

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

**11125 River Run Blvd.
Bakersfield, California**

**Board of Retirement Meeting
March 11, 2020**

8:33 a.m.

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

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

Absent: None

Salute to Flag – TRUSTEE JORDAN KAUFMAN

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:

- February 12, 2020 Board of Retirement Meeting
- February 27, 2020 Investment Committee

RECEIVED AND FILED

Kaufman-Gonzalez – 9 Ayes

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

Kaufman-Gonzalez – 9 Ayes

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

Kaufman-Gonzalez – 9 Ayes

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

Kaufman-Gonzalez – 9 Ayes

- *5. Securities Lending Earnings Summary Report for the period January 1-31, 2020 from Deutsche Bank

THIS ITEM REMOVED FROM CONSENT AGENDA

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

Kaufman-Gonzalez – 9 Ayes

- *7. Invitation for trustees and/or staff to attend the California Association of Public Retirement Systems (CALAPRS) Advanced Principles of Pension Governance for Trustees, March 30-April 1, 2020 in Los Angeles, California

THIS ITEM WITHDRAWN FROM AGENDA

- 5. Securities Lending Earnings Summary Report for the period January 1-31, 2020 from Deutsche Bank – CHAIR RICK KRATT HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Kaufman-Franey – 9 Ayes

- 8. 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

ADMINISTRATIVE MATTERS

9. KCERA 2019 Board Performance Assessment presented by Tom Iannucci, Cortex Applied Research – TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD

HEARD PRESENTATION

10. KCERA 2019 Board Education Needs Assessment Report presented by Tom Iannucci, Cortex Applied Research – TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD; CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, PHIL FRANNEY, JUAN GONZALEZ AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

TRUSTEE LAUREN SKIDMORE LEFT AT 9:13 A.M.

TRUSTEE EDWARD ROBINSON MADE A REFERRAL TO STAFF TO REQUEST CORTEX ADMINISTER ANOTHER EDUCATION SURVEY TO ALL TRUSTEES

RECEIVED AND FILED

Couch-Gonzalez – 8 Ayes

11. KCERA Governance Report for the Fiscal Year ending June 30, 2019 presented by Tom Iannucci, Cortex Applied Research – TOM IANNUCCI, CORTEX APPLIED RESEARCH, HEARD; CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES PHIL FRANNEY AND JORDAN KAUFMAN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Franey-Whitezell – 8 Ayes

INVESTMENT MATTERS

12. Discussion and appropriate action on international small cap recommendation presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED INVESTMENT WITH AMERICAN CENTURY IN AN AMOUNT EQUIVALENT TO THE FIDELITY REDEMPTION (APPROXIMATELY \$78MM); AND AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kaufman-Dodgin – 8 Ayes

13. Presentation on capital efficiency presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS HEARD; CHAIR RICK KRATT HEARD; TRUSTEES PHIL FRANEY, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TRUSTEE DAVID COUCH LEFT AT 10:11 A.M.

HEARD PRESENTATION

14. Discussion and appropriate action on overlay provider recommendation presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS HEARD; TRUSTEE JORDAN KAUFMAN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED SELECTION OF PARAMETRIC PORTFOLIO ASSOCIATES AS OVERLAY PROVIDER; AND AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

TRUSTEE DAVID COUCH RETURNED AT 10:16 A.M.

Kaufman-Robinson – 8 Ayes

15. Presentation on asset allocation presented by Scott Whalen, CFA, Verus, and Chief Investment Officer Daryn Miller, CFA – SCOTT WHALEN, CFA, VERUS HEARD; CHAIR RICK KRATT HEARD; TRUSTEE EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED EDUCATIONAL TRAINING (30 MINUTES TRUSTEE EDUCATION CREDIT)

16. Discussion and appropriate action on asset allocation presented by Scott Whalen, CFA, Verus, Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – SCOTT WHALEN, CFA, VERUS HEARD; CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES PHIL FRANEY, JUAN GONZALEZ, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TRUSTEE DAVID COUCH LEFT AT 11:21 A.M.

REFERRED MATTER TO INVESTMENT COMMITTEE TO DISCUSS FURTHER WITH CONCEPTUAL APPROVAL OF CAPITAL EFFICIENCY

Franey-Gonzalez – 7 Ayes; 1 Absent (Couch)

STAFF/COMMITTEE REPORTS & NEW BUSINESS

17. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- UPDATE ON CURRENT KCERA RECRUITMENTS AND HIRING
- UPDATE ON PART-TIME SERVICE CREDIT
- UPDATE ON SPECIAL PAY CODES AND IMPLEMENTATION OF CHANGES
- LAW LIBRARY CONTINUES TO EXPLORE OPTIONS REGARDING THEIR STATUS, AN MOU WITH THE COURTS, AND POSSIBILITY OF BECOMING A NEW PLAN SPONSOR WITH KCERA
- UPCOMING MEETINGS FOR ALL COMMITTEES
- STAFF MONITORING CORONAVIRUS AND HOW IT AFFECTS KCERA OPERATIONS
- SERVICE PURCHASE UPDATE

TRUSTEE DAVID COUCH RETURNED AT 11:25 A.M.

18. Report from Chief Investment Officer

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

- UPDATE ON MARKET ACTIVITIES DUE TO CORONAVIRUS
- INVESTMENT ACTIVITIES, INITIATIVES AND PORTFOLIO OPPORTUNITIES

TRUSTEE EDWARD ROBINSON HEARD

19. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY SUBMITTED A REPORT ON THE FOLLOWING:

- SUMMARY OF SJCERA LITIGATION
- CERL LEGISLATIVE UPDATE
- UPDATE ON METRICS

REFERRAL TO GENERAL COUNSEL TO DISCUSS LEGISLATIVE POLICY WITH TRUSTEE EDWARD ROBINSON

TRUSTEE ROBINSON HEARD

20. Report from Committee Chairs:

- a. Administrative Committee – FRANEY – NONE
- b. Finance Committee – GONZALEZ – NONE
- c. Investment Committee – DODGIN – MEETING TO BE SCHEDULED ON MARCH 25, 2020
- d. KCERA Property, Inc. – KRATT – NONE

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

21. 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

TRUSTEE DUSTIN DODGIN STATED HE WOULD BE ABSENT FOR ITEM 23

22. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION/
ANTICIPATED LITIGATION

Determination of whether to initiate litigation pursuant to paragraph (4) of subdivision (c) and (d) of Section 54956.9. (Number of potential cases: one).

TRUSTEE LAUREN SKIDMORE RETURNED AT 11:56 A.M.

TRUSTEE DUSTIN DODGIN LEFT 12:35 P.M.

23. 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).

TRUSTEE LAUREN SKIDMORE LEFT AT 12:43 P.M.

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

ITEM 22 – NO REPORTABLE ACTION

ITEM 23 – NO REPORTABLE ACTION

24. ADJOURNED – 12:45 P.M.


Secretary, Board of Retirement

Chair, Board of Retirement