

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**BOARD OF RETIREMENT**

**BUSINESS MEETING**

**FEBRUARY 25, 2013**

**MINUTES**

**DIRECTORS** William W. Wilson, Chair, Public Member  
**PRESENT:** Tracy Towner, Vice Chair, Safety Employee Member  
Steven Hintz, Treasurer-Tax Collector  
Peter C. Foy, Public Member  
Albert G. Harris, Public Member  
Joseph Henderson, Public Member  
Deanna McCormick, General Employee Member  
Tom Johnston, General Employee Member  
Arthur E. Goulet, Retiree Member  
Chris Johnston, Alternate Employee Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS** None.  
**ABSENT:**

**STAFF** Donald C. Kendig, Retirement Administrator  
**PRESENT:** Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Glenda Jackson, Program Assistant

**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 25, 2013, to order at 9:00 a.m. Mr. Towner arrived at 9:01 a.m. Mr. Wilson announced the passing of former Trustee Hansen and asked for a moment of silence.

II. **APPROVAL OF AGENDA**

Mr. Goulet requested that item VII.A. Actuarial Information be moved to allow Mr. Stephen Silver to make a public comment. Mr. Wilson stated Mr. Silver could make his public comment after item V. Consent Agenda and that the item will stay as agendized for others who might arrive more closely to the time it is positioned for.

Staff requested that the Agenda be modified to include a replacement presentation for item VI.B. Annual Investment Presentation, UBS Real Estate (Master Page No. 117) and the addition of a Letter of Assurance provided by Ventura County's County Counsel for item VIII.B.2.

**MOTION:** Mr. Goulet moved, seconded by Mr. Harris, to approve the agenda as modified.

Motion passed unanimously. Mr. C. Johnston voting.

III. **CERTIFICATION OF THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (VCERA) BOARD OF RETIREMENT GENERAL MEMBER ELECTION**

Oath of Office for the Third Position of the Board of Retirement to be Administered by Mark Lunn, County Clerk.

Mark Lunn, County Clerk, administered the Oath of Office to Deanna McCormick.

**MOTION:** Mr. Goulet moved, seconded by Mr. Harris, to receive and file the Certification of Election results.

Motion passed unanimously.

IV. **APPROVAL OF MINUTES**

A. Business Meeting of January 28, 2013.

**MOTION:** Judge Hintz moved, seconded by Mr. Goulet, to approve the minutes of January 28, 2013.

Motion passed unanimously.

IV. **APPROVAL OF MINUTES (continued)**

B. Disability Meeting of February 4, 2013.

**MOTION:** Mr. Harris moved, seconded by Mr. T. Johnston, to approve the minutes of February 4, 2013.

Motion passed unanimously.

V. **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. Regular and Deferred Retirements and Survivors Continuances for the Month of January 2013.
- B. Report of Checks Disbursed in January 2013.
- C. Asset Allocation as of January 2013.
- D. Budget Summary – Year to Date as of January 2013, Fiscal-Year 2012-13.
- E. Conference Report, CALAPRS Board Leadership Institute: Advanced Principles in Governance, January 29-31, 2012 – Trustee Art Goulet.
- F. Conference Report, CALAPRS Trustees' Round Table, February 8, 2012 – Trustee Art Goulet.

**MOTION:** Mr. Henderson moved, seconded by Mr. Harris, to approve the Consent Agenda.

Motion passed unanimously.

**END OF CONSENT AGENDA**

Received public comment from Mr. Stephen Silver on item VII.A. Review and Approval of the Contribution Rates for CalPEPRA Formulas for the 2013-14 Fiscal Year.

No Action Taken.

**VI. INVESTMENT INFORMATION**

- A. Annual Investment Presentation, Prudential – PRISA - Mark Oczkus, Principal (30 minutes).

Mark Oczkus was present on behalf of Prudential-PRISA to present their annual investment presentation.

No Action Taken.

- B. Annual Investment Presentation, UBS Real Estate - Thomas C. Klugherz, Portfolio & Client Services Officer; W. David Lawson, Portfolio & Client Services Officer (30 minutes).

An updated presentation was provided due to the omission of an important section in the original submission.

Thomas C. Klugherz and David Lawson were present on behalf of UBS Real Estate to present their annual investment presentation.

No Action Taken.

- C. MLP Finals Presentation, Harvest - David Martinelli, Managing Partner; Kirk Huddles, Marketing Director (30 minutes).

David Martinelli and Kirk Huddles were present on behalf of Harvest for an MLP finals presentation.

No Action Taken.

- D. MLP Finals Presentation, Tortoise - Andrew Goldsmith, Head of Institutional Sales & Consultant Relations; Abel Mojica, Head of Corporate Development; James Mick, Senior Investment Analyst (30 minutes).

Andrew Goldsmith, Abel Mojica and James Mick were present on behalf of Tortoise for an MLP finals presentation.

It was communicated at the meeting by Tortoise that VCERA's fee for the \$105 million initial investment is 62.5 bps and will remain at this level even if market action causes the total value to drop below the \$100 million threshold and that the fee would only increase if VCERA were to make withdrawals that take the account below \$100 million.

No Action Taken.

VI. INVESTMENT INFORMATION (continued)

E. MLP Funding Decision.

Following discussion by the Board, staff and Hewitt EnnisKnupp, the following motion was made:

MOTION: Judge Hintz moved, seconded by Mr. Harris, to adopt a three percent (\$105 million) allocation to Tortoise, based on a total fund balance of \$3.5 billion.

Motion passed unanimously.

F. Hewitt EnnisKnupp, Russ Charvonia, ChFC, CFP, Esq. and Kevin Chen.

1. Fourth Quarter 2012 Performance Report.
2. Monthly Manager Performance Report for January 2013.

MOTION: Mr. Henderson moved, seconded by Mr. Harris, to receive and file the Fourth Quarter 2012 Performance Report and the Monthly Manager Performance Report, January 2013.

Motion passed unanimously.

3. Fixed Income Update.

Following discussion by the Board, staff and Hewitt EnnisKnupp, the following motion was made:

MOTION: Mr. Henderson moved, seconded by Judge Hintz, to transfer \$40 million from the Loomis Multi-Sector portfolio to the Loomis Strategic Alpha fund.

Motion passed unanimously.

4. Highlights and Research, February 2013.
  - a. Real Estate Update
  - b. Reams Investment Guidelines
  - c. Manager Fees
  - d. BlackRock Securities Lending Update
  - e. Walter Scott Update
  - f. Hexavest Update
  - g. Liquid Alternatives Update
  - h. HEK Client Webcasts
  - i. Economic Data Points

**VI. INVESTMENT INFORMATION (continued)**

4. Highlights and Research, February 2013. (continued)
  - j. Medium Term Views
  - k. Capital Market Assumptions

MOTION: Mr. Henderson moved, seconded by Mr. T. Johnston, to receive and file the Highlights and Research Report for February 2013.

Motion passed unanimously.

Mr. Goulet will work with Hewitt EnnisKnupp on the Reams Investment Guidelines under item VI.F.b.

**VII. ACTUARIAL INFORMATION**

- A. Review and Approval of the Contribution Rates for CalPEPRA Formulas for the 2013-2014 Fiscal Year.
  1. January 16, 2013 Segal Letter; Contribution Rates for CalPEPRA Formulas for the 2013-2014 Fiscal Year.
  2. January 25, 2013 Segal Letter; CalPEPRA Tier 2 COLA Normal Cost Calculations.
  3. February 7, 2013 Silver, Hadden, Silver, Wexler & Levine Letter; Contribution Rates for New Members.
  4. February 15, 2013 Segal Letter; CalPEPRA Normal Cost Contribution Rate Calculations.
  5. February 20, 2013 Board Counsel Memo.
  6. February 19, 2013 Retirement Administrator Email Response to Stephen Silver Letter dated February 7, 2013
  7. February 20, 2013 Stephen Silver Letter; Contribution Rates for New Members

Received public comment from Ramon Rubalcava, SEIU Local #721; and Catherine Rodriguez, County Executive Office, County of Ventura.

VII. ACTUARIAL INFORMATION (continued)

- A. Review and Approval of the Contribution Rates for CalPEPRA Formulas for the 2013-2014 Fiscal Year. (continued)

Following discussion by the Board, the following motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. Henderson, to approve the contribution rates for CalPEPRA formulas for the 2013-14 fiscal year.

Motion passed. Mr. T. Johnston voting no.

After further discussion, the following motion was made:

MOTION: Mr. Henderson moved, seconded by Mr. Harris, to receive and file items VII.A.1-7.

Motion passed unanimously.

- B. Request for Proposal (RFP) for Actuarial Audit Services.

1. Proposed RFP and Model Services Agreement.
2. Government Finance Officers Association (GFOA) Best Practice: Sustainable Funding Practices of Defined Benefit Pension Plans.

Following discussion by the Board, the following motion was made:

MOTION: Mr. Goulet moved, seconded by Judge Hintz, to continue item B. Request for Proposal (RFP) for Actuarial Audit Services to the next fiscal year.

Motion passed unanimously.

Mr. Goulet will work with staff on refining the Request for Proposal and Model Service Agreement.

**VIII. OLD BUSINESS**

- A. Request for Authorization to Travel, Proposed Site Visits - State Street Global Advisors', Pantheon and RREEF March 21, 2013 – Mr. Solis, CFO, Ms. Nemiroff, Board Counsel, Mr. Goulet, Mr. C. Johnston, Trustee and Interested Trustees. (reconsideration)

Following discussion by the Board, the following motion was made:

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to approve an overnight stay for the due diligence trip on March 20 & 21, 2013.

Motion passed unanimously.

- B. Pensionable Compensation under the California Public Employees' Pension Reform Act (CalPEPRA).
1. February 8, 2013 County of Ventura Letter; Request for Postponement.
  2. Letter of Assurance.

Received public comment from Ramon Rubalcava, SEIU Local #721. The Board called Catherine Rodriguez, County Executive Office, County of Ventura, to the table to respond to Board questions.

Following discussion by the Board, the following motion was made:

MOTION: Judge Hintz moved, seconded by Mr. Foy, to adopt a 60-day extension, from February 25, of the implementation of the Board's Interpretation of Pensionable Compensation with acknowledgment of the Letter of Assurance provided by Ventura County's County Counsel.

Motion passed. Mr. Foy, Mr. Harris, Mr. Henderson, Judge Hintz, Mr. Wilson voting yes. Mr. Goulet, Ms. McCormick, Mr. T. Johnston, Mr. Towner voting no.

**IX. NEW BUSINESS**

- A. Request for Reinstatement to Active Membership; Sandra Lozano.
1. Application for Reinstatement.
  2. Medical Determination.
  3. Letter Offering Full Time Employment.



**IX. NEW BUSINESS (continued)**

- A. Request for Reinstatement to Active Membership; Sandra Lozano.  
(continued)

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the Request for Reinstatement to Active Membership by Sandra Lozano.

Motion passed unanimously.

- B. Request to Attend the Annual Adams Street Partners Client Conference, June 5, 2013 – Trustee Towner.

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve Mr. Towner's request to attend the annual Adams Street Partners Client Conference on June 5, 2013.

Motion passed unanimously.

- C. Proposed Budget Adjustments for Board Approved Requests.

MOTION: Mr. Henderson moved, seconded by Mr. T. Johnston, to approve the proposed budget adjustments for Board approved requests.

Motion passed unanimously.

- D. Mid-Year Budget Update FY 2012-13.

MOTION: Mr. Goulet moved, seconded by Mr. Henderson, to receive and file the mid-year budget update and to approve the proposed budgetary adjustments.

Motion passed unanimously.

**X. PUBLIC COMMENT**

Staff reported that 1) Mr. Solis, Chief Financial Officer, will be administering the March 4, 2013 Disability Meeting as part of succession planning practice and to allow for the attendance of the CALAPRS General Assembly by the Retirement Administrator, 2) The ad hoc RFP Committee will be meeting on either March 8, 11, or 14 to review and approve the draft RFP, and 3) Annette Paladino is reviewing VCERA's disability process and is off to a great start.

XI. BOARD MEMBER COMMENT

None.

XII. ADJOURNMENT

The meeting was adjourned at 12:40 p.m.

Respectfully submitted,



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DONALD C. KENDIG, CPA, Retirement Administrator

Approved,



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WILLIAM W. WILSON, Chairman