VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
BOARD RETREAT & BUSINESS MEETING
SEPTEMBER 25, 2017

MINUTES

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

DIRECTORS ABSENT:  Peter Foy, Public Member
Maeve Fox, General Employee Member

STAFF PRESENT:  Linda Webb, Retirement Administrator
Lori Nemiroff, County Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Shalini Nunna, Retirement Benefits Manager
Vickie Williams, Retirement Benefits Manager
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.
I. INTRODUCTION & APPROVAL OF AGENDA

Chair Towner called the Board Retreat & Business Meeting of September 25, 2017, to order at 9:05 a.m.

The Board advanced to agenda item “II. Approval of Minutes”, then returned to item “I. Introduction & Approval of Agenda”.

Trustee Bianchi said that he had a correction for the agenda on master page 2, in item B.1. He said that the word September should be removed.

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

MOTION: Approve Agenda with Corrections.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter
No: -
Absent: Fox, Foy

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

II. APPROVAL OF MINUTES


Trustee Goulet offered corrections to the minutes, suggesting that on master page 7, 8, and 9, the disability items should have included the phrase, “both attorneys made statements.” Also, on page 8, to remove the phrase, “both parties agreed to waive preparations of findings of fact and conclusions of law,” and on page 10 that Mr. Roberson and the applicant made statements. Further, the statement, “Trustee Goulet said that he still believed it would be better to extend the contract until there was a new agreement”, should be removed.

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

MOTION: Approve with Corrections.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Towner, Wilson, Winter
No: -
Abstain: Sedell
Absent: Fox, Foy
Trustee Sedell said that he abstained because he was not present at the Disability Meeting of September 11, 2017.

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

III. CONSENT AGENDA

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

B. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of August 2017.


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

MOTION: Receive and File.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter
No: -
Abstain: -
Absent: Fox, Foy

IV. OLD BUSINESS

A. Determine Compliance of County’s Proposed Publicly-Available Pay Schedule for Market-Based Premium Pay (MBPP) and Determine Pensionability of MBPP under PEPRA.

RECOMMENDED ACTION: EXCLUDE MBPP FROM PENSIONABLE COMPENSATION DUE TO DEFICIENCY IN MEETING PEPRA CRITERIA.

1. Staff Letter Recommending Postponement of Action Pending Discussions between County Counsel and VCERA Counsel.


B. Determine Pensionability of HCA Fiscal Premium Pay.

**RECOMMENDED ACTION: EXCLUDE HCA FISCAL PREMIUM PAY FROM PENSIONABLE COMPENSATION DUE TO DEFICIENCY IN MEETING PEPPRA CRITERIA.**

   Previously Provided.

Ms. Webb said that after the Board tabled Items A and B on September 11, 2017, VCERA's outside counsel and the Ventura County Counsel had conferred on these pay items, and that process is still ongoing. She said staff supported postponement of action until October 9, 2017 therefore, as such discussions between the counsels would help lead to the best possible outcome.

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

**MOTION:** Table Items IV.A. and IV.B. to the October 9, 2017 Board Meeting.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter
No: -
Absent: Fox, Foy

V. **NEW BUSINESS**

A. Fiscal Year 2016-17 Final Budget Adjustments.
   Henry Solis, Chief Financial Officer

1. Staff Letter by CFO Henry Solis.

2. Final Budget Summary June 30, 2017 (Attachment 1).


Mr. Solis stated that if VCERA ends the fiscal year within budget, the Budget Summary report is presented to the Board as a consent item. However, if actual expenditures were to exceed the budget in any category, staff would return to the Board and request transfers between budget categories or additional appropriations from contingency to close out the fiscal year. Mr. Solis stated as explained in the staff letter, that staff provided a mid-year budget update at the February 2017 Business meeting. At that time staff had projected that total expenditures would be within budget by the end of the fiscal year. Mr. Solis stated that overall expenditures were within budget but had exceeded budget for the IT category.

Mr. Solis explained the variances and recommended that available appropriations be transferred between budget categories to close out the fiscal year.

Trustee Goulet asked how the time and materials cost structure impacted hours invoiced by Vitech.
Ms. Stallings said that as of the end of the last fiscal year, VCERA had expended 2,986 post-warranty hours on a time and materials basis.

Ms. Webb added that if the Board had opted to pre-purchase a 2,000 block of hours, the savings would have been 3%, compared to the time and materials hourly rate.

Trustee Goulet remarked that more work was needed than was originally anticipated.

Ms. Stallings replied yes, the work on the IRS enhancements and the transmittals made up most of the additional hours.

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

**MOTION:** Approve.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox, Foy


Henry Solis, Chief Financial Officer

1. Staff Letter by CFO Henry Solis.

2. Budget Crosswalk Old to New General Ledger (Attachment 1).


Mr. Solis explained that a new account general ledger account structure was implemented as the existing general ledger account structure was no longer sufficient to meet VCERA's financial reporting requirements. He highlighted some of the benefits that would be derived from the newly designed account structure. He also explained, that due to time constraints, the implementation of the new account structure was not completed until after the Fiscal Year 2017-18 budget was adopted. Due to timing the adopted budget was developed under the old general ledger account structure. Mr. Solis explained that the attachment is a crosswalk taking the existing budget under the old general ledger account structure and cross referencing each budget amount to the new general ledger account structure. Mr. Solis recommended that the Board adopt the Fiscal Year 2017-18 Budget under the new account structure.

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

**MOTION:** Approve.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter
No: -
Absent: Fox, Foy

   Henry Solis, Chief Financial Officer
   1. Staff Letter by CFO Henry Solis.
   4. Schedule of Investments and Cash Equivalents.
   5. Schedule of Investment Management Fees.

Mr. Solis stated that the financial reports were reformatted and presented under the
new account structure and welcomed any suggestions.

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

MOTION: Receive and file.

Moved by Wilson, seconded by Sedell.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter
No: -
Absent: Fox, Foy

D. SACRS Fall Voting Proxy

   1. Staff Letter.

Ms. Webb said that the Board typically appoints a voting delegate and an alternate
from among the trustees in anticipation of each SACRS conference, and asked the
Board to make such appointments from among those planning to attend.

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

MOTION: Trustee Hoag to be the Voting Delegate, with Trustee Sedell as the Alternate
Voting Delegate.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter
No: -
Absent: Fox, Foy
VI. **OVERVIEW OF VCERA'S NEW WEBSITE**
Linda Webb, Retirement Administrator

Retirement Administrator, Linda Webb presented a brief overview of VCERA's new website.

VII. **DEMONSTRATION OF MEMBER SELF-SERVICE PORTAL**
Shalini Nunna, Retirement Benefits Manager

Shalini Nunna, Retirement Benefits Manager presented a demonstration of VCERA's new Member Self-Service Portal.

Chair Towner requested a break at 10:35.

The Board returned from break at 10:50.

VIII. **PRESENTATION: “THE BIG TEASE”**
Weston Wellington, Dimensional Fund Advisors.

“The Big Tease”, Weston Wellington, Dimensional Fund Advisors.

IX. **PRESENTATION: “BIG DATA AND A.I. IN INVESTING”**
Dr. Ben Hunt, C.I.O, Salient.

“Big Data and A.I. In Investing”, Dr. Ben Hunt, C.I.O., Salient.

X. **INVESTMENT INFORMATION**
NEPC – Allan Martin and Tony Ferrera.
VCERA – Dan Gallagher, Chief Investment Officer.

   **RECOMMENDED ACTION:** Receive and file.

   **RECOMMENDED ACTION:** Receive and file.

   **RECOMMENDED ACTION:** Receive and file.

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

**MOTION:** Receive and File Items X.A., X.B. and X.C.

Moved by Winter, seconded by Bianchi.

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, McCombs, Sedell, Towner, Wilson, Winter
No: -
Absent: Fox, Foy

XI. **PUBLIC COMMENT**
XII. **STAFF COMMENT**

Mr. Gallagher said that the Board had been scheduled to hear a presentation that day by Loomis Sayles, but it had been moved to December. He also said that Abbott Capital Management was scheduled to make its first annual presentation to the Board at that meeting as well.

XIII. **BOARD MEMBER COMMENT**

None.

XIV. **ADJOURNMENT**

The Chairman adjourned the meeting from closed session at 1:56 p.m.

Respectfully submitted,

\[
\text{LINDA WEBB, Retirement Administrator}
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Approved,

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\text{TRACY TOWNER, Chairman}
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