

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

11125 River Run Blvd.
Bakersfield, California

Teleconference Meeting – Board of Retirement Meeting
June 10, 2020

8:32 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: Couch, Dodgin, Gonzalez, Kaufman, Kratt, Robinson, Skidmore, Whitezell

Absent: Brandon, Franey, Nunneley, Seibly

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 PHIL FRANNEY ARRIVED AT 8:34 A.M.

*1. Summary of proceedings of the following meetings:

- May 6, 2020 Board of Retirement Meeting
- May 6, 2020 Investment Committee
- May 20, 2020 Finance Committee
- May 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 April 1-30, 2020 from Deutsche Bank – RECEIVED AND FILED

Kaufman-Gonzalez – 9 Ayes

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

Kaufman-Gonzalez – 9 Ayes

- *7. Agreement for Legal Services Investment Counsel Services with Foley & Lardner, effective June 10, 2020 – RECEIVED AND FILED; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kaufman-Gonzalez – 9 Ayes

- *8. Agreement for Legal Services Investment Counsel Services with Hanson Bridgett LLP, effective May 18, 2020 – RECEIVED AND FILED; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kaufman-Gonzalez – 9 Ayes

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

Kaufman-Gonzalez – 9 Ayes

10. 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

TRUSTEE CHASE NUNNELEY ARRIVED AT 8:37 A.M.

STAFF REPORTS

11. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- UPDATE ON REOPENING THE KCERA OFFICE AND OTHER COVID-19 EFFECTS
- OPERATIONAL ACTIVITIES OF ADMINISTRATIVE SERVICES, ACCOUNTING & REPORTING SERVICES, MEMBER SERVICES AND INFORMATION TECHNOLOGY SERVICES DIVISIONS FOR MAY 2020
- BENEFIT MALL TRANSITION
- A COUPLE PLAN SPONSORS HAVE INITIATED AN "EARLY RETIREMENT INCENTIVE PROGRAM"
- KCERA AGENDA LINKING UPDATE
- KERN MEDICAL HAS POSTPONED SOCIAL SECURITY ELECTION
- UPDATE ON TRAINING FOR KCERA STAFF
- UPDATE ON CURRENT KCERA RECRUITMENTS AND HIRING
- UPCOMING MEETINGS AND EVENTS

CHAIR RICK KRATT HEARD

12. Report from Chief Investment Officer

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

- MARKET AND PORTFOLIO UPDATE, INVESTMENT ACTIVITIES, INITIATIVES AND PORTFOLIO OPPORTUNITIES

CHAIR RICK KRATT HEARD; TRUSTEE EDWARD ROBINSON HEARD

13. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY SUBMITTED A REPORT ON THE FOLLOWING:

- UPDATE ON EXECUTIVE ORDER N-62-20 PRESUMPTION
- OVERVIEW OF LEGAL UNIT WORKFLOW

TRUSTEE JUAN GONZALEZ HEARD

TRUSTEE ROBB SEIBLY ARRIVED AT 8:56 A.M

INVESTMENT MATTERS

14. 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 Associates¹, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – ANDREA AUERBACH, KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; TRUSTEE EDWARD ROBINSON HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED \$20MM COMMITMENT TO BLUE TORCH CREDIT OPPORTUNITIES FUND II; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Dodgin-Whitezell – 9 Ayes

15. 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 Associates², Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – KELLY JENSEN, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED \$25MM COMMITMENT TO VISTA FOUNDATION FUND IV; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Whitezell-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.

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.

16. 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 Associates¹, Chief Investment Officer Daryn Miller, CFA, Retirement Investment Officer Brian Long, CFA, and the Investment Committee – KEIRSTEN LAWTON, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED \$25MM COMMITMENT TO FORTRESS; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Couch-Dodgin – 9 Ayes

ADMINISTRATIVE MATTERS

17. Response to referral for Cortex to reissue KCERA 2019 Board Education Needs Assessment Report to all trustees – CHAIR RICK KRATT HEARD; TRUSTEE JUAN GONZALEZ HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

RECEIVED AND FILED

Kaufman-Franey – 9 Ayes

18. Discussion and appropriate action on request to consider adding Board of Retirement meeting recordings to the KCERA website presented by Executive Director Dominic Brown – CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, JUAN GONZALEZ, JORDAN KAUFMAN AND EDWARD ROBINSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

REFERRAL TO ADMINISTRATIVE COMMITTEE FOR CONTINUED DISCUSSION OF OPTIONS

PUBLIC COMMENT: JOHN ROZO, KCERA ACTIVE MEMBER, HEARD

Dodgin-Couch – 9 Ayes

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FINANCIAL MATTERS

19. Organizational Landscape and Budget Governance presented by Executive Director Dominic Brown, General Counsel Jennifer Zahry and Harvey L. Leiderman, Partner, Reed Smith LLP – HARVEY L. LEIDERMAN, REED SMITH LLP, HEARD; CHAIR RICK KRATT HEARD; TRUSTEES JORDAN KAUFMAN, EDWARD ROBINSON, LAUREN SKIDMORE AND TYLER WHITEZELL HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (44 MINUTES TRUSTEE EDUCATION CREDIT)

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

PUBLIC COMMENT: ELSA MARTINEZ, COUNTY ADMINISTRATIVE OFFICE, HEARD

COMMITTEE REPORTS

20. Report from Committee Chairs:
- a. Administrative Committee: FRANEY – MEETING WILL BE SCHEDULED TO DISCUSS RECORDINGS
 - b. Finance Committee: GONZALEZ – ITEMS TO BE DISCUSSED LATER DURING TODAY'S MEETING
 - c. Investment Committee: DODGIN – NONE
 - d. KCERA Property, Inc.: KRATT – TAX RETURNS FILED

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 – TRUSTEE EDWARD ROBINSON HEARD

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

Executive Session

TRUSTEE COUCH RETURNED AT 11:02 A.M.

22. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF 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 LEFT AT 11:19 A.M.

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

TRUSTEE LAUREN SKIDMORE RETURNED AT 11:49 A.M.

TRUSTEE DAVID COUCH LEFT AT 12:00 P.M.

RECESS UNTIL 2:00 P.M.

BOARD OF RETIREMENT RECONVENED AT 2:03 P.M.

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

ITEM 22 – DIRECTION TO INITIATE ACTION; SPECIFICALLY, STAFF IS AUTHORIZED TO PETITION THE COURT FOR PERMISSION TO SUBMIT AN AMICUS BRIEF; THE PARTIES AND OTHER PARTICULARS SHALL, ONCE FORMALLY INITIATED, BE DISCLOSED TO ANY PERSON UPON INQUIRY

Couch-Kaufman – 8 Ayes; 1 Absent (Skidmore)

ITEM 23 – NO REPORTABLE ACTION

24. Discussion and appropriate action on the proposed FY 2020-21 KCERA Operating Budget presented by Executive Director Dominic Brown, Assistant Executive Director Matt Henry, Retirement Financial Officer Angela Kruger and the Finance Committee – HARVEY L. LEIDERMAN, REED SMITH LLP, HEARD; CHAIR RICK KRATT HEARD; VICE-CHAIR DUSTIN DODGIN HEARD; TRUSTEES DAVID COUCH, PHIL FRANNEY, JUAN GONZALEZ, JORDAN KAUFMAN, EDWARD ROBINSON, ROBB SEIBLY AND TYLER WHITEZELL HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

MOTION TO APPROVE

Robinson-Franey – 4 Ayes; 4 Noes (Couch, Dodgin, Kaufman, Whitezell); 1 Absent (Skidmore)

MOTION FAILED

TRUSTEE DAVID COUCH LEFT AT 3:10 P.M.

MOTION TO APPROVE WITH THE FOLLOWING CHANGES: 1) ONLY INCLUDE ONE JUNIOR RETIREMENT INVESTMENT ANALYST POSITION; AND 2) NOT INCLUDE DEPUTY COUNSEL POSITION

Kaufman-Robinson – 3 Ayes; 4 Noes (Dodgin, Franey, Gonzalez, Kratt); 2 Absent (Couch, Skidmore)

MOTION FAILED

APPROVED AS PRESENTED, MINUS DEPUTY COUNSEL POSITION

Gonzalez-Dodgin – 5 Ayes; 2 Noes (Franey, Robinson); 2 Absent (Couch, Skidmore)

25. ADJOURNED – 3:28 P.M.


Secretary, Board of Retirement

Chair, Board of Retirement