

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

February 6, 2017

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Peter C. Foy, Public Member
Mike Sedell, Public Member
Robert Bianchi, Public Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member
Chris Johnston, Safety Employee Member
Ed McCombs, Alternate Public Member

DIRECTORS Steven Hintz, Treasurer-Tax Collector
ABSENT: Deanna McCormick, General Employee Member
Craig Winter, General Employee Member

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
Shalini Nunna, Retirement Benefits Manager
Vickie Williams, Retirement Benefits Manager
Karen Scanlan, Accounting Manager I
Donna Edwards, Retirement Benefits Specialist
Stephanie Berkley, 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 January 9, 2017, to order at 9:00 a.m.

Deputy County Clerk, Miranda Nobriga was present to administer the Oath of Office to Mike Sedell, Robert Bianchi and Ed McCombs.

Trustee Goulet commented that someone should inform the County of Ventura that there was an error in action taken by the Board of Supervisors in regards to trustee term limits. Trustee Goulet stated that the term should run January 1, 2017 to December 31, 2019; however, the Board of Supervisor's appointment recommendation said the terms were from January 2, 2017 to January 6, 2020.

II. APPROVAL OF AGENDA

Chair Towner stated that the agenda should be amended to remove item "V.B.", Application for Service-Connected Disability Retirement for Karla Dean, Case No. 13-010.

MOTION: Approve the agenda as amended.

Moved by Bianchi, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Absent: McCormick, Hintz, Winter

III. APPROVAL OF MINUTES

Chair Towner stated that proposed corrections and changes to the minutes for the Disability Meeting of January 9, 2017 and the Business Meeting of January 23, 2017 had been presented to the Board in a provided document.

Trustee Sedell identified an error on page 13 of the minutes for January 6, 2017, where it stated that he voted yes, but was also listed him as voting no.

A. Disability Meeting of of January 9, 2017.

MOTION: Approve with Corrections.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Absent: McCormick, Hintz, Winter

B. Business Meeting of January 23, 2017.

MOTION: Approve with Corrections.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Absent: McCormick, Hintz, Winter

Ms. Webb said that if anyone wanted a copy of the proposed changes to the minutes, copies would be on file with the Clerk.

Following the vote on this item, the Board advanced to agenda item V.A. and then returned to item IV.

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

MOTION: Receive and File.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Absent: McCormick, Hintz, Winter

Following the vote on this item, the Board advanced to agenda item VI.

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-Connected Disability Retirement –
Hugh J. Taylor; Case No. 15-001.

1. Application for Service-Connected Disability Retirement.
2. Member's request to withdraw the Application for Service-Connected Disability Retirement, in order for the Application to go forward as an Application for Non-service Connected Disability Retirement, dated December 20, 2016.
3. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura, Risk Management, in support of the Application for Non-service Connected Disability Retirement, dated January 19, 2017.
4. Hearing Notice, dated January 25, 2017.

Steve Roberson, Attorney at Law was present on behalf of County of Ventura Risk Management. John H. Sugden, Attorney at Law was also present on behalf of the applicant.

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

MOTION: Approve the Withdrawal of the Service Connected Disability Retirement Application and Consider as a Non-Service Connected Disability Retirement Application.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Absent: McCormick, Hintz, Winter

MOTION: Approve Non-Service Connected Disability Application.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Absent: McCormick, Hintz, Winter

Following the vote on this item, the Board returned to agenda item IV.

VI. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

A. June 30, 2016 Comprehensive Financial Report (CAFR) – Brown
Armstrong, Andrew Paulden, Partner

RECOMMENDED ACTION: Receive and file.

1. Brown Armstrong Presentation by Presenter Andrew Paulden, CPA
2. Independent Auditor's Report
3. Auditor's Report to Management, Year Ending
June 30, 2016

Trustee Goulet commented that page 11 of the Audit Report, stated the fiduciary net position as a percentage of the total pension liability, read 80.47%, which is different than the valuation report. Trustee Goulet said that he believed that there should be an explanation for the difference.

Mr. Paulden replied that the difference was the result of the new standards of GASB 67 & 68. Mr. Paulden said that with the implementation of 67, there was a departure from the funding valuation and funding percentages, because for financial reporting it is no longer important, but only for financial reporting. Mr. Paulden stated that in the future or in a revision to this report, if deemed necessary, Brown Armstrong could add an explanation for the difference in the Management's Discussion and Analysis section.

Trustee Goulet commented about the date of June 30, 2015 on page 12 of the CAFR report and if the date should be June 30, 2016.

Mr. Paulden replied no, because there were two years of comparative information in the financial statements.

Trustee Goulet stated that he did not fully discuss some of his issues with the CAFR Report, in which he found a few errors that should be addressed.

Trustee Sedell commented that the Board could ask Ms. Webb to make the corrections to the CAFR.

Ms. Webb stated that staff could make the corrections and present them to the Board for review.

Trustee Goulet said that it would be acceptable.

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

MOTION: Receive and File with Amendments.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Absent: McCormick, Hintz, Winter

VII. OLD BUSINESS

A. Consider and Take Possible Action to Approve Changes to VCERA Management Resolution Re: Leave Redemption

1. Letter from Chair Towner
2. Letter from Nossaman, LLC. to County Counsel
3. County Counsel Response to Nossaman, LLC.
4. Proposed Changes to Resolution (Redline)

Chair Towner stated that a month ago the Proposed Management Resolution was presented to the Board and it was decided that the County Counsel and counsel for the Board of Retirement would review the proposal to reach an agreement. Chair Towner said that the management resolution provided was the agreed upon resolution between the two counsels.

Trustee Goulet commented that he did not agree with the removal of the requirement that employees take 80 hours of annual leave because it is important that VCERA's employees be required to take time off.

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

MOTION: Approve.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner
No: Goulet
Abstain:
Absent: McCormick, Hintz, Winter

Chair Towner commented that in regards to Trustee Goulet's comment about requiring the employees of VCERA to take 80 hours of annual leave, such a requirement was not enforceable according to the Board's counsel.

B. Update on Proposed Amendment to Government Code Section 31522.11

Chair Towner commented that he had sent the proposed amendment to County CEO Powers to review a month ago, but had not heard back. Chair Towner said a lobbyist had been engaged, Jim Lites, who had also lobbied for the Board on AB 1291. Chair Towner also said that he would be meeting with an assembly person to see if they would sponsor this bill and because the Board had missed the filing deadline, the bill would have to be inserted into another bill for submittal.

C. Update on the Upgrade of Board Room Audio System

1. Staff Letter
2. Audio System Phase 1 Quote

Ms. Webb said she knew the Board was aware of the problems with the Board Room sound system. Ms. Webb stated that staff concluded its search for a reasonably priced sound system for present and future needs, and allow for later expansion. Ms. Webb said the initial quote, which after eliminating some unnecessary equipment was \$36,000, which she would like to spread out by completing the project in phases, with phase one addressing the most immediate needs. Ms. Webb stated the cost of phase one will be \$15,331, which should be completed before the next disability meeting or possibly the next business meeting and the Board should notice an immediate improvement in sound quality. Ms. Webb also said that if the Board had any technical questions, they could talk to her or Mr. Ford.

Trustee Goulet asked if the new sound system components could be moved, if VCERA were to change office locations in the future.

Ms. Webb replied yes, and this had been a consideration. Ms. Webb said the vendor came highly recommended by the Ventura County Superior Courts.

VIII. NEW BUSINESS

- A. Recommended Review and Update of Appointment and Election of Trustees Policy
 1. Staff Letter

2. Appointment of Election of Trustees Policy (Redline)

Ms. Webb stated that she had worked with the General Counsel to update the policy to reflect the most recent legislation that allows the Board to welcome Trustee McCombs. The provided redline item illustrated the proposed changes.

Trustee Goulet stated the sample year column in the table was intended to be the year in which the term starts.

Ms. Webb replied that she believed the reason the dates appeared off is because one date represents the election date and the other represents the term.

Trustee Goulet said when the policy was adopted the intention was for the table to show the year in which a term started, so that trustees could tell when they have to give notice of an election.

Ms. Webb said that the policy read the same before the proposed changes, so staff would research and update the table.

Trustee Goulet said that the table did reflect his own term correctly, but it appeared to be wrong for the Safety Member's term, as the Safety Member would be having an election in 2017.

Ms. Nemiroff commented that the term dates in the table for the Retired Member were correct for Trustee Goulet.

Ms. Webb suggested that the Board could approve the changes, with an update to the table provided at the next meeting.

Trustee Goulet noted some language he believed to be unnecessary. Ms. Nemiroff explained why that language was included. Trustee Goulet said that he was fine with leaving the language unchanged after Ms. Nemiroff's explanation.

Ms. Webb said that she would work on correcting the table.

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

MOTION: Adopt with the Edits to the Terms of Office Table.

Moved by Foy, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Abstain:

Absent: McCormick, Hintz, Winter

B. AB 2376 – Addition of Section 31520.6 to CERL, Expanding Voting Rights of Alternate Retired Member

1. Letter from General Counsel

Ms. Nemiroff stated that at the last Board Meeting, Trustee Goulet correctly pointed out that the Alternate Retired Member was able to vote because of the absence of the two general members. Ms. Nemiroff said would formally explain and give notice to the Board, as this was an expansion of the voting rights for the alternate retired member, which was enacted and became effective January 1st 2017. Ms. Nemiroff said previously the alternate member could only vote if the retired member were absent, but the alternate retired member may now vote if both the general members are absent or if one of the general members and one of the safety members are absent.

C. Retirement Administrator's Quarterly Report
To be provided

Ms. Webb said that her quarterly report was in the Board's materials for the meeting and that she would answer any questions.

Trustee Goulet said that he did not see the report in his materials. Chair Towner noted that an e-mail from Ms. Webb went out to the Board on the previous Friday regarding the report. Trustee Goulet replied that he did not receive the email.

Ms. Webb noted that Trustee Goulet had previously mentioned not receiving such emails in the past and that she would look into the problem.

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

MOTION: Receive and File.

Moved by Wilson, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Abstain: Goulet

Absent: McCormick, Hintz, Winter

Trustee Goulet said that he would abstain, having not reviewed the report.

D. Request for Retirement Administrator to attend the CALAPRS General Assembly in Monterey, CA, March 5th – 7th

1. Staff Letter

2. General Assembly Agenda

MOTION: Approve.

Moved by Wilson, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hoag, Johnston, Sedell, Wilson, Towner

No: -

Abstain:

Absent: McCormick, Hintz, Winter

IX. INFORMATIONAL

A. CALAPRS Advanced Principles Training at UCLA

Ms. Webb said that this course was particularly recommended by CALAPRS for Trustees who have completed their base education.

X. PUBLIC COMMENT

None

XI. STAFF COMMENT

Ms. Webb commented that staff would be meeting with the Auditor/Controller staff on the 11th to discuss unresolved errors and adjustments, particularly ones since V3 went live.

Ms. Webb stated she had a phone conversation with Human Resources Director, Mr. Atin the previous week and both understood they had different perspectives regarding the discretionary pay items. She said she intended to request Board clarification soon for the analysis of market based premium pay and other discretionary pay items under PEPR. Ms. Webb said that she inform Mr. Atin of her recommendation before the meeting, so he could be prepared to speak before the Board if he would like.

Ms. Webb informed the Board, that VCERA issued 1099Rs to members from V3 on time, but the documents were printed with an incorrect Employer ID number. Ms. Webb said staff was in the process of determining the reason. Once notified of the error on February 1st, staff immediately posted a notice on the website, sent out a post card to retired members about the error and worked to have the forms revised and reissued.

Trustee Goulet said that he thought the staff's response was excellent, once the error was detected.

Ms. Nemiroff said she had placed a confidential memo for the Board in their folders on the recent court ruling in VCERA's favor regarding paying a survivors continuance. Ms. Nemiroff stated it has been an established law that survivors' continuances are not paid once there has been a divorce and a division of property; however, what has not been well settled at the appellate court level is what happens with the legally separated spouse. Ms. Nemiroff also said that after the issuance of a decision in the Santa Barbara Superior Court a few years ago, VCERA re-examined its procedures and made a policy change that would fall in line with that decision and no longer award survivor continuances to legally separated spouses. Ms. Nemiroff stated that after VCERA's policy change, the Contra Costa Retirement Association also fought the same battle in superior court, which issued a ruling that was in line with the Santa Barbara case. VCERA then had the same issue and denied a continuance to a legally separated spouse and the local superior court also upheld the decision. Ms. Nemiroff stated that the Contra Costa case is being appealed and VCERA should be receiving a ruling from the appeals courts in the future and she will keep the Board updated.

Ms. Webb commented that staff was ready to begin using Board Books for the board meetings.

XII. BOARD MEMBER COMMENT

None.

XIII. ADJOURNMENT

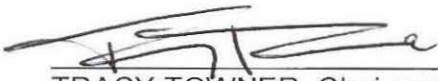
The meeting was adjourned at 9:51 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman