

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT - COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Regular Board Meeting
Wednesday, April 27, 2005

8:05 a.m.

Board Members: Barnes, DeMario, Fiddler, Franey,
Hughes, Lesser, Patrick, Plante, Alternate
Briggs

Roll Call: Barnes, Fiddler, Franey, Hughes, Lesser,
Patrick, Plante, Alternate Briggs

DeMario absent

Trustee DeMario arrived after roll call.

Salute to Flag - LED BY CHAIRMAN PLANTE

Moment of Silence –

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

- *1. Letter to Board of Supervisors from Executive Director Anne M. Holdren concerning the May 26, 2005, Retirement Planning Seminar – RECEIVED AND FILED

Franey-DeMario – 8 Ayes

- *2. Letter from Michael L. Elizondo, Fidelity Investments regarding Fidelity Real Estate Asset Manager III, L.P. as of March 31, 2005, fund's total market value – RECEIVED AND FILED

Franey-DeMario – 8 Ayes

- *3. Fidelity Real Estate Growth Fund (FREG) for period ending March 31, 2005 - RECEIVED AND FILED

Franey-DeMario – 8 Ayes

- *4. Fidelity Real Estate Growth Fund II for period ending March 31, 2005 – RECEIVED AND FILED

Franey-DeMario – 8 Ayes

- *5. Letter from T. Radey Johnson, Rothschild Asset Management, Inc. regarding Russell 2000 Value index for first quarter 2005 – RECEIVED AND FILED

Franey-DeMario – 8 Ayes

- *6. Pantheon USA Fund III, L.P., December 31, 2004, quarterly report – RECEIVED AND FILED

Franey-DeMario – 8 Ayes

- *7. Pantheon USA Fund V, L.P., December 31, 2004, quarterly report – RECEIVED AND FILED

*7. (Continued):

Franey-DeMario – 8 Ayes

*8. Letter from Robert Blum, Hanson Bridgett, Marcus, Vlahos, Rudy, L.L.P. regarding litigation settlement with San Diego City Employees Retirement System and a purported class of beneficiaries - RECEIVED AND FILED

Franey-DeMario – 8 Ayes

*9. Letter from Kerry Nelson, Northern Trust, regarding personnel changes – RECEIVED AND FILED

Franey-DeMario – 8 Ayes

*10. Reports regarding pending Class Action Securities Litigation from Northern Trust – RECEIVED AND FILED

Franey-DeMario – 8 Ayes

PUBLIC COMMENT

11. 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 and address for the record prior to making a presentation – NONE

12. Discussion and appropriate action on the transition from Rothschild's small cap value domestic index to Barclays Global Investors' (BGI) optimized portfolio presented by Michael C. Schlachter, Wilshire Associates, Inc. and Executive Director Anne M. Holdren – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; MICHAEL SCHLACHTER, WILSHIRE ASSOCIATES, INC. HEARD

RECEIVED AND FILED; HIRE BGI AS TRANSITION MANAGER FOR MOVING THE ROTHSCHILD SMALL CAP VALUE FUND TO BGI'S OPTIMIZED PORTFOLIO MATCHING THE RUSSELL 2000 VALUE INDEX PERFORMANCE WITH 1.08% TRACKING ERROR; AUTHORIZED EXECUTIVE DIRECTOR TO SIGN AGREEMENT SUBJECT TO REVIEW AND APPROVAL BY COUNSEL

Barnes-DeMario – 8 Ayes

13. Discussion and appropriate action authorizing Milliman USA to conduct a study of KCERA's withdrawal rate experience during the past five years in an amount not to exceed \$10,000 presented by Executive Director Anne M. Holdren and the Audit-Actuarial Committee – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; CHAIRMAN PLANTE HEARD; TRUSTEES FRANEY, DEMARIO, BRIGGS AND BARNES HEARD

RECEIVED AND FILED; APPROVED AUTHORIZING MILLIMAN USA TO CONDUCT A STUDY OF KCERA'S WITHDRAWAL RATE EXPERIENCE DURING THE PAST FIVE YEARS AND MAKE RECOMMENDATION PENDING THE OUTCOME OF THE STUDY TO THE BOARD OF RETIREMENT

Patrick-Barnes – 8 Ayes

14. Discussion and appropriate action on SACRS' proposed resolution opposing legislation to close public defined benefit plans submitted by Los Angeles County Employees Retirement Association (LACERA) presented by Deputy County Counsel Patricia J. Randolph – DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; TRUSTEES PATRICK AND DEMARIO HEARD; CHAIRMAN PLANTE HEARD

RECEIVED AND FILED; DIRECTED VOTING DELEGATE TO VOTE NO AND DENY SUPPORT TO THE PROPOSED LACERA RESOLUTION

Barnes-Franey – 8 Ayes

15. Report from KCERA management – Executive Director Anne M. Holdren reviewed the following report:

Operations

- A record setting 149 retirees were added to the benefit payroll in April. In total, 299 members retired in the first quarter of 2005.
- KCERA staff continues to test the fourth iteration of the programming changes to the PENSIONS system for implementation of the new 2.5% employee/employer retirement contribution for all Court employees.

Investments

- The high yield fund transition from W.R. Huff Asset Management Company to Goldman Sachs Asset Management (GSAM) and Western Asset Management Company (WAM) will be completed by April 29, 2005. In addition to an estimated \$28.7 million in-kind transfers, approximately \$65 million cash will be distributed between GSAM and WAM.
- The FFCA co-partners have agreed to move ahead with the independent appraisal on the FFCA Co-Investment Limited Partnership to be conducted by C B Richard Ellis, pending approval by Contra Costa Employees' Retirement Association Board of Retirement. An appraisal conducted by Cushman & Wakefield (hired by FFCA Institutional Advisors) estimated the market value of the leased fee and mortgagees' interest in the 37 properties to be \$19,810,000.

Project

- The request for proposal for the investment consultant search was issued on April 15. Responses are due on June 7, 2005.
- A request for proposal for hearing officers for disability applications will be issued in May.

15. (Continued):

Miscellaneous

- One nomination for the Seventh Member (Safety) Alternate position was submitted. Signature verification will be completed by April 28.
- Proposals from four insurance companies for purchase of the \$1,000 life insurance benefit for 3,981 KCERA retirees range from \$2.2 to \$2.6 million.

Ms. Holdren also reported the following:

- KCERA staff will be conducting a survey and cost benefit analysis in response to the Board of Supervisors inquiry to the costs associated with the half-day paid leave request for the Retirement Planning Seminar being held May 26, 2005.
 - The Goldman Sachs Asset Management fee proposal is being restructured.
 - Business cards for Trustees can be made available by contacting Ms. Holdren.
 - Grand Jury members will be visiting Ms. Holdren on April 28, 2005 to introduce themselves and become more familiar with the roles and functions of the KCERA.
16. Report from County Counsel – Deputy County Counsel Patricia J. Randolph reported she received settlement information on the CFS litigation with Hyperion Capital Management, Inc. for approximately \$2.2 million. Ms. Randolph further reported the Abbott Capital Private Equity Fund V, L.P. will have its first closing on May 9, 2005 and there are numerous documents to review prior to that date. Ms. Randolph also indicated she is currently reviewing documentation from K2 Advisors.

17. Reports from Committee Chairs

- A. Audit/Actuarial Committee – NONE
- B. Budget Committee – Proposed meeting week of May 23rd.
- C. Disability Application Committee – Report to follow
- D. Human Resources Committee – NONE
- E. Investment Committee – NONE

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

18. On their own initiative, Board members may make a brief announcement or a brief report on their own activities. In addition, Board members may ask a question of staff or the public for clarification on any matter, provide a reference to staff or other resources for factual information or, through the Chairman, request staff to report back to the Board at a later meeting concerning any matter. Furthermore, the Board, through the Chairman, may take action to direct staff to place a matter of business on a future agenda – Trustee Lesser indicated she will be taking a short leave of absence commencing May 18th for reconstructive surgery and thanked everyone for their well wishes.

ADJOURNED TO EXECUTIVE SESSION

DeMario-Barnes

FIVE-MINUTE BREAK

EXECUTIVE SESSION

DISABILITY RETIREMENT APPLICATIONS - PERSONNEL EXCEPTION (GOVERNMENT CODE §54957; PUBLIC EMPLOYEE PERFORMANCE EVALUATION):

19. A. COFFEE, Jennifer Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HER DUTIES

Franey-DeMario – 8 Ayes

GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

Franey-DeMario – 8 Ayes

19. B. PINCHBACK, Linda Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HER DUTIES

Patrick-Lesser – 8 Ayes

GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS

Patrick-Lesser – 8 Ayes

19. C. DAVIS, Sharon Application for service-connected disability pension benefits – DENIED BASED ON LACK OF PERMANENT INCAPACITATION

Franey-Patrick – 8 Ayes

19. D. NEIRA, Rosalba Application for service-connected disability pension benefits – DENIED BASED ON LACK OF PERMANENT INCAPACITATION

Patrick-Franey – 8 Ayes

19. E. PIRTLE, Michael Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES

DeMario-Lesser – 8 Ayes

GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

DeMario-Franey – 8 Ayes

19. F. PUENTE, Soledad Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES

Franey-DeMario – 8 Ayes

GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS

Barnes-Franey – 8 Ayes

19. F. SULLIVAN, Michael Application for service-connected disability pension benefits – RECEIVED AND FILED ADDITIONAL INFORMATION SUBMITTED; AN EXTENSION WAS GRANTED TO JUNE 22, 2005 AS REQUESTED

Patrick-DeMario – 8 Ayes

20. A. SHEPP, Sandra Application filed by member for non-service-connected disability pension benefits – REFERRED TO DISABILITY APPLICATION COMMITTEE

Patrick-DeMario – 8 Ayes

RETURNED TO PUBLIC SESSION

Franey-DeMario

CHAIRMAN PLANTE SUMMARIZED DECISIONS MADE DURING EXECUTIVE SESSION

ADJOURNED TO WEDNESDAY, MAY 25, 2005, AT 8 A.M.

Franey-DeMario

Secretary, Board of Retirement

Chairman, Board of Retirement