

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Regular Board Meeting
Wednesday October 22, 2008

8:32 a.m.

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

Roll Call: Chairman Barnes, Briggs, Denney, Hughes, Jefferson, Maggard, Mainland, Ratekin, Alternate Camps, Alternate Kaufman

Absent: Frapwell, Alternate Franey

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. Summary of proceedings of the following meetings:

- September 8, 2008, Disability Application Committee
- September 10, 2008, Investment Board
- September 24, 2008, Regular Board

RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

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

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

*3. Monthly reports from the Retirement Association Office on members retired from service, deceased retirees, and deceased active members – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

*4. KCERA asset allocation, cash flow position, investment fees status report and budget status reports for the month of August 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

*5. Class Action Activity Detail by Event Status as of September 30, 2008 and Class Action Proceeds Received from July 1, 2008 through September 30, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *6. Securities Lending Earnings Summary Statement for the period August 1 through 31, 2008 from the following:

- The Northern Trust Company
- Barclays Global Investors

RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *7. Invitation for trustees and/or staff to attend the Fidelity Real Estate Growth Funds Limited Partners Meeting, October 29 through 30, 2008, in Denver, Colorado – RECEIVED AND FILED; APPROVED THE ATTENDANCE OF TRUSTEES JACKIE DENNEY AND NORMAN BRIGGS AND EXECUTIVE DIRECTOR ANNE M. HOLDREN

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *8. Board of Retirement 2009 Meeting Schedule – RECEIVED AND FILED; APPROVED THE BOARD OF RETIREMENT 2009 MEETING SCHEDULE

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *11. Powers of Attorney for voting proxies in Hungary and Poland and Power of Attorney and Establishment Document for Turkey, as requested by The Northern Trust Company – RECEIVED AND FILED; AUTHORIZED CHAIRMAN TO SIGN POWERS OF ATTORNEY

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *12. Application for Private Ruling and Trustee Letter to reclaim taxes experienced in the market for Australia, as requested by The Northern Trust Company - RECEIVED AND FILED; AUTHORIZED CHAIRMAN TO SIGN PRIVATE RULING AND TRUSTEE LETTER

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *13. Amendment No. 1 to Order Agreement with Cognos to clarify that fees include service support to 15 months and to amend renewal term date to December 31, 2009 – RECEIVED AND FILED; APPROVED; AUTHORIZED CHAIRMAN TO SIGN

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *14. AXA Rosenberg performance summary as of September 30, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *15. AXA Rosenberg, Market Commentary, Third Quarter 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *16. Barclays Global Investors, International Alpha Tilts, Strategy Commentary, August 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *17. Barclays Global Investors, International Equity, Strategy Commentary, August 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *18. Barclays Global Investors, Large Cap US Alpha Tilts, Strategy Commentary, August 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *19. BNY ConvergEx Group, LJR Recapture Services, Trading Summary, January 1, 2008 through September 30, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *20. Goldman Sachs Asset Management, High Yield Update, September 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *21. La Salle Investment Management performance and activity report for KCERA's global mandate as of August 31, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *22. La Salle Investment Management performance report for KCERA's Real Estate Securities Portfolio as of August 31, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

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

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *24. State Street Global Advisors account summary as of September 30, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *25. KCERA 2008 Strategic Plan as of October 8, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *26. KCERA Manager Watch List as of October 8, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *27. KCERA Investment Manager Due Diligence Schedule as of October 8, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

- *28. Correspondence from Eileen Neill, Wilshire Associates, Inc. concerning "Factors Behind SSGA's One-Year Underperformance", dated October 8, 2008 – RECEIVED AND FILED

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

9. Revisions to Board of Retirement Trustee Travel Policy to authorize direct payment or reimbursement for accommodations and meals up to fair market value associated with expenses incurred when attending KCERA's service provider-sponsored conferences

EXECUTIVE DIRECTOR ANNE HOLDREN REQUESTED ITEM BE PULLED FROM CONSENT TO ADDRESS CHANGES IN THE TRAVEL POLICY

RECEIVED AND FILED; APPROVED CHANGES SPECIFIC TO THE REIMBURSEMENT FOR ACCOMMODATIONS AND MEALS WHEN ATTENDING CONFERENCES SPONSORED BY KCERA'S SERVICE PROVIDERS

Briggs-Ratekin – 8 Ayes; 1 Absent – Frapwell

10. Appointment of John C. Mainland as At-large Fifth Member to the Retirement Board – TRUSTEE BRIGGS REQUESTED ITEM BE PULLED FROM CONSENT. CHAIRMAN BRAD BARNES WELCOMED TRUSTEE JOHN MAINLAND

RECEIVED AND FILED

Briggs-Jefferson – 8 Ayes; 1 Absent – Frapwell

PUBLIC COMMENTS

29. 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
30. Discussion and appropriate action on approval of the Facility Assessment Ad Hoc Committee Charter presented by Executive Director Anne M. Holdren and the Facility Assessment Ad Hoc Committee – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; APPROVED

Denney-Briggs – 8 Ayes; 1 Absent – Frapwell

31. Discussion and appropriate action on the due diligence report for purchase of Lot No. CATT0723-0723-0001-0023019807, 11103 River Run Boulevard, Bakersfield, CA 93311 and authorization to deposit additional \$50,000 into escrow to proceed with property acquisition under specified conditions, presented by Dan Robinson, American Realty Advisors, Mark Bateman, LeBeau-Thelen, LLP, and the Facility Assessment Ad hoc Committee – DAN ROBINSON, AMERICAN REALTY ADVISORS, HEARD; MARK BATEMAN, LEBEAU-THELEN, LLC., HEARD; CHAIRMAN BRAD BARNES HEARD; TRUSTEES DENNEY, BRIGGS, HUGHES, JEFFERSON AND MAGGARD HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; DEPUTY COUNTY COUNSEL, PATRICIA RANDOLPH HEARD

RECEIVED AND FILED; AUTHORIZED FACILITY ASSESSMENT AD HOC COMMITTEE TO APPROVE DUE DILIGENCE REPORT CONTINGENT UPON SATISFACTORY RESOLUTION OF OUTSTANDING TITLE ISSUES CONSISTENT WITH RECOMMENDATIONS OF COUNSEL; AUTHORIZED ELECTION TO APPROVE TITLE TO THE PROPERTY AS OF 5:00 P.M. ON LAST DAY OF THE DUE DILIGENCE PERIOD PURSUANT TO SECTION 5a(i) OF THE PURCHASE CONTRACT; AUTHORIZED EXECUTIVE DIRECTOR TO EXECUTE AND DELIVER WRITTEN NOTICE OF PURCHASER'S ELECTION TO APPROVE IN WRITING ITS INSPECTIONS OF THE PROPERTY AND THE SELLER MATERIALS PURSUANT TO SECTION 5(a)(ii) OF THE PURCHASE CONTRACT; AND AUTHORIZED SECOND \$50,000 ESCROW DEPOSIT PURSUANT TO SECTION 2 OF THE PURCHASE CONTRACT IN ORDER TO EXECUTE FINAL COMMITMENT OF PURCHASE OF PROPERTY, CONTINGENT UPON APPROVED DUE DILIGENCE RPORT

Briggs-Hughes – 7 Ayes; 1 Abstain – Maggard; 1 Absent – Frapwell

32. Discussion and appropriate action on proposal for hiring Linea Solutions, Inc. for full time Oversight Project Management and Quality Assurance for New Pension Administration Software Implementation Services presented by Brian Colker and Barbara Scheffels, Linea Solutions, Inc., Executive Director Anne M. Holdren and the Information Technology Committee – BRIAN COLKER AND BARBARA SCHEFFELS, LINEA SOLUTIONS, HEARD; CHAIRMAN BRAD BARNES HEARD; TRUSTEE BRIGGS, DENNEY AND KAUFMAN HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; APPROVED HIRING LINEA SOLUTIONS, INC. FOR PROJECT MANAGEMENT OF NEW PENSION SYSTEM IMPLEMENTATION IN AN AMOUNT NOT TO EXCEED \$1.228 MILLION INCLUDING TRAVEL EXPENSES; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT SUBJECT TO COUNTY COUNSEL REVIEW

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

33. Discussion and appropriate action on adopting Resolution designating cell phone allowances paid by the Kern County Superior Court as “compensation earnable” pursuant to Government Code section 31461, presented by Deputy County Counsel Patricia J. Randolph – DEPUTY COUNTY COUNSEL, PATRICIA RANDOLPH HEARD

RECEIVED AND FILED; ADOPTED RESOLUTION

Denney-Briggs – 8 Ayes; 1 Absent – Frapwell

34. Discussion and appropriate action on KCERA's voting delegation for the State Association of County Retirement Systems Fall 2008 Conference, presented by Executive Director Anne M. Holdren – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; APPOINTED TRUSTEE JEFFERSON AS VOTING DELEGATE AND TRUSTEE FRANNEY AS ALTERNATE

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

35. Discussion and appropriate action on State Association of County Retirement Systems' (SACRS) legislative proposals, presented by Deputy County Counsel Patricia J. Randolph – DEPUTY COUNTY COUNSEL PATRICIA RANDLOPH HEARD; CHAIRMAN BRAD BARNES HEARD; TRUSTEES CAMPS, DENNEY AND JEFFERSON HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

Legislative Proposals Approved for SACRS Sponsorship

LACERA #1 – Tax Conformity – SUPPORT IN CONCEPT

Santa Barbara #1 – Clarification of Applicability of Survivor Benefit Formulas – SUPPORT

Santa Barbara #2 – Definition of Surviving Spouse – REJECT

Placeholder Legislation - SUPPORT

Temporary Administrative Spending Cap Relief – SUPPORT IN CONCEPT

RECEIVED AND FILED; DIRECTED VOTING DELEGATES

Briggs-Denney – 8 Ayes; 1 Absent – Frapwell

36. Report from KCERA Management – NONE

TRUSTEE BRIGGS LEFT AT 10:25 A.M.

37. Report from County Counsel – NONE

38. Reports from Committee Chairs:

A. Audit/Actuarial Committee – Committee meeting scheduled for November 3, 2008

B. Budget Committee – NONE

C. Disability Application Committee – In Executive Session

D. Facility Ad hoc Committee – Committee met on October 13, 2008

E. Human Resources Committee – NONE

F. Information Technology Committee – Committee met on October 13, 2008

G. Investment Committee – NONE

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

39. 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

Denney-Jefferson – 7 Ayes; 2 Absent – Frapwell, Briggs

EXECUTIVE SESSION

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

40. A. COX, James Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES

Denney-Camps – 7 Ayes; 2 Absent – Briggs, Frapwell

GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720.5

Denney-Jefferson – 7 Ayes; 2 Absent – Briggs, Frapwell

40. B. ANDERSON, Melissa Application for service-connected disability pension benefits – DENIED APPLICATION BASED ON LACK OF PERMANENT INCAPACITY

Denney-Hughes – 7 Ayes; 2 Absent – Briggs, Frapwell

40. C. FERGUSON, Denise Application for service-connected disability pension benefits – DENIED APPLICATION BASED ON LACK OF PERMANENT INCAPACITY

Ratekin-Hughes – 7 Ayes; 2 Absent – Briggs, Frapwell

40. D. SMITH, Velgrace Application for service-connected disability pension benefits – DENIED APPLICATION BASED ON LACK OF PERMANENT INCAPACITY

Denney-Maggard – 7 Ayes; 2 Absent – Briggs, Frapwell

41. A. PRUETT, Annyce, Application for service-connected disability pension benefits – RECEIVED AND FILED HEARING OFFICER'S FINDINGS OF FACT AND OBJECTIONS FROM APPLICANT'S ATTORNEY; ADOPTED HEARING OFFICER'S RECOMMENDED DECISION TO DENY APPLICATION FOR SERVICE-CONNECTED DISABILITY RETIREMENT.

Hughes-Ratekin – 7 Ayes; 2 Absent – Briggs, Frapwell

RETURNED TO PUBLIC SESSION

Denney-Hughes – 7 Ayes; 2 Absent – Briggs, Frapwell

CHAIRMAN BARNES SUMMARIZED DECISIONS MADE DURING
EXECUTIVE SESSION

ADJOURNED TO WEDNESDAY, November 19, 2008 AT 8:30 A.M.

Hughes-Denney – 2 Absent – Briggs, Frapwell

Secretary, Board of Retirement

Chairman, Board of Retirement