

**SUMMARY OF PROCEEDINGS**

**BOARD OF RETIREMENT – COUNTY OF KERN**

**1115 Truxtun Ave, Third Floor,  
Bakersfield, California**

**Regular Board Meeting  
Wednesday October 28, 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, Chairman Hughes, Alternate Camps, Alternate Franey, Alternate Kaufman

Absent: Frapwell, Jefferson, Maggard, Mainland, Ratekin

Salute to Flag – LED BY CHAIRMAN HUGHES

Moment of Silence –

TRUSTEE MAGGARD ARRIVED AT 8:35 A.M.

TRUSTEE MAINLAND ARRIVED AT 8:37 A.M.

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. Revised KCERA Asset Allocation report for the month of August 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*2. KCERA Class Action Activity detail by Event Status as of September 30, 2009 and KCERA Class Action Proceeds Received from July 31, 2009 through September 30, 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*3. Securities Lending Earnings Summary Statement from The Northern Trust Company for the period September 1 through 30, 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*4. Board of Retirement 2010 Meeting Schedule – RECEIVED AND FILED; APPROVED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*5. Memorandum from Eileen Neill, Wilshire Associates, Inc., dated October 28, 2009, appointing Michael C. Schlachter as lead consultant back-up – RECEIVED AND FILED; APPROVED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*6. Memorandum from Executive Director Anne M. Holdren, dated October 27, 2009, to the Kern County Board of Supervisors regarding the KCERA funding assumptions and unfunded actuarial accrued liability, a referral item from the July 14, 2009 morning session of the Kern County Board of Supervisors' meeting – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*7. Proposed Amendment No. 1 to Agreement for Investment Management Services between KCERA – AXA Rosenberg Investment Management to revise the performance-based fee formula for Manager Compensation, effective March 1, 2009, by:
- Progressing the performance fee structure from 12-month rolling to 36-month rolling calculation
  - Moving payment schedule from annually to quarterly
  - Increasing performance participation from 15% to 20%
- RECEIVED AND FILED; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AMENDMENT NO. 1

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*8. Barclays Global Investors, Active International Equity Strategy, Strategy Commentary, Third Quarter 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*9. Barclays Global Investors, International Alpha Tilts, Strategy Commentary, September 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*10. Barclays Global Investors, International Equity, Strategy Commentary, September 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*11. Barclays Global Investors, Large Cap US Alpha Tilts, Strategy Commentary, September and Third Quarter 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*12. Barclays Global Investors, US Equity Index Strategies, Strategy Commentary, Third Quarter 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*13. Blackstone Partners Investment Fund L.P.; Estimated Account Statement for period ended September 30, 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*14. Goldman Sachs Asset Management; US Core Plus Fixed Income; Monthly Portfolio Analytics Report as of September 30, 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*15. Pyramis Global Advisors, Monthly Investment Review, September 30, 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*16. State Street Global Advisors account summary as of September 30, 2009  
– RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*17. Western Asset Management Company, Core Fixed, Performance Summary Report, September 30, 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

- \*18. Western Asset Management Company, High Yield, Performance Summary Report, September 30, 2009 – RECEIVED AND FILED

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

PUBLIC COMMENTS

19. 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
20. Discussion and appropriate action on the CEM Benchmarking 2008 Defined Benefit Investment Survey Results presented by Executive Director Anne M. Holdren – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; TRUSTEES BARNES, BRIGGS, FRANEY AND MAGGARD HEARD

RECEIVED AND FILED; CEASE FUTURE PARTICIPATION IN CEM BENCHMARKING SURVEY

**Maggard-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

21. Discussion and appropriate action on resolution from the Kern County Board of Supervisors requesting Kern County Employees Retirement Association to invest in California High Speed Rail Bonds presented by Executive Director Anne M. Holdren and Deputy County Counsel Patricia J. Randolph – EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; CHAIRMAN HUGHES HEARD; TRUSTEES BARNES, CAMPS, AND MAGGARD HEARD

RECEIVED AND FILED; REFER TO WESTERN ASSET MANAGEMENT COMPANY FOR ASSESSMENT

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

22. Discussion and appropriate action on the SACRS Legislative for Tulare # 1 and the proposed SACRS' by-law revisions for election process presented by Deputy County Counsel Patricia J. Randolph – DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; TRUSTEE MAGGARD HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; TRUSTEES BARNES, FRANNEY, MAGGARD AND MAINLAND HEARD

RECEIVED AND FILED; DIRECT VOTING DELEGATE TO VOTE IN SUPPORT OF SACRS LEGISLATIVE PROPOSAL #1 SUBMITTED BY TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION AND TO VOTE IN OPPOSITION TO THE PROPOSED SACRS BY-LAW REVISION. VOTING DELEGATE IS DIRECTED TO VOTE IN SUPPORT OF TABLING THE PROPOSED SACRS BY-LAW REVISION SHOULD THAT BE PRESENTED AS AN OPTION; EXECUTIVE DIRECTOR ANNE M. HOLDREN DESIGNATED AS ALTERNATE VOTING DELEGATE

**Barnes-Briggs – 7 Ayes; 2 Absent – Frapwell, Jefferson**

23. Discussion and appointments to Nominating Committee by Chairman (two members) and the Board (two members) to propose a slate of officers for KCERA for the 2010 calendar year – CHAIRMAN HUGHES HEARD; TRUSTEES BARNES, DENNEY AND FRANNEY HEARD

CHAIRMAN HUGHES APPOINTED TRUSTEES BARNES AND DENNEY TO THE NOMINATING COMMITTEE; THE BOARD APPOINTED TRUSTEES FRAPWELL AND JEFFERSON TO THE NOMINATING COMMITTEE

**Barnes-Camps – 7 Ayes; 2 Absent – Frapwell, Jefferson**

24. Report from KCERA Management – EXECUTIVE DIRECTOR ANNE M. HOLDREN REPORTED ON THE FOLLOWING:

- UPCOMING DUE DILIGENCE TRIP TO BALTIMORE AND THE PYRAMIS PARTNERS MEETING IN BOSTON SCHEDULED FOR THE FIRST WEEK IN NOVEMBER
- SIX TRUSTEES WILL BE ATTENDING SACRS
- A LETTER WAS SENT TO ANDREW ZDUNICH OF CPAS TO ADDRESS SOME CONCERNS WITH THE PROJECT

25. Report from County Counsel – NONE

26. Report from Committee Chairs:

A. Audit/Actuarial Committee – MEETING SCHEDULED FOR NOVEMBER 6, 2009

B. Budget Committee – NONE

C. Human Resources Committee – NONE

D. Information Technology Committee – NONE

E. Investment Committee – NONE

F. KCERA Property Inc. – MEETING SCHEDULED FOR NOVEMBER 9, 2009

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 – TRUSTEE BARNES INFORMED THE BOARD OF AN ORGANIZATION THAT ASSISTS IN ASSESSING THE HONESTY OF PRESENTATIONS MADE BY MANAGERS; THOUGHT IT MADE BE SOMETHING TO LOOK INTO AS A TOOL TO HELP WITH ASSESSING INFORMATION BEING PROVIDED TO KCERA BY MANAGERS OR POTENTIAL MANAGERS

ADJOURNED TO WEDNESDAY, NOVEMBER 18, 2009 AT 8:30 A.M.

**Briggs-Denney – 7 Ayes; 2 Absent – Frapwell, Jefferson**

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Secretary, Board of Retirement

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Chairman, Board of Retirement