

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JUNE 19, 2006

MINUTES

DIRECTORS

PRESENT:

William W. Wilson, Chair, Public Member
Lawrence L. Matheney, Treasurer, Ex-officio Member
Robert Hansen, General Employee Member
Karen Becker, General Employee Member
Arthur E. Goulet, Retiree Member
Joseph Henderson, Public Member

DIRECTORS

ABSENT:

Tracy Towner, Vice Chair, Safety Employee Member
Albert G. Harris, Public Member
Judy Mikels, Public Member
Chris Johnston, Alternate Employee Member
Will Hoag, Alternate Retiree Member

STAFF

PRESENT:

Tim Thonis, Retirement Administrator
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 June 19, 2006, to order at 9:00a.m.

II. APPROVAL OF AGENDA

Ms. Becker moved, seconded by Mr. Matheney, to approve the Agenda.

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of June 5, 2006.

Mr. Goulet moved, seconded by Mr. Matheney, to approve the Minutes for the Disability Meeting of June 5, 2006.

Motion passed. Mr. Henderson 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 May 31, 2006 and Corrected Investment Report for the Month Ended April 30, 2006.
- B. Wasatch Advisors Investment Reports for the Months Ended April 30, 2006 and May 31, 2006.
- C. LSV Asset Management Investment Report for the Month Ended May 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 May 31, 2006.
- E. Capital Guardian Trust Company Investment Reports for the Months Ended April 30, 2006 and May 31, 2006.
- F. Sprucegrove Investment Management Investment Report for the Month Ended May 31, 2006.
- G. Western Asset Management Investment Report for the Month Ended May 31, 2006.

IV. CONSENT AGENDA (Continued)

- H. Reams Asset Management Investment Report for the Month Ended May 31, 2006.
- I. Loomis Sayles & Company Investment Reports for the Months Ended April 30, 2006 and May 31, 2006.
- J. GMO Investment Management Review for the Month Ended May 31, 2006.
- K. Wellington Management Company Investment Report for the Month Ended May 31, 2006.
- L. Regular and Deferred Retirements and Survivors Continuances for the Month of May 2006.
- M. 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, 2006.
- N. Report of Checks Disbursed in May 2006.
- O. Budget Summary for the Month Ended May 31, 2006, Fiscal-Year 2005-06.

Mr. Matheney moved, seconded by Mr. Goulet, to approve the Consent Agenda.

Motion passed.

V. INVESTMENT INFORMATION

- A. Sprucegrove Investment Management Annual Investment Presentation, Ian Fyfe, Sprucegrove and Mark Shevitz, Fair Haven Partners.

Mr. Ian Fyfe from Sprucegrove and Mr. Mark Shevitz from Fair Haven Partners were present to discuss the organization, investment performance, and investment process.

Since inception, Sprucegrove's cumulative annualized return has been 17.5% versus 14.3% for the benchmark. Sprucegrove is currently overweight in Materials and Industrials and underweight in Financials and Consumer Staples. Largest country exposures are the U.K. and Japan.

The international equity product remains closed to new investors, but Sprucegrove continues to accept additional investments from existing clients.

V. INVESTMENT INFORMATION (Continued)

- B. Capital Guardian Trust Company Annual Investment Presentation, Lionel M. Sauvage, Portfolio Manager and Michael E. Nyeholt, Relationship Manager.

Mr. Lionel Savauge and Michael Nyeholt were present from Capital Guardian. Mr. Nyeholt reviewed Capital Guardian's organizational structure. Mr. Savauge provided an update on performance and reviewed the portfolio's themes, sector weights, and country allocations. Mr. Sauvage reviewed several of the portfolio's individual holdings and discussed why Capital Guardian has overweighted Japan the past 24 months.

- C. EnnisKnupp Presentations, Kevin Vandolder, Principal

1. Review of Performance Report for Quarter Ended March 31, 2006.

Mr. Vandolder reviewed the investment performance for the period ending March 31, 2006. VCERA's investment portfolio returned 4.2% for the quarter versus the policy portfolio's return of 4.1%. For the 1-year and 3-year periods ending March 31, 2006, VCERA's portfolio returned 13.5% and 16.5%, respectively.

Mr. Hansen moved, seconded by Mr. Matheney, to receive and file the March 31, 2006 Quarterly Investment Report.

Motion Passed.

2. Monthly Investment Update, May 2006.

Mr. Vandolder reviewed the investment performance in May.

Mr. Hansen moved, seconded by Mr. Matheney, to receive and file the May 2006 Investment Update.

Motion Passed.

3. Monthly Manager Updates/Summary, May 2006.

Mr. Vandolder discussed the Investment Manager's Monthly Summaries for May 2006.

No action taken.

V. INVESTMENT INFORMATION (Continued)

C. EnnisKnupp Presentations, Kevin Vandolder, Principal (Continued)

4. Delta Onsite Due Diligence Visit.

Mr. Vandolder reviewed his and Mr. Goulet's visit to Delta in April.

Mr. Goulet moved, seconded by Mr. Hansen, to receive and file the Memorandum regarding the Delta Onsite Due Diligence visit.

Motion Passed.

5. Prudential Market Values Reconciliation for the Year Ended December 31, 2005.

Mr. Vandolder explained the timing difference in portfolio values that existed between the Prudential and the custodian bank at December 31, 2005.

Mr. Goulet moved, seconded by Mr. Hansen, to receive and file Prudential's Market Value Reconciliation Memorandum.

Motion Passed.

6. Wasatch Cross-Trade Reimbursement (The Wasatch Letter Regarding Voluntary Reimbursements for Cross-Trading Practices has been included with the EnnisKnupp Materials).

Mr. Vandolder explained the process undertaken by Wasatch that lead to the identification of the cross-trading issue. Mr. Vandolder commended Wasatch for being proactive in the process.

Mr. Matheney moved, seconded by Mr. Henderson, to receive and file the Wasatch Memorandum.

Motion Passed.

7. Follow-Up from EnnisKnupp's Public Fund Forum.

Mr. Vandolder discussed the investment practice followed by the Maine State Retirement System and the similar practices followed by VCERA. Mr. Vandolder compared VCERA's risk budget to the risk budget used

V. INVESTMENT INFORMATION (Continued)

C. EnnisKnupp Presentations, Kevin Vandolder, Principal (Continued)

7. Follow-Up from EnnisKnupp's Public Fund Forum. (Continued)

by the Maine State Retirement System and requested the opportunity to provide additional analysis on risk budgeting at the July 17, 2006 Board meeting.

Mr. Goulet moved, seconded by Mr. Henderson, to receive and file the Public Funds Forum Memorandum.

Motion Passed.

8. Proposed Agenda for 2006 Investment Retreat.

Mr. Vandolder reviewed the proposed agenda for the October 12, 2006 investment retreat.

Mr. Wilson questioned the Opportunistic Platform agenda item.

No Action Taken.

D. Monthly Manager Updates/Summary, April 2006.

Mr. Hansen moved, seconded by Mr. Goulet, to receive and file the Manager Updates/Summary for April 2006.

Motion Passed.

VI. NEW BUSINESS

A. Letter from Staff Recommending Approval of Contracts with Hearing Officers.

Ms. Becker moved, seconded by Mr. Hansen, to approve the Hearing Officer Contracts.

Motion Passed.

VI. NEW BUSINESS (Continued)

- B. Letter from Staff Recommending Approval of Services Contract with CMP & Associates.

Mr. Goulet questioned the fee increase and offered suggestions to improve the language in the contract.

Mr. Goulet moved, seconded by Mr. Henderson, to approve the contract with CMP & Associates with the suggested changes.

Motion Passed.

VII. INFORMATIONAL

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

VIII. PUBLIC COMMENT

Mr. Thonis reminded the Board that their next meeting would not be until July 10, 2006.

Ms. Nemiroff informed the Board that a Notice of Appeal had been filed in the George Mathews v. Ventura County Employees' Retirement Association case on June 12, 2006.

IX. BOARD MEMBER COMMENT - None.

X. ADJOURNMENT

There being no further items of business before the Board, Chairman Wilson adjourned the meeting at 11:20a.m.

Respectfully submitted,

TIM THONIS, Administrator

Approved,

WILLIAM W. WILSON, Chair