

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

NOVEMBER 20, 2017

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Peter Foy, Public Member
Mike Sedell, Public Member
Robert Bianchi, Public Member
Maeve Fox, General Employee Member¹
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 Steven Hintz, Treasurer-Tax Collector
ABSENT: Peter Foy, Public Member

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, County Counsel
Henry Solis, Chief Investment Officer
Dan Gallagher, Chief Investment Officer
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:

¹ Trustee Fox left at 10:30 a.m.

I. CALL TO ORDER

Chair Towner called the Business Meeting of November 20, 2017, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Chair Towner proposed amendments to the agenda to consider item "V.B. "Annual Investment Presentation from Abbott Capital Management", ahead of item V.A. "Annual Investment Presentation from BlackRock", and that VIII.C. "Actuarial Audit Presentation from Gabriel Roeder Smith" be time specific for 10:30 a.m.

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

MOTION: Approve the Agenda as Amended.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

III. APPROVAL OF MINUTES

A. Disability Minutes of November 6, 2017.

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

MOTION: Approve.

Moved by Johnston, seconded by McCombs.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

IV. CONSENT AGENDA

A. Receive and File Budget Summary for FY 2017-18 Month Ending October 31, 2017.

B. 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 October 31, 2017.

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

MOTION: Receive and File.

Moved by Bianchi, seconded by Fox.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

Following the vote on this item, the Board advanced to agenda item V.B.

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from BlackRock, Anthony Freitas and Timothy Murray.

Anthony Freitas and Timothy Murray were present on behalf of BlackRock to provide an organizational and investment performance update.

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

MOTION: Receive and File.

Moved by Wilson, seconded by McCombs.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

Following the vote on this item, the Board took a break at 10:05 a.m.

Upon returning from break at 10:15 a.m., the Board advanced to item VI.A.

- B. Receive Annual Investment Presentation from Abbott Capital Management, Charles Van Horne and Young Lee.

Charles Van Horne and Young Lee were present on behalf of Abbott Capital Management to provide an organizational and investment performance update.

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

MOTION: Receive and File.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

Following the vote on this item, the Board advanced to item VIII.A.

VI. INVESTMENT INFORMATION

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

1. Preliminary Performance Report Month Ending October 31, 2017.
RECOMMENDED ACTION: Receive and file.

Trustee Johnston said that the Board should consider removing the fund manager, Sprucegrove from the watch list and add Hexavest to the list. He then asked that it be added to the agenda for the combined meeting in December.

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

MOTION: Receive and File.

Moved by Goulet, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

2. Investment Summary Quarter Ending September 30, 2017.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

Trustee Fox left at 10:30 a.m., after the vote on this item.

Following the vote on this item, the Board advanced to item VIII.C.

VII. OLD BUSINESS

None.

VIII. NEW BUSINESS

- A. Recommendation to Approve a \$25 Million Allocation to Abbott Capital Management's Secondary Fund of Funds.

RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.
2. Memorandum from NEPC on Abbott Capital Management's Secondary Fund of Funds.

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

MOTION: Approve.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Foy, Hintz

Following the vote on this item, the Board returned to item V.A.

- B. Recommendation from Ad-Hoc Committee to Approve Technical Aspects for VCERA's Fund of One Investment.

RECOMMENDED ACTION: Approve.

1. Letter from Ad-Hoc Committee.

Mr. Gallagher reminded the Board that at the last Board Meeting the Chairman had appointed an ad-hoc committee to discuss technical details, and propose recommendations to implement the Fund of One investment. He said that after consulting with Abbott, legal counsel, and the committee members, he drafted a memorandum on behalf of the committee to present to the Board. Subsequently, trustee Goulet discussed the memorandum with outside counsel regarding the Fund of One structure, and may have some suggested corrections concerning the memo, but Mr. Gallagher believed that the memo represented the intentions of the committee. He then asked that the Board approve the recommendations of the committee.

Trustee Goulet commented that after speaking to outside counsel they agreed that the intent of the letter was acceptable, but some of the terminology within the memo could have been stated better.

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

MOTION: Approve.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Foy, Fox, Hintz

Following the vote on this item, the Board advanced to item VIII.D.

C. Actuarial Audit Presentation from Gabriel Roeder Smith, Brad Armstrong.

1. Actuarial Audit.

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

MOTION: Approve.

Moved by Bianchi, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Foy, Fox, Hintz

Following the vote on this item, the Board returned to item VIII.B.

D. Proposed Board Calendar for 2018.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Proposed 2018 Board Meeting Calendar.

Ms. Webb presented a proposed Board Meeting Calendar for 2018 to the Board. She said that the calendar was designed to avoid holidays and back-to-back meetings, while still trying to adhere to the 1st and 3rd Monday schedule of previous years; exceptions were combined meetings for April and December.

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

MOTION: Approve.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried

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

No: -

Absent: Foy, Fox, Hintz

IX. INFORMATIONAL

None.

X. **PUBLIC COMMENT**

None.

XI. **STAFF COMMENT**

Mr. Gallagher informed the Board that Walter Scott had tentatively agreed to the lower fee structure. He also said that he would be proposing for Board approval, calendars for 2018 investment presentations and for 2018 investment on-site due diligence at the next Board meeting in December.

Ms. Webb commented that the Market Based Premium Pay item that had been tabled in October would be on the agenda at the combined meeting on December 11th.

XII. **BOARD MEMBER COMMENT**

None.

XIII. **ADJOURNMENT**

The Chairman adjourned the meeting at 11:22 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



TRACY TOWNER, Chairman