

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 24, 2023

MINUTES

TRUSTEES

PRESENT:

Mike Sedell, Chair, Public Member
Arthur E. Goulet, Vice-Chair, Retired Member
Sue Horgan, Treasurer-Tax Collector
Jordan Roberts, General Employee Member
Cecilia Hernandez-Garcia, General Employee Member
Kelly Long, Public Member
Tommie E. Joe, Public Member
Aaron Grass, Safety Employee Member
Robert Ashby, Alternate Safety Employee Member

TRUSTEES

ABSENT:

Will Hoag, Alternate Retired Member

STAFF

PRESENT:

Linda Webb, Retirement Administrator
Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
La Valda Marshall, Chief Financial Officer
Leah Oliver, Chief Technology Officer
Josiah Vencel, Retirement Benefits Manager
Brian Owen, Sr. Information Technology Specialist
Michael Sanchez, Sr. Information Technology Specialist
Chris Ayala, Program Assistant

PLACE:

Ventura County Employees' Retirement Association
Second Floor, Boardroom
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

TIME:

9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Sedell called the Business Meeting of July 24, 2023, to order at 9:00 a.m.

Roll Call:

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

Trustees Absent: Sue Horgan, Kelly Long, Will Hoag

II. APPROVAL OF AGENDA

Chair Sedell suggested that the Board move agenda item VII.A., "New Model Disability Retirement Hearing Rules" so that it was heard after the approval of item III., "Consent Agenda".

MOTION: Approve as Amended.

Moved by Roberts, seconded by Joe

Vote: Motion carried

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

No: -

Absent: Horgan, Long

Abstain: -

III. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of June 2023.

B. Receive and File Report of Checks Disbursed in June 2023.

C. Approve Business Meeting Minutes of May 22, 2023.

D. Approve Special Meeting Minutes of June 21, 2023.

E. Approve Disability & Business Meeting Minutes of June 26, 2023.

Trustee Horgan arrived at the meeting at 9:02 a.m., before the vote on the agenda item.

Trustee Long arrived at the meeting at 9:03 a.m., before the vote on the agenda item.

MOTION: Approve.

Moved by Joe, seconded by Roberts

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent:
Abstain: -

After the vote on this agenda item, the Board advanced to item, VII.A., "New Model Disability Retirement Hearing Rules".

IV. INVESTMENT MANAGER PRESENTATIONS

A. Annual Investment Manager Presentation from Walter Scott: Margaret Foley.

Margaret Foley reported 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.

V. INVESTMENT INFORMATION

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

A. \$25 Million Commitment to Adams Street Private Credit Fund III.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Adams Street Private Credit Fund III Presentation: Bill Sacher and Scott Hazen.

Mr. Gallagher introduced the item to the Board and provided a brief overview of VCERA's long-term relationship and product breadth with Adams Street and summarized the joint recommendation by him and NEPC for the proposed investment commitment.

MOTION: 1) Approve a \$25 Million Commitment to the Adams Street Private Credit Fund III, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and 2) Subject to Successful Contract Negotiations, Authorize the Board Chair, or the Retirement Administrator, or if Both Unavailable, the Chief Investment Officer to Approve and Execute the Required Documentation.

Moved by Grass, seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts
No: -
Absent: Ashby, Sedell
Abstain: -

B. \$20 Million Commitment to HarbourVest Direct Lending Fund II.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.
3. HarbourVest Direct Lending Fund II: Karen Simeone, Bill Cole, and Teri Noble.

Mr. Gallagher introduced the item to the Board and provided a brief overview of VCERA's long-term relationship and product breadth with HarbourVest and summarized the joint recommendation by him and NEPC for the proposed investment commitment.

Trustee Long left the meeting at 11:39 a.m.

Trustee Long returned to the meeting at 11:42 a.m., before the vote on the item.

MOTION: 1) Approve a \$20 Million Commitment to HarbourVest's Direct Lending Fund II, (levered sleeve), and 2) Subject to Successful Contract Negotiations, 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 Roberts, seconded by Grass

Vote: Motion carried

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

No: -

Absent: Sedell

Abstain: -

- C. Monthly Investment Performance Report for the Period Ending June 30, 2023.
RECOMMENDED ACTION: Receive and File.

Mr. Martin presented the Monthly Investment Performance Report, for the period ending June 30, 2023.

MOTION: Receive and File

Moved by Horgan, seconded by Roberts

Vote: Motion carried

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

No: -

Absent: Sedell

Abstain: -

VI. OLD BUSINESS

- A. Alameda Implementation Status Report.
RECOMMENDED ACTION: Receive and File.

Ms. Webb noted that VCERA's COO, Amy Herron had created the report, but since she was attending a training program outside the office, Ms. Webb would be presenting it in her place.

Trustee Joe would like to see project plan milestones and percentage complete to help monitor progress.

MOTION: Receive and File

Moved by Horgan, seconded by Long

Vote: Motion carried

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

No: -

Absent: Sedell

Abstain: -

After the vote on the agenda item, the Board advanced to item, VII.B., "Authorize Staff to Contract with Managed Business Solutions, LLC in Support of Mass Flex Credit Recalculations – Alameda Resolutions".

VII. NEW BUSINESS

A. New Model Disability Retirement Hearing Rules.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.
2. New Model Disability Hearing Rules (Redline).
3. New Model Disability Hearing Rules (Clean).

Ms. Webb noted that VCERA's current lack of hearing rules places it outside the mainstream; it is intended as a "timeline" and guardrails for all parties and also serves to align VCERA with its peers. The new rules had been sent to the County in mid-June, and VCERA staff had recently met with County representatives, who suggested several edits. She added that VCERA staff had incorporated some of the edits into the current version.

Attorney Stephen Roberson provided public comment. Mr. Roberson stated that he was present at the VCERA-County meeting and additionally proposed that the Board give all parties nine months, not six months, to get a disability case to a hearing. He also proposed giving parties the ability to request a 90-day extension and to give the Hearing Officer the ability to determine that a case was "complex" so that it could be placed on a longer timeline (18-30 months).

Ms. Webb noted that many other systems conduct a hearing within six months.

Ms. Nemiroff said that members and the Board have stated that they do not like the delays in the current hearing process.

Ms. Webb added that the hearing rules have wiggle room to permit flexibility.

Trustee Goulet asked that if these rules do not make sense, why have so many other CERL systems adopted similar rules.

Mr. Roberson said that some CERL systems, such as LACERA, have longer time periods. He also expressed concern about a hearing officer losing jurisdiction and/or an attorney having evidence excluded as a penalty if the six-month deadline is not met.

Trustee Grass said, based on his experience with the legal system, six months is too short due to unforeseen circumstances.

Ms. Webb clarified that the parties will not “start from zero” because staff will provide the entire Administrative File when the hearing officer is assigned.

Attorney Tom Wicke provided public comment. Mr. Wicke remarked that the proposed timeline in the new hearing rules did not consider life's circumstances. He urged the Board to vote no on the item. He also offered to meet with VCERA staff and discuss changes to the new hearing rules.

Attorney Vivian Shultz provided comment on behalf of VCERA. Ms. Shultz said that the proposed rules were the best way to balance the prompt provision of benefits and the priority to ensure a fair and transparent process. She said the rules replaced the current free-for-all with needed order. She disagreed with Mr. Roberson and Mr. Wicke about timing, as she believed the hearing rules' timeline could be done and had been done. She said the new rules incentivized the parties to not delay, although petitions for extension were available from the hearing officer and the Board.

Trustee Long asked Ms. Shultz about other retirement systems' hearing timelines and the five oldest new-model cases waiting for hearing dates.

Ms. Shultz noted that the majority of other CERL systems, including the five cited in staff's letter, have rules with hearing deadlines. She also said there are opportunities in the five older cases for efficiencies. She referenced a couple of examples of delays in cases due to other attorneys.

Trustee Grass said it seemed punitive to dismiss an application with prejudice if a member withdrew an application after notification of hearing officer assignment.

Ms. Nemiroff replied that the policy is intended to discourage the applicant from “hearing officer or forum shopping.” She added that the Board would always have the discretion to allow the applicant to withdraw an application without prejudice upon a showing of good cause.

Trustee Grass said that this approach shifted the burden to the applicant, which seemed punitive.

Catherine Laveau, Sr. Deputy Executive Officer of Disability Management for the County of Ventura, provided public comment. Ms. Laveau provided a printed presentation to the Board that explained the County's research and position on the issue. She said that shortcutting the legal system could result in a wrong result and put additional liability on the Board due to breach of fiduciary duty. She asked that the matter be researched further with all stakeholders' input and returned to the Board in September, or, if the Board wanted to move forward today, that it adopt the County's proposed edits. She added that the County did not believe that the hearing rules aligned with VCERA's bylaws.

Ms. Webb replied that the complexity of a case is largely vetted before the decision to send the case to a hearing. She noted that staff did not find any inconsistencies between the hearing rules and the Disability Hearing Procedures (DHPs). She expressed great concern over the County's comment about the Board potentially breaching its fiduciary duty by adopting the rules. And she noted that the hearing officer and Board could grant extensions to the parties.

Mike Pettit, Assistant County Executive Officer for the County of Ventura, provided public comment. Mr. Pettit said that the proposed new hearing rules were among the strictest compared to other CERL retirement systems. He said the concern about fiduciary duty meant due process for applicants as well as VCERA and the County. He suggested giving more weight to Mr. Wicke than Ms. Shultz due to his greater experience. He urged the Board to strongly consider the County's proposed change to a nine-month timeline instead of the proposed 180 days, with the ability to request extensions.

Trustee Horgan asked for clarification that, under the proposed hearing rules, the Board would hear a party's request for an extension after a first request had been made. She also asked whether the Board should hear such matters, as trustees had stated in the past that they did not want to hear them at the Board level.

Ms. Webb noted that the Board's discussion on June 26 related to the Board's preference to not hear a full evidentiary hearing; it was a different matter being discussed at that time. She also commented that VCERA's proposed hearing timeline was not stringent but in line with other systems.

Trustee Long asked how the Board would know sufficient details of a case to grant a requested extension.

Ms. Webb said the Board would evaluate the hearing officer's decision about an extension. She also remarked that the County's presentation today was not provided to staff in advance.

Nick Odenath, President of the Ventura County Deputy Sheriff's Association (VCDSA), provided public comment. Mr. Odenath stated that, although VCDSA wanted to see efficiencies in the hearing process, they had concerns about the proposed hearing rules. Because of the limited time provided to review the new rules, he suggested the Board not adopt them and requested that the Board appoint a committee of experts, including Mr. Wicke, to discuss appropriate hearing timelines.

Kevin Aguayo, President of the Ventura County Professional Firefighters' Association (VCPFA), provided public comment. Mr. Aguayo remarked that the proposed new hearing rules needed to be approved today and that the Board could make changes in the future, if needed. Some VCPFA members were in agony because their lives had been put on hold waiting for a resolution to their disability retirement application, as there was no timeline for disability retirement hearings. Therefore, he urged the Board to approve the hearing rules today.

Trustee Long asked for Mr. Aguayo's thoughts on six months versus nine months. He urged the Board to address it today. He said not having guardrails is not an option.

Ms. Webb noted that staff was willing to amend its recommendation to change the proposed 180-day hearing commencement deadline to nine months and to empower the hearing officer to grant extensions past 270 days. She added that the main party being disadvantaged by waiting is the applicant.

Ms. Nemiroff stated that not allowing a hearing officer to grant extensions beyond 90 days is not in conflict with Section 8.J. of the DHPs. The hearing officer serves as the Board's agent, so ultimately the Board maintains control and can grant further extensions.

Trustee Goulet suggested that a party to a hearing could go to staff first to request an extension and only bring to the Board matters where staff denies an extension.

Chair Sedell said VCERA needs guardrails for the process and that the Board can reassess it after several months.

Trustee Ashby said that change is difficult. He noted that this matter has been an ongoing problem for years and needs to be addressed for the sake of members.

Trustee Grass said the issue is the timeframe. He cited Mr. Roberson and Mr. Wicke's belief that nine months was more reasonable.

Ms. Webb said that is true for criminal cases, but VCERA provides all the evidence up front.

Trustee Grass replied that the court system does not work that fast. He expressed concern that a reassessment of the hearing rules, if approved, may not occur later.

Chair Sedell suggested a fixed timeframe for reviewing the hearing rules.

Trustee Long noted that the list of CERL systems provided included non-urban counties. She proposed an amendment to change 180 days to 270 days and to permit the hearing officer to approve multiple 90-day extensions. She also expressed concern about dismissing an application with prejudice if an applicant pulled out of the hearing process.

Trustee Grass suggested allowing an applicant to have an application dismissed without prejudice. He also proposed removing "one-time" from Rule #4 regarding requested extensions and revising the policy about dismissing an application "with prejudice" to "without prejudice."

Trustee Long stated the edits she wanted in the hearing rules: change 180 days to 270 days and remove "one-time" in Rule #4. She did not find "with prejudice" in the proposed hearing rules.

Trustee Joe asked for confirmation that Trustee Long's edits addressed all of the County's concerns.

Trustee Roberts asked what a "complex case" meant and expressed concern about cases with unlimited extensions. He suggested a one-year or two-year evaluation of the hearing rules.

Ms. Webb replied that staff did not agree with a two-track system.

Trustee Grass stated that having multiple 90-day extensions for good cause was a reasonable compromise.

Trustee Goulet noted that the average wait among the five oldest cases was 500 days, not 533 days. He also said the proposed edits resolved the problem for now.

Ms. Webb clarified that the annual review concerned the hearing rules only.

Trustee Joe asked about staff's recommendation to conduct hearings for current cases within six months.

Trustee Long revised her motion to reflect the six-month timeframe for current cases awaiting hearing. She also said the Board directed staff to bring back at the next meeting the matter of dismissing an application with prejudice found in the New Model Process Document.

Trustee Roberts asked if the Board should look at the 1999 DHPs, too.

Ms. Webb supported the Board reviewing the DHPs but noted that the County did not want to disengage the DHPs from VCERA's bylaws. She said the DHPs can be reviewed by the Board.

Trustee Long gave Board direction to staff to bring back the DHPs for review by the Board.

Trustee Goulet proposed taking the DHPs out of the VCERA bylaws at that future review.

Chair Sedell suggested that the item be brought back to the Board in a year, to evaluate the effectiveness of the new hearing rules, and after that evaluation the Board will determine if the hearing rules would be brought back for revision.

Trustee Long agreed to bring the item back to the Board in one year for evaluation.

Trustee Horgan then seconded the motion.

MOTION: Approve Staff's Recommendation to Adopt New Model Disability Retirement Hearing Rules for All Future New-Model Cases Directed to Hearing, and Require New-Model Cases Currently Waiting for a Hearing Date to be Conducted Within Six (6) Months, Unless Granted an Extension by the Retirement Administrator, with the Amendment that a Hearing Must Occur within 270 Days and Allow the Hearing Officer the Ability to Grant 90-Day Extensions past the Initial 270 Days Upon a Showing of Good Cause, to the Assigned Hearing Officer as the Retirement Administrator's Designee, Pursuant to the Retirement Administrator's Authority as Set Forth in Section 5 of the Disability Hearing Procedures. Direct Staff to Strike Reference to "One-Time" Proposed Hearing Rule #4 and Correct All References of 180 Days to 270 Days. The Board will Bring the Item Back for Review within One Year.

Moved by Long, seconded by Horgan

Vote: Motion carried

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

No: -

Absent: -

Abstain: -

After the vote on the agenda item, the Board took a break at 11:10 a.m.

Trustee Ashby left the meeting at 11:10 a.m.

The Board returned from a break at 11:15 a.m.

Chair Sedell stated that he would need to leave the meeting at 11:30 a.m. and would therefore hand over the meeting to Vice-Chair Art Goulet.

After returning from break, the Board returned to agenda item, IV.A., "Annual Investment Manager Presentation from Walter Scott: Margaret Foley".

B. Authorize Staff to Contract with Managed Business Solutions, LLC in Support of Mass Flex Credit Recalculations – Alameda Resolutions.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.
2. Statement of Work.

Ms. Oliver presented the item to the Board and provided a summary of the staff's recommendation to contract with Managed Business Solutions, LLC (MBS) to support the mass recalculations of members' Flex Credit benefits related to the Alameda Implementation.

MOTION: Approve Staff's Recommendation to Authorize the Retirement Administrator to Execute an Agreement with Managed Business Solutions, LLC in Support of Mass Recalculations for Flex Credit at a Cost of \$169,660 and a Total Contract Amount of \$200,000.

Moved by Roberts, seconded by Horgan

Vote: Motion carried

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

No: -

Absent: Sedell

Abstain: -

C. CTO Review and Recommendations Regarding VCERA Pension Administration System Hosting.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.

Ms. Oliver presented the item to the Board and explained staff's recommendation regarding the hosting of VCERA's Pension Administration System.

MOTION: Approve Recommendation from Chief Technology Officer to Accept the Reduced Temporary Rate from VSG Hosting and Remain on their Hosting Infrastructure and Authorize the Retirement Administrator to Execute an Amendment to the Hosting Agreement that Documents this Temporary Rate Reduction, with the New Rate to be Effective at the Earliest Possible Quarter.

Moved by Long, seconded by Joe

Vote: Motion carried

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

No: -

Absent: Sedell

Abstain: -

D. Authorization for Chief Technology Officer to Attend the Public Retirement Information Systems Management Site Visit, in Nashville, TN, August 20 - 24, 2023.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.

Ms. Oliver presented the item to the Board and recommended authorization for her to conduct a site visit for the Public Retirement Information Systems Management (PRISM), in Nashville, Tennessee, from August 20th through 24th, 2023.

MOTION: Approve Authorization for the Chief Technology Officer to Attend the Public Retirement Information Systems Management Site Visit, in Nashville, TN, August 20 24, 2023.

Moved by Roberts, seconded by Horgan

Vote: Motion carried

Yes: Grass, Hernandez-Garcia, Horgan, Joe, Long, Roberts

No: Goulet

Absent: Sedell
Abstain: -

Chair Goulet noted that he voted no on the item because he had also voted no on the CTO's previous request to run for President of PRISM.

- E. Chief Investment Officer's 2nd Quarter 2023 Investment Activity Report.
RECOMMENDED ACTION: Receive and File.

MOTION: Receive and File

Moved by Long, seconded by Horgan

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts
No: -
Absent: Sedell
Abstain: -

- F. Recommendation from Ad Hoc Committee for Retirement Administrator Recruitment to Engage CPS for Recruitment Services.
RECOMMENDED ACTION: Approve.

1. Letter from Ad Hoc Committee.
2. Proposed Statement of Work from CPS Recruitment.

Trustee Horgan presented the item and explained the Ad Hoc Recruitment Committee's recommendation to engage with CPS for recruitment services for the hiring of VCERA's new Retirement Administrator.

MOTION: Approve Engagement with CPS Recruitment for Formal Recruitment for VCERA's Next Retirement Administrator at a Cost of \$25,000, and Approval of Up to \$10,000 in Potential Candidate Expenses Associated with the Recruitment Process.

Moved by Roberts, seconded by Long

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts
No: -
Absent: Sedell
Abstain: -

Chair Goulet noted that the Board would consider agenda items, IX.A. & B., Informational, X., Public Comment, XI., Staff Comment, and XII., Board Member Comment, before going into Closed Session.

After the vote on the agenda item, the Board advanced to item, IX. A & B., Informational.

VIII. CLOSED SESSION

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Retirement Administrator.

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

The Board entered Closed Session at 12:39 p.m.

IX. INFORMATIONAL

- A. VCERA Response to Retiree Concerns Regarding Alameda Implementation.
- B. SACRS Legislative Update – July 2023.

Ms. Webb noted that item A was provided to the Ventura County Board of Supervisors as well as the Board of Retirement in response to the concerns that were voiced by several retirees regarding VCERA's Alameda Implementation.

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Oliver reminded the Board that Chair Goulet had recently inquired about regular reporting of Gartner Services to the Board. However, after a review of the meeting minutes, she confirmed that staff was awaiting further communication from Chair Goulet and/or direction from the Board regarding a request for regular reporting for Gartner services.

She also reported that PrimeGov, VCERA's Agenda Management System, was working on a project to redesign the user interface and the "Live Meeting" portion of the system. In the meantime, if trustees had any problems with the system, they could contact her.

Mr. Gallagher also reminded the Board that their off-site Board Retreat was scheduled for the Board meeting of September 25, 2023.

XII. BOARD MEMBER COMMENT

Trustee Long noted that this would be Ms. Webb's last Board meeting as VCERA's Retirement Administrator, and so she wanted to thank her for her leadership during her time with VCERA.

Chair Goulet said he agreed with Trustee Long's comments.

Trustee Hernandez-Garcia also thanked Ms. Webb and wished her the best in her new position.

Ms. Webb said that her husband wanted her to convey to the Board his appreciation for the support they gave to their family.

Chair Goulet then said the Board would adjourn the Open Session meeting and enter into the Closed Session meeting. He also did not anticipate any announcements after the closed session meeting.

After receiving a few comments from some of the Trustees, the Board returned to agenda item, VIII.A, "PUBLIC EMPLOYEE PERFORMANCE EVALUATION, Title: Retirement Administrator, (Government Code section 54957(b)(1))."

XIII. ADJOURNMENT

The Chair stated the Board would adjourn the meeting at the conclusion of the Closed Session meeting.

Respectfully submitted,



RICHARD SANTOS, Interim Retirement Administrator

Approved,



MIKE SEDELL, Chair