

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

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Board of Retirement Meeting

May 4, 2022

8:33 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, Kaufman, Kratt, Nunneley, Seibly, Whitezell

Absent: Contreras, Matthews

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 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**

Kratt-Whitezell – 8 Ayes

- *2. Consideration of attorney fees and court costs: Laura Candler, Sheriff (General) –
ITEM WAS REMOVED FROM CONSENT AGENDA

*3. Summary of proceedings of the following meetings:

- March 8, 2022 Finance Committee
- April 13, 2022 Board of Retirement

RECEIVED AND FILED

Kratt-Whitezell – 8 Ayes

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

Kratt-Whitezell – 8 Ayes

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

Kratt-Whitezell – 8 Ayes

*6. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending April 30, 2022 – RECEIVED AND FILED

Kratt-Whitezell – 8 Ayes

*7. Securities Lending Earnings Summary Report for the period March 1-31, 2022 from Deutsche Bank – RECEIVED AND FILED

Kratt-Whitezell – 8 Ayes

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

Kratt-Whitezell – 8 Ayes

*9. KCERA Class Action Proceeds Report from January 1, 2021 through March 31, 2022 from the Northern Trust Company – RECEIVED AND FILED

Kratt-Whitezell – 8 Ayes

*10. SACRS Annual Spring Business Meeting Packet, May 13, 2022 in Rancho Mirage, California – RECEIVED AND FILED

Kratt-Whitezell – 8 Ayes

- *11. Invitation from State Association of County Retirement Systems (SACRS) to trustees and staff to attend the SACRS Spring Conference, May 10-13, 2022, in Rancho Mirage, California – APPROVED ATTENDANCE OF TRUSTEE DAVID COUCH

Kratt-Whitezell – 8 Ayes

- *12. Invitation from the National Association of Public Pension Attorneys (NAPPA) to staff to attend the 2022 Legal Education Conference, June 21-24, 2022, in Louisville, KY – APPROVED ATTENDANCE OF CHIEF LEGAL OFFICER JENNIFER ZAHRY AND DEPUTY CHIEF LEGAL OFFICER PHILLIP JENKINS

Kratt-Whitezell – 8 Ayes

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

Kratt-Whitezell – 8 Ayes

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. Presentation regarding the 2nd Half 2021 Private Markets Performance Report presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Senior Investment Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Brian Long, CFA – ANDREA AUERBACH, KELLY JENSEN, KEIRSTEN LAWTON AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Kratt-Franey – 8 Ayes

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.

16. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Investment Managing Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and the Investment Committee – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; SENIOR RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

APPROVED UP TO \$30MM COMMITMENT TO ORBIMED ROYALTY & CREDIT OPPORTUNITIES IV; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Whitezell – 8 Ayes

17. Discussion and appropriate action on private market fund recommendation presented by Kelly Jensen, Senior Investment Director, Cambridge Associates², Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and the Investment Committee – KELLY JENSEN, CAMBRIDGE ASSOCIATES, HEARD; SENIOR RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

APPROVED UP TO \$10MM COMMITMENT TO ORBIMED PRIVATE INVESTMENTS IX; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Adams – 8 Ayes

18. Discussion and appropriate action on private market fund recommendation presented by Maria Surina, Senior Investment Director, Cambridge Associates³, Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and the Investment Committee – MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEES PHIL FRANNEY AND RICK KRATT HEARD; SENIOR RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

APPROVED UP TO \$30MM COMMITMENT TO KSL CAPITAL PARTNERS VI; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Kaufman – 8 Ayes

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.

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.

3 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.

19. Discussion and appropriate action on recommendation for General Investment Consultant Services Provider presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matthew Henry, Chief Investment Officer Daryn Miller, CFA, Senior Retirement Investment Officer Brian Long, CFA, and the Investment Committee – SCOTT WHALEN, VERUS, HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEE RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED VERUS AS GENERAL INVESTMENT CONSULTANT SERVICES PROVIDER; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Whitezell-Franey – 8 Ayes

20. Presentation on the 1st Quarter Investment Performance Review period ending March 31, 2022 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR JUAN GONZALEZ HEARD

RECEIVED AND FILED

Kaufman-Couch – 8 Ayes

21. Presentation on the 1st Quarter 2022 Portfolio Review presented by Spencer Edge, Albourne America¹ – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHAIR JUAN GONZALEZ HEARD

RECEIVED AND FILED

Kratt-Franey – 8 Ayes

22. Trustee education regarding Tail Risk Hedging presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and Senior Retirement Investment Officer Brian Long, CFA – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED EDUCATIONAL TRAINING (35 MINUTES TRUSTEE EDUCATION CREDIT)

TRUSTEE JOSEPH HUGHES LEFT AT 10:37 A.M.

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

23. KCERA 2022 Board Self-Assessment and Education Needs Assessment Report presented by Chief Executive Officer Dominic Brown, Governance Consultant Julie Becker, Aon, and the Administrative Committee – JULIE BECKER, AON, HEARD; CHAIR JUAN GONZALEZ HEARD; TRUSTEES JEANINE ADAMS, PHIL FRANEY, JORDAN KAUFMAN AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

HEARD PRESENTATION; RECEIVED AND FILED

Kratt-Kaufman – 7 Ayes

24. Trustee education regarding KCERA Board Communications Policy presented by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – JULIE BECKER, AON, HEARD; CHAIR JUAN GONZALEZ HEARD; VICE-CHAIR TYLER WHITEZELL HEARD; TRUSTEES PHIL FRANEY AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (23 MINUTES TRUSTEE EDUCATION CREDIT)

25. Presentation and update regarding disability application conflicts of interest and proposed changes to Rules of Procedure for Disability Retirement presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry and the Administrative Committee – CHAIR JUAN GONZALEZ HEARD; TRUSTEE RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

APPROVED PROPOSED CHANGES

Kaufman-Franey – 7 Ayes

STAFF REPORTS

26. Report from Chief Executive Officer

CHIEF OPERATIONS OFFICER MATTHEW HENRY REPORTED THE FOLLOWING:

- OFFICE UPDATE
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

27. Report from Chief Investment Officer

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

- APRIL REBALANCING ACTIVITY
- PORTFOLIO POSITIONING AND MARKET UPDATE
- KEY INITIATIVES
- UPCOMING INVESTMENT COMMITTEE MEETINGS

TRUSTEE RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

28. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- SACRS LEGISLATIVE UPDATE
- MAY CALENDAR

TRUSTEE PHIL FRANNEY HEARD

COMMITTEE REPORTS

29. Report from Committee Chairs:

- a. Administrative Committee: HUGHES – NONE
- b. Finance Committee: FRANNEY – NEXT MEETING SCHEDULED MAY 26, 2022
- c. Investment Committee: KAUFMAN – NONE
- d. KCERA Property, Inc.: SEIBLY – NONE

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

EXECUTIVE SESSION

2. PUBLIC EMPLOYMENT (pursuant to Government Code §54957) Application for service-connected disability pension benefits:

Laura Candler

Sheriff

General

30. Kern County Superior Court Judgment Granting Petition for Writ of Mandate in favor of Michael Blue, Sheriff (Safety) – RECEIVE AND FILE JUDGMENT; ADMINISTER RETIREMENT BENEFIT ACCORDINGLY

PUBLIC EMPLOYMENT (pursuant to Government Code §54957) Application for service-connected disability pension benefits:

Michael Blue Sheriff Safety

CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION

Determination of whether to initiate litigation pursuant to paragraph (4) of subdivision (c) and (d) of Section 54956.9. (Number of potential cases: one).

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

TRUSTEE TYLER WHITEZELL LEFT AT 1:55 P.M.

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 2:10 P.M.

ROLL CALL

Present: Adams, Couch, Franey, Gonzalez, Kaufman, Kratt, Nunneley, Seibly

Absent: Contreras, Hughes, Matthews, Whitezell

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 2 – ADOPTED RECOMMENDATION OF SDAG TO RECEIVE AND FILE THE DOCUMENTS FROM MS. CANDLERS COUNSEL AND DIRECT STAFF TO PAY MS. CANDLER’S ATTORNEY FEES IN THE AMOUNT OF \$6,236.70 AND \$913.90 IN COURT COSTS

Kratt-Couch – 7 Ayes

ITEM 30 – ADOPTED RECOMMENDATION OF SDAG TO RECEIVE AND FILE JUDGMENT; ADMINISTER RETIREMENT BENEFIT ACCORDINGLY; AND NOT PURSUE APPEAL

Franey-Whitezell – 7 Ayes

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 – NONE

Numbering on the agenda was inadvertently missing an item #33

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 – 2:13 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement