

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**BOARD OF RETIREMENT**

**BUSINESS MEETING**

**FEBRUARY 28, 2005**

**MINUTES**

**DIRECTORS**  
**PRESENT:** William W. Wilson, Chair, Public Member  
Tracy Towner, Vice Chair, Safety Employee Member  
Lawrence L. Matheney, Treasurer, Ex-officio Member  
Albert G. Harris, Public Member  
Judy Mikels, Public Member  
Robert Hansen, General Employee Member  
Jim Wall, General Employee Member  
Wayne Larroque, Retiree Member  
Chris Johnston, Alternate Employee Member  
Vern Markley, Alternate Retiree 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 February 28, 2005, 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 February 7, 2005.

Mr. Harris moved, seconded by Mr. Hansen, to approve the Minutes for the Disability Meeting of February 7, 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 January 31, 2005.
- B. Wasatch Advisors Investment Report for the Month Ended January 31, 2005.
- C. LSV Asset Management Investment Report for the Month Ended January 31, 2005.
- D. Barclays Global Investors Report for the U.S. Equity Index Fund, Extended Equity Market Fund and U.S. Debt Index Fund for the Month Ended January 31, 2005.
- E. Capital Guardian Trust Company Investment Report for the Month Ended January 31, 2005.
- F. Sprucegrove Investment Management Investment Report for the Month Ended January 31, 2005.
- G. Western Asset Management Investment Report for the Month Ended January 31, 2005.
- H. Reams Asset Management Investment Report for the Month Ended January 31, 2005.

**IV. CONSENT AGENDA (Continued)**

- I. Regular and Deferred Retirements and Survivors Continuances for the Month of January 2005.
- J. Statement of Plan Net 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 January 31, 2005.
- K. Budget Summary for the Month Ended January 31, 2005.
- L. Report of Checks Disbursed in January 2005.

Mr. Matheney moved, seconded by Mr. Harris, to approve the Consent Agenda Items A through L.

Motion passed.

**V. INVESTMENT INFORMATION**

- A. Global Equity Investment Manager Presentations.
  - 1. GMO, Forrest Berkley, Partner, and Chip Ridley, Business Development.  
  
Mr. Ridley provided an overview of the GMO organization, assets under management and representative client list. Mr. Berkley discussed the investment process and historical performance of GMO.
  - 2. Wellington Management Company, Laurie E. Deaton, Vice President, and Mathew R. Jensen, Vice President.

Ms. Deaton provided an overview of the Wellington organization. Mr. Jensen discussed the investment process and historical performance of Wellington.

**V. INVESTMENT INFORMATION (Continued)**

A. Global Equity Investment Manager Presentations (Continued).

3. Revised Analysis of Various Global Equity Scenarios, Kevin Vandolder, David Russell & Chris Riley, Ennis Knupp & Associates.

Mr. Vandolder reviewed various alternatives involving the retention of either GMO or Wellington.

Mr. Hansen moved, seconded by Mr. Harris, to retain GMO and Wellington with each firm to be allocated 2%.

Motion passed.

B. EnnisKnupp & Associates, Kevin Vandolder, CFA, Chris Riley, Senior Investment Analyst.

1. Fourth Quarter 2004 Performance Report.

Mr. Vandolder provided an overview of the fourth quarter report.

2. Monthly Investment Update Through January 2005.

Mr. Vandolder summarized January 2005 performance.

Ms. Mikels moved, seconded by Mr. Wall, to receive and file the update.

Motion passed.

3. Memorandum-Long Term Time Horizon Definition.

Mr. Vandolder reviewed the changes to the Investment Policy Statement that had been discussed at the January meeting to establish a rolling 10-year period for the purpose of defining the long-term time horizon.

4. Memorandum-Capital Guardian NASD Complaint.

Mr. Vandolder reviewed the complaint against Capital Guardian filed by the National Association of Securities Dealers (NASD).

**V. INVESTMENT INFORMATION (Continued)**

B. EnnisKnupp & Associates, Kevin Vandolder, CFA, Chris Riley, Senior Investment Analyst (Continued)

5. Memorandum-Update on EnnisKnupp

Mr. Vandolder reviewed the memorandum from Stephen Cummings, EnnisKnupp President and CEO providing an update on the EnnisKnupp organization.

C. Request Submitted by Western Asset Management to Utilize a Mortgage Backed LLC Fund.

1. Letter from Marla A. Skeffington, Manager, Client and Product Administration.

2. Memorandum from Kevin Vandolder, David Russell & Chris Riley Regarding Western Asset Management Request To Utilize Mortgage LLC Fund.

Mr. Hansen moved, seconded by Mr. Harris, to approve the request from Western Asset Management to utilize their Mortgage Backed LLC Fund.

Motion passed.

**VI. OLD BUSINESS**

A. Letter from John Nicoll, Chief Deputy Executive Officer, Requesting the Board of Retirement Adopt Regulations Under Government Code Section 31627 Which Allows Eligible Members to Purchase Additional Benefits Consisting Of a 2 Percent Cost-of-Living Adjustment on Specified Service.

Leroy Smith, Chief Assistant County Counsel, John Polich, Assistant County Counsel, John Nicoll, Chief Deputy County Executive and Ben Montorosso, SEIU Local 998, were present to address the Board on this item.

Mr. Smith, Mr. Nicoll, Mr. Polich and Mr. Montorosso provided an update on the litigation between the County and SEIU regarding the Tier 2 COLA that had been negotiated in the last Memorandum of Agreement and advised the Board that the parties had entered into a Settlement Agreement which required the Board of Retirement adopt a set of regulations pursuant to the provisions of Government

VI. OLD BUSINESS (Continued)

- A. Letter from John Nicoll, Chief Deputy Executive Officer, Requesting the Board of Retirement Adopt Regulations Under Government Code Section 31627 Which Allows Eligible Members to Purchase Additional Benefits Consisting Of a 2 Percent Cost-of-Living Adjustment on Specified Service (Continued).

Code section 31627 to provide a 2 percent annual cost-of-living adjustment to eligible Tier 2 retirees.

Staff requested section 2.7 of the proposed regulations be amended to reflect interest would be credited to member contributions pursuant to the provisions of the interest crediting policy adopted by the Board rather than the 2.5% proposed. The parties all agreed to this change.

Discussion was held regarding obtaining an opinion from outside counsel.

Mr. Towner moved, seconded by Mr. Wall, to refer this matter to outside counsel for review.

Mr. Towner and Mr. Wall for the motion; Mr. Larroque, Mr. Harris, Mr. Hansen, Ms. Mikels, Mr. Matheney and Mr. Wilson opposed.

Motion failed.

**(County Supervisor Kathy Long requested the Board adopt the proposed regulations – Addition to Minutes Requested at Meeting of March 7, 2005).**

Ms. Mikels moved, seconded by Mr. Hansen, to approve the regulations with the amendment to the section on interest crediting and conditioned upon the Board of Supervisors taking formal action to provide indemnification to the Board of Retirement in the event of litigation arising as a result of the adoption of the regulations.

Motion passed. Mr. Towner and Mr. Wall opposed. **(Mr. Matheney was not present - Correction to Minutes Requested at Meeting of March 7, 2005)**

VII. NEW BUSINESS

- A. Recommendation to Retain Linea Solutions to Develop a Long Term Strategic Technology Plan.

Mr. Towner moved, seconded by Mr. Harris, to approve the recommendation to retain Linea Solutions to develop a Long Term Strategic Technology Plan.

Motion passed.

**VII. NEW BUSINESS (Continued)**

- B. Request to Attend California Retired County Employees Association 2005 Spring Conference, March 21-23, 2005.

Mr. Towner moved, seconded by Mr. Harris, to approve the request from Mr. Larroque to attend the California Retired County Employees Association 2005 Spring Conference.

Motion passed.

- C. Recommendation to Increase Hours Under the Professional Services Contract With CMP & Associates for Systems Maintenance.

Mr. Harris moved, seconded by Ms. Mikels, to approve the recommended increase in hours under the contract with CMP & Associates for systems maintenance.

Motion passed.

**VIII. INFORMATIONAL**

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

**IX. PUBLIC COMMENT**

Mr. Perris advised the Board that the County Legislative Affairs Officer had found a sponsor for the proposal to amend the legislation involving the payment of the \$108.44 vested supplemental benefit. The proposed legislation would require future hires accrue five years of service in order to be eligible to receive this benefit.

**X. BOARD MEMBER COMMENT**

Mr. Wilson commented on the appointment of Joseph Henderson to the Board.

**XI. ADJOURNMENT**

There being no further items of business before the Board, Chairman Wilson adjourned the meeting at 11:45 a.m.

Respectfully submitted,

---

VAN PERRIS  
Retirement Administrator

Approved:

---

WILLIAM W. WILSON  
Chair