

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 16, 2018

MINUTES

**TRUSTEES
PRESENT:**

William W. Wilson, Vice Chair, 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

**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 Investment Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Shalini Nunna, Retirement Benefits Manager
Vickie Williams, Retirement Benefits Manager
Karen Scanlan, Accounting Manager I
Donna Edwards, Retirement Benefit Specialist
Nancy Jensen, Retirement Benefit Specialist
Stephanie Berkley, Retirement Benefits Specialist
Sierra Walsh, Office Assistant III
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

Because Vice-Chair Wilson's arrival was delayed, and the Treasurer/Tax Collector was not present, Trustee Johnston the most senior trustee present, chaired the meeting until Trustee Wilson arrived.

Trustee Johnston called the Business Meeting of July 16, 2018, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

Trustee Johnston amended the agenda by moving item, "VII.A. Application for Service-Connected Disability Retirement - Curtin, Matthew; Case No. 17-006", before item, "V.A. Receive Annual Investment Presentation from Hexavest, Vital Proulx, CFA, and Emmanuel Matte, CFA, FSA, FICA".

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

MOTION: Approve as Amended.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz, Wilson

Abstain:

III. APPROVAL OF MINUTES

A. Disability Minutes of July 2, 2018.

MOTION: Approve.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz, Wilson

Abstain:

IV. CONSENT AGENDA

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

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

- C. Receive and File Budget Summary for FY 2017-18 Month Ending June 30, 2018 (Preliminary).

MOTION: Receive and File.

Moved by Goulet, seconded by McCombs.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz, Wilson

Abstain:

Following the vote on this item, the Board advanced to agenda item, VII.A. "Application for Service-Connected Disability Retirement - Curtin, Matthew; Case No. 17-006".

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from Hexavest, Vital Proulx, CFA, and Emmanuel Matte, CFA, FSA, FICA.

Trustee Wilson arrived at 9:29 a.m., during Hexavest's presentation and assumed the Chair for the remainder of the meeting.

Vital Proulx and Emmanuel Matte reviewed Hexavest's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition and performance.

- B. Receive Annual Investment Presentation from Walter Scott, Margaret Foley.

Margaret Foley reviewed Walter Scott's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition and performance.

The Board took a break at 10:03 a.m., after the presentation by Walter Scott.

The Board returned from break at 10:13 a.m.

VI. INVESTMENT INFORMATION

NEPC – Allan Martin and Eric Harnish.

VCERA – Dan Gallagher, Chief Investment Officer

- A. Fixed Income Asset Class Review.

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 Johnston.

Vote: Motion carried
Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Fox, Foy, Hintz
Abstain:

- B. Direct Lending/Private Credit: Private Markets Sub-Sector Review Presentation.
RECOMMENDED ACTION: Receive and File.

After discussion by the Board, staff, and consultant, the following motions were made:

MOTION: Receive and File.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried
Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Fox, Foy, Hintz
Abstain:

- C. Recommendation to Approve Investment: \$25M Monroe Credit Fund III.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.
2. Memorandum from NEPC.
3. Monroe Capital Private Credit Fund III Presentation.

Mr. Martin said NEPC and VCERA's CIO were making a joint recommendation to commit \$25M to Monroe Capital's Private Credit Fund III. He said that it was Monroe's third fund, and that NEPC had recommended their two prior funds to other NEPC clients. Both prior funds had out performed client expectations.

Trustee Sedell asked why Mr. Gallagher's staff letter stated that the investments may be executed by the Board Chair or Retirement Administrator or the Chief Investment Officer.

Mr. Gallagher replied that the recommendation was to ensure the investment documents were executed in time so VCERA would not miss the fund's final closing.

Trustee Goulet suggested that the wording be revised to specify that if both the Board Chair and the Retirement Administrator were not available to timely execute the documents, the Chief Investment Officer would be authorized execute the required documentation.

After discussion by the Board, staff, and consultant, the following motions were made:

MOTION: Approve Investment of \$25M in Monroe Capital Private Fund IV, with Revised Wording for Contract Execution Authority.

Moved by Sedell, seconded by McCombs.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

D. Recommendation to Approve Investment: \$30M Adams Street Partners Co-Investment Fund IV.

RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.
2. Memorandum from NEPC.
3. Adams Street Partners Co-Investment Fund IV Presentation.

Mr. Harnish noted that although Abbott Capital was VCERA's private equity consultant, the Board had authorized the CIO and NEPC to continue to recommend certain private equity investments they believed would likely enhance and complement the private equity program, and that the proposed Adams Street investment was just such an opportunity.

After discussion by the Board, staff, and consultant, the following motions were made:

MOTION: Approve Investment of \$30M in Adams Street Partners Co-Investment Fund IV, with Revised Wording for Contract Execution Authority.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

Following the vote on this item, the Board advanced to agenda item, VII.B. "Due Diligence Report Discussion and Request for Direction".

VII. OLD BUSINESS

- A. Application for Service-Connected Disability Retirement - Curtin, Matthew; Case No. 17-006.
 1. Application for Service-Connected Disability Retirement, filed March 7, 2017.
 2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura/Risk Management, in support of the Application for Service-Connected Disability Retirement, dated June 18, 2018.

3. Hearing Notice, dated July 11, 2018.

Catherine Laveau was present on behalf of County of Ventura Risk Management. Ms. Curtin was not present on behalf of the deceased applicant, Mr. Matthew Curtin.

Ms. Webb reminded the Board that this disability case was on the agenda at the previous disability meeting, but that between the time that it was placed on the agenda and that day's meeting, the applicant had passed away. Ms. Webb said that staff, in consultation with Counsel determined the spouse could proceed with the application on her late husband's behalf. Staff had spoken with the widow regarding her options and she had indicated that she would like to proceed with the consideration of the disability application.

Ms. Laveau declined to make a statement.

MOTION: Approve Application for Service-Connected Disability Retirement.

Moved by Bianchi, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

After the vote on this item, the Board returned to agenda item "V.A. Receive Annual Investment Presentation from Hexavest, Vital Proulx, CFA, and Emmanuel Matte, CFA, FSA, FICA".

B. Due Diligence Report Discussion and Request for Direction.

RECOMMENDED ACTION: Receive and File.

1. Due Diligence Report for Loomis Sayles and NEPC.

Ms. Webb said the due diligence report was provided prior to the last meeting, but had not been on that agenda; therefore, the item had been brought back and agendized. Staff recommended that it be received and filed.

MOTION: Receive and File.

Moved by Bianchi, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

VIII. NEW BUSINESS

A. Quarterly Retirement Administrator's Report for April – June, 2018.

RECOMMENDED ACTION: Receive and file.

Ms. Webb said that the quarterly report highlights the activities of VCERA's staff as well as the Retirement Administrator's for the previous quarter. She said that she welcomed any questions.

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

MOTION: Receive and File.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

B. 2018/19 Business Plan.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Binder of Insurance.

Ms. Webb stated that the Business Plan is presented annually to the Board as an update of the previous year's progress and to set new goals for the coming year. She noted that this year's Business Plan included a supplemental Risk Assessment. This Risk Assessment was related to the backlog of errors and corrections pending from the County Auditor-Controller's Office, and reported on the nature and history of the issue, as well as the actual types of errors observed.

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

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

C. Recommendation to Approve Payment for Waiver of Recourse, Fiduciary Liability Insurance, FY 2017/18.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Binder of Insurance.

Ms. Webb noted the Fiduciary Liability Insurance Policy is renewed annually, and the Waiver of Recourse supplemental portion provided personal individual protections for trustees; however the \$100 fee, which could not be paid out of the Plans funds, but must be divided among and paid by the current sitting Board members themselves. With eleven currently sitting Board members, the individual fee portion would be \$9.09.

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

MOTION: Approve.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

D. Request from Trustee Johnston to the NCPERS 2018 Public Safety Conference in Las Vegas, NV, October 28 – 31, 2018.

Recommended Action: Approve.

1. Staff Letter.

2. Preliminary Agenda.

MOTION: Approve.

Moved by Winter, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

E. Recommendation to Approve Retirement Administrator, Linda Webb to Attend CALAPRS Administrators' Institute in Carmel, CA, September 26 – 28, 2018.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. CALAPRS 2018 Administrators' Institute Agenda.

MOTION: Approve.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

F. Recommendation to Approve CFO, Henry Solis to Attend the 2018 Public Pension Financial Forum (P2F2) Conference, Savannah, GA, October 21 – 24, 2018.

RECOMMENDED ACTION: Approve.

1. Staff Letter by C.F.O., Henry Solis.

2. Annual P2F2 Conference Notice.

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

G. Request for Authorization for Attendance for Due Diligence Visits to Hexavest and Sprucegrove.

RECOMMENDED ACTION: Approve.

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

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

MOTION: Approve Two Trustees and CIO to Attend Due Diligence Trips to Hexavest and Sprucegrove.

Moved by McCombs, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Fox, Foy, Hintz

Abstain:

IX. INFORMATIONAL

A. Upcoming Important Dates for VCERA.

Ms. Webb said that the informational item was included to remind the Board of some upcoming events for September through the end of 2018.

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb said staff would be following up with the Real Estate Committee regarding the comparative analysis of the two remaining potential office locations.

XII. BOARD MEMBER COMMENT

Trustee Goulet said he was disappointed that the Board did not receive the preliminary performance report for month ending, June 30, 2018 from NEPC.

Mr. Martin said that NEPC typically receives all of the data for that report from State Street on the tenth business day, which was not quite in time to be included.

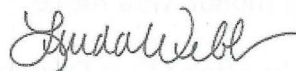
Trustee Goulet then asked if there was any way that the Board could receive it before September.

Mr. Martin said that once NEPC receives the data and completes the report they would send it to Mr. Gallagher. Mr. Gallagher said upon receipt he would forward it to the Board.

XIII. ADJOURNMENT

The Vice-Chairman adjourned the meeting at 12:02 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



WILLIAM WILSON, Vice-Chairman