

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

NOVEMBER 19, 2018

MINUTES

**TRUSTEES
PRESENT:**

William W. Wilson, Vice-Chairman, Public Member
Steven Hintz, Treasurer-Tax Collector
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

**TRUSTEES
ABSENT:**

Steven Hintz, Treasurer-Tax Collector
Peter Foy, Public Member
Maeve Fox, General Employee Member

**STAFF
PRESENT:**

Linda Webb, Retirement Administrator
Lori Nemiroff, County Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Leah Oliver, Chief Technology Officer
Josiah Vencel, Communications Officer
Chris Ayala, Program Assistant
Shalaine Nolan, Office Assistant III-C

PLACE:

Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 S. Victoria Avenue
Ventura, CA 93003

TIME:

9:00 a.m.

ITEM:

I. CALL TO ORDER

Vice-Chair Wilson called the Business Meeting of November 19, 2018, to order at 9:04 a.m.

II. APPROVAL OF AGENDA

Ms. Webb informed the Board that the County of Ventura had requested the Board continue indefinitely, until otherwise notified, agenda item VIII.A. "County Request for Reclassification of Airport Operations Officers from Safety to General Members Based on Change in Duties and Job Class Specification."

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

MOTION: Approve the Agenda, as Amended.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy, Fox, Hintz

Abstain: -

III. APPROVAL OF MINUTES

A. Disability Minutes of November 5, 2018.

Trustee Goulet offered a correction to the minutes: On Master Page 7, in the first paragraph, second sentence, the words "rather than" should be removed.

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

MOTION: Approve with Corrections.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy, Fox, Hintz

Abstain: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of October 2018.

B. Receive and File Report of Checks Disbursed in October 2018.

C. Receive and File Budget Summary for FY 2018-19 for Month Ending October 31, 2018.

MOTION: Receive and File.

Moved by Johnston, seconded by McCombs.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy, Fox, Hintz

Abstain: -

V. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from BlackRock, Anthony Freitas and Christian De Leon.

Anthony Freitas and Christian De Leon reviewed BlackRock's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition and performance.

VI. INVESTMENT INFORMATION

A. NEPC – Anthony Ferrara.
VCERA – Dan Gallagher, Chief Investment Officer.

1. Preliminary Performance Report for Month Ending October 31, 2018.

RECOMMENDED ACTION: Receive and file.

2. Quarterly Investment Performance Report for Period Ending September 30, 2018.

RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File the Preliminary Performance Report for Month Ending October 31, 2018, and the Quarterly Investment Performance Report for Period Ending September 30, 2018.

Moved by Winter, seconded by Sedell.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy, Fox, Hintz

Abstain: -

VII. OLD BUSINESS

A. Recommendation to Approve 2nd Contract Amendment with Brentwood IT.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Draft Contract Extension (Redline).
3. Chronology of Staff Communication with Board Regarding CTO Position.
(To be provided)

Ms. Webb said that the item had been on November's Disability Meeting agenda, but it had been tabled until today's Business Meeting so that staff could provide additional information to the Board. Ms. Webb provided background on the contract with Brentwood IT and the details surrounding the expiration of the previous contract. Ms. Webb then requested that the Board authorize the Retirement Administrator to execute an agreement, within budgetary allocations (inclusive of salary savings from period before Chief Technology Officer was hired), through the end of the fiscal year.

Trustee Goulet remarked that the Board would also need to approve the contract retroactively to January 1, 2018. Ms. Webb agreed.

Trustee Sedell expressed concern that the Board not begin to oversee the discretion of the Retirement Administrator to move line items within the budget, provided that the actions did not violate budgetary constraints.

Trustee Goulet agreed that the Board should not interfere with the Administrator's discretion; however, the Administrator's authority to contract with vendors up to \$100,000 was exceeded in this instance, given the expiration of the contract. He also said he was troubled that the auditor did not state clearly that it does not check internal controls.

Ms. Webb said she would come back to the Board to discuss and attempt to clarify the extent of the Administrator's discretion within the budgetary constraints, and that she also would like to seek clarification on the Administrator's \$100,000 limit, particularly when an item was budgeted.

Mr. Solis said that when auditors perform their audit and field work, they audit VCERA's internal controls to satisfy their own requirements in order to render an opinion on the financial statements. However, if they were to notice something concerning, they would comment on it in their report. He noted that Trustee Goulet may be referring to an internal audit of operations and compliance. Mr. Solis did not believe the Auditor-Controller had ever performed an internal audit of VCERA. Mr. Sedell commented that, in his experience, auditors typically provide a high-level review of the potential for fraud. Mr. Solis agreed that auditors do pick samples to evaluate certain compliance issues, but that aspect of the review was not performed in great detail.

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

MOTION: Authorize the Retirement Administrator to Execute an Agreement within Budgetary Allocation, Including Use of Salary Savings through June 30, 2019, Retroactive to January 1, 2018, and Confirm and Ratify Any Expenditure Made in Excess of Contract Limits.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy, Fox, Hintz

Abstain: -

VIII. NEW BUSINESS

A. County Request for Reclassification of Airport Operations Officers from Safety to General Members Based on Change in Duties and Job Class Specification.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. Airport Operations Officer Job Class Description (Redline).
3. Airport Operations Officer Job Class Description (New).
4. VCPPOA (Patrol) Memorandum of Agreement, Section 501D.

This item was removed from the agenda during item II. "Approval of Agenda" and was continued indefinitely, until otherwise notified by the County of Ventura.

B. Recommendation for Authorization for Disability Specialists Donna Edwards and Nancy Jensen to Attend the Workers' Compensation Workshop on December 6 - 7, 2018, in Pasadena, CA.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. Introduction to Workers' Compensation Claims Course Overview.

MOTION: Approve Recommendation for Authorization for Disability Specialists Donna Edwards and Nancy Jensen to Attend the Workers' Compensation Workshop.

Moved by Bianchi, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy, Fox, Hintz

Abstain: -

C. Proposed Investment Manager Presentations and On-Site Due Diligence Visit Calendars for 2019.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. Proposed Investment Manager Presentations Calendar for 2019.
3. Proposed On-Site Due Diligence Visit Calendar for 2019.

MOTION: Approve Proposed Investment Manager Presentations and On-Site Due Diligence Visit Calendars for 2019.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy, Fox, Hintz

Abstain: -

IX. INFORMATIONAL

A. RVK – Public Fund Analysis.

B. Letter from UBS Regarding the Labor Negotiations Between the Marriott and Unite HERE.

C. UBS News Flash, "California Wildfires: No Investments in Impacted Areas."

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Mr. Gallagher informed the Board that neither UBS nor Prudential had sustained any notable property damage from the recent and ongoing fire.

XII. BOARD MEMBER COMMENT

Trustee Goulet commented that in light of the discussion regarding the contract amendment with Brentwood IT, he would like the staff to consider an internal audit of processes for the next fiscal year.

Ms. Webb said that she would have staff make an allocation for it in next fiscal year's budget.

XIII. ADJOURNMENT

The meeting was adjourned at 10:29 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



WILLIAM WILSON, Vice-Chairman