



PRUDENT INVESTMENT • QUALITY SERVICE

**Kern County Employees' Retirement Association
Board of Retirement**

Dustin Dodgin, Chair
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David Couch
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Juan Gonzalez
Marko Horvat
Bob Jefferson
Jordan Kaufman
Rick Kratt
Lauren Skidmore

Dominic D. Brown
Executive Director

October 4, 2018

Members, Board of Retirement
Employee Bargaining Units
Requesting News Media
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association
Board of Retirement

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Board of Retirement will be held on Wednesday, October 10, 2018 at 8:30 a.m. at KCERA, 11125 River Run Boulevard, Board Room, Bakersfield, California. Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact the KCERA office at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Dominic D. Brown".

Dominic D. Brown
Executive Director

Attachment

AGENDA:

All agenda item supporting documentation is available for public review in the office of the Kern County Employees' Retirement Association, 11125 River Run Blvd., Bakersfield, California 93311 during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location. In addition, all agendas and supporting documentation are now available on the KCERA web page and can be found via the internet at www.kcera.org.

**AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)**

Disabled individuals who need special assistance to attend or participate in a meeting of the Board of Retirement may request assistance at the Retirement Administration office, 11125 River Run Blvd., Bakersfield, California, or by calling (661) 381-7700. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

Roll Call –

Salute to Flag –

Moment of Silence –

CONSENT MATTERS

ALL ITEMS LISTED WITH AN ASTERISK (*) ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY STAFF AND WILL BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR PUBLIC WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN THE LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN. STAFF RECOMMENDATIONS ARE SHOWN IN CAPS AFTER EACH ITEM.

*1. Summary of proceedings of the following meetings:

- September 12, 2018 Board of Retirement
- September 19, 2018 Finance Committee
- October 1, 2018 Investment Committee

RECEIVE AND FILE

- *2. Monthly reports from the KCERA office on members retired from service and deceased retirees – RECEIVE AND FILE
- *3. Monthly report of current disability retirement applications and appeals of KCERA Board decisions – RECEIVE AND FILE
- *4. Securities Lending Earnings Summary Report for the period August 1-31, 2018 from Deutsche Bank – RECEIVE AND FILE
- *5. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of August 2018 and budget status report for Fiscal Year Ended June 30, 2018 – RECEIVE AND FILE
- *6. KCERA Strategic Investment Plan for the month of October 2018 – RECEIVE AND FILE
- *7. KCERA Re-balance Analysis as of October 1, 2018 – RECEIVE AND FILE
- *8. 2019 Board of Retirement Meeting Schedule – RECEIVE AND FILE; APPROVE
- *9. Proposed language for policy/charter revisions, as discussed during Cortex Governance Report – APPROVE
- *10. Invitation from State Association of County Retirement Systems (SACRS) to trustees and staff to attend the SACRS Fall Conference, November 13-16, 2018, in Indian Wells, California – APPROVE ATTENDANCE OF TRUSTEES DAVID COUCH, DUSTIN DODGIN, PHIL FRANEY, MARKO HORVAT, BOB JEFFERSON, THAD KENNEDY AND RICK KRATT, EXECUTIVE DIRECTOR DOMINIC BROWN, ASSISTANT EXECUTIVE DIRECTOR, CHIEF INVESTMENT OFFICER DARYN MILLER, GENERAL COUNSEL JENNIFER ZAHRY, RETIREMENT FINANCIAL OFFICER SHERYL LAWRENCE, TECHNOLOGY SERVICES MANAGER BRENDA GREENWOOD, RETIREMENT SERVICES MANAGER KAREN FRIESON, NETWORK SYSTEMS ADMINISTRATOR NEIL DEVERA, ADMINISTRATIVE COORDINATOR AIMEE MORTON, RETIREMENT SERVICES SPECIALIST TERRI PETERS AND RETIREMENT SERVICES SPECIALIST TINA MCCAFFREY

- *11. Invitation from Nossaman to staff to attend the Public Pensions and Investments Fiduciaries' Forum, October 18-19, 2018, in San Francisco, California – APPROVE ATTENDANCE OF CHIEF INVESTMENT OFFICER DARYN MILLER, CFA
- *12. Invitation from Western Asset to staff to attend the Client Seminar, October 18 and 22-23, 2018, in Pasadena, California – APPROVE ATTENDANCE OF CHIEF INVESTMENT OFFICER DARYN MILLER, CFA

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.

INVESTMENT MATTERS

- 14. Discussion and appropriate action on the asset allocation, policy benchmark and methodology, and updating the Investment Policy Statement presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – APPROVE AMENDMENTS TO THE INVESTMENT POLICY STATEMENT, INCLUDING THE ASSET ALLOCATION TARGETS AND RANGES, AND POLICY BENCHMARK METHODOLOGY
- 15. Discussion and appropriate action on the review of the commodity allocation presented by Scott Whalen, CFA, Verus, and Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – APPROVE THE CHANGES TO THE INVESTMENT MANAGER LINE-UP AND FUNDING AMOUNTS IN THE COMMODITY ALLOCATION
- 16. Discussion and appropriate action on the continued implementation of changes to the hedge fund allocation presented by Lincoln Smith, Albourne America LLC¹, and Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – APPROVE THE TRANSFER, TRANSITION, OR TERMINATION OF HEDGE FUND MANAGERS IN THE HEDGE FUND PORTFOLIO

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.

17. Discussion and appropriate action on the selection of a Real Estate Value Added investment manager for the Real Estate allocation presented by Lincoln Smith, Albourne America LLC² and Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – APPROVE THE SELECTION OF VALUE ADDED REAL ESTATE INVESTMENT MANAGER; AUTHORIZE EXECUTIVE DIRECTOR TO SIGN SUBJECT TO LEGAL REVIEW

ADMINISTRATIVE MATTERS

18. Disability Assessment and Management Services Agreement with Managed Medical Review Organization, Inc. (MMRO), effective October 10, 2018 – APPROVE; AUTHORIZE CHAIR OR VICE CHAIR, IN THE ABSENCE OF THE CHAIR, TO SIGN
19. Memorandum of Understanding between the KCERA and the County of Kern for reimbursement of costs incurred in fiduciary counsel review which may not meet the exclusive benefit rule, but are necessary for County's implementation of its treatment of part-time service credit – APPROVE; AUTHORIZE EXECUTIVE DIRECTOR TO SIGN
20. Review of the Fiscal Year 2018-2019 Executive Director Performance Evaluation Criteria, presented by Executive Director Dominic Brown and the Administrative Committee – APPROVE THE EXECUTIVE DIRECTOR PERFORMANCE EVALUATION CRITERIA FOR EVALUATION PERIOD OF FISCAL YEAR 2018-2019
21. Response to referral to review Executive Director Succession Policy presented by General Counsel Jennifer Zahry and the Administrative Committee – APPROVE PROPOSED CHANGES
22. Discussion and appropriate action on Special Election for vacant 8th Alternate Seat presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – DETERMINE WHETHER INITIATING A SPECIAL ELECTION IS IN THE BEST INTEREST IN KCERA AND DIRECT STAFF ACCORDINGLY
23. Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems (SACRS) Fall 2018 Conference, presented by Executive Director Dominic Brown – APPOINT VOTING DELEGATION
24. Appointment of Nominating Committee by Chair (two members) and the Board (two members) to propose a slate of officers to the Board of Retirement for the 2019 calendar year – MAKE APPOINTMENTS TO NOMINATING COMMITTEE; APPROVE

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.

STAFF/COMMITTEE REPORTS & NEW BUSINESS

25. Report from Executive Director
26. Report from Chief Investment Officer
27. Report from General Counsel
28. Report from Committee Chairs:
 - a. Administrative Committee – Kennedy
 - b. Finance Committee – Skidmore
 - c. Investment Committee – Kratt
 - d. KCERA Property, Inc. Board – Franey
29. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – CONSIDER; DISCUSS; AND TAKE ACTION ON WHETHER TO AGENDIZE PROPOSED ITEMS, IF ANY, FOR A FUTURE MEETING

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

30. On their own initiative, Board members may make a brief announcement or a brief report on their own activities.
31. Adjournment