

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**MAY 21, 2012**

### **MINUTES**

**DIRECTORS  
PRESENT:**

William W. Wilson, Chair, Public Member  
Steven Hintz, Treasurer-Tax Collector  
Peter C. Foy, Public Member  
Albert G. Harris, Public Member  
Joseph Henderson, Public Member  
Tom Johnston, 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:**

Tracy Towner, Vice Chair, Safety Employee Member

**STAFF  
PRESENT:**

Donald C. Kendig, Retirement Administrator  
Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Chantell Garcia, 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 May 21, 2012, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Mr. Harris moved, seconded by Mr. Hansen, to approve the agenda.

Motion passed unanimously. Mr. Towner absent. Mr. Foy absent for this item. Mr. Chris Johnston voting.

**III. 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 April 2012.
- B. Report of Checks Disbursed in April 2012.
- C. Asset Allocation as of April 2012.
- D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, Investments & Cash Equivalents, and Schedule of Investment Management Fees for the Month Ended February 29, 2012.
- E. Budget Summary for the Month Ended April 30, 2012, Fiscal-Year 11-12.
- F. Conference Report; CRCEA Fall Conference – Trustee Art Goulet.
- G. Conference Report; Pension Bridge Conference – Trustee Art Goulet.
- H. BlackRock Asset Management Report for the U.S. Equity Market Fund, Extended Equity Market Fund, ACWI EX-US Fund, U.S. Debt Index Fund for the Month Ended April 30, 2012.

MOTION: Mr. Goulet moved, seconded by Mr. Hansen, to approve the Consent Agenda.

Motion passed unanimously. Mr. Towner absent. Mr. Foy absent for this item. Mr. Chris Johnston voting.

END OF CONSENT AGENDA

IV. INVESTMENT INFORMATION

- A. Sprucegrove Annual Investment Presentation, Arjun Kumar, Senior Investment Analyst, and Mark Shevitz, Fair Haven Partners.

Mark Shevitz and Arjun Kumar were present on behalf of Sprucegrove to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

NO ACTION TAKEN.

- B. GMO Mandate Update and Subscription Agreement, Retirement Administrator, Donald Kendig.

MOTION: Mr. Harris moved, seconded by Mr. Hansen, to authorize the Retirement Administrator to execute the updated mandate form and subscription agreement from GMO.

Motion passed unanimously. Mr. Towner absent. Mr. Foy absent for this item. Mr. Chris Johnston voting.

- C. Hewitt ennisknupp, Kevin Vandolder, CFA, Kevin, Chen, Russ Charvonja, ChFC, CFP, Esq., Phillip M. Kivarkis, FSA, EA, CFA and Armand Yambao.

1. First Quarter 2012 Performance Report.

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to receive and file the Hewitt ennisknupp's Quarterly Report for First Quarter 2012.

Motion passed unanimously. Mr. Towner absent. Mr. Foy absent for this item. Mr. Chris Johnston voting.

IV. INVESTMENT INFORMATION (continued)

C. Hewitt ennisknupp (continued)

2. Monthly Investment Manager Report: Monthly Investment Update, Monthly Manager Updates, and Manager Watchlist, April 2012.
  - a. Sprucegrove
  - b. Hexavest
  - c. Walter Scott
  - d. GMO
  - e. Acadian
  - f. Western
  - g. Reams
  - h. Loomis Sayles
  - i. K2

MOTION: Mr. Goulet moved, seconded by Mr. Hansen, to receive and file Monthly Investment Manager Report: Monthly Investment Update, Monthly Manager Updates, and Manager Watchlist, April 2012.

Motion passed unanimously. Mr. Towner absent. Mr. Foy absent for this item. Mr. Chris Johnston voting.

Mr. Foy entered the meeting at 10:01a.m.

3. Highlights and Research, May 2012

- a. Asset Liability Study
- b. Medium Term Views
- c. Global Fixed Income Transition
- d. Portfolio Rebalancing Allocations
- e. HEK Onsite Due Diligence Agenda
- f. RREEF Update

MOTION: Judge Hintz moved, seconded by Mr. Henderson, to adopt an asset allocation of 34% US Equities, 16% Non US Equities, 10% Global Equities, 10% Real Return, 5% Private Equities, and 25% Fixed Income (comprised of 65% core, 15% high yield, and 20% global).

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

IV. INVESTMENT INFORMATION (continued)

C. Hewitt ennisknupp (continued)

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to authorize staff to round to whole percentage targets, for individual managers, in the asset allocation as part of the transition to global fixed income.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

MOTION: Mr. Henderson moved, seconded by Mr. T. Johnston, to receive and file the Highlights and Research for May 2012.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

V. NEW BUSINESS

A. Personnel Committee (PC) Report on the Proposed Retirement Administrator Evaluation Criteria.

1. Exhibit A:

- a. Proposed Retirement Administrator Performance Evaluation Policy
- b. Legislative Mark-up of the Current Retirement Administrator Performance Evaluation Policy
- c. Current Retirement Administrator Performance Evaluation Policy

2. Exhibit B: Schedule for the Retirement Administrator's Initial Six (6) Month and Annual Reviews.

Mr. Goulet expressed concerns regarding the proposed policy and review timeframe. The Retirement Administrator suggested that the item be pulled from the agenda and that no action is taken.

NO ACTION TAKEN

B. Request to Attend the CALAPRS Trustees' Roundtable – Trustee Art Goulet.

C. Request to Attend the SACRS Public Pension Management Program – Trustee Tom Johnston.

**V. NEW BUSINESS (continued)**

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to approve the attendance of Trustee, Art Goulet, to the CALAPRS Trustees' Roundtable and Trustee, Tom Johnston, to the SACRS Public Pension Management Program.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

**VI. OLD BUSINESS**

**A. Actuarial Information.**

1. Letter from Segal dated May 2, 2012: Follow-up to Promotional and Merit Salary Increase Assumption Recommended in 2011 Actuarial Experience Study.
2. Letter from Segal dated May 2, 2012: Additional Information Regarding Recommendation to Determine General Tiers 1 and 2 Basic UAAL Rates on a Combined Basis.
3. Letter from Segal dated May 4, 2012: Additional Information Regarding Proposed Modification to Entry Age Normal Cost Method.
4. Letter from the County of Ventura dated May 2, 2012.
5. Letter from Segal dated May 10, 2012: Response to County Questions re: Actuarial Experience Study and Proposed Modification to Entry Age Normal Method.
6. Proposed Actuarial Funding Policy.
7. Materials from April 16, 2012 Business Meeting:
  - a. Non-Economic Assumptions Portion of the Actuarial Experience Study for the Period from July 1, 2008 to June 30, 2011
  - b. Letter from Segal dated April 4, 2012 Review and Discussion of Actuarial Funding Policy
  - c. Presentation by Segal

VI. OLD BUSINESS (continued)

A. Actuarial Information. (continued)

MOTION: Mr. Hansen moved, seconded by Mr. T. Johnston, to receive and file the Actuarial Information Items VI. A. 1 through 7.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

Comments were received from Michael Powers, CEO, County of Ventura and Paul Derse, Asst. CEO, County of Ventura.

MOTION: Mr. Foy moved, seconded by Mr. Hansen, to adopt Segal's recommended change in the Entry Age Normal Cost Method, deferring implementation for one year.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

MOTION: Mr. Hansen moved, seconded by Mr. Mr. Henderson, to adopt the Experience Study containing the non economic assumptions.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

MOTION: Mr. Goulet moved, seconded by Mr. Hansen, to adopt Segal's recommendation to determine General Tiers 1 and 2 Basic UAAL Rates on a combined basis, showing the non-combined basis in the appendix.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to adopt the proposed Actuarial Funding Policy.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

**VI. OLD BUSINESS (continued)**

- B. INFORMATIONAL ITEM: Additional Questions for Hewitt ennisknupp for Due Diligence Trip.

MOTION: Mr. Hansen moved, seconded by Mr. Goulet, to receive and file the additional questions for Hewitt ennisknupp's Due Diligence site visit.

Motion passes unanimously. Mr. Towner absent. Mr. Chris Johnston voting.

**VII. PUBLIC COMMENT**

Mr. Kendig pointed the Board's attention to three notable handouts, which were the business card order form, the LA Times Article update, and the Investment Trends Summit Agenda, this event will be held in Santa Barbara, September 12 – 14, 2012.

**VIII. BOARD MEMBER COMMENT**

Mr. Goulet asked how the Hewitt ennisknupp's conference costs were being handled.

Mr. Kendig answered that staff is working with Hewitt ennisknupp on obtaining an invoice, so that VCERA can pay those costs.

**IX. CLOSED SESSION**

The Board of Retirement adjourned into Closed Session to discuss the evaluation of a Public Employee: Retirement Administrator, pursuant to the provisions of Government Code 54957.

The Board took no reportable action.



X. ADJOURNMENT

The Meeting adjourned at 12:24 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donald C. Kendig", written over a horizontal line.

DONALD C. KENDIG, CPA, Retirement Administrator

Approved,

A handwritten signature in blue ink, appearing to read "William W. Wilson", written over a horizontal line.

WILLIAM W. WILSON, Chairman