

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JUNE 18, 2007

MINUTES

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

DIRECTORS ABSENT: Will Hoag, Alternate Retiree Member

STAFF PRESENT: Tim Thonis, Retirement Administrator
Walter Lauzon, 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 Towner called the Business Meeting of June 18, 2007, to order at 9:00 a.m.

II. **APPROVAL OF AGENDA**

Mr. Harris moved, seconded by Mr. Hansen, to approve the Agenda.

Motion passed.

III. **APPROVAL OF MINUTES**

- A. Disability Meeting of June 4, 2007.

Mr. Henderson moved, seconded by Mr. Hansen, to approve the Minutes for the Disability Meeting of June 4, 2007, as submitted.

Motion passed. Ms. Becker and Mr. Matheney abstained.

IV. **CONSENT AGENDA**

- A. Regular and Deferred Retirements and Survivors Continuances for the Month of May 2007.
- B. Statement of Plan Assets, Statement of Changes in Plan Net Assets, Summary of Investments and Cash Equivalents, Statement of Reserves and Schedule of Investment Management Fees for the Month Ended April 30, 2007.
- C. Report of Checks Disbursed in May 2007.
- D. Budget Summary for the Month Ended May 31, 2007, Fiscal-Year 2006-07.
- E. Barclays Global Investors Report for the U.S. Equity Index Fund, Extended Equity Market Fund, U.S. Debt Index Fund, ACWI EX-US Fund for the Month Ended May 31, 2007.

Mr. Wilson moved, seconded by Mr. Harris, to approve the Consent Agenda.

Motion passed.

V. **INVESTMENT INFORMATION**

- A. EnnisKnupp & Associates Materials.
1. Monthly Investment Performance Update (Monthly Asset Allocation Report as of 05/31/07 Included with Monthly Investment Performance Update.)

V. INVESTMENT INFORMATION (continued)

A. EnnisKnupp & Associates Materials. (continued)

2. Monthly Manager Updates/Summary, April 2007.

- a. Delta
- b. LSV
- c. Wasatch
- d. Sprucegrove
- e. Capital Guardian
- f. GMO
- g. Wellington
- h. Western
- i. Reams
- j. Loomis Sayles

Staff reviewed VCERA's asset allocation as of May 31, 2007, noting that the total assets at month end were \$3.094 billion, not \$2.994 billion as listed on the summary. Staff also reviewed VCERA's preliminary investment performance for the period ending May 31, 2007 focusing on VCERA's total return for the fiscal year of 17.2% versus the policy portfolio return of 17.9%, the out-performance versus their respective benchmarks of Delta Asset Management, Capital Guardian, and Sprucegrove Investment Management in May and the underperformance during the month of Wasatch Advisors. Staff noted the expected performance challenges within VCERA's fixed income portfolio given the rise in interest rates during May.

Mr. Wilson questioned the value being added by VCERA's active managers and Mr. Hansen questioned what the annual investment management costs to VCERA would be if the total portfolio was indexed.

Mr. Harris expressed concern regarding the fall in VCERA's actuarial funding status despite the strong investment returns experienced over the last 5 years.

Staff explained the effect of smoothing on the funded ratio, provided an estimate of the likely fees for a passively managed portfolio and informed the Board that there would be continued discussions at upcoming meetings on the subject of passive investment strategies.

V. INVESTMENT INFORMATION (continued)

A. EnnisKnupp & Associates Materials. (continued)

Mr. Hansen moved, seconded by Mr. Harris, to receive and file the Monthly Investment Performance Update, Monthly Manager Updates/Summary and Monthly Asset Allocation Report as of May 31, 2007.

Motion Passed.

VI. NEW BUSINESS

A. Letter from Staff Recommending Renewal of Contract with CMP & Associates.

Staff reviewed the technology services provided by Viorica Lawson, the minor language changes made to the contract and recommended the Board approve the contract with CMP & Associates for the upcoming fiscal year.

Mr. Hansen moved, seconded by Mr. Harris, to approve the renewal of the contract with CMP & Associates for the fiscal year beginning July 1, 2007.

Motion Passed.

B. Request from Counsel to Attend NAPPA Conference, June 26-29, 2007, in Vail, CO.

Mr. Hansen moved, seconded by Mr. Harris, to approve Ms. Nemiroff's attendance at the National Association of Public Pension Attorneys conference.

Motion Passed.

VII. INFORMATIONAL

A. Publications (Available in Retirement Office)

1. Institutional Investor
2. Pensions and Investments

B. SACRS Economic Impact Study Memorandum.

Mr. Wilson questioned what SACRS' goals were in the study.

VII. INFORMATIONAL (continued)

B. SACRS Economic Impact Study Memorandum. (continued)

Mr. Harris moved, seconded by Mr. Hansen, to approve payment for VCERA's share of the cost to accomplish the Economic Impact Study.

Motion Passed.

C. GFOA Letter Regarding Certificate of Achievement for Excellence in Financial Reporting.

D. Pension Bridge Alternatives Conference, October 2-3, 2007, in Los Angeles, CA.

VIII. PUBLIC COMMENT

Mr. Thonis reminded the Board that the July Disability Meeting was scheduled for July 9, 2007. Mr. Thonis also informed the Board of the change in the County of Ventura's Administrative Manual regarding members of Boards not being allowed to utilize per diem limits for meal reimbursements and of the recent reimbursement received from Travelers in the Mathews case.

IX. BOARD MEMBER COMMENT

Mr. Goulet commented on his recent attendance at the new SACRS Investment Educational program at UC Berkeley. He stated the emphasis in the training was on passive investment. Overall, Mr. Goulet found the program to be beneficial and hoped that certain areas of the curriculum, such as the discussion on hedge funds, would be improved for future attendees.

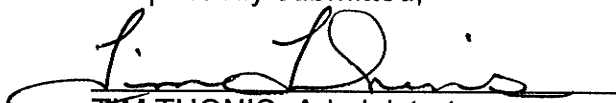
Mr. Matheney found the faculty to be excellent and shared Mr. Goulet's view in terms of the discussion on hedge funds. Mr. Matheney found the hedge fund discussion not to be readily understandable and that hedge fund strategies were, from what he learned, secretive, expensive and unregulated. In sum, perilous for a public plan.

Mr. Goulet also commented that it might be a good time to consider funding the STAR COLA now that the contingency reserve is over 1%. Staff explained that we look at the reserve balance as of a particular date and the numbers as of April do not yet reflect the anticipated reduction for interest crediting. Mr. Towner commented that the discussion as to whether to transfer funds into the STAR COLA reserve should occur during the Board's annual consideration of renewal of the benefit, and should take place after hearing from the actuary.

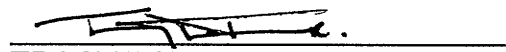
X. ADJOURNMENT

There being no further items of business before the Board, Chairman Towner adjourned the meeting at 9:40 a.m.

Respectfully submitted,


TIM THONIS, Administrator

Approved,


TRACY TOWNER, Chair