

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

July 18, 2016

### MINUTES

**DIRECTORS** Tracy Towner, Chair, Alternate Safety Employee Member  
**PRESENT:** William W. Wilson, Vice Chair, Public Member  
Joseph Henderson, Public Member  
Robert Bianchi, Alternate Public Member  
Chris Johnston, Safety Employee Member  
Craig Winter, General Employee Member  
Arthur E. Goulet, Retiree Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS** Steven Hintz, Treasurer-Tax Collector  
**ABSENT:** Peter C. Foy, Public Member  
Mike Sedell, Public Member  
Deanna McCormick, General Employee Member

**STAFF** Linda Webb, Retirement Administrator  
**PRESENT:** Lori Nemiroff, Assistant County Counsel  
Henry Solis, Chief Financial Officer  
Dan Gallagher, Chief Investment Officer  
Julie Stallings, Chief Operations Officer  
Shalini Nunna, Retirement Benefits Manager  
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 July 18, 2016, to order at 9:02 a.m.

**II. APPROVAL OF AGENDA**

**MOTION:** Approve.

Moved by Henderson, seconded by Bianchi.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

**III. APPROVAL OF MINUTES**

A. Disability Meeting of July 11, 2016.

**MOTION:** Approve.

Moved by Henderson, seconded by Goulet.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

**IV. CONSENT AGENDA**

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of June 2016

B. Receive and File Report of Checks Disbursed in June 2016

C. Receive and File Budget Summary for FY 2016-17 Month Ending June 30, 2016 (Preliminary)

- D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investment Management Fees, and Schedule of Investments and Cash Equivalents for the Period Ending May 31, 2016

MOTION: Approve Consent Agenda.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

**V. INVESTMENT MANAGER PRESENTATIONS**

- A. Receive Annual Investment Presentation from Hexavest,  
Nadia Cesaratto

Nadia Cesaratto was present on behalf of Hexavest to provide an organizational and investment performance update.

- B. Receive Annual Presentation from Walter Scott, Margaret Foley

Margaret Foley was present on behalf of Walter Scott to provide an organizational and investment performance update.

**VI. INVESTMENT INFORMATION**

- A. NEPC – Alan Martin, Consultant  
VCERA – Dan Gallagher, Chief Investment Officer

1. NEPC: Presentation of Investment Performance Report Month  
Ending June 30, 2016

MOTION: Receive and file.

Moved by Henderson, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

2. NEPC: Private Equity Report for Period Ending March 31, 2016

MOTION: Receive and file.

Moved by Henderson, seconded by Bianchi.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson,  
Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

3. NEPC: GMO Update

MOTION: Receive and file.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson,  
Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

4. NEPC: GMO Cost Benefit Analysis

5. NEPC: Sprucegrove Cost Benefit Analysis

In response to a question by Trustee Goulet, Mr. Martin noted that NEPC would report back to the Board with a cash flow analysis of net of fees returns of the manager and a non-U.S. equity index fund.

MOTION: Receive and file items VI.A.4. and VI.A.5.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson,  
Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

6. VCERA Chief Investment Officer Dan Gallagher and 2016 VCERA Summer Associate Tavish Towner on Fair Value Reporting

Tavish Towner presented a status report on the new fair value reporting requirements.

MOTION: Receive and file.

Moved by Wilson, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson,  
Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

7. Due Diligence Report on UBS, submitted by CIO Gallagher and Trustee Hoag

MOTION: Receive and file.

Moved by Wilson, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson,  
Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

8. Due Diligence Report on Bridgewater, submitted by CIO Gallagher and Trustee Hoag

At the request of Trustee Goulet, Mr. Gallagher and Mr. Hoag provided more details on Bridgewater's emergency preparedness safeguards.

MOTION: Receive and file.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson,  
Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

9. Scheduling of Remaining 2016 Due Diligence Visits

Mr. Gallagher and the Board discussed possible dates for the remaining 2016 due diligence visits.

The due diligence visits to Hexavest in Montreal, Sprucegrove in Toronto, and Parametric in Minneapolis, MN, were scheduled to take place during the week of August 29, 2016.

The visit to Adams Street in Chicago, IL was tentatively scheduled to occur during the week of October 3, 2016. The due diligence visit to Walter Scott was tentatively scheduled for October 5 - 7, 2016, to coincide with the Walter Scott Investment Conference, October 6-7, 2016, Edinburgh, Scotland.

Mr. Gallagher requested that the Board members contact him if they are available to attend any of these due diligence visits.

10. Scheduling of 2016 Board Retreat

The Board decided that the annual retreat will be scheduled for September 12, 2016, to be combined with the Board's disability meeting in the VCERA Boardroom. The Board designated September 27<sup>th</sup> and September 28<sup>th</sup> as alternative dates for the retreat, in case of scheduling conflicts with the planned presenters.

11. Oral Update on Private Equity Funds Legal Review and Negotiations Status

Mr. Gallagher provided a private equity update, noting that Harbourvest had closed, Drive Capital was waiting for a final investor to go through their investment committee, and Adams Street documents were still in negotiation.

**VII. OLD BUSINESS**

A. AB1291 Implementation Update

1. Staff Letter

Ashley Dunning of Nossaman LLP was present to provide outside counsel's update on the implementation of AB1291.

Matt Carroll, Assistant Chief Executive Officer, was present on behalf of the County of Ventura.

**B. Consideration and Possible Action to Adopt:** Ventura County Employees' Retirement Association Management Employees Resolution and Resolution of the Board of Retirement Ventura County Employees' Retirement Association for Tax Deferred Retirement Contributions IRC 414(h)(2) Employer Pick-up.

1. Ventura County Employees' Retirement Association Management Employees Resolution

Trustee Goulet suggested several changes to the resolution. Ms. Dunning stated she would review the changes and bring the item back before the Board with legal recommendations.

MOTION: Approve.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

Yes: Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Abstain: Goulet

Absent: Hintz, Foy, Sedell, McCormick

2. Resolution of the Board of Retirement Ventura County Employees' Retirement Association for Tax Deferred Retirement Contributions IRC 414(h)(2) Employer Pick-up.

MOTION: Approve.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

**C. Consideration and Possible Action to Approve:** Memorandum of Agreement By and Between the County of Ventura and the Ventura County Employees' Retirement Association for Risk Management Services and Memorandum of Agreement By and Between the County of

Ventura and the Ventura County Employees' Retirement Association for Human Resources Services.

1. Memorandum of Agreement By and Between the County of Ventura and the Ventura County Employees' Retirement Association for Risk Management Services.

MOTION: Approve.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

2. Memorandum of Agreement By and Between the County of Ventura and the Ventura County Employees' Retirement Association for Human Resources Services

Tracy Sewell, Employee Benefits Manager for County of Ventura, Human Resources, was present to discuss this item with the Retirement Board and staff.

After discussion by the Board and Outside Counsel Ms. Dunning, Trustee Goulet requested a change to page 4 of the agreement under "4. Compensation and/or Reimbursement for Services". Trustee Goulet suggested changing the last sentence of the second paragraph to, "If VCERA disagrees with the amount charged, VCERA will pay the full amount to which VCERA agrees and will notify the County of the dispute."

MOTION: Approve with the change listed above.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

- D. Update on Request for Publicly-Available Pay Schedule Requirement Market-Based Premium Payments for Pensionability



Ms. Webb informed the Board that on June 30, 2016, County of Ventura posted additional information related to MBPP items which consisted of an alphabetical list of employees eligible for MBPP and their dates of hire. Staff and Outside Counsel reviewed the information and determined that the posting did not meet the criteria for a publicly-available pay schedule that was requested by the Board.

Ms. Webb stated that an alternate objective criteria must be provided, if the previously presented criteria of date of hire is not the objective criteria in the determination of the MBPP payment. Ms. Webb indicated that she will continue to update the Board concerning the County of Ventura's compliance efforts.

1. Staff Letter
2. Letter from Shawn Atin, Director of Human Resources for the County of Ventura, dated June 30, 2016
3. List of Employees Eligible to Receive Market Based Premium Pay (MBPP)
4. Response Memorandum on June 30<sup>th</sup> MBPP Posting from Linda Webb, Retirement Administrator, to Shawn Atin, Human Resources Director
  - a. Summary of September 23, 2015 meeting of representatives of VCERA, Nossaman, LLC (VCERA Outside Counsel) and the County of Ventura
  - b. October 2, 2015 Letter from Kerianne R. Steele, attorney for SEIU, Local 721, with accompanying Declaration from Angela Portillo, SEIU worksite organizer
- E. Update on Resolution of Transmittal Processing Issues with County of Ventura Auditor-Controller

Ms. Webb stated that the request to the Auditor-Controller for read-only and query access was initially denied, and the issue will be considered by the VCHRP Steering Committee at their meeting of July 18, 2016.

1. Staff Letter
2. Auditor-Controller Memorandum, dated June 22, 2016

3. Response Memorandum from Linda Webb, Retirement Administrator to Jeff Burgh, Auditor-Controller for the County of Ventura

F. Reconsideration of Invoicing Method for Advisory Board Travel Expenses

1. Staff Letter

MOTION: Approve reconsideration of the Board's June 6, 2016 decision to request to be invoiced by Pantheon for advisory board travel expenses.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

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

MOTION: Authorize the Retirement Administrator, upon review of Board Counsel, to accept an amended Limited Partnership Advisory Committee (LPAC) invitation letter from Pantheon that clarifies and confirms that LPAC expenses are considered a Partnership expense, paid from capital contributions of the Limited Partners, and that travel expenses incurred by LPAC members shall be reimbursed by the Partnership.

Moved by Henderson, seconded by Bianchi.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

G. Cancellation of Professional Services Contract with Nicholas Christoffersen

1. Staff Letter

MOTION: Draft a letter from the Board of Retirement to Vitech requesting that Vitech reconsider its decision to enforce the 2005

agreement prohibiting Mr. Christoffersen from accepting employment by Vitech's customers without Vitech's consent; and urge Vitech to consent to VCERA contracting with Mr. Christoffersen for IT services as was proposed and approved by the Board.

Moved by Goulet, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

**VIII. NEW BUSINESS**

- A. Recommendation to Approve Chief Financial Officer's Attendance at P2F2 Conference, October 23 – 26, 2016, North Charleston, South Carolina

MOTION: Approve.

Moved by Wilson, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -

Absent: Hintz, Foy, Sedell, McCormick

- B. Quarterly Administrator's Report for April – June, 2016

**RECOMMENDED ACTION: Receive and file.**

*Materials to be provided at the meeting.*

This item was postponed to the September 12, 2016 Disability Meeting.

- C. Report on NCPERS 2016 Annual Conference, submitted by Trustee Johnston

MOTION: Receive and file.

Moved by Goulet, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Henderson, Bianchi, Johnston, Winter, Wilson, Towner

No: -  
Absent: Hintz, Foy, Sedell, McCormick

**IX. CLOSED SESSION**

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

Agency Designated Representatives:

Tracy Towner

Ashley Dunning of Nossaman LLP (by teleconference)

Prospective Unrepresented VCERA Employees:

Retirement Administrator

Retirement Chief Financial Officer

Retirement General Counsel

Retirement Chief Investment Officer

Retirement Chief Operations Officer

Item "IX.A. Closed Session" was removed from the agenda.

**X. INFORMATIONAL**

A. 2017 SACRS Legislative Platform Worksheet

B. 2016 Cybersecurity Symposium, Nossaman LLP and UC Irvine School of Law, October 19, 2016, Los Angeles, CA

**XI. PUBLIC COMMENT**

None.

**XII. STAFF COMMENT**

Ms. Webb requested that the trustees inform her if they are interested in attending Nossaman's Public Pensions and Investments Fiduciaries' Forum scheduled for October 27 – 28, 2016, and stated that the Retirement Board's attendance is limited to five trustees.

Ms. Webb informed the Board that VCERA's tax counsel, Hansen Bridgett, advised staff to pursue a refund of the 15% state tax penalty for a recent late payment, which was caused by procedural changes in tax payment processing.

**XIII. BOARD MEMBER COMMENT**

Trustee Hoag stated that he and Trustee McCormick completed their review of the policies and charters that were listed on the May 2, 2016 meeting agenda, and changes will be submitted to the Board for approval at an upcoming meeting.

Trustee Goulet requested that the next Board meeting agenda include the consideration and approval of the 2017 SACRS Legislative Platform Worksheet.

**XIV. ADJOURNMENT**

The meeting was adjourned at 11:50 a.m.

Respectfully submitted,



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LINDA WEBB, Retirement Administrator

Approved,



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TRACY TOWNER, Chairman