

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

December 21, 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 (via telephone)
PRESENT: Lori Nemiroff, Assistant County Counsel
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Vickie Williams, Retirement Benefits Manager
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 December 21, 2015, to order at 9:01 a.m.

II. APPROVAL OF AGENDA

Trustee Goulet requested to amend the agenda to consider item "V.A.2.b. NEPC Report on Sprucegrove" ahead of item "V.A.2.a. Staff Letter".

MOTION: Approve the agenda, as amended.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

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

No: -

III. APPROVAL OF MINUTES

A. Disability Meeting of December 7, 2015.

Trustee Sedell commented on page 8 of the minutes under "XI. Board Member Comment", stating that his preference would be to have a scale of recommended educational opportunities based on feedback from past conference attendees.

MOTION: Approve.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried

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

No: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of November 2015

B. Receive and File Report of Checks Disbursed in November 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 October 31, 2015.
- D. 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 November 30, 2015.
- E. Receive and File Budget Summary for FY 2015-16 Month Ending November 30, 2015

MOTION: Approve the Consent Agenda.

Moved by Henderson, seconded by McCormick.

Vote: Motion carried

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

No: -

V. INVESTMENT INFORMATION

- A. NEPC – Allan Martin, Partner, Dan LeBeau, Consultant
Dan Gallagher, VCERA Chief Investment Officer
 - 1. Asset Allocation Implementation Plan
RECOMMENDED ACTION: Approve

After discussion by the Board, staff, and consultants, the following motions were made:

MOTION: Approve private equity implementation of single investor fund (fund of one) and recommended pacing plan.

Moved by McCormick, seconded by Johnston.

Vote: Motion carried

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

No: -

MOTION: Direct PIMCO and Loomis Sayles to actively liquidate their respective global bond portfolios.

Moved by McCormick, seconded by Johnston.

Vote: Motion carried

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

No: -

MOTION: Approve proposed implementation of US Treasury Bond allocation with Blackrock, subject to negotiation. This portfolio shall not be subject to securities lending.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: -

In adherence to the amended agenda, the Board proceeded to item "V.A.2.b. NEPC Report on Sprucegrove".

2. Sprucegrove Benchmark Change

a. Staff Letter

**RECOMMENDED ACTION: APPROVE THE
SPRUCEGROVE PERFORMANCE BENCHMARK CHANGE
FROM MSCI EAFE INDEX TO MSCI ACWI ex- U.S.**

MOTION: Approve the Sprucegrove performance benchmark change from MSCI EAFE Index to MSCI ACWI ex-U.S.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

After this item, the Board continued to item "V.A.2.c. NEPC Report on GMO".

b. NEPC Report on Sprucegrove

MOTION: Approve recommendation to take no action related to Sprucegrove at this time.

Moved by McCormick, seconded by Johnston.

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

Trustee Foy and Trustee Wilson exited the meeting
at 10:22 a.m.

After this item, the Board continued to item "V.A.2.a.
Sprucegrove Benchmark Change - Staff Letter".

c. NEPC Report on GMO

Trustee Foy and Trustee Wilson returned to the meeting
at 10:35 a.m.

MOTION: Discontinue relationship with GMO.

Moved by Goulet, seconded by Hintz.

Vote: Motion failed.
Yes: Goulet, Hintz
No: Foy, Johnston, Henderson, McCormick, Sedell, Winter,
Wilson

MOTION: Approve recommendation to take no action related
to GMO at this time.

Moved by Johnston, seconded by Henderson.

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

3. Rebalancing Strategy
RECOMMENDED ACTION: Receive and file.

MOTION: Receive and file.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: -

Chief Investment Officer Dan Gallagher stated that he and NEPC will provide an analysis and recommended rebalancing strategy to the Board for consideration at a future Board meeting.

4. Preliminary Performance Report Month Ending
November 30, 2015
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and file.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: -

In response to inquiries from Trustee Wilson and Trustee Johnston regarding international investments, Mr. Martin agreed to provide an analysis to discuss with the Board at an upcoming meeting.

VI. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation, Blackrock, Anthony R. Freitas, Timothy Murray, and Laura Champion (15 Minutes)

Anthony R. Freitas, Timothy Murray, and Laura Champion were present on behalf of Blackrock to provide an organizational and investment performance update.

Trustee Goulet commented that it is his preference to see returns net of fees, not gross.

The following motion was made:

MOTION: Receive and file.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

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

No: -

After this item, the Board continued to item "VIII.A. Designation Of Additional Representative For Labor Negotiations With Prospective Unrepresented Employees".

VII. ACTUARIAL INFORMATION

John Monroe and Paul Angelo, Segal Consulting
Presenting via Teleconference

A. Actuarial Experience Study and Review of Economic Assumptions,
Continued from May 18, 2015 Business Meeting

1. Staff Letter

Chair Towner offered two corrections to the staff letter on master page 247, stating that that the date of the Board's January business meeting was January 25, 2016, and the referenced valuation was the June 30, 2015 valuation.

2. Analysis of Actuarial Experience During the Period of
July 1, 2011 through June 30, 2014

RECOMMENDED ACTION: ADOPT THE PROPOSED ACTUARIAL ASSUMPTIONS TO BE USED IN FUTURE ACTUARIAL VALUATIONS BEGINNING WITH THE JUNE 30, 2015 ACTUARIAL VALUATION

MOTION: Adopt the proposed actuarial assumptions to be used in future actuarial valuations beginning with the June 30, 2015 Actuarial Valuation.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

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

No: -

3. Review of Economic Actuarial Assumptions for the
June 30, 2015 Actuarial Valuation

MOTION: Adopt the proposed economic assumptions, with the exception of the investment return assumption, which was previously adopted on May 18, 2015.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried

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

No: -

B. Distribution of June 30, 2015 Actuarial Valuation and Review

1. Staff Letter
2. Actuarial Valuation and Review as of June 30, 2015.
RECOMMENDED ACTION: Receive and File
3. Governmental Accounting Standards (GAS) 67
Actuarial Valuation as of June 30, 2015
RECOMMENDED ACTION: Receive and File

MOTION: Receive and file items VII.B.2. Actuarial Valuation and Review as of June 30, 2015 and VII.B.3. Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2015.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

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

No: -

After this item, the Board continued to items "X.A. Informational", "XI. Public Comment", "XII. Staff Comment", and "XIII. Board Comment".

VIII. NEW BUSINESS

A. Designation Of Additional Representative For Labor Negotiations With Prospective Unrepresented Employees

1. Staff Letter

MOTION: Adopt the recommendation to: (1) announce Board's intent to appoint Personnel pursuant to ab 1291, and (2) designate Chair Towner as a Board representative for labor negotiations with

prospective unrepresented employees for the purposes of AB 1291 implementation.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried

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

No: -

After this item, the Board continued to item "VII.A. Actuarial Experience Study and Review of Economic Assumptions, Continued from May 18, 2015 Business Meeting".

IX. CLOSED SESSION

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

Agency Designated Representatives:

Tracy Towner

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

The Chairman announced that there would be no reportable action out of Closed Session. The meeting was adjourned into Closed Session at 11:25 a.m.

X. INFORMATIONAL

A. SACRS Legislative Committee, Trustee McCormick

Trustee McCormick provided a brief update on the voting that took place at the meeting of the SACRS Legislative Committee.

**B. CALAPRS Advanced Principles of Pension Management for Trustees,
January 27-29, 2016, Los Angeles, CA**

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

Mr. Gallagher advised the Board that VCERA would not participate in the Volkswagen class action lawsuit. Western Asset Management Company (WAMCO) managed three positions in VCERA's account; two positions were liquidated at a net profit, and the third position is still being held at a profit. All three positions have made interest payments in full and on time. WAMCO does not recommend that VCERA participate in the class action suit because of the small amount of money at stake, and the fact that VCERA suffered no loss. Western does not recommend any of their clients participate in the class action lawsuit, nor are they participating for the managed comingled funds.

Mr. Gallagher informed the Board that, consistent with Board policy, Retirement Administrator Linda Webb signed a proxy ballot authorizing RREEF to take the necessary steps to liquidate VCERA's remaining portfolio holdings.

XIII. BOARD MEMBER COMMENT

Trustee Hoag requested the Board's feedback for the upcoming performance evaluation of the Retirement Administrator, to be discussed in closed session at the January 4, 2016 disability meeting.

Following this item, the Board continued to item "IX.A. Closed Session Conference With Labor Negotiators, Govt. Code Section 54957.6".

XIV. ADJOURNMENT

The Chairman adjourned the meeting from closed session at 11:52 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman