

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JANUARY 28, 2019

MINUTES

TRUSTEES

PRESENT:

William W. Wilson, Chair, Public Member
Robert Bianchi, Vice-Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Steve Bennett, Public Member
Mike Sedell, Public Member
Dan Shapiro, General Member
Will Hoag, Alternate Retiree Member
Chris Johnston, Safety Member
Ed McCombs, Alternate Public Member

TRUSTEES

ABSENT:

Craig Winter, General Member
Arthur E. Goulet, Retiree Member

STAFF

PRESENT:

Linda Webb, Retirement Administrator
Lori Nemiroff, General Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Leah Oliver, Chief Technology Officer
Shalini Nunna, Retirement Benefits Manager
Vickie Williams, Retirement Benefits Manager
Donna Edwards, Retirement Benefits Specialist
Karen Scanlan, Accounting Manager
Josiah Vencel, Communications Officer
Chris Ayala, Program Assistant
Sierra Walsh, Office Assistant III-C

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 Wilson called the Business Meeting of January 28, 2019 to order at 9:02 a.m.

Mark Lunn, Ventura County Clerk-Recorder, Registrar of Voters, administered the Oath of Office to newly appointed trustee Steve Bennett and reappointed trustee Bill Wilson.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Johnston, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Winter

Abstain: -

III. APPROVAL OF MINUTES

A. Disability Minutes of January 7, 2019.

Ms. Webb offered a correction to the minutes, noting that staff member, Karen Scanlan, had attended the meeting, but was not listed as present in the minutes.

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

MOTION: Approve with Correction.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Johnston, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Winter

Abstain: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of December 2018.

B. Receive and File Report of Checks Disbursed in December 2018.

C. Receive and File Budget Summary for FY 2018-19 Month Ending December 31, 2018.

D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments, Cash and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending November 30, 2018.

MOTION: Receive and File.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Johnston, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Winter

Abstain: -

V. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

A. June 30, 2018 Comprehensive Annual Financial Report (CAFR) – Brown Armstrong, Rosalva Flores, Partner, and Alaina Sanchez, Manager.

1. Comprehensive Annual Financial Report – June 30, 2018.
2. Brown Armstrong Presentation (in PowerPoint) by Rosalva Flores, Partner, and Alaina Sanchez, Manager.
3. Independent Auditor's Report.
4. Report to the Board of Retirement.

Ms. Sanchez said that a few technology-related findings and recommendations from the 2017 audit had continued into 2018, it could reasonably take multiple cycles to fully address or implement. She noted that VCERA had already satisfied some of the recommendations.

Ms. Webb said noted the recent hiring of VCERA's Chief Technology Officer, and said staff believed the auditor's I.T. recommendations would be fully addressed by the next annual audit.

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

MOTION: Receive and File.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Johnston, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Winter

Abstain: -

VI. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation, Prudential Real Estate Investors – PGIM, Catherine Minor and Marcus Berry.

Catherine Minor and Marcus Berry reviewed Prudential Real Estate Investors' organizational changes and discussed the firm's investment outlook, portfolio strategy, composition and performance.

The Board took a break at 9:52 a.m., after the presentation by Prudential Real Estate Investors.

The Board returned from break at 10:02 a.m.

VII. INVESTMENT INFORMATION

NEPC – Allan Martin

VCERA – Dan Gallagher, Chief Investment Officer

- A. Recommendation for \$100M Investment in LaSalle Growth & Income Fund VIII – US Real Estate Value Add Fund.

RECOMMENDED ACTION: Approve.

1. Staff Letter by CIO, Dan Gallagher.
2. Memorandum from NEPC.
3. LaSalle Income & Growth Fund VIII Presentation by Jim Hutchinson and Mathew Walley.

Mr. Gallagher noted that LaSalle was a long-tenured manager with a strong investment record, and Mr. Martin summarized the due diligence performed by NEPC prior to making the recommendation.

Trustee Johnston raised a concern about the timing of this investment near the end of a market cycle. Mr. Martin replied that NEPC did not foresee a severe drop in the real estate market as in 2008-09 and that LaSalle's investments were based on demographics, not expected GDP.

Chair Wilson asked Mr. Martin to confirm that LaSalle was one of the top-rated real estate firms, which Mr. Martin did.

After the presentation and discussion by the Board, staff and consultant, the following motions were made:

MOTIONS: Approve Recommendation for \$100M Investment in LaSalle Growth and Income Fund VIII, and, Subject to Legal Review, Authorize the Board Chairman or Retirement Administrator or, in the Absence of Both, the Chief Investment Officer, to Approve and Execute the Required Documentation.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Sedell, Shapiro, Wilson

No: Johnston

Absent: Goulet, Winter

Abstain: -

Trustee Johnston left at 10:40 a.m., after the vote on this agenda item.

- B. Recommendation for \$100M Allocation to US Treasury Portfolio Managed by Reams Asset Management.
RECOMMENDED ACTION: Approve.

1. Staff Letter by CIO, Dan Gallagher.

Mr. Gallagher said the recommendation was consistent with the allocation the Board had approved in 2013. Mr. Martin added that investing in Treasuries provided protection in a down market and easy liquidity to meet capital calls.

After discussion by the Board, staff and consultant, the following motions were made:

MOTIONS: Approve the Recommendation to Contract with Reams Asset Management for a \$100M Separate Account Rolling New-Issue 10-Year U.S. Treasury Notes, Subject to Contract Legal Review and Approval of VCERA's Internal Counsel, and Authorize the Board Chair or Retirement Administrator to Execute the Contract.

Moved by Hintz, seconded by Bianchi.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

- C. Preliminary Performance Report Month Ending November 30, 2018.
RECOMMENDED ACTION: Receive and file.

- D. Preliminary Performance Report Month Ending December 31, 2018.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File the Preliminary Performance Reports for November 30, 2018 and December 31, 2018.

Moved by Bianchi, seconded by Hoag.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

VIII. OLD BUSINESS

- A. Request for Authority for Retirement Administrator to Extend Office Lease.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

Ms. Webb provided an update on office lease negotiations, noting the current lease would expire before negotiations were complete.

Chair Wilson asked about the duration of the proposed extension. Ms. Webb replied that the recommendation was for an extension of up to six months.

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

MOTION: Approve Request to Authorize the Retirement Administrator to Extend the Current Office Lease with M.F. Daily, Up to Six Months.

Moved by Sedell, seconded by Hoag.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

IX. NEW BUSINESS

- A. Request for Continued Engagement of Hanson Bridgett for Tax Compliance Counsel.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

Ms. Webb said that the Board had previously approved an allocation in 2015 of \$25,000 to engage Hanson Bridgett for tax compliance projects, including working with staff on adoption of IRS model regulations. The recommended action was to authorize an additional \$25,000 to continue engagement on an as-needed basis.

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

MOTION: Authorize the Retirement Administrator to Engage Hanson Bridgett, LLC, for Tax-Related Legal Services for an Amount Not to Exceed \$25,000.

Moved by Hintz, seconded by Bianchi.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

- B. Request to Reschedule Board Consideration of Disability Cases to be Heard at February Disability Meeting.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

Ms. Webb said that Ventura County Risk Management had requested rescheduling the cases because their staff members had a professional scheduling conflict on February 11th.

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

MOTION: Approve Recommendation to Cancel Disability Meeting Scheduled for February 11, 2019, and Direct Staff to Bring Disability Cases to the Board for Consideration at the February 25, 2019 Business Meeting.

Moved by Bianchi, seconded by Shapiro.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

- C. Recommendation for Authorization for Accounting Manager, Karen Scanlan, to Attend the Dynamics SL User Group (DSLUG) Conference, April 15 - 18, 2019, in Anaheim, CA.
RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. DSLUG 2019 Conference Schedule

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

MOTION: Approve Recommendation for Authorization of Accounting Manager Karen Scanlan to Attend the 2019 Dynamics SL User Group (DSLUG) Conference, April 15 - 18, 2019, in Anaheim, CA.

Moved by Hintz, seconded by Bianchi.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

- D. SACRS 2018-2019 Board of Directors Nominations.

1. SACRS Notice.

Ms. Webb said the State Association of County Retirement Systems (SACRS) announced that it will be accepting nominations for the SACRS Board of Directors.

- E. Quarterly Administrator's Report for October - December 2018.

RECOMMENDED ACTION: Receive and File.

Ms. Webb noted that an item was referenced in the Retirement Administrator's quarterly report as being on the present agenda, but it had been moved to the February 25th Business Meeting.

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

MOTION: Receive and File.

Moved by Sedell, seconded by Shapiro.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

F. Quarterly Chief Investment Officer's Report for October - December 2018.

RECOMMENDED ACTION: Receive and File.

MOTION: Receive and File.

Moved by Sedell, seconded by Hoag.

Vote: Motion carried

Yes: Bennett, Bianchi, Hintz, Hoag, Sedell, Shapiro, Wilson

No: -

Absent: Goulet, Johnston, Winter

Abstain: -

X. INFORMATIONAL

A. CALAPRS Advanced Principles of Pension Management for Trustees Notice.

B. CALAPRS General Assembly Notice.

XI. PUBLIC COMMENT

The Board received public comment from Melissa S. Wise, a former Ventura County Probation Agency (VCPA) employee, and her spouse Darryl Wise regarding the withdrawal of her service-connected disability retirement application. Ms. Wise asserted that representatives of Ventura County Risk Management and the VCPA urged her to withdraw her application, and that Risk Management's attorney had warned her she was at potential risk of arrest for fraud because of video footage the County had obtained. She said this was a threat to convince her to withdraw her disability retirement application and resign, in lieu of termination. Ms. Wise said she had responded by withdrawing her application from VCERA, but that she regretted that decision and wanted to appear before the Board to speak and to rescind her earlier withdrawal.

Ms. Webb said that disability staff had spoken to Ms. Wise the previous Friday, and informed her that she could reapply, which would begin the disability application process again.

Trustee Hintz said that Ms. Wise could indeed reapply, that he did not believe the Board could permit her to rescind her withdrawal, that there was no prejudice on the part of the Board, and that perhaps she should consider retaining a lawyer.

XII. STAFF COMMENT

Ms. Webb provided an update on the Board's direction to staff to work with Ventura County Risk Management on an independent process for Ms. Catherine Rodriguez's disability retirement

case. She said the process would be for Risk Management to provide the applicant's medical records to VCERA, who would facilitate delivery to the Los Angeles County Employees' Retirement Association (LACERA) to begin its independent review process.

Ms. Webb also updated the Board regarding Tracy Towner's Civil Service Commission proceedings, which had begun, but the County of Ventura had requested a delay into March 2019.

XIII. BOARD MEMBER COMMENT

None.

XIV. ADJOURNMENT

The Chairman adjourned the meeting at 11:26 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



WILLIAM W. WILSON, Chairman