

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

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Board of Retirement Meeting

February 8, 2023

8:31 a.m.

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

ROLL CALL

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

Absent: Couch, Hughes

SALUTE TO FLAG – TRUSTEE RICK KRATT

MOMENT OF SILENCE

CONSENT MATTERS

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

NOTE: The vote is displayed in bold below each item. For example, 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**

Franey-Kratt – 6 Ayes

*2. Summary of proceedings of the following meetings:

- December 12, 2022 Investment Committee
- December 12, 2022 Nominating Committee
- December 14, 2022 Board of Retirement

RECEIVED AND FILED

Franey-Kratt – 6 Ayes

*3. Report from the KCERA office on members retired from service for the months of December 2022 and January 2023 – RATIFIED

Franey-Kratt – 6 Ayes

*4. Report from the KCERA office on deceased retirees for the months of December 2022 and January 2023 – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

*5. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending January 31, 2023 – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

*6. Securities Lending Earnings Summary Report for the periods November 1-30, 2022 and December 1-31, 2022 from Deutsche Bank – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

*7. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the months of November and December 2022 – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

*8. KCERA Class Action Proceeds Report from October 1, 2022 through December 31, 2022 from the Northern Trust Company – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

*9. Corrections in Benefit Payments Report for the period July through December 2022 – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

- *10. Corrections in Benefit Contributions Report for the period July through December 2022 – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

- *11. Glass Lewis Proxy Voting Management Report for the period January 1 through December 31, 2022 –

THIS ITEM REMOVED FROM CONSENT AGENDA

- *12. 2023 Board of Retirement Committee Assignments – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

- *13. Board of Retirement Semi-annual Trustee Education Report – RECEIVED AND FILED; POSTED TO KCERA WEBSITE IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 31522.8(d)

Franey-Kratt – 6 Ayes

- *14. Kern County Employees’ Retirement Association 2022 Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2022 and 2021 – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

- *15. Auditor’s reports to management for the fiscal year ended June 30, 2022 – APPROVED AUDITOR’S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Franey-Kratt – 6 Ayes

- *16. Letter from Segal Consulting, dated January 23, 2023, on annual cost-of-living adjustment (COLA) rates as of April 1, 2023 – ADOPTED THE FOLLOWING:

| RETIREMENT DATE | COLA |
|----------------------------|------|
| ON OR BEFORE APRIL 1, 2023 | 2.5% |

Franey-Kratt – 6 Ayes

- *17. Letter from Segal, dated January 13, 2023, regarding Five-Year Projection of Employer Contribution Rates based on June 30, 2022 Valuation – RECEIVED AND FILED; DISTRIBUTED TO KCERA PLAN SPONSORS TO BE INTEGRATED INTO PAYROLL PROCESS

Franey-Kratt – 6 Ayes

- *18. Appointment of Retiree Extra-Help Sofia Reyes, effective February 13, 2023 to June 30, 2023 – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

- *19. Memorandum from Chief Legal Officer Jennifer Esquivel Zahry, dated February 8, 2023, regarding gift restrictions – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

- *20. Memorandum from Chief Legal Officer Jennifer Esquivel Zahry, dated February 8, 2023, regarding gifts of travel – RECEIVED AND FILED

Franey-Kratt – 6 Ayes

- *21. Report on Special Pays Codes classified by the Chief Executive Officer –

THIS ITEM REMOVED FROM CONSENT AGENDA

- *22. Invitation for trustees to attend the 2023 California Association of Public Retirement Systems (CALAPRS) General Assembly, March 4-7, 2023 in Monterey, CA – APPROVED THE ATTENDANCE OF TRUSTEES DUSTIN CONTRERAS, PHIL FRANEY AND JUAN GONZALEZ

Franey-Kratt – 6 Ayes

PUBLIC COMMENTS

23. 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

THIS ITEM HEARD OUT OF ORDER

INVESTMENT MATTERS

24. Presentation on Annual Private Markets Plan presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Investment Director, Cambridge Associates, and Chief Investment Officer Daryn Miller, CFA – KELLY JENSEN, ANDREA AUERBACH, KEIRSTEN LAWTON AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TRUSTEE JOSEPH D. HUGES ARRIVED AT 8:41 A.M.

TRUSTEE DAVID COUCH ARRIVED AT 8:43 A.M.

RECEIVED AND FILED

Gonzalez-Kratt – 8 Ayes

THIS ITEM HEARD OUT OF ORDER

25. Presentation on the 4th Quarter Investment Performance Review for the period ending December 31, 2022 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; TRUSTEE JEANINE ADAMS HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Franey-Kratt – 8 Ayes

THIS ITEM HEARD OUT OF ORDER

26. Presentation on the 4th Quarter 2022 Portfolio Review presented by Spencer Edge, Albourne America¹ – SPENCER EDGE, ALBOURNE AMERICA, HEARD; TRUSTEE JUAN GONZALEZ HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TRUSTEE RICK KRATT LEFT AT 9:53 A.M.

RECEIVED AND FILED

Franey-Gonzalez – 8 Ayes

Trustee Dustin Contreras voted in the place of Trustee Kratt

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

11. Glass Lewis Proxy Voting Management Report for the period January 1 through December 31, 2022 – VICE-CHAIR PHIL FRANEY HEARD; TRUSTEE JEANINE ADAMS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

TRUSTEE RICK KRATT RETURNED AT 9:59 A.M.

RECEIVED AND FILED

Adams-Franey – 8 Ayes

21. Report on Special Pay Codes classified by the Chief Executive Officer – CHAIR TYLER WHITEZELL HEARD; TRUSTEE JUAN GONZALEZ HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

RECEIVED AND FILED

Gonzalez-Couch – 8 Ayes

ADMINISTRATIVE MATTERS

27. Trustee education regarding AB 2449 presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – CHAIR TYLER WHITEZELL HEARD; VICE-CHAIR PHIL FRANEY HEARD; TRUSTEES JEANINE ADAMS, DAVID COUCH, JUAN GONZALEZ, JORDAN KAUFMAN, RICK KRATT AND CHASE NUNNELEY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (32 MINUTES TRUSTEE EDUCATION CREDIT)

STAFF REPORTS

28. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

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

TRUSTEES DAVID COUCH AND RICK KRATT HEARD

29. Report from Chief Investment Officer

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

- DECEMBER 2022 AND JANUARY 2023 REBALANCING ACTIVITY
- PORTFOLIO POSITIONING & MARKET UPDATE
- KEY INITIATIVES & UPDATES
- NEW SENIOR INVESTMENT OFFICER GEOFF NOLAN
- UPCOMING INVESTMENT COMMITTEE MEETINGS

TRUSTEE JEANINE ADAMS HEARD

30. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- SECURE 2.0
- GIFTS AND TRAVEL
- Q4 2022 METRICS
- FEBRUARY CALENDAR ITEMS

TRUSTEE JEANINE ADAMS HEARD

COMMITTEE REPORTS

31. Report from Committee Chairs:
- a. Administrative Committee: GONZALEZ – LOOKING FORWARD TO UPCOMING MEETINGS
 - b. Finance Committee: CONTRERAS – LOOKING FORWARD TO UPCOMING MEETING
 - c. Investment Committee: KRATT – UPCOMING MEETING FEBRUARY 27, 2023
 - d. KCERA Property, Inc.: KRATT – DISCUSSION PENDING

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

EXECUTIVE SESSION

32. 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 RICK KRATT LEFT AT 11:55 A.M.

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 12:02 P.M.

ROLL CALL

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

Absent: Kratt

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 32 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

33. 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 – CHAIR TYLER WHITEZELL HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

NEW BUSINESS

34. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEE JEANINE ADAMS

REFERRAL TO STAFF TO BRING AB 2449 PROCEDURES DISCUSSION TO ADMINISTRATIVE COMMITTEE FOR FURTHER INFORMATION AND CONSIDERATION

Franey-Gonzalez – 8 Ayes

REFERRAL TO STAFF TO BRING EDUCATION REGARDING PROXY VOTING BACK TO THE BOARD OF RETIREMENT

Gonzalez-Couch – 8 Ayes

35. ADJOURNED – 12:10 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement