

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**September 19, 2016**

#### **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  
Robert Bianchi, Alternate Public Member  
Deanna McCormick, General Employee Member  
Craig Winter, General Employee Member  
Arthur E. Goulet, Retiree Member  
Will Hoag, Alternate Retiree Member  
Chris Johnston, Safety Employee Member

**DIRECTORS**  
**ABSENT:**

**STAFF**  
**PRESENT:** Linda Webb, Retirement Administrator  
Lori Nemiroff, Assistant County Counsel  
Henry Solis, Chief Financial Officer  
Dan Gallagher, Chief Investment Officer  
Julie Stallings, Chief Operations Officer  
Stephanie Caiazza, Retirement Benefits Specialist  
Chris Ayala, Program Assistant

**PLACE:** Ventura County Employees' Retirement Association  
Second Floor Boardroom  
1190 South Victoria Avenue  
Ventura, CA 93003

**TIME:** 9:05 a.m.

**ITEM:**

**I. CALL TO ORDER**

Chair Towner called the Business Meeting of September 19, 2016, to order at 9:02 a.m.

**II. APPROVAL OF AGENDA**

Chair Towner amended the agenda by moving the Closed Session after item VI.B.

MOTION: Approve with the amendment.

Moved by Bianchi, seconded by Sedell

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, McCormick, Sedell, Winter, Wilson, Towner

No: -

Absent: Johnston

**III. CONSENT AGENDA**

- A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of July 2016
- B. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of August 2016
- C. Receive and File Report of Checks Disbursed in July 2016
- D. Receive and File Report of Checks Disbursed in August 2016
- E. Receive and File Budget Summary for FY 2015-16 Month Ending June 30, 2016 (Final)
- F. Receive and File Budget Summary for FY 2016-17 Month Ending July 31, 2016
- G. Receive and File Budget Summary for FY 2016-17 Month Ending August 31, 2016
- H. Statement of Reserves as of June 30, 2016

- I. 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 June 30, 2016
- J. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Schedule of Investments and Cash Equivalents for the Period Ending July 31, 2016

MOTION: Approve.

Moved by Hintz, seconded by Wilson

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, McCormick, Sedell, Towner, Winter, Wilson

No: -

Absent: Johnston

**IV. INVESTMENT MANAGER PRESENTATIONS**

- A. Receive Annual Investment Presentation from Loomis Sayles, Stephanie S. Lord

**V. INVESTMENT INFORMATION**

- A. NEPC – Dan LeBeau  
VCERA – Dan Gallagher, Chief Investment Officer
  - 1. NEPC: Investment Performance Analysis for Period Ending June 30, 2016  
  
Trustee Johnston arrived at 9:35 am
  - 2. NEPC: Preliminary Performance Report Month Ending July 31, 2016
  - 3. NEPC: Preliminary Performance Report Month Ending August 31, 2016

MOTION: Receive and file items V.A.1 – 3.

Moved by Goulet, seconded by Wilson

Vote: Motion carried

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

No: -  
Absent:

4. NEPC: Sprucegrove Net Investment Gains Follow Up  
**RECOMMENDED ACTION: Receive and file.**

MOTION: Receive and file.

Moved by Sedell, seconded by Wilson

Vote: Motion carried

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

No: -  
Absent:

5. NEPC: GMO Net Investment Gains Follow Up  
**RECOMMENDED ACTION: Receive and file.**
6. NEPC: GMO Follow Up  
**RECOMMENDED ACTION: Receive and file.**

Trustee Goulet commented that he believes that the Board should sever ties with GMO. trustee Johnston commented that he disagreed and thought it not wise to terminate before the market rebounds. Chief Investment Officer Dan Gallagher also commented that he agreed with the information provided by NEPC and trustee Johnston's comments, and did not recommend terminating the Board's relationship with GMO at this time.

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

MOTION: Terminate relationship with GMO.

Moved by Goulet, seconded by Hintz

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Sedell, Wilson

No: Johnston, McCormick, Winter

Absent:

MOTION: Receive and file items V.A.5 – 6.

Moved by Wilson, seconded by Winter

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, McCormick, Sedell, Wilson,

No: -  
Absent:

**VI. OLD BUSINESS**

**A. Update on Request to the County of Ventura for Publicly-Available Pay Schedule Requirement Market-Based Premium Payments for Pensionability**

Ms. Webb reviewed the Board's action in October of 2015 in regard to Market-Based Premium Pay. She reminded the Board that at that time the Board voted to include the 10 pay items in pensionable compensation under PEPRA, it also requested that the County of Ventura Board of Supervisors create a publicly available pay schedule for these pay items by July 1, 2016. Ms. Webb said that there had been 3 submissions by the County in response to this request, and none of them provided date of hire criteria, which was expected from 2015 discussions; it also did not provide alternate non-discretionary condition for payment to the basis by which those receiving MBPP could be considered "similarly situated members in the same group or class of employment" which is a critical part of PEPRA adherence.

Ms. Webb said that she had recently spoken with County HR Director Shawn Atin about the issue, and they had agreed to meet to in an effort to develop a publicly-available pay schedule that would comply with the Board's request. She recommended continuing this item until that could take place.

1. Staff Letter
2. County of Ventura Responses to Board of Retirement Request
  - a. May 9, 2016 Response
    - i. MBPP Item List
    - ii. Earnings Code Matrix
  - b. June 6, 2016 Response
    - i. Letter from County HR Director Atin
    - ii. Job Class Eligibility Listing for MBPP
  - c. June 30, 2016 Response

- i. Letter from County HR Director Atin
- ii. List of Employees
3. VCERA Staff Response to Letter from County HR Director Atin dated June 30, 2016
4. County HR Director Atin Letter dated August 22, 2016

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

MOTION: Table the items VI.A.1 – 4.

Moved by Goulet, seconded by Winter

Vote: Motion carried

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

No: -

Absent:

- B. Reconsideration and Possible Action to Adopt Revision to Section 1302 of the Ventura County Employees' Retirement Association Management Employees Resolution
  1. Section 1302 of the Ventura County Employees' Retirement Association Management Resolution
  2. Confidential Attorney-Client Privileged Memorandum to the Board of Retirement (not posted in the public agenda materials)

Assistant County Council, Lori Nemiroff, Chief Financial Officer, Henry Solis and Chief Operations Officer, Julie Stallings left the room for discussion.

Ms. Dunning commented on the consequences of waving attorney-client privileges rights to her memo. County Council, Leroy Smith on behalf of the County of Ventura, stated that there are different issues for VCERA and that he also believed that it would be easier for VCERA to reach a 50/50 agreement because of its new district status.

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

MOTION: Amend 1302 of the VCERA Management Resolution, pertaining to the 50/50 agreement for the PEPRA and Non-PEPRA members.

Moved by Foy, seconded by Wilson

Vote: Motion carried

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

No: -

Absent:

The Board Adjourned to Closed Session at 11:04 a.m.

Upon returning to Open Session at 11:20 a.m., Ms. Dunning and Chair Towner announced that the Board had taken no reportable action.

C. Further Consideration of Recommendations Re: Appointments to Positions of VCERA General Counsel, Chief Financial Officer and Chief Operations Officer

1. Memorandum from Board Chair Tracy Towner and Board Designated Labor Negotiator

2. Exhibit I of the VCERA Management Resolution (Redline)

MOTION: Approve Appointments of General Counsel, Chief Financial Officer, and Chief Operations Officer, with the amendments to the 1302.

Moved by Wilson, seconded by Sedell

Vote: Motion carried

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

No: -

Absent:

## VII. NEW BUSINESS

A. 2016/17 Business Plan

**RECOMMENDED ACTION: Approve.**

1. Staff Letter  
*Materials to be provided*

2. Proposed 2016/17 Business Plan  
*Materials to be provided*

Ms. Webb said that this year's proposed plan had simple yet achievable goals. She said last year's plan was overshadowed by the impact of the PAS project.

Trustee Goulet commented on the remediation of defects past the warranty period. He also provided two corrections to the document.

MOTION: Approve with corrections.

Moved by Goulet, seconded by Wilson

Vote: Motion carried

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

No: -

Absent:

B. Recommendation to Approve Payment for Waiver of Recourse, Fiduciary Liability Insurance, FY 2015/2016.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter
2. Binder of Insurance

Ms. Webb reminded the Board that the \$100 to cover individual trustees could not be paid with plan assets and each trustee had historically paid an equal portion. With the current 11 trustees, this came to \$9.09.

MOTION: Approve.

Moved by Winter, seconded by Johnston

Vote: Motion carried

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

No: -

Absent:

C. Appointment of SACRS Voting Proxy for Fall 2016 Conference

1. Staff Letter

Ms. Webb asked the Board to name a voting delegate for the fall SACRS Conference.

Trustee Hoag volunteered to serve.

MOTION: Approve Trustee Hoag as Voting Delegate.

Moved by Winter, seconded by Johnston



Vote: Motion carried

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

No: -

Absent:

D. Request from Trustee Johnston to Attend NCPERS Public & Safety Employees'  
Pension & Benefits Conference and pre-Conference Fiduciary Program October  
22 – 26, 2016, Las Vegas, NV

1. Staff Letter

2. Conference Agenda

MOTION: Approve.

Moved by Winter, seconded by Bianchi

Vote: Motion carried

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

No: -

Absent:

E. Report on Due Diligence Visit to Sprucegrove Submitted by CIO Dan  
Gallagher  
*Materials to be provided*

F. Report on Due Diligence Visit to Hexavest Submitted by CIO Dan  
Gallagher  
*Materials to be provided*

MOTION: Approve.

Moved by Wilson, seconded by Sedell

Vote: Motion carried

Yes: Bianchi, Foy, Hintz, Johnston, McCormick, Sedell, Winter, Wilson

No: -

Abstain: Goulet from Sprucegrove Report

Absent:

**VIII. CLOSED SESSION**

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

Agency Designated Representatives:

Tracy Towner  
Ashley Dunning of Nossaman LLP

Prospective Unrepresented VCERA Employees:

Retirement Chief Financial Officer  
Retirement General Counsel  
Retirement Chief Operations Officer

Following this item, the Board advanced to agenda item VI.C.

**IX. INFORMATIONAL**

- A. SACRS Fall Conference Agenda, November 8-11, 2016, Indian Wells, CA
- B. Article from The Economist, False Hope
- C. CALAPRS Trustees Roundtable, September 30, 2016, Burbank, CA
- D. Letter from MCERA, dated August 25, 2016
- E. CALAPRS Intermediate Course in Retirement Plan Administration, October 5 – 7, 2016, Burbank
- F. Article from P & I, Between a Rock and a Hard Place

**X. PUBLIC COMMENT**

None.

**XI. STAFF COMMENT**

Ms. Webb reminded the Board about the upcoming Nossaman Fiduciary Forum and SACRS Conference. She also commented about VCERA's continued research into upgrading the Board Room sound system and microphones.

XII. BOARD MEMBER COMMENT

None.

XIII. ADJOURNMENT

The meeting was adjourned at 11:34 a.m.

Respectfully submitted,



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LINDA WEBB, Retirement Administrator

Approved,



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TRACY TOWNER, Chairman