

SUMMARY OF PROCEEDINGS

BOARD OF RETIREMENT – COUNTY OF KERN

1115 Truxtun Avenue
Bakersfield, California

Regular Board Meeting
Wednesday July 28, 2010

8:31 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, Alternate Franey, Alternate Kaufman

Absent: Hughes, Maggard, Ratekin, Alternate Studer

Salute to Flag – LED BY CHAIRMAN BRIGGS

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 Phillis Alcala, KERN MEDICAL CENTER (General) – DENIED SERVICE-CONNECTED DISABILITY PENSION BENEFITS UNDER GOVERNMENT CODE §31720

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

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

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *3. KCERA Class Action Activity detail by Event Status as of June 30, 2010 and KCERA Class Action Proceeds Received from April 1, 2010 through June 30, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *4. Draft job descriptions for Retirement Legal Counsel I, Salary Range 73.6, and Retirement Legal Counsel II, Salary Range 75.9, as approved by the Human Resources Committee – RECEIVED AND FILED; RATIFIED APPROVAL OF JOB DESCRIPTIONS AND SALARY RANGES AND COMMENCEMENT OF ESTABLISHING POSITION AND RECRUITMENT

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *5. Letter from Marcia Fritz, Vice President of the California Foundation for Fiscal Responsibility, dated July 12, 2010, regarding a request for information through the Public Records Act – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *6. Letter from Christine Bedell, Government Editor of The Bakersfield Californian, dated July 15, 2010, regarding a request for information through the Public Records Act – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *7. Email from James Burger, staff writer for The Bakersfield Californian, dated July 16, 2010, 10:25 a.m., regarding a request for information through the Public Records Act - RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *8. Email from James Burger, staff writer for The Bakersfield Californian, dated July 16, 2010, 1:44 p.m., regarding a request for information through the Public Records Act - RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *9. Letter from Anne M. Holdren, Executive Director, to Marcia Fritz, California Foundation for Fiscal Responsibility, dated July 16, 2010, regarding a request for information through the Public Records Act made June 15, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *10 Letter from Anne M. Holdren, Executive Director, to Keith Pauley, LaSalle Investment Management, dated July 19, 2010, regarding the extension of LaSalle's placement on the Watch List – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *11. KCERA Property, Inc. Financial Statements for the year ended December 31, 2009 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *12. Invitation for staff to attend the California Association of Public Retirement Systems' Administrator's Institute, September 22-24, 2010, in San Diego, California – RECEIVED AND FILED; APPROVED THE ATTENDANCE OF EXECUTIVE DIRECTOR ANNE M. HOLDREN

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *13. Invitation for trustees and/or staff to attend the SACRS Public Pension Investment Management Program 2010, August 9-11, 2010, in Berkeley, California – RECEIVED AND FILED; APPROVED THE ATTENDANCE OF TRUSTEE BOB JEFFERSON

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *14. Correspondence from BlackRock, dated July 15, 2010, providing an update following the one-year anniversary of the merge between Barclays Global Investors (BGI) and BlackRock – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *15. Pantheon USA Fund III, L.P., Investment Adviser's Report, for quarter ended March 31, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *16. Pantheon Global Secondary Fund III B, L.P., Investment Adviser's Report, for quarter ended March 31, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *17. Pantheon USA Fund V, L.P., Investment Adviser's Report, for quarter ended March 31, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *18. Pantheon USA Fund VI, L.P., Investment Adviser's Report, for quarter ended March 31, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *19. Pantheon USA Fund VII, L.P., Investment Adviser's Report, for quarter ended March 31, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *20. Pyramis Global Advisors, Select International Pool / Select International Small Cap, Monthly Investment Review, June 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *21. Correspondence from Pyramis Global Advisors, dated July 8, 2010, regarding the Fidelity Real Estate Growth Fund II and the second quarter 2010 performance update – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *22. Correspondence from Pyramis Global Advisors, dated July 8, 2010, regarding the Fidelity Real Estate Growth Fund III and the second quarter 2010 performance update – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

- *23. State Street Global Advisors account summary as of June 30, 2010 – RECEIVED AND FILED

Frapwell-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

PUBLIC COMMENTS

24. 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

25. Discussion and appropriate action review of KCERA's current amortization policy with consideration for adopting a closed 30-year amortization period presented by Daniel Wade, Milliman, Inc. and Michael Toumanoff, Manatt, Phelps & Phillips, LLP and the Audit Actuarial Committee – MICHAEL TOUMANOFF, MANATT, PHELPS & PHELPS, LLP., HEARD; DANIEL WADE, MILLIMAN, INC., HEARD; CHAIRMAN BRIGGS HEARD; TRUSTEE BARNES HEARD

RECEIVED AND FILED; APPROVED MAINTAINING THE CURRENT AMORTIZATION SCHEDULE

Jefferson-Barnes – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

26. Receive Governance Report and KCERA charters review presentation from Michael Long, Cortex Applied Research, Inc., on the following topics:
- 2009 KCERA Board Governance Report
 - 2009 Attendance Summary
 - 2009 Trustee Education Report
 - Proposed revisions to the Board of Retirement, Audit/Actuarial Committee, Chair, Committee Chair and Executive Director Charters and abolition of the Disability Application and Facility Assessment Ad Hoc Committee Charters

MICHAEL LONG, CORTEX APPLIED RESEARCH, INC, HEARD;
TRUSTEES BARNES AND FRANEY HEARD

RECEIVED AND FILED; APPROVED GOVERNANCE REPORT AND PROPOSED REVISIONS TO THE BOARD OF RETIREMENT, AUDIT/ACTUARIAL COMMITTEE CHAIR, COMMITTEE CHAIR AND EXECUTIVE DIRECTOR CHARTERS AND ABOLITION OF DISABILITY APPLICATION AND FACILITY ASSESSMENT AD HOC COMMITTEE CHARTERS; REFERED FURTHER REVISIONS TO THE INFORMATION TECHNOLOGY COMMITTEE AND EXECUTIVE DIRECTOR CHARTERS TO STAFF

Barnes-Jefferson – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

27. Discussion and appropriate action on Floyd's Office Furniture proposal for the KCERA building at 11125 River Run Blvd. in the amount of \$241,943.55 presented by Brooke Beaman, Floyd's Office Furniture and Executive Director Anne M. Holdren – BROOKE BEAMAN, FLOYD'S OFFICE FURNITURE, HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD; CHAIRMAN BRIGGS HEARD; TRUSTEE BARNES HEARD

RECEIVED AND FILED; APPROVED FURNITURE PROPOSAL;
AUTHORIZED CHAIR TO SIGN PURCHASE ORDER

Denney-Barnes – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

28. Discussion and appropriate action on Pension Administration System Project quarterly status report and contingency fund expenditure for change order in the amount of sixty seven thousand, six hundred and eighty dollars (\$67,680) for additional data migration services presented by Ben Oh, Linea Solutions, Assistant Executive Director Lee Blair and the Information Technology Committee – BEN OH, LINEA SOLUTIONS, HEARD; ASSISTANT EXECUTIVE DIRECTOR LEE BLAIR HEARD; CHAIRMAN BRIGGS HEARD, TRUSTEE DENNEY HEARD; EXECUTIVE DIRECTOR ANNE M. HOLDREN HEARD

RECEIVED AND FILED; RATIFIED CHANGE ORDER AS RECOMMENDED BY THE INFORMATION TECHNOLOGY COMMITTEE

Denney-Jefferson – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

29. Report from KCERA Management – COPY OF THE CHIEF INVESTMENT OFFICE RECRUITMENT ANNOUNCEMENT WAS PRESENTED; THE REQUEST FOR PROPOSAL FOR PRINTING SERVICES HAS BEEN DISTRIBUTED; THE REQUEST FOR PROPOSAL FOR INVESTMENT LEGAL SERVICES HAS BEEN DISTRIBUTED; THE NEW TELEPHONE SYSTEM HAS BEEN PRESENTED AND A DECISION IS PENDING
30. Report from County Counsel – NONE
31. 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. – MET ON JULY 27, 2010

BOARD MEMBER ANNOUNCEMENTS AND REPORTS

32. 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 – CHAIRMAN BRIGGS ADDRESSED REPORTED JAMES BURGER, STAFF WRITER FOR THE BAKERSFIELD CALIFORNIA

ADJOURNED TO EXECUTIVE SESSION

Barnes-Jefferson – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

BREAK – FIVE MINUTES, 9:34 A.M.

EXECUTIVE SESSION

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

- . ITEMS 33 WAS APPROVED ON CONSENT AND WITHDRAWN FROM
EXECUTIVE SESSION
- 34. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
(Subdivision (a) of California Government Code Section 54956.9)
Two cases
- 35. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
(Subdivision (c) of California Government Case Section 54956.9)
- 36. CONFERENCE WITH LEGAL COUNSEL – ACTUAL LITIGATION
(Subdivision (a) of California Government Code Section 54956.9)

Name of Case: County of Kern and Kern County Employees' Association
v. Fireman's Fund Insurance Company of Ohio, Hartford Casualty
Insurance Co., Green-Hazel and Associates, Inc., Business Professional
Insurance Associates, Inc. and Does 1 - 50, Los Angeles County Superior
Court Case No. BC 406674

RETURNED TO PUBLIC SESSION

Denney-Jefferson – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

ADJOURNED TO WEDNESDAY, AUGUST 11, 2010 AT 8:30 A.M.

Barnes-Denney – 6 Ayes; 3 Absent – Hughes, Maggard, Ratekin

Secretary, Board of Retirement

Chairman, Board of Retirement