

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Investment Board Meeting
Wednesday June 10, 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, Frapwell, Chairman Hughes, Jefferson, Mainland, Alternate Camps, Alternate Franey, Alternate Kaufman

Absent: Denney, Maggard, Ratekin

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. Summary of proceedings of the following meetings:

- May 11, 2009, Disability Application Committee
- May 20, 2009, Investment / Regular Board

RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

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

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

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

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

*4. KCERA asset allocation, cash flow position, investment fees status report and budget status reports for the month of April 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

*5. KCERA Class Action Activity detail by Event Status as of March 31, 2009 and KCERA Class Action Proceeds Received from January 1, 2009 through March 31, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *6. Securities Lending Earnings Summary Statement for the period April 1 through 30, 2009 from the following:

- The Northern Trust Company
- Barclays Global Investors

RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *7. Monthly report of KCERA credit card charges for the month of April 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *8. Letter to Interim County Administrative Officer, Elissa D. Ladd, dated May 21, 2009, from Executive Director Anne M. Holdren pertaining to funding of Golden Handshake benefits in accordance with the Funding Policy Statement – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *9. Letter to Marcia Fritz, California Foundation for Fiscal Responsibility, dated May 21, 2009, from Executive Director Anne M. Holdren concerning a Request for Public Records received April 27, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *10. Proposed letter to State Street Global Advisors concerning manager presentation at July 8, 2009 Investment Board meeting – RECEIVED AND FILED; APPROVED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *11. Barclays Global Investors, International Alpha Tilts, Strategy Commentary, April 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *12. Barclays Global Investors, International Equity, Strategy Commentary, April 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *13. Barclays Global Investors, Large Cap US Alpha Tilts, Strategy Commentary, April 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *14. Correspondence from Seth Healy, Goldman Sachs Asset Management, dated May 4, 2009, regarding a change in the Fixed Income Credit Team – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *15. La Salle Investment Management performance and activity report for KCERA's global mandate as of April 30, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *16. La Salle Investment Management performance report for KCERA's Real Estate Securities Portfolio as of April 30, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *17. LaSalle Investment Management, US Real Estate Securities, Quarterly Review, First Quarter 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *18. Northern Trust Company, Market to Book, Weekly Securities Lending Report for period ending May 26, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *19. Pyramis Global Advisors, Fidelity Real Estate Growth Fund II, L.P., Investment Management Review, First Quarter 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *20. Pyramis Global Advisors, Fidelity Real Estate Growth Fund III, L.P., Investment Management Review, First Quarter 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *21. State Street Global Advisors, Investment Summary, Kern County ERA Russell 2000 Index Plus, as of April 30, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *22. Organization update from Western Asset Management Company (WAMCO) – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *23. Memorandum from Eileen Neill, Wilshire Associates, Inc., dated June 10, 2009, regarding on-site due diligence for Goldman Sachs Asset Management – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *24. KCERA 2009 Strategic Plan as of June 10, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *25. KCERA Investment Manager Due Diligence Schedule as of June 10, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

- *26. KCERA Manager Watch List as of June 10, 2009 – RECEIVED AND FILED

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

PUBLIC COMMENTS

27. 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
28. Discussion and appropriate action concerning KCERA's First Quarter 2009 investment performance, presented by James P. Rice, Wilshire Associates, Inc. – JAMES RICE, WILSHIRE ASSOCIATES, INC., HEARD; TRUSTEES BARNES, KAUFMAN AND MAINLAND HEARD

RECEIVED AND FILED

Barnes-Frapwell – 8 Ayes; 1 Absent – Maggard

29. Discussion and appropriate action on memorandum from Eileen L. Neill, Wilshire Associates, Inc. recommending State Street Global Advisors be placed on the KCERA Manager Watch List due to organizational and personnel changes and prolonged below expectations performance presented by James P. Rice, Wilshire Associates, Inc. – JAMES RICE, WILSHIRE ASSOCIATES, INC., HEARD

RECEIVED AND FILED; PLACED STATE STREET GLOBAL ADVISORS ON MANAGER WATCH LIST FOR AT LEAST ONE YEAR; INSTITUTED EVALUATION PERIOD

Frapwell-Barnes – 8 Ayes; 1 Absent – Maggard

30. Discussion and appropriate action on the Funding Policy Statement to extend payments for actuarial accrued liability attributable to golden handshakes to a five year period which is booked as a receivable entry and invoiced to employer granting the golden handshake presented by Executive Director Anne M. Holdren and the Audit Actuarial Committee – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; TRUSTEES FRANEY, FRAPWELL AND KAUFMAN HEARD

RECEIVED AND FILED; APPROVED REVISION TO THE FUNDING POLICY STATEMENT RELATED TO GOLDEN HANDSHAKES

Frapwell-Jefferson – 8 Ayes; 1 Absent – Maggard

TRUSTEE MIKE MAGGARD ARRIVED AT 9:10 A.M.

31. Discussion and appropriate action on recommendation to hire Wallace & Smith to provide general contracting services for building development for future KCERA administrative site at 11103 River Run Boulevard, Bakersfield, CA presented by Daniel Robinson, American Realty Advisors and the KCERA Property, Inc. Directors – DAN ROBINSON, AMERICAN REALTY ADVISORS HEARD; CHAIRMAN HUGHES HEARD; TRUSTEES BARNES AND FRAPWELL HEARD

RECEIVED AND FILED; APPROVED HIRING OF WALLACE & SMITH FOR GENERAL CONTRACTING SERVICES FOR BUILDING DEVELOPMENT OF KCERA ADMINISTRATIVE SITE

Briggs-Mainland – 9 Ayes

32. Report from KCERA Management – EXECUTIVE DIRECTOR ANNE M. HOLDREN REPORTED THAT THE PENSION SYSTEM PROJECT IS STILL MOVING FORWARD; TWO KCERA STAFF MEMBERS ARE OUT ON EXTENDED MENDICAL LEAVE; COMMENDED STAFF FOR A JOB WELL DONE DURING THIS SHORTAGE OF PERSONNEL
33. Report from County Counsel – DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH REPORTED ON THE TAX TRAINING SHE AND EXECUTIVE DIRECTOR ANNE M. HOLDREN ATTENDED IN SAN FRANCISCO.
34. Reports from Committee Chairs:
- A. Audit/Actuarial Committee – MET JUNE 2, 2009; REPORTED EARLIER
 - B. Budget Committee – MEETING SCHEDULED FOR JUNE 16, 2009
 - C. Disability Application Committee – NONE
 - D. Human Resources Committee – NONE
 - E. Information Technology Committee – NONE
 - F. Investment Committee – SCHEDULED FOLLOWING INVESTMENT BOARD
 - G. KCERA Property Inc. – MET JUNE 2, 2009; REPORTED EARLIER

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

35. 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

Jefferson-Barnes – 9 Ayes

EXECUTIVE SESSION

36. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
(Subdivision (c) of California Government Code Section 54956.9)
Name of Case: County of Kern and Kern County Employees'
Association v. Fireman's Fund Insurance Company of Ohio, Hartford
Casualty Insurance Co., Green-Hazel and Associates, Inc., Business
Professional Insurance Associates, Inc. and Does 1 - 50, Los Angeles
County Superior Court Case No. BC 406674

TRUSTEE JEFF FRAPWELL LEFT AT 10:40 A.M.

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

RETURNED TO PUBLIC SESSION

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

CHAIRMAN HUGHES SUMMARIZED DECISIONS MADE DURING
EXECUTIVE SESSION

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

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

Secretary, Board of Retirement

Chairman, Board of Retirement