

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

July 15, 2013

AGENDA

DIRECTORS William W. Wilson, Chair, Public Member
PRESENT: Tracy Towner, Vice Chair, Safety Employee Member
Steven Hintz, Treasurer-Tax Collector
Peter C. Foy, Public Member
Joseph Henderson, Public Member
Mike Sedell, Public Member
Deanna McCormick, General Employee Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member
Chris Johnston, Alternate Employee Member

DIRECTORS Tom Johnston, General Employee Member
ABSENT:

STAFF Donald C. Kendig, Retirement Administrator
PRESENT: Henry Solis, Chief Financial Officer
Julie Stallings, Operations Manager
Lori Nemiroff, Assistant County Counsel
Glenda Jackson, 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. INTRODUCTION OF MEETING

Chairman Wilson called the Business Meeting of July 15, 2013, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

After discussion, the following Motion was made:

MOTION: Judge Hintz moved, seconded by Ms. McCormick, to approve the Agenda as amended for noted corrections by Staff to the titles only for the dates of Agenda item IV.A. Regular and Deferred Retirements and Survivors Continuances, June 2013, Agenda item VI.E.2. Monthly Manager Report, June 2013, and Agenda item VI.E.3. Highlights and Research Report, July 2013.

Motion passed unanimously. Mr. T. Johnston absent. Mr. C. Johnston voting.

III. APPROVAL OF MINUTES

A. Disability Meeting of July 1, 2013.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. Towner, to approve the Minutes as amended for the movement of the sentence beginning, "Trustee Goulet reminded Risk Management that a number of cases are still awaiting action," under Agenda item II. Master Page No. 5 to the first sentence under Agenda item IV. and the failed motions and votes for Agenda item VII.B.1. on Master Page No. 8.

Motion passed unanimously. Mr. T. Johnston absent. Mr. C. Johnston voting.

IV. CONSENT AGENDA

THE FOLLOWING ITEMS ARE ANTICIPATED TO BE ROUTINE AND NON-CONTROVERSIAL. CONSENT ITEMS WILL BE APPROVED WITH ONE MOTION IF NO MEMBER OF THE BOARD WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND TRANSFERRED TO THAT SECTION OF THE AGENDA DEEMED APPROPRIATE BY THE CHAIR.

- A. Regular and Deferred Retirements and Survivors Continuances for the Month of June 2013.
- B. Report of Checks Disbursed in June 2013.
- C. Asset Allocation as of June 30, 2013.

IV. CONSENT AGENDA (continued)

- D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, Investments & Cash Equivalents for the Month Ended May 31, 2013 and May 2013 Schedule of Investment Management Fees.
- E. Budget Summary – Year to Date as of June 30, 2013 (Preliminary), Fiscal-Year 2012-13.
- F. Quarterly Administrator Report for April 1, 2013 to June 30, 2013

MOTION: Mr. Henderson moved, seconded by Judge Hintz, to approve the Consent Agenda.

Motion passed unanimously. Mr. T. Johnston absent. Mr. C. Johnston voting.

END OF CONSENT AGENDA

V. CALPEPRA

- A. Receive an Oral Update on CalPEPRA.

Received an oral update from Board Counsel on the Status of CalPERS' consideration of pensionable compensation and the status of AB197 and AB340 litigation.

VI. INVESTMENT INFORMATION

- A. Annual Investment Presentation, Hexavest – Nadia Cesaratto, CFA, (30 Minutes).

Nadia Cesaratto was present on behalf of Hexavest to review the firm's organization, investment results for VCERA's accounts, investment process and outlook.

No action taken.

- B. Annual Investment Presentation, Walter Scott – Margaret Foley. (30 Minutes).

Margaret Foley was present on behalf of Walter Scott to review the firm's organization, investment results for VCERA's accounts, investment process and outlook.

No Action Taken.

VI. INVESTMENT INFORMATION (continued)

- C. Unconstrained Bond Fund Presentation, Western Asset Management – Steve Walsh and Karlen R. Powell. (30 Minutes).

Steve Walsh, Karlen R. Powell and Mark Lindbloom were present on behalf of Western Asset Management to review the firm's organization, investment results for VCERA's accounts, investment process and outlook.

No Action Taken.

- D. Consideration of the Bridgewater All Weather Fund.

1. Hewitt EnnisKnupp Memo.

Mr. Henderson left the meeting at 11:00 a.m.

After discussion, the following Motion was made:

MOTION: Mr. Towner moved, seconded by Judge Hintz, based on Investment Counsel's recommendation, to approve the funding of Bridgewater.

Staff confirmed the Chair is to execute the documents required to effectuate the funding of \$250,000,000 and that it expects funding by August 1, 2013.

Motion passed unanimously. Mr. T. Johnston absent. Mr. Henderson absent for this item. Mr. C. Johnston voting.

- E. Hewitt EnnisKnupp, John J. Lee and Kevin Chen.

1. Consideration of Western Asset Management's Unconstrained Bond Fund or Consolidation.

After discussion, the following Motion was made:

MOTION: Mr. Foy moved, seconded by Judge Hintz, to transition 100% of the Western Asset Core Bond Fund to the Western Asset Total Return Unconstrained (TRU) Bond Fund.

Motion passed unanimously. Mr. T. Johnston absent. Mr. Henderson absent for this item. Mr. C. Johnston voting.

VI. INVESTMENT INFORMATION (continued)

E. Hewitt EnnisKnupp, John J. Lee and Kevin Chen. (continued)

2. Monthly Manager Performance Report June 2013.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Ms. McCormick, to receive and file the Monthly Manager Performance Report for June 2013.

Motion passed unanimously. Mr. T. Johnston absent. Mr. Henderson absent for this item. Mr. C. Johnston voting.

3. Highlights and Research, July 2013.

- a. Manager Investment Guidelines.
- b. Board Retreat Agenda.
- c. Peer Performance.
- d. Walter Scott Update.
- e. Emerging Market Equities.
- f. HEK Client Webcast and Blog.

After discussion, the following Motion was made:

MOTION: Judge Hintz moved, seconded by Mr. Sedell, to receive and file the Highlights and Research July 2013 report.

Motion passed unanimously. Mr. T. Johnston absent. Mr. Henderson absent for this item. Mr. C. Johnston voting.

Mr. Goulet will provide comments to HEK regarding the proposed investment manager guidelines before they are brought back for adoption.

HEK and staff will proceed with the Board Investment Retreat Agenda topics and refine the break times and length.

No action taken on the consolidation of Walter Scott and the item is no longer under consideration.

VI. INVESTMENT INFORMATION (continued)

- F. Receive and File Securities Lending Times Article: "Three Custodian Banks Face Ratings Review."

1. "Three Custodian Banks Face Ratings Review."

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. Towner, to receive and file the Securities Lending Times Article.

Motion passed unanimously. Mr. T. Johnston absent. Mr. Henderson absent for this item. Mr. C. Johnston voting.

VII. NEW BUSINESS

- A. Receive and File Quarterly PAS (VCERIS) Report, Approve Project Change Orders and Approve Budgetary Adjustments for Fiscal Year 2013-14.

Henry Solis, Chief Financial Officer, Julie Stallings, VCERA Operations Manager, and Brian Colker, Linea, entered the meeting.

1. Quarterly PAS (VCERIS) Report.
2. VCERIS Change Order #3489.
3. VCERA Contract Amendment #3.

After discussion, the following Motion was made:

MOTION: Judge Hintz moved, seconded by Ms. McCormick, to receive and file the Quarterly PAS (VCERIS) Report and approve the proposed project change orders and budgetary adjustments for Fiscal Year 2013-14.

Motion passed. Mr. Goulet voting no. Mr. T. Johnston absent. Mr. Henderson absent for this item. Mr. C. Johnston voting.

- B. Receive and File the Fiscal Year 2012-13 Annual Governance Report.

After discussion, the following Motion was made:

MOTION: Mr. Foy moved, seconded by Judge Hintz, to receive and file the Fiscal Year 2012-13 Annual Governance Report.

Motion passed unanimously. Mr. T. Johnston absent. Mr. Henderson absent for this item. Mr. C. Johnston voting.

VIII. CLOSED SESSION

It is the Intention of the Board of Retirement to Meet in Closed Session to Discuss the Following Item.

- A. Evaluation of a Public Employee Pursuant to the Provisions of Government Code 54957 (b); Retirement Administrator.

No Reportable Action Taken.

IX. PUBLIC COMMENT

None.

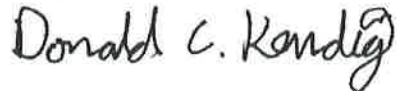
X. BOARD MEMBER COMMENT

None.

XI. ADJOURNMENT

The meeting was adjourned at 2:45 p.m.

Respectfully submitted,



DONALD C. KENDIG, Retirement Administrator

Approved,



WILLIAM W. WILSON, Chairman