

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

SEPTEMBER 17, 2007

MINUTES

**DIRECTORS
PRESENT:**

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

**DIRECTORS
ABSENT:**

Peter C. Foy, Public Member
Joseph Henderson, Public Member
Karen Becker, General Employee 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 September 17, 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 September 10, 2007.

Mr. Goulet offered a correction to page 6, paragraph 1 under item D to reflect that he was the former Director of Public Works and knew several of the witnesses involved in the case, but had no prior knowledge of the injury.

Mr. Johnston moved, seconded by Mr. Goulet, to approve the Minutes for the Disability Meeting of September 10, 2007, as amended.

Motion passed.

IV. CONSENT AGENDA

- A. Regular and Deferred Retirements and Survivors Continuances for the Month of August 2007.**
- B. Final 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 June 30, 2007.**
- C. Report of Checks Disbursed in August 2007.**
- D. Budget Summary for the Month Ended August 30, 2007, Fiscal-Year 2007-08.**
- 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 August 31, 2007.**

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

Motion passed.

V. INVESTMENT INFORMATION

- A. Guggenheim Real Estate LLC Annual Investment Report, Karen Calby, Client Services.

Karen Calby from Guggenheim Real Estate, LLC was present to review Guggenheim's organization, investment strategy, investment performance and future outlook for the open-end core plus real estate strategy.

Ms. Calby reviewed Guggenheim's strategy of investing in both the public and private sectors of the real estate market. Guggenheim targets 70% of the portfolio to be invested in the private real estate markets and 30% in the public markets. Guggenheim utilizes top-down econometric forecasts to determine weightings between the public and private markets and currently is underweighting the public sector. Guggenheim currently maintains positions in five REITS within the public sector and invests directly in 68 properties, offers mezzanine financing in 13 investments and invests in 6 separate real estate funds including Prudential's PRISA fund for the portfolio's exposure to the private real estate sector.

Performance for the first 12 months of VCERA's investment has been outstanding with returns of approximately 18% and Ms. Calby noted that the expected level of returns for this strategy was in the 10% range. Ms. Calby stated that VCERA invested in the strategy at a very opportune time and that the strategy's investment goal was to provide consistent returns over time by focusing on income producing properties.

Ms. Calby discussed current market dynamics noting the 18% depreciation of REITS since February. Guggenheim believed that the depreciation in this sector was brought about by several factors such as the sub-prime mortgage fallout, inflation concerns, and overall concerns about the economy. Guggenheim did not view the downturn in REITS as being fundamentally based, but rather one based upon concerns in the capital markets and Guggenheim now views REITS as being undervalued relative to the private real estate market.

Guggenheim's current strategies as noted by Ms. Calby included reducing the office sector overweight by increasing holdings in the industrial and retail sectors, continuing to underweight the multifamily sector, maintaining a benchmark weight in the public real estate sector (REITS), reducing their allocation to private funds, maintaining leverage at current levels, and continuing to develop Guggenheim's relationships with new local partners especially with those on retail and industrial expertise.

V. INVESTMENT INFORMATION (continued)

B. EnnisKnupp & Associates.

1. Monthly Investment Performance Update
2. Monthly Manager Updates/Summary, August 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 the monthly performance focusing comments on Delta's strong relative performance, Capital Guardian's relative underperformance and benchmark like monthly returns within the fixed income allocation.

Mr. Hansen noted Wasatch's poor performance over the last 5 years.

Mr. Wilson noted the Board's previous discussion on the efficiencies within the equity markets and stated that VCERA should save the hiring of active managers to those areas of the capital markets where inefficiencies exist. Mr. Wilson added that the Board was and should be spending more time on asset allocation discussions rather than the selection of managers.

Mr. Goulet moved, seconded by Mr. Harris, to receive and file the Monthly Investment Performance Update and Monthly Manager Summaries for August 2007.

Motion Passed.

3. Memorandum – Loomis Sayles and Reams Proposed Guideline Changes.

Staff reviewed EnnisKnupp's memorandum confirming the Board's actions of August 20, 2007.

V. INVESTMENT INFORMATION (continued)

B. EnnisKnupp & Associates. (continued)

Mr. Wilson moved, seconded by Mr. Hansen, to receive and file the EnnisKnupp memorandum.

Motion Passed.

C. Letter from RREEF Requesting \$25 Million Funding in RREEF America III Fund.

Staff reviewed the capital call letter from RREEF and noted that the transactions necessary to accomplish the \$25 million funding transfer were in place for October 1, 2007.

Mr. Hansen moved, seconded by Mr. Goulet, to approve the \$25 million in funding for the RREEF America III Fund.

Motion Passed.

VI. NEW BUSINESS

A. Request to Attend Institutional Investors Institute Public Funds Roundtable and Hedge Fund Institutional Forum, April 23-25, 2008, in New Orleans, LA.

Mr. Harris moved, seconded by Mr. Matheney, to approve Mr. Hansen's request to attend the Institutional Investors Institute Public Fund's Roundtable.

Motion Passed.

B. Quarterly Administrator's Travel Report.

Mr. Goulet moved, seconded by Mr. Matheney, to receive and file the Quarterly Administrator's Travel Report.

Motion Passed.

VI. NEW BUSINESS (continued)

- C. The Economic Impacts on California and Counties of SACRS Members' Benefit Payments Report. (DRAFT)

Staff reviewed the draft SACRS report noting the purpose of the report, the planned public release date of the report, and the actions taken by staff to provide VCERA's data.

Mr. Matheney questioned whether SACRS planned to include, as part of this discussion, whether a defined benefit program is the most efficient method of providing retirement benefits given the previously held debates on defined benefit plans versus defined contribution plans.

Mr. Harris moved, seconded by Mr. Hansen, to receive and file the Draft SACRS Economic Impact Report.

Motion Passed.

VII. INFORMATIONAL

- A. Publications (Available in Retirement Office)
1. Institutional Investor
 2. Pensions and Investments
- B. EnnisKnupp Marketing Commentaries
1. Comments on Quantitative Equity Contagion
 2. Interest Times

No action taken.

- C. GMO Fall Conference, October 23 & 24, 2007, in Boston, MA.

No action taken.

VIII. PUBLIC COMMENT

None.

IX. BOARD MEMBER COMMENT

Mr. Hansen discussed the FMOC meeting occurring on September 18, 2007 and the expected actions of the Federal Reserve.

Mr. Towner and Mr. Wilson discussed the appearance of former Federal Reserve Chairman Alan Greenspan on "60 Minutes".

Mr. Hoag offered his views on the defined benefit versus defined contribution debate.

X. ADJOURNMENT

There being no further items of business before the Board, Chairman Towner adjourned the meeting at 10:00 a.m.

Respectfully submitted,


TIM THONIS, Administrator

Approved,


TRACY TOWNER, Chairman