

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

11125 River Run Blvd.
Bakersfield, California

Board of Retirement Meeting
April 10, 2019

8:33 a.m.

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

Roll Call: Couch, DeMario, Dodgin, Franey, Gonzalez, Horvat, Jefferson, Kaufman, Kratt, Skidmore

Absent: Simmons

Salute to Flag – TRUSTEE LAUREN SKIDMORE

Moment of Silence

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

*1. Summary of proceedings of the following meetings:

- March 6, 2019 Investment Committee
- March 13, 2019 Board of Retirement
- March 13, 2019 Administrative Committee

RECEIVED AND FILED

Couch-Dodgin – 9 Ayes

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

Couch-Dodgin – 9 Ayes

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

Couch-Dodgin – 9 Ayes

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

Couch-Dodgin – 9 Ayes

*5. Securities Lending Earnings Summary Report for the period February 1-28, 2019 from Deutsche Bank – RECEIVED AND FILED

Couch-Dodgin – 9 Ayes

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

Couch-Dodgin – 9 Ayes

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

Couch-Dodgin – 9 Ayes

- *8. Invitation from State Association of County Retirement Systems (SACRS) to trustees and staff to attend the SACRS Spring Conference, May 7-10, 2019, in Lake Tahoe, California – APPROVED ATTENDANCE OF TRUSTEES DAVID COUCH, DUSTIN DODGIN, PHIL FRANEY, JUAN GONZALEZ AND BOB JEFFERSON, EXECUTIVE DIRECTOR DOMINIC BROWN, ASSISTANT EXECUTIVE DIRECTOR MATT HENRY, GENERAL COUNSEL JENNIFER ZAHRY, RETIREMENT INVESTMENT OFFICER STEVEN SWARTLEY, RETIREMENT SERVICES MANAGER SHERRY WILLARD AND ADMINISTRATIVE COORDINATOR AIMEE MORTON

Couch-Dodgin – 9 Ayes

- *9. Invitation from Institutional Investor to staff to attend the Private Equity Summit and Public Funds Roundtable, April 23-25, 2019 in Los Angeles, California – APPROVED ATTENDANCE OF CHIEF INVESTMENT OFFICER DARYN MILLER

Couch-Dodgin – 9 Ayes

- *10. Agreement for Investment Management Services with Stone Harbor, effective March 1, 2019 – APPROVED; AUTHORIZED CHAIRMAN OR VICE CHAIR, IN THE ABSENCE OF THE CHAIRMAN, TO SIGN

Couch-Dodgin – 9 Ayes

11. 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

12. NCPERS Certificate of Transparency awarded to Kern County Employees' Retirement Association for its participation in the 2018 NCPERS Public Retirement Systems Study – CHAIR JORDAN KAUFMAN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

RECEIVE AND FILE

Gonzalez-Dodgin – 9 Ayes

13. KCERA 2018 Board Performance Assessment presented by Tom Iannucci, Cortex Applied Research, Inc. – TOM IANNUCCI, CORTEX APPLIED RESEARCH, INC., HEARD; CHAIR JORDAN KAUFMAN HEARD

HEARD PRESENTATION

Skidmore-Kratt – 9 Ayes

14. KCERA Governance Report for the Fiscal Year ending June 30, 2018 presented by Tom Iannucci, Cortex Applied Research, Inc. – TOM IANNUCCI, CORTEX APPLIED RESEARCH, INC., HEARD

RECEIVED AND FILED

Dodgin-Jefferson – 9 Ayes

15. KCERA 2018 Board Education Needs Assessment Report presented by Tom Iannucci, Cortex Applied Research, Inc. – TOM IANNUCCI, CORTEX APPLIED RESEARCH, INC., HEARD; CHAIR JORDAN KAUFMAN HEARD; VICE-CHAIR RICK KRATT HEARD; TRUSTEES DUSTIN DODGIN AND JUAN GONZALEZ HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SCOTT WHALEN, CFA, VERUS, HEARD

RECEIVED AND FILED

Kratt-Couch – 9 Ayes

16. Annual Strategic/Budgetary Session presented by Tom Iannucci, Cortex Applied Research, Inc. – TOM IANNUCCI, CORTEX APPLIED RESEARCH, INC., HEARD; CHAIR JORDAN KAUFMAN HEARD; VICE-CHAIR RICK KRATT HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; SCOTT WHALEN, CFA, VERUS, HEARD

TRUSTEE DAVID COUCH LEFT AT 9:30 A.M.

RECEIVED EDUCATIONAL TRAINING (45 MINUTES TRUSTEE EDUCATION CREDIT)

Kratt-Gonzalez – 8 Ayes

17. Response to referral and recommendation regarding proposed changes to KCERA's Correction of Errors in Benefit Payments Principles, Policy, and Procedure presented by Executive Director Dominic Brown, General Counsel Jennifer Zahry and the Administrative Committee – CHAIR JORDAN KAUFMAN HEARD; TRUSTEES JOHN DEMARIO, DUSTIN DODGIN, JUAN GONZALEZ, MARKO HORVAT AND BOB JEFFERSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

APPROVED; STAFF TO BRING FURTHER EDUCATION REGARDING THE ADMINISTRATIVE APPEALS PROECSS TO THE BOARD OF RETIREMENT

Dodgin-Kratt – 8 Ayes

18. Discussion and appropriate action on the review of recommended changes to KCERA's Rules of Procedure for Disability Retirement presented by Executive Director Dominic Brown, General Counsel Jennifer Zahry and the Administrative Committee – CHAIR JORDAN KAUFMAN HEARD; VICE-CHAIR RICK KRATT HEARD; TRUSTEES JOHN DEMARIO, PHIL FRANNEY, JUAN GONZALEZ AND MARKO HORVAT HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD; RETIREMENT SERVICES REPRESENTATIVE NICOLE PANNEL HEARD

PUBLIC COMMENT: SUE KELLY HEARD; JULIE RAY, SAN JOAQUIN VALLEY AIR DISTRICT, HEARD

APPROVED RECOMMENDED REVISIONS, INCLUDING CHANGE THAT APPLICANT IS NOTIFIED AT START OF DISABILITY APPLICATION PROCESS AS TO COST OF CANCELING ANY REQUIRED MEETINGS; REFERRAL TO STAFF TO BRING BACK LIST OF DOCUMENTS SENT VIA CERTIFIED MAIL FOR CONSIDERATION BY THE BOARD OF RETIREMENT IN 60 DAYS

Kratt-Jefferson – 8 Ayes

TRUSTEE RICK KRATT LEFT AT 11:54 A.M.

19. Formation of Ad Hoc Committee for the limited purpose of reviewing physical security and data security – CHAIR JORDAN KAUFMAN HEARD; TRUSTEES PHIL FRANNEY AND JUAN GONZALEZ HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPOINTED TRUSTEE RICK KRATT AS CHAIR OF AD HOC COMMITTEE; APPOINTED TRUSTEES DAVID COUCH, JUAN GONZALEZ AND DEVIN SIMMONS TO AD HOC COMMITTEE WITH SUBJECT MATTER JURISDICTION NOT TO EXCEED ONE YEAR; RETURN TO THE BOARD WITH RECOMMENDATIONS, AS APPROPRIATE

Franey-Jefferson – 7 Ayes

20. Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems (SACRS) Spring 2019 Conference, presented by Executive Director Dominic Brown – TRUSTEE PHIL FRANNEY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPOINTED EXECUTIVE DIRECTOR DOMINIC BROWN AS VOTING DELEGATE AND TRUSTEE DAVID COUCH AS ALTERNATE VOTING DELEGATE

Franey-Gonzalez – 7 Ayes

21. Proposed slate of candidates for the State Association of County Retirement Systems (SACRS) Board of Directors Elections –

SACRS Nominating Committee recommended 2019-2020 final ballot:

Dan McAllister, San Diego CERA	President
Vivian Gray, Los Angeles CERA	Vice President
Harry Hagen, Santa Barbara, CERS	Treasurer
Kathryn Cavness, Mendocino CERA	Secretary
Roger Hilton, Orange CERS	Regular Member
Chris Cooper, Marin CERA	Regular Member

DIRECTED VOTING DELEGATE TO VOTE FOR SLATE OF CANDIDATES AS RECOMMENDED BY THE SACRS NOMINATING COMMITTEE

Dodgin-Franey – 7 Ayes

STAFF/COMMITTEE REPORTS & NEW BUSINESS

22. 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 March 2019
- UPDATE ON UPCOMING COMMITTEE MEETINGS
- UPDATE ON STAKEHOLDER OUTREACH
- UPDATE ON CURRENT KCERA RECRUITMENTS

23. Report from Chief Investment Officer

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

- INVESTMENT ACTIVITIES, INITIATIVES AND PORTFOLIO OPPORTUNITIES

24. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY REPORTED THE FOLLOWING:

- UPDATE ON BOLING V. PERB

25. Report from Committee Chairs:


- a. Administrative Committee – GONZALEZ – ALL PREVIOUS COMMITTEE ITEMS WERE BROUGHT FORWARD TO THE BOARD OF RETIREMENT TODAY
- b. Finance Committee – SKIDMORE – NONE
- c. Investment Committee – DODGIN – MET PRIOR TO BOARD OF RETIREMENT MEETING TODAY; WILL ALSO MEET IN MAY
- d. KCERA Property, Inc. – FRANNEY – NONE

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

26. On their own initiative, Board members may make a brief announcement or a brief report on their own activities – NONE
27. ADJOURNED – 12:12 P.M.



Secretary, Board of Retirement



Chair, Board of Retirement