

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Board of Retirement Meeting
June 14, 2023**

8:30 A.M.

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

ROLL CALL

Present: Contreras, Couch, Franey, Gonzalez, Kratt, Sanders, Seibly, Whitezell

Absent: Adams, Hughes, Kaufman, Nunneley

SALUTE TO FLAG – TRUSTEE JUAN GONZALEZ

MOMENT OF SILENCE

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.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

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.*

- *3. Application for service-connected disability pension benefits for Mabelle Carrillo, Animal Services (General) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION**

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

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

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *5. Summary of proceedings of the following meetings:

- April 19, 2023 Administrative Committee
- April 25, 2023 Finance Committee
- May 3, 2023 Board of Retirement

RECEIVED AND FILED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *6. Report from the KCERA office on members retired from service for the month of May 2023 – RATIFIED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *7. Report from the KCERA office on deceased retirees for the month of May 2023 – RECEIVED AND FILED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

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

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *9. Securities Lending Earnings Summary Report for the periods April 30, 2023 from Deutsche Bank – RECEIVED AND FILED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *10. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of April 2023 – RECEIVED AND FILED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

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

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *12. Invitation from California Association of Public Retirement Systems (CALAPRS) to trustees to attend the CALAPRS Principles of Pension Governance for Trustees, August 28-31, 2023 in Los Angeles, California – APPROVED THE ATTENDANCE OF TRUSTEE JEANINE ADAMS

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *13. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting June 20, 2023, in Sacramento, California – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *14. Report on Special Pay Codes classified by the Chief Executive Officer – RECEIVED AND FILED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *15. Second Amendment to CPAS Maintenance Services Agreement (CPAS), effective July 1, 2023 – RECEIVED AND FILED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *16. Third Amendment to CPAS Software Support Services Agreement (CPAS), effective July 1, 2023 – RECEIVED AND FILED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *17. Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFIED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

- *18. Request to extend employment of Retired Kern County Employee Sofia Reyes, effective July 1, 2023 for a period expiring June 30, 2024 – APPROVED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

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

INVESTMENT MATTERS

20. Presentation on the 1st Quarter Investment Performance Review period ending March 31, 2023 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEES DAVID COUCH AND RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Franey-Kratt – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

21. Presentation on the 1st Quarter 2023 Portfolio Review presented by Spencer Edge, Albourne America¹ – SPENCER EDGE, ALBOURNE AMERICA, HEARD

RECEIVED AND FILED

Kratt-Franey – 7 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

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 § 7928.710, § 7922.000, and §54957.5.

22. Presentation on the 2H 2022 Private Markets Performance Report presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Investment Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Geoff Nolan – ANDREA AEURBACH, KEIRSTEN LAWTON, KELLY JENSEN AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TRUSTEE JOSEPH D. HUGHES ARRIVED AT 9:22 A.M.

RECEIVED AND FILED

Kratt-Franey – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

23. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Managing Director, Cambridge Associates², and Senior Investment Officer Geoff Nolan – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

APPROVED UP TO \$50MM COMMITMENT TO ARES SENIOR DIRECT LENDING III; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Franey – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

24. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Managing Director, Cambridge Associates³, Senior Investment Officer Geoff Nolan, and the Investment Committee – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE RICK KRATT HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

APPROVED UP TO \$50MM COMMITMENT TO CERBERUS LEVERED LOAN OPPORTUNITIES FUND V; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Franey – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

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 § 7928.710, § 7922.000, and §54957.5.

2 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 § 7928.710, § 7922.000, and §54957.5.

3 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 § 7928.710, § 7922.000, and §54957.5.

25. Discussion and appropriate action on private market fund recommendation presented by Maria Surina, Senior Investment Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED UP TO \$30MM COMMITMENT TO MERIT HILL SELF-STORAGE V;
AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL
ADVICE AND REVIEW

Franey-Couch – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

26. Discussion and appropriate action on co-investment recommendation presented by Andrea Auerbach, Investment Managing Director, Cambridge Associates², and Chief Investment Officer Daryn Miller, CFA* – ANDREA AUERBACH, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED UP TO \$10MM COMMITMENT TO WARREN EQUITY PARTNERS
CO-INVESTMENT; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN,
SUBJECT TO LEGAL ADVICE AND REVIEW

**Pursuant KCERA's Board Operations Policy #38, this matter was presented to the Board without the involvement of the Investment Committee to timely capture an investment opportunity and prevent diminished returns. Prior consideration of this matter by the Investment Committee would have been imprudent.*

Franey-Sanders – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

27. Discussion and appropriate action on recommendation for Portfolio Risk Analytics System Provider presented by Chief Investment Officer Daryn Miller, CFA, Investment Analyst II Jack Bowman, and the Investment Committee – VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEES DUSTIN CONTRERAS, JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; INVESTMENT ANALYST II JACK BOWMAN HEARD

APPROVED VENN AS PORTFOLIO RISK ANALYTICS SYSTEM PROVIDER;
AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL
ADVICE AND REVIEW

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

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2 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 § 7928.710, § 7922.000, and §54957.5.

FINANCIAL MATTERS

28. Discussion and appropriate action on the Actuarial Experience Study for the period July 1, 2019 through June 30, 2022, presented by Actuaries Paul Angelo, FSA, and Molly Calcagno, ASA, Segal, and the Finance Committee – PAUL ANGELO AND MOLLY CALCAGNO, SEGAL, HEARD; TRUSTEES DUSTIN CONTRERAS, DAVID COUCH, PHIL FRANNEY, JUAN GONZALEZ AND TYLER WHITEZELL HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

PUBLIC COMMENT: ELSA MARTINEZ, COUNTY ADMINISTRATIVE OFFICE, HEARD

ADOPTED THE ECONOMIC AND NON-ECONOMIC ASSUMPTIONS; AUTHORIZED STAFF TO ALLOW COUNTY THE OPTION TO PHASE-IN ALL OR PART OF THE RATE CHANGES

Couch-Franey – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

29. Presentation regarding KCERA Organizational Landscape and Budget Governance presented by Chief Executive Officer Dominic Brown – CHIEF EXECUTIVE OFFICE DOMINIC BROWN HEARD

HEARD PRESENTATION

30. Discussion and appropriate action on the proposed fiscal year 2023-2024 KCERA Operating Budget presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matthew Henry, Chief Financial Officer Angela Kruger, and the Finance Committee – TRUSTEE DUSTIN CONTRERAS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

APPROVED

Franey-Contreras – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

ADMINISTRATIVE MATTERS

31. Trustee education regarding Managed Medical Review Organization (MMRO) Disability Workflow and status update presented by Doug Minke, MMRO – VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEES DUSTIN CONTRERAS, DAVID COUCH, JUAN GONZALEZ, RICK KRATT AND JOHN SANDERS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECEIVED EDUCATIONAL TRAINING (35 MINUTES TRUSTEE EDUCATION CREDIT); RECEIVED AND FILED UPDATE

Franey-Couch – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

32. Discussion and appropriate action on creation of a Compensation Policy and Compensation Study – JULIE BECKER, AON, HEARD; TRUSTEES JUAN GONZALEZ AND JOSEPH D. HUGHES HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

DIRECTED STAFF TO WORK WITH AON AND THE ADMINISTRATIVE COMMITTEE TO DEVELOP A COMPENSATION POLICY AND COMPENSATION STUDY

Gonzalez-Hughes – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Jeanine Adams

STAFF REPORTS

33. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- REFERRAL UPDATE
- STAFFING UPDATE
- MEMBER OUTREACH
- SOLAR PROJECT UPDATE
- SERVICE PURCHASE UPDATE
- INTERNET SERVICE PROVIDERS
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

TRUSTEE JUAN GONZALEZ HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD

34. Report from Chief Investment Officer

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

- REBALANCING – MAY ACTIVITY
- PORTFOLIO POSITIONING
- UPDATES ON OPPORTUNISTIC INVESTMENT
- KEY INITIATIVES

TRUSTEES DAVID COUCH AND RICK KRATT HEARD

35. Report from Chief Legal Officer:

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- LEGISLATIVE UPDATES
- JUNE CALENDAR

TRUSTEES DUSTIN CONTRERAS AND RICK KRATT HEARD

COMMITTEE REPORTS

36. Report from Committee Chairs:

- a. Administrative Committee: GONZALEZ – MEETING SCHEDULED ON JUNE 21, 2023
- b. Finance Committee: CONTRERAS – NONE
- c. Investment Committee: KRATT – NONE
- d. KCERA Property, Inc.: KRATT – MEETING TO FOLLOW

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

EXECUTIVE SESSION

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

VICE-CHAIR PHIL FRANNEY LEFT AT 1:35 P.M.

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 1:45 P.M.

ROLL CALL

Present: Contreras, Couch, Gonzalez, Hughes, Kratt, Sanders, Seibly, Whitezell

Absent: Adams, Franey, Kaufman, Nunneley

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 37 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

38. 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

NEW BUSINESS

39. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE
40. ADJOURNED – 1:46 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement