

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

FEBRUARY 28, 2022

MINUTES

TRUSTEES

PRESENT:

Mike Sedell, Chair, Public Member
Arthur E. Goulet, Vice-Chair, Retiree Member
Steven Hintz, Treasurer-Tax Collector
Cecilia Hernandez-Garcia, General Employee Member
Aaron Grass, Safety Employee Member
Kelly Long, Public Member
Tommie E. Joe, Public Member
Sim Tang-Paradis, Public Member
Will Hoag, Alternate Retiree Member

TRUSTEES

ABSENT:

Jordan Roberts, General Employee Member
Robert Ashby, Alternate Safety Employee Member

STAFF

PRESENT:

Linda Webb, Retirement Administrator
Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
Leah Oliver, Chief Technology Officer
Susan Davis, Interim Chief Financial Officer
Brian Owen, Sr. Information Technology Specialist
Jess Angeles, Communications Officer
Chris Ayala, Program Assistant

PLACE:

In Accordance with Government Code §54953(e)(1)(A), and in response to the declared State and Local emergencies due to the Novel Coronavirus and Local Health Officer recommendation regarding social distancing, the Board of Retirement and its legislative bodies are holding meetings electronically and can be accessed below. Pursuant to Government Code §§ 54953(e)(2) and 54954.3, members of the public, to the extent required by law, will have the opportunity to directly address the Board concerning the below mentioned business.

TIME:

9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Sedell called the Business meeting of February 28, 2022, to order at 9:00 a.m.

Roll Call:

Trustees Present: Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Steven Hintz, Tommie Joe, Kelly Long, Sim Tang-Paradis, Will Hoag, Mike Sedell.

Trustees Absent: Jordan Roberts, Robert Ashby.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Goulet seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

III. CONSENT AGENDA

Notice: Any item appearing on the Consent Agenda may be moved to the Regular Agenda at the request of any trustee who would like to propose changes to or have discussion on the item. Note that approval of meeting minutes are now part of the Consent Agenda.

- A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of January 2022.
- B. Receive and File Report of Checks Disbursed in January 2022.
- C. Receive and File Fiscal Year 2021-22 Quarterly Budget Summaries and Financial Statements.
 - 1. Staff Letter by Chief Financial Officer.
 - 2. Financial Statements.
 - 3. Budget Summaries.
- D. Approve Disability Meeting Minutes of February 8, 2022.

Ms. Webb noted that the standard phrase "Proposed Findings of Fact and Conclusions of Law" was missing from the minutes on the Christopher Myers and Jane Labrador-Corpuz disability cases and should be corrected.

MOTION: Approve Consent Agenda with Modifications to the Minutes of the Disability Meeting of February 7, 2022.

Moved by Goulet seconded by Tang-Paradis

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

IV. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from Adams Street, Saguna Malhotra and Scott Hazen.

Saguna Malhotra and Scott Hazen reviewed Adams Street's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and performance. The presenters also responded to questions from VCERA trustees.

- B. Receive Annual Investment Presentation from UBS Real Estate, Paul M. Canning, Tom O'Shea, and Kelli Roberts.

Paul M. Canning, Tom O'Shea, and Kelli Roberts reviewed UBS Real Estate's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and performance. The presenters also responded to questions from VCERA trustees.

V. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.

NEPC – Allan Martin.

- A. \$35 Million Investment Commitment to Alterra IOS Venture II, LP.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Alterra IOS Venture II, LP Presentation: Leo Addimando, Matt Pfeiffer, and Amy Cummings.

Mr. Gallagher said that, if approved, the Alterra IOS Venture II Fund would be VCERA's first dedicated investment in industrial outdoor storage. It was a niche institutional real estate strategy in an underexploited area, which he believed would deliver attractive returns and also help to further diversify VCERA's real estate program.

Mr. Martin also expressed NEPC's approval in recommending the investment in Alterra's IOS Venture II Fund.

Mr. Gallagher then said that both he and NEPC jointly recommended a \$35 million investment commitment to Alterra's IOS Venture II Fund, and that Allan Martin and Chris Meirs from NEPC along with Leo Addimando, Matt Pfeiffer and Amy Cummings from Alterra were available to answer any

questions on this investment.

MOTION: Approve Commitment of \$35 Million to Alterra IOS Venture II, L.P. and, Subject to Legal Review, Authorize the Board Chair or the Retirement Administrator or, in the Absence of Both, the Chief Investment Officer, to Approve and Execute the Required Documentation.

Moved by Joe seconded by Grass

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

B. Investment Policy Revisions and Update.

RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.
2. Investment Policy Proposed (Redline).
3. Investment Policy Proposed (Clean).

Mr. Gallagher reminded the Board that VCERA's Investment Policy was last updated and adopted by the Board on September 28, 2020 and noted that the proposed updates to the policy had been summarized in the staff letter.

Chair Sedell said that he had questions regarding some of the proposed revisions and would follow up with Mr. Gallagher.

MOTION: Continue the Proposed Updated Investment Policy.

Moved by Goulet seconded by Long

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

C. Quarterly Investment Performance Report for Period Ending December 31, 2021.

RECOMMENDED ACTION: Receive and file.

D. Preliminary Performance Report Month Ending January 31, 2022.

RECOMMENDED ACTION: Receive and file.

E. NEPC 2022 Investment Outlook – Capital Market Assumptions.

RECOMMENDED ACTION: Receive and file.

Mr. Martin presented the Quarterly Investment Performance Report for period ending December 31, 2021, the Preliminary Performance Report for month ending January 31, 2022, and the NEPC 2022 Investment Outlook – Capital Market Assumptions.

MOTION: Receive and File the Quarterly Investment Performance Report for Period Ending December 31, 2021, Preliminary Performance Report Month Ending January 31, 2022, and NEPC 2022 Investment Outlook – Capital Market Assumptions.

Moved by Hernandez-Garcia seconded by Grass

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

VIII. OLD BUSINESS

A. Reconsideration of Circumstances to Enable Board to Hold Meetings via Teleconference Under the Provisions of Government Code Section 54953, Subdivision (e), of the Ralph M. Brown Act, Due to State of Emergency and Consider Authorization for Continued Remote Teleconference Meetings.

1. Staff Letter by General Counsel.

2. Letter from Dr. Robert Levin, Ventura County Health Officer.

Ms. Nemiroff said the Board had been continuing to meet under the abbreviated teleconference provisions of the Brown Act, and that the Board's current authorization will expire on March 9. Therefore, if the Board wished to continue meeting under the teleconference provision, the Board would need to consider the circumstances of the emergency and approve a new authorization, which would allow them to hold their Board meetings via teleconference for another 30 days, until March 30, 2022.

Ms. Nemiroff added that there was a new executive order issued last week, and it appears that the state of emergency was doing a phased wind down, and while certain provisions of the proclamation of emergency were terminated, not all were. Therefore, the Board currently was still authorized under the law to continue meeting via teleconference, if it desired to do so, because the two conditions necessary were still present: 1) there was still a state of emergency in effect; and 2) Dr. Levin's recommendation for social and physical distancing remained the same.

Trustee Hernandez-Garcia left the meeting at 11:23 a.m., before the vote on the item.

MOTION: Approve and Adopt Findings that the Ventura County Health Officer/Medical Director Recommends Physical/Social Distancing and Continued Remote Meetings of Legislative Bodies, and; Authorize Remote Teleconference Meetings of the Legislative Bodies of the Ventura County Employees' Retirement Association for the Period of February 28, 2022 through March 30, 2022, Pursuant to Government Code Section 54953, Subdivision (e)(3).

Moved by Goulet seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Joe, Long, Tang-Paradis, Sedell

No: Hintz

Absent: Roberts

Abstain: -

Trustee Hernandez-Garcia returned to the meeting at 11:25 a.m., after the vote on the item.

Chair Sedell then opened the vote back up to allow Trustee Hernandez-Garcia to vote.

Trustee Hernandez-Garcia then voted in favor of the motion.

B. Verbal Update on Information Regarding VCERA Cyber Security.

Ms. Webb informed the Board that VCERA's Chief Technology Officer, Leah Oliver, would be making a presentation at the disability meeting of March 14, 2022, on the important issue of cyber security. The presentation would cover such things as an overview of cyber security and current threats in the I.T. landscape, which were based on current events and research in the I.T. industry. There had also been some interest from some trustees regarding Gartner's role in assisting VCERA staff with cyber security issues, and Ms. Oliver would also be reporting on that.

IX. NEW BUSINESS

A. Mid-Year Budget Update for Fiscal Year 2021-22.

RECOMMENDED ACTION: Receive and File.

1. Staff Letter by Interim Chief Financial Officer.
2. Budget Summary Projections (Attachment A).

Ms. Webb noted that the Mid-Year Budget provided current detailed information of the organization's budget through December 31, 2021.

Chair Sedell asked Trustee Goulet if he had any comments on the Mid-Year Budget as the Chair of the Finance Committee.

Trustee Goulet said that he wanted to advise the Board that the report included an unanticipated expense for VCERA's Interim CFO in the next quarter. He also said he had a discussion with VCERA's former CFO, Henry Solis, regarding a change to certain line items in the budget. Mr. Solis had explained that he had added a new line item (VSG Hosting) to the budget in response to a request from Trustee Goulet and transferred an appropriation from an existing line item (V3 Software & VSG) to the new line item. However, Trustee Goulet felt that it was a substantial change to the budget that should have been approved by the Board. Therefore, he suggested that instead of the Board simply receiving and filing the Mid-Year Budget, they should also approve that change to the ledger.

Chair Sedell said that, while he did not have a problem with approving the change, he did not want every new line item that staff added to the budget to be brought to the Board for approval, since he felt it was an administrative issue rather than a policy issue. If a trustee had requested a change to a line item, it would be appropriate for staff to make that change.

Ms. Webb reminded the Board that the report was merely for the mid-year budget and only designed to be informational. However, staff could revert to the original budget format and then add the new line item to the new proposed budget.

Chair Sedell then said he felt that it was simply added for the sake of transparency, which was what the Finance Committee was looking for. He then said that the Board could make the new line item a permanent change on the next budget so that the process and reports remained consistent for the current budget.

MOTION: Receive and File.

Moved by Goulet seconded by Long

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

B. Selection of Certified Public Accounting Firm to Perform Annual Financial Audit.

RECOMMENDED ACTION: Approve.

1. Staff Letter by Interim Chief Financial Officer.
2. Summary of VCERA RFP - Auditing Services (Attachment 1).

Ms. Webb said that the Interim CFO Ms. Davis was very familiar with the Request for Proposal (RFP) process for the selection of an outside accounting firm. The staff letter explained the recommendation to contract with Brown Armstrong for audit services and, given that VCERA would be recruiting a new CFO, it would be more difficult to contract with a new auditor that would be unfamiliar with VCERA's financial processes and procedures. She noted that staff had also discussed the issue with the Finance Committee during its last meeting.

Trustee Goulet said that the Finance Committee also recommended contracting with Brown Armstrong again. He noted that during his discussion with staff at the last Finance Committee meeting, he had expressed his concern with not rotating VCERA's auditors, but given the pending recruitment for a new CFO, he set that concern aside. He preferred that in ensuing years, Brown Armstrong should provide a different lead auditor or provide two different lead auditors every five years. Also, he did not like that Brown Armstrong signed their audit reports; he believed audit reports should be signed by the lead auditor who made the report.

Chair Sedell said that while he agreed with the recommendation, he also believed that changing auditors at least every 3 to 5 years was good practice. He also did not have an issue with Trustee Goulet wanting to request that Brown Armstrong have their lead auditor sign off on the audit report.

MOTION: Approve Contract for Audit Services to Brown Armstrong Accountancy Corporation and Authorize Staff to Finalize an Agreement with Selected Audit Firm and Return to Board for Approval.

Moved by Joe seconded by Goulet

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

C. Finance Committee Report.

RECOMMENDED ACTION: Receive and file.

1. Letter from Finance Committee Chair.

Trustee Goulet said that the item was a brief report to let the Board know that the Finance Committee had reviewed some of the items that were before the Board for consideration. In the future, he felt that the Finance Committee's report should come before those reports on the agenda.

Chair Sedell remarked that he would prefer to have the Finance Committee's report be included with those reports and listed after the staff letter, which could be done simultaneously if there was more than one item.

Trustee Goulet said that it would be fine with him to have the report agendaize in that way.

MOTION: Receive and File.

Moved by Goulet seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

D. SACRS 2022 Spring Voting Proxy.

1. Staff Letter by Retirement Administrator.

Ms. Webb noted that the SACRS 2022 Spring Conference would be an in-person conference and that the proxy would need to be someone who would be attending.

Chair Sedell asked the other Board members for any volunteers to be designated as VCERA's voting proxy at the spring conference. He noted that Trustee Ashby had said he planned to attend the SACRS Spring Conference.

Trustee Hoag volunteered to be the Voting Proxy.

Trustee Goulet made the following motion.

MOTION: Appoint Trustee Hoag as the Voting Proxy.

Chair Sedell said that before the Board voted on Trustee Goulet's motion, he would like to see if there were any volunteers to be the Alternate Voting Proxy in case Trustee Hoag was unable to attend.

Ms. Webb said that she believed that Trustee Ashby would be willing to be the Alternate Voting Proxy, as he planned to attend the conference. However, she would contact him to discuss it, and if he was unable to be the Alternate Voting Proxy for some reason, she could bring the item back for the Board to appoint a new alternate.

Trustee Goulet amended his original motion, as follows.

MOTION: Appoint Trustee Hoag as the Voting Proxy and Trustee Ashby as the Alternate Voting Proxy.

Moved by Goulet seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Tang-Paradis, Sedell

No: -

Absent: Roberts

Abstain: -

XI. INFORMATIONAL

A. SACRS Spring Conference 2022 – Conference Information.

XII. PUBLIC COMMENT

None.

XIII. STAFF COMMENT

Ms. Webb reported that staff would have a hybrid schedule of working remotely and in-person in March. The office would be open to the public on Mondays, Wednesdays and Fridays, with some staff in the office on Tuesdays and Thursdays to assist members by appointment. Staff would return to working in the office full time in April, barring any unforeseen COVID circumstances. Staff may also be exploring a potential hybrid trial schedule that allowed for some telework on a limited basis. Ms. Webb also noted that the Board Clerk had emailed each Board members their individual trustee education report for 2021, since staff planned to present the Board's Trustee Education Report at the next board meeting and reminded them that if they needed additional training hours to meet their two-year requirement, they should contact the Board Clerk.

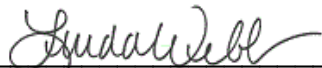
XIV. BOARD MEMBER COMMENT

None.

XV. ADJOURNMENT

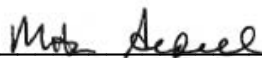
The Chair adjourned the meeting at 11:55 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



MIKE SEDELL, Chair