

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

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Board of Retirement Meeting
December 13, 2023**

8:33 A.M.

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

ROLL CALL

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

Absent: None

SALUTE TO FLAG – CHAIR WHITEZELL

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Items 1 and 2 withdrawn from agenda.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. Summary of proceedings of the following meetings:

- November 1, 2023 Board of Retirement
- November 1, 2023 Nominating Committee

RECEIVED AND FILED

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

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

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

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

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

- *6. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending November 30, 2023 – RECEIVED AND FILED

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

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

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

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

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

- *9. Annual Fee Disclosure Report FY 2022-23 – RECEIVED AND FILED

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

- *10. Annual On-Site Due Diligence Schedule FY 2022-23 – RECEIVED AND FILED

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

- *11. Annual Investment Manager Compliance Report FY 2022-2023 – RECEIVED AND FILED

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

- *12. Amended Verus Quarterly Investment Performance Reports for FY 2022-2023 and restatement explanation – RECEIVED AND FILED

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

- *13. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting January 22-23, 2024, in Riverside, California – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Franey-Kratt – 8 Ayes

Trustee Dustin Contreras was not called to vote in place of vacant seat 3

PUBLIC COMMENTS

14. 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

15. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Managing Director, Cambridge Associates¹, and Senior Investment Officer Geoff Nolan – MARK MALLORY, CAMBRIDGE ASSOCIATES, HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEE RICK KRATT HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

APPROVED UP TO \$25MM COMMITMENT TO BLUE OWL STRATEGIC EQUITY PARTNERS; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

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.

16. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Managing Director, Cambridge Associates¹, and Senior Investment Officer Geoff Nolan – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEE RICK KRATT HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

APPROVED UP TO \$25MM COMMITMENT TO OAK HILL STRUCTURED PRODUCTS FUND III; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

17. Discussion and appropriate action on real estate fund recommendation presented by Scott Whalen, CFA, and Claudia Schloss, CFA, Verus², and Senior Investment Officer Geoff Nolan – CLAUDIA SCHOLSS, CFA, AND JOHN WASNOCK, VERUS, HEARD; CHAIR TYLER WHITEZELL HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

APPROVED UP TO \$75MM COMMITMENT TO OAK STREET REAL ESTATE CAPITAL FUND VI; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

18. Presentation on the Private Markets Performance Report as of June 30, 2023 presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Senior Investment Director, Cambridge Associates³, and Chief Investment Officer Daryn Miller, CFA – ANDREA AUERBACH, KELLY JENSEN, KEIRSTEN LAWTON AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE JUAN GONZALEZ HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Kratt-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

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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19. Presentation on the 3rd Quarter Investment Performance Review period ending September 30, 2023 presented by Claudia Schloss, CFA, and John Wasnock, Verus – CLAUDIA SCHLOSS, CFA, VERUS, HEARD; TRUSTEES DAVID COUCH, JUAN GONZALEZ, AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Franey-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

20. Presentation on the 3rd Quarter 2023 Portfolio Review presented by Spencer Edge, Albourne America¹ – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHAIR TYLER WHITEZELL HEARD

RECEIVED AND FILED

Kratt-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

FINANCIAL MATTERS

21. Discussion and appropriate action on the auditor's report to management and the draft Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023, presented by Auditors Tim Rawal and Jason Ostroski, UHY LLP – JASON OSTROSKI, UHY LLP, HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

APPROVED AUDITOR REPORTS AND ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Franey-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

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. Discussion and appropriate action on review of the actuarial valuation as of June 30, 2023, recommended employer and employee contribution rates for fiscal year 2024-2025, and related reports presented by Actuaries Paul Angelo and Molly Calcagno, Segal – PAUL ANGELO AND MOLLY CALCAGNO, SEGAL, HEARD; CHAIR TYLER WHITEZELL HEARD; VICE-CHAIR PHIL FRANEY HEARD; TRUSTEES DAVID COUCH, JORDAN KAUFMAN, RICK KRATT AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

RECEIVED AND FILED; APPROVED AND PROVIDED PLANS SPONSORS OPPORTUNITY TO REQUEST A PHASE-IN AND BRING THE REQUEST TO THE FEBRUARY BOARD OF RETIREMENT MEETING

Kratt-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

ADMINISTRATIVE MATTERS

23. Presentation on KCERA SWOT Analysis and Results presented by Communications Manager Jeremy Rowell – TRUSTEE ROBB SEIBLY HEARD; COMMUNICATIONS MANAGER JEREMY ROWELL HEARD

HEARD PRESENTATION

24. Slate of nominees for Chair and Vice-Chair for the calendar year 2024 presented by Nominating Committee Chair – VICE-CHAIR PHIL FRANEY HEARD

ELECTED TRUSTEE PHIL FRANEY AS CHAIR AND TRUSTEE DAVID COUCH AS VICE-CHAIR FOR CALENDAR YEAR 2024

Sanders-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

25. Presentation of plaque honoring Tyler Whitezell for his service to the Kern County Employees' Retirement Association Board of Retirement as 2023 Chair – CHAIR TYLER WHITEZELL HEARD; VICE-CHAIR PHIL FRANEY HEARD

MADE PRESENTATION

STAFF REPORTS

26. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- STAFFING UPDATE
- MEMBER OUTREACH
- DISABILITY UPDATE
- SOLAR UPDATE
- NEW PURCHASING CARD PROGRAM
- SPECIAL ELECTION UPDATE
- INTERNAL AUDIT/PLAN SPONSOR MONITOR
- NEW SOFTWARE PROGRAMS FOR FINANCE AND INVESTMENT TEAM
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

TRUSTEE DUSTIN CONTRERAS LEFT AT 11:23 A.M.

TRUSTEE PHIL FRANNEY LEFT AT 11:26 A.M.

TRUSTEES JUAN GONZALEZ AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; ADMINISTRATIVE SERVICES OFFICER AIMEE MORTON HEARD

27. Report from Chief Investment Officer

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

- REBALANCING – NOVEMBER ACTIVITY
- POSITIONING – ACTUAL VS. POLICY TARGET
- DELEGATION UPDATE
- SECURITIES LENDING UPDATE
- KEY INITIATIVES
- INVESTMENT COMMITTEE MEETINGS

28. Report from Chief Legal Officer:

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- FELONY FORFEITURE CASE UPDATES
- DECEMBER CALENDAR

COMMITTEE REPORTS

29. Report from Committee Chairs:

- a. Administrative Committee: GONZALEZ – MEETING TO BE SCHEDULED JANUARY 2024
- b. Finance Committee: CONTRERAS – MEETING TO BE SCHEDULED JANUARY 2024
- c. Investment Committee: KRATT – NONE

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

EXECUTIVE SESSION

30. 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

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

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED IN PUBLIC SESSION AT 12:42 P.M.

ROLL CALL

To establish quorum present upon resuming public session

Present: Couch, Gonzalez, Hughes, Kaufman, Kratt, Nunneley, Sanders, Seibly, Whitezell

Absent: Contreras, Franey

ITEM 30 – NO REPORTABLE ACTION

ITEM 31 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

32. 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 – TRUSTEES DAVID COUCH AND ROBB SEIBLY HEARD

NEW BUSINESS

33. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE
34. ADJOURNED – 12:44 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement