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


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


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


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

Moved by Goulet, seconded by Wilson

Vote: Motion carried
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,
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
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 waiving 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
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 Towne 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 Towne 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
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
No: -
Absent:


**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
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
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
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
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,

[Signature]

LINDA WEBB, Retirement Administrator

Approved,

[Signature]

TRACY TOWNER, Chairman