

## SUMMARY OF PROCEEDINGS

### BOARD OF RETIREMENT – COUNTY OF KERN

11125 River Run Blvd.  
Bakersfield, California

Board of Retirement Meeting  
Wednesday, August 8, 2018

8:31 a.m.

Board Members: Couch, Chair Dodgin, Franey, Gonzalez, Horvat, Jefferson, Kaufman, Vice-Chair Kennedy (Alternate), Kratt, Mattly (Alternate), Skidmore

Roll Call: Dodgin, Gonzalez, Horvat, Kaufman, Kennedy, Kratt, Mattly, Skidmore

Absent: Couch, Franey, Jefferson

Salute to Flag – TRUSTEE JORDAN KAUFMAN

Moment of Silence

NOTE: The vote is displayed in bold below each item. For example, Kratt-Kaufman denotes Trustee Kratt made the motion and Trustee Kaufman seconded the motion.

TRUSTEE DAVID COUCH ARRIVED AT 8:33 A.M.

TRUSTEE PHIL FRANAY ARRIVED AT 8:33 A.M.

TRUSTEE BOB JEFFERSON ARRIVED AT 8:33 A.M.

- \*1. Application for nonservice-connected disability pension benefits for Ericka Maldonado, HUMAN SERVICES (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT NONSERVICE-CONNECTED DISABILITY RETIREMENT

**Jefferson-Skidmore – 9 Ayes**

- \*2. Summary of proceedings of the following meetings:

- July 11, 2018 Board of Retirement
- July 11, 2018 Administrative Committee
- August 1, 2018 Special Board of Retirement

RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*3. Monthly reports from the KCERA office on members retired from service and deceased retirees – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*4. Monthly report of current disability retirement applications and appeals of KCERA Board decisions – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*5. Securities Lending Earnings Summary Report for the period June 1-30, 2018 from Deutsche Bank – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*6. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of June 2018 – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*7. KCERA Strategic Investment Plan for the month of August 2018 – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*8. KCERA Re-balance Analysis as of July 31, 2018 – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*9. KCERA Class Action Proceeds Report from April 1 through June 30, 2018 for the Northern Trust Company – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*10. Board of Retirement Semi-annual Trustee Education Report – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*11. Report on Errors in Benefit Payments for the period January through June 2018 – RECEIVED AND FILED

**Jefferson-Skidmore – 9 Ayes**

- \*12. Invitation from California Association of Public Retirement Systems (CALAPRS) to staff to attend the CALAPRS Administrators' Institute, September 26-28, 2018 in Carmel, California – APPROVED THE ATTENDANCE OF EXECUTIVE DIRECTOR DOMINIC BROWN

**Jefferson-Skidmore – 9 Ayes**

13. PUBLIC COMMENTS:

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 Chairman, 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

**ADMINISTRATIVE MATTERS**

14. Discussion and appropriate action and response to referral on review of Election Procedures presented by Executive Director Dominic Brown, General Counsel Jennifer Zahry and the Administrative Committee – EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPROVED CHANGES

**Kratt-Kaufman – 9 Ayes**

15. Discussion and appropriate action on review of KCERA's Post-Retirement Employment Policy and Forms presented by Executive Director Dominic Brown, General Counsel Jennifer Zahry and the Administrative Committee – EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPROVED

**Kratt-Jefferson – 9 Ayes**

**INVESTMENT MATTERS**

16. Presentation on the 2<sup>nd</sup> Quarter Investment Performance Review period ending June 30, 2018 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; LINCOLN SMITH, ALBOURNE AMERICA LLC, HEARD; CHAIR DUSTIN DODGIN HEARD; TRUSTEE JORDAN KAUFMAN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

RECEIVED AND FILED

**Jefferson-Kratt – 8 Ayes; 1 Absent (Couch)**

17. Presentation on the 2<sup>nd</sup> Quarter 2018 Portfolio Review presented by Lincoln Smith, Albourne America LLC<sup>1</sup> – LINCOLN SMITH, ALBOURNE AMERICA LLC, HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD

RECEIVED AND FILED

**Kratt-Kaufman – 9 Ayes**

**STAFF/COMMITTEE REPORTS & NEW BUSINESS**

18. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- UPDATE ON CURRENT KCERA RECRUITMENTS
- OPERATIONAL ACTIVITIES OF ADMINISTRATIVE SERVICES, FINANCIAL SERVICES, MEMBER SERVICES AND INFORMATION TECHNOLOGY SERVICES DIVISIONS FOR JULY 2018
- UPDATE ON LEAN SIX SIGMA INITIATIVES
- UPDATE ON SB 866 LEGISLATION RELATED TO HOSPITAL AUTHORITY

CHAIR DUSTIN DODGIN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

19. Report from Chief Investment Officer

CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, SUBMITTED A REPORT ON THE FOLLOWING:

- INVESTMENT ACTIVITIES, INITIATIVES AND PORTFOLIO OPPORTUNITIES

CHAIR DUSTIN DODGIN HEARD

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<sup>1</sup> 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.

20. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY REPORTED THE FOLLOWING:

- OVERVIEW OF GENERAL COUNSEL TASKS DURING Q2 2018

21. Report from Committee Chairs:

- a. Administrative Committee – KENNEDY – THERE WILL BE A MEETING IMMEDIATELY FOLLOWING TODAY'S BOARD OF RETIREMENT MEETING
- b. Finance Committee – SKIDMORE – NONE
- c. Investment Committee – KRATT – AN INVESTMENT COMMITTEE MEETING WILL BE SCHEDULED SOON
- d. KCERA Property, Inc. – FRANEY – THE ANNUAL SHAREHOLDERS' MEETING WILL BE HELD TODAY, FOLLOWED BY A SPECIAL KPI BOARD OF DIRECTORS MEETING FOR THE ELECTION OF OFFICERS

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

**BOARD MEMBER ANNOUNCEMENTS OR REPORTS**

23. On their own initiative, Board members may make a brief announcement or a brief report on their own activities – NONE

Call for Public Comment on Executive Session Item(s) – NONE

Executive Session

TRUSTEE JOHN MATTLY LEFT AT 9:31 A.M.

24. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957): Title: Executive Director

Return to Public Session/Report of Executive Session Actions, if applicable

ITEM 24 – EXECUTIVE DIRECTOR WILL BE EVALUATED IN 6 MONTHS; ADMINISTRATIVE COMMITTEE TO SET GOALS

**Jefferson-Couch – 6 Ayes; 3 Noes (Horvat, Kaufman, Skidmore)**

25. ADJOURNED – 11:07 A.M.

  
Secretary, Board of Retirement

  
Chair, Board of Retirement