

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

SPECIAL MEETING

October 29, 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
Deanna McCormick, General Employee Member
Chris Johnston, Alternate Employee Member
Will Hoag, Alternate Retiree Member

DIRECTORS Vacant, General Employee Member
ABSENT:

STAFF Tim Thonis, Interim Retirement Administrator
PRESENT: Lori Nemiroff, Assistant County Counsel
Stephanie Caiazza, Program Assistant

PLACE: Crowne Plaza at Ventura Beach
San Miguel Conference Room B
450 East Harbor Blvd. Ventura, CA 93001

TIME: 9:00 a.m.

ITEM:

I. Introduction & Approval of Agenda

Chair Tracy Towner called the Special Meeting of October 29, 2014, to order at 9:00 a.m. Chairman Towner asked for a moment of silence for the loss of Ventura County Sheriff's Deputy Eugene Kostiuchenko.

MOTION: Approve the Agenda.

Moved by Henderson, seconded by Goulet.

Vote: Motion carried.

Yes: Goulet, Henderson, McCormick, Johnston, Towner

No: -

Absent: Wilson, Hintz, Sedell, Foy

Mr. Wilson entered the meeting at 9:05 a.m.

II. Appointment of Retirement Administrator

Chairman Towner announced that Ms. Linda Webb accepted the position of Retirement Administrator, subject to confirmation by the Board of Retirement and subject to final negotiation of salary and benefits.

MOTION: Confirm the appointment of Ms. Webb to the Position of Retirement Administrator for VCERA, and authorize the Chair to request approval from the Board of Supervisors to allow VCERA to reimburse Ms. Webb for moving expenses up to \$10,000.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried.

Yes: Goulet, Henderson, McCormick, Johnston, Wilson, Towner

No: -

Absent: Hintz, Sedell, Foy

III. Asset Allocation in a Low Return Environment

Phil Nelson, Director of Asset Allocation, was present on behalf of NEPC to discuss strategic asset allocation approaches.

Mr. Nelson reviewed the economic factors that contributed to institutional investors experiencing a multi-decade period of strong overall returns, outlined the current economic factors and conditions that will challenge investment returns in the future and discussed several investment strategies that have the

potential to assist institutional investors in managing through an expected low return environment.

Mr. Foy and Mr. Sedell arrived at 9:15 a.m.

IV. Rebalancing & Role of an Investment Officer

Amit Thanki, Investment Officer for SBCERA (San Bernardino County Employees' Retirement Association), was present to discuss portfolio rebalancing and the role of an investment officer.

Mr. Thanki offered background information on the SBCERA portfolio, how SBCERA rebalanced its portfolio using an "informed" or tactical rebalancing program, the governance structure in place at SBCERA that contributed to the success of the rebalancing program, other portfolio rebalancing strategies, and reviewed how SBCERA's investment professionals supported the Board of Retirement.

V. Trends in Public Fund Governance

Don Stracke, Senior Consultant, was present on behalf of NEPC to provide background and discussion on public fund governance.

Mr. Stracke reviewed several different types of governance practices including how different public funds delegate certain investment responsibilities including the hiring of new managers, how different funds conduct due diligence of investment managers, and how frequently investment managers are required to make presentations. Mr. Stracke also provided several examples of how different public funds have structured investment committees.

Mr. Foy and Mr. Sedell exited the meeting at 12:35 p.m.

Mr. Hintz arrived at 1:30 p.m.

VI. Asset/Liability Study & Investment Policy Statement Review

After a presentation by Mr. Stracke and discussion between the Board, Mr. Stracke, and Staff, the following motion was made:

MOTION: Continue the asset/liability study with NEPC directed to review, refine, and provide alternatives to the 10% credit allocation.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried.

Yes: Goulet, Henderson, McCormick, Johnston, Hintz, Wilson, Towner

No: -
Absent: Sedell, Foy

After further discussion, Mr. Goulet suggested minor revisions related to the descriptions for the Tortoise Energy Infrastructure MLP and Parametric Clifton.

MOTION: Approve the Investment Policy, with suggested revisions.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried.
Yes: Goulet, Henderson, McCormick, Johnston, Hintz, Wilson, Towner
No: -
Absent: Sedell, Foy

VII. Disability Hearing Procedures: Goals of Committee's Review

The Board and Staff discussed possible improvements to VCERA's disability hearing procedures.

Mr. Foy and Mr. Sedell returned to the meeting at 2:00 p.m.

VIII. State Street Contract Update

Staff provided an update on contract negotiations with State Street Bank and Trust Company. After Board discussion, the following motion was made:

MOTION: Receive and file update.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried.
Yes: Goulet, Henderson, McCormick, Johnston, Hintz, Sedell, Foy, Wilson, Towner
No: -

IX. Introduction to Strategic Planning

The Board and Staff discussed strategic planning objectives.

X. IRS Model Regulations/Tax Determination Review

Staff provided an overview of IRS Model regulations, tax determination status, and VCERA tax documents and notices. After Board discussion, the following motions were made:

MOTION: Receive and File VCERA's 2014 Disposition of Separated Account Election Form and 2014 402(f) Notice to Separated Plan Members.

Moved by Foy, seconded by Henderson.

Vote: Motion carried.

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

No: -

MOTION: Comply and implement the provisions of AB 2473 to address CERL failures #1, 6, 9, and 10.

Moved by Henderson, seconded by Foy.

Vote: Motion carried.

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

No: -

The Board resolved to review the remaining material over the next quarter.

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

Ms. Nemiroff extended a dinner invitation, on behalf of Loomis Sayles, to the Board for the evening of November 13, 2014, at the SACRS Fall Conference.

XIII. BOARD MEMBER COMMENT

Mr. Towner noted that Ms. Webb formally accepted VCERA's employment offer, and added that the Board would be discussing the implementation of PEPRA pensionable compensation requirements with Ashley Dunning from Manatt, Phelps, & Phillips on November 3, 2014, during closed session.

XIV. ADJOURNMENT

The meeting was adjourned at 4:02 p.m.

Respectfully submitted,



TIM THONIS, Interim Retirement Administrator

Approved,



TRACY TOWNER, Chairman