

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

SUMMARY OF PROCEEDINGS

**Teleconference Meeting – Board of Retirement Meeting
December 9, 2020**

8:31 a.m.

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

ROLL CALL

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

Absent: Brandon, Skidmore

MOMENT OF SILENCE

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

TRUSTEE LAUREN SKIDMORE ARRIVED AT 8:34 A.M.

- *1. Application for service-connected disability pension benefits for Chevie Johnston, ANIMAL SERVICES (General) –

THIS ITEM WAS REMOVED FROM CONSENT AGENDA

- *2. Application for non-service-connected disability pension benefits for Marion Santana, HUMAN SERVICES (General) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY**

Whitezell-Kaufman – 9 Ayes

- *3. Proposed Decision and Findings of Fact submitted by Hearing Officer Duane E. Bennett for Gilbert Tinoco, FIRE (Safety) – **ADOPTED PROPOSED FINDINGS OF FACT, CONCLUSIONS AND RECOMMENDATION OF HEARING OFFICER TO GRANT APPLICATION FOR SERVICE-CONNECTED DISABILITY**

Whitezell-Kaufman – 9 Ayes

- *4. Proposed Decision and Findings of Fact submitted by Hearing Officer Deborah Z. Wissley for Terri Musgrove, COURTS (General) – ADOPTED PROPOSED FINDINGS OF FACT, CONCLUSIONS AND RECOMMENDATION OF HEARING OFFICER TO DENY APPLICATION FOR NON-SERVICE-CONNECTED DISABILITY

Whitezell-Kaufman – 9 Ayes

- *5. Summary of proceedings of the following meetings:
- November 4, 2020 Board of Retirement Meeting
 - December 1, 2020 Nominating Committee

RECEIVED AND FILED

Whitezell-Kaufman – 9 Ayes

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

Whitezell-Kaufman – 9 Ayes

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

Whitezell-Kaufman – 9 Ayes

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

Whitezell-Kaufman – 9 Ayes

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

Whitezell-Kaufman – 9 Ayes

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

Whitezell-Kaufman – 9 Ayes

- *11. Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019 presented by the Government Finance Officers Association (GFOA) – RECEIVED AND FILED

Whitezell-Kaufman – 9 Ayes

- *12. Annual Fee Disclosure Report FY 2019-20 – RECEIVED AND FILED

Whitezell-Kaufman – 9 Ayes

- *13. Annual On-Site Due Diligence Schedule FY 19-20 – RECEIVED AND FILED

Whitezell-Kaufman – 9 Ayes

- *14. Annual Investment Manager Compliance Report FY 19-20 – RECEIVED AND FILED

Whitezell-Kaufman – 9 Ayes

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

Whitezell-Kaufman – 9 Ayes

PUBLIC COMMENTS

16. 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

17. Discussion and appropriate action on private market fund recommendation presented by Andrea Auerbach, Investment Managing Director, Cambridge Associates¹, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – ANDREA AUERBACH, CAMBRIDGE ASSOCIATES, HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEE EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

APPROVED \$35MM COMMITMENT TO THE WARREN EQUITY PARTNERS FUND III; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Dodgin-Couch – 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.

18. Discussion and appropriate action on hedge fund recommendation presented by Spencer Edge, Albourne America², Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – SPENCER EDGE, ALBOURNE AMERICA, HEARD; TRUSTEE EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED REDEMPTION FROM MYRIAD OPPORTUNITIES FUND

Dodgin-Robinson – 9 Ayes

19. Discussion and appropriate action on updated Investment Policy Statement presented by Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – CHAIR RICK KRATT HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

ADOPTED UPDATES TO INVESTMENT POLICY STATEMENT AS RECOMMENDED BY STAFF

Robinson-Dodgin – 9 Ayes

FINANCIAL MATTERS

20. Discussion and appropriate action on the auditor's report to management, the draft KCERA audited financial statements and the draft Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020, presented by Tim Rawal and Jason Ostroski, CliftonLarsonAllen LLP – JASON OSTROSKI AND TIM RAWAL, CLIFTONLARSONALLEN LLP, HEARD; CHAIR RICK KRATT HEARD; TRUSTEES JUAN GONZALEZ AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPROVED AUDITOR REPORTS, KCERA AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Gonzalez-Whitezell – 9 Ayes

Pursuant KCERA's Board Operations Policy #38, the Board heard this matter without the involvement of the Finance Committee to prevent the imprudent use of Plan time and resources in light of the unmodified audit opinion

² 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.

21. Discussion and appropriate action on review of the draft actuarial valuation as of June 30, 2020, recommended employer and employee contribution rates for fiscal year 2021-2022 and related reports presented by Paul Angelo and Molly Calcagno, Segal – PAUL ANGELO AND MOLLY CALCAGNO, SEGAL, HEARD; CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES JUAN GONZALEZ, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

PUBLIC COMMENT: JOSEPH ARRIOLA, COUNTY ADMINISTRATIVE OFFICE, HEARD

APPROVED ACTUARIAL VALUATION, EMPLOYER AND EMPLOYEE CONTRIBUTION RATES AND RELATED REPORTS FOR FISCAL YEAR 2021-22 RECOMMENDED BY ACTUARY; RECOMMEND TO KCERA PLAN SPONSORS FOR ADOPTION; AND BRING BACK DISCUSSION OF PHASE-IN TO BOARD OF RETIREMENT AS SOON AS POSSIBLE

Couch-Dodgin – 9 Ayes*

**Prior to passage of the above action, the following procedural actions/motions occurred:*

TRUSTEE EDWARD ROBINSON OBJECTED TO THE CONSIDERATION OF ITEM 21 AND SUGGESTED THE MATTER BE REFERRED TO THE FINANCE COMMITTEE

CHAIR RICK KRATT ASKED IF ANY BOARD MEMBER SUPPORTED THE OBJECTION

ONLY TRUSTEE ROBINSON VERBALLY INDICATED SUPPORT FOR THE OBJECTION

GENERAL COUNSEL REQUESTED THE CLERK CALL THE ROLL CALL TO CLARIFY THE VOTE FOR THE RECORD.

DISCUSSION ENSUED REGARDING WHETHER A MOTION AND A SECOND WAS NEEDED

TRUSTEE ROBINSON REFUSED TO MAKE A MOTION ON HIS OBJECTION

TRUSTEE COUCH THEN MADE A MOTION TO SUPPORT TRUSTEE ROBINSON'S OBJECTION (NO SECOND WAS MADE)

THE CLERK CALLED THE ROLL

8 Noes; 1 Abstention (Robinson)

OBJECTION DIED FOR LACK OF 2/3 BOARD SUPPORT

Pursuant KCERA's Board Operations Policy #38, the Board heard this matter without involvement of the Finance Committee to prevent the imprudent use of Plan time and resources in light of the routine and non-controversial nature of item

ADMINISTRATIVE MATTERS

22. Slate of nominees for Chair and Vice-Chair for the calendar year 2021 presented by Nominating Committee Chair – CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD

ELECTED TRUSTEE DUSTIN DODGIN AS CHAIR AND TRUSTEE JUAN GONZALEZ AS VICE-CHAIR FOR CALENDAR YEAR 2021

Couch-Skidmore – 9 Ayes

23. Presentation of plaque honoring Chair Rick Kratt for his service to the Kern County Employees' Retirement Association Board of Retirement as Chair – CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

MADE PRESENTATION

STAFF REPORTS

24. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- MAIL DROPBOX INSTALLED
- GFOA AWARD RECEIVED
- ALAMEDA DECISION UPDATE
- KCERA WORKSITE PLAN UPDATED
- UPDATE ON OPERATIONS ACTIVITY
- UPCOMING MEETINGS AND EVENTS

ASSISTANT EXECUTIVE DIRECTOR MATT HENRY HEARD

25. Report from Chief Investment Officer

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

- PORTFOLIO UPDATE, INVESTMENT ACTIVITIES, AND INVESTMENT INITIATIVES

26. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY SUBMITTED A REPORT ON THE FOLLOWING:

- NEW CERL LEGISLATION
- UPCOMING LEGAL PROJECTS
- LEGAL METRICS UPDATE FOR OCTOBER AND NOVEMBER
- PROJECTS ON CALENDAR FOR DECEMBER

COMMITTEE REPORTS

27. Report from Committee Chairs:

- a. Administrative Committee: FRANEY – MEETING IN JANUARY
- b. Finance Committee: GONZALEZ – NONE
- c. Investment Committee: DODGIN – CHAIR RICK KRATT REPORTED A MEETING AT THE END OF THE MONTH
- d. KCERA Property, Inc.: WHITEZELL – NONE

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

EXECUTIVE SESSION

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

JOHNSTON, Chevie ANIMAL SERVICES (General)

28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 based on facts and circumstances that might result in litigation against KCERA and that KCERA believes are known to a potential plaintiff, which facts and circumstances shall be publicly announced prior to the closed session. (Cal. Gov. Code section 54956.9(e)(2)). (Number of potential cases: numerous – specific number unknown at this time).

29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 based on facts and circumstances that might result in litigation against KCERA and that KCERA believes are known to a potential plaintiff, which facts and circumstances shall be publicly announced prior to the closed session. (Cal. Gov. Code section 54956.9(e)(2)). (Number of potential cases: one).

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 11:48 A.M

ROLL CALL

Present: Couch, Kaufman, Kratt, Nunneley, Robinson, Seibly, Whitezell

Absent: Brandon, Dodgin, Franey, Gonzalez, Skidmore

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

- ITEM 1 – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PURSUANT TO CAL. GOV. CODE §31725.65

Couch-Kaufman – 6 Ayes; 1 No (Robinson)

Trustee Robb Seibly voted in place of Trustee Phil Franey

- ITEM 28 – NO REPORTABLE ACTION
- ITEM 29 – AUTHORIZED REQUESTED SERVICE PURCHASE

Couch-Kaufman – 7 Ayes

Trustee Robb Seibly voted in place of Trustee Phil Franey

NEW BUSINESS

30. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – CHAIR RICK KRATT HEARD; TRUSTEE EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

TRUSTEE EDWARD ROBINSON REQUESTED TO REFER SECTIONS 10 AND 3 OF THE BOARD OPERATIONS POLICY TO THE ADMINISTRATIVE COMMITTEE FOR REVIEW

CHAIR RICK KRATT REQUESTED TRUSTEE ROBINSON MAKE HIS REQUEST IN THE FORM OF A MOTION

TRUSTEE ROBINSON MADE THE FOLLOWING MOTION:

MOTION TO AGENDIZE SECTIONS 10 AND 3 OF THE BOARD OPERATIONS POLICY FOR REVIEW BY THE BOARD

Robinson-No Second

MOTION DIED DUE TO LACK OF SECOND

TRUSTEE EDWARD ROBINSON STATED HE DID NOT WANT TO MAKE A MOTION, HE WANTED TO REFER THE MATTER TO THE ADMINISTRATIVE COMMITTEE

CHAIR RICK KRATT RE-STATED THAT A REFERRAL UNDER THIS AGENDA ITEM HAS TO BE DONE WITH A MOTION AND A SECOND

THE CHAIR SOUGHT CONFIRMATION OF HIS STATEMENT FROM EXECUTIVE DIRECTOR DOMINIC BROWN

EXECUTIVE DIRECTOR DOMINIC BROWN CONFIRMED THAT A FORMAL ACTION OF THE BOARD IS REQUIRED TO SEND TO A COMMITTEE FOR ACTION, UNLESS SPECIFICALLY STATED IN THE COMMITTEE CHARTER

EXECUTIVE DIRECTOR BROWN STATED THAT THE ANNUAL REVIEW OF POLICIES AND CHARTERS WILL BE PRESENTED TO THE ADMINISTRATIVE COMMITTEE BY CORTEX, INCLUDING THE ISSUE OF ROBERT'S RULES OF ORDER

EXECUTIVE DIRECTOR DOMINIC BROWN ASKED TRUSTEE EDWARD ROBINSON TO CLARIFY WHICH POLICY PARAGRAPHS HE WAS REFERRING TO AND TO EXPAND ON WHY THE ADMINISTRATIVE COMMITTEE SHOULD TAKE UP THOSE ITEMS SEPARATE FROM THE PLANNED REVIEW BY CORTEX

TRUSTEE EDWARD ROBINSON STATED THAT HE BELIEVED THE LANGUAGE IN THE POLICY IS NOT FUNCTIONAL AND DOES NOT FACILITATE THINGS GETTING DONE, THAT THE LANGUAGE RELATED TO USING ROBERTS RULES SHOULD BE ADJUSTED, THAT IF WE ARE NOT GOING TO USE IT FORMALLY, WE SHOULD MAKE THE LANGUAGE CLEAR IN THE POLICY

TRUSTEE EDWARD ROBINSON STATED THE REASON FOR REVIEWING SECTION 10 RELATES TO THE NOMINATION COMMITTEE MEETING: IT STATES THE EXECUTIVE DIRECTOR CAN CONSULT WITH THE CHAIR TO CANCEL A MEETING, BUT DOES NOT SPEAK TO A COMMITTEE MEETING; THE CHAIR WAS NOT CONSULTED INITIALLY BEFORE THAT MEETING WAS CANCELED; TRUSTEE EDWARD ROBINSON CONTINUED, IF WE ADJUST THE LANGUAGE AND MAKE IT FUNCTIONAL TO SUPPORT BEST PRACTICES OR CHANGE THINGS, IT MAKES IT FUNCTIONAL, RIGHT NOW IT'S NOT FUNCTIONAL; HE STATED THAT IT'S NOT CORTEX'S JOB, IT'S OUR JOB AS FIDUCIARIES AND TO ACT WITH PLENARY AUTHORITY TO MAKE THESE ADJUSTMENTS

TRUSTEE EDWARD ROBINSON STATED HE BROUGHT THIS UP TO COUNSEL IN SEPTEMBER TO GIVE HIM CLARITY ON WHAT TYPE OF ROBERT'S RULES OF ORDER KCERA FOLLOWS SO HE COULD HAVE SOME SORT OF CONFIDENCE ON WHICH WAY TO PROCEED AND HAS NOT GOTTEN A RESPONSE ON THAT; ADDITIONALLY, TRUSTEE EDWARD

ROBINSON SAID THAT HE REACHED OUT AS IT PERTAINS TO THE MEETING AND WAS TOLD THAT THERE'S NOTHING THAT NEEDS TO HAPPEN AT ALL BECAUSE THE EXECUTIVE DIRECTOR CAN CANCEL THE MEETING

TRUSTEE ROBINSON STATED THAT WHAT HE WAS TRYING TO FIGURE OUT IS HOW WE PROCEED, HOW DO MAKE THIS CLEAR CUT; AND HE ASKED MEMBERS OF THE BOARD, "IF YOU GUYS DON'T WANT TO VOTE TO CHANGE THE POLICY, LET'S GET SOME GUIDANCE; CAN I GET A RESPONSE FROM COUNSEL? CAN WE GET SOMETHING HERE? I'M JUST TRYING TO ACT IN MY FIDUCIARY ROLE, TIRED OF THE YOU KNOW – BLOCKS, AND THE – YOU KNOW, THE BLOCKING EVERYTHING; I'M NOT TRYING, YOU KNOW – I DON'T HAVE TIME FOR GAMES, I'M JUST TRYING TO SUPPORT WHAT WE'RE DOING HERE, LET'S MAKE SOMETHING HAPPEN, MAKE IT FUNCTIONAL"

CHAIR RICK KRATT ASKED EXECUTIVE DIRECTOR DOMINIC BROWN IF HE PLANS TO BRING ROBERT'S RULES OF ORDER TO AN UPCOMING MEETING; EXECUTIVE DIRECTOR DOMINIC BROWN CONFIRMED THE MATTER WILL BE DISCUSSED WITH CORTEX AND BROUGHT TO THE ADMINISTRATIVE COMMITTEE, AND THEN THE FULL BOARD OF RETIREMENT

EXECUTIVE DIRECTOR DOMINIC BROWN STATED HE WAS CONFUSED ABOUT BOARD OPERATIONS POLICY #10 IN QUESTION BEING CITED BY TRUSTEE EDWARD ROBINSON

TRUSTEE EDWARD ROBINSON STATED HE MEANT THE SECTION ABOUT THE CHAIR BEING ABLE TO CANCEL A MEETING IN CONSULTATION WITH THE EXECUTIVE DIRECTOR; TRUSTEE EDWARD ROBINSON REFERENCED THE LETTER FROM COUNSEL STATING THERE WAS NOTHING WRONG DONE AND THAT HE BELIEVED IN FACT THERE WAS BECAUSE A COMMITTEE CHAIR DOESN'T HAVE THE CAPACITY TO CANCEL A MEETING, ESPECIALLY NOT WITHOUT CONSULTATNG THE CHAIR

TRUSTEE ROBINSON SUGGESTED THAT WE ADJUST THIS POLICY TO GIVE THE LEEWAY TO COMMITTEE CHAIRS TO MAKE THOSE CALLS, IN CONSULTATION WITH THE EXECUTIVE DIRECTOR AND HAVE THAT LANGUAGE ACCOMPANY THE POLICY BECAUSE RIGHT NOW IT IS ABSENT; HE STATED HE FEELS IT IS APPROPRIATE TO MAKE A REFERRAL TO THE ADMINISTRATIVE COMMITTEE WITH THE MEETING THAT IS ALREADY SCHEDULED SO THEY CAN REVIEW AND BRING BACK TO THE BOARD; HE STATED HE DOES NOT THINK IT SHOULD BE AGENDIZED BECAUSE IT HAS NOT BEEN REVIEWED AND HE THINKS A REFERRAL IS APPROPRIATE


TRUSTEE EDWARD ROBINSON REQUESTED FOR HIS COMMENTS TO BE REFLECTED IN THE MEETING MINUTES

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

31. On their own initiative, Board members may make a brief announcement or a brief report on their own activities – VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEE EDWARD ROBINSON HEARD
32. ADJOURNED – 11:59 A.M.



Secretary, Board of Retirement



Chair, Board of Retirement