

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

**SUMMARY OF PROCEEDINGS**

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

**8:30 a.m.**

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

Roll Call: Brandon, Couch, Dodgin, Gonzalez, Kaufman, Kratt, Robinson, Seibly, Skidmore

Absent: Franey, Nunneley, Whitezell

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 CHASE NUNNELEY ARRIVED AT 8:32 A.M.

TRUSTEE TYLER WHITEZELL ARRIVED AT 8:33 A.M.

\*1. Summary of proceedings of the following meetings:

- August 12, 2020 Board of Retirement
- August 24, 2020 Investment Committee
- August 24, 2020 Special Board of Retirement

RECEIVED AND FILED

**Robinson-Kaufman – 8 Ayes**

*Trustee Robb Seibly not called on during vote*

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

**Robinson-Kaufman – 8 Ayes**

*Trustee Robb Seibly not called on during vote*

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

**Robinson-Kaufman – 8 Ayes**

*Trustee Robb Seibly not called on during vote*

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

**Robinson-Kaufman – 8 Ayes**

*Trustee Robb Seibly not called on during vote*

- \*5. Securities Lending Earnings Summary Report for the period July 1-31, 2020 from Deutsche Bank – RECEIVED AND FILED

**Robinson-Kaufman – 8 Ayes**

*Trustee Robb Seibly not called on during vote*

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

**Robinson-Kaufman – 8 Ayes**

*Trustee Robb Seibly not called on during vote*

7. 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

**STAFF REPORTS**

8. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- UPDATE ON *ALAMEDA* DECISION
- NEW PHONE SYSTEM IMPLEMENTATION
- KCERA OFFICE UPDATE
- UPDATE ON OPERATIONS ACTIVITY
- ANNUAL FINANCIAL STATEMENT AUDIT & CAFR COMMENCED
- UPDATES MADE TO MEMBER PORTAL
- UPCOMING MEETINGS AND EVENTS

TRUSTEE PHIL FRANNEY ARRIVED AT 8:38 A.M.

9. Report from Chief Investment Officer

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

- PORTFOLIO UPDATE, INVESTMENT ACTIVITIES, AND INVESTMENT INITIATIVES

TRUSTEE EDWARD ROBINSON HEARD

10. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY SUBMITTED A REPORT ON THE FOLLOWING:

- UPDATE ON AMICUS BRIEF
- UPDATE ON PRIOR LITIGATION
- LEGAL PROJECTS
- LEGAL UNIT METRICS

TRUSTEE EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

**INVESTMENT MATTERS**

11. Discussion and appropriate action on private market fund recommendation presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment 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 EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED \$30MM COMMITMENT TO BRIGHTON PARK CAPITAL FUND I; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

**Dodgin-Couch – 8 Ayes; 1 Abstention (Robinson)**

12. Discussion and appropriate action on hedge fund recommendation<sup>2</sup> presented by Chief Investment Officer Daryn Miller, CFA, and Retirement Investment Officer Brian Long, CFA – VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES JUAN GONZALEZ, CHASE NUNNELEY AND EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED TERMINATION OF THE SYSTEMATICA TREND FOLLOWING FUND; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

**Whitezell-Couch – 9 Ayes**

**ADMINISTRATIVE MATTERS**

13. Trustee Education regarding Environmental, Social, and Corporate Governance (ESG) presented by Tom Iannucci, Cortex Applied Research – TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD; CHAIR RICK KRATT HEARD; TRUSTEE EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED EDUCATIONAL TRAINING (42 MINUTES TRUSTEE EDUCATION CREDIT)

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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.

<sup>2</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.

14. Discussion and appropriate action on whether to develop an Environmental, Social, and Corporate Governance (ESG) statement/guidelines presented by Executive Director Dominic Brown – CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES PHIL FRANNEY, JUAN GONZALEZ, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TAKE NO ACTION TODAY; DIRECTED STAFF TO MONITOR AND REVIEW OTHER CERL SYSTEMS; RETURN MATTER IN ONE YEAR

**Dodgin-Franey – 7 Ayes; 2 Abstentions (Gonzalez, Robinson)**

15. Trustee Education regarding Internal Revenue Service Requirements for Qualified Retirement Plans, the Exclusive Benefit Rule, and Plan Corrections presented by Tax Counsel Robert L. Gauss, Partner, and Audra Ferguson-Allen, Partner, Ice Miller LLP – ROBERT GAUSS AND AUDRA FERGUSON-ALLEN, ICE MILLER LLP, HEARD; TRUSTEES JORDAN KAUFMAN, EDWARD ROBINSON AND ROBB SEIBLY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (68 MINUTES TRUSTEE EDUCATION CREDIT)

#### **COMMITTEE REPORTS**

16. Report from Committee Chairs:
- a. Administrative Committee: FRANNEY – MEETING SCHEDULED FOR SEPTEMBER 30, 2020
  - b. Finance Committee: GONZALEZ – NONE
  - c. Investment Committee: DODGIN – MEETING TO BE SCHEDULED
  - d. KCERA Property, Inc.: KRATT – ANNUAL MEETING TO BE SCHEDULED

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

17. On their own initiative, Board members may make a brief announcement or a brief report on their own activities – NONE

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

Executive Session

18. 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).

**RECESS UNTIL 2:30 P.M.**

BOARD OF RETIREMENT RECONVENED AT 2:31 P.M.

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

ITEM 18 – NO REPORTABLE ACTION

**ADMINISTRATIVE MATTERS (continued)**

19. Discussion and appropriate action on proposed designation of Special Pays presented by Executive Director Dominic Brown and General Counsel Jennifer Zahry – CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, JUAN GONZALEZ, JORDAN KAUFMAN, EDWARD ROBINSON AND ROBB SEIBLY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; FIDUCIARY COUNSEL ASHLEY DUNNING HEARD

TRUSTEE EDWARD ROBINSON ARRIVED AT 2:34 P.M.

PUBLIC COMMENT – JANICE BROWN, PHILLIP JAY, ZACHARY LOPES, SEYED SADREDIN, TIM CAUGHRON, JUDY CARBAJAL, LAURA LOPEZ, WILLIAM LITTLE, KRISTEN BUSH, SUSAN WELLS AND RAFAEL RUANO HEARD

TRUSTEE EDWARD ROBINSON OBJECTED “TO THE CONSIDERATION OF THE MOTION TO TAKE APPROPRIATE ACTION AS ADVISED BY STAFF ON SEPTEMBER 9, 2020 ON THE PROPOSED DESIGNATION OF SPECIAL PAYS”

CHAIR RICK KRATT EXPLAINED THAT NO TRUSTEE HAD PLACED A MOTION ON THE TABLE FOR CONSIDERATION AND NOTED TRUSTEE ROBINSON’S OBJECTION

TRUSTEE EDWARD ROBINSON RAISED A “POINT OF ORDER” TO STATE THAT HE BELIEVED A VOTE WAS REQUIRED ON HIS OBJECTION

CHAIR RICK KRATT REQUESTED INPUT FROM COUNSEL; GENERAL COUNSEL JENNIFER ZAHRY NOTED THE BOARD’S PRACTICE DID NOT INCLUDE STRICT ADHERANCE TO ALL ASPECTS OF ROBERT’S RULES OF ORDER, RATHER EACH ITEM IS GENERALLY TAKEN UP, DISCUSSED, AND ACTED UPON ACCORDINGLY

TRUSTEE EDWARD ROBINSON OFFERED A POINT OF INFORMATION TO SEEK CLARIFICATION ON HOW TO MOVE FORWARD GIVEN KCERA POLICIES WHICH CITE TO ROBERT’S RULES, IN THE ABSENCE OF SPECIFIC DIRECTION TO THE CONTRARY, AND HIS STATED OBJECTION; EXECUTIVE DIRECTOR DOMINIC BROWN SUGGESTED TRUSTEE ROBINSON MAKE A MOTION TO REFLECT THE ACTION HE DESIRED THE BOARD TO TAKE

TRUSTEE EDWARD ROBINSON MOVED "TO LAY ITEM #19 ON TABLE EFFECTIVE IMMEDIATELY"; TRUSTEE DAVID COUCH SOUGHT CLARIFICATION; TRUSTEE EDWARD ROBINSON RESTATED HIS MOTION

MOVED TO LAY ITEM #19 ON TABLE AND REFER MATTER TO STAFF AND ADMINISTRATIVE COMMITTEE FOR FURTHER CONSIDERATION

**Robinson-No Second**

MOTION DIED FOR LACK OF SECOND

FURTHER DISCUSSION OCCURRED

APPROVED SPECIAL PAY CODE DESIGNATIONS AS RECOMMENDED BY STAFF, EXCEPT PAY CODES REFERRED TO BY STAFF AS "MIXED USE" AND THOSE LABELED AS "CAFETERIA PAYS" ARE REFERRED TO THE ADMINISTRATIVE COMMITTEE FOR FURTHER REVIEW

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

20. ADJOURNED – 4:19 P.M.

  
Secretary, Board of Retirement

  
Chair, Board of Retirement