

Executive Team

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement

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

April 6, 2023

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

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

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Board of Retirement will be held on Wednesday, April 12, 2023 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 (*landline recommended for best audio*) and enter ID# 822-7778-5104:

- (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/82277785104?pwd=eHNWw1JVT1U1RktONEdZU1E1YkpmZz09>
- Passcode: 567478

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to administration@kcera.org.

Sincerely,

Dominic D. Brown
Chief Executive Officer

Attachments

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.

CALL TO ORDER

ROLL CALL (IN PERSON)

SALUTE TO FLAG

MOMENT OF SILENCE

AB 2449 REMOTE APPEARANCE(S)

Items 1 and/or 2 withdrawn from agenda if no trustees will have a need to appear via teleconference:

The first two items on the agenda are reserved for trustees who have a need to appear via teleconference due to a "just cause" need or an "emergency circumstance." Trustees who have notified this board before agenda-posting will be called upon and will provide a general description of their need to attend via teleconference as allowed by law. Trustees who were not able to notify the board in advance of posting and have a need to attend via teleconference will state their notification or request when called upon to do so. All trustees appearing via teleconference will need to disclose any adult person(s) present in the room of their remote location and their relationship to such person(s). Trustees appearing remotely are reminded to keep their camera on throughout the meeting.

1. JUST CAUSE CIRCUMSTANCE(S):

a) The following Trustee(s) have notified the Board of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953)

- NONE

- b) Call for Trustee(s) who wish to notify the Board of a “Just Cause” to attend this meeting via teleconference. (See Government Code § 54953)

2. EMERGENCY CIRCUMSTANCE(S):

- a) The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an “Emergency Circumstance.” (See Government Code § 54953)

- NONE

- b) Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an “Emergency Circumstance”. (See Government Code § 54953)

TAKE ACTION ON REQUEST(S) FOR REMOTE APPEARANCE

3. [Recognition of KCERA staff's implementation of the California Supreme Court's Alameda Decision](#) presented by Chief Executive Officer Dominic Brown – HEAR PRESENTATION

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.

- *4. Application for service-connected disability pension benefits for Michael Brown, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *5. Application for service-connected disability pension benefits for Stephen Gardner, Fire (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *6. Application for service-connected disability pension benefits for Ted Rodriguez, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION
- *7. Application for service-connected disability pension benefits for Douglas Tisinger, Water Agency (General) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

*8. [Kern County Superior Court Order Denying Petition for Writ of Mandate: Mark Ashley, Sheriff \(Safety\) – RECEIVE AND FILE](#)

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

- February 27, 2023 Investment Committee
- February 28, 2023 Administrative Committee
- March 8, 2023 Board of Retirement

RECEIVE AND FILE

*10. [Report from the KCERA office on members retired from service for the month of March 2023 – RATIFY](#)

*11. [Report from the KCERA office on deceased retirees for the month of March 2023 – RECEIVE AND FILE](#)

*12. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending March 31, 2023 – RECEIVE AND FILE](#)

*13. [Securities Lending Earnings Summary Report for the period ending February 28, 2023 from Deutsche Bank – RECEIVE AND FILE](#)

*14. [KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of February 2023 – RECEIVE AND FILE](#)

*15. [Invitation from State Association of County Retirement Systems \(SACRS\) to trustees and staff to attend the SACRS Spring Conference, May 9-12, 2023, in San Diego, California – APPROVE ATTENDANCE OF TRUSTEES JEANINE ADAMS, PHIL FRANNEY, JUAN GONZALEZ, JOSEPH D. HUGHES AND JORDAN KAUFMAN](#)

*16. [Finance Committee recommendation to approve Agreement for Audit Services with UHY LLP, effective April 12, 2023 – APPROVE AGREEMENT; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)

*17. [Report on Special Pays Codes classified by the Chief Executive Officer – RECEIVE AND FILE](#)

*18. [Finance Committee recommendation to receive and file memo from Chief Executive Officer Dominic Brown regarding application of the Supplemental Retiree Benefit Reserve \(SRBR\) Actuarial Valuation to the SRBR Policy – RECEIVE AND FILE](#)

*19. [Finance Committee recommendation to receive and file application of the Actuarial Valuation to the Declining Employer Payroll Policy – RECEIVE AND FILE](#)

- *20. [Finance Committee recommendation to approve proposed edits to the Declining Employer Payroll Policy – APPROVE PROPOSED CHANGES](#)
- *21. [Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFY](#)

PUBLIC COMMENTS

- 22. 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.

ADMINISTRATIVE MATTERS

- 23. [KCERA Governance Report for the period from July 1, 2021 – December 31, 2022](#) presented by Governance Consultants Julie Becker and Benita Harper, Aon, and the Administrative Committee – RECEIVE AND FILE
- 24. [Annual Strategic Planning Discussion presented by Chief Executive Officer Dominic Brown and Governance Consultants Julie Becker and Benita Harper, Aon](#) – HEAR PRESENTATION; PROVIDE DIRECTION TO STAFF; TAKE OTHER ACTION, AS APPROPRIATE
- 25. [Trustee education regarding Special District status considerations presented by Fiduciary Counsel Maytak Chin, Partner, and Harvey L. Leiderman, Partner, Reed Smith LLP](#) – RECEIVE EDUCATIONAL TRAINING (30 MINUTES TRUSTEE EDUCATION CREDIT)

FINANCIAL MATTERS

- 26. [Trustee education regarding the triennial Actuarial Experience Study presented by Actuaries Paul Angelo and Molly Calcagno, Segal](#) – RECEIVE EDUCATIONAL TRAINING (30 MINUTES TRUSTEE EDUCATION CREDIT)
- 27. [Discussion and appropriate action on changes to the Finance Committee Charter, including response to referral regarding clarification of Form 700 reporting, presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, and the Finance Committee](#) – APPROVE PROPOSED CHARTER CHANGES

ADMINISTRATIVE MATTERS (CONTINUED)

28. [Presentation on KCERA Organizational Landscape presented by Chief Executive Officer Dominic Brown – HEAR PRESENTATION](#)
29. [Presentation on Annual KCERA Human Resources Report presented by Chief Executive Officer Dominic Brown and the Administrative Committee – RECEIVE AND FILE](#)
30. [Response to referral regarding changes to the KCERA Elections Procedures Policy presented by Chief Executive Officer Dominic Brown and the Administrative Committee – APPROVE PROPOSED CHANGES AND DIRECT STAFF TO WORK WITH KERN COUNTY ELECTIONS DIVISION TO IMPLEMENT CHANGES](#)
31. [Response to referral \(Part I\) and trustee education regarding history of KCERA Property, Inc. \(KPI\) presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – RECEIVE EDUCATIONAL TRAINING \(10 MINUTES TRUSTEE EDUCATION CREDIT\)](#)
32. [Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems \(SACRS\) Spring 2023 Conference, presented by Chief Executive Officer Dominic Brown – APPOINT VOTING DELEGATION](#)
33. [Recommended slate of candidates and final ballot for the State Association of County Retirement Systems \(SACRS\) Board of Directors Elections 2023-2024 – DIRECT VOTING DELEGATE TO VOTE FOR SLATE OF CANDIDATES AS RECOMMENDED BY THE SACRS NOMINATING COMMITTEE](#)

SACRS Nominating Committee recommended 2023-2024 slate and final ballot:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

INVESTMENT MATTERS

34. [Discussion and appropriate action on Opportunistic investment¹ recommendation presented by Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – APPROVE UP TO \\$20MM INVESTMENT; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)

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 § 7928.710, § 7922.000, and §54957.5.

STAFF REPORTS

- 35. [Report from Chief Executive Officer](#)
- 36. [Report from Chief Investment Officer](#)
- 37. [Report from Chief Legal Officer](#)

COMMITTEE REPORTS

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

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION

Items 4-7 are withdrawn from Executive Session if approved on the consent agenda:

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

Michael Brown	Sheriff	Safety
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- 5. PUBLIC EMPLOYMENT (pursuant to Government Code §54957) Application for service-connected disability pension benefits:

Stephen Gardner	Fire	Safety
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- 6. PUBLIC EMPLOYMENT (pursuant to Government Code §54957) Application for service-connected disability pension benefits:

Ted Rodriquez	Sheriff	Safety
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- 7. PUBLIC EMPLOYMENT (pursuant to Government Code §54957) Application for service-connected disability pension benefits:

Douglas Tisinger	Water Agency	General
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- 39. CONFERENCE WITH LABOR NEGOTIATORS REGARDING UNREPRESENTED EMPLOYEE (pursuant to Government Code §54957.6(a))

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

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

RETURN TO PUBLIC SESSION

ROLL CALL

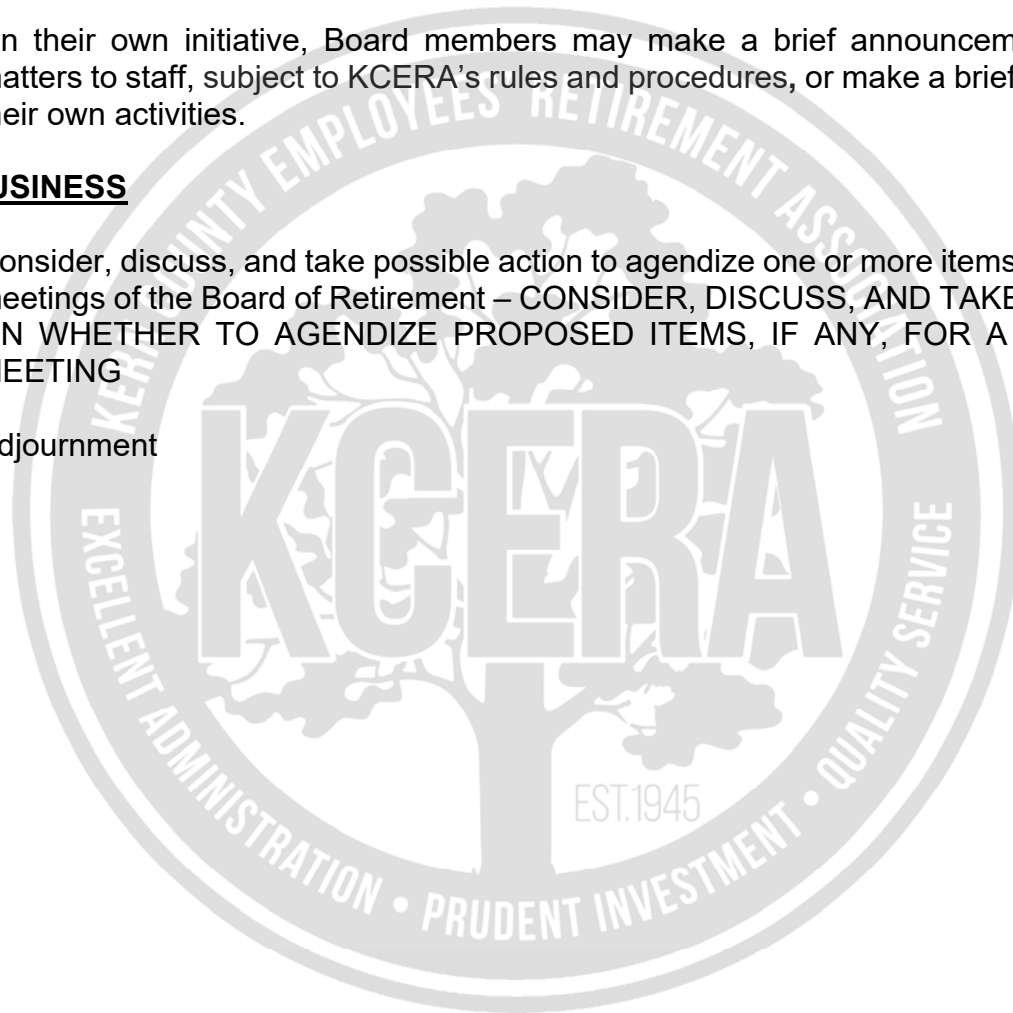
REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

41. 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

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



**No Material
to be Distributed**



Date: April 12, 2023
To: Trustees, Board of Retirement
From: Jennifer Esquivel Zahry, Chief Legal Officer
Phillip Jenkins, Deputy Chief Legal Officer
Subject: Judgment Order Denying Petition for Writ of Mandate

Status

The service-connected disability application of Mark Ashley comes before this Board today pursuant to a Judgment by the Kern County Superior Court. SDAG initially completed review of the matter in April 2020 and based on recommendation of the Medical Advisor, recommended the Board grant a non-service connected disability retirement, but refer the issue of service-connection to a hearing officer for findings of fact and a recommended action. Mr. Ashley requested and received an administrative hearing. The Hearing Officer submitted Proposed Findings of Fact, Conclusions of Law and Recommended Decision that the applicant is permanently incapacitated, but the Board deny the application for service-connected disability. On September 8, 2021, your Board adopted the Hearing Officer's Recommended Decision finding that the applicant is permanently incapacitated and granting a non-service connected disability.

Mr. Ashley filed a Petition for Writ of Mandate on December 8, 2021 in the Kern County Superior Court challenging your Board's decision. On March 10, 2023, the trial court issued a Judgment denying Mr. Ashley's Petition. The Judgment is attached, and its ultimate decisions are noted below.

Court Ruling

1. Petition for Writ of Mandate is denied; and
2. Petitioner's Request for attorney's fees and costs is denied.

Recommendation

Counsel recommends the Board receive and file the attached Judgment.

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FILED
KERN COUNTY SUPERIOR COURT
03/10/2023
BY Evans, Gricelda
DEPUTY

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF KERN, METROPOLITAN DIVISION**

MARK ASHLEY,

Petitioner,

vs.

**RETIREMENT BOARD OF THE KERN
COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION,**

Respondent.

CASE NO.: BCV-21-102871 TSC
**~~PROPOSED~~ JUDGMENT ON PETITION
FOR WRIT OF MANDATE**

TO ALL PARTIES AND THEIR ATTORNEY OF RECORD:

The Court reaches the following decision:

Petitioner's Petition for Writ of Mandate came on for hearing at 1:30 p.m., December 9, 2022. Russell Ghitterman appeared for Petitioner Mark Ashley. Phillip Jenkins appeared for Respondent Retirement Board etc.

After oral argument, the parties submitted the matter on their oral arguments and written briefs. The Court took the matter under submission.

General Background and History

Petitioner had previous history of PTSD and depression prior to becoming employed by the KCSO. Petitioner admitted that this was a result of the many traumas he had experienced in his life, up to that point, including but not limited to childhood traumas. (BOR 0814 and 1195)

1 Petitioner was first employed by KCSO on June 20, 1998.

2 After commencing employment, Petitioner's medical history reflects that his first report
3 of psychiatric symptoms was in 1999.

4 Approximately 7 years after commencement of employment, Petitioner saw Dr. Gene
5 Anderson. Dr. Anderson examined and treated Pet. On several occasions in 2005. Petitioner
6 reported stressors that did not include work related factors, even though he had been employed
7 by the KCSO approximately 7 years at that point. (BOR 0860) Dr. Anderson concluded in
8 writing that Petitioner's severe stress and depression were "non-occupational". (BOR 1361)

9 In 2013, Petitioner filed a worker's compensation claim in which he did not assert any
10 work-related stress, depression or psychiatric factors (although that claim dealt with primarily
11 physical injuries).

12 Following many traumas in his personal life (severe housing disruption caused by
13 flooding; separation from his ex-wife; heavy drinking; internal investigation and arrest for
14 domestic violence; being the victim of a physical assault, etc.), Petitioner saw Dr. Frank Song
15 Seu in 2014. Dr. Seu examined and treated Pet. In 2014 for "severe depression and nightmares."
16 Dr. Seo diagnosed Post-Traumatic Stress disorder and mood disorder. During this examination,
17 Petitioner raised, for the first time, contentions re: work-related stressors. (BOR 1214). However,
18 during this and subsequent 2014 treatment, Petitioner reported that his primary stressors were
19 related to his marital and financial situation. (BOR 0967)

20 During subsequent treatment in 2014 and 2015, Petitioner continued to report stressors of
21 a personal nature such as continuing marital and family issues, impoundment of his automobile,
22 financial problems, etc. He did on one occasion mention work-related factors (but that complaint
23 related to insufficient pay).

24 On May 17, 2021, following a hearing, the hearing officer recommended that the
25 Application for Service-Connected Related Disability be denied. This recommendation was
26 contained in an extremely detailed 31 page written decision, containing numerous findings and
27 discussion re: each such finding. (BOR 1810-1840).

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1 The Board followed the recommendations of the hearing officer and denied the
2 Application for Service-Connected Related Disability.

3 Following the Board action, Petitioner initiated the instant Petition for Writ of Mandate.
4 Petitioner's complaints can be summarized as follows:

- 5 1. The Board should not have relied upon the opinion of an expert who did not treat
6 Petitioner.
- 7 2. The Board's decision is not supported by the evidence and, therefore, it:
 - 8 a. Does not conform to the law; and
 - 9 b. Constitutes an Abuse of Discretion per CCP section 1094.5(c)

10
11 Standard of Review

12 The standard of review is "Independent Judicial Review." *Fukuda v. City of Angels*
13 (1999) 20 Cal.4th 805, 816 (and many other authorities).

14 "Independent Judicial Review" is not the same thing as a trial de novo.

15 This standard allows the Court to not only review the record for errors of law, but also to
16 exercise its independent judgment upon the sufficiency of the evidence. However, exercising the
17 review function and applying the standard is not always as easy as it might sound, particularly
18 when the hearing officer's decision is based upon or influenced by the hearing officer's
19 evaluation of one or more witnesses.

20 In the case of live witnesses, the hearing officer has the opportunity to see and hear the
21 witness and include factors such as demeanor, tone, attitude, etc. to her decision to credit or
22 discredit the testimony of a witness. The reviewing court does not have that ability.

23 Even when opinions are presented by declaration or other documentation, It is easier for
24 the Court to exercise its independent judgment with respect to contested evidentiary matters in
25 some instances and more difficult in others.

26 It is often difficult for the Court to fully weigh and evaluate contested evidence where the
27 hearing officer's decision was based on his/her personal evaluation of the witness. It is not
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1 always possible to determine from the record how the hearing officer evaluated a witness'
2 credibility or why the hearing officer made a particular credibility determination.

3 Fortunately, however, in this instance, the hearing officer made a detailed record of her
4 findings and a detailed written record of the reasons for her findings (especially when comparing
5 opinions of medical experts). (BOR 1810-1840)

6 Petitioner's counsel referenced two cases in particular as standing for the principle that
7 opinions unsupported by appropriate medical evidence should be disregarded. Petitioner cited
8 *Heggin v. Workmen's Compensation App. Bd.* (1971) 4 Cal.3d 162 and *Place v. Workmen's*
9 *Compensation App. Bd.* (1970) 3 Cal.3d 372 at oral argument. Relying on these cases, Petitioner
10 argues that the hearing officer and the Board should have (and this Court should) disregard the
11 opinion of Dr. O'Brien in its entirety and should conclude that all of the remaining evidence
12 (particularly the opinions of physicians and other health professionals who actually examined
13 Plaintiff) compels a decision to approve the application.

14 This Court disagrees with that logic and those conclusions.

15 When a hearing officer is determined to have abused his/her discretion or to have made a
16 decision, unsupported by substantial evidence, the circumstances are generally extreme and the
17 logic easy to follow. Such are these WCAB cases, cited by Petitioner.

18 *Place* is a 1970 case. It holds that every medical opinion does not necessarily constitute
19 substantial evidence. The Court cites examples of medical opinions based on (1) medical reports
20 known to be erroneous; (2) medical reports which are no longer germane; (3) medical reports
21 based upon inadequate medical history or inadequate examination. The California Supreme
22 Court suggests that, in these extreme instances, resulting opinions may not constitute substantial
23 evidence.

24 The examples discussed in *Place* are neither comparable nor analogous to the evidence in
25 the instant situation. There is no suggestion that Dr. O'Brien based his opinions on suspect or
26 improper information.

27 The only real issue is Petitioner's argument that greater and/or conclusive weight should
28 be given to the opinions of experts who examined and/or treated Petitioner than the opinions of

1 experts who did not examine or treat Petitioner. This argument goes to the weight of the
2 evidence---not the admissibility; and the hearing officer rejected this argument.

3 Unless the Court finds clear evidence in the record that Dr. O'Brien's opinion is based
4 upon seriously flawed records or materials, the *Place* case does not require this Court to reweigh
5 evidence and does not require the Court to decide that the contrary evidence should be given
6 greater weight.

7 There is no showing in this case that any records relied upon by Dr. O'Brien were
8 inaccurate, obsolete or otherwise an insufficient basis upon which to form a conclusion. To the
9 contrary, it appears that the records constituted accurate, probative evidence. Petitioner's experts
10 also relied on the same records to varying degrees.

11 In the 1971 *Heggin* case (an en banc decision of the Supreme Court), the Court did
12 follow the principles it had enunciated in *Place*. In the *Heggin* case, the evidence clearly
13 showed on its face that an expert rendered an opinion that was totally and entirely speculative
14 and which was neither supported by substantial evidence nor supported by any evidence at all
15 (reliable or otherwise). Furthermore, the Board had relied upon that opinion.

16 The Supreme Court followed the standards enunciated in *Place* and found that the wholly
17 speculative and unsupported opinion was not substantial evidence. The Supreme Court remanded
18 the case back to the WCAB for further findings.

19 That is not the case here.

20
21 Evaluations, Findings and Conclusions of Hearing Officer

22 After considering, comparing and contrasting the medical evidence (including but not
23 limited to medical records and opinions of experts), and after discussing that evidence in detail,
24 the hearing officer concluded that:

25 "Based on a review of the chronology of events and the medical records...Applicant's
26 symptoms were the result of his stress over the administrative leave and disciplinary
27 proceedings, and his concern over possibly losing his job, as well as his alcoholism, marital
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1 issues and history of abuse. However, any injury resulting from a disciplinary proceeding that is
2 centered on conduct unrelated to employment is not service connected."

3 "However, there is no substantial evidence of a real and measurable connection between
4 the Applicant's psychiatric condition and his employment with Kern County." (BOR 1840)

5 The hearing officer also relied upon Dr. Frazier's opinion that there was no evidence that
6 Applicant developed PTSD. (BOR 1839)

7 The findings and recommendations of the hearing officer were adopted by the Board in
8 denying Petitioner's Application to categorize his disability as industrial or work-related.

9
10 Dr. O'Brien's opinions

11 Dr. O'Brien did not examine or treat Petitioner. He did review records and reports. He
12 opined that Petitioner's 2013 psychological problems were triggered by events in Petitioner's
13 personal life; that adolescent youthful alcoholism, physical abuse and bipolar disorder were the
14 clear causes of his inability to work. Dr. O'Brien rejected the argument that there was a
15 relationship between brain injury and Petitioner's disability and was particularly critical of Dr.
16 Harral's opinion (see discussion below). (BOR 0033-0044; 1727)

17 The hearing officer compared, contrasted and, ultimately, gave great weight to Dr. O'
18 Brien's opinions. (BOR 1810-1840), The hearing officer was well aware that Dr. O'Brien had not
19 physically examined Petitioner, but gave great weight to Dr. O'Brien's opinions because he was a
20 board-certified psychiatrist and because "he reviewed over 1,500 pages of medical records,
21 containing multiple interviews, histories, and examinations of the Applicant by other
22 physicians." (BOR 1838).

23 The hearing officer gave less weight to opinions relied upon by Petitioner, because those
24 witnesses did not sufficiently address or evaluate the effects of other non-industrial factors such
25 as alcoholism etc. and, in some instances, those witnesses did not address such factors at all.
26 (BOR 1835-36) The hearing officer discredited opinions such as Dr. Harral's for good reason, as set
27 forth in the record. (BOR 1835-36)

28 ///

1 Although not cited by the hearing officer, this Court questions the need for a physical
2 examination by Dr. O'Brien because there is no real dispute about Petitioner's current condition.
3 It is hard to imagine any information that could be obtained in a physical examination that would
4 have bearing on causation that would be more probative than the information contained in prior
5 contemporaneous medical records (including interviews and histories provided by Petitioner).

6
7 Dr. Alnahha's Opinion

8 Some of the other evidence, which Petitioner argues should be conclusively credited by
9 the Court, is the opinions of Dr. Ramy Alnahha, whole opined that Petitioner's permanent
10 incapacity was caused by his employment. However, Dr. Alnahhal's opinion was not an
11 independent medical opinion, but was based on the medical opinion of Dr. Hirokawa. Dr.
12 Hirokawa, however, rendered an opinion as to Petitioner's fitness for duty, but DID NOT
13 opine on causation. (BOR 1836)

14
15 Dr. Teofilio's Opinions

16 Petitioner presented the opinions of Dr. Craig Teofilio, who concluded that most of
17 Petitioner's functional and symptomatic impairment stemmed from preexisting and non-
18 industrial disability. (BOR 0455) Dr. Teofilio attempted to conclude that the predominant cause
19 of PTSD was industrial, but admitted that he was unable to provide an opinion on causation.
20 (BOR 0455, 1825)

21
22 Dr. Frazier's Opinions

23 Petitioner presented testimony of Dr. Scott Frazier, who examined Petitioner and
24 concluded that Petitioner developed Adjustment Disorder with anxiety as a result of personnel
25 action pending at that time. (BOR 0503-0533). The hearing officer did not entirely reject the
26 opinions of Dr. Frazier and did accept his finding that there was no evidence of PTSD. (BOR
27 1839)

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1 Dr. Harrall's Opinions

2 Dr. Lori Harral was the agreed upon medical evaluator in Petitioner's workers
3 compensation case. She prepared 3 reports. In brief, she concluded that portions of Petitioner's
4 disability were industrial-related and that Petitioner's symptoms would have been manageable
5 without the influence of the industrial events of which Petitioner complains. It is significant to
6 the Court (and was significant to the hearing officer) that Dr. Harral did not specifically address
7 the influence of Petitioner's bipolar disorder, marital issues, childhood trauma or alcoholism
8 despite reviewing abundant medical and other records of the same. (BOR 0539-46; 0603-4;
9 1723; 1834-35)

10 The hearing officer cited other reasons for giving less weight to the evidence and
11 opinions relied upon by Petitioner:

12 "Any stress the Applicant suffered due to personnel investigation is not attributable to
13 disability retirement as his actions...are not within the scope of his employment." (BOR 1835)

14 "It was determined that he [Petitioner] was dishonest during the investigation and
15 disciplinary proceedings..." (BOR 1835)

16
17 Sufficiency of the Evidence and Abuse of Discretion

18 The hearing officer spent 31 pages discussing her evaluation of the expert opinions and
19 other evidence. This Court could easily do so as well, but does not see the need.

20 As discussed and referenced hereinabove, the evidence relied upon by Dr. O'Brien
21 constituted substantial evidence. The opinions of Dr. O'Brien constituted substantial evidence. In
22 relying, in great part, on the opinions of Dr. O'Brien, the hearing officer relied upon and based
23 her findings and recommendations on substantial evidence. There is no support in the law or in
24 the record to support Petitioner's allegation that the evaluations, findings, and recommendations
25 of the hearing officer were unlawful and/or unsupported by substantial evidence.

26 Since the decisions of the hearing officer and the Board were supported by substantial
27 evidence, the Court cannot find any support for the contention that the hearing officer and the
28 Board abused their discretion. The record supports the contrary conclusion.

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CONCLUSION

Based on the foregoing analysis and findings, the Court:

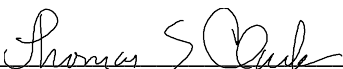
1. DENIES the requested Writ of Mandate; and

2. DENIES Petitioner's Request for attorney's fees and costs pursuant to Government

Code section 31536 or on any other basis.

Dated: 03/10/2023

Signed: 3/10/2023 11:33 AM

By: 

Honorable Thomas S. Clark

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Teleconference Meeting – Investment Committee
February 27, 2023**

10:02 a.m.

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

ROLL CALL

Present: Couch, Kaufman, Kratt

Absent: Nunneley, Whitezell

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

1. Discussion and appropriate action on private market fund recommendation presented by Mark Mallory, Associate Investment Director, Cambridge Associates¹, and Chief Investment Officer Daryn Miller, CFA – **MARK MALLORY, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD**

RECOMMENDED THE BOARD OF RETIREMENT APPROVE UP TO \$30MM COMMITMENT TO LGT CROWN GLOBAL SECONDARIES VI; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

TRUSTEE TYLER WHITEZELL ARRIVED AT 10:04 A.M.

Kaufman-Whitezell – 4 Ayes

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

2. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Investment Managing Director, Cambridge Associates¹, and Chief Investment Officer Daryn Miller, CFA – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; CHAIR RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE UP TO \$30MM COMMITMENT TO PARTHENON INVESTORS VII; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Whitezell-Couch – 4 Ayes

3. Report from Chief Investment Officer Daryn Miller, CFA – CHAIR RICK KRATT HEARD; TRUSTEES DAVID COUCH AND JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Couch-Kaufman – 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

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

5. 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 – CHAIR RICK KRATT HEARD; TRUSTEE DAVID COUCH HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

6. ADJOURNED – 10:55 A.M.

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

Secretary, Board of Retirement

Chair, Investment Committee

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Teleconference Meeting – Administrative Committee
February 28, 2023**

1:04 p.m.

Committee Members: Franey (Alternate), Chair Gonzalez, Hughes, Nunneley, Seibly

ROLL CALL

Present: Franey, Gonzalez, Hughes, Seibly

Absent: Nunneley

CONSENT MATTERS

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

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

- *1. KCERA 2023 Draft Board Self-Evaluation Survey – APPROVED; INITIATED SURVEY

Hughes-Franey – 4 Ayes

2. Discussion and review of the 2023-2024 Chief Executive Officer Performance Evaluation Criteria presented by Chief Executive Officer Dominic Brown – CHAIR JUAN GONZALEZ HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE THE CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION CRITERIA FOR EVALUATION PERIOD OF 2023-2024

Franey-Seibly – 4 Ayes

3. Response to referral and Trustee education regarding AB 2449 presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – CHAIR JUAN GONZALEZ HEARD; TRUSTEE PHIL FRANNEY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (22 MINUTES TRUSTEE EDUCATION CREDIT)

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

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

5. 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

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

EXECUTIVE SESSION

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

RETURN TO PUBLIC SESSION

ADMINISTRATIVE COMMITTEE RECONVENED AT 2:10 P.M.

ROLL CALL

Present: Franey, Gonzalez, Hughes, Seibly

Absent: Nunneley

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 6 – NO REPORTABLE ACTION

7. ADJOURNED – 2:12 P.M.

Secretary, Board of Retirement

Chair, Administrative Committee

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Board of Retirement Meeting
March 8, 2023**

8:32 a.m.

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

ROLL CALL

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

Absent: Hughes, Kaufman, Nunneley

SALUTE TO FLAG – TRUSTEE DUSTIN CONTRERAS

MOMENT OF SILENCE

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

AB 2449 REMOTE APPEARANCE(S)

1. JUST CAUSE CIRCUMSTANCE(S):

- NONE

2. EMERGENCY CIRCUMSTANCE(S):

- NONE

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.*

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

Kratt-Couch – 6 Ayes

- *4. Fifth Appellate District Court Opinion Affirming Trial Court Order Denying Petition for Writ of Mandate: Gloria Morgan, Sheriff (General) – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *5. Summary of proceedings of the following meetings:

- February 8, 2023 Board of Retirement

RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *6. Report from the KCERA office on members retired from service for the month of February 2023 – RATIFIED

Kratt-Couch – 6 Ayes

- *7. Report from the KCERA office on deceased retirees for the month of February 2023 – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *8. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending February 28, 2023 –

THIS ITEM REMOVED FROM CONSENT AGENDA

- *9. Securities Lending Earnings Summary Report for the periods January 31, 2023 from Deutsche Bank – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *10. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of January 2023 – RECEIVED AND FILED

Kratt-Couch – 6 Ayes

- *11. Invitation for trustees to attend the 2023 California Association of Public Retirement Systems (CALAPRS) Advanced Principles of Pension Governance for Trustees, March 29-31, 2023 in Los Angeles, CA – APPROVED THE ATTENDANCE OF TRUSTEES DUSTIN CONTRERAS AND TYLER WHITEZELL

Kratt-Couch – 6 Ayes

- *12. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting March 20-21, 2023, in Sacramento, CA – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

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

Kratt-Couch – 6 Ayes

8. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending February 28, 2023 – CHAIR TYLER WHITEZELL HEARD; TRUSTEE RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

TRUSTEE JOSEPH D. HUGHES ARRIVED AT 8:38 A.M.

RECEIVED AND FILED

Kratt-Adams – 7 Ayes

PUBLIC COMMENTS

15. 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

INVESTMENT MATTERS

16. Discussion and appropriate action on private market fund recommendation presented by Mark Mallory, Associate Investment Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – MARK MALLORY, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEES JEANINE ADAMS, JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED UP TO \$30MM COMMITMENT TO LGT CROWN GLOBAL SECONDARIES VI; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Gonzalez – 7 Ayes

17. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Investment Managing Director, Cambridge Associates², Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED UP TO \$30MM COMMITMENT TO PARTHENON INVESTORS VII; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Gonzalez – 7 Ayes

18. Response to referral and Trustee education regarding fiduciary duties with emphasis on investment considerations, including evaluation of ESG (Environmental, Social, and Governance) factors presented by Fiduciary Counsel Maytak Chin, Partner, and Harvey L. Leiderman, Partner, Reed Smith LLP – MAYTAK CHIN, REED SMITH LLP, HEARD; SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR TYLER WHITEZELL HEARD; VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEES JEANINE ADAMS, DAVID COUCH, JUAN GONZALEZ, RICK KRATT AND ROBB SEIBLY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (60 MINUTES TRUSTEE EDUCATION CREDIT)

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 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 § 7928.710, § 7922.000, and §54957.5.

19. Response to referral and Trustee Education regarding Proxy Voting presented by Matt Seufert and Seth May-Patterson, Glass Lewis – MATT SEUFERT, GLASS LEWIS, HEARD; TRUSTEE JUAN GONZALEZ HEARD; CHIEF EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED EDUCATIONAL TRAINING (15 MINUTES TRUSTEE EDUCATION CREDIT)

ADMINISTRATIVE MATTERS

20. Discussion and review of the 2023-2024 Chief Executive Officer Performance Evaluation Criteria presented by Chief Executive Officer Dominic Brown and the Administrative Committee – TRUSTEE JUAN GONZALEZ HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

APPROVED THE CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION CRITERIA FOR EVALUATION PERIOD OF 2023-2024

Gonzalez-Kratt – 7 Ayes

STAFF REPORTS

21. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- BOARD REFERRAL UPDATE
- STAFFING UPDATE
- SOLAR PROJECT UPDATE
- UPDATE ON RFP FOR OTHER AUDIT SERVICES
- GOVERNANCE CONSULTANT AON CONDUCTING TRUSTEE INTERVIEWS FOR STRATEGIC PLANNING
- SERVICE PURCHASE UPDATE
- MMRO UPDATE
- BOARDROOM AUDIO UPGRADES
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

TRUSTEE JOSEPH D. HUGHES LEFT AT 10:58 A.M.

CHAIR TYLER WHITEZELL HEARD; VICE-CHAIR PHIL FRANEY HEARD; TRUSTEES DAVID COUCH, JUAN GONZALEZ, JOSEPH D. HUGHES, RICK KRATT AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

22. Report from Chief Investment Officer

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

- REBALANCING – FEBRUARY ACTIVITY
- PORTFOLIO POSITIONING
- UPDATES
- KEY INITIATIVES
- UPCOMING INVESTMENT COMMITTEE MEETINGS

23. Report from Chief Legal Officer and Trustee education regarding case review

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- LACERA V. COUNTY OF LOS ANGELES
- MORGAN V. BOARD OF RETIREMENT OF KCERA
- MARCH CALENDAR

DEPUTY CHIEF LEGAL OFFICER PHILLIP JENKINS HEARD

RECEIVED EDUCATIONAL TRAINING (14 MINUTES TRUSTEE EDUCATION CREDIT)

COMMITTEE REPORTS

24. Report from Committee Chairs:

- a. Administrative Committee: GONZALEZ – MEETING SCHEDULED MARCH 22, 2023
- b. Finance Committee: CONTRERAS – MEETING SCHEDULED MARCH 22, 2023
- c. Investment Committee: KRATT – NO UPCOMING MEETING
- d. KCERA Property, Inc.: KRATT – NONE

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

EXECUTIVE SESSION

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

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

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

TRUSTEE JUAN GONZALEZ LEFT AT 12:50 P.M.

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 1:08 P.M.

ROLL CALL

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

Absent: Gonzalez, Kaufman, Nunneley

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 25 – NO REPORTABLE ACTION

ITEM 26 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

27. On their own initiative, Board members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – TRUSTEE RICK KRATT HEARD

NEW BUSINESS

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

29. ADJOURNED – 1:10 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement



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

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Bell	Vivian	01/28/2023	General Tier I	5120 - Depart Of Human Services
Boytis	Patrick	01/28/2023	Safety Tier I	2210S - Sheriff
Brownfield	Mart	10/09/2021	General Tier I	4122 - Environ Health Serv Div
Bryson	Lori	02/11/2023	Safety Tier I	2340S - Probation-Safety
Christensen	Alan	01/17/2023	General Tier II	1020 - County Administrative Off
Collom	Laurie	02/11/2023	General Tier I	1130 - Assessor
Dickel	Kara	02/21/2023	Safety Tier I	2340S - Probation-Safety
Duncan	Paul	01/28/2023	Safety Tier I	2210S - Sheriff
Garrett	Richard	01/21/2023	Safety Tier I	2210S - Sheriff
Gleason	Michael	01/28/2023	General Tier II PEPRA	1011 - Board Of Supv-District 1
Gutierrez	Maria	02/04/2023	General Tier I	2115C - Court Admin Traffic
Heras	Marcelina	02/11/2023	General Tier I	4120 - Behavioral Health & Reco
Isbell	Bertina	01/28/2023	General Tier II	2210 - Sheriff
Lopez	Hilda	02/11/2023	General Tier II PEPRA	4120 - Behavioral Health & Reco
Mcclanahan	Debra	02/14/2023	General Tier II	5120 - Depart Of Human Services



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

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Mevey	Dawn	02/11/2023	General Tier II	5610 - Aging And Adult Services
Norris	David	02/11/2023	Safety Tier I	2210S - Sheriff
Pullen	Barbara	01/27/2023	General Tier I	8997 - Kern Medical Center
Rios	Javier	02/11/2023	Safety Tier I	2340S - Probation-Safety
Rodino	Ann	01/28/2023	General Tier I	4120 - Behavioral Health & Reco
Rosas	Yolanda	02/11/2023	General Tier I	4120 - Behavioral Health & Reco
Tate	Sandy	02/11/2023	General Tier I	2183 - Dept Of Child Support Svc
Walters	Dixie	01/27/2023	Safety Tier I	2210S - Sheriff

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Rodriguez Lamadrid	J Refugio	02/11/2023	General Tier II	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Aceves	Angela	02/11/2023	General Tier I	9460 - Kern County Hospital Authority
Dowling	Denise	02/11/2023	General Tier I	9460 - Kern County Hospital Authority



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

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Chesada	Dan	General	County Of Kern
Gonzalez	Patricia	General	County Of Kern
Overfield	Martha	General	County Of Kern
Salomon	Teresa	General	Kern County Hospital Authority
Shayer	Steven	General	KC Superior Court

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Baxter	David	General	County Of Kern
Beadle	Carmen	General	County Of Kern
Burns	Donna	General	County Of Kern
Cowan	David	General	County Of Kern
De La Rosa	Rachel	General	County Of Kern
Delgado	Mary	General	County Of Kern
Grimes	Albert	General	County Of Kern
Hobbs	Shannon	General	County Of Kern
Horlacher	Ronald	General	County Of Kern
Hylton	Georgia	General	County Of Kern
Matthews	Alexander	General	County Of Kern
Phipps	Dorothy	General	County Of Kern
Raney	Robert	General	County Of Kern
Roberts	Kathern	General	County Of Kern
Stinson	Carol	General	County Of Kern
Stone	Freda	General	County Of Kern
Tarner	Mark	General	KC Superior Court
Walston	James	Safety	County Of Kern

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF MARCH 31, 2023**

NAME	DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Gonzalez-Lopez, Rebecca	HUMAN SERVICES	3/9/2023	3/24/2023
Guivas Smith, Loida	AGING AND ADULT SERVICES	3/8/2023	3/24/2023
Allen, Paul	SHERIFF	2/22/2023	3/17/2023
Miarta, Richard	SHERIFF	2/10/2023	2/27/2023
Harbour, Leslie	SHERIFF	2/9/2023	2/27/2023
Ramirez, Edward	SHERIFF	2/7/2023	2/27/2023
Lock, Ranna	SHERIFF	2/1/2023	2/27/2023
Inman Ferguson, Jill	SUPERIOR COURT	1/24/2023	1/27/2023
Monahan, Laura	ENGINEERING AND GROUNDWATER SERVICES	1/3/2023	1/13/2023
NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Kimbrell, Tamara	SHERIFF	11/29/2022	3/23/2023
Dunlap, James	SHERIFF	11/1/2022	2/8/2023
Perez, Manuelita	PROBATION	10/27/2022	1/17/2023
Schmidt, Mark	FIRE	10/26/2022	3/23/2023
Yanez, Alfred	SHERIFF	10/3/2022	2/10/2022
Morrison, James	SHERIFF	9/14/2022	12/19/2022
Gregory, Dolores	SHERIFF	8/16/2022	12/19/2022
Smith, Clifton	FIRE	8/15/2022	12/19/2022
Cockrell, June	HUMAN SERVICES	8/11/2022	10/18/2022
Gaetzman, Travis	SHERIFF	8/10/2022	11/22/2022
Hartley-Anders, Kim	SUPERIOR COURT	8/9/2022	11/22/2022
Hudson, Richard	SHERIFF	8/8/2022	11/22/2022
Carrillo, Aaron	SHERIFF	7/15/2022	9/30/2022
Rice, Jerry	FIRE	7/7/2022	11/22/2022
Roden, Jim	SHERIFF	6/22/2022	9/30/2022
Rodriguez, Mark	FIRE	6/21/2022	9/1/2022
Fecke, Daniel	HOSPITAL AUTHORITY	6/15/2022	9/30/2022
Pena, Armando	PROBATION	5/27/2022	9/19/2022
Hill, Sheldon	SHERIFF	5/27/2022	8/19/2022
Gomez, Armando	INFORMATION TECHNOLOGY SERVICES	4/29/2022	10/14/2022
Cano, Emma	BEHAVIORAL HEALTH AND RECOVERY SERVICES	3/17/2022	8/19/2022
Barnes, Mark	SHERIFF	12/3/2021	7/22/2022
Yohn, Jacob	SHERIFF	11/30/2021	7/21/2022
Fussel, Kathy	HOSPITAL AUTHORITY	11/3/2021	2/24/2022
Guandique, Sandra	RISK MANAGEMENT	10/15/2021	3/14/2022
Kauffman, Stephen	DISTRICT ATTORNEY	8/16/2021	4/25/2022

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF MARCH 31, 2023**

NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Gardner, Stephen	FIRE	7/19/2021	2/24/2022
Brannan, Derek	SHERIFF	7/14/2021	11/22/2021
Leon, Theresa	HUMAN SERVICES	7/7/2021	10/18/2021
Patton, Eric	SHERIFF	6/30/2021	11/22/2021
Candelaria, Valerie	HUMAN SERVICES	6/23/2021	9/15/2021
Introini, Jessica	SHERIFF	6/18/2021	11/22/2021
Williams, Theron	GENERAL SERVICES	5/12/2021	9/15/2021
Garcia, Judy	HOSPITAL AUTHORITY	3/29/2021	10/18/2021
Smith, Thomas Jr.	SHERIFF	3/16/2021	11/8/2021
Brandon, Bradly	SHERIFF	3/4/2021	8/20/2021
Bravo, Enrique	SHERIFF	3/1/2021	8/20/2021
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	2/25/2021	8/20/2021
McAdoo, John	SHERIFF	2/24/2021	8/20/2021
Bankston, Josh	SHERIFF	2/9/2021	8/19/2021
Cushman, Harris	SHERIFF	12/22/2020	8/19/2021
Carrillo, Mabelle	ANIMAL CONTROL	11/18/2020	4/21/2021
Burchfield, James	PUBLIC WORKS	11/17/2020	7/16/2021
Tisinger, Douglas	WATER AGENCY	10/5/2020	5/21/2021
Fleeman, Justin	SHERIFF	9/17/2020	2/8/2021
Diffenbaugh, Anthony	FIRE	6/11/2020	4/26/2021
Brown, Michael	SHERIFF	4/14/2020	8/31/2020
Baker, Breanne	HUMAN SERVICES	4/2/2020	9/29/2020
Terry, Leann	SHERIFF	10/17/2019	6/30/2020
Martinez de Moore, Brenda	BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/2018	9/8/2020
Champlin, Timothy	PROBATION	4/25/2018	5/21/2020
Hulsey, Jonathan	PROBATION	4/18/2018	4/22/2020
Rodriguez, Ted	SHERIFF	6/22/2017	2/20/2020
Carvel, Scott	DISTRICT ATTORNEY	1/27/2017	11/5/2019
COMPLETED IN 2023			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Coletti, John	SHERIFF	01/30/18	03/08/23

**KCERA
DISABILITY RETIREMENT APPLICATION APPEALS PENDING
AS OF MARCH 31, 2023**

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	HEARING OFFICER ASSIGNED	STATUS
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WRIT OF MANDATE	DEPARTMENT	DATE FILED	BOARD DECISION	PETITION FOR WRIT FILED	STATUS
Ashley, Mark	SHERIFF	09/03/15	Board denied SCD and granted NSCD 9/8/2021	12/8/2021	Judgment on Writ 3/10/2023

COURT OF APPEAL	DEPARTMENT	DATE FILED	BOARD DECISION	PETITION FOR WRIT FILED	JUDGMENT ON WRIT	NOTICE OF APPEAL RECEIVED	STATUS
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HEARINGS COMPLETED IN 2023			
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED
Morgan, Gloria	SHERIFF	03/26/15	02/24/23

SECURITIES LENDING

Summary Earnings Report

Run Time: 08-Mar-2023 10:33 EST
Date Range: 01-FEB-2023 To 28-FEB-2023
Location: Not specified
Currency: USD
Client ID: Not Specified
Master Client: CAKERN
Grouping Type: None
Level: Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
KNCTY - Harvest Midstream	CAKE18	8,591,513.06	6,380.17	638.02	5,742.15	KNC15
KNCTY - PIMCO Midstream	CAKE19	40,489,893.96	22,182.05	2,218.21	19,963.85	KNC16
KNCTY PIMCO Core Plus	CAKE07	26,084,490.99	4,533.67	453.37	4,080.30	KNC11
KNCTY PIMCO EMD	CAKE08	1,258,284.95	615.21	61.52	553.69	KNC12
KNTCY - Alliance Bernstein	CAKE15	22,320,897.82	13,497.06	1,349.71	12,147.35	2664130
KNTCY - Geneva	CAKE16	19,433,168.33	4,438.94	443.89	3,995.05	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	12,948,874.52	4,638.44	463.84	4,174.60	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	60,193,283.19	26,999.64	2,699.96	24,299.68	KNC08
CCY Total USD:		191,320,406.82	83,285.18	8,328.52	74,956.67	
Grand Total USD:			83,285.18	8,328.52	74,956.67	

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KCERA ASSET ALLOCATION*
2/28/2023

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) \$(000)
AllianceBernstein	Small Cap Value	92,903	1.8%			
Geneva Capital	Small Cap Growth	49,829	1.0%			
Mellon Capital Management EB DV	Large Cap Passive	475,360	9.1%			
PIMCO StockPlus	Large Cap Enhanced	103,575	2.0%			
Total Domestic Equity		\$721,667	13.8%	19.0%	(5.2%)	(\$270,413)
American Century	International Small	70,897	1.4%			
Cevian Capital II LP	International Large	38,428	0.7%			
Mellon Capital Management-EB DV	International Large Passive	498,304	9.5%			
Total International Developed Equity		\$607,629	11.6%	13.0%	(1.4%)	(\$71,163)
AB Emerging Markets Strategic Core	Emerging Markets	49,572	0.9%			
DFA Emerging Markets Value Portfolio	Emerging Markets	76,494	1.5%			
Mellon Emerging Markets	Emerging Markets	81,219	1.6%			
Total Emerging Market Equity		\$207,285	4.0%	5.0%	(1.0%)	(\$53,789)
TOTAL EQUITY		\$1,536,581	29.4%	37.0%	(7.6%)	(\$395,364)
Mellon Capital Management Ag Bond	Core	158,364	3.0%			
PIMCO CP	Core Plus	161,689	3.1%			
Western Asset Management - CP	Core Plus	119,903	2.3%			
Total Core		\$439,956	8.4%	14.0%	(5.6%)	(\$291,050)
TCW Securitized Opportunities LP	Securitized Opportunities	96,092	1.8%			
Western Asset Management - HY	High Yield	165,190	3.2%			
Total Credit		\$261,282	5.0%	6.0%	(1.0%)	(\$52,006)
PIMCO EM Beta	Emerging Markets	139,706	2.7%			
Stone Harbor Global Funds	Emerging Markets	64,088	1.2%			
Total Emerging Market Debt		\$203,794	3.9%	4.0%	(0.1%)	(\$5,065)
TOTAL FIXED INCOME		\$905,032	17.3%	24.0%	(6.7%)	(\$348,122)
Gresham Commodity Builder Fund	Active	49,648	1.0%			
Wellington Trust Company (WTC)	Active	146,520	2.8%			
TOTAL COMMODITIES		\$196,168	3.8%	4.0%	(0.2%)	(\$12,691)
Aristeia International Ltd	Hedge Fund - Direct	69,009	1.3%			
Brevan Howard Fund Limited	Hedge Fund - Direct	58,503	1.1%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	59,001	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	32,735	0.6%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	81,549	1.6%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	48,125	0.9%			
Magnetar Structured Credit Fund	Hedge Fund - Direct	7,378	0.1%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	66,429	1.3%			
Pharo Macro Fund LTD	Hedge Fund - Direct	63,619	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.9%			
TOTAL HEDGE FUND		\$531,947	10.2%	10.0%	0.2%	\$9,800
ASB Capital Management	Core	185,796	3.6%			
JPMCB Strategic Property Fund	Core	148,212	2.8%			
TOTAL CORE REAL ESTATE		\$332,008	6.4%	5.0%	1.4%	\$70,934
Davidson Kempner	Hedge Fund - Direct	55,141	1.1%			
Garda Fixed Income	Hedge Fund - Direct	57,631	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	54,395	1.0%			
HBK Spac Fund	Hedge Fund - Direct	183	0.0%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.2%			
TOTAL CE ALPHA POOL		\$228,195	4.4%	5.0%	(0.6%)	(\$32,879)
Harvest Midstream	Midstream	158,333	3.0%			
PIMCO Midstream	Midstream	148,510	2.8%			
TOTAL MIDSTREAM ENERGY		\$306,843	5.9%	5.0%	0.9%	\$45,769
Aristeia Select Opportunities II LP	Opportunistic	50,313	1.0%			
DB Investor's Fund IV	Opportunistic	26,532	0.5%			
River Birch International Ltd	Opportunistic	5,962	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	92,092	1.8%			
TOTAL OPPORTUNISTIC		\$174,899	3.3%	0.0%	3.3%	\$174,899
Abbott Capital Funds	Private Equity Fund of Funds	21,809	0.4%			
Blue Torch Credit Opportunities Fund III	Private Equity	7,389	0.1%			
Brighton Park Capital Fund I	Private Equity	34,229	0.7%			
Brighton Park Capital Fund II	Private Equity	2,349	0.0%			
Level Equity Growth Partners	Private Equity	7,250	0.1%			
LGT Crown Global	Private Equity	24,736	0.5%			
Linden Capital Partners	Private Equity	6,985	0.1%			
Pantheon Funds	Private Equity Fund of Funds	8,853	0.2%			
Peak Rock	Private Equity	10,458	0.2%			
Rubicon Technology Partners IV	Private Equity	3,214	0.1%			
Vista Foundation Fund IV	Private Equity	17,968	0.3%			
Warren Equity Partners Fund III and Fund IV	Private Equity	30,808	0.6%			
TOTAL PRIVATE EQUITY		\$176,048	3.4%	5.0%	(1.6%)	(\$85,026)
Blue Torch Credit Opportunites II	Private Credit	17,089	0.3%			
Brookfield Real Estate Finance Fund V	Private Credit	19,548	0.4%			
Colony Distressed Credit Fund	Private Credit	18,822	0.4%			
Fortress Credit Opportunities Fund V	Private Credit	13,921	0.3%			
Fortress Lending Fund II (A)	Private Credit	29,098	0.6%			
Fortress Lending Fund III (A)	Private Credit	23,655	0.5%			
H.I.G. Bayside Loan Opportunity Fund	Private Credit	38,827	0.7%			
Magnetar Constellation Fund V	Private Credit	30,462	0.6%			
OrbiMed Royalty & Credit Opportunities IV & IX	Private Credit	4,928	0.1%			
Sixth Street TAO Partners (B)	Private Credit	38,660	0.7%			
TOTAL PRIVATE CREDIT		\$235,010	4.5%	5.0%	(0.5%)	(\$26,064)
Covenant Apartment Fund X	Private Real Estate	31,221	0.6%			
Covenant Apartment Fund XI	Private Real Estate	6,959	0.1%			
Invesco Real Estate Funds III & IV	Private Real Estate	1,394	0.0%			
KCERA Property	Private Real Estate	4,629	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	7,574	0.1%			
Landmark Real Estate Partners VIII	Private Real Estate	31,563	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	29,907	0.6%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	8,115	0.2%			
TOTAL PRIVATE REAL ESTATE		\$121,362	2.3%	5.0%	(2.7%)	(\$139,712)
Northern Trust STIF	Short Term	196,887	3.8%			
BlackRock Short Duration	Short Term	177,183	3.4%			
Parametric	Overlay	82,331	1.6%			
Treasurers Pooled Cash	Short Term	18,683	0.4%			
Wells Fargo Bank	Short Term	1,981	0.0%			
TOTAL CASH AND OVERLAY		\$477,065	9.1%	-5.0%	14.1%	\$738,139
Transition Accounts	Liquidation	315	0.0%			
Other		\$315	0.0%	0.0%	0.0%	\$315
As Allocated to Managers **		\$5,221,473	100.0%	100.0%	(0.0%)	(\$0)

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

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

KCERA
CASH FLOW POSITION
FEBRUARY, 2023
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	11,547,273
Employer Contributions	27,989,157		
Employee Contributions	4,073,971		
Service Purchases	79,904		
Miscellaneous	85,287		
Total Receipts:			32,228,320
Operating Expenses	(495,360)		
Investment Expenses	(1,597,377)		
Transfers-out	(23,000,000)		
Total Disbursements:			(25,092,737)
Ending Cash Balance:			18,682,856

NORTHERN TRUST

Beginning Cash Balance:		\$	198,643,939
Private Markets - Distributions	2,862,525		
Commingled Funds - Distributions	1,855,651		
Redemption Wellington Commodities	154,655,786		
Redemption HBK	17,487,293		
Redemption Brevan Howard	897,283		
Dividend and Interest Income	1,655,075		
Class Action Proceeds	244		
Interest	742,304		
Securities Lending Earnings (NET)	62,406		
Total Receipts:			180,218,566
Capital Calls Covenant	(2,400,000)		
Capital Calls Fortress	(1,632,701)		
Contribution Wellington	(150,000,000)		
Contribution BlackRock Short Duration	(25,000,000)		
Contribution Indus	(10,000,000)		
Other Expenses	(16,214)		
Transfers-out	(11,000,000)		
Total Disbursements:			(200,048,915)
Ending Cash Balance:		\$	178,813,591

**KCERA
CASH FLOW POSITION
FEBRUARY, 2023**

WELLS FARGO BANK

Beginning Cash Balance		\$ 2,462,980
Transfer In Northern Trust	11,000,000	
Transfer In TPC - County	23,000,000	
ACH Returns / Deletes	39,717	
Total Receipts:		34,039,717
ACH Benefit Payments	(30,145,944)	
Total Checks Paid	(152,077)	
Taxes Withholding Deposits	(4,222,884)	
Bank Services	(556)	
Total Disbursements:		(34,521,461)
WFB ending Balance		<u>\$ 1,981,237</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED FEBRUARY, 2023**

Description	July	August	September	October	November	December	January	February	Total
Investment Base Fees:									
Domestic Equity:									
AllianceBernstein				136,722.65			150,695.87		287,418.52
Henderson Geneva Capital				88,266.00				89,299.00	177,565.00
Mellon Capital				52,344.44			60,651.70		112,996.14
International Equity:									
BlackRock							67,463.92	72,897.90	140,361.82
Fidelity Institutional Asset Management									0.00
Fixed Income:									
Mellon Capital (Ag Bond)				10,917.00			11,042.85		21,959.85
Pacific Investment Management Company		280,932.77			279,097.65			483,950.46	1,043,980.88
Western Asset Management		210,204.72			197,600.56		162,994.65		570,799.93
Commodities:									
Wellington Trust Company								324,021.78	324,021.78
Real Estate:									
ASB Capital Management		374,856.86			383,045.97			364,535.70	1,122,438.53
Midstream Energy:									
Harvest Midstream				366,080.72			335,618.05		701,698.77
Overlay									
Parametric		67,965.00			77,590.00			62,394.00	207,949.00
Subtotal	0.00	933,959.35	0.00	654,330.81	937,334.18	0.00	788,467.04	1,397,098.84	4,711,190.22
Investment Professional Fees:									
Consulting:									
Abel Noser			7,500.00			7,500.00	7,500.00		22,500.00
Albourne America LLC		33,333.33	33,333.33	33,333.33		46,283.33	33,333.33	33,333.33	212,949.98
Cambridge Associates				187,500.00		187,500.00			375,000.00
Glass, Lewis & Co.									0.00
Verus		34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	239,166.69
Consulting - Other Expenses							9,360.00		9,360.00
Custodial:									
The Northern Trust Co.			120,000.00					120,000.00	240,000.00
Legal:									
Foley & Lardner LLP									0.00
Hanson Bridgett LLP									0.00
Nossaman LLP	25,980.00						22,500.00	12,778.50	61,258.50
Due Diligence / Investment-Related Travel:									
Subtotal	25,980.00	67,500.00	195,000.00	255,000.00	34,166.67	275,450.00	106,860.00	200,278.50	1,160,235.17
Total Investment Fees	25,980.00	1,001,459.35	195,000.00	909,330.81	971,500.85	275,450.00	895,327.04	1,597,377.34	5,871,425.39

KCERA
Operating Expense Budget Status Report
For the Month Ended February 28, 2023

Expense Type	Budget FY 2022/23	Expenses	Over (Under)
Staffing			
Salaries	3,724,357.00	1,953,091.94	(1,771,265.06)
Benefits	2,410,676.00	1,140,215.02	(1,270,460.98)
Staffing Total	6,135,033.00	3,093,306.96	(3,041,726.04)
Staff Development			
Education & Professional Development	90,000.00	54,069.60	(35,930.40)
Staff Appreciation	3,000.00	2,455.63	(544.37)
Staff Development Total	93,000.00	56,525.23	(36,474.77)
Professional Fees			
Actuarial fees	140,000.00	22,220.00	(117,780.00)
Audit fees	50,500.00	42,000.00	(8,500.00)
Consultant fees	115,000.00	20,000.00	(95,000.00)
Legal fees	80,000.00	28,286.21	(51,713.79)
Professional Fees Total	385,500.00	112,506.21	(272,993.79)
Office Expenses			
Building expenses	115,000.00	71,833.50	(43,166.50)
Communications	52,770.00	18,523.28	(34,246.72)
Equipment lease	9,600.00	5,348.15	(4,251.85)
Equipment maintenance	7,178.00	2,000.00	(5,178.00)
Memberships	20,000.00	8,015.00	(11,985.00)
Office supplies & misc. admin.	68,300.00	21,909.21	(46,390.79)
Payroll & accounts payable fees	27,800.00	15,355.21	(12,444.79)
Other Services - Kern County	40,000.00	-	(40,000.00)
Postage	20,000.00	14,385.19	(5,614.81)
Subscriptions	13,733.00	8,161.82	(5,571.18)
Utilities	30,000.00	31,674.18	1,674.18
Office Expense Total	404,381.00	197,205.54	(207,175.46)
Insurance	160,595.00	156,210.00	(4,385.00)
Member Services			
Disability - legal fees	10,000.00	-	(10,000.00)
Disability - professional services	20,000.00	-	(20,000.00)
Disability - administration MMRO	140,000.00	35,950.00	(104,050.00)
Member communications	20,000.00	11,891.93	(8,108.07)
Member Services Total	190,000.00	47,841.93	(142,158.07)
Systems			
Audit – security & vulnerability scan	15,000.00	13,750.00	(1,250.00)
Business continuity expenses	23,850.00	16,934.33	(6,915.67)
Hardware	48,453.00	3,761.18	(44,691.82)
Licensing & support	148,413.00	121,976.32	(26,436.68)
Software	164,229.00	123,475.91	(40,753.09)
Website design & hosting	85,695.00	9,190.00	(76,505.00)
Systems Total	485,640.00	289,087.74	(196,552.26)
Board of Retirement			
Board compensation	12,000.00	4,500.00	(7,500.00)
Board conferences & training	50,000.00	22,735.89	(27,264.11)
Board elections	50,000.00	-	(50,000.00)
Board meetings	5,000.00	1,584.27	(3,415.73)
Board of Retirement Total	117,000.00	28,820.16	(88,179.84)
Depreciation / Amortization	666,471.00	432,777.60	(233,693.40)
Total Operating Expenses	8,637,620.00	4,414,281.37	(4,223,338.63)



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: April 12, 2023
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer 
Subject: **SACRS Spring Conference**
San Diego, California
May 9-12, 2023

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

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

The topic list is timely and relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustees Jeanine Adams, Phil Franey, Juan Gonzalez, Joseph D. Hughes and Jordan Kaufman.

Attachments

Travel Subject SACRS Spring Conference
Sponsor SACRS
Date(s) May 9-12, 2023
Location San Diego, CA
Proposed Attendee(s) Adams, Franey, Gonzalez, Hughes and Kaufman
Estimated Total Travel Cost \$8,562.80

Description	Computation		Adams	Franey	Gonzales	Hughes	Kaufman	Totals	Borne By	
									KCERA	Sponsor
Registration fees	\$120.00	=	120.00	120.00	120.00	120.00	120.00	600.00	600.00	
Lodging expense	3 nights @ \$ 323.95 /night	=	971.85	971.85	971.85	971.85	971.85	4,859.25	4,859.25	
Per diem meals reimbursement:	4 days @ \$ 74.00 /day	=	296.00	296.00	296.00	296.00	296.00			
Less meals provided by sponsor	3 Breakfast, 2 Lunch, 1 Dinner = \$126.54	=	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)			\$632.70
Total meals expense		=						1,480.00	847.30	
Shuttle/taxicab expense	Taxi Estimate	=						-	-	
Airfare	\$0.00	=	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-	
Vehicle-related expenses:		=	-	-	-	-	-	-	-	
Parking	4 days @ 40.00 /day	=	160.00	160.00	160.00	160.00	160.00	800.00	800.00	
Mileage	466 miles @ 0.625 /mile (Trustee)	=	291.25	291.25	291.25	291.25	291.25	1,456.25	1,456.25	
Totals		=	1,712.56	1,712.56	1,712.56	1,712.56	1,712.56	\$ 9,195.50	\$ 8,562.80	\$ 632.70

TUESDAY, MAY 9

Time	Session Title
3 pm – 5 pm	ETHICS TRAINING FOR TRUSTEES AND STAFF
3 pm – 5 pm	SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS
4 pm – 5 pm	IN SOLIDARITY - LABOR AND LABOR ALLIES NETWORKING
5:30 pm – 6:30 pm	SACRS NETWORKING RECEPTION

WEDNESDAY, MAY 10

Time	Session Title
7 am – 8 am	SACRS WELLNESS SESSION – YOGA
8:45 am – 9 am	SACRS WELCOME - VIVIAN GRAY, SACRS PRESIDENT
9 am – 10 am	KEYNOTE GENERAL SESSION
10 am – 10:30 am	SACRS NETWORKING BREAK
10:30 am – 11:30 am	GENERAL SESSION
11:30 am – 12:30 pm	GENERAL SESSION
12:30 pm – 1:30 pm	SACRS LUNCH
2:00 pm – 4:30 pm	SACRS BREAKOUTS
2:00 pm – 4:30 pm	ADMINISTRATORS BREAKOUT
2:00 pm – 4:30 pm	AFFILIATE BREAKOUT
2:00 pm – 4:30 pm	ATTORNEYS BREAKOUT
2:00 pm – 4:30 pm	INTERNAL AUDITORS' BREAKOUT
2:00 pm – 4:30 pm	INVESTMENT BREAKOUT
2:00 pm – 4:30 pm	OPERATIONS/BENEFITS BREAKOUT
2:00 pm – 4:30 pm	SAFETY BREAKOUT
2:00 pm – 4:30 pm	TRUSTEE BREAKOUT
6:30 pm – 9:30 pm	SACRS ANNUAL WEDNESDAY NIGHT EVENT

Thursday, May 11

Time	Session Title
7 am – 8 am	SACRS FUN RUN
7:30 am – 8:30 am	SACRS BREAKFAST
8:45 am – 9 am	SACRS WELCOME – VIVIAN GRAY, SACRS PRESIDENT
9 am – 10 am	GENERAL SESSION
10 am – 10:30 am	SACRS NETWORKING BREAK
10:30 am – 11:30 am	GENERAL SESSION
11:30 am – 12:30 pm	GENERAL SESSION
12:30 pm – 1:30 pm	SACRS LUNCH
2 pm – 3 pm	SACRS CONCURRENT SESSIONS
2 pm – 3 pm	CONCURRENT SESSION A
2 pm – 3 pm	CONCURRENT SESSION B
2 pm – 3 pm	CONCURRENT SESSION C
3 pm – 3:30 pm	SACRS NETWORKING BREAK
3:30 pm – 4:30 pm	CONCURRENT SESSION A
3:30 pm – 4:30 pm	CONCURRENT SESSION B
3:30 pm – 4:30 pm	CONCURRENT SESSION C
4:30 pm – 5:30 pm	SACRS EDUCATION COMMITTEE MEETING
4:30 pm – 5:30 pm	SACRS NOMINATING COMMITTEE MEETING
5:30 pm – 6:30 pm	SACRS RECEPTION

FRIDAY, MAY 12

Time	Session Title
7:30 am – 8:30 am	SACRS BREAKFAST
9 am – 10 am	GENERAL SESSION
10 am – 10:15 am	SACRS NETWORKING BREAK
10:15 am – 11:30 am	SACRS ANNUAL BUSINESS MEETING



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Memorandum from the
Office of the Chief Operations Officer
Matthew Henry

Date: April 12, 2023
To: Trustees, Board of Retirement
From: Matthew Henry, Chief Operations Officer
Subject: **GASB 68 Services Contract**

Each fiscal year KCERA staff prepares the *Schedules of Employer Allocations and Pension Amount by Employer*. These schedules are prepared and audited for the information and use by KCERA, the plan sponsors, and their auditors. KCERA has identified a service provider, UHY, to complete the audit of these schedules for the fiscal year ended June 30, 2022.

Per the Finance Charter, staff brought UHY to the Finance Committee at its March 22, 2023 meeting as the service provider for selection. The Committee voted unanimously to recommend selection to the Board of Retirement. Therefore, it is recommended that your Board approve the Agreement for Audit Services and authorize the Chief Executive Officer to sign, subject to legal advice and review.

AGREEMENT FOR AUDIT SERVICES

(KCERA – UHY LLP)

THIS AGREEMENT is made and entered into this _____ day of _____, 2023 between the KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ("KCERA"), a public retirement system governed under the County Employees' Retirement Law of 1937 ("CERL") and UHY LLP, a limited liability partnership with its principal place of business located at 200 Spectrum Center Dr., Suite 300, Irvine, CA 92618 ("Auditor").

W I T N E S S E I H :

WHEREAS, KCERA requires an audit of the schedule of employer allocations of the KCERA; and

WHEREAS, Auditor holds itself out as specially trained, licensed, experienced and qualified to perform the required services.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

I. SERVICES OF AUDITOR

Auditor shall provide the following services during the term of this Agreement:

A. As required by GASB 68, Auditor shall audit the schedule of employer allocations of KCERA as of and for the fiscal year ending June 30, 2022 and the respective related notes, as more fully described in the attached Exhibit "A," which is incorporated herein by this reference.

B. Auditor shall arrange for special meetings with the KCERA staff and/or Audit/Actuarial Committee ("the Committee") of the KCERA Board whenever any problem is found during the field work which could materially affect the outcome of the audit.

C. Auditor shall immediately report in writing any and all instances of defalcation or misuse of funds, suspected or actual, or instances of serious noncompliance with applicable statutes or regulations that are encountered to the KCERA Board Chairperson and the Chief Executive Officer.

II. KCERA'S RESPONSIBILITIES

A. KCERA shall provide information about its requirements for the audit.

B. KCERA staff and/or the Committee shall review draft reports prepared by Auditor and shall promptly render decisions pertaining thereto to avoid unreasonable delay in the progress of the annual audit.

C. KCERA shall furnish copies of existing information reasonably requested by the Auditor.

III. AUDITOR'S COMPENSATION

Auditor agrees to perform the professional services required by this Agreement and the KCERA agrees to pay Auditor, for such service, in an amount not to exceed the following fixed fees:

	FY 2022-23
GASB 68 Schedules	\$6,480

The fixed fees listed above contain all direct and indirect costs, including all out-of-pocket expenses.

No additional compensation will be paid for secretarial, clerical support staff or overhead costs.

IV. PAYMENTS TO AUDITOR

Payments on account of Auditor's services rendered pursuant to Section I, herein, shall be made within thirty (30) days of receipt of an approved invoice. Auditor's written demand for payment shall include an itemized statement showing services to date. KCERA shall withhold ten percent (10%) from each payment, and the final payment shall be made after the Board approves the final audit report.

V. TERM AND TERMINATION OF AGREEMENT

A. This Agreement shall commence as of the date first written above and shall terminate upon completion of the audit for the period from July 1, 2021 to June 30, 2022, unless sooner terminated as provided herein, or upon the parties written agreement to extend this Agreement for additional fiscal years in accordance with Section XI below. However, this Agreement may be terminated or suspended by KCERA upon giving Auditor thirty (30) days prior written notice.

B. KCERA may terminate this Agreement at any time without prior notice to Auditor as follows: if KCERA determines that Auditor has failed to timely or properly perform the services required under this Agreement, or in accordance with Section VII.H. Required Insurance or Section XXIII. Conflict of Interest. Either party may terminate the Agreement at any time upon thirty (30) days' prior written notice to the other. Termination is effective upon receipt of the notice of termination as described in Section XIII. Notices

C. In the event of such termination, KCERA shall pay Auditor, as full payment, for services actually and satisfactorily performed by Auditor prior to the effective date of the termination. Such payment, together with other payments received during the fiscal year in which the termination is effective, shall not exceed the fixed fee for that year, as listed in Section III above. Consideration shall be given to both completed work and work

B. Liability Insurance Requirements:

1. Auditor shall maintain in full force and effect, at all times during the term of this Agreement, the following insurance:

(a) Commercial General Liability Insurance, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Auditor's performance of work under this Agreement. Said insurance coverage shall have minimum limits for Bodily Injury and Property Damage liability in accordance with the policy limits which shall be no less than one million dollars (\$1,000,000) each occurrence and five million dollars (\$5,000,000) aggregate.

(b) Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability in accordance with the policy limits which shall be no less than one million dollars (\$1,000,000) each occurrence and five million dollars (\$5,000,000) aggregate.

(c) Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of all required services under this Agreement, with limits in accordance with the policy limits which shall be no less than five million dollars (\$5,000,000) aggregate.

2. The Commercial General Liability and Automobile Liability Insurance required in this Section VII.B. shall include an endorsement naming the KCERA and KCERA's Board members, officials, officers, agents and employees as additional insureds for liability arising out of this Agreement and any operations related thereto.

3. None of the insurance coverages required under this Agreement may be written on a claims-made basis.

4. Prior to Auditor commencing any of its obligations under this Agreement, evidence of insurance in compliance with the requirements above shall be furnished to the KCERA. Receipt of evidence of insurance that does not comply with above requirements shall not constitute a waiver of the insurance requirements set forth above.

C. Cancellation of Insurance -- The above stated insurance coverages required to be maintained by Auditor shall be maintained until the completion of all of Auditor's obligations under this Agreement, and shall not be reduced, modified, or canceled without thirty (30) days prior written notice to KCERA. Also, phrases such as "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company" shall not be included in the cancellation wording of all Certificates of Insurance or any coverage for the KCERA and the KCERA's Board members, officials, agents, and employees. Auditor shall immediately obtain replacement

coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

D. All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum of a "A-;VII" rating. Any exception to these requirements must be approved by the KCERA.

E. If Auditor is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, Auditor shall provide coverage equivalent to the insurance coverages and endorsements required above. The KCERA will not accept such coverage unless the KCERA determines, in its sole discretion and by written acceptance, that the coverage proposed to be provided by Auditor is equivalent to the above-required coverages.

F. All insurance afforded by Auditor pursuant to this Agreement shall be primary to and not contributing to any other insurance maintained by the KCERA.

G. Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Auditor for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude the KCERA from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.

H. Failure by Auditor to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Auditor. KCERA, at its sole option, may terminate this Agreement and obtain damages from Auditor resulting from said breach. Alternatively, the KCERA may purchase such required insurance coverage, and without further notice to Auditor, the KCERA shall deduct from sums due to Auditor any premiums and associated costs advanced or paid by the KCERA for such insurance. If the balance of monies obligated to Auditor pursuant to this Agreement are insufficient to reimburse the KCERA for the premiums and any associated costs, Auditor agrees to reimburse the KCERA for the premiums and pay for all costs associated with the purchase of said insurance. Any failure by the KCERA to take this alternative action shall not relieve Auditor of its obligation to obtain and maintain the insurance coverages required by this Agreement.

VIII. **OWNERSHIP OF DOCUMENTS**

All reports, documents and other items generated or gathered in the course of providing services to the KCERA under this Agreement are and shall remain the property of the KCERA and shall be returned to the KCERA upon full completion of all services by Auditor or termination of this Agreement, whichever occurs first. This shall not include the workpapers generated by the services, which are and shall remain the property of Auditor.

IX. **SUCCESSORS AND ASSIGNS**

It is mutually understood and agreed that this Agreement shall be binding upon KCERA and its successors and upon Auditor and Auditor's partners, successors,

executors, and administrators. Neither this Agreement, nor any part thereof, nor any monies due or to become due thereunder, may be assigned by Auditor without the prior written consent of the KCERA.

X. **INDEMNIFICATION**

Auditor agrees to indemnify, defend (upon request of the KCERA) and hold harmless KCERA and KCERA's agents, Board members, elected and appointed officials and officers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claim, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorneys' fees of counsel retained by the KCERA, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, which arise out of or are in any way connected with any intentional misconduct or negligent error, wrongful act or wrongful omission of Auditor or Auditor's officers, agents, employees, independent contractors, sub-consultants, or authorized representatives. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons; damage to any property, regardless of where located, including the property of the KCERA, and any workers' compensation claim or suit arising from or connected with any services performed pursuant to this Agreement on behalf of Auditor by any person or entity.

XI. **INDEPENDENT CONTRACTOR; AUDITOR'S RESPONSIBILITY; KEY PERSONNEL**

A. In the performance of the services under this Agreement, Auditor shall be, and acknowledges that Auditor is in fact and law, an independent contractor and not an agent or employee of the KCERA. Auditor has and retains the right to exercise full supervision and control over the manner and methods of providing services to the KCERA under this Agreement. Auditor retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Auditor in the provision of services under this Agreement. With respect to Auditor's employees, if any, Auditor shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employment taxes whether federal, state or local, and compliance with any other laws regulating employment.

B. In providing services under this Agreement, Auditor shall exercise the degree of skill and care customarily exercised by similar professionals in the State of California when providing similar services. Auditor understands and acknowledges that the value of its services is in large part derived from the trust and reliance that the Board places in key personnel assigned to the KCERA's audit by Auditor. Auditor agrees that Jason Ostroski, principal, and Tim Rawal, audit manager, will be assigned to this engagement. Auditor shall not make any change to the lead auditor or project manager except upon thirty (30) days' prior written notice to the KCERA.

XII. **NOTICES**

Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express delivery service at the addresses specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received five (5) days after deposit; and notices sent via express delivery service shall be deemed received two (2) days after deposit. A party may change the address to which notice is to be given by giving notice as provided above.

To KCERA: Kern County Employees' Retirement Association
Attn: Dominic Brown, Chief Executive Officer
11125 River Run Boulevard
Bakersfield, CA 93311

To Auditor: UHY, LLP
Attn: Jason Ostroski, Principal
8601 Robert Fulton Drive, Suite 210
Columbia, MD 21046

XIII. **SIGNATORY AUTHORITY**

Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

XIV. **CONSTRUED ACCORDING TO CALIFORNIA LAW**

The provisions of this Agreement shall be construed in accordance with the laws of the State of California.

XV. **VENUE**

This Agreement has been entered into in Kern County, California. Accordingly, the parties agree that any action relating to this Agreement shall be brought in Kern County.

XVI. **NO AUTHORITY TO BIND THE KCERA**

It is understood that Auditor, in its performance of any and all duties under this Agreement, except as otherwise provided in this Agreement, has no authority to bind the KCERA to any agreements or undertakings.

XVII. **NONWAIVER**

No covenant or condition of this Agreement to be performed by Auditor can be waived except by written consent of the KCERA. Forbearance or indulgence by the KCERA in any regard whatsoever shall not constitute a waiver of any covenant or condition to be performed by Auditor. The KCERA shall be entitled to invoke any remedy

available to the KCERA under this Agreement or by law or in equity despite any such forbearance or indulgence.

XVIII. PARTIAL INVALIDITY

Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

XIX. CONFIDENTIALITY

Auditor shall not, without the written consent of the KCERA, communicate confidential information, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that they protect their own confidential information, unless such disclosure is required in response to a validly issued subpoena or other process of law or regulation. Upon completion of this Agreement, the provisions of this paragraph shall continue to survive. Any and all information related to individual members of the KCERA is designated as confidential.

XX. COMPLIANCE WITH LAW

Auditor shall observe and comply with all applicable state and federal laws, ordinances effective in the County of Kern, rules and regulations now in effect or hereafter enacted, each of which are hereby made a part hereof and incorporated herein by reference.

XXI. ENFORCEMENT OF REMEDIES

No right or remedy herein conferred on or reserved to the KCERA is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

XXII. CONFLICT OF INTEREST

The parties to this Agreement have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. Auditor agrees that it is unaware of any financial or economic interest of any public officer or employee of the KCERA relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the KCERA may immediately terminate this Agreement by giving written notice thereof. Auditor shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

XXIII. NONDISCRIMINATION

Neither Auditor, nor any officer, agent, employee, servant or subcontractor of Auditor, shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age or sex, either directly, indirectly or through contractual or other arrangements.

XXIV. CAPTIONS AND INTERPRETATION

Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

XXV. AUDIT, INSPECTION AND RETENTION OF RECORDS

Auditor agrees to maintain and make available to the KCERA accurate books and records relative to all its activities under this Agreement. Auditor shall permit the KCERA to audit, examine and make excerpts and transcripts from such records, and to conduct audits of all invoices, materials, records or personnel or other data related to all other matters covered by this Agreement. Auditor shall maintain such data and records in an accessible location and condition for a period of not less than three (3) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The State of California and/or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon KCERA herein.

XXVI. NON-COLLUSION COVENANT

Auditor represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with the KCERA. Auditor has received from the KCERA no incentive or special payments, nor considerations not related to the provision of services hereunder.

XXVII. NO THIRD PARTY BENEFICIARIES

It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to the KCERA and Auditor. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of the KCERA and Auditor that any such person or entity, other than the KCERA or Auditor, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

[Remainder of this page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been executed as of that date first herein above appearing.

APPROVED AS TO CONTENT:
KERN COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

By _____
Dominic Brown
KCERA Chief Executive Officer

APPROVED AS TO FORM:

By _____
Jennifer Esquivel Zahry,
KCERA Chief Legal Officer

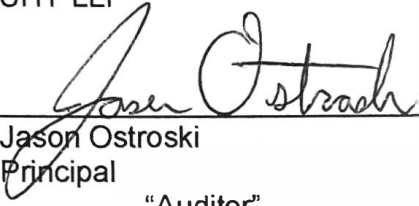
UHY LLP
By  _____
Jason Ostroski
Principal
"Auditor"

Exhibit A

Description of Auditor Services

Audit services

Auditor will audit the schedule of employer allocations of the Kern County Employees Retirement Association, as of and for the fiscal year ending June 30, 2022 and the related notes for this fiscal year. Auditor will also audit the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the schedule of pension amounts by employer of the Kern County Employees Retirement Association as of and for the fiscal year ending June 30, 2022 and related notes for listed fiscal year.

Audit objective

The objective of the audit is the expression of an opinion about whether KCERA's schedule of employer allocations and the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in KCERA's schedule of pension amounts by employer are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and will include tests of KCERA's accounting records and other procedures Auditor considers necessary to enable Auditor to express such opinions.

SPECIAL PAY CODE – NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
Hospital Authority	BS	Bonus Incentive RETEN – Stare Retention Pay EXCLUDED FOR ALL MEMBERS	One time bonus payment. Eligible employees must have been employed on 1/28/22 AND have worked 100+ hours between 7/30/22-10/28/22. The criteria for eligibility was determined by CA Labor Code § 1490 (Hospital and Skilled Nursing Facility COVID-19 Worker Retention Pay). New pay allowance extended to existing pay code	Cal. Gov. Code § 31461(b)(1)(B); Cal. Gov. Code § 31461(b)(1); Cal. Gov. Code § 31461(b)(3); Cal. Gov. Code § 31461.6; PEPRA § 7522.34(c)(3); § 7522.34(c)(10)

SPECIAL PAY CODE CLEAN UP – PENSIONABLE/ NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
KCWA	CB	Computer Reimbursement - KCWA INCLUDED FOR LEGACY EXCLUDED FOR PEPRAs MEMBERS	Per the MOU, the Agency shall reimburse employees up to \$100 for funds spent on home computer equipment. 2022-2024 MOU for General Bargaining Unit section 3 and 2022-2024 MOU for Management, Section 12.	<i>Not excluded from definition of compensation earnable in Cal. Gov. code §31461; PEPRAs § 7522.34(c)(7)</i>

SPECIAL PAY CODE CLEAN UP– NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
SJVAPCD	LP	<p>Longevity Deferred Compensation - SJVAPCD</p> <p>EXCLUDED FOR ALL MEMBERS</p>	<p>Employer contribution to deferred compensation.</p> <p>For all non-management employees who have reached 20 years of continuous service and who meet MOU Performance standards, the employer contributes 2.5% of the employee's regular base salary.</p> <p>~MOU General Bargaining Unit between SJVAPCD and SJVAPCD Employees' Association dated 7/1/2012-6/30/2015, 7/1/2015-6/30/2018, 7/1/2018-6/30/2021</p>	<p>Cal. Gov. code § 31461(b)(1)(A); 31461(b)(1)(B); PEPRA § 7522.34(c)(9)</p>

SPECIAL PAY CODE CLEAN UP - NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
SJVAPCD	MG	MM MGTDCMATC H - SJVAPCD EXCLUDED FOR ALL MEMBERS	Employer's match to employer's deferred compensation plan (up to 2.5%). Management and Executive Staff only.	<i>Cal. Gov. code § 31460; 31461(b)(1); PEPRA §7522.34(c)(1); § 7522.34(c)(9); § 7522.34(c)(12)</i>
SJVAPCD	MT	MT2 ER MATCH - SJVAPCD EXCLUDED FOR PEPRA MEMBERS	Employer's match to employer's deferred compensation plan (up to 6%). PEPRA employees who contribute to the employer's deferred compensation plan only.	<i>PEPRA §7522.34(c)(1); § 7522.34(c)(9); § 7522.34(c)(12)</i>

THE FOLLOWING SPECIAL ALLOWANCE DESIGNATIONS DISPLAY THE SPECIAL ALLOWANCES CLASSIFIED BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO KCERA BOARD'S ADMINISTRATION OF SPECIAL ALLOWANCES POLICY & CA SUPREME COURT ALAMEDA DECISION (7/30/2020)

COMPENSATION EARNABLE

THE FOLLOWING SPECIAL ALLOWANCES ARE CONSIDERED **COMPENSATION EARNABLE** FOR APPLICABLE MEMBERS (MEMBERSHIP BEFORE 1/1/2013).

SPECIAL ALLOWANCE

<u>CODE</u>	<u>FULL LEGEND</u>
CB	COMPUTER REIMBURSEMENT-KCWA

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

SPECIAL ALLOWANCE

<u>CODE</u>	<u>FULL LEGEND</u>
LP	LONGEVITY DEFERRED COMPENSATION-SJVAPCD
MG	MM MGTDCMATCH-SJVAPCD
MT	MT2 ER MATCH-SJVAPCD

PENSIONABLE COMPENSATION

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

SPECIAL ALLOWANCE

<u>CODE</u>	<u>FULL LEGEND</u>
CB	COMPUTER REIMBURSEMENT-KCWA
LP	LONGEVITY DEFERRED COMPENSATION-SJVAPCD
MG	MM MGTDCMATCH-SJVAPCD
MT	MT2 ER MATCH-SJVAPCD



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION


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

Date: April 12, 2023
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer *Dominic D. Brown*
Subject: **Application of Supplemental Retiree Benefit Reserve (SRBR) Annual Actuarial Valuation to SRBR Policy**

The KCERA Supplemental Retiree Benefit Reserve (SRBR) Policy was last amended by the Board of Retirement on September 14, 2022. The policy requires that the Board monitor the long-term funding implications of all SRBR benefits and consider making amendments to the benefits if the funding ratio drops below 95% or exceeds 115% for two consecutive actuarial valuations.

At its meeting on March 22, 2023, the Finance Committee voted unanimously to forward this report to the Board of Retirement. Because the current funded ratio is within the 95% - 115% corridor, it is recommended that your Board receive and file this memo.



Date: April 12, 2023
To: Trustees, Board of Retirement
From: Matthew Henry, Chief Operations Officer 
Subject: **Application of Actuarial Valuation to Declining Employer Payroll Policy**

Introduction

This memo updates your Board on the status of three KCERA plan sponsors following the 6/30/2022 actuarial valuation performed by KCERA's actuary.

Inyokern

On July 31, 2019, the Finance Committee was informed about the Inyokern CSD (ICSD) being reviewed under the Declining Employer Payroll policy. At that meeting it was determined that a triggering event occurred and ICSD was considered a declining employer under the policy. As reported by Segal in their 06/30/2022 actuarial valuation and declining employer letter, ICSD has made the required contributions in accordance with the actuarial calculations. Our recommendation is to continue to monitor the ICSD and evaluate whether any action needs to be considered by the Finance Committee in the future.

Berrenda Mesa Water District

Also on July 31, 2019, the Finance Committee was informed about the Berrenda Mesa Water District (BMWD) being reviewed under the Declining Employer Payroll policy. At that meeting it was determined that a triggering event occurred and BMWD was considered a declining employer under the policy. As reported by Segal in their 06/30/2022 actuarial valuation and declining employer letter, BMWD has made the required contributions in accordance with the actuarial calculations. Our recommendation is to continue to monitor the BMWD and evaluate whether any action needs to be considered by the Finance Committee in the future.

Buttonwillow Recreation and Park District

On July 15, 2022 the Finance Committee was informed about the Buttonwillow Recreation and Park District (BRPD) being reviewed under the Declining Employer Payroll policy. The report recommended continuing to monitor BRPD and evaluate whether any action needs to be considered by the Finance Committee in the future. In reviewing the BRPD after the 06/30/2022 actuarial valuation we recommended to continue to monitor the BRPD and evaluate whether any action needs to be considered by the Finance Committee in the future.

At its March 22, 2023 meeting, the Finance Committee voted unanimously to forward this report to the Board of Retirement. Therefore, it is recommended that your Board receive and file this memo.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: April 12, 2023
To: Trustees, Board of Retirement
From: Jennifer Esquivel Zahry, Chief Legal Officer
Subject: **Declining Employer Payroll Policy**

Introduction

This memo provides proposed updates to the Declining Employer Payroll Policy to reflect new CERL legislation.

Statutory Authority Added to Declining Employer Policy

Staff has updated the Declining Employer Payroll Policy to reflect the addition of California Government Code section 31454.7 to the CERL. In section 31454.7, the Legislature has affirmed the decision in *Mijares.v. Orange County Employees' Retirement System* (2019) 32 Cal.App.5th 316 in which the appellate court found OCERS properly adjusted employer payments on its unfunded liability to ensure appropriate funding of the system.

On March 22, 2023, the Finance Committee unanimously approved the attached edits for recommendation to your Board.

DECLINING EMPLOYER PAYROLL POLICY

PURPOSE AND BACKGROUND

- 1) A participating employer in the Kern County Employees' Retirement Association (KCERA) may experience an actual or expected material decline in the payroll attributable to its KCERA active members (KCERA-covered payroll). This Declining Employer Payroll Policy is intended to establish guidelines by which KCERA intends to assure that such employer will continue to satisfy its obligation to timely fund all unfunded actuarial accrued liability (UAAL) attributable to the employer's active, retired and deferred employees and their beneficiaries by reason of their prior and future service as KCERA members.

BACKGROUND AND OBJECTIVES

- 2) Under KCERA's practices in place prior to the adoption of this Declining Payroll Policy, KCERA generally determined employers' contribution obligations for UAAL by applying a contribution rate recommended by KCERA's actuary to the employer's KCERA-covered payroll (the percentage-of-payroll methodology). For employers whose payrolls are generally consistent with KCERA's actuarial assumptions regarding payroll growth, the percentage-of-payroll methodology is appropriate for the collection of contributions necessary to support the benefits of the employer's active, retired and deferred members.

However, for employers whose KCERA-covered payroll is declining, or is expected to decline, materially over time, the Board of Retirement has determined that the percentage-of-payroll methodology is not the appropriate means of collecting employer contributions owed to the system.

The objectives of this Declining Employer Payroll Policy are to:

- (i) to ensure equitable and adequate funding of UAAL in cases involving employers with declining payrolls,
- (ii) approve procedures for identifying employers who should be subject to this Policy, and
- (iii) approve a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL.

This Policy does not change the methodology regarding how contributions for "normal cost" are determined for participating employers.

Generally, the objectives of this Policy also are to ensure compliance with County Employees' Retirement Law of 1937, California Government Code sections 31450 et seq., as amended ("CERL"), and other applicable provisions of law. Pursuant to CERL sections 31453, 31453.5, 31454, 31454.7, 31581, 31582, 31584, 31585, 31586, 31611, and other applicable provisions of law, the Board of Retirement has plenary authority to recommend adjustments to employer contributions as necessary to ensure the appropriate funding of the system. Under all circumstances a participating employer remains liable, and must make the required appropriations and transfers, to KCERA for the employer's respective share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from KCERA.

It is the Board of Retirement's primary intent to ensure the adequacy of the assets attributable to each employer to satisfy that employer's funding obligations. This will generally require redetermination of the employer's funding obligations annually until fully satisfied. In accordance with this intent, the Board of Retirement will also seek to allow an employer covered by this Policy to satisfy its funding obligation in a manner which provides the employer reasonable flexibility under the circumstances existing from time to time.

This Policy is intended to be consistent with and not supersede the terms of any other existing agreements, policies and guidelines that may be in place between KCERA and the employer.

POLICY PROCEDURES AND GUIDELINES

- 3) Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly-noticed public meeting, the procedures and guidelines for implementing this Policy are set forth below.

COMMENCEMENT OF COVERAGE – TRIGGERING EVENTS

- 4) This Policy covers only those employers for whom the Board determines, based on a recommendation from KCERA's Chief Executive Officer (CEO), that a triggering event as described in this section 4 has occurred and who are not excluded from coverage under this Policy as described in sections 5 and 6 below. The Board hereby directs the CEO to work with KCERA Staff and other KCERA service providers (e.g., the actuary) to obtain the information (e.g., KCERA-covered payroll history) needed for the Board to make determinations regarding triggering events. The CEO is further directed to report to the Board, at least annually, regarding these activities.

- **Triggering event resulting from ceasing to enroll new hires.** Some KCERA participating employers cease to enroll new hires with KCERA but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active KCERA members. These employers' KCERA-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not a KCERA participating employer, or a KCERA employer that is taken over by a state agency whose employees are covered by another pension system such as CalPERS. There may be other examples as well.
- **Triggering event resulting from a material and expected long-lasting reduction in KCERA-covered payroll.** Some employers may experience a material reduction in their KCERA-covered payroll, but nevertheless continue to enroll their new hires with KCERA. The reduction may be sudden (e.g., due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years (due to technological advances, payroll attrition, etc.), and might not be tied to a discrete event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in an employer's KCERA-covered payroll is expected to be permanent, long-lasting or for an indefinite period of time that is greater than a cycle that the employer may typically experience, or a cycle similarly experienced by the other participating employers, if any, in the same KCERA cost group. Necessarily, by its nature, the determination whether this type of triggering event has occurred is more subjective than that described immediately above.

EXCLUSIONS FROM COVERAGE; TERMINATIONS OF COVERAGE

- 5) This Policy also covers only those employers (i) who are financially-viable entities when a triggering event occurs, and (ii) whom KCERA expects to continue indefinitely thereafter to be financially-viable entities. This Policy does not cover any other situation, including, without limitation, an employer going out of business by reason of dissolution, loss of funding, consolidation or merger (unless there is a surviving financially-viable entity that is acceptable to the Board that will make the ongoing appropriations and transfers under the Policy). This Policy also does not cover a "withdrawing employer" who ceases to provide KCERA membership for all of the employer's active KCERA members (i.e., as of a date certain, withdraws both new hires and existing actives from membership with KCERA).

The Board of Retirement recognizes that participating employers covered by this Policy will have UAAL funding obligations for several years. Therefore, if concerns arise during that period of time regarding the employer's ongoing existence as a financially-viable entity, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the retirement system. This includes, without limitation, assessing the projected entire amount of the employer's UAAL (as recommended

by the fund's actuary and approved by the Board) in a manner consistent with KCERA's Employer Termination Policy.

PROCEDURES

- 6)
- A. The CEO will (i) work with KCERA Staff and other KCERA service providers (e.g., the actuary), and KCERA participating employers to obtain the information (e.g., KCERA covered payroll history, employer financial reports, budgets, future financial projections, bond-rating agency submissions) needed for the Board to make determinations regarding likely triggering events and exclusions from, or terminations of, coverage and (ii) report to the Board, at least annually, regarding these activities.
 - B. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will make a determination at a duly-noticed public meeting regarding (i) whether a triggering event has occurred for the employer, (ii) whether the employer should be excluded from coverage under this Policy, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section 5 above. Employers may be required to provide KCERA with updated employee census and payroll data and financial reports. See CERL section 31543.
 - C. If the Board determines that a triggering event has occurred and the employer is not excluded from coverage under the Policy, then, solely for purposes of determining the covered employer's UAAL contribution obligation, KCERA will segregate on its books all assets and liabilities attributable to the employer, based upon the recommendation of KCERA actuary, and shall maintain such separate accounting for the employer until all of the participating employer's obligations to KCERA have been fully satisfied. The employer will be placed in its own cost group for purposes of determining employer and employee contributions. Consistent with section 2 above, the employer's Normal Cost will continue to be based on the active members of the covered employer.
 - D. KCERA's actuary will determine, and certify to the Board of Retirement, the covered employer's funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the dollar amount of the employer's actuarial accrued liability (AAL), including inactive and deferred members. The Board will generally require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed eighteen (18) years, beginning on July 1 of the fiscal year immediately after the year in which the triggering event occurs. In appropriate circumstances, the Board may determine, consistent with its

fiduciaries duties, it is appropriate to collect the necessary contributions in a different manner.

- E. The actuary will use the actuarial valuation performed for KCERA as of the end of the fiscal year immediately prior to the fiscal year in which the triggering event occurs (and based on all of KCERA's then current actuarial assumptions and methodologies) to determine the initial AAL of the covered employer. The initial valuation value of assets (VVA), a smoothed value, will be determined using a pro-rata allocation based on the ratio of the employer's initial AAL to the AAL of all employers in the same cost group. As a result of this methodology, the initial UAAL (i.e., the initial AAL minus the initial VVA) will also be allocated pro-rata based on the covered employer's AAL in proportion to that of the other employers in the same cost group. Later values of the VVA (i.e., those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the actual smoothed (VVA) earnings rate on total KCERA assets.
- F. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, KCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to KCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. KCERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.
- G. If any Surplus remains after the covered employer has fully satisfied all of its UAAL obligations (Final Surplus), KCERA will distribute the Final Surplus in accordance with the terms of applicable law.

POLICY REVIEW AND HISTORY

- 7) This policy will be reviewed at least every five (5) years.
- 8) This policy was:
 - a) Adopted by the Board on May 9, 2018.
 - b) Amended June 8, 2022 [and April 12, 2023](#).

DRAFT

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- G. If any Surplus remains after the covered employer has fully satisfied all of its UAAL obligations (Final Surplus), KCERA will distribute the Final Surplus in accordance with the terms of applicable law.

POLICY REVIEW AND HISTORY

- 7) This policy will be reviewed at least every five (5) years.
- 8) This policy was:
 - a) Adopted by the Board on May 9, 2018.
 - b) Amended June 8, 2022 and April 12, 2023.



Date: April 12, 2023
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer *Dominic D. Brown*
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.

On March 29, 2023, I initiated the evaluation period for the following providers:

- 1) RFP – Financial Audit
- 2) RFP – Other Audit Services

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

Initiation of Service Provider Evaluation Period

April 12, 2023

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breach this policy may be sanctioned in accordance with the KCERA Code of Conduct.

(See Evaluation Period Policy).

Pursuant to the aforementioned policies, staff recommends your Board ratify the evaluation period I instituted on March 29, 2023.

Kern County Employees' Retirement Association

Governance Report —
July 1, 2021 – December 31, 2022



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Kern County Employees' Retirement Association Governance Report

Introduction

The Board of Trustees (“Board”) of the Kern County Employees’ Retirement Association (“KCERA”) has created a robust governance framework including the adoption of charters and policies. The charters and policies delineate roles and responsibilities and provide guidance to the various parties involved in the governance of KCERA.

The Board Governance Consultant is responsible for providing an annual review of compliance with the Board’s adopted governance policies and charters. The review does not constitute an audit, but rather a review of practice compliance with policies and charters. This Governance Report (“Report”) focuses on compliance between July 1, 2021, and December 31, 2022 (“Review Period”). Future Reports will revert to a calendar, rather than fiscal, year review.

Our Report follows the general format of prior Reports-summarizing the Board policies and setting forth our compliance findings. In formulating our compliance findings, we reviewed the applicable polices and charters, relevant board and committee minutes, and held discussions with Staff. Our review did not indicate a need for any policy or charter changes.

The adopted policies and charters are to be reviewed for any revisions at least every five years. The required five- year policy and charter in-depth review was last completed by the Board in 2021, which followed the prior review in 2016.

As the Report will show, we believe that the Board and Staff are mindful of their governance responsibilities, and all contribute to the strong governance framework at KCERA.

Trustees are encouraged to be familiar with the provisions of the policies and charters listed below.

Policies	Charters
1. Board Operations Policy	1. Board of Retirement
2. Board Communications Policy	2. Board Chair
3. Service Provider Evaluation Policy	3. Vice Chair
4. Evaluation Period Policy	4. Committee Chair
5. Monitoring and Reporting Policy	5. Administrative Committee
6. Chief Executive Officer Evaluation Policy	6. Finance Committee
7. Chief Executive Officer Succession Policy	7. Investment Committee
8. Trustee Education Policy	8. Nominating Committee
9. Trustee Travel Policy	9. Chief Executive Officer
10. Due Diligence and Service Provider Selection Policy	10. Secretary to the Board
11. Code of Conduct	
12. Board Performance Evaluation Policy	

The Board Operations Policy

Summary

Purpose

- a) The Board Operations Policy outlines Board administration based upon State law and accompanying Regulations (formerly Bylaws).

Board Officers

- b) The Board annually elects a Board Chair and Vice Chair.
- c) A nominating committee will be formed at the regular board meeting in October. The nominating committee shall recommend a nominee each for Chair and Vice Chair to the full Board.
- d) The nominating committee presents its slate of nominees to the Board at the December meeting. The Board Chair will also accept other nominations, which may be made by any member of the Board. The Board shall subsequently elect a Board Chair and a Vice Chair at this meeting.
- e) The elected Chair and Vice Chair shall serve one-year terms.
- f) 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.
- g) If the Chair is unable to complete his or her term, the Vice-Chair will be the successor.
- h) If the Vice-Chair is unable to complete his or her term, the Board will elect a new Vice-Chair for the balance of the term at the next regular board meeting.
- i) 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 will assume the role of the Chair for the meeting in question.

Committees

- j) In consultation with the Chief Executive Officer, the Board may approve the establishment of standing and ad hoc committees.
- k) The Board will approve a charter for each standing committee.
- l) Except for the Nominating Committee, standing committees will be composed of four regular members and one committee alternate member.
- m) Committee members, alternates, and chairs will be appointed by the incoming Board Chair at the first regular meeting following the board officer elections. The Nominating Committee will

consist of two members designated by the Board Chair and two members designated by the full Board. Committee members are designated annually at a regular meeting in October.

- n) In determining committee appointments, the Chair will consider a) Trustees' area of expertise and experience; b) Trustees' varying interests; and c) the need to rotate Trustees such that Trustees acquire exposure to various functions.
- o) The Board may assign or delegate to any committee the task of reviewing policies and decisions and providing recommendations for Board consideration. The Board reserves the option to adopt a decision or policy without considering committee analysis and recommendations if the Board determines that it is prudent and appropriate based on the circumstances.

Meetings

- p) Regular meetings of the Board are to be held on the second Wednesday of each month at 8:30 a.m.
- q) If necessitated, the Chief Executive Officer, in coordination with the Chair, may reschedule a Board meeting. Any scheduled committee meeting may be cancelled 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 cancelling the meeting.
- r) Special meetings may only be called, as provided in California Government Code Section 54956.
- s) If the Chair or Vice-Chair is unavailable to chair a meeting, the most recent past Chair who is a current serving Board member will assume the role of the Chair for that meeting.

Committee Meetings

- t) At its first meeting each year, standing committees will establish a forward yearly schedule of meetings and agendas, and provide such schedules to the Board for review. The Administrative, Finance, and Investment Committees will meet on a scheduled or ad hoc basis at the discretion of the Chief Executive Officer, Board Chair, the relevant committee, or Chair of the relevant committee.
- u) If the committee chair is unavailable to attend a meeting, 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.

Agendas and Meeting Materials

- v) The Secretary to the Board (Chief Executive Officer) will prepare, distribute, and post a written agenda for all regular meetings of the Board and standing committees. The agenda will be

posted in accordance with the Brown Act and materials distributed to Trustees generally five days prior to the meeting. Committee meeting agendas will be posted 72 hours prior to a committee meeting. Committee materials will generally be distributed no later than the day before the meeting.

Meeting Practices

- w) Board and committee meetings are governed by the Board Operations policy, including the Simplified Rules of Order (Appendix A of policy), the Regulations, and open meeting laws and other applicable laws.
 - i. Any question regarding the conduct of a meeting not addressed by these laws is to be determined by the Board Chair or applicable committee chair. Any determinations will only apply to the meeting in question. Should a Board member seek reconsideration of any decision that resulted from the original determination, they may do so in accordance with Appendix A of this policy.
 - ii. A Board quorum is five Trustees, and five concurring votes among Trustees is necessary for a decision.
 - iii. Quorum for committee meetings will consist of three appointed members of the committee. A committee alternate will attend a committee meeting to satisfy a quorum when necessary. Committee chairs may designate an additional temporary member to achieve quorum for a committee.
 - iv. Minutes will be recorded for all Board and committee meetings and presented for approval at the next regular meeting of the Board or committee.

Board Policies

- x) The Board will abide by all board policies unless imprudent to do so. Material deviations in policy will be noted in the minutes along with the reasons for the deviation, and the Board may direct the Chief Executive Officer to review the policy in question. Minor deviations in procedures are not required to be noted in the minutes.

Aon Compliance Comments

- 1. Consistent with policy:
 - a. The Board elected a Chair and Vice Chair in December 2021 for calendar year 2022, and in December 2022 for calendar year 2023. The Nominating Committee put forth their recommendations at both December meetings.
 - b. The 2022 committee assignments were approved at the January 2022 Board meeting.
 - c. At its October meetings in 2021 and 2022, the Board approved its 2022 and 2023 meeting schedule. The scheduling of regular Board meetings was approved by the Board in October of each year during the Review Period and occurred as approved.

- d. The scheduling of regular Board meetings was generally consistent, with minor deviations that were approved by the Board.
- e. During the Review Period, the Investment Committee Chair was absent for a meeting. The Board Chair appointed a committee chair for purposes of the meeting. The Chair of the Finance Committee was absent for a meeting, and the Board Chair served as committee chair for purposes of the meeting.
- f. Meeting agendas were posted publicly on the KCERA website at least five days in advance of the regular meeting.
- g. KCERA Administration confirmed that Trustees receive meeting agendas and materials appropriately in advance of meetings, in compliance with legal requirements.
- h. Quorum and voting rules were observed for all Board and committee meetings and all meeting minutes were presented for approval to the Board and Committee at the next regularly scheduled meeting.
- i. The last comprehensive review of Board charters and policies was accomplished in 2021, which conforms to the minimum five-year review cycle.
- j. No issues were identified for consideration.

The Board Communications Policy

Summary

Background

- a) The purpose of the Board Communications Policy is to facilitate effective communication between relevant internal and external parties.
- b) Trustees are expected to:
 - i. Comply with all applicable open meeting legislation including the Brown Act;
 - ii. Communicate with all parties in a straightforward, respectful, and constructive manner; and
 - iii. Share information of a fiduciary nature pertinent to KCERA's affairs with the Board and Management in a timely manner.
- c) Trustees are encouraged to provide advance notice to an individual regarding questions or concerns they intend to raise with that party at a board or committee meeting.

Communications with Staff

- d) Material communications between Trustees and Staff should happen through the Chief Executive Officer, Assistant Chief Operations Officer, Chief Investment Officer, and/or Chief Legal Officer.
- e) Board or committee authorization is required prior to a Trustee making a request of Staff that requires a material expenditure of Staff time or use of external resources.

Communication with Members

- f) Trustees will not attempt to educate or counsel Plan Members about their personal benefit entitlements, and instead, will direct Plan Members to the KCERA website or office, or directly to senior management of KCERA.
- g) Trustees will not have ex-parte communications related to a quasi-adjudicative application made to the Board.

Communication with Service Providers

- h) Material communication by Trustees with service providers should be limited to board or committee meetings or arranged through Management. Any material communications between a Trustee and a service provider should be disclosed to the chair and the Chief Executive Officer.
- i) Trustees will not communicate with specified service providers during Evaluation Periods.
- j) In communicating with service providers, Trustees will refrain from disclosing privileged information that may be perceived as granting special treatment or favoritism.
- k) Trustees will refer investment opportunities received from service providers to the Chief Investment Officer and the Chief Executive Officer.

Communication with the Media and Other External Parties

- l) Press releases concerning KCERA will generally be the responsibility of the Chief Executive Officer. Such releases will be shared beforehand with the Board or, if time does not permit, with the Chair.
- m) Unless authorized to do so, Trustees will not communicate on behalf of the Board nor will they make any commitments, or leave the impression of making commitments, on behalf of the Board or KCERA.
- n) Trustees communicating publicly about issues relating to KCERA are required to preface their statements with a disclaimer indicating they are expressing their own opinion and not one of KCERA.
- o) Trustees are not to use KCERA resources to communicate their personal views to Stakeholders.
- p) Trustees wishing to make a public presentation or distribute information about KCERA will provide such materials to the Chief Executive Officer or Chief Legal Officer to be reviewed prior to presentation or distribution.

Spokesperson Guidelines

- q) The Chief Executive Officer is the spokesperson for KCERA and will confer with the Chair prior to communicating about significant issues.
- r) In the absence of the Chief Executive Officer, the Chief Operations Officer will serve as spokesperson for KCERA and, in turn, in the absence of the Chief Operations Officer, the Chief Legal Officer will serve as the spokesperson.
- s) As determined by the Board, the Chair may serve as spokesperson in particular situations.
- t) Spokespersons should only communicate positions that have been decided on by the Board, or that reflect the Board's official views or policies.

Aon Compliance Comments

Aon urges periodic Trustee training regarding this topic to remind Trustees of the policy guidelines. The most recent training was conducted by the Chief Legal Officer in April 2022. Please note this policy is highly subjective, making evaluation less definitive for purposes of this report.

Service Provider Evaluation Policy

Summary

Background

- a) The following are considered “Key Service Providers:”
 - i. consulting actuary
 - ii. auditor
 - iii. investment consultants
 - iv. custodian
 - v. legal counsel

Guidelines

- b) A combination of subjective and objective methods of evaluation will be used to assess the performance of the Key Service Providers. Investment managers will be evaluated according to investment policies and practices that have been developed by KCERA in consultation with its investment consultants.
- c) With the exception of the auditor, Management is responsible for determining the most effective methods for evaluating Key Service Providers and for performing the evaluations and will regularly inform the Board of the methods and results.
- d) The Chair and the Chief Executive Officer may meet with the service provider in question to review evaluations and discuss any actions that may arise from the evaluation.
- e) Committee chairs may also participate in the meetings as follows:
 - i. Review of investment consultant – Investment Committee Chair
 - ii. Review of actuary – Finance Committee Chair
 - iii. Review of auditor – Finance Committee Chair
 - iv. Review of custodian – Administrative Committee Chair
 - v. Review of Legal counsel – Administrative Committee Chair
- f) The Finance Committee, consistent with its Charter, will be responsible for reviewing the engagement of the financial auditor approximately every five years with regards to performance, internal quality control procedures, fees, qualifications, and independence; and for making recommendations to the Board. In so doing, the Finance Committee may seek appropriate support from Management.

Subjective Evaluation Methods

- g) Key Service Providers will be assessed relative to subjective criteria such as responsiveness, communications, quality of advice, and service quality.
- h) KCERA management will evaluate a given service provider using surveys, discussion guides, or other appropriate tools. The Chief Executive Officer determines which Staff members will participate in evaluating each service provider.

Objective Evaluations

- i) Management may undertake objective evaluations of Service Providers as appropriate (e.g., to address issues such as technical proficiency, accuracy, cost effectiveness and independence). Such evaluations may involve assistance from independent third-party experts.
- j) Methods for evaluating technical proficiency may nonexclusively include the following:
 - i. Periodically retaining an actuarial auditor to audit the actuarial methods and accuracy of the consulting actuary;
 - ii. Periodically reviewing peer assessments of the financial auditor; and
 - iii. Obtaining independent evaluations of the investment consultant and the custodian.

Key Service Providers

- k) Management will strive to periodically evaluate the independence and objectivity of Key Service Providers by requesting that Key Service Providers:
 - i. Disclose actual or potential conflicts of interest;
 - ii. Indicate compliance with industry or regulatory standards or guidelines concerning conflicts of interest (e.g., the guidelines for independence set out by the U.S. Securities and Exchange Commission concerning investment consultants); or
 - iii. Disclose any other information that may indicate an impediment to the service provider's objectivity.

Requests for Proposals for Current Service Providers

- l) Relationships with Key Service Providers will be formally reviewed from time-to-time to determine whether an RFP process should be initiated to confirm the suitability of the current relationship or to seek an alternative supplier. The timing of such reviews will be staggered to reflect available time and resources within KCERA but should generally occur approximately every five years. In each case, following such reviews, Management will provide a recommendation to the Board as to whether an RFP or other undertaking should be initiated.
- m) In the case of audit and actuarial services, KCERA should generally issue an RFP approximately every six years.

Aon Compliance Comments

1. All Key Service Provider relationships are required to be formally reviewed from “time-to-time” and should generally be performed every six years. Consistent with this policy, Key Service Provider relationships have been reviewed by KCERA as outlined below:

Key Service Provider	Last Formal Review	Last RFP Issued
Consulting Actuary	2022	2014
Auditor	2020	2020
Custodian	2021 (services renewed, contract extension in 2020)	2014
General Investment Consultant	2022	2020 (contract extension)
Fiduciary Counsel	2021	2012

2. The 2022 Board Self-Assessment included Board satisfaction ratings for the key service providers.
3. No issues were identified for consideration.

Evaluation Period Policy

Summary

1. The Evaluation Period Policy ensures that decisions involving the selection, retention, or termination of KCERA service providers are consistent with fiduciary standards of conduct and provide fair treatment.
2. The Board shall institute an “evaluation period” when:
 - a. A request for proposals (RFP) has been issued by KCERA or a short list of candidate firms has been identified for consideration by KCERA, whichever occurs first;
 - b. Material concerns have been identified about the performance and continued suitability of a KCERA service provider; and
 - c. The Board otherwise deems it to be in the best interest of KCERA and its members and beneficiaries to do so. Use of evaluation periods shall be limited to investment managers and partners, investment consultants, legal counsel, and actuarial firms.
3. During evaluation periods:
 - a. Trustees shall not communicate with the specified service providers (except during board or committee meetings or KCERA-authorized due diligence visits) or accept gifts from the specified service providers (e.g., meals, travel, and hotel).
 - b. Notwithstanding the above, Trustees who need to communicate with such service providers for reasons unrelated to KCERA business shall disclose such need to the Board prior to such communications, or, when circumstances do not permit timely disclosure to the Board, the Trustee shall provide disclosure of the intended communication to the Chief Executive Officer and to the Chair or Vice-Chair.
 - c. KCERA Staff may communicate with service providers only in context of normal due diligence. Face-to-face meetings between Staff and the specified service providers shall take place in normal office settings.
4. Evaluation periods shall cease when a service provider has been appointed by the Board, when the search process in question has ended, or when the evaluation period is otherwise ended by action of the Board.
5. This policy shall be incorporated into RFPs and other similar documents.
6. Service providers that breach this policy may be terminated or disqualified from the search process, while Trustees who breach this policy may be sanctioned in accordance with the KCERA Code of Conduct.

Aon Compliance Comments

1. Consistent with the policy:
 - a. Evaluation periods were initiated for service providers when an RFP was issued during the Review Period. Service providers covered by the evaluation periods included

governance consultant, consulting actuary, general consultant, and investment managers.

- b. The Board has been consistent in its ratification of the establishment of evaluation periods.
- c. No issues were identified for consideration.

Monitoring and Reporting Policy

Summary

- a) The Board will be provided with routine reports in the following key areas: i. Governance; ii. Investments and Funding; and iii. Administration and Operations.
- b) Appendix I accompanies this policy and provides a list of specific routine reporting requirements.
- c) Requests by Trustees for additional routine reports shall require Board approval and an amendment to Appendix 1 of the Monitoring & Reporting Policy.

Aon Compliance Comments

- 1. Consistent with the policy, the Board received the following routine reports during the Review Period:
 - a. Governance:
 - i. Board Performance Evaluation;
 - ii. Chief Executive Officer (ED) Evaluation;
 - iii. Annual Governance Report; and
 - iv. Trustee Education Report.
 - b. Investments and Funding:
 - i. Monthly Investments and Quarterly Investment Performance Reports;
 - ii. Rebalancing Report;
 - iii. Asset allocation, budget status, cash flow position and investment fees status report;
 - iv. Investment Manager Compliance Report;
 - v. Report of the CIO;
 - vi. Proxy Voting;
 - vii. Securities Lending;
 - viii. Class Action Securities Litigation and Proceeds Report;
 - ix. Securities Lending Earnings Summary Report;
 - x. Actuarial Valuation;
 - xi. Actuarial Experience Study;
 - xii. Actuarial Audit; and
 - xiii. Due Diligence reports
 - c. Administration and Operations:
 - i. Benefits & Activities Report;

- ii. Strategic/Business Plan Status Report;
- iii. Budget Variance;
- iv. External Financial Audit; (independent auditor's report)
- v. Comprehensive Annual Financial Report (CAFR);
- vi. Cost Effectiveness Report;
- vii. Report on Special Pays Codes
- viii. Reports of the Chief Executive Officer and General Counsel; viii. Corrections of Errors in Benefit Payments;
- ix. Due Diligence Schedule;
- x. Reports on Internal Controls; and
- xi. Disabilities Reports

- 2. No issues were identified for consideration.

Chief Executive Officer Performance Evaluation Policy

Summary

- a) The Board, with input from all Trustees, is responsible for annually evaluating the Chief Executive Officer's performance. The Administrative Committee will coordinate the evaluation process.

Evaluation Criteria

- b) The Chief Executive Officer will meet with the Administrative Committee to review the performance criteria to be used in the upcoming evaluation period. All evaluation criteria shall be recommended for Board approval.
- c) The evaluation will be based on the following minimum criteria:
 - i. Board satisfaction with the Chief Executive Officer's general leadership, management, and administrative skills, as assessed by a survey administered to all Trustees;
 - ii. Objective criteria established by the Board (e.g., service quality targets, implementation of specified initiatives);
 - iii. Any special, one-time criteria covering unique issues or circumstances.
- d) Evaluation criteria will generally be objective and measurable and pertain only to outcomes over which the Chief Executive Officer has a high degree of control.

Evaluation Process

- e) The Chief Executive Officer will provide Trustees with an Evaluation Package to assist in the Board's evaluation of the Chief Executive Officer's performance. This package will include: i. all agreed-upon criteria; ii. the Chief Executive Officer's own assessment of his or her performance; and iii. the Chief Executive Officer Performance Evaluation survey. This material is to be treated confidentially.
- f) The Administrative Committee has the authority to approve changes to the Chief Executive Officer Performance Evaluation survey.
- g) Trustees will complete the Chief Executive Officer Performance Evaluation survey, the results of which shall be tabulated by the Administrative Committee or a designated third-party.
- h) The Administrative Committee shall meet in executive session to review the results of the survey and prepare a summary of results and recommendations.

- i) The Chair of the Administrative Committee will report to the Board on its evaluation. The meeting will be held in executive session and the Chief Executive Officer will be invited to attend. Following this meeting, the Chief Executive Officer may meet with individual Trustees to discuss specific comments or concerns raised during the evaluation.

Aon Compliance Comments

1. Aon revised the prior year's Chief Executive Officer Evaluation Survey and issued the Chief Executive Officer Evaluation Packet and Survey for 2022 on October 26, 2022. Ten Trustees completed the survey by the November 7 deadline.
2. The Survey addressed the following topic areas:
 - a. Leadership Skills;
 - b. Administration/Management;
 - c. Support to the Board;
 - d. Stakeholder Relations;
 - e. Communication Skills; and
 - f. Personal Skills/Knowledge/Professionalism.
2. Survey respondents had the opportunity to provide written comments throughout the Chief Executive Officer Evaluation Survey.
3. On November 8, 2022, Aon provided the Survey results to Chair of Admin Committee and Chief Executive Officer.
4. The Administrative Committee met on November 16, 2022, to review the results of the 2022 Chief Executive Officer Performance Evaluation survey which was reviewed by the full Board on December 14, 2022.
5. The Administrative Committee also met on and March 23, 2022, to review the criteria and weights for the upcoming fiscal year for recommendation to the Board. The Board subsequently approved the criteria in April 2022.
6. No issues were identified for consideration.

Chief Executive Officer Succession Policy

Summary

Provisions

- a) The Chief Executive Officer is responsible for developing an internal Succession Plan for key Staff positions, including provisions that would apply in the event of concurrent vacancies of Chief Executive Officer and Chief Operations Officer. The Chief Executive Officer is to periodically review the plan with the Chair of the Administrative Committee and provide an annual verbal report to the Administrative Committee.
- b) The Board established the position of Chief Operations Officer to ensure support to, and continuity, the Chief Executive Officer. The Chief Operations Officer is to be familiar with all aspects of KCERA administration to help ensure support and continuity to the Chief Executive Officer.
- c) The Chief Executive Officer and the Chief Operations Officer should avoid traveling long distances together, as feasible.
- d) In the event of the Chief Executive Officer's inability to carry out duties due to illness or incapacity and is unable to appoint an Acting Chief Executive Officer, the Chief Operations Officer shall assume the role as Acting Chief Executive Officer until either the Chief Executive Director is able to resume duties, or upon determination of the Board.
- e) If there is a vacancy of the Chief Executive Officer, the Chief Operations Officer shall be the Acting Chief Executive Officer until the Board selects a successor or until the Board determines otherwise. Alternatively, the Board may appoint the Chief Operations Officer as interim Chief Executive Officer.
- f) If there is a vacancy or the Chief Executive Officers provides a resignation or retirement notice, the Board shall promptly meet to determine if there will be a search process and how it will be conducted.
- g) If a Board member who has been off the Board for more than one year and wishes to apply for the Chief Executive Officer provision, the guidelines set forth in the Policy must be followed.

Aon Compliance Comments

- 1. The Chief Executive Director reported on Staffing issues during each of his Board meeting reports during the Review Period,
- 2. Additionally, after the Board discussion of development of new positions for future use by KCERA during the June 8, 2022, Board meeting, the Board referred the matter to the

Administrative Committee to develop a process regarding new positions and return to the Board to consideration and approval. The Administrative Committee discussed during its September 19, 2022, meeting and directed Staff to initiate creation of selected structure delegating position development to the Chief Executive Director, and to bring back the necessary charter revisions to the Administrative Committee. At its November 16, 2022, meeting, the Administrative Committee approved those charter changes for recommendation to the full Board. The Board approved the charter changes at its December 14, 2022, meeting, with the direction to add the relevant human resources report to the Consent Agenda.

3. No issues were identified for consideration.

Trustee Education Policy

Summary

Requirement

- a) Trustees are required to have at least twenty-four hours of Trustee education within the first two years of assuming office, and every two years thereafter.
- b) Trustees must obtain Board approval when seeking to expend KCERA funds on educational activities.
- c) Trustees are permitted to attend up to six External Educational Programs every two years. External Education Programs include education sponsored by third parties, including conferences, workshops, and seminars.
- d) Trustees must complete an Education Program Attendance Report after attending an external Education Program or receiving on-line education.
- e) Management maintains records of Trustee compliance with the policy and provides a semi-annual report. The semi-annual reports are posted on the KCERA website.

Orientation

- f) New Board member orientation is to take place within forty-five days of joining the Board, with follow up orientation/discussions with the Chief Executive Officer within six months.
- g) New Trustees are encouraged to attend Board/Committee meetings in advance of meetings as an observer.
- h) Within the first forty-five days, Trustees should be assigned a Trustee mentor, tour the KCERA offices, be introduced to all members of management and Staff, and be provided with briefings by the Chair and/or Chief Executive Officer and legal Staff.
- i) New Trustees are encouraged to attend the CALAPRS “Basic Principles of Pension Management” during their first year. New Trustees are also to be provided with the Trustee Handbook and relevant documentation, as delineated in the Policy.

Qualifying Education

- j) There are a variety of ways that satisfy the required education, including new Trustee orientation sessions, External Education programs, in-house continuing education, on-line or

computer-based education programs, academic or self-study programs, as well as credits from educational activities required to maintain a Trustee's related professional designation.

- k) Trustees are encouraged to attend one External Education Program annually, one multi-day external program every two years, as well as internal education and education necessary to fulfill assigned committee duties.
- l) Appropriate topics for education may include, but are not limited to fiduciary responsibilities, ethics, investments and investment program management, actuarial matters, benefits administration including disability evaluation, and governance.
- m) For those educational activities that do not require the expenditure of KCERA funds, the Chair and Chief Executive Officer will determine if the activity counts towards the educational requirements.
- n) The Policy also promotes the sharing of educational opportunities by Management and Trustees.

Aon Compliance Comments

1. Consistent with the policy:
 - a. Several in-house education sessions were provided to the Board and standing committees during Board meetings. Appendix B lists the sessions provided during the review period.
 - b. Three new Trustees joined the Board during the review period. Staff provided the required orientation during the first forty-five days with a second session within six months thereafter. Staff operated pursuant to an orientation plan and provided new Trustees with the required documentation and briefings by key senior Staff.
 - c. The Education Compliance Reports ended December 2022 and December 2023 indicate that:
 - i. Four Trustees had education cycle January 2020-December 2021. One Trustee was short of the required 24 hours.
 - ii. Three Trustees has education cycle January 2021-December 2022. One Trustee was short of the required hours.
 - iii. Although not required, all but one Trustee attended a yearly External Education Program.
2. Trustees are encouraged to ensure they are completing the required educational hours through the various educational opportunities available to them.

Trustee Travel Policy

Summary

- a) Trustees shall seek to obtain pre-approval by the Board for travel. Trustees shall only be reimbursed if approved by the Board.
- b) KCERA Trustees should be mindful of anticipated costs. KCERA will only pay for, or reimburse travel or business-related expenses directly to Trustees, excluding family or acquaintances.
- c) Travel arrangements must be made through the office of the Chief Executive Officer.
- d) The Chief Executive Officer is required to recommend to the Board a travel policy to Staff that is generally in line with the Trustee Travel Policy guidelines.

Aon Compliance Comments

- 1. During the Review period, Trustees obtained Board pre-approval for education related travel, and made travel arrangements through the Chief Executive Officer's office. Our review does not include an audit of travel expenses which is not within the scope of our review.
- 2. No issues were identified for consideration.

Due Diligence and Service Provider Selection Policy

Summary

Guidelines

- a) The Board or its committees play an active role in the selection of those services providers that advise or work with the Board directly, serve as an independent check on KCERA operations, or may have a material impact on KCERA's performance. Examples of such services providers include the actuary, independent fiduciary counsel, financial auditor, and investment managers.
- b) The Policy provides the Chief Executive Officer with autonomy and authority to select service providers that do not fall within the parameters outlined above to be selected by the Board or committee.
- c) In cases where the Board or committee appoints a service provider, Staff will provide adequate background information, analysis with their recommendation. Staff may employ consultants and advisors in performing any due diligence related to the recommendations. With respect to investment manager recommendations, Staff shall provide any drawbacks of finalist firms that were not recommended.

Due Diligence

- d) Staff or consultants are required to conduct follow-up on-site due diligence at set frequencies, for example, the investment consultant every five years, investment managers every three years, and other service providers as deemed necessary.
- e) Staff is also required to provide the Board with a three-year calendar of scheduled on-site due diligence visits, as well as a summary report on the results of each visit.
- f) Every investment manager that the Staff and consultant recommend to the Board must have undergone on-site due diligence visits conducted jointly by the CIO and Investment Consultant, with outline exceptions.
- g) Investment Staff may conduct on-site due diligence meetings for ongoing oversight and to further understanding of the manager's products, methods, or capabilities.
- h) In cases where Staff has authority to appoint a service provider, Staff must ensure all due diligence is performed in accordance with applicable policies and procedures.

Aon Compliance Comments

1. Consistent with the policy:
 - a) The Board approved thirteen investment funds and managers, fiduciary counsel, governance consultant, actuarial consultant, and general investment consultant. In all cases, the Board considered committee and Staff recommendations.
 - b) Staff confirmed that the investment consultants perform on-site due diligence for investment managers at least triennially.
 - c) Due to the pandemic, Staff conducted virtual due diligence of Albourne America in November 2021. Staff conducted an onsite due diligence of Verus Advisory in November 2022. According to the Due Diligence Schedules provided to the Board during the Review Period, planned onsite due diligence are scheduled for Cambridge Associates in 2024, and Albourne America and Verus Advisory in 2026.
2. No issues were identified for consideration.

Code of Conduct

Summary

- a) Trustees are expected to act with decorum, integrity and professionalism, and refrain from behavior or activity that may reflect poorly on the image of KCERA or the Board. Trustees have a duty to comply with all Board policies and rules, as well as applicable laws, including fiduciary standards. Trustees are expected to make good faith efforts to attend Board and committee meetings on which they serve, be prepared, and engaged in all meetings. Trustees should also build and maintain knowledge necessary to meet their fiduciary responsibilities.
- b) If a Trustee fails to attend 75% of all Board meetings and/or 75% of committee meeting on which they serve, the Trustee's attendance shall be reviewed.
- c) If a Trustee believes the conduct of a fellow Trustee falls short of the Code of Conduct expectations, the Trustee should discuss with the fellow Trustee or ask the Chair or Vice-Chair to address the matter or ask that the issue be placed on the Board's agenda for consideration.
- d) The Policy lists the potential actions the Board may take if the Board determines the conduct of the Trustee falls short of the Code of Conduct expectations but must first provide the Trustee an opportunity to respond to the Board at a board meeting.

Aon Compliance Comments

- 1. The scope of our Review does not enable a compliance check on individual Trustees' compliance with the provisions of the Code of Conduct. Trustees are urged to be familiar with the provisions of the Code of Conduct.
- 2. During the Review Period, One Trustee did not meet the 75% minimum attendance requirement for Board meetings. However, all Trustees met the minimum attendance requirement for committee meetings.
- 3. Other than the one board meeting attendance finding described above, there were no issues noted for consideration. Please see *Appendix A* for a summary of Trustee attendance.

Board Performance Evaluation Policy

Summary

1. For the purposes of continually developing and improving its own effectiveness, the Board engages in an annual self-evaluation limited to its operations and decision-making practices.
 - a. The Administrative Committee is responsible for coordinating the process and making any resulting recommendations from the self-evaluation.
 - b. The self-assessment is administered by a third-party designated by the Administrative Committee or the Chief Executive Officer. The survey is anonymous, and no ratings or comments are attributed to any board member.
 - c. The process is a survey administered to Board members followed by optional individual interviews with each board member.
 - d. The third-party provides the Administrative Committee with a summary of the survey and any interview results. The Administrative Committee Chair shall facilitate discussion and either share with the Board or direct the third-party administrator to report the results for consideration by the Board.

Aon Compliance Comments

1. Consistent with the Policy:
 - a. In February 2022, the Administrative Committee reviewed and approved revisions to the 2022 Self-Assessment and Educational Needs Assessment.
 - b. The Board Self-Assessment and Education Needs Assessment was administered by Aon through Survey Monkey. Nine Trustees participated. The survey addressed, among other things, fiduciary responsibility and conflicts, governance, transparency, roles and responsibilities, performance measures and compliance, knowledge and skills, access to information, risk management and compliance, meeting effectiveness, key vendors, and board education.
 - c. Board members were invited to participate in voluntary post-survey interviews.
 - d. The Administrative Committee reviewed the results of the survey at its April 22, 2022, meeting. On May 4, 2022, the full Board reviewed the results. In June 2002, the Board was provided with a summary memorandum reflecting the survey results discussions.
2. No issues were identified for consideration.

Appendix A

Current Trustees — Attendance Summary

Board Meetings- July 1, 2021-December 31, 2022

Trustee	Total meetings	Total meetings attended	Total Meetings Missed
Adams	13	13	0
Contreras	13	9	4
Couch	20	18	2
Franey	20	17	3
Gonzalez	20	18	2
Hughes	20	18	2
Kaufman	20	16	4
Kratt	20	20	0
Nunneley	20	16	4
Seibly	20	19	1
Whitezell	20	19	1

Trustee	Total meetings	Total meetings attended	Total Meetings Missed
Adams	5	5	0
Contreras	5	5	0
Couch	10	8	2
Franey	12	11	1
Gonzalez	14	13	1
Hughes	10	8	2
Kaufman	11	9	2
Kratt	11	10	1
Nunneley	4	3	1
Seibly	7	7	0
Whitezell	13	12	1

Appendix B

In-House Education

Topic	Date	Educational Hour Credit
Investment Committee		
Trustee Education regarding Capital Efficiency - Investment Committee	12/14/21	0.5
Board		
Trustee Education regarding Venture Capital	12/8/2021	0.35
Trustee Education regarding Capital Efficiency Program and Potential Changes	2/9/2022	0.7
Trustee Education regarding Disability	3/3/2022	1.5
Trustee Education regarding Fiduciary Responsibility and Governance	3/9/2022	0.78
Trustee Education regarding Board Communication Policy	5/4/2022	0.38
Trustee Education regarding Tail Risk Hedging	5/4/2022	0.58
Further Trustee Education regarding Tail Risk Hedging	6/8/2022	0.62
Trustee Education regarding Cybersecurity	10/12/2022	1.0
Trustee Education regarding KCERA Benefit History	10/12/2022	0.88
Trustee Education regarding the Attorney Client Relationship	10/12/2022	0.63
Trustee Education regarding the KCERA Securities Litigation Policy	10/12/2022	0.20
Trustee Education regarding the KCERA Declining Employer Payroll	10/12/2022	0.417
Trustee Education regarding Amendments to Brown Act Teleconferencing Requirements	11/2/2022	0.46
Trustee Education regarding Due Process and KCERA's Administrative Appeals	12/8/2022	0.33



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Aon Consulting, Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601

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Strategic Planning Discussion

Kern County Employees' Retirement Association

Julie Becker, Partner
Benita Harper, Associate Partner

Aon Fiduciary Services Practice

April 12, 2023

Strategic Planning Discussion Items

- 1 Background
- 2 Board Sets Themes and Goals
- 3 Next Steps
- 4 Mission & Vision Statement



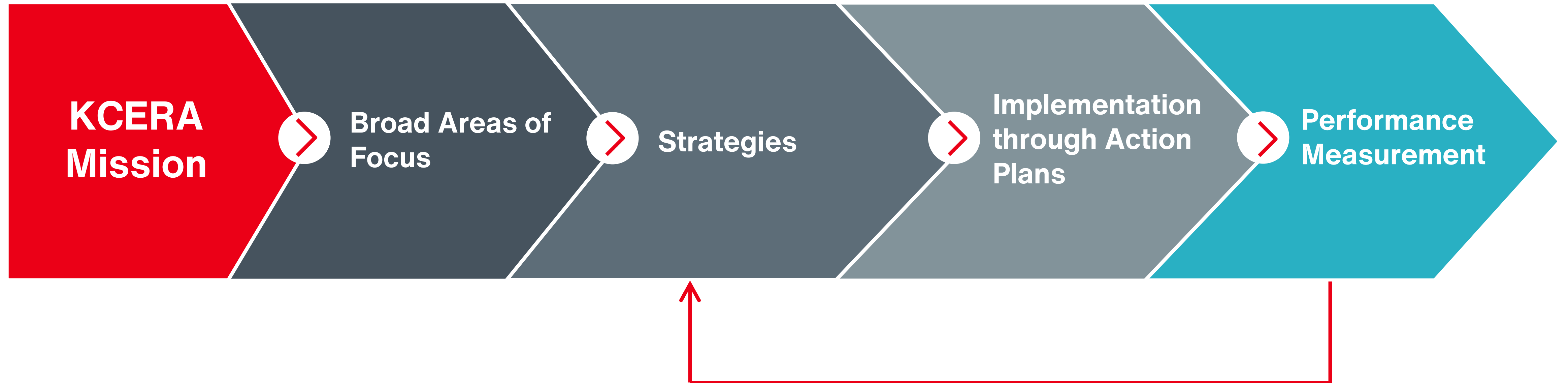
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Background

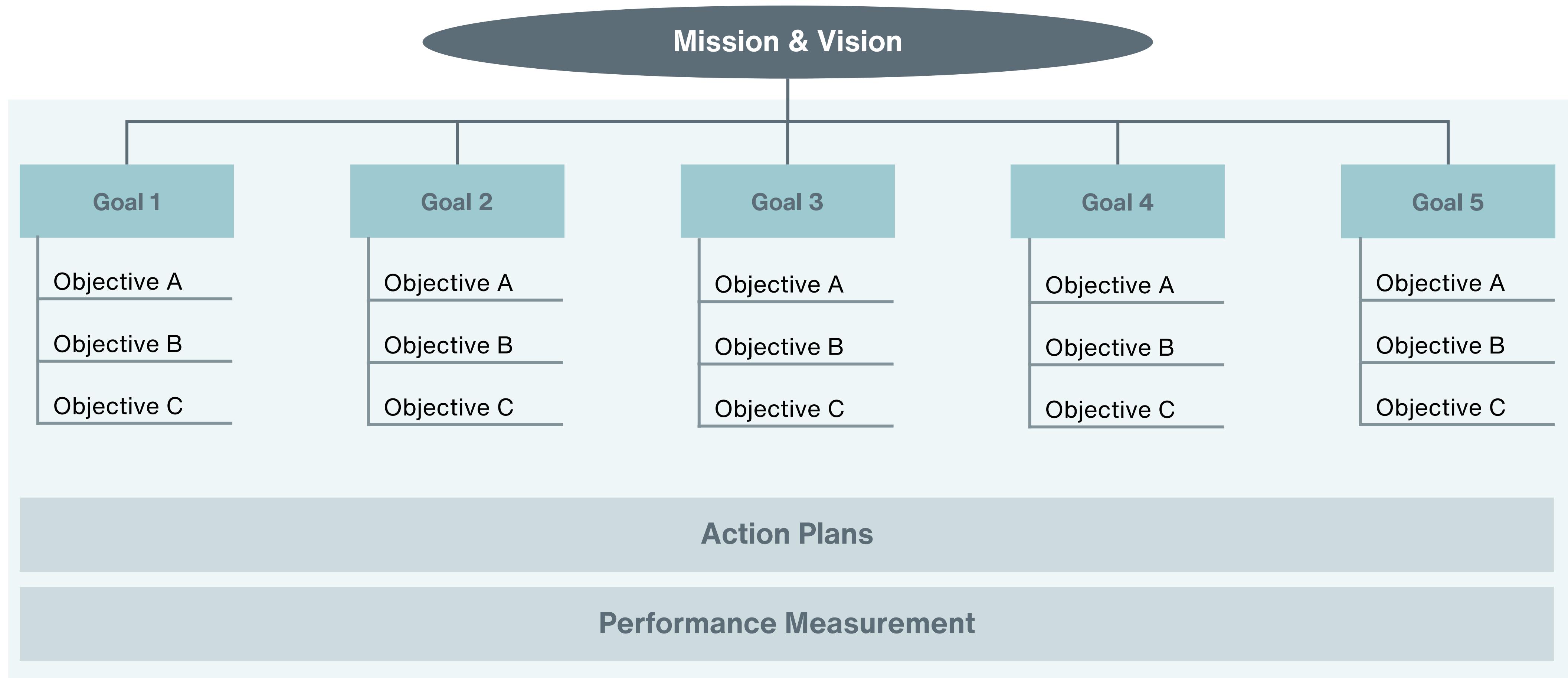
AON



Strategic Planning: A Continual Process



Strategic Planning



2

Board Sets Themes & Goals



Identified Themes from Interviews for KCERA Strategic Plan

1. Strategic Communications/Stakeholder Relations
2. Member Service Delivery
3. Technology
4. Governance
5. Investments

Seeking Board discussion and approval of final themes

Creating Goals From Themes

Good strategic plans have five to seven goals that focus on matters that will be:

- costly to resolve
- involve significant staff effort
- require the Board's attention
- span several years
- be a significant change for KCERA in any way
- sets the direction for efforts

Identified Themes Translated to Goals

For each theme- what are the goals?

- state what you seek to accomplish
- state what you want to change

Example:

Member Service Delivery:

Goal: To provide accurate and timely benefit processing and payments

Seeking Board discussion and approval of final goals for each theme.

3

Next Steps

AON



Next Steps

- 1 Staff discusses the Board's goals and priorities to further develop action plans
- 2 Staff updates the strategic plan
- 3 Staff suggests performance measurements
- 4 Board approves the strategic plan along with the appropriate budget
- 5 Implementation begins as soon as possible
- 6 Board and staff review progress regularly
- 7 The plan rolls forward through annual reviews of progress and updates

4

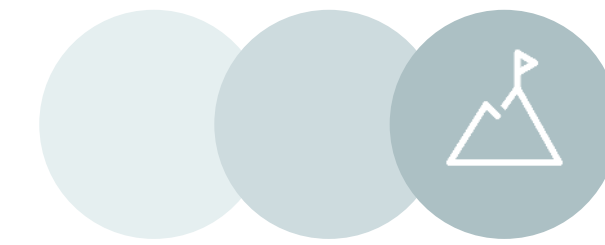
KCERA Mission & Vision Statement



KCERA's Mission

Mission Statement should be:

- current statement of purpose-why do we exist
- current statement of membership needs being addressed
- realistic



KCERA's mission is to prudently administer retirement benefits, invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries.

Developing Vision Statement

Vision statement should be:

- future based- i.e., 5-10 years-where we are headed
- state what you hope to achieve
- aspirational
- short and meaningful

Example Vision Statements from Other Public Pension Funds

- To be the model for pension fund excellence and exceptional customer service.
- To be your trusted retirement partner delivering responsive, high-quality service.
- Trusted by our Members and partners for excellence, innovation, professionalism, and transparency.
- To be a highly trusted and respected pension system that reliably administers benefits
- To be the model public pension plan.
- To be a Leader in Public Pension Fund Management on behalf of our Members and Stakeholders.
- To innovate and build on a tradition of service by being a trusted partner in order to meet the changing needs of our diverse membership.
- To be a highly trusted and respected pension system that reliably administers benefits.



Every organization has momentum and direction,
some by default and others by design.



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Aon Consulting, Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601

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SPECIAL DISTRICT STATUS: WHICH MODEL FITS KCERA?

Board of Retirement
Kern County Employees'
Retirement Association

April 12, 2023

Maytak Chin
Harvey L. Leiderman
Reed **Smith** LLP



LEGAL LANDSCAPE

A county Board of Supervisors:

- Has Constitutional and statutory authority to provide for the number, compensation, tenure and appointment of all county employees
- Has statutory authority to negotiate compensation and working conditions with employees' representative bargaining units
- Has statutory authority to establish classifications, job grades and pay scales for all county employees

LEGAL LANDSCAPE

A county Board of Retirement:

- Is the governing body of the retirement system, an independent entity established by statute -- not a county agency or a county department
- Has Constitutional authority to administer the system
- Has statutory authority to adopt the system's budget
- Has statutory authority to appoint staff required to accomplish the necessary work of the board

AUTHORITY GRANTED TO ALL CERL BOARDS

➤ **Sec. 31522.1**

Board of Retirement may appoint administrative, technical and clerical staff from eligible county lists; county employees subject to county salary ordinance, civil service and merit system rules

➤ **Sec. 31522.2**

Board of Retirement may appoint an Administrator, to serve at will, a county employee included in the county salary ordinance or salary resolution, but not subject to civil service and merit system rules

MENU OF CERL OPTIONS

➤ **Sec. 31522.3 (KCERA, SCERS, SDCERA, SJCERA, MCERA)**

Board of Retirement may also appoint assistant administrators and chief investment officers to serve at will

All are county employees included in the county salary ordinance or salary resolution, but

Not subject to civil service and merit system rules

MENU OF CERL OPTIONS

➤ **Section 31522.4 (LACERA)**

Board of Retirement may appoint administrator, assistant administrator, CIO and investment staff next in line to CIO, chief and deputy chief legal officers to serve at will

All are county employees included in the county salary ordinance or salary resolution, but

Not subject to civil service and merit system rules

MENU OF CERL OPTIONS

➤ **Section 31522.5 (OCERS, SBCERA)**

Board of Retirement may appoint administrator, assistant administrator, CIO, legal counsel, and administrators two lines of authority below those positions; all are employees of the retirement system, not the county

Compensation of retirement system employees are expense of administration

Retirement system is a special district separate from the county, and a participating employer in the retirement system

Rank and file staff continue to be county employees, subject to all county ordinances, resolutions, civil service and merit system rules

MENU OF CERL OPTIONS

➤ **Section 31522.7 (SBCERA additional)**

Expands employment authority under Sec. 31522.5 to supervisors and employees with specialized training and knowledge in:

- Pension benefit member services
- Investment reporting compliance
- Investment accounting
- Pension benefit tax reporting
- Financial accounting
- Legal counseling

MENU OF CERL OPTIONS

➤ **Section 31522.10 (VCERA)**

Board of Retirement may appoint administrator, assistant administrator, CFO, CIO, COO and general counsel, all are employees of the retirement system, not the county

Compensation of retirement system employees are expense of administration

Retirement system is a special district separate from the county, and a participating employer in the retirement system

Rank and file staff continue to be county employees, subject to all county ordinances, resolutions, civil service and merit system rules

MENU OF CERL OPTIONS

➤ **Section 31522.9 (CCCERA)**

Board of Retirement employs all employees of the system

Retirement system is a special district separate from the county, and a participating employer in the retirement system

Board of Retirement is the bargaining agency for all employees, per MMBA

Transitioning county employees assured of continued participation in the retirement system and credit for YOS

Board of Retirement contracts with county and others for required “back office” services (payroll, risk management, insurance, benefits, IT systems, etc.)

CONFLICT RESOLUTION

- Ambiguous and conflicting authority and interests of the two boards often leads to turf wars
 - System is concerned with recruiting and retaining specialized talent, competitive compensation and filling mission critical positions
 - County is concerned with pay equity, budgetary pressures and accountability to voters
- Litigation has not provided a path to successful resolution (e.g., recent LACERA suit against L. A. County)
- Legislation has worked, but requires retirement system, county and labor collaboration
- Special district status imposes benefits and burdens on the system

SPECIAL DISTRICT STATUS

- Is it right for you? What is the driving force?
- What would best serve the members and plan sponsors?
- Who would oppose and why? Can the opposition be overcome?
- Weigh the benefits and burdens

SPECIAL DISTRICT STATUS: BENEFITS AND BURDENS

BENEFITS

- Captain of own ship
- Ease of decision-making
- Eliminate conflicting, non-plan interests
- Eliminate delays in adding positions, increasing compensation, promoting, disciplining
- Incent recruitment and retention

BURDENS

- P&SR development
- Labor negotiations
- Key person contracting
- Securing cost-effective employee benefits
- Performing HR functions
- Re-creating county services
- Increased staffing for internal matters, added administrative layers
- Facilities management
- Lost economies of scale

DISCUSSION

Kern County Employees' Retirement Association

Experience Study Educational Session

April 12, 2023 / Paul Angelo, FSA / Molly Calcagno, ASA

| Topics for Today

What Goes into an Actuarial Valuation

- Focus on Assumptions and Funding Methods

Preview of 2023 Experience Study

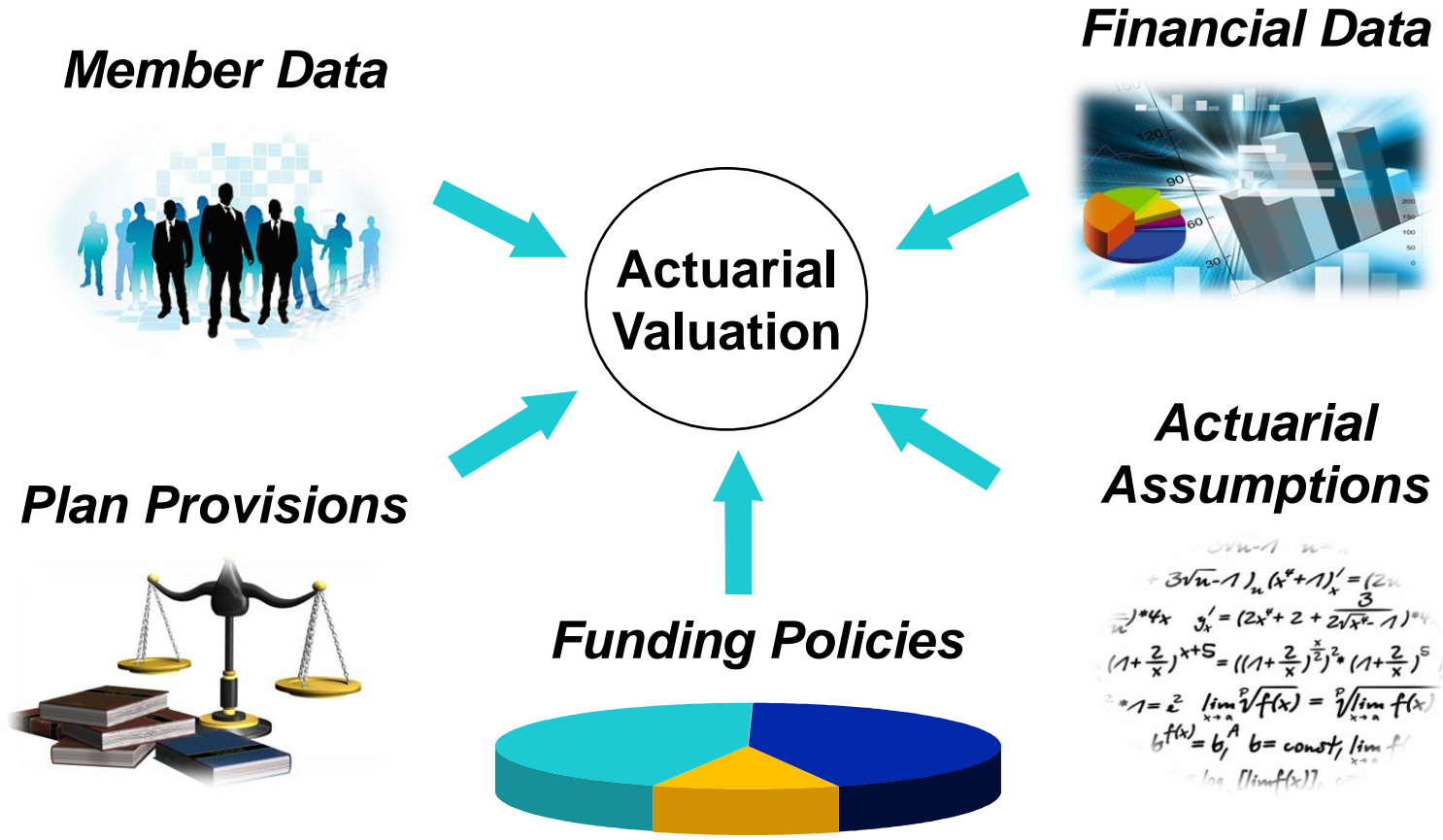
- Focus on the Selection of Economic Assumptions

KCERA SRBR

Actuarial Valuation – the Plan’s Actuarial GPS

- A financial check-up serving as a roadmap and guide
 - Where we are and where we are going
- Establishes how far along the plan is
 - Funding position
 - Assets, liabilities and unfunded liability
- Determines the next steps towards the ultimate goal
 - Employer and employee contribution rates
- Every once in a while the unexpected can cause “rerouting”
 - Experience studies with potential assumption changes

What Goes Into an Actuarial Valuation



$$\begin{aligned}
 & \frac{d}{dx} (x^2+1)^3 = (2x) \cdot 3(x^2+1)^2 = 6x(x^2+1)^2 \\
 & \frac{d}{dx} (2x^3 + 2 + 2\sqrt{x^2-1})^{0.4} = 0.4(2x^3 + 2 + 2\sqrt{x^2-1})^{-0.6} \cdot (6x^2 + 0 + \frac{2x}{\sqrt{x^2-1}}) \\
 & (1 + \frac{2}{x})^{x+5} = ((1 + \frac{2}{x})^{\frac{x}{2}})^2 \cdot (1 + \frac{2}{x})^5 \\
 & \lim_{x \rightarrow a} \sqrt[p]{f(x)} = \sqrt[p]{\lim_{x \rightarrow a} f(x)} \\
 & b^f(x) = b^A, \quad b = \text{const}, \quad \lim_{x \rightarrow a} f(x) = A \\
 & \lim_{x \rightarrow a} \ln f(x) = \ln(\lim_{x \rightarrow a} f(x))
 \end{aligned}$$

Valuation Inputs – Two Actuarial Policy/Decision Areas

- Actuarial Assumptions
 - Assign a value to the benefits promised
 - Economic assumptions
 - Including the expected investment return
 - Demographic assumptions
 - Including mortality/longevity
 - Reviewed every 3 years, in the Experience Study
- Actuarial Funding Policy
 - Determines current year employer contributions
 - Actuarial Cost Method (never changes)
 - Asset Smoothing Method (rarely changes)
 - UAAL* Amortization Policy (reviewed occasionally)

* UAAL = Unfunded Actuarial Accrued Liability

Role of Assumptions and Methods

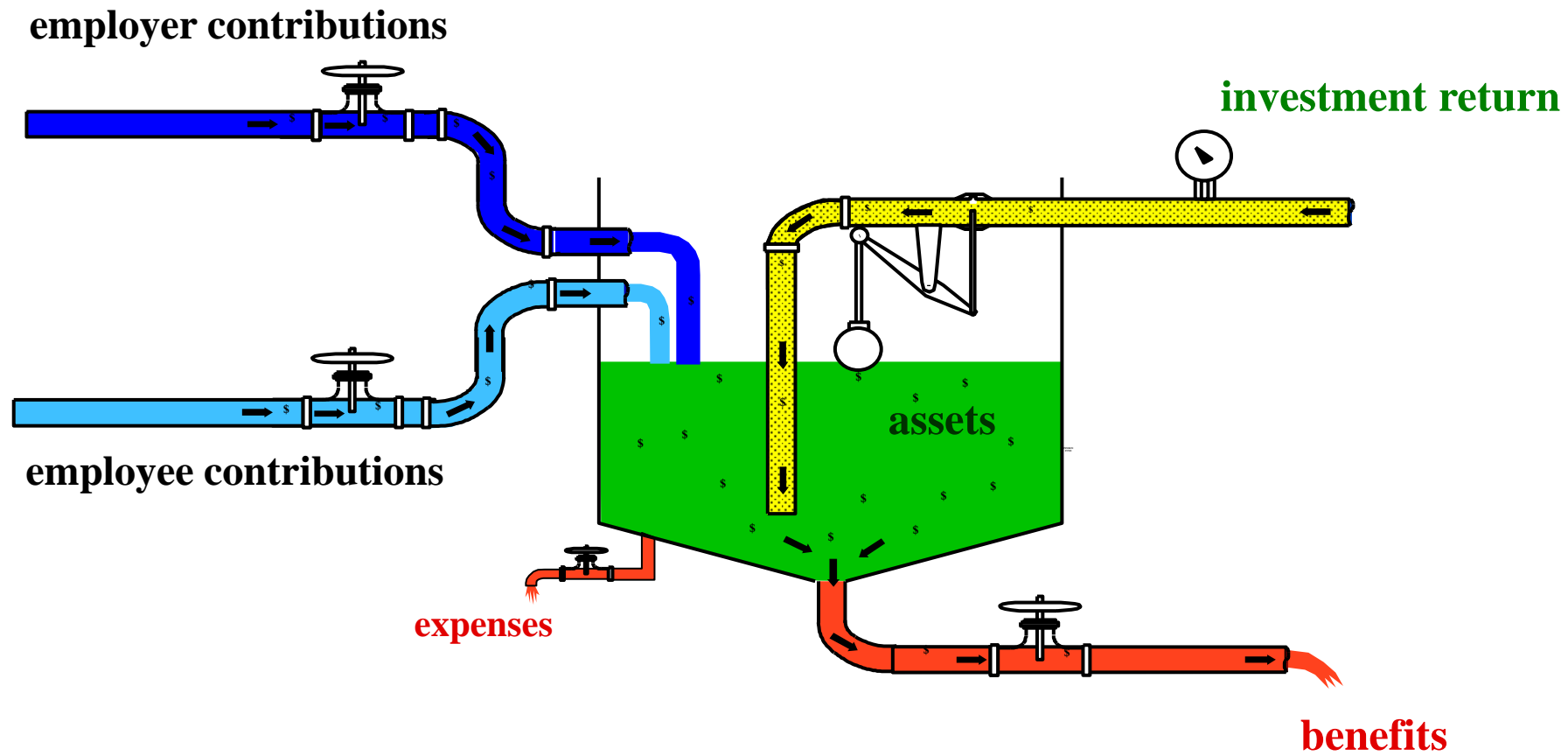
$$\mathbf{C + I = B + E}$$

**Contributions + Investment Income
equals**

Benefit Payments + Expenses

- Actuarial valuation determines the current or “measured” cost, not the ultimate cost
- Assumptions and funding methods affect only the timing of costs (unless benefits are affected!)

$$C + I = B + E$$



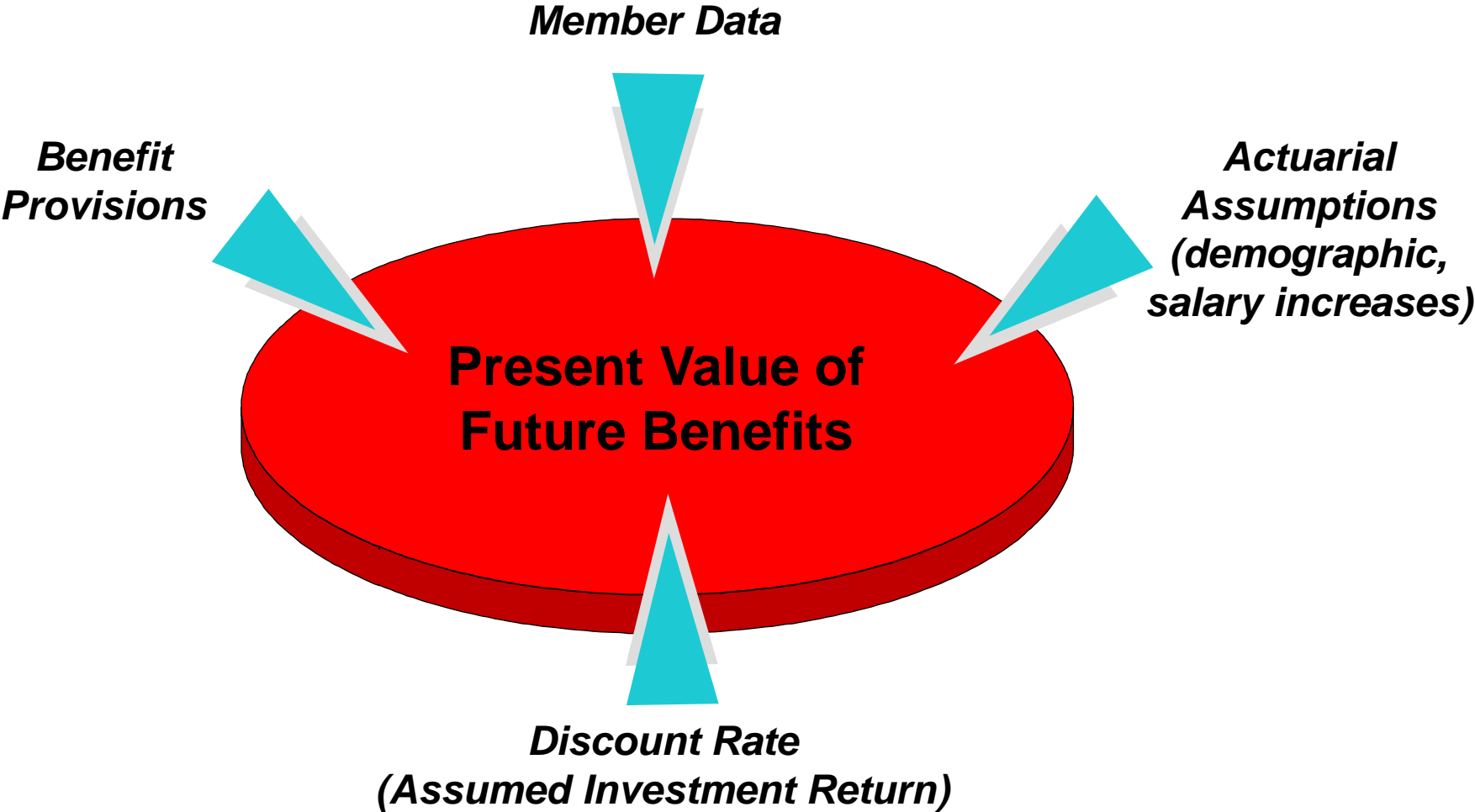
Valuation Input – Actuarial Assumptions

- Actuarial Assumptions
 - Two types
- Demographic assumptions
 - When benefits will be payable
 - Amount of benefits
- Economic assumptions
 - How assets grow
 - How salaries increase
- Reviewed every three years in the Experience Study
 - For KCERA in 2023
 - More discussion to follow

Valuation Input – Funding Policies

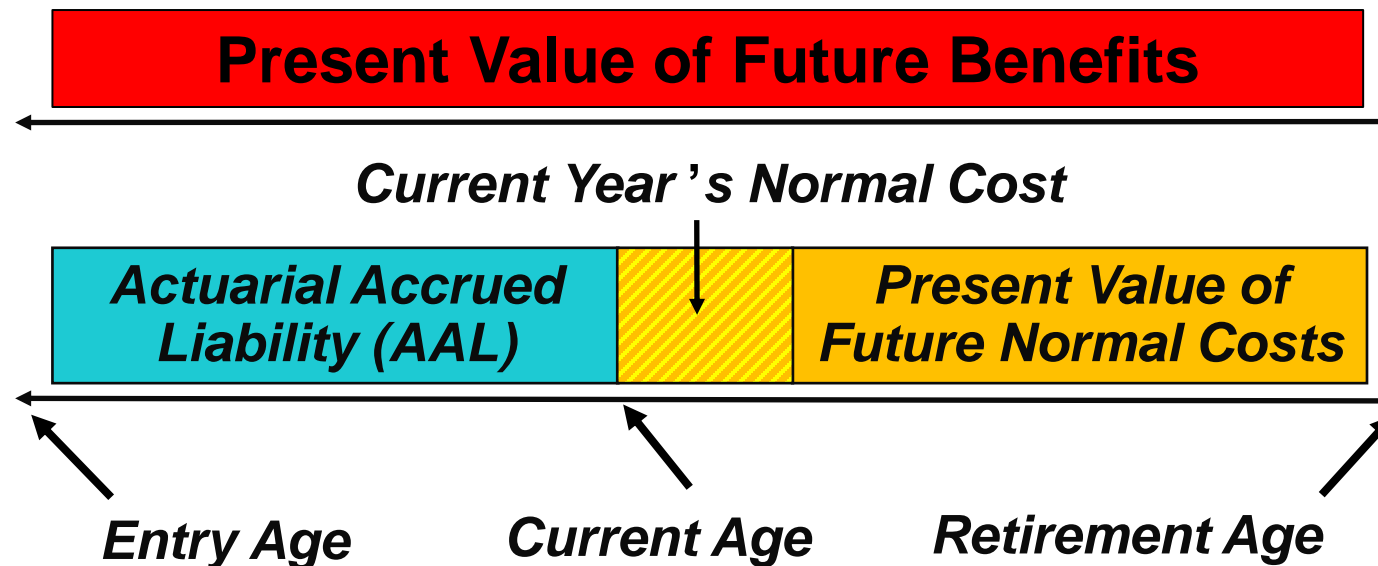
- Actuarial Funding Policy
 - Three components
- **Actuarial Cost (or Funding) Method** – allocates present value of member's projected benefits to years of service: past, current and future
 - Defines Normal Cost and Actuarial Accrued Liability (AAL)
- **Asset Smoothing Method** – assigns a value to assets that manages short term volatility while tracking market value
 - Defines the Unfunded Actuarial Accrued Liability (UAAL)
- **UAAL Amortization Policy** – sets contributions to systematically pay off any UAAL
 - Includes structure, periods and pattern of payments

Present Value Of Future Benefits



Actuarial Cost Method – Terminology

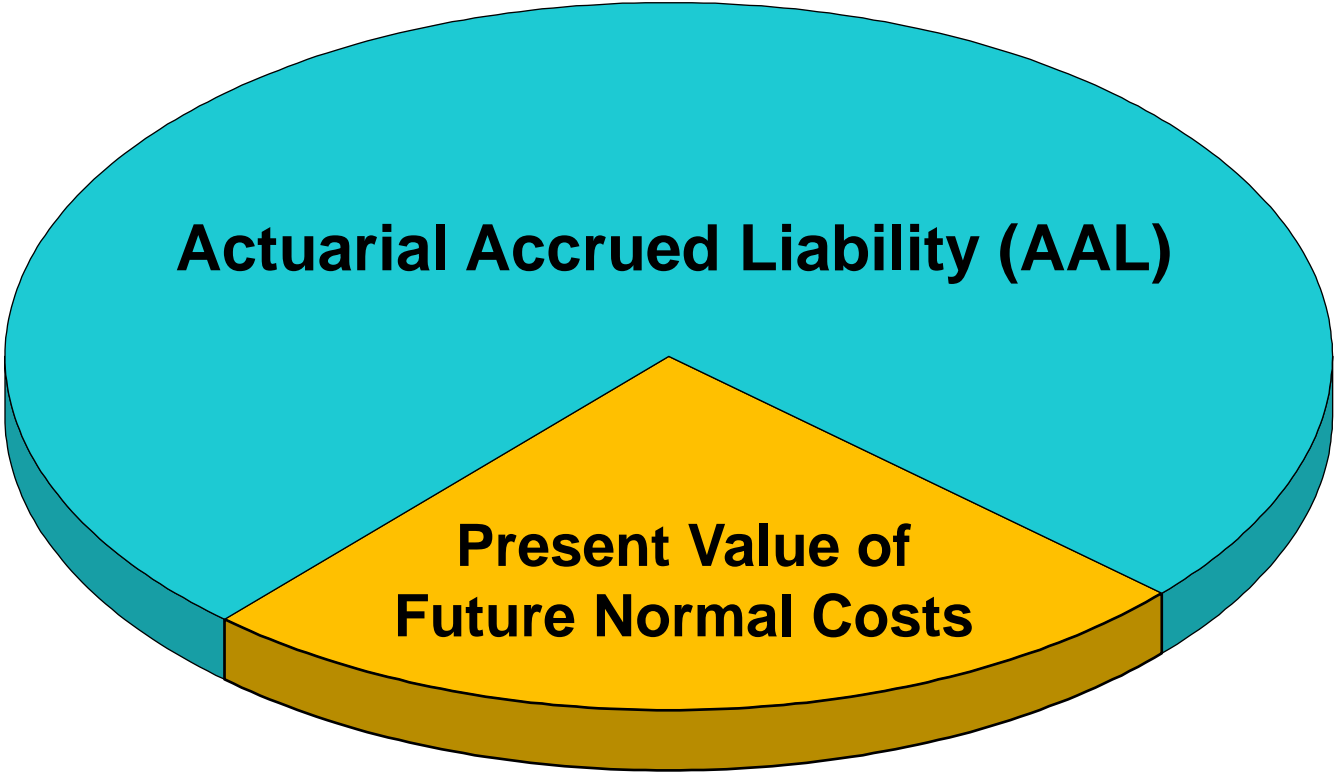
- **The Normal Cost** is the portion of the value of projected benefits for active members that is allocated to each plan year.
 - Normal Cost is shared between employees and employers
- **The Actuarial Accrued Liability (AAL)** measures the Normal Costs from past years – for retired members, the AAL is the entire value of their benefit.
 - Any unfunded AAL (UAAL) is almost always funded by the employers



Accrued Liability and Future Normal Costs

Present Value of
Future Benefits

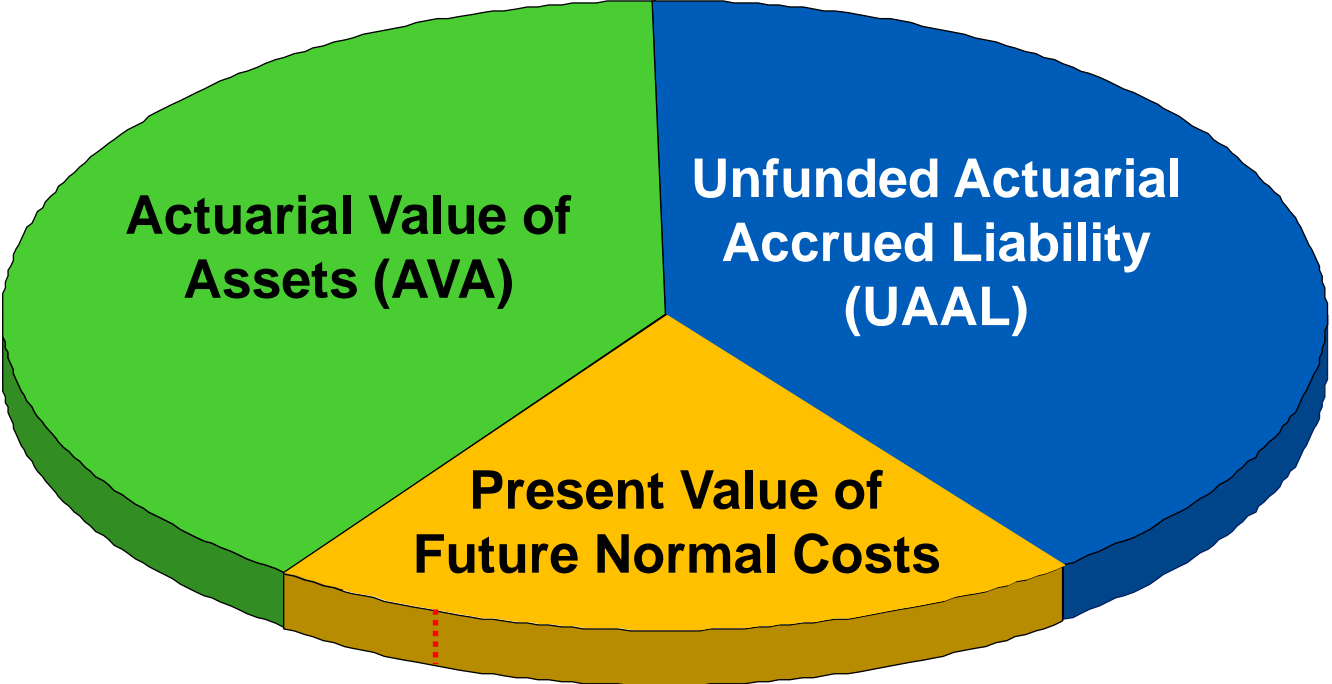
$$\begin{aligned} & \text{Actuarial Accrued Liability} \\ & + \text{Present Value of Future Normal Costs} \\ & = \text{Present Value of Future Benefits} \end{aligned}$$



Actuarial Value of Assets and the UAAL

Present Value of
Future Benefits

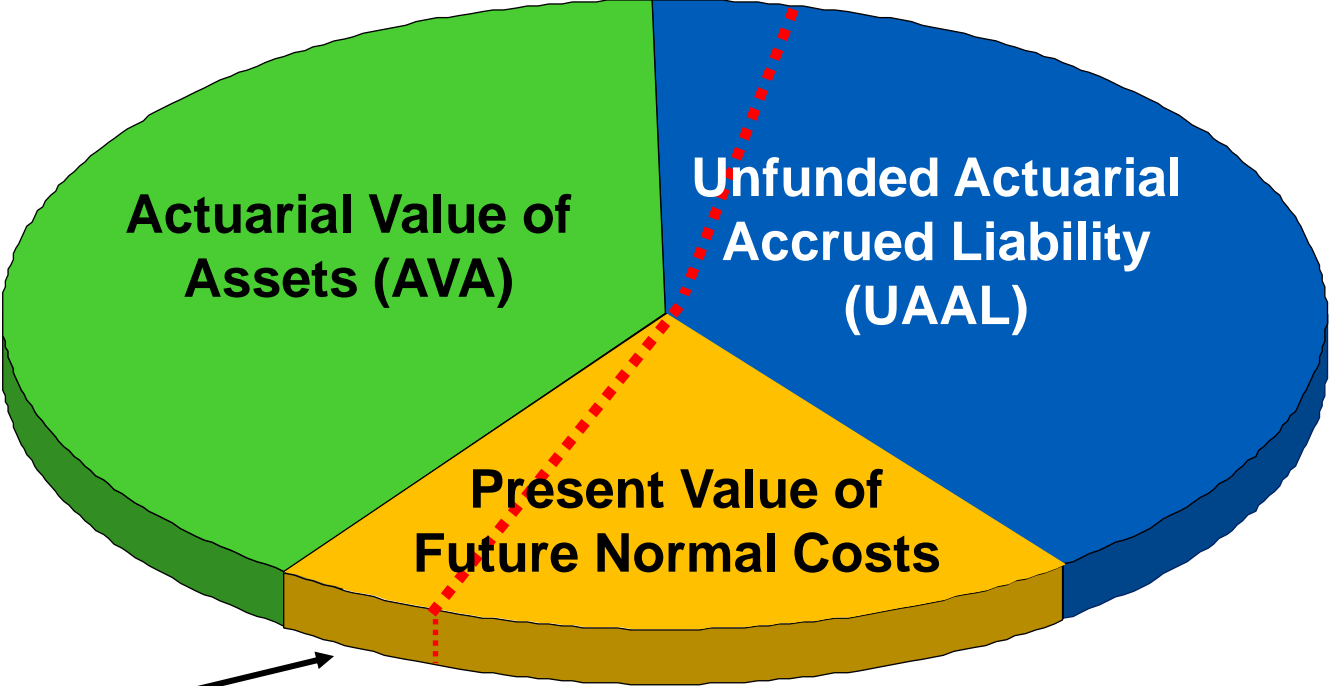
$$\begin{aligned} & \text{Actuarial Accrued Liability} \\ & - \text{Actuarial Value of Assets} \\ & = \text{Unfunded Actuarial Accrued Liability} \end{aligned}$$



Funding Policy and “Actuarially Determined Contribution”

Present Value of Future Benefits

Amortization of Unfunded Actuarial Accrued Liability (paid by employers)



Normal Cost (includes member contributions)

Funding Policy – KCERA Current Funding Policy

- Reference: Funding Policies and Practices “White Paper”
 - “Model Practices” from Conference of Consulting Actuaries Public Plans Committee (CCA PPC), issued October 2014
- Actuarial Cost Method
 - Entry Age – level percent of pay normal cost
- Asset Smoothing Method
 - 5-year smoothing period with 50% market value of assets corridor
 - Reviewed in 2009, widened MVA Corridor from 20% to 50%
 - Along with other California public retirement systems
 - Model practice under CCA PPC White Paper
 - Others had no corridor and reaffirmed that policy

Funding Policy – KCERA Current Funding Policy (continued)

- UAAL Amortization Policy – full review in 2012
 - Approved by the Board effective with the 6/30/2012 valuation
 - Declining 24.5 years as of 6/30/2011 for all UAAL as of 6/30/2011
 - Layered approach for any new UAAL identified after 6/30/2011
 - 18-year periods for all changes in UAAL due to:
 - Actuarial experience gains or losses
 - Actuarial assumption changes
 - 15-year period for plan amendments
 - Exception: up to 5 years for early retirement incentives
 - Level percent of pay amortization
 - CCA PPC Model Practices except for retiree plan amendments
- Formal Funding Policy adopted by the Board in 2012

Questions?



Setting Actuarial Assumptions

- Selection of Actuarial Assumptions
 - Objective, long term
 - Experience study
 - Recent experience or future expectations
 - Demographic: recent experience
 - Economic: not necessarily!
 - Client specific or not
 - Consistency among assumptions
 - Desired pattern of cost incidence
 - Good assumptions produce level costs
 - Assumption setting is “results aware” but not “results based”

Setting Actuarial Assumptions – Economic Assumptions

- Price Inflation (CPI)
 - Investment Return, Salary Increases, COLA
- Investment Return
 - Components include CPI, real return, investment expenses
 - Generally based on passive returns
- Salary Increases
 - “Across the board” increases
 - Includes price inflation plus real wage growth
 - Merit & Promotion: based on experience
 - More like a “demographic” assumption
- Administrative expenses

Setting Actuarial Assumptions – KCERA Economic Assumptions: 2017 vs 2020

	2017 Study		2020 Study	
	Return	Pay*	Return	Pay*
Price Inflation	3.00%	3.00%	2.75%	2.75%
Real Wages	n/a	0.50%	n/a	0.50%
Net Real Return	4.25%**	n/a	4.50%**	n/a
Total	7.25%	3.50%	7.25%	3.25%

* Excludes merit and promotion component of assumed individual salary increases
 ** Recommended return is net of investment expenses

Setting Actuarial Assumptions – Salary Increase Assumption: Three components

- Price Inflation: Trend is lower assumptions
 - KCERA: Reduced to 3.00% in 2017 and to 2.75% in 2020
 - Market based forecasts are even lower
 - **Segal has been recommending 2.50% since 2021**
 - 2.50% anticipates some periods of high inflation (like the present)
- Real Increases (“Across the Board”)
 - Average wage growth above average price increases
 - Historically: 0.5%-0.8% for state and local governments
 - Social Security projects 1.2% (median assumptions)
 - KCERA: maintained 0.50% in 2017 and 2020
- Promotion and Merit Increases
 - Can vary by age and/or years of service (KCERA: varies by service)

Setting Actuarial Assumptions – Payroll Growth Assumption

- Used to project total payroll for UAAL amortization
- Active member payroll growth based on wage inflation
 - Assumes constant active head count
- Includes price inflation and real wage increases
 - Price inflation: 3.00% (2017) vs. 2.75% (2020)
 - Real wage increases: 0.50% (2017) vs. 0.50% (2020)
 - Total payroll growth: **3.50%** (2017) vs. **3.25%** (2020)

Setting Actuarial Assumptions – Investment Earnings (Return) Assumption

- Used to set the discount rate for measuring costs
 - Sometimes called the assumed interest rate
- Used for contribution requirements
 - Also for financial reporting (GASB 67 and 68)
- Affects timing of Plan cost
 - Lower assumed rate means higher current cost
 - Ultimately, actual earnings determine cost
 - $C + I = B + E$**
 - “Can’t pay benefits with assumed earnings!”

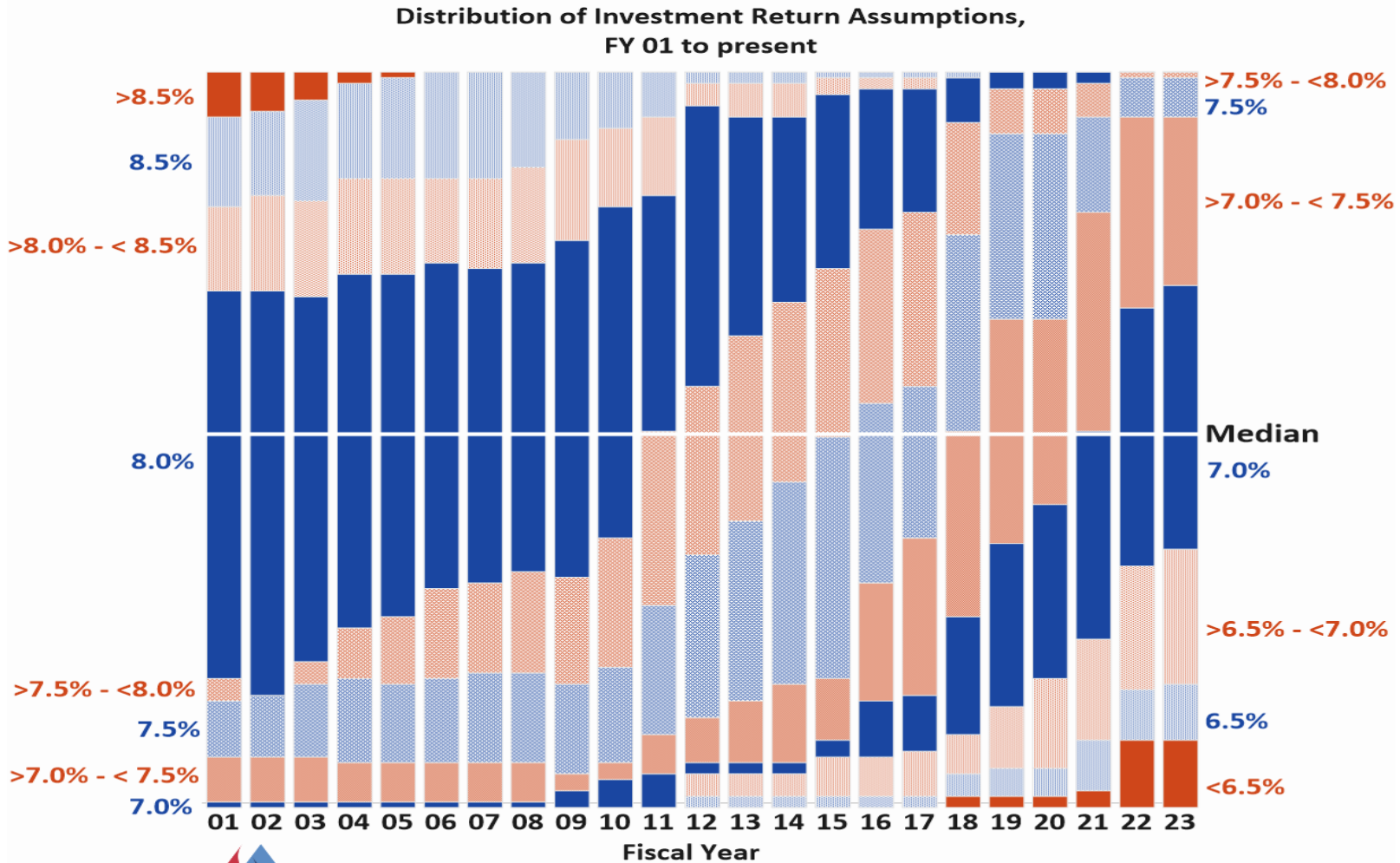
Setting Actuarial Assumptions – Setting the Investment Earnings (Return) Assumption

- Building-Block Method
 - Four components:
 - Expected inflation: consistent with salary increases
 - Real return for each asset class
 - Weighted by asset allocation
 - Less assumed expenses (investment)
 - Less risk adjustment (“margin for adverse deviation”)
 - Expressed as confidence level above 50%
- Note: generally no add-on for superior managers
 - “Indexed” returns, no “alpha”
- Sources of real return data:
 - Investment consultants (your Fund and industry)

Setting Actuarial Assumptions for KCERA– Components of Investment Return Assumption

	2014 Study	2017 Study	2020 Study
Assumed Inflation	3.25%	3.00%	2.75%
Portfolio Real Rate of Return	4.71%	4.82%	5.25%
Assumed Expenses	(0.23%)	(0.35%)	(0.40%)
Risk Adjustment	<u>(0.23%)</u>	<u>(0.22%)</u>	<u>(0.35%)</u>
Total	7.50%	7.25%	7.25%
Confidence Level	53%	53%	55%

Setting Actuarial Assumptions – Change in Distribution of Public Pension Investment Return Assumptions, FY 01 to FY 22



Setting Actuarial Assumptions – Expected Return Assumptions for California Systems

System(s)	Assumption	Count
CalPERS	6.80%	
CalSTRS	7.00%	
University of California	6.75%	
1937 CERL Systems	7.25%	2
	7.00%	8
	6.75%	7
	6.50%	2
	6.25%	1
City Systems		
San Francisco	7.20%	
LACERS, LAFPP	7.00%	
LADWP	6.50%	
Fresno	6.75%	
San Jose	6.625%	
San Diego	6.50%	

Setting Actuarial Assumptions – Impact of assuming lower earnings or longer lifetimes

- Increases UAAL, decreases funded ratio
- Increases current contribution rates (especially employer)
- Reduced risk of increasing future employer contributions
- Conflicting policy goals?
 - Everyone wants to lower UAAL, increase funded ratio
 - But more conservative assumptions will increase UAAL
 - Even though assumption changes are fully justified
- “No good deed goes unpunished!”
 - But you still need to “Do the right thing!”

Questions?



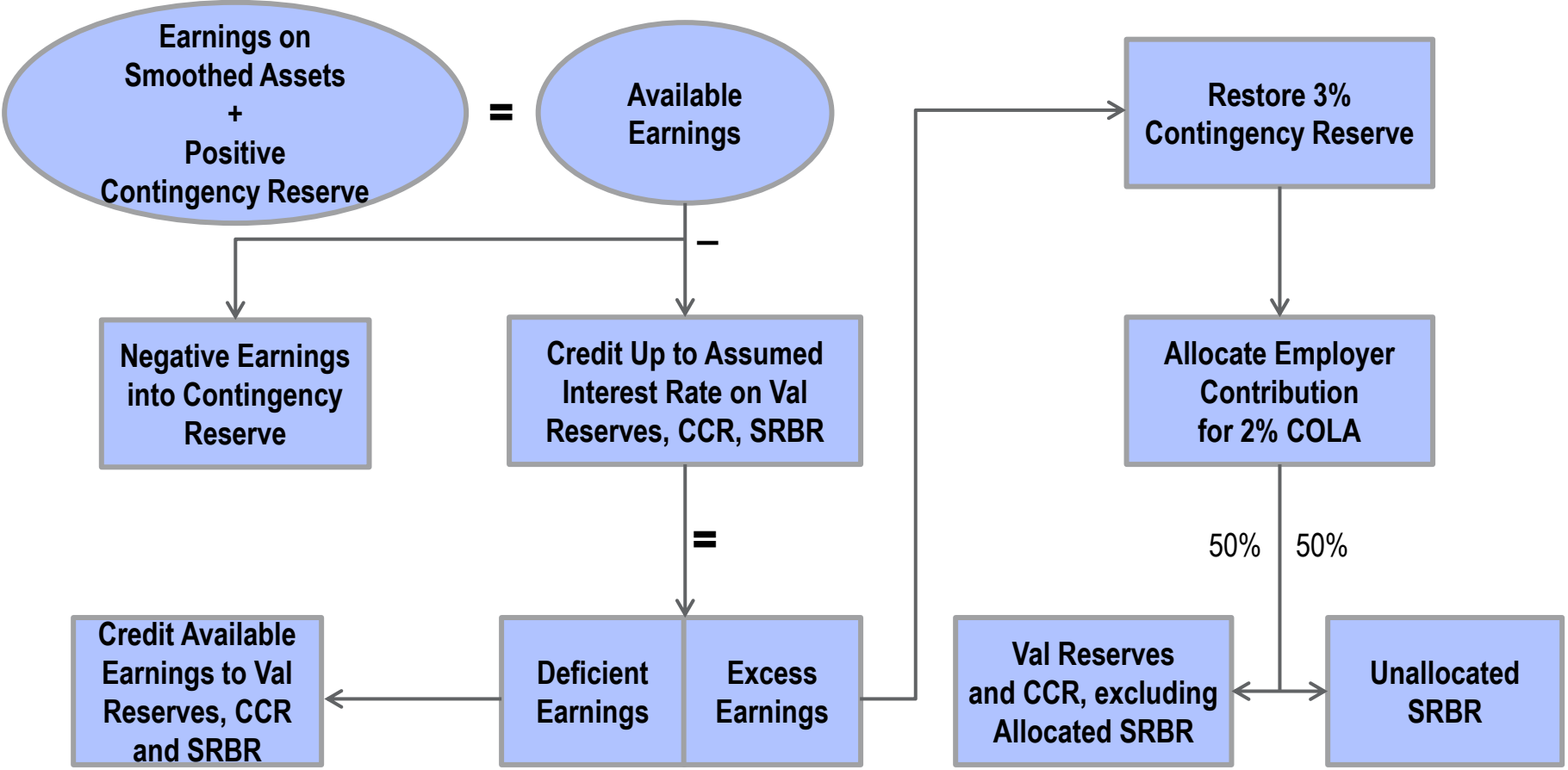
KCERA Interest Crediting Policy

- Reflects the crediting of the following every six months
 - Determine “Available Earnings” for the period
 - All current period earnings on AVA basis (could be negative)
 - Contingency Reserve (if positive)
 - Determine earnings needed for interest credits
 - Valuation Reserves, COLA Contingency Reserve (CCR), Unallocated SRBR (excluding 0.5% COLA)
 - Use assumed investment return as the interest crediting rate

KCERA Interest Crediting Policy (continued)

- If Available Earnings are enough, do the credits then
 - Restore 3% Contingency Reserve
 - Allocate employer contribution for 2% COLA (CCR)
 - Allocate one-half of remaining earnings to each of:
 - SRBR, excluding Allocated SRBR (0.5% COLA)
 - Valuation Reserves (and CCR)
- If Available Earnings are insufficient (but not negative)
 - Credit Valuation Reserves, CCR and Unallocated SRBR up to the amount of Available Earnings
- If Available Earnings are negative
 - No interest credits
 - Negative amount goes into Contingency Reserve

KCERA Interest Crediting Policy (continued)



KCERA SRBR

- Because of 2008/2009 market losses, last time excess earnings were added to the SRBR was in 2007
- No contributions are charged to the employer or employees to explicitly prefund the SRBR
 - Allocation of 50% excess earnings to SRBR has the indirect impact of reducing the effective rate of return on plan assets
 - Impact of 50/50 excess earnings allocation not reflected in the development of the investment return assumption used in the retirement and the SRBR valuations

Actuarial Standards of Practice

- Heightened scrutiny of SRBR-style funding and benefits:
 - ASOP* No. 4: Measuring Pension Obligations and Determining Pension Plan Costs or Contributions
 - Measurement of “gain sharing provisions”
“for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling...to reflect the impact of variations in experience from year to year”

* Actuarial Standard of Practice

Actuarial Standards of Practice (continued)

- 2015 study used stochastic modeling to study impact of 50/50 gain sharing on the investment return assumption
 - Based on our 2015 study, expected payroll increase in future employer contribution rate due to future 50/50 allocations to the SRBR is roughly equivalent to a 0.3% reduction in the investment return assumption
 - However, impact of 50/50 excess earnings allocation not reflected in the development of the investment return assumption used in the retirement and the SRBR valuations
 - Reflecting results in funding valuation may not be consistent with 1937 Act provisions regarding explicit prefunding of SRBR

Questions?





KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: April 12, 2023
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer *Dominic D. Brown*
Subject: **Finance Committee Charter Updates – Response to Referral**

On March 30, 2022 KCERA staff made a presentation to the Finance Committee because one or more Trustees had not fully complied with Statement of Economic Interests (Form 700) filing requirements. However, Staff noted the non-compliance was not substantive in nature, but rather related to being a few days late. This led to a discussion around the Form 700 notification guidance and the requirement to report non-compliance to the Finance Committee, the Board of Retirement, and the Fair Political Practices Commission (FPPC).

Staff has consulted with the Board's governance consultant, Aon, and presented the attached proposed revision to the Finance Committee Charter to the Finance Committee at its March 22, 2023 meeting. These Charter changes clarify that the Committee will be notified of a trustee's failure to file their Form 700 after the trustee receives a Second Non-Filer Notice.

In addition, Staff identified other opportunities to amend the Finance Committee Charter's audit reporting requirements and the coordination between the financial statement auditors, other external auditors, internal auditors, Staff, and the Finance Committee.

The Finance Committee voted unanimously to forward this report to the Board of Retirement. Therefore, it is recommended that your Board approve the proposed charter changes.

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 Chief Executive Officer.
 - 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 Chief Executive Officer 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 as needed, but no less than annually.

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~~ KCERA's Annual Comprehensive Financial Report (ACFR) 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 Annual Comprehensive Financial Report (ACFR) and all other financial information contained in the ACFR.~~
- 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~~ 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 triennial actuarial experience of KCERA.
- f) ~~Initiate and coordinate an~~ Monitor timely initiation and completion of actuarial audit ~~periodically.~~¹
- 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.

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

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. Financial impacts to current or future budgets are reserved for the Finance Committee. As set forth in the Chief Executive Officer Charter and Administrative Committee Charter, the development and establishment of human resource staff positions are delegated to the Chief Executive Officer and reported to the Administrative Committee and Board of Retirement in the Human Resources Report.

Other Duties

9) The Finance Committee shall receive exception reports from Counsel regarding the filing of Statements of Economic Interests (SEI) by trustees and shall advise the Board accordingly. Exception reports shall be provided to the Committee for any trustee who has received a second non-filer notice.

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.

POLICY REVIEW AND HISTORY

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

12) This charter was:

- a) Adopted by the Board on September 12, 2012.
- b) Amended on April 13, 2016; August 11, 2021; ~~and~~ April 13, 2022; and April 12, 2023.

DRAFT

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 Chief Executive Officer.
 - 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 Chief Executive Officer 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

with Management to discuss the effectiveness of such controls and procedures as needed, but no less than annually.

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 KCERA's Annual Comprehensive Financial Report (ACFR), review the findings of the financial auditor, and review any response thereto by Management.
- e) 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.
- f) Serve as the primary liaison, on behalf of the Board, for matters related to financial audits, examinations, investigations, or inquiries from financial authorities.
- g) Review and respond to the findings or comments of any regulatory agencies concerning financial information of KCERA and management's response thereto.
- h) 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.
- i) 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.
- j) Approve all non-audit services.
- k) Coordinate special investigations or audits of KCERA, as necessary, and ensure the Board is kept informed of such investigations or audits.
- l) 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.

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- 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 triennial actuarial experience of KCERA.
- f) Monitor timely initiation and completion of actuarial audit.¹
- g) Review any significant changes in actuarial practices or policies that may have an impact on KCERA.

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7) The Finance Committee shall:

- a) Review the Operating Budget and recommend it to the Board for approval.²
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Service Providers

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9) The Finance Committee shall receive exception reports from Counsel regarding the filing of Statements of Economic Interests (SEI) by trustees and shall advise the Board accordingly. Exception reports shall be provided to the Committee for any trustee who has received a second non-filer notice.

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- b) Report regularly to the Board on its activities.
- c) Perform any other duties assigned to it by the Board.

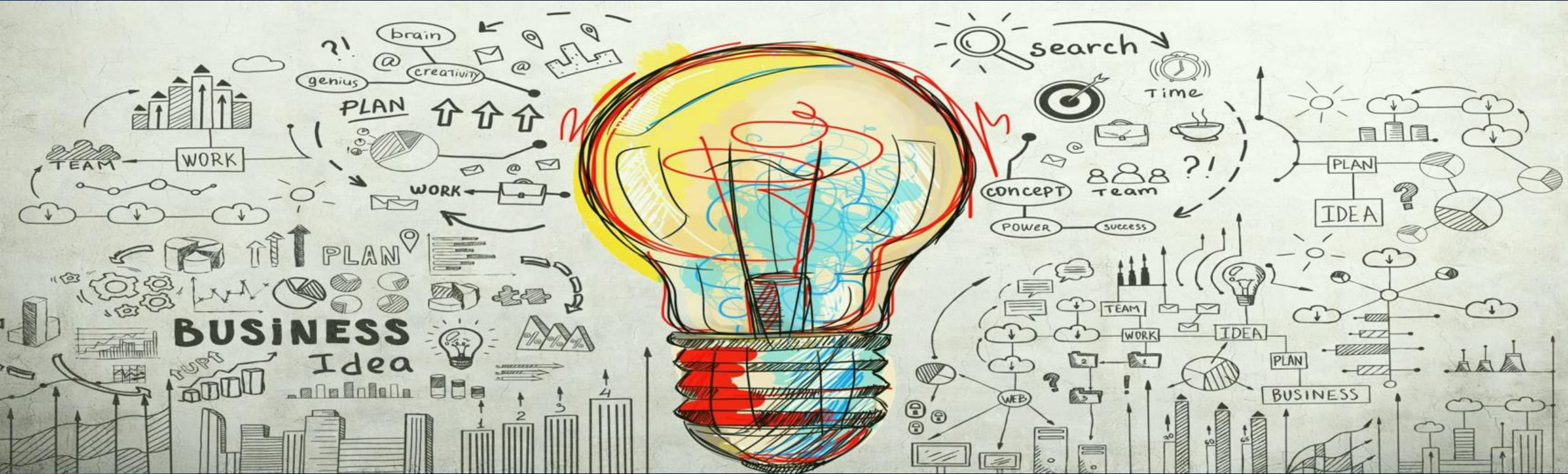
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- a) Adopted by the Board on September 12, 2012.
- b) Amended on April 13, 2016; August 11, 2021; April 13, 2022; and April 12, 2023.

KCERA Organizational Landscape 2023-2024



Presented by Dominic D. Brown, CEO

April 12, 2023



Member Services Functions

- Reciprocity
- Member Counseling
- Decedents
- Disability
- Member Record Audits
- Reception

Accounting & Reporting Functions

- Active Payroll Maintenance
- Enrollments (New Hires)
- Terminations-Refunds
- Service Purchases

Why are we backlogged on service purchases?

- Turnover in Staff
- Difficulty in Recruiting Staff
- *Alameda* Project
- Our employers have used more extra-help, significantly increasing opportunities for purchases
- 75% of calculations don't result in purchases
- Efforts to Correct
 - Built Calculator in Member Portal
 - Sent Letters to Members to prioritize backlog and utilize Portal tool
 - Restructured internal staffing to utilize Accounting & Reporting resources

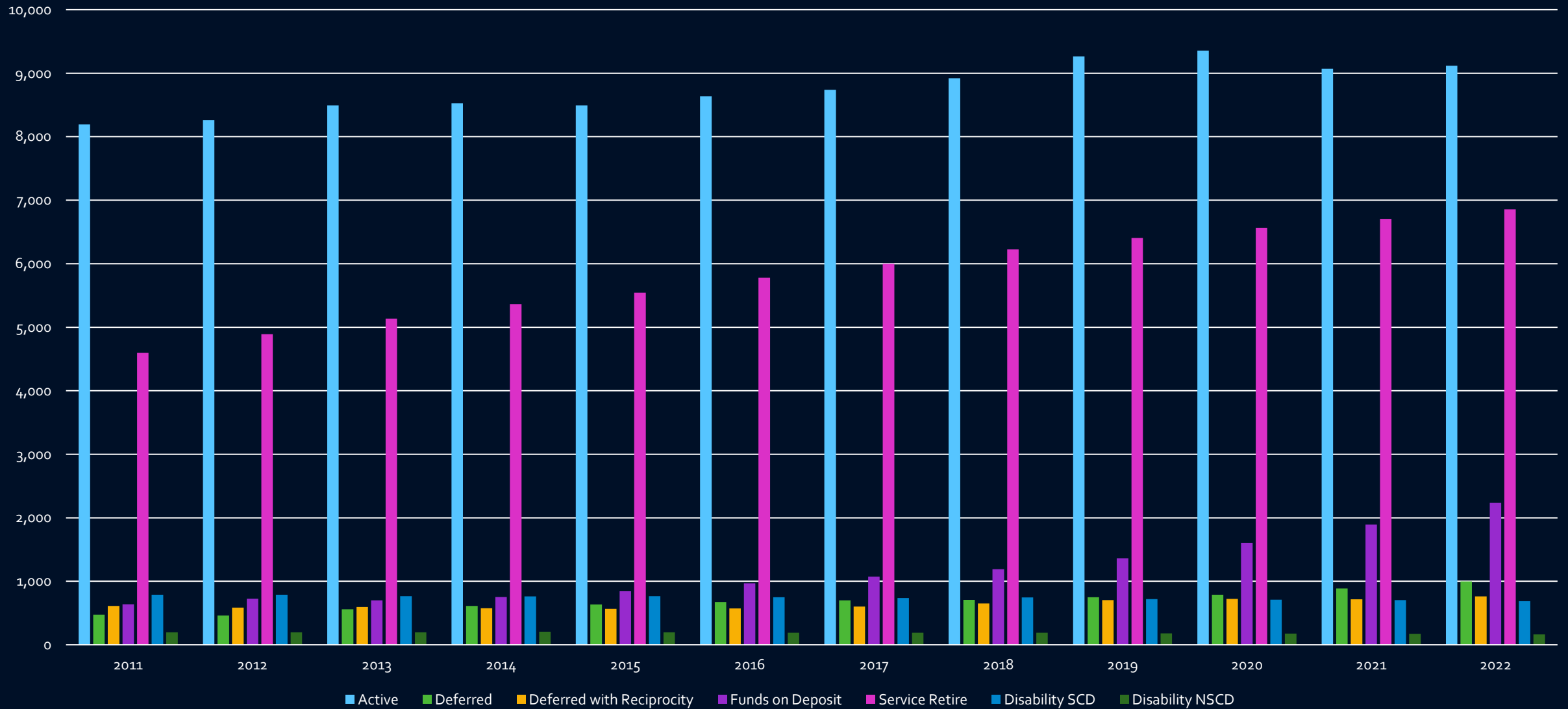
Procurement Update

- Planned or currently issued RFPs for this calendar year:
 - Risk Analytics
 - Japan Equity
 - Audit Services
- New and amended contracts:
 - GASB 68 Audit Services
 - Northern Trust

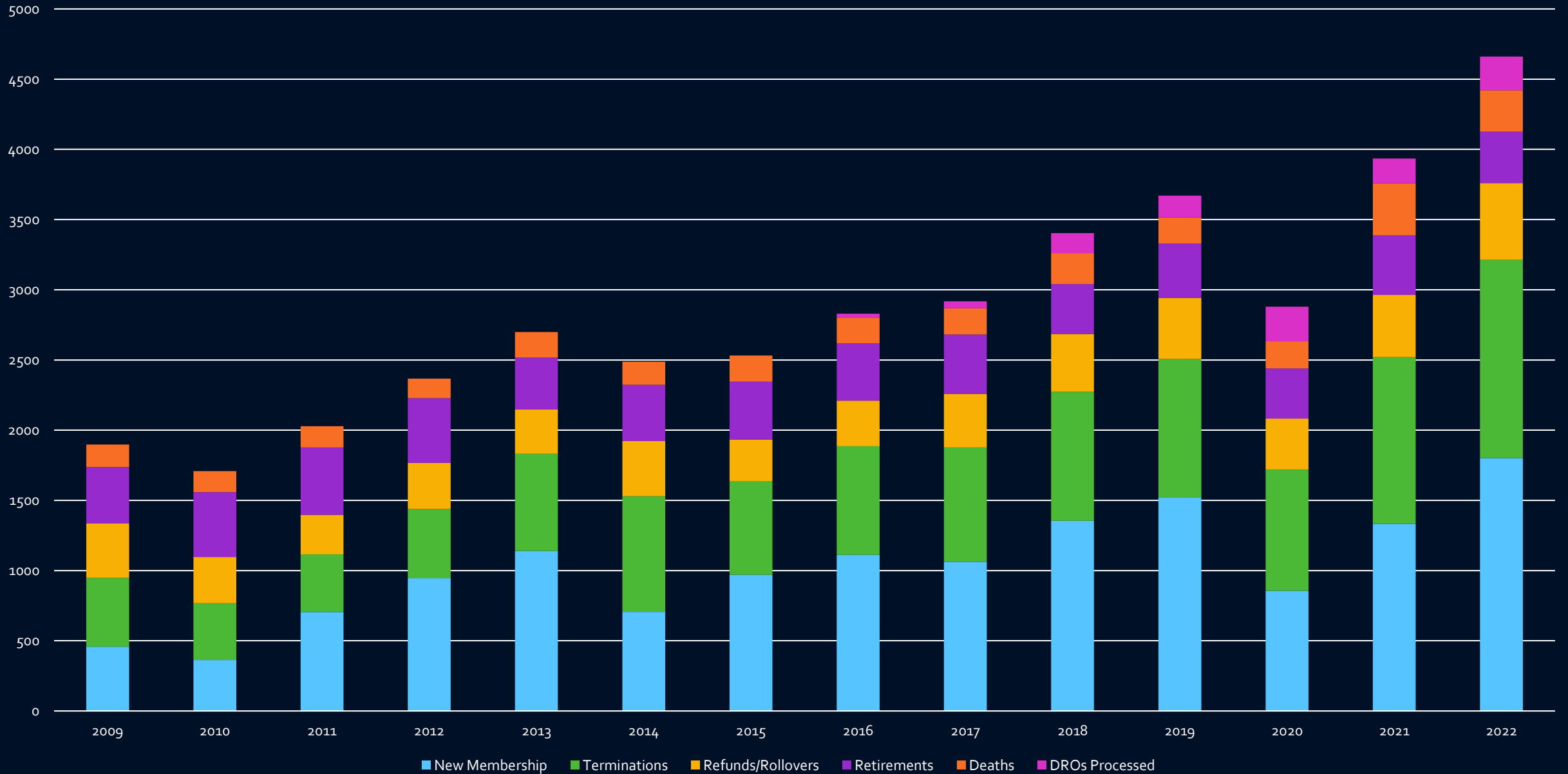
Other Data

- Reciprocity as of June 30, 2022
 - Incoming – 311
 - Outgoing – 716
 - Both In and Out (or Out and In) – 123
- Members eligible to retire as of March 15, 2023
 - Active – 1,768
 - Deferred-Vested – 238
 - Deferred-Vested with Reciprocity – 132
 - Terminated-non-vested with Reciprocity – 137
 - Supplemental Disability – 1
 - Retiree Return to Work – 8
- Pension payroll stats as of February 28, 2023
 - Electronic Funds Transfer – 9,005
 - Paper checks – 51
 - Members residing outside US – 14
 - Pensioners requiring paper remittance – 979
- Member Portal users as of March 15, 2023
 - Members – 10,073
 - Beneficiaries and Alternate Payees – 445

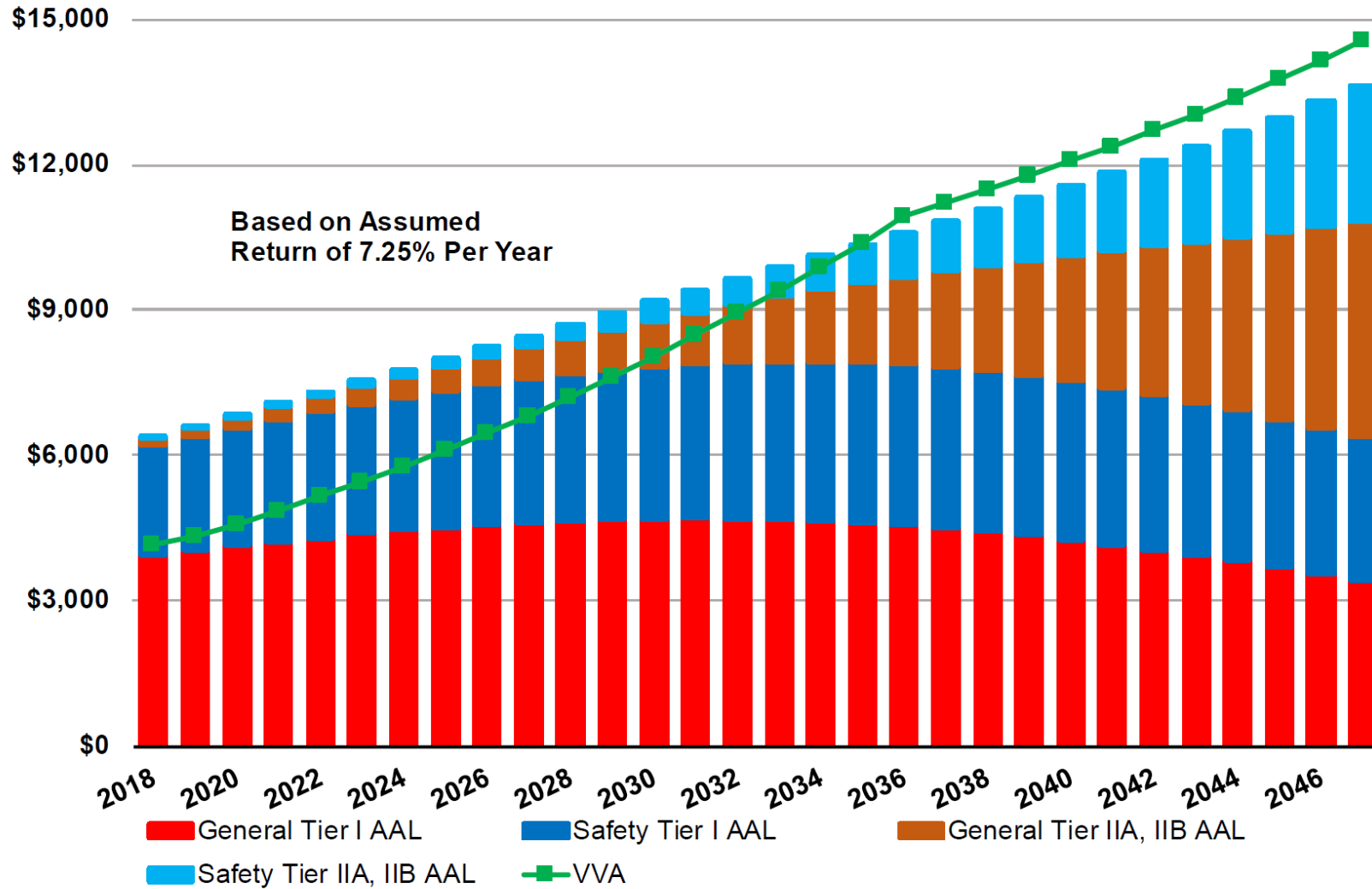
Member Census



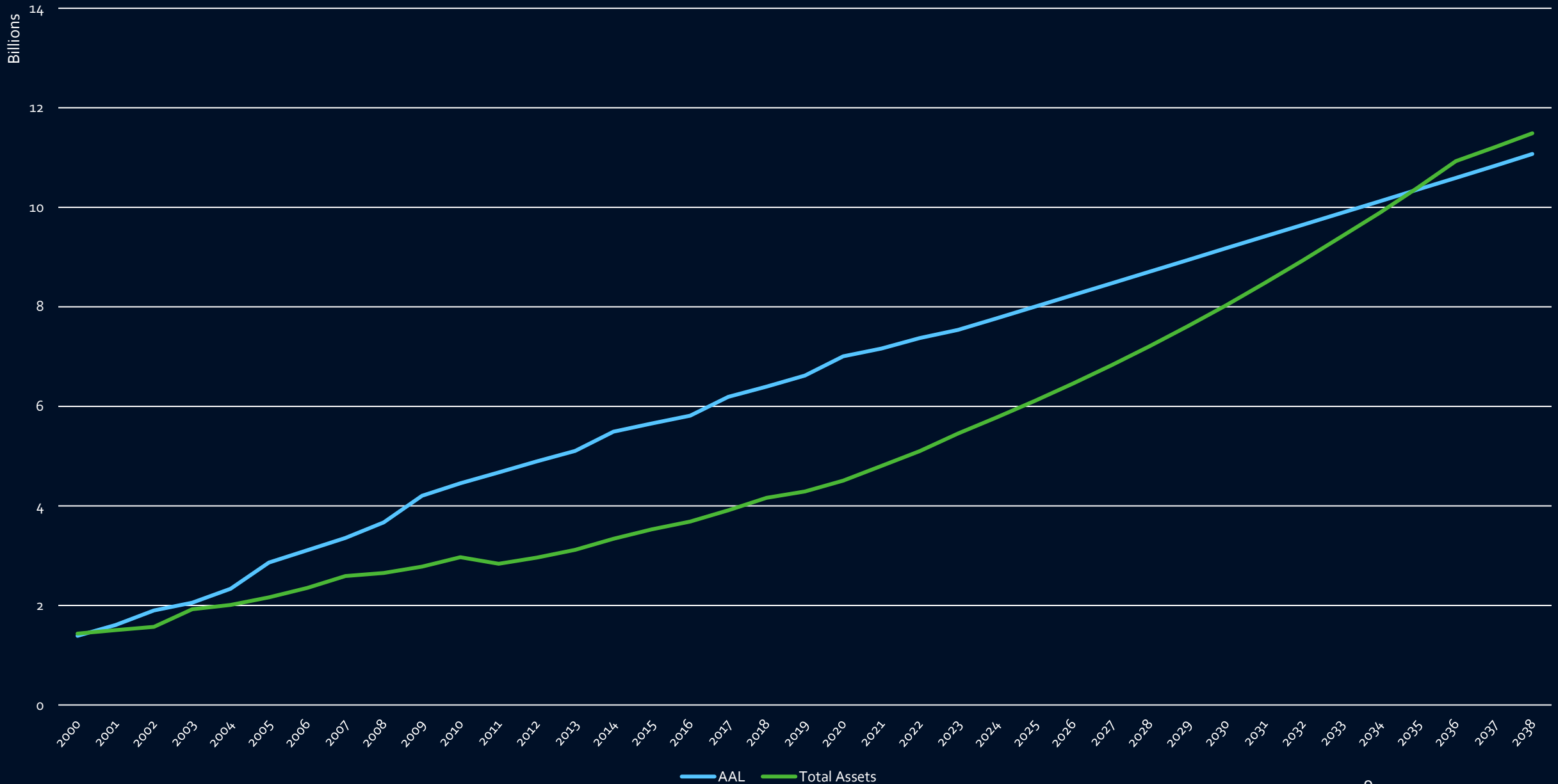
Member Activity by Year



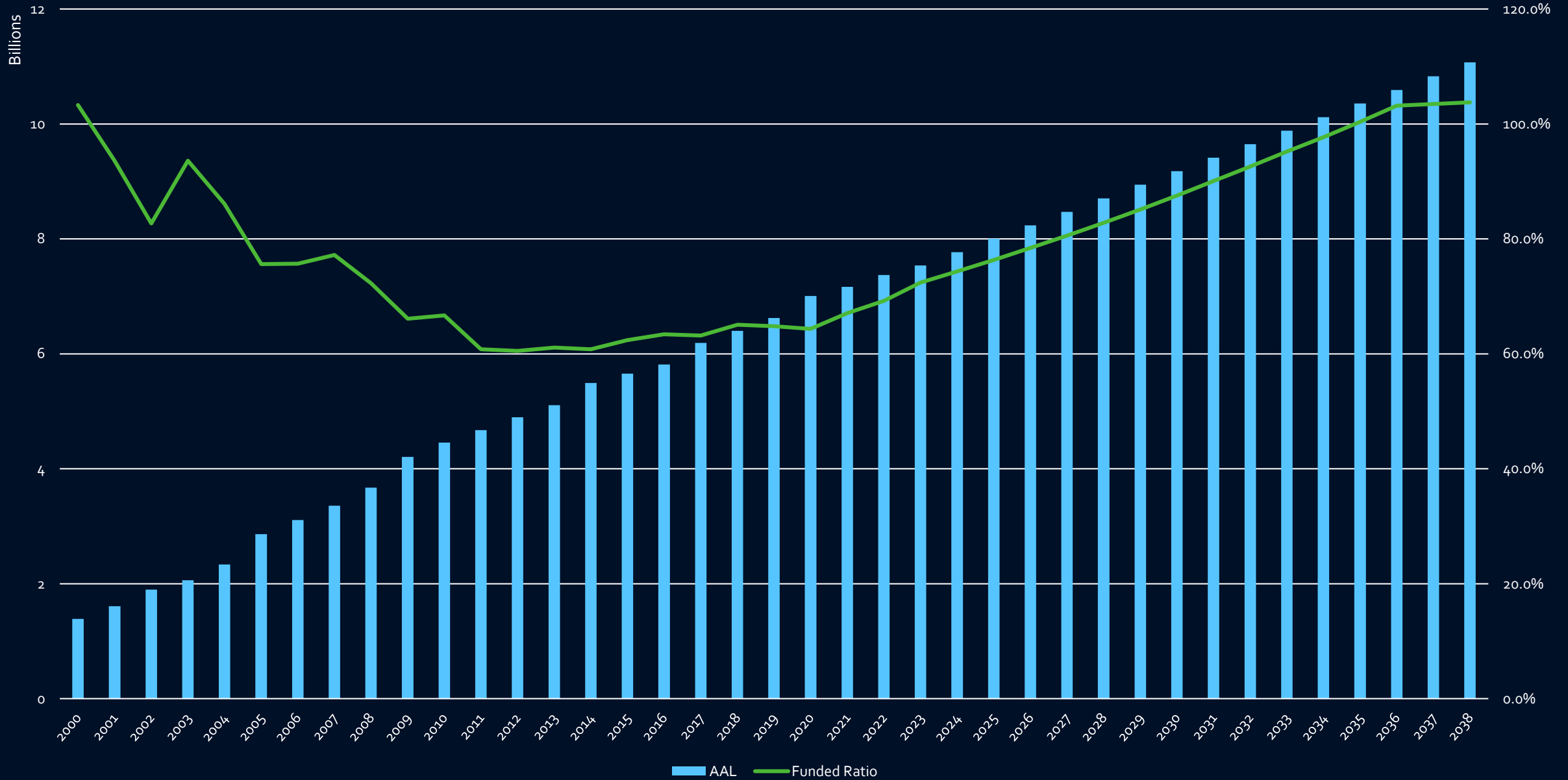
Projected Valuation Value of Assets and Actuarial Accrued Liability (\$ Millions)



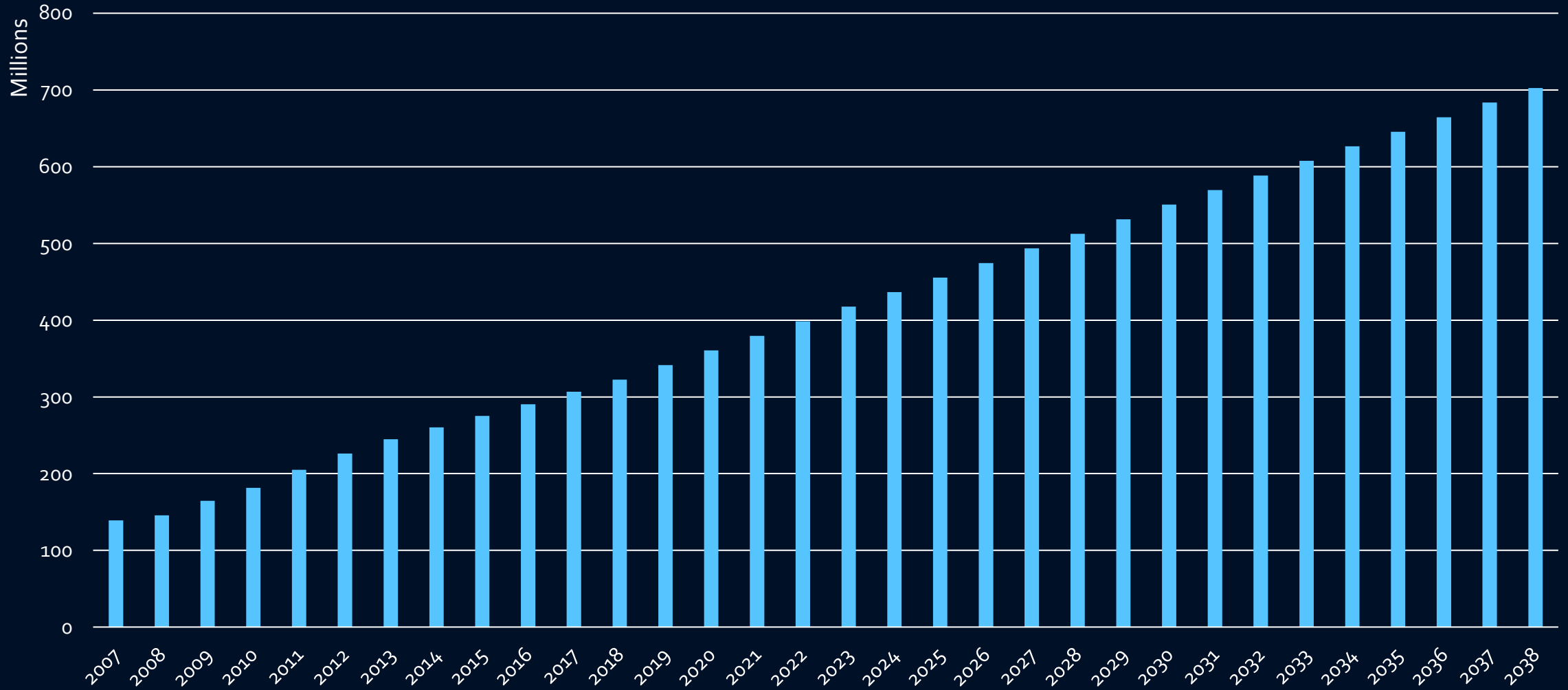
Total Liability vs. Total Assets



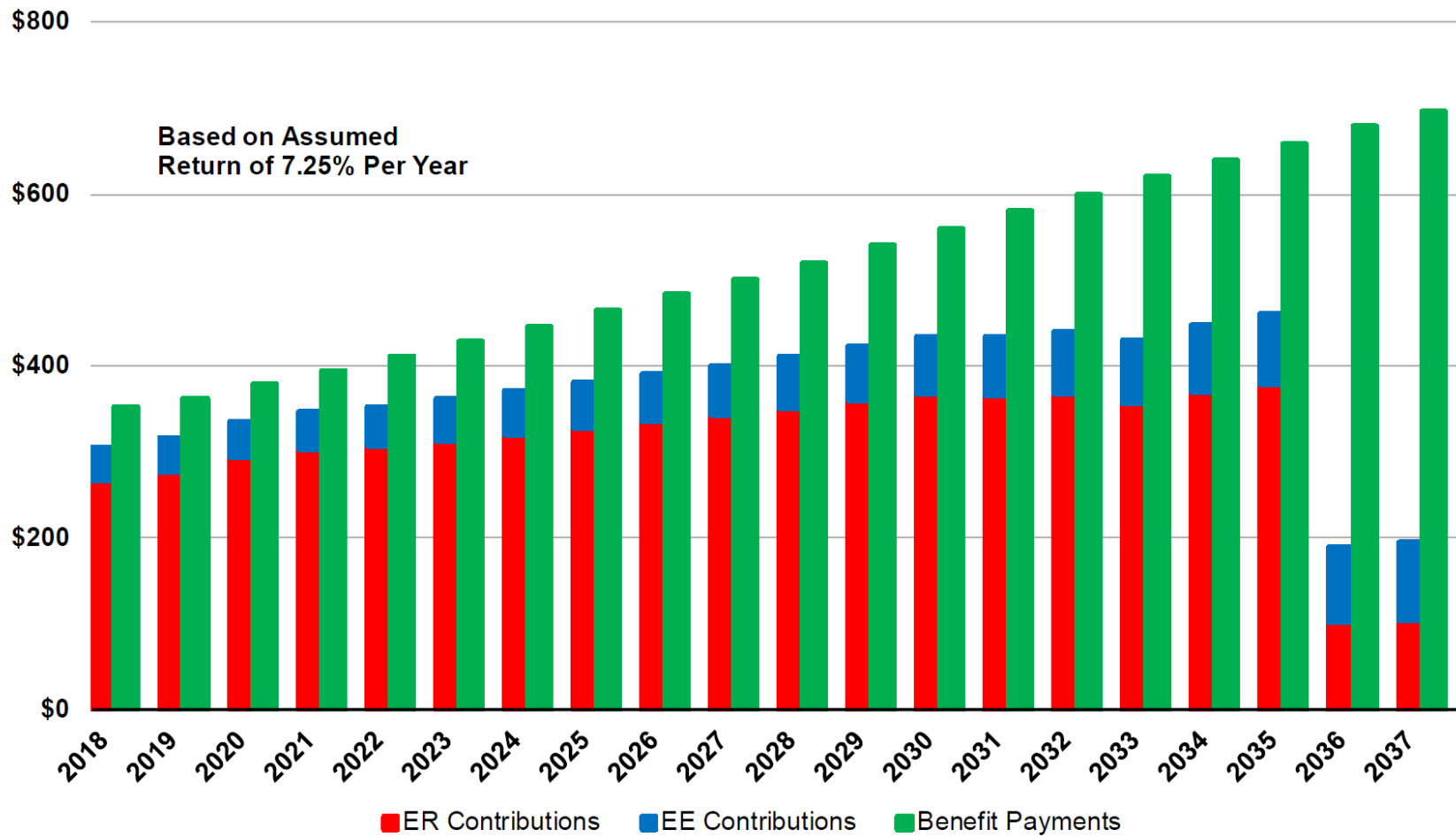
Total Liability vs. Funded Ratio



Benefits Paid by Year



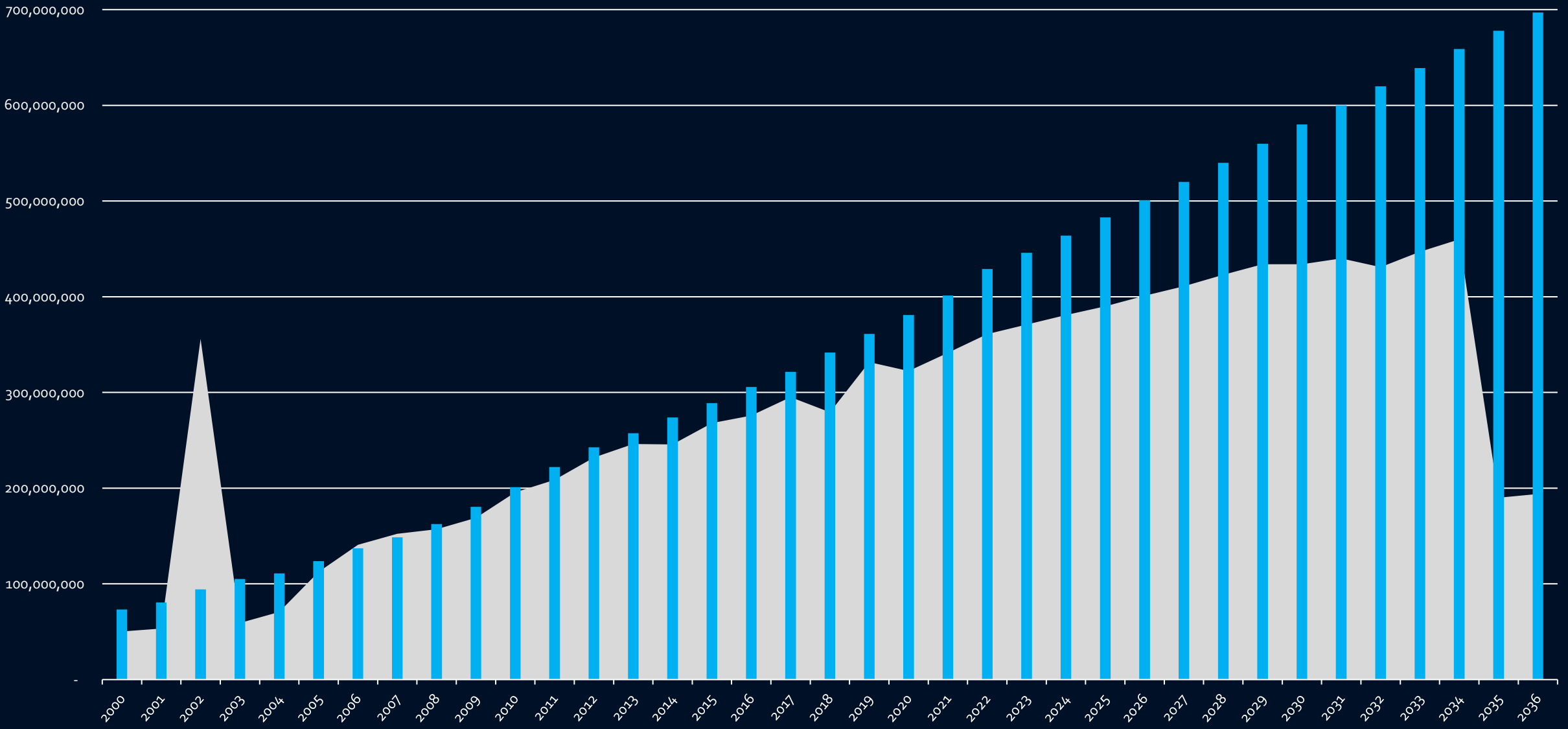
Comparison of Projected Contributions versus Benefit Payments (\$ Millions)



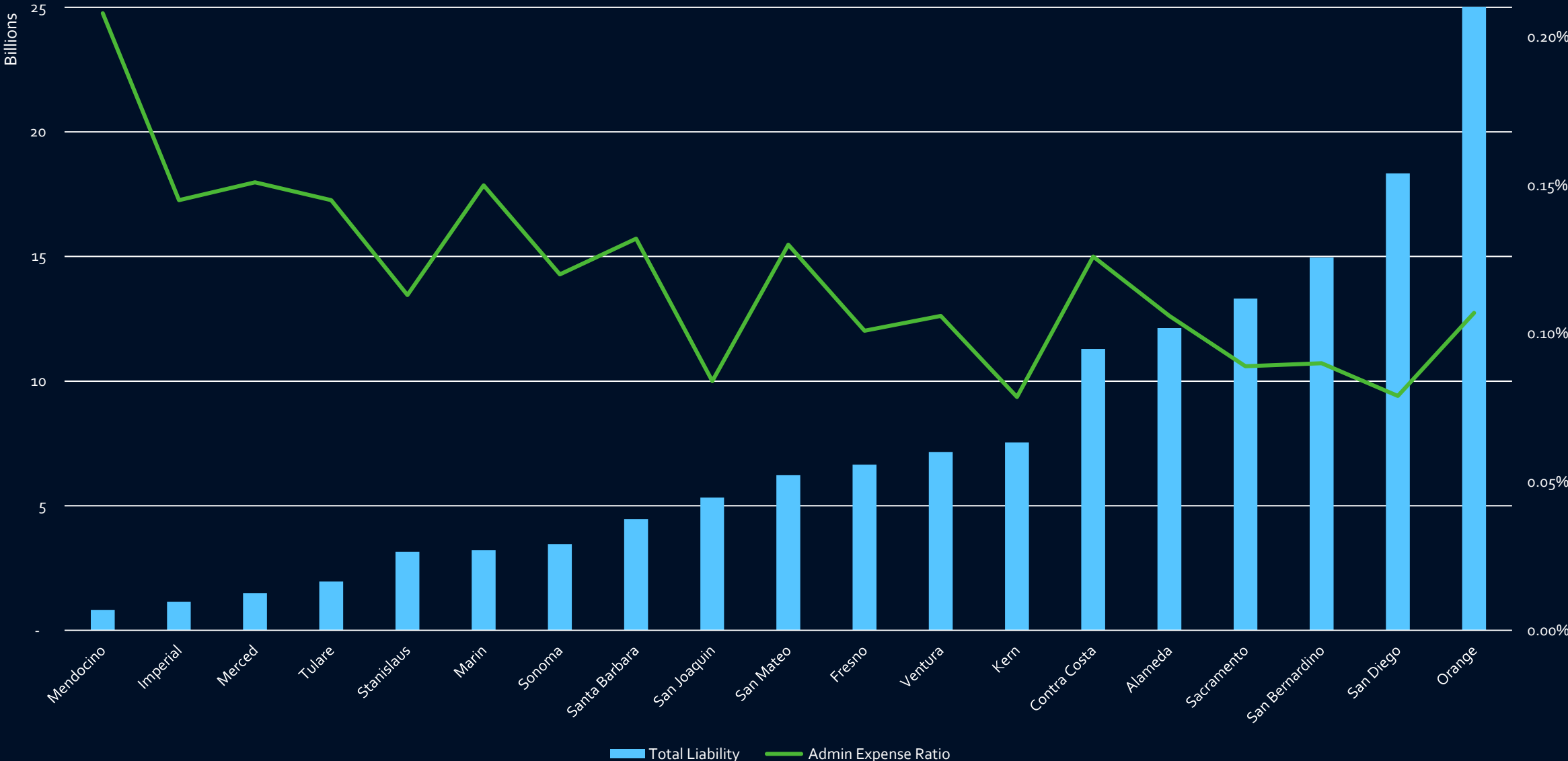
Note: The plan is paying the Normal Cost only starting with the June 30, 2035 valuation.

Contributions vs. Payments

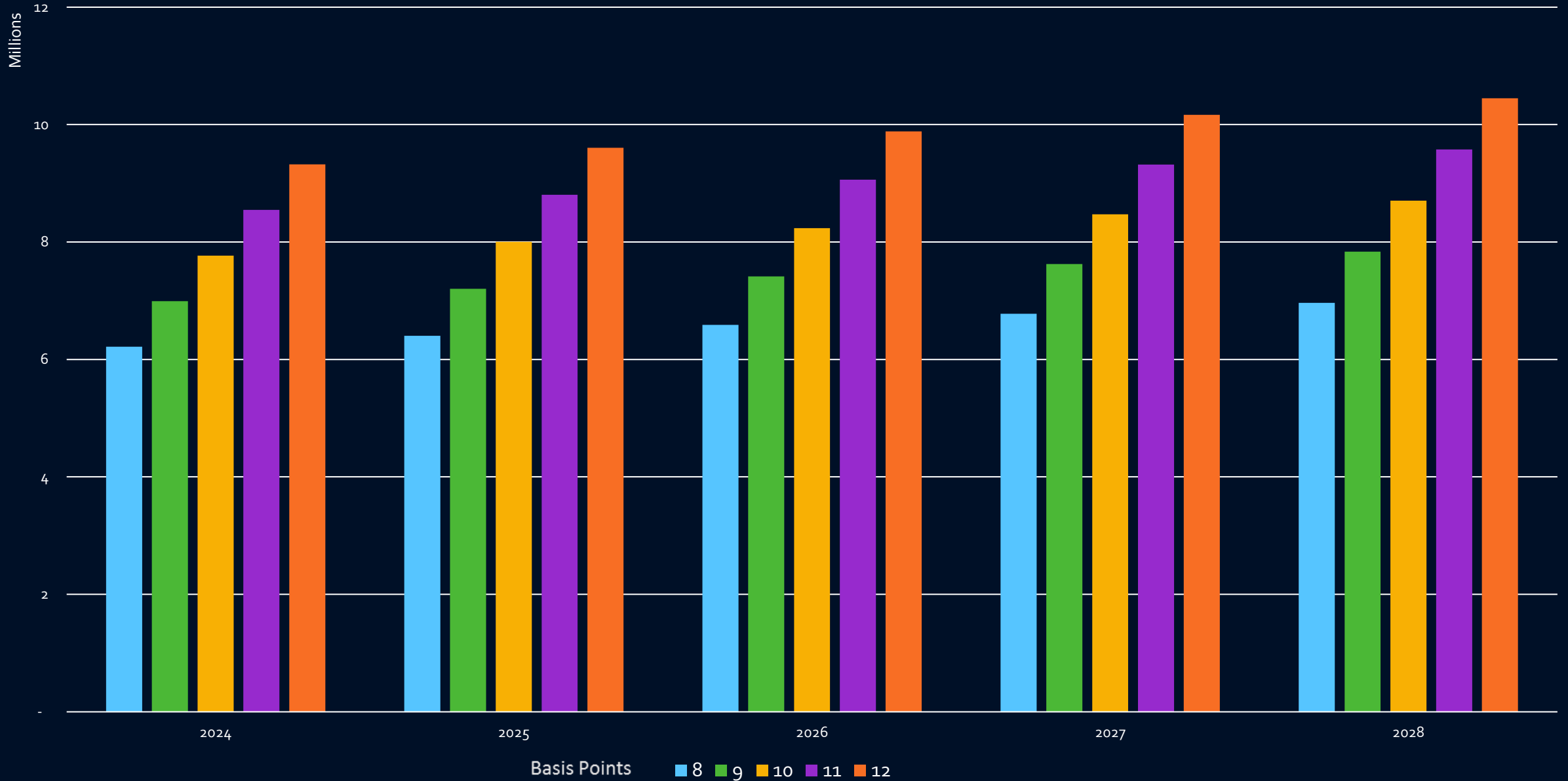
■ Contributions ■ Payments



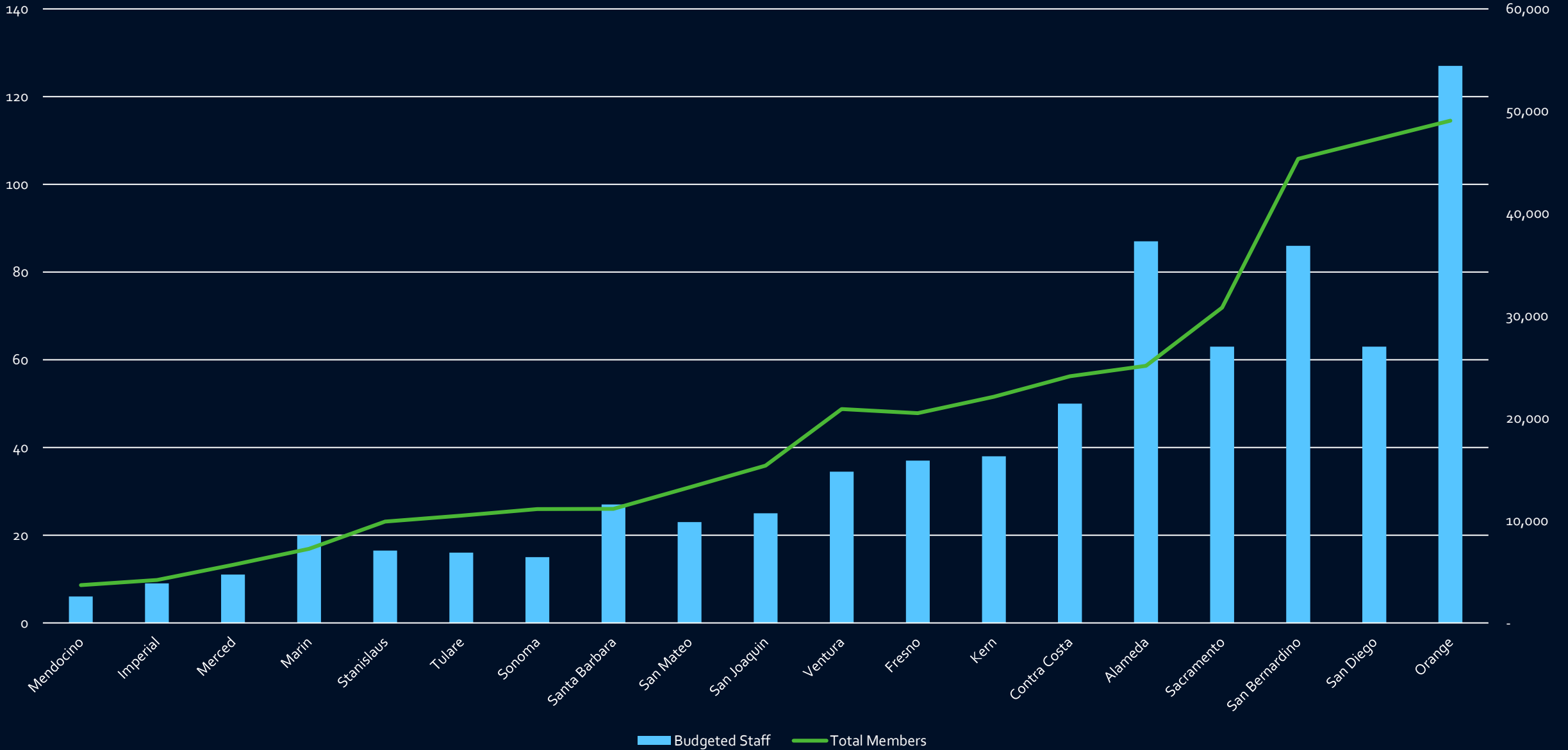
Total Liability vs. Admin Expense Ratio



Admin Expense Estimates



Staff vs Membership



Human Resources Report



March 22, 2023
Dominic D. Brown, CEO



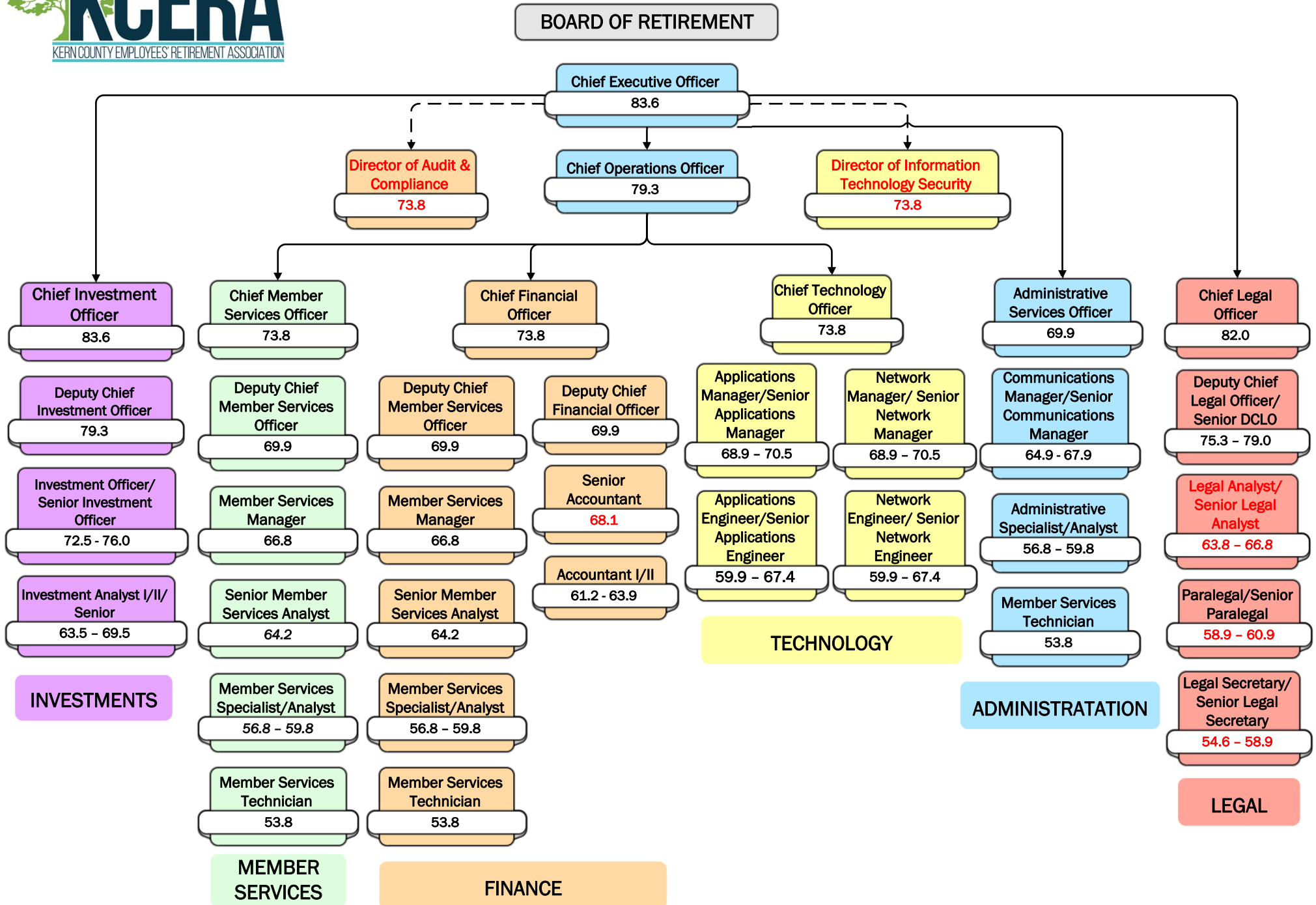
KCERA's mission is to prudently administer retirement benefits, invest the assets of the Association, and provide quality membership services to eligible public employees, retirees, and their beneficiaries.



For Review and Discussion

THE INAUGURAL HUMAN RESOURCES REPORT

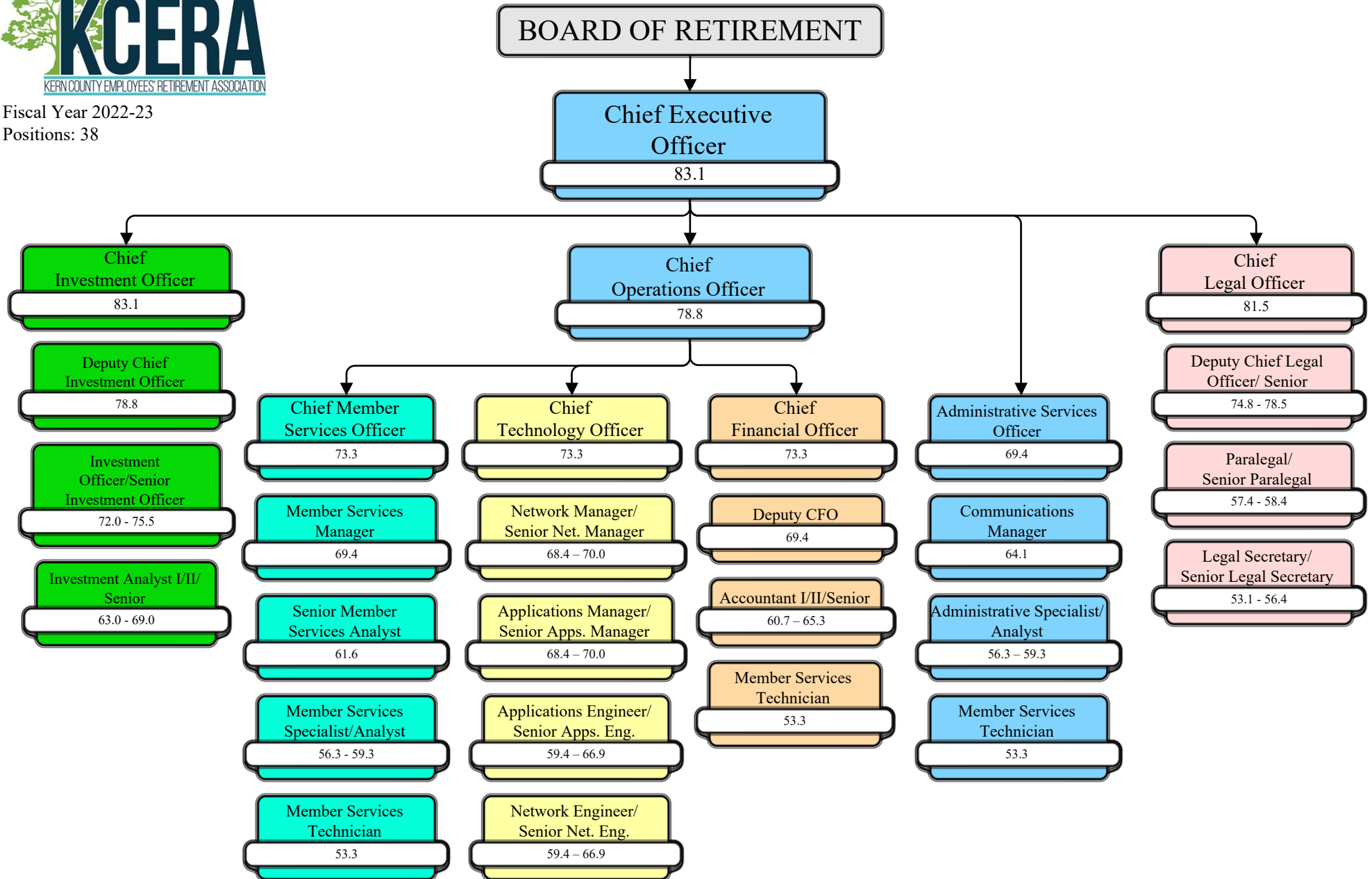
This is the first report since adoption of the amendment to the Administrative Committee Charter addressing staffing protocols. The report is intended to outline any staffing issues identified by the Chief Executive Officer as affecting KCERA's current and future ability to fulfill its Mission Statement. It may include the need for additional staffing, the development of new positions and job specifications, changes to existing staffing structure (organizational chart), staffing risks and opportunities, and staff succession plans. The report will also describe current measures and future plans to address the identified staffing issues.





Fiscal Year 2022-23

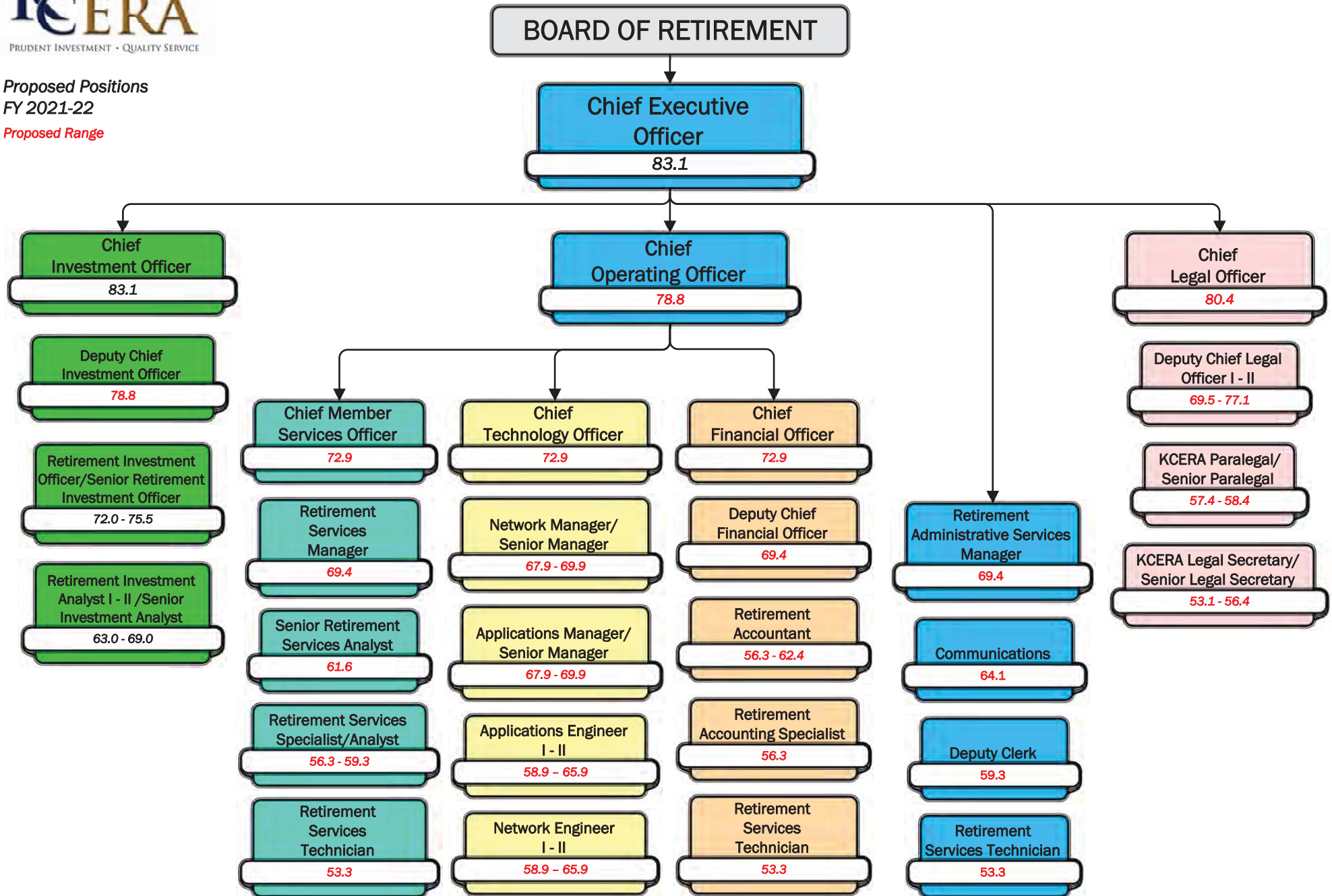
Positions: 38



Proposed Positions

FY 2021-22

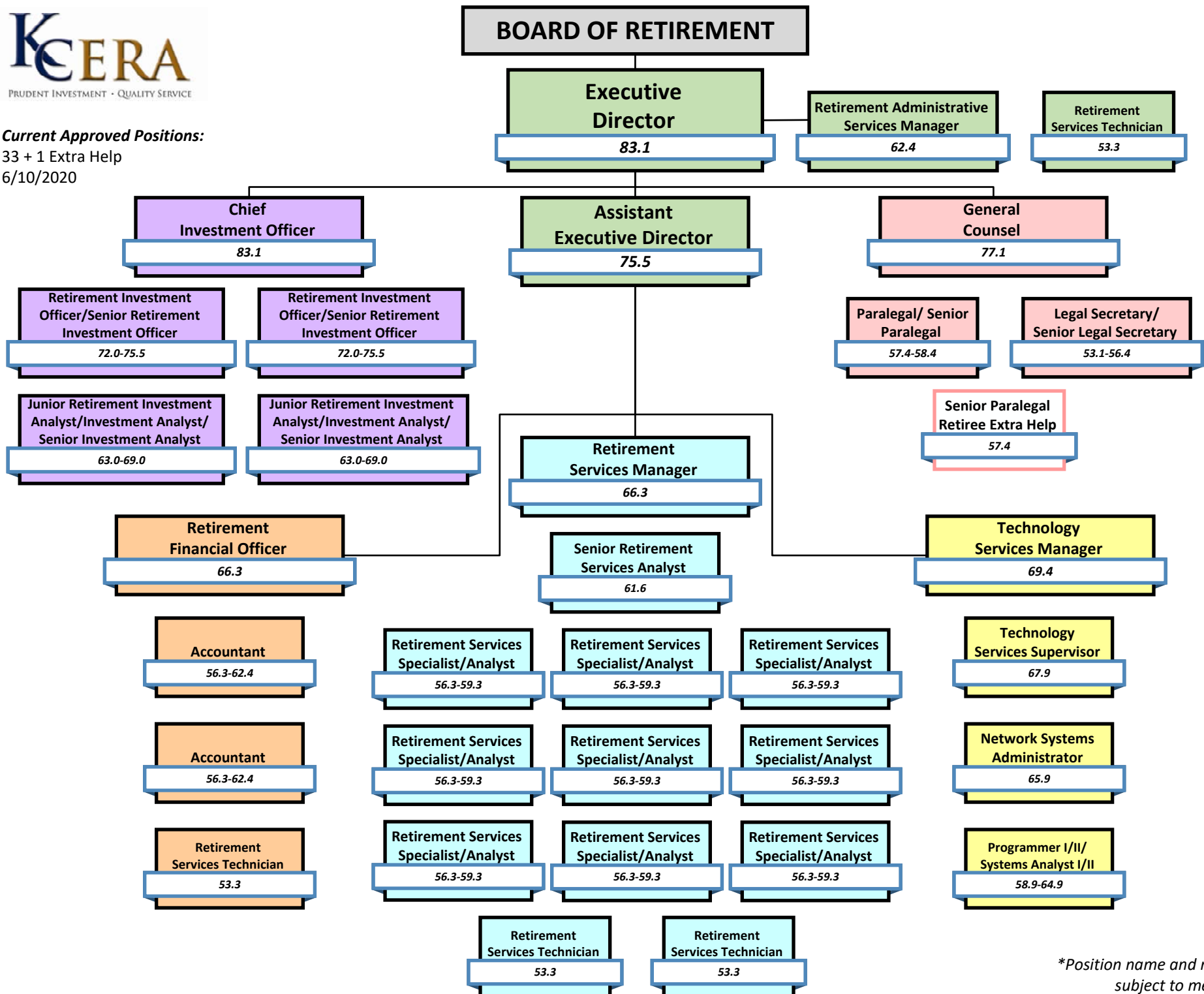
Proposed Range



Current Approved Positions:

33 + 1 Extra Help

6/10/2020

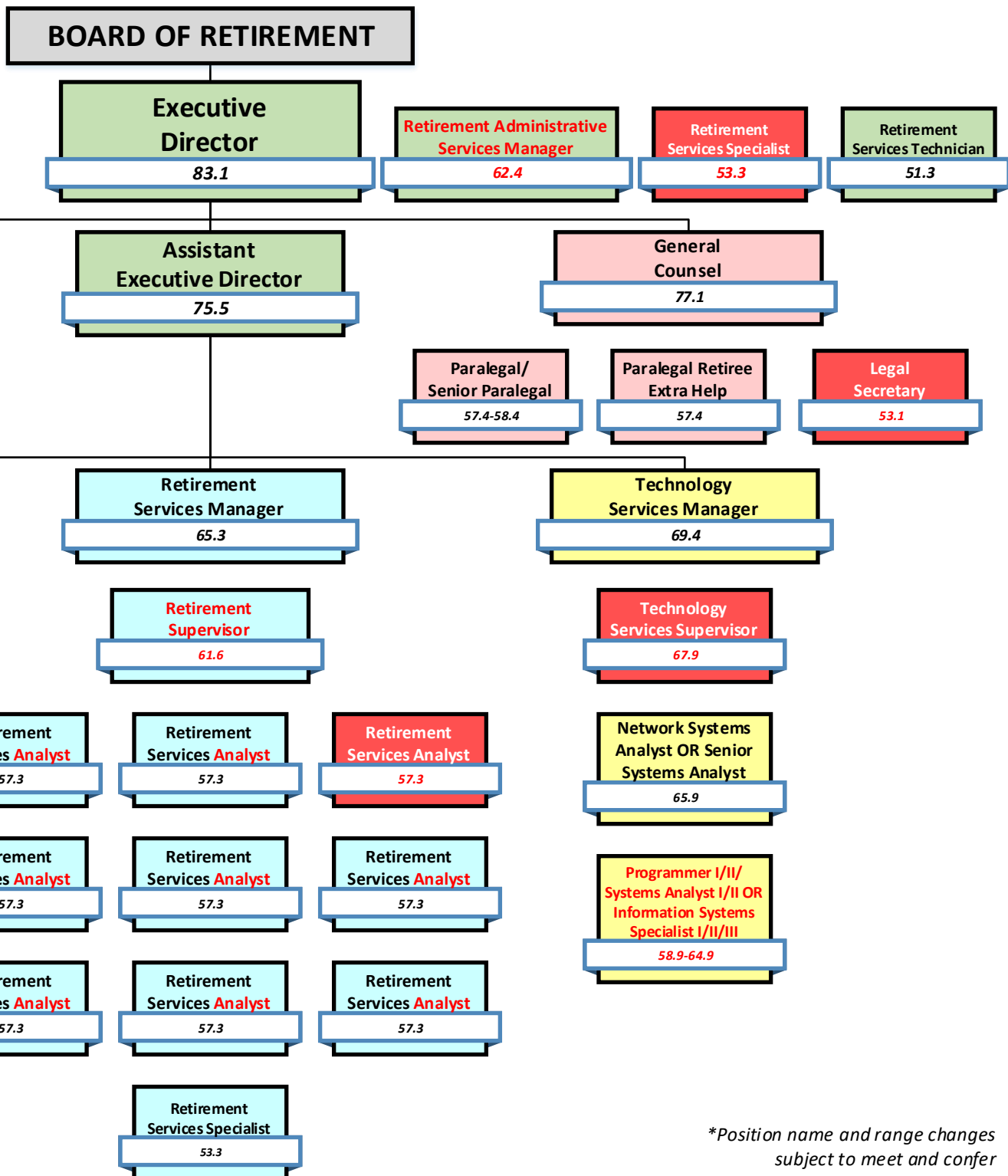


**Position name and range changes subject to meet and confer*

Proposed Draft*

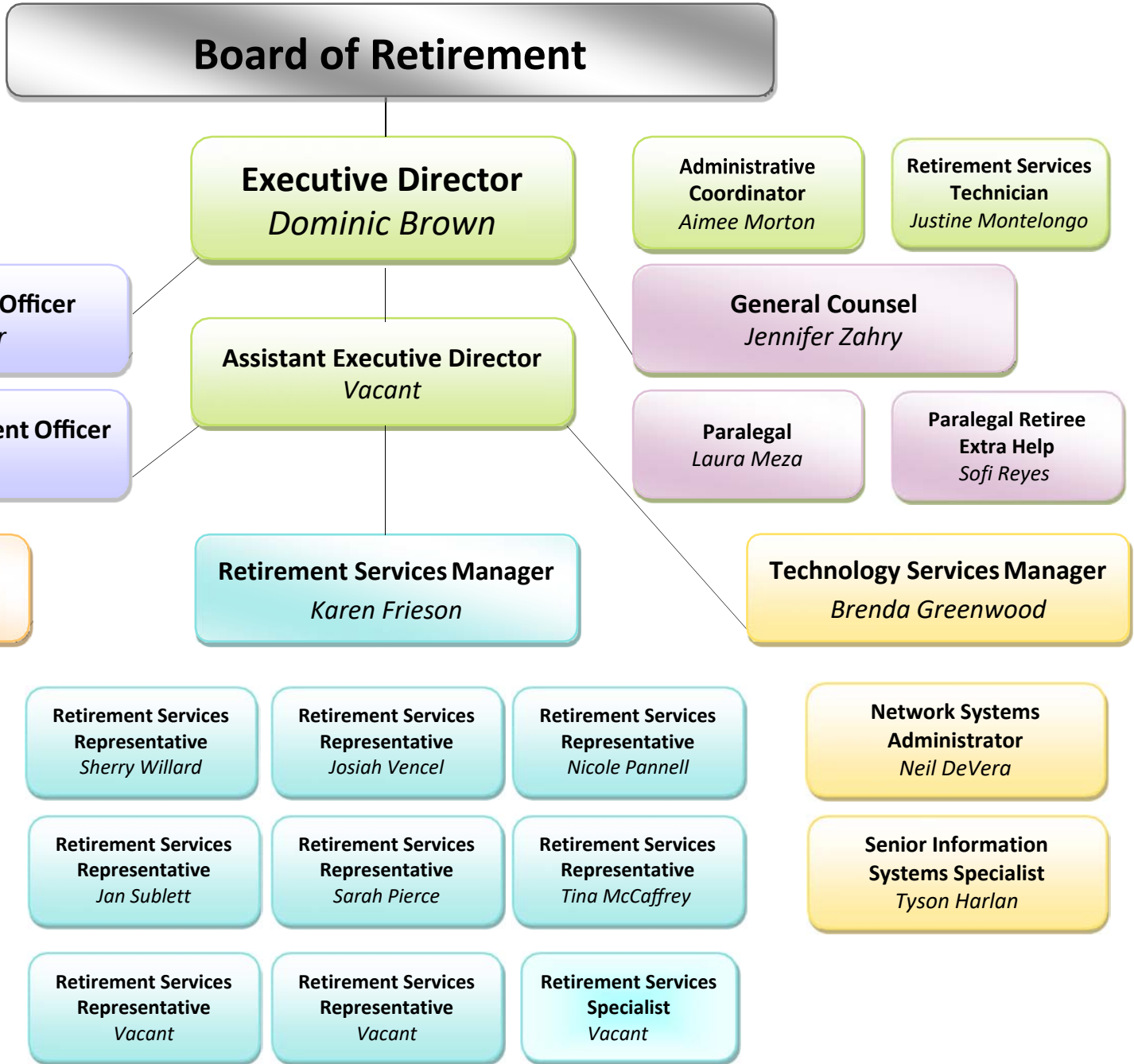
Positions: 32

5/23/2019



**Position name and range changes subject to meet and confer*

Proposed for Fiscal Year 2018-19
KCERA Positions: 26



**PROPOSED KCERA SALARY SCHEDULE
FISCAL YEAR 2023-24**

PROPOSED KCERA SALARY SCHEDULE					
	Position	Range	Minimum	Maximum	
Management	KCERA Chief Executive Officer	83.6	177,394	212,002	
	KCERA Chief Investment Officer	83.6	177,394	212,002	
	KCERA Chief Legal Officer	82.0	163,788	195,742	
	KCERA Chief Operating Officer	79.3	143,153	171,081	
	KCERA Deputy Chief Investment Officer	79.3	143,153	171,081	
	KCERA Senior Deputy Chief Legal Officer	79.0	141,027	168,540	
	KCERA Senior Investment Officer	76.0	121,429	145,118	
	KCERA Deputy Chief Legal Officer	75.3	117,262	140,139	
	KCERA Chief Financial Officer	73.8	108,810	130,038	
	KCERA Chief Technology Officer	73.8	108,810	130,038	
	KCERA Chief Member Services Officer	73.8	108,810	130,038	
	KCERA Director of Audit and Compliance*	73.8	108,810	130,038	
	KCERA Director of Information Technology Security*	73.8	108,810	130,038	
	KCERA Investment Officer	72.5	101,979	121,874	
	KCERA Senior Network Manager	70.5	92,297	110,303	
	KCERA Senior Applications Manager	70.5	92,297	110,303	
	KCERA Administrative Services Officer	69.9	89,576	107,051	
	KCERA Deputy Chief Financial Officer	69.9	89,576	107,051	
	KCERA Deputy Chief Member Services Officer	69.9	89,576	107,051	
	KCERA Deputy Director of Audit and Compliance*	69.9	89,576	107,051	
	KCERA Senior Investment Analyst	69.5	87,806	104,936	
	KCERA Network Manager	68.9	85,218	101,843	
	KCERA Applications Manager	68.9	85,218	101,843	
	KCERA Senior Communications Manager	67.9	81,072	96,888	
	KCERA Member Services Manager	66.8	76,744	91,716	
	KCERA Investment Analyst II	66.5	75,604	90,354	
	KCERA Communications Manager	64.9	69,805	83,424	
	KCERA Investment Analyst I	63.5	65,097	77,797	
	Represented	KCERA Senior Accountant*	68.1	81,885	97,860
		KCERA Senior Network Engineer	67.4	79,075	94,502
KCERA Senior Applications Engineer		67.4	79,075	94,502	
KCERA Senior Legal Analyst*		66.8	76,744	91,716	
KCERA Senior Member Services Analyst		64.2	67,410	80,561	
KCERA Accountant II		63.9	66,409	79,365	
KCERA Legal Analyst*		63.8	66,079	78,970	
KCERA Accountant I		61.2	58,042	69,366	
KCERA Senior Paralegal*		60.9	57,180	68,335	
KCERA Network Engineer		59.9	54,398	65,011	
KCERA Applications Engineer		59.9	54,398	65,011	
KCERA Member Services Analyst		59.8	54,128	64,687	
KCERA Administrative Analyst		59.8	54,128	64,687	
KCERA Paralegal*		58.9	51,752	61,848	
KCERA Senior Legal Secretary*		58.9	51,752	61,848	
KCERA Member Services Specialist		56.8	46,605	55,698	
KCERA Administrative Specialist		56.8	46,605	55,698	
KCERA Member Services Technician		53.8	40,129	47,958	
KCERA Legal Secretary*		54.6	41,762	49,910	

*Proposed name change, range, or new position.

**PROPOSED KCERA POSITIONS
FISCAL YEAR 2023-24**

Position	Range	Position Limit	Section Limit
Chief Executive Officer	83.6	1	6
Chief Operations Officer	79.3	1	
Administrative Services Officer	69.9	1	
Senior Communications Manager	67.9	1	
Communications Manager	64.9		
Administrative Analyst	59.8	2	
Administrative Specialist	56.8		
Member Services Technician	53.8		

Chief Investment Officer	83.6	1	5
Deputy Chief Investment Officer	79.3	1	
Senior Retirement Investment Officer	76.0	3	
Retirement Investment Officer	72.5		
Senior Retirement Investment Analyst	69.5	3	
Retirement Investment Analyst II	66.5		
Retirement Investment Analyst I	63.5		

Chief Legal Officer	82.0	1	5
Senior Deputy Chief Legal Officer	79.0	1	
Deputy Chief Legal Officer	75.3		
Senior Legal Analyst	66.8	3	
Legal Analyst	63.8		
Senior Paralegal	60.9		
Paralegal	58.9	3	
Senior Legal Secretary	58.9		
Legal Secretary	54.6		

Chief Financial Officer	73.8	1	9
Director of Audit & Compliance	73.8	1	
Deputy Chief Financial Officer	69.9	1	
Senior Accountant	68.1	2	
Accountant II	63.9		
Accountant I	61.2	1	
Deputy Chief Member Services Officer	69.9		
Member Services Manager	66.8		
Senior Member Services Analyst	64.2	3	
Member Services Analyst	59.8	5	
Member Services Specialist	56.8		
Member Services Technician	53.8		

Chief Technology Officer	73.8	1	5
Director of Information Technology Security	73.8	1	
Senior Network Manager	70.5	2	
Network Manager	68.9		
Senior Applications Manager	70.5	2	
Applications Manager	68.9		
Senior Network Engineer	67.4		
Network Engineer	59.9	2	
Senior Applications Engineer	67.4		
Applications Engineer	59.9		

Chief of Member Services Officer	73.8	1	10
Deputy Chief Member Services Officer	69.9	1	
Member Services Manager	66.8	1	
Senior Member Services Analyst	64.2	3	
Member Services Analyst	59.8	6	
Member Services Specialist	56.8		
Member Services Technician	53.8		

*Proposed name change, range, or new position.

Total 40

KCERA Proposed Certification Pays

Positions	Certifications													
	CPA	CPFO	CFE	CISA	CIA	CMA	CISSP	PMP	CFA	CAIA	CEBS	SHRM-CP	SHRM-SCP	
CEO & COO														
KCERA Chief Executive Officer	CPA	CPFO	CFE	CISA	CIA	CMA	CISSP	PMP	CFA	CAIA	CEBS	SHRM-CP	SHRM-SCP	
KCERA Chief Operations Officer	CPA	CPFO	CFE	CISA	CIA	CMA	CISSP	PMP	CFA	CAIA	CEBS	SHRM-CP	SHRM-SCP	
Administration														
KCERA Administrative Services Officer											CEBS	SHRM-CP	SHRM-SCP	
KCERA Communications Manager											CEBS	SHRM-CP	SHRM-SCP	
KCERA Senior Communications Manager											CEBS	SHRM-CP	SHRM-SCP	
KCERA Administrative Specialist											CEBS	SHRM-CP	SHRM-SCP	
KCERA Administrative Analyst											CEBS	SHRM-CP	SHRM-SCP	
Investment														
KCERA Chief Investment Officer	CPA	CPFO							CFA	CAIA				
KCERA Deputy Chief Investment Officer	CPA	CPFO							CFA	CAIA				
KCERA Senior Investment Officer	CPA	CPFO							CFA	CAIA				
KCERA Investment Officer	CPA	CPFO							CFA	CAIA				
KCERA Senior Investment Analyst	CPA	CPFO							CFA	CAIA				
KCERA Investment Analyst II	CPA	CPFO							CFA	CAIA				
KCERA Investment Analyst I	CPA	CPFO							CFA	CAIA				
Legal														
KCERA Chief Legal Officer														
KCERA Senior Deputy Chief Legal Officer														
KCERA Deputy Chief Legal Officer														
KCERA Senior Paralegal														
KCERA Paralegal														
KCERA Senior Legal Secretary														
KCERA Legal Secretary														
Finance														
KCERA Chief Financial Officer	CPA	CPFO	CFE	CISA	CIA	CMA			CFA					
KCERA Director of Audit & Compliance	CPA	CPFO	CFE	CISA	CIA	CMA			CFA					
KCERA Deputy Chief Financial Officer	CPA	CPFO	CFE	CISA	CIA	CMA			CFA					
KCERA Deputy Director of Audit and Compliance	CPA	CPFO	CFE	CISA	CIA	CMA			CFA					
KCERA Senior Accountant	CPA	CPFO	CFE	CISA	CIA	CMA			CFA					
KCERA Accountant II	CPA	CPFO	CFE	CISA	CIA	CMA			CFA					
KCERA Accountant I	CPA	CPFO	CFE	CISA	CIA	CMA			CFA					
KCERA Accounting Specialist														
Member Services														
KCERA Chief Member Services Officer											CEBS	SHRM-CP	SHRM-SCP	
KCERA Deputy Chief Member Services Officer											CEBS	SHRM-CP	SHRM-SCP	
KCERA Member Services Manager											CEBS	SHRM-CP	SHRM-SCP	
KCERA Senior Member Services Analyst											CEBS	SHRM-CP	SHRM-SCP	
KCERA Member Services Analyst											CEBS	SHRM-CP	SHRM-SCP	
KCERA Member Services Specialist											CEBS	SHRM-CP	SHRM-SCP	
KCERA Member Services Technician														
Information Technology														
KCERA Chief Technology Officer				CISA			CISSP	PMP						
KCERA Director of Information Technology Security				CISA			CISSP	PMP						
KCERA Senior Network Manager				CISA			CISSP	PMP						
KCERA Network Manager				CISA			CISSP	PMP						
KCERA Senior Applications Manager				CISA			CISSP	PMP						
KCERA Applications Manager				CISA			CISSP	PMP						
KCERA Senior Network Engineer				CISA			CISSP	PMP						
KCERA Network Engineer				CISA			CISSP	PMP						
KCERA Senior Applications Engineer				CISA			CISSP	PMP						
KCERA Applications Engineer				CISA			CISSP	PMP						

Each certification is equal to 5% of base pay. If multiple certifications are held KCERA will only pay a maximum of 5%.

Legend:

Certifications

- CPA - Certified Public Accountant
- CPFO - Certified Public Finance Officer
- CFE - Certified Fraud Examiner
- CISA - Certified Information Systems Auditor
- CIA - Certified Internal Auditor
- CMA - Certified Management Accountant
- CISSP - Certified Information Systems Security Professional
- PMP - Project Management Professional
- CFA - Chartered Financial Analyst
- CAIA - Chartered Alternate Investment Analyst
- CEBS - Certified Employee Benefits Specialist
- SHRM-CP - Society of Human Resource Management
- SHRM-SCP - Society of Human Resource Management Senior Certified Professional

Peer - Audit & Compliance

- ACERA – Chief Internal Audit
- CCCERA – Compliance Officer, Internal Auditor
- OCERS – Director Internal Audit, Internal Audit, Acct/Auditor I, II, Senior
- SBCERA – Internal Auditor, Accounting Auditing Supervisor
- SDCERA – Internal Audit Director, Internal Auditor, Fraud Hotline
- LACERA – Chief Internal Audit, Internal Auditor, Principal Internal Auditor, Senior Internal Auditor, Quality Auditor I, II, Senior



Summary of Proposed Updates

Classification Additions:

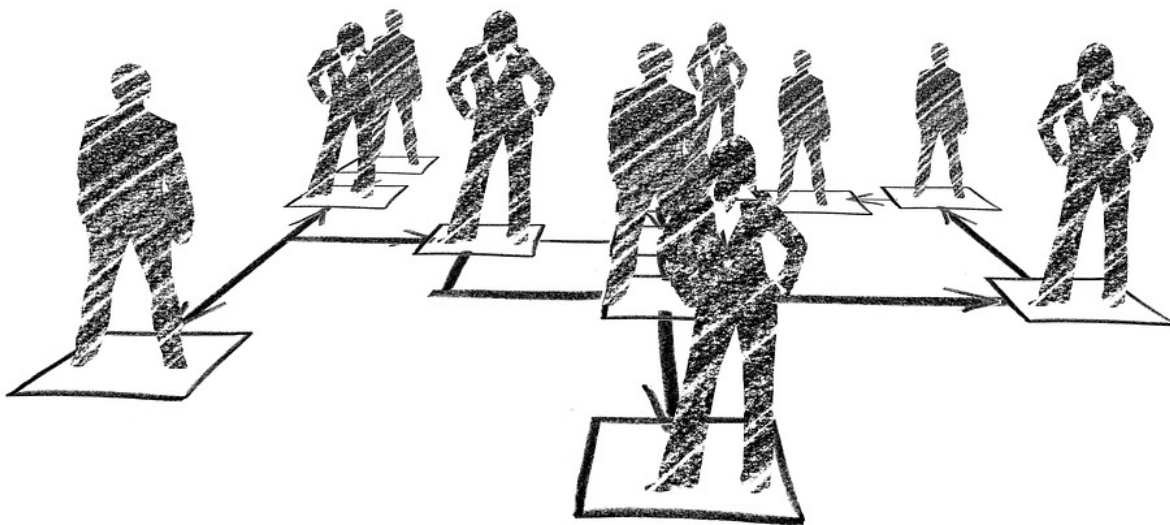
- Legal Analyst
- Senior Legal Analyst
- Director of Audit and Compliance
- Deputy Director of Audit and Compliance
- Director of Information Technology Security

Range Changes:

- Senior Accountant 65.8 to 68.1
- Paralegal 57.9 to 58.9
- Senior Paralegal 58.9 to 60.9
- Legal Secretary 53.6 to 54.6
- Senior Legal Secretary 56.9 to 58.9

Staff Additions:

- Administrative Specialist/ Analyst
- Member Services Specialist/ Analyst







KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: April 12, 2023

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer *Dominic D. Brown*

Subject: **Response to Referral - Election Procedures Policy**

Background

On September 14, 2022, the Board of Retirement asked Staff to consider moving KCERA's election date to avoid election date delays and to ease the burden on the County's Elections Division.

Proposed Policy Edits

The proposed changes move the Board of Retirement Election date from November to September, remove reference to an exhibit that is provided by the Elections Division, and add a 5-year review cycle to the policy. Staff has informed the Elections Division of the proposed changes and Elections has confirmed they approve of the proposed changes.

On March 22, 2023, the Administrative Committee unanimously approved the Elections Procedure Policy edits presented for recommendation to your Board.



PRUDENT INVESTMENT • QUALITY SERVICE

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

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 ~~September~~ 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 53rd day prior to the election, any person (other than the person who was the incumbent on the 53rd day) shall have until 5 p.m. on the 46th 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~~ Chief Executive Officer 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 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 [month day, year].

DRAFT

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 September 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 53rd day prior to the election, any person (other than the person who was the incumbent on the 53rd day) shall have until 5 p.m. on the 46th 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 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 Chief Executive Officer 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 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.



HISTORY OF KCERA PROPERTY, INC.

Jennifer Esquivel Zahry, Chief Legal Officer

REAL ESTATE PURCHASE AND SALES CONTRACT



September 3, 2008

Contract between KCERA and
Castle & Cooke California, Inc.

Facility Ad Hoc Committee

LeBeau Thelen LLP advising

FORMATION OF HOLDING COMPANY

- PURPOSE
 - Hold title
 - Shield KCERA from potential liabilities arising from ownership and operation of the Property
- CONSIDERATIONS
 - California Corporation
 - California Limited Liability Company
- OWNERSHIP
 - KCERA as sole stockholder (Corp)
 - KCERA as sole member (LLC)



HOLDING COMPANY DECISION (2008)

CORPORATION

- Formation as 501(c)(2) or 501(c)25
- Exempt from State Franchise Tax
- Administrative Time and Costs associated w/ liability protections
 - Acting through Board of Directors
 - Annual shareholders meeting
 - Compliance w/ state laws governing corporations

LIMITED LIABILITY COMPANY

- Greater flexibility in management structure and control
- Less “red tape” than corporations
- Annual tax \$800-900 under California law
- Annual Fee based on total income (rental income only < \$500,000 per year)
- Legal considerations unique to government pension plans



DECISION TO ESTABLISH CORPORATION

CORPORATE HOLDING COMPANY

- Tax issues unique to governmental pension plans
- “Safer approach” from a legal perspective
- Other CERL systems surveyed
 - Majority held title as 501(c)(25) corporation
 - Remainder held title directly



KPI FORMED

- Bylaws – ratified November 6, 2008
- Articles of Incorporation filed w/ CA Secretary of State 11/6/2008
- KPI submitted documents to IRS re tax exempt status under 501(c)(25)

ADMINISTRATIVE/ FINANCIAL BURDENS

- ❖ Compliance with KPI Bylaws
 - ❖ Annual KPI Meetings
 - ❖ Annual Election of KPI Board members
 - ❖ Annual Shareholder's Meeting
 - ❖ Check signing
 - ❖ Tenant Improvement Process
- ❖ On-going Staff Coordination w/ External Accounting Firm
 - ❖ Annual Appraisal

PATH FORWARD

- Risk assessment
- Impact to Plan
- Related costs
- KPI Shareholders/KCERA Board
- KPI Board



SACRS VOTING PROXY FORM

The following are authorized by the _____ County Retirement Board to vote on behalf of the County Retirement System at the upcoming SACRS Conference

(If you have more than one alternate, please attach the list of alternates in priority order):

_____ Voting Delegate

_____ Alternate Voting Delegate

These delegates were approved by the Retirement Board on ____ / ____ / ____.

The person authorized to fill out this form and submit electronically on behalf of the Retirement Board:

Signature: _____

Print Name: _____

Position: _____

Date: _____

Please send your system's voting proxy by April 28, 2023 to Sulema H. Peterson, SACRS Executive Director at Sulema@sacrs.org.



March 24, 2023

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2023-2024 Elections – Final Ballot

SACRS BOD 2023-2024 election process began January 2023. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2023	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2023	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 12, 2023	Nominating Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 9-12, 2023
May 12, 2023	Board of Directors take office for 1 year (until Spring 2024 Elections)

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members.*

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of



SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference on Friday, May 12, 2023, during the scheduled business meeting at the Paradise Point Resort & Spa, San Diego, CA.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The Regular Member listed as “Open” is due to a late withdrawal of a submission by an interested candidate. We are past the deadline to submit a nomination, and we received no other submissions of interest. SACRS Bylaws do not allow nominations or write-in candidates from the floor, therefore the Nominating Committee will be reaching out to the regular membership in search of interested parties that would like to serve.

***Bylaws- Article VIII Board of Directors/Section 2/ Elections of Directors**

The Bylaws state that the Board of Directors can make an appointment if there is a vacant position on the Board. Once the Board of Directors are elected, at their first meeting in June, they will fill the vacancy.

***Bylaws- Article VIII Board of Directors/Section 6/ Elections of Directors**

Regular members interested in serving as a “Regular Member” of the SACRS Board of Directors may complete a supplemental candidate form for consideration. Send the supplemental candidate form, no later than April 21, 2023, to sulema@sacrs.org to be reviewed by the Nominating Committee. At the SACRS Business meeting in May, the Nominating Committee will update the membership on submissions received and make a recommendation to the newly elected Board of Directors.

Please prepare your voting delegate to have the ability to vote by the recommended ballot and by each position separately.

If you have any questions, please contact me at Dan McAllister, Dan.McAllister@sdcounty.ca.gov or Sulema Peterson, sulema@sacrs.org (916) 701-5158.

Continued



Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director

Attached: 2023-2024 Candidate submissions
Candidate Form



**SACRS Nomination SUPPLEMENTAL Submission
Form SACRS Board of Directors Elections**

All interested candidates that would like to be considered for appointment to the Board of Directors for the 2023-2024 OPEN REGULAR MEMBER position must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than April 21, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	

President Candidate Form - David MacDonald, Contra Costa CERA



SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: dmacdcccera@gmail.com Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other - Vice Chair X (elected board member)
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President X <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<p>* SACRS Board of Directors, Member – 2020-2021 & 2021-2022</p> <p>* SACRS Vice President – 2022-2023</p> <p>* Vice Chair, CCCERA Board of Retirement</p> <p>* Elected general member trustee of CCCERA since 2016</p> <p>* President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County).</p> <p>* 29 years serving on the PDOCC Executive Board, including many years as Vice President and President.</p> <p>* 32 years of service to Contra Costa County as a physician working in the Department of Health Services.</p> <p>* Education/Pension Trustee Certificates:</p> <ul style="list-style-type: none"> - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEPP – CAPPP program, Trustees Masters Program - CALAPRS Trustee Education – Principles of Pension Governance

Vice President Candidate Form - Adele Tagaloa, Orange CERS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2022-2023**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2022.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcountry.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Adele Tagaloa
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: atagaloa@ocers.org [REDACTED] Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System (OCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> ♦ Secretary, [REDACTED] ram and Bylaws Committee ♦ Elected General Member Trustee, OCERS, 2020 to present Over 13 years of service to the County of Orange Proudly serving 1.8 million registered voters at the Registrar of Voters office ♦ Chair, OCERS Disability Committee 2020 to present ♦ Vice- Chair, OCERS Investment Committee 2022 to present ♦ Member, OCERS Governance Committee member 2022 to present ♦ Union Steward, Orange County Employees Association (OCEA) 2012 to present ♦ Board of Directors, OCEA 2018 to present ♦ Political Action Committee and Scholarship Committee member, OCEA <p>Public Pension Trustee Certificates: Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 190 hours of education, 2020 - present</p>

Treasurer Candidate Form - Jordan Kaufman, Kern CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: jkaufman@kerncounty.com [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Kern CERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other <u>Statutory</u>
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I am the current SACRS Treasurer and am excited for the opportunity to continue in this role. I am in my second term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the \$5.2 billion Treasury Investment Pool and the responsibility of annually collecting over \$1.4 billion in local property taxes. I am also the Plan Administrator for the \$670 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Commissioner on the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.</p>

Secretary Candidate Form - Zandra Cholmondeley, Santa Barbara CERS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Zandra Cholmondeley
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: zcholmondeley@gmail.com + Phone: [REDACTED] +
Name of Retirement System Candidate Currently Serves On	System Name: Santa Barbara County Employees' Retirement System (SBCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"> <input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input checked="" type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>Zandra Cholmondeley was elected to represent County retirees as a trustee on the governing board of the Santa Barbara County Retirement System (SBCERS) in November 2008. She joined the SBCERS Board in January 2009 and starting in January 2010, served two terms as Chair of the Board. She has also served three terms as the President of the Retired Employees of Santa Barbara County (RESBC).</p> <p>Zandra retired in July 2008. As Principal Analyst for Santa Barbara County she was charged with overseeing the development of the County's annual budget and performed numerous special projects for the County Executive Officer (CEO). Her budget responsibilities included working with County departments to ensure the accuracy of projections and overall preparation of the budget document. Special projects experience included implementing fiscal policy for the County Executive and oversight of internal service funds including the fleet and self-insurance funds.</p>

Regular Member Candidate Form - David Gilmore, San Diego CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David Gilmore
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: DGilmore@sdcera.org Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I have over 25 years with the County of San Diego and have been in management for the past 13 years. I am currently in my second term at SDCERA as a trustee and occupy the safety seat. I was elected to the SACRS Board of Directors last year and am seeking re-election for the upcoming year. I have a degree in accounting and a graduate degree in public administration.</p> <p>Thank you for your consideration and please see my letter of intent attached.</p>

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §7928.710)

(CA Gov. Code §7922.000)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE



CHIEF EXECUTIVE OFFICER'S REPORT

KCERA | DOMINIC D. BROWN | APRIL 2023



OFFICE UPDATE

- Board Referrals – Completed:
 - ESG Education
 - Glass Lewis Proxy voting education
 - Discussion on AB 2449 and requirements on implementation
- Staffing
 - New Staff: Communications Manager
 - Recruitments: Investment Analyst
 - Upcoming Recruitments: Deputy Chief Legal Officer, Member Services Specialist
- Solar Update – Pending response from Association
- RFP Update: Financial Statement Audit, Risk Analytics, Japan Equity
- Service Purchase Update
- MMRO Update – MMRO to present to the Board at the June BOR meeting

OPERATIONS ACTIVITY

- Member Services
 - 29 new retirements and calculations
 - 50 death benefit calculations
 - 291 service-credit purchase calculations
 - 98 retirement estimates
 - 169 new active members
 - 79 terminations with disposition packets
 - 30 in-person appointments
 - 210 walk-ins
 - 903 phone calls
 - 227 emails
- Accounting & Reporting
 - Service Purchases
 - GASB 68
 - Training Plan for new Staff
 - Commercial P-cards
- Information Technology
 - Banking Validation
 - 2-Factor Authentication for Portal

UPCOMING EVENTS

- Finance Committee – Mid-late April for Audit RFP; 6/2 Draft Actuarial Experience Study, Budget 2023-24
- Administrative Committee – 4/19 for Policy Edits and BOR Self-Evaluation Survey/Educational Needs Assessment
- Investment Committee – Late April for Asset Liability Study and Investment Policy Statement revisions
- KCERA Property, Inc. – No meetings currently scheduled
- Board of Retirement – Next regular monthly meeting will be May 3, 2023 (early due to Spring SACRS)
- Special Board Meeting – June target for *Alameda* Decision Appeals



CIO REPORT

INVESTMENT PROGRAM UPDATE | April 2023

Rebalancing

MARCH ACTIVITY

- Core Real Estate
 - -10MM ASB



Core Real Estate: Decrease exposure, working to bring overweight down to policy

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Pol.
Public Equities	32.1%	37.0%	38.8%	-6.7%
Fixed Income	24.6%	24.0%	27.2%	-2.6%
Core	15.7%	14.0%	17.2%	-1.6%
Credit	5.0%	6.0%	6.0%	-1.0%
Emerging Market Debt	4.0%	4.0%	4.0%	0.0%
Commodities	3.8%	4.0%	4.0%	-0.2%
Hedge Funds	10.3%	10.0%	10.0%	0.3%
Alpha Pool	4.2%	5.0%	5.0%	-0.8%
Midstream Energy	5.8%	5.0%	5.0%	0.8%
Core Real Estate	6.4%	5.0%	5.0%	1.4%
Private Real Estate	2.1%	5.0%	2.1%	0.0%
Private Equity	3.2%	5.0%	3.2%	0.0%
Private Credit	4.7%	5.0%	4.7%	0.0%
Opportunistic	3.2%	0.0%	0.0%	3.2%
Cash	-0.2%	-5.0%	-5.0%	4.8%
Total	100.0%	100.0%	100.0%	0.0%

Positioning

ACTUAL VS POLICY TARGET

Key underweight position is **Public Equity**

Public Equity: underweight vs. policy target and adjusted policy target. Underweight is primarily in domestic large cap.

Core Fixed Income: overweight vs. policy target and underweight vs. adjusted policy target.

Core Real Estate: staff is working to reduce overweight; however, the funds have redemption queues and are limiting redemptions.

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

Private Markets: exposure at 10%; the allocation should reach 15% target around 2026.

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

As of March 31, 2023. Source: KCERA.

Updates

- On March 24th we paused the KCERA securities lending program through Deutsche Bank

Key Initiatives



Enhancing return while managing risk

- Asset Liability Study
- Fixed Income portfolio review
- Investment Policy Statement review
- Multi-asset research / tactical asset allocation
- Opportunistic investments
- Private Markets

Next meeting TBD

Investment Committee Meetings

The last IC meeting was held on April 5th



Appendix

Policy and Adjusted Policy Target Methodology

Asset Class	Actual	Policy Target	Diff. Act. Vs. Pol.	Adj. Target
Public Equities	30.5%	37.0%		38.9%
Fixed Income	23.3%	24.0%		26.3%
Core	13.8%	14.0%		16.8%
Credit	5.7%	6.0%		5.7%
Emerging Market Debt	3.8%	4.0%		3.8%
Commodities	4.7%	4.0%		4.7%
Hedge Funds	10.4%	10.0%		10.4%
Alpha Pool	5.2%	5.0%		5.2%
Midstream Energy	6.7%	5.0%		6.7%
Core Real Estate	7.2%	5.0%		7.2%
Private Real Estate	2.1%	5.0%	-2.9%	5.0%
Private Equity	3.1%	5.0%	-1.9%	5.0%
Private Credit	5.1%	5.0%	0.1%	5.0%
Opportunistic	3.2%	0.0%		3.2%
Cash	-1.5%	-5.0%		-1.5%

Public Equity Adjusted Target

The 1.9% underweight from Private Equity is reallocated to Public Equity

Policy Target of 37% + 1.9% = 38.9%, which is the Adjusted Policy Target

Core Fixed Income Adjusted Target

The 2.8% combined underweight from Private Credit and Real Estate are reallocated to Core Fixed Income

Policy Target of 14% + 2.8% = 16.8%, the Adjusted Policy Target



Jennifer Esquivel Zahry, Chief Legal Officer

Phillip Jenkins, Deputy Chief Legal Officer

Maggie Peralta-Lee, Senior Paralegal

Irma Chavez, Senior Legal Secretary

CLO Report April 2023

Discussion Items



KCERA LITIGATION



CASE LAW AND
LEGISLATIVE UPDATES



Q1 2023 METRICS



APRIL CALENDAR

Ashley v. Board of Retirement of KCERA

- Member filed an application for service-connected disability retirement in September 2015.
- SDAG recommended granting a nonservice-connected disability retirement.
- Member requested an administrative appeal hearing.
- The hearing office affirmed SDAG's decision and granted a nonservice-connected disability retirement.
- The member filed a writ of mandate in the Kern County Superior Court on December 8, 2021.



Ashley v. Board of Retirement of KCERA

- The trial on the writ of mandate was held on December 8, 2022.
- On March 10, 2023, the court issued its Judgment denying the writ of mandate.
- In reaching its decision the court found that your Board's medical advisor constituted substantial evidence.
- The Court reasoned that your Board's medical advisor was the only expert who provided sufficient analysis of industrial and non-industrial factors before rendering an opinion on service-connection.



Legislative Updates

- SB 252 – PERS AND STRS Fossil Fuel Divestment
- AB 1020 – CERL Spot Bill – Firefighters and disability retirement
- Public Meeting Bills –
 - AB 557 – removes AB 361 sunset and extends renewal of findings to 45 days
 - SB 537 – expand public meetings through teleconference flexibility
 - AB 817 – spot bill
- Recodification of Government Code sections 6250-6276.48 to 7920.000-7930.215
 - AB 730 – Would require public agency to provide 21 days' written notice to an employee of a request to disclose personnel, medical, or other personal information of that employee

Q1 2023 Metrics

	Completed
Operational Contracts	3
Investment/ Custodial Documents	22
Board Documents	29
Community Property Matters	39
Disability Matters	2
Legal Correspondence	105
Powers of Attorney/ Guardianships/ Conservatorships/ Trusts/ Estates	25
Post-Retirement Certifications	7
PRA Requests	7
Special Pay Codes Reviewed	4

CALAPRS Legal Support Roundtable

- Initiated by KCERA
- Co-chaired by our Senior Paralegal and Senior Legal Secretary
- Well-attended – Paralegals, Legal Secretaries, Executive Assistants, etc.
- Broad Discussion Topics
- Incorporated into CALAPRS Roundtables Offered



April Calendar

	Pending CLO/DCLO Review
Operational Contracts	6
Investment/ Custodial Documents	4
Disability Matters	14
Community Property Matters	6
Staff Inquiries	27
Administrative Appeals	3
Board/Committee Meetings/Staff Meetings/ Conferences	15
Probate Matters	1
Special Projects	3
Public Records Act Requests	2



February 3, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – February 2023**

The Legislature is back in session and is busy introducing new legislation until the bill introduction deadline on February 17. By this date, we will see upwards of thousand bills introduced from each house.

On January 10, Governor Newsom presented his 2023-24 January Budget proposal. His budget presentation emphasized the somber fiscal outlook the state is facing, including the updated deficit figure of \$22.5 billion.

In response to the deficit, the Governor proposed reductions and other cost saving measures in various areas, primarily concentrated in the climate and transportation sectors. Many of the cuts are “trigger reductions” that would be restored if the state’s budget situation improves by January of next year.

His proposed budget includes the statutorily required contributions for CalPERS and CalSTRS. This year, that includes \$8.5 billion for CalPERS and \$3.9 billion for CalSTRS

Since the budget release, the Legislative Analyst’s Office (LAO) released a report on the 2023-24 Budget and an updated revenue outlook that anticipates a good chance that the revenue estimates will come in lower than the Governor’s estimates, forecasting a deeper budget deficit than the Administration’s \$22.5 billion. Given this, the LAO recommends that the Legislature plan for a larger deficit by further reducing one-time and temporary spending.

The Legislature will begin holding Budget committee and Subcommittee hearings in the coming weeks.

Legislation of Interest

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced her SB 1173 from last session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new

investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of package of climate legislation.



March 2, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – March 2023**

General Update

The bill introduction deadline was on February 17. By this date, over 2,600 bills were introduced. Many of these bills are “spot” or “intent” bills that do not yet have substantive language and are serving as placeholders until formal bill language is finalized. For these bills to move forward, they will need to be amended with substantive language before being heard in a policy committee.

Legislation of Interest

AB 1020 (Grayson) – CERL Spot Bill. While this bill does not have substantive language at this point in time, we have heard that the author intends to pursue a bill that relates to firefighters and disability retirement. We will keep the Legislative Committee apprised of any movements on this proposal.

AB 739 (Lackey) – PEPRRA Defined Benefit Funding. Under the requirements for suspending contributions to a defined benefit plan, this bill would increase the threshold percentage amount of plan funding from more than 120 percent to more than 130 percent. However, after inquiring about the bill, the author’s office informed us that the bill is a “spot” bill (placeholder bill) that will not be moving this year.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced her SB 1173 from last session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of package of climate legislation.

Public Meeting Bills

Since the onset of the COVID-19 pandemic, teleconferencing flexibilities have become a subject of interest in California’s Legislature, with local government

groups sponsoring various bills on the topic since 2021. This session is no exception, and a handful of bills have been introduced:

AB 557 (Hart) - AB 361 Sunset Extension. This bill would remove the sunset established in AB 361 (R. Rivas) as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days. The provisions would allow Boards to utilize the flexibilities during times of public health emergencies.

SB 411 (Portantino) - Teleconferencing for Appointed Bodies. This bill would allow local legislative bodies with appointed members to use teleconferencing indefinitely regardless of the presence of an emergency. We have heard however that the author intends for this bill to apply only to Los Angeles Neighborhood Councils.

Bills without substantive language:

SB 537 (Becker) - Intent for Brown Act Teleconference Flexibilities. Senator Becker introduced a bill that declares his intent to expand public meetings through teleconference and remote access. We will monitor the bill for when substantive language is included.

AB 817 (Pacheco) – Open Meetings Spot Bill. Assemblymember Pacheco introduced a spot bill on open meetings. The bill does not yet have substantive language, and like SB 537, we will monitor for amendments.