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August 21, 2025

Jordan Kaufman

Treasurer-Tax Collector
Kern County
1115 Truxtun Avenue, 2nd Floor
Bakersfield, CA 93301

RE: SECOND QUARTER 2025 KERN COUNTY DEFERRED COMPENSATION ADVISORY COMMITTEE MEETING

Committee Members Present

Tracey Eldridge – Chief Administrator’s Office
Jordan Kaufman, Chair – Treasurer-Tax Collector
Janelle Austin – Auditor’s Office

Committee Members Absent

None

Also in Attendance

Chase Nunneley – Assistant Treasurer-Tax Collector
Rachel Medrano – Confidential Administrative Assistant
Katie Rivera – County Counsel
Rasch Cousineau – Fiduciary Consulting Group
Liliana Fahel – Voya Financial

Attending Virtually

José Mirales – Voya Financial
Tony Camp – Voya Financial
Paul Buren – Voya Financial
Justin McWhorter – Voya Financial
John Zhang – Voya Financial

Dear Jordan,

Please find below a summary of the action items from our meeting on August 21, 2025. The meeting was held in person in the KCTTC Large Conference Room and virtually via Microsoft Team videoconferencing.

The meeting was called to order at 10:00 a.m.

1. The May 15, 2025 Quarterly Meeting Minutes were received as a consent agenda (CA) item.

2. The June 30, 2025 Match Report was received as a consent agenda (CA) item.
3. The June 30, 2025 Fees Report for both Plans was received as consent agenda (CA) items.
4. The June 30, 2025 Budget Update for both Plans was received as a consent item.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

5. The June 30, 2025 Voya Quarterly Plan Review for both plans was received and filed.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

6. The June 30, 2025 Kern Stable Value Fund Report was received and filed.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

7. Proposed Amendment No.2 to Agreement 467-2017 with Voya Retirement Insurance and Annuity Company to Eliminate the Duration Adjustment Factor for the Kern Stable Value Fund was received, filed, and recommended for approval submission to the Board of Supervisors.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

8. The Committee approved Fiduciary Consulting Group's recommended updates to the Investment Policy Statement which included:
 - Target Date as an investment tier was added.
 - Global Bond, High Yield Bond, Global Equity, and Real Estate were removed as categories based upon recent fund lineup restructuring.
 - Target Date compliance and evaluation language was added.Fiduciary Consulting Group will provide a copy of the clean, final Investment Policy Statement to the Committee for its records.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

9. The Fiduciary Consulting Group (Hyas Group) Quarterly Fund Performance Review was received and filed. Highlights included:
 - Market Commentary –
 - For the quarter, the S&P 500 gained 10.9%; the Dow Jones Industrial Average increased by 5.5%; the Russell Midcap rose by 8.5%; and the Russell 2000 gained 8.5%. Outside the US, equities gained. The MSCI Europe increased by 11.9%, the MSCI Japan gained 11.8%, and

- the MSCI Emerging Markets rose 12.2%, all in US dollar terms. Eight of 11 S&P 500 sectors posted positive returns in the second quarter. The S&P 500 sectors that gained included: Technology (23.7%), Comm. Services (18.5%), Industrials (12.9%), Consumer Discretionary (11.5%), Financials (5.5%), Utilities (4.3%), Materials (3.1%), and Staples (1.1%) gained for the quarter. Energy (-8.6%), Health Care (-7.2%), and Real Estate (-0.1%) retreated.
- The yield on the 10-year US Treasury note closed the second quarter at 4.23%, up from 4.21% at the end of the first quarter. The three-month US Treasury bill yield ended at 4.29%, nearly even with 4.29% at the end of the first quarter. The Bloomberg US Aggregate Index, a general measure of US investment grade fixed income, increased 1.2% in the quarter.
 - The Federal Reserve opted to keep its policy rate unchanged at both its May and June Federal Open Market Committee (FOMC) meetings, due to persistent inflationary pressures and continued labor market resilience. The FOMC continues to weigh its dual mandate of keeping inflation low and maintaining strength in the job market. MS & Co.'s Economics team believes that the Fed may not be able to cut rates in 2025, but unexpected weakness in labor markets may get the Fed moving. Plan Data Review – December 31, 2024 total assets (457, 401(a), RHS) were \$114,871,388. 457 assets were \$100,169,941 which represents a market gain of \$6.19 million since 2Q 2024. In terms of total Plan allocation, 18.3% of assets are in Fixed Income and 37.9% are in Target Date Funds.
 - Plan Data – June 30, 2025 457(b) and PTST Plans' total combined assets were \$900,661,927, up \$68,915,490 from last quarter.
 - The 457(b) Plan's assets were \$884,444,493, up \$68,467,806 from last quarter. Also in the 457(b) Plan, net cash flow was positive for the quarter at \$2,071,106 as well as positive year-to-date at \$1,428,500 and \$1,724,674 transferred into Fixed Income.
 - The PTST Plans' assets were \$16,217,434, up \$447,684 from last quarter. Also in the PTST Plans, net cash flow was positive for the quarter at \$375,216 as well as positive year-to-date at \$685,223.
 - Current Fund Lineup Performance – All funds met policy compliance with the exception of Kern Stable Value (performance). Target Dates were successfully mapped/added June 6, 2025.
 - Fee and Revenue Analysis – 2Q25 weighted fees in the 457 Plan were 0.378%. Weighted fees in the PTST Plan were 0.370%. Fees are 15% lower than in 2023 equating to \$627,955 in annual savings for Kern participants. Even with the July 1 increase in admin fee from 0.06% (6 basis points) to 0.08% (8 basis points), Kern County participants will still be saving approximately \$451,066 per year with the new lineup.

10. Fiduciary Consulting Group also included a Stabilizer market-to-book update:
- The second quarter market-to-book ratio was 95.1%.
 - If rates increase 1%, the market-to-book would drop to 91.5%. If rates decrease by 1%, the market-to-book would increase to 98.8%. The movement is a result of the portfolio duration which was 3.61 as of June 30.
 - Yield to maturity was 4.86%. Crediting rate was 3.10%.
 - If rates do not change, it will take approximately 3.38 years to get to 100% market-to-book ratio.
- Fiduciary Consulting Group will provide another update of Stabilizer at the next meeting.

11. The Regulatory update and Plan design discussion was received and filed. Highlights included:
- **An [Executive Order](#) issued by the administration on August 7, 2025 would make it easier to include private market investments (including debt, equity, credit, and infrastructure) and cryptocurrencies in 401(k) and other Defined Contribution Plans (401a, 403b, 457).** The order instructs the Labor Secretary to review guidance surrounding the inclusion of private market and digital investments in retirement plans in accordance with ERISA fiduciary guidelines.
 - **DOL Rescinds Guidance Discouraging Plan Fiduciaries from Considering Cryptocurrencies.** The 2025 Release explained that the Labor Department was returning to its historical approach of taking a neutral standard toward particular investment types and strategies by “neither endorsing, or disapproving of, plan fiduciaries who conclude the inclusion of cryptocurrency in a plan’s investment menu is appropriate.”
 - **SEC Pulls Back More Than a Dozen Gensler-Era Proposals.** “The Securities and Exchange Commission (the “SEC”) announced that it is withdrawing 14 rule proposals that had been made during the Biden administration. Some of the more noteworthy withdrawals include rules governing: predictive data analytics and conflicts of interest; the safeguarding proposal; cybersecurity and risk management; ESG strategy disclosure; adviser outsourcing; Regulation Best Execution; and the order competition rule.”
 - **Labor Department to Craft New Retirement Plan ESG Rule.** On May 28, the Labor Department filed a status report in the 5th Circuit of Appeals in Utah et al. v. Micone, informing the court that it will no longer defend the Biden-era rule in Utah et al. v. Micone. Instead, the Labor Department intends to craft a new rule regarding how retirement plan fiduciaries consider ESG factors in their plan investment decisions as part of the Labor Department’s Spring Regulatory Agenda.

- **Concern About More Litigation Follows Supreme Court's Cornell Decision.** "The U.S. Supreme Court's unanimous *Cunningham et al. v. Cornell University et al* decision has left many in the industry worried about a new wave of litigation, as workers' mere claim that a "prohibited transaction" occurred alone was deemed sufficient to survive a motion to dismiss."
- **NAGDCA: New Governance Guide Released.** The NAGDCA Governance Best Practices Guide is now available! This comprehensive resource is designed to help public sector defined contribution (DC) plan sponsors navigate fiduciary responsibilities and governance structures effectively.

Fiduciary Consulting Group will continue to provide updates regarding these topics and more as they become available.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

12. The 2025 remaining meeting schedule is as follows:

- Prep Meeting for 3Q25 Review – October 20 @ 10:00am
- 3Q25 Quarterly Meeting – November 20 @ 10:00am

The meeting was adjourned at 11:07 a.m.

Janelle Austin Motioned/Tracey Eldridge Seconded/Unanimous

13. Future Meeting Topics:

- SECURE 2.0 checklist – County, Voya, and Fiduciary Consulting Group
- Ongoing Stabilizer Analysis – Fiduciary Consulting Group
- Voya contract options

Thank you and please let me know if there are any questions.

Sincerely,



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cc: Chase Nunneley
Rachel Medrano