

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JUNE 20, 2022

MINUTES

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

TRUSTEES
ABSENT:

STAFF
PRESENT:

Linda Webb, Retirement Administrator
Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
Leah Oliver, Chief Technology Officer
La Valda Marshall, Chief Financial 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 June 20, 2022, to order at 9:00 a.m.

Roll Call:

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

Trustees Absent: -

II. APPROVAL OF AGENDA

Ms. Webb noted that VCERA was going live with a new Agenda Management System and the public may notice that motions and votes on agenda items would now be displayed on their screens.

MOTION: Approve.

Moved by Roberts, seconded by Joe

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

III. CONSENT AGENDA

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

- A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of May 2022.
- B. Receive and File Report of Checks Disbursed in May 2022.
- C. Receive and File Fiscal Year 2021-22 Quarterly Budget Summaries and Financial Statements.
 - 1. Staff Letter from Chief Financial Officer.
 - 2. Financial Statements.
 - 3. Budget Summaries.
- D. Approve Business Meeting Minutes of May 23, 2022.
- E. Approve Updated 2022-23 Business Plan.

Chair Sedell said that he would like to pull agenda item III.C.1., "Staff Letter from Chief Financial Officer" from the Consent Agenda for discussion.

Trustee Joe said he had a question regarding agenda item III.E., "Approve Updated 2022-23 Business Plan." Chair Sedell said they would also pull this item from the Consent Agenda for discussion.

MOTION: Approve Consent Agenda, With the Exclusion of Items III.C.1, and III.E.

Moved by Long, seconded by Roberts

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

Trustee Joe noted that on page 8 of the *Updated 2022-23 Business Plan*, under *Benefit Administration*, it stated that Objective 1 was to recruit an Administrative Services Director II (ASDII), but he believed that on June 6, the Board had decided not to implement that recruitment and directed staff to return with recommendations for the positions and the organizational chart. He also recalled discussion at that meeting on engaging a consultant to provide a workload analysis for the CIO position. Therefore, based on the language in the Updated Business Plan, if approved, the Board would appear to be authorizing staff to move forward with these two items.

Ms. Webb noted several changes to the business plan were needed after the last Board meeting, including the addition of a new objective for the IT Department. Also, the Board had discussed waiting to implement recruitment for an ASDII, so that objective should have been removed from the plan. She suggested that the Board approve the Updated Business Plan with the removal of that goal and objective. She also requested that the Board provide clear direction to staff on how to proceed with the CIO position so that she could not bring back a plan to the Board.

Trustee Joe asked the other Board members if they would like to have the Board's direction to staff for a workload analysis for the CIO position reflected in the business plan.

Chair Sedell asked Trustee Joe if he would like that objective added to the business plan, and Trustee Joe said he would like it documented there.

Trustee Goulet said that he recalled that the Board had adopted the proposed budget with the ASDII position included, but with the proviso that it was not to be filled until after the Retirement Administrator had returned to the Board with recommended changes to the organizational chart.

Chair Sedell said he believed the Board had decided to allow the Retirement Administrator to determine if that position would be an ASDII or Assistant Retirement Administrator position, and that she would return to the Board with recommended changes to the organizational chart. Therefore, VCERA would have funding for a new position, though it may not be for an ASDII position.

Ms. Webb suggested that, since some of the Board members were relying on their recollection of the discussion of the ASDII position from the previous meeting, they may want to have the business plan and June 6, 2022 meeting minutes brought back at the next meeting so that they could discuss the matter further.

Trustee Joe suggested that the Board decide today on direction to staff regarding the workload analysis for the CIO position and on the Retirement Administrator's recommended changes to VCERA's organizational chart instead of delaying.

Ms. Webb requested direction from the Board on whether to remove the Goal & Objective for the ASDII recruitment from the business plan or to keep it along with a footnote or addendum. For the CIO position, she presumed the Board would like to see an addition to the business plan for a

workload analysis to be completed to later determine the need for an additional resource in the Investment Department.

MOTION: Recruit a New Administrative Services Director II or Other Title as Appropriate After a Reorganizational Recommendation from the Retirement Administrator to the Board, and Have a Workload Analysis Completed with Recommendations Provided to the Board for their Determination of a Potential Need for an Additional Resource in the Investment Department.

Moved by Joe, seconded by Long

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

Trustee Hintz left the meeting at 9:36 a.m., after the vote on the item.

IV. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Parametric: Dan Ryan and Joe Zeck.

Dan Ryan and Joe Zeck reviewed Parametric's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and investment portfolio performance. The presenters also responded to questions from VCERA trustees.

V. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.

NEPC – Allan Martin.

A. Recommendation for \$40 Million Commitment to HarbourVest Dover Street Fund XI.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. HarbourVest Dover Fund XI Presentation: Brett Gordon, Teri Noble, and Jeff Keay.

Mr. Gallagher noted that since 2012, the Board had approved \$392 million in investments with HarbourVest across eight Private Equity, Secondaries, Co-Investments, Real Assets and Private Credit Funds, which have achieved investment returns that were above expectations. The proposed investment in HarbourVest's Dover Street Fund XI would be a follow-on, Private Equity, Fund-of-Funds, and they would also be employing the same processes and strategies from the prior funds that VCERA had invested in. HarbourVest was also offering an annual 5-basis-point discounted management fee for the life of the fund to investors participating in the funds first closing. Therefore, both he and NEPC were jointly recommending that the Board approve a \$40 million commitment to HarbourVest's Dover Street Fund XI.

Trustee Goulet noted that on page 4 of NEPC's Joint Fund Recommendation Report, in the section titled *Fees on Committed Capital*, the first sentence was missing the word "fee."

MOTION: Approve an Allocation of \$40 Million to HarbourVest Dover Street Fund XI, with the Addition of the Word "Fee" on Page 4 of NEPC's Report and, Subject to Successful Negotiation and Approval of VCERA's Legal Counsel, Authorize the Board Chair or the Retirement Administrator, or in the Absence of Both the Chief Investment Officer, to Approve and Execute the Required Documentation.

Moved by Long, seconded by Joe

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

B. Recommendation for \$40 Million Commitment to Pantheon Credit Opportunities II.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Pantheon Credit Opportunities II Presentation: Iain Jones and Rick Jain.

Mr. Gallagher reminded the Board the VCERA had four Private Equity, Secondaries fund-of-funds investments with Pantheon, which continued to add value and size diversification to VCERA's other private equity, Secondaries fund-of-funds investments. However, this offer was different in that it was a Private Credit, Secondaries, and unlike most funds that VCERA had invested in, the fund was already off to a strong start with 50% of the fund being pre-specified: it had already been invested and was producing top-quartile performance for a 2020 vintage year fund. Both he and NEPC were jointly recommending that the Board approve a \$40 million commitment to Pantheon's Credit Opportunities II.

MOTION: Approve a Commitment of \$40 Million to Pantheon Credit Opportunities Fund II, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and, Subject to Successful Contract Negotiations, Authorize the Board Chair or the Retirement Administrator, or If Both are Unavailable the Chief Investment Officer, to Approve and Execute the Required Documentation.

Moved by Goulet, seconded by Roberts

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

C. Preliminary Performance Report for Month Ending May 31, 2022.
RECOMMENDED ACTION: Receive and file.

Mr. Martin presented the *Preliminary Performance Report for Month Ending May 31, 2022* to the Board.

MOTION: Receive and File.

Moved by Roberts seconded by Goulet

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

D. Discussion and Request for Direction for 2022 VCERA Board Retreat Content and Logistics.

Ms. Webb noted September 26 was an amenable date for the 2022 Board Retreat. She anticipated multiple business items on that agenda, as there were no scheduled meetings in August. The two locations being considered for the retreat were the Ventura Beach Marriott and the Crowne Plaza Ventura. Due to the Board's previous concerns about the COVID pandemic, staff was requesting confirmation of the Board's direction to proceed with planning the offsite retreat. If the Board wished to proceed, staffs outside disability counsel, Vivian Schultz, would make a presentation on trustee responsibilities regarding disability cases. Other presentations could include training on board governance and changes related to strategic planning and the organization.

Trustee Joe said the Board had previously considered scheduling the retreat on a date apart from the disability and business meetings. He asked if that was still a consideration.

Ms. Webb said that it could be a consideration, but staff was hesitant to schedule a separate meeting because it may be difficult for some Board members to attend another meeting.

Chair Sedell said he felt that having the retreat on a separate day was a great idea, but he was concerned if all Board members could attend a lengthy third meeting in September. He proposed that they hold the Board Retreat as the first meeting in September and move disability cases to the Business meeting, which would make it a combined meeting.

Ms. Nemiroff noted that there was an Alameda Administrative Appeal case scheduled for the Disability meeting on September 12.

Trustee Roberts asked about using the September 12 meeting to hold the retreat and move the disability cases from that meeting to the Business meeting on September 26.

Ms. Nemiroff said that she could ask the parties in the Alameda Administrative Appeal case if they could reschedule to the Business meeting on September 26.

Chair Sedell said they would tentatively schedule the Board Retreat for September 12, as there were no objections from the other Board members.

Ms. Webb said she would provide an update on the Board Retreat at the next Board meeting.

VI. 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.
3. Survey of CERL Systems re Current Meeting Format.

Ms. Webb said that to continue to hold Board meetings via teleconference, the Board would need to reconsider circumstances and take action to approve another 30-day period.

MOTION: Continue with Hybrid Model of Teleconference Meetings.

Moved by Joe, seconded by Goulet

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

VII. NEW BUSINESS

- A. Request for Approval of Amendment to Contract with Brentwood IT to Extend Term Through December 31, 2022.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator and Chief Technology Officer.
2. Amendment No. 11.
3. Original Contract with Brentwood I.T.

Ms. Oliver said the request was to extend VCERA's contract with Brentwood IT, which provided staff with backup support for IT coverage while the department hired additional staff previously approved by the Board.

Trustee Goulet noted that the amended contract stated a \$20-per-hour increase to the billing rate, but he recalled that Brentwood IT had not increased their rate for some time.

Ms. Oliver said that when staff was negotiating Amendment No. 10, there was a proposed rate increase from \$140 to \$160 per hour for new work items, which she believed staff had provided to the Board at that time.

Trustee said that the amendment did not show that. It only showed the old rate and the new rate, which was a \$20-per-hour increase.

Ms. Oliver said Trustee Goulet was correct. Amendment No. 11 stated that the hourly rate would be fixed at \$160 per hour for all new back up support tasks identified in the amendment.

MOTION: Approve Contract Amendment with Brentwood I.T. to Extend Term Through December 31, 2022.

Moved by Joe, seconded by Roberts

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

B. Finance Committee Report.

RECOMMENDED ACTION: Receive and file.

1. Letter from Finance Committee Chair.

Chair Sedell said he appreciated the work the Finance Committee had done in reviewing the proposed budget, but he was concerned with the requests made by committee members to staff, given staff's current workload. He believed requests regarding new items should first be discussed by the Board and then directed to staff, as they could require a significant amount of time. He said he would like both requests from the committee to be brought back to the Board at the next meeting so that the whole Board could consider them and move forward together.

Ms. Webb asked if Chair Sedell was referring to the request from the Finance Committee regarding the investigation and legal analysis of the Retiree Health Insurance and recommendations to engage an outside auditor to provide internal audit services.

Chair Sedell said that she was correct, and if there were other personnel-related issues that were appropriate for a Closed Session meeting, then the Board could have that meeting.

Ms. Webb noted that the *Trustee Communication Policy* provided for the Board or a committee to assign tasks to staff. She then asked the Board to clarify if requests made by the committee should be taken as direction or if the requests should be provided to the Board first.

Chair Sedell said that he did not have a problem with the committee giving staff direction on issues to be researched. However, he would like the Board to have input on any requests to staff that involved major issues because other Board members may have opinions on how those issues should be handled.

Trustee Goulet noted that the letter from the Finance Committee stated that the staff would attempt to return to the Committee with a report in September. He believed that the committee had made it clear that staff did not have a hard deadline but could work on that request when they were able to.

Chair Sedell said that Trustee Goulet was correct, but he believed that type of request should be reviewed by the whole Board. He also clarified that he was not criticizing the Finance Committee in any way. He also said that there was value in an internal audit, but he believed the direction for that type of request should come from the Board, as other Board members may have input to offer.

Trustee Goulet agreed. He noted that the Finance Committee had been looking at the internal audit because funds were budgeted years ago, but the audit had not been done yet. Also, the committee was unable to get a recommendation on what should be included in an internal audit for VCERA; they welcomed input from other Board members.

Chair Sedell said they should schedule that item to be brought back to the Board.

Ms. Webb said that during the last Finance Committee meeting, they had discussed researching what other CERL systems did regarding internal audits: frequency, who performed the audit, the scope of the audit, etc.

Chair Sedell suggested that staff bring that report to the Board so that they could provide input, and then the Finance Committee could move the project forward and bring it back to the Board as needed.

Trustee Joe said that he recalled a previous Finance Committee meeting where the former CFO had provided a document that described the types of internal audits and that Ms. Webb may want to bring that document back to the Board as a starting point.

MOTION: Receive and File.

Moved by Roberts seconded by Hernandez-Garcia

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

- C. Request for Authorization for Trustee Roberts to Attend the SACRS/UC Berkeley Program, July 17 – 20, 2022.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.
2. SACRS/UC Berkeley Program Agenda.

Trustee Joe noted that the staff letter stated that the program would be held between July 28 – August 13.

Ms. Webb said that it was a typo and that the correct dates were July 17 – 20, which was also reflected on the agenda.

MOTION: Approve and Authorize Trustee Roberts to Attend the SACRS/UC Berkeley Program.

Moved by Sedell, seconded by Joe

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

- D. Request for Authorization for Trustee Roberts to Attend the CALAPRS Principles of Pension Governance for Trustees 2022, August 29 – September 1, 2022, Tiburon, CA.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.

2. CALAPRS Principles of Pension Governance for Trustees 2022 Agenda.

MOTION: Approve and Authorize Trustee Roberts to Attend the CALAPRS Principles of Pension Governance for Trustees 2022.

Moved by Sedell, seconded by Joe

Vote: Motion carried

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

No: -

Absent: Hintz

Abstain: -

- E. Request for Authorization for Chief Technology Officer to Attend the Vitech Connect Annual Summit, August 24 – 26, 2022, in Washington D.C.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.
2. Vitech Connect Annual Summit Agenda.

Ms. Webb said that Vitech was an integral part of VCERA's pension administration system, so it was very important for Ms. Oliver to know what Vitech was currently doing and had planned regarding the software system.

Trustee Long left the meeting at 11:09 a.m., before the vote on the item.

MOTION: Approve and Authorize Chief Technology Officer to Attend the Vitech Connect Annual Summit.

Moved by Roberts, seconded by Hernandez-Garcia

Vote: Motion carried

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

No: -

Absent: Hintz, Long

Abstain: -

VIII. INFORMATIONAL

- A. CALAPRS Newsletter for Summer 2022.

IX. PUBLIC COMMENT

None.

X. STAFF COMMENT

Ms. Webb asked Board members to contact her if they wanted a hard copy of the CERL Law Book for 2022.

Ms. Oliver asked Board members to contact her if they had any issues with the new agenda management system. She noted the opportunity to learn about other features of the software.


XI. **BOARD MEMBER COMMENT**

None.

XII. **ADJOURNMENT**

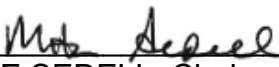
The Chair adjourned the meeting at 11:01 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



MIKE SEDELL, Chair