

Executive Team

Dominic D. Brown, CPA, CFE
Executive Director

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
General Counsel

Matthew Henry, CFE
Assistant Executive Director

**KERN COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**



Board of Retirement

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

April 1, 2021

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

Subject: Meeting of the Kern County Employees' Retirement Association
Administrative Committee

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Administrative Committee will be held on Wednesday, April 7, 2021 at 1:30 p.m. via teleconference, pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. Items of business will be limited to the matters shown on the attached agenda.

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

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

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
Executive Director

Attachment

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)**

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

ROLL CALL


1. [Discussion and appropriate action on review of the KCERA Board of Retirement CERL Regulations presented by Executive Director Dominic Brown, General Counsel Jennifer Zahry and Fiduciary Counsel, Harvey L. Leiderman, Partner, Reed Smith LLP – RECOMMEND THE FOLLOWING TO THE BOARD OF RETIREMENT: APPROVE PROPOSED CHANGES AND PRESENT TO THE KERN COUNTY BOARD OF SUPERVISORS FOR FINAL APPROVAL; TAKE OTHER ACTION, AS APPROPRIATE](#)
2. [Discussion and appropriate action on review of KCERA Board Charters presented by Executive Director Dominic Brown and Governance Consultant Tom Iannucci, Cortex Applied Research – RECOMMEND THE FOLLOWING TO THE BOARD OF RETIREMENT: APPROVE PROPOSED CHANGES; TAKE OTHER ACTION, AS APPROPRIATE](#)
3. [KCERA 2020 Board Self-Evaluation Survey presented by Executive Director Dominic Brown and Governance Consultant Tom Iannucci, Cortex Applied Research – HEAR PRESENTATION; TAKE OTHER ACTION, AS APPROPRIATE; RECOMMEND THE FOLLOWING TO THE BOARD OF RETIREMENT: RECEIVE AND FILE](#)
4. [Response to referral to continue discussion regarding request to consider adding Board of Retirement meeting recordings to the KCERA website and potential options presented by Executive Director Dominic Brown – PROVIDE DIRECTION TO STAFF; TAKE OTHER ACTION, AS APPROPRIATE](#)

PUBLIC COMMENTS

5. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

COMMITTEE MEMBER 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.
7. Adjournment

Date: April 7, 2021
To: Trustees, Administrative Committee
From: Jennifer Zahry, General Counsel 
Subject: **Proposed Changes to Board of Retirement CERL Regulations (“Regulations”)**

This memo summarizes proposed changes to the Regulations at Article I.B.3 and Article II.B.5.

1) Article I.B.3. Rules of Order

The proposed amendment removes references to Robert’s Rules of Order and inserts references to the rules of order adopted by your Board in February 2021 (as approved in the Board Operations Policy and Simplified Rules of Order, Attachment A to that Policy).

2) Article II.B.5. Exclusion from Membership

The proposed amendment clarifies the categories of employees who are excluded from membership. Specifically, the change removes the exclusion for “persons employed under written contracts for personal services” who were not a County department head or agency executive officer and clarifies that independent contractors or persons employed in a “temporary” capacity remain excluded from membership. The change is intended to better align the Regulations with governing law.

Legal Authority

California Government code sections 31552 and 31557 of the California Employees’ Retirement Law of 1937 (“the CERL”) require automatic membership in KCERA “unless otherwise provided by regulations adopted by the board.” Section 31525 of the CERL clarifies that such regulations must also conform to the CERL.

Additionally, the CERL specifies the type of regulations your Board may adopt:

In its regulations, the board may include ... provisions [f]or the exemption or exclusion from membership as a peace officer member or as a safety member or from membership altogether, in the discretion of the board, of persons whose tenure is temporary, seasonal, intermittent, or for part time only, or persons whose compensation is fixed at a rate by the day or hour.
Cal. Gov. Code section 31527(e).

3) Conclusion

Based on the foregoing, Staff requests your Committee approve the recommended changes to the Board of Retirement and recommend sending the proposed changes to the Kern County Board of Supervisors for approval as well.¹

¹ Pursuant to Cal. Gov. Code section 31525, KCERA’s Regulations “become effective when approved by the Board of Supervisors.”

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT CERL REGULATIONS**

(As Amended ~~_____~~, 2021)

Deleted: October 9, 2019

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

ARTICLE I - ADMINISTRATION

A. Election of Officers.

Annually at the regular October meeting of the KCERA Board of Retirement ("Board"), a Nominating Committee shall be formed, consisting of two (2) members designated by the Chairman of the Board and two (2) members designated by the full Board. The Nominating Committee shall select one member of the Board as its nominee for Chair and one member as its nominee for 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 December meeting. Once the slate of nominees is presented, and before the Board votes to elect its officers, the Chair shall call for other nominations, which may be made by any member of the Board.

At the end of the regular December meeting, the Board shall elect one of its members as Chair and one of its members 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.

B. Meetings.

1. Regular meetings of the Board shall be held on the second Wednesday of each month at 8:30 a.m., except as approved at a Regular meeting of the Board of Retirement and set forth in its annual meeting schedule. The Administrative, Finance, and Investment Committees of the Board shall meet, as scheduled by the Executive Director, the Board Chair, or the relevant Committee Chair. Such meetings will be held at the KCERA office building, 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 falls on a County holiday, the meeting will be held on the next Wednesday that is not a County holiday. Any scheduled Board meeting may be canceled by the Executive Director, acting in consultation with the Chair of the Board.
2. Special meetings may only be called as provided in California Government Code Section 54956.¹
3. Rules of Order. The conduct of Board and committee meetings shall be determined in accordance with the Simplified Rules of Order (Board

¹ All statutory references relate to the California Government Code unless otherwise specified.

Operations Policy, Appendix A), the Board Operations Policy, these Regulations, open meeting laws and other applicable laws.

Deleted: :¶

The Chair shall be entitled to vote on all questions and shall not be required to relinquish the chair in order to participate in discussions.

Deleted: Roberts "Rules of Order," except as otherwise provided herein, shall guide the Board in its proceedings.

4. Order of business shall be at the discretion of the Executive Director in the absence of instructions from the Board.
5. Quorum. 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.
6. 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.
7. Minutes. 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.

C. Election of Members of the Board of Retirement.

The Board delegates responsibility to the Board of Supervisors and its Chief Registrar of Voters for conducting Board of Retirement elections in a manner set forth in the Election Procedures for Elected Positions on KCERA's Board of Retirement.

D. Compensation and Expense Reimbursement of Members of the Board.

All members 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 Board of Retirement Travel Policy. The fourth, fifth, sixth, eighth, ninth, and the alternate retired member are entitled to receive the compensation set forth in Section 31521, but may decline that compensation at any time.

E. Duties and Authority of the Executive Director.

Under the general direction of the Board, the Executive Director shall be responsible for the management of the retirement office, including the day-to-day activities of the KCERA. In carrying out the operations of the KCERA, the

Executive Director has delegated authority as provided in the policies of the KCERA and the Executive Director Charter. The Executive Director shall also serve as Secretary to the Board of Retirement.

ARTICLE II - MEMBERSHIP

A. Mandatory Membership.

All employees of the County of Kern, the Kern County Superior Court and participating Districts (“KCERA plan sponsors”) who are employed in permanent positions, unless excluded from membership by Section B below, shall be included in membership in the Kern County Employees' Retirement Association.

B. Exclusions from Membership.

The following persons are excluded from membership in the Kern County Employees' Retirement Association:

1. Extra-help employees.
2. Temporary employees. (For purposes of this section B.2., a temporary employee does not include an employee whose term of employment is reasonably expected to exceed, or does exceed two continuous years).
3. Any employee who is scheduled to work less than 50% of the full, regular working hours per payroll period for any KCERA plan sponsor.
4. Persons whose compensation is fixed at a rate by the day, hour, or meeting and who receive no employee benefits from their KCERA plan sponsor other than those benefits that are mandated by Federal or California Labor laws. Example: Health benefits, sick leave etc.
5. Persons employed as independent contractors (as determined by KCERA) under written contracts for personal services, notwithstanding the terms of such contracts.

Deleted: and is so certified by the relevant appointing authority

Deleted: standard

Deleted: except any County department head or agency executive officer employed under a contract of employment.

C. Waiver of Membership.

Based upon the authority granted to the Board in section 31552, any newly hired employee who was not a member of KCERA at the time of employment and who has attained the age of 60 prior to his/her membership date in KCERA, may, by written declaration, waive membership in the KCERA. Any eligible employee who elects to file such waiver shall be excluded from membership in KCERA.

The declaration of waiver of membership, upon being filed by the prospective employee, is irrevocable, and the prospective employee shall not be eligible to join KCERA thereafter.

Except as set forth above, no other eligible employee of a KCERA plan sponsor may waive membership into KCERA.

D. Retention of Membership.

The membership of all employees who are members of KCERA on the effective date of these revised Board of Retirement CERL Regulations, but whose employment on that date is such that these revisions would exclude them from membership, shall be continued, subject to all provisions of the County Employees Retirement Law of 1937 ("CERL") and/or the Public Employees' Pension Reform Act of 2013 ("PEPRA"), as applicable. A member whose services are terminated after the effective date of these revised Board of Retirement CERL Regulations and who re-enters service with a KCERA plan sponsor must be eligible for membership under the Board of Retirement CERL Regulations in effect on the date of re-entry into service in order to receive additional service credit and again become an active member of KCERA.

E. Commencement of Membership.

Employees eligible for membership in KCERA shall become members on the first day of the next pay period following their entrance into eligible service. In addition, eligible employees may delay the effective start date of their membership up to twelve weeks after entrance into service, for the purpose of establishing reciprocity with another public retirement system as described in the CERL.

F. New District Membership.

Districts that apply to the Board for membership in KCERA shall be required to execute a Participation Agreement as a prerequisite to the Board's approval of the District's membership in KCERA.

ARTICLE III - SERVICE CREDIT FOR PRIOR SERVICE WITH A KCERA PLAN SPONSOR

A. Eligible Prior KCERA Service.

As permitted by Section 31643 and 31644, KCERA defines "Prior Service" as compensated employment of a person by a KCERA Plan Sponsor after January 1, 1945, whether or not such employment was uninterrupted. Credit for prior service with a KCERA plan sponsor shall not be granted unless such prior service meets the membership requirements of Article II. In establishing the length of prior

service for any member entitled to credit therefore, official records of the County's Human Resources Department or official payroll records or other official records of the employing department or KCERA Plan Sponsor shall be controlling. If no official records exist, the Board has discretion to determine whether sworn evidence such as affidavits from the member, the member's department head, fellow employees, or such other relevant sworn evidence can support a member's request to receive service credit for prior service with a KCERA plan sponsor.

ARTICLE IV –SERVICE CONTRIBUTIONS

A. Return of Contributions.

In accordance with Government Code section 31628, funds returned to an Eligible member (as defined in the Model IRS Regulations previously adopted by KCERA) will be paid to the member no earlier than thirty (30) days after the member's separation from service.

B. Service Purchase/Redeposit Provisions -

1. The member shall complete KCERA's written election form for eligible service/unpaid medical leave purchases and/or redeposits.
2. Purchases of eligible service may be made by lump-sum deposits or by payroll deductions on a post-tax basis over a time period allowed by the CERL. For eligible members electing lump-sum deposits, KCERA shall accept eligible rollover distributions as described in KCERA's Model Tax Regulations for sections 401(a)(31) and 402(c) and allowed by state law.
3. Once the purchase of service credit is completed, a member shall not have the option to receive a refund of the amount of service credit purchased.
4. A member shall not be permitted to purchase service credit for the time period between the effective retirement date and the end of the corresponding pay period, if such a difference exists.
5. Except as provided in these Regulations, service purchases and redeposits of contributions will be administered in accordance with the CERL.
6. The member is not allowed to voluntarily cancel any service purchase, unless his/her employment with a KCERA plan sponsor is terminated.

7. Upon termination, the member may either:

- a. refund any incomplete purchases; or

- b. pay off the remainder of the purchase in a lump-sum payment within 90 days of terminating employment;
- 8. In the event a member fails to complete payment of the service credit elected within 90 days of his/her termination from employment, the amounts paid by the member toward the service credit purchase shall be refunded to the member, together with applicable interest.
- 9. As allowed by the CERL, any member who receives a refund of the amounts paid towards his/her service election after termination may be eligible to purchase prior service credit by lump sum prior to the effective date of the member's retirement. However, the amount owed for the service credit elected will be based on a new calculation.
- 10. The member shall provide documentation consistent with Article III.A. to demonstrate eligibility to purchase service.

ARTICLE V – MEMBER INFORMATION AND MEMBER SWORN STATEMENTS

A. Membership Information Provided to KCERA.

- 1. Persons who became members of KCERA on or before June 30, 2018 shall complete and provide to KCERA an affidavit called a Member Sworn Statement stating: date of birth, designated beneficiary, and other pertinent required data.
- 2. After July 1, 2018, in lieu of a Member Sworn Statement, KCERA plan sponsors must submit, in a manner determined by KCERA, the information otherwise required in section V.A.1. above,
- 3. The date of birth listed on the Member Sworn Statement or provided by the plan sponsor, as applicable, shall determine the age of that member for all retirement-related purposes; unless, upon application of the member, the Board of Retirement determines otherwise.

ARTICLE VI - OPERATIONAL GUIDELINES

A. Disbursement of Funds.

Pursuant to Section 31590, the Board designates any two (2) of the following to authorize electronic fund transfers drawn on the retirement fund: the Chair, Vice Chair, Executive Director, Assistant Executive Director, or the Retirement Financial Officer.

B. Membership and Financial Records.

KCERA shall maintain records of each member's service, individual contributions and interest credited thereon, and record all financial transactions of the retirement fund.

ARTICLE VII – AMENDMENTS

A. Required Vote.

These CERL Regulations may be enlarged, amended, or repealed at any regular or special meeting of the Board by a two-thirds (2/3) vote of the Board; provided notice was given to all members of the Board not less than seven days before the meeting.

B. Effective Date.

Amendments to these KCERA Board of Retirement CERL Regulations, formerly Bylaws and Regulations Board of Retirement KCERA, shall supersede and replace any and all previous KCERA Bylaws and Regulations of the Board and become effective when approved by the Board of Supervisors.

ARTICLE VIII - EFFECTIVE DATE

A. Board of Retirement.

Last amendments passed and adopted by the Board of Retirement at its regular meeting on the 9th day of October, 2019,

Deleted: 13th day of June, 2018

Passed and adopted by the Board of Retirement at its regular meeting on the _____, 2021,

Deleted: 9th day of October, 2019

B. Board of Supervisors.

Last approved by the Board of Supervisors on the 17th day of December, 2019,

Deleted: 18th day of September, 2018

Approved by the Board of Supervisors on the _____, 2021,

Deleted: 17th day of December, 2019

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT CHARTER

INTRODUCTION

- 1) The Board consists of nine members and two alternates. Subject to the provisions of the Act, the Board is responsible for the administration and oversight of KCERA and is committed to carrying out its responsibilities in a manner consistent with the highest standards of fiduciary practice. In keeping with this commitment, the Board has established this charter to guide its conduct and operations.

DUTIES AND RESPONSIBILITIES

- 2) The Board has various powers and responsibilities under the Act. These include but are not limited to:
 - a) Making ~~regulations or bylaws~~Regulations, consistent with the Act, which will become effective when approved by the Board of Supervisors. (§31525-~~&~~§31526, & §31527)
 - b) Approving all qualified members who apply for service retirement or delegating the authority for such approvals to the Executive Director or other personnel¹. (§31670)
 - c) Determining the merits of applications for disability benefits, making necessary determinations of service and permanency of injury. (§31720)
 - d) Annually approving cost-of-living adjustments. (§31870.1 & Ventura Settlement Agreement)
 - e) ~~Annually approving~~Approving the distribution of supplemental funds pursuant to the SRBR Policy. (§31618)
 - f) Approving the annual actuarial valuation and the actuarial assumptions contained therein, and the determination of supplemental funds, upon the advice of the actuary and other experts as required, and recommend adoption by the Board of Supervisors of such changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations, as necessary. (§31611)
 - g) Ensuring a financial audit is conducted at least annually. (§31593)
 - h) Appointing an Executive Director. (§31522.2)
 - i) Appointing a custodian. (~~§31529.5~~§31596)
- 3) The Board also has certain powers and responsibilities under Article XVI section 17 of the California Constitution.
- 4) The Board believes that effective governance demands that the Board, directly or through its committees, also carry out the added responsibilities set out in the remainder of this charter.

Policy & Decision-making

- 5) The Board can most effectively oversee KCERA through the establishment of prudent policies and controls. Accordingly, the Board is responsible for adopting policies pertaining to material aspects of KCERA's activities. Examples of such policies appear throughout the remainder of this Charter.

¹ The Board has elected to delegate such authority to the Executive Director. See *Executive Director Charter*.

Governance

- 6) The Board shall:
- a) Approve, and amend as necessary, ~~bylaws~~Regulations and governance policies to ~~ensure~~support and promote appropriate governance practices.
 - b) Approve charters describing the roles and responsibilities of key parties involved in the governance and management of KCERA.
 - c) Elect a Chair and a Vice Chair.
 - d) Designate a Secretary to the Board.²
 - e) Establish the committee structure of the Board.
 - f) Provide appropriate opportunities and resources for board education.
 - g) Evaluate the performance of the Board on a regular basis.

Investments

- 7) The Board has exclusive control of the administration and investment of the Fund and shall invest the assets of the Fund in accordance with the fiduciary standards imposed by law. In keeping with this requirement, the Board will:
- a) Approve a written investment policy statement and all other material investment policies of the Fund.
 - b) Approve ~~the investment strategies, portfolio and~~ investment manager ~~structures, and manager mandates of the Fund.~~(i.e. dollar amount and asset class).
 - c) Regularly review that any delegation of authority or discretion to investment staff, investment managers, the Investment Committee, and investment advisors is prudent and consistent with industry best practices.
- 8) The Board shall participate in asset allocation studies as required.

Benefits Administration

- 9) The Board shall:
- a) Provide staff with strategic direction concerning the nature and quality of services and communications to be provided to plan members and beneficiaries.
 - b) Ensure appropriate processes and procedures are in place to provide for disability benefit hearings and appeals.
 - c) Approve policies and review any service quality benchmarks that may be established to guide the effective administration and delivery of member services.
 - d) Act on member appeals of decisions made by Management, as applicable.

² Under the ~~bylaws~~Regulations, the Board has designated the Executive Director to serve as Secretary to the Board.

Planning and Operations

10) The Board shall:

- a) Review and approve the strategic plan, and other material plans of KCERA, including for example, those pertaining to stakeholder relations and plan sustainability.
- b) Approve the annual Operating Budget and any changes thereto.
- c) Ensure that all required contributions to the Fund are collected in a timely manner.
- d) Ensure that all required distributions from the Fund are made in a timely manner.
- e) Approve the location of KCERA's operations and associated leases or purchase agreements.
- f) Monitor that appropriate operational control policies are in place to provide secure, efficient and accurate delivery of member services and protect the confidentiality of member data.

Financial, Actuarial and Accounting

11) The Board shall:

- a) ~~Monitor that appropriate~~ Approve the establishment of accounting and actuarial policies ~~are established and any changes thereto.~~
- b) Approve the annual financial statements.
- c) Review the qualifications and independence of the financial auditor.
- d) Ensure actuarial valuations, experience studies, and ~~actuarial~~ audits are conducted on a regular basis.
- e) Ensure special investigations or audits are performed, as necessary.

Risk Management

12) The Board is responsible for ensuring Management establishes an appropriate system of risk management that addresses risks including but not limited to those pertaining to investments, funding, insurance, and technology, ~~and other matters.~~

Litigation

13) The Board shall be responsible for approving the commencement, conduct, settlement, and termination of all material litigation involving KCERA, with the advice of the Executive Director and legal counsel.

Human Resources

14) The Board shall:

- a) Appoint and may terminate the Executive Director.
- b) When it believes it would be appropriate to do so, meet with finalist candidates identified by the Executive Director for the positions of Assistant Executive Director, Chief Investment Officer, and General Counsel and ~~provide any input to advise~~ the Executive Director to assist in his when he or her hiring decisions she is selecting individuals for such positions.
- c) Approve any human resource policies that may be developed and recommended to the Board by the Executive Director.

- d) Regularly review with the Executive Director the staffing, compensation, and succession planning needs of KCERA.
- e) Periodically review the performance of the Executive Director.

Stakeholder Communications

- 15) The Board shall be responsible for adequate and appropriate communications between KCERA and its stakeholders. Accordingly, the Board will:
 - a) Establish a spokesperson for KCERA or otherwise authorize individuals to communicate on behalf of the Board.
 - b) Establish policies or plans to guide material communications and disclosure to stakeholders.
 - c) Establish policies to guide Board proposals on state or local legislation.
 - d) Approve the Comprehensive Annual Financial Report.

Service Providers

- 16) The Board shall appoint, and may terminate the:
 - a) Actuary.
 - b) Actuarial auditor.
 - c) Financial auditor.
 - d) Legal counsel.
 - e) Custodian. (~~§31529-531596~~)
 - f) Investment managers (including investment managers and partners, transition managers, securities lending managers, and commission recapture brokers).
 - g) Investment consultants retained to advise the Board.
 - h) Other service providers where the total value of the services to be rendered during a 12-month period exceeds \$50,000.

Monitoring and Reporting

- 17) The Board shall work with staff to develop a system of reporting ~~to meet~~that effectively supports the ~~Board's~~Board in exercising its oversight ~~needs~~responsibilities.
- 18) As part of the above ~~requirement~~, the Board shall establish a ~~reporting and~~ monitoring and reporting policy and any other necessary policies to set out the nature and frequency of reports to be provided to the Board and its committees by staff and service providers. ~~Issues to be covered by such reporting include but are not limited to:~~
 - ~~a) Funded status of KCERA.~~
 - ~~b) Performance of the investment function.~~
 - ~~c) Performance of the member service and benefit delivery functions.~~
 - ~~d) Integrity of KCERA's financial reporting.~~
 - ~~e) Performance of key service providers.~~
 - ~~f) Implementation of, or compliance with:~~

- ~~i) Policies of KCERA.~~
- ~~ii) Strategic or business plans.~~
- ~~iii) Risk management processes or procedures.~~
- ~~iv) Operational and financial controls.~~
- ~~v) Operating and capital budgets.~~
- ~~vi) Applicable legislation.~~

POLICY REVIEW & HISTORY

19) This charter shall be reviewed at least every five years.

20) This charter was ~~adopted~~:

- a) Adopted by the Board on November 14, 2001.
- b) ~~Reviewed and amended~~Amended on January 28, 2004; June 23, 2004; September 27, 2006; August 27, 2008; July 28, 2010; December 12, 2012; April 13, 2016; ~~and~~ March 11, 2020; ~~and~~ [Month, Day, Year].

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
CHAIR CHARTER

INTRODUCTION

- 1) The Board shall elect one (1) trustee as Chair to hold office for a period of one (1) year. The Chair will exercise the powers and will perform the duties and functions specified herein.

DUTIES AND RESPONSIBILITIES

- 2) The Chair shall:
 - a) Appoint chairs of standing committees of the Board;
 - b) Appoint trustees to standing committees of the Board¹;
 - c) Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with the Brown Act and *Robert's Rules of Order the Board's Simplified Rules of Order (see Board Operations Policy)*;
 - d) Guide the Board in achieving, when possible, a consensus on decisions, while allowing full and open debate;
 - e) Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the Executive Director;
 - f) Facilitate effective and open communications between the Board and the Executive Director;
 - g) Work to ensure cohesion within the Board;
 - h) Work to ensure that the Board discharges its duties and responsibilities as set forth in the Act, the Board charter, the *BylawsRegulations*, and the governance policies of the Board;
 - i) Confer with KCERA spokespersons (i.e., the Executive Director or Assistant Executive Director) on significant communication issues;
 - j) Serve as spokesperson for KCERA when the Board determines it would be inappropriate for the Executive Director or Assistant Executive Director to do so;
 - k) Review travel and, if applicable, other job-related expenditures of the Executive Director;
 - l) Discuss and assess the concerns of any trustee about the conduct of the Board or the conduct of individual trustees, and take appropriate action, consulting with General Counsel, if necessary;
 - m) Sign subpoenas if the Secretary to the Board is unavailable; (§31535)
 - n) Execute all agreements with a value in excess of \$50,000 on behalf of KCERA; and
 - o) Carry out such other functions and duties as may be prescribed by the Board.

CHARTER REVIEW & HISTORY AND REVIEW

- 3) This charter shall be reviewed at least every five years.
- 4) This charter was:

¹ As per Article 1 of the *BylawsRegulations*, in the case of the Nominating Committee, two committee members are appointed by the Chair, while two committee members are appointed by the full Board.

- a) Adopted by the Board on November 14, 2001.
- b) Amended ~~by the Board~~ on June 23, 2004; September 27, 2006; July 28, 2010; December 12, 2012; ~~and~~ April 13, 2016; and [Month, Day, Year].

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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 General Counsel, if necessary.

CHARTER REVIEW & HISTORY ~~AND REVIEW~~

- 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; ~~and~~ April 13, 2016; and on [Month, Day, Year].

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
COMMITTEE CHAIR CHARTER**

INTRODUCTION

- 1) The Chair shall designate trustees to serve as standing committee chairs for a period of one (1) year. Committee chairs will coordinate the activities of their assigned committees with the assistance of Management.

DUTIES AND RESPONSIBILITIES

- 2) With regard to their assigned committees, committee chairs shall:
 - a) Review the committee meeting agenda with Management;
 - b) Preside at all meetings, ensuring that such meetings are conducted in an efficient manner and in accordance with the Brown Act and the ~~general principles embodied in Robert's Rules of Order~~Board's Simplified Rules of Order (see Board Operations Policy);
 - c) Appoint a committee member to serve as committee chair in the event the committee chair is unavailable to chair a committee meeting, failing which the remaining committee members may appoint a committee chair from among themselves;
 - e)d) Appoint additional alternate trustees to the committee when necessary to satisfy quorum requirements;
 - d)e) Guide the committee in achieving a consensus on decisions, when possible, while allowing full and open debate;
 - e)f) Ensure coordination of meetings, agendas, schedules and presentations, in consultation with Management;
 - f)g) Work to ensure cohesion within the committee;
 - g)h) Work to ensure that the committee discharges its duties and responsibilities as set forth in its charter, the ~~Bylaws~~Regulations, and the governance policies of the Board;
 - h)i) Facilitate effective and open communications between the committee, the Board and the Executive Director;
 - i)j) On behalf of the committee, report to the Board on the activities of the committee;
and
 - j)k) Carry out such other functions and duties that may be prescribed by the Board.

CHARTER REVIEW & HISTORY AND REVIEW

- 3) This charter shall be reviewed at least every five years.
- 4) This charter was:
 - a) Adopted by the Board on November 14, 2001.

b) Amended on November 14, 2001; June 23, 2004; December 12, 2012; ~~and~~ April 13, 2016-: and [Month, Day, Year].

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ADMINISTRATIVE COMMITTEE CHARTER

INTRODUCTION

- 1) The Board is responsible for ensuring effective governance practices, and for the oversight of KCERA's operations. To assist the Board in the above, the Board has established an Administrative Committee to be comprised of not less than four trustees and one alternate member.

- 2) The duties of the Administrative Committee and the manner in which it will operate are set out below.

COMMITTEE OPERATIONS

- 3) The Administrative Committee shall operate as follows:
 - a) The presence of a majority of Administrative Committee members shall constitute a quorum.
 - b) All actions of the Administrative Committee shall be by an affirmative vote of the majority of the members present at a meeting of the Administrative Committee, provided a quorum is present.
 - c) All actions of the Administrative Committee shall be approved by the Board to be effective, unless otherwise provided herein.
 - d) The Administrative Committee shall meet at least annually, or as deemed necessary by the Administrative Committee or the Chair of the Administrative Committee, in consultation with the Executive Director.
 - e) The meetings of the Administrative Committee shall be open to the public and noticed and held in accordance with the Brown Act.
 - f) The Administrative Committee shall keep minutes of its meetings.
 - g) The Executive Director shall be the staff support contact for the Committee.

COMMITTEE RESPONSIBILITIES

Governance Function

- 4) The Administrative Committee shall:
 - a) Develop and recommend governance policies and charters designed to support effective board governance practices, ~~including charters describing the roles and responsibilities of key parties involved in the governance and management of KCERA.~~¹
 - b) Review compliance with the above policies and charters and recommend amendments, as necessary.
 - c) Review any allegation of a breach of KCERA's Code of Conduct that may be referred to the Administrative Committee.
 - d) Recommend to the Board any modifications to the committee structure of the Board (i.e. the addition or elimination of any committees).

¹ The Board approves other types of policies that do not fall under the purview of the Administrative Committee; these include but are not limited to investment and financial policies.

- e) Coordinate and oversee the implementation of the Board's self evaluation.

Human Resources

- 5) The Administrative Committee shall:
 - a) Recommend to the Board any employment contracts for the positions of Executive Director, Assistant Executive Director, Chief Investment Officer, and General Counsel, if applicable.
 - b) Recommend to the Board human resource policies applicable to the positions of Executive Director, Assistant Executive Director, Chief Investment Officer, and General Counsel, as necessary. (Other KCERA staff are subject to the human resources policies of the County.)
 - c) Coordinate the Executive Director's annual performance evaluation.
 - d) Review and discuss with the Executive Director, at least annually, any staff succession plans or issues.
 - e) Coordinate any employment searches for the Executive Director position.
 - f) Approve requests by the Executive Director to initiate employment searches for senior executive positions.

Operations

- 6) The Administrative Committee shall:
 - a) Review periodically the insurance coverage for KCERA and its covered insureds.
 - b) Be available to advise the Executive Director on operational, administrative and member services-related matters, as appropriate.

Service Provider Selection

- 7) The Administrative Committee shall:
 - a) Select and appoint, as necessary, human resources consultants to assist with the recruitment of candidates for the Executive Director position.
 - b) Review recommendations of staff concerning the appointment of service providers ~~for that~~ involve material technology or operational projects and/or a value greater than \$50,000, and provide recommendations to the Board.
 - c) Select and appoint, as necessary, other specialists to assist the Administrative Committee in carrying out its charter.

Other Duties

- 8) The Administrative Committee shall:
 - a) Be available to advise the Board and staff as required.
 - b) Report regularly to the Board on its activities.
 - c) Perform any other duties assigned to it by the Board.

REVIEW & HISTORY

9) This charter shall be reviewed at least every five years.

10) This charter was ~~approved by the Board on September 12, 2012.;~~

a) This charter was amended/Adopted by the Board on September 12, 2012.

a)b) Amended on April 13, 2016.; and [Month, Day, Year].

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
FINANCE COMMITTEE CHARTER

INTRODUCTION

- 1) The Board is responsible for the oversight of the financial and operational controls of KCERA, the accuracy of financial and actuarial reporting released by KCERA, the budgeting of KCERA's resources, and the general safekeeping of KCERA's assets. To assist the Board with the above responsibilities, the Board has established a Finance Committee, to be comprised of not less than four trustees and one alternate member.

- 2) The duties of the Finance Committee and the manner in which it will operate are set out below.

COMMITTEE OPERATIONS

- 3) The Finance Committee shall operate as follows:
 - a) The presence of a majority of Finance Committee members shall constitute a quorum.
 - b) All actions of the Finance Committee shall be by an affirmative vote of the majority of the members present at a meeting of the Finance Committee, provided a quorum is present.
 - c) All actions of the Finance Committee shall be approved by the Board to be effective, unless otherwise provided herein.
 - d) The Finance Committee shall meet at least annually or as deemed necessary by the Finance Committee or Chair of the Finance Committee, in consultation with the Executive Director.
 - e) The meetings of the Finance Committee shall be open to the public and noticed and held in accordance with the Brown Act.
 - f) The Finance Committee shall keep minutes of its meetings.
 - g) The Executive Director shall serve as the staff contact for the Committee.

COMMITTEE RESPONSIBILITIES

Risk Management

- 4) The Finance Committee shall require Management to implement and maintain appropriate internal controls pertaining to financial statements, actuarial valuation reports, operating budgets, and operational risk. The Finance Committee shall meet regularly with Management to discuss the effectiveness of such controls and procedures.

Accounting and Audit Functions

- 5) The Finance Committee shall:
 - a) Recommend material accounting, financial, and operational control policies to the Board for approval.
 - b) Examine and approve the objectives and scope of financial audits, including the audit plans of the financial auditor, the duties and responsibilities of the financial auditor, and the timing and estimated budget of the annual financial audit.

- c) At least annually, meet with the financial auditors and Management to review the audit process.
- d) Meet with the financial auditor to discuss the annual financial statements, review the findings of the financial auditor, and review any response thereto by Management.
- e) Review and recommend to the Board for approval the Management Discussion and Analysis section of the Plan's Comprehensive Annual Financial Report (CAFR) and all other financial information contained in the CAFR.
- f) Review the engagement of the financial auditor at least every five (5) years with regards to performance, internal quality control procedures, fees, qualifications, and independence; and make recommendations to the Board.
- g) Serve as the primary liaison, on behalf of the Board, for all matters related to financial audits, examinations, investigations, or inquiries from financial authorities.
- h) Review and respond to the findings or comments of any regulatory agencies concerning financial information of KCERA and management's response thereto.
- i) Review any claims or contingencies that could have a material effect on the financial condition of KCERA and the manner in which they have been disclosed in the financial statements.
- j) Review the appropriateness of accounting policies and financial reporting practices, any significant proposed changes thereto, and any new or pending developments in accounting and reporting standards that may have an impact on KCERA.
- k) Pre-approve all non-audit services, if any, to be provided by the financial auditor.
- l) Coordinate special investigations or audits of KCERA, as necessary, and ensure the Board is kept informed of such investigations or audits.
- m) Review any internal audit plans that may be established.

Actuarial and Funding Matters

- 6) The Finance Committee shall:
 - a) Recommend to the Board any actuarial or funding-related policies requiring Board approval.
 - b) Review the objectives, scope, and process for actuarial valuations, including the actuarial plans of the actuary, and meet with the actuary to review and discuss the annual actuarial valuation report.
 - c) Recommend to the Board the annual actuarial valuation.
 - d) Annually recommend to the Board, upon the advice of the actuary or other experts, as necessary, changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as necessary (§31453).
 - ~~e) Review the engagement of the actuary at least every five years with regards to performance, fees, qualifications, and independence.~~
 - f)e) Review the triennial actuarial experience of KCERA.
 - g)f) Initiate and coordinate an actuarial audit periodically.¹

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¹ The Reporting & Monitoring Policy requires that actuarial audits occur every 3-5 years.

h)g) Review any significant changes in actuarial practices or policies that may have an impact on KCERA.

Budgeting

- 7) The Finance Committee shall:
- a) Review the Operating Budget and recommend it to the Board for approval.²
 - b) Authorize, at its discretion, transfers from any approved contingency allocations and report to the Board on any such transfers in a timely manner.
 - c) Periodically review the budget process and format with Management.

Service Providers

- 8) The Finance Committee shall:
- a) Recommend to the Board for approval, the appointment of the financial auditor and the actuarial auditor.
 - b) Select and appoint, as necessary, other specialists to advise the Finance Committee or assist in the conduct of any special audits or investigations.

Other Duties

- 9) The Finance Committee shall ~~monitor the timely~~receive exception reports from Counsel regarding the filing of Statements of Economic Interests by trustees and shall advise the Board accordingly.
- 10) The Finance Committee shall:
- a) Be available to advise the Board and Management as required.
 - b) Report regularly to the Board on its activities.
 - c) Perform any other duties assigned to it by the Board.

REVIEW & HISTORY

- 11) This charter shall be reviewed at least every five years.
- 12) This charter was ~~approved by the Board on September 12, 2012;~~
a) This charter was amended Adopted by the Board on September 12, 2012.
a)b) Amended on April 13, 2016; and [Month, Day, Year].

² The Board annually adopts an Operating Budget that is comprised of two components: the administrative budget and non-administrative expenses. Both components will be charged against the earnings of the Fund. The administrative expenses incurred in any year, however, shall not exceed 0.21% of actuarial accrued liabilities, unless the Board finds that additional expenditures are necessary to meet its fiduciary obligations.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT COMMITTEE CHARTER

INTRODUCTION

- 1) The Board is responsible by law for the investment of the assets of KCERA and in doing so is subject to fiduciary duties. In keeping with its responsibilities, the Board will retain authority over all major investment policy ~~and strategy~~ decisions. It has, however, established the Investment Committee of the Board to assist in the development of investment policies and the selection and oversight of investment managers and investment consultants. The Investment Committee will be comprised of not less than four trustees and one alternate member.

- 2) This charter provides additional detail concerning the duties and operations of the Investment Committee.

COMMITTEE OPERATIONS

- 3) The Investment Committee shall operate as follows:
 - a) The presence of a majority of Investment Committee members shall constitute a quorum.
 - b) All actions of the Investment Committee shall be approved by the Board to be effective, unless otherwise provided herein.
 - c) All actions of the Investment Committee shall be by an affirmative vote of a majority of the members present at a meeting of the Investment Committee, provided a quorum is present.
 - d) The Investment Committee shall meet as deemed necessary by the Investment Committee or Chair of the Investment Committee, in consultation with the Executive Director.
 - e) The meetings of the Investment Committee shall be open to the public and noticed and held in accordance with the Brown Act.
 - f) The Investment Committee shall keep minutes of its meetings.
 - g) The Executive Director will serve as the staff contact for the Committee.

COMMITTEE RESPONSIBILITIES

Investment Policy

- 4) The Investment Committee shall periodically review the investment policy statement and all other material investment policies of the Fund and provide recommendation to the Board, as appropriate.
- 5) The Investment Committee shall oversee periodic asset allocation studies.

Selection and Termination of Investment Managers

4)6) The Investment Committee shall:

- a) ~~Review~~Shall review from time-to-time staff's procedures describing the criteria and processes to be used in conducting investment manager due diligence.

~~b) Review~~ Shall review recommendations by staff and the investment consultant concerning the appointment and termination of investment managers and provide recommendations to the Board, and interview recommended finalist candidates.

~~c) May meet with any investment manager of the Fund to review any concerns about the manager's continued suitability to manage the assets of the Fund. Such meetings may be prompted by the Board, staff, investment consultant or the Investment Committee.~~

~~b) Recommend an investment manager to the Board for each investment mandate.~~

Investment Manager Oversight

~~5) The Investment Committee shall:~~

~~a) Meet with any investment manager of the Fund, as required, to review any concerns about the manager's continued suitability to manage the assets of the Fund. Such meetings may be prompted by the Board, staff, investment consultant, or the Investment Committee.~~

~~Assess any recommendations by the Chief Investment Officer, with concurrence of the Investment Consultant, to terminate investment managers of the Fund and provide recommendations to the Board.~~

Selection of Investment Consultants

~~6)7) The Investment Committee shall determine investment consultant finalists to be interviewed by the Board based on proposals received from candidate firms and after considering~~ the recommendations and analysis of staff.

Emergency Situations

~~7)8) Notwithstanding paragraph 5-6 b) above, the Investment Committee may terminate an investment manager after considering the analysis and recommendations of the Chief Investment Officer, with concurrence of the Investment Consultant, if it is reasonable to expect that delaying such decision pending a Board meeting would likely put the Fund at undue risk.~~

~~8)9) The Investment Committee or staff shall promptly report to the Board any investment manager termination carried out in accordance with paragraph 7-8 above.~~

Other Duties

~~9)10) The Investment Committee shall:~~

~~a) Be available to advise the Board and staff as required.~~

~~b) Report regularly to the Board on its activities.~~

~~c) Perform any other duties assigned to it by the Board.~~

REVIEW & HISTORY

~~40)11) This charter will be reviewed at least every five years.~~

~~11)12) This charter was approved by the Board on March 24, 2004.;~~

~~a) This Charter was amended~~Adopted by the Board on March 24, 2004.

~~a)b) Amended by the Board on~~ June 23, 2004; September 27, 2006; September 12, 2012;
~~and~~ April 13, 2016; ~~and on~~ [Month, Day, Year].

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
NOMINATING COMMITTEE CHARTER

INTRODUCTION

- 1) The Board is responsible for the annual election of a Board Chair and Board Vice-Chair, each to serve for a term of one year. To assist the Board in this responsibility, the Board has established a Nominating Committee to be comprised of two members designated by the Board Chair and two members designated by the full Board. The members are annually designated at a regular Board meeting in October.
- 2) The duties of the Nomination Committee and the manner in which it will operate are set out below.

COMMITTEE OPERATIONS

- 3) The Nominating Committee shall operate as follows:
 - a) The presence of a majority of Nominating Committee members shall constitute a quorum.
 - b) All actions of the Nominating Committee shall be by an affirmative vote of the majority of the members present at a meeting of the Nominating Committee, provided a quorum is present.
 - c) All actions of the Nominating Committee shall be approved by the Board to be effective, unless otherwise provided herein.
 - d) The Nominating Committee shall meet annually, or as deemed necessary by the Nominating Committee or the Chair of the Nominating Committee, in consultation with the Executive Director.
 - e) The meetings of the Nominating Committee shall be open to the public and noticed and held in accordance with the Brown Act.
 - f) The Nominating Committee shall keep minutes of its meetings.
 - g) The Executive Director shall be the staff support contact for the Committee.

COMMITTEE RESPONSIBILITIES

- 4) The Nominating Committee shall:
 - a) Select one member of the Board as its nominee for Chair and one member as its nominee for Vice-Chair to hold office during the ensuing year.
 - b) 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 Chair shall call for other nominations, which may be made by any member of the Board.

REVIEW & HISTORY

- 5) This charter will be reviewed at least every five years.
- 6) This charter was:
 - a) Adopted by the Board on Month, Day, Year.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
EXECUTIVE DIRECTOR CHARTER

INTRODUCTION

- 1) The Board of Retirement will appoint an Executive Director who will serve at its pleasure. The Executive Director is the most senior executive of KCERA and is not subject to county civil service and merit system rules.

DUTIES AND RESPONSIBILITIES

Leadership and Policy Analysis

- 2) The Executive Director will provide leadership for staff in implementing the programs necessary to achieve the goals and objectives established by the Board. The Executive Director will manage the day-to-day affairs of KCERA in accordance with policies established by the Board, and may delegate duties to senior management and staff as necessary. In so doing, the Executive Director will solicit advice and counsel from the Board, the Chair, or individual trustees, as appropriate.
- 3) The Executive Director will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policies or strategies, and providing well-supported recommendations for consideration by the Board or its committees. The Executive Director will be responsible for ensuring that all policies and strategies are properly implemented.

Authority

- 4) The Executive Director shall operate in a manner consistent with all Board policies and applicable legislation. Subject to any limitation set out in such policies and legislation, the Executive Director is authorized to:
 - a) Manage the day-to-day operations of KCERA;
 - b) Select and terminate the senior executives of KCERA including the Assistant Executive Director, Chief Investment Officer, and General Counsel; and, subject to review by legal counsel, offer employment to such personnel (see paragraph 12 below);
 - c) Hire service providers where:
 - i) The Board has not specifically retained the authority to hire such service providers; and
 - ii) The total value of the services to be rendered by the service provider over a 12-month period is not more than \$50,000 (see paragraph 16 below);
 - d) Approve all qualified members who apply for service retirement and report such retirements to the Board at the next public meeting of the Board after retirement (§31670);
 - e) Resolve and settle disputes involving the over- or under-payment of:
 - i) Benefit payments to a member, provided such payment does not exceed \$20,000, consistent with the *Overpayment and Underpayment of Member Benefits Policy* and subject to review by Legal Counsel.

- ii) Contributions made by a member, provided such payment does not exceed \$5,000, consistent with the *Overpayment and Underpayment of Member Contributions Policy* and subject to review by Legal Counsel.
- f) Settling and compromising claims and controversies (not directly involving over or under payments) on behalf of the Board and/or KCERA relating to benefits, personnel, and other legal matters
- g) Notwithstanding f) above, if the present value of the settlement, claim, or compromise to be made by KCERA exceeds \$20,000, or the settlement or compromise involves multiple current or future KCERA members or beneficiaries, then such settlement or compromise shall require Board approval

Governance

4)5) The Executive Director will:

- a) Recommend governance policies and charters to ensure appropriate board governance practices.
- b) Assist the Board in implementing its governance policies, charters, and the ~~Bylaws~~ Regulations.
- c) Coordinate trustee education and travel.
- d) Serve as Secretary to the Board.

Risk Management

5)6) The Executive Director is responsible for monitoring, managing, and/or mitigating material risks to KCERA, including those pertaining to investments, funding, and operations. In keeping with this responsibility, the Executive Director will recommend risk management policies concerning all material aspects of KCERA, and oversee staff's implementation of such policies. The Executive Director will furthermore approve and implement any necessary risk management procedures to support the above policies.

Investments

6)7) The Executive Director is responsible for the KCERA investment program and for providing oversight of investment staff.

7)8) The Executive Director, delegating to the Chief Investment Officer as appropriate, will:

- a) Recommend to the Board a written investment policy statement and other material investment policies necessary to properly invest the assets of KCERA.
- b) Coordinate asset allocation studies.
- c) Execute ~~or oversee the execution of~~ portfolio rebalancing and portfolio transitions.
- d) ~~Oversee investment manager due diligence.~~ Ensure appropriate due diligence is performed in connection with investment managers and other investment-related service providers.
- e) Remain abreast of investment trends, issues and opportunities that may have implications for the investment program of KCERA.

Benefits Administration

8)9) The Executive Director will:

- a) Recommend to the Board, as necessary, policies and service quality benchmarks to ensure effective administration of member benefits.
- b) Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures (e.g. *Overpayment and Underpayment of Member Benefits Policy*).
- c) Prepare or oversee the preparation of all member communications in accordance with applicable policies and plans.
- d) Manage the disability application and appeal processes in accordance with applicable policies and procedures.
- e) Recommend annual cost-of-living adjustments to the Board.
- f) Maintain accurate records of member accounts.

Operations

9)10) The Executive Director will:

- a) Recommend to the Board, as appropriate, policies to ensure effective operations.
- b) Develop and recommend a strategic plan and other material plans to the Board, including updates, as necessary.
- c) Recommend the annual Operating Budget to the Board.
- d) Authorize payments related to the administration of KCERA, consistent with the Operating Budget and internal controls of KCERA.
- e) Account for and ensure appropriate collection, deposit and distribution of funds as required.
- f) Develop and implement operational controls, and procedures.
- g) Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer KCERA.
- ~~h) Prepare periodic reports on the operations of KCERA.~~
- h) Maintain the records of KCERA in a permanent and readily accessible format.

Finance, Actuarial and Accounting

~~40~~11) The Executive Director will:

- a) Recommend to the Board, as appropriate, financial, accounting, and actuarial policies.
- b) Implement appropriate internal financial controls to safeguard the assets of KCERA.
- c) Coordinate ~~the annual~~ financial ~~audit, the annual~~ audits, actuarial ~~valuation~~ valuations, actuarial experience studies, actuarial audits, and any other audits that may be required.
- d) File in the office of the County Auditor and with the Board of Supervisors a Comprehensive Annual Financial Report which will exhibit the financial condition of KCERA at the close of the preceding June 30th and its financial transactions for the fiscal year ending on that day (§31597.1).

Human Resources

~~41~~12) The Executive Director is responsible for hiring, directing, and terminating all personnel of KCERA. This includes but is not limited to:

- a) Selecting and terminating the Assistant Executive Director, Chief Investment Officer, and General Counsel, providing an opportunity to the Board to interview candidates and provide input.
- b) When appropriate, and subject to review by legal counsel, ~~entering into offering~~ employment ~~contracts with to~~ the above personnel.
- c) Ensuring KCERA's human resource practices are consistent with applicable legislation, agreements, and ~~county~~ County requirements.
- d) Regularly assessing the human resource needs of KCERA and establishing appropriate human resource programs, succession plans, and procedures to address them.

Litigation

~~42~~13) The Executive Director will:

- a) Determine settlements and compromises within his/her authority as specified in paragraphs 4 e) and f) above and report to the Board accordingly.
- ~~a~~)b) In consultation with the General Counsel, advise the Board concerning the commencement, conduct, settlement, and termination of all litigation involving KCERA that exceeds the authority of the Executive Director.
- ~~b~~)c) Coordinate with the General Counsel on all legal proceedings involving KCERA.
- ~~e~~)d) Develop and implement plans to comply with court rulings.

Communications

~~43~~14) The Executive Director will:

- a) Ensure effective and timely communications with stakeholders on matters relating to the administration of KCERA.
- b) Recommend communications and disclosure-related plans or policies to the Board for approval.

- c) Serve as spokesperson for KCERA, conferring with the Chair in advance if the issue in question is significant.
- d) In consultation with the General Counsel, recommend for Board approval any legislative proposals to be initiated, supported or opposed by the Board.

Appointment of Service Providers

~~14~~15) The Executive Director will perform or cause to be performed all due diligence for Board-appointed service providers, as listed in ~~section~~paragraph 16 of the Board Charter, and will provide the Board with appropriate recommendations.

~~15~~16) The Executive Director may hire other service providers, consistent with the Operating Budget and other policies of the Board, provided that:

- a) The Board has not specifically retained the authority to hire such service providers; and
- b) The total value of the services to be rendered by the service provider over a 12-month period is ~~not~~ more than \$50,000.

Monitoring and Reporting

~~16~~17) The Executive Director will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight responsibilities. Furthermore, the Executive Director will apprise the Board in a timely manner of all significant issues, concerns, or developments pertaining to KCERA, and provide recommended courses of action as appropriate.

~~17~~18) The Executive Director will regularly monitor and report to the Board on the following issues:

- a) Implementation and continued appropriateness of all KCERA policies.
- b) The funded status of KCERA and all issues that may reasonably have a significant impact on such status.
- c) The investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund.
- d) The findings of any internal audits that may be performed.
- e) Compliance by employees and KCERA service providers with the policies of KCERA.
- f) The activities and performance of key service providers including the actuary, the financial auditor, the investment consultant, legal counsel, and the custodian.
- g) The performance of Management.
- h) The accuracy and timeliness of all payments due to and payable by KCERA.
- i) KCERA's compliance with applicable laws and regulations.
- j) In conjunction with the General Counsel, the status of all legal proceedings involving KCERA.
- k) The status of the strategic plan, and any other material plans.

CHARTER REVIEW & HISTORY

~~18~~19) This charter will be reviewed at least every five years.

20) This charter was ~~adopted~~;

a) Adopted by the Board on November 14, 2001.

b) ~~Reviewed and amended~~Amended on January 28, 2004; June 23, 2004; September 27, 2006;
July 28, 2010; December 12, 2012; April 13, 2016; ~~and March 11, 2020~~; and [Month, Day, Year].

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SECRETARY TO THE BOARD CHARTER**

BACKGROUND

- 1) In accordance with the ~~Bylaws~~Regulations, the Executive Director shall fulfill the role of Secretary to the Board.

DUTIES AND RESPONSIBILITIES

- 2) The Secretary to the Board shall:
 - a) Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in ~~accordance~~a manner consistent with the Brown Act;
 - b) Maintain minutes of Board and committee meetings;
 - c) Sign minutes upon approval of the Board;
 - d) Sign subpoenas; and
 - e) Carry out such other functions and duties as may be prescribed by the Board.

REVIEW & HISTORY

- 3) This charter shall be reviewed at least every five years.
- 4) This charter was:
 - a) Adopted by the Board on November 14, 2001.
 - b) Amended ~~by the Board~~ on June 23, 2004 ~~and~~; April 13, 2016; and [Month, Day, Year].

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)

2020 BOARD PERFORMANCE ASSESSMENT

REPORT OF FINDINGS

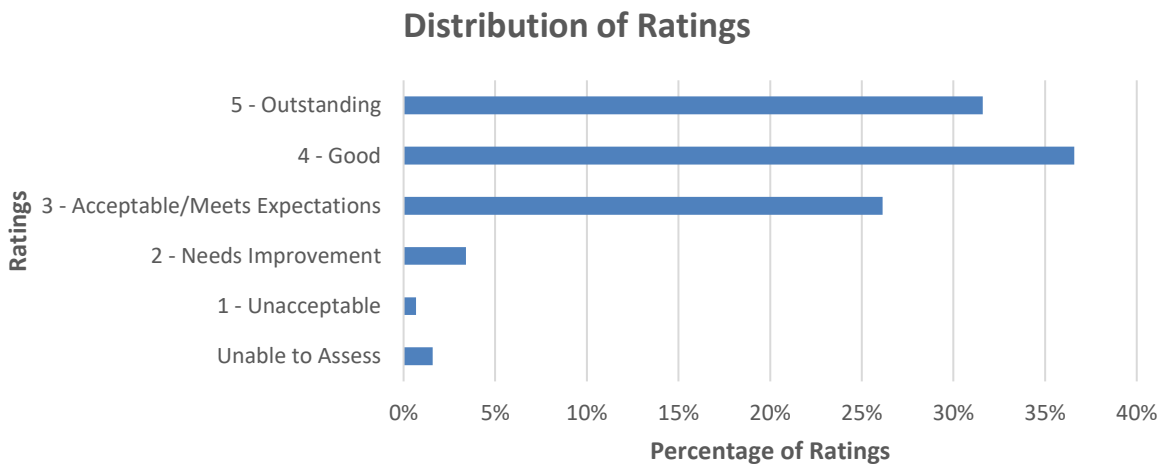
BACKGROUND

The Board annually assesses its own performance. As part of that process, Board members are invited to complete a board performance assessment survey. The results of the survey are presented herein and are also used as a reference for optional follow-up telephone conversations with a representative of Cortex. Eleven Board members completed the survey and one Board member elected to participate in a telephone interview.

SUMMARY OF KEY FINDINGS

Overall Evaluation

Overall, Board members provided a highly positive evaluation of the Board, as illustrated by the quantitative ratings summarized below.



Approximately 94.3% of ratings were “Acceptable/Meets Expectations” or higher. Only 4.1% of ratings were “Needs Improvement” or “Unacceptable”.

This Report of Findings summarizes the results of the survey and comments provided through telephone interviews. Appendix A includes tabulated responses regarding whether the Board believes it spends too little, an optimal amount, or too much time on various topic areas. Appendix B includes tabulated responses regarding Board meeting logistics.

Areas of Strong Performance

The following aspects of the Board's performance were rated highest (items with the highest ratings are listed first):

1. The Board and its committees appropriately seek staff analysis and recommendations related to issues they are considering.
2. The Board establishes appropriate goals, strategies, and plans for the investment program.
3. The overall effectiveness of the Investment Committee.
4. The Board and its committees effectively monitor the performance of the investment program.
5. The Board and its committees ensure their decisions are adequately supported by analysis and research.
6. The overall effectiveness of the following committees over the past year:
 - a. Administrative Committee
 - b. Finance Committee
 - c. Nominating Committee
7. Board and committee meetings are organized and well-run.
8. Disagreements between board members are handled professionally.
9. The Board takes timely action to address issues or concerns when they arise.

Board members identified the following significant achievements of the Board over the past year (comments are noted by one respondent unless otherwise specified):

1. Transitioning to virtual board and committee meetings due to the COVID-19 pandemic. (3 respondents)
2. Investment matters, including expanding the investment unit and selecting Cambridge to fill out the private market allocation. (3 respondents)
3. Working with management to sort through challenges created through the Alameda decision.

Improvement Opportunities

Board members identified the following improvement opportunities and/or suggestions for improvement (each comment was noted by a single respondent, unless otherwise noted):

1. The Board spends too much time on operational details, which has distracted the Board from its focus on strategic issues. This is largely due to differences in the interpretation of procedural issues on how meetings are run. (6 respondents). Four Trustees provided additional comments regarding the issue:
 - a. Meetings have improved following the recent clarification of these issues. (2 respondents)
 - b. The Board should clean up the Robert's Rules of Order. *[Note: After this comment was made, the Board approved a revised Board Operations Policy containing the Simplified Rules of Order to address the issue.]*
 - c. Training or discussions may need to take place with individual Trustees to "bring them up to speed".

2. Trustee adherence to policies:
 - a. One Board member does not adhere to Board policies.
 - b. A recent communication by a trustee to a stakeholder group regarding the Nominating Committee was controversial in that it appeared to contravene the Board Communications Policy. This issue was addressed by the Board Chair and Executive Director who reviewed the Communications Policy with the Board. I believe the issue has therefore been resolved.
3. The conduct of one of the board members has been highly detrimental to the ability of the Board and staff to operate effectively and efficiently. While all board members have the right to express themselves, the board member in question fails to properly understand board policy and governing legislation. And by refusing to appropriately consider the expert advice of staff, the trustee unnecessarily diverts board and staff time and resources from the more important goals of serving the membership and KCERA.
4. Board member preparation at meetings:
 - a. One Board member does not contribute to the discussions and is frequently missing meetings.
 - b. An executive session discussion on what constitutes adequate meeting preparation would be helpful.
5. Adapting to a virtual environment:
 - a. As we continue to adapt to virtual Board meetings, we can work to create and encourage additional communication, which can be stifled in a virtual setting.
 - b. More virtual engagement with stakeholders.
6. The Nominating Committee tends to consistently nominate a trustee from their membership, which although permissible, reflects that there may be additional influence in that committee that may not result in the most fitting nominations.
7. Reduction in staff time and attorney time on board governance matters.
8. The Board should receive more information and hold more discussions on member services, including the backlog of service purchases, disability cases, and any delays on member retirement calculations due to needing corrections.
9. I believe we can always grow in providing alternative points of view. Sometimes our board members are very reliant on staff or consultants.
10. KCERA currently employs the minimum number of staff needed to administer the plan, but the board could consider the future need for additional staff as the plan and fund continue to grow.

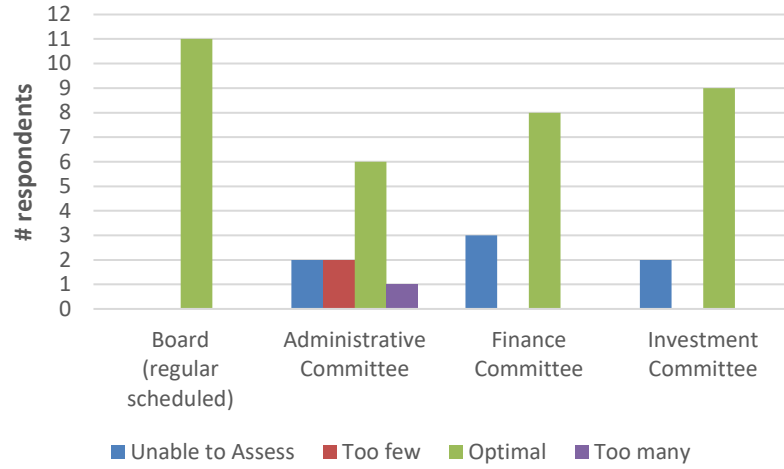
We trust the above report will be of assistance and we look forward to reviewing it with the Board and answering any questions.

APPENDIX A: TIME DISTRIBUTION

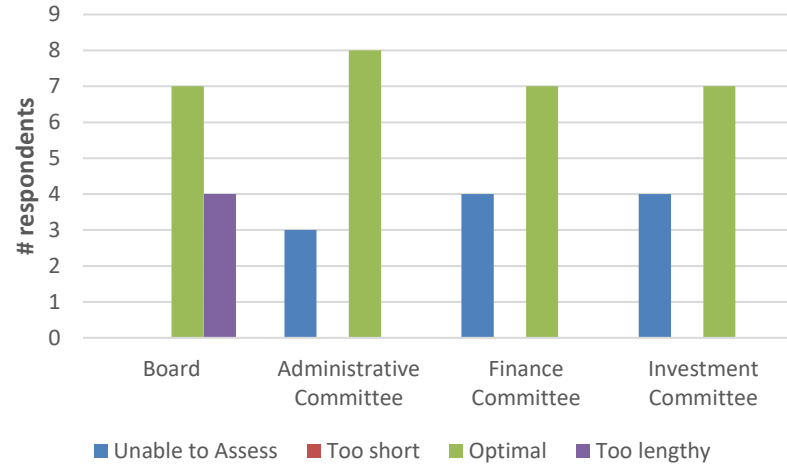
Table 1: Topic Areas			
	(A) Too little	(B) Optimal	(C) Too much
1. Plan design	2	9	
2. Understanding Fund liabilities	2	9	
3. Member services	5	6	
4. The investment function			
a. Asset allocation		11	
b. Manager selection (public markets)	1	10	
c. Manager selection (private markets)	1	10	
5. Investment risk management and reporting		11	
6. Operational risk management		11	
7. The audit function	1	10	
8. Human resources management	2	9	
9. Operations	1	9	1
10. Board governance	1	10	

APPENDIX B: BOARD AND COMMITTEE MEETINGS

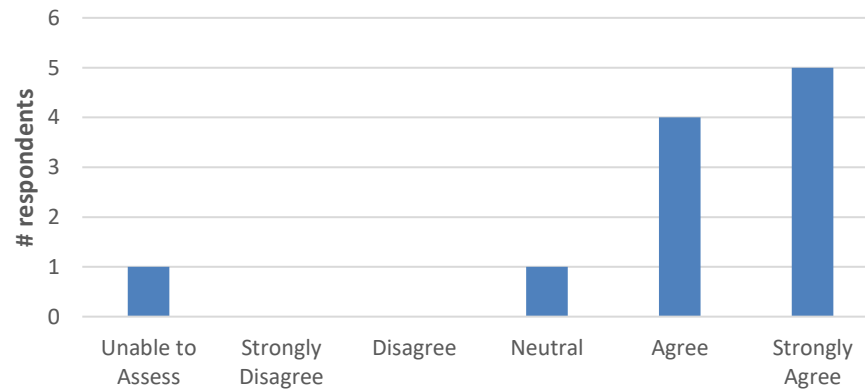
Number of Meetings



Average Duration of Meetings



I am satisfied with the board meeting location and facilities.



Date: April 7, 2021

To: Trustees, Administrative Committee

From: Dominic D. Brown, Executive Director



Subject: Board Meeting Accessibility

At the June 10, 2020 Board of Retirement meeting the Board made a referral to the Administrative Committee to consider possible changes to the way in which members, stakeholders, and the public access Board proceedings.

At the Administrative Committee meeting on September 30, 2020, the Committee discussed possible changes. The Committee considered the current landscape, especially in light of the current COVID-19 pandemic, and directed staff to bring the matter back for further consideration in six months.

Staff is bringing this matter back for further consideration. At this time, staff recommends that the Administrative Committee continue the matter indefinitely until there is more clarity on the future configuration of Board meetings, especially whether any current modifications to the Brown Act will become permanent. The same slide deck from the previous Administrative Committee meeting is attached for your review.



ACCESS TO KCERA BOARD RECORDINGS

SEPTEMBER 30, 2020



FACTORS FOR CONSIDERATION

- Legal requirements
 - Brown Act & CERL
- Resources and space
 - Board Room & Virtual Environment
- Member/Public interest
- Value added vs. Cost/Risk incurred

LEGAL REQUIREMENTS

- Brown Act
- CERL
- Board/Committee/Staff charters or policies

BOARD MEETING CONFIGURATION - CURRENT

Current Status

- Zoom Video for Trustees/vendors/staff only
- Members/public dial-in by phone
- Board Meetings are recorded and audio files are available upon request to members/public, Trustees have direct access to audio file
- KCERA has YouTube channel and has posted educational videos and Board meetings related to *Alameda Decision*
- Summaries are posted to KCERA website once approved by the Board
- Current KCERA website can not handle large files
- No YouTube live stream

Possible Changes for Remote Meetings

- Zoom – video readily available (1-2 GB/meeting)
- Members/public dial-in by phone
- Board meetings are recorded and audio files are available upon request
- Upgrade capabilities of current website, rebuild website with more capacity
- YouTube live-stream option

BOARD MEETING CONFIGURATION - FUTURE

Current Status

- Zoom Video for Trustees/vendors/staff only
- Members/public dial-in by phone
- Board Meetings are recorded and audio files are available upon request to members/public, Trustees have direct access to audio file
- KCERA has YouTube channel and has posted educational videos and Board meetings related to *Alameda Decision*
- Summaries are posted to KCERA website once approved by the Board
- Current KCERA website can not handle large files (15MB)
- No YouTube live stream

Possible Changes for Live Meetings

- Live – Zoom component
- Members/Public dial-in by phone
- Rebuild KCERA website with greater capacity to house files. How much does that cost?
- Board Meetings – Record audio only or video too
- Load audio/video to KCERA YouTube channel after meeting
- YouTube Live-stream option

OPPORTUNITIES VS. COSTS & RISKS

Opportunities

- Increased access and transparency with members and the public
- Members can access meeting without having to physically attend the KCERA facility
- Members can benefit from educational presentations to the Board
- Members might become better investors in the 457 plan, increasing their retirement security
- We had nearly 300 people attend a Board meeting, an impossible feat in former live configuration

Cost & Risks

- Transparency may actually be reduced in some instances due to investment manager concerns or RFP status, for example
- Additional staff time to process large video files or pay vendor to handle on behalf of KCERA
- Constant maintenance and upkeep of files
- KCERA staff and Trustees could be under pressure to “play to the crowd” and lose focus on fiduciary duty

OTHER INFORMATION FOR CONSIDERATION

- How many downloads did we have when audio was on our website?
 - 78 for the 8/24/20 special meeting through 9/24/20
- How many page views so far on YouTube channel for Board meetings?
 - 47 for the 8/24/20 special meeting through 9/21/20
 - 34 for the A.M. & 47 for the P.M. session for 9/9/20 BOR meeting through 9/24/20
- How much have phone charges been so far on Zoom?
 - Phone charges \$1,074 through 9/15/20
- Logistics and cost involved in live video recording in Board room? Equipment, vendor, processing, hosting, etc.?
 - Equipment, processing, broadcasting, streaming, per County could be \$30k to get started
- Other Staff efforts regarding member outreach and education
 - SEIU Town Hall
 - YouTube educational content
 - Rebranding efforts
 - Webpage update and/or rebuild
 - New Employee Orientation changes

STAFF RECOMMENDATION

- Make permanent change to allow members/public to listen and participate in Board meetings live via telephone, whether on Zoom or live in-person
- Consider posting Zoom video and audio of future Board meetings on YouTube after the Board meeting
- Consider options to broadcast live video when meetings return to live in-person