

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

October 20, 2014

MINUTES

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

DIRECTORS Deanna McCormick, General Employee Member
ABSENT: Will Hoag, Alternate Retiree Member
Vacant, General Employee Member

STAFF Tim Thonis, Interim Retirement Administrator
PRESENT: Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
Stephanie Caiazza, Program Assistant
Chantell Garcia, Retirement Benefits Specialist

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 Tracy Towner called the Business Meeting of October 20, 2014, to order at 9:05 a.m.

II. APPROVAL OF AGENDA

Chairman Towner amended the agenda to move both Consent Agenda Item "IV.C. Receive and File Statement of Reserves for FY 2013-14 Month Ending June 30, 2014", and New Business Item "X.D. Recommendation to Approve Option Under VCERA Interest Crediting Policy – Undistributed Earnings", to an upcoming board meeting.

Chairman Towner removed Old Business Item "IX.B. Update on Retirement Administrator Recruitment and Possible Approval of Compensation" from the agenda.

MOTION: Approve the Agenda, as amended.

Moved by Wilson, seconded by Hintz.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

III. APPROVAL OF MINUTES

A. Disability Meeting of October 6, 2014.

MOTION: Approve the Minutes.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of September 2014.

B. Receive and File Report of Checks Disbursed in September 2014.

C. Receive and File Statement of Reserves for FY 2013-14 Month Ending June 30, 2014.

Removed from Agenda.

- D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Investments & Cash Equivalents for the Month Ending July 31, 2014.

MOTION: Approve the Consent Agenda, Items IV.A., IV.B., IV.D.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

END OF CONSENT AGENDA

V. STANDING ITEM

- A. Receive an Oral Update on Pensionable Compensation and PEPRA.

Ms. Nemiroff informed the Board that the questions regarding pensionable compensation were referred to outside counsel, as the Board requested.

Ms. Nemiroff stated that AB-2474 clarifies the calculation of final average compensation for PEPRA members with less than 36 months of consecutive service. In order to calculate final average compensation, the missing portion in those instances are to be credited using the rate of compensation from the beginning of the absence. This is the equivalent of what is done under CERL for existing members.

VI. ANNUAL INVESTMENT PRESENTATIONS

- A. Receive Annual Investment Presentation, Reams Asset Management, Thomas M. Fink, Managing Director. (30 Minutes)

Thomas M. Fink was present on behalf of Reams Asset Management to provide an organizational and investment performance update.

- B. Receive Annual Investment Presentation, Western Asset Management Company, Veronica A. Amici, Client Service Executive and Julien A. Scholnick, Portfolio Manager. (30 Minutes)

Veronica M. Amici and Julien A. Scholnick were present on behalf of Western Asset Management Company to provide an organizational and investment performance update.

VII. INVESTMENT INFORMATION

A. NEPC – Don Stracke, Senior Consultant.

1. Receive and File Preliminary Performance Report Month Ending September 30, 2014.
2. PIMCO Update & Watch List Options.

Mr. Stracke provided the Board with four options and recommended Option #1: Close the Portfolio and reallocate the assets to other global fixed income managers.

MOTION: "Table" this item until the business meeting of November 17, 2014.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

3. Sprucegrove Update.

After Board discussion, the following motion was made:

MOTION: Receive and File Items VII.A.1. and VII.A.3.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

4. Proposed Board Agenda for November and December 2014.

MOTION: Receive and File.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

5. Proposed Board Retreat Agenda – Investment Segment

MOTION: Receive and File.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

VIII. CLOSED SESSION

It is the intention of the Board of Retirement to Meet in Closed Session, Pursuant to Government Code Section 54957(b)(1), to Discuss the Following Item.

- A. Public Employee Appointment.
Title: Retirement Administrator

No reportable action. Upon returning to Open Session, Chairman Towner confirmed that he is serving as negotiator with potential candidates for the Retirement Administrator position.

IX. OLD BUSINESS

- A. Request from Trustee Johnston to be Appointed to Ad-Hoc Disability Procedure Review Committee.

MOTION: Appoint Trustee Johnston to the Ad-Hoc Disability Procedure Review Committee.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

- B. Update on Retirement Administrator Recruitment and Possible Approval of Compensation.

Removed from Agenda.

X. NEW BUSINESS

- A. Request from Trustee Goulet to Adjust Compensation for VCERA's General Counsel Position.

1. Draft Letter to Board of Supervisors Requesting Amendment to County Salary Ordinance.

MOTION: Refer the matter to the Personnel Review Committee, which will review and report back at the board meeting of November 3, 2014.

Moved by Sedell, seconded by Foy.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

- B. Recommendation to Approve Trustee Hintz's Attendance at Pacific Institutional Investor Forum, December 11, 2014, San Francisco.

MOTION: Approve.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

- C. Recommendation to Approve Lease Amendment for Additional Office Space at 1190 S. Victoria Avenue.

Staff recommended approval and execution of the amendment to the lease agreement, and noted that the correct amount necessary to increase the administrative budget would be \$10,700, not \$11,400.

MOTION: Approve the Sixth Amendment of Lease between M.F. Daily Corporation and the Ventura County Employees' Retirement Association and authorize Chairman of the Board to sign.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

- D. Recommendation to Approve Option Under VCERA Interest Crediting Policy – Undistributed Earnings.

Removed from Agenda.

E. Recommendation to Compensate Auditor-Controller/County of Ventura for Incremental Costs to Produce a Payroll Interface File – VCERIS Project

1. Letter from Auditor Controller
2. Staff Recommendation

Jeffrey Burgh, Auditor-Controller, was present to discuss this item.

After discussion between Mr. Burgh, Board, and Staff, the following motion was made:

MOTION: Approve drafting of a letter of agreement between VCERA and the County of Ventura to compensate the Auditor Controller's office for incremental costs to produce a payroll interface file, in an amount not to exceed \$220,000.00.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

F. VCERIS Monthly Report – September 2014.

MOTION: Receive and File.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried.

Yes: Goulet, Henderson, Hintz, Foy, Sedell, Johnston, Wilson, Towner

No: -

Absent: McCormick

Mr. Goulet left the meeting at 11:22 a.m.

XI. INFORMATIONAL

- A. Correspondence from SACRS.
- B. CalPERS Article on Index Investing; Time Magazine, September 29, 2014.
- C. Invitation to Attend Alternative Investment Conference, Laguna Niguel.
- D. Notification from Clerk of the Board Regarding Ethics Training – AB 1234.

XII. PUBLIC COMMENT

None.

XIII. STAFF COMMENT

None.

XIV. BOARD MEMBER COMMENT

Mr. Wilson requested to add a discussion of a possible change in assumption rate to the agenda for the board meeting of November 3, 2014.

XV. ADJOURNMENT

The meeting was adjourned at 11:25 a.m.

Respectfully submitted,



TIM THONIS, Interim Retirement Administrator

Approved,



TRACY TOWNER, Chairman