

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**BOARD OF RETIREMENT**

**DISABILITY MEETING**

**May 2, 2016**

**AGENDA**

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

**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.   | <b><u>CALL TO ORDER</u></b>   | Master<br>Page No. |
| II.  | <b><u>APPROVAL OF AGENDA</u></b>  | 1 – 3              |
| III. | <b><u>APPROVAL OF MINUTES</u></b>   |                    |
|      | A. Business Meeting of April 18, 2016   | 4 – 8              |
| IV.  | <b><u>RECEIVE AND FILE PENDING DISABILITY APPLICATION<br/>STATUS REPORT</u></b>             | 9 – 40             |
| V.   | <b><u>APPLICATIONS FOR DISABILITY RETIREMENT</u></b>  |                    |
|      | A. Application for Service Connected Disability Retirement,<br>Edwin Ilano; Case No. 14-020 | 41 – 173           |
|      | 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 April 19, 2016
- B. Application for Service Connected Disability Retirement, Timothy Waite; Case No. 13-022 174 – 282
  - 1. Application for Service Connected Disability Retirement
  - 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 April 22, 2016

VI. NEW BUSINESS

- A. Quarterly Administrator’s Report for January – March, 2016 283 – 284  
**RECOMMENDED ACTION: Receive and file.**
- B. Consideration of Quiet Period per Trustee Communications Policy
  - 1. Staff Letter 285 – 286
  - 2. Trustee Communications Policy 287 – 291
- C. Annual Review of Education and Travel Policy
  - 1. Staff Letter 292 – 293
  - 2. Education and Travel Policy Proposed (Redline) 294 – 303
  - 3. GSA Special Per Diem Rate Publication 304 – 310
- D. Policies to be Reviewed at May 16, 2016 Business Meeting
  - 1. Staff Letter 311
    - a. Charter: Board of Retirement 312 – 317
    - b. Charter: Chair 318 – 319
    - c. Charter: Vice Chair 320
    - d. Charter: Retirement Administrator 321 – 326
    - e. Board Policy Development Process 327 – 329

VI. **NEW BUSINESS (continued)**

- D. 1. f. Monitoring and Reporting 330 – 333  
g. Service Provider Selection 334 – 338
- E. Recommendation to Approve Ms. Nemiroff’s Attendance at the NAPPA 2016 Legal Education Conference, June 21 – 24, 2016 in New Orleans, LA 339 – 343  
**RECOMMENDED ACTION: Approve.**
- F. Report on Pension Bridge Annual Conference, submitted by Trustee Goulet 344 – 346  
**RECOMMENDED ACTION: Receive and file.**
- G. Consideration and Possible Approval of Merit Increase for Dan Gallagher, Chief Investment Officer  
*This item to be considered following “VII. Closed Session”*

VII. **CLOSED SESSION**

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Title: Chief Investment Officer  
(Government Code section 54957(b)(1))
- B. **CONFERENCE WITH LABOR NEGOTIATORS,  
GOVT. CODE SECTION 54957.6**

Agency Designated Representatives:

Tracy Towner  
Ashley Dunning of Nossaman LLP (by teleconference)

Prospective Unrepresented VCERA Employees:

Retirement Administrator  
Retirement Chief Financial Officer  
Retirement General Counsel  
Retirement Chief Investment Officer  
Retirement Chief Operations Officer

VIII. **PUBLIC COMMENT**

IX. **STAFF COMMENT**

X. **BOARD MEMBER COMMENT**

XI. **ADJOURNMENT**

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

April 18, 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  
Dan Gallagher, Chief Investment Officer  
Henry Solis, Chief Financial Officer  
Julie Stallings, Chief Operations Officer  
Stephanie Caiazza, Program Assistant

**PLACE:** Ventura County Government Center  
Hall of Administration- 3<sup>rd</sup> 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 April 18, 2016, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Approve.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: -

**III. APPROVAL OF MINUTES**

A. Disability Meeting of April 4, 2016.

MOTION: Approve.

Moved by Hintz, seconded by Goulet.

Vote: Motion carried

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

No: -

**IV. CONSENT AGENDA**

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

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

C. Receive and File Budget Summary for FY 2015-16 Month Ending March 31, 2016

MOTION: Approve the Consent Agenda.

Moved by Henderson, seconded by Winter.

Vote: Motion carried

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

No: -

**V. INVESTMENT MANAGER PRESENTATIONS**

- A. Receive Annual Investment Presentation, Sprucegrove,  
Brad Haughey and Arjun Kumar

Brad Haughey and Arjun Kumar were present on behalf of Sprucegrove  
to provide an organizational and investment performance update.

**VI. INVESTMENT INFORMATION**

- A. NEPC – Dan LeBeau, Consultant  
Dan Gallagher, VCERA Chief Investment Officer

1. Presentation of Investment Performance Report Month Ending  
March 31, 2016

**RECOMMENDED ACTION: Receive and file.**

MOTION: Receive and file.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: -

**VII. OLD BUSINESS**

- A. PAS Project Change Order 7 (Final)  
**RECOMMENDED ACTION: Receive and file.**

Ms. Webb provided the executed agreement and said that the new  
system was “live” that day. Trustee Goulet requested an update on the  
progress of the outstanding defects over the prior two weeks. Ms.  
Stallings provided updated numbers and indicated that all critical defects  
had been remediated. Ms. Stallings also reported that the first payroll  
received from the County had been successful without any major  
problems.

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

MOTION: Receive and file.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried

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

No: -

**VIII. NEW BUSINESS**

- D. Recommendation to Authorize Funding for and Engagement with Nossaman for Private Investments Legal Services

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

MOTION: Authorize the engagement of Yuliya Oryol of Nossaman for investment services at a cost not to exceed \$25,000.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried

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

No: -

Trustee Sedell said in the future he preferred that the Board letter from staff indicate Board Counsel's support of the recommendation, as a better administrative practice.

**IX. INFORMATIONAL**

- A. Invitation to Western Asset Client Training Program,  
May 16 – 27, 2016, Pasadena, CA
- B. Invitation to HarbourVest 2016 Annual Meeting,  
May 17 – 19, 2016, Boston, MA
- C. Invitation to Pantheon 2016 Annual Investor Meeting,  
June 15 – 16, 2016, New York, NY
- D. Invitation to Adams Street Partners Client Conferences,  
June 1 – 2, 2016, Chicago, IL; and June 15, 2016, London, England

**X. PUBLIC COMMENT**

None.

**XI. STAFF COMMENT**

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.

Ms. Webb stated that the SACRS Business Meeting packet was distributed to the Board electronically on Friday, April 15, 2016.

**XII. BOARD MEMBER COMMENT**

None.

**XIII. ADJOURNMENT**

The meeting was adjourned at 10:00 a.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>

---

May 2, 2016

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

## **SUBJECT: QUARTERLY RETIREMENT ADMINISTRATOR'S REPORT**

Dear Board Members:

In compliance with VCERA's Monitoring & Reporting Policy, this report will include information regarding travel, training, key meetings and media communications, as well as other key issues for January through March of 2016.

### **General**

January through March saw a great deal of progress in several administrative areas and projects. Particularly, the PAS project work was a focus with significant progress in the completion of User Acceptance Training and resolution of outstanding defects. At the same time, VCERA senior staff and I strategized on the challenges of the actual transition into Go-Live, establishing methods and strategies to reduce delays and maintain member service at a high level. Dozens of meetings over the quarter focused on these issues as the "Live" date approached.

Also during this quarter, I worked with staff and Counsel on a number of unusual member service scenarios to help resolve them correctly and compliantly.

I have continued my ongoing participation in the County's new employee orientation and retirement workshop sessions and was the presenter at 4 sessions. The feedback from both the County and the membership has been very positive.

I have also been working with Kelly Shirk to examine the duties and responsibilities of the currently vacant VCERA I.T. position. We are working to suggest changes to better reflect the experience, expertise and responsibilities required to serve VCERA and its new pension administration system.

The actuarial audit RFP document is in the beginning drafting stages and a full draft should be presented to the Board before the end of the fiscal year.

Other areas of work during the quarter include travel policy research (suggested edits to VCERA's policy submitted today), research on CPI methodology for the purposes of retiree COLAs and a modest bit of progress in new logo development.

### **Travel & Training**

I attended the CALAPRS General Assembly in Indian Wells on March 7<sup>th</sup> and 8<sup>th</sup>. This conference had many informative sessions related to issues currently facing VCERA in the areas of compliance and regulation, meeting operational challenges, investment and markets, best practices and future challenges.

### **Board/Policy/Compliance**

We continued to work with Hanson Bridgett for the IRS determination filing and our application was timely filed in January. Lori Nemiroff, Henry Solis and Julie Stallings played vital roles in the detailed preparation work and we met and collaborated on several occasions to accomplish this important goal.

### **Media**

There was no media interaction this quarter.

### **Key Meetings**

Apart from the meetings already mentioned, there were a couple of others of note.

- On January 27<sup>th</sup>, County HR Director Shawn Atin came to VCERA for a "meet and greet" which was also attended by Julie Stallings and Stephanie Caiazza. This was to discuss HR topics specific to VCERA.
- On February 24<sup>th</sup>, Lori Nemiroff and I attended a meeting at the County Government Center with John Monroe of Segal, County CFO Catherine Rodriguez, HR Director Shawn Atin, and other county staff members. At CFO Rodriguez's request, this meeting was to go over the most recent actuarial valuation in detail.

Please let me know if you have any questions or concerns regarding the information provided in this report.

Sincerely,



Linda Webb  
Retirement Administrator

# 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>

---

May 2, 2016

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

**SUBJECT: RECOMMENDATION TO INSTITUTE A "QUIET PERIOD" DURING THE SEARCH PROCESS FOR A PRIVATE EQUITY SEPARATE ACCOUNT MANAGER**

The Board approved an asset allocation implementation plan at its December 21, 2015 meeting. Part of the implementation was to hire a separate account manager to help build out VCERA's private equity program. To carry out this process, staff and NEPC initiated a search by developing and posting an RFI on both VCERA's and NEPC's websites. We are currently reviewing Request For Information (RFI) responses to whittle down the larger candidate pool to a short list of qualified candidates to send detailed Request For Proposals (RFP). Successful candidates from the RFP process will be invited to be considered by the Board.

The Board's Trustee Communication Policy provides, in part:

- That the Board may institute a "quiet period" when the Board initiates a search process that may result in the appointment of a new service provider or the expansion of its relationship with an existing provider;
- The initiation of a quiet period will be recorded in the minutes of the Board at which meeting it occurred;
- During quiet periods, trustees shall neither communicate with the specified service providers, except during Board or committee meetings, nor accept meals, travel, hotel, or other gifts from the specified service providers;
- A quiet period will cease when a service provider has been appointed by the Board or the search process is otherwise ended.

In light of the upcoming SACRS Conference, Board members may need to use their own judgment in carrying out the spirit of the policy. For example, if a trustee is at a group table for lunch at SACRS and someone on the list joins the table, this is not likely to be viewed as a violation of the policy. However, if someone competing for this business wants a one-on-one meeting or co-sponsors a dinner, trustee participation may not be appropriate.

May 2, 2016

Page 2 of 2

To ensure compliance with the Trustee Communication Policy, staff recommends consideration of a quiet period for all firms expressing an interest in competing for this business. At the Board meeting staff will distribute the then most currently available list of firms known to have an interest in this search. If the Board chooses to initiate such a quiet period, it must take action to do so.

Sincerely,

A handwritten signature in blue ink that reads "Daniel P. Gallagher". The signature is written in a cursive style.

Dan Gallagher  
Chief Investment Officer

**RECOMMENDED: THAT THE BOARD INSTITUTE A "QUIET PERIOD" DURING  
THE SEARCH PROCESS FOR A PRIVATE EQUITY SEPARATE  
ACCOUNT MANAGER**

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## TRUSTEE COMMUNICATIONS POLICY

### I. Background and Objectives

- 1) The Board recognizes that effective communication is an integral part of the Board's role. To carry out its role effectively, the Board must establish effective processes and mechanisms for communicating with senior management, the plan sponsor, plan members and external parties, and among Board members themselves.
- 2) The primary objectives of this policy are to:
  - a) Provide the Board, individual Board members, and senior management with guidelines for executing the communications function of the Board.
  - b) Encourage and facilitate open, accurate, timely, and effective communications with all interested parties.

### II. Principles and Assumptions

- 3) Poorly executed or controlled communications by Board members may expose VCERA to significant legal or operational risks involving member services, staff and Board relations, and general public or media relations.
- 4) A communications policy should mitigate communications risk, while still enabling trustees to communicate freely and efficiently, subject to applicable laws.

### III. Policy Guidelines

#### Communications Among Trustees

- 5) The Board shall carry out its activities in accordance with the spirit of open governance, including the provisions of the Brown Act, which include, but are not limited to:
  - a) Properly noticing and posting an agenda for Board and standing committee meetings, excluding the Personnel Committee (section 54954.2 of the Brown Act); and
  - b) Allowing public comment on agenda items before or during consideration by the Board (Section 54954.3 of the Brown Act); and
  - c) Properly describing all items to be considered in closed session in the notice or agenda for the meeting (Section 54954.5 of the Brown Act); and

- d) Not conducting, or participating in, a series of communications one at a time or in a group that in total constitutes a quorum of the Board or committee either directly or through intermediaries or electronic devices, for the purpose of developing a concurrence as to action to be taken (where prohibited by Section 54953 of the Brown Act); and
  - e) Ensuring materials are properly made available to members of the public, upon request, without delay (Section 54957.5 of the Brown Act).
- 6) Trustees shall disclose any information they may have that is pertinent to the affairs of VCERA to the rest of the Board in a timely manner.
  - 7) During meetings of the Board and committees, trustees shall communicate in a straightforward, constructive manner.

#### Trustee Communications With Plan Members

- 8) Trustees will refrain from providing explicit advice or education to plan members with respect to the technicalities of the plan provisions, where there is a risk that:
  - a) the advice or information conveyed may be inappropriate, inaccurate, or misunderstood by the member; and
  - b) the member may act on the advice or information conveyed to his or her detriment, thereby creating potential liability for VCERA.
- 9) In the event a plan member requests that a trustee provide explicit advice or education with respect to the technicalities of the plan provisions, the trustee is encouraged to assist the plan member by either:
  - a) Referring the plan member to the Retirement Administrator; or
  - b) Providing the plan member's contact information to the Retirement Administrator for follow-up.

#### Trustee Communications with VCERA Management

- 10) Trustees with concerns or questions concerning any aspect of VCERA operations shall direct them to the Retirement Administrator, who shall in turn direct staff as required in order to provide the trustee with a suitable response.
- 11) Requests for information that require significant expenditure of staff time or external resources, including those of County Counsel, shall:
  - a) Be consistent with the role and responsibilities of the Board;
  - b) Be requested at Board or committee meetings; and
  - c) Be directed to the Retirement Administrator.

- 12) The Retirement Administrator shall ensure that all information requested by individual trustees is made available to the entire Board. Trustees shall share any significant information pertinent to the affairs of VCERA with the Retirement Administrator in a timely manner. Similarly, the Retirement Administrator shall make every effort to ensure that all relevant and pertinent information is disclosed to all trustees in a timely manner.

Trustee Communications With Retained Service Providers

- 13) In conjunction with the Service Provider Policy, the Board may institute a “quiet period” when:
- a) The Board initiates a search process that may result in the appointment of a new service provider or in the expansion of its relationship with an existing service provider;
  - b) A current service provider is placed on an official “watch list” signifying that the service provider’s performance has fallen below expectations and warrants closer scrutiny; or
  - c) The Board deems it is in the best interest of VCERA to require that, for a limited period of time, communications between trustees and specified service providers be restricted to Board and committee meetings only.
- 14) The initiation of a quiet period will be recorded in the minutes of the Board meeting at which it occurred.
- 15) During quiet periods, trustees shall neither communicate with the specified service providers, except during Board or committee meetings, nor accept meals, travel, hotel, or other gifts from the specified service providers.
- 16) A quiet period will cease:
- a) when a service provider has been appointed by the Board or the search process is otherwise ended; or
  - b) when a service provider on an official “watch list,” which has had a quiet period implemented, is subsequently removed from the watch list; or
  - c) when the quiet period is ended by action of the Board; or
  - d) when otherwise determined by action of the Board.

Trustee Communications With External Parties

- 17) In general, when communicating with external parties, the following guidelines will apply:
  - a) When communicating in their fiduciary capacities, trustees will ensure that all communications are consistent with their sole and exclusive fiduciary duty to represent the interests of all plan members;
  - b) Trustees will not communicate on behalf of the Board unless authorized by the Board to do so;
  - c) Trustees may voice their disagreement with decisions or policies of the Board, but shall do so in a respectful and professional manner; and
  - d) Trustees are expected to disclose when they are representing a personal position and clearly indicate if their position does not reflect the official position or policy of the Board.
- 18) The Retirement Administrator shall serve as official spokesperson for VCERA. The Retirement Administrator will, however, discuss with the Chair any public relations matters that are potentially sensitive or controversial to determine the most appropriate response and to determine whether the Retirement Administrator or the Chair should act as spokesperson on the matter.
- 19) If it would be inappropriate for the Retirement Administrator to serve as spokesperson on a particular matter (for example, if the issue pertains to the conduct of the Retirement Administrator), then the Chair shall serve as spokesperson.
- 20) Trustees are encouraged to direct all media enquiries to the Retirement Administrator for a response. Should trustees choose to respond to the enquiry themselves, they shall refrain from making unilateral commitments on behalf of the Board or VCERA and shall disclose when they are not representing an approved position of the Board or VCERA.
- 21) Trustees who wish to publish articles, letters or similar communication materials pertaining to VCERA and containing technical information concerning benefit provisions, will submit them in advance to the Retirement Administrator who will review them for technical accuracy. All such communications will contain a disclaimer indicating that the views expressed are those of the author and do not necessarily reflect the official position of the Board.

**IV. Policy Review**

- 22) The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.



**V. Policy History**

- 1) The Board last reviewed and approved this policy on June 17, 2013. This policy was adopted by the Board on June 2, 2003.

# 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>

---

May 2, 2016

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

## **SUBJECT: PERIODIC REVIEW OF BOARD EDUCATION & TRAVEL POLICY**

Dear Board Members:

The Education & Travel Policy is scheduled for Board review on an annual basis. The last formal review that resulted in changes to the policy language was in June of 2015. In anticipation of the approaching annual review, and in response to recent Board discussions, feedback and direction, staff is bringing this policy to the Board ahead of schedule. Background information and a summary of suggested changes provided below.

### On-Site Due Diligence Evaluations

Staff proposes insertion of language to address (and limit) the frequency of overseas travel, and to stress the importance maximizing the value of any such travel by combining it with an educational opportunity whenever possible.

### Air Transportation

While much of the Board and staff travel is within California, there are occasions where fiduciary responsibilities require travel across the country and/or beyond. In recognition of this, the proposed changes allow the Board the flexibility to approve airline seating above coach/economy when flight times are particularly long, such as to the East Coast.

### Meals & Beverages

The most substantial proposed changes are in this category. 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 reimbursement amount was insufficient. This tends to be more common with the breakfast meal, as it is often impractical to eat outside of the traveler's hotel.

Also, under the current policy, travelers may use **either** the individual meal amounts *or* the applicable “per day” amount on any given day of travel; however, when one or more meals are provided, the “per day” 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.)

Based on this, the proposed changes include the insertion of a table to specify meal amounts, rather than referring to the rates in the County of Ventura’s policy. Then, within the new table, an additional category/column is added to indicate different amounts for federally-designated high cost areas. For each category, the amount allowed for breakfast was raised to match the amount for lunch to help address the issue explained above. A note was added under the “per day” method to address the pro-rating of the per day limit on the first/last day of travel, on which the policy was previously silent. Finally, language is inserted to allow an exception for on-site due diligence that would be 15% higher than what is listed.

Though the proposed changes may seem complicated, the combination of adjustments are designed to close gaps or clarify gray areas for certain infrequent travel scenarios that are unique to VCERA. **The majority of the meal reimbursements will continue to be in amounts consistent with those of the County of Ventura.**

Tips

A new paragraph addressing tips is inserted which mirrors the language in the County policy, except it allows for the traveler to round up to the nearest dollar above 15% for purposes of practicality.

**RECOMMENDATION: APPROVE PROPOSED CHANGES TO THE EDUCATION & TRAVEL POLICY.**

Staff will be happy to answer any questions regarding the proposed changes at the May 2, 2016 disability meeting.

Sincerely,



Linda Webb  
Retirement Administrator

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### EDUCATION AND TRAVEL POLICY

#### INTRODUCTION

Recognizing its fiduciary responsibility to plan participants, it is the desire of the Board of Retirement (Board) to encourage members of the Board, and its staff, to enhance their knowledge of the financial and benefit aspects of the retirement system by attending educational meetings, conferences and seminars. Attendance at such functions, as well as due diligence trips relating to the operation of the retirement system, is essential to ensure that Board members and staff are able to carry out their fiduciary responsibilities.

#### PURPOSE

The purpose of this policy is to set forth the guidelines to be followed to ensure Board members and staff members are allowed to cost effectively attend the educational meetings, conferences and seminars the Board believes to be necessary for the performance of their duties.

#### COMPLIANCE WITH STATE LAW

Effective January 1, 2013, and in compliance with Section 31522.8 of the California Government Code, all Board members shall receive a minimum of 24 hours of trustee education within the first two years of assuming office, and for every subsequent two-year period the Board member continues to hold membership on the Board. Further, the Board will maintain a record of Board member compliance with the policy. This policy and an annual report on Board member compliance shall be placed on the Internet Web site.

#### ON-SITE DUE DILIGENCE

Regular on-site due diligence evaluations shall be scheduled with VCERA's investment managers (within North America) every three years. For managers outside of North America, the frequency shall be every four years and whenever possible in conjunction with an educational opportunity to maximize the value of the overseas trip. More frequent evaluations shall be conducted if there have been material organizational changes, significant underperformance of the investment or for any other reason deemed appropriate by the Board.

On-site due diligence evaluations may be conducted by one or more Trustees and may include the Chief Investment Officer (CIO), Administrator and/or the Administrator's

designee. The Administrator shall, in consultation with the CIO and Investment Consultant, agendize a proposed schedule for all on-site due diligence trips to be conducted in the upcoming year. The Board Chair shall, with Board consent, designate the Trustee(s) to participate in each on-site evaluation. Every effort shall be made to rotate due diligence responsibilities so no single Trustee, or group of Trustees, is conducting a majority of due diligence visits on VCERA's behalf. The Trustee(s) and CIO, Administrator, or designee, shall be responsible for providing a written/oral report to the Board no later than the second subsequent regular Board meeting summarizing their findings and recommendations, if any.

#### LIMITATION ON MEETING FOR BUSINESS PURPOSES

Travel by multiple Board members shall be conducted in such a manner as to not violate the provisions of the Brown Act (Government Code Section 54950 et. Seq.). Board member attendance at educational meetings, conferences, seminars and related social events is not a violation of the Brown Act.

#### TRAVEL AUTHORIZATION

Approval for travel by a Board or staff member to an educational meeting, conference or seminar shall be made in an open meeting of the Board, except for attendance at the Spring and Fall State Association of County Retirement Systems (SACRS) conferences for which authorization by the Board will not be required. Additionally, the Retirement Administrator may approve Board or staff travel, including the Board's legal advisor, for one-day meetings held within the State. The Administrator may also approve an overnight stay by a staff member if it is determined to be in the best interest of the Association in terms of economy and efficiency. In the event a Board member wishes to conduct an on-site due diligence visit, or attend a one-day seminar, of a VCERA investment manager or consultant without prior Board approval, the Administrator is authorized to reimburse travel expenses up to \$350.00 upon submission of a verified claim.

Although State law may permit gifts of travel to the System, if a third party offers to pay for some or all of the travel expenses associated with a particular conference, seminar or meeting, the Board shall decline the offer. However, the Board may consider authorizing attendance at the particular conference, seminar or meeting at VCERA's expense if such attendance would be beneficial to VCERA.

#### ANNUAL TRAVEL BUDGET

The Retirement Administrator shall include in the annual budget to be approved by the Board sufficient funding to allow each member of the Board, and staff, to attend the Spring and Fall SACRS conferences. Additionally, funds will be budgeted, based upon the information available on scheduled conferences and input from individual Board members during the budget preparation process, to allow each Board member and management staff to attend up to three additional conferences, educational meetings, seminars and site visits each fiscal year. This limitation shall not apply to on-site visits that are made

with the consent of the Board, including in connection with the retention of a new manager, nor shall it apply to any conference, educational meeting, seminar or site visit where the cost to the Association can reasonably be expected to be less than \$500.00.

Travel expenses of Board members and staff shall be considered a cost of administration and may not be paid by any third party without the express written authorization of the Board.

### RECOMMENDED PUBLIC RETIREMENT SYSTEM MEETINGS

It is the intention of the Board to establish a standard whereby attendance at educational meetings, conferences and seminars will be approved only if the agenda for the event contains an average of five (5) hours of substantive educational content per day. This standard would not apply to meetings with investment managers, consultants, etc., which would not be expected to last for five hours.

The Board establishes the following as recommended educational meetings, conferences and seminars that qualify as trustee education.

1. State Association of County Retirement Systems (SACRS), including meetings of SACRS Board or Committees on which a member of the Board or staff participates. The Board recognizes the importance of having its Trustees actively participate as members of the SACRS Board or its committees. Therefore, attendance at such meetings shall not count towards the three conferences, educational meetings, seminars or site visits limitation set forth above, even if such cost exceeds \$500.00.
2. Public Pension Investment Management Program (SACRS/Berkeley). (Attendance shall not count towards the three conference limit.)
3. California Association of Public Retirement Systems (CALAPRS) Annual General Assembly, trustee and staff roundtables, Advanced Board Leadership Institute, Administrators' Institute and the Principles of Pension Management for Trustees course. (Attendance shall not count towards the three conference limit.)
4. Programs sponsored by the International Foundation of Employee Benefit Plans (IFEBP).
5. Programs sponsored by the Institute for Fiduciary Education (IFE).
6. NCPERS Annual Conference.
7. Pension Funds and Money Management, and Alternative Investments and Real Estate; The Wharton School, University of Pennsylvania.
8. Programs sponsored by the National Association of Police Officers (NAPO).
9. Client conferences sponsored by investment managers, asset custodians and consultants with whom the Retirement System has a current professional relationship. (Attendance shall not count towards the three conference limit.)
10. National Association of Pension Fund Attorneys Conference.

11. California Retired County Employees Association (CRCEA).
12. Nossaman LLC Annual Fiduciary Forum. (Attendance shall not count towards the three conference limit.)
13. Council of Institutional Investors (CII)

Board members may request approval to attend the recommended, or any other, educational meetings, seminars and conferences by submitting a written request to the Retirement Administrator for inclusion on the next Board agenda. Requests approved by the Board qualify as Board member education. Educational seminars sponsored by the state or national public pension fund organizations and seminars sponsored by accredited academic institutions shall be deemed to meet Board member education requirements.

### APPROPRIATE TOPICS

Appropriate topics for Board member education, may include, but is not limited to, the following:

1. Fiduciary responsibilities.
2. Ethics.
3. Pension fund investments and investment program management.
4. Actuarial matters.
5. Pension funding.
6. Benefits administration.
7. Disability evaluation.
8. Fair hearings.
9. Pension fund governance.
10. New Board member orientation.

### TRAVEL ARRANGEMENTS

It is the preference of the Board to have travel arrangements made through VCERA staff. This would include processing of registrations, hotel accommodations and transportation. However, a Board member may arrange his/her own transportation if he/she is to be accompanied by a spouse or traveling companion. VCERA staff will not make travel arrangements for, or reimbursement to a Board or staff member for any costs associated with the attendance of a spouse or traveling companion to any function.

### TRAVEL COSTS

It is the policy of the Board that travel to educational meetings, conferences and seminars be achieved in the least expensive practical manner possible in order to reduce costs to the retirement system.

Reimbursement or payment for travel related expenses may not be made in certain instances. For travel to meetings within the State of California, lodging and other eligible travel related expenses will be paid for the evening prior to the start of the meeting only if the meeting starts at or prior to 9:30a.m. Lodging for the night of the last day of the conference will not be paid by the Retirement System.

For travel outside the State of California, lodging and other travel related expenses will be paid by VCERA for the evening prior to the day the meeting starts. Lodging will not be paid by VCERA for the evening of the final day of the meeting unless the substantive portion of the meeting ends after 2:00 p.m. or it can be demonstrated that a reduction in airfare can be achieved by staying over for an additional day which will more than offset the cost for an additional night's lodging and other travel related costs that would be incurred.

In order to avoid unnecessary costs to the Retirement System, Board members should immediately notify VCERA's Chief Financial Officer of the cancellation or other changes in their travel plans.

Travel related costs which will be paid or reimbursed to a Board or staff member include the following:

#### Air Transportation

Every attempt should be made to make air travel reservations in advance to take advantage of available discounts. Airfare will be paid for coach/economy passage only, with the exceptions listed below: -

<u>Flight Time</u>	<u>Seating level allowable</u>
<u>Exceeds 4 hours</u>	<u>1 level above coach/ economy</u>
<u>Exceeds 8 hours</u>	<u>Premium economy (or equivalent) or business class, with Board approval.</u>

#### Hotel Accommodations

Payment for lodging will be at the single occupancy rate, plus applicable room tax. Any lodging costs in excess of the single occupancy room rate will be the responsibility of the Board or staff member.

#### 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, as shown in the following table. 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.

	<u>Within California (Receipts Required)</u>	<u>Out-of-State (Receipts Required)</u>	<u>High-Cost Areas (HCA)*</u>	<u>Per Day (No Receipts Required)</u>
<u>Breakfast</u>	<u>\$19.50</u>	<u>\$22.50</u>	<u>25.00</u>	<u>\$57.00</u> <u>\$68.00 (HCA*)</u> <u>75% of above for first &amp; last days of travel</u>
<u>Lunch</u>	<u>\$19.50</u>	<u>\$22.50</u>	<u>25.00</u>	
<u>Dinner</u>	<u>\$38.00</u>	<u>\$43.00</u>	<u>49.00</u>	

\*as designated by the current federal General Services Administration Special Per Diem Rates publication.

Exception: for on-site due diligence evaluations, the amounts indicated in the table above are increased by 15%.

### Tips

The gratuity for meals may not exceed 15 percent of the charge, rounded up to the nearest dollar, unless the establishment adds it to the bill. Tips may be reimbursed for other legitimate services such as maid service, portage, and parking valet service paid in the scope of the traveler's duty, not to exceed \$10 per day.

### Rental Car

Every attempt should be made to utilize public transportation, airport and hotel shuttle services which are reimbursable expenses. A rental car may be used if cost effective. The retirement system will not be responsible for any loss or damage resulting from the use of a rental car.

### Parking

Reasonable automobile parking expenses are reimbursable.

### Mileage

Retirement Board members and staff will be reimbursed for the use of their own automobile at the current mileage rate authorized by the Internal Revenue Service.

### Non-Reimbursable Expenses

Expenditures, which are not substantive to VCERA business will not be reimbursed by VCERA, such as:

- A. Any expenses related to alcohol and tobacco;
- B. Internet usage fees (unless the internet is used for VCERA business);
- C. Any expenses related to entertainment and recreational activities.

### Documentation of Expenses and Submission of Reimbursement Claims

All requests for reimbursement of travel costs shall be supported by detailed receipts or other documentation. Agendas from the training may be attached to the travel claims, along with notations of the sessions attended with the associated hours recorded on the face of the claim. All travel claims shall be submitted to the Retirement Administrator or VCERA's Chief Financial Officer no later than the 60<sup>th</sup> calendar day after the expense is incurred by the Board or staff member. (A sample claim form is attached to this policy.)

### REPORTING

Retirement Board members shall, no later than the 2<sup>nd</sup> subsequent Board meeting, provide a brief report on meetings attended on behalf of VCERA. The Retirement Administrator shall, no later than the second month of the calendar year, report on annual Board member compliance and post said report on the VCERA Web site.

### POLICY REVIEW

In order to keep the provisions of this policy current, the Board will review this policy on an annual basis at a minimum.

### POLICY HISTORY

The Board last reviewed and approved this policy on ~~June-May 215~~, 201~~65~~. The Board previously approved this policy on June 15, 2015, February 23, 2015, June 2, 2014, June 17, 2013, January 28, 2013, July 2, 2012, June 20, 2011, June 21, 2010, June 15, 2009, September 15, 2008, April 16, 2007, May 1, 2006, October 17, 2005, April 19, 2004, April 21, 2003, May 6, 2002, April 16, 2001, and April 17, 2000. The Board originally adopted this policy on July 6, 1998.

Sample Claim Form

VCERA TRAVEL EXPENSE REIMBURSEMENT									
Name				Vendor Number					
Mailing Address, City, State & Zip Code									
Destination									
Purpose				Education Hours					
<b>MEALS</b>	<b>MAXIMUM REIMBURSEMENT RATES</b>			Date	Breakfast	Lunch	Dinner	Total	
	Within California							\$	
	Breakfast: \$13 Lunch: \$18 Dinner: \$35							\$	
	Outside California							\$	
	Breakfast: \$15 Lunch: \$21 Dinner: \$40							\$	
Receipts Required							\$		
			<b>TOTAL</b>				\$		
<b>LODGING</b>	Hotel Name		City		Number of Nights		Total		
							\$		
							\$		
						<b>TOTAL</b>	\$		
<b>MILEAGE</b>	From		To		Miles		Rate	Total	
							0.585	\$	
							0.585	\$	
							0.585	\$	
						<b>TOTAL</b>		\$	
<b>OTHER</b>	Description		Conf. Fees		Parking		Taxi	Airfare	Other
							<b>TOTAL</b>		\$
<b>TOTAL CLAIM AMOUNT</b>								\$	
<b>CLAIMANT</b>				<b>VCERA APPROVAL</b>					
The undersigned, under penalty of perjury, states: That the above claim and the items set out therein are true and correct; that no part thereof has been heretofore paid; and that the amount is justly due, and that claim is made within one year after the last item has accrued.				I hereby certify, upon my own personal knowledge, that the goods or services specified in the above claim were reasonable, necessary and for the benefit of the County; that no part thereof has been heretofore paid; that the amount therein is justly due, and that payment of the above claim complies with the County policies and procedures.					
X _____				X _____					
Date _____				Date _____					
<b>Internal Use Only</b>									
Account:						Agenda attached? <input type="checkbox"/>			
8282 Travel Reimbursement \$ _____									
8284 Mileage Reimbursement \$ _____						TOTAL \$ _____			
<b>CHECK REQUEST</b>									
REQUESTED BY: _____									
CHECK DATE: _____				CHECK NUMBER: _____					
PREPARED BY: _____				APPROVED BY: _____					

## VCERA TRAVEL EXPENSE REIMBURSEMENT

Name _____	Vendor Number _____
------------	---------------------

Mailing Address, City, State & Zip Code \_\_\_\_\_

Destination/Date(s)/Purpose _____	Education Hours Claimed _____
-----------------------------------	-------------------------------

MEALS	MAXIMUM REIMBURSEMENT RATES	Date	Breakfast	Lunch	Dinner	Total	TOTAL	
	<u>Within California</u>							\$
	Breakfast: \$13 Lunch: \$18 Dinner: \$35							\$
	<u>Outside California</u>							\$
	Breakfast: \$15 Lunch: \$21 Dinner: \$40							\$
	<i>Receipts Required</i>							\$

LODGING	Hotel Name	City	Number of Nights	Total	TOTAL	

MILEAGE	From	To	Miles	Rate	Total	TOTAL	
					0.54		\$
					0.54		\$
					0.54		\$

OTHER	Description	Conf. Fees	Parking	Taxi	Airfare	Other	TOTAL	

**CLAIMANT**

The undersigned, under penalty of perjury, states: That the above claim and the items set out therein are true and correct; that no part thereof has been heretofore paid; and that the amount is justly due, and that claim is made within one year after the last item has accrued.

X \_\_\_\_\_  
Date \_\_\_\_\_

**VCERA APPROVAL**

I hereby certify, upon my own personal knowledge, that the goods or services specified in the above claim were reasonable, necessary and for the benefit of the County; that no part thereof has been heretofore paid; that the amount therein is justly due, and that payment of the above claim complies with the County policies and procedures.

X \_\_\_\_\_  
Date \_\_\_\_\_

**Internal Use Only**

Account: 9261 Travel Reimbursement ADMIN     \$ _____ 9256 Mileage Reimbursement ADMIN     \$ _____ <p style="text-align: center; margin-top: 5px;">TOTAL                                     \$ _____</p>	Agenda attached? <input type="checkbox"/>
---	---

CHECK REQUEST

INPUT BY: \_\_\_\_\_ INPUT REVIEWED BY: \_\_\_\_\_

CK PREPARED BY: \_\_\_\_\_ CHECK#: \_\_\_\_\_ CHECK DATE: \_\_\_\_\_

APPROVED TO ISSUE BY: \_\_\_\_\_ 2ND SIGNATURE: \_\_\_\_\_

## 2015-2016 Special Per Diem Rates

Notice 2015-63

### SECTION 1. PURPOSE

This annual notice provides the 2015-2016 special per diem rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home, specifically (1) the special transportation industry meal and incidental expenses (M&IE) rates, (2) the rate for the incidental expenses only deduction, and (3) the rates and list of high-cost localities for purposes of the high-low substantiation method.

### SECTION 2. BACKGROUND

Rev. Proc. 2011-47, 2011-42 I.R.B. 520, provides rules for using a per diem rate to substantiate, under § 274(d) of the Internal Revenue Code and § 1.274-5 of the Income Tax Regulations, the amount of ordinary and necessary business expenses paid or incurred while traveling away from home. Taxpayers using the rates and list of high-cost localities provided in this notice must comply with Rev. Proc. 2011-47. Notice 2014-57, 2014-42 I.R.B. 723, provides the rates and list of high-cost localities for the period October 1, 2014, to September 30, 2015.

Section 3.02(3) of Rev. Proc. 2011-47 provides that the term “incidental expenses” has the same meaning as in the Federal Travel Regulations, 41 C.F.R. 300-3.1, and that future changes to the definition of incidental expenses in the Federal Travel Regulations would be announced in the annual per diem notice. Subsequent to

the publication of Rev. Proc. 2011-47, the General Services Administration published final regulations revising the definition of incidental expenses under the Federal Travel Regulations to include only fees and tips given to porters, baggage carriers, hotel staff, and staff on ships. Transportation between places of lodging or business and places where meals are taken, and the mailing cost of filing travel vouchers and paying employer-sponsored charge card billings, are no longer included in incidental expenses. Accordingly, taxpayers using the per diem rates may separately deduct or be reimbursed for transportation and mailing expenses.

### SECTION 3. SPECIAL M&IE RATES FOR TRANSPORTATION INDUSTRY

The special M&IE rates for taxpayers in the transportation industry are \$63 for any locality of travel in the continental United States (CONUS) and \$68 for any locality of travel outside the continental United States (OCONUS). See section 4.04 of Rev. Proc. 2011-47.

### SECTION 4. RATE FOR INCIDENTAL EXPENSES ONLY DEDUCTION

The rate for any CONUS or OCONUS locality of travel for the incidental expenses only deduction is \$5 per day. See section 4.05 of Rev. Proc. 2011-47.

### SECTION 5. HIGH-LOW SUBSTANTIATION METHOD

1. Annual high-low rates. For purposes of the high-low substantiation method, the per diem rates in lieu of the rates described in Notice 2014-57 (the per diem substantiation method) are \$275 for travel to any high-cost locality and \$185 for travel to any other locality within CONUS. The amount of the \$275 high rate and \$185 low rate that is treated as paid for meals for purposes of § 274(n) is \$68 for travel to any high-cost locality and \$57 for travel to any other locality within CONUS. See section 5.02 of

Rev. Proc. 2011-47. The per diem rates in lieu of the rates described in Notice 2014-57 (the meal and incidental expenses only substantiation method) are \$68 for travel to any high-cost locality and \$57 for travel to any other locality within CONUS.

2. High-cost localities. The following localities have a federal per diem rate of \$230 or more, and are high-cost localities for all of the calendar year or the portion of the calendar year specified in parentheses under the key city name.

<u>Key city</u>	<u>County or other defined location</u>
California	
Mammoth Lakes (December 1-February 29)	Mono
Monterey (July 1-August 31)	Monterey
Napa (October 1-October 31 and May 1-September 30)	Napa
San Francisco	San Francisco
San Mateo/Foster City/Belmont	San Mateo
Santa Barbara	Santa Barbara
Santa Monica	City limits of Santa Monica
Sunnyvale/Palo Alto/San Jose	Santa Clara
Colorado	
Aspen (December 1-March 31 and June 1-August 31)	Pitkin
Denver/Aurora	Denver, Adams, Arapahoe, and Jefferson
Grand Lake (December 1-March 31)	Grand
Silverthorne/Breckenridge (December 1-March 31)	Summit
Steamboat Springs (December 1-March 31)	Routt
Telluride (December 1-March 31 and June 1-August 31)	San Miguel
Vail (December 1-March 31 and July 1-August 31)	Eagle
District of Columbia	
Washington D.C. (also the cities of Alexandria, Falls Church, and Fairfax, and the	



counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland) (See also Maryland and Virginia)

Florida

Boca Raton/Delray Beach/Jupiter (January 1-April 30)	Palm Beach and Hendry
Fort Lauderdale (January 1-March 31)	Broward
Fort Walton Beach/De Funiak Springs (June 1-July 31)	Okaloosa and Walton
Key West	Monroe
Miami (December 1-March 31)	Miami-Dade
Naples (January 1-April 30)	Collier

Illinois

Chicago (October 1-November 30 and March 1-September 30)	Cook and Lake
---	---------------

Maine

Bar Harbor (July 1-August 31)	Hancock
----------------------------------	---------

Maryland

Ocean City (June 1-August 31)	Worcester
Washington, DC Metro Area	Montgomery and Prince George's

Massachusetts

Boston/Cambridge	Suffolk, City of Cambridge
Falmouth (July 1-August 31)	City limits of Falmouth
Martha's Vineyard (June 1-September 30)	Dukes
Nantucket (October 1-December 31 and June 1-September 30)	Nantucket

Michigan

Traverse City/Leland (July 1-August 31)	Grand Traverse/Leelanau
--	-------------------------

New York

Lake Placid (July 1-August 31)	Essex
New York City	Bronx, Kings, New York, Queens,

Saratoga Springs/Schenectady (July 1-August 31)	and Richmond Saratoga and Schenectady
Pennsylvania Hershey (June 1-August 31) Philadelphia (October 1-November 30, March 1-June 30, and September 1-September 30)	Hershey  Philadelphia
Rhode Island Jamestown/Middletown/Newport (June 1-August 31)	Newport
South Carolina Charleston (October 1-November 30 and March 1-September 30)	Charleston, Berkeley and Dorchester
Texas Midland	Midland
Utah Park City (December 1-March 31)	Summit
Virginia Virginia Beach (June 1-August 31) Wallops Island (July 1-August 31) Washington, DC Metro Area	City of Virginia Beach  Accomack  Cities of Alexandria, Fairfax, and Falls Church; counties of Arlington and Fairfax
Washington Seattle	King
Wyoming Jackson/Pinedale (June 1-September 30)	Teton and Sublette

3. Changes in high-cost localities. The list of high-cost localities in this notice differs from the list of high-cost localities in section 5 of Notice 2014-57.

- a. The following localities have been added to the list of high-cost localities:  
Mammoth Lakes, California; Grand Lake, Colorado; Silverthorne/Breckenridge, Colorado; Traverse City/Leland, Michigan; Hershey, Pennsylvania; Wallops Island, Virginia.
- b. The following localities have changed the portion of the year in which they are high-cost localities: Napa, California; Telluride, Colorado; Miami, Florida; Martha's Vineyard, Massachusetts; Nantucket, Massachusetts; Jamestown/Middletown/Newport, Rhode Island; Charleston, South Carolina; Jackson/Pinedale, Wyoming.
- c. The following localities have been removed from the list of high-cost localities:  
Sedona, Arizona; Santa Cruz, California; New Orleans, Louisiana; Baltimore City, Maryland; Cambridge/St. Michaels, Maryland; Glendive/Sidney, Montana; Conway, New Hampshire; Glens Falls, New York; Tarrytown/White Plains/New Rochelle, New York; Kill Devil, North Carolina; Williston, North Carolina.

## SECTION 6. EFFECTIVE DATE

This notice is effective for per diem allowances for lodging, meal and incidental expenses, or for meal and incidental expenses only, that are paid to any employee on or after October 1, 2015, for travel away from home on or after October 1, 2015. For purposes of computing the amount allowable as a deduction for travel away from home, this notice is effective for meal and incidental expenses or for incidental expenses only paid or incurred on or after October 1, 2015. See sections 4.06 and 5.04 of Rev. Proc. 2011-47 for transition rules for the last 3 months of calendar year 2015.

## SECTION 7. EFFECT ON OTHER DOCUMENTS

Notice 2014-57 is superseded.

**DRAFTING INFORMATION**

The principal author of this notice is Kari Fisher of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Kari Fisher at (202) 317-7007 (not a toll-free call).

# 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>

---

May 2, 2016

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

## **SUBJECT: PERIODIC REVIEW OF BOARD CHARTERS AND OTHER POLICIES**

Dear Board Members:

As part of the Board Policy Development Process, each Board policy is to be formally reviewed, with varying frequency depending on the policy. Of the policies with a review frequency of three years, seven were last reviewed in May of 2013.

Several of the 7 policies are actually charters – for the Board, or for the Chair, Vice Chair, etc. One is the Monitoring & Reporting policy itself, which sets the frequency of reviews. Unlike other policies that lend themselves to staff submitting edits for Board review and approval, these charters particularly necessitate inspection and scrutiny by the Board itself.

Therefore, staff is providing these policies to allow the Board to identify any changes needed, and instruct staff on implementing those changes in advance of the May 16, 2016 business meeting.

Sincerely,



Linda Webb  
Retirement Administrator

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT CHARTER

### I. Introduction

- 1) The Board is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. In doing so, it recognizes the need to clearly delineate the responsibilities of the various decision-making bodies involved in the governance and management of VCERA. Accordingly, the Board has established this charter, which sets out its own duties and responsibilities in governing VCERA.

### II. Duties and Responsibilities

#### Governance

- 2) The Board will:
  - a) Approve, and amend as necessary, the mission statement of VCERA;
  - b) Enact regulations or bylaws, consistent with the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Sections 31450 *et. seq.* as amended, the California Public Employees' Pension Reform Act of 2012, and other applicable laws;
  - c) Enact, and amend as necessary, policies to ensure appropriate governance practices;
  - d) Enact charters describing the roles and responsibilities of the Board, the Retirement Administrator, the Chair, Vice Chair, and any board committees that may be established, and amend said charters as appropriate;
  - e) Elect a Chair and a Vice Chair;
  - f) Initiate, support or oppose legislative proposals affecting VCERA; and
  - g) Authorize and or approve all actions concerning litigation that may affect the investments, benefits or funding of VCERA.

#### Investments and Funding

- 3) The Board has exclusive control of the investments of VCERA. The assets of VCERA are trust funds and, as such, the Board will manage the assets:
  - a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering VCERA;

- b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and
  - c) By diversifying the investments of VCERA so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.
- 4) The Board's duties to its participants and their beneficiaries shall take precedence over any other duty.
  - 5) The Board will conduct a study of the relationship between the assets and liabilities of VCERA not less than every three years.
  - 6) The Board will approve an Investment Policy Statement including investment objectives, and will review and confirm or amend such policy as necessary.
  - 7) The Board will approve broad investment strategies for achieving the investment objectives of VCERA, which will include at a minimum:
    - a) Investment manager structures;
    - b) Investment style and market capitalization strategies; and
    - c) Active and passive investment allocations.

#### Benefits Administration

- 8) The Board will:
  - a) Adopt board policies deemed necessary to ensure effective administration of member and surviving beneficiary benefits;
  - b) Approve all qualified members who apply for service retirement;
  - c) Determine the merits of applications for disability benefits, making necessary determinations of eligibility and permanency of incapacity;
  - d) Act on member and surviving beneficiary appeals of decisions made by VCERA staff;
  - e) Annually approve cost-of-living adjustments for eligible retirees and surviving beneficiaries; and
  - f) Annually review any non-vested supplemental benefit payments to retirees and surviving beneficiaries.

Operations

- 9) The Board will:
- a) Approve a business plan and any updates thereto in accordance with the Business Planning Policy;
  - b) Approve the annual operating budget and any changes thereto;
  - c) Ensure that all required contributions to VCERA are collected in a timely manner;
  - d) Ensure that all required distributions from VCERA are made in a timely manner;
  - e) Approve leasehold or purchase agreements in connection with VCERA's offices; and
  - f) Approve operational policies to support the efficient delivery of member and surviving beneficiary services.

Financial, Actuarial and Accounting

- 10) The Board will:
- a) Approve the annual actuarial valuation and the actuarial assumptions contained therein, upon the advice of the actuary and other experts as required, and transmit to the Board of Supervisors a recommendation to implement such changes in the contribution rates of the county and districts, and members, as are necessary. At least 25 days prior to taking any action concerning the actuarial valuation, the Board shall provide a copy of the valuation to each employee organization recognized by the County of Ventura, and to any recognized retiree organization.
  - b) Approve the Comprehensive Annual Financial Report;
  - c) Ensure a financial audit is conducted at least annually;
  - d) Ensure an actuarial experience study is conducted every three years; and
  - e) Ensure an actuarial audit is conducted at least every six years, unless the Board has replaced the actuary or is contemplating replacing the actuary shortly before or after the time that an actuarial audit is due.

Human Resources

- 11) The Board will:



- a) Approve a Retirement Administrator Performance Evaluation Policy;
- b) Approve the compensation of the Retirement Administrator;
- c) Approve the staffing levels of VCERA; and
- d) Ensure that appropriate provisions for succession are in place to provide for continuity in VCERA staff.

#### Communications

12) The Board will:

- a) Ensure effective communications with all significant interest groups including, but not limited to, plan participants, the plan sponsors, recognized retiree organizations, and employee organizations;
- b) Ensure that the Comprehensive Annual Financial Report, or a summary thereof, is available to members and the public; and
- c) Ensure the adequacy of the Annual Member Statement and ensure its timely distribution to all members.

#### Key Appointments

13) The Board will appoint the Retirement Administrator.

14) The Board will appoint the following retained service providers, taking into consideration the recommendation of staff or consultants:

- a) The actuary;
- b) The actuarial auditor;
- c) The financial auditor;
- d) The custodian;
- e) Board Counsel, and additional legal counsel retained to advise the Board;
- f) Investment consultants;
- g) Investment managers;
- h) Human resource consultants;
- i) Information systems technology providers; and
- j) Hearing Officers.

- 15) Unless the Board determines otherwise, the Retirement Administrator will be responsible for appointing, and executing contracts with, service providers other than the retained service providers listed above and for informing the Board of such appointments, and will be responsible for seeking Board approval, where the services are publicly or politically sensitive, or the contract exceeds \$100,000.

### **III. Monitoring and Reporting**

- 16) The Board will ensure that appropriate monitoring and reporting practices are established within VCERA.
- 17) The Board will annually:
- a) Review compliance with board policies;
  - b) Review the Retirement Administrator's job performance in accordance with the Retirement Administrator Performance Evaluation Policy;
  - c) Review the performance of the Board itself;
  - d) Review the funded status of VCERA via the actuarial valuation;
  - e) Review VCERA's internal financial and operating controls as presented by the financial auditor;
  - f) Review the investment performance of VCERA and the performance of its investment managers.
- 18) The Board will review the actuarial experience of VCERA not less than every three (3) years.
- 19) The Board will review the results of an actuarial audit of VCERA at least every six years, except as otherwise provided in Section 10 e).
- 20) The Board will review progress toward the implementation of VCERA's business plan on an annual basis.
- 21) The Board will review board policies at a frequency to be set out in each policy.
- 22) The Board will review the operating budget on a monthly basis.
- 23) With the assistance of the Retirement Administrator, the Board will, on a regular basis, review the performance of all retained service providers including the actuary, the financial auditor, the investment consultant and counsel.

### **IV. Compensation of Members; Expenses**

- 23) Eligible Board members shall receive compensation at a rate of not more than one hundred dollars (\$100) a meeting, meeting of a committee, or meeting of an ad hoc committee, authorized by the entire board, for not more than five meetings per month, together with actual and necessary expenses for all members of the Board.

**V. Review**

- 24) The Board will review this charter at least once every three (3) years to ensure that it remains relevant and appropriate.

**VI. History**

- 25) The Board last reviewed and approved this charter on May 6, 2013. This charter was originally adopted by the Board on September 15, 2008.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## CHAIR CHARTER

### **I. Introduction**

- 1) At its first regular meeting in December, the Board will elect one of its members as Chair to hold office for a period of one year, commencing January 1 of the following year. Members may be re-elected to the office of Chair without limitation. The Chair will exercise the powers and will perform the duties and functions specified herein. In presiding at meetings of the Board, the Chair shall attempt to refrain from entering into any discussion on the merits of any issue before the Board until it appears all other members of the Board wishing to comment have had the opportunity to state their positions on such issue.
- 2) No member shall be elected to the position of Chair until he or she has served on the Board for a minimum of one year.

### **II. Duties and Responsibilities**

- 3) The Chair will:
  - a) Recommend to the Board the appointment of committees and ad hoc committees of the Board;
  - b) Appoint a chair for each committee and ad hoc committee, or delegate to the committee the responsibility of appointing a chair;
  - c) Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient and effective manner;
  - d) In consultation with the Retirement Administrator, ensure coordination of meetings of the Board, agendas, schedules and presentations;
  - e) Facilitate effective and open communications between the Board and the Retirement Administrator;
  - f) Work to ensure cohesion within the Board;
  - g) Sign subpoenas if the Retirement Administrator is unavailable;
  - h) Execute all investment manager contracts entered into by VCERA, and all other professional service contracts exceeding \$100,000, unless signature authority is delegated by the Board to the Retirement Administrator in an open meeting;
  - i) Review travel and other expenses of the Retirement Administrator on a quarterly basis;

- j) Sign the minutes which shall be part of the permanent records of the Board;  
and
  - k) Carry out such other functions and duties as are prescribed by the Board.
- 4) The Chair shall be available to discuss with the Retirement Administrator any public relations matter the Retirement Administrator believes to be potentially sensitive or controversial in order to determine the most appropriate response, and to determine whether the Chair or the Retirement Administrator should act as spokesperson on the matter.

Notwithstanding the above, the Chair will serve as official spokesperson for VCERA on any public relations matter pertaining to the Retirement Administrator and for which it would be inappropriate for the Retirement Administrator to serve as spokesperson, such as matters relating to the ethical conduct of the Retirement Administrator.

### **III. Review**

- 5) The Board will review this charter at least once every three (3) years to ensure that it remains relevant and appropriate.

### **IV. History**

- 6) The Board last reviewed and approved this charter on May 6, 2013. This charter was originally adopted by the Board on June 2, 2003.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## VICE CHAIR CHARTER

### **I. Introduction**

- 1) At its first regular meeting in December, the Board will elect one of its members as Vice Chair to hold office for a period of one year, commencing January 1 of the following year. Members may be re-elected to the office of Vice Chair without limitation. No member shall be elected to the position of Vice Chair until he or she has served on the Board for a minimum of one year.

### **II. Duties and Responsibilities**

- 2) The Vice Chair will assume the duties of the Chair in the event the Chair is unable to fulfill the duties of the position.
- 3) In order to assume the duties of the Chair effectively, the Vice-Chair is responsible for ensuring that he or she is familiar with the duties of the Chair.

### **IV. Review**

- 4) The Board will review this charter at least once every three (3) years to ensure that it remains relevant and appropriate.

### **V. History**

- 5) The Board last reviewed and approved this charter on May 6, 2013. This charter was originally adopted by the Board on June 2, 2003.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## RETIREMENT ADMINISTRATOR CHARTER

### **I. Introduction**

- 1) The Board will appoint a Retirement Administrator who will serve at its pleasure. The Retirement Administrator is the most senior executive of VCERA and is subject to the Ventura County Management Resolution and is exempt from Ventura County civil service rules. This charter sets out the roles and responsibilities of the Retirement Administrator.

### **II. Duties and Responsibilities**

#### Leadership and Policy Analysis

- 2) The Retirement Administrator will provide leadership for VCERA staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The Retirement Administrator will manage the day-to-day affairs of VCERA in accordance with policies established by the Board, and may delegate duties to senior management and staff as necessary.
- 3) The Retirement Administrator will provide support to the Board and its committees in establishing all governance, administrative and operational policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees. The Retirement Administrator may advise the Board on investment policy matters, but primary responsibility for such recommendations rests with the investment consultant.
- 4) The Retirement Administrator will be responsible for ensuring that all administrative and operational policies of the Board, excluding governance and investment policies, are properly implemented.

#### Governance

- 5) The Retirement Administrator will:
  - a) Recommend to the Board policies to help ensure appropriate governance practices;
  - b) Assist the Board in implementing its governance policies, charters, and bylaws; and
  - c) Assist the Board in coordinating Board member education and travel arrangements.

- 6) The Retirement Administrator will carry out the following duties for the Board:
- a) Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Brown Act;
  - b) Maintain minutes of Board meetings and notes for committee meetings;
  - c) Sign the minutes of Board meetings upon approval of the Board;
  - d) Sign subpoenas;
  - e) Under the direction of the Chair or, in the Chair's absence, the Vice-Chair, sign all resolutions and policies adopted by the Board.

#### Investments

- 7) The Retirement Administrator will:
- a) Advise the Board on investment matters;
  - b) Monitor, from an administrative perspective only, that the investment consultant is fulfilling the terms of its contract with VCERA; and
  - c) Execute the portfolio rebalancing policy of the Board.

#### Benefits Administration

- 8) The Retirement Administrator will:
- a) Recommend to the Board, as necessary, policies and staffing to ensure effective administration of member benefits;
  - b) Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
  - c) In consultation with medical evaluators and counsel, schedule disability applications to the Board for its consideration;
  - d) Maintain accurate records of member accounts; and
  - e) Ensure delivery of high standards of service to members including calculations and counseling.

#### Operations

- 9) The Retirement Administrator will:
- a) Recommend to the Board, as appropriate, Board policies and staffing designed to help ensure effective operations;



- b) Develop and recommend a Business Plan to the Board, as well as updates to the Plan as necessary;
- c) Recommend the annual operating budget to the Board;
- d) Execute agreements and authorize payments related to the administration of VCERA, consistent with the operating budget;
- e) Account for and ensure appropriate collection, deposit, and distribution of funds as required;
- f) Implement internal operational controls;
- g) Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer VCERA;
- h) Maintain the records of VCERA in a permanent and readily accessible format;
- i) Maintain an effective working relationship with plan sponsors and other constituency groups.

#### Finance, Actuarial and Accounting

10) The Retirement Administrator will:

- a) Prepare the Comprehensive Annual Financial Report for approval by the Board;
- b) Implement appropriate internal financial controls to safeguard the assets of VCERA;
- c) With the assistance of the Chief Financial Officer, coordinate the annual financial audit;
- d) Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits; and
- e) Per Government Code Section 31597.1, adopted by the Board of Supervisors on May 19, 1981, before December 31 of each year, file in the office of the County Auditor and with the Board of Supervisors a sworn statement as part of the Comprehensive Annual Financial Report, which will exhibit the financial condition of VCERA at the close of the preceding fiscal year and its financial transactions for the year ending on that day.

#### Human Resources

11) The Retirement Administrator will:

- a) Hire, manage and terminate senior management and staff; and

- b) Develop training and job development programs for VCERA staff as approved in the annual budget.

#### Legislation and Litigation

- 12) The Retirement Administrator will:
  - a) Recommend legislative proposals to be considered by the Board;
  - b) Coordinate with legal counsel all legal proceedings involving VCERA;
  - c) In consultation with legal counsel, provide recommendations to the Board concerning settlement or other legal action involving VCERA; and
  - d) Develop and implement plans to comply with court rulings or new legislation.

#### Communications

- 13) The Retirement Administrator will:
  - a) Ensure effective and timely communications with stakeholders on matters relating to the administration of VCERA. Such communications may include press releases, newsletters, presentations, and internet communications; and
  - b) Act as official spokesperson for VCERA. The Retirement Administrator will, however, discuss with the Chair any public relations matters that are potentially sensitive or controversial to determine the most appropriate response and to determine whether the Retirement Administrator or the Chair should act as spokesperson on the matter.

#### Appointment of Service Providers

- 14) The Retirement Administrator will cause the necessary due diligence to be performed for the following retained service providers:
  - a) The actuary;
  - b) The actuarial auditor;
  - c) The independent financial auditor;
  - d) The master trust/plan custodian;
  - e) Legal counsel;
  - f) Human resource consultants;
  - g) Information systems technology providers;

- h) Hearing Officers; and
- i) Other service providers.

The Retirement Administrator will provide the Board with appropriate recommendations, in accordance with the Service Provider Selection Policy.

- 15) The Retirement Administrator may execute contracts with service providers, other than investment managers, where the amount does not exceed \$100,000, consistent with the operating budget and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers, and the Retirement Administrator may execute a contract entered into by VCERA with an investment manager, or greater than \$100,000, when signature authority is delegated by the Board in an open meeting.

### **III. Monitoring and Reporting**

- 16) The Retirement Administrator will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight responsibilities with respect to the benefit administration function of VCERA. Furthermore, the Retirement Administrator will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to VCERA, and provide recommended courses of action as appropriate.
- 17) The Retirement Administrator will:
- a) Review all administrative and operational policies of VCERA on a regular basis to ensure they are being followed and continue to meet the needs of VCERA;
  - b) Monitor the funded status of VCERA and all issues that may reasonably have a significant impact on such status;
  - c) Review the findings of the annual financial audit, and of any internal audits that may be performed;
  - e) Assist the Board in the review of the activities and performance of the actuary, independent financial auditor, investment consultant, legal counsel, and master trust/plan custodian on a regular basis;
  - f) Monitor and evaluate the activities and performance of senior management and staff;
  - g) With the assistance of the Chief Financial Officer, monitor the accuracy and timeliness of all payments due to and payable by VCERA;
  - h) Monitor VCERA's compliance with applicable laws and regulations concerning the benefit administration function; and

- i) In conjunction with Board counsel and outside counsel, monitor the status of all legal proceedings involving VCERA and report to the Board as appropriate.

**IV. Review**

- 18) The Board will review this charter at least once every three (3) years to ensure that it remains relevant and appropriate.

**V. History**

- 19) The Board last reviewed and approved this charter on May 6, 2013. This charter was originally adopted by the Board on June 2, 2003.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD POLICY DEVELOPMENT PROCESS

### **I. Background and Objectives**

- 1) The Board is responsible for the overall governance of VCERA and for assuring that VCERA's mission is accomplished. In carrying out its responsibilities, the Board requires clear, sound policies and a structured process for establishing them.
- 2) The objectives of this policy are to:
  - a) Set out the method by which the Board will develop and approve the formal policies of VCERA;
  - b) Ensure that the method by which Board policies are established is rigorous and disciplined; and
  - c) Provide a template and structure for Board policies; and
  - d) Provide for regular review and monitoring of Board policies to ensure they continue to support the fiduciary responsibilities of the Board and the needs of VCERA.

### **II. Roles**

- 3) The general role of the Retirement Administrator in the policy development process is to:
  - a) assist the Board in identifying Board policies that may be needed;
  - b) provide the Board and designated committees with sound, thorough analysis of policy issues, with the assistance of consultants as required; and
  - c) develop recommended policies for the consideration of the Board and its committees.
- 4) The general role of the Board and its committees in the policy development process is to satisfy itself that the policy recommendations and the underlying analysis thereof, emanating from the Retirement Administrator or the consultants, reflect the requisite level of skill, diligence, and care, and effectively support the mission and goals of VCERA.

### **III. Guidelines**

#### Policy Development

- 5) The process of developing a Board policy will be initiated by an action of the Board- or by the Retirement Administrator. The need for a Board policy may be proposed by a trustee, a Board committee, the Retirement Administrator or a consultant.
- 6) In determining whether a particular issue warrants a Board policy, the Board will consider whether the issue satisfies the following criteria:
  - a) The issue may have a significant impact on or risk to VCERA;
  - b) The issue is expected to recur or continue indefinitely; and
  - c) The issue is not an operational issue that falls within the discretion of the Retirement Administrator, in which case the Retirement Administrator will be directed to establish and adopt a staff policy.
- 7) The Retirement Administrator will be responsible, with support of consultants as required, for performing all necessary policy research and analysis.
- 8) Board policies shall be documented and shall contain the following elements:
  - a) Purpose and objectives of the policy;
  - b) Guidelines to be followed;
  - c) Provisions for policy review, including frequency of review; and
  - d) Policy history.
- 9) Board policies may also contain the following optional elements:
  - a) Background or preamble;
  - b) Definitions;
  - c) Important underlying principles;
  - d) Examples for clarification; and
  - e) Other elements that may help clarify the Board's position.

- 10) In approving a policy, the Board will satisfy itself that the proposed policy and the underlying analysis thereof:
  - a) Reflect the requisite level of skill, diligence and care;
  - b) Satisfy the purpose of the policy, as defined at the outset by the Board; and
  - c) Effectively support the mission and goals of VCERA.
- 11) All of VCERA's Board policies will be organized for easy reference, maintained in an up-to-date form in a single volume or series of volumes within VCERA's office and on VCERA's website, and will be accessible to trustees, staff, and the public.

#### Policy Compliance

- 12) As a general rule, the Board will comply with all Board policies. Should the Board take an action contrary to one of its policies, it will state in the Board minutes the reasons for doing so. At such time, the Board will also request that a review of the policy be undertaken.
- 13) All policies will be formally reviewed at a time specified within each policy. The Board may initiate a review of a policy in advance of the time specified in the policy if either the trustee making the motion to review the policy or the seconder of such motion previously voted in support of the policy.

#### **IV. Process Review**

- 14) The Board will review the Board Policy Development Process at least once every three (3) years to ensure that it remains relevant and appropriate.

#### **V. Process History**

- 15) The Board last reviewed and approved this policy on May 6, 2013. The Board previously reviewed and approved this policy on March 19, 2007.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## MONITORING AND REPORTING POLICY

### **I. Background**

- 1) In keeping with the duty of the Board to oversee the activities and performance of VCERA, the Board has established this Monitoring and Reporting Policy, which sets out the Board's expectations concerning the reports it is to receive on a regular basis.

### **II. Guidelines**

- 2) Appendix 1 of this Policy will address the routine reporting needs of the Board across a range of reporting areas including:
  - a) Governance;
  - b) Investments;
  - c) Funding; and
  - d) Administration.
- 3) The Board will be provided the routine reports outlined in Appendix 1 with a frequency also set out in Appendix 1. The Board will be provided other Personnel Committee reports as required.
- 4) Board members are expected to review and be familiar with all reports provided to the Board, and to question management about any issues of concern contained in any such report.
- 5) Management will work continuously to improve the routine reports provided to the Board to ensure they meet the needs of the Board, provide adequate information, and are user friendly.
- 6) Routine reports will not only address performance measurement, but also compliance with VCERA policies.

### **III. Policy Review**

- 7) The Board will review this policy, including Appendix 1, at least once every three (3) years to ensure that it remains relevant and appropriate.

### **IV. Policy History**

- 8) The Board last reviewed and approved this policy on May 6, 2013. The Board previously reviewed and approved this policy on March 19, 2007.



## APPENDIX I

### REPORTS RECEIVED BY THE BOARD OF RETIREMENT

#### Governance Reports

Report Name	Frequency	Prepared By	Presented By	Description and Purpose of Report
1. Retirement Administrator Evaluation	Annually	Personnel Committee	Chair of Personnel Committee	Summarizes the performance assessment of the Retirement Administrator
2. Governance Report	Annually	Staff	Retirement Administrator	A summary confirmation of compliance with governance policies of the Board.

#### Investment Reports

Generic Report Name	Frequency	Prepared By	Presented By	Description and Purpose of Report
3. Quarterly Investment Performance Report	Quarterly	Investment Consultant	Investment Consultant	Includes: <ul style="list-style-type: none"> <li>• report on the investment performance of the total fund, each asset class and each investment manager and recommendations on portfolio rebalancing;</li> <li>• report on the economic and investment environment, recommended asset allocation strategy (annually);</li> <li>• review of VCERA's commingled funds and real estate investments; and</li> <li>• confirmation that the investment managers are investing plan assets in accordance with their mandate, investment agreement, regulatory requirements and VCERA policy.</li> </ul>
4. Investment Summary	Monthly	Investment Consultant	Investment Consultant	Preliminary performance report for the prior month on individual investment managers and the total portfolio.
5. Asset and Liability Study	Every 3 years or as needed	Investment Consultant	Investment Consultant	A study of the relationship between VCERA's assets and liabilities to determine the appropriateness of VCERA's asset allocation policy.
6. Proxy Voting Report	Annually	Staff / Investment Consultant	Investment Consultant	Confirms compliance with the Board's proxy voting policy, and summarizes how VCERA exercised its voting rights in public companies.

### Funding Reports

Generic Report Name	Frequency	Prepared By	Presented By	Description and Purpose of Report
7. Actuarial Valuation	Annually	Actuary	Actuary	Establishes the financial position of the pension plan on a going concern and solvency basis, and determines the rates of contribution.
8. Experience Analysis	Every 3 years	Actuary	Actuary	Reviews the appropriate long-term economic assumptions such as investment return and wage and price inflation, and demographic assumptions such as disability rates and mortality rates.
9. Actuarial Audit*	At least every 6 years*	Auditing Actuary	Auditing Actuary	An independent review of the validity of the analyses and methodologies used in preparing VCERA's actuarial valuation.

### Administrative Reports

Report Name	Frequency	Prepared By	Presented By	Description and Purpose of Report
10. Report on Business Plan	Annually	Staff	Retirement Administrator	Outlines the Business Plan and progress towards its implementation.
11. Operating Budget Summary	Monthly	Staff	Retirement Administrator	Summarizes the material variances from the operational budget.
12. Financial Report	Monthly	Staff	Retirement Administrator	Monthly report on the financial position of VCERA, covering unaudited financial statements and progress on the preparation of the financial statements.
13. Budget Status	Monthly	Staff	Retirement Administrator	Monthly status report on the adopted budget, adjusted budget in relation to expenditures to date.

\* Unless the Board has replaced the actuary or is contemplating replacing the actuary shortly before or after the time that an actuarial audit is due to be conducted.

**Administrative Reports (cont'd)**

Report Name	Frequency	Prepared By	Presented By	Description and Purpose of Report
14. Comprehensive Annual Financial Report (“CAFR”) including: <ul style="list-style-type: none"> <li>Audited Financial Statements</li> <li>Management Discussion and Analysis</li> <li>Auditor’s Opinion</li> </ul>	Annually	Staff	Retirement Administrator / Independent Auditor	The Annual Report reviews the operations and activities of VCERA during the last fiscal year. It also includes: <ul style="list-style-type: none"> <li>The audited financial statements, which indicate the financial position of VCERA.</li> <li>The Management Discussion and Analysis, which is management’s statement of the key financial activities and transactions of VCERA’s fiscal year</li> <li>The Auditor’s opinion, confirming that the financial statements present fairly, in all materials respects, the financial status of VCERA, in accordance with generally accepted accounting principles.</li> </ul>
15. Report of Checks Disbursed	Monthly	Staff	Retirement Administrator	Monthly report on the cash disbursed by VCERA during the prior month.
16. Report on Retirees	Monthly	Staff	Retirement Administrator	List of all new retirees, deferred members, and beneficiaries for prior month. Includes names, date of membership, length of service, other service, department worked for, and effective date.
17. Disability Application Status Report	Monthly	Staff	Retirement Administrator	Summary report of all pending disability applications.

**Standard Staff Reports**

Report Name	Frequency	Prepared By	Presented By	Description and Purpose of Report
18. Administrator’s Report	As required / Quarterly	Staff	Administrator	Updates the Board, as required on significant matters not reported in routine reports, or in other staff or committee reports. At least quarterly, updates the Board on the Administrator’s travel, training, and other expenses, key meetings, press/media communications, any items the Administrator has been asked to report back on regularly, and other items that may be of interest to the Board.
19. Board Counsel’s Report	As required	Board Counsel	Board Counsel	Updates the Board on significant legislative and legal developments, and on any ongoing litigation affecting VCERA.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## SERVICE PROVIDER SELECTION POLICY

### **I. Background and Objectives**

- 1) The Service Provider Selection Policy is intended to establish guidelines by which service providers will be selected and retained by VCERA.
- 2) The objective of this policy is to ensure that the process of selecting service providers is diligent and efficient.

### **II. Roles and Responsibilities**

- 3) The role of the Board with respect to the selection of service providers is to:
  - a) Establish appropriate policies to help ensure prudent and sound selection decisions are made;
  - b) To monitor compliance with such policies; and
  - c) To approve, in consultation with the Retirement Administrator and, where appropriate, consultants, the appointment of retained service providers, which include:
    - i. The actuary;
    - ii. The actuarial auditor;
    - iii. The independent financial auditor;
    - iv. The master trust/plan custodian;
    - v. Board Counsel, and additional legal counsel retained to advise the Board;
    - vi. Investment consultants;
    - vii. Investment managers;
    - viii. Human resource consultants;
    - ix. Information systems technology providers; and
    - x. Hearing Officers.
- 4) Unless the Board determines otherwise, the Retirement Administrator will be responsible for appointing, and executing contracts with, service providers other than the retained service providers listed above and for informing the Board of such appointments, and will be responsible for seeking Board approval, where the services are publicly or politically sensitive, or the contract exceeds \$100,000.

- 5) The Chair will execute contracts with the retained service providers listed on the previous page, and all other professional service contracts exceeding \$100,000, unless signature authority is delegated by the Board to the Retirement Administrator in an open meeting.
- 6) The Retirement Administrator will coordinate all search and due diligence activities, in conjunction with staff, investment consultants and other external experts, as required. Members of the Board will participate in due diligence activities in order to oversee the due diligence activities of staff and consultants, and the performance of retained service providers.

### **III. The Search Process**

#### General Guidelines

- 7) The appointment of all service providers will be made in the best interests of the members and beneficiaries of VCERA, in keeping with the fiduciary responsibilities of the Board and staff.

#### Retained Service Providers

- 8) Prior to conducting a search for a retained service provider, the Retirement Administrator or consultant, as appropriate, will present the following information to the Board:
  - a) The type of service provider being sought and the supporting rationale;
  - b) The objectives and selection criteria to be met and their relative importance;
  - c) A projected timeline for the search process; and
  - d) A description of the search process deemed most appropriate and cost effective in the circumstances, and including:
    - i. Whether a search consultant is to be used in the process;
    - ii. The due diligence efforts to be undertaken (for example, site visits and reference checks);
    - iii. Evaluation criteria to be used and their relative weights;
    - iv. Whether a Request for Proposal (RFP), or a variation thereof, is to be used with supporting rationale;
    - v. Whether a sole source approach is to be used, with supporting rationale; and
    - vi. Other pertinent information that the Retirement Administrator believes may assist the Board in better understanding the search process.

- 9) The Board, or a committee of the Board, may interview the candidates prior to the Board making a final selection decision. The exact number of candidates to be interviewed will be determined by the Board. The Board may delegate this responsibility to conduct interviews to the Retirement Administrator and request that the Retirement Administrator recommend a candidate for ratification by the Board.
- 10) The Retirement Administrator or consultant will provide the Board or a designated committee of the Board with periodic reports on the status of all search processes.
- 11) Upon completion of the analysis and due diligence involved in the search process, the Retirement Administrator or consultant will provide the Board or a designated committee of the Board with, at a minimum:
  - a) A description of the due diligence activities undertaken;
  - b) A list of finalist candidates to be interviewed and an analysis of each candidate;
  - c) Confirmation of compliance with the selection criteria and search process presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred; and
  - d) A description of the expected performance monitoring and reporting efforts to be carried out with respect to the service provider in question throughout the term of the engagement.
- 12) The Board may institute a “quiet period” when
  - a) the Board initiates a search process that may result in the appointment of a new service provider or in the expansion of its relationship with an existing service provider;
  - b) a current service provider is placed on an official “watch list” signifying that the service provider’s performance has fallen below expectations and warrants closer scrutiny; or
  - c) the Board deems it is in the best interest of VCERA to require that, for a limited period of time, communications between trustees and specified service providers be restricted to Board and committee meetings only.
- 13) The initiation of a quiet period will be recorded in the minutes of the Board meeting at which it occurred.
- 14) During quiet periods, in conjunction with the Service Provider Policy, trustees shall neither communicate with the specified service providers, except during Board or

committee meetings, nor accept meals, travel, hotel, or other gifts from the specified service providers.

- 15) A quiet period will cease:
- a) when a service provider has been appointed by the Board or the search process is otherwise ended; or
  - b) when a service provider on an official “watch list,” which has had a quiet period implemented, is subsequently removed from the watch list; or
  - c) when the quiet period is ended by action of the Board; or
  - d) when otherwise determined by action of the Board.

#### **IV. Contract Review**

- 16) All contracts entered into by VCERA, and the Retirement Administrator, will be subject to review by Board Counsel prior to presentation to the Board.

#### **V. Monitoring and Reporting**

- 17) All service providers will be subject to regular and appropriate performance monitoring by staff, and periodic reviews, as appropriate, throughout the term of their contracts. Criteria for review may include performance, staff satisfaction, competitiveness of fees, quality of reporting, and accuracy of assumptions and forecasts.
- 18) The Retirement Administrator will report as needed to the Board on all monitoring efforts involving retained service providers, identifying in a timely manner any material issues or actions taken.
- 19) All monitoring and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established within other policies of VCERA, such requirements will prevail.
- 20) The Retirement Administrator or investment consultant(s), as appropriate, will report in a timely manner to the Board any failures by retained service providers to comply with the terms of their contract.

#### **VI. Policy Review**

- 21) The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

**VII. Policy History**

- 22) This policy was last reviewed and approved on May 6, 2013. This policy was originally adopted by the Board on June 2, 2003.



# 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>

---

May 2, 2016

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

**SUBJECT: AUTHORIZATION FOR MS. NEMIROFF TO ATTEND THE NATIONAL ASSOCIATION OF PUBLIC PENSION ATTORNEYS (NAPPA) LEGAL EDUCATION CONFERENCE JUNE 21<sup>st</sup> – 24<sup>th</sup>, IN NEW ORLEANS, LOUISIANA**

Dear Board Members:

Staff recommends authorization for Ms. Nemiroff to attend the National Association of Public Pension Attorney's Legal Education Conference in New Orleans, Louisiana, June 21<sup>st</sup> – 24<sup>th</sup>. The estimated the cost to attend is approximately \$2300, including registration, airfare, lodging and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at May 2, 2016 disability meeting.

Sincerely,

Sincerely,



Linda Webb  
Retirement Administrator



# 2016

# LEGAL EDUCATION CONFERENCE



**NAPPA**

National Association of  
Public Pension Attorneys



*Astor Crowne Plaza • New Orleans, LA*

**June 21–24, 2016**  
*(New Attorney Session June 21)*



# Conference at a Glance

**Tuesday, June 21, 2016**

*(1:00 p.m. – 5:00 p.m. Early Conference Registration)*

1:00 p.m. – 2:30 p.m.

**New Member and Associate Counsel Session**  
*Roundtable Discussion*

2:30 p.m. – 3:00 p.m.

**Break**

3:00 p.m. – 5:00 p.m.

**New Member and Associate Counsel — Concurrent Sessions** *(choose one)*

- **Session A: *The Basics — Level 101 Session***
- **Session B: *Disability Law and Investments — Level 201 Session***

5:00 p.m. – 6:30 p.m.

**Welcome Reception** *(provided by NAPPA)*

**Wednesday, June 22, 2016**

*(7:00 a.m. – 5:00 p.m. Conference Registration)*

7:00 a.m. – 8:00 a.m.

**Breakfast** *(provided by NAPPA)*

8:15 a.m. – 8:30 a.m.

**Introduction and Announcements**

8:30 a.m. – 9:30 a.m.

**General Session**

*Ethics Panel 1: Lessons Learned from the City of Bell, California Corruption Scandal*

9:30 a.m. – 9:45 a.m.

**Break**

9:45 a.m. – 10:45 a.m.

**General Session**

*Cyber Security: Addressing the Risk*

10:45 a.m. – 11:00 a.m.

**Break**

11:00 a.m. – 12:00 noon

**General Session**

*DOL Fiduciary Rule*

12:00 noon – 1:30 p.m.

**Lunch** *(on your own)*

1:30 p.m. – 2:30 p.m.

**Concurrent Sessions** *(choose one)*

- **Session A: *The Current Hedge Fund Landscape: LP and GP Perspectives***
- **Session B: *Update on Benefit Error Corrections and Recovering Fund Assets***

2:30 p.m. – 2:45 p.m.

**Break**

2:45 p.m. – 3:45 p.m.

**Concurrent Sessions** *(choose one)*

- **Session A: *Boards Gone Wild***
- **Session B: *Benefits Administration in the Electronic Age: Are You Receiving Me?***

3:45 p.m. – 4:00 p.m.

**Break**

4:00 p.m. – 5:00 p.m.

**Concurrent Sessions** *(choose one)*

- **Session A: *Public Safety Affinity Group — “Don’t Tax Our Fallen Public Safety Heroes” and Other Good Advice: A Hodgepodge of Hot Topics and Legislative Updates for Public Safety in 2016***
- **Session B: *DC Plan Affinity Group***

7:00 p.m. – 9:00 p.m.

**NAPPA Dinner** *(World War II Museum)*

**Transportation Provided – Depart Hotel Lobby at 6:30 p.m.**



# Conference At A Glance

**Thursday, June 23, 2016**

*(7:00 a.m. – 5:00 p.m. Conference Registration)*

7:00 a.m. – 8:00 a.m.

**Breakfast** *(provided by NAPPA)*

8:15 a.m. – 8:30 a.m.

**Introduction and Announcements**

8:30 a.m. – 9:30 a.m.

**General Session**

***Ethics Panel 2: It Ain't Easy Being You: Managing the Attorney – Client Relationship at a Public Pension Fund***

9:30 a.m. – 9:45 a.m.

**Break**

9:45 a.m. – 10:45 a.m.

**General Session**

***No Plan Is An Island: Why Puerto Rico Tolls For Thee***

10:45 a.m. – 11:00 a.m.

**Break**

11:00 a.m. – 12:00 noon

**Concurrent Sessions** *(choose one)*

- **Session A: *Hot Tax Topics for 2016 and Beyond***
- **Session B: *Foreign Litigation: Maximizing Recovery (and Deterrence) While Minimizing Risk and Cost***

12:00 noon – 1:30 p.m.

**General Counsel Lunch** *(In-House Counsel Only) (provided by NAPPA)*

12:00 noon – 1:30 p.m.

**Emeritus Board Lunch** *(provided by NAPPA)*

12:00 noon – 1:30 p.m.

**Lunch** *(all others on your own)*

1:30 p.m. – 2:30 p.m.

**Concurrent Sessions** *(choose one)*

- **Session A: *There's Bite with that Bark: First-in-Kind SEC Enforcement Actions Affecting Pension Investments***
- **Session B: *Recoupment of Overpayments in Bankruptcy***

2:30 p.m. – 2:45 p.m.

**Break**

2:45 p.m. – 3:45 p.m.

**Concurrent Sessions** *(choose one)*

- **Session A: *Dr. Strange Ledger or: How I Learned to Stop Worrying and Love GASB***
- **Session B: *Focus 2016 – A Discussion of Private Equity Fund Market Concerns and Terms***

3:45 p.m. – 4:00 p.m.

**Break**

4:00 p.m. – 5:00 p.m.

**Concurrent Sessions** *(choose one)*

- **Session A: *Small/Medium Fund Affinity Group: Size Matters: Unique Issues to Small and Medium Funds***
- **Session B: *Health Care Affinity Group – Key Issues in Health Care Today***

**Dinner** *(on your own)*

**Friday, June 24, 2016**

*(7:00 a.m. – 12:00 noon Conference Registration)*

7:00 a.m. – 8:00 a.m.

**Breakfast** *(provided by NAPPA)*

8:15 a.m. – 8:45 a.m.

**NAPPA 2016 Business Meeting**

8:45 a.m. – 9:45 a.m.

**General Session**

***Federal Legislative Update***

9:45 a.m. – 10:00 a.m.

**Break**

10:00 a.m. – 11:00 a.m.

**General Session**

***Public Pension Fund Involvement in the Legislative Process***

11:00 a.m. – 12:00 noon

**General Session**

***Litigation Update***

# 2016 Registration and Hotel Information

## Registration Information

**Online registration** begins Monday, April 4, 2016.

To register for the conference:

- Go to **www.nappa.org**
- Click on **Conference Registration** for the 2016 Legal Education Conference
- Visa, MasterCard, and American Express accepted
- If paying by check, please send payment to:  
NAPPA  
2410 Hyde Park Road, Suite B  
Jefferson City, MO 65109

**Reminder: You must be a NAPPA member to attend the conference.**

## Conference Registration Deadlines

April 4 – May 23, 2016	Registration open Conference fee: \$895 <i>(if registered before May 24)</i>
May 24 – June 3, 2016	Late registration fee applied Conference fee: \$995
June 3, 2016	Last day to register

## Conference Cancellation Policy

Prior to May 24, 2016	Full refund
May 24 – June 3, 2016	\$150 administrative fee charged
June 4, 2016 or after	No refund

## Conference Room Block Information

The room rate for the NAPPA block is available <b>until the block is filled or May 30, 2016, whichever comes first.</b>	The NAPPA block rate is <b>\$189.</b>  Please note: One night's deposit will be charged at the time of booking. There is a 72-hour cancellation policy at the hotel.
---	--

## Meeting Location

### Astor Crowne Plaza

739 Canal St.  
New Orleans, LA 70130  
Phone: (504) 962-0500  
Fax: (504) 962-0503  
www.astorneworleans.com



## Hotel and Airfare

You are responsible for your own airfare and hotel accommodations.

## Hotel Reservations

(877) 408-9661

To book online, go to [www.nappa.org](http://www.nappa.org), login, and click on the Events tab.

**\$189** per night + tax (single or double occupancy)

**After May 30, 2016 or when the block is full**, the hotel will **not** guarantee you a room **nor** the special rate.

## Offsite Dinner Event

### The National World War II Museum

945 Magazine St.  
New Orleans, LA 70130  
*(Main entrance on Andrew Higgins Dr.)*

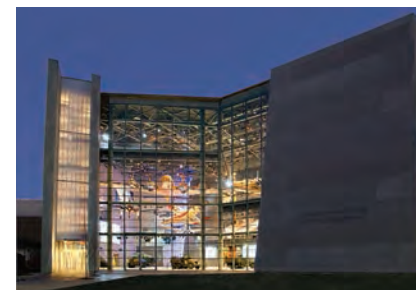
June 22, 2016  
7:00 p.m. – 9:00 p.m.

Adult Guest: \$55 each  
Children (10 and under): \$20 each

Transportation Provided.

**Buses Depart Hotel Lobby at 6:30 p.m.**

[www.nationalww2museum.org](http://www.nationalww2museum.org)



## CLE Credits

The NAPPA Legal Education Conference qualifies for CLE credits. Applications will be made by the NAPPA office for all attendees that practice in states requiring continuing legal education.

*Sponsors and marketing are prohibited at all NAPPA conferences.*

## 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 21, 2016

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572

Dear Board Members:

On April 4 and 5, I attended the Pension Bridge Conference in San Francisco. Following is my report.

59 Public Retirement funds from throughout the U.S. were represented, of which 14 were from 1937 Act counties. In addition, there were many corporate and endowment funds in attendance. Finally, there were many investment consultants and investment managers. Of the latter, the number was cut off at 100. However, because managers frequently had more than one representative, there were still many more money managers than pension fund people.

The conference Chair was Dan McAllister, the Treasurer-Tax collector of San Diego and SACRS Treasurer. The conference began with a short presentation by Brett Semel, the founder of Pension Bridge, that can only be summarized as a prediction of very hard times ahead. Among other exhibits, he presented a chart he referred to as the Dow Megaphone Pattern. It is attached. If the pattern is to be believed, the market is due for a 70% drop. Indeed, the conference was void of bullish forecasts. To the contrary, there were many presenters who cautioned that it was unlikely for pension systems to meet their assumed rates of return over the next several years.

There were a number of sessions addressing risk and volatility, most of which I thought were aimed more at chief investment officers than at trustees.

Throughout the two days of the conference, among the other subjects discussed were risk parity, tail risk hedging, asset allocation, distressed debt and direct lending, currency investments, hedge funds, emerging markets, managed futures, emerging managers, environmental, social and governance investment, private equity, and real estate.

Although the near term prediction about meeting return goals is negative, there were several options presented where excess returns might be garnered, and how losses might be limited. These included increased allocations to private equities, decreased allocations to public equities, new allocations to private debt, and more absolute return strategies. As you'll note, many of these themes are consistent with what NEPC has been advising us.

In the realm of private equity, we were advised to expect more SEC regulation of the sector, a continued push by the limited partners for greater transparency, including an effort by ILPA to develop a template for fee disclosure, tempered by the fact there was a great deal of money chasing too few opportunities, which meant the best PE firms would push back.

The final session was a roundtable of chief investment officers from public pension systems. They confirmed the other speakers' predictions of low returns, and the resulting lower funding ratios. They noted that there will be, of necessity, more "tactical" allocations, and investing "outside the box", but cautioned against taking irresponsible risks. They also discussed the need to carefully scrutinize fees and costs associated with alternative investments.

The conference was well organized and the agenda and time table scrupulously adhered to, with subject matters presented thoroughly by informed and capable presenters. However, too much information was crammed into too short a period of time, and there was generally insufficient time for questions.

I'd be happy to answer any questions the Board may have.

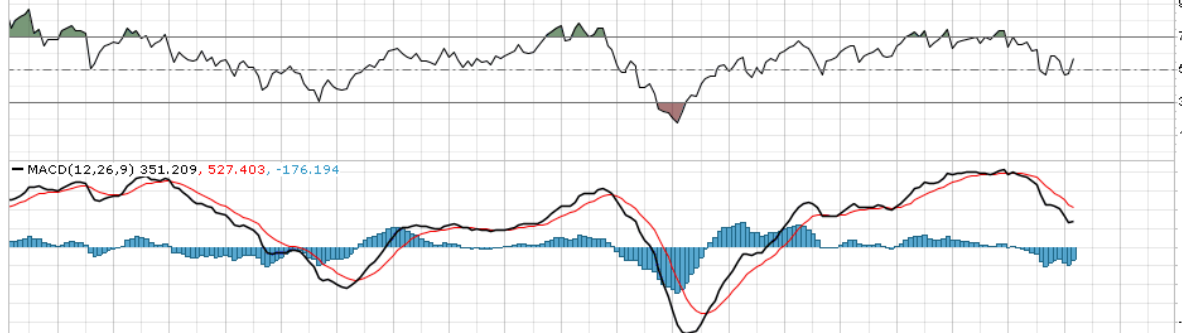
Respectfully,

A handwritten signature in black ink, appearing to read "Arthur E. Goulet". The signature is written in a cursive style with a prominent initial "A" and a long, sweeping tail.

Arthur E. Goulet

\$INDU Dow Jones Industrial Average INDX  
31-Mar-2016 © StockCharts.com

Open 16545.67 High 17790.11 Low 16545.67 Close 17685.09 Volume 8.2B Chg +1168.59 (+7.08%)  
▲ RSI(14) 57.10



**Dow Megaphone Pattern -  
Set to fall 70%??**

