

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**JULY 25, 2022**

### **MINUTES**

**TRUSTEES  
PRESENT:**

Mike Sedell, Chair, Public Member  
Arthur E. Goulet, Vice-Chair, Retiree Member  
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  
Robert Ashby, Alternate Safety Employee Member  
Will Hoag, Alternate Retiree Member

**TRUSTEES  
ABSENT:**

Steven Hintz, Treasurer-Tax Collector

**STAFF  
PRESENT:**

Linda Webb, Retirement Administrator  
Lori Nemiroff, General Counsel  
Dan Gallagher, Chief Investment Officer  
La Valda, Chief Financial Officer  
Leah Oliver, Chief Technology Officer  
Josiah Vencel, Retirement Benefits Manager  
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 July 25, 2022, to order at 9:02 a.m.

Roll Call:

Trustees Present: Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Tommie Joe, Kelly Long, Jordan Roberts, Robert Ashby, Will Hoag, Mike Sedell.

Trustees Absent: Steven Hintz

**II. APPROVAL OF AGENDA**

Chair Sedell noted some speakers had requested to make comments on an agenda item. He proposed to move agenda item, VII.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*, to immediately precede agenda item, III., *Consent Agenda*, followed by VII.B., *Ventura County Employees' Retirement Association (VCERA) Cost Analysis of a 2% Fixed Cost-of-Living Adjustment (COLA) to Pension Benefits for Service Earned by VCERA Executive Management Employees and Consideration and Possible Adoption of Amendments to VCERA Management Resolution*. Also, move VIII.A., *Worker's Compensation and Disability Retirement Settlement Agreements*, and *Board of Retirement Fiduciary Risk*, so that it preceded IV.A.

MOTION: Approve Agenda as Modified.

Moved by Joe, seconded by Roberts

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

No: -

Absent: Hintz

Abstain: -

After the Board approved the agenda, they advanced to agenda item VII.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".

**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 June 2022.

- B. Receive and File Report of Checks Disbursed in June 2022.
- C. Approve Business Meeting Minutes of June 20, 2022.

MOTION: Approve.

Moved by Joe, seconded by Roberts

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

No: -

Absent: Hintz

Abstain: -

After this item, the Board advanced to item VII.B., "Ventura County Employees' Retirement Association (VCERA) Cost Analysis of a 2% Fixed Cost-of-Living Adjustment (COLA) to Pension Benefits for Service Earned by VCERA Executive Management Employees"

#### **IV. APPLICATIONS FOR DISABILITY RETIREMENT**

- A. Application for Service-connected Disability Retirement—Sandoval, Adriana; Case No. 18-004.
  - 1. Legal Memo Regarding Board Options, filed by Lori Nemiroff, VCERA's General Counsel, dated July 21, 2022.
  - 2. Proposed Findings of Fact and Recommended Decision to Deny the Application for Service-connected Disability Retirement, filed by Hearing Officer Humberto Flores, dated May 13, 2022.
  - 3. Application for Nonservice and Service-connected Disability Retirement, filed by Applicant, dated February 23, 2018.
  - 4. Hearing Notice, dated July 19, 2022.

Stephen Roberson, Attorney at Law, and Catherine Laveau were present on behalf of County of Ventura-Risk Management. Josiah Vencel was present on behalf of VCERA. Russell R. Ghitterman, Attorney at Law, was present on behalf of the applicant, Adriana Sandoval, who was not present.

Mr. Roberson made a summary statement.

Chair Sedell outlined the options proposed to the Board in Ms. Nemiroff's legal memo.

Mr. Roberson suggested sending the matter back to the hearing officer to address the merits of the service-connected disability retirement and the enforceability of the settlement agreement.

Mr. Ghitterman agreed with Mr. Roberson's suggestion.

MOTION: Motion to Approve Option 1, Refer the Matter Back to the Hearing Officer (Remand) with Instructions to Either Identify the Legal Authority that Supports His Conclusion that an Applicant's Right to Apply for a Service-Connected Disability Retirement Can Be Contractually Waived, or Issue a New Proposed Decision on the Merits.

Moved by Roberts, seconded by Grass

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

No: -

Absent: Hintz

Abstain: -

After this item, the Board advanced to agenda item VIII.A., "Worker's Compensation and Disability Retirement Settlement Agreements, and Board of Retirement Fiduciary Risk".

**V. INVESTMENT MANAGER PRESENTATIONS**

A. 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 investment portfolio performance, and then responded to trustee questions.

**VI. INVESTMENT INFORMATION**

VCERA – Dan Gallagher, Chief Investment Officer.

NEPC – Allan Martin.

A. Recommendation for \$40 Million Commitment to Torchlight Debt Fund VIII.

**RECOMMENDED ACTION:**

1. Staff Letter from Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Torchlight Debt Fund VIII Presentation: Daniel Heflin, Greg Dineen, Christopher Henderson, and Heidi Kaufman.

Mr. Gallagher said Torchlight's Debt Fund VIII would be a follow-on fund to the Board's 2020 commitment to Fund VII and both he and NEPC believed the investment would deliver attractive returns as well as to continue to add diversity to VCERA's Private Credit program.

MOTION: Approve an Allocation of \$40 Million to the Torchlight Debt Fund VIII, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and Authorize the Board Chair or the Retirement Administrator, or if both were Unavailable, the Chief Investment Officer to Approve and Execute the Required Documentation.

Moved by Goulet, seconded by Joe

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

No: -

Absent: Hintz

Abstain: -

B. Preliminary Performance Report for Month Ending June 30, 2022.

**RECOMMENDED ACTION: Receive and File.**

Mr. Martin presented the Preliminary Performance Report for Month Ending June 30, 2022.

MOTION: Receive and File Preliminary Performance Report for Month Ending June 30, 2022.

Moved by Roberts, seconded by Joe

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

No: -

Absent: Hintz

Abstain: -

After the vote on this item, the Board advanced to item, VII.C., "Business Plan Supplemental Risk Assessment".

**VII. 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 from Retirement Administrator.
2. Letter from Dr. Robert Levin, Ventura County Health Officer.

MOTION: Approve 30-Day Teleconferencing for the Period of July 25, 2022 to August 24, 2022.

Moved by Goulet, seconded by Long

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

No: -

Absent: Hintz

Abstain: -

After the Board voted on this item, they returned to item, III., "Consent Agenda".

B. Ventura County Employees' Retirement Association (VCERA) Cost Analysis of a 2% Fixed Cost-of-Living Adjustment (COLA) to Pension Benefits for Service Earned by VCERA Executive Management Employees and Consideration and Possible Adoption of Amendments to VCERA Management Resolution.

1. Staff Letter from Retirement Administrator.
2. Segal Report on Cost Analysis of 2% Fixed COLA for VCERA Executive Managers, Updated as of 7/21/22.
3. VCERA Management Employees Resolution Proposed Language for Tier II COLA Options.
4. Regulations of VCERA for Establishing an Employee-Funded Annual COLA for Tier II Members.

Ms. Webb said Paul Angelo from Segal was in attendance to give the Board a quick note regarding the updated report on the cost analysis for a proposed 2% Fixed COLA for VCERA's Executive Managers.

Mr. Angelo then presented Segal's Report on the Cost Analysis of 2% Fixed COLA for VCERA Executive Managers, Updated as of 7/21/22.

Trustee Long said she understood the reason the Board was considering a COLA benefit for the VCERA's Executive Managers was because the recent Market Study indicated that comparable positions in the study had a COLA as part of their benefits, and her reading of the Segal report seemed to indicate that most of the new hires would be put into a General Tier II, which did not have a COLA. She then asked when were the comparable positions in the Market Study given a COLA benefit, because she was trying to figure why the Board would consider changing the current benefits, as all the other new hires would either be in a General Tier II or PEPR Tier II classification, which did not have a COLA.

Mr. Angelo said that the question from Trustee Long was an administrative question, but noted that except for Sonoma County, most of the other PEPR Tiers did have a COLA benefit.

Chair Sedell said the Market Study showed all the positions that were compared to VCERA's Executive Management positions had a COLA, except for those positions from Sonoma County.

Trustee Long noted the sensitivity of the issue, and that from Tier I to Tier II to PEPR, benefits were reduced and not increased so she questioned why the Board was considering adding benefits. She was interested to know when the compared agencies had added their COLAs.

Ms. Nemiroff said that in most cases, the other counties had COLAs back when their plans were first enacted, and even Ventura County's Tier I employees had a COLA. Then in 1979, the County had adopted Tier II, which removed the COLA for the General Members, but not the Safety Members. Most of the other Counties never removed the COLA, except for a few which did, but then reinstated them in the late 80s or early 90s. Ventura never reinstated the COLA for its employees, except for the Board of Supervisors who voted the COLA back for themselves, as well as the Department Heads and Assistant Department Heads, in the 90s. Then, when SEIU was negotiating a new contract with the County they asserted that it was time to remove the COLA from new Tier I employees, so that COLA was cut off again. This was why none of the current sitting Board of Supervisors had a COLA, as the last Board of Supervisor who was eligible to receive that benefit was former Supervisor, Steve Bennett.

Trustee Long said that she was just trying to understand the ramifications for the Board to approve a COLA benefit for VCERA's Executive Managers, especially from a legal standpoint. If the Board was worried about employee retention, then why not consider paying its employees what they should be paid now, rather than after retirement? It appeared as though they were considering it just because the other systems offered it.

Ms. Nemiroff then said that the COLA was being considered by the Board of Retirement as an employer, with its district status for its 5 Executive Management employees, and what the Board decides to do with their employees had no legal impact on any other County employee. The benefit would be offered under the regulations that were drafted by County Counsel pursuant to Government Code section 31627, which were utilized by the County of Ventura when they approved a COLA for employees covered by SEIU, and the regulations specifically stated that any other bargaining unit could negotiate for the COLA as well. Therefore, there would not be a legal problem for the Board if they approved the COLA benefit. The COLA that was being considered by the Board was specifically authorized by the regulations that was put into place by the Board of Supervisors for the County of Ventura.

Trustee Long then said that the benefit appeared to be a “perk” or raise and asked if there were another way of providing a 2% raise, rather than putting it into a pension. She was concerned with the nation’s direction regarding pensions, and while she wanted to ensure the hiring of the best people and paying them the best value, she was concerned with doing that through a pension benefit.

Ms. Webb said that regarding Trustee Long’s statement, *it seemed as though they were considering it just because the other systems offered it*, there was survey of the other CERL systems regarding COLA benefits, performed by another retirement system which was available for the Board to review.

Trustee Long thanked Ms. Webb for that information and said that times had changed and there were other options available for employees other than a pension, such as a 401(k), and so she wondered why they were only considering the pension.

Chair Sedell suggested Mr. Angelo present and answer questions from the Board regarding their updated report, then the Board could hear the 3 speakers who had requested to make comments on the item.

Mr. Shawn Atin, Assistant CEO – Director, Human Resources for the County of Ventura, made public comment. He said that the County absolutely believed that the executives at VCERA or the County of Ventura should be paid a fair, competitive, and sustainable total compensation package and they valued the work that the 5 VCERA executives do. The County had sent the Board a letter on the July 18<sup>th</sup>, but Segal had since issued an updated letter, so the County’s letter referenced information that the County had at that time, and they also appreciated that Ms. Webb had asked Segal to update their report. The County had provided some thoughts for Board consideration to explore other options. The fundamental foundational question was why the Board considering the COLA benefit and if it was for the purposes of recruitment and retention, the Board had a wide array of tools available to them. The Board could increase wages or 401(k) contributions, where the employees would be incentivized during their active employment for retention and recruitment. What the Board was actually being asked to do, was noted in the prior comments, was to make a “once in a generation” change. The report submitted by Ralph Andersen & Associates showed most counties had a more generous pension benefit than Ventura County. Why was this the case, and why did VCERA have a 90% funded pension plan? He said it was because the County’s and the Board’s predecessors, as well as the current Board, had been prudent in the management of the pension benefits. For the 5 VCERA employees, it was not the cost that was the issue in a system worth 7 to 8 billion dollars, but rather that the VCERA executive managers were leaders in the County’s system, and though they were VCERA employees, 10,000 County employees look to what was going on at VCERA. Therefore, the County asked the Board to consider their points, adding that as an employee drew closer to retirement, a COLA might encourage retirement. These employees would be getting an enhanced benefit that was cheaper compared to the Non-Safety employees who also receive the benefit. Regarding the Tier I COLA, out of 10,000 employees only 11 were in Tier I that received the benefit because Tier I was closed 20 to 30 years ago. It would also set a precedent.

Mr. Mike Pettit, Assistant Chief Executive Officer for the County of Ventura, made public comment. He said the County did not disagree with recruiting excellent talent because there were current and former employees who have retired that were counting on VCERA’s Administration running well. The County was simply requesting that the Board consider some other opportunities or approaches to a competitive compensation package. In modern benefit structures, it was often inclusive of 401(k) matches, that were active benefits for current employees and were very attractive to future employees. The County would point out that VCERA had been very successful in recruiting. As fiduciaries the Board must be careful to not just throw perhaps unwarranted benefits out there, which were ultimately funded by taxpayers. He referenced Mr. Atin’s earlier point regarding precedent.

Mr. David Grau, President of the Ventura County Taxpayers Association (VCTA), made public comment. The VCERA Board was considering enhanced or increased life-time benefits pension benefits that would drive up future costs, as a solution to a temporary recruitment and retention issue for a handful of VCERA Executive Management Employees. Ventura County Taxpayers Association believed the proposed 2% fixed COLA enhancement of pension benefits for a small group of VCERA management employees was nothing more than a solution in search of a problem. Providing enhanced future lifetime pension benefits for retirement starting at age 62 would not solve the near-term temporary recruitment and retention issues of VCERA management employees, but it would increase future cost to taxpayers. The Actuary provided the cost of the COLA proposals for only one year but had the cost to taxpayers been provided for 10 to 15 years the true cost of this pension enhancement would have been substantially higher. If approved, the enhanced pension benefits for VCERA executives would be more generous than those of any other non-Safety County employee. A disparity would then exist between these five VCERA executives and other County employee groups because they would be contributing less for the COLA benefit. They recommended the Board reject the consideration and instead, address the temporary problem, real or perceived, of recruitment and retention with one-time incentives, or in the alternative, base pay adjustments.

Trustee Goulet referred the Board and attendees to a section of law, Government Code, Section 7522.44, Subdivision (B), quoting, *"An increase up to a retiree's annual cost of living adjustment within existing statutory limits shall not be considered to be an enhancement to a retirement benefit..."* but this was not the thrust of what he wanted to discuss. The comments made by the County was nothing more than a rehash of the letter they provided, which contained a number of misstatements, mistaken assumptions, and misunderstandings. The most obvious was the statement, *if the Board adopted a Fixed 2% COLA for its employees, it would represent an increased pension benefit that was more generous than those afforded to all other non-safety VCERA members or the increased pension benefits for the VCERA executives would be more generous than those of any non-safety County employee.* In almost the next breath, their letter stated, *only SEIU, non-safety County employees received a fixed 2% COLA.* However, the proposal before the Board was exactly the same as the COLA benefit that the members of SEIU currently had. It rationalized the inconsistency in the County's statements, by pointing out that SEIU employees contributed 2.63% for the benefit, while VCERA employees would only contribute 1.72%, which was one-half the normal cost and as Mr. Angelo stated, it was the standard set by PEPR for statutory pension benefits, unless a bargaining unit agreed to pay a larger amount. He felt it was important to point out that the County forced its "Legacy" and "Confidential" general management employees to increase their member contributions rates to 1/2 the normal cost, although they were entitled to continue to contribute a lesser amount. The County was able to do this because their legacy and confidential general management employees were not members of a recognized bargaining unit, while VCERA executives were a recognized bargaining unit, per section 2.2 of the regulations, entitled *Regulations of the Board of Retirement, Ventura County Employees Retirement Association*, establishing an employee funded Annual Cost of Living Adjustment (COLA) for Tier 2 members, and he would point out that it was the County that asked for these regulations to be adopted and the Board of Supervisors had approved them. Section 2.4 of the Regulations required employer to pick up all or a portion of the normal cost of a 2% COLA for service. The Ad hoc Negotiating Committee had recommended 50/50 cost sharing in recognition of PEPR. As a point of interest, section 2.2 of the regulations contemplated that different bargaining units may become entitled to a Tier 2 COLA, which the County staff seems to have forgotten. It was his understanding that the County offered a fixed 2% COLA to at least two other bargaining units which were declined by those units. It should also be noted that section 404 of SEIU's county MOU agreement contemplates that other bargaining units would be granted a fixed retirement COLA and the County agrees that if Tier II and Tier III employees represented by other labor unions or covered by the management resolution were granted the Tier II or Tier III COLA, the employees would be treated in the same manner as SEIU Tier II and Tier III

employees. As it was stated, the primary reason the County heard for implementing the COLA was to provide a total compensation package that would improve VCERA recruitment and retention of VCERA's executives. While VCERA's Market Study emphasized the importance of recruitment and retention, it was not the primary purpose of the study. The primary purpose was to bring the total compensation of the VCERA executives on par with total compensation with like positions of the comparable agencies, and the report emphasized the VCERA was the only comparable agency that did not have a COLA. According to the study, even after the compensation increase the Board had already approved, VCERA staff's total compensation remained at least 5% below the median of the comparable agencies because they did not have a retirement COLA. Adding the COLA would make VCERA more competitive in future recruitments and it was no secret that some of the executives were approaching retirement and the Board would then need to recruit employees from their market, with a competitive compensation package. In the County's letter it stated that in some circumstances, such as when employees were close to retirement, an increased pension benefit incentivized retirement instead of continued employment, and that maybe true if the employee's basic retirement benefit were enhanced retroactively, thus immediately increasing what the employee would receive upon retirement. In fact, it was his understanding that when in the early 2000's, many California cities and counties granted a 3% at age 50 retirement formula to safety personnel and unwisely made it retroactive, triggering an exodus of senior employees; however, this was not being considered by the Board. Further, it was incorrect that a prospective increase in a retirement COLA would have the same result because it only applied to future service. Even a small retroactive increase in retirement COLA would have no noticeable effect upon retirement.

Trustee Goulet said the County did not appear concerned when they granted a fixed 2% COLA to SEIU represented employees, which was retroactive for 2 years, entirely at County cost of about \$8 million. The County also noted that the pertinent labor market for VCERA's recruitment was broader than just the other California 1937 Act County Retirement Systems, as if that were important. What was important was the relevant labor market in which VCERA competes is locally operated public pensions systems. In the study, after winnowing the list of comparable systems from 12 to 8, 7 of the 8 were CERL counties and the 8th was a large city system that had a slightly lower membership than VCERA. In addition, the County noted, "the VCERA pension plan is a contributory plan for which member deductions pay for administration of the Plan." This is incorrect. Government Code (GC) Section 31580.2(a) provides, in pertinent part, "(a) In counties in which the board of retirement, or the board of retirement and the board of investment, have appointed personnel pursuant to Section 31522.1, 31522.5, 31522.7, 31522.9, 31522.10, or 31522.11, the respective board or boards shall annually adopt a budget covering the entire expense of administration of the retirement system, which expense shall be charged against the earnings of the retirement fund." This is not intended to minimize the importance of both member and employer contributions, which are both essential to comprise part of the funds necessary to pay retirees the benefits they were promised.

On several occasions in the County's letter, they suggested that granting the executives a retirement COLA benefit would be inequitable, using a variety of rationales, one of which was providing more generous pension benefits to pension administrators, than that which was provided to other Non-Safety VCERA members, may be regarded as inequitable. However, the County seem unconcerned with equity when they granted a 2% retirement COLA to the members of SEIU or when the benefit was offered to other bargaining units, as he mentioned previously. Nor were they concerned with equity when after Tier I was closed to general employees, they selectively opened it to agency and department heads and their assistants and the Board of Supervisors. The County's letter further took issue with the idea of allowing the 2% retirement COLA to be applied to past County service, notwithstanding that it would be entirely paid for by the employee. The say it provided a benefit that was unrelated VCERA employment, but section 2.6 of the regulations expressly provided that the Tier II COLA may be applied to a portion of a participants retirement allowance attributable to a period of service prior to the effective date of the applicable collective bargaining agreement,

including any period of service prior to the effective date of the regulations. The way he saw it, applying the COLA to past County service was akin to purchasing prior California public service, in accordance with Government Code section, 31641.1 and 31641.2, especially considering it was at the employee's own expense. As shown in the Segal report, the cost to purchase the application of the COLA to prior to County service for an employee with a large amount of County service was so high that exercising that option was incredibly unlikely. The letter also took issue with applying the COLA to past VCERA service because it would not provide any additional benefit to VCERA, the public, or the employees who potentially would be paying for the benefit. With respect to benefits to VCERA employees, it was really up to them to determine what value it would be to them individually. They would each have a portion of a retirement benefit increase of 2% annually for the rest of their life after retirement, and by the same token, if they believed there was little value to it, they could withdraw their contributions as was allowed by the regulations. Regarding the benefit to VCERA, it would show that the Board was interested in compensating its employees fairly and as far as the public was concerned, happy employees were good employees and would perform their jobs well, and well run agencies benefit the public. Finally, the County's letter took fault with the fact that there was no cost analysis for future employees, who may have VCERA service; obviously, this was correct because no future employee would have been employed by VCERA previously and could not have prior VCERA service. He then apologized for the length of his comments, but he felt that it was important to make them.

Trustee Long said she had called Trustee Goulet after the last Board meeting, and they had a good discussion on the issue. She said that she understood that some employees had Tier I benefits, but in looking at page 1 of Segal's report, most of the employees did not have those benefits. She also believed that the systems had been moving toward 401(k)s. She then asked Trustee Goulet if the committee had looked at a 401(k) option, versus increasing pension costs, for each employee.

Trustee Goulet replied that it was looked at in the context of total compensation, and a number of agencies did provide in addition to retirement COLA, a larger contribution to the 401(k) than was currently allowed by the County. So, it was looked at, and in fact the Consultant recommended the potential of contributing to a 401(a), which was not lawful, and so he believed the Consultant instead meant 401(k). Therefore, the Consultant recommended either a contribution to the 401(k) or a COLA and the Committee had come down in favor of the COLA to better align with the peer group.

Trustee Long thanked Trustee Goulet for the explanation, noting she had been candid in her concern with a COLA benefit, but she would like to know what the cost would be for a 401(k) option versus the COLA. She did not want to pay them for their work after they were retired, but rather to pay them for the service they were currently providing. She suggested the Board consider the 401(k) contribution option, because she did not want to revert benefits back to what was offered in the 90s and later changed.

Trustee Goulet responded to Trustee Long's remarks about the idea of increasing wages for the employees. The increase of wages tended to get lost over time because the next time an employer did an analysis of the labor market, they may forget what was previously granted. He believed the General Counsel could confirm given the pay increases she had received over her tenure. Also, if an employee's salary were raised, it would also raise his or her pension, which would also last as long as the person was retired and depending on the amount of the years of service, it could be substantial portion of a wage increase in order to not provide a COLA.

Trustee Long said that she agreed with the VCTA, that the money that would be funding the COLA retirement benefit was from taxpayer dollars, and it was the Board's responsibility to remember who was receiving raises, and who was not, which should be documented. She also did not believe that

was a good reason to then opt for a COLA retirement benefit. Again, she would like to see alternative options she believed the Board had not yet seen.

Chair Sedell asked Trustee Goulet if the committee had considered other options besides the 401(k) and the COLA.

Trustee Goulet said no, and as he indicated, he believed it was because if an employer raised an employee's salary, then they would ultimately be raising the retirement cost.

Chair Sedell said that he understood.

Trustee Long reiterated she personally believed the Board should be paying the executives for the work that they were doing currently, because it set a precedent.

Trustee Goulet replied that when he was working, he thought that the retirement benefit, inclusive of the COLA benefit to which he was entitled because he was a Tier I employee, was paying him what he should be paid, which was a total compensation package.

Trustee Roberts said with inflation at its current levels, the Board should consider a wide variety of compensation benefits, because employee do not only work for their regular salary. This was part of the reason that valuable employees stayed in the public sector, versus moving to the private sector. He had just completed the UC Berkeley/SACRS Program, and he was confident there was plenty of talent in the public sector that could move to the private sector, otherwise. Concerning a wide variety of benefits, and even a 2% COLA was appropriate because if they retired 2 years ago, and the employee did not have any sort of COLA, then the value of their retirement was worth less than what it was originally, which was the reason they should consider it. The system was 90% fund because of the prudent decision making of the Board as well as prudent management of the qualified VCERA employees.

Trustee Hernandez Garcia said that it was her understanding that SEIU received their COLA in lieu of a raise in salary, which was what was negotiated.

Trustee Long then asked if the COLA retirement benefit affected recruitment that much, why did they not provide it sooner, because since the 90s it was not provided. She wanted to be sure they were paying their employees in the right way in these modern times.

Trustee Goulet reminded the Board that the executives had only been VCERA employees for about 3 years, and they were County employees before that, and so the County had no authority to provide them a COLA once they were VCERA employees.

Chair Sedell then said that he just wanted to correct something that was said. He explained that it was the Ad Hoc Negotiation Committee that had reviewed the Market-Based Compensation Study, and not the Finance Committee. He then asked Trustee Goulet who was on that committee.

Trustee Goulet replied that the committee was himself, Trustee Joe, and Trustee Roberts.

Ms. Webb asked if the Board would like staff to display VCERA's Market-Based Study for them to reference.

Trustee Long said yes, because it was important for them to see and there were also other in attendance that may want to see it.

Ms. Webb then presented the VCERA's Market-Based Study with the comparable retirement systems that were surveyed.

Trustee Long said that in the *Summary of Findings* section of the study, the report suggested that VCERA could implement a supplemental retirement benefit such as a 401(k) deferred contribution, and she felt that the Board should look at those options

Chair Sedell noted that the County was not objecting to the need for some kind of pay increase for VCERA's executive members, just the way in which it was being proposed.

Trustee Long said she wanted to consider what was best for VCERA, employees, and taxpayers, while ensuring that the Board was providing their employees with the wage for the work they were performing today. So, she would like to move that the Board bring the item back with a 401(k) alternative or any other contributions besides the pension, to ensure that they have recruitment and retention incentives, even perhaps a one-time contribution. Taxpayers needed action to be very transparent because it did not just concern 5 employees, it set a precedent.

Trustee Goulet said that he did not believe the issue needed to come back to the Board, because they could use CEO's contract as an example. The County contributed, in addition to the salary, a 5% contribution to the 401(k), so that if the CEO contributed 6%, the County would match 3%, but the County was really contributing 8% and that would go on every year, until the employee retired.

Trustee Long said that Trustee Goulet's suggestion regarding the contribution to a 401(k) was much more in line with what she felt that the Board should do.

Trustee Joe said that in the Market-Based Study it referenced contributions that the other comparable systems provided and VCERA did not, such as an Automobile Allowance, Insurance, Deferred Compensation, etc., and he believed that Mr. Atin had said that the Board should consider other one-time incentives.

Trustee Long said that she agreed with Trustee Joe in that the Board should consider other one-time incentives, and if they brought the item back, they could look at those as well.

Trustee Roberts asked if Segal would be able to do the calculations for other benefits and incentives or were they only able to do the actuarial calculations for the COLA benefits. Because if the Board was going to consider approving any of these benefits, they should review the lifetime cost for those benefits. Also, the new employees that the Board hired in the future, would most likely be in the PEPRA Tier, and so these employees would have an Annual Pensionable Compensation Limit of \$128,000 and may possibly consider other positions in the private sector or other positions in another county that offers better retirement benefits to their employees.

Chair Sedell said that Trustee Roberts comments raised a lot of questions that the Board would have to consider if they were going to consider an alternate 401(k) option to the pension. One question would be because there is a limit to the Annual Pensionable Compensation for employees hired in the PEPRA Tier, would it be more beneficial for them to have a 401(k) contribution versus a COLA? It could also be an option the PEPRA employees would prefer, but those hired as a Legacy members would not. However, it ultimately would come down to what the cost of the benefit or benefits would be to the organization and to the County, and he would like to get answers to those questions. However, if the Board wanted to pursue those questions, they should decide that the benefits would be retroactive to today's meeting at a minimum, or some other date to be fair given the Board would be holding off on a decision again for more review. This would be up to the Board to decide.

Trustee Roberts agreed that any of the benefits that the Board decided on should be retroactive, because the delay was not due to the staff, but because the Board was doing their due diligence.

Trustee Long said that she would agree that the benefits should be retroactive, and she just wanted to ensure that the Board was focusing on recruitment and compensating the current employees.

Trustee Goulet said that in actuality, the cost for a 2% COLA would be less expensive than the cost for an additional 5% 401(k) contribution, because for prospective service VCERA would only pay about 2%, if there were 50/50 cost sharing for the benefit, while 5% for the 401(k) option was higher than that. However, if he were a newly hired employee in the PEPRA Tier, he would prefer a COLA retirement benefit.

Trustee Roberts then asked Trustee Long to clarify her motion.

Trustee Long said her motion was to bring back the item with information on a 401(k) or any other benefit besides the COLA option; so, she was not excluding the COLA, but would like to see other options as well as the total amount that the employee would be receiving.

Chair Sedell then asked that if they were going to consider other options, of which there was a myriad of alternative benefit options, when would the Board finish reviewing them all? They may want to only look at major or common benefits that other counties and cities offered their employees.

Trustee Long said that she could easily share with VCERA what type of benefits she received from the County.

Chair Sedell noted that for the 5 VCERA executives, the comparative positions would be from other CERL Agencies or Retirement Agencies. So, the Board should look at the benefits that those agencies provide and not other County positions.

**MOTION:** Bring the Item Back with a 401(k) Option or Other Options, Along with the COLA Option.

Moved by Long, seconded by Hernandez-Garcia

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

No: Goulet

Absent: Hintz

Abstain: -

Chair Sedell said that he believed that the matter would then go back to the Ad Hoc Negotiation Committee.

Trustee Goulet said that the committee would not be contacting Segal for the additional information, because they did not provide compensation analysis services.

Chair Sedell said that based on the discussion, he was appointing himself to the Ad Hoc Negotiating Committee as an Ex-Officio member so that he could follow the process as he believed it was an issue that the Board should follow closely. He would also let the rest of the committee vote on the committee's recommendation to the Board, but he would like to be a part of the discussions.

Trustee Goulet remarked that he hoped that everyone understood that the next step in the process could take some time to complete.

Chair Sedell said that he believed that they had already discussed, without any opposition, that whatever benefits were approved by the Board could be retroactive and become effective on a date determined by them. He then asked General Counsel if they need to vote on it

Ms. Nemiroff said that it did not make a difference if they voted today that the benefits under discussion could be made retroactive, but what mattered from a legal standpoint was that the VCERA Board and employees understood that the additional compensation was under discussion and unresolved such that what their compensation package was today was uncertain. So, the Board could show the compensation for the VCERA employees was uncertain back on whatever retroactive date the Board decided on, which was similar to how that Board handled the recent salary increases for the VCERA employees. She reminded the Board that because she was one of the VCERA employees affected by the issue, she would not be able to advise them. She recommended that they check with their Fiduciary Counsel on how far back the benefits could be retroactive.

Chair Sedell said that he understood and that the Board would confirm that with their Fiduciary Counsel.

Trustee Joe asked if the Ad Hoc Negotiating Committee needed to go back to Ralph Andersen & Associates to request additional information, was the Board authorizing that expense?

Ms. Webb then asked Trustee Goulet if it was true that VCERA's agreement with Ralph Andersen & Associates had expired and the Board would need an extension of the contract to engage them.

Trustee Goulet replied yes, the Board had only extended the agreement to the end of December 2021.

Chair Sedell then said that in order to avoid further delay, he would ask that the Board to approve a motion to authorize the Chair to sign for that extension with the recommendation of the Ad Hoc Negotiating Committee's Chair, so that the Board did not have to wait until another meeting, because there were no Board meetings scheduled in August.

MOTION: Authorize Chair to Sign Contract for Further Financial Review of Employee Benefits with Ralph Anderson & Associates, Including a 401(k) Option or Additional Benefits for VCERA's Executive Staff.

Moved by Long, seconded by Hernandez-Garcia

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

No: -

Absent: Hintz

Abstain: -

The Board then took a break at 11:29 a.m.

The Board returned to the meeting at 11:40 a.m.

After the Board returned from break, they returned to item, VIII.A., "Application for Service-connected Disability Retirement—Sandoval, Adriana; Case No. 18-004".

C. Business Plan Supplemental Risk Assessment.

1. Staff Letter from Retirement Administrator.

2. Fiscal Year 2022-2023 Business Plan Supplemental Risk Assessment.

Ms. Webb said that the item was a follow up report of the Business Plan that the Board had previously approved. Over the past few years, she had added a supplemental risk assessment to the Business Plan to specifically highlight the severity of the data correction issue. She also noted that it was not submitted with the Business Plan previously as it was created by VCERA's I.T. Department and the Auditor Controller's office and because VCERA's contact at the Auditor Controller, Ms. Herron, was out on leave the report was only recently completed. Staff was submitting the report to the Board as an addendum to the Business Plan.

Trustee Joe said that in the *Conclusions and Future* section of the report it stated, *VCERA and the Auditor Controller were mutually dedicated to the backlog cleanup of the in both the Systems and Operations area*. He then asked if there was an estimated time for completing the project.

Ms. Herron said that the Auditor Controller had a goal to complete the project and she would love to tell the Board that it would be completed in a year, however she could not promise that given some of the resources had been redirected to work on the *Alameda Corrections* project. Therefore, they were trying to balance the two projects and focus on the high priority items within the list back log and then would focus on the Alameda Corrections.

Trustee Joe said that he was simply looking for an estimated completion date so that everyone would be working toward a common goal of completing the project by that time.

Ms. Herron said that she understood what Trustee Joe was asking, but it was difficult to set a time frame on it while balancing both projects. Each year there had been a timeline of when they expected the project to be completed, but then obstacles arose, such as the Alameda Corrections and so it has been challenging for everyone.

Ms. Oliver said that she agreed with Ms. Herron, and both offices had been making progress on the Data Correction project, until the recent changes because of the Alameda Decision, which had shifted priorities. The Data Corrections project was put on the back burner because of the Alameda Corrections. VCERA had also lost a dedicated resource, and with the current workload of the VCERA staff, they did not have the additional time needed to focus on that project and it would be difficult to provide a timeframe for completing the project at this point, until they had a better understanding of the Alameda Correction project.

Trustee Joe then said that Ms. Oliver had noted in the report that VCERA had lost a dedicated resource on the project, and so he was wondering if she believed that the Board should consider acquiring another resource for that project.

Ms. Oliver said that getting an additional resource dedicated to working on those data corrections would be a great help. The previous contracted resource also performed routine evaluations of the corrections and reviewed of the transmittal files to ensure that the data being received was accurate. So, she believed that it would be more beneficial for VCERA to get another full-time employee to work on the project instead of another contracted employee so that employee would also assist with the back logs related to VCERA's retirement system, V3.

Trustee Roberts said that he recalled that the Board was in favor of supporting staff with additional resources to rectify previous and on-going issues, so if staff would like to present recommendations to the Board for additional resources, he would be open to that, and he would hope that the rest of the Board would still be open to it as well. He asked if were possible for one of VCERA's staff to join

the County's Steering Committee as VCERA would be able to work with the County so that they could possibly provide some consideration of VCERA's needs.

Ms. Webb noted that there were a lot of layers to the issue and the Alameda Corrections did complicate matters; however, it was notable that when she first provided a supplemental risk assessment to the Board, the number of outstanding items were significantly higher. Also, the number of errors was no longer outpacing the number of corrections, which was encouraging. The Auditor Controller had previously received additional staff for the project, but they had also been through some staffing changes, which added to the difficulty of completing the project. She also said that staff had been focusing on the programming portion of the issue first, because if there were an error in VCHRP's programming that was creating errors in the data, then every pay period those errors were accumulating. Lastly, she, Trustee Sedell, and the late Trustee Wilson, had a meeting with the former CEO for the County of Ventura, Mike Powers, regarding the issue and Mr. Powers had pledged additional resources to the Auditor Controller to work on the project. So, in response to Trustee Joe's concern, staff had been meeting with the County to ask them the plan for correcting these issues and had made progress. She hoped that when the County hired a new CEO, they would continue to honor that previous pledge for additional resources for the data correction project.

Trustee Joe said that while he understood staff report, he did not hear of any current plans to meet with the interim CEO for the County of Ventura to discuss the issue, so that there was a plan moving forward. He also agreed with Trustee Roberts, in that the Board had said that if staff needed additional resources to complete these projects, then so be it. So, he believed it was time to meet with the County again to figure out a plan.

Ms. Webb said that the previously dedicated part-time contractor that VCERA had on the project was a former employee of the Auditor Controller's office who had been intricately involved with the programming of VCHRP. That resource had essentially been doing some of the Auditor Controller's workload regarding the programming errors. So, while she agreed with Ms. Oliver in that VCERA needed additional resources in their I.T. Dept, she did not believe that VCERA needed additional resources to do the work that was the responsibility of the Auditor Controller. It was a cooperative effort and VCERA staff appreciated Ms. Herron's work trying to prioritize the projects at the Auditor Controller's office. Ms. Webb said she appreciated the Board's support, and she would be speaking to VCERA's Chief Technology Officer to discuss the resources that VCERA needed, and while that previous resource was someone extremely familiar with VCHRP, VCERA was only able to work on V3, while the Auditor Controller had to work on VCHRP.

Trustee Joe then said that he was also wanting Ms. Webb and Ms. Oliver to return to the Board with recommendations on the resources that VCERA needed. He also asked if she could meet with the Interim CEO of the County to discuss the issue further.

Ms. Webb replied that she would be pleased to meet with the County and the Auditor Controller to increase the pace of the projects and to set some goals.

Chair Sedell said that he would work with Ms. Webb to set up a meeting between her, the Interim CEO for the County, and the Auditor Controller.

MOTION: Receive and File.

Moved by Roberts, seconded by Joe

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

No: -

Absent: Hintz  
Abstain: -

After the vote on this item, the Board advanced to item, VIII.B., "Request for Board Authorization of an On-Site Due Diligence Visit to VCERA General Investment Consultant NEPC and Private Investments Manager Pantheon in San Francisco August 30, 2022.

**VIII. NEW BUSINESS**

**A. Worker's Compensation and Disability Retirement Settlement Agreements, and Board of Retirement Fiduciary Risk.**

**1. Staff Letter from Retirement Administrator.**

Ms. Webb stated that staff takes no issue with the fact that deals are made in County's Workers' Compensation cases. Concern only arises when Risk Management uses its Board-delegated investigatory power to bargain with applicants or their counsels on whether they will be contesting or not contesting disability retirement cases. All cases should be investigated on their merits alone without negotiation. The County's inherent conflict involving the two benefit programs was one of the reasons the Board adopted a new disability retirement model two years ago. Prior to this, VCERA was the only CERL system that engaged its county's Risk Management department to investigate its disability retirement cases.

Trustee Long said that the agenda item had been published on Friday. She asked if there was any discussion with the County about this issue prior to that time.

Ms. Webb said that she had discussed the issue with the County for years, including with Ms. Laveau's predecessor and there had been much discussion with the Board in open session. She did not believe it necessary to provide notice before the item was published because it was clearly a long-standing historical issue and because the hearing officer's report in the Sandoval case had already been released to all parties.

Trustee Long asked which of staff's four proposed options were favored.

Ms. Webb said the options were provided by the General Counsel, but that the Board was not limited to those options. It was staff's responsibility to make the Board aware of any fiduciary risk - which there was in the Sandoval case - and to make VCERA members aware that they are not bound by agreements with Risk Management or Worker's Compensation in the disposition of their disability retirement cases. Therefore, staff planned to notify the remaining "old model" applicants of this.

Ms. Webb said that in the Sandoval case, after review of the materials, staff believed the nonservice-connected disability retirement application was not a strong case, leading staff to ask Risk Management for additional information (discovery), to which the applicant's attorney apparently objected.

Trustee Long stated her interest in VCERA and the County working together and wanted to choose the best option to promote that goal. She asked for the Board's thoughts on Option 2.

Ms. Webb added that staff believed any of the recommended options would help mitigate the risks identified.

Chair Sedell reminded that speakers had requested to make public comments and suggested hearing those before the Board had further discussion or took action.

Stephen Roberson, Attorney at Law, made a public comment about staff's memo. He expressed agitation that the letter identified the Sandoval case as "the latest example" of the County intertwining the two benefits they oversaw. He stated that Ms. Sandoval's Workers' Compensation case had settled in December 2010 and there was no conflict on that issue. Secondly, he disagreed with staff's comment about the truthfulness of Ms. Laveau claim that the applicant could proceed with a disability retirement. Mr. Roberson said the applicant was never required to forego her right to go forward with her disability retirement case. and that Ms. Laveau simply indicated that the County did not know whether Mr. Ghitterman would move forward or not. Thirdly, Mr. Roberson claimed that Mr. Ghitterman told staff on November 13, 2020, that the attorneys had a disagreement regarding Ms. Sandoval's settlement agreement. He suggested that Mr. Ghitterman had asked for staff's advice regarding that specific issue. Fourthly, Mr. Roberson did not appreciate that staff did not copy the attorneys in the Sandoval case but distributed the memo to the Board of Retirement. He was concerned that the content of staff's memo could cause the Board to think less of himself or the County. He believed all parties should have had the opportunity to respond and not ex-parte communicate with the Retirement Board.

Ms. Webb replied that the memorandum simply related facts and quoted documents, and that the Board could draw its own conclusions. Regarding what VCERA knew in 2020, staff received a status update that the applicant was considering an "offer" and that the parties' attorneys were working on "potential resolution" of the case. Regarding the claim about staff's letter influencing the case, Ms. Webb stated that the Sandoval case, with its non-public confidential materials, was distinct and separate from this agenda item. She reiterated that her letter was provided to alert the Board to what staff and counsel considered to be a significant fiduciary risk. She noted that "old model" cases had been out of staff's control and staff had asked Risk Management for supporting documents in the past but had not received them. However, the County had repeatedly requested that staff provide its internal investigative documents for "new model" cases before a hearing officer was assigned, and even for those not scheduled for hearing. Staff had coordinated with its disability attorney to request that the County sign a global agreement to formally agree that any VCERA documents for new model cases would be used exclusively for disability retirement cases, but the County had declined to sign such an agreement.

Chair Sedell said he felt that what had happened in the past was important, but it is more important what happens in the future.

Catherine Laveau made a public comment. She said she believed the staff letter was specific to the Sandoval case and not something the County was aware of, and that they had requested the item be removed from the agenda so that the County could respond to its factual inaccuracies. She said Ms. Webb's claim that Risk Management was using disability retirement to leverage a more favorable outcome in Workers' Compensation cases was untrue; she noted that Ms. Sandoval's case was settled in 2010. She also said the memo mentioned another such case (Welch), but Ms. Laveau indicated that the County had provided an 11-page response to those accusations in September 2018 along with exhibits to refute that there had been any agreement with Ms. Welch at the time her disability application was approved or in the months thereafter. She said the County believed that evidence provided to VCERA and the Board in 2018 should be provided to the current trustees. Ms. Laveau said that she had been with the County for five years and that she was not aware of any other cases, except for these two. If there were other cases, she would like to be informed so that the County could respond with facts and evidence.

Chair Sedell remarked that they could look at that issue.

Ms. Laveau concluded by noting that fair-minded individuals could reach different conclusion on the legal standards for a disability retirement. She expressed respect for the Board and said her team tried to ensure the Board had all the information it needed to reach the appropriate decisions. She did not believe the claim that Risk Management failed to provide information to the Board ever occurred during her tenure. Ms. Laveau also stated that the Risk Management team was not conflicted in fairly evaluating disability cases. Their motivation was simple: to get the correct and rightful outcome for all stakeholders; any suggestion to the contrary was untrue.

Dr. Sevet Johnson, Chief Executive Officer for the County of Ventura, made a public comment. She said that the County valued its relationship with the Board and the work they did for employees and retirees. Their hope was to have open dialogue, especially when disagreement arose, to reach an understanding on both sides that would benefit those they were tasked with serving. She noted having a collaborative relationship where no one party was caught off guard or lacked the opportunity to respond. She hoped the parties would go forward with a relationship founded on communication and understanding.

Chair Sedell thanked Dr. Johnson for her comments, noting that the Board had a responsibility to ensure that retirement for all employees and retirees was managed correctly on behalf of the County and its employees. He expressed support for resolving disagreements quickly and hoped that the parties would have confidence with each other, at a staff and Board level, in the future.

Trustee Roberts said the Board had a fiduciary duty to its members, but they should also take their relationship with the County into consideration. With those two things in mind, he asked Ms. Nemiroff and Ms. Webb which of the options they would recommend to mitigate their fiduciary risk while also allowing them to work collaboratively with the County.

Ms. Nemiroff replied that, from a fiduciary protection standpoint, she thought the third bullet point was the most important: "Requiring Risk Management to certify that any non-challenge position presented to the Board is based on a good-faith investigation and evaluation of the medical evidence and is not the result of a negotiated settlement." She said that when the Board received information from Risk Management, they needed to know that someone had evaluated the medical evidence and had come to a good-faith conclusion and that the legal criteria had been met; then the Board could exercise its fiduciary duty to grant a disability retirement. She believed the first two options supported the third. She concluded by stating that if the Board approved the first three options, the fourth would not be necessary at this time.

Chair Sedell said that would also be his preference.

Trustee Long asked for the difference between options 2 and 3.

Ms. Nemiroff replied that under the second option, Risk Management would just inform the Board if they entered into a settlement agreement with a disability retirement applicant, but it did not tell the Board that Risk Management believed that the legal criteria for granting a disability retirement had been met. The Board needed to know that Risk Management had evaluated the evidence in good faith, that the legal criteria was met, and therefore the Board should grant the disability retirement.

Trustee Long said she was not sure if they should consider the first option because it may slow down the processing of disability retirement applications. So, she supported the second option, and she could understand the third, but she was concerned about the first option.

Ms. Webb explained that option 1 would formally request that if Risk Management made any deals in a Workers' Compensation case, the agreement would not include or involve disability retirement in

any way. Because Risk Management stated that it was not their practice to do that, Ms. Webb said it would not be an issue.

Chair Sedell noted that it was simply a request. The County could speak to staff and the Board about any concerns it had on that issue. So, the Board would still be open to discussion.

**MOTION:** To Mitigate Fiduciary Risk, Formally Request Risk Management Not to Negotiate or Make Deals that Relate in Any Way to a Position They Will Present to the Board on Disability Retirement; Require that Any Agreement Made Between Risk Management and an Applicant Concerning a Disability Retirement Position Presented to the Board Be Disclosed to VCERA Staff and the Board at the Time the Agreement Is Made; and Require Risk Management to Certify that Any Non-Challenge Position Presented to the Board Is Based on a Good-Faith Investigation and Evaluation of the Medical Evidence and Is Not the Result of a Negotiated Settlement.

Moved by Roberts, seconded by Goulet

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

No: -

Absent: Hintz

Abstain: -

After the vote on this item, the Board returned to item, V.A., "Receive Annual Investment Presentation from Walter Scott: Margaret Foley".

- B. Request for Board Authorization of an On-Site Due Diligence Visit to VCERA General Investment Consultant NEPC and Private Investments Manager Pantheon in San Francisco August 30, 2022

**RECOMMENDED ACTION: Approve.**

1. Staff Letter from Chief Investment Officer.

Mr. Gallagher said that the item was a request for authorization for a Due Diligence trip and to designate and approve up to 2 trustees to attend.

**MOTION:** Approve and Authorize Request for 2 Trustees to and CIO to Attend an On-Site Due Diligence Visit to VCERA General Investment Consultant, NEPC and Private Investments Manager, Pantheon.

Moved by Roberts, seconded by Joe

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

No: -

Absent: Hintz

Abstain: -

- C. Authorization for Chief Technology Officer to Attend the Gartner IT Symposium Conference, October 17 - 20, 2022, in Orlando, FL.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter from Chief Technology Officer.
2. Gartner IT Symposium Conference Agenda.

Ms. Webb informed the Board that there were 2 travel requests for the Chief Technology Officer (CTO) to attend, and VCERA's subscription to Gartner would cover the registration for her to attend their conference and she also served on PRISM's Board. So, she believed that both requests were warranted.

Chair Sedell said that he recommended the approval for the CTO to attend these events, because believed that it was important for a CTO to receive continual training, given that fact that technology was always changing. It was also not easy for an employee to take time away from their families to attend these types of events, and she he appreciated Ms. Oliver's willingness to attend.

Trustee Goulet said that the Board had recently approved the CTO to attend the Vitech Conference at the previous Board meeting. He then asked if the CTO was possibly attending too much, and he also asked Ms. Webb about the feedback she received so that she could determine if it was worth Ms. Oliver's time.

Ms. Webb said that she typically had a discussion regarding requests for travel with the CTO, specifically the agenda for the event and whether it was robust enough to be worth her time and whether it was pertinent to her job. One of the big issues that seems to be a reoccurring theme at these events was cybersecurity, which was always a very important aspect of the CTO's responsibilities. She noted that there had been more attempts by individuals to gain access to the information at retirement systems. It was critical that the CTO stay ahead of the issue, and so although there had been a little bit of a strain with the CTO's recent travel, she did not believe it to be excessive.

Trustee Goulet noted that when a Trustee was authorized to travel by the Board, they were required to submit a report of the event they attended.

Chair Sedell said that he was concerned about the fact that the Trustees were required to submit a written report, as opposed to a verbal report, as it implied, they were not trusted; this was not appreciated by him, on any Board that he had belonged to.

Trustee Goulet then said that the Board would then need to amend the Education and Travel Policy.

Chair Sedell replied that he would discuss amending that requirement in the Education and Travel Policy with Ms. Webb so that she can agendize that on a future agenda.

**MOTION:** Approve and Authorize the Chief Technology Officer to Attend the Gartner IT Symposium Conference.

Moved by Roberts, seconded by Joe

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

No: -

Absent: Hintz

Abstain: -

D. Authorization for Chief Technology Officer to Attend the PRISM Fall Board Meeting, November 6 - 9, 2022, in St. Petersburg, FL.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter from Chief Technology Officer.

MOTION: Approve and Authorize the Chief Technology Officer to Attend the PRISM Fall Board Meeting.

Moved by Joe, seconded by Roberts

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

No: -

Absent: Hintz

Abstain: -

E. Quarterly Retirement Administrator's Report for April – June, 2022.

**RECOMMENDED ACTION: Receive and file.**

*To be Provided.*

Chair Sedell reported that he had requested that Ms. Webb hold off on presenting her quarterly report to the Board until the next meeting, because of the length of the agenda, which had also taken the Board a long time to go through.

F. Quarterly Chief Investment Officer's Report for April – June, 2022.

**RECOMMENDED ACTION: Receive and file.**

MOTION: Receive and File Quarterly Chief Investment Officer's Report for April – June, 2022.

Moved by Joe, seconded by Goulet

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

No: -

Absent: Hintz

Abstain: -

**IX. INFORMATIONAL**

A. SACRS Legislative Update – July 2022.

B. CALAPRS Principles of Pension Governance for Trustees 2022.

**X. PUBLIC COMMENT**

None.

**XI. STAFF COMMENT**

Ms. Webb reminded the Board that the next meeting is the offsite Board Retreat, and if they have not confirmed attendance with staff to please do so. She also said that given her quarterly report was postponed, she simply wanted to mention the outstanding job staff had been doing. She had been receiving a good deal of positive feedback from members. Staff had been going above and beyond for them and it had been very rewarding to hear that feedback, and so she wanted the Board to know how hard staff had been working on behalf of the members.

Chair Sedell said that he believed that the Board recognized staff's hard work and appreciated their accomplishment in making VCERA one of the best retirement systems out there. VCERA was always consistent in their investment returns and work turn-over, and it showed.

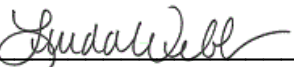
**XII. BOARD MEMBER COMMENT**

Trustee Goulet asked the Board to adjourn in memory of June Seery. Ms. Seery was a former member of the Board of Retirement, who he believed he replaced when she had decided not to run for another term on the Board.

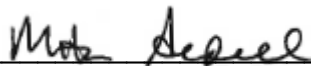
**XIII. ADJOURNMENT**

The Chairman adjourned the meeting in memory of June Seery, at 2:18 p.m.

Respectfully submitted,

  
\_\_\_\_\_  
LINDA WEBB, Retirement Administrator

Approved,

  
\_\_\_\_\_  
MIKE SEDELL, Chair