

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

**SUMMARY OF PROCEEDINGS**

**Teleconference Meeting – Board of Retirement Meeting**

**February 10, 2021**

**8:30 a.m.**

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

**ROLL CALL**

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

Absent: None

**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 James Ashley, Sheriff (Safety) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION**

**Whitezell-Kaufman – 9 Ayes**

- \*2. Application for service-connected disability pension benefits for Denise Ramsey, Sheriff (Safety) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION**

**Whitezell-Kaufman – 9 Ayes**

- \*3. Application for non-service-connected disability pension benefits for Pamela Deacon, Child Support Services (General) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY PENSION**

**Whitezell-Kaufman – 9 Ayes**

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

- January 15, 2021 Investment Committee
- January 20, 2021 Board of Retirement
- January 29, 2021 Finance Committee

RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

\*5. Monthly report from the KCERA office on members retired from service – RATIFIED

**Whitezell-Kaufman – 9 Ayes**

\*6. Monthly report from the KCERA office on deceased retirees – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

\*7. Monthly report of current disability retirement applications and appeals of KCERA Board decisions – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

\*8. Securities Lending Earnings Summary Report for the period December 1-31, 2020 from Deutsche Bank – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

\*9. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of December 2020 – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

\*10. KCERA Class Action Proceeds Report from October 1, 2020 through December 31, 2020 from the Northern Trust Company – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

\*11. Corrections in Benefit Payments Report for the period July through December 2020 – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

\*12. Corrections in Benefit Contributions Report for the period July through December 2020 – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

- \*13. Glass Lewis Proxy Voting Management Report for the period January 1, 2020 through December 31, 2020 – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

- \*14. Letter from Segal Consulting, dated January 21, 2021, regarding annual cost-of-living adjustment (COLA) adjustments for 2021 – ADOPTED THE FOLLOWING:

<b>RETIREMENT DATE</b>	<b>COLA</b>
BETWEEN APRIL 2, 2020 AND APRIL 1, 2021	1.5%

**Whitezell-Kaufman – 9 Ayes**

- \*15. Letter from Segal, dated February 2, 2021, regarding the Five-Year Projection of Employer Contribution Rates – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

- \*16. Letter from Segal, dated February 2, 2021, regarding FY 2021-2022 Required Contributions with Adjustments to Reflect Three-Year Phase-in of Increases in Employer Unfunded Actuarial Accrued Liability (UAAL) Contribution Rate Due to Assumption Changes – RECEIVED AND FILED

**Whitezell-Kaufman – 9 Ayes**

- \*17. Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFIED

**Whitezell-Kaufman – 9 Ayes**

**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

**INVESTMENT MATTERS**

19. Presentation on Annual Private Markets Plan presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Anelise Hohl, Investment Director, Cambridge Associates, Chief Investment Officer Daryn Miller, CFA, and Retirement Investment Officer Brian Long, CFA – ANDREA AUERBACH, KEIRSTEN LAWTON, KELLY JENSEN AND ANELISE HOHL, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

RECEIVED AND FILED

**Kratt-Couch – 9 Ayes**

20. Discussion and appropriate action on short duration recommendation presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS, HEARD; CHAIR DUSTIN DODGIN HEARD; VICE-CHAIR JUAN GONZALEZ HEARD; TRUSTEES RICK KRATT AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED INVESTMENT IN BLACKROCK SHORT DURATION INVESTMENT STRATEGY; WAIVED ON-SITE DUE DILIGENCE REQUIREMENT PER THE INVESTMENT POLICY STATEMENT (IPS); AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

**Kratt-Couch – 8 Ayes; 1 Absent (Skidmore)**

21. Presentation on the 4<sup>th</sup> Quarter Investment Performance Review for the period ending December 31, 2020 presented by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD

RECEIVED AND FILED

**Kratt-Whitezell – 9 Ayes**

22. Presentation on the 4<sup>th</sup> Quarter 2020 Portfolio Review presented by Spencer Edge, Albourne America<sup>1</sup> – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHAIR DUSTIN DODGIN HEARD

RECEIVED AND FILED

**Kratt-Couch – 8 Ayes; 1 Absent (Skidmore)**

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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.

23. Presentation on the capital efficiency program presented by Chief Investment Officer Daryn Miller, CFA, and Retirement Investment Officer Brian Long, CFA – TRUSTEE JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

**Kaufman-Kratt – 9 Ayes**

### **FINANCIAL MATTERS**

24. Discussion and appropriate action on review of the Actuarial Audit of the June 30, 2019 Actuarial Valuations and Peer Review of the July 1, 2016 through June 30, 2019 Experience Study performed by Segal, presented by Anne D. Harper, Principal Consulting Actuary, and Graham A. Schmidt, Consulting Actuary, Cheiron, Inc., and the Finance Committee – ANNE D. HARPER AND GRAHAM A. SCHMIDT, CHEIRON, INC., HEARD; PAUL ANGELO, SEGAL, HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

RECEIVED AND FILED

**Franey-Gonzalez – 9 Ayes**

### **ADMINISTRATIVE MATTERS**

25. KCERA Governance Report for the Fiscal Year ending June 30, 2020 presented by Governance Consultant Tom Iannucci, Cortex Applied Research, and the Administrative Committee – TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD; TRUSTEE PHIL FRANNEY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPROVED PROPOSED CHANGES

**Franey-Kaufman – 9 Ayes**

26. Discussion and appropriate action on review of the Board Operations Policy and related portion of the KCERA Board of Retirement CERL Regulations presented by Executive Director Dominic Brown, Governance Consultant Tom Iannucci, Cortex Applied Research, and the Administrative Committee – TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD; CHAIR DUSTIN DODGIN HEARD; VICE-CHAIR JUAN GONZALEZ HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPROVED PROPOSED CHANGES

**Robinson-Gonzalez – 9 Ayes**

27. KCERA 2020 Board Self-Evaluation Survey presented by Executive Director Dominic Brown, Governance Consultant Tom Iannucci, Cortex Applied Research, and the Administrative Committee –

THIS ITEM WITHDRAWN FROM AGENDA

28. Discussion and appropriate action on Amendments to Government Code sections 31662.2 and 31670 of the CERL presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – CHAIR DUSTIN DODGIN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

APPROVED STAFF RECOMMENDATION REGARDING DELEGATION TO STAFF TO APPROVE RETIREMENT APPLICATIONS

**Franey-Gonzalez – 9 Ayes**

29. Discussion and appropriate action on Amendments to Government Code section 31672 of the CERL presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

APPROVED STAFF RECOMMENDATION TO EXTEND THE 60 DAY TIME LIMIT TO SUBMIT RETIREMENT APPLICATIONS

**Franey-Couch – 9 Ayes**

30. Discussion and appropriate action on Amendments to Government Code section 31646 of the CERL presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – VICE-CHAIR JUAN GONZALEZ HEARD; TRUSTEES DAVID COUCH, PHIL FRANNEY, JORDAN KAUFMAN AND RICK KRATT HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

APPROVED STAFF RECOMMENDATION REGARDING PLAN SPONSOR ELECTION TO ALLOW PARENTAL LEAVE PURCHASES

**Franey-Kratt – 9 Ayes**

31. Appointment of Retiree Extra-Help Thad Kennedy, effective February 13, 2021 – CHAIR DUSTIN DODGIN HEARD; TRUSTEE RICK KRATT HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPROVED APPOINTMENT

**Kratt-Franey – 9 Ayes**

## **STAFF REPORTS**

32. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- AUTO-ATTENDANT REVISION AND UPDATE
- ALAMEDA PHASE 3 UPDATE
- COMMITTEE MEETINGS UPDATE
- STAFF AND HIRING UPDATE
- OPERATIONS ACTIVITY
- UPCOMING EVENTS
- REQUESTS FOR PROPOSALS IN PROGRESS

33. Report from Chief Investment Officer

CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, REPORTED THE FOLLOWING:

- REBALANCING REPORT
- INVESTMENT ACTIVITIES AND INITIATIVES
- PORTFOLIO UPDATE

34. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY REPORTED THE FOLLOWING:

- THOLE VS. U.S. BANK CASE UPDATE
- JANUARY 2021 METRICS
- CALENDARED ITEMS FOR FEBRUARY

## **COMMITTEE REPORTS**

35. Report from Committee Chairs:

- a. Administrative Committee: FRANEY – NO MEETING SCHEDULED
- b. Finance Committee: WHITEZELL – UPCOMING MEETING AT END OF FEBRUARY
- c. Investment Committee: KRATT – NO MEETING SCHEDULED
- d. KCERA Property, Inc.: WHITEZELL – NONE

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

TRUSTEE LAUREN SKIDMORE LEFT AT 11:37 A.M.

### **EXECUTIVE SESSION**

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

BARNETT, Donald                      FIRE                      (Safety)

37. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957): Title – Executive Director

### **RETURN TO PUBLIC SESSION**

BOARD OF RETIREMENT RECONVENED AT 12:37 P.M

### **ROLL CALL**

*Board Clerk noted the following Trustees were present:*

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

Absent: Gonzalez, Skidmore

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

- ITEM 36 – ADOPTED FINDINGS OF FACT AND SUPPLEMENTAL RESPONSE OF HEARING OFFICER AND RECOMMENDATION TO DENY SERVICE-CONNECTED DISABILITY RETIREMENT AND GRANT NON-SERVICE-CONNECTED DISABILITY RETIREMENT

**Robinson-Kaufman – 6 Ayes; 2 Noes (Dodgin and Kratt); 1 Absent (Skidmore)**

- ITEM 37 – NO REPORTABLE ACTION

### **BOARD MEMBER ANNOUNCEMENTS OR REPORTS**

38. 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**

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



40. ADJOURNED – 12:39 P.M.



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Secretary, Board of Retirement



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Chair, Board of Retirement