

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

Juan Gonzalez, Chair
Tyler Whitezell, Vice-Chair
Jeanine Adams
David Couch
Phil Franey
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
Traco Matthews
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

October 6, 2022

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

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

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Board of Retirement will be held on Wednesday, October 12, 2022 at 8:30 a.m. via teleconference pursuant to California Government Code section 54953, subdivision (e), Resolution 2022-08 adopted by the KCERA Board of Retirement at its Regular Meeting held September 14, 2022 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 and enter ID# listed below:
 - (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:
 - 8:30 a.m. Session – ID# 898-8756-5341**
 - <https://us02web.zoom.us/j/89887565341?pwd=OTJCTWRYRTdOTFVjU0x2aFFyTmROdz09>
 - Passcode: 457487
 - 1:30 p.m. Session – ID# 828-3729-1564:**
 - <https://us02web.zoom.us/j/82837291564?pwd=WFRMdVFvTWptQmRkeVpsWW41WTNTZz09>
 - Passcode: 323991

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

11125 River Run Boulevard • Bakersfield, California 93311 • www.kcera.org
Tel (661) 381-7700 • Fax (661) 381-7799 • Toll Free (877) 733-6831 • TTY Relay (800) 735-2929

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

SALUTE TO FLAG

MOMENT OF SILENCE

CONSENT MATTERS

ALL ITEMS LISTED WITH AN ASTERISK (*) ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY STAFF AND WILL BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR PUBLIC WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN THE LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN. STAFF RECOMMENDATIONS ARE SHOWN IN CAPS AFTER EACH ITEM.

- *1. [Findings and Resolution needed to utilize alternative teleconferencing requirements](#) during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – ADOPT FINDINGS FOR THE BOARD AND ALL KCERA STANDING COMMITTEES; APPROVE 30-DAY RESOLUTION

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

- August 31, 2022 Special Board of Retirement
- September 14, 2022 Board of Retirement
- September 19, 2022 Administrative Committee

RECEIVE AND FILE

- *3. [Report from the KCERA office on members retired from service for the month of September 2022 – RATIFY](#)
- *4. [Report from the KCERA office on deceased retirees for the month of September 2022 – RECEIVE AND FILE](#)
- *5. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending September 30, 2022 – RECEIVE AND FILE](#)
- *6. [Securities Lending Earnings Summary Report for the period August 1-31, 2022 from Deutsche Bank – RECEIVE AND FILE](#)
- *7. [KCERA asset allocation, cash flow position, investment fees, and budget status report for the month of August 2022 – RECEIVE AND FILE](#)
- *8. [2023 Board of Retirement Meeting Schedule – RECEIVE AND FILE; APPROVE](#)
- *9. [Memo from Chief Investment Officer Daryn Miller, CFA, regarding the Wellington Commodity Investment Management Agreement \(IMA\) – AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *10. [First Amendment to Agreement for Disability Assessment & Management Services with Managed Medical Review Organization, Inc. \(MMRO\), effective October 12, 2022 – RECEIVE AND FILE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *11. [Report on Special Pays Codes classified by the Chief Executive Officer – RECEIVE AND FILE](#)
- *12. [Invitation from State Association of County Retirement Systems \(SACRS\) to trustees and staff to attend the SACRS Fall Conference, November 8-11, 2022, in Long Beach, California – APPROVE ATTENDANCE OF TRUSTEES JEANINE ADAMS, DUSTIN CONTRERAS, PHIL FRANEY, JUAN GONZALEZ AND JORDAN KAUFMAN, CHIEF EXECUTIVE OFFICER DOMINIC BROWN, CHIEF INVESTMENT OFFICER DARYN MILLER, CHIEF OPERATIONS OFFICER MATTHEW HENRY, DEPUTY CHIEF LEGAL OFFICER PHILLIP JENKINS, CHIEF TECHNOLOGY OFFICER BRENDA GREENWOOD, MEMBER SERVICES MANAGER SHERRY WILLARD, ADMINISTRATIVE SERVICES OFFICER AIMEE MORTON, SENIOR NETWORK MANAGER TYSON HARLAN AND SENIOR PARALEGAL MARGARITA PERALTA-LEE](#)

PUBLIC COMMENTS

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

ADMINISTRATIVE MATTERS

14. [Response to referral and Trustee education regarding the KCERA Declining Employer Payroll and Employer Termination Policies presented by Chief Legal Officer Jennifer Zahry – RECEIVE EDUCATIONAL TRAINING \(15 MINUTES TRUSTEE EDUCATION CREDIT\)](#)
15. [Trustee education regarding the KCERA Securities Litigation Policy presented by Deputy Chief Legal Officer Phillip Jenkins and Chief Financial Officer Angela Kruger – RECEIVE EDUCATIONAL TRAINING \(10 MINUTES TRUSTEE EDUCATION CREDIT\)](#)
16. [Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems \(SACRS\) Fall 2022 Conference, presented by Chief Executive Officer Dominic Brown – APPOINT VOTING DELEGATION](#)
17. [Appointment of Nominating Committee by Chair \(two members\) and the Board \(two members\) to propose a slate of officers to the Board of Retirement for the 2023 calendar year – MAKE APPOINTMENTS TO NOMINATING COMMITTEE; APPROVE](#)

STAFF REPORTS

18. [Report from Chief Executive Officer](#)
19. [Report from Chief Investment Officer](#)
20. [Report from Chief Legal Officer](#)

COMMITTEE REPORTS

21. Report from Committee Chairs:
- a. Administrative Committee: Hughes
 - b. Finance Committee: Franey
 - c. Investment Committee: Kaufman
 - d. KCERA Property, Inc. Board: Seibly

RECESS UNTIL 1:30 P.M. – All remaining agenda items to be heard at this time

ADMINISTRATIVE MATTERS (Continued)

22. [Trustee education regarding the Attorney Client Relationship presented by Fiduciary Counsel Ashley K. Dunning, and Aalia T. Menes, Nossaman, LLP – RECEIVE EDUCATIONAL TRAINING \(40 MINUTES TRUSTEE EDUCATION CREDIT\)](#)

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

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

NEW BUSINESS

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

**BEFORE THE BOARD OF RETIREMENT
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION No. 2022-09**

In the matter of:

**MEETINGS OF THE KCERA BOARD OF RETIREMENT AND ITS STANDING
COMMITTEES PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54953,
AS AMENDED BY ASSEMBLY BILL 361.**

Ayes:

Noes:

Absent:

Dominic D. Brown,
Secretary to the Board of Retirement,
Kern County Employees' Retirement Association

RESOLUTION

Section 1. WHEREAS:

- (a) The Kern County Employees' Retirement Association ("KCERA") is required by the Ralph M. Brown Act (Cal. Gov. Code¹ 54950 – 54963) ("the Brown Act") to conduct open and public meetings, so that any member of the public may attend, participate, and watch KCERA's legislative bodies conduct their business; and

¹ All statutory references are to the California Government code unless stated otherwise.

- (b) All meetings of KCERA's Board of Retirement and its standing committees are open and public in accordance with the Brown Act or other governing authority; and
- (c) KCERA is committed to preserving and encouraging public access and participation in meetings of the Board of Retirement; and
- (d) The Brown Act, at section 54953(e) (as added by Assembly Bill 361), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the teleconference requirements of section 54953(b)(3), subject to the existence of certain conditions; and
- (e) A state of emergency must have been declared by the Governor pursuant to section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in section 8558; and such state of emergency must be in effect at the time of the meeting in order to conduct a meeting under section 54953(e); and
- (f) Governor Newsom proclaimed a State of Emergency on March 4, 2020, pursuant to section 8625 that remains active; and
- (g) The KCERA Board of Retirement made findings and adopted Resolution 2022-08 on September 14, 2022, by majority vote, evidencing that it reconsidered the circumstances of the state of emergency and found that the state of emergency continues to directly impact the ability of attendees to safely meet in person over the next 30 days and/or that Cal/OSHA continues to impose or

recommend measures to promote social distancing in certain circumstances;
and

- (h) To continue to teleconference without compliance with section 54953(b)(3), section 54953(e) requires the legislative body to make certain findings by majority vote within 30 days of September 14, 2022; and
- (i) On October 4, 2022, the latest estimate of the R-effective in Kern County was 1.04 (“spread of COVID-19 is likely stable”) –this number is up from 1.01 on September 6, 2022; and
- (j) The Centers for Disease Control and Prevention (CDC) updated its framework to focus on hospitalizations and hospital capacity rather than test positivity; its multi-tiered approach determines whether the level of COVID-19 and severe disease in the community is low, medium or high; as of September 29, 2022, the CDC classifies Kern County at a “low level” of COVID-19 and severe disease; and
- (k) The 7-day case rate in Kern County, has not been reported by Kern County Public Health since March, but the CDPH reported on October 4, 2022 that Kern County had 5.9 cases per 100,000 with 55 average cases per day; and
- (l) Effective March 1, 2022, there is no longer a state mandate requiring masking indoors for anyone; however, the Public Health Officer for the CDPH strongly recommends all individuals wear a mask in all indoor public settings regardless of vaccination status; and

- (m) the Board finds that it has reconsidered the circumstances of the state of emergency and determines that the state of emergency remains in effect and although much improved, it continues to directly impact the ability of attendees to safely meet in person over the next 30 days.

Section 2. NOW, THEREFORE BE IT RESOLVED, by the Board of Retirement for the Kern County Employees' Retirement Association as follows:

Effective October 12, 2022, the following actions are authorized and required of KCERA:

- 1) Remote Teleconference Meetings. The Chief Executive Officer and legislative bodies of KCERA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act in order to avoid directly impacting the ability of attendees to meet safely in person during the next 30 days of the current State of Emergency (proclaimed by the Governor on March 4, 2020).
- 2) Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of November 11, 2022, or such time the Board of Retirement adopts a subsequent resolution in accordance with Government Code section 54953(e)(3).

RESOLUTION HISTORY

- 1) This Resolution was:
 - a) Approved by the Board on September 14, 2022.
 - b) Amended and approved by the Board on October 12, 2022.

Evidence in Support of Findings

EVIDENCE IN SUPPORT OF FINDINGS

TABLE OF CONTENTS

R-EFFECTIVE KERN COUNTY (AS OF OCTOBER 4, 2022)	1
CDC TRACKER – KERN COUNTY (AS OF SEPTEMBER 29, 2022)	2
CDPH KERN CASES (AS OF OCTOBER 4, 2022)	3
CA PROCLAMATION OF A STATE OF EMERGENCY (MARCH 4, 2020)	4

Latest Estimate of R-effective is:

1.12

Spread of COVID-19 likely increasing

What does a R-eff of this size mean?

Low/High Estimates of R-effective:

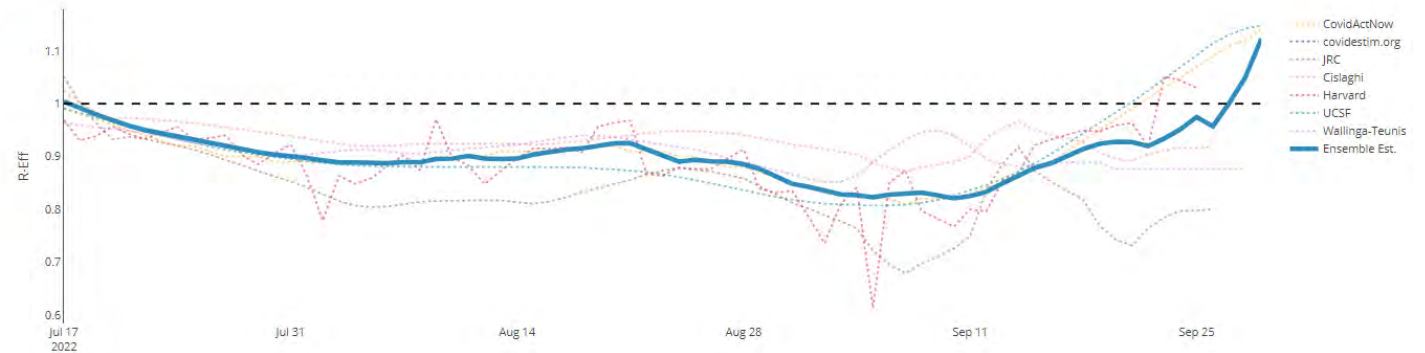
0.88 - 1.14

Wallinga-Teunis - UCSF

Download R-eff Values

Statewide Estimates of R-effective

The effective reproductive number (R-eff) is the average number of secondary infected persons resulting from a infected person. If R-eff > 1, the number of infected persons will increase. If R-eff < 1, the number of infected persons will decrease. At R-eff = 1, the number of infected persons remains constant.



Kern

Latest Estimate of R-effective is:

1.04

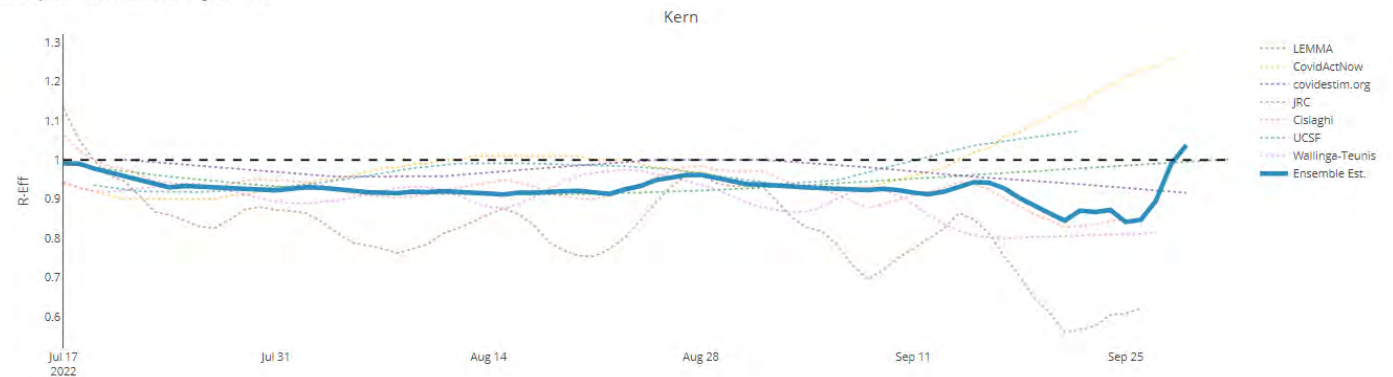
Spread of COVID-19 is likely stable

Download County R-eff Trend

NOTE: Some counties do not have sufficient case numbers in order for modelers to estimate R-effective.

R-effective Trends by County

Select a county to see how R-effective has changed over time





COVID-19 County Check

Find community levels and prevention steps by county. Data updated weekly.

Select a Location (all fields required)

California



Kern County



Go

< Start Over

● **Low**

In **Kern County, California**, community level is **Low**.

- Stay [up to date](#) with COVID-19 vaccines
- [Get tested](#) if you have symptoms

People may choose to mask at any time. People with symptoms, a positive test, or exposure to someone with COVID-19 should wear a mask.

If you are immunocompromised, [learn more about how to protect yourself](#).

Find out more about the COVID-19 situation in **Kern County, California** with [COVID-19 Data Tracker](#).

September 29, 2022

Cases and deaths

Kern

Statewide

California has 10,412,352 confirmed cases of COVID-19, resulting in 95,165 confirmed deaths.

Cases in Kern County

Confirmed

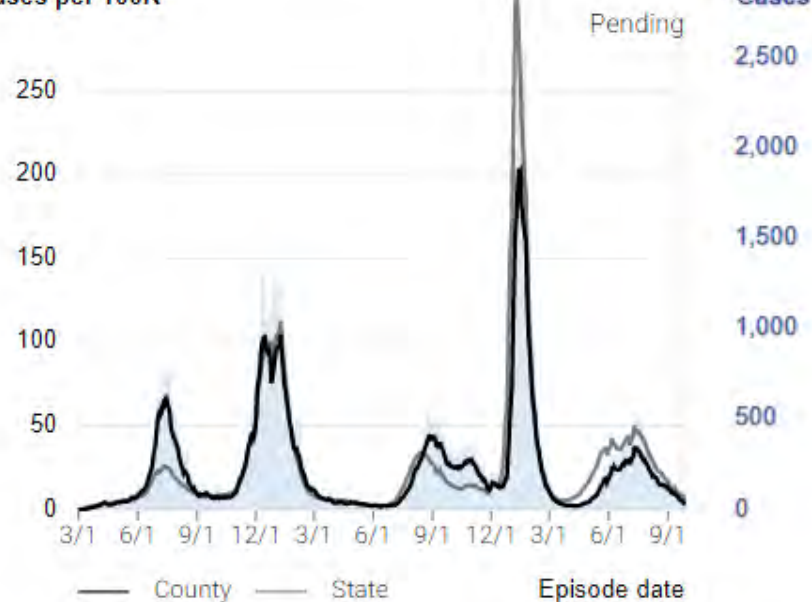
All time

218,846 total confirmed cases

55 average cases per day

5.9 cases per 100K (7-day average)

Cases per 100K



Deaths in Kern County

Confirmed

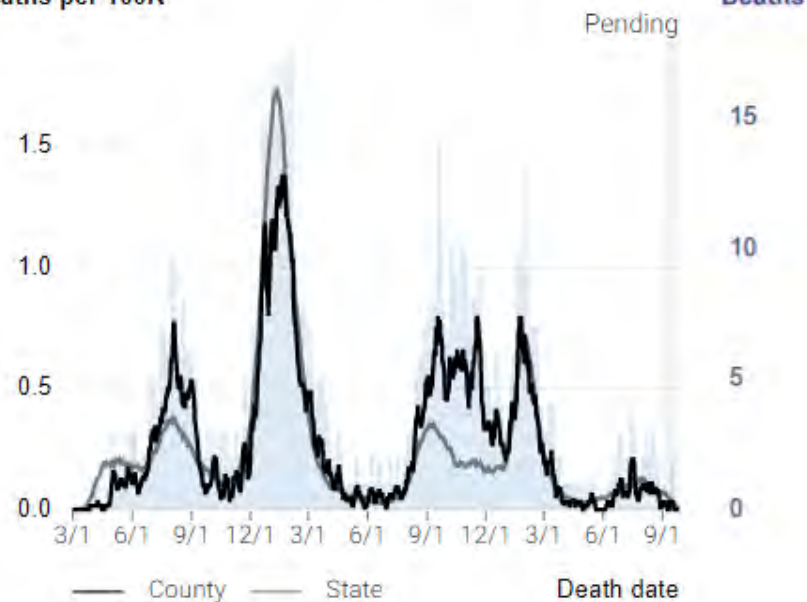
All time

2,417 total confirmed deaths

0 average deaths per day

0.02 deaths per 100K (7-day average)

Deaths per 100K



[Cases and deaths source data](#). Data is updated on Thursdays.

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

PROCLAMATION OF A STATE OF EMERGENCY

WHEREAS in December 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19), was first identified in Wuhan City, Hubei Province, China, and has spread outside of China, impacting more than 75 countries, including the United States; and

WHEREAS the State of California has been working in close collaboration with the national Centers for Disease Control and Prevention (CDC), with the United States Health and Human Services Agency, and with local health departments since December 2019 to monitor and plan for the potential spread of COVID-19 to the United States; and

WHEREAS on January 23, 2020, the CDC activated its Emergency Response System to provide ongoing support for the response to COVID-19 across the country; and

WHEREAS on January 24, 2020, the California Department of Public Health activated its Medical and Health Coordination Center and on March 2, 2020, the Office of Emergency Services activated the State Operations Center to support and guide state and local actions to preserve public health; and

WHEREAS the California Department of Public Health has been in regular communication with hospitals, clinics and other health providers and has provided guidance to health facilities and providers regarding COVID-19; and

WHEREAS as of March 4, 2020, across the globe, there are more than 94,000 confirmed cases of COVID-19, tragically resulting in more than 3,000 deaths worldwide; and

WHEREAS as of March 4, 2020, there are 129 confirmed cases of COVID-19 in the United States, including 53 in California, and more than 9,400 Californians across 49 counties are in home monitoring based on possible travel-based exposure to the virus, and officials expect the number of cases in California, the United States, and worldwide to increase; and

WHEREAS for more than a decade California has had a robust pandemic influenza plan, supported local governments in the development of local plans, and required that state and local plans be regularly updated and exercised; and

WHEREAS California has a strong federal, state and local public health and health care delivery system that has effectively responded to prior events including the H1N1 influenza virus in 2009, and most recently Ebola; and

WHEREAS experts anticipate that while a high percentage of individuals affected by COVID-19 will experience mild flu-like symptoms, some will have more serious symptoms and require hospitalization, particularly individuals who are elderly or already have underlying chronic health conditions; and

WHEREAS it is imperative to prepare for and respond to suspected or confirmed COVID-19 cases in California, to implement measures to mitigate the spread of COVID-19, and to prepare to respond to an increasing number of individuals requiring medical care and hospitalization; and

WHEREAS if COVID-19 spreads in California at a rate comparable to the rate of spread in other countries, the number of persons requiring medical care may exceed locally available resources, and controlling outbreaks minimizes the risk to the public, maintains the health and safety of the people of California, and limits the spread of infection in our communities and within the healthcare delivery system; and

WHEREAS personal protective equipment (PPE) is not necessary for use by the general population but appropriate PPE is one of the most effective ways to preserve and protect California's healthcare workforce at this critical time and to prevent the spread of COVID-19 broadly; and

WHEREAS state and local health departments must use all available preventative measures to combat the spread of COVID-19, which will require access to services, personnel, equipment, facilities, and other resources, potentially including resources beyond those currently available, to prepare for and respond to any potential cases and the spread of the virus; and

WHEREAS I find that conditions of Government Code section 8558(b), relating to the declaration of a State of Emergency, have been met; and

WHEREAS I find that the conditions caused by COVID-19 are likely to require the combined forces of a mutual aid region or regions to appropriately respond; and

WHEREAS under the provisions of Government Code section 8625(c), I find that local authority is inadequate to cope with the threat posed by COVID-19; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code section 8625, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist in California.

IT IS HEREBY ORDERED THAT:

1. In preparing for and responding to COVID-19, all agencies of the state government use and employ state personnel, equipment, and facilities or perform any and all activities consistent with the direction of the Office of Emergency Services and the State Emergency Plan, as well as the California Department of Public Health and the Emergency Medical Services Authority. Also, all residents are to heed the advice of emergency officials with regard to this emergency in order to protect their safety.
2. As necessary to assist local governments and for the protection of public health, state agencies shall enter into contracts to arrange for the procurement of materials, goods, and services needed to assist in preparing for, containing, responding to, mitigating the effects of, and recovering from the spread of COVID-19. Applicable provisions of the Government Code and the Public Contract Code, including but not limited to travel, advertising, and competitive bidding requirements, are suspended to the extent necessary to address the effects of COVID-19.
3. Any out-of-state personnel, including, but not limited to, medical personnel, entering California to assist in preparing for, responding to, mitigating the effects of, and recovering from COVID-19 shall be permitted to provide services in the same manner as prescribed in Government Code section 179.5, with respect to licensing and certification. Permission for any such individual rendering service is subject to the approval of the Director of the Emergency Medical Services Authority for medical personnel and the Director of the Office of Emergency Services for non-medical personnel and shall be in effect for a period of time not to exceed the duration of this emergency.
4. The time limitation set forth in Penal Code section 396, subdivision (b), prohibiting price gouging in time of emergency is hereby waived as it relates to emergency supplies and medical supplies. These price gouging protections shall be in effect through September 4, 2020.
5. Any state-owned properties that the Office of Emergency Services determines are suitable for use to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services for this purpose, notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.
6. Any fairgrounds that the Office of Emergency Services determines are suitable to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services pursuant to the Emergency Services Act, Government Code section 8589. The Office of Emergency Services shall notify the fairgrounds of the intended use and can immediately use the fairgrounds without the fairground board of directors' approval, and

notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.

7. The 30-day time period in Health and Safety Code section 101080, within which a local governing authority must renew a local health emergency, is hereby waived for the duration of this statewide emergency. Any such local health emergency will remain in effect until each local governing authority terminates its respective local health emergency.
8. The 60-day time period in Government Code section 8630, within which local government authorities must renew a local emergency, is hereby waived for the duration of this statewide emergency. Any local emergency proclaimed will remain in effect until each local governing authority terminates its respective local emergency.
9. The Office of Emergency Services shall provide assistance to local governments that have demonstrated extraordinary or disproportionate impacts from COVID-19, if appropriate and necessary, under the authority of the California Disaster Assistance Act, Government Code section 8680 et seq., and California Code of Regulations, Title 19, section 2900 et seq.
10. To ensure hospitals and other health facilities are able to adequately treat patients legally isolated as a result of COVID-19, the Director of the California Department of Public Health may waive any of the licensing requirements of Chapter 2 of Division 2 of the Health and Safety Code and accompanying regulations with respect to any hospital or health facility identified in Health and Safety Code section 1250. Any waiver shall include alternative measures that, under the circumstances, will allow the facilities to treat legally isolated patients while protecting public health and safety. Any facilities being granted a waiver shall be established and operated in accordance with the facility's required disaster and mass casualty plan. Any waivers granted pursuant to this paragraph shall be posted on the Department's website.
11. To support consistent practices across California, state departments, in coordination with the Office of Emergency Services, shall provide updated and specific guidance relating to preventing and mitigating COVID-19 to schools, employers, employees, first responders and community care facilities by no later than March 10, 2020.
12. To promptly respond for the protection of public health, state entities are, notwithstanding any other state or local law, authorized to share relevant medical information, limited to the patient's underlying health conditions, age, current condition, date of exposure, and possible contact tracing, as necessary to address the effect of the COVID-19 outbreak with state, local, federal, and nongovernmental partners, with such information to be used for the limited purposes of monitoring, investigation and control, and treatment and coordination of care. The

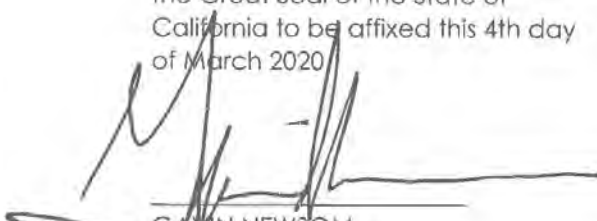
notification requirement of Civil Code section 1798.24, subdivision (i), is suspended.

13. Notwithstanding Health and Safety Code sections 1797.52 and 1797.218, during the course of this emergency, any EMT-P licensees shall have the authority to transport patients to medical facilities other than acute care hospitals when approved by the California EMS Authority. In order to carry out this order, to the extent that the provisions of Health and Safety Code sections 1797.52 and 1797.218 may prohibit EMT-P licensees from transporting patients to facilities other than acute care hospitals, those statutes are hereby suspended until the termination of this State of Emergency.

14. The Department of Social Services may, to the extent the Department deems necessary to respond to the threat of COVID-19, waive any provisions of the Health and Safety Code or Welfare and Institutions Code, and accompanying regulations, interim licensing standards, or other written policies or procedures with respect to the use, licensing, or approval of facilities or homes within the Department's jurisdiction set forth in the California Community Care Facilities Act (Health and Safety Code section 1500 et seq.), the California Child Day Care Facilities Act (Health and Safety Code section 1596.70 et seq.), and the California Residential Care Facilities for the Elderly Act (Health and Safety Code section 1569 et seq.). Any waivers granted pursuant to this paragraph shall be posted on the Department's website.

I FURTHER DIRECT that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

IN WITNESS WHEREOF I have
hereunto set my hand and caused
the Great Seal of the State of
California to be affixed this 4th day
of March 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Special Board of Retirement Meeting

August 31, 2022

1:04 p.m.

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

ROLL CALL

Present: Adams, Couch, Franey, Gonzalez, Hughes, Kaufman, Kratt, Nunneley, Seibly, Whitezell

Absent: Contreras, Matthews

SALUTE TO FLAG – CHIEF LEGAL OFFICER JENNIFER ZAHRY

MOMENT OF SILENCE

CONSENT MATTERS

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

1. Trustee education regarding KCERA Benefit History presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – CHAIR JUAN GONZALEZ HEARD; TRUSTEES DAVID COUCH, PHIL FRANEY, JORDAN KAUFMAN AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

TRUSTEE TRACO MATTHEWS ARRIVED AT 1:15 P.M.

TRUSTEE TYLER WHITEZELL LEFT AT 1:53 P.M.

RECEIVED EDUCATIONAL TRAINING (53 MINUTES TRUSTEE EDUCATION CREDIT)

2. Presentation on Strategic Planning presented by Chief Executive Officer Dominic Brown and Governance Consultant Julie Becker, Aon – JULIE BECKER, AON, HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEES DAVID COUCH, PHIL FRANEY, JORDAN KAUFMAN, RICK KRATT AND TRACO MATTHEWS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

HEARD PRESENTATION; DIRECTED JULIE BECKER, AON, TO CONDUCT INTERVIEWS WITH BOARD MEMBERS FOR STRATEGIC PLANNING ANALYSIS; BRING BACK RESULTS TO BOARD OF RETIREMENT FOR DISCUSSION

Kratt-Franey – 8 Ayes

PUBLIC COMMENTS

3. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

4. On their own initiative, Board members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE
5. ADJOURNED – 2:33 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Board of Retirement Meeting

September 14, 2022

8:32 a.m.

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

ROLL CALL

Present: Adams, Contreras, Franey, Gonzalez, Hughes, Kaufman, Kratt, Matthews, Nunneley, Seibly, Whitezell

Absent: Couch

SALUTE TO FLAG – CHAIR JUAN GONZALEZ

MOMENT OF SILENCE

CONSENT MATTERS

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

- *1. Findings and new Initial Resolution needed to utilize alternative teleconferencing requirements during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – **ADOPTED FINDINGS FOR THE BOARD AND ALL KCERA STANDING COMMITTEES; APPROVED 30-DAY RESOLUTION**

Hughes-Franey – 8 Ayes

- *2. Application for service-connected disability pension benefits for Colleen Boren, Risk Management (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Hughes-Franey – 8 Ayes

- *3. Application for service-connected disability pension benefits for Sue Hsu, Behavioral Health & Recovery Services (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Hughes-Franey – 8 Ayes

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

Hughes-Franey – 8 Ayes

- *5. Application for non-service-connected disability pension benefits for Robyn Tennison, Behavioral Health & Recovery Services (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY PENSION

Hughes-Franey – 8 Ayes

- *6. Summary of proceedings of the following meetings:
- August 3, 2022 Investment Committee
 - August 4, 2022 Finance Committee
 - August 10, 2022 Board of Retirement

RECEIVED AND FILED

Hughes-Franey – 8 Ayes

- *7. Report from the KCERA office on members retired from service for the month of August 2022 – RATIFIED

Hughes-Franey – 8 Ayes

- *8. Report from the KCERA office on deceased retirees for the month of August 2022 – RECEIVED AND FILED

Hughes-Franey – 8 Ayes

- *9. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending August 31, 2022 – RECEIVED AND FILED

Hughes-Franey – 8 Ayes

- *10. Securities Lending Earnings Summary Report for the period July 1-31, 2022 from Deutsche Bank – RECEIVED AND FILED

Hughes-Franey – 8 Ayes

- *11. KCERA asset allocation, cash flow position, investment fees, and budget status report for the month of July 2022 – RECEIVED AND FILED

Hughes-Franey – 8 Ayes

- *12. Letter from Chief Executive Officer Dominic Brown, dated August 22, 2022, to the Kern County Auditor-Controller-County Clerk regarding Board of Retirement Election for Third, Eighth and Alternate Eighth Members –

ITEM WAS REMOVED FROM CONSENT AGENDA

- *13. Memo from Chief Investment Officer Daryn Miller, CFA, dated September 14, 2022, regarding Environmental, Social, and Corporate Governance (ESG) –

ITEM WAS REMOVED FROM CONSENT AGENDA

- *14. Biennial Review of Conflict of Interest Code – RECEIVED AND FILED

Hughes-Franey – 8 Ayes

- *15. Certificate of Achievement for Excellence in Financial Reporting for Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021 presented by the Government Finance Officers Association (GFOA) – RECEIVED AND FILED

Hughes-Franey – 8 Ayes

- *16. Invitation to staff to attend the Public Pension Financial Forum (P2F2) 2022 Conference, October 22-26, 2022 in Philadelphia, Pennsylvania – APPROVED ATTENDANCE OF CHIEF FINANCIAL OFFICER ANGELA KRUGER AND SENIOR ACCOUNTANT CORY PRUETT

Hughes-Franey – 8 Ayes

- *17. Invitation from Nossaman to staff to attend the Public Pensions & Investments Fiduciaries' Forum, October 17-18 in Los Angeles, California – APPROVED ATTENDANCE OF CHIEF LEGAL OFFICER JENNIFER ZAHRY

Hughes-Franey – 8 Ayes

- *18. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting September 26, 2022, in Santa Barbara, California – APPROVE ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Hughes-Franey – 8 Ayes

12. Letter from Chief Executive Officer Dominic Brown, dated August 22, 2022, to the Kern County Auditor-Controller-County Clerk regarding Board of Retirement Election for Third, Eighth and Alternate Eighth Members – CHAIR JUAN GONZALEZ HEARD; TRUSTEE JEANINE ADAMS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

REFERRED TO STAFF TO CONSIDER MOVING THE DATE OF THE BOARD OF RETIREMENT ELECTION

Franey-Adams – 8 Ayes

13. Memo from Chief Investment Officer Daryn Miller, CFA, dated September 14, 2022, regarding Environmental, Social, and Corporate Governance (ESG) – CHAIR JUAN GONZALEZ HEARD; TRUSTEES JEANINE ADAMS, PHIL FRANNEY AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECEIVED AND FILED; REFERRED TO STAFF TO PRESENT EDUCATION REGARDING ESG TO BOARD OF RETIREMENT NEXT YEAR

Kratt-Whitezell – 8 Ayes

PUBLIC COMMENTS

19. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

FINANCIAL MATTERS

20. Discussion and appropriate action regarding revisions to the Supplemental Retiree Benefit Reserve (SRBR) Policy to reflect the Committee's approval of SRBR restructure plan, Alternative B, presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, KCERA Actuaries, Paul Angelo and Molly Calcagno, Segal, and the Finance Committee – PAUL ANGELO AND MOLLY CALCAGNO, SEGAL, HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEE JEANINE ADAMS, PHIL FRANEY, JORDAN KAUFMAN AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

APPROVED SRBR POLICY REVISIONS IMPLEMENTING SRBR
RESTRUCTURE PLAN, ALTERNATIVE B

Franey-Whitezell – 8 Ayes

ADMINISTRATIVE MATTERS

21. Presentation and status update of disability files and process presented by Doug Minke, Managed Medical Review Organization, Inc. (MMRO) – DOUG MINKE, MMRO, HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEES JEANINE ADAMS, DUSTIN CONTRERAS AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

HEARD PRESENTATION

STAFF REPORTS

22. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- UPDATES ON BOARD OF RETIREMENT REFERRALS
- NEW MEMBER PORTAL UPDATE LAUNCHED
- *ALAMEDA/PEPRA* IMPLEMENTATION
- MMRO UPDATE
- STAFFING UPDATE
- SOLAR PROJECT UPDATE
- RFP FOR PLAN SPONSOR AUDITS
- NORTHERN TRUST CONTRACT UPDATE
- CERTIFICATION PAYS FOR STAFF
- KERN COUNTY CAREER EXPO
- SERVICE PURCHASES UPDATE
- SACRS FALL CONFERENCE
- ANNUAL AUDIT BEGINNING
- ANNUAL STATEMENTS
- OPERATIONS ACTIVITY
- END-OF-CAREER RETIREMENT SEMINAR CONDUCTED
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES PHIL FRANEY, JORDAN KAUFMAN AND RICK KRATT HEARD

23. Report from Chief Investment Officer

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

- AUGUST REBALANCING ACTIVITY
- PORTFOLIO POSITIONING & MARKET UPDATE
- KEY INITIATIVES & UPDATES

24. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- ELECTIONS PROCEDURE POLICY
- POWERS OF ATTORNEY
- SACRS LEGISLATIVE UPDATE
- SEPTEMBER CALENDAR
- PUBLIC FUNDS FORUM

CHAIR JUAN GONZALEZ HEARD; TRUSTEES JEANINE ADAMS, PHIL FRANEY AND RICK KRATT HEARD; DEPUTY CHIEF LEGAL OFFICER PHILLIP JENKINS HEARD

COMMITTEE REPORTS

25. Report from Committee Chairs:

- a. Administrative Committee: HUGHES – MEETING SCHEDULED SEPTEMBER 19, 2022
- b. Finance Committee: FRANEY – NONE
- c. Investment Committee: KAUFMAN – NONE
- d. KCERA Property, Inc.: SEIBLY – NONE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

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

TRUSTEE JEANINE ADAMS HEARD

NEW BUSINESS

27. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE
28. ADJOURNED – 11:03 A.M.

Secretary, Board of Retirement

Chair, Board of Retirement

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement**

SUMMARY OF PROCEEDINGS

**Teleconference Meeting – Administrative Committee
September 19, 2022**

1:02 p.m.

Committee Members: Contreras (Alternate), Franey, Chair Hughes, Matthews,
Seibly

ROLL CALL

Present: Contreras, Franey, Hughes, Matthews, Seibly

Absent: None

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

1. Response to referral regarding proposed Schedule of Authorized Positions presented by Chief Executive Officer Dominic Brown – GOVERNANCE CONSULTANT JULIE BECKER, AON, HEARD; CHAIR JOSEPH HUGHES HEARD; TRUSTEES DUSTIN CONTRERAS, PHIL FRANEY, TRACO MATTHEWS AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

SELECTED STRUCTURE OPTION 2 FOR REVIEW AND APPROVAL OF POSITIONS; DIRECTED STAFF TO INITIATE CREATION OF APPROVED STRUCTURE AND MAKE REVISIONS TO ALL APPROPRIATE CHARTERS, AS NEEDED; BRING BACK TO ADMINISTRATIVE COMMITTEE

Seibly-Franey – 4 Ayes

PUBLIC COMMENTS

2. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

3. On their own initiative, Committee members may make a brief announcement refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE

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

EXECUTIVE SESSION

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

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

TRUSTEE TRACO MATTHEWS LEFT AT 2:30 P.M.

RETURN TO PUBLIC SESSION

ADMINISTRATIVE COMMITTEE RECONVENED AT 2:50 P.M.

ROLL CALL

Present: Contreras, Franey, Hughes, Seibly

Absent: Matthews

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 4 – NO REPORTABLE ACTION

5. ADJOURNED – 2:51 P.M.

Secretary, Board of Retirement

Chair, Administrative Committee



**Kern County Employees' Retirement Association
New Retirees- September 1, 2022 to September 30, 2022**

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Bauman	Erlynaningsih	08/22/2022	General Tier I	8954 - Public Works-Public Ways
Cox	Jesse	08/13/2022	General Tier I	8954 - Public Works-Public Ways
Flores	Jose	08/13/2022	Safety Tier I	2210S - Sheriff
Gann	Teri	08/13/2022	General Tier I	1160 - Information Technology Sv
Garcia-Madden	Elizabeth	08/04/2022	Safety Tier I	2340S - Probation-Safety
Gomez	Rafael	07/29/2022	Safety Tier I	2340S - Probation-Safety
Morrison	James	08/13/2022	Safety Tier I	2210S - Sheriff
Pafford	Mark	07/30/2022	General Tier I	2180 - District Attorney
Perkins	Kimberly	09/22/2022	General Tier I	5120 - Depart Of Human Services
Sandt	Amy	07/09/2022	General Tier I	2183 - Dept Of Child Support Svc
Urso	Karin	08/01/2022	General Tier I	4110 - Depart Of Public Health
Whitley	Parris	07/30/2022	Safety Tier I	2415 - Fire

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Gonzalez	Irma	07/25/2022	General Tier I	9410 - Superior Court



**Kern County Employees' Retirement Association
New Retirees- September 1, 2022 to September 30, 2022**

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
McCarthy	Linda	07/30/2022	General Tier I	9460 - Kern County Hospital Authority
Smith	Alyce	08/04/2022	General Tier I	9460 - Kern County Hospital Authority

Employer Name: San Joaquin Valley APCD

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Salinas	Manuel	09/10/2022	General Tier I	0959 - San Joaquin Valley Air Pollution Control District



Kern County Employees' Retirement Association Decedents- September 1, 2022 to September 30, 2022

Pre-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Ehrhardt	Mathew	General	San Joaquin Valley APCD

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Banuelos	Michelle	General	San Joaquin Valley APCD
Carlberg	Gene	General	County Of Kern
Chapman	Vincent	General	County Of Kern
Davis	William	Safety	County Of Kern
Holton	Gary	General	County Of Kern
Rupert	Shirley	General	County Of Kern

KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 09/30/22

NAME	DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Morrison, James	SHERIFF	09/14/22	09/29/22
Gregory, Dolores	SHERIFF	08/16/22	08/26/22
Smith, Clifton	FIRE	08/15/22	08/26/22
Cockrell, June	DEPT OF HUMAN SERVICES	08/11/22	08/16/22
Gaetzman, Travis- Pending ADP	SHERIFF	08/10/22	08/16/22
Hartley-Anders, Kim	SUPERIOR COURT	08/09/22	08/16/22
Hudson, Richard	SHERIFF	08/08/22	08/16/22
Rice, Jerry	FIRE	07/07/22	07/21/22
Gomez, Armando	ITS	04/29/22	08/12/22
NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Falk, Brian	FIRE	08/11/22	09/09/22
Carrillo, Aaron	SHERIFF	07/15/22	09/30/22
Roden, Jim	SHERIFF	06/22/22	09/30/22
Rodriguez, Mark	FIRE	06/21/22	09/01/22
Fecke, Daniel	HOSPITAL AUTHORITY	06/15/22	09/30/22
Pena, Armando	PROBATION	05/27/22	09/19/22
Hill, Sheldon	SHERIFF	05/27/22	08/19/22
Cano, Emma	BEHAVIORAL HEALTH & RECOVERY SERVICES	03/17/22	08/19/22
Barnes, Mark	SHERIFF	12/03/21	07/21/22
Yohn, Jacob	SHERIFF	11/30/21	07/21/22
Fussel, Kathy	HOSPITAL AUTHORITY	11/03/21	02/24/22
Guandique, Sandra	RISK MANAGEMENT	10/15//21	03/14/22
Kauffman, Stephen	DISTRICT ATTORNEY	08/16/21	04/25/22
Gardner, Stephen	FIRE	07/19/21	02/24/22
Brannan, Derek	SHERIFF	07/14/21	11/22/21
Leon, Theresa	DEPARTMENT OF HUMAN SERVICES	07/07/21	10/18/21
Patton, Eric	SHERIFF	06/30/21	11/22/21
Candelaria, Valerie	HUMAN SERVICES	06/23/21	09/15/21
Introini, Jessica	SHERIFF	06/18/21	11/22/21
Williams, Theron	GENERAL SERVICES DIVISION	05/12/21	09/15/21
Garcia, Judy	KERN HOSPITAL AUTHORITY	03/29/21	10/18/21
Smith, Thomas Jr.	SHERIFF	03/16/21	11/08/21
Brandon, Bradly	SHERIFF	03/04/21	08/20/21
Bravo, Enrique	SHERIFF	03/01/21	8/20/201
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	02/25/21	08/20/21
McAdoo, John	SHERIFF	02/24/21	08/20/21
Bankston, Josh	SHERIFF	02/09/21	08/19/21

KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 09/30/22

NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Cushman, Harris	Sheriff	12/22/20	08/19/21
Carrillo, Mabelle	ANIMAL CONTROL	11/18/20	04/21/21
Burchfield, James	PUBLIC WORKS	11/17/20	07/16/21
Tisinger, Douglas	KERN COUNTY WATER AGENCY	10/05/20	05/21/21
Fleeman, Justin	SHERIFF	09/17/20	02/08/21
Diffenbaugh, Anthony	FIRE	06/11/20	04/26/21
Brown, Michael	SHERIFF	04/14/20	08/31/20
Baker, Breanne	HUMAN SERVICES	04/02/20	09/29/20
Terry, Leann	SHERIFF	10/17/19	06/30/20
Martinez de Moore, Brenda	KERN BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/18	09/08/20
Champlin, Timothy	PROBATION	04/25/18	05/21/20
Hulsey, Jonathan	PROBATION	04/18/18	04/22/20
Coletti, John	SHERIFF	01/30/18	05/20/20
Rodriguez, Ted	SHERIFF	06/22/17	02/20/20
Carvel, Scott	DISTRICT ATTORNEY	01/27/17	11/05/19
COMPLETED IN 2022			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Lucio, Juan	PUBLIC WORKS	07/19/21	01/19/22
Haight, Anita	COURTS	05/14/20	01/19/22
Alaniz, Maria D.	PUBLIC HEALTH	04/13/18	03/09/22
Paxson, Kalae	SHERIFF	03/15/17	09/14/22
Hsu, Sue	BEHAVIORAL HEALTH & RECOVERY SERVICES	04/05/17	09/14/22
Tennison, Robyn (McClain)	KERN BEHAVIORAL HEALTH AND RECOVERY SERVICES	07/17/17	09/14/22
Boren, Colleen	RISK MANAGEMENT	08/02/18	09/14/22

**KCERA
APPEALS PENDING
AS OF 09/30/22**

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	SENT TO COUNTY COUNSEL	HEARING OFFICER ASSIGNED	HEARING DATE
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WRIT OF MANDATE	DEPARTMENT	DATE FILED	BOARD DECISION
Ashley, Mark	SHERIFF	09/03/15	Board denied SCD and granted NSCD

COURT OF APPEAL	DEPARTMENT	DATE FILED	BOARD DECISION
Morgan, Gloria	SHERIFF	03/26/15	Board denied SCD

HEARINGS COMPLETED IN 2022			
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED
Blue, Michael	SHERIFF	06/14/13	05/04/22
Winn, Jay M.	DISTRICT ATTORNEY	03/16/16	04/13/22

SECURITIES LENDING

Summary Earnings Report

Run Time: 09-Sep-2022 08:47 EDT
Date Range: 01-AUG-2022 To 31-AUG-2022
Location: Not specified
Currency: USD
Client ID: Not Specified
Master Client: CAKERN
Grouping Type: None
Level: Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
New York						
USD						
KNCTY - Harvest Midstream	CAKE18	9,392,992.85	4,443.28	444.33	3,998.95	KNC15
KNCTY - PIMCO Midstream	CAKE19	15,541,512.34	8,035.14	803.51	7,231.63	KNC16
KNCTY PIMCO Core Plus	CAKE07	19,776,002.80	4,822.83	482.28	4,340.54	KNC11
KNCTY PIMCO EMD	CAKE08	2,058,445.21	1,200.51	120.05	1,080.46	KNC12
KNTCY - Alliance Bernstein	CAKE15	38,235,698.04	11,175.05	1,117.51	10,057.55	2664130
KNTCY - Geneva	CAKE16	24,572,680.41	6,925.90	692.59	6,233.31	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	25,599,762.30	6,783.08	678.31	6,104.78	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	48,623,594.26	23,501.39	2,350.14	21,151.25	KNC08
CCY Total USD:		183,800,688.21	66,887.19	6,688.72	60,198.47	
Grand Total USD:			66,887.19	6,688.72	60,198.47	

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KCERA ASSET ALLOCATION*
8/31/2022

Manager Name	Type	\$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target)
AllianceBernstein	Small Cap Value	86,640	1.7%			
Geneva Capital	Small Cap Growth	47,823	0.9%			
Mellon Capital Management EB DV	Large Cap Passive	294,185	5.7%			
PIMCO StockPlus	Large Cap Enhanced	102,744	2.0%			
Total Domestic Equity		\$531,392	10.3%	19.0%	(8.7%)	(\$452,406)
American Century	International Small	67,357	1.3%			
Cevian Capital II LP	International Large	33,365	0.6%			
Mellon Capital Management-EB DV	International Large Passive	457,654	8.8%			
Total International Developed Equity		\$558,376	10.8%	13.0%	(2.2%)	(\$114,749)
AB Emerging Markets Strategic Core	Emerging Markets	71,885	1.4%			
DFA Emerging Markets Value Portfolio	Emerging Markets	75,787	1.5%			
Mellon Emerging Markets	Emerging Markets	82,967	1.6%			
Total Emerging Market Equity		\$230,639	4.5%	5.0%	(0.5%)	(\$28,255)
TOTAL EQUITY		\$1,320,407	25.5%	37.0%	(11.5%)	(\$595,411)
Mellon Capital Management Ag Bond	Core	161,759	3.1%			
PIMCO	Core Plus	189,784	3.7%			
Western Asset Management - CP	Core Plus	199,167	3.8%			
Total Core		\$550,710	10.6%	14.0%	(3.4%)	(\$174,194)
TCW Securitized Opportunities LP	Securitized Opportunities	99,577	1.9%			
Western Asset Management - HY	High Yield	191,587	3.7%			
Total Credit		\$291,164	5.6%	6.0%	(0.4%)	(\$19,509)
PIMCO EM Beta	Emerging Markets	133,755	2.6%			
Stone Harbor Global Funds	Emerging Markets	79,044	1.5%			
Total Emerging Market Debt		\$212,799	4.1%	4.0%	0.1%	\$5,684
TOTAL FIXED INCOME		\$1,054,673	20.4%	24.0%	(3.6%)	(\$188,020)
Gresham Commodity Builder Fund	Active	86,029	1.7%			
Wellington Trust Company (WTC)	Active	161,813	3.1%			
TOTAL COMMODITIES		\$247,842	4.8%	4.0%	0.8%	\$40,727
Aristeia International Ltd	Hedge Fund - Direct	67,135	1.3%			
Brevan Howard Fund Limited	Hedge Fund - Direct	72,971	1.4%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	59,913	1.2%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	55,924	1.1%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	74,586	1.4%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	36,787	0.7%			
Magnetar Structured Credit Fund	Hedge Fund - Direct	8,201	0.2%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	64,284	1.2%			
Pharo Macro Fund LTD	Hedge Fund - Direct	66,920	1.3%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.9%			
TOTAL HEDGE FUND		\$552,320	10.7%	10.0%	0.7%	\$34,531
ASB Capital Management	Core	192,714	3.7%			
JPMCB Strategic Property Fund	Core	162,946	3.1%			
TOTAL CORE REAL ESTATE		\$355,660	6.9%	5.0%	1.9%	\$96,766
Davidson Kempner	Hedge Fund - Direct	53,330	1.0%			
Garda Fixed Income	Hedge Fund - Direct	53,079	1.0%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	54,395	1.1%			
HBK Spac Fund	Hedge Fund - Direct	39,743	0.8%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.2%			
TOTAL CE ALPHA POOL		\$261,392	5.0%	5.0%	0.0%	\$2,498
Harvest Midstream	Midstream	212,726	4.1%			
PIMCO Midstream	Midstream	148,403	2.9%			
TOTAL MIDSTREAM ENERGY		\$361,129	7.0%	5.0%	2.0%	\$102,235
Aristeia Select Opportunities II LP	Opportunistic	53,811	1.0%			
DB Investor's Fund IV	Opportunistic	25,626	0.5%			
River Birch International Ltd	Opportunistic	8,331	0.2%			
TSSP Adjacent Opportunities Partners (D)	Opportunistic	82,539	1.6%			
TOTAL OPPORTUNISTIC		\$170,307	3.3%	0.0%	3.3%	\$170,307
Abbott Capital Funds	Private Equity Fund of Funds	26,059	0.5%			
Blue Torch Credit Opportunities Fund III	Private Equity	2,000	0.0%			
Brighton Park	Private Equity	37,488	0.7%			
Level Equity Growth Partners	Private Equity	4,244	0.1%			
LGT Crown Global	Private Equity	18,725	0.4%			
Linden Capital Partners	Private Equity	3,392	0.1%			
Pantheon Funds	Private Equity Fund of Funds	11,043	0.2%			
Peak Rock	Private Equity	9,262	0.2%			
Vista	Private Equity	13,958	0.3%			
Warren Equity Partners	Private Equity	24,169	0.5%			
TOTAL PRIVATE EQUITY		\$150,340	2.9%	5.0%	(2.1%)	(\$108,554)
Blue Torch Credit Opportunit	Private Credit	17,010	0.3%			
Brookfield Real Estate Finance Fund V	Private Credit	19,766	0.4%			
Colony Distressed Credit Fund	Private Credit	33,314	0.6%			
Fortress Credit Opportunities Fund V	Private Credit	12,998	0.3%			
Fortress Lending Fund II (A)	Private Credit	27,713	0.5%			
Fortress Lending Fund III (A)	Private Credit	15,395	0.3%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	42,997	0.8%			
Magnetar Constellation Fund V	Private Credit	31,859	0.6%			
TSSP Adjacent Opportunities Partners (B)	Private Credit	40,577	0.8%			
TOTAL PRIVATE CREDIT		\$241,629	4.7%	5.0%	(0.3%)	(\$17,265)
Covenant Apartment Fund	Private Real Estate	27,940	0.5%			
Invesco Real Estate Funds III & IV	Private Real Estate	4,031	0.1%			
KCERA Property	Private Real Estate	4,629	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	6,154	0.1%			
Landmark Real Estate Partners VIII	Private Real Estate	30,554	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	27,916	0.5%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	3,733	0.1%			
TOTAL PRIVATE REAL ESTATE		\$104,957	2.0%	5.0%	(3.0%)	(\$153,938)
Northern Trust STIF	Short Term	114,862	2.2%			
BlackRock Short Duration	Short Term	119,073	2.3%			
Parametric	Overlay	108,757	2.1%			
Treasurers Pooled Cash	Short Term	12,869	0.2%			
Wells Fargo Bank	Short Term	1,327	0.0%			
TOTAL CASH AND OVERLAY		\$356,888	6.9%	-5.0%	11.9%	\$615,782
Transition Accounts	Liquidation	342	0.0%			
Other		\$342	0.0%	0.0%	0.0%	\$342
As Allocated to Managers **		\$5,177,886	100.0%	100.0%	(0.0%)	(\$0)

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

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

KCERA
Operating Expense Budget Status Report
For the Month Ended August 31, 2022

Expense Type	Budget FY 2022/23	Expenses	Over (Under)
Staffing			
Salaries	3,724,357.00	361,060.96	(3,363,296.04)
Benefits	2,410,676.00	212,824.93	(2,197,851.07)
Staffing Total	6,135,033.00	573,885.89	(5,561,147.11)
Staff Development			
Education & Professional Development	90,000.00	4,735.11	(85,264.89)
Staff Appreciation	3,000.00	-	(3,000.00)
Staff Development Total	93,000.00	4,735.11	(88,264.89)
Professional Fees			
Actuarial fees	140,000.00	-	(140,000.00)
Audit fees	50,500.00	6,300.00	(44,200.00)
Consultant fees	115,000.00	-	(115,000.00)
Legal fees	80,000.00	63.90	(79,936.10)
Professional Fees Total	385,500.00	6,363.90	(379,136.10)
Office Expenses			
Building expenses	115,000.00	21,485.72	(93,514.28)
Communications	52,770.00	4,182.95	(48,587.05)
Equipment lease	9,600.00	1,410.86	(8,189.14)
Equipment maintenance	7,178.00	2,000.00	(5,178.00)
Memberships	20,000.00	4,000.00	(16,000.00)
Office supplies & misc. admin.	68,300.00	3,650.27	(64,649.73)
Payroll & accounts payable fees	27,800.00	-	(27,800.00)
Other Services - Kern County	40,000.00	4,485.22	(35,514.78)
Postage	20,000.00	-	(20,000.00)
Subscriptions	13,733.00	1,078.70	(12,654.30)
Utilities	30,000.00	5,250.59	(24,749.41)
Office Expense Total	404,381.00	47,544.31	(356,836.69)
Insurance	160,595.00	152,388.00	(8,207.00)
Member Services			
Disability- legal fees	10,000.00	-	(10,000.00)
Disability – professional services	20,000.00	-	(20,000.00)
Disability- administration MMRO	140,000.00	10,150.00	(129,850.00)
Member communications	20,000.00	143.97	(19,856.03)
Member Services Total	190,000.00	10,293.97	(179,706.03)
Systems			
Audit – security & vulnerability scan	15,000.00	-	(15,000.00)
Business continuity expenses	23,850.00	7,757.41	(16,092.59)
Hardware	48,453.00	1,853.05	(46,599.95)
Licensing & support	148,413.00	84,272.54	(64,140.46)
Software	164,229.00	70,099.82	(94,129.18)
Website design & hosting	85,695.00	21,490.00	(64,205.00)
Systems Total	485,640.00	185,472.82	(300,167.18)
Board of Retirement			
Board compensation	12,000.00	-	(12,000.00)
Board conferences & training	50,000.00	4,419.13	(45,580.87)
Board elections	50,000.00	-	(50,000.00)
Board meetings	5,000.00	-	(5,000.00)
Board of Retirement Total	117,000.00	4,419.13	(112,580.87)
Depreciation / Amortization	666,471.00	108,194.40	(558,276.60)
Total Operating Expenses	8,637,620.00	1,093,297.53	(7,544,322.47)

KCERA
CASH FLOW POSITION
August, 2022
TREASURERS POOLED CASH

Beginning Cash Balance:		\$ 5,077,773
Employer Contributions	33,293,706	
Employee Contributions	3,418,308	
Service Purchases	74	
Miscellaneous	288,894	
Total Receipts:		37,000,981
Operating Expenses	(708,442)	
Investment Expenses	(1,001,459)	
Transfers-out	(27,500,000)	
Total Disbursements:		(29,209,901)
Ending Cash Balance:		\$ 12,868,852

NORTHERN TRUST

Beginning Cash Balance:		\$ 64,668,920
Private Markets - Distributions	6,380,067	
Commingled Funds - Distributions	1,788,611	
Hedge Funds - Distributions	1,160,101	
Redemption Wellington	20,000,000	
Redemption Stone Harbor	10,000,000	
Interest	118,108	
Securities Lending Earnings (NET)	54,756	
Total Receipts:		39,501,642
Capital Calls Warren	(2,809,034)	
Capital Calls Fortress	(2,000,000)	
Capital Calls Covenant	(3,600,000)	
Capital Calls Linden	(1,134,894)	
Capital Calls Brighton Park	(3,823,746)	
Capital Calls LBA	(1,923,077)	
Capital Calls Peak Rock	(12,358)	
Other Expenses	(6,882)	
Transfers-out	(7,000,000)	
Total Disbursements:		(22,309,991)
Ending Cash Balance:		\$ 81,860,572

**KCERA
CASH FLOW POSITION
August, 2022**

WELLS FARGO BANK

Beginning Cash Balance			\$	1,386,455
Transfer In	Northern Trust	7,000,000		
Transfer In	TPC - County	27,500,000		
ACH Returns / Deletes		21,610		
Total Receipts:				34,521,610
ACH Benefit Payments		(29,850,751)		
Total Checks Paid		(324,440)		
Taxes Withholding Deposits		(4,404,267)		
Bank Services		(1,246)		
Total Disbursements:				(34,580,705)
WFB ending Balance			\$	<u>1,327,360</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED AUGUST, 2022**

	Description	July	August	Total
Investment Base Fees:				
	Domestic Equity:			
406045	AllianceBernstein			0.00
406046	Henderson Geneva Capital			0.00
406035, 406029,	Mellon Capital			0.00
	International Equity:			
406032, 406021	BlackRock			0.00
406034	Fidelity Institutional Asset Management			0.00
	Fixed Income:			
406050	Mellon Capital (Ag Bond)			0.00
406019, 406022,	Pacific Investment Management Company		280,932.77	280,932.77
406021, 406018	Western Asset Management		210,204.72	210,204.72
	Commodities:			
406101	Wellington Trust Company			0.00
	Real Estate:			
406088	ASB Capital Management		374,856.86	374,856.86
	Midstream Energy:			
406060	Harvest Midstream			0.00
	Overlay			
406120	Parametric		67,965.00	67,965.00
	Subtotal	0.00	933,959.35	933,959.35
Investment Professional Fees:				
	Consulting:			
407009	Abel Noser			0.00
407008	Albourne America LLC		33,333.33	33,333.33
407004	Cambridge Associates			0.00
407001	Glass, Lewis & Co.			0.00
407006	Verus		34,166.67	34,166.67
407005	Consulting - Other Expenses			0.00
	Custodial:			
407071	The Northern Trust Co.			0.00
	Legal:			
406097	Foley & Lardner LLP			0.00
406097	Hanson Bridgett LLP			0.00
406097	Nossaman LLP	25,980.00		25,980.00
406098	Due Diligence / Investment-Related Travel:			
	Subtotal	25,980.00	67,500.00	93,480.00
Total Investment Fees		25,980.00	1,001,459.35	1,027,439.35



Kern County Employees' Retirement Association

11125 River Run Boulevard
Bakersfield, CA 93311

Tel (661) 381-7700 • Fax (661) 381-7799
Toll Free (877) 733-6831
TTY Relay (800) 735-2929
www.kcera.org

BOARD OF RETIREMENT 2023 MEETING SCHEDULE

January..... Dark – No meeting
February 8 Board of Retirement
March 8..... Board of Retirement
April 12 Board of Retirement
May 3* Board of Retirement
June 14..... Board of Retirement

July Dark – No meeting
August 9..... Board of Retirement
September 13 ... Board of Retirement
October 11 Board of Retirement
November 1* Board of Retirement
December 13 Board of Retirement

Board of Retirement meetings are generally held on the second Wednesday of the month at 8:30 a.m. in the KCERA Board Room, located at 11125 River Run Boulevard, Bakersfield, California. The Administrative, Finance, and Investment Committees meet periodically throughout the year, as necessary.

ANY SCHEDULING CHANGES WILL BE NOTED ON AGENDAS

** Scheduled first weeks of May and November due to SACRS Spring Conference held May 9-12 and SACRS Fall Conference held November 7-10.*



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Memorandum from the
Office of the Chief Investment Officer
Daryn Miller

Date: October 12, 2022

To: Trustees, Board of Retirement

From: Daryn Miller, Chief Investment Officer

Subject: Authorize Chief Executive Officer (CEO) to negotiate and sign Wellington IMA

RECOMMENDATION

Authorize Chief Executive Officer (CEO) to sign, subject to legal advice and review, the Wellington Commodity investment management agreement (IMA).

BACKGROUND

In April 2022, as part of the strategic asset allocation review, the Board approved Capital Efficiency program changes, which included diversifying the beta exposure (equity, fixed income, and commodities), and changing the commodity implementation.

In regard to the commodity implementation, the Board approved converting the current Wellington commodity fund investment, to a Wellington commodity separately managed account investment. As part of this change KCERA needs to enter into an investment management agreement (IMA) with Wellington. Staff requests that the Board authorize the CEO to negotiate and execute the IMA, subject to legal advice and review.




KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: October 12, 2022

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer 

Subject: **Proposed Changes to MMRO Disability Assessment & Management Services Agreement**

This memo summarizes the attached Amendment to the Disability Assessment & Management Services Agreement with Managed Medical Review Organization, Inc. (MMRO).

Background:

At the September Regular Meeting, MMRO provided your Board with a status on KCERA's disability retirement cases and discussed pending enhancements to the review and reporting process. The enhancements MMRO referenced include: 1) an improved question matrix for the Medical Advisor reports and 2) a switch to a "Specialist Review" model. The changes to the question matrix are intended to ensure reports provided to your Board are thorough, well-reasoned, and well-supported. The change to the specialist review model, will require the Medical Advisor reports be drafted by physicians who specialize in the condition(s)/injury(ies) claimed by the applicant and have the ability to assess the opinions of treating specialists. Staff views these enhancements as necessary to comply with your Board's fiduciary duties of loyalty and care.

Contract Term Changes:

The revised attachments to the Amendment reflect the addition of the "Specialist Review" and the costs associated with that review. The cost of the specialist review replaces the per case fee without a change in cost. However, the revised attachment A-1 provides for a range of fees, as opposed to a single rate, that may be charged for independent examinations depending on the medical specialty.

Recommendation

Staff recommends your Board approve the proposed Amendment to the Disability Assessment & Management Services Agreement with MMRO and authorize the Chief Executive Officer to sign.

**FIRST AMENDMENT
TO DISABILITY ASSESSMENT & MANAGEMENT SERVICES AGREEMENT**

This First Amendment to the October 10, 2018 Disability Assessment & Management Services Agreement (“Amendment”) is made and entered into October 12, 2022 (the “Effective Date”), by and between Managed Medical Review Organization, Inc. (“MMRO”), a Michigan corporation and the Kern County Employees’ Retirement Association, a government plan retirement system (“KCERA”). MMRO and KCERA shall hereafter collectively be referred to as the “Parties.”

RECITALS

WHEREAS, the Parties entered into a Disability Assessment & Management Services Agreement, effective as of October 10, 2018 (the “Services Agreement”), setting forth the terms under which MMRO provides certain disability claim review services to KCERA; and

WHEREAS, the Parties now desire to amend the Services Agreement to revise the scope of services to be provided by MMRO to KCERA, as is more fully set forth herein.

AMENDMENT

NOW THEREFORE, in consideration of the foregoing premises and of the covenants, terms and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby mutually agree as follows:

1. **Exhibit A** shall be deleted in its entirety and replaced with the “REVISED EXHIBIT A” as attached hereto, which shall be effective as of the Effective Date.
2. **Exhibit A-1** shall be deleted in its entirety and replaced with the “REVISED EXHIBIT A-1” as attached hereto, which shall be effective as of the Effective Date.
3. Other than the modifications made above, the terms of the Services Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereby execute this First Amendment to the Services Agreement as of the date indicated, (the “Effective Date”).

**Managed Medical Review Organization,
Inc. (MMRO)**

**Kern County Employees’ Retirement
Association**

By: _____

By: _____

Its: President _____

Its: _____

Date: _____

Date: _____

REVISED EXHIBIT A

DESCRIPTION AND LEVEL OF SERVICES TO BE PROVIDED TO THE KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

This Revised Exhibit A describes the Services and provides for the level of Services to be provided by MMRO to the Retirement System pursuant to the Agreement to which this Revised Exhibit A is attached.

A. NEW DISABILITY RETIREMENT CLAIMS PROCESS:

1. **Case Initiation:** MMRO will receive the completed application ("Disability Packet") and all additional relevant information received from KCERA (medical and other records submitted to KCERA with the application) via MMRO ACCESS POINT (MAP), MMROs secure web-portal. MMRO will acknowledge receipt of the Disability Packet to KCERA. The Claim Liaison touch point with the applicant will be initiated within two (2) business days of the claim initiation within MAP. The MMRO Claim Liaison is an administrative position whose overarching purpose in the claims process is to assure the disability retirement applicant that MMRO is in receipt of their Disability Packet and to level set expectations for the disability retirement claim adjudication process (i.e., MMROs turnaround times, what to expect, field questions from the applicant, and provide contact information to the applicant, etc.).

2. **Disability Claim Analysis:** The Disability Packet will be assigned to a Disability Nurse Case Manager (NCM) who is responsible for initiating the clinical review process. Clinical outreach by the Disability NCM is made to the disability retirement applicant and treating provider and, if necessary, to employers, legal counsel for the parties, and KCERA staff to clarify and/or confirm information received. This is a critical step in the clinical triage process as it would allow the Disability NCM to interact with the applicant and the treating physician(s) to clinically assess pertinent information. The Disability NCM may also request additional medical information from the applicant, if such information is necessary to ensure a complete and comprehensive claim file.

3. **Applicant Review Period:** Once the Disability NCM has completed clinical triage of the claim and has received any additional medical records requested, MMRO will assemble the claim file and place it into clinically relevant order. A Table of Contents will also be prepared and placed on top of the assembled medical records to form the "Disability Packet". The Disability Packet will be sent to the disability retirement applicant for review, with instructions that any additional medical information that the applicant wants to include must be submitted within 30 days. Once additional medical records are received from the applicant, or upon the expiration of the 30-day period, whichever occurs first, the claim review and recommendation process will commence unless KCERA has notified MMRO that it has initiated a subrosa investigation, in which case, MMRO's claim review process will be stayed until KCERA's subrosa investigation has been completed and added to the claim file. If no additional medical information is received within the thirty (30) day time period, and if no subrosa investigation will occur by KCERA, the Claim Liaison will forward the Disability Packet to the Disability NCM for further clinical handling. Upon expiration of the Applicant Review Period, the Disability Packet will be prepared for referral to the Physician Reviewer.

4. **Physician Specialist Review:** A clinical review will be undertaken by a physician reviewer who is board certified in the condition(s) at issue (the "Specialist Physician Reviewer"). The Specialist Physician Reviewer will review the Disability Packet and report in writing the conclusions and recommendations regarding all matters referred. A Medical Advisor Report will then be prepared for the KCERA Board, and will include, but not be limited to, the following:

- *A List of the Medical Documentation Provided for Review;*
- *A Summary of the relevant Medical Documentation within the Claim File;*
- *A Summary of the applicable Job Description;*
- *A detailed opinion regarding whether the member is physically or mentally incapacitated from substantially performing the usual duties of their job, whether the member is permanently or continuously*

disabled, when the member ascertained the permanence of this incapacity (if applicable) and whether the incapacity is considered service connected (if applicable). In rendering this opinion, the Physician Reviewer shall be informed by relevant legal precedents as directed by KCERA, and shall answer specific questions agreed to by KCERA and MMRO; and

- *A Listing of the Medical Literature References utilized in reaching this opinion.*

5. Quality Assurance Review: Medical Advisor Reports are submitted for Quality Assurance before finalizing. The Quality Assurance review will be completed by the Disability NCM. The Quality Assurance Process shall include: (i) a review to ensure compliance to the requested report format; (ii) correction of grammar and typographical errors; and (iii) a further clinical review to ensure a supported rationale in response to the specific analysis required.

- **When applicable, Medical Assessment Determination:** If requested by the Specialist Physician Reviewer, and if approved by KCERA, a Medical Assessment will be scheduled. The Medical Assessment could include an Independent Medical Evaluation (IME), Independent Psychiatric Evaluation (IPE), or Disability Peer Review (DPR).
- **When applicable, Medical Assessment Process:** The Medical Evaluation Coordinator (MEC) will outreach to the disability retirement applicant referred for a Medical Assessment. This is an administrative position created for the purpose of assisting applicants throughout the Medical Assessment process, when applicable to the circumstances of the claim. The initial call is to inform the applicant of the Medical Assessment referral and to provide further explanation of what the applicant can expect as part of the Medical Assessment Process. Applicants are provided direct contact information to the MEC to assist them during the medical assessment process.

6. Disability Benefit Recommendation: Once a disability retirement claim recommendation has been made, the Disability NCM completes case closure activities, including reviewing the entire case for accuracy and completeness and identification of disability benefit recommendation. The Medical Advisor Report, along with the indexed claim file, will be available to KCERA via the secure MMRO portal. MMRO will obtain KCERA's final disability benefit determination for tracking and trending purposes.

7. Depositions/Oral Testimony/Attendance at the Board of Retirement Meeting:

- a. MMRO will make its Specialist Physician Reviewer(s) available for oral testimony in accordance with the KCERA Rules of Procedure for Disability Retirements;
- b. If requested by KCERA staff upon reasonable notice, MMRO's Specialist Physician Reviewer(s) shall: 1) be available to address the KCERA Board on medical matters relating to MMRO's report and review of the disability retirement records, and 2) attend the KCERA Board meeting relating to MMRO's report and review of the applicable disability records;
- c. Attendance may occur in person, via conference call or video conferencing.

B. CUSTOMIZED WEB PORTAL

MMRO shall provide authorized users of the Retirement System real-time access to the MMRO Access Point Portal ("MAP"), a secure web portal. Retirement System staff members can use web portal security credentials to login to MAP and check on the status of the disability retirement claims. Retirement System staff members will also have the ability to initiate new claims for disability retirement applicants within MAP, modify or add key claim information, see additional claim status information; and retrieve and download the Disability Benefit Recommendation Reports along with the claim file and any other claim information.

To ensure the highest levels of security, MAP utilizes User Identification and Authentication under a self-service administration model which ensures ease of use for portal users and a reduced administrative support burden to the Retirement System and MMRO operational staff.

REVISED EXHIBIT A-1

SCHEDULE OF FEES AND REIMBURSABLE EXPENSES

Proposed Fees

Monthly administration fee:	\$2,650 per month
New Case Review; Completion of Specialist Medical Board Report ¹ :	\$2,750 per case
Appearance fee: (Board Meetings, Disability Hearings, etc.) ^{2 3}	\$445-\$490 per hour

Other fees, please describe in detail:

- | | |
|--|----------------------|
| • Independent Medical Evaluations (IME) ^{4 5 6} | \$2,750-\$3,250 |
| • Independent Psychiatric Evaluations (IPE) ^{4 5} | \$2,800-\$3,650 |
| • Recommendation Report Addendum fees | \$445-\$490 per hour |

¹ For claim files in excess of 1,000 pages, there will be an Excess Medical Record (EMR) surcharge of \$125 for every 100-page increment above 1,000 pages of medical records.

² Upon request by KCERA, MMRO will provide an MMRO Medical Board Physician to participate in the KCERA Board Meeting(s) at the hourly rates set forth above. KCERA's Disability Rules and Procedures, including, but not limited to Rule 16, will apply to any request for oral testimony at hearings, depositions, or via subpoena

³ Travel Expense Reimbursement. In the event that MMRO representatives appear at a Board meeting in-person, KCERA shall reimburse MMRO for all incurred travel expenses, including airline flight(s) (coach class), meals and lodging. Such reimbursements shall be made within thirty (30) days following MMROs submission of a travel expense reimbursement request, which shall include documentation supporting each expense.

⁴ Only used when applicable to the circumstances of the claim.

⁵ IME/IPE charges include medical record review up to 300 pages. Additional charges will apply for medical records in excess of 300 pages and will require pre-approval of KCERA before the IME/IPE appointment is confirmed

⁶ Specialties include: Orthopedic, Neurology, Occupational Medicine, Internal Medicine, and Physical Medicine. Any other Specialties required will be quoted at time of scheduling and will require pre-authorization from KCERA.

REVISED EXHIBIT A

DESCRIPTION AND LEVEL OF SERVICES TO BE PROVIDED TO THE KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

This Revised Exhibit A describes the Services and provides for the level of Services to be provided by MMRO to the Retirement System pursuant to the Agreement to which this Revised Exhibit A is attached.

A. NEW DISABILITY RETIREMENT CLAIMS PROCESS:

1. **Case Initiation:** MMRO will receive the completed application ("Disability Packet") and all additional relevant information received from KCERA (medical and other records submitted to KCERA with the application) via MMRO ACCESS POINT (MAP), MMROs secure web-portal. MMRO will acknowledge receipt of the Disability Packet to KCERA. The Claim Liaison touch point with the applicant will be initiated within two (2) business days of the Disability Packet notification-claim initiation within MAP. The MMRO Claim Liaison is an administrative position whose overarching purpose in the claims process is to assure the disability retirement applicant that MMRO is in receipt of their Disability Packet and to level set expectations for the disability retirement claim adjudication process (i.e., MMROs turnaround times, what to expect, field questions from the applicant, and provide contact information to the applicant, etc.).

2. **Disability Claim Analysis:** The Disability Packet will be assigned to a Disability Nurse Case Manager (NCM) who is responsible for initiating the clinical review process and determining the appropriate Disability Claim Category. Clinical outreach by the Disability NCM is made, if applicable, to the disability retirement applicant, and treating providers, provider and, if necessary, to employers, legal counsel for the parties, and KCERA staff to clarify and/or confirm information received. This is a critical step in the clinical triage process as it would allow the Disability NCM to interact with the applicant and the treating physician(s) to clinically assess pertinent information. The Disability NCM may also request additional medical information from the applicant, if such information is necessary to ensure a complete and comprehensive claim file.

3. **Applicant Review Period:** Once the Disability NCM has completed clinical triage of the claim and has received any additional medical records requested, MMRO will assemble the claim file and place it into chronological/clinically relevant order. -A Table of Contents will also be prepared and placed on top of the chronologically-assembled medical records to form the "Disability Packet". The Disability Packet will be sent to the disability retirement applicant for review, with instructions that any additional medical information that the applicant wants to include must be submitted within 30 days. Once additional medical records are received from the applicant, or upon the expiration of the 30-day period, whichever occurs first, the claim review and recommendation process will commence unless KCERA has notified MMRO that it has initiated a subrosa investigation, in which case, MMRO's claim review process will be stayed until KCERA's subrosa investigation has been completed and added to the claim file. If no additional medical information is received within the thirty (30) day time period, and if no subrosa investigation will occur by KCERA, the Claim Liaison will forward the Disability Packet to the Disability NCM for further clinical handling. Upon expiration of the Applicant Review Period, the Disability Packet will be prepared for referral to the Physician Reviewer.

~~4. **Disability Claim Category:** Once all relevant information has been received and analyzed, the Disability NCM will then determine the Disability Claim Category:~~

~~• **Category I** If the disabling condition(s) is of such clinical significance that the disability standard is clearly met, the Disability NCM will determine this claim to be a Category I and approval of the disability benefit recommendation will be presented to the MMRO Medical Director and/or MMRO Physician Medical Consultant.~~

~~• **Category II** If clinical analysis results in the condition appearing to be very likely disabling, however, additional information may be required before a final decision is made as to how to proceed. The~~

Disability NCM will determine this claim to be a Category II. This disability pathway is utilized to allow the Disability NCM to conduct further outreach and medical record gathering/review prior to determining whether the condition meets disability approval or requires further medical assessment. All Category II pathways lead to either a Category I or Category III claim decision after further investigation and analysis. Further clinical analysis at this stage is dependent on the unique clinical factors of the claim.

- ~~Category III~~ When a potentially disabling condition does not meet the Category I or Category II threshold, it is assigned a Category III disability retirement claim pathway for which disability does not appear to be supported. This pathway is designated for those allegedly disabling conditions that cannot be substantiated based on clinical review of the claim documentation and the clinical outreach efforts during clinical triage. In these cases, an additional Medical Assessment will likely be performed. A disability benefit recommendation of disapproval will be presented to MMROs Clinical Escalation Committee (CEC).

4. Medical Assessment Determination: Under a Category III claim pathway, when approval cannot be recommended, a form of medical assessment may be required for further claim analysis. The Disability NCM will identify the type of medical assessment required. The Disability NCM will then determine the appropriate physician specialty type and refer the case for the appropriate medical assessment(s) within one (1) business day of need identification. The medical assessment **Physician Specialist Review:** A clinical review will be undertaken by a physician reviewer who is board certified in the condition(s) at issue (the "Specialist Physician Reviewer"). The Specialist Physician Reviewer will review the Disability Packet and report in writing the conclusions and recommendations regarding all matters referred. A Medical Advisor Report will then be prepared for the KCERA Board, and will include, but not be limited to, the following:

- A List of the Medical Documentation Provided for Review;
- A Summary of the relevant Medical Documentation within the Claim File;
- A Summary of the applicable Job Description;
- A detailed opinion regarding whether the member is physically or mentally incapacitated from substantially performing the usual duties of their job, whether the member is permanently or continuously disabled, when the member ascertained the permanence of this incapacity (if applicable) and whether the incapacity is considered service connected (if applicable). In rendering this opinion, the Physician Reviewer shall be informed by relevant legal precedents as directed by KCERA, and shall answer specific questions agreed to by KCERA and MMRO; and
- A Listing of the Medical Literature References utilized in reaching this opinion.

5. Quality Assurance Review: Medical Advisor Reports are submitted for Quality Assurance before finalizing. The Quality Assurance review will be completed by the Disability NCM. The Quality Assurance Process shall include: (i) a review to ensure compliance to the requested report format; (ii) correction of grammar and typographical errors; and (iii) a further clinical review to ensure a supported rationale in response to the specific analysis required.

- When applicable, Medical Assessment Determination:** If requested by the Specialist Physician Reviewer, and if approved by KCERA, a Medical Assessment will be scheduled. The Medical Assessment could include an Independent Medical Evaluation (IME), Independent Psychiatric Evaluation (IPE), Functional Capacity Evaluation (FCE), and/or Specialist Medical Disability Peer Review (SMRDPR).
- When applicable, Medical Assessment Process** (if applicable): MMROs: The Medical Assessment/Evaluation Coordinator (MEC) will outreach to the disability retirement applicant referred for an Independent Medical Assessment (IME/IPE/FCE/SMR) within one (1) business day of the referral. This is an administrative position created for the purpose of assisting applicants throughout the Medical Assessment process, when applicable to the circumstances of the claim. The initial call is to inform the applicant of the Independent Medical Assessment referral and to provide further explanation of what the applicant can expect as part of the Independent Medical Assessment process.

Process. Applicants are provided direct contact information to the ~~Medical Assessment Coordinator~~MEC to assist them during the medical assessment process.

~~12. **Clinical Escalation Committee:** The Clinical Escalation Committee (CEC) is an MMRO Corporate Claim Standard. The CEC is comprised of the client assigned clinical staff, MMROs Executive Medical Director and/or Associate Medical Director. The CEC meets for the express purpose of a multi-dimensional claim analysis to include open sharing and discussion of disability retirement claims, mainly those considered to be disapproved, but also for clinically complex cases requiring further analysis and Medical Director counseling.~~

~~This venue provides an opportunity for staff to discuss all clinical aspects of a claim and receive input and direction from peers and MMROs Medical Director(s). The CEC may be used for any of the disability retirement claim pathways to assist with decision making and educational opportunities.~~

~~16. **Case Closure: Disability Benefit Recommendation:** Once a disability retirement ~~claims decision~~claim recommendation has been made, the Disability NCM completes ~~Case Closure~~case closure activities, including reviewing the entire case for accuracy and completeness, ~~the and~~ identification of a disability benefit recommendation, ~~the identification of Periodic Review frequency, if applicable, and formulation of a KCERA specific Disability Benefit Recommendation Report.~~ The Disability NCM forwards the recommendation report to MMRO's Medical Director or. ~~The~~ Medical Advisor for review and approval of the claim recommendation.~~

~~18.6. **Disability Benefit Recommendation:** The final Disability Benefit Recommendation Report, along with the indexed claim file, will be available to ~~the Retirement System~~KCERA via ~~the secure~~ MMRO Access Point (the portal system) portal system within one (1) business day of the recommendation. MMRO will obtain KCERA's final disability benefit determination for tracking and trending purposes and set the Periodic Review schedule, as requested.~~

~~19.7. **Depositions/Oral Testimony/Attendance at the Board of Retirement Meeting:**~~

~~a.~~ MMRO will make its ~~Medical Director and/or Specialist~~ Physician ~~Medical Consultant~~
~~b.a. Reviewer(s)~~ available for oral testimony in accordance with the KCERA Rules of Procedure for Disability Retirements;

~~e.b.~~ If requested by KCERA staff upon reasonable notice, MMRO's ~~Medical Director or Specialist~~ Physician ~~Medical Consultant~~Reviewer(s) shall: 1) be available to address the KCERA Board on medical matters relating to MMRO's report and review of the disability retirement records, and 2) attend the KCERA Board meeting relating to MMRO's report and review of the applicable disability records;

~~d.c.~~ Attendance may occur in person, via conference call or video conferencing.

~~B. **PERIODIC DISABILITY RETIREMENT CLAIM REVIEW (ANNUAL REVIEWS)**~~

~~If requested, MMRO will provide Periodic Reviews for the Retirement System. When applicable, MMRO will use telephonic outreach, clinical triage, attending physician statements, peer discussions and medical assessments, as appropriate to the individual circumstances of the claim. At the time of a Periodic Review, MMRO will again analyze and determine ongoing eligibility in accordance with KCERA's disability standard. MMRO will determine the right claim track based on the unique clinical circumstances of the claim and the use of evidence-based disability guidelines as a guide for disability and duration.~~

~~The Periodic Review Recommendation Report will provide a comprehensive clinical synopsis (in layperson's terms) outlining the disability status, clinical/functional change of the benefit recipient, and the need for subsequent reviews. If MMRO recommends a claim need not be left open for further review, MMRO will provide a comprehensive clinical rationale as to why additional clinical review is not warranted.~~

~~During the Periodic Review claims process, or at any time MMRO is notified of a change in status, including death, return to work, or claim withdrawal, MMRO will immediately notify the Retirement System.~~

~~C. Customized Web Portal~~

B. CUSTOMIZED WEB PORTAL

MMRO shall provide authorized users of the Retirement System real-time access to the MMRO Access Point Portal (“MAP”), a secure web portal. Retirement System staff members can use web portal security credentials to login to MAP and check on the status of the disability retirement claims. Retirement System staff members will also have the ability to initiate new claims for disability retirement applicants within MAP, modify or add key claim information, see additional claim status information; and retrieve and download the Disability Benefit Recommendation Reports along with the claim file and any other claim information.

To ensure the highest levels of security, MAP utilizes User Identification and Authentication under a self-service administration model which ensures ease of use for portal users and a reduced administrative support burden to the Retirement System and MMRO operational staff.

REVISED EXHIBIT A-1

SCHEDULE OF FEES AND REIMBURSABLE EXPENSES

Proposed Fees

Monthly administration fee ⁺ fee :	\$2,650 per month
Fee per New Case ⁺ New Case Review; Completion of Specialist Medical Board Report ¹ :	\$2,750 per case
Appearance fee ; (Board Meetings, Disability Hearings, etc.) ^{1,2,32 3}	\$445- \$490 per hour

Other fees, please describe in detail:

- Independent Medical Evaluations (IME)^{4,5,74 5 6} ~~\$2,750-\$3,250~~ ~~\$2,950~~
- Independent Psychiatric Evaluations (IPE)^{4, 5} ~~\$2,500~~ ~~\$800-\$3,250~~ ~~\$650~~
- ~~Disability Peer Review (DPR)~~^{4,5,6} ~~\$835~~ ~~\$1,335 per review~~
- Recommendation Report Addendum fees ~~\$385~~ ~~per addendum~~ ~~\$445-\$490 per hour~~

• ~~Implementation Fee~~

~~MMRO Access Point (web portal) set-up fee~~

¹ The fees listed assume an annual case volume of 15 cases as provided by KCERA.

² Upon request by KCERA, MMRO will provide an MMRO Medical Director or Physician Medical Consultants to participate in the KCERA Board Meeting(s) at the hourly rates set forth above. KCERA's Disability Rules and Procedures, including, but not limited to Rule 16, will apply to any request for oral testimony at hearings, depositions, or via subpoena.

³ Travel Expense Reimbursement. In the event that MMRO representatives appear at a Board meeting in-person, KCERA shall reimburse MMRO for all incurred travel expenses, including airline flight(s) (coach class), meals and lodging. Such reimbursements shall be made within thirty (30) days following MMRO's submission of a travel expense reimbursement request, which shall include documentation supporting each expense.

⁴ Only used when applicable to the circumstances of the claim.

⁵ IME charges include medical record review up to 1². Additional charges will apply for medical records in excess of 1².

⁶ Disability Peer Review (DPR) is also referred to as Medical Record Review (MMR) by KCERA and in MMRO's proposal.

¹ For claim files in excess of 1,000 pages, there will be an Excess Medical Record (EMR) surcharge of \$125 for every 100-page increment above 1,000 pages of medical records.

² Upon request by KCERA, MMRO will provide an MMRO Medical Board Physician to participate in the KCERA Board Meeting(s) at the hourly rates set forth above. KCERA's Disability Rules and Procedures, including, but not limited to Rule 16, will apply to any request for oral testimony at hearings, depositions, or via subpoena.

³ Travel Expense Reimbursement. In the event that MMRO representatives appear at a Board meeting in-person, KCERA shall reimburse MMRO for all incurred travel expenses, including airline flight(s) (coach class), meals and lodging. Such reimbursements shall be made within thirty (30) days following MMRO's submission of a travel expense reimbursement request, which shall include documentation supporting each expense.

⁴ Only used when applicable to the circumstances of the claim.

⁵ IME/IPE charges include medical record review up to 300 pages. Additional charges will apply for medical records in excess of 300 pages and will require pre-approval of KCERA before the IME/IPE appointment is confirmed.

⁶ Specialties include: Orthopedic, Neurology, Occupational Medicine, Internal Medicine, and Physical Medicine. Any other Specialties required will be quoted at time of scheduling and will require pre-authorization from KCERA.

⁷Specialties include: Orthopedic, Neurology, Occupational Medicine, Internal Medicine, and Physical Medicine. Any other Specialties required will be quoted at time of scheduling and will require pre-authorization from KCERA.

DRAFT

SPECIAL PAY CODE – PENSIONABLE/ NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
County/ KLEA/ KCSCA	PJ	Annual Vacation Payout INCLUDED FOR LEGACY MEMBERS; EXCLUDED FOR PEPR MEMBERS	Payout of up to 40 hours of accrued vacation per MOUs with KLEA and KCSCA I/II/III. “During the term of this MOU, employees may sell back a combined maximum of forty (40) hours of accrued vacation or compensatory time off each November. The hours shall be paid out at the employee's regular hourly rate of pay at the time of the sell back. Payment will be made in pay periods 2021-23 (issue date 11/30/2021), 2022-22 (issue date 11/15/2022), and 2023-21 (issue date 11/14/2023).” 11/16/2021 KLEA, KCSCA MOUs	CERL Cal. Gov. Code §31461(b)(2); PEPRA §7522.34(c)(3), (5)

SPECIAL PAY CODE – PENSIONABLE/ NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
County/ KLEA/ KCSCA	PK	Annual CTO Payout INCLUDED FOR LEGACY MEMBERS; EXCLUDED FOR PEPRA MEMBERS	Payout of up to 40 hours of accrued CTO per MOUs with KLEA and KCSCA I/II/III. “During the term of this MOU, employees may sell back a combined maximum of forty (40) hours of accrued vacation or compensatory time off each November. The hours shall be paid out at the employee's regular hourly rate of pay at the time of the sell back. Payment will be made in pay periods 2021-23 (issue date 11/30/2021), 2022-22 (issue date 11/15/2022), and 2023-21 (issue date 11/14/2023).” 11/16/2021 KLEA, KCSCA MOUs	CERL Cal. Gov. Code §31461(b)(2); PEPRA §7522.34(c)(3), (5)

SPECIAL PAY CODE – NON-PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
County/ SEIU 521	EM	DHS Emergency Response On Call EXCLUDED FOR ALL MEMBERS	Applies to certain classifications of DHS employees working in Emergency Response and Court Intake Units conducting or supervising investigations: “All staff who complete an on-call shift with the Child Abuse Hotline will be paid a \$100.00 stipend for each shift, with the exception that the amount shall be \$300.00 on actual or designated County holidays and winter recess days.” <i>BOS Resolution 2022-210.</i>	<i>CERL Cal. Gov. Code §31461(b)(3); PEPRA §7522.34(c)(6); Alameda Decision</i>

SPECIAL PAY CODE – PENSIONABLE

Dept./BU	Code	Title	Details	Legal Authority
County	EN	DHS ER/CI Units Differential Pay INCLUDED FOR ALL MEMBERS	10% differential pay for special assignment to the Emergency Response and Court Intake Units of the Department of Human Services. Applies to employees working in these units from Social Service Worker to Program Director.	<i>CERL Cal. Gov. Code §31461(a); PEPRA §7522.34(a)</i>

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

COMPENSATION EARNABLE

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

<u>SPECIAL ALLOWANCE</u>	
<u>CODE</u>	<u>FULL LEGEND</u>
EN	DHS ER/CI UNITS DIFFERENTIAL PAY
PJ	ANNUAL VACATION PAYOUT
PK	ANNUAL CTO PAYOUT

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

<u>SPECIAL ALLOWANCE</u>	
<u>CODE</u>	<u>FULL LEGEND</u>
EM	DHS EMERGENCY RESPONSE ON CALL

PENSIONABLE COMPENSATION

THE FOLLOWING SPECIAL ALLOWANCES ARE CONSIDERED **PENSIONABLE COMPENSATION** FOR APPLICABLE MEMBERS (MEMBERSHIP ON OR AFTER 1/1/2013).

<u>SPECIAL ALLOWANCE</u>	
<u>CODE</u>	<u>FULL LEGEND</u>
EN	DHS ER/CI UNITS DIFFERENTIAL PAY

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

<u>SPECIAL ALLOWANCE</u>	
<u>CODE</u>	<u>FULL LEGEND</u>
EM	DHS EMERGENCY RESPONSE ON CALL
PJ	ANNUAL VACATION PAYOUT
PK	ANNUAL CTO PAYOUT



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: October 12, 2022
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **SACRS Fall Conference**
Long Beach, California
November 8-11, 2022

In accordance with the Travel Policy approved by the Board of Retirement on August 11, 2021, I have attached information concerning the above-captioned conference, as follows:

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

The topic list is timely and relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustees Jeanine Adams, Dustin Contreras, Phil Franey, Juan Gonzalez and Jordan Kaufman, Chief Executive Officer Dominic Brown, Chief Investment Officer Daryn Miller, Chief Operations Officer Matthew Henry, Deputy Chief Legal Officer Phillip Jenkins, Chief Technology Officer Brenda Greenwood, Member Services Manager Sherry Willard, Administrative Services Officer Aimee Morton, Senior Network Manager Tyson Harlan and Senior Paralegal Maggie Peralta-Lee.

Attachments

Travel Subject SACRS Fall Conference
Sponsor SACRS
Date(s) November 8-11, 2022
Location Long Beach, CA
Proposed Attendee(s) Adams, Contreras, Franey, Gonzalez, Kaufman, Brown, Greenwood, Harlan, Henry, Jenkins, Miller, Morton, Peralta-Lee, Willard

Estimated Total Travel Cost **\$20,278.26**

Description	Computation		Adams	Contreras	Franey	Gonzalez	Kaufman	Brown	Greenwood	Harlan
Registration fees	\$120.00	=	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
Lodging expense	3 nights @ \$ 289.32 /night	=	867.96	867.96	867.96	867.96	867.96	867.96	867.96	867.96
Per diem meals reimbursement:	4 days @ \$ 74.00 /day	=	296.00	296.00	296.00	296.00	296.00	296.00	296.00	296.00
Less meals provided by sponsor	3 Breakfast, 2 Lunch, 1 Dinner = \$126.54	=	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)
Total meals expense		=								
Shuttle/taxicab expense	Taxi Estimate	=								
Airfare	\$0.00	=	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Vehicle-related expenses:		=	-	-	-	-	-	-	-	-
Parking	4 days @ 29.00 /day	=	116.00	116.00	116.00	116.00	116.00	116.00	116.00	116.00
Mileage	274 miles @ 0.370 /mile (Department Head)	=	-	-	-	-	-	101.38	-	-
	274 miles @ 0.625 /mile (Staff, Trustee)	=	171.25	171.25	171.25	171.25	171.25	-	171.25	171.25
Rental car		=	-	-	-	-	-	-	-	-
Rental car gasoline		=	-	-	-	-	-	-	-	-
Totals		=	1,444.67	1,444.67	1,444.67	1,444.67	1,444.67	1,374.80	1,444.67	1,444.67

Travel Subject SACRS Fall Conference
 Sponsor SACRS
 Date(s) November 8-11, 2022
 Location Long Beach, CA

Proposed Attendee(s) Adams, Contreras, Franey, Gonzalez, Kaufman, Brown, Greenwood, Harlan,
 Henry, Jenkins, Miller, Morton, Peralta-Lee, Willard

Estimated Total Travel Cost \$20,278.26

Description	Computation		Henry	Jenkins	Miller	Morton	Peralta-Lee	Willard	Totals	Borne By	
										KCERA	Sponsor
Registration fees	\$120.00	=	120.00	120.00	120.00	120.00	120.00	120.00	1,680.00	1,680.00	
Lodging expense	3 nights @ \$ 289.32 /night	=	867.96	867.96	867.96	867.96	867.96	867.96	12,151.44	12,151.44	
Per diem meals reimbursement:	4 days @ \$ 74.00 /day	=	296.00	296.00	296.00	296.00	296.00	296.00			
Less meals provided by sponsor	3 Breakfast, 2 Lunch, 1 Dinner = \$126.54	=	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)	(\$126.54)			\$1,771.56
Total meals expense		=							4,144.00	2,372.44	
Shuttle/taxicab expense	Taxi Estimate	=							-	-	
Airfare	\$0.00	=	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-	
Vehicle-related expenses:		=	-	-	-	-	-	-	-	-	
Parking	4 days @ 29.00 /day	=	116.00	116.00	116.00	116.00	116.00	116.00	1,624.00	1,624.00	
Mileage	274 miles @ 0.370 /mile (Department Head)	=	-	-	-	-	-	-	101.38	101.38	
	274 miles @ 0.625 /mile (Staff, Trustee)	=	-	171.25	171.25	171.25	171.25	171.25	2,055.00	2,055.00	
Rental car		=	174.00		-	-	-	-	174.00	174.00	
Rental car gasoline		=	120.00		-	-	-	-	120.00	120.00	
Totals		=	1,567.42	1,444.67	1,444.67	1,444.67	1,444.67	1,444.67	\$ 22,049.82	\$ 20,278.26	\$ 1,771.56



Preliminary Agenda Check Back for Updates

TUESDAY, NOVEMBER 8

Time	Session Title
3 pm – 5 pm	ETHICS TRAINING FOR TRUSTEES AND STAFF
3 pm – 5 pm	SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS (AB1661)
4 pm – 5 pm	IN SOLIDARITY - LABOR AND LABOR ALLIES NETWORKING
5:30 pm – 6:30 pm	SACRS NETWORKING RECEPTION

WEDNESDAY, NOVEMBER 9

Time	Session Title
7 am – 8 am	SACRS WELLNESS SESSION – YOGA
8:45 am – 9 am	WELCOME VIVIAN GRAY, SACRS PRESIDENT
9 am – 10 am	KEYNOTE GENERAL SESSION- STEVE WESTLY, THE WESTLY GROUP
10 am – 10:30 am	SACRS NETWORKING BREAK
10:30 am – 11:30 am	GENERAL SESSION - CIO PANEL
11:30 am – 12:30 pm	GENERAL SESSION – TBA
12:30 pm – 1:30 pm	SACRS LUNCH
2:00 pm – 4:30 pm	SACRS BREAKOUTS
2:00 pm – 4:30 pm	ADMINISTRATORS BREAKOUT
2:00 pm – 4:30 pm	AFFILIATE BREAKOUT
2:00 pm – 4:30 pm	ATTORNEYS BREAKOUT
2:00 pm – 4:30 pm	INTERNAL AUDITORS' BREAKOUT
2:00 pm – 4:30 pm	INVESTMENT BREAKOUT



2:00 pm – 4:30 pm	OPERATIONS/BENEFITS BREAKOUT
2:00 pm – 4:30 pm	SAFETY BREAKOUT
2:00 pm – 4:30 pm	TRUSTEE BREAKOUT – Asset Allocation 101 & Roundtable Discussion
6:30 pm – 9:30 pm	SACRS ANNUAL WEDNESDAY NIGHT EVENT

Thursday, November 10

Time	Session Title
7 am – 8 am	SACRS FUN RUN
7:30 am – 8:30 am	SACRS BREAKFAST
8:45 am – 9 am	SACRS WELCOME – VIVIAN GRAY, SACRS PRESIDENT
9 am – 10 am	GENERAL SESSION- RETIRED FOUR-STAR ADMIRAL BILL MCRAVEN – Lessons in Leadership & Geopolitical Insights from Retired Four-Star Admiral Bill McRaven Admiral McRaven shares leadership lessons from his 37 years of service covering BUDS Training to organizing the raid that killed Osama bin Laden.
10 am – 10:30 am	SACRS NETWORKING BREAK
10:30 am – 11:30 am	GENERAL SESSION – REAL ESTATE
11:30 am – 12:30 pm	GENERAL SESSION -TBA
12:30 pm – 1:30 pm	SACRS LUNCH
2 pm – 3 pm	SACRS CONCURRENT SESSIONS
2 pm – 3 pm	CONCURRENT SESSION A – A VISIT TO THE PAST A panel consisting of individuals from different areas: Consultant, Plan Sponsor, and Investment managers where they share/exchange stories from previous market environments experienced. They can each provide perspectives on the challenges faced during that particular market environment and how they navigated those challenges. Lastly, perhaps how those experiences/lessons learned can shape how we navigate our current market environment.

SACRS

FALL CONFERENCE 2022 | NOV. 8-11

Hyatt Regency Long Beach | Long Beach, CA

REGISTER NOW



2 pm – 3 pm

CONCURRENT SESSION A – SPECIALIST MANAGER ASSET ALLOCATION AND OUTPERFORMANCE: GROWTH AND PERPETUAL VALUE AND REASON FOR OPTIMISM.

A view from a full lifecycle investment manager on asset allocation, outsized returns, navigation of the current environment, and reasons for optimism.

2 pm – 3 pm

CONCURRENT SESSION C – TBA

3 pm – 3:30 pm

SACRS NETWORKING BREAK

3:30 pm – 4:30 pm

CONCURRENT SESSION A – WATER RESOURCES AND IMPACT ON ECONOMY

3:30 pm – 4:30 pm

CONCURRENT SESSION B – SACRS Legislative Update 2022

3:30 pm – 4:30 pm

CONCURRENT SESSION C – OPS/Benefits

4:30 pm – 5:30 pm

SACRS EDUCATION COMMITTEE MEETING

4:30 pm – 5:30 pm

SACRS NOMINATING COMMITTEE MEETING

5:30 pm – 6:30 pm

SACRS RECEPTION

FRIDAY, NOVEMBER 11

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

Declining Employer Payroll & Employer Termination Policies

Jennifer Esquivel Zahry, Chief Legal Officer



Declining Employer Payroll Policy

Purpose

- KCERA's Declining Employer Payroll policy establishes guidelines to assure KCERA employers that experience a material decline in their active member payroll will continue to satisfy their obligation to timely fund all unfunded actuarial accrued liability (UAAL) attributable to the employer's **active, retired and deferred employees and their beneficiaries**

Background

- Collection of Contributions
 - Percentage of Payroll Methodology
 - Appropriate for Consistent Payroll
 - Not effective for Payroll in material decline

Objectives

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



Statutory Basis for Policy

- County Employees' Retirement Law of 1937
 - §§31450 et seq., as amended ("CERL"), and other applicable provisions of law
 - Pursuant to §§31453, 31453.5, 31581, 31582, 31584, 31585, 31586, 31611, and other applicable provisions of law:
 - a participating employer remains liable, and must make the required appropriations and transfers, to KCERA for the employer's respective share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from KCERA
- California Case law

Policy Procedures and Guidelines

- Application: Policy only applies to Employers with a
 - Triggering Event
- AND
- Not Excluded from Coverage

Policy Procedures and Guidelines – Triggering Events

- Types
 - Triggering event resulting from ceasing to enroll new hires
 - Triggering event resulting from a material and expected long-lasting reduction in KCERA-covered payroll

Policy Procedures and Guidelines – Exclusions from Coverage; Terminations of Coverage

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

CEO Obligations

- Information Gathering
- Annual Reporting
- Recommendations

Board Determinations

- Upon a recommendation from the CEO and notice to the affected participating employer, the Board will determine (at a duly noticed public meeting):
 - (i) whether a triggering event has occurred for the employer
 - (ii) whether the employer should be excluded from coverage under this Policy, and
 - (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section 5 above

*Employers may be required to provide KCERA with updated employee census and payroll data and financial reports. (Cal. Gov. Code §31543).

Procedures following Declining Employer Determination

- KCERA will segregate on its books all assets and liabilities attributable to the employer, based upon the recommendation of KCERA actuary, and shall maintain such separate accounting for the employer until all participating employer's obligations to KCERA have been fully satisfied
- Employer will be placed in its own cost group for purposes of determining employer and employee contributions
- Actuary determines and certifies employer's funding obligation for its initial UAAL based on AAL
- Board sets Employer's contributions (to be paid in level, fixed-dollar amounts over not more than 18 years)

Actuarial Annual Measurement

- Changes in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions
- Employer will be liable for, and must contribute to KCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement
- KCERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer



Employer Termination Policy

Purpose and Intent

- Establish the funding obligations of employers that terminate their participation in KCERA
- Comply with CERL (Cal. Gov. Code §§31564 and 31564.2)

General Principle

- The general principle applied in this policy is to establish the funding obligation of terminating employers as:
 - The present value of all future benefits expected to be paid by KCERA to the terminating employer's employees, retirees, beneficiaries and terminated members as of the termination date; minus
 - The value of KCERA assets allocated to the terminating employer as of the termination date

Present Value of Future Benefits

- The determination of the present value of future benefits will be based upon the actuarial assumptions most recently adopted by the Board of Retirement at the time of the determination, except that future benefit payments would be discounted to the termination date using market-based interest rate assumptions
- No consideration will be given to future Board of Retirement provided benefits, such as SRBR or other supplemental COLAs
- The present value of benefits will be determined based on:
 - The service retirement and other benefits associated with their years of service in KCERA as of the employer's termination date, for which they are entitled to KCERA benefits;
 - Expected future cost-of-living adjustments on those benefits;
 - For employees and deferred vested members, expected final average earnings (including the effect of any reciprocity benefits);
 - For employees and deferred vested members, their expected age at retirement; and
 - For retired members and beneficiaries of retirees, the KCERA benefits earned for service with the terminating employer

Market-Based Approach for Valuing Liabilities with No Reassessments

- The present value of future benefits will be calculated by using all the same actuarial assumptions as used in the most recent actuarial valuation except that future benefit payments will be discounted to the termination date using market-based interest rate assumptions
- The market-based interest assumptions selected for this purpose are the discount rates used by the Pension Benefit Guaranty Corporation (PBGC) to measure the sufficiency of assets for a corporate employer that is terminating its single-employer defined benefit pension plan

Determination of Terminating Employer's Assets

- **Step 1:** Determine the Actuarial Accrued Liability (AAL)
- **Step 2:** Determine the Unfunded Actuarial Accrued Liability (UAAL)
- **Step 3:** Determine the non-investment change in assets
- **Step 4:** Determine the accumulated assets at the termination date
- **Step 5:** Determine the portion of any of KCERA's reserves or designations from which the terminating employer will not benefit as a result of the termination

Settlement of Funding Obligation

The terminating employer's funding obligation will be the excess, if any, of the present value of future benefits over the employer's accumulated assets, as determined under this policy. Settlement of the funding obligation will be made in either a lump sum or, if allowed by the Board, annual installment payments by the employer over a period of up to 15 years following termination unless the Board of Retirement determines, at any time before the end of the installment period, that the payments determined based on that installment period are insufficient to ensure adequate funding of the terminating employer's obligation.

DECLINING EMPLOYER PAYROLL POLICY

PURPOSE AND BACKGROUND

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

BACKGROUND AND OBJECTIVES

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

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

The objectives of this Declining Employer Payroll Policy are to:

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

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

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

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

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

POLICY PROCEDURES AND GUIDELINES

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

COMMENCEMENT OF COVERAGE – TRIGGERING EVENTS

- 4) This Policy covers only those employers for whom the Board determines, based on a recommendation from KCERA's Chief Executive Officer (CEO), that a triggering event as described in this section 4 has occurred and who are not excluded from coverage under this Policy as described in sections 5 and 6 below. The Board hereby directs the CEO to work with KCERA Staff and other KCERA service providers (e.g., the actuary) to obtain the information (e.g., KCERA-covered payroll history) needed for the Board to make determinations regarding triggering events. The CEO is further directed to report to the Board, at least annually, regarding these activities.
 - ***Triggering event resulting from ceasing to enroll new hires.*** Some KCERA participating employers cease to enroll new hires with KCERA but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active KCERA members. These employers'

KCERA-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not a KCERA participating employer, or a KCERA employer that is taken over by a state agency whose employees are covered by another pension system such as CalPERS. There may be other examples as well.

- ***Triggering event resulting from a material and expected long-lasting reduction in KCERA-covered payroll.*** Some employers may experience a material reduction in their KCERA-covered payroll, but nevertheless continue to enroll their new hires with KCERA. The reduction may be sudden (e.g., due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years (due to technological advances, payroll attrition, etc.), and might not be tied to a discrete event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in an employer's KCERA-covered payroll is expected to be permanent, long-lasting or for an indefinite period of time that is greater than a cycle that the employer may typically experience, or a cycle similarly experienced by the other participating employers, if any, in the same KCERA cost group. Necessarily, by its nature, the determination whether this type of triggering event has occurred is more subjective than that described immediately above.

EXCLUSIONS FROM COVERAGE; TERMINATIONS OF COVERAGE

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

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

PROCEDURES

6)

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

assumptions and methodologies) to determine the initial AAL of the covered employer. The initial valuation value of assets (VVA), a smoothed value, will be determined using a pro-rata allocation based on the ratio of the employer's initial AAL to the AAL of all employers in the same cost group. As a result of this methodology, the initial UAAL (i.e., the initial AAL minus the initial VVA) will also be allocated pro-rata based on the covered employer's AAL in proportion to that of the other employers in the same cost group. Later values of the VVA (i.e., those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the actual smoothed (VVA) earnings rate on total KCERA assets.

- F. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, KCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to KCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. KCERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.
- G. If any Surplus remains after the covered employer has fully satisfied all of its UAAL obligations (Final Surplus), KCERA will distribute the Final Surplus in accordance with the terms of applicable law.

POLICY REVIEW AND HISTORY

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

EMPLOYER TERMINATION POLICY

INTENT AND GENERAL PRINCIPLE

The intent of this policy is to establish the funding obligations of employers that terminate their participation in KCERA. This policy is pursuant to California Government Code sections 31564 and 31564.2 of the County Employees' Retirement Law of 1937, and the Board of Retirement Regulations established thereunder.

The general principle applied in this policy is to establish the funding obligation of terminating employers as:

- The present value of all future benefits expected to be paid by KCERA to the terminating employer's employees, retirees, beneficiaries and terminated members as of the termination date; minus
- The value of KCERA assets allocated to the terminating employer as of the termination date.

The policy provides the specific procedures to be used in determining the above two components.

The Board of Retirement's primary consideration is to ensure that the funding obligation of the terminating employer is properly determined and settled. In particular, it is the Board's intent that:

- The KCERA liabilities attributable to the terminating employer will be determined in a manner that is consistent with the fact that, because there will be no reassessment of the terminating employer's funding obligation after the termination date, all risks are being retained by KCERA and no risks are retained by the terminating employer. To accomplish this intent, the present value of future benefits will be determined using a market-based discount rate.
- The KCERA assets attributable to the terminating employer will be determined in a manner that is consistent with the contribution obligations of the remaining employers. To accomplish this intent, assets will be allocated to the terminating employer so that the contribution rate towards the Unfunded Actuarial Accrued Liability (UAAL) will be left substantially unchanged for all of KCERA's remaining employers.

TERMINATION CONDITIONS

The Board shall require the terminating employer to reimburse KCERA for the actuarial consulting fees incurred for the purpose of determining its terminal funding obligation. In the event that there is a dispute over the amount of those actuarial consulting fees, the Board of Retirement will have sole authority to resolve the dispute. In addition to the valuation work performed by KCERA's actuary, the terminating employer may contract with an actuary of its choice (at its own expense) to review the results from KCERA's actuary.

The terminating employer must choose a termination date as of the end of a calendar quarter to allow a proper determination of the return on market value of KCERA's assets.

As part of the termination process, the Board of Retirement and the terminating employer will enter into an agreement stipulating the provisions for the settlement of the funding obligation.

PRESENT VALUE OF FUTURE BENEFITS

The benefits payable by KCERA to current and former employees of the terminating employer will be as follows:

- All active members on the termination date will receive KCERA benefits for their credited service up to the termination date. As a result, they will take on the same status as terminated members.
- All vested terminated and retired members (and beneficiaries) will continue to receive future benefits from KCERA.

The future benefits to be paid to KCERA members of the terminating employer will include those payable to:

- Current retirees and/or beneficiaries of retirees with service while employed at the employer prior to the termination date;
- Employees of the employer as of the termination date; and
- Former employees of the employer entitled to either deferred vested benefits or a refund of their accumulated contributions plus credited interest.

The present value of benefits will be determined based on:

- The service retirement and other benefits associated with their years of service in KCERA as of the employer's termination date, for which they are entitled to KCERA benefits;

- Expected future cost-of-living adjustments on those benefits;
- For employees and deferred vested members, expected final average earnings (including the effect of any reciprocity benefits);
- For employees and deferred vested members, their expected age at retirement; and
- For retired members and beneficiaries of retirees, the KCERA benefits earned for service with the terminating employer.

The determination of the present value of future benefits will be based upon the actuarial assumptions most recently adopted by the Board of Retirement at the time of the determination, except that future benefit payments would be discounted to the termination date using market-based interest rate assumptions.

No consideration will be given to future Board of Retirement provided benefits, such as Supplemental Retiree Benefit Reserve or other supplemental cost-of-living adjustments.

MARKET-BASED APPROACH FOR VALUING LIABILITIES WITH NO REASSESSMENTS

1. The present value of future benefits will be calculated by using all the same actuarial assumptions as used in the most recent actuarial valuation except that future benefit payments will be discounted to the termination date using market-based interest rate assumptions. The market-based interest assumptions selected for this purpose are the discount rates used by the Pension Benefit Guaranty Corporation (PBGC) to measure the sufficiency of assets for a corporate employer that is terminating its single-employer defined benefit pension plan. These PBGC rates are generally lower than the expected earnings based discount rate used in KCERA's actuarial valuation.
2. There will be no reassessment of the terminating employer's funding obligation after the termination date under this approach.

DETERMINATION OF TERMINATING EMPLOYER'S ASSETS

KCERA is a cost sharing multiple employer plan. As a result, there is no ongoing separate accounting of KCERA's assets by employer except in instances when, in the Board of Retirement's opinion, separate accounting is necessary to maintain equity among employers. The KCERA assets attributable to contributions of the terminating employer and its employees as of the termination date will be determined as follows:

Step 1: Determine the Actuarial Accrued Liability of the terminating employer as of KCERA's most recent actuarial valuation irrespective of the employer's anticipated termination.

Step 2: Determine the Unfunded Actuarial Accrued Liability (UAAL) of the terminating employer as of the most recent actuarial valuation by dividing the terminating employer's annual required UAAL contribution amount by the UAAL amortization factor. The amortization factor will generally equal the UAAL contribution amount for the cost group which includes the terminating employer divided by the UAAL for that cost group. The terminating employer's UAAL contribution rate, annual payroll and UAAL amortization factor would be determined as of the most recent actuarial valuation date. The UAAL contribution rate will be determined before any rate adjustments resulting from distributions from the COLA Contingency Reserve to provide for future cost-of-living benefits.

Step 3: Determine the non-investment change in assets from the most recent actuarial valuation date to the actual termination date as:

- The total contributions by the terminating employer since the most recent actuarial valuation date; plus
- The total contributions by employees of the terminating employer since the most recent actuarial valuation date; minus
- The total benefit and refund payments since the most recent actuarial valuation date to retirees, beneficiaries, and former employees of the employer.

Step 4: Determine the accumulated assets at the termination date as:

$$(\text{Step 1} - \text{Step 2}) \times \text{Ratio A} \times (1 + j) + \text{Step 3} \times (1 + j/2)$$

where:

j = The net rate of return on the market value of KCERA's total assets from the most recent actuarial valuation date to the date of the employer's termination

Ratio A = (Total KCERA assets at market value as of the most recent actuarial valuation date) divided by (Total KCERA assets at actuarial value as of the most recent valuation date)

Step 5: Determine the portion of any of KCERA's reserves or designations from which the terminating employer will not benefit as a result of the termination. An adjustment will be made as appropriate to include these reserves/designations in the terminating employer's assets.

SETTLEMENT OF FUNDING OBLIGATION

The terminating employer's funding obligation will be the excess, if any, of the present value of future benefits over the employer's accumulated assets, as determined under this policy. Settlement of the funding obligation will be made in either a lump sum or, if allowed by the Board, annual installment payments by the employer over a period of up to 15 years following termination unless the Board of Retirement determines, at any time before the end of the installment period, that the payments determined based on that installment period are insufficient to ensure adequate funding of the terminating employer's obligation.

The Board of Retirement has the sole authority to determine the installment period after consultation with the terminating employer.

POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on September 12, 2012.
 - b) Amended on June 8, 2022.



SECURITIES LITIGATION

Phillip Jenkins, Deputy Chief Legal Officer

Angela Kruger, Chief Financial Officer

WHAT IS SECURITIES LITIGATION?

Securities litigation involves the application of complex securities laws often involving the violation of corporate governance principles, accounting irregularities, breach of fiduciary duties, corporate control disputes, and securities fraud among other securities related matters.

PURPOSE OF OUR SECURITIES LITIGATION POLICY

- Security Litigation Policy governs the procedures for monitoring and participating in securities class actions.
- As an investor, KCERA is frequently a class member in various securities class actions that seek to recover damages resulting from alleged wrongful acts or omissions.
- Private Securities Litigation Reform Act (PSLRA) allows institutional investors to be lead plaintiffs in securities class action lawsuits.
 - Lead Plaintiff – party who files the lawsuit and represents the interests of all parties
- Governing Boards of public pension systems have a fiduciary duty to monitor class actions and, in some circumstances, participate as lead party

SECURITY LITIGATION POLICY

- The Board of Retirement has determined that generally there is little or no value added to the pension fund from being a lead plaintiff in securities litigation. The Board of Retirement shall consider becoming a lead plaintiff in a particular securities litigation case where:
 - (1) the estimated loss to the KCERA exceeds \$2 million;
 - (2) no institutional investor has petitioned the court to become lead plaintiff; and
 - (3) lead plaintiff status is recommended by KCERA's Chief Legal Officer and a Securities Litigation Monitoring Firm (SLMF) retained by KCERA.

SECURITY LITIGATION POLICY (CONTINUED)

- The Board of Retirement shall retain at least one Securities Litigation Monitoring Firm to assist its Custodian in monitoring and identifying those cases in which the KCERA has a direct interest as owner of the underlying securities. The SLMF(s) retained to perform such monitoring services shall be solely responsible for any and all attorney time, expenses and other costs incurred to fulfill its duties under a monitoring agreement. Such agreement will not authorize the initiation of any litigation on KCERA's behalf and will acknowledge that KCERA retains sole discretion regarding whether to pursue litigation and which securities litigation firm will initiate such litigation on KCERA's behalf.

SECURITY LITIGATION POLICY (CONTINUED)

- For those investment managers with which KCERA invests Fund monies through an investment vehicle placing direct ownership of securities in a name other than the KCERA's, the Staff shall include, as part of its due diligence process in the selection and monitoring of such managers, an inquiry as to the manager's policies and procedures regarding securities litigation to ensure that KCERA's interests are being protected.

SECURITIES LITIGATION MONITORING FIRMS

Kessler Topaz
Meltzer Check

Robbins Geller
Rudman &
Dowd LLP

RESPONSIBILITIES OF SLMF

- Coordination with KCERA's Custodian
- Case Evaluation and Recommendation
- Verify Filing of Claims
- Case Monitoring
- Reports

RESPONSIBILITIES OF CUSTODIAN

- Northern Trust – Current Custodian
 - Maintenance of Records
 - Opting out of the Class
 - Submit Claims
 - Disposition of Recovered Funds
 - Reports – Provided to Board via KCERA CFO
 - Quarterly class action reports provided to the Board of Retirement
 - Monthly Accounting reports include Class Action Proceeds

Class Action Services

Class Action Proceeds by Account

Page 1 of 1

Account Paid	Account Paid Name	Class Action Name	Gross Amount Paid	Net Amount Paid	Service Charge	Processing Charge	Currency	Date Distributed
2608468	KNCTY-CASH ACCOUNT	CENTENE CORPORATION	14.48	14.48	0.00	0.00	USD	26 Apr 22
Sub Total	2608468	and Currency USD	14.48	14.48	0.00	0.00		

Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

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RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER (OR DESIGNEE)

- Review reports
- Direct Custodian to opt out of class
- Make recommendations to the Board on issue of Lead Plaintiff status
- Ensure custodian complies with reporting requirements
- Send reports to Board at least quarterly

Securities Litigation Policy

PURPOSE

The Board of Retirement of the KCERA adopts this policy to establish procedures and guidelines for monitoring and participating in securities class actions when appropriate to protect KCERA's interests.

PRINCIPLE

As a public pension plan and institution shareholder, KCERA is frequently a class member in securities class actions that seek to recover damages resulting from alleged wrongful acts or omissions of others.

The enactment by Congress of the Private Securities Litigation Reform Act ("PSLRA") in 1995 allows institutional investors and other large shareholders to seek lead plaintiff status in securities class actions. Since enactment of the PSLRA, it has been demonstrated that participation as lead plaintiff by large, sophisticated shareholders (particularly institutional shareholders) has resulted in lower attorney's fees and larger recoveries on behalf of shareholders. In addition, institutional shareholders frequently negotiate corporate governance improvements in a troubled company that may serve to reduce a recurrence of wrongful activity.

The United States Securities and Exchange Commission has commented that the governing board of a public pension system has a fiduciary duty to monitor securities class actions in which the system has an interest, and to participate as lead plaintiff where such participation is likely to enhance the recovery by members of the class.

POLICIES

1. The Board of Retirement has determined that generally there is little or no value added to the pension fund from being a lead plaintiff in securities litigation. The Board of Retirement shall consider becoming a lead plaintiff in a particular securities litigation case where: (1) the estimated loss to the KCERA exceeds \$2 million; (2) no institutional investor has petitioned the court to become lead plaintiff; and (3) lead plaintiff status is recommended by KCERA's General Counsel and a Securities Litigation Monitoring Firm (SLMF) retained by KCERA.
2. The Board of Retirement shall retain at least one Securities Litigation Monitoring Firm to assist its Custodian in monitoring and identifying those

- cases in which the KCERA has a direct interest as owner of the underlying securities. The SLMF(s) retained to perform such monitoring services shall be solely responsible for any and all attorney time, expenses and other costs incurred to fulfill its duties under a monitoring agreement. Such agreement will not authorize the initiation of any litigation on KCERA's behalf, and will acknowledge that KCERA retains sole discretion regarding whether to pursue litigation and which securities litigation firm will initiate such litigation on KCERA's behalf.
3. For those investment managers with which KCERA invests Fund monies through an investment vehicle placing direct ownership of securities in a name other than the KCERA's, the Staff shall include, as part of its due diligence process in the selection and monitoring of such managers, an inquiry as to the manager's policies and procedures regarding securities litigation to ensure that KCERA's interests are being protected.

ADMINISTRATION OF THE SECURITIES LITIGATION POLICY

Responsibilities of KCERA's Custodian – U.S. and Non-U.S. Securities

1. Maintenance of Records - Custodian shall maintain records of all Class Action documentation received by Custodian, and all documents generated by Custodian relating to a Class Action.
2. Opting Out of the Class - Custodian shall review all Class Action notices received by Custodian and report to the KCERA any deadlines for opting out of the Class. Custodian shall not opt out of any class, but rather take whatever action is necessary to include KCERA in the class, unless otherwise instructed by the KCERA's Executive Director, on advice of counsel.
3. Submittal of Claims - Custodian shall timely submit claims on KCERA's behalf in all Class Actions where KCERA is a member of the class at issue and the class action claims administration is handled by a U.S. Claims Administrator. Custodian shall notify KCERA of each claim submitted in a format acceptable to KCERA. For class actions involving non-U.S. securities for which Custodian does not have the authority to file, Custodian will send KCERA's Investment Manager informational notifications for "Opt In" or "Group Action" events.
4. Disposition of Recovered Monies - Custodian shall return any monies recovered in class action securities litigation on KCERA's behalf to the account holding the security that was the subject of the litigation. If such account is no longer open, Custodian shall place recovered monies into KCERA's STIF account.
5. Reports - Custodian shall provide KCERA with a quarterly report that provides the following for each Class Action:
 - a. The name of the action;
 - b. The claim deadlines for filing claims, objections, and opting out)

- c. The claim status (i.e., filing date, date claim will be filed);
 - d. The account number and account name;
 - e. The class period;
 - f. The account number and account name paid;
 - g. The amount paid in satisfaction of the judgment or in accordance with settlement; and
 - h. The date monies distributed in satisfaction of a judgment or settlement and the date monies deposited.
6. Coordination with KCERA's Securities Litigation Monitoring Firm(s) - Custodian will work with and provide information to KCERA's Securities Litigation Monitoring Firm(s) for purposes of securities litigation monitoring as directed by KCERA's Executive Director or his/her designee.

Monthly reports shall include all Class Actions in which KCERA has not opted out of the class for which funds under a judgment or settlement have not been received.

RESPONSIBILITIES OF KCERA'S SECURITIES LITIGATION MONITORING FIRM(S) (SLMF)

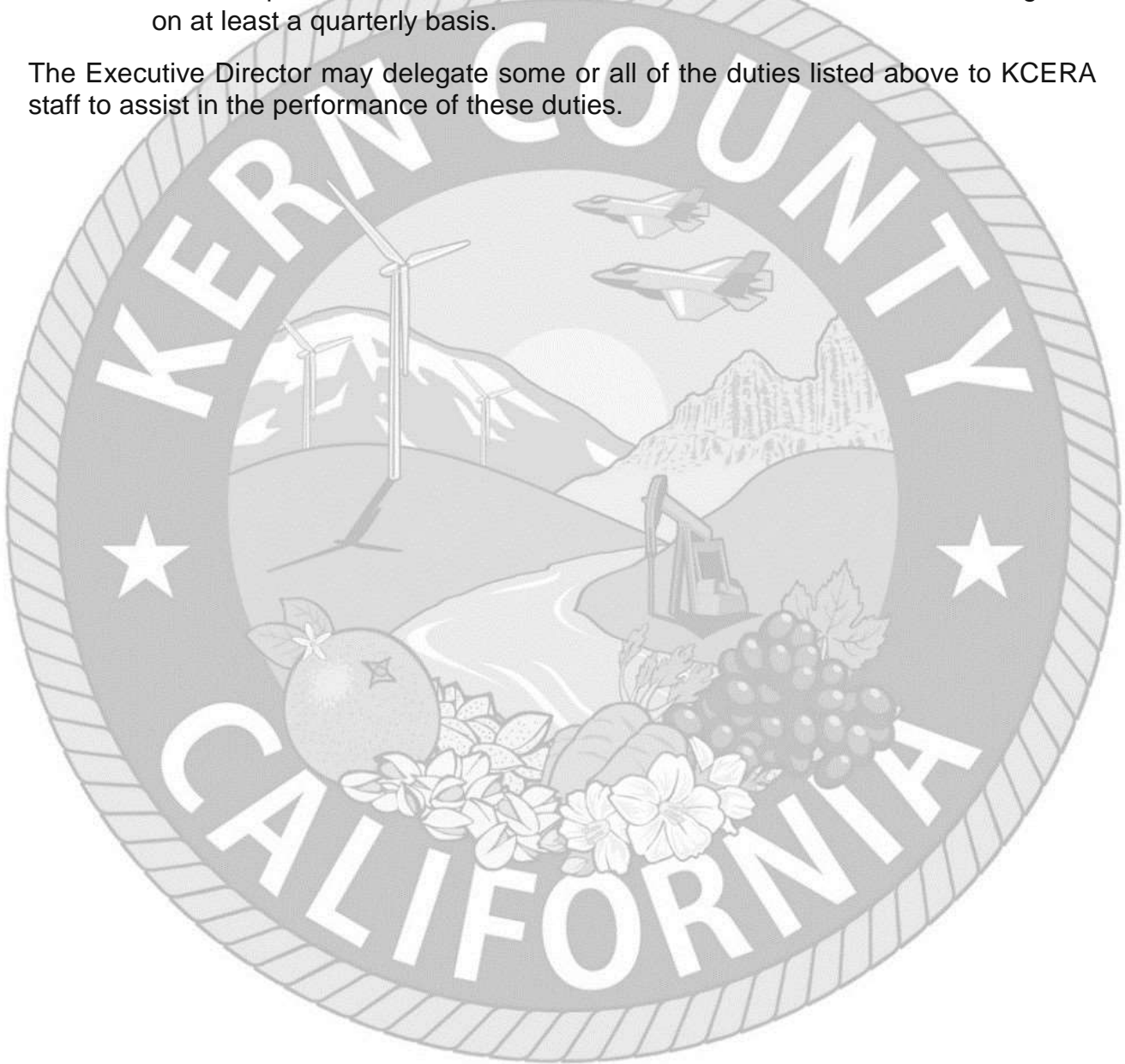
1. Coordination with KCERA's Custodian – A SLMF retained by KCERA will work with and coordinate with KCERA's Custodian for purposes of securities litigation monitoring as directed by KCERA.
2. Case Evaluation and Recommendation – A SLMF retained by KCERA, upon KCERA's request, will provide an evaluation of any case identified by KCERA, including an evaluation as to the legal merits of the case, adverse impacts on KCERA, and a recommendation as to what action, if any should be taken by KCERA.
3. Verify Filing of Claims – A SLMF, retained by KCERA, will verify that Custodian has timely submitted claims on KCERA's behalf in all Class Actions in which KCERA is a member of the class.
4. Case Monitoring – SLMF will monitor KCERA's investment portfolio in securities traded on all global stock exchanges in connection with claims for damages against such persons, entities, companies or associations who may be liable for damages suffered by KCERA as a result of breach of fiduciary duty, fraud, misrepresentation, or other violations of applicable laws.
5. Reports - SLMF shall provide the Executive Director or his/her designee with a quarterly report describing the status of each case the SLMF evaluated KCERA's holdings for that quarter and other monitoring efforts the SLMF has taken on KCERA's behalf.

RESPONSIBILITIES OF KCERA'S EXECUTIVE DIRECTOR

Executive Director shall:

1. review reports provided by Custodian and SLMF(s);
2. direct Custodian when to opt out of a class;
3. present and make recommendations to the Board of Retirement regarding whether to consider lead plaintiff status in securities litigation;
4. review and monitor Custodian's compliance with filing and reporting duties;
5. review SLMFs compliance with the monitoring and reporting duties; and
6. submit reports to the Board of Retirement on class action securities litigation on at least a quarterly basis.

The Executive Director may delegate some or all of the duties listed above to KCERA staff to assist in the performance of these duties.



POLICY REVIEW AND HISTORY

- 1) This policy was:
 - a) Adopted by the Board on March 13, 2019.



KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

Date: October 12, 2022

To: Trustees, Board of Retirement

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

Subject: SACRS 2022 Fall Conference Voting Delegate

It is recommended that your Board appoint a voting delegate and alternate voting delegate to represent KCERA at the SACRS 2022 Fall Conference Business Meeting held on Friday, November 11, 2022. The following trustees have registered to attend the conference:

Jeanine Adams
Dustin Contreras
Phil Franey
Juan Gonzalez
Jordan Kaufman

Alternatively, the Board may appoint the Chief Executive Officer as the voting delegate to cast votes at the Business Meeting in accordance with the Board's directive.

Attachment

**No Material
to be Distributed**



CHIEF EXECUTIVE OFFICER'S REPORT

KCERA | DOMINIC D. BROWN | OCTOBER 2022





OFFICE UPDATE

- Annual statements were issued for active and deferred members
- December 6th trustee election – Members and stakeholders notified
- Staffing
- Solar Update – Architecture committee reviewing plans for parking lot solar
- Issued RFI for Portfolio Risk Analytics
- Extended RFP for Other Audit Services

OPERATIONS ACTIVITY

- Member Services
 - 22 new retirements and calculations
 - 25 death benefit calculations
 - 17 service-credit purchase calculations
 - 67 retirement estimates
 - 148 new active members
 - 104 terminations with disposition packets
 - 20 in-person appointments
 - 134 walk-ins
 - 700 phone calls
 - 254 emails
- Accounting & Reporting
 - Annual audit underway
- Information Technology
 - Annual Benefit Statement
 - New SRBR policy programming underway

UPCOMING EVENTS

- Finance Committee – No meetings currently scheduled
- Administrative Committee – No meetings currently scheduled
- Investment Committee – No meetings currently scheduled
- KCERA Property, Inc. – Annual Shareholder meeting is targeted for November
- Board of Retirement – Next regular monthly meeting will be November 2
- Special Board Meeting – A meeting will be scheduled to address *Alameda* Decision Appeals from members



CIO REPORT

INVESTMENT PROGRAM UPDATE | October 2022

Rebalancing

SEPTEMBER ACTIVITY

- Public Equities
 - -15MM Alliance Bernstein EM
 - -10MM Mellon International Index
 - -275MM *Parametric S&P 500*
 - -175MM on September 14th
 - -100MM on September 29th
 - +175MM Mellon Stock Index
- Core Fixed Income
 - +90MM *Parametric Barclays Agg Rates*
 - -75MM Western Asset Core Plus
 - -65MM on September 16th
 - -10MM on September 28th
 - -25MM PIMCO Core Plus on September 16th



Public Equities: Implemented a portion of the Capital Efficiency diversified beta (-175M Parametric equity, +175M Mellon equity)

In addition, reduced equity exposure to further underweight the allocation -125M.



Fixed Income (Rates): Implemented a portion of the Capital Efficiency diversified beta (+90M Parametric rates, -90M Western Asset and PIMCO core plus strategies.

In addition, reduced Western Asset Core Plus by -10M.



Emerging Market Debt: Eliminated overweight and brought position slightly below policy target.

Asset Class	Actual	Policy Target	Adj. Policy Target*	Diff. Act vs Adj. Pol.
Public Equity	30.5%	37%	38.9%	-8.4%
Fixed Income	23.3%	24%	26.8%	-3.5%
Core	13.8%	14%	16.8%	-3.0%
Credit	5.7%	6%	6%	-0.3%
Emerging Market Debt	3.8%	4%	4%	-0.2%
Commodities	4.7%	4%	4%	+0.7%
Hedge Funds	10.4%	10%	10%	+0.4%
Alpha Pool	5.2%	5%	5%	+0.2%
Midstream Energy	6.7%	5%	5%	+1.7%
Core Real Estate	7.2%	5%	5%	+2.2%
Private Real Estate	2.1%	5%	2.1%	0.0%
Private Equity	3.1%	5%	3.1%	0.0%
Private Credit	5.1%	5%	5.1%	0.0%
Opportunistic	3.2%	0%	0%	+3.2%
Cash	-1.5%	-5%	-5%	+3.5%

Positioning

ACTUAL VS POLICY TARGET

Key underweight position is **Public Equity**

Public Equity: underweight vs. policy target and adjusted policy target.

Core Fixed Income: slightly below policy target and underweight adjusted policy target.

Private Markets continues to be a key focus; the allocation should reach 15% target around 2026.

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

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

Updates

- We extended an offer for a Senior Investment Officer, which was accepted
 - Contracting updates:
 - Landmark Real Estate Fund IX closed on September 14th
 - Covenant Apartment Fund XI closed on September 15th
-

Key Initiatives



Enhancing return while managing risk

- Capital Efficiency program improvements
- Multi-asset research
- Opportunistic investments
- Private Markets
- Risk management tools—released an RFI
- **Tail risk hedge research**

Next meeting TBD

Investment Committee Meetings

The last IC meeting was held on August 3rd



Appendix

Policy and Adjusted Policy Target Methodology

Asset Class	Actual	Policy Target	Diff. Act vs Pol.	Adj. Target
Public Equity	30.5%	37%		38.9%
Fixed Income	23.3%	24%		26.8%
Core	13.8%	14%		16.8%
Credit	5.7%	6%		
Emerging Market Debt	3.8%	4%		
Commodities	4.7%	4%		
Hedge Funds	10.4%	10%		
Alpha Pool	5.2%	5%		
Midstream	6.7%	5%		
Core Real Estate	7.2%	5%		
Private Real Estate	2.1%	5%	-2.9%	2.1%
Private Equity	3.1%	5%	-1.9%	3.1%
Private Credit	5.1%	5%	+0.1%	5.1%
Opportunistic	3.2%	0%		
Cash	-1.5%	-5%		

Public Equity Adjusted Target

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

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

Core Fixed Income Adjusted Target

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

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



Jennifer Esquivel Zahry, Chief Legal Officer

Phillip Jenkins, Deputy Chief Legal Officer

Maggie Peralta-Lee, Senior Paralegal

Irma Chavez, Senior Legal Secretary

CLO Report October 2022

Discussion Items



SACRS Legislative Update



Q3 2022 Metrics



October Calendar



Legislative Update

Bills Formally Opposed by KCERA

- AB 2493 – Pulled from consideration
- AB 826 – Vetoed 9/29/22

Legislative Update

AB 551 – Approved by Governor

- §7523.2 – AMENDED – extends Covid disability presumption for certain members an additional year to 1/1/24

*All statutory references are to the California Government Code

Legislative Update

AB 1971 – Approved by Governor

- §31646 – AMENDED – allows members to purchase unpaid FMLA and California Family Rights Act leaves of absence
 - One year maximum available for purchase
 - Member must pay both Employee and Employer contribution, plus interest
 - Member must return to employment for period as long as leave of absence
 - Lump sum or installments (NTE length of time for which service is claimed)
 - Not operative until County BOS make applicable to County
- §§31760/31725.7 – AMENDED – allows members the ability to change retirement options after disability retirement

Legislative Update

AB 1971 – Approved by Governor

- §31646.2 – NEW – KCERA Board may grant member service credit for temporary mandatory furlough
 - May be conditioned on additional employer and employee contributions to fund benefits on an actuarially sound basis
 - “Temporary Mandatory Furlough” - Absent from work without pay for up to $\frac{1}{4}$ of member’s normal working hours - not to exceed two years
- §31680.16 – NEW – A retired member may be elected or appointed to a part-time county board or commission of a KCERA plan sponsor without reinstatement, but cannot acquire benefits, service credit or retirement rights. May receive any per diem that is authorized for all members of that board/commission



Legislative Update

AB 1824 – Approved by Governor

- §31641.1 – AMENDED – allows purchase of federal public service when a federal law expressly allows such credit even when federal pension is provided for that service
- §31663.25 – AMENDED – retirement effective date
- §31663.26 – SAME
- Non-substantive pronoun and format changes
 - §§31726, 31726.5, 31761, 31762, 31763, 31764
- §31781 – AMENDED – clarifies how to compute portion of death benefit for LOA before death

Legislative Update

- AB 2449 – Approved by Governor
 - Remote attendance restrictions and requirements in periods of no state of emergency
 - Further education to be provided in November

Q3 2022 Metrics

	Completed
Operational Contracts	3
Investment/ Custodial Documents	29
Board Documents	22
Community Property Matters	49
Disability Matters	7
Legal Correspondence	77
Post-Retirement Employment Certifications	19
Powers of Attorney	14
PRA Requests	6

October Calendar

	Pending CLO/DCLO Review
Operational Contracts	7
Investment/ Custodial Documents	5
Disability Matters	2
Community Property Matters	5
Staff Inquiries	17
Administrative Appeals	3
Board/Committee Meetings/ Conferences	22
Board Materials	12
Powers of Attorney	2
Litigation cases	2



October 6, 2022

TO: State Association of County Retirement Systems
FROM: Edelstein Gilbert Robson & Smith, LLC
RE: **Legislative Update – October 2022**

General Update

The Legislature adjourned for final recess on August 31. Since then, the Governor has been working his way through all the bills sent to his desk in the final weeks of session.

The deadline for the Governor to sign or veto bills was September 30. This year, he signed just under 1,000 bills and vetoed 169 of them (about 14.5 percent of bills sent to his desk). This is a higher veto rate than the last two years, and it is worth noting that many of the bills he vetoed were done so based on cost concerns. Recognizing that the economy is slowing, the Governor vetoed many bills to avoid the long-term financial obligations that recurring expenditures bring to the state budget.

Aside from an organizational day of session in early December, legislators will remain in their districts for the rest of the year, focusing on the upcoming election and other district activities.

SACRS Sponsored Bills

Both SACRS sponsored bills passed out of the Legislature and were signed by the Governor. These include **AB 1824 (Committee on Public Employment and Retirement)** – Committee Cleanup Bill and **AB 1971 (Cooper)** – CERL Policy Bill.

Other Bills of Interest

AB 2493 (Chen) – Disallowed Compensation. As initially amended, this bill would have allowed OCERS to adjust retirement payments based on disallowed compensation for peace officers and firefighters under certain circumstances. The bill was later amended to apply to all CERL systems.

While SACRS did not take a position, we are aware that some systems submitted their own letters and shared concerns with the Legislature.

As noted in our last update, the bill was not brought up for a final vote and is dead for the year.

AB 2449 (Rubio) – Public Meetings. This bill would allow a local agency to use teleconferencing for a public meeting if at least a quorum of members of the legislative body participate in person from a single location that is identified on the agenda and is open to the public within the local agency's jurisdiction, among other requirements. The last amendments to the bill added more guardrails for when a board member can participate remotely and added a sunset date, among other changes.

The Governor signed this bill on September 13.

AB 826 (Irwin) – Compensation Earnable. As reported in previous updates, AB 826 was gutted and amended in June of 2021 with the CERL provisions relating to compensation earnable.

AB 826 was amended and pulled off the Inactive File on August 3. It passed out of the Legislature but was vetoed by the Governor on September 29. In his veto message, the Governor said he is sympathetic to the issue, but the bill would incentivize PEPPRA noncompliance and "attempt to circumvent recent court decisions, undermine the intent of the PEPPRA, and expose the local governments to increased costs and litigation."

Navigating the Attorney-Client Relationship between Counsel for KCERA and its Board, the Board as a Whole, and the Board's Individual Trustees

Kern County Employees' Retirement Association Board of Retirement Training

Presented by: Ashley K. Dunning and Aalia T. Menes

October 12, 2022



Overview

- California Rules of Professional Conduct (CRPC)
 - Organization as Client
 - Confidentiality of Information
- Holder of Privilege
 - Board as Holder of Privilege
 - Privilege Under California Trust Law
- KCERA's Code of Conduct
 - Remedies Available to the Board
- Hypotheticals for Discussion

CRCP 1.13: Organization as Client

- (a) “A lawyer employed or retained by an organization shall conform his or her representation to the concept that the client is the organization itself, acting through its duly authorized directors, officers, employees, members, shareholders, or other constituents overseeing the particular engagement.”
- Constituent: any agent or fiduciary authorized to act on behalf of a public entity
- KCERA Constituents: employees, executive officers, individual trustees

CRCP 1.13: Organization as Client

- (f) “In dealing with an organization’s constituents, a lawyer representing the organization shall explain the identity of the lawyer’s client whenever the lawyer knows or reasonably should know that the organization’s interests are adverse to those of the constituent(s) with whom the lawyer is dealing.”
- Fiduciary counsel may represent and provide legal advice to an entity’s individual constituents on matters within the scope of their official duties, provided no conflict of interest exists.
- If a conflict of interest exists, or a constituent’s interests are adverse to the organization, the lawyer must be clear that KCERA is the client and he or she may not represent the constituent.

CRCP 1.13: Organization as Client

- Within KCERA's attorney-client privilege:
 - Legal advice and recommendations provided to KCERA's Board members individually in their official capacity
 - Communications among KCERA's executives or board members that specifically mention, discuss, or respond to that legal advice
- ***Roberts v. City of Palmdale*** (1993) 5 Cal.4th 363 [city attorney's letter to city council members expressing a legal opinion regarding a matter pending before the council was a privileged communication between attorney and client]
- ***Sacramento Newspaper Guild, etc. v. Sacramento County Board of Supervisors*** (1968) 263 Cal.App.2d 41 [Brown Act did not abolish the statutory opportunity of boards of supervisors to confer privately with their attorney on occasions properly requiring confidentiality]

Confidentiality of Information

- “Confidential communication:” a legal opinion formed and the advice given by the lawyer in the course of that attorney-client relationship and in confidence. (Evid. Code §952)
- Applies in both litigation and non-litigation contexts, including advice to an individual constituent as to:
 - Violation of a policy or legal obligation to KCERA; or
 - Similar misconduct that may be imputed to KCERA

CRCP 1.13: Confidentiality of Information

- Employees and other constituents of an organizational client should have no expectation of confidence vis-à-vis others with the same or higher authority in the organization. An obligation to warn may arise.
- (b) “If a lawyer representing an organization knows that a constituent is acting, intends to act or refuses to act in a matter related to the representation in a manner that the lawyer knows or reasonably should know is (i) a violation of a legal obligation to the organization or a violation of law reasonably imputable to the organization, and (ii) likely to result in substantial injury to the organization, the lawyer shall proceed as is reasonably necessary in the best lawful interest of the organization.
- Unless the lawyer reasonably believes that it is not necessary in the best lawful interest of the organization to do so, the lawyer shall refer the matter to higher authority in the organization, including, if warranted by the circumstances, to the highest authority that can act on behalf of the organization as determined by applicable law.”

CRCP 1.13: Confidentiality of Information

- Considerations of Counsel re Best Lawful Interest of Organization:
 - Seriousness of the violation and its potential consequences;
 - Constituent's responsibility in the organization;
 - Constituent's apparent motivation;
 - Policies of the organization concerning such matters; and
 - Any other relevant considerations.

CRCP 1.13: Confidentiality of Information

- Ordinarily, referral to a higher authority would be necessary.
- In some circumstances, however, the lawyer may ask the constituent to reconsider the matter.
 - Example: if matter involves a constituent's innocent misunderstanding of law and acceptance of the lawyer's advice, the lawyer may reasonably conclude that the best interest of the organization does not require referral to higher authority.
 - If a constituent persists in conduct contrary to the lawyer's advice, referral to higher authority is necessary.
 - If the matter is of sufficient seriousness and importance or urgency to the organization, referral to higher authority may be required even if the lawyer has not communicated with the constituent.

Holder of Privilege

- The attorney-client privilege may be waived only by client as the holder of the privilege. (Evid. Code § 912(a); § 953.)
- The privilege is not waived when the client's agent or constituent discloses a privileged communication without the client's authorization.
- ***DP Pham LLC v. Cheadle*** (2016) 246 Cal.App.4th 653 [disclosure of privileged communications by client's bookkeeper/personal assistant did not waive privilege where no evidence that client authorized disclosure]
- ***State Comp. Ins. Fund v. WPS, Inc.*** (1999) 70 Cal.App.4th 644 [no waiver of attorney-client privilege when attorney inadvertently and without client's authorization disclosed otherwise privileged communications because client did not intentionally or voluntarily relinquish known right].)

Board as Holder of Privilege

- Where the board of an organization is the holder of attorney-client privilege, an individual member of the board does not have the right to waive the privileges on the board's behalf.
- An individual trustee's disclosure of privileged communications cannot waive KCERA's attorney-client privilege—even with respect to legal advice provided to that individual trustee—without the entire Board's authorization.
- ***Galli v. Pittsburg Unified Sch. Dist.*** (N.D.Cal. 2010) U.S.Dist.LEXIS 119618 ["The power to waive the privilege rests with the Board, and the actions of an individual Board member alone cannot waive the privilege."];
- ***Arfa v. Zionist Org. of Am.*** (C.D.Cal. 2014) U.S.Dist.LEXIS 26970 ["Board members must exercise the privilege in a manner consistent with their fiduciary duty to act in the best interest of the District and not of themselves as individuals."]

Holder of Privilege: Exception

- An individual trustee may discuss certain information with his or her own personal counsel that is privileged to the Board for purposes of discussing matter that is personal to the individual trustee.
- Example: trustee may retain his or her own counsel for purposes of:
 - discerning whether conflict of interest exists for trustee to participate in decision-making by the Board,
 - bringing an action against the Board or retirement system
 - defending against an action or admonition by the Board or system.
- Disclosure is only permitted to the extent necessary for counsel's preparation and representation in the matter.
- The attorneys for an individual trustee are bound by the rules of confidentiality and attorney-client privilege → disclosure of information privileged to the Board does not waive privilege.

Privilege under California Trust Law

- Attorney represents only the trustee in his or her representative capacity—not the trust itself nor the trust’s beneficiaries.
- ***Wells Fargo Bank v. Superior Court*** (2000) 22 Cal.4th 201
 - Trustee may assert the attorney-client privilege against suing beneficiaries because the trustee, not the beneficiary, is the attorneys’ real client.
- KCERA Board as a whole is the holder of attorney-client privilege, and not its individual trustees.
- KCERA Board Operations Policy, Section 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.”

KCERA's Code of Conduct

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.
- Trustee who shares privileged information of the Board with a third party violates KCERA's Code of Conduct and Board Communications Policy.

Remedies Available to the Board

If the Board determines that a trustee violated a Board policy, rule or Code of Conduct, KCERA's Code of Conduct, Section 5, authorizes the following remedies:

- Referring the matter to the Administrative Committee for further consideration;
- Removing the trustee in question from the position of Chair, Vice-Chair, or committee chair, or from any committee on which the trustee serves;
- 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;
- Censuring the trustee in question;
- Communicating the Board's concerns to any party and by any means the Board deems appropriate;
- Any other lawful action the Board deems appropriate

Hypothetical No. 1: CLO memo

- Trustee reviews CLO memo that is publicly posted as backup for open session agenda item. Trustee discusses the memo with:
 1. another KCERA Board member
 2. an attorney who is advising Trustee
 3. a union representative / County or District staff
 4. a trustee from another CERL system
- Any unauthorized disclosures?

Hypothetical No. 2: CLO memo

- Trustee reviews CLO memo that is included as backup for closed session agenda item. Trustee discusses the memo with:
 1. another KCERA Board member
 2. an attorney who is advising Trustee
 - query: does the purpose for which advice is sought matter?
 3. a union representative / County or District staff
 4. a trustee from another CERL system
 5. a KCERA member (including a retired, active, or deferred disability applicant)
- Any unauthorized disclosures?

Hypothetical No. 3: Trustee consultation

- Trustee meets with CLO and CEO about the Trustee's potential violation of the KCERA Conflict-of-Interest Code. Trustee later discusses the meeting with:
 1. another KCERA Board member
 2. a private/personal attorney who is advising Trustee
 3. an attorney for a union, County, District, or retiree association
 4. a union representative / County or District staff / member of a retiree association
 5. a trustee from another CERL system
- Any unauthorized disclosure(s)?

Thank You!

Ashley K. Dunning

Co-Chair Public Pensions & Investment Group

Nossaman LLP

50 California Street, 34th Floor

San Francisco, CA 94111

415.398.3600

adunning@nossaman.com

nossaman.com