

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 14, 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 Wednesday, April 19, 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 (*for best audio a landline is recommended*) and enter ID# 876-3957-5812:

- (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/87639575812?pwd=K3RrdmZDYjJMeStvWENwd2FGOEIQdz09>
- Passcode: 126999

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)

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 committee 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 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).

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

3. [KCERA 2023 Board Self-Assessment Report presented by Chief Executive Officer Dominic Brown and Governance Consultants Julie Becker and Benita Harper, Aon](#) – HEAR PRESENTATION; RECOMMEND THE BOARD OF RETIREMENT RECEIVE AND FILE; TAKE OTHER ACTION, AS APPROPRIATE

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.
6. Adjournment



2023 Self-Assessment Report

Kern County Employees'
Retirement Association

April 19, 2023

Fiduciary services provided by Aon Consulting, Inc.

To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Aon.



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

- *Priority setting*
- *Better understand how we can help each other to move KCERA in the right direction.*
- *How to be as lean as possible but also to ensure the lengthier discussion is had regarding slow disability case management.*
- *A better understanding of priorities of both seasoned trustees as well as those who may provide new perspective.*
- *Improved cooperation for Board and staff in having a realistic vision for KCERA.*



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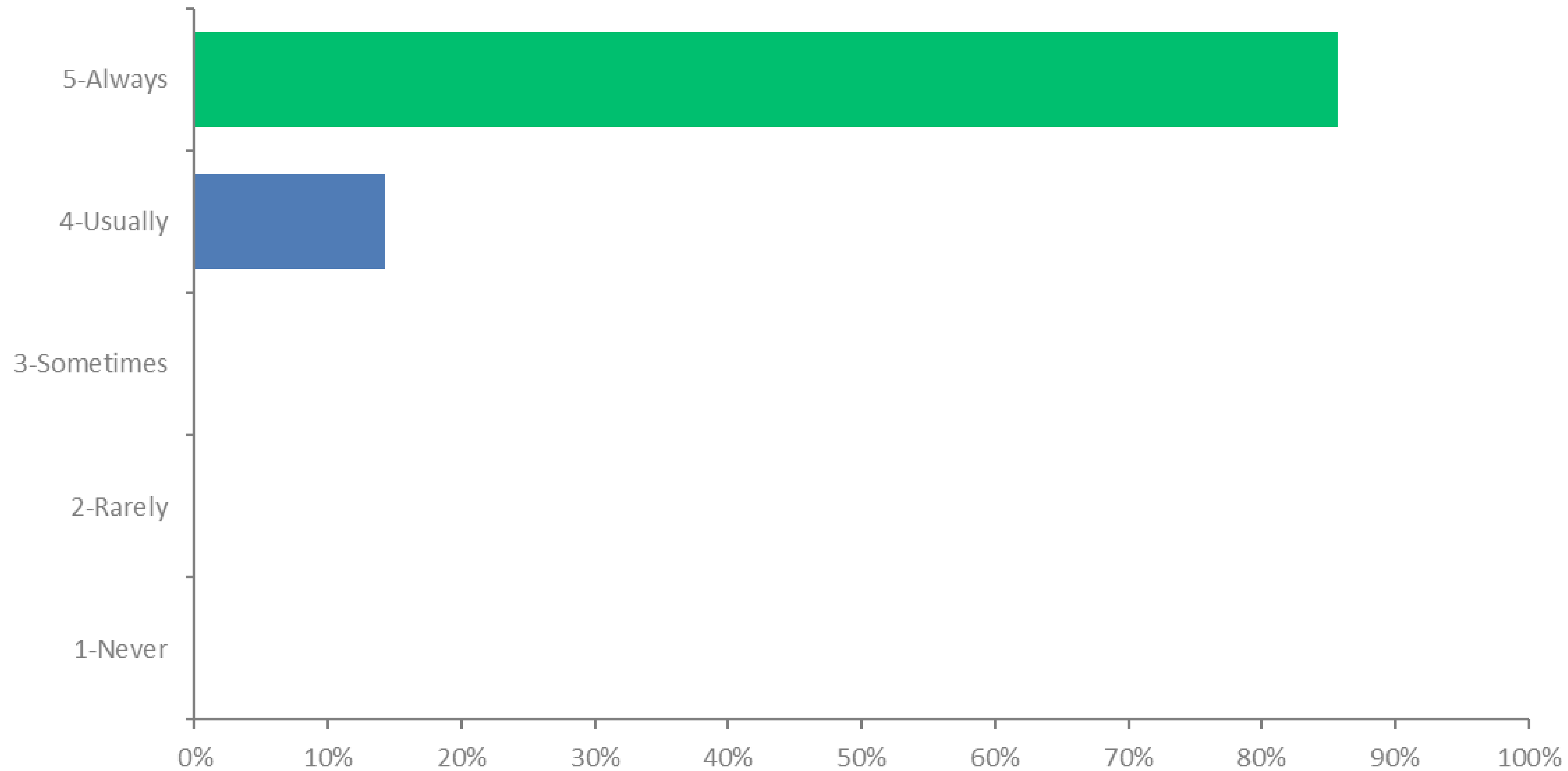
Open-Ended Questions Results

1

Board Member Individual Self-Assessment Results



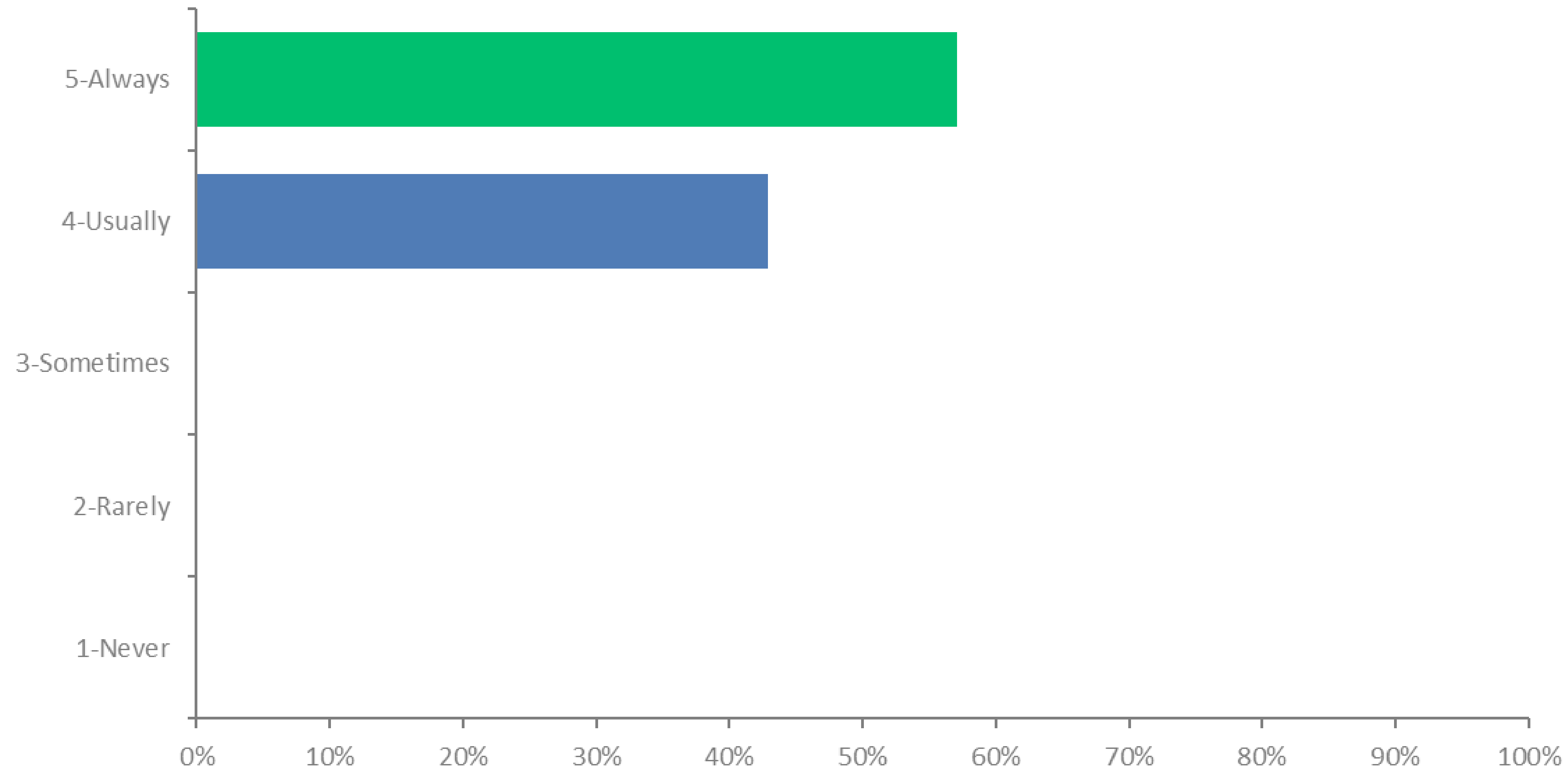
Q1: I attend the entire Board and Committee meetings I am expected to attend.



Average rating:

- 2023: 4.9/5.0
- 2022: 4.5/5.0

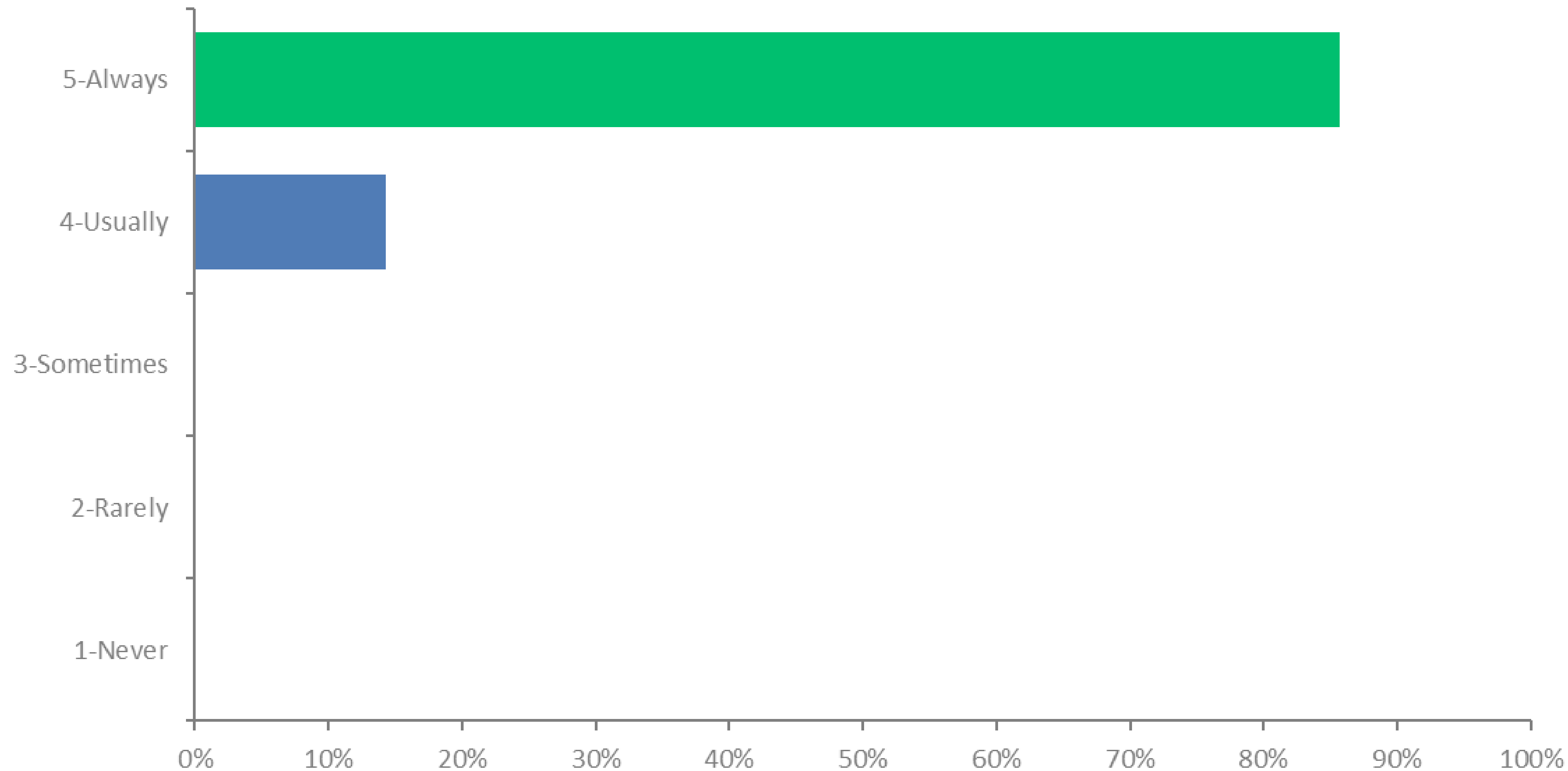
Q2: I read the materials distributed before meetings, so I can constructively participate and make timely decisions.



Average rating:

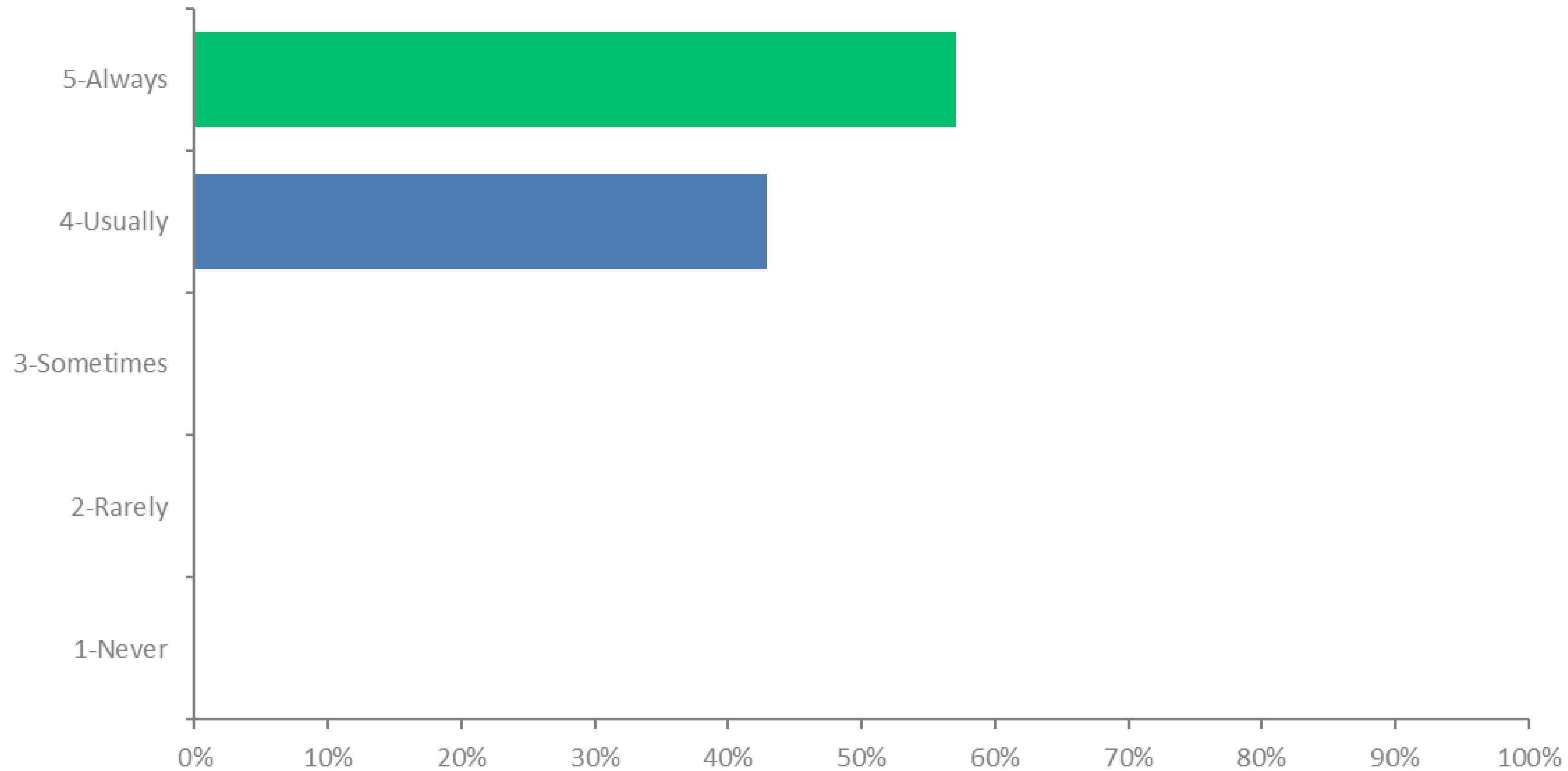
- 2023: 4.6/5.0
- 2022: 4.8/5.0

Q3: 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.



Average rating:
• 2023: 4.9/5.0
• 2022: 5.0/5.0

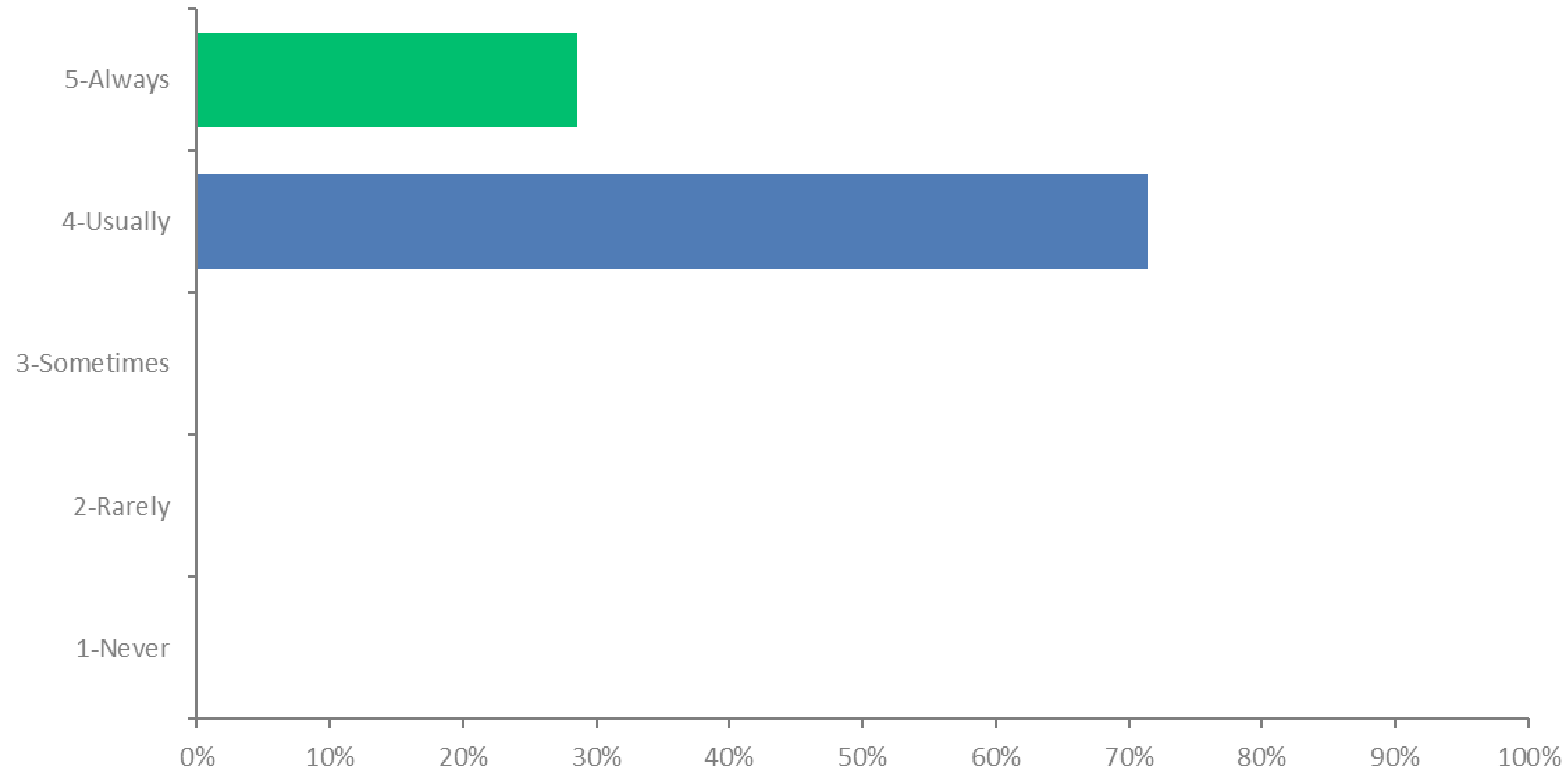
Q4: I fully understand my fiduciary duties with regard to the funds for which we are responsible.



Average rating:

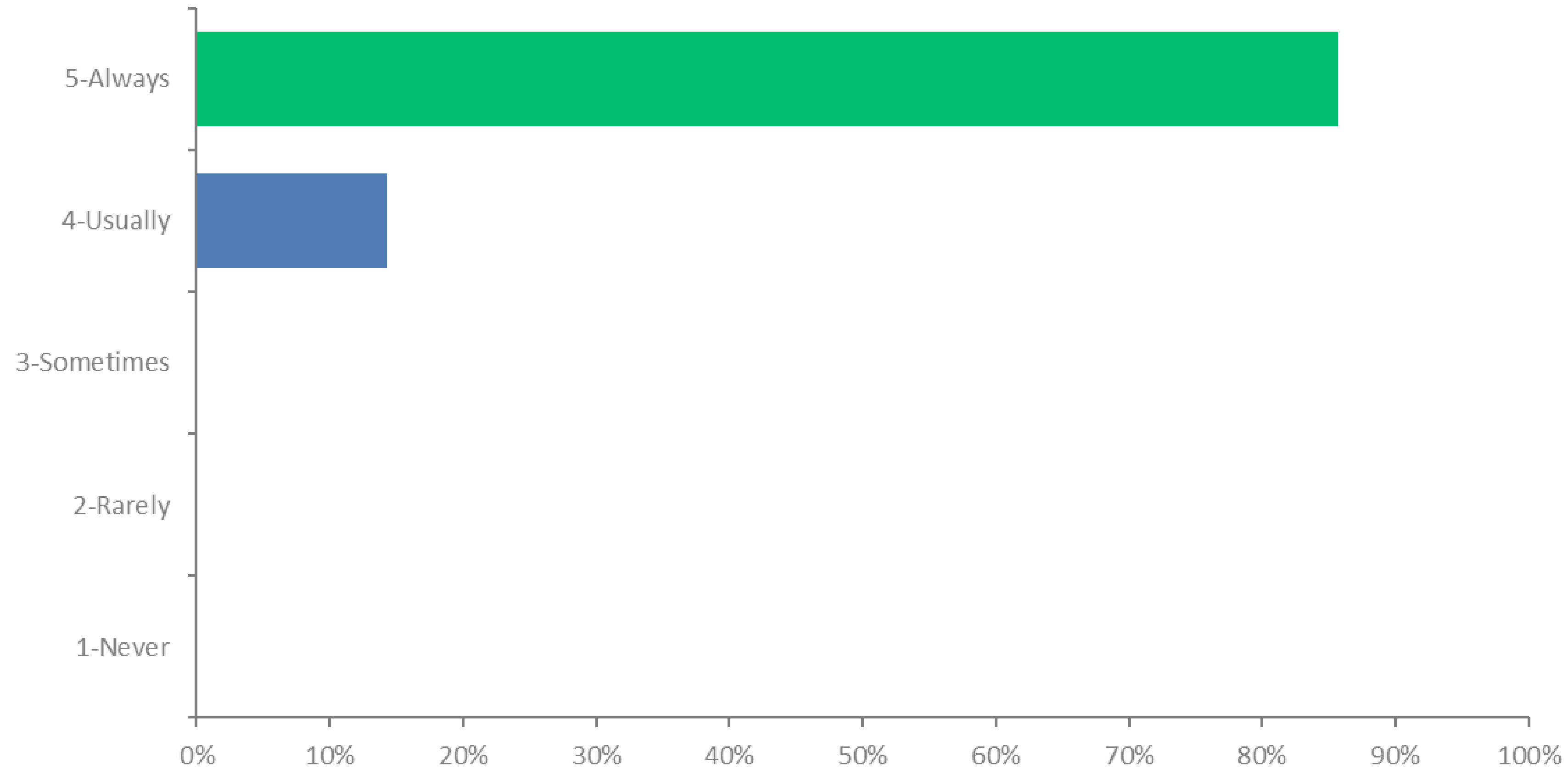
- 2023: 4.6/5.0
- 2022: 4.9/5.0

Q5: I make an effort to be educated on the aspects of KCERA that I do not understand.



Average rating:
• 2023: 4.3/5.0
• 2022: 4.4/5.0

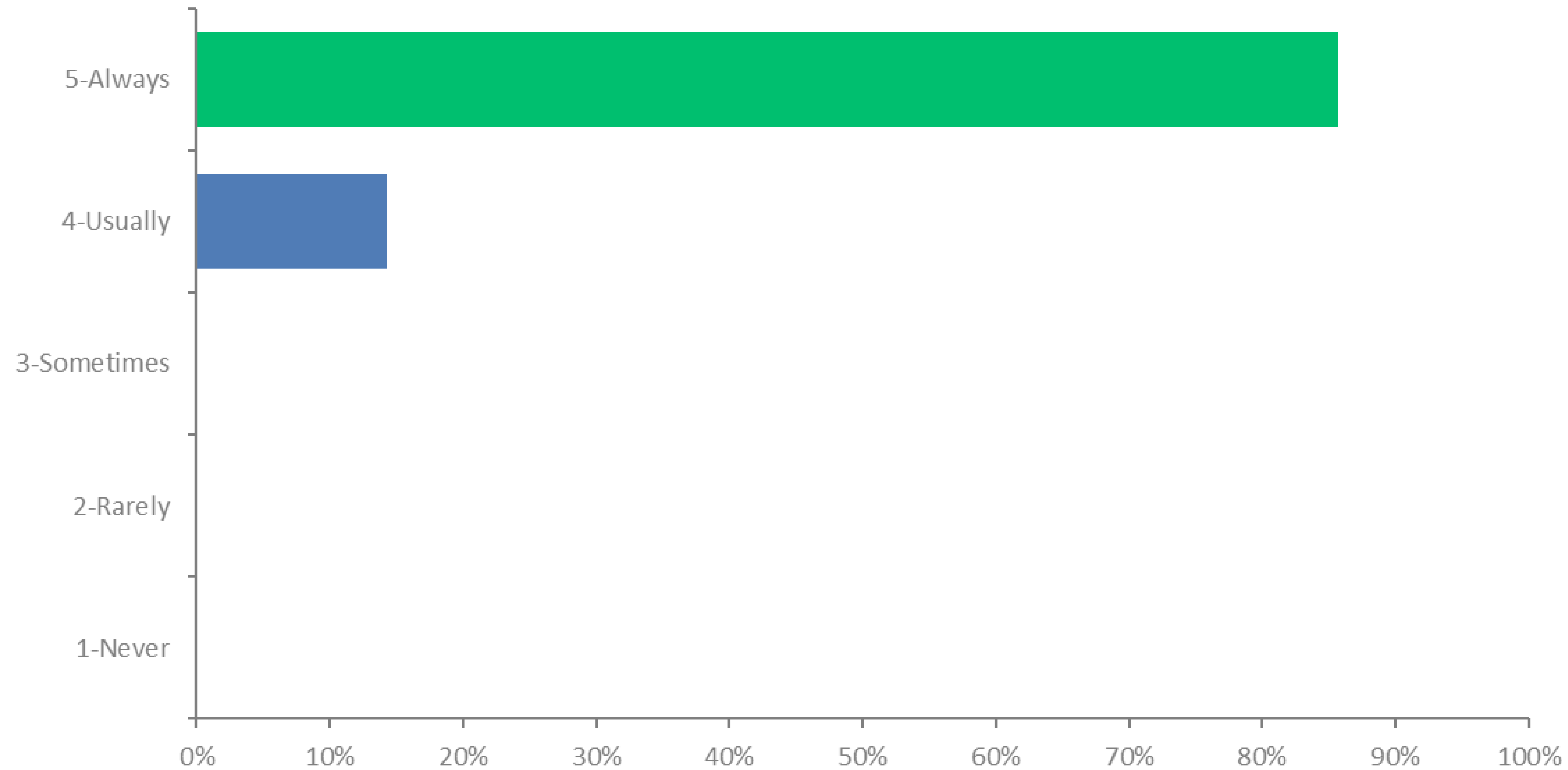
Q6: I avoid conflicts of interest and refrain from activities that could give rise to the appearance of impropriety.



Average rating:

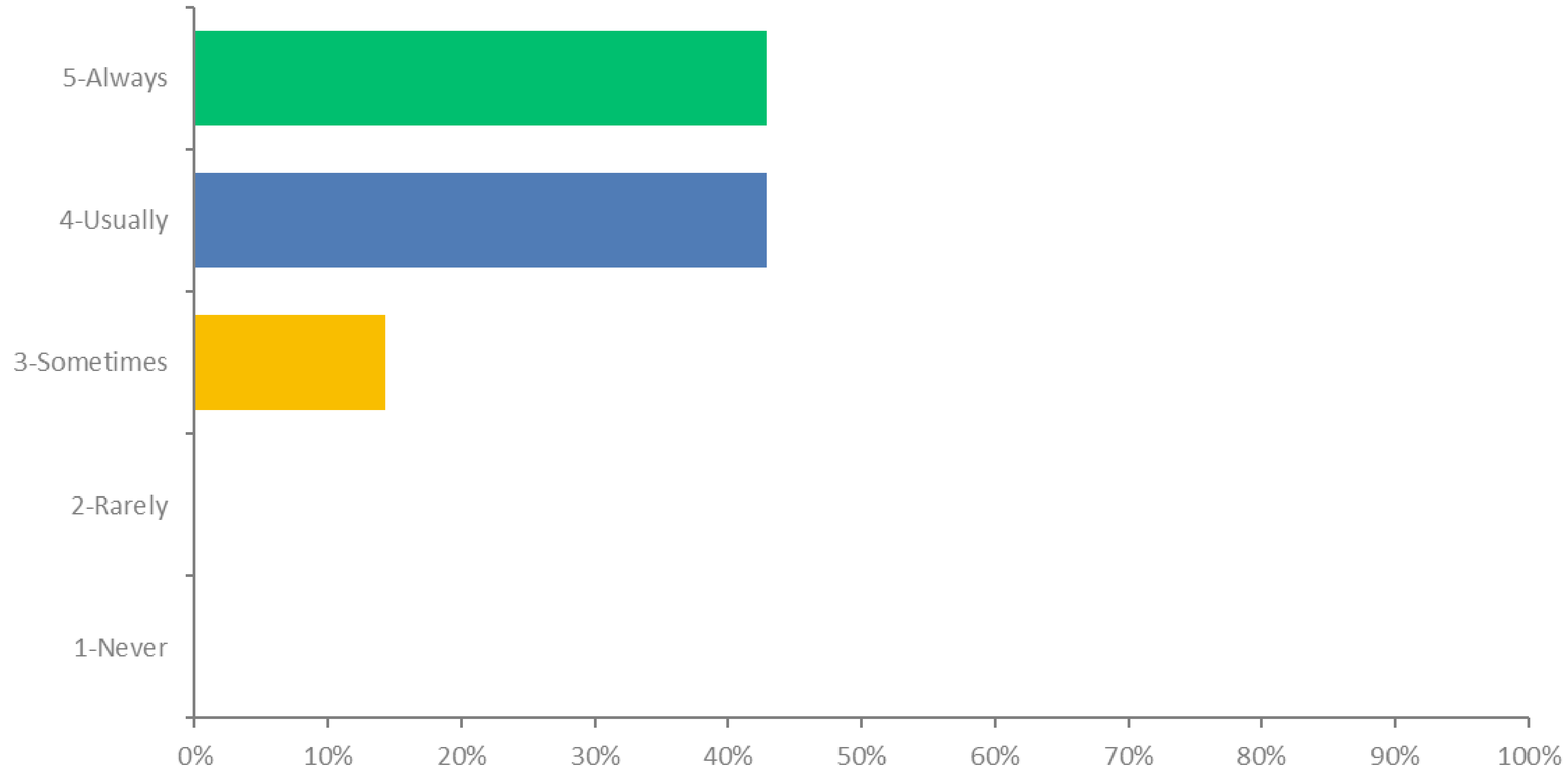
- 2023: 4.9/5.0
- 2022: 5.0/5.0

Q7: I deal fairly, respectfully and professionally with other Board members and Staff.



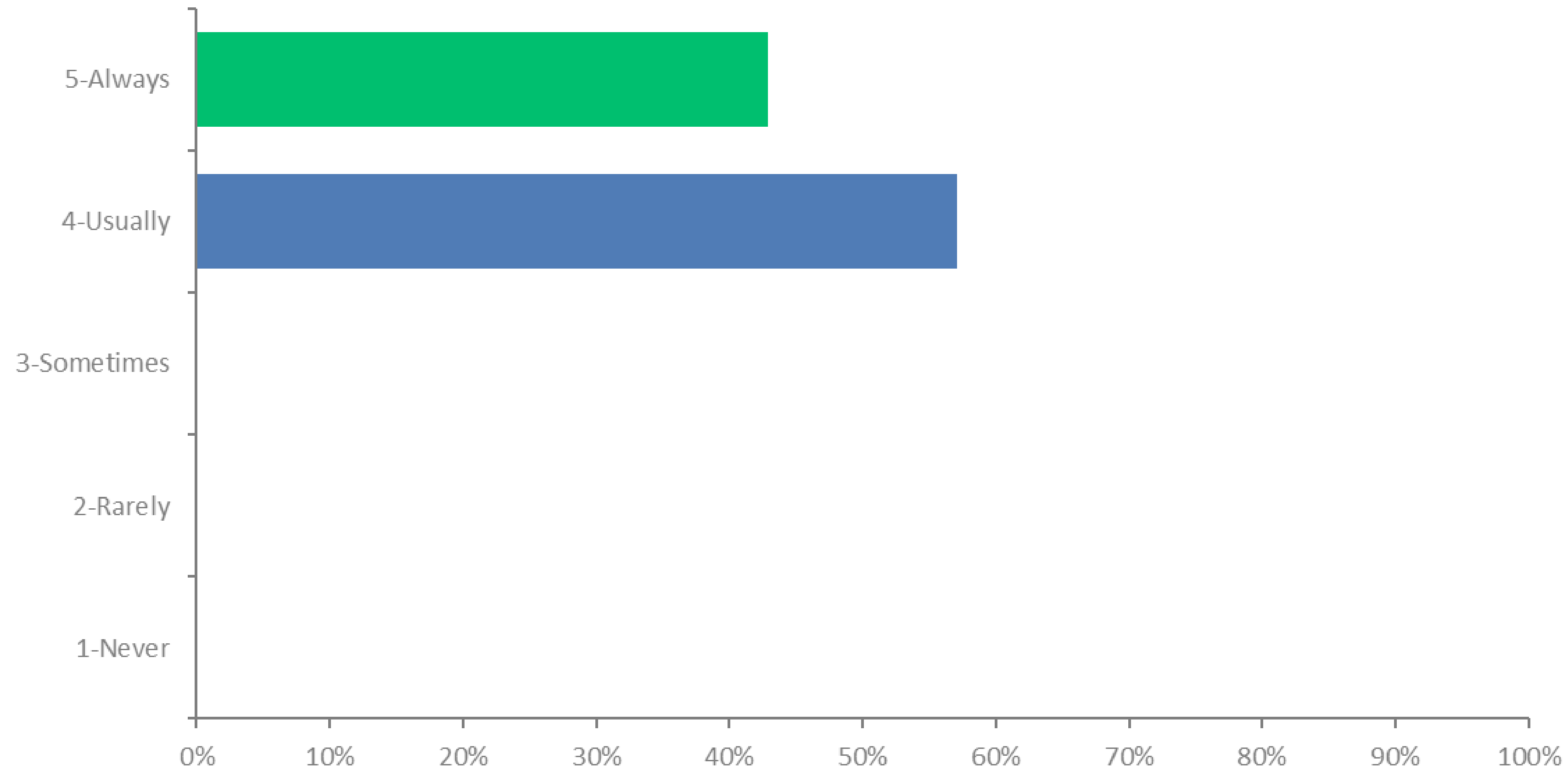
Average rating:
• 2023: 4.9/5.0
• 2022: 5.0/5.0

Q8: 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.



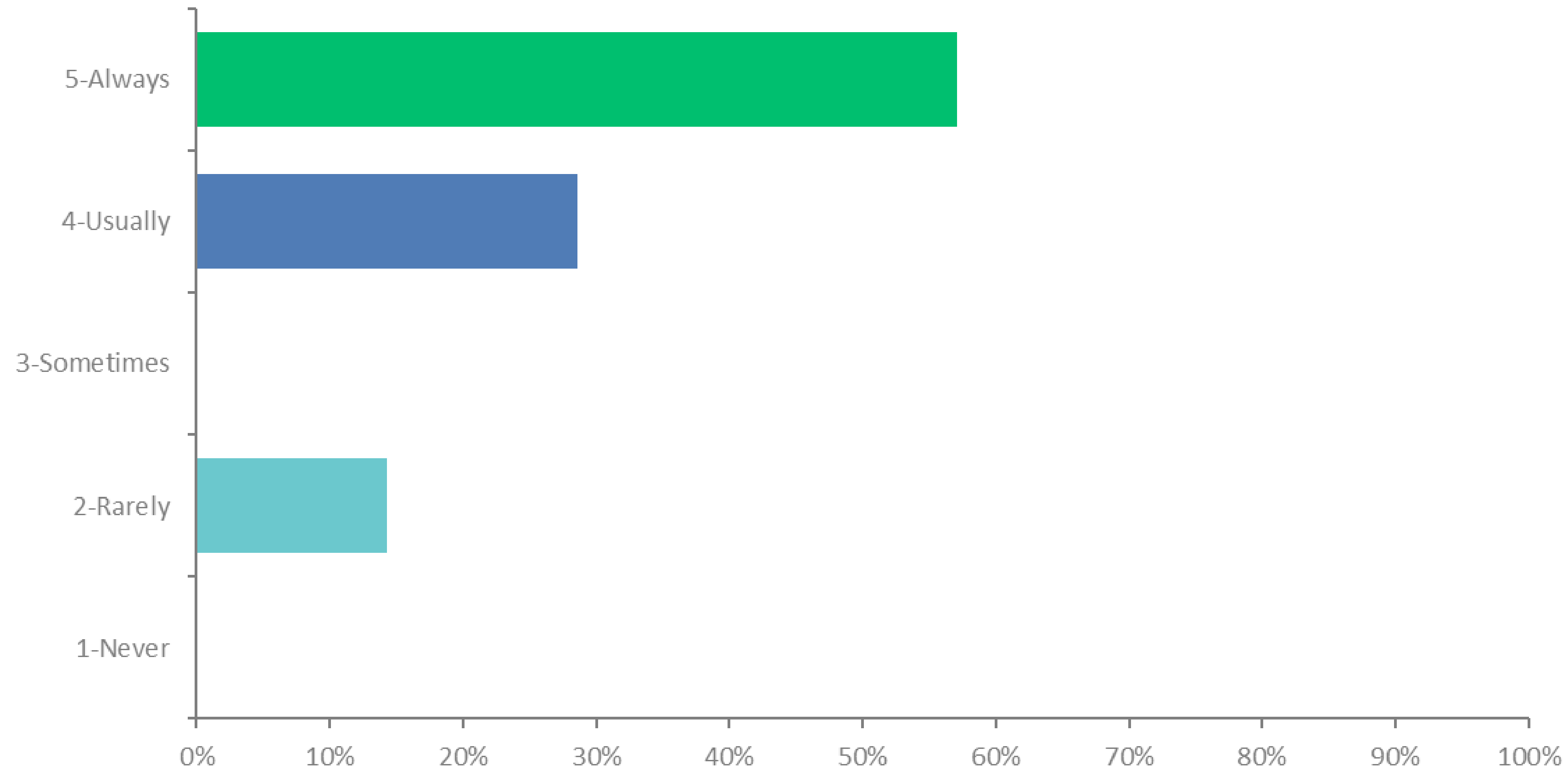
Average rating:
• 2023: 4.3/5.0
• 2022: 4.1/5.0

Q9: 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.



Average rating:
• 2023: 4.4/5.0
• 2022: 4.9/5.0

Q10: If I am aware of any Board governance problems, I report them to the Board Chair or Vice-Chair.



Average rating:

- 2023: 4.3/5.0
- 2022: 4.5/5.0

2

Overall Board Evaluation Results



Overall Board Evaluation Results: Highest Average Scores

Two items with the highest average scores:

1

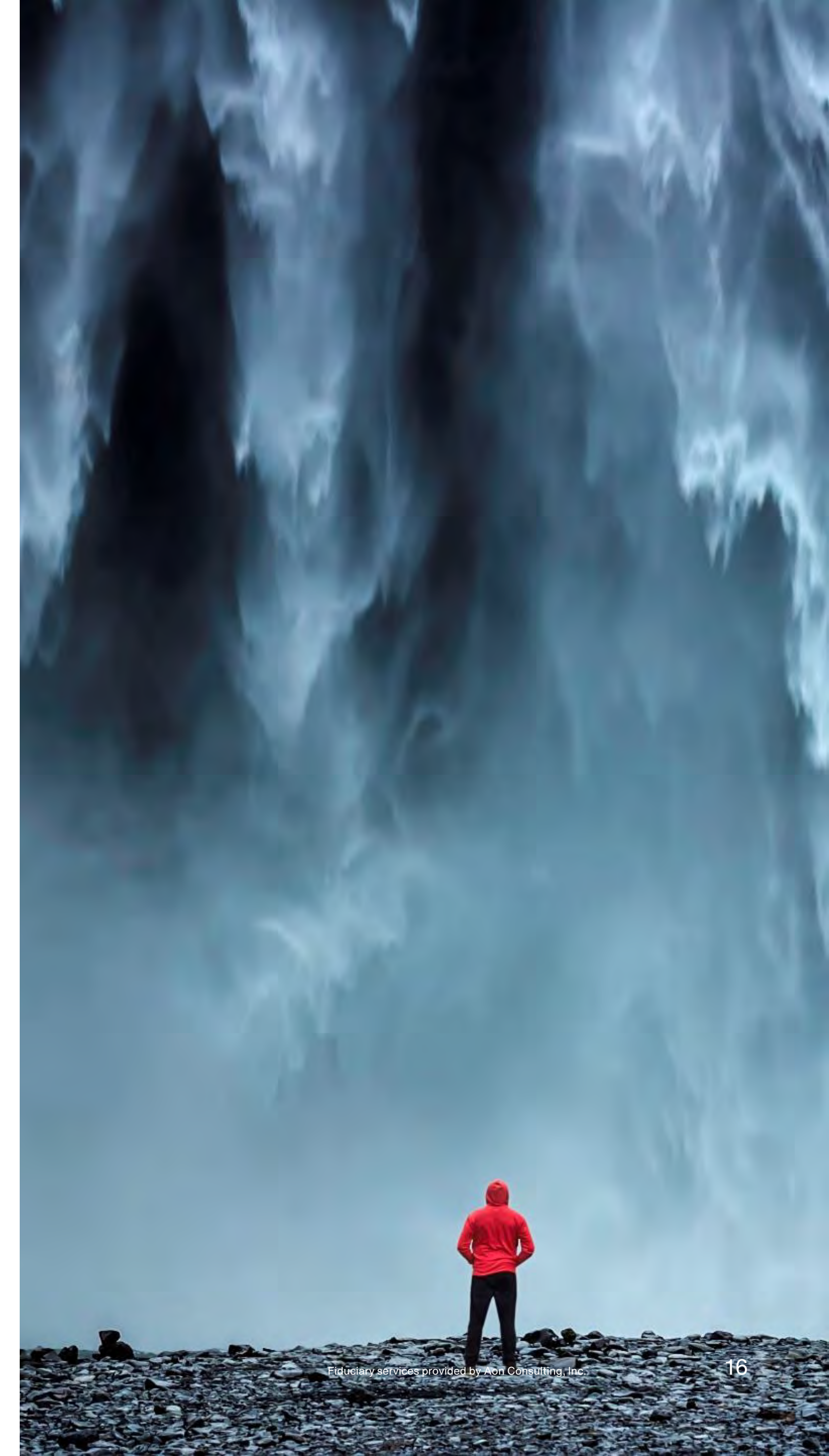
Meeting Effectiveness

Board meetings are conducted in a manner that encourages open communication and healthy debate, ensures all voices are heard, and provides for sound resolution of issues. (4.7/5.0)

2

Governance

Sufficient interaction and deliberation exist between Board members as part of the decision-making process. (4.6/5.0)



Overall Board Evaluation Results: Lowest Average Scores

Two items with the lowest average scores:

1

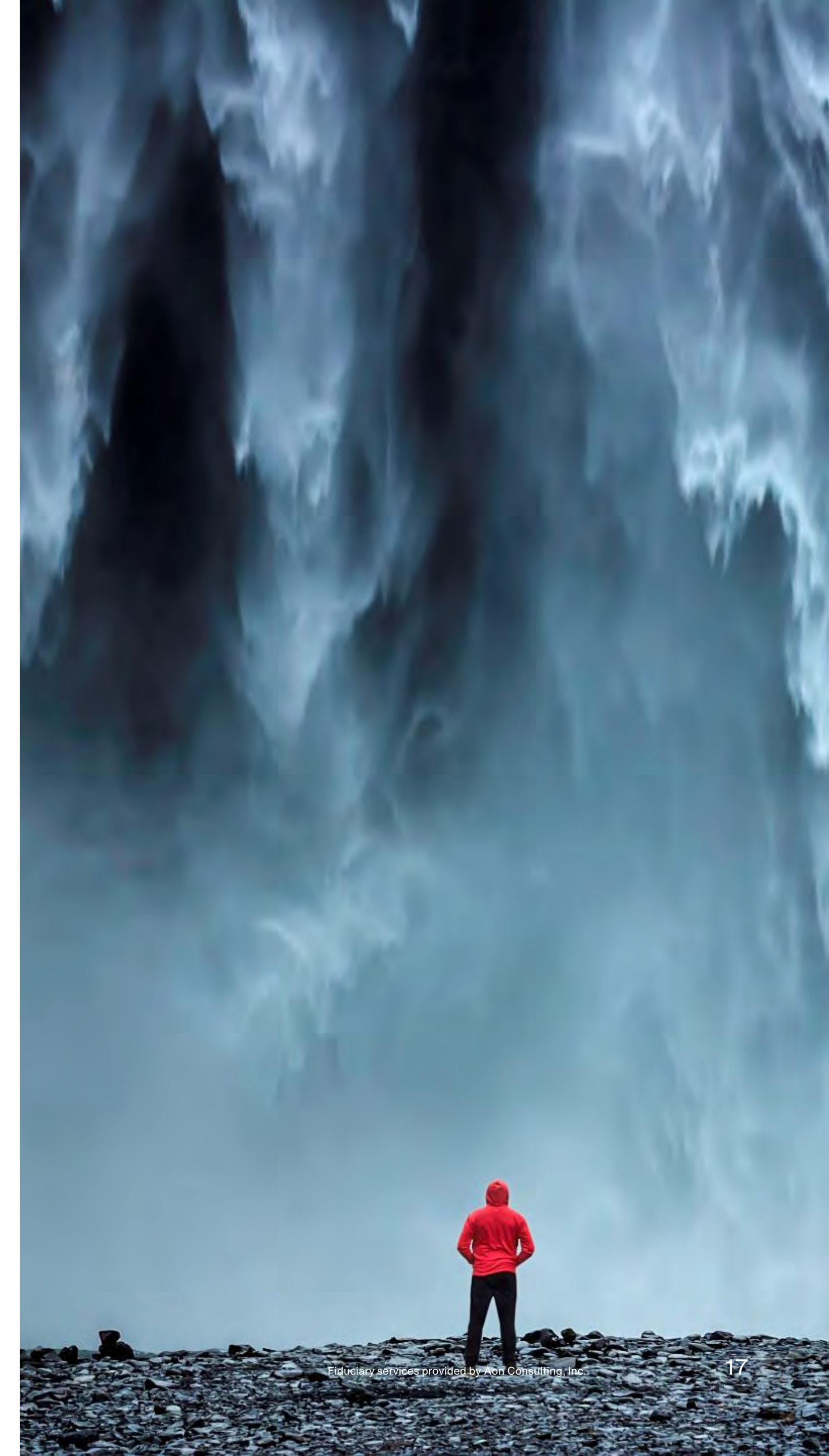
Knowledge and Skills

Board Members actively seek out continuing education opportunities. (3.4/5.0)

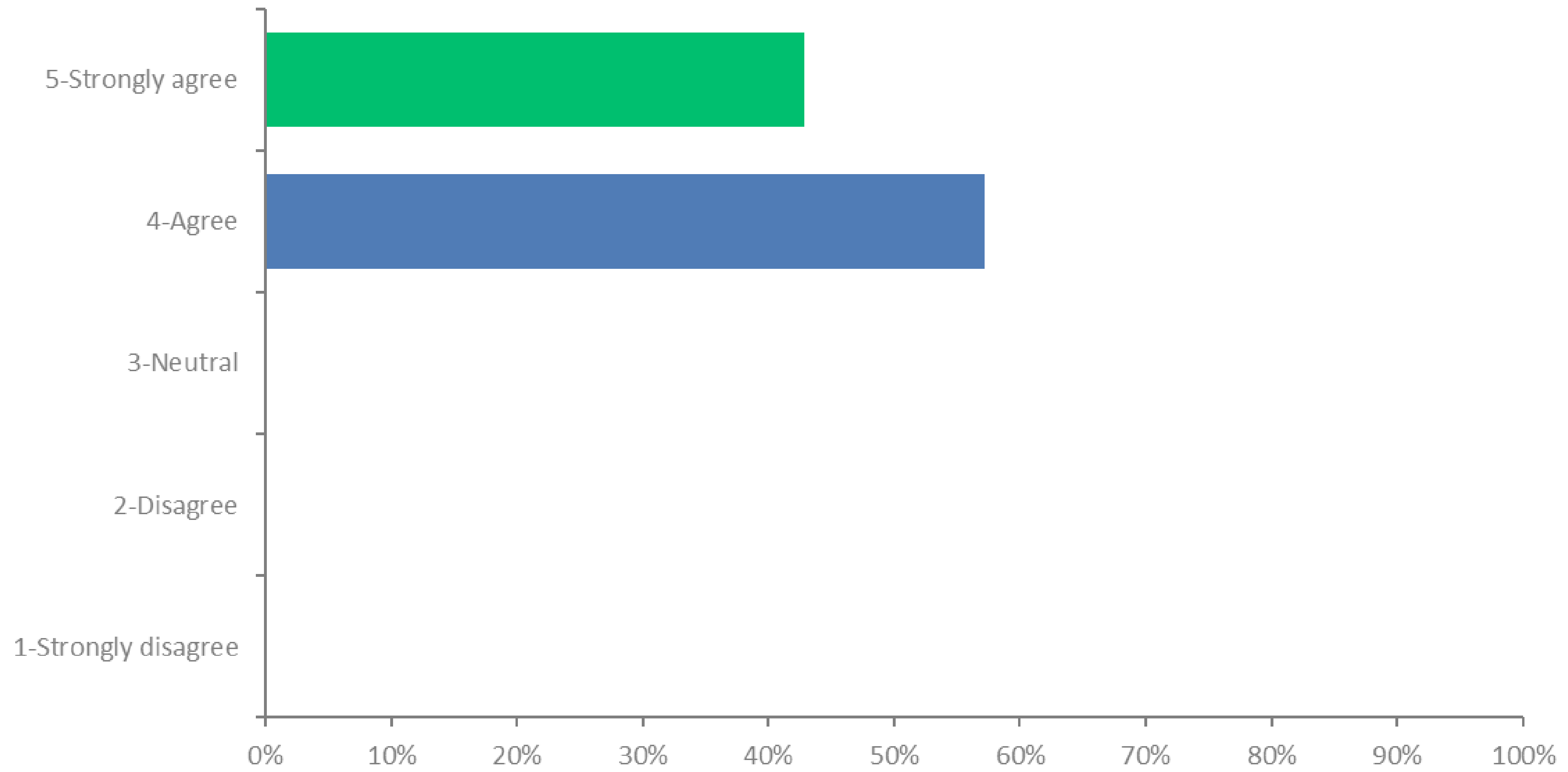
2

Risk Management/Compliance

The Board receives information on the effectiveness of the internal controls in place to mitigate risk. (3.7/5.0)

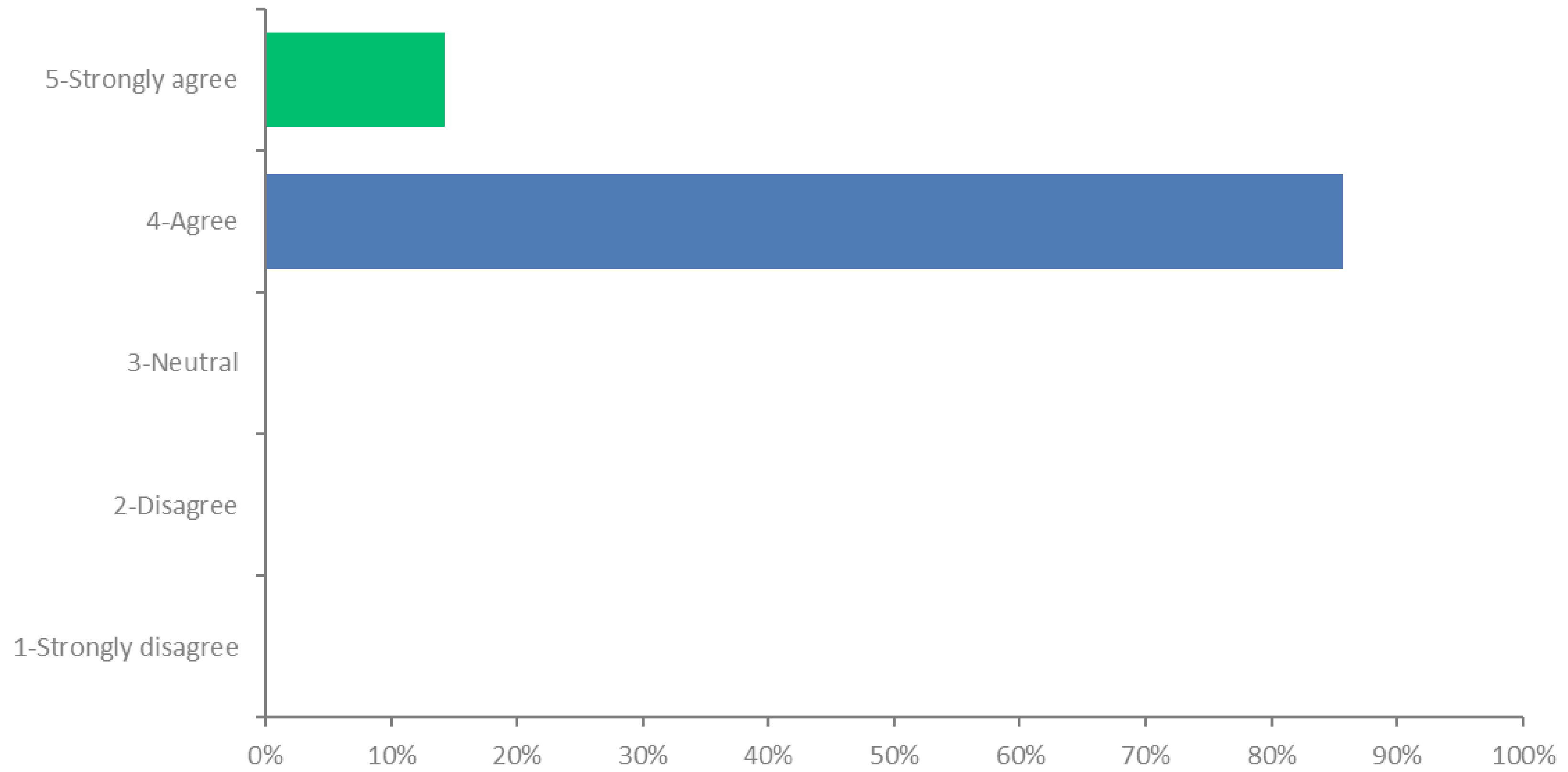


Q1: Fiduciary Responsibility – Board Members receive sufficient fiduciary training to understand their fiduciary responsibilities and act in accordance with the laws, regulations and policies governing KCERA.



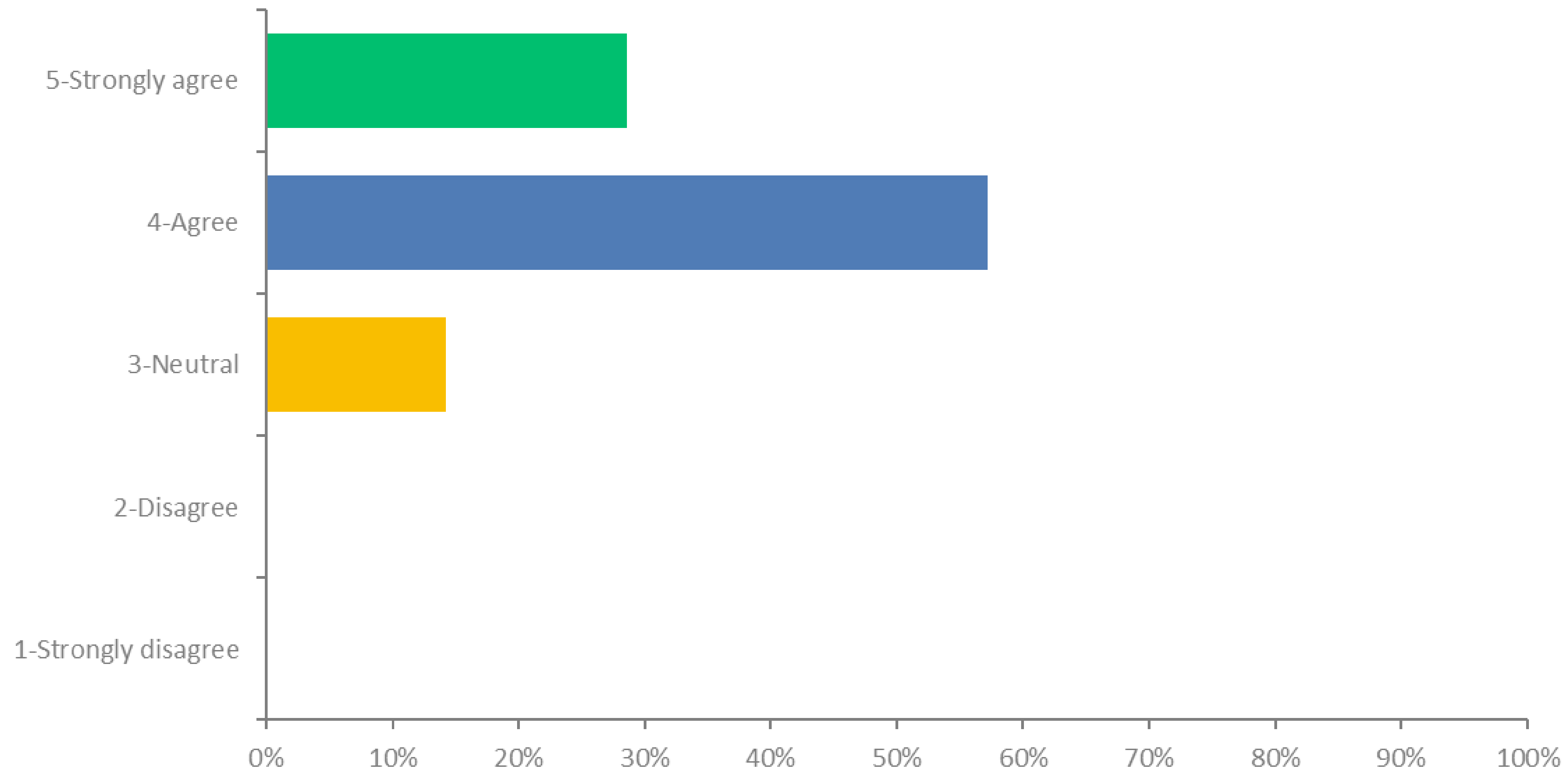
Average rating:
• 2023: 4.4/5.0
• 2022: 4.4/5.0

Q2: Fiduciary Responsibility – 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.



Average rating:
• 2023: 4.1/5.0
• 2022: 3.9/5.0

Q3: Governance – The Board does not "rubber-stamp" the recommendations of senior management or its external advisors.

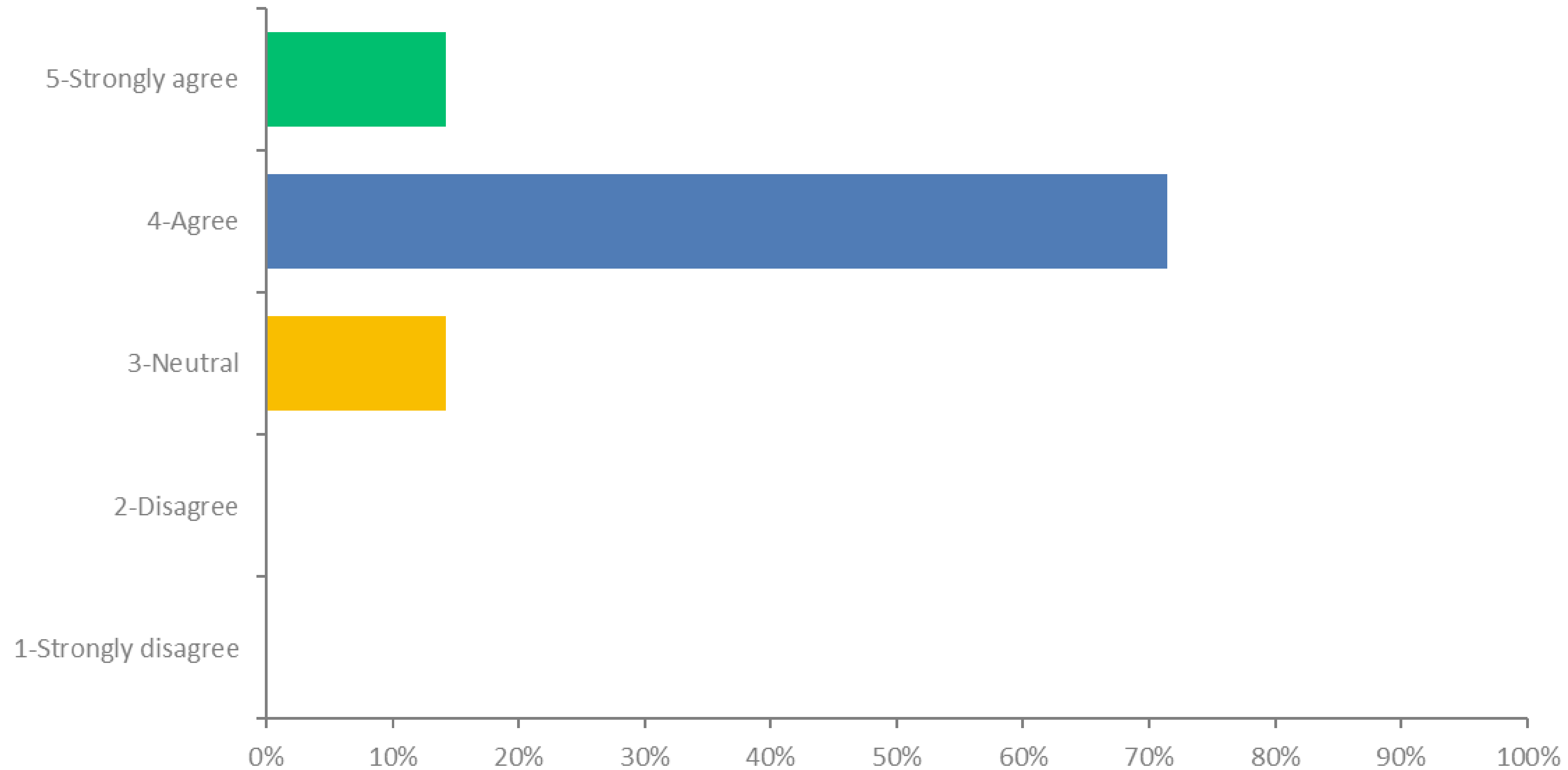


Average rating:

- 2023: 4.1/5.0
- 2022: 4.3/5.0

• *“It would be helpful for me if BoR Agenda was distributed to the Trustees earlier than the public per the Brown Act. This would give us more time to review materials and be less likely to "rubber-stamp" staff recommendations.”*

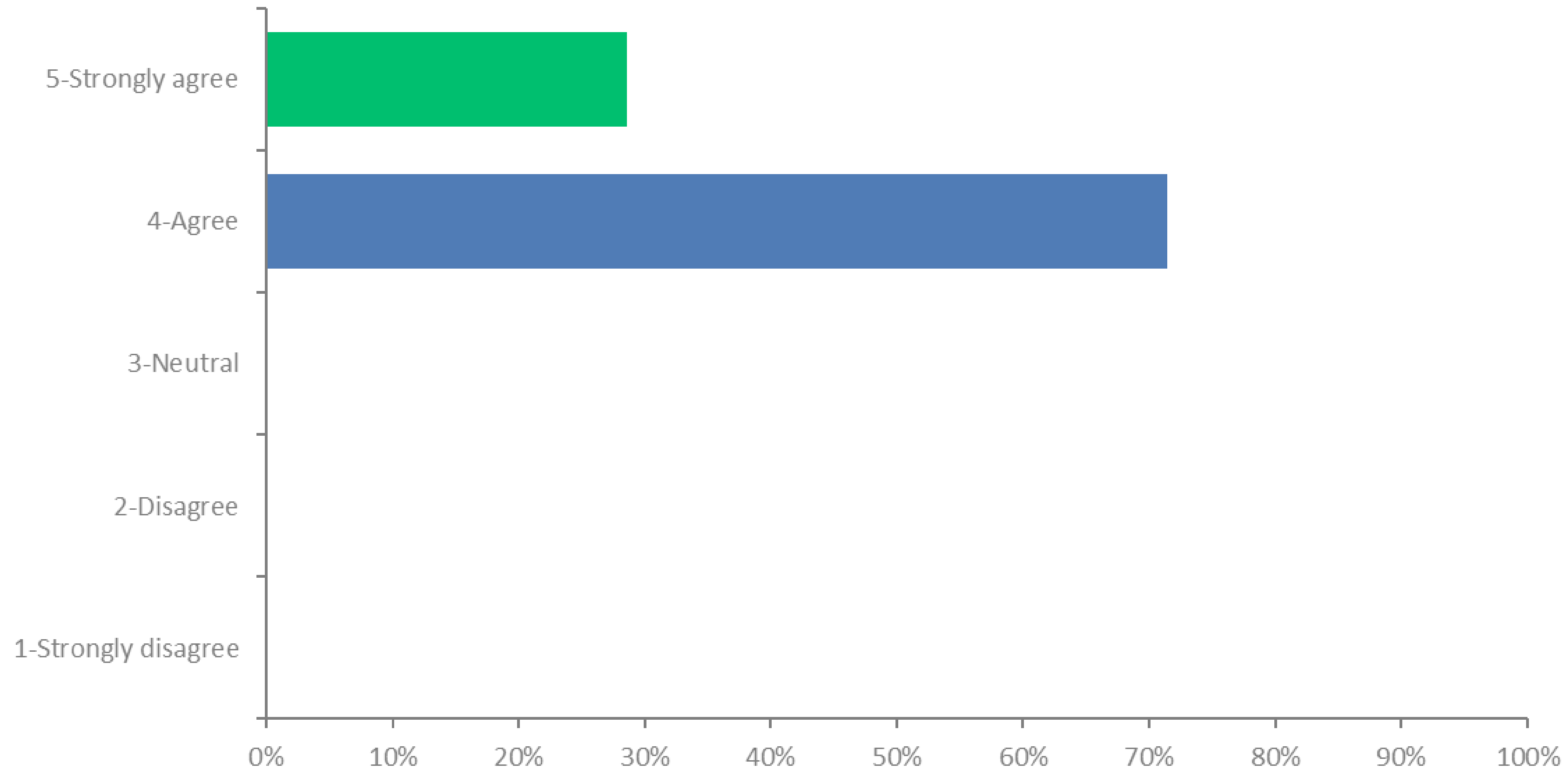
Q4: Governance – The Board reviews and updates each of its policies and charters as called for by the applicable document.



Average rating:

- 2023: 4.0/5.0
- 2022: 4.3/5.0

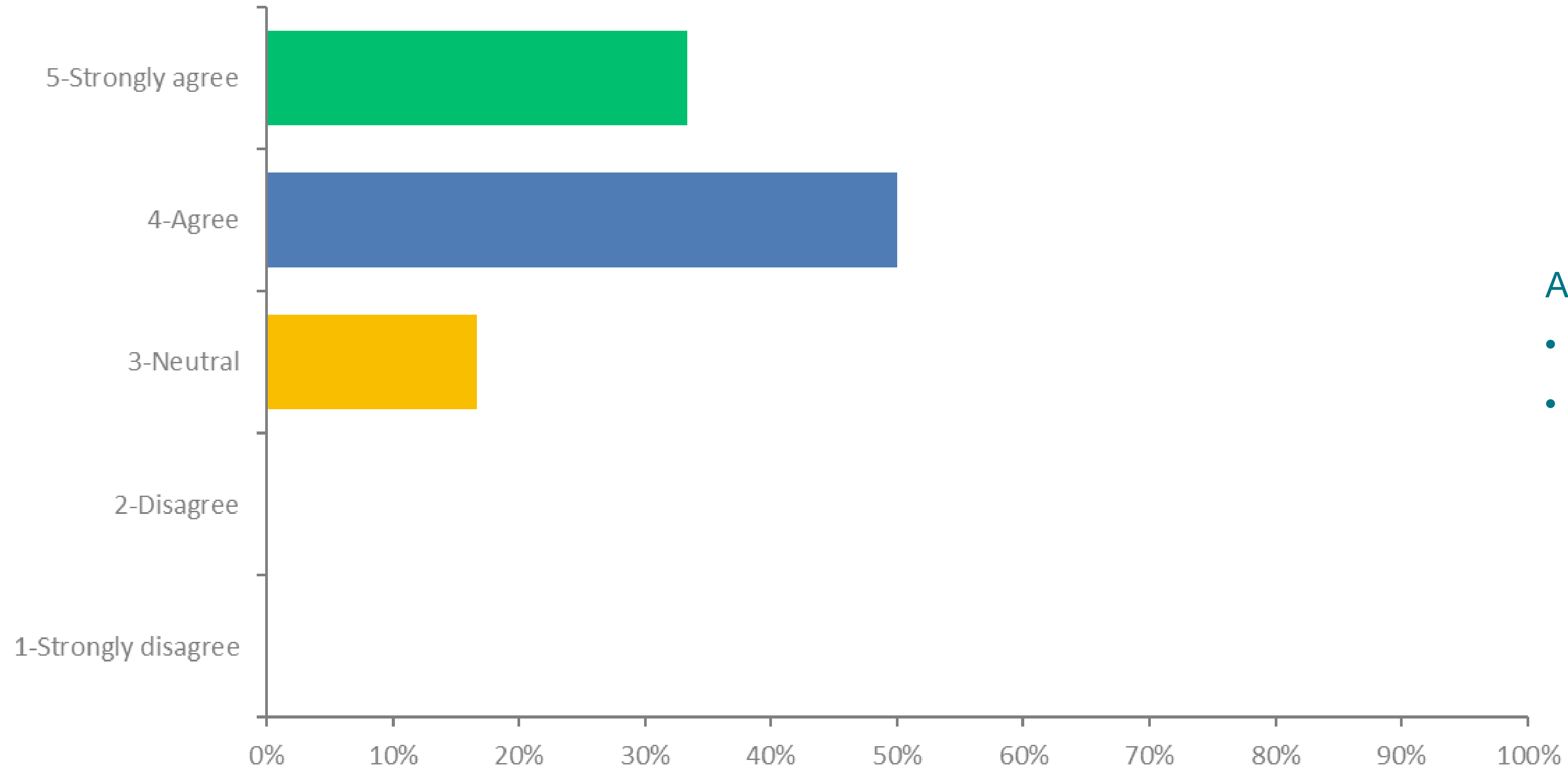
Q5: Governance – The current committee structure assists the Board in focusing on pertinent topics.



Average rating:

- 2023: 4.3/5.0
- 2022: 4.4/5.0

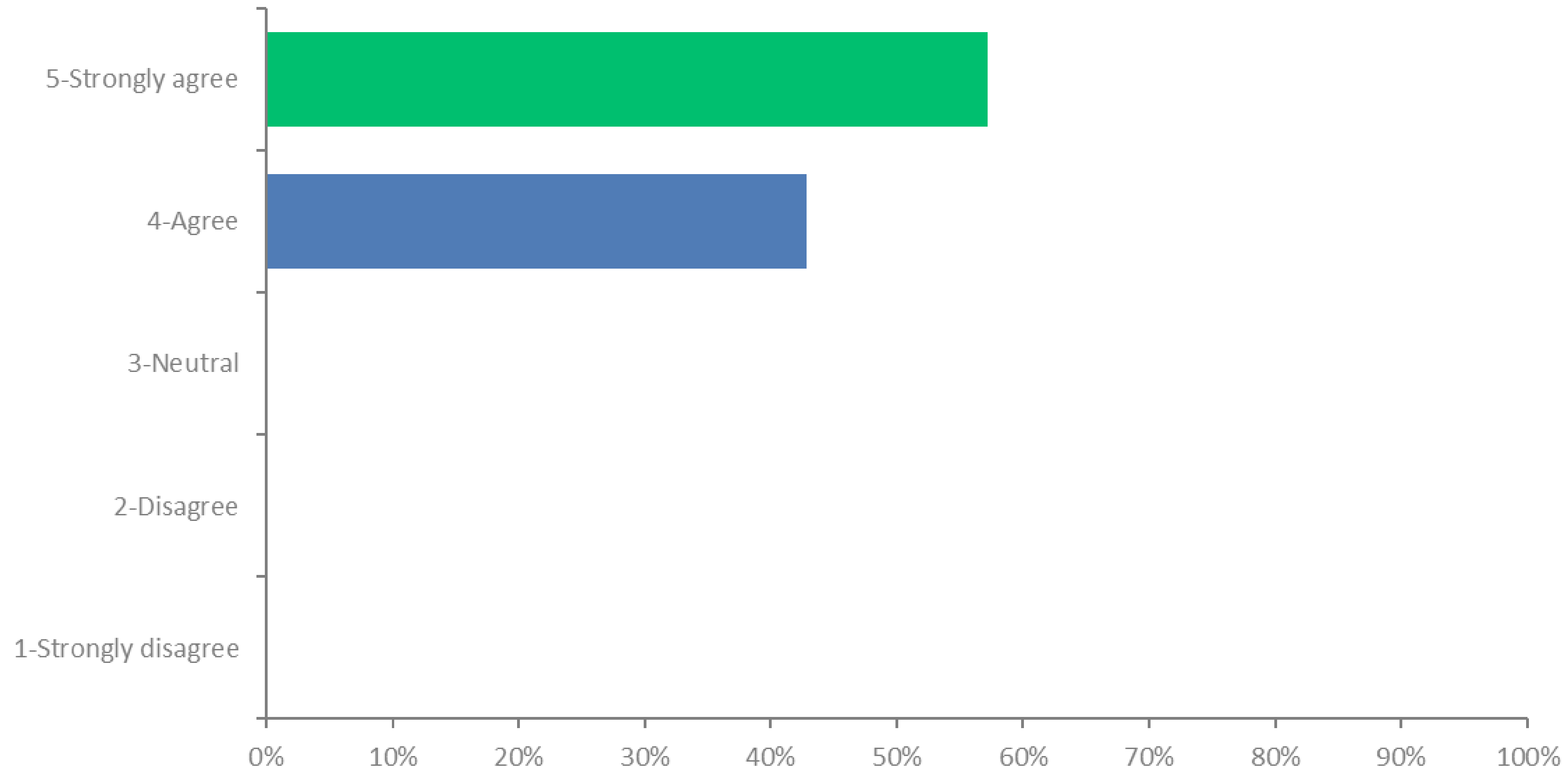
Q6: Governance – The Board develops and follows a clearly defined annual work-plan calendar which captures major items for Board consideration/decision making.



Average rating:

- 2023: 4.2/5.0
- 2022: 3.9/5.0

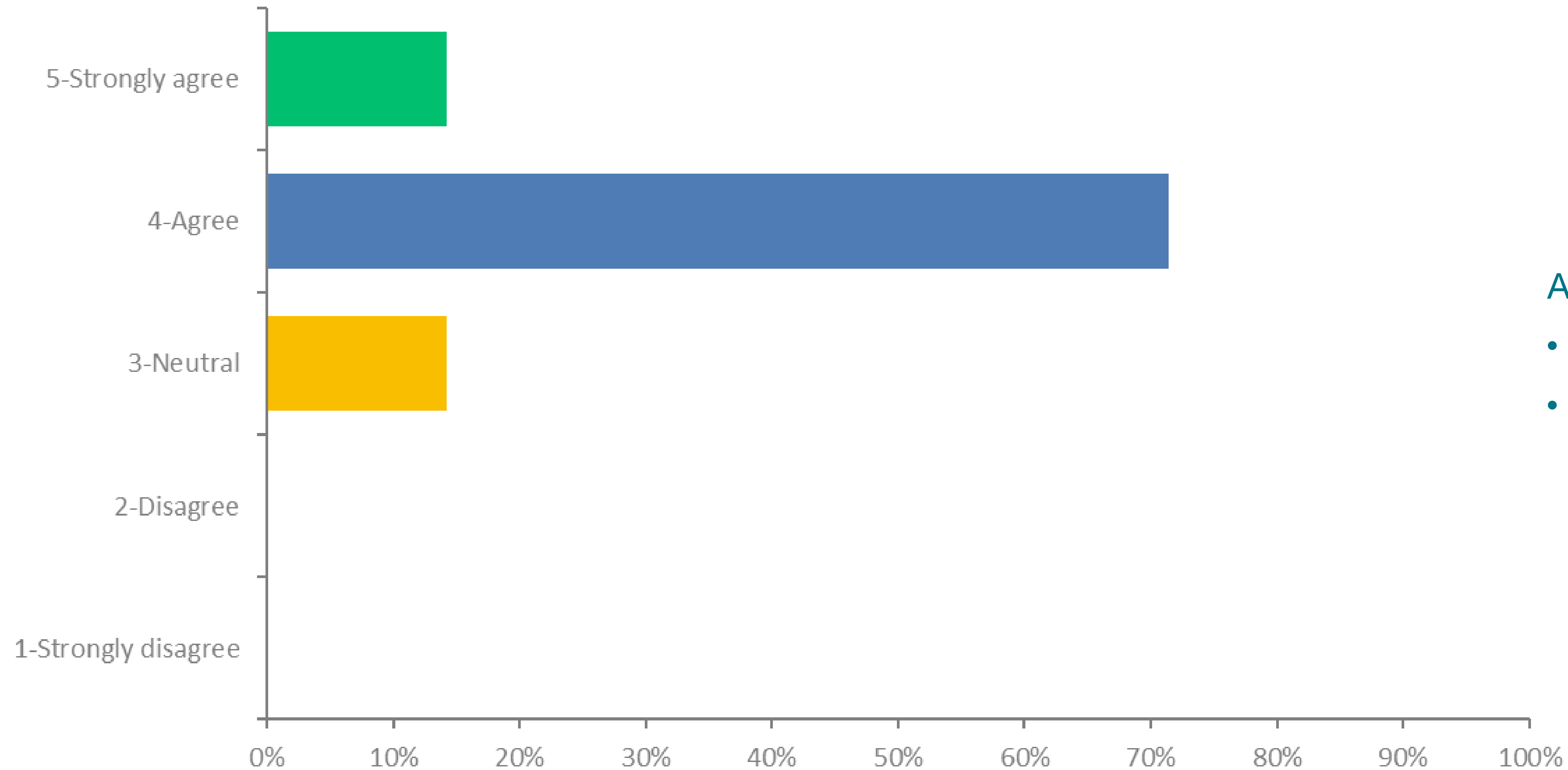
Q7: Governance – Sufficient interaction and deliberation exist between Board members as part of the decision-making process.



Average rating:

- 2023: 4.6/5.0
- 2022: 4.4/5.0

Q8: Governance – The Board engages in long-range strategic planning and keeps the KCERA mission in mind when making decisions throughout the year.

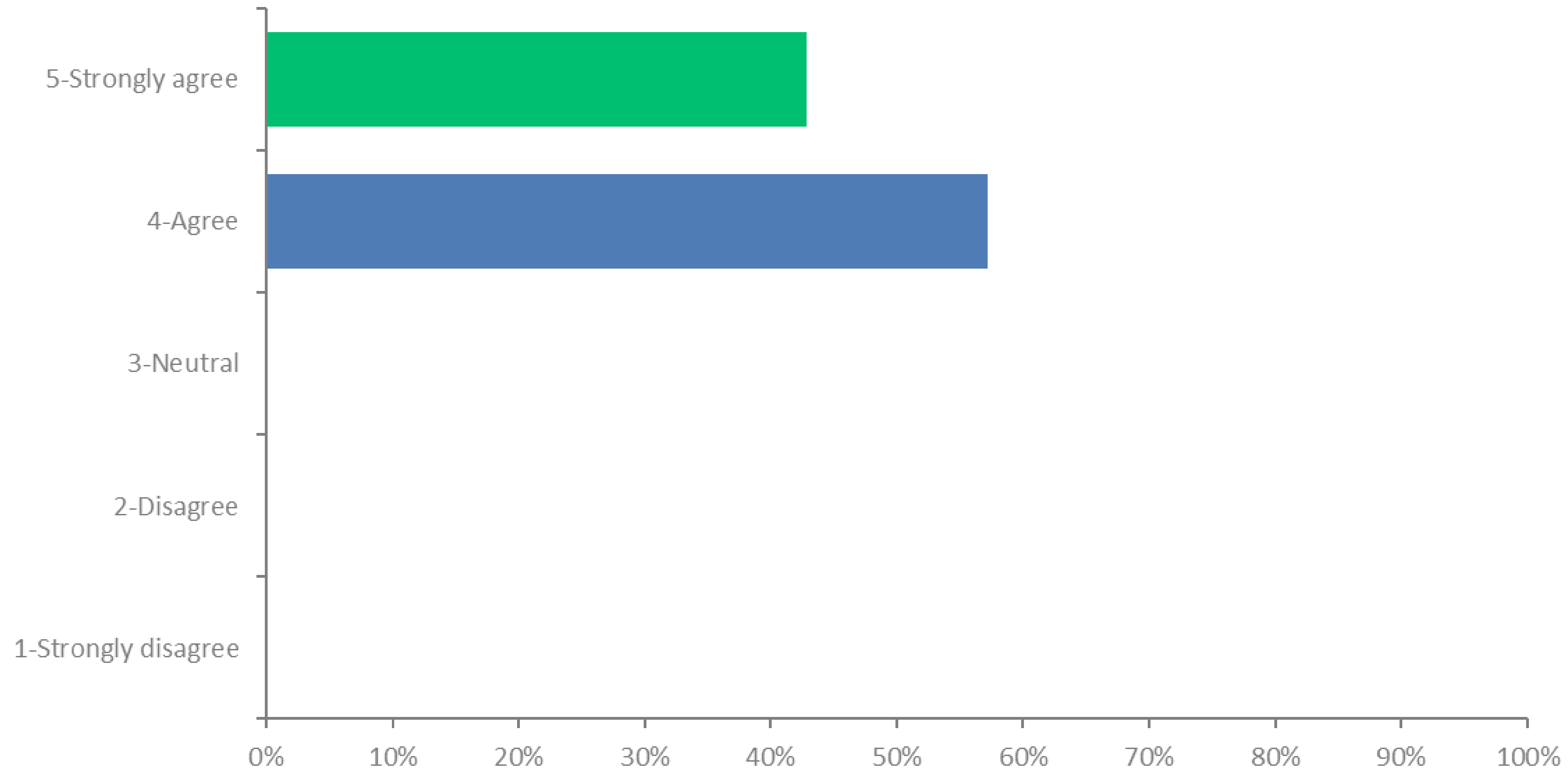


Average rating:

- 2023: 4.0/5.0
- 2022: 3.9/5.0

• *“I am looking forward to strategic planning that will following recent strategic planning survey.”*

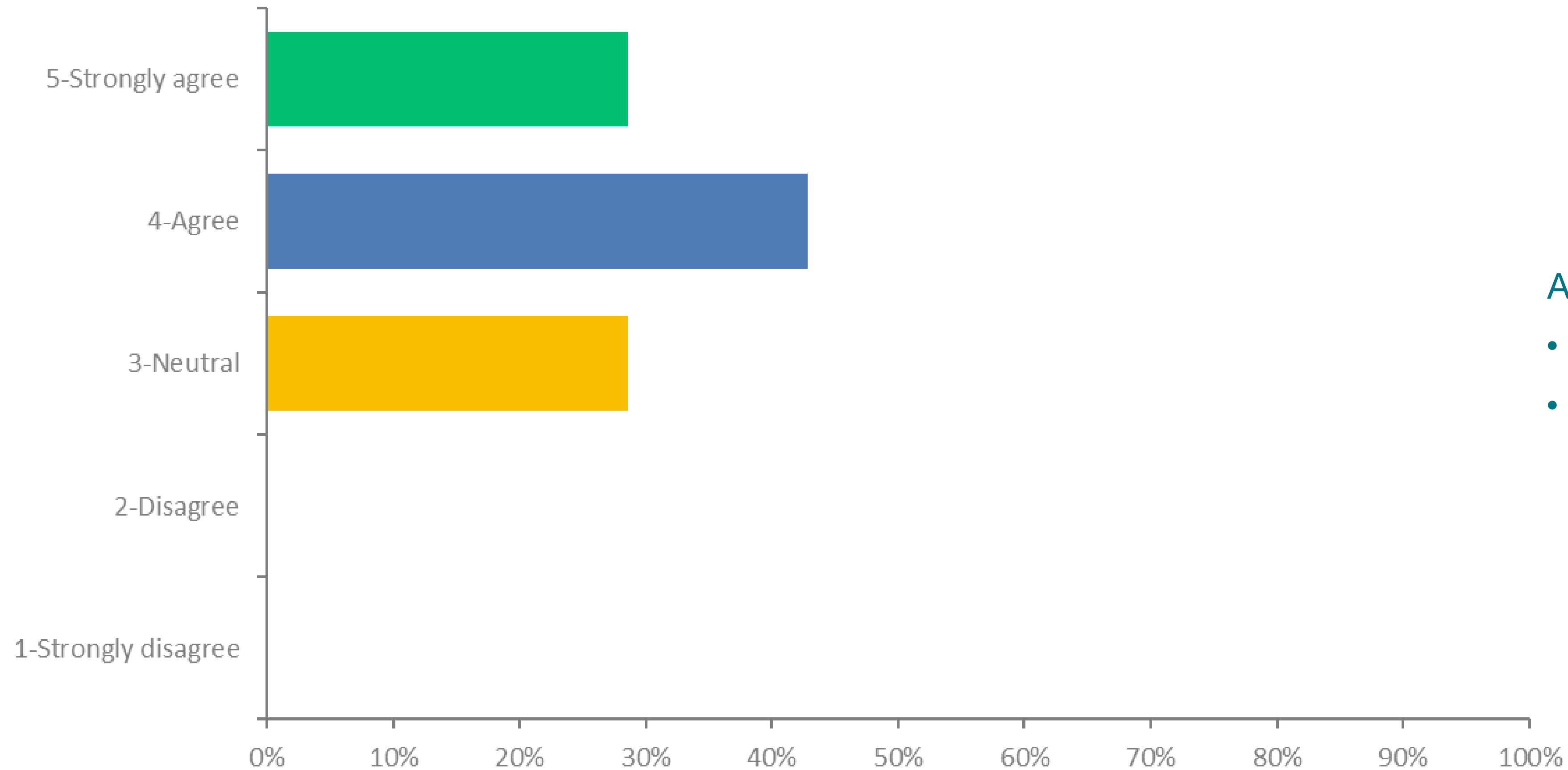
Q9: Transparency – Meeting minutes are timely and accurately reflect the deliberative process that occurred.



Average rating:

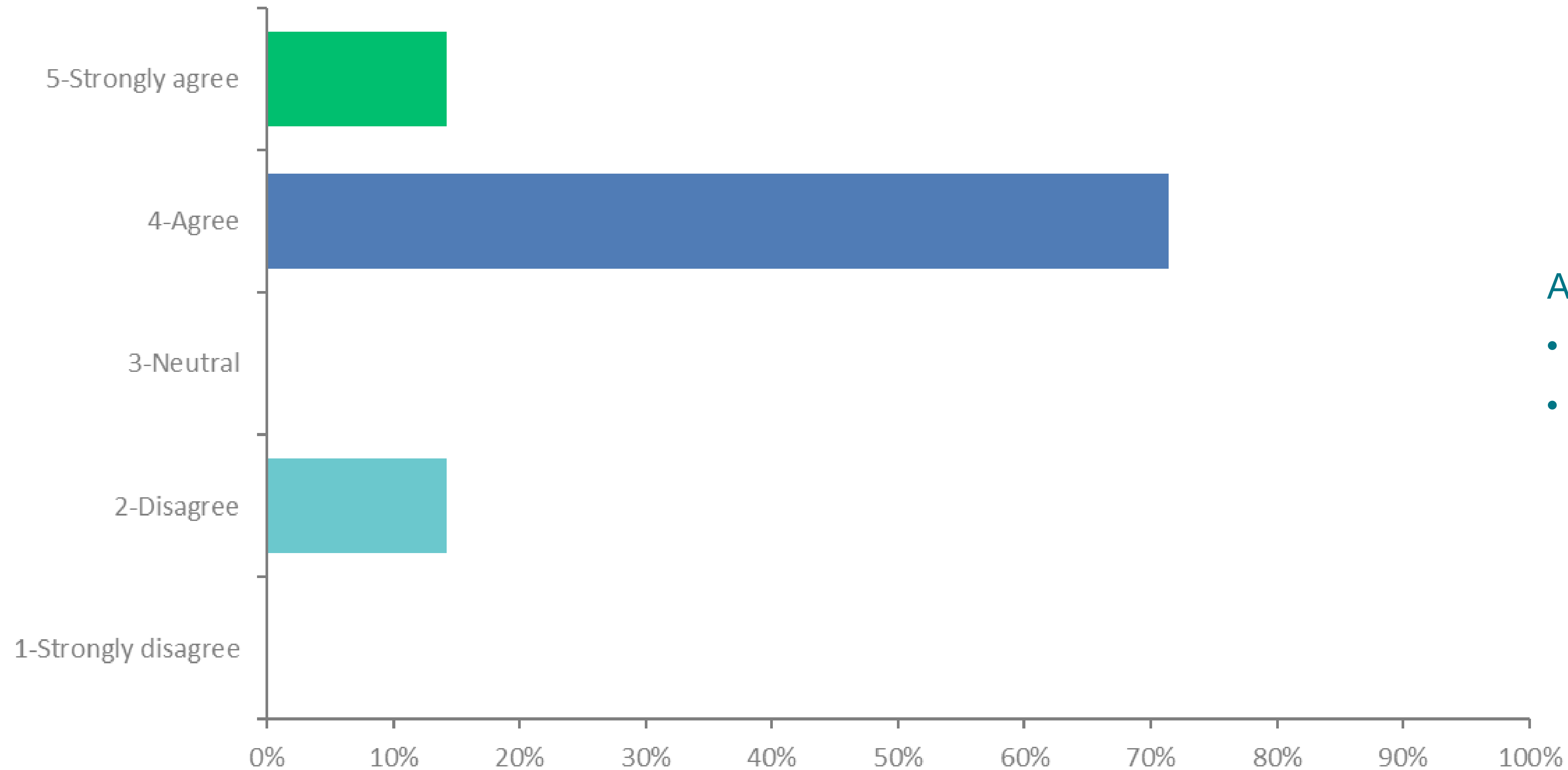
- 2023: 4.4/5.0
- 2022: 4.8/5.0

Q10: Roles and Responsibilities – Board members keep decision-making at the policy level, delegate implementation of policy to Staff, and do not engage in micro-management.



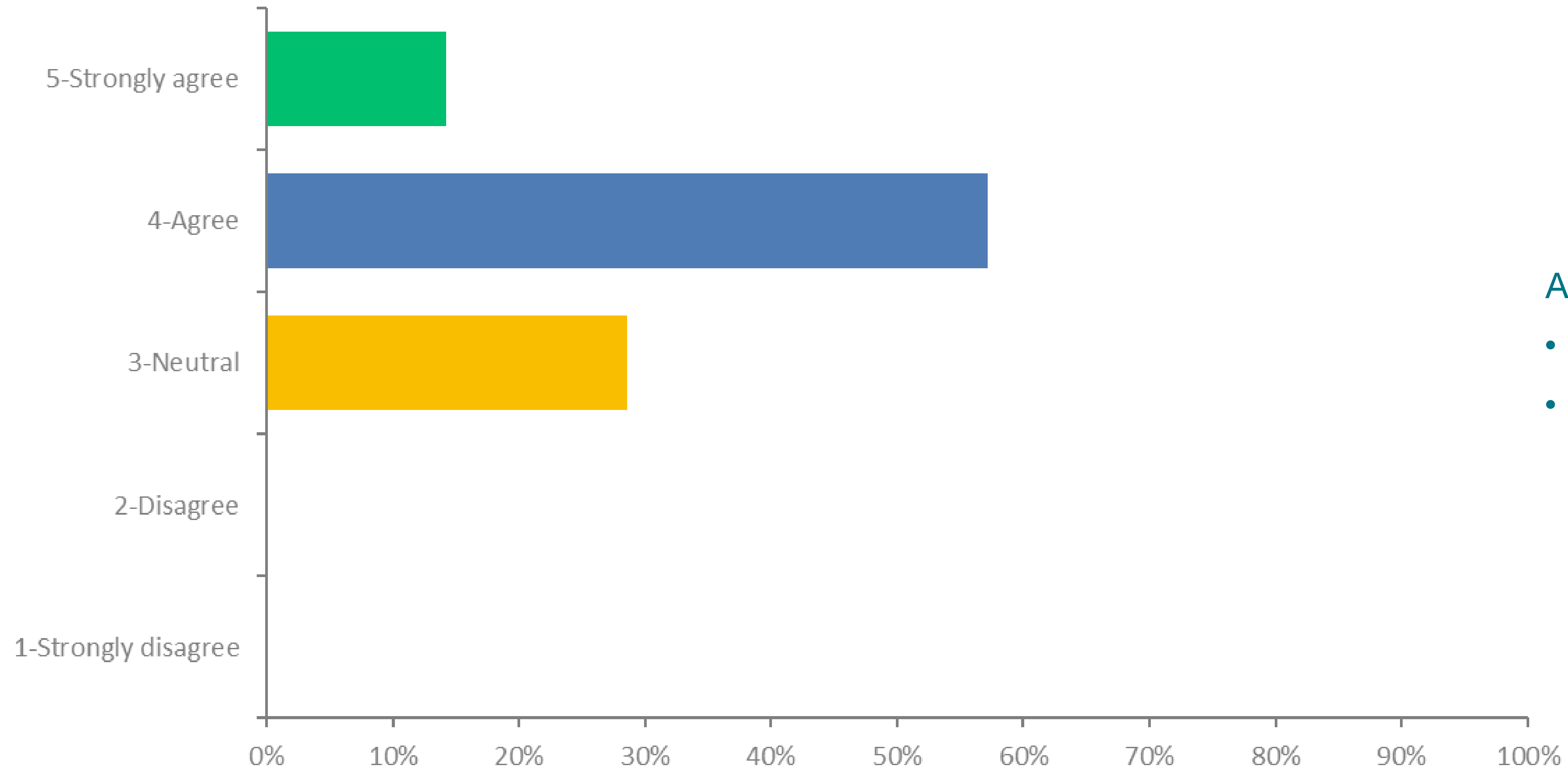
Average rating:
• 2023: 4.0/5.0
• 2022: 4.3/5.0

Q11: Roles and Responsibilities – The Board understands what authority it has retained, and why it has retained it, and what has been delegated and to whom.



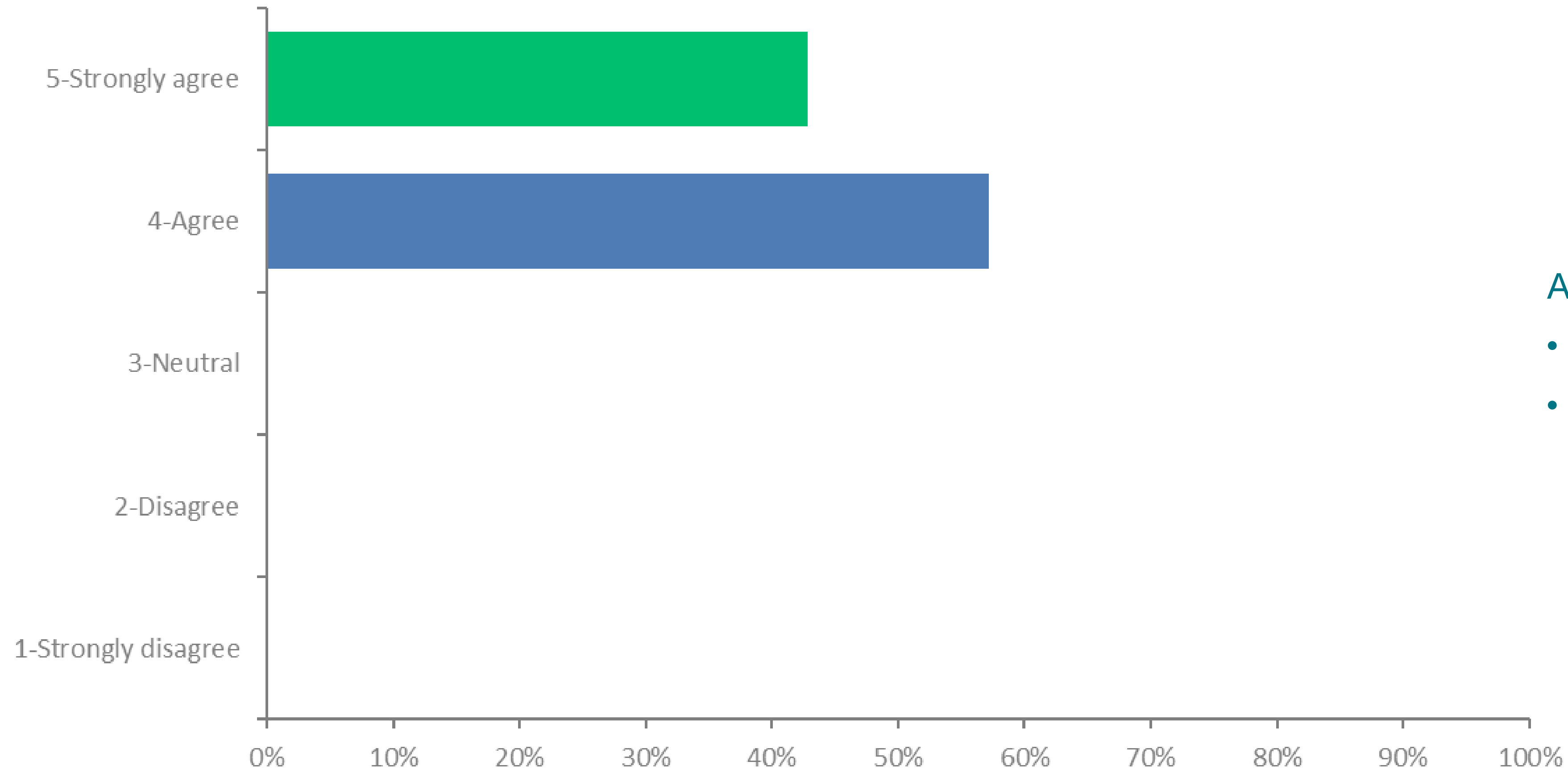
Average rating:
• 2023: 3.9/5.0
• 2022: 4.0/5.0

Q12: Roles and Responsibilities – The Board engages in active oversight of the responsibilities it has delegated to Staff, the consultants, and other service providers.



Average rating:
• 2023: 3.9/5.0
• 2022: 4.1/5.0

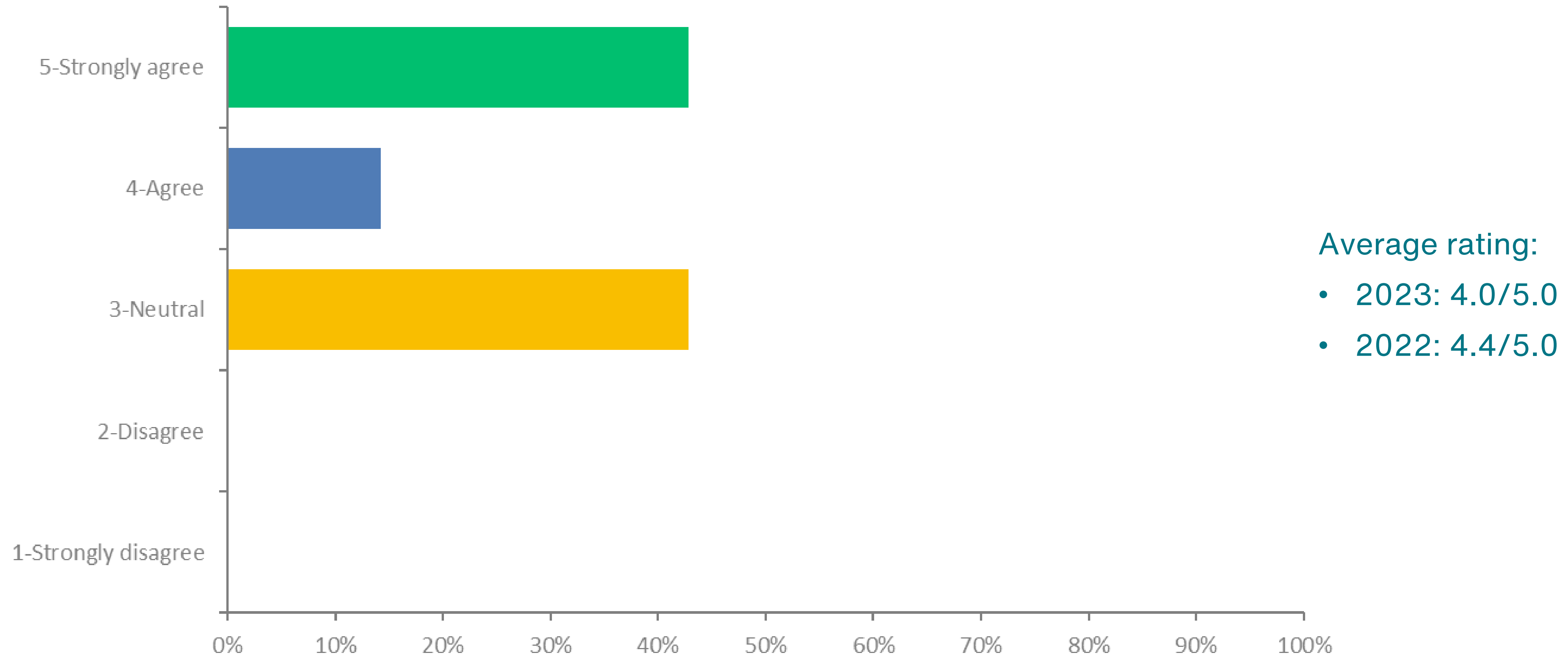
Q13: Performance Measures – The Board sets reasonable benchmarks and regularly monitors investment performance throughout the year.



Average rating:
• 2023: 4.4/5.0
• 2022: 4.6/5.0

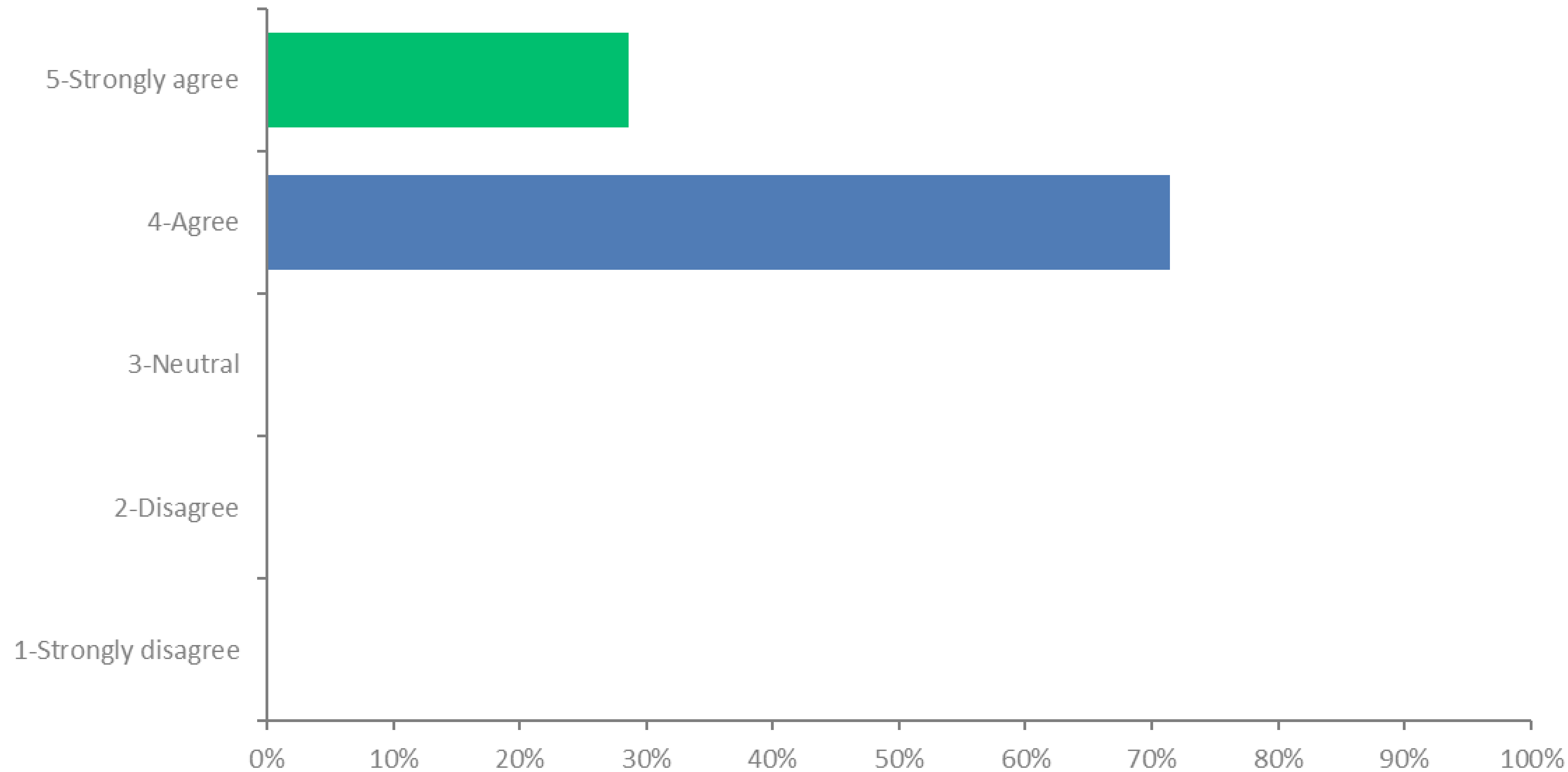
• *“I would like more training on the investment benchmarks that Investment staff uses to monitor investment performance.”*

Q14: Performance Measures – Qualitative assessments of investment managers, consultants and other providers are routinely performed and discussed with the Board.



• *“I am not familiar with the periodic process where investment manager and consultants are evaluated. Possibly this period has not come up during my tenure.”*

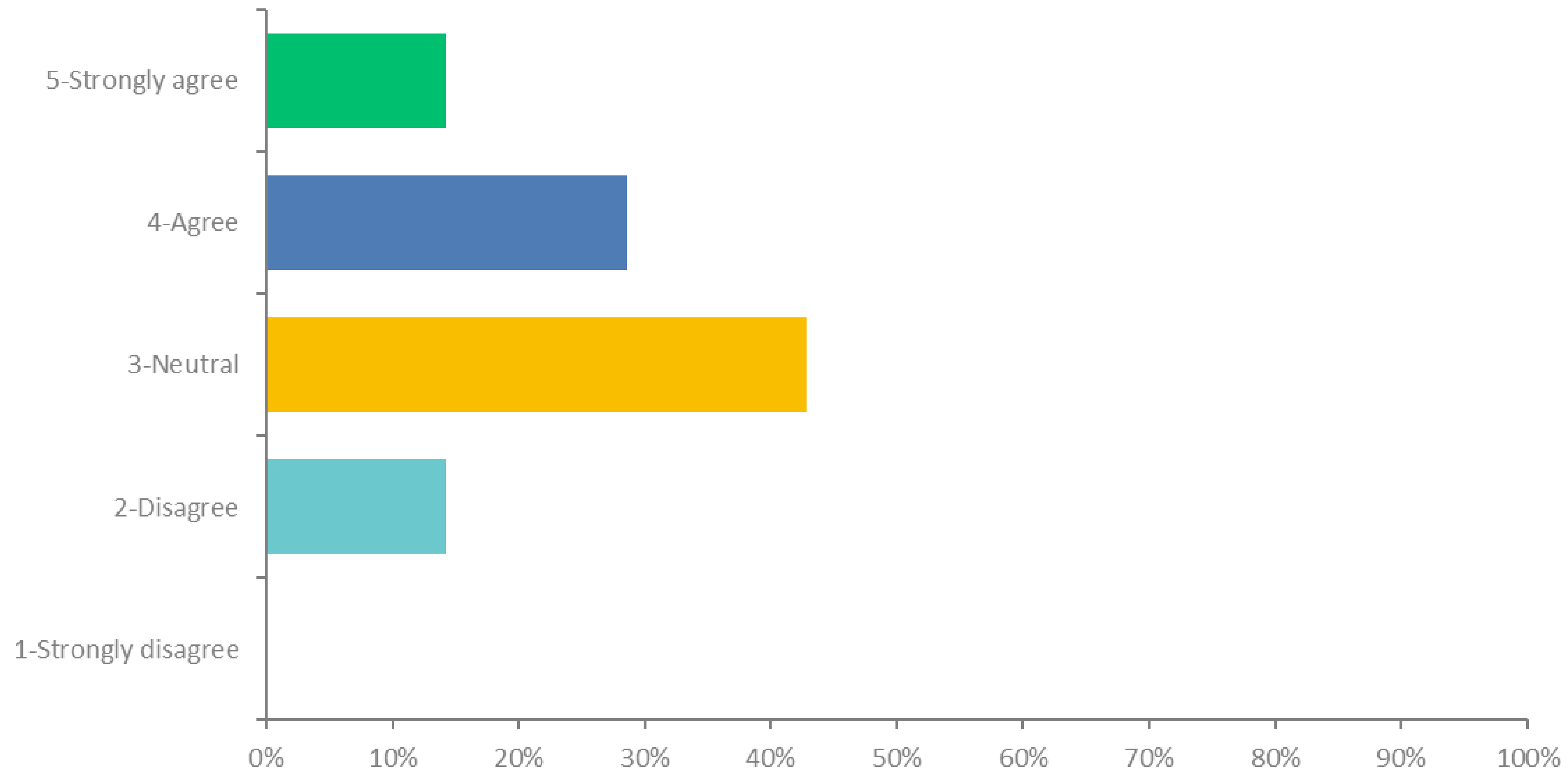
Q15: Knowledge and Skills – Board Members demonstrate the appropriate knowledge and skill required to govern KCERA.



Average rating:

- 2023: 4.3/5.0
- 2022: 4.0/5.0

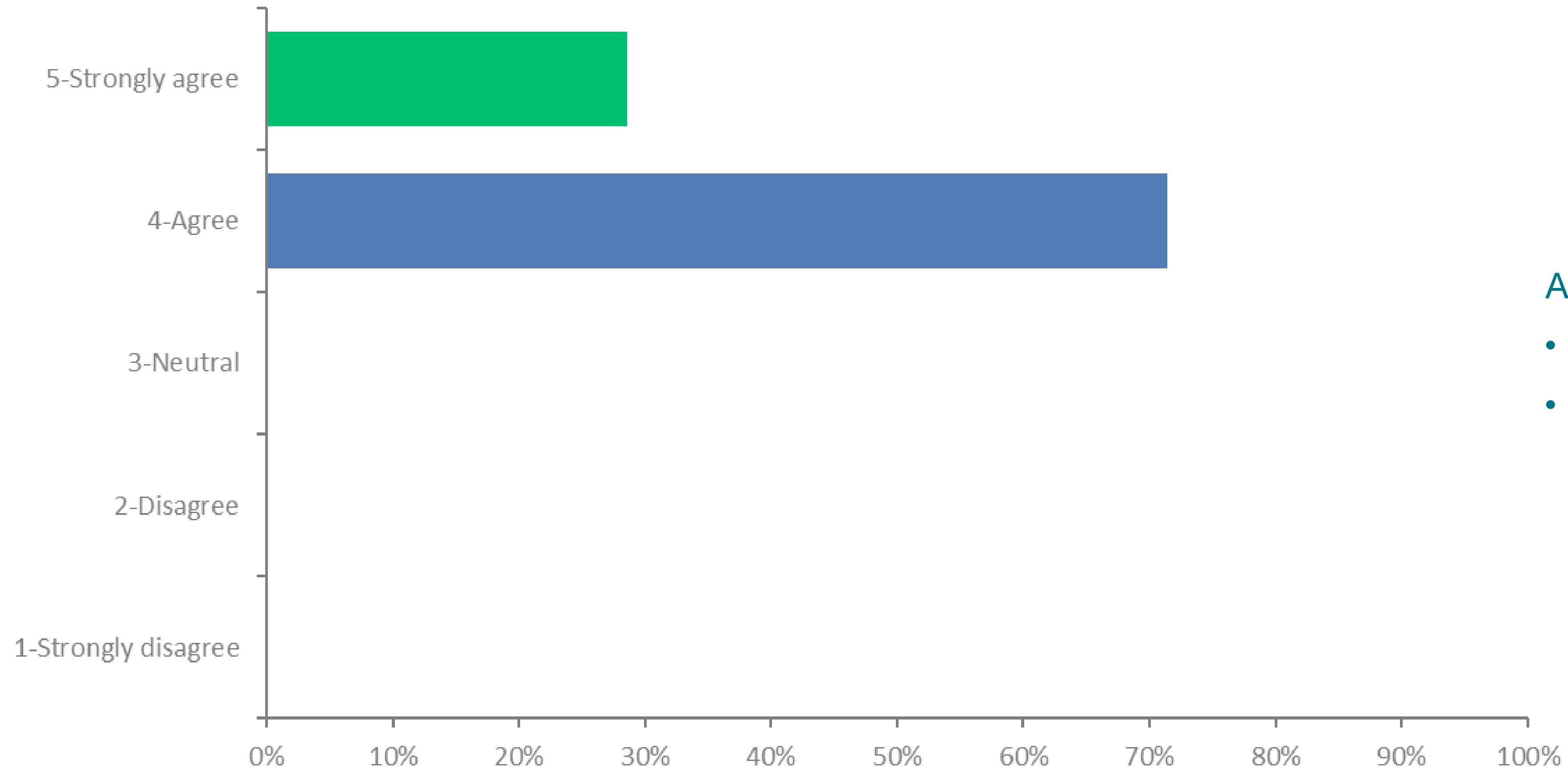
Q16: Knowledge and Skills – Board Members actively seek out continuing education opportunities.



Average rating:

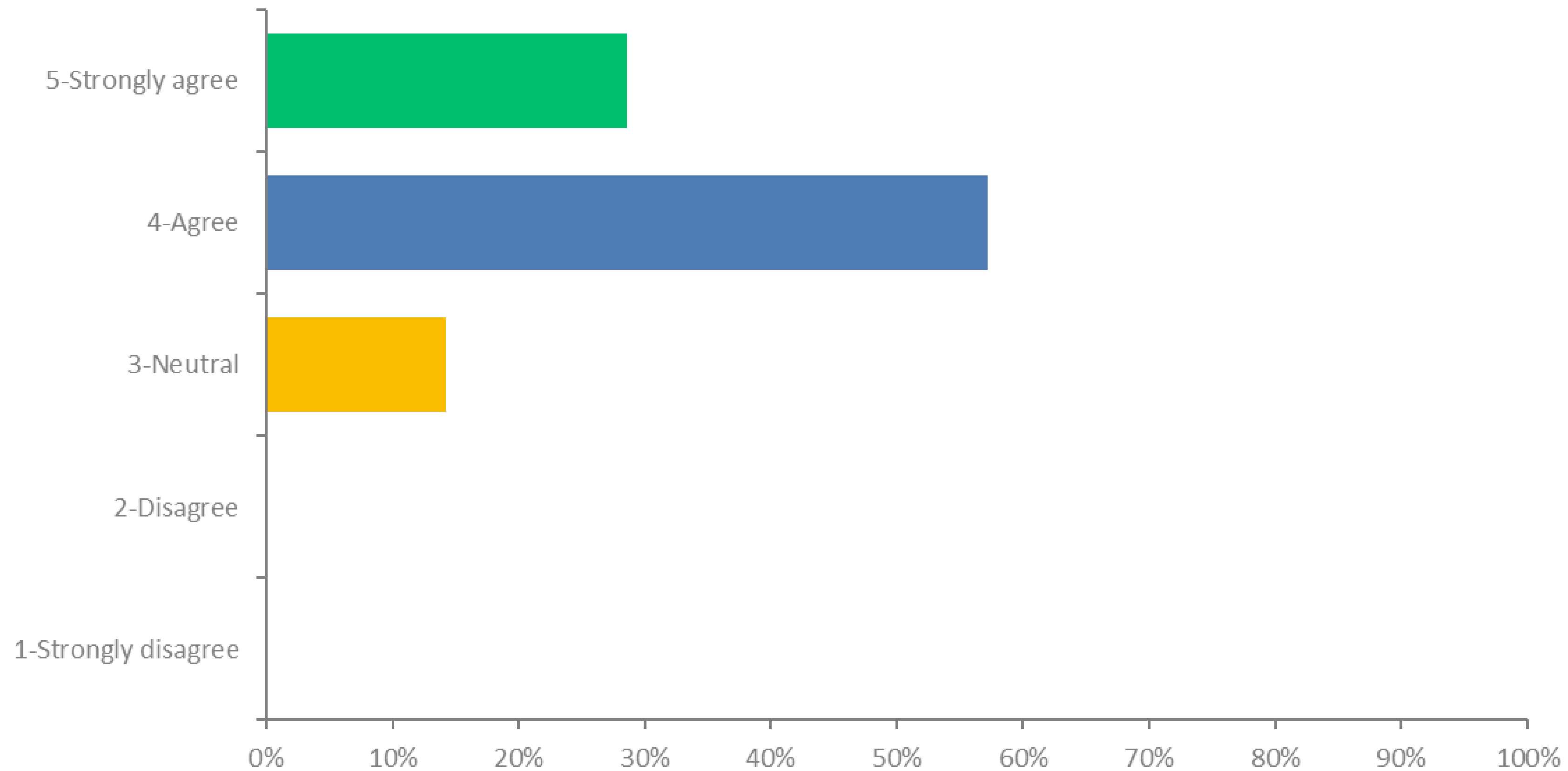
- 2023: 3.4/5.0
- 2022: 3.6/5.0

Q17: Knowledge and Skills – The Board stays abreast of issues and trends affecting the investment program and uses this information to guide its decision-making.



Average rating:
• 2023: 4.3/5.0
• 2022: 4.1/5.0

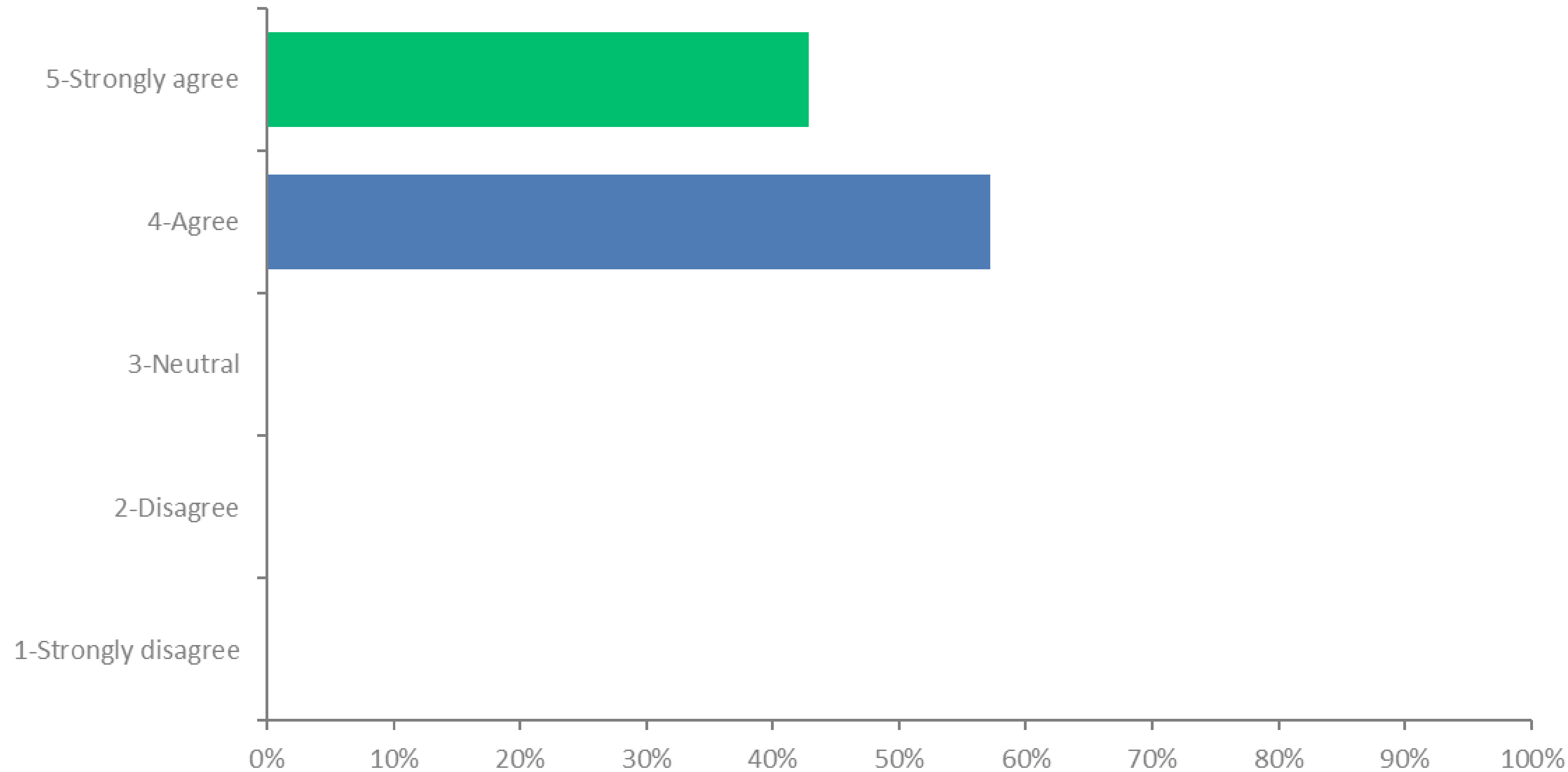
Q18: Knowledge and Skills—New Board Members are given a prompt, thorough orientation.



Average rating:

- 2023: 4.1/5.0
- 2022: 4.3/5.0

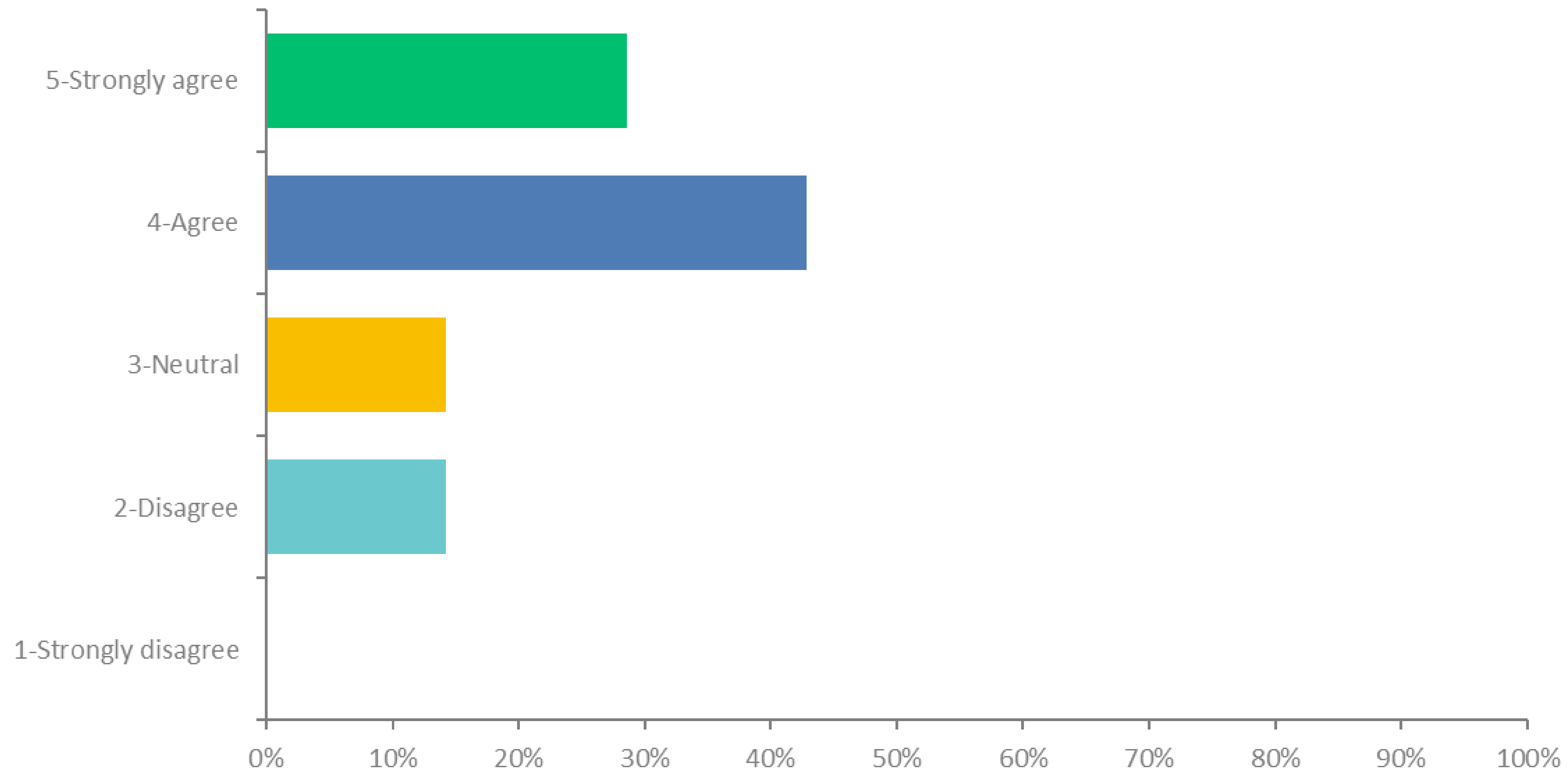
Q19: Access to Information – Board Members are provided with the information and materials necessary to perform their responsibilities.



Average rating:

- 2023: 4.4/5.0
- 2022: 4.5/5.0

Q20: Access to Information – Information is distributed sufficiently in advance of the meeting for adequate Board Member preparation.

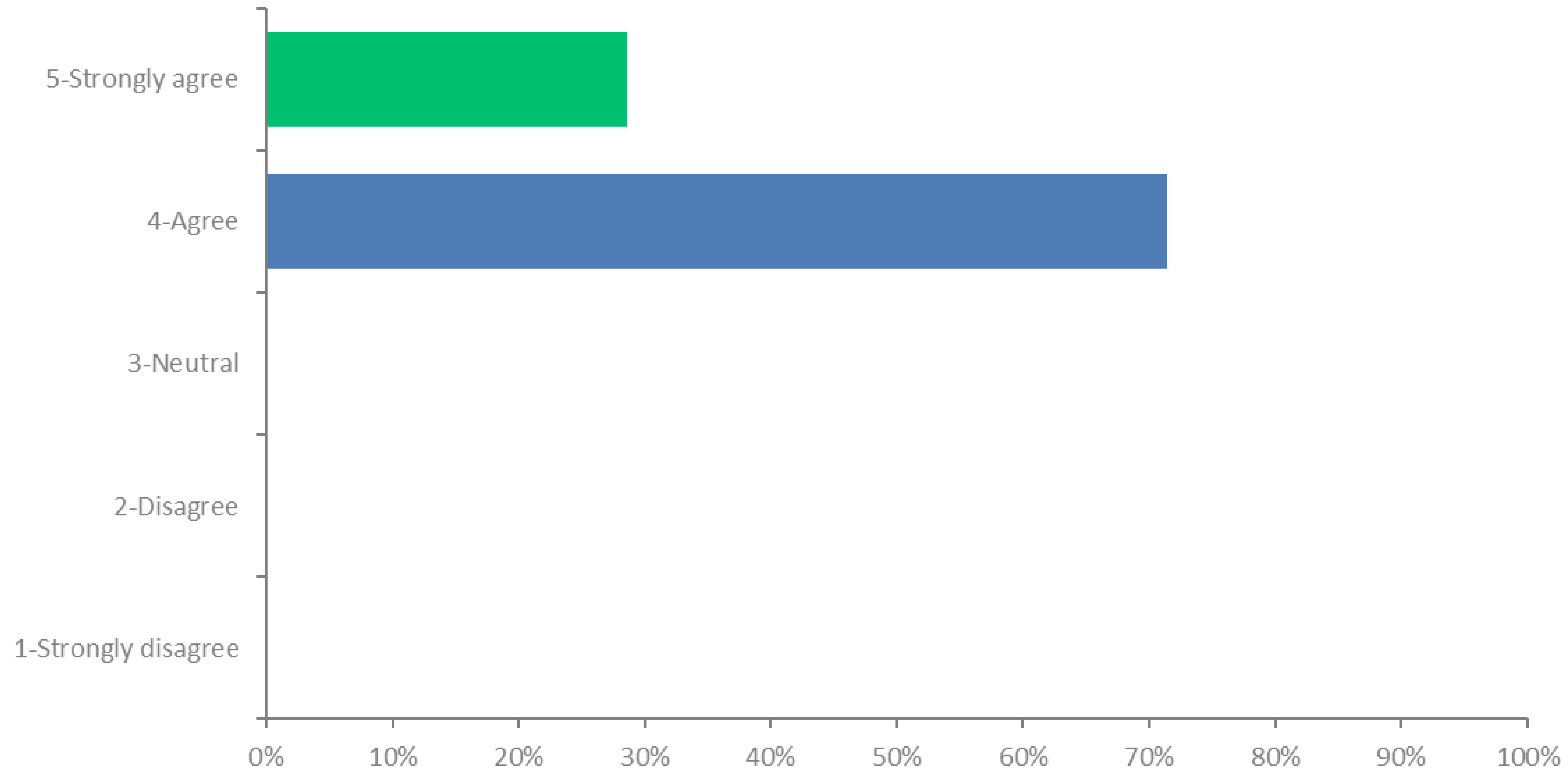


Average rating:

- 2023: 3.9/5.0
- 2022: 4.6/5.0

- *“I would like agenda item information distributed earlier”*

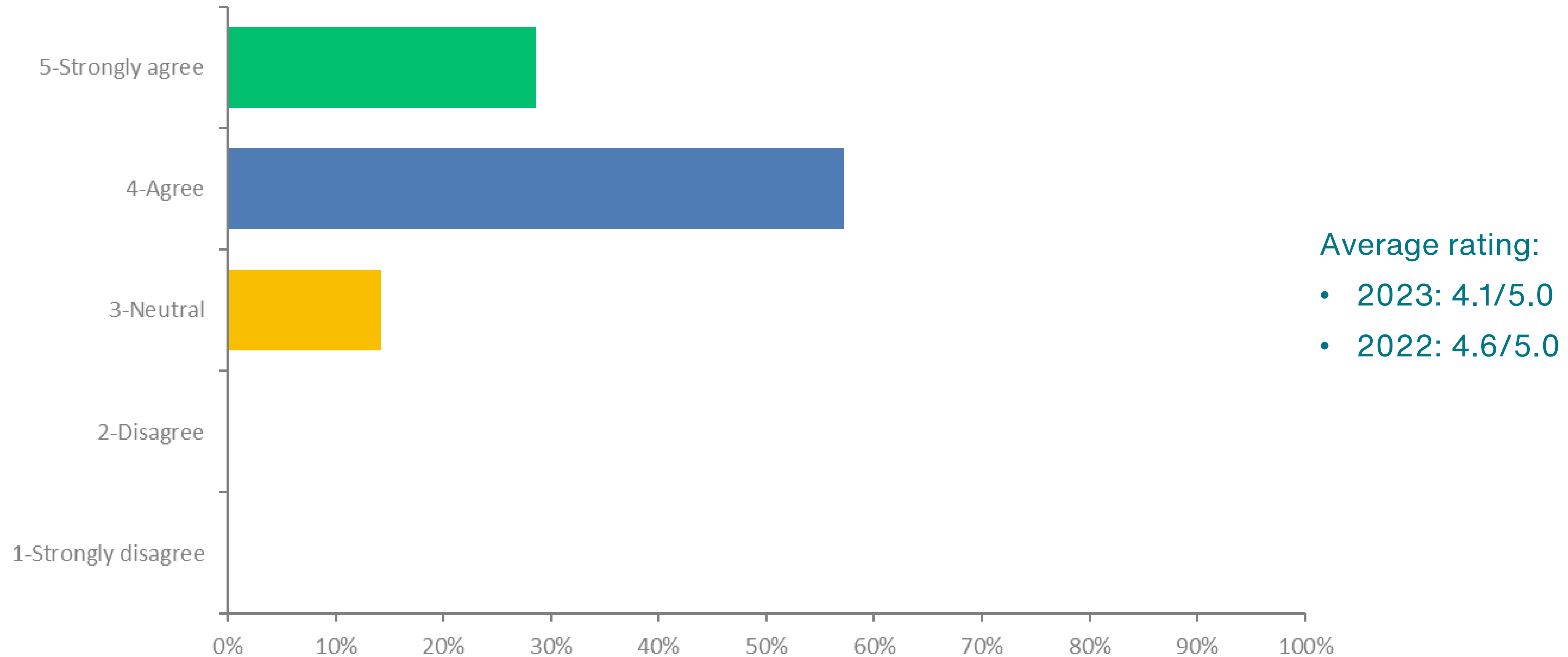
Q21: Access to Information – Requests for information are responded to in a timely fashion by Staff and consultants.



Average rating:

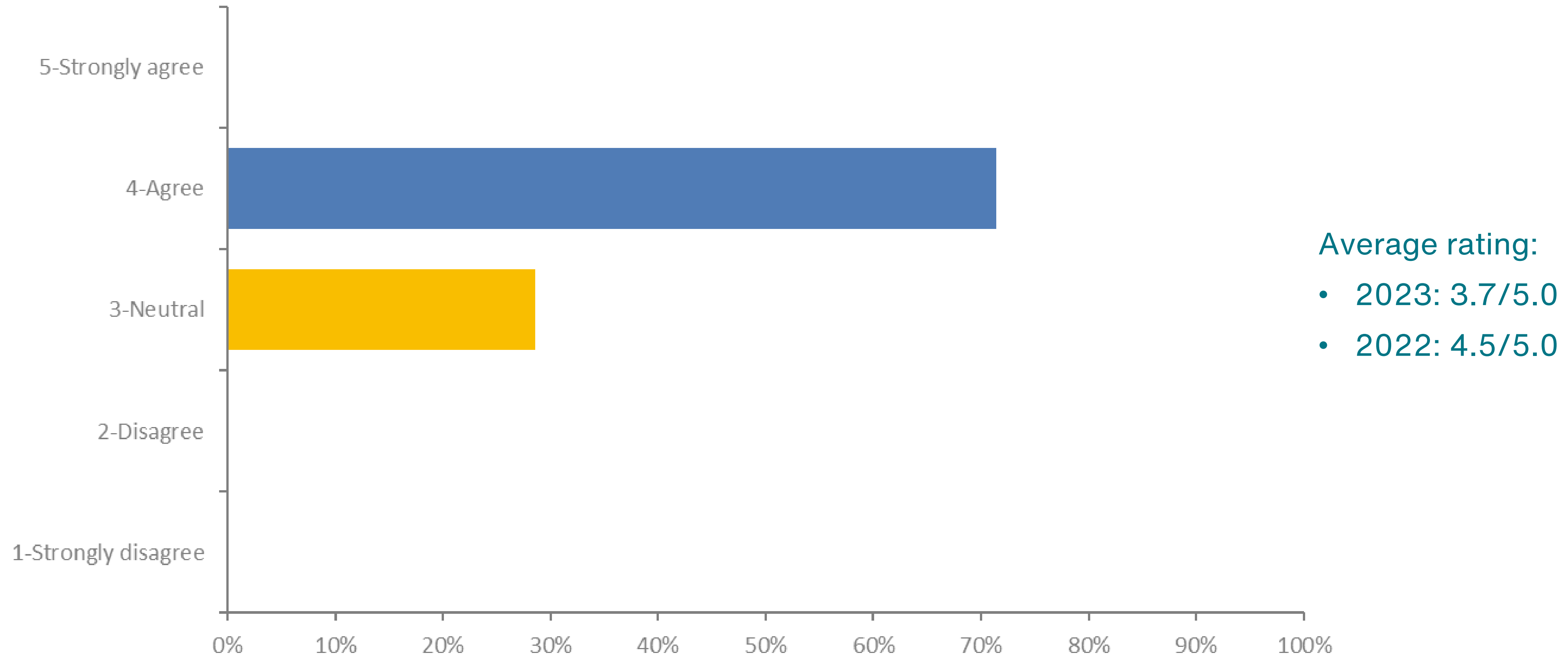
- 2023: 4.3/5.0
- 2022: 4.4/5.0

Q22: Risk Management/Compliance – Appropriate attention is devoted to controlling operational risk, investment risk and fiduciary risk.



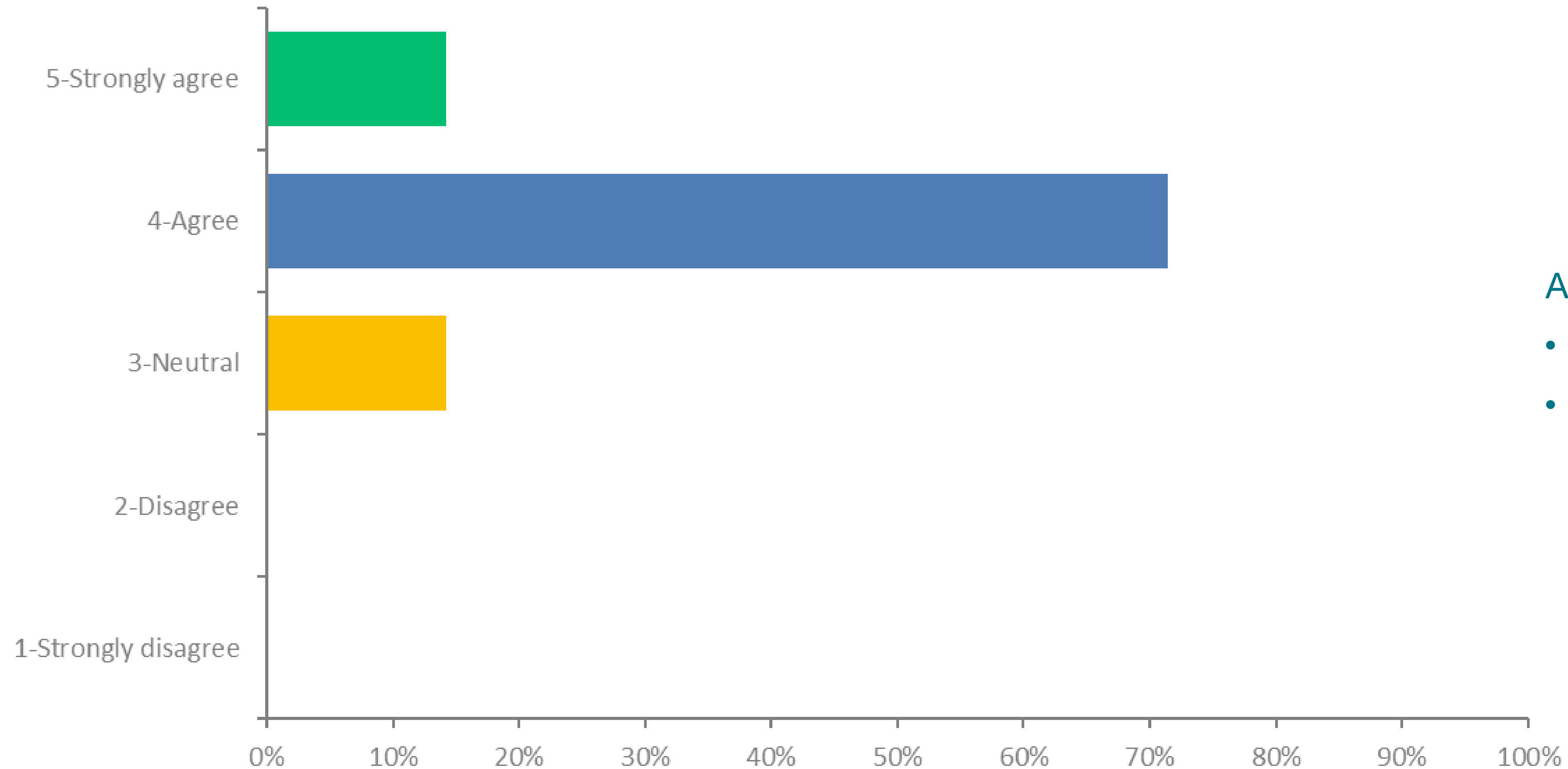
- *“I would like to receive more training on the risk and impact of a large plan sponsor leaving our KCERA plan as well as the risk and impact of declining payroll at our largest plan sponsors.”*

Q23: Risk Management/Compliance – The Board receives information on the effectiveness of the internal controls in place to mitigate risk.



- *“I would like more information in this area.”*

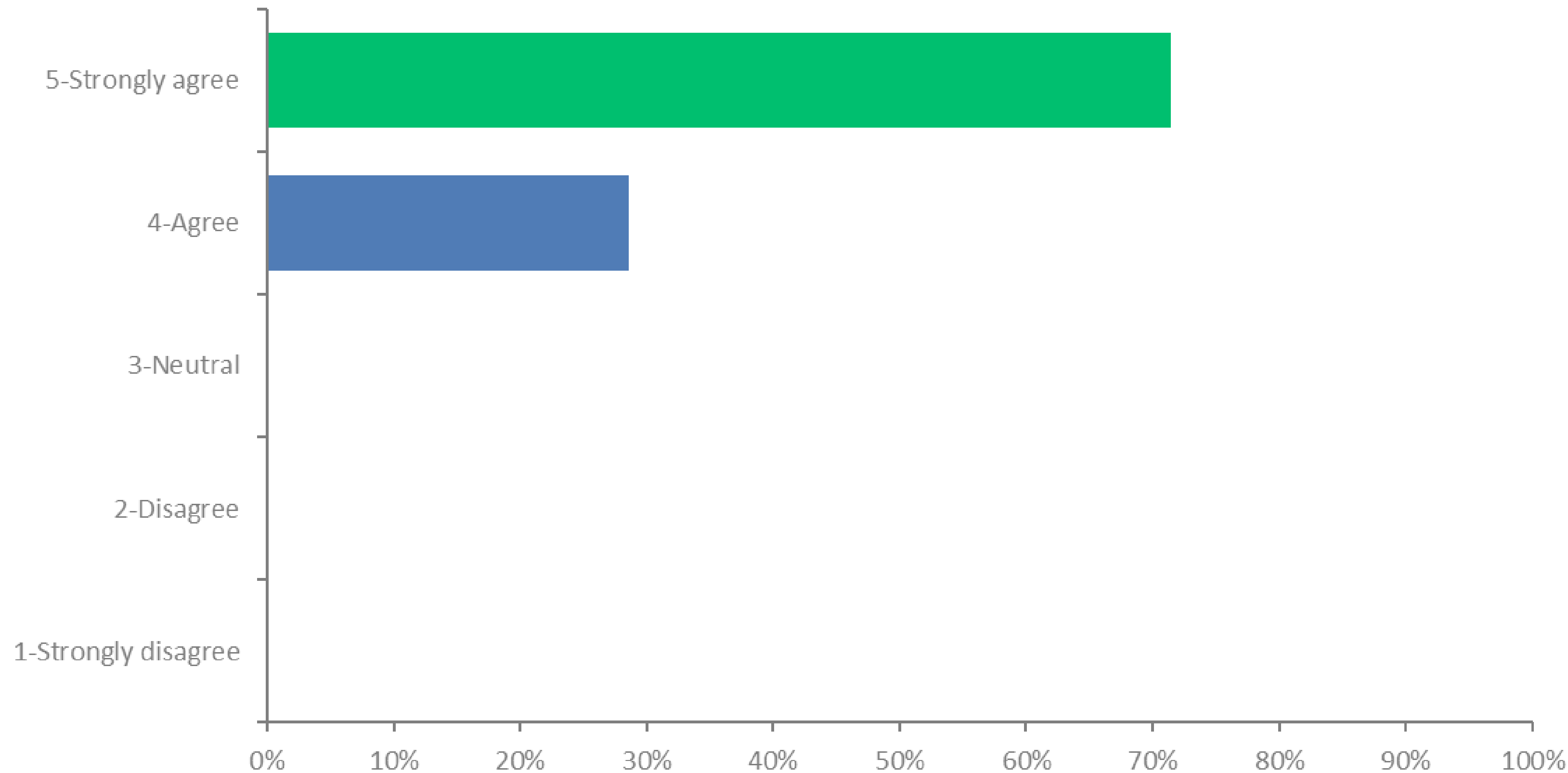
Q24: Risk Management/Compliance – The Board receives sufficient information to determine if KCERA is in compliance with the policies it has adopted.



Average rating:

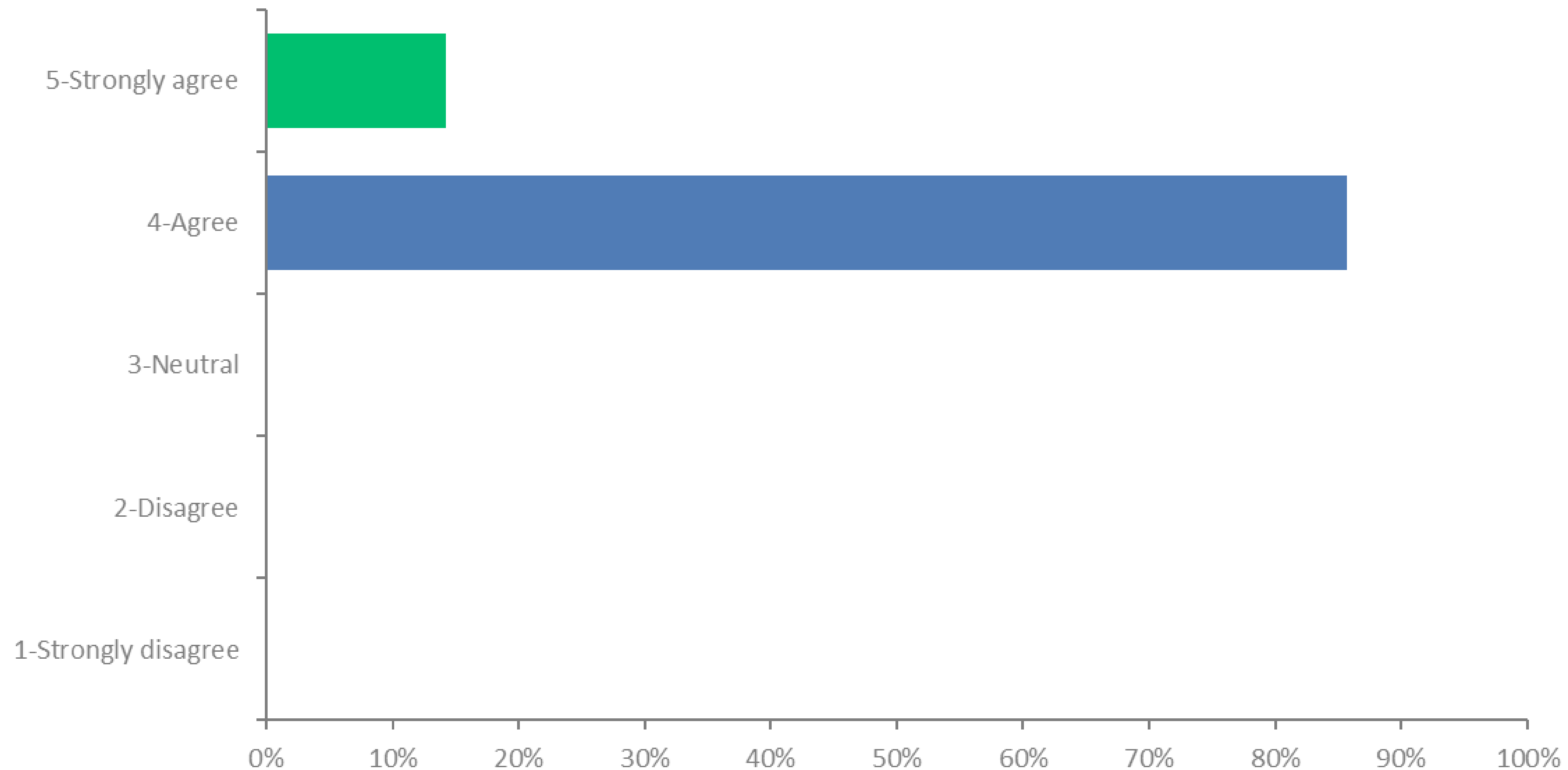
- 2023: 4.0/5.0
- 2022: 4.3/5.0

Q25: Meeting Effectiveness – 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.



Average rating:
• 2023: 4.7/5.0
• 2022: 4.4/5.0

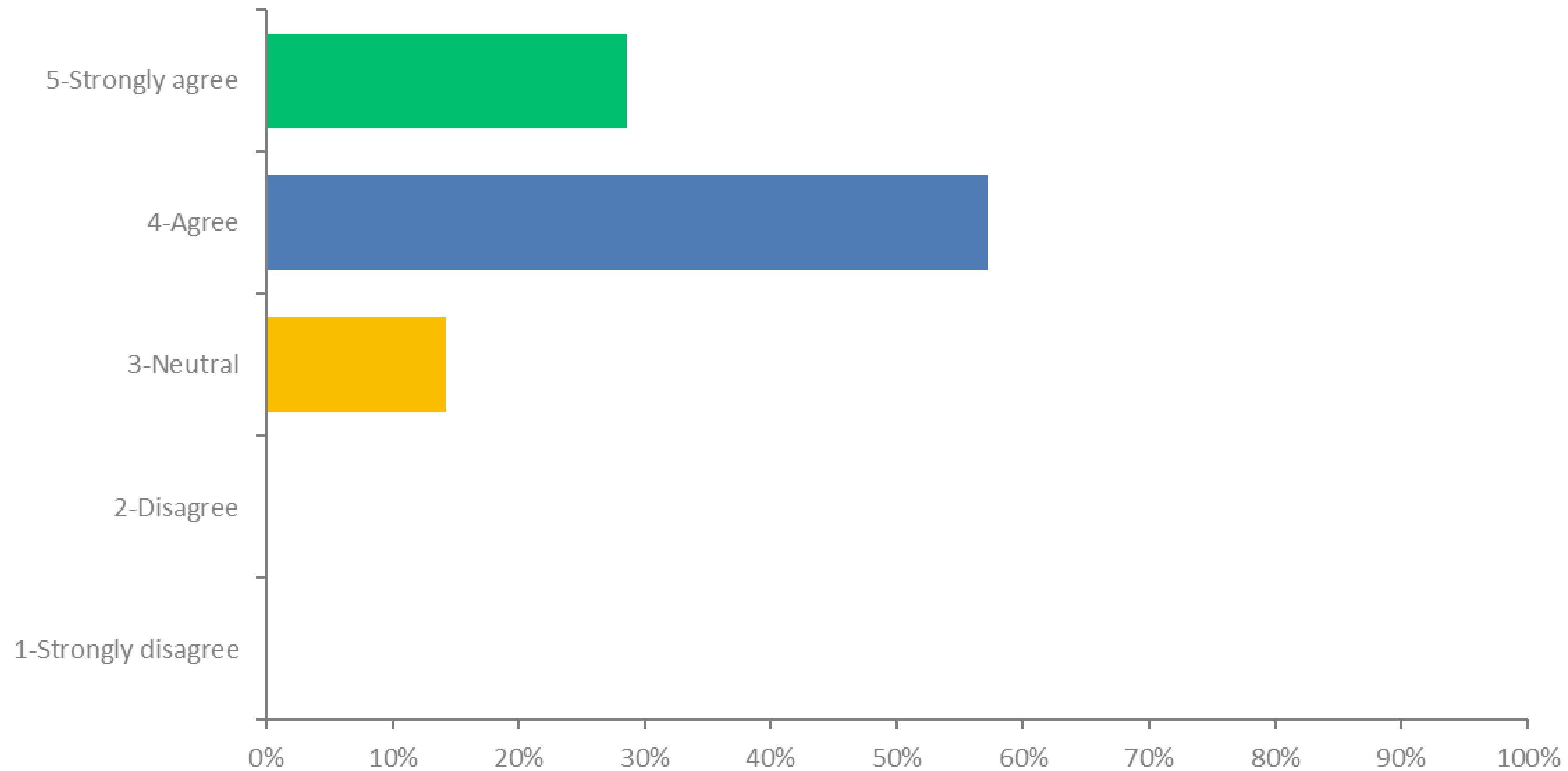
Q26: Meeting Effectiveness – The current number of board meetings is sufficient to accomplish the Board's annual goals and objectives.



Average rating:

- 2023: 4.1/5.0
- 2022: 4.5/5.0

Q27: Meeting Effectiveness – Each Board Member has sufficient input into meeting agendas and topics.



Average rating:

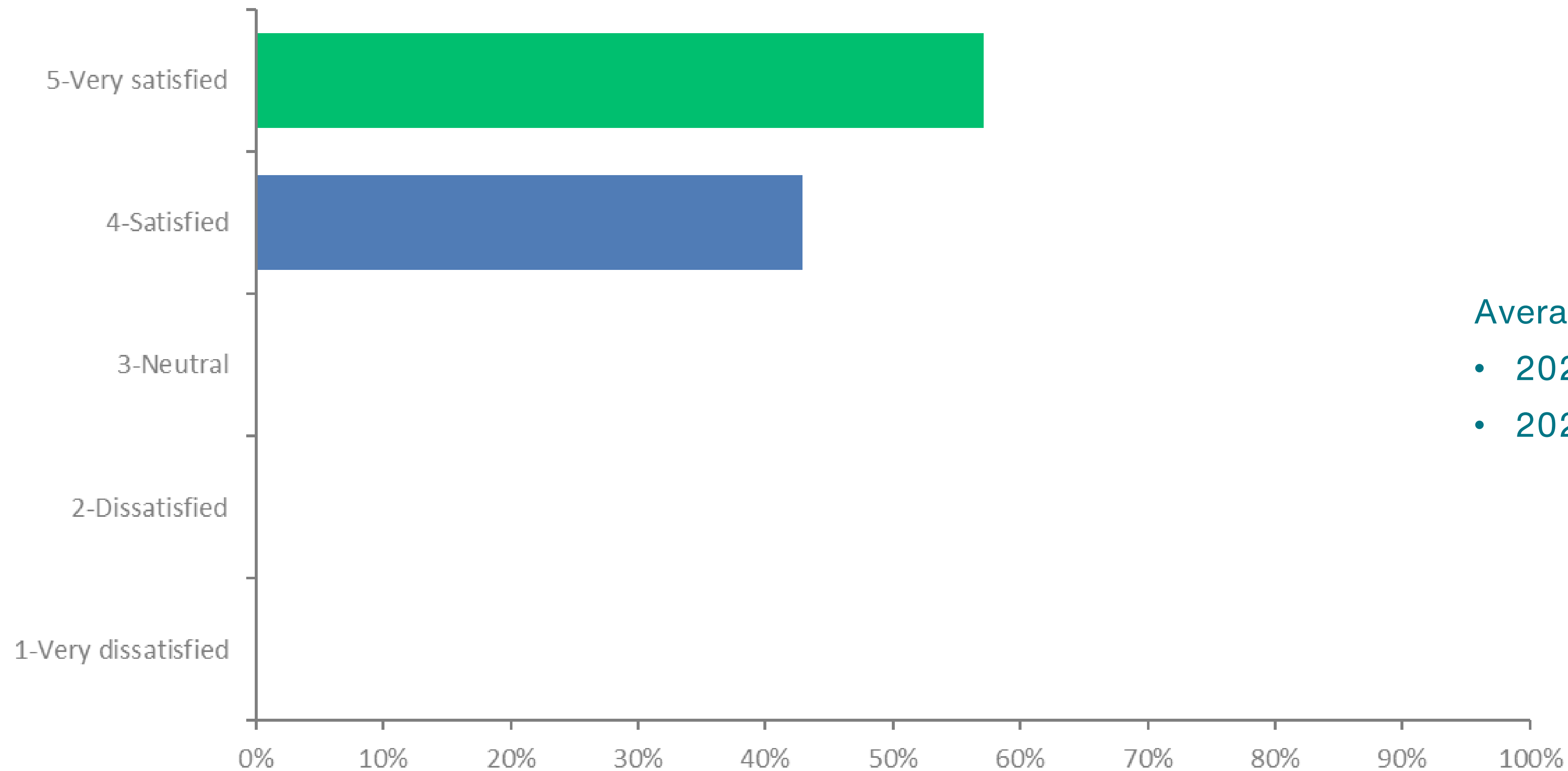
- 2023: 4.1/5.0
- 2022: 4.1/5.0

3

Satisfaction with Key KCERA Board Vendors Results



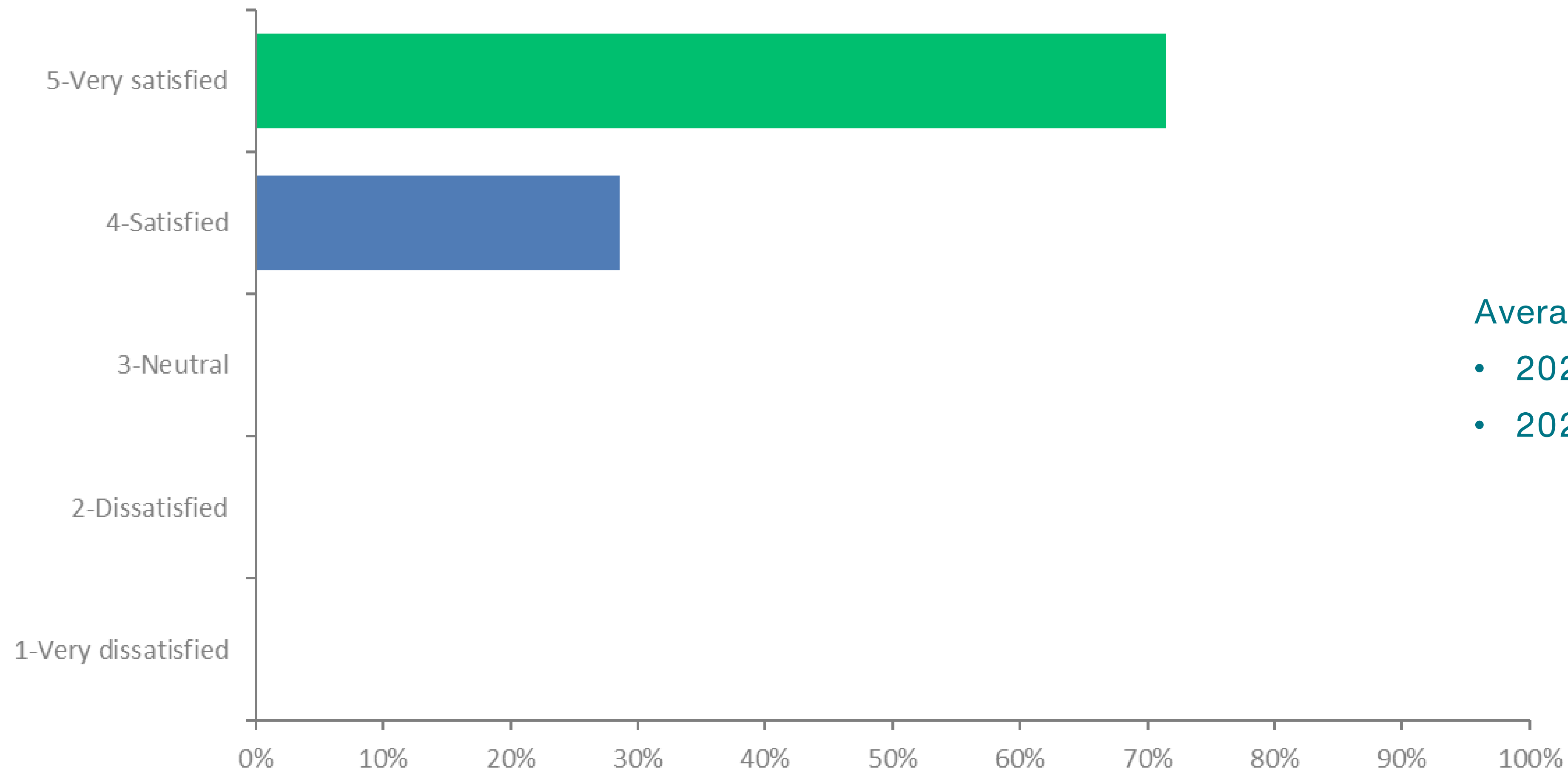
Q1: Actuary – The Segal Company, Inc.



Average rating:

- 2023: 4.6/5.0
- 2022: 4.4/5.0

Q2: General Investment Consultant – Verus

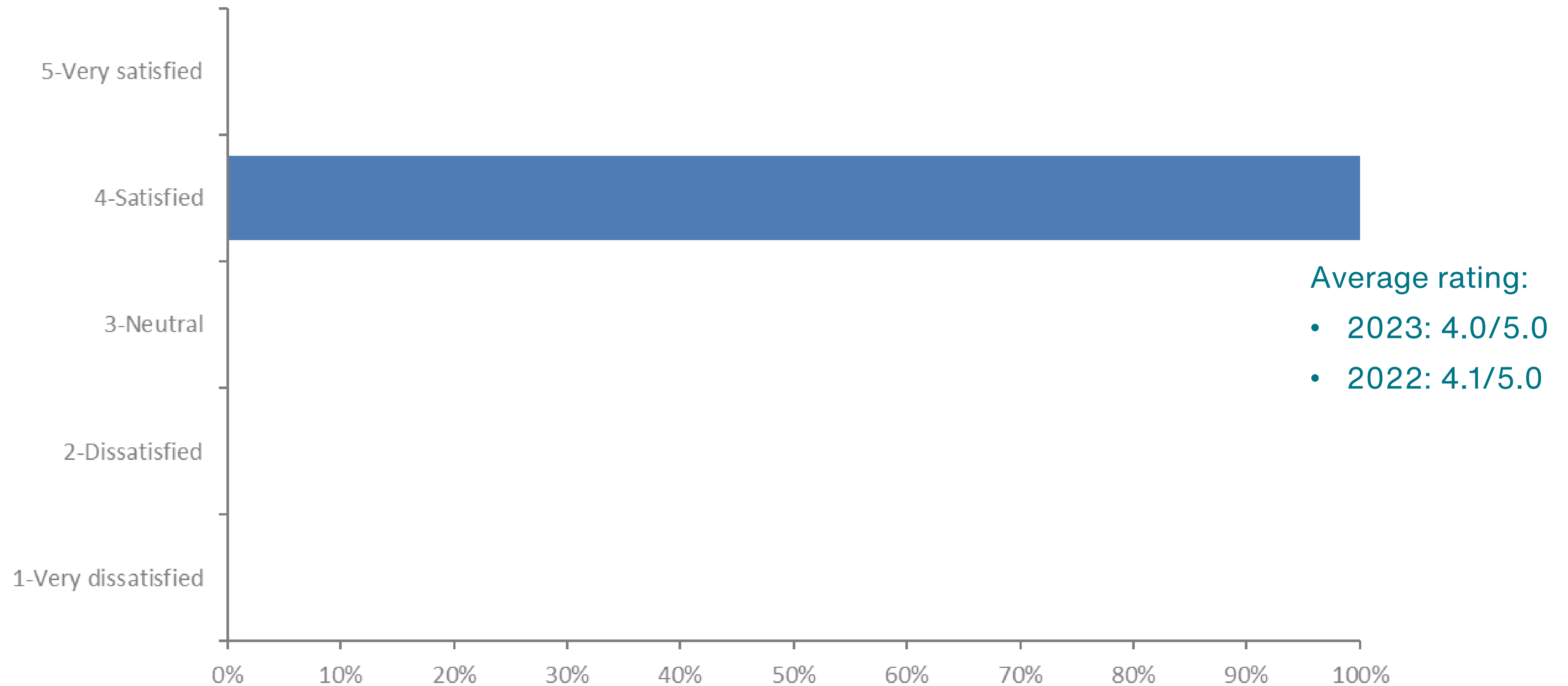


Average rating:

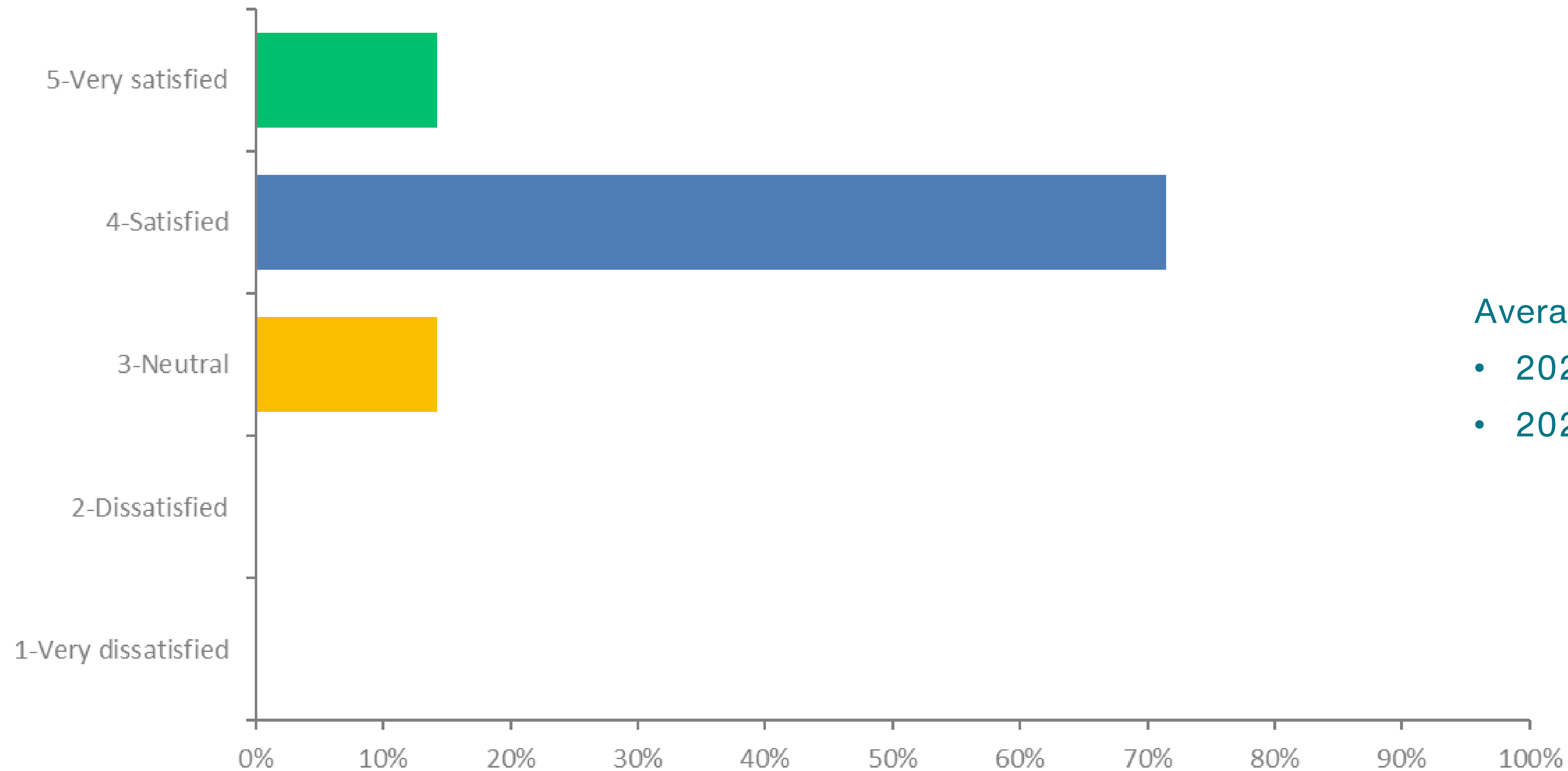
- 2023: 4.7/5.0
- 2022: 4.4/5.0

• *“I would like to see more information on how management fees impact our overall returns.”*

Q3: Hedge Fund Consultant – Albourne America LLC



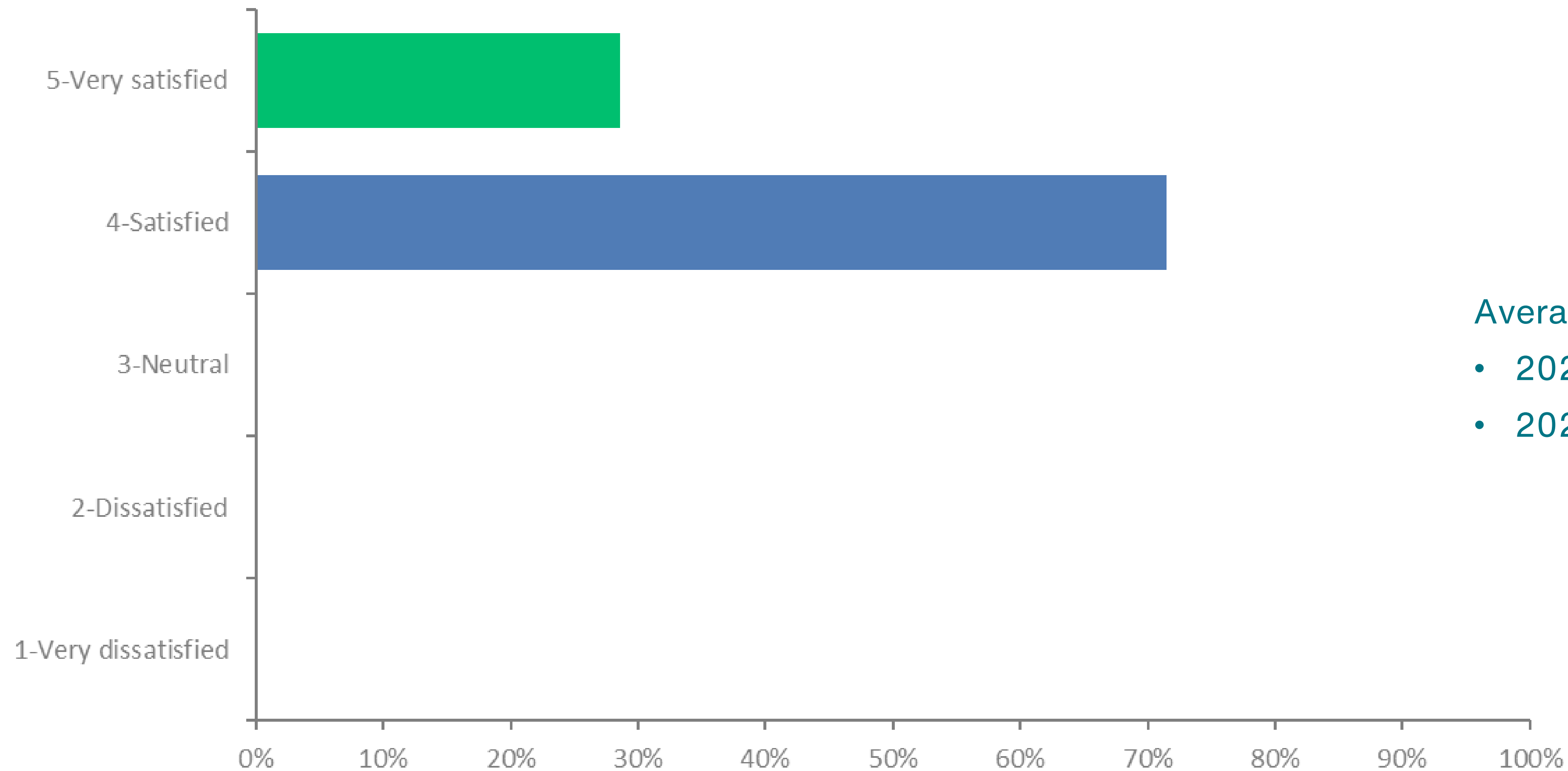
Q4: Private Markets Consultant – Cambridge Associates



Average rating:

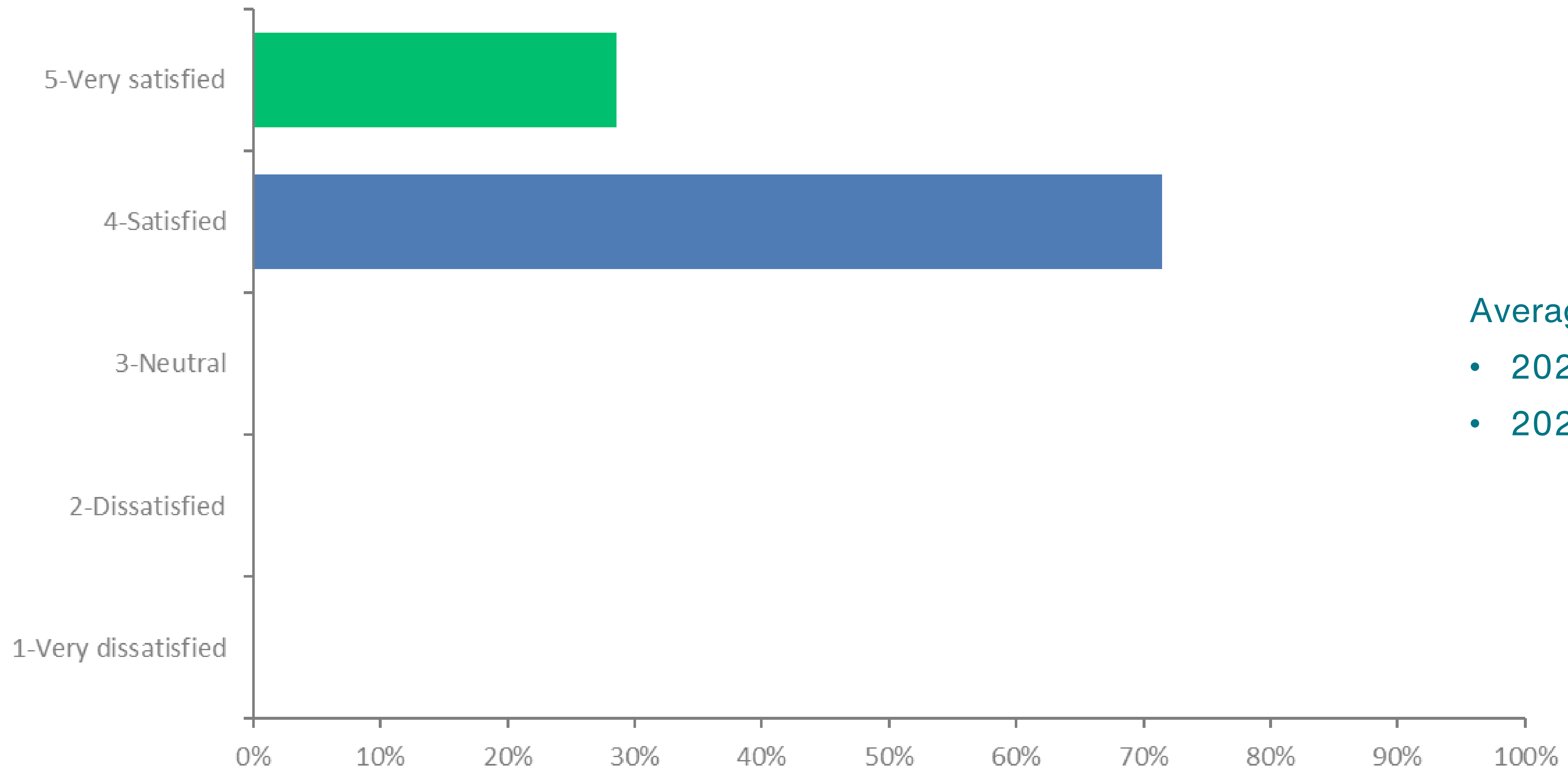
- 2023: 4.0/5.0
- 2022: 4.4/5.0

Q5: Legal Counsel – Nossaman, LLP



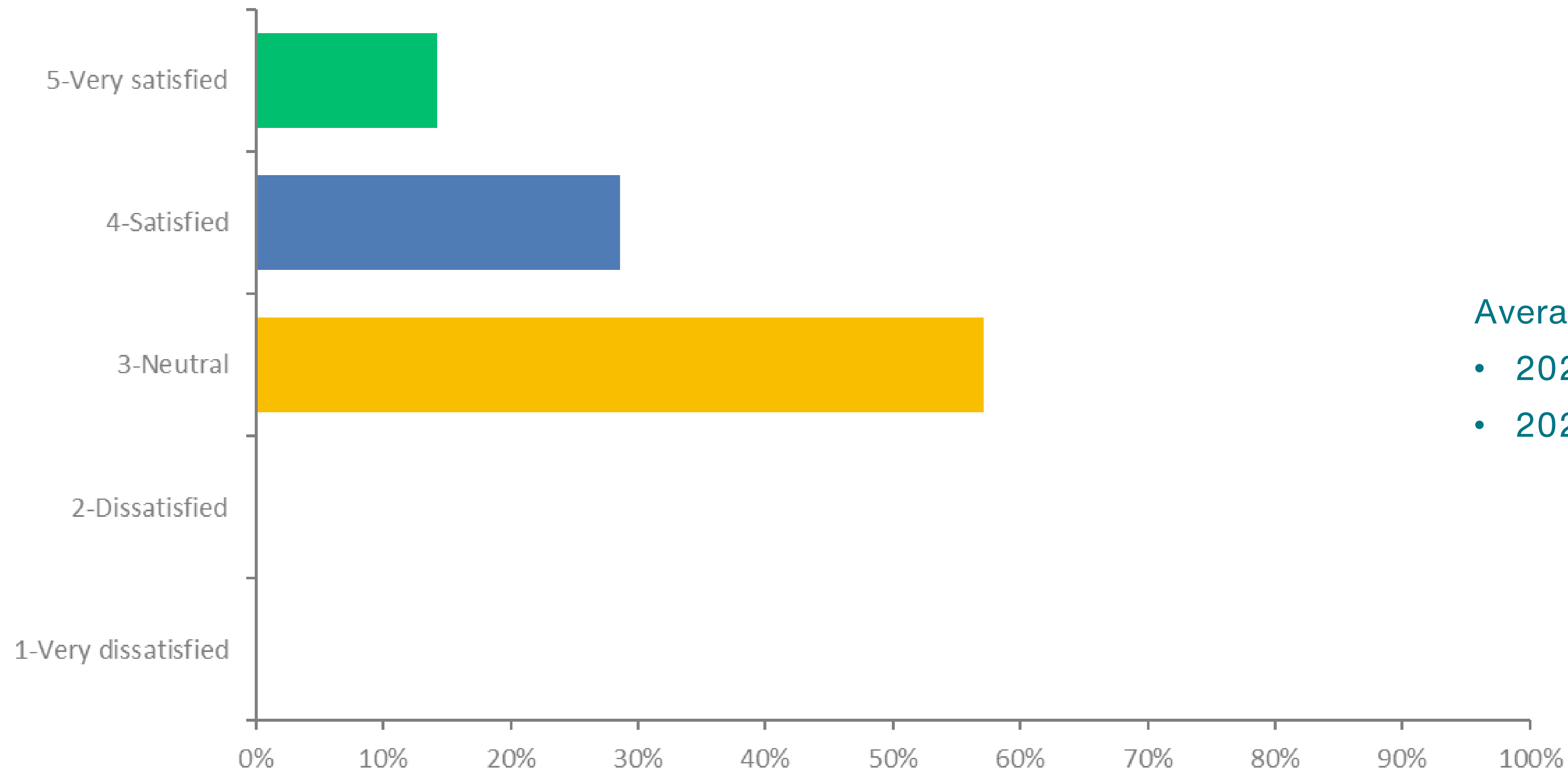
Average rating:
• 2023: 4.3/5.0
• 2022: 4.1/5.0

Q6: Legal Counsel – Reed Smith, LLP



Average rating:
• 2023: 4.3/5.0
• 2022: 4.1/5.0

Q7: Tax counsel – Ice Miller, LLP



Average rating:
• 2023: 3.6/5.0
• 2022: 4.1/5.0

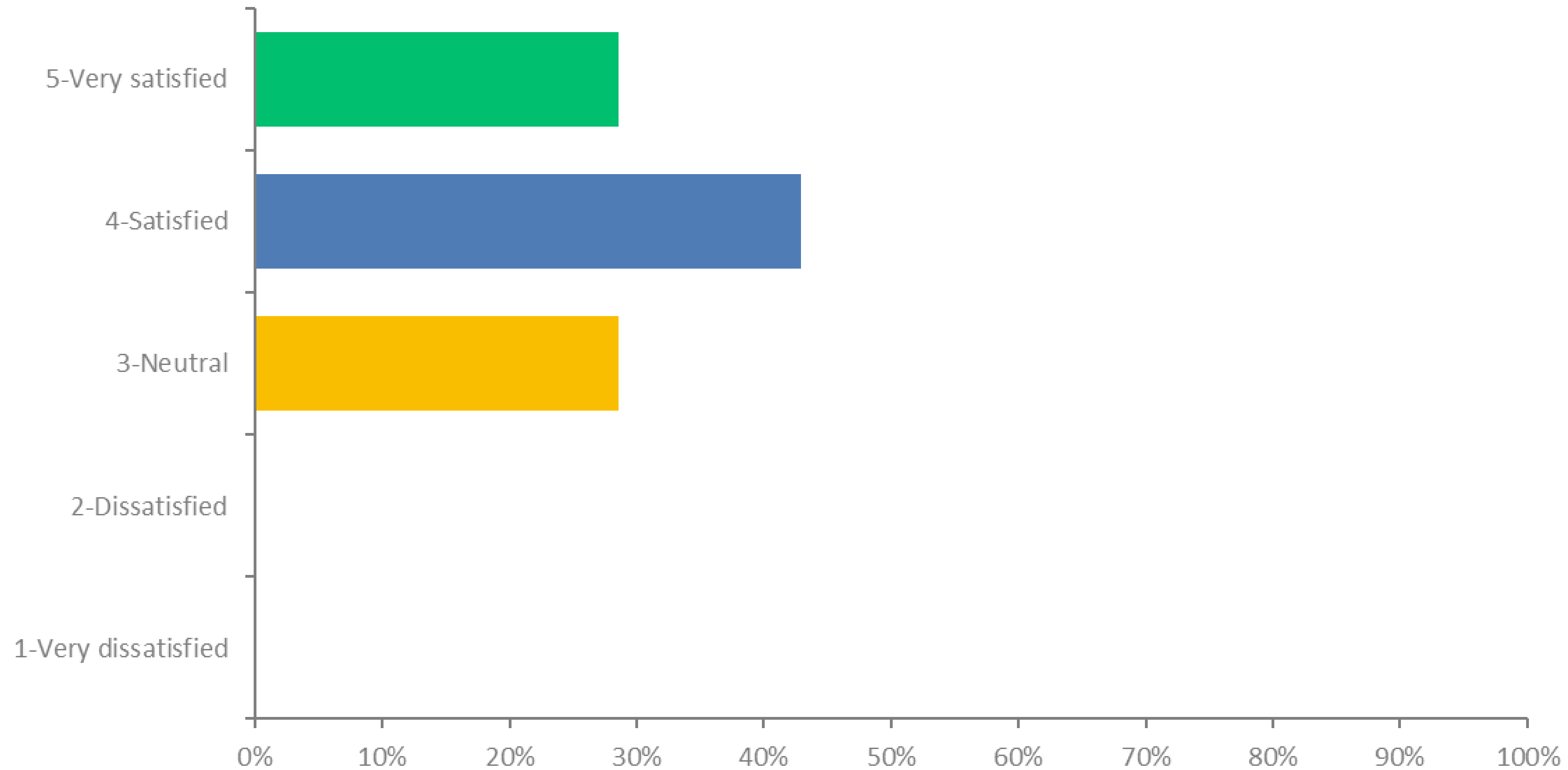
• *“No experience with this vendor”*

4

Board Education Results



Q1: Please rate your satisfaction levels with prior in-house continuing board education in the last year.

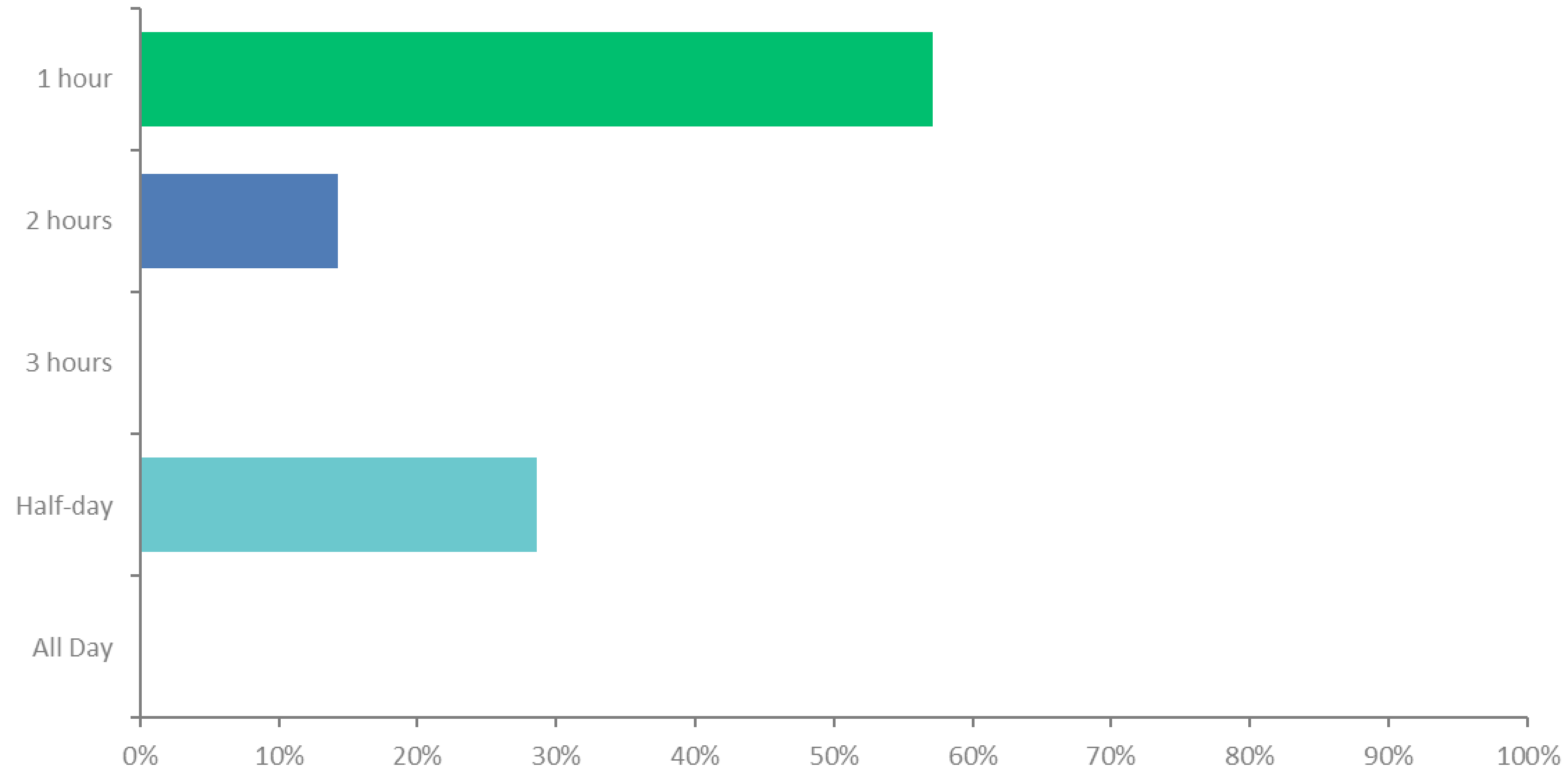


Average rating:

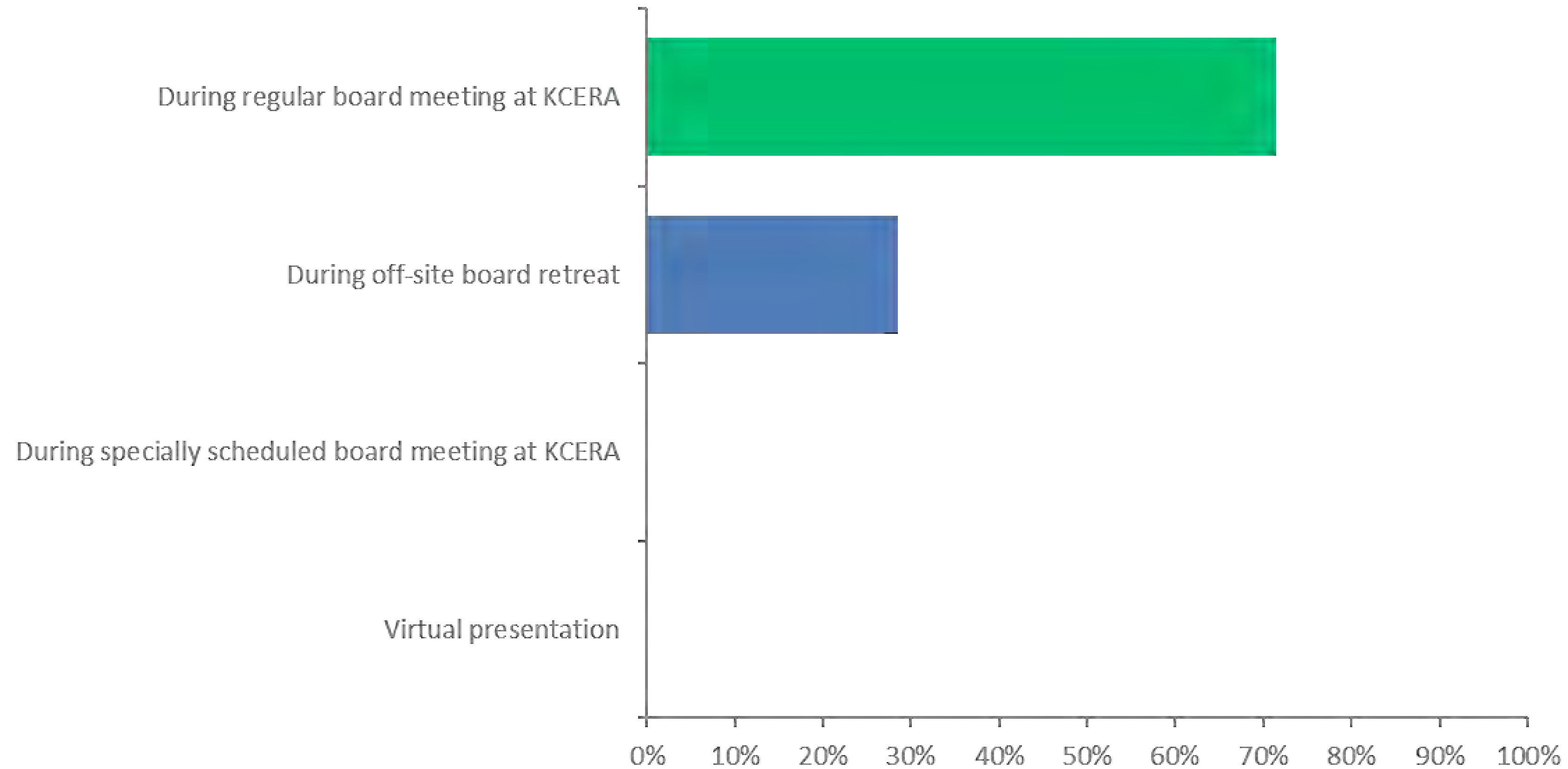
- 2023: 4.0/5.0
- 2022: 4.0/5.0

• *“Opportunities could increase some”*

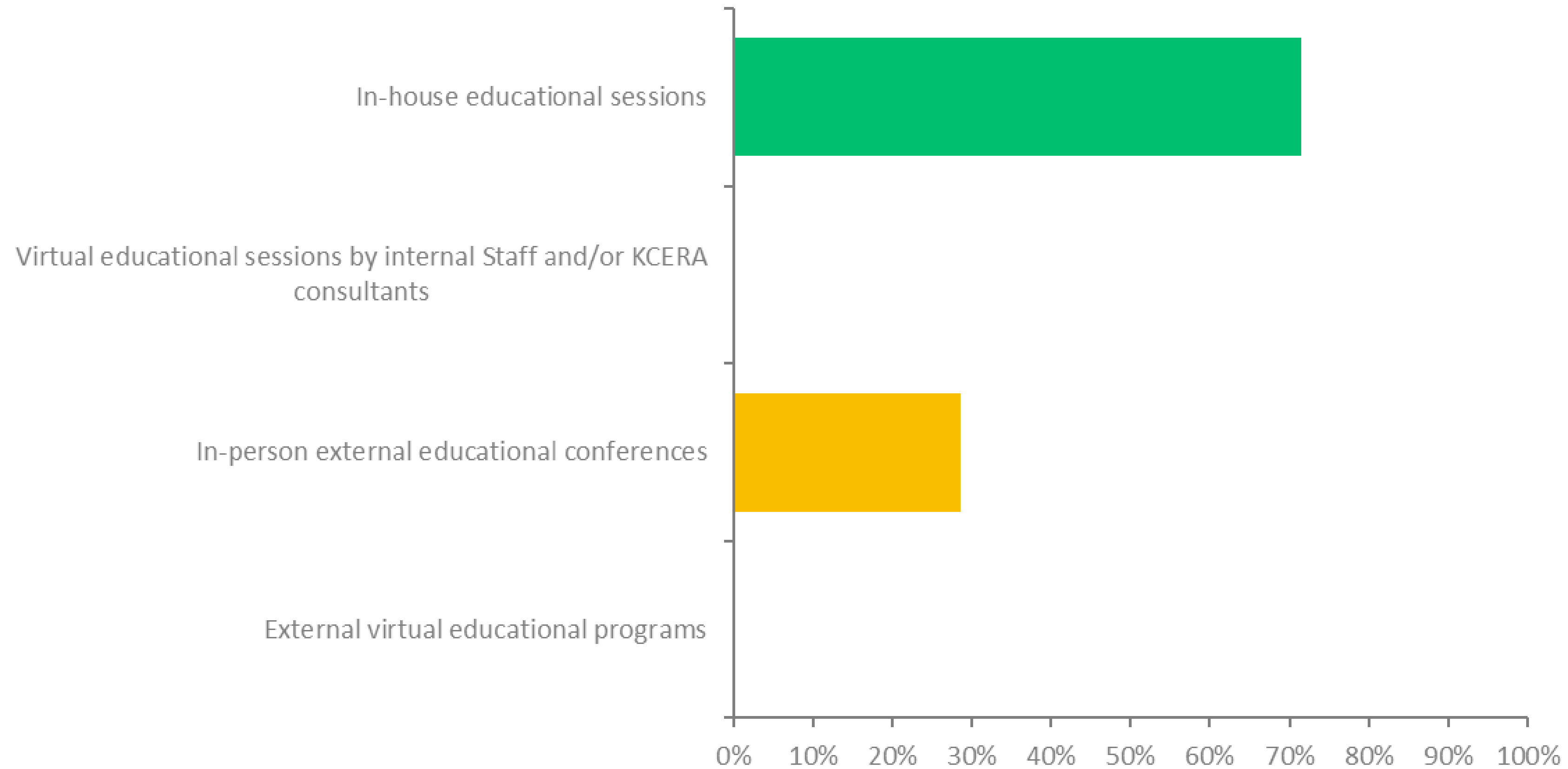
Q2: Please indicate your preferred duration for in-house continuing board education sessions.



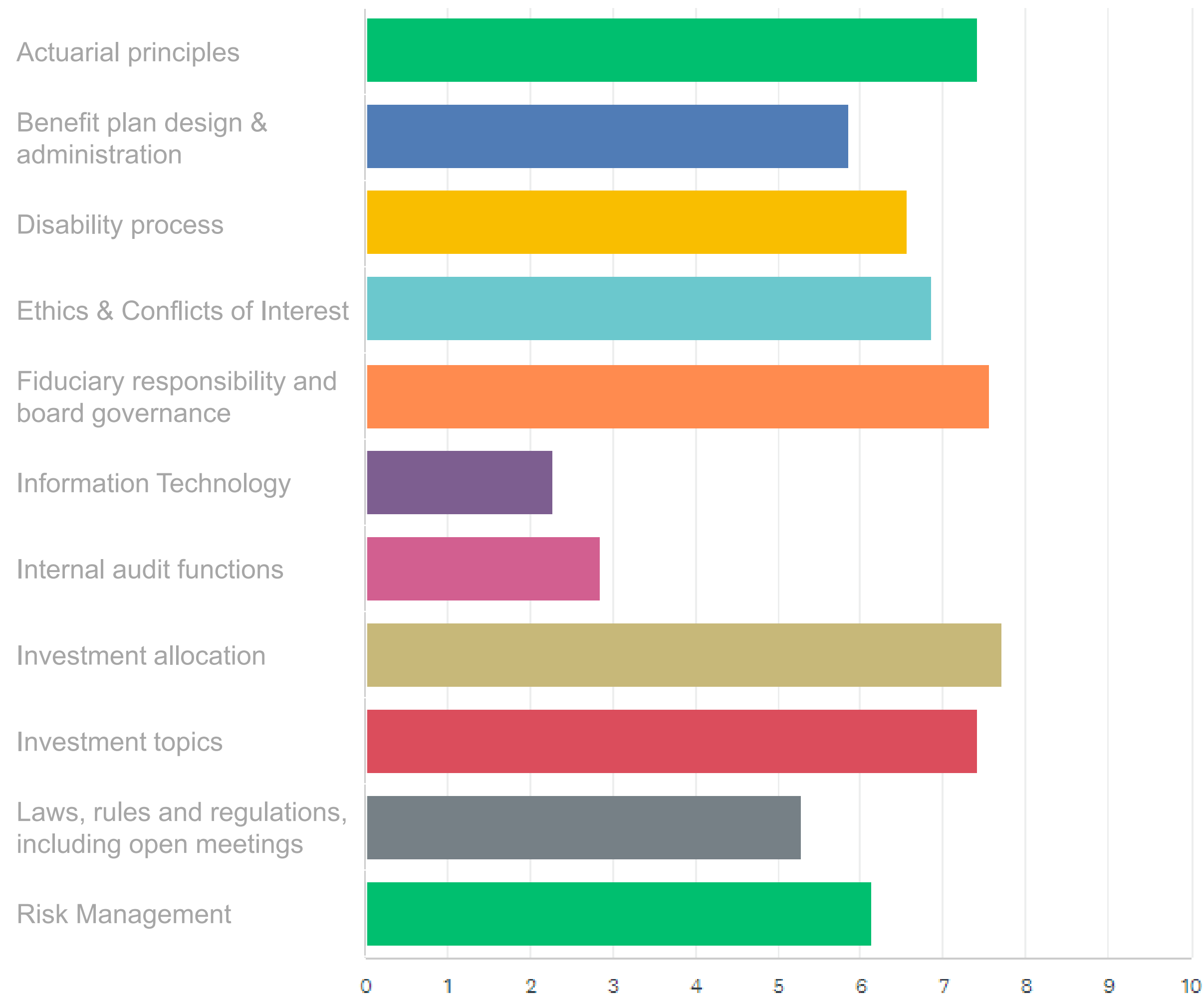
Q3: Please indicate your preference for scheduled in-house educational topics.



Q4: Please indicate your preferred method of continuing board education.



Q5: Please rank the order of the following continuing board educational topics from 1-11 (1=most desired, 11= least desired).



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Open-Ended Questions Results



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

- *Open discussion of items.*
- *The diversity on the board.*
- *Committed trustees that have served multiple terms and bring important historical perspective.*
- *Diverse opinions and perspectives, open communication, collegiality*
- *Trustee cooperation with fellow members, fiduciary duties understanding, and working with administration staff.*

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

- *Keep in mind the duty to the fund and beneficiaries as a whole rather than a constituency.*
- *Open mind to other ideas that might better move an issue.*
- *More timely and efficient disability cases are presented to the board.*
- *I would like to see more diversity on this board, however this is not something the KCERA board has control over.*
- *Education with other peer organizations [through groups] such as CALAPRS, SACRAS...*

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

- *Monitoring investment consultants. Maintaining good governance. Maintaining good staffing.*
- *Support the Director and the Staff. Provide appropriate guidance to Staff. Support other Board Members in working together.*
- *Disability claim turnaround, Investments, and member education.*
- *1) Human Capital: Best in Class 2) Risk Assessment: Consideration of all long term systemic risks. 3) Resource Allocation: Address backlog in disability claims and other member requests such as buying back previous service time.*
- *Strategic planning, implementation of CEO programs, and improving stakeholders communication.*

Please provide any additional comments you may have.

- *We have a good Board of Directors, be open to others opinions and ideas. Be vocal in what you feel is right.*

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