

**KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)  
Board of Retirement**

**SUMMARY OF PROCEEDINGS**

**Teleconference Meeting – Board of Retirement Meeting**

**January 20, 2021**

**8:31 a.m.**

Board Members: Bradly Brandon (Alternate), Couch, Chair Dodgin, Franey, Vice-Chair Gonzalez, Kaufman, Kratt, Nunneley (Alternate), Robinson, Seibly (Alternate), Skidmore, Whitezell

**ROLL CALL**

Present: Brandon, Couch, Dodgin, Gonzalez, Kaufman, Kratt, Nunneley, Robinson, Seibly, Skidmore, Whitezell

Absent: Franey

**MOMENT OF SILENCE**

NOTE: The vote is displayed in bold below each item. For example, Couch-Kaufman denotes Trustee David Couch made the motion and Trustee Jordan Kaufman seconded the motion.

- \*1. Application for service-connected disability pension benefits for Paul Panero, KERN COUNTY HOSPITAL AUTHORITY (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*2. Application for non-service-connected disability pension benefits for Maria Rubio-Esteban, BEHAVIORAL HEALTH & RECOVERY SERVICES (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY PENSION

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

\*3. Summary of proceedings of the following meetings:

- December 3, 2020 Investment Committee
- December 9, 2020 Board of Retirement
- December 21, 2020 Special Board of Retirement

RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

\*4. Monthly report from the KCERA office on members retired from service –  
RATIFIED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

\*5. Monthly report from the KCERA office on deceased retirees – RECEIVED AND  
FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

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

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

\*7. Securities Lending Earnings Summary Report for the period November 1-30,  
2020 from Deutsche Bank – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

\*8. KCERA asset allocation, budget status, cash flow position and investment fees  
status report for the month of November 2020 – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

\*9. 2021 Board of Retirement Committee Assignments – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*10. Board of Retirement Semi-annual Trustee Education Report – RECEIVED AND FILED; POSTED TO KCERA WEBSITE IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 31522.8(d)

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*11. Kern County Employees' Retirement Association Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2020 and 2019 – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*12. Letter from Segal Consulting, dated January 8, 2021, regarding the Allocation of June 30, 2020 Liabilities and Assets by District – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*13. Memorandum from General Counsel Jennifer Esquivel Zahry, dated January 20, 2021, regarding gift restrictions – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*14. Memorandum from General Counsel Jennifer Esquivel Zahry, dated January 20, 2021, regarding gifts of travel – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*15. Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFIED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*16. Renewal Addendum VII to Proxy Research and Vote Agency Services Agreement with Glass Lewis, effective December 14, 2020 – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

- \*17. Report on Special Pays Codes classified by the Executive Director – RECEIVED AND FILED

**Kaufman-Couch – 9 Ayes**

*Trustee Robb Seibly voted in place of Trustee Phil Franey*

**PUBLIC COMMENTS**

18. 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 Chair, 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

TRUSTEE PHIL FRANNEY ARRIVED AT 8:33 A.M.

**INVESTMENT MATTERS**

19. Discussion and appropriate action on private market fund recommendation presented by Keirsten Lawton, Investment Managing Director, Cambridge Associates<sup>1</sup>, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED \$40MM COMMITMENT TO THE FORTRESS LENDING FUND II;  
AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL  
ADVICE AND REVIEW

**Couch-Kratt – 9 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.

20. Discussion and appropriate action on private market fund recommendation presented by Anelise Hohl, Investment Director, Cambridge Associates<sup>1</sup>, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – ANELISE HOHL, CAMBRIDGE ASSOCIATES, HEARD; CHAIR DUSTIN DODGIN HEARD; TRUSTEES RICK KRATT AND EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED \$40MM COMMITMENT TO THE SINGERMAN REAL ESTATE OPPORTUNITY FUND IV; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

**Kratt-Couch – 9 Ayes**

### **FINANCIAL MATTERS**

21. Response to Board of Retirement's action on December 9, 2020 to direct staff to present the following directly to the Board of Retirement: discussion and appropriate action on option to phase-in the increase in the County's UAAL contribution rate due to changes in actuarial assumptions effective with the June 30, 2020 valuation presented by Executive Director Dominic Brown, and Paul Angelo and Molly Calcagno, Segal – PAUL ANGELO AND MOLLY CALCAGNO, SEGAL, HEARD; CHAIR DUSTIN DODGIN HEARD; VICE-CHAIR JUAN GONZALEZ HEARD; TRUSTEES DAVID COUCH, JORDAN KAUFMAN, EDWARD ROBINSON AND TYLER WHITEZELL HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

PUBLIC COMMENT: ELSA MARTINEZ, COUNTY ADMINISTRATIVE OFFICE, HEARD

APPROVED REQUEST TO PHASE-IN COUNTY'S EMPLOYER UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) CONTRIBUTION RATE (BASED ON JUNE 30, 2020 VALUATION RESULTS) FOR SAFETY RATES ONLY OVER THREE YEARS BEGINNING JULY 1, 2021

**Couch-Kaufman – 8 Ayes; 1 No (Robinson)**

TRUSTEE JORDAN KAUFMAN LEFT AT 9:34 A.M.

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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.

## **ADMINISTRATIVE MATTERS**

22. Presentation and update regarding implementation of *Alameda* decision and plan to initiate corrective distributions presented by Executive Director Dominic Brown and Tax Counsel Robert L. Gauss, Partner, Ice Miller LLP – ROBERT L. GAUSS, ICE MILLER LLP, HEARD; LILIANA FAHEL, VOYA FINANCIAL ADVISORS & KERN COUNTY DEFERRED COMPENSATION PLAN, HEARD; VICE-CHAIR JUAN GONZALEZ HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

HEARD PRESENTATION

23. Discussion and appropriate action on Resolution 2021-01 – EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

APPROVED RESOLUTION SETTING FORTH DIRECTIONS TO STAFF AND ACTIONS NEEDED TO INITIATE CORRECTIVE DISTRIBUTIONS RELATED TO THE *ALAMEDA* DECISION

**Franey-Kratt – 9 Ayes**

*Trustee Chase Nunneley voted in place of Trustee Jordan Kaufman*

## **STAFF REPORTS**

24. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- OPERATIONS ACTIVITY
- UPCOMING MEETINGS FOR ALL COMMITTEES
- REQUESTS FOR PROPOSALS IN PROGRESS

25. Report from Chief Investment Officer

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

- INVESTMENT ACTIVITIES AND INITIATIVES
- PORTFOLIO UPDATE

TRUSTEE EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

26. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY SUBMITTED A REPORT ON THE FOLLOWING:

- HIPSHER V LACERA COURT CASE UPDATE
- NEW 2021 GIFT & CONTRIBUTION LIMITS
- DECEMBER 2020 METRICS
- CALENDAR ITEMS FOR JANUARY

TRUSTEE EDWARD ROBINSON HEARD

**COMMITTEE REPORTS**

27. Report from Committee Chairs:

- a. Administrative Committee: FRANEY – MEETING FEBRUARY 3, 2021
- b. Finance Committee: WHITEZELL – UPCOMING MEETING AT END OF JANUARY
- c. Investment Committee: KRATT – MEETING BEING SCHEDULED FOR BEGINNING OF FEBRUARY
- d. KCERA Property, Inc.: WHITEZELL – NONE

**CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S) – NONE**

**EXECUTIVE SESSION**

TRUSTEE JORDAN KAUFMAN ARRIVED AT 10:24 A.M.

28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: Facts and circumstances that might result in litigation against the local agency but which the local agency believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed. (1 potential case).

29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: Facts and circumstances that might result in litigation against the agency but which the local agency believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed. (11 potential cases).

TRUSTEE JORDAN KAUFMAN LEFT AT 11:33 A.M.

**RETURN TO PUBLIC SESSION**

BOARD OF RETIREMENT RECONVENED AT 11:36 A.M

**ROLL CALL**

Present: Brandon, Couch, Dodgin, Franey, Gonzalez, Kratt, Nunneley, Robinson, Seibly, Whitezell

Absent: Kaufman, Skidmore

**REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE**

- ITEM 28 – NO REPORTABLE ACTION
- ITEM 29 – NO REPORTABLE ACTION

**BOARD MEMBER ANNOUNCEMENTS OR REPORTS**

30. On their own initiative, Board members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – TRUSTEE EDWARD ROBINSON HEARD

**NEW BUSINESS**

31. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – NONE

32. ADJOURNED – 11:40 A.M.



Secretary, Board of Retirement



Chair, Board of Retirement