

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

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Board of Retirement Meeting
September 11, 2024**

8:30 a.m.

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

ROLL CALL (IN PERSON)

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

Absent: Contreras

SALUTE TO FLAG – TRUSTEE SEIBLY

MOMENT OF SILENCE

NOTE: The vote is displayed in bold below each item. For example, Sanders-Kaufman denotes Trustee John Sanders 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Items 1 and 2 withdrawn from agenda.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 James Burchfield, Public Works-Public Ways (General) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION**

Gonzalez-Kratt – 9 Ayes

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

Gonzalez-Kratt – 9 Ayes

*5. Summary of proceedings of the following meetings:

- August 2, 2024 Investment Committee
- August 14, 2024 Board of Retirement

RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

*6. Report from the KCERA office on members retired from service for the month of August 2024 – RATIFIED

Gonzalez-Kratt – 9 Ayes

*7. Report from the KCERA office on deceased retirees for the month of August 2024 – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

*8. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending August 31, 2024 – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

*9. Securities Lending Earnings Summary Report for the period ending July 31, 2024 from Deutsche Bank – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

*10. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of July 2024 – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

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

Gonzalez-Kratt – 9 Ayes

*12. Biennial Review of Conflict of Interest Code – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

*13. Proposed revisions to KCERA's Overpayment and Underpayment of Member Benefits Policy –

THIS ITEM REMOVED FROM AGENDA

- *14. Proposed revisions to KCERA's Overpayment and Underpayment of Member Contributions Policy –

THIS ITEM REMOVED FROM AGENDA

- *15. Certificate of Achievement for Excellence in Financial Reporting for Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023 presented by the Government Finance Officers Association (GFOA) – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

- *16. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting September 17, 2024, in Sacramento, California – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Gonzalez-Kratt – 9 Ayes

- *17. Invitation from Global ARC for Chief Investment Officer Daryn Miller, CFA, to attend the 21st Annual Global ARC Boston, October 21-23, 2024, in Boston, Massachusetts – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

- *18. Invitation from NCPERS for Administrative Services Officer Aimee Morton, SHRM-CP, to attend the NCPERS HR Summit, September 24-26, 2024, in Denver, Colorado – RECEIVED AND FILED

Gonzalez-Kratt – 9 Ayes

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. Discussion and appropriate action on private credit fund recommendation presented by Senior Investment Officer Geoff Nolan, Keirsten Lawton, Partner, Cambridge Associates¹, and the Investment Committee – SENIOR INVESTMENT OFFICER GEOFF NOLAN, HEARD; KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE TYLER WHITEZELL HEARD

APPROVED UP TO \$25MM COMMITMENT TO MAGNETAR STRUCTURED SOLUTIONS FUND; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Whitezell – 9 Ayes

21. Discussion and appropriate action on termination recommendations by Chief Investment Officer Daryn Miller, CFA, Senior Investment Officer Geoff Nolan, Scott Whalen, CFA, Verus, and the Investment Committee – CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SCOTT WHALEN, CFA, AND BRIAN KWAN, CFA, CAIA, VERUS HEARD; TRUSTEES JUAN GONZALEZ AND TYLER WHITEZELL HEARD

A) TERMINATED WESTERN ASSET CORE PLUS; AND B) TERMINATED WESTERN ASSET HIGH YIELD AS RECOMMENDED BY STAFF

Duffey-Whitezell – 9 Ayes

22. Presentation and trustee education regarding the 2nd Quarter Investment Performance Review period ending June 30, 2024 by Scott Whalen, CFA, and Brian Kwan, CFA, CAIA, Verus – CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; BRIAN KWAN, CFA, CAIA, VERUS HEARD; CHAIR PHIL FRANNEY HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD

TRUSTEE JOSEPH D. HUGHES LEFT AT 8:57 A.M.

RECEIVED AND FILED; RECEIVED EDUCATIONAL TRAINING (31 MINUTES TRUSTEE EDUCATION CREDIT)

Duffey-Kaufman – 8 Ayes, 1 Absent (Hughes)

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.

23. Presentation on the 2nd Quarter 2024 Portfolio Review by John Shearman, Albourne America² – CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; JOHN SHEARMAN, ALBOURNE AMERICA, HEARD

TRUSTEE DUSTIN CONTRERAS ARRIVED AT 9:24 A.M.

RECEIVED AND FILED

Whitezell-Couch – 8 Ayes, 1 Absent (Hughes)

24. Presentation and trustee education regarding Currency Management by Chief Investment Officer Daryn Miller, CFA, Senior Investment Analyst Rafael Jimenez, and Scott Whalen, CFA, Ian Toner, CFA, and Thomas Garret, CFA, FRM, CAIA, Verus – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SENIOR INVESTMENT ANALYST RAFAEL JIMENEZ HEARD; IAN TONER, CFA, AND SCOTT WHALEN, CFA, VERUS HEARD; CHAIR PHIL FRANNEY HEARD; TRUSTEE JORDAN KAUFMAN HEARD

TRUSTEE JOSEPH D. HUGHES RETURNED AT 9:59 A.M.

HEARD PRESENTATION; REFERRED TO INVESTMENT COMMITTEE; RECEIVED EDUCATIONAL TRAINING (33 MINUTES TRUSTEE EDUCATION CREDIT)

Couch-Whitezell – 9 Ayes

25. Discussion and appropriate action on recommendation from Investment Committee, Consultants, and KCERA Staff to approve updates to policies and charters outlining parameters and constraints of delegated authority for the Chief Investment Officer to select and terminate investment managers presented by Chief Executive Officer Dominic Brown, Chief Investment Officer Daryn Miller, CFA, Governance Consultants Julie Becker, Benita Falls Harper, and David Forman, Aon, Scott Whalen, CFA, Verus, and the Investment Committee – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SCOTT WHALEN, CFA, VERUS HEARD; JULIE BECKER, AON, HEARD; CHAIR PHIL FRANNEY HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEES JUAN GONZALEZ, JOSEPH D. HUGHES, RICK KRATT, ROBB SEIBLY, AND TYLER WHITEZELL HEARD

APPROVED UPDATES TO POLICIES AND CHARTERS REGARDING PARAMETERS AND CONSTRAINTS OF DELEGATED AUTHORITY

Couch-Duffey – 9 Ayes

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 §6254.26, §6255, and §54957.5.

ADMINISTRATIVE MATTERS

26. Presentation and trustee education regarding recent LACERA appellate court decision by Chief Executive Officer Dominic Brown, Governance Consultants Julie Becker, Benita Falls Harper, and David Forman, Aon – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; BENITA FALLS-HARPER, AON, HEARD; CHAIR PHIL FRANNEY HEARD; TRUSTEE TYLER WHITEZELL HEARD

TRUSTEE DAVID COUCH LEFT AT 11:13 A.M.

HEARD PRESENTATION; RECEIVED EDUCATIONAL TRAINING (14 MINUTES TRUSTEE EDUCATION CREDIT)

27. Discussion and appropriate action on KCERA's Compensation Policy presented by Chief Executive Officer Dominic Brown, Governance Consultants Julie Becker, Benita Falls Harper, and David Forman, Aon – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; BENITA FALLS-HARPER, AON, HEARD; CHAIR PHIL FRANNEY HEARD; TRUSTEES DEON DUFFEY, JOSEPH D. HUGHES, JORDAN KAUFMAN, ROBB SEIBLY, AND TYLER WHITEZELL HEARD

PUBLIC COMMENT: ELSA MARTINEZ, COUNTY ADMINISTRATIVE OFFICE, HEARD

ADOPTED POLICY

Hughes-Gonzalez – 8 Ayes

28. Trustee education regarding the Life Cycle of a Member presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, Chief Financial Officer Angela Kruger, and Deputy Chief Member Services Officer Sherry Willard – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; DEPUTY CHIEF MEMBER SERVICES OFFICER SHERRY WILLARD HEARD; DEPUTY CHIEF FINANCIAL OFFICER MARITZA RODRIGUEZ HEARD; SENIOR PARALEGAL MARGARITA PERALTA-LEE HEARD; CHAIR PHIL FRANNEY HEARD

RECEIVED EDUCATIONAL TRAINING (48 MINUTES TRUSTEE EDUCATION CREDIT)

STAFF REPORTS

29. Report from Chief Executive Officer:

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- ELECTION UPDATE
- FUTURE ARTIFICIAL INTELLIGENCE UTILIZATION PRESENTATION
- DISABILITY UPDATE
- RECRUITMENTS UPDATE
- NOVEMBER BOARD: INTEREST CREDITING POLICY UPDATES
- MEMBER OUTREACH AND EDUCATION
- UPCOMING EVENTS

30. Report from Chief Investment Officer:

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

- REBALANCING – AUGUST ACTIVITY
- POSITIONING – ACTUAL VS POLICY TARGET
- KEY INITIATIVES
- UPCOMING INVESTMENT COMMITTEE MEETINGS

31. Report from Chief Legal Officer:

CHIEF LEGAL OFFICER JENNIFER ZAHRY AND DEPUTY CHIEF LEGAL OFFICER KRISTEN MCDONALD REPORTED THE FOLLOWING:

- LEGISLATIVE CALENDAR
- LEGISLATIVE UPDATE
- EXECUTIVE ACTION
- LITIGATION UPDATE
- USERRA
- CA MILITARY & VETERANS CODE

TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD

COMMITTEE REPORTS

32. Report from Committee Chairs:
- a. Administrative Committee: CONTRERAS – NONE
 - b. Finance Committee: SANDERS – NONE
 - c. Investment Committee: WHITEZELL – NONE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

33. 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 agendize one or more items for future meetings of the Board of Retirement – NONE
35. ADJOURNED – 1:15 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement