

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

November 7, 2016

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
Chris Johnston, Safety Employee Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member
Robert Bianchi, Alternate Public Member

DIRECTORS Craig Winter, General Employee Member
ABSENT: Deanna McCormick, General Employee Member

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, General Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Shalini Nunna, Retirement Benefits Manager
Donna Edwards, Retirement Benefits Specialist
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: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Chair Towner called the Disability Meeting of November 7, 2016, to order
At 9:05 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Wilson, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

III. APPROVAL OF MINUTES

A. Business Meeting of October 17, 2016.

MOTION: Approve.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

MOTION: Receive and file.

Moved by Wilson, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

V. APPLICATIONS FOR DISABILITY RETIREMENT

- A. Application for Service Connected Disability Retirement, Ramirez, Scott D.; Case No. 15-013
1. Application for Service Connected Disability Retirement
 2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Applicant's Application for Service Connected Disability Retirement, including supporting documentation
 3. Hearing Notice, dated September 13, 2016

Paul Hilbun was present on behalf of County of Ventura Risk Management. The applicant, Scott D. Ramirez was also present.

Trustee Goulet commented that he could not find any statement in the applicant's medical records that said he was medically incapacitated. Trustee Goulet also inquired why the applicant had not opted for the surgery.

Mr. Hilbun replied that the surgeon had given the applicant a 50% chance of success for the operation. Trustee Goulet stated it was not in the records provided to the Board. Mr. Hilbun replied that it was found in numerous reports filed by Dr. Gross. Trustee Goulet stated that in Mr. Gross's report it states that the applicant had decided against the operation.

The applicant stated that he did not feel a 50% chance of success was good enough to risk the operation.

Trustee Goulet noted that information was not provided to the Board to review.

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

MOTION: Approve the Recommendation to grant the Applicant, Scott D. Ramirez, a service connected disability retirement.

Moved by Bianchi, seconded by Wilson.

Vote: Motion carried

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

No: Goulet

Absent: McCormick, Winter

Both parties agreed to waive preparation of findings of fact and conclusions of law.

B. Application for Non-service Connected Disability Retirement, Lewis, Tiffiney B.; Case No. 16-007

1. Application for Non-Service Connected Disability Retirement

2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Applicant's Application for Non-service Connected Disability Retirement, including supporting documentation

3. Hearing Notice, dated October 13, 2016

Paul Hilbun was present on behalf of County of Ventura Risk Management. The applicant, Tiffiney B. Lewis was also present.

Both parties declined to make a statement.

The following motion was made:

MOTION: Approve the recommendation to grant the Applicant, Tiffiney B. Lewis, a non-service connected disability retirement.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

Both parties agreed to waive preparation of findings of fact and conclusions of law.

VI. OLD BUSINESS

A. Review and Discussion of November 11, 2016 SACRS Business Meeting Agenda Items

Ms. Webb stated that the SACRS Fall Business meeting was scheduled for November 11th, 2016. Ms. Webb recommended that trustees attending the conference attend the business meeting, though the Board had appointed a designated voting proxy.

Trustee Goulet gave a summary of discussions of the SACRS legislative committee.

Chair Towner said the County did not oppose the SACRS legislative proposals.

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

MOTION: Instruct the VCERA Delegate to Support the Proposals Provided.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

B. GMO Termination and Portfolio Transition
RECOMMENDED ACTION: Receive and file.

1. Staff Letter

Trustee Goulet said he was unaware of any exiting fee which was 33% of the annual management fee. He asked if Mr. Gallagher and Mr. Martin knew of the exiting fee, and said he would have liked for the Board to be notified to try to mitigate the fee.

Trustee Wilson stated that he did not recall being charged an exit fee from the fund managers in the past.

Chair Towner stated the exit fee was in the contract with VCERA.

Mr. Gallagher stated that this is not an uncommon practice on co-mingled funds that have emerging markets exposure. However he had not been aware of this exiting fee, but because it was in the contract there was no choice. Mr. Gallagher also mentioned that he and Mr. Martin tried to get an In-Kind Transfer to avoid the fee, but were unsuccessful.

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

MOTION: Receive and file.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

C. Update on VCERA Request to County Auditor-Controller for Access to Member Retirement Data

1. Staff Letter
Materials to be provided
2. Steering Committee Memorandum

Ms. Webb reviewed the history of the request to the Auditor-Controller for read-only access and query access to retirement tables in VCHRP. After the request was initially rejected, it was then brought before the Steering Committee on July 18th. VCERA received a response from the Steering Committee on October 17th, which was provided in the Board's materials. Ms. Webb commented that she and some key staff would be meeting with County staff on November 14th for a walk-through of the Committee's proposed solution.

Ms. Webb said that in the Steering Committee meeting, the Auditor said he had spoken to 3 other counties who indicated that they did not give their retirement systems full access to the payroll system. Ms. Webb said she replied VCERA did not want full access either, but only to the retirement data.

Ms. Webb said she had subsequently surveyed the other CERL systems informally, and of the 13 who responded, all either had access to the retirement data in the payroll system or received the data in the regular payroll transmittal, or both. Trustee Sedell asked if this had been communicated to the Auditor-Controller, and Ms. Webb replied that in addition to her remarks in the the Steering Committee meeting she had also said in writing that VCERA was not requesting full payroll access, and that she respected the County's responsibilities to safeguard confidential data.

Trustee Sedell said that it seems that the Auditor-Controller's opposition is based on the incorrect fact that these other systems do not have the access we have requested. Ms. Webb agreed and said the Auditor-Controller presumably did not ask the other counties about specific access to retirement data.

Trustee Foy asked if the other systems had access comparable to what we have asked for. Ms. Webb replied yes, and that VCERA had offered to cover the cost for programming needed to restrict access to retirement data only. Trustee Foy commented that perhaps the problem was due to a limitation of their system.

Ms. Webb replied that system limitations were not cited as a reason for rejecting access, but rather security and confidentiality concerns. Ms. Webb said VCERA also offered to review and tighten IT security standards to ease those concerns.

Trustee Foy stated that the Auditor-Controller should just give VCERA access to the data. Ms. Webb said she agreed and would report back after the November 14th meeting.

Trustee Goulet stated that the law gives VCERA the right to audit those records and asked if they are stating that they will not give us the records to perform such an audit. Ms. Webb said the November 14th meeting would help clarify.

Trustee Foy asked General Counsel who he should contact at County Counsel to help smooth this request along. Ms. Nemiroff replied that he should contact Leroy Smith County Counsel to see who to speak to regarding this matter.

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

MOTION: Receive and file.

Moved by Wilson, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

D. I.T. Resource Update and Recommendation
RECOMMENDED ACTION: Approve.

1. Staff Letter

Ms. Webb stated that VCERA had found a secondary IT Resource who initially accepted, but then withdrew because of the temporary nature of the contract. Ms. Webb said that she is requesting that the Board allow staff to execute the hiring of an IT Resource when one was selected.

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

MOTION: Approve.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

VII. NEW BUSINESS

- A. Quarterly Administrator's Report for July - September, 2016
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and file.

Moved by Sedell, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

- B. Letter from Trustee Goulet Regarding AB 1853
RECOMMENDED ACTION: Receive and file.

Trustee Goulet asked if VCERA would be willing to send a letter to the Governor to communicate concern over the veto of AB 1853. Trustee Goulet said that if the Board approved he would be willing to draft the letter and present to the Board for review.

MOTION: Approve Request by Trustee Goulet to Draft a Letter to the Governor Regarding AB 1853 for Board Review.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

- C. Report on Due Diligence Visit to Walter Scott Submitted by CIO, Dan Gallagher and Trustee Hoag
RECOMMENDED ACTION: Receive and file.

Mr. Gallagher stated that this report was two parts, with an executive summary as well as a detailed due diligence report. Mr. Gallagher said that the report was co-authored by Trustee Hoag, who also attended the meeting.

MOTION: Receive and file.

Moved by Hintz, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

- D. Request from Vitech for No-Cost Change Order Related to PAS Rollout #2
1. Staff Letter
Materials to be provided
 2. Vitech Requested Change Order
Materials to be provided

Ms. Webb said that Rollout 2, or Member Self Service Portal, a project milestone date of August 22, 2016. At that time, Vitech did not submit a formal letter of acceptance to VCERA, but the module was moved to the production server. Because of past practice, Vitech assumed and believed that the move to the production server was the equivalent of VCERA acceptance of Rollout 2. Ms. Webb said that after reviewing the module there were some outstanding defects, though minor in comparison to past defects. Ms. Webb said that Vitech would like VCERA to honor the August 22, 2016 date as the day the module was accepted. Ms. Webb said that the contract states that Rollout 2 acceptance triggers the 90-day warranty period. Ms. Webb said the date the defects were cleared VCERA officially accepted Rollout 2 was October 25, 2016.

Ms. Webb then said that Vitech is requesting a change order and asked that the Board grant authority to the Chair, Retirement Administrator and Counsel to negotiate a resolution to this issue with Vitech.

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

MOTION: To Authorize VCERA Staff and Board Chair to negotiate a change order resolution.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: McCormick, Winter

VIII. INFORMATIONAL

None.

IX. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Mr. Gallagher informed the Board that Dan LeBeau from NEPC had resigned and as a result NEPC had promoted Tony Ferrera from Consultant Service Analyst to Consultant. Mr. Gallagher said that Mr. Martin will be bringing Mr. Ferrera to the next Board meeting and that Mr. Ferrera had been working on our account well before Mr. Gallagher joined VCERA by supporting Mr. LeBeau and Mr. Martin. Mr. Gallagher said that he did not have any concerns with this decision from NEPC and added that NEPC has also brought in a few new consultants as well. Mr. Gallagher stated that Mr. Martin will be providing a detailed report to the Board regarding the ongoing viability of VCERA's investments. Mr. Gallagher also stated that there were no issues regarding profitability.

XII. BOARD MEMBER COMMENT

Trustee Goulet stated that he would like Mr. Gallagher to research and report on any exit fees for all of the contracts with our investment managers.

XIII. ADJOURNMENT

The meeting was adjourned at 10:03 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman