

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

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

**Board of Retirement Meeting
Wednesday, March 14, 2018**

8:30 a.m.

Board Members: Couch, Chair Dodgin, Franey, Gonzalez, Horvat, Jefferson, Kaufman, Vice-Chair Kennedy (Alternate), Kratt, Mattly (Alternate), Skidmore

Roll Call: Couch, Dodgin, Gonzalez, Horvat, Jefferson, Kaufman, Kennedy, Kratt, Mattly, Skidmore

Absent: Franey

Salute to Flag – TRUSTEE JOHN MATTLY

Moment of Silence

NOTE: The vote is displayed in bold below each item. For example, Kratt-Kaufman denotes Trustee Kratt made the motion and Trustee Kaufman seconded the motion.

**REPORT ON ACTIONS TAKEN IN EXECUTIVE SESSION ON
WEDNESDAY, FEBRUARY 14, 2018**

Item #26 concerning Public Employee Appointment/Recruitment – Title: Executive Director (Government Code section 54957)

AT THE BOARD'S FEBRUARY 14TH MEETING, THE BOARD APPROVED, BY A UNANIMOUS 9-0 VOTE, TO EXTEND AN OFFER OF EMPLOYMENT FOR THE KCERA EXECUTIVE DIRECTOR POSITION TO DOMINIC BROWN; MR. BROWN HAS ACCEPTED THE APPOINTMENT EFFECTIVE ON THE FIRST DAY OF THE PAY PERIOD FOLLOWING THE FEBRUARY MEETING AND WILL BE COMPENSATED AT THE COUNTY OF KERN'S STANDARDIZED SALARY SCHEDULE, RANGE 83.1, STEP A; MR. BROWN'S PROFESSIONAL SERVICES AGREEMENT WILL BE A PUBLIC DOCUMENT UNDER THE CALIFORNIA PUBLIC RECORDS ACT ONCE IT IS FINALIZED

TRUSTEE FRANNEY ARRIVED AT 8:34 A.M.

CHAIR DUSTIN DODGIN HEARD; VICE-CHAIR THAD KENNEDY HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

- *1. Proposed Decision and Findings of Fact submitted by Hearing Officer for Jonathan Rimer, PUBLIC WORKS-PUBLIC WAYS (General)

THIS ITEM REMOVED FROM CONSENT AGENDA

*2. Summary of proceedings of the following meetings:

- February 8, 2018 Investment Committee
- February 8, 2018 Administrative Committee
- February 9, 2018 Administrative Committee
- February 14, 2018 Finance Committee
- February 14, 2018 Board of Retirement
- February 16, 2018 Administrative Committee

RECEIVED AND FILED

Kratt-Jefferson – 9 Ayes

*3. Monthly reports from the KCERA office on members retired from service and deceased retirees – RECEIVED AND FILED

Kratt-Jefferson – 9 Ayes

*4. Monthly report of current disability retirement applications and appeals of KCERA Board decisions

THIS ITEM REMOVED FROM CONSENT AGENDA

*5. Securities Lending Earnings Summary Report for the period January 1-31, 2018 from Deutsche Bank – RECEIVED AND FILED

Kratt-Jefferson – 9 Ayes

*6. KCERA asset allocation, budget status, cash flow position and investment fees status report for the month of January 2018 – RECEIVED AND FILED

Kratt-Jefferson – 9 Ayes

*7. KCERA Strategic Investment Plan for the month of March 2018 – RECEIVED AND FILED

Kratt-Jefferson – 9 Ayes

*8. KCERA Re-balance Analysis as of March 4, 2018 – RECEIVED AND FILED

Kratt-Jefferson – 9 Ayes

*9. Invitation for trustees and/or staff to attend the California Association of Public Retirement Systems (CALAPRS) Advanced Principles of Pension Management for Trustees, March 28-30, 2018 in Los Angeles, California – APPROVED THE ATTENDANCE OF VICE-CHAIR THAD KENNEDY AND EXECUTIVE DIRECTOR DOMINIC BROWN

Kratt-Jefferson – 9 Ayes

*10. Selection and identification of designated representatives pursuant to Government Code section 54957.6, relating to compensation of KCERA's Chief Investment Officer, an unrepresented employee – APPOINTED ADMINISTRATIVE COMMITTEE CHAIR, THAD KENNEDY, EXECUTIVE DIRECTOR, DOMINIC BROWN, AND GENERAL ELECTED TRUSTEE, BOB JEFFERSON AS THE BOARD'S DESIGNATED REPRESENTATIVES

Kratt-Jefferson – 9 Ayes

4. Monthly report of current disability retirement applications and appeals of KCERA Board decisions – CHAIR DUSTIN DODGIN HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

PUBLIC COMMENT: INGER SUMMERS HEARD

RECEIVED AND FILED

Skidmore-Couch – 9 Ayes

11. 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

FINANCIAL MATTERS

12. Discussion and appropriate action on referral to Finance Committee to consider scenarios and potential changes to the SRBR benefit and the request of Retired Employees of Kern County (REOKC) to consider distribution of SRBR funds presented by Paul Angelo and John Monroe, The Segal Company, and the Finance Committee – PAUL ANGELO AND JOHN MONROE, THE SEGAL COMPANY, HEARD; TRUSTEES BOB JEFFERSON AND LAUREN SKIDMORE HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN

PUBLIC COMMENT: JOHN DEMARIO, RETIRED EMPLOYEES OF KERN COUNTY (REOKC), HEARD; DEREK ROBINSON, KERN COUNTY FIREFIGHTERS, HEARD

APPROVED FINANCE COMMITTEE'S RECOMMENDATION OF OPTION 4 OF THE SRBR PLAN DESIGN (COST STUDY) PREPARED BY KCERA'S ACTUARY, TO INCLUDE A 4% INFLATION CAP AND AN EFFECTIVE DATE OF JULY 1, 2018 FOR THE TIER 4 BENEFIT FOR RETIREES HIRED BEFORE THAT DATE

Skidmore-Franey – 8 Ayes; 1 No (Kratt)

INVESTMENT MATTERS

13. Report on Sustainable Growth Advisers Partnership Announcement, presented by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD

RECEIVED AND FILED

Kratt-Jefferson – 9 Ayes

ADMINISTRATIVE MATTERS

14. Trustee Education regarding Eligibility for Retirement presented by General Counsel Jennifer Zahry and Executive Director Dominic Brown – CHAIR DUSTIN DODGIN HEARD; TRUSTEES JUAN GONZALEZ, RICK KRATT AND LAUREN SKIDMORE HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD; GENERAL COUNSEL JENNIFER ZAHRY HEARD

RECEIVED EDUCATIONAL TRAINING (0.3 HOURS TRUSTEE EDUCATION CREDIT)

STAFF/COMMITTEE REPORTS & NEW BUSINESS

15. Report from Executive Director

EXECUTIVE DIRECTOR DOMINIC BROWN REPORTED THE FOLLOWING:

- UPDATE ON CONTINUING KCERA REORGANIZATION
- THREE KCERA STAFF MEMBERS ATTENDED COUNTY LEAN SIX SIGMA TRAINING
- OPERATIONAL ACTIVITIES OF ADMINISTRATIVE SERVICES, FINANCIAL SERVICES, MEMBER SERVICES AND INFORMATION TECHNOLOGY SERVICES DIVISIONS FOR FEBRUARY 2018

16. Report from Chief Investment Officer

SCOTT WHALEN, CFA, VERUS, REPORTED THE FOLLOWING:

- BRINGING LIQUIDITY STUDY TO INVESTMENT COMMITTEE
- WORKING ON MANAGER DUE DILIGENCE POLICY
- WORKING WITH ALBOURNE ON PRIVATE CREDIT STRATEGY

17. Report from General Counsel

GENERAL COUNSEL JENNIFER ZAHRY REPORTED THE FOLLOWING:

- UPDATE ON CALIFORNIA PENSION LITIGATION RELATED TO FELONY FORFEITURES

18. Report from Committee Chairs:

- a. Administrative Committee – KENNEDY – THE ADMINISTRATIVE COMMITTEE HAS BEEN BUSY WITH INTERVIEW PROCESS WHICH WILL CONCLUDE TODAY IN EXECUTIVE SESSION
- b. Finance Committee – SKIDMORE – NONE
- c. Investment Committee – KRATT – WILL SCHEDULE INVESTMENT COMMITTEE MEETING SOON REGARDING PRIVATE CREDIT AND OTHER ITEMS FROM SCOTT WHALEN
- d. KCERA Property, Inc. – FRANEY – NONE

19. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement –

CHAIR DUSTIN DODGIN HEARD; TRUSTEE BOB JEFFERSON HEARD; EXECUTIVE DIRECTOR DOMINIC BROWN HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

20. On their own initiative, Board members may make a brief announcement or a brief report on their own activities –

CHAIR DUSTIN DODGIN HEARD

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

Executive Session

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

RIMER, Jonathan PUBLIC WORKS-PUBLIC WAYS (General)

21. PUBLIC EMPLOYEE APPOINTMENT
Title: Chief Investment Officer (Government Code § 54957) – Interview
Finalist Candidates

CONFERENCE WITH LABOR NEGOTIATORS REGARDING
UNREPRESENTED EMPLOYEE (pursuant to Government Code
§54957.6(a))

Agency Designated Representatives: Thad Kennedy, Dominic Brown and
Bob Jefferson; Unrepresented Employee: Chief Investment Officer

TRUSTEE COUCH LEFT AT 10:45 A.M.

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

ITEM 1 – ADOPTED RECOMMENDATION OF SDAG TO ADOPT THE
SUMMARY OF EVIDENCE, PROPOSED FINDINGS OF FACT,
CONCLUSIONS OF LAW AND RECOMMENDED DECISION OF THE
HEARING OFFICER TO DENY THE APPLICATION FOR NONSERVICE-
CONNECTED DISABILITY PENSION

Gonzalez-Kaufman – 8 Ayes

ITEM 21 – NO REPORTABLE ACTION

22. ADJOURNED – 1:29 P.M.


Secretary, Board of Retirement


Chair, Board of Retirement