

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

JUNE 17, 2019

#### MINUTES

**TRUSTEES**  
**PRESENT:** William W. Wilson, Chair, Public Member  
Robert Bianchi, Vice-Chair, Public Member  
Steve Bennett, Public Member  
Dan Shapiro, General Member  
Arthur E. Goulet, Retiree Member  
Will Hoag, Alternate Retiree Member  
Robert Ashby, Safety Member

**TRUSTEES**  
**ABSENT:** Steven Hintz, Treasurer-Tax Collector  
Mike Sedell, Public Member  
Craig Winter, General Member  
Ed McCombs, Alternate Public 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  
Josiah Vencel, Communications Officer  
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 June 17, 2019 to order at 9:01 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Bianchi, seconded by Goulet.

Vote: Motion carried

Yes: Ashby, Bianchi, Goulet, Shapiro, Wilson

No: -

Absent: Bennett, Hintz, McCombs, Sedell, Winter

Abstain: -

III. APPROVAL OF MINUTES

A. Disability Meeting of June 3, 2019

MOTION: Approve.

Moved by Bianchi, seconded by Shapiro.

Vote: Motion failed, due to lack of quorum voting.

Yes: Ashby, Bianchi, Shapiro, Wilson

No: -

Absent: Bennett, Hintz, McCombs, Sedell, Winter

Abstain: Goulet

Trustee Goulet said he abstained because he was not present at the June 3, 2019 meeting.

IV. CONSENT AGENDA

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

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

C. Receive and File Budget Summary for FY 2018-19 Month Ending May 31, 2019.

D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments, Cash and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending May 31, 2019.

MOTION: Receive and File.

Moved by Goulet, seconded by Ashby.

Vote: Motion carried

Yes: Ashby, Bianchi, Goulet, Shapiro, Wilson

No: -  
Absent: Bennett, Hintz, McCombs, Sedell, Winter  
Abstain: -

V. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Parametric, Justin Henne.

Justin Henne was present on behalf of Parametric to provide an organizational and investment performance update.

Trustee Bennett arrived at 9:16 a.m.

VI. INVESTMENT INFORMATION

NEPC – Tony Ferrara.  
VCERA – Dan Gallagher, Chief Investment Officer.

A. Request to Approve BlueBay's Private Debt Business Spin-Out.  
**RECOMMENDED ACTION: Approve.**

1. Staff Letter by C.I.O., Dan Gallagher.
2. Memorandum from NEPC.
3. Press Release.

Mr. Gallagher believed the biggest risk to the spin-out would be if BlueBay did not make or purchase good loans, though the investor's eight-year track record in private credit had been very good.

Mr. Ferrara said the BlueBay spin-out will keep its loan-making investment team together while properly incentivizing team members and providing them with business autonomy.

Trustee Bennett said the proposal was a small experiment in VCERA exploring the alternative investment market, and there appeared to be reasonable safeguards.

Chair Wilson said the BlueBay spin-out would take VCERA into the private debt market, which NEPC had been recommending to the Board for a long time.

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

MOTION: Approve Consent to BlueBay's Private Debt Business Spin-Out as a New Entity, and Authorize the Board Chair or Retirement Administrator to Execute the Enabling Documents When They Became Available.

Moved by Shapiro, seconded by Bianchi.

Vote: Motion carried  
Yes: Ashby, Bennett, Bianchi, Goulet, Shapiro, Wilson  
No: -  
Absent: Hintz, McCombs, Sedell, Winter

Abstain: -

- B. Preliminary Performance Report for Month Ending May 31, 2019.  
**RECOMMENDED ACTION: Receive and File.**

Mr. Ferrara observed that December 2018 and May 2019 were difficult months for investors; he did not expect VCERA to reach its 7.25% assumed rate in this fiscal year. He noted that buying insurance to guard against a downturn is expensive and that diversification is key to meeting investment objectives.

Mr. Gallagher added that VCERA is trying to expand its value managers, including hiring the best managers for its private debt allocation.

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

MOTION: Receive and File.

Moved by Bennett, seconded by Shapiro.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, Shapiro, Wilson

No: -

Absent: Hintz, McCombs, Sedell, Winter

Abstain: -

## VII. OLD BUSINESS

- A. Update to Budget with Positions Approved by Board.  
**RECOMMENDED ACTION: Receive and File.**

1. Staff Letter by C.F.O., Henry Solis.
2. Adopted Budget.

Ms. Webb reminded the Board that at the May 20, 2019 Business Meeting, it had approved the fiscal year 2019-20 operating budget and directed staff to add two full-time equivalent positions, which had been withdrawn by staff, to the adopted budget. Staff was returning with an updated budget that included an additional appropriation for the new positions.

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

MOTION: Receive and File the Adopted 2019-20 Operating Budget.

Moved by Goulet, seconded by Bennett.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, Shapiro, Wilson

No: -

Absent: Hintz, McCombs, Sedell, Winter

Abstain: -

VIII. NEW BUSINESS

A. Recommendation for Approval of Office Renovation Budget.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter.
2. Projected Renovation Budget.

Ms. Webb introduced Anne Barronton of CBRE as the consulting project manager for the office renovation. She said that in the agenda materials, staff listed which renovation plan items were necessary and which were recommended upgrades, particularly in the area of technology. Ms. Webb noted that the updated renovation budget included contingency amounts. She also said that Trustee Goulet had provided questions and comments about the renovation budget over the weekend.

Trustee Goulet said that staff had answered most of his questions. He expressed dissatisfaction that the boardroom furniture would not be updated.

Ms. Webb replied that boardroom furniture and technology would be upgraded to make the room more versatile, including hosting educational events for members. Also, she noted that staff had reserved the multi-purpose room at the Government Center to hold VCERA's Board meetings during the renovation.

Chair Wilson asked Ms. Barronton what potential problems she would help VCERA mitigate and how long the renovation project would last.

Ms. Barronton replied that she would establish and monitor the budget, mitigate legal risks with vendors and maintain the project schedule. She estimated that based on current information, the office renovation could be completed by the end of the calendar year.

Trustee Goulet expressed concern about the impact of U.S. tariffs on the renovation budget.

Ms. Webb said that staff inquired into this issue with the recommended contractor, but they did not identify additional project costs due to tariffs.

Trustee Bennett remarked that his priorities for the boardroom renovation were to improve audio-video technology and to make the room more functional.

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

**MOTION:** Approve the Recommended Project Cost Plan; Authorize the Retirement Administrator to Award the Construction Contract to the Lowest Responsible General Contractor and Issue a Joint Letter of Intent with M.F. Daily; and Authorize an Adjustment to the FY 2019-20 Budget to Increase Capitalized Structures to \$1,184,000.

Moved by Bianchi, seconded by Shapiro.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, Shapiro, Wilson

No: -

Absent: Hintz, McCombs, Sedell, Winter

Abstain: -

Ms. Webb added that staff welcomed Real Estate Committee members and any other trustee to monitor the progress of the renovation project.

B. Recommendation for Approval for Trustee Ashby to Attend the CALAPRS Principles of Pension Governance for Trustees, Pepperdine University, August 26 - 29, 2019.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter.
2. CALAPRS Principles of Pension Governance for Trustees Packet.

Ms. Webb said the travel request for Trustee Ashby was to attend a course that was recommended for new trustees.

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

MOTION: Approve.

Moved by Bianchi, seconded by Goulet.

Vote: Motion carried

Yes: Ashby, Bennett, Bianchi, Goulet, Shapiro, Wilson

No: -

Absent: Hintz, McCombs, Sedell, Winter

Abstain: -

**IX. INFORMATIONAL**

**X. PUBLIC COMMENT**

None.

**XI. STAFF COMMENT**

Ms. Webb said that staff would soon present to the Board proposed revisions to its Education & Travel Policy. Staff also was developing a New Trustee Orientation video for new Board members. She said that she and Ms. Nemiroff had met last Friday with the County of Ventura to discuss the three remaining issues of disagreement regarding VCERA's Bylaws, as instructed by the Board, and she believed they had made moderate progress. She and Ms. Nemiroff had made an offer of compromise at the end of the meeting, which the County said they would consider and get back to VCERA.

**XII. BOARD MEMBER COMMENT**

Trustee Goulet noted that the Board had previously considered giving the County of Ventura a discount for early payment of its retirement contributions, and he would like the Board to have another discussion about the impact of such a discount on VCERA.

Ms. Webb remarked that this issue had been examined by other CERL systems, including how quickly the funds could be deployed after receipt. She offered to request surveys from her CERL peers for the Board to consider.

Trustee Bennett was not sure how much VCERA would benefit from receiving an early contribution from the County of Ventura, but he noted that it would benefit the County.

Chair Wilson said the issue was one the Board needed to examine carefully. There would normally be a benefit to receiving the funds earlier, but there was also a risk because VCERA was committed to paying the assumption rate.

Trustee Shaprio informed the Board that on May 29, 2019, he received notice that he was being laid off from the Ventura County Health Care Agency due to cost-cutting measures. As a result, he believed it would be in the best interest of VCERA for him to resign his seat on the Board of Retirement, effective July 1, 2019, unless the Health Care Agency reversed its decision.

Chair Wilson thanked Trustee Shapiro for his service on the Board.

**XIII. ADJOURNMENT**

The Chair adjourned the meeting at 10:10 a.m.

Respectfully submitted,



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LINDA WEBB, Retirement Administrator

Approved,



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WILLIAM W. WILSON, Chairman

