

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JANUARY 29, 2018

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Peter Foy, Public Member
Mike Sedell, Public Member
Robert Bianchi, Public Member
Craig Winter, General Employee Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member
Chris Johnston, Safety Employee Member
Ed McCombs, Alternate Public Member

DIRECTORS Maeve Fox, General Employee Member
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, County Counsel
Henry Solis, Chief Investment Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Shalini Nunna, Retirement Benefits Manager
Karen Scanlan, Accounting Manager I
Stephanie Berkley, Retirement Benefits Specialist
Chris Ayala, 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. CALL TO ORDER

Chair Towner called the Business Meeting of January 29, 2018, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

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

MOTION: Approve.

Moved by Hintz, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

III. APPROVAL OF MINUTES

A. Disability Meeting Minutes of January 8, 2018.

Trustee Sedell submitted a correction to the minutes for agenda item VII.B., which did not list Trustee Bianchi as the second for the motion.

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

MOTION: Approve as Amended.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain: Foy

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of December 2017.

B. Receive and File Report of Checks Disbursed in December 2017.

C. Receive and File Budget Summary for FY 2017-18 Month Ending November 30, 2017.

D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending November 30, 2017.

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

MOTION: Receive and File.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

V. ACTUARIAL INFORMATION

A. Review and Approval of Annual Actuarial Information Report as of June 30, 2017 – Segal Consulting, John Monroe presented and Paul Angelo by phone.

1. June 30, 2017 Actuarial Valuation Report.
2. June 30, 2017 GAS 67 Actuarial Valuation Report.

Trustee Goulet said that he disagreed with the statement in the report on roman numeral ii, and iii, where it stated, “the decrease in the accrued liability is offset to some extent by higher than expected individual salary increases and other experience losses”, because he believed that the decrease in accrued liability was substantially affected. He remarked that 75.9% of the unfunded accrued actuarial liability was attributed to assumptions and plan changes since 2004, rather than from investment losses.

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

MOTION: Adopt the June 30, 2017 Actuarial Valuation and GAS 67 Actuarial Valuation Reports.

Moved by Hintz, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

B. Segal Response to Independent Actuarial Audit Report.

RECOMMENDED ACTION: Receive and file.

1. Segal Response.

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

MOTION: Receive and File.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board advanced to agenda items IX.B., then returned to item VI.A.

VI. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

A. June 30, 2017 Comprehensive Financial Report (CAFR) – Brown Armstrong, Andrew Paulden, CPA

RECOMMENDED ACTION: Receive and file.

1. Brown Armstrong Presentation by Presenter Andrew Paulden, CPA.
2. Agenda.
3. Independent Auditor's Report.
4. Auditor's Report to Management, Year Ending June 30, 2017.

Trustee Goulet commented that the CAFR report highlights a need for VCERA to have a high-level Technology Officer on staff. He asked Ms. Webb about the status regarding the staff's request to the County in regard to a higher classification for a technology officer.

Ms. Webb replied that the original information sent to the County for the position yielded a much lower job classification, which staff believed was inadequate for VCERA's needs.

Trustee Johnston asked how long the County had been preventing VCERA from properly securing confidential data and fulfilling our fiduciary responsibilities.

Ms. Webb replied that after receiving the County's response she had begun compiling more information, such as comparable job descriptions from other retirement systems and more expansive descriptions of the responsibilities to support the higher classification request. She said she hoped to submit a second request soon.

Ms. Webb said that part of the difficulty was that the level requested typically supervised others, and VCERA's IT Director would not initially have direct employees.

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

MOTION: Receive and File.

Moved by Winter, seconded by Sedell.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board took a break at 10:10 a.m.

The Board returned from break at 10:20 a.m.

VII. INVESTMENT INFORMATION

A. NEPC – Allan Martin
VCERA – Dan Gallagher, Chief Investment Officer

1. Preliminary Performance Report Month Ending November 30, 2017.
RECOMMENDED ACTION: Receive and file.
2. Preliminary Performance Report Month Ending December 31, 2017.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File Performance Reports for November and December 2017.

Moved by Bianchi, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

B. Recommendation for the Board to Authorize C.I.O. to Accept Board Seat on Abbott Capital Management's Secondary Opportunities Fund (ASO).
RECOMMENDED ACTION: Approve.

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

Mr. Gallagher requested the Board approve the C.I.O. to accept an invitation from Abbott Capital Management to sit on the advisory board for their Secondary Opportunities Fund.

Trustee Goulet asked if Abbott's invitation was for VCERA or for Mr. Gallagher specifically.

Mr. Gallagher replied that it was for him as an individual.

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

MOTION: Approve recommendation for the Board to authorize the C.I.O. to accept Board seat on Abbott Capital Management's Secondary Opportunities Fund (ASO) on behalf of and to represent VCERA; and, consistent with VCERA's Education and Travel Policy, all payments and reimbursements for travel expenses incurred for this appointment shall be subject to prior approval by the Board in each instance.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

VIII. OLD BUSINESS

A. Determine Pensionability of HCA Fiscal Premium Pay.

RECOMMENDED ACTION: EXCLUDE HCA FISCAL PREMIUM PAY FROM PENSIONABLE COMPENSATION DUE TO DEFICIENCY IN MEETING PEPRA CRITERIA.

Ms. Webb reminded the Board that in December, County H.R. Director, Shawn Atin said the County would be reviewing HCA Fiscal Premium Pay and return in January to discuss further with the Board. She said Mr. Atin recently said that the Board of Supervisors would be voting on an amendment to Section 410 of the Management Resolution based on discussions between VCERA's Counsel and County Counsel and that it was scheduled for the Board of Supervisors' agenda of February 6th.

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

MOTION: Postpone the Item to the Business Meeting in February 2018.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

IX. NEW BUSINESS

A. Recommendation to Adopt Amendment to Pensionable Compensation Resolution Addenda to Re-Categorize Inclusion of Scheduled Overtime for Non-Safety Members to Comply with PEPRA

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. Proposed Amendment to Addendum (Redline).
3. Pensionable Compensation Resolution with Addenda.
4. Proposed Amendment to Resolution (Redline).

Ms. Webb provided background, saying that in October 2015, staff had completed an analysis and made recommendations to the Board on hundreds of County pay codes to either include or exclude in pensionable compensation. After considering those recommendations, the Board took action which resulted in two addenda to the pensionable

compensation Resolution. The first addendum listed included pay codes effective January 1, 2013 (PEPRA's inception), and the second addendum listed included pay codes effective as of January 3, 2016.

Ms. Webb continued that eight of the pay codes in the first addendum were used for regularly scheduled overtime for public safety agencies, and such inclusion under PEPRA is permissible, but only for those agencies' Safety members. Five of the eight regularly scheduled overtime codes were used by the County for Safety members exclusively; two were used for non-Safety members, and one was used for both groups. She said that to align the Resolution addendum with the US Code, CERL and PEPRA, staff recommended amending it the addendum as shown in the provided redline document, removing the two codes used for non-Safety members and adding "eligible Safety members only" to the code used for both populations.

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

MOTION: Approve Subject to Clarification that on Addendum Inclusion Applies to Regularly Scheduled Overtime.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board advanced to agenda item "IX.C. Quarterly Administrator's Report for October - December, 2017".

B. VCERA Cost-of-Living Adjustments (COLA) as of April 1, 2018.

RECOMMENDED ACTION: Approve.

1. Actuary's Annual COLA Analysis.

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

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board returned to agenda item "VI.A. Comprehensive Annual Financial Report (CAFR)".

- C. Quarterly Administrator's Report for October - December, 2017.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File.

Moved by Wilson, seconded by Hintz.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

- D. SACRS 2018-2019 Board of Director Nominations.

1. SACRS Notice.

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

MOTION: Receive and File.

Moved by Winter, seconded by Hintz.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

- E. Recommendation to Approve Fiscal Manager's Attendance at the Government Finance Officers Association's (GFOA) 2018 Annual Conference, St. Louis, MO, May 6 – 9, 2018.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. GFOA 2018 Annual Conference Brochure.

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

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Following further discussion by the Board, Trustee Johnston withdrew his motion. The following motion was made:

MOTION: Approve and Waive the Education and Travel Policy Provision Prohibiting Complimentary Registration.

Moved by Johnston, seconded by Goulet.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

X. INFORMATIONAL

A. Abbott Capital Management's Client Letter.

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

Ms. Webb reminded the Board of the upcoming SACRS Spring Conference, and that staff would be presenting recommended enhancements to the V3 system at the business meeting in February.

Mr. Gallagher said Abbott continued to have great relationships with some of the more difficult to enter partnerships. He also reminded the Board that the 1st quarter due diligence visits were coming up soon.

Ms. Nemiroff informed the Board of a confidential memorandum that summarized the new court of appeals case related to AB197.

XIII. BOARD MEMBER COMMENT

None.

XIV. ADJOURNMENT

The Chairman adjourned the meeting at 10:05 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman