

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JUNE 20, 2005

MINUTES

DIRECTORS

PRESENT:

William W. Wilson, Chair, Public Member
Lawrence L. Matheney, Treasurer, Ex-officio Member
Judy Mikels, Public Member
Joseph Henderson, Public Member
Jim Wall, General Employee Member
Robert Hansen, General Employee Member
Wayne Larroque, Retiree Member
Chris Johnston, Alternate Safety Employee Member
Vern Markley, Alternate Retiree Member

DIRECTORS

ABSENT:

Albert G. Harris, Public Member
Tracy Towner, Vice Chair, Safety Employee Member

STAFF

PRESENT:

Van Perris, Retirement Administrator
Tim Thonis, Retirement 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 Wilson called the Business Meeting of June 20, 2005 to order at 9:00 a.m.

II. APPROVAL OF AGENDA

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

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of June 6, 2005.

Ms. Mikels moved, seconded by Mr. Larroque, to approve the Minutes for the Disability Meeting of June 6, 2005.

Motion passed.

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, 2005.
- B. Wasatch Advisors Investment Report for the Month Ended May 31, 2005.
- C. LSV Asset Management Investment Report for the Month Ended May 31, 2005.
- D. Capital Guardian Trust Company Investment Report for the Month Ended May 31, 2005.
- E. Sprucegrove Investment Management Investment Report for the Month Ended May 31, 2005.
- F. Western Asset Management Investment Report for the Month Ended May 31, 2005.
- G. Reams Asset Management Investment Report for the Month Ended May 31, 2005.

IV. CONSENT AGENDA (Continued)

- H. Prudential Real Estate Investors Quarterly Report as of March 31, 2005.
- I. Regular and Deferred Retirements and Survivors Continuances for the Month of May 2005.
- J. 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 Months Ended April 30 and May 31, 2005.
- K. Report of Checks Disbursed in May 2005.
- L. Budget Summary for the Months Ended April 30 and May 31, 2005.

Ms. Mikels moved, seconded by Mr. Wall, to approve the Consent Agenda Items A through L.

Motion passed.

V. INVESTMENT INFORMATION

- A. EnnisKnupp & Associates Investment Reports.

- 1. Preliminary Performance Report for the Month Ended May 31, 2005.

Mr. Matheney moved, seconded by Ms. Mikels, to receive and file the Preliminary Performance Report for the Month Ended May 31, 2005.

Motion passed.

- 2. Request from LSV Asset Management for a Revision to the Investment Guidelines Relating to the Eligible Market Capitalization Range and Memorandum from Kevin Vandolder and Chris Riley Recommending the Board Approve the Requested Change.

Mr. Matheney moved, seconded by Mr. Larroque, to approve the request from LSV Asset Management to increase to \$2.5 billion the maximum market capitalization of stocks at the time of purchase.

Motion passed.

VI. NEW BUSINESS

- A. Annual Review of Economic Assumptions to be used in the Performance of the June 30, 2005, Actuarial Valuation; John Monroe, The Segal Company.

John Monroe reviewed the recommendations from Segal to be used in the performance of the June 30, 2005 valuation. Mr. Monroe stated that Segal was not recommending any changes from the assumptions used in the previous year. The assumptions recommended were 8.0% investment return, 4.0% inflation rate and 5.25% total salary increase consisting of 4.0% inflation, .75% longevity and a .25% "across the board" increase.

Mr. Matheney moved, seconded by Ms. Mikels, to adopt the recommendations from Segal of the assumptions to be used in the June 30, 2005 valuation

Motion passed.

- B. Annual Renewal of Hearing Officer Contracts.

Mr. Matheney moved, seconded by Mr. Wall, to approve the renewal of the Hearing Officer contracts with Mark Burstein, Laura Glickman, Elizabeth Lishner, Michael Prihar, James Crary and Fredric Horowitz.

Motion passed.

- C. Proposed Revision to the Policy Regarding the Division Of the Community Property Interest in the Accrued Benefits of a Member of the Ventura County Employees' Retirement Association Pursuant to the Provisions of Article 8.4 of the County Employees' Retirement Law of 1937.

Mr. Perris reviewed the proposed revision to the policy which would provide for a refund of contributions to the named beneficiary in the event of the death of the nonmember spouse while on deferred retirement and a refund of remaining contributions to the named beneficiary in the event of the death of a nonmember after retirement but prior to having received a total pension equal to or greater than the accumulated contribution balance at the time of retirement.

Ms. Mikels moved, seconded by Mr. Hansen, to approve the amended policy.

Motion passed.

VI. NEW BUSINESS (Continued)

- D. Memorandum from Lori Nemiroff, Assistant County Counsel, Addressing U.S. Department of Labor Opinion Letter.

Ms. Nemiroff addressed the opinion issued by the Department of Labor (DOL) regarding the expenditure of pension assets to promote policy positions and the review of service providers based upon that organizations position on a particular area of public policy. Ms. Nemiroff stated this position was consistent with California law and should be taken into consideration by the Board when considering any act relating to the issue of pension reform in California

Mr. Johnston and Mr. Larroque questioned the position of the DOL on this issue. Mr. Wilson stated that Marsha Richter from Los Angeles County had mad a presentation on this subject at the last SACRS Conference.

Ms. Nemiroff was requested to obtain additional information on this subject and report back to the Board.

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

Motion passed.

- E. Memorandum from Lori Nemiroff, Assistant County Counsel, Government Code Section 1090, Conflict of Interest Violations Alleged Against San Diego City Pension Fund Trustees.

Ms. Nemiroff reviewed the memorandum on conflicts of interest.

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

Motion passed.

VII. INFORMATIONAL

- A. Publications (Available in Retirement Office)
 - 1. Institutional Investor
 - 2. Pensions and Investments
- B. State Association of Public Retirement Systems Press Release Regarding Opposition to Proposed Legislation to Close Defined Benefit Plans.

VIII. PUBLIC COMMENT

None

IX. BOARD MEMBER COMMENT

Mr. Wall questioned how the \$27.50 benefit was treated under the policy for the division of the community property interest in a members account and was advised the division was based on each party's percentage of total service credit as of the date on which the first party commenced receiving a retirement benefit.

Mr. Larroque questioned why VCERA abstained on the vote to oppose legislation to close defined benefit plans at the SACRS Conference and was advised that the support of the resolution submitted by Los Angeles County Employees Retirement Association was contingent upon that systems agreement to amend their proposed resolution to include a statement that SACRS would support meaningful pension reform. Such an amendment was not included and therefore VCERA abstained.

X. ADJOURNMENT

There being no further items of business before the Board, Chairman Wilson adjourned the meeting at 9:50 a.m.

Respectfully submitted,

VAN PERRIS
Retirement Administrator

Approved:

WILLIAM W. WILSON
Chair