

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

**11125 River Run Blvd.
Bakersfield, California**

**Board of Retirement Meeting
Wednesday, November 7, 2018**

8:34 a.m.

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

Roll Call: Dodgin, Franey, Gonzalez, Horvat, Jefferson, Kaufman

Absent: Couch, Kennedy, Kratt, Skidmore

Salute to Flag – TRUSTEE PHIL FRANEY

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.

- *1.** Application for service-connected disability pension benefits for Rick Ricker, FIRE (Safety) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT**
Jefferson-Kaufman – 6 Ayes
- *2.** Proposed Decision and Findings of Fact submitted by Hearing Officer for Richard Bramlette, Parks and Recreation (General) – **ADOPTED RECOMMENDATION OF SDAG TO ADOPT THE PROPOSED FINDINGS OF FACT, CONCLUSIONS AND RECOMMENDATION OF THE HEARING OFFICER TO GRANT THE APPLICATION FOR SERVICE-CONNECTED DISABILITY PENSION**
Jefferson-Kaufman – 6 Ayes
- *3.** Proposed Decision and Findings of Fact submitted by Hearing Officer for Laura Candler, Sheriff (Safety) –

THIS ITEM REMOVED FROM CONSENT AGENDA

- *4.** Summary of proceedings of the following meetings:

- October 10, 2018 Board of Retirement
- October 10, 2018 Administrative Committee

RECEIVED AND FILED

Jefferson-Kaufman – 6 Ayes

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

Jefferson-Kaufman – 6 Ayes

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

Jefferson-Kaufman – 6 Ayes

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

Jefferson-Kaufman – 6 Ayes

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

Jefferson-Kaufman – 6 Ayes

- *9. KCERA Strategic Investment Plan for the month of December 2018 – RECEIVED AND FILED

Jefferson-Kaufman – 6 Ayes

- *10. KCERA Re-balance Analysis as of October 26, 2018 – RECEIVED AND FILED

Jefferson-Kaufman – 6 Ayes

- *11. The KCERA Class Action Proceeds Report from July 1 through September 30, 2018 for the Northern Trust Company – RECEIVED AND FILED

Jefferson-Kaufman – 6 Ayes

- *12. Western Asset Due Diligence Report – RECEIVED AND FILED

Jefferson-Kaufman – 6 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 –

PATRICIA WRIGHT HEARD; CHAIR DUSTIN DODGIN HEARD;
TRUSTEES BOB JEFFERSON AND JORDAN KAUFMAN HEARD;
EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL
COUNSEL JENNIFER ZAHRY HEARD

INVESTMENT MATTERS

14. Discussion and appropriate action on the continued implementation of changes to the hedge fund allocation presented by Lincoln Smith, Albourne America¹ LLC and Chief Investment Officer Daryn Miller, CFA – CHAIR DUSTIN DODGIN HEARD; TRUSTEE JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD
- APPROVED THE TERMINATION OF HEDGE FUND MANAGER IN THE HEDGE FUND PORTFOLIO

Jefferson-Gonzalez – 6 Ayes

15. Discussion and appropriate action on Annual Fee Report presented by Chief Investment Officer Daryn Miller, CFA – CHAIR DUSTIN DODGIN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD
- RECEIVED AND FILED

Jefferson-Franey – 6 Ayes

16. Presentation on the 3rd Quarter Investment Performance Review period ending September 30, 2017 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; LINCOLN SMITH, ALBOURNE AMERICA LLC, HEARD; CHAIR DUSTIN DODGIN HEARD; TRUSTEES JUAN GONZALEZ AND JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TRUSTEE THAD KENNEDY ARRIVED AT 9:23 A.M.

RECEIVED AND FILED

Jefferson-Franey – 7 Ayes

17. Presentation on the 3rd Quarter 2017 Portfolio Review presented by Lincoln Smith, Albourne America² – LINCOLN SMITH, ALBOURNE AMERICA LLC, HEARD; SCOTT WHALEN, CFA, VERUS, HEARD; TRUSTEE JORDAN KAUFMAN HEARD
- RECEIVED AND FILED

Gonzalez- Franey – 7 Ayes

ADMINISTRATIVE MATTERS

18. Discussion and appropriate action on response to referral to staff regarding Special Election for vacant 8th Alternate Seat presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – CHAIR DUSTIN DODGIN HEARD; TRUSTEES PHIL FRANEY, JUAN GONZALEZ, MARKO HORVAT, BOB JEFFERSON AND JORDAN KAUFMAN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD
- PUBLIC COMMENT: JOHN DEMARIO, REOKC PRESIDENT, HEARD
- DIRECTED STAFF TO INITIATE A SPECIAL ELECTION TO FILL VACANT 8TH ALTERNATE SEAT

Jefferson-Gonzalez – 7 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.

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STAFF/COMMITTEE REPORTS & NEW BUSINESS

19. 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 OCTOBER 2018
 - UPDATE ON UPCOMING COMMITTEE MEETINGS
- TRUSTEE PHIL FRANEY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD
20. 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
21. Report from General Counsel
- GENERAL COUNSEL JENNIFER ZAHRY REPORTED THE FOLLOWING:
- 2019 SEXUAL HARASSMENT LAW UPDATE
- CHAIR DUSTIN DODGIN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD
22. 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 – EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE NEXT FINANCE COMMITTEE MEETING WILL BE HELD ON DECEMBER 19, 2018
 - c. Investment Committee – KRATT – CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, REPORTED THE NEXT INVESTMENT COMMITTEE MEETING WILL BE HELD ON DECEMBER 5, 2018
 - d. KCERA Property, Inc. – FRANEY – NONE
23. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – NONE
- BOARD MEMBER ANNOUNCEMENTS OR REPORTS**
24. On their own initiative, Board members may make a brief announcement or a brief report on their own activities –
- CHAIR DUSTIN DODGIN HEARD

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

Executive Session

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

CANDLER, Laura SHERIFF (Safety)

25. INITIATION OF LITIGATION (pursuant to Government Code §54956.9)
based on existing facts and circumstances the legislative body is deciding
whether to initiate litigation.

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

ITEM 3 – BOARD ADOPTED PROPOSED FINDINGS OF FACT AND
RECOMMENDATION TO DENY THE APPLICATION FOR SERVICE-
CONNECTED DISABILITY PENSION

Gonzalez-Franey – 6 Ayes; 1 Noes (Kennedy)

ITEM 25 – APPROVAL GIVEN TO LEGAL COUNSEL TO SEEK
APPELLATE REVIEW IN BLUE VS. KCERA BOARD OF RETIREMENT
KCSC #BCV-17-101570

Franey-Horvat – 7 Ayes

26. ADJOURNED – 11:10 A.M.


Secretary, Board of Retirement


Chair, Board of Retirement