

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

**SUMMARY OF PROCEEDINGS**

**Teleconference Meeting – Board of Retirement Meeting  
November 4, 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: Couch, Franey, Gonzalez, Kaufman, Kratt, Nunneley, Robinson, Seibly, Whitezell

Absent: Brandon, Dodgin, 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.

- \*1. Summary of proceedings of the following meetings:
- October 14, 2020 Board of Retirement Meeting
  - October 26, 2020 Investment Committee

RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

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

**Whitezell-Couch – 7 Ayes**

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

**Whitezell-Couch – 7 Ayes**

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

**Whitezell-Couch – 7 Ayes**

- \*5. Securities Lending Earnings Summary Report for the period September 1-30, 2020 from Deutsche Bank – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

- \*6. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of September 2020 – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

- \*7. The KCERA Class Action Proceeds Report from July 1 through September 30, 2020 for the Northern Trust Company – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

- \*8. Public Pension Standards Award for Funding and Administration 2020 received from the Public Pension Coordinating Council (PPCC) – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

- \*9. Amendment 2 to Stone Harbor Global Funds PLC Investment Management Services Fee Agreement, effective October 1, 2020 – APPROVED; AUTHORIZED CHAIR OR VICE-CHAIR, IN THE ABSENCE OF THE CHAIR, TO SIGN

**Whitezell-Couch – 7 Ayes**

- \*10. Amendment 4 to Verus Agreement for Consultant Services, effective November 4, 2020 –

THIS ITEM WAS REMOVED FROM CONSENT AGENDA

- \*11. Update Inactive Special Pay Codes – RECEIVED AND FILED; APPROVED

**Whitezell-Couch – 7 Ayes**

- \*12. Report on Special Pays Codes classified by the Executive Director – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

- \*13. Letter from Segal, dated October 29, 2020, regarding the Hypothetical Phase-ins of the Increase in County's UAAL Contribution Rate due to Changes in Actuarial Assumptions – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

- \*14. Appointment of Retiree Extra-Help Cindy Wilkinson, effective October 19, 2020 – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

- \*15. Appointment of Retiree Extra-Help Karen Frieson, effective October 26, 2020 – RECEIVED AND FILED

**Whitezell-Couch – 7 Ayes**

10. Amendment 4 to Verus Agreement for Consultant Services, effective November 4, 2020 – SCOTT WHALEN, CFA, VERUS HEARD; CHAIR RICK KRATT HEARD; TRUSTEE EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

TRUSTEE DUSTIN DODGIN ARRIVED AT 8:34 A.M.

APPROVED; AUTHORIZED CHAIR OR VICE-CHAIR, IN THE ABSENCE OF THE CHAIR, TO SIGN

**Couch-Robinson – 8 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 –

TONY SILVA, GOYA & ASSOCIATES, HEARD

CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

**STAFF REPORTS**

17. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- UPDATE ON OPERATIONS ACTIVITY
- OUTREACH TO STAKEHOLDERS
- UPGRADES TO LOGO, LETTERHEAD & MEDIA CONTENT
- STATUS OF REOPENING LOBBY
- UPCOMING MEETINGS AND EVENTS

TRUSTEES JUAN GONZALEZ AND EDWARD ROBINSON HEARD

18. Report from Chief Investment Officer

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

- PORTFOLIO UPDATE, INVESTMENT ACTIVITIES, AND INVESTMENT INITIATIVES

19. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY SUBMITTED A REPORT ON THE FOLLOWING:

- PENSION LITIGATION IN OTHER SYSTEMS
- LEGAL PROJECTS
- LEGAL WORK AHEAD

TRUSTEE EDWARD ROBINSON HEARD

**INVESTMENT MATTERS**

20. Discussion and appropriate action on private market fund recommendation presented by Andrea Auerbach, Investment Managing Director, Cambridge Associates<sup>1</sup>, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – ANDREA AUERBACH, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

APPROVED \$30MM COMMITMENT TO THE PEAK ROCK CAPITAL FUND III; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

**Couch-Gonzalez – 7 Ayes; 1 No (Robinson)**

\*\*NON-AGENDA ITEM – Determination of Need to Take Immediate Action (California Government Code section 54954.2(b)(2) consideration of adding item 20a – CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

APPROVED ADDITION OF NON-AGENDA ITEM 20A FOR CONSIDERATION BY THE BOARD OF RETIREMENT BASED ON A FACTUAL SHOWING AND AFTER FINDING THERE WAS A NEED TO TAKE IMMEDIATE ACTION AND THAT THE MATTER CAME TO KCERA'S ATTENTION AFTER THE AGENDA HAD BEEN POSTED AS PERMITTED BY CAL. GOV. CODE SECTION 54954.2(b)(2)

**Kaufman-Couch – 7 Ayes; 1 No (Robinson)**

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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.

- 20a. Discussion and appropriate action on private credit investment presented by Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, Andrea Auerbach, Investment Managing Director, Cambridge Associates – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; CHAIR RICK KRATT HEARD; TRUSTEES DAVID COUCH, JUAN GONZALEZ, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; RETIREMENT INVESTMENT OFFICER BRIAN LONG, CFA, HEARD

APPROVED ADDITIONAL INVESTMENT WITH EXISTING PRIVATE CREDIT MANAGER; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

**Kaufman-Franey – 8 Ayes**

21. Discussion and appropriate action on hedge fund recommendation for the Alpha Pool presented by Spencer Edge, Albourne America<sup>2</sup>, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED \$50MM INVESTMENT IN THE DAVIDSON KEMPNER MULTI-STRATEGY FUND; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

**Couch-Gonzalez – 8 Ayes**

22. Presentation on the 3<sup>rd</sup> Quarter Investment Performance Review period ending September 30, 2020 presented by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; TRUSTEE EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

**Dodgin-Couch – 8 Ayes**

23. Presentation on the 3<sup>rd</sup> Quarter 2020 Portfolio Review presented by Spencer Edge, Albourne America<sup>3</sup> – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

**Couch-Dodgin – 8 Ayes**

**ADMINISTRATIVE MATTERS**

24. Trustee education regarding Disability Update presented by Executive Director Dominic Brown – TRUSTEE ROBB SEIBLY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

RECEIVED EDUCATIONAL TRAINING (12 MINUTES TRUSTEE EDUCATION CREDIT)

25. Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems (SACRS) Virtual Fall 2020 Conference presented by Executive Director Dominic Brown – CHAIR RICK KRATT HEARD; TRUSTEE PHIL FRANEY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

APPOINTED EXECUTIVE DIRECTOR DOMINIC BROWN AS VOTING DELEGATE AND TRUSTEE PHIL FRANEY AS THE ALTERNATE DELEGATE

**Dodgin-Couch – 7 Ayes; 1 Abstension (Robinson)**

26. Memorandum from General Counsel Jennifer Zahry, dated November 4, 2020, regarding LACERA's Legislative Proposal to be discussed at the Virtual SACRS Business Meeting – CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, PHIL FRANEY, JUAN GONZALEZ, JORDAN KAUFMAN, EDWARD ROBINSON, ROBB SEIBLY AND TYLER WHITEZELL HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

DIRECTED DELEGATE TO COMMUNICATE KCERA'S INTENT TO REMAIN NEUTRAL AND NOT TAKE A POSITION THAT WOULD FAVOR OR DISFAVOR ONE STAKEHOLDER OVER ANOTHER

**Dodgin-Couch – 7 Ayes; 1 No (Robinson)\***

*\*Prior to passage of the above action, the following motion occurred:*

MOVED TO ADOPT AN AFFIRMATIVE POSITION

**Robinson-No Second**

MOTION DIED FOR LACK OF SECOND

Call for Public Comment on Executive Session Item(s) – NONE

**EXECUTIVE SESSION**

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

BARNETT, Donald                      FIRE                      (Safety)

**RECESS UNTIL 2:00 P.M.**

BOARD OF RETIREMENT RECONVENED AT 2:02 P.M.

TRUSTEE JORDAN KAUFMAN ABSENT WHEN THE BOARD RECONVENED;  
TRUSTEE CHASE NUNNELEY VOTED IN PLACE OF TRUSTEE JORDAN  
KAUFMAN FOR THE REMAINDER OF THE MEETING

Return to Public Session/Report of Executive Session Actions, if applicable

ITEM 27 – REFERRED THE MATTER BACK WITH INSTRUCTIONS TO  
THE REFEREE FOR FURTHER PROCEEDING; SPECIFICALLY,  
HEARING OFFICER IS TO RESPOND TO INSTRUCTIONS SUBMITTED  
BY THE BOARD

**Dodgin-Couch – 8 Ayes**

28. Trustee education regarding Board Governance: Open Meeting Law  
Compliance presented by Fiduciary Counsel Ashley Dunning, Nossaman  
LLP – FIDUCIARY COUNSEL ASHLEY DUNNING, NOSSAMAN, HEARD;  
CHAIR RICK KRATT HEARD; TRUSTEE EDWARD ROBINSON HEARD

TRUSTEE DAVID COUCH ARRIVED AT 2:11 P.M.

TRUSTEE ROBB SEIBLY ARRIVED AT 2:14 P.M.

RECEIVED EDUCATIONAL TRAINING (36 MINUTES TRUSTEE  
EDUCATION CREDIT)



29. Discussion regarding responsibility delegated to the Investment Committee by the Board of Retirement and appropriate action on Board Governance Options presented by Governance Consultant Tom Iannucci, Cortex Applied Research – GOVERNANCE CONSULTANT TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, PHIL FRANEY, JUAN GONZALEZ, EDWARD ROBINSON AND ROBB SEIBLY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

ADOPTION OF ALTERNATIVE 'A' PRESENTED BY GOVERNANCE CONSULTANT

**Dodgin-Whitezell – 7 Ayes; 1 No (Robinson)**

**INVESTMENT MATTERS (continued)**

30. Discussion and appropriate action on updated Investment Policy Statement presented by Chief Investment Officer Daryn Miller, CFA, and Retirement Investment Officer Brian Long, CFA – GOVERNANCE CONSULTANT TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, JUAN GONZALEZ AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

REFERRED TO INVESTMENT COMMITTEE TO CONSIDER AND RETURN TO DECEMBER BOARD OF RETIREMENT MEETING

**Dodgin-Couch – 7 Ayes; 1 No (Robinson)**

**COMMITTEE REPORTS & NEW BUSINESS**

31. Report from Committee Chairs:
- a. Administrative Committee: FRANEY – NONE
  - b. Finance Committee: GONZALEZ – NONE
  - c. Investment Committee: DODGIN – MEETING TO COME IN EARLY DECEMBER
  - d. KCERA Property, Inc.: WHITEZELL – NONE

32. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – TRUSTEE EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

**BOARD MEMBER ANNOUNCEMENTS OR REPORTS**

33. 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

34. ADJOURNED – 3:31 P.M.

  
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Secretary, Board of Retirement

  
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Chair, Board of Retirement