

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

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Board of Retirement Meeting
August 9, 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: Adams, Contreras, Couch, Franey, Gonzalez, Kratt, Nunneley, Sanders, Seibly, Whitezell

Absent: Hughes, Kaufman

SALUTE TO FLAG – TRUSTEE RICK KRATT

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Items 1 and 2 withdrawn from agenda.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.

3. Resolution honoring Brenda Greenwood, KCERA Chief Technology Officer, upon her retirement with 14 years of dedicated service to the Kern County Employees' Retirement Association – **CHIEF TECHNOLOGY OFFICER BRENDA GREENWOOD HEARD; CHAIR TYLER WHITEZELL HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD**

RECEIVED AND FILED

Couch-Franey – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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.*

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

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

Trustee Dustin Contreras voted in place of Trustee Rick Kratt per Cal. Gov. Code section 31520.1

- *6. Application for service-connected disability pension benefits for Scott Carvel, District Attorney (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *7. Application for service-connected disability pension benefits for Timothy Champlin, Probation (Safety) –

THIS ITEM REMOVED FROM CONSENT AGENDA

- *8. Application for service-connected disability pension benefits for Anthony Diffenbaugh, Fire (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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

- June 1, 2023 Investment Committee
- June 2, 2023 Finance Committee
- June 14, 2023 Board of Retirement
- June 14, 2023 Special Joint Board of Retirement and KPI Board of Directors
- June 21, 2023 Administrative Committee
- June 28, 2023 Finance Committee

RECEIVED AND FILED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *10. Report from the KCERA office on members retired from service for the months of June and July 2023 – RATIFIED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *11. Report from the KCERA office on deceased retirees for the months of June and July 2023 – RECEIVED AND FILED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *13. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the months of May and June 2023 – RECEIVED AND FILED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *14. KCERA Class Action Proceeds Report from April 1 through June 30, 2023 for the Northern Trust Company – RECEIVED AND FILED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *15. Corrections in Benefit Payments Report for the period January through June 2023 – RECEIVED AND FILED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *16. Corrections in Benefit Contributions Report for the period January through June 2023 – RECEIVED AND FILED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *17. Board of Retirement Semi-annual Trustee Education Report – RECEIVED AND FILED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *18. 2023 KCERA Retirement Benefit Statement and Cover Letter Sample – RECEIVED AND FILED; APPROVED

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *19. Agreement for Custodian Services with the Northern Trust Company, effective August 9, 2023 – RECEIVED AND FILED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *22. KCERA draft Schedules of Employer Allocations and Pension Amounts by Employer and related notes including independent auditors' draft report as of and for the year ended June 30, 2022, and Segal's Governmental Accounting Standards (GAS) 68 Actuarial Valuation as of June 30, 2023* – RECEIVED AND FILED

**Pursuant KCERA's Board Operations Policy #38, this matter is being presented to the Board without the involvement of the Finance Committee to prevent the imprudent use of Plan time and resources in light of the routine and non-controversial nature of item*

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

- *23. Invitation from to Workiva to staff to attend the Amplify Conference, September 19-21, 2023 in Nashville, Tennessee – APPROVED THE ATTENDANCE OF CHIEF FINANCIAL OFFICER ANGELA KRUGER

Franey-Couch – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

THE FOLLOWING ITEM VOTED ON OUT OF ORDER

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

TRUSTEE DUSTIN CONTRERAS DISCLOSED PERSONAL KNOWLEDGE OF THE MEMBER IN ITEM 5, RECUSED HIMSELF FROM ITEM 5, AND LEFT THE MEETING AT 8:41 A.M.

Couch-Nunneley – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

TRUSTEE DUSTIN CONTRERAS RETURNED AT 8:42 A.M., FOLLOWING THE CONCLUSION OF ITEM 5

PUBLIC COMMENTS

24. 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

25. Presentation and review of Fixed Income presented by Senior Investment Officer Geoff Nolan and the Investment Committee – SCOTT WHALEN, CFA, VERUS, HEARD; VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEE RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

RECEIVED AND FILED

Kratt-Franey – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

26. Discussion and appropriate action on review of Asset Liability Study presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS, HEARD; VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEES JEANINE ADAMS, JUAN GONZALEZ, AND RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED CHANGES TO ASSET ALLOCATION AND LEVEL OF RISK

Kratt-Franey – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

27. Discussion and appropriate action on private market fund recommendation presented by Mark Mallory, Investment Director, Cambridge Associates¹, Senior Investment Officer Geoff Nolan, and the Investment Committee – MARK MALLORY, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE RICK KRATT HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

TRUSTEE CHASE NUNNELEY LEFT AT 9:50 A.M.

APPROVED UP TO \$30MM COMMITMENT TO SILVER POINT SPECIALTY CREDIT FUND III; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 7 Ayes; 1 Absent (Nunneley)

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

TRUSTEE CHASE NUNNELEY RETURNED AT 9:56 A.M.

APPROVED UP TO \$30MM COMMITMENT TO ARES PATHFINDER FUND II; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Franey – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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.

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29. Discussion and appropriate action on opportunistic fund recommendation presented by Spencer Edge, Albourne America¹, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SPENCER EDGE, ALBOURNE AMERICA, HEARD; TRUSTEE ROBB SEIBLY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED UP TO \$30MM INVESTMENT IN HUDSON BAY SPECIAL OPPORTUNITIES FUND; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Nunneley – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

ADMINISTRATIVE MATTERS

30. Follow-up discussion and appropriate action on Strategic Planning presented by Chief Executive Officer Dominic Brown and Governance Consultants Julie Becker and Benita Falls Harper, Aon – BENITA FALLS HARPER, AON, HEARD; CHAIR TYLER WHITEZELL HEARD; VICE-CHAIR PHIL FRANEY HEARD; TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

DIRECTED STAFF TO WORK WITH AON TO DEVELOP LANGUAGE BASED ON DISCUSSION AND INCORPORATE INTO STRATEGIC PLAN

Franey-Gonzalez – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

31. Discussion and appropriate action on review of revisions to KCERA's Trustee Education Policy presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, and the Administrative Committee – VICE-CHAIR PHIL FRANEY HEARD; TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

APPROVED PROPOSED CHANGES

Franey-Kratt – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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.

32. Trustee education regarding Wellness Audit communications initiative presented by Chief Operations Officer Matthew Henry, Chief Financial Officer Angela Kruger, and Chief Legal Officer Jennifer Zahry – VICE-CHAIR PHIL FRANEY HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD; CHIEF FINANCIAL OFFICER ANGELA KRUGER HEARD

RECEIVED EDUCATIONAL TRAINING (16 MINUTES TRUSTEE EDUCATION CREDIT)

STAFF REPORTS

33. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- BOARD REFERRAL UPDATE
- STAFFING UPDATE
- MEMBER OUTREACH
- CUSTODIAN CONTRACT UPDATE
- BOARDROOM UPGRADES
- SOLAR PROJECT UPDATE
- DEATH AUDIT PROJECT
- WELLNESS AUDIT LETTERS
- DISABILITY UPDATE
- INTERNET SERVICE PROVIDER UPDATE
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

VICE-CHAIR PHIL FRANEY HEARD; TRUSTEES CHASE NUNNELEY AND ROBB SEIBLY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

34. Report from Chief Investment Officer

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

- REBALANCING – JUNE AND JULY ACTIVITY
- POSITIONING
- UPDATES
- KEY INITIATIVES
- INVESTMENT COMMITTEE MEETINGS

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 7 – ADOPTED RECOMMENDATION OF SDAG TO DENY SERVICE-CONNECTED DISABILITY PENSION BUT GRANT A NON-SERVICE-CONNECTED DISABILITY PENSION

Gonzalez-Kratt – 8 Ayes

Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman

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 – TRUSTEE JEANINE ADAMS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

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 – 11:59 A.M.



Secretary, Board of Retirement



Chair, Board of Retirement