

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

January 26, 2015

MINUTES

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

DIRECTORS None.
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
Julie Stallings, Retirement Operations Manager
Stephanie Caiazza, Program Assistant
Chantell Garcia, Retirement Benefits Specialist

PLACE: Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 South Victoria Avenue
Ventura, CA 93003

TIME: 9:00 a.m.

ITEM:

I. **CALL TO ORDER**

Chair Tracy Towner called the Business Meeting of January 26, 2015, to order at 9:01 a.m.

II. APPROVAL OF AGENDA

Chair Towner amended the agenda to remove the following item:

“X.A. Closed Session: Consideration of the purchase of a particular, specific fund investment.”

MOTION: Approve the agenda as amended.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick,
Wilson

No: -

III. APPROVAL OF MINUTES

A. Business Meeting of January 5, 2015.

Staff proposed that the minutes be amended to list Trustee Hintz as absent on page 1, to list Trustee Sedell as absent from the vote on Old Business Item XI.2., and to modify the language on page 7 to mention the expected change order for CMP & Associates and to remove the phrase “that are unrelated to the proposed delay” from Mr. Johnston’s statement.

Mr. Johnston clarified that his statement excluded the expected change order for CMP & Associates.

MOTION: Approve the minutes as amended.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick,
Wilson

No: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of December 2014.

B. Receive and File Report of Checks Disbursed in December 2014.

- C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending November 30, 2014.
- D. Receive and File Budget Summary for FY 2014-15 Month Ending December 31, 2014.

MOTION: Approve the Consent Agenda.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick, Wilson

No: -

V. STANDING ITEM

Receive an Oral Update on Pensionable Compensation and PEPRA.

Ms. Nemiroff informed the Board of the case Deputy Sheriff's Association of San Diego County v. the County of San Diego, in which it was determined that the benefit formula under PEPRA applies to all new members hired on or after January 1, 2013, even if those members come in under an existing MOU, and that the MOU provisions on the pickups will govern those new employees until the expiration of that contract. Ms. Nemiroff stated that Ventura County is already complying with both of those provisions, and no changes are necessary.

Ms. Nemiroff sought Board direction on whether to continue the Standing Item "Receive an Oral Update on Pensionable Compensation and PEPRA" in light of the progress that was made on pensionable compensation issues in 2014. Ms. Nemiroff stated that, if the standing item were to be discontinued, she would still report to the Board if any new information on these topics became available.

The following motion was made:

MOTION: Discontinue the standing item "Receive an Oral Update on Pensionable Compensation and PEPRA" on future Board agendas.

Moved by Johnston, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick, Wilson

No: -

VI. **ACTUARIAL INFORMATION**

- A. Review and Approval of Annual Actuarial Information Report as of June 30, 2014 - The Segal Company, Paul Angelo and John Monroe.

1. June 30, 2014 Actuarial Valuation Report
2. June 30, 2014 GAS 67 Actuarial Valuation Report

Paul Angelo and John Monroe were present on behalf of The Segal Company to present and review the June 30, 2014 Actuarial Valuation Report and address questions.

Mr. Angelo recommended changes to the report related to the recommended employer contribution rates for General Members. The changes would allow the Unfunded Actuarial Accrued Liability (UAAL) related to COLAs to be distributed among the General Members who are eligible for a COLA.

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

MOTION: Table this item to an upcoming Board meeting, to allow all stakeholders adequate time to review report with revisions.

Moved by Johnston, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick, Wilson

No: -

VII. **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

- A. June 30, 2014 Comprehensive Financial Report (CAFR) - Brown Armstrong, Andrew Paulden, Partner.

RECOMMENDED ACTION: Approve

1. Presentation of Audit Results Agenda.
2. Independent Auditor's Report
3. Auditor's Report to Management – Year Ending June 30, 2014.

Andrew Paulden was present on behalf of Brown Armstrong Accountancy Corporation to review the June 30, 2014 Comprehensive Financial Report (CAFR) and address questions.

MOTION: Receive and file items 1 – 3.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson,
McCormick, Wilson

No: -

After further discussion by the Board, the following motion was made:

MOTION: Approve the June 30, 2014 Comprehensive Financial Report (CAFR), and authorize the Chair to approve any minor changes as needed.

Moved by Sedell, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson,
McCormick, Wilson

No: -

VIII. INVESTMENT INFORMATION

A. NEPC – Dan LeBeau, Consultant, and Tim McCusker, Chief Financial Officer, and Seth Bancroft, Research Analyst.

1. Preliminary Performance Report Month Ending December 31, 2014.
RECOMMENDED ACTION: Receive and file.

MOTION: Receive and file.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson,
McCormick, Wilson

No: -

2. 2015 Outlook and Capital Market Observations

IX. OLD BUSINESS

A. VCERA's General Counsel Position

1. Update on the Request for the County of Ventura's Human Resources Department to Conduct a Salary and Other Compensation Survey for VCERA's General Counsel Position.

Matt Carroll, Assistant County Executive Officer, was present to provide an update on the salary survey that was requested by the Board on January 5, 2015 for VCERA's General Counsel position. Mr. Carroll reported that the request had been received and was assigned to the Classification and Compensation division. Because of a considerable backlog of work in that area, it would take time to perform the work, but the time frame for beginning would more likely be weeks as opposed to months.

2. Consideration of Proposed CERL Legislation, Continued from Business Meeting of December 15, 2014.

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

MOTION: Pursue engaging a lobbyist to advocate proposed CERL legislation.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Johnston, Winter, Hintz, Henderson, McCormick, Wilson

No: Foy

Abstain: Sedell

Mr. Wilson left the meeting at 11:35 a.m.

- B. Updated and Revised Contract for Custodial Services with State Street Bank & Trust

RECOMMENDED ACTION: Approve

1. Custodian Contract between Ventura County Employees' Retirement Association and State Street Bank and Trust Company, updated and revised as of January 16, 2015.
2. Staff Update on Contract Negotiations with State Street Bank and Trust Company, dated October 29, 2014.

Ms. Nemiroff provided background and update on this item.

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

MOTION: Approve

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

Yes: Johnston, Foy, Sedell, Winter, Hintz, Henderson

No: Goulet, McCormick

Absent: Wilson

C. Recommendation to Approve Application for Reinstatement to Active Membership Pursuant to GC 31680.4 & 31680.5 – Cynthia Cantle

1. Previously Submitted Materials for the Board Meeting of December 15, 2014.
2. Cover letter dated January 26, 2015, submitted by Applicant with requested materials.
3. Attestation from Applicant
4. Physician's Statement

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

MOTION: Approve

Moved by Sedell, seconded by Foy.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick

No: -

Absent: Wilson

X. **NEW BUSINESS**

A. Recommendation to Engage Ashley Dunning with Nossaman Firm to Assist VCERA Staff in Reviewing Items of Pensionable Compensation under PEPRA

RECOMMENDED ACTION: Approve

1. Press Release from Nossaman Firm

2. Engagement Agreement with Nossaman LLP

Ms. Nemiroff provided background on this item, and recommended making the following changes to the Engagement Agreement: Remove the second paragraph on section 14 regarding a retainer signature block for the association, as they are not applicable in this situation, and add the certificate of insurance.

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

MOTION: Approve the Engagement Agreement with Ashley Dunning of Nossaman LLP with the changes proposed by Ms. Nemiroff, grant authority to the Retirement Administrator to authorize a transfer of related files to Nossaman LLP, and grant authority to the Chair to sign the agreement, subject to the approval of the insurance coverage.

Moved by Henderson, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick

No: -

Absent: Wilson

B. Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project Update

1. Monthly Report – December 2014

RECOMMENDED ACTION: Receive and File

Trustee Goulet requested that the next update provide the results of the test cases.

Trustee Sedell thanked Chair Towner for his efforts in relation to the pension administration project.

MOTION: Receive and File.

Moved by Hintz, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick

No: -

Absent: Wilson

XI. CLOSED SESSION

It is the intention of the Board of Retirement to Meet in Closed Session, Pursuant to Government Code Sections 54957.1(a)(7) and 54956.9 to Discuss the Following Items:

A. CONSIDERATION OF THE PURCHASE OF A PARTICULAR, SPECIFIC FUND INVESTMENT

Removed from agenda.

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of Litigation: One case.

After Board discussion, the following motion was made:

MOTION: Cancel the closed session relating to this item.

Moved by Hintz, seconded by Henderson.

Vote: Motion carried

Yes: Johnston, Foy, Sedell, Winter, Hintz, Henderson, McCormick, Wilson

No: Goulet

Absent: Wilson

XII. INFORMATIONAL

A. SACRS Memo- Reminder for Upcoming 2015-16 Board of Directors Elections

B. Save the Date – 2015 Alternatives Investor Day- PIMCO, Thursday, April 30, 2015; Balboa Bay Resort, Newport Beach, CA.

C. Opal's 9th Annual Investment Consultant Forum; March 10, 2015; New York City, NY.

D. Opal's Annual Real Estate Investors Summit; March 30 – 31, 2015; Miami, FL

XIII. PUBLIC COMMENT

None.

XIV. STAFF COMMENT

Ms. Webb expressed her appreciation to the Board and staff for their assistance and for welcoming her to VCERA.

XV. BOARD MEMBER COMMENT

Chair Towner informed the Board that he was unable to attend the PIMCO Institute on January 14 – 15, 2015.

Trustee Hoag reported that the Chief Investment Officer recruitment would close on January 26, 2015, and he will keep the Board informed of any further developments on the recruitment.

XVI. ADJOURNMENT

The meeting was adjourned at 11:55 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman