

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Investment Board Meeting
Wednesday July 8, 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, Mainland, Alternate Camps, Alternate Franey, Alternate Kaufman

Absent: Jefferson, 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:

- June 02, 2009, Audit Actuarial Committee
- June 10, 2009, Investment Board
- June 10, 2009, Investment Committee
- June 16, 2009, Budget Committee
- June 24, 2009, Regular Board
- June 24, 2009, Audit Actuarial Committee

REMOVED

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

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

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

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

*4. Revised KCERA asset allocation report for the month of May 2009 – RECEIVED AND FILED

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

- *5. Securities Lending Earnings Summary Statement for the period May 1 through 31, 2009 from the following:

- The Northern Trust Company
- Barclays Global Investors

RECEIVED AND FILED

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

- *6. Semi-annual business plan status report to the Board of Retirement, prepared by Executive Director Anne M. Holdren – RECEIVED AND FILED

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

- *7. Request from Member Stephen D. Schuett to correct the date of birth stated on his *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-Denney – 7 Ayes; 2 Absent – Jefferson, Maggard

- *8. Request from Member Jose A. Vela to correct the date of birth stated on his *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-Denney – 7 Ayes; 2 Absent – Jefferson, Maggard

- *9. Letter to Board of Supervisors from Executive Director Anne M. Holdren concerning election of Third, Eighth and Eighth Alternate Members of the Board of Retirement – REMOVED

- *11. Bakersfield Lease Agreement for Konica Minolta c451 color copier for a 36-month period in an amount not to exceed \$15,840 for 36 months – RECEIVED AND FILED; APPROVED; AUTHORIZED CHAIRMAN TO SIGN

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

- *12. Proposed letter to Abbott Capital Management, LLC, concerning manager presentation at August 12, 2009 Investment Board meeting – RECEIVED AND FILED; APPROVED

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

- *13. Correspondence from the Managing Directors of Abbott Capital Management LLC, dated June 25, 2009 regarding the retirement of Chairman Ray Held – RECEIVED AND FILED

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

- *14. Barclays Global Investors, Account Review, June 17, 2009 – RECEIVED AND FILED

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

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

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

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

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

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

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

- *18. Correspondence from State Street Global Advisors dated June 29, 2009 regarding the receipt of a “Wells” notice from the Securities and Exchange Commission – RECEIVED AND FILED

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

- *19. KCERA 2009 Strategic Plan as of July 8, 2009 – RECEIVED AND FILED

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

- *20. KCERA Manager Watch List as of July 8, 2009 – RECEIVED AND FILED

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

- *21. KCERA Investment Manager Due Diligence Schedule as of July 8, 2009 – RECEIVED AND FILED

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

10. Proposed Agreement for Lease of a portion of the first floor of 1115 Truxtun Avenue, Bakersfield, CA between the County of Kern and the Kern County Employees Retirement Association for a period commencing July 1, 2009 and ending June 30, 2010 in an amount not to exceed six thousand three hundred dollars (\$6,300.00) per month plus utilities, with a one-year extension option in an amount not to exceed six thousand five hundred dollars (\$6,500.00) per month plus utilities – TRUSTEES BRIGGS, FRAPWELL AND MAINLAND HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD

RECEIVED AND FILED; APPROVED; AUTHORIZED CHAIRMAN TO SIGN LEASE

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

PUBLIC COMMENTS

22. 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

23. Receive presentation from William H. DeRoche, Chuck Martin and Neil J. Tremblay, State Street Global Advisors, on the following topics:

- Recent organizational and/or key personnel changes
- Update on any regulatory investigations or new litigation
- Summary page showing total firm and KCERA product assets under management and number of clients
- Clients gained or lost in KCERA product if meaningful
- KCERA's performance, net of all fees and expenses over the last 1 and 3 years, including discussion of:
 - key factors which drove results in these two periods
 - current portfolio positioning and factors behind current exposures
 - how risk is currently being managed in the portfolio
- Discussion of major revisions to multi factor model over the last year and the rationale supporting these changes

NEIL TREMBLAY, CHUCK MARTIN AND WILLIAM DEROCHA, STATE STREET GLOBAL ADVISORS HEARD; EILEEN NEILL, WILSHIRE ASSOCIATES, INC. HEARD; TRUSTEE MAINLAND HEARD

RECEIVED PRESENTATION

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

24. Report from KCERA Management –

Operations

- Supplemental Retiree Benefit Reserves (SRBR)

	Number of Recipients	Monthly Amount	Annual Amount
SRBR1	5,399	\$177,811	\$2.1 million
SRBR2	813	\$146,458	\$1.7 million
SRBR3	671	\$215,743	\$2.6 million

Beginning on July 31, 2009, 69 additional retirees and beneficiaries will receive SRBR3, reflecting a monthly increase of \$20, 133 for fiscal year 2009-10.

Status of SRBR3 Recovery: Through the current fiscal year ending June 30, 2009, \$299,762 will be recovered from 154 retirees/beneficiaries (recovery began in July 2000). \$3,988 remains to be recovered from 7 retirees/beneficiaries; \$78,076 is unrecoverable due to deaths.

Monthly Activity Summary

Membership

	<u>2008</u>	<u>Current</u>
Active	9,197	9,063
Retirees/Beneficiaries	5,626	5,811
Deferred/Reciprocal	1,052	1,073
Total Membership	15,875	15,947

Membership Activities

	<u>2008</u>	<u>June 2009</u>	<u>Year To Date</u>
New Actives	1,005	38	261
New Retirees	321	6	239
New Beneficiaries	71	5	30
Withdrawals			
Vested	32	0	11

Non-Vested	373	19	160
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Member Services

	<u>2008</u>	<u>June 2009</u>	<u>Year To Date</u>
Service Credit			
Calculated	601	49	442
Lump Sum	191	43	195
Payroll Deductions	110	6	43
Retirement Estimates	361	42	129

25. Report from County Counsel – DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH REPORTED ON PUBLIC RECORDS REQUEST

26. Reports from Committee Chairs:

A. Audit/Actuarial Committee – NONE

B. Budget Committee – NONE

C. Human Resources Committee – NONE

D. Information Technology Committee – NONE

E. Investment Committee – FOLLOWING INVESTMENT BOARD

F. KCERA Property Inc. – NONE

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

27. 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

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

EXECUTIVE SESSION

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

RETURNED TO PUBLIC SESSION

Camps-Frapwell – 7 Ayes; 2 Absent – Jefferson, Maggard

CHAIRMAN HUGHES SUMMARIZED DECISIONS MADE DURING
EXECUTIVE SESSION

ADJOURNED TO WEDNESDAY, July 22, 2009 AT 8:30 A.M.

Frapwell-Camps – 7 Ayes; 2 Absent – Jefferson, Maggard

Secretary, Board of Retirement

Chairman, Board of Retirement