VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

MAY 18, 2009

MINUTES

DIRECTORS PRESENT:	Tracy Towner, Chair, Safety Employee Member William W. Wilson, Vice Chair, Public Member Lawrence L. Matheney, Treasurer, Ex-officio 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 Will Hoag, Alternate Retiree Member Chris Johnston, Alternate Employee Member
DIRECTORS ABSENT:	Peter C. Foy, Public Member
STAFF PRESENT:	Tim Thonis, Retirement Administrator Henry Solis, Fiscal 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 May 18, 2009 to order at 9:00 a.m.

II. APPROVAL OF AGENDA

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

Motion passed.

III. APPROVAL OF MINUTES

A. Disability Meeting of May 4, 2009.

Mr. Goulet moved, seconded by Mr. Matheney, to approve the Minutes for the Disability Meeting of May 4, 2009.

Motion passed.

IV. CONSENT AGENDA

A. Regular and Deferred Retirements and Survivors Continuances for the Month of April 2009.

B. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, Summary of Investments and Cash Equivalents and Schedule of Investment Management Fees for the Month Ended March 31, 2009

C. Report of Checks Disbursed in April 2009.

D. Budget Summary for the Month Ended April 30, 2009, Fiscal-Year 2008-09.

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 April 30, 2009.

F. Quarterly Real Estate Reports for Period Ending March 31, 2009.

1. UBS
2. Prudential
3. RREEF
4. Guggenheim

IV. CONSENT AGENDA (continued)

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, April 2009.

2. Monthly Manager Updates/Summary, April 2009.

   a. Sprucegrove
   b. Capital Guardian
   c. GMO
   d. Acadian
   e. Western
   f. Reams
   g. Loomis Sayles

Staff commented that VCERA's portfolio had a strong month in April, with growth of approximately $119 million and realignment of the portfolio to be within target asset allocation ranges in all asset classes. Staff stated positives in the portfolio were domestic equity and fixed income. Domestic equity outperformed the benchmark by 20 basis points (.20%) primarily due to Western's outperformance based on their allocation to high yield, an area that had a 12% month. Staff also stated VCERA's active fixed income managers did very well in April, with Reams returning 12.1% in the month primarily due to the fact that spreads tightened and security selections.

Mr. Wilson received clarification that Mr. Hoag and Mr. Matheney would be conducting a due diligence visit with Reams. Mr. Wilson expressed his curiosity how Reams could have a 12% month given their conservative investment approach. Staff commented that credit spreads were approximately four times greater than they have been historically and the fact that the spreads came in materially increased the price of the Reams' existing holdings and would explain the 12% return. Staff noted that although Reams had a 12% month, their one year number is at -7.1%. Staff anticipates Reams' one year number to improve if spreads continue to tighten.

V. **INVESTMENT INFORMATION (continued)**

A. EnnisKnupp & Associates. (continued)

Staff stated the negatives in the portfolio for the month of April were international equity, which underperformed by 1.4%, and global equity, which underperformed by 5.4%. Underperformance was due primarily to stock selection at Sprucegrove, underweighting in financials at Artio and Capital Guardian and Artio's significant cash position.

Staff noted, despite April's performance, the total portfolio performance for the fiscal year is -24% with the policy portfolio at -22%.

Staff commented on Artio's portion of the performance report and their continued pessimism with their feeling that the economic stimulus package is going down the same path as what led to the poor performance in 2008. Staff noted, in contrast to Artio's position, Western's feeling that the markets have begun to heal and the probability of an extreme downturn has lessened dramatically in the last three months.

3. Memorandum - Update on State Street's Securities Lending Program.

Staff commented that the update memo on State Street's securities lending program confirmed much of what staff heard from State Street at a meeting held April 1st including that State Street has not been immune to the liquidity crisis that took place in November/December 2008. Staff noted that State Street has taken dramatic steps towards shortening the maturity of cash portfolios such as having 40% of the collateral pool in overnight securities whereas the previous level was 25%. In terms of securities lending, VCERA continues to earn approximately $25-30k net per month. There have been no impairments or losses on a monthly basis. It was also noted that staff and the investment consultant are very aware of the situation with State Street and are monitoring it on a continual basis.

Mr. Towner received clarification regarding the valuation change where costs are dollar for dollar when trading but are reported as $.94 on the dollar for the balance sheet.

4. Memorandum - Western Asset Management Co. Organizational Update.

Staff stated the memorandum was a follow up on many of the statements Joseph Carieri made during his April 6th presentation to the Board regarding

V. INVESTMENT INFORMATION (continued)

A. EnnisKnupp & Associates. (continued)

Western's organizational changes including layoffs of 120 back-office employees, which should not affect the client service or investment portfolio side of Western's business.

5. Memorandum - Western Asset Management On-Site Update.

Staff stated an on-site due diligence visit with Western Asset Management was conducted by Matt Russ from EnnisKnupp. The memorandum includes very detailed notes from Mr. Russ and EnnisKnupp's overall recommendation to maintain the investment relationship with Western. EnnisKnupp anticipates better numbers from Western as the market conditions continue to improve and with assistance from government initiatives such as PPIP and TALF which will assist in Western's mortgage backed sector. Staff noted another on-site visit with Western was scheduled for July 6th if any Board member was interested in attending with Mr. Vandolder.

Mr. Wilson commented on his interest in hearing more about PPIP and TALF during the scheduled PIMCO presentation at the Board's retreat on June 3rd.

6. Retreat Agenda for June 3, 2009.

Staff noted a change in the agenda with STW scheduled to present in conjunction with Loomis Sayles.

Mr. Hansen moved, seconded by Mr. Wilson, to receive and file items 1. through 6.

Motion passed.

VI. OLD BUSINESS

A. 2009 VCERA Business Plan.

Staff identified the operational risk factors that are reviewed in preparing VCERA's annual business plan. Primary risks from the plan sponsor perspective include collective bargaining, changes in employment levels caused by the economic downturn, the movement of the County courts to a

VI. **OLD BUSINESS (continued)**

A. 2009 VCERA Business Plan. (continued)

new payroll system separate from VCHRP and state and federal legislative changes. Staff noted financial and accounting risks such as the ongoing debate between actuarial groups on the proper method for discounting liabilities. Staff stated that VCERA is going through its triennial experience study that may result in changes to certain actuarial assumptions. Staff identified investment risks as diversification, efficiency, growth in assets at lower than expected rates, and liquidity/cash flow risks. Staff noted that VCERA dealt with all four of the identified risks in the past year. Staff identified technology risks including the current database system used by VCERA which is obsolete; however, noted that issue as being addressed within the Technology Plan adopted by the Board. Significant progress is being made with updating the level of VCERA's technology and the implementation of the new pension administration system.

Mr. Johnston received clarification on determining the plan's annual budget based upon liabilities instead of assets. Mr. Goulet confirmed there are ongoing discussions and an intent language bill authored by Assembly Member Conway. Mr. Goulet commented that there is recognition that, due to the economic downturn, a change needs to be made in determining limits on budgets and meetings with stakeholders and unions are scheduled.

Staff stated that the consensus of the Administrator's breakout group at the recent SACRS conference was to have the legislative committee try to adopt a CalPERS-type model where budgets are adopted in open session of a meeting so anyone interested could comment and there are no limits on the amount spent and plans could utilize funds available as needed. Another alternative suggested by the breakout group should the legislative committee be unsuccessful would be to have the limit linked to the actuarial value of liabilities.

Mr. Matheney advised that that Board use caution in making significant changes in the budget rules especially in the current economic environment. Mr. Matheney believes the limitations assist the Retirement Boards in staying within the bounds of reason with spending. Although changes may be justified, Mr. Matheney stated the unintended consequences could be significant.

Staff briefly commented on the issue of risk with staff and management turnover. Staff also identified fiduciary risk and commented that the Board

VI. **OLD BUSINESS (continued)**

A. 2009 VCERA Business Plan. (continued)

does a good job in terms of educating itself about fiduciary risks. Staff noted that Ms. Dunning would be at the Board's meeting in November to address the Lexin case and review other fiduciary responsibilities. Staff stated other risks include legal challenges for example public records requests such as item VII. A. on the agenda regarding a request from California Foundation for Fiscal Responsibility.

Staff summarized objective results from the 2008 business plan. In member services, the skill levels of staff member have been broadened through ongoing cross training in various areas of operations. Also, noted were plans for an office-wide restructuring of assignments scheduled to take place prior to the end of the fiscal year. Although current staffing levels in member services are adequate to provide timely service to VCERA members, the inability to obtain an allocation for an IT staff member limited planned enhancements to VCERA's webpage. Staff stated its desire to bring a communication consultant on board to review VCERA's web site and published materials; however, also expressed its aversion to spending resources to hire a consultant if there isn't an IT person on staff to implement any suggested changes.

In terms of administrative objectives, staff emphasized they were unable to implement Board approved organizational changes, specifically for the IT allocation stated above and the approved changes/reclassifications of VCERA job classifications. Staff expressed their frustration with the bureaucratic process and the lack of formal response from the County of Ventura. Staff reviewed the timeline of events encountered in their attempts over the past year to execute the Board's recommendations. Staff discussed the implied belief that the County is comfortable with having a competitive advantage in recruiting and retaining employees and is unwilling to apply the Board's recommendations in order to keep that advantage.

Mr. Goulet questioned and received confirmation that the Board adopted staff's recommendation in May 2008 which specifically addressed putting VCERA positions, titles and compensation levels, on par with County positions.

Mr. Towner questioned if the issue should be agendized for an upcoming Board of Supervisors meeting. Staff responded that the issue is not only with the Board of Supervisors, but also with the labor unions.

VI. **<u>OLD BUSINESS</u> (continued)**

A. 2009 VCERA Business Plan. (continued)

Ms. Becker suggested the Board adopt a resolution specifically incorporating both the County's proposals and staff's suggestions. Mr. Goulet agreed with Ms. Becker's suggestion.

Mr. Towner requested and received permission from the Board to meet with Mr. Foy and Mr. Thonis prior to the next Board of Retirement meeting to work on drafting a new resolution.

Mr. Matheney stated there seems to be a significant gap between his perception of the Board of Supervisors' dependence on the Retirement Board and the Board of Supervisors' perception of their dependence on the Retirement Board. Mr. Matheney believed it to be a precarious path to take to begin talking about the goodwill factor becoming more depleted than it is currently. Mr. Matheney stated the economic ramifications on the County are serious if the Retirement Board in making its decisions had no interest in taking into consideration County issues. Mr. Matheney further stated perhaps a frank discussion behind closed doors is in order.

Staff responded that they are always willing to assist the County with their requests and VCERA doesn't feel owed anything for doing so; however, all staff is requesting is the ability to compete in the market place to focus on the future of VCERA's organization.

Staff indicated a primary objective for 2009 in the member services area is to maintain effective communication with all VCERA members including continuing retirement seminars and hopefully upgrading the VCERA web site. Staff cross training will continue to be a high priority.

Administratively, staff commented that assessment is ongoing in the search for new office space and discussions will continue in regards to delivery of agenda packets at the Board's pleasure.

Staff indicated fiscal year 2009 will be a very busy year in terms of retirement system funding and working with The Segal Company on the experience study in addition to the annual actuarial valuation. Staff is also planning to issue an RFP to have an actuarial audit performed in conjunction with the adoption of the experience study and 2009 actuarial valuation.

VI. **OLD BUSINESS (continued)**

A. 2009 VCERA Business Plan. (continued)

Mr. Wilson questioned the frequency of having an actuarial audit to which staff responded the audits take place approximately every six years or when there is a change of actuaries. Staff noted the last time an audit took place was in 2003.

Mr. Wilson also questioned the length of relationship that is advisable with one actuary. Staff replied that although there is no set time frame, VCERA kept their last actuary for 12 years.

In regards to fiscal services, staff stated FASB/GASB pronouncements are reviewed continually and noted a new GASB requirement (GASB 53) regarding derivative disclosures is being analyzed. The preparation of a detailed and easily read annual financial report is a primary objective for staff in 2009 along with preparing the necessary work to file the IRS determination letter by January 31, 2011.

Staff noted 2009 objectives for investments as continual monitoring of portfolio diversification and efficiency, with upcoming discussions regarding currency, infrastructure, private equity and credit strategies. Staff recommended that VCERA's investment policy be reviewed should any changes be made to the asset allocation. Staff continues to study methods to assist in acquiring required monthly cash amounts to maintain operations. Staff commented that some retirement systems are considering having a dedicated, short-term fixed income allocation in order to meet cash demands because as plans mature the amount of money coming in in contributions is less than the amount of money being paid out annually in retirement benefits.

Staff stated the selection of a pension administration vendor is of high priority in the IT portion of the business plan. The RFP was issued in early May and staff will be analyzing proposals and recommending a software vendor to the Board in the fall.

From a fiduciary standpoint, staff and trustees are encouraged to continue their education by attending conferences and seminars. Staff noted the Lexin case would be monitored continually and Ashley Dunning would be presenting before the Board in the fall regarding current fiduciary issues.

VI. OLD BUSINESS (continued)

A. 2009 VCERA Business Plan. (continued)

Mr. Goulet questioned if staff was certain the IRS would be issuing another withholding table to which staff replied a new federal tax table is anticipated, but had not been received as of yet.

B. 2009-10 Administrative Budget and Travel Policy.

Staff stated the 2009-10 budget is the first budget where staff has had to employ the amendment to Government Code section 31580.3, which provides an exception to the limitation in Government Code section 31580.2, allowing total expenditures including software, hardware and computer technology not to exceed 23/100ths of 1% of the total assets of the retirement system.

The total requested administrative budget for 2009-10 is approximately $4.3 million, an increase of $70,400 over the 2008-09 budget. Staff stated VCERA's salaries are slightly lower due to the elimination of the staff counsel position and offset with salary and benefit increases in the remaining VCERA positions. Staff noted the difficulty in projecting salaries for 2009-10 due to staff's attempts to budget at the level anticipated should the implementation of the Board's recommendations regarding reclassification come to fruition.

Staff stated the portion of the 2009-10 budget allocated to services and supplies is approximately $1.5 million, a decrease of $794,300 from the 2008-09 budget due to moving the technology allocation to its own section of the budget for ease in tracking for the exception provided under Government Code section 31580.3.

Staff stated that in addition to approving the budget for 2009-10, the Board is also requested to approve the travel policy. Staff noted changes to the policy which include the mileage reimbursement rate being established by the IRS and removal of the Kellogg School Pension Fund Strategy course from the list of authorized courses as it is no longer offered by Northwestern University. Staff suggested replacing the Kellogg School course with the SACRS Haas Business School course.

Mr. Goulet questioned if the Board could amend the budget should the Conway legislation be passed. Staff responded that if there was a need for one, an amendment could be adopted by the Board at that time.

VI. **OLD BUSINESS (continued)**

B. 2009-10 Administrative Budget and Travel Policy. (continued)

Mr. Goulet requested changes to the travel policy including allowing travel the night before an event within California that begins at or prior to 9:30a.m. and including the Manatt Fiduciary Seminar in the events excluded from counting towards a Board member's yearly travel limit. Mr. Goulet emphasized the difficulty in being on time to an event that begins at 9:00a.m if travel is required that same morning. Mr. Goulet also expressed his belief that because fiduciary training is given high priority in the business plan, it doesn't make sense for it to count against trustees' travel limits. Mr. Goulet stated that limiting attendance to the Manatt Fiduciary Seminar causes loss of valuable networking.

Mr. Goulet moved, seconded by Mr. Matheney, to adopt the 2009 Business Plan, 2009-10 Administrative Budget and the Education and Travel Policy including the changes requested by Mr. Goulet.

Motion passed.

Mr. Goulet requested staff provide a copy of the current County of Ventura travel policy to all Board members.

C. Status Update Regarding Amendment to Acadian Asset Management's Investment Management Agreement.

Staff provided an update regarding the amendment of Acadian's fee arrangement. Staff noted the initial side letter provided by Acadian was troubling because it would result in an overpayment of $45,684 which would be credited on a quarterly basis back to VCERA. Staff submitted a counterproposal to Acadian for payment in full through March 31, 2009 and separate payments for additional amounts owed as of June 30 and September 30, 2009, respectively. Staff shared that Acadian was agreeable to staff's counterproposal and a new side letter would be forthcoming at the Board's June 1st meeting for the Board's approval.

Mr. Matheney moved, seconded by Mr. Wilson, to receive and file staff's update.

Motion passed.

VI. OLD BUSINESS (continued)

D. VCERA Property Tour.

Staff stated that Tom Dwyer, trustees and staff toured several potential office space locations. Staff expressed its desire to receive from the Board a "short list", two preferred properties from the four sites visited, to provide to Mr. Dwyer for use in running lease purchase cost scenarios for the Board's consideration and final approval to pursue. Staff noted from its perspective that the two most appealing properties were the 60 S. California Street location in Ventura and the 2831 N. Ventura Road location in Oxnard.

Mr. Matheney received clarification that the current office space for VCERA is approximately 6,500 square feet and staff anticipates the need in twenty years to be estimated at 10,000-11,000 square feet to provide room for growth.

Mr. Wilson stated he went on the tour of the sites and felt that all four locations could be made to work for VCERA's needs. Mr. Wilson indicated his least favorite location was the one on California Street due to its high cost, overall building design and inconvenient location. Mr. Wilson commented that he thought the location on Thille Street in Ventura would be preferable because of the attractive price, although it needs an elevator, and its close proximity to the Government Center. Mr. Wilson further commented on the Ventura Road site stating that it's a big, open building, but he was unsure of how accessible it would be for the members. Mr. Wilson stated he would like the current office space to be on the list.

Mr. Matheney stated he felt the California Street location was the most appealing esthetically; however, from a workability standpoint, he felt the issue of having to have offices on two levels of the building would be a challenge for the members as well as presenting supervisory and administrative issues. Mr. Matheney stated that the Thille Street and Eastman Avenue properties were more appealing from a practical standpoint with the Thille Street location being geographically convenient and the Eastman Avenue location being located off the freeway which may attract tenants.

Mr. Hansen received clarification that Mr. Wilson, Ms. Becker and Mr. Goulet were the trustees who participated in the tour.

VI. OLD BUSINESS (continued)

D. VCERA Property Tour. (continued)

Mr. Goulet indicated his favorite location was the one on Ventura Road because it is currently under construction and could be finished in a way that meets the needs of VCERA. Mr. Goulet expressed that the Thille Street location could be a good alternative but, because an elevator would need to be installed, construction would have to take place. Mr. Goulet commented that the Thille Street site is a little weathered. Walls would need to be moved and he questioned the cost involved with those issues. Mr. Goulet agreed with Mr. Matheney's comment that the California Street site was nice, but he felt impractical for VCERA. He also indicated he did not like the Eastman Avenue location. Mr. Goulet commented that he liked the current location of the VCERA offices but he understood the owner was not interested in selling the building.

Mr. Wilson questioned if the Board was committed to purchasing a building which would mean becoming active in the real estate business again.

Mr. Goulet responded that owning a building, not necessarily with additional space to lease, but just for the VCERA offices, would prevent having to make rental payments.

Ms. Becker stated she favored the California Street location and that it was clear that parking on the second level of the available parking garage provided direct access to the second floor of the office space. Ms. Becker noted that the location was more expensive, but that it is also a Class A property as opposed to the other three locations which were Class B. Ms. Becker stated that from an investment perspective, the California Street site had the most long-term potential in that regard and space in excess of the VCERA offices would be highly rentable. Ms. Becker commented that her second choice in locations would be the Ventura Road property but that she did not like the Thille Street property. Ms. Becker stated the Thille Street building was depressing and would be an oppressive place to work. She also stated that she was not fond of the Eastman Avenue location.

Mr. Wilson commented that a potential problem with the Eastman Avenue location is that it wasn't really for sale but that the owner might be willing to sell for the right price and he didn't see any sense in spending resources on a property that wasn't on the market.

Staff commented that several of the prices were deemed TBD, including the California Street location.

VI. OLD BUSINESS (continued)

D. VCERA Property Tour. (continued)

Mr. Wilson commented on current configuration of the Thille Street location which includes several small offices and noted that it also included offices with open space and lots of windows. Mr. Wilson stated he didn't see why the rest of the building couldn't be configured the same way. Mr. Wilson also noted that an elevator would need to be installed at the Thille Street location, and that one would be needed at the Ventura Road location as well. Mr. Wilson indicated the Thille Street location would be his first choice, followed by the location on Ventura Road.

Mr. Goulet clarified that the Ventura Road location would be his preference, followed by the Thille Street site. Mr. Goulet commented that his concern was not with the Thille Street building itself, but the shared parking area surrounding it which is in need of repair.

Ms. Becker indicated her first choice would be the California Street location, followed by the Ventura Road location.

Staff stated they will provide the Board's preferences of the Ventura Road, California Street and Thille Street locations to Mr. Dwyer to prepare lease/purchase scenarios for the Board's assessment.

Mr. Hoag received clarification that the market for commercial properties was favoring the few buyers that were out there presently.

Mr. Matheney questioned if the Ventura Road properties were subject to any special assessments. Staff will raise the issue with Mr. Dwyer to be addressed in the lease/purchase scenarios.

Mr. Harris commented that price per square foot for leasing one of the four options seems high in comparison to the cost for the current lease of office space. Mr. Harris indicated he would have placed the current building first on the "short list" to Mr. Dwyer, with the Eastman Avenue location being second, but he believed all five locations should continue to be considered in addition to any other buildings that may become available to find the best investment property.

Mr. Hansen agreed with Mr. Harris' comments.

VI. **OLD BUSINESS (continued)**

D. VCERA Property Tour.

Mr. Matheney moved, seconded by Mr. Harris, to have Mr. Dwyer provide lease/purchase scenarios for the four listed properties in addition to the current office space for the Board's consideration.

Motion passed.

VII. **NEW BUSINESS**

A. Public Records Request from California Foundation for Fiscal Responsibility for Individuals Receiving Pension Payments Greater Than $100,000 Annually.

1. Memorandum from Counsel. (*Attorney-Client Privileged*)

2. Letter from California Foundation for Fiscal Responsibility.

3. Letter from Counsel Responding to Request for Copies of Records Under the Public Records Act.

Ms. Nemiroff reviewed the request received by VCERA from the California Foundation for Fiscal Responsibility for names and pension amounts of those members who receive more than $100k gross annually in retirement benefits. Ms. Nemiroff noted that the same request had been received by most, if not all, of the '37 Act systems and that the same request had also previously been sent out to CalPERS, who did comply with the request. Ms. Nemiroff indicated VCERA had until May 21st to provide a response to CFFR, as she had requested an extension provided for to consult with the Board regarding the request.

In Ms. Nemiroff's response to CFFR, she noted that VCERA's code section differs from that of CalPERS who is under statutory obligation to release names and pension amounts.

Ms. Nemiroff summarized the changes in the Public Records Act and how the courts have been interpreting confidentiality statutes. Ms. Nemiroff noted there had been two recent Supreme Court decisions recently, the most significant being the Contra Costa newspaper case. Ms. Nemiroff indicated the Supreme Court's ruling sided with two Attorney General

VII. NEW BUSINESS (continued)

A. Public Records Request from California Foundation for Fiscal Responsibility for Individuals Receiving Pension Payments Greater Than $100,000 Annually. (continued)

opinions that stated retirement allowances were open to disclosure under the Public Records Act. One of the Attorney General opinions specifically referenced the County Employees Retirement Law that said that individual records of members are confidential, but once transmittal is made to the Auditor's office for payment of benefits, they become public records and must be disclosed. Although the CERL states that individual records of members are confidential, Ms. Nemiroff clarified the case laws over time are shedding light on how courts would rule in these instances.

Ms. Nemiroff reviewed three options the Board has in responding to CFFR, which are to provide no information, to provide only the allowance amounts or to comply fully and provide the allowance amounts and the names of the members.

Ms. Nemiroff clarified that other systems who are complying fully with CFFR's request will first provide notice to affected members of its intent to release their information.

In response to Mr. Wilson's question, staff stated there were approximately 195 VCERA members who would be affected by the request.

Mr. Hansen commented that he was comfortable with the third option in fully complying with the request.

Mr. Matheney commented that he's not comfortable with impeding the public debate of an important issue surrounding defined benefit plans and VCERA should opt for the third option of full disclosure.

Mr. Johnston stated that he felt opposite of Mr. Hansen and Mr. Matheney and indicated that VCERA should protect the information of its retirees as much as possible. Mr. Johnston felt the request was issued in conjunction with Keith Richman's attacks on retirement systems such as VCERA. Mr. Johnston further stated the bottom line is full disclosure could result in harm to retirees.

VII. **NEW BUSINESS (continued)**

A. Public Records Request from California Foundation for Fiscal Responsibility for Individuals Receiving Pension Payments Greater Than $100,000 Annually. (continued)

Mr. Goulet indicated he had no problem with providing a list of pension amounts and possibly even indicating if the retirement was for a safety or general member, but as someone who has previously had his salary amount published in the local paper felt that now that he is retired and no longer a public officer, his financial circumstances needn't be justified to the community.

Mr. Wilson expressed his position somewhere between options two and three. He felt it important to be informative to the public who might see 195 members out of 5,000 receiving a benefit of more than $100k as a small percentage.

Mr. Johnston stated VCERA should provide as little information as possible because it is being used by Keith Richman to inflame the public opinion.

Mr. Hansen responded that the public pays a County employee's salary during their career and in turn is paying their retirement so the public is entitled to full disclosure.

Mr. Towner expressed that he doesn't have a problem with providing the benefit amounts, but that the Board has a fiduciary responsibility to the retirees to protect their information as much as possible by not disclosing the member names associated with the amounts and if the Court was to overturn that decision, then VCERA could follow the Court's direction.

Mr. Hansen reemphasized that he doesn't want to be accused of hiding information and is in favor of option three.

Mr. Wilson noted that several of the people included in CalPERS' disclosure were from the local community and he wasn't aware of any major repercussions those retirees experienced by having their name included on the CalPERS list.

Mr. Goulet noted that although the public did pay for part of a retiree's pension, a SACRS study showed that 75% of a retiree's benefit is paid for out of investment earnings, 18-19% is paid by the County (public) and the balance is paid by employee contributions. Therefore, Mr. Goulet didn't see

VII. **NEW BUSINESS (continued)**

A. Public Records Request from California Foundation for Fiscal Responsibility for Individuals Receiving Pension Payments Greater Than $100,000 Annually. (continued)

a need to include a retiree's name unless it was only in conjunction with the portion of their retirement benefit paid by the public. Mr. Goulet also noted that a substantial part of some retirees' benefits include service time purchased at a premium price or came from reciprocal service and he questioned why that portion should be disclosed.

Staff noted if VCERA decided to provide full disclosure, screening would have to be done to ensure only members whose actual retirement benefit was more than $100k annually, exclusive of retroactive payment associated with disability cases, were included.

Mr. Matheney moved, seconded by Mr. Hansen, to follow option three of staff's memorandum to comply with CFFR's request and make full disclosure of the information requested.

Mr. Wilson stated it was incumbent upon the Board to be as open as possible with the public and he sensed that providing anything less than full disclosure would lead to the perception that VCERA was trying to hide information.

In response to a question from Mr. Henderson, staff clarified that providing amounts linked to the last position a retiree held, instead of disclosing their name, may be difficult as VCERA does not track an individual's position at the time of retirement. Although that information is not readily available, staff indicated research could be done to identify those positions if need be.

Motion failed. Mr. Hansen, Mr. Wilson and Mr. Matheney for the motion.

Mr. Wilson moved, seconded by Mr. Henderson, to respond to CFFR's request with the amounts together with the final job title held by the retiree, but not to disclose the member name.

Motion passed. Mr. Hansen opposed.

VII. NEW BUSINESS (continued)

B. Approval of Actuarial Contract with The Segal Company.

Staff stated The Segal Company submitted a proposal to provide three more years of actuarial services to VCERA. The proposal does not contain an increase in fees for the annual Actuarial Valuation, the STAR COLA Valuation and General Consulting Services; however, the proposed cost of the June 30, 2011 Experience Analysis is $35,000, a $5,000 increase over the cost for the Experience Analysis of June 30, 2008. Staff recommended adopting the proposal as submitted including the June 30, 2011 Experience Analysis.

Mr. Wilson moved, seconded by Mr. Matheney, to adopt The Segal Company's contract for actuarial services as submitted.

Motion passed.

C. Request to Attend CALAPRS Trustees' Round Table.

Mr. Matheney moved, seconded by Mr. Wilson, to approve Mr. Goulet's attendance of the CALAPRS Trustees' Round Table.

Motion passed.

D. Request to Attend National Association of Pubic Pension Attorneys (NAPAA) Conference.

Mr. Matheney moved, seconded by Mr. Harris, to approve Ms. Nemiroff's attendance of the NAPAA Conference.

Motion passed.

VIII. INFORMATIONAL

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

B. The Private Equity Exclusive – Produced by The Pension Bridge, July 20-21, 2009, Chicago.

C. Guns & Hoses, September 13-15, 2009, San Diego.

VIII. INFORMATIONAL (continued)

D. Investment Trends Summit – The Platinum Series, September 23-25, 2009, Santa Barbara.

IX. PUBLIC COMMENT

Staff informed the Board of Mr. Johnston's unanimous election to the SACRS Board of Directors as Treasurer.

X. BOARD MEMBER COMMENT

Mr. Goulet informed the Board that Chuck Conrad, ACERA Retirement Administrator, is working on proposed legislation that would provide for active employees to share in the unfunded liability associated with the economic downturn and indicated there was much discussion on the legislation at the Trustees' break out session at SACRS.

Mr. Goulet commented that the speakers at the SACRS conference were among the best that he's experienced since he became a Trustee.

Mr. Goulet noted that the issue of becoming a Special District is in limbo because SEIU would not put in writing that they would not oppose a bill for Special District status.

Mr. Wilson requested access to the CD, when it becomes available, of the SACRS conference in order to hear some of the speakers who presented.

XI. ADJOURNMENT

There being no further items of business before the Board, Chairman Towner adjourned the meeting at 11:20 a.m. upon the motion of Mr. Matheney, seconded by Mr. Harris.

Respectfully submitted,

TIM THONIS, Administrator

Approved,

TRACY TOWNER, Chairman