

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:

Phil Franey, Chair
David Couch, Vice-Chair
Deon Duffey
Juan Gonzalez
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
John Sanders
Tyler Whitezell
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

October 24, 2024

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

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

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Administrative Committee will be held on Tuesday, October 29, 2024 at 10:30 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 (for best audio a landline is recommended) and enter ID# 839 6848 3652

- (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/83968483652?pwd=pVbb6SpyAqmZWtfEzZzP5Sf6vsto8J.1>
- Passcode: 917403

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 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)

AB 2449 REMOTE APPEARANCE(S)

Items 1 and/or 2 withdrawn from agenda if no trustee(s) request to appear remotely:

1. JUST CAUSE CIRCUMSTANCE(S):
 - a) The following Trustee(s) have notified the Committee 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 Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953) – RECEIVE/HEAR REQUEST(S); NO COMMITTEE ACTION REQUIRED
2. EMERGENCY CIRCUMSTANCE(S):
 - a) The following Trustee(s) have requested the Committee 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 Committee 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 DUE TO EMERGENCY CIRCUMSTANCE

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 Committee 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 Committee concerning the item before action is taken. Staff recommendations are shown in caps after each item.

- *3. [Annual Review of KCERA Insurance Coverages – RECEIVE AND FILE](#)

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.
5. [Response to referral to staff to research new options for conducting Board of Retirement elections presented by Chief Executive Officer Dominic Brown and Senior Communications Manager Jeremy Rowell – DIRECT STAFF TO SELECT A THIRD-PARTY ELECTION ADMINISTRATOR, DRAFT EDITS TO KCERA'S ELECTION PROCEDURES POLICY TO REFLECT NEW PROCESS, AND RETURN TO ADMINISTRATIVE COMMITTEE FOR REVIEW](#)

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

6. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.
7. Adjournment



Date: October 29, 2024
To: Trustees, Administrative Committee
From: Dominic D. Brown, Chief Executive Officer
Subject: **KCERA Insurance Coverages**

This report updates the Administrative Committee on insurance coverage maintained by KCERA for the fiscal year 2024-2025 pursuant to section 6(a) of the Administrative Committee Charter.

1. Types and Costs of Insurance:

KCERA Building Contents	\$5,616.00
Worker's Comp	\$30,156.00
Crime	\$337.00
Cyber liability	\$2,020.00
General liability	\$10,437.00
<hr/> Total County	<hr/> \$48,566.00

KCERA private coverages

Fiduciary	\$155,498.00
Building	\$5,814.00
Earthquake & Flood	\$10,553.00
<hr/> Total Private	<hr/> \$171,865.00

KCERA maintains several policies to cover the exposures inherent in administering a public pension plan. County-provided insurance coverages for worker's compensation, crime, cyber liability, general liability, and the contents of our building are charged on a fiscal year basis, and the cost estimates are provided to KCERA by the County during the County's budget development process.

KCERA also maintains insurance coverage through private brokers for fiduciary and building insurance policies with Los Angeles-based broker The Liberty Company Insurance Brokers.

2. KCERA Insurance Profile

KCERA is profiled by insurers when determining premium costs. KCERA is classified as a "public entity" on its insurance applications. No other entity classification breakdown is provided. Insurance companies set KCERA's premiums based on the number of its employees and trustees, amount of plan assets, and on its policy deductibles.

3. General Liability

The general liability coverage provided by County Risk Management includes a variety of coverages,

including Employment Practices Liability coverage, errors and omissions, employer's liability and public official's liability (directors and officers).

4. Fiduciary Insurance Coverage

KCERA maintains fiduciary insurance to pay, on behalf of the insured (i.e., the Plan, past, present, and future trustees, and employees of the plan), covered losses and claims expenses arising from claims alleging "wrongful acts" by KCERA's fiduciaries or its employees. This includes losses resulting from any breach of fiduciary duty by the Board or any negligent acts, errors, and omissions by any trustee or KCERA employee.

In 2000, when KCERA had \$1.6 billion in assets, Kern County Risk Management recommended that KCERA obtain an aggregate limit of \$10 million in fiduciary liability insurance. Coverage continued at this level until 2005, when KCERA secured an additional \$5 million policy via insurance broker Walter Mortensen. The \$15 million coverage was renewed annually until 2013, when KCERA management reduced the fiduciary insurance coverage limit to \$10 million "due to cost." KCERA staff presented this information to the Committee in December 2015 and informed the Committee of the intention to return the coverage level to \$15 million. Staff increased the coverage the following fiscal year. Coverage remains at \$15 million presently.

5. Building and Building Contents

When KCERA staff reviewed its insurance coverages, staff discovered that KCERA's property insurance covered the building structure, but not the contents of the building. The contents of the building are covered under KCERA's coverage through the County. In 2023, KCERA added Earthquake and Flood coverage not previously included in property insurance policy.

6. Waiver of Recourse

As done in the past, the Board will be provided with the ability to purchase waiver of recourse coverage from their personal funds. Waiver of Recourse, or non-recourse, coverage is an endorsement to a fiduciary liability insurance policy that prevents an insurer from exercising its subrogation rights against an insured fiduciary. Waiver of Recourse Coverage with Hudson Insurance Company, for those who elect to purchase it, has been secured for the period of July 8, 2024 through July 8, 2025 to provide eligible KCERA fiduciaries and management with defense and indemnification coverage.

Staff recommends that the Administrative Committee receive and file this report.



Third-Party Election Administrator

Presented by:

Dominic Brown

Chief Executive Officer

Jeremy Rowell

Senior Communications Manager



Elections currently conducted by Kern County Registrar of Voters

- Notice of Election
- Candidacy Paperwork
- Member Communication
- Printing
- Balloting
- Tallying



Elections conducted by third-party administrator:

KCERA

- Notice of Election
- Candidacy Paperwork
- Member Communication

Third-Party Administrator

- Printing
- Balloting
- Tallying



Hybrid Voting

Utilizing a third-party election administrator would give KCERA the opportunity to offer Hybrid Voting, potentially increasing election participation. An email is sent to eligible members with a link to vote. Members would use 2-factor authentication to submit their vote. The mailed printed ballots would also contain the website address and, in addition, a QR code could be used.





Third-Party Election Administrators:

Integrity Voting Systems (IVS)

Conducts private elections for organizations such as retirement boards, credit unions, award shows, teachers' unions and more.

M.K. Elections

Provides election administration services throughout the US to labor unions, retirement associations, Indian nations, homeowners' associations, religious organizations and public sector entities.

Survey & Ballot Systems (SBS)

Provides election administration services for associations, organizations, cooperatives and credit unions.



Integrity Voting Systems (IVS)

- Administers public and private elections
- Largest ballot printer in the U.S.
- IVS currently prints all Kern County's ballots including KCERA's
- Hybrid elections (Email/Mail). Personal Identification Number (PIN) on ballots to prevent duplicate voting
- Administers **CaIPERS**, **CaSTRS** elections as well as around 90 county elections across the U.S.
- All printing in-house (IVS has their own printers)
- 12-16 weeks lead time



M.K. Elections

- Administers elections for **SBCERA**, **SBCERS**, and **ACERA**
- Hybrid elections. PIN on ballots to prevent duplicate voting.
- Printed outsourced to Gowan's Printing in Modesto
- Smaller/mobile
- 12 weeks lead time



Survey & Ballot Systems (SBS)

- 800+ annual elections per year (no CA retirement systems)
- Hybrid elections: PIN on ballots to prevent duplicate voting
- 6-8 weeks lead time





Third-Party Election Administrators:

- Voted ballots returned to a local P.O. Box
- Administrator travels to our office to count the ballots

OR

- Voted ballots returned to a P.O. Box local to the Administrator
- Administrator counts the ballots at their location (can be witnessed)





Vendor Comparison

	Hybrid Voting	Other CA Retirement Systems	In-House Printing	Local Ballot Count	Cost Per Voter (est.)
Integrity Voting Systems	Yes	Yes	Yes	Yes	\$4
M.K. Elections	Yes	Yes	No	Yes	\$3.50
Survey & Ballot Systems	Yes	No	No	Yes	\$3.50



Cost considerations:

1. Hybrid voting page set-up fee
2. Postage based on number of mailed ballots (postage is mailed at \$0.68/piece). *Cost varies each election based on number of members in the seat class*
3. Onsite representative fees to tally votes. *Cost varies based on travel costs*
4. Replacement ballots, which will be charged at \$6.00/action, plus \$0.68/postage per piece. *Cost varies based on number of replacement ballots requested*
5. Returned ballot postage. *Cost varies based on number of returned ballots received*
6. Local P.O. Box



SACRS Systems that switched from ROV to Third-Party Administrator:

Santa Barbara

SBCERS has used M.K. Elections for three elections. Going to a hybrid election increased voter turnout by 12%. Nearly 70% of their members vote electronically. Their elections have been trouble-free, and they have great things to say about going to a third-party administrator. Their cost per member is roughly \$3-\$4 per member.

San Bernardino

SBCERA Transitioned to a third-party administrator this year. SBCERA staff now handles the notice of election, candidacy paperwork, member communication, etc. M.K. elections handles the balloting/tallying portions only. They are currently conducting their first Hybrid Election. Their estimated cost is \$3 per voter.





Staff recommendation and next steps:

At the regular Board meeting on May 1st, 2024, the Board directed staff to investigate the cost and method of engaging a third-party provider to conduct KCERA elections. Staff have researched and identified multiple third-party election administrators that conduct mail-ballot and hybrid electronic/mail-ballot elections with CERL systems as well as other retirement systems.

Therefore, Staff recommends your Committee direct Staff to select a third-party election administrator, draft edits to KCERA's Election Procedures Policy to reflect the new process and return to your Committee for review of the recommended administrator and proposed policy changes.



Questions?