

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

OCTOBER 18, 2021

MINUTES

**TRUSTEES
PRESENT:**

Mike Sedell, Chair, Public Member
Arthur E. Goulet, Vice-Chair, Retiree Member
Steven Hintz, Treasurer-Tax Collector
Cecilia Hernandez-Garcia, General Employee Member
Aaron Grass, Safety Employee Member
Kelly Long, Public Member
Tommie E. Joe, Public Member
Sim Tang-Paradis, Public Member
Will Hoag, Alternate Retiree Member

**TRUSTEES
ABSENT:**

Robert Ashby, Alternate Safety Employee Member
Jordan Roberts, General Employee Member

**STAFF
PRESENT:**

Linda Webb, Retirement Administrator
Henry Solis, Chief Financial Officer
Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
Leah Oliver, Chief Technology Officer
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 Disability meeting of October 4, 2021, to order at 9:00 a.m.

Roll Call:

Trustees Present: Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Steven Hintz, Tommie Joe, Kelly Long, Sim Tang-Paradis, Will Hoag, Mike Sedell.

Trustees Absent: Robert Ashby, Jordan Roberts

II. APPROVAL OF AGENDA

Chair Sedell suggested that the Board move agenda item VIII.C., *Quarterly Retirement Administrator's Report for July - September 2021* to a future meeting, since the Retirement Administrator had recently been out of the office and recovering from a medical procedure.

MOTION: Move Agenda Item VIII.C., Quarterly Retirement Administrator's Report for July - September 2021 to a Future Meeting.

Moved by Goulet seconded by Tang-Paradis

Vote: Motion carried

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

No: -

Absent: Roberts

Abstain: -

III. APPROVAL OF MINUTES

A. Business Meeting Minutes of September 27, 2021.

MOTION: Approve the Minutes for the Business Meeting of September 27, 2021.

Moved by Grass seconded by Long

Vote: Motion carried

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

No: -

Absent: Roberts

Abstain: -

B. Disability Meeting Minutes of October 4, 2021.

MOTION: Approve the Minutes for the Disability Meeting of October 4, 2021.

Moved by Long seconded by Joe

Vote: Motion carried

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

No: -

Absent: Roberts

Abstain: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of September 2021.

B. Receive and File Report of Checks Disbursed in September 2021.

Chair Sedell asked if it was possible for staff to place the meeting minutes in the consent agenda to make the meeting more efficient and get rid of excessive roll call voting.

Ms. Nemiroff responded that she believed the minutes could be approved on the consent agenda.

Trustee Long said that Chair Sedell should check with County Counsel to see if there would be an issue, since many of the meetings that she has attended did not approve minutes during the Consent Agenda, but if it was possible, she was not opposed to the suggestion.

Chair Sedell then asked Ms. Nemiroff, as the Board's counsel, could research to see if there were any issues with moving the approval of the minutes to the consent agenda section.

MOTION: Receive and File.

Moved by Joe seconded by Goulet

Vote: Motion carried

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

No: -

Absent: Roberts

Abstain: -

V. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Presentation from Abbott Capital Management, Young Lee, Matthew Smith and Arianna Merrill.

Young Lee, Matthew Smith and Arianna Merrill reviewed Abbott Capital Management's organizational changes and discussed the firm's investment outlook, pacing plan, portfolio strategy, composition, and performance. Presenters also responded to questions from the Trustees.

B. Receive Annual Investment Presentation from Reams Asset Management, Clark W. Holland.

Clark W. Holland reviewed Reams Asset Management's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and performance. Mr. Holland also responded to questions from the trustees.

C. Receive Annual Presentation from Western Asset Management, Henry P. Hamrock and Julien Scholnik.

Henry P. Hamrock and Julien Scholnik reviewed Western Asset Management's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and performance. Presenters also responded to questions from the trustees.

VI. INVESTMENT INFORMATION

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

A. \$30 Million Investment in Monroe Capital Private Credit Fund IV.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Monroe Capital Private Credit Fund IV Presentation: R. Sean Duff and Chris Lund.

Mr. Gallagher said that Monroe Capital was a high-quality direct lending manager. In addition, VCERA had committed \$25 million to Monroe's predecessor fund, Private Credit Fund III, which had achieved top quartile performance to-date. To continue building out VCERA's private credit portfolio toward its targeted allocation, he and NEPC jointly recommended a \$30 million commitment to Monroe Capital's Private Credit Fund IV.

MOTION: Approve a Commitment of \$30 Million to Monroe Capital Private Credit Fund IV, 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 Joe

Vote: Motion carried

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

No: -

Absent: Roberts

Abstain: -

B. Receive Annual Presentation by Abbott Capital Management and NEPC of CA Govt. Code Section 7514.7 Annual Report.
RECOMMENDED ACTION: Receive and File.

Mr. Gallagher noted that this item was to satisfy the California Govt. Code Section 7514.7 requirement to present a report in an open public meeting of prescribed alternative investments information. During the previous year's presentation, the Board had asked that the mandatory disclosure reports produced by Abbot Capital Management and NEPC be combined in a single report.

MOTION: Receive and File.

Moved by Grass seconded by Long

Vote: Motion carried

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

No: -
Absent: Roberts
Abstain: -

- C. Proposed Letter to the Securities and Exchange Commission Regarding Fee Reporting Rule.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.

Mr. Gallagher reported that the Institutional Limited Partners Association (ILPA) was sponsoring a letter to the Securities and Exchange Commission (SEC) in support of required fee disclosure for all registered SEC listed funds to all investors in those funds and had asked its members to join their letter. For VCERA, such a requirement would eliminate a bargaining hurdle and would also help to level the playing field for VCERA's access to high demand funds. Therefore, he recommended that the Board support the ILPA sponsored initiative by joining their letter.

MOTION: Approve Staff's Recommendation for the Board to Approve the Use of VCERA's Name on a Letter Sponsored by ILPA to the SEC Chair in Support of Required Fee Reporting for all Investors in SEC Registered Private Funds.

Moved by Tang-Paradis seconded by Joe

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

- D. Preliminary Performance Report Month Ending September 30, 2021.
RECOMMENDED ACTION: Receive and File.

Mr. Martin presented the Preliminary Performance Report for September 30, 2021.

MOTION: Receive and File.

Moved by Joe seconded by Tang-Paradis

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

VII. OLD BUSINESS

- A. None.

VIII. NEW BUSINESS

- A. Periodic Review of Board Policy: Business Policy Development Process Policy.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.
2. Business Policy Development Process Policy Proposed (Redline).
3. Business Policy Development Process Policy Proposed (Clean).

Ms. Webb provided a correction to the title of the item on the agenda. She explained that the title should be, Board Policy Development Process, instead of Business Policy.

Shawn Atin, Human Resources Director, and Assistant County Executive Officer for County of Ventura, provided public comment. Mr. Atin thanked Supervisor Long for allowing him to provide some feedback on the policy. The only feedback he had that pertained to the policy was in Section II, where he believed that the inclusion of language that read, "Request input from stakeholders" should be added to the general role of the Retirement Administrator in the policy development process. He believed that it should be included in the spirit of collaboration with the goal of having increased communication between major stakeholders, and to improve the efficiencies and effectiveness to the policy development process.

Ms. Webb responded that she took input from stakeholders very seriously and that the Brown Act entitled the County and any other stakeholder to provide input on any matter that came before the Board. Since the policy dictated the process for all of VCERA's policies, the County's proposed language would essentially mandate the Board to not act on any of its policies until they actively solicited input. Staff viewed such a mandate as being inappropriate and inconsistent with the Board's plenary authority. It was staff's recommendation that the proposed language from the County should not be added to the policy since input was already being received from the public efficiently and given the fact that VCERA was transparent by posting its policies so that they were readily available to the public.

Chair Sedell stated that the Board received input from the public and from the Retirement Administrator as well as other sources. He also noted that when there was an item that was being presented to the Board the elected Board members would speak to the unions, while the publicly appointed Board members would speak with the County on the item. So, there was an ongoing dialogue between the major stakeholders. He also noted that typically the heads of organizations have a sense of where their stakeholders stand on certain issues and then communicate that to their Boards, and he believed that Ms. Webb was already doing that. He also recognized the County as a major VCERA stakeholder, and while he agreed with Mr. Atin's comment regarding the important relationship between the County and VCERA, he believed that if they had a good partnership, they would each know where each other stood on any policy development and would therefore not require a formal procedure.

Trustee Long responded that while she agreed with Chair Sedell, she was unsure if staff's recommendation was an issue. She then asked Mr. Atin if he had a reply to Ms. Webb comments.

Mr. Atin responded that there were instances where VCERA wished to make changes to certain matters or modifications to policies which may have ramifications to its stakeholders. Often the County was informed by VCERA's staff shortly before a Board meeting of a change or update on an issue that the County had concerns about. He then asked how their relationship could be considered important if the two parties were having a dialogue on the fly. Also, from the County's perspective, VCERA's staff may have had weeks or months to prepare for a case or an issue that would go before the Board, whereas the County and unions might be notified one business day before the Board meeting.

Trustee Long noted that the reason for the suggested additional language was to remind future Board members and staff of the need for communication between VCERA and its stakeholders.

Chair Sedell remarked that many boards post a preliminary agenda to allow advance notice of agenda items.

Ms. Webb said that from an Administrative perspective, staff's job was to protect the Board and its autonomy, in light of the Board's fiduciary duty and plenary authority over the plan. So, in good conscience she could not recommend something that would reduce or dilute the Boards authority in any way. However, if the Board had a policy that was coming up for review where they specifically wanted more notice given to the stakeholders, then staff would absolutely follow the Board's direction.

Trustee Hintz stated that all stakeholders were represented by the 8 voting Board members. There were 4 Board members that were appointed by the Board of Supervisors, so the County was well represented on the Board. The employees also elected 4 Board members that represent the general and safety members as well as their unions. Therefore, everyone was represented, and they were all given the same notice on upcoming items. So, he did not believe that the Board should require staff to provide an outreach to the stakeholders that were already represented on the Board.

Trustee Goulet commented that he agreed with the comments made by Trustee Hintz. He felt the appropriate time to deal with the communication issue between the Retirement Administrator to the stakeholders was in the Charter for the Retirement Administrator and not in the Board Policy Development Process policy. Also, the State constitution stated that the Board had exclusive and sole authority for the administration of the system and the Board and staff should not be obligated to seek input on issues that the Retirement Administrator believed were solely in the purview of the Board; although, there may be certain items where it may be beneficial to get input. Therefore, he fully supported staff's recommendation.

Trustee Joe noted that in Section IV, Process Review, the policy stated that it would be reviewed every 3 years, however the last time the policy was reviewed was in 2016. He then asked if there was anything that would be put in place to ensure that the Board could review them in a timelier manner.

Ms. Webb responded that she was working on that issue and although the Board had a monitoring policy, she would be working with the Board Clerk to create a mechanism that would automatically provide a notice 3 months in advance of a deadline for a policy. This would remind staff so that they can notify the Board in advance of a policy review deadline.

Trustee Goulet noted that he had sent Ms. Webb a couple of emails to remind her that the Board was behind in reviewing a few policies, however everyone needed to remember that for the past year and quarter staff had been overwhelmed in dealing with the implementation of the Alameda Decision.

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

MOTION: Approve Proposed Changes to the Board Policy Development Process.

Moved by Goulet seconded by Grass

Vote: Motion carried

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

No: -

Absent: Roberts
Abstain: -

B. SACRS Business Meeting Agenda Items.
RECOMMENDED ACTION: Give Direction to Voting Delegate.

1. Legislative Proposal Materials for the November 12, 2021 SACRS Business Meeting.
2. SACRS Fall Conference 2021 Preliminary Agenda.

Ms. Webb said that since the Board had given the voting delegates direction at the previous meeting, the item should be informational only and did not require action from the Board.

C. Quarterly Retirement Administrator's Report for July - September 2021.
RECOMMENDED ACTION: Receive and File.
To be Provided.

The item was withdrawn from the agenda during item, II., "Approval of Agenda".

D. Quarterly Chief Investment Officers Report for July - September 2021.
RECOMMENDED ACTION: Receive and File.

Trustee Goulet said that he would like Mr. Gallagher to add a note in his future quarterly reports that distinguished the investment commitments that were made by Abbott versus the investment commitments made by the Board.

Chair Sedell said that it seemed like a reasonable request and he was sure that Mr. Gallagher could accommodate it.

Mr. Gallagher confirmed that he could accommodate Trustee Goulet's request.

MOTION: Receive and File.

Moved by Goulet seconded by Joe

Vote: Motion carried

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

No: -

Absent: Roberts

Abstain: -

IX. INFORMATIONAL

A. SACRS Legislative Update – October 2021.

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Nemiroff commented in response to Chair Sedell's earlier question regarding whether it was possible to have the approval of the minutes added to the Consent Agenda items, VCERA's bylaws

stated, "the minutes shall be presented to the Board for approval at the next meeting", but there was nothing in the bylaws that required that the minutes be approved as an item on the regular agenda rather than as a consent item. In addition, there was also nothing in the Brown Act that specifically required that the minutes be approved in an open meeting. Therefore, she saw no initial reason why the minutes could not be included in the consent agenda. She also stated that staff could also put a notice on the agenda that said that any items that were listed under the consent agenda could be moved to the regular agenda if there were any changes or discussions regarding an item.

Chair Sedell said that if anyone had suggestions for changes to the minutes, they could speak to the Retirement Administrator prior to the meeting.

Ms. Webb suggested that for at least the first few meetings, staff may note on the agenda that the minutes had been moved to the consent agenda, so that the public would know where to find them.

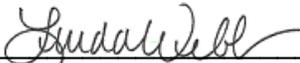
XII. BOARD MEMBER COMMENT

None.

XIII. ADJOURNMENT

The Chair adjourned the meeting at 11:24 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



MIKE SEDELL, Chair