

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Regular Board Meeting
Wednesday September 24, 2008

8:31 a.m.

Board Members: Chairman Barnes, Briggs, Denney, Frapwell, Hughes, Jefferson, Maggard, Ratekin, Alternate Camps, Alternate Franey, Alternate Kaufman

Roll Call: Chairman Barnes, Briggs, Denney, Frapwell, Jefferson, Maggard, Ratekin, Alternate Camps, Alternate Franey, Alternate Kaufman

Absent: Hughes

Salute to Flag – LED BY CHAIRMAN BARNES

Moment of Silence –

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

- *1. KCERA Quarterly Investment Performance Summary as of June 30, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *2. Invitation for trustees and/or staff to attend the Milliman 37th Annual Employee Benefits Conference, October 17th, 2008 in Seattle. Washington – RECEIVED AND FILED; APPROVED ATTENDANCE OF EXECUTIVE DIRECTOR ANNE M. HOLDREN

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *3. Request for travel expense reimbursement for Rodney Johnson, President of HS Dent, to give presentation at the October 8, 2008 Investment Board meeting in an estimated amount of \$683.60 – RECEIVED AND FILED; APPROVED REIMBURSEMENT OF TRAVEL EXPENSES FOR RODNEY JOHNSON IN AN ESTIMATED AMOUNT OF \$683.60

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *4. Amendment No. 3 to Service Agreement with Greenberg Traurig LLP to provide additional expenditures of up to \$250,000 (\$500,000 in total equally divided between KCERA and the County of Kern) for legal services in litigation against Public Pension Professionals – RECEIVED AND FILED; APPROVED; AUTHORIZED CHAIRMAN TO SIGN

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *5. Correspondence from American Reality Advisors concerning update on recent market events dated September 17, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *6. AXA Rosenberg performance as of August 29, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *7. Correspondence from Silvia Knott-Martin, AXA Rosenberg, concerning exposure to Lehman Brothers and other financial companies dated September 17, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *8. Correspondence from the Clifton Group concerning new personnel, Orison “Kip” Chaffee, Managing Principal effective September 8, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *9. Correspondence from Goldman Sachs Asset Management concerning the Lehman Brothers Holdings and general market activity dated September 15, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *10. LJR Recapture Services Trading Summary as of August 31, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *11. Northern Trust, Securities Lending, Market Update, September 17, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *12. Correspondence emailed from Matt Clark, PIMCO, on September 4, 2008 concerning the retirement of co-CEO Bill Thompson effective December 31, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *13. Pyramis Global Advisors, Monthly Investment Review for Select International fund as of July 31, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *14. Notification Written Communication re: Canceling Real Estate Forum and recent strategic decisions regarding the Fidelity Real Estate Group (FREG) funds from Art Greenwood, Pyramis Global Advisors dated September 10, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *15. State Street Global Advisors account summary as of August 31, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *16. Western Asset Management Company, performance summary report as of August 31, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *17. Western Asset Management Company, high yield performance summary report as of August 31, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *18. Western Asset Management Company, Market Developments, September 16, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *19. Email from Western Asset Management Company concerning Ken Leech's return to Western and Steve Walsh's role as Chief Investment Officer, September 3, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *20. Correspondence from Wilshire Associates, Inc. Manager Research concerning the Western Asset Management Company Organizational Change dated September 16, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *21. Correspondence from Wilshire Consulting regarding implications of current financial market stresses dated September 16, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *22. Correspondence from Eileen Neill, Wilshire Associates, Inc., concerning the annual performance of AXA Rosenberg, Goldman Sach Asset Management and Western Asset Management Company through the 2nd quarter of 2008 dated September 17, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

- *23. Correspondence from Eileen Neill, Wilshire Associates, Inc. concerning Goldman Sachs Asset Management notification of changes to utilization of electronic communication networks (ECNs) under the Pension Protection Act dated September 17, 2008 – RECEIVED AND FILED

Briggs-Frapwell – 7 Ayes; 1 Absent – Hughes

PUBLIC COMMENTS

24. 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

Briggs-Jefferson – 7 Ayes; 1 Absent – Hughes

25. Purchase Agreement between CPAS Systems, Inc. and Kern County Employees' Retirement Association for purchase of a an Integrated Pension Administration System, including third party software, in an amount not to exceed \$6.538 million, presented by Executive Director Anne M. Holdren – RECEIVED AND FILED; APPROVED AGREEMENTS WITH CPAS SYSTEMS, INC. AND COGNOS CORPORATION AND AUTHORIZE CHAIRMAN TO SIGN; APPROVED AND AUTHORIZED CHAIRMAN TO SIGN OTHER 3RD PARTY SOFTWARE LICENSE AGREEMENTS AS NECESSARY TO SUPPORT THE NEW SYSTEM SUBJECT TO COUNTY COUNSEL REVIEW AND APPROVAL

Frapwell-Briggs – 7 Ayes; 1 Absent – Hughes

26. Report from KCERA Management – Ms. Holdren discussed the retirement of Craig Silver, Retirement Information Technology Manager, effective September 26, 2008, the hiring of Marta Ramirez, Office Services Technician and the vacant positions that remain to be filled. Ms. Holdren discussed the contact she has had with numerous managers via email and telephone related to the recent developments in the financial market. Ms. Holdren informed the Board of the contact with Northern Trust and referred to the memo attached to Ms. Holdren's written report from Elieen Neill of Wilshire Associates, Inc. also addressing recent events. – CHAIRMAN BARNES HEARD; TRUSTEES DENNEY, FRANNEY and MAGGARD HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD
27. Report from County Counsel – NONE
28. Reports from Committee Chairs:
- A. Audit/Actuarial Committee – NONE
 - B. Budget Committee – NONE
 - C. Disability Application Committee – In Executive Session
 - D. Facility Ad hoc Committee – Committee met on September 23, 2008. Will be meeting again on October 13, 2008
 - E. Human Resources Committee – NONE
 - F. Information Technology Committee – NONE
 - G. Investment Committee – NONE

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

29. 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 – NONE

ADJOURNED TO EXECUTIVE SESSION

Briggs-Jefferson – 7 Ayes; 1 Absent – Hughes

EXECUTIVE SESSION

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

30. A. ESKEW, Lori Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HER DUTIES

Briggs-Denney – 7 Ayes; 1 Absent – Hughes

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

Briggs-Denney – 7 Ayes; 1 Absent – Hughes

30. B. HENRY, Patricia Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HER DUTIES

Jefferson-Denney – 7 Ayes; 1 Absent – Hughes

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

Maggard-Ratekin – 7 Ayes; 1 Absent – Hughes

30. C. RICHARDSON, Kenneth Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES

Frapwell-Denney – 7 Ayes; 1 Absent – Hughes

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

Frapwell-Maggard – 7 Ayes; 1 Absent – Hughes

30. D. DAVIS, Darla, Application for service-connected disability pension benefits – MOTION TO SUSPEND APPLICATION NOT TO EXCEED 90 DAYS TO ALLOW APPLICANT OPPORTUNITY TO TRY AND RETURN TO WORK WITH ACCOMODATIONS.

Jefferson-Frapwell – 7 Ayes; 1 Absent – Hughes

30. E. WATSON, Kenneth, Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES

Frapwell-Jefferson – 7 Ayes; 1 Absent – Hughes

GRANTED SERVICE-CONNECTED DISABILITY PENSION
BENEFITS UNDER GOVERNMENT CODE §31720.6

Frapwell-Jefferson – 7 Ayes; 1 Absent – Hughes

GRANTED SERVICE-CONNECTED DISABILITY PENSION
BENEFITS SUPPLEMENT UNDER GOVERNMENT CODE
§31725.65

Jefferson-Camps – 7 Ayes; 1 Absent – Hughes

30. F. BRYANT, Michael, Application for service-connected disability pension benefits – GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS SUPPLEMENT UNDER GOVERNMENT CODE §31725.65

Denney-Frapwell – 7 Ayes; 1 Absent – Hughes

RETURNED TO PUBLIC SESSION

Denney-Frapwell – 7 Ayes; 1 Absent – Hughes

CHAIRMAN BARNES SUMMARIZED DECISIONS MADE DURING EXECUTIVE SESSION

ADJOURNED TO WEDNESDAY, October 8, 2008 AT 8:30 A.M.

Briggs-Jefferson – 7 Ayes; 1 Absent – Hughes

Secretary, Board of Retirement

Chairman, Board of Retirement