

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

SEPTEMBER 27, 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
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
Robert Ashby, Alternate Safety Employee Member
Will Hoag, Alternate Retiree Member

**TRUSTEES
ABSENT:**

**STAFF
PRESENT:**

Henry Solis, Chief Financial Officer
Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
Leah Oliver, Chief Technology Officer
Josiah Vencel, Retirement Benefits Manager
Nancy Jensen, Retirement Benefits Specialist
Brian Owen, Sr. Information Technology Specialist
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

A. Roll Call.

Vice-Chair Goulet called the Business meeting of September 27, 2021, to order at 9:05 a.m.

Roll Call:

Robert Ashby, Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Tommie Joe, Kelly Long, Jordan Roberts, Mike Sedell, Sim Tang-Paradis, Will Hoag.

Trustees Absent: Steven Hintz

After Roll Call Chair Sedell presided as Chair for the remainder of the meeting.

II. APPROVAL OF AGENDA

Mr. Solis informed the Board that Ms. Webb had asked him to inform the Board that for item VII.D., *2021/22 Business Plan*, the documents were provided so that the Board would have an opportunity to review them and provide her feedback so that she could update the document and present the 2021-22 Business Plan for consideration at a future board meeting.

Trustee Joe suggested that the Board consider moving up agenda item VII.C., since the Board would most likely take time to discuss items VII.A. and VII.B.

Trustee Hernandez-Garcia left the meeting at 9:10 a.m., before the vote on the item.

MOTION: Revise the Agenda to Move Item VII.C., "\$25 Million Commitment to Pantheon Global Secondaries Fund VII" to the first Item in New Business.

Moved by Joe seconded by Ashby

Vote: Motion carried

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

No: -

Absent: Hernandez-Garcia, Hintz

Abstain: -

III. APPROVAL OF MINUTES

A. Disability Meeting Minutes of September 13, 2021.

Trustee Hernandez-Garcia returned to the meeting at 9:12 a.m., before the vote on the item.

MOTION: Approve.

Moved by Goulet seconded by Ashby

Vote: Motion carried

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

No: -
Absent: Hintz
Abstain: -

IV. CONSENT AGENDA

- A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of July 2021.
- B. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of August 2021.
- C. Receive and File Reports of Checks Disbursed in July and August 2021.
- D. Receive and File the Following Financial Information for Fiscal Year 2020-21 Ended June 30, 2021.
 - 1. Staff Letter from Chief Financial Officer.
 - 2. 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 June 30, 2021.
 - 3. Statement of Reserves as of June 30, 2021.
 - 4. Budget Summaries for FY 2020-21 for the Twelve Months Ended June 30, 2021.
 - a. Combined.
 - b. Admin CAP.
 - c. Admin IT CAP.
 - d. Admin Disability.
 - e. Investment – Non-CAP.
 - f. IT – Non-CAP.
 - g. Other Expenses – Non-CAP.

Trustee Hintz arrived at 9:09 a.m., before the vote on the item.

Mr. Solis informed the Board that the Staff Letter for this item had a correction that was required. He noted that on page 2 of the staff letter, in the *Budget Summaries* section, it stated that the limit to the Administrative Expenses may not exceed 0.21% (\$14,170,300) of the accrued actuarial liability of the system. The actual amount was, \$13,522,700 which was consistent with the table in the letter.

MOTION: Approve.

Moved by Long seconded by Joe

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

V. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.

NEPC – Allan Martin

A. Private Credit Overview & Pacing Plan.

RECOMMENDED ACTION: Adopt.

1. Staff Letter by Chief Investment Officer.

2. Private Credit Overview & Pacing Plan Presentation.

Mr. Gallagher said that the item was a recommendation to increase the 2021 VCERA private credit commitment target from \$130 million to \$180 million for the private credit investment program, to accommodate the growth in the size of VCERA's total fund and to reflect the new target.

Mr. Martin explained the distinction between the annual commitment pace and the vintage year commitment pace.

MOTION: Adopt the Proposed 2021 Private Credit Investments Pacing Plan.

Moved by Grass seconded by Hintz

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

B. Preliminary Performance Report Month Ending July 31, 2021.

RECOMMENDED ACTION: Receive and File.

C. Preliminary Performance Report Month Ending August 31, 2021.

RECOMMENDED ACTION: Receive and File.

D. Quarterly Investment Performance Report for Period Ending June 30, 2021.

RECOMMENDED ACTION: Receive and File.

Mr. Martin presented the Preliminary Performance Reports for July and August 2021, as well as the Quarterly Performance Report for the Period Ending June 30, 2021.

MOTION: Receive and File Items, V.B., V. C., and V.D.

Moved by Long seconded by Roberts

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Hintz, Joe, Long, Roberts, Tang-Paradis, Sedell
No: -
Absent: -
Abstain: -

After the vote on the item, the Board advanced to agenda item VII.C., "\$25 Million Commitment to Pantheon Global Secondaries Fund VII".

VI. OLD BUSINESS

A. None.

VII. NEW BUSINESS

A. Board Discussion of Trustee Hintz's Proposals in Respect to Investments in Companies in the People's Republic of China.

RECOMMENDED ACTION: Direction.

1. Staff Letter from Chief Investment Officer.

Trustee Hintz stated that he opposed any investment in the Peoples Republic of China (PRC). He could not support investing in companies in a country that intended to replace America as the dominant world power. In addition, he believed any such investments would carry unacceptable investment risk. He also cited the Board's recent commitment with Bain Capital Special Situations Asia private credit fund, noting that some portion of this fund was to be invested in China. This prompted his request for a detailed accounting report of all current investments in the PRC across all of VCERA's investment funds. He also asked about VCERA's response to a public records request submitted by the Ventura County Taxpayers Payers' Association inquiring about loans that VCERA had made to private companies in the PRC, and a specific loan proposal from Bain Capital.

Chair Sedell asked Mr. Gallagher to explain the risks involved in divesting VCERA's investments in the PRC, given the confidentiality of some of the investments.

Mr. Gallagher said that in regard to the question of loans made by VCERA to private companies in the PRC, he was unaware of VCERA ever having made direct loans to any party. He further explained that VCERA did not have the ability to conduct the necessary due diligence on any prospective borrower, nor the ability to underwrite any loan. Also, VCERA had never received, nor discussed any loan proposal with Bain Capital.

Mr. Gallagher also provided examples that investments were held across VCERA's total fund, and how some information could be made public, whereas other information was legally proprietary and confidential. He further noted that almost all of VCERA's investments were in shares of co-mingled trust vehicles (similar to mutual funds), or in private limited partnerships. Therefore, VCERA did not own any of the securities in those funds, they simply owned very small percentage interests in those funds that held Chinese securities.

Mr. Gallagher responded to Chair Sedell's request to explain the risks involved in divesting VCERA's investments in the PRC, given the confidentiality of some of the investments. Mr. Gallagher briefly discussed Disclosure Risk as was explained in his memo to the Board, and also briefly described the steps needed to be taken, and some of the legal and investment risks of ceasing all future investments in, and subsequently the risks, costs, and impacts of divesting all investments in the PRC.

Mr. Martin of NEPC further described issues around divestment and listed a number of recent requests for divestment across a large number of different social issues with several of his clients.

Trustee Hintz then said that he was not asking for a divestment of those investments yet. He was asking for the Board to direct staff to provide a report of VCERA's investments in the PRC.

Trustee Long said that she appreciated Trustee Hintz for bringing the issue to the Board and she had previously voted against the Bain Capital investment due to the premise of investing in the PRC. However, her concern was that if they dived deeper into the issue, the Board could start singling out other controversial investments such as in oil, electricity, etc., which was a slippery slope.

Chair Sedell stated he was concerned about the issues that Mr. Gallagher and Mr. Martin pointed out regarding disclosure and divestment, as well as the "slippery slope" that Trustee Long mentioned. He also pointed out that the Board had always tried to make the best investments based on their fiduciary responsibility to the retirees and the retirement system.

MOTION: Direct Staff to Provide the Board with a Detailed Accounting of VCERA's Investments in Companies Based in the People's Republic of China (PRC).

Moved by Hintz. Motion failed for lack of a second.

- B. Board Discussion of Trustee Long's Request for a Report of VCERA's Investments Totaled by Country.

RECOMMENDED ACTION: Direction.

1. Staff Letter by Chief Investment Officer.

Trustee Long stated that she was rescinding her request, since she no longer needed the report having been satisfied with the information provided by Mr. Gallagher and Mr. Martin.

After discussing this item, the Board advanced to agenda item, VII.D., "2021/22 Business Plan".

- C. \$25 Million Commitment to Pantheon Global Secondaries Fund VII.

RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Pantheon Global Secondaries Fund VII Presentation: Rudy Scarpa and Iain Jones.

Mr. Gallagher noted that the proposed commitment was a follow-on fund to investments that the Board had approved over the years, and the returns for the previous funds were strong. Therefore, it was jointly recommended by him and Mr. Martin that the Board approve the proposed investment. He advised the Board that two representatives of Pantheon were on the call and available for questions.

MOTION: Approve an Allocation of \$25 Million to Pantheon's Global Secondaries Fund VII, and Direct Staff and Legal Counsel to Prepare the Necessary Legal Documents; and Authorize the Board Chair or the Retirement Administrator, or in the Absence of the Board Chair and Retirement Administrator the Chief Investment Officer, to Approve and Execute the Required Documentation.

Moved by Goulet seconded by Joe

Vote: Motion carried

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

No: Hintz

Absent: -

Abstain: -

After the vote on the item, the Board returned to agenda item, VII.A., "Board Discussion of Trustee Hintz's Proposals in Respect to Investments in Companies in the People's Republic of China".

D. 2021/22 Business Plan.

RECOMMENDED ACTION: Approve.

1. Proposed 2021/22 Business Plan.

Mr. Solis explained that Ms. Webb wanted the item placed on the agenda for the Board to review in coordination with the Business Planning Policy, which was previously provided which identified the process and what was contained in the business plan. Therefore, she was requesting that the Board review them both and provide any feedback they may have to her so that she could use the feedback to present the business plan at a future meeting.

Mr. Solis then suggested that the motion should be to either receive and file the item or delay it to a future meeting.

Trustee Goulet said that he believed the motion should be to Receive and File and ask Board members with comments or suggestions regarding the Business Plan to please send them to the Retirement Administrator so that she could respond to them when she presents the Business Plan at a future meeting.

MOTION: Receive and File.

Moved by Goulet seconded by Tang-Paradis

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

E. SACRS Fall Voting Proxy.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

Mr. Solis stated that the item was to appoint a voting delegate and an alternate for the SACRS Business meeting on the last day of the SACRS Fall Conference. Also, prior to the conference the Board would receive the SACRS business meeting agenda so that they can provide voting directions to their delegates before the SACRS business meeting.

Trustee Goulet noted that in the past the Board had appointed the Retirement Administrator as the primary delegate and a Trustee as the alternate.

Chair Sedell appointed himself as the voting delegate and Trustee Roberts as the alternate voting delegate.

MOTION: Appoint Trustee Sedell as the Voting Delegate and Trustee Roberts as the Alternate Voting Delegate for the 2021 Fall Conference.

Moved by Long seconded by Joe

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

VIII. INFORMATIONAL

- A. Non-Action Item: Draft Resolution Provided for Feedback in Advance of the October 4, 2021, Disability Meeting, to Implement Provisions of AB 361, Authorizing Abbreviated Requirements for Teleconferencing During a State of Emergency.

Ms. Nemiroff reminded the Board that they had been available to meet via teleconference pursuant to an executive order that was expiring on September 30, 2021. Therefore, if any of the Board members had any feedback on the proposed resolution, to please send it to her since she would be bringing the resolution back to the Board for adoption at the October 4th meeting to enable VCERA to continue to hold their Board meetings via teleconference under the provisions of AB 361.

IX. PUBLIC COMMENT

None.

X. STAFF COMMENT

Mr. Solis reminded the Board that if Trustees were interested in attending the SACRS Fall Conference but had not signed up to please let staff know.

XI. BOARD MEMBER COMMENT

Trustee Goulet commented that the Finance Committee had not yet addressed the budget process and presentation issue. Also, he had previously requested feedback from the other Board members so that the committee could agendize their feedback for consideration by the Finance Committee, but he had not received any thus far.

MOTION: To Adjourn.

Moved by Roberts seconded by Joe

Vote: Motion carried

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

No: -

Absent: -
Abstain: -

XII. ADJOURNMENT

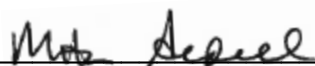
The Chair adjourned the meeting at 10:50 a.m.

Respectfully submitted,



HENRY SOLIS, Chief Financial Officer

Approved,



MIKE SEDELL, Chair