KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

August 6, 2026

Trustees, Board of Retirement
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, August 12, 2026, at 8:30 a.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

How to Participate: Listen to or View the Board Meeting
To listen to the live audio of the Board meeting, please dial one of the following numbers and enter ID# 817 5034 7500:

- (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/81750347500?pwd=3o8KoG4cDjdF14aAsTuHCbXcJbAPsQ.1
- Passcode: 487833

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

Dominic D. Brown
Chief Executive Officer

Attachments

❖ ***KCERA Board Agenda Notifications:*** *Sign up here on the KCERA website.*

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 Section 54953.2)

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to Administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

CALL TO ORDER

ROLL CALL (IN PERSON)

FLAG SALUTE / MOMENT OF SILENCE

SB 707 REMOTE APPEARANCE(S)
Item 1 withdrawn from agenda if no trustee(s) request to appear remotely:

1. Trustee(s) who have notified the Board of a "Just Cause" to attend this meeting via teleconference. (See Government Code Section 54953.8.3).

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.

*2. Application for service-connected disability retirement for Richard Griffee, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

*3. Application for service-connected disability retirement for Joseph Mehciz, Fire (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

*4. Application for service-connected disability retirement for Rudy Rangel, Human Services (General) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

*5. Application for non-service-connected disability retirement for Nicole England, Human Services (General) – ADOPT RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY RETIREMENT; MEMBER REQUIRED TO UNDERGO MEDICAL EXAMINATION IN 1 YEAR PER CAL. GOV. CODE 31729 ET SEQ. AND MEDICAL ADVISOR RECOMMENDATION

*6. Proposed Decision and Findings of Fact submitted by Richard Terzian for Veronica Mariscal, Risk Management (General) – ADOPT PROPOSED FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDATION OF HEARING OFFICER TO DENY APPLICATION FOR SERVICE-CONNECTED DISABILITY RETIREMENT AND GRANT NON-SERVICE-CONNECTED DISABILITY RETIREMENT

*7. Proposed Decision and Findings of Fact submitted by Richard Terzian for Ranna Lock, Sheriff (Safety) – REFER MATTER BACK WITH INSTRUCTIONS TO HEARING OFFICER FOR FURTHER PROCEEDINGS

*8. Proposed Decision and Findings of Fact submitted by Duane Bennett for David Norris, Sheriff (Safety) – REFER MATTER BACK WITH INSTRUCTIONS TO HEARING OFFICER FOR FURTHER PROCEEDINGS

*9. Summary of proceedings of the following meetings:

- June 2, 2026 Finance Committee
- June 2, 2026 Special Board of Retirement
- June 10, 2026 Board of Retirement
- June 23, 2026 Finance Committee

APPROVE

*10. Report from the KCERA office on new retirees processed during the months of June and July 2026 – RATIFY

*11. Securities Lending Earnings Summary Report from Deutsche Bank for the periods ending May 31 and June 30, 2026 – RECEIVE AND FILE

*12. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the months of May and June 2026 – RECEIVE AND FILE

*13. KCERA Class Action Proceeds Report from April 1 through June 30, 2026 from the Northern Trust Company – RECEIVE AND FILE

*14. Semiannual Report on Overpayment/Underpayment of Member Benefits for the period January through June 2026 – RECEIVE AND FILE

*15. Semiannual Report on Overpayment/Underpayment of Member Contributions for the period January through June 2026 – RECEIVE AND FILE

*16. KCERA Audited Schedules of Employer Allocations and Pension Amounts by Employer and Segal GASB 68 Actuarial Valuation Report based on June 30, 2025 Measurement Date for Employer Reporting as of June 30, 2026 – RECEIVE AND FILE

*17. Semiannual Report on Board of Retirement Trustee Education for the period ending June 30, 2026 – RECEIVE AND FILE

*18. 2026 KCERA Retirement Benefit Statement and Cover Letter Sample – RECEIVE AND FILE; APPROVE

*19. Invitation from NCPERS to trustees to attend the NCPERS Public Pension Funding Forum 2026, August 17-19, 2026, in Chicago, Illinois – APPROVE ATTENDANCE OF TRUSTEE AJAIB GILL

*20. Invitation from CALAPRS to trustees to attend the CALAPRS Principles of Pension Governance for Trustees Program, August 24-27, 2026, in Santa Barbara, California – APPROVE ATTENDANCE OF TRUSTEE JEFF FRAPWELL

*21. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting, September 17-18, 2026, in Sacramento, California – APPROVE ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

*22. Invitation from NCPERS for Administrative Services Officer Aimee Morton to attend the NCPERS 2026 Public Pension HR Summit, September 23-25, 2026 in Phoenix, Arizona – RECEIVE AND FILE

*23. Service provider evaluation period initiated pursuant to the KCERA Evaluation Period Policy – RATIFY

PUBLIC COMMENTS

24. 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.

MATTERS FOR CONSIDERATION
Staff recommendations are shown in caps after each item.

INVESTMENT MATTERS

25. Presentation and trustee education regarding Capital Efficiency Deep Dive, including discussion and appropriate action on proposed updates to KCERA's Investment Policy Statement, by Chief Investment Officer Daryn Miller, Investment Consultant Brian Kwan, Cerity Partners, and the Investment Committee – HEAR PRESENTATION; RECEIVE EDUCATIONAL TRAINING (15 MINUTES TRUSTEE EDUCATION CREDIT); APPROVE PROPOSED CHANGES TO KCERA'S INVESTMENT POLICY STATEMENT

FINANCIAL MATTERS

26. Discussion and appropriate action on KCERA's Regular Interest and Excess Interest Crediting Policy presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, and the Finance Committee – ADOPT PROPOSED EDITS TO KCERA'S REGULAR INTEREST AND EXCESS INTEREST CREDITING POLICY, RATIFY INTEREST CREDITED FROM DECEMBER 31, 2010 THROUGH JUNE 30, 2026, AND/OR TAKE OTHER APPROPRIATE ACTION

ADMINISTRATIVE MATTERS

27. Discussion and appropriate action regarding a special Board of Retirement election to fill the vacancy of the Alternate Seventh Member (Safety) seat due to the resignation of Trustee Dustin Contreras – PROVIDE DIRECTION TO STAFF; TAKE OTHER ACTION, AS APPROPRIATE

28. Discussion and appropriate action regarding designation of Board of Retirement Vice-Chair for remainder of calendar year 2026 due to the resignation of Chair Dustin Contreras – APPOINT VICE-CHAIR; TAKE OTHER ACTION, AS APPROPRIATE

EXECUTIVE STAFF REPORTS

29. Report from Chief Executive Officer – HEAR PRESENTATION

30. Report from Chief Investment Officer – HEAR PRESENTATION

31. Report from Chief Legal Officer – HEAR PRESENTATION

COMMITTEE REPORTS

32. Report from Committee Chairs:

    a. Administrative Committee: Hughes
    b. Finance Committee: Sanders
    c. Investment Committee: Whitezell

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION
Items 2-8 are withdrawn from Executive Session if approved on consent agenda:

2. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

Richard Griffee	Sheriff	(Safety)

3. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

Joseph Mehciz	Fire	(Safety)

4. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

Rudy Rangel	Human Services	(General)

5. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for non-service-connected disability retirement:

Nicole England	Human Services	(General)

6. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

Veronica Mariscal	Risk Management	(General)

7. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

Ranna Lock	Sheriff	(Safety)

8. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

David Norris	Sheriff	(Safety)

33. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9. (Number of potential cases: unknown).

34. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION

Determination of whether to initiate litigation pursuant to paragraph (4) of subdivision (c) and (d) of California Government Code Section 54956.9. (Number of potential cases: one).

35. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to Government Code Section 54957) – Title: Chief Executive Officer

RETURN TO PUBLIC SESSION:

- ROLL CALL TO CONFIRM QUORUM
- REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

36. 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

37. 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

38. Adjournment

SUMMARY OF PROCEEDINGS

Finance Committee Meeting

June 2, 2026

Committee Members: Contreras, Frapwell, Kaufman (Alternate), Mosqueda, Chair Sanders

CALLED TO ORDER: 2:31 P.M.

ROLL CALL (IN PERSON)

Present: Contreras, Frapwell, Kaufman, Mosqueda, Sanders

Absent: None

NOTE: The vote is displayed in bold below each item. For example, Contreras-Frapwell denotes Trustee Dustin Contreras made the motion and Trustee Jeff Frapwell seconded the motion.

SB 707 REMOTE APPEARANCE(S)
Item 1 withdrawn from agenda. No trustees appeared remotely.

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

*2. Memo from Deputy Director of Compliance Tarrah Shockley regarding application of the Actuarial Valuation to KCERA's Supplemental Retiree Benefit Reserve (SRBR) and Declining Employer Payroll Policies – RECOMMENDED THE BOARD OF RETIREMENT RECEIVE AND FILE

Frapwell-Contreras – 4 Ayes

*3. Agreement for Audit Services with UHY LLP – RECOMMENDED THE BOARD OF RETIREMENT AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT, SUBJECT TO LEGAL ADVICE AND REVIEW

Frapwell-Contreras – 4 Ayes

PUBLIC COMMENTS

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

MATTERS FOR CONSIDERATION

5. Discussion and appropriate action on KCERA's Regular Interest and Excess Interest Crediting Policy presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF OPERATONS OFFICER MATT HENRY HEARD; CHIEF LEGAL OFFICER JENNIFER ZARHY HEARD; TRUSTEES DUSTIN CONTRERAS AND JEFF FRAPWELL HEARD; MOLLY CALCAGNO, SEGAL, HEARD

   RECOMMENDED THE BOARD OF RETIREMENT ADOPT PROPOSED EDITS TO KCERA'S REGULAR INTEREST AND EXCESS INTEREST CREDITING POLICY, RATIFY INTEREST CREDITED FROM DECEMBER 31, 2010 THROUGH JUNE 30, 2026, AND/OR TAKE OTHER APPROPRIATE ACTION

   Frapwell-Contreras – 4 Ayes

6. Presentation on KCERA Organizational Landscape and Budget Governance by Chief Executive Officer Dominic Brown – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

   HEARD PRESENTATION

7. Discussion and appropriate action on the recommended FY 2026-2027 KCERA Operating Budget presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matt Henry, and Chief Financial Officer Angela Kruger – DIRECTOR OF INFORMATION TECHNOLOGY SECURITY TYSON HARLAN HEARD; CHAIR JOHN SANDERS HEARD; TRUSTEES DUSTIN CONTRERAS, JEFF FRAPWELL, AND JORDAN KAUFMAN HEARD

   RECOMMENDED THE BOARD OF RETIREMENT APPROVE

   Frapwell-Contreras – 4 Ayes

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

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

9. ADJOURNED: 3:49 P.M.

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Secretary, Board of Retirement

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Chair, Finance Committee

SUMMARY OF PROCEEDINGS

Special Board of Retirement Meeting

June 2, 2026

Board Members: Chair Contreras (Alternate), Couch, Frapwell, Gill, Vice-Chair Hughes, Kaufman, Kratt, Mosqueda, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell

CALLED TO ORDER: 1:08 P.M.

ROLL CALL (IN PERSON)

Present: Contreras, Couch, Frapwell, Gill, Hughes, Kaufman, Kratt, Mosqueda, Nunneley, Sanders, Seibly, Whitezell

Absent: None

FLAG SALUTE: TRUSTEE DUSTIN CONTRERAS

MOMENT OF SILENCE

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

SB 707 REMOTE APPEARANCE(S)
Item 1 withdrawn from agenda. No trustees appeared remotely.

PUBLIC COMMENTS

2. 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

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

3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

   Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9. (Number of potential cases: unknown).

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED IN PUBLIC SESSION AT 2:01 P.M.

ROLL CALL
To establish quorum present upon resuming public session

Present: Contreras, Couch, Frapwell, Gill, Hughes, Kaufman, Kratt, Mosqueda, Nunneley, Sanders, Seibly, Whitezell

Absent: None

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 3 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

4. 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

5. ADJOURNED: 2:02 P.M.

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Secretary, Board of Retirement

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Chair, Board of Retirement

SUMMARY OF PROCEEDINGS

Board of Retirement Meeting

June 10, 2026

Board Members: Chair Contreras (Alternate), Couch, Frapwell, Gill, Vice-Chair Hughes, Kaufman, Kratt, Mosqueda, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell

CALLED TO ORDER: 8:31 A.M.

ROLL CALL (IN PERSON)

Present: Contreras, Frapwell, Gill, Kratt, Mosqueda, Seibly, Whitezell

Absent: Couch, Hughes, Kaufman, Nunneley, Sanders

FLAG SALUTE: TRUSTEE TYLER WHITEZELL

MOMENT OF SILENCE

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

SB 707 REMOTE APPEARANCE(S)
Item 1 withdrawn from agenda. No trustees appeared remotely.

CONSENT MATTERS

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

*2. Summary of proceedings of the following meetings:

- April 28, 2026 Administrative Committee
- April 28, 2026 Investment Committee
- April 28, 2026 Special Board of Retirement
- May 6, 2026 Board of Retirement

RECEIVED AND FILED

*3. Report from the KCERA office on new retirees processed during the month of May 2026 – RATIFIED

Frapwell-Kratt – 5 Ayes

*4. Securities Lending Earnings Summary Report from Deutsche Bank for the period ending April 30, 2026 – RECEIVED AND FILED

Frapwell-Kratt – 5 Ayes

*5. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of April 2026 – RECEIVED AND FILED

Frapwell-Kratt – 5 Ayes

*6. Invitation from Cerity Partners for Chief Investment Officer Daryn Miller to attend the Cerity Partners Institutional Client Summit, July 20-21, 2026 in Seattle, Washington – RECEIVED AND FILED

Frapwell-Kratt – 5 Ayes

*7. Invitation from State Association of County Retirement Systems (SACRS) to trustees to attend the SACRS UC Berkeley Program 2026, July 19-22, 2026, in Berkeley, California – APPROVED ATTENDANCE OF TRUSTEES JOSEPH D. HUGHES AND ROCIO MOSQUEDA

Frapwell-Kratt – 5 Ayes

*8. Agreement for Audit Services with UHY LLP – AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT, SUBJECT TO LEGAL ADVICE AND REVIEW

Frapwell-Kratt – 5 Ayes

*9. Amendment 2 to Agreement for Investment Consulting Services with Albourne America – AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT, SUBJECT TO LEGAL ADVICE AND REVIEW

Frapwell-Kratt – 5 Ayes

*10. Proposed updates to KCERA's Investment Policy Statement (IPS) – RATIFIED CHANGES

Frapwell-Kratt – 5 Ayes

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

Frapwell-Kratt – 5 Ayes

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

Frapwell-Kratt – 5 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

MATTERS FOR CONSIDERATION

Staff recommendations are shown in caps after each item.

INVESTMENT MATTERS

14. Presentation on the 2H 2025 Private Markets Performance Report by Chief Investment Officer Daryn Miller, Investment Consultants Andrea Auerbach, Kelly Jensen, Keirsten Lawton, Maria Surina, and Mark Mallory, Cambridge Associates[1] – CHIEF INVESTMENT OFFICER DARYN MILLER HEARD; KELLY JENSEN, ANDREA AUERBACH, MARK MALLORY, KEIRSTEN LAWTON, AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD

TRUSTEE JOHN SANDERS ARRIVED AT 8:34 AM

TRUSTEE DAVID COUCH ARRIVED AT 9:06 AM

RECEIVED AND FILED

Kratt-Whitezell – 7 Ayes

15. Presentation on the 1st Quarter Investment Performance Review period ending March 31, 2026 by Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners – SCOTT WHALEN AND BRIAN KWAN, CERITY PARTNERS, HEARD

RECEIVED AND FILED

Kratt-Frapwell – 7 Ayes

16. Presentation on the 1st Quarter 2026 Portfolio Review by Investment Consultant Spencer Edge, Albourne America[2] – CHIEF INVESTMENT OFFICER DARYN MILLER HEARD; SPENCER EDGE, ALBOURNE AMERICA, HEARD

RECEIVED AND FILED

Frapwell-Kratt – 7 Ayes

FINANCIAL MATTERS

17. Presentation on KCERA Organizational Landscape and Budget Governance by Chief Executive Officer Dominic Brown – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

HEARD PRESENTATION

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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 Sections 7928.710, 7922.000, and 54957.5

2 Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code Sections 7928.710, 7922.000, and 54957.5

18. Discussion and appropriate action on the recommended FY 2026-2027 KCERA Operating Budget presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matt Henry, Chief Financial Officer Angela Kruger, and the Finance Committee – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF OPERATIONS OFFICER MATT HENRY HEARD; CHIEF FINANCIAL OFFICER ANGELA KRUGER HEARD; TRUSTEES DAVID COUCH, AJAIB GILL, RICK KRATT, ROBB SEIBLY, AND TYLER WHITEZELL HEARD

APPROVED

Frapwell-Gill – 7 Ayes

ADMINISTRATIVE MATTERS

19. Trustee education on KCERA's Legislative Policy presented by Chief Legal Officer Jennifer Zahry – CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; CHAIR DUSTIN CONTRERAS HEARD

RECEIVED EDUCATIONAL TRAINING (11 MINUTES TRUSTEE EDUCATION CREDIT)

EXECUTIVE STAFF REPORTS

20. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- OPERATIONS ACTIVITY
- MEMBER OUTREACH AND EDUCATION
- UPCOMING EVENTS

CHAIR DUSTIN CONTRERAS HEARD; TRUSTEE AJAIB GILL HEARD

HEARD PRESENTATION

21. Report from Chief Investment Officer

CHIEF INVESTMENT OFFICER DARYN MILLER REPORTED THE FOLLOWING:

- MARKET COLOR
- POSITIONING
- REBALANCING
- DELEGATION
- CLOSED INVESTMENTS

TRUSTEE ROBB SEIBLY HEARD

HEARD PRESENTATION

TRUSTEE AJAIB GILL LEFT AT 10:53 AM

22. Report from Chief Legal Officer

DEPUTY CHIEF LEGAL OFFICER KRISTEN MCDONALD REPORTED THE FOLLOWING:

- LEGISLATIVE UPDATE

TRUSTEE AJAIB GILL RETURNED AT 10:59 AM

HEARD PRESENTATION

COMMITTEE REPORTS

23. Report from Committee Chairs:

a. Administrative Committee: HUGHES – NONE

b. Finance Committee: SANDERS – MEETING ON JUNE 23

c. Investment Committee: WHITEZELL – NONE

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

24. 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

TRUSTEE ROBB SEIBLY HEARD

NEW BUSINESS

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

26. ADJOURNED: 11:02 A.M.

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Secretary, Board of Retirement

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Chair, Board of Retirement

SUMMARY OF PROCEEDINGS

Finance Committee Meeting

June 23, 2026

Committee Members: Contreras, Frapwell, Kaufman (Alternate), Mosqueda, Chair Sanders

CALLED TO ORDER: 3:03 P.M.

ROLL CALL (IN PERSON)

Present: Nunneley*, Mosqueda, Sanders

Absent: Contreras, Frapwell, Kaufman

**Trustee Chase Nunneley attending in place of Trustee Jordan Kaufman*

SB 707 REMOTE APPEARANCE(S)
Item 1 withdrawn from agenda. No trustees appeared remotely.

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

*2. KCERA Audited Schedules of Employer Allocations and Pension Amounts by Employer and Segal GASB 68 Actuarial Valuation Report based on June 30, 2025 Measurement Date for Employer Reporting as of June 30, 2026 – RECOMMENDED THE BOARD OF RETIREMENT RECEIVE AND FILE

Mosqueda-Nunneley – 3 Ayes
Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

PUBLIC COMMENTS

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

MATTERS FOR CONSIDERATION

4. Presentation on the FY 2025-26 Financial Statement and GASB 68 Audit Plan by Auditors Jason Ostroski and Tim Rawal, UHY – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; TIM RAWAL, UHY, HEARD

APPROVED

Mosqueda-Nunneley – 3 Ayes
Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

5. Discussion and appropriate action on the Actuarial Experience Study for the period July 1, 2022 through June 30, 2025, presented by Actuary Molly Calcagno, Segal – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER HEARD; CHIEF FINANCIAL OFFICER ANGELA KRUGER HEARD; TRUSTEES ROCIO MOSQUEDA AND JOHN SANDERS HEARD; MOLLY CALCAGNO, SEGAL, HEARD

PUBLIC COMMENT: ALEX ALVA, COUNTY ADMINISTRATIVE OFFICE, HEARD

RECOMMENDED THE BOARD OF RETIREMENT ADOPT THE ECONOMIC AND NON-ECONOMIC ASSUMPTIONS, WITH EXCEPTION OF MAINTAINING CURRENT INVESTMENT RATE OF RETURN ASSUMPTION OF 7.00%

Kaufman-Mosqueda – 3 Ayes
Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

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

7. ADJOURNED: 4:51 P.M.

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Secretary, Board of Retirement

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Chair, Finance Committee

Kern County Employees' Retirement Association
New Retirees Processed– June 1, 2026 to June 30, 2026

Employer Name: County Of Kern

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Allen	Carole	05/12/2026	General Tier I	Department Of Human Services
Aus Degeare	Mary	05/02/2026	Safety Tier II PEPRA	District Attorney
Buys	Barbara	05/02/2026	General Tier I	Treasurer-Tax Collector
Hernandez	Rosa	05/30/2026	General Tier II PEPRA	Department Of Public Health
Hungerford	Julie	05/14/2026	General Tier I	Sheriff
Lane	Frank	05/02/2026	General Tier II	Public Works-Public Ways
Roberts	Regina	04/01/2026	General Tier I	Recorder
Rodriguez	Norma	05/21/2026	General Tier II PEPRA	Behavioral Health & Recovery
Stinson	Timothy	05/30/2026	General Tier I	Probation
Theesen	Adam	05/15/2026	General Tier I	Kern County Hospital Authority
Willingham	Wesley	06/06/2017	Safety Tier I	Sheriff

Employer Name: Kern County Hospital Authority

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Bal	Kuldip	05/30/2026	General Tier I	Kern County Hospital Authority

Employer Name: Kern County Superior Court

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Choe	Me	02/18/2026	General Tier I	Judges and Courtroom Support

Kern County Employees' Retirement Association
New Retirees Processed – June 1, 2026 to June 30, 2026

Employer Name: San Joaquin Valley APCD

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Amaya	Thomas	05/17/2026	General Tier I	San Joaquin Valley APCD

Kern County Employees' Retirement Association
New Retirees Processed – July 01, 2026 to July 31, 2026

Employer Name: County Of Kern

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Ackling	Robin	05/30/2026	General Tier I	Depart Of Human Services
Acosta	Joe	06/29/2026	General Tier I	Depart Of Human Services
Aguilar	Ana	06/27/2026	General Tier I	Depart Of Human Services
Briggs	Melanie	06/01/2026	General Tier I	Environ Health Services Div
Chambers	Barbara	06/27/2026	General Tier II PEPRA	Environ Health Services Div
Gilkey	Hope	06/27/2026	General Tier I	Depart Of Human Services
Holguin	Lisa	06/27/2026	General Tier I	Depart Of Human Services
Kochanski	Marcus	06/19/2026	Safety Tier I	Sheriff
Noles	Carole	06/27/2026	General Tier II PEPRA	Depart Of Human Services
Reyes	Laura	06/13/2026	Safety Tier I	Probation
Schaeffer	Steven	06/27/2026	General Tier I	Sheriff

Kern County Employees' Retirement Association
New Retirees Processed – July 01, 2026 to July 31, 2026

Employer Name: Kern County Hospital Authority

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Lapatka	Rachel	06/13/2026	General Tier II	Kern County Hospital Authority
Thomas	Mini	01/16/2021	General Tier I	Kern County Hospital Authority

Kern County Employees' Retirement Association
New Retirees Processed – July 01, 2026 to July 31, 2026

Employer Name: Kern County Superior Court

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Loo	Cynthia	06/30/2026	General Tier II PEPRA	Kern County Superior Court

Kern County Employees' Retirement Association
New Retirees Processed – July 01, 2026 to July 31, 2026

Employer Name: San Joaquin Valley APCD

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Huo	Lee	05/02/2026	General Tier I	San Joaquin Valley Air Pollution Control District
Rocha	Cecelia	06/13/2026	General Tier I	San Joaquin Valley Air Pollution Control District

Kern County Employees' Retirement Association
New Retirees Processed – July 01, 2026 to July 31, 2026

Employer Name: West Side Mosquito

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Mitchell	Eric	06/10/2026	General Tier I	West Side Mosquito & Vector Control District

SECURITIES LENDING

Summary Earnings Report

Run Time:	08-Jun-2026 15:11 EDT
Date Range:	01-MAY-2026 To 31-MAY-2026
Location:	New York
Currency:	Not Specified
Client ID:	Not Specified
Master Client:	CAKERN
Grouping Type:	None
Level:	Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
New York						
USD						
KNCTY PIMCO EMD	CAKE08	3,858,357.08	1,653.86	148.85	1,505.01	KNC12
KNTCY - Aristotle Short Duration	CAKE20	37,657,607.46	11,773.60	1,059.62	10,713.98	KNC21
KNTCY - CONGRESS SMALL CAP VALUE	CAKE21	35,968,267.84	11,654.14	1,048.87	10,605.27	4437610
KNTCY - FIDELITY BROADMARKET DURATION	CAKE22	91,189,108.64	21,175.66	1,905.81	19,269.85	KNC24
KNTCY - Geneva	CAKE16	31,889,196.17	9,969.40	897.25	9,072.16	2667336
	CCY Total USD:	**200,562,537.18**	**56,226.66**	**5,060.40**	**51,166.26**	

SECURITIES LENDING

Deutsche Bank

Summary Earnings Report

Run Time:	09-Jul-2026 13:27 EDT
Date Range:	01-JUN-2026 To 30-JUN-2026
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 PIMCO EMD	CAKE08	5,003,953.52	2,286.77	205.81	2,080.96	KNC12
KNTCY - Aristotle Short Duration	CAKE20	34,950,838.30	9,609.01	864.81	8,744.20	KNC21
KNTCY - CONGRESS SMALL CAP VALUE	CAKE21	33,186,452.92	10,362.41	932.62	9,429.79	4437610
KNTCY - FIDELITY BROADMARKET DURATION	CAKE22	107,986,266.33	24,121.02	2,170.89	21,950.13	KNC24
KNTCY - Geneva	CAKE16	26,287,449.27	7,919.21	712.73	7,206.48	2667336
CCY Total		**207,414,960.34**	**54,298.41**	**4,886.86**	**49,411.55**	
Grand Total USD:			**54,298.41**	**4,886.86**	**49,411.55**	

KCERA ASSET ALLOCATION*

5/31/2026

Manager Name	Type	$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) $(000)
Chilton Capital	Large Cap Core	234,847	3.2%	*Domestic Equity Range 12.0% - 29.0%*		
Congress Small Cap Value	Small Cap	91,895	1.2%			
Geneva Capital	Small Cap Growth	76,196	1.0%			
Mellon Capital Management Stock Index Fund	Large Cap Passive	832,658	11.3%			
PIMCO StockPlus	Large Cap Enhanced	209,082	2.8%			
Total Domestic Equity		**$1,444,678**	**19.6%**	**12 - 29%**		
American Century	International Small	54,362	0.7%	*International Developed Equity Range 5.0% - 19.0%*		
Cevian Capital II LP	International Large	66,413	0.9%			
Dalton Japan Long Only	International Small	90,591	1.2%			
Lazard Japanese Equity	International Large	189,691	2.6%			
Mellon DB SL Developed Markets EX U.S. Stock Index	International Large Passive	402,352	5.5%			
Total International Developed Equity		**$803,409**	**10.9%**	**5 - 19%**		
ABS Direct Equity	Emerging Markets	109,251	1.5%	*Emerging Markets 0.0% - 10.0%*		
Carrhae Long Only	Emerging Markets	131,095	1.8%			
DFA Emerging Markets Value Portfolio	Emerging Markets	85,745	1.2%			
Mellon Emerging Markets	Emerging Markets Passive	4,131	0.1%			
Total Emerging Market Equity		**$330,222**	**4.5%**	**0 - 10%**		
TOTAL EQUITY		**$2,578,309**	**35.0%**	**34.0%**	**1.0%**	**$71,205**
Aristotle Pacific Capital, LLC	Core	276,743	3.8%	*Core Range 10.0% - 25.0%*		
Fidelity Broad Market Duration	Core	218,534	3.0%			
Mellon Capital Management Agg Bond	Core Passive	224,279	3.0%			
Total Core		**$719,556**	**9.8%**	**15.0%**	**(5.2%)**	**($386,519)**
Guggenheim Securitized Products	Credit	193,948	2.6%	*Credit Range 5.0% - 15.0%*		
KKR US Broadly Syndicated Loan Fund	Credit	171,201	2.3%			
PIMCO EM Beta	Credit	183,448	2.5%			
Schroders Securitized Products	Credit	193,946	2.6%			
Western Asset Management - HY	Credit	710	0.0%			
Total Credit		**$743,253**	**10.1%**	**10.0%**	**0.1%**	**$5,870**
TOTAL FIXED INCOME		**$1,462,809**	**19.8%**	**25.0%**	**(5.2%)**	**($380,650)**
Wellington Trust Company (WTC)	Commodities	335,675	4.6%	*Commodities Range 0.0% - 9.0%*		
TOTAL COMMODITIES		**$335,675**	**4.6%**	**5.0%**	**(0.4%)**	**($33,017)**
Aristeia International	Hedge Fund - Direct	83,765	1.1%	*Hedge Fund Range 5.0% - 15.0%*		
Brevan Howard Fund Limited	Hedge Fund - Direct	61,601	0.8%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	83,963	1.1%			
Elliott Associates	Hedge Fund - Direct	67,726	0.9%			
Hawk Ridge Partners II	Hedge Fund - Direct	88,476	1.2%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	57,161	0.8%			
Hudson Bay Enhanced Fund	Hedge Fund - Direct	91,203	1.2%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	65,838	0.9%			
PIMCO Absolute Return Strategy V Fund (PARS V)	Hedge Fund - Direct	50,000	0.7%			
PIMCO Commodity Alpha Fund	Hedge Fund - Direct	66,803	0.9%			
Pharo Macro Fund	Hedge Fund - Direct	96,439	1.3%			
TOTAL HEDGE FUND		**$812,975**	**11.0%**	**10.0%**	**1.0%**	**$75,592**
Davidson Kempner	Hedge Fund - Direct	60,914	0.8%	*CE Alpha Pool Range 0.0% - 5.0%*		
Garda Fixed Income	Hedge Fund - Direct	45,497	0.6%			
HBK Alpha Pool	Hedge Fund - Direct	21,815	0.3%			
Hudson Bay Enhanced Fund	Hedge Fund - Direct	41,714	0.6%			
TOTAL CE ALPHA POOL		**$169,940**	**2.3%**	**2.5%**	**(0.2%)**	**($14,406)**
ASB Capital Management	Core	100,727	1.4%	*Core Real Estate Range 2.0% - 10.0%*		
Beach Point Capital Real Estate Debt - Acquino	Core	1,988	0.0%			
Blue Owl Real Estate Fund VI	Core	54,627	0.7%			
BPC Real Estate Debt Fund	Core	16,582	0.2%			
HBC Financing Partners Fund	Core	49,529	0.7%			
Hudson Bay Real Estate Opportunities Fund	Core	44,264	0.6%			
JPMCB Strategic Property Fund	Core	80,736	1.1%			
Sculptor DREIT Inc-Issuance of Founders Class	Core	74,316	1.0%			
Sculptor Real Estate MI Fund	Core	10,394	0.1%			
TPG AG Essential Housing Fund III	Core	31,274	0.4%			
TOTAL CORE REAL ESTATE		**$464,437**	**6.3%**	**7.0%**	**(0.7%)**	**($51,731)**
Aristeia Select Opportunities II	Opportunistic	64,355	0.9%	*Opportunistic Range 0.0% - 10.0%*		
Pharo Opportunities Fund SPC	Opportunistic	902	0.0%			
Hudson Bay Special Opportunities Fund	Opportunistic	6,660	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	55,115	0.7%			
TOTAL OPPORTUNISTIC		**$127,032**	**1.7%**	**0.0%**	**1.7%**	**$127,032**
Northern Trust STIF	Short Term	96,752	1.3%	*Cash Range -5.0% - 4.0%*		
BlackRock Short Duration	Short Term	75,502	1.0%			
Parametric	Overlay	29,643	0.4%			
Treasurers Pooled Cash	Short Term	14,421	0.2%			
Wells Fargo Bank	Short Term	35,357	0.5%			
TOTAL CASH AND OVERLAY		**$251,675**	**3.4%**	**-2.5%**	**5.9%**	**$436,021**
Transition Accounts	Liquidation	324	0.0%			
Other		**$324**	**0.0%**	**0.0%**	**0.0%**	**$324**
TOTAL PRIVATE EQUITY * **		**$387,502**	**5.3%**	**6.0%**	**(0.7%)**	**($54,928)**
TOTAL PRIVATE CREDIT * **		**$466,738**	**6.3%**	**8.0%**	**(1.7%)**	**($123,169)**
TOTAL PRIVATE REAL ASSETS * **		**$316,416**	**4.3%**	**5.0%**	**(0.7%)**	**($52,275)**
**As Allocated to Managers ** **		**$7,373,835**	**100.0%**	**100.0%**	**(0.0%)**	**($0)**

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement Januray 2026.

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

*** See second page of the report for account details.

KCERA ASSET ALLOCATION*
5/31/2026

Manager Name	Type	$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) $(000)
Abbott Capital Funds	Private Equity Fund of Funds	1,128	0.0%			
Accel-KKR Capital Partners VII	Private Equity	3,492	0.0%			
Atlas Capital Resources V	Private Equity	3,230	0.0%			
Blue Owl Strategic Equity Partners	Private Equity	5,222	0.1%			
Brighton Park Capital Fund I & II	Private Equity	59,135	0.8%			
Level Equity Growth Partners V, VI & 2021	Private Equity	38,008	0.5%			
LGT Crown Global V & VI	Private Equity	54,280	0.7%			
Linden Capital Partners V & Co-Investment	Private Equity	33,510	0.5%		*Private Equity Range 0.0% - 11.0%*	
Longreach CAP Parners IV-JPY	Private Equity	5,235	0.1%			
OrbiMed Private Investments IX & X	Private Equity	9,305	0.1%			
Pantheon Funds	Private Equity Fund of Funds	1,572	0.0%			
Parthenon Investors VII	Private Equity	10,065	0.1%			
Peak Rock Capital Fund III	Private Equity	23,421	0.3%			
Rubicon Technology Partners IV	Private Equity	18,628	0.3%			
Vista Foundation Fund IV	Private Equity	21,882	0.3%			
Warren Equity Partners Fund III, IV, Co-Investment & WEP TreeCo	Private Equity	99,390	1.3%			
TOTAL PRIVATE EQUITY		**$387,503**	5.3%	**6.0%**	**(0.7%)**	**($54,927)**
Ares Pathfinder Fund II	Private Credit	20,073	0.3%			
Ares Senior Direct Lending III	Private Credit	15,126	0.2%			
Blue Torch Credit Opportunites II, III & IV	Private Credit	57,116	0.8%			
Brookfield Real Estate Finance Fund V	Private Credit	5,745	0.1%			
Castlelake Aviation V Stable Yield	Private Credit	8,888	0.1%			
Cerberus Levered Loan Opportunities Fund V	Private Credit	22,450	0.3%			
DC Value Recovery Fund IV	Private Credit	8,114	0.1%			
Fortress Credit Opportunities Fund V Exp & VI	Private Credit	41,108	0.6%			
Fortress Legal Assets Fund II	Private Credit	12,811	0.2%			
Fortress Lending Fund II & III	Private Credit	29,457	0.4%		*Private Credit Range 0.0% - 13.0%*	
H.I.G Bayside Loan Opportunity Fund V	Private Credit	33,524	0.5%			
HPS Special Situations Opportunity Fund II	Private Credit	13,290	0.2%			
ITE Rail Fund	Private Credit	41,357	0.6%			
Magnetar Constellation Fund V	Private Credit	9,216	0.1%			
Oak Hill Advisors Structured Products Fund III	Private Credit	20,650	0.3%			
OrbiMed Royalty & Credit Opportunities IV & V	Private Credit	11,644	0.2%			
Quantum Capital Solutions II & Co-Investment	Private Credit	27,924	0.4%			
Silver Point Specialty Credit Fund III	Private Credit	14,251	0.2%			
Sixth Street TAO Partners (B)	Private Credit	47,617	0.6%			
TPG AG Asset Based Credit Evergreen Fund	Private Credit	26,378	0.4%			
TOTAL PRIVATE CREDIT		**$466,739**	6.3%	**8.0%**	**(1.7%)**	**($123,168)**
Covenant Apartment Fund X, XI & XII	Private Real Assets	63,535	0.9%			
Juniper Capital IV LP & Co-Investment	Private Real Assets	17,680	0.2%			
Kayne Anderson Real Estate Partners VII	Private Real Assets	17,100	0.2%			
KSL Capital Partners VI	Private Real Assets	8,325	0.1%			
Landmark Real Estate Partners VIII, IX & Project Yeti II	Private Real Assets	64,379	0.9%		*Private Real Estate Range 0.0% - 10.0%*	
LBA Logistics Value Fund IX	Private Real Assets	24,176	0.3%			
Long Wharf Real Estate Partners VI	Private Real Assets	26,261	0.4%			
Merit Hill Self-Storage V & VI	Private Real Assets	26,647	0.4%			
Post Oak Energy Partners V	Private Real Assets	38,425	0.5%			
Sculptor Real Estate Fund V	Private Real Assets	3,963	0.1%			
Singerman Real Estate Opportunity Fund IV & V	Private Real Assets	25,926	0.4%			
TOTAL PRIVATE REAL ASSETS		**$316,417**	4.3%	**5.0%**	**(0.7%)**	**($52,275)**
TOTAL PRIVATE MARKETS		**$1,170,659**	15.9%	**19.0%**	**(3.1%)**	**($230,370)**

KCERA
CASH FLOW POSITION
May, 2026

TREASURERS POOLED CASH

Beginning Cash Balance:			**$**	**16,012,255**
Contributions		28,977,455		
Interest Apportionment		34,193		
Total Receipts:				**29,011,648**
Salaries		(605,676)		
Transfers-out		(30,000,000)		
Total Disbursements:				**(30,605,676)**
Ending Cash Balance				**14,418,227**

WELLS FARGO BANK

Beginning Balances					
Cash Balance				**$**	**(0)**
STIF Balance				**$**	**7,852,204**
Total				**$**	**7,852,204**
		5109	5447		
Contributions			11,280,513		
Transfer In	5109/5447	12,534,587	-		
Transfer In	Northern Trust				
Transfer In	TPC - County		30,000,000		
ACH Returns / Deletes		19,506			
Interest Earned			85,856		
Misc					
Total Receipts:					**53,920,463**
Operating Expenses			(245,490)		
Investment Expenses			(1,057,446)		
ACH Benefit Payments		(7,144,840)			
Total Checks Paid		(284,418)	(23,836)		
Taxes Witholding Deposits		(5,122,852)			
Bank Services		(1,984)			
Transfers Out	5109/5447	-	(12,534,587)		
Transfers Out	Northern Trust				
Total Disbursements:					**(26,415,452)**
Net Sweep Activity					**(27,475,728)**
Ending Balances					
Cash Balance					**29,284**
STIF Balance					**35,327,931**
Total				**$**	**35,357,215**

KCERA
CASH FLOW POSITION
May, 2026

NORTHERN TRUST

Beginning Cash Balance:			**$ 87,226,650**
Private Markets - Distributions		6,910,287	
Commingled Funds - Distributions		2,648,510	
Hedge Funds - Distributions		663,456	
Redemption	Wellington	87,000,000	
Transfer from Parametric		25,000,000	
Redemption	Geneva	10,000,000	
Redemption	Lazard Japanese Equity	10,000,000	
Dividend and Interest Income		242,007	
Securities Lending Earnings (NET)		21,508	
Total Receipts:			**142,485,769**
Capital Calls	Private Markets	(24,506,109)	
Capital Calls	Commingled Funds	(51,604,470)	
Capital Calls	Hedge Funds	(80,000,000)	
Other Expenses		(6,298)	
Total Disbursements:			**(156,116,877)**
Ending Cash Balance			**$ 73,595,542**

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED May 31, 2026

Description	July	August	September	October	November	December	January	February	March	April	May	Total
Investment Base Fees:												
Domestic Equity:												
AllianceBernstein	57,598.30	0.00	25,862.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	83,460.81
Henderson Geneva Capital	189,429.00	0.00	0.00	189,805.00	0.00	0.00	169,458.00	0.00	0.00	160,634.00	0.00	709,326.00
Mellon Capital	42,127.47	56,524.79	0.00	22,423.27	0.00	0.00	53,593.70	0.00	0.00	53,399.13	0.00	228,068.36
International Equity:												
Lazard	120,362.24	0.00	0.00	131,714.49	0.00	0.00	134,952.79	0.00	0.00	127,975.14	0.00	515,004.66
Mellon Capital (Developed Markets)	0.00	0.00	0.00	22,855.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,855.66
Fixed Income:												
Aristotle Pacific Capital, LLC	38,798.00	46,897.00	0.00	0.00	59,785.00	0.00	0.00	61,382.00	0.00	0.00	61,965.00	268,827.00
Mellon Capital (Agg Bond)	16,602.26	0.00	0.00	7,913.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,515.56
Pacific Investment Management Company	359,485.30	0.00	0.00	45,741.11	265,957.15	0.00	0.00	1,038,324.83	60,595.50	0.00	154,086.85	1,924,190.74
Western Asset Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	137,276.70	137,276.70
Guggenheim Securitized Products	0.00	17,538.74	0.00	118,189.22	0.00	0.00	128,192.78	0.00	0.00	0.00	0.00	263,920.74
Schroders Securitized Products	0.00	0.00	0.00	128,086.33	0.00	0.00	0.00	120,290.14	0.00	132,277.69	0.00	380,654.16
Fidelity Broadmarket Duration				0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,802.43	37,802.43
Commodities:												
Wellington Trust Company	0.00	249,707.22	0.00	0.00	260,038.96	0.00	0.00	305,652.53	0.00	0.00	391,889.36	1,207,288.07
Real Estate:												
ASB Capital Management	0.00	227,965.71	0.00	228,888.34	0.00	0.00	0.00	222,590.93	0.00	207,074.52	0.00	886,519.50
Midstream Energy:												
Harvest Midstream	336,364.88	0.00	0.00	347,532.43	0.00	0.00	277,004.53	45,879.53	0.00	0.00	0.00	1,006,781.37
Cash & Overlay												
BlackRock	70,177.41	0.00	0.00	55,632.33	0.00	0.00	42,731.47	0.00	0.00	0.00	42,298.11	210,839.32
Parametric	0.00	37,500.00		0.00	20,106.00	0.00	29,082.00	0.00	0.00	32,282.00	0.00	118,970.00
Subtotal	**1,230,944.86**	**636,133.46**	**25,862.51**	**1,298,781.48**	**605,887.11**	**0.00**	**835,015.27**	**1,794,119.96**	**60,595.50**	**713,642.48**	**825,318.45**	**8,026,301.08**
Investment Professional Fees:												
Consulting:												
Abel Noser	0.00	0.00	8,190.00	0.00	8,190.00	0.00	0.00	8,190.00	0.00	0.00	0.00	24,570.00
Albourne America LLC	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	50,683.33	33,333.33	33,333.33	33,333.33	384,016.63
Cambridge Associates	187,500.00	0.00	187,500.00	0.00	0.00	62,500.00	125,000.00	0.00	187,500.00	0.00	0.00	750,000.00
Glass, Lewis & Co.	7,950.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,950.00
Verus (Cerity Partners)	68,333.34	34,166.67	0.00	35,416.67	35,416.67	35,416.67	35,416.67	0.00	35,416.67	35,416.67	35,416.67	350,416.70
Consulting - Other Expenses	0.00	0.00	0.00	14,375.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,375.00
Custodial:												
The Northern Trust Co.	131,633.33	0.00	152,647.22	0.00	0.00	120,319.44	0.00	0.00	132,300.00	0.00	0.00	536,899.99
Legal:												
Foley & Lardner LLP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hanson Bridgett LLP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nossaman LLP	40,000.00	21,858.20	0.00	68,308.00	68,480.50	0.00	2,689.00	0.00	1,884.00	41,710.00	155,397.00	400,326.70
Due Diligence / Investment-Related Travel:	9,587.45	2,971.52	412.18	8,314.78	0.00	0.00	0.00	0.00	0.00	7,163.86	7,980.08	36,429.87
Subtotal	**478,337.45**	**92,329.72**	**382,082.73**	**159,747.78**	**145,420.50**	**251,569.44**	**196,439.00**	**58,873.33**	**390,434.00**	**117,623.86**	**232,127.08**	**2,504,984.89**
Total Investment Fees	**1,709,282.31**	**728,463.18**	**407,945.24**	**1,458,529.26**	**751,307.61**	**251,569.44**	**1,031,454.27**	**1,852,993.29**	**451,029.50**	**831,266.34**	**1,057,445.53**	**10,531,285.97**

KCERA
Operating Expense Budget Status Report
For the Month Ended May 31, 2026

Expense Type	Budget FY 2025/26	Expenses	Over (Under)
Personnel Costs			
Salaries	5,184,129	4,435,594	(748,535)
Benefits	2,918,170	2,369,961	(548,209)
Total Personnel Costs	**8,102,299**	**6,805,555**	**(1,296,744)**
Staff Development			
Education & professional development	147,000	140,402	(6,598)
Staff recognition	5,200	5,530	330
Total Staff Development	**152,200**	**145,932**	**(6,268)**
Professional Services			
Actuarial fees	157,250	218,826	61,576
Audit fees	53,300	53,300	-
Consultant fees	90,000	57,890	(32,110)
Custodial fees	562,000	405,267	(156,733)
Disability services	250,000	162,702	(87,298)
Investment consultants	1,602,950	1,497,555	(105,395)
Legal fees	465,000	370,858	(94,142)
Total Professional Services *	**3,180,500**	**2,766,398**	**(414,102)**
Office Expenses			
Building expenses	232,000	195,876	(36,124)
Communication platforms	60,939	55,051	(5,888)
Equipment lease & maintenance	25,100	14,757	(10,343)
Member engagement	50,000	16,860	(33,140)
Subscriptions & memberships	36,200	27,320	(8,880)
Office supplies & misc. admin.	83,700	70,800	(12,900)
Payroll & accounts payable fees	25,000	2,555	(22,445)
Postage	30,000	18,341	(11,659)
Other services - Kern County	40,000	-	(40,000)
Utilities	37,980	29,706	(8,274)
Total Office Expenses	**620,919**	**431,266**	**(189,655)**
Insurance	**199,594**	**193,752**	**(5,842)**
Information Technology Systems			
Audit-security & vulnerability scan	4,000	3,960	(40)
Business continuity expenses	10,000	11,177	1,177
Hardware	51,114	38,099	(13,015)
Licensing & support	288,158	200,384	(87,774)
Software	356,243	339,215	(17,028)
Website design & hosting	19,200	15,285	(3,915)
Total Information Technology Systems	**728,715**	**608,120**	**(120,595)**
Board of Retirement			
Board compensation	16,000	9,000	(7,000)
Board conferences & training	50,000	42,177	(7,823)
Board elections	112,500	69,189	(43,311)
Board meetings	8,500	5,619	(2,881)
Total Board of Retirement	**187,000**	**125,985**	**(61,016)**
Depreciation	**245,954**	**222,567**	**(23,387)**
Total Operating Expenses	**13,417,181**	**11,299,575**	**(2,117,608)**

KCERA ASSET ALLOCATION*
6/30/2026

Manager Name	Type	$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) $(000)
Chilton Capital	Large Cap Core	227,095	3.1%			
Congress Small Cap Value	Small Cap	97,067	1.3%		*Domestic Equity Range 12.0% - 29.0%*	
Geneva Capital	Small Cap Growth	71,948	1.0%			
Mellon Capital Management Stock Index Fund	Large Cap Passive	848,137	11.5%			
PIMCO StockPlus	Large Cap Enhanced	206,962	2.8%			
Total Domestic Equity		**$1,451,209**	**19.7%**	**12 - 29%**		
American Century	International Small	34,512	0.5%			
Cevian Capital II LP	International Large	65,320	0.9%			
Dalton Japan Long Only	International Small	90,591	1.2%		*International Developed Equity Range 5.0% - 19.0%*	
Lazard Japanese Equity	International Large	186,916	2.5%			
Mellon DB SL Developed Markets EX U.S. Stock Index	International Large Passive	413,388	5.6%			
Total International Developed Equity		**$790,727**	**10.7%**	**5 - 19%**		
ABS Direct Equity	Emerging Markets	115,748	1.6%			
Carrhae Long Only	Emerging Markets	131,172	1.8%		*Emerging Markets 0.0% - 10.0%*	
DFA Emerging Markets Value Portfolio	Emerging Markets	84,469	1.1%			
Mellon Emerging Markets	Emerging Markets Passive	5,269	0.1%			
Total Emerging Market Equity		**$336,658**	**4.6%**	**0 - 10%**		
TOTAL EQUITY		**$2,578,594**	**35.0%**	**34.0%**	**1.0%**	**$74,828**
Aristotle Pacific Capital, LLC	Core	277,244	3.8%			
Fidelity Broad Market Duration	Core	219,211	3.0%		*Core Range 10.0% - 25.0%*	
Mellon Capital Management Agg Bond	Core Passive	180,631	2.5%			
Total Core		**$677,086**	**9.2%**	**15.0%**	**(5.8%)**	**($427,517)**
Guggenheim Securitized Products	Credit	194,933	2.6%			
KKR US Broadly Syndicated Loan Fund	Credit	171,260	2.3%			
PIMCO EM Beta	Credit	184,834	2.5%		*Credit Range 5.0% - 15.0%*	
Schroders Securitized Products	Credit	194,623	2.6%			
Western Asset Management - HY	Credit	711	0.0%			
Total Credit		**$746,361**	**10.1%**	**10.0%**	**0.1%**	**$9,959**
TOTAL FIXED INCOME		**$1,423,447**	**19.3%**	**25.0%**	**(5.7%)**	**($417,557)**
Wellington Trust Company (WTC)	Commodities	295,285	4.0%		*Commodities Range 0.0% - 9.0%*	
TOTAL COMMODITIES		**$295,285**	**4.0%**	**5.0%**	**(1.0%)**	**($72,916)**
Aristeia International	Hedge Fund - Direct	84,875	1.2%			
Brevan Howard Fund Limited	Hedge Fund - Direct	63,018	0.9%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	85,837	1.2%			
Elliott Associates	Hedge Fund - Direct	67,726	0.9%			
Frontier Commodities Fund	Hedge Fund - Direct	60,000	0.8%			
Hawk Ridge Partners II	Hedge Fund - Direct	88,476	1.2%		*Hedge Fund Range 5.0% - 15.0%*	
HBK Multi-Strategy Fund	Hedge Fund - Direct	56,921	0.8%			
Hudson Bay Enhanced Fund	Hedge Fund - Direct	91,180	1.2%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	66,006	0.9%			
PIMCO Absolute Return Strategy V Fund (PARS V)	Hedge Fund - Direct	50,000	0.7%			
PIMCO Commodity Alpha Fund	Hedge Fund - Direct	66,817	0.9%			
Pharo Macro Fund	Hedge Fund - Direct	96,721	1.3%			
TOTAL HEDGE FUND		**$877,577**	**11.9%**	**10.0%**	**1.9%**	**$141,175**
Davidson Kempner	Hedge Fund - Direct	61,538	0.8%			
Garda Fixed Income	Hedge Fund - Direct	46,044	0.6%		*CE Alpha Pool Range 0.0% - 5.0%*	
HBK Alpha Pool	Hedge Fund - Direct	22,056	0.3%			
Hudson Bay Enhanced Fund	Hedge Fund - Direct	42,150	0.6%			
TOTAL CE ALPHA POOL		**$171,788**	**2.3%**	**2.5%**	**(0.2%)**	**($12,312)**
ASB Capital Management	Core	100,727	1.4%			
Beach Point Capital Real Estate Debt - Acquino	Core	2,296	0.0%			
Blue Owl Real Estate Fund VI	Core	54,292	0.7%			
BPC Real Estate Debt Fund	Core	16,340	0.2%			
Fortress CRE Enhanced Income Fund	Core	54,000	0.7%			
HBC Financing Partners Fund	Core	90,887	1.2%		*Core Real Estate Range 2.0% - 10.0%*	
Hudson Bay Real Estate Opportunities Fund	Core	43,321	0.6%			
JPMCB Strategic Property Fund	Core	81,157	1.1%			
Sculptor DREIT Inc-Issuance of Founders Class	Core	73,829	1.0%			
Sculptor Real Estate MI Fund	Core	10,394	0.1%			
TPG AG Essential Housing Fund III	Core	31,274	0.4%			
TOTAL CORE REAL ESTATE		**$558,517**	**7.6%**	**7.0%**	**0.6%**	**$43,036**
Aristeia Select Opportunities II	Opportunistic	64,940	0.9%			
Beach Point Capital Real Estate Debt - Fulton	Opportunistic	1,515	0.0%			
Pharo Opportunities Fund SPC	Opportunistic	762	0.0%		*Opportunistic Range 0.0% - 10.0%*	
Hudson Bay Special Opportunities Fund	Opportunistic	5,518	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	52,887	0.7%			
TOTAL OPPORTUNISTIC		**$125,622**	**1.7%**	**0.0%**	**1.7%**	**$125,622**
Northern Trust STIF	Short Term	35,436	0.5%			
BlackRock Short Duration	Short Term	75,715	1.0%			
Parametric	Overlay	30,097	0.4%		*Cash Range -5.0% - 4.0%*	
Treasurers Pooled Cash	Short Term	209	0.0%			
Wells Fargo Bank	Short Term	16,738	0.2%			
TOTAL CASH AND OVERLAY		**$158,195**	**2.1%**	**-2.5%**	**4.6%**	**$342,295**
Transition Accounts	Liquidation	290	0.0%			
Other		**$290**	**0.0%**	**0.0%**	**0.0%**	**$290**
TOTAL PRIVATE EQUITY * **		**$396,314**	**5.4%**	**6.0%**	**(0.6%)**	**($45,528)**
TOTAL PRIVATE CREDIT * **		**$469,992**	**6.4%**	**8.0%**	**(1.6%)**	**($119,130)**
TOTAL PRIVATE REAL ASSETS * **		**$308,395**	**4.2%**	**5.0%**	**(0.8%)**	**($59,806)**
**As Allocated to Managers ** **		**$7,364,018**	**100.0%**	**100.0%**	**(0.0%)**	**($0)**

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement Januray 2026.

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

*** See second page of the report for account details.

KCERA ASSET ALLOCATION*
6/30/2026

Manager Name	Type	$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) $(000)
Abbott Capital Funds	Private Equity Fund of Funds	1,128	0.0%			
Accel-KKR Capital Partners VII	Private Equity	3,492	0.0%			
Atlas Capital Resources V	Private Equity	3,230	0.0%			
Blue Owl Strategic Equity Partners	Private Equity	5,222	0.1%			
Brighton Park Capital Fund I & II	Private Equity	61,511	0.8%			
Level Equity Growth Partners V, VI & 2021	Private Equity	39,352	0.5%			
LGT Crown Global V & VI	Private Equity	54,446	0.7%			
Linden Capital Partners V & Co-Investment	Private Equity	33,510	0.5%		*Private Equity Range 0.0% - 11.0%*	
Longreach CAP Parners IV-JPY	Private Equity	5,127	0.1%			
OrbiMed Private Investments IX & X	Private Equity	9,830	0.1%			
Pantheon Funds	Private Equity Fund of Funds	1,581	0.0%			
Parthenon Investors VII	Private Equity	12,443	0.2%			
Peak Rock Capital Fund III	Private Equity	23,421	0.3%			
Petershill PES II	Private Equity	500	0.0%			
Rubicon Technology Partners IV	Private Equity	20,251	0.3%			
Vista Foundation Fund IV	Private Equity	21,882	0.3%			
Warren Equity Partners Fund III, IV, Co-Investment & WEP TreeCo	Private Equity	99,390	1.3%			
TOTAL PRIVATE EQUITY		**$396,316**	5.4%	**6.0%**	**(0.6%)**	**($45,525)**
Ares Pathfinder Fund II	Private Credit	20,527	0.3%			
Ares Senior Direct Lending III	Private Credit	15,126	0.2%			
Blue Torch Credit Opportunites II, III & IV	Private Credit	57,807	0.8%			
Brookfield Real Estate Finance Fund V	Private Credit	5,535	0.1%			
Castlelake Aviation V Stable Yield	Private Credit	8,676	0.1%			
Cerberus Levered Loan Opportunities Fund V	Private Credit	22,656	0.3%			
DC Value Recovery Fund IV	Private Credit	8,114	0.1%			
Fortress Credit Opportunities Fund V Exp & VI	Private Credit	33,858	0.5%			
Fortress Legal Assets Fund II	Private Credit	15,611	0.2%			
Fortress Lending Fund II & III	Private Credit	29,457	0.4%		*Private Credit Range 0.0% - 13.0%*	
H.I.G Bayside Loan Opportunity Fund V	Private Credit	33,524	0.5%			
HPS Special Situations Opportunity Fund II	Private Credit	13,290	0.2%			
ITE Rail Fund	Private Credit	41,438	0.6%			
Magnetar Constellation Fund V	Private Credit	9,327	0.1%			
Oak Hill Advisors Structured Products Fund III	Private Credit	26,537	0.4%			
OrbiMed Royalty & Credit Opportunities IV & V	Private Credit	11,714	0.2%			
Quantum Capital Solutions II & Co-Investment	Private Credit	21,524	0.3%			
Silver Point Specialty Credit Fund III	Private Credit	16,130	0.2%			
Sixth Street TAO Partners (B)	Private Credit	52,762	0.7%			
TPG AG Asset Based Credit Evergreen Fund	Private Credit	26,378	0.4%			
TOTAL PRIVATE CREDIT		**$469,991**	6.4%	**8.0%**	**(1.6%)**	**($119,130)**
Covenant Apartment Fund X, XI & XII	Private Real Assets	64,435	0.9%			
Juniper Capital IV LP & Co-Investment	Private Real Assets	17,680	0.2%			
Kayne Anderson Real Estate Partners VII	Private Real Assets	16,773	0.2%			
KSL Capital Partners VI	Private Real Assets	14,040	0.2%			
Landmark Real Estate Partners VIII, IX & Project Yeti II	Private Real Assets	65,240	0.9%		*Private Real Estate Range 0.0% - 10.0%*	
LBA Logistics Value Fund IX	Private Real Assets	24,176	0.3%			
Long Wharf Real Estate Partners VI	Private Real Assets	25,791	0.4%			
Merit Hill Self-Storage V & VI	Private Real Assets	26,647	0.4%			
Post Oak Energy Partners V	Private Real Assets	23,725	0.3%			
Sculptor Real Estate Fund V	Private Real Assets	3,963	0.1%			
Singerman Real Estate Opportunity Fund IV & V	Private Real Assets	25,926	0.4%			
TOTAL PRIVATE REAL ASSETS		**$308,396**	4.2%	**5.0%**	**(0.8%)**	**($59,805)**
TOTAL PRIVATE MARKETS		**$1,174,703**	16.0%	**19.0%**	**(3.0%)**	**($224,461)**

KCERA
CASH FLOW POSITION
June, 2026

TREASURERS POOLED CASH

Beginning Cash Balance:		$	**14,418,227**
Contributions	29,264,016		
Interest Apportionment	123,323		
Total Receipts:			**29,387,339**
Salaries	(596,936)		
Transfers-out	(43,000,000)		
Total Disbursements:			**(43,596,936)**
Ending Cash Balance			**208,630**

WELLS FARGO BANK

Beginning Balances					
Cash Balance				$	**29,284**
STIF Balance				$	**35,327,931**
Total				$	**35,357,215**
		5109	5447		
Contributions			7,988,806		
Transfer In	5109/5447	69,048,224	31		
Transfer In	Northern Trust				
Transfer In	TPC - County		43,000,000		
ACH Returns / Deletes		44,516			
Interest Earned			86,232		
Misc					
Total Receipts:					**120,167,809**
Operating Expenses			(180,562)		
Investment Expenses			(439,921)		
ACH Benefit Payments		(63,723,738)			
Total Checks Paid		(352,283)	(25,452)		
Taxes Witholding Deposits		(5,014,807)			
Bank Services		(1,881)			
Transfers Out	5109/5447	(31)	(69,048,224)		
Transfers Out	Northern Trust				
Total Disbursements:					**(138,786,899)**
Net Sweep Activity					**18,589,806**
Ending Balances					
Cash Balance					**(0)**
STIF Balance					**16,738,125**
Total				$	**16,738,125**

KCERA
CASH FLOW POSITION
June, 2026

NORTHERN TRUST

Beginning Cash Balance:			**$ 73,595,542**
Private Markets - Distributions		25,925,606	
Commingled Funds - Distributions		2,287,667	
Hedge Funds - Distributions		1,101,968	
Redemption	Mellon Developed Markets	12,000,000	
Redemption	Mellon Emerging Markets	10,000,000	
Redemption	Mellon Stock Index Fund	20,000,000	
Redemption	Geneva	10,000,000	
Redemption	American Century	20,000,000	
Redemption	Mellon Aggregate Bond Index Fund	45,000,000	
Dividend and Interest Income		123,511	
Securities Lending Earnings (NET)		51,166	
Total Receipts:			**146,489,919**
Capital Calls	Private Markets	(40,283,103)	
Capital Calls	Commingled Funds	(97,180,121)	
Capital Calls	Hedge Funds	(60,000,000)	
Other Expenses		(5,188)	
Total Disbursements:			**(197,468,411)**
Ending Cash Balance			**$ 22,617,050**

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED June 30, 2026

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Investment Base Fees:													
Domestic Equity:													
AllianceBernstein	57,598.30	0.00	25,862.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	83,460.81
Henderson Geneva Capital	189,429.00	0.00	0.00	189,805.00	0.00	0.00	169,458.00	0.00	0.00	160,634.00	0.00	0.00	709,326.00
Mellon Capital	42,127.47	56,524.79	0.00	22,423.27	0.00	0.00	53,593.70	0.00	0.00	53,399.13	0.00	0.00	228,068.36
Congress Small Cap Value				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57,966.05	57,966.05
International Equity:													
Lazard	120,362.24	0.00	0.00	131,714.49	0.00	0.00	134,952.79	0.00	0.00	127,975.14	0.00	0.00	515,004.66
Mellon Capital (Developed Markets)	0.00	0.00	0.00	22,855.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,855.66
Fixed Income:													
Aristotle Pacific Capital, LLC	38,798.00	46,897.00	0.00	0.00	59,785.00	0.00	0.00	61,382.00	0.00	0.00	61,965.00	0.00	268,827.00
Mellon Capital (Agg Bond)	16,602.26	0.00	0.00	7,913.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,515.56
Pacific Investment Management Company	359,485.30	0.00	0.00	45,741.11	265,957.15	0.00	0.00	1,038,324.83	60,595.50	0.00	154,086.85	0.00	1,924,190.74
Western Asset Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guggenheim Securitized Products	0.00	17,538.74	0.00	118,189.22	0.00	0.00	128,192.78	0.00	0.00	0.00	137,276.70	0.00	401,197.44
Schroders Securitized Products	0.00	0.00	0.00	128,086.33	0.00	0.00	0.00	120,290.14	0.00	132,277.69	0.00	0.00	380,654.16
Fidelity Broadmarket Duration				0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,802.43	0.00	37,802.43
Commodities:													
Wellington Trust Company	0.00	249,707.22	0.00	0.00	260,038.96	0.00	0.00	305,652.53	0.00	0.00	391,889.36	0.00	1,207,288.07
Real Estate:													
ASB Capital Management	0.00	227,965.71	0.00	228,888.34	0.00	0.00	0.00	222,590.93	0.00	207,074.52	0.00	0.00	886,519.50
Midstream Energy:													
Harvest Midstream	336,364.88	0.00	0.00	347,532.43	0.00	0.00	277,004.53	45,879.53	0.00	0.00	0.00	0.00	1,006,781.37
Cash & Overlay													
BlackRock	70,177.41	0.00	0.00	55,632.33	0.00	0.00	42,731.47	0.00	0.00	0.00	42,298.11	0.00	210,839.32
Parametric	0.00	37,500.00		0.00	20,106.00	0.00	29,082.00	0.00	0.00	32,282.00	0.00	0.00	118,970.00
Subtotal	**1,230,944.86**	**636,133.46**	**25,862.51**	**1,298,781.48**	**605,887.11**	**0.00**	**835,015.27**	**1,794,119.96**	**60,595.50**	**713,642.48**	**825,318.45**	**57,966.05**	**8,084,267.13**
Investment Professional Fees:													
Consulting:													
Abel Noser	0.00	0.00	8,190.00	0.00	8,190.00	0.00	0.00	8,190.00	0.00	0.00	0.00	0.00	24,570.00
Albourne America LLC	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	50,683.33	33,333.33	33,333.33	33,333.33	33,333.33	417,349.96
Cambridge Associates	187,500.00	0.00	187,500.00	0.00	0.00	62,500.00	125,000.00	0.00	187,500.00	0.00	0.00	187,500.00	937,500.00
Glass, Lewis & Co.	7,950.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,950.00
Verus (Cerity Partners)	68,333.34	34,166.67	0.00	35,416.67	35,416.67	35,416.67	35,416.67	0.00	35,416.67	35,416.67	35,416.67	35,416.67	385,833.37
Consulting - Other Expenses	0.00	0.00	0.00	14,375.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,375.00
Custodial:													
The Northern Trust Co.	131,633.33	0.00	152,647.22	0.00	0.00	120,319.44	0.00	0.00	132,300.00	0.00	0.00	124,144.45	661,044.44
Legal:													
Foley & Lardner LLP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hanson Bridgett LLP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nossaman LLP	40,000.00	21,858.20	0.00	68,308.00	68,480.50	0.00	2,689.00	0.00	1,884.00	41,710.00	155,397.00	0.00	400,326.70
Due Diligence / Investment-Related Travel:	9,587.45	2,971.52	412.18	8,314.78	0.00	0.00	0.00	0.00	0.00	7,163.86	7,980.08	1,560.03	37,989.90
Subtotal	**478,337.45**	**92,329.72**	**382,082.73**	**159,747.78**	**145,420.50**	**251,569.44**	**196,439.00**	**58,873.33**	**390,434.00**	**117,623.86**	**232,127.08**	**381,954.48**	**2,886,939.37**
Total Investment Fees	**1,709,282.31**	**728,463.18**	**407,945.24**	**1,458,529.26**	**751,307.61**	**251,569.44**	**1,031,454.27**	**1,852,993.29**	**451,029.50**	**831,266.34**	**1,057,445.53**	**439,920.53**	**10,971,206.50**

KCERA
Operating Expense Budget Status Report
For the Month Ended June 30, 2026

Expense Type	Budget FY 2025/26	Expenses	Over (Under)
Personnel Costs			
Salaries	5,184,129	4,825,632	(358,497)
Benefits	2,918,170	2,576,859	(341,311)
Total Personnel Costs	**8,102,299**	**7,402,491**	**(699,808)**
Staff Development			
Education & professional development	147,000	158,343	11,343
Staff recognition	5,200	6,509	1,309
Total Staff Development	**152,200**	**164,852**	**12,652**
Professional Services			
Actuarial fees	157,250	218,826	61,576
Audit fees	53,300	53,300	-
Consultant fees	90,000	57,890	(32,110)
Custodial fees	562,000	529,411	(32,589)
Disability services	250,000	235,290	(14,710)
Investment consultants	1,602,950	1,643,245	40,295
Legal fees	465,000	397,956	(67,044)
Total Professional Services *	**3,180,500**	**3,135,918**	**(44,581)**
Office Expenses			
Building expenses	232,000	216,048	(15,952)
Communication platforms	60,939	61,390	451
Equipment lease & maintenance	25,100	16,536	(8,564)
Member engagement	50,000	19,813	(30,187)
Subscriptions & memberships	36,200	31,250	(4,950)
Office supplies & misc. admin.	83,700	80,430	(3,270)
Payroll & accounts payable fees	25,000	2,555	(22,445)
Postage	30,000	20,553	(9,447)
Other services - Kern County	40,000	-	(40,000)
Utilities	37,980	34,287	(3,693)
Total Office Expenses	**620,919**	**482,862**	**(138,059)**
Insurance	**199,594**	**193,752**	**(5,842)**
Information Technology Systems			
Audit-security & vulnerability scan	4,000	3,960	(40)
Business continuity expenses	10,000	11,892	1,892
Hardware	51,114	48,563	(2,551)
Licensing & support	288,158	210,782	(77,376)
Software	356,243	350,158	(6,085)
Website design & hosting	19,200	16,385	(2,815)
Total Information Technology Systems	**728,715**	**641,740**	**(86,975)**
Board of Retirement			
Board compensation	16,000	10,400	(5,600)
Board conferences & training	50,000	53,206	3,206
Board elections	112,500	69,189	(43,311)
Board meetings	8,500	6,283	(2,217)
Total Board of Retirement	**187,000**	**139,078**	**(47,923)**
Depreciation	**245,954**	**242,160**	**(3,794)**
Total Operating Expenses	**13,417,181**	**12,402,853**	**(1,014,330)**

My Report Library

Class Action Proceeds by Account

Account Paid	Account Paid Name	Class Action Name	Gross Amount Paid	Net Amount Paid	Service Charge	Processing Charge	Currency	Date Distributed
2608468	KNCTY-CASH ACCOUNT	COMPUTER SCIENCES CORP (SEC	17.92	17.92	0.00	0.00	USD	24 Jun 26
2608468	KNCTY-CASH ACCOUNT	QUALCOMM INCORPORATED (2017)	110.38	110.38	0.00	0.00	USD	14 Apr 26
2608468	KNCTY-CASH ACCOUNT	QUALCOMM INCORPORATED (2017)	110.48	110.48	0.00	0.00	USD	14 Apr 26
2608468	KNCTY-CASH ACCOUNT	YUKOS OIL COMPANY	123.76	123.76	0.00	0.00	USD	22 Jun 26
Sub Total	**2608468**	**and Currency USD**	**362.54**	**362.54**	**0.00**	**0.00**		
2667336	KNCTY-GENEVA	CERENCE INC.	2,937.09	2,937.09	0.00	0.00	USD	20 Apr 26
Sub Total	**2667336**	**and Currency USD**	**2,937.09**	**2,937.09**	**0.00**	**0.00**		
KNC08	KNCTY-WESTERN ASSET MGMT	VALEANT PHARMACEUTICALS INTL	1,456.29	1,456.29	0.00	0.00	USD	22 Apr 26
Sub Total	**KNC08**	**and Currency USD**	**1,456.29**	**1,456.29**	**0.00**	**0.00**		

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

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Semiannual Overpayment/Underpayment Report – Member Benefits**

As required in KCERA's Overpayment and Underpayment of Member Benefits Policy, every reasonable effort is made to collect the amount of payments in excess of what members are entitled to receive. KCERA will abandon claims for collection of overpaid benefits only if it concludes that settlement is not possible and pursuing the claim is not appropriate under the circumstances. When KCERA has underpaid benefits, the member shall be entitled to both the correction of the underpayment prospectively and a retroactive lump-sum payment plus interest (if applicable). KCERA's Chief Executive Officer shall provide the Board with a semiannual, written report of any Underpayment or Overpayment in excess of the principal amount of $1,000 that was resolved over the preceding six-month period, with a description of the actions taken to correct the Underpayment or Overpayment.

Overpayments in the amount of $7,382.08 were made to four members/beneficiaries and were written off during the past six months.

MEMBERS OVERPAID				
#	**Last Name**	**Explanation**	**Write Off**	**Overpayment**
1	Bullock	Overpayment due to timing of death notification. Anticipated cost of pursuing claim against the member exceeds the amount to be collected.	Completed	**$1,042.88**
2	Honeycutt	Overpayment due to timing of death notification. Anticipated cost of pursuing claim against the member exceeds the amount to be collected.	Completed	**$5,062.95**
3	Miner	Overpayment due to timing of death notification. Anticipated cost of pursuing claim against the member exceeds the amount to be collected.	Completed	**$1,276.25**
			TOTALS	**$7,382.08**

Accordingly, it is recommended that the Board receive and file this report.

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Semiannual Overpayment/Underpayment Report – Member Contributions**

As required in KCERA's Overpayment and Underpayment of Member Contributions Policy, every reasonable and prompt effort is made to recover the amount of any underpayment of contributions and to remit the amount of any overpayment of contributions. KCERA will abandon claims for collection of underpaid contributions only if it concludes that settlement is not possible and pursuing the claim is not appropriate under the circumstances. When a member has overpaid contributions, the member shall be entitled to both the correction of the overpayment and, if applicable, appropriate interest. KCERA's Chief Executive Officer shall provide the Board with a semiannual, written report of any Underpayment or Overpayment in excess of the principal amount of $1,000 that was resolved over the preceding six-month period, with a description of the actions taken to correct the Underpayment or Overpayment.

Attached you will find a list of members who have had an overpayment of contributions resolved during the past six months. In addition, you will find a list of members who had an underpayment of contributions to KCERA, in which the repayments was resolved during the past six months.

Accordingly, it is recommended the Board receive and file this report.

Member	Amount	Corrective Action	Reason for Correction
xxxxx1858	$7,538.97	Refund	Adjusted to actual hours worked
xxxxx6351	$5,358.17	Refund	Age at entry corrected
xxxxx1067	$12,039.27	Collected	Contribution percentage error

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

Actuarial Valuation based on June 30,* 2025 *Measurement Date
***for Employer Reporting as of June 30,* 2026**

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying schedule of employer allocations of the Kern County Employees' Retirement Association (KCERA), as of and for the year ended June 30, 2025, and related notes. We have also audited the total for all entities of the rows titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense as of and for the year ended June 30, 2025, and the net pension liability as of June 30, 2024 (specified row totals), included in the accompanying schedule of pension amounts by employer and related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense for KCERA, as of and for the year ended June 30, 2025, and net pension liability as of June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Schedules

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

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

Auditor's Responsibilities for the Audit of the Schedules

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KCERA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KCERA's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of KCERA, as of and for the year ended June 30, 2025, and our report thereon, dated December 19, 2025, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

UHY LLP

Columbia, Maryland
April 30, 2026

Kern County Employees' Retirement Association - Schedule of Employer Allocations

As of and for the year ended June 30, 2025

	Actual Payroll by Employer	Employer Payroll Percentage	Total Allocated Net Pension Liability	Employer Proportionate Share
Kern County	$ 600,235,702	71.487 %	$ 1,688,704,328	76.287 %
Kern County Hospital Authority	154,194,276	18.364 %	316,091,861	14.279 %
Kern County Superior Courts	38,831,282	4.625 %	79,602,515	3.596 %
Berrenda Mesa Water District	198,481	0.024 %	2,641,570	0.119 %
Buttonwillow Recreation and Park District	87,068	0.010 %	251,883	0.011 %
East Kern Cemetery District	158,210	0.019 %	457,692	0.021 %
Inyokern Community Services District	—	— %	211,304	0.010 %
Kern County Water Agency	6,419,607	0.765 %	18,571,536	0.839 %
Kern Mosquito and Vector Control District	1,499,949	0.178 %	4,339,262	0.198 %
North of the River Sanitation District	1,655,915	0.197 %	4,790,463	0.216 %
San Joaquin Valley Unified Air Pollution Control District	35,161,732	4.188 %	94,486,442	4.268 %
Shafter Recreation and Park District	274,902	0.033 %	795,275	0.036 %
West Side Cemetery District	202,421	0.024 %	585,592	0.026 %
West Side Mosquito and Vector Control District	366,354	0.044 %	1,059,840	0.048 %
West Side Recreation and Park District	351,464	0.042 %	1,016,764	0.046 %
Total	**$ 839,637,363**	**100 %**	**$ 2,213,606,327**	**100 %**

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

As of and for the year ended June 30, 2025 with Net Pension Liability as of June 30, 2024

	Kern County	Kern County Hospital Authority	Kern County Superior Courts
NET PENSION LIABILITY (ASSET) as of June 30, 2024	$ 1,836,801,255	$ 331,776,526	$ 94,379,791
NET PENSION LIABILITY (ASSET) as of June 30, 2025	1,688,704,328	316,091,861	79,602,515
Deferred Outflows of Resources			
Differences between expected and actual experience	152,514,833	28,547,743	7,189,278
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	50,102,554	9,378,202	2,361,745
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,365,812	9,776,279	49,383
Total Deferred Outflows of Resources	218,983,199	47,702,224	9,600,406
Deferred Inflows of Resources			
Differences between expected and actual experience	17,556,329	3,286,195	827,574
Net difference between projected and actual investment earnings on pension plan investments	77,721,296	14,547,880	3,663,643
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	8,224,222	7,910,039
Total Deferred Inflows of Resources	95,277,625	26,058,297	12,401,256
Pension Expense			
Proportionate share of plan pension expense	198,943,917	37,238,343	9,377,861
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	7,461,283	(337,152)	(3,792,334)
Total Employer Pension Expense	$ 206,405,200	$ 36,901,191	$ 5,585,527

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

As of and for the year ended June 30, 2025 with Net Pension Liability as of June 30, 2024 (continued)

	Berrenda Mesa Water District	Buttonwillow Recreation and Park District	East Kern Cemetery District
NET PENSION LIABILITY (ASSET) as of June 30, 2024	$ 3,785,533	$ 269,719	$ 535,273
NET PENSION LIABILITY (ASSET) as of June 30, 2025	2,641,570	251,883	457,692
Deferred Outflows of Resources			
Differences between expected and actual experience	238,573	22,749	41,336
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	78,373	7,473	13,579
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	52,209	4,439
Total Deferred Outflows of Resources	316,946	82,431	59,354
Deferred Inflows of Resources			
Differences between expected and actual experience	27,463	2,619	4,758
Net difference between projected and actual investment earnings on pension plan investments	121,576	11,593	21,065
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,005,634	24,193	44,564
Total Deferred Inflows of Resources	1,154,673	38,405	70,387
Pension Expense			
Proportionate share of plan pension expense	311,201	29,673	53,920
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(334,078)	20,677	(7,771)
Total Employer Pension Expense	$ (22,877)	$ 50,350	$ 46,149

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

As of and for the year ended June 30, 2025 with Net Pension Liability as of June 30, 2024 (continued)

	Inyokern Community Services District	Kern County Water Agency	Kern Mosquito and Vector Control District
NET PENSION LIABILITY (ASSET) as of June 30, 2024	$ 137,615	$ 22,478,766	$ 4,912,665
NET PENSION LIABILITY (ASSET) as of June 30, 2025	211,304	18,571,536	4,339,262
Deferred Outflows of Resources			
Differences between expected and actual experience	19,084	1,677,283	391,899
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	6,269	551,003	128,743
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,607	—	74,300
Total Deferred Outflows of Resources	66,960	2,228,286	594,942
Deferred Inflows of Resources			
Differences between expected and actual experience	2,197	193,076	45,112
Net difference between projected and actual investment earnings on pension plan investments	9,725	854,740	199,711
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,972	3,037,133	451,712
Total Deferred Inflows of Resources	19,894	4,084,949	696,535
Pension Expense			
Proportionate share of plan pension expense	24,894	2,187,887	511,202
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	9,777	(1,185,266)	(49,217)
Total Employer Pension Expense	$ 34,671	$ 1,002,621	$ 461,985

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

As of and for the year ended June 30, 2025 with Net Pension Liability as of June 30, 2024 (continued)

	North of the River Sanitation District	San Joaquin Valley Unified Air Pollution Control District	Shafter Recreation and Park District
NET PENSION LIABILITY (ASSET) as of June 30, 2024	$ 5,410,496	$ 115,634,413	$ 858,631
NET PENSION LIABILITY (ASSET) as of June 30, 2025	4,790,463	94,486,442	795,275
Deferred Outflows of Resources			
Differences between expected and actual experience	432,649	8,533,515	71,825
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	142,129	2,803,340	23,595
Changes in proportion and differences between employer contributions and proportionate share of contributions	285,485	849,953	82,346
Total Deferred Outflows of Resources	860,263	12,186,808	177,766
Deferred Inflows of Resources			
Differences between expected and actual experience	49,803	982,312	8,268
Net difference between projected and actual investment earnings on pension plan investments	220,477	4,348,665	36,602
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	348,823	5,799,359	37,231
Total Deferred Inflows of Resources	619,103	11,130,336	82,101
Pension Expense			
Proportionate share of plan pension expense	564,357	11,131,316	93,690
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	4,313	(1,328,489)	14,833
Total Employer Pension Expense	$ 568,670	$ 9,802,827	$ 108,523

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

As of and for the year ended June 30, 2025 with Net Pension Liability as of June 30, 2024 (continued)

	West Side Cemetery District	West Side Mosquito and Vector Control District	West Side Recreation and Park District	Total
NET PENSION LIABILITY (ASSET) as of June 30, 2024	$ 642,567	$ 1,530,059	$ 1,176,989	**$2,420,330,298**
NET PENSION LIABILITY (ASSET) as of June 30, 2025	585,592	1,059,840	1,016,764	**2,213,606,327**
Deferred Outflows of Resources				
Differences between expected and actual experience	52,888	95,719	91,829	**199,921,203**
Net difference between projected and actual investment earnings on pension plan investments	—	—	—	**—**
Changes of assumptions	17,374	31,445	30,167	**65,675,991**
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	—	18,931	**27,600,744**
Total Deferred Outflows of Resources	70,262	127,164	140,927	**293,197,938**
Deferred Inflows of Resources				
Differences between expected and actual experience	6,088	11,018	10,571	**23,013,383**
Net difference between projected and actual investment earnings on pension plan investments	26,951	48,778	46,796	**101,879,498**
Changes of assumptions	—	—	—	**—**
Changes in proportion and differences between employer contributions and proportionate share of contributions	164,559	357,039	188,264	**27,600,744**
Total Deferred Inflows of Resources	197,598	416,835	245,631	**152,493,625**
Pension Expense				
Proportionate share of plan pension expense	68,988	124,858	119,782	**260,781,889**
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(195,918)	(179,525)	(101,133)	**—**
Total Employer Pension Expense	$ (126,930)	$ (54,667)	$ 18,649	**$ 260,781,889**

Note 1 – DESCRIPTION OF THE ENTITY

Plan Description

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

Pension Benefits

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

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

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

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

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

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

For members in Tiers I and II, the maximum monthly retirement allowance is 100% of final average compensation (FAC). There is no FAC limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2025 for members in Tier I and Tier II is $350,000. For General Tier III members who are enrolled in Social Security, the maximum amount of pensionable compensation that can be taken into account for 2025 is equal to $155,081 ($186,096 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

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

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

Death Benefits

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

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

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

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

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

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

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

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

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

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

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

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2025 for 2024-2025 (based on the June 30, 2023 valuation) was 7.41% of compensation.

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

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA’s actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2025 for 2024-2025 (based on the June 30, 2023 valuation and after reflecting the phase-in of the impact of the assumption changes) was 48.80% of compensation.

Note 2 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Employer-covered payroll KCERA received within the fiscal year ended June 30, 2025, is used as the basis for determining each employer's proportionate share reported in the Schedule of Employer Allocations. The following items for each membership class is based on the corresponding proportionate share within each membership class:

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

The Fiduciary Net Position of KCERA and additions to/deductions from KCERA's Fiduciary Net Position have been determined on the same basis as they are reported in KCERA's Annual Comprehensive Financial Report. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The reporting date and measurement date for the plan is June 30, 2025. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense.

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

Note 3 – NET PENSION LIABILITY

The Net Pension Liability of $2,213,606,327 was measured as of June 30, 2025. The Net Pension Liability (NPL) is the Total Pension Liability reduced by the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability was determined based upon rolling forward the Total Pension Liability from the actuarial valuation as of June 30, 2024 to the measurement date of June 30, 2025. The Plan provisions used in the measurement of the Net Pension Liability are the same as those used in the KCERA actuarial valuation as of June 30, 2025. The Total Pension Liability and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR). The employers' proportions of the NPL are based on the employers' share of covered payroll for each membership class.

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

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

- For general and district membership classes, the NPL is allocated based on the covered payroll within their respective classes.

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

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

- The negative NPL associated with the SRBR is allocated based on the actual total payroll for each employer within KCERA.

Note 4 – ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) as of June 30, 2025 uses the same actuarial funding valuation as of June 30, 2025. The actuarial assumptions used in the that funding valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
"Across-the-board" salary increase	0.50%
Projected salary increases	General: 3.70% to 8.00% Safety: 4.00% to 10.00% The above salary increases vary by service and include inflation and "across-the-board" salary increase
Cost-of-Living adjustments	2.50%
Administrative expenses	0.95% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member
Other assumptions	See analysis of actuarial experience during the period July 1, 2019 through June 30, 2022

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and risk margin. Beginning with June 30, 2023 this portfolio return is also adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following table. These rates are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2025. This information will be subject to change every three years based on the results of an actuarial experience study.

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

Note 5 – DISCOUNT RATE

The discount rate used to measure the TPL was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rates assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2025.

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

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability as of June 30, 2025, calculated using a discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one point lower (6.00%) or one point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2025	$3,361,420,394	$2,213,606,327	$1,271,303,269

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

There have been changes in each employer's proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2025. The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for the current period is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 4.50 years determined as of June 30, 2024 (the beginning of the measurement period ending June 30, 2025).

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

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2026	$ —
2027	$ 155,236,085
2028	$ 32,524,233
2029	$ (21,566,404)
2030	$ (25,489,601)
2031	$ —
Thereafter	$ —

Note 7 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (including the disclosure of the Net Pension Liability and the unmodified audit opinion on the financial statements) is located in the Kern County Employees' Retirement Association's Annual Comprehensive Financial Report for the fiscal years ended June 30, 2025 and 2024. The supporting actuarial information is included in the Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2025 and Governmental Accounting Standard (GAS) 68 Actuarial Valuation as of June 30, 2025. The additional financial and actuarial information is available at www.kcera.org or by contacting KCERA's office, 11125 River Run Blvd., Bakersfield, CA 93311, or by calling (661) 381-7700.

DUSTIN CONTRERAS *(Education Cycle: January 2026-December 2027)*

Training/Conference Name	*Date*	*Location*	*KCERA Training*	*Hours of Education*
New Chair/Vice Chair Orientation	2/10/26	Bakersfield, CA	X	0.50
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		11.50
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
			Total Hours of Education	**14.96**

DAVID COUCH *(Education Cycle: January 2026-December 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Ethics Training	3/9/26	Carlsbad, CA		2.00
CALAPRS General Assembly 2026	3/8/-10/26	Carlsbad, CA		8.00
Public Employees’ Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
		Total Hours of Education		12.96

JEFF FRAPWELL *(Education Cycle: January 2026-December 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
New Trustee Orientation - Session 1	12/15/25	Bakersfield, CA	X	3
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Public Employees’ Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
New Trustee Oreintation - Session 2	4/28/26	Bakersfield, CA	X	2.65
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
SB 827 Fiscal and Financial Management Training	5/11/26	Virtual		2.00
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		10.50
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
Sexual Harassment Prevention Training	6/5/26	Virtual		2.00
Ethics Training	6/11/26	Virtual		2.00
			Total Hours of Education	**24.78**

AJAIB GILL *(Education Cycle: January 2025-December 2026)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
New Trustee Orientation - Session 1	3/10/25	Bakersfield, CA	X	2
Fiduciary Duties	1/22/25	Bakersfield, CA	X	0.45
Life Cycle of a Member (Part 5)	3/12/25	Bakersfield, CA	X	0.83
Service Credit for Part-time and Full-time Members	3/28/25	Bakersfield, CA	X	1.08
Securitized products	4/9/25	Bakersfield, CA	X	0.26
SACRS Public Pension Investment Management Program	7/13-16/25	Rancho Mirage, CA		20.5
Quirky Disability Topics	8/13/25	Bakersfield, CA	X	0.5
New Trustee Orientation - Session 2	8/13/25	Bakersfield, CA	X	1.32
Interest Credited to Member Accounts & Article 5.5 of the CERL	10/16/25	Bakersfield, CA	X	1.16
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.75
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
			Total Hours of Education	**30.72**

JOSEPH D. HUGHES *(Education Cycle: June 2025-May 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
SACRS Public Pension Investment Management Program	7/13/25	Berkeley, CA		20.5
Quirky Disability Topics	8/13/25	Bakersfield, CA	X	0.50
CERL	10/16/25	Bakersfield, CA	X	1.16
Sexual Harassment Prevention Training	1/13/26	Virtual		2
New Committee Chairs Orientation	2/9/26	Bakersfield, CA	X	0.22
New Chair/Vice Chair Orientation	2/10/26	Bakersfield, CA	X	0.5
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
SB 827 Fiscal and Financial Management Training	3/10/26	Bakersfield, CA		2
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.32
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		7.00
			Total Hours of Education	**35.77**

JORDAN KAUFMAN *(Education Cycle: January 2025-December 2026)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
Service Credit for Part-time and Full-time Members	3/28/25	Bakersfield, CA	X	1.08
Securitized Products	3/31/25	Bakersfield, CA	X	0.35
Oppurtunistic Deep Dive	3/31/25	Bakersfield, CA	X	0.6
Securitized Products	4/9/25	Bakersfield, CA	X	0.26
Life Cycle of a Member (Part 6)	4/9/25	Bakersfield, CA	X	0.96
Three Policies and Charters that Govern KCERA's Chief Executive Officer	4/9/25	Bakersfield, CA	X	0.1
SACRS Spring Conference	5/13-16/25	Rancho Mirage, CA		10.5
Ethics Training	5/29/25	Virtual		2
Sexual Harassment Prevention Training	5/29/25	Virtual		2
Quirky Disability Topics	8/13/25	Bakersfield, CA	X	0.5
Interest Credited to Member Accounts & Article 5.5 of the CERL	10/16/25	Bakersfield, CA	X	1.16
Hedge Fund Deep Dive	11/4/25	Bakersfield, CA	X	0.32
Alpha Pool Deep Dive	11/4/25	Bakersfield, CA	X	0.15
SACRS Fall Conference	11/11-14/25	Huntington Beach, CA		10
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		7.00
			Total Hours of Education	**38.52**

ROCIO MOSQUEDA *(Education Cycle: November 2025-October 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
New Trustee Orientation - Session 1	11/3/25	Bakersfield, CA	X	2.78
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Ethics Training	3/9/26	Carlsbad, CA		2
CALAPRS General Assembly 2026	3/8-3/10/26	Carlsbad, CA		8.5
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
New Trustee Orientation - Session 2	4/28/26	Bakersfield, CA	X	2.65
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		10.50
SB 827 Fiscal and Financial Management Training	5/28/26	Virtual		2.00
CALAPRS Virtual Trustees RT	5/29/26	Virtual		2.00
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
			Total Hours of Education	**33.39**

RICK KRATT (Education Cycle: January 2025-December 2026)

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
California Carbon Allowances	1/22/25	Bakersfield, CA	X	0.28
Fiduciary Duties	1/22/25	Bakersfield, CA	X	0.45
Life Cycle of a Member (Part 5)	3/12/25	Bakersfield, CA	X	0.83
Securitized Products	3/31/25	Bakersfield, CA	X	0.35
Oppurtunistic Deep Dive	3/31/25	Bakersfield, CA	X	0.60
Securitized Products	4/9/25	Bakersfield, CA	X	0.26
Life Cycle of a Member (Part 6)	4/9/25	Bakersfield, CA	X	1.15
Three Policies and Charters that Govern KCERA's Chief Executive Officer	4/9/25	Bakersfield, CA	X	0.10
Sexual Harassment Prevention Training	5/13/25	Rancho Mirage, CA		2.00
SACRS Spring Conference	5/13-16/25	Rancho Mirage, CA		12.5
Quirky Disability Topics	8/13/25	Bakersfield, CA	X	0.50
Interest Credited to Member Accounts & Article 5.5 of the CERL	10/16/25	Bakersfield, CA	X	1.16
Hedge Fund Deep Dive	11/4/25	Bakersfield, CA	X	0.32
Alpha Pool Deep Dive	11/4/25	Bakersfield, CA	X	0.15
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		9.50
Ethics Training (SACRS)	5/15/26	Olympic Valley, CA		2.00
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
			Total Hours of Education	**35.11**

CHASE NUNNELEY *(Education Cycle: January 2026-December 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SB 827 Fiscal and Financial Management Training	5/11/26	Virtual		2.00
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		8.50
Sexual Harassment Prevention Training (SACRS)	5/15/26	Olympic Valley, CA		2.00
		Total Hours of Education		**15.28**

JOHN SANDERS *(Education Cycle: May 2025-April 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
SACRS Spring Conference	5/13-16/25	Rancho Mirage, CA		12.5
Quirky Disability Topics	8/13/25	Bakersfield, CA	X	0.5
Interest Credited to Member Accounts & Article 5.5 of the CERL	10/16/25	Bakersfield, CA	X	1.16
Hedge Fund Deep Dive	11/4/25	Bakersfield, CA	X	0.32
Alpha Pool Deep Dive	11/4/25	Bakersfield, CA	X	0.15
New Committee Chairs Orientation	2/9/26	Bakersfield, CA	X	0.22
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Ethics Training	3/9/26	Carlsbad, CA		2.00
CALAPRS General Assembly 2026	3/8-10/26	Carlsbad, CA		2.00
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.73
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SACRS Spring Conference	5/12-15/26	Olympic Valley, CA		5.25
Sexual Harassment Prevention Training (SACRS)	5/15/26	Olympic Valley, CA		2.00
SB 827 Fiscal and Financial Management Training	5/28/26	Virtual		2.00
CALAPRS Virtual Trustees RT	5/29/26	Virtual		2.00
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
			Total Hours of Education	**32.98**

ROBB SEIBLY *(Education Cycle: January 2026-December 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
Public Employees' Pension Reform Act (PEPRA) Impacts	3/11/26	Bakersfield, CA	X	0.76
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.33
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
			Total Hours of Education	**2.89**

TYLER WHITEZELL *(Education Cycle: January 2026-December 2027)*

Training/Conference Name	Date	Location	KCERA Training	Hours of Education
New Committee Chairs Oreintation	2/9/26	Bakersfield, CA	X	0.22
Fiduciary Duties and Board Engagement Models	2/11/26	Bakersfield, CA	X	0.48
KCERA Functional Organizational Chart	4/8/26	Bakersfield, CA	X	0.40
Triennial Actuarial Experience Study	5/6/26	Bakersfield, CA	X	0.81
KCERA's Compensation Policy and Fiduciary Considerations	5/6/26	Bakersfield, CA	X	0.33
SB 827 Fiscal and Financial Management Training	5/11/26	Virtual		2.00
KCERA's Legislative Policy	6/10/26	Bakersfield, CA	X	0.18
		Total Hours of Education		**4.42**

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

September 1, 2026

Dear Member:

The Kern County Employees' Retirement Association (KCERA) and the Board of Retirement are pleased to provide you with your annual Retirement Benefit Statement. We want to take this opportunity to reacquaint you with some of the valuable benefits of your KCERA membership:

- KCERA benefits are calculated using a formula based on your age at retirement, total years of retirement service credit, final average compensation, and benefit tier.
- KCERA retirement benefits are payable for your lifetime.
- Membership provides retirement, disability, and death benefits.

You may visit KCERA at www.kcera.org to access all of our forms as well as additional information on member benefits, the Member Portal, calculating estimated retirement benefits, and information about the Board of Retirement. KCERA staff is also available to provide benefit information, respond to inquiries, and assist with submitting your application for retirement.

Other services that are available to members of KCERA:

- A KCERA-specific power of attorney form and related FAQs.
- Members may register for an online Member Portal account through the website.

Please take time to review your benefit statement carefully. It is essential that KCERA have current address information for each member: active employees must provide address updates to their respective employers, and deferred members may use the portal, or they can obtain the appropriate change form from our website and submit it to our office. If you have been divorced during your membership with KCERA, it is vital you provide a complete copy of your judgment to our legal team by mail, in person, or email at legal@kcera.org. If you have questions about your statement, contact KCERA at (661) 381-7700 or by email at memberservices@kcera.org.

Sincerely,

Dominic D. Brown

Dominic D. Brown
Chief Executive Officer

RETIREMENT BENEFIT STATEMENT

As of July 10, 2026

John Doe
111125 River Run Blvd
Bakersfield, CA 93311

9999

PERSONAL INFORMATION

Year of birth:	1999	Vested:	No
Status:	Employed	Eligible to retire:	No
Work schedule:	Full Time 80 Hour		
Entry age for contributions:	23		
Membership date:	July 31, 2021		
Benefit tier:	General Tier II PEPRA		
Department:	9415 - Kcera-Administration		

Years of Earned Service	Years of Purchased Service	Total Years of Credited Service	Reciprocity	Beneficiary(ies)*:
4.9446	0.0000	4.9446	No	Jane Doe

*It is very important that KCERA has your most up-to-date beneficiary information. If you need to designate a new beneficiary due to marriage, divorce, or death, please complete and return the *Beneficiary Designation Form* located at www.kcera.org.

ESTIMATED FUTURE RETIREMENT BENEFITS

Retirement Date	Retirement Age	Years of Service	Percent of Salary	Retirement Allowance
01/09/2049	50	27.4442	21.26%	$1,494.11
01/11/2059	60	37.4483	47.05%	$3,306.39
01/19/2064	65	42.4695	67.71%	$4,758.24

The benefits shown above are payable under the Unmodified Option. Under this option, your spouse or registered domestic partner may be eligible to receive 60% of your benefit after your death. At retirement, you may select from benefit payment options other than the Unmodified Option.

EMPLOYEE CONTRIBUTIONS

On July 10, 2026, your biweekly retirement contribution was $244.27. Between July 01, 2025 and June 30, 2026, you made contributions and purchases of $6,345.34 into KCERA and earned 1.0000 years of benefit service.

Employee contribution balances as of July 10, 2026:

	Tax Deferred
Contributions:	$23,833.18
Contribution Interest:	$3,446.72
Total Contributions and Interest:	**$27,279.90**

Social Security Benefit In addition to KCERA benefits, you may be entitled to receive Social Security benefits during retirement *if* your pay is integrated with Social Security. You can obtain an estimate of your monthly Social Security benefit by calling the Social Security Administration's toll-free number at (800) 772-1213 or visiting www.ssa.gov/estimator.

(Continued on back)

Understanding Your Member Benefit Statement

Know Your Retirement

Your retirement benefits are an important component of your financial security. Your KCERA Member Statement provides information you can use in your financial planning, such as the current value of your contributions and a projection of future benefits you may be entitled to receive. Your KCERA benefit will be based on your age, final average compensation, years of service and benefit tier. It will not be based on your contributions to KCERA.

Personal Information

This section shows the personal information KCERA has on file for you. The information used to prepare this statement is the same information used to determine your actual benefits when you retire or terminate employment. Your total years of credited service do not include any service purchases currently in progress.

- If you are appointed to a permanent position of at least 50% of the regular standard hours required, you will enter KCERA on the first day of the pay period following your date of hire. This is known as your "KCERA entry date" and will be used as a starting point for accruing retirement service credit, which increases with each biweekly that you are paid.
- Vesting means you have a legal right to receive a lifetime benefit from KCERA once you meet the other eligibility requirements.
- In KCERA, you are classified as a safety member or a general member. Safety members are employed in active law enforcement, active fire suppression, probation, detention or criminal investigation. All other eligible employees are considered general members.
- Active and deferred members have the right to purchase eligible service credit before retiring or terminating employment. Purchasing service credit can increase your retirement benefit and, in some cases, allow you to retire earlier. KCERA offers two types of service purchases: Prior County/District Service and Prior Public Service (including Prior Military Service). See the *Purchase of Service FAQ* at kcera.org for more information.
- Reciprocity reflects any systems that you have established a reciprocal arrangement with. Visit kcera.org for more information.

Employee Contributions

This section is a detailed breakdown of the contributions in your KCERA account. The amounts shown include: the beginning balance as of the day before the statement period begin date; any refundable (pre- tax/post-tax) contributions made during the statement period; the interest accrued on your contributions during the statement period; and a grand total of the contributions in your account as of the statement period.

If you terminate employment and choose to take a refund, you would forfeit all rights to any retirement, disability, or other member benefits through KCERA.

Estimated Retirement Benefits

The benefit amounts shown are estimates of your future KCERA income. Additional estimates with different dates and projected earnings can be completed in your member portal at www.kcera.org. Prior to your retirement, KCERA will conduct a full review of earning and service information received from your employer. This may result in adjustments not reflected in the estimated benefits.

This estimate is based upon you continuing service through the retirement date; it would apply if you continue to work at the same number of hours as you do currently. Any changes in salary are not assumed in the calculation.

General members can retire prior to age 50 with 30 years of retirement service credit. Safety members can retire prior to age 50 with 20 years of retirement service credit. Active members, vested deferred members, and certain members with reciprocal service may be eligible to retire at age 70 even if they have fewer than five years of retirement service credit.

These estimates are based on the information available to KCERA at the time these estimates were calculated. Your actual benefit will be based on your age at retirement, your final average monthly salary, your years of accrued service credit, your benefit tier, and possibly other factors that may differ from the factors used to calculate these estimates. Your benefit may also be subject to cost-of-living adjustments (COLAs), legislative and judicial legal actions, your reciprocal rights, if any, from other pension systems, and community property (divorce) reduction, if applicable. If you have questions regarding the Retirement Benefit Information, or plan to retire within the next six months, please contact Member Services at the email below.

Please Read Carefully

Please review this Retirement Benefit Statement carefully. All monetary amounts and accrued service credit appearing on this statement reflect the information on file for you through the statement period. It is very important that you keep the KCERA office advised of any changes in your information (i.e., address, beneficiary, marital status). Please contact our office should there be any discrepancy in the information within this statement. We encourage you to visit kcera.org to access other retirement information and related forms, including the member handbook, retirement planning tools, and change of information forms. You can also access your KCERA account information via the Member Portal.

You may also contact us by email:

memberservices@kcera.org for general membership questions.

legal@kcera.org for legal correspondence related to domestic relations orders, powers of attorney, etc.

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **NCPERS Public Pension Funding Forum 2026**
Chicago, Illinois
August 17-19, 2026

In accordance with the Trustee Travel Policy approved by the Board of Retirement on April 13, 2022, I have attached information concerning the above-captioned meeting, as follows:

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

The topic list is timely and relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustee Ajaib Gill.

Attachment

Travel Subject NCPERS Public Pension Funding Forum 2026
Sponsor NCPERS
Date(s) August 17-19, 2026
Location Chicago, Illinois
Proposed Attendee(s) Ajaib Gill

Estimated Total Travel Cost **$3,546.68**

Description	Computation		Gill	Totals	Borne By	
					KCERA	Sponsor
Registration fees	$795.00	=	795.00	**795.00**	795.00	
Lodging expense	3 nights @ $ 304.00 /night	=	912.00	**912.00**	912.00	
Per diem meals reimbursement:	4 days @ $ 92.00 /day	=	368.00			
Less meals provided by sponsor	2 Breakfast, 1 Lunch, 0 Dinner = $65.32	=	($65.32)			$65.32
Total meals expense		=		**368.00**	302.68	
Rideshare expense	150	=	150.00	**150.00**	150.00	
Airfare	$1,387.00	=	$1,387.00	**$1,387.00**	1,387.00	
Vehicle-related expenses:		=	-	**-**	-	
Parking	- days @ - /day	=	-	**-**	-	
Mileage	miles @ /mile (Department Head)	=	-	**-**	-	
	- miles @ 0.725 /mile (Staff, Trustee)	=	-	**-**	-	
Rental car		=	-	**-**	-	
Rental car gasoline		=	-	**-**	-	
Totals		=	3,546.68	**$ 3,612.00**	**$ 3,546.68**	**$ 65.32**

Event Agenda

NCPERS 2026 Public Pension Funding Forum

Monday, August 17, 2026

3:00 PM - 6:00 PM **Registration Opens**
Location: University Foyer

4:30 PM - 4:45 PM **Welcome and Program Overview**
Location: University A
Speaker: Matthew Eckel

4:45 PM - 5:30 PM **Preserving State Revenues to Fund Public Pensions in the Age of OBBBA**
Location: University A
Speaker: Neva Butkus

5:30 PM - 6:30 PM **Welcome Reception**
Location: City View Room

Tuesday, August 18, 2026

6:30 AM - 4:30 PM **Registration**
Location: University Foyer

7:00 AM - 8:00 AM **Breakfast**
Location: University A

8:00 AM - 8:15 AM **Opening Remarks**
Location: University B
Speaker: Hank Kim

8:15 AM - 9:00 AM **Good News in Public Pensions**
Location: University B
Speaker: Jean-Paul Aubry

9:00 AM - 9:45 AM **Tariffs and Economy**
Location: University B
Speaker: Ina Simonovska

9:45 AM - 10:30 AM **Do Recent Federal Regulatory and Legislative Changes Reduce Investment Risk in Crypto?**
Location: University B
Speaker: Mark Hays

10:30 AM - 10:45 AM **Refreshment Break**
Location: University Foyer

10:45 AM - 11:30 AM **The AI Bubble and the U.S Economy**
Location: University B
Speaker: Paulo Carvao

11:30 AM - 12:15 PM **Private Equity and Health Care**
Location: University B
Speaker: Robert Field

12:15 PM - 1:15 PM **Networking Lunch**
Location: University B

1:15 PM - 2:00 PM	**Pros and Cons of Private Equity** Location: University B Speaker: Wen-Fu Wu
2:00 PM - 3:30 PM	**Staying the Course in Turbulent Times** Speakers: Thomas Lee, Timothy Reese, Joseph Salazar
3:30 PM - 4:15 PM	**Total Portfolio Approach** Location: University B Speaker: Steven Novakovic
4:15 PM - 4:30 PM	**Refreshment Break** Location: University Foyer
4:30 PM - 5:00 PM	**Pension Lab NextGen Competition** Location: University B
5:30 PM - 6:30 PM	**Networking Reception**

Wednesday, August 19, 2026

7:00 AM - 12:00 PM	**Registration** Location: University Foyer
7:00 AM - 8:00 AM	**Breakfast** Location: University A
8:00 AM - 8:15 AM	**Welcome Back** Location: University B Speaker: Hank Kim
8:15 AM - 9:00 AM	**Lessons from Successful Plans: An Actuarial Perspective** Location: University B Speakers: Gene Kalwarski, Russ Kamp
9:00 AM - 9:45 AM	**Staying the Course: An Investment Perspective** Location: University B Speaker: David Wilson
9:45 AM - 10:00 AM	**Refreshment Break** Location: University Foyer
10:00 AM - 11:00 AM	**Outlook for the U.S. Economy in 2026 and Beyond** Location: University B Speaker: David Altig
11:30 AM - 11:45 PM	**Thank You & Closing Remarks** Location: University B Speakers: Hank Kim, Matthew Eckel

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **CALAPRS Principles of Pension Governance for Trustees Program**
Santa Barbara, California
August 24-27, 2026

In accordance with the Trustee Travel Policy approved by the Board of Retirement on April 13, 2022, I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of attendance to a fiduciary – Agenda is attached

- Specific information as to whether members of the Board will serve as a speaker or panel participant – None

- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the meeting sponsor.

The meeting topics are relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustee Jeff Frapwell.

Attachment

Travel Subject	CALAPRS Principles of Pension Governance for Trustees Program
Sponsor	CALAPRS
Date(s)	August 24-27, 2026
Location	Santa Barbara, California
Proposed Attendee(s)	Jeff Frapwell
Estimated Total Travel Cost	**$3,355.50**

Description	**Computation**		**Frapwell**	**Totals**	**Borne By**	
					KCERA	**Sponsor**
Registration fees		=	3,000.00	**3,000.00**	3,000.00	
Lodging expense	3 nights @ $ - /night	=	-	**-**	-	
Per diem meals reimbursement:	4 days @ $ 92.00 /day	=	368.00			
Less meals provided by sponsor	3 Breakfast, 3 Lunch, 2 Dinner = $230.00	=	($230.00)			$230.00
Total meals expense		=		**368.00**	138.00	
Rideshare expense	Rideshare Estimate	=		**-**	-	
Airfare	$0.00	=	$0.00	**$0.00**	-	
Vehicle-related expenses:		=	-	**-**	-	
Parking	- days @ - /day	=	-	**-**	-	
Mileage	miles @ 0.425 /mile (Department Head)	=	-	**-**	-	
	300 miles @ 0.725 /mile (Staff, Trustee)	=	217.50	**217.50**	217.50	
Rental car		=	-	**-**	-	
Rental car gasoline		=	-	**-**	-	
Totals		=	3,355.50	**$ 3,585.50**	**$ 3,355.50**	**$ 230.00**

CALAPRS
CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS

Principles of Pension Governance
A Course for Trustees

Monday-Thursday, August 24-27, 2026

Santa Barbara Inn • Santa Barbara, CA

CALAPRS' Mission

"*CALAPRS sponsors educational forums for sharing information and exchanging ideas among Trustees and staff to enhance their ability to administer public pension benefits and manage investments consistent with their fiduciary duty.*"

About The Course

Public Pension Fund Trustees bear a heavy fiduciary burden. On a cumulative basis, California's Constitution holds our members' **350** Trustees accountable for the stewardship of more than **$450** Billion in retirement fund assets. **40** California public pension systems belong to CALAPRS. Trustees are invited to participate in this training program that focuses on the practical aspects of Trustee duties. This program is taught in a small group format and is presented exclusively for our member retirement systems.

For over 30 years, CALAPRS has continued to offer high-caliber coursework with carefully selected faculty. The Board of Directors is pleased to launch a renewed and refreshed version of the program in 2026.

Who Should Attend?

Attendance by Trustees is recommended within the first year after assuming office. Experienced Trustees are also welcome to use the program as a comprehensive refresher course.

CALAPRS Principles of Pension Governance 2026

Why Attend?

- To gain insight into public pension policy issues
- To discuss alternative solutions to common problems
- To understand the complexities involved in administering public pension plans
- To appreciate the differences and similarities among California public pension plans
- To network with other Trustees and pension professionals
- To increase familiarity with pension terminology and concepts
- To receive the AB1234 Ethics Training required for new Trustees

Learning Objectives

Each participant must attend the full 3 days of intensive training Tuesday-Thursday, with an option to attend the Ethics training on Monday afternoon. Sessions combine team teaching, case studies and mock board problem solving. All course materials are based on actual California public pension fund law, policies, practices and problems.

By attending this program, participants will:

- **Gain a foundational understanding of defined benefit pension plans**, including their purpose, structure, and how they differ from defined contribution plans.
- **Learn about the fiduciary responsibilities of retirement board trustees**, including the core duties owed to plan members and beneficiaries.
- **Develop a working knowledge of the legal and regulatory framework governing California public pension systems**, including key statutes and oversight considerations.
- **Recognize key governance and compliance requirements** affecting trustees, including open meeting laws, conflicts of interest, and ethics requirements.
- **Understand the components of pension benefit plans** , including membership types, service credit, retirement formulas, and plan tiers.
- **Develop a better understanding of disability retirement benefits and the investigative process** boards use to evaluate disability applications.
- **Strengthen their understanding of actuarial valuations and pension funding concepts**, including how contribution rates and unfunded liabilities are determined.
- **Be able to more effectively participate in investment governance**, by learning more about asset allocation, diversification, and working with investment professionals.
- **Understand the general process for selecting and monitoring investment managers**, including due diligence and performance oversight.
- **Explore governance practices that support effective retirement boards**, including policy-focused decision-making, delegation, and collaboration with staff and advisors.

CALAPRS Principles of Pension Governance 2026

Faculty

The Course will be taught by carefully selected public pension practitioners with real-world experience and expertise, including Trustees, Consultants, Actuaries, Investment Managers, Attorneys & Administrators.

Certificate of Completion

Participants who successfully complete the full course will receive a Certificate of Completion. Trustees must attend all sessions to receive a completion certificate. The 2-hour AB1234 Ethics in Public Service is optional and will provide a separate certificate to participants.

The Curriculum Committee

Principles of Pension Governance is managed by CALAPRS' Curriculum Committee appointed by the CALAPRS Board of Directors. Committee members are:
Chair: Greg Levin, CEO, Santa Barbara County Employees' Retirement Association
Katie Girardi, Executive Director, San Luis Obispo County Pension Trust
Dave Nelsen, CEO, Alameda County Employees' Retirement System

Registration & Tuition

All registrations must be received no later than **June 15, 2026**. Tuition of $3,000 (includes lodging, meals and materials) must be paid in advance of the program. Space is limited and will be on a first-come, first-served basis.

Lodging

Both the program and lodging will be located at the host hotel: Santa Barbara Inn, 901 E Cabrillo Blvd, Santa Barbara, CA 93103. Lodging will be provided for the nights of August 24 25 and 26 and will be arranged by CALAPRS as part of the course for all participants. All meals listed in the agenda will be provided. Please note that participants are on their own for dinner the evening of August 24.

CALAPRS Principles of Pension Governance 2026

Program Schedule

Monday, August 24 – Travel Day & Ethics Certificate

3:00 PM	(Optional) **Ethics Training for Public Fund Trustees** *Meets requirement of AB 1234. Certificate will be provided.*
5:00 PM	**Welcome Reception**

Tuesday, August 25 – "The Retirement Plan and its Function"

7:30 AM	Breakfast
8:30 AM	**Introduction to Defined Benefit Pension Plans**
9:15 AM	**Fiduciary Duty Explained**
10:15 AM	**Overview of the Legal Framework Governing Defined Benefit Plans in California**
10:45 AM	**Practical Laws that Trustees Need to Know**
11:30 AM	**Telling Stories: When Things Go Bad**
12:00 PM	Lunch
1:00 PM	**Understand the Basic Benefit Structure**
1:45 PM	**In-Class Exercise: Learning about Your System**
2:30 PM	**Disability Retirement Benefit Overview**
3:45 PM	**In Class Group Exercise: Disability Analyst for a Day**
4:15 PM	Afternoon Retreat
6:30 PM	Reception & Dinner

Wednesday, August 26 – "Actuarial & Investments 101"

7:30 AM	Breakfast
8:30 AM	**Understanding Actuarial Valuations**
10:00 AM	**Setting Actuarial Assumptions**
11:00 AM	**Understanding Plan Risk**
12:00 PM	Lunch
1:00 PM	**The Board as an Asset Allocator**
2:30 PM	**Basic Portfolio Modeling**
3:45 PM	**Group Exercise: Investments Case Study**
4:30 PM	Afternoon Retreat
6:30 PM	Reception & Dinner

Thursday, August 27 – "Investments & Governance"

7:30 AM	Breakfast
8:30 AM	**Understanding the Manager Selection Process**
9:30 AM	**Investment Vehicle Types**
10:15 AM	**Ongoing Due Diligence and Monitoring**
11:00 AM	**A Day in the Life of Investment Staff**
12:00 PM	Lunch
1:00 PM	**Participating on a Policy Focused Board**
1:45 PM	**Board and Staff Roles**
2:15 PM	**Habits of an Effective Trustee**
3:00 PM	**Key Takeaways Review**
4:00 PM	Adjourn

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **SACRS Board of Directors Meeting**
Sacramento, California
September 17-18, 2026

In accordance with the Trustee Travel Policy approved by the Board of Retirement on April 13, 2022, I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of attendance to a fiduciary – None

- Specific information as to whether members of the Board will serve as a speaker or panel participant – None

- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the conference sponsor

The topic list is timely and relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustee Jordan Kaufman.

Travel Subject SACRS Board of Directors Meeting
Sponsor SACRS
Date(s) September 17-18, 2026
Location Sacramento, CA
Proposed Attendee(s) Jordan Kaufman

Estimated Total Travel Cost **$546.81**

Description	Computation		Kaufman	Totals	Borne By KCERA	Borne By Sponsor
Registration fees		=	-	**-**	-	
Lodging expense	1 nights @ $ 275.00 /night	=	275.00	**275.00**	275.00	
Per diem meals reimbursement:	1 days @ $ 86.00 /day	=	86.00			
Less meals provided by sponsor	0 Breakfast, 1 Lunch, 1 Dinner = $67.94	=	($67.94)			$67.94
Total meals expense		=		**86.00**	18.06	
Shuttle/taxicab expense	Taxi Estimate	=		**-**	-	
Airfare	$0.00	=	$0.00	**$0.00**	-	
Vehicle-related expenses:		=	-	**-**	-	
Parking	- days @ - /day	=	-	**-**	-	
Mileage	miles @ /mile (Department Head)	=	-	**-**	-	
	350 miles @ 0.725 /mile (Staff, Trustee)	=	253.75	**253.75**	253.75	
Rental car		=	-	**-**	-	
Rental car gasoline		=	-	**-**	-	
Totals		=	546.81	**$ 614.75**	**$ 546.81**	**$ 67.94**

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **NCPERS 2026 Public Pension HR Summit**
Phoenix, Arizona
September 23-25, 2026

I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of the following staff attendance – Administrative Services Officer Aimee Morton

- Specific information as to whether staff will serve as a speaker or panel participant – None

- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the conference sponsor

The topic list is timely and relevant to the administration of the retirement system. Therefore, it is recommended that your Board receive and file.

Attachments

Travel Subject NCPERS 2026 Public Pension HR Summit
Sponsor NCPERS
Date(s) September 23-25, 2026
Location Phoenix, Arizona
Proposed Attendee(s) Aimee Morton

Estimated Total Travel Cost **$2,963.62**

Description	Computation		Morton	Totals	Borne By KCERA	Borne By Sponsor
Registration fees	$825.00	=	825.00	**825.00**	825.00	
Lodging expense	3 nights @ $ 281.54 /night	=	844.62	**844.62**	844.62	
Per diem meals reimbursement:	4 days @ $ 86.00 /day	=	344.00			
Less meals provided by sponsor	2 Breakfast, 1 Lunch, 1 Dinner = $110.00	=	($110.00)			$110.00
Total meals expense		=		**344.00**	234.00	
Rideshare expense	Rideshare Estimate	=	75.00	**75.00**	75.00	
Airfare	$985.00	=	$985.00	**$985.00**	985.00	
Vehicle-related expenses:		=	-	**-**	-	
Parking	days @ /day	=	-	**-**	-	
Mileage	miles @ 0.425 /mile (Department Head)	=	-	**-**	-	
	miles @ 0.725 /mile (Staff, Trustee)	=	-	**-**	-	
Rental car		=	-	**-**	-	
Rental car gasoline		=	-	**-**	-	
Totals		=	2,963.62	**$ 3,073.62**	**$ 2,963.62**	**$ 110.00**

Event Agenda

NCPERS Public Pension HR Summit

Wednesday, September 23, 2026

9:00 AM - 2:00 PM	**Mental Health First Aid Training**
2:00 PM - 6:00 PM	**Registration**
3:00 PM - 3:15 PM	**Kickoff Remarks**
3:15 PM - 4:15 PM	**Introductions & Insights**
4:15 PM - 5:00 PM	**The Big Shift: Rewriting the HR Playbook**
5:30 PM - 6:30 PM	**Welcome Reception**

Thursday, September 24, 2026

7:00 AM - 5:00 PM	**Registration**
7:00 AM - 8:00 AM	**Breakfast**
8:00 AM - 8:45 AM	**The 2026 HR Landscape: Legislative, Regulatory, and Compliance Outlook**
8:45 AM - 9:30 AM	**The New World of Work: Trends, Technology, and Talent**
9:30 AM - 9:45 AM	**Wellness Break: Stress Management with Movement**
9:45 AM - 10:00 AM	**Refreshment Break**
10:00 AM - 10:45 AM	**From Roles to Skills: Building a Skills-Based Workforce Strategy** Moderator: Ricardo Carlos ; Speaker: Lisa Taylor
10:45 AM - 11:45 AM	**Hot Topic Breakouts I: TBD**
10:45 AM - 11:45 AM	**Hot Topics Breakout I: TBD**
11:45 AM - 12:30 PM	**The Great Disengagement and Job Hugging: Retention vs. Engagement**
12:30 PM - 1:30 PM	**Networking Lunch**
1:45 PM - 2:30 PM	**Leading Through Pressure: Resilience and Reinvention for HR Leaders** Speaker: Chris Vasemi
2:30 PM - 3:15 PM	**From Prompts to Agents: The Next-Level AI Playbook** Speaker: Frank Olmos
3:15 PM - 3:30 PM	**Refreshment Break**
3:30 PM - 4:30 PM	**Hot Topic Breakouts II: TBD**
3:30 PM - 4:30 PM	**Hot Topic Breakouts II: TBD**

4:30 PM - 5:15 PM	**Menopause in the Workplace: Policy, Benefits, and Culture** Speaker: Jewel Kling
6:00 PM - 9:00 PM	**Networking Reception & Dinner**

Friday, September 25, 2026

7:00 AM - 12:00 PM	**Registration**
7:00 AM - 8:00 AM	**Breakfast**
8:00 AM - 8:45 AM	**AI Wellness: Technology, People & Productivity**
8:45 AM - 9:45 AM	**Hot Topic Breakouts III: TBD**
8:45 AM - 9:45 AM	**Hot Topic Breakouts III: TBD**
9:45 AM - 10:30 AM	**Leadership Longevity and Succession Planning**
10:30 AM - 10:45 AM	**Refreshment Break**
10:45 AM - 11:30 AM	**Upskilling Staff through AI Tools**
11:30 AM - 12:15 PM	**NCPERS 2026 Compensation Survey Results**
12:15 PM - 12:20 PM	**Closing Remarks**

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Initiation of Service Provider Evaluation Period**

The Board of Retirement's Evaluation Period Policy was established to help ensure that decisions involving the selection, retention, or termination of KCERA service providers are consistent with fiduciary standards of conduct, and that service providers being considered by KCERA are treated fairly.

An "evaluation period" may be initiated by the Chief Executive Officer ("CEO") in the following situations:

> a) when a request for proposals (RFP) has been issued by KCERA or a short list of candidate firms has been identified for consideration by KCERA, or
>
> b) the Board otherwise deems it to be in the best interest of KCERA and its members and beneficiaries to do so.

The CEO has exercised his discretion and initiated the evaluation period for the following providers:

1) eCamos Capital AG
2) Hudson Bay Capital Management
3) TPG
4) Juniper Capital
5) Ares Management
6) Quantum Capital Group

Trustees are required to comply with the evaluation period restrictions upon receipt of this notification. (See Board Communications Policy).

> During evaluation periods, trustees shall not communicate with the specified service providers, except during board meetings, committee meetings, or KCERA-authorized due diligence visits; nor shall they accept meals, travel, hotel, or other types of gifts from the specified service providers. Notwithstanding the above, Trustees who need to communicate with such service providers for reasons unrelated to KCERA business agree to disclose such need to the Board beforehand. If circumstances do not permit timely disclosure to the Board, the trustee shall provide disclosure of the intended communication to the CEO and to the Chair or Vice-Chair.

> Service providers that breach this policy may be terminated by KCERA or disqualified from consideration in a search process. Board members who breach this policy may be sanctioned in accordance with the KCERA Code of Conduct. (See Evaluation Period Policy).

Pursuant to the aforementioned policies, your Board is asked to ratify the above evaluation period I recently initiated.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Capital Efficiency Deep Dive

Presented by:

Daryn Miller, CFA

Chief Investment Officer

Introduction

What is Staff seeking to achieve with this analysis?

- Evaluate the Capital Efficiency program to determine if it is meeting its goals and objectives
- Analyze performance and risks
- Identify areas of concern
- Consider potential changes and opportunities for improvement

What is Capital Efficiency?

- At the highest and most simple level, the Capital Efficiency program embraces Plan level leverage to improve returns
  - <u>Efficient</u> exposure to beta allows for pursuit of highest conviction alpha sources
  - Leverage, operation, and execution risks are accepted in exchange for improved returns

KCERA
KERN COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Contents

KCERA KERN COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Executive Summary

- The Capital Efficiency program has generally achieved its objectives
- The size of the Capital Efficiency program has been adjusted primarily in response to changes in cash funding rates
  - As cash interest rates spiked in 2022, the Plan was moved from a net negative cash balance to a positive cash balance
- The Alpha Pool added value
  - +8.28% annualized, since inception ("SI")
  - +4.94% annualized, after cash financing cost, SI (Jul. 2020 – Jun. 2026)
- The Policy benchmark for the Alpha Pool should be updated

Capital Efficiency Program

Per the Investment Policy Statement (IPS)

Primary Goals

The Capital Efficiency program seeks to improve the returns of the Plan by using derivatives in place of physical securities in traditional markets (equity, fixed income, and/or commodities) and then utilizing a portion of the unencumbered cash to fund investments in the Alpha Pool.

Adding Value

The Capital Efficiency program will add value when the Alpha Pool achieves returns (net of fees and expenses) that are above the cash funding rate.

Capital Efficiency Program History

Timeline

2019
- Presented concept at Board Strategic Planning Session
- Education session with the Investment Committee

2020
- Discussion and Concept Approval at Investment Committee
- Board Approved Strategic Asset Allocation, which included Capital Efficiency
- First Alpha Pool investment

2022
- Capital Efficiency Beta Diversified and Alpha Pool increased to 8%

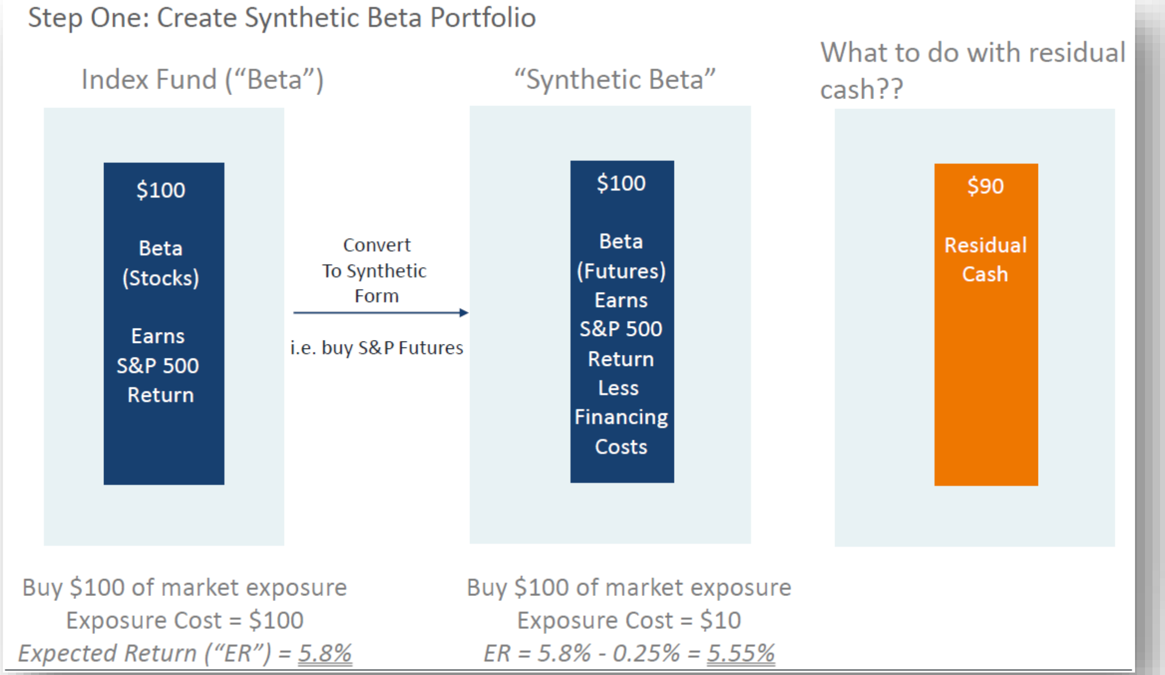
2024
- Alpha Pool reduced to 4%

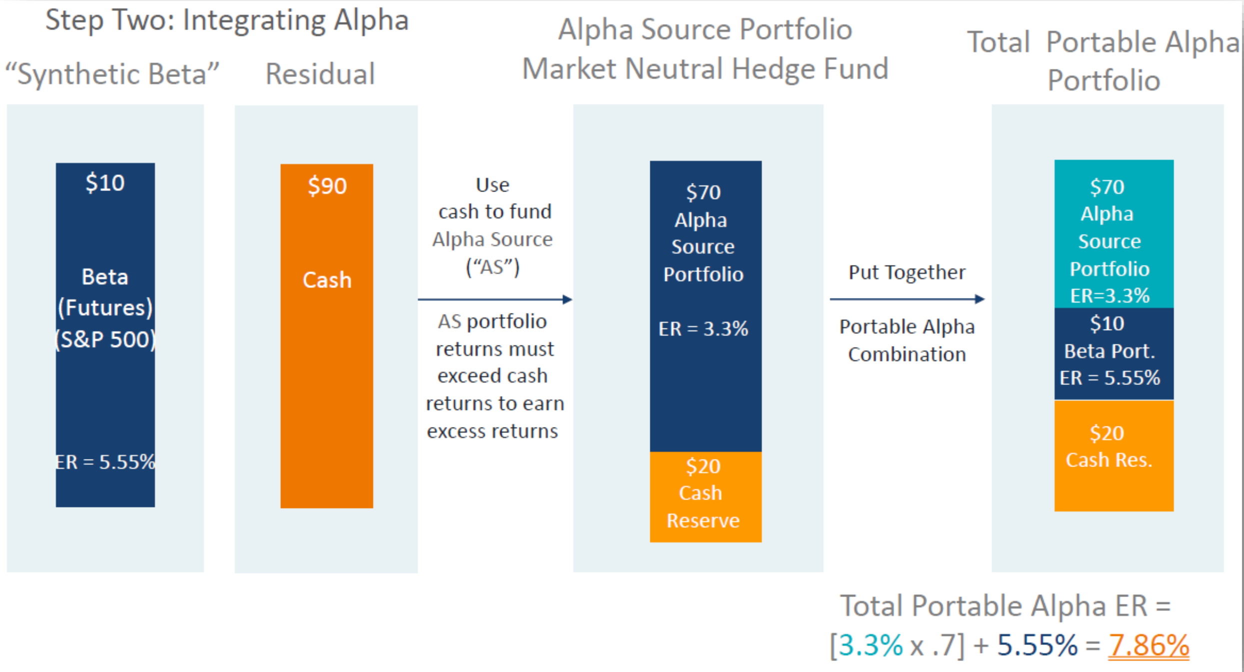
2025
- Alpha Pool reduced to 2.5%
- Alpha Pool deep dive

2019 2020 2021 2022 2023 2024 2025

Capital Efficiency Refresher

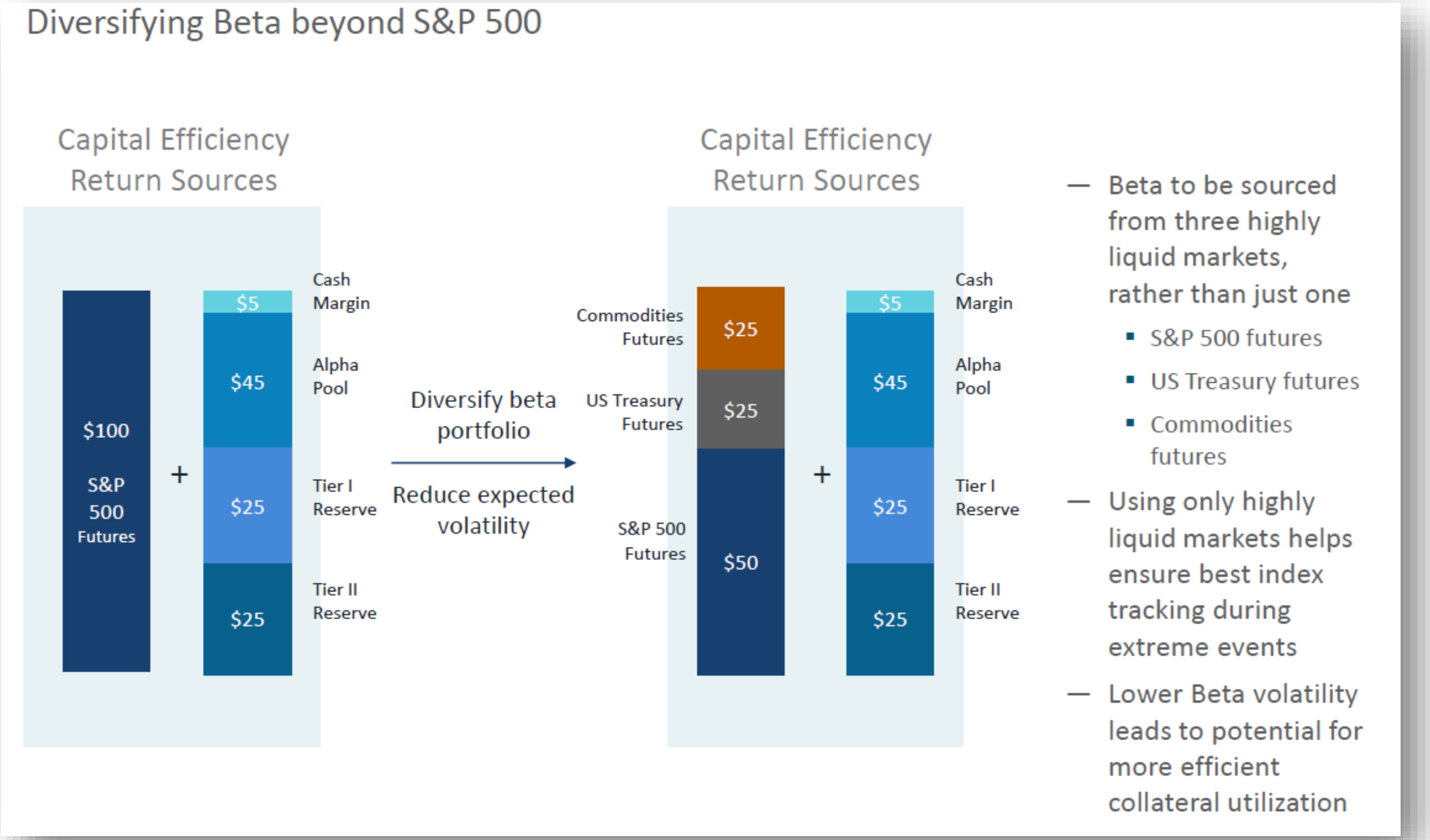
- The slides below were presented to the IC and Board in 2019 and 2020 as part of education and then approval
- The slides outline the basic concept behind Capital Efficiency





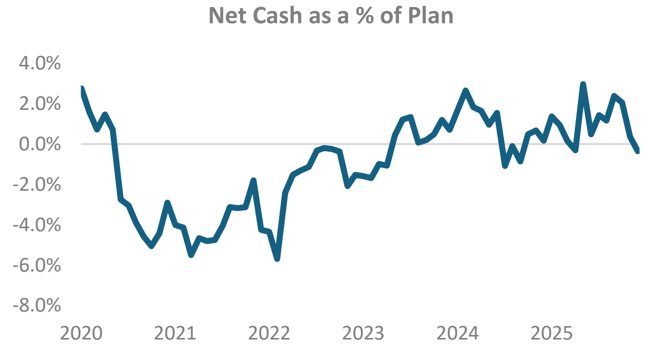
Capital Efficiency Refresher, cont.

- The slide below was presented to the IC and Board in 2022 when the underlying beta exposure was broadened, diversifying away from just equity beta, to also include rates and commodities betas. The Board approved the improved diversification to the program design.



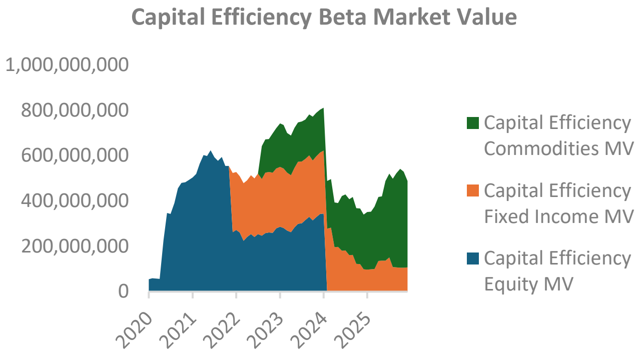
Capital Efficiency Program Details

- The Capital Efficiency program has 2 main components that work together (Beta & Collateral)
- Beta
  - Beta: S&P 500 futures, US Treasury futures, Commodity futures
- Collateral
  - The capital that is held which backs the Beta futures exposure
  - There are multiple layers of collateral including Cash, Short Duration, and the Alpha Pool
- By design, as collateral is shifted from Cash to the Alpha Pool the Net Cash position of the Plan turns negative
- In 2022 and 2023, following a series of Federal Reserve interest rate hikes that caused cash rates to spike from ~0.25% to ~5.25%, staff shifted Net Cash from a negative to positive position
  - The Plan's cash allocation earned 4.2%, 6.0%, and 4.7% in 2023, 2024, and 2025, respectively.

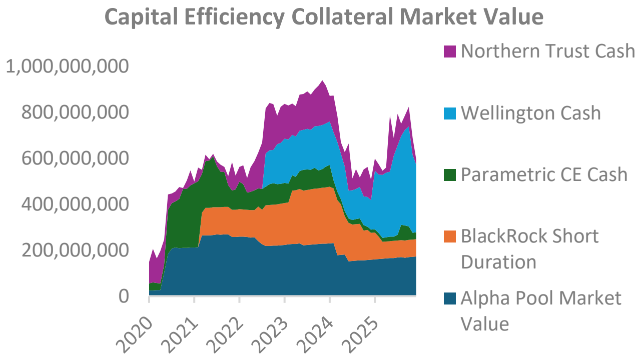


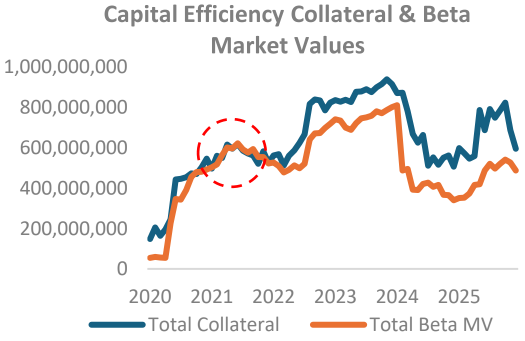
EXPOSURE

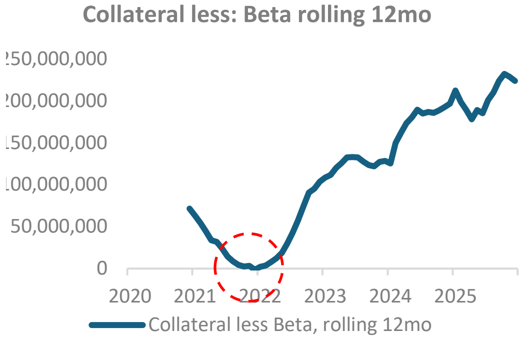
- The Capital Efficiency program is a combination of beta and collateral exposure
  - Beta: equity futures (S&P 500), fixed income futures (US Treasuries), and/or commodities futures
  - Collateral: Alpha Pool, BlackRock Short Duration, Parametric Cash, Wellington Cash, and Northern Trust Cash
- Collateral and Beta should be approximately equal
  - At times, the program has been overcollateralized, meaning we hold more cash than beta futures (2023 to 2025)



- During ramp-up, the Capital Efficiency program was overcollateralized
- In 2021-early 2022, collateral levels normalized consistent with program design (red dashed circles below)
- In mid-2022, the cash collateral level was increased to take advantage of higher cash returns
  - As cash was increased, fixed income exposure was reduced consistent with our view for higher yields (lower bond prices)
- The average overcollateralization since mid-2022 has been ~$160M

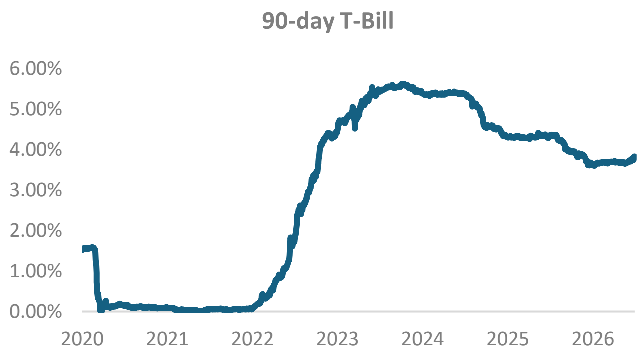


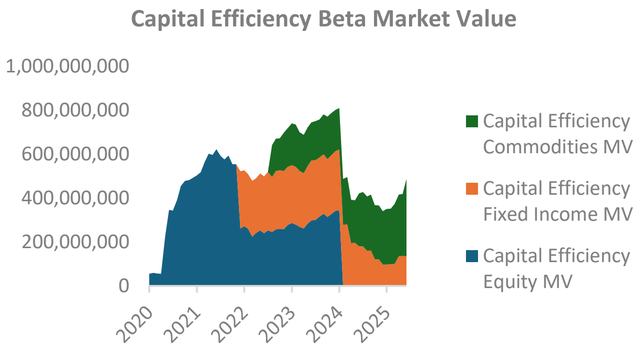


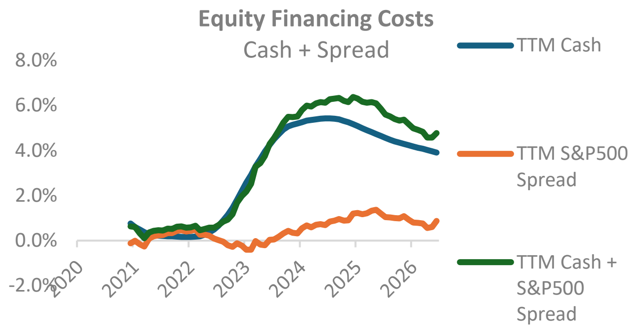


EXPOSURE CONT.

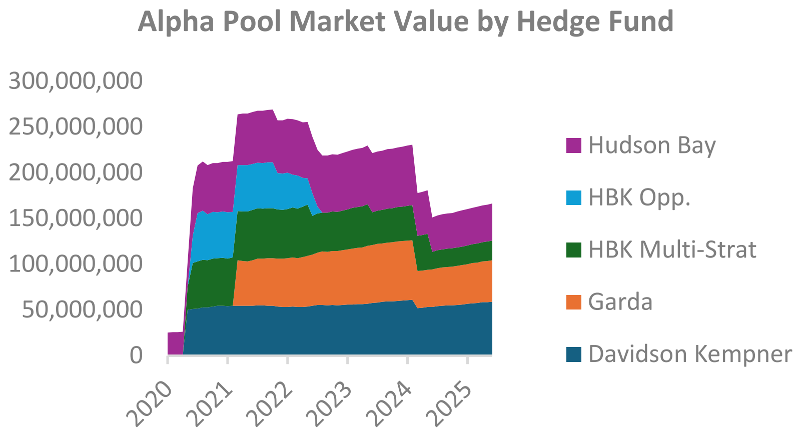
- The Beta composition was shifted in 2024
  - Equity beta was removed in 2024 due to higher cash financing spread cost
    - As a reminder equity futures have 2 “cost” components 1) the underlying cash financing rate, and 2) an additional spread over the cash rate (*for simplicity, we ignore futures roll and transaction costs here*)
  - Cash financing costs moved higher as the Fed hiked interest rates. Interest rate volatility also caused the financing spread to increase:
    - Average financing spread 2020-2023 was 2bps
    - Average financing spread 2023-2025 was 82bps
  - Treasuries and Commodities were impacted by higher cash from spread
- Financing costs have declined following Fed rate cuts
- Spread has declined at a slower rate
  - Trailing 12-month spread peaked at 137bps in May 2025 and has since declined to 87bps as of June 2026

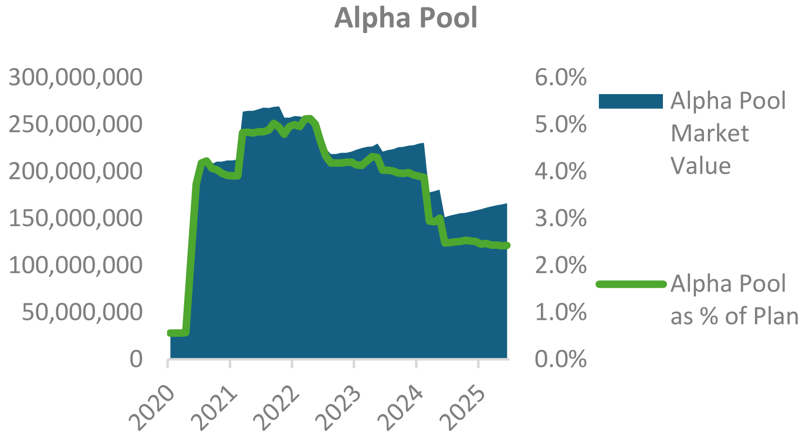






Alpha Pool Allocation





- The Alpha Pool consists of 4 Hedge Funds
  - Max funds were 5 funds—one fund has been fully redeemed (HBK Opportunities)
  - Peak Alpha Pool market value was $269M (3/31/22)
  - Current market value is $172M (6/30/26)
- The Alpha Pool size peaked at 5.2% of Plan assets in September 2022, but has since been managed lower
  - As of June 2026, Alpha Pool was 2.3% of Plan–modestly below the 2.5% target
  - The Alpha Pool target was initially 5%, was increased to 8%, and then reduced to 4% and now 2.5%

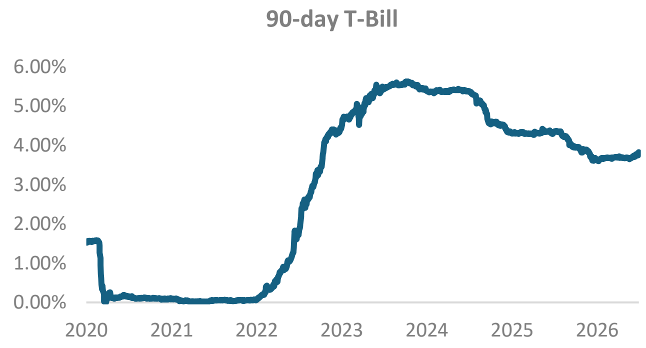
ALPHA POOL PERFORMANCE

Alpha Pool Returns -- two methodologies

Period	Albourne Return (a)	Cerity Return (b)	Difference	
2020	8.63%	8.72%	-0.10%	<< return difference, when cash was ~zero, was small
2021	6.55%	6.83%	-0.28%	<< return difference, when cash was ~zero, was small
2022	5.29%	0.98%	4.32%	<< as the Fed hiked interest rates the difference increased
2023	7.67%	-1.63%	9.29%	
2024	7.15%	2.75%	4.40%	
2025	9.91%	8.49%	1.42%	
2026(c)	3.59%	3.40%	0.19%	
3-yr	8.16%	4.85%	3.31%	
5-yr	8.27%	4.43%	3.84%	
SI(d)	8.28%	4.94%	3.34%	

(a) Albourne Return is the actual return of the Alpha Pool
(b) Cerity Return is the actual return of the Alpha Pool <u>less</u> cash financing charge.
(c) YTD through 6/30/2026. Includes est. for June 2026
(d) Inception Aug. 2020

Source: Albourne, Cerity, Staff.



- Alpha Pool returns have been solid
- Since inception 8.28% annualized (+87M) or 4.94% after a cash financing charge is included
- Returns are calculated 2 different ways
   1) **The "Albourne Return":** actual returns of the hedge funds in the Alpha Pool with corresponding weights. This is the typical way to calculate performance, and this is the methodology used in the quarterly Albourne performance reports
   2) **The "Cerity Return":** the calculation starts* with the Albourne Return for each hedge fund in the Alpha Pool and then subtracts a cash financing charge. This is the methodology used in the quarterly Cerity performance report. The Cerity Return should be <u>lower</u> than the Albourne Return.

**Note: in the initial quarters of the Alpha Pool, the Cerity Return lagged performance for some hedge funds, causing timing differentials*

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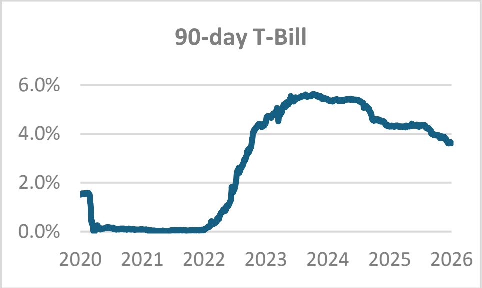
ALPHA POOL PERFORMANCE CONT.

Alpha Pool Returns vs Policy Benchmark

Period	Albourne Return (a)	Cerity Return (b)	Benchmark (c)	Albourne Return vs Bench.	Cerity Return vs Bench.	
2020	8.63%	8.72%	1.29%	7.34%	7.43%	
2021	6.55%	6.83%	3.05%	3.50%	3.78%	
2022	5.29%	0.98%	4.50%	0.79%	-3.52%	
2023	7.67%	-1.63%	8.17%	-0.50%	-9.79%	<< difficult year due to peak cash rates
2024	7.15%	2.75%	8.41%	-1.26%	-5.66%	<< difficult year due to peak cash rates
2025	9.91%	8.49%	7.30%	2.61%	1.19%	
2026(d)	3.59%	3.40%	3.29%	0.30%	0.10%	
3-yr	8.16%	4.85%	4.44%	3.72%	0.41%	
5-yr	8.27%	4.43%	5.91%	2.35%	-1.48%	
SI(e)	8.28%	4.94%	6.08%	2.20%	-1.14%	

(a) Albourne Return is the actual return of the Alpha Pool
(b) Cerity Return is the actual return of the Alpha Pool less cash financing charge.
(c) Benchmark: 3-Month T-Bill + 300bps
(d) YTD through 6/30/2026. Includes est. for June 2026
(e) Inception Aug. 2020

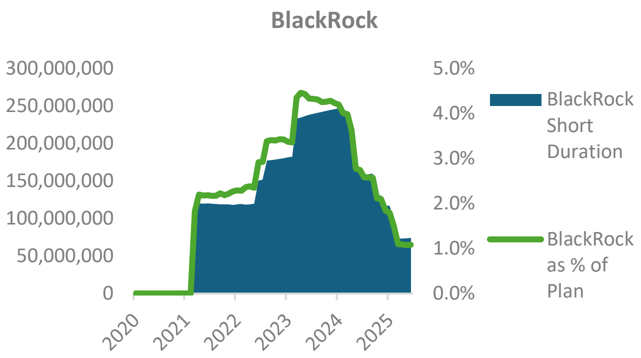
Source: Albourne, Cerity, Staff.

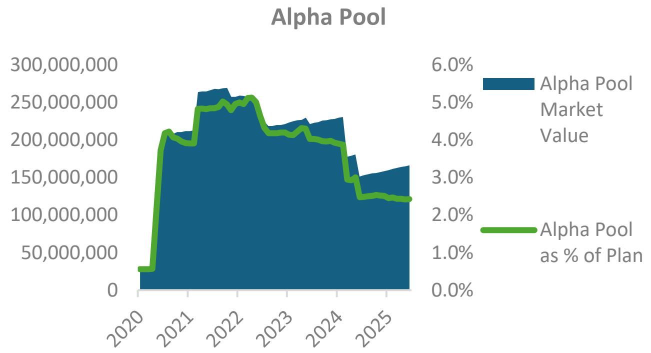


- The Alpha Pool Policy Benchmark is the 3-Month T-Bill + 300bps ("Cash + 300")
- Upon reflection, setting the Policy Benchmark as the 3-Month T-Bill + 300bps was an error. The Alpha Pool return at the Total Plan Level, which is measured versus Policy in the Cerity performance report, is presented after deducting a cash financing charge from the return. **Therefore, the return is being lowered by the cash rate, and is then being compared to the cash rate plus 300bps**
- **The appropriate Policy Benchmark for the Alpha Pool is 300bps. This will be a recommendation at the conclusion of this deep dive**

BlackRock Allocation & Performance

- The BlackRock Short Duration investment is a key component of the Capital Efficiency Program
  - The size of the allocation is typically a function of the Alpha Pool size, but in the higher interest rate environment of 2023-2025 it was also utilized as a cash investment option





- Performance has been solid. After underperforming in 2022 as cash rates advanced rapidly, the strategy has since outperformed.
  - 3-year +5.81% annualized vs. +4.67% for the benchmark; +113bps alpha
  - Since inception, +4.18% annualized vs. +3.66% for the benchmark; +51bps alpha
- Returns in 2023 & 2024 benefited from high cash rates

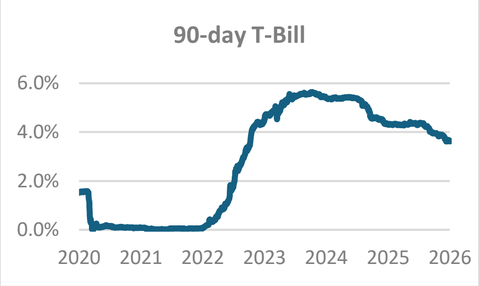
BlackRock Short Duration vs Policy Benchmark

Period	BlackRock Short Duration	Benchmark (a)	Return vs Bench.
2020	n/a	n/a	n/a
2021	-0.13%	0.02%	-0.15%
2022	0.25%	1.46%	-1.20%
2023	6.39%	5.02%	1.38%
2024	6.36%	5.25%	1.11%
2025	5.27%	4.18%	1.09%
2026(b)	2.18%	1.84%	0.34%
3-yr	5.81%	4.67%	1.13%
SI (c)	4.18%	3.66%	0.51%

(a) Benchmark: 90 Day U.S. T-Bill
(b) YTD through 6/30/2026
(c) Inception Sept. 2021

Source: BlackRock, Cerity.

- +6.39% in 2023
- +6.36% in 2024
- As the Fed cut interest rates, the BlackRock returns have come down.



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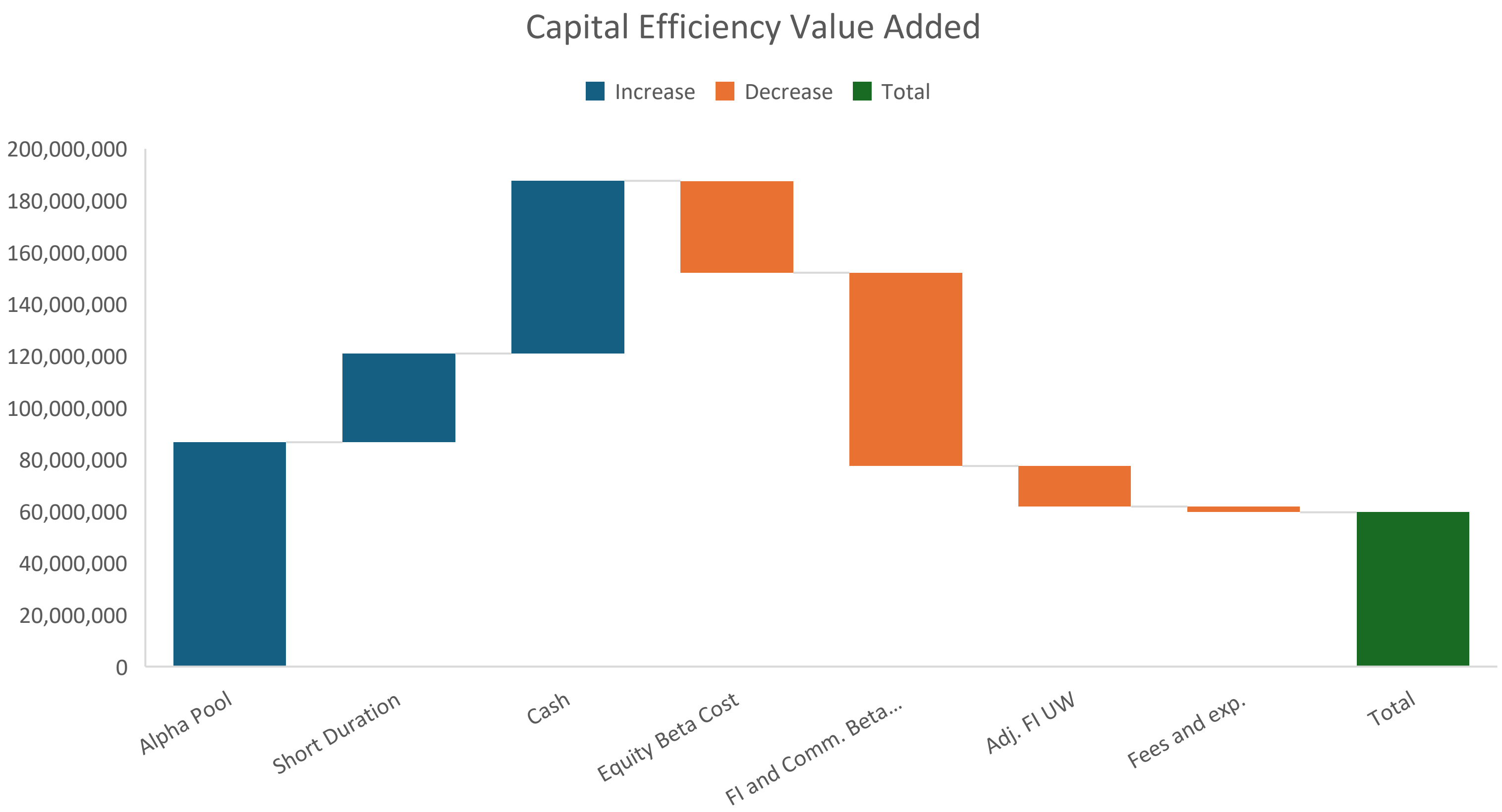
Aggregating the Components

- An aggregation of all the Capital Efficiency components shows the value that has been added (or detracted)
  - 60M in value added over the past 6 years (July 2020 to June 2026)



July 2020 - June 2026

Aggregating the Components, cont.

- Looking at annual value add shows the program added between 8bps to 28bps each year
  - The 2020 and 2026 returns are annualized, as the program contributed to only half of each of those years
- Years with higher contribution to the Total Plan is primarily a function of Capital Efficiency program size (larger = more value to the Total Plan)
  - 2023 was the strongest year, in terms of total value add, as the Capital Efficiency program was larger (4.2% of Plan) and the Alpha Pool and Short Duration portfolios performed well
  - 2026 YTD is so far the weakest year, as the Capital Efficiency program is smaller (2.4% of Plan on average) and the Alpha Pool program return has not been as strong

	Alpha Pool	Short Duration	Cash	Equity Beta Cost	Fixed Income and Commodity Beta Cost	Fees and Expense	Adjustment: Fixed Income UW	Total	Plan Assets	Annualized Contribution to Total Plan
2020 (a)	6,859,308	0	209,664	-500,954	0	-63,974	0	6,504,044	4,634,535,230	0.28%
2021	14,400,775	-149,198	427,016	-2,851,974	0	-423,962	-102,558	11,300,100	5,318,589,654	0.21%
2022	13,289,304	529,357	4,175,578	-5,573,394	-4,865,572	-473,349	-993,656	6,088,268	5,250,641,207	0.12%
2023	16,635,187	12,294,775	20,455,782	-14,596,700	-21,367,580	-512,201	-85,976	12,823,287	5,309,341,102	0.24%
2024	14,284,904	14,099,137	19,923,559	-11,966,582	-22,731,971	-419,894	-3,210,684	9,978,468	5,847,051,955	0.17%
2025	15,124,417	5,776,712	12,593,959	0	-16,337,561	-199,704	-7,273,316	9,684,507	6,451,639,817	0.15%
2026 (b)	6,070,425	1,624,737	8,950,447	0	-9,338,502	-81,772	-4,006,738	3,218,597	7,211,980,998	0.09%
TOTAL	**86,664,320**	**34,175,518**	**66,736,005**	**-35,489,604**	**-74,641,185**	**-2,174,855**	**-15,672,928**	**59,597,271**		**0.17%**

(a) Jul - Dec 2020
(b) Jan - Jun 2026 (est.)

Source: KCERA calculations

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Risks

- A discussion on Capital Efficiency would not be complete without covering the risks associated with the program
- Key risks include:
  - Alpha pool performance (i.e., outperforming cost of financing)
    - Mitigant: careful due diligence and selection of funds to add to the Alpha Pool--Albourne is a resource and actively participates in the process.
  - Beta tracking error
    - Mitigant: continual evaluation and management of beta exposure supported by research and analysis from Parametric.
  - Correlation
    - Mitigant: there are 3 betas (equity, rates, and commodities). In a growth or risk-off/liquidity driven regime, stocks and commodities historically have been positively correlated, while rates were inversely correlated. In an inflation driven regime, stocks and rates historically have been positively correlated, while commodities were inversely correlated.
  - Potential margin calls/liquidity
    - Mitigant: the program has been carefully designed with cash reserves (Northern Trust cash, Parametric cash, and BlackRock short duration)—all three provide sources of liquidity if needed. In addition, the Wellington mandate is operated with liquidity headroom, providing additional flexibility. Lastly, core fixed income could be utilized as a source of liquidity if needed.

Summary and Considerations

- As interest rates increased in 2022, the Capital Efficiency program has been actively managed
  - Alpha Pool size was scaled in response to financial markets
  - Beta composition was shifted to reduce cost
- Higher cash rates and higher spread created a more challenging environment for the Capital Efficiency program
- With the decline in cash rates and spreads declining, the Capital Efficiency program is in a more favorable environment
  - We continue to monitor the spread component in equity futures
- The Policy benchmark for the Alpha Pool should be updated from Cash + 300bps to 300bps since the Alpha Pool return is being reduced by the cash rate

Recommendation

- Update the **Investment Policy Statement (IPS)**, specifically, the Alpha Pool Policy Benchmark from 3-Month Treasury Bill + 300bps to 300bps (redline and clean versions of the IPS follows this presentation)
  - The Cerity quarterly Investment Performance Report (IPR) will utilize the 300bps benchmark
  - The Albourne quarterly performance report will continue to utilize the 3-Month Treasury Bill + 300bps benchmark
  - Implement the Policy Benchmark change effective the start of the current fiscal year -- July 1, 2026

KCERA
KERN COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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INVESTMENT POLICY STATEMENT

~~May~~ August 2026

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MISSION STATEMENT AND PURPOSE

Mission Statement

Kern County Employees' Retirement Association's ("KCERA") mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries.

Purpose

This Investment Policy Statement establishes policies for the administration and investment of KCERA's plan assets ("Plan"). This policy formally documents the goals, objectives, and guidelines of the investment program, and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure prudence, consistency, and care.

The purpose of this policy is to set forth in writing:

1. An appropriate set of goals and objectives regarding the investment of the Plan;
2. The position of KCERA's board ("Board) with respect to the Plan's investment risk/return posture, including asset allocation; and
3. The establishment of investment guidelines.

Further, this policy seeks to ensure the investment of the Plan in a manner consistent with the County Employees Retirement Law of 1937 (commonly known as "the CERL," Government Code Section 31450 et seq.) and other applicable state and federal statutes.

BACKGROUND

KCERA is governed by the CERL. Sections 31594 and 31595 of the CERL provide for prudent person governance of the Plan. Under this law, the type and amount of Plan investments as well as the quality of securities is not specifically delineated, rather the investments made are assumed to be in the best interest of the Plan such that others with similar information would acquire similar investments. These statutory provisions are set forth below:

> It is the intent of the Legislature, consistent with the mandate of the voters in passing Proposition 21 at the June 5, 1984, Primary Election, to allow the Board of any retirement system governed by this chapter to invest in any form or type of investment deemed prudent by the Board pursuant to the requirements of Section 31595. It is also the intent of the Legislature to repeal, or amend as appropriate, certain statutory provisions, whether substantive or procedural in nature, that restrict the form, type, or amount of investments that would otherwise be considered prudent under the terms of that section. This will increase the flexibility and range of investment choice available to these retirement systems, while ensuring protection of the interests of their beneficiaries.

(Cal. Gov. Code §31594.)

The Board has exclusive control of the investment of the employees' retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of KCERA through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

The Board and its officers and employees shall discharge their duties with respect to the system:

a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

(Cal. Gov. Code §31595.)

KCERA was established under the provisions of the CERL on January 1, 1945, by the Kern County Board of Supervisors, and its management is vested in a Board of Retirement.

INVESTMENT OBJECTIVES

The primary investment objectives for the Plan shall be:

1. Earn a long-term net of fees rate of return which is equal to or exceeds the Plan's assumed rate of return;
2. Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark ("Policy Benchmark"). The Policy Benchmark is identified in Appendix B; and
3. Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

Rates of return are to be time-weighted total return.

LONG-TERM STRATEGIC ASSET ALLOCATION

The long-term strategic asset allocation (herein referred to as "asset allocation," "target asset allocation," or "strategic asset allocation") is one of the most important investment decisions the Board makes. The primary objective of the asset allocation decision is to establish an asset allocation which produces the highest expected investment return with a prudent level of risk.

The Board selects an asset allocation that is predicated on a number of factors, including:

1. Actuarial considerations of the Plan, including current and projected contributions, benefit payments, assets, liabilities, and funded status;
2. Appropriate levels of risk and return, as evidenced by various quantitative techniques, including mean-variance optimization, stress testing, and scenario analysis;
3. An assessment of potential future economic conditions;
4. Long-term capital market assumptions; and
5. Liquidity considerations.

The Board's selected strategic asset allocation, including target weights and allowable ranges, is illustrated in Appendix A.

Rebalancing

From time to time the Plan's actual asset allocation will deviate from the strategic asset allocation. Rebalancing can occur between asset classes, within an asset class, and between investment managers, with the objective of maintaining the strategic asset allocation exposures. Rebalancing or portfolio allocation changes can also occur in response to specific risks or anticipated changes in markets. The Chief Investment Officer shall determine appropriate rebalancing actions and obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, subscription, redemption, or related documentation in order to implement rebalancing actions. When rebalancing activity occurs, the Board shall be notified of such activity at the next regularly scheduled Board meeting. Rebalancing may occur through the buying and selling of physical investments or through the use of derivatives.

Cash Flow Management

The Chief Investment Officer will monitor cash flow activity and maintain a cash flow forecast in order to ensure the payment of benefits, expenses, capital calls, and other investment activity, while also reducing friction from excess levels of cash. When liquidations of assets are necessary to meet cash flow needs, the Chief Investment Officer will determine the appropriate sources of liquidity and will obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, redemption, or related documentation in order to implement cash flow management actions. Investment managers should receive adequate notification so that cash can be raised efficiently.

INVESTMENT MANAGER GUIDELINES

The Board has adopted the following guidelines to be used in limiting exposure to an investment manager (herein referred to as "Manager"). The Board may override these policies under special circumstances:

1. The maximum allocation to a single active Manager is 12% of the Plan;
2. The maximum allocation to a single active management product is 8% of the Plan; and,

3. No investment with any single investment strategy may exceed 10% of that Manager's total assets under management.

There is no maximum allocation limitation for passive Managers or their passive investment products.

It is the intention of the Board to allow Managers full discretion within the scope of this policy, the operative fund documents, any Investment Management Agreement ("IMA") or side letter agreement, and any laws or applicable federal and state statutes or regulations that supersede these documents. Investment guidelines for individual mandates are contained in each Manager's IMA.

Unless specifically provided for in the manager's operative fund documents or investment guidelines, the following transactions are generally prohibited: purchase of non-negotiable securities, short sales, transactions on margin, use of leverage and use of options.

RISK MANAGEMENT

The Board recognizes it must accept risk to sufficiently grow assets to meet promised benefit payment obligations, and that taking risk needs to be balanced with capital preservation. The Board's risk tolerance is a function of this perspective.

Risk

Risk is a broad concept and can generally be thought of as the likelihood of an unfavorable outcome. Investment management is a process of taking risk (i.e. exposing assets to potentially unfavorable outcomes). A key component of taking risk is understanding the relationship between positive outcomes and negative outcomes, both in terms of likelihood and magnitude.

The Plan is exposed to numerous risks, and no single metric or measure encompasses the complexity of those risks. The risk management process identifies, measures, and evaluates risks, so that risks taken are intentional and prudent.

Risk Management Process

The risk management process includes:

1. Identifying risk;
2. Measuring risk; and
3. Evaluating risk.

This process assists in determining what risks are acceptable and how to appropriately size them. The risk management process is integral to the investment process, whether it be selecting a strategic asset allocation, structuring an asset class, hiring a Manager, rebalancing the portfolio, or managing cash flows.

Risk Metrics

The Board uses various metrics and tools to measure and understand risk. These are important elements in evaluating risk, and include standard deviation, tracking error, beta, upside capture, downside capture, stress testing, scenario analysis, and liquidity. In addition to specific metrics, various risk concepts can help understand and evaluate risk, including counterparty risk, operational risk, and execution risk.

Risk Reporting

Risk metrics are included in the quarterly investment performance report. In addition, other measures of risk are presented to the Board on an ad hoc basis when deemed necessary by the Chief Investment Officer and the investment consultant. To appropriately evaluate risk, an understanding of economic, political, and financial market environments is helpful, thus an investment landscape with this type of information is presented to the Board in conjunction with the quarterly investment performance report.

INVESTMENT PERFORMANCE REVIEW

The Board will review the investment results of the Plan quarterly. Investment performance reports will be prepared by the Plan's investment consultant. Performance will primarily be evaluated within the context of the Investment Objectives as set forth in this policy. Manager performance is to be evaluated as set forth in Appendix D.

CAPITAL EFFICIENCY

The capital efficiency program seeks to improve the returns of the Plan by using derivatives in place of physical securities in ~~traditional markets (~~equity, fixed income, and commodity~~ies~~ markets~~, etc.)~~, and then utilizing a portion of the unencumbered cash to fund investments in the alpha pool. The capital efficiency program will add value when the alpha pool achieves net of fees and expenses returns that are above the cash funding rate. The Plan can use a third-party overlay provider to manage derivative exposure. The derivative exposure is collateralized with a combination of cash and investments.

ASSET CLASSES

The Board has decided to invest in the following asset classes:

PUBLIC EQUITY: Publicly traded global equities is a core asset class and serves the primary goal of return generation. Regional exposures include domestic, international developed, and emerging markets (including frontier markets).

FIXED INCOME: Fixed income securities are a core asset class and serves the primary goals of liquidity as well as risk mitigation, at least to the extent that the inverse relationship between equities and bonds hold. A secondary goal is income generation and diversification.

Fixed income includes, but is not limited to, two broad sub-asset classes: core and credit. The core allocation emphasizes the primary fixed income goals of liquidity and risk mitigation, while the credit allocation emphasizes the secondary objectives of income generation, and diversification.

COMMODITIES: The primary goals of the commodities allocation are return generation, positive correlation to inflation, and diversification.

HEDGE FUNDS: The primary goals of the hedge funds allocation are diversification, return generation, and downside protection. The hedge funds allocation will diversify across hedge fund strategies (relative value, event driven, equity long/short, and directional), and is expected to have low correlation to public equities and fixed income. The hedge funds allocation should be semi-liquid, with the majority of assets liquid within 1 year, and will generally not be considered a short-term liquidity source.

Objectives

1. Annualized return expectation of:
   a. 75% 3-Month Treasury Bill + 300bps; and
   b. 25% MSCI All Country World Index (Total Return Net).
2. Annualized forecast volatility between 4% and 7%;
3. Sharpe Ratio greater than 1.0; and,
4. Forecast Beta to MSCI All Country World Index of less than 0.3.

Guidelines

1. Strategy — Ranges

	Strategy	Ranges
a.	Relative Value	20 - 40%
b.	Event Driven	15 - 35%
c.	Equity Long/Short	10 - 30%
d.	Directional	15 - 35%

For purposes of investment strategy ranges, funds are decomposed into their underlying strategies.

2. No investment with any single Manager can represent more than 15% of the hedge funds allocation.

ALPHA POOL: The primary goal of the alpha pool is to generate a cash-plus return through strategies that have low beta exposure, medium to high alpha, and expectations of downside protection. The alpha pool is expected to have low correlation to public equities and fixed income. The alpha pool is a key component of the capital efficiency program.

Objectives

1. Annualized return expectation of 3-Month Treasury Bill + 300bps

~~1.~~a. *For the Policy benchmark calculation, the alpha pool benchmark is 300bps (the cash component is not included in the alpha pool Policy benchmark, because cash is backed out of the alpha pool return in the Total Plan performance report)*;

2. Annualized forecast volatility between 3% and 6%; and,
3. Forecast Beta to MSCI All Country World Index of less than 0.2.

CORE REAL ESTATE: The primary goals of the core real estate allocation are income generation, positive correlation to inflation, and diversification.

OPPORTUNISTIC: The primary goal of the opportunistic allocation is return generation. Opportunistic investments are intended to take advantage of specific market conditions, or investments that are opportunistic in nature, and may include expansion of investments in the current asset allocation or entry into strategies outside of the asset allocation.

Objectives

- Return expectation at least 3% higher than the assumed rate of return

Guidelines

- Individual investments may not exceed 3% of Plan at time of purchase.

PRIVATE MARKETS: The primary goals of the private market allocations are generally consistent with their public market counterparts noted herein, with the additional expectation of higher returns. The expectation of higher returns is a function of the illiquidity, differentiated sources of return, and increased complexity in private markets versus public markets. Private market investments are illiquid and investment horizons can reach 10-15 years or more.

Private markets include three broad sub-asset classes; private equity, private credit, and private real assets (including private real estate).

CASH: The primary goals of cash are liquidity and operational efficiency. Cash exposure is defined as physical cash adjusted by the net notional exposure of (a) overlay positions, and (b) derivatives positions for the capital efficiency program. Holding some level of physical cash is necessary for the smooth operation of the Plan. The cash exposure should be minimized and an overlay program may be utilized to reduce the potential drag on performance. Holding physical cash is an important component of the capital efficiency program.

ADMINISTRATIVE PRACTICES

Review and Revisions

The investment consultant or the Chief Investment Officer shall first advise the Chief Executive Officer and then the Board of any restrictions within this policy which may prevent the investment program from meeting the goals and objectives set forth herein. Any violation of this policy discovered by the investment consultant or the Chief Investment Officer shall be reported first to the Chief Executive Officer and subsequently to the Board at the next regularly scheduled Board meeting.

The Board reserves the right to amend this policy at any time deemed necessary, or to comply with changes in state or federal law, or regulations.

POLICY REVIEW AND HISTORY

1) This policy was:
   a) Adopted by the Board on April 9, 2014.
   b) Amended by the Board on March 9, 2016; March 13, 2019; May 1, 2019; April 1, 2020; December 9, 2020; April 13, 2022; September 13, 2023; September 11, 2024; April 9, 2025; November 5, 2025; December 10, 2025; ~~and~~ May 6, 2026; and August 12, 2026.

APPENDIX A – ASSET ALLOCATION AND ALLOWABLE RANGES

Asset Class	Target	Range
Public Equity	34%	24 – 46%
Domestic		12 – 29%
International Developed		5 – 19%
Emerging Markets		0 – 10%
Fixed Income	23%	13 – 33%
Core	13%	8 – 23%
Credit	10%	5 – 15%
Commodities	5%	0 – 9%
Hedge Funds	12%	7 – 17%
Alpha Pool	2.5%	0 – 5%
Core Real Estate	7%	2 – 10%
Opportunistic	0%	0 – 10%
Private Markets	18%	0 – 33%
Private Equity	6%	0 – 11%
Private Credit	8%	0 – 13%
Private Real Assets	5%	0 – 10%
Cash	-2.5%	-5 – 4%

APPENDIX B – POLICY BENCHMARK

Asset Class	Weight	Benchmark
Equity	34.0%	MSCI All Country World Investable Market Index (Total Return Net)
Fixed Income	23.0%	Blend †
Core	13.0%	3% ICE BofAML 7-10 Year US Treasury Index 2% ICE BofAML US Treasury 10+ Index 4% Bloomberg Barclays US Aggregate Total Return Value Unhedged USD Index 4% Bloomberg US Corporate Credit 1-3 Year Index
Credit	10.0%	5% Securitized (50% Bloomberg Non-Agency CMBS Index; 33.33% Bloomberg ABS Index; 16.67% JP Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index 2.5% JP Morgan Emerging Market Bond Global Diversified Index
Commodities	5.0%	Bloomberg Commodity Index
Hedge Funds	12.0%	9% 3-Month Treasury Bill + 300bps & 3% MSCI All Country World Index (Total Return Net)
Alpha Pool	2.5%	~~3-Month Treasury Bill +~~ 300bps
Core Real Estate	7.0%	NCREIF Fund Index - Open End Diversified Core Equity (Net)
Opportunistic	0.0%	Assumed rate of return + 300bps
Private Equity	6.0%	Actual time-weighted Private Equity returns ††
Private Credit	8.0%	Actual time-weighted Private Credit returns ††
Private Real Assets	5.0%	Actual time-weighted Private Real Assets returns ††
Cash	-2.5%	3-Month Treasury Bill Index

† Fixed Income Benchmark is a blend of the fixed income sub-asset class benchmarks and corresponding target weights.
†† The Policy Benchmark uses actual private market asset class weights each rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market's public market "equivalent" (private equity to public equity; private credit to core fixed income and private real assets to core real estate).

APPENDIX C – INVESTMENT PHILOSOPHY

Governance

- Governance is the process of establishing and maintaining effective decision-making authority, responsibility, and accountability.
- Effective governance adds value and is a critical element of a successful investment program.
- An effective governance framework includes delegation of decision-making authority to the most capable resources.
- An essential role of the Board is to establish, maintain, and monitor clear and consistent policies of operation.

Risk

- The primary investment risk for the Plan is that long-term investment returns, together with reasonable and sustainable contributions, are insufficient to meet financial obligations over the long-term.
- Achieving investment goals requires investment risk taking and accepting that losses can and will likely occur.
- Investment management is risk management and the two are inherently linked. Risk and long-term returns are strongly correlated.
- Risk is multi-faceted and not fully quantifiable.
- Investment returns are fueled by multiple sources of risk.

Asset Allocation

- The long-term strategic asset allocation is a key determinant of the Plan's overall risk and return. Structure and Manager selection impact returns on the margin.
- The liability profile, sponsor position, funded status, and tolerance for adverse outcomes, should form the basis for establishing an appropriate level of risk for the Plan.
- The global opportunity set is dynamic, and a tactical approach to identifying opportunities can add value. However, a well-defined and adequately resourced process needs to be present.

Investment Horizon

- The long-term nature of the liabilities generally implies a long-term investment horizon. That said, at times short-term market conditions should be considered and balancing the short-term with the long-term is appropriate.
- Having a long-term investment horizon is an advantage, if utilized appropriately.
- A long-term investment horizon can lend itself to investing in illiquid assets and the opportunity to earn higher returns.

Diversification

- Diversification improves the stability of investment returns and the long-term risk-adjusted return of the portfolio.
- Diversification spreads risk across many dimensions including but not limited to, asset class, strategy, industry, market, style, geography, timeframe, and economic sensitivity.

Market Efficiency, Structure, and Manager Selection

- Structure should not cause an asset class to meaningfully deviate from its intended role or purpose.
- Markets are competitive and dynamic. Different markets have varying levels of efficiency, and some markets are more conducive to excess returns than others.
- Skill to generate active risk-adjusted returns over a benchmark (alpha) is rare and difficult to identify in advance and consistently capture.
- Value can be added through Manager selection, provided that Manager selection is well resourced with skill, experience, and focus, and utilizes a rigorous and consistent due diligence process.
- Passive investments reduce some forms of risk and cost, and potentially improve net returns. Utilizing passive investments in both efficient and inefficient markets can be an appropriate decision.

Costs

- Fees, expenses, and transaction costs can have a significant impact on long-term compounded returns and must be clearly justified and carefully managed.
- Investments should be evaluated on an expected net of fees basis. However, an understanding that fees are certain, while returns are not, should be appreciated.

Other

- Value is created by building an organization with deep knowledge and experience in global markets and draws on the expertise of a network of external partners.
- A successful investment program requires adequate resources, expertise, focus, and consistency in approach.
- Resources are constrained. Determining appropriate areas to focus and deploy resources is critical for adding value.
- The Plan's people and partners drive success. Develop and retain internal capital, foster a collaborative team-oriented culture that values integrity, excellence, and humility.
- Seek arrangements which ensure alignment of interest with agents and partners and collaborate broadly.
- Attractive risk-adjusted returns can be achieved by being an early adopter in strategies, assets, markets, technologies, and approaches.
- Derivatives and leverage can be efficient tools when utilized prudently.

APPENDIX D – MANAGER DUE DILIGENCE, SELECTION, MONITORING AND TERMINATION

This policy establishes the guidelines for selecting, monitoring, and terminating Managers. This policy aims to retain a high degree of flexibility in how it is applied to Managers. The goal is to implement a process which finds a balance between two undesirable outcomes:

1. Retaining Managers with no value-adding capabilities; and,
2. Terminating Managers with value-adding capabilities

Due to the significant costs involved in replacing Managers, and due to the substantial probability of selecting a value-detracting Manager as a replacement for an existing Manager, this policy is somewhat biased toward avoiding terminating Managers with value-adding capabilities.

Delegation

The Board has delegated the authority to select and terminate investment managers to the Chief Investment Officer, within the parameters and constraints set forth in this policy and with concurrence from the applicable investment consulting firm.

Parameters and Constraints – Selection and Termination

The authority delegated to the Chief Investment Officer by the Board to select investment managers will be constrained by a maximum investment size defined as a percentage of total plan assets. The authority delegated to the Chief Investment Officer to terminate investment managers is not constrained and is fully delegated.

Asset Class	Selection Threshold	Termination
Hedge Funds	1.0%	Fully delegated
Private Markets	1.0%	Fully delegated
Opportunistic	1.0%	Fully delegated
Co-investments[1]	0.5%	Fully delegated
All other investments	1.0%	Fully delegated

[1]Co-investments must be with managers where the Plan has previously made an investment.

The authority delegated to the Chief Investment Officer by the Board to select and terminate investment managers may be rescinded by the Board for any of the following reasons:

- The current Chief Investment Officer either leaves the job position of Chief Investment Officer or leaves employment with KCERA.
- The current consultant is replaced for an asset class (delegated authority will be rescinded for that asset class only).
- If overall KCERA Investment Staff positions fall below 50% of authorized positions.

The Board maintains discretion to reinstitute delegated authority previously rescinded by the Board.

Staff will develop procedures describing the criteria and processes to be used in conducting investment manager due diligence, including due diligence meetings, and arriving at staff decisions and recommendations; and will review said procedures with the Investment Committee from time to time.

Manager Search Process – Public Markets

1. Initiation and Evaluation: The Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. Internal Investment Committee Approval: Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constrains in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. Investment Committee Notification: For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee members of the selected investment manager and confirm that the selection complies with the delegated authority described in this Appendix D.
4. Board of Retirement Notification: At the next available Regular Board meeting, the Chief Investment Officer will report the investment managers selected under delegated authority that have completed the contracting process.

Manager Search Process – Private Markets

The Private Markets program will be managed according to an annual plan produced by the investment consultant whose main components will encompass an update on the private markets program, a recap of prior year activity, a review of the Plan's private market strategy, a review of the annual pacing plan, and a forward calendar of prospective Managers or strategies. The annual plan will serve as a guide to ensure that target allocations are managed, proper diversification is implemented, and overall private market investments are in line with portfolio goals. It is recognized that market environments can change and deviations from the annual plan may be necessary.

The overall search process will be generally in line with public markets:

1. Initiation and Evaluation: Guided by the pacing plan and forward calendar, the Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. Internal Investment Committee Approval: Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constraints in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. Investment Committee Notification: For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee

members of the selected investment manager(s) and confirm that the selection complies with the delegated authority described in this Appendix D.

4. Board of Retirement Notification: At the next available Regular Board meeting, the Chief Investment Officer will report the investment manager(s) selected under delegated authority that have completed the contracting process.

Contracting – Public and Private Markets

Managers shall acknowledge in writing their recognition and acceptance of their role as a fiduciary to the Plan and adherence to an industry-accepted standard of care, which may be established by contract or operation of law. Managers must further agree to adhere to appropriate federal and state legislation governing the Plan and agree to be covered by appropriate and adequate insurance coverage.

Managers retained by the Board shall be compensated by a formula contained in the manager's operative fund documents or Investment Management Agreement. No public markets Manager retained by the Board shall receive a payment of commission or other fees on a particular investment transaction; provided that, performance fees paid to Managers, as documented and agreed to by and between KCERA and the Manager are allowed. Further, Managers must disclose to staff any indirect compensation received in addition to its fees as a result of servicing the Plan. Additionally, alternative Managers will be required to disclose fee information per Cal. Gov. Code §7928.710 and §7514.7.

Ongoing Monitoring – Public and Private Markets

Manager evaluation relies on the ongoing review of qualitative and quantitative factors. These factors will be monitored on an ongoing basis in order for the Chief Investment Officer and the investment consultant to apprise the Board of changes which could warrant a change in the Manager's suitability. A key objective of this policy is the timely identification of signs of adverse changes in a Manager's organization or investment process. Factors to monitor include performance, attribution, key contributors and detractors from performance, portfolio positioning and exposures, key positions and investment thesis, changes in the investment team or process, changes in investment product line-up, assets under management and capital flows, administrative or operational changes, and other potential changes in the business.

No less than quarterly the investment consultant reviews each traditional public market Manager of the Plan and produces a written summary, which is provided to staff. In the case of alternative Managers including private market Managers, a review and written summary is produced at least annually. In the case where no investment consultant formally covers the investment, staff will produce a written summary.

Value-adding Managers will experience adverse circumstances, such as underperformance, personnel changes, and loss of assets under management. When Managers experience such events, staff and the investment consultant will evaluate whether appropriate action was taken by the Manager, what impact the action could have, and what other actions may be considered.

Manager reporting requirements

All Managers

- Updated Form ADV - Part 2 on an annual basis

All public markets

- Monthly account statement and NAV
- Monthly gross and net performance
- Performance commentary at least quarterly
- Positioning, exposure or risk report at least quarterly
- Audited Annual Financial Statements (for fund investments)

Public market investments through separately managed accounts

- Each quarter, managers shall provide a letter certifying compliance with the portfolio guidelines from the Investment Management Agreement, and compliance with regulatory requirements. Managers are required to advise staff and the investment consultant in writing of any violation.
- Managers are required to advise staff and the investment consultant in writing of any need for changes to the portfolio guidelines; and
- Managers are required to comply with the reporting requirements of the Trading Policy, as detailed in Appendix E
- Managers are required to comply with the reporting requirements of the Asset Pricing Policy, as detailed in Appendix G

Private markets

- Quarterly account statement and NAV
- Quarterly performance measures including IRR, and multiples
- Quarterly update of contributions, distributions, and uncalled capital
- Annual performance commentary
- Annual fund composition, positioning, or exposure reports
- Audited Annual Financial Statements (for fund investments)

APPENDIX E – TRADING POLICY

The Board has determined that trading costs represent a significant expense to the Plan. The Board has therefore established policies in order to control these costs, and to monitor the level and effectiveness of the trading activity of the Plan.

Best Price and Execution Standard

1. Notwithstanding anything to the contrary, all trading of securities will be placed by Managers with broker-dealers with the aim of obtaining the best price and best execution, taking into account all factors influencing best execution, as well as the value of all services received or savings obtained by the Plan related thereto, or by the Managers, for the benefit of the Plan.
   a. The policy of best price and best execution is intended to mean that Managers shall use professional judgment in the selection of broker- dealers and the commissions paid. Managers should be prepared to provide evidence that they are attempting to deliver investment results at the lowest possible level of transaction costs, including the market impact of their trades, and considering the value of all services provided to the Plan for its commission dollars.
   b. The policy of best price and best execution is intended to provide the most favorable overall results for the Plan.
   c. Broker-dealers, as referenced herein, include firms which customarily perform trades for an institutional clientele. Such broker-dealers may trade on the floor of the various national and regional stock exchanges or may trade in the third and fourth markets performing transactions outside of the securities exchanges.

2. Inasmuch as trading costs contribute to the gains and losses on the securities held by the Plan, and therefore contribute to the portfolio performance of each Manager, all trades will be placed by Managers at their discretion. Such trades may include fixed income transactions placed on an agency basis. All such trades will be placed within the following general guidelines, consistent with the best price and best execution standard.
   a. Managers may direct a portion of total annual transactions to broker- dealers who provide the Managers with research. In selecting among these broker-dealers to execute transactions, the Managers shall consider all factors relative to best execution. Such factors should include, but are not limited to, the following:
      i. price of security;
      ii. the commission rate;
      iii. size and difficulty of the order;
      iv. reliability, integrity, and financial condition of broker-dealer;
      v. general execution and operational capabilities or competing broker-dealers;
      vi. Manager's investment style; and
      vii. brokerage and research services provided.

3. When placing trades with broker-dealers, Managers will emphasize minimizing commission costs directly and not seeking sources of value to the Plan through ancillary research services. In selecting these broker-dealers to execute transactions, the Manager will consider all factors relative best execution. Such factors should include, but are not limited to, the following:
   a. price of security;
   b. the commission rate;
   c. size and difficulty of the order;
   d. reliability, integrity, and financial condition of broker-dealer;
   e. general execution and operational capabilities or competing broker-dealers; and,
   f. the Manager's investment style.

Trading Analysis

For separately managed account investments, Managers will allow an analysis of trading costs of the account. The Board may engage third parties to independently evaluate the Manager's trading costs and practices, to assess whether or not the Manager is achieving best execution. This analysis will be provided to staff no less than every three years.

1. The analysis will summarize and evaluate the cost effectiveness of the various broker-dealers utilized by the Manager, specifically reporting commissions charged per share traded, and an estimate of the total costs incurred in these transactions.
2. The analysis will evaluate instances of higher commissions per share with respect to the many factors affecting best execution and shall consider other services or research provided to the Manager.
3. The analysis will report trading performance by broker-dealer and by investment management account.

APPENDIX F – PROXY VOTING POLICY

Because the proxy vote is an asset of the Plan, it must be managed prudently and for the exclusive benefit of the Plan. It is the intent of this policy to lay out a broad set of guidelines within which proxies must be voted to maximize shareholder value.

Guidelines

For all equity oriented separately managed accounts, a proxy voting service provider is retained to vote all proposals submitted to stockholders in accordance with this policy. All commingled investment fund proxies are voted by the respective Manager of each fund in accordance with the Manager's proxy guidelines.

Due to the significant resources required to properly manage a proxy voting program, the Board has chosen to delegate the proxy voting decision to a third-party provider of proxy voting services and to follow that provider's detailed proxy voting guidelines.

The obligations of the third-party provider are as follows:

1. With regard to timely execution of specified proxy votes on the Plan's behalf, including corporate account set up, vote execution reporting and record keeping, and compliance with U.S. SEC and Department of Labor ERISA standards, as applicable, the third party shall carry out its duties and obligations to vote the Plan's proxies in accordance with the standards of fiduciary responsibility set forth in the CERL;
2. The third-party shall cast votes after careful consideration of the issues; and
3. The third-party shall describe the rationale for its votes.

The overarching and universal guideline is that proxies must be voted in the best interest of the Plan and its beneficiaries and in order to maximize shareholder value. In following this broad, all-encompassing guideline, the third-party provider shall follow its own detailed guidelines, which provide specific instruction on how to vote proxies in alignment with and support of the following key principles:

1. A board of directors that serves shareholder interests;
2. Transparency and integrity in financial reporting;
3. A strong link between compensation and performance; and
4. A governance structure that clearly supports shareholder interests.

The third-party provider's detailed guidelines may change over time. A copy of the current guidelines shall be maintained by staff.

Monitoring

The third-party service provider shall provide monthly reports to staff, which include a list of all proxies voted on behalf of the Plan, along with the rationale for the votes. On an annual basis, staff will provide the Board with a consolidated report summarizing the previous year's proxy voting activity.

APPENDIX G – ASSET PRICING POLICY

This policy provides a process for the valuation of securities in separately managed accounts where the prices listed by the Plan's master custodian bank ("Custodian") are substantially different from the Manager's prices for those same securities. The Board recognizes that there are coverage limitations for security prices as provided by the Custodian's pricing matrix and third-party pricing provider prices. In those situations, where pricing is disputed between the Manager and the Custodian, the approach outlined in this policy will be implemented.

The Custodian will provide official pricing for the Plan's separately managed accounts with the following exceptions:

1. Issue specific market values may be priced by the Manager where no reliable third-party pricing source is available; and
2. Disputed issue prices may use the price provided by the Manager when the Manager provides the average of at least three dealer prices (bid-side).

In the case of disputed issue prices, staff may, in accordance with this policy, direct the Manager to provide its price to the Custodian and may direct the Custodian to accept the Manager's price as the official price for that issue. Valuation documentation should contain the following:

1. Sources and/or quantitative calculation used to determine the respective issue prices;
2. Percentage difference between Manager's price relative to the price generated by the master trustee bank; and
3. Aggregate percentage of the portfolio's market value for the securities priced by the Manager.

When requested by staff, the asset pricing report will include the above information. The report must be sent by the Manager to staff, the Custodian, and the investment consultant five days after receipt of the request.

Securities held in commingled accounts are valued according to the pricing policy of the individual commingled fund Manager.

Managers shall provide a copy of their pricing policy and pricing matrix to staff.

APPENDIX H – MANAGER RECONCILIATION REQUIREMENTS

The Board seeks to ensure greater accuracy through the implementation of a reconciliation reporting process. The Plan's separately managed account Managers shall provide written acknowledgment of the accuracy of the Custodian's records, and it is the responsibility of the Manager to reconcile with the Custodian all discrepancies in cash and holdings. The reconciliation report will list the assets and liabilities of the account that have discrepancies for both the number of shares/par value and pricing. The Manager's reconciliation report must be received by staff within 30 days of the close of the reporting month.

For traditional Managers who charge incentive fees, the Managers are responsible for reconciling its portfolio return and benchmark calculation. The reconciliation report will provide the Manager's monthly returns as well as the incentive fee calculation for the quarter. The report will show both gross and net-of-fees returns. The manager's reconciliation report must be received by staff along with the invoice billed for the quarter.

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INVESTMENT POLICY STATEMENT

August 2026

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MISSION STATEMENT AND PURPOSE

Mission Statement

Kern County Employees' Retirement Association's ("KCERA") mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries.

Purpose

This Investment Policy Statement establishes policies for the administration and investment of KCERA's plan assets ("Plan"). This policy formally documents the goals, objectives, and guidelines of the investment program, and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure prudence, consistency, and care.

The purpose of this policy is to set forth in writing:

1. An appropriate set of goals and objectives regarding the investment of the Plan;
2. The position of KCERA's board ("Board) with respect to the Plan's investment risk/return posture, including asset allocation; and
3. The establishment of investment guidelines.

Further, this policy seeks to ensure the investment of the Plan in a manner consistent with the County Employees Retirement Law of 1937 (commonly known as "the CERL," Government Code Section 31450 et seq.) and other applicable state and federal statutes.

BACKGROUND

KCERA is governed by the CERL. Sections 31594 and 31595 of the CERL provide for prudent person governance of the Plan. Under this law, the type and amount of Plan investments as well as the quality of securities is not specifically delineated, rather the investments made are assumed to be in the best interest of the Plan such that others with similar information would acquire similar investments. These statutory provisions are set forth below:

> It is the intent of the Legislature, consistent with the mandate of the voters in passing Proposition 21 at the June 5, 1984, Primary Election, to allow the Board of any retirement system governed by this chapter to invest in any form or type of investment deemed prudent by the Board pursuant to the requirements of Section 31595. It is also the intent of the Legislature to repeal, or amend as appropriate, certain statutory provisions, whether substantive or procedural in nature, that restrict the form, type, or amount of investments that would otherwise be considered prudent under the terms of that section. This will increase the flexibility and range of investment choice available to these retirement systems, while ensuring protection of the interests of their beneficiaries.

(Cal. Gov. Code §31594.)

The Board has exclusive control of the investment of the employees' retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of KCERA through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

The Board and its officers and employees shall discharge their duties with respect to the system:

a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

(Cal. Gov. Code §31595.)

KCERA was established under the provisions of the CERL on January 1, 1945, by the Kern County Board of Supervisors, and its management is vested in a Board of Retirement.

INVESTMENT OBJECTIVES

The primary investment objectives for the Plan shall be:

1. Earn a long-term net of fees rate of return which is equal to or exceeds the Plan's assumed rate of return;
2. Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark ("Policy Benchmark"). The Policy Benchmark is identified in Appendix B; and
3. Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

Rates of return are to be time-weighted total return.

LONG-TERM STRATEGIC ASSET ALLOCATION

The long-term strategic asset allocation (herein referred to as "asset allocation," "target asset allocation," or "strategic asset allocation") is one of the most important investment decisions the Board makes. The primary objective of the asset allocation decision is to establish an asset allocation which produces the highest expected investment return with a prudent level of risk.

The Board selects an asset allocation that is predicated on a number of factors, including:

1. Actuarial considerations of the Plan, including current and projected contributions, benefit payments, assets, liabilities, and funded status;
2. Appropriate levels of risk and return, as evidenced by various quantitative techniques, including mean-variance optimization, stress testing, and scenario analysis;
3. An assessment of potential future economic conditions;
4. Long-term capital market assumptions; and
5. Liquidity considerations.

The Board's selected strategic asset allocation, including target weights and allowable ranges, is illustrated in Appendix A.

Rebalancing

From time to time the Plan's actual asset allocation will deviate from the strategic asset allocation. Rebalancing can occur between asset classes, within an asset class, and between investment managers, with the objective of maintaining the strategic asset allocation exposures. Rebalancing or portfolio allocation changes can also occur in response to specific risks or anticipated changes in markets. The Chief Investment Officer shall determine appropriate rebalancing actions and obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, subscription, redemption, or related documentation in order to implement rebalancing actions. When rebalancing activity occurs, the Board shall be notified of such activity at the next regularly scheduled Board meeting. Rebalancing may occur through the buying and selling of physical investments or through the use of derivatives.

Cash Flow Management

The Chief Investment Officer will monitor cash flow activity and maintain a cash flow forecast in order to ensure the payment of benefits, expenses, capital calls, and other investment activity, while also reducing friction from excess levels of cash. When liquidations of assets are necessary to meet cash flow needs, the Chief Investment Officer will determine the appropriate sources of liquidity and will obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, redemption, or related documentation in order to implement cash flow management actions. Investment managers should receive adequate notification so that cash can be raised efficiently.

INVESTMENT MANAGER GUIDELINES

The Board has adopted the following guidelines to be used in limiting exposure to an investment manager (herein referred to as "Manager"). The Board may override these policies under special circumstances:

1. The maximum allocation to a single active Manager is 12% of the Plan;
2. The maximum allocation to a single active management product is 8% of the Plan; and,

3. No investment with any single investment strategy may exceed 10% of that Manager's total assets under management.

There is no maximum allocation limitation for passive Managers or their passive investment products.

It is the intention of the Board to allow Managers full discretion within the scope of this policy, the operative fund documents, any Investment Management Agreement ("IMA") or side letter agreement, and any laws or applicable federal and state statutes or regulations that supersede these documents. Investment guidelines for individual mandates are contained in each Manager's IMA.

Unless specifically provided for in the manager's operative fund documents or investment guidelines, the following transactions are generally prohibited: purchase of non-negotiable securities, short sales, transactions on margin, use of leverage and use of options.

RISK MANAGEMENT

The Board recognizes it must accept risk to sufficiently grow assets to meet promised benefit payment obligations, and that taking risk needs to be balanced with capital preservation. The Board's risk tolerance is a function of this perspective.

Risk

Risk is a broad concept and can generally be thought of as the likelihood of an unfavorable outcome. Investment management is a process of taking risk (i.e. exposing assets to potentially unfavorable outcomes). A key component of taking risk is understanding the relationship between positive outcomes and negative outcomes, both in terms of likelihood and magnitude.

The Plan is exposed to numerous risks, and no single metric or measure encompasses the complexity of those risks. The risk management process identifies, measures, and evaluates risks, so that risks taken are intentional and prudent.

Risk Management Process

The risk management process includes:

1. Identifying risk;
2. Measuring risk; and
3. Evaluating risk.

This process assists in determining what risks are acceptable and how to appropriately size them. The risk management process is integral to the investment process, whether it be selecting a strategic asset allocation, structuring an asset class, hiring a Manager, rebalancing the portfolio, or managing cash flows.

Risk Metrics

The Board uses various metrics and tools to measure and understand risk. These are important elements in evaluating risk, and include standard deviation, tracking error, beta, upside capture, downside capture, stress testing, scenario analysis, and liquidity. In addition to specific metrics, various risk concepts can help understand and evaluate risk, including counterparty risk, operational risk, and execution risk.

Risk Reporting

Risk metrics are included in the quarterly investment performance report. In addition, other measures of risk are presented to the Board on an ad hoc basis when deemed necessary by the Chief Investment Officer and the investment consultant. To appropriately evaluate risk, an understanding of economic, political, and financial market environments is helpful, thus an investment landscape with this type of information is presented to the Board in conjunction with the quarterly investment performance report.

INVESTMENT PERFORMANCE REVIEW

The Board will review the investment results of the Plan quarterly. Investment performance reports will be prepared by the Plan's investment consultant. Performance will primarily be evaluated within the context of the Investment Objectives as set forth in this policy. Manager performance is to be evaluated as set forth in Appendix D.

CAPITAL EFFICIENCY

The capital efficiency program seeks to improve the returns of the Plan by using derivatives in place of physical securities in equity, fixed income, and commodity markets, and then utilizing a portion of the unencumbered cash to fund investments in the alpha pool. The capital efficiency program will add value when the alpha pool achieves net of fees and expenses returns that are above the cash funding rate. The Plan can use a third-party overlay provider to manage derivative exposure. The derivative exposure is collateralized with a combination of cash and investments.

ASSET CLASSES

The Board has decided to invest in the following asset classes:

<u>PUBLIC EQUITY</u>: Publicly traded global equities is a core asset class and serves the primary goal of return generation. Regional exposures include domestic, international developed, and emerging markets (including frontier markets).

<u>FIXED INCOME</u>: Fixed income securities are a core asset class and serves the primary goals of liquidity as well as risk mitigation, at least to the extent that the inverse relationship between equities and bonds hold. A secondary goal is income generation and diversification.

Fixed income includes, but is not limited to, two broad sub-asset classes: core and credit. The core allocation emphasizes the primary fixed income goals of liquidity and risk mitigation, while the credit allocation emphasizes the secondary objectives of income generation, and diversification.

COMMODITIES: The primary goals of the commodities allocation are return generation, positive correlation to inflation, and diversification.

HEDGE FUNDS: The primary goals of the hedge funds allocation are diversification, return generation, and downside protection. The hedge funds allocation will diversify across hedge fund strategies (relative value, event driven, equity long/short, and directional), and is expected to have low correlation to public equities and fixed income. The hedge funds allocation should be semi-liquid, with the majority of assets liquid within 1 year, and will generally not be considered a short-term liquidity source.

Objectives

1. Annualized return expectation of:
   a. 75% 3-Month Treasury Bill + 300bps; and
   b. 25% MSCI All Country World Index (Total Return Net).
2. Annualized forecast volatility between 4% and 7%;
3. Sharpe Ratio greater than 1.0; and,
4. Forecast Beta to MSCI All Country World Index of less than 0.3.

Guidelines

1. Strategy — Ranges

Strategy	Ranges
a. Relative Value	20 - 40%
b. Event Driven	15 - 35%
c. Equity Long/Short	10 - 30%
d. Directional	15 - 35%

For purposes of investment strategy ranges, funds are decomposed into their underlying strategies.

2. No investment with any single Manager can represent more than 15% of the hedge funds allocation.

ALPHA POOL: The primary goal of the alpha pool is to generate a cash-plus return through strategies that have low beta exposure, medium to high alpha, and expectations of downside protection. The alpha pool is expected to have low correlation to public equities and fixed income. The alpha pool is a key component of the capital efficiency program.

Objectives

1. Annualized return expectation of 3-Month Treasury Bill + 300bps

a. *For the Policy benchmark calculation, the alpha pool benchmark is 300bps (the cash component is not included in the alpha pool Policy benchmark, because cash is backed out of the alpha pool return in the Total Plan performance report)*;

2. Annualized forecast volatility between 3% and 6%; and,
3. Forecast Beta to MSCI All Country World Index of less than 0.2.

<u>CORE REAL ESTATE</u>: The primary goals of the core real estate allocation are income generation, positive correlation to inflation, and diversification.

<u>OPPORTUNISTIC</u>: The primary goal of the opportunistic allocation is return generation. Opportunistic investments are intended to take advantage of specific market conditions, or investments that are opportunistic in nature, and may include expansion of investments in the current asset allocation or entry into strategies outside of the asset allocation.

Objectives

- Return expectation at least 3% higher than the assumed rate of return

Guidelines

- Individual investments may not exceed 3% of Plan at time of purchase.

<u>PRIVATE MARKETS</u>: The primary goals of the private market allocations are generally consistent with their public market counterparts noted herein, with the additional expectation of higher returns. The expectation of higher returns is a function of the illiquidity, differentiated sources of return, and increased complexity in private markets versus public markets. Private market investments are illiquid and investment horizons can reach 10-15 years or more.

Private markets include three broad sub-asset classes; private equity, private credit, and private real assets (including private real estate).

<u>CASH</u>: The primary goals of cash are liquidity and operational efficiency. Cash exposure is defined as physical cash adjusted by the net notional exposure of (a) overlay positions, and (b) derivatives positions for the capital efficiency program. Holding some level of physical cash is necessary for the smooth operation of the Plan. The cash exposure should be minimized and an overlay program may be utilized to reduce the potential drag on performance. Holding physical cash is an important component of the capital efficiency program.

ADMINISTRATIVE PRACTICES

Review and Revisions

The investment consultant or the Chief Investment Officer shall first advise the Chief Executive Officer and then the Board of any restrictions within this policy which may prevent the investment program from meeting the goals and objectives set forth herein. Any violation of this policy discovered by the investment consultant or the Chief Investment Officer shall be reported first to the Chief Executive Officer and subsequently to the Board at the next regularly scheduled Board meeting.

The Board reserves the right to amend this policy at any time deemed necessary, or to comply with changes in state or federal law, or regulations.

POLICY REVIEW AND HISTORY

1) This policy was:
   a) Adopted by the Board on April 9, 2014.
   b) Amended by the Board on March 9, 2016; March 13, 2019; May 1, 2019; April 1, 2020; December 9, 2020; April 13, 2022; September 13, 2023; September 11, 2024; April 9, 2025; November 5, 2025; December 10, 2025; May 6, 2026; and August 12, 2026.

APPENDIX A – ASSET ALLOCATION AND ALLOWABLE RANGES

Asset Class	Target	Range
Public Equity	34%	24 – 46%
Domestic		12 – 29%
International Developed		5 – 19%
Emerging Markets		0 – 10%
Fixed Income	23%	13 – 33%
Core	13%	8 – 23%
Credit	10%	5 – 15%
Commodities	5%	0 – 9%
Hedge Funds	12%	7 – 17%
Alpha Pool	2.5%	0 – 5%
Core Real Estate	7%	2 – 10%
Opportunistic	0%	0 – 10%
Private Markets	18%	0 – 33%
Private Equity	6%	0 – 11%
Private Credit	8%	0 – 13%
Private Real Assets	5%	0 – 10%
Cash	-2.5%	-5 – 4%

APPENDIX B – POLICY BENCHMARK

Asset Class	Weight	Benchmark
Equity	34.0%	MSCI All Country World Investable Market Index (Total Return Net)
Fixed Income	23.0%	Blend †
Core	13.0%	3% ICE BofAML 7-10 Year US Treasury Index 2% ICE BofAML US Treasury 10+ Index 4% Bloomberg Barclays US Aggregate Total Return Value Unhedged USD Index 4% Bloomberg US Corporate Credit 1-3 Year Index
Credit	10.0%	5% Securitized (50% Bloomberg Non-Agency CMBS Index; 33.33% Bloomberg ABS Index; 16.67% JP Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index 2.5% JP Morgan Emerging Market Bond Global Diversified Index
Commodities	5.0%	Bloomberg Commodity Index
Hedge Funds	12.0%	9% 3-Month Treasury Bill + 300bps & 3% MSCI All Country World Index (Total Return Net)
Alpha Pool	2.5%	300bps
Core Real Estate	7.0%	NCREIF Fund Index - Open End Diversified Core Equity (Net)
Opportunistic	0.0%	Assumed rate of return + 300bps
Private Equity	6.0%	Actual time-weighted Private Equity returns ††
Private Credit	8.0%	Actual time-weighted Private Credit returns ††
Private Real Assets	5.0%	Actual time-weighted Private Real Assets returns ††
Cash	-2.5%	3-Month Treasury Bill Index

† Fixed Income Benchmark is a blend of the fixed income sub-asset class benchmarks and corresponding target weights.
†† The Policy Benchmark uses actual private market asset class weights each rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market's public market "equivalent" (private equity to public equity; private credit to core fixed income and private real assets to core real estate).

APPENDIX C – INVESTMENT PHILOSOPHY

Governance

- Governance is the process of establishing and maintaining effective decision-making authority, responsibility, and accountability.
- Effective governance adds value and is a critical element of a successful investment program.
- An effective governance framework includes delegation of decision-making authority to the most capable resources.
- An essential role of the Board is to establish, maintain, and monitor clear and consistent policies of operation.

Risk

- The primary investment risk for the Plan is that long-term investment returns, together with reasonable and sustainable contributions, are insufficient to meet financial obligations over the long-term.
- Achieving investment goals requires investment risk taking and accepting that losses can and will likely occur.
- Investment management is risk management and the two are inherently linked. Risk and long-term returns are strongly correlated.
- Risk is multi-faceted and not fully quantifiable.
- Investment returns are fueled by multiple sources of risk.

Asset Allocation

- The long-term strategic asset allocation is a key determinant of the Plan's overall risk and return. Structure and Manager selection impact returns on the margin.
- The liability profile, sponsor position, funded status, and tolerance for adverse outcomes, should form the basis for establishing an appropriate level of risk for the Plan.
- The global opportunity set is dynamic, and a tactical approach to identifying opportunities can add value. However, a well-defined and adequately resourced process needs to be present.

Investment Horizon

- The long-term nature of the liabilities generally implies a long-term investment horizon. That said, at times short-term market conditions should be considered and balancing the short-term with the long-term is appropriate.
- Having a long-term investment horizon is an advantage, if utilized appropriately.
- A long-term investment horizon can lend itself to investing in illiquid assets and the opportunity to earn higher returns.

Diversification

- Diversification improves the stability of investment returns and the long-term risk-adjusted return of the portfolio.
- Diversification spreads risk across many dimensions including but not limited to, asset class, strategy, industry, market, style, geography, timeframe, and economic sensitivity.

Market Efficiency, Structure, and Manager Selection

- Structure should not cause an asset class to meaningfully deviate from its intended role or purpose.
- Markets are competitive and dynamic. Different markets have varying levels of efficiency, and some markets are more conducive to excess returns than others.
- Skill to generate active risk-adjusted returns over a benchmark (alpha) is rare and difficult to identify in advance and consistently capture.
- Value can be added through Manager selection, provided that Manager selection is well resourced with skill, experience, and focus, and utilizes a rigorous and consistent due diligence process.
- Passive investments reduce some forms of risk and cost, and potentially improve net returns. Utilizing passive investments in both efficient and inefficient markets can be an appropriate decision.

Costs

- Fees, expenses, and transaction costs can have a significant impact on long-term compounded returns and must be clearly justified and carefully managed.
- Investments should be evaluated on an expected net of fees basis. However, an understanding that fees are certain, while returns are not, should be appreciated.

Other

- Value is created by building an organization with deep knowledge and experience in global markets and draws on the expertise of a network of external partners.
- A successful investment program requires adequate resources, expertise, focus, and consistency in approach.
- Resources are constrained. Determining appropriate areas to focus and deploy resources is critical for adding value.
- The Plan's people and partners drive success. Develop and retain internal capital, foster a collaborative team-oriented culture that values integrity, excellence, and humility.
- Seek arrangements which ensure alignment of interest with agents and partners and collaborate broadly.
- Attractive risk-adjusted returns can be achieved by being an early adopter in strategies, assets, markets, technologies, and approaches.
- Derivatives and leverage can be efficient tools when utilized prudently.

APPENDIX D – MANAGER DUE DILIGENCE, SELECTION, MONITORING AND TERMINATION

This policy establishes the guidelines for selecting, monitoring, and terminating Managers. This policy aims to retain a high degree of flexibility in how it is applied to Managers. The goal is to implement a process which finds a balance between two undesirable outcomes:

1. Retaining Managers with no value-adding capabilities; and,
2. Terminating Managers with value-adding capabilities

Due to the significant costs involved in replacing Managers, and due to the substantial probability of selecting a value-detracting Manager as a replacement for an existing Manager, this policy is somewhat biased toward avoiding terminating Managers with value-adding capabilities.

Delegation

The Board has delegated the authority to select and terminate investment managers to the Chief Investment Officer, within the parameters and constraints set forth in this policy and with concurrence from the applicable investment consulting firm.

Parameters and Constraints – Selection and Termination

The authority delegated to the Chief Investment Officer by the Board to select investment managers will be constrained by a maximum investment size defined as a percentage of total plan assets. The authority delegated to the Chief Investment Officer to terminate investment managers is not constrained and is fully delegated.

Asset Class	Selection Threshold	Termination
Hedge Funds	1.0%	Fully delegated
Private Markets	1.0%	Fully delegated
Opportunistic	1.0%	Fully delegated
Co-investments[1]	0.5%	Fully delegated
All other investments	1.0%	Fully delegated

[1]Co-investments must be with managers where the Plan has previously made an investment.

The authority delegated to the Chief Investment Officer by the Board to select and terminate investment managers may be rescinded by the Board for any of the following reasons:
- The current Chief Investment Officer either leaves the job position of Chief Investment Officer or leaves employment with KCERA.
- The current consultant is replaced for an asset class (delegated authority will be rescinded for that asset class only).
- If overall KCERA Investment Staff positions fall below 50% of authorized positions.

The Board maintains discretion to reinstitute delegated authority previously rescinded by the Board.

Staff will develop procedures describing the criteria and processes to be used in conducting investment manager due diligence, including due diligence meetings, and arriving at staff decisions and recommendations; and will review said procedures with the Investment Committee from time to time.

Manager Search Process – Public Markets

1. Initiation and Evaluation: The Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. Internal Investment Committee Approval: Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constrains in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. Investment Committee Notification: For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee members of the selected investment manager and confirm that the selection complies with the delegated authority described in this Appendix D.
4. Board of Retirement Notification: At the next available Regular Board meeting, the Chief Investment Officer will report the investment managers selected under delegated authority that have completed the contracting process.

Manager Search Process – Private Markets

The Private Markets program will be managed according to an annual plan produced by the investment consultant whose main components will encompass an update on the private markets program, a recap of prior year activity, a review of the Plan's private market strategy, a review of the annual pacing plan, and a forward calendar of prospective Managers or strategies. The annual plan will serve as a guide to ensure that target allocations are managed, proper diversification is implemented, and overall private market investments are in line with portfolio goals. It is recognized that market environments can change and deviations from the annual plan may be necessary.

The overall search process will be generally in line with public markets:

1. Initiation and Evaluation: Guided by the pacing plan and forward calendar, the Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. Internal Investment Committee Approval: Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constraints in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. Investment Committee Notification: For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee

members of the selected investment manager(s) and confirm that the selection complies with the delegated authority described in this Appendix D.

4. Board of Retirement Notification: At the next available Regular Board meeting, the Chief Investment Officer will report the investment manager(s) selected under delegated authority that have completed the contracting process.

Contracting – Public and Private Markets

Managers shall acknowledge in writing their recognition and acceptance of their role as a fiduciary to the Plan and adherence to an industry-accepted standard of care, which may be established by contract or operation of law. Managers must further agree to adhere to appropriate federal and state legislation governing the Plan and agree to be covered by appropriate and adequate insurance coverage.

Managers retained by the Board shall be compensated by a formula contained in the manager's operative fund documents or Investment Management Agreement. No public markets Manager retained by the Board shall receive a payment of commission or other fees on a particular investment transaction; provided that, performance fees paid to Managers, as documented and agreed to by and between KCERA and the Manager are allowed. Further, Managers must disclose to staff any indirect compensation received in addition to its fees as a result of servicing the Plan. Additionally, alternative Managers will be required to disclose fee information per Cal. Gov. Code §7928.710 and §7514.7.

Ongoing Monitoring – Public and Private Markets

Manager evaluation relies on the ongoing review of qualitative and quantitative factors. These factors will be monitored on an ongoing basis in order for the Chief Investment Officer and the investment consultant to apprise the Board of changes which could warrant a change in the Manager's suitability. A key objective of this policy is the timely identification of signs of adverse changes in a Manager's organization or investment process. Factors to monitor include performance, attribution, key contributors and detractors from performance, portfolio positioning and exposures, key positions and investment thesis, changes in the investment team or process, changes in investment product line-up, assets under management and capital flows, administrative or operational changes, and other potential changes in the business.

No less than quarterly the investment consultant reviews each traditional public market Manager of the Plan and produces a written summary, which is provided to staff. In the case of alternative Managers including private market Managers, a review and written summary is produced at least annually. In the case where no investment consultant formally covers the investment, staff will produce a written summary.

Value-adding Managers will experience adverse circumstances, such as underperformance, personnel changes, and loss of assets under management. When Managers experience such events, staff and the investment consultant will evaluate whether appropriate action was taken by the Manager, what impact the action could have, and what other actions may be considered.

Manager reporting requirements

All Managers

- Updated Form ADV - Part 2 on an annual basis

All public markets

- Monthly account statement and NAV
- Monthly gross and net performance
- Performance commentary at least quarterly
- Positioning, exposure or risk report at least quarterly
- Audited Annual Financial Statements (for fund investments)

Public market investments through separately managed accounts

- Each quarter, managers shall provide a letter certifying compliance with the portfolio guidelines from the Investment Management Agreement, and compliance with regulatory requirements. Managers are required to advise staff and the investment consultant in writing of any violation.
- Managers are required to advise staff and the investment consultant in writing of any need for changes to the portfolio guidelines; and
- Managers are required to comply with the reporting requirements of the Trading Policy, as detailed in Appendix E
- Managers are required to comply with the reporting requirements of the Asset Pricing Policy, as detailed in Appendix G

Private markets

- Quarterly account statement and NAV
- Quarterly performance measures including IRR, and multiples
- Quarterly update of contributions, distributions, and uncalled capital
- Annual performance commentary
- Annual fund composition, positioning, or exposure reports
- Audited Annual Financial Statements (for fund investments)

APPENDIX E – TRADING POLICY

The Board has determined that trading costs represent a significant expense to the Plan. The Board has therefore established policies in order to control these costs, and to monitor the level and effectiveness of the trading activity of the Plan.

Best Price and Execution Standard

1. Notwithstanding anything to the contrary, all trading of securities will be placed by Managers with broker-dealers with the aim of obtaining the best price and best execution, taking into account all factors influencing best execution, as well as the value of all services received or savings obtained by the Plan related thereto, or by the Managers, for the benefit of the Plan.
   a. The policy of best price and best execution is intended to mean that Managers shall use professional judgment in the selection of broker- dealers and the commissions paid. Managers should be prepared to provide evidence that they are attempting to deliver investment results at the lowest possible level of transaction costs, including the market impact of their trades, and considering the value of all services provided to the Plan for its commission dollars.
   b. The policy of best price and best execution is intended to provide the most favorable overall results for the Plan.
   c. Broker-dealers, as referenced herein, include firms which customarily perform trades for an institutional clientele. Such broker-dealers may trade on the floor of the various national and regional stock exchanges or may trade in the third and fourth markets performing transactions outside of the securities exchanges.

2. Inasmuch as trading costs contribute to the gains and losses on the securities held by the Plan, and therefore contribute to the portfolio performance of each Manager, all trades will be placed by Managers at their discretion. Such trades may include fixed income transactions placed on an agency basis. All such trades will be placed within the following general guidelines, consistent with the best price and best execution standard.
   a. Managers may direct a portion of total annual transactions to broker- dealers who provide the Managers with research. In selecting among these broker-dealers to execute transactions, the Managers shall consider all factors relative to best execution. Such factors should include, but are not limited to, the following:
      i. price of security;
      ii. the commission rate;
      iii. size and difficulty of the order;
      iv. reliability, integrity, and financial condition of broker-dealer;
      v. general execution and operational capabilities or competing broker-dealers;
      vi. Manager's investment style; and
      vii. brokerage and research services provided.

3. When placing trades with broker-dealers, Managers will emphasize minimizing commission costs directly and not seeking sources of value to the Plan through ancillary research services. In selecting these broker-dealers to execute transactions, the Manager will consider all factors relative best execution. Such factors should include, but are not limited to, the following:
    a. price of security;
    b. the commission rate;
    c. size and difficulty of the order;
    d. reliability, integrity, and financial condition of broker-dealer;
    e. general execution and operational capabilities or competing broker-dealers; and,
    f. the Manager's investment style.

Trading Analysis

For separately managed account investments, Managers will allow an analysis of trading costs of the account. The Board may engage third parties to independently evaluate the Manager's trading costs and practices, to assess whether or not the Manager is achieving best execution. This analysis will be provided to staff no less than every three years.

1. The analysis will summarize and evaluate the cost effectiveness of the various broker-dealers utilized by the Manager, specifically reporting commissions charged per share traded, and an estimate of the total costs incurred in these transactions.
2. The analysis will evaluate instances of higher commissions per share with respect to the many factors affecting best execution and shall consider other services or research provided to the Manager.
3. The analysis will report trading performance by broker-dealer and by investment management account.

APPENDIX F – PROXY VOTING POLICY

Because the proxy vote is an asset of the Plan, it must be managed prudently and for the exclusive benefit of the Plan. It is the intent of this policy to lay out a broad set of guidelines within which proxies must be voted to maximize shareholder value.

Guidelines

For all equity oriented separately managed accounts, a proxy voting service provider is retained to vote all proposals submitted to stockholders in accordance with this policy. All commingled investment fund proxies are voted by the respective Manager of each fund in accordance with the Manager's proxy guidelines.

Due to the significant resources required to properly manage a proxy voting program, the Board has chosen to delegate the proxy voting decision to a third-party provider of proxy voting services and to follow that provider's detailed proxy voting guidelines.

The obligations of the third-party provider are as follows:

1. With regard to timely execution of specified proxy votes on the Plan's behalf, including corporate account set up, vote execution reporting and record keeping, and compliance with U.S. SEC and Department of Labor ERISA standards, as applicable, the third party shall carry out its duties and obligations to vote the Plan's proxies in accordance with the standards of fiduciary responsibility set forth in the CERL;
2. The third-party shall cast votes after careful consideration of the issues; and
3. The third-party shall describe the rationale for its votes.

The overarching and universal guideline is that proxies must be voted in the best interest of the Plan and its beneficiaries and in order to maximize shareholder value. In following this broad, all-encompassing guideline, the third-party provider shall follow its own detailed guidelines, which provide specific instruction on how to vote proxies in alignment with and support of the following key principles:

1. A board of directors that serves shareholder interests;
2. Transparency and integrity in financial reporting;
3. A strong link between compensation and performance; and
4. A governance structure that clearly supports shareholder interests.

The third-party provider's detailed guidelines may change over time. A copy of the current guidelines shall be maintained by staff.

Monitoring

The third-party service provider shall provide monthly reports to staff, which include a list of all proxies voted on behalf of the Plan, along with the rationale for the votes. On an annual basis, staff will provide the Board with a consolidated report summarizing the previous year's proxy voting activity.

APPENDIX G – ASSET PRICING POLICY

This policy provides a process for the valuation of securities in separately managed accounts where the prices listed by the Plan's master custodian bank ("Custodian") are substantially different from the Manager's prices for those same securities. The Board recognizes that there are coverage limitations for security prices as provided by the Custodian's pricing matrix and third-party pricing provider prices. In those situations, where pricing is disputed between the Manager and the Custodian, the approach outlined in this policy will be implemented.

The Custodian will provide official pricing for the Plan's separately managed accounts with the following exceptions:

1. Issue specific market values may be priced by the Manager where no reliable third-party pricing source is available; and
2. Disputed issue prices may use the price provided by the Manager when the Manager provides the average of at least three dealer prices (bid-side).

In the case of disputed issue prices, staff may, in accordance with this policy, direct the Manager to provide its price to the Custodian and may direct the Custodian to accept the Manager's price as the official price for that issue. Valuation documentation should contain the following:

1. Sources and/or quantitative calculation used to determine the respective issue prices;
2. Percentage difference between Manager's price relative to the price generated by the master trustee bank; and
3. Aggregate percentage of the portfolio's market value for the securities priced by the Manager.

When requested by staff, the asset pricing report will include the above information. The report must be sent by the Manager to staff, the Custodian, and the investment consultant five days after receipt of the request.

Securities held in commingled accounts are valued according to the pricing policy of the individual commingled fund Manager.

Managers shall provide a copy of their pricing policy and pricing matrix to staff.

APPENDIX H – MANAGER RECONCILIATION REQUIREMENTS

The Board seeks to ensure greater accuracy through the implementation of a reconciliation reporting process. The Plan's separately managed account Managers shall provide written acknowledgment of the accuracy of the Custodian's records, and it is the responsibility of the Manager to reconcile with the Custodian all discrepancies in cash and holdings. The reconciliation report will list the assets and liabilities of the account that have discrepancies for both the number of shares/par value and pricing. The Manager's reconciliation report must be received by staff within 30 days of the close of the reporting month.

For traditional Managers who charge incentive fees, the Managers are responsible for reconciling its portfolio return and benchmark calculation. The reconciliation report will provide the Manager's monthly returns as well as the incentive fee calculation for the quarter. The report will show both gross and net-of-fees returns. The manager's reconciliation report must be received by staff along with the invoice billed for the quarter.

Interest Crediting

Presented by:
Dominic D. Brown, KCERA Chief Executive Officer
Board of Retirement, August 12, 2026

Background

- The market conditions in 2002 prompted the Board to direct Staff to work with KCERA's then-actuary Ira M. Summer, FSA of Public Pension Professionals, Inc. (P3), to develop a formal policy to address the crediting of interest to Applicable Reserve Accounts in the negative return environment. The initial Interest Crediting Policy, as drafted in 2003, required Staff to credit up to one-half the assumed rate to Applicable Reserve Accounts on December 31 and June 30 of each year.
- The Policy was amended in 2006 and 2007 in consultation with KCERA's new actuary (Milliman) to address other funding issues. The provisions requiring crediting to Applicable Reserve Accounts at one-half the assumed rate twice annually remained unchanged until 2010.

Background

- Around that time, fiduciary counsel Michael Toumanoff of Manatt, Phelps, Phillips, LLP, was advising several CERL systems on the proper application of the applicable interest crediting statutes (Articles 5.0 and 5.5 of the CERL).
- Like other systems, KCERA began consulting with Michael Toumanoff about its Interest Crediting Policy. In October 2010, he appeared before KCERA's Audit-Actuarial Committee and provided education and proposed revisions to KCERA's Policy.
- Fiduciary counsel's proposed revisions were ultimately approved by KCERA's Board on December 8, 2010.

Background

- The 2010 revisions to the Interest Crediting Policy struck prior references to crediting interest at "one-half of the assumed rate" twice a year and instead stated:
  - the reserves and member accounts will be credited at the annual assumed rate
  - allocations of interest credits as of June 30 of each fiscal year will take into consideration interest credits made as of December 31 of the same fiscal year in determining whether or not the full annual assumed interest rate has been allocated
- The policy change was not implemented and KCERA continued its historical practice of crediting interest at one-half of the annual assumed rate.
- Application of interest remained the same under both the historical practice and the 2010 revisions until December 31, 2019, because KCERA did not have sufficient available earnings to apply more than one-half of its assumed rate to the Applicable Reserve Accounts until then.

Interpretation of Legal Authority

- Article 5.5 at California Government Code section 31615 states in relevant part:
  - Regular interest at the actuarial rate, or at the highest rate possible if net earnings, as defined in Section 31613 are not sufficient to credit the full actuarial rate, shall be credited semiannually on June 30 and December 31 to all contributions, reserves, and accounts in the retirement fund, except the Contingency Reserve Account, which have been on deposit for six months immediately prior to those dates.
- Fiduciary Counsel has opined that:
  - revisions to the Policy recommended by attorney Toumanoff in 2010 remain consistent with the interest crediting requirements under Article 5.5 of the CERL;
  - alternatively, Section 31615 can be reasonably interpreted to allow KCERA to continue its long-standing process of crediting interest to Applicable Reserve Accounts at one-half the assumed rate twice annually.

Action Item

Align KCERA's policy and practice

- This can be accomplished by either of the following methods:
  - **Option I –** Maintain long-standing practice and revise the Policy to revert to provisions in place prior to 2010 (i.e., maintain status quo and continue crediting interest up to ½ the assumed rate semiannually)
  - **Option II –** Align practice with the Policy (i.e., change long-standing practice and credit interest up to the assumed rate on 12/31 and the remainder, if any, on 6/30)

Options for Consideration

- **Option I –** Maintain Current Practice
  a. Ratify prior interest credited since 2010; and amend policy

- **Option II –** Align Practice with Policy
  a. Institute corrections of all accounts
     1. Confirm interest credits for refunds, retirements, or payments of contributions and interest
     2. Institute counseling for refunds and those eligible for payment of contributions and interest
  b. Assess individual impact to members at retirement, when refunding, or when paying a lump sum payment that includes interest
     1. Ensure ongoing compliance

Current Practice

	Available Earnings	Beginning Valuation Value (including CCR & unallocated SRBR)	Ending Valuation Value (including CCR & unallocated SRBR)	Interest Available to Credit	Actual Allocated Interest	Annual Allocated Interest
6/30/2024	209,814,116	5,761,516,901	5,958,281,877	3.64%	3.50%	7.00%
12/31/2023	218,820,756	5,570,808,575	5,761,516,901	3.93%	3.50%	
6/30/2023	221,289,716	5,398,699,262	5,570,808,575	4.10%	3.63%	7.25%
12/31/2022	251,682,032	5,233,638,119	5,398,699,262	4.81%	3.63%	
6/30/2022	301,234,053	5,085,431,298	5,233,638,119	5.92%	3.63%	7.25%
12/31/2021	302,991,720	4,934,824,364	5,085,431,298	6.14%	3.63%	
6/30/2021	234,551,070	4,793,240,179	4,934,824,364	4.89%	3.63%	7.25%
12/31/2020	183,510,418	4,635,029,604	4,793,240,179	3.96%	3.63%	
6/30/2020	118,339,381	4,549,473,053	4,635,029,604	2.60%	2.37%	6.99%
12/31/2019	133,418,847	4,418,117,756	4,549,473,053	3.02%	4.61%	
6/30/2019	100,472,188	4,363,462,759	4,418,117,756	2.30%	2.25%	5.42%
12/31/2018	93,751,596	4,291,194,861	4,363,462,759	2.18%	3.17%	
6/30/2018	137,963,724	4,178,331,738	4,291,194,861	3.30%	3.24%	6.82%
12/31/2017	147,620,574	4,037,301,965	4,178,331,738	3.66%	3.58%	
6/30/2017	139,005,405	4,035,011,429	4,037,301,965	3.44%	3.38%	6.62%
12/31/2016	126,677,749	3,806,918,002	4,035,011,429	3.33%	3.25%	
6/30/2016	95,722,161	3,840,604,202	3,806,918,002	2.49%	2.42%	4.70%
12/31/2015	86,113,406	3,651,052,866	3,840,604,202	2.36%	2.28%	
6/30/2015	109,175,008	3,672,057,463	3,651,052,866	2.97%	2.97%	6.23%
12/31/2014	113,040,283	3,461,787,003	3,672,057,463	3.27%	3.26%	

Current Policy

	Contingency Reserve Current Policy	Available Earnings	Beginning Valuation Value (including CCR & unallocated SRBR)	Ending Valuation Value (including CCR & unallocated SRBR)	Interest Available to Credit	What would have been allocated under current policy	Annual Allocated Interest
6/30/2024	27,905,498	190,125,730	5,781,205,287	5,934,469,113	3.29%	2.81%	7.00%
12/31/2023	-	233,043,580	5,556,585,751	5,781,205,287	4.19%	4.19%	
6/30/2023	38,842,108	158,863,071	5,461,125,908	5,556,585,751	2.91%	2.20%	7.25%
12/31/2022	-	263,804,895	5,221,515,256	5,461,125,908	5.05%	5.05%	
6/30/2022	129,666,446	179,803,091	5,206,862,260	5,221,515,256	3.45%	0.96%	7.25%
12/31/2021	-	309,827,773	4,927,988,312	5,206,862,260	6.29%	6.29%	
6/30/2021	60,460,459	234,551,070	4,793,240,179	4,927,988,312	4.89%	3.29%	7.25%
12/31/2020	(16,355,000)	183,510,418	4,635,029,604	4,793,240,179	3.96%	3.96%	
6/30/2020	(16,355,000)	118,339,381	4,549,473,053	4,635,029,604	2.60%	2.60%	5.62%
12/31/2019	(16,355,000)	133,418,847	4,418,117,756	4,549,473,053	3.02%	3.02%	
6/30/2019	(16,355,000)	100,472,188	4,363,462,759	4,418,117,756	2.30%	2.30%	4.49%
12/31/2018	(16,355,000)	93,751,596	4,291,194,861	4,363,462,759	2.18%	2.18%	
6/30/2018	(16,355,000)	137,963,724	4,178,331,738	4,291,194,861	3.30%	3.30%	6.96%
12/31/2017	(16,355,000)	147,620,574	4,037,301,965	4,178,331,738	3.66%	3.66%	
6/30/2017	(16,355,000)	139,005,405	4,035,011,429	4,037,301,965	3.44%	3.44%	6.77%
12/31/2016	(16,355,000)	126,677,749	3,806,918,002	4,035,011,429	3.33%	3.33%	
6/30/2016	(16,355,000)	95,722,161	3,840,604,202	3,806,918,002	2.49%	2.49%	4.85%
12/31/2015	(16,355,000)	86,113,406	3,651,052,866	3,840,604,202	2.36%	2.36%	
6/30/2015	(16,355,000)	109,175,008	3,672,057,463	3,651,052,866	2.97%	2.97%	6.24%
12/31/2014	(16,355,000)	113,040,283	3,461,787,003	3,672,057,463	3.27%	3.27%	

Interest: Practice vs. Policy

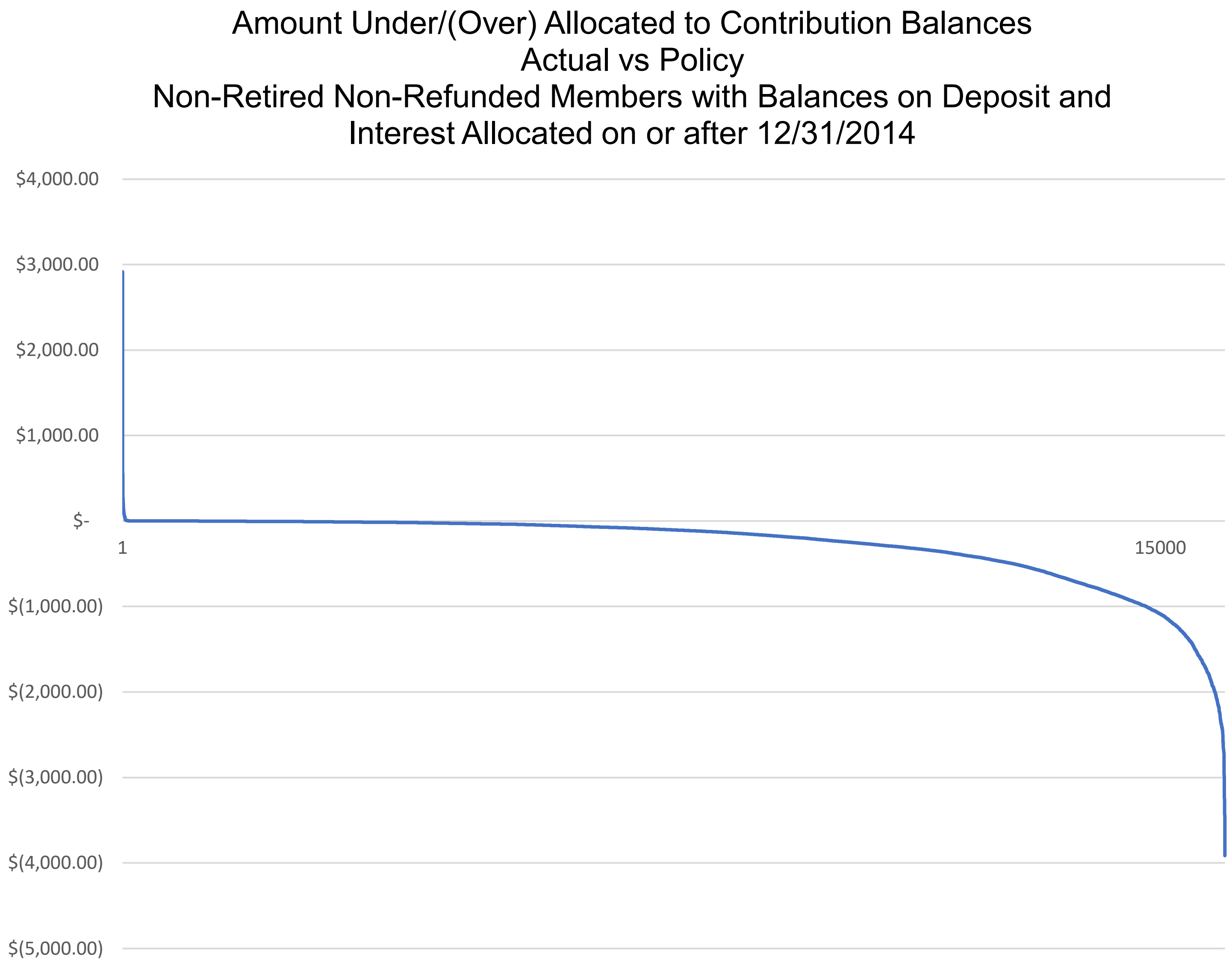
CURRENT PRACTICE				CURRENT POLICY			
	Interest Available to Credit	Actual Allocated Interest	Annual Allocated Interest		Interest Available to Credit	What would have been allocated under current policy	Annual Allocated Interest
6/30/2024	3.64%	3.50%	7.00%	6/30/2024	3.29%	2.81%	7.00%
12/31/2023	3.93%	3.50%		12/31/2023	4.19%	4.19%	
6/30/2023	4.10%	3.63%	7.25%	6/30/2023	2.91%	2.20%	7.25%
12/31/2022	4.81%	3.63%		12/31/2022	5.05%	5.05%	
6/30/2022	5.92%	3.63%	7.25%	6/30/2022	3.45%	0.96%	7.25%
12/31/2021	6.14%	3.63%		12/31/2021	6.29%	6.29%	
6/30/2021	4.89%	3.63%	7.25%	6/30/2021	4.89%	3.29%	7.25%
12/31/2020	3.96%	3.63%		12/31/2020	3.96%	3.96%	
6/30/2020	2.60%	2.37%	6.99%	6/30/2020	2.60%	2.60%	5.62%
12/31/2019	3.02%	4.61%		12/31/2019	3.02%	3.02%	
6/30/2019	2.30%	2.25%	5.42%	6/30/2019	2.30%	2.30%	4.49%
12/31/2018	2.18%	3.17%		12/31/2018	2.18%	2.18%	
6/30/2018	3.30%	3.24%	6.82%	6/30/2018	3.30%	3.30%	6.96%
12/31/2017	3.66%	3.58%		12/31/2017	3.66%	3.66%	
6/30/2017	3.44%	3.38%	6.62%	6/30/2017	3.44%	3.44%	6.77%
12/31/2016	3.33%	3.25%		12/31/2016	3.33%	3.33%	
6/30/2016	2.49%	2.42%	4.70%	6/30/2016	2.49%	2.49%	4.85%
12/31/2015	2.36%	2.28%		12/31/2015	2.36%	2.36%	
6/30/2015	2.97%	2.97%	6.23%	6/30/2015	2.97%	2.97%	6.24%
12/31/2014	3.27%	3.26%		12/31/2014	3.27%	3.27%	

Reserves: Practice vs. Policy

	Current Practice			Current Policy		
	Ending Valuation Value (including CCR & unallocated SRBR)	Contingency Reserve Practice		Ending Valuation Value (including CCR & unallocated SRBR)	Contingency Reserve Current Policy	
6/30/2024	5,958,281,877	4,092,734	5,962,374,611	5,934,469,113	27,905,498	5,962,374,611
12/31/2023	5,761,516,901	19,688,386	5,781,205,287	5,781,205,287	-	5,781,205,287
6/30/2023	5,570,808,575	24,619,284	5,595,427,858	5,556,585,751	38,842,108	5,595,427,858
12/31/2022	5,398,699,262	62,426,646	5,461,125,908	5,461,125,908	-	5,461,125,908
6/30/2022	5,233,638,119	117,543,583	5,351,181,702	5,221,515,256	129,666,446	5,351,181,702
12/31/2021	5,085,431,298	121,430,962	5,206,862,260	5,206,862,260	-	5,206,862,260
6/30/2021	4,934,824,364	53,624,406	4,988,448,771	4,927,988,312	60,460,459	4,988,448,771
12/31/2020	4,793,240,179	(4,616,909)	4,788,623,270	4,793,240,179		4,793,240,179
6/30/2020	4,635,029,604	(16,355,000)	4,618,674,604	4,635,029,604	(16,355,000)	4,618,674,604
12/31/2019	4,549,473,053	(16,355,000)	4,533,118,053	4,549,473,053		4,549,473,053
6/30/2019	4,418,117,756	(16,355,000)	4,401,762,756	4,418,117,756	(16,355,000)	4,401,762,756
12/31/2018	4,363,462,759	(16,355,000)	4,347,107,759	4,363,462,759		4,363,462,759
6/30/2018	4,291,194,861	(16,355,000)	4,274,839,861	4,291,194,861	(16,355,000)	4,274,839,861
12/31/2017	4,178,331,738	(16,355,000)	4,161,976,738	4,178,331,738		4,178,331,738
6/30/2017	4,037,301,965	(16,355,000)	4,020,946,965	4,037,301,965	(16,355,000)	4,020,946,965
12/31/2016	4,035,011,429	(16,355,000)	4,018,656,429	4,035,011,429		4,035,011,429
6/30/2016	3,806,918,002	(16,355,000)	3,790,563,002	3,806,918,002	(16,355,000)	3,790,563,002
12/31/2015	3,840,604,202	(16,355,000)	3,824,249,202	3,840,604,202		3,840,604,202

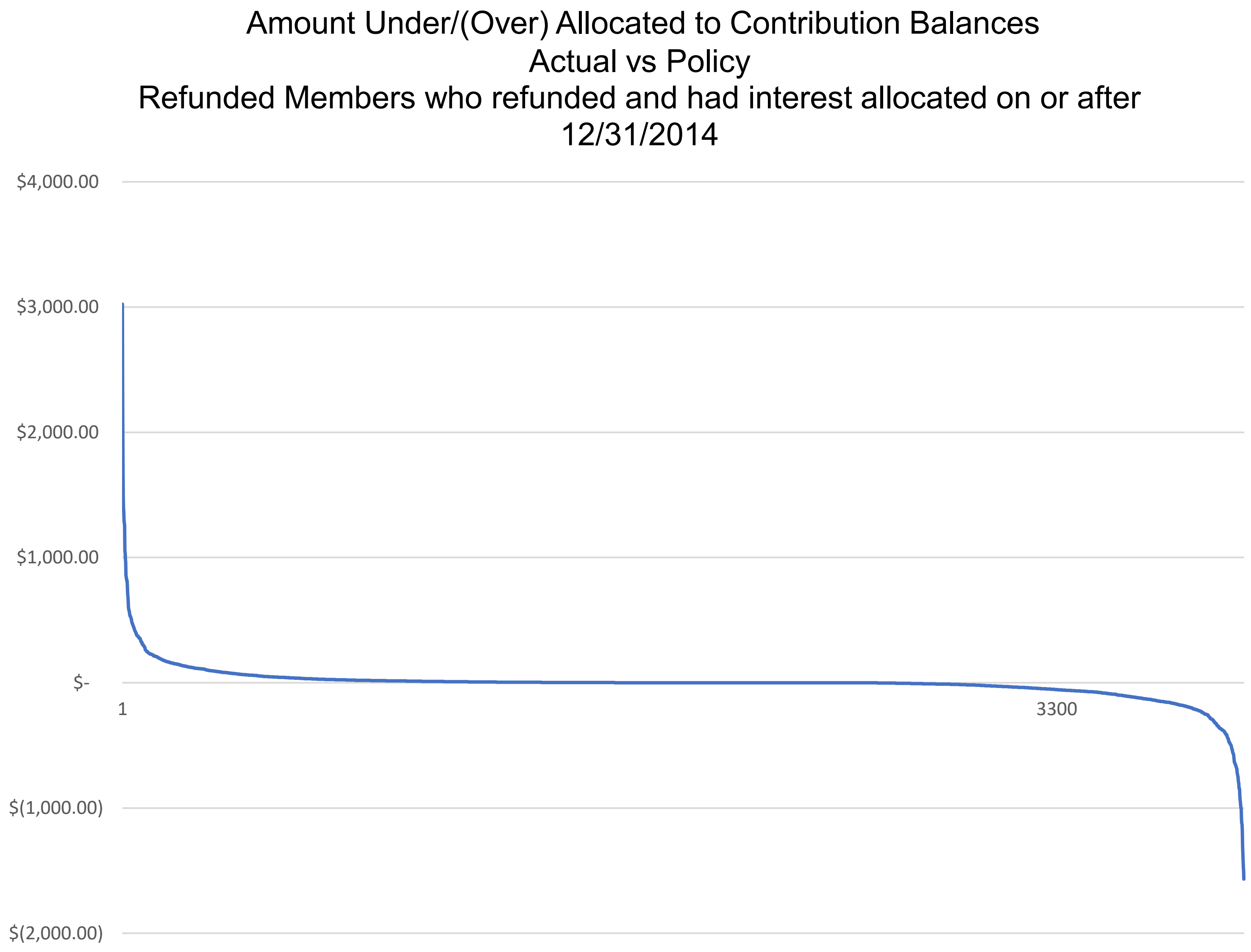
Potential Impact to Members with Contributions on Deposit

Total (Over) Allocated	$	(4,567,128.02)
Median	$	(104.28)
Average	$	(286.57)
Underallocated > $10	$	10,170.93
(These are primarily members who refunded an underallocated balance and later reenrolled)		
		Members
$10 - $50		15
$50 - $100		13
$100 - $250		10
$250 - $500		5
> $500		5
Max Underallocated	$	2,915.79
Overallocated > $10	$	(4,568,601.86)
		Members
$10 - $50		3,082
$50 - $100		1,728
$100 - $250		2,679
$250 - $500		2,345
$500 - $1000		1,920
$1000 - $2500		1,107
> $2,500		32
Max Overallocated	$	(3,915.27)
Members - No Change		724



Potential Impact to Refunded Members

Total (Over) Allocated	$	(28,950.98)
Median	$	0.13
Average	$	(7.31)
Underallocated Amt > $10	$	114,433.56
		Members
$10 - $50		617
$50 - $100		202
$100 - $250		216
$250 - $500		54
> $500		33
Max	$	3,023.51
(Overallocated) > $10	$	(145,054.24)
		Members
$10 - $50		392
$50 - $100		255
$100 - $250		299
$250 - $500		92
> $500		46
Max (Over) Allocated	$	(1,567.98)
Members - No Change		635



Interest Crediting Process

Earnings Available for Reserves

less

7.0% Interest to all Reserves

equals

Excess (Deficient) Net Earnings

less

Rebuilding of Contingency Reserve to up to 3% of Net Assets

Legal Framework – Board Discretion

- Cal. Const., art. XVI section 17 – The Board has plenary power to administer the system, deliver promised benefits, discharge duties for the exclusive purpose of providing benefits to the members, minimizing employer contributions, and defraying reasonable expenses of administering the system with the care and diligence of a prudent person.
- California case law confirms the broad discretion of retirement boards in dealing with benefit administration and correction. Example: Section 31531 of the CERL allows the Board to estimate a member's length of service or age where it is impracticable to determine from available records. The Board has the discretion to determine what is impractical.

Legal Framework – Board Discretion

- KCERA's mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees, and their beneficiaries.
- The Board of Retirement is statutorily obligated to exercise its fiduciary duty to administer the Plan for the exclusive benefit of the membership.

Legal Framework – Board Discretion

Factors to Consider – Any factors the Board believes are relevant including:

- Magnitude of Error
- Varying impacts on members
- Impact on the Valuation Value of Assets
- Impact on other reserves
- Hard and Soft Cost of Correcting
- Risk/Cost of Litigation

Spectrum of discretion:

Adjust all ⟷ Require prudent adjustments ⟷ Adjust none

Options for Consideration

- **Option I –** Maintain Current Practice
  a. Ratify prior interest credited since 2010; and amend policy

- **Option II –** Align Practice with Policy
  a. Institute corrections of all accounts
     1. Confirm interest credits for refunds, retirements, or payments of contributions and interest
     2. Institute counseling for refunds and those eligible for payment of contributions and interest
  b. Assess individual impact to members at retirement, when refunding, or when paying a lump sum payment that includes interest
     1. Ensure ongoing compliance

Recommendation

- Based on a comprehensive analysis of member data and consideration of the issues discussed during the presentation, including the Board's fiduciary duties to the Plan and its members, Staff recommends Option I above, which ratifies KCERA's long-standing practice of crediting interest (up to ½ the assumed rate semiannually) and reverts the Policy to provisions that were in place prior to the change in 2010.

Questions?

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REGULAR INTEREST AND EXCESS INTEREST CREDITING POLICY

PURPOSE

I. The purpose of this policy is to establish the process to be used by the Kern County Employees' Retirement Associations ("KCERA") to credit semi-annual interest to reserves. This policy shall include, but may not be limited to, the following:

1. Defining the reserves maintained by KCERA;
2. Determining the regular and excess rates of interest at which reserves are to be credited; and
3. Determining the priorities and sequence by which interest will be credited to the reserves.

GOVERNING LAW

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

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

OBJECTIVES

III. The policy has been developed with the following objectives:

1. To comply with appropriate legal and regulatory requirements.
2. To maintain consistency between the reserving structure and the actuarial funding of KCERA.
3. To limit, to the extent possible, the volatility of interest crediting from period to period.
4. To limit, to the extent possible, the charging of losses to valuation reserves.

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

CURRENT RESERVES

IV. KCERA maintains the following reserves:

Valuation Reserves:

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

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

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

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

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

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

0.5% Cost-of-Living Reserve ((FKA[1]) Allocated Supplemental Retiree Benefit Reserve (0.5% COLA Reserve)) – In accordance with the 2001 Settlement Agreement between KCERA and the Kern Law Enforcement Association et al ("Ventura Settlement"), funds were earmarked from the Supplemental Retiree Benefit Reserve (SRBR) to fund some of the cost associated with an increase from a 2.0% COLA benefit to a 2.5% COLA benefit. Unlike the Unallocated SRBR, this

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

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

Non-valuation Reserves:

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

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

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

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

Financial Statement Reserves and Accounts:

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

GENERAL POLICIES

V. 1. Base "Available Earnings" on actual current period earnings of the fund calculated on the actuarial value of assets as determined under the Board's funding policy, plus any positive balance in the Contingency Reserve.

2. Credit regular interest at ½ the assumed annual valuation interest rate every six months on the valuation reserves, the CCR and the Unallocated SRBR. Earnings will be credited ~~twice each year~~ to all reserves that have been on deposit for six full months, in accordance with Section 31615 of the CERL. The crediting of interest will take effect on June 30 and December 31 of each year. ~~Allocations of interest credits as of June 30 of each fiscal year will take into consideration interest credits made as of December 31 of the same fiscal year in determining whether or not the full assumed annual interest rate has been allocated.~~

3. Maintain a 3% Contingency Reserve. This reserve is made up of the minimum 1% required pursuant to Section 31616 plus a discretionary 2% as permitted also by Section 31616.

4. Any Available Earnings remaining after crediting full interest to valuation reserves, the CCR and the Unallocated SRBR, and restoring the Contingency Reserve to its target level constitute Excess Earnings. The Excess Earnings will be allocated in the following order of priority:

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

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

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

REGULAR INTEREST CREDITING POLICY

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

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

B. Positive balance in the Contingency Reserve.

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

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

A. Credit the valuation reserves, the CCR and the Unallocated SRBR at a rate up to ½ the assumed annual valuation interest rate.

B. Deduct the interest credited above from Available Earnings. If the amount of interest credited is more than the Available Earnings, credit in Step 2A only up to the amount of the Available Earnings.

Step 3 Maintain a Contingency Reserve of 3.0%:

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

EXCESS INTEREST CREDITING POLICY

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

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

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Step 2 Consider discretionary uses of the Unallocated SRBR:

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

ADOPTION AND EFFECTIVE DATE

VIII. This policy has been adopted by a majority vote of the KCERA Board, and can be amended by the KCERA Board by a majority vote. This policy is effective with the six-month interest crediting period ending December 31, ~~2024~~2026~~5~~.

POLICY REVIEW AND HISTORY

1) This policy will be reviewed at least every five (5) years.
2) This policy was:
    a) Adopted by the Board on October 30, 2013.

b) Amended by the Board on June 8, 2022; ~~and~~ November 6, 2024; and August 12, 2026.~~.~~

~~c) Amended by the Board on ________________.~~

KCERA
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1) This policy will be reviewed at least every five (5) years.
2) This policy was:
   a) Adopted by the Board on October 30, 2013.
   b) Amended by the Board on June 8, 2022; November 6, 2024; and August 12, 2026.

Date: August 12, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Special Election to Fill Vacancy – Seventh Alternate Member (Safety) Seat**

Trustee Dustin Contreras announced his resignation from the Seventh Alternate Member (Safety) seat on the KCERA Board of Retirement, effective August 3, 2026. The term for this seat expires December 31, 2027.

While not required, KCERA's Elections Procedure Policy allows your Board to call a special election to fill a vacancy occurring in the office of any alternate member of the Board if, in its discretion, determines that such action is in the best interests of KCERA. (See attached Elections Procedure Policy, page 9, #47).

Therefore, it is recommended your Board consider whether to call a special election to fill this vacancy and provide direction to staff.

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ELECTION PROCEDURES POLICY

This policy and procedures shall govern the election of the second, third, seventh, eighth, and alternate seventh and eighth members to the Kern County Employees' Retirement Association ("KCERA") Board of Retirement (hereafter "Board").

ELECTION ADMINISTRATION RESPONSIBILITIES AND CONTRACT

1. The Board delegates responsibility for conducting Board elections in a manner set forth in this Election Procedures Policy for elected positions on KCERA's Board to the KCERA Chief Executive Officer (hereafter "CEO"). The CEO may delegate powers and duties to other KCERA staff, and/or to consultants as appropriate. Any reference to the CEO herein shall mean the CEO or his/her designee.

2. All costs associated with any election for membership on the Board shall be paid by KCERA.

3. In order to prevent an actual or perceived conflict of interest, KCERA shall contract with a third-party election administration provider (hereafter "Contracted Election Provider") to conduct all elections.

4. The CEO shall be responsible for noticing the election; providing all requisite forms to candidates, certifying eligibility of candidates, and posting them on the KCERA website; validating candidate statements, and ballot designations; creating a list of eligible voters and forwarding it to the Contracted Elections Provider; preparing ballots; renting a P.O. Box designated for KCERA elections; providing the vote counting site; storing election materials; and posting the certification provided by the Contracted Election Provider to the KCERA website.

5. The CEO shall review any preliminary challenges to election procedures. If a formal contest statement is filed, the CEO shall determine if a recount will be conducted and notify the requestor.

6. The CEO shall be responsible for determining the disposition of all questionable ballots that are set aside by the Contracted Election Provider.

ELECTION CALENDAR

7. The CEO shall develop a written Election Calendar in March each year in which an election is held that substantially complies with the requirements set forth in this policy. Elections shall be held in October of each election year for terms expiring December 31 of that year. The Election

Calendar may deviate from the timelines provided in this policy when the CEO determines that impossibility, impracticability, improved efficiency, unreasonable expense, or other circumstances warrant such a deviation. If any day on which action is required pursuant to this policy falls on a weekend or holiday, KCERA's next scheduled workday shall be the day on which such action must occur.

NOTICE OF ELECTION

8. The Notice of Election (hereafter "Notice") period is specified in the Election Calendar and continues for an interval of twenty (20) business days, excluding County holidays. The CEO shall publish a Notice as follows:

    a. For all members, Notices shall be mailed to the last known address of such member on file with KCERA.
    b. For member organizations, Notices shall be furnished to any organization of active or retired members.

9. The Notice shall include the Election Calendar, a brief description of voting procedures, and other relevant information. The Notice shall be posted on KCERA's website and at the KCERA office during the Notice period.

ELIGIBILITY OF CANDIDATES

10. Any active general member who is not employed in the office of KCERA[1] is eligible to run for the position of second or third member of the Board.

11. To be eligible to run for the seventh member of the Board, the member must be active and be among the group defined in Government Code sections 31470.2 or 31470.4. The alternate seventh safety member shall be the candidate for the seventh member from the group under sections 31470.2 or 31470.4, which is not represented by the seventh member who received the highest number of votes of all candidates in that group.

12. Candidates for the eighth member and alternate eighth member of the Board shall be retired members of KCERA. The alternate eighth member of the Board shall be elected separately by the retired members of KCERA in the same manner and at the same time as the eighth member is elected.

13. These eligibility standards shall be deemed to be amended to comply with current provisions of the County Employees' Retirement Law of 1937 or other applicable law relating to eligibility requirements for members of the Board, or as determined by a court of competent jurisdiction.

[1] *Kern County Employees' Retirement Association v. Bellino* (2005) 126 Cal.App.4th 781

NOMINATION PERIOD

14. The Nomination Period is specified in the Election Calendar and continues for an interval of twenty (20) business days, excluding County holidays. The Nomination Period immediately follows the Notice of Election Period. Qualified applicants may obtain a KCERA Board Election Information Packet (hereafter "Board Election Information Packet") containing the required nomination documents from KCERA or the KCERA website beginning on the first date of the Nomination Period and through the last date of the Nomination Period.

REQUIRED NOMINATION DOCUMENTS

15. During the Nomination Period, qualified applicants may pursue election to a seat on the Board by completing and submitting all the following required nomination documents, included in the Board Election Information Packet available on the KCERA website:

    - KCERA Candidate Nomination Petition Paper
    - KCERA Declaration of Candidacy
    - KCERA Candidate's Statement of Qualifications (if desired)

NOMINATION PETITION

16. During the specified Nomination Period, KCERA shall receive nominations of candidates by circulation of a KCERA Candidate Nomination Petition Paper (hereafter "Nomination Paper"). The number of eligible members required to sign a Nomination Paper for the respective office is not less than 15, nor more than 20. Only those members qualified to vote in the election for the office may sign a Nomination Paper. No member may sign more than one Nomination Paper for the same office, and in the event a member does so, the member's signature shall count only on the first Nomination Paper filed which contains that member's signature. Any member eligible to vote at the election may circulate a Nomination Paper for the candidate for whom the member is eligible to vote.

17. The Affidavit of Circulator on the Nomination Paper may either be notarized or signed in the presence of authorized KCERA staff. Within 10 business days after the close of the Nomination Period, KCERA staff shall verify that the individuals listed on the Nomination Paper are eligible to sign the candidate's Nomination Paper based on a report of eligible members. Any nominee whose Nomination Paper does not contain an adequate number of verified members shall be so notified by KCERA staff, and his or her name shall not be placed on the ballot.

DECLARATION OF CANDIDACY

18. Each Nomination Paper shall include a Declaration of Candidacy of the nominee, using the KCERA form included in the Board Election Information Packet. The nominee's Declaration of Candidacy may either be notarized or signed in the presence of authorized KCERA staff.

CANDIDATE STATEMENT OF QUALIFICATIONS

19. The candidate may also complete and submit a KCERA Candidate Statement of Qualifications (hereafter "Candidate Statement") which shall be mailed with the ballot to each member. The Candidate Statement must adhere to the following guidelines. If a candidate does not submit a Candidate Statement by the deadline outlined in the Election Calendar, no statement will be included on the ballot for that candidate.

    a. The statement, which shall not exceed 200 words, shall be limited to include the name and occupation, including identification of the candidate's employing department or special district, and a brief description of the candidate's education and qualifications expressed by the candidate.
    b. The statement may not make reference to any other candidate's qualifications, character, or activities, and the candidate shall declare under penalty of perjury that the contents of his or her candidate statement are true and correct.
    c. KCERA shall not cause to be printed or circulated any statement which is not so limited and declared under penalty of perjury.
    d. Candidate Statements may be withdrawn and changed until the filing deadline outlined in the published Election Calendar. Candidate Statements shall remain confidential until the expiration of the filing deadline.
    e. The Candidate Statement shall be included as a part of the ballot in the same formatting that it is received from the candidate (capitalization, bold, underline, etc.), except that it may be reformatted to the block format. Additionally, the statement will not be edited for grammar and punctuation.
    f. Information contained in the Candidate Statement is the responsibility of the candidate, and KCERA accepts no responsibility for its validity or its contents. KCERA will not assist in any way with additional campaign materials that a candidate or someone supporting or opposing a candidate may wish to distribute to voters.

20. The above-required documents are due no later than 5:00 p.m. on the last date of the Nomination Period as stated in the Election Calendar. There is no opportunity to amend the documents after that time.

CERTIFICATION OF ELIGIBLE CANDIDATES

21. According to the Election Calendar, KCERA shall publish a list of all eligible candidates. The list of candidates shall be posted at the KCERA office and on the KCERA website for a period of ten (10) business days.

22. Only candidates who meet the filing requirements and submit the Required Documents outlined in section 15 above will be certified. The CEO shall certify a candidate's eligibility no later than five (5) business days after the close of the nomination period, as outlined on the Election Calendar. In the event a candidate is not eligible, notice shall be provided to the Contracted Election Provider and to the ineligible candidate.

EXTENSION OF NOMINATION PERIOD IF INCUMBENT FAILS TO FILE

23. Notwithstanding any other provision of this policy, if an incumbent trustee does not meet the filing requirements provided herein by 5:00 p.m. on the last day of the Nomination Period, the Nomination Period will be extended for five (5) additional business days, as outlined in the Elections Calendar. Any person (other than the person who was the incumbent on the last day of the Nomination Period) shall have until 5:00 p.m. on the last day of the Extended Nomination Period to meet the filing requirements provided herein. This extension provision is not applicable where there is no incumbent to be elected, or the incumbent is not eligible for re-election to the trustee position in which he or she holds at the time the nomination period closes.

WITHDRAWAL

24. A candidate may withdraw his or her declaration of candidacy no later than the last day of the Nomination Period as outlined in the Election Calendar, or in the event paragraph 23 above is applicable, no later than the last day of the Extended Nomination Period.

WRITE-IN CANDIDATES

25. A member may declare candidacy as a write-in candidate by meeting the filing requirements provided herein by the deadlines listed in the Election Calendar.

ELECTION RESULT IF NO MORE THAN ONE CANDIDATE

26. After the Nomination Period ends, if only one member has met the filing requirements provided herein, no election shall be held, and the CEO shall prepare an appointment in lieu of election declaring such member elected to the office for which he or she was nominated. If the seventh member is appointed in lieu of election, an election may be held for the alternate seventh member if an eligible candidate timely files as a Write-in Candidate.

ELECTION OF ALTERNATE SEVENTH MEMBER

27. If KCERA declares an appointment in lieu of election for the seventh member, KCERA shall provide notification regarding the write-in candidate process to Kern County Departments employing eligible alternate seventh member candidates and member groups representing the alternate seventh member candidates.

28. If no eligible candidate for the alternate seventh position meets filing requirements provided herein as a Write-in Candidate, the Board may elect not to fill the alternate member seat or may elect to receive applications for appointment. Applications for appointment to an alternate member seat shall be placed on a regular Board meeting agenda.

BALLOTS

29. Ballots shall be prepared by the Contracted Election Provider and mailed to each member eligible to vote according to the Election Calendar timeline. All members eligible to vote will receive both electronic and paper ballots.

    - Members eligible to vote for the second and third members are all active and deferred members of KCERA.
    - All active and deferred members designated as safety members are eligible to vote for the seventh member of the Board.
    - Only retired members are eligible to vote for the eighth member of the Board.

30. The names of all candidates who have timely met filing requirements provided herein shall be printed on the ballot. The ballot shall not contain the name of any candidate unless duly nominated as provided herein. At the option of the candidate, the title of the public service position he or she holds or from which he or she is retired may be printed immediately after or below his or her name on the ballot. In lieu of the public service position designation, a candidate may have the name of his or her appointing authority's department or division printed on the ballot. A candidate for the same seat which he or she presently holds may also have the word "Incumbent" printed immediately after or below his or her name on the ballot. Any title or designation provided to KCERA to print on the ballot, as indicated above, shall be declared by the candidate to be true and correct under penalty of perjury.

31. The order in which the candidates are listed on the ballot shall be determined by a random drawing conducted by the Contracted Elections Provider. Voting instructions shall be included with the ballots mailed and electronically emailed to the members.

32. Instead of voting for a candidate listed on the ballot, a member may cast a vote for a Write-in Candidate who has timely met filing requirements provided herein, by writing in the name of that member in the space provided.

33. If a member returns more than one ballot, only the first ballot received is counted and the following ballot(s) received will be voided. The CEO must pick up all ballots from the designated P.O. Box at 9:00 a.m. on the day following the scheduled voting deadline.

34. The ballot will be void and shall not be counted if the member fails to comply with voting instructions. Ballots shall be void if:

    a. Received after Election Day
    b. A duplicate ballot is cast
    c. It is not possible to determine who submitted the ballot
    d. It was submitted in the same envelope with other ballots; and/or
    e. The voter's intent cannot be determined.

35. Ballots determined to be void under this section shall be marked as such and shall not be counted by the Contracted Election Provider. The Contracted Election Provider will deliver ballots marked as void to the CEO on the day designated for counting ballots.

STATEMENT BY BOARD OF RETIREMENT

36. In addition to the ballot, the voting instructions, and the candidate statements (if any), each member shall receive an informational statement from the Board.

VOTING DEADLINE

37. In order to be processed and counted, voted ballots must be received at the designated P.O. Box no later than 11:59 p.m. on Election Day.

CAMPAIGN GUIDELINES

38. No member may use County/Employer time or resources to campaign for a member seeking election to the Board, including dissemination of campaign information via the Participating Employers' electronic communications system; provided, however, employers shall permit each candidate, upon request, to post reasonable campaign material on the organization bulletin board. Posted items shall be no larger than 8 ½" by 11 ½". Employers may reasonably refuse to post any offensive or defamatory material. Nothing herein shall be deemed to make any campaign material or statement or the authors thereof free or exempt from any civil or criminal action or penalty because of any false, slanderous, or libelous statements offered for distribution or posting.

COUNTING OF BALLOTS

39. The Contracted Election Provider shall verify the names on all returned envelopes against the members mailing list or roster and prepare ballots for counting. Contracted Election Provider staff shall conduct the ballot count. The Contracted Election Provider shall meet at 9:00 a.m. in the KCERA office on the date designated on the Election Calendar following the election, for the counting of ballots and determination of any questionable ballots. Any person may observe the ballot count.

40. The candidate for the second, third, seventh, eighth, and alternate eighth member offices who receives the highest number of votes cast for such office shall be elected to such office for the term next succeeding. In the event of a tie vote, the procedures set forth in California Elections Code section 15651(a) shall be used to determine the election results.

CERTIFICATE OF ELECTION RESULTS

41. The CEO shall file a certificate of elections results with the Board. The certificate of election results shall be posted on KCERA's website and at the entrance to KCERA's office for one week commencing with the day following the day election results are certified by the CEO.

CONTEST OF ELECTION RESULTS

42. Within five (5) business days of certification of the election results by the Contracted Election Provider (or as revised pursuant to the Election Calendar), a candidate may upon written application to KCERA request a recount of all ballots to be conducted by the Contracted Election Provider. Prior to the requested recount, the Contracted Election Provider shall determine the cost for conducting such a recount. The candidate requesting the recount shall deposit this amount with KCERA prior to the recount for payment to the Contracted Election Provider. Money so deposited shall only be returned to the depositor if, upon the completion of the recount, the candidate requesting the recount is found to have received a plurality of all votes cast. The recount shall be conducted in the same manner as the original count.

RETENTION OF BALLOTS

43. All envelopes containing voted ballots and all voted ballots (whether or not counted) shall be retained for 30 days in the KCERA office or until such further time as is required to settle any contest concerning the election.

SWEARING IN ELECTED MEMBERS

44. Newly-elected members of the Board shall be sworn in by the CEO or other public official authorized to administer oaths prior to participating in their first Board or Committee meeting. This can be done in conjunction with New Trustee Orientation.

SPECIAL ELECTIONS

45. A special election shall be called by the Board within 30 days of the occurrence of the vacancy if a vacancy occurs for any reason during the term of office of an elected board member, other than alternate members, unless the term of office will end less than 365 days from the occurrence of the vacancy; provided, however, that if the term of office will end less than 365 days from the occurrence of the vacancy, the Board may call a special election to fill such vacancy of the Board if, in its discretion, determines that such action is in the best interests of KCERA.

46. The vacancy shall be filled for the duration of the current term, except that, if the remaining portion of the current term is six months or less on the date of the election, a single election may be held to fill the vacancy for the remainder of the current term and to fill the position for the succeeding term. (Gov't Code §31523). Nominations and voting shall be substantially in the manner prescribed for a regular election. The candidate receiving the highest number of votes for the vacated seat shall be declared elected to that seat. Such candidate shall serve for the remainder of the unexpired term from and after the first day of the first month following the declaration of his/her election.

47. The Board of Retirement may call a special election to fill a vacancy occurring in the office of any alternate member if the Board if, in its discretion, determines that such action is in the best interests of KCERA.

BOARD DISCRETION

48. The purpose of this Election Procedures Policy is to ensure an orderly, fair, and impartial process for the conduct of elections of trustees to the Board. In the event there is any ambiguity or uncertainty regarding the application of these procedures to a particular election issue, or there is no procedure specifically addressing the election issue, the Board shall decide the issue upon application by any person, or on its own motion. In exercising its administrative discretion under these procedures, the Board shall be mindful of the purpose of these procedures and may be guided by general principles of California elections or other applicable law.

RESOURCE LINKS

- KCERA Board Election Information Packet:
    - KCERA Candidate Nomination Petition Paper
    - KCERA Declaration of Candidacy Form
    - KCERA Candidate's Statement of Qualifications Form
- KCERA Election Calendar
- KCERA Elections Webpage

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 August 8, 2018.
    b) Amended on April 12, 2023, and May 7, 2025.

BOARD OPERATIONS POLICY

PURPOSE

1) This Board Operations Policy contains various provisions regarding how the Board will administer its own activities. The policy includes but is not limited to relevant provisions of State law and Article I of the Regulations (formerly called By-laws). Provisions drawn from the Regulations and State law are so noted.

POLICY GUIDELINES

Election of Members of the Board of Retirement

2) The Board of Retirement delegates responsibility for conducting Board of Retirement elections in a manner set forth in the *Election Procedures for Elected Positions on KCERA's Board of Retirement* to the Board of Supervisors through its Chief Registrar of Voters. Appendix B contains a copy of the Election Procedures, which have been approved by the Board of Retirement. Appendix B is included for reference purposes only and does not form part of the Board Operations Policy.

Committee Structure

3) The standing committees of the Board shall be as follows:
   a) Administrative Committee
   b) Finance Committee
   c) Investment Committee
   d) Nominating Committee

4) In consultation with the Chief Executive Officer, the Board may approve the establishment of ad hoc committees, and the Board shall appoint the chair and members of such committees.

5) The Board supports the use of committees to enhance the efficiency and effectiveness of Board decision-making. Accordingly, the Board may assign or delegate to any committee the task of reviewing policies and decisions and providing recommendations to the Board for its consideration. Notwithstanding any such direction or delegation, the Board reserves the option to adopt any decision or policy

without considering committee analysis and recommendations if the Board determines that it is prudent and appropriate to do so under the circumstances.

Rules of Order

6) The conduct of Board and committee meetings shall be determined in accordance with:

   a) This Board Operations Policy, including the Simplified Rules of Order set out in Appendix A;

   b) The Regulations; and

   c) Open meeting laws and other applicable laws.

7) Any question regarding the conduct of a meeting that is not addressed in paragraph 6 above, shall be determined by the Board Chair or applicable committee chair. In making such determination, the Board Chair or applicable committee chair may consult with Counsel. Any such determinations shall apply only to the meeting in question; the Board however may subsequently refer the question to the Administration Committee, which may recommend changes to the Board Operations Policy or Regulations to address the question for future meetings. Any resulting changes to the Board Operations Policy or Regulations shall not nullify the original determination by the Chair or committee chair. A Board member may, however, seek reconsideration of any decision that resulted from the original determination of the Chair or committee chair, consistent with the rules for reconsideration contained in Appendix A.

8) The Chair shall be entitled to vote, if applicable, on all questions and shall not be required to relinquish the chair in order to participate in discussions. (Regulations: Article I.B.3)

9) The order of business shall be at the discretion of the Chief Executive Officer in the absence of instructions from the Board. (Regulations: Article I.B.4)

10) The order of business shall normally be as follows:

   a) Roll Call

   b) Flag salute and moment of silence

   c) Consent Agenda Items for Board Action (routine and non-controversial)

   d) Public Comments

   e) Non-consent Agenda Items for Board Action

   f) Report from Chief Executive Officer

   g) Report from Chief Investment Officer

h) Report from the Chief Legal Officer

i) Reports from Committee Chairs

j) Board Member Announcements or Reports

k) Executive session

l) Adjournment

Officers

11) The Board shall annually elect a Board Chair and a Board Vice-Chair, each to serve for a term of one year.

12) Any trustee may be elected to the position of Board Chair or Board Vice-Chair for up to two consecutive terms, before vacating the position for at least one year.

13) The Chief Executive Officer shall serve as Secretary to the Board.

Nomination and Election of Board Officers

14) Annually at the regular meeting in October, a Nominating Committee shall be formed, consisting of two (2) members designated by the Chair of the Board and two (2) members designated by the full Board. The Chair of the Board shall appoint the Chair of the Nominating Committee. The Nominating Committee shall select one member of the Board as its nominee for Board Chair and one member as its nominee for Board Vice-Chair to hold office during the ensuing year. The Nominating Committee shall present its slate of nominees to the full Board at its regular meeting in December. At the time of election of officers in December, the Board Chair shall call for other nominations, which may be made by any member of the Board.

15) Annually, at the end of the regular meeting in December, the Board shall elect one of its members as Board Chair, and one of its members as Board Vice-Chair, each to hold office for a term of one year. Should a vacancy occur in the Chair position, the Vice-Chair will be the successor. Should a vacancy occur in the Vice-Chair position, the Board shall select a successor for the balance of the unexpired term at its next regular meeting.

16) Should the Chair or Vice-Chair be unavailable to chair a meeting, then the most recent past Chair who is available and serving on the Board shall assume the role of the Chair for the meeting in question.

Quorum

17) Five members of the Board shall constitute a quorum. No official act of the Board shall be valid unless five of the members concur therein. (Regulations: Article I.A.5)

18) With the exception of the Nominating Committee, standing committees shall be composed of four regular members and one committee alternate member. The composition of the Nominating Committee shall be as specified in paragraph 14 herein.

19) Three members of a standing committee shall constitute a quorum. The committee chair may designate an additional temporary member for purposes of constituting a quorum.

Alternates

20) An alternate shall be elected by the safety members and may vote in place of the 7th member when a member of the same service as the alternate is before the Board. The alternate shall vote as a member of the Board only in the event the second, third, seventh, or eighth member is absent from a board meeting for any cause, or if there is a vacancy with respect to the second, third, seventh, or eighth member, the alternate shall fill such vacancy until a successor qualifies (§31520.1).

21) An alternate shall also be elected by the retired members in the same manner and at the same time as the 8th member is elected. The term of office of the alternate retired member shall run concurrently with the term of office of the 8th member. The alternate retired member shall vote as a member of the Board only in the event the 8th member is absent from a board meeting for any cause. If there is a vacancy with respect to the 8th member, the alternate retired member shall fill that vacancy until a successor qualifies (§31520.5). Consistent with §31520.6, notwithstanding any provision to the contrary in §31520.5, if the eighth member is present, the alternate retired member may also vote as a member of the board in the event both the second and third, or both the second and seventh, or both the third and seventh members are absent for any cause.

22) Except as provided in paragraphs 20 and 21 above, alternates shall not vote as members of the Board, nor shall they have the ability to make a motion or second a motion, as the Board deems such actions to be integral to the voting process.

23) Except as otherwise provided in paragraphs 20 through 22, the above alternates shall have the same rights, privileges, responsibilities, and access to closed sessions as the 7^{th} and 8^{th} members respectively.

Communications and Public Comment

24) Every agenda for a regular board or committee meeting shall provide the public an opportunity to address the Board or committee at each meeting during posted public

comment sessions, on any item under the jurisdiction of the body. At the discretion of the presiding officer, the duration of any address may be limited to two (2) minutes. With respect to any item that is already on the agenda, the public will be given the opportunity to comment before or during the Board's or committee's hearing of the item. When a member of the public raises an issue not yet before the Board or committee, the item may be discussed, but no action may be taken at that meeting, except as provided below:

a) The Board may request that Management or other advisors provide the Board factual information;

b) The Board may request Management to report back to the Board at a subsequent meeting concerning any matter;

c) The Board may take action to direct Management to place a matter of business on a future agenda.

25) Communications and requests to the Board shall be made in writing, and the substance of such requests and the action of the Board thereon shall be noted in the minutes. (Regulations: Article I.B.6)

26) Trustees may attend any standing committee meeting as observers, but only committee members may deliberate and vote on matters before the committee. (Government Code Section 54952.2(c)(6))

<u>Agenda</u>

27) The Secretary to the Board shall prepare, distribute, and post a written agenda for all regular meetings of the Board and standing committees. The agenda and related materials for board meetings will generally be distributed to trustees at least five (5) calendar days in advance of the board meeting except for non-agenda items, as permitted by the Brown Act. Said materials shall also be made available for public viewing prior to board and standing committee meetings in accordance with the Brown Act. Members of the public wishing to obtain copies of the materials may do so, and may be charged an appropriate fee, as determined by the Board, to recover any costs incurred by KCERA.

28) Committee meeting agendas will be posted seventy-two (72) hours prior to committee meetings, except under circumstances permitted by the Brown Act, and materials for committee meetings generally will be distributed no later than the day before the meeting. (Government Code Section 54954.2)

29) Items may be placed on the board agenda by any of the following means:

a) By action of the Board at a previous meeting;

b) By the Chair; or

c) By the Chief Executive Officer.

Minutes

30) The Secretary shall cause to be recorded in the minutes the time and place of each meeting of the Board, the names of members present, all official acts of the Board and votes given by members of the Board. The Secretary shall cause the minutes to be written and presented for approval at the next monthly meeting of the Board. The minutes, or a true copy thereof, approved by the Board and signed by the Secretary and the Chair, shall form part of the permanent records of the Board.

31) Minutes of committee meetings shall be similarly prepared and placed in the Board's public record at the next month's regular board meeting.

32) Board members who vote against a motion are encouraged, but not required, to provide their reasons for doing so; such reasons may be included in the minutes.

Committee Operations

33) At the first regular meeting following the election of officers, the Chair shall appoint committee members, a committee chair, and a committee alternate to each standing committee, with the exception of the Nominating Committee (See paragraph 14 for policy regarding the Nominating Committee). Factors to be considered in determining committee appointments include:

a) Trustees' areas of expertise and experience;

b) Trustees' varying interests; and

c) The need to rotate trustees between committees to ensure their exposure to KCERA's various functions.

34) The function of committee alternates is to attend committee meetings when necessary to satisfy quorum requirements.

35) If the committee chair is unavailable to attend a meeting, then the committee chair may designate another committee member to serve as committee chair in his or her absence, failing which the remaining committee members may appoint a committee chair from among themselves.

36) In the event of a vacancy in a committee chair position, the Chair shall appoint a replacement.

37) The Chief Executive Officer shall ensure board committees receive adequate support from staff and shall assign a staff contact to each committee.

38) The Board shall approve a charter for each standing committee. Unless authorized by the Board, Committees shall not undertake committee work or analysis, nor direct Management, staff, or advisors to undertake any work, that falls outside the scope of the committee's charter.

39) To take effect, all actions of a committee must be approved by the Board at a scheduled board meeting, unless the committee's charter authorizes such independent action by the committee or the Board has otherwise granted such authority to the committee.

Schedule of Meetings

40) Regular meetings of the Board shall be held on the second Wednesday of each month at 8:30 a.m. The Administrative, Finance, and Investment Committees of the Board shall meet on a scheduled basis or ad hoc basis, as determined by the Chief Executive Officer, Chairman of the Board, the relevant committee, or Chairman of the relevant committee. Such meetings will be held in the KCERA Board Room, located at 11125 River Run Boulevard, Bakersfield, California unless an alternate location is authorized under Sections 54953 or 54954 of the Brown Act. If a scheduled meeting of the full Board needs to be moved for any reason, the Chief Executive Officer in coordination with the Chair, shall set a new date for the Board meeting. Any scheduled Board meeting may, in consultation with the Chief Executive Officer, be canceled by the Board Chair or, if the Board Chair is unavailable, the Vice-Chair. Any scheduled committee meeting may be canceled by the committee chair in consultation with the Chief Executive Officer. If the committee chair is unavailable, the Chief Executive Officer will consult with the committee member who is both available and has the longest tenure on the Board to discuss canceling the meeting.

41) Special meetings may only be called as provided in California Government Code Section 54956 (Regulations: Article I.B.2). At its first meeting each year, standing committees shall establish a forward yearly schedule of meetings and agendas, and provide such schedules to the full Board for review.

Policy Development

42) Both the Board and the Chief Executive Officer shall be responsible for identifying issues requiring a board policy or decision, and for initiating the development of board policy. Committees wishing to develop a new policy or position for the Board's consideration shall obtain Board approval prior to initiating any work or directing staff or advisors to initiate any work. The Chief Executive Officer shall be responsible for

ensuring all necessary research and analysis is performed to support the Board's decision-making and policy-setting responsibilities. The Chief Executive Officer shall further ensure that staff provides the Board and its committees with recommendations and supporting information in connection with all material decisions before the Board or its committees. Where appropriate, such information should include the strengths and weaknesses of viable alternatives that were considered.

43) Board policies and decisions shall generally be limited to issues of a high level or strategic nature. The Chief Executive Officer is authorized to approve staff-level procedures to support the proper implementation of board policies, and to guide the day-to-day operations of KCERA.

44) The Board shall abide by all board policies, unless under the circumstances it would be imprudent to do so. Material deviations from policy shall be noted in the minutes of the meeting along with the reasons for doing so; and, if appropriate, the Board shall direct the Chief Executive Officer to review the policy in question. Minor deviations in procedures are not required to be noted in the minutes; examples include, but are not limited, to:

a) Minor deviations in the timing of reports; and

b) Presenting reports directly to the Board rather than to a committee when, in consultation with the chair of the committee, it is agreed that there would be no benefit to having the committee consider the matter before it is presented to the Board.

45) All policies of the Board shall be reviewed with a frequency to be specified in each policy, though more frequent reviews may be initiated by the Board or the Chief Executive Officer if deemed necessary.

46) Board policies shall be maintained in up-to-date form within the offices of KCERA and shall be accessible to trustees and staff.

<u>Compensation and Expense Reimbursement of Members of the Board</u>

47) Pursuant to §31521 of the Act, the fourth, fifth, sixth, eighth, ninth, and the alternate eighth member shall receive compensation at the rate of one hundred dollars ($100) for each Board or Board-authorized committee meeting, for not more than five meetings per month. In addition, all member of the Board shall receive reimbursement for actual and necessary expenses in accordance with rules and regulations adopted by the County of Kern for reimbursement of expenses incurred by County employees set forth in the Kern County Administrative Procedures Manual and the Trustee Travel

Policy. Board members and alternate trustees eligible for the $100-per-meeting compensation may decline that compensation at any time.

POLICY REVIEW AND HISTORY

48) This policy shall be reviewed at least every five years.

49) This policy was:

a) Adopted by the Board on September 27, 2000.

b) Amended on November 19, 2002; June 23, 2004; August 26, 2009; December 12, 2012; April 13, 2016; March 11, 2020; February 10, 2021; August 11, 2021; and April 13, 2022.

APPENDIX A

SIMPLIFIED RULES OF ORDER

1) In conducting Board and committee meetings, the primary goals of the Board are to ensure that:
   a) decisions are made prudently, efficiently, and without confusion;
   b) all Board members have appropriate opportunities to be heard;
   c) members of the public have opportunities to address the Board, consistent with open meeting laws; and
   d) all applicable laws are followed.

2) Board actions shall be carried out using motions. Examples of common motions include:
   a) Motion to approve [insert item presented for approval].
   b) Motion to approve/adopt based on Staff's recommendation.
   c) Motion to refer matter to Staff/Committee for [insert direction from Board].
   d) Motion to return matter to the Board on [insert date/month certain].

3) The general process for arriving at a Board or committee decision shall be as follows:
   a) Staff and/or advisors shall provide background information and/or recommendations regarding the matter in question.
   b) The chair shall then ask for discussion from the Board/committee.
   c) The chair shall moderate any discussion to ensure open but orderly deliberations among Board members.
   d) When discussion has ended, the chair shall request a motion and a second on the matter; if there is no second, the motion dies.
   e) The chair shall take public comment at any time prior to moving to a vote.
   f) Voting shall occur by one of the following methods:
      i) By electronic means, though such votes may not be anonymous;
      ii) By Roll Call – Each member answers "yes" or "no" as his or her name is called.

4) *Consent agenda*. Items placed on a consent agenda may be approved together without discussion or individual motions. A Board member may, however, request that one or more items be removed from the consent agenda for discussion and individual action, and such request may not be denied.

5) *Reconsidering a motion*. A board member may move that a motion to reconsider a board/committee action be placed on a future meeting agenda, but only if said board

member voted on the prevailing side when the matter was first considered. If said board member did not vote on the prevailing side, he or she may briefly state reasons for wishing that such a motion be made by a qualified Board member, and no other discussion may ensue unless a motion is made and seconded. The motion may be seconded by any board member.

Notwithstanding the above, a request for reconsideration made within 90 days of when the matter was first considered may only be approved if information not previously considered is available.

6) *Tie votes*. Motions that result in a tie vote are considered to have failed. In the event of a tie vote, any member of the Board/committee may move to have the matter decided once again at the same meeting. If a tie vote occurs a second time, the motion dies, or the Board may continue the matter to a future meeting(s) or take other appropriate action.

7) Any question regarding the conduct of a meeting that is not addressed by the Board Operations Policy, the Regulations, or Open meeting laws or other applicable laws, shall be determined by the Board Chair or applicable committee chair. In making such determination, the Board Chair or applicable committee chair may consult with Counsel. Any such determinations shall apply only to the meeting in question; the Board however may subsequently refer the question to the Administration Committee, which may recommend changes to the Board Operations Policy or Regulations to address the question for future meetings. Any resulting changes to the Board Operations Policy or Regulations shall not nullify the original determination by the Chair or committee chair. A Board member may, however, seek reconsideration of any decision that resulted from the original determination of the Chair or committee chair, consistent with the rules for reconsideration contained in paragraph 5 above.

<u>Other Expectations</u>

8) The following meeting practices are desirable but not required:
   a) Board members seeking to gain the attention of the chair should use the electronic meeting system or say, “Mr. Chair” or “Madame Chair”.
   b) Board members should refrain from addressing the Board or committee until recognized by the chair.
   c) Motions should be stated in the affirmative; i.e., “I move that we …” rather than, “I move that we do not….”

APPENDIX B

Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311
Tel (661) 381-7700 • Fax (661) 381-7799
Toll Free (877) 733-6831
TTY Relay (800) 735-2929

KCERA
PRUDENT INVESTMENT • QUALITY SERVICE

ELECTION PROCEDURES POLICY

The Board of Retirement delegates responsibility for conducting Board of Retirement elections in a manner set forth in these Election Procedures for Elected Positions on KCERA's Board of Retirement to the Board of Supervisors through its Chief Registrar of Voters.

APPLICABILITY

1. These procedures shall govern the election of the second, third, seventh, eighth and seventh and eighth alternate members to the Kern County Employees' Retirement Association ("KCERA") Board of Retirement.

ELECTION DATE; COSTS; TIME REQUIREMENTS

2. Elections shall be held on the third Tuesday in November to fill the positions for terms expiring December 31 of that year. Elections shall be conducted by the Auditor-Controller-County Clerk (hereafter "elections official"). All costs associated with any election for membership on the KCERA's Board of Retirement shall be paid by the KCERA. If any day on which action is required pursuant to these procedures falls on a weekend or holiday, the election official's next scheduled work day shall be the day on which such action must occur.

NOTICE OF ELECTION; ELIGIBILITY OF CANDIDATES

3. No later than the 76th day prior to the election date, written notice as to the election and candidacy filing procedures shall be given as follows:

   a. For all members, notices shall be mailed to the last known address of such member on file with the KCERA.

   b. For member organizations, notices shall be furnished to any organization of active or retired members.

   The notice shall include a statement to the member that additional information regarding the election, including election results, will be posted on the KCERA website. The notice shall be mailed utilizing postal address correction notification services. Upon receipt, address correction information shall be provided to the KCERA to allow for updates prior to ballot mailing.

Any active general member who is not employed in the office of the KCERA,[1] or any deferred general member of the KCERA, is eligible to run for the position of second or third member of the Board. To be eligible to run as a safety member, the member must be among the group defined in Government Code sections 31470.2 or 31470.4. The alternate safety member shall be that candidate for the seventh member from the group under sections 31470.2 or 31470.4, which is not represented by the seventh member who received the highest number of votes of all candidates in that group.

Candidates for the eighth member and alternate eighth member on the Board of Retirement shall be retired members of the KCERA. The alternate eighth member of the Board shall be elected separately by the retired members of the KCERA in the same manner and at the same time as the eighth member is elected.

These eligibility standards shall be deemed to be amended to comply with current provisions of the County Employees' Retirement Law of 1937 or other applicable law relating to eligibility requirements for members of the Board of Retirement, or as determined by a court of competent jurisdiction.

NOMINATION OF CANDIDATES; FILING PERIOD; STATEMENT OF CANDIDATES

4. At least 53 but not more than 69 days prior to the election date, the elections official shall receive nominations of candidates. The number of eligible members required to sign a nomination paper for the respective office is not less than 15, nor more than 20. Only those members qualified to vote in the election for the office may sign a nomination paper. No member may sign more than one nomination paper for the same office, and in the event a member does so, the member's signature shall count only on the first nomination paper filed which contains that member's signature. Any member eligible to vote at the election may circulate a nomination paper for the candidate for whom the member is eligible to vote, substantially in the following form:

   We, the undersigned members of the Kern County Employees' Retirement Association hereby nominate ___________ for the office of the ________ member on the Kern County Employees' Retirement Association Board of Retirement.

   Name of Circulator
   Circle one: Active General Member, Active Safety Member, Deferred General Member, Retiree
   Circulator's Employing Department or Entity

[1] Kern County Employees' Retirement Association v. Bellino (2005) 126 Cal.App.4th 781

Affidavit of Circulator

I, ________________, solemnly swear (or affirm) that the signatures on this nomination paper were obtained between _______, 20__, and ___________, 20__; that I circulated the petition and I saw the signatures on this section of the nomination papers being written; and that, to the best of my information and belief, each signature is the genuine signature of the person whose name it purports to be. I declare under penalty of perjury that the foregoing is true and correct.

____

Signature of Circulator

The circulator's affidavit may either be notarized or signed in the presence of authorized staff of the elections official. Within 10 days after the close of the nomination period, the elections official shall verify that the individuals listed on the nomination papers are eligible to sign the candidate's nomination form based on a report of eligible members provided by KCERA. Any nominee whose nomination papers do not contain an adequate number of verified members shall be so notified by the elections official, and his or her name shall not be placed on the ballot.

Each nomination petition shall include a declaration of the nominee, substantially in the following form:

I, _________________, am the above-named nominee for the office of the ______ member of the Kern County Employees' Retirement Association Board of Retirement. I am a (General, Safety, General Deferred or Retired) member of the Kern County Employees' Retirement Association and if elected I will qualify and serve to the best of my ability. I request my name be placed on the official ballot for election to the Board of Retirement for the election to be held on the ____ day of November, _____.
I desire my name and designation to appear on the ballot as follows: (Name and designation).

I declare under penalty of perjury that the foregoing is true and correct. Executed this ___ day of __________________, 20__.

____

Signature of Nominee

The nominee's declaration may either be notarized or signed in the presence of authorized staff of the elections official.

The ballot shall not contain the name of any candidate unless duly nominated as provided herein. No later than 53 days prior to the election, a candidate may also submit a candidate's statement which shall be mailed with the ballot to each member. The statement, which shall not exceed 200 words, shall include the name and occupation, including identification of the candidate's employing department or special district, and a brief description of the candidate's education and qualifications expressed by the candidate. The statement may not make reference to any other candidate's qualifications, character, or activities, and the candidate shall declare under penalty of perjury that the contents of his or her candidate statement are true and correct. The elections official shall not cause to be printed or circulated any statement which is not so limited and declared under penalty of perjury.

No later than 40 days prior to the election, the elections official shall publish a list of all candidates who are eligible to be voted for at the election. The list of candidates shall be posted at the Elections Office and at the office of the Kern County Employees' Retirement Association.

EXTENSION OF FILING PERIOD IF INCUMBENT FAILS TO FILE

5. Notwithstanding any other provision of these regulations, if nomination papers and a declaration of candidacy for an incumbent trustee is not filed by 5 p.m. on the 53^{rd} day prior to the election, any person (other than the person who was the incumbent on the 53^{rd} day) shall have until 5 p.m. on the 46^{th} day before the election to file nomination papers and a declaration of candidacy as provided in paragraph 4 above. This paragraph 5 is not applicable where there is no incumbent to be elected or the incumbent is not eligible for re-election to the trustee position in which he or she holds at the time the filing period closes.

WITHDRAWAL

6. A candidate may withdraw his or her declaration of candidacy no later than 53 days prior to the election date, or in the event Paragraph 5 above is applicable, 46 days prior to the election date.

WRITE-IN CANDIDATES

7. A member may declare his or her candidacy as a write-in candidate no later than 14 days, nor earlier than 46 days, prior to the date of the election by filing nomination papers as provided in Rules 4 herein and a declaration of candidacy substantially in the following form, and signed under penalty of perjury:

> *I, ________________, am the above-named nominee for the office of the ________member of Kern County Employees' Retirement Association Board of Retirement. I am a (General, Safety, or Retired) member of the Kern County Employees' Retirement Association and if elected I will qualify and serve to the best of my ability. I do hereby declare myself as a write-in candidate for election to the Board of Retirement of the Kern County Employees' Retirement Association as its ______________ Member. If elected I*

will qualify and serve to the best of my ability.

____
Signature of Write-In Nominee

ELECTION RESULT IF NO MORE THAN ONE CANDIDATE

8.

a. No later than 46 days prior to the election, if only one member has filed nomination papers and a declaration of candidacy pursuant to paragraph 4 or 5 above, no election shall be held and the elections official shall prepare an appointment in lieu of election declaring such member elected to the office for which he or she was nominated. If the Seventh is appointed in lieu of election, an election may be held for the Seventh Alternate member if an eligible candidate timely files as a Write-in Candidate.

b. Election of Seventh Alternate Member. The elections official shall inform KCERA of any appointment in lieu of election for the Seventh Member. Once informed, KCERA shall direct a notice regarding the Write-in Candidate process to County Departments employing eligible Seventh Alternate Member candidates, eligible member candidates, and member groups representing the Seventh Alternate Member candidates.

c. If no eligible candidate for the Seventh Alternate position files as a Write-in Candidate, the Board of Retirement may elect not to fill the alternate member seat, or may elect to receive applications for appointment. Applications for appointment to an alternate member seat shall be placed on a Regular Board of Retirement Meeting Agenda.

BALLOTS; STATEMENT BY BOARD OF RETIREMENT; VOTING DEADLINE

9. No later than 15 days prior to the election, ballots shall be prepared by the elections official and shall be mailed to each member eligible to vote. Ballots shall be mailed in forwardable envelopes utilizing postal address correction notification services. Upon receipt, address correction information shall be provided to the KCERA.

Members eligible to vote for the second and third members of the Board of Retirement are all active and deferred members of the KCERA. Only retired members are eligible to vote for the eighth member of the Board. All members designated as safety members are eligible to vote for the seventh member.

The names of all candidates who have timely filed the required nomination papers and declaration of intent to serve shall be printed on the ballot. At the option of the candidate, the title of the public service position he or she holds or from which he or she is retired may be printed immediately after or below his or her name on the ballot. In lieu of the public service position designation, a candidate may have the name of his or her appointing authority's department or division printed on the ballot. A candidate for the same seat which he or she presently holds may also have the word "Incumbent" printed immediately after or below his or her name on the ballot. Any title or designation provided to the elections official to print on the ballot, as indicated above, shall be declared by the candidate to be true and correct under penalty of perjury.

The order in which the candidates appear on the ballot shall be determined by a random drawing conducted by the elections official. Voting instructions, similar to those provided in Exhibit "A", shall be included with the ballots mailed to the members. The ballot will be void and shall not be counted if the member fails to comply with voting instructions. Instead of voting for a candidate listed on the ballot, a member may cast a vote for a write-in candidate who has timely filed a valid nomination petition and declaration of candidacy by writing in the name of that member in the space provided.

In addition to the ballot, the voting instructions, and the Candidate's Statements (if any), each member shall receive a statement from the KCERA Board of Retirement substantially in the following form:

> *The Board of Retirement consists of nine members and two alternates, ____ of whom will be selected as a result of this election. The Board manages investments of the retirement fund, which has assets of approximately $__________. In addition, the Board makes decisions on applications for disability retirement and on many other matters vital to its members. We urge you to take the time to learn about the candidates and to vote.*

In order to be processed and counted, voted ballots must be received by the Elections Division of the Auditor-Controller-County Clerk's Office no later than 5 p.m. on the day of the election.

CAMPAIGN

10. No member may use County time or resources to campaign for a member seeking election to the Board of Retirement, including dissemination of campaign information via the County's electronic communications system; provided, however, that department heads shall permit each candidate, upon request, to post reasonable campaign material on the department bulletin board. Posted items shall be no larger than 8 ½" by 11 ½". Department heads may reasonably refuse to post any offensive or defamatory material. Nothing herein shall be deemed to make any campaign material or statement or the authors thereof free or exempt from any civil or criminal action or penalty because of any false, slanderous or libelous statements offered for distribution or posting.

TALLY OF VOTES; TIE VOTE

11. The elections official shall verify the names on all returned envelopes against the members' mailing list or roster and ready ballots for counting. Staff from the

Elections Office shall serve as the canvassing board. The canvassing board shall meet at 8:00 a.m. in the Elections Office on the third day of the election, no later than the 1st Thursday following the election, for the counting of ballots and determination of any questionable ballots. Any person may observe the tally of votes.

The candidate for the second, third, seventh, eighth and eighth alternate member offices who receives the highest number of votes cast for such office shall be elected to such office for the term next succeeding. In the event of a tie vote, the procedures set forth in Elections Code section 15651(a) shall be used to determine the election results. The elections results shall be filed with the Board of Retirement, and the Executive Director of the KCERA shall file a certificate of the election results with the Board of Supervisors.

POSTING CERTIFICATE OF ELECTION RESULTS; ELECTION CONTEST; RETENTION OF BALLOTS

12. A certificate of election results shall be posted on the KCERA's Web page and on the door at the entrance to the KCERA's office for one week commencing with the day following the day election results are certified by the elections official.

Any member of the KCERA desiring to contest the results of any election shall file a written statement of contest not later than the 30th day following the date of the election. The grounds for contest shall be those specified in California Elections Code section 16100-16101. The procedures for contests of general elections contained in the California Elections Code shall control except that the contestant and the candidate-elect whose election is being contested shall file all statements, affidavits and other papers with the Board of Retirement. The Board of Retirement shall take such action upon any election contest as it shall deem just and proper. The provisions of Code of Civil Procedure section 1094.6 (relating to limitations on time to commence proceedings in mandate) are applicable to petitions for writs of mandate filed to review final decisions of the Board on the election contest.

All envelopes containing voted ballots and all voted ballots (whether or not counted) shall be retained for 30 days in the offices of the elections official or until such further time as is required to settle any contest concerning the election.

SPECIAL ELECTIONS

13. A special election shall be called by the Board of Retirement within 30 days of the occurrence of the vacancy if a vacancy occurs for any reason during the term of office of an elected board member, other than alternate members, unless the term of office will end less than 365 days from the occurrence of the vacancy; provided, however, that if the term of office will end less than 365 days from the occurrence of the vacancy, the Board may call a special election to fill such vacancy of the Board, in its discretion, determines that such action is in the best interests of the KCERA. The Board of Retirement may call a special election to fill a vacancy occurring in the office of any alternate member if the Board, in its discretion,

determines that such action is in the best interests of the KCERA.

RETIREMENT BOARD DISCRETION

14. The purpose of these election procedures is to ensure an orderly, fair and impartial process for the conduct of elections of trustees to the Board of Retirement. In the event there is any ambiguity or uncertainty regarding the application of these procedures to a particular election issue, or there is no procedure specifically addressing the election issue, the Board of Retirement shall decide the issue upon application by any person, or on its own motion. In exercising its administrative discretion under these procedures, the Board shall be mindful of the purpose of these procedures and may be guided by general principles of California elections or other applicable law.

POLICY REVIEW AND HISTORY

1) This policy was:
    a) Adopted by the Board on August 8, 2018.

Kern County Employees' Retirement Association
11125 River Run Boulevard
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VICE-CHAIR CHARTER

INTRODUCTION

1) The Board shall elect one trustee as Vice-Chair to hold office for a period of one year.

DUTIES AND RESPONSIBILITIES

2) The Vice-Chair shall assume the duties of the Chair in the event the Chair is unable to fulfill the duties of the position.

3) The Vice-Chair shall discuss and assess the concerns of any trustee about the conduct of the Chair, and take appropriate action, consulting with Chief Legal Officer, if necessary.

POLICY REVIEW AND HISTORY

4) This charter shall be reviewed at least every five years.
5) This charter was:
   a) Adopted by the Board on November 14, 2001.
   b) Amended on June 23, 2004; December 12, 2012; April 13, 2016; August 11, 2021; and April 13, 2022.

KCERA Board of Retirement Information
as of 1/1/26

Position	Trustee Name	Current Term Expires	Years on KCERA Board	Previous BOR Positions
First Member Statutory	**Kaufman, Jordan**	*Statute*	20	Trustee; 2019 Chair; Investment Committee Chair
Alternate First Member Statutory	**Nunneley, Chase**	*Statute*	6	Trustee
Second Member Elected (General Member)	**Gill, Ajaib**	12/31/2027	1	Trustee
Third Member Elected (General Member)	**Mosqueda, Rocio**	12/31/2028	.2	Trustee
Fourth Member Appointed (BOS Member)	**Couch, David**	12/31/2027	13	Trustee; 2024 Vice-Chair; **2025 Chair**
Fifth Member Appointed	**Hughes, Joseph D.**	12/31/2028	4.5	Trustee; Administrative Committee Chair
Sixth Member Appointed	**Sanders, John**	12/31/2027	2.5	Trustee; Finance Committee Chair; **Investment Committee Chair**
Seventh Member Elected (Safety Member)	**Kratt, Rick**	12/31/2027	13	Trustee; 2019 Vice-Chair; 2020 Chair; Investment Committee Chair
Alternate Seventh Member Elected (Safety Member)	**Vacant**	12/31/2027		
Eighth Member Elected (Retired Member)	**Frapwell, Jeff**	12/31/2028	42+	Trustee
Alternate Eighth Member Elected (Retired Member)	**Seibly, Robb**	12/31/2028	6	Trustee; **Administrative Committee Chair**
Ninth Member Appointed	**Whitezell, Tyler**	12/31/2028	6	Trustee; Finance Committee Chair; 2021 Vice-Chair; 2022 Vice-Chair; 2023 Chair; Investment Committee Chair

KCERA

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Chief Executive Officer's Report

Presented by: Matt Henry, Chief Operations Officer

August 2026

Office Update

- Disability Files Pending: Pre-2025: 4   2025:9   2026: 15   Hearing: 6   Writ: 1
- Alive & Well: Staff continues to enhance process to verify eligibility of pensioners
- Inyokern CSD: Staff continue to monitor developments with plan sponsor
- Courts Social Security Update
- San Joaquin APCD made 2nd prepayment against UAAL
- Staffing update: Accountant recruitment underway

Operations Activity

Member Services

- 30 new retirements processed
- 100 death benefits processed
- 96 service purchase calculations
- 172 retirement estimates
- 154 new active members
- 134 terminations
- 65 in-person appointments
- 200 walk-ins
- 1,035 phone calls
- 509 emails

Data for months of June and July 2026

Accounting & Reporting

- Service Purchases <30 days
- Monthly pension payroll over $39M for over 9,400 members (37 checks)
- Beginning Y/E processes
- Implementing new General Ledger application

Information Technology

- We are lending support to Kern360 for testing
- Provided 06/30/26 data to actuary for valuation

Member Outreach & Education

Recent:

- 7/14 REOKC Health Fair
- 7/29 Kern Medical New Employee Orientation
- 8/05 Kern Behavior Health New Employee Orientation
- 8/06 KC New Employee Orientation
- 8/11 REOKC Luncheon
- 8/11 KC Sheriff New Employee Orientation

Upcoming:

- 8/18 KC Probation New Employee Orientation
- 8/26 Kern Medical New Employee Orientation
- 9/01 Department of Human Services Education
- 9/02 Kern Behavior Health New Employee Orientation
- 9/03 KC New Employee Orientation
- 9/08 REOKC Luncheon
- **9/24 KCERA End-of-Career Seminar**

Upcoming Events

- Investment Committee – No meetings scheduled at this time
- Finance Committee – No meetings scheduled at this time
- Administrative Committee – No meetings scheduled at this time
- Board of Retirement – Next regular monthly meeting will be September 9

KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

CIO REPORT

August 2026

Presented by:
Daryn Miller, CFA
Chief Investment Officer

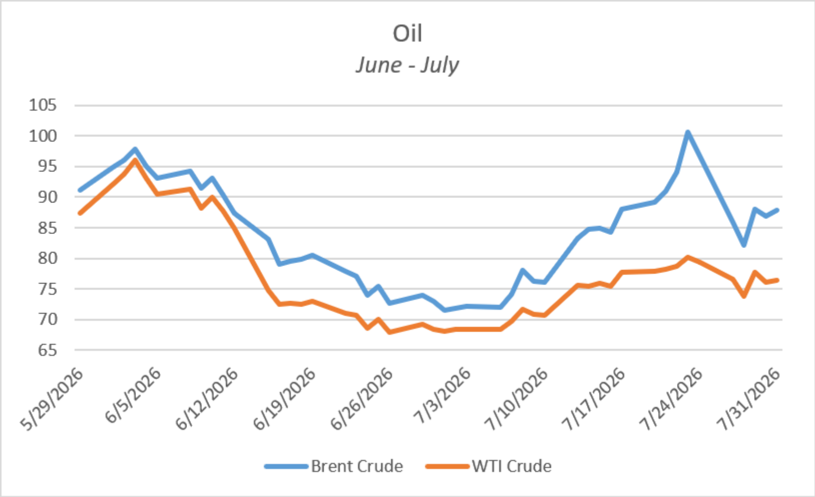
MARKET COLOR

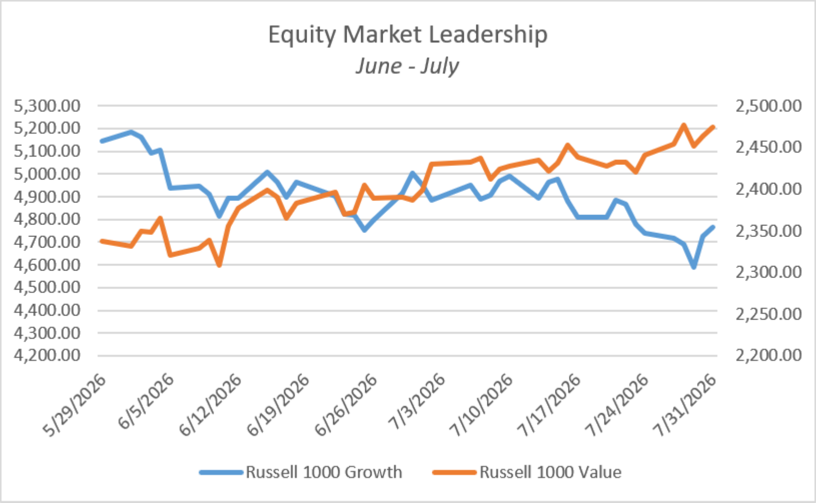
A Comment on Oil, Interest Rates, & Equity Momentum and Rotation

Market	June 2026	July 2026
Brent Crude	-19.94%	20.53%
WTI Crude	-21.76%	11.84%
US 2-YR Treasury Yield	4.20%	4.30%
US 10-YR Treasury Yield	4.47%	4.74%
S&P 500	-1.06%	-0.13%
S&P 500 (Equal Weight)	2.18%	0.92%
Russell 1000 Growth	-2.74%	-4.78%
Russell 1000 Value	2.10%	3.69%

On June 17th, 2026, the United States and Iran signed a memorandum of understanding (MOU) that temporarily restored the flow of oil through the Strait of Hormuz. The volatility of the price of oil reflected the fragility of the agreement that was ultimately declared "over" by the Trump administration on July 8th. U.S. interest rates trended higher and demonstrated sensitivity to geopolitical tension and elevated inflation expectations.

The U.S. equity market has experienced a notable change of market leadership that is reflected in the outperformance of Value-oriented sectors. The rotation can be observed in the drawdown of the Momentum factor, as evidenced by the Goldman Sachs High Beta Momentum basket (below). Specifically, high-Beta, high-momentum stocks (such as semiconductor and AI-related companies) which had performed well, were under significant pressure through the end of July as sentiment receded.





KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Positioning

ACTUAL VS POLICY TARGET

Asset Class	Actual	Policy Target	Delta
Public Equities	34.1%	34.0%	0.1%
Fixed Income	20.4%	23.0%	-2.6%
Core	10.4%	13.0%	-2.6%
Credit	10.0%	10.0%	0.0%
Commodities	5.4%	5.0%	0.4%
Hedge Funds	12.0%	12.0%	0.0%
Alpha Pool	2.3%	2.5%	-0.2%
Core Real Estate	8.3%	7.0%	1.3%
Private Real Assets	4.2%	5.0%	-0.8%
Private Equity	5.4%	6.0%	-0.6%
Private Credit	6.4%	8.0%	-1.7%
Opportunistic	1.8%	0.0%	1.8%
Cash	-0.2%	-2.5%	2.3%
Total	100.0%	100.0%	0.0%

Public Equity: modest overweight due to recent market volatility.

Core Fixed Income: underweight vs. policy target.

Exposure to Core Fixed Income has been primarily reallocated to Cash and Opportunistic investments. We maintain our view that positive economic growth, stickier inflation, and the fiscal backdrop, create an environment for higher yields.

Hedge Funds: after making new investments, the allocation is in line with recent Strategic Asset Allocation change that increased the target from 10% to 12%.

Commodities: modest overweight primarily due to strong performance. Given current geopolitical uncertainty, the commodity portfolio continues to provide diversification benefits.

Cash: underweight vs. policy target, but now negative cash position as Plan moves closer to Capital Efficiency program design.

Estimates as of July 31st, 2026. Source: KCERA.

Rebalancing

JUNE & JULY ACTIVITY

- Public Equity
  - Sell 10M Geneva Small Cap Growth
  - Sell 20M Mellon Stock Index Fund
  - Buy 34M Mellon Developed Markets ex-US Fund
  - Redeem 100% (54M) ACI Non-US Small Cap
- Fixed Income
  - Sell 45M Mellon Aggregate Bond Index Fund
- Commodities
  - Sell 15M Wellington Commodities
- Hedge Funds
  - Buy 60M Frontier Commodities Master Fund

Reporting period covers 06/01/2026 to 07/31/2026

Public Equity: Staff decreased an overweight to Public Equity in June following strong asset class performance and brought US Small Cap and International Developed Markets exposure more in line with the Global Equity benchmark

Staff sold 20M of ACI exposure in June and terminated the mandate in July based on underperformance; Staff reinvested the proceeds of the ACI termination in the Mellon Developed Markets ex-US Fund to maintain the Plan's active regional exposure

Fixed Income: Staff increased the underweight to Core Fixed Income on the view that interest rates should move higher in an environment with more inflationary pressure

Commodities: Staff trimmed the overweight to Commodities following strong asset class performance following a rise in energy prices and inflation expectations

Hedge Funds: Staff increased exposure to Hedge Funds following the Board's approval of the Plan's Strategic Asset Allocation (SAA) in May; effective June 1st, the Plan's target exposure has increased from 10% to 12%

Delegation

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

$40M

Hines Rialto Credit Partners - $40M

Hines Rialto will seek to invest primarily in senior-secured debt backed by high-quality office properties located primarily in the top 30 U.S. markets. The Fund will invest in directly originated senior loans, acquisitions at a discount to par, and select structured or subordinate credit. This investment will be a part of the Core Real Estate allocation.

$60M

Frontier Commodities Master Fund - $60M

Frontier is an absolute return, long-short commodity investment strategy that integrates proprietary fundamental research and analytics with robust risk management. The Fund looks to capitalize on 7-9 opportunistic themes at a time across industrial and precious metals, agriculture, and energy. This investment will be a part of the Hedge Funds allocation.

$70M

Hudson Bay Real Estate Opportunities Fund II - $70M

Hudson Bay will seek to build a high conviction portfolio of 15-30 real estate debt opportunities with a shorter-duration profile. The Fund targets loans backed by high-quality assets with well-capitalized sponsors and a significant margin of safety. This investment will be a part of the Core Real Estate allocation.

Delegation

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

$40M

OAK HILL ADVISORS

OHA European Credit Opportunities Fund - $40M

Oak Hill will pursue an all-weather credit strategy that combines the Manager's capabilities across public and private credit markets. The Fund draws on the Manager's long-standing track record in European markets. This investment will be a part of the Private Credit allocation.

$50M

TPG Essential Housing Fund IV - $50M

TPG will provide homebuilders with flexible, capital efficient, off-balance-sheet financing, for short duration, close-to-production land inventory. This investment is a re-up and will be a part of the Core Real Estate allocation.

$15M

Juniper Capital Co-Investment (Forge III) - $15M

Forge III is co-investment opportunity alongside Juniper Capital that seeks to accelerate the development of high-quality oil & gas assets in the Permian Basis of Texas. This investment will be a part of the Plan's Private Real Assets allocation.

Termination

American Century Investments Non-US Small Cap (ACI) – Termination

ACI was part of the Plan's Public Equity allocation. The decision to terminate was based on historical relative underperformance. The mandate had a market value of approximately $34M at termination.

Closed
Investments

Contracting completed (all), and funded (liquid hedge fund investment)

- Endeavour United IV (Private Equity) – ¥2.5B (~16M USD)
- Hines Realto Credit Partners (Core Real Estate) - $40MM
- Oak Hill European Credit Opportunities (Private Credit) - $40MM
- Silver Point Tactical Opportunity Fund (Private Credit) - $40MM
- Frontier Commodities Master Fund* (Hedge Funds) - $60MM
- Hudson Bay Real Estate Opportunities Fund II (Core Real Estate) - $70MM

Reporting Period covers 06/01/2026 to 07/31/2026

**Indicates investment was also funded*

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Investment Committee Meetings

Next meeting TBD

The last IC meeting was held on August 5th

Legal Report

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August 2026

Legislative Update

Ongoing: In committee

- AB 1054: Establish DROP (Deferred Retirement Option Program) Legislation within PERS for Highway Patrol and Firefighters. Committee Hearing date: 8/3/2026.
- AB 1383: Amended. If using PEPRA tier formulas for safety, would be using same PEPRA tier 430(b) compensation limits for staff as current, not previously-proposed higher 415 limit instead. Committee Hearing date: 8/3/2026.

Legislative Update

Ongoing: In committee

- AB 1619: proposal to increase Board of Retirement Trustee per diem from $100 to $320, subject to Board of Supervisors adoption. Senate 3rd reading on 8/3/2026 (item 174).
- AB 2780: SACRS-sponsored omnibus bill
  - Only active members can run for and vote for 2nd, 3rd, 7th seats
  - Create 10-year statute of limitations period for overpayment collections
  - Change “earnable compensation” to “compensation earnable”
  - Lump sum burial allowance across reciprocal systems- last in time
  - Reciprocity “concurrent retirement” = within 30 calendar days
  - Senate 3rd reading on 8/3/2026 (item 206).

Legislative Update

Dead

- AB 1439: Proposed restriction on investment in CA development projects unless certain labor standards used. Heavily amended, now requires PERS and STRS to contract for a study of effect of that initial proposal instead. Report would be due by 01/01/2028. Placed in suspense file 6/22/2026

Litigation Update

Ventura County Employees' Retirement Association v. Criminal Justice Attorney's Association Of Ventura County (July 27, 2026, No. S283978) ___Cal.5th___ (Published July 27, 2026)

Facts: Before the *Alameda* decision, VCERA allowed members to include multiple annual leave cashouts in their benefit calculation ("straddling"). VCERA stopped the practice after *Alameda* and sought action for declaratory relief to confirm their action was legal.

"Straddling" explained: assume the employer allowed 200 hours of leave to be cashed out every calendar year and the Member's highest 12-months of earnings was October to the following September. If Member cashed out 200* hours in October and 200 hours in February of the following year, (prior to *Alameda*) the Member could have received additional pay for the 400 hours in their benefit calculation. After Alameda, VCERA only included 200 hours in the benefit calculation.

*differs from facts in the case

Litigation Update

VCERA Straddling continued…

Analysis: PEPRA was enacted by the Legislature to impose new limits on the types and amount of compensation retirement systems could use to calculate retirement benefits. The purpose was to prevent the "manipulation of an employee's pattern of work and pay that produced inflated compensation during the final compensation period" ("pension spiking").

The new PEPRA limitation at issue in this case was PEPRA's changes to the definition of compensation earnable in CERL section 31461(b)(2) which excluded payments to a member for unused vacation or other leave "in an amount that exceeds that which may be earned and payable I each 12-mohth period during the final average salary period, regardless of when reported or paid."

The Court acknowledged that the statute did not specify "calendar year" but cited to the statutory purposes PEPRA was meant to achieve--to close perceived "loopholes" and "bring the definition of compensation earnable into closer alignment with the theory that the FAC is meant to reflect the *average* pay the retiring Member received.   The Court viewed these purposes as conclusively resolving the issue in favor of VCERA.

Litigation Update

VCERA Straddling continued…

Holding: Under section 31461(b)(2) [of the CERL], the calculation of compensation earnable must exclude any leave cashouts that exceed the relevant annual limits set by the terms of employment.

VCERA's interpretation of the statute is correct. The appellate court decision is affirmed.

Historically, KCERA has maintained this practice for many years prior to *Alameda*.

Litigation Update

Los Angeles County Employees Retirement Ass'n v. County of Los Angeles (August 3, 2026, No. S286264) ___Cal.5th_ (Published August 3, 2026)

Issue: As between County public pension Boards of Retirement and County Boards of Supervisors, what is the scope of authority of a pension plan board and which board has authority to set classification and salary levels?

Ruling: Court determined the narrower construction of the authority of retirement boards described in the *Westly* case was correct. The Court of Appeal decision disagreeing with *Westly* is reversed. The case is remanded back to trial court to reinstate initial judgment or alternatively allow LACERA to amend its complaint to challenge the reasonableness or propriety of the County's decision to reject LACERA's recommendation regarding staffing/compensation needed to accomplish the work of the Board.

Litigation Update

LACERA decision continued …

Analysis: The Court viewed the law as requiring retirement boards and county governments to collaborate on issues of classification and salary setting, with the county government making the ultimate decision on salary levels and classification and the retirement board maintaining authority over the management and investment of system assets. If the County unreasonably delays or withholds approval of the retirement board's recommendation, its remedy is to file a writ.

"The collaborative scheme provided in CERL anticipates that the parties will engage in meaningful discussions in good faith. This deliberative process is essential for a county to make an informed exercise of its discretion. It contemplates that the board of supervisors will give due weight to a retirement board's explanation of why a different salary or classification is appropriate in light of the complexity of the tasks involved and the compensation required to hire and retain particularly qualified employees with specialized skills. A reviewing court may overturn a decision that is not the product of such good faith collaboration. In the alternative, if requested at the appropriate time, the court may order an uncooperative party to engage in the collaborative process that the Legislature has required."