

Executive Team

Dominic D. Brown, CPA, CFE
Executive Director

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
General Counsel

Matthew Henry, CFE
Assistant Executive Director

**KERN COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**



Board of Retirement

Dustin Dodgin, Chair
Thad Kennedy (Alt.), Vice-Chair
David Couch
Phil Franey
Juan Gonzalez
Marko Horvat
Bob Jefferson
Jordan Kaufman
Rick Kratt
Lauren Skidmore

December 6, 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, December 12, 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. Application for service-connected disability pension benefits for David George, SHERIFF (Safety) – ADOPT RECOMMENDATION OF SDAG TO DENY SERVICE-CONNECTED DISABILITY RETIREMENT
- *2. Summary of proceedings of the following meetings:
 - November 7, 2018 Board of Retirement
 - November 7, 2018 Administrative Committee

RECEIVE AND FILE

- *3. Monthly report from the KCERA office on members retired from service – RATIFY
- *4. Monthly report from the KCERA office on deceased retirees – RECEIVE AND FILE
- *5. Monthly report of current disability retirement applications and appeals of KCERA Board decisions – RECEIVE AND FILE
- *6. Securities Lending Earnings Summary Report for the period October 1-31, 2018 from Deutsche Bank – RECEIVE AND FILE
- *7. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of October 2018 – RECEIVE AND FILE
- *8. KCERA Strategic Investment Plan for the month of January 2018 – RECEIVE AND FILE
- *9. KCERA Re-balance Analysis as of November 28, 2018 – RECEIVE AND FILE
- *10. Letter from Auditor-Controller-County Clerk Mary B. Bedard, CPA, dated November 28, 2018, regarding the Certificate of Results of the Retirement Election held November 20, 2018 – RECEIVE AND FILE
- *11. Letter from Executive Director Dominic Brown, dated December 18, 2018, to the Kern County Board of Supervisors regarding Board of Retirement Election for Second, Seventh and Seventh Alternate Members – RECEIVE AND FILE
- *12. Agreement with Cortex, effective January 1, 2019 – APPROVE; AUTHORIZE CHAIR OR VICE-CHAIR, IN THE ABSENCE OF THE CHAIR, TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
- *13. TCW Asset Management and Colony Capital Due Diligence Report – RECEIVE AND FILE

- *14. Invitation from Institutional Limited Partners Association (ILPA) to staff to attend the ILPA Institute – Level II Module 2, January 14-15, 2019, in San Francisco, California – APPROVE ATTENDANCE OF CHIEF INVESTMENT OFFICER DARYN MILLER, CFA
- *15. Invitation from Institutional Investor Forums to staff to attend the Risk & Liquidity Forum, January 29-30, 2019, in San Francisco, California – APPROVE ATTENDANCE OF CHIEF INVESTMENT OFFICER DARYN MILLER, CFA
- 16. 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.

FINANCIAL MATTERS

- 17. Discussion and appropriate action on the auditor's report to management, the draft KCERA audited financial statements and the draft Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018, presented by Tim Rawal and Jason Ostroski, CliftonLarsonAllen LLP – APPROVE AUDITOR REPORTS, KCERA AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2018
- 18. Discussion and appropriate action on review of the draft actuarial valuation as of June 30, 2018, recommended employer and employee contribution rates for fiscal year 2019-2020, and related reports presented by Paul Angelo and John Monroe, The Segal Company – RECEIVE AND FILE; APPROVE THE ACTUARIAL VALUATION, EMPLOYER AND EMPLOYEE CONTRIBUTION RATES, AND RELATED REPORTS FOR FISCAL YEAR 2019-20 RECOMMENDED BY ACTUARY; REFER TO BOARD OF SUPERVISORS FOR ADOPTION

INVESTMENT MATTERS

- 19. Discussion and appropriate action on the review of the fixed income allocation presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – ADOPT RECOMMENDATION OF THE INVESTMENT COMMITTEE TO APPROVE CHANGES TO THE FUNDING AMOUNTS IN THE FIXED INCOME ALLOCATION

20. Discussion and appropriate action on the fiscal year 2017-2018 fee analysis presented by Chief Investment Officer Daryn Miller, CFA and the Investment Committee – ADOPT RECOMMENDATION OF THE INVESTMENT COMMITTEE TO RECEIVE AND FILE, OR TAKE OTHER ACTION, AS APPROPRIATE

ADMINISTRATIVE MATTERS

21. Public Pension Standards Award for Funding and Administration 2018 received from the Public Pension Coordinating Council (PPCC) – RECEIVE AND FILE
22. Discussion and appropriate action on policy regarding Administration of Special Allowances Initiated by KCERA Plan Sponsors presented by Executive Director Dominic Brown, General Counsel Jennifer Zahry and the Administrative Committee – APPROVE
23. Discussion and appropriate action on the Disability Retirement Applications and Conflicts of Interest presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – APPROVE
24. Slate of nominees for Chair and Vice-Chair for the calendar year 2019 presented by Nominating Committee Chair – ELECT CHAIR AND VICE-CHAIR
25. Presentation of plaque honoring Thad Kennedy, Trustee, for his years of dedicated service to the Kern County Employees' Retirement Association Board of Retirement – MAKE PRESENTATION
26. Presentation of plaque honoring Dustin Dodgin, Chair, for his service to the Kern County Employees' Retirement Association Board of Retirement as Chair – MAKE PRESENTATION

STAFF/COMMITTEE REPORTS & NEW BUSINESS

27. Report from Executive Director
28. Report from Chief Investment Officer
29. Report from General Counsel
30. Report from Committee Chairs:
 - a. Administrative Committee – Kennedy
 - b. Finance Committee – Skidmore
 - c. Investment Committee – Kratt
 - d. KCERA Property, Inc. Board – Franey

31. 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

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

Call for Public Comment on Executive Session Item(s)

Executive Session

Agenda item 1 is withdrawn from Executive Session if approved on the consent agenda.

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

GEORGE, David

SHERIFF

(Safety)

33. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 based on facts and circumstances that might result in litigation against KCERA but which KCERA believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed. (Cal. Gov. Code section 54956.9(e)(1)). (Number of potential cases: unknown).

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

34. Adjournment