

**SUMMARY OF PROCEEDINGS**

**BOARD OF RETIREMENT – COUNTY OF KERN**

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

**Board of Retirement Meeting  
February 13, 2019**

**8:30 a.m.**

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

Roll Call: Couch, DeMario, Franey, Gonzalez, Jefferson, Kaufman, Skidmore

Absent: Dodgin, Horvat, Kratt, Simmons

Salute to Flag – TRUSTEE BOB JEFFERSON

Moment of Silence

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

TRUSTEE DUSTIN DODGIN ARRIVED AT 8:32 A.M.

- \*1. Summary of proceedings of the following meetings:
- January 9, 2019 Board of Retirement
  - January 9, 2019 Administrative Committee
  - January 30, 2019 Administrative Committee

RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

- \*2. Monthly report from the KCERA office on members retired from service – RATIFIED

**Dodgin-Franey – 6 Ayes**

- \*3. Monthly report from the KCERA office on deceased retirees – RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

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

**Dodgin-Franey – 6 Ayes**

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

**Dodgin-Franey – 6 Ayes**

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

**Dodgin-Franey – 6 Ayes**

- \*7. KCERA Strategic Investment Plan for the month of February 2019 – RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

- \*8. KCERA Re-balance Analysis as of December 27, 2018 – RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

- \*9. KCERA Class Action Proceeds Report from October 1, 2018 through December 31, 2018 from the Northern Trust Company – RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

- \*10. Corrections in Benefit Payments Report for the period July through December 2018 – RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

- \*11. Glass, Lewis, & Co.'s Proxy Voting Management Report, January 1, 2018 through December 31, 2018 – RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

- \*12. Invitation for trustees and/or staff to attend the 2019 California Association of Public Retirement Systems (CALAPRS) General Assembly, March 2-5, 2019 in Monterey, California – APPROVED THE ATTENDANCE OF TRUSTEES DAVID COUCH, PHIL FRANEY, BOB JEFFERSON, EXECUTIVE DIRECTOR DOMINIC BROWN, CHIEF INVESTMENT OFFICER DARYN MILLER AND ASSISTANT EXECUTIVE DIRECTOR MATTHEW HENRY

**Dodgin-Franey – 6 Ayes**

- \*13. Letter from Segal Consulting, dated January 18, 2019, on annual cost-of-living adjustment (COLA) rates for 2019 – ADOPT THE FOLLOWING ITEMS:

RETIREMENT DATE	COLA
ON OR BEFORE APRIL 1, 2019	2.5%

**Dodgin-Franey – 6 Ayes**

- \*14. Letter from Executive Director, dated February 5 2019, to the Kern County Board of Supervisors regarding the recommended employer and employee contribution rates for fiscal year 2019-20 – RECEIVED AND FILED

**Dodgin-Franey – 6 Ayes**

15. 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

16. SACRS outreach presentation – HARRY HAGEN, SACRS HEARD, CHAIR JORDAN KAUFMAN HEARD

HEARD PRESENTATION

TRUSTEE LAUREN SKIDMORE ARRIVED AT 8:55 A.M.

17. Response to referral and recommendation regarding pending Over/Underpayment Policy presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – CHAIR JORDAN KAUFMAN HEARD; TRUSTEES DAVID COUCH, DUSTIN DODGIN AND PHIL FRANEY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN, GENERAL COUNSEL JENNIFER ZAHRY HEARD AND TECHNOLOGY SERVICES MANAGER BRENDA GREENWOOD

APPROVED WITH LANGUAGE CLARIFYING HOW INTEREST IS APPLIED AND HOW INTEREST ACCRUES ON THE OUTSTANDING BALANCE

**Dodgin-Couch – 7 Ayes**

INVESTMENT MATTERS

18. Presentation on the 4<sup>th</sup> Quarter Investment Performance Review period ending December 31, 2018 by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER, DARYN MILLER HEARD

RECEIVED AND FILED

**Couch-Dodgin – 7 Ayes**

19. Presentation on the 4<sup>th</sup> Quarter 2018 Portfolio Review presented by Lincoln Smith, Albourne America LLC<sup>1</sup> – LINCOLN SMITH, ALBOURNE AMERICA LLC, HEARD; SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER, DARYN MILLER HEARD

RECEIVED AND FILED

**Gonzalez-Jefferson – 7 Ayes**

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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.

**STAFF/COMMITTEE REPORTS & NEW BUSINESS**

20. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- COLA PRESENTED TO REOKC LUNCHEON
- WELCOME BACK TO TRUSTEE JOHN DEMARIO, APPOINTED IN LIEU OF AN ELECTION
- OPERATIONAL ACTIVITIES OF ADMINISTRATIVE SERVICES, FINANCIAL SERVICES, MEMBER SERVICES AND INFORMATION TECHNOLOGY SERVICES DIVISIONS FOR JANUARY 2019
- UPDATE ON MMRO'S ON-SITE VISIT
- UPDATE ON UPCOMING COMMITTEE MEETINGS
- ACTUARIAL VALUATION PRESENTATION MADE TO BOARD OF SUPERVISORS ON FEBRUARY 5, 2019; NOTIFICATIONS WERE SENT TO PLAN SPONSORS AND LABOR GROUPS
- UPDATE ON CURRENT KCERA RECRUITMENTS

21. Report from Chief Investment Officer

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

- UPDATE ON PORTFOLIO POSITIONING
- INTRODUCTION OF RETIREMENT INVESTMENT OFFICER, STEVEN SWARTLEY
- INVESTMENT COMMITTEE MEETING IN MARCH TO REVIEW ASSET ALLOCATION AND INVESTMENT POLICY STATEMENT

22. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY REPORTED THE FOLLOWING:

- SUMMARY OF MIJARES V. OCERA

23. Report from Committee Chairs:

- a. Administrative Committee –GONZALEZ - NONE
- b. Finance Committee – SKIDMORE – RESCHEDULED MEETING FOR LATER DATE ONCE MATERIALS ARE COMPLETED
- c. Investment Committee –DODGIN – MEETING IMMEDIATELY FOLLOWING
- d. KCERA Property, Inc. – FRANEY – 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 – NONE
  
25. ADJOURNED – 10:13 A.M.



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Secretary, Board of Retirement



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Chair, Board of Retirement