

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JUNE 22, 2020

MINUTES

**TRUSTEES
PRESENT:**

William W. Wilson, Chair, Public Member
Arthur E. Goulet, Vice-Chair, Retiree Member
Steven Hintz, Treasurer-Tax Collector
Steve Bennett, Public Member
Mike Sedell, Public Member
Robert Ashby, Safety Employee Member
Jordan Roberts, General Employee Member
Will Hoag, Alternate Retiree Member

**TRUSTEES
ABSENT:**

**STAFF
PRESENT:**

Linda Webb, Retirement Administrator
Henry Solis, Chief Financial Officer
Julie Stallings, Chief Operations Officer
Dan Gallagher, Chief Investment Officer
Lori Nemiroff, General Counsel
Leah Oliver, Chief Technology Officer
Shalini Nunna, Retirement Benefits Manager
Josiah Vencel, Retirement Benefits Manager
Rebekah Villalobos, 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 Wilson called the Business Meeting of June 22, 2020, to order at 9:01 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Goulet seconded by Hintz

Vote: Motion carried

Yes: Ashby, Bennett, Goulet, Hintz, Roberts, Sedell, Wilson

No: -

Absent: -

Abstain: -

III. APPROVAL OF MINUTES

A. Disability Meeting of June 8, 2020

Ms. Webb offered a few corrections to the minutes of June 8th. Master Page (MP) 4, substitute "Roberts" for "Jordan"; MP 6, third sentence of third paragraph, substitute, "Mr. Ornelas" for, "His Client"; MP 7, in the third sentence of the second complete paragraph, "MMII", should read, "MMI"; MP 8, in the last sentence of first paragraph, substitute the word "were" for "was" and in the first sentence of the fourth paragraph, "doctor's statement" should be "doctor"; MP 11, first sentence of first paragraph, remove, "that while the" in the Board Member Comments and replace, "said" with "asked", in the Adjournment section, as well as removing, "at the conclusion of Closed Session" and to list Trustee Wilson as Chair.

Trustee Bennett left at 9:02 a.m., prior to the vote in this item.

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

MOTION: Approve with Corrections.

Moved by Sedell seconded by Roberts

Vote: Motion carried

Yes: Ashby, Goulet, Hintz, Roberts, Sedell, Wilson

No: -

Absent: Bennett

Abstain: -

Trustee Bennett return at 9:05 a.m.

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of May 2020.

- B. Receive and File Report of Checks Disbursed in May 2020.
- C. Receive and File Budget Summary for FY 2019-20 Month Ending May 31, 2020.
- D. 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 April 30, 2020.

MOTION: Receive and File.

Moved by Hintz seconded by Sedell

Vote: Motion carried

Yes: Ashby, Bennett, Goulet, Hintz, Roberts, Sedell, Wilson

No: -

Absent: -

Abstain: -

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from UBS Real Estate, Paul Canning and Mia Dennis.

Paul Canning and Mia Dennis reviewed UBS Real Estate's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition and performance.

Following UBS presentation, CIO Dan Gallagher said that he and NEPC intended to bring a report to the next business meeting recommending Board approval of a UBS offered fee discount.

- B. Receive Annual Investment Presentation from Parametric, Justin Henne and Joe Zeck.

Justin Henne and Joe Zeck reviewed Parametric's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition and performance.

VI. INVESTMENT INFORMATION

NEPC – Allan Martin.

VCERA – Dan Gallagher, Chief Investment Officer.

- A. Recommendation to Change Asset Allocation.

RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer, Dan Gallagher.
2. Joint Recommendation Memorandum from NEPC.
3. Asset Allocation Analysis Report from NEPC.

Mr. Gallagher said the proposed changes to the asset allocation targets included two percent increases in Private Equity, Private Credit and U.S. Treasury securities. Increases in private equity and private credit allocation targets were intended to enhance returns. The increase to US Treasuries allocation target was intended to provide for increased liquidity if needed, as well as a

hedge against increased private equity and private credit risk. The cover letter's attachment labeled "Exhibit" was recommended for Board approval following Mr. Martin's presentation.

Mr. Martin made a brief presentation regarding the recommended changes to the Asset Allocation.

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

MOTION: Approve the Asset Allocation Recommendation as Presented in the CIO Cover Memo's Attached Exhibit.

Moved by Sedell, seconded by Roberts

Vote: Motion carried

Yes: Ashby, Bennett, Goulet, Hintz, Roberts, Sedell, Wilson

No: -

Absent: -

Abstain: -

B. Preliminary Performance Report Month Ending May 31, 2020.

RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File.

Moved by Bennett, seconded by Goulet.

Vote: Motion carried

Yes: Ashby, Bennett, Goulet, Hintz, Roberts, Sedell, Wilson

No: -

Absent: -

Abstain: -

VII. OLD BUSINESS

A. None.

VIII. NEW BUSINESS

A. Recommendation for Proposed Suspension of Mailing of Pay Advices.

RECOMMENDED ACTION: Approve.

1. Letter from Chair Wilson and Vice-Chair Goulet.

Trustee Goulet noted that the mailing of the pay advices was of little benefit, given that the statements are readily available to retirees online. Thus, he believed it was worth not mailing them, and would save VCERA an estimated \$55,000 a year.

Ms. Webb said that the most likely time for a retiree's benefit net amount to change was in January due to potential in federal and state tax tables and also health insurance deduction amounts. For retirees who received a COLA, that could trigger a change for them in April. Therefore, if the Board directed staff to send out statements on an annual basis, January would be the best month. Also, if

the Board wished, staff could implement a waiver process for retired members to request to receive their pay advices by mail, if they were unable to access them online.

Trustee Sedell remarked that although he did not have an issue with the recommendation, he did not favor the wording of the it, which was to authorize the Retirement Administrator to permanently discontinue the mailing of paper earnings statements to retirees and beneficiaries. He believed the administration of the retirement system was the responsibility of the Retirement Administrator and that the Board's responsibility was in regard to policy. For the Board to authorize the Retirement Administrator to change the policy, it seemed to blur the line of distinction. Therefore, he would prefer to have the recommendation reworded so that the Board's responsibility to amend policies was not delegated.

Ms. Webb said that she understood the distinction in Trustee Sedell's argument and asked Trustee Sedell if he would prefer the recommendation to be to direct the Retirement Administrator as opposed to authorize.

Trustee Sedell replied that change would be satisfactory.

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

MOTION: Direct Retirement Administrator to Permanently Discontinue the Practice of Mailing Monthly Paper Earnings Statements to Retirees and Beneficiaries, except that a Statement Shall be Sent in January of Each Year and Monthly Statements may be Sent to a Payee that can Show, to the Satisfaction of the Retirement Administrator, Lack of Computer Access.

Moved by Sedell, seconded by Bennett.

Vote: Motion carried

Yes: Ashby, Bennett, Goulet, Hintz, Roberts, Sedell, Wilson

No: -

Absent: -

Abstain: -

Trustee Sedell thanked Vice-Chair Goulet for proposing the change in policy to the Board.

B. Recommendation to Approve Prepaid Block of 1,000 Hours for Vitech.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer, Leah Oliver.

Ms. Webb said that staff recommended pre-paying for a block of support hours from Vitech and noted that the costs for support hours in the recently approved budget but did not reflect the lower negotiated block discount. She noted that the previous discount offered by Vitech for pre-paid support hours was not deemed by the Board to be significant enough to support the purchase, given the assumed earnings of the system. However, staff believed that the newly negotiated discount was significant enough to warrant the purchase of the pre-paid block of hours. She credited Ms. Oliver for negotiating the larger discount.

Trustee Roberts noted the staff letter stated that VCERA had not used all of the previously purchased support hours and asked how many hours had VCERA used or the last two fiscal years and were those good for 12 or 15 months.

Ms. Oliver replied that over the last 5 fiscal years, since the V3 Retirement System went “live,” the number of hours had been significant due to bug fixes, defects, and enhancements, which required a higher number of hours. However, over the last 2 fiscal years, the number of support hours used had been around 800 to 900 a year, though it depended upon the requested enhancements. The hours used since V3 went live had been steadily decreasing and are now at just under 1,000 hours. Staff had also determined that given the enhancements needed, VCERA would need about 1,000 support hours to complete the work. As for the expiration date of the support hours, because VCERA had never purchased pre-paid support hours before, there were no unused or expired hours purchased, and VCERA was charged an hourly rate for time and materials.

Trustee Sedell noted the recommendation was to authorize the Retirement Administrator to execute an agreement for support hours that were previously included in the administrative budget that was adopted by the Board on June 8th and questioned why staff was now requesting authorization to administer the same number of hours that had already been allocated.

Ms. Webb explained that the Board had previously rejected a pre-purchase of hours, so she believed it proper to bring it back to the board. This was also in recognition of the significant cost of the pre-paid block of hours.

Trustee Sedell said that he understood that reasoning for bringing the item to the Board and was fine with the request.

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

MOTION: Authorize Retirement Administrator to Execute an Agreement with Vitech for the Pre-Purchase of 1,000 Support Hours, to be Paid from the Allocation for Support Hours in the Previously-Approved Fiscal Year 2020/2021 Budget.

Moved by Bennett, seconded by Sedell.

Vote: Motion carried

Yes: Ashby, Bennett, Goulet, Hintz, Roberts, Sedell, Wilson

No: -

Absent: -

Abstain: -

IX. INFORMATIONAL

A. SACRS Board of Director Elections 2020-2021 - Notice of Electronic Voting and Final Ballot.

Ms. Webb said that the item was inadvertently placed on the agenda as an informational item, but staff would be bringing it back at the Disability Meeting in July as an action item.

B. Solicitation from Mr. Edward Robinson for Support for SACRS Board of Directors Election.

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb remarked that the Return Plan for VCERA was in Phase I, which included partial staffing of the office on a rotating basis, with Phase II scheduled to begin on July 6th which

included the majority of staff working in the office, with telecommuting on a case by case basis. Member meetings would also resume, but by appointment only, while observing the social distancing requirements. Phase III would be a full opening of the office and was scheduled for July 27th, but while staff was holding to the schedule currently, they were also monitoring local COVID-19 cases carefully as it could change those dates.

Trustee Goulet asked, notwithstanding staff's plan to return to the office, if the Board would still be able to meet in the Board Room for meetings because of the inability to maintain social distancing.

Ms. Webb replied yes, and that staff had not planned to hold Board meetings in the Board Room until September at the earliest, and staff would be communicating in late August or early September to the Board about the conditions of COVID-19 and plans to hold Board meetings in that room. Also, a potential consideration was for some Trustees to attend in the Board Room, while others attend remotely on a rotating basis to maintain social distancing.

Ms. Webb also announced that Chief Financial Officer, Henry Solis had notified her of his intent to retire effective August 21st. She noted that he had served VCERA well and had done an outstanding job in overseeing the Fiscal department. She asked them to join her in congratulating Mr. Solis on his impending retirement. She also added that she would be returning to the Board with more information and a plan for filling Mr. Solis's position in the near future.

XII. BOARD MEMBER COMMENT

Trustee Goulet inquired about the status of the County of Ventura Auditor-Controller's project related to correcting payroll errors.

Ms. Webb replied that she had been expecting an update on their status from VCERA's Chief Operations Officer soon with the updated data on progress. It would also be detailed in the 2020 Business Plan's supplemental assessment.

XIII. ADJOURNMENT

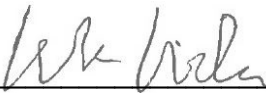
The Chair adjourned the meeting at 10:31 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



WILLIAM W. WILSON, Chairman