

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JANUARY 23, 2006

MINUTES

DIRECTORS
PRESENT: William W. Wilson, Chair, Public Member
Tracy Towner, Vice Chair, Safety Employee Member
Lawrence L. Matheney, Treasurer, Ex-officio Member
Albert G. Harris, Public Member
Robert Hansen, General Employee Member
Karen Becker, General Employee Member
Arthur E. Goulet, Retiree Member
Chris Johnston, Alternate Employee Member
Will Hoag, Alternate Retiree Member

DIRECTORS
ABSENT: Joseph Henderson, Public Member
Judy Mikels, Public Member

STAFF
PRESENT: Van Perris, Retirement Administrator
Tim Thonis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel

PLACE: Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 South Victoria Avenue
Ventura, CA 93003

TIME: 9:00 a.m.

ITEM:

I. INTRODUCTION OF MEETING

Chairman Wilson called the Business Meeting of January 23, 2006, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Mr. Goulet requested Item VI.C., Actuarial Valuation, be taken prior to Item VI.B., Comprehensive Annual Financial Report.

Mr. Goulet moved, seconded by Mr. Matheney, to approve the agenda with the requested change.

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of January 9, 2006.

Mr. Harris moved, seconded by Mr. Goulet, to approve the Minutes for the Disability Meeting of January 9, 2006.

Motion passed.

IV. CONSENT AGENDA

THE FOLLOWING ITEMS ARE ANTICIPATED TO BE ROUTINE AND NON CONTROVERSIAL. CONSENT ITEMS WILL BE APPROVED WITH ONE MOTION IF NO MEMBER OF THE BOARD WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND TRANSFERRED TO THAT SECTION OF THE AGENDA DEEMED APPROPRIATE BY THE CHAIR

A. Delta Asset Management Investment Report for the Month Ended December 31, 2005.

B. Wasatch Advisors Investment Report for the Month Ended December 31, 2005.

C. LSV Asset Management Investment Report for the Month Ended December 31, 2005.

D. Barclays Global Investors Report for the U.S. Equity Index Fund, Extended Equity Market Fund, U. S. Debt Index Fund for the Month Ended December 31, 2005.

IV. CONSENT AGENDA (Continued)

- E. Capital Guardian Trust Company Investment Report for the Month Ended December 31, 2005.
- F. Sprucegrove Investment Management Investment Report for the Month Ended December 31, 2005.
- G. Western Asset Management Investment Report for the Month Ended December 31, 2005.
- H. Reams Asset Management Investment Report for the Month Ended December 31, 2005.
- I. Loomis Sayles & Company Investment Report for the Month Ended December 31, 2005.
- J. GMO Investment Management Review for the Month Ended December 31, 2005.
- K. Wellington Management Company Investment Report for the Month Ended December 31, 2005.
- L. Regular and Deferred Retirements and Survivors Continuances for the Month of December 2005.
- M. Report of Checks Disbursed in December 2005.

Mr. Harris moved, seconded by Mr. Hansen, to approve the Consent Agenda Items A. through M.

Motion passed.

V. INVESTMENT INFORMATION

- A. EnnisKnupp & Associates Preliminary Performance Review as of December 31, 2005.

Mr. Harris moved, seconded by Mr. Matheney, to receive and file this report.

Motion passed.

VI. NEW BUSINESS

- A. Report on the Annual Audit of the Ventura County Employees' Retirement Association; Andrew Paulden, Partner, Brown, Armstrong, Paulden, McCown, Starbuck & Keeter.

Andrew Paulden, Partner, was present to address the audit conducted as of June 30, 2005. Mr. Paulden reviewed the audit process, areas of significance that were reviewed and the reports issued. Mr. Paulden stated there were no issues and that that his firm had issued an unqualified audit opinion.

Mr. Goulet moved, seconded by Mr. Matheney, to receive and file this report.

Motion passed.

- B. Ventura County Employees' Retirement Association Comprehensive Annual Financial Report for the Year Ended June 30, 2005.
(Item B. taken after Item C.)

Mr. Perris and Mr. Thonis addressed questions from the Board.

Mr. Goulet moved, seconded by Mr. Matheney, to receive and file the Comprehensive Annual Financial Report for the year ended June 30, 2005.

Motion passed.

- C. Report of the Annual Actuarial Valuation and Review of the Ventura County Employees' Retirement Association as of June 30, 2005; The Segal Company, Paul Angelo, Vice President and John Monroe, Associate.

Mr. Angelo and Mr. Monroe reviewed the Actuarial Valuation and addressed questions from the Board. Mr. Goulet asked Mr. Angelo, "to the best of your knowledge, is the information supplied in this actuarial valuation complete and accurate? Further, in your best professional judgment, are the assumptions and methodologies as adopted by the VCERA Board of Retirement, individually and in combination, reasonably related to the experience of and the expectations for the Plan and will not, in and of themselves, expose the retirement system to unsound financial risk. In this regard, I consider unsound financial risk to mean the following: A substantial likelihood that future required contribution rates as a percentage of payroll will be dramatically higher than the rates shown in this report, given the uncertainties of actuarial projections and assuming the full payment of all recommended contributions, or a substantial likelihood that plan

VI. NEW BUSINESS (Continued)

C. Actuarial Valuation (Continued)

assets will be insufficient to pay benefit payments when due, given the uncertainties of actuarial projections and assuming the full payment of all recommended contributions.”

Mr. Angelo responded yes to the question.

Mr. Towner moved, seconded by Mr. Matheney, to approve the report with several modifications. The first would be that Mr. Angelo would come up with an alternative to the language regarding the higher than expected salary increases on pages ii, 17 and 31, so the reader would understand he was referring to the net impact of lower than expected total payroll and higher than expected individual salary increases; the second would be to include additional language in the last bullet point on page ii to state that the costs related to the Tier 2 COLA benefit had not yet been determined; and finally to expand footnote 3 on page 17 to say that that the upcoming experience investigation will include an analysis of the “effect of other changes” that contributed to the increase in the employer rate.

Motion passed.

D. Proposal From The Segal Company to Perform an Actuarial Valuation and Review of the Tier 2 Cost-of-Living Benefit, Paul Angelo, Vice President and John Monroe, Associate.

Mr. Angelo reviewed his proposal and advised the Board that there were a number of issues that needed to be resolved. Discussion was held regarding the fact that this origin of this benefit was collective bargaining and the involvement of both the County and SEIU would be necessary.

Mr. Harris moved, seconded by Mr. Matheney, to approve the proposal.

Motion passed.

E. Proposal From The Segal Company of Fixed Fees and Hourly Billing Rates for Valuation and Related Services Commencing April 1, 2006; Paul Angelo, Vice President.

Mr. Angelo reviewed his proposal to provide actuarial consulting services for the three-year period ending June 30, 2008.

VI. NEW BUSINESS (Continued)

- E. Proposal from The Segal Company to Provide Actuarial Consulting Services (Continued)

Ms. Becker moved, seconded by Mr. Hansen, to approve the proposal from The Segal Company to provide actuarial consulting services through June 30, 2008.

Motion passed.

- F. Request to Attend CALAPRS Principles of Pension Management Course.

Mr. Hansen moved, seconded by Mr. Harris, to approve the request from Mr. Hoag to attend the CALAPRS Principles of Pension Management Course.

Motion passed.

- G. Request for Change in Staff Personnel Classification.

Mr. Perris reviewed the requested change.

Mr. Hansen moved, seconded by Mr. Harris, to approve the staff recommendation To add an additional Retirement Specialist allocation immediately and delete the Disability Retirement Specialist allocation effective April 1, 2006.

Motion passed.

VII. INFORMATIONAL

- A. Publications (Available in Retirement Office)
1. Institutional Investor
2. Pensions and Investments

VIII. PUBLIC COMMENT

None.

IX. BOARD MEMBER COMMENT

Mr. Wilson requested counsel provide a brief update on the Steefel symposium and the litigation involving the City of San Diego Retirement System. Mr. Goulet and Mr. Matheny provided favorable comments on the Steefel symposium.

X. ADJOURNMENT

There being no further business before the Board, Chairman Wilson adjourned the meeting at 11:15 a.m.

Respectfully submitted,

VAN PERRIS
Retirement Administrator

Approved:

WILLIAM W. WILSON
Chair