

## SUMMARY OF PROCEEDINGS

### BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Ave, Third Floor,  
Bakersfield, California

Regular Board Meeting  
Wednesday August 26, 2009

8:31 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, Maggard, Mainland, Ratekin, Alternate Camps, Alternate Franey, Alternate Kaufman

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. Application for service-connected disability pension benefits for Elizabeth Martinez, PROBATION (Safety) – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HER DUTIES; GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

**Barnes-Frapwell – 9 Ayes**

- \*2. Amendment No. 4 to Kern County Employees' Retirement Association Master Custody Agreement with The Northern Trust Company to provide for the use of Northern Trust Passport® applications – RECEIVED AND FILED; APPROVED; AUTHORIZED CHAIRMAN TO SIGN

**Barnes-Frapwell – 9 Ayes**

- \*3. Proposal from Frances Coombes, Western Asset Management Company, dated July 27, 2009, recommending approval to pay in the amount of \$182,094 owed in the settlement of terminated swaps transactions with Lehman Brothers Special Finance, In. (LBSF), caused by the Lehman Brothers bankruptcy in the Core Fixed Income fund – RECEIVED AND FILED; APPROVED PAYMENT FOR SETTling TERMINATED SWAPS IN THE AMOUNT OF \$182,094

**Barnes-Frapwell – 9 Ayes**

- \*4. Letter to Marcia Fritz, California Foundation for Fiscal Responsibility, dated August 10, 2009 from Executive Director Anne M. Holdren concerning a Request for Public Records received August 5, 2009 – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*5. Letter to Jack Hansen, the Clifton Group, dated August 14, 2009 from Executive Director Anne M. Holdren regarding the action to terminate the Clifton Group's Policy Implementation Overlay Service – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*6. Invitation for trustees and/or staff to attend the State Association of County Retirement Systems (SACRS) 2009 Fall Conference, November 10 through 13, 2009, in Costa Mesa – RECEIVED AND FILED; APPROVED THE ATTENDANCE OF EXECUTIVE DIRECTOR ANNE M. HOLDREN, ASSISTANT EXECUTIVE DIRECTOR LEE BLAIR; DEPUTIES COUNTY COUNSEL PATRICIA J. RANDOLPH AND KIRK PERKINS, UP TO TWO KCERA STAFF MEMBERS AND ALL TRUSTEES

**Barnes-Frapwell – 9 Ayes**

- \*7. Retirement Planning Seminar Evaluations for the August 6, 2009 presentation – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*8. Letter from City of Bakersfield pertaining to KCERA Property, Inc., address change from 11103 River Run Boulevard to 11125 River Run Boulevard, Bakersfield, CA – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*9. AXA Rosenberg performance summary as of July 31, 2009 – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*10. Goldman Sachs Asset Management; US core Plus Fixed Income; Monthly Portfolio Analytics Report as of July 31, 2009 – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*11. K2 Advisors; Performance Flash K2 Summit Partners, LLC; 2009 net monthly returns and YTD performance – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*12. Correspondence from Julie Gonsch, The Northern Trust Company, dated August 17, 2009 regarding the Lehman Brothers Holdings Inc. Settlement Proceedings – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*13. Pyramis Global Advisors, Fidelity Real Estate Growth Fund II, L.P., Second Quarter 2009 – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*14. Pyramis Global Advisors, Fidelity Real Estate Growth Fund III, L.P., Second Quarter 2009 – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

- \*15. State Street Global Advisors account summary as of July 31, 2009 – RECEIVED AND FILED

**Barnes-Frapwell – 9 Ayes**

PUBLIC COMMENTS

16. 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
17. Receive Governance Report and KCERA Policy review presentation from Tom Iannucci, Cortex Applied Research, Inc., on the following topics:
  - 2008 KCERA Board Governance Report
  - 2008 Attendance Summary
  - 2008 Trustee Education Report
  - Proposed revisions to the following policies: Board Operations, Conflict of Interest, Due Diligence and Monitoring and Reporting

MICHAEL LONG, CORTEX APPLIED RESEARCH, INC, HEARD;  
TRUSTEE FRAPWELL HEARD, EXECUTIVE DIRECTOR ANNE M.  
HOLDREN HEARD

RECEIVED AND FILED; APPROVED GOVERNANCE REPORT AND PROPOSED REVISIONS TO THE BOARD OPERATIONS, CONFLICT OF INTEREST, DUE DILIGENCE, AND MONITORING AND REPORTING POLICIES WITH ONE ADDITIONAL EDIT TO PAGE SIX OF THE BOARD OPERATIONS POLICY, DELETING THE DISABILITY APPLICATION COMMITTEE FROM THE LIST OF STANDING COMMITTEES

**Frapwell-Briggs – 9 Ayes**

18. Discussion and appropriate action on Private Placement Memorandum with Blackstone Alternative Asset Management L.P., Class A and side letter for an approximate \$50 million investment in the hedge fund of fund strategy presented by Sonia Gioseffi, K & L Gates LLP and County Counsel Patricia A. Randolph – DEPUTY COUNTY COUNSEL PATRICIA J RANDOLPH HEARD; SONIA GIOSEFFI, K&L GATES, LLP., HEARD; CHAIRMAN JOSEPH HUGHES HEARD; TRUSTEES BARNES, DENNEY, FRAPWELL, AND MAINLAND HEARD, EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; APPROVED PARTICIPATION IN INVESTMENT; AUTHORIZED CHAIRMAN TO SIGN SIDE LETTER AND OTHER DOCUMENTS NECESSARY TO IMPLEMENT KCERA's INVESTMENT TO INCLUDE INSURANCE CERTIFICATE; DIRECTED STAFF AND COUNSEL TO PURSUE DOCUMENTATION OF INSURANCE COVERAGE BY BLACKSTONE

**Barnes-Frapwell – 5 Ayes, 4 Noes**

**5 Ayes; Barnes, Briggs, Frapwell, Hughes, Mainland  
4 Noes: Denney, Jefferson, Maggard, Ratekin**

19. Discussion and appropriate action on Board's interest in participating in the State Association of County Retirement Systems' VSP vision plan for retirees presented by Executive Director Anne M. Holdren – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; TRUSTEES BRIGGS, DENNEY, FRANNEY, FRAPWELL, MAGGARD AND MAINLAND HEARD

RECEIVED AND FILED; STAFF INSTRUCTED TO CONVEY TO SACRS KCERA'S GENERAL INTEREST IN HAVING SACRS PURSUE VSP VISION PLAN FOR RETIREES AND TO ENGAGE THE COUNTY IN DISCUSSIONS REGARDING POSSIBLE PARTICIPATION IN THE SACRS VISION PLAN

**Briggs-Barnes – 9 Ayes**

20. Report from KCERA Management – NO FORMAL REPORT; PROVIDED INFORMATION TO THE BOARD OF RETIREMENT REGARDING THE INVESTMENT SUMMIT SCHEDULED FOR SEPTEMBER 9, 2009
21. Report from County Counsel – NONE
22. Report 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 – DUE DILIGENCE CONDUCTED AUGUST 20 AND 21, 2009 FOR WESTERN ASSET MANAGEMENT COMPANY (WAMCO) AND PACIFIC INVESTMENT MANAGEMENT COMPANY (PIMCO)
  - F. KCERA Property Inc. – ADDRESS NUMBER CHANGE FROM 11103 RIVER RUN BLVD. TO 11125 RIVER RUN BLVD. BY THE BAKERSFIELD DEVELOPMENT SERVICES DEPARTMENT

**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

**EXECUTIVE SESSION**

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

- . ITEM 24A WAS APPROVED ON CONSENT AND WITHDRAWN FROM EXECUTIVE SESSION.

ADJOURNED TO WEDNESDAY, September 9, 2009 AT 8:30 A.M.

**Barnes-Briggs – 9 Ayes**

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Secretary, Board of Retirement

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Chairman, Board of Retirement