

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY & BUSINESS MEETING

APRIL 15, 2019

#### MINUTES

**TRUSTEES  
PRESENT:** William W. Wilson, Chair, Public Member  
Steven Hintz, Treasurer-Tax Collector  
Steve Bennett, Public Member  
Dan Shapiro, General Member  
Will Hoag, Alternate Retiree Member  
Ed McCombs, Alternate Public Member

**TRUSTEES  
ABSENT:** Robert Bianchi, Vice-Chair, Public Member  
Mike Sedell, Public Member  
Craig Winter, General Member  
Arthur E. Goulet, Retiree Member

**STAFF  
PRESENT:** Linda Webb, Retirement Administrator  
Lori Nemiroff, General Counsel  
Dan Gallagher, Chief Investment Officer  
Julie Stallings, Chief Operations Officer  
Leah Oliver, Chief Technology Officer  
Josiah Vencel, Communications Officer  
Donna Edwards, Retirement Benefits Specialist  
Nancy Jensen, Retirement Benefits Specialist  
Chris Ayala, Program Assistant  
Sierra Walsh, Office Assistant

**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 Disability & Business Meeting of April 15, 2019 to order at 9:01 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Approve.

Moved by Bennett, seconded by McCombs.

Vote: Motion carried

Yes: Bennett, Hintz, Hoag, McCombs, Wilson

No: -

Absent: Bianchi, Goulet, Sedell, Shapiro, Winter

Abstain: -

**III. APPROVAL OF MINUTES**

A. Business Meeting of March 25, 2019.

MOTION: Approve.

Moved by McCombs, seconded by Bennett.

Vote: Motion carried

Yes: Bennett, Hintz, Hoag, McCombs, Wilson

No: -

Absent: Bianchi, Goulet, Sedell, Shapiro, Winter

Abstain: -

Trustee Shapiro arrived at 9:02 a.m.

**IV. CONSENT AGENDA**

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

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

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

MOTION: Receive and File.

Moved by Hoag, seconded by Bennett.

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

V. DISABILITY APPLICATION STATUS REPORT

- A. Pending Disability Application Status Report, Updated April 8, 2019.  
**RECOMMENDED ACTION: Receive and File.**

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

MOTION: Receive and File.

Moved by McCombs, seconded by Hoag.

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

- B. Request for Feedback on Proposed New Format for Disability Status Report.
1. Staff Letter from Retirement Benefits Specialist, Donna Edwards.
  2. Proposed New Disability Status Format Excerpt.

Ms. Webb said that staff received suggestions from Trustee Goulet regarding the formatting the disability status report had. The suggested edits were incorporated into the provided example for consideration and further which could be forwarded to staff.

VI. APPLICATIONS FOR DISABILITY RETIREMENT

- A. Application for Service-connected Disability Retirement - Fernandez, Renato N.; Case No. 15-009.
1. Application for Service-connected Disability Retirement, filed April 22, 2015.
  2. 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 April 2, 2019.
  3. Hearing Notice, dated April 3, 2019.

Steve Roberson, Attorney at Law, and Catherine Laveau were present on behalf of the County of Ventura, Risk Management. Laurence D. Grossman, Attorney at Law, was present on behalf of the applicant, Renato N. Fernandez, who was also present.

Mr. Grossman said he agreed with the recommendation by County of Ventura Risk Management.

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

MOTION: Approve Application for Service-Connected Disability Retirement.

Moved by Hintz, seconded by McCombs.

Vote: Motion carried

Yes: Bennett, Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bianchi, Goulet, Sedell, Winter

Abstain: -

Both parties agreed to waive the preparation of findings of fact and conclusions of law.

B. Application for Nonservice-connected Disability Retirement - Rodriguez, Catherine D.; Case No. 18-021.

1. Application for Nonservice-connected Disability Retirement, filed July 24, 2018.
2. Staff Letter.
3. Disability Retirement Evaluation Report, including Supporting Medical Documentation, submitted by LACERA, in support of the Application for Nonservice-connected Disability Retirement, received by VCERA on March 11, 2019.
4. Hearing Notice, dated March 28, 2019.

Ms. Edwards said that Ms. Rodriguez was unable to attend the meeting, but that the applicant understood and agreed with LACERA's report.

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

MOTION: Approve Application for Nonservice-Connected Disability Retirement.

Moved by Bennett, seconded by Shapiro.

Vote: Motion carried

Yes: Bennett, Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bianchi, Goulet, Sedell, Winter

Abstain: -

Ms. Nemiroff said that Ms. Edwards would send the applicant a form to waive the preparation of findings of fact and conclusions of law.

C. Application for Service-connected Disability Retirement - Gonzalez, Carmen M.; Case No. 15-028.

1. Memorandum from General Counsel, Lori Nemiroff.
2. Documents Identified in Memorandum to Board of Retirement from General Counsel, dated April 10, 2019
3. Hearing Notice, dated April 2, 2019.

Steve Roberson, Attorney at Law, and Catherine Laveau were present on behalf of the County of Ventura, Risk Management. The applicant, Carmen M. Gonzalez, was present with her husband, David Gonzalez.

Mr. Gonzalez read a statement on behalf of Ms. Gonzalez describing her unsuccessful efforts to obtain a definition of "repetitive" motion from her physician following her May 2018 hearing in relation to her work restrictions and the modified position offered to her by the County.

Mr. Roberson recommended that the Board request a hearing transcript and make its own determination regarding the definition of "repetitive" and Ms. Gonzalez's application.

Ms. Nemiroff said that one letter had been approved by the parties and sent to the applicant's doctors, Dr. Conwisar and Dr. Rah, who failed to respond. A second letter was scheduled to be sent to her physicians requesting a supplemental report in lieu of issuing a subpoena, but the applicant told them that she did not want additional medical records released. Ms. Nemiroff said she believed the two best options for the Board were to ask Ms. Gonzalez to agree to send another letter to her physicians or to have the Board request the hearing transcripts so it could decide what "repetitive" meant.

Mr. Gonzalez stated that the applicant had asked her physicians on four occasions to comply with the records request, but they refused to provide the documents because they did not believe it was their job.

Mr. Roberson said he drafted a letter to the physicians, dated February 19, 2019, but it was not approved by Ms. Gonzalez. He offered to resend it.

Trustee Bennett asked Ms. Gonzalez if she would agree to let another letter be sent to her physicians, and she agreed.

Ms. Nemiroff said that if the physicians did not respond to the follow-up request, the Hearing Officer could serve them with a subpoena on behalf of VCERA.

Trustee Bennett believed that sending a second letter and issuing subpoenas would prolong the case. He asked about the disadvantages of requesting hearing transcripts so the Board could decide the case.

Ms. Nemiroff said the only downside would be the time required for the Board to review the case file. She also noted that the Board could exercise reasonable judgment as to what "repetitive" meant.

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

MOTION: Request Hearing Transcripts for an Independent Review by the Board of Retirement to Make a Determination on the Disability Case of Ms. Gonzalez.

Moved by Hintz, seconded by Shapiro.

Vote: Motion carried

Yes: Bennett, Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bianchi, Goulet, Sedell, Winter

Abstain: -

## VII. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Investment Presentation from Abbott Capital Management, Jonathan Roth, Matthew Smith, and Sean Long.

Jonathan Roth, Matthew Smith, and Sean Long were present on behalf of Abbott Capital Management to provide an organizational and investment performance update.

- B. Recommendation to Adopt 2019 Private Equity Annual Investment Plan.  
**RECOMMENDED ACTION: Approve.**

1. Staff Letter from Chief Investment Officer, Dan Gallagher.
2. Private Equity Annual Plan Presentation.

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

MOTION: Approve the Recommendation to Adopt the 2019 Private Equity Annual Investment Plan.

Moved by Bennett, seconded by McCombs.

Vote: Motion carried

Yes: Bennett, Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bianchi, Goulet, Sedell, Winter

Abstain: -

After voting on this item, the Board took a break at 9:59 a.m.

The Board returned from its break at 10:09 a.m.

- C. Receive Annual Investment Presentations from State Street Bank.

1. Custody Presentation by Julianna Frank, Grant Dannar, and Jared Douglas.
2. Securities Lending Presentation by John Muir.

Julianna Frank, Grant Dannar, and John Muir were present on behalf of State Street Bank to provide an organizational and securities lending program update.

- D. Receive Annual Investment Presentation, Sprucegrove Investment Management, Tasleem Jamal and Arjun Kumar.

Tasleem Jamal and Arjun Kumar were present on behalf of Sprucegrove Investment Management to provide an organizational and investment performance update.

Trustee Bennett left the meeting at 11:05 a.m. after hearing this presentation.

**VIII. INVESTMENT INFORMATION**

NEPC – Allan Martin.

VCERA – Dan Gallagher, Chief Investment Officer.

- A. Recommendation for \$40 Million Investment in Harbourvest's Dover Street Fund X.  
**RECOMMENDED ACTION: Approve.**

1. Staff Letter from Chief Investment Officer, Dan Gallagher.
2. Memorandum from NEPC.
3. Harbourvest Dover Street Fund X Presentation.

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

MOTION: Approve Recommendation for an Allocation of \$40 Million to Harbourvest's Dover Street Fund X, and, Subject to Successful Negotiation and Approval of VCERA Legal Counsel, 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 Hintz, seconded by McCombs.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

- B. Real Assets Educational Presentation.  
**RECOMMENDED ACTION: Receive and File.**

Mr. Martin noted that the Board had originally adopted a 10% allocation to liquid alternatives, with a benchmark of CPI +3%, for strategies designed to do well during inflationary times. He said Bridgewater was hired to manage a risk parity product, and Tortoise was hired to manage a master limited partnership (MLP) product. He said that at some point, NEPC and staff intended to come back to the Board with a recommendation on that allocation.

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

MOTION: Receive and File.

Moved by Hintz, seconded by Hoag.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

C. Preliminary Performance Report for Month Ending March 31, 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 Hintz, seconded by Hoag.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

IX. **OLD BUSINESS**

A. Update on Disability Procedures Discussions with County Risk Management.

Ms. Webb said that staff had met with Risk Management on a few occasions to discuss and find solutions to parts of the disability processes that had been problematic, and that staff would present a summary report to the Board after all issues were addressed with the County.

Chair Wilson said he was impressed by the readability of the disability report provided by LACERA in the Rodriguez case.

B. Update on 415 Calculations.

Ms. Webb reminded the Board that Trustee Goulet had recently raised a concern about the cost of Segal performing 415 calculations for VCERA, suggesting that staff develop a program to process the calculations. After discussing the issue with the Chief Technology Officer, Segal and other county retirement systems, staff concluded that the industry standard was for the actuary to perform the initial 415 testing. She added that Segal believed the actual project cost would be less than its estimate.

The Board took a break at 11:32 a.m.

The Board returned from its break at 11:34 a.m.

X. **NEW BUSINESS**

A. Update on VCERA Bylaws & Regulations.



1. Staff Letter.
2. Staff Letter and Redline Sent to County with Request for Feedback on November 1, 2018.
3. Response from County on Bylaws, dated February 19, 2019.
4. VCERA's Response to County on Bylaws, dated February 27, 2019.
5. Response from County on Bylaws, dated April 8, 2019.

Ms. Webb said that some of the County's requests regarding VCERA's Bylaws were substantial and that staff would review the comments and respond accordingly. She hoped to provide the Board with recommended edits to the Bylaws in May.

- B. Recommendation to Approve Updated VSG Hosting Agreement.  
**RECOMMENDED ACTION: Approve.**

1. Staff Letter.

Ms. Webb said VCERA had used VSG for hosting since launching V3, but that staff believed it prudent to explore other hosting providers' costs and services. Until such an evaluation was performed, however, staff recommended approval of the updated contract.

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

MOTION: Approve Updated VSG Hosting Agreement.

Moved by Hoag, seconded by Shapiro.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

- C. Request for Authorization for Trustee, C.I.O., and C.F.O. Due Diligence Visit to State Street Bank in Boston.  
**RECOMMENDED ACTION: Approve.**

1. Staff Letter from Chief Investment Officer, Dan Gallagher.

Mr. Gallagher noted that Trustee Sedell had expressed interest in attending the due diligence trip.

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

MOTION: Approve Request for Authorization for Trustee, C.I.O., and C.F.O. to Attend a Due Diligence Visit to State Street Bank.

Moved by McCombs, seconded by Hintz.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

- D. Report on Due Diligence Visits to NEPC and Pantheon Submitted by Trustee Bianchi and CIO Dan Gallagher.

**RECOMMENDED ACTION: Receive and File.**

MOTION: Receive and File.

Moved by Hintz, seconded by McCombs.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

- E. Quarterly Administrator's Report for January - March 2019.

**RECOMMENDED ACTION: Receive and File.**

Ms. Webb remarked that her report inadvertently omitted an update on staff's meetings with Risk Management.

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

MOTION: Receive and File.

Moved by Shapiro, seconded by Hoag.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

- F. Quarterly Chief Investment Officer's Report for January - March 2019.

**RECOMMENDED ACTION: Receive and File.**

MOTION: Receive and File.

Moved by Hintz, seconded by McCombs.

Vote: Motion carried

Yes: Hintz, Hoag, McCombs, Shapiro, Wilson

No: -

Absent: Bennett, Bianchi, Goulet, Sedell, Winter

Abstain: -

- G. SACRS Business Meeting Agenda Items.  
**RECOMMENDED ACTION: Give Direction to Voting Delegate.**

1. Materials for May 20, 2019 SACRS Business Meeting.
2. SACRS Board of Directors 2019-20 Elections – Recommended Ballot.

Ms. Webb said the Board needed to direct its proxy to vote on the slate of SACRS candidates.

Before adjourning to Closed Session, the Board advanced to items “XII. Informational,” “XIII. Public Comment,” “XIV. Staff Comment,” and “XV. Board Member Comment.”

**XI. CLOSED SESSION**

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Title: Retirement Administrator  
(Government Code section 54957(b)(1))
- B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Title: General Counsel  
(Government Code section 54957(b)(1))
- C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Title: Chief Investment Officer  
(Government Code section 54957(b)(1))

**XII. INFORMATIONAL**

- A. Safety Member Special Election Calendar for 2019.
- B. BlackRock: Organizational Announcement for April 2019.
- C. Article by James Grant: The Pundit in the Shower.
- D. Abbott Capital Management Client Conference and Annual Meetings, November 4 – 5, 2019.

**XIII. PUBLIC COMMENT**

None.

**XIV. STAFF COMMENT**

Mr. Gallagher said that neither he nor NEPC believed that the high-level personnel changes identified in an email from BlackRock impacted VCERA.

**XV. BOARD MEMBER COMMENT**

None.

The Board entered Closed Session at 11:48 a.m.

XVI. ADJOURNMENT

The Chairman adjourned the meeting at the conclusion of Closed Session at 12:18 p.m.

Respectfully submitted,



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LINDA WEBB, Retirement Administrator

Approved,



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WILLIAM W. WILSON, Chairman