

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

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

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

8:32 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, Franey, Gonzalez, Kaufman, Nunneley, Sanders, Seibly, Whitezell

Absent: Couch, Hughes, Kratt

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Items 1 and 2 withdrawn from agenda.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.*

TRUSTEE DAVID COUCH ARRIVED AT 8:42 A.M.

TRUSTEE JOSEPH D. HUGHES ARRIVED AT 8:43 A.M.

*3. Summary of proceedings of the following meetings:

- August 8, 2023 Investment Committee
- August 9, 2023 Board of Retirement

RECEIVED AND FILED

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

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

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

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

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

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

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

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

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

*8. Certificate of Achievement for Excellence in Financial Reporting for Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022 and Award of Financial Reporting Achievement presented by the Government Finance Officers Association (GFOA) – RECEIVED AND FILED

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

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

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

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

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

- *11. KCERA final 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, 2022* – RECEIVED AND FILED

**Pursuant KCERA's Board Operations Policy #38, this matter was 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-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

- *12. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting September 25-26, 2023, in Huntington Beach, California – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Franey-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

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 –

SEYED SADREDIN HEARD; TRUSTEE DAVID COUCH HEARD

INVESTMENT MATTERS

14. Update on status of investment manager on-site due diligence compliance review presented by Chief Investment Officer Daryn Miller, CFA – CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

HEARD PRESENTATION

15. Discussion and appropriate action on updated Investment Policy Statement (IPS) presented by Scott Whalen, CFA, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEES JEANINE ADAMS AND JUAN GONZALEZ, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

ADOPTED UPDATED INVESTMENT POLICY STATEMENT

Gonzalez-Couch – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

16. Discussion and appropriate action on recommendation for Japan Equity Investment Managers presented by Scott Whalen, CFA, Chief Investment Officer Daryn Miller, CFA, Investment Analyst II Rafael Jimenez, and the Investment Committee – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR TYLER WHITEZELL HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; INVESTMENT ANALYST II RAFAEL JIMENEZ HEARD

APPROVED LAZARD ASSET MANAGEMENT AND DALTON INVESTMENTS AS JAPAN EQUITY INVESTMENT MANAGERS; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Gonzalez-Contreras – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

17. Discussion and appropriate action on transition manager recommendation presented by Scott Whalen, CFA, Chief Investment Officer Daryn Miller, CFA, Senior Investment Officer Geoff Nolan, and the Investment Committee – SCOTT WHALEN, CFA, VERUS, HEARD; TRUSTEE JORDAN KAUFMAN HEARD; SENIOR INVESTMENT OFFICER GEOFF NOLAN HEARD

APPROVED BLACKROCK AS TRANSITION MANAGER; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Gonzalez-Kaufman – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

18. Presentation on the 2nd Quarter Investment Performance Review period ending June 30, 2023 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Couch-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

19. Presentation on the 2nd Quarter 2023 Portfolio Review presented by Spencer Edge, Albourne America¹ – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Gonzalez-Adams – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick Kratt

ADMINISTRATIVE MATTERS

20. Discussion and appropriate action on proposed Compensation Policy presented by Governance Consultants Julie Becker and Benita Harper, Aon, Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, and the Administrative Committee – BENITA HARPER, AON, HEARD; CHAIR TYLER WHITEZELL HEARD; VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEES DAVID COUCH, JUAN GONZALEZ, JOSEPH D. HUGHES AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

PUBLIC COMMENT: ELSA MARTINEZ, COUNTY ADMINISTRATIVE OFFICE, HEARD

DIRECTED STAFF TO CARRY ITEM FORWARD TO NEXT BOARD OF RETIREMENT MEETING AGENDA; AND WORK WITH AON AND STAKEHOLDERS TO REVISE LANGUAGE BASED ON DISCUSSION

Franey-Gonzalez – 9 Ayes

Trustee Dustin Contreras voted in place of Trustee Rick 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 § 7928.710, § 7922.000, and §54957.5.

STAFF REPORTS

21. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- ADDITIONAL TESTING OF BOARD EQUIPMENT BEFORE NEXT MEETING
- STAFFING UPDATE
- MEMBER OUTREACH
- SOLAR UPDATE
- INTERNET SERVICE PROVIDER UPDATE
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

CHAIR TYLER WHITEZELL HEARD; TRUSTEES JUAN GONZALEZ AND ROBB SEIBLY HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

22. Report from Chief Investment Officer

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

TRUSTEE JOHN SANDERS LEFT AT 11:11 A.M.

- REBALANCING – AUGUST ACTIVITY
- POSITIONING – ACTUAL VS. POLICY TARGET
- VENN RISK ANALYTICS SYSTEM UPDATE
- FOLLOW UP CONVERSATION ON RISK FROM SEPTEMBER 5, 2023 INVESTMENT COMMITTEE MEETING

VICE-CHAIR PHIL FRANNEY HEARD; TRUSTEE DAVID COUCH HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER HEARD

23. Report from Chief Legal Officer:

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- LEGISLATIVE CALENDAR
- LEGISLATIVE UPDATES
- SERVICE PURCHASES
- RECIPROCITY
- SEPTEMBER CALENDAR

COMMITTEE REPORTS

24. Report from Committee Chairs:
- a. Administrative Committee: GONZALEZ – NONE
 - b. Finance Committee: CONTRERAS – NONE
 - c. Investment Committee: KRATT – NONE

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

EXECUTIVE SESSION

25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (1 potential case).

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 12:15 P.M.

ROLL CALL

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

Absent: Kratt, Sanders

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 25 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

26. 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 JORDAN KAUFMAN HEARD

NEW BUSINESS

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

28. ADJOURNED – 12:17 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement