

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

November 16, 2015

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Peter C. Foy, Public Member
Mike Sedell, Public Member
Joseph Henderson, 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
Dan Gallagher, Chief Investment Officer
Lori Nemiroff, Assistant County Counsel
Julie Stallings, Chief Operations Officer
Chantell Garcia, Retirement Benefits Specialist
Stephanie Caiazza, 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. CALL TO ORDER

Chair Towner called the Business Meeting of November 16, 2015, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

Ms. Webb offered a correction to page 26 of the agenda materials under item IV.A. "Regular and Deferred Retirements and Survivors Continuances", stating that Barbara L. Page should have been listed under the Air Pollution Control District, not the Human Services Agency.

MOTION: Approve the agenda, as amended.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy

III. APPROVAL OF MINUTES

A. Business Meeting of October 19, 2015.

MOTION: Approve.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy

- B. Disability Meeting of November 2, 2015.

MOTION: Approve.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy

IV. CONSENT AGENDA

- A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of October 2015
- B. Receive and File Report of Checks Disbursed in October 2015
- C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending September 30, 2015.
- D. Receive and File Budget Summary for FY 2015-16 Month Ending October 31, 2015

MOTION: Approve the Consent Agenda.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy

V. **INVESTMENT MANAGER PRESENTATIONS**

- A. Receive Annual Investment Presentation, Western Asset Management, Veronica Amici and Travis Carr (15 Minutes)

Veronica Amici and Travis Carr were present on behalf of Western Asset Management to provide an organizational and investment performance update.

Trustee Foy arrived at 9:11 a.m.

VI. **INVESTMENT INFORMATION**

- A. NEPC – Allan Martin, Partner, Dan LeBeau, Consultant, Dan Gallagher, VCERA Chief Investment Officer
1. Discussion and Action Regarding Staff & NEPC Asset Allocation Recommendation
RECOMMENDED ACTION: Approve.
- a. Staff Letter
- b. Presentation

Trustee Wilson stated that he was disappointed that VCERA had not reduced the assumption rate further down to 7.25. He also stated that he was pleased with the removal of the credit section from the asset allocation, and he would prefer to further reduce international equity allocation.

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

MOTION: Approve the recommended investment asset allocation policy targets, ranges, and benchmarks.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: Johnston

Trustee Johnston stated that he voted against the motion because he believed the proposed allocation would increase risk.

Following the vote on this item, the Board continued to agenda item VII.D. "Authorization to Approve Billing Request from County Counsel Regarding Board Counsel's Attendance at 2015 Fall SACRS Conference".

Trustee Sedell left the meeting after the vote on item VII.D. at 10:46 a.m.

After taking action on item VII.D., the Board returned to agenda item VI.A.2. under "Investment Information".

2. Presentation of Investment Performance Report Quarter Ending September 30, 2015.

MOTION: Receive and file.

Moved by Wilson, seconded by Hintz.

Vote: Motion carried

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

No: -

Absent: Sedell

3. Preliminary Performance Report Month Ending October 31, 2015

MOTION: Receive and file.

Moved by Henderson, seconded by Foy.

Vote: Motion carried

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

No: -

Absent: Sedell

Trustee Hintz left the meeting after this item, at 10:58 a.m.

VII. NEW BUSINESS

- A. Discussion and Proposed Adoption of IRS Model Regulations
Judy Boyette of Hanson Bridgett via Teleconference
Time: 10:00 a.m.

RECOMMENDED ACTION: Approve.

1. Staff Letter

2. Memorandum from Hanson Bridgett Regarding Adoption of Regulations Required by Determination Letter and Voluntary Correction Program Process
3. Memorandum from Hanson Bridgett Providing Brief Description of IRS Rules Addressed in Model Tax Compliance Regulations
 - a. 401 (a)(9) – Required Minimum Distributions
 - b. 401(a)(17) – Compensation Limits
 - c. 401(a)(31) and 402(c) - Rollovers
 - d. 415 – Annual Additions Limits
 - e. 401(a) – Distribution Limits
 - f. 401(a)(36) – Normal Retirement Age

After discussion by the Board and Ms. Boyette, the following motion was made:

MOTION: Approve proposed adoption of the following provided IRS model regulations to complete requirements of the voluntary compliance program (VCP):

- 401(a)(9) – Required Minimum Distributions
- 401(a)(17) – Compensation Limits
- 401(a)(31) and 402(c) – Rollovers
- 415 – Annual Additions Limits
- 401(a) – Distribution Limits
- 401(a)(36) – Normal Retirement Age

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Sedell, Hintz

B. 2016 Proposed Board Calendar

MOTION: Approve.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Sedell, Hintz

C. 2016 Proposed Due Diligence Calendar

MOTION: Approve.

Moved by McCormick, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Sedell, Hintz

**D. Authorization to Approve Billing Request from County Counsel Regarding
Board Counsel's Attendance at 2015 Fall SACRS Conference**

Following Investment Information item VI.A.1., the Board advanced to this item in the agenda.

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

MOTION: Approve County Counsel's billing request in the amount of \$6,368 to allow for Board Counsel's attendance at the 2015 Fall SACRS Conference.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

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

No: -

Absent: Sedell, Hintz

Trustee Sedell suggested that the Board send a letter to the Board of Supervisors to express concern over County Counsel's decision to depart from past practice on this issue, and further offered to work with staff to draft the letter.

After the vote on this item, the Board continued with Investment Information item VI.A.2.

Trustee Hintz returned to the meeting at 10:30 a.m.

VIII. CLOSED SESSION

**A. CONFERENCE WITH LABOR NEGOTIATORS,
GOVT. CODE SECTION 54957.6**

Time: 10:30 a.m.

Agency Designated Representatives:

Kelly Shirk

Ashley Dunning and John Kennedy of Nossaman LLP

Prospective Unrepresented VCERA Employees:

Retirement Administrator

Retirement Chief Financial Officer

Retirement General Counsel

Retirement Chief Investment Officer

Retirement Chief Operations Officer

Consultant Kelly Shirk and Ashley Dunning of Nossaman LLP were present to discuss this item with the Board. John Kennedy of Nossaman LLP was present via teleconference.

Upon returning to open session, the Chairman announced that the Board had taken no reportable action.

Following the Closed Session, Trustee Henderson and Trustee Foy left the meeting at 12:35 p.m.

IX. INFORMATIONAL

- A. Letter to County CEO Michael Powers Regarding Board of Retirement Resolution on PEPRA Pensionable Compensation
- B. SACRS Business Meeting of November 20, 2015
 - 1. Agenda and Packet
 - 2. Excerpt from VCERA Board Minutes of October 5, 2015 Regarding Voting Instructions
- C. Quarterly Report to SACRS Legislative Committee
- D. 3rd Annual Pacific States Institutional Investor Forum, December 8, 2015, San Francisco, CA

X. **PUBLIC COMMENT**

None.

XI. **STAFF COMMENT**

None.

XII. **BOARD MEMBER COMMENT**

Trustee Johnston requested that staff research possible alternatives for the calculation of CPI.

XIII. **ADJOURNMENT**

The meeting was adjourned at 12:38 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman