VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

October 3, 2016

AGENDA

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

TIME: 9:00 a.m.

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

ITEM:

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. Disability Meeting of September 12, 2016

B. Business Meeting of September 19, 2016

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION

STATUS REPORT

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service Connected Disability Retirement,
Ramirez, Scott D.; Case No. 15-013

1. Application for Service Connected Disability Retirement
V. **APPLICATIONS FOR DISABILITY RETIREMENT** (continued)

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 September 13, 2016

B. Application for Service Connected Disability Retirement, Cooper, Leonard A.; Case No. 14-008

1. Staff Letter 143 – 165

2. Proposed Findings of Fact and Recommended Decision, dated May 27, 2016, by Catherine Harris, Hearing Officer

3. Applicant’s request to be granted a Non-Service Connected Disability Retirement in lieu of the Service Connected Disability Retirement

4. Response to Hearing Officer’s Proposed Findings of Fact, Conclusions of Law and Recommended Decision received from Stephen D. Roberson, Attorney for County of Ventura, Risk Management, received July 1, 2016 and July 21, 2016

5. Hearing Notice, dated September 12, 2016

VI. **OLD BUSINESS**

None

VII. **NEW BUSINESS**

A. Linea Project Update/Closeout

1. Project Report from Linea 166 – 170

B. Request for Approval of the Addition of a Half-Time (.5 FTE) Staff Position of Program Administrator II

1. Staff Letter 171 – 172

C. Request for Retirement Administrator, Linda Webb to Attend NEPA Conference, October 24 – 25, 2016, Newport Beach, CA
VII. **NEW BUSINESS** (continued)

   1. Staff Letter

VIII. **INFORMATIONAL**

   Letter from Retired Member, June S. Lovell, dated August 23, 2016  
   174 – 175

IX. **PUBLIC COMMENT**

X. **STAFF COMMENT**

XI. **BOARD MEMBER COMMENT**

XII. **ADJOURNMENT**
VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

September 12, 2016

MINUTES

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

DIRECTORS ABSENT: Deanna McCormick, General Employee Member
Will Hoag, Alternate Retiree Member

STAFF PRESENT: Lori Nemiroff, Assistant County Counsel
Linda Webb, Retirement Administrator
Henry Solis, Chief Financial Officer
Julie Stallings, Chief Operations Officer
Dan Gallagher, Chief Investment Officer
Donna Edwards, Retirement Benefits Specialist
Chantell Garcia, Retirement Benefits Specialist
Nancy Jensen, Retirement Benefits Specialist
Stephanie Caiazza, Retirement Benefits Specialist
Chris Ayala, 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 September 12, 2016 to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Trustee Goulet asked, in regard to staff positions pertaining to AB 1291, why the salary and benefits were shown in open session. Chair Towner and Board Counsel indicated salary discussions need to take place in open session, per the Brown Act.

MOTION: Approve.

Moved by Sedell, seconded by Bianchi

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick

III. APPROVAL OF MINUTES

A. Business Meeting of July 18, 2016.

MOTION: Approve

Moved by Goulet, seconded by Wilson

Vote: Motion carried
Yes: Goulet, Foy, Hintz, Johnston, Winter, Wilson, Towner
No: -
Abstain: Sedell, Bianchi
Absent: McCormick
B. Special Meeting of July 21, 2016.

MOTION: Approve

Moved by Goulet, seconded by Wilson

Vote: Motion carried
Yes: Goulet, Foy, Hintz, Johnston, Winter, Wilson, Towner
No: -
Abstain: Sedell, Bianchi
Absent: McCormick

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

Trustee Goulet commented that Rick Management was tardy on its reports in some Disability Retirement Applications.

MOTION: Approve

Moved by Goulet, seconded by Winter

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service Connected Disability Retirement, Hanson, Karen L.; Case No. 15-019

1. Application for Service Connected Disability Retirement

2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Service Connected Disability Retirement and supporting documentation

3. Hearing Notice, dated August 26, 2016

Paul Hilbun, was present on behalf of County of Ventura Risk Management. The applicant, Karen L. Hanson, was also present.

Mr. Hilbun requested that the Board adopt Risk Management’s recommendation and grant the applicant a service-connected disability retirement.
The applicant declined to make a statement.

The following motion was made:

**MOTION:** Grant the Applicant, Karen L. Hanson, a service connected disability retirement.

Moved by Wilson, seconded by Johnston

Vote: Motion carried  
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner  
No:  -  
Absent: McCormick

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

Following the vote on this item, the Board advanced to agenda item V.C., then returned to item V.B.

B. Application for Service Connected Disability Retirement, Rawston, Ryann M.; Case No. 15-011

1. Application for Service Connected Disability Retirement

2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Service Connected Disability Retirement and supporting documentation


Paul Hilbun, was present on behalf of County of Ventura Risk Management. The applicant, Ryann M. Rawston, was also present.

Mr. Hilbun requested that the Board adopt Risk Management's recommendation and grant the applicant a service-connected disability retirement.

The applicant declined to make a statement.

The following motion was made:

**MOTION:** Grant the Applicant, Ryann M. Rawston, a service connected disability retirement.

Moved by Foy, seconded by Bianchi
Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No:  -
Absent: McCormick

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

Following the vote on this item, the Board advanced to agenda item V.D.

C. Application for Service Connected Disability Retirement, Hardy, Clifford S.; Case No. 16-006

1. Application for Service Connected Disability Retirement

2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Service Connected Disability Retirement and supporting documentation


Paul Hilbun, Attorney at Law, was present on behalf of County of Ventura Risk Management. Derek Straatsma, Attorney at Law, was present as well as the applicant.

Mr. Hilbun requested that the Board adopt Risk Management’s recommendation and grant the applicant a service connected disability retirement.

Mr. Straatsma and the applicant declined to make a statement.

The following motion was made:

MOTION: Grant the Applicant, Clifford S. Hardy, a service connected disability retirement.

Moved by Bianchi, seconded by Wilson

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No:  -
Absent: McCormick

Both parties agreed to waive preparation of findings of fact and conclusions of law.
Following the vote on this item, the Board advanced to agenda item V.B., followed by item V.D.

D. Application for Non-Service Connected Disability Retirement, Lawson, Adria R.; Case No. 15-027

1. Application for Non-Service Connected Disability Retirement

2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Non-Service Connected Disability Retirement and supporting documentation

3. Hearing Notice, dated September 1, 2016

Paul Hilbun, was present on behalf of County of Ventura Risk Management. The applicant, Adria R. Lawson, was also present.

Both parties declined to make statements.

The following motion was made:

**MOTION:** Grant the applicant, Adria R. Lawson, a non-service connected disability retirement.

Moved by Wilson, seconded by Johnston

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: - Absent: McCormick

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

Following the vote on this item, the Board advanced to agenda item V.F., then returned to item V.E.

E. Application for Service Connected Disability Retirement, Martinez, Michael S.; Case No. 14-015

1. Proposed Findings of Fact and Recommended Decision, dated May 28, 2016, by Nancy T. Beardsley, Hearing Officer

2. Applicant’s Objection to Hearing Officer’s Proposed Findings of Fact, Conclusions of Law and Recommended Decision received from David G. Schumaker, Attorney for Applicant, dated June 20, 2016
3. Response to Applicant’s Hearing Officer’s Proposed Findings of Fact, Conclusions of Law and Recommended Decision received from Carol A. Kempner, Attorney for County of Ventura, Risk Management, received June 27, 2016


Carol Kempner, Attorney at Law, was present on behalf of County of Ventura Risk Management. David G. Schumaker, Attorney at Law, was present to represent the applicant.

After statements from both the parties the following motion was made:

**MOTION:** Adopt the Hearing Officer’s recommendation and deny the applicant, Michael S. Martinez, a service-connected disability retirement.

Moved by Foy, seconded by Wilson

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Sedell, Wilson
No: Johnston, Hintz, Towner
Abstain: Winter
Absent: McCormick

Following the vote on this item, the Board advanced to agenda item VI.A.

F. Application for Non-Service Connected Disability Retirement, Bollinger, Susan; Case No. 12-032


Derek Straatsma, Attorney at Law, was present on behalf of County of Ventura Risk Management. David G. Schumaker, Attorney at Law, was present for the applicant.

After statements from both the parties and Board discussion of its options the following motion was made:

**MOTION:** Adopt the Hearing Officer’s recommendation and deny the
applicant, Susan Bollinger, a non-service-connected disability retirement.
Moved by Wilson, seconded by Foy

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick

Following the vote on this item, the Board returned to agenda item V.E.

VI. OLD BUSINESS

A. Update on Resolution of Transmittal Processing Issues with County of Ventura Auditor-Controller

Ms. Webb provided an update on the pending unresolved issues regarding payroll transmittal files since V3 Go-Live. She said that since she and Chair Towner had attended the County’s IT Steering Committee meeting on July 21st there had been no formal response from the Auditor-Controller’s (A-C) office. However, the A-C had indicated to her by phone that a response was being developed in coordination with the CEO’s office in response to VCERA’s request for read-only and query access to the VCHRP retirement tables for the audit and review of pay elements in the reporting of pensionable earnings. Ms. Webb also indicated that Operations had reported recent progress in resolving a number of transmittal errors on the bi-weekly payroll files from the County.

B. IT Manager Position Update

Ms. Webb reported that Vitech had been assisting in identifying a viable contract resources for I.T. support for the remainder of the fiscal year.

C. Periodic Review of Board Policies:
RECOMMENDED ACTION: Approve

1. Letter from Trustee, Will Hoag

Ms. Webb said that Trustees Hoag and McCormick, both of whom were unable to attend the meeting, had collaborated on some suggested cleanup edits to several of the Board’s policies that were to be reviewed every three years. Of the 7 policies up for review, 3 had no suggested changes, and 4 had minor changes that were primarily due to pending appointments under AB 1291 or from other general organizational changes.
a. Charter: Board of Retirement (Redline)
b. Charter: Chair (Redline)
c. Charter: Vice Chair (Redline- date change only)
d. Charter: Retirement Administrator (Redline)
e. Board Policy Development Process (Redline- date change only)
f. Monitoring and Reporting (Redline)
g. Service Provider Selection (Redline)

**MOTION**: Approve proposed updates to items VI.C.1.a – g.

Moved by Wilson, seconded by Bianchi

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick

**VII. NEW BUSINESS**

A. Review and Approval of Amended Conflict of Interest Code

**RECOMMENDED ACTION**: Approve

Ms. Webb said the provided Conflict of Interest Code was a biennial requirement, and that the only proposed changes were to reflect the legislative addition of an alternate appointed member to the VCERA Board.

1. Staff Letter

2. 2016 Proposed Conflict of Interest Code (Proposed changes highlighted)

**MOTION**: Approve.

Moved by Sedell, seconded by Winter

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick
B. Recommendations Regarding Appointments of Executives Under AB1291 including Proposed Salary and Benefits for Appointees, Chair Towner and Ashley Dunning of Nossaman LLP

1. Memorandum from Chair Towner and Ashley Dunning

2. Proposed Revisions to Salary Ranges in Exhibit 1 to VCERA Management Employees Resolution

At this time, Ms. Nemiroff as well as staff members Ms. Webb, Mr. Solis, Mr. Gallagher and Ms. Stallings left the room.

The Board received public comment from Shawn Atin, Assistant CEO – Human Resources for the County of Ventura. Mr. Atin said he was there neither in support nor opposition to the item, but to provide clarification based on a reading of the material and information. He noted the proposed adjustment of base pay for appointees to reflect inclusion of previously separate pay items such as educational incentives; he said this approach was a philosophical one. He also provided clarification on the County’s administration of the retiree health premium benefit.

Ms. Dunning provided legal background information to the Board on the items proposed in the posted recommendation, and explained the methodology used in the development of it. She indicated that there was a legal rationale for the effort made to identify similarly situated positions within the VCERA plan.

Chair Towner explained the rationale for proposed changes to salary ranges and other provisions.

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

MOTION: Reconsider the 50/50 pick-up of the normal cost of the retirement benefits that VCERA provides for the legacy members on the September 19, 2016 Business Meeting.

Moved by Sedell, seconded by Bianchi

Vote: Motion carried
Yes: Goulet, Foy, Hintz, Sedell, Winter, Wilson
No: Bianchi, Johnston, Towner
Absent: McCormick

MOTION: Approve the Retirement Administrator and Chief Investment Officer (PEPRA Members) proposed appointments.
Moved by Sedell, seconded by Bianchi

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick

Ms. Webb, Ms. Nemiroff, Ms. Stallings, Mr. Solis and Mr. Gallagher returned to the room.

Ms. Dunning said that the record should reflect that the Board voted 9-0 to approve the appointment of the Retirement Administrator and Chief Investment Officer under the proposed terms, with the exception that the 100 hours of granted leave could not be cashed out within the first year of employment. She also indicated that the Board voted 6-3 to reconsider the 50/50 pickup provision in the VCERA Employees’ Management Resolution.

3. Legal Memorandum to Ventura County Counsel from Steptoe and Johnson, LLP Re: Transition of VCERA Employees under AB1291

C. Request for COO Julie Stallings and Benefits Manager Shalini Nunna to Attend Vitech Users Conference, November 2 – 4, 2016, Orlando FL
RECOMMENDED ACTION: Approve

1. Staff Letter

2. Conference Agenda

Ms. Webb recommended that both Ms. Stallings and Ms. Nunna attend the Vitech Users Conference as key leaders for the project team. She also indicated that an unusually low airfare had been found to help with the approval of 2 staff members as opposed to 1.

MOTION: Approve.

Moved by Goulet, seconded by Wilson

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick

D. CIO Memo- Approval of Business Class Air Travel to Investment Manager Walter Scott for an Off-Site Due Diligence Visit and Investment Conference,
The Board discussed the policy language regarding authorization of business class travel outside of North America every four years, as well as the estimated cost of travel for the Walter Scott due diligence and educational conference.

Trustee Wilson commented that he would not oppose approval, but was choosing not to attend because of his stance on international investments.

MOTION: Approve.

Moved by Wilson, seconded by Winter

Vote: Motion carried
Yes: Bianchi, Goulet, Hintz, Johnston, Winter, Wilson, Towner
No: Foy, Sedell
Absent: McCormick

E. Update on Due Diligence Visit to Adams Street and Parametric

Mr. Gallagher inquired whether trustees would like to attend in addition to trustee Bianchi and Winters. Chair Towner indicated that he would be willing to attend as a backup, should one of the other trustees decide not to attend.

F. Quarterly Administrator’s Report for April – June, 2016

RECOMMENDED ACTION: Receive and file.

MOTION: Receive and file.

Moved by Hintz, seconded by Johnston

Vote: Motion carried
Yes: Bianchi, Goulet, Foy, Hintz, Johnston, Sedell, Winter, Wilson, Towner
No: -
Absent: McCormick

VIII. BOARD RETREAT

A. Board Books Demonstration and Training, Phil Sandusky, Diligent Technologies

To be provided at the meeting

Ms. Webb introduced Phil Sandusky from Diligent Technologies. She reminded the Board of the approved allocation in the budget for updating
the Board software, and said Mr. Sandusky was going to give a brief overview of the software that had already been remotely installed on their individual Board devices.

Mr. Sandusky provided an overview and demonstration of the Board Books software.

B. Global Outlook and Investment Implications, Fred Post, Bridgewater

Trustee Goulet left the meeting at 1:10pm.
Trustee Foy left the meeting at 1:55pm.
Trustee Sedell left the meeting at 1:59pm.

C. Global Commodities, Jason Keller, Pinnacle

Trustee Hintz left the meeting at 2:15pm.
Trustee Bianchi left the meeting after this presentation at 2:50pm*

D. View of the Future, Mark Kvamme, Drive Capital
   *To be provided at the meeting*

E. Looking Ahead to 2017, Dan Gallagher, VCERA CIO, Allan Martin and Dan LeBeau, NEPC

IX. INFORMATIONAL

A. SACRS Fall Conference Agenda, November 8-11, 2016, Indian Wells, CA

B. Article from The Economist, False Hope

C. CALAPRS Trustees Roundtable, September 30, 2016, Burbank, CA

D. Letter from MCERA, dated August 25, 2016

E. CALAPRS Intermediate Course in Retirement Plan Administration, October 5 – 7, 2016, Burbank

F. Article from P & I, Between a Rock and a Hard Place

X. PUBLIC COMMENT

XI. STAFF COMMENT
XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

The meeting adjourned at the conclusion of Item VIII.C. at the departure of Trustee Bianchi, because a quorum was no longer present. In absence of a quorum, Items IX through XII were not addressed.

NOTE: The remaining trustees and staff stayed to hear an educational presentation by Mark Kvamme of Drive Capital.

Respectfully submitted,

LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman
VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

September 19, 2016

MINUTES

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

DIRECTORS ABSENT:

STAFF PRESENT: Linda Webb, Retirement Administrator
Lori Nemiroff, Assistant County Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Stephanie Caiazzo, Retirement Benefits Specialist
Chris Ayala, Program Assistant

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

TIME: 9:05 a.m.
ITEM:

I. CALL TO ORDER

Chair Towner called the Business Meeting of September 19, 2016, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

Chair Towner amended the agenda by moving the Closed Session after item VI.B.

MOTION: Approve with the amendment.

Moved by Bianchi, seconded by Sedell

Vote: Motion carried
Yes: Bianchi, Foy, Goulet, Hintz, Hoag, McCormick, Sedell, Winter, Wilson, Towner
No: -
Absent: Johnston

III. CONSENT AGENDA

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

B. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of August 2016


E. Receive and File Budget Summary for FY 2015-16 Month Ending June 30, 2016 (Final)

F. Receive and File Budget Summary for FY 2016-17 Month Ending July 31, 2016

G. Receive and File Budget Summary for FY 2016-17 Month Ending August 31, 2016

H. Statement of Reserves as of June 30, 2016


MOTION: Approve.

Moved by Hintz, seconded by Wilson

Vote: Motion carried
No: -
Absent: Johnston

IV. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Loomis Sayles, Stephanie S. Lord

V. INVESTMENT INFORMATION

A. NEPC – Dan LeBeau
   VCERA – Dan Gallagher, Chief Investment Officer
   1. NEPC: Investment Performance Analysis for Period Ending June 30, 2016

      Trustee Johnston arrived at 9:35 am

   2. NEPC: Preliminary Performance Report Month Ending July 31, 2016


   MOTION: Receive and file items V.A.1 – 3.

   Moved by Goulet, seconded by Wilson

   Vote: Motion carried
4. **NEPC: Sprucegrove Net Investment Gains Follow Up**  
**RECOMMENDED ACTION:** Receive and file.

**MOTION:** Receive and file.

Moved by Sedell, seconded by Wilson

Vote: Motion carried
Yes: Bianchi, Foy, Goulet, Hintz, Hoag, Johnston, McCormick, Sedell, Winter, Wilson, Towner
No: -
Absent:

5. **NEPC: GMO Net Investment Gains Follow Up**  
**RECOMMENDED ACTION:** Receive and file.

6. **NEPC: GMO Follow Up**  
**RECOMMENDED ACTION:** Receive and file.

Trustee Goulet commented that he believes that the Board should sever ties with GMO. Trustee Johnston commented that he disagreed and thought it not wise to terminate before the market rebounds. Chief Investment Officer Dan Gallagher also commented that he agreed with the information provided by NEPC and trustee Johnston’s comments, and did not recommend terminating the Board’s relationship with GMO at this time.

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

**MOTION:** Terminate relationship with GMO.

Moved by Goulet, seconded by Hintz

Vote: Motion carried
Yes: Bianchi, Foy, Goulet, Hintz, Hoag, Sedell, Wilson, Towner
No: Johnston, McCormick, Winter
Absent:

**MOTION:** Receive and file items V.A.5 – 6.

Moved by Wilson, seconded by Winter
Vote: Motion carried
Yes: Bianchi, Foy, Goulet, Hintz, Hoag, Johnston, McCormick, Sedell, Wilson, Towner
No: -
Absent:

VI. OLD BUSINESS

A. Update on Request to the County of Ventura for Publicly-Available Pay Schedule Requirement Market-Based Premium Payments for Pensionability

Ms. Webb reviewed the Board's action in October of 2015 in regard to Market-Based Premium Pay. She reminded the Board that at that time the Board voted to include the 10 pay items in pensionable compensation under PEPRA, it also requested that the County of Ventura Board of Supervisors create a publicly available pay schedule for these pay items by July 1, 2016. Ms. Webb said that there had been 3 submissions by the County in response to this request, and none of them provided date of hire criteria, which was expected from 2015 discussions; it also did not provide alternate non-discretionary condition for payment to the basis by which those receiving MBPP could be considered "similarly situated members in the same group or class of employment" which is a critical part of PEPRA adherence.

Ms. Webb said that she had recently spoken with County HR Director Shawn Atin about the issue, and they had agreed to meet to in an effort to develop a publicly-available pay schedule that would comply with the Board's request. She recommended continuing this item until that could take place.

1. Staff Letter

2. County of Ventura Responses to Board of Retirement Request
   a. May 9, 2016 Response
      i. MBPP Item List
      ii. Earnings Code Matrix
   b. June 6, 2016 Response
      i. Letter from County HR Director Atin
      ii. Job Class Eligibility Listing for MBPP
c. June 30, 2016 Response
   i. Letter from County HR Director Atin
   ii. List of Employees

3. VCERA Staff Response to Letter from County HR Director Atin dated June 30, 2016

4. County HR Director Atin Letter dated August 22, 2016

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

**MOTION:** Table the items VI.A.1 – 4.

Moved by Goulet, seconded by Winter

Vote: Motion carried
   No: -
   Absent:

B. Reconsideration and Possible Action to Adopt Revision to Section 1302 of the Ventura County Employees’ Retirement Association Management Employees Resolution

   1. Section 1302 of the Ventura County Employees’ Retirement Association Management Resolution

   2. Confidential Attorney-Client Privileged Memorandum to the Board of Retirement (not posted in the public agenda materials)

Assistant County Council, Lori Nemiroff, Chief Financial Officer, Henry Solis and Chief Operations Officer, Julie Stallings left the room for discussion.

Ms. Dunning commented on the consequences of waving attorney-client privileges rights to her memo. County Council, Leroy Smith on behalf of the County of Ventura, stated that there are different issues for VCERA and that he also believed that it would be easier for VCERA to reach a 50/50 agreement because of its new district status.

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

**MOTION:** Amend 1302 of the VCERA Management Resolution, pertaining to the 50/50 agreement for the PEPRA and Non-PEPRA members.
Moved by Foy, seconded by Wilson

Vote: Motion carried
No: -
Absent:

The Board Adjourned to Closed Session at 11:04 a.m.

Upon returning to Open Session at 11:20 a.m., Ms. Dunning and Chair Towner announced that the Board had taken no reportable action.

C. Further Consideration of Recommendations Re: Appointments to Positions of VCERA General Counsel, Chief Financial Officer and Chief Operations Officer

1. Memorandum from Board Chair Tracy Towner and Board Designated Labor Negotiator

2. Exhibit I of the VCERA Management Resolution (Redline)

MOTION: Approve Appointments of General Counsel, Chief Financial Officer, and Chief Operations Officer, with the amendments to the 1302.

Moved by Wilson, seconded by Sedell

Vote: Motion carried
No: -
Absent:

VII. NEW BUSINESS

A. 2016/17 Business Plan

RECOMMENDED ACTION: Approve.

1. Staff Letter
   Materials to be provided

2. Proposed 2016/17 Business Plan
   Materials to be provided
Ms. Webb said that this year’s proposed plan had simple yet achievable goals. She said last year’s plan was overshadowed by the impact of the PAS project.

Trustee Goulet commented on the remediation of defects past the warranty period. He also provided two corrections to the document.

**MOTION:** Approve with corrections.

Moved by Goulet, seconded by Wilson

Vote: Motion carried
No: -
Absent:

**B. Recommendation to Approve Payment for Waiver of Recourse, Fiduciary Liability Insurance, FY 2015/2016.**

**RECOMMENDED ACTION:** Approve.

1. Staff Letter
2. Binder of Insurance

Ms. Webb reminded the Board that the $100 to cover individual trustees could not be paid with plan assets and each trustee had historically paid an equal portion. With the current 11 trustees, this came to $9.09.

**MOTION:** Approve.

Moved by Winter, seconded by Johnston

Vote: Motion carried
No: -
Absent:

**C. Appointment of SACRS Voting Proxy for Fall 2016 Conference**

1. Staff Letter

Ms. Webb asked the Board to name a voting delegate for the fall SACRS Conference.

Trustee Hoag volunteered to serve.
MOTION: Approve Trustee Hoag as Voting Delegate.

Moved by Winter, seconded by Johnston

Vote: Motion carried
No: -
Absent:

D. Request from Trustee Johnston to Attend NCPERS Public & Safety Employees’ Pension & Benefits Conference and pre-Conference Fiduciary Program October 22 – 26, 2016, Las Vegas, NV

1. Staff Letter

2. Conference Agenda

MOTION: Approve.

Moved by Winter, seconded by Bianchi

Vote: Motion carried
No: -
Absent:

E. Report on Due Diligence Visit to Sprucegrove Submitted by CIO Dan Gallagher
   Materials to be provided

F. Report on Due Diligence Visit to Hexavest Submitted by CIO Dan Gallagher
   Materials to be provided

MOTION: Approve.

Moved by Wilson, seconded by Sedell

Vote: Motion carried
No: -
Abstain: Goulet from Sprucegrove Report
Absent:
VIII. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS, GOVT. CODE SECTION 54957.6

Agency Designated Representatives:
Tracy Towner
Ashley Dunning of Nossaman LLP

Prospective Unrepresented VCERA Employees:
Retirement Chief Financial Officer
Retirement General Counsel
Retirement Chief Operations Officer

Following this item, the Board advanced to agenda item VI.C.

IX. INFORMATIONAL

A. SACRS Fall Conference Agenda, November 8-11, 2016, Indian Wells, CA

B. Article from The Economist, False Hope

C. CALAPRS Trustees Roundtable, September 30, 2016, Burbank, CA

D. Letter from MCERA, dated August 25, 2016

E. CALAPRS Intermediate Course in Retirement Plan Administration, October 5 – 7, 2016, Burbank

F. Article from P & I, Between a Rock and a Hard Place

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb reminded the Board about the upcoming Nossaman Fiduciary Forum and SACRS Conference. She also commented about VCERA's continued research into upgrading the Board Room sound system and microphones.
XII. **BOARD MEMBER COMMENT**

None.

XIII. **ADJOURNMENT**

The meeting was adjourned at 11:34 a.m.

Respectfully submitted,

[Signature]

LINDA WEBB, Retirement Administrator

Approved,

___________________________
TRACY TOWNER, Chairman
SUMMARY

This report summarizes the accomplishments achieved during the VCERIS implementation and discusses the efforts required over the next 12 months to stabilize the system and enhance its usability.

The VCERIS project kicked off in March of 2012 and concluded at the end of August, 2016. The effort involved many team members from several different organizations – VCERA, County ITS, Auditor-Controller, VRSD, Vitech Systems, Inc., MBS, and Linea Solutions. The cooperation and coordination between these organizations was vital to the project’s success. The core team members from VCERA – those who worked on the project consistently for the four years of the implementation – include Julie Stallings, Rebekah Villalobos, and Michele Hernandez. These staff members spent thousands of hours working on all phases of the project, and their dedication and professionalism was instrumental to the project’s success. Shalini Nunna joined the project in February of 2015 and provided significant assistance in testing and preparation for go-live. Linda Webb and Henry Solis also provided key guidance and decision making to help successfully conclude the implementation, and Chair Towner monitored and guided the project as a representative of the Board, providing leadership and helping to coordinate efforts with the County of Ventura.

The V3 system that was implemented includes the following core functionality that is in operation today:

- Benefit estimates and benefit calculations
- Employer payroll processing (interfaces from Auditor-Controller and VRSD)
- Workflows supporting member processes – service purchase contract, disability application, DRO processing, terminations
- Retiree payroll
- Annual COLA processing
- Interest posting
- Member letter templates
- Pilot Member Web Self-Service (delivered but not yet accepted by VCERA)

The system is being hosted by Vitech; Vitech is providing system administration services, including providing data security and disaster recovery services. In addition to Vitech’s administration of the application and hosted environment, VCERA staff will play a significant role in the maintenance of the system. There are 157 regular system maintenance tasks that will be performed by operations staff and 25 additional technical tasks that will be performed by a future VCERA IT resource.

Although the system is “live”, and the implementation phase is concluded, significant work will be needed over the next twelve months to remediate remaining defects, and to continue improving the system and its usability. This Phase is known as “system stabilization”, and it is common to all major system implementations. This phase will involve the following tasks:
• Completion of the initial running of annual batch processes that have not yet been run in production (notably the Actuarial Extract, 1099Rs and member statements).
• Opening of the Member Web Portal to the VCERA membership
• Implementation of Tax Compliance enhancements
• Implementation of general enhancements
• Member Benefit Statements
• Financial reporting / integration with the G/L
• Systematic elimination of number of open defects discovered through warranty period
• Establishing the post-warranty process for production defect tracking and resolution
• Business process improvement

IMPLEMENTATION FACTS

The V3 implementation was challenging in terms of the volume of tasks that were required to be performed by a limited number of project team members. The following list provides insights into the tasks performed on the implementation:

• 4103 tests were run prior to User Acceptance Testing
• 1911 tests were run in UAT in a three-month period
• 1120 functional and technical requirements were tracked through design and testing
• 74 million records were converted from the legacy systems to V3

As we have reported to the Board, a great deal of effort has been spent in tracking, analyzing, and fixing defects. This process continues today as part of the system warranty period. Testing has been extremely thorough (more thorough and complete than is typical of pension administration projects, based on a comparison of similar projects). This intense level of scrutiny is one reason a significant number of defects are currently open. Here are some facts on the defect process for the whole implementation:

• 3108 defects were uncovered from the beginning of the project through 8/31/2016
• 2738 of these defects have been fixed, retested and closed (88%)
• 400 defects were fixed between Go-Live and 9/22/2016
• 350 defects are currently open as of 9/22/2016

DEFECT REMEDIATION PLAN

Vitech, VCERA and Linea are currently collaborating on a defect remediation plan to address the current open number of defects. The current volume of defects and associated workarounds serve as an obstacle to staff fully benefitting from the new system. As such, the project team is working on a plan to steadily decrease the number of open defects, and ultimately remediate all covered by the agreement. The Board should note that because testing will be ongoing, new defects will be created regularly, and so defect fixing and retesting will be an ongoing activity. However, the team’s objective is to eliminate the open defects identified by the end of the warranty period such that staff can better use V3. VCERA’s objective is to eliminate
the material defects as of 11/22/2016 (the end of the warranty period) within 12 months. In order to accomplish this objective, Vitech has agreed to assign additional on-site and off-site resources (totaling approximately 1.5 Vitech staff members) to the defect remediation effort.

**SYSTEM STABILIZATION ACTIVITIES**

In the first year after Go-Live, staff and the project team face a challenging task: they must both run operations on a new system while also completing a number of enhancements to that system. In many cases this post-implementation period is more challenging for staff than the final year of the project, as they operate without the constant presence of the Vitech team. The project team has identified many tasks that must be completed during the next 12 months. They are provided on the following page.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>Tasks Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Running cyclical batch processes</td>
<td>Some major processes will be run for the first time in production, such as the Actuarial Extract and 1099Rs</td>
<td>• Additional testing by staff and Vitech&lt;br&gt;• Defect analysis and resolution&lt;br&gt;• Development / modification of procedures</td>
</tr>
<tr>
<td>Member Web Portal</td>
<td>The portal will need to be communicated to membership, access granted, and Benefits staff will need to provide support to members using the portal.</td>
<td>• Communication to members in phases&lt;br&gt;• Review of the phone system to ensure it can handle an increase volume of calls&lt;br&gt;• Staff training on portal support&lt;br&gt;• Testing of the portal to ensure it is secure&lt;br&gt;• Development / modification of procedures</td>
</tr>
<tr>
<td>Tax Compliance/General enhancements</td>
<td>Implementation of 23 tax compliance enhancements designed to ensure VCERA is in compliance with PEPRA. There are also a number of general system enhancements that will require additional design and testing. <em>This will require the use of application support hours.</em></td>
<td>• Requirements work sessions&lt;br&gt;• System testing&lt;br&gt;• Build roll-out&lt;br&gt;• Staff training</td>
</tr>
<tr>
<td>Activity</td>
<td>Description</td>
<td>Tasks Required</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
</tbody>
</table>
| Financial reporting / Integration with the G/L | Enhancements to V3, including new reports, that allow for improved visibility to financial data | • Requirements work sessions  
• Report analysis  
• Development / modification of procedures |
| Member Benefit Statements                     | Development of member statements; determination if they will be distributed via the web portal or on paper. | • Requirements work sessions  
• System testing  
• Integration with Member Portal, or integration with print vendor |
| Import of Beneficiary data                   | VCERA has collected 15,313 beneficiaries and prepared them for import into V3. Vitech needs to complete the import of this data. *This will require the use of 30 application support hours.* | • Testing of import to validate it was done correctly |
| Transition of backend query access           | VCERA needs a resource who can run various queries that support the Actuarial Extract process, Auditor and CAFR processing. | • Identification of staff able to run queries  
• Training of staff |
| Completion of Imaging Migration               | Import documents from Liberty to V3 and retire the Liberty EDMS.             | • Testing of migration to ensure it was done properly (currently in progress)  
• Communication / retraining of staff |
| Migration to new issue tracking system       | VCERA staff will need to use Vitech’s production help desk application, Jira, for ongoing support. | • Training of staff  
• Migration of all open defects to Jira |
| Defect Reduction                             | Systematic effort to close-out all material defects (with associated work arounds) identified during the warranty period within 12 months. | • Vitech dedicated resources  
• VCERA retesting resources |
| Business process improvement                 | Analysis of current state processes to determine efficiencies that can be achieved using V3. | • Process analysis  
• Documentation of new processes  
• Training of staff |
FINAL REPORT ON BUDGET

Financial Summary

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>Budget</th>
<th>Change Orders</th>
<th>Amended Budget</th>
<th>Expended to Date</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitech (software, implementation, hosting)</td>
<td>$4,986,500</td>
<td>$2,237,800</td>
<td>$7,224,300</td>
<td>$7,119,817</td>
<td>$104,483</td>
</tr>
<tr>
<td>Linea (project oversight, design, data conversion, testing, training)</td>
<td>2,088,407</td>
<td>852,862</td>
<td>2,941,269</td>
<td>2,941,272</td>
<td>(3)</td>
</tr>
<tr>
<td>External Costs</td>
<td>100,000</td>
<td>141,275</td>
<td>241,275</td>
<td>275,835</td>
<td>(34,560)</td>
</tr>
<tr>
<td>Third party data conversion</td>
<td>680,000</td>
<td>(7,618)</td>
<td>672,382</td>
<td>640,297</td>
<td>32,085</td>
</tr>
<tr>
<td>Limited Term Positions²</td>
<td>581,200</td>
<td>(480,296)</td>
<td>100,904</td>
<td>100,904</td>
<td>-</td>
</tr>
<tr>
<td>Project Budget Subtotal</td>
<td>$8,436,107</td>
<td>$2,744,023</td>
<td>$11,180,130</td>
<td>$11,078,125</td>
<td>$102,005</td>
</tr>
<tr>
<td>Project Contingency</td>
<td>843,611</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Project Budget</td>
<td>$9,279,718</td>
<td>$2,744,023</td>
<td>$11,180,130</td>
<td>$11,078,125</td>
<td>$102,005</td>
</tr>
</tbody>
</table>

CONCLUSION

The VCERIS implementation has been challenging but ultimately successful. The next year will be equally challenging – VCERA staff will have significant work to do in both maintaining the system and continuing to improve it. VCERA will need to set up a support infrastructure to ensure the ongoing maintenance of the application. Staff will ensure the Board is informed of progress made on achieving the system stabilization goals for the next 12 months, and may periodically propose additional resources, if required, to assist VCERA during this period of intense activity.
October 3, 2016

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

SUBJECT: REQUEST FOR APPROVAL OF THE ADDITION OF A HALF-TIME (.5 FTE) STAFF POSITION OF PROGRAM ADMINISTRATOR II

Dear Board Members:

Staff recommends the addition of one ½ time administrative position (.5 FTE) for the purpose of providing support to VCERA’s 5 Board-appointed executive staff. In analyzing the needs and requirements, staff recommends the classification and level of Program Administrator II. This is the same classification and level as the Benefit Specialists in VCERA Operations. (NOTE: Classification and level is subject to County of Ventura HR approval.)

Specifically, the Program Administrator II duties would include the following responsibilities:

- prepare and coordinate reports and required filings;
- serve as liaison periodically to outside agencies, members and/or their representatives;
- coordinate with Operations staff in the areas of disability application processing, member services, deaths, joinders and divorces, particularly with regard to administrative records, legal notices and preparation of required filings;
- support General Counsel in the management of joinder cases, including development of domestic relations model orders and review of submitted orders;
- periodically support the Chief Investment Officer in the monitoring of security litigation claims processing and/or other reporting activities;
- provide support to the Retirement Administrator and Board of Retirement in managing Brown Act requirements for posting and filing;
- coordinate with the Chief Financial Officer in the preparation and production of the Comprehensive Annual Financial Report (CAFR).

Bearing in mind the time needed to develop a complete position description, submit the necessary request to the County, as well as post and interview, staff has based the cost estimate on a tentative hiring date of December 4, 2016 (pay period 16-26).
Staff recommends the Board approve the addition of this part-time allocation with the following payroll title and salary range:

<table>
<thead>
<tr>
<th>Job Code</th>
<th>Description</th>
<th>FTE</th>
<th>Salary (S) Range (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>00623</td>
<td>Program Administrator II</td>
<td>0.5</td>
<td>$31,708.16 – $44,395.77 (S) (one half of full-time range of $63,416.31 – 88,791.53)</td>
</tr>
</tbody>
</table>

All other expenditures associated with this position i.e. computer, telephone and service and supplies should be able to be absorbed within the existing adopted budget.

**RECOMMENDATION:** Authorize addition of one ½ time Program Administrator II position (.5 FTE), and to process the following Budgetary Adjustments for FY 2016-17:

- **INCREASE - Salaries & Employee Benefits** $30,800
- **DECREASE – Contingency** $30,800

I would be pleased to answer any questions you may have at October 3 disability meeting.

Sincerely,

Linda Webb
Retirement Administrator
October 3, 2016

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

SUBJECT: AUTHORIZATION FOR RETIREMENT ADMINISTRATOR TO ATTEND 2 DAYS OF THE NATIONAL PENSION EDUCATION ASSOCIATION (NPEA) ANNUAL CONFERENCE IN NEWPORT BEACH CALIFORNIA, OCT. 23rd & 24th.

Dear Board Members:

Staff requests authorization to attend a portion of NPEA’s annual conference. The conference begins on Saturday, Oct. 21st, but staff requests approval for attendance on Monday and Tuesday only. VCERA is a member of NPEA, and last year the COO attended the educational conference; however, this year, the COO is attending the Vitech Users Conference instead. Because of the strong agenda, close proximity of the conference and VCERA’s goals of improving member communication this year, staff believes it be in VCERA’s best interest to attend the Monday and Tuesday sessions.

The cost to attend is approximately $995 including registration, mileage, lodging, and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at October 3, 2016 business meeting.

Sincerely,

Linda Webb
Retirement Administrator
June Seery Lovell
5401 Topa Topa Dr
Ventura, CA 93003

23 Aug 2016

Tracy Towner, Chair
VCERA Board of Trustees
800 South Victoria Ave
Ventura, CA 93009

Dear Tracy:

Just why do I have to go to the County website to communicate with VCERA? Anyway, this letter is to advise you and the other Trustees of the extremely kind and helpful staff members who assisted me with my claim for yet another pension from VCERA.

As you know, my dear husband, Warren Lovell, passed away after a long illness in July. When I came back from Oregon where he was buried in the family plot in Astoria, I gathered my wits and trekked on down to VCERA unannounced.

I presented the papers I received in the mail, was interviewed and was on my way. I received my check for death benefit and partial pension yesterday. I’m in the process of an ‘update’ on Warren’s house in preparation to sell, my ‘stuff’ is crammed into the family room and garage and i can’t find my paperwork right now, so i can’t name the VCERA employees who helped me, but they were great. Please pass along my thanks.
Very best wishes to all of you unless you start changing my pension, in which case, I’ll rethink that sentiment.

JUNE SEERY LOVELL

5401 Topa Topa Drive
Ventura CA 93003