

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JANUARY 23, 2023

MINUTES

TRUSTEES

PRESENT:

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

TRUSTEES

ABSENT:

Aaron Grass, Safety Employee 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
Shalini Nunna, Retirement Benefits Manager
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 January 23, 2023, to order at 9:06 a.m.

Roll Call:

Trustees Present: Art Goulet, Cecilia Hernandez-Garcia, Sue Horgan, Tommie Joe, Kelly Long, Jordan Roberts, Will Hoag, Mike Sedell

Trustees Absent: Aaron Grass, Robert Ashby

II. APPROVAL OF AGENDA

Chair Sedell recommended the Board pull agenda item, III.C., "Approve Meeting Minutes for Business Meeting of November 28, 2022", from the Consent Agenda some edits were inadvertently omitted from the final version. Also, after the Consent Agenda item, the Board would hear agenda items VI.A, VI.B., and VI.C., which were Actuarial Reports from Segal, and time certain for 9:00 a.m. Lastly, the Closed Session meeting would also be time certain for 11:00 a.m.

MOTION: Approve as Amended.

Moved by Joe, seconded by Goulet.

Vote: Motion carried

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

No: -

Absent: Grass

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 a 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 December 2022.

B. Receive and File Report of Checks Disbursed in December 2022.

C. Approve Meeting Minutes for Business Meeting of November 28, 2022.

MOTION: Approve Consent Agenda Items A & B.

Moved by Roberts, seconded by Joe.

Vote: Motion carried

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

No: -

Absent: Grass
Abstain: -

After the vote on this agenda item, the Board advanced to item, VI.A., “ Review and Approval of Annual Actuarial Valuation Report as of June 30, 2022 – Segal Consulting, Paul Angelo”.

IV. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation, LaSalle Income & Growth Fund VIII, Matthew Walley, and Joseph Munoz.

Matthew Walley and Joseph Munoz reviewed LaSalle’s organizational changes and discussed the firm’s investment outlook, portfolio strategy, composition, and investment portfolio performance, and then responded to trustee questions.

MOTION: Receive and File.

Moved by Roberts, seconded by Joe.

Vote: Motion carried

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

No: -

Absent: Grass

Abstain: -

B. Receive Annual Investment Presentation, PGIM Real Estate – U.S. Core Fund, Joanna Mulford, Kaya Murray, and Steve Moen.

Joanna Mulford, Kaya Murray, and Steve Moen reviewed PGIM ’s organizational changes and discussed the firm’s investment outlook, portfolio strategy, composition, and investment portfolio performance, and then responded to trustee questions.

After the presentation by PGIM, the Board took a 7 minute break at 10:53 a.m., before the Closed Session meeting.

The Board returned from break at 11:00 a.m., and advanced to agenda item IX.A., “CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: One (1) Case”.

V. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.

NEPC – Allan Martin.

A. \$30 Million Commitment to HarbourView Royalties Fund I.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. HarbourView Royalties Fund I Presentation: Sherrese Clarke Soares

Mr. Gallagher said he and NEPC recommended a \$30 Million Private Credit Fund commitment to HarborView's Royalties Fund I. As noted in the staff letter, this would be VCERA's first investment in royalties. It was niche strategy in assets generating income principally from sound recording, music publishing, and composition. It would be a very differentiated and diversifying product for VCERA's private credit portfolio, and they believed the fund was well positioned to deliver attractive returns.

Ms. Sherrese Clarke Soares provided an overview of HarborView's Royalties Fund I.

Trustee Horgan said that because this was a First Time Fund with no track record, and because of the Key Person Risk around Sherrese Clarke Soares, she could not support the investment and would vote no.

MOTION: Approve an Allocation of \$30 Million to the HarbourView Royalties Fund I, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and Subject to Approval of VCERA Legal Counsel, 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 Ashby, seconded by Joe.

Vote: Motion carried

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

No: Horgan

Absent: Grass

Abstain: -

B. \$30 Million Commitment to Kennedy Lewis Capital Partners Master Fund III.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Kennedy Lewis Capital Partners Master Fund III Presentation: David Kennedy Chene, Darren Lewis Richman, And Ben Schryber.

Mr. Gallagher said both he and NEPC recommended a \$30 Million commitment to the Kennedy Lewis Capital Partners Master Fund III. The fund employed an opportunistic strategy, with a focus on strong collateral and loan covenants. They believed it was a differentiated opportunity that would continue to help diversify VCERA's private credit portfolio, while positioned to deliver attractive returns.

MOTION: Approve a Commitment of \$30 Million to the Kennedy Lewis Capital Partners Master Fund III, Opting for Fees on Committed Capital, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and 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 Goulet, seconded by Ashby.

Vote: Motion carried

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

No: -

Absent: Grass

Abstain: -

C. Preliminary Performance Report Month Ending December 31, 2022.

RECOMMENDED ACTION: Receive and File.

Chair Sedell asked Mr. Gallagher why the Performance Report from NEPC in the agenda materials was simply called, *Monthly Performance Report*, which was different from the agenda where it was listed as, *Preliminary Performance Report*.

Mr. Gallagher said that the report was based on preliminary data, and there would be a greater level of review of the data, once the Board received the Quarterly Report.

Chair Sedell then said that it was just a little confusing, so he asked if Mr. Gallagher could clarify exactly what kind of report it was going forward.

Trustee Joe left the meeting at 1:44 p.m.

Mr. Martin presented the Preliminary Performance Report for Month Ending December 31, 2022.

Trustee Long left the meeting at 1:51 p.m.

MOTION: Receive and File.

Moved by Goulet, seconded by Roberts.

Vote: Motion carried

Yes: Ashby, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell

No: -

Absent: Grass, Joe, Long

Abstain: -

After the vote on the agenda item, the Board advanced to item VII.A., "Reconsideration of Circumstances to Enable Board to Hold Meetings via Teleconference Under the Provisions of Government Code Section 54953, Subdivision (e)(1)(A), of the Ralph M. Brown Act, Due to State of Emergency and Authorize Continued Remote Teleconference Meetings."

VI. ACTUARIAL INFORMATION

A. Review and Approval of Annual Actuarial Valuation Report as of June 30, 2022 – Segal Consulting, Paul Angelo.

RECOMMENDED ACTION: Approve.

Time Certain at 9:00 a.m.

1. June 30, 2022 Actuarial Valuation Report.

Mr. Angelo and Ms. Calcagno presented Segal's Annual Actuarial Valuation Report as of June 30, 2022.

Trustee Ashby arrived at the meeting at 9:38 a.m., before the vote on the item.

MOTION: Approve Annual Actuarial Valuation Report as of June 30, 2022.

Moved by Roberts, seconded by Joe.

Vote: Motion carried

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

No: -

Absent: Grass

Abstain: -

B. Review of GAS 67 Actuarial Valuation Report as of June 30, 2022 – Segal Consulting, Paul Angelo.

RECOMMENDED ACTION: Receive and File.

1. June 30, 2022 GAS 67 Actuarial Valuation Report.

Mr. Angelo noted the report was governed by the Government Accounting Standards Board (GASB), and the report data would be incorporated into the Plan's financial statements, including the Annual Consolidated Financial Report (ACFR).

MOTION: Receive and File.

Moved by Joe, seconded by Ashby.

Vote: Motion carried

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

No: -

Absent: Grass

Abstain: -

C. VCERA Cost-of-Living Adjustments (COLA) as of April 1, 2023.

RECOMMENDED ACTION: Approve.

1. Actuary's Annual COLA Analysis.

Mr. Angelo and Ms. Calcagno then presented the Cost-of-Living Adjustments (COLA) as of April 1, 2023 report to the Board.

MOTION: Approve the Actuary's Annual COLA Analysis, as of April 1, 2023.

Moved by Joe, seconded by Roberts.

Vote: Motion carried

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

No: -

Absent: Grass

Abstain: -

After the vote on the agenda item, the Board returned to item IV.A, "Receive Annual Investment Presentation, LaSalle Income & Growth Fund VIII, Matthew Walley, and Joseph Munoz."

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)(1)(A), of the Ralph M. Brown Act, Due to State of Emergency and Authorize Continued Remote Teleconference Meetings.

1. Staff Letter from Retirement Administrator.
2. Letter from Dr. Robert Levin, Ventura County Health Officer.

Ms. Webb said the new 30-Day period would expire before the February 27, 2023 meeting, but staff had agendized it just in case the Board decided to schedule a Special meeting during that time. The Board would also need to approve a new 30-Day period as the first order of business at the February 27th meeting, so that they could hold that meeting in the same hybrid format, via teleconference or in person.

MOTION: Approve 30-Day Teleconferencing for the Period of January 23, 2022 – February 22, 2022.

Moved by Long, seconded by Joe.

Vote: Motion carried

Yes: Ashby, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell

No: -

Absent: Grass, Joe, Long

Abstain: -

VIII. NEW BUSINESS

A. Periodic Review of Board Policy: Education and Travel Policy.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.
2. Education and Travel Policy Proposed (Redline).
3. Education and Travel Policy Proposed (Clean).

Ms. Webb noted the proposed changes to the Education & Travel Policy, with the changes being the High and Low Per Diem cost for Meals & Beverages to match the updated IRS limits, as well as raising the tip amount to \$18.

Trustee Goulet remarked that because the policy was over a year old and given that the price of everything had gone up significantly, he believed that they should consider increasing the Meal & Beverage amounts.

Ms. Webb said that staff could bring the policy back so that the Board could review and consider the Meal & Beverage amounts further. However, she noted that there was a different limit for Meals & Beverages while traveling in High-Cost Areas.

Chair Sedell said that the Board could adopt the proposed changes now and have the policy brought back during the year to reconsider it or they could hold off on approving it, but the policy was due for review and approval.

Trustee Goulet then said that he would move to approve the proposed version of the policy, with the understanding that staff would be reviewing the meal costs.

MOTION: Approve Education and Travel Policy.

Moved by Goulet, seconded by Hernandez-Garcia.

Vote: Motion carried

Yes: Ashby, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell

No: -

Absent: Grass, Joe, Long

Abstain: -

Trustee Goulet said that many of VCERA's policies were overdue for review and requested that the Administrator to prepare a schedule for Board review and approval.

Ms. Webb said staff would prepare the schedule to bring to the Board for review, noting several policies would be brought in the first quarter of the year for review and approval.

B. Annual Appointment of Ad Hoc Personnel Review Committee for 2023.

1. Staff Letter from Retirement Administrator.

Chair Sedell noted that the Board needed to appoint a new Ad Hoc Personnel Review Committee to oversee the performance review process for the Retirement Administrator, General Counsel, and the Chief Investment Officer. He said that he believed that Trustee Grass, Trustee Joe, and Trustee Hoag were on the previous committee, and so he would like to ask Trustee Roberts if he would be willing to consider being the Chair of this year's Ad Hoc Personnel Committee, and for continuity, he felt that Trustee Hoag should also be appointed to the committee. Therefore, he just needed one Trustee to volunteer to join the committee.

Trustee Hoag said that because he had been on that committee for the last 10 or 11 years, he would prefer that another Trustee be given the chance to serve.

Trustee Ashby volunteered to join the committee.

Chair Sedell then said that because there were no other volunteers and because some of the Trustees were not present, he would appoint Trustee Ashby and Trustee Roberts, and name Trustee Roberts as Chair of the Ad Hoc Personnel Review Committee and bring the item back at the next meeting in February to appoint a third Trustee to the committee.

C. Consideration and Possible Action to Amend Section 813 of the VCERA Management Employees' Resolution.

1. Staff Letter from Retirement Administrator.

Ms. Webb explained that the proposed amendment to the VCERA Management Employees' Resolution was to one specific section, 813, and as the Board letter indicated after the five Executive Management Employees had become VCERA employees, they were not able to transfer their accrued vacation leave they earned as former employees of the County to VCERA. Since then, there had been an addition of subdivision (b)(2) to Government Code section 31522.10, and although the Board did approve some changes to the section at that time, the language could have been amended further to make it clearer; and, whenever the Resolution differed from the Government Code, the Government Code would take precedence. The issue just recently came up when VCERA hired the new Chief Operations Officer, who was previously employed by the County. Therefore, staff would like to align the Resolution to the Government Code to avoid confusion.

Chair Sedell asked if the new language would allow a former County employee who was hired by VCERA to bring over their accrued vacation time.

Ms. Webb said yes because it was already in the law, but if approved it would be specifically indicated in the Resolution.

Chair Sedell then asked if there were any objections from the County of Ventura.

Ms. Webb said the County had reviewed the proposed change and they interpreted the language regarding Labor Code 227.3 as saying that an employee who terminated employment with the County and was then hired by VCERA would not be eligible to transfer their accrued vacation time. However, if it were interpreted that way, then no one would ever qualify to bring over their accrued vacation time, therefore, if approved it would allow Ms. Herron to have her accrued vacation time transferred over and as well as any future hire that met the same criteria.

MOTION: Adopt the Proposed Amendment to Section 813 of the VCERA Management Employees' Resolution, Effective January 1, 2018.

Moved by Roberts, seconded by Goulet.

Vote: Motion carried

Yes: Ashby, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell

No: -

Absent: Grass, Joe, Long

Abstain: -

D. SACRS 2022-2023 Board of Director Nominations.

RECOMMENDED ACTION: No Action Recommended.

1. SACRS Notice.

Chair Sedell noted that because no action was required and there were no comments or questions from the other Trustees, the Board would move on to the next agenda item.

E. Retirement Administrator's Report for October - December 2022.

RECOMMENDED ACTION: Receive and file.

F. Quarterly Chief Investment Officer's Report for October - December 2022.

RECOMMENDED ACTION: Receive and file.

MOTION: Receive and File Retirement Administrator's Report for October – December 2022 & Quarterly Chief Investment Officer's Report for October – December 2022.

Moved by Goulet, seconded by Roberts.

Vote: Motion carried

Yes: Ashby, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell

No: -

Absent: Grass, Joe, Long,

Abstain: -

After the vote on the agenda item, the Board advanced to item, X., "Informational".

IX. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: One (1) Case.

The Board entered the Closed Session meeting at 11:00 a.m.

The Board returned to the Open Session meeting at 12:50 p.m., and returned to item V.A, "\$30 Million Commitment to HarbourView Royalties Fund I".

X. INFORMATIONAL

- A. 2023 CALAPRS General Assembly Notice and Agenda.
B. UBS News Flash – California Flooding Report.

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

Ms. Webb noted that the Annual Comprehensive Financial Report (ACFR) was scheduled to be presented to the Board at the combined meeting in February. Staff was also continuing to work with the County regarding their request for the special report from Segal regarding the Flex Credit Benefit.

Mr. Gallagher said that the Board had previously received a report from UBS, which stated that they did not sustain any damage from the recent rainstorms, and there was also no report of damage from either LaSalle or Prudential.

XIII. BOARD MEMBER COMMENT

Trustee Goulet said that VCERA's bylaws required that the minutes of a meeting be presented to the Board at the very next regular meeting, and given that the November 28 minutes were tabled, there were now 4 sets of minutes pending for Board approval.

Ms. Webb said she was aware and shared his concern; staff had recently discussed the issue, and staff was working to bring all pending minutes for review in advance of the next meeting.

XIV. ADJOURNMENT

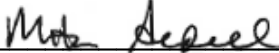
The Chairman adjourned the meeting at, 3:54 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



MIKE SEDELL, Chair