

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

June 17, 2013

MINUTES

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
Mike Sedell, Public Member
Deanna McCormick, General Employee Member
Tom Johnston, General Employee Member
Arthur E. Goulet, Retiree Member
Chris Johnston, Alternate Employee Member

DIRECTORS Joseph Henderson, Public Member
ABSENT: Will Hoag, Alternate Retiree Member

STAFF Donald C. Kendig, Retirement Administrator
PRESENT: 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 June 17, 2013, to order at 9:01 a.m.

II. APPROVAL OF AGENDA

After discussion, the following Motion was made:

MOTION: Mr. T. Johnston moved, seconded by Judge Hintz, to approve the Agenda as amended for noted corrections by HEK to Agenda item 6.C.1. Monthly Manager Report on Master Page No. 106, Agenda item 6.C.2.d. Economic Scenarios on Master Page No. 222, and proposed budget policy revisions submitted by Mr. Goulet for Agenda item 6.C.1.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent. Mr. Foy absent for this item.

III. APPROVAL OF MINUTES

A. Disability Meeting of June 3, 2013.

Mr. T. Johnston requested the following correction:

Master Page No. 6, item V.A. Application for Service Connected Disability Retirement; Wayne Maynard; Case No. 10-039, "fibulation" should be spelled "fibrillation."

MOTION: Mr. T. Johnston moved, seconded by Mr. Goulet, to approve the Minutes as corrected.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent. Mr. Foy absent for this item.

Mr. Foy arrived at 9:03 a.m.

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 May 2013.

IV. CONSENT AGENDA (continued)

B. Report of Checks Disbursed in May 2013.

Mr. Goulet inquired about Check Number 022296 in the amount of \$26,931.00 for Pension Payment paid to County of Ventura on Master Page Number 14.

C. Asset Allocation as of May 31, 2013.

D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, and Investments & Cash Equivalents for the Month Ended April 30, 2013.

E. Budget Summary – Year to Date as of May 2013, Fiscal-Year 2012-13.

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

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

Staff was directed to provide more information on Check Number 022296.

END OF CONSENT AGENDA

V. CALPEPRA

A. Receive and File an Update on Pensionable Compensation.

The Chair directed Staff to keep this item on the Business meeting agendas.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to receive and file the Staff memo and the Board Counsel notice.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

VI. INVESTMENT INFORMATION

- A. Annual Investment Presentation, GMO – John Allen and Edmund Bellord. (Teleconference) (30 Minutes).

John Allen was present and John Muir teleconferenced on behalf of GMO to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

No Action Taken.

- B. Annual Investment Presentation, The Clifton Group – Justin Henne, CFA and Ben Lazarus. (30 Minutes).

Justin Henne, CFA and Ben Lazarus were present on behalf of The Clifton Group to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

No Action Taken.

- C. Hewitt EnnisKnupp, Russ Charvonja, ChFC, CFP, Esq. and Kevin Chen.

Russ Charvonja announced that he will be leaving Hewitt EnnisKnupp at the end of June.

The Chair stated that he will be missed.

John Lee, Hewitt EnnisKnupp, introduced himself and provided his background information.

1. Monthly Manager Performance Report May 2013.

After discussion, the following Motion was made:

MOTION: Judge Hintz moved, seconded by Mr. Goulet, to receive and file the Monthly Manager Performance Report May 2013.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

2. Highlights and Research, June 2013.

- a. Investment Structure Review Discussion.

After discussion, the following Motion was made:

MOTION: Judge Hintz moved, seconded by Mr. Goulet, to terminate the agreement with Walter Scott and transfer Walter Scott funds to Hexavest.

VI. INVESTMENT INFORMATION (continued)

C. Hewitt EnnisKnupp, Russ Charvonia, ChFC, CFP, Esq. and Kevin Chen (continued).

2. Highlights and Research, June 2013 (continued).

Motion failed with Mr. T. Johnston, Mr. Sedell, Mr. Towner and Mr. Wilson voting no. Mr. Foy, Judge Hintz, and Mr. Goulet voting yes. Ms. McCormick abstaining. Mr. Henderson and Mr. Hoag absent.

After further discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Ms. McCormick, to give Western Asset the opportunity to present a proposal to VCERA at the July 15 Business meeting to inform VCERA what they would propose under an unconstrained mandate and how much the fee would be, and at that time, the Board will reconsider the retention or consolidation of Western's bond fund allocation.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

b. Board Retreat Agenda.

HEK discussed Board Retreat options with the default topics being Infrastructure/Water, Opportunistic Buckets, San Diego Alpha Engine, and Small Cap Exposure.

- c. August Due Diligence.
- d. Economic Scenarios.
- e. Capital Market Assumptions.
- f. Medium Term Views.
- g. HEK Client Webcast and Blog.

After further discussion, the following Motion was made:

MOTION: Judge Hintz moved, seconded by Mr. T. Johnson, to receive and file the Highlights and Research June 2013 Report.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

VI. INVESTMENT INFORMATION (continued)

D. Adams Street Legal Review Report.

1. Adams Street Public Summary and Comments – Manatt.

After discussion, the following Motion was made:

MOTION: Mr. Towner moved, seconded by Ms. McCormick, to adopt the recommendations of staff and directed legal counsel of Manatt to follow up on the request for fee reporting and authorized the Chair to execute the legal documents for the \$75million allocation.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

E. Authorize Chair to Execute Loomis Sayles Strategic Alpha NHIT Subscription Agreement, and any Other Documents Necessary, for Funding by Month End.

After discussion, the following Motion was made:

MOTION: Judge Hintz moved, seconded by Mr. T. Johnston, to authorize the Chair to execute the subscription agreement and any other documents required to effectuate the transfer.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

VIII. NEW BUSINESS

A. Authorize Ad Hoc RFP Committee Members to Conduct Due Diligence Site Visits.

After discussion, the following Motion was made:

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to authorize the Ad Hoc RFP Committee and select staff members to conduct due diligence site visits of the home offices of the preliminary finalists as well as any California offices the Committee believes to be necessary.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

VIII. NEW BUSINESS (continued)

B. Review and Approval of Contract for Annette Paladino.

1. Contract – Annette Paladino.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to approve the contract for Annette Paladino.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

C. Review and Approval of Hearing Officers and Hearing Officer Contract Template.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Ms. McCormick, to approve the hearing officer line-up, authorized the Retirement Administrator to execute the proposed contract template, and directed staff to conduct a hearing officer search.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

D. Conference Report: Adams Street Client Conference – Trustee Towner.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to receive and file the conference report by Trustee Towner.

Motion passed unanimously. Mr. Henderson and Mr. Hoag absent.

Mr. Foy and Mr. Sedell left the meeting at 11:57 a.m.

VII. OLD BUSINESS

A. Disability Retirement Process Review and Educational Presentation (Part III). (30 minutes)

1. Receive the Disability Retirement Process Review and Educational Presentation – Hearings and Hearing Officers.

Annette Paladino provided a presentation on hearings and hearing officers.

Heard public comment from Chuck Pode and Stephen D. Roberson, County of Ventura Risk Management.

The Board had a lengthy discussion with Ms. Paladino and staff.

No action taken.

2. Review and Approval of the Hearing Officer Information Packet.

Heard public comment from Chuck Pode and Stephen D. Roberson, County of Ventura Risk Management.

See item 3 for Board action.

Judge Hintz left the meeting at 1:26 p.m.

3. Review and Approval of the Hearing Officer Evaluation Kit.

After discussion with reference to Agenda items VII.A.2. and VII.A.3., the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to receive and file the hearing officer information packet and hearing officer evaluation kit and directed staff to return to the Board at a future date with specific recommendations.

Motion passed unanimously. Mr. Foy, Judge Hintz and Mr. Sedell absent for this item. Mr. Henderson and Mr. Hoag absent.

Mr. C. Johnston asked staff who strikes more hearing officers and staff indicated they would investigate.

VII. OLD BUSINESS (continued)

B. Receive and File FY 2013-14 Adopted Budget.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to receive and file the FY 2013-14 Adopted Budget.

Motion passed unanimously. Mr. Foy, Judge Hintz and Mr. Sedell absent for this item. Mr. Henderson and Mr. Hoag absent.

C. Review and Approval of Updated Board Policies.

1. Annual Administrative Budget Policy and Previous Limitation on Annual Administrative Budget Policy.
2. Education and Travel Policy.
3. Conflict of Interest Code Policy.
4. Trustee Communications Policy.

After discussion, the following Motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to continue item C.1. to the next Business meeting and approve items C.2. through C.4., adding Board Counsel as a Category One filer to item C.3. Conflict of Interest Code Policy.

Motion passed unanimously. Mr. Foy, Judge Hintz and Mr. Sedell absent for this item. Mr. Henderson and Mr. Hoag absent.

IX. PUBLIC COMMENT

The Retirement Administrator reported that Check Number 022296, on Agenda item IV.B., in the amount of \$26,931.00 payable to the County of Ventura, was to repay the County of Ventura advanced disability payments to Noel Q. San Jose per Section 4850.4 of the Labor Code.

The Retirement Administrator thanked the Board for new photos taken last meeting to be updated online after individual trustee review and requested trustees turn in profile information for posting on VCERA's website.

X. BOARD MEMBER COMMENT

None.

XI. ADJOURNMENT

The meeting was adjourned at 1:32 p.m.

Respectfully submitted,



DONALD C. KENDIG, Retirement Administrator

Approved,



WILLIAM W. WILSON, Chairman