VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JANUARY 24, 2011

MINUTES

DIRECTORS PRESENT:	Tracy Towner, Chair, Safety Employee Member William W. Wilson, Vice Chair, Public Member Steven Hintz, Treasurer – Tax Collector Peter C. Foy, Public Member Albert G. Harris, Public Member Joseph Henderson, Public Member Karen Anderson, 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:	Henry Solis, Chief Financial Officer Brenda Cummings, Retirement Operations Manager 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 January 24, 2011 to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Chairman Towner requested an amendment to the Agenda to move Item V.A.3 to Item VII.D.

Ms. Anderson moved, seconded by Mr. Goulet, to approve the amended agenda.

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of January 3, 2011.

Mr. Goulet moved, seconded by Ms. Anderson, to approve the Minutes for the Disability Meeting of January 3, 2011.

Motion passed.

IV. CONSENT AGENDA

A. Regular and Deferred Retirements and Survivors Continuances for the Month of December 2010.

B. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets and Summary of Investments, Cash Equivalents and Schedule of Investment Management Fees for the Month Ended November 30, 2010.

C. Report of Checks Disbursed in December 2010.

D. Budget Summary – Year to Date as of November 2010, Fiscal-Year 2010-11.

E. BlackRock Asset Management 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 December 31, 2010.

F. Quarterly Real Estate Manager Reports.

1. Guggenheim

2. RREEF

3. UBS

IV. CONSENT AGENDA

Ms. Anderson moved, seconded by Mr. Henderson, to approve the items on the Consent Agenda.

Motion passed.

V. INVESTMENT INFORMATION

A. Hewitt EnnisKnupp.

1. Monthly Investment Performance Update, December 2010.

2. Monthly Manager Updates/Summary, December 2010.

   a. Sprucegrove
   b. Artio
   c. GMO
   d. Acadian
   e. Western
   f. Reams
   g. Loomis Sayles
   h. K2

Staff reported that a recent $30 million dollar transfer from BlackRock U.S. Equity Index to UBS Real Estate was not reflected in the total assets reported by the Hewitt EnnisKnupp report. The revised total assets were approximately $3.07 billion at the end of December.

Staff reported that the fund's portfolio performance was up 4.4% for December, matching the policy portfolio for the month, with the Western Index Plus portfolio continuing to add value to VCERA's relative performance. In addition, Sprucegrove added value, due to stock selection. Artio and Acadian disappointed as they lost 220 and 150 basis points, respectively, relative to their benchmark, with Artio's results due to overweighting in emerging markets, and selections within those markets, and Acadian's due to their poor stock selection. The fixed income component was down .4% but outperformed the benchmark index by 70 basis points, as each manager had more risk in their portfolio providing some downside protection.

Staff reported that the transition from VCERA's terminated relationship with Capital Guardian has been completed, and replaced with allocations to Hexavest, Walter Scott and BlackRock passive international index fund.

V. INVESTMENT INFORMATION (continued)

A. Hewitt EnnisKnupp. (continued)

Staff reported that VCERA earned 17.6% in the first six months in the fiscal year and that this number may improve when the real estate portfolio returns are updated. The Clifton overlay strategy added 70 basis points to that return, adding twenty million dollars during the six month period. This translates to the equivalent of over one month's Retiree payroll. The ten year performance is now at 4.6% compared to 2.9% as of June 30, 2010.

Staff reported one compliance issue. Western Asset has reported that the Western Index Plus Fund exceeded the 5% maximum concentration in below investment grade investment securities holdings as required in our guidelines. Staff will ask Kevin Vandolder to report back on this issue at our February Business meeting.

Mr. Wilson commented that the 10 year trend reflected in the analysis included a very bad year at that time, which prospectively, will be eliminated from the figures every three months.

Mr. Goulet discussed the VCERA rate of return relative to returns of CalSTRS and CalPERS which have investment officers on staff.

Mr. Wilson moved, second by Mr. Harris, to receive and file the Hewitt EnnisKnupp items.

Motion passed.

3. Proposal to Provide Out Source CIO Services.

This item moved to, and discussion was held in conjunction with, agenda item VII.D.

B. Approval of Resolution Delegating Authority to the Chief Financial Officer to Provide Investment Instructions to BlackRock Asset Management.

Mr. Hansen moved, seconded by Mr. Foy, to approve a resolution authorizing the Chief Financial Officer to provide investment instructions to BlackRock Asset Management.

Motion passed.

V. INVESTMENT INFORMATION (continued)

C. Letter from Staff Regarding International Equity Asset Transition.

Staff provided an update of the asset transition from Capital Guardian to Hexavest, Walter Scott, and BlackRock passive investment equities. The overall transition was performed efficiently, effectively, and inexpensively at 36 basis points.

Mr. Hansen moved, seconded by Mr. Harris, to receive and file staff's letter.

Motion passed.

D. Recommendation from Staff Regarding VCERA's Relationship with RREEF America III.

Staff reported that Mr. Hintz requested that the Board discuss whether an immediate decision should be made to terminate VCERA's relationship with RREEF. Staff continued to recommend that VCERA continue its on-going due diligence of the fund, and that VCERA divest from RREEF at the earliest opportunity. Staff commented that RREEF's restructured debt covenants preclude the fund from making distributions to shareholders until 2013. Staff believes the fundamental structure of RREEF will change prior to 2013 from an "open-end fund" to a "close-end fund". If that occurs the fund will go from being "queue" driven to being "pro rata" driven based on shares/units owned, given that a majority of investors will attempt to exit the fund.

Staff recommended that the Board defer any action to terminate RREEF until 2013, allowing RREEF's management to work diligently at restoring as much of the fund's lost value as possible. Staff further noted that prematurely sending a notice to terminate may serve as a disincentive to RREEF management.

Mr. Hintz commented that staff's report answered his questions. He further stated that the Board should make clear its position that RREEF's performance up to this point has been unacceptable.

Mr. Goulet moved, seconded by Mr. Hintz, to accept staff's recommendation to defer action to terminate RREEF.

Motion passed.

VI. OLD BUSINESS

A. Letter from Arthur Goulet Regarding Personal E-mail to the Board of Supervisors, dated January 9, 2011.

Mr. Hansen moved, seconded by Mr. Henderson, to receive and file Mr. Goulet's letter.

Mr. Goulet commented that subsequent to drafting the e-mail he discovered Section 907 of the Personnel Rules and Regulations which addresses Classification Review Requests and states, "A written request for review of an allocated position or proposed allocation in a classified service may be made to a department or agency head, Human Resources, or the Board of Supervisors, and thereafter the review shall be conducted by the Director-Human Resources as soon as possible." He highlighted that the Director of Human Resources failed to follow this procedure.

Motion passed.

VII. NEW BUSINESS

A. Review and Approval of Annual Actuarial Report as of June 30, 2010; The Segal Company; Paul Angelo and John Monroe.

Paul Angelo and John Monroe were present from The Segal Company (Segal) to present the results of the June 30, 2010, actuarial valuation.

Mr. Angelo stated the valuation has no surprises. Mr. Angelo reminded the Board of the extensive discussion that occurred in 2009 about actuarial valuation, asset smoothing and projections as a result of the significant market losses of fiscal year 2008-09, and that the Board would have a pretty good sense of what the next few years would look like. Mr. Angelo discussed the fact that the current valuation was a textbook case of what happens when you have deferred losses from a previous year coming into a valuation, somewhat offset by a gain in the market value in the most recent year.

Mr. Angelo stated that there was one significant change that was adopted by the Actuarial Standards Board regarding the plan's use of undistributed earnings to provide supplemental benefits (STAR COLA and supplemental medical benefit). Where, as here, the impact of the use of undistributed earnings on the future financial condition of the plan has not been explicitly measured or otherwise reflected in the valuation, this fact must be stated in the valuation report, as reflected on page i.

VII. **NEW BUSINESS (continued)**

A. Review and Approval of Annual Actuarial Report as of June 30, 2010. (continued)

Mr. Angelo reviewed the plan's 15-year amortization of actuarial gains and losses, the 5-year smoothing of investment gains and losses, the decrease in the plan's funding status from 84% to 80%, the increase in the employer composite rate from 19.19% to 22.43%, no increase in the average employee rate and the amount of total unrecognized losses remaining to be recognized over the next 5 years.

As noted on page 5 of the report, Mr. Angelo noted that investment losses that will be recognized over the next five years decreased from $864 million in 2009 to $565 million. Assuming that the plan earns its assumed 8% market return over the next five years and all other actuarial assumptions are met, the contribution requirements would increase over the next few years as those losses are recognized.

Mr. Angelo noted the plan's funding status, should the plan's net deferred losses be recognized immediately. In summary, Mr. Angelo stated the plan's funded status would be approximately 66% with an associated aggregate employer contribution rate of approximately 30%.

Mr. Towner requested and received clarification regarding the decrease in the investment return loss as a result of the inclusion of one-fifth of the investment gain.

Mr. Towner requested and received clarification regarding the effects of a consistent population on assets and liabilities.

Mr. Angelo further noted that a reduction of workforce effects normal cost proportionally, and, since the unfunded liability is a fixed debt, the rate goes up because the debt is spread over a smaller number of employees.

Mr. Towner requested and received clarification regarding the accrued liabilities, the unfunded liability calculations, and workforce changes.

Mr. Goulet noted that reported figures reflect the assumption changes made by the Board with regard to the mortality table and the County adding safety employees, and not strictly a result of the investment losses.

Mr. Hintz commented that he appreciated the cogent and precise presentation.

VII. NEW BUSINESS (continued)

A. Review and Approval of Annual Actuarial Report as of June 30, 2010. (continued)

Mr. Goulet opined that compensation is a more accurate term than salary, as benefits are not considered salary.

Mr. Towner requested clarification when the economic assumptions would be reviewed and whether the amortization period would be included.

Mr. Monroe stated that the economic assumptions would be reviewed in the first quarter of 2012, to be implemented with the 2012 valuation which will determine the rates for 2013 and 2014. Mr. Angelo stated that the amortization period would normally not be included as this is part of the funding policy and they separate the two. The review of the assumptions is performed every three years on a schedule while the review of the funding policy is at the request of the Board.

Mr. Goulet inquired as to what other 1937 Act and State systems are doing with respect to the earnings assumption rates.

Mr. Angelo stated there is a trend in California and nationally toward lower long term earning assumption rates. Many systems around the country are moving toward 8%, and most 1937 Act systems are between 7.75% and 8%.

In response to inquiry by Mr. Wilson, Mr. Angelo stated that other 1937 Act clients of Segal have not reduced their wage assumptions.

Mr. Towner inquired as to other systems' amortization periods.

Mr. Angelo replied that he encourages Trustees to think in terms of first measuring the liability and, second, determining what you do with it. Assumptions can be confirmed by history; however, there is no right amortization policy. At approximately 17 years, negative amortization occurs.

Mr. Goulet commented that the amortization period had been discussed in the past, including when SEIU came in with a suggestion to increase the amortization period to 30 years. He further commented that PERS uses 30 years.

VII. **NEW BUSINESS (continued)**

A. Review and Approval of Annual Actuarial Report as of June 30, 2010. (continued)

Mr. Angelo replied that PERS uses 30 years only for gains and losses. Plan assumption changes or amendments, he believed, were amortized over 20 years.

Mr. Towner inquired as to whether compensation earnable would decrease because of the reduction in the employer pick up.

Mr. Angelo stated he did not know. Mr. Towner requested that Mr. Angelo get back to the Board regarding this.

Mr. Hansen moved, seconded by Mr. Hintz, to adopt the June 30, 2010 actuarial report.

Motion passed.

B. Review and Approval of Annual Financial Report From Brown Armstrong; Steve Starbuck, CPA and Eric Berman, MSA, CPA.

1. VCERA Comprehensive Annual Financial Report Dated June 30, 2010.
2. Independent Auditor's Report Dated December 28, 2010.
3. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* Dated December 28, 2010.
4. Required Communication to the Board of Retirement in Accordance with Professional Standards Dated December 28, 2010.
5. Report to Management for the Year Ended June 30, 2010.
6. Member Centric Report – Fiscal Year 2010.

Steven Starbuck, CPA, Eric Berman, MSA, CPA, and Adrian Holmes, CPA were present from Brown Armstrong to present the results of the June 30, 2010 financial audit.

VII. NEW BUSINESS (continued)

B. Review and Approval of Annual Financial Report From Brown Armstrong. (continued)

Mr. Starbuck explained the audit purpose, objectives and process. Mr. Starbuck further explained how Brown Armstrong reviewed and documented VCERA's internal control structure and the process followed in confirming with third parties VCERA's actuarial, investment, benefit and legal data.

Mr. Starbuck described the significant audit areas that were tested and reported that Brown Armstrong has issued to VCERA an unqualified opinion, which is the highest level of assurance offered.

Mr. Berman reviewed the adopted and emerging GASB pronouncements, and trends that may affect future financial reporting. He introduced a new Member Centric Report which summarizes the CAFR in a highlighted user-friendly format and informed the Board that this was a value added service.

Mr. Goulet requested and received clarification regarding disbursement of the Reports and member entities referenced in the Report.

Mr. Hansen moved, seconded by Mr. Foy, to approve items 1 through 5.

Motion passed.

Mr. Hansen moved, seconded by Mr. Harris to receive and file item 6.

Motion passed.

C. Update from Staff Regarding Office Space Lease Renewal.

Mr. Dwyer provided an update on the lease renewal negotiations. He advised the Board that VCERA is seeking expansion space of an additional 1,600 square feet. VCERA initially requested a seven year flat lease and that the landlord fully pay for the tenant improvements in the amount of $170,000. In addition, Mr. Dwyer also requested additional free rent and an allowance to be contributed toward VCERA's infrastructure costs and some rent abatement. Mr. Dwyer noted that the landlord, M.F. Daily, countered with a ten year lease @ $1.75 per square foot with 3% escalations and elected not to provide rent abatement, as they felt VCERA's tenant improvements were high.

VII. **NEW BUSINESS (continued)**

C. Update from Staff Regarding Office Space Lease Renewal. (continued)

Several Board members requested and received clarification about the 3% escalation clause and commented that they would not be in favor of the automatic 3% escalation in light of the current economic climate and current vacancy rate of over 20%, but were open to an annual increase of CPI not to exceed 3%.

Mr. Harris and Mr. Wilson requested clarification about the 3% annual escalations.

Mr. Dwyer stated that the 3% was a cap and would be assessed even if the CPI was less than 3% and would add approximately 20% cost over the life of the lease.

Mr. Dwyer opined that in the current market environment landlords were not accepting flat rate leases.

Mr. Goulet requested clarification of the value and the impact on square footage costs of the tenant improvements amortized over the life of the lease.

Mr. Dwyer stated that value of the tenant improvements over a ten year lease would be $0.24 per square foot.

Mr. Wilson commented that he would like to see an agreement reached with the landlord as the cost of purchasing and moving would be expensive.

Mr. Foy requested and received clarification regarding the commission to be paid.

Mr. Dwyer stated that he would continue to negotiate with landlord and perform an analysis for a seven and ten year lease and report back to the Board.

Mr. Foy moved, seconded by Ms. Anderson, to request that Mr. Dwyer issue multiple requests for proposals (RFP) for similar properties in the market and provide the information to the Board.

Mr. Dwyer advised the Board that he won't know where the RFP's stand until the second round of negotiations.

VII. **NEW BUSINESS (continued)**

C. Update from Staff Regarding Office Space Lease Renewal. (continued)

Staff commented that the lease will terminate at the end of February. It was noted that there should be a holdover provision in the lease.

Motion passed.

D. Hewitt EnnisKnupp Proposal to Provide Outsourced CIO Services and Letter from Staff Regarding Potential Executive Search Firms.

Staff stated that in light of recent events, Hewitt EnnisKnupp has offered to provide outsourced Chief Investment Officer (CIO) services at a monthly cost of $14, 500 as outlined in their proposal.

Mr. Towner opened discussion by reporting that he had made a request to the Personnel Committee of the Board to develop a plan of action to move forward, and that Mr. Hansen did not want to participate because of transparency issues. He also indicated that VCERA had not formally heard from the County on the process to replace the vacant Retirement Administrator or how to proceed.

Mr. Hansen addressed the issue of transparency. He stated that the Board did not provide staff or the Personnel Committee any direction, and wanted to have the item discussed before the full Board.

Mr. Foy commented that the staff or Board did not have the expertise to recruit and questioned why VCERA would not utilize County of Ventura – Human Resources (County HR), and avoid the cost of a search firm.

Mr. Towner clarified that the purpose of the Personnel Committee was to determine the options available to recruit for the Administrator.

Mr. Wilson inquired whether current staff could perform duties of the CIO in the interim. Second, would the plan now need two positions, an Administrator and CIO, and last, could the plan sponsor offer someone to assist in the interim. He stated it was difficult to decide which direction to pursue as the plan had the responsibility but not the authority over certain personnel matters.

Mr. Foy opined that it would be better to allow County HR to assist as they have the resources and expertise to assist with VCERA's short term and long term needs. His concern was that if we go the path of Search firms it may end up costing VCERA more.

VII. **<u>NEW BUSINESS</u> (continued)**

D. Hewitt EnnisKnupp Proposal to Provide Outsourced CIO Services and Letter from Staff Regarding Potential Executive Search Firms.

Mr. Henderson commented that this may be the time to evaluate the structure of VCERA, consider whether it could be combined under a different department and review what the 1937 Act requires.

Mr. Hansen opined that a CIO was not needed as VCERA contracts with Hewitt EnnisKnupp to select investment managers and he believes they function as VCERA's CIO. Mr. Hansen concurred that the use of County HR would be appropriate.

John Nicoll, County HR – Director, stated that he was asked if there would be a charge to perform the recruitment, and he stated that County HR provides a normal level of service when performing recruitments at no additional charge. Any extraordinary level of service would be brought back for discussion. Mr. Nicoll clarified that preparing a brochure would be within the service level provided.

Several Board members discussed what the role of the Board's Personnel subcommittee is and what that role would be during the recruitment process.

Mr. Goulet commented that since the County's performance with respect to the salary of the Retirement Administrator was less than exemplary, why would the Board want to turn over the recruitment for that same position. He reminded the Board that VCERA is not part of the County but is linked to the County because they are the plan sponsor. The Board is responsible for the management of the organization. He further stated that the Board is responsible for the investments made and has a fiduciary responsibility to the plan. Mr. Goulet opined that the plan does need a CIO for the reasons outlined in the Hewitt EnnisKnupp proposal. He further opined that it would be poor policy to hand over responsibility for a recruitment where the Board, under the law, hires, fires, disciplines, and evaluates the employee, and the County does not.

Mr. Hintz stated that hiring Hewitt EnnisKnupp as CIO would create a conflict of interest and that he supported taking the opportunity to redefine the job, and determine whether investment related duties should be part of that job description. He also stated that VCERA should use the services of County HR to assist in recruitment of the Administrator, as they are skilled in providing this service.

VII. **NEW BUSINESS (continued)**

D. Hewitt EnnisKnupp Proposal to Provide Outsourced CIO Services and Letter from Staff Regarding Potential Executive Search Firms. (continued)

Mr. Hansen emphasized that the County is not doing the hiring; the Board will be doing the interviewing and the hiring.

Ms. Anderson stated that she believed there was a lack of understanding of what the Administrator responsibility was. Ms. Anderson requested that Mr. Solis provide his input regarding what has been discussed and his willingness to perform duties in the interim.

Mr. Solis responded by providing a summary of his experiences since joining VCERA approximately two years ago.

Mr. Goulet stated that if County HR performed the recruitment parameters would need to be established with respect to how the recruitment will be conducted. County HR needs to reevaluate the job description, compare it to the other nineteen 1937 Act systems, review the organizational structures, and compare the salaries.

Ms. Anderson inquired as to who in County HR would be responsible for assisting VCERA with the recruitment.

Lisa Yoshimura from County HR stated that most likely Kelly Shirk would spearhead the recruitment and would utilize the professional staff within County HR to assist with recruitment. She further stated that they anticipated that there would be no cost associated with this service, absent some extraordinary request.

Mr. Harris agreed that the preparation of the job description by County HR would be appropriate. However, he stated that the proposal submitted by Hewitt EnnisKnupp to provide out-sourced CIO services was a conflict of interest and should be performed in-house with our own staff.

Mr. Hoag commented that when he worked in County HR in the past, high level recruitments were outsourced with search firms. These firms could reach other qualified people because they had the contacts. Mr. Hoag's concern was that this recruitment be adequately publicized, and that the Board have an opportunity to provide input into the process.

VII. NEW BUSINESS (continued)

D. Hewitt EnnisKnupp Proposal to Provide Outsourced CIO Services and Letter from Staff Regarding Potential Executive Search Firms. (continued)

Mr. Hintz moved, seconded by Mr. Foy, to reject the recommendation to hire an executive search firm.

Motion passed.

Mr. Hintz moved, seconded by Mr. Foy, to reject the proposal by EnnisKnupp for outsourced CIO services.

Motion passed.

Mr. Hintz moved, seconded by Mr. Foy, to appoint Mr. Solis as Acting Retirement Administrator.

Mr. Johnston expressed concern about the Board's exposure without CIO expertise.

Ms. Anderson clarified that prior approval of the Director of HR is required for Mr. Solis' appointment as interim Retirement Administrator, and that by taking this action, the Board would be indicating its desire to make the proper request of HR.

Mr. Solis agreed to serve as Acting Retirement Administrator.

Motion passed.

Mr. Hintz moved, seconded by Mr. Foy, to refer the job description to HR for preparation of a recommended job description for the Board's review in two weeks.

Motion passed.

Mr. Goulet moved, seconded by Mr. Hintz, to have HR return with a plan of action for recruitment.

Motion passed.

Staff was directed to follow up on these matters.

VII. NEW BUSINESS (continued)

E. Letter from Staff Providing Status Updates on Various VCERA Projects.

Mr. Towner inquired whether any Board member had any questions regarding the updates.

Mr. Goulet requested and received confirmation of the due date for filing the IRS tax determination letter.

Mr. Goulet commented that SACRS has a placeholder bill to incorporate into the CERL any changes that result from the review process.

Ms. Anderson requested that the Charitable deductions project be placed on hold during this period.

Staff sought direction on signing the IRS tax determination letter.

Mr. Goulet moved, seconded by Mr. Wilson, that the Chair signs the letter.

Motion passed.

Staff recommended that the Board allow Staff to transfer sixty million dollars from BlackRock Equity to Clifton in order to manage cash through the end of the fiscal year.

Mr. Wilson sought clarification on removing money from equities rather than the bond investments.

Mr. Goulet moved, seconded by Mr. Hintz, that Staff consult with Hewitt EnnisKnupp and update the Board next month.

Motion passed.

F. Declaration from Steven Hintz, Treasurer – Tax Collector, to Become a Member of VCERA.

Mr. Wilson moved, seconded by Mr. Foy, to receive and file Mr. Hintz's request to become a member of VCERA.

Motion passed.

VII. NEW BUSINESS (continued)

G. Request to Attend IMN Beneficial Owner's Securities Lending Summit, February 13-17, 2011, Scottsdale, AZ.

Ms. Anderson moved, seconded by Mr. Wilson, to approve Mr. Goulet's attendance.

Motion passed.

VIII. INFORMATIONAL

A. Publications (Available in Retirement Office)

1. Institutional Investor
2. Pensions and Investments

B. SACRS Items

1. Spring 2011 Election Schedule
2. Fall 2010 Business Meeting Agenda
3. Fall 2010 Business Meeting Minutes

C. Letter from Bert Seymour Regarding Termination of STAR COLA Benefit.

IX. PUBLIC COMMENT

None.

X. BOARD MEMBER COMMENT

Mr. Goulet stated there are new regulations about Municipal Advisors. The majority of the Board members appear to be required to register with SEC and the Municipal Securities Rule Making Board. Mr. Goulet requested that this matter be referred to counsel for further review.

XI. ADJOURNMENT

There being no further items of business before the Board, Chairman Towner adjourned the meeting at 12:20 p.m., upon the motion of Mr. Hansen, seconded by Mr. Harris.

Respectfully submitted,

HENRY SOLIS, Interim Retirement Administrator

Approved,

TRACY TOWNER, Chairman