

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

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Board of Retirement Meeting

June 8, 2022

8:34 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, Couch, Franey, Gonzalez, Hughes, Kratt, Matthews, Seibly, Whitezell

Absent: Contreras, Kaufman, Nunneley

SALUTE TO FLAG

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.

CONSENT MATTERS

- *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-Whitezell – 8 Ayes

*2. Summary of proceedings of the following meetings:

- April 22, 2022 Administrative Committee
- April 27, 2022 Investment Committee
- May 2, 2022 Special Board of Retirement
- May 4, 2022 Board of Retirement

RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

*3. Report from the KCERA office on members retired from service for the month of May 2022 – RATIFIED

Franey-Whitezell – 8 Ayes

*4. Report from the KCERA office on deceased retirees for the month of May 2022 – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

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

Franey-Whitezell – 8 Ayes

*6. Securities Lending Earnings Summary Report for the period April 1-30, 2022 from Deutsche Bank – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

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

Franey-Whitezell – 8 Ayes

*8. Non-substantive changes to KCERA Operations Policies – APPROVED PROPOSED CHANGES

Franey-Whitezell – 8 Ayes

*9. Summary of the KCERA Board and Administrative Committee Self-Assessment Discussions – RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

- *10. KCERA Schedules of Employer Allocations and Pension Amounts by Employer and related notes including independent auditors' report as of and for the year ended June 30, 2021, and Segal's Governmental Accounting Standards (GAS) 68 Actuarial Valuation as of June 30, 2022* –

**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*

ITEM WAS REMOVED FROM CONSENT AGENDA

- *11. Invitation from State Association of County Retirement Systems (SACRS) to trustees and staff to attend the SACRS/UC Berkeley 2022 Program July 17-20, 2022, in Berkeley, California – APPROVED ATTENDANCE OF TRUSTEES JEANINE ADAMS AND DUSTIN CONTRERAS

Franey-Whitezell – 8 Ayes

- *12. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting June 21, 2022, in Sonoma, California – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Franey-Whitezell – 8 Ayes

10. KCERA Schedules of Employer Allocations and Pension Amounts by Employer and related notes including independent auditors' report as of and for the year ended June 30, 2021, and Segal's Governmental Accounting Standards (GAS) 68 Actuarial Valuation as of June 30, 2022* – CHAIR JUAN GONZALEZ HEARD; TRUSTEE JEANINE ADAMS HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

**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*

RECEIVED AND FILED

Adams-Franey – 8 Ayes

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 – ANGELA BONFIGLIO HEARD; CHAIR JUAN GONZALEZ HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

INVESTMENT MATTERS

14. Discussion and appropriate action on private market fund recommendation presented by Andrea Auerbach, Investment Managing Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and the Investment Committee – ANDREA AUERBACH, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEES JOSEPH HUGHES AND RICK KRATT HEARD; SENIOR RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

APPROVED UP TO \$32.5MM COMMITMENT TO WARREN EQUITY PARTNERS FUND IV; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Whitezell – 8 Ayes

15. Trustee education regarding Tail Risk Hedging presented by Scott Whalen, CFA, and Marc Gesell, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Brian Long, CFA – SCOTT WHALEN AND MARC GESELL, VERUS, HEARD; CHAIR JUAN GONZALEZ HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED EDUCATIONAL TRAINING (37 MINUTES TRUSTEE EDUCATION CREDIT)

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.

ADMINISTRATIVE MATTERS

16. Discussion and appropriate action on AB 2493 presented by Chief Legal Officer, Jennifer Zahry – CHAIR JUAN GONZALEZ HEARD; TRUSTEES PHIL FRANNEY AND RICK KRATT HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

DIRECTED STAFF TO SUBMIT LETTER OF CONCERN

Couch-Franey – 7 Ayes; 1 Abstention (Kratt)

17. Selection and identification of designated representatives pursuant to Government Code section 54957.6, relating to compensation of KCERA's Chief Executive Officer, an unrepresented employee – CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEE JOSEPH HUGHES HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

SELECTED AND APPOINTED BOARD CHAIR AND ADMINISTRATIVE COMMITTEE CHAIR TO SERVE AS THE BOARD'S DESIGNATED REPRESENTATIVES

Franey-Matthews – 8 Ayes

TRUSTEE TRACO MATTHEWS LEFT AT 10:00 A.M.

18. Presentation regarding KCERA positioning compared to NCPERS peers presented by Chief Executive Officer Dominic Brown – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

HEARD PRESENTATION

FINANCIAL MATTERS

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

HEARD PRESENTATION

20. Discussion and appropriate action on the proposed fiscal year 2022-2023 KCERA Operating Budget presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matthew Henry, Chief Financial Officer Angela Kruger, and the Finance Committee – CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEE PHIL FRANEY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD

APPROVED

Franey-Adams – 6 Ayes; 1 Absent (Couch)

21. Discussion and appropriate action on development of new positions for future use by KCERA – GOVERNANCE CONSULTANT JULIE BECKER, AON, HEARD; CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES PHIL FRANEY, RICK KRATT, TRACO MATTHEWS AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

TRUSTEE TRACO MATTHEWS ARRIVED AT 11:11 A.M.

REFERRED MATTER TO THE ADMINISTRATIVE COMMITTEE TO DEVELOP A BUDGET APPROVAL PROCESS FOR NEW STAFF POSITIONS AND RETURN TO THE BOARD FOR CONSIDERATION AND APPROVAL

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

STAFF REPORTS

22. Report from Chief Executive Officer

CHIEF OPERATIONS OFFICER MATTHEW HENRY REPORTED THE FOLLOWING:

- ALAMEDA/PEPRA IMPLEMENTATION UPDATE
- STAFFING UPDATE
- SOLAR PROJECT UPDATE
- SRBR TO FINANCE COMMITTEE
- STRATEGIC PLANNING WITH AON
- RFP FOR PLAN SPONSOR AUDITS
- HR CONSULTANT
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

23. Report from Chief Investment Officer

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

- MAY REBALANCING ACTIVITY
- PORTFOLIO POSITIONING AND MARKET UPDATE
- KEY INITIATIVES & UPDATES
- UPCOMING INVESTMENT COMMITTEE MEETINGS

CHAIR JUAN GONZALEZ HEARD; TRUSTEE RICK KRATT HEARD

24. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- SACRS LEGISLATIVE UPDATE
- RECENT PENSION LITIGATION DECISIONS
- JUNE CALENDAR

TRUSTEE PHIL FRANNEY HEARD

TRUSTEE RICK KRATT LEFT AT 11:56 A.M.

TRUSTEE TRACO MATTHEWS LEFT AT 11:59 A.M.

COMMITTEE REPORTS

25. Report from Committee Chairs:

- a. Administrative Committee: HUGHES – MEETING TO BE SCHEDULED
- b. Finance Committee: FRANNEY – NEXT MEETING SCHEDULED AUGUST 4, 2022
- c. Investment Committee: KAUFMAN – NONE
- d. KCERA Property, Inc.: SEIBLY – MEETING TO BE SCHEDULED IN AUGUST/SEPTEMBER

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

31. 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

34. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE

35. ADJOURNED – 12:03 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement