

**SUMMARY OF PROCEEDINGS**

**BOARD OF RETIREMENT – COUNTY OF KERN**

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

**Board of Retirement Meeting  
March 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: DeMario, Dodgin, Franey, Gonzalez, Horvat Jefferson, Kaufman, Kratt

Absent: Couch, Simmons, Skidmore

Salute to Flag – TRUSTEE RICK KRATT

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 DODGIN DISCLOSED A WORK RELATIONSHIP WITH THE APPLICANT'S SPOUSE IN ITEM 1 AND RECUSED HIMSELF FROM THE MEETING AT 8:33 A.M.

- \*1. Application for non-service connected disability pension benefits for Athanasios Vlahos, SHERIFF (Safety) - **ADOPT RECOMMENDATION OF SDAG TO GRANT NON-SERVICE CONNECTED DISABILITY RETIREMENT**
- \*2. Summary of proceedings of the following meetings:
  - February 13, 2019 Board of Retirement
  - February 13, 2019 Investment Committee

RECEIVED AND FILED

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*3. Monthly report from the KCERA office on members retired from service – **RATIFIED**

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*4. Monthly report from the KCERA office on deceased retirees – **RECEIVED AND FILED**

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*5. Monthly report of current disability retirement applications and appeals of KCERA Board decisions – **RECEIVED AND FILED**

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*6. Securities Lending Earnings Summary Report for the period January 1-31, 2019 from Deutsche Bank – **RECEIVED AND FILED**

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*7. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of January 2019 – RECEIVED AND FILED

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*8. KCERA Strategic Investment Plan for the month of April 2019 – RECEIVED AND FILED

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*9. Letter from Auditor-Controller-County Clerk Mary B. Bedard, CPA, dated January 28, 2019, regarding the Certificate of Results of the Retirement Election held January 28, 2019 – RECEIVED AND FILED

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*10. Agreement for Investment Management Services with Gramercy Funds Management, LLC, effective January 1, 2019 – RECEIVED AND FILED

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

- \*11. Banking Services Agreement with Wells Fargo Bank, N.A., effective July 14, 2018 – RECEIVED AND FILED

**Jefferson-Kratt – 6 Ayes; Dodgin – Absent**

TRUSTEE DODGIN RETURNED TO THE MEETING AT 8:34 A.M.

12. 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

INVESTMENT MATTERS

13. Discussion and action on asset allocation review and Verus 2019 capital market assumptions presented by Scott Whalen, CFA, Verus, and Chief Investment Officer Daryn Miller, CFA – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR JORDAN KAUFMAN HEARD; TRUSTEES JOHN DEMARIO, DUSTIN DODGIN AND RICK KRATT HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN AND CHIEF INVESTMENT OFFICER, DARYN MILLER HEARD

TRUSTEE LAUREN SKIDMORE ARRIVED AT 8:52 A.M.

TRUSTEE DEVIN SIMMONS ARRIVED AT 9:00A.M.

RECEIVED AND FILED

**Kratt-Dodgin – 8 Ayes**

RECEIVED EDUCATIONAL TRAINING (45 MINUTES TRUSTEE EDUCATION CREDIT)

14. Discussion and appropriate action on the private equity program presented by Lincoln Smith, Albourne America LLC, Scott Whalen, CFA, Verus, and Chief Investment Officer Daryn Miller, CFA<sup>1</sup> –TRUSTEES DUSTIN DODGIN AND RICK KRATT HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN, CHIEF INVESTMENT OFFICER, DARYN MILLER HEARD

ADOPTED RECOMMENDATION OF THE INVESTMENT COMMITTEE TO APPROVE PRIVATE MARKETS STRATEGY

**Dodgin-Jefferson – 8 Ayes**

15. 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; TRUSTEE DUSTIN DODGIN HEARD; CHIEF INVESTMENT OFFICER, DARYN MILLER HEARD

RECEIVED AND FILED

**Franey-Dodgin – 8 Ayes**

**STAFF/COMMITTEE REPORTS & NEW BUSINESS**

16. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- OPERATIONAL ACTIVITIES OF ADMINISTRATIVE SERVICES, FINANCIAL SERVICES, MEMBER SERVICES AND INFORMATION TECHNOLOGY SERVICES DIVISIONS FOR JANUARY 2019
- UPDATE ON COMMITTEE MEETINGS SCHEDULED
- UPCOMING BOARD MEETING AND COMMITTEE ITEMS
- UPDATE ON STAKEHOLDER OUTREACH
- UPDATE ON CURRENT KCERA RECRUITMENTS

17. Report from Chief Investment Officer

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

- REBALANCING TRANSACTION COMPLETED IN FEBRUARY
- UPCOMING INVESTMENT COMMITTEE REGARDING EQUITY ALLOCATION
- UPDATE ON PORTFOLIO POSITIONING
- WORKING WITH VERUS ON BRINGING FORTH A DISCUSSION ON INVESTMENT PHILOPSHY
- UPDATE ON EMERGING MARKET DEBT AND HEDGE FUND PROGRAM

18. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY REPORTED THE FOLLOWING:

- MEMO ON RECENT CALIFORNIA SUPREME COURT DECISION REGARDING PURCHASING ARS TIME

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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.

19. Report from Committee Chairs:
- a. Administrative Committee –GONZALEZ - MEETING IMMEDIATELY FOLLOWING
  - b. Finance Committee – SKIDMORE – NONE
  - c. Investment Committee –DODGIN – MEETING TO BE SCHEDULED IN EARLY APRIL
  - d. KCERA Property, Inc. – FRANEY – NONE

**BOARD MEMBER ANNOUNCEMENTS OR REPORTS**

20. On their own initiative, Board members may make a brief announcement or a brief report on their own activities – TRUSTEE GONZALEZ RECOMMENDED SETTING UP AN AD-HOC COMMITTEE REGARDING BUILDING SAFETY
21. ADJOURNED – 10:16 A.M.

  
Secretary, Board of Retirement

  
Chair, Board of Retirement