

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 24, 2017

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Peter Foy, Public Member¹
Mike Sedell, Public Member
Robert Bianchi, Public Member
Maeve Fox, General Employee Member
Craig Winter, General Employee Member
Will Hoag, Alternate Retiree Member
Chris Johnston, Safety Employee Member
Ed McCombs, Alternate Public Member

DIRECTORS Arthur E. Goulet, Retiree Member
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, County Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
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.

¹ Trustee Foy arrived at 9:06 a.m.

ITEM:

I. CALL TO ORDER

Chair Towner called the Business Meeting of July 24, 2017, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Wilson, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Fox, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Goulet, Foy

III. APPROVAL OF MINUTES

A. Business Minutes of July 24, 2017.

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

MOTION: Approve.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Fox, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Goulet, Foy

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of June 2017.

B. Receive and File Report of Checks Disbursed in June 2017.

C. Receive and File Budget Summary for FY 2016-17 Month Ending June 30, 2017 (Preliminary).

D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending May 31, 2017.

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, Fox, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Goulet, Foy

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from Hexavest, Marc Christopher Lavoie.

Marc Christopher Lavoie was present on behalf of Hexavest to provide an organizational and investment performance update.

- B. Receive Annual Investment 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 – Allan Martin and Anthony Ferrera.
VCERA – Dan Gallagher, Chief Investment Officer.

1. Preliminary Performance Report Month Ending June 30, 2017.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and file.

Moved by Wilson, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Goulet

VII. OLD BUSINESS

- A. Staff Response to Trustee Questions Regarding Proposed Fiscal Year 2017-18 Budget.

1. Staff Letter.

Mr. Solis explained that this item was staff's response to Trustee Goulet's questions regarding the legal authority to depreciate assets and to follow published accounting standards. Mr. Solis stated California Government Code section 30200 tasks the State Controller as the entity that provides uniform accounting procedures conforming to Generally Accepted Accounting Principles (GAAP) and requires that VCERA follow GAAP and pronouncements issued by Governmental Accounting Standards Board (GASB). Mr. Solis also stated that Trustee Goulet had reviewed the letter and was satisfied with the explanation provided.

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

MOTION: Receive and file.

Moved by Winter, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Goulet

VIII. NEW BUSINESS

A. Fiscal Capitalization Policy.

RECOMMENDED ACTION: Approve.

1. Staff Letter
2. Fiscal Capitalization Policy Proposed (Redline).

Mr. Solis explained the recommendation to adopt a capitalization policy. Mr. Solis explained that historically, VCERA has expensed items due to past practice, individual dollar amount spent being less than \$25,000 and the absence of a capitalization policy. Also, VCERA has never made any major purchases, such as a new building. However, given the total cost of the new pension administration system and the fact that GASB standards require that intangible assets be accumulated and capitalized and, when placed in service, amortized over the estimated useful life, he believed it prudent to adopt a formal capitalization policy. Mr. Solis stated that the draft policy would have an individual asset purchase threshold of \$25,000.

Mr. Solis replied to several questions by trustees and stated that Trustee Goulet had reviewed the policy and requested a change to substitute "an individual" for the word "single" in the 3rd paragraph.

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

MOTION: Approve with Corrections.

Moved by Hintz, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Goulet

B. Recommendation to Approve Payment for Waiver of Recourse, Fiduciary Liability Insurance, FY 2017/18.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Binder of Insurance.

Ms. Webb said that this item was presented to Board on an annual basis for consideration. Ms. Webb said that the fiduciary liability insurance premium did not increase for 2017-18 fiscal year. The traditional \$100 waiver of recourse was added, which maximizes the effectiveness of the policy. Ms. Webb then reminded the Board that the \$100 payment could not be paid from the fund assets, so the cost necessarily would be divided equally among the trustees.

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

MOTION: Approve.

Moved by Bianchi, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Goulet

C. Quarterly Retirement Administrator's Report for April – June, 2017.

RECOMMENDED ACTION: Receive and file.

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, Fox, Foy, Hintz, Johnston, Sedell, Wilson, Winter

No: -

Absent: Goulet

IX. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION. INITIATION OF LITIGATION PURSUANT TO PARAGRAPH (4) OF SUBDIVISION (d) OF SECTION 54956.9. NUMBER OF CASES: ONE.

Chair Towner stated that the Board had two options at that point in the meeting, which were to enter into closed session then or to hear agenda items X through XIII, and then adjourn into closed session.

After discussion, the Board decided to continue to items "X. Informational", "XI. Public Comment", "XII. Staff Comment," and "XIII. Board Member Comment", before adjourning into Closed Session.

X. INFORMATIONAL

None.

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

Mr. Gallagher informed the Board that he had one speaker confirmed for the off-site Board Retreat and business meeting on September 25. He said that he and NEPC were working on securing a second speaker.

Mr. Gallagher also updated the Board about two upcoming investment manager due diligence visits. One was to Drive Capital in Columbus, and the other at Western Asset Management in Pasadena. He said these visits were tentatively scheduled for the last week of September and the first week of October, but scheduling was dependent upon the availability of senior personnel, particularly at Drive Capital. Mr. Gallagher then asked Board members to please let him know if any of them were interested in attending one or both visits.

Ms. Webb reminded the Board the SACRS 2017 Fall Conference scheduled for Nov. 14th through 17th in San Francisco, and that staff was able to secure rooms at the designated hotel. Ms. Webb informed the Board that typically July was the time when staff would present a New Business plan; however, a few items on the business plan she believed would be resolved or would notably be different in August when the Board had no scheduled meetings, so staff would be presenting it in September.

Trustee Wilson asked if staff had said at the previous board meeting that there was some kind of continuing education available.

Ms. Webb replied that staff does have a sexual harassment prevention course video provided by SACRS and that staff would be reviewing the trustee education report and contacting trustees who still needed to take the course.

XIII. BOARD MEMBER COMMENT

None.

The Board Adjourned to Closed Session at 10:30 a.m.

XIV. ADJOURNMENT

The Chairman adjourned the meeting from closed session at 10:42 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman