

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY & BUSINESS MEETING

FEBRUARY 25, 2019

MINUTES

TRUSTEES

PRESENT:

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

TRUSTEES

ABSENT:

Craig Winter, General Member

STAFF

PRESENT:

Linda Webb, Retirement Administrator
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Leah Oliver, Chief Technology Officer
Lori Nemiroff, General Counsel
Karen Scanlan, Accounting Manager I
Josiah Vencel, Communications Officer
Stephanie Berkley, Retirement Benefits Specialist
Shalaine Nolan, 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 Disability & Business Meeting of February 25, 2019, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Ms. Webb suggested the "Closed Session" agenda item follow the "Old Business" item.

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

MOTION: Approve as Amended.

Moved by Bianchi, seconded by Goulet.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

III. APPROVAL OF MINUTES

A. Business Minutes of January 28, 2019.

MOTION: Approve.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: Goulet, Johnston

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of January 2019.

B. Receive and File Report of Checks Disbursed in January 2019.

C. Receive and File Budget Summary for FY 2018-19 Month Ending January 31, 2019.

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 December 31, 2018.

- E. 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 January 31, 2019.

MOTION: Receive and File.

Moved by McCombs, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

V. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

Trustee Sedell expressed concern by the number of delayed disability cases, suggesting the Board look into why cases were delayed so often, and explore a way to streamline the process to shorten the time.

Trustee Goulet added that along with the continuances, there were also delinquent cases, often for weeks at a time. He referenced a disability case that was referred back to the Hearing Officer with instructions from the Board, but no action had been taken since October 2018.

Ms. Nemiroff said in that case, both parties had agreed that letters would be sent to the physicians who used the word, "repetitive" in describing work restrictions; however, the physicians had not responded, and Mr. Roberson would be sending two more letters, once approved by the applicant. If they still did not respond, they would be subpoenaed to appear at a hearing.

Trustee Goulet said he was concerned about another disability case that referenced waiting for information from the Workers' Compensation case, with follow up in ninety (90) days, though the Board has said many times that there should be no link between the Worker's Compensation case and the disability retirement case, and perhaps the Board should contact the Ventura Regional Sanitation District (VRSD).

Chair Wilson asked if the VRSD used Risk Management to review their disability cases.

Ms. Nemiroff said VRSD used an outside counsel to review their cases, and most references to waiting on the Worker's Compensation cases, were because the applicant had not yet been found to be permanently incapacitated.

Trustee Goulet also noted that a judgment had been entered with the County of Ventura, Superior Court, and asked if the applicant had appealed, as there were 60 days to do so.

Ms. Nemiroff said the applicant had not appealed; and that the applicant's attorney indicated that if the Board of Retirement was willing to waive the cost, they would not appeal. She said there were two judgments issued in the case, and that she would be submitting to the Board a decision in its favor as well as the entries of judgment.

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

MOTION: Receive and File.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

VI. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Adams Street, Scott Hazen, and Dave Brett.

Scott Hazen, and Dave Brett were present on behalf of Adams Street Partners to provide an organizational and investment performance update.

VII. INVESTMENT INFORMATION

NEPC – Anthony Ferrara.

VCERA – Dan Gallagher, Chief Investment Officer.

A. Quarterly Investment Performance Report for Period 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.

Moved by Hintz, seconded by Bennett.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

B. Preliminary Performance Report Month Ending January 31, 2019.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File.

Moved by Bianchi, seconded by Goulet.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

After voting on this item, the Board took a break at 10:12 a.m.

The Board returned from its break at 10:24 a.m.

VIII. OLD BUSINESS

A. Update on Bylaws.

Ms. Webb reminded the Board that at the Business Meeting of October 22, 2018, staff provided a red-lined document of proposed changes to the VCERA's bylaws, which were subsequently provided to the County of Ventura around the 1st of November for feedback, and staff had received feedback on Thursday, February 21st, and had provided it to the Board, staff and General Counsel. She said a copy of the written response would be provided to the Board once it was completed.

The Board Adjourned to Closed Session at 10:26 a.m.

Upon returning to Open Session, the General Counsel announced that the Board had taken no reportable action.

IX. NEW BUSINESS

A. Recommendation to Approve Application for Reinstatement to Active Membership Pursuant to GC 31680 & 31680.5 – Kirkby, Steven A. **RECOMMENDED ACTION: Approve.**

1. Staff Letter.
2. Request from Mr. Kirkby.
3. Offer of Employment.
4. Medical Clearance.

MOTION: Approve Recommendation for Reinstatement to Active Membership for Kirkby, Steven A.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

- B. Request to Engage Segal for Internal Revenue Code (IRC) 415 Limit Calculations in an Amount Not-To-Exceed \$110,000.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

Trustee Goulet reiterated he believed estimated cost was too expensive, as the 415 limit calculations seemed to be formula driven. He noted that the proposed cost was higher than the cost for Segal to produce the Actuarial Valuation and the GASB reports.

Ms. Webb replied that the cost was based on time and materials at Segal Consulting's hourly rate and the high number of members for this year only, and that Segal believed it would actually be much less and closer to \$75,000. She noted she would be glad to follow up with Segal for more details on the estimate and testing complexity.

Trustee Sedell asked if there would be any potential cost if VCERA delays testing.

Ms. Webb replied that there is an inherent risk in delaying resolution of a problem once it had been identified. Ms. Nemiroff added that 415 testing is a required, tax-compliance issue.

Trustee Bennett said that the Board should notify Segal of its concerns, but the motion should be to approve staff's recommendation, and that the Retirement Administrator contact Segal to obtain justification for the expense; the Retirement Administrator could proceed if satisfied, but could place the matter on a future agenda if not.

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

MOTION: Approve Authorization of Staff to Engage Segal Consulting to Perform 415 Testing in an Amount Not to Exceed \$110,000 and Direct the Retirement Administrator to ask that Segal Consulting Justify the Estimate for 415 Limit Testing, with Discretion to Reagendize if the Administrator was Dissatisfied with Segal Consulting Response

Moved by Bennett, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

- C. Mid-Year Budget Update for FY 2018-19.

RECOMMENDED ACTION: Receive and file.

1. Staff Letter by C.F.O., Henry Solis.
2. Budget Summary.

Ms. Webb said that staff had included the requested \$110,000 in the Budget for the 415 testing, but if the Board had voted not to approve the testing, staff could provide an updated budget.

Mr. Solis said the mid-year budget update highlighted the current budget through the end of the fiscal year. He said that based current projections, VCERA would be under budget by a little over \$51,000, which did not include the contingency fund.

Trustee Goulet asked if staff had included funds for the filing fee and legal costs associated with the VCERA's IRS filing, to which Mr. Solis replied yes.

Trustee Sedell asked how far was VCERA under our legislative cap.

Mr. Solis replied that VCERA had utilized about 50 - 60 percent of the legislative cap in the budget currently.

Trustee Sedell noted that \$1,076 had been spent thus far on 415 limit calculations, and asked how many members had been tested for that amount.

Mr. Solis replied that he was unsure if the amount spent was for calculating 415 limits, but there were some discussions with Segal, at an hourly rate, and since it pertained to the 415 limit subject, it was charged to that account within the budget.

Ms. Webb said she believed the amount was for the testing for one to two members.

Trustee Bianchi asked why the FICA and Medicare accounts were slightly over, but the regular salary account was under.

Ms. Solis replied that the budget did not fully take into account the additional Medicare expenses for some employees whose salaries reached a certain amount.

MOTION: Receive & File the Mid-Year Projection, and Authorize Staff to Process the Net Budgetary Adjustments, Outlined in the Staff Letter, Between Operating Budgets

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

D. VCERA Cost-of-Living Adjustments (COLA) as of April 1, 2019.

RECOMMENDED ACTION: Approve.

1. Actuary's Annual COLA Analysis.

Ms. Webb said that Segal had performed its annual calculation of inflation rate changes and recommended that the Board adopt a 3% COLA.

MOTION: Approve.

Moved by Bianchi, seconded by Hintz.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: Goulet

E. Recommendation for Authorization for Trustee Shapiro to Attend the International Foundation of Employee Benefit Plan (IFEBP), New Trustees Institute – Level I, San Francisco, CA, June 24 - 26, 2019.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. IFEBP New Trustees Institute Brochure.

Ms. Webb said that the course was a good training course for a new trustee to attend, and believed the agenda to be robust.

MOTION: Approve.

Moved by Hintz, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Winter

Abstain: -

Trustee Johnston left after the vote on this item, at 11:06 a.m.

F. Recommendation for Authorization for Chief Technology Officer, Leah Oliver to Attend the Public Retirement Information Systems Management (PRISM) 2019 Conference, Indianapolis, IN, May 12 – 15, 2019.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. 2019 PRISM Preliminary Conference Agenda.

MOTION: Approve.

Moved by Bianchi, seconded by Shapiro.

Vote: Motion carried

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

No: -

Absent: Johnston, Winter

Abstain: -

- G. Request for Authorization for Up to 2 Trustees and C.I.O. to Attend Due Diligence Visits to NEPC and Pantheon.

RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.

MOTION: Approve.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Johnston, Winter

Abstain: -

X. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION - Significant exposure to litigation pursuant to Government Code section 54954.9(d)(2): One case.

XI. INFORMATIONAL

- A. SACRS 2019 Spring Conference Notice and Preliminary Agenda.
B. Reminder from SACRS Regarding Elections for 2019 – 2020.
C. CALAPRS Advanced Principles of Pension Management for Trustees.

XII. PUBLIC COMMENT

None.

XIII. STAFF COMMENT

Ms. Webb said that staff would be posting the Trustee Education Report to the VCERA website, and asked the trustee to notify staff if any of their training hours were not reflected in the current report.

Mr. Gallagher reported that an employee from Abbott Capital Management had recently opened a phishing scam email and that Abbott had contracted with a security firm to determine if any information was compromised.

XIV. BOARD MEMBER COMMENT

None.

XV. ADJOURNMENT

The meeting was adjourned at 11:13 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



Bill Wilson, Vice-Chairman