

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

9500 Ming Avenue, Third Floor,
Bakersfield, California

Regular Board Meeting
Wednesday April 22, 2009

8:33 a.m.

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

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

Absent: Maggard, Alternate Franey

Salute to Flag – LED BY CHAIRMAN HUGHES

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. Request from Member Angelica Rodriguez to correct the date of birth stated on her *Member's Sworn Statement Card*, in accordance with Article V, Section B, Paragraph 2 of the KCERA Bylaws – CORRECTED DATE OF BIRTH AS REQUESTED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *2. Sixth Amendment to Limited Partnership Agreement to extend the Scheduled Termination Date of the Partnership until December 31, 2010 for the purpose of providing for an orderly liquidation of the Partnership's investments for Fidelity Real Estate Growth Fund I, L.P. (FREG I) – RECEIVED AND FILED; APPROVED; AUTHORIZED CHAIRMAN TO SIGN

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *3. Amendment No. 1 to Professional Services Agreement between KCERA – Linea Solutions, Inc. to lowering holdback from 20% to 10% and revise cost schedule and payment milestones– RECEIVED AND FILED; APPROVED AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT BETWEEN LINEA SOLUTIONS, INC. AS RECOMMENDED BY THE INFORMATION TECHNOLOGY COMMITTEE; AUTHORIZED CHAIRMAN TO SIGN

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *4. Agreement for Professional Services Independent Contractor KCERA – Peter Stalder to provide program services as needed for the legacy pension administration system (Watson Wyatt PENSIONS system) during new pension administration software system implementation at the rate of \$100 per hour, in an aggregate amount not to exceed \$30,000 – RECEIVED AND FILED; APPROVED AGREEMENT FOR PROFESSIONAL SERVICES INDEPENDENT CONTRACTOR KCERA – PETER STALDER AS RECOMMENDED BY THE INFORMATION TECHNOLOGY COMMITTEE; AUTHORIZED CHAIRMAN TO SIGN

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *5. AXA Rosenberg, Market Commentary, March 31, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *6. AXA Rosenberg performance as of March 31, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *7. Letter to Brian Rapino, Goldman Sachs Asset Management (GSAM) advising of placement on KCERA's Manager Watch List and establishment of evaluation period – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *8. Goldman Sachs Asset Management, Leadership Update for Goldman Sachs Asset Management (GSAM), April 8, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *9. K2 Summit Partners, LLC, estimated capital account statement for the Kern County Employees' Retirement Association's investment in K2 Summit Partners, LLC, March 31, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *10. Pyramis Global Advisors, FREG II, First Quarter 2009 Performance Update, April 9, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *11. Pyramis Global Advisors, FREG III, First Quarter 2009 Performance Update, April 9, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *12. Letter to Frances Coombes, Western Asset Management Company (WAMCO) advising of placement on KCERA's Manager Watch List and establishment of evaluation period – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *13. State Street Global Advisors account summary as of March 31, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

- *14. Correspondence from Julia K. Bonafede, Wilshire Associates, Inc., regarding the discontinuance of Dow Jones Wilshire Indexes, dated April 15, 2009 – RECEIVED AND FILED

Briggs-Frapwell – 8 Ayes; 1 Absent – Maggard

PUBLIC COMMENTS

15. 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

16. Discussion and appropriate action pertaining to posting of negative interest as set forth in the interest crediting policy and potential impacts to employer contribution rates for fiscal year 2009-10 presented by Daniel Wade, Milliman Inc. – DANIEL WADE, MILLIMAN, INC.; CHAIRMAN HUGHES HEARD; TRUSTEES BARNES, BRIGGS, DENNEY; FRAPWELL, AND JEFFERSON HEARD;

RECEIVED AND FILED; ADOPTED THE RECOMMENDATION OF THE AUDIT ACTUARIAL COMMITTEE TO APPROVE INCREASING THE CORRIDOR FROM 120% TO 150% OF MARKET VALUE OF ASSETS (AND NOT BE LESS THAN 50% OF MARKET VALUE OF ASSETS AS OPPOSED TO CURRENT PRACTICE OF 80%) AND REVIEW AGAIN IN ONE YEAR

Barnes-Jefferson – 8 Ayes; 1 Absent – Maggard

APPROVED THE NEW EMPLOYER CONTRIBUTION RATES AND REFER TO THE BOARD OF SUPERVISORS FOR ADOPTION

Frapwell-Denney – 8 Ayes; 1 Absent – Maggard

17. Discussion and appropriate action on Amendment No. 1 to Purchase Agreement between CPAS Systems Inc. and Kern County Employees' Retirement Association for purchase of an integrated pension administration system to reflect:

1. Changes to the project's payment milestones and holdbacks;
2. Reduction of hardware and commodity software requirements;
3. Additional services for data extraction and cleansing;
4. Removal of some functional specifications from scope of services; and
5. Creation of a \$75,000 contingency for change orders

Resulting in lowering project costs by \$901,607 presented by Executive Director Anne M. Holdren and Ben Oh, Linea Solutions, Inc. and the Information Technology Committee – BEN OH, LINEA SOLUTIONS, INC., HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; TRUSTEE BARNES AND BRIGGS HEARD

CONTINUED ITEM 17:

RECEIVED AND FILED; APPROVED AMENDMENT NO. 1 TO PURCHASE AGREEMENT BETWEEN CPAS SYSTEMS, INC. AND KCERA AS RECOMMENDED BY THE INFORMATION TECHNOLOGY COMMITTEE; AUTHORIZED CHAIRMAN TO SIGN

Frapwell-Barnes – 8 Ayes; 1 Absent – Maggard

18. Discussion and appropriate action regarding the institution of an evaluation period for Wilshire Associates, Inc. under Section 11.b of KCERA's Conflict of Interest Policy because issues have arisen that warrant closer scrutiny with respect to the Westridge/WG Trading matter as indicated in the February 27, 2009 article in the Wall Street Journal entitled "Consultants Touted Firm Accused in Fraud" presented by Executive Director Anne M. Holdren – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; TRUSTEE BRIGGS HEARD

RECEIVED AND FILED; ESTABLISHED AN EVALUATION PERIOD TO REMAIN IN EFFECT UNTIL THE ISSUES ARE RESOLVED.

Frapwell-Briggs – 8 Ayes; 1 Absent – Maggard

19. Discussion and appropriate action on Retirement Health Post Employment Benefits (RHPEB) presented by Executive Director Anne M. Holdren and Deputy County Counsel Patricia J. Randolph – EXECUTIVE DIRECTOR ANNE M. HOLDREN; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; TRUSTEES BARNES, DENNEY, FRAPWELL, KAUFMAN AND MAINLAND HEARD

RECEIVED AND FILED; EXECUTIVE DIRECTOR ANNE M. HOLDREN TO MEET WITH COUNTY ADMINISTRATIVE OFFICER (CAO) TO DETERMINE SCOPE OF REQUEST AND PROVIDE A LIST OF CONDITIONS UNDER WHICH KCERA WOULD CONSIDER HANDLING THE INVESTMENT FOR THE RHPEB AND REPORT BACK TO THE BOARD OF RETIREMENT

Briggs-Barnes – 8 Ayes; 1 Absent – Maggard

20. Report from KCERA Management – EXECUTIVE DIRECTOR ANNE M. HOLDREN REPORTED THE KERN COUNTY PERSONNEL DEPARTMENT IS CONSIDERING PURGING SOME RECORDS AFTER SEVEN YEARS. A MEETING HAS BEEN SCHEDULED WITH THE PERSONNEL DEPARTMENT TO DISCUSS THE IMPACT OR IMPLICATIONS THIS WILL HAVE FOR KCERA
21. Report from County Counsel – NONE

22. Report from Committee Chairs:
- A. Audit/Actuarial Committee – MET APRIL 21, 2009. REQUEST FOR PROPOSAL FOR ACTUARIAL ADUIT SERVICES WAS APPROVED
 - B. Budget Committee – NONE
 - C. Disability Application Committee – IN CLOSED SESSION
 - D. Human Resources Committee – NONE
 - E. Information Technology Committee – NONE
 - F. Investment Committee – NONE
 - G. KCERA Property Inc. – MEETING TO FOLLOW

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

23. 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-Frapwell – 8 Ayes; 1 Absent – Maggard

EXECUTIVE SESSION

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

24. A. JOHNSON, Penny Application for service-connected disability pension benefits – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HER DUTIES

Denney-Ratekin – 8 Ayes, 1 Absent – Maggard

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

Briggs-Ratekin – 8 Ayes, 1 Absent – Maggard

25. A. CUNNINGHAM, Donna Application for non-service-connected disability pension benefits – MOTION TO REFER BACK TO THE DISABILITY APPLICATION COMMITTEE

Denney- Frapwell – 8 Ayes, 1 Absent – Maggard

26. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
(Subdivision (c) of California Government Code Section 54956.9)
Two cases

RETURNED TO PUBLIC SESSION

Barnes-Frapwell – 8 Ayes; 1 Absent – Maggard

ADJOURNED TO WEDNESDAY, MAY 20, 2009 AT 8:30 A.M.

Briggs-Denney – 8 Ayes; 1 Absent – Maggard

Secretary, Board of Retirement

Chairman, Board of Retirement