

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

NOVEMBER 19, 2007

MINUTES

**DIRECTORS
PRESENT:**

Tracy Towner, Chair, Safety Employee Member
William W. Wilson, Vice Chair, Public Member
Lawrence L. Matheney, Treasurer, Ex-officio Member
Peter C. Foy, Public Member
Albert G. Harris, 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

**DIRECTORS
ABSENT:**

None.

**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 Towner called the Business Meeting of November 19, 2007, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

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

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of November 5, 2007.

Mr. Goulet requested that the word "reported" in the 2nd paragraph of page #3 be changed to "determined" in order for Mr. Hilbun's statement to be more accurate.

Mr. Harris moved, seconded by Mr. Wilson, to approve the Minutes for the Disability Meeting of November 5, 2007, as amended.

Motion passed. Mr. Matheney and Mr. Foy abstained.

IV. CONSENT AGENDA

- A. Regular and Deferred Retirements and Survivors Continuances for the Month of October 2007.**
- B. Statement of Plan Assets, Statement of Changes in Plan Net Assets, Summary of Investments and Cash Equivalents and Statement of Reserves for the Month Ending September 30, 2007.**
- C. Report of Checks Disbursed in October 2007.**
- D. Budget Summary for the Month Ended October 31, 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 October 31, 2007.**
- F. UBS Real Estate Report for the Quarter Ended September 30, 2007.**
- G. Prudential PRISA Real Estate Report for the Quarter Ended September 30, 2007.**

IV. CONSENT AGENDA (continued)

H. Guggenheim Real Estate Report for the Quarter Ended September 30, 2007.

I. RREEF Flash Report for the Month Ended September 30, 2007.

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

Motion passed.

V. INVESTMENT INFORMATION

A. EnnisKnupp & Associates.

1. Monthly Investment Performance Update.
2. Monthly Manager Updates/Summary, October 2007.
 - a. Delta
 - b. LSV
 - c. Wasatch
 - d. Sprucegrove
 - e. Capital Guardian
 - f. GMO
 - g. Wellington
 - h. Western
 - i. Reams
 - j. Loomis Sayles

Staff provided a brief overview of VCERA's asset allocation as of October 31, 2007, and discussed the monthly investment performance. The total portfolio returned 2% during October with VCERA's equity managers generating the majority of the return. Staff identified Wasatch Advisors and Wellington Management Company as achieving the best relative returns among VCERA's equity managers during the month. Loomis Sayles achieved the best relative performance of the fixed income managers in October.

Mr. Wilson commented on the 3-year and 5-year underperformance relative to their respective benchmarks of Sprucegrove and Capital Guardian. Mr. Wilson suggested that the Board continue to examine passive management as a substitute.

V. INVESTMENT INFORMATION (continued)

A. EnnisKnupp & Associates. (continued)

Mr. Wilson moved, seconded by Mr. Harris, to receive and file the Monthly Investment Performance Update and Monthly Manager Updates/Summary.

Motion Passed.

VI. OLD BUSINESS

A. Letter from Staff Regarding Unauthorized Access to VCERA's Database.

Staff discussed the forthcoming changes to the internal processes regarding the granting of user access to VCERA's data bases and recommended the Board receive and file the memorandum and accompanying "Access Controls Review" from the Information Technology Services department.

Mr. Matheney moved, seconded by Mr. Harris, to receive and file the memorandum and accompanying report from the Information Technology Services department.

Motion Passed.

VII. NEW BUSINESS

A. Letter from Staff Recommending Approval of the UBS Conversion Agreement.

Staff recommended the Board approve the UBS Conversion Agreement in order for VCERA to continue participating as an investor in the UBS core commingled real estate portfolio. According to staff, the benefits of continued participation included continued investment exposure to a well performing real estate portfolio, a five basis point reduction in annual investment management fees, greater diversity and liquidity for fund participants and the establishment of an investor advisory council to facilitate investor involvement in fund matters. Legal risks identified in the review of the conversion documents included the indemnification of UBS and the General Partner for negligence, the Conversion Agreement will be construed in accordance with the laws of the State of Delaware rather than California, a requirement for VCERA to advise the fund of

VII. NEW BUSINESS (continued)

- A. Letter from Staff Recommending Approval of the UBS Conversion Agreement. (continued)

changes in local law that VCERA becomes aware of that may impact the duties of the fund and the broad authority provided by the Power of Attorney provisions regarding the ability for the General Partner to amend the partnership agreement without the consent of the limited partners in a variety of circumstances. Staff noted that the indemnification provisions would not apply to a breach in fiduciary duty made by the General Partner or UBS.

Mr. Wilson moved, seconded by Mr. Matheney, to approve the UBS Conversion Agreement in order for VCERA to participate in the newly formed UBS Trumbull Property Fund LLP.

Motion Passed.

- B. Letter from Staff Recommending Hiring The Clifton Group as a Cash Equitization Manager.

Staff recommended, subject to contract approval, the hiring of The Clifton Group to manage a cash equitization program on VCERA's behalf. Reasons cited for the recommendation included the experience and tenure of The Clifton Group's investment staff, the fact that cash equitization and other overlay strategies were the core component of Clifton's business and Clifton's well established reputation for customer service and client education. Benefits to VCERA of employing the strategy include operational efficiencies gained in terms of managing fund cash flows and expected incremental revenues of approximately \$350,000 annually.

Mr. Goulet moved, seconded by Mr. Harris, to adopt staff's recommendation and hire The Clifton Group as a cash equitization manager.

Motion passed.

VII. NEW BUSINESS (continued)

- C. Letter from Staff Recommending Hiring Novanis to Provide EDMS Software. (continued)

Brian Colker from Linea Solutions, Inc. was present to assist in the discussion regarding staff's recommendation to hire Novanis to provide Electronic Document Management System (EDMS) software.

Mr. Colker reviewed the basis for staff's recommendation citing Novanis' local presence with offices in Los Angeles and Sherman Oaks, experience working with public retirement systems and the stability and experience of Novanis' implementation team.

Mr. Goulet requested and received clarification regarding the project costs.

Mr. Colker commented on the possible reasons for the discrepancies in Novanis's bids for each retirement system and indicated that he would explore this further in contract negotiations. Mr. Colker also mentioned that even though Novanis's bid for VCERA's project may be higher than it was for other systems, there are significant advantages to late adoption of this type of system.

Mr. Wilson moved, seconded by Mr. Hansen, to hire Novanis, subject to contract approval, to provide EDMS software.

Motion Passed.

VIII. INFORMATIONAL

- A. Publications (Available in Retirement Office)
 - 1. Institutional Investor
 - 2. Pensions and Investments
- B. 2008 Board of Retirement Meeting Agenda Calendar.
- C. Invitation to Steefel Fiduciary Symposium, January 10-11, 2008 in San Francisco, CA.
- D. LSV Press Release Regarding Robert Vishny's Retirement.

VIII. INFORMATIONAL (continued)

- E. Invitation to RREEF Educational Seminar, February 12-13, 2008 in Newport Beach, CA.

IX. PUBLIC COMMENT

Staff announced that at the December 3, 2007, disability meeting, Mr. Angelo would be here to discuss reserving policies. Staff also announced that at the December 17, 2007, business meeting, the annual actuarial valuation report would be on the agenda for review only.

X. BOARD MEMBER COMMENT

Mr. Matheney noted the value offered to trustees by attending the Steefel Fiduciary Symposium and indicated he would be considering attending the event in January.

Mr. Goulet summarized his participation at the recently concluded SACRS conference by noting his favorable impression of several sessions including those in the areas of emerging market investment and disability retirement.

Mr. Wilson expressed concern regarding the letter from Stephen Cummings, CEO at EnnisKnupp, regarding EnnisKnupp's planned move to provide discretionary consulting services to clients.

Mr. Towner commented that Ennis-Knupp also conducts fiduciary audits and that LACERA is currently conducting one.

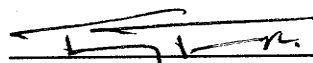
XI. ADJOURNMENT

There being no further items of business before the Board and upon the motion of Mr. Hansen, seconded by Mr. Goulet, Chairman Towner adjourned the meeting at 9:50 a.m.

Respectfully submitted,


TIM THONIS, Administrator

Approved,


TRACY TOWNER, Chairman