

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

February 23, 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
Stephanie Caiazza, Program Assistant
Julie Stallings, Chief Operations Officer
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 February 23, 2015, to order at 9:03 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

III. APPROVAL OF MINUTES

A. Disability Meeting of February 2, 2015.

MOTION: Approve.

Moved by Henderson, 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 January 2015.

B. Receive and File Report of Checks Disbursed in January 2015.

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 December 31, 2014.

D. Receive and File Budget Summary for FY 2014-15 Month Ending January 31, 2015.

MOTION: Approve the Consent Agenda.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried
Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson,
McCormick, Wilson
No: -

V. ACTUARIAL INFORMATION

A. Review and Approval of the Updated Annual Actuarial Report as of June 30, 2014.

1. Staff letter
2. June 30, 2014 Updated Actuarial Valuation Report

Ms. Webb informed the Board of an additional correction to the June 30, 2014 Actuarial Valuation that was not mentioned in the staff letter. In the last sentence of the second paragraph on page 14 of the report (Master Page 56), the phrase “members with less than 30 years” should be replaced by the word “employers”. Ms. Webb stated that this correction is in agreement with previous collective bargaining agreements, had been communicated by email to stakeholders, and was acknowledged by Segal Consulting to be simply a clerical error.

The following motion was made:

MOTION: Approve the June 30, 2014 Actuarial Valuation report with the indicated revisions, including the additional correction to page 14.

Moved by Hintz, seconded by Johnston.

Vote: Motion carried
Yes: Goulet, Johnston, Foy, Sedell, Winter, Hintz, Henderson,
McCormick, Wilson
No: -

3. VCERA Actuarial Funding Policy

Ms. Webb informed the Board of a suggested change by Segal Consulting that was redlined in the materials. The change would insert a sentence in #9 to reflect the tier-specific rates and related updated to the actuarial valuation.

Ms. Webb informed the Board about concerns Trustee Goulet had raised about the funding policy needing further updates, as the last revision had been done prior to PEPRA.

Trustee Goulet suggested continuing the item so that ultimately all updates could be made together.

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

MOTION: Continue this item to a future meeting, to be considered in conjunction with the further review to include PEPRA provisions as well as approval of the upcoming 3-year experience study.

Moved by Goulet, seconded by Hintz.

Vote: Motion carried

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

No: -

VI. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation, Prudential, James Glenn, Principal, PRISA Portfolio Manager and Mark Oczkus, Principal, Marketing and Client Relations (30 Minutes)

James Glenn and Mark Oczkus were present on behalf of Prudential to provide an organizational and investment performance update.

- B. Receive Annual Investment Presentation, UBS, Stephen J. Olstein, Executive Director (30 Minutes)

Public Comment was received from the Michael Pineschi from UniteHere, as well as Jose Aguilar and Olga Castillo, employees of the Doubletree Hotel in Los Angeles. Mr. Pineschi provided information of a developing labor dispute at the Doubletree, which is owned by UBS Realty and managed by Trumble Property Group and Income Fund. Mr. Aguilar and Ms. Castillo related their personal experiences in regard to the dispute. The group requested VCERA to urge UBS to address their concerns.

Stephen J. Olstein was present on behalf of UBS Realty to provide an organizational and investment performance update. Before beginning his

formal presentation, Mr. Olstein said that the fund in which VCERA is invested is not an owner of that Doubletree Hotel. He continued that in instances where a UBS fund owns a hotel, another entity is engaged to manage the property. He indicated that had he known the speakers were planning to attend and speak, he could have been prepared to respond.

VII. INVESTMENT INFORMATION

A. NEPC – Allan Martin, Partner.

1. Discussion and Action Regarding NEPC Asset Allocation Recommendation

MOTION: Approve Asset Allocation recommendation from NEPC.

Moved by Johnston, seconded by McCormick.

Vote: Motion carried

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

No: -

2. Presentation of Investment Performance Report Quarter Ending December 31, 2014.

MOTION: Receive and file.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried

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

No: -

3. Preliminary Performance Report Month Ending January 31, 2015.

MOTION: Receive and file.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

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

No: -

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

- A. Staff letter
- B. Revised Vitech Change Order #6

Brian Colker of Linea Solutions, Inc. reviewed the proposed revisions to Vitech Change Order #6, which was not fully executed by Vitech after it was approved by the Board at the January 5, 2015 Disability Meeting.

After discussion, the following motion was made:

MOTION: Reject Revised Vitech Change Order #6.

Moved by Goulet. Motion failed for lack of a second.

After further discussion, the following motion was made:

MOTION: Approve Revised Vitech Change Order #6.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

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

No: Goulet

Abstain: McCormick

- C. VCERIS Project Quarterly Status Report.

MOTION: Receive and file.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried

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

No: -

IX. NEW BUSINESS

- A. Review of 2014 Board Member Education Compliance
 - 1. Staff letter
 - 2. 2014 Board Member Education Compliance Report

MOTION: Receive and file.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried

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

No: -

B. Review of Board Travel and Education Policy

1. Staff letter
2. Draft Board Travel and Education Policy

Ms. Webb reviewed the proposed revisions to the draft Board Travel and Educational Policy.

Ms. Webb recommended an additional update to page 4 of the policy (Master Page 398), replacing #12 with the Board's newly engaged firm, Nossaman, LLC.

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

MOTION: Approve Revised Board Travel and Education Policy, Including Correction to #12.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried

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

No: -

Mr. Goulet informed the Board that he was nominated for secretary of the SACRS Board of Directors.

C. Proposed Budget Adjustments for Board Approved Requests

Mr. Solis identified an error in the cover letter in the materials, indicating that the letter's reference to the increase for Information Technology (Non-CAP) should read \$351,400 and the decrease for contingency should read \$379,600. Mr. Solis indicated the remaining materials were correct.

The following motion was made:

MOTION: Approve staff's proposed budget adjustments with referenced corrections.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

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

No: -

D. Mid-Year Budget Update for FY 2014-15

After an update from Mr. Solis, the following motion was made:

MOTION: Approve.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

E. VCERA Cost-of-Living Adjustments (COLA) as of April 1, 2015.

The following motion was made:

MOTION: Approve.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

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

No: -

F. Oral Update from the Personnel Review Committee on VCERA's Chief Investment Officer Recruitment

Mr. Hoag informed the Board that there are currently seven candidates for the position, narrowed down from thirty. Interviews were rescheduled from February 20, 2015 to March 2, 2015.

- G. Recommendation to Approve Trustee Winter's Attendance at the Wharton Investment Program on Portfolio Concepts and Management, April 27 – 30, 2015, Philadelphia, PA.

MOTION: Approve.

Moved by Johnston, seconded by Hintz.

Vote: Motion carried

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

No: -

- H. Recommendation to Approve Trustee McCormick's Attendance at the 26th Annual Southern California Public Retirement Seminar; February 24, 2015; Lakewood, CA.

MOTION: Approve.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

- I. CALAPRS Trustees' Roundtable Report, Submitted by Trustee Goulet and Trustee McCormick

MOTION: Receive and file.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

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

No: -

X. INFORMATIONAL

- A. SACRS Memo dated February 9, 2015.

- B. Opal's 12th Annual Emerging Managers Summit and 2nd Annual Opal Exchange; June 8 – 9, 2015 and June 9 – 11, 2015; Chicago, IL.

- C. UBS Realty Investors Client Conference; March 21 – 25, 2015; Pasadena, CA.
- D. Deutsche Asset & Wealth Management's Real Assets Conference; March 17 – 19, 2015; Dana Point, CA.

XI. 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

XII. PUBLIC COMMENT

None.

XIII. STAFF COMMENT

None.

XIV. BOARD MEMBER COMMENT

Trustee McCormick voiced her support for the public speakers from the Hotel Workers Union and emphasized the importance of investing responsibly with regard to employee protection and environmental concerns.

Trustee Goulet agreed and remarked that it is unusual for a property owner to be involved in the labor relations of its lessee.

Chair Towner announced that Trustee Goulet was nominated as Secretary for the SACRS Board of Directors, and that the voting slate would be distributed to the Board at an upcoming Board meeting.

XV. ADJOURNMENT

The meeting was adjourned at 12:08 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman