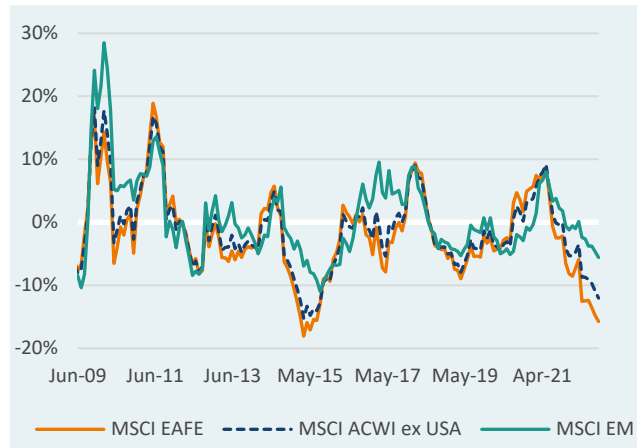
Currency

Investors with unhedged foreign currency exposure have seen extreme losses over recent periods. For example, a U.S. investor with an international developed equity investment (MSCI EAFE) suffered a loss of -15.7% over the past year *just from currency movements*. An investor in non-US equity (MSCI ACWI ex-US) would have seen a -12.0% loss. Currency risk is typically the second largest risk in institutional portfolios, and is not expected to be compensated over the long term.

We continue to believe that forward-thinking currency solutions can materially improve portfolio outcomes. Specifically, a currency program may allow an investor to reduce their portfolio risk while also increasing the

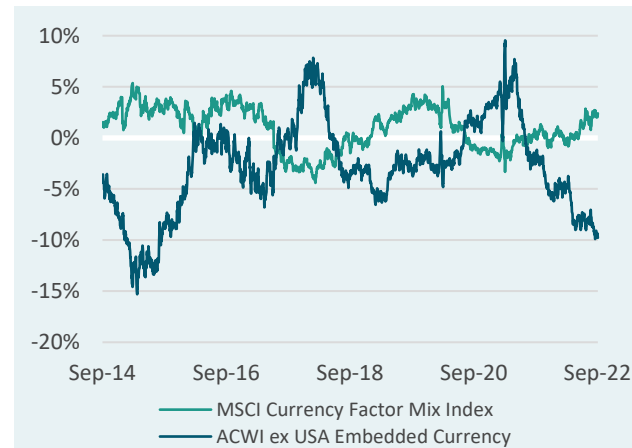
expected return of the portfolio. These characteristics are demonstrated below by comparing the unhedged currency exposure that most investors own (we refer to this as “embedded” currency) to the MSCI Currency Factor Mix Index which represents a passive investment in the currency market. This program aims to systematically capture the *return premia* within currency markets. Over the past 10 years, an unhedged exposure to foreign currencies has resulted in 5.8% portfolio volatility and a return of -4.4% per year. Meanwhile, a passive allocation the MSCI Currency Factor Mix Index has resulted in less than half of that volatility (2.5%) and with an average return of +1.2% per year.

EFFECT OF CURRENCY (1-YEAR ROLLING)



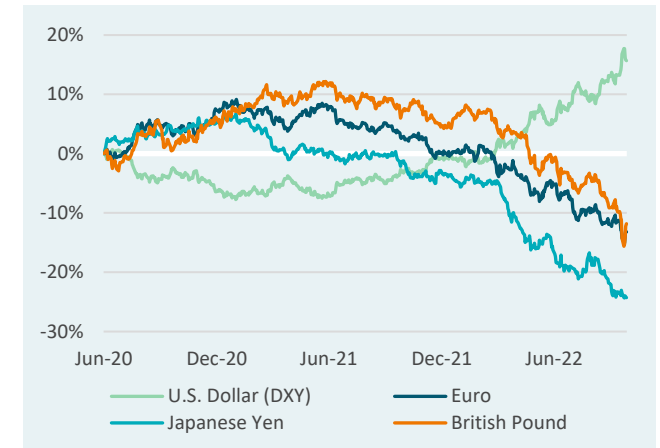
Source: MSCI, as of 9/30/22

UNHEDGED CURRENCY VS CURRENCY FACTOR MIX



Source: MSCI, as of 9/30/22

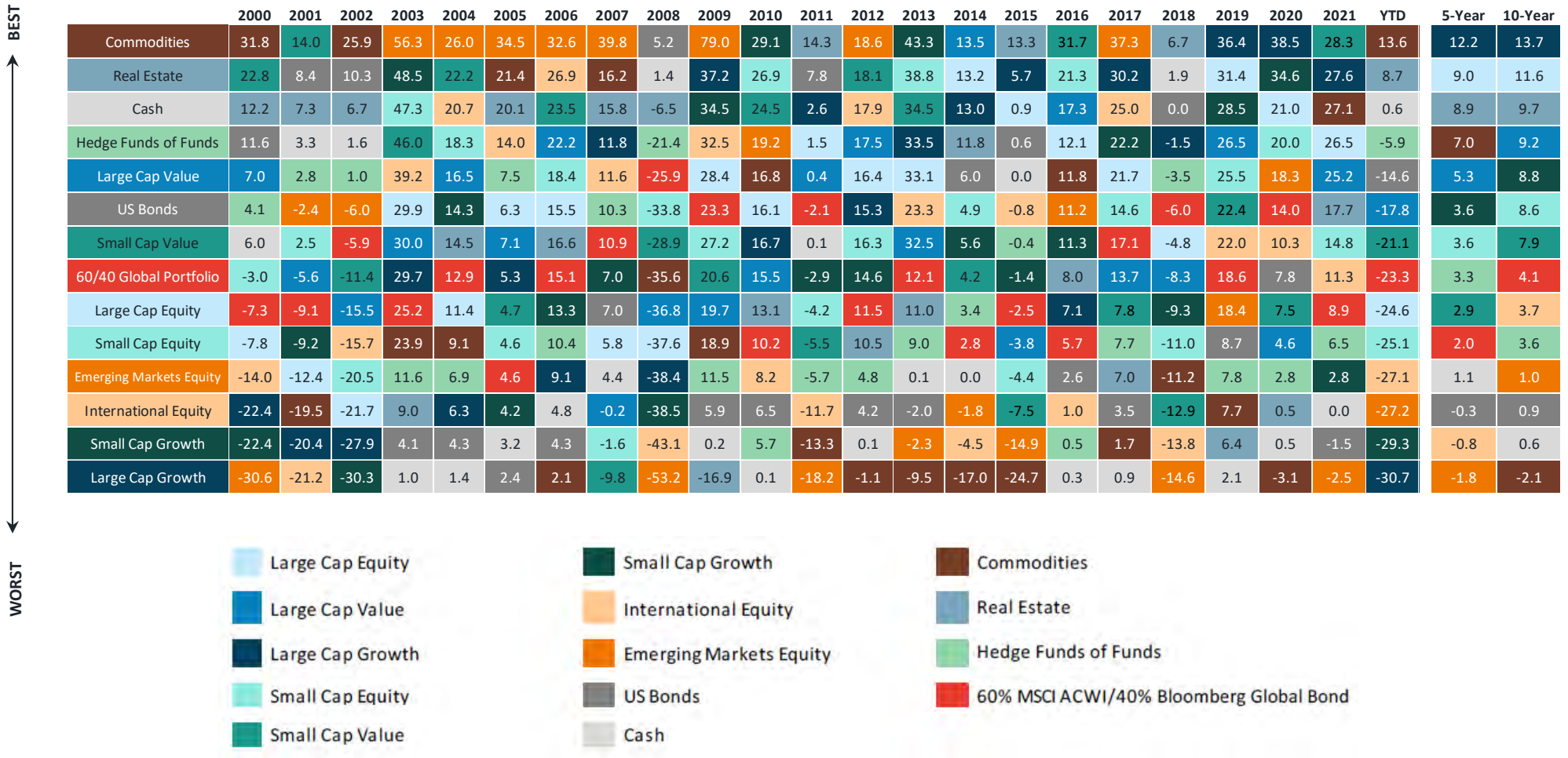
FOREIGN CURRENCY MOVEMENT



Source: Bloomberg, as of 9/30/22

Appendix

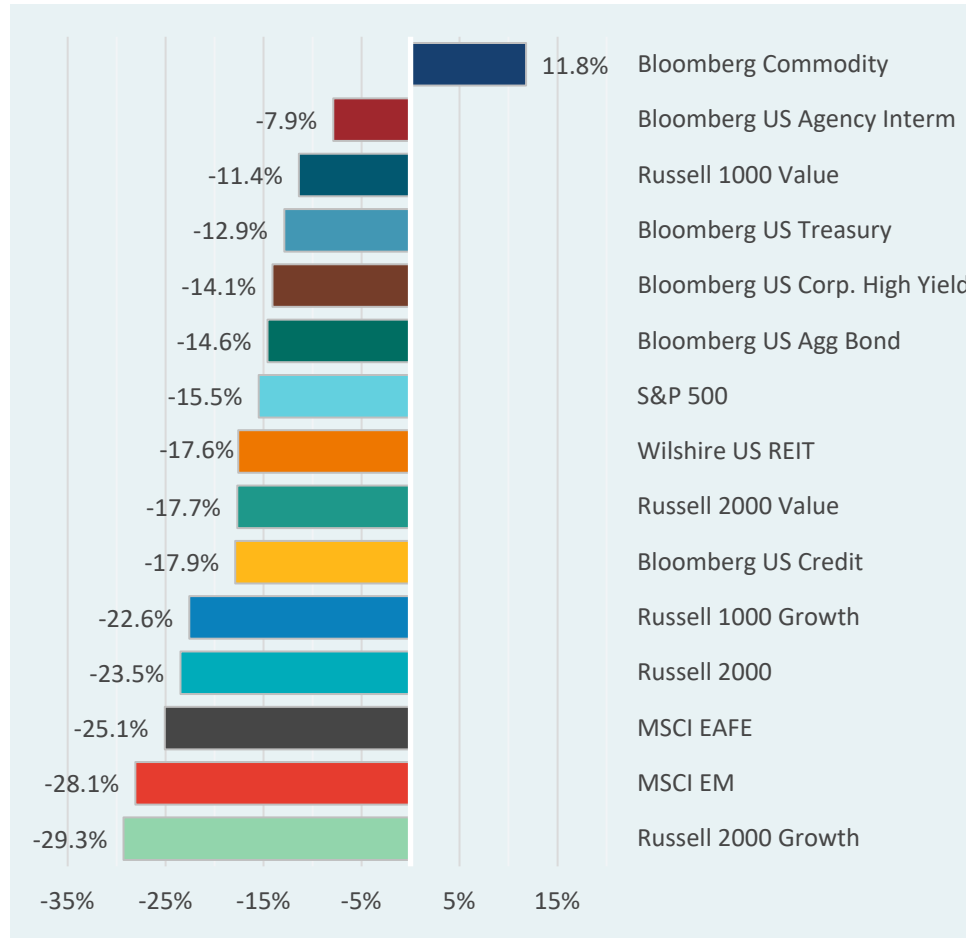
Periodic table of returns



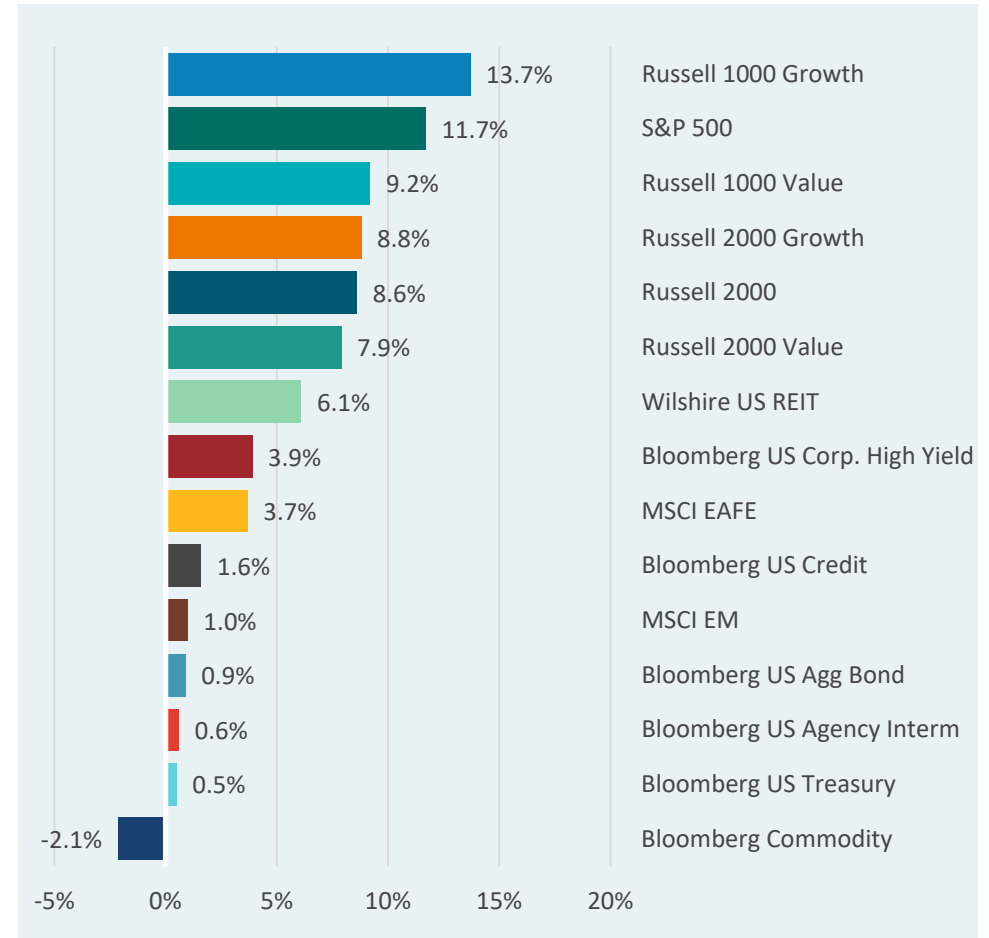
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 6/30/22.

Major asset class returns

ONE YEAR ENDING SEPTEMBER



TEN YEARS ENDING SEPTEMBER



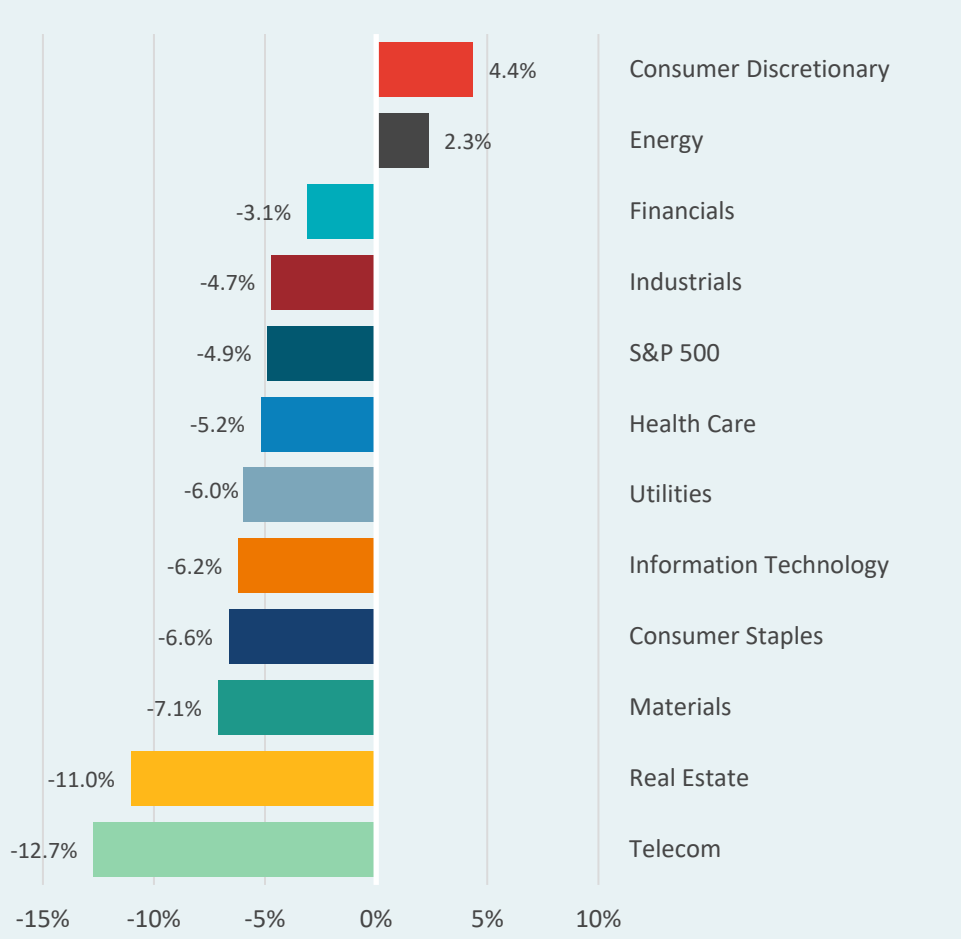
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 9/30/22

Source: Morningstar, as of 9/30/22

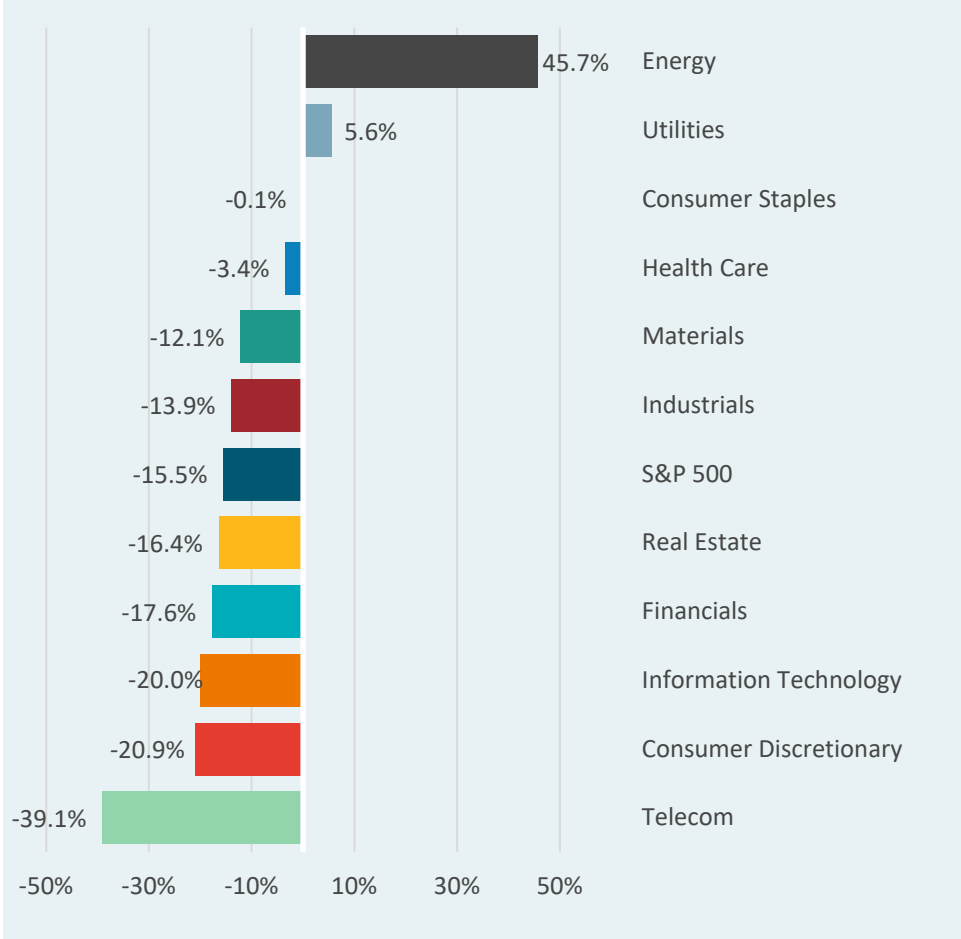
S&P 500 sector returns

QTD



Source: Morningstar, as of 9/30/22

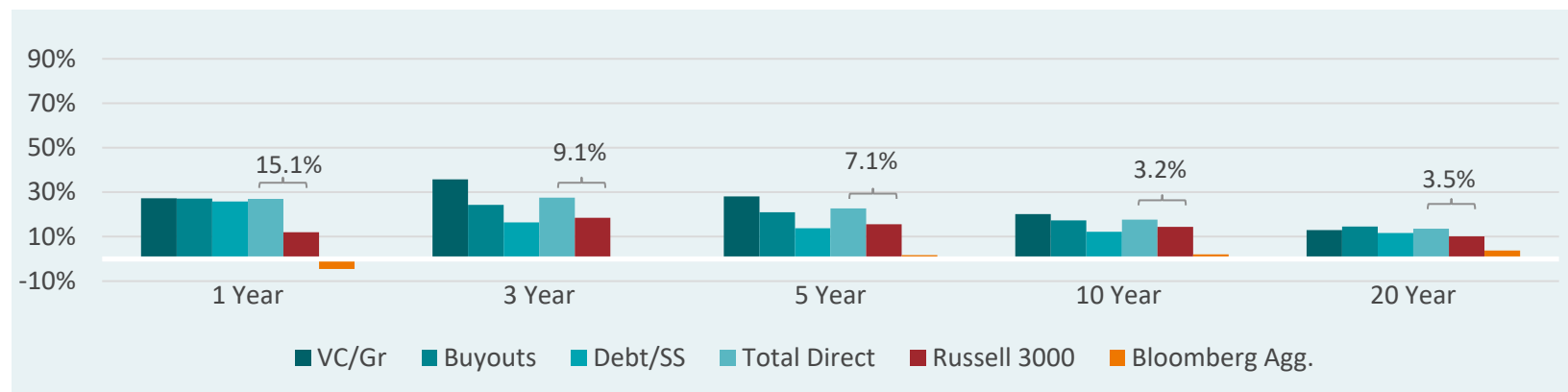
ONE YEAR ENDING SEPTEMBER



Source: Morningstar, as of 9/30/22

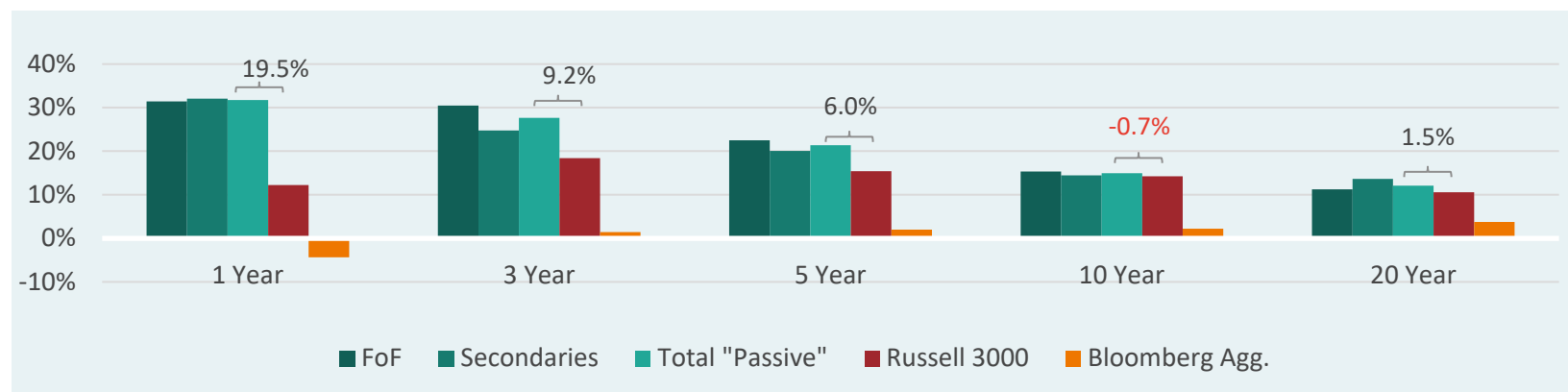
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed comparable public equities across all time periods.

"PASSIVE" STRATEGIES

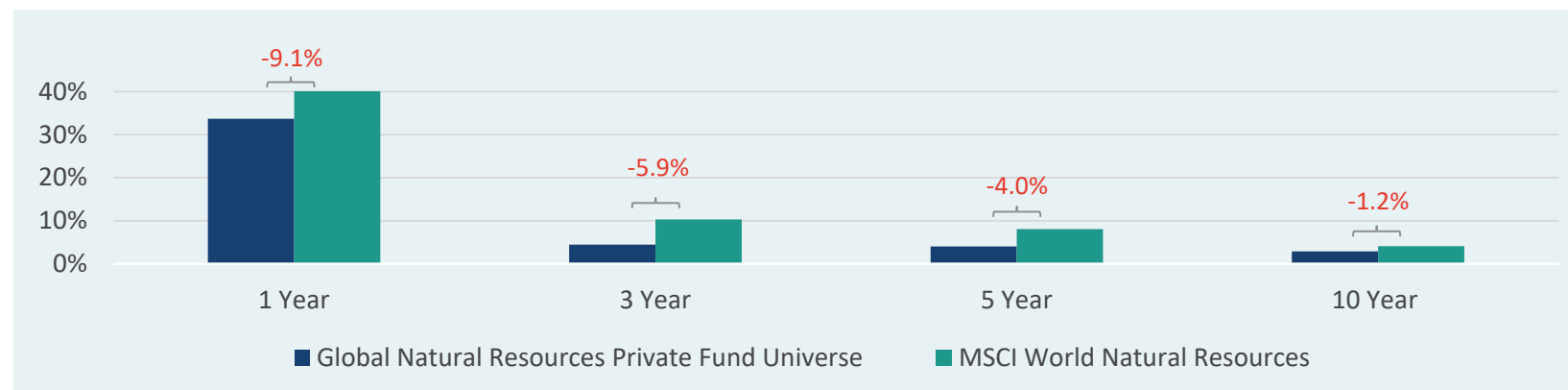


"Passive" strategies outperformed comparable public equities across all time periods, aside from the 10-year basis.

Sources: Refinitiv PME: U.S. Private Equity Funds sub asset classes as of March 31, 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.

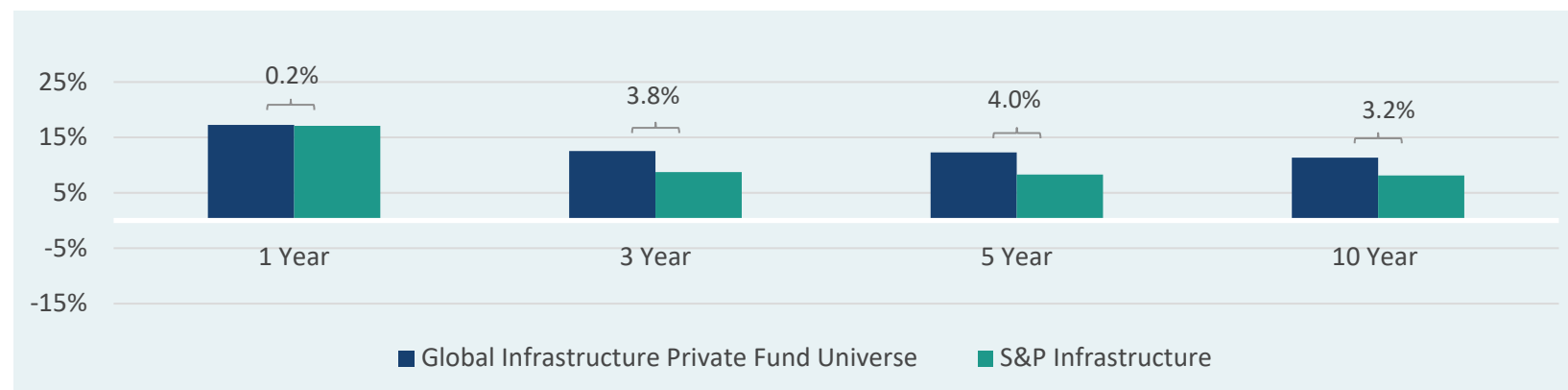
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS (N.R.)



N.R. funds underperformed the MSCI World Natural Resources benchmark across all time periods.

GLOBAL INFRASTRUCTURE FUNDS

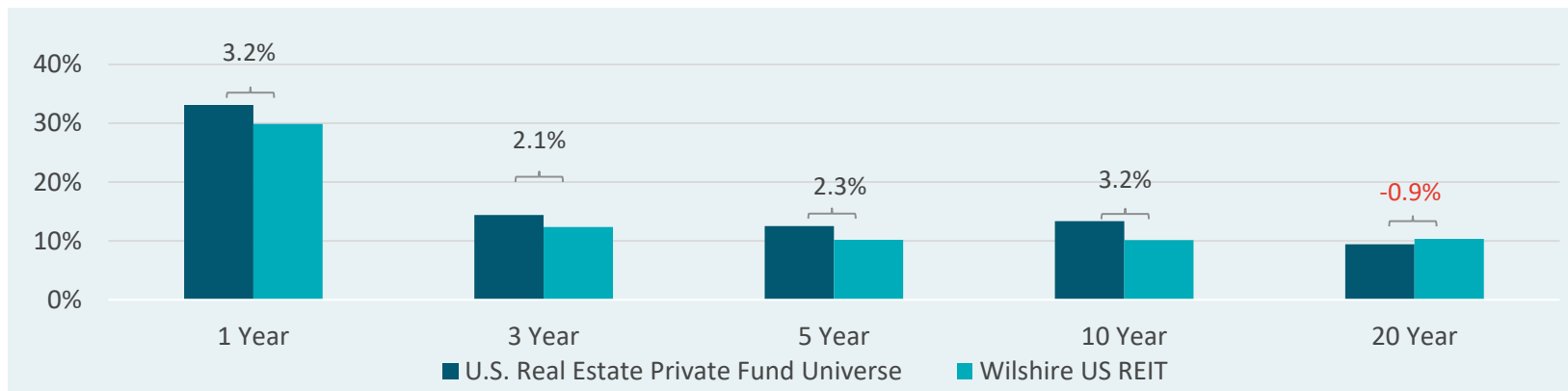


Infra. funds outperformed the S&P Infra. across all periods.

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 March 31, 2022. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

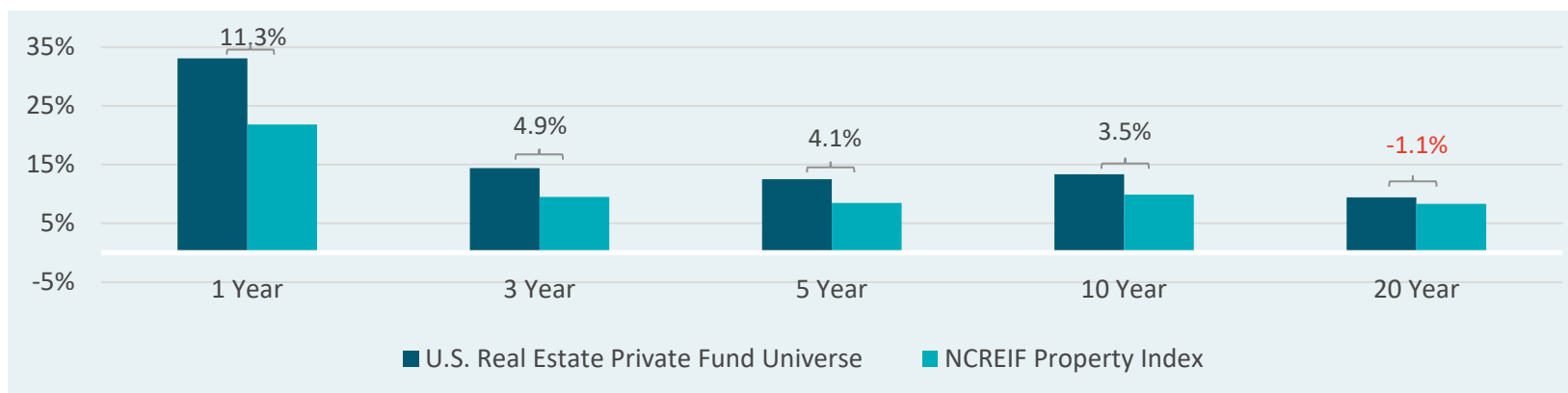
Private vs. liquid and core real estate performance

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



U.S. Private R.E. funds underperformed the Wilshire U.S. REIT Index across all time periods, aside on a 20-year basis.

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



U.S. Private R.E. Funds outperformed the NCREIF Property Index across all time periods, aside a 20-year basis.

Sources: Refinitiv PME: U.S. Real Estate universes as of March 31, 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	(9.2)	(4.9)	(23.9)	(15.5)	8.2	9.2	11.7
S&P 500 Equal Weighted	(9.2)	(4.8)	(20.7)	(13.5)	7.7	8.0	11.5
DJ Industrial Average	(8.8)	(6.2)	(19.7)	(13.4)	4.4	7.4	10.5
Russell Top 200	(9.2)	(5.0)	(24.7)	(16.4)	9.0	10.0	12.1
Russell 1000	(9.3)	(4.6)	(24.6)	(17.2)	7.9	9.0	11.6
Russell 2000	(9.6)	(2.2)	(25.1)	(23.5)	4.3	3.6	8.6
Russell 3000	(9.3)	(4.5)	(24.6)	(17.6)	7.7	8.6	11.4
Russell Mid Cap	(9.3)	(3.4)	(24.3)	(19.4)	5.2	6.5	10.3
Style Index							
Russell 1000 Growth	(9.7)	(3.6)	(30.7)	(22.6)	10.7	12.2	13.7
Russell 1000 Value	(8.8)	(5.6)	(17.8)	(11.4)	4.4	5.3	9.2
Russell 2000 Growth	(9.0)	0.2	(29.3)	(29.3)	2.9	3.6	8.8
Russell 2000 Value	(10.2)	(4.6)	(21.1)	(17.7)	4.7	2.9	7.9

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	(9.6)	(6.8)	(25.6)	(20.7)	3.7	4.4	7.3
MSCI ACWI ex US	(10.0)	(9.9)	(26.5)	(25.2)	(1.5)	(0.8)	3.0
MSCI EAFE	(9.4)	(9.4)	(27.1)	(25.1)	(1.8)	(0.8)	3.7
MSCI EM	(11.7)	(11.6)	(27.2)	(28.1)	(2.1)	(1.8)	1.0
MSCI EAFE Small Cap	(11.5)	(9.8)	(32.1)	(32.1)	(2.2)	(1.8)	5.3
Style Index							
MSCI EAFE Growth	(9.7)	(8.5)	(33.0)	(30.3)	(1.5)	0.7	4.7
MSCI EAFE Value	(9.0)	(10.2)	(21.1)	(20.2)	(2.8)	(2.7)	2.4
Regional Index							
MSCI UK	(8.8)	(10.8)	(18.7)	(14.1)	(1.7)	(1.1)	1.9
MSCI Japan	(10.4)	(7.7)	(26.4)	(29.3)	(2.6)	(0.6)	4.8
MSCI Euro	(8.4)	(10.0)	(32.7)	(30.0)	(3.8)	(3.2)	3.2
MSCI EM Asia	(13.2)	(14.0)	(28.8)	(29.5)	(0.8)	(1.1)	3.1
MSCI EM Latin American	(3.3)	3.6	3.0	0.2	(3.4)	(2.6)	(2.3)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(6.6)	(5.1)	(13.6)	(11.6)	0.8	2.0	1.0
Bloomberg US Treasury Bills	0.2	0.4	0.4	0.4	0.6	1.1	0.7
Bloomberg US Agg Bond	(4.3)	(4.8)	(14.6)	(14.6)	(3.3)	(0.3)	0.9
Bloomberg US Universal	(4.3)	(4.5)	(14.9)	(14.9)	(3.1)	(0.2)	1.2
Duration							
Bloomberg US Treasury 1-3 Yr	(1.2)	(1.5)	(4.5)	(5.1)	(0.5)	0.5	0.6
Bloomberg US Treasury Long	(7.9)	(9.6)	(28.8)	(26.6)	(8.5)	(1.6)	0.6
Bloomberg US Treasury	(3.5)	(4.3)	(13.1)	(12.9)	(3.1)	(0.2)	0.5
Issuer							
Bloomberg US MBS	(5.1)	(5.3)	(13.7)	(14.0)	(3.7)	(0.9)	0.5
Bloomberg US Corp. High Yield	(4.0)	(0.6)	(14.7)	(14.1)	(0.5)	1.6	3.9
Bloomberg US Agency Interm	(1.8)	(2.4)	(7.2)	(7.9)	(1.4)	0.2	0.6
Bloomberg US Credit	(5.1)	(4.9)	(18.1)	(17.9)	(3.6)	(0.0)	1.6

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(8.1)	(4.1)	13.6	11.8	13.5	7.0	(2.1)
Wilshire US REIT	(12.3)	(10.2)	(29.7)	(17.6)	(2.2)	2.9	6.1
CS Leveraged Loans	(2.2)	1.2	(3.3)	(2.6)	2.1	3.0	3.7
S&P Global Infrastructure	(11.8)	(9.6)	(10.1)	(6.0)	(0.1)	2.1	5.7
Alerian MLP	(7.5)	8.4	19.0	20.0	3.1	1.2	1.7
Regional Index							
JPM EMBI Global Div	(6.4)	(4.6)	(23.9)	(24.3)	(7.2)	(2.6)	1.1
JPM GBI-EM Global Div	(4.9)	(4.7)	(18.6)	(20.6)	(7.1)	(3.9)	(2.4)
Hedge Funds							
HFRI Composite	(2.3)	(0.6)	(6.2)	(5.8)	6.2	4.5	4.6
HFRI FOF Composite	(0.6)	0.7	(5.9)	(5.5)	4.5	3.3	3.6
Currency (Spot)							
Euro	(2.6)	(3.9)	(13.9)	(15.5)	(3.5)	(3.7)	(2.7)
Pound Sterling	(4.1)	(8.3)	(17.6)	(17.2)	(3.2)	(3.6)	(3.6)
Yen	(4.2)	(7.7)	(20.4)	(22.9)	(9.3)	(4.9)	(6.0)

Source: Morningstar, HFRI, as of 9/30/22.

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: September 30, 2022



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SAN FRANCISCO 415.362.3484

Total Fund Portfolio Reconciliation

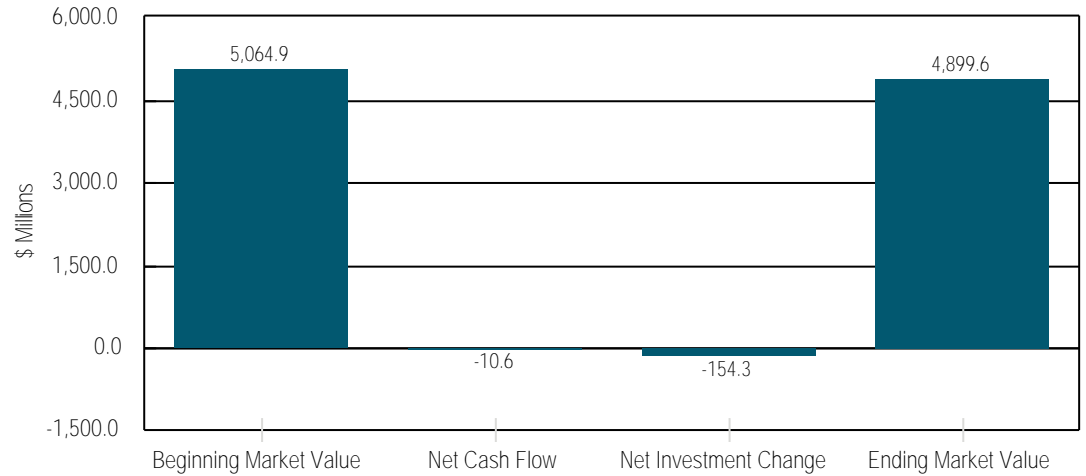
Kern County Employees' Retirement Association Period Ending: September 30, 2022

Portfolio Reconciliation

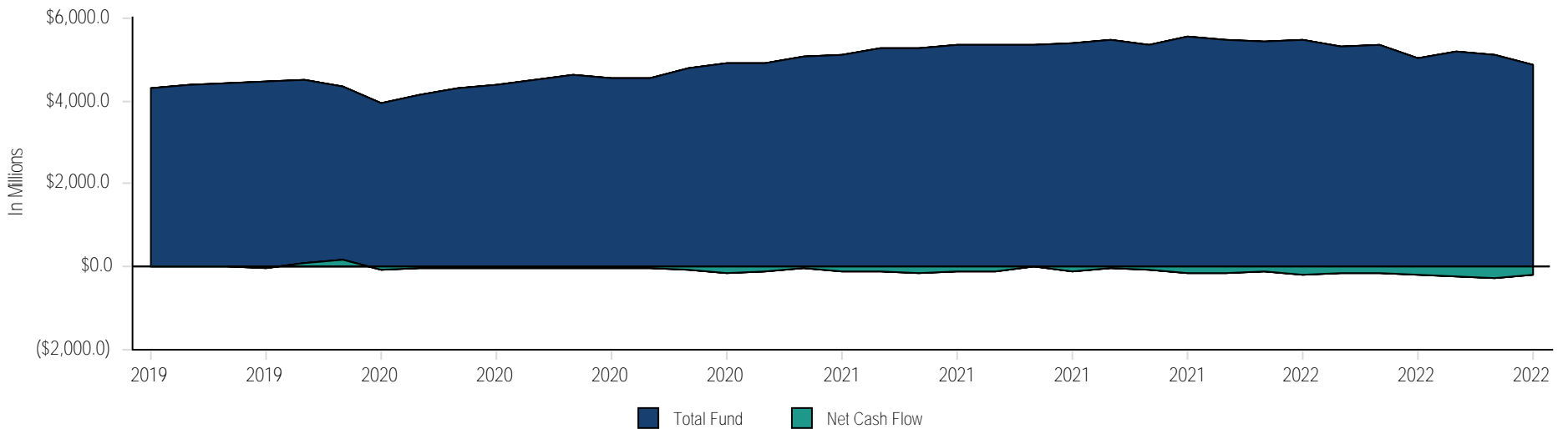
Last Three
Months

Beginning Market Value	\$5,064,923,983
Net Cash Flows	-\$10,556,478
Net Investment Change	-\$154,338,703
Ending Market Value	\$4,899,555,765

Change in Market Value Last Three Months



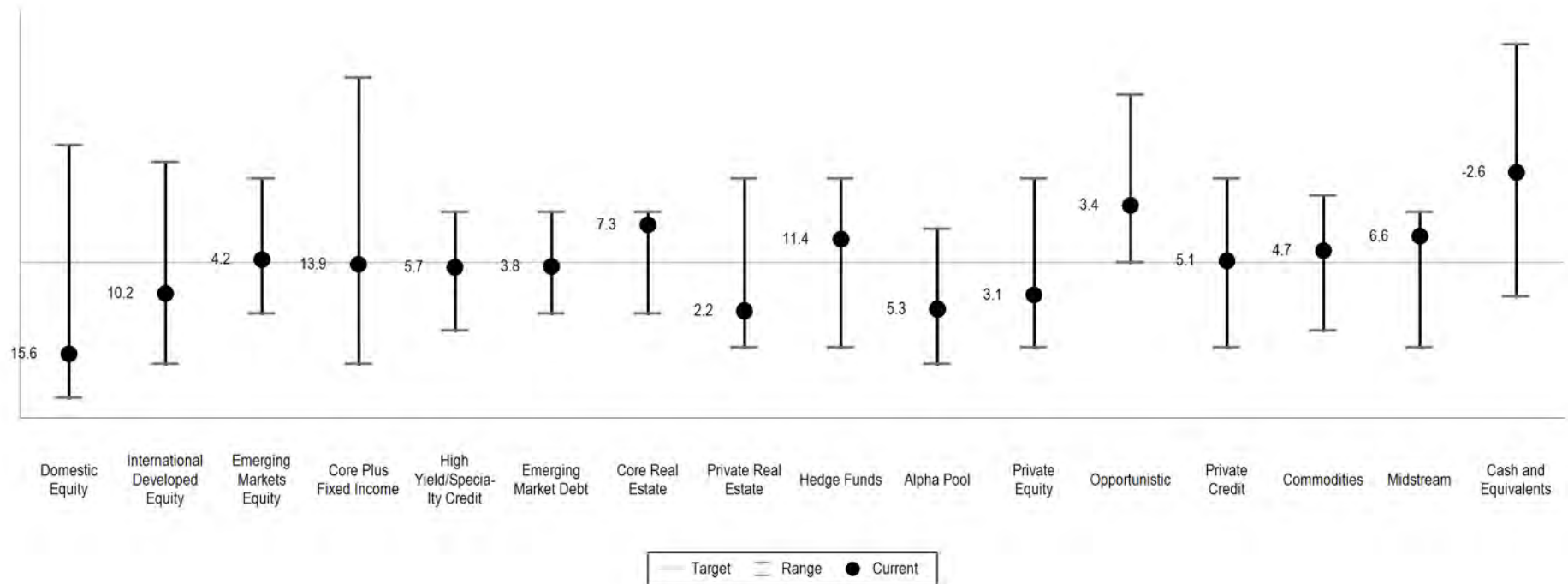
Market Value History



Total Fund
Asset Allocation vs. Policy

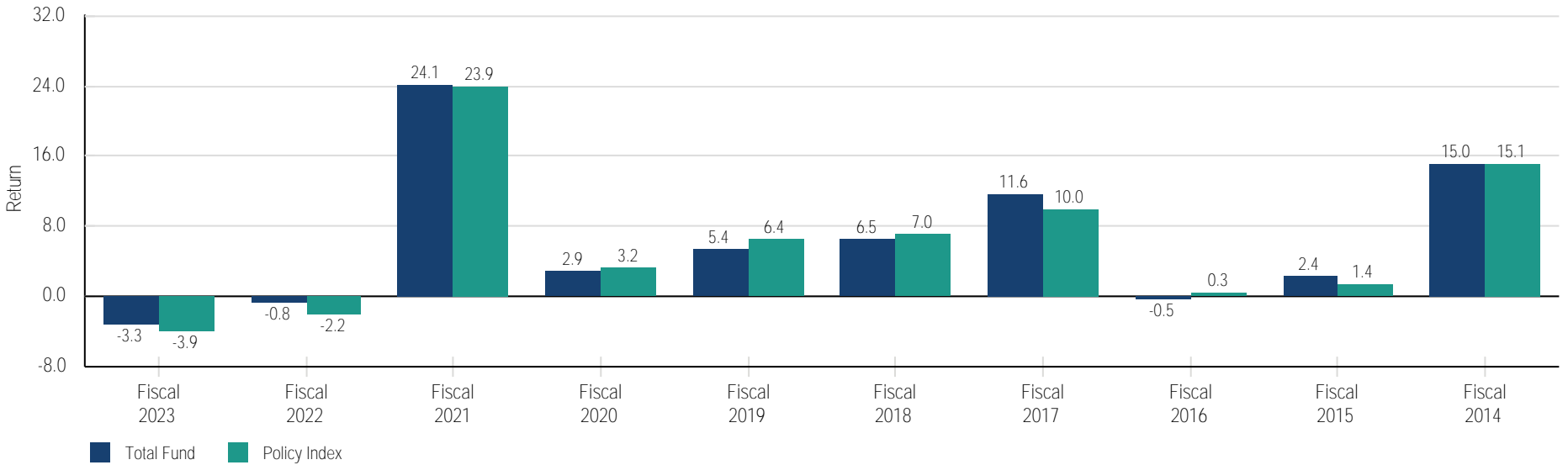
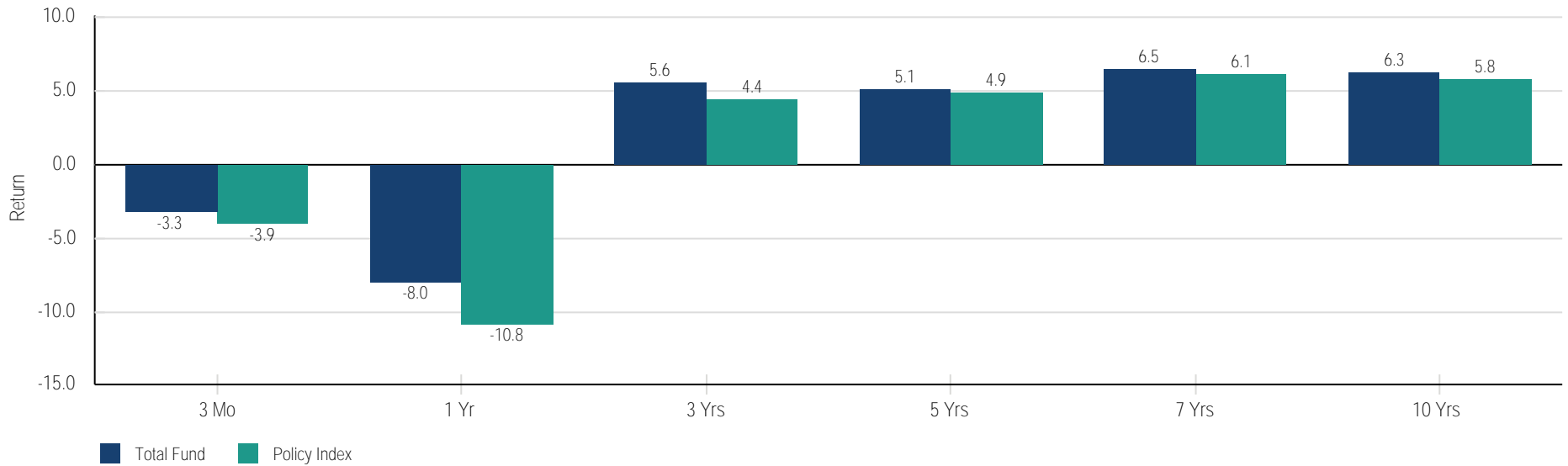
Kern County Employees' Retirement Association
Period Ending: September 30, 2022

	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
Equity	\$1,469,296,073	30.0%	37.0%	-\$341,923,574	26.0% - 48.0%	Yes
Fixed Income	\$1,148,497,884	23.5%	24.0%	-\$26,347,293	14.0% - 34.0%	Yes
Core Real Estate	\$360,386,343	7.3%	5.0%	\$111,259,403	2.0% - 8.0%	Yes
Hedge Funds	\$558,797,269	11.4%	10.0%	\$69,278,445	5.0% - 15.0%	Yes
Alpha Pool	\$258,106,049	5.3%	8.0%	-\$133,509,010	2.0% - 10.0%	Yes
Private Equity	\$151,729,789	3.1%	5.0%	-\$93,029,623	0.0% - 10.0%	Yes
Private Credit	\$251,236,931	5.1%	5.0%	\$6,477,519	0.0% - 10.0%	Yes
Private Real Estate	\$106,156,539	2.2%	5.0%	-\$138,602,873	0.0% - 10.0%	Yes
Commodities	\$231,611,569	4.7%	4.0%	\$35,804,040	0.0% - 8.0%	Yes
Opportunistic	\$168,102,976	3.4%	0.0%	\$168,102,976	0.0% - 10.0%	Yes
Midstream Energy	\$322,797,858	6.6%	5.0%	\$78,038,446	0.0% - 8.0%	Yes
Cash and Equivalents	-\$127,163,515	-2.6%	-8.0%	\$264,451,544	-10.0% - 5.0%	Yes
Total	\$4,899,555,765	100.0%	100.0%			



**Total Fund
Performance vs. Policy (Net of Fees)**

**Kern County Employees' Retirement Association
Period Ending: September 30, 2022**



Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: September 30, 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	4,899,555,765	100.0	-3.2	-3.2	-7.8	5.9	5.4	6.7	-4.2	24.4	3.2	5.7	6.8
<i>Policy Index</i>			-3.9	-3.9	-10.8	4.4	4.9	5.8	-6.6	23.9	3.2	6.4	7.0
<i>InvMetrics Public DB > \$1B Rank</i>			11	11	15	31	43	71	32	89	21	60	97
Equity	1,469,296,073	30.0	-7.0	-7.0	-20.1	4.1	4.8	8.5	-14.9	41.2	0.7	5.3	12.4
<i>MSCI AC World IMI (Net)</i>			-6.6	-6.6	-21.2	3.6	4.2	7.2	-16.5	40.9	1.2	4.6	11.1
Domestic Equity	764,916,807	15.6	-5.2	-5.2	-17.0	7.9	8.9	-	-12.0	43.6	6.3	9.2	16.1
<i>MSCI USA IMI</i>			-4.4	-4.4	-17.6	7.9	8.8	11.5	-13.7	44.4	6.7	9.0	14.9
International Developed Equity	498,570,161	10.2	-8.3	-8.3	-23.9	0.0	0.2	-	-17.2	37.0	-5.5	-0.6	9.1
<i>MSCI World ex U.S. IMI Index (Net)</i>			-9.2	-9.2	-25.0	-1.2	-0.5	3.8	-17.7	34.8	-5.1	0.2	7.7
Emerging Markets Equity	205,808,369	4.2	-10.9	-10.9	-24.3	-2.7	-2.9	-	-21.4	40.6	-10.9	0.4	4.0
<i>MSCI Emerging Markets IMI (Net)</i>			-10.8	-10.8	-27.5	-1.2	-1.4	-	-24.8	43.2	-4.0	0.5	7.9
Fixed Income	1,148,497,884	23.4	-3.2	-3.2	-15.5	-2.2	0.2	1.5	-12.7	5.4	6.6	7.9	0.2
<i>Fixed Income Custom Benchmark</i>			-3.9	-3.9	-15.1	-2.9	-0.2	1.4	-11.6	4.0	5.2	8.4	-0.1
Core Plus Fixed Income	681,571,318	13.9	-4.5	-4.5	-15.4	-2.9	0.0	-	-11.2	1.0	9.5	8.0	0.0
<i>Bloomberg U.S. Aggregate Index</i>			-4.8	-4.8	-14.6	-3.3	-0.3	0.9	-10.3	-0.3	8.7	7.9	-0.4
High Yield/ Specialty Credit	281,200,553	5.7	0.2	0.2	-10.3	0.5	2.3	-	-9.5	13.6	0.0	7.5	3.3
<i>ICE BofA U.S. High Yield Index</i>			-0.7	-0.7	-14.1	-0.7	1.4	3.9	-12.7	15.6	-1.1	7.6	2.5
Emerging Market Debt	185,624,755	3.8	-4.1	-4.1	-21.5	-5.3	-3.4	-	-19.6	9.4	-1.2	8.5	-3.6
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			-4.6	-4.6	-22.5	-7.1	-3.2	-0.6	-20.2	7.1	-1.1	10.8	-1.9
Commodities	231,611,569	4.7	-7.1	-7.1	8.8	13.4	7.8	-	20.1	43.5	-10.7	-6.2	13.7
<i>Bloomberg Commodity Index Total Return</i>			-4.1	-4.1	11.8	13.5	7.0	-2.1	24.3	45.6	-17.4	-6.8	7.3
Hedge Funds	558,797,269	11.4	1.5	1.5	2.9	9.4	7.0	6.5	2.8	16.3	7.3	2.6	7.6
<i>75% 90 Day TBills +4% / 25% MSCI ACWI (Net)</i>			-0.5	-0.5	-2.0	4.8	5.3	5.5	-1.0	12.2	5.2	6.5	6.8
Alpha Pool	258,106,049	5.3	0.3	0.3	1.1	-	-	-	1.5	14.5	-	-	-
<i>90-Day T-Bill +4%</i>			1.5	1.5	4.6	-	-	-	4.2	4.1	-	-	-
Midstream Energy	322,797,858	6.6	5.1	5.1	15.6	-	-	-	9.6	-	-	-	-
<i>Alerian Midstream Energy Index</i>			-1.0	-1.0	11.7	-	-	-	11.4	-	-	-	-
Core Real Estate	360,386,343	7.4	0.6	0.6	19.4	11.3	9.2	-	25.6	6.6	2.3	6.1	7.4
<i>NCREIF ODCE</i>			0.5	0.5	22.1	12.4	10.2	10.9	29.5	8.0	2.2	6.4	8.4
Private Real Estate	106,156,539	2.2	1.9	1.9	25.5	16.7	11.6	13.0	31.3	12.1	4.4	9.0	5.4
			1.9	1.9	25.5	16.7	11.6	13.0	31.3	12.1	4.4	9.0	5.4
Private Equity	151,729,789	3.1	-3.5	-3.5	8.2	14.2	12.0	11.7	23.0	41.7	-10.5	10.9	7.8
			-3.5	-3.5	8.2	14.2	12.0	11.7	23.0	41.7	-10.5	10.9	7.8
Private Credit	251,236,931	5.1	-1.2	-1.2	-3.1	3.0	5.4	-	1.2	4.8	5.5	9.7	9.3
			-1.2	-1.2	-3.1	3.0	5.4	-	1.2	4.8	5.5	9.7	9.3

Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: September 30, 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	168,102,976	3.4	-3.1	-3.1	-7.7	-	-	-	-5.4	59.9	-	-	-
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>1.8</i>	<i>7.2</i>	-	-	-	<i>7.2</i>	<i>7.2</i>	-	-	-
Cash	-127,163,515	-2.6	0.8	0.8	0.0	0.3	1.1	-2.9	-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: September 30, 2022

	Notional 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	4,899,555,765	100.0	-3.3	-3.3	-8.0	5.6	5.1	6.3	-4.5	24.1	2.9	5.4	6.5	6.0	Jun-11
<i>Policy Index</i>			-3.9	-3.9	-10.8	4.4	4.9	5.8	-6.6	23.9	3.2	6.4	7.0	5.6	
Equity	1,469,296,073	30.0	-7.1	-7.1	-20.3	3.8	4.4	8.1	-15.1	40.7	0.3	4.8	11.8	7.3	Jun-11
<i>MSCI AC World IMI (Net)</i>			-6.6	-6.6	-21.2	3.6	4.2	7.2	-16.5	40.9	1.2	4.6	11.1	6.5	
Domestic Equity	764,916,807	15.6	-5.2	-5.2	-17.1	7.6	8.6	-	-12.2	43.2	6.0	8.8	15.5	9.4	Jul-14
<i>MSCI USA IMI</i>			-4.4	-4.4	-17.6	7.9	8.8	-	-13.7	44.4	6.7	9.0	14.9	9.2	
Equity Beta Exposure	124,611,900	2.5	-5.7	-5.7	-16.5	-	-	-	-11.0	-	-	-	-	5.1	Aug-20
<i>S&P 500 Index</i>			-4.9	-4.9	-15.5	-	-	-	-10.6	-	-	-	-	5.9	
Mellon DB SL Stock Index Fund	426,205,824	8.7	-4.9	-4.9	-15.5	8.1	-	-	-10.6	40.8	7.5	10.4	-	9.0	Oct-17
<i>S&P 500 Index</i>			-4.9	-4.9	-15.5	8.2	9.2	-	-10.6	40.8	7.5	10.4	-	8.9	
PIMCO StocksPLUS	92,550,537	1.9	-5.5	-5.5	-18.0	7.4	8.7	11.8	-12.8	41.7	7.7	10.6	14.1	9.8	Jul-03
<i>S&P 500 Index</i>			-4.9	-4.9	-15.5	8.2	9.2	11.7	-10.6	40.8	7.5	10.4	14.4	9.0	
AB US Small Cap Value Equity	78,127,226	1.6	-5.2	-5.2	-20.1	4.7	2.7	-	-16.1	77.5	-19.4	-6.9	13.2	5.6	Jul-15
<i>Russell 2000 Value Index</i>			-4.6	-4.6	-17.7	4.7	2.9	-	-16.3	73.3	-17.5	-6.2	13.1	5.6	
Geneva Capital Small Cap Growth	43,421,320	0.9	-4.6	-4.6	-24.2	4.6	7.0	-	-22.1	37.6	9.3	8.6	22.7	8.3	Jul-15
<i>Russell 2000 Growth Index</i>			0.2	0.2	-29.3	2.9	3.6	-	-33.4	51.4	3.5	-0.5	21.9	4.7	
International Developed Equity	498,570,161	10.2	-8.3	-8.3	-23.9	-0.2	0.0	-	-17.3	36.7	-5.7	-0.9	8.7	1.7	Jul-14
<i>MSCI World ex U.S. IMI Index (Net)</i>			-9.2	-9.2	-25.0	-1.2	-0.5	-	-17.7	34.8	-5.1	0.2	7.7	0.8	
Mellon DB SL World ex-US Index Fund	405,985,897	8.3	-9.0	-9.0	-23.1	-0.6	-	-	-16.1	35.6	-5.5	-	-	-0.3	Jul-18
<i>MSCI World ex U.S. IMI Index (Net)</i>			-9.2	-9.2	-25.0	-1.2	-	-	-17.7	34.8	-5.1	0.2	-	-1.3	
Cevian Capital II	31,433,651	0.6	1.3	1.3	-6.9	8.8	4.2	-	-8.2	46.8	-8.2	-5.0	2.9	5.3	Dec-14
<i>MSCI Europe (Net)</i>			-10.1	-10.1	-24.8	-1.7	-1.2	-	-17.6	35.1	-6.8	1.9	5.3	1.4	
American Century Non-US Small Cap	60,918,029	1.2	-7.8	-7.8	-34.9	-	-	-	-27.4	-	-	-	-	-13.4	Dec-20
<i>MSCI World ex U.S. Small Cap Growth Index (Net)</i>			-8.8	-8.8	-35.7	-	-	-	-28.6	-	-	-	-	-16.0	
Emerging Markets Equity	205,808,369	4.2	-11.1	-11.1	-24.8	-3.5	-3.8	-	-21.9	39.5	-11.8	-0.6	2.9	-1.0	Jul-14
<i>MSCI Emerging Markets IMI (Net)</i>			-10.8	-10.8	-27.5	-1.2	-1.4	-	-24.8	43.2	-4.0	0.5	7.9	0.4	
DFA Emerging Markets Value I	68,160,210	1.4	-9.8	-9.8	-18.7	0.8	-0.5	-	-12.9	47.6	-17.7	2.0	5.7	2.0	Mar-14
<i>MSCI Emerging Markets Value (Net)</i>			-11.0	-11.0	-23.6	-2.6	-2.1	-	-18.6	41.6	-15.7	5.0	4.3	0.1	
AB Emerging Markets Strategic Core Equity Collective Trust	64,396,359	1.3	-11.6	-11.6	-26.0	-4.9	-4.9	-	-25.2	33.6	-5.1	-2.6	1.2	-0.4	Dec-16
<i>MSCI Emerging Markets (Net)</i>			-11.6	-11.6	-28.1	-2.1	-1.8	-	-25.3	40.9	-3.4	1.2	8.2	2.7	
Mellon Emerging Markets Stock Index Fund	73,251,800	1.5	-11.7	-11.7	-28.5	-	-	-	-25.5	41.1	-	-	-	-3.3	Jun-20
<i>MSCI Emerging Markets (Net)</i>			-11.6	-11.6	-28.1	-	-	-	-25.3	40.9	-	-	-	0.0	
Fixed Income	1,148,497,884	23.4	-3.3	-3.3	-15.8	-2.5	-0.1	1.3	-13.0	5.1	6.3	7.6	-0.1	2.8	Jun-10
<i>Fixed Income Custom Benchmark</i>			-3.9	-3.9	-15.1	-2.9	-0.2	1.4	-11.6	4.0	5.2	8.4	-0.1	2.6	
Core Plus Fixed Income	681,571,318	13.9	-4.6	-4.6	-15.6	-3.0	-0.1	-	-11.4	0.8	9.3	7.9	-0.2	1.1	Jul-14
<i>Bloomberg U.S. Aggregate Index</i>			-4.8	-4.8	-14.6	-3.3	-0.3	-	-10.3	-0.3	8.7	7.9	-0.4	0.8	
Fixed Income Beta Exposure	254,923,009	5.2	-5.5	-5.5	-	-	-	-	-	-	-	-	-	-3.2	Jun-22
<i>Bloomberg U.S. Aggregate Index</i>			-4.8	-4.8	-	-	-	-	-	-	-	-	-	-6.2	
Mellon DB SL Aggregate Bond Index Fund	154,776,570	3.2	-4.8	-4.8	-14.7	-3.3	-0.3	0.8	-10.4	-0.4	8.8	7.9	-0.4	1.7	Jan-11
<i>Bloomberg U.S. Aggregate Index</i>			-4.8	-4.8	-14.6	-3.3	-0.3	0.9	-10.3	-0.3	8.7	7.9	-0.4	1.8	

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

	Notional 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	156,733,471	3.2	-4.7	-4.7	-14.3	-2.5	0.0	1.0	-9.9	1.1	8.7	6.3	1.0	2.0	Feb-11
<i>Bloomberg U.S. Aggregate Index</i>			-4.8	-4.8	-14.6	-3.3	-0.3	0.9	-10.3	-0.3	8.7	7.9	-0.4	1.7	
Western Asset Core Plus	115,138,268	2.3	-4.6	-4.6	-18.7	-3.8	-0.4	1.5	-14.5	2.4	9.3	9.4	-0.4	3.5	Jun-04
<i>Bloomberg U.S. Aggregate Index</i>			-4.8	-4.8	-14.6	-3.3	-0.3	0.9	-10.3	-0.3	8.7	7.9	-0.4	3.1	
High Yield/ Specialty Credit	281,200,553	5.7	0.1	0.1	-10.8	0.0	1.8	-	-10.0	13.1	-0.5	7.0	2.8	1.9	Jul-14
<i>ICE BofA U.S. High Yield Index</i>			-0.7	-0.7	-14.1	-0.7	1.4	-	-12.7	15.6	-1.1	7.6	2.5	2.7	
Western Asset High Yield Fixed Income	183,575,160	3.7	-0.2	-0.2	-15.0	-1.2	1.2	3.6	-14.1	16.5	-2.2	8.3	2.2	5.4	Jun-05
<i>50% Bloomberg US HY Ba 2%/50% Bloomberg US HY B 2% CAP</i>			-0.7	-0.7	-13.8	-0.4	1.8	3.9	-12.4	13.4	2.1	8.8	1.8	5.7	
TCW Securitized Opportunities	97,625,393	2.0	0.7	0.7	-4.3	1.2	2.6	-	-4.0	6.4	2.2	5.2	4.3	3.2	Feb-16
<i>Bloomberg U.S. High Yield - 2% Issuer Cap</i>			-0.6	-0.6	-14.1	-0.5	1.6	-	-12.8	15.3	0.0	7.5	2.6	4.9	
Emerging Market Debt	185,624,755	3.8	-4.2	-4.2	-21.7	-5.6	-3.8	-	-19.8	9.1	-1.7	7.9	-4.2	-1.5	Jul-14
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			-4.6	-4.6	-22.5	-7.1	-3.2	-	-20.2	7.1	-1.1	10.8	-1.9	-1.1	
Stone Harbor Emerging Markets Debt Blend Portfolio	59,118,869	1.2	-4.0	-4.0	-22.8	-6.3	-3.8	-1.6	-20.9	9.5	-1.8	8.2	-3.1	-1.5	Aug-12
<i>50 JPM GBI-EM Global Div/ 40 JPM EMBI Global Div/ 10 JPM Corporate EM Bond Idx</i>			-4.4	-4.4	-21.7	-6.6	-2.9	-0.5	-19.5	7.2	-0.8	10.6	-1.7	-0.3	
PIMCO EMD	126,505,886	2.6	-4.3	-4.3	-21.0	-	-	-	-19.2	8.7	-	-	-	-7.8	Feb-20
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			-4.6	-4.6	-22.5	-	-	-	-20.2	7.1	-	-	-	-9.1	
Commodities	231,611,569	4.7	-7.3	-7.3	8.2	12.6	7.2	-	19.4	42.5	-11.3	-6.7	13.3	-0.5	Jul-13
<i>Bloomberg Commodity Index Total Return</i>			-4.1	-4.1	11.8	13.5	7.0	-	24.3	45.6	-17.4	-6.8	7.3	-0.4	
Gresham MTAP Commodity Builder Fund	78,689,436	1.6	-5.1	-5.1	13.3	14.2	7.5	-	24.7	46.8	-16.3	-9.0	12.4	-0.2	Oct-13
<i>Bloomberg Commodity Index Total Return</i>			-4.1	-4.1	11.8	13.5	7.0	-	24.3	45.6	-17.4	-6.8	7.3	-0.5	
WTC-CTF	152,922,133	3.1	-8.2	-8.2	6.2	12.4	7.4	-	17.2	40.2	-7.5	-5.4	14.2	-0.1	Sep-13
<i>S&P GSCI Commodity Equal Weighted</i>			-7.2	-7.2	8.6	11.5	7.2	-	19.0	40.9	-12.4	-3.5	12.6	0.3	
Hedge Funds	558,797,269	11.4	1.4	1.4	3.1	9.3	6.9	5.9	3.0	16.1	7.0	2.5	7.6	5.8	Sep-10
<i>75% 90 Day TBills +4% / 25% MSCI ACWI (Net)</i>			-0.5	-0.5	-2.0	4.8	5.3	5.5	-1.0	12.2	5.2	6.5	6.8	5.4	
Aristeia International Limited	68,735,073	1.4	2.2	2.2	3.5	11.0	9.5	-	1.8	21.6	8.7	9.2	2.6	5.4	May-14
Brevan Howard Fund	72,956,432	1.5	0.2	0.2	14.5	14.5	12.4	-	15.2	6.1	20.5	12.7	7.8	8.0	Sep-13
D.E. Shaw Composite Fund	65,388,544	1.3	4.0	4.0	29.9	21.6	17.4	-	30.6	19.0	15.6	11.5	11.3	14.8	Jul-13
HBK Fund II	56,549,779	1.2	1.5	1.5	1.8	5.5	4.9	-	2.3	11.0	1.5	5.5	3.0	4.2	Nov-13
Hudson Bay Cap Structure Arbitrage Enhanced Fund	78,771,664	1.6	4.0	4.0	9.7	13.0	-	-	7.7	14.2	16.2	-	-	12.9	Jun-19
Indus Pacific Opportunities Fund	37,249,096	0.8	0.9	0.9	-7.7	16.5	5.2	-	-8.2	38.0	15.8	-19.2	15.8	7.5	Jul-14
Magnetar Structured Credit Fund	8,285,833	0.2	2.0	2.0	3.5	12.3	9.9	-	1.1	38.1	-0.2	5.4	7.7	8.1	May-14
Pharo Macro Fund	61,746,193	1.3	-0.7	-0.7	-10.8	-	-	-	-11.1	3.5	-	-	-	-2.1	Dec-19
PIMCO Commodity Alpha Fund	63,623,535	1.3	-2.6	-2.6	2.7	8.6	7.1	-	8.6	14.2	4.8	5.2	10.4	9.1	Jun-16
Sculptor Domestic Partners II LP	45,491,119	0.9	3.3	3.3	-18.7	3.1	-	-	-19.9	16.8	6.5	-	-	4.7	Feb-19
Alpha Pool	258,106,049	5.3	0.3	0.3	1.1	-	-	-	1.5	14.5	-	-	-	7.0	Jul-20
<i>90-Day T-Bill +4%</i>			1.5	1.5	4.6	-	-	-	4.2	4.1	-	-	-	4.3	
Hudson Bay	60,844,859	1.2	2.4	2.4	7.1	-	-	-	6.7	-	-	-	-	9.9	Aug-20
Davidson Kempner Institutional Partners	53,329,668	1.1	-1.1	-1.1	-4.2	-	-	-	-3.4	-	-	-	-	2.0	Dec-20
HBK Fund II	54,382,816	1.1	0.7	0.7	0.2	-	-	-	1.3	-	-	-	-	3.8	Dec-20
HBK Opportunities Platform – SPAC Series	36,000,034	0.7	-0.7	-0.7	-2.4	-	-	-	-2.5	-	-	-	-	2.6	Nov-20
Garda Fixed Income Relative Value Opportunity Fund	53,548,672	1.1	-0.4	-0.4	4.8	-	-	-	-	-	-	-	-	4.8	Sep-21

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

	Notional 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	322,797,858	6.6	5.0	5.0	15.2	-	-	-	9.3	-	-	-	-	31.3	Sep-20
<i>Alerian Midstream Energy Index</i>			<i>-1.0</i>	<i>-1.0</i>	<i>11.7</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>11.4</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>27.9</i>	
Harvest Midstream	185,889,047	3.8	6.9	6.9	23.6	-	-	-	15.3	-	-	-	-	40.1	Aug-20
<i>Alerian Midstream Energy Index</i>			<i>-1.0</i>	<i>-1.0</i>	<i>11.7</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>11.4</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>27.9</i>	
PIMCO Midstream	136,908,811	2.8	2.4	2.4	4.9	-	-	-	2.2	-	-	-	-	23.3	Sep-20
<i>50/25/25 Alerian Midstream/ICE BofA US Pipeline/ICE BofA US HY Midstream</i>			<i>-1.3</i>	<i>-1.3</i>	<i>-1.8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-0.7</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
Core Real Estate	360,386,343	7.4	0.6	0.6	18.8	10.5	8.6	-	24.8	5.6	1.4	5.9	7.4	9.0	Oct-14
<i>NCREIF ODCE</i>			<i>0.5</i>	<i>0.5</i>	<i>22.1</i>	<i>12.4</i>	<i>10.2</i>	<i>-</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>8.4</i>	<i>10.5</i>	
ASB Allegiance Real Estate Fund	199,291,186	4.1	2.2	2.2	19.7	10.7	8.9	-	23.0	5.4	1.5	6.8	7.1	9.1	Sep-13
<i>NCREIF ODCE</i>			<i>0.5</i>	<i>0.5</i>	<i>22.1</i>	<i>12.4</i>	<i>10.2</i>	<i>-</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>8.4</i>	<i>10.7</i>	
JPMCB Strategic Property Fund	161,095,157	3.3	-1.4	-1.4	18.3	10.5	8.5	-	27.8	5.9	1.3	5.0	7.6	8.9	Jul-14
<i>NCREIF ODCE</i>			<i>0.5</i>	<i>0.5</i>	<i>22.1</i>	<i>12.4</i>	<i>10.2</i>	<i>-</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>8.4</i>	<i>10.6</i>	
Private Real Estate	106,156,539	2.2	1.9	1.9	25.5	16.7	11.6	12.5	31.3	12.1	4.4	9.0	5.4	12.8	Mar-11
			<i>1.9</i>	<i>1.9</i>	<i>25.5</i>	<i>16.7</i>	<i>11.6</i>	<i>13.0</i>	<i>31.3</i>	<i>12.1</i>	<i>4.4</i>	<i>9.0</i>	<i>5.4</i>	<i>12.8</i>	
Private Equity	151,729,789	3.1	-3.5	-3.5	8.2	14.2	12.0	11.2	22.9	41.7	-10.5	10.9	7.8	11.1	Sep-10
			<i>-3.5</i>	<i>-3.5</i>	<i>8.2</i>	<i>14.2</i>	<i>12.0</i>	<i>11.7</i>	<i>23.0</i>	<i>41.7</i>	<i>-10.5</i>	<i>10.9</i>	<i>7.8</i>	<i>11.3</i>	
Private Credit	251,236,931	5.1	-1.2	-1.2	-3.1	3.0	5.4	-	1.2	4.8	5.5	9.7	9.3	-25.9	Dec-15
			<i>-1.2</i>	<i>-1.2</i>	<i>-3.1</i>	<i>3.0</i>	<i>5.4</i>	<i>-</i>	<i>1.2</i>	<i>4.8</i>	<i>5.5</i>	<i>9.7</i>	<i>9.3</i>	<i>7.0</i>	
Opportunistic	168,102,976	3.4	-3.2	-3.2	-7.8	-	-	-	-5.4	59.9	-	-	-	11.3	Jan-20
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>1.8</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	
River Birch International	8,154,365	0.2	6.4	6.4	7.1	-3.3	-2.9	-	-0.2	-0.7	-19.9	-0.5	2.8	-	Jul-15
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>1.8</i>	<i>7.2</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	<i>7.2</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	
DB Investors Fund IV	22,582,102	0.5	-11.5	-11.5	-42.9	-	-	-	-34.4	95.1	-	-	-	4.5	Dec-19
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>1.8</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	
Sixth Street TAO Partners (D)	84,455,252	1.7	-4.7	-4.7	4.7	-	-	-	9.6	39.6	-	-	-	16.3	Mar-20
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>1.8</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	
Aristeia Select Opportunities II	52,911,257	1.1	1.6	1.6	9.9	-	-	-	-	-	-	-	-	5.1	Jul-21
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>1.8</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	
Cash	-127,163,515	-2.6	0.8	0.8	0.0	0.3	1.1	-2.9	-0.8	0.1	1.0	2.0	3.2	-2.5	Apr-11

Total Fund
Total Private Equity

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

IRR Analysis as of IRR date												
Vintage Year	Manager/Fund	Estimated Market Value as of 9/30/2022	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	\$3,100,331	\$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	\$22,959,156	\$50,000,000	\$49,750,000	100%	\$250,000	\$75,850,074	\$21,952,850	1.52x	1.99x	13.2%	06/30/22
2006	Pantheon Global III	\$567,222	\$50,000,000	\$47,300,000	95%	\$2,700,000	\$52,000,000	\$567,222	1.10x	1.11x	1.9%	06/30/22
1998	Pantheon USA III	\$49,712	\$7,500,000	\$7,335,000	98%	\$165,000	\$8,197,500	\$49,712	1.12x	1.12x	1.9%	06/30/22
2002	Pantheon USA V	\$414,136	\$25,000,000	\$24,350,000	97%	\$650,000	\$37,950,000	\$425,173	1.56x	1.58x	9.0%	03/31/22
2004	Pantheon USA VI	\$354,968	\$35,000,000	\$33,075,000	95%	\$1,925,000	\$50,623,827	\$361,594	1.53x	1.54x	6.7%	06/30/22
2006	Pantheon USA VII	\$8,101,079	\$50,000,000	\$46,600,000	93%	\$3,400,000	\$79,424,999	\$8,333,247	1.70x	1.88x	10.2%	06/30/22
2020	Vista Foundation Fund IV	\$13,958,460	\$25,000,000	\$14,189,855	57%	\$10,810,145	\$30,252	\$14,049,020	0.00x	0.99x	-1.7%	06/30/22
2021	Crown Global Secondaries V Master S.	\$21,239,887	\$50,000,000	\$16,750,000	34%	\$33,250,000	\$0	\$19,198,409	0.00x	1.27x	47.0%	06/30/22
2021	Brighton Park Capital Fund I	\$37,910,214	\$30,000,000	\$32,509,766	108%	-\$2,509,766	\$1,167,799	\$36,257,961	0.04x	1.20x	22.6%	06/30/22
2021	Warren Equity Partners Fund III	\$24,410,915	\$32,500,000	\$22,969,862	71%	\$9,530,138	\$508,290	N/A	0.02x	1.08x	N/A	N/A
2021	Peak Rock Capital Fund III	\$9,273,982	\$30,000,000	\$9,683,186	32%	\$20,316,814	\$1,452,276	\$8,979,016	0.15x	1.11x	22.78%	06/30/22
2021	Level Equity Growth Partners V	\$2,872,189	\$15,000,000	\$3,315,369	22%	\$11,684,631	\$0	N/A	N/A	N/A	N/A	N/A
2021	Level Equity Opportunities Fund 2021	\$1,371,903	\$15,000,000	\$1,650,936	11%	\$13,349,064	\$0	N/A	N/A	N/A	N/A	N/A
2022	Linden Capital Partners V LP	\$5,145,635	\$22,500,000	\$5,145,635	23%	\$17,354,365	\$0	N/A	N/A	N/A	N/A	N/A
Total Private Equity		\$151,729,789	\$502,500,000	\$372,268,974	74%	\$125,085,391	\$396,566,512	\$113,274,535	1.07x	1.47x		
% 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.

IRR Analysis as of IRR date												
Vintage	Estimated Market	Total	Capital	%	Remaining	Capital	Market Value	Distrib./	Tot. Value/	Net IRR	IRR	
Year	Value	Commitment	Called	Called	Commitment	Returned	as of IRR date	Paid-In	Paid-In	Since	Date	
Manager/Fund	9/30/2022							(DPI) ¹	(TVPI) ²	Inception ³		
Private Credit												
2015	DC Value Recovery Fund IV ⁴	\$33,313,661	\$80,000,000	\$73,340,099	122%	-\$5,500,870	\$24,003,132	\$34,822,903	0.33x	0.78x	15.0%	6/30/22
2017	Sixth Street TAO Partners (B)	\$37,760,184	\$50,000,000	\$66,777,561	134%	-\$16,777,561	\$41,444,279	\$38,346,022	0.62x	1.19x	10.1%	6/30/22
2017	Brookfield Real Estate Finance Fund V	\$19,766,051	\$50,000,000	\$35,882,954	72%	\$14,117,046	\$25,823,610	\$19,481,686	0.72x	1.27x	7.7%	6/30/22
2018	Magnetar Constellation Fund V	\$31,450,617	\$80,000,000	\$64,905,493	108%	-\$4,905,493	\$39,505,702	\$37,089,321	0.61x	1.09x	26.6%	2/28/22
2019	H.I.G Bayside Loan Opportunity Fund V	\$40,257,680	\$80,000,000	\$33,496,503	56%	\$26,503,497	\$11,244,389	\$44,209,221	0.34x	1.54x	19.0%	6/30/22
2020	Blue Torch Credit Opportunities Fund II	\$19,379,415	\$20,000,000	\$16,613,092	83%	\$3,386,908	\$1,836,476	\$16,765,419	0.11x	1.28x	13.4%	6/30/22
2022	Blue Torch Credit Opportunities Fund III	\$7,203,466	\$40,000,000	\$7,199,891	18%	\$32,800,109	\$0	N/A	0.00x	1.00x	N/A	N/A
2020	Fortress Credit Opportunitites Fund V Expansic	\$12,998,162	\$40,000,000	\$11,647,375	29%	\$28,352,625	\$468,590	\$12,983,908	0.04x	1.16x	25.3%	6/30/22
2021	Fortress Lending Fund II	\$30,712,727	\$40,000,000	\$32,137,851	80%	\$7,862,149	\$3,268,302	\$29,374,059	0.10x	1.06x	10.7%	6/30/22
2022	Fortress Lending Fund III	\$15,394,988	\$40,000,000	\$16,000,000	-40%	\$24,000,000	\$0	N/A	N/A	N/A	N/A	N/A
2022	OrbiMed Royalty & Credit Opportunities IV	\$3,000,000	\$30,000,000	\$3,000,000	10%	\$27,000,000	\$0	N/A	N/A	N/A	N/A	N/A
Total Private Credit		\$251,236,931	\$490,000,000	\$361,000,816	74%	\$136,838,411	\$147,594,480	\$233,052,539	0.41x	1.10x		
% of Portfolio (Market Value)		5.1%										

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.

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: September 30, 2022

IRR Analysis as of IRR date												
Vintage Year	Manager/Fund	Estimated Market Value 9/30/2022	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	\$4,031,249	\$50,000,000	\$43,637,717	87%	\$6,362,283	\$55,590,259	\$4,235,230	1.27x	1.37x	11.7%	08/30/22
2017	Landmark Real Estate Partners VIII	\$28,646,936	\$60,000,000	\$36,127,951	60%	\$23,872,049	\$22,058,205	\$30,330,286	0.61x	1.40x	20.4%	08/30/22
2018	Long Wharf Real Estate Partners VI	\$34,368,035	\$50,000,000	\$41,704,658	83%	\$8,295,342	\$16,461,932	\$34,368,035	0.39x	1.22x	28.2%	09/30/22
2020	Covenant Apartment Fund X	\$29,447,044	\$30,000,000	\$22,807,333	76%	\$7,192,667	\$5,646,691	\$24,357,028	0.25x	1.54x	30.7%	08/30/22
2021	Singeman Real Estate Opportunity Fund IV	\$3,850,122	\$35,000,000	\$3,815,000	11%	\$31,185,000	\$0	N/A	N/A	N/A	N/A	N/A
2022	LBA Logistics Value Fund IX, L.P.	\$5,813,153	\$40,000,000	\$6,153,846	5%	\$38,076,923	\$0	N/A	N/A	N/A	N/A	N/A
Total Private Real Estate		\$106,156,539	\$285,000,000	\$154,248,505	58%	\$114,984,264	\$99,747,088	\$93,290,579	0.65x	1.33x		
% of Portfolio (Market Value)		2.2%										

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

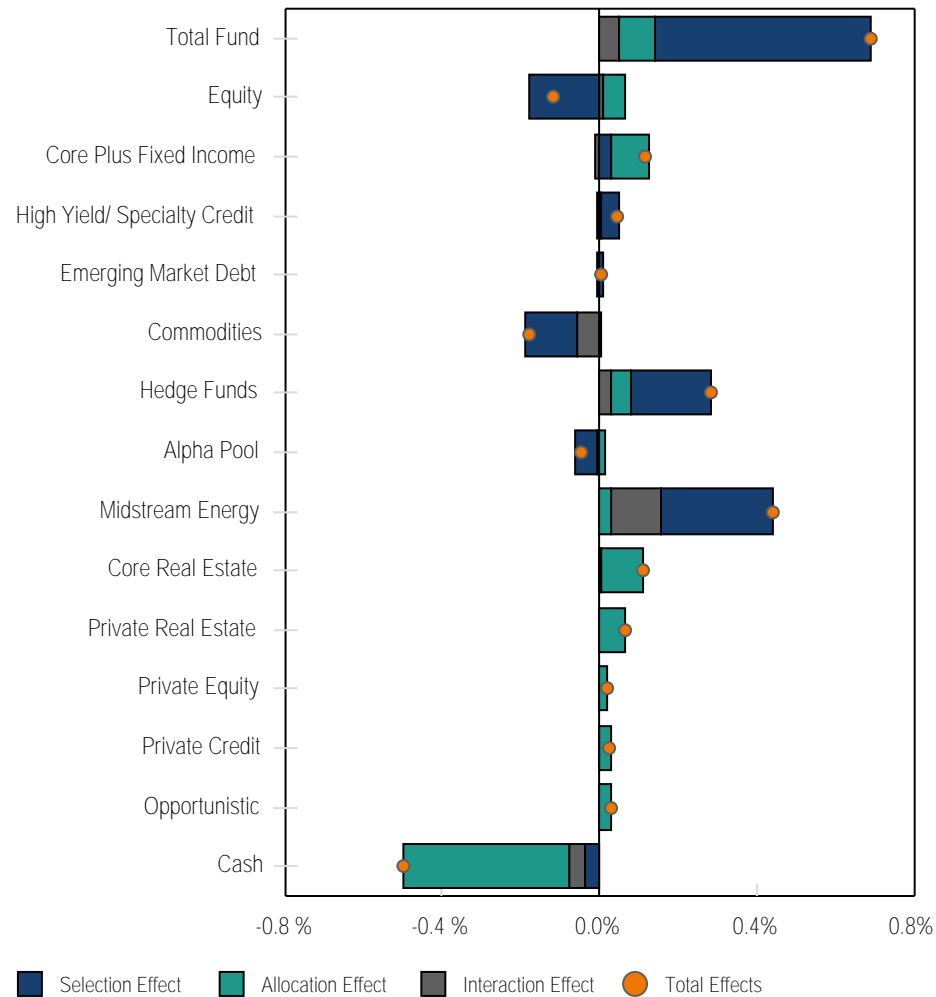
²(TVPI) is equal to (market value + capital returned) / capital called

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 Attribution Analysis - Asset Class Level (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

Attribution Effects
Last Three Months



Performance Attribution

	Last Three Months
Wtd. Actual Return	-3.25
Wtd. Index Return	-3.95
Excess Return	0.69
Selection Effect	0.55
Allocation Effect	0.09
Interaction Effect	0.05

Attribution Summary
Last Three Months

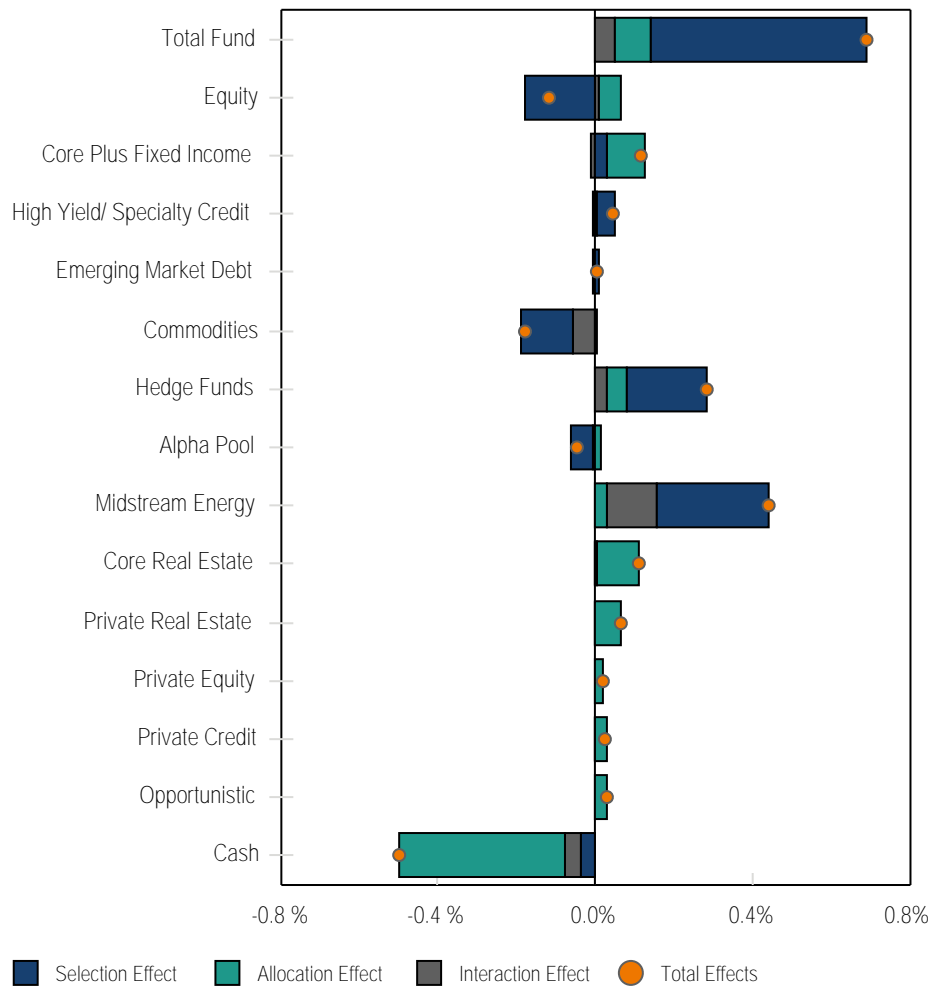
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	-7.1	-6.6	-0.4	-0.2	0.1	0.0	-0.1
Core Plus Fixed Income	-4.6	-4.8	0.2	0.0	0.1	0.0	0.1
High Yield/ Specialty Credit	0.1	-0.7	0.8	0.0	0.0	0.0	0.0
Emerging Market Debt	-4.2	-4.3	0.2	0.0	0.0	0.0	0.0
Commodities	-7.3	-4.1	-3.1	-0.2	0.0	-0.1	-0.2
Hedge Funds	1.4	-0.5	2.0	0.2	0.1	0.0	0.3
Alpha Pool	0.3	1.5	-1.2	-0.1	0.0	0.0	0.0
Midstream Energy	5.0	-1.0	6.0	0.4	0.0	0.1	0.4
Core Real Estate	0.6	0.5	0.0	0.0	0.1	0.0	0.1
Private Real Estate	1.9	1.9	0.0	0.0	0.1	0.0	0.1
Private Equity	-3.5	-3.5	0.0	0.0	0.0	0.0	0.0
Private Credit	-1.2	-1.2	0.0	0.0	0.0	0.0	0.0
Opportunistic	-3.2	1.8	-4.9	0.0	0.0	0.0	0.0
Cash	0.8	0.0	0.8	-0.1	-0.4	0.0	-0.5
Total Fund	-3.3	-3.9	0.7	0.2	0.1	0.0	0.7

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: September 30, 2022

Attribution Effects
Fiscal YTD



Performance Attribution

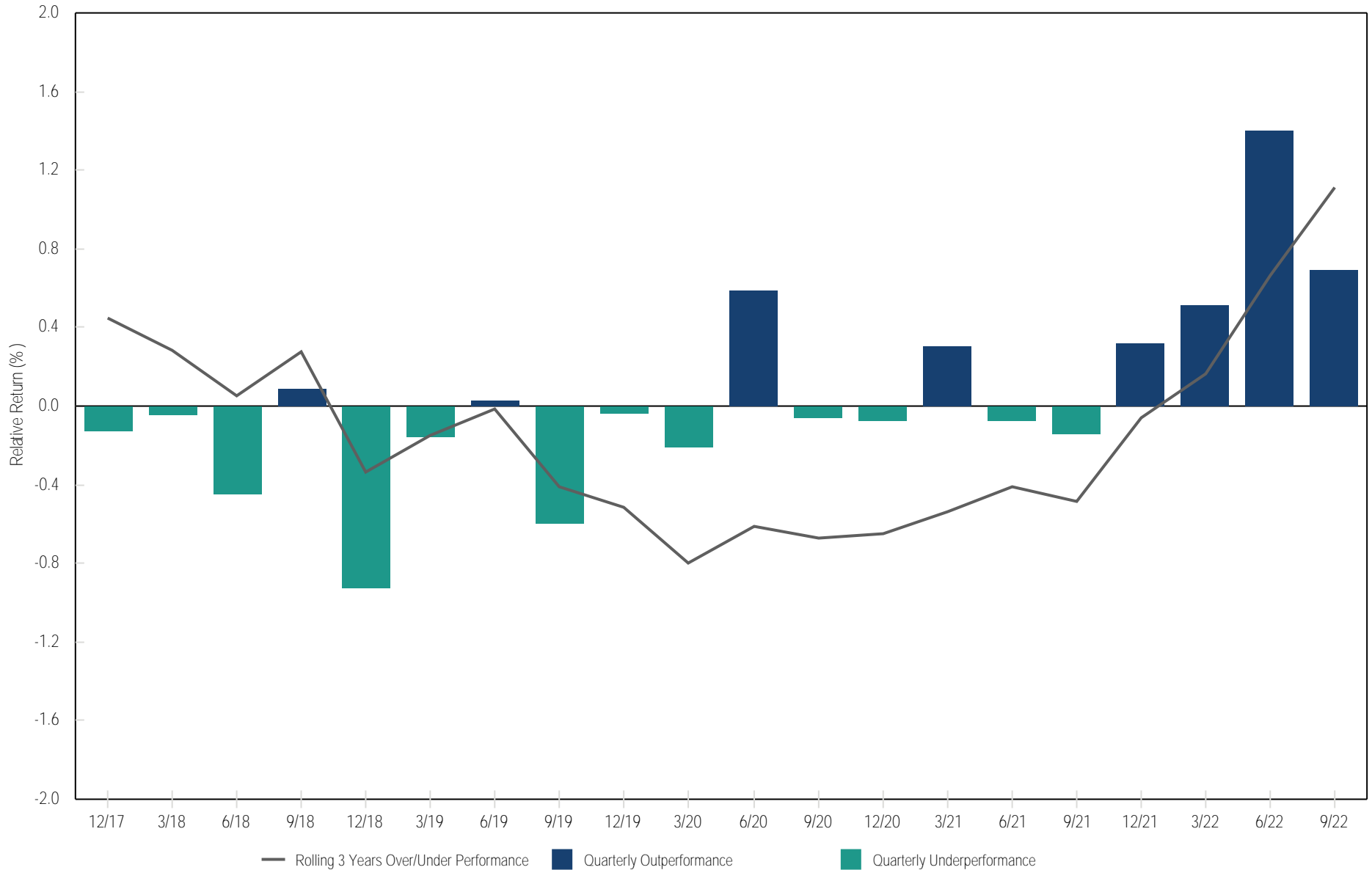
	Fiscal YTD
Wtd. Actual Return	-3.25
Wtd. Index Return	-3.95
Excess Return	0.69
Selection Effect	0.55
Allocation Effect	0.09
Interaction Effect	0.05

Attribution Summary
Fiscal YTD

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	-7.1	-6.6	-0.4	-0.2	0.1	0.0	-0.1
Core Plus Fixed Income	-4.6	-4.8	0.2	0.0	0.1	0.0	0.1
High Yield/ Specialty Credit	0.1	-0.7	0.8	0.0	0.0	0.0	0.0
Emerging Market Debt	-4.2	-4.3	0.2	0.0	0.0	0.0	0.0
Commodities	-7.3	-4.1	-3.1	-0.2	0.0	-0.1	-0.2
Hedge Funds	1.4	-0.5	2.0	0.2	0.1	0.0	0.3
Alpha Pool	0.3	1.5	-1.2	-0.1	0.0	0.0	0.0
Midstream Energy	5.0	-1.0	6.0	0.4	0.0	0.1	0.4
Core Real Estate	0.6	0.5	0.0	0.0	0.1	0.0	0.1
Private Real Estate	1.9	1.9	0.0	0.0	0.1	0.0	0.1
Private Equity	-3.5	-3.5	0.0	0.0	0.0	0.0	0.0
Private Credit	-1.2	-1.2	0.0	0.0	0.0	0.0	0.0
Opportunistic	-3.2	1.8	-4.9	0.0	0.0	0.0	0.0
Cash	0.8	0.0	0.8	-0.1	-0.4	0.0	-0.5
Total Fund	-3.3	-3.9	0.7	0.2	0.1	0.0	0.7

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.

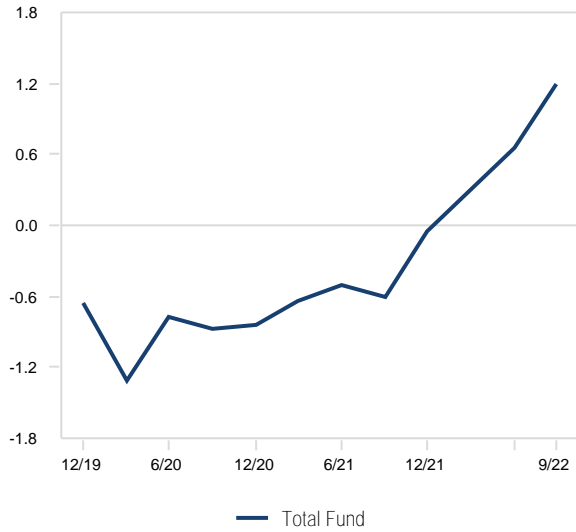
Rolling 3 Year Annualized Excess Performance



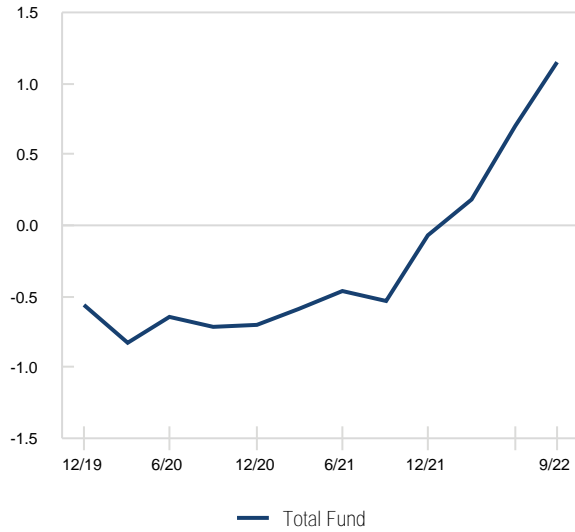
Total Fund
Rolling Risk Statistics: 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

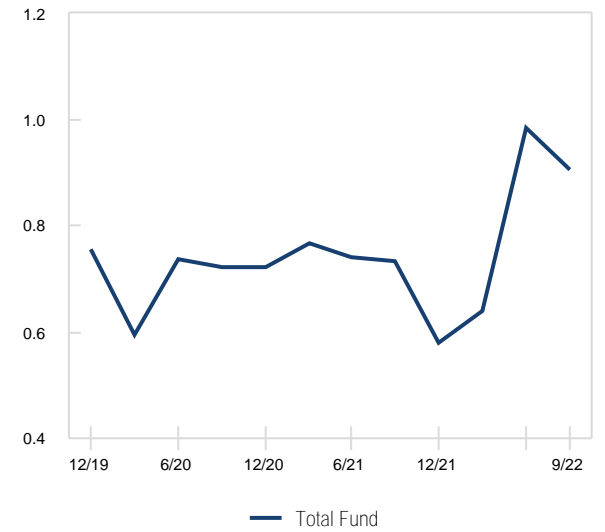
Rolling Information Ratio



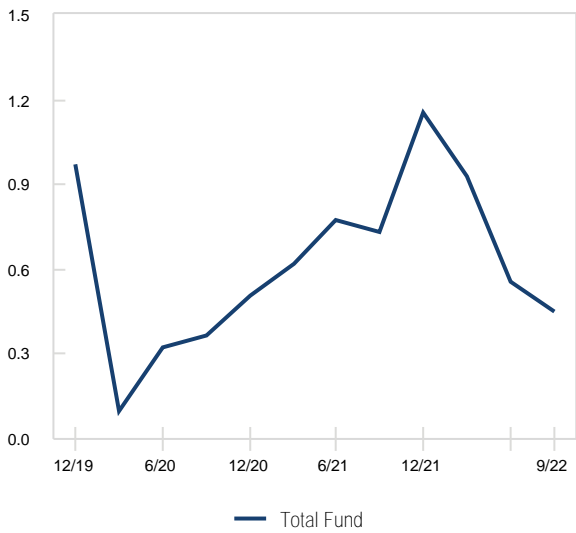
Rolling Annual Excess Benchmark Return



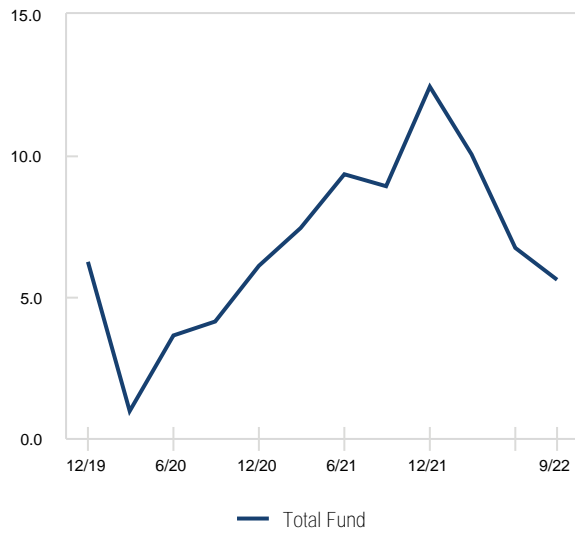
Rolling Tracking Error



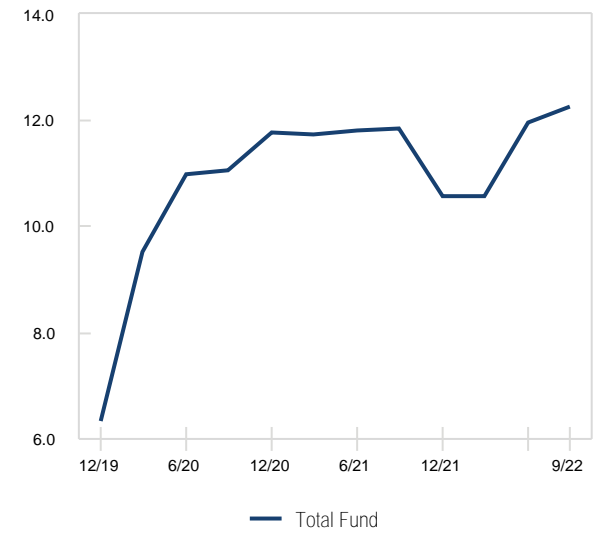
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



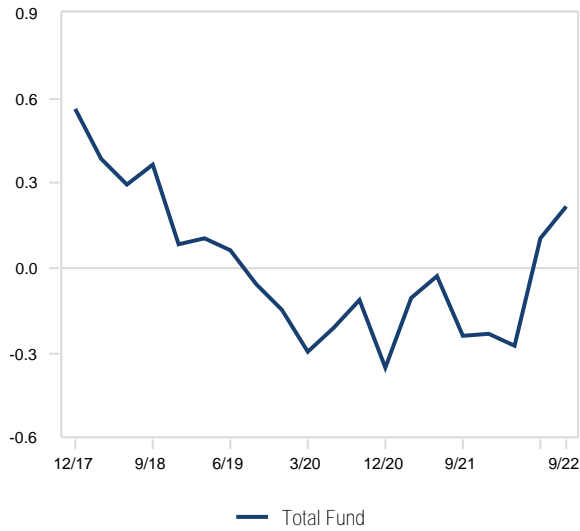
Rolling Annualized Standard Deviation



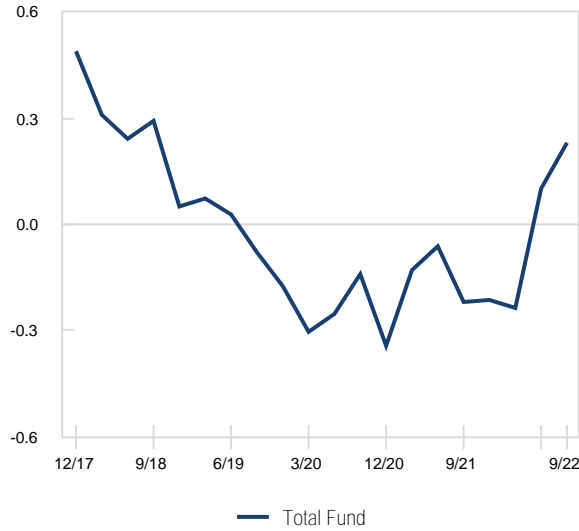
Total Fund
 Rolling Risk Statistics: 5 Years (Net of Fees)

Kern County Employees' Retirement Association
 Period Ending: September 30, 2022

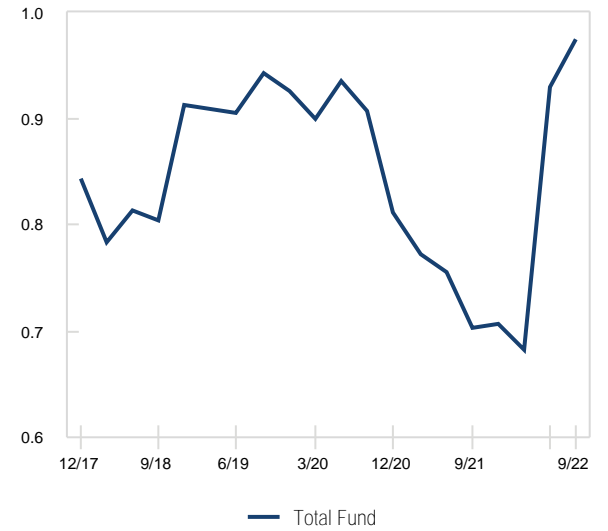
Rolling Information Ratio



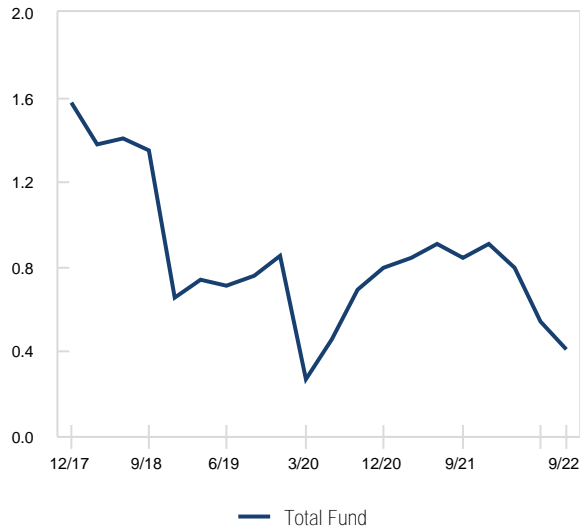
Rolling Annual Excess Benchmark Return



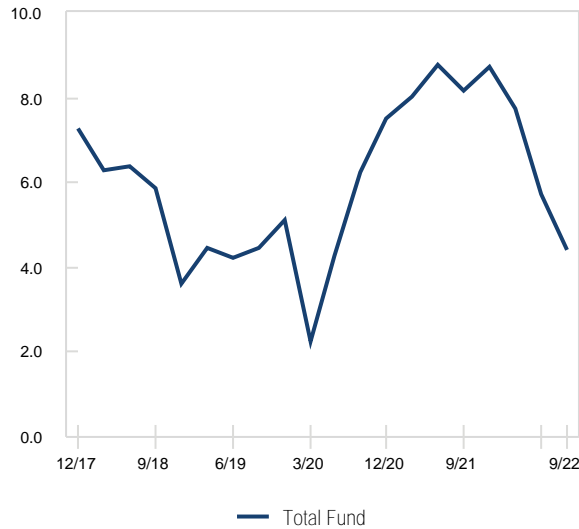
Rolling Tracking Error



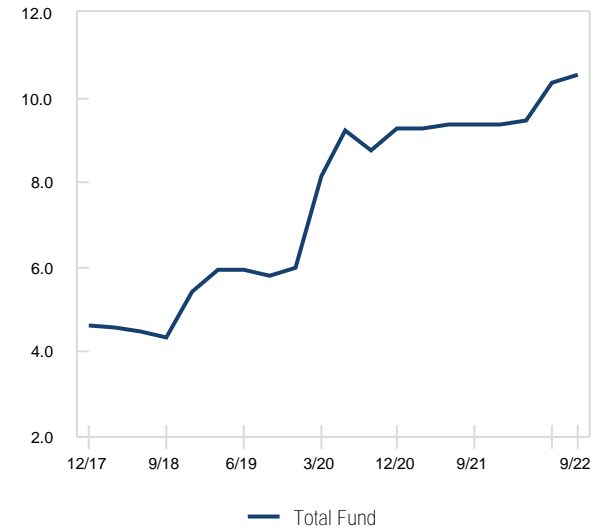
Rolling Sharpe Ratio



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: September 30, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
Equity	1,760,498,263	2,078,160	-312,008,962		135,000,000	-116,271,388	1,469,296,073
Equity Beta Exposure	425,371,375	2,021,306	-298,759,687			-4,021,094	124,611,900
Russell 2000 Overlay	13,578,600	56,854	-13,249,275			-386,179	
Mellon DB SL Stock Index Fund	280,796,486				175,000,000	-29,590,662	426,205,824
PIMCO StocksPLUS	97,925,248					-5,374,711	92,550,537
AB US Small Cap Value Equity	82,210,920					-4,083,694	78,127,226
Geneva Capital Small Cap Growth	45,419,386					-1,998,066	43,421,320
Mellon DB SL World ex-US Index Fund	471,376,354				-25,000,000	-40,390,457	405,985,897
Fidelity Non-US Small Cap Equity	246,745					-14,161	232,584
Cevian Capital II	31,023,988					409,663	31,433,651
American Century Non-US Small Cap	66,087,970					-5,169,941	60,918,029
DFA Emerging Markets Value I	75,568,224					-7,408,014	68,160,210
AB Emerging Markets Strategic Core Equity Collective Trust	87,939,424				-15,000,000	-8,543,065	64,396,359
Mellon Emerging Markets Stock Index Fund	82,952,809					-9,701,009	73,251,800
Transition Equity	733					3	736
Fixed Income	1,130,869,301	215,258,351	-3,016,314	-62,325	-150,000,000	-44,551,129	1,148,497,884
Fixed Income Beta Exposure	51,180,364	215,258,351	-1,227,703			-10,288,003	254,923,009
Mellon DB SL Aggregate Bond Index Fund	162,487,098					-7,710,528	154,776,570
PIMCO Core Plus	190,694,370				-25,000,000	-8,960,899	156,733,471
Western Asset Core Plus	197,945,711				-75,000,000	-7,807,443	115,138,268
Western Asset High Yield Fixed Income	183,851,907					-276,747	183,575,160
TCW Securitized Opportunities	125,463,906		-1,788,611	-62,325	-25,000,000	-987,577	97,625,393
Stone Harbor Emerging Markets Debt Blend Portfolio	86,965,794				-25,000,000	-2,846,925	59,118,869
PIMCO EMD	132,174,077					-5,668,191	126,505,886
Transition Fixed Income	106,074					-4,816	101,258
Commodities	269,362,016			-34,203	-20,000,000	-17,716,243	231,611,569
Gresham MTAP Commodity Builder Fund	82,876,151			-34,203		-4,152,511	78,689,436
WTC-CTF	186,485,865				-20,000,000	-13,563,732	152,922,133
Hedge Funds	549,644,108			-166,394		9,319,554	558,797,269
Aristeia International Limited	67,235,553					1,499,520	68,735,073
Brevan Howard Fund	72,840,227					116,205	72,956,432
D.E. Shaw Composite Fund	62,844,042					2,544,502	65,388,544
HBK Fund II	55,719,468					830,311	56,549,779

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
Hudson Bay Cap Structure Arbitrage Enhanced Fund	75,712,464					3,059,200	78,771,664
Indus Pacific Opportunities Fund	36,899,245					349,851	37,249,096
Magnetar Structured Credit Fund	7,860,049					425,784	8,285,833
Pharo Macro Fund	61,182,322					563,871	61,746,193
PIMCO Commodity Alpha Fund	65,294,254			-166,394		-1,504,324	63,623,535
Sculptor Domestic Partners II LP	44,056,485					1,434,635	45,491,119
Alpha Pool	257,534,903	3,524,958		-33,034	-3,747,280	826,502	258,106,049
Hudson Bay	58,481,870	936,271				1,426,718	60,844,859
Davidson Kempner Institutional Partners	53,077,049	832,367				-579,748	53,329,668
HBK Fund II	53,527,255	472,102				383,459	54,382,816
HBK Opportunities Platform – SPAC Series	39,536,750	450,882		-33,034	-3,747,280	-207,284	36,000,034
Garda Fixed Income Relative Value Opportunity Fund	52,911,979	833,336				-196,643	53,548,672
Midstream Energy	318,886,871	614,978		-253,667	-12,606,719	16,156,395	322,797,858
Harvest Midstream	185,157,607	614,978		-253,667	-12,606,719	12,976,848	185,889,047
PIMCO Midstream	133,729,264					3,179,547	136,908,811
Core Real Estate	358,380,234		-288,894			2,295,002	360,386,343
ASB Allegiance Real Estate Fund	194,923,658					4,367,528	199,291,186
JPMCB Strategic Property Fund	163,456,576		-288,894			-2,072,526	161,095,157
Private Real Estate	94,350,728	131,250	-839,546		10,707,228	1,806,879	106,156,539
Invesco Real Estate Value-Add Fund IV	4,235,230					-203,981	4,031,249
Landmark Real Estate Partners VIII	30,330,286				-672,441	-1,010,909	28,646,936
Long Wharf Real Estate	27,660,734				6,749,257	-41,956	34,368,035
Covenant Apartment Fund X	24,357,028		-839,546		2,707,335	3,222,227	29,447,044
Singerman Real Estate Opportunity Fund IV	3,770,201	131,250				-51,329	3,850,122
LBA Logistics Value Fund IX, L.P.	3,997,249				1,923,077	-107,173	5,813,153
Private Equity	139,043,110				12,790,774	-104,095	151,729,789
Abbott V	3,100,331						3,100,331
Abbott VI	21,952,850					1,006,306	22,959,156
Pantheon Secondary III	567,222						567,222
Pantheon III	49,712						49,712
Pantheon V	425,173					-11,037	414,136

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
Pantheon VI	361,594					-6,626	354,968
Pantheon VII	8,333,247				-999,999	767,831	8,101,079
Vista Foundation Fund IV	14,049,020					-90,560	13,958,460
Crown Global Secondaries V Master S.C.Sp	19,198,409				2,000,000	41,478	21,239,887
Brighton Park Capital Fund I	36,257,961				3,823,746	-2,171,493	37,910,214
Warren Equity Partners Fund III	21,033,189				2,809,034	568,692	24,410,915
Peak Rock Capital Fund III	8,979,016				12,358	282,608	9,273,982
Level Equity Growth Partners V	3,105,937					-233,748	2,872,189
Level Equity Opportunities Fund 2021	1,629,450					-257,547	1,371,903
Linden Capital Partners V LP					5,145,635		5,145,635
Private Credit	247,247,651				7,118,613	-3,129,333	251,236,931
DC Value Recovery Fund IV	34,822,903					-1,509,242	33,313,661
Sixth Street TAO Partners (B)	38,346,022				623,038	-1,208,876	37,760,184
Brookfield Real Estate Finance Fund V	19,481,686					284,365	19,766,051
Magnetar Constellation Fund V	35,302,607				-4,428,232	576,242	31,450,617
H.I.G. Bayside Loan Opportunity Fund V	44,209,221				-2,739,576	-1,211,985	40,257,660
Blue Torch Credit Opportunities Fund II	16,765,419				2,369,045	244,951	19,379,415
Fortress Credit Opportunites Fund V Expansion	12,983,908					14,254	12,998,162
Fortress Lending Fund II	29,374,059				1,094,447	244,221	30,712,727
Fortress Lending Fund III	13,961,826				2,000,000	-566,838	15,394,988
OrbiMed Royalty & Credit Opportunities IV					3,000,000		3,000,000
Opportunistic	165,818,510			-55,993	7,962,265	-5,621,807	168,102,976
DB Investors Fund IV	25,512,204					-2,930,102	22,582,102
Sixth Street TAO Partners (D)	80,379,385				7,962,265	-3,886,398	84,455,252
Aristeia Select Opportunities II	52,099,878			-55,993		867,371	52,911,257
River Birch International	7,827,043					327,322	8,154,365
Cash	-226,711,713	691,030,483	-607,040,943		12,775,120	2,650,960	-127,163,515
Short Term Cash Account	1						1
Short Term Investment Funds	60,450,901	15,684,406	-27,700,122		12,775,120	764,946	62,107,829
Parametric Cash Overlay	62,317,076	165,400,485	-182,006,834			364,459	46,075,185
Goldman Sachs Cash Account	-4,585,549	188,375,905	-158,204,092			39,713	25,625,978
Futures Offset	-489,842,116	321,569,687	-212,119,895			857,415	-379,534,909
Collateral Cash	27,010,000		-27,010,000				

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

	Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Ending Market Value
BlackRock Short Duration Fund	117,937,974					624,427	118,562,401

Total Fund
Cash Flow History

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

Portfolio Reconciliation

	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Beginning Market Value	5,064,923,983	5,064,923,983	5,425,448,232	4,333,251,812	4,052,385,749	3,033,121,908
Contributions	1,386,827,365	1,386,827,365	3,538,085,460	9,910,468,070	12,044,045,941	17,748,763,949
Withdrawals	-1,397,383,843	-1,397,383,843	-3,650,825,372	-10,130,786,451	-12,375,408,772	-18,377,117,059
Fees	-605,616	-605,616	-10,116,717	-39,145,729	-65,409,455	-121,863,829
Net Cash Flows	-10,556,478	-10,556,478	-112,739,913	-220,318,381	-331,362,831	-628,353,111
Net Investment Change	-154,811,740	-154,811,740	-413,152,555	786,622,333	1,178,532,847	2,494,786,967
Ending Market Value	4,899,555,765	4,899,555,765	4,899,555,765	4,899,555,765	4,899,555,765	4,899,555,765
Net Change \$	-165,368,218	-165,368,218	-525,892,468	566,303,953	847,170,016	1,866,433,857

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

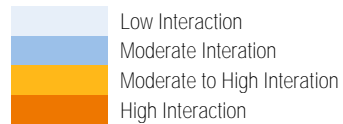
Total Fund
Actual Correlation Matrix

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

Correlation Matrix
3 Years Ending September 30, 2022

	A	B	C	D	E	F	G	H	I	J	K	L
A	1.00											
B	0.99	1.00										
C	0.96	0.99	1.00									
D	0.97	0.98	0.94	1.00								
E	0.89	0.87	0.81	0.86	1.00							
F	0.84	0.81	0.80	0.77	0.74	1.00						
G	0.62	0.61	0.62	0.55	0.51	0.92	1.00					
H	0.90	0.86	0.84	0.83	0.82	0.89	0.66	1.00				
I	0.87	0.83	0.78	0.82	0.84	0.89	0.65	0.89	1.00			
J	0.71	0.63	0.56	0.68	0.67	0.40	0.12	0.60	0.59	1.00		
K	0.77	0.75	0.70	0.73	0.81	0.64	0.40	0.79	0.77	0.56	1.00	
L	-0.20	-0.19	-0.17	-0.19	-0.24	-0.36	-0.36	-0.26	-0.29	0.00	-0.24	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



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

Kern County Employees' Retirement Association
Period Ending: September 30, 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	1.3	0.9	1.0	5.6	0.8	1.2	1.3	0.5	5.4	10.1	0.7	98.7	89.6
Equity	0.2	1.0	1.0	3.8	0.1	0.2	1.0	0.3	5.1	19.4	0.4	99.5	98.8
Domestic Equity	-0.2	1.0	1.0	7.6	-0.3	-0.3	1.1	0.4	8.9	20.5	0.6	98.5	99.1
International Developed Equity	1.1	1.0	1.0	-0.2	1.1	1.1	0.9	0.1	1.2	19.5	0.1	103.1	99.1
Emerging Markets Equity	-2.4	1.0	1.0	-3.5	-0.8	-2.3	3.0	-0.1	-2.4	18.5	-0.2	87.2	96.9
Fixed Income	0.6	1.1	1.0	-2.5	0.5	0.4	1.0	-0.4	-2.9	6.8	-0.5	111.5	103.3
Core Plus Fixed Income	0.5	1.1	1.0	-3.0	0.2	0.2	1.2	-0.6	-3.5	5.8	-0.7	119.8	109.1
High Yield/ Specialty Credit	0.5	0.8	1.0	0.0	0.2	0.7	2.6	0.0	-0.2	8.9	0.0	78.2	74.2
Emerging Market Debt	2.1	1.1	1.0	-5.6	1.1	1.5	1.5	-0.4	-5.5	12.7	-0.5	109.8	97.1
Commodities	0.4	0.9	0.9	12.6	-0.2	-0.8	5.7	0.7	13.0	17.8	1.1	91.8	90.3
Hedge Funds	5.5	0.8	0.5	9.3	1.2	4.6	3.7	1.6	8.5	5.1	2.7	106.4	21.1
Core Real Estate	3.6	0.5	0.9	10.5	-0.5	-1.9	3.9	2.1	9.5	4.5	12.5	83.8	74.9
Private Real Estate	0.0	1.0	1.0	16.7	-	0.0	0.0	1.7	15.3	8.8	5.3	100.0	100.0
Private Equity	0.0	1.0	1.0	14.2	-0.6	0.0	0.0	1.0	13.6	13.7	2.0	100.0	100.1
Private Credit	0.0	1.0	1.0	3.0	-0.6	0.0	0.0	0.5	2.4	4.7	0.9	99.9	100.0
Opportunistic	-	-	-	-	-	-	-	-	-	-	-	-	-
Midstream Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Alpha Pool	-	-	-	-	-	-	-	-	-	-	-	-	-

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: September 30, 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	22	22	16	16	24	24	17	17	25	25	24	24	35	35
Down Market Periods	14	14	20	20	12	12	19	19	11	11	12	12	1	1
Maximum Return	12.43	12.66	2.64	2.44	4.80	6.01	6.74	5.62	8.01	8.78	3.99	3.33	5.39	7.97
Minimum Return	-14.74	-14.39	-4.38	-4.32	-10.52	-11.76	-13.80	-12.46	-12.65	-12.81	-5.24	-2.91	-1.17	-1.56
Return	3.83	3.64	-3.02	-3.26	0.02	-0.69	-5.58	-7.07	12.64	13.45	9.34	4.77	10.47	12.37
Excess Return	5.08	4.93	-3.48	-3.76	-0.16	-0.66	-5.49	-7.17	12.97	13.85	8.50	4.18	9.51	11.41
Excess Performance	0.18	0.00	0.24	0.00	0.71	0.00	1.49	0.00	-0.82	0.00	4.57	0.00	-1.90	0.00
RISK SUMMARY STATISTICS														
Beta	0.99	1.00	1.08	1.00	0.80	1.00	1.06	1.00	0.91	1.00	0.78	1.00	0.54	1.00
Upside Risk	13.61	13.72	3.23	2.77	5.12	6.53	6.73	6.11	13.81	13.84	4.80	3.98	5.32	8.36
Downside Risk	13.89	14.01	4.92	4.59	7.34	8.83	10.85	10.35	11.86	12.96	3.10	2.84	0.71	0.90
RISK/RETURN SUMMARY STATISTICS														
Standard Deviation	19.37	19.55	5.83	5.29	8.95	10.98	12.69	11.87	17.78	18.50	5.07	4.69	4.51	7.66
Alpha	0.20	0.00	0.54	0.00	0.49	0.00	2.12	0.00	0.35	0.00	5.50	0.00	3.63	0.00
Sharpe Ratio	0.26	0.25	-0.59	-0.70	-0.02	-0.06	-0.43	-0.60	0.72	0.74	1.63	0.87	2.09	1.48
Excess Risk	19.51	19.67	5.89	5.33	9.09	11.11	12.80	11.98	17.92	18.64	5.20	4.81	4.55	7.70
Tracking Error	1.04	0.00	1.23	0.00	2.60	0.00	1.55	0.00	5.66	0.00	3.66	0.00	3.90	0.00
Information Ratio	0.14	-	0.23	-	0.19	-	1.09	-	-0.15	-	1.18	-	-0.49	-
CORRELATION STATISTICS														
R-Squared	1.00	1.00	0.96	1.00	0.97	1.00	0.99	1.00	0.91	1.00	0.52	1.00	0.85	1.00
Actual Correlation	1.00	1.00	0.98	1.00	0.99	1.00	0.99	1.00	0.95	1.00	0.72	1.00	0.92	1.00

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

Risk Return Statistics: Last Two Years

	Midstream Energy	Alerian Midstream Energy Index	2 Yrs Opportunistic	Assumed Rate of Return +3%
RETURN SUMMARY STATISTICS				
Up Market Periods	17	17	24	24
Down Market Periods	7	7	0	0
Maximum Return	16.45	18.94	19.65	0.58
Minimum Return	-11.82	-12.21	-4.04	0.58
Return	34.71	36.56	16.20	7.25
Excess Return	31.77	33.87	16.10	6.68
Excess Performance	-1.85	0.00	8.95	0.00
RISK SUMMARY STATISTICS				
Beta	0.84	1.00	-	-
Upside Risk	19.07	21.76	16.78	2.03
Downside Risk	10.76	12.61	5.37	0.00
RISK/RETURN SUMMARY STATISTICS				
Standard Deviation	19.84	23.13	16.97	0.00
Alpha	3.27	0.00	-	-
Sharpe Ratio	1.60	1.46	0.95	33.74
Excess Risk	19.90	23.20	17.02	0.20
Tracking Error	4.98	0.00	16.97	0.00
Information Ratio	-0.42	-	0.56	-
CORRELATION STATISTICS				
R-Squared	0.97	1.00	-	-
Actual Correlation	0.98	1.00	-	-

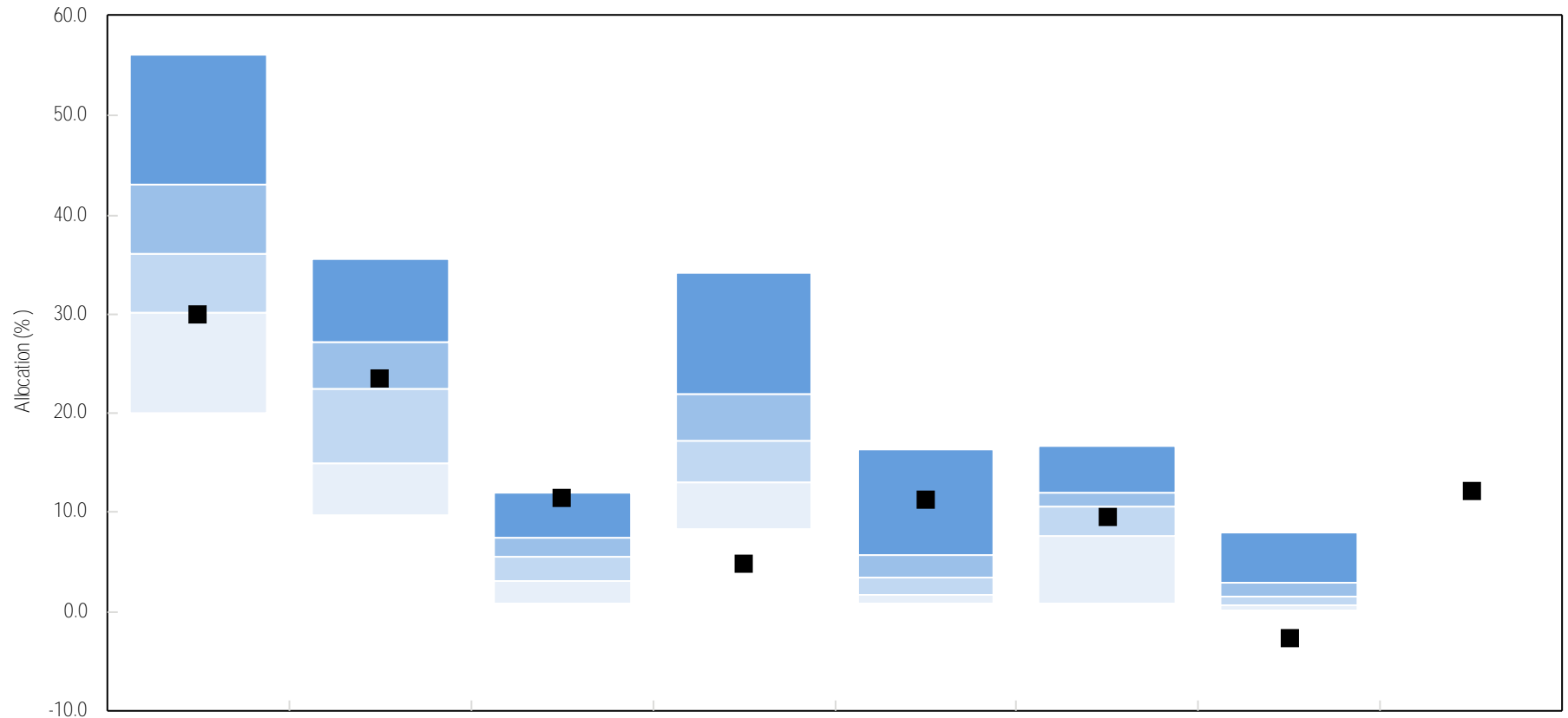
Data for unavailable for positions held for less than two years.

Peer Comparison

Total Fund
Peer Universe Comparison: Asset Allocation

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

Total Plan Allocation vs. InvMetrics Public DB > \$1B
As of September 30, 2022



	Total Equity	Total Fixed Income	Hedge Funds	Private Equity	Real Assets/Commod	Real Estate - Private	Cash & Equivalents	Other
■ Total Fund	30.0 (78)	23.4 (43)	11.4 (16)	4.8 (100)	11.3 (13)	9.5 (65)	-2.6	12.1 (1)
5th Percentile	56.2	35.5	11.9	34.2	16.4	16.7	7.9	12.1
1st Quartile	43.1	27.2	7.5	21.9	5.8	12.0	2.9	12.1
Median	36.1	22.4	5.5	17.3	3.4	10.6	1.5	12.1
3rd Quartile	30.2	14.9	3.1	13.1	1.7	7.7	0.6	12.1
95th Percentile	20.0	9.7	0.9	8.4	0.8	0.8	0.0	12.1
Population	32	29	14	21	17	21	22	1

Parentheses contain percentile rankings. Other contains Alpha Pool, Opportunistic, and Private Credit. Real Estate contains Private and Core Real Estate. Real Assets contain Commodities and Midstream.

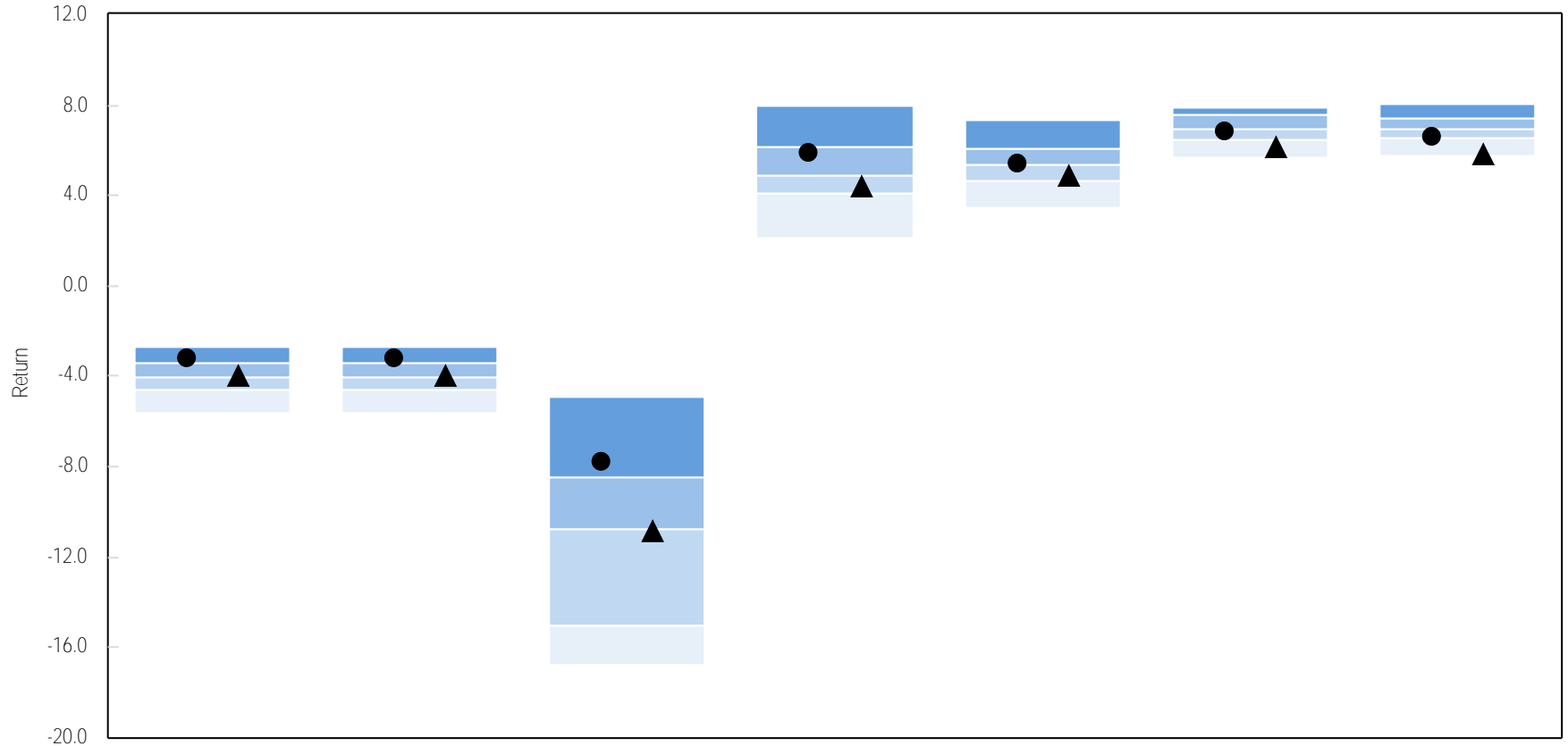
Total Fund

Kern County Employees' Retirement Association

Peer Universe Comparison: Cumulative Performance (Gross of Fees)

Period Ending: September 30, 2022

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

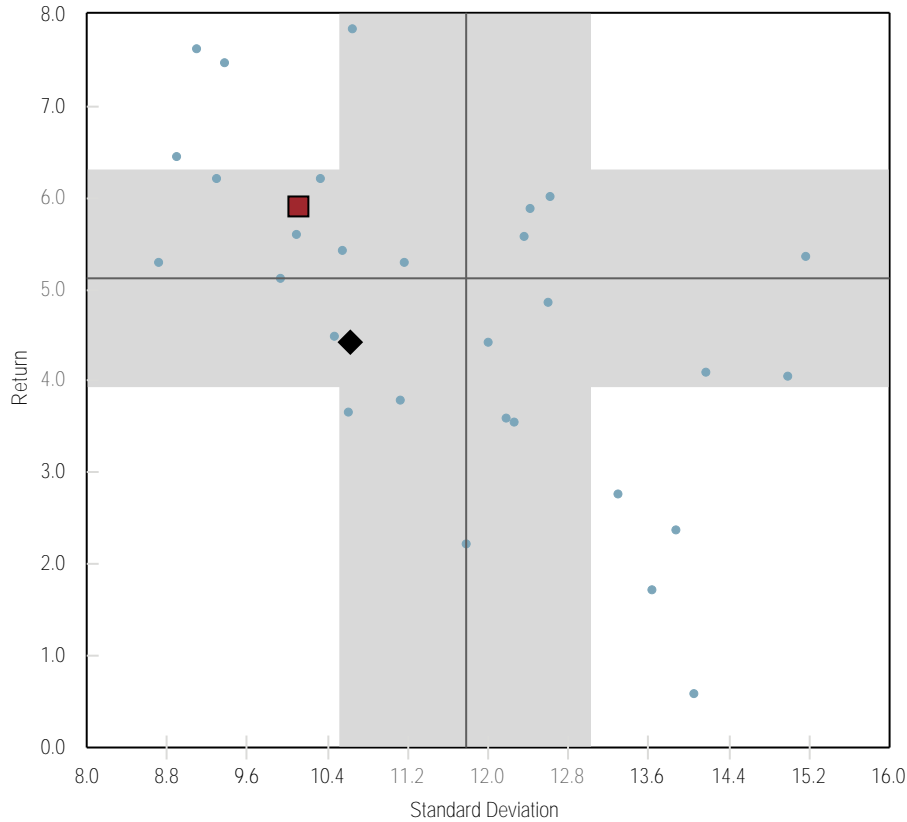


	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	-3.2 (11)	-3.2 (11)	-7.8 (15)	5.9 (31)	5.4 (43)	6.9 (58)	6.7 (71)
▲ Policy Index	-3.9 (45)	-3.9 (45)	-10.8 (51)	4.4 (58)	4.9 (69)	6.1 (84)	5.8 (94)
5th Percentile	-2.7	-2.7	-4.9	7.9	7.4	7.9	8.1
1st Quartile	-3.4	-3.4	-8.5	6.1	6.1	7.6	7.4
Median	-4.0	-4.0	-10.8	4.9	5.4	7.0	6.9
3rd Quartile	-4.6	-4.6	-15.0	4.1	4.6	6.4	6.6
95th Percentile	-5.7	-5.7	-16.8	2.2	3.5	5.7	5.8
Population	31	31	28	27	27	27	25

Total Fund
Risk Analysis - 3 & 5 Year (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: September 30, 2022

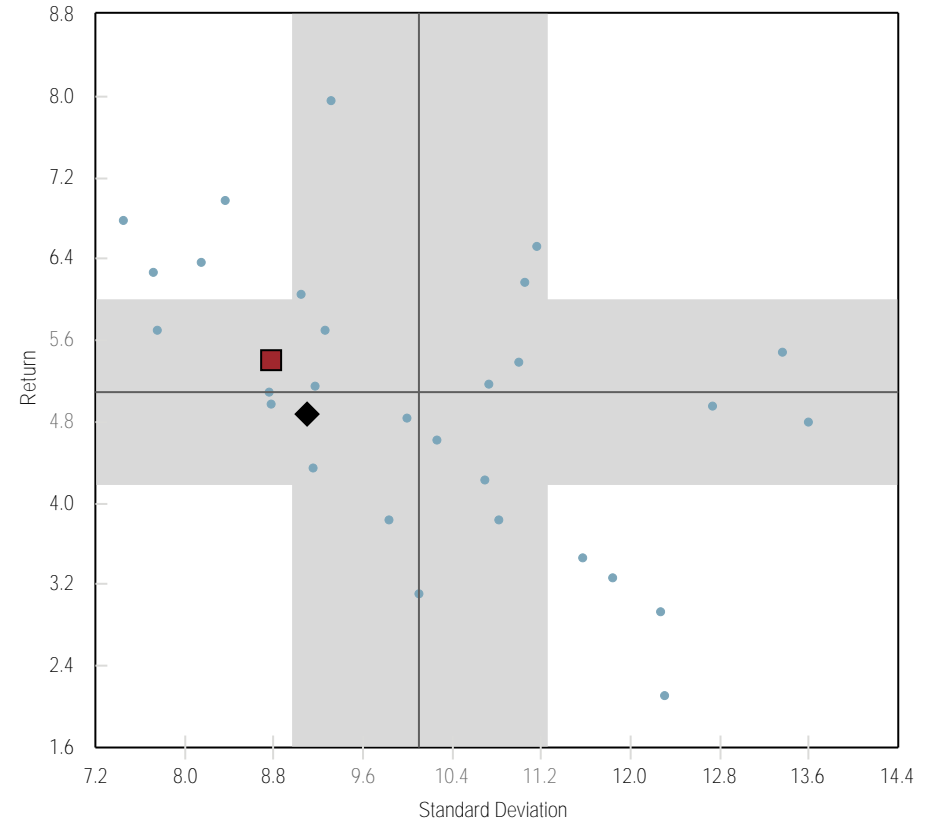
Annualized Return vs. Annualized Standard Deviation
 3 Years Ending September 30, 2022



● InvMetrics Public DB > \$1B

	Return	Standard Deviation
■ Total Fund	5.90	10.10
◆ Policy Index	4.43	10.63
— Median	5.12	11.78
Population	29	29

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending September 30, 2022



● InvMetrics Public DB > \$1B

	Return	Standard Deviation
■ Total Fund	5.41	8.77
◆ Policy Index	4.87	9.10
— Median	5.10	10.10
Population	29	29

Other

Total Fund Watchlist (Net of Fees)

Kern County Employees' Retirement Association Period Ending: September 30, 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: September 30, 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: September 30, 2022

	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Total Fund	-3.3	-7.5	-0.8	3.6	0.5	5.5	3.5	8.8	4.4	10.7	-11.3	4.6
Policy Index	-3.9	-8.9	-1.3	3.3	0.6	5.6	3.2	8.8	4.5	10.1	-11.1	4.6

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Total Fund	0.2	3.1	6.8	-6.4	2.3	0.3	-0.1	3.0	3.2	2.7	4.2	0.8
Policy Index	0.8	3.0	7.0	-5.5	2.2	0.7	-0.1	3.2	3.1	2.8	3.5	0.5

	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Total Fund	3.5	1.9	1.1	2.2	-5.4	0.7	2.4	0.8	-1.5	3.6	2.1	4.1
Policy Index	2.9	2.2	1.8	1.4	-4.9	0.4	2.0	0.4	-1.4	3.4	2.4	4.0

Total Fund Data Sources and Methodology

Kern County Employees' Retirement Association Period Ending: September 30, 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
Bardays 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	Singerman Real Estate Opportunity Fund IV	10/27/2021	Singerman
Gresham MTAP Commodity	9/3/2013	Gresham	Sculptor Enhanced Domestic Partners	3/26/2019	Sculptor
Harvest Midstream	9/28/2020	Harvest Midstream	Short Term Cash Account		Northern Trust
HBK Fund II	11/1/2013	Northern Trust	Short Term Investment Funds		Northern Trust
Henderson Smallcap Growth	7/22/2015	Northern Trust	Stone Harbor Emerging Markets Debt	8/8/2012	Stone Harbor
H.I.G Bayside Loan Opportunities Fund V	7/24/2019	H.I.G. Capital	TAO Contingent	4/16/2020	TPG Sixth Street
Hudson Bay	6/7/2019	Northern Trust	TCW Securitized Opportunities	2/3/2016	TCW
Indus Pacific Opportunities	6/30/2014	Northern Trust	Transition Equity		Northern Trust
Invesco Real Estate III	6/30/2013	Invesco	Transition Fixed Income		Northern Trust
Invesco Real Estate IV	12/18/2015	Invesco	TSSP Adjacent Opportunities Partners	11/17/2017	TPG Sixth Street
J.P. Morgan Strategic Property	7/2/2014	J.P. Morgan	Vista Equity Partners	7/24/2020	Vista Equity
Landmark Real Estate Partners VII	4/29/2018	Landmark	Warren Equity	4/1/2021	Warren
LBA Logistics Value Fund IX, L.P.	2/22/2022	LBA	Wellington Commodities	9/10/2013	Wellington
Level Equity Growth Partners V	11/1/2021	Level Equity	Western Asset Core Plus	5/31/2004	Northern Trust
Level Equity Opportunities Fund 2021	11/1/2021	Level Equity	Western Asset High Yield Fixed income	5/31/2005	Northern Trust
LGT Crown	2/1/2021	LGT			

Policy & Custom Index Composition

Policy Index: 7/1/2021-Present	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
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.

Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment manager fees will be included in the gross of fee return calculation

Fiscal year end: 6/30.

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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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §6254.26)

(CA Gov. Code §6255)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE

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

Assembly Bill No. 2449

CHAPTER 285

An act to amend, repeal, and add Sections 54953 and 54954.2 of the Government Code, relating to local government.

[Approved by Governor September 13, 2022. Filed with
Secretary of State September 13, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2449, Blanca Rubio. Open meetings: local agencies: teleconferences.

Existing law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act generally requires posting an agenda at least 72 hours before a regular meeting that contains a brief general description of each item of business to be transacted or discussed at the meeting, and prohibits any action or discussion from being undertaken on any item not appearing on the posted agenda. The act authorizes a legislative body to take action on items of business not appearing on the posted agenda under specified conditions. The act contains specified provisions regarding providing for the ability of the public to observe and provide comment. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health.

This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception,

the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the legislative body, as prescribed. The bill, until January 1, 2026, would authorize a legislative body to consider and take action on a request from a member to participate in a meeting remotely due to emergency circumstances if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The bill would define terms for purposes of these teleconferencing provisions.

This bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

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

This bill would make legislative findings to that effect.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

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

SECTION 1. Section 54953 of the Government Code, as amended by Section 3 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.

(B) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items

during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(C) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(D) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(E) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

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

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

(4) This subdivision shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(f) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency

exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear

remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(g) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(h) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(i) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(j) For the purposes of this section, the following definitions shall apply:

(1) "Emergency circumstances" means a physical or family medical emergency that prevents a member from attending in person.

(2) "Just cause" means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (g).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) “Remote location” means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (f), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) “State of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(6) “Teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(7) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(8) “Two-way telephonic service” means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(9) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

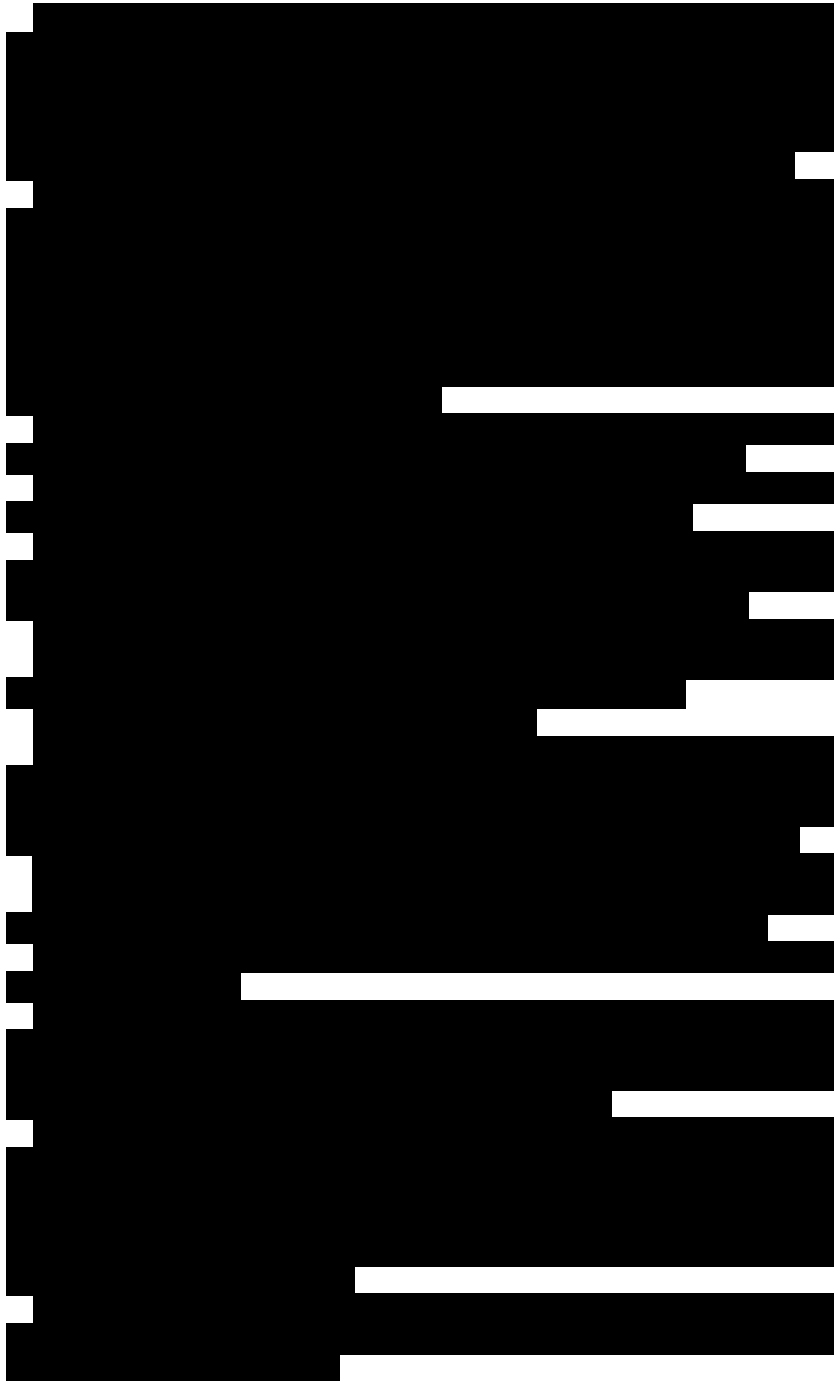
(k) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.



[REDACTED]



[REDACTED]



[REDACTED]

[REDACTED]

SEC. 4. Section 54954.2 of the Government Code is amended to read:
54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the

regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) “Integrated agenda management platform” means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) “Legislative body” has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to

the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(4) To consider action on a request from a member to participate in a meeting remotely due to emergency circumstances, pursuant to Section 54953, if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The legislative body may approve such a request by a majority vote of the legislative body.

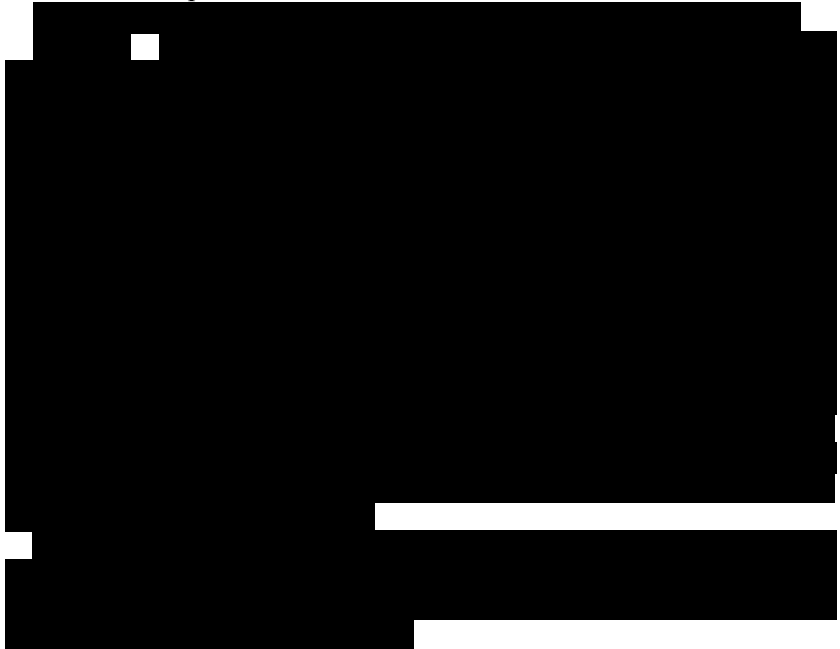
(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.



[REDACTED]

[REDACTED]

SEC. 6. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, impose a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member's private home or hospital room, this act protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

SEC. 7. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings.



AB-2449 Open meetings: local agencies: teleconferences. (2021-2022)

As Amends the Law Today

SECTION 1. Section 54953 of the Government Code, as amended by Section 3 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. ~~All votes taken during a teleconferenced meeting shall be by rollcall.~~ *If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:*

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference ~~locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.~~ *locations.* Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). ~~The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.~~

~~(4) For the purposes of this section, "teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.~~

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (~~Chapter 3-5 (Division 10~~ (commencing with Section ~~6250) of Division 7 of 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.~~

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) ~~A~~ *The legislative body of a* local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

~~(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter:~~

~~(B) (A) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.~~ In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. ~~This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.~~

~~(C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency:~~

~~(D) (B)~~ In the event of a disruption ~~which that~~ prevents the ~~public agency~~ *legislative body* from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control ~~which that~~ prevents members of the public from offering public comments using the call-in option or internet-based service option, the *legislative* body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or

internet-based service option is restored. Actions taken on agenda items during a disruption ~~which that~~ prevents the ~~public agency legislative body~~ from broadcasting the meeting may be challenged pursuant to Section 54960.1.

~~(E) (C)~~ The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time. ~~This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.~~

~~(F) (D)~~ Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

~~(G) (E)~~ (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

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

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

(4) This subdivision shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(f) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(g) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(h) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(i) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(j) For the purposes of this section, the following definitions shall apply:

(1) "Emergency circumstances" means a physical or family medical emergency that prevents a member from attending in person.

(2) "Just cause" means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. "Child," "parent," "grandparent," "grandchild," and "sibling" have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (g).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) "Remote location" means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (f), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) "Remote participation" means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

~~(4)~~ (5) ~~For the purposes of this subdivision, "state of~~ "State of emergency" means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(6) "Teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(7) "Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(8) "Two-way telephonic service" means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(9) "Webcasting" means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

~~(k)~~ (k) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

[REDACTED]

[REDACTED]

[REDACTED]

SEC. 4. Section 54954.2 of the Government Code is amended to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) "Integrated agenda management platform" means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) "Legislative body" has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(4) To consider action on a request from a member to participate in a meeting remotely due to emergency circumstances, pursuant to Section 54953, if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The legislative body may approve such a request by a majority vote of the legislative body.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

[REDACTED]

[REDACTED]



Back to the Boardroom: California Local Agency Teleconferencing Rules for 2023 and Beyond

10.25.2022 | By **Ashley K. Dunning, Benjamin Z. Rubin, Alfred E. Smith II**

With Governor Newsom's announcement that the COVID-19 State of Emergency will be lifted in California effective February 28, 2023, many local public agencies are considering their next steps for returning to their boardrooms next year.

Recall that on September 16, 2021, Governor Newsom signed Assembly Bill 361 (2021-2022) (AB 361), which incorporated into California state law some aspects of the teleconferencing rules that had applied by Executive Order to local public agencies during the COVID-19 pandemic. However, AB 361 provides that it sunsets on January 1, 2024.

Benefits of operating under AB 361 during the COVID-19 pandemic, as opposed to under the normal open meeting laws, included the following:

- Agendas did not need to be posted at all teleconference locations;
- Each teleconference location did not need to be identified in the notice and agenda of the meeting;
- Each teleconference location did not need to be accessible to the public; and
- A quorum of the members of the legislative body did not need to participate in the meeting from locations within the boundaries of the territory over which the public agency exercises jurisdiction.

If the COVID-19 State of Emergency in fact ends on February 28, 2023, AB 361 may only continue to be invoked if:

- State or local officials have imposed or recommended measures to promote social distancing; and

- The Legislative Body has continuously made the 30-day renewal findings and continues to do so going forward.

Meanwhile, Governor Newsom signed Assembly Bill 2449 (2021-2022) (AB 2449) on September 16, 2022, and it amends the Brown Act further, effective from January 1, 2023 through the end of 2025. As of that date, its special teleconferencing rules are also repealed.

AB 2449 authorizes local public agencies to use teleconferencing under more rigorous requirements than under AB 361, but the rules are still more relaxed than prior to the COVID-19 pandemic. For example, under AB 2449, members of a public agency board may continue to use teleconferencing without complying with the requirements that: (1) the agency notice each teleconference location of each member who will be participating in the meeting; (2) each teleconference location be accessible to the public; and (3) members of the public be allowed to address the board at each teleconference location.

However, to use the AB 2449 teleconferencing rules, at least a quorum of the board members must be present together physically within the jurisdiction of the board. Also, a board member may teleconference only if there is “just cause” or an “emergency circumstance,” both of which are defined by law and outlined below. Further, unlike with “just cause,” the board must by majority vote affirm that an “emergency circumstance” situation does exist.

AB 2449 defines “just cause” as restricted to the following:

- A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse or domestic partner that requires them to participate remotely;
- A contagious illness that prevents a member from attending in person;
- A need related to a physical or mental disability, as defined; or
- Travel while on official business of the board’s agency or another state or local agency.

In addition to meeting the statutorily required criteria, a board member who intends to participate via teleconference must notify the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of the need to participate remotely for just cause and provide a general description of the circumstances relating to their need to appear remotely at the given meeting. AB 2449 prohibits a board member from participating via teleconference for “just cause” for more than two meetings in a calendar year.

AB 2449 defines an “emergency circumstance” as “a physical or family medical emergency that prevents a member from attending in person.” To invoke the “emergency circumstance” situation, the following procedural requirements must also be satisfied:

1. “The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability or any personal medical information that is already exempt under existing law”
2. A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

3. The board must take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place the proposed action to such a request on the posted agenda for the meeting for which the request is made, the board may take action at the beginning of the meeting.

In addition, two other conditions apply under AB 2449 if a board member is permitted to teleconference for either “just cause” or “emergency circumstances”:

1. “The member shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member and the general nature of the member’s relationship with any such individuals.”
2. “The member shall participate through both audio and visual technology.” That is, a board member who attends by teleconference must be both audible and visible to those attending.

Further, AB 2449 does not permit its teleconferencing rules to be invoked by any board member for more than three consecutive months or 20 percent of the regular meetings of the board within a calendar year if the board meets at least 10 times per calendar year (in addition to the limitation on “just cause” exceptions invoked by a board member to no more than two meetings per calendar year).

Finally, to invoke AB 2449 teleconferencing rules, the agency must:

1. Provide at least one of the following means by which the public may remotely hear and visually observe the meeting and remotely address the board:
 - A two-way audiovisual platform
 - A two-way telephonic service and a live webcasting of the meeting;
2. In the agenda, identify how to provide public comment and identify and include an opportunity for all persons to attend and address the board directly “via a call-in option, via an internet-based service option and at the in-person location of the meeting”;
3. Pause the meeting when there is a teleconference disruption; and
4. Implement a procedure for receiving and swiftly resolving requests for reasonable accommodations for individuals with disabilities and provide notice of this procedure in notifications and agendas for the meeting.

A Final Note

As stated, the State of Emergency due to the COVID-19 pandemic is scheduled to end on February 28, 2023. This will significantly impact the ability for boards to continue to meet under the authorization and procedures established by AB 361 before it sunsets at the end of 2023. As such, public agencies should prepare to return to the boardroom and also evaluate their ability to comply with the new AB 2449 requirements should a board member need to participate via teleconference because there is “just cause” or an “emergency circumstance.”

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In-depth

AB 2449 changes remote attendance rules under Ralph M. Brown Act's Opening Meeting Laws

At a Glance...

On September 13, 2022, California Governor Gavin Newsom signed California Assembly Bill 2449 (AB 2449) into law. With an effective date of January 1, 2023, AB 2449 imposes four periods of differing rules on remote access to, and member attendance of, local agency public meetings under the Ralph M. Brown Act (Brown Act). This client alert provides a summary of the differing rules for the four specified periods and provides some practical considerations.

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Capability: California Public Pension Practice; and Local Agency Open Meetings

Read time approx: **12 minutes** (2,391 words)

Brown Act Teleconferencing Rules Over the Next Five Years

Now until Jan. 1, 2023 – Traditional Brown Act Rules and AB 361

AB 2449 was not passed as an urgency legislation and has an effective date of January 1, 2023. Until its effective date, the legislative bodies of local public agencies may continue to meet virtually under either:

1. Traditional Brown Act teleconferencing rules that require a quorum of the legislative body to meet in person in the agency's jurisdiction, the posting of the members' remote location on the legislative body's meeting notice and agenda, and public access to each teleconferencing location; or
2. AB 361's abbreviated teleconferencing procedures, which require that the local agency's legislative body makes the following factual determinations by majority vote to justify remote or virtual meetings:
 - a. That a proclaimed state of emergency exists, and either:
 - i. State or local officials have imposed or recommended social distancing measures, or
 - ii. As a result of a proclaimed state of emergency, meeting in person would present imminent risks to the health and safety of attendees.

Jan. 1, 2023 to Jan. 1, 2024 – Traditional Brown Act Rules, AB 361, and New Rules under AB 2449

Section 1 of AB 2449 specifies the requirements and procedures for local legislative bodies to hold remote public meetings for calendar year 2023. Gov't Code § 54953(k). Effective January 1, 2023, AB 2449 amends the Brown Act's teleconferencing rules and adds a new alternative for abbreviated teleconferencing procedures that does not require a proclaimed state of emergency. During this period, local legislative bodies may hold virtual, remote public meetings under one of the following alternatives:

1. Traditional Brown Act teleconferencing rules; or
2. AB 361's abbreviated teleconferencing rules described above; or

3. AB 2449's new teleconferencing rules specified in new subdivision (f) of Government Code section 54953 of the Brown Act.

However, if and when the Governor lifts the proclaimed state of emergency due to the COVID-19 pandemic, the legislative bodies of local agencies will no longer be able to rely on AB 361's provisions and will be left only with traditional Brown Act teleconferencing rules and AB 2449's new teleconferencing rules for virtual, remote meetings.

AB 2449's new teleconferencing rules provide a hybrid model of physical and remote attendance for members of local legislative governing bodies, under certain specified circumstances.

As a threshold matter, AB 2449 requires that at least a quorum of members of the local legislative body participate in person from a single physical, public location clearly identified on the agenda and within the local agency's territorial jurisdiction. Gov't Code § 54953(f)(1). Unless there is a physical quorum of members present, the governing body may not utilize AB 2449.

If the physical attendance quorum requirement is met, AB 2449 permits a member who is not physically present to request virtual attendance at the local legislative body's meeting under two circumstances: (1) for "just cause" and (2) due to "emergency circumstances". Both "just cause" and "emergency circumstances" are defined under the statute.

1. A Member's Request to Attend Virtually for "Just Cause"

Request Timing and Procedure: Under AB 2449, in order to attend remotely for "just cause," a member must (1) notify the local agency's legislative body at the earliest opportunity of their need for such participation, and (2) provide a general description of the circumstances justifying their virtual attendance. Gov't Code § 54953(f)(2)(A)(i). The statute allows a member to make their notification as late as the start of a regular meeting of the local legislative body. *Id.* The legislative body does not need to take action to allow its member to attend the meeting virtually under such circumstances. *See id.*

Qualifying Reasons as "Just Cause": AB 2449 provides a list of reasons that qualify as "just cause" under its provisions. Specifically, a member has "just cause" for remote participation when:

- There is a childcare or caregiving need (for a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner) that requires the member to participate remotely (Gov't Code § 54953(j)(2)(A));
- A contagious illness prevents the member from attending the meeting in person (*Id.*, subd. (j)(2)(B));
- There is a need related to a defined physical or mental disability that is not otherwise accommodated for (*Id.*, subd. (j)(2)(C)); or
- Traveling while on official business of the legislative body or another state or local agency (*Id.*, subd. (j)(2)(D)).

Number of Instances Permitted: A member is limited to two virtual attendances based on "just cause" per calendar year. Gov't Code § 54953(f)(2)(A)(i).

2. A Member's Request to Attend Virtually Due to an Emergency

- **Request Timing and Procedure:** A member of the legislative body must make a request to the body to allow the member to meet remotely due to an emergency circumstance, and further must provide a general description of the circumstance justifying such attendance. Gov't Code § 54953(f)(2)(A)(ii). The member seeking to appear remotely must make the request "as soon as possible," and shall make a separate request for each meeting in which they seek to participate remotely. *Id.*, subd. (f)(2)(A)(ii)(I).

If the request does not allow sufficient time to be placed on the agenda as a proposed action item, then the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of section 54954.2 of the Brown Act. *Id.*, subd. (f)(2)(A)(ii)(II). Unlike a request for remote attendance for "just cause," a request from a member to attend remotely due to an emergency circumstance requires that the legislative body take action and approve the remote attendance at the start of the meeting for the member to be allowed to participate remotely for that meeting. *Id.*, subd. (f)(2)(A)(ii).

- **Qualifying Reasons as an "Emergency Circumstance":** AB 2449 defines "emergency circumstances" as "a physical or family medical emergency that prevents a member from attending the meeting in person." Gov't Code § 54953(j)(1). A member is not required to disclose any medical diagnosis or disability, or any personal medical information that is already exempt from existing law. *Id.*, subd. (f)(2)(A)(ii).

3. Additional Requirements for a Member Participating Remotely: In addition to making a request either for "just cause" or due to an "emergency circumstance" for remote appearance, AB 2449 imposes the following three additional requirements on legislative body members seeking to appear remotely at public meetings:

- Before any action is taken during the meeting, the member must publically disclose whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the

general nature of the member's relationship with any such individuals. Gov't Code § 54953(f)(2)(B).

- A member of the legislative body participating from a remote location **must** participate through **both** audio and visual technology. *Id.*, subd. (f)(2)(C).
- A member's remote participation cannot be for more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year. *Id.*, subd. (f)(3). And if the legislative body regularly meets fewer than 10 times per calendar year, a member's participation from a remote location cannot be for more than two meetings. *Id.*

4. Technological Requirements for Virtual Meetings: Assuming the above substantive requirements for virtual meetings are met under AB 2449, the new law provides the following technical specifications for information posted on the meeting's notice and agendas, and for the conduct of the virtual public meeting:

- **Notice, agenda, and public access:** The legislative body must provide either a two-way audiovisual platform or a two-way telephonic service and a live webcasting of the meeting so that the public may remotely hear, observe, and address the legislative body during the meeting. Gov't Code § 54953(f)(1)(A). The legislative body must also provide notice and post agendas as otherwise required under the Brown Act (setting aside traditional teleconferencing requirements) and must indicate on the notice how the public may access the meeting and offer comment. *Id.*, subd. (f)(1)(B). The agenda must identify and include an opportunity for all persons to attend via a call-in option, an internet-based service option, and at the in-person location of the meeting. *Id.*, subd. (f)(1)(C). The agenda does not need to be posted at all teleconferencing locations. *Id.*, subd. (f)(1). Public access only needs to be assured at the teleconference location identified as the singular physical location at which a quorum of the legislative body will conduct the meeting, and the notices and agenda do not need to list the individual remote locations that members of the legislative body might attend the meeting from. *Id.*
- **Public comment:** An individual may be required to register for public comment before being allowed to provide public comment, where a third-party platform (such as Zoom or Microsoft Teams) is employed. Gov't Code § 54953(f)(1)(F). However, AB 2449 prohibits a local legislative body from requiring public comments to be submitted in advance of the meeting and specifies that the agency must provide an opportunity for the public to address the legislative body and offer comment in real time. *Id.*, sub. (f)(1)(E). These requirements are similar to those currently provided under AB 361.
- **Disrupted broadcasting procedures:** In the event that the broadcasting of the meeting to the public by phone or by Internet is disrupted, the local legislative body is prohibited from taking further action on agenda items until public access is restored. Gov't Code § 54953(f)(1)(D). Actions taken on agenda items during a disruption are subject to challenge. *Id.* These requirements are also similar to those currently provided under AB 361.

Jan. 1, 2024 to Jan. 1, 2026 – Traditional Brown Act Rules and New Rules under AB 2449

Section 2 of AB 2449 becomes operative on January 1, 2024, which is the date that AB 361 is scheduled to sunset. Accordingly, effective January 1, 2024, local legislative bodies will only have the traditional Brown Act teleconferencing rules and AB 2449's new rules for teleconferencing for "just cause" or due to "emergency circumstances" as options for remote meetings for this period. As a result of AB 361's sunset date, the provisions of AB 2449 will move from subdivision (f) of Gov't Code section 54953 to subdivision (e) of the same statute. This marks a trend towards moving the meetings of local agencies towards in-person meetings and allowing virtual attendance based on need only, as discussed above.

Section 2 of AB 2449 is also scheduled to sunset on January 1, 2026.

Jan. 1, 2026 and Onward – Traditional Brown Act Rules

Section 3 of AB 2449 becomes operative on January 1, 2026. Once AB 2449 sunsets on January 1, 2026, the available teleconferencing rules revert to those provided under the traditional Brown Act teleconferencing rules. Thus, in order for a legislative body to hold a remote meeting under the relevant part of the traditional Brown Act teleconferencing rules, they must do the following:

1. All votes must be by roll call vote;
2. The teleconference locations must be posted on the agendas and each teleconference location must be identified on the notice and agenda of the meeting or proceeding;
3. Each teleconference location must be made accessible to the public; and
4. During the teleconference, at least a quorum of the members of the legislative body must participate from locations within the boundaries of the legislative body's territorial jurisdiction.

Practical considerations

Under AB 2449's new teleconferencing rules, in effect from Jan. 1, 2023 to Jan. 1, 2026, it is important to coordinate amongst members of the local legislative body to ensure that a physical quorum is secured ahead of each meeting. Moreover, any request for a member to participate remotely under AB 2449 – either for “just cause” or due to a specified “emergency circumstance” should be stated on the record at the beginning of each public meeting. If a member seeks to participate due to a specified “emergency circumstance” and the legislative body votes not to accept the basis for virtual attendance under AB 2449, then that member may only participate as a general member of the public and cannot vote on any action item.

AB 2449's requirements for providing a general description of “just cause” or an “emergency circumstance” will require that the legislative body delicately balance the need for transparency with the need to participate remotely against the member's privacy interest. Therefore, whether a reason is justified under the statute may be up for debate at the start of the meeting. Any justification for virtual attendance must be clearly stated on the record to meet the three requirements of AB 2449:

1. Justification for the need to appear virtually – either for “just cause” or due to an “emergency circumstance”;
2. A public affirmation of whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individual(s); and
3. A statement that the member will participate with both audio and video capabilities turned on throughout the meeting (video cannot be turned off).

Lastly, AB 2449 is going to require a lot of administrative support and record-keeping of:

- Which member has made a request to appear remotely under AB 2449's procedures.
- How many times each member has appeared remotely under its terms.
- The member's reason for appearing remotely, and any action taken by the legislative body.
- Whether staff can confirm ahead of each meeting that there will be a physical quorum of members for any given meeting, and who will be in physical attendance.

Understanding how to comply with and administer AB 2449's myriad of provisions can be complicated. If you need assistance with interpreting the provisions and implementing AB 2449, please do not hesitate to reach out to the counsel listed with this client alert.

If you have questions or would like additional information on the material covered in this Alert, please contact one of the authors – listed below – or the Reed Smith lawyer with whom you regularly work.



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Global Commercial Disputes

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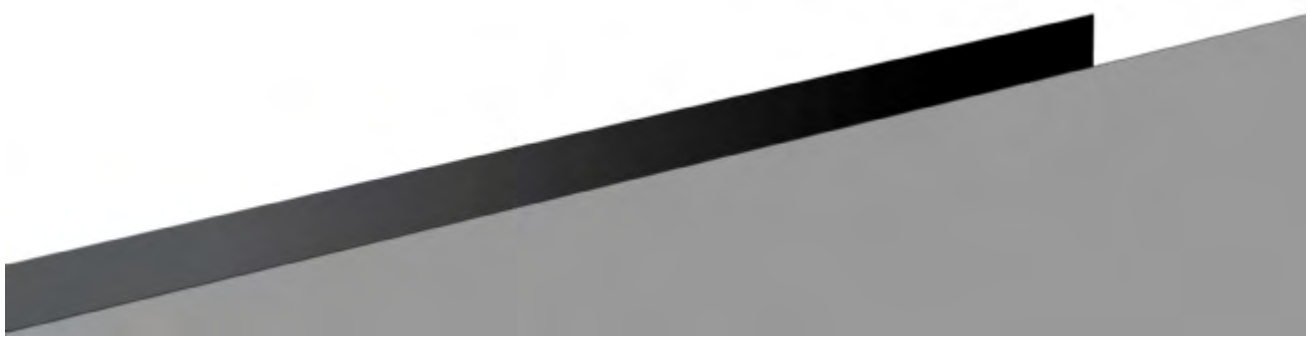
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KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: November 2, 2022
To: Board of Retirement, Trustees
From: Jennifer Esquivel Zahry, Chief Legal Officer
Subject: **Special Pay – KLEA Housing Allowance**

Introduction

The applicable laws governing KCERA entrusts the determination on pay code pensionability with its Board of Retirement. KCERA's Administration of Special Allowances Initiated by KCERA Plan Sponsors Policy ("the Policy") outlines how your Board designates special pays for its Plan Sponsors. (See attached Policy for reference).

Under the Policy, the Chief Executive Officer implements your Board's determinations on whether Special Pays are considered included in or excluded from "compensation earnable" or "pensionable compensation." The Policy differentiates between Special Pays that are like existing pay types and those that are unique:

1. If a new Special Pay is substantially similar to a Special Pay previously considered and approved by the Board, the Chief Executive Officer is authorized to notify the plan sponsor of the classification without obtaining prior approval from the Board. All newly created Special Pays classified by the Chief Executive Officer will be reported to the Board on the consent agenda of the Regular Board meeting following the classification.
2. If a new Special Pay requested by a plan sponsor is unusual, unique, or does not resemble a Special Pay previously approved by the Board, the Chief Executive Officer will present the Special Pay to the Board to determine whether it should be classified as pensionable or not.

Most Special Pays initiated by KCERA Plan Sponsors resemble existing pay allowances and are therefore presented to your Board via the consent agenda. When a Special Pay, like the attached Housing Allowance, is sufficiently distinct from other KCERA allowances, the Policy requires Staff to place the matter on the regular agenda for your Board's consideration.

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Analysis - Designation of Housing Allowance Special Pay

The CEO, in consultation with the Chief Legal Officer, recommend the Housing Allowance Special Pay be designated as non-pensionable for several reasons:

1. **Not Compensation.** The item is not considered “compensation” as that term is defined in the CERL.
 - a. “Compensation” means the remuneration paid in cash out of county or district funds, plus any amount deducted from a member’s wages for participation in a deferred compensation plan ... [citations omitted] but *does not include the monetary value of board, lodging, fuel, laundry, or other advantages furnished to a member.* (Cal. Gov. Code §31460).
 - b. The Housing Allowance cannot be included as compensation. *Alameda County Deputy Sheriff’s Assoc. et al., v. Alameda County Employees’ Retirement Assn., et al.* (2020) 9 Cal.5th 1032 [266 Cal.Rptr.3d 381, 389, 470 P.3d 85, 91]. (“*Alameda Exclusion*”).
 - i. The *Alameda* decision excluded items from the pension calculation that were used to pay in-kind benefits that could not be received in cash.
 - ii. Although the Housing Allowance will be paid in cash, the Side Letter Agreement supplied by the County makes clear that its monetary value is to be used to pay for housing. The Side Letter sets forth specific eligibility requirements, including proof of a one-year or longer lease agreement or home purchase within the specified areas of Kern County. Such requirements demonstrate that the allowance cannot be kept as cash to the member. As a result, the allowance is an in-kind benefit excluded from “compensation” under the *Alameda* decision.
 - iii. The Side Letter further confirms that the value of the housing allowance is not considered a “wage payment” (See Side Letter at paragraph 3(b)(iii)).
2. **Excluded from Pensionable Compensation (PEPRA Members):**
 - a. Definition: “‘Pensionable compensation’ of a new member of any public retirement system means the *normal monthly rate of pay or base pay* of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a fulltime basis during normal working hours, pursuant to publicly available pay schedules, subject to the limitations of subdivision (c).” (Cal.Gov. Code section 7522.34 emphasis added).
 - b. To the extent the Housing Allowance may be considered “compensation,” it is excluded from the definition of Pensionable Compensation and therefore not pensionable.
 - i. Section 7522.34(c): “Notwithstanding any other law, ‘pensionable compensation’ of a new member *does not include* the following:
 - 1) Section 7522.34(c)(1) Any compensation determined by the board to have been paid to increase a member’s retirement benefit under that system.

- 2) Section 7522.34(c)(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
 - 3) Section 7522.34(c)(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
 - 4) Section 7522.34(c)(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.
3. **Excluded from Compensation Earnable** (Legacy Members):
- a. “Compensation Earnable’ means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay....” (Cal. Gov. Code section 31461).
 - b. To the extent the Housing Allowance may be considered “compensation,” it should be excluded from the definition of Compensation Earnable and therefore not pensionable.
 - i. Section 31461(b) “Compensation earnable” does not include, in any case, “Any compensation determined by the board to have been paid to enhance a member’s retirement benefit under that system.” (Cal. Gov. Code 31461(b)(1)).

Recommendation

Based on the sources cited above and contained in the agenda item materials, Staff recommends your Board designate the Housing Allowance non-pensionable for all members.

SPECIAL PAY CODE – NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
KLEA	HA	Housing Allowance-KLEA EXCLUDED FOR ALL MEMBERS	“Housing allowance for eligible employees to cover the expenses of housing in rural areas in which they are assigned to work.” -KLEA Side Letter Agreement #582-2022, effective 10/22/2022	<i>Compensation does not include the “monetary value of board.” CERL Cal. Gov. Code §31460</i> <i>Only items included in “compensation” are evaluated for inclusion in “compensation earnable.” CERL Cal. Gov. Code §31460; §31461; Alameda (2020) 9 Cal.5th 1032; Marin (2016) 2 Cal.App.5th 674; In re Retirement Cases (2003) 110 Cal.App.4th 426; PEPPRA § 7522.34(c)(7)</i>

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 **NOT** CONSIDERED **COMPENSATION EARNABLE** FOR APPLICABLE MEMBERS (MEMBERSHIP BEFORE 1/1/2013).

<u>CODE</u>	<u>SPECIAL ALLOWANCE</u>	<u>FULL LEGEND</u>
HA		HOUSING ALLOWANCE-KLEA

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>
HA		HOUSING ALLOWANCE-KLEA

**Side Letter Agreement
Between the County of Kern
and
Kern Law Enforcement Association**

Kern County
Agt. # 582-2022

This Side Letter Agreement between COUNTY OF KERN (hereafter "County"), a political subdivision of the State of California, and KERN LAW ENFORCEMENT ASSOCIATION (hereafter "KLEA"), (hereafter collectively referred to as "the Parties") after having met and conferred in good faith, includes the following mutually agreed to changes in terms and conditions of employment:

1. The County and the Kern County Sheriff's Office have an interest in providing a financial incentive for sworn law enforcement personnel to live within the outlying communities to which they are assigned to reduce and deter crime in those areas and have staff readily available to respond more quickly to emergent calls for service.
2. The Parties have met and conferred on a housing allowance designed to assist financially with the monthly expenses of living in the response areas of the Kern Valley, Mojave, Boron, Ridgecrest, Rosamond, and Frazier Park substations.
3. The Parties agree to a Housing Allowance in the amount of \$2,000 per month (prorated and paid biweekly) subject to the following terms and conditions:

a. Eligibility Requirements:

- i. Employee must be employed as a sworn Sheriff's Sergeant, Senior Deputy Sheriff, or Deputy Sheriff with the Kern County Sheriff's Office.
- ii. Employee must enter into a written one-year or longer apartment or house lease or must have documented proof of the purchase of a principal residence or domicile within the unincorporated sections of the response areas of the designated substations, including the incorporated City of Ridgecrest.
- iii. Employee must live within a qualifying substation response area and be assigned to that same qualifying substation or be assigned as the night area Sergeant for a qualifying substation response area.
- iv. Employee must maintain standard or above job performance.
- v. Employee must be willing and eligible to participate in the Personal Patrol Vehicle program administered according to Kern County Sheriff's Office policy.

b. Terms of Payment:

- i. The allowance is payable to only one individual employee per residence.
- ii. The allowance is for monthly housing expenses for the eligible primary residence or domicile in subsection 3(a)(ii) and is paid bi-weekly through County payroll.
- iii. The allowance is not considered a wage payment but is taxable income subject to applicable federal and state income taxes.

c. Termination of Allowance:

- i. The allowance shall be terminated immediately upon any of the following:
 1. Separation from the Kern County Sheriff's Office or initiation of terminal leave pending retirement.
 2. Failure to meet the eligibility requirements in Section 3 (a).
 - a. Employee may be reinstated if job performance returns to standard or above.
- d. Additional Terms:
 - i. Eligible employees must complete the Housing Allowance Authorization Form and submit it with copies of the lease or home purchase agreement (or other adequate documentation), attesting that they meet the eligibility terms of this Side Letter Agreement
 - ii. The Housing Allowance Authorization Form shall be routed through the chain of command to the Law Enforcement Bureau Chief Deputy for approval.
 - iii. Upon approval, the authorization form must be submitted to Sheriff's Office Human Resources and Financial Services.
 - iv. Employee must notify Sheriff's Office Human Resources immediately when the lease ends or the residence is sold, when moving outside the designated substation area in which they reside and/or work in, and if they move from a previously approved location.
 - v. If employee moves from an approved location to another qualifying location the employee must submit a new Housing Allowance Authorization form and provide proof of documentation.
 - vi. The Parties intend that the current practice of not displacing less-senior employees from substation assignments will continue in order to protect program participants from being displaced.
4. The terms of this Side Letter Agreement shall take effect October 22, 2022.
5. Except as specifically provided herein, all provisions, terms, and conditions in the current or successor MOU between County and KLEA shall remain in full force and effect. If any specific provision, term, or condition contained herein is in direct conflict with any provision, term, or condition of the current or successor MOU, the specific provision of this Agreement shall control.
6. No provision, term, or condition of this Agreement shall be modified, waived, changed, or terminated without written mutual agreement of the Parties.

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**KERN LAW ENFORCEMENT
ASSOCIATION:**



Timothy Caughron
President, KLEA

COUNTY OF KERN:



Chairman, Board of Supervisors

OCT 11 2022



Devin Brown
Chief Human Resources Officer



Approved as to Form
County Counsel

ADMINISTRATION OF SPECIAL ALLOWANCES
INITIATED BY
KCERA PLAN SPONSORS
(also known as "Special Pays Policy")

PURPOSE

- I. This policy establishes a procedure for the Kern County Employees' Retirement Association ("KCERA") to assess and review newly created special allowances (referred to as "Special Pay(s)") for inclusion in or exclusion from "compensation earnable" or "pensionable compensation" (as defined by California Government Code sections 31461 and 7522.34 respectfully).

Amendment(s) to Special Pays previously considered by KCERA's Board of Retirement ("Board") will be considered via recommended amendment(s) to the relevant Board Resolution and not via this Policy.

BACKGROUND

- II. The California Public Employees' Pension Reform Act of 2013 became effective January 1, 2013. Among other things, the new law altered the way the Board must calculate a "Legacy" member's "compensation earnable" and established how a "New" member's retirement allowance will be calculated. The terms reference in this Policy are described below:

A. **LEGACY MEMBER**

- Generally, the term describes members who became members of KCERA for the first time before January 1, 2013.

B. **NEW MEMBER (PEPRA MEMBER)**

- Generally, the term describes members who became members of KCERA for the first time on or after January 1, 2013.

C. **COMPENSATION EARNABLE**

- Applicable to Legacy members.
- Retirement pays are calculated under the provisions of the California Employees' Retirement Law of 1937 ("CERL") (Cal. Gov. Code section 31461).

D. PENSIONABLE COMPENSATION

- Applicable to New Members (also referred to as “PEPRA” members).
- Retirement pays are calculated under the provisions of the California Public Employees' Pension Reform Act of 2013 (“PEPRA.”) (Cal. Gov. Code section 7522.34).

E. SPECIAL ALLOWANCES (Special Pay(s))

- Refers to types or items of compensation made to members of KCERA during employment with a KCERA plan sponsor.

IMPLEMENTATION BY KCERA

III. The Chief Executive Officer of KCERA, with assistance from legal counsel, is responsible for implementing the determination(s) of KCERA’s Board of Retirement (“Board”) related to Special Pays considered included in or excluded from “compensation earnable” or “pensionable compensation.”

A. NEWLY CREATED SPECIAL PAYS

The Chief Executive Officer is authorized to examine new Special Pays submitted by KCERA’s plan sponsors and determine whether the proposed Special Pay should be classified as pensionable.

1. If a new Special Pay is substantially similar to a Special Pay previously considered and approved by the Board, the Chief Executive Officer is authorized to notify the plan sponsor of the classification without obtaining prior approval from the Board. All newly created Special Pays classified by the Chief Executive Officer will be reported to the Board on the consent agenda of the Regular Board meeting following the classification
2. If a new Special Pay requested by a plan sponsor is unusual, unique, or does not resemble a Special Pay previously approved by the Board, the Chief Executive Officer will present the Special Pay to the Board to determine whether it should be classified as pensionable or not.
3. In all cases, the Chief Executive Officer will keep the Board informed of significant Special Pay issues and challenges.

PLAN SPONSOR REPORTING REQUIREMENTS

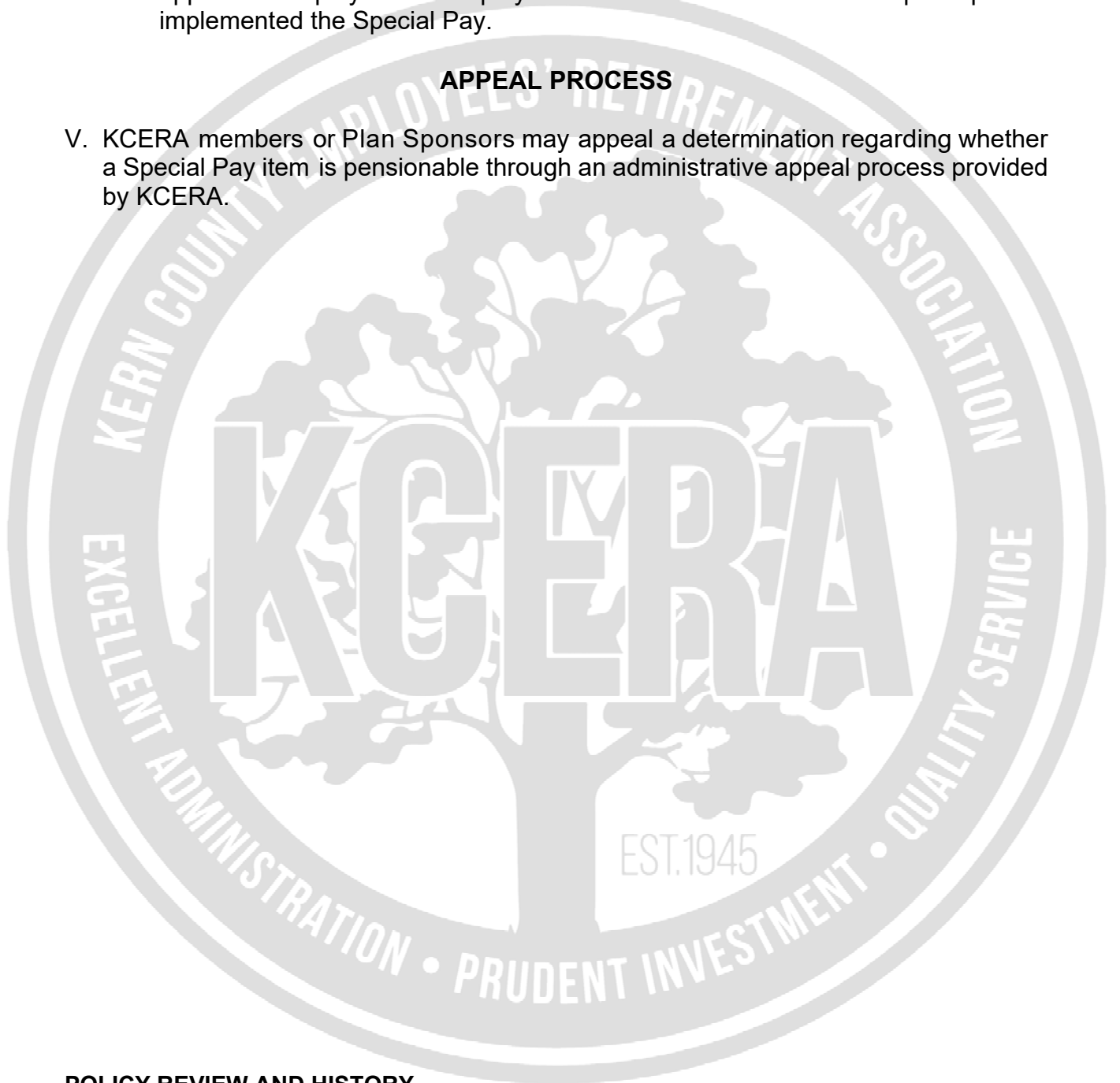
IV.

1. Before a Plan Sponsor begins utilizing a new Special Pay, it must complete and submit the Special Pay Code Request form to KCERA for review. KCERA staff will review the form for completeness, including documentation of eligibility for and job duties associated with the newly created Special Pay.

2. If KCERA staff is unable to classify the Special Pay before it is implemented by the plan sponsor or the plan sponsor institutes the Special Pay before submitting the Special Pay Request form to KCERA, the Special Pay will be designated as “non-pensionable” until KCERA is able to report the classification to the plan sponsor. If the Special Pay is later classified as pensionable, KCERA will collect applicable employee and employer contributions from the date the plan sponsor implemented the Special Pay.

APPEAL PROCESS

- V. KCERA members or Plan Sponsors may appeal a determination regarding whether a Special Pay item is pensionable through an administrative appeal process provided by KCERA.



POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on December 12, 2018.
 - b) Amended June 8, 2022.



CHIEF EXECUTIVE OFFICER'S REPORT

KCERA | DOMINIC D. BROWN | NOVEMBER 2022



OFFICE UPDATE

- Board Referrals:
 - Education to Board: Declining Employer Payroll and Employer Termination Policies
- Annual statements were issued for active and deferred members
- KCERA received the Public Pension Standards Award for Funding and Administration
- December 6 Trustee election – Members and stakeholders notified
- Staffing
- AED installed
- Solar Update – Architecture committee reviewing plans for parking lot solar
- Issued RFI for Portfolio Risk Analytics
- Extended RFP for Other Audit Services

OPERATIONS ACTIVITY

- Member Services
 - 20 new retirements and calculations
 - 29 death benefit calculations
 - 19 service-credit purchase calculations
 - 51 retirement estimates
 - 150 new active members
 - 99 terminations with disposition packets
 - 40 in-person appointments
 - 120 walk-ins
 - 728 phone calls
 - 160 emails
- Accounting & Reporting
 - Annual audit underway
- Information Technology
 - Annual Benefit Statement
 - New SRBR policy programming underway

UPCOMING EVENTS

- Finance Committee – No meetings currently scheduled
- Administrative Committee – Meeting November 16, 2022
- Investment Committee – No meetings currently scheduled
- KCERA Property, Inc. – Annual Shareholders' & Board of Directors meetings immediately following this meeting
- Board of Retirement – Next regular monthly meeting will be December 14
- Special Board Meeting – A meeting will be scheduled to address *Alameda* Decision Appeals from members



CIO REPORT

INVESTMENT PROGRAM UPDATE | November 2022

Rebalancing

OCTOBER ACTIVITY

- Public Equities
 - -20MM Alliance Bernstein EM
- Core Fixed Income
 - -25MM Western Asset High Yield
- Core Real Estate
 - -2MM ASB
 - -2MM JPMorgan



Public Equities: Reduced equity exposure, increasing the underweight position



Fixed Income: Reduced credit exposure, increasing the underweight position



Core Real Estate: Sold core real estate, reducing the overweight position

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Pol.
Public Equities	30.0%	37.0%	39.3%	-9.3%
Fixed Income	22.3%	24.0%	26.7%	-4.4%
Core	13.4%	14.0%	16.7%	-3.3%
Credit	5.2%	6.0%	6.0%	-0.8%
Emerging Market Debt	3.7%	4.0%	4.0%	-0.3%
Commodities	4.8%	4.0%	4.0%	0.8%
Hedge Funds	11.3%	10.0%	10.0%	1.3%
Alpha Pool	5.2%	5.0%	5.0%	0.2%
Midstream Energy	6.9%	5.0%	5.0%	1.9%
Core Real Estate	7.2%	5.0%	5.0%	2.2%
Private Real Estate	2.2%	5.0%	2.2%	0.0%
Private Equity	2.7%	5.0%	2.7%	0.0%
Private Credit	5.1%	5.0%	5.1%	0.0%
Opportunistic	3.1%	0.0%	0.0%	3.1%
Cash	-1.7%	-5.0%	-5.0%	3.3%

Positioning

ACTUAL VS POLICY TARGET

Key underweight position is **Public Equity**

Public Equity: underweight vs. policy target and adjusted policy target.

Core Fixed Income: below policy target and adjusted policy target.

Private Markets continues to be a key focus; the allocation should reach 15% target around 2026.

Private Equity and Private Real Estate underweights continue to be reallocated to other asset classes where we see better return opportunity, including **Commodities**, **Midstream**, **Core Real Estate**, and **Opportunistic**.

**Adjusted Policy Target: see example in the Appendix*

Key Initiatives



Enhancing return while managing risk

- Capital Efficiency program improvements
- Multi-asset research
- Opportunistic investments
- Private Markets
- Risk management tools—released an RFI
- Tail risk hedge research

Next meeting TBD

Investment Committee Meetings

The last IC meeting was held on August 3rd



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



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CLO Report November 2022

Discussion Items



Follow up – Purchase of
Federal Public Service



November Calendar



Federal Service Purchase

AB 1824 – Approved by Governor

- §31641.4 – AMENDED to clarify that purchase of federal public service is allowed where a federal law expressly allows such credit even when federal pension is provided for that service
- *Cal. Gov. Code §31641.4 disallows purchase of prior public service if member entitled to receive pension from prior public agency*



Title 10 U.S.C. §1336 (now 10 USCA §12736)

“No period of service included wholly or in part in determining a person's right to, or the amount of, retired pay under this chapter may be excluded in determining his eligibility for any annuity, pension, or old-age benefit, under any other law, on account of civilian employment by the United States or otherwise, or in determining the amount payable under that law, if that service is **otherwise properly credited under it.**”

State Law Preempted - Military Service

Cantwell v. San Mateo County (1980) 631 F.2d
631

- CERL and federal law in conflict
 - Federal law authorized credit for active service in both reserve military and county retirement plans while the CERL denied such double credit
- Federal law prevailed because it was enacted “pursuant to Congress's power to raise and maintain Armies and a Navy” and application of CERL section to military members conflicted with that purpose.

“Otherwise Properly Credited”

Association of Orange County Deputy Sheriffs v. County of Orange (1982) 138 Cal.App.3d 569

- No preemption where retirement system express excluded credit for prior federal service.
- Cal. Gov. Code §31641.95 – optional sections “such resolution may limit the applicability of such sections to any one or more of the public agencies as defined by section 31478.”

Similar Determinations

Almeida v. Retirement Bd. of Rhode Island Employees Retirement System (2000) 116 F. Supp. 2d 269

- Federal statute prevents states
 - from forcing former military personnel to choose between joining the reserves, qualifying for a military pension, but
 - not being able to purchase credit in the state retirement system for their prior military service, and not joining the reserves but being permitted to purchase retirement credit for their prior military service in the state retirement system.



Summary

- Applies to KCERA
- Members affected
 - Active members receiving or eligible to receive military pension

November Calendar

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