

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Investment Board Meeting
Wednesday September 9, 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. Summary of proceedings of the following meetings:

- August 12, 2009, Investment Board
- August 12, 2009, Investment Committee
- August 19, 2009, Human Resources Committee
- August 26, 2009, Regular Board

RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

*2. Securities Lending Earnings Summary Statement for the period July 1 through 31, 2009 from the following:

- The Northern Trust Company
- Barclays Global Investors

RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

*3. KCERA asset allocation, cash flow position and investment fees status reports for the month of July 2009 – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

*4. Monthly report of KCERA credit card charges for the month of July 2009 – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

- *5. Revised KCERA Board Governance Policies – RECEIVED AND FILED; APPROVED

Briggs- Frapwell – 9 Ayes

- *6. Invitation for trustees and/or staff to attend the California Retired County Employees Association (CRCEA) 2009 Fall Conference, October 19-21, 2009, in Emeryville, California – RECEIVED AND FILED; APPROVED THE ATTENDANCE OF TRUSTEE NORMAN BRIGGS

Briggs- Frapwell – 9 Ayes

- *7. Proposed letter to Goldman Sachs Asset Management concerning manager presentation at October 14, 2009 Investment Board meeting – RECEIVED AND FILED; APPROVED

Briggs- Frapwell – 9 Ayes

- *8. Letter to Robert R. Palmer, State Association of County Retirement Systems, dated August 26, 2009, from Executive Director Anne M. Holdren regarding the vision plan for retirees – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

- *9. Letter from Robert R. Palmer, State Association of County Retirement Systems, dated September 1, 2009, regarding Board Trustee's and their ability to carry out their fiduciary responsibilities as trustees – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

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

Briggs- Frapwell – 9 Ayes

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

Briggs- Frapwell – 9 Ayes

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

Briggs- Frapwell – 9 Ayes

- *13. Correspondence from Western Asset Management Company, dated August 13, 2009, pertaining to down grade of Master Adjustable Rate Mortgages Trust – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

- *14. KCERA 2009 Strategic Plan as of September 9, 2009 – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

- *15. KCERA Investment Manager Due Diligence Schedule as of September 9, 2009 – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

- *16. KCERA Manager Watch List as of September 9, 2009 – RECEIVED AND FILED

Briggs- Frapwell – 9 Ayes

PUBLIC COMMENTS

17. 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
18. Receive presentation, Understanding Your Fiduciary Role, by J. Richard Lynch, Chief Operating Officer, Fiduciary360 – RICHARD LYNCH, FIDUCIARY360 HEARD; CHAIRMAN HUGHES HEARD; TRUSTEE MAINLAND HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD

RECEIVED PRESENTATION

Maggard- Denney – 9 Ayes

19. Discussion and appropriate action on Design Development package with cost estimate for building construction at 11125 River Run Boulevard presented by Jesus Pelayo, Taylor Teeter Partnership, and Daniel Robinson, American Realty Advisors – JESUS PELAYO, TAYLOR TETER PARTNERSHIP, HEARD; DANIEL ROBINSON, AMERICAN REALTY ADVISORS, HEARD; TRUSTEES BARNES, BRIGGS, DENNEY, FRAPWELL, KAUFMAN, MAGGARD, AND MAINLAND HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED PRESENTATION; APPROVED DESIGN DEVELOPMENT PACKAGE FOR BUILDING CONSTRUCTION

Briggs- Barnes – 9 Ayes

TRUSTEE MAGGARD LEFT AT 10:00 A.M.

20. Discussion and appropriate action on 2nd Quarter Performance Report presented by Eileen Neill, Wilshire Associates, Inc. – EILEEN NEILL, WILSHIRE ASSOCIATES, INC., HEARD; TRUSTEES BARNES, KAUFMAN AND MAINLAND HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED

Frapwell-Denney – 8 Ayes; 1 Absent - Maggard

21. Discussion and appropriate action on establishing a “risk budget” for each public asset class, including setting new ranges and target levels of active risk, presented by James Rice, Wilshire Associates, Inc. and the Investment Committee – JAMES RICE, WILSHIRE ASSOCIATES, INC., HEARD; TRUSTEES BARNES, FRAPWELL, AND KAUFMAN HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; APPROVED NEW RANGES AND TARGET LEVELS OF ACTIVE RISK FOR EACH OF THE PUBLIC ASSET CLASSES RECOMMENDATIONS AS FOLLOWS: DOMESTIC EQUITY – RANGE 1.25% TO 1.75% WITH 1.5% TARGET; CORE FIXED INCOME – RANGE 1.0% TO 1.5% WITH 1.25% TARGET; AND INTERNATIONAL EQUITY – RANGE 2.25% TO 2.75% WITH 2.5% TARGET, REFERRED TO INVESTMENT COMMITTEE TO DEVELOP IMPLEMENTATION STRATEGY

Frapwell-Barnes – 8 Ayes; 1 Absent – Maggard

BREAK – 15 MINUTES

22. Receive presentation entitled “Leverage: Friend or Foe?” on the use of leverage in investment portfolios presented by Eileen Neill, Wilshire Associates, Inc. – EILEEN NEILL, WILSHIRE ASSOCIATES, INC., HEARD; TRUSTEES BARNES AND MAINLAND HEARD

RECEIVED PRESENTATION

Denney-Frapwell – 8 Ayes; 1 Absent - Maggard

23. Receive presentation on the content of the report prepared by Wilshire and provided to the Board at the time of a manager’s presentation, detailing an investment manager’s past performance as well as various other factors, presented by James Rice, Wilshire Associates, Inc. – MOVED TO OCTOBER 14, 2009 INVESTMENT BOARD

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

24. 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 WEDNESDAY, September 23, 2009 AT 8:30 A.M.

Briggs-Denney – 8 Ayes; 1 Absent - Maggard

Secretary, Board of Retirement

Chairman, Board of Retirement