

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

April 4, 2016

AGENDA

PLACE: Ventura County Government Center
Hall of Administration- 3rd Floor Multipurpose Room
800 S. Victoria Ave.
Ventura, CA 93009

TIME: 9:00 a.m.

Members of the public may comment on any item under the Board's jurisdiction by filling out a speaker form and presenting it to the Clerk. Unless otherwise directed by the Chair, comments related to items on the agenda will be heard when the Board considers that item. Comments related to items not on the agenda will generally be heard at the time designated for Public Comment.

ITEM:

- | | | |
|------|--|--------------------|
| I. | <u>CALL TO ORDER</u> | Master
Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 – 3 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Business Meeting of March 21, 2016 | 4 – 9 |
| IV. | <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION
STATUS REPORT</u> | 10 – 42 |
| V. | <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| | A. Application for Service Connected Disability Retirement,
Bullington, James A.; Case No. 15-020 | 43 – 222 |
| | 1. Application for Service Connected Disability Retirement | |

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

- A. 2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Service Connected Disability Retirement and supporting documentation
- 3. Hearing Notice, dated March 24, 2016
- B. Application for Non-Service Connected Disability Retirement, 223 – 307
Morris, Lisa; Case No. 13-001
 - 1. Application for Non-Service Connected Disability Retirement
 - 2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Non-Service Connected Disability Retirement and supporting documentation
 - 3. Hearing Notice, dated March 24, 2016

VI. OLD BUSINESS

- A. Discussion of Meal Reimbursement Policy, Continued from February 1, 2016 Disability Meeting
 - 1. Staff Letter 308 – 309
 - 2. SACRS Systems' Policy Table 310
- B. Indefinite Tabling of CPI Methodology Question
 - 1. Staff Letter 311
- C. AB1291 Update by Chair Towner

VII. NEW BUSINESS

- A. Appeal by Michael Valley Regarding VCERA's Classification of Previously Purchased Pre-Membership Service Credit as General Tier II
 - 1. Staff Letter 312

VII. NEW BUSINESS (continued)

- A. 2. Request from Michael Valley, dated March 9, 2016 313
- 3. Supporting documents provided by Mr. Valley 314 – 317
- 4. VCERA’s response, dated March 25, 2016 318 – 319
- 5. Government Code Section 31641.5 320
- B. Recommendation to Approve Trustee Winter’s Attendance at the NEPC 21st Annual Investment Conference, Boston, MA, May 9 – 11, 2016 321 – 324
- C. SACRS Spring 2016 Conference Voting Proxy
- 1. Staff Letter 325
- D. Ventura County Employees’ Retirement Information System (VCERIS) Pension Administration Project – Brian Colker, Linea Solutions, Inc.
- 1. VCERIS Project Monthly Status Update- March 2016 326
RECOMMENDED ACTION: Receive and file.
- 2. Cost-Neutral Change Order for Vitech
RECOMMENDED ACTION: Receive and file.
(Materials to be provided at meeting)
 - a. Staff Letter
 - b. Vitech Change Order #7

VIII. INFORMATIONAL

- A. Preliminary Agenda for SACRS 2016 Spring Conference, May 10 – 13, 2016, Costa Mesa, CA 327 – 328
- B. Invitation to PIMCO’s 3rd Annual Alternatives Investor Day, May 4 - 5, 2016, Newport Beach, CA 329 – 332

IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

XII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

March 21, 2016

MINUTES

DIRECTORS William W. Wilson, Vice Chair, Public Member
PRESENT: Steven Hintz, Treasurer-Tax Collector
Peter C. Foy, Public Member
Mike Sedell, Public Member
Joseph Henderson, Public Member
Deanna McCormick, General Employee Member
Craig Winter, General Employee Member
Chris Johnston, Safety Employee Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, Assistant County Counsel
Henry Solis, Chief Financial Officer
Julie Stallings, Chief Operations Officer
Chantell Garcia, Retirement Benefits Specialist
Stephanie Caiazza, Program Assistant

PLACE: Ventura County Government Center
Hall of Administration- 3rd Floor Multipurpose Room
800 S. Victoria Ave.
Ventura, CA 93009

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Vice Chair Wilson called the Business Meeting of March 21, 2016, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Henderson, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Foy, Hintz, McCormick, Henderson, Sedell, Winter, Wilson

No: -

Absent: Johnston

III. APPROVAL OF MINUTES

A. Disability Meeting of March 7, 2016.

MOTION: Approve.

Moved by Goulet, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Hintz, McCormick, Henderson, Winter, Wilson

No: -

Abstain: Foy, Sedell

Absent: Johnston

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of February 2016

B. Receive and File Report of Checks Disbursed in February 2016

C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending January 31, 2016

- D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending February 29, 2016
- E. Receive and File Budget Summary for FY 2015-16 Month Ending February 29, 2016

MOTION: Approve the Consent Agenda.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Foy, Hintz, McCormick, Henderson, Sedell, Winter, Wilson

No: -

Absent: Johnston

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation, Harbour Vest, Greg Stento and Brett Gordon

Greg Stento and Brett Gordon were present on behalf of Harbour Vest to provide an organizational and investment performance update.

Trustee Johnston arrived at 9:11 a.m.

- B. Receive Annual Investment Presentation, Adams Street Partners, Scott Hazen and Saguna Malhotra

Scott Hazen and Saguna Malhotra were present on behalf of Adams Street Partners to provide an organizational and investment performance update.

- C. Receive Annual Investment Presentation, Pantheon, Dennis McCrary, Matt Garfinkle, and Sprague Von Stroh

Dennis McCrary and Matt Garfinkle, and Sprague Von Stroh were present on behalf of Pantheon to provide an organizational and investment performance update.

VI. INVESTMENT INFORMATION

- A. NEPC – Allan Martin, Partner

1. Presentation of Investment Performance Report Month Ending February 29, 2016
RECOMMENDED ACTION: Receive and file.
2. NEPC 2016 Capital Market Assumptions
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and file items VI.A.1 & 2.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Foy, Hintz, McCormick, Henderson, Sedell, Winter, Johnston, Wilson

No: -

VII. NEW BUSINESS

- A. Request to Include VCDSA Charitable Trust as an Approved Charitable Organization Under Government Code Section 31452.5, to Allow Donation Deduction for Retirees

1. Staff Letter
2. Request from VCDSA
RECOMMENDED ACTION: Approve.

MOTION: Approve.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Foy, Hintz, McCormick, Henderson, Sedell, Winter, Johnston, Wilson

No: -

- B. Recommendation to Approve Trustee Johnston's Attendance at the NCPERS 2016 Annual Conference and Exhibition, May 16-18, 2016 in San Diego, CA and the Pre-Conference Accredited Fiduciary Program on May 14th and 15th, 2016
RECOMMENDED ACTION: Approve.

MOTION: Approve.

Moved by Foy, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Foy, Hintz, McCormick, Henderson, Sedell, Winter,
Johnston, Wilson

No: -

- C. Report on Due Diligence Visit to Pantheon and NEPC
Submitted by Trustee Sedell and CIO Dan Gallagher
RECOMMENDED ACTION: Receive and file.

MOTION: Receive and file.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Foy, Hintz, McCormick, Henderson, Sedell, Winter,
Johnston, Wilson

No: -

- D. Ventura County Employees' Retirement Information System (VCERIS)
Pension Administration Project Monthly Status Update February 2016
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and file.

Moved by Hintz, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Foy, Hintz, McCormick, Henderson, Sedell, Winter,
Johnston, Wilson

No: -

VIII. INFORMATIONAL

- A. Announcement from Bridgewater Associates

IX. PUBLIC COMMENT

None.

X. STAFF COMMENT

Ms. Webb reminded the Board to submit Form 700s to VCERA by April 1, 2016.

Ms. Webb requested that the trustees inform staff if they wish to attend the SACRS 2016 Spring Conference from May 10 – 13, 2016 in Costa Mesa, CA.

XIII. BOARD MEMBER COMMENT

None.

XIV. ADJOURNMENT

The meeting was adjourned at 12:03 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

WILLIAM WILSON, Vice Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200
Ventura, CA 93003-6572
(805) 339-4250 • Fax: (805) 339-4269
<http://www.ventura.org/vcera>

April 4, 2016

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: DISCUSSION OF MEAL REIMBURSEMENT POLICY

Dear Board Members:

In recent months, several trustees have requested the Board discuss VCERA's Education and Travel Policy, particularly in the area of meal reimbursement. Specifically, when trustees and/or staff members have limited options due to scheduling issues, safety concerns or other constraints, it can become difficult to have a meal within the policy designated limits. This is particularly true for on-site due diligence evaluations, which are frequently in federally-designated high cost areas. On several occasions, trustees and staff have absorbed meal costs because the allotted limit was insufficient.

Though the meal reimbursement rates in the Board of Retirement's travel policy have historically mirrored those in the County of Ventura (COV) travel policy, this is not a requirement. Because VCERA is a public pension trust with required fiduciary responsibilities, which include specialized education and investment due diligence, the Board has asked staff to help make the VCERA travel policy better accommodate and reflect its unique travel needs.

Previously, staff researched and provided information from other systems within the State Association of County Retirement Systems (SACRS) regarding their meal reimbursement policies. At Board request, this information has been simplified in table format for easier comparison and that document is attached.

The VCERA policy, which was last modified in June 2015, reads:

Meals & Beverages

Reimbursement for the cost of meals and beverages for the Board and staff members while on travel will be made at the rates established by the County of Ventura for reimbursement to employees for such expenses. A copy of the current rates of reimbursement will be provided to each member of the Board. No meal allowance will be paid for any meal that is provided by the host or at the conference, unless for medical dietary restrictions.

The limits for meal reimbursement specified in the County's policy (inclusive of tax and tip) are provided below. NOTE: these limits were increased recently, and a new note in the County policy allows for a higher per diem in high-cost areas. Both the old and new amounts, as well as the new per diem information, are shown below.

	Within California (Receipts Required)	Out-of-State (Receipts Required)	Per Day (Per Diem) (No Receipts Required*)
Breakfast	\$13.00 \$14.00	\$15.00 \$16.00	\$45.00 per Day \$57.00 per Day
Lunch	\$18.00 \$19.50	\$21.00 \$22.50	
Dinner	\$35.00 \$38.00	\$40.00 \$43.00	

***This amount is \$68 in federally designated high-cost localities.**

NOTE: For the Board of Supervisors, members of County Boards and members of County Commissions are NOT eligible for per diem.

Under the current policy, travelers may use *either* the individual meal amounts *or* the applicable per diem amount on any given day of travel; however, when one or more meals are provided, the per diem method is not applicable. (NOTE: The County policy does not provide for higher individual meal allowances in federally designated high-cost areas when a meal is provided.)

Bearing in mind the Board's past input, as well as consideration of the practices of our CERP colleagues, staff suggests the following potential options for meal reimbursement going forward:

- 1) Continue with current policy, given the recent increase in meal amounts issued by the County of Ventura. Board could revisit if new amounts continue to prove insufficient.
- 2) Continue with current policy, but create an additional table of individual meal allowances for travel to federally designated high-cost areas to complement the County's corresponding new per diem rate; this would cover situations where a meal is provided. Because the County per diem is approximately 20% higher for federally designated high-cost areas, the meal allowance amounts could be calculated similarly by adding 20% to the average of the in-state and out-of-state amounts. Example:

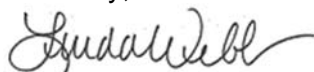
FEDERALLY DESIGNATED HIGH-COST AREAS		
	Meal Allowances	Per Day (Per Diem) (No Receipts Required)
Breakfast	18.00	\$68.00* per Day
Lunch	25.00	
Dinner	49.00	

*same as County of Ventura

- 3) Continue with current policy, but allow increased meal allowances for on-site due diligence evaluations (example: increase the individual meal amounts by 15%).
- 4) Combination of options 2 and 3.

Staff welcomes Board feedback and direction on this issue and will be pleased to answer any questions at the April 4, 2016 disability meeting.

Sincerely,



Linda Webb
Retirement Administrator

CERL SYSTEM POLICIES ON MEAL REIMBURSEMENT

SYSTEM	MEAL REIMBURSEMENT
Alameda County (ACERA)	Actual & necessary, up to \$100 max per day, including tips
Contra Costa County (CCCERA)	Actual & necessary, up to \$100 max per day + tip up to 20%
Fresno County (FCERA)	GSA federal per diem
Imperial County (ICERS)	IRS per diem for Los Angeles
Kern County (KCERA)	Kern County per diem amounts
Los Angeles County (LACERA)	Choose between: <ul style="list-style-type: none"> • IRS per diem for area of travel; or • actual receipts up to \$100/day
Marin County	Marin County Travel Policy
Mendocino County	Mendocino County Travel Policy
Merced County	GSA federal per diem
Orange County (OCERS)	Actual receipts for meals above \$25
San Mateo County (SamCERA)	Actual receipts up to CONUS per diem max
San Bernardino County (SBCERA)	Policy is silent; new policy pending
Santa Barbara County (SBCERS)	Actual costs up to Santa Barbara County policy per diem amount
Sonoma County (SCERA)	Actual & necessary, up to \$90 per day
Sacramento County (SCERS)	<u>Within CA</u> : maximum of highest current Federal CONUS (Continental US) rates. <u>Outside CA</u> : higher of Federal CONUS or Runzheimer's Guide to Daily Travel Prices for 100 Primary US Cities.
San Diego County (SDCERA)	San Diego County per diem amounts; meals in excess require post-travel approval
San Joaquin County (SJCERA)	Actual & necessary, up to \$65 max per day + tip up to 20%
Stanislaus County (StanCERA)	Dollar amounts not addressed.
Tulare County (TCERA)	Tulare County per diem amounts; meals in excess require post-travel approval.
ALL COUNTIES DEDUCT FOR EVENT-PROVIDED MEALS	

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April 4, 2016

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: RECOMMENDATION TO POSTPONE INDEFINITELY CONSIDERATION OF MODIFYING METHODOLOGY FOR CALCULATING CPI FOR RETIREE COLAS

Dear Board Members:

In recent months, the Board discussed potentially changing the method by which VCERA calculates the CPI change from year to year for the purposes of calculating retiree COLAs.

Summary of Discussion to Date

- December 7, 2015: Board discussed methodology at Trustee Johnston's request. Topic was continued to receive feedback from VCERA's actuary.
- January 25, 2016: 2nd discussion after Segal's letter of response; topic again continued until March 21st meeting to allow time for feedback from stakeholders.
- Early March – Trustee Johnston withdrew his request to change the CPI methodology, based on informal feedback he had received from members. Staff advised the Chair of this request and the prepared stakeholder notice was not mailed; the item was not heard on March 21st as previously scheduled.

Based on the withdrawal of the request, staff recommends the Board postpone consideration of this item until such time as staff is instructed by the Chair to place it on a Board agenda for consideration and/or action.

Sincerely,



Linda Webb
Retirement Administrator

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April 4, 2016

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

**SUBJECT: AUTHORIZATION FOR TRUSTEE WINTER TO ATTEND THE 21ST ANNUAL
NEPC INVESTMENT CONFERENCE, MAY 9-11, 2016 IN BOSTON**

Dear Board Members:

Trustee Winter requests authorization to attend the 21st Annual NEPC Investment Conference on May 9-11, 2016. The cost to attend is approximately \$1,500 including airfare, lodging, meals, and other expenses.

The conference agenda is provided.

VCERA staff will be pleased to respond to any questions you may have on this matter at the April 4, 2016 disability meeting.

Sincerely,



Linda Webb
Retirement Administrator

Monday, May 9, 2016

1:30 PM - 3:00 PM	<p>Pre-Conference Workshop (Optional)</p> <p>We will be holding an optional Pre-Conference Workshop the day before the conference at NEPC's office, 255 State Street, 12th floor, Boston, MA. We are offering the sessions below - you may select one to attend.</p> <p>Option 1: How NEPC Works with Clients This session will focus on the unique ways that NEPC is able to work with clients. We will spend time on our core capabilities and responsibilities to our clients, but also dive into some of the tools that are available for building different investment programs. Additionally, we will highlight some of the specific issues that we can help clients address. Clients that are new to NEPC will benefit from a broader understanding of the resources available to them, while those familiar with NEPC can get a better sense of our depth.</p> <p>Option 2: Investments 101 In this session, NEPC will review the core building blocks of a strategic asset allocation and the challenge investors face in the current investment environment to meet their long-term goals and objectives. We will explore the evolving use of traditional asset classes, alternative investment strategies, and private market exposures as investors look to achieve their long-term return targets in a low-return world.</p> <p>Option 3: NEPC Risk Management 101 NEPC believes in an holistic approach to risk management, but what does that even mean? Risk means different things depending on investor circumstance, preferences and perspective. In this session we will explore the various types of risks investors face from falling short of return goals to statistical risk measures. After laying the definitional groundwork, we will explore NEPC's approach to risk budgeting and analysis across our risk management tool kit from a portfolio level to individual managers. Finally, we will show what holistic risk management looks like in practice by reviewing some case studies across different client types.</p>
3:00 PM - 5:00 PM	<p>Welcome Reception</p> <p>For those arriving the day before the conference, we will be holding a Welcome Reception at NEPC's office, 255 State Street, 12th floor, Boston, MA. If you plan to attend the Welcome Reception, please be sure to RSVP during the registration process.</p>

Tuesday, May 10, 2016

8:30 AM - 9:30 AM	Registration / Breakfast
9:30 AM - 10:00 AM	<p>Welcome and State of the Firm</p> <p>Michael P. Manning, CFA, CAIA Managing Partner, NEPC, LLC</p>
10:00 AM - 11:00 AM	<p>Michael Cembalest</p> <p>Chairman of Market and Investment Strategy, J.P. Morgan Asset Management</p>
11:00 AM - 11:15 AM	Break
11:15 AM - 12:00 PM	<p>It's Only Getting Harder: Investing in 2016 and Beyond</p> <p>Timothy F. McCusker, CFA, CAIA, FSA Chief Investment Officer, Partner, NEPC, LLC</p>
12:00 PM - 1:00 PM	Lunch
1:00 PM - 2:00 PM	<p>Concurrent Sessions I</p> <p>A. Active Management: Is It Worth the Price? B. Clearing Up the Confusion Around Environmental, Social and Governance (ESG)</p>

	<p>Integration</p> <p>C. Liquid Alternatives: Old and New</p> <p>D. Making Sense of the Energy Opportunity</p>
2:00 PM - 2:15 PM	Break
2:15 PM - 3:15 PM	<p>Concurrent Sessions II</p> <p>A. Clearing Up the Confusion Around Environmental, Social and Governance (ESG) Integration</p> <p>B. Field of Dreams – If you build it they will come: Positive Developments in the Defined Contribution Marketplace</p> <p>C. Opportunistic Investing in the Strategic Framework</p> <p>D. Revisiting the Core Bond Framework: Defining Our Barbell Approach</p>
3:15 PM - 3:30 PM	Break
3:30 PM - 4:30 PM	<p>Helena Morrissey CBE</p> <p>CEO, Newton, Chair, The Investment Association (IA) and Founder 30% Club</p>
4:30 PM - 5:30 PM	<p>Cocktail Reception</p> <p>The reception will be held at the Hynes Convention Center - join us for some cocktails and light hors d'oeuvres. If you plan to attend the Cocktail Reception, please be sure to RSVP during the registration process.</p>
5:30 PM - 8:00 PM	<p>Group Dinners</p> <p>We will be organizing group dinners with our staff following the Cocktail Reception - restaurants will be within walking distance from the Hynes Convention Center. If you would like to attend dinner, please be sure to RSVP during the registration process. Additional details will be communicated closer to the event.</p>

Wednesday, May 11, 2016

8:00 AM - 8:30 AM	Breakfast
8:30 AM - 9:30 AM	<p>Dr. Dambisa Moyo</p> <p>Global Economist and Author</p>
9:30 AM - 9:45 AM	Break
9:45 AM - 10:45 AM	<p>Concurrent Sessions I</p> <p>A. Active Management: Is It Worth the Price?</p> <p>B. Discretionary/OCIO: Why More and More Institutions Are Looking At Outsourcing</p> <p>C. Glide Paths: From Start to Finish</p> <p>D. Should Institutions Invest in Public Real Estate?</p>
10:45 AM - 11:00 AM	Break
11:00 AM - 12:00 PM	<p>Concurrent Sessions II</p> <p>A. Making Sense of the Energy Opportunity</p> <p>B. Maximizing Equity Portfolio Construction: Where the Bucketing Approach Falls Short</p> <p>C. Opportunities and Challenges Facing Public Funds</p> <p>D. The Force Awakens: Additional Positive Developments in the Defined Contribution Marketplace</p>
12:00 PM - 12:45 PM	Lunch
12:45 PM - 1:45 PM	<p>John H. Burbank III and Kunal Ghosh</p> <p>John H. Burbank, III, Managing Partner and Chief Investment Officer, Passport Capital LLC</p> <p>Kunal Ghosh, Director, Portfolio Manager, Allianz Global Investors</p>

1:45 PM - 2:00 PM

Closing Remarks

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April 4, 2016

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: SACRS VOTING DELEGATE

Dear Board Members:

Staff recommends the appointment of a voting delegate and alternate voting delegate for the Spring 2016 SACRS (State Association of County Retirement Systems) conference.

As you are aware, each member retirement system is expected to participate and vote at the SACRS Business Meeting. Staff will provide the voting proxy form to SACRS to reflect Board's direction.

Sincerely,



Linda Webb
Retirement Administrator



**Ventura County Employees' Retirement
Information System
Project Status Report
Month Ending: March 2016**



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

03/25/16

PROJECT STATUS SUMMARY

Actual Percentage Complete: 97.96%*
Planned Percentage Complete: 97.96%*

***Note: The updated Sprint Schedule went into effect with the approval of the change orders presented to the Board 01/05/2015. The completion percentages have been adjusted to take into account the updates and changes per the new sprint schedule.*

Scope	Schedule	Cost	Risks	Quality
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NOTE: All data in this status report is as of 3/25/16.

The project remains on track for the April 2016 go-live for rollout #1 (the main pension administration system). User Acceptance Testing (UAT) will be completed on 3/31/16.

Risks

- Plan sponsor payroll transmittal – Auditor-Controller is preparing to transition the new transmittal processes into the production system as scheduled. No issues have been identified to date.

KEY ACCOMPLISHMENTS LAST MONTH

- There have been over 1900 tests executed during User Acceptance Testing between January and March, 2016. Approximately 4100 tests were run in the validation testing period prior to UAT. As of the time of this report, a total of 296 defects are open. Open is defined as awaiting a fix from Vitech. The 296 defects* are classified as follows:
 - 0 – Critical (High)
 - 119 – General (Medium)
 - 177 – Minor (Low)
- VCERA and Vitech have mutually agreed to a plan to resolve the medium level defects by the end of November, 2016. Additionally, VCERA will continue to execute tests in a test environment after go-live to identify defects during the warranty period.
- Final retiree payroll was processed in ADP. ADP is now frozen and the next payroll cycle will be processed in V3.
- Initiated cut-over activities.
- Novanis completed the extraction of all images from Liberty. They will be loaded into V3.
- Final VRSD transmittal processed into RDBS. All future transmittals will be processed into V3.

*update to be provided on 4/4/2016.

PRELIMINARY AGENDA

TUESDAY, MAY 10, 2016

1:00PM - 6:30PM | Registration

3:00PM - 5:00PM | Breakout Sessions

- **Disability**
PTSD
- **Ethics**
Annual Ethics Certification
Ashley Dunning & Michael Toumanoff, Nossman LLP
- **Advance Trustee**

5:30PM - 7:00PM | SACRS Welcome Reception

WEDNESDAY, MAY 11, 2016

6:45AM - 7:45AM | SACRS Yoga

7:30AM - 8:30AM | Breakfast

7:30AM - 5:00PM | Registration

8:30AM - 9:00AM | General Session

Welcome & Awards
Honor Guard, San Bernardino Memoriam
Yves Chery, SACRS President; Macy Lites

9:00AM - 10:00AM | General Session

Global Economic Update and Investment Implications

James Paulsen, Wells Capital Management

Mr. Paulsen will share his views on the U.S. and global economies and outlook for the capital markets.

James Paulsen



**Chief Investment Strategist,
Wells Capital Management**

Mr. Paulsen is the chief investment strategist at Wells Capital Management. He is internationally recognized for his views on the economy and he frequently appears on financial television outlets such as CNBC and Bloomberg TV in addition to being quoted prolifically in major financial publications and web outlets.

WEDNESDAY, CONTINUED

10:00AM - 10:30AM | Networking Break

10:30AM - 11:30AM | General Session

Honorable Henry Cisneros

11:40AM - 12:40PM | General Session

Risk Management Techniques to Improve Investor Outcomes

Jeff MacLean, Verus Investment Consulting

How will your portfolio perform in the next crisis? How will it make money in a rising rate environment? How will it fair in choppy/volatile markets driven by geo political and economic growth uncertainty? This session will seek to define risk and how decision makers should think about it to optimize investment outcomes. The uncertainties faced by the world and the capital markets today speak to the timeliness of this topic.

Jeffrey MacLean



Chief Executive Officer, Verus

Mr. MacLean joined Verus (previously known as Wurts & Associates) in 1992 and is primarily responsible for managing the firm and providing investment advice to several clients. He has over 25 years of investment and consulting experience, working with all asset classes for a range of clients including corporate defined benefit plans, public institutions, multi-employer trusts, endowments, and foundations. He also chairs the firm's management committee and is a member of the alternative investments committee.

12:40PM - 1:50PM | Lunch

2:00PM - 5:00PM | Breakout Sessions

- Ops/Benefits
- Affiliate
- Attorney
- Disability
- Internal Auditors
- Administrators
- Investment
- Trustee
- Safety

TBD | Legislative Committee Meeting

Richard Stensrud, Legislative Chair

6:30PM - 10:00PM | Wednesday Event

Enjoy an evening with friends...reception, dinner and entertainment for all registered conference attendees.

PRELIMINARY AGENDA

THURSDAY, MAY 12, 2016

6:45AM - 7:45AM | SACRS 5K Fun Run/Walk

7:00AM - 8:00AM | Breakfast

7:30AM - 5:00PM | Registration

8:30AM - 9:00AM | **General Session**

Welcome & Awards
Yves Chery, SACRS President

9:00AM - 10:00AM | **General Session**

Troy Simmons, Nationwide Retirement Institute

10:00AM - 10:30AM | Networking Break

10:30AM - 11:30AM | **General Session**

ILPA Panel

Jennifer Choi, ILPA; Kimberly Woods; Private Equity Growth Capital Council

Private Equity & Hedge Funds: Fee transparency, accountability, and standardized disclosures in agreement with general partner.

11:40AM - 12:40PM | **General Session**

CIO Panel – Investment Wisdom for Volatile Markets

Tim Barrett, Texas Tech University System; Jim Failor, Sonoma County CERA

Allan Martin will moderate our panel of investment experts as they share their perspectives on asset allocation and risk management in the face of increasingly volatile and stingy markets. We are planning for audience participation, so bring your questions to try to stump the experts!

12:40PM - 2:00PM | Lunch

2:00PM - 3:00PM | **Concurrent Sessions**

A Having Your Cake and Eating It Too: Add a pinch of this to your portfolio recipe to cope with market indigestion.

Tim Price, Contra Costa CERA; Don Pierce, San Bernardino CERA; John Linder, PCA

Since the Great Financial Crisis, many plan sponsors and consultants have worked hard to come up with different ingredients to add to their asset allocations to help mitigate the impact of significant equity market volatility. Our panelists/pastry chefs will discuss different recipes for baking the optimally risk-adjusted portfolio to protect plan assets, to preserve short term liquidity and to produce long-term positive gains.

B The Current Investment Environment for Real Estate

Chris Macke, American Realty Advisors

Is now the time to be taking on additional risk in your Real Estate portfolio?

C Demographics and the Coming Impact on America

More than 11,000 people turn age 65 every day in America, and this trend will continue for the next 20 years as the “boomers” pass into the next phase of life. What impact will this have on economic activity in the years ahead? on the capital markets? and on our country’s public and private resources? The aging of America is perhaps the single most important theme which will shape America’s future. This session will seek to chart from where the US has come, where we are today and what the future may well hold.

THURSDAY, CONTINUED

3:00PM - 3:30PM | Networking Break

3:40PM - 4:40PM | **Concurrent Sessions**

A Legislative Update

Richard Stensrud, Legislative committee chair; Mike Robson & Trent Smith, SACRS Lobbyist

B Disability

C TBA

TBD | **Education Committee Meeting**

Christie Porter, Education Committee Chair

5:00PM - 6:00PM | **SACRS Reception**

FRIDAY, MAY 13, 2016

7:00AM - 8:00AM | Breakfast

8:30AM - 8:45AM | **General Session Welcome**

Yves Chery, SACRS President

8:45AM - 9:45AM | **General Session**

Competitive Edge

John Nienstedt, Competitive Edge Research & Communications, Inc

9:45AM - 10:00AM | Break

10:00AM - Adjournment | **Business Meeting**

SACRS Board of Directors

Upon Adjournment | **SACRS Post Con**

YOU ARE INVITED TO PIMCO'S THIRD ANNUAL

2016 ALTERNATIVES INVESTOR DAY



When:

Wednesday, May 4, 2016

Welcome cocktails and dinner

Thursday, May 5, 2016

Full-day agenda

Closing dinner: Pelican Hill Coliseum

Where:

Balboa Bay Resort

Newport Beach, CA

[REGISTER](#)


PIMCO's Alternatives Investor Day connects our alternatives clients with their investment teams to share views and insights. We hope you will join us.

- Engage in lively discussions with PIMCO's hedge fund and private equity portfolio managers, including Group Chief Investment Officer Dan Ivascyn

- Gain a detailed understanding of the portfolio positioning and investment themes across alternatives strategies
- Hear our CIO and top macro portfolio managers' thoughts on best opportunities across markets
- Network with other key institutional decision makers from around the world
- Join interactive discussions on various topics including: market liquidity, dislocations across public and private credit markets, and alternative risk premia
- Expanded format includes more intimate break-out sessions with portfolio managers across real estate, corporate credit, volatility, and mortgage credit
- Leave with actionable investment ideas that directly impact your alternatives portfolio

This year we have added pre-conference breakfast sessions for specific areas of interest. Market outlook and portfolio positioning for the following funds: PARS, GCOF and PCAF.

Please register using [this link](#), as space will be limited.

A company of **Allianz** 

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Americas

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Asia (excluding Japan)

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ATTACHMENT A

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200
Ventura, CA 93003-6572
(805) 339-4250 • Fax: (805) 339-4269
<http://www.ventura.org/vcera>

April 4, 2016

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: VITECH COST NEUTRAL CHANGE ORDER #7

Dear Board Members:

As the scheduled "Go-Live" date approaches for the Ventura County Employees' Retirement Information System (V3), teams from VCERA, Vitech and Linea have been diligently preparing. Last Friday (April 1st) marked the end of the User Acceptance Testing (UAT) process, where VCERA staff members worked in the new system to test actual scenarios and identify any new issues or defects. This letter is to inform the Board that VCERA intends to execute a cost-neutral Change Order to permit acceptance of the system and approval to go live as scheduled on April 18, 2016, with outstanding medium defects which will be remediated during the warranty period.

Background

Each modification/correction of V3 by Vitech is termed a "build". Under the time constraints of the current schedule, no additional builds will occur before the April 18th Go-Live date. Per VCERA's contract with Vitech, system defects are considered "material" if they fall in the critical or medium categories, and the contract contemplates that "go-live" occur after all reported material defects have been remediated. As of the conclusion of UAT on Friday, all of the identified "critical" defects have been remediated, but a number of "medium" defects are outstanding. VCERA project staff members have reviewed each of the outstanding medium defects, independently as well as with Vitech; they strongly recommend that VCERA continue on the current project schedule and proceed with Go-Live on April 18th.

This plan does not introduce any new or additional cost to VCERA, but it does require VCERA to agree to Go-Live with outstanding material system defects.

VCERA project staff has thoroughly analyzed all of the outstanding defects on multiple occasions to determine the impact of each one on VCERA operations. Some of the outstanding defects occur in scenarios that are infrequent. For the more frequent scenarios, the internal project staff reports they are satisfied that the short-term workarounds to be employed will be practical and satisfactory, allowing them to perform their daily responsibilities and to provide accurate calculations and information to VCERA members. Further, our internal project team has prioritized the remaining medium (and low) defects, ranking the ones more frequently encountered at the top and has provided this to Vitech. Vitech agrees with this strategy, as it will cause the most frequently seen defects to be remediated first and further minimize the impact on VCERA operations after Go-Live.

April 4, 2016

Page 2 of 2

Change Order

VCERA staff and Board Counsel are currently negotiating the final version of a cost-neutral change order that is designed to allow VCERA to accept the V3 system and to Go Live on April 18th as scheduled, but also acknowledges the outstanding material defects that are still to be remediated. The provided draft is the most recent version of what is being negotiated with Vitech. The redline edits reflect VCERA's last suggested edits to the language, which include a proposed phase-in of the \$400,000 payment that is due at Go-Live per the project payment schedule. Vitech has not yet responded to, or given approval of, these requested changes.

Change orders below the amount of \$25,000 are in the Retirement Administrator's authority to sign and execute; however, because this change involves a V3 Go-Live with outstanding material defects, staff is advising the Board of the plan to execute the change order

VCERA staff and Brian Colker from Linea Solutions will be present at the April 4th disability meeting to answer questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda Webb".

Linda Webb
Retirement Administrator

ATTACHMENT B

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200
Ventura, CA 93003-6572
(805) 339-4250 • Fax: (805) 339-4269
<http://www.ventura.org/vcera>

DATE: April 5, 2016

SUBJECT: Change Order #7

BACKGROUND AND AGREEMENT

With respect to the License, Professional Services, Maintenance and Support Agreement between Vitech Systems Group, Inc. ("Vitech" or "Vendor") and Ventura County Employee's Retirement Association ("VCERA") (the "Agreement") dated February 27, 2012 (and effective as of December 30, 2011), the parties acknowledge and/or agree to the following:

- The Live Date of the Rollout 1 Build of the System ~~shall be~~ continues to be scheduled for April 18, 2016 (the "Rollout 1 Live Date").
- The parties agree acknowledge that not all Material Defects identified by VCERA that are the subject of a Defect Notice as of the Rollout 1 Live Date will be Remediated by Vendor prior to the Rollout 1 Live Date ("R1 Live Date Material Defects"). Vendor shall Remediate such R1 Live Date Material Defects as part of Vendor's warranty obligations or, at the option of VCERA, on a mutually agreed upon timeline, ~~and as part of Vendor's Warranty Period obligations.~~
- Notwithstanding that the Warranty Period terminates three (3) months after the Live Date of the System (Rollout 2 Live Date), such Remediation will be provided for as long as necessary to fix such R1 Live Date Material Defects and shall be outside independent of, and not subject to, Vendor's Maintenance Service and Support Services obligations and their corresponding charges under the Agreement.
- The full amount of \$400,000 for Milestone #27 ("Rollout 1: VCERA accepts system for production") as set forth in the VCERA Service Payment Schedule contained in Change Order #6 between the parties dated January 5, 2015 shall be invoiced in accordance with such VCERA Service Payment Schedule (estimated Invoice Date of April 18, 2016) and payable as follows:
 - ~~\$350,000~~ \$300,000 within 30 days of the date the invoice is delivered by the Vendor
 - ~~\$50,000~~ \$100,000 within 90 days of the date the invoice is delivered by the Vendor

COST AND EFFORT

N/A VCERA shall incur no additional costs associated with this change order.

~~This Change Order is made pursuant to and subject to the terms of the Agreement. This Change Order authorizes Vitech to perform the associated services for the fixed fee or hourly billing rate set forth herein. Travel expenses will be billed monthly as defined in the original Agreement. This~~

VITECH CHANGE ORDER #7

April 5, 2016

Page 2 of 2

~~Change Order constitutes an addendum to the Agreement and except as expressly amended by this Change Order, all of the terms, conditions and provisions of the Agreement remain unchanged and shall remain in full force and effect for the purposes of this Change Order.~~

IN WITNESS WHEREOF, the parties hereto have caused this Change Order to be executed by their duly authorized representatives as of the Change Order Effective Date.

~~TRACY TOWNER~~ LINDA WEBB
VCERA
~~Chairman of the Board~~ Retirement Administrator

JAMES E. VITIELLO
VITECH SYSTEMS GROUP, INC.
Executive Vice President

Change Order Effective Date: April 5, 2016

Signature:

Signature:

Date:

Date: