

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

DECEMBER 19, 2005

MINUTES

DIRECTORS

PRESENT:

William W. Wilson, Chair, Public Member
Tracy Towner, Vice Chair, Safety Employee Member
Lawrence L. Matheney, Treasurer Tax Collector, 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

PRESENT:

Van Perris, Retirement Administrator
Tim Thonis, 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.

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 December 19, 2005, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

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

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of December 5, 2005.

Mr. Matheney moved, seconded by Mr. Goulet, to approve the Minutes for the Disability Meeting of December 5, 2005.

Motion passed. Mr. Hansen 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 November 30, 2005.
- B. Wasatch Advisors Investment Report for the Month Ended November 30, 2005.
- C. LSV Asset Management Investment Report for the Month Ended November 30, 2005.
- 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 November 30, 2005.
- E. Capital Guardian Trust Company Investment Report for the Month Ended November 30, 2005.

IV. CONSENT AGENDA (Continued)

- F. Sprucegrove Investment Management Investment Report for the Month Ended November 30, 2005.
- G. Western Asset Management Investment Report for the Month Ended November 30, 2005.
- H. Reams Asset Management Investment Report for the Month Ended November 30, 2005.
- I. Loomis Sayles & Company Investment Report for the Month Ended November 30, 2005.
- J. GMO Investment Management Review for the Month Ended November 30, 2005.
- K. Wellington Management Company Investment Report for the Month Ended November 30, 2005.
- L. Prudential Real Estate Investors Third Quarter Report for PRISA.
- M. Regular and Deferred Retirements and Survivors Continuances for the Month of October 2005.
- N. 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 October 31, 2005.
- O. Report of Checks Disbursed in November 2005.
- P. Budget Summary for the Month Ended November 30, 2005; Fiscal-Year 2005-06.

Mr. Goulet advised the Board that he had a question on Item N.

Ms. Mikels moved, seconded by Mr. Harris, to approve all items on the Consent Agenda other than item N.

Motion passed.

IV. CONSENT AGENDA (Continued)

Mr. Goulet questioned why the investment values provided by some of the managers in their monthly reports did not agree to the values on the financial statements. Mr. Goulet cited Delta Asset Management as an example. Staff advised that the differences to which he referred could be the result of a timing difference involving receivables and payables or pricing differences. Staff will research this matter and report to Mr. Goulet on their findings.

Ms. Mikels moved, seconded by Mr. Hansen, to approve item N.

Motion passed.

V. INVESTMENT INFORMATION

A. EnnisKnupp & Associates, Kevin Vandolder, CFA.

1. Year End Discussion.

Mr. Vandolder advised the Board that David Russell was leaving EnnisKnupp & Associates. Mr. Vandolder summarized the investment markets for 2005, expected future returns, historical stock and bond returns, a summary of current investment manager ratings and an update on some of the initiatives to be undertaken in early 2006.

2. Preliminary Performance Review as of November 30, 2005 (Distributed at Meeting).

Mr. Vandolder reviewed performance for November 2005.

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

Motion passed.

3. Investment Policy Manual Review.

Mr. Vandolder reviewed the changes that had previously been approved by the Board.

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

V. INVESTMENT INFORMATION (Continued)

A. EnnisKnupp & Associates (Continued)

4. Memorandum – Further Explanation of the Benchmark Effect.

Mr. Vandolder reviewed his memorandum explaining the benchmark effect and demonstrated how individual managers in an asset class could over (or under) perform their benchmarks, while the total asset class return was under (or over) the benchmark for that asset class as a whole.

5. Memorandum – Russell Mellon Public Fund Universe.

Mr. Vandolder reviewed his memorandum explaining the Russell Mellon Public Fund Universe used in the quarterly investment reports as a peer group comparison and why VCERA had not compared favorably to that universe.

6. Memorandum – Capital Guardian Watch List Status.

Mr. Vandolder updated the Board on Capital Guardian's performance since they were put on the Watch List and advised the Board that EnnisKnupp was comfortable removing them from the Watch List.

Mr. Hansen moved, seconded by Ms. Mikels, to remove Capital Guardian from VCERA's Watch List.

Motion failed. Mr. Hansen, Ms. Mikels and Mr. Harris for the motion, Mr. Towner, Mr. Matheney, Mr. Goulet, Ms. Becker and Mr. Henderson opposed.

7. Memorandum – Western/Citigroup Asset Management Deal Close Update.

Mr. Vandolder discussed the implications of Western Asset Management taking over a substantial portion of Citigroup Asset Management and indicated EnnisKnupp was monitoring this situation closely. Mr. Vandolder stated EnnisKnupp was confident that Western Asset would be successful in absorbing the fixed income assets and would continue as one of the premier fixed income managers.

V. INVESTMENT INFORMATION (Continued)

A. EnnisKnupp & Associates (Continued)

8. Memorandum – Comparison to SACRS Peers.

Mr. Vandolder discussed the annual review done by RV Kuhns for SACRS and summarized the differences between VCERA and the rest of the SACRS systems.

9. Invitation to EnnisKnupp's Upcoming Client Training.

Mr. Vandolder indicated the next EnnisKnupp Client Training session would be in January, with one to follow in April.

10. Annual Review of Consulting Services Agreement.

Mr. Vandolder advised the Board that EnnisKnupp was requesting an increase of \$3,000 per year for its services, bringing the total to \$207,000.

Ms. Mikels moved, seconded by Mr. Hansen, to approve the renewal of the Consulting Services Agreement.

Motion passed.

VI. CLOSED SESSION

The Board adjourned into Closed Session to discuss two matters; Conference with legal counsel pursuant to the provisions of Government Code section 54956.9, Subdivision (a)-Existing Litigation, Mathews v. Board of Retirement; and, to consider the appointment of a public employee pursuant to the provisions of Government Code section 54957, Retirement Administrator.

In open session Ms. Nemiroff stated there would be no announcement on the Mathews litigation. Ms. Nemiroff stated that with respect to the position of Administrator the Board had taken action to offer Mr. Tim Thonis the position of Retirement Administrator and to refer this matter to an ad hoc committee, comprised of the members of the Personnel Review Committee, for the purpose of negotiating with Mr. Thonis the terms of the offer. The ad hoc committee was further directed to return to the Board at the next meeting with a recommendation concerning the final details of the terms of the offer for the Board to consider.

VII. INFORMATIONAL

- A. Publications (Available in Retirement Office)
 - 1. Institutional Investor
 - 2. Pensions and Investments
- B. Announcement Regarding the CALAPRS Principles of Pension Management Course; March 28-31, 2006, Stanford Law School.

VIII. PUBLIC COMMENT

None.

IX. BOARD MEMBER COMMENT

None.

X. ADJOURNMENT

There being no further items of business before the Board, Chairman Wilson adjourned the Business Meeting of December 19, 2005 at 10:50 a.m.

Respectfully submitted,

VAN PERRIS, Retirement Administrator

Approved,

WILLIAM W. WILSON, Chair