

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

MARCH 29, 2021

AGENDA

TRUSTEES

PRESENT:

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

TRUSTEES

ABSENT:

Cecilia Hernandez-Garcia, General Employee Member

STAFF

PRESENT:

Linda Webb, Retirement Administrator
Henry Solis, Chief Financial Officer
Julie Stallings, Chief Operations Officer
Dan Gallagher, Chief Investment Officer
Leah Oliver, Chief Technology Officer
Lori Nemiroff, General Counsel
Josiah Vencel, Retirement Benefits Manager
Jess Angeles, Communications Officer
Chris Ayala, Program Assistant

PLACE:

In Accordance with the Governor's Executive Order N-29-20 (3), the Members of the Board will be participating via teleconference. Pursuant to Government Code §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

Chair Sedell called the Business meeting of March 29, 2021, to order at 9:04 a.m.

II. APPROVAL OF AGENDA

MOTION: Approved.

Moved by Long seconded by Grass

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Long, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia

Abstain: -

III. CONSENT AGENDA

- A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of February 2021.
- B. Receive and File Report of Checks Disbursed in February 2021.
- C. Receive and File Budget Summary Admin. – Disability for FY 2020-21 Month Ending January 31, 2021.
- D. Receive and File Budget Summary Combined for FY 2020-21 Month Ending January 31, 2021.
- E. Receive and File Budget Summary Admin. – Disability for FY 2020-21 Month Ending February 28, 2021.
- F. Receive and File Budget Summary Combined for FY 2020-21 Month Ending February 28, 2021.
- G. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments, Cash, and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending January 31, 2021.
- H. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments, Cash, and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending February 28, 2021.

MOTION: Approve.

Moved by Goulet seconded by Long

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Long, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia

Abstain: -

IV. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from Harbourvest: Brett Gordon, Jackie Peradotto, and Abigail Rayner.

Brett Gordon, Jackie Peradotto, and Abigail Rayner reviewed Harbourvest's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition, and performance.

- B. Receive Annual Investment Presentation from Pantheon: Rudy Scarpa and Iain Jones.

Rudy Scarpa and Iain Jones reviewed Pantheon's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition, and performance.

V. INVESTMENT INFORMATION

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

- A. \$30 Million Investment in CarVal Investors Credit Value Fund V.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.
2. Investment Due Diligence Report from NEPC: Allan Martin and Bradley Rowbotham.
3. CarVal Investors Credit Value Fund V Presentation Material: Kerry Fauver, Chris Hedberg, and Lucas Detor.

Mr. Gallagher said that the item was a joint recommendation from both himself and NEPC. The re-investment would be with a very strong manager, CarVal, and it would help to strengthen VCERA's global diversification of their private credit exposure.

Mr. Martin presented NEPC's Investment Due Diligence Report.

MOTION: Approve an Allocation of \$30 Million to the CarVal Investors Credit Value Fund V, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and, Authorize the Board Chair or the Retirement Administrator, or if both Unavailable, the Chief Investment Officer to Approve and Execute the Required Documentation.

Moved by Ashby seconded by Grass

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Long, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia

Abstain: -

- B. VCERA Asset/Liability Study by NEPC.
RECOMMENDED ACTION: Receive and File.

1. Staff Letter by Chief Investment Officer.

2. Asset/Liability Study Presentation: Allan Martin and Lynda Costello.

Mr. Gallagher said the Asset Liability Study was intended to provide a framework for an asset allocation item that would be presented at the business meeting in April.

Mr. Martin and Ms. Costello presented the Asset/Liability Study.

MOTION: Receive and File.

Moved by Ashby seconded by Tang-Paradis

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Long, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia

Abstain: -

C. Preliminary Performance Report Month Ending February 28, 2021: Allan Martin

RECOMMENDED ACTION: Receive and File.

Mr. Martin presented the Preliminary Performance Report Month Ending February 28, 2021.

MOTION: Receive and File.

Moved by Joe seconded by Roberts

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Long, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia

Abstain: -

VI. OLD BUSINESS

A. Update on Progress of Declaratory Relief Action Re: Alameda Decision.

Ms. Webb said all of the defendants involved in the Declaratory Relief Action had filed an answer to VCERA's complaint except for the County of Ventura, as they were planning to demur. The County had also filed a Demurrer of Action regarding the flex credit issue, and that hearing was scheduled for June 14th. A cross-complaint was also filed by one of the parties to challenge VCERA's limit on the pensionability of his leave redemptions and VCERA would be responding to that cross-complaint soon. The Superior Court (as a party) had asked that VCERA dismiss it without prejudice, from the case, which VCERA did. Lastly, VCERA's General Counsel and Fiduciary Counsel would discuss the litigation with the Board in closed session at a future meeting.

VII. NEW BUSINESS

A. Recommendation to Approve Technology Use & Mobile Device Policy and Surplus Property Policy.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. VCERA Mobile Device Policy (Current).
3. Trustee Technology Use and Mobile Device Policy (Proposed).
4. Staff Technology Use and Mobile Device Policy (Proposed).
5. Proposed VCERA Surplus Property Policy.

Ms. Webb reminded the Board that although VCERA already had a mobile device policy, staff proposed two separate policies, one for the Board, and an expanded version for VCERA staff.

Trustee Goulet noted the policy made a reference to County owned devices for Board Members. He then asked which mobile devices were issued to Trustees that were owned by the County.

Ms. Webb said that the section could be changed to only reference VCERA-owned devices.

Trustee Goulet also noted it stated that the Board members would be required to sign the VCERA Mobile Device Agreement twice.

Ms. Webb replied that staff would remove the redundant statement from one of the sections.

Trustee Goulet then asked if section VI., subsection viii., should be incorporated into section VI., subsection ii., as it was related to the procedures for a trustee leaving the Board. Also, he believed that section VIII., should have read, "*The Board last reviewed and approved this policy on March 29, 2021*", and delete the other existing text, and add, "*It replaces and supersedes the mobile device policy originally adopted on June 18, 2012 and last reviewed in June 1, 2019*".

Trustee Hintz left at 11:12 a.m., before the vote on this item.

MOTION: Approve Proposed Technology Use & Mobile Device Policies with Corrections.

Moved by Goulet seconded by Ashby

Vote: Motion carried

Yes: Grass, Goulet, Joe, Long, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia, Hintz

Abstain: -

B. Request for Authorization to Purchase Prepaid Block of 2,500 Vitech Support Hours.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Technology Officer.

Ms. Webb said that staff was recommending taking advantage of Vitech's prepay program to purchase a block of hours, and thereby receive a discount on the hourly rate. She also noted that Vitech had extended the expiration date of the support hours for an additional 3 years, and 500 hours would be used during the current fiscal year, and the cost for them could be absorbed in the current I.T. budget.

Trustee Hintz returned at 11:13 a.m., during the discussion of this item.

Trustee Goulet remarked that he believed that the discounted rate should be memorialized in an agreement, so that they had a document they could rely on. Also, as staff was aware, he did not like payments in advance, however, in this case since what would be purchased was defined, he would not oppose recommendation. He said he would prefer a different payment schedule as well, since he did not like the large lump sum that would be due at the beginning of the next fiscal year. Lastly, he wanted to know how VCERA could verify that the hours purchased would actually be spent on support.

Ms. Webb pointed out that the staff letter stated that staff's recommendation was for the Board to authorize staff to execute an agreement with Vitech for the prepaid hours, and that staff would be happy to provide that agreement for the Board's review. Also, in terms of how the hours would be allocated, Vitech's practice was to provide a report that detailed what they worked on and the number of hours associated with that work item. Staff would also be following up with Vitech on any concerns that may arise regarding those support hours, and kept track of the available hours, so that they could plan projects accordingly. Lastly, she offered to provide the agreement to Trustee Goulet prior to the next Board meeting for his review.

Trustee Goulet replied that he would like to see the agreement.

Ms. Webb also said that staff would contact Vitech to inform them that although the Board agreed with the purchase of the prepaid hours, the Board wanted to review the agreement before she executed it.

Trustee Goulet said that he agreed with Ms. Webb's suggestion.

Chair Sedell said that the item would then be brought back at the next Board meeting for approval.

C. Request for Approval of Proposed Finance Committee Charter.
RECOMMENDED ACTION: Approve.

1. Letter from Trustee Goulet.
2. Proposed Finance Committee Charter.

Trustee Goulet reminded the Board that they had appointed a Finance Committee and given them the task of developing the committee's charter. Among the committee's recommendations was that the Board expand the committee from 3 to 4 members to allow for 2 members to meet with staff and service providers, without the public meeting requirements.

Chair Sedell said he would like to see language in the charter that stated that the committee would be reviewing the monthly budget reports, so that the committee could then make any necessary comments or recommendations to the Board.

Trustee Goulet said that the committee could certainly do that, but he did not know if it necessarily needed to be stated in the charter.

Chair Sedell replied that he still wanted to see something in the charter that said the financial reports would be reviewed by the committee periodically, every couple of months or so. He asked Trustee Goulet whether he preferred to have the charter approved and then have the committee return with some minor amendments, or to have the committee make the minor amendments first and then bring it back for Board consideration.

Trustee Goulet said that he would prefer to have it approved now and then bring the charter back with the minor amendments.

Chair Sedell then asked Ms. Nemiroff if the Brown Act issue would just be a cautionary matter.

Ms. Nemiroff said yes, and that 2 out of 4 committee members meeting with staff or service providers would not be considered a public meeting under the Brown Act. However, if 2 committee members did meet with staff, they should avoid any consensus building or discussing views of other Board members, as 2 Trustees could stop a recommendation, which would be considered an action. However, it was an advisory committee, so no action would ever be taken, unless the whole Board decided to act, and any one Board member could bring an action before the Board for discussion if needed. Therefore, if 2 committee members decided to not make a recommendation or not have the committee make a recommendation to the Board, a dissatisfied committee member could still request that the whole Board review the matter.

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

MOTION: Adopt without the Inclusion of Actuarial Responsibilities and Bring Back the Item to Determine the Finance Committee's Process for Reviewing the Monthly Financial Reports.

Moved by Goulet seconded by Ashby

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Long, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia

Abstain: -

Chair Sedell asked the Board members to considering joining the committee and to let him or Ms. Webb know if they would like to volunteer.

D. Request for Authorization to Execute Contract Extension with Brown Armstrong for Auditing Services.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Renewal of Auditing Services Agreement.

Mr. Solis explained that in 2017, VCERA issued an RFP for auditing services and there were 2 respectable bids submitted. After reviewing the bids, the Board had decided to sign a 3-year agreement with Brown Armstrong for auditing services with the condition that they rotated the partner in charge of the audit, and Brown Armstrong had agreed. He had met with the Finance Committee about a provision in the contract that would allow VCERA to extend the current contract for 1 year. Therefore, the recommendation from staff was that the Board authorize the execution of a 1 year extension, subject to Counsel's review of the agreement.

Chair Sedell asked Trustee Goulet if the Finance Committee was in agreement with the recommendation by staff.

Trustee Goulet said that the Finance Committee had reviewed the item and supported the recommendation.

MOTION: Approve Staff Recommendation to Authorize the Board Chair to Execute Attached Contract Extension, Subject to Final Review by Counsel, for Audit Services with Brown Armstrong for a One-Year Period.

Moved by Hintz seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia, Long

Abstain: -

Following the vote on the item, the Board advanced to agenda item X., "Public Comment."

VIII. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Retirement Administrator

(Government Code section 54957(b)(1))

B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: General Counsel

(Government Code section 54957(b)(1))

C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Investment Officer

(Government Code section 54957(b)(1))

The Board went into Closed Session at 11:57 a.m.

The Board would be adjourning after Closed Session, since there would be no reportable action.

IX. INFORMATIONAL

None.

X. PUBLIC COMMENT

None.

Trustee Goulet noted Board had not voted on the Surplus Property Policy item in the agenda and had only discussed and approved the Mobile Device Policies. He suggested the item be brought back at the next meeting.

Chair Sedell thanked Trustee Goulet for informing the Board that they had overlooked the Surplus Property Policy.

Ms. Webb said that if Trustee Goulet would provide his comments and suggestions to staff in advance of the next meeting, staff would work with him on incorporating them into the policy.

MOTION: Table the Surplus Policy to the Disability & Business Meeting of April 19, 2021.

Moved by Goulet seconded by Roberts

Vote: Motion carried

Yes: Grass, Goulet, Hintz, Joe, Roberts, Tang-Paradis, Ashby, Sedell

No: -

Absent: Hernandez-Garcia, Long

Abstain: -

XI. STAFF COMMENT

Ms. Webb informed the Board that staff had received hard copies of the 2021 County Employees Retirement Law (CERL) books and if any of them were interested in receiving one, they could notify the Board Clerk. She also asked that the Trustees notify staff if they planned to attend the virtual SACRS Spring 2021 Conference. She reminded the Board that there was a combined disability and business meeting on April 19th.

Following staff comment, the Board returned to agenda item VIII., "Closed Session."

XII. BOARD MEMBER COMMENT

None.

XIII. ADJOURNMENT

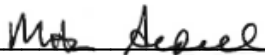
The Chair adjourned the meeting at the conclusion of Closed Session at 2:04 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



MIKE SEDELL, Chair