VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

January 4, 2016

AGENDA

PLACE: Ventura County Government Center
       Hall of Administration- 3rd Floor Multipurpose Room
       800 S. Victoria Ave.
       Ventura, CA 93003

TIME: 9:00 a.m.

Members of the public may comment on any item under the Board’s jurisdiction by filling out a speaker form and presenting it to the Clerk. Unless otherwise directed by the Chair, comments related to items on the agenda will be heard when the Board considers that item. Comments related to items not on the agenda will generally be heard at the time designated for Public Comment.

ITEM:

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. APPOINTMENT OF 2016 CHAIR AND VICE CHAIR

IV. APPROVAL OF MINUTES
   A. Business Meeting of December 21, 2015.

V. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

VI. APPLICATIONS FOR DISABILITY RETIREMENT
   A. Application for Service Connected Disability Retirement, Roger Jones; Case No. 13-023
VI. APPLICATIONS FOR DISABILITY RETIREMENT (continued)


   2. Hearing Notice served on December 24, 2015

   3. Hearing Notice served on December 28, 2015

B. Application for Service Connected Disability Retirement, Yvonne Wooff; Case No. 10-033.

   1. Application for Service Connected Disability Retirement and Supporting Documentation.


VII. NEW BUSINESS

A. Adoption of Resolution Pursuant to AB 1291

   1. Staff Letter
      (to be provided at the meeting)

   2. Draft Resolution
      (to be provided at the meeting)

B. Certification of the Ventura County Employees’ Retirement Association (VCERA) Board of Retirement General Member Election

   1. Staff letter

   2. Certification of Election Letter to Board of Supervisors

C. Request to Approve Retirement Administrator’s Attendance at CALAPRS General Assembly, March 5 - 8, 2016 in Indian Wells, CA.

VIII. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code section 54956.9) PURSUANT TO GOVERNMENT CODE SECTION 54956.9, SUBDIVISION (d)(1): NAME OF CASE: Nadon v. Board of Retirement of VCERA; Ventura County Superior Court Case No. 56-2014-00456879-CU-WM-VTA
VIII. **CLOSED SESSION** (continued)

   B. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
   TITLE: RETIREMENT ADMINISTRATOR
   (Gov. Code section 54957 (b) (1))

IX. **PUBLIC COMMENT**

X. **STAFF COMMENT**

XI. **BOARD MEMBER COMMENT**

XII. **ADJOURNMENT**
January 4, 2016

Board of Retirement
Ventura County Employees’ Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: APPOINTMENT OF 2016 CHAIR AND VICE CHAIR

Dear Board Members:

The Board of Retirement Bylaws and Regulations require the Board to take action annually to appoint a Chair and Vice Chair for the upcoming calendar year. The Regulations state that no member shall serve in either capacity until he/she has served on the Board for a minimum of one year.

I will be pleased to respond to any questions you may have at the January 4, 2016 disability meeting.

Sincerely,

[Signature]

Linda Webb
Retirement Administrator
VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

December 21, 2015

MINUTES

DIRECTORS PRESENT: Tracy Towner, Chair, Alternate Safety Employee Member
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 ABSENT: None.

STAFF PRESENT: Linda Webb, Retirement Administrator (via telephone)
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.c. Staff Letter”.

MOTION: Approve the agenda, as amended.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried
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
No: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of November 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
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
   No: -

   MOTION: Direct PIMCO and Loomis Sayles to actively liquidate their respective global bond portfolios.
Moved by McCormick, seconded by Johnston.

Vote: Motion carried
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
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
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.
No: Goulet

3. Rebalancing Strategy

**RECOMMENDED ACTION:** Receive and file.

**MOTION:** Receive and file.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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.


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
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 returned net of fees, not gross.

The following motion was made:

MOTION:  Receive and file.

Moved by Henderson, seconded by Wilson.
Vote: Motion carried
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 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
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
No: -

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

1. Staff Letter

   RECOMMENDED ACTION: Receive and File

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


   Moved by Goulet, seconded by Sedell.

Vote: Motion carried
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
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,

[Signature]

LINDA WEBB, Retirement Administrator

Approved,

[Signature]

TRACY TOWNER, Chairman
January 4, 2016

Board of Retirement
Ventura County Employees’ Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: CERTIFICATION OF THE VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (VCERA) BOARD OF RETIREMENT GENERAL MEMBER ELECTION

Dear Board Members:

Attached is the Official Certification of Election Results from the County Clerk and Recorder for the VCERA Board of Retirement General Election Held November 30, 2015 to elect the third position of the Board.

From the results, Deanna McCormick has won reelection and will continue to fill the position. Arrangements were made for Trustee McCormick to take her Oath of Office prior to the January 4, 2016 Disability Meeting.

I would be happy to respond to any questions you may have on this matter.

Sincerely,

Linda Webb
Retirement Administrator
December 4, 2015

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

SUBJECT: INFORMATIONAL – CERTIFICATION OF THE VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (VCERA) BOARD OF RETIREMENT GENERAL MEMBER ELECTION

Discussion:

Attached is the Official Certification of election results from the County Clerk and Recorder for the VCERA Board of Retirement General Election held on November 30, 2015.

If you have any questions regarding this item, please contact me at 339-4262.

Sincerely,

[Signature]
Linda Webb  
Retirement Administrator

Attachment
CERTIFICATION OF ELECTION RESULTS
VENTURA COUNTY RETIREMENT BOARD
GENERAL MEMBER ELECTION
NOVEMBER 30, 2015

State of California } SS.
County of Ventura }

On December 3, 2015, at 9:00 a.m. a canvass of election returns commenced at the Elections Division of the Office of the County Clerk, Administration Building, 800 South Victoria Avenue, Ventura, California, for the election held on November 30, 2015. At this election, the qualified general members of the Ventura County Employee Retirement Association voted to elect one General Member representative. The total number of eligible voters was 6,862 and the total votes cast were 946.

We hereby report that Deanna “De” McCormick received the highest number of votes cast for the General Member Election and is elected to the term commencing January 1, 2016 through December 31, 2018.

General Member

Deanna “De” McCormick 755
Michael King 191
946

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 3rd day of December, 2015.

MARK A. LUNN, CERA, REO
Clerk Recorder/Registrar of Voters
County of Ventura
January 4, 2016

Board of Retirement
Ventura County Employees’ Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: REQUEST FOR AUTHORIZATION TO ATTEND CALAPRS GENERAL ASSEMBLY IN INDIAN WELLS, MARCH 5th – 8th

Dear Board Members:

Allow me to respectfully request authorization to attend the CALAPRS General Assembly in Indian Wells, CA, March 5th – 8th.

The cost to attend should not exceed $1,300 including event registration, hotel, mileage and other travel related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at the January 4, 2016 business meeting.

Sincerely,

Linda Webb
Retirement Administrator
CALAPRS General Assembly

Surviving the Public Pension Sandstorm

March 5-8, 2016 | Renaissance Indian Wells

3-Ways to Register:
- http://www.calaprs.org/content/register
- 415-764-4860
- register@calaprs.org

Planning Committee:
Mark Hovey (Chair), David Kehler, Donna Lum, Annette St. Urbain, and Hugo Wildmann

Hotel Accommodations:
Renaissance Indian Wells Resort
44400 Indian Wells Lane
Indian Wells, CA 92210

- Phone: 1-888-236-2427; refer to CALAPRS when making a reservation.
- Online: https://aws.passkey.com/event/13962471/owner/1792/home

Room Rate: $224.00/night*
*Does not include taxes and a $1/night resort fee.

Cut-Off: February 9, 2016 (or until rooms sell out)

Visit us online at www.calaprs.org/content/general-assembly-2016 for updated program information.
SATURDAY – MARCH 5, 2016

4:00 – 6:00 PM Early-Bird Registration

SUNDAY – MARCH 6, 2016

7:00 AM – 12:00 PM Optional Golf at Indian Wells Golf Resort

10:00 AM – 4:30 PM Registration

2:00 PM Opening Remarks

2:15 PM CA Pension Reform: What’s Next?
Moderator: Mark Hovey, CEO, SDCERS
Speakers: Dan Pellissier, President, CA Pension Reform; Ashley Dunning, Partner, Nossaman LLP; and Graham Schmidt, Consulting Actuary, Cheiron

3:15 PM Networking Break

3:30 PM What in the World is Going On? A Scan of Economic Conditions and Markets Around the Globe
Moderator: Annette St. Urbain, CEO, SJCEA
Speaker: Arjun Divecha, Chairman, Board of Directors, GMO Investment Management

7:00 PM – 9:30 PM Strolling Dinner
Guests welcome and transportation provided.

MONDAY – MARCH 7, 2016

7:00 AM – 4:00 PM Registration

7:30 AM – 8:25 AM Breakfast

8:30 AM Opening Remarks

8:45 AM Exploring the Pension Landscape without Getting Stuck by an Actuarial Cactus
Moderator: Dave Kehler, Administrator, TCERA
Speakers: Mark Olleman, Consulting Actuary, Milliman and Graham Schmidt, Consulting Actuary, Cheiron

9:45 AM Networking Break

10:00 AM What’s the Fuss about Private Equity Fees?
Moderator: Corey Buuhoan, Senior Investment Officer, SDCERS
Speakers: Tom Hickey, Partner, Foley & Lardner and Tom Keck, Partner, Stepstone Group, LLC

11:00 AM Alternative Investments: What’s Hot, What’s Not
Moderator: Hugo Wildmann, Retirement System Manager, AC Transit
Speakers: Wylie Tollette, Chief Operating Investment Officer, CalPERS; Don Pierce, CIO, San Bernardino County ERA; and Ian Toner, Managing Director, Verus Investments

12:15 – 1:30 PM Lunch

1:30 PM Asset-Liability Analysis for the 21st Century — “Got Correlation?”
Moderator: Annette St. Urbain, CEO, SJCEA
Speakers: Neil Rue, Managing Director and John Linder, Principal, Pension Consulting Alliance and Robert McCrory, Principal Consulting Actuary, Cheiron

2:45 – 3:00 PM Networking Break

3:00 PM Fixed Income: Should We Tweak the Recipe or Expand the Menu?
Moderator: Dave Kehler, Administrator, TCERA
Speakers: David Kelly, Partner, Aon Hewitt and Ashish Tiwari, Executive Vice President, PIMCO

5:00 – 6:00 PM Hosted Reception at the Renaissance Indian Wells

TUESDAY – MARCH 8, 2016

7:30 – 8:25 AM Breakfast

8:30 AM National Trends & Forecasts for Public Retirement Systems
Moderator: Donna Lum, Deputy Executive Officer, Customer Services & Support, CalPERS
Speaker: Amy Resnick, Editor, Pensions & Investments

9:30 AM Networking Break

9:45 AM System Governance: Is the Train on its Track?
Moderator: Mark Hovey, CEO, SDCERS
Speakers: Chris Waddell, Senior Attorney, Olson Hagel & Fishburn LLP and Elaine Reagan, Chief Legal Officer, SDCERA

11:00 AM Closing Remarks & Adjourn