

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Regular Board Meeting
Wednesday April, 28, 2010

8:30 a.m.

Board Members: Barnes, Chairman Briggs, Denney, Frapwell, Hughes, Jefferson, Maggard, Mainland, Ratekin, Alternate Franey, Alternate Kaufman, Alternate Studer

Roll Call: Barnes, Chairman Briggs, Denney, Frapwell, Jefferson, Mainland, Ratekin, Alternate Franey, Alternate Kaufman

Absent: Hughes, Maggard, Alternate Studer

Salute to Flag – LED BY CHAIRMAN BRIGGS

Moment of Silence –

TRUSTEES HUGHES AND MAGGARD ARRIVED AT 8:32 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. Application for service-connected disability pension benefits for Thomas Blackmon, FIRE (Safety) – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES; GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

Frapwell-Jefferson – 9 Ayes

- *2. Application for service-connected disability pension benefits for Glen Brewton, FIRE (Safety) – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES; GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

Frapwell-Jefferson – 9 Ayes

- *3. Application for service-connected disability pension benefits for Randall Lewis, FIRE (Safety) – FOUND APPLICANT PERMANENTLY INCAPACITATED FROM PERFORMING HIS DUTIES; GRANTED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

Frapwell-Jefferson – 9 Ayes

- *4. Application for non-service-connected disability pension benefits for Janet Farmer, MENTAL HEALTH (General) – GRANTED NON-SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

Frapwell-Jefferson – 9 Ayes

- *5. Proposed Decision and Findings of Fact submitted by Officer Louis Zigman for Jill Bradford, SHERIFF (Safety) – RECEIVED AND FILED THE FINDINGS OF FACT; ADOPTED THE HEARING OFFICER'S FINDINGS THAT APPLICANT IS NOT INCAPACITATED AND AFFIRMED THE BOARD'S PRIOR DECISION TO DENY SERVICE CONNECTED DISABILITY

Frapwell-Jefferson – 9 Ayes

- *6. Proposed Decision and Findings of Fact submitted by Officer Catherine Harris for Ronald Gifford, ASSESSOR (General) – RECEIVED AND FILED THE FINDINGS OF FACT AND OBJECTIONS FILED BY THE MEMBER; ADOPTED THE HEARING OFFICER'S PROPOSED DECISION TO DENY SERVICE CONNECTED DISABILITY

Frapwell-Jefferson – 9 Ayes

- *7. Securities Lending Earnings Summary Statement for the period March 1 through 31, 2010 from the following:

- The Northern Trust Company

RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *8. KCERA asset allocation, cash flow position, investment fees status report and budget status reports for the month of February 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *9. CPAS Project Status Report for the 1st quarter 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *10. AXA Rosenberg Investment Company, US Mid/Small Cap Performance Report, March 31, 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *11. AXA Rosenberg Investment Company, US Mid/Small Cap Performance Report, Trailing One and Three Years, March 31, 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *12. AXA Rosenberg Investment Company, US Mid/Small Cap Strategy, First Quarter 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *13. Goldman Sachs Asset Management, US Core Plus Fixed Income; as of March 31, 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *14. LaSalle Investment Management, Global Real Estate Securities, Monthly Review, March 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *15. Pacific Investment Management Company (PIMCO), StocksPLUS, L.P. Fund B, Investment Report, February 28, 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *16. Pyramis Global Advisors, FREG II, First Quarter 2010 Performance update – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *17. Pyramis Global Advisors, FREG III, First Quarter 2010 Performance update – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

- *18. State Street Global Advisors account summary as of March 31, 2010 – RECEIVED AND FILED

Frapwell-Jefferson – 9 Ayes

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 letter dated April 9, 2010 from County Administrative Officer John Nilon requesting a review of KCERA's current amortization policy and consideration of adopting a rolling 30-year amortization period presented by Elissa Ladd, Assistant County Administrative Officer – ELISSA LADD, ASSISTANT COUNTY ADMINISTRATIVE OFFICER, HEARD; CHAIRMAN BRIGGS HEARD; TRUSTEES FRANEY AND FRAPWELL HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; EXECUTIVE DIRECTOR ANNE HOLDREN HEARD

RECEIVED AND FILED; REFERRED TO AUDIT ACTUARIAL COMMITTEE FOR REVIEW AND ANALYSIS

Frapwell-Denney – 9 Ayes

21. Discussion and appropriate action on options within existing statute to modify Supplemental Retirement Benefits Reserve usage for supplemental benefits presented by Michael Toumanoff, Manatt, Phelps & Phillips, LLP – MICHAEL TOUMANOFF, MANATT, PHELPS & PHILLIPS, LLP, HEARD; CHAIRMAN BRIGGS HEARD; TRUSTEES DENNEY, FRAPWELL AND MAGGARD HEARD; DEPUTY COUNTY COUNSEL PATRICIA RANDOLPH HEARD

RECEIVED AND FILED; REFERRED TO STAFF TO HAVE MILLIMAN, INC. PREPARE PROJECTIONS ON IMPACT ON FUNDING STATUS IF SRBR FUNDS ARE USED TO PAY VESTED 2% COLA BENEFITS ON A ONE YEAR, AD HOC BASIS

Frapwell-Ratekin – 9 Ayes

22. Discussion and appropriate action on recommendation to place AXA Rosenberg, as manager of the U.S. Mid/Small Cap fund on the Board's Manager Watch List due to recent announcement that the firm had committed an error in its investment process presented by Eileen Neill, Wilshire Associates, Inc. – EILEEN NEILL, WILSHIRE ASSOCIATES, INC., HEARD; CHAIRMAN BRIGGS HEARD; DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; EXECUTIVE DIRECTOR ANNE HOLDREN HEARD

RECEIVED AND FILED; APPROVED RECOMMENDATION TO PLACE AXA ROSENBERG ON THE MANAGER WATCH LIST FOR A PERIOD NOT TO EXCEED ONE YEAR; DIRECTED WILSHIRE TO CONDUCT EVALUATION OF THE FIRM; INITIATED EVALUATION PERIOD

Barnes-Jefferson – 9 Ayes

23. Discussion and appropriate action on the U.S. Securities and Exchange Commission civil action against Goldman Sachs & Company, dated April 16, 2010, presented by Eileen Neill, Wilshire Associates, Inc. – EILEEN NEILL, WILSHIRE ASSOCIATES, INC., HEARD

RECEIVED AND FILED

Frapwell-Hughes – 9 Ayes

24. Discussion and appropriate action on furniture acquisition for the new property at 11125 River Run Boulevard presented by Daniel Robinson, American Realty Advisors – DANIEL ROBINSON, AMERICAN REALTY ADVISORS, HEARD; CHAIRMAN BRIGGS HEARD; CHAIRMAN BRIGGS HEARD; TRUSTEES BARNES, DENNEY AND FRAPWELL HEARD

RECEIVED AND FILED; RECOMMENDED FLOYD'S BE SELECTED AS THE SUPPLIER OF THE NEW FURNITURE FOR THE PROPERTY AT 11125 RIVER RUN BOULEVARD

Barnes-Mainland – 8 Ayes; 1 Abstain - Maggard

25. Discussion and appropriate action on the State Association of County Retirement Systems proposed changes to the election process including revision to SACRS Bylaws and SACRS Board of Directors Governance Amendment by Deputy County Counsel Patricia J. Randolph – DEPUTY COUNTY COUNSEL PATRICIA J. RANDOLPH HEARD; CHAIRMAN BRIGGS HEARD; TRUSTEES FRANEY, JEFFERSON AND MAGGARD HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; DIRECTED VOTING DELEGATE TO VOTE "NO" ON BOTH THE STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS PROPOSED CHANGES TO THE ELECTION PROCESS AND THE PROPOSAL TO CHANGE THE STRUCTURE OF SACRS WITH THE CREATION OF A "TRUSTEE COUNCIL" AND ASSOCIATED CHANGES; DIRECTED VOTING DELEGATE TO VOTE YES ON MAKING PERMANENT THE APPOINTMENT OF A SACRS EXECUTIVE DIRECTOR IF SEPARATED FROM THE REST OF THE PROPOSALS

Barnes-Frapwell – 9 Ayes

26. Report from KCERA Management:

Operations

- In response to the fraud alert letters mailed to 37,415 on April 9, 2010, the KCERA office received the following calls:

Week of April 12 - Front desk	83
Hotline	108

Week of April 19 - Front desk	17
Hotline	28

To date, 228 letters have been received in returned mail. Insurance claims have been filed with RLI Insurance Company (fiduciary insurance carrier) for expenses incurred due to the theft, approximately \$13,000, and with Great American Insurance Group (theft insurance carrier) for the amount stolen, \$4,610.93.

Miscellaneous

- Placement agent letters along with newly adopted placement agent policy were sent to all managers on April 19, 2010. Responses to the letter, in which disclosure is requested, are due for return by May 31, 2010.
- IPREO has made a Public Records Act request for complete portfolio information of the trust fund, including specific issuer and equity positions held for all managers for which KCERA has custody. For positions held externally, the names of the managers are requested. Notifications of the request have been sent to all managers with accounts held at Northern Trust.
- On May 13, 2010, a due diligence meeting is set with Pacific Investment Management Company (PIMCO), as finalist for the moderate risk core plus bond mandate. Chairman Briggs, Trustees Franey, Jefferson, and Mainland, and I will attend the meeting.

27. Report from County Counsel – REPORTED LEXIN CASE HAS CONCLUDED AND THAT THE U.S. ATTORNEY GENERAL HAS APPEALED THE DECISION DISMISSING “HONEST SERVICES” FRAUD CASE AGAINST SAN DIEGO TRUSTEES/CITY EMPLOYEES

28. 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 – NONE
- F. KCERA Property Inc. – FOLLOWING BOARD MEETING

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

29. 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 SECTION 54957)

- . ITEM 30-33 WERE APPROVED ON CONSENT AND WITHDRAWN
FROM EXECUTIVE SESSION.

ADJOURNED TO WEDNESDAY, May 19, 2010 AT 8:30 A.M.

Frapwell-Denney – 9 Ayes

Secretary, Board of Retirement

Chairman, Board of Retirement