

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 15, 2019

MINUTES

TRUSTEES
PRESENT: William W. Wilson, Chair, Public Member
Robert Bianchi, Vice-Chair, Public Member
Steve Bennett, Public Member
Mike Sedell, Public Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member
Robert Ashby, Safety Member
Tracy Towner, Alternate Safety Member
Ed McCombs, Alternate Public Member

TRUSTEES
ABSENT: Steven Hintz, Treasurer-Tax Collector
Craig Winter, General Member

STAFF
PRESENT: Linda Webb, Retirement Administrator
Lori Nemiroff, County Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Leah Oliver, Chief Technology Officer
Shalini Nunna, Retirement Benefits Manager
Josiah Vencel, Communications Officer
Donna Edwards, Retirement Benefits Specialist
Nancy Jensen, Retirement Benefits Specialist
Chris Ayala, Program Assistant
Sierra Walsh, Office Assistant III-C

PLACE: Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 South Victoria Avenue
Ventura, CA 93003

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Chair Wilson called the Business Meeting of July 15, 2019 to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Chair Wilson said the Board would amend the agenda to hear item VII.A., "Application for Service-connected Disability Retirement - Dilley, Brian D.; Case No. 16-012," following the approval of the agenda.

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

MOTION: Approve as Amended.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, McCombs, Sedell, Towner, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

After voting on the item, the Board advanced to agenda item VII.A., "Application for Service-connected Disability Retirement - Dilley, Brian D.; Case No. 16-012."

III. APPROVAL OF MINUTES

A. Disability Minutes of July 1, 2019.

MOTION: Approve.

Moved by Bianchi, seconded by Ashby.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, McCombs, Sedell, Wilson

No: -

Absent: Hintz, Winter

Abstain: Towner

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of June 2019.

B. Receive and File Report of Checks Disbursed in June 2019.

C. Receive and File Budget Summary for FY 2018-19 Month Ending June 30, 2019.
(Preliminary)

MOTION: Receive and File.

Moved by Sedell, seconded by Ashby.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, McCombs, Sedell, Towner, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from Hexavest, Marc C. Lavoie, CPA, CA, CFA, and Robert Brunelle.

Marc C. Lavoie and Robert Brunelle were present on behalf of Hexavest to provide an organizational and investment performance update.

- B. Receive Annual Investment Presentation from Walter Scott, Margaret Foley.

Margaret Foley was present on behalf of Walter Scott to provide an organizational and investment performance update.

The Board took a break at 9:58 a.m.

The Board returned from break at 10:10 a.m.

VI. INVESTMENT INFORMATION

NEPC – Allan Martin.

VCERA – Dan Gallagher, Chief Investment Officer.

- A. Recommendation for \$50M Investment in HarbourVest Real Assets Fund IV.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.
2. Memorandum from NEPC.
3. HarbourVest Presentation, Mike Dean and Mark Radville.

Mr. Martin stated that NEPC had sought out a real assets manager to help guard against increases in inflation.

Trustee Bennett asked about HarbourVest's investment in renewable resources.

Mr. Dean replied that the fund is weighted toward oil but that its allocation to renewables is expected to increase with time.

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

MOTION: Approve Recommendation of \$50 Million Investment to HarbourVest Partners' Real Assets Fund IV and, Subject to Successful Contract Negotiations and Legal Approval, Authorize the Board Chair or the Retirement Administrator to Approve and Execute the Required Documentation.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, McCombs, Sedell, Towner, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

B. Preliminary Performance Report for Month Ending June 30, 2019.

RECOMMENDED ACTION: Receive and File.

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

MOTION: Receive and File.

Moved by Bianchi, seconded by Goulet.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, McCombs, Sedell, Towner, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

After voting on this item, the Board advanced to agenda item VII.B., "Recommendation to Approve New Contract with Brentwood I.T."

VII. OLD BUSINESS

A. Application for Service-connected Disability Retirement - Dilley, Brian D.; Case No. 16-012.

1. Application for Service-connected Disability Retirement, filed March 16, 2016.
2. Revised Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura, Risk Management, in support of the Application for Service-connected Disability Retirement, dated July 11, 2019.
3. Hearing Notice, dated July 9, 2019.

Ms. Webb reminded the Board that the disability case had been continued from the disability meeting on July 1, 2019 to allow Ventura County Risk Management to submit an amended report.

Steve Roberson, Attorney at Law, and Catherine Laveau were present on behalf of the County of Ventura, Risk Management. Thomas J. Wicke, Attorney at Law, was present on behalf of the applicant, Brian D. Dilley, who was also present.

Both parties declined to make statements.

Trustee Goulet asked the Applicant and his attorney why an MRI in 2014 was not discussed by the treating physicians or mentioned in Risk Management's report.

Mr. Wicke said that after the test was completed, the Applicant was referred to an orthopedist, Dr. Armstrong.

Trustee Goulet noted that Dr. Armstrong had not commented on the MRI in the report when making his conclusion, nor did the other physician. He then asked why Mr. Roberson had not asked the physicians about the "unusual and complex spinal condition," as noted in the report, particularly as one said the Applicant had no non-industrial conditions.

Mr. Roberson said he was not in a position to make requests of those physicians for supplemental reports or documentation. Instead, the film was forwarded to Dr. Steven Rothman, a neuroradiologist, for review and comment.

Trustee Goulet remarked again about the physician's statement that there were no non-industrial conditions to consider for the applicant.

Mr. Roberson thought it was significant that the physicians did not consider the MRI reports and findings, as he believed it made their reports non-substantial medical evidence in the context of a retirement case, which requires evidence of a real and measurable connection between employment and the disability. Consequently, he subpoenaed the MRI records and retained Dr. Rothman to review them for Risk Management.

Trustee Goulet noted that Dr. Rothman made no finding about the Applicant's condition or his position as a firefighter.

Mr. Roberson responded that, as a neuroradiologist, Dr. Rothman does not physically examine a patient in retirement cases, but rather analyzes medical scans to determine the nature and cause of an injury. Additionally, Dr. Rothman typically provides additional explanation to Mr. Roberson verbally. In this case, Dr. Rothman said the Applicant unquestionably had a tethered spinal cord and spina bifida, that the MRI findings from 2014 to 2015 showed that the Applicant had suffered from a serious extruded disc, and that the medical findings were consistent with the Applicant's testimony regarding the incident that resulted in the injury that prevented the Applicant from continuing work as a firefighter.

Trustee Goulet said he was referring to Risk Management's incomplete report that had been given to the Board, not what Mr. Roberson knew after meeting with Dr. Rothman, though he believed that information should have been included in the report for the Board to consider.

Mr. Roberson said the Applicant's injury occurred on or around July 12, 2015 and that Dr. Rothman does not review a patient's job analysis. Based on the extruded disc and surgery, Mr. Roberson believed any medical specialist would have concluded that the applicant was permanently incapacitated from work as a Battalion Chief, thus making an independent evaluation unnecessary.

Trustee Goulet opined that the reports did not supply substantial evidence from the treating physicians regarding permanent incapacitation.

Mr. Roberson noted that the two medical reports from Drs. Armstrong and Pelton gave the Applicant clear work restrictions (e.g., not lifting more than 25 pounds), thereby showing that the Applicant was permanently incapacitated from performing his job duties. Further, while those reports did not discuss the real and measurable connection for retirement purposes, Mr. Roberson believed Dr. Rothman's report demonstrated this connection by relating the tethered spinal cord and spina bifida to the Applicant's herniated disk and work restrictions.

Chair Wilson acknowledged trustee Goulet's concern that the Board had not received a complete report from Risk Management, but he believed that the information presented to the Board by Mr. Roberson was sufficient to make a decision.

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

MOTION: Approve the Application for Service-Connected Disability Retirement.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, McCombs, Sedell, Towner, Wilson

No: Goulet

Absent: Hintz, Winter

Abstain: -

Trustee Goulet said he voted against the motion because he believed the Board needed to rely on complete written reports rather than oral statements.

After voting on this item, the Board returned to item III.A., "Disability Minutes of July 1, 2019."

B. Recommendation to Approve New Contract with Brentwood I.T.
RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. Memorandum from Chief Technology Officer.
3. Proposed Contract.

Ms. Webb said that General Counsel had reviewed the contract, which would increase the Contract I.T. expense in the operational budget that the Board had previously approved, with funding coming from contingency. She added that Mr. Ford's technology expertise would be invaluable during the upcoming office renovation.

Mr. Goulet asked if Brentwood I.T. was a valid independent contractor. Staff replied that Mr. Ford meets the independent contractor criteria and serves other clients.

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

MOTION: Authorize the Retirement Administrator to Execute the Proposed Contract with Brentwood I.T. in FY 2019-2020 for an Amount Not to Exceed \$160,000.

Moved by Ashby, seconded by Bianchi.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, McCombs, Sedell, Towner, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

C. Update on Mr. Towner's Civil Service Commission Proceedings.

Ms. Webb reported that Mr. Towner had been reinstated to the Board of Retirement, as described in a memorandum that was distributed to trustees prior to the Board meeting.

VIII. NEW BUSINESS

A. Recommendation to Approve Payment for Waiver of Recourse, Fiduciary Liability Insurance, FY 2019/20.

RECOMMENDED ACTION: Approve.

1. Staff Letter by C.F.O., Henry Solis.

2. Binder of Insurance.

Ms. Webb said this annual agenda item consisted of the Fiduciary Liability Policy and the Waiver of Recourse, which costs \$100 in total and must be paid by the sitting members of the Board, not by VCERA.

Trustee Goulet left the meeting at 11:00 a.m., before the vote on this item.

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

MOTION: Receive and File.

Moved by Bennett, seconded by Sedell.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, McCombs, Sedell, Towner, Wilson

No: -

Absent: Goulet, Hintz, Winter

Abstain: -

B. Recommendation to Approve Retirement Administrator, Linda Webb, to Attend the CALAPRS Administrators' Institute in Carmel, CA, September 25 – 27, 2019.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

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

MOTION: Approve.

Moved by Ashby, seconded by Bianchi.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, McCombs, Sedell, Towner, Wilson

No: -

Absent: Goulet, Hintz, Winter

Abstain: -

- C. Recommendation to Authorize C.F.O., Henry Solis, to Attend the 2019 Public Pension Financial Forum (P2F2) Conference, Salt Lake City, UT, October 20 – 23, 2019.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. P2F2 2019 Conference Schedule at a Glance – Draft.

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

MOTION: Approve.

Moved by Sedell, seconded by Ashby.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, McCombs, Sedell, Towner, Wilson

No: -

Absent: Goulet, Hintz, Winter

Abstain: -

- D. Request for Authorization for Attendance for Due Diligence Visits to Adams Street and Parametric.

RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.

Mr. Gallagher asked trustees interested in attending the on-site meetings to contact him.

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

MOTION: Approve Request for C.I.O. and Up to Two Trustees to Conduct On-Site Due Diligence Visits to Adams Street in Chicago and Parametric in Minnesota.

Moved by Bennett, seconded by Sedell.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, McCombs, Sedell, Towner, Wilson

No: -

Absent: Goulet, Hintz, Winter

Abstain: -

- E. Quarterly Retirement Administrator's Report for April – June 2019.

RECOMMENDED ACTION: Receive and File.

- F. Quarterly Chief Investment Officer's Report for April – June 2019.

RECOMMENDED ACTION: Receive and File.

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

MOTION: Receive and File the Retirement Administrator's and C.I.O.'s Quarterly Reports for April – June 2019.

Moved by Bianchi, seconded by Ashby.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, McCombs, Sedell, Towner, Wilson

No: -

Absent: Goulet, Hintz, Winter

Abstain: -

IX. INFORMATIONAL

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Mr. Gallagher said he booked Paul Podolsky from Bridgewater Associates as a presenter at the Board retreat in September. Mr. Podolsky's presentation will focus on China's politics, economics and trade.

Ms. Webb said that VCERA's fiduciary counsel would present at the retreat on the Board's legal and fiduciary responsibilities regarding the disability retirement process. She believed the presentation would be helpful and timely, given that staff and the Board had been working to improve the disability process. Also, Ms. Webb noted that a General member special election was underway to fill the vacant Board seat.

XII. BOARD MEMBER COMMENT

None.

XIII. ADJOURNMENT

The Chair adjourned the meeting at 11:07 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



WILLIAM W. WILSON, Chairman