

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)

February 22, 2023

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, February 28, 2023 at 1:00 p.m. via teleconference pursuant to California Government Code section 54953, subdivision (e), Resolution 2023-01 adopted by the KCERA Board of Retirement at its Regular Meeting held February 8, 2023 and Governor Newsom's March 4, 2020 proclaimed State of Emergency, which remains in effect. (Cal. Gov. Code section 54953, as amended by Assembly Bill 361).

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers (*for best audio a landline is recommended*) and enter ID# 844-8276-8498:

- (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/84482768498?pwd=bzBUNmp1RklFbkFEVUhaVkJMb21jUT09>
- Passcode: 449599

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

Sincerely,

Dominic D. Brown
Chief Executive Officer

Attachment

AGENDA:

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

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

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

ROLL CALL

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.

- *1. [KCERA 2023 Draft Board Self-Evaluation Survey – APPROVE; COMMENCE SURVEY](#)
2. [Discussion and review of the 2023-2024 Chief Executive Officer Performance Evaluation Criteria presented by Chief Executive Officer Dominic Brown – RECOMMEND THE BOARD OF RETIREMENT APPROVE THE CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION CRITERIA FOR EVALUATION PERIOD OF 2023-2024](#)
3. [Response to referral and Trustee education regarding AB 2449 presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – RECEIVE EDUCATIONAL TRAINING \(10 MINUTES TRUSTEE EDUCATION CREDIT\)](#)

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.

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.

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

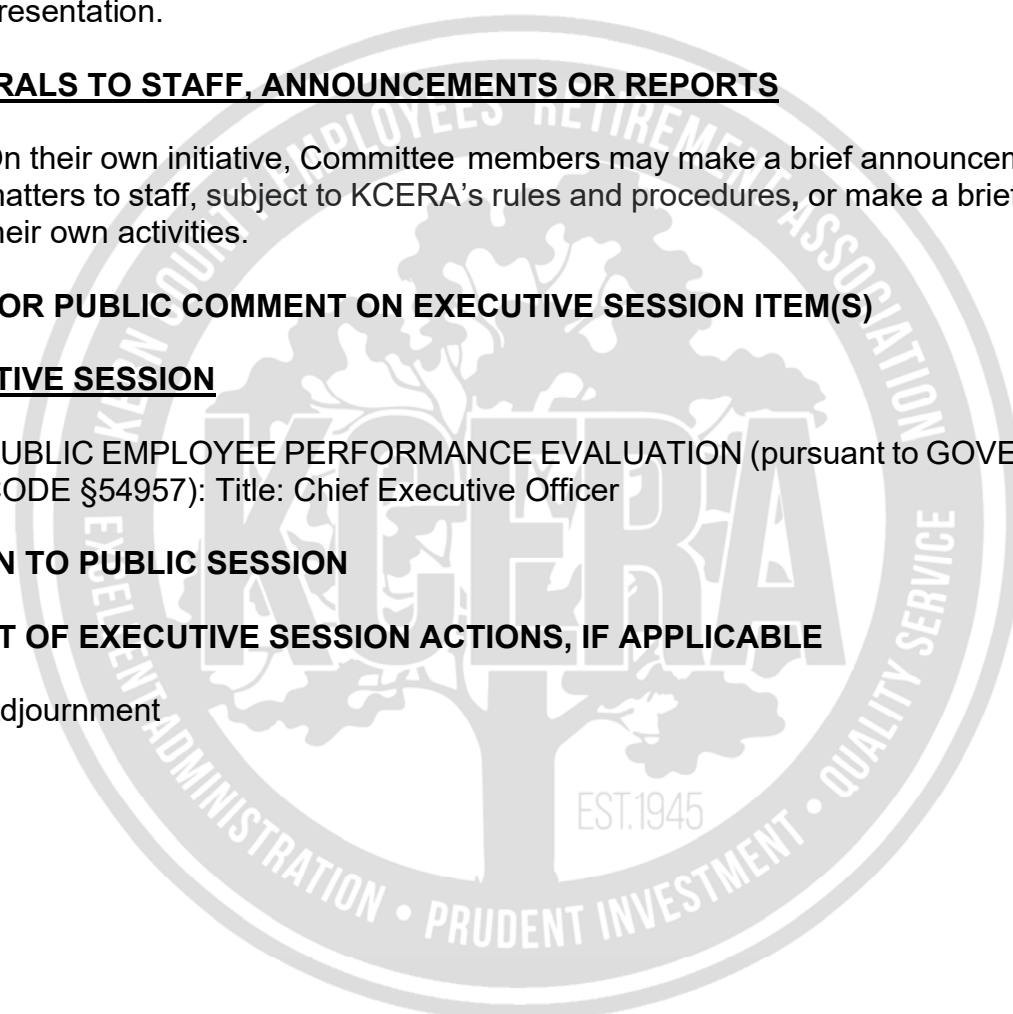
EXECUTIVE SESSION

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

RETURN TO PUBLIC SESSION

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

7. Adjournment



KCERA Board Evaluation Process 2023

The KCERA Board has made a commitment to review its own performance on an annual basis to maintain excellence in governance. This year's evaluation involves a two-step process.

Board Member Self-Assessment

The purpose of having each Board member evaluate himself or herself is to encourage introspection and heighten awareness of the important areas of fiduciary responsibility. Service on the Board carries with it both a personal and collective duty to the funds. The Individual Board Member Self-Assessment Criteria on the following pages are an abbreviated outline and periodic reminder of what constitutes "good boardmanship." These criteria are for your personal reflection. Your individual responses will not be shared with others. However, they will be compiled with the other Board member responses and reported back to the Board without attribution.

Overall Board Evaluation

The purpose of the Overall Board Evaluation is to give the Board members an opportunity to evaluate the Board's performance with candor, objectivity, and a broad perspective. This governance practice is maintained even when the Board is functioning well. It may also be particularly valuable during periods when the Board needs to make improvements. The Overall Board Evaluation criteria contain elements of "best practices" of public funds. It is important for each Board member to complete the evaluation.

The final sections in the Board Evaluation cover satisfaction with key KCERA Board vendors, continuing board educational preferences, and general open-ended questions.

Upon receipt of your responses, Aon will tabulate the responses. Aggregated responses, including comments, will be shared with the entire Board, without attribution. Aon will also be available for optional follow-up interviews with Board members.

*Please complete the survey by end of business **Friday, March 3, 2023**. If you have any questions or need assistance, please contact Julie Becker at julie.becker@aon.com or 614-519-6320. Thank you for your time and cooperation with this process.*

| Individual Board Member Assessment Criteria Statements | 5 Always | 4 Usually | 3 Sometimes | 2 Rarely | 1 Never |
|---|---------------------|----------------------|------------------------|---------------------|--------------------|
| 1. I attend the entire Board and Committee Meetings I am expected to attend. | | | | | |
| 2. I read the materials distributed before meetings so I can constructively participate and make timely decisions. | | | | | |
| 3. My decisions are based on a fair, balanced, and prudent assessment of each situation. I do not let my personal interest or those of a particular constituency conflict with my duty of loyalty to the membership of KCERA. | | | | | |
| 4. I understand my fiduciary duties with regard to the funds for which we are responsible. | | | | | |
| 5. I make an effort to be educated on the aspects of KCERA that I do not understand. | | | | | |
| 6. I avoid conflicts of interest and refrain from activities that could give rise to the appearance of impropriety. | | | | | |
| 7. I deal fairly, respectfully and professionally with other Board members and staff. | | | | | |
| 8. I periodically review KCERA's Board Charters and Governance Policies, I am familiar with the requirements of each, and I act in compliance with these documents. | | | | | |
| 9. I believe the highest and best use of the Board is to establish policy and the role of the Staff is to implement Board policy. | | | | | |

| <i>Individual Board Member Assessment Criteria Statements</i> | 5 Always | 4 Usually | 3 Sometimes | 2 Rarely | 1 Never |
|---|---------------------|----------------------|------------------------|---------------------|--------------------|
| 10. If I am aware of any Board governance problems, I report them to the Board Chair or Vice-Chair. | | | | | |

| Overall Board Assessment Criteria Statements | 5 Strongly Agree | 4 Agree | 3 Neutral | 2 Disagree | 1 Strongly Disagree |
|---|---------------------------------|--------------------|----------------------|-----------------------|------------------------------------|
| Fiduciary Responsibility & Conflicts | | | | | |
| 1. Board members receive sufficient fiduciary training to understand their fiduciary responsibilities and act in accordance with the laws, regulations and policies governing KCERA. | | | | | |
| 2. Board members refrain from actions that would suggest real or perceived conflict of interest in carrying out Board responsibilities pursuant to applicable ethics laws and policies. | | | | | |
| Governance | | | | | |
| 3. The Board does not “rubber-stamp” the recommendations of senior management or its external advisors. | | | | | |
| 4. The Board reviews and updates each of its policies and charters as called for by the applicable document. | | | | | |
| 5. The current committee structure assists the Board in focusing on pertinent topics. | | | | | |
| 6. The Board develops and follows a clearly defined annual work-plan calendar which captures major items for Board consideration/decision making. | | | | | |
| 7. Sufficient interaction and deliberation exist between Board members as part of the decision-making process. | | | | | |

| Overall Board Assessment Criteria Statements | 5 Strongly Agree | 4 Agree | 3 Neutral | 2 Disagree | 1 Strongly Disagree |
|--|---------------------------------|--------------------|----------------------|-----------------------|------------------------------------|
| <p>8. The Board engages in long-range strategic planning and keeps the KCERA mission in mind when making decisions throughout the year. <i>(To prudently administer retirement benefits, invest the assets of the Association, and provide quality membership services to public employees, retirees and their beneficiaries.)</i></p> | | | | | |
| Transparency | | | | | |
| <p>9. Meeting minutes are timely and accurately reflect the deliberative process that occurred.</p> | | | | | |
| <p>10. KCERA routinely communicates with its stakeholders.</p> | | | | | |
| Roles and Responsibilities | | | | | |
| <p>11. Board members keep decision-making at the policy level, delegate implementation of policy to Staff, and do not engage in micro-management.</p> | | | | | |
| <p>12. The Board understands what authority it has retained, and why it has retained it, and what has been delegated and to whom.</p> | | | | | |
| <p>13. The Board engages in active oversight of the responsibilities it has delegated to Staff, the consultants, and other service providers.</p> | | | | | |

| Overall Board Assessment Criteria Statements | 5 Strongly Agree | 4 Agree | 3 Neutral | 2 Disagree | 1 Strongly Disagree |
|---|---------------------------------|--------------------|----------------------|-----------------------|------------------------------------|
| Performance Measures and Compliance | | | | | |
| 14. The Board sets reasonable benchmarks and regularly monitors investment performance throughout the year. | | | | | |
| 15. Qualitative assessments of investment managers, consultants and other providers are routinely performed and discussed with the Board. | | | | | |
| Knowledge and Skills | | | | | |
| 16. Board members demonstrate the appropriate knowledge and skill required to govern KCERA. | | | | | |
| 17. Board members actively seek out continuing education opportunities. | | | | | |
| 18. The Board stays abreast of issues and trends affecting the investment program and uses this information to guide its decision-making. | | | | | |
| 19. New Board members are given a prompt, thorough orientation. | | | | | |
| Access to Information | | | | | |
| 20. Board members are provided with the information and materials necessary to perform their responsibilities. | | | | | |
| 21. Information is distributed sufficiently in advance of the meeting for adequate Board member preparation. | | | | | |

| Overall Board Assessment Criteria Statements | 5 Strongly Agree | 4 Agree | 3 Neutral | 2 Disagree | 1 Strongly Disagree |
|---|---------------------------------|--------------------|----------------------|-----------------------|------------------------------------|
| 22. Requests for information are responded to in a timely fashion by Staff and consultants. | | | | | |
| Risk Management/Compliance | | | | | |
| 23. Appropriate attention is devoted to controlling operational risk, investment risk and fiduciary risk. | | | | | |
| 24. The Board receives information on the effectiveness of the internal controls in place to mitigate risk. | | | | | |
| 25. The Board receives sufficient information to determine if KCERA is in compliance with the policies it has adopted. | | | | | |
| Meeting Effectiveness | | | | | |
| 26. Board meetings are conducted in a manner the encourages open communication and healthy debate, ensures all voices are heard, and provides for sound resolution of issues. | | | | | |
| 27. The current number of board meetings is sufficient to accomplish the Board's annual goals and objectives. | | | | | |
| 28. Meetings are a reasonable length with well-balanced agendas and appropriate time to address the most critical issues. | | | | | |

| <p>Satisfaction with key KCERA Board Vendors-please rate your satisfaction level for each of the following vendors and provide any relevant comments. Higher satisfaction ratings include the following traits:</p> <ul style="list-style-type: none"> • Vendor is knowledgeable about KCERA, current topics and relevant trends • Vendor provides useful and understandable presentations (written and verbal) to Board members • Vendor is accessible and provides timely responses to Board members | <p>5 Very Satisfied</p> | <p>4 Satisfied</p> | <p>3 Neutral</p> | <p>2 Dissatisfied</p> | <p>1 Very Dissatisfied</p> |
|--|--|-------------------------------|-----------------------------|----------------------------------|---|
| <p>1. Actuary-The Segal Company, Inc.</p> | | | | | |
| <p>2. General Investment Consultant-Verus</p> | | | | | |
| <p>3. Hedge Fund Consultant-Albourne America LLC</p> | | | | | |
| <p>4. Private Markets Consultant-Cambridge Associates</p> | | | | | |
| <p>5. Legal Counsel- Nossaman, LLP</p> | | | | | |
| <p>6. Legal Counsel-Reed Smith, LLP</p> | | | | | |
| <p>7. Tax counsel-Ice Miller, LLP</p> | | | | | |

Board Educational Needs Assessment

| Please rate your satisfaction levels with prior in-house continuing board education in the last year | 5 Very Satisfied | 4 Satisfied | 3 Neutral | 2 Dissatisfied | 1 Very Dissatisfied |
|--|---------------------|----------------|--------------|-------------------|------------------------|
| Prior in-house educational sessions | | | | | |

| Please indicate your preferred duration for in-house continuing board education | 1 hour | 2 hours | 3 hours | Half-Day | All Day |
|---|--------|---------|---------|----------|---------|
| Duration of in-house educational sessions | | | | | |

| Please indicate your preference for scheduled in-house educational topics | During Regular Board meeting at KCERA | During off-site Board Retreat | During specially scheduled Board meeting at KCERA | Virtual presentation |
|---|---------------------------------------|-------------------------------|---|----------------------|
| Scheduling of in-house educational sessions | | | | |

| Please indicate your preferred method of continuing board education | In-house educational sessions | Virtual educational sessions by internal staff and/or KCERA consultants | In-person external educational conferences | External virtual educational programs |
|---|-------------------------------|---|--|---------------------------------------|
| Method of continuing board education | | | | |

Please rank the order of the following continuing board educational topics from 1-11 (1=most desired, 11= least desired). The purpose is to identify the subjects you are interested in pursuing to become better equipped to participate in the Board’s discussions and carry out your responsibilities. The data collected will be shared with the CEO to plan for upcoming in-house educational topics.

| | |
|--|--|
| Actuarial principles | |
| Benefit plan design & administration | |
| Disability process | |
| Ethics and Conflicts of Interest | |
| Fiduciary responsibilities & board governance | |
| Information Technology | |
| Internal audit functions | |
| Investment allocation | |
| Investment topics | |
| Laws, rules and regulations, including open meetings | |
| Risk Management | |

What other continuing board educational topics do you believe would be beneficial to you to perform your board duties and responsibilities:

General Open-Ended Comments

1. What do you believe are the Board's greatest strengths?

2. What are areas in which the Board could improve? What do you believe is needed to assist this Board in becoming even better?

3. What do you consider to be the top 3 priorities for the Board over the next year?

4. What do you hope to gain during the Board Self-Assessment discussion?

5. Please provide any additional comments you may have.



Date: February 28, 2023
To: Trustees, Administrative Committee
From: Dominic D. Brown, Chief Executive Officer *Dominic D. Brown*
Subject: **2023-24 Chief Executive Officer Performance Evaluation Criteria**

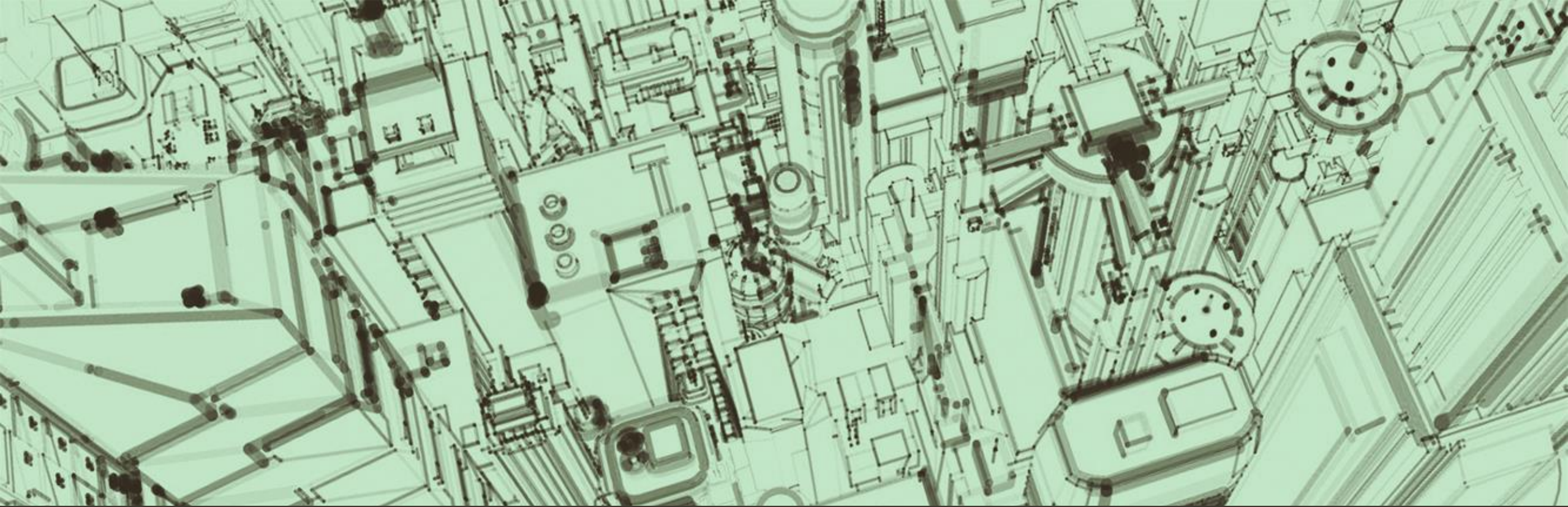
In accordance with the Chief Executive Officer Performance Evaluation Policy, the Chief Executive Officer must be reviewed by the Administrative Committee each year for the twelve-month period for which the criteria are effective. The following criteria and ratings were approved for 2022-2023, and will be used for 2023-2024:

**CHIEF EXECUTIVE OFFICER
PERFORMANCE EVALUATION CRITERIA**

| | |
|--|-------------------------|
| 1. General Management Abilities as determined by the CEO Evaluation Survey | 30% |
| 2. Financial Accounting and Reporting | 15% |
| 3. Budgetary Control | 15% |
| 4. Strategic Plan Implementation | 40% |
| | <hr/> <hr/> 100% |

The Chief Executive Officer is required to complete a self-evaluation annually and to share that with the Board, along with the results of a Stakeholder Survey, Employee Survey, and Trustee Survey.

Therefore, it is recommended that your Committee approve the 2023-2024 Chief Executive Officer Performance Evaluation Criteria.



AB 2449 Referral

KCERA Executive Staff



BROWN ACT AMENDMENTS

AB 2449 (Cal. Gov. Code § 54953(f))

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

....

Cal. Gov. Code, § 54953(f)(1)

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

Gov. Code, § 54953(j)(6)

Legislative Intent

- Stated intent
 - "While remote participation in meetings was necessitated by the pandemic, we have simultaneously demonstrated the value of remote participation options when individuals are unable to attend a physical gathering. The Brown Act ensures that officials and their constituents can have open and transparent meetings, which we now know can occur using modern technology. Considering the experiences of the past two years, AB 2449 would provide an avenue for constituents to interact with their representatives in situations where they might have not previously been able to." (AB 2449 Author Blanca Rubio).
- Consider Entire Statute
- Plain Meaning Rule – presume plain and commonsense meaning
 - Permissive Use by Trustees of Local Agency
 - No restrictions on Trustee's ability to use--other than as set forth in statute
- Presumption that every word in statute is intended to have meaning

AB 2449 Considerations

Administrative Burden of Utilizing

- Board Clerk – set up and tracking
- Executive Staff – oversight, compliance, and notifications
- Board Chair/Committee Chairs – meeting protocol
- Trustees – reporting and disclosures
- Additional agenda items (recommended)

Potential Risks of Prohibiting Use

- Eliminating Elected/Appointed Trustees from Voting/Weighing in on agenda items
- Discouraging Participation/Engagement
- Alienating Trustees who cannot appear in person
- Preventing Trustees with childcare, medical illness/condition/travel issues from attending

Relevant KCERA BOR Policies & Charters

- Charters
 - Board Chair Charter
 - Committee Chair Charter
- Policies
 - Board Operations Policy
 - Code of Conduct

KCERA Staff Recommendation

- Utilize existing KCERA Board of Retirement Charters and Policies to address perceived abuse
 - Direct concerns to BOR Chair/Vice-Chair, per policies
- Utilize alternative exception to Brown Act (posting)
- Utilize the Remote Appearance Request Form developed by KCERA staff, if needed

BOARD CHAIR CHARTER

INTRODUCTION

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

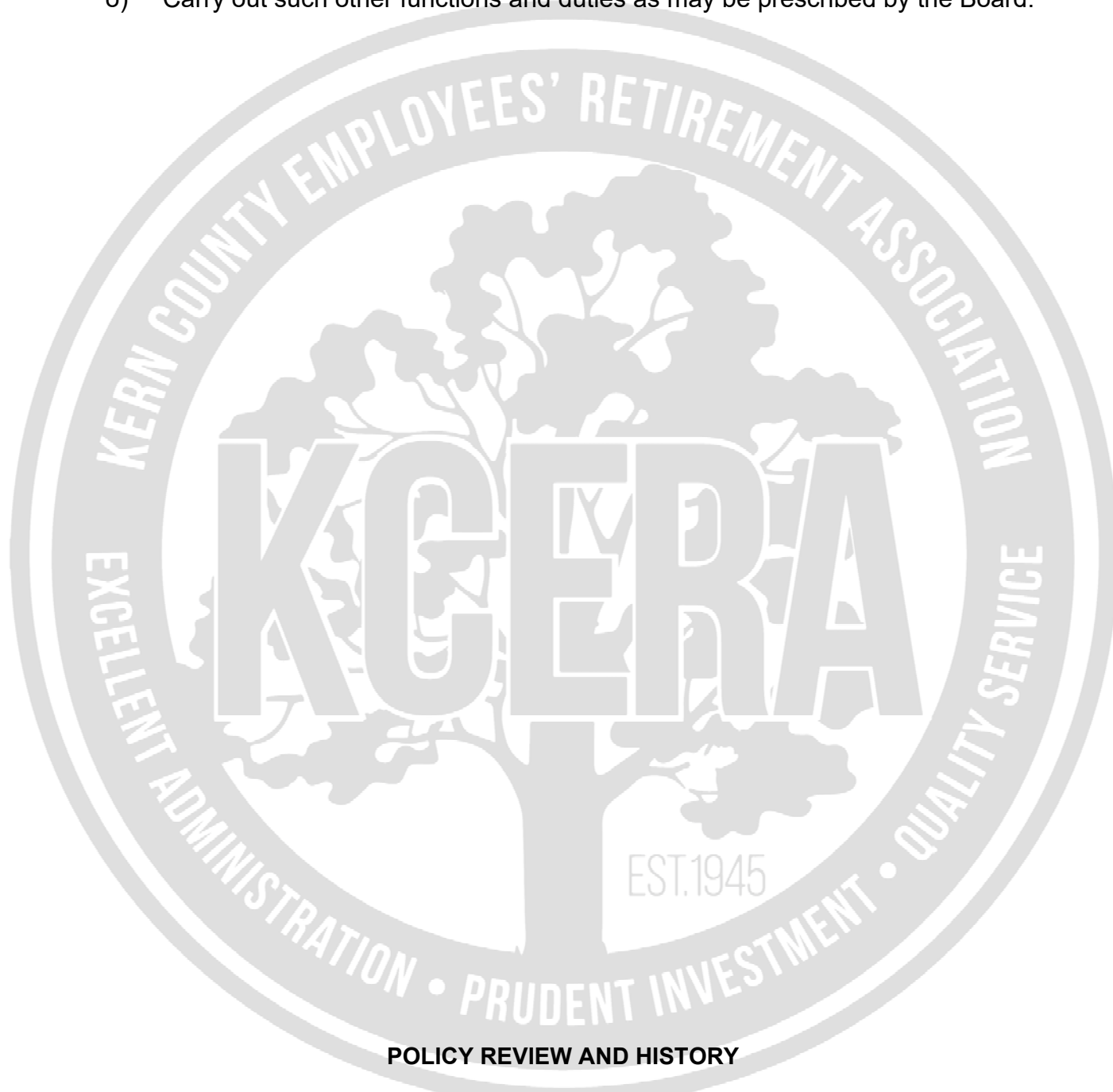
DUTIES AND RESPONSIBILITIES

- 2) The Chair shall:
 - a) Appoint chairs of standing committees of the Board;
 - b) Appoint trustees to standing committees of the Board¹;
 - c) **Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with the Brown Act and the Board's *Simplified Rules of Order* (see *Board Operations Policy*);**
 - d) Guide the Board in achieving, when possible, a consensus on decisions, while allowing full and open debate;
 - e) Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the Chief Executive Officer;
 - f) **Facilitate effective and open communications between the Board and the Chief Executive Officer;**
 - g) Work to ensure cohesion within the Board;
 - h) Work to ensure that the Board discharges its duties and responsibilities as set forth in the Act, the Board charter, the Regulations, and the governance policies of the Board;
 - i) Confer with KCERA spokespersons (i.e., the Chief Executive Officer or Chief Operations Officer) on significant communication issues;
 - j) Serve as spokesperson for KCERA when the Board determines it would be inappropriate for the Chief Executive Officer or Chief Operations Officer to do so;
 - k) Review travel and, if applicable, other job-related expenditures of the Chief Executive Officer;
 - l) **Discuss and assess the concerns of any trustee about the conduct of the Board or the conduct of individual trustees, and take appropriate action, consulting**

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

with Chief Legal Officer, if necessary;

- m) Sign subpoenas if the Secretary to the Board is unavailable; (§31535)
- n) Execute all agreements with a value in excess of \$50,000 on behalf of KCERA; and
- o) Carry out such other functions and duties as may be prescribed by the Board.



- 3) This charter shall be reviewed at least every five years.
- 4) This charter was:
 - a) Adopted by the Board on November 14, 2001.
 - b) Amended on June 23, 2004; September 27, 2006; July 28, 2010; December 12, 2012; April 13, 2016; August 11, 2021; and April 13, 2022.

COMMITTEE CHAIR CHARTER

INTRODUCTION

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

DUTIES AND RESPONSIBILITIES

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



POLICY REVIEW AND HISTORY

- 3) This charter shall be reviewed at least every five years.
- 4) This charter was:
 - a) Adopted by the Board on November 14, 2001.
 - b) Amended on November 14, 2001; June 23, 2004; December 12, 2012; April 13, 2016; August 11, 2021; and April 13, 2022.

BOARD OPERATIONS POLICY

PURPOSE

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

POLICY GUIDELINES

Election of Members of the Board of Retirement

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

Committee Structure

- 3) The standing committees of the Board shall be as follows:
 - a) Administrative Committee
 - b) Finance Committee
 - c) Investment Committee
 - d) Nominating Committee
- 4) In consultation with the Chief Executive Officer, the Board may approve the establishment of ad hoc committees, and the Board shall appoint the chair and members of such committees.
- 5) The Board supports the use of committees to enhance the efficiency and effectiveness of Board decision-making. Accordingly, the Board may assign or delegate to any committee the task of reviewing policies and decisions and providing recommendations to the Board for its consideration. Notwithstanding any such direction or delegation, the Board reserves the option to adopt any decision or policy

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

Rules of Order

- 6) The conduct of Board and committee meetings shall be determined in accordance with:
 - a) This Board Operations Policy, including the Simplified Rules of Order set out in Appendix A;
 - b) The Regulations; and
 - c) Open meeting laws and other applicable laws.
- 7) Any question regarding the conduct of a meeting that is not addressed in paragraph 6 above, shall be determined by the Board Chair or applicable committee chair. In making such determination, the Board Chair or applicable committee chair may consult with Counsel. Any such determinations shall apply only to the meeting in question; the Board however may subsequently refer the question to the Administration Committee, which may recommend changes to the Board Operations Policy or Regulations to address the question for future meetings. Any resulting changes to the Board Operations Policy or Regulations shall not nullify the original determination by the Chair or committee chair. A Board member may, however, seek reconsideration of any decision that resulted from the original determination of the Chair or committee chair, consistent with the rules for reconsideration contained in Appendix A.
- 8) The Chair shall be entitled to vote, if applicable, on all questions and shall not be required to relinquish the chair in order to participate in discussions. (Regulations: Article I.B.3)
- 9) The order of business shall be at the discretion of the Chief Executive Officer in the absence of instructions from the Board. (Regulations: Article I.B.4)
- 10) The order of business shall normally be as follows:
 - a) Roll Call
 - b) Flag salute and moment of silence
 - c) Consent Agenda Items for Board Action (routine and non-controversial)
 - d) Public Comments
 - e) Non-consent Agenda Items for Board Action
 - f) Report from Chief Executive Officer
 - g) Report from Chief Investment Officer

- h) Report from the Chief Legal Officer
- i) Reports from Committee Chairs
- j) Board Member Announcements or Reports
- k) Executive session
- l) Adjournment

Officers

- 11) The Board shall annually elect a Board Chair and a Board Vice-Chair, each to serve for a term of one year.
- 12) Any trustee may be elected to the position of Board Chair or Board Vice-Chair for up to two consecutive terms, before vacating the position for at least one year.
- 13) The Chief Executive Officer shall serve as Secretary to the Board.

Nomination and Election of Board Officers

- 14) Annually at the regular meeting in October, a Nominating Committee shall be formed, consisting of two (2) members designated by the Chair of the Board and two (2) members designated by the full Board. The Chair of the Board shall appoint the Chair of the Nominating Committee. The Nominating Committee shall select one member of the Board as its nominee for Board Chair and one member as its nominee for Board Vice-Chair to hold office during the ensuing year. The Nominating Committee shall present its slate of nominees to the full Board at its regular meeting in December. At the time of election of officers in December, the Board Chair shall call for other nominations, which may be made by any member of the Board.
- 15) Annually, at the end of the regular meeting in December, the Board shall elect one of its members as Board Chair, and one of its members as Board Vice-Chair, each to hold office for a term of one year. Should a vacancy occur in the Chair position, the Vice-Chair will be the successor. Should a vacancy occur in the Vice-Chair position, the Board shall select a successor for the balance of the unexpired term at its next regular meeting.
- 16) Should the Chair or Vice-Chair be unavailable to chair a meeting, then the most recent past Chair who is available and serving on the Board shall assume the role of the Chair for the meeting in question.

Quorum

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

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

19)Three members of a standing committee shall constitute a quorum. The committee chair may designate an additional temporary member for purposes of constituting a quorum.

Alternates

20)An alternate shall be elected by the safety members and may vote in place of the 7th member when a member of the same service as the alternate is before the Board. The alternate shall vote as a member of the Board only in the event the second, third, seventh, or eighth member is absent from a board meeting for any cause, or if there is a vacancy with respect to the second, third, seventh, or eighth member, the alternate shall fill such vacancy until a successor qualifies (§31520.1).

21)An alternate shall also be elected by the retired members in the same manner and at the same time as the 8th member is elected. The term of office of the alternate retired member shall run concurrently with the term of office of the 8th member. The alternate retired member shall vote as a member of the Board only in the event the 8th member is absent from a board meeting for any cause. If there is a vacancy with respect to the 8th member, the alternate retired member shall fill that vacancy until a successor qualifies (§31520.5). Consistent with §31520.6, notwithstanding any provision to the contrary in §31520.5, if the eighth member is present, the alternate retired member may also vote as a member of the board in the event both the second and third, or both the second and seventh, or both the third and seventh members are absent for any cause.

22)Except as provided in paragraphs 20 and 21 above, alternates shall not vote as members of the Board, nor shall they have the ability to make a motion or second a motion, as the Board deems such actions to be integral to the voting process.

23)Except as otherwise provided in paragraphs 20 through 22, the above alternates shall have the same rights, privileges, responsibilities, and access to closed sessions as the 7th and 8th members respectively.

Communications and Public Comment

24)Every agenda for a regular board or committee meeting shall provide the public an opportunity to address the Board or committee at each meeting during posted public

comment sessions, on any item under the jurisdiction of the body. At the discretion of the presiding officer, the duration of any address may be limited to two (2) minutes. With respect to any item that is already on the agenda, the public will be given the opportunity to comment before or during the Board's or committee's hearing of the item. When a member of the public raises an issue not yet before the Board or committee, the item may be discussed, but no action may be taken at that meeting, except as provided below:

- a) The Board may request that Management or other advisors provide the Board factual information;
- b) The Board may request Management to report back to the Board at a subsequent meeting concerning any matter;
- c) The Board may take action to direct Management to place a matter of business on a future agenda.

25) Communications and requests to the Board shall be made in writing, and the substance of such requests and the action of the Board thereon shall be noted in the minutes. (Regulations: Article I.B.6)

26) Trustees may attend any standing committee meeting as observers, but only committee members may deliberate and vote on matters before the committee. (Government Code Section 54952.2(c)(6))

Agenda

27) The Secretary to the Board shall prepare, distribute, and post a written agenda for all regular meetings of the Board and standing committees. The agenda and related materials for board meetings will generally be distributed to trustees at least five (5) calendar days in advance of the board meeting except for non-agenda items, as permitted by the Brown Act. Said materials shall also be made available for public viewing prior to board and standing committee meetings in accordance with the Brown Act. Members of the public wishing to obtain copies of the materials may do so, and may be charged an appropriate fee, as determined by the Board, to recover any costs incurred by KCERA.

28) Committee meeting agendas will be posted seventy-two (72) hours prior to committee meetings, except under circumstances permitted by the Brown Act, and materials for committee meetings generally will be distributed no later than the day before the meeting. (Government Code Section 54954.2)

29) Items may be placed on the board agenda by any of the following means:

- a) By action of the Board at a previous meeting;

- b) By the Chair; or
- c) By the Chief Executive Officer.

Minutes

30) The Secretary shall cause to be recorded in the minutes the time and place of each meeting of the Board, the names of members present, all official acts of the Board and votes given by members of the Board. The Secretary shall cause the minutes to be written and presented for approval at the next monthly meeting of the Board. The minutes, or a true copy thereof, approved by the Board and signed by the Secretary and the Chair, shall form part of the permanent records of the Board.

31) Minutes of committee meetings shall be similarly prepared and placed in the Board's public record at the next month's regular board meeting.

32) Board members who vote against a motion are encouraged, but not required, to provide their reasons for doing so; such reasons may be included in the minutes.

Committee Operations

33) At the first regular meeting following the election of officers, the Chair shall appoint committee members, a committee chair, and a committee alternate to each standing committee, with the exception of the Nominating Committee (See paragraph 14 for policy regarding the Nominating Committee). Factors to be considered in determining committee appointments include:

- a) Trustees' areas of expertise and experience;
- b) Trustees' varying interests; and
- c) The need to rotate trustees between committees to ensure their exposure to KCERA's various functions.

34) The function of committee alternates is to attend committee meetings when necessary to satisfy quorum requirements.

35) If the committee chair is unavailable to attend a meeting, then the committee chair may designate another committee member to serve as committee chair in his or her absence, failing which the remaining committee members may appoint a committee chair from among themselves.

36) In the event of a vacancy in a committee chair position, the Chair shall appoint a replacement.

- 37) The Chief Executive Officer shall ensure board committees receive adequate support from staff and shall assign a staff contact to each committee.
- 38) The Board shall approve a charter for each standing committee. Unless authorized by the Board, Committees shall not undertake committee work or analysis, nor direct Management, staff, or advisors to undertake any work, that falls outside the scope of the committee's charter.
- 39) To take effect, all actions of a committee must be approved by the Board at a scheduled board meeting, unless the committee's charter authorizes such independent action by the committee or the Board has otherwise granted such authority to the committee.

Schedule of Meetings

- 40) Regular meetings of the Board shall be held on the second Wednesday of each month at 8:30 a.m. The Administrative, Finance, and Investment Committees of the Board shall meet on a scheduled basis or ad hoc basis, as determined by the Chief Executive Officer, Chairman of the Board, the relevant committee, or Chairman of the relevant committee. **Such meetings will be held in the KCERA Board Room, located at 11125 River Run Boulevard, Bakersfield, California unless an alternate location is authorized under Sections 54953 or 54954 of the Brown Act.** If a scheduled meeting of the full Board needs to be moved for any reason, the Chief Executive Officer in coordination with the Chair, shall set a new date for the Board meeting. Any scheduled Board meeting may, in consultation with the Chief Executive Officer, be canceled by the Board Chair or, if the Board Chair is unavailable, the Vice-Chair. Any scheduled committee meeting may be canceled by the committee chair in consultation with the Chief Executive Officer. If the committee chair is unavailable, the Chief Executive Officer will consult with the committee member who is both available and has the longest tenure on the Board to discuss canceling the meeting.
- 41) Special meetings may only be called as provided in California Government Code Section 54956 (Regulations: Article I.B.2). At its first meeting each year, standing committees shall establish a forward yearly schedule of meetings and agendas, and provide such schedules to the full Board for review.

Policy Development

- 42) Both the Board and the Chief Executive Officer shall be responsible for identifying issues requiring a board policy or decision, and for initiating the development of board policy. Committees wishing to develop a new policy or position for the Board's consideration shall obtain Board approval prior to initiating any work or directing staff or advisors to initiate any work. The Chief Executive Officer shall be responsible for

ensuring all necessary research and analysis is performed to support the Board's decision-making and policy-setting responsibilities. The Chief Executive Officer shall further ensure that staff provides the Board and its committees with recommendations and supporting information in connection with all material decisions before the Board or its committees. Where appropriate, such information should include the strengths and weaknesses of viable alternatives that were considered.

- 43) Board policies and decisions shall generally be limited to issues of a high level or strategic nature. The Chief Executive Officer is authorized to approve staff-level procedures to support the proper implementation of board policies, and to guide the day-to-day operations of KCERA.
- 44) The Board shall abide by all board policies, unless under the circumstances it would be imprudent to do so. Material deviations from policy shall be noted in the minutes of the meeting along with the reasons for doing so; and, if appropriate, the Board shall direct the Chief Executive Officer to review the policy in question. Minor deviations in procedures are not required to be noted in the minutes; examples include, but are not limited, to:
 - a) Minor deviations in the timing of reports; and
 - b) Presenting reports directly to the Board rather than to a committee when, in consultation with the chair of the committee, it is agreed that there would be no benefit to having the committee consider the matter before it is presented to the Board.
- 45) All policies of the Board shall be reviewed with a frequency to be specified in each policy, though more frequent reviews may be initiated by the Board or the Chief Executive Officer if deemed necessary.
- 46) Board policies shall be maintained in up-to-date form within the offices of KCERA and shall be accessible to trustees and staff.

Compensation and Expense Reimbursement of Members of the Board

- 47) Pursuant to §31521 of the Act, the fourth, fifth, sixth, eighth, ninth, and the alternate eighth member shall receive compensation at the rate of one hundred dollars (\$100) for each Board or Board-authorized committee meeting, for not more than five meetings per month. In addition, all member of the Board shall receive reimbursement for actual and necessary expenses in accordance with rules and regulations adopted by the County of Kern for reimbursement of expenses incurred by County employees set forth in the Kern County Administrative Procedures Manual and the Trustee Travel

Policy. Board members and alternate trustees eligible for the \$100-per-meeting compensation may decline that compensation at any time.



48) This policy shall be reviewed at least every five years.

49) This policy was:

- a) Adopted by the Board on September 27, 2000.
- b) Amended on November 19, 2002; June 23, 2004; August 26, 2009; December 12, 2012; April 13, 2016; March 11, 2020; February 10, 2021; August 11, 2021; and April 13, 2022.

APPENDIX A

SIMPLIFIED RULES OF ORDER

- 1) In conducting Board and committee meetings, the primary goals of the Board are to ensure that:
 - a) decisions are made prudently, efficiently, and without confusion;
 - b) all Board members have appropriate opportunities to be heard;
 - c) members of the public have opportunities to address the Board, consistent with open meeting laws; and
 - d) all applicable laws are followed.
- 2) Board actions shall be carried out using motions. Examples of common motions include:
 - a) Motion to approve [insert item presented for approval].
 - b) Motion to approve/adopt based on Staff's recommendation.
 - c) Motion to refer matter to Staff/Committee for [insert direction from Board].
 - d) Motion to return matter to the Board on [insert date/month certain].
- 3) The general process for arriving at a Board or committee decision shall be as follows:
 - a) Staff and/or advisors shall provide background information and/or recommendations regarding the matter in question.
 - b) The chair shall then ask for discussion from the Board/committee.
 - c) The chair shall moderate any discussion to ensure open but orderly deliberations among Board members.
 - d) When discussion has ended, the chair shall request a motion and a second on the matter; if there is no second, the motion dies.
 - e) The chair shall take public comment at any time prior to moving to a vote.
 - f) Voting shall occur by one of the following methods:
 - i) By electronic means, though such votes may not be anonymous;
 - ii) By Roll Call – Each member answers “yes” or “no” as his or her name is called.
- 4) *Consent agenda.* Items placed on a consent agenda may be approved together without discussion or individual motions. A Board member may, however, request that one or more items be removed from the consent agenda for discussion and individual action, and such request may not be denied.
- 5) *Reconsidering a motion.* A board member may move that a motion to reconsider a board/committee action be placed on a future meeting agenda, but only if said board

member voted on the prevailing side when the matter was first considered. If said board member did not vote on the prevailing side, he or she may briefly state reasons for wishing that such a motion be made by a qualified Board member, and no other discussion may ensue unless a motion is made and seconded. The motion may be seconded by any board member.

Notwithstanding the above, a request for reconsideration made within 90 days of when the matter was first considered may only be approved if information not previously considered is available.

- 6) *Tie votes.* Motions that result in a tie vote are considered to have failed. In the event of a tie vote, any member of the Board/committee may move to have the matter decided once again at the same meeting. If a tie vote occurs a second time, the motion dies, or the Board may continue the matter to a future meeting(s) or take other appropriate action.
- 7) Any question regarding the conduct of a meeting that is not addressed by the Board Operations Policy, the Regulations, or Open meeting laws or other applicable laws, shall be determined by the Board Chair or applicable committee chair. In making such determination, the Board Chair or applicable committee chair may consult with Counsel. Any such determinations shall apply only to the meeting in question; the Board however may subsequently refer the question to the Administration Committee, which may recommend changes to the Board Operations Policy or Regulations to address the question for future meetings. Any resulting changes to the Board Operations Policy or Regulations shall not nullify the original determination by the Chair or committee chair. A Board member may, however, seek reconsideration of any decision that resulted from the original determination of the Chair or committee chair, consistent with the rules for reconsideration contained in paragraph 5 above.

Other Expectations

- 8) The following meeting practices are desirable but not required:
 - a) Board members seeking to gain the attention of the chair should use the electronic meeting system or say, “Mr. Chair” or “Madame Chair”.
 - b) Board members should refrain from addressing the Board or committee until recognized by the chair.
 - c) Motions should be stated in the affirmative; i.e., “I move that we ...” rather than, “I move that we do not....”

APPENDIX B



CODE OF CONDUCT

INTRODUCTION AND BACKGROUND

- 1) The success and effectiveness of the Board require that all trustees abide by the highest standards of professionalism, ethics, and integrity. To confirm and support its commitment to such standards, the Board has established this Code of Conduct.

GENERAL EXPECTATIONS

- 2) Trustees shall:
 - a) Act with decorum, integrity, and professionalism in all aspects of their duties and in any interaction with fellow trustees, staff, vendors, and stakeholders.
 - b) Refrain from any behavior or activity that may reflect poorly on the image or reputation of the Board or KCERA.
 - c) Comply with all policies and rules of the Board.
 - d) Make a good faith effort to attend, in their entirety, all meetings of the Board and committees on which they serve, and to be sufficiently prepared for all such meetings.
 - e) Be engaged and constructive in all meetings of the Board and committees on which they serve.
 - f) Build and maintain the knowledge necessary to fulfill their fiduciary responsibilities.
- 3) Should a trustee fail to attend, in their entirety, 75% of all Board meetings and/or 75% of all meetings of committees on which they serve, the trustee's attendance may be reviewed and may be deemed to fall short of the above general expectations.
- 4) Any trustee who believes the conduct of a fellow trustee falls short of the above expectations is encouraged to discuss the matter directly with the trustee in question or ask the Chair or the Vice-Chair to address the matter. Alternatively, the trustee may request that the concern be placed on the Board's agenda for consideration.
- 5) If the Board determines that the conduct of a trustee falls short of the above expectations, the Board may take any action it deems appropriate, including but not

limited to:

- a) Referring the matter to the Administrative Committee for further consideration.
 - b) Removing the trustee in question from the position of Chair, Vice-Chair, or committee chair, or from any committee on which the trustee serves.
 - c) Prohibiting the trustee in question from serving as Chair, Vice-Chair, committee chair, or a member of any committee for a specified period of time.
 - d) Limiting the trustee's travel privileges, if the violation relates to travel.
 - e) Censuring the trustee in question.
 - f) Communicating the Board's concerns to any party and by any means the Board deems appropriate.
 - g) Any other lawful action the Board deems appropriate.
- 6) Prior to taking any of the above actions, the Board shall provide the trustee in question an opportunity at a board meeting to respond to the allegation. Furthermore, the trustee shall be asked to recuse himself from any board or committee discussions in relation to the allegation, except when invited to respond.

EXPECTATIONS REGARDING LEGAL COMPLIANCE

- 7) Trustees shall comply with all applicable federal, state, and local law including the requirement to carry out their duties in accordance with applicable fiduciary standards.
- 8) Any trustee who believes the conduct of a fellow trustee contravenes applicable law shall report the matter to the Chief Executive Officer and Chief Legal Officer in a timely manner. The Chief Executive Officer and Chief Legal Officer shall take appropriate steps to address the matter, conferring with the Chair and Vice-Chair and external legal counsel, as necessary
- 9) Trustees are expected to seek advice or clarification from the Chief Executive Officer or Chief Legal Officer regarding this Code of Conduct, as needed.

POLICY REVIEW AND HISTORY

- 10) This policy shall be reviewed at least every five years.
- 11) This policy was:
 - a) Adopted by the Board on December 12, 2012.
 - b) Amended on April 13, 2016; August 11, 2021; and April 13, 2022.