

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

FEBRUARY 27, 2006

MINUTES

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

STAFF Van Perris, Retirement Administrator
PRESENT: 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.

ACTION ON AGENDA: When Deemed to be Appropriate, the Board of Retirement May Take Action on Any and All Items Listed Under Any Category of This Agenda, Including "Correspondence" and "Informational"

ITEM:

I. INTRODUCTION OF MEETING

Chairman Wilson called the Business Meeting of February 27, 2006 to order at 9:00 a.m.

Jim Becker, Assistant County Clerk Recorder, administered the Oath of Office to Judy Mikels for a three-year term on the Board of Retirement.

II. APPROVAL OF AGENDA

Mr. Goulet requested Item O. be removed from the Consent Agenda for discussion.

Mr. Harris moved, seconded by Ms. Mikels to approve the Agenda.

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of February 6, 2006.

Mr. Goulet moved, seconded by Mr. Harris, to approve the Minutes for the Disability Meeting of February 6, 2006.

Motion passed. Ms. Mikels abstained.

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 January 31, 2006.
- B. Wasatch Advisors Investment Report for the Month Ended January 31, 2006.
- C. LSV Asset Management Investment Report for the Month Ended January 31, 2006.
- 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 January 31, 2006.
- E. Capital Guardian Trust Company Investment Report for the Month Ended January 31, 2006.
- F. Sprucegrove Investment Management Investment Report for the Month Ended January 31, 2006.

IV. CONSENT AGENDA (Continued)

- G. Western Asset Management Investment Report for the Month Ended January 31, 2006.
- H. Reams Asset Management Investment Report for the Month Ended January 31, 2006.
- I. Loomis Sayles & Company Investment Report for the Month Ended January 31, 2006.
- J. GMO Investment Management Review for the Month Ended January 31, 2006.
- K. Wellington Management Company Investment Report for the Month Ended January 31, 2006.
- L. Prudential Real Estate Investors PRISA 2005 Fourth Quarter Report.
- M. UBS Realty Investors 2005 Fourth Quarter Report.
- N. Regular and Deferred Retirements and Survivors Continuances for the Month of January 2006.
- O. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, Schedule of Investments and Cash Equivalents, Statement of Reserves and Schedule of Investment Management Fees for the Months Ended December 31, 2005 and January 31, 2006.
- P. Report of Checks Disbursed in January 2006.
- Q. Budget Summary for the Months Ended December 31, 2005 and January 31, 2006.

Mr. Goulet requested Item O be removed from the Consent Agenda for discussion

Ms. Mikels moved, seconded by Mr. Harris to approve the Consent Agenda Items A through N and P through Q.

Motion passed.

IV. CONSENT AGENDA (Continued)

Mr. Perris responded to questions from Mr. Goulet regarding the Market Stabilization Reserve and the fact that there were no investment management fees listed for GMO.

Mr. Goulet moved, seconded by Ms. Mikels to approve Item O. of the Consent Agenda.

Motion passed.

V. INVESTMENT INFORMATION

- A. Wellington Management Company Annual Investment Presentation, Sue Bonfeld, Vice President.

Ms. Bonfeld reviewed the Wellington organization, assets under management, investment process and performance.

- B. GMO Annual Investment Presentation, Jim Failor, Client Relations Manager.

Mr. Failor provided an overview of the GMO organization, investment performance and a review of the Global Equity allocation strategy.

- C. Ennis Knupp & Associates; Kevin Vandolder, Principal, and Nathan Zinn, Senior Investment Analyst.

1. Real Estate Manager Search.

Mr. Vandolder and Mr. Zimm discussed increasing the real estate allocation to 8% from 6% with the additional 2% to be managed in a value added strategy. Four possible implementation strategies were discussed using three different managers, as well as limited partnerships. The three firms discussed were Guggenheim, J.P. Morgan and RREEF. Discussion was held regarding adding 1% to the current allocations managed by Prudential and UBS, and Mr. Zinn indicated this would provide less diversification but would be considered a prudent option.

Ms. Mikels moved, seconded by Mr. Hansen, to move forward with the review of adding a value added component to the real estate allocation.

Motion passed.

V. INVESTMENT INFORMATION (Continued)

C. EnnisKnupp & Associates (Continued)

1. Real Estate Manager Search (Continued)

Ms. Mikels moved, seconded by Mr. Harris, to invite all three firms to make presentations to the Board in April.

Motion passed.

2. Real Estate Open End Commingled Fund Guidelines.

Mr. Vandolder briefly reviewed the guidelines for Prudential and UBS and indicated that they would be added to the Investment Policy.

3. Capital Market Discussion.

Mr. Vandolder made a presentation on the capital markets for 2005 and how Ennis Knupp modeling assumptions.

4. Investment Performance Review for the Fourth Quarter 2005.

Mr. Vandolder reviewed the fourth quarter investment report.

5. Preliminary Investment Performance Report for January 2006.

Mr. Vandolder reviewed the preliminary performance for January.

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

Motion passed.

6. Accounting Treatment for Proceeds Received in Worldcom Litigation.

Mr. Vandolder indicated that EnnisKnupp was in agreement with Reams Asset Management that the proceeds from litigation in the Wordlcom litigation should be included in performance measurement. This would also be true for Western Asset Management.

V. INVESTMENT INFORMATION (Continued)

C. EnnisKnupp & Associates (Continued)

6. Accounting Treatment for Worldcom (Continued)

Ms. Mikels moved, seconded by Mr. Harris, to receive and file this item.

Motion passed.

7. Sprucegrove Manager Guideline Changes.

Mr. Vandolder reviewed the changes in the Sprucegrove guidelines and stated EnnisKnupp was in agreement.

Ms. Mikels moved, seconded by Mr. Harris, to receive and file this item.

Motion passed.

8. Updated Market Return Histogram.

No action taken on this item.

9. EnnisKnupp Firm Update.

Mr. Vandolder briefly addressed some of the changes with EnnisKnupp that had occurred during 2005.

No action taken on this item

10. EnnisKnupp Client Conference Announcement.

No action taken on this item.

VI. NEW BUSINESS

- A. Report from The Segal Company Regarding the Annual Retiree Cost-of-Living Adjustment (COLA) for 2006.

Mr. Perris advised the Board that eligible retirees and surviving beneficiaries would receive a 3% cost-of-living adjustment and bank 1.5% to be drawn on in future years when the annual adjustment was less than 3%.

Mr. Hansen moved, seconded by Mr. Harris, to approve this item.

Motion passed.

- B. Resolution of the Board of Retirement and Specimen Signature Form Authorizing its Retirement Administrator To Provide Barclays Global Investors with Investment Purchase and Sale Instructions.

Mr. Goulet moved, seconded by Mr. Harris, to approve the Resolution.

Motion passed.

- C. Letter from Arthur E. Goulet, Board Member, Regarding Travel Policy Interpretation and Copy of Current Travel Policy.

Mr. Hansen moved, seconded by Ms. Mikels, to receive and file this item.

Motion passed. Mr. Goulet opposed.

VII. INFORMATIONAL

- A. Publications (Available in Retirement Office)
1. Institutional Investor
2. Pensions and Investments
- B. Memorandum from SACRS Nominating Committee Regarding Slate of Candidates for the Upcoming SACRS Conference.

Mr. Harris moved, seconded by Ms. Mikels, to receive and file this item.

Motion passed.

VIII. PUBLIC COMMENT

None.

IX. BOARD MEMBER COMMENT

Mr. Goulet asked if the Board had a policy regarding the ability of individual board members to request legal opinions from the Board's legal counsel, and was advised individual Board members should not submit requests directly to the Board's legal counsel, but should submit them to the Administrator for determination to either submit the matter to counsel or to the Board for further direction.

X. ADJOURNMENT

There being no further items of business before the Board, Chairman Wilson adjourned the meeting at 11:10 a.m.

Respectfully submitted,

VAN PERRIS, Retirement Administrator

Approved,

WILLIAM W. WILSON, Chair