

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**JUNE 18, 2012**

#### **MINUTES**

**DIRECTORS**  
**PRESENT:**

Tracy Towner, Vice Chair, Safety Employee Member  
Steven Hintz, Treasurer-Tax Collector  
Peter C. Foy, Public Member  
Albert G. Harris, 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:**

William W. Wilson, Chair, Public Member  
Joseph Henderson, Public Member

**STAFF**  
**PRESENT:**

Donald C. Kendig, Retirement Administrator  
Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Julie Stallings, Retirement Operations Manager  
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**

Vice Chairman Towner called the Business Meeting of June 18, 2012, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the agenda as amended deleting agenda item V. E. 1. as it was also referenced in V. E. 2.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**III. APPROVAL OF MINUTES**

**A. Business Meeting of April 16, 2012.**

Mr. Goulet proposed the following corrections:

Page 4, item VI. Actuarial Information, change the word "by" to "from" in the second to the last paragraph in regards to receiving public comment from Mr. Derse and Mr. Rubalcava.

Page 5, item VI. Actuarial Information, add "\$" in front of "64M" in the second to the last paragraph.

Page 6, item VI. Actuarial Information, delete the word "one" after "21" in the second complete paragraph.

Page 9, item VI. Actuarial Information, change the word "principle" to "principal" in both places of the large middle paragraph.

Page 10, item VI. Actuarial Information, add "bps" after the second use of the number "19".

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to approve the minutes of April 16, 2012 as corrected.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**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.

**IV. CONSENT AGENDA (continued)**

- A. Regular and Deferred Retirements and Survivors Continuances for the Month of May 2012.
- B. Report of Checks Disbursed in May 2012.
- C. Asset Allocation as of May 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 March 31, 2012.
- E. Budget Summary for the Month Ended May 31, 2012, Fiscal-Year 2011-12.
- F. Real Estate Investment Managers First Quarter 2012 Information.
  - 1. UBS
  - 2. Prudential
  - 3. Guggenheim
  - 4. RREEF
- G. Rolling Board Calendar.
- 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 May 31, 2012.

MOTION: Mr. Harris moved, seconded by Judge Hintz, to approve the Consent Agenda.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**END OF CONSENT AGENDA**

**V. INVESTMENT INFORMATION**

- A. GMO Presentation, John Allen and Edmund Bellord.

John Allen and Edmund Bellord were present on behalf of GMO to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

V. INVESTMENT INFORMATION (continued)

A. GMO Presentation (continued)

NO ACTION TAKEN.

B. The Clifton Group Presentation, Justin Henne, CFA, Senior Portfolio Manager and Ben Lazarus, CFA, Director, Institutional Relationships.

Justin Henne and Ben Lazarus were present on behalf of The Clifton Group to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

NO ACTION TAKEN.

C. The Clifton Group Proposed Updated Guidelines, Justin Henne, CFA, Senior Portfolio Manager and Ben Lazarus, CFA, Director, Institutional Relationships, and Donald Kendig, CPA, Retirement Administrator.

MOTION: Mr. Goulet moved, seconded by Mr. Hansen, to approve the proposed Clifton Group guidelines as amended by changing "Henry Solis" to "VCERA" in Addendum B.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

D. Report from the Hewitt ennisknupp Client Conference, Art Goulet and Will Hoag, Trustees, and Donald Kendig, CPA, Retirement Administrator.

MOTION: Judge Hintz moved, seconded by Mr. Foy, to receive and file the Hewitt ennisknupp Client Conference report.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

E. Hewitt ennisknupp, Russ Charvonja, ChFC, CFP, Esq., and Kevin Vandolder, CFA.

1. Monthly Investment Manager Report: Monthly Investment Update, Monthly Manager Updates, and Manager Watch List, May 2012.

- a. Sprucegrove
- b. Hexavest
- c. Walter Scott
- d. GMO
- e. Acadian
- f. Western
- g. Reams

V. INVESTMENT INFORMATION (continued)

E. Hewitt ennisknupp (continued)

1. Monthly Investment Manager Report: (continued)

- h. Loomis Sayles
- i. K2 (terminated)

MOTION: Mr. Harris moved, seconded by Mr. Foy, to receive and file the May 2012 Monthly Investment Update, Monthly Manager Updates, and Manager Watch List.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

2. Highlights and Research, May 2012.

- a. Proposed October 4<sup>th</sup> Retreat Agenda
- b. Asset Management Transition Update
- c. Memo from RREEF
- d. Western Removal from Watch List

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to approve the proposed Board of Retirement Investment Retreat set for Thursday, October 4, 2012 at the Ventura Beach Marriott, from 9 a.m. to 5 p.m., followed by a reception and dinner.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to receive and file the Asset Management Transition update from Hewitt ennisknupp.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to receive and file the Memo from RREEF.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to approve the removal of Western from the Watch List.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**V. INVESTMENT INFORMATION (continued)**

E. Hewitt ennisknupp (continued)

3. GMO Choice of Law Letter.

- a. Hewitt ennisknupp Memo
- b. GMO Letter

MOTION: Mr. Goulet moved, seconded by Mr. Hansen, to receive and file the GMO Choice of Law Letter and Memorandums.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**VI. NEW BUSINESS**

A. Assigned Portable Electronic Device Policy.

MOTION: Judge Hintz moved, seconded by Mr. Foy, to adopt the Assigned Portable Electronic Device Policy.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

B. Annual Business Plan Presentations and Policy Review.

MOTION: Mr. Harris moved, seconded by Mr. Foy, to receive and file the Annual Business Plan Presentations and Policy Review Memo, and affirm that the Business Planning Policy is still applicable/relevant.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**VII. OLD BUSINESS**

A. Due Diligence Report from the Hewitt ennisknupp Onsite Visit. (continued from April 16, 2012)

MOTION: Mr. Hansen moved, seconded by Judge Hintz, to receive and file the Hewitt ennisknupp Due Diligence Report.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**VII. OLD BUSINESS (continued)**

**B. Fiscal Year 2012-13 Proposed Budget: Second Hearing.**

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to adopt the Fiscal Year 2012-13 Proposed Budget 1.) Approving the 2012-13 proposed budget amounts as reduced by \$149,050 for the deletion of \$25,000 for the website, for the \$28,600 reduction of Conference, Seminar and Travel from \$88,600 to \$60,000, for the deletion of \$81,900 for costs associated with additional office space (Lease cost \$23,900, Furniture \$18,000, Network cabling, phone, etc. \$15,000, Office Construction \$25,000), and for the proportional reduction of contingency by \$13,550; 2.) Authorizing the creation of a petty cash fund in the amount of \$200; and 3.) Authorizing the addition of an Office Assistant III - C and an Accounting Officer IV - MB.

Motion passed with a vote of five to two in favor. Mr. Goulet, Mr. Hansen, Mr. Harris, Judge Hintz and Mr. T. Johnston voting yes. Mr. Foy and Mr. Towner voting no. Mr. Wilson and Mr. Henderson absent.

**VIII. PUBLIC COMMENT**

Mr. Kendig reported that there was an additional transition update memo from Hewitt ennisknupp in the Trustee folders and a fiduciary liability insurance presentation will be given at the September business meeting.

**IX. BOARD MEMBER COMMENT**

Mr. Goulet reported that LACERA had pulled out of the pooling of tax counsel resources for the IRS Determination Letter and requested that an item be included on the next agenda to discuss whether VCERA should take a similar action.

Mr. Foy requested that an item be placed on the July 2, 2012 meeting agenda reconsidering the adoption of the updated Entry Age Normal method.

Mr. Towner requested that an item be placed on the July 2, 2012 meeting agenda regarding a request for proposal for discretionary and non-discretionary investment consultant services.

X. ADJOURNMENT

The Meeting adjourned at 12:48 p.m.

Respectfully submitted,

A handwritten signature in blue 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