

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

July 18, 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:

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I. <u>CALL TO ORDER</u>	
II. <u>APPROVAL OF AGENDA</u>	1 – 5
III. <u>APPROVAL OF MINUTES</u>	
A. Disability Meeting of July 11, 2016	6 – 13
IV. <u>CONSENT AGENDA</u>	
A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of June 2016	14 – 15
B. Receive and File Report of Checks Disbursed in June 2016	16 – 20
C. Receive and File Budget Summary for FY 2016-17 Month Ending June 30, 2016 (Preliminary)	21
D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investment Management Fees, and Schedule of Investments and Cash Equivalents for the Period Ending May 31, 2016	22 – 27

V. INVESTMENT MANAGER PRESENTATIONS

- | | | |
|----|--|----------|
| A. | Receive Annual Investment Presentation from Hexavest,
Nadia Cesaratto and Robert Brunelle | 28 – 79 |
| B. | Receive Annual Presentation from Walter Scott,
Margaret Foley | 80 – 110 |

VI. INVESTMENT INFORMATION

- | | | |
|-----|---|-----------|
| A. | NEPC – Dan LeBeau
VCERA – Dan Gallagher, Chief Investment Officer | |
| 1. | NEPC: Presentation of Investment Performance Report
Month Ending June 30, 2016
RECOMMENDED ACTION: Receive and file. | 111 – 119 |
| 2. | NEPC: Private Equity Report for Period Ending
March 31, 2016
RECOMMENDED ACTION: Receive and file. | 120 – 132 |
| 3. | NEPC: GMO Update
RECOMMENDED ACTION: Receive and file. | 133 |
| 4. | NEPC: GMO Cost Benefit Analysis
RECOMMENDED ACTION: Receive and file. | 134 |
| 5. | NEPC: Sprucegrove Cost Benefit Analysis
RECOMMENDED ACTION: Receive and file. | 135 |
| 6. | Fair Value Reporting
RECOMMENDED ACTION: Receive and file. | 136 – 137 |
| 7. | Due Diligence Report on UBS, submitted by CIO
Gallagher and Trustee Hoag
RECOMMENDED ACTION: Receive and file. | 138 – 142 |
| 8. | Due Diligence Report on Bridgewater, submitted by
CIO Gallagher and Trustee Hoag
RECOMMENDED ACTION: Receive and file. | 143 – 147 |
| 9. | Scheduling of Remaining 2016 Due Diligence Visits | |
| 10. | Scheduling of 2016 Board Retreat | |

VI. **INVESTMENT INFORMATION** (continued)

- A. 11. Oral Update on Private Equity Funds Legal Review and Negotiations Status

VII. **OLD BUSINESS**

- A. AB 1291 Implementation Update

1. Staff Letter 148

- B. **Consideration and Possible Action to Adopt:** Ventura County Employees' Retirement Association Management Employees Resolution and Resolution of the Board of Retirement Ventura County Employees' Retirement Association for Tax Deferred Retirement Contributions IRC 414(h)(2) Employer Pick-up.

1. Ventura County Employees' Retirement Association Management Employees Resolution 149 – 169

2. Resolution of the Board of Retirement Ventura County Employees' Retirement Association for Tax Deferred Retirement Contributions IRC 414(h)(2) Employer Pick-up. 170 – 172

- C. **Consideration and Possible Action to Approve:** Memorandum of Agreement By and Between the County of Ventura and the Ventura County Employees' Retirement Association for Risk Management Services and Memorandum of Agreement By and Between the County of Ventura and the Ventura County Employees' Retirement Association for Human Resources Services.

1. Memorandum of Agreement By and Between the County of Ventura and the Ventura County Employees' Retirement Association for Risk Management Services. 173 – 178

2. Memorandum of Agreement By and Between the County of Ventura and the Ventura County Employees' Retirement Association for Human Resources Services 179 – 185

- D. Update on Request for Publicly-Available Pay Schedule Requirement Market-Based Premium Payments for Pensionability

VII. OLD BUSINESS (continued)

D.	1.	Staff Letter	186 – 187
	2.	Letter from Shawn Atin, Director of Human Resources for the County of Ventura, dated June 30, 2016	188 – 189
	3.	List of Employees Eligible to Receive Market Based Premium Pay (MBPP)	190 – 193
	4.	Response Memorandum on June 30 th MBPP Posting from Linda Webb, Retirement Administrator, to Shawn Atin, Human Resources Director	194 – 197
	a.	Summary of September 23, 2015 meeting of representatives of VCERA, Nossaman, LLC (VCERA Outside Counsel) and the County of Ventura	198 – 199
	b.	October 2, 2015 Letter from Kerianne R. Steele, attorney for SEIU, Local 721, with accompanying Declaration from Angela Portillo, SEIU worksite organizer	200 – 222
E.		Update on Resolution of Transmittal Processing Issues with County of Ventura Auditor-Controller	
	1.	Staff Letter	223 – 224
	2.	Auditor-Controller Memorandum, dated June 22, 2016	225 – 230
	3.	Response Memorandum from Linda Webb, Retirement Administrator to Jeff Burgh, Auditor-Controller for the County of Ventura	231 – 233
F.		Reconsideration of Invoicing Method for Advisory Board Travel Expenses	
	1.	Staff Letter	234 – 235
G.		Cancellation of Professional Services Contract with Nicholas Christoffersen	
	1.	Staff Letter	236

VIII. **NEW BUSINESS**

- A. Recommendation to Approve Chief Financial Officer's Attendance at P2F2 Conference, October 23 – 26, 2016, North Charleston, South Carolina
RECOMMENDED ACTION: Approve. 237 – 239
- B. Quarterly Administrator's Report for April – June, 2016
RECOMMENDED ACTION: Receive and file.
Materials to be provided at the meeting.
- C. Report on NCPERS 2016 Annual Conference, submitted by Trustee Johnston
RECOMMENDED ACTION: Receive and file. 240 – 242

IX. **CLOSED SESSION**

- A. **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

X. **INFORMATIONAL**

- A. 2017 SACRS Legislative Platform Worksheet 243 – 244
- B. 2016 Cybersecurity Symposium, Nossaman LLP and UC Irvine School of Law, October 19, 2016, Los Angeles, CA 245

XI. **PUBLIC COMMENT**

XII. **STAFF COMMENT**

XIII. **BOARD MEMBER COMMENT**

XIV. **ADJOURNMENT**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

July 11, 2016

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Mike Sedell, Public Member
Joseph Henderson, Public Member
Chris Johnston, Safety Employee Member
Deanna McCormick, General Employee Member
Craig Winter, General Employee Member
Arthur E. Goulet, Retiree Member
Robert Bianchi, Alternate Public Member

DIRECTORS Steven Hintz, Treasurer-Tax Collector
ABSENT: Peter C. Foy, Public Member
Will Hoag, Alternate Retiree Member

STAFF Lori Nemiroff, Assistant County Counsel
PRESENT: Linda Webb, Retirement Administrator
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Vickie Williams, Retirement Benefits Manager
Donna Edwards, Retirement Benefits Specialist
Chantell Garcia, Retirement Benefits Specialist
Stephanie Caiazza, Program Assistant

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

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Chair Towner called the Disability Meeting of July 11, 2016, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Chair Towner stated that the agenda should be amended to remove item "VI.A. Consideration and Possible Action on the Following in the Implementation of AB 1291", and item "VIII.A. Closed Session Conference with Labor Negotiators, Govt. Code Section 54957.6".

MOTION: Approve the agenda as amended.

Moved by Bianchi, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Sedell, Henderson, Bianchi, McCormick, Johnston, Winter, Wilson, Towner

No: -

Absent: Foy, Hintz

III. APPROVAL OF MINUTES

A. Business Meeting of June 20, 2016.

MOTION: Approve.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Bianchi, McCormick, Johnston, Winter, Wilson, Towner

No: -

Absent: Foy, Hintz

Abstain: Sedell, Henderson

IV. **RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT**

MOTION: Approve.

Moved by Wilson, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Sedell, Henderson, Bianchi, McCormick, Johnston, Winter, Wilson,
Towner

No: -

Absent: Foy, Hintz

V. **APPLICATIONS FOR DISABILITY RETIREMENT**

A. Application for Service Connected Disability Retirement,
Dwayne S. Heath; Case No. 15-024

1. Application for Service Connected Disability Retirement
2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Applicant's Application for Service Connected Disability Retirement, including supporting documentation
3. Hearing Notice, dated June 30, 2016

Paul Hilbun was present on behalf of County of Ventura Risk Management. The applicant, Dwayne S. Heath, was also present.

Risk Management declined to make a statement.

Mr. Heath thanked the Board for their consideration of his application.

The following motion was made:

MOTION: Grant the Applicant, Dwayne S. Heath, a service connected disability retirement.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

Yes: Sedell, Henderson, Bianchi, McCormick, Johnston, Winter, Wilson,
Towner

No: -

Absent: Foy, Hintz

Abstain: Goulet

Trustee Goulet abstained from the vote on the basis that he found the job description to be inconsistent.

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

B. Application for Non-Service Connected Disability Retirement, Cheryl A. Rice, Case No. 16-011

1. Statement giving permission for the Board of Retirement to Proceed to act on the Application for Non-Service Connected Disability in her Absence dated July 1, 2016, signed by Applicant Cheryl A. Rice
2. Waiver of Objection to Evidence Presented to the Board of Retirement in her absence and to the preparation of formal Findings of Fact if an NSCD is approved, dated July 1, 2016, signed by Applicant, Cheryl A. Rice
3. Application for Non-Service Connected Disability Retirement
4. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Applicant's Application for Non-Service Connected Disability Retirement, including supporting documentation
5. Hearing Notice, dated July 1, 2016

Paul Hilbun was present on behalf of County of Ventura Risk Management. The applicant, Cheryl A. Rice, was not present.

Staff stated for the record that the Board received both a written statement from the applicant authorizing the Board to act on the application in her absence, and a waiver of objections to evidence and the preparation of findings of fact if the application is approved.

The following motion was made:

MOTION: Grant the Applicant, Cheryl A. Rice, a non-service connected disability retirement.

Moved by Winter, seconded by Wilson.

Vote: Motion carried

Yes: Sedell, Henderson, Bianchi, McCormick, Johnston, Winter, Wilson,
Towner

No: -

Absent: Foy, Hintz

Abstain: Goulet

Trustee Goulet abstained from the vote, stating that he found Risk Management's report to be insufficient.

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

VI. OLD BUSINESS

A. Consideration and Possible Action on the Following in the Implementation of AB 1291

Materials to be provided at the meeting.

1. Memorandum of Agreement by and between the County of Ventura and the Ventura County Employees' Retirement Association for Risk Management Services

This item was removed from the agenda during item "II. Approval of Agenda".

VII. NEW BUSINESS

A. Consideration and Approval of IT Manager Contract

RECOMMENDED ACTION: Approve.

1. Staff Letter
2. Contract

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

MOTION: Approve.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Sedell, Henderson, Bianchi, McCormick, Johnston,
Winter, Wilson, Towner

No: -

Absent: Foy, Hintz

B. Request for Statement of Work for Linea Solutions
Time Certain: 10:30 a.m.

1. Staff Letter
2. Statement of Work

Brian Colker of Linea Solutions was present for this item via telephone.

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

MOTION: Approve.

Moved by Wilson, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Sedell, Henderson, Bianchi, McCormick, Johnston,
Winter, Wilson, Towner

No: -

Absent: Foy, Hintz

C. Request to Increase Not-to-Exceed Amount for Nossaman, LLP
for AB 1291

1. Staff Letter

MOTION: Increase the Retirement Administrator's Authorization to pay Nossaman invoices to an amount not to exceed \$75,000 for continued assistance to VCERA in implementing Government Code Section 31468 (AB1291).

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Goulet, Sedell, Henderson, Bianchi, McCormick, Johnston,
Winter, Wilson, Towner

No: -

Absent: Foy, Hintz

D. Recommendation to Approve Retirement Administrator's Attendance at
CALAPRS Administrators' Institute, Coronado, CA,
September 21 – 23, 2016
RECOMMENDED ACTION: Approve.

MOTION: Approve.

Moved by Wilson, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Sedell, Henderson, Bianchi, McCormick, Johnston,
Winter, Wilson, Towner

No: -

Absent: Foy, Hintz

VIII. CLOSED SESSION

**A. 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

This item was removed from the agenda during item "II. Approval of Agenda".

IX. INFORMATIONAL

A. NEPC Brexit Research

B. UBS 2016 Client Advisory Council, October 25-27, 2016, Hartford, CT

C. Walter Scott Investment Conference, October 6-7, 2016, Edinburgh,
Scotland

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb informed the Board that copies of the 2016 CERL Lawbooks would be available for the Board members after the meeting.

Mr. Webb stated that the County of Ventura recently delivered an updated pay schedule for market based premium pay, and that staff would provide VCERA's response to the schedule at an upcoming Board meeting.

Ms. Webb provided an update on efforts to resolve processes for errors and exceptions related to the biweekly transmittal file from the Ventura County Auditor-Controller.

Mr. Gallagher updated the Board on private equity investment negotiations.

Mr. Gallagher stated that the report on Trustee Hoag's and his recent due diligence visit to UBS and Bridgewater will be submitted to the Board at the July 18, 2016 meeting, and requested that the trustees bring their calendars to that meeting to discuss possible dates for the remaining 2016 due diligence visits and the 2016 Board Retreat.

XII. BOARD MEMBER COMMENT

Chair Towner informed the Board that it may be necessary to schedule a special meeting in August to discuss matters related to the implementation of AB1291.

The Board briefly discussed the fitness requirements of the Ventura County Sheriff's department in light of recent disability applications before the Board.

XIII. ADJOURNMENT

The meeting was adjourned from Closed Session at 9:40 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES

JUNE 2016

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:							
John R.	Alford	S	2/2/1981	37.00	D=1.82580	Fire Protection District	03/27/16
Christina L.	Alvarez	S	4/23/2006	5.31		District Attorney	08/14/12
Edito	Ayson	G	7/22/2001	13.42		Health Care Agency	05/26/16
Becky J.	Battleson	G	5/2/2000	6.71		Agriculture Department (deferred)	06/02/07
Fluraleen	Bentley	G	1/8/2001	12.35		Human Services Agency	05/23/16
Charles K.	Butler	S	5/5/1985	31.46	B=0.53700	Fire Protection District	03/27/16
Rexalena A.	Deros-Cooper	G	7/28/1996	5.15	B=0.11230	Health Care Agency (deferred)	04/29/16
Joseph F.	Devorick	S	7/17/1983	32.72		Sheriff's Department	03/27/16
Marfelia	Eriza	G	4/12/1999	5.93		Human Services Agency (deferred)	05/15/16
Cecilia J.	Gaston	G	1/28/2007	8.97		Probation Agency (deferred)	03/31/16
Richard R.	Gonzales	S	11/28/1988	36.32	D=9.00	Fire Protection District	03/28/16
Barbara W.	Hynes	G	9/18/2000	9.39		Courts (deferred)	05/03/16
Mark A.	Karr	S	2/26/1984	36.10	D=4.00	Fire Protection District	03/27/16
Gregory S.	Knight	S	2/6/2000	16.15		Probation Agency	04/23/16
David A.	Kromka	S	1/20/1980	36.18		Fire Protection District	03/18/16
Rosalina	Martinez	G	7/11/1999	7.63		Health Care Agency (deferred)	04/20/16
Christy	Niehus	G	9/15/2002	12.28	A=1.8713	Health Care Agency	03/05/16
Hector X.	Orozco	G	3/19/1989	16.90	B=0.11510 D=3.81580	General Services Agency	05/01/16
Roberta A.	Parada	G	1/14/1974	42.24		District Attorney	04/01/16
Gary M.	Parker	S	8/21/1988	3.03 *	C=29.5880	Sheriff's Department (deferred)	05/03/16
Douglas D.	Partello	G	5/22/2005	10.11		Health Care Agency	03/30/16
Elizabeth	Plazola-Jones	G	11/4/2002	14.86	D=3.00	Health Care Agency (deferred)	05/09/16
Margie	Renteria	G	5/10/1992	24.50	A=0.76360	Human Services Agency	04/01/16
Michael M.	Sandwick	S	2/4/1980	38.24	D=2.18320	Fire Protection District	03/27/16
Gifford T.	Sears	S	3/27/1983	33.00		Fire Protection District	03/27/16
Arnold	Sotelo	G	9/25/1983	32.41		Public Works Agency	04/08/16
William H.	Taylor	S	2/2/1998	27.23	D=9.06580	Fire Protection District	03/27/16
Richard M.	Toukdarian	S	5/28/1989	28.93	A=0.80480 B=1.29790	Fire Protection District	03/18/16

DEFERRED RETIREMENTS:

Judy	Barrios	G	07/23/2001	14.56		Health Care Agency	5/26/2016
Christopher	Hays	G	06/15/2008	7.88		Public Works Agency	5/25/2016
Quincy	Knowlton	S	08/07/2005	10.85		Sheriff's Department	06/11/2016
Anna	McDonald	G	07/20/2009	6.69		Human Services Agency	06/04/2016
Catherine	Miller	G	02/24/2008	8.09		Sheriff's Department	06/08/2016
Freya	Newstat	G	10/05/2008	5.66		Health Care Agency	06/18/2016

Tai	Ralston	G	04/18/2010	5.64		Treasurer Tax Collector	06/18/2016
Armando	Rodriguez	G	04/04/2004	11.71		Probation Agency	05/25/2016
Happy	Stem	G	08/25/1999	15.95		County Clerk-Recorder	05/14/2016
Veronica E.	Suarez	G	04/12/2015	1.11	C=8.5065	Human Services Agency	05/21/2016

SURVIVORS' CONTINUANCES:

Jacqueline L.	Butler
Marcia J.	Haas
Ruth M.	Hart
Michael R.	Hemphill
Clay	Herring
Nieves L.	Macaraeg
Margarita	Ray
Glenn C.	True

*** = Member Establishing Reciprocity**
A = Previous Membership
B = Other County Service (eg Extra Help)
C = Reciprocal Service
D = Public Service

Date: Tuesday, July 05, 2016
 Time: 02:19: PM
 User: 103745

Ventura County Retirement Assn

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 Report: 03630.rpt
 Company: VCERA

Check Register - Standard Period: 12-16 As of: 7/5/2016

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Taken	Amount Paid
Company: VCERA										
Acct / Sub:	1002		00							
26500	CK	6/1/2016	3049801 JEAN BAUGHER	12-16	21350	VO	PENSION PAYMENT	6/1/2016		4,890.96
026501	CK	6/1/2016	ADP ADP, LLC	12-16	021351	VO	ADMIN EXP	6/1/2016		2,750.37
026502	CK	6/1/2016	CROST PAUL E CROST	12-16	021352	VO	ADMIN EXP	6/1/2016		3,325.00
026503	CK	6/1/2016	AWARD&ENGR CUSTOM AWARD & ENGRAVIN	12-16	021353	VO	ADMIN EXP	6/1/2016		16.13
026504	CK	6/1/2016	NOSSAMAN NOSSAMAN LLP	12-16	021354	VO	LEGAL FEES	6/1/2016		11,641.70
026505	CK	6/1/2016	CORPORATE STAPLES ADVANTAGE	12-16	021355	VO	ADMIN EXP	6/1/2016		1,333.72
026506	CK	6/1/2016	VOLT VOLT	12-16	021356	VO	ADMIN EXP	6/1/2016		1,574.45
026507	CK	6/8/2016	3031014 NOLAN J. WESTERN	12-16	021357	VO	PENSION PAYMENT	6/8/2016		2,698.30
026508	CK	6/8/2016	990004 WILL HOAG	12-16	021358	VO	TRAVEL REIMB	6/8/2016		173.40
026509	CK	6/8/2016	ADP ADP, LLC	12-16	021359	VO	ADMIN EXP	6/8/2016		4,706.55
026510	CK	6/8/2016	CMP CMP & ASSOCIATES, INC	12-16	021360	VO	IT	6/8/2016		551.25
026511	CK	6/8/2016	MEGAPATH GLOBAL CAPACITY	12-16	021361	VO	IT/PAS	6/8/2016		603.63

Date: Tuesday, July 05, 2016
 Time: 02:19: PM
 User: 103745

Ventura County Retirement Assn

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 Company: VCERA

Check Register - Standard Period: 12-16 As of: 7/5/2016

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Taken	Amount Paid
026512	CK	6/8/2016	HANSONBRID HANSON BRIDGETT LLP	12-16	021362	VO	LEGAL FEES	6/8/2016		238.05
026513	CK	6/8/2016	HARRIS HARRIS WATER CONDITIONING	12-16	021363	VO	ADMIN EXP	6/8/2016		124.50
026514	CK	6/8/2016	SACRS SACRS	12-16	021364	VO	ADMIN EXP	6/8/2016		500.00
026515	CK	6/8/2016	SPRUCE SPRUCEGROVE INVESTMENT	12-16	021365	VO	INVESTMENT FEES	6/8/2016		55,450.75
026516	CK	6/8/2016	CORPORATE STAPLES ADVANTAGE	12-16	021366	VO	ADMIN EXP	6/8/2016		26.82
026517	CK	6/8/2016	VOLT VOLT	12-16	021367	VO	ADMIN EXP	6/8/2016		1,953.68
026518	CK	6/8/2016	VSG VSG HOSTING, INC	12-16	021368	VO	PAS	6/8/2016		19,500.00
026519	CK	6/15/2016	101602 HENRY SOLIS	12-16	021369	VO	REIMBURSEMENT	6/15/2016		140.00
026520	CK	6/15/2016	120506 CRAIG WINTER	12-16	021370	VO	TRAVEL REIMB	6/15/2016		747.00
026521	CK	6/15/2016	990002 ARTHUR E. GOULET	12-16	021371	VO	TRAVEL REIMB	6/15/2016		296.55
026522	CK	6/15/2016	990006 MICHAEL SEDELL	12-16	021372	VO	TRAVEL REIMB	6/15/2016		1,082.76
026523	CK	6/15/2016	BARNEY A.B.U. COURT REPORTING, INC	12-16	021373	VO	ADMIN EXP	6/15/2016		315.00
026524	CK	6/15/2016	AT&T AT & T MOBILITY	12-16	021374	VO	IT	6/15/2016		419.56

Date: Tuesday, July 05, 2016
 Time: 02:19: PM
 User: 103745

Ventura County Retirement Assn

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 Company: VCERA

Check Register - Standard Period: 12-16 As of: 7/5/2016

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Taken	Amount Paid
				To Post	Closed						
026525	CK	6/15/2016	COPYMEX COPY MEX SYSTEMS INC	12-16		021375	VO	ADMIN EXP	6/15/2016		4,318.09
026526	CK	6/15/2016	LINEA LINEA SOLUTIONS	12-16		021376	VO	IT/PAS	6/15/2016		65,542.62
026527	CK	6/15/2016	FEDEX FEDEX	12-16		021377	VO	ADMIN EXP	6/15/2016		53.25
026528	CK	6/15/2016	CORPORATE STAPLES ADVANTAGE	12-16		021378	VO	ADMIN EXP	6/15/2016		12.35
026529	CK	6/15/2016	TWC TIME WARNER CABLE	12-16		021379	VO	IT	6/15/2016		294.99
026530	CK	6/22/2016	103745 KAREN SCANLAN	12-16		021380	VO	REIMBURSEMENT	6/22/2016		2,000.00
026531	CK	6/22/2016	BROWN BROWN ARMSTRONG	12-16		021381	VO	ADMIN EXP	6/22/2016		1,031.25
026532	CK	6/22/2016	LOOMIS LOOMIS, SAYLES & CO., LP	12-16		021382	VO	INVESTMENT FEES	6/22/2016		11,496.66
026533	CK	6/22/2016	MBS MANAGED BUSINESS SOLUTIC	12-16		021383	VO	PAS	6/22/2016		300.00
026534	CK	6/22/2016	MF M.F. DAILY CORPORATION	12-16		021384	VO	ADMIN EXP	6/22/2016		17,693.67
026535	CK	6/22/2016	NEPC NEPC, LLC	12-16		021385	VO	INVESTMENT FEES	6/22/2016		72,500.00
026536	CK	6/22/2016	SHRED-IT SHRED-IT USA LLC	12-16		021386	VO	ADMIN EXP	6/22/2016		201.60
026537	CK	6/22/2016	VITECH VITECH SYSTEMS GROUP, INC	12-16		021387	VO	PAS	6/22/2016		23,250.00

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Ventura County Retirement Assn

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 Company: VCERA

Check Register - Standard Period: 12-16 As of: 7/5/2016

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Taken	Amount Paid
				To Post	Closed						
026538	CK	6/22/2016	VOLT VOLT	12-16		021388	VO	ADMIN EXP	6/22/2016		1,379.04
026539	CK	6/29/2016	102661 LORI NEMIROFF	12-16		021389	VO	TRAVEL REIMB	6/29/2016		336.28
026540	CK	6/29/2016	120901PC STEPHANIE CAIAZZA-PETTY C,	12-16		021390	VO	ADMIN EXP	6/29/2016		9.69
026541	CK	6/29/2016	124709 LINDA WEBB	12-16		021391	VO	TRAVEL REIMB	6/29/2016		597.59
026542	CK	6/29/2016	990002 ARTHUR E. GOULET	12-16		021392	VO	TRAVEL REIMB	6/29/2016		375.58
026543	CK	6/29/2016	ADP ADP, LLC	12-16		021393	VO	ADMIN EXP	6/29/2016		2,780.37
026544	CK	6/29/2016	BOFA BUSINESS CARD	12-16		021394	VO	ADMIN/PAS/IT	6/29/2016		3,718.76
026545	CK	6/29/2016	BLACKROCK BLACKROCK INSTL TRUST CO,	12-16		021395	VO	INVESTMENT FEES	6/29/2016		163,718.41
026546	CK	6/29/2016	CALAPRS CALAPRS	12-16		021396	VO	ADMIN EXP	6/29/2016		2,500.00
026547	CK	6/29/2016	COUNTY COUNTY COUNSEL	12-16		021397	VO	LEGAL FEES	6/29/2016		26,616.25
026548	CK	6/29/2016	CUSTOM CUSTOM PRINTING	12-16		021398	VO	ADMIN EXP	6/29/2016		129.60
026549	CK	6/29/2016	CHARRIS CATHERINE HARRIS, ESQ.	12-16		021399	VO	ADMIN EXP	6/29/2016		5,950.00

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 Time: 02:19: PM
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Ventura County Retirement Assn

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 Company: VCERA

Check Register - Standard Period: 12-16 As of: 7/5/2016

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Taken	Amount Paid
				To Post	Closed						
026550	CK	6/29/2016	BEARDSLEY NANCY T. BEARDSLEY, ESQ.	12-16		021400	VO	ADMIN EXP	6/29/2016		5,635.00
026551	CK	6/29/2016	INCENTIVE INCENTIVE SERVICES	12-16		021401	VO	ADMIN EXP	6/29/2016		21.50
026552	CK	6/29/2016	NOSSAMAN NOSSAMAN LLP	12-16		021402	VO	LEGAL FEES	6/29/2016		3,210.40
026553	CK	6/29/2016	SEGAL SEGAL CONSULTING	12-16		021403	VO	ACTUARY FEES	6/29/2016		20,760.00
026554	CK	6/29/2016	SPRUCE SPRUCEGROVE INVESTMENT	12-16		021404	VO	INVESTMENT FEES	6/29/2016		54,355.56
026555	CK	6/29/2016	CORPORATE STAPLES ADVANTAGE	12-16		021405	VO	ADMIN EXP	6/29/2016		1,149.47
026556	CK	6/29/2016	VITECH VITECH SYSTEMS GROUP, INC	12-16		021406	VO	PAS	6/29/2016		1,550.00
026557	CK	6/29/2016	VOLT VOLT	12-16		021407	VO	ADMIN EXP	6/29/2016		1,309.80

Check Count: 58

Acct Sub 609,857.91

Check Type	Count	Amount Paid
Regular	58	609,857.91
Hand	0	0.00
Electronic Payment		0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	58	609,857.91

Company Disc Total 0.00 Com 609,857.91

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BUDGET SUMMARY FISCAL YEAR 2015-2016
June 2016 (**Preliminary**) - 100% of Fiscal Year Expended

EXPENDITURE DESCRIPTIONS	Adopted 2015/2016 Budget	Adjusted 2015/2016 Budget	Jun-16	Year to Date Expended	Available Balance	Percent Expended
Salaries & Benefits:						
Salaries	\$ 2,322,000.00	\$ 2,322,000.00	\$ 242,513.86	\$ 2,158,965.07	\$ 163,034.93	92.98%
Extra-Help	50,000.00	50,000.00	12,334.59	89,054.46	(39,054.46)	178.11%
Overtime	3,000.00	3,000.00	0.00	101.99	2,898.01	3.40%
Supplemental Payments	70,800.00	70,800.00	7,023.54	63,171.12	7,628.88	89.22%
Vacation Redemption	111,400.00	111,400.00	0.00	73,555.39	37,844.61	66.03%
Retirement Contributions	427,700.00	427,700.00	44,397.28	397,334.97	30,365.03	92.90%
OASDI Contributions	139,800.00	139,800.00	15,174.67	131,296.70	8,503.30	93.92%
FICA-Medicare	36,400.00	36,400.00	3,548.95	32,757.20	3,642.80	89.99%
Retiree Health Benefit	8,700.00	8,700.00	794.15	9,830.10	(1,130.10)	112.99%
Group Health Insurance	201,000.00	201,000.00	20,364.53	186,883.44	14,116.56	92.98%
Life Insurance/Mgmt	1,100.00	1,100.00	118.56	1,104.05	(4.05)	100.37%
Unemployment Insurance	2,900.00	2,900.00	293.21	2,617.26	282.74	90.25%
Management Disability Insurance	18,000.00	18,000.00	1,704.88	17,336.48	663.52	96.31%
Worker' Compensation Insurance	18,700.00	18,700.00	1,852.06	17,081.89	1,618.11	91.35%
401K Plan Contribution	47,500.00	47,500.00	5,401.39	45,250.40	2,249.60	95.26%
Transfers In	103,400.00	103,400.00	5,031.77	109,916.27	(6,516.27)	106.30%
Transfers Out	(103,400.00)	(103,400.00)	(5,031.77)	(109,916.27)	6,516.27	106.30%
Total Salaries & Benefits	\$ 3,459,000.00	\$ 3,459,000.00	\$ 355,521.67	\$ 3,226,340.52	\$ 232,659.48	93.27%
Services & Supplies:						
Telecommunication Services - ISF	\$ 36,500.00	\$ 36,500.00	\$ 3,672.14	\$ 35,719.08	\$ 780.92	97.86%
General Insurance - ISF	12,500.00	12,500.00	0.00	12,520.00	(20.00)	100.16%
Office Equipment Maintenance	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
Membership and Dues	10,400.00	10,400.00	140.00	9,910.00	490.00	95.29%
Education Allowance	10,000.00	10,000.00	2,000.00	5,795.84	4,204.16	57.96%
Cost Allocation Charges	17,000.00	17,000.00	0.00	17,011.00	(11.00)	100.06%
Printing Services - Not ISF	4,300.00	4,300.00	145.73	3,146.50	1,153.50	73.17%
Books & Publications	2,500.00	2,500.00	500.00	2,542.51	(42.51)	101.70%
Office Supplies	20,000.00	20,000.00	2,706.47	15,884.95	4,115.05	79.42%
Postage & Express	60,000.00	60,000.00	3,578.43	52,386.58	7,613.42	87.31%
Printing Charges - ISF	13,300.00	13,300.00	0.00	10,409.61	2,890.39	78.27%
Copy Machine Services - ISF	6,500.00	6,500.00	0.00	2,447.55	4,052.45	37.65%
Board Member Fees	12,000.00	12,000.00	100.00	9,700.00	2,300.00	80.83%
Professional Services	1,002,300.00	1,002,300.00	84,407.73	964,064.79	38,235.21	96.19%
Storage Charges	4,500.00	4,500.00	0.00	3,338.83	1,161.17	74.20%
Equipment	5,000.00	5,000.00	4,318.09	4,318.09	681.91	86.36%
Office Lease Payments	205,200.00	205,200.00	17,693.67	200,838.80	4,361.20	97.87%
Private Vehicle Mileage	10,000.00	10,000.00	1,077.86	12,311.58	(2,311.58)	123.12%
Conference, Seminar and Travel	100,000.00	100,000.00	8,263.98	60,858.19	39,141.81	60.86%
Furniture	24,000.00	24,000.00	0.00	2,478.61	21,521.39	10.33%
Facilities Charges	6,900.00	6,900.00	539.48	5,369.48	1,530.52	77.82%
Judgement & Damages	0.00	0.00	0.00	1,838.57	(1,838.57)	#DIV/0!
Transfers In	10,900.00	10,900.00	531.72	11,615.22	(715.22)	106.56%
Transfers Out	(10,900.00)	(10,900.00)	(531.72)	(11,615.22)	715.22	106.56%
Total Services & Supplies	\$ 1,564,900.00	\$ 1,564,900.00	\$ 129,143.58	\$ 1,432,890.56	\$ 132,009.44	91.56%
Total Sal, Ben, Serv & Supp	\$ 5,023,900.00	\$ 5,023,900.00	\$ 484,665.25	\$ 4,659,231.08	\$ 364,668.92	92.74%
Technology:						
Computer Hardware	\$ 91,600.00	\$ 91,600.00	\$ 318.11	77,315.77	\$ 14,284.23	84.41%
Computer Software	204,400.00	204,400.00	852.01	176,031.42	28,368.58	86.12%
Systems & Application Support	693,100.00	693,100.00	37,536.45	604,343.11	88,756.89	87.19%
Pension Administration System	2,660,500.00	2,660,500.00	73,610.00	2,351,243.86	309,256.14	88.38%
Total Technology	\$ 3,649,600.00	\$ 3,649,600.00	\$ 112,316.57	\$ 3,208,934.16	\$ 440,665.84	87.93%
Contingency	\$ 812,400.00	\$ 812,400.00	\$ -	\$ -	\$ 812,400.00	0.00%
Total Current Year	\$ 9,485,900.00	\$ 9,485,900.00	\$ 596,981.82	\$ 7,868,165.24	\$ 1,617,734.76	82.95%

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
MAY 31, 2016 (UNAUDITED)**

ASSETS

CASH & CASH EQUIVALENTS **\$296,912,181**

RECEIVABLES

ACCRUED INTEREST AND DIVIDENDS	2,401,803
SECURITY SALES	12,138,048
MISCELLANEOUS	75,842
TOTAL RECEIVABLES	14,615,693

INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	116,970,120
DOMESTIC EQUITY INDEX FUNDS	1,223,245,896
INTERNATIONAL EQUITY SECURITIES	339,915,129
INTERNATIONAL EQUITY INDEX FUNDS	240,791,495
GLOBAL EQUITY	424,120,843
PRIVATE EQUITY	154,966,070
DOMESTIC FIXED INCOME - CORE PLUS	624,728,099
DOMESTIC FIXED INCOME - U.S. INDEX	145,112,088
GLOBAL FIXED INCOME	42,845,404
REAL ESTATE	365,489,464
ALTERNATIVES	373,829,739
CASH OVERLAY - PARAMETRIC	14,020
TOTAL INVESTMENTS	4,052,028,368

CAPITAL ASSET - SOFTWARE DEVELOPMENT **9,426,005**

TOTAL ASSETS **4,372,982,247**

LIABILITIES

SECURITY PURCHASES PAYABLE	2,328,091
ACCOUNTS PAYABLE	237,037
TAX WITHHOLDING PAYABLE	2,828,698
PREPAID CONTRIBUTIONS	7,201,250
	12,595,076

TOTAL LIABILITIES **12,595,076**

NET POSITION RESTRICTED FOR PENSIONS **\$4,360,387,171**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE ELEVEN MONTHS ENDED MAY 31, 2016 (UNAUDITED)**

ADDITIONS

CONTRIBUTIONS

EMPLOYER	\$157,804,585
EMPLOYEE	61,782,442
TOTAL CONTRIBUTIONS	<u>219,587,026</u>

INVESTMENT INCOME

NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(38,076,896)
INTEREST INCOME	13,464,572
DIVIDEND INCOME	30,691,635
REAL ESTATE OPERATING INCOME, NET	12,431,512
SECURITY LENDING INCOME	207,923
TOTAL INVESTMENT INCOME	<u>18,718,746</u>

LESS INVESTMENT EXPENSES

MANAGEMENT & CUSTODIAL FEES	10,912,230
SECURITIES LENDING BORROWER REBATES	79,463
SECURITIES LENDING MANAGEMENT FEES	45,987
TOTAL INVESTMENT EXPENSES	<u>11,037,679</u>

NET INVESTMENT INCOME/(LOSS) **7,681,067**

TOTAL ADDITIONS **227,268,093**

DEDUCTIONS

BENEFIT PAYMENTS	220,141,418
MEMBER REFUNDS	4,328,033
ADMINISTRATIVE EXPENSES	7,206,658
TOTAL DEDUCTIONS	<u>231,676,110</u>

NET INCREASE/(DECREASE) **(4,408,017)**

NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR 4,364,795,188

ENDING BALANCE \$4,360,387,171

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE ELEVEN MONTHS ENDED MAY 31, 2016 (UNAUDITED)**

EQUITY MANAGERS

DOMESTIC

BLACKROCK - US EQUITY	\$176,425
BLACKROCK - EXTENDED EQUITY	13,467
WESTERN ASSET INDEX PLUS	194,322
TOTAL	384,214

INTERNATIONAL

BLACKROCK - ACWIXUS	178,094
SPRUCEGROVE	486,492
HEXAVEST	267,269
WALTER SCOTT	603,572
TOTAL	1,535,428

GLOBAL

GRANTHAM MAYO VAN OTTERLOO (GMO)	1,065,039
BLACKROCK - GLOBAL INDEX	64,843
TOTAL	1,129,882

PRIVATE EQUITY

ADAMS STREET	1,090,818
HARBOURVEST	545,236
PANTHEON	449,863
TOTAL	2,085,917

FIXED INCOME MANAGERS

DOMESTIC

BLACKROCK - US DEBT INDEX	72,412
LOOMIS, SAYLES AND COMPANY	212,820
REAMS ASSET MANAGEMENT	379,206
WESTERN ASSET MANAGEMENT	379,646
TOTAL	1,044,083

GLOBAL

LOOMIS, SAYLES AND COMPANY	134,794
LOOMIS ALPHA	126,309
PIMCO	222,940
TOTAL	484,043

REAL ESTATE

PRUDENTIAL REAL ESTATE ADVISORS	650,328
RREEF	19,114
UBS REALTY	1,656,995
TOTAL	2,326,437

ALTERNATIVES

BRIDGEWATER	789,670
TORTOISE	479,457
TOTAL	1,269,126

CASH OVERLAY - PARAMETRIC

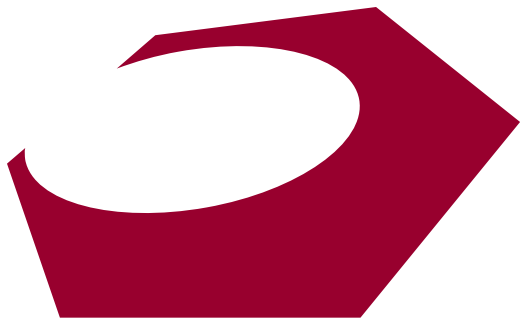
112,804

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE ELEVEN MONTHS ENDED MAY 31, 2016 (UNAUDITED)**

SECURITIES LENDING	
BORROWERS REBATE	79,463
MANAGEMENT FEES	45,987
TOTAL	<u>125,449</u>
OTHER	
INVESTMENT CONSULTANT	215,160
INVESTMENT CUSTODIAN	325,136
TOTAL	<u>540,297</u>
TOTAL INVESTMENT MANAGEMENT FEES	<u><u>\$11,037,679</u></u>

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENTS AND CASH EQUIVALENTS
MAY 31, 2016 (UNAUDITED)

EQUITY		
DOMESTIC EQUITY		
WESTERN ASSET INDEX PLUS	\$116,970,120	\$23,898,307
TOTAL DOMESTIC EQUITY	116,970,120	23,898,307
DOMESTIC INDEX FUNDS		
BLACKROCK - US EQUITY MARKET	1,176,887,070	0
BLACKROCK - EXTENDED EQUITY	46,358,826	0
TOTAL EQUITY INDEX FUNDS	1,223,245,896	0
INTERNATIONAL EQUITY		
SPRUCEGROVE	166,906,726	0
HEXAVEST	77,899,792	0
WALTER SCOTT	95,108,611	0
TOTAL INTERNATIONAL EQUITY	339,915,129	0
INTERNATIONAL INDEX FUNDS		
BLACKROCK - ACWIXUS	240,791,495	0
TOTAL INTERNATIONAL INDEX FUNDS	240,791,495	0
GLOBAL EQUITY		
GRANTHAM MAYO AND VAN OTTERLOO (GMO)	201,377,185	0
BLACKROCK - GLOBAL INDEX	222,743,658	0
TOTAL GLOBAL EQUITY	424,120,843	0
PRIVATE EQUITY		
ADAMS STREET	97,771,079	0
PANTHEON	14,608,368	0
HARBOURVEST	42,586,623	0
TOTAL PRIVATE EQUITY	154,966,070	0
FIXED INCOME		
DOMESTIC		
LOOMIS SAYLES AND COMPANY	67,728,991	6,404,599
REAMS	296,753,791	108
WESTERN ASSET MANAGEMENT	260,245,317	18,527,842
TOTAL DOMESTIC	624,728,099	24,932,548
DOMESTIC INDEX FUNDS		
BLACKROCK - US DEBT INDEX	145,112,088	0
TOTAL DOMESTIC INDEX FUNDS	145,112,088	0
GLOBAL		
LOOMIS SAYLES AND COMPANY	0	0
LOOMIS ALPHA	42,845,348	0
PIMCO	56	2,342,606
TOTAL GLOBAL	42,845,404	2,342,606



Hexavest

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

Annual Review
July 18, 2016



- Corporate update
- Performance
- Market outlook summary
- Investment strategy
- Appendix
 - Compliance certificate
 - Detailed market outlook
 - Historical return and risk profile

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Hexavest

CORPORATE UPDATE



HEXAVEST OVERVIEW

FIRM

- Montreal-based firm specializing in equity strategies for institutions worldwide
- Founded in 2004, team in 1991
- 45 employees; stable investment team with minimal turnover in key personnel
- \$14 billion of assets under management (166 clients)
- Owned by 15 employees (51%) and Eaton Vance (49%)

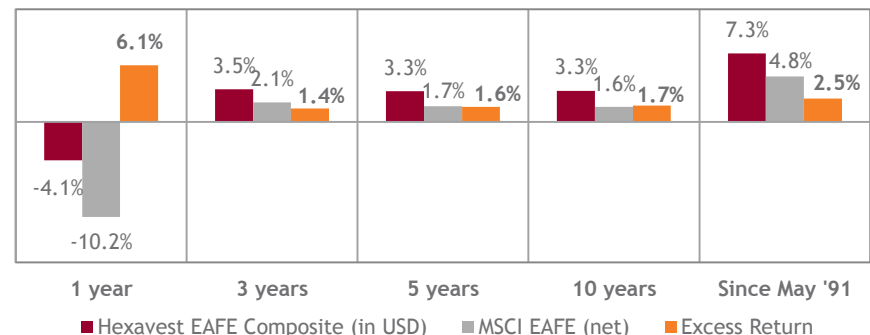
PHILOSOPHY AND PROCESS

- Top-down, team-driven process
- Core portfolio with value bias
- Clearly defined process that has withstood the test of time
- Diversification / multiple drivers of performance
 - Regions and countries
 - Currencies
 - Sectors and industries
 - Stocks
 - Cash

PERFORMANCE

- 25-year track record in EAFE equities
- Solid risk metrics: low volatility and downside protection
- Low correlation of excess returns with other managers

Hexavest EAFE Equity Composite
(preliminary gross-of-fee annualized returns as of June 30, 2016)



Sources: Hexavest and MSCI as of 6/30/2016. Performance is based upon the total assets of all fee-paying discretionary accounts comprising the Hexavest Global Composite for the periods shown. Composite performance results are presented gross of management and custody fees and net of trading expenses. This information is supplemental to the Composite's Global Investment Performance Standards (GIPS®) presentation contained herein as an integral part of this material. Please refer to the GIPS® presentation and additional important information and disclosure in the Appendix. It is not possible to directly invest in an index. Past performance does not predict future results.



INVESTMENT PROCESS

FUNDAMENTAL RESEARCH

THREE-PILLAR ANALYSIS

MACROECONOMIC ENVIRONMENT

VALUATION

SENTIMENT

TOP-DOWN DECISIONS

STRATEGY TEAM

With the input from the regional teams, the strategy team develops the firm's outlook on international equities

CASH/BETA

REGIONS

CURRENCIES

REGIONAL TEAMS

The regional teams determine country, sector and industry allocations based on the firm's global scenario and region-specific fundamentals

COUNTRIES

SECTORS

INDUSTRIES

PORTFOLIO CONSTRUCTION

Two objectives:

1. Provide broad exposure to the desired regions, currencies, countries, sectors and industries while minimizing stock-specific risk
2. Enhance the performance of our top-down decisions with stock selection

A diversified portfolio of ~250 stocks is constructed with the help of quantitative tools

STOCK SELECTION



INVESTMENT TEAM AND OTHER INVESTMENT PROFESSIONALS

Strategy Team

Vital Proulx, CFA
President &
Co-Chief Investment Officer
Industry experience: 27 years
Team member since: 1991

North America

Jean-René Adam, M.Sc., CFA
Co-Chief Investment Officer &
Vice President, North American Markets
Industry experience: 14 years
Team member since: 2006

Emerging Markets

Jean-Pierre Couture, M.Sc.
Chief Economist & Strategist
Emerging Markets
Industry experience: 21 years
Team member since: 2010

Strategy Implementation

Denis Rivest, CFA
Chief Operating Officer &
Chief Strategy Officer
Industry experience: 29 years
Team member since: 1996

Product Specialists

▶ **Robert Brunelle, CFA, ASA**
Senior Vice President
Industry experience: 25 years
Team member since: 1998

▶ **Nadia Cesaratto, CFA, FRM**
Vice President
Industry experience: 14 years
Team member since: 2009

Jo-Annie Pinto, CIM®
Vice President
Industry experience: 18 years
Team member since: 2012

Mark-Olivier McNulty, CIM® *
Vice President
Industry experience: 16 years
Team member since: 2014

▶ Co-Chairs of the
Investment Committee

Kevin Leblanc, CFA *
Analyst, North American Markets
Industry experience: 7 years
Team member since: 2015

Jean-Benoit Leblanc, M.Sc., CFA
Portfolio Manager, Emerging Markets
Industry experience: 17 years
Team member since: 2009

Asia Pacific

Frédéric Imbeault, M.Sc., CFA **
Vice President, Asian Markets
Industry experience: 20 years
Team member since: 1999

Etienne Durocher-Dumais, CFA
Portfolio Manager, Asian Markets
Industry experience: 8 years
Team member since: 2012

Europe

Marc C. Lavoie, CPA, CA, CFA, M.Sc.
Vice President, European Markets
Industry experience: 16 years
Team member since: 2003

Christian Crête, CFA
Portfolio Manager, European Markets
Industry experience: 17 years
Team member since: 2012

Multi-Region

Carl Bayard, CFA
Portfolio Manager, Stock Selection
Industry experience: 16 years
Team member since: 2011

Julien Tousignant, M.Sc.
Analyst, Macroeconomics
Industry experience: 3 years
Team member since: 2013

Quantitative Research

Jean-François Bérubé, Ph.D.
Vice President, Quantitative Analysis &
Information Technology
Industry experience: 9 years
Team member since: 2009

Nelson Cabral, M.Sc.
Quantitative Analyst
Industry experience: 5 years
Team member since: 2011

Trading

Éric St-Onge
Head Trader
Industry experience: 25 years
Team member since: 2011

Rashmikanth Patel
Trader
Industry experience: 14 years
Team member since: 2008

* Joined the firm in the last 2 years

** Frédéric Imbeault will retire in Q1 2017



Hexavest

PERFORMANCE

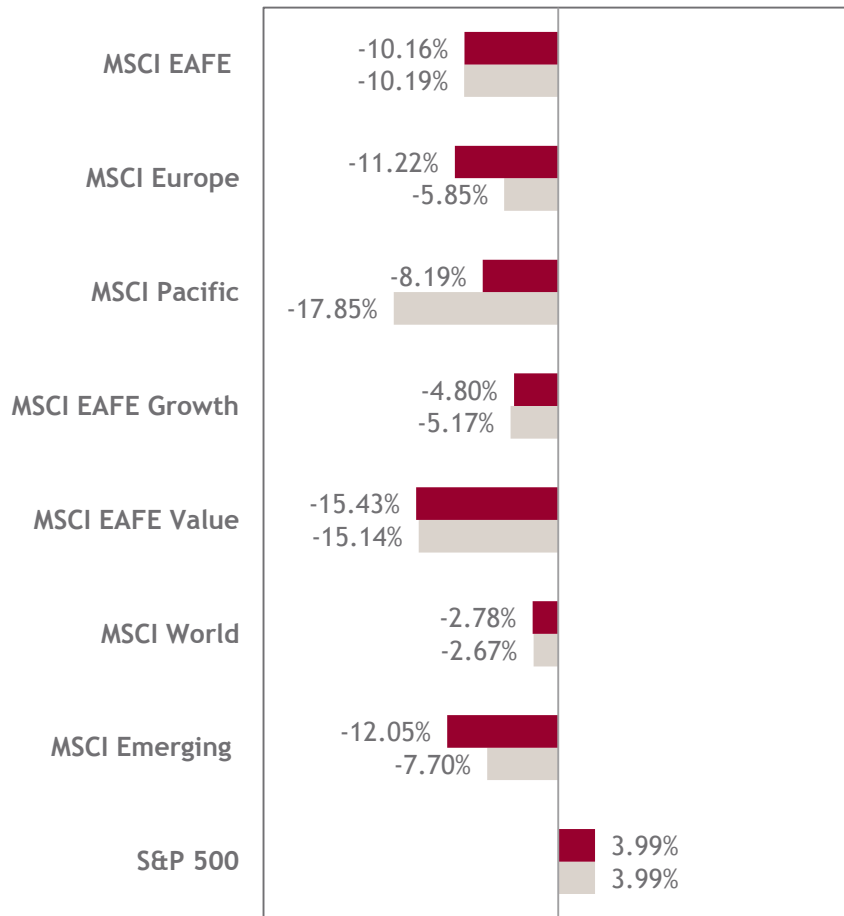


MARKET OVERVIEW

PERFORMANCE OF MAIN INDICES

1-YEAR INDEX PERFORMANCE

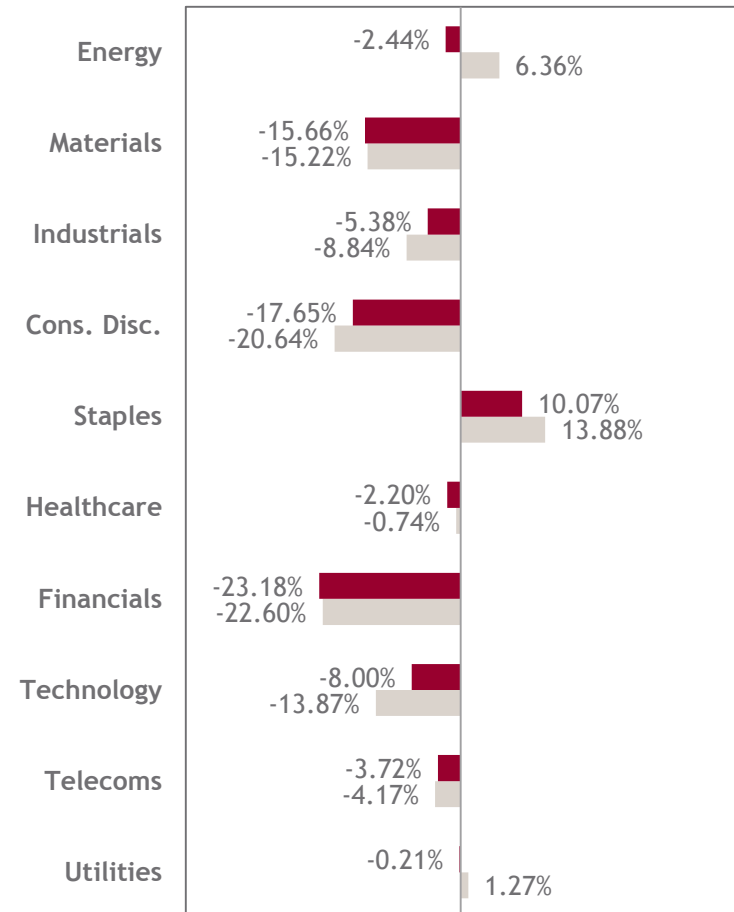
(AS OF JUNE 30, 2016)



■ \$US ■ In local currencies

1-YEAR SECTOR PERFORMANCE

(MSCI EAFE AS OF JUNE 30, 2016)



■ \$US ■ In local currencies



PERFORMANCE NET OF FEES

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Performance Report as at June 30, 2016
Benchmark: MSCI EAFE NET
Currency: USD

Performance objective: to outperform the MSCI EAFE Net index by 2% per annum over 4-year rolling periods (gross of fees)

NET RETURNS

	1 month	3 months	6 months	YTD	1 year	Annualized					Since inception
						2 years	3 years	4 years	5 years	10 years	
Portfolio	-0.96%	0.50%	0.49%	0.49%	-4.54%	-4.40%	2.87%	5.70%	2.49%	---	2.99%
Benchmark	-3.36%	-1.46%	-4.42%	-4.42%	-10.16%	-7.24%	2.06%	5.97%	1.68%	---	2.64%
Value added	2.40%	1.96%	4.91%	4.91%	5.62%	2.84%	0.81%	-0.27%	0.81%	---	0.35%

NET RETURNS BY CALENDAR YEAR

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Portfolio	-1.44%	-4.31%	20.22%	13.65%	-9.63%	0.59%	---	---	---	---
Benchmark	-0.81%	-4.90%	22.78%	17.32%	-12.14%	1.25%	---	---	---	---
Value added	-0.63%	0.59%	-2.56%	-3.67%	2.51%	-0.66%	---	---	---	---

EVOLUTION OF ASSETS

Assets as at 2016-05-31	Net inflow	Gross return	Assets as at 2016-06-30
77,899,791.84 USD	---	-716,030.49 USD	77,183,761.35 USD

Note: The performance start date is 2010-12-15. Returns are presented net of management, administrative, and transaction fees. Returns for periods greater than 12 months are annualized. Past performance is not necessarily indicative of future performance.

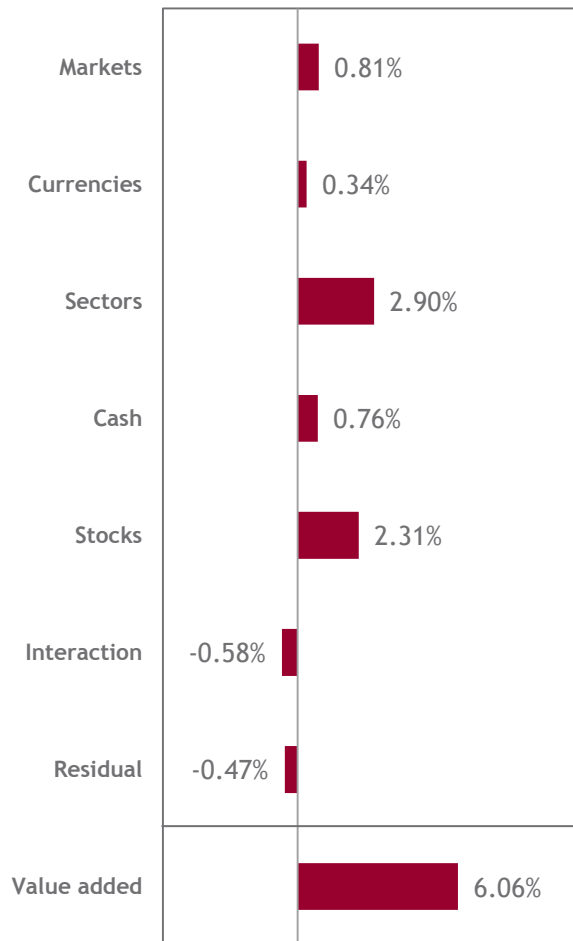


PERFORMANCE ATTRIBUTION

HEXAVEST EAFE EQUITY FUND

PERFORMANCE ATTRIBUTION

12-months ending June 30, 2016



MAIN POSITIVE CONTRIBUTORS (12 MONTHS)

Category	Position	Deviation	Impact
Sectors	Financials	Underweight	1.39%
Sectors	Consumer Staples	Overweight	0.99%
Cash	Cash	Overweight	0.76%
Sectors	Materials	Underweight	0.70%
Stocks	Randgold Resources Ltd	Overweight	0.41%

MAIN NEGATIVE CONTRIBUTORS (12 MONTHS)

Category	Position	Deviation	Impact
Markets	Europe and Middle East	Underweight	-0.56%
Markets	Hong Kong	Underweight	-0.23%
Sectors	Health Care	Overweight	-0.23%
Sectors	Energy	Underweight	-0.22%
Sectors	Industrials	Underweight	-0.16%



Hexavest

MARKET OUTLOOK SUMMARY



MARKET OUTLOOK SUMMARY

GLOBAL OUTLOOK	Macroeconomic environment	Valuation	Sentiment
June 30, 2015	Neutral	--	---
June 30, 2016	--	--	--

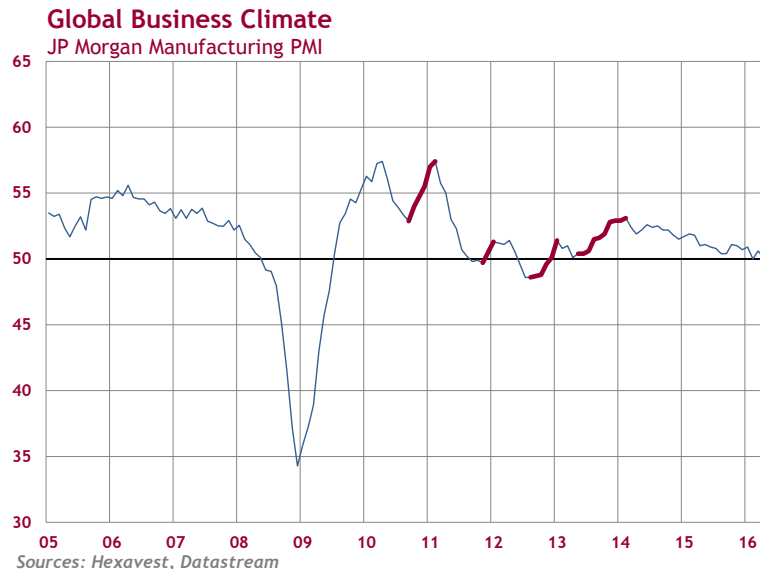
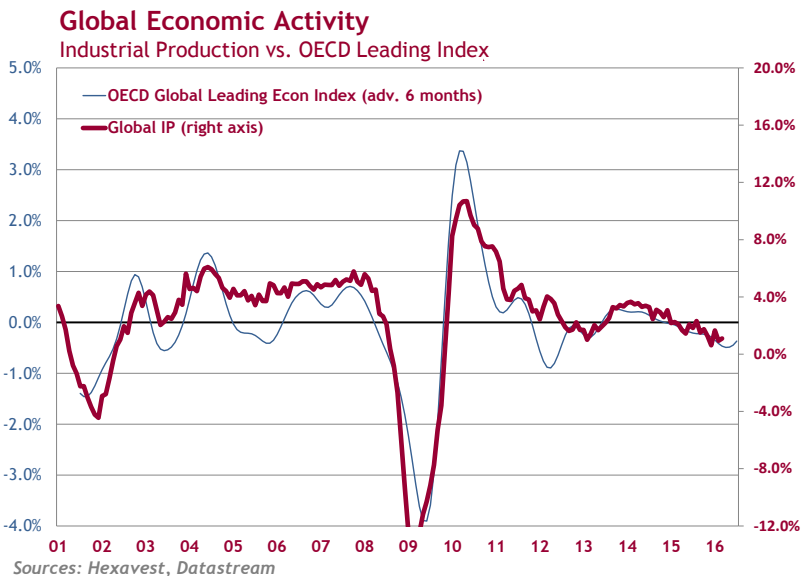
REGIONAL OUTLOOK	Macroeconomic environment	Valuation	Sentiment	Regional rating
North America	+	---	--	----
Europe	+	-	Neutral	Neutral
Asia Pacific	-	++	Neutral	+
Emerging Markets	-	++	+++	++++

Although our three vectors of analysis remain negative for the global equity market, we temporarily reduced the defensive bias in our portfolios at the end of the quarter. In our view, the correction in European equity markets that followed the result of the UK referendum was overdone. We will closely monitor the situation and likely realign our portfolios with our fundamental views in the coming weeks.

Source: Hexavest as of 6/30/2016. The first table presents a summary of Hexavest's subjective assessment of the macroeconomic environment, market valuation, and investor sentiment as it relates to equity markets in general as of the dates indicated (ratings can range from triple negative to triple positive). The second table presents the ratings for each region on a relative basis.



MACROECONOMIC ENVIRONMENT

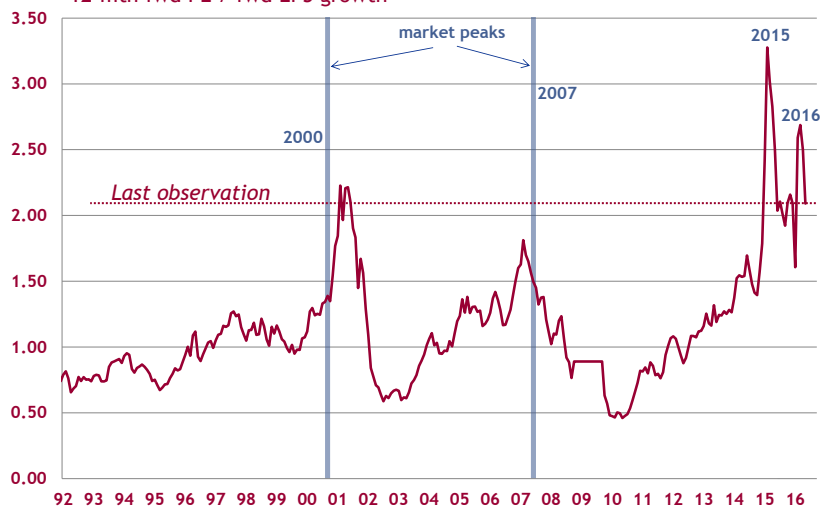


- Global growth remained sluggish in the second quarter. The manufacturing sector has stalled, corporate investments are slowing down and inventories remain high. While the current slow pace of economic growth is unlikely to deteriorate significantly in the short term, we don't expect any meaningful improvement. Our rating of the macroeconomic environment stands at two negatives (--).



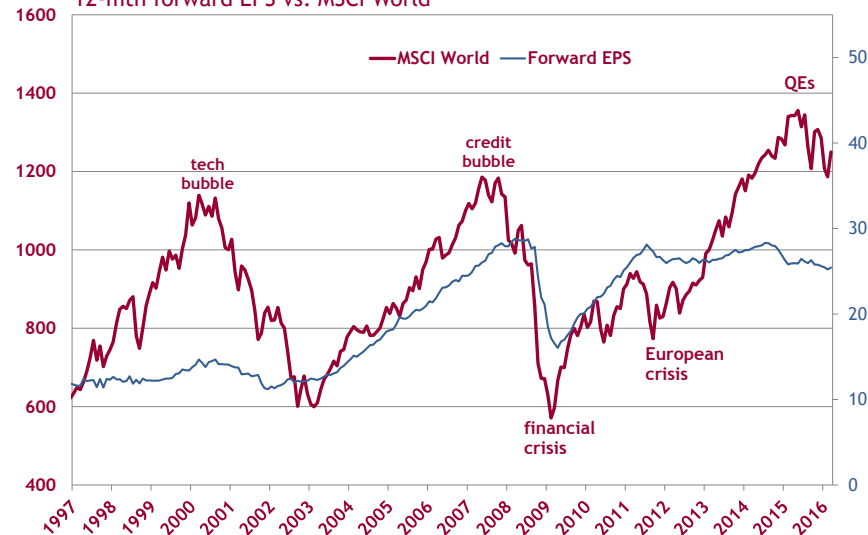
VALUATION

PEG Ratio - MSCI World
12-mth fwd PE / fwd EPS growth



Sources: Hexavest, Datastream

Equity Market vs. Earnings - MSCI World
12-mth forward EPS vs. MSCI World



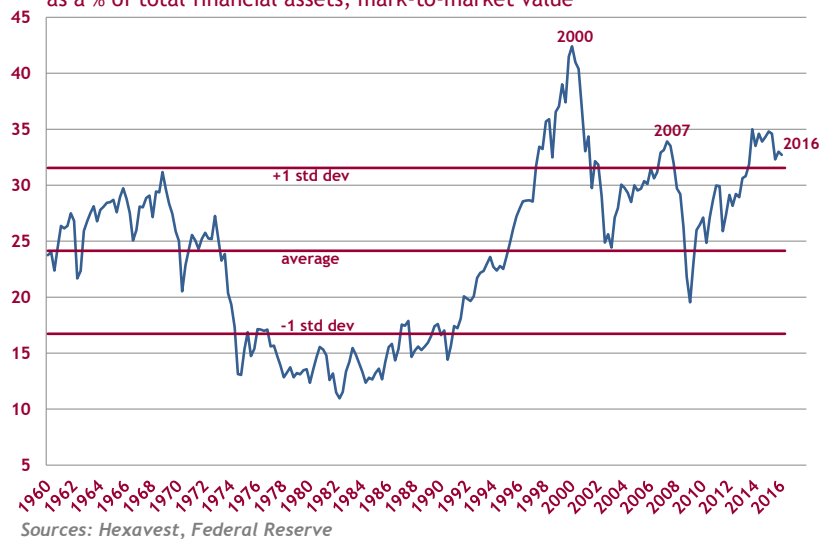
Sources: Hexavest, IBES, MSCI, Datastream

- Because the Brexit vote only had a short-term impact on equity markets in Q2, partly because of central banks' perceived backstop, valuation metrics were largely unchanged at the end of the quarter. In summary, investors are still paying a very high price for a very low-growth environment. The global equity market is more expensive today than it was in 2007, when the economy was booming. The US stock market remains the priciest, while emerging markets and Japan are the cheapest. We have a double-negative rating on valuation (--).



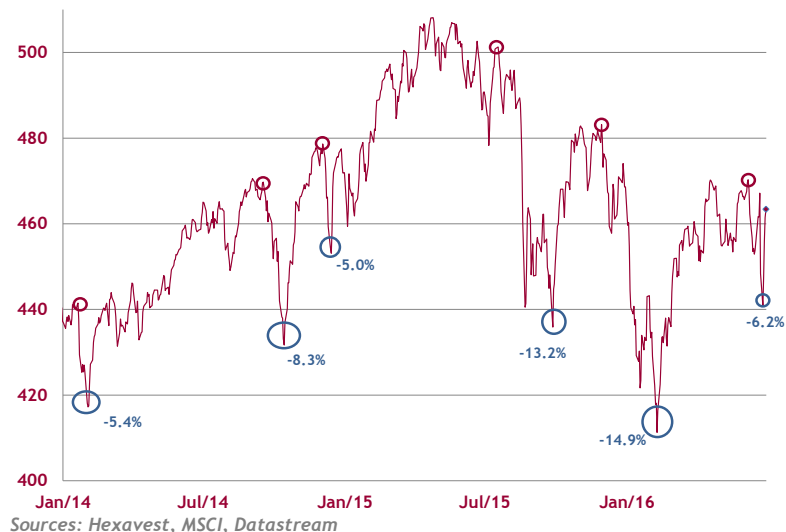
Households' Holdings of Equities - US

as a % of total financial assets, mark-to-market value



MSCI ACWI INDEX: BUY THE DIP

Declines of more than 5% since January 2014, in local-currency terms



- Because of record-low interest rates, investors are highly exposed to risky assets. If volatility increases, many investors that have stepped out of their comfort zone could quickly reach the limits of their risk tolerance. In addition, equity markets rebounded sharply after the Brexit vote - a clear sign that the “buy the dip” mentality remains intact. For these reasons, our contrarian assessment of the sentiment vector is at two negatives (--).



RISKS AND OPPORTUNITIES

– Risks

1. Who's Next? ⇒ Speculations on the next country to leave the EU
2. Investors' risk tolerance: very high exposure to risky assets + rising volatility ⇒ risk limits could quickly be reached
3. Chinese yuan devaluation: changes in regional competitiveness ⇒ repricing of assets
4. Buy the dips: third time in eight months

– Opportunities

1. Brexit overreaction ⇒ tactical opportunities
2. Massive rally in sovereign bonds ⇒ impact on interest rate-sensitive sectors
3. Emerging markets: valuation well aligned with fundamentals, unlike DMs
4. Gold miners: attractive in a negative rate environment



INVESTMENT STRATEGY



HEXAVEST EAFE EQUITY FUND

PORTFOLIO CHARACTERISTICS

Characteristic	June 30, 2016	
	Portfolio	MSCI EAFE Index
Beta	0.91	1.00
Active risk	2.54%	-
Total risk	18.63%	20.41%
Avg. weighted market cap (USD)	\$ 60 billion	\$ 52 billion
Dividend yield	3.65%	3.49%
P/E	11.8x	12.2x



COUNTRY ALLOCATION

Country	Portfolio	Benchmark	Deviation 2016-06-30
United Kingdom	21.4%	19.6%	1.8%
Switzerland	11.2%	9.3%	1.9%
Germany	7.5%	8.7%	-1.1%
France	3.6%	9.6%	-6.0%
Spain	3.5%	2.9%	0.6%
Sweden	3.0%	2.8%	0.3%
Netherlands	1.4%	3.2%	-1.8%
Others - Europe and Middle East	7.1%	8.6%	-1.5%
Total - Europe and Middle East	58.8%	64.6%	-5.8%
Japan	21.6%	23.3%	-1.7%
Australia	7.6%	7.3%	0.4%
Hong Kong	1.8%	3.3%	-1.6%
Others - Asia	1.5%	1.6%	-0.1%
Total - Asia	32.4%	35.4%	-3.0%
Others - North America	0.6%	0.0%	0.6%
Total - North America	0.6%	0.0%	0.6%
Total - Developed Markets	91.8%	100.0%	-8.2%
Total - Emerging Markets	7.6%	0.0%	7.6%
Cash	0.6%	0.0%	0.6%
Total	100.0%	100.0%	0.0%

Benchmark: MSCI EAFE



CURRENCY ALLOCATION

Currency	Portfolio	Benchmark	Deviation 2016-06-30
Euro	28.5%	29.6%	-1.1%
British Pound	19.7%	19.6%	0.1%
Swiss Franc	7.3%	9.3%	-1.9%
Swedish Krone	2.8%	2.8%	0.0%
Danish Krone	2.4%	2.0%	0.4%
Others - Europe and Middle East	1.4%	1.4%	-0.1%
Total - Europe and Middle East	62.0%	64.6%	-2.6%
Japanese Yen	20.3%	23.3%	-3.0%
Australian Dollar	2.5%	7.3%	-4.8%
Hong Kong Dollar	0.6%	3.3%	-2.7%
Others - Asia	1.6%	1.6%	0.1%
Total - Asia	25.0%	35.4%	-10.4%
US Dollar	10.9%	0.0%	10.9%
Canadian Dollar	0.3%	0.0%	0.3%
Total - North America	11.1%	0.0%	11.1%
Total - Developed Markets	98.1%	100.0%	-1.9%
Total - Emerging Markets	1.9%	0.0%	1.9%
Total	100.0%	100.0%	0.0%

Benchmark: MSCI EAFE



SECTOR ALLOCATION

Sector	Portfolio	Benchmark	Deviation 2016-06-30
Energy	3.1%	5.2%	-2.2%
Materials	5.9%	6.9%	-1.0%
Industrials	8.6%	13.3%	-4.7%
Consumer Discretionary	9.3%	12.1%	-2.8%
Consumer Staples	16.4%	13.3%	3.1%
Health Care	13.4%	12.4%	1.0%
Financials	20.3%	22.3%	-2.1%
Information Technology	3.8%	5.4%	-1.5%
Telecommunication Services	10.8%	5.2%	5.7%
Utilities	7.8%	3.9%	3.9%
Cash	0.6%	0.0%	0.6%
Total	100.0%	100.0%	0.0%

Benchmark: MSCI EAFE



Hexavest

APPENDIX



COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATE - HEXAVEST EAFE EQUITY FUND

In the scope of your mandate, we confirm having complied with the following clauses for the entire period of July 1, 2015 to June 30, 2016

	Constraints	Compliance yes/no
Eligible investments	Please refer to Private Placement Memorandum	yes
Asset allocation		
Cash and Equivalents	0% to 10%	yes
Foreign Equity Exposure	90% to 100%	yes
Foreign Currency Exposure (excluding North America)	85% to 100%	yes
Diversification		
Deviation by region	Region weight of MSCI EAFE +15%	yes
Deviation by country	Country weight of MSCI EAFE \pm 15%	yes
Deviation by sector (Level 1)	Sector weight of MSCI EAFE \pm 10%	yes
Countries ex-MSCI EAFE index	Maximum 10%	yes
Exposure in a single company	Maximum 10%	yes
Derivatives		
Permitted instruments	Please refer to Private Placement Memorandum	yes
Exposure to each ETF/ADR/GDR	Maximum 5%	yes
Code of ethics of the CFA Institute	All investment activities have been conducted in accordance to the code of ethics of the CFA Institute.	yes

We believe the present certificate constitutes a fair representation of the compliance of Hexavest's EAFE Equity Fund with the the fund's investment policy over the observed period.

Vital Proulx, CFA
President and Co-Chief Investment Officer

Date



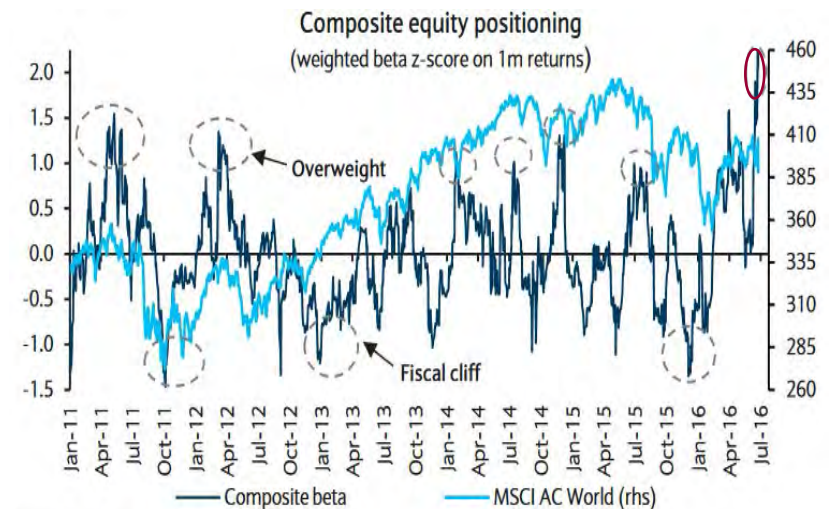
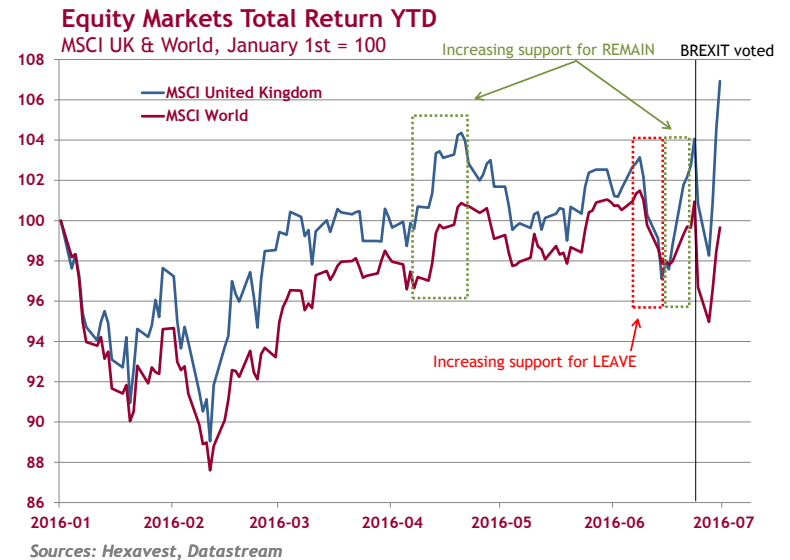
Hexavest

DETAILED MARKET OUTLOOK



BREXIT OVERCONFIDENCE BEFORE THE REFERENDUM

- Despite the fact that the “leave” and “remain” camps were neck and neck in the polls in the last days of the UK referendum campaign, investors were particularly complacent going into the vote on June 23rd. The UK market had outperformed global equities and was close to its highs of 2016. The same was true for the British pound.
- The analysis of more than one thousand funds by *Barclays Research* shows that investors’ positioning in global equities increased markedly in the days before the referendum to reach a post-crisis high, at two standard deviations above average. Beta was also elevated, particularly in the United States.
- Going into the referendum, our portfolios were positioned defensively in accordance with our negative outlook on the global macroeconomic environment, market valuation and investor sentiment. Even if Brexit was not our base-case scenario, the level of overconfidence observed before the vote reinforced our view that risk in global equity markets was skewed to the downside. A win from the “remain” camp appeared fully priced in.





BREXIT OVERREACTION AFTER THE REFERENDUM

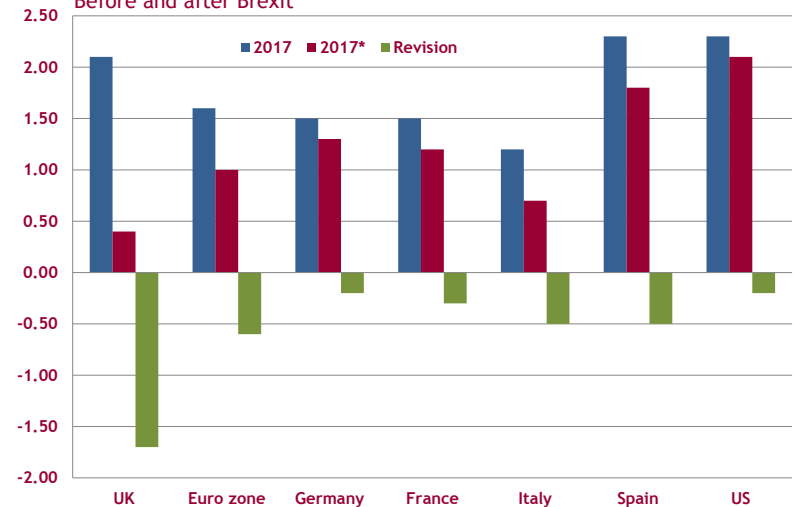
- Given the surprise outcome, the market’s reaction was brutal: on June 24th, global equities lost more than 4% and the GBPUSD currency pair registered an eight standard deviation move, reaching a 31-year low just a few hours after hitting a six-month high.
- In our view, the market’s reaction was too extreme. For instance, financials in some countries suffered significant declines even if they had minimal exposure to the UK or Europe.
- The same overreaction was seen in economists’ gloomy growth forecasts for the UK, which were cut significantly as a result of Brexit.
- While Brexit will surely have an economic impact, most likely on foreign investments, we believe the consensus of economists is too pessimistic. First, it will take at least two years before current trade conditions can be changed. Second, both parties (EU and UK) have too much to lose on the economic front to play hardball during the negotiations.

British Pound vs. US Dollar YTD



Source: Bloomberg

Consensus GDP Growth Forecasts for 2017
Before and after Brexit



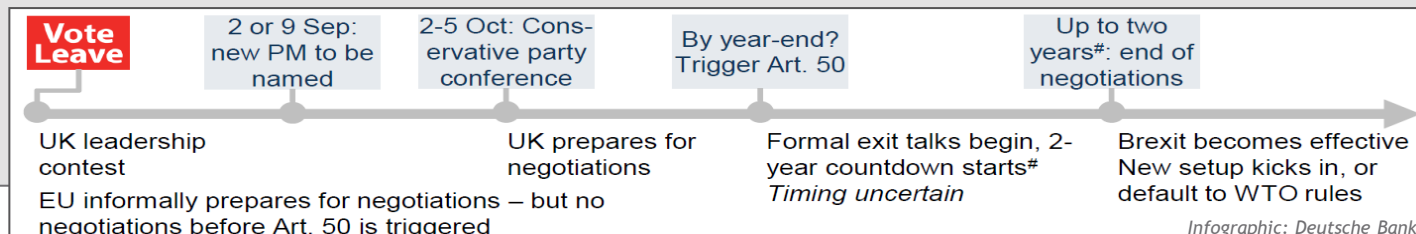
Source: Consensus Economics

* Survey made on June 24, 2016, immediately after the referendum



BREXIT WHAT'S NEXT?

- As a number of political and economic questions remain unanswered, market performance will be contingent upon developments over the next few weeks.
 - The Conservative Party must select a new leader to conduct negotiations over the UK's exit from the European Union (EU).
 - Meanwhile, the EU must determine a common negotiation strategy and achieve consensus among its 27 member countries.
 - When will Article 50, which will mark the opening of the two-year window of negotiations, be invoked?
- The EU's initial position is that any agreement must be consistent with the four basic freedoms related to EU membership, i.e. freedom of movement of 1) goods, 2) services, 3) capital and 4) persons.
- However, freedom of movement of persons is one of the main reasons given to explain the surprising result of the referendum.
- To complete the picture, a large number of other political events are likely to have an impact on European markets over the next few months.
 - Italy will be holding a referendum on Senate reform in October, and Prime Minister Renzi has threatened to resign if it doesn't go through.
 - The Netherlands, France and Germany will be holding national elections between March and September 2017.
 - Following the Brexit vote of June 23, a number of countries are contemplating a referendum on their own place in the EU, including Scotland.
- For the time being, we feel that we're entering a brief lull, until the Conservatives elect a new leader in mid-September. Other political disruptions, however, should have repercussions on the markets in the fall.



Infographic: Deutsche Bank

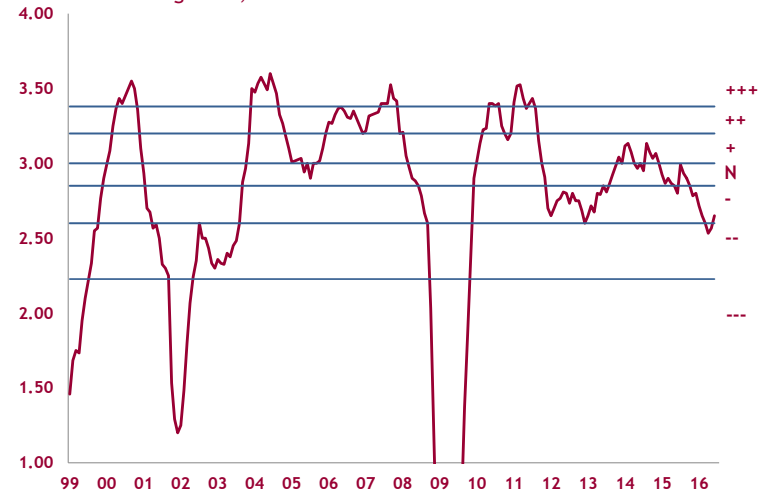


MACROECONOMIC ENVIRONMENT

CONSENSUS: GLOBAL SLOWDOWN, NO MORE DEFLATION FEARS

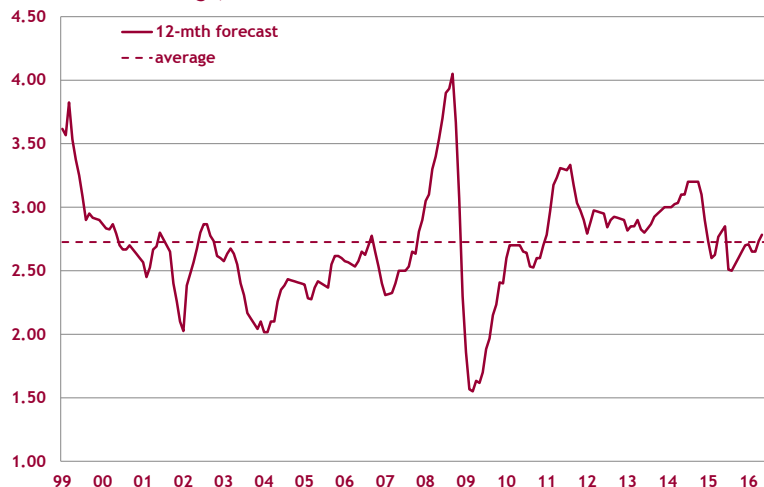
- The consensus of economists expects the global economy to grow at 2.6% for the next 12 months - one of the slowest paces of the last six years. One year ago, expected growth was close to 3%.
- Forecasts for the US (2.1%) and EMs (3.5%) explain most of the negative revision, as consensus data for the euro area (1.6%) does not reflect the post-Brexit adjustment.
- Global inflation expectations have stabilized and are back in line with their 20-year average of 2.8%.
- We largely agree with consensus forecasts for global growth, although we see more downside risks. While we do not expect a recession, growth could slip lower on weakening global capex investments.

World Forecasted Growth
12-month growth, Consensus Economics



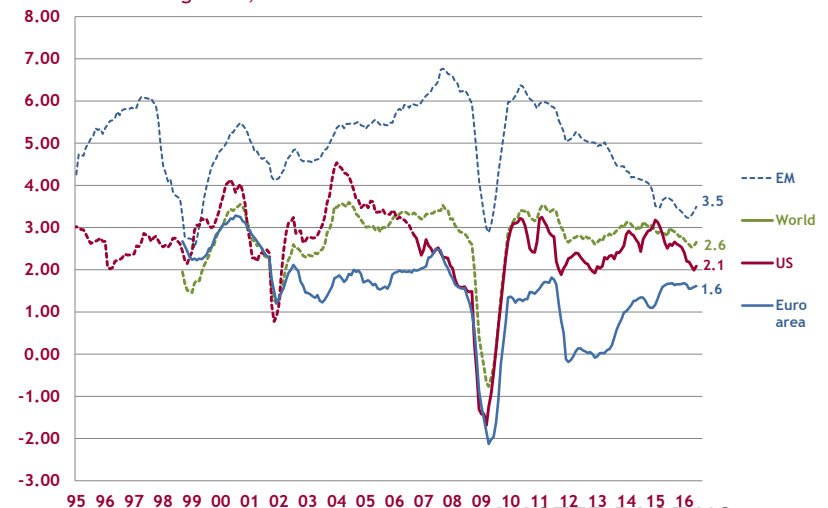
Sources: Hexavest, Consensus Economics, Datastream

Forecasted Inflation - World
annual % change, Consensus Economics



Sources: Hexavest, Consensus Economics, Datastream

Regional Forecasted Growth
12-month growth, Consensus Economics



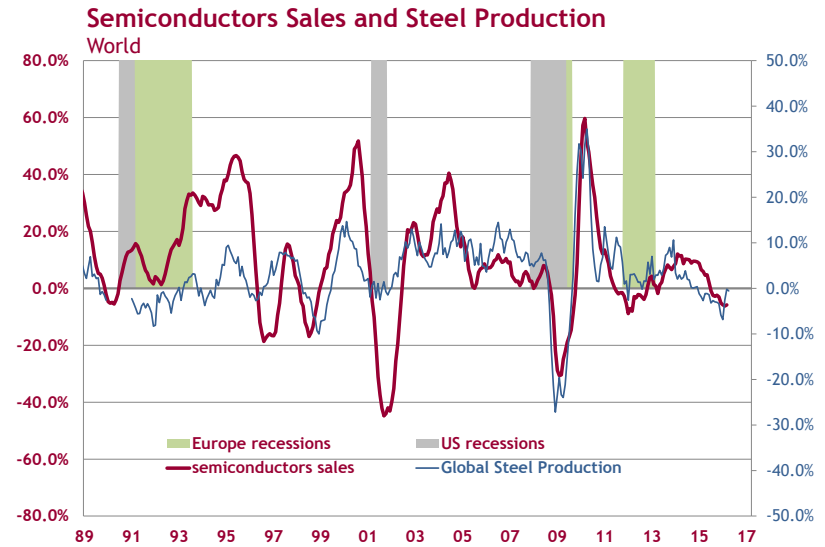
Sources: Hexavest, Consensus Economics, Datastream



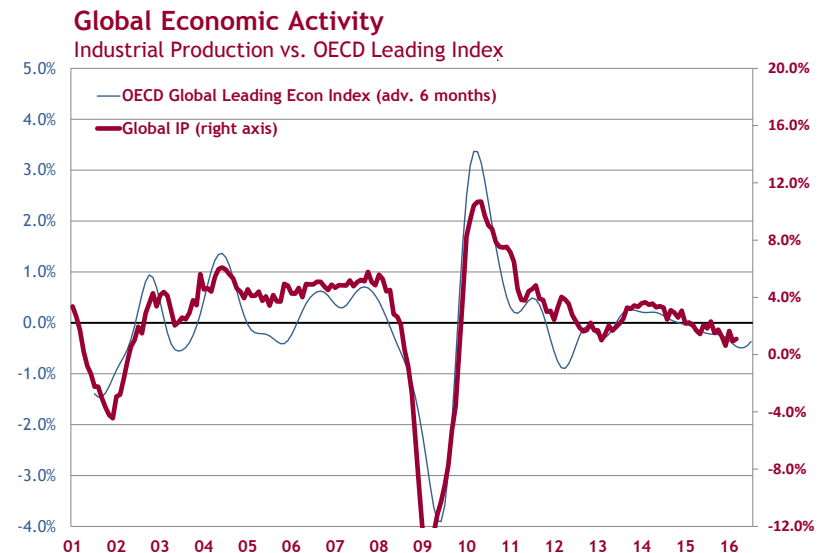
MACROECONOMIC ENVIRONMENT

WHERE ARE WE IN THE BUSINESS CYCLE?

- Global economic data continue to disappoint. So far this year, the G10 Economic Surprise Index has stayed below zero every single week.
- Some of our preferred cyclical indicators, like global sales of semiconductors and steel production, remain very sluggish. Global industrial production has contracted during seven of the last 12 months. This usually only occurs during recessions.
- The shallow corporate recession we were anticipating is under way: corporate profits and investments are contracting in developed markets. However, the OECD Composite Leading Indicator has increased slightly in Q2, implying that growth could stabilize in the short term.



Sources: Hexavest, Datastream



Sources: Hexavest, Datastream

Economic Surprise Index

Percentage of Weeks With Negative Surprise

CESI	G10	EM	US	Euro
ytd	100%	65%	100%	85%
12 mths	65%	73%	98%	44%
24 mths	76%	82%	76%	54%
5 years	59%	77%	59%	57%
histo (13 yr)	47%	42%	50%	46%

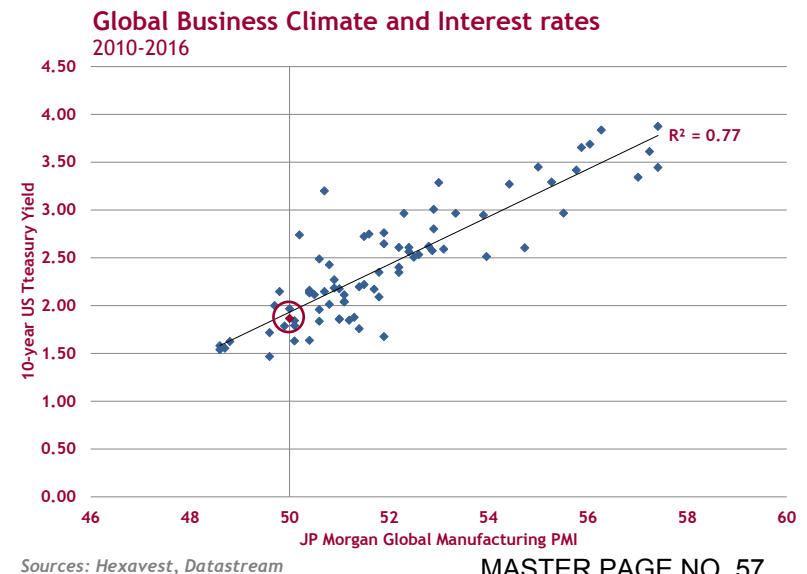
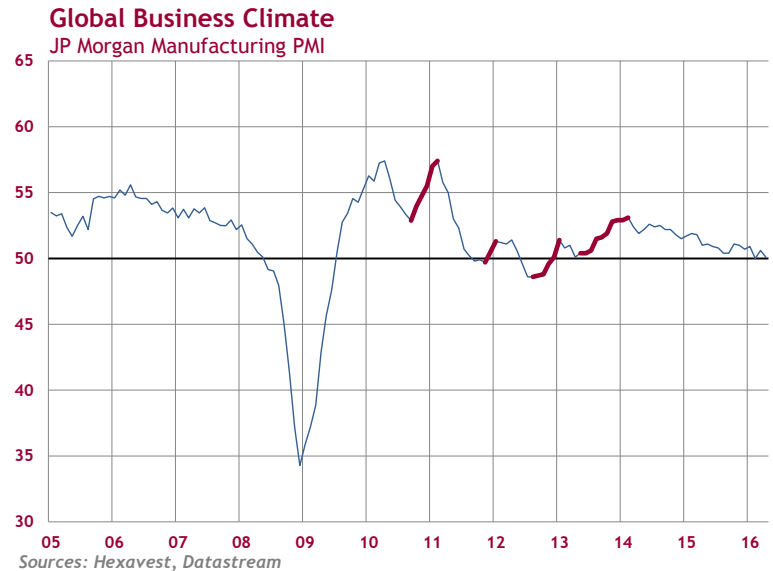
Sources: Hexavest, Datastream



MACROECONOMIC ENVIRONMENT

NOT MUCH ROOM FOR HIGHER BOND RATES

- Even if the US Federal Reserve increases its policy rate this year - a scenario that has almost disappeared from consensus expectations since the Brexit vote - we do not expect long-term interest rates to rise significantly over the next quarters.
- First, even if sovereign yields are very low in the US, they are much higher than in the eurozone or Japan. In our view, foreign demand from global bond investors in search of higher yield will prevent any meaningful rise in US bond rates.
- Second, global leverage is at its highest level ever: global growth has become very sensitive to rising interest rates. Any increase in corporate, government and consumer debt service will weigh on short-term growth.
- Finally, central bankers are monitoring financial conditions very closely. The Fed has already postponed some rate hikes because of tighter conditions imposed by the market. The European Central Bank would likely intervene if rates started to rise, especially with the uncertainties surrounding Brexit.



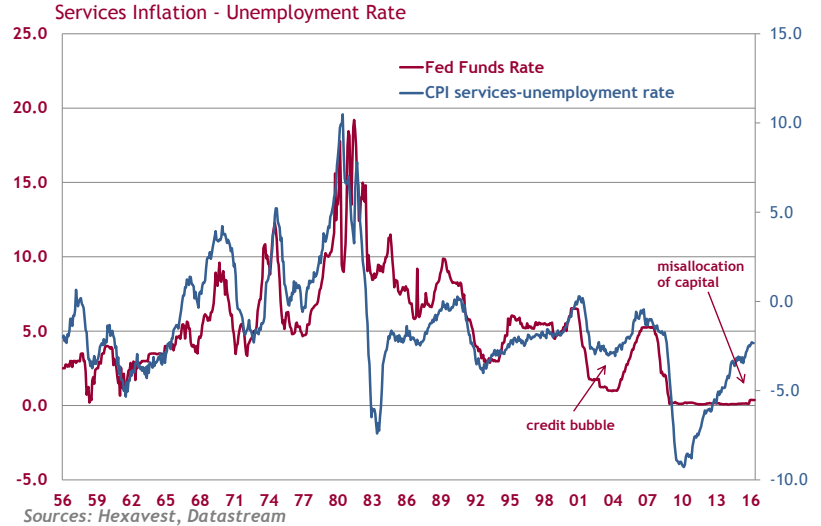


MACROECONOMIC ENVIRONMENT

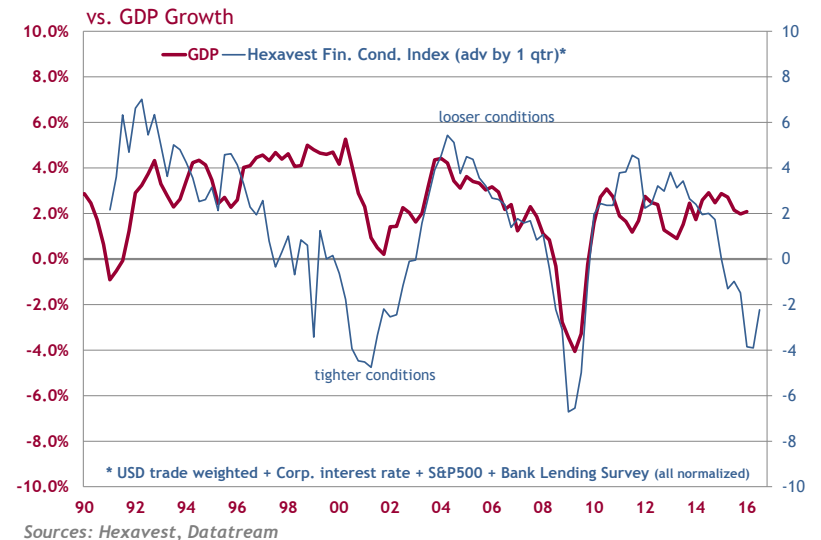
UNITED STATES: FED POLICY NOW DICTATED BY FINANCIAL ASSET PRICES

- The US economy is performing reasonably well. The Fed's dual mandate is arguably met with unemployment low and core inflation measures rising. So why is the Fed reluctant to raise its target rate?
- In our view, the Fed's interest rate committee is watching financial asset prices like never before when making decisions. Signs of uncertainty in financial markets tend to delay any hike in the policy rate.
- Households have seen their wealth increase significantly since 2012 on the back of financial asset and home price appreciation. Because consumption has been by far the main engine of growth in this cycle and the corporate side of the economy is struggling, the Fed fears a fading wealth effect.
- Essentially, the Fed is caught in a vicious circle whereby hints of tightening are met with a rise in the dollar, a fall in the equity market and a widening of credit spreads, all tightening financial conditions and threatening growth. Divergent monetary policies worldwide (easing bias globally) enhance these effects, forcing the Fed to monitor the markets and international developments like never before.

Fed's Mandate vs. Fed Funds Rate - U.S.



Hexavest Financial Condition Index - US

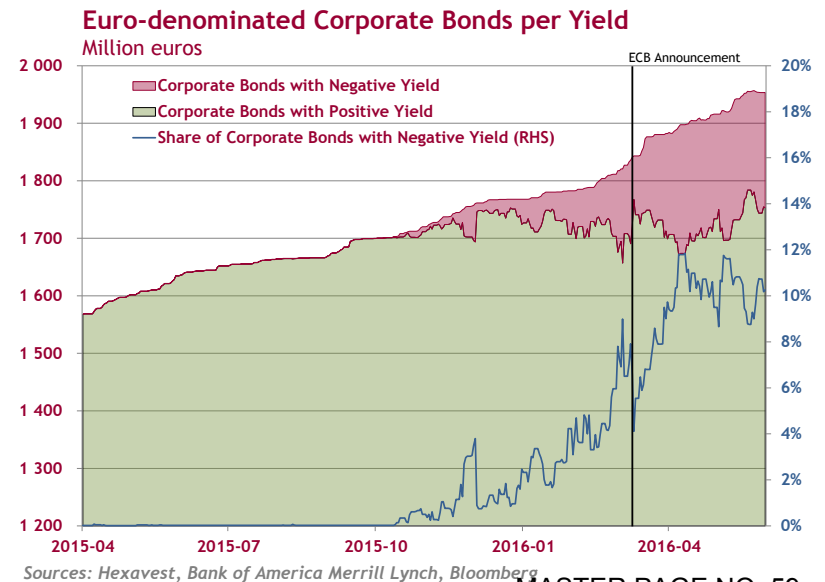
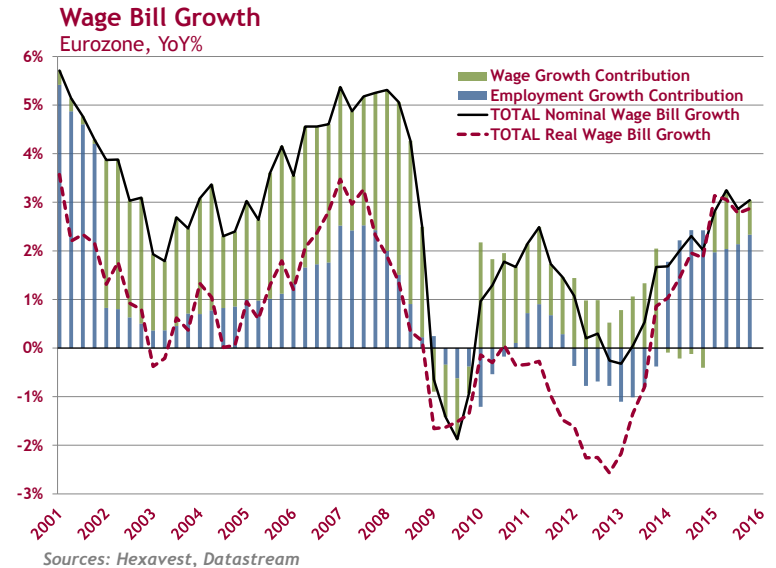




MACROECONOMIC ENVIRONMENT

EUROZONE: STRONGER FOOTING OF HOUSEHOLDS AND CORPORATES

- Consumption has been the main driver of growth in Europe over recent quarters. The improvement of the labour market is an important element behind this performance. The wage bill has been growing at 3% in real terms, a pace rarely observed in the past. Households' confidence consequently got a boost, as is apparent in the solid vehicle sales, for example.
- We expect the real wage bill growth to stabilize at around 2%. However, given the considerable slack in the labour market, it may take some time before the contribution from wages increases markedly.
- Even if investment remains modest, corporates are enjoying improving conditions with their cash flows rapidly growing and their funding costs declining, thanks to ECB actions.
- At the beginning of June, the central bank launched a new program to buy non-bank corporate bonds. Even if the amount of purchases seems modest compared to other programs, it has been effective at lowering yields because of the relatively small size of the market. Since its announcement in March, corporate yields have declined and about 10% of bonds now have a negative yield.
- Hence, we think these developments have improved the capacity of the region to weather the uncertainties surrounding Brexit.





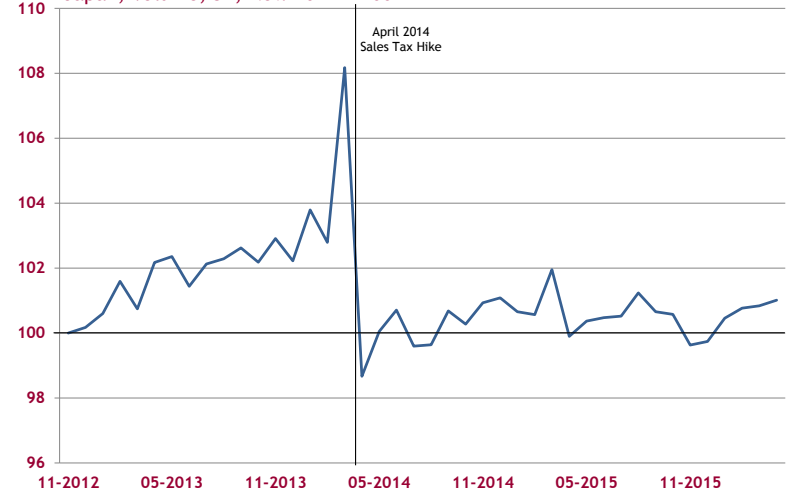
MACROECONOMIC ENVIRONMENT

JAPAN: UNABLE TO WITHSTAND ANOTHER TAX HIKE

- Potential GDP growth is less than 0.5% in Japan. Hence, it does not take a big shock to bring the economy into stagnation or recession. The sales tax hike of 2014 was one such event and the economy has not yet fully recovered. As a result, Japan's government decided to postpone the second sales tax hike that was planned for April 2017 by two-and-a-half years.
- This move challenges the goal to return to a primary surplus by 2020, but it was made easier by higher-than-expected revenues since the 2014 tax hike and the decline in bond yields that followed the introduction of negative rates by the Bank of Japan. According to Goldman Sachs estimates, the interest savings until 2019 are roughly equivalent to the foregone tax revenues.
- Because inflation remains well under the BoJ's 2% target, the postponement of the tax hike is yet another sign that *Abenomics* has largely failed to deliver on its promises.
- Still, an aspect of *Abenomics* which has seen some success is the improvement in corporate governance. 2016 is set to be a record year in terms of stock buybacks, a positive development to increase the return on equity of Japanese firms. Dividend yield has also increased by about 0.5 percentage points in the last year.

Personal Consumption

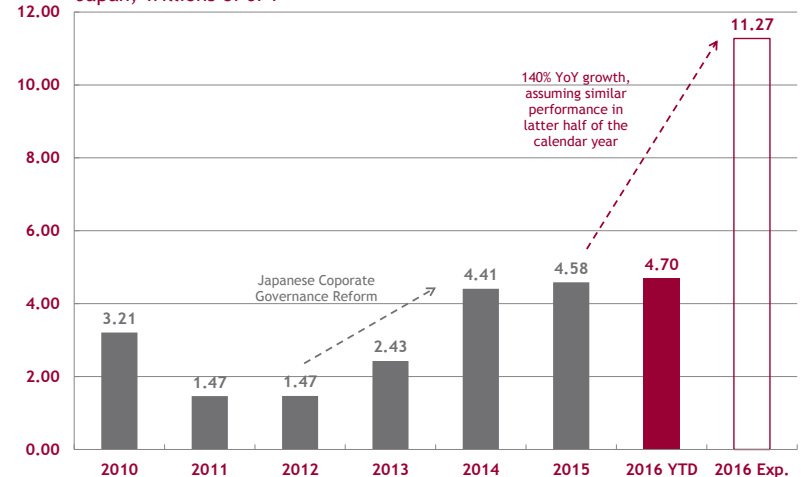
Japan, Volume, SA, Nov. 2012 = 100



Sources: Hexavest, Datastream

TOPIX Stock Buybacks

Japan, Trillions of JPY



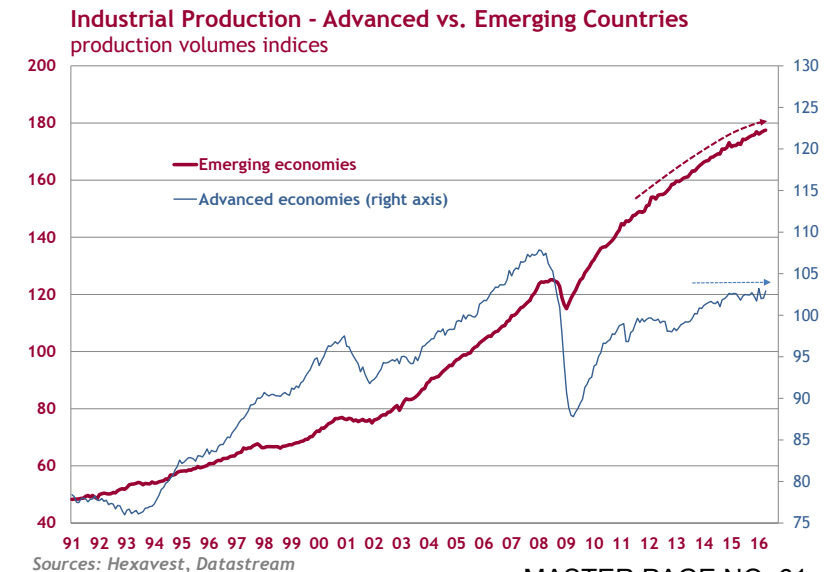
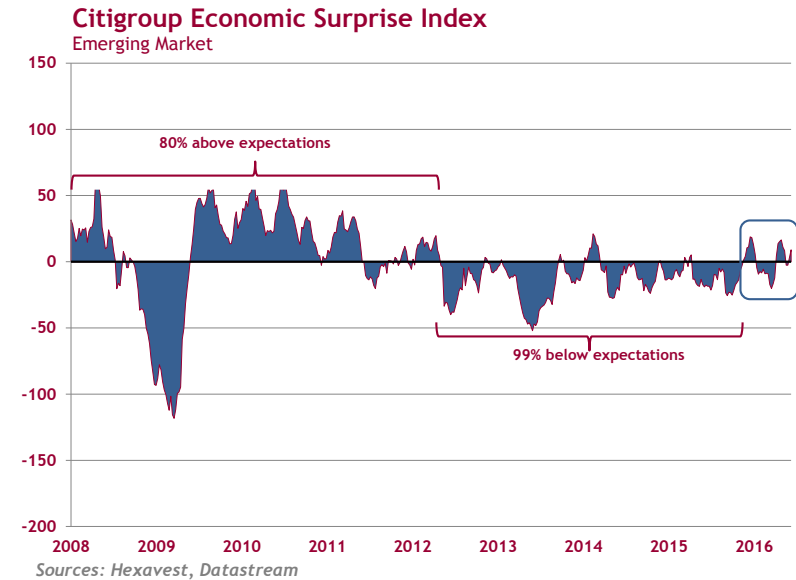
Sources: Hexavest, Datastream



MACROECONOMIC ENVIRONMENT

EMERGING MARKETS: SLOW AND BUMPY RECOVERY AHEAD

- China’s growth should remain sluggish this year after a very weak 2015. Brazil’s GDP will likely contract by about 4% in 2016, after a 3.8% contraction last year. And Russia should, at best, stabilize after a profound two-year recession.
- It’s clearly a harsh environment for EMs, but in the largest economies, the worst is probably behind us. We even observed some positive economic surprises lately, although from very low expectations, and forecasted growth has started to improve somewhat.
- We are not expecting a sharp rebound in emerging markets, but a slow and bumpy recovery. EMs’ growth regime has changed and growth is unlikely to bounce back to 5%. But there is also a slower secular regime in DMs due to aging populations and high indebtedness. On a relative basis, we expect EM growth to outperform, but emerging economies won’t decouple from their developed counterparts.
- China’s debt bubble remains the main risk to this scenario. According to Natixis, companies’ short-term liabilities now account for 86% of their total debt. Many “zombie companies” are relying on new short-term borrowing to roll over debt, or worse, to pay interest on existing debt. At some point, appetite for such debt will fade and defaults will soar.



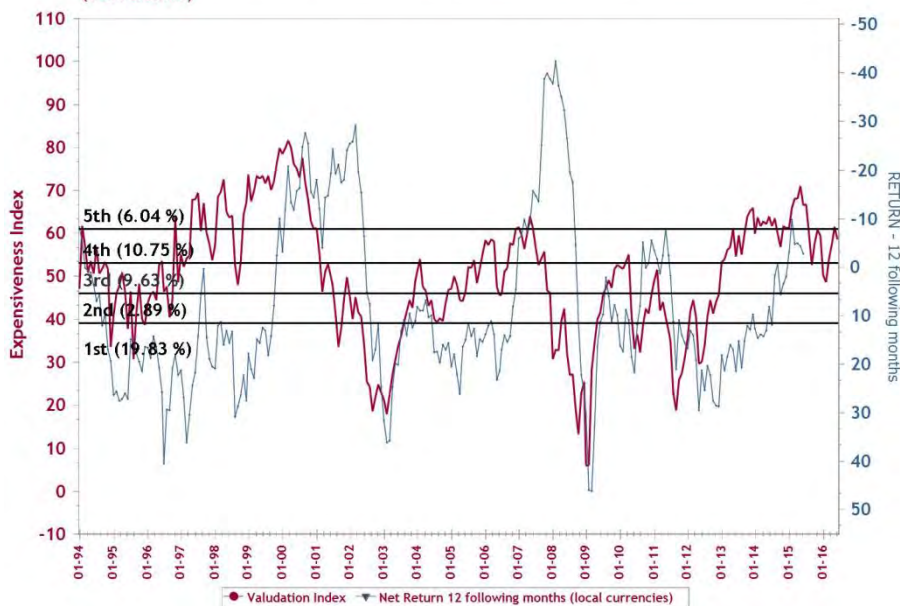


VALUATION

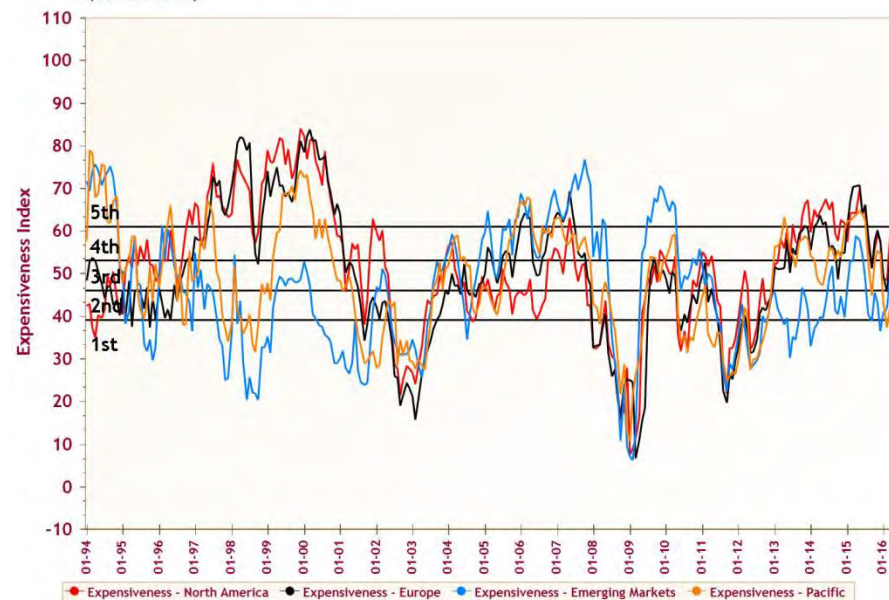
BREXIT HAD NO IMPACT

- Equity markets became more expensive in Q2. The Hexavest Expensiveness Index, a composite of various standard valuation metrics, reached the highest quintile of its historical distribution in May before declining only slightly in June, after the Brexit vote.
- The US equity market continues to be the most expensive, while the Pacific region and emerging markets remain more attractively valued.

Valuation index and 12 month return: MSCI WORLD
(06/30/2016)



Expensiveness Index
(06/30/2016)





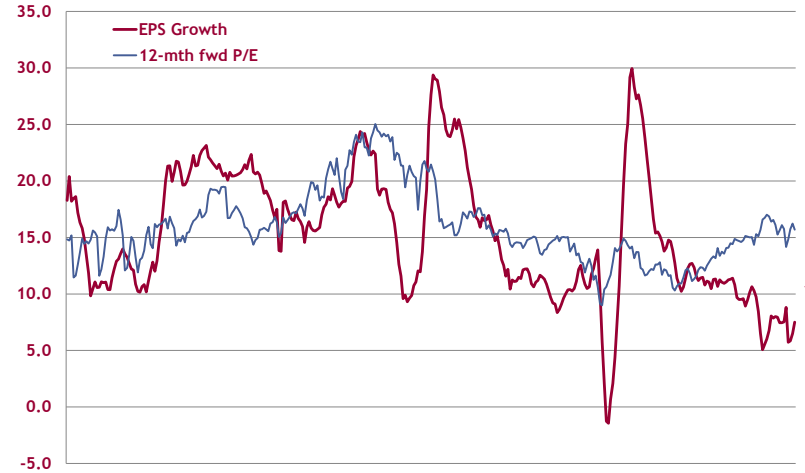
VALUATION

PAYING TOO MUCH FOR WEAK GROWTH

- Global earnings declined by about 9% since June of last year - one of the largest contractions observed historically outside of recessions. Financial analysts expect positive earnings growth going forward, but at a pace still consistent with weak global growth.
- Nonetheless, investors are ready to pay a higher price today than in 2007, when the economy was booming. As a result, the PEG ratio, the forward price-to-earnings ratio divided by expected earnings growth, is at an extreme level reached only 5% of the time over the last 25 years. It is currently higher than in 2007 and at a similar level than in 2001, at the height of the tech bubble.

12-Month Forward EPS and P/E

MSCI World

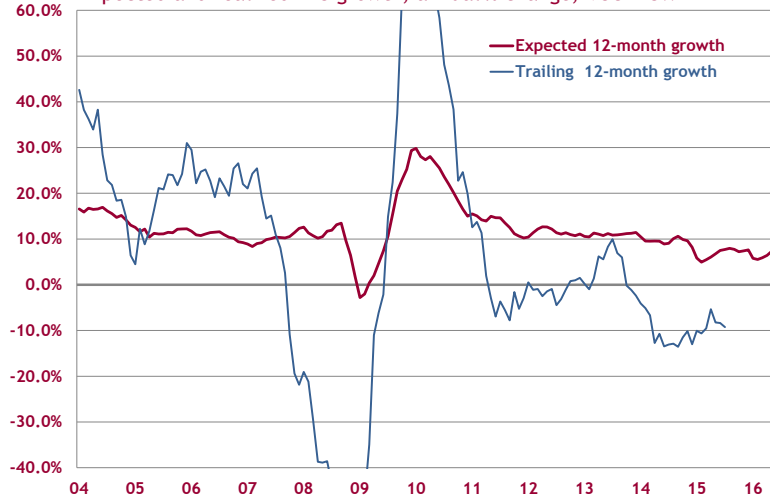


88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16

Sources: Hexavest, Datastream

Global Earnings Growth

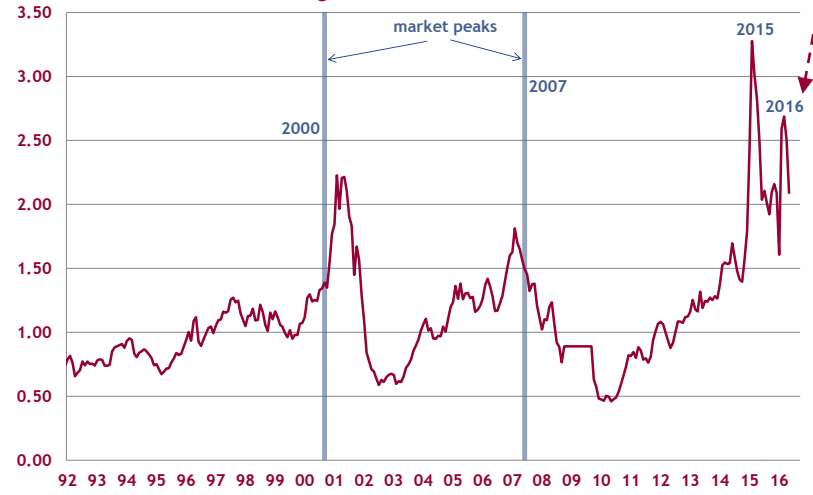
Expected and realized EPS growth, annual % change, MSCI ACWI



Sources: Hexavest, Datastream

PEG Ratio - MSCI World

12-mth fwd PE / fwd EPS growth



Sources: Hexavest, Datastream

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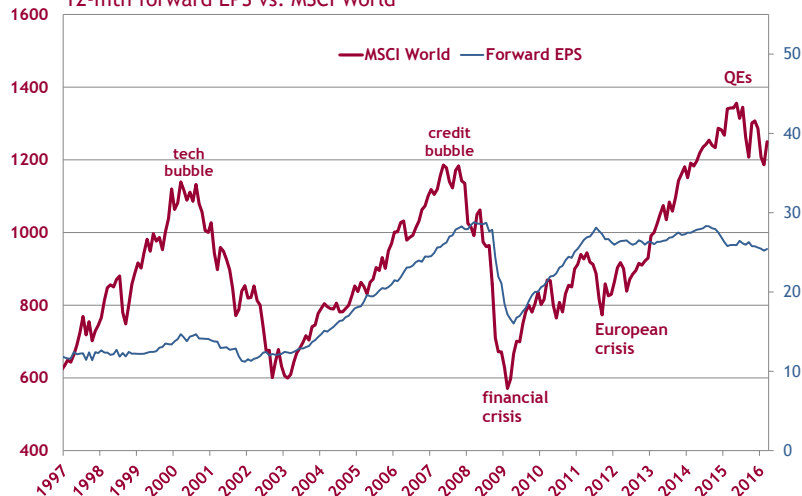
VALUATION

DISCONNECTED FROM EARNINGS, BUT NOT IN EMs

- If equity prices in developed markets have completely disconnected from earnings since 2013, emerging market equities are still well aligned with fundamentals.
- As a result, EMs trade at a discount of almost 30% vs DMs, twice the 10-year average.

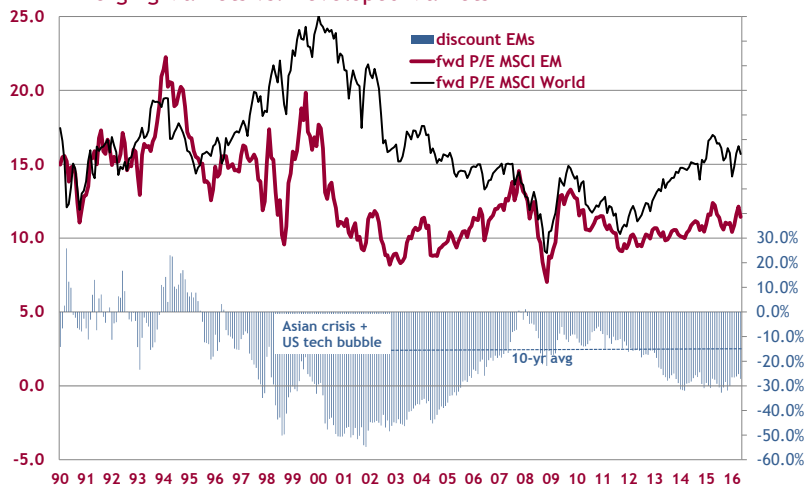
Equity Market vs. Earnings - MSCI World

12-mth forward EPS vs. MSCI World



Sources: Hexavest, IBES, MSCI, Datastream

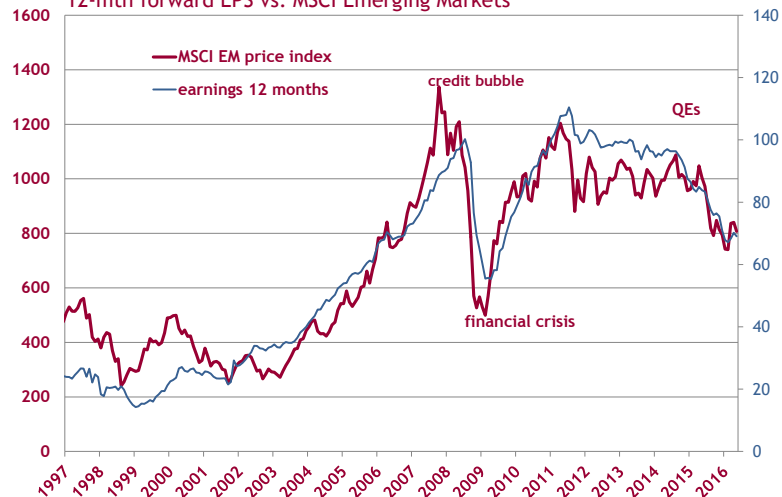
Relative Price-to-Fwd Earnings
Emerging Markets vs. Developed Markets



Sources: Hexavest, Datastream, IBES

Equity Market vs. Earnings - MSCI EM

12-mth forward EPS vs. MSCI Emerging Markets



Sources: Hexavest, IBES, MSCI, Datastream



LONG-TERM VALUATION METRICS: “IRRATIONAL EXUBERANCE”

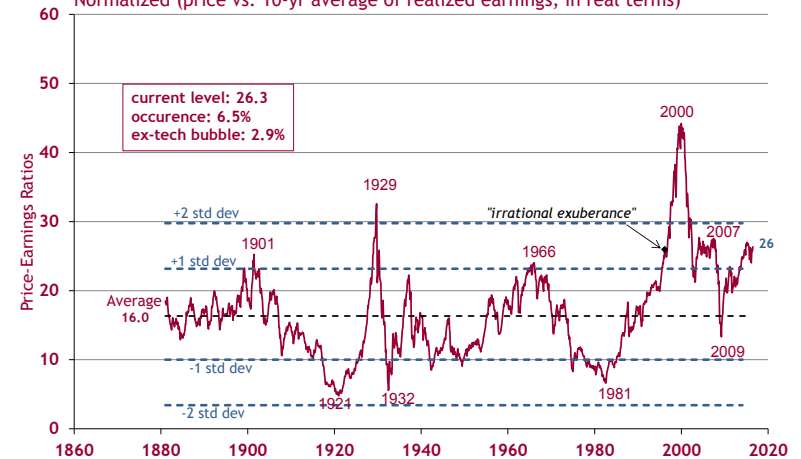
- In a speech given in December 1996, Alan Greenspan, who was then Chairman of the Federal Reserve, used the term “irrational exuberance” to describe the overvalued equity market:

“Clearly, sustained low inflation implies less uncertainty about the future, and lower risk premiums imply higher prices of stocks and other earning assets. [...] But how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?”

- Based on the cyclically adjusted price-to-earnings (CAPE) ratio, the US equity market is as expensive today as it was back then.
- However, the CAPE ratio for the World ex-US Index is much more aligned with its historical average.
- Historically, bull markets always started when valuations were cheap...

Shiller's P/E, S&P500

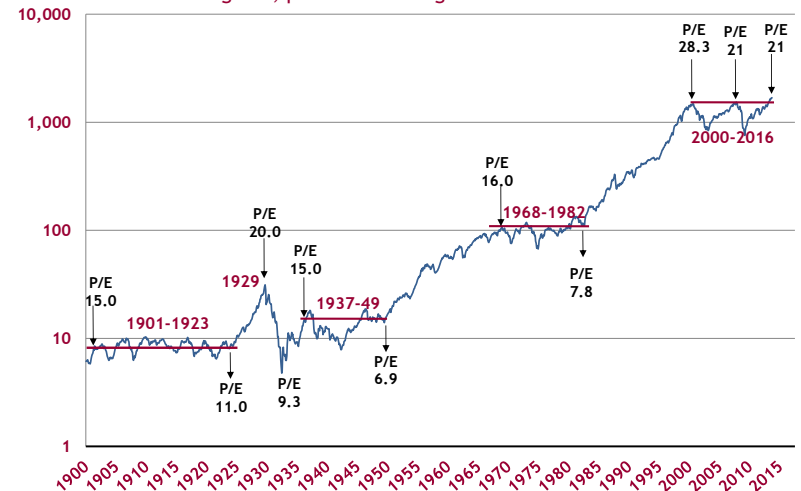
Normalized (price vs. 10-yr average of realized earnings, in real terms)



Sources: Hexavest, Robert J. Shiller, Datastream

S&P 500, 1900-2013

12-mth trailing P/E, price level in log scale



Sources: Hexavest, Robert J. Shiller

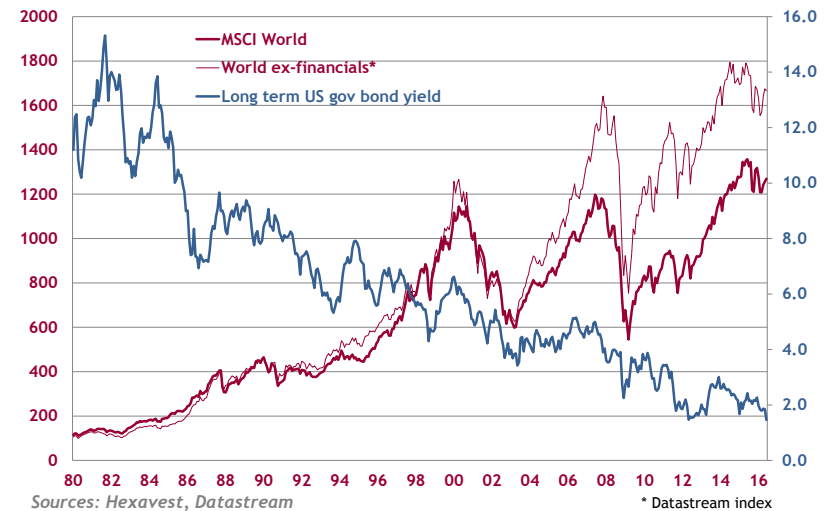


VALUATION

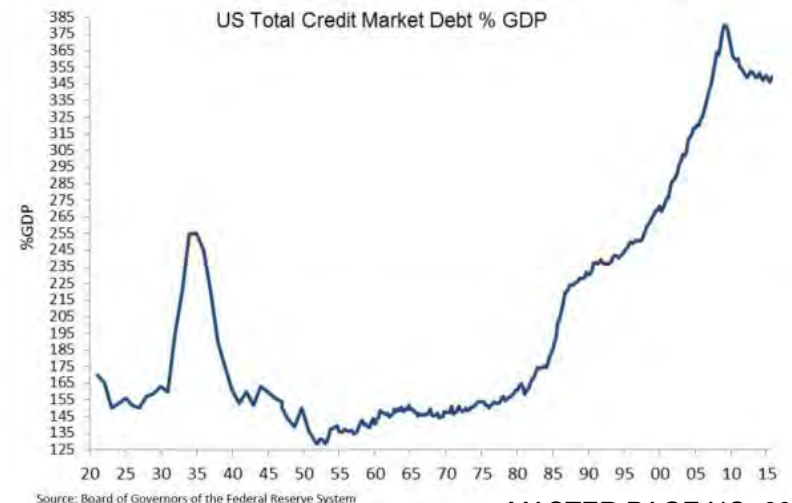
CAN LOW RATES JUSTIFY HIGHER MULTIPLES?

- Central banks' zero-interest rate policies (ZIRP) have pushed investors to take more risk, driving up valuations across all asset classes.
- With global earnings trending down over the last five years, low interest rates have become the main factor behind developed equity markets' strong performance. But can low rates alone justify higher valuations?
- As Alan Greenspan said in his 1996 speech on irrational exuberance, low inflation/interest rates can justify higher valuations when the future is "less uncertain."
- But today, equity valuations are not higher because of a less uncertain future, they're higher because of TINA ("there is no alternative").
- If interest rates are kept artificially low by central banks that fear higher rates could lead to a long and profound recession, should we pay a premium or a discount for stocks?
- We believe equity markets should not trade at a premium to historical valuations, especially since we borrowed from future growth like never before.

MSCI World vs. Long Term US gov. Bond Rate
1980 - 2016



No more room to increase leverage

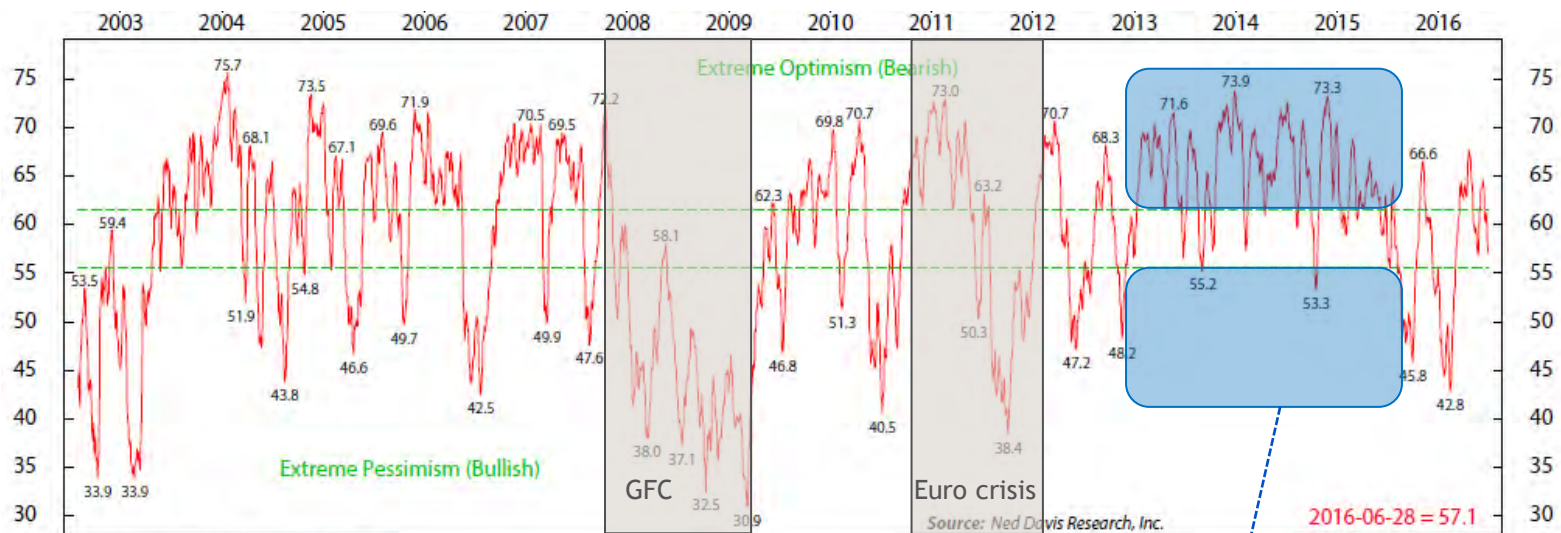




SENTIMENT

RISK APPETITE: OPTIMISM BEFORE BREXIT

- The *Ned Davis Crowd Sentiment Poll*, a composite that synthesizes results from different surveys and market indicators, was in the “extreme optimism” zone before Brexit and “fell” in neutral territory after the vote.
- This short-term sentiment measure is volatile and reflects the current perception of investors toward risky assets. It doesn’t give any information on positioning.



NDR Crowd Sentiment Poll

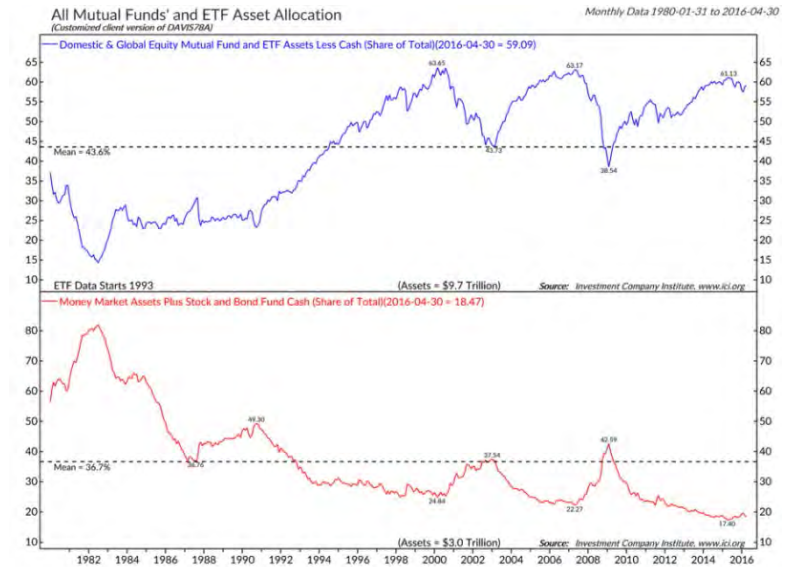
S&P 500 Index Gain/Annum When: 1995-12-01 to 2016-06-30		
NDR Crowd Sentiment Poll is:	% Gain/Annum	% of Time
Above 61.5	1.5	42.1
* Between 55.5 and 61.5	10.8	21.5
Below 55.5	9.2	36.4

S&P 500 Index Gain/Annum When: 2013-01-02 to 2015-07-31		
NDR Crowd Sentiment Poll is:	% Gain/Annum	% of Time
Above 61.5	4.4	79.3
* Between 55.5 and 61.5	61.2	19.3
Below 55.5	182.2	1.5



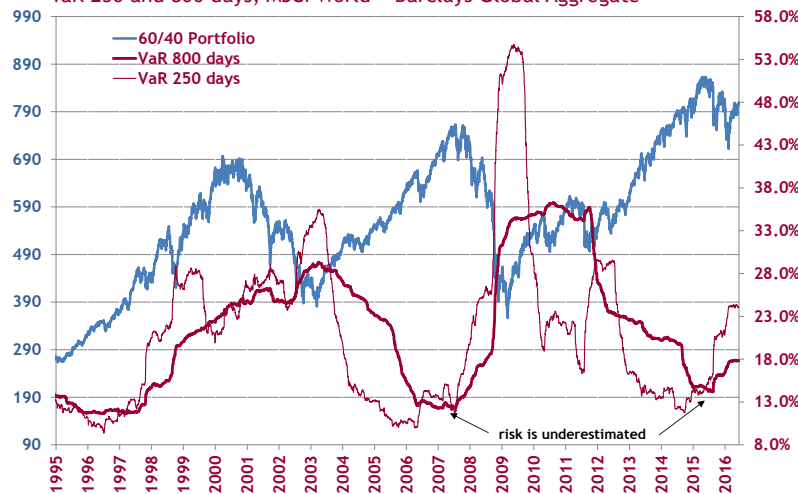
SENTIMENT POSITIONING: ADVENTURE TOURISM IN RISKY ASSETS

- Because of record-low interest rates, investors are highly exposed to risky assets.
- Many fixed income managers are chasing higher yields in the corporate debt sector, but also in high-dividend equities. These “bond tourists” could contribute to higher volatility down the road.
- Investment portfolios’ risk metrics have increased over the last year and are getting near uncomfortable levels for risk managers. At some point, portfolio managers could be forced to sell riskier positions, especially if they are less familiar with certain of these assets.



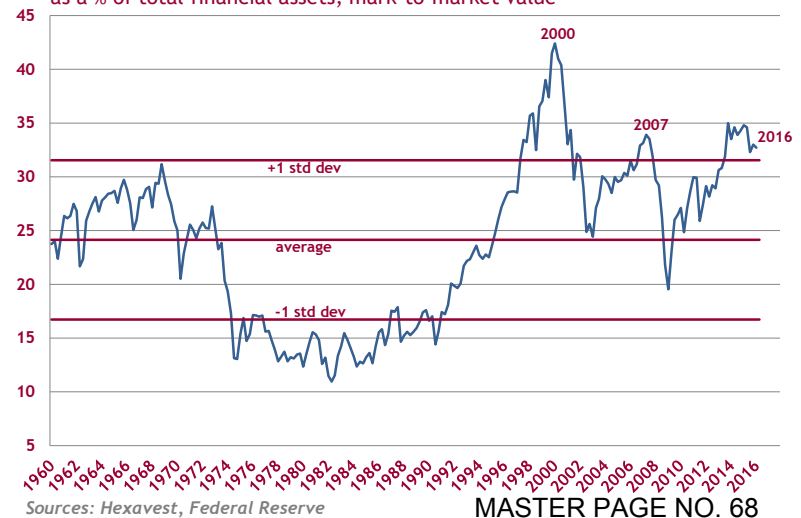
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Value at Risk of a Global 60/40 Portfolio
VaR 250 and 800 days, MSCI World + Barclays Global Aggregate



Source: Hexavest

Households' Holdings of Equities - US
as a % of total financial assets, mark-to-market value



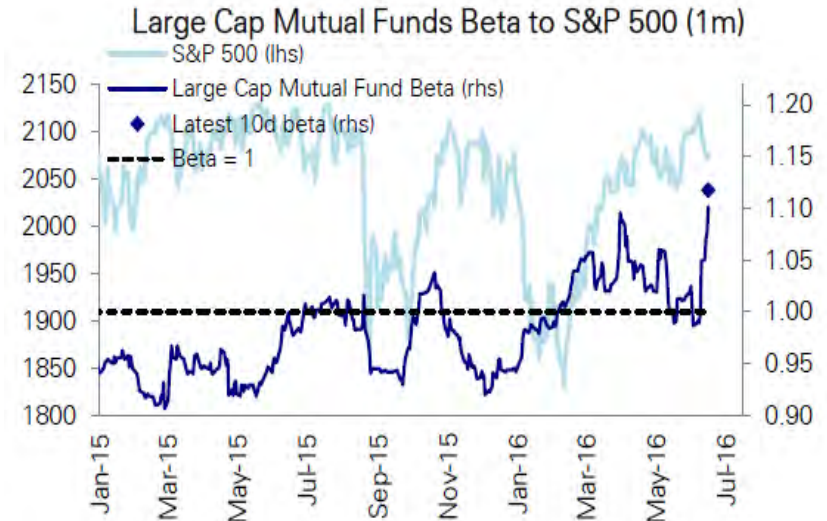
Sources: Hexavest, Federal Reserve

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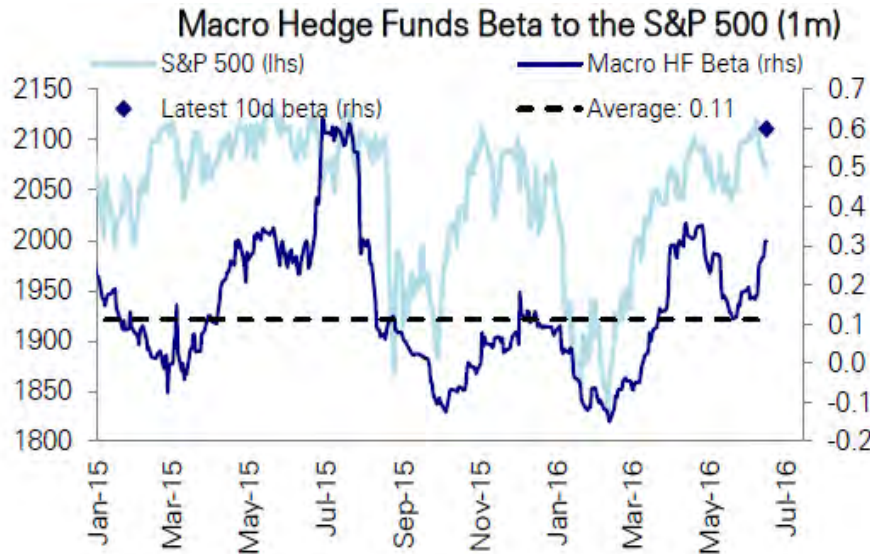


SENTIMENT POSITIONING: ALL IN BEFORE BREXIT

- Just before the Brexit vote, investors showed no signs of worry. According to a very large sample of funds analyzed by Barclays, portfolios were much more exposed to high-betas than usual, and short interest (betting on a declining market) was at its lowest point of the last year.
- A Barclays survey also showed that a majority of investors believed equities would be the best-performing asset class over the next three months.

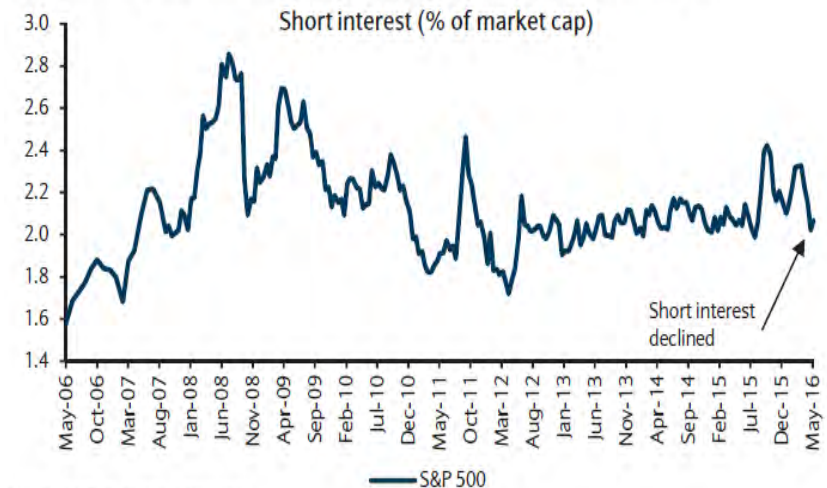


Source: Barclays Research



Source: Barclays Research

Short interest in S&P 500 stocks has been cut to the lowest level since last July



Source: Factset, Barclays Research



SENTIMENT

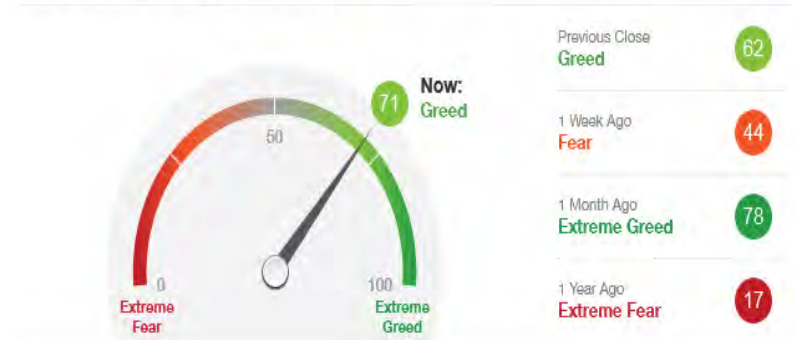
OTHER SENTIMENT INDICATORS: STILL GREEDY

- The CNN Money Fear and Greed Index, a mix of various measures that includes risky asset prices, price momentum and interest rate spreads, illustrates how quickly investor sentiment fell and rebounded after the Brexit vote.
- The buy-the-dip behaviour we observed so many times recently, including in Q3 of last year and Q1 of this year, continued in Q2.

Fear & Greed Index beta

Sponsored by

What emotion is driving the market now?

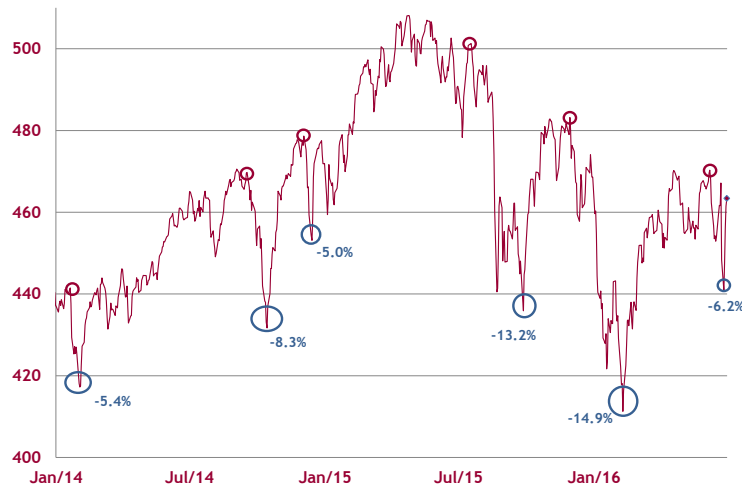


Last updated Jul 1 at 5:30pm

Source: CNN Money

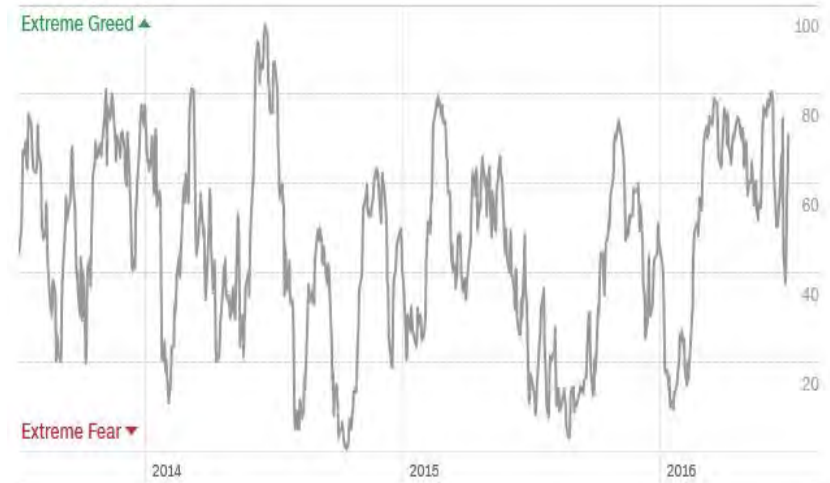
MSCI ACWI

decreases of more than 5% since January 2014, in local currency



Sources: Hexavest, MSCI, Datastream

Fear & Greed Over Time



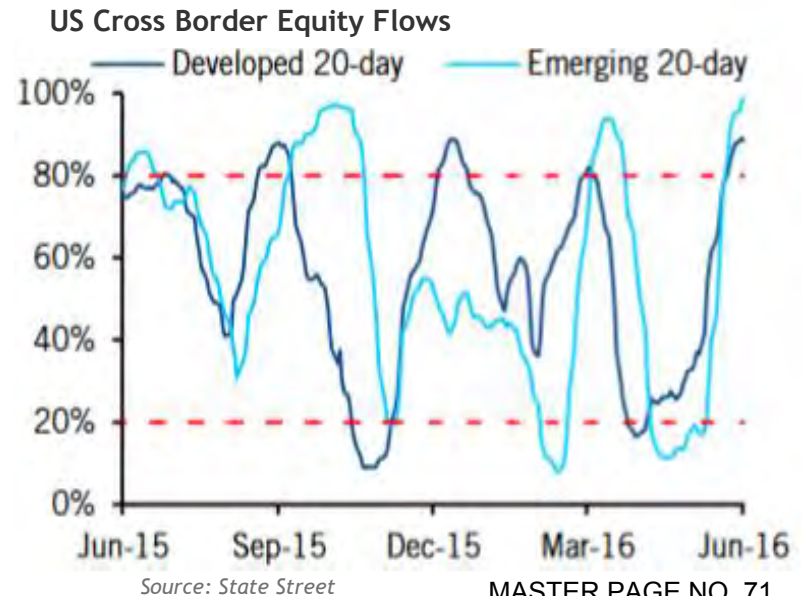
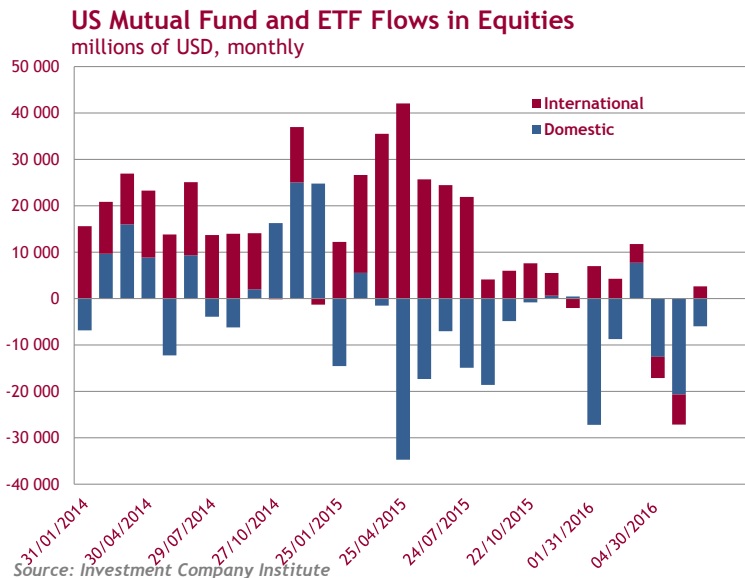
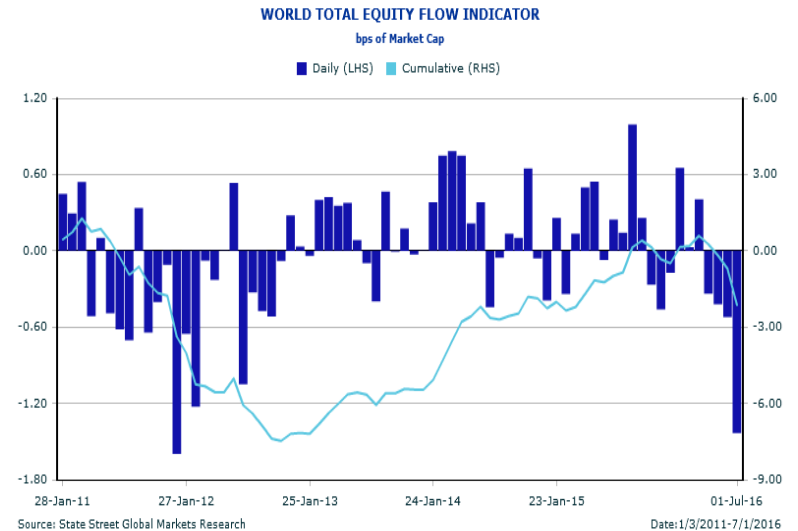
Source: CNN Money



SENTIMENT

FLows: INSTITUTIONAL INVESTORS ARE NET SELLERS

- As demonstrated previously, allocation to risky assets, notably equities, is very high compared to historical standards. However, investors started to reallocate their capital in Q2.
- According to flow data published by State Street, institutional investors have been net sellers of equities in the second quarter, especially in June.
- US investors, for which we have more data available, were selling mostly domestic equities.



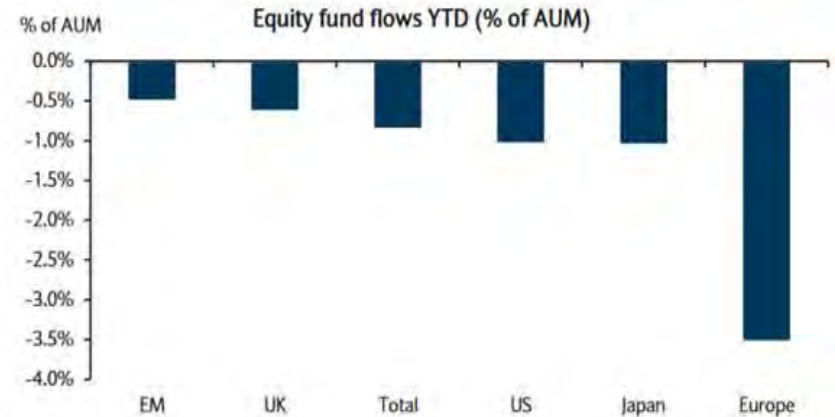


SENTIMENT

REGIONAL ALLOCATION: FED UP WITH EUROPE, BUT WHAT ABOUT EMs?

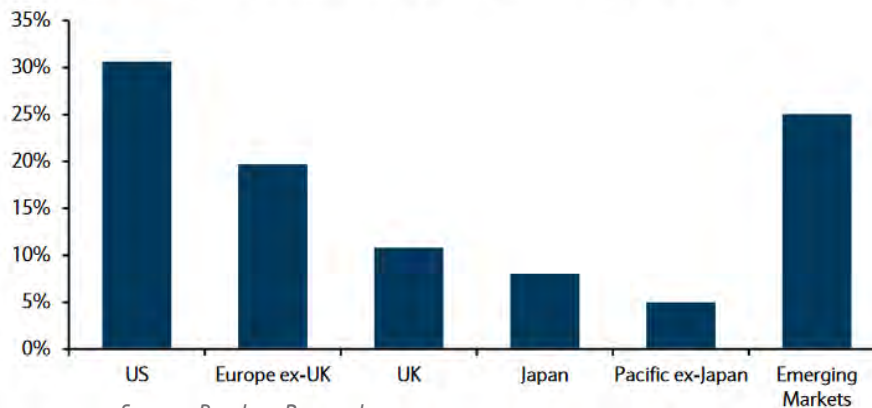
- Because cumulative flows have been quite impressive since 2012, investors remain overweight in European equities.
- However, most investor surveys and positioning data show a decreasing appetite for European equities in 2016. Europe is the region that has experienced the largest outflows so far this year.
- A glimmer of hope has appeared in emerging markets. Investors still have a record-low exposure, but outflows are very small and many expect EM equities to outperform in the short term.

Outflows from European equity funds have been considerably more than other regions in 2016



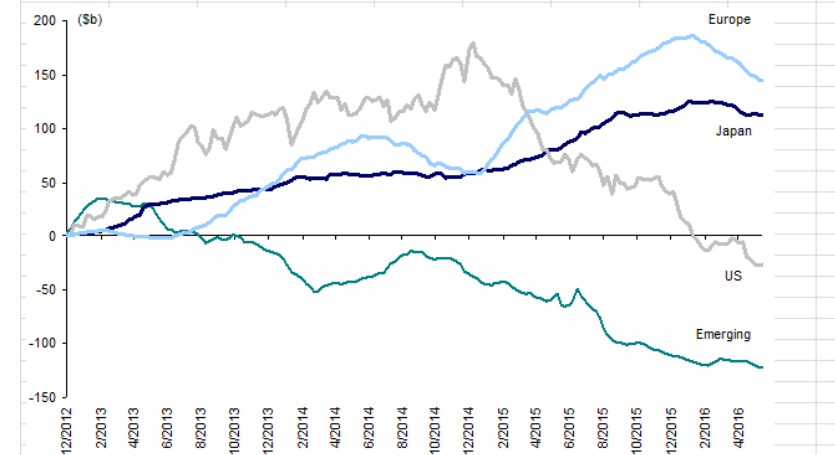
Source: EPFR, Haver Analytics, Barclays Research

What region will likely outperform in equities over the next three months?



Source: Barclays Research

Flow of US, European, EM, and Japanese equity funds



Note: As of 8 June. Data are based on cumulative totals from 26 December 2012 (beginning of the Abe Cabinet)
Source: Mizuho Securities Equity Research, based on EPFR Global data



SENTIMENT

SECTOR ALLOCATION: IN FINANCIALS WE TRUST

- Data on investors' positioning sometime give different results depending on the sample (institutional vs. retail) or the survey. But there was a consensus at the end of Q2 among investors: their faith in financials.
- Clearly, investors were not expecting Brexit to win nor were they expecting interest rates to fall further. In fact, since the global financial crisis, the consensus has always believed that interest rates were about to rise.
- Another trend that we observed lately is a declining exposure to cyclical sectors.

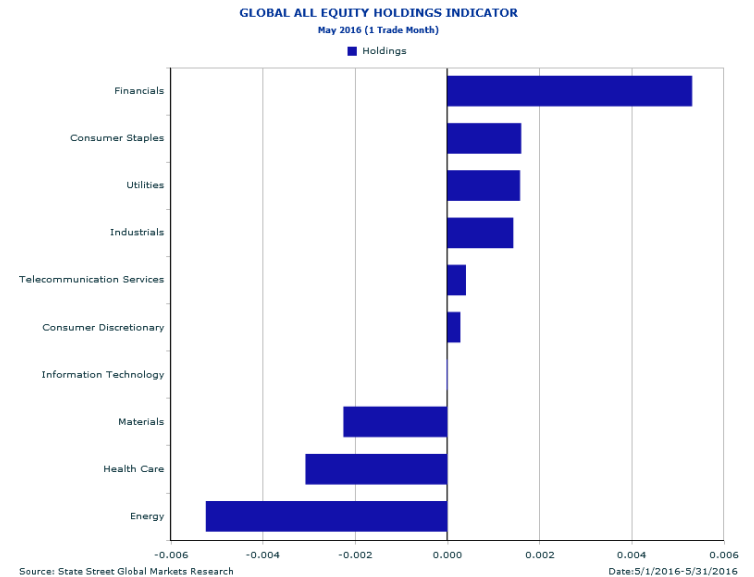
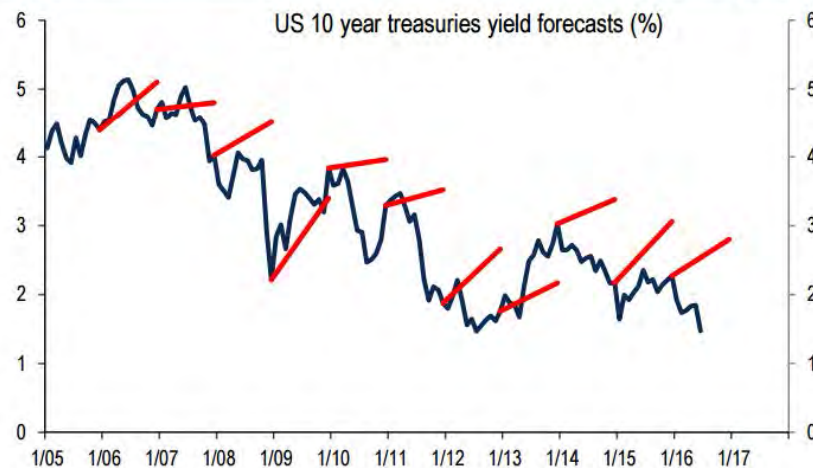
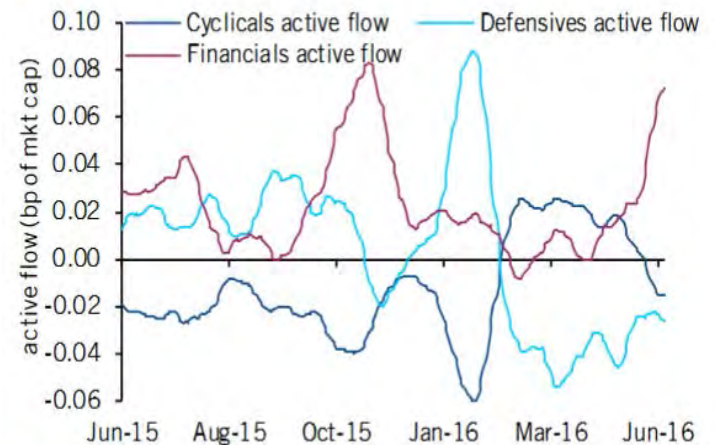


Figure 6: The consensus has over-predicted global/US bond yields consistently, especially post GFC



Source: BofA Merrill Lynch Global Research, Bloomberg
Red lines are consensus forecasts

Figure 2: Rotation from cyclicals to Financials



Source: State Street Global Markets

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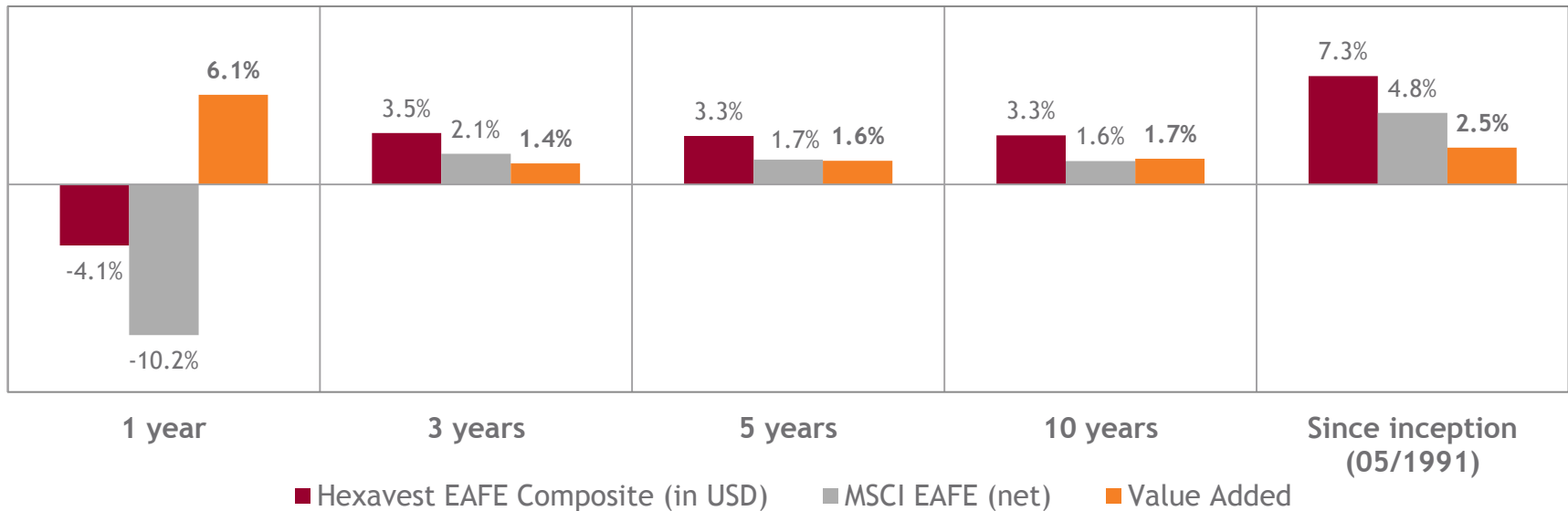
Hexavest

HISTORICAL PERFORMANCE AND RISK PROFILE



Annualized returns as of June 30, 2016

(gross of management and administrative fees)



Calendar year returns - Last 20 years

(gross of management and administrative fees)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 YTD*
Hexavest EAFE Composite	12.64%	1.03%	19.16%	28.95%	-11.08%	-17.42%	-6.00%	48.29%	21.28%	14.41%	20.53%	9.05%	-31.85%	31.28%	6.46%	-8.71%	14.53%	21.54%	-3.71%	-0.76%	0.64%
MSCI EAFE (net)	6.05%	1.78%	20.00%	26.96%	-14.17%	-21.44%	-15.94%	38.59%	20.25%	13.54%	26.34%	11.17%	-43.38%	31.78%	7.75%	-12.14%	17.32%	22.78%	-4.90%	-0.81%	-4.42%
Value Added	6.59%	-0.75%	-0.84%	1.99%	3.09%	4.02%	9.94%	9.70%	1.03%	0.87%	-5.81%	-2.12%	11.53%	-0.50%	-1.29%	3.43%	-2.79%	-1.24%	1.19%	0.05%	5.06%

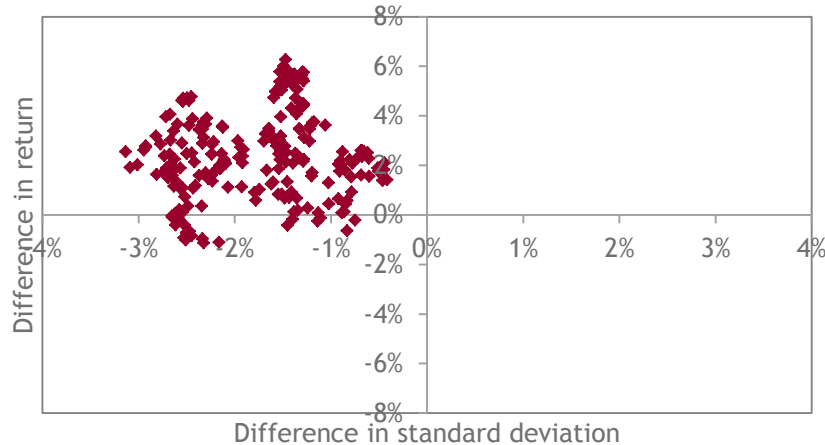
* Performance for the month of June 2016 is preliminary.

Sources: Hexavest and MSCI. The information presented on this page and the next page is based upon the total assets of all fee paying discretionary accounts comprising the Hexavest EAFE Composite for the periods shown. Composite performance results are presented gross of management fees and administrative fees but net of trading expenses. Such fees and other expenses would reduce the results shown. This information is supplemental to the Composite's Global Investment Performance Standards (GIPS®) presentation contained herein as an integral part of this material. Please refer to the GIPS® presentation and additional important information and disclosure in the Appendix. It is not possible to directly invest in an index. Past performance does not predict future results.



EAFE COMPOSITE (GROSS) RETURN AND VOLATILITY VS MSCI EAFE

5-YEAR ROLLING PERIODS (MAY 1991 TO JUN. 2016)



Low volatility relative to the benchmark

EAFE COMPOSITE (GROSS) PERFORMANCE IN DOWN MARKETS VS MSCI EAFE

5-YEAR ROLLING PERIODS (MAY 1991 TO JUN. 2016)

	Down markets	Up markets	Total
Nb. of periods	76	167	243
Nb. of periods with positive value added	76	147	223
Success rate	100%	88%	92%
Average value added	4.1%	1.8%	2.5%

Strong protection in down markets



Sources: Hexavest and MSCI. Composite performance results are presented gross of management fees and administrative fees but net of trading expenses. Such fees and other expenses would reduce the results shown. Please refer to the previous page and the Appendix, including the GIPS® presentation, for important additional performance information and disclosure. Past performance does not predict future results.



GIPS® COMPLIANCE REPORT

EAFE Composite (US dollars)

Year	Composite gross return (%)	Benchmark return (%)	Composite 3-yr standard deviation	Benchmark 3-yr standard deviation	Number of portfolios at end of period	Composite dispersion (%)	Total assets at end of period	Percentage of firm assets
1992	-7.52	-12.17	-	-	5	0.20	5,648,517	53.0
1993	31.97	32.56	-	-	5	0.33	7,615,661	56.2
1994	5.34	7.78	13.10	15.66	9	0.07	9,511,417	47.4
1995	12.26	11.21	10.79	14.58	8	0.01	14,945,245	67.3
1996	12.14	6.05	7.94	11.03	6	0.26	9,526,557	65.4
1997	0.58	1.78	10.58	12.27	7	-	15,178,462	82.5
1998	18.70	20.00	14.17	14.97	6	-	180,040,902	97.9
1999	28.79	26.96	15.67	16.14	< 5	-	208,189,498	97.5
2000	-11.19	-14.17	15.44	15.98	< 5	-	263,896,610	98.1
2001	-17.52	-21.44	14.56	15.39	< 5	-	348,693,889	98.6
2002	-6.11	-15.94	14.76	16.25	< 5	-	416,252,088	98.7
2003	48.11	38.59	16.01	18.06	< 5	-	597,293,712	91.7
2004	21.08	20.25	13.89	15.65	< 5	-	198,599,508	79.5
2005	14.21	13.54	10.94	11.56	< 5	-	290,260,102	60.0
2006	20.35	26.34	9.45	9.47	< 5	-	416,219,563	47.3
2007	8.94	11.17	8.67	9.56	< 5	-	491,241,302	48.0
2008	-31.91	-43.38	15.27	19.51	< 5	-	294,438,053	36.8
2009	31.17	31.78	21.99	23.91	< 5	-	490,905,466	26.5
2010	6.40	7.75	24.30	26.61	6	-	850,455,546	14.8
2011	-8.74	-12.14	22.15	22.75	7	0.41	1,138,383,599	12.2
2012	14.47	17.32	16.51	19.65	8	0.48	1,502,463,624	10.9
2013	21.49	22.78	13.83	16.48	8	1.45	1,733,147,867	10.2
2014	-3.75	-4.90	11.05	13.21	8	0.17	1,442,583,894	9.0
2015	-0.81	-0.81	10.82	12.64	7	0.32	954,190,933	7.1

Hexavest Inc. (“Hexavest”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Hexavest has been independently verified for the periods January 1, 1992 through December 31, 2015.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The EAFE Composite has been examined for the periods January 1, 1992 through December 31, 2015.



GIPS® COMPLIANCE REPORT

EAFE Composite (cont'd) (US dollars)

Notes:

- Hexavest is an investment management firm established in April 2004. Hexavest manages a variety of equity and tactical asset allocation mandates for primarily institutional clients located in Canada, the US, Europe, and Asia.
- The performance shown is that of a composite of EAFE equity mandates managed by Mr. Vital Proulx and his team at Hexavest (from June 2004 onwards), NATCAN Investment Management (from 1998 to May 2004), Kogeva Investments (from 1997 to 1998) and St. Lawrence Financial Consultants (from 1991 to 1996). Despite changes in the corporate environment, the investment decision-making process has not undergone significant changes since 1991.
- The EAFE Composite (formerly known as the Europac Composite) includes portfolios that invest primarily in equities of companies located in the developed markets of Europe and Asia. Hexavest uses an investment approach that is predominantly 'top-down' to construct diversified portfolios that typically contain more than 200 stocks. Asset allocation between regions, countries, currencies, and sectors can deviate substantially from that of the benchmark. Some portfolios may invest a small portion of their assets in countries and currencies not included in the benchmark.
- The composite uses derivatives but does not use leverage. Currency forward contracts are frequently used in the composite to allow the investment team to manage currency exposure actively. Equity futures may be used in some portfolios to enable changes in the team's macroeconomic strategy to be efficiently and cost-effectively implemented, as well as to manage cash flows. Although Hexavest will rarely use options and other derivatives, such instruments may at times be included in certain portfolios when the investment team believes that such a strategy will add significant value or will reduce risk.
- The benchmark is the MSCI EAFE Net Index. On January 1, 2006, the benchmark was changed from the MSCI EAFE to the MSCI EAFE Net Index. The MSCI EAFE Net Index takes into consideration withholding taxes paid on foreign investments and represents a better comparison for Hexavest's composite, for which the return is net of withholding taxes. The new benchmark returns have been applied retroactively. The annualized compound composite return from May 1991 (inception of composite) to December 2015 equals 7.21%; the annualized compound benchmark return for the same period equals 5.12%.
- Performance results are presented gross of management fees but net of trading expenses. Custody fees and other operating expenses are deducted from the returns of the pooled funds included in the composite but not from the returns of separately managed accounts.

From May 1991 to December 2008, pooled funds represented 100% of composite assets and operating expenses averaged 0.27% annually. Starting in 2009, pooled funds represent less than 100% of composite assets as detailed below:

Year-end	<i>Europac Fund</i> % (of composite assets)	<i>Europac Fund</i> operating expenses	<i>EAFE Equity Fund</i> % (of composite assets)	<i>EAFE Equity Fund</i> operating expenses
2009	59%	0.11%	3%	0.20%
2010	40%	0.10%	9%	0.20%
2011	28%	0.08%	21%	0.13%
2012	27%	0.03%	25%	0.10%
2013	24%	0.08%	37%	0.07%
2014	21%	0.07%	36%	0.07%
2015	24%	0.11%	37%	0.08%

The firm's published management fee schedule for pooled funds is as follows:

0–\$10,000,000	0.60%
\$10,000,000–\$40,000,000	0.50%
\$40,000,000 and above	0.40%

The firm's published management fee schedule for separately managed accounts is as follows:

0–\$20,000,000	0.70%
\$20,000,000–\$50,000,000	0.60%
\$50,000,000–\$100,000,000	0.50%
\$100,000,000–\$200,000,000	0.40%
\$200,000,000 and above	0.30%

Fee levels may vary from client to client depending on the portfolio size and the ability of the client to negotiate fees.

- This composite includes non-fee-paying account representing 0.0013% of assets as at December 31, 2015
- Valuations and returns are computed and stated in US dollars. From January 1, 1992 to December 31, 2015, monthly composite returns have been used. Accordingly, annual composite returns were calculated by linking geometrically the monthly returns. All returns are presented on an all-inclusive basis, and, as such, all capital gains, interest income, and dividends, net of withholding taxes, have been taken into account in market valuations and returns.
- When there are five or more portfolios in the composite for a full calendar year, the dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. Given the change in firm structure in 1997 (please refer to note 2), only one account was present for the whole year. Furthermore, all accounts were aggregated in a single commingled fund in October 1998. Therefore, dispersion was not calculated for 1997 and 1998.
- The three-year annualized standard deviation measures the variability of the composite and the benchmark monthly returns over the preceding 36-month period. The standard deviation is not presented for 1992 and 1993 because the composite had less than 36 months of performance history.
- This composite was created on December 31, 2003. As the portfolios were in existence prior to the composite creation date, it is possible to calculate the composite history in accordance with GIPS.
- The minimum portfolio size for the composite is CA\$1,100,000.
- A complete list of firm composites, performance results and additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request at: Hexavest Inc., 1250, René-Lévesque Blvd. West, Suite 4200, Montréal (Québec), H3B 4W8, (514) 390-8484.



CONTACT INFORMATION

Hexavest Inc.

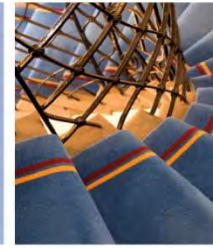
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PRIVATE & CONFIDENTIAL

**Review presentation for
Ventura County Employees'
Retirement Association**

18 July 2016

➤ A BNY MELLON COMPANYSM

Authorised and regulated by the Financial Conduct Authority

Agenda

- Overview
- Performance review
- Portfolio overview

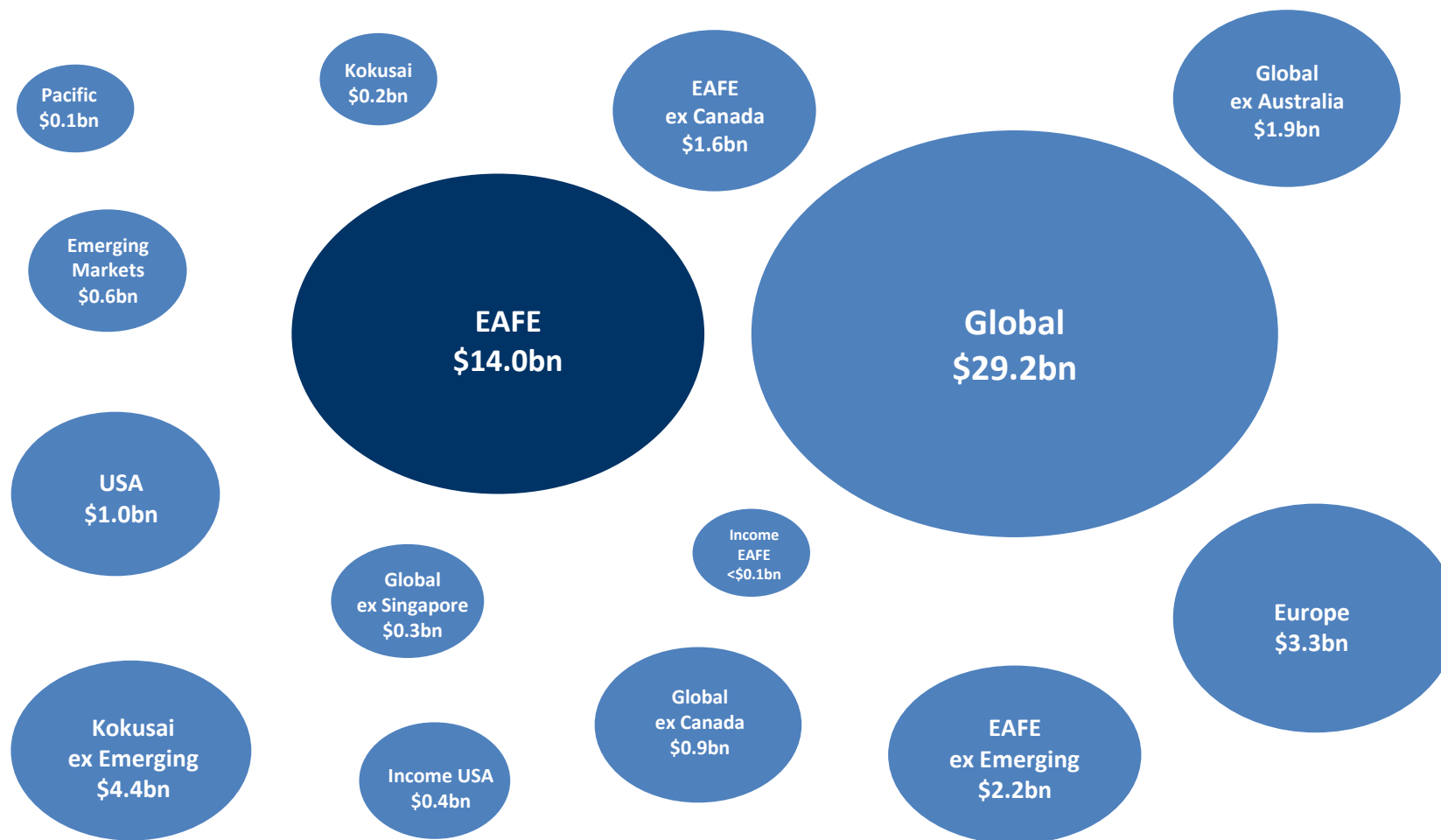
Overview

As at 30 June 2016

- Global equity manager
- Founded in 1983
- Based in Edinburgh, Scotland
- \$14.0bn in similar International mandates
- \$60.0bn total firm asset under management
- ~ 120 staff

Walter Scott AUM

As at 30 June 2016



Investment staff

Staff

Investment team of 37 in one location

Structure

All 17 members of research team, structured in three regional groups

Training

Home-grown bias, two-year research apprenticeship

Tenure

Investment Management Group membership average 17 years with firm, 21 years in industry

Outcome

Breadth and depth of knowledge and expertise

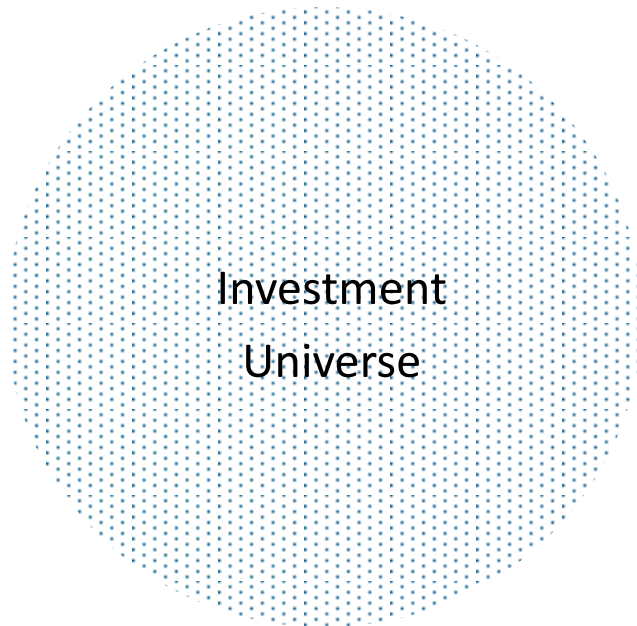
Bound together by the firm's consistent philosophy, process and culture

Investment philosophy

Statement	Company wealth generation drives investor return
Approach	Bottom-up, fundamental, research driven
Objective	Real returns over the long term
Target	Companies capable of sustainable wealth generation

‘Buy and hold’ strategy requires patience

Research process



Research companies capable of
20% wealth generation per annum



Intensive financial analysis
Seven areas of investigation



Unanimous team decision
Valuation

**Portfolios will typically include 40-60 stocks. A small number of strategies designed to meet particular client requests have greater or fewer stocks.*

Seven areas of investigation



Market position, sustainable margins, industry dynamics

Accounting methods, treatment of minorities, ESG considerations

Market maturity, barriers to entry, customer concentration

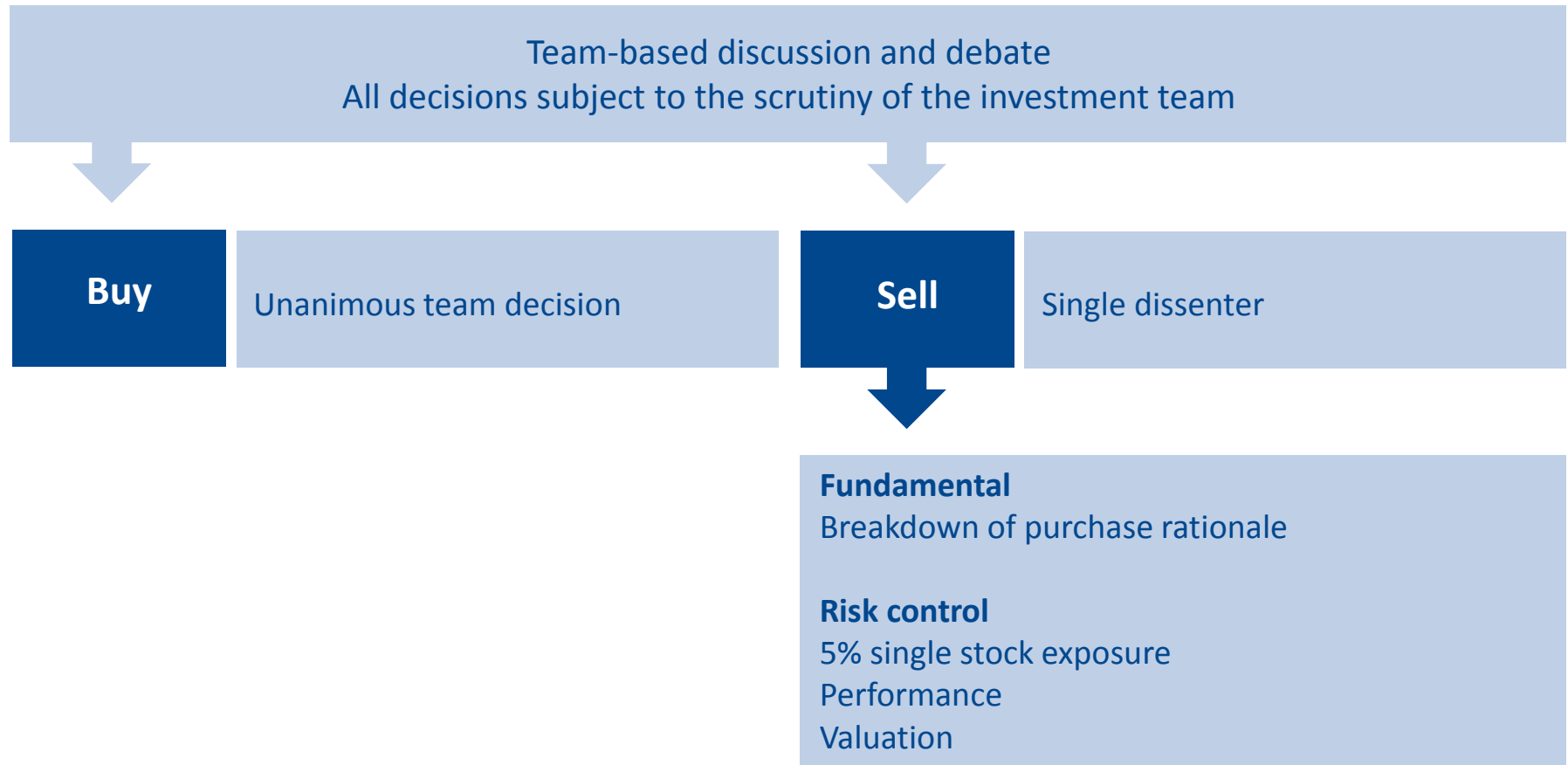
Cash flow, cash return on investment

Accounting, balance sheet, working capital

Experience, track record

Free float, trading volume, valuation

Investment decision



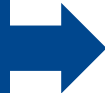
Portfolio management

Fundamental



Breakdown of purchase rationale

Risk control



5% single stock exposure
Performance
Valuation

Performance

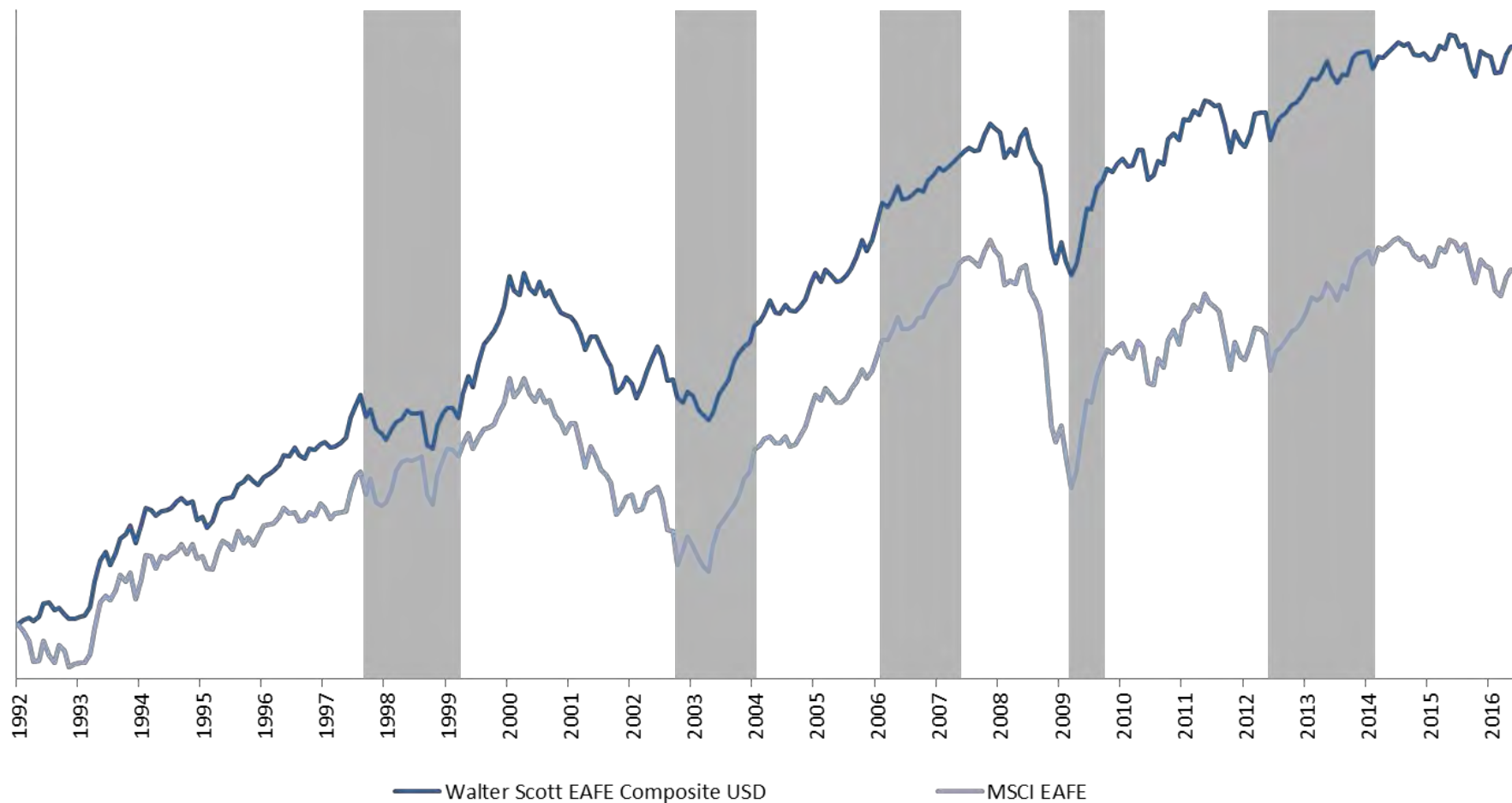
As at 30 June 2016

	Portfolio (net) %	MSCI ACWI ex USA %	MSCI EAFE %
Simple return:			
Q2 2016	3.4	-0.6	-1.5
Year to date	4.2	-1.0	-4.4
One year	-0.3	-10.2	-10.2
2015	-0.5	-5.7	-0.8
Compound annual growth rate:			
Three years	3.4	1.2	2.1
Five years	3.2	0.1	1.7
Since inception (15 December 2010)	4.0	1.1	2.6

Source: Walter Scott, MSCI.
Please refer to the appendix for important information.

Historic performance

As at 30 June 2016



Source: Walter Scott, MSCI. Please refer to the appendix for important information.
Past performance is not indicative of future results.

Relative return growth – since inception

As at 30 June 2016



			Cumulative Returns		Relative Return (Geometric)
	Start	End	Ventura County Employees (net) (net)	MSCI EAFE %	
Period 1	15/12/2010	31/05/2012	-5.3%	-14.4%	10.6%
Period 2	31/05/2012	28/02/2014	28.5%	51.7%	-15.3%
Period 3	28/02/2014	30/06/2016	2.2%	-11.0%	14.8%
Total	15/12/2010	30/06/2016	24.3%	15.5%	7.6%
Total CAGR	15/12/2010	30/06/2016	4.0%	2.6%	1.3%

Source: Walter Scott, MSCI.
Please refer to the appendix for important information.

Walter Scott USD composite performance schedule

As at 30 June 2016

Percentage returns, annualised from two years onwards

Period	Quarter	One Year	Three Years	Five Years	Ten Years	Fifteen Years	Twenty Years	Twenty-five Years	Thirty Years
Walter Scott Global Equities	2.2	3.2	8.1	8.3	7.3	8.7	9.7	10.3	10.4
MSCI World	1.0	-2.8	6.9	6.6	4.4	4.9	5.7	6.9	7.4
Walter Scott International Equities [#]	3.4	0.9	4.4	4.3	5.3	7.1	7.0	8.3	9.3
MSCI EAFE	-1.5	-10.2	2.1	1.7	1.6	4.3	4.0	5.1	6.0
Walter Scott Europe Equities	0.7	2.7	5.0	5.3	7.4	9.5	9.4	10.0	-
MSCI Europe	-2.7	-11.2	2.0	1.0	1.5	4.4	5.7	7.2	-
Walter Scott USA Equities	2.0	5.9	9.3	10.0	-	-	-	-	-
MSCI USA	2.4	2.5	10.9	11.3	-	-	-	-	-
Walter Scott Emerging Markets Equities	4.9	0.9	0.1	0.6	8.1	12.2	-	-	-
MSCI Emerging Markets [~]	0.8	-11.7	-1.2	-3.4	3.9	9.5	-	-	-

Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®).

Performance is shown gross of investment management fees; Past performance is not a guide to future performance.

Source: Walter Scott, MSCI. [#]Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite.

MSCI indices are shown on a total return, net dividends reinvested basis unless otherwise stated.

[~]MSCI Emerging Markets is shown with gross dividends reinvested. Past performance is not indicative of future results.

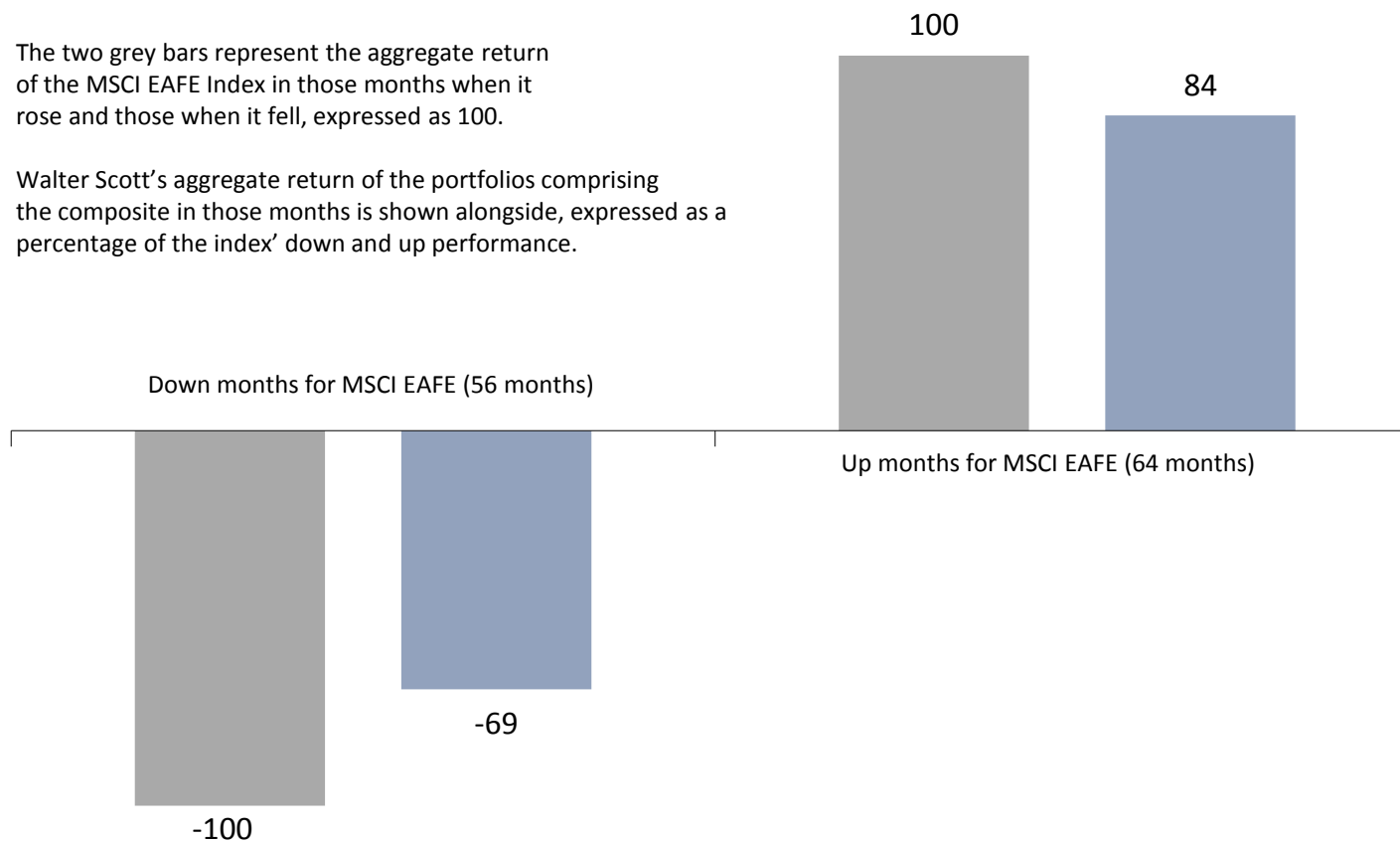
Please refer to the appendix for important information.

International equities capture ratios

Ten years to 30 June 2016

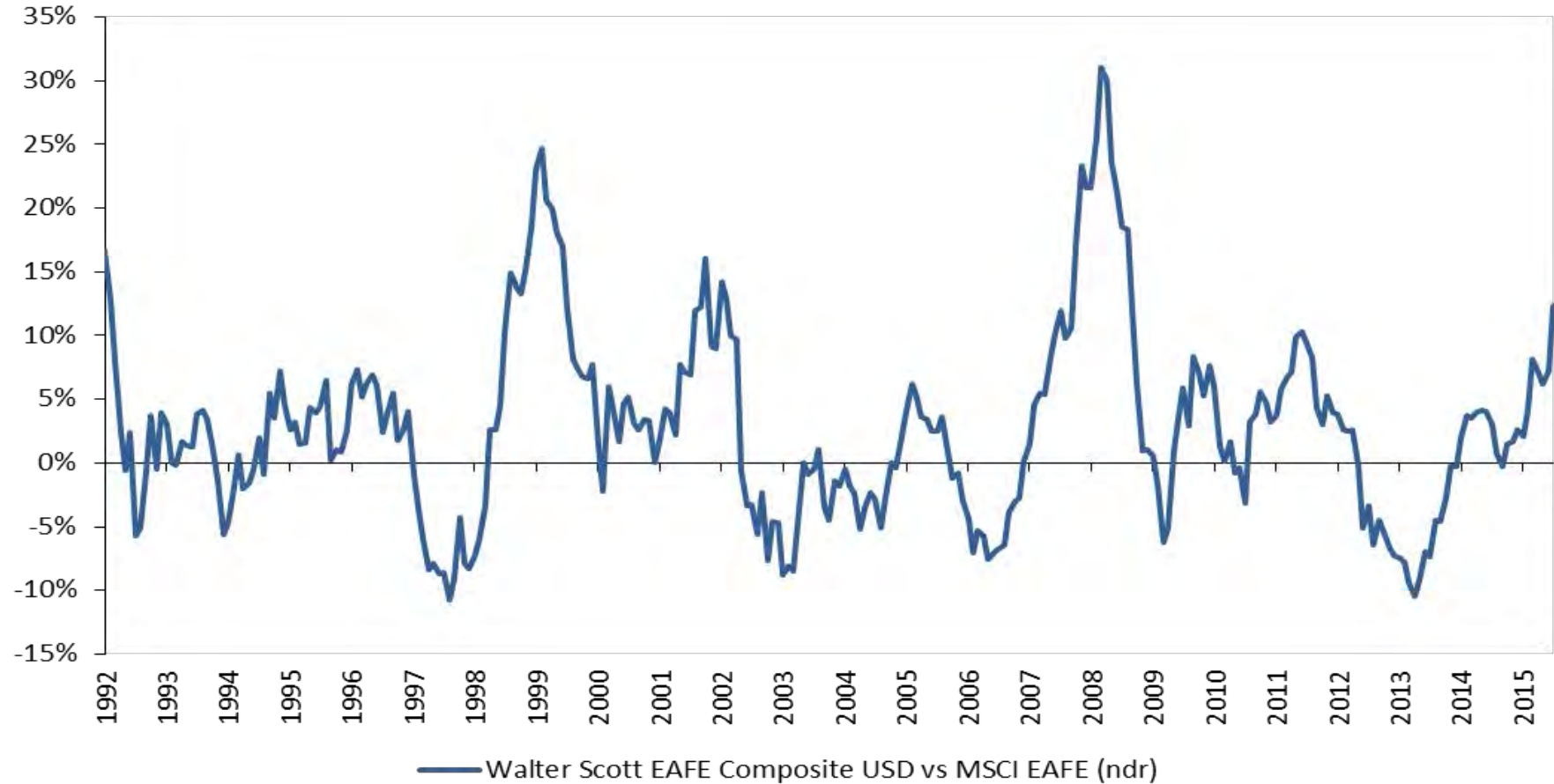
The two grey bars represent the aggregate return of the MSCI EAFE Index in those months when it rose and those when it fell, expressed as 100.

Walter Scott's aggregate return of the portfolios comprising the composite in those months is shown alongside, expressed as a percentage of the index' down and up performance.



12 month rolling relative performance

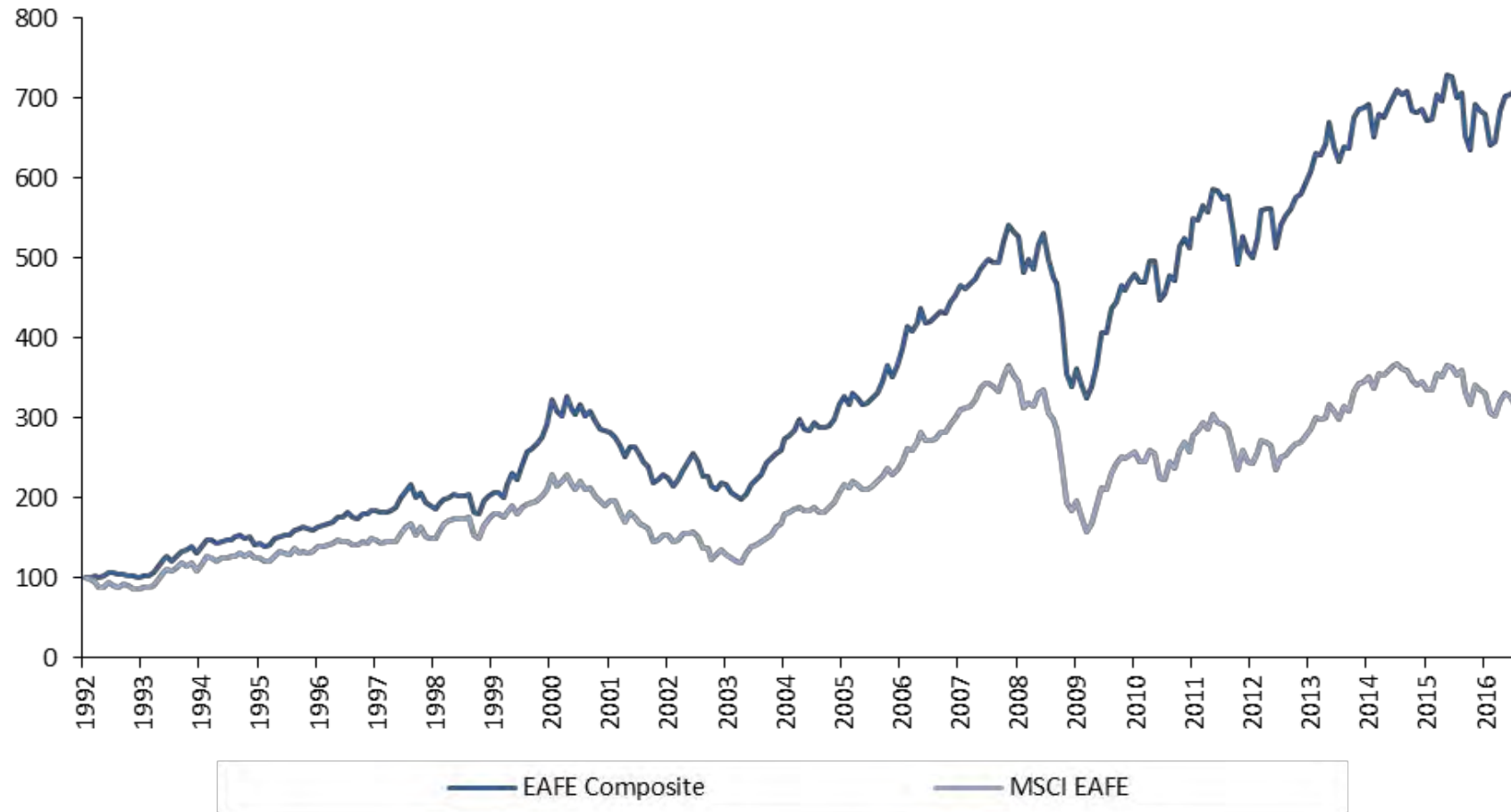
As at 30 June 2016



Source: Walter Scott, MSCI. Please refer to the appendix for important information.
Past performance is not indicative of future results.

WS EAFE USD Composite Unit Price Growth

As at 30 June 2016



Source: Walter Scott, MSCI. Please refer to the appendix for important information.
Past performance is not indicative of future results.

Stock performance

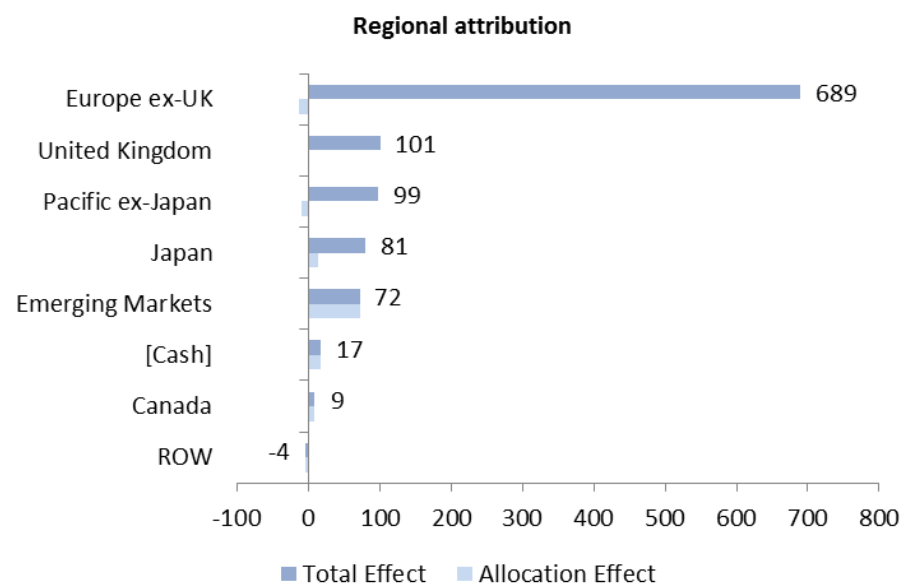
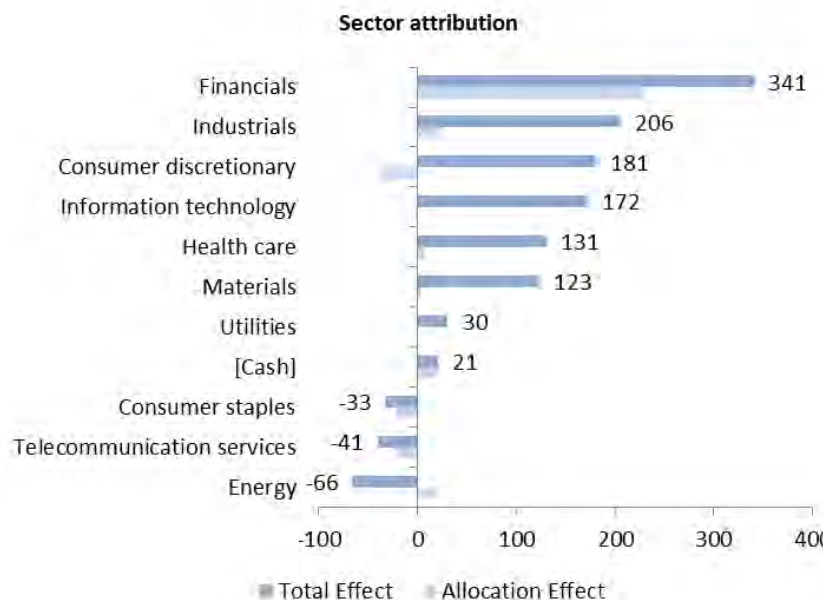
Twelve months to 30 June 2016

Company	Sector	Country	Total Return (%)
Top five			
Adidas	Consumer discretionary	Germany	89
Daito Trust Construction	Financials	Japan	61
Cochlear Limited	Healthcare	Australia	50
CSL Limited	Healthcare	Australia	28
SGS	Industrials	Switzerland	28
Bottom five			
Hang Lung Properties	Financials	Hong Kong	-29
Inpex Corporation	Energy	Japan	-31
Rakuten	Consumer discretionary	Japan	-33
DBS Group Holdings*	Financials	Singapore	-35
Standard Chartered Bank*	Financials	United Kingdom	-50

Source: Walter Scott, MSCI, FactSet. None of MSCI or its affiliates has provided the attribution information. Such data is calculated by Walter Scott as part of its attribution process. *Stocks sold during the period. Total return is calculated until the date of sale. Please refer to the appendix for important information.

Relative performance attribution

Twelve months to 30 June 2016

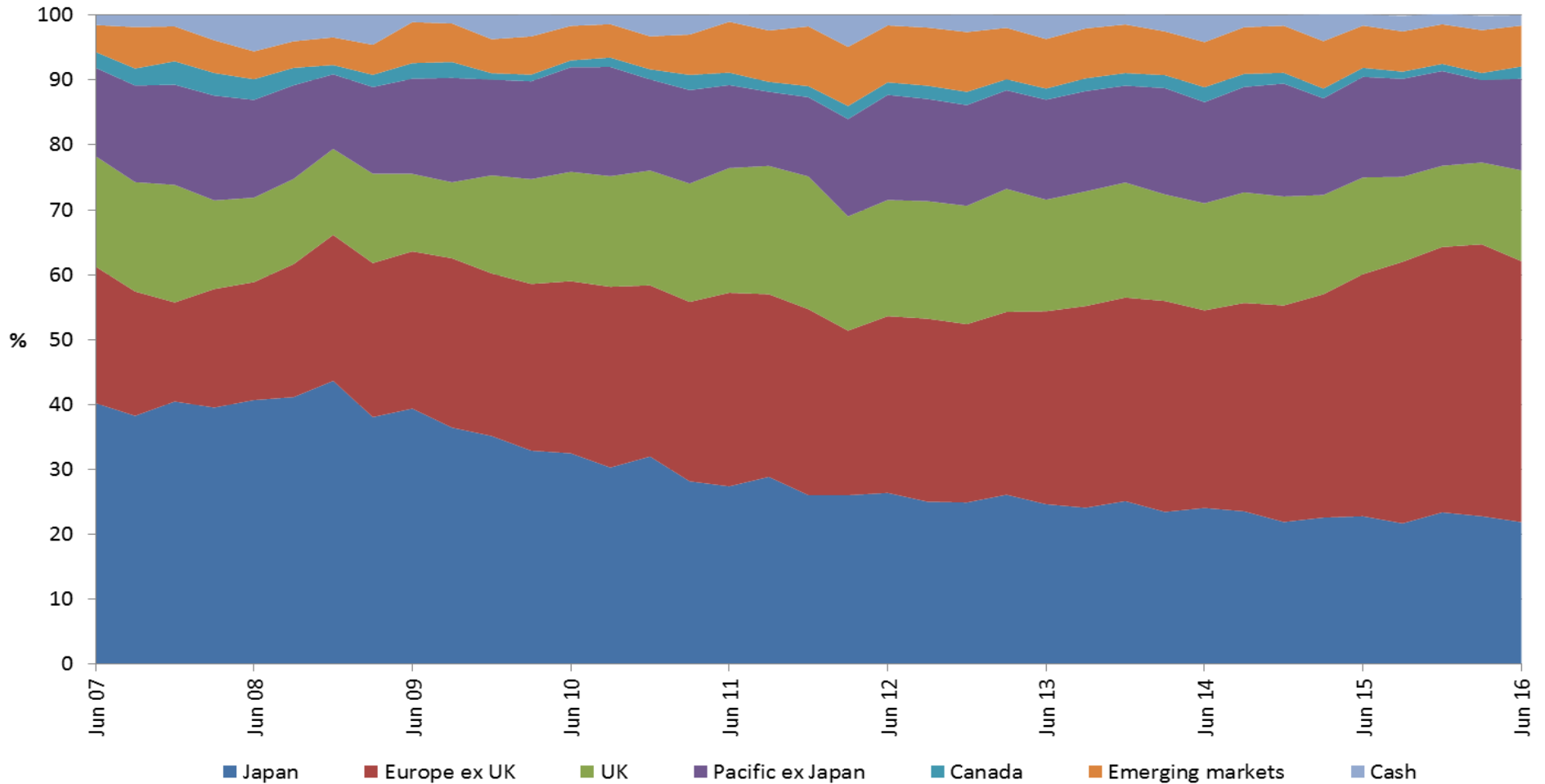


Source: Walter Scott, MSCI, FactSet.

Please refer to the appendix for important information. None of MSCI or its affiliates has provided the attribution information. Such data is calculated by Walter Scott as part of its attribution process. 18

Historical international equity portfolio distribution by region

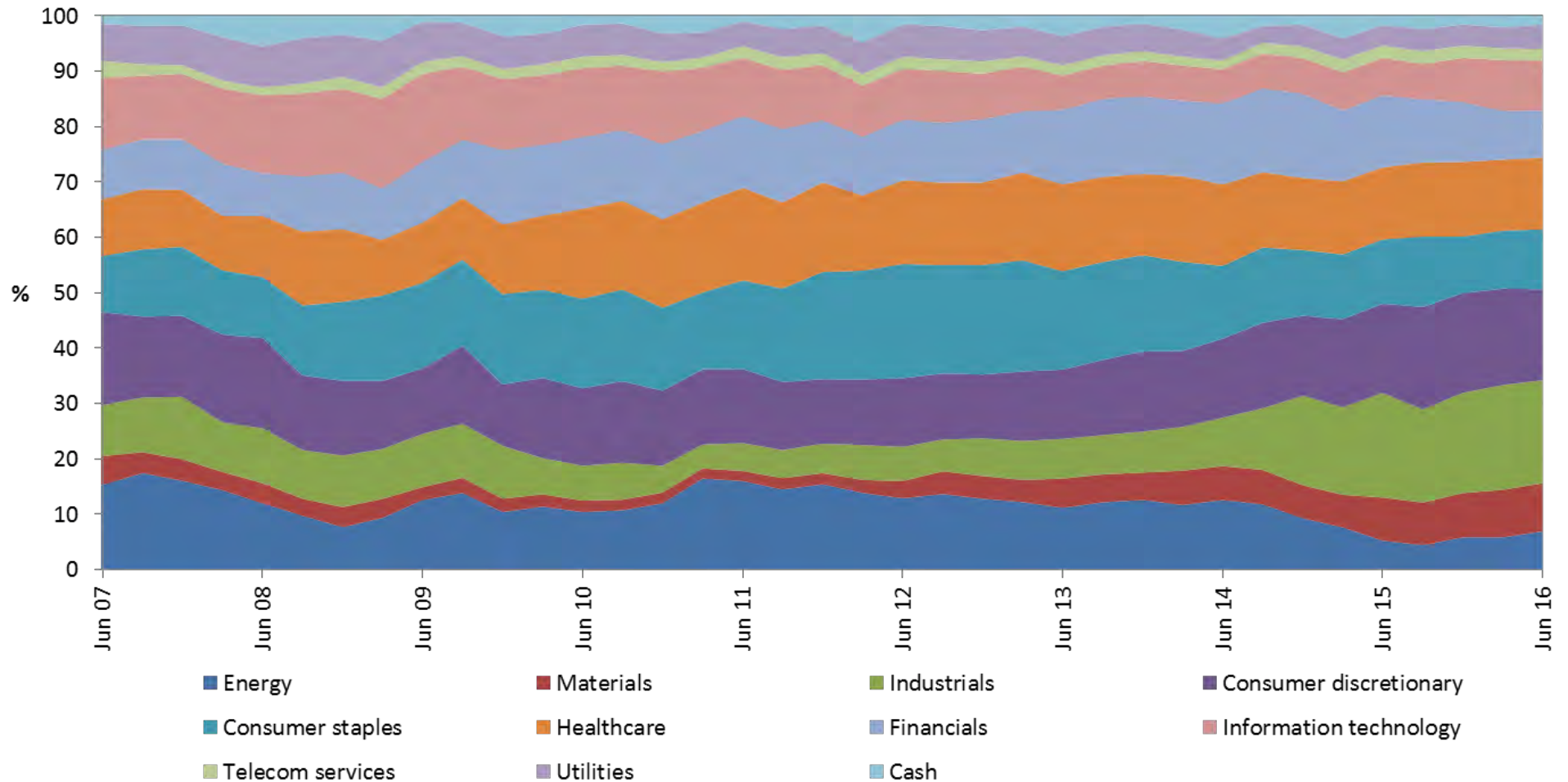
As at 30 June 2016



Source: Walter Scott. A representative international portfolio was used to illustrate this strategy. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. Please refer to the appendix for important information.

Historical international equity portfolio distribution by sector

As at 30 June 2016



Source: Walter Scott. A representative international portfolio was used to illustrate this strategy. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. Please refer to the appendix for important information.

Distribution: by sector and region

As at 30 June 2016

Sector	Portfolio %	MSCI EAFE %	Difference %
Industrials	18.6	13.3	5.3
Consumer discretionary	16.4	12.1	4.3
Information technology	9.0	5.3	3.7
Materials	8.7	6.9	1.8
Energy	6.9	5.2	1.7
Healthcare	13.0	12.4	0.6
Utilities	4.4	3.9	0.5
Consumer staples	10.8	13.3	-2.5
Telecom services	2.1	5.1	-3.0
Financials	8.5	22.3	-13.8
Liquidity	1.6		1.6

Region	Portfolio %	MSCI EAFE %	Difference %
Emerging Markets	6.3	0.0	6.3
Asia Pacific ex Japan	14.1	12.1	2.0
Canada	1.9	0.0	1.9
Rest of World	0.0	0.8	-0.8
Japan	21.9	23.3	-1.4
Europe ex UK	40.2	44.2	-4.0
UK	14.0	19.6	-5.6
Liquidity	1.6		1.6

Source: Walter Scott, MSCI. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. Please refer to the appendix for important information.

Top ten holdings

As at 30 June 2016

Company	Weight %
Keyence	2.9
Daikin Industries	2.6
Daito Trust Construction	2.6
CSL	2.4
SGS	2.4
Reckitt Benckiser	2.3
Compass Group	2.3
AIA Group	2.2
Hong Kong & China Gas	2.2
Taiwan Semiconductor	2.2

Activity

Twelve months to 30 June 2016

Purchases

ARM Holdings (Nov)
Murata Manufacturing (Feb)
Novozymes (Jan)
Total (Dec)
Whitbread (May)

Sales

DBS Group Holdings (Mar)
Rolls-Royce (Aug)
Standard Chartered Bank (Dec)
Woolworths (Oct)

Activity: Purchases

Twelve months to 30 June 2016

ARM Holdings	ARM Holdings, the world's leading semiconductor IP (intellectual property) company has been purchased. ARM develops and licenses technology at the heart of digital electronic devices, from smartphones and tablets to sensors and servers. For an up-front fee the company licenses its designs to semiconductor chip producers and also receives a royalty on every chip sold that uses one of its technology designs. Such is the proliferation of chips based on its architecture, ARM technology now reaches around 80% of the world population through a diversified array of products from electronic devices to white goods. The company is expected to grow rapidly in all segments due to increased connectivity needs and the ever increasing complexity of chips and devices.
Murata Manufacturing	Murata Manufacturing, one of the world's leading electronics components manufacturers was purchased during the period. Its market lead is underpinned by economies of scale in manufacturing, technical expertise within ceramics and high frequency components as well as an ability to supply reliable products in mass volumes in a timely manner. The success of this is evident in high market shares and high margins. Whilst the electronics industry is prone to cycles, Murata has shown good growth over time.
Novozymes	A position has been bought in Novozymes. The Danish company is the world leader in the development, production and sale of industrial enzymes with 48% global market share. Enzymes and microbes have hundreds of known applications and many more as yet unknown applications, across an extremely diverse range of industries. Innovation is the key to unlocking the potential of these products, and Novozymes has an unrivalled track record in this regard. Novozymes' ability to continually improve efficiency within its own production processes should further enhance the company's overall growth through continued margin improvement over time.
Total	A position has been bought in Total, one of the world's largest integrated oil and gas companies. The company offers an attractive combination of growth and improving returns. It should achieve mid-single digit annualised production growth and a substantial increase in free cash flow. In addition to this, the company is implementing cost-cutting measures and portfolio restructuring across the business to improve the overall return profile of the company.
Whitbread	A position has been bought in Whitbread PLC, a leading UK operator of hotels, restaurants and coffee shops. With its success having been built on two market leading brands, Premier Inn and Costa Coffee, Whitbread is well placed to capitalise on its position at the forefront of the UK hotel and coffee chain markets. The network effect of Premier Inn's high and consistent quality UK-wide hotel estate is a formidable competitive advantage over a long and fragmented tail of independent hotels, many of whom are finding it increasingly difficult to compete.

Activity: Sales

Twelve months to 30 June 2016

DBS Group Holdings	DBS Group Holdings was sold due to rising uncertainty about its credit quality and the prospects for a sharp rise in the non-performing loan ratio. A combination of lower commodity prices, slower economic growth across much of the ASEAN region and ambiguity around the stability of credit markets in China have cast a long shadow over the earnings outlook. Additionally the banking industry around the world is facing increasingly strong structural headwinds which have led to a ratcheting down of the overall returns that are possible to achieve. At issue is the increased regulatory burden surrounding levels of capital that banks must hold, as well as broader compliance related costs.
Rolls-Royce	The decision was taken to sell Rolls-Royce following a profit warning. The business has suffered a number of setbacks recently with a series of profit warnings relating to the land and sea divisions, in particular driven by weakness in oil and gas markets. Until now we remained confident in the visibility claimed by management as well as the cash flow and margin potential of the civil aerospace business (the most significant division of the company). Due to previously unforeseen pressure, including the pricing of older engine models, the company expects severe earnings and cash headwinds in 2016 and 2017, spilling over into 2018 and perhaps beyond. As the new XWB engine model ramps up, management had been confident in predicting an impressive inflection point in cash and earnings for the company from 2018 onwards. However, they pushed out this guidance to 2020 earlier in the year and are now no longer able to commit to that. Given the lack of certainty in the business and the risk that cash flow and earnings will be under greater pressure than expected, the decision was taken to exit the position.
Standard Chartered Bank	A change in our perception of the risk reward balance at Standard Chartered Bank led to the holding being sold. The investment was originally made amidst the fallout of the global financial crisis. The investment rationale centred on the premise that Standard Chartered was a robust banking franchise extremely well positioned to prosper from a series of growth vectors within Asia's developing economies. Rising living standards, growing rates of financial intermediation and most importantly the rapid evolution of intra-regional trade provided strong tailwinds. These carried Standard Chartered forward until the middle of 2013, when a series of issues came to the fore that gradually exposed structural weaknesses within the bank and which brought into question the credibility of senior management. With the benefit of hindsight, the pace of resolving these issues has not been satisfactory, and the recent establishment of a new management team and corporate strategy has revealed that the challenges are significantly greater than our assessment heretofore. Over the long term, Standard Chartered will continue to be supported by the Asian growth dynamic and the longer term appreciation of the business will reflect that of the emerging markets in aggregate. In the short to medium term however, the idiosyncratic risks involved in trying to revitalise a deeply damaged franchise are too great to bear. While a sale at what may yet prove to be a low is an inherent risk, other investment opportunities will out in time. The nil paid rights were sold at the same time
Woolworths	Woolworths has been under review for some time and with pressures on the company only increasing, the investment team concluded that it was now unlikely to deliver the earnings growth required to meet the portfolio's return criteria and therefore should be sold. Over the past six months there has been increasing evidence of Woolworths' management team having failed to respond adequately to both a better-run competitor in Cole's and the emergence of credible discounters such as Aldi. The cosy duopoly that once existed in Australian retail looks to be coming to an end. Large-scale changes to management and the Board of Directors at Woolworths are taking place, however it is far from clear how long it will take to see any improvement in the underlying business.

Appendix

1. DEFINITION OF FIRM

Walter Scott & Partners Limited (“Walter Scott”) is an investment management firm authorized and regulated in the United Kingdom by the Financial Conduct Authority in the conduct of investment business. Walter Scott is a wholly-owned subsidiary of The Bank of New York Mellon Corporation. Walter Scott is responsible for portfolios managed on behalf of pension plans, endowments and similar institutional investors. Total assets under management were US\$60.0 billion as at 30 June 2016.

2. FIRM COMPOSITES

Walter Scott constructs composites of portfolios invested in equities. They include US dollar composites for EAFE, Global, European and Emerging Markets mandates, Canadian dollar composites for EAFE and Global mandates, and a number of others.

Composites include all portfolios managed by Walter Scott where the company has full discretionary authority. No non-fee paying portfolios are included in the composites presented in this report. Portfolios where Walter Scott acts in an advisory only role are excluded from composites.

Composite figures in this presentation are extracted from one or more of the composites reports prepared by Walter Scott in compliance with the Global Investment Performance Standards (GIPS). The effective date of compliance of the Firm with GIPS standards is 1 January 1994.

3. CALCULATION METHODOLOGY

Performance results are calculated on a total return basis and include all portfolio income, unrealized and realized capital gains, contributions and withdrawals and are geometrically linked. Cash and cash equivalents are included in total portfolio assets and in the return calculations. Trade date accounting is used for valuations. For periods less than one year, rates of return are not annualized.

The composite shown is an aggregation of portfolios representing a similar investment strategy. Composites are size-weighted using beginning of period values to weight portfolio returns. Portfolios are included in a composite beginning with the first full month of performance and until the month immediately prior to termination of an account.

Annualized return represents the level annual rate which, if earned each year in a multiple-year period, would produce the actual cumulative rate of return over the whole period.

4. FEES AND TRADING EXPENSES

Composites are net of trading expenses, administrative fees and non-reclaimable withholding taxes on dividends and interest. Withholding taxes vary depending upon the country of investment but range between 0% and 30%. Benchmark returns are net of withholding taxes on dividends unless otherwise stated. Performance results net of fees are available on request.

5. INTERNAL DISPERSION

The internal dispersion measure presented is the equal-weighted standard deviation of the annual returns of all the portfolios that were included in the composite for the entire period, but is not appropriate for less than five portfolios.

6. COMPOSITE CREATION DATE

The composite creation date is the date on which Walter Scott first grouped portfolios to create the composite.

7. MINIMUM PORTFOLIO VALUE

Walter Scott’s current policy is not to apply a minimum size criterion. Prior to 31 March 1994, only portfolios above US\$5 million were included in the Walter Scott EAFE Equities USD composite.

8. STANDARD DEVIATION

The three-year annualised standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented when monthly returns were not available throughout the full 36-month period.

9. EXCHANGE RATES

Exchange rates used in composite return calculations are based on custodian exchange rates at the individual portfolio level. This will introduce additional transient dispersion between the returns of portfolios which make up the composite. Benchmark data uses the WM/Reuters Closing Spot Rates.

10. LEVERAGE, DERIVATIVES AND SHORT POSITIONS

Walter Scott does not generally use derivatives, but American style currency options have been used occasionally for hedging purposes. Walter Scott does not use leverage or short positions.

11. FIRM POLICIES

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

12. BENCHMARK DEFINITIONS

Walter Scott compares its composites against the published MSCI indices as shown in this presentation. Further information on these indices can be found at www.msci.com.

13. COMPOSITE DESCRIPTIONS

Walter Scott applies the same investment philosophy and process across all portfolios, regardless of size, mandate type or base currency.

Appendix

Walter Scott uses broad inclusion criteria for its composites. Some composites may contain portfolios that have ethical or other investment restrictions, and portfolios that are subject to different tax regimes. Although these mandate differences can lead to some performance dispersion within composites, Walter Scott believes that its composite methodology accurately reflects the firm's investment record. The returns for each composite are shown alongside the relevant benchmark.

Walter Scott has been independently verified from 1 January 1994. Performance data for the full history of some composites has not been shown. This information is available on request.

A description of each composite included in this report follows. A full list of the firm's composite descriptions is available on request.

Walter Scott Global Equities USD

This composite includes all global equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott EAFE Equities USD

This composite includes all global ex USA equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott Europe Equities USD

This composite includes all European equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott USA Equities USD

This composite includes all USA equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott Emerging Markets Equities USD

This composite includes all emerging market equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

14. FEE SCHEDULE

Unless otherwise stated, returns are calculated gross of advisory fees, and include the reinvestment of dividends. The effect of advisory fees could be material. If the advisory fees were reflected, the performance shown would be lower. As an example of the effect of investment advisory fees on the total value of an account, a three year compound return before the deduction of investment advisory fees of 14.75% would be 13.61% after investment advisory fees of 1.00% per annum.

15. COMPLIANCE STATEMENT

Communication of performance figures reflected in this document must be on a one-on-one basis, private and of a confidential nature. They may not be disseminated to the public in any print, electronic or other medium, including a web-site or any database of general circulation. The following disclosures must be provided in writing when onwardly communicating these performance figures.

- 1) Unless otherwise stated performance figures do not reflect the deduction of investment advisory fees.
- 2) Returns will be reduced by investment advisory fees and any other expenses that may be incurred in the management of an account.

16. IMPORTANT INFORMATION

16.1 Walter Scott's Investment Approach

This presentation contains certain statements based on Walter Scott's experience and expectations about the markets in which it invests its portfolios and about the methods by which it causes its portfolios to be invested in those markets. Those statements are not guaranties of future performance and are subject to many risks, uncertainties and assumptions that are difficult to predict. The information in this presentation is subject to change and Walter Scott has no obligation to revise or update any statement herein for any reason. The opinions expressed in this presentation are those of Walter Scott and should not be construed as investment advice.

Appendix

16.2 Portfolio Holdings and Allocations

To derive ten largest holdings, characteristics, economic sector weightings, country weightings and portfolio holdings for presentation purposes, Walter Scott has identified a representative institutional account to be used as a proxy for this strategy.

This portfolio data should not be relied upon as a complete listing of the portfolio's holdings (or top holdings) as information on particular holdings may be withheld. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is 'as of' the date indicated.

The information provided in this document should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in a portfolio at the time this report is received or that securities sold have not been repurchased. The securities discussed do not represent an entire portfolio and in the aggregate may represent only a small percentage of a portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions Walter Scott make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The allocation distribution and actual percentages may vary from time to time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on Walter Scott's ability to identify and access appropriate investments, and balance assets to maximize return while minimizing its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

16.3 Definitions

Beta = Portfolio Beta and is the measure of the sensitivity of rates of return to changes in the market return. R^2 = The R-Squared of a portfolio relative to the market and indicates the proportion of a security's total variance explained by variations in the market.

16.4 Third Party Sources

Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by Walter Scott. Walter Scott makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason.

16.5 Performance Statement

Past performance is not a guide to future returns and the objective mentioned may not be reached. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The value of overseas securities will be influenced by fluctuations in exchange rates. This presentation may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorized.

16.6 Performance Indices

Comparisons to the indices have limitations because the volatility and material characteristics of the indices represented in this presentation may be materially different from that of the portfolio managed by Walter Scott. Because of these differences, investors should carefully consider these limitations when evaluating the performance in comparison to benchmark data as provided herein. Where referencing MSCI or any other index performance figures:

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16.7 Benchmark Definitions

MSCI ACWI

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of June 2014 the MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

Appendix

MSCI World

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of June 2014 the MSCI World Index consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

MSCI EAFE (Europe, Australasia, Far East)

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of June 2014 the MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Europe

The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2014 the MSCI Europe Index consists of the following 15 developed market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI USA

The MSCI USA index is a free float-adjusted market capitalization index that is designed to measure equity market performance of the US market.

16.8 Private Fund Information and Risks

The interests in a private fund (the "Fund" or "Interests") have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or by the securities regulatory authority of any state or of any other jurisdiction. The Interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), the securities laws of any other state or the securities laws of any other jurisdiction, nor is such registration contemplated. The Fund will not be registered as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). Consequently, limited partners of the Fund are not afforded the protections of the 1940 Act.

This material is for use with qualified investors only, and not for use with the general public. Accordingly, this document must not be acted on or relied on by persons who are not qualified persons. The Interests are offered only to qualified investors who do not require immediate liquidity of the investment. An investment in the Fund does not constitute a complete investment program. Investors must fully understand and be willing to assume the risks involved in the Fund's investment program.

This presentation shall not constitute an offer to sell or the solicitation of any offer to buy Interests, which may only be made at the time a qualified offeree receives a confidential offering memorandum describing the offering and related subscription agreement. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied.

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BNY Mellon Investment Management Cayman Ltd., (the "Manager") a Cayman Islands exempted company, serves as Manager to the Fund and is responsible for the overall management of the Fund. The Manager has delegated day-to-day portfolio management responsibility of the Fund to Walter Scott (the "Investment Manager").

Investments in private funds are speculative and involve special risks. Investments in private funds may be suitable only for certain investors. The following is not an inclusive list of all risk factors applicable to hedge funds and private funds: Funds often engage in investment practices that may increase the risk of investment loss. An investor could lose all or a substantial portion of his or her investment. Private funds are generally not subject to the same regulatory oversight and/or regulatory requirements as mutual funds. Due to the fund's tax structure, it may take longer to distribute important tax information. Funds may not be required to provide daily valuation information to investors. Performance may be volatile. There can be no assurance that a fund's objectives will be met. Fees and expenses may offset an investor's profits. The investment adviser has total discretion over strategy selection and allocation decisions. A lack of manager and/or strategy diversification may result in higher risk. There is generally no secondary market for an investor's interest in a privately-offered fund. Any potential risk factors discussed in connection with this presentation are not intended to be a complete list of risks associated with an investment in any fund. A more comprehensive description of the private fund's investment philosophy and the potential risk factors are outlined in the offering memorandum of each private fund.



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Ventura County Employees' Retirement Association

**Preliminary Performance Report
Month Ending June 30, 2016**

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Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	4,364,741,131	100.0	100.0	0.7	2.4	3.8	0.9	6.8	7.0	5.6	7.8	Apr-94
Policy Index				<u>0.2</u>	<u>1.8</u>	<u>3.2</u>	<u>1.7</u>	<u>7.3</u>	<u>7.1</u>	<u>5.8</u>	<u>7.8</u>	<u>Apr-94</u>
Over/Under				0.5	0.6	0.6	-0.8	-0.5	-0.1	-0.2	0.0	
Allocation Index				<u>0.2</u>	<u>2.0</u>	<u>2.9</u>	<u>0.3</u>	<u>6.4</u>	<u>6.4</u>	<u>5.3</u>	--	<u>Apr-94</u>
60% MSCI World (Net) / 40% CITI WGBI				<u>0.8</u>	<u>2.0</u>	<u>4.7</u>	<u>2.9</u>	<u>5.4</u>	<u>4.6</u>	<u>4.7</u>	<u>6.3</u>	<u>Apr-94</u>
Total Fund ex Parametric	4,135,147,320	94.7	--	0.9	2.5	4.5	1.7	7.1	7.1	5.6	7.8	Apr-94
Total Fund ex Private Equity	4,208,468,907	96.4	--	0.8	2.5	3.9	0.7	6.2	--	--	8.3	Jan-12
Policy Index				<u>0.2</u>	<u>1.8</u>	<u>3.2</u>	<u>1.7</u>	<u>7.3</u>	<u>7.1</u>	<u>5.8</u>	<u>8.9</u>	<u>Jan-12</u>
Over/Under				0.6	0.7	0.7	-1.0	-1.1			-0.6	
Total US Equity	1,373,234,838	31.5	28.0	0.2	2.7	3.7	2.2	11.3	11.8	7.1	8.7	Dec-93
Russell 3000				<u>0.2</u>	<u>2.6</u>	<u>3.6</u>	<u>2.1</u>	<u>11.0</u>	<u>11.5</u>	<u>7.5</u>	<u>9.1</u>	<u>Dec-93</u>
Over/Under				0.0	0.1	0.1	0.1	0.3	0.3	-0.4	-0.4	
BlackRock Equity Market Fund	1,179,003,548	27.0		<u>0.2</u>	<u>2.6</u>	<u>3.6</u>	<u>2.2</u>	<u>11.1</u>	<u>11.6</u>	--	<u>6.8</u>	<u>Dec-07</u>
Dow Jones U.S. Total Stock Market				<u>0.2</u>	<u>2.6</u>	<u>3.6</u>	<u>2.0</u>	<u>11.0</u>	<u>11.5</u>	<u>7.5</u>	<u>6.7</u>	<u>Dec-07</u>
Over/Under				0.0	0.0	0.0	0.2	0.1	0.1		0.1	
Western U.S. Index Plus	147,935,411	3.4		<u>0.5</u>	<u>3.1</u>	<u>4.8</u>	<u>4.6</u>	<u>12.2</u>	<u>12.9</u>	--	<u>3.6</u>	<u>May-07</u>
S&P 500				<u>0.3</u>	<u>2.5</u>	<u>3.8</u>	<u>4.0</u>	<u>11.7</u>	<u>12.1</u>	<u>7.4</u>	<u>5.8</u>	<u>May-07</u>
Over/Under				0.2	0.6	1.0	0.6	0.5	0.8		-2.2	
BlackRock Extended Equity Index	46,295,879	1.1		<u>-0.1</u>	<u>3.4</u>	<u>2.6</u>	<u>-5.3</u>	<u>8.4</u>	<u>9.5</u>	<u>7.6</u>	<u>11.1</u>	<u>Oct-02</u>
Dow Jones U.S. Completion Total Stock Market				<u>-0.1</u>	<u>3.3</u>	<u>2.4</u>	<u>-5.6</u>	<u>8.3</u>	<u>9.2</u>	<u>7.5</u>	<u>11.0</u>	<u>Oct-02</u>
Over/Under				0.0	0.1	0.2	0.3	0.1	0.3	0.1	0.1	

Policy Index: Currently, 28% Russell 3000, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Prior to January 2016 the Total U.S. Equity Benchmark was a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

CPI+4% and CPI+5% are estimated due to CPI monthly lag.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Non-US Equity	574,993,318	13.2	15.0	-1.0	0.4	0.5	-7.6	1.9	1.1	2.2	5.9	Mar-94
MSCI ACWI ex USA				-1.5	-0.6	-1.0	-10.2	1.2	0.1	1.9	4.6	Mar-94
Over/Under				0.5	1.0	1.5	2.6	0.7	1.0	0.3	1.3	
MSCI ACWI ex USA				-1.5	-0.6	-1.0	-10.2	1.2	0.1	1.9	--	Mar-94
BlackRock ACWI ex-U.S. Index	236,703,700	5.4		-1.7	-0.5	-0.7	-9.4	1.8	0.6	--	0.6	Mar-07
MSCI ACWI ex USA				-1.5	-0.6	-1.0	-10.2	1.2	0.1	1.9	0.1	Mar-07
Over/Under				-0.2	0.1	0.3	0.8	0.6	0.5		0.5	
Sprucegrove	165,287,365	3.8		-1.0	-0.1	0.3	-10.1	0.5	0.9	2.4	6.4	Mar-02
MSCI ACWI ex USA				-1.5	-0.6	-1.0	-10.2	1.2	0.1	1.9	5.7	Mar-02
Over/Under				0.5	0.5	1.3	0.1	-0.7	0.8	0.5	0.7	
MSCI EAFE				-3.4	-1.5	-4.4	-10.2	2.1	1.7	1.6	5.1	Mar-02
Hexavest	77,183,761	1.8		-1.0	0.5	0.5	-4.5	2.9	2.5	--	2.9	Dec-10
MSCI EAFE				-3.4	-1.5	-4.4	-10.2	2.1	1.7	1.6	2.4	Dec-10
Over/Under				2.4	2.0	4.9	5.7	0.8	0.8		0.5	
Walter Scott	95,818,491	2.2		0.7	3.4	4.1	-0.3	3.4	3.2	--	3.7	Dec-10
MSCI ACWI ex USA				-1.5	-0.6	-1.0	-10.2	1.2	0.1	1.9	0.8	Dec-10
Over/Under				2.2	4.0	5.1	9.9	2.2	3.1		2.9	
Total Global Equity	421,734,448	9.7	10.0	-0.6	0.8	1.9	-4.8	4.7	4.6	3.3	4.6	May-05
MSCI ACWI				-0.6	1.0	1.2	-3.7	6.0	5.4	4.3	5.6	May-05
Over/Under				0.0	-0.2	0.7	-1.1	-1.3	-0.8	-1.0	-1.0	
BlackRock MSCI ACWI Equity Index	221,476,026	5.1		-0.6	1.1	1.5	-3.3	6.4	--	--	9.0	Jul-12
MSCI ACWI				-0.6	1.0	1.2	-3.7	6.0	5.4	4.3	8.6	Jul-12
Over/Under				0.0	0.1	0.3	0.4	0.4			0.4	
GMO Global Equity	200,258,422	4.6		-0.6	0.4	2.3	-6.5	3.0	4.1	4.0	5.4	Apr-05
MSCI ACWI				-0.6	1.0	1.2	-3.7	6.0	5.4	4.3	5.6	Apr-05
Over/Under				0.0	-0.6	1.1	-2.8	-3.0	-1.3	-0.3	-0.2	

Prior to May 2002, Total Non-U.S. Equity Benchmark was MSCI EAFE.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Private Equity	156,272,224	3.6	10.0	-0.8	-0.2	0.5	9.0	14.7	--	--	13.7	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.4</u>	<u>3.4</u>	<u>5.1</u>	<u>5.1</u>	<u>14.3</u>	<u>14.9</u>	--	<u>17.6</u>	<i>Jan-12</i>
Over/Under				-1.2	-3.6	-4.6	3.9	0.4			-3.9	
Adams Street Global Fund Series	97,098,303	2.2		-0.7	-0.7	0.6	6.3	13.9	--	--	12.5	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.4</u>	<u>3.4</u>	<u>5.1</u>	<u>5.1</u>	<u>14.3</u>	<u>14.9</u>	--	<u>17.6</u>	<i>Jan-12</i>
Over/Under				-1.1	-4.1	-4.5	1.2	-0.4			-5.1	
Harbourvest- Dover Street VII	45,324,825	1.0		-0.2	1.3	1.0	14.8	18.8	--	--	18.8	Jul-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.4</u>	<u>3.4</u>	<u>5.1</u>	<u>5.1</u>	<u>14.3</u>	<u>14.9</u>	--	<u>14.3</u>	<i>Jul-13</i>
Over/Under				-0.6	-2.1	-4.1	9.7	4.5			4.5	
Pantheon Global Secondary Funds	13,849,096	0.3		-3.2	-1.8	-1.7	9.6	8.2	--	--	8.0	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.4</u>	<u>3.4</u>	<u>5.1</u>	<u>5.1</u>	<u>14.3</u>	<u>14.9</u>	--	<u>17.6</u>	<i>Jan-12</i>
Over/Under				-3.6	-5.2	-6.8	4.5	-6.1			-9.6	

Please Note:

Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows.

Ventura County Employees' Retirement Association

Private Equity Limited Partnership Performance

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date ¹	Outstanding Commitment ¹	Call Ratio	Add'l Fees ²	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$29,665,000	\$12,835,000	70%	\$15,213	\$10,764,481	\$31,385,819	\$42,150,300	\$12,470,087	13.3%	0.36x	1.42x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$17,697,000	\$7,803,000	69%	\$1,589	\$5,557,179	\$15,476,503	\$21,033,682	\$3,335,093	7.0%	0.31x	1.19x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$6,111,500	\$2,388,500	72%	\$0	\$314,436	\$7,403,650	\$7,718,086	\$1,606,586	9.3%	0.05x	1.26x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$4,071,592	\$7,692,441	\$11,764,033	\$3,920,336	12.3%	0.52x	1.5x
Total Adams Street 2010	2010	5/21/2010	\$85,000,000	\$61,310,500	\$23,689,500	72%	\$23,499	\$20,707,688	\$61,958,413	\$82,666,101	\$21,332,102	11.2%	0.34x	1.35x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$36,375,000	\$38,625,000	49%	\$10,728	\$2,698,535	\$35,139,880	\$37,838,415	\$1,452,687	2.8%	0.07x	1.04x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$52,312,500	\$15,187,500	78%	\$84,954	\$24,859,201	\$46,324,609	\$71,183,810	\$18,786,356	27.3%	0.47x	1.36x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$8,310,001	\$6,006,502	\$14,316,503	\$4,356,503	14.2%	0.83x	1.44x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$7,441,510	\$42,558,490	15%	(\$137,480)	\$0	\$8,523,167	\$8,523,167	\$1,219,137	11.9%	--	1.17x
Total VCERA Private Equity Program	--	5/21/2010	\$292,500,000	\$167,399,510	\$125,100,490	57%	(\$18,299)	\$56,575,425	\$157,952,571	\$214,527,996	\$47,146,785	13.3%	0.34x	1.28x

1. Includes recycled/recallable distributions received to date.

2. Add'l Fees represents notional interest paid/(received).

2. Add'l Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

Note: Private equity performance data is reported net of fees.

Performance shown is based on 3/31/2016 NAVs cash-adjusted for cash flows through 6/30/2016.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total US Fixed Income	850,561,060	19.5	20.0	1.4	2.5	5.5	5.1	3.6	4.3	6.2	6.1	Feb-94
<i>Barclays Aggregate</i>				<u>1.8</u>	<u>2.2</u>	<u>5.3</u>	<u>6.0</u>	<u>4.1</u>	<u>3.8</u>	<u>5.1</u>	<u>5.7</u>	<i>Feb-94</i>
Over/Under				-0.4	0.3	0.2	-0.9	-0.5	0.5	1.1	0.4	
BlackRock U.S. Debt Fund	147,684,373	3.4		1.8	2.2	5.4	6.1	4.1	3.8	5.2	5.6	Nov-95
<i>Barclays Aggregate</i>				<u>1.8</u>	<u>2.2</u>	<u>5.3</u>	<u>6.0</u>	<u>4.1</u>	<u>3.8</u>	<u>5.1</u>	<u>5.5</u>	<i>Nov-95</i>
Over/Under				0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1	
Western	285,861,068	6.5		2.1	2.9	6.0	6.6	5.0	5.2	6.0	6.5	Dec-96
<i>Barclays Aggregate</i>				<u>1.8</u>	<u>2.2</u>	<u>5.3</u>	<u>6.0</u>	<u>4.1</u>	<u>3.8</u>	<u>5.1</u>	<u>5.6</u>	<i>Dec-96</i>
Over/Under				0.3	0.7	0.7	0.6	0.9	1.4	0.9	0.9	
Reams	299,002,801	6.9		0.7	2.0	5.3	4.4	1.4	3.8	6.3	5.7	Sep-01
<i>Reams Custom Index</i>				<u>0.1</u>	<u>0.2</u>	<u>0.3</u>	<u>0.5</u>	<u>0.3</u>	<u>1.9</u>	<u>4.2</u>	<u>4.2</u>	<i>Sep-01</i>
Over/Under				0.6	1.8	5.0	3.9	1.1	1.9	2.1	1.5	
<i>Barclays Aggregate</i>				<u>1.8</u>	<u>2.2</u>	<u>5.3</u>	<u>6.0</u>	<u>4.1</u>	<u>3.8</u>	<u>5.1</u>	<u>4.8</u>	<i>Sep-01</i>
Loomis Sayles Multi Strategy	75,167,471	1.7		1.4	3.9	6.5	2.7	4.7	5.4	7.1	6.6	Jul-05
<i>Loomis Custom Index</i>				<u>1.6</u>	<u>3.3</u>	<u>6.5</u>	<u>4.4</u>	<u>3.9</u>	<u>4.3</u>	<u>5.8</u>	<u>5.4</u>	<i>Jul-05</i>
Over/Under				-0.2	0.6	0.0	-1.7	0.8	1.1	1.3	1.2	
<i>Barclays Govt/Credit</i>				<u>2.2</u>	<u>2.7</u>	<u>6.2</u>	<u>6.7</u>	<u>4.2</u>	<u>4.1</u>	<u>5.2</u>	<u>4.7</u>	<i>Jul-05</i>
Loomis Strategic Alpha	42,845,348	1.0		0.0	2.2	2.5	0.1	1.8	--	--	1.8	Jul-13
<i>Barclays Aggregate</i>				<u>1.8</u>	<u>2.2</u>	<u>5.3</u>	<u>6.0</u>	<u>4.1</u>	<u>3.8</u>	<u>5.1</u>	<u>4.1</u>	<i>Jul-13</i>
Over/Under				-1.8	0.0	-2.8	-5.9	-2.3			-2.3	

PIMCO Global Fixed Income is liquidating. The market value of \$2,663 as of 6/30/2016.

Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Barclays Aggregate.

Loomis Custom Index: 65% Barclays Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Real Estate	369,146,324	8.5	7.0	1.0	1.0	2.9	9.6	10.9	10.4	3.8	7.9	Mar-94
NCREIF ODCE Net				<u>0.0</u>	<u>0.0</u>	<u>2.0</u>	<u>8.7</u>	<u>11.3</u>	<u>11.2</u>	<u>5.0</u>	<u>8.1</u>	Mar-94
Over/Under				1.0	1.0	0.9	0.9	-0.4	-0.8	-1.2	-0.2	
Prudential Real Estate	127,195,743	2.9		0.0	0.0	2.0	10.0	12.0	11.7	4.7	5.9	Jun-04
NCREIF ODCE Net				<u>0.0</u>	<u>0.0</u>	<u>2.0</u>	<u>8.7</u>	<u>11.3</u>	<u>11.2</u>	<u>5.0</u>	<u>6.9</u>	Jun-04
Over/Under				0.0	0.0	0.0	1.3	0.7	0.5	-0.3	-1.0	
NCREIF ODCE				0.0	0.0	2.2	9.5	12.2	12.2	5.9	7.9	Jun-04
UBS Real Estate	240,801,755	5.5		1.5	1.5	3.4	9.6	10.2	9.9	5.6	7.6	Mar-03
NCREIF ODCE Net				<u>0.0</u>	<u>0.0</u>	<u>2.0</u>	<u>8.7</u>	<u>11.3</u>	<u>11.2</u>	<u>5.0</u>	<u>7.2</u>	Mar-03
Over/Under				1.5	1.5	1.4	0.9	-1.1	-1.3	0.6	0.4	
NCREIF ODCE				0.0	0.0	2.2	9.5	12.2	12.2	5.9	8.2	Mar-03
RREEF	1,148,826	0.0		0.7	0.7	-4.2	-10.1	11.6	14.5	--	-5.2	Sep-07
NCREIF ODCE Net				<u>0.0</u>	<u>0.0</u>	<u>2.0</u>	<u>8.7</u>	<u>11.3</u>	<u>11.2</u>	<u>5.0</u>	<u>3.5</u>	Sep-07
Over/Under				0.7	0.7	-6.2	-18.8	0.3	3.3		-8.7	
NCREIF ODCE				0.0	0.0	2.2	9.5	12.2	12.2	5.9	4.4	Sep-07
Total Liquid Alternatives	392,859,306	9.0	10.0	4.1	8.9	8.8	-4.7	3.6	--	--	4.4	Apr-13
CPI + 4% (Unadjusted)				<u>0.7</u>	<u>2.3</u>	<u>4.0</u>	<u>5.1</u>	<u>5.1</u>	<u>5.4</u>	<u>5.8</u>	<u>5.2</u>	Apr-13
Over/Under				3.4	6.6	4.8	-9.8	-1.5			-0.8	
Bridgewater All Weather Fund	277,000,333	6.3		3.7	5.9	8.4	0.5	--	--	--	4.2	Aug-13
CPI + 5% (Unadjusted)				<u>0.8</u>	<u>2.5</u>	<u>4.5</u>	<u>6.1</u>	--	--	--	<u>6.1</u>	Aug-13
Over/Under				2.9	3.4	3.9	-5.6				-1.9	
Tortoise Energy Infrastructure	115,858,972	2.7		5.1	16.7	9.8	-15.3	0.4	--	--	1.2	Apr-13
Wells Fargo MLP Index				<u>5.5</u>	<u>23.0</u>	<u>15.5</u>	<u>-16.6</u>	<u>-4.4</u>	<u>3.9</u>	--	<u>-3.8</u>	Apr-13
Over/Under				-0.4	-6.3	-5.7	1.3	4.8			5.0	
Overlay	225,936,950	5.2	0.0									
Parametric	225,936,950	5.2										

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index.

Real Estate managers and NCREIF ODCE are valued on a quarterly basis. Performance is not applicable in mid-quarter months, therefore 0% return is shown.

CPI+4% and CPI+5% is estimated by carrying the last available month forward.

Prudentail Real Estate Valuation is as of 3/31/2016.

Ventura County Employees' Retirement Association

Total Fund

Cash Flow Summary

Month Ending June 30, 2016

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Global Fund Series	\$97,771,082	\$0	\$0	\$0	\$0	-\$672,779	\$97,098,303
BlackRock ACWI ex-U.S. Index	\$240,791,495	\$0	\$0	\$0	-\$21,392	-\$4,087,795	\$236,703,700
BlackRock Equity Market Fund	\$1,176,887,070	\$0	\$0	\$0	-\$21,733	\$2,116,478	\$1,179,003,548
BlackRock Extended Equity Index	\$46,358,826	\$0	\$0	\$0	-\$3,086	-\$62,947	\$46,295,879
BlackRock MSCI ACWI Equity Index	\$222,743,658	\$0	\$0	\$0	-\$9,049	-\$1,267,633	\$221,476,026
BlackRock U.S. Debt Fund	\$145,112,088	\$0	\$0	\$0	-\$8,256	\$2,572,285	\$147,684,373
Bridgewater All Weather Fund	\$267,238,040	\$0	\$0	\$0	-\$91,042	\$9,762,293	\$277,000,333
GMO Global Equity	\$201,377,185	\$0	\$0	\$0	-\$91,785	-\$1,118,762	\$200,258,422
Harbourvest- Dover Street VII	\$43,091,971	\$0	\$2,300,901	\$2,300,901	\$0	-\$68,047	\$45,324,825
Hexavest	\$77,899,792	\$0	\$0	\$0	-\$29,895	-\$716,031	\$77,183,761
PIMCO Global Fixed Income	\$2,343,567	-\$2,341,003	\$0	-\$2,341,003	-\$1	\$99	\$2,663
Loomis Sayles Multi Strategy	\$74,081,941	\$0	\$0	\$0	-\$24,625	\$1,085,529	\$75,167,471
Loomis Strategic Alpha	\$42,845,348	\$0	\$0	\$0	-\$14,282	\$0	\$42,845,348
Pantheon Global Secondary Funds	\$14,552,781	-\$238,381	\$0	-\$238,381	\$0	-\$465,304	\$13,849,096
Parametric	\$240,397,359	-\$38,928,578	\$16,444,828	-\$22,483,750	-\$51,354	\$8,023,342	\$225,936,950
Prudential Real Estate	\$127,195,743	\$0	\$0	\$0	\$0	\$0	\$127,195,743
Reams	\$296,753,899	\$0	\$0	\$0	-\$43,625	\$2,248,903	\$299,002,801
RREEF	\$1,140,686	\$0	\$0	\$0	-\$3,012	\$8,139	\$1,148,826
Sprucegrove	\$166,906,726	\$0	\$0	\$0	-\$54,018	-\$1,619,361	\$165,287,365
Tortoise Energy Infrastructure	\$110,192,298	\$0	\$0	\$0	-\$70,760	\$5,666,674	\$115,858,972
UBS Real Estate	\$237,153,034	\$0	\$0	\$0	-\$573,508	\$3,648,721	\$240,801,755
Walter Scott	\$95,108,611	\$0	\$0	\$0	-\$69,784	\$709,880	\$95,818,491
Western	\$280,004,713	\$0	\$0	\$0	-\$48,233	\$5,856,354	\$285,861,068
Western U.S. Index Plus	\$147,146,689	\$0	\$0	\$0	-\$30,992	\$788,722	\$147,935,411
Total	\$4,355,094,602	-\$41,507,961	\$18,745,729	-\$22,762,232	-\$1,260,433	\$32,408,761	\$4,364,741,131

*PIMCO Global Fixed Income is liquidating.

Information Disclaimer and Reporting Methodology

Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
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Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.



NEPC, LLC

YOU DEMAND MORE. So do we.SM



Ventura County Employees' Retirement Association

First Quarter 2016 Private Markets Review – Private Equity

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Information Disclosure

- NEPC, LLC uses, as its data source, the Plan's fund manager and custodian bank or fund service company, and NEPC, LLC relies on those sources for all transactions, including capital calls, distributions, income/expense and reported values. While NEPC, LLC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- This Investment Performance Analysis is provided as a management aid for the client's internal use only. Portfolio performance reported in the Investment Performance Analysis does not constitute a recommendation by NEPC, LLC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC, LLC. While efforts are made to ensure that this external data is accurate, NEPC, LLC cannot accept responsibility for errors that may occur.



July 13, 2016

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

RE: First Quarter 2016 Private Markets Review – Private Equity

Dear Board of Administration Members:

We are pleased to present the March 31, 2016 Private Equity Performance Report for the Ventura County Employees' Retirement Association ("VCERA" or the "Plan"). The report provides a variety of performance analyses for the overall portfolio in addition to trailing period performance and performance by investment stage, vintage year, and investment strategy.

VCERA's private equity portfolio experienced a positive quarter, earning a nominal IRR of 0.16% and a one year return of 11.12%. The annualized IRR of the private equity portfolio since inception (May 2010) was 14.52% at quarter end. Since inception, the Total Value to Paid In multiple (current valuation plus cumulative distributions, divided by total capital calls) was 1.29.

The following table presents the status of the VCERA private equity portfolio as of March 31, 2016:

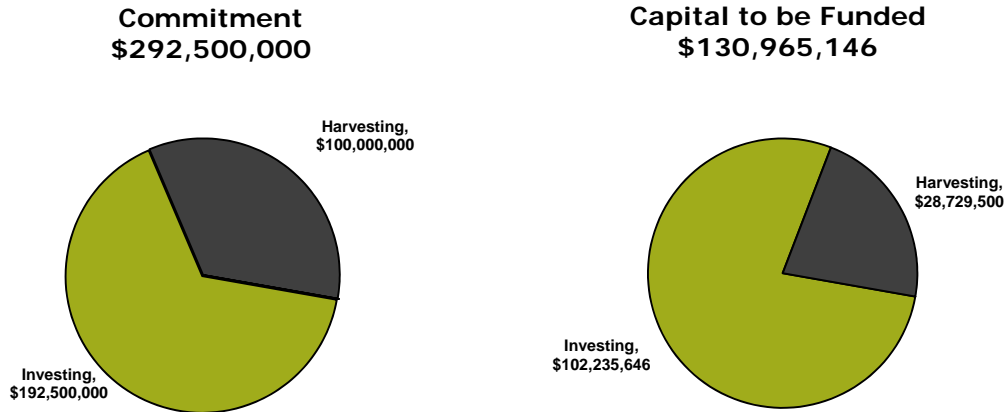
Total Commitments	Terminated Commitments	Paid In Capital	Cumulative Distributions	Reported Value	Call Ratio	Distribution Ratio
\$292,500,000	\$0	\$161,534,854	\$53,241,785	\$155,421,555	55%	0.33

Unfunded Commitment	Market Exposure (Reported Value + Unfunded Commitment)	Total Fund Market Value as of 3/31/2016	Private Equity Target	Reported Value as a % of Total Fund	Market Exposure as a % of Total Fund
\$130,965,146	\$286,386,701	\$4,290,811,595	10%	3.6%	6.7%

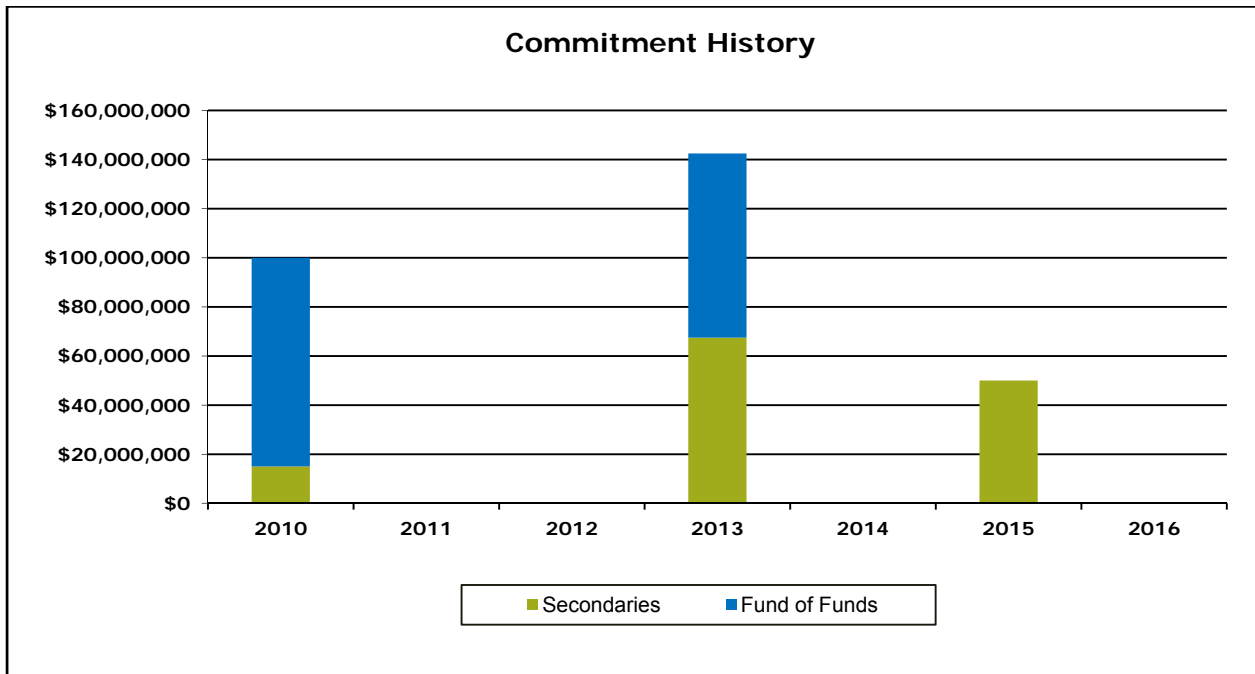
Total Value (Reported Value + Cumulative Distributions)	Total Value To Paid In Ratio	Internal Rate of Return (IRR), Since Inception (May 2010)
\$208,663,340	1.29	14.5%



At quarter end, VCERA had commitments totaling \$292.5 million to 8 private equity funds. Of the 8 funds in the portfolio, 3 are in the investing stage and 5 are in the harvesting stage. The following charts illustrate the program's current life cycle.

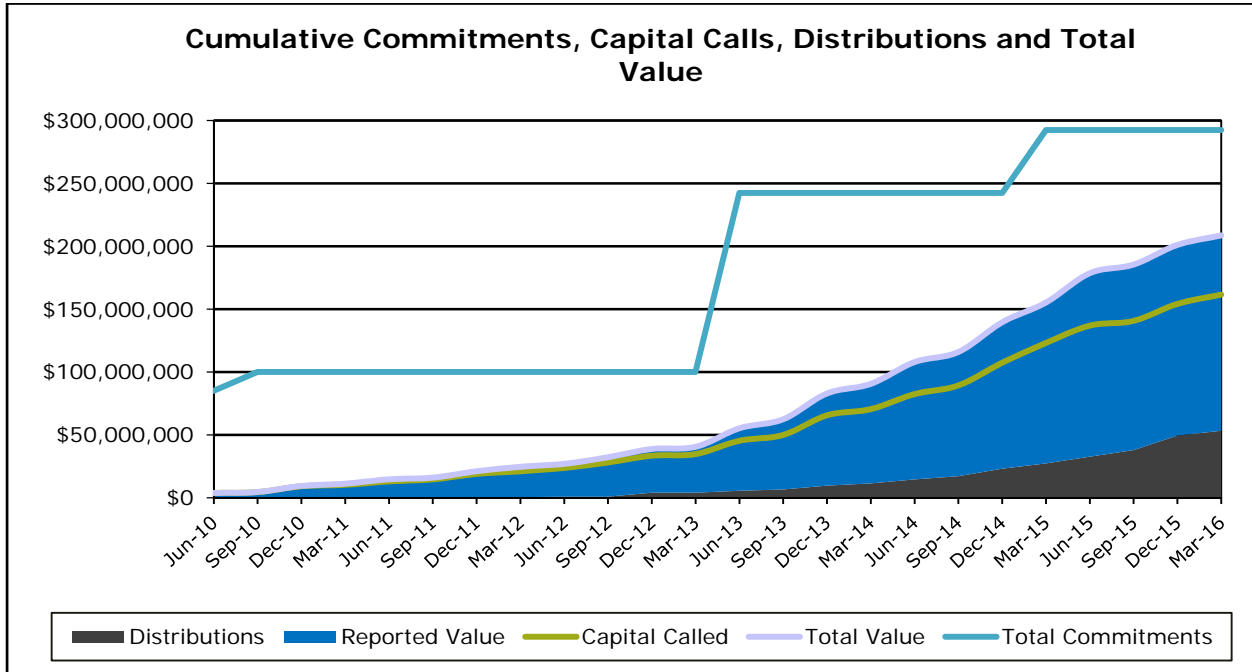


The following chart illustrates the commitment history of the private equity program since inception.

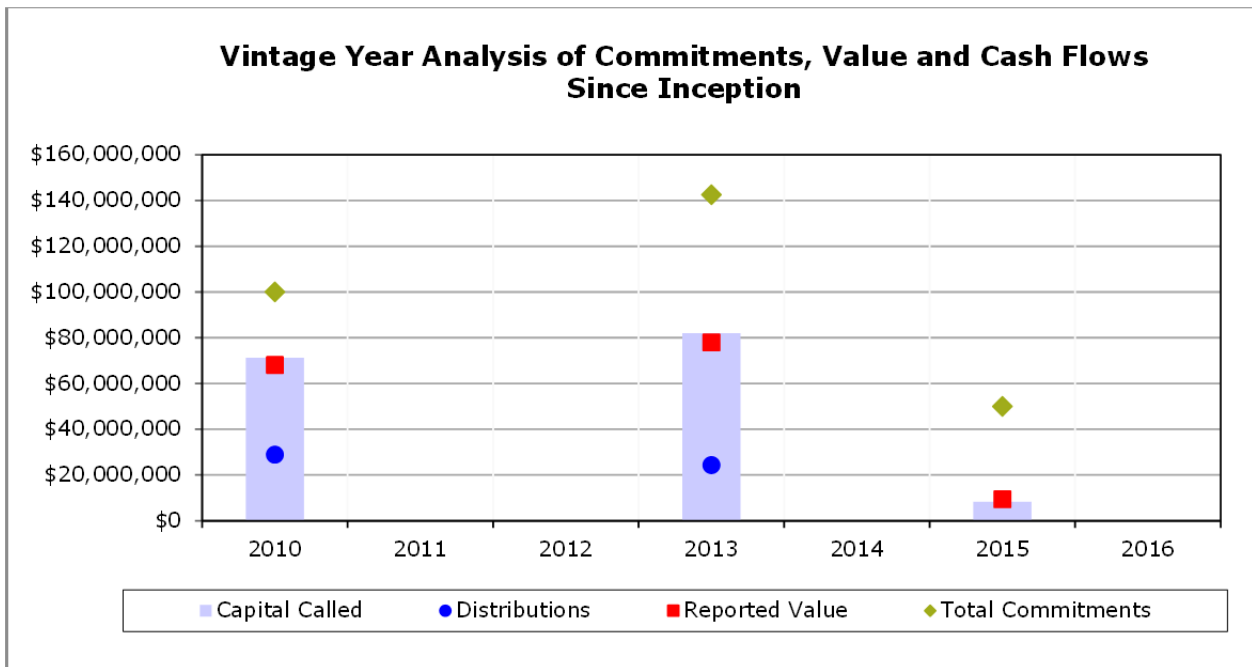




The following chart illustrates the cumulative commitment history, cumulative capital calls, cumulative distributions and reported value of the private equity program since inception.



The following chart provides an analysis of vintage year performance, comparing capital calls to distributions and reported value since inception.

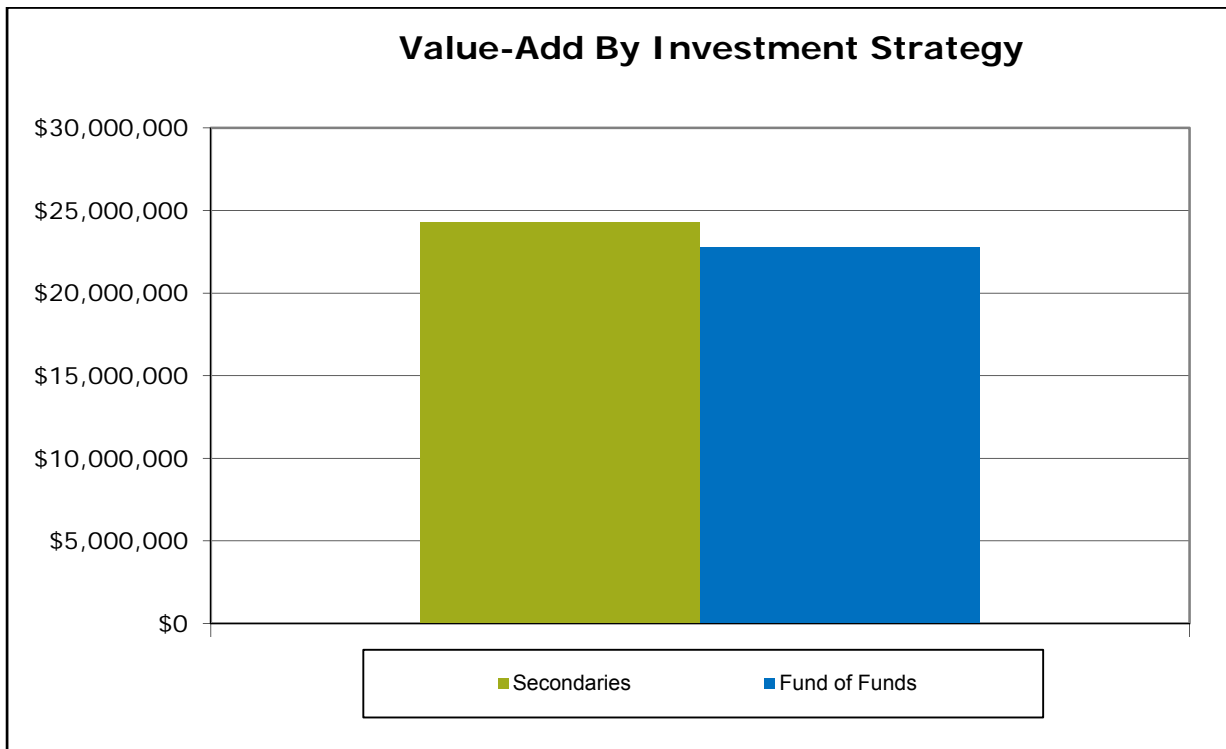




During the first quarter of 2016, the private equity portfolio funded 2 investments and received distributions from 3 funds. The summary of the cash flows is shown below.

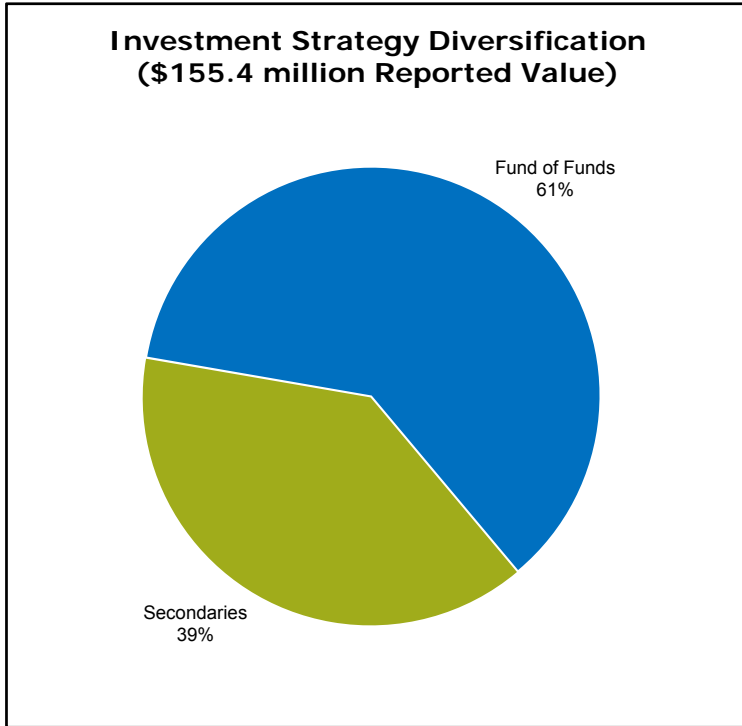
Amount Funded for the Quarter	Number of Funds Calling Capital	Distributions for the Quarter	Number of Funds Making Distributions	Net Cash/Stock Flows for the Quarter
\$7,353,522	2	\$3,788,744	3	\$3,564,778

Since inception, the private equity program has added \$47.1 million in value. The value-add by investment strategy follows: Secondaries, \$24.3 million; and Fund of Funds, \$22.8 million.





At quarter end, the private equity portfolio was diversified by investment strategy as shown below.



We value the relationship that we have with the Ventura County Employees' Retirement Association and look forward to continued success in the future.

Best regards,

Dan LeBeau
Consultant

Allan Martin
Partner

Anthony Ferrara, CAIA
Senior Analyst

Ventura County ERA
Executive IRR Summary

3/31/2016

Investment Name	Vintage Year	Commitment Amount	QTD	YTD	1 Year	3 Year	5 Year	Inception
Adams St 2010 Direct Fund	2010	8,500,000	-6.41	-6.41	7.72	16.41	14.29	12.92
Adams St 2010 Non-US Dev Mkts Fund	2010	25,500,000	3.13	3.13	15.67	8.35	8.26	7.57
Adams St 2010 Non-US Emg Mkts Fund	2010	8,500,000	-0.35	-0.35	11.26	14.80	10.62	10.29
Adams St 2010 US Fund	2010	42,500,000	-0.72	-0.72	6.03	14.39	13.27	14.15
Adams St 2013 Global Fund	2013	75,000,000	-1.06	-1.06	6.46			3.27
HarbourVest – Dover Street VIII	2013	67,500,000	1.64	1.64	17.28			31.00
Pantheon Global Secondary Fund IV	2010	15,000,000	-1.39	-1.39	2.35	10.15	13.70	14.68
Pantheon Global Secondary Fund V	2015	50,000,000	2.89	2.89	19.46			14.60
Ventura County ERA		292,500,000	0.16	0.16	11.12	15.31	14.47	14.52

**Ventura County ERA
Performance Analysis**

3/31/2016

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 Adams St 2010 Direct Fund	2010	8,500,000	7,837,000	663,000	6,697	3,933,030	7,831,003	11,764,033	3,920,336	92%	0.50	1.50	12.92%
2 Adams St 2010 Non-US Dev Mkts Fund	2010	25,500,000	17,697,000	7,803,000	1,589	5,557,179	15,476,503	21,033,682	3,335,093	69%	0.31	1.19	7.57%
3 Adams St 2010 Non-US Emg Mkts Fund	2010	8,500,000	6,111,500	2,388,500	0	314,436	7,403,650	7,718,086	1,606,586	72%	0.05	1.26	10.29%
4 Adams St 2010 US Fund	2010	42,500,000	29,665,000	12,835,000	15,213	10,764,481	31,385,819	42,150,300	12,470,087	70%	0.36	1.42	14.15%
5 Adams St 2013 Global Fund	2013	75,000,000	34,200,000	40,800,000	10,728	2,698,535	32,964,880	35,663,415	1,452,687	46%	0.08	1.04	3.27%
6 HarbourVest – Dover Street VIII	2013	67,500,000	47,756,250	19,743,750	84,954	21,664,123	44,963,437	66,627,560	18,786,356	71%	0.45	1.39	31.00%
7 Pantheon Global Secondary Fund IV	2010	15,000,000	9,960,000	5,040,000	0	8,310,001	6,006,502	14,316,503	4,356,503	66%	0.83	1.44	14.68%
8 Pantheon Global Secondary Fund V	2015	50,000,000	8,308,104	41,691,896	-103,592	0	9,389,761	9,389,761	1,185,249	17%	0.00	1.14	14.60%
Total: Ventura County ERA		292,500,000	161,534,854	130,965,146	15,589	53,241,785	155,421,555	208,663,340	47,112,897	55%	0.33	1.29	14.52%

Note: Paid in Capital includes recycled/recallable distributions to date.

Additional Fees represents notional interest paid/(received).

Additional Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

Ventura County ERA
Lifecycle Performance Analysis

3/31/2016

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2 Investing													
1 Adams St 2013 Global Fund	2013	75,000,000	34,200,000	40,800,000	10,728	2,698,535	32,964,880	35,663,415	1,452,687	46%	0.08	1.04	3.27%
2 HarbourVest – Dover Street VIII	2013	67,500,000	47,756,250	19,743,750	84,954	21,664,123	44,963,437	66,627,560	18,786,356	71%	0.45	1.39	31.00%
3 Pantheon Global Secondary Fund V	2015	50,000,000	8,308,104	41,691,896	-103,592	0	9,389,761	9,389,761	1,185,249	17%	0.00	1.14	14.60%
Subtotal: 2 Investing		192,500,000	90,264,354	102,235,646	-7,910	24,362,658	87,318,078	111,680,736	21,424,292	47%	0.27	1.24	19.11%
3 Harvesting													
1 Adams St 2010 Direct Fund	2010	8,500,000	7,837,000	663,000	6,697	3,933,030	7,831,003	11,764,033	3,920,336	92%	0.50	1.50	12.92%
2 Adams St 2010 Non-US Dev Mkts Fund	2010	25,500,000	17,697,000	7,803,000	1,589	5,557,179	15,476,503	21,033,682	3,335,093	69%	0.31	1.19	7.57%
3 Adams St 2010 Non-US Emg Mkts Fund	2010	8,500,000	6,111,500	2,388,500	0	314,436	7,403,650	7,718,086	1,606,586	72%	0.05	1.26	10.29%
4 Adams St 2010 US Fund	2010	42,500,000	29,665,000	12,835,000	15,213	10,764,481	31,385,819	42,150,300	12,470,087	70%	0.36	1.42	14.15%
5 Pantheon Global Secondary Fund IV	2010	15,000,000	9,960,000	5,040,000	0	8,310,001	6,006,502	14,316,503	4,356,503	66%	0.83	1.44	14.68%
Subtotal: 3 Harvesting		100,000,000	71,270,500	28,729,500	23,499	28,879,127	68,103,477	96,982,604	25,688,605	71%	0.41	1.36	12.40%
Total: Ventura County ERA		292,500,000	161,534,854	130,965,146	15,589	53,241,785	155,421,555	208,663,340	47,112,897	55%	0.33	1.29	14.52%

Note: Paid in Capital includes recycled/recallable distributions to date.

Additional Fees represents notional interest paid/(received).

Additional Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

Ventura County ERA
Vintage Year Performance Analysis

3/31/2016

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2010													
1 Adams St 2010 Direct Fund	2010	8,500,000	7,837,000	663,000	6,697	3,933,030	7,831,003	11,764,033	3,920,336	92%	0.50	1.50	12.92%
2 Adams St 2010 Non-US Dev Mkts Fund	2010	25,500,000	17,697,000	7,803,000	1,589	5,557,179	15,476,503	21,033,682	3,335,093	69%	0.31	1.19	7.57%
3 Adams St 2010 Non-US Emg Mkts Fund	2010	8,500,000	6,111,500	2,388,500	0	314,436	7,403,650	7,718,086	1,606,586	72%	0.05	1.26	10.29%
4 Adams St 2010 US Fund	2010	42,500,000	29,665,000	12,835,000	15,213	10,764,481	31,385,819	42,150,300	12,470,087	70%	0.36	1.42	14.15%
5 Pantheon Global Secondary Fund IV	2010	15,000,000	9,960,000	5,040,000	0	8,310,001	6,006,502	14,316,503	4,356,503	66%	0.83	1.44	14.68%
Subtotal: 2010		100,000,000	71,270,500	28,729,500	23,499	28,879,127	68,103,477	96,982,604	25,688,605	71%	0.41	1.36	12.40%
2013													
1 Adams St 2013 Global Fund	2013	75,000,000	34,200,000	40,800,000	10,728	2,698,535	32,964,880	35,663,415	1,452,687	46%	0.08	1.04	3.27%
2 HarbourVest – Dover Street VIII	2013	67,500,000	47,756,250	19,743,750	84,954	21,664,123	44,963,437	66,627,560	18,786,356	71%	0.45	1.39	31.00%
Subtotal: 2013		142,500,000	81,956,250	60,543,750	95,682	24,362,658	77,928,317	102,290,975	20,239,043	58%	0.30	1.25	19.42%
2015													
1 Pantheon Global Secondary Fund V	2015	50,000,000	8,308,104	41,691,896	-103,592	0	9,389,761	9,389,761	1,185,249	17%	0.00	1.14	14.60%
Subtotal: 2015		50,000,000	8,308,104	41,691,896	-103,592	0	9,389,761	9,389,761	1,185,249	17%	0.00	1.14	14.60%
Total: Ventura County ERA		292,500,000	161,534,854	130,965,146	15,589	53,241,785	155,421,555	208,663,340	47,112,897	55%	0.33	1.29	14.52%

Note: Paid in Capital includes recycled/recallable distributions to date.

Additional Fees represents notional interest paid/(received).

Additional Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

Ventura County ERA
Investment Strategy Performance Analysis

3/31/2016

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
140 Secondaries													
1 HarbourVest – Dover Street VIII	2013	67,500,000	47,756,250	19,743,750	84,954	21,664,123	44,963,437	66,627,560	18,786,356	71%	0.45	1.39	31.00%
2 Pantheon Global Secondary Fund IV	2010	15,000,000	9,960,000	5,040,000	0	8,310,001	6,006,502	14,316,503	4,356,503	66%	0.83	1.44	14.68%
3 Pantheon Global Secondary Fund V	2015	50,000,000	8,308,104	41,691,896	-103,592	0	9,389,761	9,389,761	1,185,249	17%	0.00	1.14	14.60%
Subtotal: 140 Secondaries		132,500,000	66,024,354	66,475,646	-18,638	29,974,124	60,359,700	90,333,824	24,328,108	50%	0.45	1.37	23.82%
170 Fund of Funds													
1 Adams St 2010 Direct Fund	2010	8,500,000	7,837,000	663,000	6,697	3,933,030	7,831,003	11,764,033	3,920,336	92%	0.50	1.50	12.92%
2 Adams St 2010 Non-US Dev Mkts Fund	2010	25,500,000	17,697,000	7,803,000	1,589	5,557,179	15,476,503	21,033,682	3,335,093	69%	0.31	1.19	7.57%
3 Adams St 2010 Non-US Emg Mkts Fund	2010	8,500,000	6,111,500	2,388,500	0	314,436	7,403,650	7,718,086	1,606,586	72%	0.05	1.26	10.29%
4 Adams St 2010 US Fund	2010	42,500,000	29,665,000	12,835,000	15,213	10,764,481	31,385,819	42,150,300	12,470,087	70%	0.36	1.42	14.15%
5 Adams St 2013 Global Fund	2013	75,000,000	34,200,000	40,800,000	10,728	2,698,535	32,964,880	35,663,415	1,452,687	46%	0.08	1.04	3.27%
Subtotal: 170 Fund of Funds		160,000,000	95,510,500	64,489,500	34,227	23,267,661	95,061,855	118,329,516	22,784,789	60%	0.24	1.24	10.41%
Total: Ventura County ERA		292,500,000	161,534,854	130,965,146	15,589	53,241,785	155,421,555	208,663,340	47,112,897	55%	0.33	1.29	14.52%

Note: Paid in Capital includes recycled/recallable distributions to date.
Additional Fees represents notional interest paid/(received).
Additional Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

Ventura County ERA
Transaction Summary
1/1/2016 - 3/31/2016

Date	Funding	Additional Fees	Cash	Net Cash Flow
Ventura County ERA				
Adams St 2013 Global Fund				
01/15/2016	2,812,500.00			2,812,500.00
01/15/2016			1,188,657.00	1,623,843.00
Total: Adams St 2013 Global Fund				
	2,812,500.00		1,188,657.00	1,623,843.00
HarbourVest – Dover Street VIII				
01/25/2016	3,375,000.00			3,375,000.00
02/24/2016	1,856,250.00			5,231,250.00
02/24/2016			1,856,250.00	3,375,000.00
03/31/2016			563,837.00	2,811,163.00
Total: HarbourVest – Dover Street VIII				
	5,231,250.00		2,420,087.00	2,811,163.00
Pantheon Global Secondary Fund IV				
03/22/2016			180,000.00	-180,000.00
Total: Pantheon Global Secondary Fund IV				
			180,000.00	-180,000.00
Pantheon Global Secondary Fund V				
03/16/2016		-13,832.00		-13,832.00
03/16/2016	-663,964.00			-677,796.00
03/30/2016		-12,431.69		-690,227.69
Total: Pantheon Global Secondary Fund V				
	-663,964.00	-26,263.69		-690,227.69
Total:	7,379,786.00	-26,263.69	3,788,744.00	3,564,778.31



To: Ventura County Employees' Retirement Association
From: Dan LeBeau, Allan Martin, and Tony Ferrara, CAIA
Date: July 14, 2016
Subject: GMO Follow Up

Summary

At the June 20, 2016 Board meeting, NEPC notified the Board of several organizational and investment process changes at GMO, LLC ("GMO") that directly impact the GMO Global Equity Allocation Strategy in which the Plan currently invests. As part of that notification, we committed to providing the Board with monthly updates summarizing asset flows at both the strategy and firm level. Below is a summary of asset flows since GMO's notification for the GMO Global Equity Allocation Strategy and GMO as a firm as of June 30, 2016.

Global Equity Allocation Strategy AUM as of 3/31/2016: \$6.1 billion
Net asset flows for the Global Equity Allocation Strategy from 6/2 – 6/30: (\$455.5 million)
Global Equity Allocation Strategy AUM as of 6/30/2016: \$5.4 billion

GMO firm-wide AUM as of 3/31/2016: \$98.7 billion
Net asset flows firm-wide from 6/2 – 6/30: (\$3.7 billion)
Firm-wide AUM as of 6/30/2016: \$91.0 billion

Note: data shown as of 3/31/2016 provided by eVestment. Asset flow and 6/30/2016 AUM data provided by GMO.

Note: decline in assets for the strategy and the firm includes asset flows in June, in addition to asset flows that may have occurred in April and May and market movement.

In addition to the information provided above, we also committed to monitoring and following up with GMO to ensure that the new investment process is being executed as described to us. We currently have a meeting scheduled with GMO on Wednesday, August 3, 2016 and will follow up at the September Board meeting with additional information on this topic.

Finally, there have been no additional departures from the firm reported since the original announcement on June 2, 2016.



NEPC, LLC

To: Ventura County Employees' Retirement Association
From: Dan LeBeau, Allan Martin, and Tony Ferrara, CAIA
Date: July 14, 2016
Subject: GMO Net Investment Gains Follow Up

Summary

At a prior Board meeting, the Trustees requested a 'cost/benefit' analysis for the GMO Global Equity Allocation Strategy managed on behalf of the Plan by GMO, LLC ("GMO"). The analysis is summarized below and covers the time period from inception of the strategy through May 31, 2016.

GMO Global Equity Allocation Strategy

Inception Date: April 2005

Total estimated manager fees, expenses and operating fees since inception: \$8,485,015

Total investment gains since inception: \$77,151,083

Realized: \$44.4 million

Unrealized: \$32.7 million

Net investment gains since inception: \$68,666,068

Benefit/Cost: \$9.1 in investment gains for every \$1 paid in management fees.

Source: NEPC, LLC and GMO, LLC



NEPC, LLC

To: Ventura County Employees' Retirement Association
From: Dan LeBeau, Allan Martin, and Tony Ferrara, CAIA
Date: July 14, 2016
Subject: Sprucegrove Net Investment Gains Follow Up

Summary

At a prior Board meeting, the Trustees requested a 'cost/benefit' analysis for the Sprucegrove International Equity strategy managed on behalf of the Plan by Sprucegrove Investment Management Ltd. ("Sprucegrove"). The analysis is summarized below and covers the time period from inception of the strategy through May 31, 2016.

Sprucegrove International Equities

Inception Date: March 2002

Total estimated manager fees, expenses and operating fees since inception: \$8,264,323

Total investment gains since inception: \$133,181,726

Realized: \$42.9 million

Unrealized: \$90.3 million

Net investment gains since inception: \$124,917,403

Benefit/Cost: \$16.1 in investment gains for every \$1 paid in management fees.

Source: NEPC, LLC and Sprucegrove Investment Management Ltd.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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<http://www.ventura.org/vcera>

July 18, 2016

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

SUBJECT: FAIR VALUE REPORTING REQUIREMENTS

Dear VCERA Board Members:

It is prudent for the Board to be informed early of potential issues to avoid surprises. One such potential issue is the reporting requirements of GASB Statement No. 72 "Fair Value Measurement and Application". This is the first year that public funds have had to address this. There are questions among some public pension funds as to how to approach the new fair value reporting requirements, and the chosen approach to ascertaining fair value has the potential to be complex, expensive, and require considerable staff time.

Staff compiled responses from VCERA's investment managers and custodian as to how they view Fair Value.

VCERA's investment managers referred to asset valuation in accordance with FASB Accounting Standards Codification (ASC) 820-10, Fair Value Measurements and Disclosures. ASC 820-10 establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value into three broad levels: Level I, Level II, and Level III.

Level I, or the highest priority level of securities pricing, is given to prices quoted in active markets in which transactions for the security occur with sufficient frequency and volume to provide pricing information on an ongoing basis for identical assets or liabilities.

Level II is determined by using pricing inputs that are either directly or indirectly observable on the valuation date for the security or asset which may be ascertained by using models or other valuation methodologies.

Level III is based on pricing inputs that are unobservable on the valuation date for the security or asset, resulting in a determination of fair value that requires significant judgement or estimation.

Managers of publicly traded securities are able to price most of their investments using independent pricing sources with Level I reliability. Level II fair valuations are determined from similar securities, non-actively traded securities, and observable market data. Investment managers use their own assumptions from data or pricing agents to determine Level III fair value prices. VCERA's three private equity managers are all fund of funds. Fund of funds

July 18, 2016

Page 2 of 2

managers gather valuation information from subordinate level funds, most of which would be Level III. Various factors may be relevant in determining a Level II or Level III price for a security.

State Street's Approach

VCERA's custodian, State Street Global Bank & Trust (State Street) is guided by GASB Statement No. 72, which mirrors the approach to reporting of FASB ASC 820 in establishing a hierarchy of inputs to valuation techniques used to measure fair value.

State Street will initially perform a price-level default classification for each fund and for each holding as Level 1, Level 2, or unassigned based on security type or price source.

State Street will apply a Level 1 classification to any asset that has a quoted price from an active market with significant price transparency. A Level 2 classification will be assigned to assets that have evaluated prices from fixed income vendors where the quotes are not from an active market. An unassigned classification will include all assets that don't readily fall into Level 1 or Level 2 under their classifications.

State Street will then provide VCERA with a portfolio holdings file containing a list of all fund assets with their default classifications. VCERA will then review the initial portfolio holdings and approve the classification of each asset, or instruct State Street to reclassify the asset. Finally, VCERA will provide final written confirmation and authorization of the final portfolio holdings file.

Conclusion

VCERA's investment portfolio holdings are less complex than many of our peers, and as such, the new reporting requirements should not present the same challenges to VCERA as they will to others. VCERA management will work with State Street, NEPC, investment managers, and VCERA's auditor to arrive at a final determination of investment portfolio fair value.

RECOMMEND: THAT THE BOARD RECEIVE AND FILE THIS REPORT

Sincerely

Dan Gallagher
Chief Investment Officer

Tavish Towner
2016 Summer Associate

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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July 18, 2016

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

Dear Board Members:

On July 6, 2016, VCERA Board Member Will Hoag and CIO Dan Gallagher conducted an on-site due diligence visit at the Hartford, Connecticut office of UBS Realty. Following is our due diligence report.

UBS Realty Investors, LLC

10 State House Square, 15th Floor
Hartford, CT 06103-3604

UBS Personnel

Thomas O'Shea, Head of Portfolio and Client Services; Tom Klugherz, Portfolio & Client Service; Megan Burrows, Client Relationship Manager; Tiffany Gherlone, Real Estate Research and Strategy; Kevin Crean, Senior Portfolio Manager; Jack Connelly, Acquisitions Manager; Jim Fishman, Asset Management; Bill Robertson, Dispositions Manager; Chris Taylor, Valuations Manager; Steve Kapiloff, General Counsel; Carol Kuta, Accounting Manager; Keith Merritt, Reporting Manager; Nicholas Pile, Compliance and Operational Risk.

UBS Realty Investors firm overview

We began our meeting at noon with Tom O'Shea, Tom Klugherz, and Megan Burrows. Each outlined their background, history with the firm, and current roles and responsibilities on VCERA's account, other public fund client accounts, and obligations and linkages within the UBS Realty organization. They then gave us a short overview of the broader UBS Asset Management organization, followed by a more detailed review of UBS Realty, the real estate group.

As of December 31, 2015, UBS Realty managed \$73 billion in real estate assets, with \$30 billion in the U.S. Open-ended funds account for 87% of the business, and more than 500 clients. The real estate organization has 197 employees.

UBS Realty is organized as a limited liability company, and is an indirect, wholly owned subsidiary of UBS AG. UBS operates as a group with a corporate center and five business

divisions: Wealth Management, Wealth Management Americas, the Investment Bank, Asset Management, and Personal & Corporate Banking.

The real estate group operates independently of the larger organization, and has not been impacted by the investment banking or trading issues of the parent company. The revenue contribution to the global bank has been relatively small, but the real estate management operation has successively increased its contribution to UBS' Asset Management bottom line.

UBS Realty manages four distinct U.S. direct real estate funds: a participating debt fund (TPI); a core equity fund (TPF); a value-added real estate fund (TPG); and, an agricultural fund (UBS-AFF). Strategies are implemented through open-end, closed-end, and individual discretionary and non-discretionary accounts. VCERA is invested in the \$22.3 billion open-ended TPF. The fund seeks to achieve at least a 5% real rate of return, and outperform the NPI-ODCE benchmark over a full market cycle. The fund earned 10.83% net of fees for the one-year period ending March 31, 2016.

VCERA first invested in TPF in 2003. Since that date, VCERA has invested a total of \$124 million, has received \$17.8 million in distributions, and as of today has a market value of \$237.1 million.

Over the last 6 years, all of UBS Realty funds have had significant growth. TPF has experienced the most growth, as core equity real estate became a focus for investors following the 'Great Recession' of 2007-2009. TPF and TPG have continued to grow, while the debt and agricultural funds have experienced some client turnover. UBS Realty has added 53 while losing 25 staff over the past 3 years. A recent focus within the organization has been around succession planning, with a view of deploying staff to training in "what gaps exist".

Firm History

From 1978 through 1996, Aetna Life Insurance Company, through its third party real estate investment management business, Aetna Realty, managed real estate for U.S. institutional and tax exempt clients. In June 1996, Aetna Realty was spun out to form Allegis Realty Investors LLC ("Allegis"). Allegis continued to manage the pooled and individual client real estate investments.

In 1999, UBS Asset Management acquired Allegis, which became an indirect wholly owned subsidiary of UBS AG and was renamed UBS Realty Investors LLC. The entire staff of Allegis became employees of UBS Realty. UBS Realty, utilizing the same investment processes, has continued to manage the real estate portfolios.

In 2001, the U.S. and non-U.S., non-discretionary real estate investment management services provided through UBS Asset Management (New York), Inc. was integrated into the Global Real Estate business area. The firm has managed real estate assets for large pension plans since 1978.

Research

We next met with Tiffany Gherlone, Executive Director Real Estate Research and Strategy. Tiffany began by describing the weakening in the capital markets; flattening of cap rates, and said she is most cautious on hotels. She said that current performance is driven by income production, and she believed that cap rate compression was mostly behind us. She expects real estate to appreciate at an approximate 2.5% rate for 2016. She noted that although transactions have slowed, the U.S. still looks good for real estate, and current long term interest rates are very attractive. She observed that REITS are trading at a discount; CMBS issuance is below 2015 levels; lending is happening but not booming; and although capital is coming into the U.S. markets, it is not pushing a new peak. Overall, the debt markets are operating with discipline, and the result is continued moderate new supply additions to the real estate markets.

Tiffany said that there had been approximately \$460 - \$525 billion in major real estate transactions growing at 8%, but that growth has more recently been slowing down, and expects growth to be flat by fall. She discussed trends in GDP growth; the labor market; correlation of real estate returns to employment growth; occupancy and rent growth by sector; strategy development by economic sector diversified by national industry exposure; all analyzed using UBS' unique, proprietary tool that gives a very robust view of the real estate investable universe.

Tiffany also discussed Brexit; interest rates; the impact of the Fed; the EU and China; and demographics.

Tiffany noted that secondary markets have done well in the short term, and does not see a lot of 'slam dunks'. She believed that investors would be well served to increase income focused investments.

We next met with TPF portfolio manager Kevin Crean. Kevin discussed how larger assets had outperformed, and that major markets have had the most growth and rent rates increases. Kevin described how the queue for TPF had gone away because of a lot of portfolio rebalancing, but that a number of clients are in due diligence or in the process of adding new money. He noted that there is a slowing (compared to 2010-2015) of core allocations to the open-end funds across the industry as many investors have reached their core allocation targets. The major real estate consultants Townsend, Courtland, Mercer, and Aon are still recommending TPF.

Kevin discussed some of the fund's current investments, and noted the interest in, and TPF's achievement of environmental LEED certification for 89% of its urban office assets and most new multifamily developments, and UBS has been ranked 2nd in the Global Real Estate Sustainability Benchmark (GRESB) sustainability ratings in NFI-ODCE. He said that 84% of return

July 18, 2016

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is from income. There has been a lot of interest in build-to-suit for industrial properties. In the TPF fund, 96% of the properties are leased. The portfolio is broadly diversified by property type and geographic region.

Kevin said that TPF's focus for 2016 was in apartments, industrial, core retail, selective offices in central business districts, and urban/transit oriented locations. Kevin also gave an overview of the interaction between Research, Acquisitions, Asset Management, Dispositions, Valuations, and the Investment Committee.

At 2:00pm we broke for a tour of the facilities.

Following the tour we met with Jack Connelly of Acquisitions, Bill Robertson of Dispositions, Jim Fishman of Asset Management, and Chris Taylor of Valuations. The team indicated that with an average of 30 years of experience, they felt they had an advantage in the marketplace as brokers prefer to deal with seasoned professionals. However, the team has been mentoring young people, including cross training between divisions for a broader base of knowledge. Last year, the team did 40 transactions. This year they believe that the market has cooled down, and they expect to see more conservative deal terms.

Jack described examples of how the Acquisitions team depends on the other teams for various disciplines. Acquisitions sources investments listed by brokers, auctions, privately negotiated transactions, or through existing strategic joint venture/partner relationships. He believed that UBS enjoyed a strong competitive advantage because of their mortgage fund. UBS uses a consistent process which is well known in the industry, and the certainty and predictability is also an advantage. UBS will often buy on an all-cash basis for better terms, and finance later. He noted that financing terms are tightening up, and that good deals are still available, but far fewer than in the past. He said that foreign buyers are primarily interested in deals which are easy to understand. As a result of Brexit, he expects to see more cash coming in the U.S. from foreigners to park money in U.S. major markets.

Jim Fishman described Asset Management's focus on triple net leased properties, and on complex deals. He said that retail deals are the most difficult to figure out because of the lack of predictability in retail trends, i.e., Macy's Sears, etc. He noted that office rents in Boston, San Francisco, and Atlanta are continuing to rise. Tenant improvements are going for \$0 to \$100 per square foot; restaurants from \$150 to \$200 per square foot.

He said that UBS tries to get into multifamily at cost. Multifamily construction is increasing, and demand is increasing. Demand is being driven by millennials, retirees, and high net worth individuals. He said that UBS relies solely on 3rd party property management firms, both local and national. They seek firms that do not have conflicts of interest on leasing.

Property level decisions observe a very strict delegation policy. Portfolio managers must approve any expenditure greater than \$100,000.

Bill Robertson described UBS' disposition process. They fully market all properties. The group doesn't decide what or when to sell, but only executes the sale. They use an RFP process to select brokers 85% to 90% of the time. He reviewed other typical aspects of the selling process.

Chris Taylor described the valuation review. Altus Group administers the valuation program, including appraisal review and bidding, rotation, and makes recommendations. Altus rotates appraisers every three years. UBS' internal valuation review team oversees Altus, and manages the valuation program for several separate accounts. All appraisers are 3rd party, independent. UBS accepts the values submitted by Altus and the appraisers, and does not modify or change any values.

Carol Kuta of Accounting and Keith Merritt of Reporting described their internal procedures. They spoke of the 33 professionals in the group, 40% of which are CPAs, and the strong internal controls.

Next we met with Steven Kapiloff, general counsel who discussed the functions of the legal and compliance teams, the type of reviews, analysis, and sorts of litigation performed, and various degrees of involvement with different internal groups. Nick Pile described the purpose of Compliance, the group's core activities, and gave examples of when issues are elevated to senior management, and recommended corrective action.

We found no due diligence concerns.

We concluded our visit with UBS at approximately 5:45pm.

Respectfully submitted,

Will Hoag, VCERA Retirement Board Trustee
Dan Gallagher, Chief Investment Officer

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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July 18, 2016

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

SUBJECT: BRIDGEWATER DUE-DILIGENCE SITE VISIT REPORT

Dear Board Members:

On Thursday, July 7, 2016, Board Member Will Hoag and CIO Dan Gallagher conducted a due diligence site visit at the Bridgewater campus. Following is our meeting report.

BRIDGEWATER

1 Glendinning Place
Westport, CT 06880

Bridgewater Personnel

Co-CIOs Ray Dalio and Greg Jensen; President Dave McCormick; Senior Portfolio Strategist Seth Birnbaum; Account Management and Counterparty Risk Management Officer Patrick Brilliant; Head of Execution Trading Aaron Seymour; Head of Operations, Back Office Lou Terlizzi; Chief Compliance Officer Helene Glotzer; Business Continuity Manager Ron Attanasio; Senior Relationship Manager Joel Whidden, Client Relationship Associate Lexi Toorock.

Firm Overview

We began our meeting with an introduction to by Dave McCormick, Relationship Manager Joel Whidden, and Lexi Toorock. Dave began with an overview of the management transition plan announced by founder and Co-CIO Ray Dalio in 2009. Disagreements regarding the timing and approach of the transition became widely covered in the press over the last several months in 2016. Dave noted that candid, forthright airing of differences, challenges to established thinking, clashes, and conflict at Bridgewater are not merely tolerated, but are encouraged and rewarded to promote creative thinking and continual process improvement. Such disagreements are part of Bridgewater's culture, and are not taken personal. Bridgewater has adopted an extensive, detailed set of Principles that incorporate fundamental beliefs, practices, guidelines, and rules which encourage and protect a free-flow of ideas. The public airing of transition differences led to no decline in employee morale, nor was there at any time a lack of firm direction, nor a question of the firm's leadership.

Part of the transition strategy was for Ray to move away from day-to-day operations of the firm, and to move into more of a guiding Chairman-of-the-Board role. Another part of the transition envisioned a broadening of firm ownership. To accomplish this, Ray has begun the process of reducing his family's ownership of Bridgewater to 20%. Currently equity ownership is held by Ray and by senior staff and 5 outside institutions, who have non-voting/non-controlling equity and have been long-standing partners of Bridgewater's. Phantom equity is distributed to approximately 100 employees in the firm so that

they may participate in the firm's profitability and growth. Bridgewater has also been deepening the leadership team beyond Ray Dalio, Greg Jensen, and Bob Prince (co-CIOs). This effort has included the hiring of Craig Mundie (co-Executive Chairman with Ray), Eileen Murray as co-CEO, Dave McCormick (President), Osman Nalbantoglu (Account Management and Trading), and a recently announced new hire, former head of Ipod development at Apple, Jon Rubenstein, who will have particular oversight for Technology. Greg has shifted from a dual role as Co-CEO and Co-CIO to an exclusive focus as Co-CIO.

We also discussed the recent press coverage of the Bridgewater facilities remaining in Connecticut after being granted large local tax preferences. In order to facilitate Bridgewater's decision to stay in Connecticut, the state created a \$22 million support package that provides tax credits and reimbursements in exchange for a significant commitment from Bridgewater to invest heavily in the state, including staying for 10+ years and creating additional jobs. Bridgewater noted that they have paid several hundred million dollars in state and local taxes over the last several years, and are committed to renovate and upgrade its current facilities in and around Westport to meet the firm's growing real estate needs.

Dave indicated that his biggest worry is about continuity of the culture. He is concerned that the firm will continue to instill in its employees a 'culture of excellence' over the long haul. He doesn't want 'mediocre'. He wants to avoid the small compromises that in aggregate over time result in mediocrity.

Bridgewater Products

Bridgewater was founded in 1975 by Ray Dalio around a principle of separating alpha from beta.

Bridgewater manages only three products:

1. All Weather strategy, designed to add value across market cycles balancing asset classes with opposing sensitivities to shifts in rising and falling growth and inflation environments, in a style which has become known as 'risk parity'. The strategy intends to capture the risk premium embedded across asset classes as consistently as possible. This strategy trades in liquid markets, and offers monthly liquidity with no lock ups. VCERA is invested in this product in a commingled fund structure. Bridgewater has managed the All Weather product since 1996, and currently has a market value of \$61 billion.
2. Pure Alpha, a hedge fund compiling Bridgewater's best active ideas, is intended to generate high and consistent returns uncorrelated to markets or other manager returns. Its investment process is fundamental, systematic, and diversified, taking long, short, and market neutral spread positions in liquid global markets. Bridgewater has managed its Pure Alpha product since 1991, and currently has a market value of \$68 billion
3. Optimal Portfolio strategy marries the strategies used in the All Weather strategy and the Pure Alpha products. The Optimal strategy was launched in February 2015, and currently has a market value of \$21 billion.

Employee Turnover

We next spoke of employee turnover. Dave said that because the corporate culture is so different, many otherwise talented individuals are not suited for this environment. Dave told us that employees are expected to be able to contribute ideas for the continued betterment of the organization, or they

are asked to leave. He said that normal attrition is about 30% in the first couple of years, dropping to 10% in year 3; in 4th year into single digits, and by the 5th year, there is virtually no turnover.

Client Attrition

Bridgewater acknowledged a reduction in client assets under management over the last two years, in part because of poor recent investment performance, and part from client rollover from the All Weather product to Bridgewater's recently launched Optimal portfolio.

Dave described Bridgewater's investment structure as comprised of three parts:

1. Research whose goal is to employ universal principles that drive markets, to systemize that market understanding into investment logic, systemize the logic to generate desired market exposures, then to communicate that understanding to clients.
2. Account Management constructs and manages client portfolios; translates desired market exposures into trades; measures, evaluates, manages risk; and, assesses investment processes, decisions and outcomes to ensure portfolios are consistent with Bridgewater's Principles, market views and constraints.
3. Trade execution: trades according to investment logic, principles, and procedures; measures transaction costs; and, continuously seeks to improve execution strategy and process.

Research

We next met with Seth Birnbaum, Senior Portfolio Strategist, and head of research. Seth reinforced and expounded on Bridgewater's key principles described by Dave McCormick:

1. Allocate risk not capital
2. Separate alpha from beta
3. Maximize the benefits of diversification

Seth noted that higher risk assets offered high returns, but argued that assets offered similar returns when adjusted for risk.

Seth discussed Bridgewater's rules, saying how ideas go through a feedback loop, are tested, and good ideas which are deemed to be timeless, universal, and repeatable are memorialized into the rules. These rules are derived from a number of ideas across a number of markets, and are accurate 55% to 60% of the time. They refer to this as the "winning percentage" for their alpha strategies.

Seth said the All Weather strategy was based on 2 basic assumptions:

1. When investing in things other than cash, there is an investment premium.
2. When you lend money, there is inflation risk and the risk of default.

Assets discount conditions. But when you balance risks you can get a more consistent return than from equities only.

Asset Management and Trading

We next met with Patrick Brilliant (Account Management) and Aaron Seymour (Trading). Patrick described Account Management's role as determining the best way to implement the portfolio, and Aaron on Trading's role in determining the best way to execute the trades. They consider transaction costs, liquidity, financing costs, etc. They work with futures contracts, physical securities, over the counter items, i.e., swaps, currencies, etc. They provide the portfolio analytics to understand and improve portfolio dynamics and reporting.

As is true with every other area of Bridgewater's asset management, the Trading team executes identified transactions according to a clearly defined set of rules. Following trading execution, the Trading group internally performs trading analytics to determine the techniques and strategies that led to successes to be repeated, and the failures to be avoided.

Counterparty risk is assessed from a rules based platform. Humans are involved only as a fail-safe, and to seek continuous process improvement.

Back and Middle Office and Fund Administration

Lou Terlizzi and Hillary Tanner described the middle and back office processes developed over the last several years. They use Bank of New York (BONY) for the primary custodian, and have engaged Northern Trust (Northern) as a "shadow" custodian to replicate transaction reporting. This serves as redundancy which insures against both idiosyncratic and systematic risk. In addition, the duality of services, with reporting differences reconciled, provides a much greater comfort of reliability and accuracy than reliance on just a single record keeper. Bridgewater's role is to monitor the process.

In 2011 Bridgewater laid off most of the back office employees, some of whom were picked up by BONY. BONY then assumed back and middle office functions overseen by Bridgewater. This move outsourced a non-core competency, allowing the use of third party processes and technology. BONY's services include trade processing, collateral management, portfolio valuation, and reconciliation.

In 2012, Bridgewater selected Northern as a "shadow" provider, and began operating in parallel to BONY, providing an added level of protection and security for their clients. Bridgewater's multi-year middle and back office transformation is largely complete.

In 2014, fund administration services converted to the tri-party model (with BONY as primary, Northern as shadow, and Bridgewater as quality control). Most recently, in June of 2016, BONY converted from the legacy Bridgewater platform to BONY's strategic platform and Northern went live as shadow such that the tri-party model is now live across most of the middle and back office activities (e.g. trade confirmation, instruction and settlement, collateral management, reconciliation, etc).

Compliance

We next met with Helene Glotzer, head of Bridgewater's compliance group, and her assistant Matthew Cullinen. Helene discussed a Securities and Exchange Commission (SEC) proposed rule for asset managers for wind-down plans in an emergency. To date, there has been no determination to assign Systemically Important Financial Institution (SIFI) designations to asset management firms. In addition to SIFI discussions, there are discussions underway to develop stress testing rules analogous to those that banks are subject to.

Bridgewater's Compliance unit is broken down into 4 pillars:

1. Regulatory interactions
2. Client service and marketing
3. Ethics
4. Investment engine

Compliance also has attorneys with foreign tax expertise.

July 18, 2016

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Business Continuity Risk

We met with Ron Attanasio who described a number of efforts Bridgewater uses to ensure business continuity. He uses a bifurcated approach. First, resiliency to ensure adequacy of back up plans. The second effort is for recoverability, in going to a back-up, "it doesn't work".

He focuses on high probability events, assigning probabilities along a bell shaped curve. His plans are based on sources of risk including loss of people and facilities. He cited examples such as a detrimental reliance on power which fails. He described how power to their big computers is from above ground power lines, which could be impacted by a car crash which could knock down a critical telephone pole.

He also discussed Bridgewater's dedicated lease of space and equipment which is regularly tested, updated, and replaced.

We found no due diligence concerns.

Respectfully submitted,

Will Hoag, Trustee
Dan Gallagher, CIO

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

July 18, 2016

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

SUBJECT: UPDATE ON IMPLEMENTATION OF AB 1291

Dear Board Members:

Background

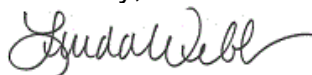
Effective January 1, 2016, AB 1291 established VCERA as an independent, public employer district. On January 25, 2016, as the district's governing body, the VCERA Board of Retirement adopted the *Resolution Re: District Status and Application of Government Code Section 31522.10 in Ventura County* to make subdivision (f) of CERL section 31522.10 (which was added by AB 1291) applicable in Ventura County. This Resolution authorized the Board to appoint five (5) designated management personnel as district employees.

The Board also authorized the Chair and outside Counsel, Nossaman, LLC, to negotiate with the County of Ventura on agreements to provide necessary services in advance of those anticipated appointments, and to prepare a Management Employees Resolution for Board review and ultimate approval. Board Counsel has also prepared a resolution that will allow the retirement member contributions of the five (5) designated personnel to be remitted on a pre-tax basis under Section 414(h)(2) of the Internal Revenue Code.

These four (4) documents are presented today for consideration and possible approval or adoption.

The Chair and Ashley Dunning of Nossaman, LLC will be present to answer Board questions related to this item.

Sincerely,



Linda Webb
Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (VCERA)

Management Employees Resolution



DRAFT

JULY 2016

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A RESOLUTION OF THE VENTURA COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION'S BOARD OF RETIREMENT THAT DESCRIBES PERSONNEL
POLICIES, PROCEDURES, COMPENSATION, AND BENEFITS FOR CERTAIN
MANAGEMENT UNREPRESENTED EMPLOYEES OF THE
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

The Board of Retirement (Board) of the Ventura County Employees' Retirement Association (VCERA) resolves as follows:

**ARTICLE 1
TITLE AND PURPOSE**

- Sec. 101 This Resolution describes the employment and compensation plan for certain management employees of the Ventura County Employees' Retirement Association (VCERA) whom the Board of VCERA (Board) intends to appoint under the authority of California Government Code section 31522.10, which the Board made applicable in Ventura County by Resolution adopted on January 25, 2016.
- Sec. 102 Exhibit 1, Outline of Benefits and, to the extent applicable only by specific reference, the County of Ventura (County) Personnel Rules and Regulations (PR&Rs), are hereby referenced and made a part of this Resolution.

**ARTICLE 2
DEFINITIONS AND LIMITATIONS**

- Sec. 201 This Resolution shall apply only to those employees appointed by the Board pursuant to Government Code section 31522.10, as set forth in Exhibit 1.
- The provisions of this Resolution shall be applied equally to all employees without unlawful discrimination as to age, sex, race, color, creed, national origin, or disability or any other protected classification set forth in Government Code section 12940.
- Sec. 202 The terms "employee" or "employees" as used in this resolution shall refer only to persons employed by VCERA in the classifications identified in Exhibit 1.
- Sec. 203 Gender - words used in the masculine include all employees.

Sec. 204 Employees shall be directed by, serve at the pleasure of, and may be dismissed at the pleasure/will of, the Board. Specific charges, a statement of reasons, or good cause shall not be required as a basis for dismissal of any VCERA employee appointed under and covered by the provisions of this Resolution.

ARTICLE 3 COMPENSATION PLAN

Sec. 301 **COMPENSATION SCHEDULE:** Except as otherwise provided herein, employees shall receive salary within the pay range, and the benefits, and the retirement assigned to the classification in which they are employed and in accordance with the pertinent conditions of employment enumerated in these Articles, and Exhibit 1 hereto.

Sec. 302 **REGULAR PAYDAY:** Whenever compensation is fixed for any classification, such compensation is the biweekly compensation to be paid to the person holding such classification unless otherwise stated. Such biweekly compensation shall be paid to employees on or about the Friday following the end of the biweekly payroll period.

Sec. 303 **COMPENSATION INCREASES:** Compensation increases for VCERA employees are at the discretion of the Board and the Board will consider any such increases upon completion of a satisfactory performance evaluation for each such employee as provided in Section 1101, which may, at the Board's discretion, be provided effective as of the employee's VCERA anniversary date. Increases shall not be automatic, shall not cause the base salary of any employee to exceed the top of the salary range of the classification in which he is employed unless the Board affirmatively votes to increase the top of the range, and shall require action in open session by the VCERA Board.

Sec. 304 **COMPENSATION AND CLASS/MARKET STUDIES:** The VCERA Board will endeavor, at least every three years from the original adoption of this Resolution, to analyze the salary ranges of the VCERA employee positions covered by this resolution to determine whether they remain appropriate under the circumstances, and to make adjustments to one or more of the ranges in Exhibit 1 if not, in the sole and exclusive discretion of the Board.

ARTICLE 4 HEALTH INSURANCE

Sec. 401 **HEALTH INSURANCE:** VCERA intends to make available to employees, through the County of Ventura (County), a Cafeteria Plan qualified under Section 125 of the Internal Revenue Code, known as the Flexible Benefit Program which includes medical, vision and dental coverage as well as dependent and health care spending accounts. VCERA shall contribute toward the cost of the program a contribution that is the same payment as is made by the County for Senior Management County employees in the positions to which each VCERA employee is benchmarked (as indicated on Exhibit 1).

Sec. 402 **CONTINUATION OF HEALTH PLAN:** It is VCERA's intent to fully comply with the provisions of both the Federal Family Medical Leave Act (FMLA) and the California Family Rights Act (CFRA), and the California Pregnancy Disability Leave Law (PDL). Notwithstanding the requirements of either act, should an employee exhaust sick leave and annual leave and go on leave of absence without pay, VCERA agrees to continue to make its contribution to the health insurance plans for seven biweekly pay periods provided, however, that any such biweekly period covered pursuant to this provision shall be credited towards, and not considered to be in addition to, any requirement of the FMLA, CFRA, or PDL. VCERA contributions toward flexible spending accounts or cash options in the Flexible Benefit Program will not continue during such leave of absence.

ARTICLE 5 OTHER COMPENSATION

Sec. 501 **MILEAGE REIMBURSEMENT:** Employees who are required to use their personal vehicle for VCERA business shall be reimbursed at a rate equivalent to the standard mileage rate established by proclamation of the Internal Revenue Service.

Sec. 502 **EXPENSE REIMBURSEMENT:** Upon approval of the Retirement Administrator, or Board Chair if applicable to the Retirement Administrator, all reasonable expenses for VCERA business will be reimbursed in accordance with VCERA policies and procedures applicable to the Board.

Sec. 503 **MEDICAL MAINTENANCE EXAMINATION:** VCERA will pay for medical examination for its employees as follows:

- A. Medical maintenance examination, basic physical and medically necessary laboratory tests are to be provided by the employee's personal physician. Examinations must be of a diagnostic nature in

order to be reimbursed. Examinations/laboratory tests that are covered, to the extent not covered by other insurance, include:

1. Basic Physical
2. Diagnostic Imaging
3. Cancer testing
4. Cardiovascular and pulmonary testing
5. Allergy testing
6. Laboratory testing

B. Costs of additional tests and/or treatment recommended or required as a result of symptoms identified during these examinations shall be the responsibility of the employee. These additional costs may be covered under the employee's medical plan.

C. Employees are eligible for an examination according to the schedule below:

Under 40 years	Once every 36 months
40-44 years	Once every 24 months
45 years and older	Once every 12 months

D. When an employee has the examination provided by their personal physician, incurred expenses in excess of those covered by the employees medical plan, not to exceed \$1,200, shall be eligible for reimbursement.

E. In order to be reimbursed, employees must submit a General Claim form to the County Wellness Office. The claimant should write "Medical Maintenance Exam" under "Itemized Demand in Detail" and include receipts showing the specific diagnostic exam, date of service, cost, and health care provider. If the claim is approved as meeting the diagnostic requirement, the Wellness Program shall remove any confidential information from the claim and return the redacted claim form to the employee. The employee must submit the redacted form to the Retirement Administrator, or if applicable to the Retirement Administrator then to the Board Chair, for authorization of payment.

Sec. 504 **LIFE INSURANCE:** VCERA intends to provide a group term life insurance policy through the County (if the County determines it legally possible), or otherwise if not legally possible through the County, to all employees covered by this Resolution in the amount of fifty thousand dollars (\$50,000). Additional group term life insurance may be purchased. The

above-described life insurance is only in effect as long VCERA employment continues.

Sec. 505 **PROFESSIONAL MEMBERSHIPS AND REQUIRED LICENSES:** As approved by the Board, the VCERA Retirement Administrator is entitled to VCERA-paid membership in professional organizations related to his/her position. Employees covered by this Resolution shall also be entitled to payment up to a maximum of one hundred fifty dollars (\$150) per fiscal year for membership fees to a job-related professional organization in addition to those required by the VCERA Retirement Administrator, or as to the Retirement Administrator, by the VCERA Board Chair. The VCERA General Counsel is entitled to VCERA-paid California State Bar license renewals for each year he/she remains in that position.

The Board may authorize payment in excess of the \$150 allowable reimbursement if the additional professional membership(s) or licenses are deemed by the Board to be in the best interest of VCERA.

Sec. 506 **AUTOMOBILE ALLOWANCE:** The Retirement Administrator is to be provided an automobile allowance of three hundred seventy-five dollars (\$375) per month, which remains at the discretion of the Board to adjust or terminate prospectively. Mileage reimbursement for local, in-County travel will not be reimbursed if the employee receives a car allowance. Mileage reimbursement shall be approved for out of area travel pursuant to Section 501 above.

Sec. 507 **LONG TERM DISABILITY PLAN:** VCERA intends that employees will be provided disability income protection as set forth in the County's plan for such benefits as applicable to the position to which each position is benchmarked as shown on Exhibit 1. For reference, that plan currently provides as follows:

"All regular full and part-time employees who are scheduled and working 40 hours or more per bi-weekly pay period, except elected officials, shall be provided disability income protection with the following basic provisions:

A. The long term disability plan shall have a waiting period of thirty (30) calendar days before the benefits shall be extended to an employee. The benefits shall continue to a maximum of five (5) years for illness or injury. The maximum allowable benefit shall be sixty-six and two-thirds percent (66-2/3%) of monthly base salary to an eight thousand dollars (\$8,000) monthly maximum benefit, subject to the terms and conditions of the long term disability plan."

**ARTICLE 6
ADMINISTRATIVE LEAVE**

- Sec. 601 **PURPOSE:** To provide for granting time off with pay for employees who are not eligible to be compensated for overtime.
- Sec. 602 **ELIGIBLE EMPLOYEES:** Any employee whose position is excluded by application of exemptions found under the Fair Labor Standards Act (FLSA) from accruing and being compensated for overtime is eligible for administrative leave.
- Sec. 603 **GRANTING OF ADMINISTRATIVE LEAVE:** Employees shall be granted paid administrative leave in no less than full day increments upon written approval of the Retirement Administrator, or if applicable to the Retirement Administrator then the VCERA Board.
- Sec. 604 **USE, ACCRUALS, and RECORD KEEPING:** Employees exempt from overtime shall not accrue or record hours worked beyond the regular workday or biweekly work period. Employees exempt from overtime shall be eligible to receive administrative leave for personal business in addition to vacation, sick leave, annual leave, and holidays. Administrative leave is not an accrual and has no cash value. It is not earned, but is allowed exempt employees, subject to VCERA business needs.

**ARTICLE 7
HOLIDAYS**

- Sec. 701 **PAID ASSIGNED HOLIDAYS:**
- A. New Year's Day, January 1;
 - B. Martin Luther King Day, the third Monday in January;
 - C. President's Day, the third Monday in February;
 - D. Memorial Day, the last Monday in May;
 - E. Independence Day, July 4;
 - F. Labor Day, the first Monday in September;
 - G. Veterans Day, November 11
 - H. Thanksgiving Day, the fourth Thursday in November;
 - I. Christmas Day, December 25;
 - J. And every day appointed by the President of the United States or Governor of the State for public fast, thanksgiving, or holiday, when specifically authorized by the Board.

- Sec. 702 **OBSERVANCE:** If a paid, assigned holiday falls on a Saturday, the preceding Friday shall be the holiday in lieu of the day observed. If a paid, assigned holiday falls on a Sunday, the following Monday shall be the holiday in lieu of the day observed.
- Sec. 703 **FLOATING HOLIDAY:** In addition to the holidays listed in Section 701, effective January 1st of each year each employee covered under the terms of this Resolution shall be granted floating holiday leave hours equivalent to the employee's standard daily work schedule. Hours granted under this section shall in no case exceed twelve (12) hours. Such leave with pay may be taken, subject to the Retirement Administrator's approval, or if applicable to the Retirement Administrator then the Board Chair, no later than March 1 of the year following the year in which it was granted. Leave granted pursuant to this provision shall have no cash value beyond that provided herein and shall be lost without benefit of compensation if not taken by March 1 as described above.
- Sec. 704 **HOLIDAY PAY:** If a holiday falls within a biweekly pay period in which an employee is compensated, then such employee shall be given leave with pay for each holiday occurring within that biweekly pay period. Such pay shall be equivalent to that paid for the hours in the employees standard daily work schedule
- Sec. 705 **WORK ON HOLIDAYS:** When exempt employees are mandated to work on a holiday, they shall receive their regular salary and have the number of hours regularly scheduled to work on that day added to their Holiday bank. Each holiday banked shall be used within twelve (12) months of banking such hours and shall have no cash value.

ARTICLE 8 PAID LEAVE

- Sec. 801 **PURPOSE:** To provide a leave policy, which prescribes the manner in which leave is accrued and utilized.
- Sec. 802 **EXECUTIVE ANNUAL LEAVE ACCRUAL:** Annual leave is earned according to each biweekly pay period of service commencing with the employee's initial anniversary date during his/her latest period of employment by VCERA or, as to individuals who were County employees immediately prior to their appointment as a VCERA employment, then their initial anniversary date with the County (as may have been, or will be as to future hires, adjusted through the provision of prior public service for the purpose of setting an employee's annual leave accrual rate), according to the following schedule provided below. Absence or time not

worked and part-time employment shall cause said pay period's accrual of annual leave credits to be reduced on a pro rata basis.

<u>YEARS OF COMPLETED SERVICE</u>	<u>ANNUAL LEAVE ACCRUAL</u>
Less than 5	9.54 hrs = 248.04 hrs/year
5 - 10	11.08 hrs = 288.08 hrs/year
10 - 15	12.62 hrs = 328.12 hrs/year
15 years or more	14.16 hrs = 368.16 hrs/year

Sec. 803 **ANNUAL USAGE:** During the first twenty-six (26) pay periods of employment, employees shall use no less than forty (40) hours of annual leave; and thereafter employees shall use no less than eighty (80) hours of annual leave in each succeeding twenty-six (26) pay periods of employment. While on annual leave or sick leave an employee shall be compensated and receive benefits at the same rate as if he/she were on the job.

Sec. 804 **MAXIMUM ACCRUAL:** The maximum number of hours that an employee can accumulate shall be 880 hours.

Sec. 805 **ANNUAL LEAVE REDEMPTION:** Employees hired by the County as management employees before May 23, 2004 who were subsequently appointed as VCERA employees:

- A. Upon using a minimum of eighty (80) hours of annual leave during the past twelve (12) months, an employee may request to receive pay in lieu of up to one hundred sixty (160) hours, two hundred (200) hours for those with five (5) or more years County/VCERA service, per calendar year of annual leave accrual as total compensation as prescribed in Section 811 of this Resolution. A request for redemption shall not be made more than twice per calendar year and the total amount redeemed in a calendar year shall not in total exceed the aforementioned maximums respectively.
- B. Redemption requests that are processed outside the normal payroll cycle will be calculated at the pay rate in effect during the prior pay period. The check issue date shall determine the applicable period to credit such redemption for the purpose of determining compliance with this section.

Sec. 806 **ANNUAL LEAVE REDEMPTION:** Employees first hired by the County as management employees on or after May 23, 2004 but before April 6, 2011 who were appointed as VCERA employees immediately thereafter:

- A. Upon using a minimum of eighty (80) hours of annual leave during the past twelve (12) months, an employee may request to receive pay in lieu of up to one hundred sixty (160) hours per calendar year of annual leave accrual as total compensation as prescribed in Section 811 of this resolution. A request for redemption shall not be made more than twice per calendar year and the total amount redeemed in a calendar year shall not in total exceed the aforementioned maximum.

Sec. 807 **ANNUAL LEAVE REDEMPTION:** Employees hired by VCERA under this Resolution who do not qualify for annual leave redemption under Sections 805 and 806:

- A. Upon using eighty (80) hours of annual leave in the prior twelve (12) months, an employee may request to receive pay in lieu of up to one hundred (100) hours of annual leave accrual at the current base rate of pay. A request for redemption shall not be made more than twice per twelve (12) month period immediately preceding the request. The total of annual leave accrual amount redeemed in a twelve (12) month period shall not in total exceed the aforementioned maximum.
- B. Redemption requests that are processed outside the normal payroll cycle will be calculated at the pay rate in effect during the prior pay period. The check issue date shall determine the applicable period to credit such redemption for the purpose of determining compliance with this section.
- C. The VCERA Board reserves the right to modify or eliminate this annual leave redemption benefit at any time.

Sec. 808 **ADVANCED ANNUAL LEAVE CREDIT:** Upon each of their initial appointment by VCERA if not retaining Excess Accruals under Section 813 below, VCERA employees shall receive advanced annual leave credit as follows: seven (7) biweekly pay periods of annual leave accrual as of the date of hire. Said annual leave advancement shall be balanced upon completion of seven (7) biweekly pay periods of service or upon earlier separation.

Sec. 809 **ANNUAL LEAVE USAGE:** Annual leave shall be utilized to restore pay otherwise lost due to absence from work for personal reasons or illness.

- A. Employees shall obtain advance approval from the VCERA Retirement Administrator for all periods of annual leave of five (5) days or more. The VCERA Retirement Administrator shall reasonably approve annual leave requests in such a manner as to achieve the most efficient functioning of the VCERA. An annual leave of greater than five (5) days for the Retirement Administrator must be approved in advance by the Board Chair, and of greater than ten (10) days for the Retirement Administrator must be approved in advance by the Board Chair and Vice-Chair.
- B. When unscheduled usage of annual leave occurs, verification of reason for absence may be required from the employee and/or his or her healthcare provider. Any person absent from work shall notify the VCERA Retirement Administrator on the first (1st) day of such leave and as often thereafter as directed by the VCERA Retirement Administrator.
- C. Any employee absent for a period of five (5) consecutive workdays due to illness or accident may, at the discretion of the VCERA Retirement Administrator, be required to provide certification for the need of medical leave and may be required to provide a medical release to return to work with or without work-related medical restrictions. The VCERA Retirement Administrator may require that the returning employee take a physical examination before returning to active duty. Such physical examination shall be performed by a physician designated by VCERA and shall be at VCERA's expense. In the event that the VCERA Retirement Administrator requires such leave, his or her certification of medical needs, medical release to return to work, and/or physical examination issues shall be handled by the Board or its designee.

Sec. 810 **PAYOFF UPON RETIREMENT OR TERMINATIONS:** Any employee who terminates or is terminated shall be paid at the same rate as the last day worked or last day of approved leave with pay according to the provisions of Section 811.

Sec. 811 **RATE OF PAY FOR ANNUAL LEAVE REDEMPTION:** Annual leave redemption shall be calculated at the rate of compensation an employee would have received if they had been on the job when they earned the leave. In addition to base salary, as to employees provided Annual Leave Redemption under Sections 805 or 806 only (first hired before April 6, 2011), this also includes the following pay items that may previously have been, and/or is currently, provided to the VCERA employees:

- Health Insurance
- Annual Leave Accrual Rate

- Deferred Compensation

Sec. 812 **ANNUAL LEAVE ACCRUAL WHILE ON TEMPORARY DISABILITY:** An employee entitled to Total Temporary Disability (TTD) indemnity under Division 4 or Division 4.5 of the Labor Code shall accrue annual leave during the period he/she receives temporary disability indemnity.

Sec. 813 **RETENTION OF EXCESS ACCRUALS:** If employees covered by this Resolution retain annual leave that they accrued as County employees, and they are not deemed to have terminated employment from the County under Labor Code section 227.3 as a result of becoming VCERA employees, then all leave balances accrued by them shall be transferred from the County to VCERA, including full payment to VCERA on those balances to the extent not already a financial obligation of VCERA.

ARTICLE 9 INDUSTRIAL LEAVE

Sec. 901 **PURPOSE:** To provide for a means of compensating employees while on industrial leave.

Sec. 902 **APPLICATION FOR INDUSTRIAL LEAVE:** Any employee absent from work due to illness or injury arising out of and in the course of employment may receive full compensation up to the first twenty-four (24) working hours of such absence provided that formal application for such leave with pay is made through the VCERA Retirement Administrator or his or her designee, or through the Board Chair if applicable to the Retirement Administrator, and approved by the Worker's Compensation Claims Administrator if the County administers the Worker's Compensation Plan, or by any other entity or individual that administers the Worker's Compensation program, as designated by the Board.

Sec. 903 **BASIS FOR GRANTING INDUSTRIAL LEAVE:** Paid industrial leave shall be approved if:

- A. The accident or illness was not due to the employee's negligence; and,
- B. The absence from work is substantiated by a licensed physician's statement certifying that the nature of the illness or injury is sufficiently severe to require the employee to be absent from his/her duties during a rehabilitation period.

If the above conditions are met, such individual shall be paid for twenty-four (24) working hours following such accident or illness. Payment under this provision shall not be cumulative with any benefit which said employee may receive under the Labor Code of the State of California awarded as the result of the same injury.

- Sec. 904 **FULL PAYMENT FOR FIRST WEEK OF DISABILITY-HOSPITALIZATION:** If hospitalization of the employee is required from the first (1st) day of the accident or illness, paid industrial leave may be approved in the amount required to supplement the temporary disability compensation so that the employee receives an amount equal to his/her full, regular salary for the first (1st) week of disability if the conditions in Section 903 are met.
- Sec. 905 **SUPPLEMENT PAID INDUSTRIAL LEAVE:** If the employee becomes eligible for payment under the Labor Code of the State of California, either through hospitalization or length of disability, for benefits as described above, paid industrial leave may be approved in the amount required to supplement the temporary disability compensation so that the employee receives an amount equal to his/her full, regular salary for the first twenty-four (24) working hours of disability if the conditions in Section 903 are met. In no event shall benefits under this Section be combined with benefits under the Labor Code of the State of California so as to provide payments in excess of an employee's base salary.
- Sec. 906 **USE OF OTHER LEAVE:** If the request for paid industrial leave is denied, the employee may elect to use accumulated annual leave to receive full compensation for the initial twenty-four (24) working hours following the accident or illness.
- Sec. 907 **FULL SALARY:** Upon receipt of temporary disability indemnity under Division 4 or Division 4.5 of the Labor Code, the employee may elect to take as much of his/her accumulated sick leave/annual leave or accumulated vacation so as when added to his/her temporary disability indemnity, it will result in payment to him of his/her full salary.
- Sec. 908 **EMPLOYMENT STATUS WHILE RECEIVING TEMPORARY DISABILITY INDEMNITY:** An employee who has exhausted his/her industrial leave with pay as provided in Section 903 of this Resolution and who is entitled to receive temporary disability under Division 4 or Division 4.5 of the Labor Code shall be deemed to be on temporary disability leave of absence without pay. This temporary disability leave of absence shall terminate when such employee returns to work or when such employee is no longer entitled to receive temporary disability indemnity under Division 4 or Division 4.5 of the Labor Code.

Sec. 909 **ANNUAL LEAVE ACCRUAL WHILE ON TEMPORARY DISABILITY:** An employee who is on temporary disability leave of absence as provided in Section 908 shall be entitled to accrue the same annual leave credits he/she would have normally accrued had he/she not been placed on temporary disability leave of absence without pay.

Sec. 910 **HOLIDAY ACCRUAL WHILE DISABLED:** An employee who is on temporary disability leave of absence without pay as provided in Section 908 shall be entitled to accrue the same holiday credits he/she would have normally accrued had he/she not been placed on temporary disability leave of absence without pay. This contribution will cease at the time that an employee is moved into vocational rehabilitation.

Sec. 911 **HEALTH PLAN CONTRIBUTION:** For employees on temporary disability leave of absence without pay as provided in Section 908, VCERA shall continue to make its contribution for the medical plan premium as long as said employee remains on temporary disability leave of absence without pay.

Sec. 912 **BENEFITS WHILE ON TEMPORARY DISABILITY LEAVE OF ABSENCE WITHOUT PAY:** Except as expressly provided in this Article or in the Labor Code of the State of California, employees on temporary disability leave of absence without pay shall not accrue or be eligible for any compensation or benefits while on such leave of absence without pay.

Sec. 913 **RELATIONSHIP TO LABOR CODE:** Payment of salary during injury as set forth in this Section shall be subject to the provisions of the Labor Code.

ARTICLE 10 LEAVES OF ABSENCE

Sec. 1001 **LEAVES OF ABSENCE - GENERAL POLICY:** Leaves of absence from regular duties without pay for such purposes as recovery from illness or injury or to restore health, or maternity may be granted by the VCERA Retirement Administrator, or if applicable to the Retirement Administrator or General Counsel then the VCERA Board, not to exceed one (1) year, when such leave is in the best interests of VCERA. Additional leave for the same purposes may be granted by the VCERA Retirement Administrator upon approval by the VCERA Board. This Section shall not limit military leave of absence rights as provided in the California Military and Veterans Code or as provided in other state and federal statutes.

Sec. 1002 **NO LOSS OF RIGHTS OR BREAKS IN SERVICE:** Employees on authorized leaves of absence shall not lose any rights accrued at the time

the leave is granted and such authorized leave of absence shall not be deemed a break in VCERA service.

Sec. 1003 **EARLY RETURN FROM LEAVES OF ABSENCE:** An employee absent on authorized leave may return to work prior to expiration of the period of authorized leave upon receiving permission thereto from the VCERA Retirement Administrator, or if applicable to the Retirement Administrator or General Counsel, then the VCERA Board.

Sec. 1004 **BEREAVEMENT LEAVE:**

A. Any employee may be allowed to be absent from duty for up to three (3) working days without loss of pay because of the death of a member of his/her immediate family. When travel to distant locations or other circumstances requires absence in excess of three (3) consecutive working days, the VCERA Retirement Administrator, or if applicable to the Retirement Administrator then the VCERA Board Chair, may allow the use of accrued annual leave to supplement the three (3) working days provided in this Section. For the purpose of this Section, "immediate family" shall mean the current husband, current wife, parent, brother, sister, child, grandchild, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, step-child, step-parent, or registered domestic partner of an employee.

Sec. 1005 **PREGNANCY DISABILITY LEAVE (PDL):** An employee may work the entire time of her pregnancy provided she is able to meet the demands of her position. This determination may be made by the employee and the employee's physician. The determination as to when an employee is to begin pregnancy disability leave shall be made on the basis of the following:

- A. The employee's physician, in consultation with the employee, certifies that she should discontinue working because of pregnancy;
- or,
- B. The employee is unable to satisfactorily perform her job duties with reasonable accommodations.

Sec. 1006 **LENGTH OF PREGNANCY DISABILITY LEAVE (PDL):** A pregnancy disability leave of absence without pay may be granted by the VCERA Retirement Administrator, or if applicable to the Retirement Administrator then the VCERA Board, up to a maximum of one (1) year.

Sec. 1007 **PARENTHOOD LEAVE:** Upon approval by the VCERA Retirement Administrator, or if applicable to the Retirement Administrator then the VCERA Board, an employee may be granted a parenthood leave without

pay of up to six (6) months in connection with the legal adoption of a child provided the employee meets the following conditions:

- A. The requested leave is within six (6) months after the expected date of placement of the adopted child.
- B. Sufficient documentation of adoption is submitted with the request for leave.
- C. All accrued annual leave time has been applied toward the absence.

ARTICLE 11 PERFORMANCE REVIEWS

Sec. 1101 **ADMINISTRATION OF EVALUATION PROGRAM:** Performance appraisal reports should be prepared and discussed with each employee by VCERA's Retirement Administrator, and in the case of the Retirement Administrator, General Counsel and Chief Investment Officer, by a subcommittee of the Board. Performance reviews should be done every twenty-six (26) pay periods. One (1) copy of each fully completed and signed report shall be given to the employee. Performance appraisal reports will be forwarded to the Board. Past performance appraisal reports must be reviewed when merit increases, other than general salary increases contemplated in Section 303, are being considered.

Sec. 1102 **NATURE OF PERFORMANCE EVALUATIONS:** Performance evaluations shall be used to objectively evaluate the performance of the employee during the last performance evaluation period. Performance evaluations shall also be utilized to establish employment goals for the next performance evaluation period and to develop criteria by which to measure the attainment of those goals. Space shall be provided on the Performance Evaluation Form for the employee to sign, signifying that he/she has read the evaluator's comments. Space will also be provided so that employees may give related comments relative to the performance evaluation. The opportunity to sign and comment shall be provided prior to the time that the evaluation form is forwarded to the VCERA Board. An attachment may be added by the employee.

Sec. 1103 **CONFIDENTIALITY OF PERFORMANCE EVALUATIONS:** Generally performance appraisal reports should be kept confidential, but shall be made available as required to the employee, VCERA Retirement Administrator, VCERA Board, and any authorized consultants thereof.

ARTICLE 12
PERSONNEL FILE

Sec. 1201 **EMPLOYEE ACKNOWLEDGEMENT OF MATERIAL PLACED IN PERSONNEL FILE:** No material relating to performance appraisal, salary action, or disciplinary action shall be placed in the personnel file of an employee without the employee first being given an opportunity to read such material. The employee shall acknowledge that he/she has read such material by signing the material to be filed with the understanding that although such signature indicates acknowledgement, it does not necessarily indicate agreement. If the employee refuses to sign the material, it shall be placed in his/her personnel file with an appropriate notation by the person filing it.

Sec. 1202 **FULL RIGHT OF INSPECTION OF EMPLOYEE PERSONNEL FILE:** With the exception of confidential items such as reference letters and oral examination rating sheets, an employee shall have the right to inspect the contents of his/her personnel file.

**ARTICLE 13
ADDITIONAL EMPLOYEE BENEFITS**

Sec. 1301 **DEFERRED COMPENSATION:** If determined to be legally permissible, employees may participate in the County's Deferred Compensation Program. If the County deems it to be not legally permissible for VCERA employees to continue in the County's Deferred Compensation program, then VCERA will endeavor to provide a similar deferred compensation benefit to VCERA employees. VCERA shall contribute toward such a program as specified below.

A. For employees who participate in the County-sponsored 401(k) deferred compensation plan, VCERA will match a part of employee's contribution, on a pay period basis and in the same manner as calculated by the County, according to the following schedule:

<u>Employee Contribution</u>	<u>VCERA Match</u>
1%	1.00%
2%	1.50%
3%	1.75%
4%	2.00%

5%	2.50%
6% or more	3.00%

Only employees appropriately enrolled in the County-sponsored plan shall be entitled to benefits under this Section, subject to the following conditions:

1. The employee's individual contributions, and the total combined employer-employee contributions, shall not exceed legally established limits.
2. Should an employee reach his/her individual contribution limit before the end of the calendar year, VCERA shall nonetheless continue to contribute a 3% "VCERA Match" to the employee's account for the remainder of the calendar year, provided that the employee remains employed by VCERA.
3. Should entitlement to VCERA Match contributions be precluded by operation of the limit on total combined employer-employee contributions, the amount of VCERA Match lost shall be paid to the employee in cash in addition to Base Salary.
4. VCERA contribution to the deferred compensation plan provided for herein shall not qualify as any part of the employee's contribution specified in this Section.

This Section is intended to match the County's existing 401(k) program.

E. In determining the amount of contribution to the 401(K) plan under this Section 1301, the following shall be considered in addition to base salary as to employees first hired by the County as management employees before April 6, 2011 who were appointed as VCERA employees immediately thereafter:

- Auto Allowance (as per Sec 506)
- Required Professional Licenses (only) (as per Sec 505)
- Deferred Compensation as per Sec. 1301-A

Sec. 1302 **VCERA DEFINED BENEFIT PLAN.** A VCERA employee who is a "new member" under Government Code section 7522.04, subdiv. (f) ("PEPRA member") will remain in, or join as applicable, the County's "PEPRA General Tier 2" (Gov. Code sec. 7522.20) and shall pay/contribute to VCERA ½ of the actuarially-determined "normal cost" of retirement, in

accordance with contribution rates set forth in VCERA's annual actuarial valuations for VCERA members. A VCERA employee who is not a PEPRA member will remain in, or join as applicable, the County General member plan in effect as of December 31, 2012, known as the County's "Non-PEPRA General Tier 2 without COLA" (Gov. Code sec. 31676.1), and shall pay/contribute to VCERA in accordance with actuarial rates determined for that formula under the County Employees Retirement Law of 1937 (Gov. Code sec. 31621), as set forth in VCERA's annual actuarial valuations.

Sec. 1303 **SERVING AS WITNESS:** No deductions shall be made from the salary of an employee for an absence from work when subpoenaed to appear in court as a witness, other than as a litigant. Mileage and other actual expense reimbursement received as a result of service as a witness may be retained by the employee. Any fee or compensation for the service itself must be returned to the VCERA for any days of absence for which the employee receives salary as for a day worked except that if such service occurred during the employee's vacation or other authorized leave of absence, then the employee may retain the fee or compensation paid for such service.

Sec. 1304 **JURY SERVICE:** No deduction shall be made from the salary of a VCERA employee absent from work when required to appear in court as a juror nor is it necessary to return the daily compensation and mileage issued to employees for serving as a juror. Employees shall provide advance notification of any anticipated absence to the VCERA Retirement Administrator. In the case of the Retirement Administrator, advance notification should be provided to the Board Chair.

EXHIBIT 1
OUTLINE OF SALARY & BENEFITS (2016 Calendar Year)
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION EMPLOYEES

VCERA Title	Salary Range	Benefit Category under County Management Employees Resolution	Unit for County Payroll Purposes
Retirement Administrator	\$156,731 - \$245,000	1	MA
General Counsel	\$146,866 - \$210,000	2	MB
Chief Financial Officer	\$116,446 - \$172,000	2	MB
Chief Investment Officer	\$116,446 - \$172,000	2	MB
Chief Operations Officer	\$90,790 - \$150,000	2	MB

**RESOLUTION OF THE BOARD OF RETIREMENT
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

TAX DEFERRED RETIREMENT CONTRIBUTIONS

IRC 414(h)(2) EMPLOYER PICK-UP

WHEREAS, in August 2015, the California Legislature adopted, and the Governor signed into law, Assembly Bill 1291 (Statutes 2015, Chapter 223), amending the County Employees' Retirement Law of 1937, Government Code section 31450 et seq. ("CERL"), in certain respects, and making other changes to California law ("AB 1291"); and

WHEREAS, AB 1291 became effective on January 1, 2016 (the "Effective Date"); and

WHEREAS, AB 1291 added to CERL section 31522.10, which provides that, on the Effective Date, the Board of Retirement for the Ventura County Employees' Retirement Association ("VCERA") may appoint designated personnel and that such personnel shall not be county employees but shall be employees of the retirement system, subject to terms and conditions of employment established by the board of retirement; and

WHEREAS, AB 1291 amended CERL section 31468, which provides that, on the Effective Date, VCERA shall be a "district" (hereinafter, the VCERA district will be referred to as "District," whereas the VCERA pension fund will be referred to as "VCERA"); and

WHEREAS, prior to the transition to District employment, District employees were covered under the Ventura County Resolution Implementing Pre-Tax Payroll Deduction Plan Under Internal Revenue Code section 414(h)(2) For Mandatory Employee Retirement Contributions adopted November 23, 2010 ("Ventura County Board of Supervisors IRC section 414(h)(2) Resolution"), which provides that employee retirement contributions that are picked up in accordance with such Resolution are not included in the employees' gross income in the year in which such amounts are contributed, and shall result in the tax deferral of such contributions to the extent provided under the IRC Treasury Regulations and other guidance issued thereunder (Ventura County Board of Supervisors IRC section 414(h)(2) Resolution); and

WHEREAS, the Board of Retirement is the governing body of the District and has the authority to implement the provisions of IRC section 414(h)(2) of the Internal Revenue Code (“IRC”) for the benefit of District employees; and

WHEREAS, the Board of Retirement has determined that it wishes to maintain status quo in that the tax benefit offered by IRC section 414(h)(2) IRC should continue to be provided to all District employees, present and future, who are members of VCERA;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Effective on and after August 1, 2016, the District will implement the provisions of section 414(h)(2) of the IRC by making employee contributions to VCERA on behalf of all its employees who are members of VCERA, which are in lieu of taxable contributions by such employees. Such contributions shall be treated as employer contributions for the purposes of reporting and wage withholding under the IRC and the Revenue and Taxation Code.
2. The amount “picked up” under IRC section 414(h)(2) shall be recouped by the District through an offset against the salary of each employee for whom the District “picks up” member contributions. This offset is akin to a reduction in salary and shall be made solely for purposes of income tax reporting and withholding. The member contributions “picked up” by the District shall be treated as compensation paid to employees for all other purposes.
3. District employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the District to VCERA.
4. The District shall pay to VCERA the contributions designated as employee contributions from the same source of funds as used in paying salary.
5. The amount of the contributions designated as employee contributions and paid by the District to VCERA on behalf of an employee shall be the entire contribution required of the employee by VCERA.
6. The contributions designated as employee contributions made by the District to VCERA shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by VCERA.

7. The purpose of this resolution is to maintain the status quo for employer and employee retirement contributions into VCERA as the District becomes the direct employer for designated personnel pursuant to AB 1291.

THIS RESOLUTION WAS ADOPTED BY THE AFFIRMATIVE VOTE OF THE BOARD OF RETIREMENT OF THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION THIS 18TH DAY OF JULY, 2016.

AYES:

NOES:

ABSTAIN:

ABSENT:

Tracy Towner
Chairperson of the Board of Retirement

**MEMORANDUM OF AGREEMENT BY AND BETWEEN THE COUNTY OF VENTURA
AND THE VENTURA COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION FOR RISK MANAGEMENT SERVICES**

This agreement (AGREEMENT) is made by and between the County of Ventura ("COUNTY"), and the Ventura County Employees Retirement Association ("VCERA") and is to be effective upon the adoption by both the Ventura County Board of Supervisors and the VCERA Board of Retirement.

WHEREAS, on January 25, 2016, the VCERA Board of Retirement adopted by resolution Government Code Section 31522.10, thereby allowing VCERA to appoint certain employees as employees of VCERA; and

WHEREAS, pursuant to California Government Code section 31522.10, the VCERA Board of Retirement may appoint certain personnel designated therein as employees of VCERA subject to the terms and conditions of employment established by the Board of Retirement ("VCERA employees"); and

WHEREAS, the Board of Retirement is the governing body as to its personnel appointed pursuant to Government Code section 31522.10 and the Board of Supervisors is the governing body for all other employees of the COUNTY assigned to work at VCERA; and

WHEREAS, VCERA desires to participate on its behalf and for the benefit of the VCERA employees in the COUNTY's Risk Management program, including but not limited to workers' compensation coverage and benefits afforded under the California Labor Code, general liability coverage, property insurance and loss prevention consulting services, to provide the same benefits and coverages to the VCERA employees that apply to the COUNTY's employees who work at VCERA and to other COUNTY departments and agencies; and

WHEREAS, VCERA also desires to utilize the COUNTY's Risk Management services for aspects of the VCERA disability retirement program with respect to the VCERA employees, as those services are currently provided regarding COUNTY employees, including without limitation those COUNTY employees who are assigned to work at VCERA.

NOW, therefore, the parties hereto agree as follows:

1. PURPOSE

The purpose of this AGREEMENT is to provide a means by which VCERA may contract with the COUNTY to participate in the COUNTY's Risk Management programs for the VCERA

employees, to the same extent VCERA does as an agency of the County of Ventura and to provide a means by which VCERA may contract with the COUNTY to provide services for the VCERA employees regarding the VCERA disability retirement program that is governed by Article 10 of the County Employees' Retirement Law of 1937 (Gov. Code sec. 31720-31755.3) ("CERL") and other applicable laws.

2. DURATION

As it relates to the VCERA employees only, this AGREEMENT will remain in effect from the date of execution by all parties until terminated by either party in writing, which is to be provided to the other party at least 365 days prior to the requested termination date. Notwithstanding the requested termination date, VCERA shall continue Countywide Cost Allocation Plan contributions for the VCERA employees to the Risk Management Internal Service Funds (ISF) for the remainder of the fiscal year within which termination becomes effective.

This AGREEMENT shall have no effect on coverage, contributions to the Risk Management ISFs or services provided to COUNTY employees assigned to work at VCERA. VCERA shall contribute to the Risk Management ISFs in the same manner and to the same extent as the COUNTY's agencies and departments, so long as and for each fiscal year that COUNTY employees are assigned to work at VCERA.

In the event of termination by either party, with respect to coverage afforded to VCERA employees, the COUNTY will remain responsible for adjusting and paying covered claims incurred during the operation of this AGREEMENT, unless other mutually agreeable arrangements are made.

3. SERVICES

- A. With respect to VCERA employees, VCERA may participate in both COUNTY's self-insured Workers' Compensation Program, including the workers' compensation claim and benefit administration, safety and loss prevention consultations, and access to any safety training and COUNTY's Liability and Insurance program including, but not limited to, general liability coverage, property insurance, and safety and loss prevention consulting services, that are provided to County agencies and departments, to the same extent and at the same or comparable cost as COUNTY agencies and departments incur for the same or comparable services.

- B. VCERA agrees that it shall abide by all administrative policies and procedures and cooperate in the investigation necessary for the administration of COUNTY workers' compensation program in which

VCERA is a participant for both VCERA employees and COUNTY employees assigned to work at VCERA.

- C. VCERA will be responsible for the payment and administration of any salary supplement or other contractual benefit related to industrial injuries and disability retirement, and this AGREEMENT is limited to administration and payment of benefits required by the California Labor Code for workers' compensation and the services the COUNTY currently provides in connection with applications filed under the CERL for disability retirement.
- D. Under this AGREEMENT workers' compensation coverage shall be provided for "VCERA employees" and members of the VCERA Board of Retirement.

4. COMPENSATION FOR SERVICES

VCERA agrees to compensate the COUNTY at the rates charged by the COUNTY in the same manner as charges are made to COUNTY agencies and departments, in accordance with the Countywide Cost Allocation Plan. Payment for the services provided to VCERA by COUNTY for the benefit of VCERA employees and COUNTY employees assigned to work at VCERA shall be in the same manner as charges to County agencies and departments, through payroll assessments each pay period for workers' compensation coverage and periodic billings for liability and insurance coverage. If VCERA disagrees with the proposed amount to be charged, VCERA will raise such disagreement during the budget development process. Any such disagreements not raised during the budget development process are waived.

VCERA agrees to compensate COUNTY for services relating to the VCERA employees using the rate methodology used for County and non-COUNTY entities for the same or similar services.

Costs/Liabilities associated with the research, development, and/or implementation of this AGREEMENT or any other extraordinary expense associated with or caused by the setup and/or administration of the terms of this AGREEMENT, including fees for consultants retained for the benefit of VCERA, VCERA employees or COUNTY employees working at VCERA will be charged to, and paid by, VCERA; provided, however, that an itemization of such costs/liabilities already incurred by the COUNTY must be provided to the VCERA Board prior to entering into this AGREEMENT and any future costs must be authorized by the VCERA Board prior to payment.

5. DELEGATION AND ASSIGNMENT

VCERA may not assign its rights or delegate its obligations hereunder, either in whole or in part, without prior written consent of the COUNTY.

6. CONFIDENTIALITY

Except as required to carry out the terms of this AGREEMENT, VCERA agrees to maintain the confidentiality of all COUNTY and COUNTY-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this AGREEMENT. COUNTY shall designate when a COUNTY or COUNTY-related record or information is private or confidential. All such records and information shall be considered confidential and shall be kept confidential by VCERA and VCERA's employees and agents, unless otherwise required by law. VCERA further agrees to maintain the confidentiality of any proprietary information identified as such by COUNTY and made available to it by COUNTY in the course of performing obligations under this AGREEMENT unless COUNTY agrees in writing to its release, or pursuant to court order.

Except as required to carry out the terms of this AGREEMENT, COUNTY agrees to maintain the confidentiality of all VCERA and VCERA-related records and information that relate to VCERA employees pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this AGREEMENT. VCERA shall designate when a VCERA or VCERA-related record or information is private or confidential, as it relates to VCERA employees. All such records and information shall be considered confidential and shall be kept confidential by COUNTY and COUNTY's employees and agents, unless otherwise required by law. COUNTY further agrees to maintain the confidentiality of any proprietary information identified as such by VCERA and made available to it by VCERA in the course of performing obligations under this AGREEMENT unless VCERA agrees in writing to its release, or pursuant to court order.

VCERA and COUNTY agree to comply with all applicable state and federal statutes and regulations regarding the confidentiality of medical information including the California Confidentiality of Medical Information Act (Civil Code sec. 56 et seq.) and the Health Insurance Portability and Accountability Act (Act Aug. 21, 1996, P.L. 104-191).

7. NOTICE

Where required to be given under this AGREEMENT, notice shall be in writing and deemed given when delivered personally or deposited in the United States mail, postage prepaid, certified, addressed as follows:

VCERA: Retirement Administrator
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

cc: VCERA Board Chair
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

COUNTY: Chief Executive Officer
County of Ventura
Hall of Administration L#1940
800 S. Victoria Avenue
Ventura, CA 93009

cc: Risk Manager
County of Ventura
Hall of Administration
800 S. Victoria Avenue
Ventura, CA 93009

8. WAIVER OF DEFAULT OR BREACH

Waiver of any default shall not be considered a waiver of any subsequent default. Waiver of any breach of any provision of this AGREEMENT shall not be considered a waiver of any subsequent breach. Waiver of any default or breach shall not be considered a modification of the terms of this AGREEMENT.

9. AMENDMENT

Except as otherwise provided herein, the AGREEMENT may be modified or amended only in writing signed by authorized representatives of both parties.

10. SEVERABILITY

If any provision of this AGREEMENT, or any portion thereof, is found by a court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this AGREEMENT.

11. VENUE

The venue for any legal action filed by either party in state court to enforce any provision of this AGREEMENT shall be Ventura County, California.

12. ENTIRE AGREEMENT

This AGREEMENT constitutes the entire agreement between the parties relating to the specific subject of this AGREEMENT and supersedes all previous agreements, promises representations, understanding and negotiation, whether written or oral, among the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, this AGREEMENT was executed by the parties hereto as of the date last signed and made effective January 1, 2016.

Ventura County Employees' Retirement
Association

By

~~Tracy Towner, Chair~~ _____
VCERA Board of Retirement

APPROVED AS TO FORM:

NOSSAMAN, LLP

By

CHAIR - COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

Office of the County Counsel,
Ventura County

By

Ashley K. Dunning, Partner

County of Ventura

By

Leroy Smith, County Counsel

**MEMORANDUM OF AGREEMENT BY AND BETWEEN THE COUNTY OF VENTURA
AND THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
FOR HUMAN RESOURCES SERVICES**

This agreement (AGREEMENT) is made by and between the County of Ventura (COUNTY), and VCERA and is to be effective upon adoption by both the Ventura County Board of Supervisors and the VCERA Board of Retirement.

WHEREAS, On January 25, 2016, the Ventura County Employees' Retirement Association (VCERA) adopted by resolution Government Code Section 31522.10, thereby allowing VCERA to appoint certain employees as employees of VCERA.

WHEREAS, pursuant to California Government Code section 31522.10, the Board of Retirement of VCERA may appoint certain personnel designated therein as employees of VCERA subject to the terms and conditions of employment established by the Board of Retirement; and

WHEREAS, the Board of Retirement is the governing body as to its personnel appointed pursuant to Government Code section 31522.10 and the Board of Supervisors is the governing body for all other employees of the COUNTY assigned to work at VCERA; and

WHEREAS, VCERA and the COUNTY desire to ensure that COUNTY employees assigned to work at VCERA are managed in accordance with the Ventura County Personnel Rules and Regulations (PR&Rs), the County of Ventura's Management, Confidential Clerical and Other Unrepresented Employees Resolution (Management Resolution) the County's Administrative Manual (Admin Manual), and the COUNTY's workforce philosophy, policies and procedures; and

WHEREAS, VCERA and the COUNTY also desire to permit VCERA to contract with the COUNTY as set forth herein to provide VCERA with certain employment-related services, including payroll and benefit administration, for VCERA employees appointed under Government Code section 31522.10 ("VCERA employees").

NOW, therefore, the parties hereto agree as follows:

1. PURPOSE

The purpose of this AGREEMENT is to ensure that the COUNTY'S PR&Rs, Management Resolution, Admin Manual and the COUNTY's workforce philosophy, policies, procedures and programs are fully implemented with respect to current and future COUNTY employees assigned to work at VCERA, and that VCERA and VCERA employees receive, as detailed below, certain other COUNTY services and/or benefits while employed by VCERA.

2. DURATION

As it relates to VCERA employees, this AGREEMENT will remain in effect from the date of execution by all parties until terminated by either party in writing, which is to be provided to the other party at least 365 days prior to the requested termination date. The COUNTY'S PR&Rs, Management Resolution, Admin Manual and the COUNTY's workforce philosophy, policies, procedures and programs will continue to apply to current and future COUNTY employees assigned to work at VCERA regardless of the duration of this AGREEMENT.

3. SERVICES

The COUNTY will provide the following to VCERA or VCERA employees in the same manner as it does to COUNTY employees:

- A. Pre-employment physical exam services to individuals who are offered positions as VCERA employees, subject to such exams, through the COUNTY's Health Care Agency.
- B. Access by VCERA employees to COUNTY sponsored training programs that are directly related to the effective administration of the COUNTY's workforce programs, including, but not limited to, the administration of the PR&Rs, Management Resolution, Admin Manual, and other policies and procedures for COUNTY employees.
- C. Access by VCERA employees to COUNTY sponsored training programs not related to administration of applicable MOAs and COUNTY workforce philosophy, policies, procedures and programs for COUNTY employees to the extent they (VCERA employees) may be accommodated.
- D. As COUNTY Human Resources and VCERA may mutually agree, COUNTY Human Resources support services/assistance/advice may be provided to VCERA in relation to VCERA employees, including assisting with matters such as discipline, classification, recruitment and/or training.
- E. The processing of VCERA employees into the Ventura County Human Resources Payroll System (currently VCHRP) for payroll services, retirement reporting, general ledger reporting, audit confirmation, and statutory reporting. COUNTY will use its own credentials (i.e. EIN) for reporting to the IRS. COUNTY will also process any personnel and compensation changes submitted by VCERA in the same manner as is done for COUNTY employees.

F. Investigations:

- 1) As COUNTY Human Resources and VCERA may mutually agree, COUNTY Human Resources may provide VCERA consultation on, or assistance in conducting, investigations regarding allegations of harassment or discrimination filed by VCERA employees and may also consult on and/or assist in developing VCERA's response(s) to complaints filed with state and federal agencies in such matters. It is understood, in matters relating to VCERA employees, that VCERA may, at its discretion and expense, elect to work with outside legal counsel on disciplinary or complaint investigation matters.
- 2) COUNTY Human Resources shall provide VCERA with consultation on, or assistance in conducting, investigations regarding allegations of harassment or discrimination filed by COUNTY employees and will also consult on and/or assist in developing VCERA's response(s) to complaints filed with state and federal agencies in such matters.

G. Employee Benefits

- 1) If legally permissible, the COUNTY will make available and administer COUNTY-sponsored benefit programs to VCERA employees at cost as provided in Section 4 (Compensation For Services). Such programs currently include, but are not limited to:
 - a) Flexible Benefits Program
 - b) Medical Maintenance Examinations
 - c) Deferred Compensation (457 and 401 (k) Plans)
 - d) Replacement Benefit Plan (including, without limitation, a 415(m) plan, as applicable provided that no amount of the payment may be made from VCERA Trust assets, and all costs or expenses incurred by the COUNTY shall be reimbursed by VCERA.)
 - e) Basic Management Life Insurance
 - f) Optional Group Life Insurance
 - g) Long term Disability Plan
 - h) Employee Health Services
 - i) Employee Assistance Program
 - j) Wellness Program
 - k) Work/Life Program
 - l) California Unemployment Insurance

As part of its administration of these COUNTY-sponsored benefit programs, COUNTY will remain the designated reporter for VCERA

employees receiving such benefits under the federal Patient Protection and Affordable Care Act of 2010.

- 2) Employees retired from VCERA service who were in a COUNTY-sponsored health plan immediately prior to retirement shall, subject to COUNTY approval, be eligible to purchase COUNTY retiree health insurance on the same terms and at the same rates available to retirees of the COUNTY. No employee or retiree shall become entitled to a vested right under this section. COUNTY and/or VCERA reserve the right to eliminate this benefit at any time in its sole discretion.

4. COMPENSATION and/or REIMBURSEMENT FOR SERVICES

VCERA agrees to compensate the COUNTY at the rates charged by the COUNTY for services rendered by the COUNTY relating to the support of VCERA and VCERA employees and County employees assigned to VCERA, which rates shall be comparable to those it charges to COUNTY agencies for the same or similar services.

Payment for the services provided to VCERA by COUNTY shall be made by VCERA within thirty (30) days of receipt of COUNTY charges. If VCERA disagrees with the amount charged, VCERA will pay the full amount and will notify the COUNTY of the dispute.

Costs/Liabilities associated with the research, development, and/or implementation of this AGREEMENT or any other extraordinary expense associated with or caused by the setup and/or administration of employee benefits for VCERA employees as provided herein will be charged to, and paid by, VCERA; provided, however, that an itemization of such costs/liabilities already incurred by the COUNTY must be provided to the VCERA Board prior to entering into this AGREEMENT and any future costs must be authorized by the VCERA Board prior to payment.

5. DELEGATION AND ASSIGNMENT

VCERA may not assign its rights or obligations hereunder, either in whole or in part, without prior written consent of the COUNTY.

6. INDEMNIFICATION

COUNTY and VCERA agree to indemnify, hold harmless, and defend the other, including its officers, board members, employees and agents, from all liability, damages, including personal injury or property damage, costs and financial loss, including all costs and expense of litigation, for the sole wrongful or negligent acts or omissions of the indemnifying party's officers, board members, agents, or employees in the performance of any services described in this AGREEMENT that allegedly caused such liability, damage, costs, and financial loss to any third party. If the

liability, damage, cost, or loss that forms the basis of any claim, suit, or judgment by a third party is determined to have been caused by the combined wrongful or negligent acts or omissions of more than one party in the performance of any services described in this AGREEMENT, then each such party agrees to bear its respective share of the payment of any award or judgment in favor of such third party, but each party shall bear its own costs of defense, including attorney's fees.

7. CONFIDENTIALITY

Except as required to carry out the terms of this AGREEMENT, VCERA agrees to maintain the confidentiality of all COUNTY and COUNTY-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this AGREEMENT. COUNTY shall designate when a COUNTY or COUNTY-related record or information is private or confidential. All such records and information shall be considered confidential and shall be kept confidential by VCERA and VCERA's employees and agents, unless otherwise required by law. VCERA further agrees to maintain the confidentiality of any proprietary information identified as such by COUNTY and made available to it by COUNTY in the course of performing obligations under this AGREEMENT unless COUNTY agrees in writing to its release, or pursuant to court order.

Except as required to carry out the terms of this AGREEMENT, COUNTY agrees to maintain the confidentiality of all VCERA and VCERA-related records and information that relate to VCERA employees pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this AGREEMENT. VCERA shall designate when a VCERA or VCERA-related record or information is private or confidential, as it relates to VCERA employees. All such records and information shall be considered confidential and shall be kept confidential by COUNTY and COUNTY's employees and agents, unless otherwise required by law. COUNTY further agrees to maintain the confidentiality of any proprietary information identified as such by VCERA and made available to it by VCERA in the course of performing obligations under this AGREEMENT unless VCERA agrees in writing to its release, or pursuant to court order.

VCERA and COUNTY agree to comply with all applicable state and federal statutes and regulations regarding the confidentiality of medical information including the California Confidentiality of Medical Information Act (Civil Code sec. 56 et seq.) and the Health Insurance Portability and Accountability Act (Act Aug. 21, 1996, P.L. 104-191).

8. NOTICE

Where required to be given under this AGREEMENT, notice shall be in writing and deemed given when delivered personally or deposited in the United States mail, postage prepaid, certified, addressed as follows:

VCERA: Retirement Administrator
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

cc: VCERA Board Chair
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

COUNTY: County Executive Officer
County of Ventura
Hall of Administration L#1940
800 S. Victoria Avenue
Ventura, CA 93009

cc: Human Resources Director
County of Ventura
Hall of Administration
800 S. Victoria Avenue
Ventura, CA 93009

9. WAIVER OF DEFAULT OR BREACH

Waiver of any default shall not be considered a waiver of any subsequent default. Waiver of any breach of any provision of this AGREEMENT shall not be considered a waiver of any subsequent breach. Waiver of any default or breach shall not be considered a modification of the terms of this AGREEMENT.

10. AMENDMENT

Except as otherwise provided herein, this AGREEMENT may be modified or amended only in writing signed by authorized representatives of both parties.

11. SEVERABILITY

If any provision of this AGREEMENT, or any portion thereof, is found by a court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this AGREEMENT.

12. VENUE

The venue for any legal action filed by either party in state court to enforce any provision of this AGREEMENT shall be Ventura County, California.

13. ENTIRE AGREEMENT

This AGREEMENT constitutes the entire agreement between the parties relating to the specific subject of this AGREEMENT and supersedes all previous agreements, promises representations, understanding and negotiation, whether written or oral, among the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, this AGREEMENT was executed by the parties hereto as of the date last signed and made effective _____, 2016.

VCERA

County of Ventura

By _____
Tracy Towner, Chair
VCERA Board of Retirement

By _____
CHAIR - COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:
NOSSAMAN, LLP

APPROVED AS TO FORM:
Office of the County Counsel,
Ventura County

By _____
Ashley K. Dunning, Partner

By _____
Leroy Smith, County Counsel

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>

July 18, 2016

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

SUBJECT: UPDATE TO COUNTY OF VENTURA PROPOSAL TO COMPLY WITH PUBLICLY AVAILABLE PAY SCHEDULE FOR PENSIONABILITY OF MARKET-BASED PREMIUM PAYMENTS, DATED JUNE 30, 2016

Dear Board Members:

Background (Recent)

At the June 20, 2016 Business meeting, staff updated the VCERA Board on its October 19, 2015 request to the County of Ventura for a publicly-available pay schedule for market-based premium pay (MBPP) items. That update included a staff letter that reviewed the history of this topic; also provided were the following items from the County:

- 1) A letter from Shawn Atin, Human Resources Director, dated June 6, 2016;
- 2) A revised Job Code & Salary Listing, with a new table entitled "Pensionable Compensation Included as Base Pay" which lists the positions that may receive MBPP, specifically providing the Job Code, Job Title, Union and MBPP Range.

Mr. Atin attended the meeting as well to contribute to the discussion, and indicated that the new information presented was a good faith effort at full compliance with the VCERA Board's request.

Staff indicated to the Board that there was still a critical missing piece in the County's response: the conditions for payment – and that this information was needed not only to meet the Board's list of criteria, but for VCERA to audit the accuracy of reported pensionable compensation used in the calculation of retirement benefits.

Staff recommended the County of Ventura add an additional table that listed each of the MBPP pay codes with date of hire ranges that determine eligibility to receive it. The Board took the action to extend the date by which the County of Ventura is requested to create a publicly available pay schedule for market based premium pay to August 1, 2016, and authorized the Retirement Administrator and Board Counsel to determine whether the criteria is met. This will allow both the public and VCERA to have proper notice of the criteria being used by the County.

Update

On June 30, 2016, the County of Ventura posted additional information related to MBPP items, accompanied by a letter from Mr. Atin, which is provided. The new 2-column table provides an alphabetical list of 161 employees, along with their dates of hire which range from 1979 to 2016.

Staff and Counsel have reviewed this latest posting, and we do not believe the COV's June 30th posting of the MBPP-eligible individuals and their dates of hire answers the "conditions for payment" question.

Staff responded to Mr. Atin on July 14, 2016 (letter is attached) to explain the reasons for this analysis, and also to provide him with a comprehensive history of MBPP as it pertains to pensionable compensation under PEPRA and the Board's 2014 Resolution regarding pensionable compensation.

"Date of Hire" Dilemma

In Mr. Atin's letter, he indicates that too much emphasis has been placed by VCERA Administration on date of hire in our review of the Market-Based Premium Pay (MBPP). He further stated, "*While the date on which an employee is hired will be a factor in the determination of the MBPP payment, it is by no means the only factor.*"

At the June 20, 2016 meeting, Mr. Atin said that, in his opinion, date of hire will not show who is getting MBPP and who is not. He said that if changing market conditions indicate that pay is over the market, there is discretion to reduce it because that is how it was negotiated in the MOA.

If date of hire is not the criteria and basis by which those receiving Market-Based Premium Pay (MBPP) are deemed to be "similarly situated members of the same group or class of employment", then staff and Counsel believe an alternate objective criteria must be provided. As we have consistently stated, receipt of MBPP cannot in itself be the criteria. This position was communicated to Mr. Atin in the attached letter, dated July 14, 2016.

Staff will continue to update the Board concerning the County of Ventura's compliance efforts.

Sincerely,



Linda Webb
Retirement Administrator

June 30, 2016

Ms. Linda Webb
Ventura County Employees' Retirement Association
1190 S Victoria Avenue, Suite 200
Ventura, CA 93003

**RE: COUNTY OF VENTURA PUBLICLY AVAILABLE PAY SCHEDULE FOR
PENSIONABILITY OF MARKET BASED PREMIUM PAYMENTS**

Linda,

Pursuant to your letter to the VCERA Board of Retirement dated June 20, 2016, and the Board of Retirement's discussion of that same date, please find attached the County of Ventura's publicly available amended schedule of Market-Based Premium Payments (MBPP). The Schedule is incorporated into the County of Ventura Job Code and Salary Listing by Job Title which now includes, per your request, a link to the date of hire for all employees eligible to receive an MBPP. The employee dates of hire will be updated annually. The County's online posting regarding this matter can be found at <http://vcportal.ventura.org/CEO/HR/docs/classsalary.pdf>.

This amendment to include employee date of hire information is responsive to your request. However, we do not believe that the inclusion of the hire dates is necessary for compliance with the Board of Retirement's "*Resolution of the Board of Retirement of Ventura County Employees' Retirement Association (VCERA) Regarding Pensionable Compensation Determination*". Additionally, we believe that the hire date information will prove to be of limited value to the public and VCERA Administration for the reasons noted below.

The SEIU collective bargaining Memorandum of Agreement, for which a link has been included in the disclosure, explains that the amount of Market Based Premium Payments is contingent upon the changing labor market conditions. While the date on which an employee is hired will be a factor in the determination of the MBPP payment, it is by no means the only factor.

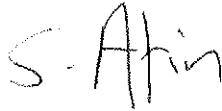
The specific skill set an employee brings to the County relative to the labor market scarcity for those skill sets is a key determinant to the amount of MBPP. Job classifications are general in nature, and employees perform specific duties within a classification. The County has approximately 1,300 job classifications and 9,000 employees; as a result, while all employees in a job classification may be eligible for an MBPP, the amount paid each employee may vary given the market demand for the skill sets they bring to the County at the time of hire.

On October 19, 2015, the Board of Retirement determined, after an in-depth review, that the MBPP is an item includible as pensionable compensation. The only remaining

actionable item was to make the schedule of MBPP publicly available; which we have now done. With that being said, we believe that too much emphasis has been placed by VCERA Administration on date of hire in their review of the MBPP.

Should you have any questions or wish to discuss this matter further, please do not hesitate to contact me at (805) 654-2561 or by email at Shawn.Atin@ventura.org

Sincerely,

A handwritten signature in black ink that reads "S. Atin". The signature is written in a cursive, slightly slanted style.

Shawn Atin
Assistant County Executive Officer
Human Resources Director

CC: Michael Powers, County Executive Officer
Board of Retirement, VCERA

Enclosure

Employees Eligible to receive a Market Based Premium Pay (MBPP)

Name	Hire Date
Adelman,Thomas	3/31/2002
Alvarez,Marbeli	5/8/2016
Alvarez-Rittmaste,Monica	5/13/2002
Amburgey,Jamie Alexis Freeman	4/27/2014
Amini,Sheida	3/15/2015
Anspaugh,Rodger	7/2/2006
Anunwah,Jessica Flumunanya	9/27/2015
Archibald,Jeffrey Lee	1/6/2013
Ash,Morgan Lenzi	12/7/2014
Barcena,Kathrina Abdon	8/14/2005
Barrientos,Sandra I	10/3/2010
Bishop,Jenelle H	4/24/2016
Bloom,Guiana May Astadan	12/6/2015
Boghossian,Torri Jean	5/29/2002
Burciaga,Armando	3/17/2013
Burkhart,Caitlin Jeanne	12/14/2015
Cachu Andrade,Beatriz Elena	11/9/2014
Candara,Leon Claud	7/14/2013
Cash,Daniel Joseph	5/30/2010
Chan,Sharon Lee	4/10/2016
Comstock,Tonya Louise	6/8/2014
Conboy,Linda Elizabeth	5/7/2006
Contreras,Julia Christine	7/30/2009
Cox,Elizabeth Arlene	1/17/1989
Crenshaw-Upah,Katrina Yolanda	6/5/2016
Crismond,Lance	4/1/2015
Crouse,Philip A	5/18/2011
Cruz,Pitchie	6/15/2014
Curran,Christopher	12/2/2007
Dao,Tony	10/7/2013
Dinwiddie,Lori Amber	11/8/2015
Estrada,Jaime	11/24/2003
Evangelista Jr.,Francisco B.	1/11/2009
Fennell,Faith P	12/20/2015
Frias,Catherine Elydia	9/28/2014
Gallardo,Karen G	4/5/2015
Garcia,Alexandra Elizabeth Irene	7/25/2010
Gobran,Fadi Adel	10/12/2014
Godfrey,Ethel Jacosalem	5/26/2015
Gotwals,Kirk R.	4/5/2009
Gray,Scott Peter	1/27/2008
Greene,Susan	2/17/2015
Griffin,Natasha Marie	8/3/2014
Guthrie,Frances A	12/8/2013

Employees Eligible to receive a Market Based Premium Pay (MBPP)

Hackett,Vanessa Renee	3/12/2014
Hanin,Genine Ivy	11/7/1993
Hannah,Carol	10/5/1981
Hartson,Holly Frances	2/5/2001
Hickey,Cynthia Marie	2/19/2013
Hofius,James Gordon	2/5/2012
Hoppe,loulia A	11/30/2008
Hosford,Marion	1/2/1985
Jacobson,Brian E	3/3/2013
Janda,Richard C.	1/15/2012
Javaheri,Pejman	7/24/2011
Joaquin,Janene Renee	7/5/2015
Jung,Sul Ran	10/13/2009
Kadin,Jennifer Anne	5/29/2011
Kim,Lance Steven	6/23/2013
King,Shannon Patrice	10/15/2015
Klock,Suzann E	3/31/2013
Koester,David R	4/26/2015
Kuiken,Crystal Anna	5/15/2016
LaCroix,Jacob Stephen	5/1/2016
Landen,David Wayne	4/8/2007
Lata,Melissa Simonette Reyes	7/26/2015
Lau,Joanne S	1/4/2015
Lauron,Lori Go	3/29/2015
Leanos,Hector	4/22/2007
Lee,Corey B	11/3/2010
Livingston,Ronya Rafeedie	6/14/2015
LoneElk,Jessica Renee	1/4/2015
Lopez,Sandra	6/17/2013
Lougee,Bonni J	10/2/2011
Lyons,Wendy	9/25/2005
Madden,Amber Brook	4/19/2009
Mahmoudi,Rouhanguiz	2/22/2015
Mares,Ramiro	6/8/2014
Martinez,David E	11/9/2014
Mata,John	7/25/2010
McFarlane,Gilbert John	2/12/1995
Medina,Myra	7/31/2005
Mendoza,Oscar	5/30/2010
Mercy,Helena Elaine	5/31/2009
Meshreky,Samah S	4/5/2015
Mikhail,Amira A	4/18/2010
Miller,Jason B	2/5/2001
Milligan,Denise K	1/5/2014
Miyasaki,Debra Lynn	4/29/2001

Employees Eligible to receive a Market Based Premium Pay (MBPP)

Mongiello,Simone Alexandra	10/4/1999
Moody,Holly Ann	2/3/2013
Morrow,Michael Lee	10/5/2008
Moura,Janeane	4/7/2013
Munesato,Jeanne	9/18/1989
Myers,Christian D	9/19/2010
Nantes,Bella Balinos	6/4/2006
Newman,Audrey Juliana	3/31/2015
Nguyen,Aaron Quang	4/15/2015
Nicolas,Ricsan Sombilon	12/2/2015
Ninomiya,Kathleen	11/9/2003
Norman,Linda	11/28/2010
Obina,Niko Clemente	6/22/2014
O'Hea,Joseph Patrick	11/11/2012
Oliver,Jaime M.	1/22/2013
Omega,Crisane P.	10/2/2011
Oneill,Janette Reid	12/2/2002
Ontiveros,Joann	2/12/1992
Ota,Marjorie	9/17/2000
Palma,Maria Theresa	7/12/1998
Patel,Rajesh Tushar	1/22/2001
Patterson,Annette Jocelyne	11/11/2012
Pendleton,Sara Therese	8/18/2015
Perez,Concepcion	8/10/2008
Pimentel,Yvonne Roberta	11/18/2007
Preston,Wendy Lynn	7/16/2006
Raabe,Kevin Roy	6/9/2013
Ramirez,Alma Yanira	3/1/2015
Rentschler,Kevin S	11/24/2013
Riazzo,Rick	4/17/2011
Richmond,Johnny Mark	5/7/2006
Ritter,Carla Jean	10/31/1999
Robledo,Patricia	5/30/2010
Rodriguez,Marcos G	1/19/2014
Rodriguez,Pablo	9/17/2001
Russell,Keith Mathew	10/5/2011
Saekoh,Sandy	4/6/2013
Salgado,Audrey Marie	2/14/2016
Sampilo,Soledad	6/8/1992
Searles,Kelly R	12/20/2015
Sharma,Susan Davies	11/4/2007
Siegman,Scott Howard	3/17/2013
Sikula,Lacey Noelle	8/3/2014
Smith,Mary	1/26/1981
Smitherman,Elizabeth Esther	9/8/2015

Employees Eligible to receive a Market Based Premium Pay (MBPP)

Sotero,Jocelyn G	5/26/2003
Stark Jr.,Joseph Eric	3/17/2013
Stompe,Lauren Margaret	1/19/2016
Sweitzer,Vickie L.	2/8/2009
Takara,Tamara Pratummas	10/12/2014
Talabucon,Omar David	11/11/2012
Taylor,Georgina	8/30/1993
Tien,Kevin	6/23/2013
Tippett,Jennifer Marie	11/23/2014
Tokar,Cindy	8/13/1990
Tseng,Sheng-Wen	3/18/2012
Verboomen,Amanda Rae	10/19/2008
Vergel,Jennifer	9/15/2002
Villarreal,Jose Mauricio	1/20/2015
Walker Hill,Tricia Alicia	10/3/2010
Wall,Mercedes Manosca	5/24/1999
Weber,Rose Mary	8/22/2010
Weissman,Ellen Khamistos	9/21/2008
Williams,Kenneth Avery	3/19/2000
Winter,Craig J	10/4/2009
Wu,Ya-Whey	12/19/2011
Yoshida,Patti A	9/30/1979
Zaferis,Paul C	6/8/2014
Zanolini,Shanna	1/11/2009
Zarrabian,Simin	7/11/2010
Zavala,Baltazar Alonzo	10/23/2005
Zoll,Kevin Daniel	7/15/2007

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>

July 14, 2016

Shawn Atin, Human Resources Director
Hall of Administration L#1970
800 South Victoria Avenue
Ventura, CA 93009

**SUBJECT: COUNTY OF VENTURA PUBLIC POSTING OF INFORMATION RELATED TO
MARKET-BASED PREMIUM PAYMENTS IN RESPONSE TO REQUEST FROM
BOARD OF RETIREMENT**

Dear Mr. Atin:

Thank you for your letter dated June 30, 2016 and the accompanying documents and public posting in response to the Board of Retirement's request.

In your letter, you indicated that you believe that too much emphasis has been placed by VCERA Administration on date of hire in our review of the Market-Based Premium Pay (MBPP). I would like to respond and also provide some background information that I believe will help explain why date of hire has been a focus for MBPP. Put simply, date of hire was the **only objective criteria** offered to VCERA by the County of Ventura for eligibility for MBPP during the 2015 discussions and feedback period.

Background

In your remarks to the Board of Retirement on June 20, 2016 you indicated that you did not participate during the analysis and discussions leading up to the October 2015 Board action on inclusion or exclusion of specific pay codes as pensionable compensation under PEPRA (Government Code section 7522.34 subdivision (a) – "pensionable compensation".) I hope the following background information will be of help.

Before the Board of Retirement took action in October of 2015 on pay code categories, the review and preparation process performed by staff and outside Counsel involved feedback from the County of Ventura and other stakeholders. At that time, VCERA staff and Counsel were in agreement with the County on the majority of pay codes in terms of pensionability under PEPRA. So, the discussions were focused on the remaining categories of disagreement. On September 23, 2015, a formal discussion took place, and MBPP was discussed at length.

VCERA explained that there were three (3) main "sticking points" preventing a recommendation to the Board of Retirement that MBPP be included in pensionable compensation.

- 1) Both the definition and the application of the codes appeared contrary to "not only to the member but also to similarly situated members of the same group or class of employment," and "for services rendered on a full-time basis," and "for services rendered during normal working hours" in the BOR Resolution because no objective basis was identified by which similarly situated members of the same group or class would receive it.
- 2) The MBPP items have a discretionary component and may be withheld at a later date without a change in duties.

- 3) VCERA could not discount instances where the practical application of codes appeared contrary to the purpose/definition provided. (Example: of the 21 Senior Physical Therapists, only 2 were receiving MBPP. Conversely, of the 34 Principal Respiratory Therapists, all but 2 were receiving MBPP.)

We asked for some sort of **objective** criteria as a basis by which those receiving MBPP could be considered “similarly situated members in the same group or class of employment.” The only one given was date of hire; or more specifically, that the market forces in effect on the date of hire determined who was eligible to receive MBPP. VCERA and Counsel’s perspective was that such a basis did not meet the test; the County believed it DID meet the test. (That meeting summary is attached, supporting this basic area of disagreement.¹)

So, at the October 19, 2015 meeting, VCERA recommended exclusion for MBPP. County CEO Michael Powers submitted a formal letter for that meeting. In it, in regard to this disagreement on MBPP he said:

“VCERA’s explanation is that these payments are based solely on an employee’s date of hire, and date of hire is not a similarity that can be considered in determining whether an employee is part of a group of ‘similarly situated employees.’ The County disagrees with this analysis.”

When the Board of Retirement took action on MBPP, it accepted COV’s argument that date of hire could be enough of a basis to pass the “similarly-situated group or class” test. However, the MBPP language in the MOAs (which the Board had previously deemed acceptable as a publicly-available pay schedule) did not have information on date of hire that would objectively identify the similarly situated group that would all be eligible to receive it. After a lengthy open-session discussion about the unavailability of the payment criteria in the MOU and the requirements of both PEPR and the Board’s Resolution, the Board of Retirement’s took action to include MBPP while also requesting that the Board of Supervisors create a public available pay schedule for MBPP.

Summary of Events since the Board of Retirement Action

- May 9, 2016: I received an email from the Auditor-Controller’s office that said the response to the Board of Retirement’s request could be found at <http://www.ventura.org/auditor-controller/payroll-information> where we saw:
 - 1) a list of the ten (10) MBPP pay codes;
 - 2) a matrix of earnings codes and the different categories of members, showing which categories have those codes included in pensionable compensation (matrix did not include the 10 MBPP items.)
- May 13, 2016: I emailed Auditor-Controller Jeff Burgh that I planned to update the Board on May 16th, but that I did not believe the posting was what they were expecting to see. I suggested a schedule with either dollar amounts or percentages, position titles, effective dates, etc. and asked if he would like to update the posting. He indicated he would look into expanding the information.
- May 20, 2016: I met with Jeff to discuss this topic among others. I gave him a list of publicly-available pay schedule elements. He offered to pass that information on to your office.
- May 31, 2016: At your request, VCERA’s Board Counsel Lori Nemiroff met with you and County Counsel so that you could better understand VCERA’s posting expectations.

¹ Meeting summary was distributed to all attendees to allow for corrections; COV submitted no corrections.

- June 1, 2016: I emailed you, Ms. Nemiroff, County Counsel and Jeff Burgh to further clarify our understanding of the posting requirements, and suggested the CEO's office send VCERA a written request to ask what additional information VCERA believed was required for compliance.
- June 6, 2016: VCERA received your letter that County had responded to the Board of Retirement's request for a publicly available schedule of MBPP items, referencing an update to the County Job Code & Salary Listing by Job Title at <http://vcportal.ventura.org/CEO/HR/docs/classsalary.pdf>.
- June 20, 2016: At VCERA's business meeting, I provided the Board with the County's June 6th response and communicated that staff believed the missing piece was still missing; to illustrate this, my letter listed elements of a publicly available pay schedule, showing each item as met except one:

d) Indicates the conditions for payment of the item of Pensionable Compensation, including, but not limited to, eligibility for, and amount of each component of pay;	Does Not Meet Criteria
Staff comment: The conditions for payment, which have previously been identified as the date of hire, is not provided in either the MOAs or the Job Listing table. The date of hire is what has been presented as the distinction/establishment of the sub group or class who are eligible to receive the payment within a given job title. Receipt of a pay item cannot in itself be the only criteria for establishing a similarly situated group or class.	

VCERA Counsel supported this analysis in a letter to the Board, saying, "*The value of this information in order for VCERA to be able to monitor, and correct, improper inclusions of discretionary ad hoc pay items in pensionable compensation should not be understated.*"

When addressing the Board on June 20th, you indicated your office believed the posting represented a good faith effort at full compliance. After discussion, you said you would take the most recent information to your Counsel and respond via a communication.

- June 30, 2016: I received your communication that, responsive to my request, the Job Code and Salary Listing by Job Title now includes a link to the date of hire for all employees eligible to receive an MBPP (http://vcportal.ventura.org/CEO/HR/docs/MBPP_eligible.pdf). The 2-column table provides an alphabetical list of 161 employees, along with their dates of hire which range from 1979 to 2016.

Your letter said you believed this addition to be of little value and VCERA Administration had placed too much emphasis on date of hire. You further stated, "*While the date on which an employee is hired will be a factor in the determination of the MBPP payment, it is by no means the only factor.*"

Current Challenge

We do not believe the COV's June 30th posting of the MBPP-eligible individuals and their dates of hire answers the "conditions for payment" question. In your letter, you discount the original 2015 date of hire criteria and further suggest that changing labor market conditions and employee skill sets weigh more heavily in MBPP eligibility.

Request for Clarification and Additional Information

Identifying the individuals who are receiving the benefit does not adequately identify why their group was selected to receive it. It appears that the County of Ventura is now agreeing with SEIU (letter attached) in which they state, "*[The employees'] date of hire does not determine the MBPP*". If this is the case, and date of hire is not the criteria and basis by which those receiving Market-Based Premium

Pay (MBPP) are deemed to be “similarly situated members of the same group or class of employment”, then we ask for an alternate objective criteria to be provided. If you disagree with SEIU on this point, then please indicate the date ranges on which market conditions warranted eligibility for MBPP for employees entering employment in those particular classifications. As we have stated, **receipt** of MBPP cannot in itself be the criteria.

Staff will be updating the Board of Retirement about this issue at the July 18, 2016 Business meeting.

Sincerely,



Linda Webb
Retirement Administrator

CC: Michael Powers, County Executive Officer
Board of Retirement, VCERA

Enclosures:

- (1) Summary of September 23, 2015 meeting of representatives of VCERA, Nossaman, LLC (VCERA Outside Counsel) and the County of Ventura
- (2) October 2, 2015 Letter from Kerianne R. Steele, attorney for SEIU, Local 721, with accompanying Declaration from Angela Portillo, SEIU worksite organizer

**SUMMARY OF MEETING OF SEPT 23 ON
PENSIONABLE COMPENSATION FOR PEPRA MEMBERS**

County of Ventura and VCERA are in agreement in the analysis of the pay codes in the majority of cases. For the codes on which there is disagreement, the County of Ventura (COV) and VCERA have a different approach to the concept of what is the “normal” monthly rate of pay or base pay of “similarly situated” employees of the “same group or class of employment,” regarding the categorization of such sub groups. This plays out specifically in the following areas:

Attendees:
COV: Paul Derse, Garrick Leedy, Sharlene Matney & Ronda McKaig
VCERA: Linda Webb, Julie Stallings, & Shalini Nunna
NOSSAMAN: Ashley Dunning & Michael Toumanoff

Market-based premium pay codes

VCERA = exclude; COV = include

COV feels that this is essentially base pay of people who are paid this premium, and is applied as such on a practical basis. Specifically, COV noted that incentives that are percentage-based are calculated on the combination of salary and this premium pay, and they believe those who receive it should be deemed to meet the definition of “similarly situated” to one another. VCERA’s administrative recommendation of exclude is based on the understanding that there is not a subgroup of “similarly situated” employees in the same grade or class who receive this premium pay; rather, the premium is based on date of hire of a particular individual, may be taken away without change of duties of that individual at any time, and may not be paid to the next person hired at a later date into the same job. VCERA does not believe that PEPRA’s requirement that in order to be pensionable a pay item must be paid to “similarly situated individuals” should be interpreted to include premiums paid in addition to normal salary that are tied only to date of hire and are not necessarily paid to others hired into the position later.

Y-Rating

VCERA = exclude; COV = include

COV feels Y-rates should be included as part of the “base pay” of those who receive it. Generally, it is applied when a reclassification takes place and an entire group continues to be paid the same total compensation although the salary of their reclassified position has decreased resulting in different pay for those subsequently hired into the same position. VCERA’s administrative recommendation to exclude is based on the understanding that there is not a subgroup of “similarly situated” employees in the same grade or class who receive the premium pay; VCERA staff brought up examples of when Y-rating is used where only one individual is impacted in a demotion situation.

Holiday

VCERA = exclude; COV = included

This was not discussed at length, but generally COV feels all holiday pay should be included as normal rate of pay, and VCERA considers this pensionable only if it’s straight-time payment of holiday within an employee’s schedule that is not FLSA pay, otherwise it is excluded by PEPRA as either compensation for overtime work other than FLSA, or as payments for additional services rendered outside of normal working hours, or as payments for compensatory time off, or as variable non-periodic payments that should not be pensionable compensation because they are subject to manipulation to enhance pensions. On the other hand, if it’s a guaranteed payment for a certain number of holidays required to be worked per year in a particular unit, then it may be considered payments within normal working hours for individuals in the same group or class and on that basis could be pensionable. However, VCERA does not currently have information to support the conclusion that holiday pay as currently provided qualifies as pensionable compensation because it appears not to be paid on the same

normal and consistent terms to all similarly situated people in the same classes or grade. If it is provided in that manner and is non-discretionary, and also is not able to be accrued and cashed out, then the determination may be different.

Bilingual

VCERA = situational; COV = exclude

COV considers bilingual pay codes to be special compensation that in no event become part of the normal monthly rate of pay of its employees, and asserts they all should be excluded from pensionable compensation. VCERA considers these situational, based on whether or not this skill is a requirement or normal duty for all in the position or assignment such that the payment is made to all such similarly situated individuals in the same class or grade.

Assignment Pay & Assignment Bonuses

VCERA = include; COV = exclude

COV considers assignment pay codes (ex: motorcycle officers, bomb squad assignments, etc.) to be excludable based on it being an assignment from within a broader group of employees, and according to COV the assignment does not constitute a sub group. COV also said such assignments are potentially temporary, and view these as “extra” compensation. VCERA considers those who are similarly assigned who are receiving this pay to be “similarly situated” when there is an identifiable subgroup regularly assigned to a position (generally at least 1 year) with additional job-related responsibilities.

Supervisory Differential

VCERA = exclude; COV = include

VCERA believes it is conditional, in that it is lost when the subordinate’s position is vacated or a subordinate receives lower pay than the supervisor’s pay without this differential. Thus, it is temporary and not paid to an identifiable subgroup of similarly situated individuals within a class or grade. Initially, COV indicated they feel this to be part of the normal rate of pay; however, upon further discussion, they tentatively accepted VCERA’s point regarding it being conditional.

Nurses’ Certification Bonuses

VCERA = include; COV = exclude

VCERA believed these payments to be includable, as they appeared to be related to the duties being performed (ex: mental health certification while working in mental health unit, neo-natal certification when in that unit). The MOU language supports this conclusion. However, COV said that this certification is not applied this way, and that nurses who have various certifications receive this pay, regardless of where they are assigned. VCERA indicated they would follow up and research these types of codes further before finalizing a recommendation for the VCERA Board.

Items of Agreement Needing Adjustment

In some instances, COV agrees with VCERA on the analysis of codes, but the current practice does not reflect this. COV indicated they would follow up internally for these adjustments.

STEWART WEINBERG
DAVID A. ROSENFELD
WILLIAM A. SOKOL
BLYTHE MICKELSON
BARRY E. HINKLE
JAMES J. WESSER
ANTONIO RUIZ
MATTHEW J. GAUGER
ASHLEY K. IKEDA *
LINDA BALDWIN JONES
PATRICIA A. DAVIS
ALAN G. CROWLEY
KRISTINA L. HILLMAN **
EMILY P. RICH
BRUCE A. HARLAND
CONCEPCIÓN E. LOZANO-BATISTA
CAREN P. SENCER
ANNE I. VEN
KRISTINA M. ZINNEN
JANNAH V. MANANSALA
MANUEL A. BOIGUES ***
KERIANNE R. STEELE **
GARY P. PROVENCHER
EZEKIEL D. CORDER ***
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ROBERT E. SZYKOWNY
MICHAEL D. BURSTEIN
ALEJANDRO F. DELGADO
MINSU D. LONGIARU *****
CAROLINE N. COHEN
BENJAMIN K. TARZYNSKI
XOCHITL A. LOPEZ

VINCENT A. HARRINGTON, Of Counsel
PATRICIA M. GATES, Of Counsel
ROBERTA D. PERKINS, Of Counsel
NINA FENDEL, Of Counsel
TRACY L. MAINGUY, Of Counsel
ANA GALLEGOS, Of Counsel
CHRISTIAN L. RAISNER, Of Counsel
SANDRA RAE BENSON, Of Counsel
THEODORE FRANKLIN, Of Counsel

• Admitted in Hawaii
•• Also admitted in Nevada
••• Also admitted in Illinois
•••• Also admitted in New York and Alaska
••••• Also admitted in New York and Michigan

October 2, 2015

VIA OVERNIGHT MAIL

Mr. Tracy Towner, Chairman of VCERA Board
and VCERA Board Members
c/o Ms. Linda Webb, Retirement Administrator
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

**Re: Service Employees International Union, Local 721's Position Statement
re Preliminary Report on PEPPRA Pensionable Compensation Analysis**

Dear Chairman Towner, Members of the Board, and Ms. Webb:

We are attorneys for the Service Employees International Union, Local 721 ("SEIU Local 721"). We submit this position statement on behalf of our client.

We respectfully request that the Ventura County Employees' Retirement Association ("VCERA") Board consider Market Based Premium Pay, Bilingual Pay, and Shift Differential Pay to be "pensionable compensation." Those pay codes meet the definition of "pensionable compensation" set forth in Government Code section 7522.34(a) and your November 17, 2014 Resolution implementing that Government Code section.

This position statement draws largely from the enclosed sworn written testimony of SEIU Local 721 Worksite Organizer Angela Portillo, who is familiar with the Memorandum of Understanding ("MOU") between SEIU Local 721 and the County of Ventura ("County") and has personal knowledge of the County's pay and scheduling practices.

I. MARKET BASED PREMIUM PAY

Contrary to the VCERA Staff's preliminary analysis, the Market Based Premium Pay ("MBPP") is *not* an "ad hoc payment" or "bonus." Also, the MBPP is to be paid at an equal rate to *all* employees in a specified classification regardless of an employee's date of hire.

A. THE MARKET BASED PREMIUM PAY IS NOT AN AD HOC PAYMENT

Government Code section 7522.34 excludes from the definition of “pensionable compensation” “[a]ny one-time or ad hoc payments made to a member.” (Government Code section 7522.24(c)(3).)

“Ad hoc” means “for this” in Latin. Black’s Law Dictionary defines “ad hoc” as “for this; for this special purpose.” The term “ad hoc” is often used colloquially in connection with committees that form for a special purpose, and then disband after the purpose of the committee is fulfilled. The term “ad hoc” often refers to things more generally that are flexible or determined on a case-by-case basis.

There is nothing “ad hoc” about the MBPP. The conditions that must be met for a County classification to receive MBPP are clearly defined in advanced, and set forth in writing in the SEIU Local 721/County MOU. As Section 622 of the SEIU Local 721/County MOU provides, the Ventura County Health Care Agency (“VC HCA”) obtains a report from the Hospital Association of Southern California (“HASC”). (See Declaration of Angela Portillo (“Portillo Declaration”), ¶5, Exhibit A, Section 622, pages 26-27.) That report is a labor market survey of comparable positions in local hospitals and private pharmacies, which reflects whether a number of SEIU Local 721-represented classifications are underpaid compared to counterpart classifications elsewhere. (Id.) The MBPPs are reviewed in light of the results of that report. (Id.) VC HCA determines from the report if a MBPP is necessary to: (a) recruit new employees, and (b) retain existing employees by providing competitive wages. (Id.) If VC HCA determines that a MBPP is appropriate for a particular County classification – because the market average pay rate paid to the comparable classification in local hospitals or private pharmacies exceeds that which is paid to the County classification – then MBPP will be issued to *all* employees (that includes existing employees and any new hires) in the County classification. (Id.) For example, if the top of the County pay scale for a Speech Pathologist is \$35 an hour, but the HASC study determines that the 50th percentile of pay for speech pathologists across southern California is \$45, *all* County Speech Pathologists will receive a \$10 an hour MBPP in order to raise the total hourly wage to \$45. (Id.)

The payment of the MBPP to a particular classification is dependent upon an external factor – the going market rate paid to employees in comparable positions in local hospitals and private pharmacies. That external factor is documented in the HASC survey, which means that the payment cannot be and is not made to employees for arbitrary reasons such as nepotism, favoritism or to enhance their retirement benefit.

Once paid, the MBPP may only be reduced or discontinued in a classification if a certain external and verifiable condition is met – that the total hourly rate (base pay plus any MBPP) paid to the employee exceeds the market average pay rate by more than 5% plus the percentage value increase of the salary offsets set forth in Article 5, Section 502C of the MOU. (See Exhibit A to Portillo Declaration, Section 622, page. 27.) In such an event, the amount of the reduction shall only be that by which the total hourly rate exceeds the threshold value. (Id.)

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B. THE MARKET BASED PREMIUM PAY IS NOT A “BONUS”

Government Code section 7522.3(c)(10) excludes from the definition of “pensionable compensation” “[a]ny bonus paid in addition to the compensation described in subdivision (a).” (Government Code section 7522.34(c)(10).) MBPP is not a “bonus.”

Although the SEIU Local 721/County MOU inaptly refers to the MBPP in one sentence as a “recruitment and retention bonus,” it is not a “bonus” in the typical sense. (See Portillo Declaration, ¶8, Exhibit A, Section 622, page 26.) The same section of the MOU also refers to the payment as a “premium pay adjustment.” (Id.) That is the accurate way of describing the payment. (Portillo Declaration, ¶8.) The language of Section 622 of the SEIU Local 721/County MOU defines an employee’s total hourly rate to be the base pay plus any MBPP. (Id.) Therefore, the total hourly rate (base pay + MBPP) functions as the employee’s normal hourly rate of pay. (Portillo Declaration, ¶8, Exhibit B, redacted paycheck of a County employee who receives MBPP.)

The MBPP is treated by the County to be comparable to the Market Based Adjustment, which is indisputably pensionable income. (Portillo Declaration, ¶9.) The parties negotiated the Market Based Adjustment in 2013 to help bring the hourly wages of all SEIU Local 721 classifications to market levels. (Id.) Per Section 622 of the MOU: “Employees receiving a MBPP shall be excluded from the MBA [Market Based Adjustment] studies set forth in Section 502B [of the MOU] and shall not be eligible to receive any MBA.” (Id., Exhibit A, page 5.) In the most recent cycle of bargaining (2013), SEIU Local 721 and the County negotiated wage increases for current and future employees in two different ways: (a) general across-the-board salary increases, and (b) market based adjustments. (Portillo Declaration, ¶9.) To implement Section 502B of the MOU, which provides for the Market Based Adjustments, the County conducted a total compensation market based average study and thereafter gave Market Based Adjustments to certain classifications based on the parameters established in 502B (i.e., whether a certain classification is paid 3% or less than the market average). (Id.) Employees receiving a MBPP were excluded from receiving the Market Based Adjustment raises, as it was understood by both parties that those receiving MBPPs were being brought to market rates via the MBPP. (See Id., Exhibit A, Section 622, page 27.)

It would be illogical to consider the negotiated general across-the board salary increases and the Market Based Adjustments pensionable, but to consider the MBPPs non-pensionable. (Portillo Declaration, ¶9.) Had the MBPP not been in effect already in a certain classification at the time that the 2013 Market Based Adjustments went into effect, the employees in the certain classification would have received the 2013 Market Based Adjustments. (Id.) Both the MBPPs and the Market Based Adjustments must be treated the same – as pensionable income.

C. THE MBPP IS PAID TO SIMILARLY SITUATED MEMBERS OF THE SAME GROUP OR CLASS OF EMPLOYMENT

Government Code section 7522.34(a) requires pensionable pay to be “paid in cash to similarly situated members of the same group or class of employment...” (Government Code section 7522.34(a).) It has been reported to SEIU Local 721 that VCERA staff and advisors may believe that

employees in the same classification are offered different MBPPs based on their date of hire with the County. (Portillo Declaration, ¶6.) This is incorrect. (Id.)

All current/existing employees and any new hires in the same classification receive the same MBPP. (Id.) Their date of hire does not determine the MBPP. (Id.) Rather, the MBPP is determined by the results of the annual HASC study. (Id.) Some employees may receive a higher MBPP as a result of a skill set and/or assignment. (Id.) For example, all Pharmacists receive a MBPP based on the HASC study results. (Id.) However, Pharmacists assigned to the Oncology unit receive a slightly higher MBPP because it is a hazardous assignment and there is an additional skill set required to work in the unit. (Id.)

There may also be differing rates of MBPP paid to employees within a particular classification because, in the past, when SEIU Local 721 negotiated a general across-the-board wage increase for all of its bargaining unit members, the classifications that were already being paid a MBPP received the general across-the-board wage increase and the County subtracted the amount of that increase from the MBPP. (Id., ¶7.) In the past, that employee's hourly wage did not go up, even though the SEIU Local 721 bargaining unit had just received a general across-the-board increase. (Id.) Some employees in classifications that were being paid MBPP complained that, practically speaking, they did not receive the benefit of SEIU Local 721's negotiated general across-the-board increases because their wages remained the same. (Id.) In 2013, SEIU Local 721 and the County negotiated contract language that expressly requires the County to pay the general across-the-board wage increase to classifications that receive MBPP (and implicitly, to not subtract the amount of the general across-the-board wage increase from the MBPP). (Id.) The contract language says: "If an employee is receiving a MBPP on the effective date of the general salary increases set forth in Article 5, Sec. 502A, his or her MBPP shall not be reduced as a result of the implementation of said salary increase." (See Id., Exhibit A, Section 622, page 27.) The County's historical practice of subtracting the general across-the-board wage increase from the MBPP makes it look on paper as though employees in the same classification are receiving different MBPP rates based on their date of hire, but that is not the case. (Id.) The County has pledged to correct this historical practice of subtracting past general across-the-board salary increases from employees' MBPP, and to instead pay all employees in a classification the same MBPP. (Id.) County Management Representatives have assured SEIU Local 721 that the County is in the process of transitioning all employees in a classification to the same MBPP rate. (Id.) It is possible that it has not yet accomplished this transition process. (Id.) The process is underway. (Id.)

II. BILINGUAL PAY

We agree with Steve Silver's September 10, 2015 letter, which states that page 3, paragraph 2c) of the VCERA Board's Resolution – i.e., the requirement that "[s]pecial assignment payments or differentials, and payments for possessing specified certificates, certifications or licenses will be included only if the assignment, certification or license is part of a member's regularly assigned responsibilities on a matter that is a normal or essential function of the job..." (November 17, 2014 Resolution, page 3, paragraph 2c), emphasis in original) – is overly-restrictive and not supported by statute. We incorporate by reference Mr. Silver's arguments in that respect into this position statement.

We appreciate that the VCERA staff have recommended that the County's practice of categorically declining to report any bilingual pay as pensionable compensation should come to an end.

VCERA staff have, instead, recommended that the pay be "[i]ncludable only if bilingualism [is] a regularly assigned normal or essential job function of an identifiable subgroup of similarly situated members within this group or class of employment." (Chart of recommended changes.) A shorthand way of describing this inquiry is whether the employee's position "requires" the bilingual skill. We believe this approach is too narrow and unmanageable. An employee's bilingualism is useful to the employer at any time, even if the employee is not in a position that technically requires proficiency in a non-English language. The employee can be called upon at a moment's notice to help communicate with a non-English client, patient or member of the public. Additionally, in some circumstances, it may be difficult to measure whether bilingualism is a "regularly assigned normal or essential job function." How often must the employee use the non-English language in the course of their work to satisfy this standard?

Assuming for the sake of argument that it is appropriate for the VCERA Board to determine whether an employee's position "requires" the bilingual skill, we take this opportunity to point out to the VCERA Board that the County is only paying bilingual pay to those SEIU Local 721-represented employees who are in positions that require the bilingual skill. The best evidence of this is the MOU. Section 601 of the MOU states that a bilingual premium is paid to "[e]mployees whose positions require the use of bilingual skills..." (Portillo Declaration, ¶10, Exhibit A, page 16.) Therefore, if the County employee is currently receiving bilingual premium pay, then the County *has already determined* that the employee's position requires bilingual skills. (Portillo Declaration, ¶10.)

We therefore ask VCERA to consider bilingual pay pensionable for *all* employees in the SEIU Local 721 bargaining unit who receive it.

III. SHIFT DIFFERENTIAL

Again, we appreciate that VCERA staff have recommended that the County no longer categorically carve out all differentials from pensionable income.

The VCERA staff recommended a case-by-case approach to determining the pensionability of shift differentials that is similar to its approach to bilingual pay. VCERA staff suggest that the query should be whether the employee is "regularly assigned" to work the off-shift that results in the payment of the shift differential.

Our comments regarding the overly-restrictive nature of Paragraph 2c) of the VCERA Board's November 17, 2014 Resolution, and regarding the difficulty of interpreting and applying that standard, apply equally to shift differentials.

VCERA's recommended approach would be particularly hard to manage in workplaces that operate 24-hours a day, 7 days a week. As Angela Portillo explains in her declaration, there is no such thing as a "regular schedule" in the VC HCA setting. (Portillo Declaration, ¶11.) VC HCA is a 24-hour a

day, 7 days a week operation. (Id.) Management representatives always tell the employees and SEIU Local 721 that they can change employees' schedules at any time. (Id.) Also, it is not uncommon for an employee to regularly work a day shift at some point during the week, and then a swing or graveyard (non-overtime, straight-time pay) shift at some other point during the week, as their so-called regular schedule. (Id.) How often must the employee work the off-shift before that off-shift is considered their "regular schedule"?

We respectfully suggest that a better approach, which is consistent with Government Code section 7522.34(a), is to deem all shift differentials to be pensionable if the differential is based on *straight-time hours* the employee worked.

IV. CONCLUSION

We urge the VCERA Board to consider MBPP, bilingual pay, and shift differentials to be "pensionable compensation" for "new members." If this position statement raises any questions or points of discussion, SEIU Local 721 would be happy to address them at the October 19, 2015 business meeting. If the VCERA Board believes that further evidence of pay practices or contractual intent is necessary for it to make a decision, we request additional time for SEIU Local 721 to gather such evidence.

Sincerely,



Kerianne R. Steele

KRS:not

Enclosure – Declaration of SEIU Local 721 Worksite Organizer Angela Portillo

cc: Joe Kahraman, Director of SEIU Local 721 (email only)

Angela Portillo, Worksite Organizer of SEIU Local 721 (email only)

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**PROOF OF SERVICE
(CCP §1013)**

I am a citizen of the United States and resident of the State of California. I am employed in the County of Alameda, State of California, in the office of a member of the bar of this Court, at whose direction the service was made. I am over the age of eighteen years and not a party to the within action.

On October 2, 2015, I served the following documents in the manner described below:

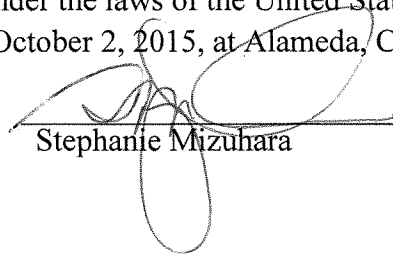
POSITION STATEMENT OF SEIU LOCAL 721

- (BY U.S. MAIL) I am personally and readily familiar with the business practice of Weinberg, Roger & Rosenfeld for collection and processing of correspondence for mailing with the United States Parcel Service, and I caused such envelope(s) with postage thereon fully prepaid to be placed in the United States Postal Service at Alameda, California.
- (BY FACSIMILE) I am personally and readily familiar with the business practice of Weinberg, Roger & Rosenfeld for collection and processing of document(s) to be transmitted by facsimile and I caused such document(s) on this date to be transmitted by facsimile to the offices of addressee(s) at the numbers listed below.
- (BY OVERNIGHT MAIL) I am personally and readily familiar with the business practice of Weinberg, Roger & Rosenfeld for collection and processing of correspondence for overnight delivery, and I caused such document(s) described herein to be deposited for delivery to a facility regularly maintained by United Parcel Service for overnight delivery.
- (BY ELECTRONIC SERVICE) By electronically mailing a true and correct copy through Weinberg, Roger & Rosenfeld's electronic mail system from smizuhara@unioncounsel.net to the email addresses set forth below.

On the following part(ies) in this action:

Ms. Linda Webb
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on October 2, 2015, at Alameda, California.



Stephanie Mizuhara

1 **BEFORE THE BOARD OF THE**
2 **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

3 **DECLARATION**

4 I, Angela Portillo, do hereby declare as follows:

5 1. I have personal knowledge of the following facts and am competent to and would
6 testify as to the truth of these facts if called as a witness.

7 2. I am a resident of Ventura County ("County"), California.

8 3. I am a Worksite Organizer for SEIU Local 721. I have worked for SEIU Local 721
9 since 2014. Prior to working for SEIU Local 721, I was a County employee. I worked for 5 years
10 as a County employee in the Child Support Services Specialist classification, in the Child Support
11 department.

12 4. I have been assigned to the Ventura County Health Care Agency ("VC HCA")
13 worksite since 2014. My duties as a Worksite Organizer include being knowledgeable regarding
14 the provisions of the Memorandum of Understanding ("MOU") between SEIU Local 721 and the
15 County, and regarding existing payment and scheduling practices in the VC HCA workplace.

16 5. Over the course of the last year, in connection with my duties as a Worksite
17 Organizer, I have had multiple conversations with VC HCA Management Representatives,
18 including representatives in Human Resources, about the Market Based Premium Payment
19 ("MBPP") that is set forth in Section 622 of the SEIU Local 721/County MOU. Attached and
20 marked as **Exhibit A** to this declaration is a true and correct copy of excerpts of the SEIU Local
21 721/County MOU, having the term of September 10, 2013 through August 9, 2016. In
22 conversations with Management Representatives, we have discussed how the amount of MBPP is
23 determined and how it is implemented. From those conversations I have learned that every year
24 VC HCA obtains a report from the Hospital Association of Southern California ("HASC"). That
25 report is a labor market survey of comparable positions in local hospitals and pharmacies, which
26 reflects whether a number of SEIU Local 721-represented classifications (Pharmacist, Speech
27 Pathologist, Senior Speech Pathologist, Physical Therapist, Senior Physical Therapist,
28 Occupational Therapist, Senior Occupational Therapist, Supervising Physical Therapist I and II,

1 Staff Psychologist, Senior Psychologist, Pharmacy Technician, Clinical Laboratory Scientist I, II,
2 and II, Histologist, Radiologic Specialist, Radiologic Technologist, Licensed Physical Therapy
3 Assistant, Principal Respiratory Therapist, and Certified Occupational Therapy Assistant) are
4 underpaid compared to counterpart classifications elsewhere. (See Exhibit A, Section 622, pages
5 26-27.) The MBPPs are reviewed in light of the results of that report. VC HCA determines from
6 the report if a MBPP is necessary to: (a) recruit new employees, and (b) retain existing employees
7 by providing competitive wages. If VC HCA determines that a MBPP is appropriate for a
8 particular County classification – because the market average pay rate paid to the comparable
9 classification in local hospitals or private pharmacies exceeds that which is paid to the County
10 classification – then MBPP will be issued to *all* employees (that includes existing employees and
11 any new hires) in the County classification. For example, if the top of the County pay scale for a
12 Speech Pathologist is \$35 an hour, but the HASC study determines that the 50th percentile of pay
13 for speech pathologists across southern California is \$45, *all* County Speech Pathologists will
14 receive a \$10 an hour MBPP in order to raise the total hourly wage to \$45.

15 6. It has been reported to me that VCERA staff and advisors may believe that
16 employees in the same classification are offered different MBPPs based on their date of hire with
17 the County. This is incorrect. *All* current/existing employees and any new hires in the same
18 classification receive the same MBPP. Their date of hire does not determine the MBPP. Rather,
19 the MBPP is determined by the results of the annual HASC study. Some employees may receive a
20 higher MBPP as a result of a skill set and/or assignment. For example, all Pharmacists receive a
21 MBPP based on the HASC study results. However, Pharmacists assigned to the Oncology unit
22 receive a slightly higher MBPP because it is a hazardous assignment and there is an additional skill
23 set required to work in the unit.

24 7. There may also be differing rates of MBPP paid to employees within a particular
25 classification because, in the past, when SEIU Local 721 negotiated a general across-the-board
26 wage increase for all of its bargaining unit members, the classifications that were already being
27 paid a MBPP received the general across-the-board wage increase and the County subtracted the
28 amount of that increase from the MBPP. In the past, that employee's hourly wage did not go up,

1 even though the SEIU Local 721 bargaining unit had just received a general across-the-board
2 increase. Some employees in classifications that were being paid MBPP complained that,
3 practically speaking, they did not receive the benefit of SEIU Local 721's negotiated general
4 across-the-board increases because their wages remained the same. In 2013, SEIU Local 721 and
5 the County negotiated contract language that expressly requires the County to pay the general
6 across-the-board wage increase to classifications that receive MBPP (and implicitly, to not subtract
7 the amount of the general across-the-board wage increase from the MBPP). The contract language
8 says: "If an employee is receiving a MBPP on the effective date of the general salary increases set
9 forth in Article 5, Sec. 502A, his or her MBPP shall not be reduced as a result of the
10 implementation of said salary increase." (See Exhibit A, Section 622, page 27.) The County's
11 historical practice of subtracting the general across-the-board wage increase from the MBPP makes
12 it look as though employees in the same classification are receiving different MBPP rates based on
13 their date of hire, but that is not the case. The County has pledged to correct this historical practice
14 of subtracting past general across-the-board salary increases from employees' MBPP, and to
15 instead pay all employees in a classification the same MBPP. County Management
16 Representatives have assured me that the County is in the process of transitioning all employees in
17 a classification to the same MBPP rate. It is possible that it has not yet accomplished this
18 transition process. The process is underway.

19 8. Although Section 622 of the MOU describes the payment as a "recruitment and
20 retention bonus," it is not a "bonus" in the typical sense. The same section of the MOU also refers
21 to the payment as a "premium pay adjustment." That is a more accurate way of describing the
22 payment. The language of Section 622 of the SEIU Local 721/County MOU defines an
23 employee's total hourly rate to be the base pay plus any MBPP. Therefore, the total hourly rate
24 (base pay + MBPP) functions as the employee's normal hourly rate of pay. Attached and marked
25 as **Exhibit B** to this declaration is a true and correct pay stub belonging to a current Ventura
26 County employee in the Pharmacy Technician II classification. The base hourly wage (NAHRLY)
27 and the MBPP (PHARM) are added to create the total hourly wage (Total). All other hours and
28 earnings are itemized in a separate section of the pay stub. Percentage based premiums, such as

1 bilingual pay, are paid on the total hourly wage, not on the base hourly wage. This reaffirms that
2 the total hourly rate (base pay + MBPP) functions as the employee's normal hourly rate of pay.

3 9. The MBPP functions to effectively bring wages of the classifications outlined in
4 section 622 of the MOU to market levels. Per Section 622 of the MOU: "Employees receiving a
5 MBPP shall be excluded from the MBA [Market Based Adjustment] studies set forth in Section
6 502B [of the MOU] and shall not be eligible to receive any MBA." In the most recent cycle of
7 bargaining (2013), SEIU Local 721 and the County negotiated wage increases for current and
8 future employees in two different ways: (a) general across-the-board salary increases, and (b)
9 market based adjustments (MBAs). To implement Section 502B of the MOU, which provides for
10 the MBAs, the County conducted a total compensation market based average study and thereafter
11 gave MBAs to certain classifications based on the parameters established in 502B (i.e., whether a
12 certain classification is paid 3% or less than the market average). Employees receiving a MBPP
13 were excluded from receiving the MBA raises, as it was understood by both parties that those
14 receiving MBPPs were being brought to market rates via the MBPP. (See Exhibit A, Section 622,
15 page 27.) Both the general across-the-board salary increases and the MBAs outlined in Sec 502A
16 and Sec 502B are pensionable under PEPR. It would be illogical to consider the negotiated
17 general across-the board salary increases and the MBAs as pensionable, but to consider the MBPPs
18 non-pensionable. Had the MBPP not been in effect already in a certain classification at the time
19 that the 2013 MBAs went into effect, the employees in the certain classification would have
20 received the 2013 MBAs. Also, the County clearly regards the MBPPs as a payment for regularly
21 assigned normal or essential job functions of an identifiable group or subgroup within similarly
22 situated members within this group or class of employment.

23 10. I am personally familiar with SEIU Local 721/County contract language regarding
24 bilingual pay. Section 601 of the MOU states that a bilingual premium is paid to "[e]mployees
25 whose positions require the use of bilingual skills..." (Exhibit A, page 16.) Therefore, if the
26 County employee is currently receiving bilingual premium pay, then the County *has already*
27 *determined* that the employee's position requires bilingual skills.

28 11. I have reviewed the VCERA analysis regarding who should be eligible for shift

1 differentials, i.e., "employees regularly assigned to work" on the shift. I am personally aware,
2 from talking to VC HCA employees and management representatives and viewing schedules, that
3 there is no such thing as a "regular schedule" in the VC HCA setting. VC HCA is a 24-hour a day,
4 7 days a week operation. Management representatives always tell the employees and SEIU Local
5 721 that they can change employees' schedules at any time. Also, it is not uncommon for an
6 employee to regularly work a day shift at some point during the week, and then a swing or
7 graveyard (non-overtime, straight-time pay) shift at some other point during the week, as their so-
8 called regular schedule.

9 I declare under penalty of perjury that the foregoing is true and correct, and that this declaration
10 was executed in Ventura, California on October 2, 2015.

11 Signed:  _____

12 Angela Portillo

13 1/832287

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**SEIU LOCAL 721 / COUNTY OF VENTURA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Preliminary Report on PEPRA Pensionable Compensation Analysis**

EXHIBIT A

SEIU Local 721
County of Ventura
Memorandum of Understanding

September 10, 2013
through
August 9, 2016



of seven hundred fifty dollars (\$750). Employees employed less than full-time (regularly scheduled to work less than 64 hours biweekly) shall receive a one-time payment of six hundred (\$600) dollars.

Sec. 502 PAY/SALARY INCREASES:

A. General Salary Increases

Effective August 17, 2014, employees covered by this agreement shall be eligible for a general salary increase of one percent (1%).

Effective August 16, 2015, employees covered by this agreement shall be eligible for a general salary increase of two percent (2%).

B. Market Based Adjustments

The County shall conduct a single total compensation market-based average study (based on the survey structure that was provided to SEIU on 7/22/13) by April 30, 2014. The results of that survey shall be used to determine market-based salary adjustments as follows:

- a. If the total compensation study results reveal that a benchmark classification is three percent (3%) or less than the market average, then that classification benchmark and all other classifications benchmarked to it shall not be eligible for any MBA.
- b. Effective August 17, 2014, if the total compensation study results reveal that a benchmark classification is more than three percent (3%) below the market average, then that classification benchmark and all other classifications benchmarked to it shall be eligible to receive a MBA of one percent (1%).
- c. Effective August 16, 2015, if the total compensation study results reveal that a benchmark classification is more than six percent (6%) below the market average, then that classification benchmark and all other classifications benchmarked to it shall be eligible to receive a MBA of one percent (1%).

C. Salary Offsets for Increased Employee-Paid Retirement Contributions

Effective July 6, 2014, salary of represented employees affected by the changes to Sec. 401 and 402 shall be increased as follows:

- a. The percentage amount equal to the percentage value of eliminating the retirement pick-up; and

5. Temporary assignments will not exceed twenty three (23) working days.

Sec. 525 BASE HOURLY RATE OF PAY/SALARY – VCMC TWELVE (12) HOUR SHIFT - METHOD OF COMPUTATION: Employees in Nursing Care Coordinator classifications who are assigned to the Ventura County Medical Center and who are regularly assigned to twelve (12) hour shifts shall have their base hourly rate of pay/salary rate computed as follows:

12 Hour Rate = 8 hour base hourly rate of pay/salary Rate times 41 divided by 36.

In order to be eligible for the twelve (12) hour rate, an employee must work a minimum of four (4), twelve (12) hour shifts in a biweekly pay period.

Sec. 526 ADVANCED HOURLY RATE OF PAY/SALARY PLACEMENT (NEW HIRES): Upon recommendation of the appointing authority and the Director-Human Resources, the County Executive Officer may approve hiring a new employee beyond the midpoint of the pay/salary range provided that:

- A. Reasonable proof has been presented that no qualified person can be recruited to fill a position below the midpoint of the pay/salary range; or,
- B. Reasonable proof has been presented that an applicant has qualifications deserving a starting hourly rate of pay/salary higher than the midpoint of the pay/salary range.

Appointments made above the midpoint of the pay/salary range and in accordance with the above-listed criteria for APCD employees may be approved by the APCD Executive Officer.

Local 721 shall be notified in writing of appointments made above the midpoint of the pay/salary range.

ARTICLE 6
OTHER BENEFITS AND PREMIUM PAY

Sec. 601 BILINGUAL PREMIUM PAY:

- A. Employees whose positions require the use of bilingual skills shall be allocated for bilingual premium pay at the I, II, or III level. The allocation of positions among the respective levels shall be made by the Agency/Department Head, based upon the criteria established by, and subject to approval by, the Director-Human Resources. An employee's bilingual proficiency at Levels I and II shall be determined by an examination administered and certification issued by the Director-Human Resources or other approved county or city employer or educational facility at the employee's expense. Level III proficiency examinations shall be developed and administered solely by the Director-Human Resources. The level of an employee's bilingual proficiency shall be determined by an examination administered by the Director – Human Resources. Employees assigned to such positions shall be eligible for bilingual premium pay at the level of their position or level of their proficiency, whichever is less, subject to the conditions set forth herein.

The rates for the respective levels are:

<u>Bilingual Level</u>	<u>Premium Pay</u>
I	\$.65/hour
II	\$.80/hour
III	\$.90/hour

Employees in positions eligible to receive this premium pay shall receive the appropriate rate per hour compensated per biweekly pay period, not to exceed eighty (80) compensated hours per pay period.

Such premium pay shall be in addition to their base pay. To be eligible to receive this premium pay, upon the recommendation of the Agency/Department Head and the Director-Human Resources, the County Executive Officer must designate that such payment will be made.

The provisions of this Section shall not apply to the classification of Interpreter-Translator.

- B. Employees in the Non-Supervisory Social Services Unit who currently receive bilingual premium pay shall continue to receive said payment throughout the life of this contract except in cases where an employee accepts a voluntary transfer or is promoted to a position which does not qualify for such premium. Nothing in this

Section precludes management from transferring employees to other worksites in order to provide adequate caseload coverage.

Sec. 602 STANDBY PREMIUM PAY:

- A. Should an FLSA non-exempt employee be placed on formal standby duty (as is meant under the FLSA), said employee shall be compensated for actual time on call at one-quarter (1/4) of his/her regular rate of pay/salary or at the State minimum wage, whichever is greater, and for time worked as a result of a callback to duty at his/her hourly wage when funds for such purposes have been specifically appropriated by the Board after specific inclusion in the department/agency budget. In no instance shall a callback to duty be considered as less than two (2) hours for pay purposes. No employee shall be paid for call back time and standby simultaneously. All employees excluded from the overtime provisions of these Articles are also excluded from the provisions of this Section.

- B. No more than three (3) HS Child Welfare Social Workers (at the discretion of the Director-Human Services Agency) and two HS Adult Protective Services Social Workers assigned to emergency response duty is authorized to be paid the standby premium in accordance with provided by 602-A. Should that CSSW or APSSW be called back while on formal standby duty, he/she shall be eligible to receive the callback premium pay in accordance with Section 602(A).

All other employees excluded from the overtime provisions of these Articles are also excluded from the provisions of this Section.

Sec. 603 NIGHT SHIFT DIFFERENTIAL PREMIUM PAY:

- A. Except as otherwise provided herein, the night shift differential for regular employees who are required to work half of a shift plus one (1) hour between the hours of 3:00 p.m. and 7:00 a.m. shall be calculated at the rate of five percent (5%) of the base pay of said employee.

- B. Any person employed as a Jail Cook who is assigned to a shift between the hours of 3:00 a.m. to 11:00 a.m. or 11:00 a.m. to 7:00 p.m. shall be eligible to receive a five percent (5%) premium (based on his/her hourly base rate of pay).

- D. Benefits potentially due under this Section shall not apply to Public Safety Dispatchers who are in training prior to successful graduation from the Academy.

The policies that direct the Emergency Medical Dispatch program are those of the County of Ventura, Health Care Agency, Emergency Medical Services Policies and Procedures, including Policy #910.

Sec 620 ENVIRONMENTAL HEALTH RESPONSE TEAM PREMIUM:
Environmental Health Employees who are assigned by the Director-RMA or his/her designee to the Environmental Health Response Team shall receive a biweekly premium of \$192.00. Employees receiving compensation pursuant to this provision are not eligible to receive overtime, standby, or callback pay.

Sec. 621 VCMC PSYCHIATRIC INPATIENT UNIT ASSIGNMENT DIFFERENTIAL:
Any regular, non-physician, non-psychiatric technician, and/or non-nursing employee specifically assigned to work in the Ventura County Medical Center's Unit and specifically designated by the HCA Director to provide acute inpatient mental health care shall receive a five percent (5%) differential for work performed. Depending on the overtime status of the employee, said differential shall be based on, and paid in addition to, either the base hourly wage or base biweekly hourly rate of pay/salary of the employee. Eligibility for this differential is at the sole discretion of the HCA Director.

Sec. 622 MARKET BASED PREMIUM PAY : Upon recommendation of the Director - Health Care Agency, the Director-Human Resources may approve a premium pay for Pharmacists, Speech Pathologist, Senior Speech Pathologist, Physical Therapist, Senior Physical Therapist, Occupational Therapist, Senior Occupational Therapist, Supervising Physical Therapist I and II, Staff Psychologist and Senior Psychologist, Pharmacy Technicians, Clinical Laboratory Scientist I, II, III, Histologist, Radiologic Specialist, Radiologic Technologist, Licensed Physical Therapy Assistant, Principal Respiratory Therapist, and Certified Occupational Therapy Assistant (as a recruitment and retention bonus). The amount of the premium pay adjustment will be calculated as needed according to the changing labor market survey of comparable positions in local hospitals and private pharmacies and will be up to \$25.00 per hour for Pharmacists, Speech Pathologist, Senior Speech Pathologist, Physical Therapist, Senior Physical Therapist, Occupational Therapist, Senior Occupational Therapist, Supervising Physical Therapist I and II, Staff Psychologist and Senior Psychologist and up to \$15.00 per hour for Pharmacy Technicians,

Clinical Laboratory Scientist I, II, III, Histologist, Radiologic Specialist, Radiologic Technologist, Licensed Physical Therapy Assistant, Principal Respiratory Therapist, and Certified Occupational Therapy Assistant. The premium pay may be reduced or eliminated should a survey as described above show that reduction/elimination is warranted.

A reduction to the MBPP may occur if the total hourly rate (base pay plus any MBPP) paid to the employee exceeds the market average pay rate by more than 5% plus the percentage value increase of the salary offsets set forth in Article, 5, Sec. 502C (threshold value). In such a case, the amount of the reduction shall be the amount by which the total hourly rate that exceeds the threshold value.

If an employee is receiving a MBPP on the effective date of the general salary increases set forth in Article 5, Sec. 502A, his or her MBPP shall not be reduced as a result of the implementation of said salary increase. Employees receiving a MBPP shall be excluded from the MBA studies set forth in Sec. 502B and shall not be eligible to receive any MBA.

The County agrees to meet and consult with the Union on the implementation procedures of the Market Based Premium program to determine the original intent of Section 622 and to modify as necessary for implementation by January 1, 2006. Thereafter the County will meet and consult on any changes in application of Section 622 prior to implementation. The County will conduct an internal review of the use of MBPP and discuss the results with SEIU.

Sec. 623 LICENSE ENDORSEMENT REIMBURSEMENT: An employee in any of the classifications listed below who, in order to meet the minimum requirements for his/her position, renews his /her Class "1" or Class "A" California Drivers license within ninety (90) days of the expiration date and is directed by the County to obtain a Tank and/or Hazmat License Endorsement shall be reimbursed for the cost of the initial endorsements only as follows:

1. \$25.00 when the endorsement(s) is obtained concurrent with the renewal of his/her Commercial Drivers License; or,
2. \$25.00 plus \$10.00 per endorsement when, through no fault of the employee, he/she renewed his/her Commercial Drivers License and was subsequently advised by the County that the endorsement is required.
3. \$25.00 if, on the effective date of this MOA he/she already holds a Class "A" license and the endorsement(s) if he/she is subsequently

**SEIU LOCAL 721 / COUNTY OF VENTURA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Preliminary Report on PEPRA Pensionable Compensation Analysis**

EXHIBIT B

9.28.15

JEFFERY S. BURGH
AUDITOR-CONTROLLER
COUNTY OF VENTURA

Pay Group: SH1-Sun-Sat Holiday
Pay Begin Date: 08/30/2015
Pay End Date: 09/18/2015

Business Unit: HCAVC
Check #: 000003000977549
Check Date: 09/18/2015

4	Employee ID: [REDACTED] Department: 3328-Pharmacy Location: Ventura County Medical Center Job Title: Pharmacy Technician II	NAHRLY \$18.496074 PHARM \$2 761387 Total: \$21.257461	TAX DATA: Federal State Marital Status: Single Single, or Married with Allowances: 1 1 Addl. Pet: Addl. Amt:
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HOURS AND EARNINGS						TAXES		
Description	Rate	Current		YTD		Description	Current	YTD
		Hours	Earnings	Hours	Earnings			
Associate's Degree			42.52		788.86	Fed Withholding	168.72	3,109.43
Bilingual Level 2			64.00		1,215.00	Fed MED/EE	25.06	466.26
FLex Credit			297.00		5,643.00	Fed OASD/EE	107.17	1,993.67
Regular	21.257461	64.75	1,376.42	1,158.92	24,080.71	CA Withholding	39.97	717.14
Vacation Hourly NonFLSA	21.257461	7.25	154.12	220.58	4,582.68	CA OASD/EE	15.55	289.40
Holiday - Hourly Non FLSA	21.257461	8.00	170.06	56.00	1,164.56			
Sick - Personal Hourly NonFLSA			0.00	67.25	1,393.34			
Sick Leave Adjustment			0.00	-19.50	0.00			
Straight Time Overtime			0.00	2.50	51.80			
Leave Without Pay Hourly			0.00	1.75	0.00			
Family Sick - Hourly Non FLSA			0.00	8.00	165.75			
Floating Holiday Non FLSA			0.00	8.00	165.75			
TOTAL:		80.00	2,104.12	1,503.50	39,251.45	TOTAL:	356.47	6,575.90

BEFORE-TAX DEDUCTIONS			AFTER-TAX DEDUCTIONS			EMPLOYER PAID BENEFITS		
Description	Current	YTD	Description	Current	YTD	Description	Current	YTD
VC Health Care Plan	333.97	6,345.43	401k Loan 1	91.73	1,284.22	401k Deduction	29.76	552.22
401k Deduction	29.76	577.04	SEIU FT Reg with	16.75	326.75	Retirement Cnty COL Fund	55.34	637.90
Fidelity 457 Plan	10.00	190.00	PoliticalCont			Retirement Earnings Final	2,104.12	39,199.65
Health Care Flex	41.67	750.06	401k Loan 2	0.00	1,947.69	Retirement Cnty Reg Fund	353.49	6,569.45
Spending Acct								
Ret EE COL Before Tax	55.34	1,031.01						
Ret EE Reg Before Tax	148.03	2,777.40						
TOTAL:	618.77	11,670.94	TOTAL:	108.48	3,558.66	*TAXABLE		

TOTAL GROSS		FED TAXABLE GROSS		TOTAL TAXES		TOTAL DEDUCTIONS		NET PAY	
Current	2,104.12		1,485.35		356.47		727.25		1,020.40
YTD	39,251.45		27,580.51		6,575.90		15,229.60		17,445.95
Sick Hours	YTD	Vacation Hours	YTD	Floating Holiday	YTD	Comp Time	YTD	Holiday PTO	YTD
Start Balance	18.99	Start Balance	125.43	Start Balance	0.00	Start Balance	0.00	Start Balance	0.00
+ Earned	3.08	+ Earned	5.85	+ Earned	0.00	+ Earned	0.00	+ Banked	0.00
+ Bought	0.00	+ Bought	0.00						
- Taken	0.00	- Taken	7.25	- Taken	0.00	- Taken		- Taken	0.00
- Sold	0.00	- Sold	0.00					- Expired	0.00
+ Adjustments	0.00	+ Adjustments	0.00					+ Adjustments	0.00
End Balance:	22.07	End Balance:	124.03	End Balance:	0.00	End Balance:	0.00	End Balance:	0.00

MESSAGE:
Dept Message:

NET PAY DISTRIBUTION	
Check #000003000977549	1,020.40
Total:	1,020.40

JEFFERY S. BURGH
AUDITOR-CONTROLLER
COUNTY OF VENTURA
VENTURA, CA 93009-1540

Date
09/18/2015

Check No.
3000977549

Check Amount: \$1,020.40 *****

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**PROOF OF SERVICE
(CCP §1013)**

I am a citizen of the United States and resident of the State of California. I am employed in the County of Alameda, State of California, in the office of a member of the bar of this Court, at whose direction the service was made. I am over the age of eighteen years and not a party to the within action.

On October 2, 2015, I served the following documents in the manner described below:

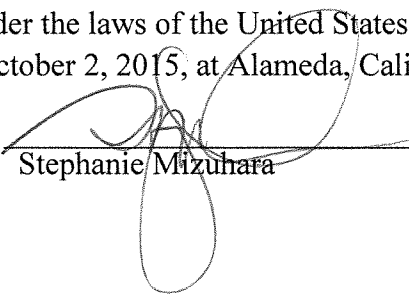
DECLARATION OF ANGELA PORTILLO

- (BY U.S. MAIL) I am personally and readily familiar with the business practice of Weinberg, Roger & Rosenfeld for collection and processing of correspondence for mailing with the United States Parcel Service, and I caused such envelope(s) with postage thereon fully prepaid to be placed in the United States Postal Service at Alameda, California.
- (BY FACSIMILE) I am personally and readily familiar with the business practice of Weinberg, Roger & Rosenfeld for collection and processing of document(s) to be transmitted by facsimile and I caused such document(s) on this date to be transmitted by facsimile to the offices of addressee(s) at the numbers listed below.
- (BY OVERNIGHT MAIL) I am personally and readily familiar with the business practice of Weinberg, Roger & Rosenfeld for collection and processing of correspondence for overnight delivery, and I caused such document(s) described herein to be deposited for delivery to a facility regularly maintained by United Parcel Service for overnight delivery.
- (BY ELECTRONIC SERVICE) By electronically mailing a true and correct copy through Weinberg, Roger & Rosenfeld's electronic mail system from smizuhara@unioncounsel.net to the email addresses set forth below.

On the following part(ies) in this action:

Ms. Linda Webb
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on October 2, 2015, at Alameda, California.


Stephanie Mizuhara

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>

July 18, 2016

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

**SUBJECT: UPDATE ON V3 POST GO-LIVE TRANSMITTAL PROCESSING WITH
AUDITOR-CONTROLLER'S OFFICE**

Dear Board Members:

The following update is submitted to the Board of Retirement on the progress of data integrity efforts in the V3 system since Go-Live.

Transmittal Processing

Since VCERA's V3 pension administration system went live in April of this year, staff has worked with the Auditor-Controller's office to resolve any issues, errors or exceptions in the member data received through the payroll transmittal processing. The VCERA project team processed each payroll file as it was received, providing information on any errors or exceptions back to the Auditor-Controller (A-C) team.

After the first four (4) pay periods had been processed and the information provided to the A-C, some issues were resolved and some were outstanding. On June 22, 2016, VCERA received a formal written status memorandum from the Auditor-Controller's office on the communicated outstanding transmittal issues. That memorandum is provided.

On July 14, 2016, VCERA sent two (2) memorandums of response to the A-C's office: one from the Chief Operations Officer to the Deputy Director of the AC office regarding the specific technical issues involving individual member records, and one from Retirement Administrator to the Auditor-Controller on issues with broader topics related policy or collaboration. The latter memorandum is provided.

Access to the VCHRP Retirement Tables

In March of 2016 in a meeting with the Auditor-Controller and his staff and Counsel, VCERA requested that the Auditor-Controller's office allow read-only and query access to the VCHRP retirement tables in order to identify the components of compensation reported, and to better diagnose and identify errors, exceptions and systemic data

issues. At that time, the A-C Deputy Director indicated that there were security concerns with providing such access.

In May of 2016, VCERA formally requested this read-only and query access through the A-C's formal written process. That request was denied. Shortly after, the Retirement Administrator appealed directly to the Auditor-Controller on this issue, and was referred to the VCHRP Steering Committee. The scheduled meeting of that committee is July 18, 2016 at 1:00 p.m.

We hope to resolve the remaining data and access issues with the payroll transmittals soon. Staff will keep the Board updated on any significant developments.

Sincerely,

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

Linda Webb
Retirement Administrator

**County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM**

**To: Julie Stallings, Chief Operations Officer, Retirement
Michelle Hernandez, Retirement Benefits Specialist**

Date: June 22, 2016

From: Valerie Barraza, Deputy Director, Auditor-Controller



Subject: Status of Transmittal Corrections as of June 22, 2016

As of June 22, 2016, the following status applies to outstanding transmittal correction issues identified by VCERA as documented on Excel file: *Outstanding Transmittal Issues-UPDATED.xlsx* received via email from Michelle Hernandez on Friday, June 3, 2016:

PP2016-08

- A. Employee IDs: 117500; 115082; 119493; 122293; 110550; 117016; and 122200, "Plan Changes – Corrected to PEPRA from Classic; Need record to back out from Classic plan."
 - o *As the upgraded transmittal files, and newly stored history, were prospective effective PP2016-08, we are unable to "back out" records sent under the RDBS transmittal format. Pay period corrections prior to PP2016-08 for RDBS records cannot be accommodated by the County.*
- B. Employee IDs: 101780; 104487; and 120840, "Duplicate Records: Off-Cycle Checks that were provided in the 2016-08 file and also came across in 2016-09 file. These members now have double contributions and service for PP 2016-07."
 - o *Corrections are in progress.*
- C. Employee IDs: 106305; 102843; 103060; and 107989, "AUT-Auto Allowance included in Comp Earnable:"
 - o *County program logic was modified prospectively effective PP2016-10. Prior pay period corrections were provided via FTP on June 20, 2016.*
- D. Employee IDs: 101416, 122076, 124176, and 125361, "ALL2400JUDGES and mu42300RES are Non-Members and should not have a value in the Retirement Earnings Final:"
 - o *County program logic has been modified prospectively effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.*
- E. Employee ID: 115999; and 125851, "Check No Duplicated on another member header record:"
 - o *The error message is misleading as the check number is not duplicated on a different member header record. These are pay period adjustments for the current pay period, on the same member on their current check. The amounts and hours are correct. (Fire LWOPS: Adjustment for Incentives) (Animal, incorrect hire date)*

1. 115999: For FPD, when an employee works less than his/her schedule (e.g. LWOP, termed mid-pay period), triggering a partial payment situation. Since the calculation performed by the system is incomplete, FPD Payroll staff prepares and keys compensating adjustments within the same pay period prior to the final payroll calculation that occurs on Tuesday of pay week. FPD Payroll staff uses RAJ for processing compensating adjustments for regular and IAR for incentives performed within the same pay period. By using REG and RAJ/IAR in the same pay period, the employee's retirement earnings and compensation earnable are reported in the pay period both paid and earned.
2. 125851: The employee's hire date was incorrectly keyed and, as a result, code RAJ was used within the pay period to ensure the employee's pay was not adversely affected. By using REG and RAJ in the same pay period, the employee's retirement earnings and compensation earnable are reported in the pay period both paid and earned. An email response outlining this scenario with a recommended V3 solution was sent to VCERA on 5/23/16.

PP2016-09

- A. Employee IDs: 106305; 102843; 103060; and 107989, "AUT-Auto Allowance included in Comp Earnable:"
 - County program logic was modified prospectively effective PP2016-10. Prior pay period corrections were provided via FTP on June 20, 2016.
- B. Employee IDs: 101416, 122076, 124176, and 125361, "ALL2400JUDGES and mu42300RES are Non-Members and should not have a value in the Retirement Earnings Final:"
 - County program logic has been modified prospectively effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.
- C. Employee IDs: 120612; 116237; 124570; and 124964, "NRP-Nurses Retention Premium Pay – Not included in Retirement Earnings Final for PEPRA employees and not included in Comp Earnable for both Non-PEPRA and PEPRA employees."
 - Configuration changes were made to prospectively include NRP in Ret Final for PEPRA employees effective PP2016-10. Prior pay period corrections were provided via FTP on June 20, 2016.
 - Configuration changes were made to prospectively include NRP in Comp Earnable effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.
- D. Employee IDs: 115999; and 120443, "Mismatch of RAH and X-80 adjustments – added to payroll but did not come over in contribution file."
 - Missing X80 adjustments were added in PP2016-10 for both of these employees. A new payroll edit was developed so that adjustments missing their corresponding X80 adjustments will be caught during payroll processing.
- E. Employee IDs: 121335; and 123231, "Mismatch of RAH and X-80 adjustments – still outstanding."
 - Both of these adjustments are correct as processed, no further X80 adjustment needed The RAH and X80 codes do not have a one-to-one relationship. A RAH adjustment will not always have the exact same X80 adjustment, and in some cases does not need one at all. X80

represents L80, which is generated for all compensatory time up to an 80 hour maximum per pay period. When overtime is involved, the X80 adjustments can differ or not be required.

1. In PP16-08 #121335 had a total of 97.5 hours of compensation. The adjustments processed took away 16 hours of RAH and 9.5 of OAH. This left them with 72 hours of compensation. Since they received L80 of 80 hours originally, an adjustment taking away 8 hours of X80 was done. X80 does not match RAH, but it is correct.
2. In PP16-01 #121335 had a total of 89 hours of compensation. The adjustments for them took away 9 hours of RAH. This left them with 80 hours of compensation. Since they received L80 of 80 hours originally, no adjustment was needed. X80 does not match RAH, but it is correct.

F. Employee ID: 104499; and 104492, "Check No Duplicated on another member header record:"

- The error message is misleading as the check number is not duplicated on a different member header record. This is a pay period adjustment for the current pay period, on the same member on their current check. The amounts and hours are correct. (Fire MILUS & INOLS: Adjustment for Incentives). Refer to 2016-08(E1) for justification.

G. Employee ID: 125862, "Member Type is Excluded in V3 and the plan is not Excluded in the contribution file."

- This is an issue with timing and the manner in which V3 interprets future dated rows, as the Contribution file is correct by depicting the employee (member) in the correct plan with the correct contribution data for the pay period. The scenario is as follows:
 - The member accepted an offer and County HR keyed new hire data on April 8, 2016, in PP2016-08, with an effective date of April 18, 2016, PP2016-09.
 - The member began work on April 18, 2016, week #2 of PP2016-09.
 - Payroll processing for PP2016-09 occurs April 25-27, 2016, week #1 of PP2016-10. Assignment of the Retirement Group occurs during the VCHRP Retirement calculation process, prior to confirmation. This ensures the member is automatically assigned the correct group.
 - The Employment file is subsequently updated with the correct group assignment during the payroll process and transmitted on the Employment record for PP2016-10.

The error can be overcome if V3 were to accept future dated rows for this type of scenario.

PP2016-10

A. Employee ID: 105176, "Employment change effective date must be prior to the pay period end date of May 7, 2016."

- A future dated TERM row was input to VCHRP. The Employment interface file was designed per VCERA specifications to bring in future dated rows. This record is functioning as designed.

B. Employee IDs: 101416, 122076, 124176, and 125361, "ALL2400JUDGES and mu42300RES are Non-Members and should not have a value in the Retirement Earnings Final:"

- *County program logic has been modified prospectively effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.*
- C. Employee IDs: 116832; 119995; 117384; and 123120, "NRP-Nurses Retention Premium Pay – Not included in Retirement Earnings Final for PEPRA employees and not included in Comp Earnable for both Non-PEPRA and PEPRA employees."
 - *Configuration changes were made to prospectively include NRP in Ret Final for PEPRA employees effective PP2016-10. Prior pay period corrections were provided via FTP on June 20, 2016.*
 - *Configuration changes were made to prospectively include NRP in Comp Earnable effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.*
- D. Employee ID: 117384, "Standard Hours = zero-Need correction to input Comp Earnable."
 - *Employee was terminated effective 4/9/16. The PP2016-10 (4/24/16-5/7/16) check was only for the NRP Nurses Retention Premium only. No compensatory hours were processed for PP2016-10.*
- E. Employee IDs: 101578; and 103486, "No Comp Earnable on Contribution File."
 - *Both employees were all LWOP in PP2016-10, had zero checks with check numbers, and were terminated effective 5/2/16. Compensation earnable is not applicable.*
- F. Employee ID: 122973, "Member updated mailing and home address but only mailing address was provided in the Demographic file."
 - *This was an agreed upon procedure early in the project development cycle. This record is functioning as designed.*
- G. Employee ID: 119758, "Flex Credits Not Included in Comp Earnable."
 - *County program logic was modified prospectively effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.*
- H. Employee ID: 101378; and 104492, "Check No Duplicated on another member header record:"
 - *The error message is misleading as the check number is not duplicated on a different member header record. This is a pay period adjustment for the current pay period, on the same member on their current check. The amounts and hours are correct (Fire LWOPS & INOSL: Adjustment for Incentives). Refer to 2016-08(E1) for justification.*
- I. Employee IDs: Various, "Member Type is Excluded in V3 and the plan is not Excluded in the contribution file. Demographic records received but no Employment records received for these employees."
 - *Contribution records are correct. Refer to PP2016-09 (G) for an explanation.*

PP2016-11

- A. Employee ID: 104394, "Record received for this member in PP2016-10 and again in PP2016-11, no changes made. Duplicate records with no changes are creating issues in V3"
- *Employee is deceased as of 4/17/16 (PP2016-09), but not keyed by HCA until 5/5/16 (PP2016-11). The issue is with the manner in which V3 interprets the transactions.*
- B. Employee IDs: 101416, 122076, 124176, and 125361, "ALL2400JUDGES and mu42300RES are Non-Members and should not have a value in the Retirement Earnings Final."
- *County program logic has been modified prospectively effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.*
- C. Employee ID: 109819, "NRP-Nurses Retention Premium Pay – Not included in Retirement Earnings Final for PEPRA employees and not included in Comp Earnable for both Non-PEPRA and PEPRA employees."
- *Configuration changes were made to prospectively include NRP in Ret Final for PEPRA employees effective PP2016-10. Prior pay period corrections were provided via FTP on June 20, 2016.*
 - *Configuration changes were made to prospectively include NRP in Comp Earnable effective PP2016-13. Prior pay period corrections were provided via FTP on June 20, 2016.*
- D. Employee IDs: Various, "Mismatch of RAH and X-80 adjustments – need adjustment rows to include accrual calculations."
- *The RAH and X80 codes do not have a one-to-one relationship. A RAH adjustment will not always have the exact same X80 adjustment, and in some cases does not need one at all. X80 represents L80, which is generated for all compensatory time up to an 80 hour maximum per pay period. When overtime is involved, the X80 adjustments can differ or not be required. Refer to 2016-08 (E1-2) and 2016-09(E1-2) for justification.*
- E. Employee IDs: 102808; and 104505, "Scheduled OT calc does not include HPP for Comp Earnable. Need adjustment row to correct."
- *Configuration changes were made to prospectively include earning code HPP effective PP2016-13. Prior pay period corrections are pending.*
- F. Employee ID: 125607, "Check Reversal (CK # 3357588) needs to also reverse Comp Earnable and Leave Accruals - Need correction row."
- *The employee termed effective PP2016-10. Normally, a termed employee would receive an off-cycle check. However, the term was keyed late and, as a result, the employee was paid via ACH (direct deposit) on May 13, 2016. The direct deposit for the employee was returned due to a closed account. Subsequently, the direct deposit record was reversed and an off-cycle check was issued May 17, 2016. Compensation earnable for the final pay period is correct. Correction processing is pending further review.*
- G. Employee ID: 125607, "Check Reissue (CK # 3000989509) needs to have Comp Earnable and Leave Accrual values - Need correction row."
- *The employee termed effective PP2016-10. Normally, a termed employee would receive an off-cycle check. However, the term was keyed late and, as a result, the employee was paid via ACH*

(direct deposit) on May 13, 2016. The direct deposit for the employee was returned due to a closed account. Subsequently, the direct deposit record was reversed and an off-cycle check was issued May 17, 2016. Compensation earnable for the final pay period is correct. Correction processing is pending further review.


- H. Employee ID: 105732: "No Est Vac Earned or Est Sick Earned for Full time Regular Employee (LOA) for PP 2016-08, PP 2016-09, PP 2016-10 or PP 2016-11 - Need adjustment rows for each Pay Period."
 - *Business process changes were implemented to prospectively prevent termination of benefits for unapproved leave, effective PP2016-13. Prior pay period corrections are pending.*
- I. Employee ID: 123599, "Employment change effective date must be prior to the pay period end date of May 21, 2016."
 - *A future dated TERM row was input to VCHRP. The Employment interface file was designed per VCERA specifications to bring in future dated rows. This record is functioning as designed.*
- J. Employee IDs: 101077; 101835; 104492; and 109811, "Check No Duplicated on another member header record:"
 - *The error message is misleading as the check number is not duplicated on a different member header record. This is a pay period adjustment for the current pay period, on the same member on their current check. The amounts and hours are correct (Fire staff pay & INOSL: Adjustment for Incentives, wrong term date). Refer to 2016-08(E1) for justification.*
- K. Employee IDs: Various, "Member Type is Excluded in V3 and the plan is not Excluded in the contribution file."
 - *Contribution records are correct. Refer to PP2016-09 (G) for an explanation.*

If you have any questions, please contact me at 654-3194.

CC: Jeff Burgh, Auditor-Controller
Shawn Atin, Director, Human Resources
Mike Pettit, Chief Information Officer

MEMORANDUM

TO: Jeff Burgh, Auditor-Controller

FROM:  Linda Webb, VCERA Retirement Administrator

DATE: July 14, 2016

SUBJECT: Response to June 22, 2016 Status of Transmittal Corrections Memorandum

Thank you for Valerie's memorandum dated June 22, 2016 providing the status of the previously submitted transmittal items and corrections for PP2016-08 through PP2016-11. Our team has reviewed your memorandum and will be responding to each item in a separate memo back to Valerie.

Some issues that have been identified since V3 went "live" in April have broader implication, so I am bringing those to your attention to allow for better collaboration on a policy level.

Post Go-Live Programming Changes in VCHRP

For four years prior to V3 going "live", VCERA's project team met with the A-C's staff members and designated vendor team during plan sponsor meetings. These (usually) weekly collaborative work sessions resulted in a great deal of progress, and the decisions and agreements reached were the basis for programming on both the V3 side and the VCHRP side. It is critical that the decisions made and agreements forged be honored by both VCERA and the A-C going forward. When programming changes are implemented to **either** VCHRP or V3 that impact the other system, it is still imperative that this collaboration continues – this is particularly true as staffing changes take place for both agencies.

The reason I raise this topic is that VCERA has seen an example of what appears to be a reversal of a previous decision.

V3 was designed to reject retro pay codes within the same pay period. This was a decision made during the development process and agreed to in meetings with the A-C team. Not only was VCERA given assurance that this business practice would be discontinued, but also a validation was put into VCHRP to prevent it. However, several of the errors in the four (4) pay periods addressed in Valerie's memo are the result of this.

V3 was designed based on initial discussions during plan sponsor meetings and the understanding that prior pay period adjustment codes would only be used to adjust prior pay periods. There is significant programming in V3 around placing the prior pay period adjustments in the periods they were *earned* as opposed to when *reported*. There is currently no way for V3 to differentiate adjustments for prior periods versus adjustments for current periods when using the same earn codes in both scenarios.

We ask that the A-C put this validation back into VCHRP and as per the original agreement. We need the A-C to create two additional earn codes in VCHRP for current period adjustments to avoid these errors altogether.

Incorrect System Hire Dates

During earlier emails, VCERA and A-C staff discussed the issue of incorrect hire dates within VCHRP. In May, Valerie stated:

“The County’s policy, both HR and Payroll, are to NOT modify the employee’s hire date in the system, as this will create a myriad of recording and reporting problems for federal/state taxes.”

We were alarmed to learn of this policy. In our response it was explained that accurate hire dates are vital to VCERA because they impact retirement benefit calculations and eligibility, and we asked how we can get corrected information. Your office responded that is in discussion with Human Resources (HR) to review the practice.

We request an update on these policy discussions regarding hire date corrections.

Systemic Issues with Potential Impact on a Larger Group

In VCERA’s communication to the A-C staff, for several types of issues our team identified a systemic problem, and then gave examples of that problem - indicating that more members likely have errors than just the examples. However, in those cases, the corrections provided by the A-C to date are for *the examples only*. These issues will continue to generate errors if the information is not used to identify the other members impacted by the issues we’ve raised; the errors could potentially multiply with each subsequent payroll. Addressing these on a case-by-case or payroll-by-payroll basis will certainly be more labor intensive for the A-C staff than to identify the impacted population earlier and prevent recurrence at the earliest possible time.

In Valerie’s email to VCERA on June 14th, she said:

“We will not, however, be providing corrections for items we contest to be correct from the County’s point of view, nor will we be providing corrections for unidentified records. It is impossible for us to correct records that are not brought to our attention.”

We pledge to work with your staff to identify systemic issues and communicate them as early and completely as possible, so that your team can fulfill the A-C’s responsibility to act on that information.

The A-C’s office recently denied read-only & query access to VCERA for the VCHRP retirement tables. Bearing this in mind, we cannot even attempt to identify the entire population in many cases. Our dilemma is that your office has stated that you will not correct what is not identified, yet has then denied the means of making such identification. More importantly, the auditing of reported compensation – specifically comp earnable and pensionable compensation – is a legal responsibility of VCERA; we cannot audit compensation without access to the components of that compensation.

This is why the requested access is so vitally important. Based on our previous conversation, we understand the next step to appeal the denial of our request is to present the issue to the Steering Committee; we will do so at the committee's July 18, 2016 meeting.

We appreciate the efforts made by the Auditor-Controller's office in these early stages of the V3 system. Let me stress again that we are committed to finding the most efficient and cost-effective solutions to any remaining technical obstacles, and we want to work collaboratively with you and your staff to identify those solutions. It is not our intention to put an undue burden on your team, and we will make every effort to only bring issues for resolution that we cannot address independently. The exchanging of memos is sometimes the best course when tracking technical issues, but as we have offered before, some solutions may be reached more easily through a meeting or even a demonstration of some V3 processing functions.

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>

July 18, 2016

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

SUBJECT: RECONSIDERATION OF INVOICING METHOD FOR PANTHEON ADVISORY BOARD TRAVEL EXPENSES

Dear Board Members:

At the June 6, 2016 Disability meeting, the Board took action to approve the appointment of Dan Gallagher to the Limited Partnership Advisory Committee ("LPAC") for the Pantheon Global Secondary Fund V, L.P. Due to some concern about the potential negative "optics" of accepting gifts, the Board also requested, as part of the motion, that VCERA request to be invoiced for LPAC travel expenses. As LPAC travel expenses are reimbursed to the LPAC members by the Partnership from capital contributions, this invoicing requirement is not only unnecessary, but any request to waive the right to reimbursement of LPAC travel expenses results in a double payment by VCERA for LPAC travel expenses. On this basis, Mr. Goulet has asked that the Board reconsider its action to request to be invoiced for travel expenses. This board letter is presented to enable the Board to reconsider its action following a vote to approve reconsideration.

LPAC travel expenses are addressed in Section 6.7 of the Pantheon Limited Partnership Agreement. Specifically, section 6.7(c), provides, "Members of the Advisory Committee shall receive reimbursement for any reasonable out-of-pocket travel expense incurred in connection with their attendance at meetings of the Advisory Committee (including, without limitation, reasonable expenses for airfare, ground transportation, lodging, meals and related gratuities). . . . All expenses related to the Advisory Committee shall be borne pro rata based on aggregate capital commitments by the Partnership and Parallel Fund."

Staff has since learned from our outside counsel that some clients address this "optics" concern by including language in their side letters to confirm the responsibility for LPAC travel expenses. In fact, at Board Counsel's request, outside counsel has included in recent side letters language to confirm how LPAC expenses are handled. In preliminary discussions, Pantheon has indicated a willingness to provide an amended LPAC invitation letter that would contain additional language in an effort to satisfy the Board's concerns. The proposed language would provide substantially as follows:

Advisory Committee. For the avoidance of doubt, the General Partner confirms that any Limited Partner serving as a member of the Advisory Committee shall be promptly reimbursed by the Partnership for its reasonable travel and accommodation expenses (documented to the reasonable satisfaction of the General Partner) incurred in its capacity as a member of the Advisory Committee. Such reimbursement shall be considered a Partnership Expense.

The above language clarifies and confirms that LPAC expenses are considered a Partnership expense, paid from capital contributions of the Limited Partners, and that travel expenses incurred by LPAC members shall be reimbursed by the Partnership.

If language to this effect satisfies the Board's concerns, staff recommends that the Board authorize Board Counsel and staff to approve an amended invitation letter, and confirm VCERA's acceptance of the invitation, in lieu of requesting that VCERA be invoiced for travel expenses related to LPAC.

RECOMMENDATION: Authorize the Retirement Administrator, upon review of Board Counsel, to accept an amended Limited Partnership Advisory Committee (LPAC) invitation letter from Pantheon that clarifies and confirms that LPAC expenses are considered a Partnership expense, paid from capital contributions of the Limited Partners, and that travel expenses incurred by LPAC members shall be reimbursed by the Partnership.

Sincerely,

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

Linda Webb
Retirement Administrator

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July 18, 2016

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

**SUBJECT: CANCELLATION OF PROFESSIONAL SERVICES CONTRACT WITH
NICHOLAS CHRISTOFFERSEN**

Dear Board Members:

At the July 11, 2016 disability meeting, the VCERA Board approved a contract for professional services with Nicholas Christoffersen. Staff regrets that this contract will not be executed.

Prior to presenting the contract to the Board for approval, staff and Board Counsel reviewed the Vitech contract and confirmed that it does not prohibit a contract with a former employee. Mr. Christoffersen reviewed his employee handbook and other employment documents and likewise saw no prohibiting language.

After the agreement was approved on July 11th, VCERA was contacted by Vitech's General Counsel, who indicated that Mr. Christoffersen had signed an employment agreement in 2005 that prevents employment with customers for a period of one year after Vitech employment ends, except with prior written consent from Vitech. Staff and Board Counsel asked if Vitech would consider giving that consent, but was assured that Vitech intended to pursue enforcing the 2005 signed agreement. Mr. Christoffersen subsequently notified the Retirement Administrator that he rescinds his intent to execute the professional services contract.

Staff will be pleased to respond to any questions you may have at the July 18, 2016 business meeting.

Sincerely,



Linda Webb
Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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July 18, 2016

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

**SUBJECT: AUTHORIZATION FOR CFO HENRY SOLIS TO ATTEND THE 2016
PUBLIC PENSION FINANCIAL FORUM (P2F2) CONFERENCE
OCTOBER 23RD – 26TH IN NORTH CHARLESTON, SOUTH CAROLINA**

Dear Board Members:

Staff recommends authorization for CFO Henry Solis to attend the P2F2 conference in North Charleston, South Carolina, October 23rd - 26th. The estimated cost to attend is approximately \$2700, including, registration, airfare, hotel, meals and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at July 18, 2016 business meeting.

Sincerely,



Linda Webb
Retirement Administrator



13TH ANNUAL CONFERENCE • FROM THEN TO NOW

CONFERENCE AT A GLANCE

SUNDAY, OCTOBER 23, 2016

TIME	SESSION NAME	SPEAKER
7:30 am - 1:00 pm	Registration Opens	
PRE-CONFERENCE		
9:00 am - 11:45 am	GASB 72 <ul style="list-style-type: none"> • Introduction to GASB 72 • GASB 72 Fair Value Measurement; Implementation Tips and What You Can Expect From Your Custodian • Lessons Learned - Early Adopters 	Blake Rogers, Sandra Carrier Steve Berggren, Patrick Donohoe, Gregory Johnson, Michael Mykytiw, Matthew Brodin Rob Dolphin, Stacy Easterday
10:15 am - 10:30 am	Beverage and Snack Break	
9:00 am - 11:45 am	Actuarial <ul style="list-style-type: none"> • Fundamentals • Funding Issues • Field Studies 	Eric Gary Mita Drazilov Mita Drazilov
11:45 am - 1:00 pm	Lunch for Pre-Conference attendees	
MAIN CONFERENCE		
1:00 pm - 2:40 pm	Private Equity Fee, ILPA template and transparency initiative	Todd Boudreau and ILPA Panel
2:40 pm - 2:55 pm	Beverage and Snack Break	
2:55 pm - 4:35 pm	Improv is No Joke: Using Improvisation to Create Positive Results	Peter Margaritis
5:00 pm - 9:30 pm	Welcome Reception - USS Yorktown	

MONDAY, OCTOBER 24, 2016

TIME	SESSION NAME	SPEAKER
8:30 am - 8:50 am	Opening Remarks	Karen Carraher, Dave DeJonge
8:50 am - 9:40 am	The Next Challenge for Public Pension Funds	Danny White
9:40 am - 10:30 am	GASB Update	Michelle Czerkaswski
10:30 am - 10:45 am	Beverage and Snack Break	
10:45 am - 12:25 pm	Plugged In: Leading an Engaged Workforce through Managing Generational Values	Reggie Butler
12:25 pm - 1:30 pm	Lunch	
1:30 pm - 2:20 pm	GASB - OPEB Update Operational Due Diligence for Alternative Assets GASB 68 - Census Data Procedures and Year 1 - Looking Forward	Michelle Czerkaswski Barb Davidson Erin Higbee, Thomas Rey
2:20 pm - 2:35 pm	Beverage Break	
2:35 pm - 3:25 pm	GASB - Deep Dive on Fair Value Disclosure Requirements Private Markets - SEC Compliance Leveraging Leadership Through Improv	Sandra Carrier, Blake Rodgers Todd Boudreau Peter Margaritis
3:25 pm - 3:55 pm	Ice Cream Social	
3:55 pm - 4:45 pm	GASB - Year 2 - Issues and Lessons Learned Investments: Infrastructure Assets Investing, Operations Due Diligence, and Reporting Time Out	Brad Berls, Robin Madsen, David Swindell, Brenda Torres Carmen Alfieri, Samer Ojeh, Sara Yamotahari Ria Greiff
4:45 pm - 5:00 pm	Break	
5:00 pm - 5:50 pm	Lawrence and Karl's EXCEL-lent Adventure - How to save time and appear brilliant GIPS Compliance/Performance Measurement Don't Get Burned Out	Karl Greve, Lawrence Mundy Karyn Vincent Ria Greiff



13TH ANNUAL CONFERENCE • FROM THEN TO NOW

CONFERENCE AT A GLANCE

TUESDAY, OCTOBER 25, 2016

TIME	SESSION NAME	SPEAKER
8:00 am - 8:50 am	Cutting through Clutter	Steve Crescenzo
8:50 am - 9:05 am	Beverage Break	
9:05 am - 10:45 am	Ethics - From a Business Perspective	Dennis Dycus
10:45 am - 11:35 am	Taking the Mystery Out of the Media	Lauren Hudson
11:35 am - 1:00 pm	Lunch and Business Meeting	
1:00 pm - 1:50 pm	AICPA Update	Michelle Watterworth
	Tax Withholding Optimization and Global Compliance and Reporting	Danielle Clark, Lisa Parnell
	Writing for Today's Audiences	Steve Crescenzo
1:50 pm - 2:05 pm	Beverage and Snack Break	
2:05 pm - 3:20 pm	Accounting Tips and Tricks	Karl Greve, Ken Welch
	Solutions for Complex Investment Accounting Challenges	Scot Leith, Robin Madsen, Liz Rozzell
	Implementing a Paperless Process/Tips and Lessons Learned	Barry Faison
4:30 pm - 9:30 pm	Boone Hall Plantation & Gardens - Dinner and Event	

WEDNESDAY, OCTOBER 26, 2016

TIME	SESSION NAME	SPEAKER
8:00 am - 8:50 am	Legislative Update	Leigh Snell
8:55 am - 9:45 am	Global Economic Update	Asha Bangalore
9:45 am - 10:00 am	Beverage Break	
10:00 am - 11:40 am	Tax Update	Mary Beth Braitman, David Levine
11:40 am - 12:45 pm	Lunch	
12:45 pm - 1:35 pm	Cybersecurity Trends and Events	F. Alex Brown
1:35 pm - 1:50 pm	Beverage Break	
1:50 pm - 2:40 pm	Enterprise Risk Management	Josef Pilger
2:40 pm - 3:30 pm	ACA Update	Chris Sears

VCERA Board,

I attended the NCPERS Annual Conference in San Diego, May 16-18. The conference was well attended by trustees representing many plans throughout the states. The numerous discussions revealed the nuances of individual plans and the inherent strengths and weaknesses were very interesting. I recommend future attendance.

NCPERS Annual Conference, San Diego, 2016

May16

GASB Update: David Vaudt

Began with an overview of GASB. Continued with changes instituted to the accounting and financial reporting for state and local governments highlighting the key issues and impacts to pension funds. Also included was new OPEB standards and methods of determining fair value reporting of assets.

Panel on Pension Obligation Bonds: Greg Smith, Girard Miller, Jim Link

Reviewed the advisory opinion issued by the GFOA regarding pension obligation bonds and the risks involved in issuing the same. A key take away was the strong opinion of the group that POBs still have value if structured properly and timed well in the early stages of an economic cycle.

Federal Regulatory Update: Anthony Roda, Robert Gauss

Provided an overview of current federal legislative and regulatory developments. Included were PE PTA, pickup rules under the IRS Code, proposals to alter tax code. The proposals to WEP were also included.

Pension Reform and Economic Volatility: Michael Kahn

Discussed the empirical data revealing the strong correlation between pension reform and economic volatility.

Global Diversification: Mary Bowers, Tendai Musikavanhu

Musikavanhu discussed the demographics, historic returns and potential of investing globally without a European centric emphasis (read as EM with an emphasis on Africa). Bowers reviewed the returns of High Yield investments comparing the U.S., global and emerging markets.

Allocating to Alternatives in a Low-Return World: Tony Gould, Jennifer Pedigo

A review of potential alternative investments, the risks of each and a methodology to assess the suitability/fit within the fund.

May17

Flexible Defined-Benefit Designs for the Next Generation: Robert Wylie

A discussion regarding the new South Dakota model to DB plans.

Charting the Future of Public Plan Investments: Mark Anson

The search for income and returns in a low interest rate environment with pitfalls noted.

The Hidden Cost of Indexing: Shaun Murphy, Greg Behar

Indexing (including ETFs) and lost opportunity while searching for lower costs.

Investment Governance: Girard Miller, Allan Martin, Scott Simon

A strong presentation by Martin and Simon showing the need for continuous review of plan assets and why they are owned.

Economically Targeted Investments: Jennifer Mink, Daniel Nielsen

The move beyond PRI and ESG Investing, focusing on local projects within the parameters allowed by policy and statutes. A thorough history was presented documenting the use of this investment as determined by policy of recent presidential administrations.

Perspectives on Market Returns: Dinah Koehler, Richard Yassenchak

A review of recent and current market condition, expectations and the use of balancing risk while seeking alternative returns.

Reversing the Course: Randall Baron

Recent legal developments in mergers and acquisition activity and the recovery of losses through lawsuits.

May 18

Recent Legal Developments: Chet Waldman, Pamela Tikelis, Blair Nicholas

National legal developments.

Cost Drivers of Pension Plans: Brad Heinrichs

Began with a review of the basic costs and how they can escalate without strong governance.

Healthcare Costs in Retirement: Troy Simmons

The infamous Mr. Simmons of Nationwide, in addition to his expert presentations on Social Security, also can captivate (and depress) a crowd with his knowledge of healthcare costs post retirement.

NCPERS Code of Conduct: Hank Kim

Mr. Kim gave a presentation of the NCPERS Code of Conduct for Investment Managers. This presentation is also available as a webinar on the NCPERS website.

Strengthening Plan Governance through Model Legislation: Thomas Lowman

Using Puerto Rico as the example, Mr. Lowman described the need for UMPRESA to be adopted in jurisdictions with weak governance. He also explained the difficulties in doing so. This appeared to be a pitch by the insurance industry for liability shifting. He did not discuss the difficulties the insurance industry is having making returns and the high cost imposed by actuaries to shift the costs.



CALIFORNIA STRATEGIES
& ADVOCACY, LLC

MEMORANDUM

TO: SACRS ADMINISTRATORS and RETIREMENT BOARD CHAIR

**FROM: RICHARD STENSRUD
JIM LITES**

DATE: JULY 11, 2016

SUBJECT: SACRS YEAR 2017 LEGISLATIVE TIMELINES

If you intend to propose legislation to be sponsored by SACRS, please return your request, EXPLAINED ON THE ATTACHED WORKSHEET, by September 7, 2016 to:

Jim Lites
California Strategies & Advocacy, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone: (916) 266-4575
Email: jlites@calstrat.com

The SACRS Legislative Committee has adopted a calendar for soliciting legislative proposals from SACRS retirement associations for the year 2017:

July 11, 2016

E-mailing of Committee request that retirement associations submit proposals for inclusion in the SACRS 2017 Legislative Platform.

September 7, 2016

Deadline for requests to be received by California Strategies & Advocacy (Calstrat).

September 9, 2016

Calstrat will e-mail legislative requests to Legislative Committee members.

September 16, 2016

Date of Legislative Committee meeting at which association requests will be discussed.

October 7, 2016

Legislative Committee will submit proposals, (both those that the Legislative Committee recommends by inclusion in SACRS Legislative Platform, and other proposals received) to all retirement associations for consideration.

November 2016 (date TBD)

Those legislative proposals recommended by the Legislative Committee, as well as other proposals, will be discussed at the SACRS Fall Conference.

U.S. BANK PLAZA
980 NINTH STREET, SUITE 2000 • SACRAMENTO, CA 95814
TELEPHONE (916) 266-4575 • FACSIMILE (916) 266-4580

YEAR 2017 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 7, 2016

Title of Issue:

Association:

Contact Person:

Phone #:

Fax #:

Please answer the following questions as fully as possible:

1. Description of issue.
2. Recommended solution.
3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers.
4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?
5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations?
6. Who will support or oppose this proposed change in the law?
7. Who will be available from your association to testify before the Legislature?

E-mail or mail your legislative proposals to:

Jim Lites
California Strategies & Advocacy, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone (916) 266-4575
E-mail: jlites@calstrat.com



Wednesday, October 19, 2016 | 11:00 a.m. - 6:00 p.m.

Cybersecurity, Data Breach, and Privacy: Examining Your Risks and Legal Issues From the Inside Out

SAVE THE DATE for a dialogue on internal and external cybersecurity, data breach and privacy threats and their implications on both the private and public sectors. The program will feature experts from Nossaman LLP, select faculty from University of California, Irvine School of Law, national business leaders, and leading industry consultants. Erwin Chemerinsky, founding Dean and Distinguished Professor of Law, and Raymond Pryke Professor of First Amendment Law at University of California, Irvine School of Law, will provide the keynote address.

Presented by



University of
California, Irvine
School of Law

City Club Los Angeles
555 S Flower Street, 51st Floor
Los Angeles, CA 90071
[MAP](#)

For additional information
please contact
[Madison Minner](#)
949.477.7667



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