VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 24, 2023

AGENDA

PLACE: Ventura County Employees' Retirement Association
Second Floor, Boardroom
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

The public may listen to the Public Session and offer comments by calling: +1 669-219-2599, using Meeting ID: 890-1457-7967. Persons may also submit written comments to publiccomment@vcera.org prior to and during the Board meeting. Please include your name, agenda item, the last 4 numbers of the telephone number that will be used to call in, and your comment. Public comment emails will be read into the record or summarized if lengthy.

Note: The Board may take action on any item on the agenda, and agenda items may be taken out of order.

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

II. APPROVAL OF AGENDA

III. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of June 2023.

B. Receive and File Report of Checks Disbursed in June 2023.

C. Approve Business Meeting Minutes of May 22, 2023.

D. Approve Special Meeting Minutes of June 21, 2023.

E. Approve Disability & Business Meeting Minutes of June 26, 2023.

IV. INVESTMENT MANAGER PRESENTATIONS

A. Annual Investment Manager Presentation from Walter Scott: Margaret Foley.

V. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.
NEPC – Allan Martin and Rose Dean.

A. $25 Million Commitment to Adams Street Private Credit Fund III.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. Adams Street Private Credit Fund III Presentation: Bill Sacher and Scott Hazen.

B. $20 Million Commitment to HarbourVest Direct Lending Fund II.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. HarbourVest Direct Lending Fund II: Karen Simeone, Bill Cole, and Teri Noble.

C. Monthly Investment Performance Report for the Period Ending June 30, 2023.
RECOMMENDED ACTION: Receive and File.

VI. OLD BUSINESS

A. Alameda Implementation Status Report.
RECOMMENDED ACTION: Receive and File.

VII. NEW BUSINESS

A. New Model Disability Retirement Hearing Rules.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.

2. New Model Disability Hearing Rules (Redline).

3. New Model Disability Hearing Rules (Clean).

B. Authorize Staff to Contract with Managed Business Solutions, LLC in Support of Mass Flex Credit Recalculations – Alameda Resolutions.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.

2. Statement of Work.

C. CTO Review and Recommendations Regarding VCERA Pension Administration System Hosting.
RECOMMENDED ACTION: Approve.

VII. NEW BUSINESS (continued)

1. Staff Letter from Chief Technology Officer.

D. Authorization for Chief Technology Officer to Attend the Public Retirement Information Systems Management Site Visit, in Nashville, TN, August 20 - 24, 2023.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.

E. Chief Investment Officer's 2nd Quarter 2023 Investment Activity Report.
RECOMMENDED ACTION: Receive and File.

F. Recommendation from Ad Hoc Committee for Retirement Administrator Recruitment to Engage CPS for Recruitment Services.
RECOMMENDED ACTION: Approve.

1. Letter from Ad Hoc Committee.

2. Proposed Statement of Work from CPS Recruitment.

VIII. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Retirement Administrator.
(Government Code section 54957(b)(1))

IX. INFORMATIONAL

A. VCERA Response to Retiree Concerns Regarding Alameda Implementation.

B. SACRS Legislative Update – July 2023.

X. PUBLIC COMMENT

XI. STAFF COMMENT

XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES

June 2023

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE*		DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:							
JEANNE B	AUERBACH	G	11/10/1991	6.73		HUMAN SERVICES AGENCY (DEFERRED)	6/6/2023
JANET ELIZABETH	BABCOCK	G	8/28/2016	6.68		HUMAN SERVICES AGENCY	5/19/2023
MARY ELIZABETH	BERNARDY	G	6/3/2013	8.11		HEALTH CARE AGENCY (DEFERRED)	6/23/2023
SHANNON MIKAEL	COLLINS	S	8/13/1995	11.27	*	SHERIFF'S OFFICE (DEFERRED)	6/1/2023
WENDI PONCE	COOK	S		9.31		FIRE PROTECTION DISTRICT (DRO NON-MEMBER)	5/1/2023
CHRISTOPHER EDWARD	COOPER	G	12/27/1987	26.97	*	PUBLIC WORKS AGENCY	6/11/2023
SARAH J	DOWNS	G	7/18/2011	1.24	*	VENTURA COUNTY LIBRARY (DEFERRED)	4/1/2023
CASEY A	GARNER	S	10/13/2002	20.57		PROBATION AGENCY	5/5/2023
DARLENE MICHELLE	GONZALES	G	8/10/2008	14.77		SUPERIOR COURT	5/20/2023
AMELIA R	GONZALEZ	G	4/20/1986	37.03		CHILD SUPPORT SERVICES	5/31/2023
SANTIAGO E	HERNANDEZ	G	3/23/1997	25.90		HEALTH CARE AGENCY	5/13/2023
JAMES HARTLEY	HORTON	G	12/22/1991	30.81		PUBLIC WORKS AGENCY	3/3/2023
SHEILA ANN	JETTON	G	7/23/1989	33.47		COUNTY CLERK-RECORDER	5/27/2023
SALLY A	MABRY	G	8/5/2001	21.19		HEALTH CARE AGENCY	6/13/2023
RODOLFO	MARTEL	G	10/18/1998	21.29	*	AGRICULTURAL COMMISSIONER (DEFERRED)	4/1/2023
JOANNE M	MCDONALD	G	7/11/1999	23.89		AUDITOR-CONTROLLER	6/1/2023
KATHLEEN M.	PENDERGRAFT	G	4/21/1996	25.74		GENERAL SERVICES AGENCY	5/27/2023
JOANNA MARIE	POPE	G	2/1/2009	0.76		HEALTH CARE AGENCY (DEFERRED)	5/28/2023
JAMES KENNETH	RIEDMILLER	G	4/7/1985	37.30		PUBLIC WORKS AGENCY	5/13/2023
DAVID EDUARDO	RIOS	G	6/20/1993	0.72	*	HUMAN SERVICES AGENCY (DEFERRED)	5/29/2023
ELIZABETH LOUISE	SANDOVAL	G	10/26/1980	42.62		RESOURCE MANAGEMENT AGENCY	5/20/2023
STEVEN	SHERRY	G	10/7/2003	9.49		HEALTH CARE AGENCY (DEFERRED)	6/20/2023
STACEY ANN	SORENSEN	G	7/6/1992	0.43	*	PUBLIC DEFENDER (DEFERRED)	5/1/2023
GREGORY CESAR	VELASQUEZ	S	12/19/1993	5.08	*	SHERIFF'S OFFICE (DEFERRED)	5/6/2023
DEFERRED RETIREMENTS:							
LESLEY ANNE	AFFELDT	G	5/16/2021	1.78		HEALTH CARE AGENCY	3/17/2023
JASON BLASE	BARBA	G	5/1/2022	0.91		HEALTH CARE AGENCY	4/1/2023
YURIDIA ELIZABETH	BARILLAS	G	1/22/2017	5.49		HEALTH CARE AGENCY	4/12/2023
DAVID MICHAEL JR.	BEATTY	G	5/10/2015	7.92		SHERIFF'S OFFICE	4/14/2023
TAMMY AILEEN	BLAU	G	10/2/2022	0.14		HUMAN SERVICES AGENCY	4/10/2023
ARMANDO	BURCIAGA	G	9/11/2005	15.71		HEALTH CARE AGENCY	3/28/2023

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE*		DEPARTMENT	EFFECTIVE DATE
DANNY	CAMARENA	S	12/11/2022	0.31		FIRE PROTECTION DISTRICT	4/2/2023
CHAD	CARROLL	G	4/2/2023	0.02		SHERIFF'S OFFICE	4/7/2023
IVAN SANTOS	CASIAN	G	12/20/2015	7.27		PUBLIC WORKS AGENCY	3/31/2023
MARIA LOPEZ	CASIMIRO	G	5/2/2021	1.85		ANIMAL SERVICES	3/24/2023
GEOFFROI UDAVE	CASTANEDA	S	11/18/2018	4.35	*	PROBATION AGENCY	3/31/2023
BEATRIZ A	CASTILLO	G	1/28/2007	16.11		HEALTH CARE AGENCY	4/3/2023
GABRIELA DAEN	CERVANTES	G	12/4/2022	0.31		GENERAL SERVICES AGENCY	3/25/2023
MIKALA	CVIJANOVICH	S	1/23/2022	1.17		PROBATION AGENCY	4/13/2023
HUYEN THU MICHELLE	DOAN LE	G	8/22/2021	1.60		HEALTH CARE AGENCY	3/28/2023
DANIEL CANNON	FARNSWORTH	G	9/12/2022	0.49		HEALTH CARE AGENCY	4/13/2023
ELIZABETH	FERNANDEZ	G	11/4/2018	2.98		SUPERIOR COURT	4/8/2023
ROGER DION	FREEMAN	G	2/21/2001	20.35		HEALTH CARE AGENCY	3/29/2023
MOLLIE KATHERINE	GARCIA	S	11/6/2005	17.17		PROBATION AGENCY	3/31/2023
WILLIAM TIMOTHY II	HAWKINS	G	4/25/2022	0.91		HEALTH CARE AGENCY	3/22/2023
CAITLYN MARIE	HUGHES	G	10/20/2019	3.43		SHERIFF'S OFFICE	4/5/2023
CAMERON	LINDQUIST	S	10/3/2021	1.52		SHERIFF'S OFFICE	4/14/2023
CESAR G	LUNA	G	6/19/2016	6.89	**	GENERAL SERVICES AGENCY	5/13/2023
JOSE FRANCISCO	MARIN	G	5/14/2017	5.95		GENERAL SERVICES AGENCY	5/1/2023
RASILEN MARIE	MARQUEZ	G	5/1/2022	0.92		HEALTH CARE AGENCY	4/7/2023
PAMELA	MARTINEZ	G	7/16/2017	4.88		DISTRICT ATTORNEY	5/19/2023
TIMOTHY ROSS	MCQUEEN	G	10/3/2010	11.03		HEALTH CARE AGENCY	3/30/2023
MARICELA CECENAS	MIJARES	G	2/7/2001	21.73		SUPERIOR COURT	4/8/2023
KYLE KEITH	MILLER	G	12/25/2022	0.29		ANIMAL SERVICES	4/9/2023
EWELINA ANNA	MUTKOWSKA	G	8/4/2009	13.58		PUBLIC WORKS AGENCY	3/24/2023
BRANDON GILBERT	MYNATT	G	10/16/2022	0.43		FIRE PROTECTION DISTRICT	3/23/2023
FERNANDO	NARANJO	G	11/15/2020	2.33		GENERAL SERVICES AGENCY	3/25/2023
CLAUDIO RODOLFO R	OLIVARES	G	6/3/2007	12.89		HUMAN SERVICES AGENCY	3/24/2023
REBECCA ANDREA	OREGEL	G	10/3/2021	1.53	*	HEALTH CARE AGENCY	4/14/2023
CINDY CRISTINA	PEREZ	G	3/19/2023	0.04		HEALTH CARE AGENCY	4/4/2023
KAYLA MARIE	RAMIREZ	G	3/5/2023	0.04		HEALTH CARE AGENCY	3/18/2023
DIANA LIZBETH	ROSAS	G	7/5/2016	6.69		RESOURCE MANAGEMENT AGENCY	3/31/2023
CYNTHIA	SALAS	G	12/15/2019	3.23		HEALTH CARE AGENCY	3/17/2023
CORENE RENE	SCHINDELE	G	6/17/2018	3.65		HEALTH CARE AGENCY	3/26/2023
MARK ANTHONY	SEPULVEDA	G	8/12/2018	4.58		PUBLIC WORKS AGENCY	3/17/2023
MARLEN	TORRES	G	10/17/2021	1.46		SHERIFF'S OFFICE	3/31/2023
ERICA GARCIA	VEGA	G	8/7/2022	0.64		HEALTH CARE AGENCY	4/8/2023
CARINA NICOLE	VILLAFANA	G	11/28/2021	1.35		HEALTH CARE AGENCY	4/1/2023
MIKE	ZAMORA	G	5/8/2016	5.47		HEALTH CARE AGENCY	3/19/2023

SURVIVORS' CONTINUANCES:

NANETTE A	BENBROOK
CAROL L	DAWES
MICHELLE E	MCGHEE
MARIA	MARQUEZ

*** = Excludes reciprocal service or service from any previous retirements**
**** = Member establishing reciprocity**
G = General Member
S = Safety Member

Ventura County Retirement Assn

Check Register - Standard

Period: 12-23 As of: 7/6/2023

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company:	**VCERA**										
Acct / Sub:	10300		000000								
029768	VC	6/5/2023	NASSOSJONA JONATHAN T. NASSOS, MD INC	12-23	12-23	002576	VO	DISABILITY EXP	12/14/2022	0.00	-2,996.62
									Check Total		**-2,996.62**
						VOIDED DUE TO CHECK LOST IN THE MAIL. REISSUED PAYMENT WITH CHECK #0030038					
030038	CK	6/7/2023	NASSOSJONA JONATHAN T. NASSOS, MD INC	12-23		002576	VO	DISABILITY EXP	12/14/2022	0.00	2,996.62
030039	CK	6/7/2023	ASHBYROB ROBERT ASHBY	12-23		002854	VO	TRAVEL REIMB	6/6/2023	0.00	1,218.42
030040	CK	6/7/2023	COMPUWAVE COMPUWAVE	12-23		002845	VO	IT	6/6/2023	0.00	8,500.92
030041	CK	6/7/2023	DIGITALDEP DIGITAL DEPLOYMENT	12-23		002846	VO	IT	6/6/2023	0.00	650.00
030042	CK	6/7/2023	EXECUTIVED EXECUTIVE DATA SYSTEMS, INC.	12-23		002847	VO	IT	6/6/2023	0.00	585.00
030043	CK	6/7/2023	GOULETARTH ARTHUR E. GOULET	12-23		002849	VO	MILEAGE REIMB	6/6/2023	0.00	62.88
030044	CK	6/7/2023	JOETOMMIE TOMMIE E. JOE	12-23		002856	VO	MILEAGE REIMB	6/6/2023	0.00	282.96
030045	CK	6/7/2023	LINEASOLUT LINEA SOLUTIONS	12-23		002848	VO	LEGAL FEES	6/6/2023	0.00	8,200.00
030046	CK	6/7/2023	NEMIROFFLO LORI NEMIROFF	12-23		002855	VO	DUE DILI/TRAVEL	6/6/2023	0.00	1,457.38
030047	CK	6/7/2023	NOSSAMAN NOSSAMAN LLP	12-23		002850	VO	LEGAL FEES	6/6/2023	0.00	82,409.40
030048	CK	6/7/2023	SEDGWICK SEDGWICK	12-23		002851	VO	DISABILITY EXP	6/6/2023	0.00	60.60
030049	CK	6/7/2023	SHREDITUSA SHRED-IT	12-23		002852	VO	ADMIN EXP	6/6/2023	0.00	308.54

Ventura County Retirement Assn

Check Register - Standard

Period: 12-23 As of: 7/6/2023

Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
030050	CK	6/7/2023	SHULTZVIVI VIVIAN W SHULTZ, ESQ	12-23		002853	VO	DISABILITY EXP	6/6/2023	0.00	2,884.20
030051	CK	6/14/2023	ACCESSINFO ACCESS INFORMATION PROTECTED	12-23		002857	VO	ADMIN EXP	6/13/2023	0.00	599.70
030052	CK	6/14/2023	BANKOFAMER BUSINESS CARD	12-23		002858	VO	IT/ADMIN EXP	6/13/2023	0.00	4,892.30
030053	CK	6/14/2023	COMPUWAVE COMPUWAVE	12-23		002859	VO	IT	6/13/2023	0.00	102.36
030054	CK	6/14/2023	CULLIGAN CULLIGAN OF VENTURA COUNTY	12-23		002860	VO	ADMIN EXP	6/13/2023	0.00	42.50
030055	CK	6/14/2023	SEDGWICK SEDGWICK	12-23		002861	VO	DISABILITY EXP	6/13/2023	0.00	121.80
030056	CK	6/14/2023	THOMSONREU THOMSON REUTERS- WEST	12-23		002862	VO	ADMIN EXP	6/13/2023	0.00	656.71
030057	CK	6/21/2023	ATTMOBILIT AT&T MOBILITY	12-23		002863	VO	IT	6/20/2023	0.00	413.08
030058	CK	6/21/2023	COMPUWAVE COMPUWAVE	12-23		002864	VO	IT	6/20/2023	0.00	45.26
030059	CK	6/21/2023	CULLIGAN CULLIGAN OF VENTURA COUNTY	12-23		002865	VO	ADMIN EXP	6/20/2023	0.00	114.25
030060	CK	6/21/2023	FLORESHUMB HUMBERTO FLORES	12-23		002866	VO	DISABILITY EXP	6/20/2023	0.00	7,600.00
030061	CK	6/21/2023	HANSONBRID HANSON BRIDGETT LLP	12-23		002867	VO	LEGAL FEES	6/20/2023	0.00	7,973.55
030062	CK	6/21/2023	MOONCREST MOONCREST PROPERTY COMPANY	12-23		002868	VO	ADMIN EXP	6/20/2023	0.00	23,976.56

Ventura County Retirement Assn

Check Register - Standard

Period: 12-23 As of: 7/6/2023

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company:	**VCERA**										
030063	CK	6/21/2023	NEPC NEPC, LLC	12-23		002869	VO	INVESTMENT FEES	6/20/2023	0.00	84,999.99
030064	CK	6/21/2023	PENSIONBEN PENSION BENEFIT INFORMATION, LL	12-23		002870	VO	ADMIN EXP	6/20/2023	0.00	1,000.00
030065	CK	6/21/2023	SEDELLMIKE MICHAEL SEDELL	12-23		002873	VO	TRAVEL REIMB	6/20/2023	0.00	1,163.38
030066	CK	6/21/2023	SEDGWICK SEDGWICK	12-23		002871	VO	DISABILITY EXP	6/20/2023	0.00	120.00
030067	CK	6/21/2023	TIMEWARNER TIME WARNER CABLE	12-23		002872	VO	IT	6/20/2023	0.00	229.98
030068	-	030073						**CHECKS VOIDED DUE TO PRINTER ISSUE**			
030074	CK	6/28/2023	ADP ADP, INC	12-23		002874	VO	ADMIN EXP	6/27/2023	0.00	3,555.04
030075	CK	6/28/2023	GOULETARTH ARTHUR E. GOULET	12-23		002877	VO	MILEAGE REIMB	6/27/2023	0.00	104.80
030076	CK	6/28/2023	HARONIANED EDWIN HARONIAN, MD INC	12-23		002875	VO	DISABILITY EXP	6/27/2023	0.00	350.00
030077	CK	6/28/2023	LINEASOLUT LINEA SOLUTIONS	12-23		002876	VO	ADMIN EXP	6/27/2023	0.00	778.41
030078	CK	6/28/2023	NOSSAMAN NOSSAMAN LLP	12-23		002878	VO	LEGAL FEES	6/27/2023	0.00	5,086.29
030079	CK	6/28/2023	TEAMLEGAL TEAM LEGAL, INC.	12-23		002879	VO	DISABILITY EXP	6/27/2023	0.00	269.50

Check Count: 37

Acct Sub Total: 250,815.76

Ventura County Retirement Assn

Check Register - Standard

Period: 12-23 As of: 7/6/2023

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid

Company: VCERA

Check Type	Count	Amount Paid
Regular	36	253,812.38
Hand	0	0.00
Electronic Payment		0.00
Void	1	-2,996.62
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	**37**	**250,815.76**

Company Disc Total **0.00** **Company Total** **250,815.76**

Legend:

CK - Check

VC – Voided Check.

ZC – Zero check. Voided check that was not reissued.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

MAY 22, 2023

MINUTES

TRUSTEES PRESENT:	Mike Sedell, Chair, Public Member Arthur E. Goulet, Vice-Chair, Retired Member Sue Horgan, Treasurer-Tax Collector Jordan Roberts, General Employee Member Cecilia Hernandez-Garcia, General Employee Member Aaron Grass, Safety Employee Member Kelly Long, Public Member Tommie E. Joe, Public Member Will Hoag, Alternate Retired Member Robert Ashby, Alternate Safety Employee Member
TRUSTEES ABSENT:	
STAFF PRESENT:	Linda Webb, Retirement Administrator Amy Herron, Chief Operations Officer Lori Nemiroff, General Counsel Dan Gallagher, Chief Investment Officer La Valda Marshall, Chief Financial Officer Leah Oliver, Chief Technology Officer Josiah Vencel, Retirement Benefits Manager Brian Owen, Sr. Information Technology Specialist Michael Sanchez, Sr. Information Technology Specialist Jess Angeles, Communications Officer Chris Ayala, Program Assistant
PLACE:	Ventura County Employees' Retirement Association Second Floor, Boardroom 1190 S. Victoria Avenue, Suite 200 Ventura, CA 93003
TIME:	9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Sedell called the Business Meeting of May 22, 2023, to order at 9:00 a.m.

Roll Call:

Trustees Present: Robert Ashby, Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Will Hoag, Sue Horgan, Tommie Joe, Kelly Long, Jordan Roberts, Will Hoag, Mike Sedell

Trustees Absent: -

II. APPROVAL OF AGENDA

Chair Sedell recommended the following changes to the agenda: move item VII.A. so that it followed immediately after item III., "Consent Agenda." If there were a request by any trustees to have a “Closed Session” meeting, they would enter that meeting after hearing arguments and public comments on agenda item VII.A. Additionally, if there were any questions or concerns by the Board about item, III.C., "Approve Disability & Business Meeting Minutes of April 17, 2023,” they could pull that item and bring it back at the next meeting.

MOTION: Approve as Amended.

Moved by Long, seconded by Joe

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

III. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of April 2023.

B. Receive and File Report of Checks Disbursed in April 2023.

C. Approve Disability & Business Meeting Minutes of April 17, 2023.

Ms. Webb noted corrections to the minutes were submitted to staff by Trustee Goulet. She noted that on page 7 of the minutes, second to last paragraph, instead of saying, “affected many of the Retirement Systems,” it should read, “all public Retirement Systems in California.” At the top of page 8, it was suggested to change the word “said” to “provided” when referring to what the Alameda Decision stated. On page 9, there was the insertion of the word “had” in the fourth line at the top of the paragraph and the insertion of the phrase “thereby creating a window period.” Staff did not believe these corrections to be substantive, but simply provided clarification, so staff recommended approval of the minutes, as amended.

Trustee Roberts noted an additional correction, as the word "contributions" at the bottom of page 9 was misspelled.

MOTION: Approve Consent Agenda, with the Adoption of the Disability & Business Meeting Minutes of April 17, 2023, as Amended.

Moved by Long, seconded by Goulet

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

After the vote on this agenda item, the Board advanced to item, VII.A., "Hearing on Administrative Appeal Filed by VCPFA re Denial of Claim for Change in VCERA Membership Date for Fire Control Workers (FCWs) Hired by County as Seasonal/Intermittent Employees and Consideration of Hearing Officer Report and Recommended Decision."

IV. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Bridgewater: Clark Thiemann and Melissa Saphier.

Clark Thiemann and Melissa Saphier reviewed Bridgewater's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and investment portfolio performance, and then responded to trustee questions.

Trustee Grass left the meeting at 11:22 a.m.

Trustee Grass returned to the meeting at 11:24 a.m.

B. Receive Annual Investment Presentation from PIMCO: Neal Reiner, Andy Mark, Kevin Gray, and Catherine Roddy.

Neal Reiner, Andy Mark, Kevin Gray, and Catherine Roddy reviewed PIMCO's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and investment portfolio performance, and then responded to trustee questions.

Trustee Hoag left the meeting at 11:32 a.m.

Trustee Hoag returned to the meeting at 11:36 a.m.

Trustee Ashby left the meeting at 11:42 a.m.

Trustee Ashby returned to the meeting at 11:45 a.m.

Trustee Joe left the meeting at 11:51 a.m.

Trustee Joe returned to the meeting at 11:54 a.m.

V. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.
NEPC – Allan Martin.

A. $50 Million Commitment to Abbott Secondary Opportunities Fund III, LP.
RECOMMENDED ACTION: Approve.

1. Staff Letter by Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. Abbott Secondary Opportunities Fund III Presentation: Meredith Rerisi and Young Lee.

Mr. Gallagher recounted that the Board committed $25 million to Abbott Secondary Opportunities (ASO) I in 2017 which is registering top quartile performance. In 2021 the Board committed $40 million to ASO II, and while still early days, the fund is showing a 102.8% net-internal rate of return, and a TVPI multiple of 1.4x. The current recommendation is for a $50 million commitment to ASO III. Both he and NEPC viewed ASO III as adding value to VCERA's private equity secondaries program from both investment performance and diversification.

MOTION: Approve a Commitment of $50 Million to Abbott's Secondary Opportunities Fund III, and Direct Staff and Legal Counsel to Prepare the Necessary Legal Documents; and, Authorize the Board Chair or the Retirement Administrator, or in the Absence of the Board Chair and Retirement Administrator the Chief Investment Officer, to Approve and Execute the Required Documentation.

Moved by Long, seconded by Grass

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

B. Quarterly Investment Performance Report for Period Ending March 31, 2023.
RECOMMENDED ACTION: Receive and File.

Mr. Martin presented the Quarterly Investment Performance Report for Period Ending March 31, 2023.

MOTION: Receive and File.

Moved by Goulet, seconded by Joe

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

C. Monthly Performance Report Month Ending April 30, 2023.
RECOMMENDED ACTION: Receive and File.

Mr. Martin presented the Monthly Performance Report the Period Ending April 30, 2023.

MOTION: Receive and File.

Moved by Roberts, seconded by Joe

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

VI. OLD BUSINESS

A. Alameda Implementation Status Report.

1. VPAC Status Report dated May 22, 2023

Ms. Herron said the status report was to update the Board on the implementation of the Alameda Decision. The report was also available publicly online as part of VCERA's published meeting materials, and she offered to answer any questions.

Chair Sedell complimented the work staff had done on the implementation and report, and he appreciated all the work staff had done.

B. (1) Approval of the Attached Request for Proposal (RFP) for Actuarial Auditing Services; (2) Direct Staff to Issue the RFP to the List of Candidates; and (3) Direct Staff to Review the Responses to the RFP and Develop a Recommendation to the Board Regarding the Firm that Should be Selected for the Engagement.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Financial Officer.

2. Actuarial Auditing Services RFP (Redline).

3. Actuarial Auditing Services RFP (Clean).

Ms. Marshall provided updates on the Actuarial Auditing Services RFP from the Finance Committee meeting on May 15. The staff letter for the RFP also had a few changes for clarity.

Ms. Webb added that even though the staff letter listed three vendors who would receive the RFP, staff would also be posting it publicly so that other firms could submit proposals as well.

Trustee Goulet remarked that as far as he knew, these were the only three firms that practiced this type of work in California and had the knowledge of CERL to do it, but if some other firm could show that they were qualified, they could potentially be awarded the contract.

MOTION: Approve All of the Items, as Amended.

Moved by Goulet, seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

After the vote on this agenda item, the Board advanced to item VII.B, “Recommendation to Approve Payment for Waiver of Recourse Fiduciary Liability Insurance, FY 2023-2024.”

VII. NEW BUSINESS

A. Hearing on Administrative Appeal Filed by VCPFA re Denial of Claim for Change in VCERA Membership Date for Fire Control Workers (FCWs) Hired by County as Seasonal/Intermittent Employees and Consideration of Hearing Officer Report and Recommended Decision.

1. Staff Letter from Retirement Administrator.

2. Proposed Findings of Fact, Conclusions of Law, and Recommended Decision, submitted by Hearing Officer Irene P. Ayala, dated April 14, 2023.

3. Amended Index of the Administrative Record.

    1. VCPFA/FCW’s Opening Statement Re Appeal of VCERA’s Administrative Determination Denying Statutorily Protected Retirement Rights to Ventura County Fire Control Workers.

        a. VCPFA Appeal Exhibit A, VCERA’s Administrative Denial of Appellants’ Claim.

        b. VCPFA Appeal Exhibit B, VCPFA Letter to VCERA Board, February 3, 2021.

        c. VCPFA Appeal Exhibit C, VCPFA Letter to Lori Nemiroff, June 10, 2021.

        d. VCPFA Appeal Exhibit D, County Letter from Mike Curnow to VCPFA, April 16, 2020.

        e. VCPFA Appeal Exhibit E, Declaration of Michael Trabbie.

        f. VCPFA Appeal Exhibit F, Declaration of Kevin Aguayo.

        g. VCPFA Appeal Exhibit G, Declaration of David Proett.

    2. VCERA’s Response Statement Re VCPFA Demand for Claim in VCERA Membership Date for Fire Control Workers Hired by the County of Ventura as Seasonal/Intermittent Employees.

        a. VCERA Response Attachment 1, Declaration of Shalini Nunna in Support of Respondent Ventura County Employees’ Retirement Association Reply Statement.

        b. VCERA Response Attachment 2, Ventura County Employees’ Retirement Association Board of Retirement Bylaws and Regulations.

c. VCERA Response Attachment 3, The County of Ventura Safe Harbor Retirement Plan Summary Plan Description, March 2018.

d. VCERA Response Attachment 4, A Resolution of the Board of Supervisors which describes the Personnel Rules and Regulations for the County of the Employees of the County of Ventura.

e. VCERA Response Attachment 5, VCPFA Claim for Correction of Membership Dates Based on Alleged Pre-Membership Misclassification of Members as Seasonal/Intermittent Employees.

f. VCERA Response Attachment 6, The County of Ventura Supplemental Retirement Plan.

3. VCPFA/FCW's Reply to VCERA's Response re Denial of Statutorily Protected Pension Rights of Certain Ventura County Fire Control Workers.

   a. VCPFA/FCW's Reply Exhibit A, Paystubs for Appellant Kevin Aguayo.

4. VCPFA/FCW's Letter Regarding Correcting the Improper Exclusion of Certain Ventura County Fire Control Workers from Participation in the Ventura County Employees' Retirement Association, dated March 2, 2020.

   a. Attachment: Analysis of Service Provided to the County of Ventura by Fire Control Workers Improperly Classified as Intermittent Employees.

Ms. Nemiroff said that the Board would first provide the appellants, Ventura County Professional Firefighters Association (VCPFA), with 10 minutes to make an opening statement and to allow any parties the opportunity to make statements to the Board. The respondent, Ventura County Employees' Retirement Association (VCERA), would then have 10 minutes to respond. Then each party would have 5 minutes for rebuttal, which may be changed according to the discretion of the Chair, depending on how much information was needed. If any trustee wished to confer with counsel in Closed Session, that was also an option.

Chair Sedell then requested that the parties state their appearances.

Mr. Ian Bondsmith, Attorney at Law, and Kevin Aguayo, President of VCPFA, were appearing on behalf of VCPFA.

Ms. Ashley Dunning, Attorney at Law, of Nossaman, LLC, was appearing on behalf of VCERA.

Mr. Bondsmith thanked the Board, Ms. Nemiroff and Ms. Dunning, and the appointed referee, Irene Ayala, for her time and effort in working on the critical issues in the case. However, he pointed out what he believed to be two critical errors in Ms. Ayala's recommended decision, which, if adopted by the Board, would have the absurd result of granting authority to the County to make VCERA membership determinations. First, the proposed decision stated that VCERA membership was entirely dependent on the County bestowing a regular employment status on its employees; second, the decision concluded that the County's "intermittent" designation was synonymous with the intermittent exclusion under the California Employees Retirement Law (CERL). Both decisions were in direct opposition to the California Constitution and CERL, which bestowed on the Board of Retirement, not the County, the sole authority to administer the retirement system, including the authority to make membership determinations. The Board in turn must make these determinations under the rules set forth in CERL, not the County rules, and in keeping with the Board's duty to provide the appellants with their lawfully earned pension benefits. It was undisputed that the CERL, together with consistent regulations adopted by the Board, controlled membership determinations in VCERA. The CERL made no reference, however, to a regular County employment status as being a condition for membership. Instead, it mandated that all employees must be enrolled, unless they are subject to an express exclusion in the CERL that was adopted by the Board in its regulations. So, there were only two steps to determine if a person was eligible for VCERA membership. First, did they meet the definition of an employee under CERL? And second, if they did, were they subject to a permissible exclusion? The CERL had two different definitions of employees: one for persons employed by the County and another for persons employed by a district within the County. The definition of a County employee under CERL was any person who: 1) was an employee of that County; 2) had their compensation fixed by the Board of Supervisors; and 3) was paid directly by funds controlled by the County. This was the “control of funds” test; this was the home rule authority that VCERA had mentioned in its briefing. A District employee, on the other hand, was defined simply as any person in the employ of any District within the county and there was no control of funds requirement. The appellants in this case were employed by the Ventura County Fire Protection District, so there was no requirement that their funds or compensation be paid or controlled by the County Board of Supervisors and by the County. These definitions do not require that a County or District employee be designated as a regular employee under the County Civil Service designations, so that definition under those rules was irrelevant. The proposed decision does correctly point out that VCERA’s Bylaws did reference regular employment as a condition for membership, but this requirement was inapplicable to appellants and arguably unenforceable, as any regulation in the bylaws had to be consistent with CERL. Regarding membership in VCERA, Article 3 of the bylaws states that non-safety employees must be regular employees, but the section clearly excluded any requirement of regular employment for Safety employees. Therefore, even if it were true that the word “regular” in the bylaws can be interpreted as regular employment under the Civil Service rules, that regulation was inapplicable to appellants in this case, who are undeniably Safety members.

So, given that it was clear that the appellants were eligible employees under both CERL and the bylaws, the next step was for the Board to examine the positions the appellants were appointed to and determine if the work being performed under those positions met the definition of “intermittent employment” under CERL, which defined intermittent employment as persons whose tenure was intermittent; the bylaws defined an intermittent employee as persons who were employed for intermittent or temporary work. These definitions provided that an otherwise eligible employee can be excluded as intermittent only if the nature of the work they were hired to perform was intermittent under the usual and ordinary meaning of that term. In other words, they must be employed to perform work that was needed on a fluctuating and periodic basis throughout the year as opposed to work that was required on a year-round basis. The facts in this case were that the district hired a group of Fire Control Workers each year and told them they were being appointed to intermittent positions to fill a seasonal workload, but each year that was not true for a number of the Fire Control Worker positions, because the district and the County knew there was a need for additional year-round positions; they recruited appellants with this knowledge and appointed them to fill these year-round positions. The Declaration of David Pruitt, who supervised Fire Control Workers for more than 28 years, made it abundantly clear that the district and the County had a pattern and practice of filling year-round positions with erroneously labeled intermittent employees. The proposed decision claimed that appellants were hired into intermittent positions because the district waited until the end of each appellant's initial fire season with the district to tell them that they would be working year-round, but the district and the County knew these positions would be year-round from the beginning, and these appellants were selected to fill these positions.

The proposed decision also attempted to blame the appellants, saying they knew that they were labeled by the County as intermittent and therefore the Board was precluded from giving them membership. But the appellants' knowledge of their County Civil Service status was irrelevant because it was CERL and the bylaws, not the County labels, that determined membership in VCERA. There was no waiver of membership, as the proposed decision seemed to suggest, and appellants were not barred by any applicable statute of limitations or related equitable defenses. Again, it was undisputed that the Board, not the County, had the sole and exclusive constitutional authority to make membership determinations. Mr. Bondsmith submitted that VCERA should examine the true nature of the positions an employee was hired to fill as known by the County at the time they were hiring for those positions. Here, some of those Fire Control Worker positions were intermittent and some were not. Accepting the County's characterization of all of these positions as being intermittent without an independent assessment by VCERA opened the door for manipulation by the County, which had and would continue to deny people of their lawfully earned pension rights. The facts showed the County, and the district knowingly appointed them to year-round positions while labeling them intermittent and failing to inform VCERA that they were not working in an intermittent capacity. This was precisely the kind of mischief that the constitution of this State, which favored enrollment in pension systems, was designed to avoid.

Kevin Aguayo, President of the Ventura County Professional Firefighters' Association (VCPFA), provided public comment. He noted that the workers were asking the Board to determine their membership in VCERA. The County took advantage of them by labeling them as intermittent. In 1997, when he was first employed as a Fire Control Worker, his employment continued until 1999, when he was hired as a regular employee. That was the 1664-hour rule the County chose to ignore, which they mentioned in their statements. They were asking the Board to exercise its authority and discretion to go against the recommendation and make them whole by giving them the service credits that they were due. They were wronged by the County.

Ms. Dunning replied on behalf of VCERA. She said the California Constitution did not require nor permit the Retirement Board to grant membership to individuals who were not entitled to membership under the CERL, as applied by the Board through its regulations. The Hearing Officer went through a very comprehensive analysis of the facts and applicable law and stayed as clear as she could without reference to them, the basis for the recommended decision. This was not a case about righting wrongs in terms of service credit; it was a request for the Board to unwind appointments or decisions relating to the hiring of individuals for intermittent work 10 or more years ago by the County. As the declaration identified and as Mr. Bondsmith conceded, the appellants were aware that they were appointed as intermittent employees when they were appointed. If there was a dispute about membership entitlement to VCERA at that point, that was when to approach the County and VCERA to claim that they were entitled to membership enrollment. To wait 10 to 30 years to try to unwind, that membership determination was completely disfavored in the law, as one cannot revisit all of those employment determinations to assess membership entitlement effectively. That was why VCERA engaged in a significant effort to assist appellants in their request for reclassification to the County regarding whether they should have been appointed as regular employees when they were first hired. The County disagreed with their assertions and refused, but VCERA then went through further analysis to assess whether there was a legal basis to change their membership date and determined that there was not, and in fact, they also went through an additional process and concluded that because these members had been in a supplemental Safe Harbor benefit plan when they were employed as intermittent employees, they were precluded by law from having been VCERA members during that earlier time period. Therefore, the Board did not have the authority by law to move their membership date. VCERA's General Counsel had also concluded that if these individuals were to terminate employment, defer retirement and roll over contributions made into the Safe Harbor plan, they could then purchase that earlier service credit as prior non-membership service, and then they would have more service credit in VCERA, though doing so would not move an individual's membership date, which was when they were first hired as regular permanent employees in a position eligible for membership under the Board's regulations. The findings of fact identified the dates in question, the individuals in question, the representations that were made, and the concession that appellants understood that their Fire Control worker positions beyond the fire season were ones where they were hired on an intermittent basis. The Hearing Officer recognized correctly that VCERA was a separate legal entity from the County and that the Board's obligation was to provide lifetime benefits to individuals who were properly enrolled in the plan, but the Board had no independent knowledge or oversight into the hiring decisions of the County or the various districts. As intermittent employees under the Board's bylaws, which had been approved by the County, appellants were precluded from enrollment in VCERA, until they were appointed to permanent regular positions as it was noted in the Hearing Officer's findings of fact. Appellants may roll over the funds from the Safe Harbor benefit plan if they choose to do so, such that the CERL would no longer preclude them from purchasing the earlier service credit. But to move a membership date for these individuals was inappropriate, unauthorized, and not consistent with the Board's fiduciary obligations to only pay the benefits that were due under the plan and only to enroll in membership those who were permitted to be enrolled under their bylaws. So, there was no fiduciary duty or legal basis upon which to change the County's initial and continuing classification of these individuals as intermittent employees during their first periods of work for the Fire District and for the County. Therefore, staff respectfully requested that the Board approve the findings of fact and adopt the recommended decision of the Hearing Officer.

Chair Sedell said that the Board would now allow 5 minutes of rebuttal from each party.

Mr. Bondsmith stated that what was just presented to the Board by Ms. Dunning was that the Board was precluded from enrolling these appellants because they were not made regular or permanent employees, but that was not what the bylaws said. For safety members, there was no regular employment requirement under the bylaws and even if there were, there was no such requirement under CERL. So, any inconsistent regulation would not be enforceable, but all that mattered was that the appellants were safety members, so, there were no regular or permanent requirements. Second, the statute of limitations that was brought up simply was inapplicable. If the Board were to decide to enroll these members, it would be an administrative determination, which was not considered a civil action subject to a standard three-year civil statute limitation. Also, the appellants had a right to a correct calculation of every retirement check they would receive once they retired. The Continuous Accrual Doctrine (CAD) made it clear that the Board had the right to correct each payment and that a new statute of limitations would apply as each payment was made, and in this case, all of the appellants were still active, except for one who retired within a three-year period of them bringing the issue before the Board. So, a continuous accrual would essentially make the statute of limitations point moot. As to "Laches", and other equitable defenses that may preclude the Board from making a decision, the facts were clear, they had declarations from the appellants. The Board had a declaration from David Pruitt, who supervised these people for 28 years and showed clearly that the County and the district had a pattern of practice of inappropriately calling people intermittent when they were really working in full-time year-round positions. So, the Board had all of the information needed to make a proper decision in the case. As far as Safe Harbor precluding the Board from rejecting the proposed decision, he did not quite understand where this came from because Safe Harbor itself said that members were not eligible for Safe Harbor membership if their services were eligible for VCERA membership. So, it was not hard to roll back that membership. Therefore, they were not involved in two publicly funded plans at the same time. Finally, Ms. Dunning had said the appellants were in intermittent service because the County called them intermittent and the proposed decision made it clear that it was based on the County's rules, and the County's decisions. The recommendation from the Hearing Officer said the County and only the County had the responsibility and authority for hiring and classification, and it also stated that VCERA has no input, knowledge, oversight, or control over the County's hiring decisions or the classifications of its employees. Again, the Constitution and the CERL give the Board the discretion, authority, and duty to make sure that employees were not excluded as intermittent employees if they were not really working in intermittent positions. This was exactly the kind of mischief that the legislature sought to avoid when they made retirement laws in the first place, and when they created Boards like this one to oversee the County, to make sure that people were getting the pension rights to which they were entitled. Pension rights in this state for public employees was considered a very important right, an earned right, and it was the Board that had the authority to make sure people received the rights that they lawfully deserved and earned through their service to the County and the district.

Ms. Dunning explained the Hearing Officer was correct in that VCERA had no Authority under the Constitution, CERL, or otherwise to look into the specifics of why its participating employers were being hired for particular jobs or not being hired for particular jobs, and while there may have been a time of where the Board had the authority to audit an employer if there was a concern about people not being enrolled who should be. That was not the circumstance here, here we have a circumstance of people having been enrolled decades ago in the retirement plan, sitting on their purported rights, and coming to the Board at the last minute to try to request an undoing of determinations that were made decades ago about their entitlement rights. There was not a continuous accrual right here, because there was a point-in-time determination of membership eligibility years ago, and *Luke vs Sonoma County* was right on point on this issue, that involved a determination made by a Retirement Board and by a County at a point in time relating coincidentally, or in that case, to the enhancement of retirement benefits. The court concluded that there could be no unwinding of enhanced retirement benefits although the plaintiff, in that case, alleged that they should be permitted to be unwound because of CAD, and the court rejected that and said if you had a right that you wish to pursue you had to do that within three years of that right allegedly being violated. Here there was nothing in the record to suggest that rights were violated, and in fact, the Board’s regulations specifically exclude from membership intermittent employees such as the individuals before you were during the periods in question.

Trustee Hernandez-Garcia asked how many appellants were in the case and if there was anything being done to avoid these types of concerns going forward.

Mr. Bondsmith replied that there were 16 appellants in the case who had been affected by the issue. In talking to people who were involved with the Wildland Fire Program, some very strict changes had been made, and they were adhering very strictly to the 1664-hour limit on intermittent employment. They contended that the changes were a direct result of this issue because they understood the practice that they were engaging in by keeping people on year-round and calling them intermittent was inappropriate under CERL. So, yes, he believed that for the most part, this practice had been corrected, but it did not change the fact that appellants in this case were harmed and would continue to be harmed throughout their retirement when they receive a reduced pension allowance.

Ms. Dunning added that the individuals in the case would not receive a reduced pension allowance if they did what staff had advised them that they could do, which was to roll over the funds in their Safe Harbor plan and purchase the service credit in VCERA. They would then have the same service credit as they would have had, had they been enrolled originally and there were only 16 appellants in the case.

Mr. Bondsmith then said, that while Ms. Dunning was correct that there may be an avenue to purchase this service, that avenue would not make the appellants whole in this case. It was membership service that would make the appellants whole in this case, because prior membership service would not apply to a number of them, in particular the 30-year cancellation right, where membership service would apply to that right.

Ms. Dunning stated that the lifetime benefit would be the same if they had the service credit. The fact that they may not have to pay for some additional contributions having reached 30 years of service was another topic, but again it illustrated the staleness of these claims. If there were appropriate claims, they needed to have been brought when people were first hired. So, they should have made these claims at that point, because at this point these claims were stale and none of these appointments should be revisited.

Trustee Goulet said that he was a little confused by the appellants' comments where they seemed to use the District separation when it was advantageous, and then the County rules when it was again advantageous to them. For example, they referred to the County Civil Service rules, however, if they were not County Employees how do they come under the County Civil Service rules? Also, they mentioned financial control, but were the salaries not established by the Board of Supervisors and included in the County's Salary Schedule? He did not think that any action was taken separately, and he also had that same confusion when he was working, where he had several districts under his jurisdiction, and they were indistinguishable from County employees. He was also troubled by the statute of limitations because this was something that should have been dealt with many years ago, and one of the main objectives here was to gain 30-year status, so that not only do they not have to make further contributions to the retirement system, but their salaries would be increased, because the County would then contribute as salary the contribution the employer would have contributed to the retirement system.

Mr. Bondsmith addressed Trustee Goulet's confusion as to how sometimes they relied on the County rules and sometimes they relied on CERL as well as the bylaws. He said the County rules were inapplicable to membership determinations, which was clear in the CERL. So, they were not relying on the County rules and sometimes on the CERL. It was their position that the CERL controlled any consistent regulations in the bylaws, so in terms of membership, the CERL did not require a regular County employment status. That may be where the confusion lay because they brought up the regular employment status, but they were bringing that up to say that the CERL did not require it, so it was irrelevant. Concerning the statute of limitations, he understand his concern and Ms. Dunning had cited a case, which was *Luke vs. Sonoma County*, but in that case, the issue was that a taxpayer had filed a writ to enjoin the retirement association from increasing pension benefits, but they argued that the County had a requirement to procure and make public an actuarial study of what it would do to the pension system, and ultimately what it would do to taxpayers, who were funding the pension system. But the Court in that case made it clear that it was a one-time obligation to do a study, and they distinguished that from membership enrollment or membership determinations in a retirement system that affected pensioners' ongoing retirement allowance in retirement. The City of Oakland case said the same thing, that the CAD did not apply because retirement associations, counties, and public agencies all had a continuing duty to their members under the California Constitution to ensure that they receive the proper pension rights. Now, Ms. Dunning kept mentioning that the Board had no authority under the California Constitution, but that was just not the case, particularly as it pertained to the appellants here, where there was no control of funds test under CERL or the bylaws. Their compensation did not have to be fixed to be enrolled, but their compensation was fixed. They were paid on the same salary schedule as all Fire Control laborers, which was approved by the Board of Supervisors, so this is not a case like *Holmgren* for example, which was also cited in VCERA's documents. Because *Holmgren* dealt with independent contractors who were saying, no we should have been common law employees and the court said no, look the definition under CERL that said that a County employee had to have their compensation fixed by the County.

Ms. Dunning explained that the County rules were absolutely applicable to how CERL operated. CERL operated within the context of assessing whether the County and the districts had employed individuals and appointed people to positions that made them eligible for membership or not, so they were not necessarily intertwined with one another. Secondly, there was confusion here on the CAD, because if these individuals were still not enrolled in membership and they were claiming some foul play, you would be able to go back three years to make that determination and, on a go-forward basis, correct it. But that was not what was being requested here. What was being requested here was to have a membership date that occurred 10 to 30 years ago, be moved backward from that time. That was a point in time determination, and there was a three-year accrual period for those types of claims.

Trustee Roberts requested that the Board go into Closed Session to discuss the case with their attorney.

Chair Sedell said that the Board would then go into Closed Session at 9:56 a.m.

Chair Sedell called the Board meeting back to order at 10:42 a.m.

Ms. Nemiroff stated for the record that the Closed Session meeting was for the Board to confer with her as the General Counsel, and that Retirement Administrator, Linda Webb did not attend the closed session meeting, because she was a party in the case. So, none of the parties in the case had attended the closed session meeting. Also, on this issue, Trustee Ashby, as the Alternate Safety Member, would be voting in place of the regular Safety Member, Trustee Grass, because under Govt. Code 31520.1(b), the Alternate Safety Member votes in place of a regular member if a member of the same service was before the Board for determination of his or her retirement benefits. Therefore, Trustee Ashby as a member of the Firefighters would vote on the issue.

Trustee Long asked if the Board were to approve the Hearing Officer's recommendation to deny the case, what other options did the appellants have.

Ms. Nemiroff said that the appellants were aware, and VCERA staff would also remind them, that they were still able to purchase service credit for their intermittent time, that was pre-membership excluded, upon separation service with the County. So, if they deferred retirement for about a month, they could roll their funds over from the Safe Harbor Plan into the supplemental 457 plan, and then purchase service credit with VCERA for that excluded intermittent time. So, they could restore all of that service credit by doing this, and all those who were interested could be provided with cost estimates.

Trustee Ashby said that the issue before the Board today was something that had been going on for the last 7 or 8 years, and as a Safety member representative on the Board of Retirement, it was a difficult position to be in. The appellants had worked hard as Fire Control Workers and they were told that it was an intermittent position, but he felt the County took advantage of their generosity, in the sense that the County kept them on longer than they said they would, and so they were used as regular employees in a way. In their line of work, they could not predict when disasters were going to happen. So, it was an unfortunate position that these employees had been put in and if the County was going to continue the practice of hiring intermittent employees, knowing that they would be utilizing them in a full-time capacity, then there should be some changes to that practice.

Trustee Long stated that as a County appointee on the Board of Retirement, she appreciated both parties coming to the table to deal with the issue, and advocating for the employees was very important. She also appreciated General Counsel's explanation of the options afforded to the appellants, if the case was denied by the Board, so that VCERA could try to take care of these members as best they could.

Trustee Hernandez-Garcia thanked the appellants for bringing the issue to the Board, and for their service. She also thanked General Counsel and Fiduciary Counsel, Ashley Dunning for their work and comments to the Board, regarding the options available to the appellants in the event their case was denied, because there was only so much the Board could do under the circumstances.

MOTION: Approve and Adopt the Findings of Fact and Recommended Decision of the Hearing Officer.

Moved by Horgan, seconded by Joe

Vote: Motion carried
Yes: Goulet, Hernandez-Garcia, Horgan, Joe, Long, Sedell
No: Roberts, Ashby
Absent: -
Abstain: -

After the vote on this agenda item, the Board advanced to item, X., "Public Comments".

B. Recommendation to Approve Payment for Waiver of Recourse, Fiduciary Liability Insurance, FY 2023/24.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Financial Officer.

2. Binder of Insurance.

Ms. Marshall noted that staff was recommending that the Board approve the payment for the Waiver of Recourse and the Fiduciary Liability Insurance Premium for the fiscal year 2023-24. The premium had increased by 10%, however, the $100 payment for the Waiver of Recourse remained the same.

Ms. Webb said she wanted to remind the Board that the $10 payment could not be paid out of VCERA's funds. It would have to be paid by the individual trustees, to cover them from personal liability.

MOTION: Approve.

Moved by Roberts, seconded by Joe

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

C. Review and Approve the Annual Administrative Budget Policy (1) Name Change to Annual Budget Policy and (2) Other Proposed Updates.
RECOMMENDED ACTION: Approve.

Ms. Marshall presented the Annual Administrative Budget Policy to the Board for them to review. She noted that one of the recommended changes was to change the name of the policy to the Annual Budget Policy.

<u>MOTION</u>: Approve.

Moved by Goulet, seconded by Joe

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

D. Review and Approve Finance Committee Charter – Proposed Update.
RECOMMENDED ACTION: Approve.

Ms. Marshall presented recommended changes to the Finance Committee Charter to the Board.

Chair Sedell said that he just wanted to note that he believed in a separation between the scope of a Finance Committee and an Audit Committee because of best practices. However, because of the vacant seats on the Board, it would be difficult to have a separate Audit Committee at this time, though he believed that it was important that the Board should at some point. He hoped that the Board would discuss the issue again next year, and hopefully by then, all of the vacant seats on the Board would be filled.

<u>MOTION</u>: Approve.

Moved by Roberts, seconded by Joe

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell
No: -
Absent: -
Abstain: -

After the vote on this agenda item, the Board advanced to item, IX. “Informational”.

VIII. <u>CLOSED SESSION</u>

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: One (1) Case.

The Board then entered Closed Session at 9:56 a.m.

The Board then returned from Closed Session at 10:42 a.m., and returned to agenda item VII.A., “Hearing on Administrative Appeal Filed by VCPFA re Denial of Claim for Change in VCERA

Membership Date for Fire Control Workers (FCWs) Hired by County as Seasonal/Intermittent Employees and Consideration of Hearing Officer Report and Recommended Decision".

IX. INFORMATIONAL

A. SACRS Legislative Update – April 2023.

B. SACRS UC Berkeley Public Pension Investment Management Program 2023 Notice.

Chair Sedell commented that the SACRS UC Berkeley Public Pension Investment Management Program was a very good program, and that for those Trustees who had not taken the course yet, he would highly recommend it.

The Board then advanced to agenda item XI., "Staff Comment".

X. PUBLIC COMMENT

Roberta Griego, Vice-President of the Ventura County Retired Employees Association (REAVC) said she was present on behalf of Reddy Pakala, President of REAVC, who would like to have his letter read into the record. "The Retired Employees Association of Ventura County Inc., (REAVC) represents 7,000 retirees. We have 16 Board members. On April 17, 2023, at the VCERA Board meeting four REAVC Board members along with twenty other County retirees provided testimony supporting a revised resolution concerning Flex Benefits, except for the effective date, and opposing the resolution regarding vacation buydown, also requesting a change in effective date. We requested an effective date of April 17, 2023, or the date of your last decision related to the Alameda Decision, since retirees had received no notice of these decisions, and because of the delays caused by ongoing litigation and other factors that were not controlled by County retirees.

We appreciate that your Board has made the Flexible Benefit partial exclusion effective only for those who retired on or after July 30, 2020. At the same time, we were extremely disappointed by your decision related to the vacation buydown. We do appreciate your Board's decision not to require repayment of extra benefits from January 1, 2013, through August 31, 2020.

We recommend your Board consider the following and revise the effective date for both resolutions to April 17, 2023:

1. Notice was NOT provided to County retirees before your Board's ongoing actions on this matter before the first Alameda action in October 2020. Only one notice was mailed to affected retirees on April 10, 2023, one week before April 17, 2023 Board decisions. None of the retirees who received the notice understood what it meant to them. Even today, none of us know how each retiree is impacted by the decisions your Board made.

2. VCERA made promises to retirees in their estimated retirement benefits before they retired, and VCERA has been paying these retirees based on those representations for more than a decade.

3. All County retirees appropriately relied on the information provided to them when they retired. Reducing their retirement benefits retroactively is punitive and life-changing for all retirees.

4. The number of calculations VCERA staff would have to make for more than 4,000 affected retirees, the questions to be answered from frustrated/frightened retirees for the next one or two years or more, and the loss of confidence in VCERA and the County of Ventura, will be very damaging.

Based on the above, we are requesting your Board change the effective date to April 17, 2023, for the compelling cause shown above that retirees did not cause the delay in the Board's implementation of the PEPRA resolution and would be unduly burdened by retroactive implementation".

Gerhardt Hubner, retired VCERA member, provided public comment. He noted that he had provided comments to the Board on this subject at the April 17, 2023, Board meeting. He was also providing the Board with a copy of their letter dated May 18, 2023, entitled, "Board action taken April 17, 2023". As he requested at the previous Board meeting, both he and the other retirees present were asking the Board to read their letter and reconsider the Board's decision from the April meeting and re-agendize the item for discussion at their June meeting for the reasons provided in the letter.

Tracey Pirie, retired VCERA member, provided public comment. She said that she was present to support the comments made by the other speakers and request reconsideration regarding the implementation date of items that VCERA believed should be excluded due to the Public Employees' Pension Reform Act (PEPRA) and the Alameda Decision, to be effective, April 17, 2023. The change would be both beneficial to existing retirees, but also VCERA staff by eliminating the need for recalculations of more than 4,000 retirees' benefits. The impact of the Board's decision to apply these changes retroactively would be devastating to thousands that paid contributions for these items to be included as part of their final average compensation and counted on it being included in their retirement benefit calculation.

Chair Sedell thanked the speakers for their comments and said that because the issue was not on the agenda, the Board was not able to discuss the issue at today's meeting. However, the Board would consider it and also discuss it with staff.

After receiving Public Comment, the Board returned to agenda item IV.A., "Receive Annual Investment Presentation from Bridgewater: Clark Thiemann and Melissa Saphier".

XI. STAFF COMMENT

Ms. Webb said that if the Trustees received questions from members regarding the Alameda Implementation, to please refer them to staff. As the Board knew some retirees provided public comments today regarding the Alameda Implementation. These retirees had addressed the Board several times as well as submitting several letters to the Board on the issue. They also met with the Board of Supervisors and provided remarks on the issue at one of their recent meetings. Staff had not heard any new points that had not been raised previously, however, given their level of concern, she would be putting together a written response that may be helpful to both Boards as well as the retirees. Lastly, she wanted to correct something she had previously said regarding the Alameda Implementation Updates from staff. Staff would be providing updates to the Board at every future Business meeting or combined meeting, but if Board members had questions, they were always welcome to reach out.

XII. BOARD MEMBER COMMENT

Trustee Joe asked for the status of the hiring of the additional position for the Chief Investment Officer.

Ms. Webb replied that staff had the job duties from the CIO and would be setting up a meeting with Mr. Gallagher to discuss the recruitment. She envisioned a recruitment similar to the recruitment held for the COO position, which included a brochure. The CIO would have the final approval on the formal document.

Chair Sedell asked for a timeframe on the item.

Ms. Webb said that she hoped that staff would be able to get the recruitment out in June.

Trustee Hernandez-Garcia said that she wanted to thank Ms. Webb, Ms. Nemiroff, Ms. Marshall, and Ms. Herron for all of the work that they were doing on the Alameda Implementation. Some of the Board members had been receiving negative feedback regarding the implementation, and she wished the Board would have had more options, but they did as much as they could while taking some positive steps to minimize the impact to the members.

Trustee Long noted that some of the retired employees attended a Board of Supervisors meeting last week to provide some comments on the issue. She then asked the Board of Supervisors for approval for her to work with the County's CEO and Ms. Webb to put together a presentation for the Board of Supervisors regarding the Alameda Implementation, so they could understand the issue better and so they could provide information to the County's current employees on their retirement benefits.

XIII. ADJOURNMENT

The Chair adjourned the meeting at 12:56 p.m.

Respectfully submitted,

Linda Webb

LINDA WEBB, Retirement Administrator

Approved,

MIKE SEDELL, Chair

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

SPECIAL MEETING

JUNE 21, 2023

MINUTES

TRUSTEES PRESENT:	Mike Sedell, Chair, Public Member Arthur E. Goulet, Vice-Chair, Retired Member Sue Horgan, Treasurer-Tax Collector Jordan Roberts, General Employee Member Cecilia Hernandez-Garcia, General Employee Member Aaron Grass, Safety Employee Member Kelly Long, Public Member Will Hoag, Alternate Retired Member Robert Ashby, Alternate Safety Employee Member
TRUSTEES ABSENT:	Tommie E. Joe, Public Member
STAFF PRESENT:	Linda Webb, Retirement Administrator Lori Nemiroff, General Counsel Leah Oliver, Chief Technology Officer Brian Owen, Sr. Information Technology Specialist Michael Sanchez, Sr. Information Technology Specialist Chris Ayala, Program Assistant
PLACE:	Ventura County Employees' Retirement Association Second Floor, Boardroom 1190 S. Victoria Avenue, Suite 200 Ventura, CA 93003
TIME:	9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Sedell called the Special Meeting of June 21, 2023, to order at 9:00 a.m.

Roll Call:

Trustees Present: Robert Ashby, Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Will Hoag, Sue Horgan, Jordan Roberts, Will Hoag, Mike Sedell

Trustees Absent: Tommie Joe

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Horgan, seconded by Goulet

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Long, Roberts, Sedell
No: -
Absent: Joe
Abstain: -

Chair Sedell said that the Board would go into Closed Session, and then return to Open Session.

III. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Retirement Administrator
(Government Code section 54957(b)(1))

The Board then entered the Closed Session meeting at 9:03 a.m.

The Board returned from Closed Session at 9:44 a.m.

Chair Sedell called the meeting back to order and noted that the only announcement the Board had was that the resignation date for Retirement Administrator, Linda Webb would be August 19, 2023.

IV. INFORMATIONAL

None.

V. PUBLIC COMMENT

None.

VI. STAFF COMMENT

Ms. Webb said the Ventura County Professional Firefighters' Association (VCPFA) Hearing on Standby Pay would be on the agenda for the upcoming Disability & Business meeting of June 26, 2023.

VII. BOARD MEMBER COMMENT

Chair Sedell said he believed the most efficient way to find a new Retirement Administrator for VCERA would be to create a Selection or Recruitment Committee. The committee would make recommendations on the recruitment process, including recommendations on an outside recruitment firm. After the Board had identified the firm, the committee would work with the firm to develop a recruitment brochure, with all the requirements for the position, and present it to the Board for discussion. Such a committee would continually update the Board, and ultimately bring candidates to the Board for interviews. He believed it appropriate to appoint a trustee that represented the employees, one who represented the County, as well as a trustee who was mandated to be on the Board and neither appointed nor elected by any one group. Therefore, he appointed Trustee Ashby, Trustee Horgan, and himself as the Chair of the committee.

Ms. Webb asked for some clarification on the responsibilities of the Selection Committee. She had heard that the committee would be tasked with making recommendations on the recruitment process, but would that also include a recommendation on the hiring of an Interim Retirement Administrator.

Chair Sedell said yes, the Selection Committee would make recommendations to the Board, and then the entire Board would make the final decision on that as well.

Trustee Goulet said he believed that the Board should also discuss whether the Board needed to use a recruitment firm.

Trustee Long thanked Linda for all of the work she had done. She supported the idea of appointing a sub-committee for the recruitment process, and she would like for the Board to hire an Interim Retirement Administrator that had experience in California Employees' Retirement Law (CERL), which she felt was extremely important given VCERA was working on the implementation of the Alameda Decision. Additionally, she believed the Board should hire a recruitment firm to recruit a new Retirement Administrator because she felt they would get the best person for the position, whether the recruitment were internal or external.

VIII. ADJOURNMENT

The Chair adjourned the meeting at 10:03 a.m.

Respectfully submitted,

Linda Webb

LINDA WEBB, Retirement Administrator

Approved,

MIKE SEDELL, Chair

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY & BUSINESS MEETING

JUNE 26, 2023

MINUTES

TRUSTEES PRESENT:	Mike Sedell, Chair, Public Member Arthur E. Goulet, Vice-Chair, Retired Member Sue Horgan, Treasurer-Tax Collector Jordan Roberts, General Employee Member Cecilia Hernandez-Garcia, General Employee Member Aaron Grass, Safety Employee Member Robert Ashby, Alternate Safety Employee Member
TRUSTEES ABSENT:	Tommie E. Joe, Public Member Kelly Long, Public Member Will Hoag, Alternate Retired Member
STAFF PRESENT:	Linda Webb, Retirement Administrator Amy Herron, Chief Operations Officer Lori Nemiroff, General Counsel Dan Gallagher, Chief Investment Officer La Valda Marshall, Chief Financial Officer Leah Oliver, Chief Technology Officer Josiah Vencel, Retirement Benefits Manager Brian Owen, Sr. Information Technology Specialist Michael Sanchez, Sr. Information Technology Specialist Jess Angeles, Retirement Benefits Specialist Chris Ayala, Program Assistant
PLACE:	Ventura County Employees' Retirement Association Second Floor, Boardroom 1190 S. Victoria Avenue, Suite 200 Ventura, CA 93003
TIME:	9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Sedell called the Disability & Business Meeting of June 26, 2023, to order at 9:04 a.m.

Roll Call:

Trustees Present: Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Sue Horgan, Jordan Roberts, Will Hoag, Mike Sedell

Trustees Absent: Tommie Joe, Kelly Long, Robert Ashby

II. APPROVAL OF AGENDA

Chair Sedell recommended the Board hear a Public Comment request after agenda item III., Consent Agenda, and also move agenda item, VII.A so that it would be heard immediately after Public Comment, as it was listed as “time certain” for 9:05 a.m., followed by agenda item VIII.B. Chair Sedell also noted that Consent Agenda item III had not been completed and thus would be removed.

III. CONSENT AGENDA

Notice: Any item appearing on the Consent Agenda may be moved to the Regular Agenda at the request of any Trustee who would like to propose changes to or have discussion on the item. Note that approval of meeting minutes are now part of the Consent Agenda.

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of May 2023.

B. Receive and File Report of Checks Disbursed in May 2023.

C. Receive and File Pending Disability Application Status Report.

D. Approve Disability Meeting Minutes of May 1, 2023.
To be Provided.

E. Receive and File Fiscal Year 2022-23 Quarterly Financial Statements and Budget Summaries.

1. Staff Letter from Chief Financial Officer.

2. Financial Statements.

3. Budget Summaries.

MOTION: Approve.

Moved by Goulet, seconded by Roberts

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -

Absent: Joe, Long
Abstain: -

After the vote on the agenda item, the Board advanced to item, XI., “Public Comment”.

IV. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-connected Disability Retirement—Henderson, Michael; Case No. 19-029.

1. Staff Memo regarding Dismissal of Application, dated May 18, 2023.

2. Hearing Notice, dated May 22, 2023.

Mr. Vencel said the applicant had applied for a Disability Retirement in 2019, and the County had challenged the application. The case was then sent to a Hearing, but the applicant unexpectedly passed away in February 2023, before his case went to hearing. Staff had searched for a family member to decide whether he or she wanted to continue the application, and finally in May 2023 staff located Mr. Henderson’s only known relative, who was an uncle on the East Coast; however, this gentleman said he did not wish to continue the application, which he stated in writing. Therefore, staff was asking the Board to dismiss without prejudice Mr. Henderson’s disability application.

Trustee Grass noted the applicant’s Disability Retirement Application was not included in the agenda materials, and although it would not have made a difference in the case, he believed there was little information on the disability retirement.

Mr. Vencel apologized for not including the disability retirement application and provided some brief background information on the applicant.

MOTION: Dismiss without Prejudice Michael Henderson’s Application for Disability Retirement.

Moved by Roberts, seconded by Grass

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

B. Application for Service-connected Disability Retirement—Wiggins, Jeffrey; Case No. 21-030.

1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated May 17, 2023.

2. County of Ventura-Risk Management’s Response to VCERA’s Preliminary Recommendation, dated March 20, 2023.

3. Supporting Documentation for Staff Recommendation.

4. Application for Service-connected Disability Retirement, filed by Applicant’s Attorney, Thomas Wicke, dated September 20, 2021.

5. Hearing Notice, dated May 31, 2023.

Josiah Vencel was present on behalf of VCERA. Thomas Wicke, Attorney at Law, was present on behalf of applicant, Jeffrey Wiggins, who was not present.

Mr. Vencel provided a brief summary statement.

Mr. Wicke also provided a brief summary statement.

MOTION: Approve the Application of Service-connected Disability Retirement, Effective July 30, 2020.

Moved by Goulet, seconded by Grass

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

C. Application for Service-connected Disability Retirement—Steele, John; Case No. 21-037.

1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated May 31, 2023.

2. Supporting Documentation for Staff Recommendation.

3. Application for Service-connected Disability Retirement, filed by Applicant's Attorney, Thomas Wicke, dated December 2, 2021.

4. Hearing Notice, dated June 1, 2023.

Josiah Vencel was present on behalf of VCERA. Thomas Wicke, Attorney at Law, was present on behalf of applicant, John Steele, who was not present.

Mr. Vencel provided a brief summary statement.

Mr. Wicke also provided a brief summary statement.

MOTION: Adopt Staff's Recommendation to Approve the Service-connected Disability Retirement, Effective December 6, 2021.

Moved by Grass, seconded by Roberts

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

After the vote on the agenda item, the Board advanced to item, VIII.B., "County Of Ventura's Request for Board of Retirement Review and Revision of New Model Disability Process, to Require an

Additional Step of Board Approval Prior to VCERA Directing Application to Evidentiary Hearing in Cases when County Disagrees with VCERA Staff Final Recommendation for Denial".

V. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Parametric: Dan Ryan, and Joe Zeck.

Dan Ryan and Joe Zeck reviewed Parametric's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and investment portfolio performance, and then responded to trustee questions.

MOTION: Receive and File.

Moved by Roberts, seconded by Horgan

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

After the vote on the agenda item, the Board advanced to VII.B., Alameda Implementation Status Report".

VI. INVESTMENT INFORMATION

VCERA – Dan Gallagher, Chief Investment Officer.
NEPC – Allan Martin.

A. $25 Million Commitment to Crayhill Principal Strategies Fund III.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. Crayhill Principal Strategies Fund III: Shamafa Khan, Carlos Mendez.

Mr. Gallagher said he and NEPC were jointly recommending a $25 million Private Credit fund commitment to the Crayhill Principal Strategies Fund III.

MOTION: Approve a $25 Million Commitment to Crayhill Principal Strategies Fund III and a $25 Million Commitment to Crescent Cove Capital Fund IV, L.P.

Moved by Goulet, seconded by Grass

Vote: Motion carried
Yes: Grass, Goulet, Horgan, Sedell
No: Roberts
Absent: Hernandez-Garcia, Joe, Long
Abstain: -

Trustee Roberts noted that he voted no on the agenda item because he had wanted to hear the investment presentation for the Crescent Cove Capital Fund IV, L.P., before he voted on it.

After the vote on the agenda item, the Board advanced to item VIII.A., " Review and Adoption of Proposed Budget for Fiscal Year 2023-2024 Budget".

B. $25 Million Commitment to Crescent Cove Capital Fund IV, L.P.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.

3. Crescent Cove Capital Fund IV, Presentation: Jun Hong Heng.

C. Report of On-Site Due Diligence Visit to Walter Scott and Partners Limited.
RECOMMENDED ACTION: Receive and File.

1. Staff Letter from Chief Investment Officer.

Mr. Gallagher reported that he had conducted an on-site Due Diligence visit on May 8th and then attended Walter Scott's 2023 Research Conference.

MOTION: Receive and File.

Moved by Horgan, seconded by Roberts

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

After the vote on the agenda item, the Board returned to item, V.A., "Receive Annual Investment Presentation from Parametric: Dan Ryan, and Joe Zeck".

D. Monthly Performance Report Month Ending May 31, 2023.
RECOMMENDED ACTION: Receive and File.

Mr. Martin presented the Monthly Performance Report Month Ending May 31, 2023.

MOTION: Receive and File.

Moved by Goulet, seconded by Roberts

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

After the vote on this agenda item, the Board returned to item, VI.C., "Report of On-Site Due Diligence Visit to Walter Scott and Partners Limited".

VII. OLD BUSINESS

A. Hearing on Administrative Appeal Filed by VCPFA and Individual Members re Standby Pay.
Time Certain at: 9:05 a.m.

1. Amended Summary of Evidence, Proposed Findings of Fact and Conclusions of Law, and Recommended Decision, submitted by Hearing Officer, Deborah Z. Wissley.

2. Opening Statement re Exclusion of Standby Pay for Ventura County Firefighters.

    a. VCPFA Appeal Exhibit A, Letter from President of VCPFA to County of Ventura, Auditor Controller Regarding Payroll Codes.

    b. VCPFA Appeal Exhibit B, Work Schedule for VCPFA, May 2021 to April 2022.

    c. VCPFA Appeal Exhibit C, Ventura County Fire Department, Standing Order for Wildland Fire Season.

    d. Declaration of Kevin Aguayo in Support of Ventura County Professional Firefighters' Association Alameda Appeal.

3. Reply Statement re Exclusion from Compensation Earnable of Standby Pay, Received by Ventura County Firefighters on and after January 1, 2013.

    a. VCERA Response Exhibit A, VCERA Resolution Regarding Pensionable Compensation Determinations.

    b. VCERA Response Exhibit B, VCERA Resolution Regarding Alameda Implementation to Compensation Earnable and Pensionable Compensation.

    c. VCERA Response Exhibit C, VCERA Resolution to Implement the Decision of the CA Supreme Court Regarding "Compensation Earnable and Pensionable Compensation".

    d. VCERA Response Exhibit D, VCERA Retirement Administrator Letter Regarding the Ratification of Pay Codes Impacted by the October 12, 2020, Board Resolution Regarding Alameda Implementation.

    e. VCERA Response Exhibit E, VCERA Business Meeting Minutes for May 24, 2021.

    f. VCERA Response Exhibit F, VCERA Resolution, Appeals Process for Benefit Determinations Arising Out of the Alameda Supreme Court Decision ("Alameda Appeals") to Reply Statement by VCERA.

    g. VCERA Response Exhibit G, MOA Between VCFPD and the VCPFA, August 1, 2021 – July 31, 2024.

    h. VCERA Response Exhibit H, MOA Between VCFPD and the VCPFA, July 31, 2018 – July 31, 2021.

i. VCERA Response Exhibit I, Example of Standby Pay Earned for 2013 to 2022.

j. VCERA Response Exhibit J, Letter from D. Mastagni, Esq., Appeal of Exclusion of Standby Pay for Ventura County Firefighters, Dated February 28, 2022.

k. VCERA Response Exhibit K, Letter from VCERA Retirement Administrator to D. Mastagni, Esq., Appeal of Exclusion of Standby Pay for Certain Members of the VCPFA., Dated March 25, 2022.

l. VCERA Response Exhibit L, County of Ventura, Job Code & Salary Listing by Title, for Pay Period 2022-14.

4. Augmentation of Record with Documents Submitted by VCPFA and VCERA.

   1. VCPFA’s Request for the Board to Augment the Administrative Record Regarding the Standby Pay Appeal.

      a. VCPFA ‘s Exhibit A, Amendment to the Memorandum of Agreement (MOA) between the Ventura County Fire Protection District (“District”) and the Ventura County Professional Firefighters Association (“VCPFA”)

   2. VCERA’s Response to the Request to Augment the Record and for Reconsideration.

      a. VCERA’s Reply Tab 1, Recommendation to Commence a Public Hearing Regarding Adoption of the Amendment and Waiver of Second Public Hearing.

         i. Exhibit 1: VCPFA ‘s Amendment to the Memorandum of Agreement (MOA) between the Ventura County Fire Protection District (“District”) and the Ventura County Professional Firefighters Association (“VCPFA”).

      b. VCERA’s Reply Tab 2, Email between VCERA’s Administrator, Linda Webb and Labor Relations Manager, Mick Curnow.

Ms. Webb noted that each party would have 10 minutes to make their initial arguments and then 5 minutes for rebuttal unless the Chair decided to allow more time. The Board would then allow for public or non-party comments, if applicable. The VCPFA would make their initial arguments first.

Mr. Mastagni said that he was appearing on behalf of the appellants who were members of the VCPFA. He thanked the trustees for their consideration of his clients’ appeal and asked the Trustees to carefully consider the actual claims raised in the appeal and to disregard the outside recommendation, as it failed to properly address and consider the actual claims raised. The recommendation was predicated on a fundamental misunderstanding of the nature of their appeal. This was reflected on page 12 of their statement, where the recommendation misstated, “*appellants argue that the mandatory nature*” of the standby pay rendered them normal working hours. The analysis then just restated the holding of the Alameda Decision (*Alameda*) and the California Employees Retirement Law (CERL), which they did not dispute and have never disputed, which was that even mandatory standby, if performed outside the normal working hours, was excludable. So, the way that the issue was framed, the recommendation merely restated the law without looking to the actual facts and claims raised, and thus the analysis then should be disregarded because it did not assist the Trustees in addressing these considerations.

Mr. Mastagni continued that the appeal did not ask the Board to include all standby pay in pension calculations. To the contrary, the five members (2 aviation managers and 3 heavy equipment operators) who were appealing were seeking inclusion of only the pay for standby hours that were part of their normal working hours, and they did not contest the exclusion of other ad-hoc hours outside the regularly scheduled standby hours, regardless of whether they were mandatory or voluntary standby hours. That was something that permeated all of the briefing and was a misrepresentation that their case was about mandatory or voluntary standby hour; rather, it had always been about whether they were regularly-scheduled hours. The Aviation Managers worked regularly-scheduled standby hours consisting of 8 hours worked contiguously with their regularly-scheduled shifts. It was part of their regular schedule; they had their on-duty time and then immediately they went into standby pay, that was regularly scheduled for all of the regular scheduled shifts. As for the Heavy Equipment Operators, they worked seven 24-hour standby shifts, every 3 weeks, which were part of their regular schedule, so these employees worked additional standby that was either volunteered or they were ordered to do it when needed. They acknowledged that this was excludable, and not part of their appeal.

The recommendation cited variations in the amount of standby earned by the appellants as a justification for its holding, but that fact was irrelevant, and it was to be expected. Prior to *Alameda*, all standby pay was includable, including the amounts that were regularly scheduled, including both regularly-scheduled and ad-hoc time. So, they were comingled as there was no reason to segregate them given they were all being included, and so the inclusion of the regularly scheduled standby and the ad hoc standby did result in irregular variations in the amount of standby pay earned; but, there were easy solutions to the problem. VCERA could minimally implement a prospective fix by adopting a separate pay code, which the union had already requested for regularly-scheduled standby. This would allow the exclusion of all of the ad-hoc standby pay. Since only one appellant had retired, it would solve most of the issues for the appellants in the case. For the member who did retire, the Board could simply cap the amount of includable standby pay at the number of hours regularly scheduled during the final compensation period, which would be easy to calculate based on the labor agreements.

The recommendation also cited the *Stevenson* case, which they also advocate for because it supported their appeal because it held that normal hours mean regularly scheduled. That was the case here, as reflected by the side letters, which defined the regularly-scheduled standby pay as part of the regular work schedule. The hours at issue were more than just pre-scheduled as described by the recommendation; they were a negotiated portion of appellants' working hours, which were paid at a lower rate because the Fair Labor Standards Act (FLSA) did not require standby to be paid at the on-duty rate or at an overtime rate. The Association recognized VCERA's concern that normally-scheduled standby hours needed to be distinguished from other generic standby hours, which was excludable and needed to be clarified in the Memorandum of Understanding (MOU). Thus, the union requested a new pay code for scheduled standby to allow VCERA to exclude all standby that was not part of normal working hours. They also amended the labor agreements to clarify this distinction and properly set forth the existing practices separately in the labor agreements.

The Association was very disappointed that after doing everything that it believed it was asked to do, they were now being told that there was a per se exclusion of all standby pay. However, *Alameda* never prohibited the exclusion of all standby pay as advocated in the respondent's brief. If the Supreme Court had wanted to do so, it would have set forth a per se exclusion expressly in *Alameda.* The position being advocated violated *Alameda* and the CERL, which required the inclusion of pay for standby that was part of the normal working hours, as segregated from the other ad-hoc standby payments. Finally, the recommendation also focused on the MOU definition of on-duty hours, but this placed form over substance. He concurred with Ms. Dunning's letter brief where she stated that courts did not look to form over substance. This was the flaw in this part of the analysis: CERL looked to the actual hours normally worked, not artificial definitions in an MOU. On-duty hours and standby hours were both normal hours that were set forth in different sections because they were paid at different rates for different types of work. In the case of *City of Sacramento vs. PERS,* a case that involved 10 hours of regularly scheduled overtime that firefighters worked, the Court said that those hours had to be included. Just like in that case because these normal hours were labeled standby and paid at a different rate of pay, that did not change the fact that they were regularly scheduled standby hours and that they were part of the firefighters' normal working hours. He noted that in the Sacramento case, their firefighters received 10 hours of overtime premium for working the regularly scheduled 192 hours in a 24-day cycle because the FLSA overtime threshold was 182 hours. Sacramento wanted to exclude the 10 hours of half pay or premium pay, and Sacramento placed form over substance in the very same manner as advocated here by seeking to exclude these hours claiming they were not paid at the normal work rate. The Court there held that the FLSA premium pay must be reported as non-overtime compensation, for PERS purposes, if the overtime was earned within the normal work week. The CERL effectively adopted the same definition as PERS for normal working hours, thus the scheduled standby presented the same type of issue because the standby that they were appealing was regularly scheduled and reoccurring, that by definition in the labor agreements was, "part of their regular work schedule", which was simply paid at a lower rate than on-duty time. The rate of pay in the FLSA designation of the time was irrelevant to it being includable, just like it was in the Sacramento case. FLSA allowed employers to pay different rates of pay for different types of work and, FLSA did not consider standby pay to be overtime. In conclusion, the entire recommendation was predicated on a misrepresentation of the meaning of scheduled standby, and the respondent's brief simply restated the requirement to only include compensation for normal working hours and misconstrues regularly scheduled standby as payment for services outside normal working hours, without distinguishing between standby that was a part of a member's normal working hours and ad-hoc standby, that they agreed should be excluded. The Association and the individual appellants respectfully ask the Board to adopt the rule segregating regularly scheduled standby that was part of the employees normal work hours and include those standby hours in members' final compensation calculations. He then said that he would yield his remaining time to Kevin Aguayo, President of VCPFA.

Mr. Aguayo stated that he wanted to put everything in context. When they brought forth this case, Ms. Dunning gave them a list of things that made the standby in question non-includable. They went back and renegotiated the contract because the Fire Chief recognized that the MOU was very weak in that area. They clarified what normal working hours were. Part of their argument was that the hours were inconsistent, but these are First Responders who were paid to be on standby and could be recalled in the event of emergency, and they were. When some of the hours were not reported, that made sense for some of their bulldozer operators who were gone for two weeks at a time because they would be earning overtime at that point, and so they were not on standby. So, the hours would not be consistent because they were actually working (i.e., they were being paid to come back to work). Therefore, they had done everything that was asked of them, and had renegotiated the contract, and provided more than enough information in the case that showed why their Operators and the Aviation Unit should have the hours in question included in their pensionable calculation. So, he urged the Board to side with them and the workers.

Ms. Dunning explained that the hearing officer correctly determined, after considering the briefing and evidence presented, that the hours that were being submitted as pensionable were in fact not pensionable, both under subdivision (b)(3) of Government Code, section 31461, which mandatorily excluded all payments for additional services rendered outside normal working hours, whether they were paid in a lump sum or otherwise, and in light of the fact that *Alameda* determined that the statute was constitutional. The exact language from the hearing officer's proposed decision on page 12, lines 23 to 25, were correct. They did not misstate the issue in the case, and stated, "required or mandatory work hours that are outside of normal hours/normal work shifts and which are not regularly scheduled for employees in the member's grade, group or class were not items includable in compensation earnable". Counsel had tried to make a distinction here between required and mandatory, which he conceded was not the question to be considered with respect to standby, versus what he characterized as regularly scheduled, but she felt that it was the same thing that was being argued. What counsel had argued was that the advanced scheduling of certain standby hours made them pensionable, which was essentially another way of saying, once you have mandated through the advanced scheduling that a particular standby hour be within the schedule of an individual, they have rendered it pensionable, and this was not what the law allowed. Now that the Public Employees' Pension Reform Act (PEPRA) had become the law that applied to VCERA, and in particular the amendments to the compensation earnable definition, there were portions of time where people render additional services, whether it was that they were waiting to be called back to work or they were in fact called back for overtime, that were not pensionable. They received pay for them (at lower rates for standby and at higher rates for overtime), but in neither case were they pensionable. They were actually the flip side of the same coin; under the MOU, it was very clear that one cannot be paid both standby and callback because it was the same time (they were either sitting and waiting to be called back to work or they were called back to work on overtime). In either event, it was not part of their normal shift, and it was not the pay for which you receive your normal pay; it was something additional. That was exactly what the legislature prohibited from being included in compensation earnable with the enactment of PEPRA. The fact that *Alameda* did not specifically detail all of this was not probative of the question of what the plain language of the statute meant. The Supreme Court was addressing whether or not this additional exclusion was constitutional or not. The Supreme Court concluded that it was constitutional because there were constitutional reasons for the legislature to have excluded standby from compensation earnable. The constitutional reason was that it was not consistent with the theory and operation of a successful defined benefit plan to have people receive benefits that were paid based on time that was not part of the normal workday. Thus, overtime was always excluded, and therefore standby, the flip side of the same coin, was also excluded. The Supreme Court said that it was constitutional, and the legislature was not required to provide a compensating additional benefit because that would have undermined the constitutional purpose of excluding these pay items. The hearing officer considered these factors. She addressed the additional information that counsel submitted, supplemented the proposed findings of fact and recommended decision confirming that the advanced scheduling of standby pay does not render it pensionable. Therefore, Ms. Dunning urged the Board to adopt the Findings of Fact and recommended decision, because they reflect an accurate statement of California law on the topic.

Mr. Mastagni said Ms. Dunning said something very extreme, which was that the legislature and the Court banned standby pay from being included, but he would ask her to point out where in the legislation, in the statute, or in the Court decision that there was a per se ban on standby pay. The cheat was that everywhere it was reflected, standby pay in the briefing and in the recommendation was labeled as the definition of excludable. It was referred to as standby pay "outside the normal working hours". The fact that counsel and the recommendation have to add that qualifier reflected the fact that standby pay was not inherently outside the normal working hours. The legislature could have said all standby pay was excluded. He knew the California Supreme Court was very intelligent, because he argued the case on behalf of the Alameda Deputy Sheriff's Association, and they could have said that all standby pay, in any circumstances, was inherently outside the normal working hours and excluded, but they did not. That was why the qualifier was added in all of the briefings by respondents, and the recommendation was labeled as standby pay outside the normal working hours. That label presumes the conclusion that if it was outside the normal working hours, it was excludable. They agreed that standby pay outside the normal working hours was excludable, but there was a definition for normal working hours. The *Stevenson* case set forth that normal working hours are part of the regularly scheduled time, and it was more than just pre-scheduled because it was duty time, just like the 10 hours of overtime in the Sacramento firefighter case, where that 10 hours of overtime was baked into the regular schedule. PERS, using the same definition, said it was part of their normal hours and it is compensation even though it is defined as overtime under the FLSA it was not for purposes of pension law, it was part of the regularly scheduled hours. Nothing disputed the fact for these pilots and bulldozer operators that this narrow amount of time was built into their schedule, and it was part of their schedule as much as their on duty time. Lastly, he wanted to urge the Board to disregard the discussion on callback time because it was a red herring that had nothing to do with their appeal. When you are on standby pay, you are available to be called back, and there was required scheduled time that were normal working hours, just like a Canine Officer could get paid minimum wage for taking care of their dog and it was paid at a different rate. So, if a firefighter was actually called back to work or any other employee for that matter, then they were actually working overtime, which was excludable. They were called back to work overtime that was not part of their regular normal hours. But if they were receiving standby pay, and it was built into their schedule and it was tied directly to the shifts for these employees, then it was part of their normal hours. Neither opposing counsel nor the recommendation had cited any authority for the sweeping proposition that *Alameda* or PEPRA outlawed all standby pay in every instance or that it was inherently work outside the normal hours. It was just like anything else, it was paid at a different rate of pay, and the small portion that was regularly scheduled was part of the normal working hours and they respectfully submit that it should be included. They also recognized that there was a problem with the comingling, and they wanted to be partners with the Board and the County and come up with a solution that made it easy to calculate the includable portion of these earnings and to exclude the portions that should be excluded under *Alameda* and the changes to the CERL under PEPRA.

Ms. Dunning stated that there was nothing radical about reading the language of the statute for what it said, which was that payments for additional services rendered outside of normal working hours were excluded as a matter of course from compensation earnable. The legislature necessarily does not use terms that were used in MOU's, whether it was standby pay, on-call pay, canine pay, or any other type of pay that was for services rendered outside normal working hours. She mentioned canine pay because the Sacramento Superior Court last month ruled that canine pay for services rendered overnight while taking care of a dog was also mandatorily excluded from compensation earnable, as the VCERA Board concluded when it first adopted its implementation of PEPRA. The City of Sacramento had been mentioned here in argument, but that case did not stand for what it had been asserted it stood for. It did not stand for the proposition that such pay was mandatorily included; rather, it stood for the proposition that prior to PEPRA, the CalPERS board had the discretionary authority to have determined that the fact that something was FLSA pay did not necessarily exclude it from the compensation earnable definition under PERL. However, that was pre-PEPRA case law and it also was a determination that upheld the discretionary authority of the board in that instance, it was not one that was decided post-PEPRA, considering a mandatory exclusion that now bound the Board under CERL.

Trustee Grass commented that Sheriff's Major Crimes was in a similar situation. He was on a 9/80 schedule and required to work two (2) five-day weeks and two (2) weekends a year. He would prefer not to work them due to family and other obligations but those were mandatory work hours. He understood the problem with the way the County did not differentiate between those hours and on-call hours. He personally had not taken any on-call hours that were not mandated. He agreed with Mr. Mastagni, and he could see Ms. Dunning's point also. He did think when it comes to Public Safety that there were additional things that were required of them like being put on call, whether they want to be or not because it was part of the job. If he were to say that he was not going to work on call hours, he probably would not have the assignment he currently had. So, he did think that they were normal hours. He felt that it could be abused; he knew prior to *Alameda*, there were people who took on huge amounts of on-call hours in order to spike their pension. However, they were talking about these insignificant amounts of time, that in his case was 2 full weeks a year, that he was on call. It was not something he could control, and it was not used to spike his pension. Whether he got called back for overtime, he did feel that they were normal working hours because they were mandated by his position.

Trustee Roberts asked Ms. Dunning if the County were to include these standby hours as part of the job description and outline them as regular hours would they be pensionable.

Ms. Dunning replied that the question would whether they were in fact a part of the shift, and her understanding was that because they were paid at a lower rate, it was hard to imagine context where someone was willing to work for less that their normal rate of pay, for part of their normal shift. So, it did appear that there was an across-the-board exclusion intended by the legislature for the type of services provided in the context of standby pay. So, she did not know if someone could draft an MOU to include standby pay, if they were paying them at a lower rate of pay than normal in their normal working hours, given the unlikelihood of employees being willing to do that.

Trustee Roberts said that he knew the MOU was one thing, but what about the job description.

Ms. Dunning said the answer would be the same, in terms of normal working hours. As Trustee Grass noted, there would be expectations that a certain number of standby hours would be worked by employees in safety positions, which was expected and required, just as there was an expectation and a requirement for overtime, under certain circumstances, such as emergencies. However, in neither of those circumstances were they pensionable, which was what legislature had said. They said that defined benefit payments that were paid for people’s lifetimes were supposed to be reflective of what they worked in the normal course of their normal working hours, not what was outside of that. Its intent was not to not pay people for the important work that they did, it was just not supposed to be included in their retirement allowance, regardless of how the MOU was phrased.

Trustee Roberts remarked that he understood the situation because he also works standby hours. When standby hours become a part of a person’s schedule, on a yearly basis, it became a gray area for him.

Trustee Grass noted that the fact that the Safety members were being paid less for work being done related to standby hours was unique to Public Safety. So, they chose to be paid less, and it was not negotiable, and the reason people work for less than they were due was because they wanted to serve. So, he felt that it was mandatory because if someone did not report to work during their standby hours, they would be disciplined.

Trustee Roberts asked if other Counties had a way to pay their Safety employees for standby hours that would be pensionable as well, such as assignment premiums.

Mr. Mastagni replied that he knew of a number of ways that it could be done, and one of those ways was by giving the employee a pay incentive for that type of work or position.

Ms. Dunning pointed out that in all of the cases she had litigated, the Court had determined that standby pay was not includable per se. There were assignment and differential pay that, if added to someone’s schedule, could potentially be included, subject to the criteria of compensation earnable. However, that was a different type of pay that was negotiated to a different and larger group of employees.

Trustee Roberts then said that this case was another example of an issue where the County had control over the situation by making changes to their job descriptions, and MOUs. However, these cases ended up before the Board of Retirement, when a better place to resolve the issue would be with the County.

Ms. Dunning noted that the examples of standby within their own units was very illustrative of the problem here, which was that a lot of different groups get standby and there were various nuances in terms of what MOUs may or may not say, what was actually required and what was voluntary. These were factual considerations that were far beyond what a Retirement Board should be expected to do in terms of assessing pensionability when there was, as Mr. Mastagni noted, both a ceiling and a floor. The Board was not supposed to have discretion over an assessment about whether a particular individual's pay item was pensionable or not. These were supposed to be determinations made across large groups and classes as the *Stevenson* case noted. Standby and on-call hours were definitionally pay for services rendered outside normal working hours (when some someone was not working, they are waiting to be called back to work, they may not drink alcohol, they have to be within a certain distance from headquarters, etc.). There were responsibilities that come with the job and that also came with the pay associated with it, but it was definitionally an additional pay for services rendered outside normal working hours, as were the types of standby pay that the Trustees had noted in their own units, and all of that supports the conclusion that none of it was pensionable.

Trustee Goulet asked when these employees go on vacation, what they got paid, and whether they were paid their normal pay or instead paid for the standby hours they were not providing.

Ms. Webb noted that it was mentioned in the briefing materials. Traditionally, vacation time was paid at a regular rate, and if someone was not on standby and was on vacation, they were paid at their regular rate.

Trustee Goulet said that standby pay was not really pay for someone’s regular hours, but outside of that. He also thought that the idea that if someone was on standby and they were called back, they did not get paid for standby, which was also indicative of a separate type of pay.

Mr. Mastagni remarked that he did not agree with that, because there were a lot of instances where the leave payments were different than what employees earn when they were working, and pensionability was a different question. For example, it was not uncommon if an employee were off work, even if the regular schedule would have them earning a night shift differential, they would not receive that pay. However, that does not mean that when they were working and receiving a night shift differential, that night shift differential was excludable. What really mattered was in the definition of the CERL, it was whether or not it was part of the employee's normal working hours. There was also a factual component to that, and the Board did have the proper discretion to make a factual determination as to whether the hours at issue in their appeal were part of the normal working hours. That would not be redefining, reinterpreting, or changing the law; it was an actual determination, so that they could apply the law as it was written. He also wanted to point out again that counsel could not point to anywhere where there was a per se exclusion of standby pay; the court could have said that if that was what they meant.

Ms. Dunning said she simply wanted to note again that the Court described standby pay as one of the types of pay for services rendered outside normal working hours that the statute, as amended by PEPRA excluded.

Mr. Aguayo stated that he wanted to provide clarification on something Trustee Goulet asked about when somebody goes on vacation. For instance, if one of the Bulldozer Operators went on vacation, his standby hours had to be covered by somebody. Those positions were mandatorily staffed, so that somebody would be working in that position for the duration of that time. There were 7(k) exemptions within the FLSA (*Title 29 United States Code § 207(a)). Section 7(k)*) that allowed for the discounting of certain hours and benefits and how the employee was paid, but just for clarification those hours were going to be covered by somebody.

Ms. Dunning said she would reiterate the point Ms. Webb made, which was within the briefing, that it was almost definitional that if someone were not working their normal working hours and went on vacation, they were paid their normal rate of pay. Also, as Mr. Aguayo noted, if someone went on vacation, someone else would have to cover those standby hours to provide services, outside of normal working hours. The distinction that was drawn between night shift differentials and the standby pay was the red herring, because night shift differential was an additional pay item that was negotiated for a special service that was being provided within someone's normal working hours, as opposed to an additional service that was rendered outside somebody's normal working hours, which was why the latter was excluded.

Mr. Mastagni responded by saying that for the 10 hours of scheduled overtime that firefighters work in California, if they do not actually work the time, the FLSA did not require those 10 hours to be paid at a premium rate. So, they were not earning that money and it was not included in their pension when they take vacation, but when they do work it was included in their pension, which was the best on-point example for firefighters. How vacation was paid really had no bearing on whether or not an item of compensation was pensionable.

Ms. Dunning then said that she did not believe the appeal was about the FLSA pay of an additional 10 hours, so will just leave the Board with the comments she had already made.

Chair Sedell noted in his reading of the appeal that there was always a distinction between standby hours and work hours. Standby was not considered normal work hours because they were standing by to be called for work, but they were not working. They were being paid for an inconvenience. Once they get the call, then they are working overtime, not regular hours.

Mr. Mastagni then said that Chair Sedell was correct with how the FLSA treated standby pay. The FLSA considered standby compensation for the scheduled time that the employees worked. The FLSA and the CERL statutory constructions were different, and the legislature had deemed standby to be hours of work. So, that was why it was treated differently, and it did create a natural confusion.

Ms. Dunning stated that Mr. Mastagni was incorrect that CERL had deemed standby to be included. CERL had deemed standby <u>not</u> to be included for exactly the reason that Chair Sedell noted.

<u>MOTION</u>: Accept the Hearing Officer's Recommendation that the Appeal filed by VCPFA Regarding Standby Pay be Denied, Including Findings of Fact and Conclusions of Law.

Moved by Goulet, seconded by Horgan

Vote: Motion carried
Yes: Goulet, Hernandez-Garcia, Horgan, Sedell
No: Grass, Roberts
Absent: Joe, Long
Abstain: -

After the vote on the agenda item, the Board returned to item IV.A., "Application for Service connected Disability Retirement—Henderson, Michael; Case No. 19-029".

B. Alameda Implementation Status Report.
RECOMMENDED ACTION: Receive and File.

Ms. Herron noted some key milestones achieved in the implementation project. Of particular importance, the County had stopped collecting contributions on pay items in excess of normal working hours, for situational pay codes. The County would also be rolling out a change to limit contributions on Flex Credits that week to the maximum cashable amount as defined in the April 17th Board Resolution. This change was accompanied by a change to the Flexible Benefits program structure for most unions, where the Opt-Out Fee would be replaced by an Opt-Out Allowance. Also, regarding communications to the public on the implementation, staff had put together a Glossary of Terms and a list of Frequently Asked Questions on the Alameda Decision that would be posted to VCERA's website soon. Staff had also posted a list of pay codes impacted by Alameda for reference. Staff were still working out some of the details and resources for the implementation plan. At this point, she believed the project would take at least two years to complete, hence the request for the two-year Fixed-Term positions in the administrative budget. Also, staff were evaluating different options for how to build the tools and the system changes needed to process the mass corrections, as well as how to do it within a reasonable timeframe. Calculations to account for the excluded pay items for new retirements were currently being done manually and would continue to be until staff could process the corrections to historical data, because they needed to review employees' past earnings.

Also, she knew that the Board was interested in getting more details about the impacted population was related to the Alameda Implementation, and because the County would have stopped contributions on all excluded pay items by the beginning of the fiscal year, the gate was closing on the population, so staff soon would be able run updated counts to provide better numbers, and they would be providing that information to the Board, as soon as possible. Lastly, she thanked the VCERA team who was working diligently on the project (with herself as the Project Manager): Linda Webb, Lori Nemiroff, La Valda Marshall, Leah Oliver, Shalini Nunna, Rebecca Villalobos, and Josiah Vencel. She thanked the analysts David and Michelle and the Operations Staff (who continue to process estimates, service credit purchases, and retirements). She thanked the County of Ventura for being a partner in implementing the payroll system changes needed to properly account for the Alameda decision and for including VCERA staff in the testing cycles that help verify the accuracy of the calculated retirement contributions.

Trustee Hernandez-Garcia asked if the contributions for the Flex Credit would stop by the end of the next pay period.

Ms. Herron explained that the contributions on non-cashable Flex Credit would stop by the next paycheck date based on the County's upcoming system changes.

Trustee Hernandez-Garcia then asked if there was any sort of communication that would be going to be sent to the members from the County regarding this because members may be surprised if they notice a change in their paycheck, without any advance notice.

Ms. Webb said that she did not believe that the County would be sending any notice out to the members, but VCERA staff would continue to post any updates on VCERA's website, and staff urged all members who were interested in following the Alameda Implementation to sign up to receive notifications.

Trustee Goulet asked Ms. Herron if she had an estimate on the number of members who were going to be impacted by the PEPRA Exclusions, because he believed VCERA had about 4,000 retired members that retired between January 1, 2013 and today. He had a gut feeling that not every one of those members was going to have their retirement adjusted.

Ms. Herron said that staff did not have that information yet, and they were actually working on that currently. The gate had essentially closed on that, and staff had some numbers, but the numbers were just in different groups, and they haven't looked to see where they may overlap. So, she was not able to provide that number yet.

Ms. Webb clarified that Ms. Herron was talking about active payroll, but staff was mimicking the corrections process for the retired member, because some of them will have had situational pay codes in their retirement calculations. So, not every single retired member who retired after 2013 would see a change in their retirement calculation, it would only affect certain members, for instance those that had leave straddling in their retirement calculation.

Trustee Goulet then said that he just had a gut feeling that there were far fewer people who straddled.

Ms. Webb replied yes, it was most likely related to the Tier I retired members.

Trustee Goulet said that if he remembered correctly, VCERA had started adjusting retirement benefits related to straddling issue back in 2020.

Ms. Webb replied yes.

Trustee Goulet remarked that he did not think the retired members who had come to the Board meetings recently to provide public comment on the April 17th decision fully understood that there had been ongoing adjustments to retirement benefits for three years.

MOTION: Receive and File.

Moved by Goulet, seconded by Horgan

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

After the vote on the agenda item, the Board advanced to item, X., Informational".

VIII. NEW BUSINESS

A. Review and Adoption of Proposed Budget for Fiscal Year 2023-2024 Budget.
RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator and Chief Financial Officer.

2. Proposed Budget for FY 2023-24.

3. Budget Presentation from Chief Financial Officer.

Trustee Goulet noted that the Finance Committee had spent considerable time reviewing the proposed budget, and they made some suggestions related to clarifications, primarily. He also believed the meeting was held before Ms. Webb had announced her resignation, and at the last Board meeting, he believed the consensus was that the Board would be hiring an outside recruitment firm. So, he believed the Board should add some funds to the budget to pay for the hiring of a recruitment firm, but other than that, the Finance Committee's recommendation was to approve the budget.

Ms. Marshall then presented the Proposed Budget for Fiscal Year 2023-2024 to the Board.

Chair Sedell said that next year, he would like to be able to look at the previous actual budget before comparing it to the new proposed budget, because currently, the Board had to make comparisons to a budget that doesn't show what was actually spent. So, it would be helpful if the Board had estimated actuals instead of the 2022-23 budget next year.

Ms. Marshall said she believed it was a great idea because staff had recently presented the mid-year budget with estimated projections.

Chair Sedell noted the funds allocated in the budget for due diligence Trips was very minimal. He felt there should be more funds allocated to allow Board members to attend such trips, because it was extremely important for the Board members to get an understanding of how things worked, as well as getting to know VCERA's CIO and to get a feel for the work he did on VCERA's investment portfolio.

Chair Sedell also asked if staff had a total cost amount related to the *VCERA Project for Alameda Corrections (VPAC),* as well as the impact of the 4 staff members that were moved from their normal assignments and assigned to the VPAC project.

Ms. Marshall said staff did not yet have a total cost for the VPAC project, but staff could work on getting that for the Board.

Ms. Webb stated that it was the reason that staff was tracking the amount of effort that staff was spending on the project, so they could see what the impact was, and staff was also asking for 4 new Fixed-Term positions to help with the project.

<u>MOTION</u>: Approve and Adopt Proposed Budget for Fiscal Year 2023-2024, with the Addition of $40,000 for the Retirement Administrator Recruitment.

Moved by Goulet, seconded by Hernandez-Garcia

Vote: Motion carried
Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Roberts, Sedell
No: -
Absent: Joe, Long
Abstain: -

After the vote on the agenda item, the Board took a 10 minute break at 12:22 p.m.

The Board returned from break at 12:34 p.m.

The Board then returned to agenda item, VI.D., Monthly Performance Report Month Ending May 31, 2023".

B. County Of Ventura's Request for Board of Retirement Review and Revision of New Model Disability Process, to Require an Additional Step of Board Approval Prior to VCERA

Directing Application to Evidentiary Hearing in Cases when County Disagrees with VCERA Staff Final Recommendation for Denial.
RECOMMENDED ACTION: DIRECT VCERA STAFF TO ANALYZE COUNTY'S REQUEST, OUTLINE OPTIONS AND MAKE APPROPRIATE RECOMMENDATION.

1. Staff Letter from Retirement Administrator.
   To be Provided.

2. Memorandum from County of Ventura, Dated June 14, 2023.

Ms. Laveau, representing County Risk Management, asked the Board to consider revising one aspect of the New Model disability process that the County believed to be inconsistent, adding that her comments did not relate to any specific case. In situations where VCERA staff recommended denying an application for disability retirement, but the County believed it should be granted, Ms. Laveau wanted the Board to be made aware in real time of parties' differing positions before a case was directed to evidentiary hearing. She noted that this rare scenario did not exist under the Old Model and that this fact pattern occurred in a pending fast-track case. The County believed the widely-publicized case should have been referred for investigation to another CERL system to avoid any perception of a conflict of interest, as done under the Old Model. Ms. Laveau restated that the purpose of her comments was to notify the Board of these areas of inconsistency in the New Model process and possible impact related to a specific case.

Mr. Pettit, representing the County Executive Office, cited the County's memo to the Board in bringing to the Board's attention an issue with the New Model process that it would not have otherwise known. He said a consistent approach would be if the Board of Retirement heard cases where VCERA staff's recommendation was to deny, but the County's position was to grant. He suggested using the cited case as a "test case" for applying this more consistent approach.

Ms. Webb stated staff's recommendation today was for the Board to direct staff to analyze the County's request, outline options for the Board and make an appropriate recommendation. She summarized the fast-track process and noted that the decades-long practice had been for a case to go to hearing that was challenged or recommended for denial by the investigating party. Referring to the County's memo, Ms. Webb agreed that it was too late to direct the previously-cited case to another CERL system for investigation. She noted the criteria for such a referral would not be the applicant's status as a County officer, but rather potential bias. Ms. Webb also stated that the applicant was given the opportunity to expedite the process by waiving the 30-day waiting period, but the applicant elected not to do so. The applicant also declined to complete paperwork to receive death benefits. Ms. Webb noted that if the Board chose to hear the case itself, this action would be an unprecedented deviation from past practice in which the Board relied on hearing officers to review all facts. She stated that a case being directed to hearing was not based on disagreement among parties, but on the investigating party's recommendation to deny. She added that an independent review by a hearing officer provided the best due process for the member.

Trustee Horgan asked if staff recommended denial in this case.

Ms. Webb replied yes, and then summarized the process when staff recommends denial.

Chair Sedell asked if the County was given the opportunity to comment on staff's recommendation to deny.

Ms. Webb replied yes, as was true in every New Model case.

Trustee Horgan asked if the issue was about a particular case or the process.

Ms. Webb said she was also stuck on that point because the County's urgency on the agenda item suggested that it was about a particular case.

Mr. Pettit said that the case brought the process inconsistency to light. He noted that if the Board revised the process, it would benefit the particular case in question.

Trustee Horgan asked about the reasons for staff's denial of the case.

Ms. Nemiroff said that staff and the Board could not discuss the particulars of the case because it was not agendized or properly noticed to the parties.

Ms. Webb noted the County's request in its memo was for the Board to hear the case at its July 10^{th} meeting. She asked the County to confirm its request.

Mr. Pettit noted that the case was fast-tracked and that the Board would not have a meeting in August. He said the County's request would be the same for any employee with the same circumstances.

Trustee Horgan asked if the County would be happy if the Board heard this case on July 10^{th}.

Mr. Pettit said yes that it would be appreciated for this employee, as the case was fast-tracked.

Trustee Horgan asked if the Board could hear the case on July 10^{th} if it did not revise the process.

Ms. Webb said that under the proposed change in process, the Board could begin conducting evidentiary hearings. The change would affect more than just the one case.

Trustee Horgan asked if an evidentiary hearing could occur before July 10^{th}, so that the Board could hear the case on July 10^{th}.

Ms. Webb replied no. The Board could set aside the current process and thereafter begin hearing evidentiary hearings for all cases in which a party disputed staff's recommendation.

Chair Sedell asked for clarification that the Board could modify the process for one or more cases as an exception.

Ms. Webb replied that the Board could modify the process but cautioned the Board against modifying the process for one case only. Staff requested time to analyze the implications of changing the process. She added that a hearing officer and staff were independent, which offered a layer of protection for the Board.

Trustee Horgan expressed the importance of having the County's input. She said she did not feel able to support changing the process at this time, but she supported an exception to hear the case on July 10^{th}.

Ms. Nemiroff said the applicant's attorney would need to be available to present the case on July 10^{th}, which was only two weeks away. She said a full evidentiary hearing involved reviewing all evidence.

Trustee Roberts noted that the trustees were not professional hearing officers.

Ms. Webb said the applicant's attorney did not waive her 30 days, as she was on vacation.

Trustee Roberts asked if staff's recommendation to deny was for service-connection only.

Ms. Webb replied that it was for service-connection only.

Chair Sedell said that the Board had heard disability cases in the past and that the medical evidence in the case would be limited due to the deceased status of the member.

Ms. Webb said that in her eight-year tenure at VCERA, the Board had never served as a finder of fact. She asked Ms. Nemiroff, who said she was told by a past administrator that the Board tried to do so more than 30 years ago and decided "never again."

Chair Sedell clarified that the Board reviewed evidence after hearing officers produced their reports to decide whether the Board agreed.

Ms. Webb stated that the Disability Hearing Procedures and the New Model Procedures both directed cases to a hearing officer when the investigating party recommended denial. This was a protection for the applicant because of the significance of denying an application.

Trustee Goulet said that fast-track was irrelevant to the matter. In his tenure on the Board, it had never held an evidentiary hearing and the Board did not want to do it. He believed the case should go to an independent hearing officer to determine the facts and conclusions of law, and then the Board could agree or disagree. From the start, he thought the case should go directly to hearing, but staff replied that an investigation was required. Consistent with current policy, he said the case should go to a hearing officer.

Trustee Horgan expressed confusion as to the goal of the matter.

Ms. Webb questioned the urgency of the County's request. In the absence of Board action, she said the case would be automatically directed to hearing before July 10th. The Board would have to not let staff send the case to hearing and to hear it themselves.

Trustee Horgan said she did not want to be a hearing officer and asked for clarity about the Board's choices on July 10th.

Ms. Webb said that the case would go to hearing before July 10th, apart from Board direction to the contrary. She believed changing longstanding precedent under these circumstances to be imprudent.

Ms. Laveau said the County viewed the current process as inconsistent and that its request was for the Board to hear the reasons for the parties' differing opinions at its next meeting, as was done for other New Model cases.

Mr. Pettit added that, under the Old Model, conflicting opinion by VCERA on a case was not brought to the Board's attention and that the New Model sought to address that.

Ms. Webb stated that disagreement among the parties was irrelevant; the referral to a hearing officer was based on the investigating party's recommendation to deny.

Chair Sedell said the Board controlled policy and staff controlled administration. He asked if the Board should revise its policy so that staff brought all cases to the Board before they go to hearing.

Ms. Webb clarified that a case automatically went to hearing upon a recommendation to deny, not when the parties disagree.

Chair Sedell said he saw two issues. The first was whether the Board should revise its policy of bringing cases to the Board, before they go to hearing. The second was whether the case should be impacted by that change in policy.

Trustee Hernandez-Garcia said it would be good to bring back the matter so the Board would have more time to consider the impact. She added that the Board could vote to direct cases to hearing when they came before the Board.

Ms. Webb confirmed that this was true when staff recommended granting an application. But the situation differs when staff recommended denying. She reiterated that it was in the Board's discretion to change the process. She explained that if the Board heard a case, it placed itself in the role of a hearing officer as the finder of fact.

Trustee Hernandez-Garcia asked if it mattered who recommended denying a case.

Ms. Webb replied that the case was directed to a hearing when staff, as the primary investigator, recommended denying. Under the Old Model, when the County recommended denying, the case automatically went to a hearing officer.

Trustee Goulet commented that the current Disability Status Report noted staff's recommendation to deny the particular case, but the report did not state the County's objection. He suggested not making a change to the process that would affect the case going to hearing.

<u>MOTION</u>: Let the Case Continue its Course to a Hearing Officer.

Moved by Goulet, seconded by Roberts

Chair Sedell said there was no need for the motion because the normal process will continue without it.

Trustee Goulet withdrew his motion. Trustee Roberts withdrew his second on the motion.

<u>MOTION</u>: Take No Action Today on the County's Request, and Schedule at a Future Date a Review of the Process that Takes into Account the County and Staff's Concerns.

Moved by Goulet.

The motion failed for lack of a second.

<u>MOTION</u>: Take No Action Today on the County's Request, and Direct Staff to Analyze the County's Request, Outline Options and Make Appropriate Recommendation at a Future Date.

Moved by Goulet, seconded by Hernandez-Garcia.

Trustee Horgan expressed uncertainty as to why the Board needed to change the process and whether anything could be done about the case.

Ms. Webb replied that the Board could instruct staff to change the process, resulting in the Board conducting evidentiary hearings. Alternatively, the Board could instruct staff to inform them when the County disagreed with staff's recommendation to deny.

Trustee Grass noted that the attorney would not be ready by July 10th. He said he wanted to know when the County disagreed with recommendations in the future. He added that he did not have enough information about the case to hear it on July 10th.

Chair Sedell asked if staff had talked to the applicant to learn whether he could be prepared by July 10th.

Mr. Vencel said he spoke to the applicant's attorney a week and a half ago about the hearing process, and the attorney told him that she was going on vacation and would like additional time to learn about CERL and the case facts. Based on the attorney's comments, Mr. Vencel did not think she would be prepared for a hearing on July 10th.

Ms. Webb noted that the applicant's attorney chose not to waive the 30-day waiting period, which ended on July 6.

Trustee Horgan asked Ms. Laveau if she hoped the case would be heard as an evidentiary hearing.

Ms. Laveau replied no, that she wanted the ability to make comments to the Board when the County supported granting an application for a case that staff recommended to deny, and then for the Board to decide whether to move the case to hearing.

Ms. Nemiroff stated that when staff recommended granting, the Board was given a full analysis and all the facts so that the Board had substantial evidence on which to base its decision to grant. If staff recommended denying and if the Board chose to disregard the supporting analysis and facts, the Board could only grant if it had before it sufficient facts and evidence. She said the County was asking to bring such evidence and arguments to the Board, which would be an abbreviated, but still substantial evidentiary hearing.

Chair Sedell suggested the parties could provide a minimal amount of information outlining the differences in opinion.

Ms. Webb described that option as a preview of an evidentiary hearing in order to decide whether to have a hearing. She believed there could be significant fiduciary risk in holding a short-cut evidentiary hearing because the Board would render a decision based on limited evidence.

Chair Sedell asked if there were a process, not equivalent to an evidentiary hearing, whereby the County could bring its concerns to the Board when staff recommended denying a case.

Ms. Nemiroff said that if a process change was adopted, it would apply to every case in which staff recommended denying. This would involve every party coming to the Board.

Chair Sedell noted that such implications of a process change were what staff would need to analyze.

Trustee Goulet then amended his motion.

Trustee Hernandez-Garcia agreed to the changes in the amended motion.

<u>MOTION</u>: Deny the County's Request to Bring the Specific Case to the July 10th Meeting, and Direct Staff to Analyze the County's Request, Outline Options and Make Appropriate Recommendation.

Moved by Goulet, seconded by Hernandez-Garcia

Trustee Horgan said she did not see the need to bring back the matter. She intended to vote no.

Trustee Goulet suggested a process change could be to add a column to the status report saying the County disagreed.

Chair Sedell said that policy decisions should be discussed and made by the Board.

Vote: Motion failed
Yes: Grass, Goulet, Hernandez-Garcia
No: Horgan, Roberts, Sedell
Absent: Joe, Long
Abstain: -

Motion failed.

Trustee Horgan said she liked adding a new column to the status report, as Trustee Goulet suggested.

Chair Sedell said he preferred a separate memo to the Board, not on the agenda, to ensure the Board was informed about the County's disagreement. This was direction to staff.

After the Board's discussion of the agenda item, the Board returned to item, VI.A., "$25 Million Commitment to Crayhill Principal Strategies Fund III".

IX. <u>CLOSED SESSION</u>

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: One (1) Case: Administrative Appeal Filed by VCPFA re Exclusion of Standby Pay.

B. It was the Intention of the Board of Retirement to Meet in Closed Session, Pursuant to Government Code Section 54957(b)(1), to Discuss the Following Item.

   1. Public Employee Appointment.
      Title: Interim Retirement Administrator.

The Board entered into the Closed Session meeting at 1:19 p.m.

X. <u>INFORMATIONAL</u>

A. SACRS Legislative Update – June 2023.

B. Western Asset Company - Fixed-Income Markets and Investment Solutions Client Seminar.

C. CALAPRS Summer 2023 Newsletter.

D. Abbot Capital Management - Q1 2023 Private Equity Market Overview.

No comments.

After reviewing Informational items, the Board advanced to item, XII., “Staff Comment”.

XI. PUBLIC COMMENT

Lyn Krieger, retired VCERA member, provided public comment. Ms. Krieger said that she and some of the retirees who had previously made public comments regarding the Alameda Implementation had sent a letter to the Board late Friday afternoon. The letter spoke for itself and their position on the issues had not changed, as they continued to urge the Board to consider either a new effective date for the Alameda Implementation, to reconsider their position on vacation buydowns, and to consider equal protection requirements across labor groups.

After hearing the Public Comment, the Board returned to agenda item, VII.A., “Hearing on Administrative Appeal Filed by VCPFA and Individual Members re Standby Pay”.

XII. STAFF COMMENT

Ms. Webb noted that staff had recently sent the Board of Retirement Election Results to the Board.

Mr. Gallagher asked if the Board could confirm that the Board Retreat would be held on September 25th, according to the Investment Presentation Calendar that was approved by the Board in December 2022.

Chair Sedell said that the Board Retreat was still scheduled for the Board meeting on September 25th.

XIII. BOARD MEMBER COMMENT

None.

Chair Sedell then announced that the Board would go into their Closed Session meeting, and they would be adjourning out of Closed Session.

After this announcement by the Chair, the Board returned to agenda item, IX.B., “Closed Session”.

XIV. ADJOURNMENT

The Chair stated that the Board would adjourn the meeting at the conclusion of the Closed Session meeting.

Respectfully submitted,

____
LINDA WEBB, Retirement Administrator

Approved,

____
MIKE SEDELL, Chair

WALTER SCOTT

BNY MELLON | INVESTMENT MANAGEMENT

Investment Review

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

24 July 2023

WALTER SCOTT

BNY MELLON | INVESTMENT MANAGEMENT

Investment Review

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

24 July 2023

BIOGRAPHY

MARGARET FOLEY

Margaret is a Client Investment Manager. She joined Walter Scott* in 2011 having worked in the investment industry for more than 25 years. Prior to this, she was the director of BNY Mellon Asset Management's Endowments and Foundations Resource Center and also spent 11 years at Wellington Management Company, LLP. She holds an MBA in Finance from the University of Chicago Booth School of Business and a BA in Economics from Georgetown University where she played varsity tennis. Margaret is a CFA charterholder.

As at 30 June 2023. While Margaret is an employees of BNY Mellon, she is 100% focused on supporting Walter Scott clients.*

PORTFOLIO REVIEW
AS AT 30 JUNE 2023

CLIENT: Ventura County Employees' Retirement Association

STRATEGY: International

AUM: $280,194,667

INITIAL FUNDING : $50,000,000

INCEPTION DATE: 15 December 2010

	Portfolio (Net) %	MSCI EAFE (ndr) %	MSCI ACWI ex USA (ndr) %
Q2 2023	3.4	3.0	2.4
Year to date	15.8	11.7	9.5
One year	20.3	18.8	12.7
COMPOUND ANNUAL GROWTH RATE			
Three years	6.7	8.9	7.2
Five years	7.5	4.4	3.5
Ten years	7.3	5.4	4.7
SINCE INCEPTION (15 DECEMBER 2010)			
Total Return	127.6	84.0	63.1
Compound Annual Growth Rate	6.8	5.0	4.0

Source: Walter Scott, MSCI. Returns shown in USD. Please be advised that the net returns provided have been calculated by Walter Scott based on Northern Trust NAVs, which have been reduced by management fees payable over the period. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.

COMPANY OVERVIEW

BESPOKE EQUITY PORTFOLIO MANAGER

BASED IN EDINBURGH, SCOTLAND & BOSTON, USA†

100% OWNED BY BNY MELLON SINCE 2007

US$81.3BN ASSETS UNDER MANAGEMENT,
284* CLIENT RELATIONSHIPS

LONGEVITY OF CLIENTS, STAFF & PHILOSOPHY

*As at 30 June 2023. *284 consists of 137 Clients and 147 Fund Investors.*
† All operations are based in Edinburgh, Scotland with a client service presence in the United States.

INVESTMENT TEAM

EXECUTIVE DIRECTORS

Roy Leckie Δ
Executive Director – Investment & Client Service

Jane Henderson Δ
Managing Director

Charlie Macquaker Δ
Executive Director – Investment

RESEARCH TEAM

EMEA

Alan Edington**

Ashley-Jane Kyle
(mat leave)

Paul Loudon

Fiona MacRae

Lindsay Scott

Jamie Zegleman

ASIA PACIFIC

Alistair Ceurvorst

Fraser Fox Δ

Connor Graham

Alan Lander*

Michael Scott

AMERICAS

Matthew Gerlach

Des Armstrong

Tom Miedema

Laura Clark

Maxim Skorniakov Δ

EMERGING MARKETS

*As at 30 June 2023. ΔMember of the Investment Executive. *Investment Manager – Co-Head of Research. **Investment Manager – ESG Integration.*
Alex Torrens, Co-Head of Research, moving to Client Service team from 28 August 2023. The wider investment team includes Research Operations, Dealing, Portfolio & Cash Management not listed here.

INVESTMENT TEAM EXPERIENCE

Stable and experienced team. Average firm tenure 13 years

Name	Title	Year Joined Firm	Firm Tenure (yrs)	Industry Experience (yrs)
Jane Henderson	Managing Director	1995	27	27
Charlie Macquaker	Executive Director - Investment	1991	31	31
Roy Leckie	Executive Director - Investment and Client Service	1995	27	27
Alan Lander, CFA	Investment Manager - Co-Head of Research	2006	16	16
Alex Torrens*	Investment Manager - Co-Head of Research	2010	12	12
Alan Edington, CFA	Investment Manager, ESG Integration	2012	11	13
Fiona MacRae	Investment Manager	2014	8	35
Lindsay Scott	Investment Manager	2004	19	21
Maxim Skorniakov, CFA	Investment Manager	2003	19	19
Fraser Fox, CFA	Investment Manager	2003	19	19
Des Armstrong	Investment Manager	2004	19	19
Thomas Miedema, CFA	Investment Manager	2007	15	16
Jamie Zegleman, CFA	Investment Manager	2008	14	14
Paul Loudon	Investment Manager	2014	8	10
Alistair Ceurvorst, CFA	Investment Manager	2019	3	8
Ashley-Jane Kyle, CFA	Investment Manager	2017	6	8
Matthew Gerlach	Investment Manager	2016	7	7
Laura Clark, CFA	Investment Manager	2017	6	6
Michael Scott, CFA	Investment Analyst	2016	7	7
Connor Graham	Investment Analyst	2021	2	3

*As at 30 June 2023. *Moving to Client Service team from 28 August 2023.*

INVESTMENT PHILOSOPHY AND APPROACH

Returns derived from investing in the shares of a company will reflect the internal wealth generated by that business

PROPRIETARY PROCESS

Disciplined, rigorous, in-house company research following a proprietary process

TEAM APPROACH

All proposals challenged and debated by an experienced and stable investment team

LONG TERM INVESTMENT HORIZON

A buy-and-hold approach focused on compound growth

We believe the interests of all our stakeholders are best served by actively investing in responsibly managed companies capable of delivering exceptional levels of wealth generation

IN-HOUSE RESEARCH 2023

We reinforce our rigorous desk-based analysis with research trips around the world

JANUARY

Germany: Frankfurt & Berlin

FEBRUARY

UK: London

USA: California, Texas, Washington

Spain: Barcelona

India: Mumbai, Ahmedabad, Hyderabad, Bengaluru, Delhi

MARCH

UK: London

USA: Miami, Jacksonville, Atlanta, Nashville, Springfield, Dallas, Austin

Germany & Switzerland: Marburg, Bern

APRIL

Switzerland: Zurich, Geneva

USA: North Carolina

UK: London

MAY

USA: Chicago

Spain: Arteixo

UK: London

JUNE

France: Lyon, Grenoble, Paris

Taiwan & China: Taipai, Shanghai

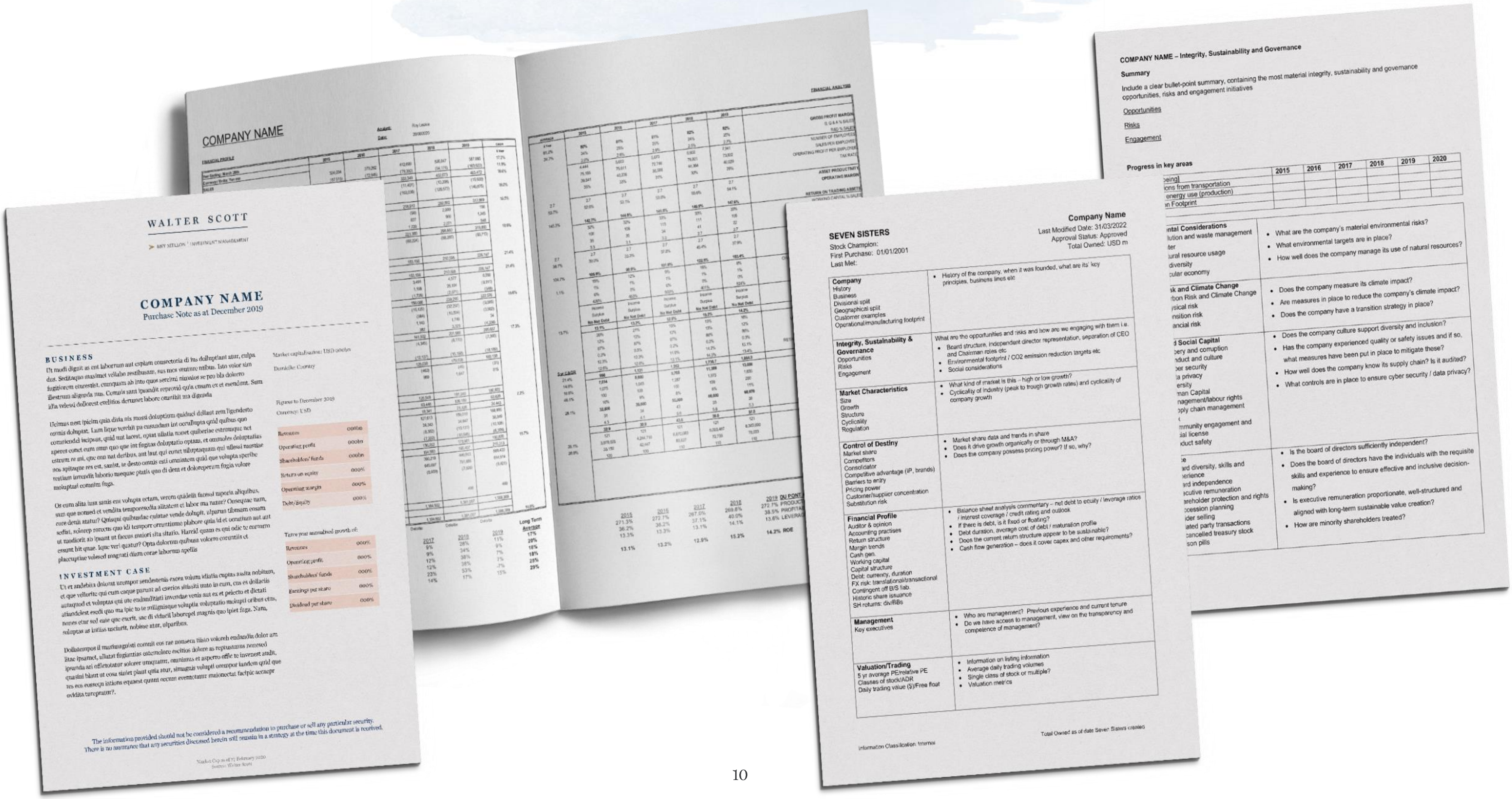
UK: Newcastle, London

Germany: Hertz

452 COMPANY ENGAGEMENTS OVER THE 6 MONTHS TO 30 JUNE 2023

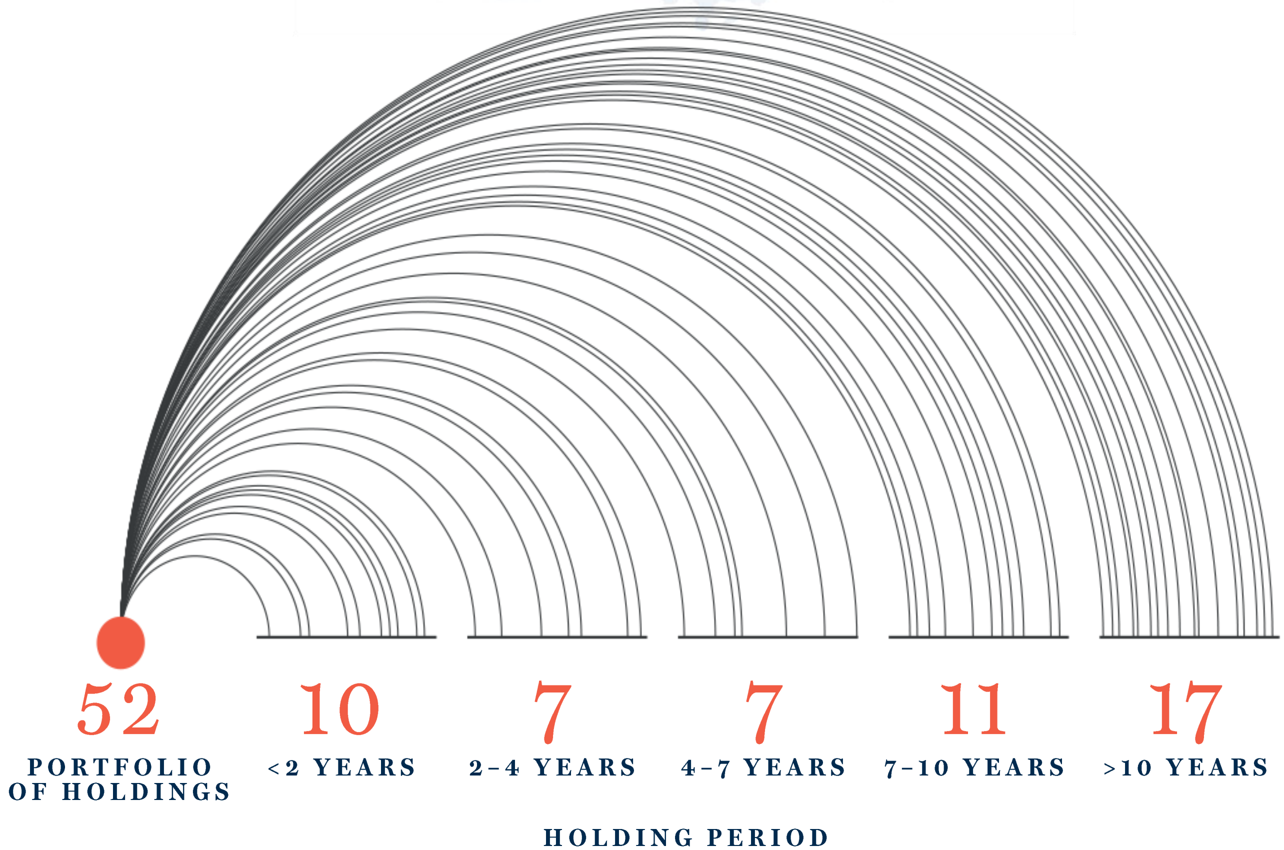
PROPRIETARY PROCESS APPLIED CONSISTENTLY OVER OUR 40-YEAR HISTORY

Our proprietary research process breaks company analysis into key constituent parts. It forces rigour and rationality over any bias



INVESTING FOR THE LONG TERM

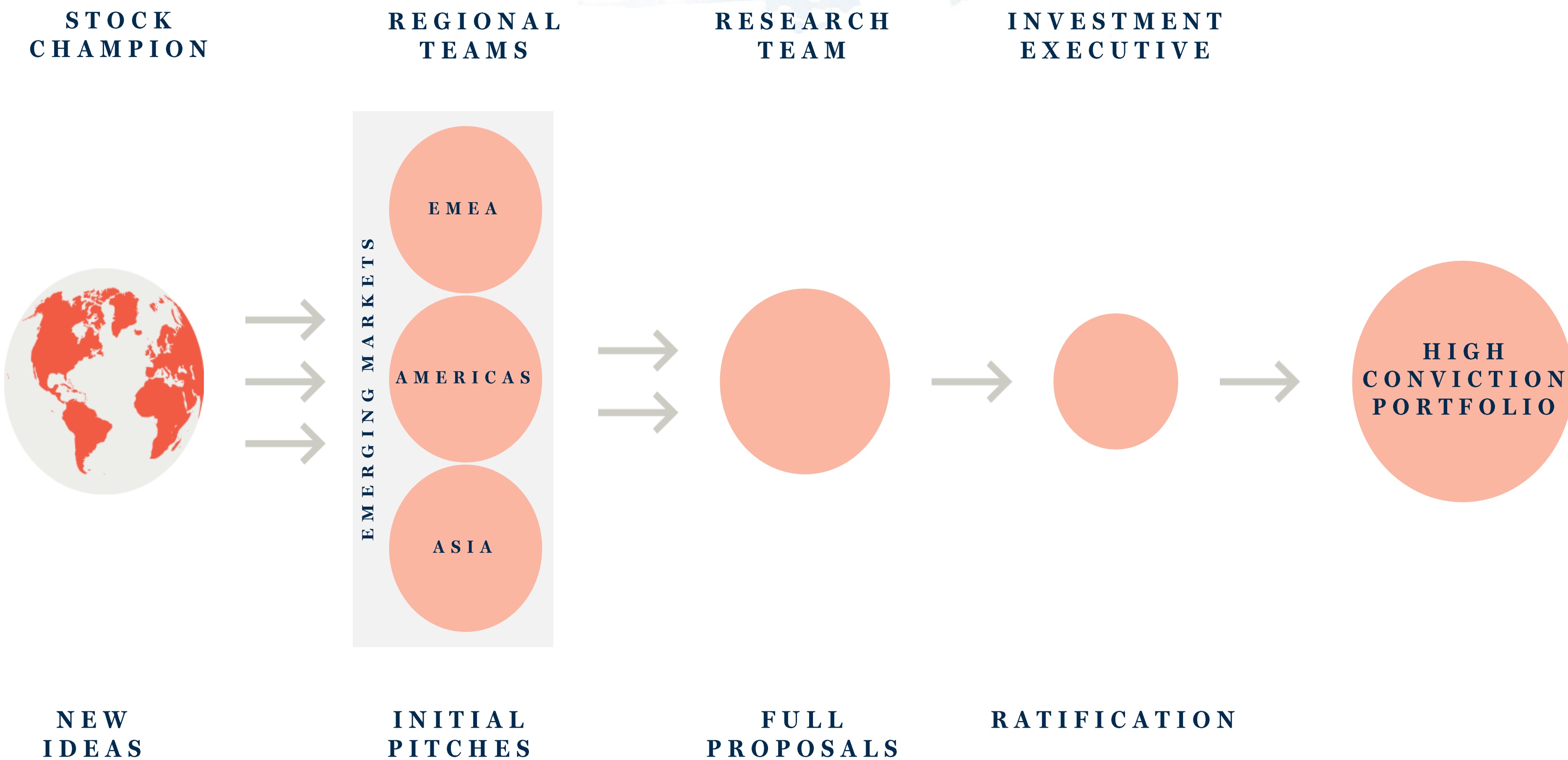
We invest with the intention to buy and hold stocks for the long term in order to exploit the power of compound growth



As at 31 December 2022. Source: Walter Scott. A representative USD based international portfolio was used to illustrate this. Stocks sold and then re-purchased only include the duration held since most recent purchase. Please refer to the appendix for important information.

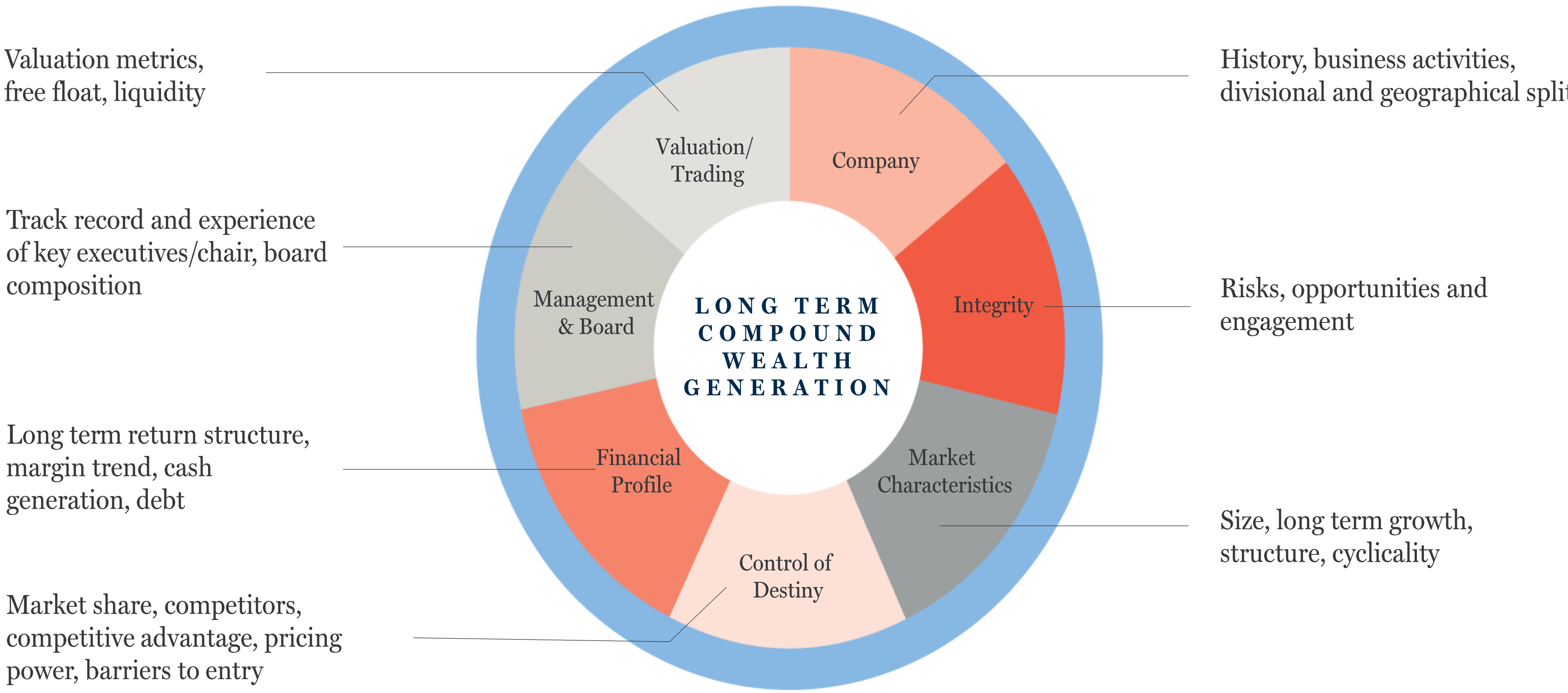
TEAM DECISION-MAKING – HOW WE BUY STOCKS

All new purchases require unanimous support by the Research Team



‘SEVEN SISTERS’ ANALYSIS

Our analysis challenges each element of an investment including relevant and material ESG risks & opportunities



ANNUAL AND ROLLING ANNUALISED PERFORMANCE
AS AT 30 JUNE 2023

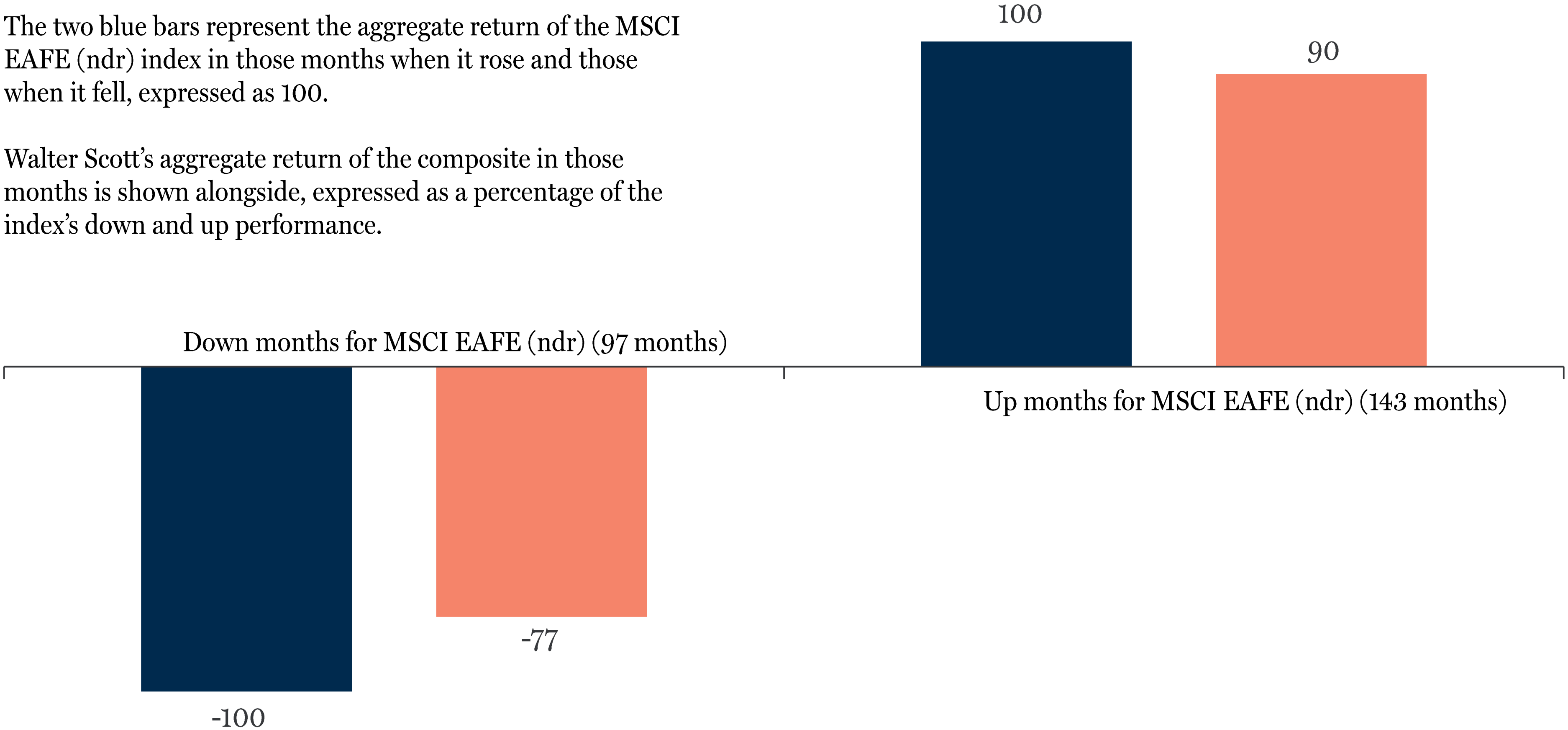
	Annual		3 Years		5 Years		7 Years		10 Years	
	WS EAFE Equities Composite (USD)	MSCI EAFE (ndr)	WS EAFE Equities Composite (USD)	MSCI EAFE (ndr)	WS EAFE Equities Composite (USD)	MSCI EAFE (ndr)	WS EAFE Equities Composite (USD)	MSCI EAFE (ndr)	WS EAFE Equities Composite (USD)	MSCI EAFE (ndr)
1986	57.8%	69.4%								
1987	11.3%	24.6%								
1988	17.2%	28.3%	27.2%	39.4%						
1989	14.6%	10.5%	14.3%	20.9%						
1990	0.4%	-23.4%	10.5%	2.8%	18.8%	18.0%				
1991	11.5%	12.1%	8.6%	-1.7%	10.8%	8.7%				
1992	3.0%	-12.2%	4.8%	-9.0%	9.1%	1.3%	15.3%	12.3%		
1993	36.5%	32.6%	16.1%	9.3%	12.5%	2.0%	13.0%	8.5%		
1994	2.7%	7.8%	13.0%	7.9%	10.0%	1.5%	11.7%	6.2%		
1995	14.1%	11.2%	17.0%	16.7%	12.9%	9.4%	11.3%	4.1%	15.8%	13.6%
1996	12.6%	6.0%	9.7%	8.3%	13.2%	8.2%	11.0%	3.5%	12.0%	8.4%
1997	0.9%	1.8%	9.1%	6.3%	12.7%	11.4%	11.1%	7.8%	10.9%	6.2%
1998	11.3%	20.0%	8.2%	9.0%	8.2%	9.2%	11.1%	8.8%	10.3%	5.5%
1999	56.2%	27.0%	20.6%	15.7%	17.7%	12.8%	17.9%	14.7%	13.8%	7.0%
2000	-12.9%	-14.2%	14.8%	9.4%	11.5%	7.1%	10.6%	7.8%	12.2%	8.2%
2001	-20.0%	-21.4%	2.9%	-5.0%	4.1%	0.9%	6.7%	3.0%	8.5%	4.5%
2002	-4.1%	-15.9%	-12.6%	-17.2%	3.0%	-2.9%	4.0%	-1.0%	7.8%	4.0%
2003	26.2%	38.6%	-1.1%	-2.9%	5.7%	-0.1%	5.7%	2.9%	6.9%	4.5%
2004	19.4%	20.2%	13.0%	11.9%	0.1%	-1.1%	8.3%	5.3%	8.5%	5.6%
2005	18.1%	13.5%	21.2%	23.7%	6.4%	4.6%	9.2%	4.5%	8.9%	5.8%
2006	20.8%	26.3%	19.4%	19.9%	15.6%	15.0%	5.3%	4.4%	9.7%	7.7%
2007	12.9%	11.2%	17.2%	16.8%	19.4%	21.6%	9.3%	8.4%	10.9%	8.7%
2008	-31.4%	-43.4%	-2.2%	-7.4%	5.7%	1.7%	6.9%	3.4%	5.7%	0.8%
2009	32.5%	31.8%	0.9%	-6.0%	7.9%	3.5%	12.0%	10.3%	4.0%	1.2%
2010	14.1%	7.8%	1.2%	-7.0%	7.2%	2.5%	10.4%	6.4%	6.8%	3.5%
2011	-8.8%	-12.1%	11.3%	7.6%	1.3%	-4.7%	6.2%	1.7%	8.2%	4.7%
2012	21.7%	17.3%	8.2%	3.6%	2.9%	-3.7%	6.7%	2.2%	10.8%	8.2%
2013	13.6%	22.8%	8.1%	8.2%	13.8%	12.4%	5.7%	1.8%	9.7%	6.9%
2014	-3.0%	-4.9%	10.3%	11.1%	6.9%	5.3%	3.5%	-0.5%	7.4%	4.4%
2015	1.1%	-0.8%	3.7%	5.0%	4.3%	3.6%	9.4%	7.8%	5.7%	3.0%
2016	5.6%	1.0%	1.2%	-1.6%	7.4%	6.5%	5.9%	3.8%	4.3%	0.7%
2017	28.1%	25.0%	11.0%	7.8%	8.5%	7.9%	7.6%	6.0%	5.7%	1.9%
2018	-6.9%	-13.8%	8.0%	2.9%	4.3%	0.5%	8.0%	5.8%	9.0%	6.3%
2019	28.3%	22.0%	15.3%	9.6%	10.3%	5.7%	8.8%	6.3%	8.6%	5.5%
2020	20.4%	7.8%	12.9%	4.3%	14.3%	7.4%	9.7%	4.4%	9.2%	5.5%
2021	12.8%	11.3%	20.3%	13.5%	15.8%	9.5%	12.1%	6.8%	11.5%	8.0%
2022	-22.0%	-14.5%	1.9%	0.9%	4.8%	1.5%	8.0%	4.5%	6.7%	4.7%
Periods Outperformed	67.6%		77.1%		93.9%		100.0%		100.0%	
Number of Years	25 / 37		27 / 35		31 / 33		31 / 31		28 / 28	

Source: Walter Scott, MSCI. Returns shown in USD gross of fees. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.

WALTER SCOTT INTERNATIONAL EQUITIES COMPOSITE CAPTURE RATIOS TWENTY YEARS TO 30 JUNE 2023

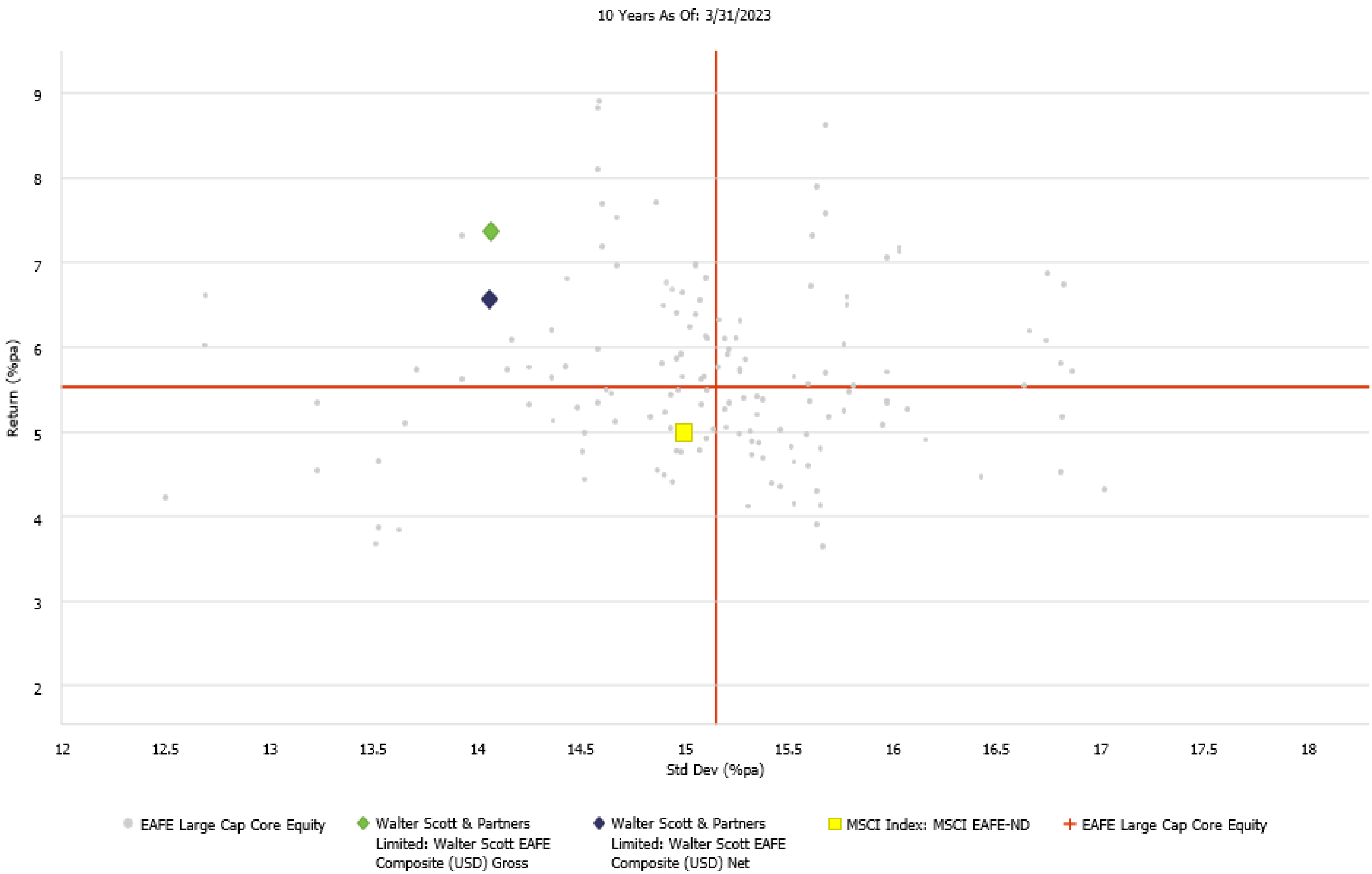
The two blue bars represent the aggregate return of the MSCI EAFE (ndr) index in those months when it rose and those when it fell, expressed as 100.

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



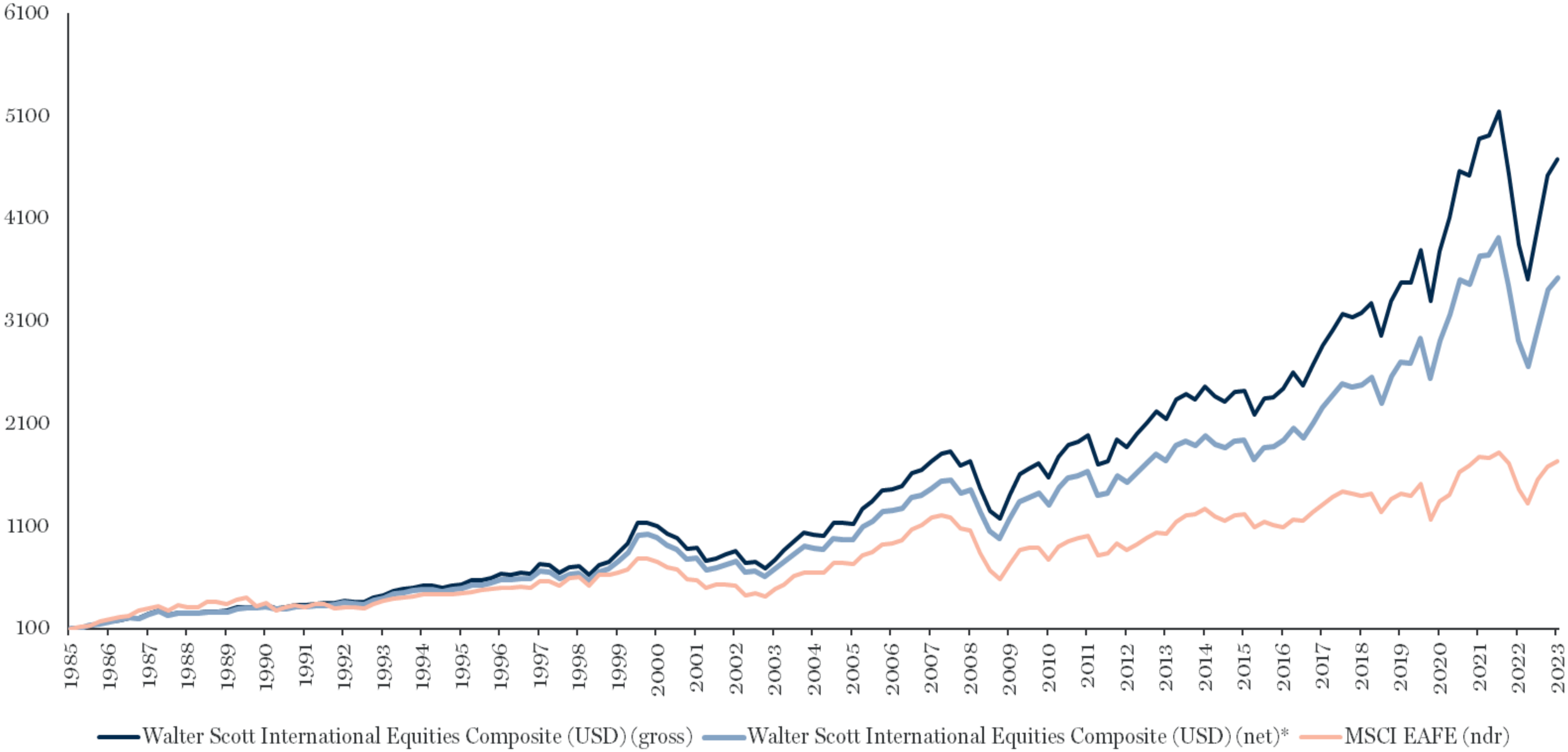
Source: Walter Scott, MSCI. Walter Scott International Equities is also known as the Walter Scott EAFE USD Equities Composite. Capture ratios are calculated using returns in USD, net of investment management fees. Net of fee returns reflect the deduction of model management fees and are calculated in the same manner as gross of fee returns. A 0.75% model management fee has been applied. For further detail, please refer to section 5 in the appendix. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.

WALTER SCOTT INTERNATIONAL EQUITIES COMPOSITE
AS AT 31 MARCH 2023



Source: eVestment Alliance, LLC, Walter Scott. Returns are shown in USD. Net of fee returns reflect the deduction of model management fees and are calculated in the same manner as gross of fee returns. A 0.75% model management fee has been applied. For further detail, please refer to section 5 in the appendix. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4 and 17.7 the eVestment Alliance, LLC Important Notices.

WALTER SCOTT INTERNATIONAL EQUITIES COMPOSITE
UNIT PRICE GROWTH AS AT 30 JUNE 2023



Period	Quarter	Year to date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
Walter Scott International Equities (gross)	3.6	16.6	21.9	7.4	8.1	8.1	6.9	9.4	7.8	8.3
Walter Scott International Equities (net)*	3.4	16.2	21.0	6.6	7.3	7.3	6.1	8.6	7.0	7.5
MSCI EAFE (ndr)	3.0	11.7	18.8	8.9	4.4	5.4	3.4	6.5	4.3	5.3

*Source: Walter Scott, MSCI. Returns shown in USD. *Net of fee returns reflect the deduction of model management fees and are calculated in the same manner as gross of fee returns. A 0.75% model management fee has been applied. For further detail, please refer to section 5 in the appendix. Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

NCS GROUP TRUST - INTERNATIONAL FUND VS MSCI EAFE
TWELVE MONTHS TO 30 JUNE 2023

Top & Bottom Five Contributors

Stock	Total Return (%)	Contribution To Return (bps)
Novo Nordisk	47	197
ASML	53	159
LVMH	57	151
Keyence	38	126
Shin-Etsu Chemical	50	105

Stock	Total Return (%)	Contribution To Return (bps)
CLP Holdings	-1	-16
Hang Lung Properties	-14	-19
AIA Group	-5	-24
Makita*	-13	-31
Novozymes	-21	-38

The information provided 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.

Attribution by Sector & Region

	Portfolio Average Weight (%)	Benchmark Average Weight (%)	Portfolio Total Return (%)	Benchmark Total Return (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Total	**100.0**	**100.0**	**21.2**	**18.8**	**0.9**	**1.6**	**2.4**
Consumer discretionary	10.3	11.6	48.5	30.6	-0.1	1.7	1.7
Consumer staples	9.5	10.6	19.6	9.9	0.1	1.0	1.1
Information technology	16.4	8.2	31.3	32.7	1.1	-0.3	0.9
Communication services	--	4.6	--	2.2	0.8	--	0.8
Healthcare	22.9	13.4	17.1	9.8	-0.9	1.7	0.8
Real estate	3.2	2.6	-1.2	-7.4	-0.2	0.3	0.1
Energy	1.7	4.7	14.7	14.3	0.1	0.0	0.1
Materials	8.0	7.6	18.6	16.4	-0.0	0.1	0.1
Utilities	1.3	3.4	-1.2	16.5	0.0	-0.2	-0.2
Financials	4.6	18.0	3.0	20.2	-0.2	-0.8	-1.0
Industrials	20.2	15.4	19.6	29.6	0.5	-1.9	-1.5
Cash	1.9	--	4.2	--	-0.4	--	-0.4

	Portfolio Average Weight (%)	Benchmark Average Weight (%)	Portfolio Total Return (%)	Benchmark Total Return (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Total	**100.0**	**100.0**	**21.2**	**18.8**	**0.6**	**1.8**	**2.4**
United Kingdom	8.7	15.3	23.2	13.2	0.4	0.9	1.2
Japan	20.9	22.0	22.9	18.1	0.1	0.9	1.0
Europe ex-UK	48.5	49.6	26.3	24.6	-0.0	0.9	0.9
ROW	--	0.7	--	-4.7	0.2	--	0.2
Emerging Markets	2.8	--	25.5	--	0.2	--	0.2
Canada	5.3	--	21.3	--	0.1	--	0.1
Pacific ex-Japan	12.0	12.4	-0.3	5.8	0.1	-0.9	-0.8
Cash	1.9	--	4.2	--	-0.4	--	-0.4

*Source: Walter Scott, MSCI, FactSet. Returns are shown in USD. None of MSCI or its affiliates has provided the attribution information. Such data is calculated by Walter Scott as part of its attribution process. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4. *Stock sold during the period. Total return is calculated until the date of sale.*

PORTFOLIO INFORMATION
AS AT 30 JUNE 2023

PORTFOLIO DISTRIBUTION

Sector	Portfolio (%)	MSCI EAFE (%)	Difference (%)
Healthcare	22.9	13.2	9.7
Information technology	16.7	8.2	8.5
Industrials	19.8	16.2	3.6
Consumer discretionary	13.5	12.6	0.9
Real estate	2.6	2.3	0.3
Materials	6.9	7.4	-0.5
Consumer staples	8.9	10.1	-1.2
Utilities	1.1	3.5	-2.4
Energy	1.5	4.2	-2.7
Communication services	0.0	4.1	-4.1
Financials	4.6	18.2	-13.6
Liquidity	1.6		1.6

Region	Portfolio (%)	MSCI EAFE (%)	Difference (%)
Canada	4.8	0.0	4.8
Emerging Markets	2.9	0.0	2.9
Rest of World	0.0	0.6	-0.6
Europe ex UK	50.1	50.8	-0.7
Asia Pacific ex Japan	10.3	11.4	-1.1
Japan	21.3	22.4	-1.1
UK	8.9	14.7	-5.8
Liquidity	1.6		1.6

PORTFOLIO CHARACTERISTICS

Number of securities	53
CROCE*	22.7%
P/E	26.6x
Dividend Yield	1.8%
Active Share	79%
Portfolio Turnover (12 months)**	7%

REVENUE BREAKDOWN***

North America	30%
Europe	21%
Asia Pacific	15%
Emerging Markets	28%
Rest of World	7%

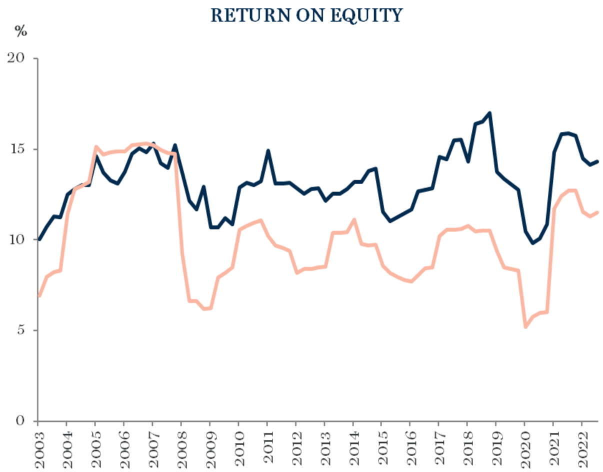
*Source: Walter Scott, MSCI, FactSet. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. *Cash Return on Capital Employed calculation excludes Financials and Real Estate holdings. Full details of characteristics calculation methodology available upon request. **Representative turnover has been shown. ***A representative international portfolio was used to illustrate this strategy. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Data for the revenue breakdown chart shows the reported sales breakdown from the most recently reported annual results as at the date the report has been run (23 March 2023). Please refer to the appendix for important information on revenue breakdown and related portfolio holding and allocations in section 17.2.*

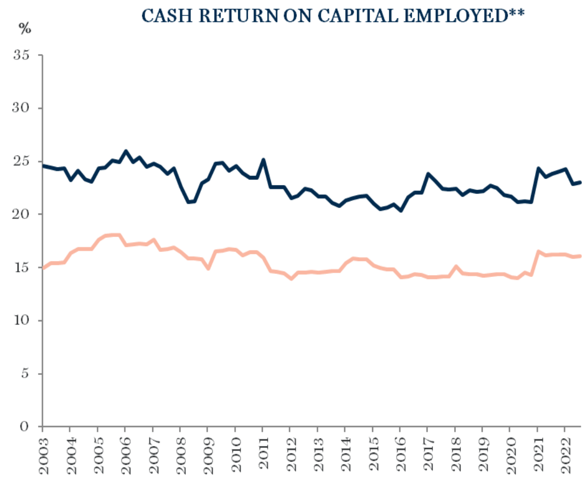
TOP TEN HOLDINGS
AS AT 30 JUNE 2023

Company	Weight (%)
Novo Nordisk	4.0
ASML	3.5
Keyence	3.2
LVMH	2.9
Taiwan Semiconductor - ADR	2.9
Shin-Etsu Chemical	2.7
Compass Group	2.6
Alimentation Couche-Tard	2.6
L'Oréal	2.5
AIA Group	2.5
TOTAL	29.4

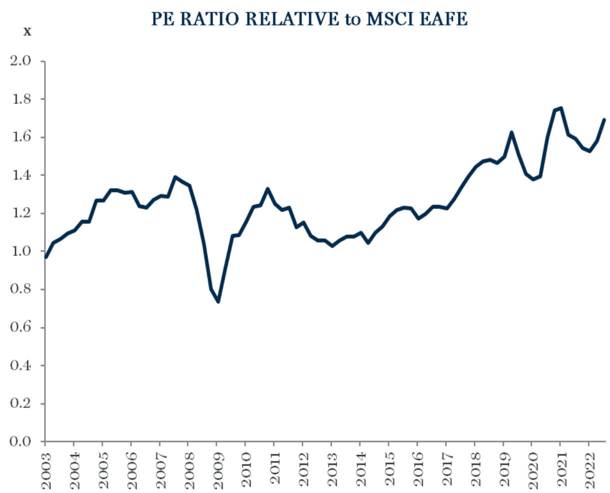
Source: Walter Scott. The information provided should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in a portfolio at the time this report is received or that securities sold have not been repurchased. Please refer to the appendix for important information and related portfolio holding and allocations in section 17.2.

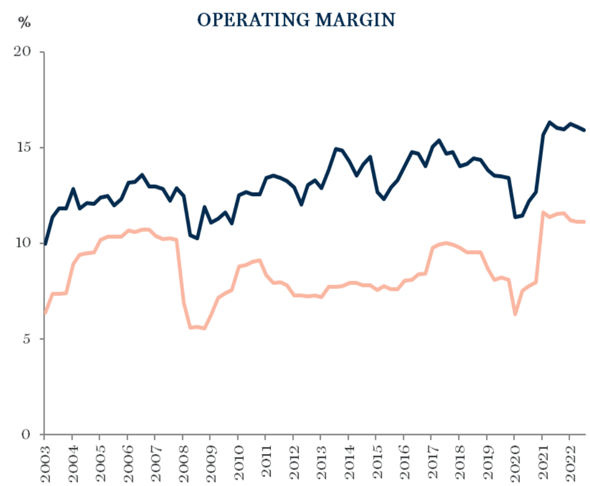
CHARACTERISTICS: INTERNATIONAL PORTFOLIO VS MSCI EAFE
AS AT 30 JUNE 2023

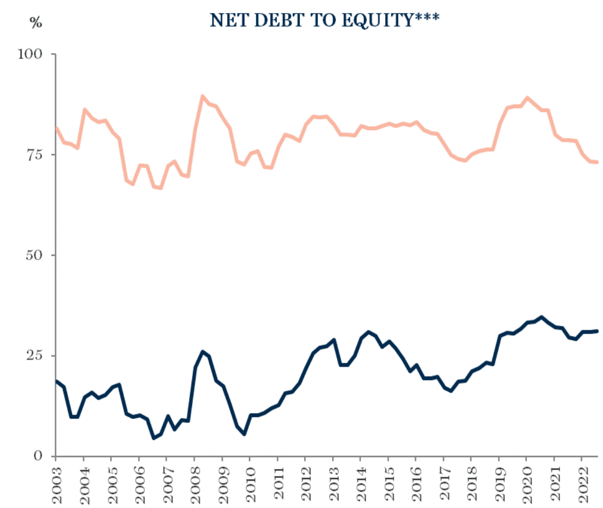




	Portfolio	MSCI EAFE
ROE*	14.0%	11.5%
CROCE**	22.7%	16.1%
Operating Margin	16.2%	11.1%
Net Debt to Equity***	32%	73%
P/E	26.6x	15.4x
Dividend Yield	1.8%	3.1%
Number of securities	53	798
Turnover (12 months)****	7%	-
Active Share	79%	-







Portfolio *MSCI EAFE*

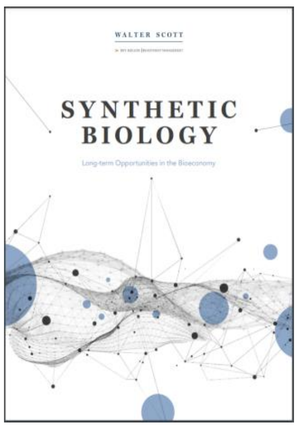
*Source: Walter Scott, FactSet, MSCI. A representative international portfolio was used to illustrate the long-term charts for this strategy. *Walter Scott defined methodology which may vary from MSCI index figures. **Cash Return on Capital Employed calculation excludes Financials and Real Estate holdings. ***Net Debt to Equity ex Financials. ****Representative turnover has been shown. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Full details of characteristics calculation methodology available upon request.*

NOTABLE CONTENT

The below are standout pieces of content which are well worth the read and watch.
Please access the full documents & video via the Insights page on our website:
www.walterscott.com

Thought Leadership:

Synthetic Biology (May 2023)
The ground-breaking technology of synthetic biology is set to transform large swathes of the global economy, creating opportunities as well as risks across multiple sectors and industries. As this scientific revolution gathers momentum, many companies will be disrupted, whilst others will thrive.



KEY TAKEAWAYS

- No long-term investor can ignore synthetic biology;
- Biologic drugs are now the primary growth engines of the world's largest pharmaceutical companies;
- Beyond healthcare, synthetic biology holds significant promise;
- Despite its many obvious benefits, the evolution of synthetic biology will not be without challenges.

Articles:

Views from the South (May 2023)
Against the backdrop of continuing rising interest rates, banking turmoil that risked contagion and ongoing geopolitical wrangling with China, a research trip to the US in late March was certainly a timely one. Investment Managers Jamie Zegleman and Alistair Ceurvorst detail their highlights of companies visited.

Videos / podcasts:

India Rising (June 2023)
Long in the shadow of neighbouring China, India is projected to be the world's fastest growing economy this year and next. Investment manager Alan Lander and investment analyst Connor Graham recently spent two weeks in the country, speaking to management teams and taking the pulse of Asia's "other superpower".

Talking Research: Podcast Q223
Investment managers, Alan Lander and Lindsay Scott discuss the recent research trips to the US, Italy, France, China & Taiwan as well as topics such as the consumer discretionary sector and the extraordinary success of Europe's luxury businesses.

WALTER SCOTT'S RESEARCH CONFERENCE 2023

Over two and half days we gathered academics, authors, historians, journalists and corporate leaders, alongside our Research team and together with many of our clients. We heard formal presentations, listened to more informal conversations between experts and enjoyed some interactive sessions.

GUEST SPEAKERS INCLUDED:

10 Current or former executives of well-known global companies

6 Professors from leading universities across North America and the UK

4 Financial historians

3 Investigative journalists

1 Former Prime Minister

Professor Paul Marsh, Simon Murray CBE, Bronwen Maddox, Eric M. Green, Dr Hannah Fry, Professor Russell Napier, Ray Perman, Matteo Renzi, Peter Tertzakian, Helle Kristoffersen, Karsten Munk Knudsen, Hannah Tucker, Eliot Higgins, Andrew Hessel, Dr Chris Chen, Mo Gawdat, Itay Talgam, Sara Andrews, Professor Marco Gercke, Dan Florness, Jean-Jacques Guiony, Cathy Hackl, Ronnie C. Chan, Professor Adam Tooze, Rory Bremner.

www.wsresearchconference.com
(password: ws2023)

WALTER SCOTT

On behalf of us all,

THANK YOU

APPENDIX

1. DEFINITION OF FIRM

Walter Scott & Partners Limited ("Walter Scott") is an investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority in the conduct of investment business. Walter Scott is a non-bank subsidiary and 100% owned by The Bank of New York Mellon Corporation. All operations are based in Edinburgh, Scotland with a client service presence in the United States. Walter Scott is responsible for portfolios managed on behalf of pension plans, endowments and similar institutional investors. Total assets under management were US$81.3 billion as at 30 June 2023.

2. PRIVACY NOTICE

Personal information may be collected by Walter Scott following attendance at, or registration to attend, a Walter Scott, affiliate or partner event and will be used solely for the purpose of facilitating the provision of investment management services and managing business relationships. For more information about how Walter Scott collects, uses and shares personal information and an individual's legal rights (including opt-out rights), please see the full privacy notice which is available on the website: www.walterscott.com/privacy-policy.

3. FIRM COMPOSITES

Walter Scott constructs composites of portfolios invested in equities. 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.

4. CALCULATION METHODOLOGY

Performance results are calculated on a total return time weighted basis and include all portfolio income, unrealised and realised 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 annualised.

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.

Annualised 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.

5. FEES AND TRADING EXPENSES

Composites are net of trading expenses, administrative fees and non-reclaimable withholding taxes on dividends and interest. Benchmark returns are net of withholding taxes on dividends unless otherwise stated.

Net of management fee composite returns are calculated by deducting a model fee from the gross return. For all composites other than the USA composite, the model rates deducted are equivalent to the highest fee rates that would be charged to the intended audience. Model fee rates are higher than or equal to the 10-year average actual composite fee rates as at 31 December 2022. The USA composite applies the highest actual fee rate in any calendar year over the past 10 years (0.72% model fee rate).

After 2013, model fee rates were lower than the actual fee rates over calendar year periods as set out below.

Actual Fee Rates	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Europe	-	-	-	-	-	-	-	1.32%	-	-

Actual management fees may differ from the model fees used and performance-based fees may result in higher fees than model fees applied. For further details of fee rates see Part II of Form ADV.

6. INTERNAL DISPERSION

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

7. COMPOSITE CREATION DATE

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

8. MINIMUM PORTFOLIO VALUE

From 1 October 2014, a minimum asset level for inclusion in all composites has been set at US$2m or composite currency equivalent. Portfolios that have previously been below this level must maintain a market value greater than US$2m for three consecutive month-ends prior to being included in the composite (from the following month). Similarly, if a portfolios market value has dropped below this threshold, the month-end market value must remain below this level for three consecutive month-ends before being excluded from the next month.

9. STANDARD DEVIATION

Annualised standard deviation measures the variability of the composite and the benchmark returns. Standard deviation for the composite is calculated based on gross-of-fees returns. The three-year standard deviation is not presented when monthly returns were not available throughout the full 36-month period.

10. EXCHANGE RATES

WM/Refinitiv Closing Spot Rates (taken at 4pm London time) are used in portfolio and composite level return calculations. Prior to 1 October 2014, composite return calculations were based on custodian exchange rates at the individual portfolio level. This created additional transient dispersion between the returns of portfolios which make up the composite. Benchmark data also uses the WM/Refinitiv Closing Spot Rates.

APPENDIX

11. LEVERAGE, DERIVATIVES AND SHORT POSITIONS

Walter Scott does not generally use derivatives, but American style currency options have been used occasionally for hedging purposes (most recently held in 2007). Walter Scott does not use leverage or short positions.

12. FIRM POLICIES

Policies for valuing portfolios, calculating performance, and preparing GIPS Reports are available upon request.

13. 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

14. COMPOSITE DESCRIPTIONS

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

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 composites with an inception date prior to 2012 have 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

This composite includes all global portfolios that are predominantly invested in large and mid-cap equities. Portfolios within the composite typically hold 40 to 60 stocks.

Walter Scott EAFE Equities

This composite includes all global ex USA portfolios that are predominantly invested in large and mid-cap equities. Portfolios within the composite typically hold 40 to 60 stocks.

Walter Scott Europe Equities

This composite includes all European portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

Walter Scott USA Equities

This includes all USA portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

Walter Scott Emerging Markets Equities

This composite includes all emerging markets portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

Walter Scott Pacific Equities

This composite includes all pacific portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

Walter Scott Concentrated Global Equities

This composite includes all global portfolios that are predominantly invested in large and mid-cap equities. Portfolios within the composite typically hold 25 to 30 stocks.

Composite change: Effective 1 July 2021, the Walter Scott Concentrated Global Equities Composite was redefined from a predominantly mid and large-cap 20-30 stock strategy to a predominantly mid and large-cap 25-30 stock strategy. The new definition is considered to be a more accurate reflection of the implementation of the strategy.

15. 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.

16. 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.

Unless otherwise stated performance figures do not reflect the deduction of investment advisory fees.

Returns will be reduced by investment advisory fees and any other expenses that may be incurred in the management of an account.

APPENDIX

17. IMPORTANT INFORMATION

17.1 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.

17.2 Portfolio Holdings and Allocations

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 maximise return while minimising its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

17.3 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.

17.4 Performance Statement

Past performance is not a guide to future returns and returns may increase or decrease as a result of currency fluctuations. The objective mentioned may therefore not be reached. Many factors affect investment performance including changes in market conditions, interest rates, currency fluctuations, exchange rates and in response to other economic, political, or financial developments. Investment return and principal value of an investment will fluctuate, so that when an investment is sold, the amount returned may be less than that originally invested. This presentation does not represent and must not be construed as an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products. 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 authorised.

17.5 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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The term 'sector' in this document is a contraction of 'GICS Sector' unless explicitly noted otherwise.

APPENDIX

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Walter Scott & Partners Limited. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

17.6 Benchmark Definitions

MSCI World

The MSCI World Index is a broad global equity benchmark that represents large and mid cap equity performance across 23 developed markets countries. With approximately 1,650 constituents, it covers around 85% of the free float-adjusted market capitalisation in each country and MSCI World benchmark does not offer exposure to emerging markets. Further information can be found at www.msci.com

MSCI EAFE (Europe, Australasia, Far East)

The MSCI EAFE Index is designed to represent the performance of large and mid cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the US and Canada. With approximately 900 constituents, it covers around 85% of the free float-adjusted market capitalisation in each of the 21 countries. Further information can be found at www.msci.com

MSCI Europe

The MSCI Europe Index represents the performance of large and mid cap equities across 15 developed countries in Europe. With approximately 450 securities it covers around 85% of the free float-adjusted market capitalisation in each country. Further information can be found at www.msci.com

MSCI USA

The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With approximately 600 constituents, the index covers around 85% of the free float-adjusted market capitalisation in the US. Further information can be found at www.msci.com

MSCI Emerging Markets

The MSCI Emerging Markets Index represents the performance of large and mid cap equities across 24 Emerging Market countries. With approximately 1,150 constituents, it covers around 85% of the free float-adjusted market capitalisation in each of the 24 countries. Further information can be found at www.msci.com

MSCI Pacific

The MSCI Pacific Index captures large and mid cap representation across 5 Developed Markets (DM) countries in the Pacific region. With approximately 450 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country. Further information can be found at www.msci.com

MSCI ACWI ex USA

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. With approximately 2,150 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

17.7 eVestment Alliance, LLC Important Notices

eVestment Alliance, LLC and its affiliated entities (collectively, "eVestment") collect information directly from investment management firms and other sources believed to be reliable, however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Performance results may be provided with additional disclosures available on eVestment's systems and other important considerations such as fees that may be applicable. Not for general distribution and limited distribution may only be made pursuant to client's agreement terms. * All categories not necessarily included, Totals may not equal 100%.

WALTER SCOTT

BNY MELLON | INVESTMENT MANAGEMENT

WALTER SCOTT & PARTNERS LIMITED, ONE CHARLOTTE SQUARE, EDINBURGH EH2 4DR
TEL: +44 (0)131 225 1357 · FAX: +44 (0)131 225 7997
WWW.WALTERSCOTT.COM

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 24, 2023

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

SUBJECT: $25 Million Commitment to Adams Street Private Credit Fund III

Dear Board Members:

NEPC and I jointly recommend a $25 million commitment to the Adams Street Private Credit Fund III.

Background

The Board's adopted asset allocation of April 18, 2022 increased the target allocation to private credit from 6% to 8% for a globally diversified private credit program over three years. At the March 27, 2023 Board meeting, the Board approved a Private Credit Pacing Plan that called for a 2023 commitment target of $225 million. On January 23, 2023, the Board approved a $30 million commitment to each of HarbourView Royalties Fund and to Kennedy Lewis Capital Partners Fund III; on February 27, 2023 approved $25 million add-on to Cross Ocean ESS Fund IV, and on April 17 committed $25 million to Monroe Capital Opportunistic Private Credit Fund II. At its last business meeting on June 26, 2023 the Board approved $25 million commitments each to Crayhill Principal Strategies Fund III and Crescent Cove Capital Fund IV. These commitments combined to total $160 million for 2023.

Private Credit Fund IIII

As described in greater detail in NEPC's investment report and Adams Street presentation deck, Adams Street Private Credit Fund III (ASPC III) is targeting a net 1.4x net Multiple of Invested Capital (MOIC), and a 12%- 14% net Internal Rate of Return (net-IRR). ASPC II, the fund's predecessor, has thus far produced a net-IRR of 13.0% and a MOIC of 1.2x as of December 31, 2022. Standard fees are 1.5% on invested capital, subject to a 15-basis points early closing management fee discount for the life of the fund. In addition, there is 10% client aggregated assets under management (AUM) fees discount available to NEPC clients upon further qualification.

ASPC III employs a closed-end structure. The fund's life will be six years from the final close, subject to two 1-year extensions. Target leverage is 1x with investments primarily in North America.

Investments will be made primarily in 1st lien senior secured securities, but may also have some exposure to second lien, mezzanine, preferred equity, and other forms of junior capital.

Adams Street holds more than 520 limited partner advisory board (LPAC) seats which provide enhanced insight into the private equity funds (sponsors) and portfolio companies which will be sources of loans. This insight provides valuable access to fundamental due diligence of private investments.

Adams Street has delivered strong performance for VCERA on the private equity side, 15.1% net-IRR and a 2.03x Multiple of Invested Capital (MOIC) since inception in 2010. As noted above, investment performance to date of the predecessor ASPC II has been strong, and ASPC III is intended to continue its predecessor's successful strategy and process. We believe that it will be a good complement to VCERA's private credit portfolio.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve a $25 million commitment to the Adams Street Private Credit Fund III, and direct staff and counsel to negotiate the necessary legal documents; and,**

2. **Subject to successful contract negotiations, authorize the Board Chair or the Retirement Administrator, or if both unavailable, the Chief Investment Officer to approve and execute the required documentation.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

NEPC, LLC

To: Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: July 24, 2023

Subject: Adams Street Private Credit Fund III Recommendation

Recommendation

NEPC and staff recommend that the Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") approve a commitment of $25 million to Adams Street Private Credit Fund III (the "Fund", "Private Credit Fund III" or "Fund III"). Although the Fund has not been rated by the NEPC Private Investment Committee, NEPC Research sees Private Credit Fund III as an appropriate investment that is additive to VCERA's private credit portfolio. Adams Street currently manages approximately $251.4 million within the Adams Street Global Fund Series in VCERA's private equity portfolio.

NEPC and VCERA's CIO believe that Fund III fits well in the Plan's Private Credit allocation for the following reasons:

- **Experienced Senior Team**: Adams Street's private credit platform is led by Bill Sacher (Partner and Head of Private Credit). Mr. Sacher has 38 years of experience, having previously served as Head of U.S. Private Debt at Oaktree Capital Management and Co-Head of both the Leveraged Finance Origination Team and the High Yield Capital Markets Group at J.P. Morgan. Mr. Sacher is supported by a senior team of Fred Chung (Partner & Head of Credit Underwriting), Justin Lawrence (Partner) and Leland Richards (Partner). Mr. Chung, Mr. Lawrence and Mr. Richards have significant experience at previous firms including Goldman Sachs, Ares and Churchill.
- **Flexible Strategy**: Although Private Credit Fund III will invest primarily in senior secured debt, it also maintains the flexibility to invest across the capital structure of businesses. Due to this mandate, Adams Street has the ability to make relative value decisions on where in a company's capital structure they believe is the best risk-adjusted return potential. This strategy is meant to be relatively "all weather" because it can adapt as market environments change over time.
- **Strong Historical Performance**: As of December 31, 2022, Adams Street Private Credit Fund II (2020 vintage) had a net IRR of 13.0% and a net MOIC of 1.20x. Although Fund II was invested relatively recently, it is off to a very strong start, especially considering the volatility markets have been experiencing dating back to the start of the COVID-19 pandemic. Adams Street's private credit platform overall has a realized loss rate of 0.0% since its inception in 2017.
- **Attractive Economics**: The standard economics for Private Credit Fund III are a management fee of 1.50% charged in invested assets with carried interest of 15% over a 7% hurdle. These fees are in-line with the peer universe of funds executing this sort of strategy. However, Adams Street is offering several discounts that make the fees quite competitive.

Overview of Ventura Private Credit Program (PC)
As of 6/30/2023, VCERA has committed $875 million to Private Credit, with approximately $480 million invested. Through 3/31/2023, the PC allocation has generated a net internal rate of return of 7.0% per annum, with a Total Value to Paid-In Capital ratio of 1.12x. Results have been achieved through a broad mix of Direct Lending, Real Estate, Distressed and Opportunistic Lending strategies. Prior to this investment, VCERA has made six 2023 vintage year commitments, totaling $160 million versus the 2023 Private Credit Pacing Plan total of $225 million.

Fund III Overview
Adams Street is seeking to raise a combined $4.5 billion for Adams Street's Private Credit Fund III Program. Within the Fund III Program, investors have the ability to select which of the following underlying investment strategies they want to participate in: Senior Private Credit Fund III Unlevered, Senior Private Credit Fund III Levered or Private Credit Fund III.

Private Credit Fund III will invest primarily in senior secured debt but also maintain the flexibility to invest across the capital structure of businesses (second lien, mezzanine, preferred equity, and other forms of junior capital). Adams Street will target directly originated opportunities where it can act in a lead agent capacity. Target companies will primarily be based in North America, sponsor-backed and diversified across industries. Additionally, borrowers will have between $15 million and $125 million in EBITDA.

Private Credit Fund III will have a 3-year investment period starting at the final close and a 6-year total fund term (subject to two one-year extensions). The Fund will seek to utilize up to 1.0x fund-level leverage. Private Credit Fund III is targeting a net IRR of 12-14% and a net MOIC of 1.4x.

The standard economics for Private Credit Fund III are a management fee of 1.50% charged in invested assets with carried interest of 15% over a 7% hurdle. Below are management fee discounts offered by Adams Street:

- Early close 10% management fee discount offered to investors making 9/30/2023 close

- If NEPC clients aggregate to $100 million or more in commitments to Adams Street's Private Credit III Program, there is an additional 10% management fee discount

VCERA should be mindful that Adams Street's private credit platform only dates back to 2017. The Firm is attempting to significantly scale their private credit capabilities as Fund III is aiming to raise more than 2.8x the size of Fund II ($4.5 billion Fund III target vs. $1.59 billion raised for Fund II). Over time, the team has expanded to accommodate the anticipated growth in private credit AUM, however, it has also experienced some turnover, namely Shahab Rashid who cofounded Adams Street's private credit group but left in 2022 to join L Catterton.

NEPC maintains a positive view of the Fund and may consider formally underwriting Fund III in the future. NEPC concurs with staff's recommendation to commit $25 million to Adams Street Private Credit Fund III.

Adams Street

Ventura County Employees' Retirement Association

Private Credit Fund III

July 24, 2023

Presented by: Bill Sacher and Scott Hazen, CFA®

LEADING WITH FORESIGHT™

Confidentiality Statement and Other Important Considerations

As of July 2023

Adams Street Partners has provided this presentation (the "Presentation") to the recipient on a confidential and limited basis.

Potential investors should refer to the confidential private placement memorandum, limited partnership agreement, subscription agreement, or similar documents (collectively "Final Documentation") before making any final investment decision; the information contained herein should not be used or relied upon in connection with the purchase or sale of any security. Potential investors should take into account all the characteristics or objectives of any Adams Street-managed investment vehicle. The Final Documentation contains important information regarding risk factors, performance, costs and other material aspects of any proposed investment.

This Presentation is not an offer or sale of any security or investment product or investment advice. Offerings are made only pursuant to the Final Documentation.

Any information included herein is preliminary, subject to adjustment as represented in, and qualified in its entirety by, and is replaced by the information in the Final Documentation. Subscriptions to an Adams Street-managed investment vehicle will only be made and accepted on the basis of the Final Documentation.

Statements in the Presentation are made as of the date of the Presentation unless stated otherwise, and there is no implication that the information contained herein is correct as of any time subsequent to such date. All information with respect to primary and secondary investments of Adams Street Partners' funds (the "Funds") or Adams Street Partners' managed accounts (collectively, the "Investments"), the Investments' underlying portfolio companies, Fund portfolio companies, and industry data has been obtained from sources believed to be reliable and current, but accuracy cannot be guaranteed. The source of the information in this Presentation represents a mixture of Adams Street proprietary information and subjective analysis based on deal flow, market observations, historical returns and other factors as well as objective information, the source for which has generally been indicated or is otherwise available.

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The internal rate of return (IRR) data and multiples provided in the Presentation are calculated as indicated in the applicable notes to the Presentation, which notes are an important component of the Presentation and the performance information contained herein. IRR performance data may include unrealized portfolio investments; there can be no assurance that such unrealized investments will ultimately achieve a liquidation event at the value assigned by Adams Street Partners or the General Partner of the relevant Investment, as applicable. Any fund-level net IRRs and net multiples presented herein for the 2015 Global Program Funds and all subsequently formed commingled Funds reflect the use of the Fund's capital call credit line (or, in the case of an Adams Street Global Fund, capital call credit lines of the underlying Funds) and are calculated using limited partner capital call dates, rather than the earlier dates on which the investment was made using the line of credit. The use of such dates generally results in higher net IRR and net multiple calculations, and the related differences in net IRR and net multiple figures could be material. The use of leverage has the potential to increase returns for positive investments, but can also result in substantially increased losses or returns on negative investments.

Any target returns are only targets, are aspirational in nature and based on Adams Street's historical experience as an investor; returns have not been modeled for a particular vehicle using assumptions related to returns, expenses or other factors. There is no guarantee that targeted returns will be realized or achieved or that an investment strategy will be successful. Investors should keep in mind that the securities markets are volatile and unpredictable. There are no guarantees that the historical performance of an investment, portfolio, or asset class will have a direct correlation with its future performance.

 Continued on next page

Confidentiality Statement and Other Important Considerations

As of July 2023

Any gross performance figures displayed herein should be taken in context with applicable net figures which include the effect of management fees, carried interest and expenses which reduce returns to investors. A full description of the costs of participation in an Investment, including such management fees, carried interest and expenses, is available in the relevant Final Documentation and relevant net figures are also included herein, including a detailed description of Adams Street's calculation methodology with respect to performance that represents a composite or extract which can be found on the pages entitled "Methodology and Assumptions Associated with Calculation of Composites and Extracts".

Past performance is not a guarantee of future results and there can be no guarantee against a loss, including a complete loss, of capital. Projections or forward-looking statements contained in the Presentation are only estimates of future results or events that are based upon assumptions made at the time such projections or statements were developed or made. There can be no assurance that the results set forth in the projections or the events predicted will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections or forward-looking statements. Therefore, the returns an investor ultimately realizes will depend on a variety of factors, including but not limited to how the market performs and the length of investment. ***FOR ADDITIONAL IMPORTANT INFORMATION RELATED TO POTENTIAL RISKS ASSOCIATED WITH AN INVESTMENT, PLEASE SEE THE KEY RISK FACTORS PAGES AT THE END OF THIS PRESENTATION.***

References to the Investments and their underlying portfolio companies and to the Funds should not be considered a recommendation or solicitation for any such Investment, portfolio company, or Fund. Any case studies included in this presentation are for illustrative purposes only and have been selected to provide, among other things, examples of investment strategy and/or deal sourcing. These investments do not represent all the investments that may be selected by Adams Street Partners with respect to a particular asset class or a particular Fund or account.

Geographic Disclosures:

United States: Adams Street Partners, LLC ("Adams Street") a limited liability company formed in Delaware is an investment adviser registered with the US Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended; however, such registration does not imply a certain level of skill or training. Adams Street is governed by applicable US laws, which differ from laws in other jurisdictions. In some cases, Adams Street has formed subsidiaries which are registered with, and subject to the regulation of, local securities authorities and other government agencies. Additional information is available upon request.

Australia: Adams Street Partners, LLC is exempted from the requirement to hold an Australian financial services licence under ASIC Class Order 03/1100 (as extended by ASIC Corporations (Repeal and Transitional) Instrument 2016/396); Australian Registered Body Number 665 655 738.

European Economic Area: Adams Street's activities in the EEA are conducted through its subsidiary, Adams Street (Europe) GmbH, Local court of Munich HRB 228324, which is authorized and regulated by the German Federal Financial Supervisory Authority (BaFin-ID 10148538).

United Kingdom: Adams Street's activities in the UK are conducted through its subsidiary, Adams Street Partners UK LLP, a limited liability partnership registered in England and Wales (Registered No. OC350269), which is authorized and regulated by the Financial Conduct Authority (FCA No. 514886).

Introduction

Bill Sacher
Partner & Head of Private Credit

Education: New York University,
BS, *cum laude,* MBA

Years of Investment/
Operational Experience: 38

Scott Hazen, CFA®
Partner & Head of Investor Relations (North America)

Education: University of Notre Dame,
BBA, *magna cum laude*
University of Chicago
Booth School of Business, MBA

Years of Investment/
Operational Experience: 31

Why Adams Street Partners

Adams Street Partners has been recognized as one of the most respected and experienced private markets investment managers in the industry.

$54bn Assets Under Management[1]	100% Independent and Employee-owned	460+ Adams Street General Partners Worldwide[2]
40+ Years of Proprietary Data	29,000+ Companies Tracked	2,000+ Funds Tracked

Since our inception, no client has lost capital in an Adams Street investment program

INTEGRATED PLATFORM

- 290+ employees
- 12 offices worldwide; 30 languages spoken
- 90+ investment professionals
- Shared insights and data across investment teams

EXTENSIVE RELATIONSHIPS

- 560+ institutional investors
- 520+ advisory board seats

ALIGNMENT OF INTERESTS

- 100% independent and employee-owned
- $600mm+ invested alongside clients

As of December 31, 2022.

1. Firmwide AUM as of December 31, 2022; does not include the more recent private credit closings or private credit leverage which may be discussed herein or is available upon request.
2. Represents the number of general partners in which Adams Street is invested.

An Integrated Platform Is Our Competitive Edge

The shared knowledge, data, and relationships across our five investment disciplines combine to drive highly differentiated opportunities for our programs

PREFERRED PARTNER STATUS

$48.4bn+
Total Fund Capital Commitments[1]

520+
Advisory Board Seats

CROSS-TEAM COLLABORATION

- Shared insights across five strategies
- Systematic sharing of information through collaboration model
- Structured and cohesive risk management and due diligence process

ACCESS TO RESTRICTED DEAL FLOW

~100%
Of 2020 investments were oversubscribed or GP influenced[2]

DATA-DRIVEN INSIGHTS

- Robust pipeline and monitoring systems
- Proprietary web-based, multi-currency research, and reporting application
- Powerful on-demand analytics

As of December 31, 2022.

1. Represents aggregate commitments, as of December 31, 2022, to underlying Private Equity and Venture Capital funds on a primary or secondary basis by all funds and separate accounts of which Adams Street Partners is the general partner / investment manager.
2. Percentage of 2020 primary, secondary, co-investment, and growth equity investments that were oversubscribed or GP influenced as of January 2021.

Ventura County Employees' Retirement Association

Adams Street Private Equity Program

- Strong absolute and relative performance, net of all fees, since 2010*

	1 Year net IRR	3 Year net IRR	5 Year net IRR	10 Year net IRR	Since inception** net IRR
VCERA	**-8.33%**	**27.27%**	**18.43%**	**16.10%**	**15.61%**
Russell 3000 PME	-10.82%	22.10%	11.76%	12.08%	12.41%
MSCI ACWI PME	-7.84%	19.16%	8.56%	9.15%	9.37%

- VCERA has built a successful PE program through a disciplined investment pace
- Globally diversified private equity portfolio spanning vintage years, geographies, strategies, and subclasses
- Portfolio has grown significantly since inception:
  - $233 million paid-in
  - $220 million received in distributions
  - $252 million in remaining value
  - 2.03x Total Value to Paid-In Capital

VCERA IS A STRATEGICALLY IMPORTANT RELATIONSHIP TO ADAMS STREET PARTNERS

* As of March 31, 2023
** Inception date May 2010

Ventura County Employees' Retirement Association

Adams Street

Subscriptions to Adams Street: $310,000,000

Total portfolio as of March 31, 2023

	Subscription	Amount Drawn	Market Value (NAV)	Distributions Received (D)	Total Value (NAV + D)	Net IRR Since Inception	Inception Date	Total Value / Amount Drawn
ASP 2010 US Fund	$42,500,000	$37,442,500	$27,362,695	$67,869,468	$95,232,163	16.83%	5/2010	2.54x
ASP 2010 Non-US Developed Fund	$25,500,000	$22,962,749	$10,738,721	$33,935,811	$44,674,532	13.16%	5/2010	1.95x
ASP 2010 Emerging Markets Fund	$8,500,000	$7,633,000	$7,703,546	$7,835,579	$15,539,125	10.62%	1/2011	2.04x
ASP 2010 Direct Fund	$8,500,000	$8,168,500	$2,728,457	$12,560,694	$15,289,151	11.85%	5/2010	1.87x
2010 Participant Total	**$85,000,000**	**$76,206,749**	**$48,533,419**	**$122,201,552**	**$170,734,971**	**14.68%**		**2.24x**
ASP 2013 Global Fund	$75,000,000	$69,319,741	$81,498,665	$66,364,205	$147,862,870	14.52%	6/2013	2.13x
ASP 2016 Global Fund	$60,000,000	$49,384,776	$74,592,490	$21,068,412	$95,660,902	20.66%	8/2016	1.94x
ASP Program Participant Total	**$220,000,000**	**$194,911,266**	**$204,624,574**	**$209,634,169**	**$414,258,743**	**15.30%**		**2.13x**
Co-Investment IV A	$30,000,000	$28,173,000	$35,150,208	$10,574,191	$45,724,399	22.68%	9/2018	1.62x
Adams Street Co-Investment Fund V A LP	$35,000,000	$5,250,000	$5,945,636	$0	$5,945,636	N/A *	6/2022	1.13x
Co-Investment Participant Total	**$65,000,000**	**$33,423,000**	**$41,095,844**	**$10,574,191**	**$51,670,035**	**22.95%**		**1.55x**
Global Secondary Fund 7	$25,000,000	$4,750,000	$6,395,543	$0	$6,395,543	N/A *	11/2022	1.35x
Grand Total	**$310,000,000**	**$233,084,266**	**$252,115,960**	**$220,208,360**	**$472,324,320**	**15.61%**		**2.03x**

As of 3/31/23	Drawn / Subscription	Distributions/ Drawn Capital	Total Value/ Drawn Capital
2010 Program	90%	1.60x	2.24x
2013 Program	92%	0.96x	2.13x
2016 Program	82%	0.43x	1.94x
Co-Investment IV	94%	0.38x	1.62x
Co-Investment V	15%	N/A	1.13x
Global Secondary Fund 7	19%	N/A	1.35x
Grand Total	**75%**	**0.95x**	**2.03x**

April 1, 2023 – June 30, 2023
Draws: $4,559,101
Distributions: $4,284,447

Performance early in a fund's life is not generally meaningful due to fee drag and immature investments.
* Internal rates of return are not calculated for funds less than one year old.

Adams Street Private Credit Fund III

Adams Street Private Credit

Scaled private credit platform with a range of solutions for our investors

Adams Street

ADAMS STREET PRIVATE CREDIT

$8.6bn Assets Under Management[1]	**19** Dedicated Investment Professionals in New York and London
12.7% Net IRR – Commingled Funds Since Inception[2]	**0.0%** Realized Loss Rate[3]

MIDDLE MARKET DIRECT LENDING

- ✓ Senior Only – First lien senior secured
- ✓ **Flexible – Primarily first lien senior secured with second lien, mezzanine, preferred equity, and other forms of junior capital**

INVESTOR SOLUTIONS

- ✓ Closed-end, evergreen, and bespoke SMA vehicles
- ✓ Levered and unlevered options
- ✓ Currency hedging
- ✓ Rated options

As of December 31, 2022.

1. AUM for Private Credit consists of total capital committed by investors (except with respect to funds for which the investment period has ended, in which case NAV is used) plus deployed and anticipated leverage. Capital committed by investors is $7.1bn (updated to reflect applicable investor capital commitments closed upon between 1/1/2023 and 6/6/2023).
2. Composite since inception IRR of dedicated private credit funds is net of Adams Street Partners' fees, carried interest and expenses. Inception date as of March 7, 2017. Private Credit Funds include Adams Street Private Credit Fund I (2017), Adams Street Private Credit Fund II (2020), and Adams Street Senior Private Credit Fund II (2020). Composite performance does not reflect performance of any particular Adams Street fund or any investor in an Adams Street fund. **For fund-by-fund net performance of Adams Street's dedicated private credit funds, see "Strong, Consistent Performance Across Our Commingled Funds" in this presentation.** Past performance is not a guarantee of future results. There can be no guarantee that unrealized investments included in this data will ultimately be realized at values reflected herein. The IRRs set forth above reflect the use of a credit line.
3. Realized Loss Rate consists of total realized losses since inception divided by total realized investments since inception. Inception date as of March 7, 2017.

Dedicated Private Credit Team on Integrated Platform

Shared insights from global investment platform and leveraging 90+ investment professionals

	Bill Sacher	Fred Chung	James Charalambides	Justin Lawrence	Leland Richards	Nolan Pauker	Emily Shiau
Title	Partner & Head of Private Credit	Partner & Head of Credit Underwriting	Partner & Head of European Private Credit	Partner	Partner	Principal	Principal
Previous Experience	Oaktree	Goldman Sachs Asset Management	Sixth Street Partners	Ares	Churchill Asset Management	Solar Capital	A&M

	Nisha Haran	Dennis Kan	Ervis Vukaj	Matthew Wachtel	Daniel Bracho	Julien Nifong	Margaret Ellen Crawford	William Dellow	Joseph Duffy	Andrew Keller	Chris Yang	Thomas Vuu
Title	Vice President	Vice President	Vice President	Vice President	Senior Associate	Senior Associate	Associate	Associate	Associate	Associate	Analyst	Vice President, Business Services
Previous Experience	Credit Suisse	Jefferies	Jefferies	Credit Suisse	Goldman Sachs	Deutsche Bank	Sixth Street Partners	PJT	BMO	Bank of America	UBS	Crescent

ORIGINATION & UNDERWRITING SUPPORT

Jeff Akers	Dave Brett	Brian Dudley	Greg Holden	Jim Korczak	Robin Murray	Yar-Ping Soo	Andy Wang
Matt Autrey	Jeff Burgis	Joe Goldrick	Morgan Holzaepfel	Saguna Malhotra	Pinal Nicum	Michael Taylor	Fred Wang
Troy Barnett	Mattias de Beau	Terry Gould	Brijesh Jeevarathnam	Sunil Mishra	Sergey Sheshuryak	Benjamin Wallwork	Craig Waslin
Tom Bremner	Jeff Diehl	Doris (Yiyang) Guo	Alex Kessel	Ross Morrison			

40+ Investment Professionals Not Shown Here

CLIENT OPERATIONS	LEGAL & COMPLIANCE	INVESTMENT STRATEGY AND RISK MANAGEMENT	INFORMATION TECHNOLOGY	INVESTOR RELATIONS	MARKETING	HUMAN RESOURCES & ADMINISTRATION
53 PROFESSIONALS	18 Professionals	11 Professionals	41 Professionals[1]	43 Professionals	12 Professionals	31 Professionals

As of June 2023.

1. Includes 9 consultants and contractors.

Our Approach and Investment Philosophy

Loss avoidance underwriting approach designed with the goal of generating consistent results with low volatility, regular current income, and attractive all-in returns[1]

INVESTMENT APPROACH

Capital Preservation, Loss Avoidance Philosophy[1]

High Quality Borrowers, Conservative Leverage, Significant Equity Cushion

Credit Intensive Underwriting

Fundamental Due Diligence with Private Side Access

Lead Lender in Transaction

Lead Economics and Influence on Structure and Terms

Differentiated Sourcing & Knowledge Advantage

Platform Generates Unique Origination and Proprietary Data

460+

Adams Street General Partners Worldwide[3,4]

29,000+

Companies tracked[4]

520+

Active Advisory Board Seats[4]

TARGET TRANSACTIONS[2]

- **Middle Market**
  $150 - $750mm Enterprise Value / $15 - $75mm EBITDA
- **Directly Originated, Lead Agented**
  Direct Access to Sponsor and Company to Due Diligence and Structure Deal
- **Sponsor Backed**
  Strong company stewardship and enhanced alignment

1. Represent the aspirational goals of our investment philosophy and our approach to underwriting; provided, however, that past performance is not a guarantee of future results and there can be no guarantee against a loss, including a complete loss, of capital.
2. Represent target attributes, provided, however, that there can be no guarantee that all investments will display such attributes.
3. Represents the number of general partners in which Adams Street is invested.
4. As of December 31, 2022.

Sourcing Advantage and Large Opportunity Set Allows Us to be Selective

Adams Street

460+
Active Investments with Private Equity GPs[1]

520+
Advisory Board Seats

$48.4bn+
Commitments to underlying General Partners[2]

PRIVATE CREDIT TRANSACTION PIPELINE[3]
(Since the formation of Fund II - 4/1/2020)

1250+
Private Credit Opportunities[4]

$230bn+
Total Financing Available[4]

40-50%
Active Consideration

15-20%
Performed In-depth Due Diligence

~5%
Closed Deals

53
Platform Investments

+

$6bn+
Committed Capital

*A complete list of general partners in whose funds Adams Street has invested is available upon request.

1. Represents number of general partners in whose funds Adams Street is invested, as of December 31, 2022.
2. Represents aggregate commitments, as of December 31, 2022, to underlying Private Equity and Venture Capital funds on a primary or secondary basis by all funds and separate accounts of which Adams Street Partners is the general partner / investment manager.
3. There can be no guarantee that deal flow will maintain prior levels or that similarly attractive investments will be available.
4. Since April 1, 2020 through March 31, 2023.

Knowledge Advantage from Proprietary Data Has Provided an Underwriting Edge

Adams Street

INFORMATION SOURCES

29,000+
Companies tracked

2,000+
Partnerships tracked

520+
Active advisory board seats

IN-HOUSE DATA SYSTEMS

APEx
Portfolio Company Information
- Historical financials
- Credit statistics
- Industry performance & benchmarking
- Financial trends

ASPIRE
General Partner Information
- Fund performance
- Investment level track record

Clarity
Keyword Search Tool
- Board packages
- LP updates
- Financial MD&A

UNDERWRITING EDGE

Private Credit Deals Benefitted from Propriety Adams Street Database[1]

As of December 31, 2022.

1. Private Credit deals benefitting from proprietary Adams Street database represents the percent of deals since inception (March 2017) where Adams Street had knowledge relating to either the company or the General Partner sponsoring the deal. Examples include but are not limited to historical company financials, credit statistics, industry performance & benchmarking, General Partner track record, and board packages.

Adams Street Private Credit Platform Results

Adams Street

ADAMS STREET IS A PREFERRED FINANCING PARTNER FOR GPS

$6.4bn+
Invested Since Inception[1]

83%
Closed Deals backed by Adams Street GPs[2]

79%
Deals Closed with Repeat Sponsors[3]

ADAMS STREET PRIVATE CREDIT PERFORMANCE
Since Inception (2017-2022)

12.7%
Net IRR - Commingled Funds Since Inception[4]

0.0%
Realized Loss Rate[5]

As of December 31, 2022.

1. Invested since inception for Private Credit is the cumulative amount invested (funded) across all private credit vehicles including leverage. Inception date as of March 7, 2017.
2. Closed deals backed by Adams Street GPs represents the percent of Adams Street Private Credit portfolio companies that are backed by Adams Street General Partners.
3. Deals closed with repeat sponsors represents the percent of Adams Street Private Credit portfolio companies that are backed by General Partners who Adams Street Private Credit has invested in more than one portfolio company backed by the same GP.
4. Composite since inception IRR of dedicated private credit funds. Gross IRR is gross of Adams Street's fees, carried interest and expenses, which reduce returns to investors; net IRR is net of Adams Street Partners' fees, carried interest and expenses. Inception date as of March 7, 2017. Private Credit Funds include Adams Street Private Credit Fund I (2017), Adams Street Private Credit Fund II (2020), and Adams Street Senior Private Credit Fund II (2020). Composite performance does not reflect performance of any particular Adams Street fund or any investor in an Adams Street fund. **For fund-by-fund net performance of Adams Street's dedicated private credit funds, see "Strong, Consistent Performance Across Our Commingled Funds" in this presentation.** Past performance is not a guarantee of future results. There can be no guarantee that unrealized investments included in this data will ultimately be realized at values reflected herein.
   The IRRs set forth above reflect the use of a credit line.
5. Realized Loss Rate consists of total realized losses divided by total realized investments for all realized private credit investments including investments outside dedicated private credit funds. Inception date as of March 7, 2017.

Strong, Consistent Performance Across Our Commingled Funds[1]

Fund	Vintage	Size (millions)[2]	Amount Drawn (millions)	Net MOIC [3]	Net IRR [4,5]
Adams Street Private Credit Fund I[6]	**2017**	**$457.4**	**$474.7**	**1.35x**	**12.5%**
Adams Street Private Credit Fund II (Levered)[7]	**2020**	**$464.7**	**$316.7**	**1.20x**	**13.0%**
Senior Private Credit II (Levered)	2020	$286.3	$313.2	1.19x	17.9%
Senior Private Credit II (Unlevered)	2020	$1,024.9	$860.9	1.12x	11.2%

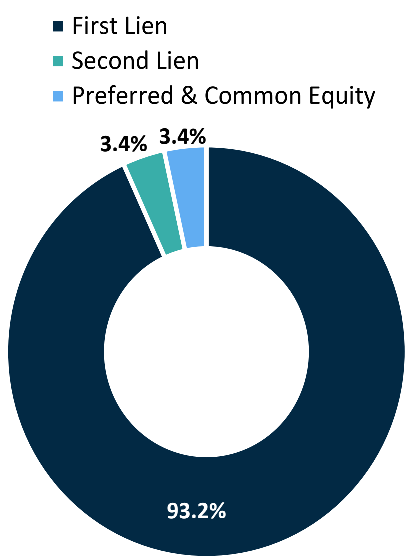
1. Performance as of 12/31/2022. Past performance is not a guarantee of future results. The performance data set forth above includes unrealized investments. There can be no guarantee that unrealized investments included in this performance data will ultimately be liquidated at values reflected above.
2. Size reflects total capital commitments as of final close.
3. Net MOIC is equal to total value (comprised of investors' ending NAVs for the quarter plus distributions to the investors, less recallable distributions if applicable) net of Adams Street Partners' fees, carried interest and expenses / amount drawn from investors, less recallable distributions if applicable. Net MOIC is calculated excluding the value of the GP's investment in the fund. The Net MOIC figure reflects the use of a credit line.
4. Net IRR is the since inception internal rate of return, which is net of Adams Street Partners' fees, carried interest, and expenses.
5. The IRRs set forth above reflect the use of a credit line. It should not be assumed that the funds will ultimately achieve the returns set forth above; the ultimate returns of these funds may be materially lower.
6. Adams Street Private Credit Fund I is composed of Adams Street Private Credit Fund I-A ("Fund I-A") and Adams Street Private Credit Fund I-B ("Fund I-B"). Fund I-A and Fund I-B have different structural characteristics that may result in different investment timing and pacing. The difference between the two return profiles is expected to narrow over time. The gross MOIC of Fund I-A is 1.45x, and the gross MOIC of Fund I-B is 1.39x. The net MOIC of Fund I-A is 1.37x, and the net MOIC of Fund I-B is 1.29x. The gross since inception IRR of Fund I-A is 15.9%, and the gross since inception IRR of Fund I-B is 13.9%. The net since inception IRR of Fund I-A is 13.0%, and the net since inception IRR of Fund I-B is 10.1%.
7. Adams Street Private Credit Fund II (Levered) is composed of Adams Street Private Credit Fund II-A ("Fund II-A") and Adams Street Private Credit Fund II-B ("Fund II-B"). Fund II-A and Fund II-B have different structural characteristics that may result in different investment timing and pacing. The difference between the two return profiles is expected to narrow over time. The net MOIC of Fund II-A is 1.22x, and the net MOIC of Fund II-B is 1.15x. The net since inception IRR of Fund II-A is 11.9%. The net since inception IRR of Fund II-B is not yet meaningful as the fund has less than one year of cash flows.

Private Credit II Program Portfolio Highlights

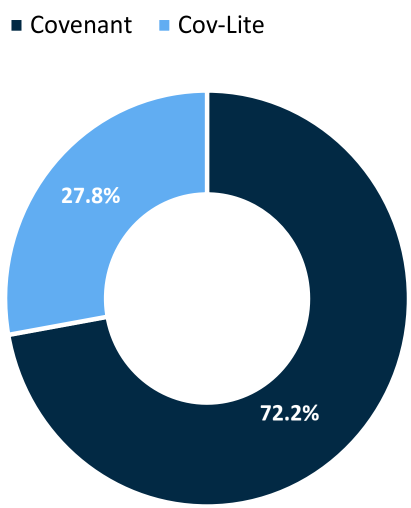
Diversified portfolio of directly originated senior secured loans

Fund Statistics[1]	Private Credit II Program Total*	Senior Private Credit II	Private Credit II[2]
First Investment		**May 29, 2020**	**July 21, 2020**
Fund Capital Raised	$2,126mm	$1,311mm	$815mm
Number of Portfolio Companies (active)	51	48	50
Weighted Average Unlevered Yield (current)[3,4]	12.0%	11.9%	12.0%
Weighted Average Equity Cushion (current)[5]	55.7%	55.5%	56.1%
Weighted Average EBITDA (current)[5]	$94.7mm	$90.3mm	$101.0mm
Weighted Average Net Leverage (current)[5,6]	5.4x	5.5x	5.3x

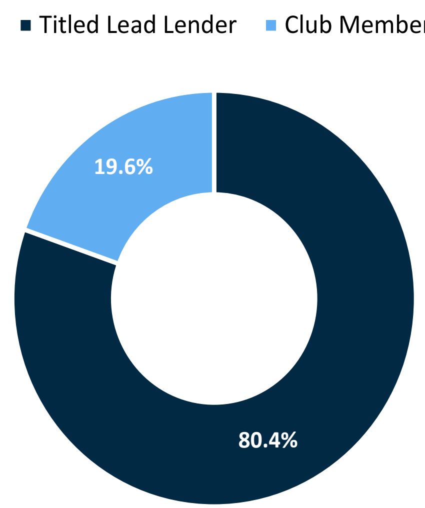
Asset Mix



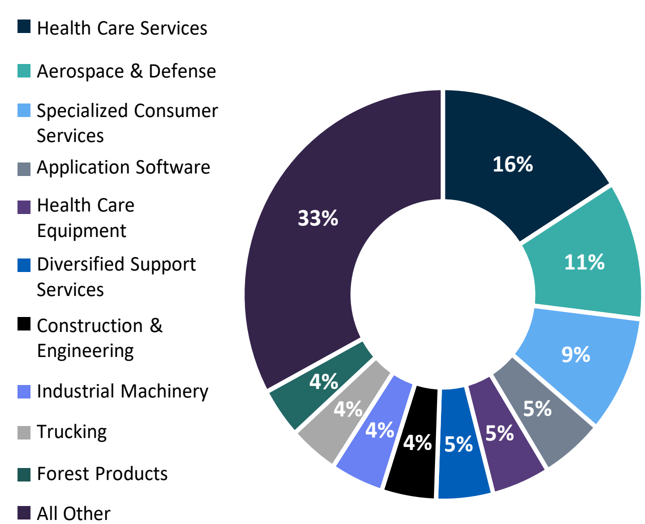
Covenants vs. Cov-Lite



Titled Lead Lender



Industry



Preliminary March 31, 2023

*"Private Credit II Program Total" is composite data for Senior Private Credit II and Private Credit II. Senior Private Credit II has a levered sleeve option with target leverage of 1.5x and Private Credit II is a levered vehicle with target leverage of 1.0x.

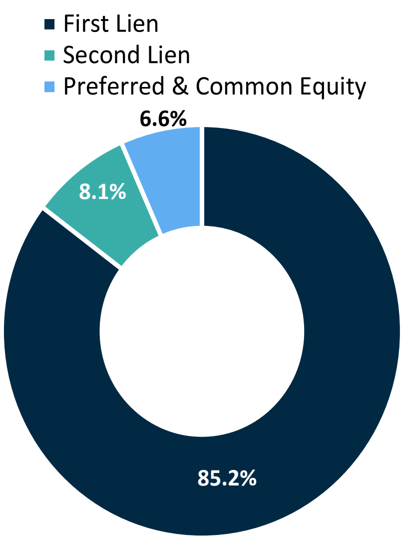
Please refer to page entitled "Notes to Private Credit II Program Portfolio Highlights" for detailed footnotes, including with respect to the Current Yield.

Private Credit I Portfolio Highlights

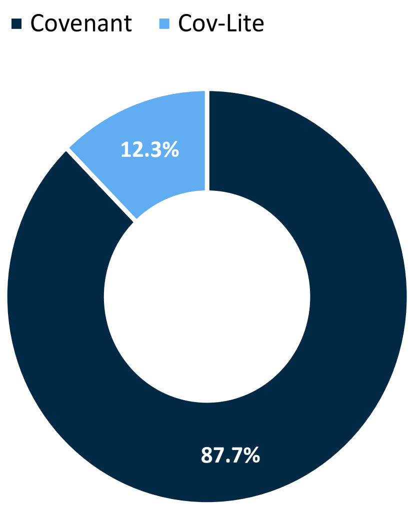
Fund Statistics[1]	Private Credit I
First Investment	**March 17, 2017**
Fund Capital Raised	$457mm
Number of Portfolio Companies (active)	16
Weighted Average Unlevered Yield (current)[2,3]	11.8%
Weighted Average Equity Cushion (current)[4]	53.7%
Weighted Average EBITDA (current)[4]	$75.8mm
Weighted Average Net Leverage (current)[4,5]	5.0x

Adams Street Private Credit I invests across the entire capital structure including senior secured debt, junior debt and equity

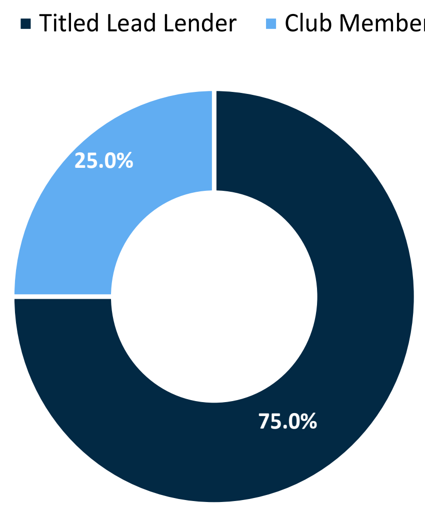
Asset Mix



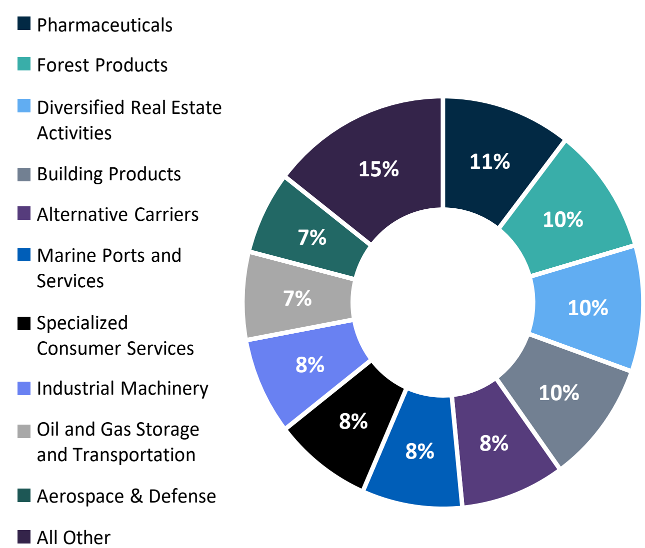
Covenants vs. Cov-Lite



Titled Lead Lender



Industry

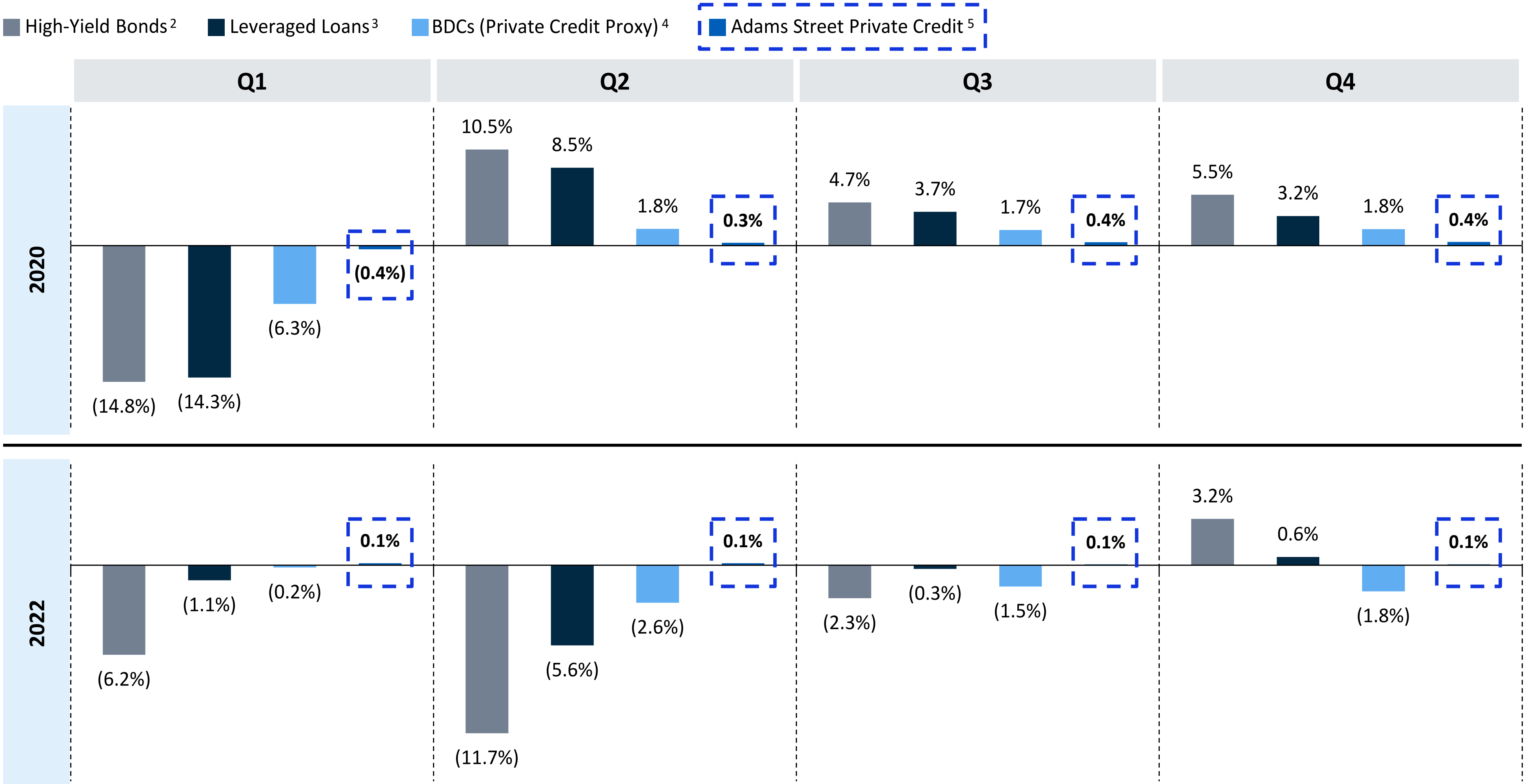


Preliminary March 31, 2023

Please refer to page entitled "Notes to Private Credit I Portfolio Highlights" for detailed footnotes, including with respect to the Current Yield.

Adams Street Portfolio Has Exhibited Stability Amidst Market Volatility

Market Volatility | Quarter Over Quarter % Change In Valuation[1]



1. Sources: LCD, an offering of S&P Global Market Intelligence, BDC public filings. 2020 quarter over quarter figures reflect changes from 12/31/19 to 3/31/20, 3/31/20 to 6/30/20, 6/30/20 to 9/30/20, and 9/30/20 to 12/31/20. 2022 quarter over quarter figures reflect changes from 12/31/21 to 3/31/22, 3/31/22 to 6/30/22, 6/30/22 to 9/30/22, and 9/30/22 to 12/31/22.
2. ICE BofA US High Yield (H0A0) Average Bid Price.
3. S&P/LSTA Leveraged Loan Average Bid Price.
4. Reflects mean values for BDCs with Total Assets above $500mm. Private Credit Proxy refers to aggregated financial metrics for publicly-traded BDCs with Total Assets above $500mm.
5. 2020 Adams Street Private Credit data set includes all Adams Street private credit investments made by Adams Street Private Credit Fund I (as PC II did not begin investments until mid-2020). 2022 Adams Street Private Credit data set includes all Adams Street private credit debt investments in the Senior Private Credit Fund II portfolio (as the Senior Private Credit sleeves had the most established track record during 2022; Private Credit Fund II has additional sleeves that are not included in this data). Past performance is not a guarantee of future results. There can be no guarantee against a loss, including a complete loss, of capital. There can be no guarantee that unrealized investments included in this data will ultimately be liquidated at values consistent with the data provided herein. <u>**Please see the slide entitled "Adams Street Partners Net Performance" included in this presentation for complete information related to the relevant funds.**</u>

Private Credit III Program

Draft Key Terms and Conditions

Fund	Private Credit Fund III (Indicative)[1]	
Targeted Size	$4.5 billion (across all sleeves of Private Credit III Program)	
Strategy	Invest primarily in senior secured debt with flexibility to invest across the capital structure	
Minimum Commitment	$10 million[2]	
Sponsor Commitment	At least 1% of the total capital commitments (across all sleeves of Private Credit III Program)	
Investment Period	Three years from the date of the final close	
Term	Six years from the final close, subject to up to two one-year extensions	
Targeted Net Return	12-14%+[3]	
Target Leverage[4]	Up to 1.0x	
Geography	Primarily North America	
Management Fees	**Subscription Amount**	**Management Fee on Invested Capital**
	First $50 million	1.50%
	Next $50 million	1.25%
	Over $100 million	1.00%
Carried Interest and Hurdle	15% with 7% hurdle	

1. This vehicle within the Private Credit III ("PC III") program is not currently available for investment, there can be no guarantee that a vehicle will ultimately be formed and the above terms are presented as a preliminary summary only. In the event a vehicle is formed, such terms are potentially subject to adjustment and all information contained herein is qualified in its entirety by reference to the final governing documents. Potential investors should carefully review the governing documents of any such vehicle for more detailed descriptions regarding fees, expenses, strategy, risks and other important information.
2. Adams Street Partners reserves the right to waive the minimum subscription amount.
3. Targeted net returns (after Adams Street's fees, expenses and carried interest) are only targets, aspirational in nature and based on Adams Street's historical experience as an investor; returns have not been modeled using assumptions related to returns, expenses or other factors. There is no guarantee that Adams Street or any investment vehicle advised thereby will achieve returns in the targeted range.
4. The target leverage is only a target. There can be no guarantee that any vehicle will achieve its target leverage.

Appendix

Notes to Private Credit II Program Portfolio Highlights

As of March 2023

1. Deal statistics for Private Credit Fund II. Does not include commitments made to Private Credit portfolio companies by other Adams Street Funds or repayments.
2. Private Credit II refers to the successor fund to Private Credit Fund I and is a flexible mandate fund investing across the capital structure.
3. Weighted Average Unlevered Yield calculated as weighted average of deal level spreads, with weighting based on deal level investment amount. Deal level cash yield calculated based on weighted-average pricing spread, 3-month SOFR of 4.91% as of 03/31/2023, applicable LIBOR or SOFR floors, amortization of upfront fees and OID, and compounding impact. Assumes pre-payment periods as follows: assumes 1st lien is prepaid in 2.5 years, 1st lien unitranche prepaid in 3.25 years, and 2nd lien is prepaid in 4.5 years. There can be no guarantee that the foregoing assumptions will ultimately prove accurate or that the yields set forth above will be realized.
4. Yield only measures income, as an annual percentage rate, and Adams Street considers such performance metric distinct from more comprehensive overall return metrics that take into account current value, ultimate disposition, and other factors that impact total return. Additionally, yield for individual investments is not reflective of the return achieved by the relevant fund; for fund-level performance information on Adams Street's dedicated private credit funds, see the slide titled "Strong, Consistent Performance Across Our Commingled Funds" in this presentation.
5. Preliminary data as of March 31, 2023.
6. Weighted Average Net leverage represents constituent company level leverage, weighted based on deal level investment amount. Does not include investments that are based on multiples of annual recurring revenue ("ARR") loans, which are excluded due to the different methodology. The inclusion of ARR investments would not, in our opinion, be comparable and may increase or decrease the portfolio's overall leverage. Does not include PlayMonster given company LTM EBITDA available as of this report was negative and therefore leverage for such investments is incalculable. The negative LTM EBITDA for this portfolio company is believed to be due to idiosyncratic issues that are expected to be temporary in nature. Such investments will be included when mathematically possible. Additional information on excluded investments is available upon request.

Past performance is not a guarantee of future results. There can be no guarantee that performance of other investments will equal or exceed performance of investments identified herein.

Notes to Private Credit I Portfolio Highlights

As of March 2023

1. Deal statistics for Private Credit Fund I. Does not include commitments made to Private Credit portfolio companies by other Adams Street Funds or repayments.
2. Weighted Average Unlevered Yield calculated as weighted average of deal level spreads, with weighting based on deal level investment amount. Deal level cash yield calculated based on weighted-average pricing spread, 3-month SOFR of 4.91% as of 3/31/2023, applicable LIBOR or SOFR floors, amortization of upfront fees and OID, and compounding impact. Assumes pre-payment periods as follows: assumes 1st lien is prepaid in 2.5 years, 1st lien unitranche prepaid in 3.25 years, and 2nd lien is prepaid in 4.5 years. There can be no guarantee that the foregoing assumptions will ultimately prove accurate or that the yields set forth above will be realized.
3. Yield only measures income, as an annual percentage rate, and Adams Street considers such performance metric distinct from more comprehensive overall return metrics that take into account current value, ultimate disposition, and other factors that impact total return. Additionally, yield for individual investments is not reflective of the return achieved by the relevant fund; for fund-level performance information on Adams Street's dedicated private credit funds, see the slide titled "Strong, Consistent Performance Across Our Commingled Funds" in this presentation.
4. Preliminary data as of March 31, 2023.
5. Weighted Average Net leverage represents constituent company level leverage, weighted based on deal level investment amount.

Past performance is not a guarantee of future results. There can be no guarantee that performance of other investments will equal or exceed performance of investments identified herein.

Key Risk Factors

This document identifies a number of benefits associated with, or inherent in, Adams Street's services and operations on behalf of a particular investment strategy or a fund; however, it is important to note that all investments come with material risks, some of which may be magnified in a private markets investment, which may pursue highly speculative investments and which have limited liquidity, as further identified in the Fund's definitive documents. Further, although Adams Street believes that the firm and its personnel will have competitive advantages in identifying, diligencing, monitoring, consulting, improving and ultimately selling investments on behalf of vehicles managed by the firm, there can be no guarantee that Adams Street will be able to maintain such advantages over time, outperform third parties or the financial markets generally, or avoid losses.

THE RISK FACTORS LISTED BELOW ARE NOT INTENDED TO BE EXHAUSTIVE; ADDITIONAL IMPORTANT RISKS ASSOCIATED WITH AN INVESTMENT IN A FUND ARE INCLUDED IN THE RELEVANT FINAL DOCUMENTATION.

Past Performance Not Necessarily Predictive of Future Performance: There is no assurance that the performance of any Adams Street-managed fund will equal or exceed the past investment performance of entities managed by Adams Street or its affiliates.

Appropriateness of Investments: An investment in an Adams Street-managed fund is not appropriate for all investors. An investment is appropriate only for sophisticated investors and an investor must have the financial ability to understand and willingness to accept the extent of its exposure to the risks and lack of liquidity inherent in an investment in an Adams Street-managed fund. Investors should consult their professional advisors to assist them in making their own legal, tax, accounting and financial evaluation of the merits and risks of investment in a fund in light of their own circumstances and financial condition. An investment in an Adams Street-managed fund requires a long-term commitment, with no certainty of return. There may be little or no near-term cash flow available to the limited partners. Many of a fund's portfolio investments will be highly illiquid. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to the limited partners.

High Risk Asset Class: Private markets investments, whether made directly into portfolio companies or indirectly via investment funds or CLOs, are high-risk and subject to loss, even loss of a part or all of an investor's entire investment.

Illiquidity: An investment will be highly illiquid. There will be no market for interests, investors will have only very limited withdrawal rights for specific legal or regulatory reasons, and any transfer of an interest will be subject to the approval of the general partner of the relevant entity. The interests will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or any state or other securities laws and may not be transferred unless registered under applicable federal or state securities laws or unless an exemption from such laws is available. In addition, the direct or indirect portfolio company investments that a fund will make are also generally and similarly illiquid.

Valuations May Fluctuate: The valuations of investments are calculated based upon good faith assessment of the fair value of the assets. Therefore, valuations of investments for which market quotations are not readily available may differ materially from the values that would have resulted if a liquid market for such investments had existed. Even if market quotations are available for any of the investments made pursuant to a fund's strategy, such quotations may not reflect the realizable value. A fund may experience fluctuations in results from period to period due to a number of factors, including changes in the values of the investments made pursuant to a fund's strategy, changes in the frequency and amount of drawdowns on capital commitments, distributions, dividends or interest paid in respect of investments, the degree of competition, the timing of the recognition of realized and unrealized gains or losses and general economic and market conditions (including, but not limited to, the effect of any catastrophic and other force majeure events on the financial markets, the economy overall and/or various industries). As an asset class, private markets have exhibited volatility in returns over different periods and it is likely that this will continue to be the case in the future. Such variability may cause results for a particular period not to be indicative of performance in a future period.

 Continued on next page

Key Risk Factors (continued)

Extraordinary Events: Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States, its interests abroad or other countries and natural disasters may adversely affect the United States, other countries, global financial markets and global economies and could prevent a fund from meeting its investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect certain financial markets and any Adams Street-managed fund(s) for the short or long term in ways that cannot presently be predicted.

Force Majeure Events: Investments may be subject to catastrophic events and other force majeure events. These events could include fires, floods, earthquakes, adverse weather conditions, pandemics, assertion of eminent domain, strikes, acts of war (declared or undeclared), riots, terrorist acts, "acts of God" and similar risks. These events could result in the partial or total loss of an investment or significant down time resulting in lost revenues, among other potentially detrimental effects. Some force majeure risks are generally uninsurable and, in some cases, investment project agreements can be terminated if the force majeure event is so catastrophic that it cannot be remedied within a reasonable time period.

Impact of Borrowings: Borrowing will directly impact (positively or negatively) the returns of an investment in an Adams Street-managed fund and increase the risks associated with an investment in such fund. Calculations of net and gross IRRs in respect of investment and performance data included and/or referred to in performance materials, and with respect to an Adams Street-managed fund, as reported to limited partners from time to time, are based on the payment date of capital contributions received from the applicable limited partner or timing of investment inflows and outflows received or made by the investing entity. In instances where an Adams Street-managed fund utilizes borrowings under a fund's subscription-based credit facility or asset-backed facility (or other facility), use of such facility (or other leverage) may result in a higher reported IRR (on an investment level and/or fund level) than if the facility had not been utilized because such borrowings were used in lieu of capital contributions or in advance of related capital contributions that would only be made at a later date. Use of a subscription-based credit facility (or other long-term leverage) may present conflicts of interest as a result of certain factors and the applicable fund's general partner may make distributions prior to the repayment of outstanding borrowings.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of an Adams Street-managed fund and its limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the applicable fund's general partner's ability to consent to the transfer of a limited partner's interest in such fund or impose concentration or other limits on such fund's investments, and/or financial or other covenants, that could affect the implementation of such fund's investment strategy.

As a result of the foregoing and similar factors, use of such leverage arrangements with respect to investments may provide the applicable fund's general partner with an incentive to fund investments through long-term borrowings in lieu of capital contributions. Moreover, the costs and expenses of any such borrowings will generally be borne as costs and expenses of such fund, which will increase the expenses borne by the applicable limited partners and would be expected to diminish net cash on cash returns.

Subject to the limitations set forth in the applicable partnership agreements, Adams Street maintains substantial flexibility in choosing when and how subscription-based credit facilities or other lending facilities are used. Adams Street is authorized to adopt from time to time policies or guidelines relating to the use of such credit facilities. Such policies may include using the credit facilities to systematically defer calling capital from investors (such as seeking to call capital only once a year). In addition to using such facilities to defer capital calls, Adams Street may elect to use short or long-term fund-level financing for investments including (a) for investments that have a longer lead time to generate cash flow or to acquire assets, (b) for platform investments that require capital to fund operating expenses prior to developing sufficient scale to self-fund or generate enterprise value, (c) for investments where cash is retained in the business to fund activity that results in incremental returns for the investment, (d) to make margin payments as necessary under currency hedging arrangements, (e) to fund management fees otherwise payable by investors, (f) for investments with revenues in a foreign currency and (g) when Adams Street otherwise determines that it is in the best interests of the applicable fund.

 Continued on next page

Key Risk Factors (continued)

Availability of High-Quality Investment Opportunities: Investors will be dependent on the ability of Adams Street and its affiliates to provide access to high-quality private markets investment opportunities. There is no assurance that such opportunities will be available during the period over which an investor's investment will be allocated to investments or that high-quality investment opportunities will be available at attractive prices. In addition, in the event Adams Street does identify any such opportunities, it should not be assumed that an Adams Street-managed investment vehicle will be allocated a portion of any such opportunity. The application of the factors described herein, and applied under Adams Street's investment allocation policy (the "Investment Allocation Policy"), will result in the exclusion of certain managed entities from an allocation, and the Investment Allocation Policy does not require that a managed entity, including any particular investment vehicle, participate in every entity in which it is eligible to invest.

Competition: Investment vehicles managed by Adams Street will compete for investments with third parties, including other financial managers, investment funds, pension funds, corporations, endowments and foundations, wealthy individuals and family offices, among many others. Investment vehicles, including those managed by Adams Street will compete for limited capacity in such investments. There can be no assurance that Adams Street will be able to locate and complete attractive investments or that the investments which are ultimately made will satisfy all of the relevant objectives.

Compliance with the Directive: The Alternative Investment Fund Managers Directive (the "EU Directive") came into force in the European Economic Area (the "EEA") in July 2011 and has been on-shored, with minor modifications, by the United Kingdom (the "UK") following its departure from the European Union (the "EU") (the EU Directive and its UK equivalent together, the "Directive"). The Directive applies to (i) alternative investment fund managers (each, an "AIFM") established in the EEA and the UK who manage EEA, UK or non-EEA alternative investment funds (each, an "AIF"), (ii) non-EEA AIFMs who manage EEA or UK AIFs, and (iii) non-EEA AIFMs who market their AIFs within the EEA or the UK. European secondary implementation legislation has been adopted, and individual EEA member states were required to implement the Directive into domestic law by July 22, 2013. The Directive imposes various operating requirements on EEA and UK AIFMs, and, to a lesser extent, non-EEA AIFMs seeking to market an AIF within the EEA or the UK. As a result of the Directive's implementation, Adams Street or its agents may be required to give notice to or seek the approval of regulators in certain countries in connection with the marketing of certain investment vehicles. This may preclude Adams Street from marketing to you further until such notice is given or approval is obtained or otherwise significantly disrupt marketing activity. Compliance by Adams Street with the transparency, reporting and disclosure requirements of the Directive will significantly increase the regulatory burden and costs of doing business within the EEA and the UK and this may have an adverse impact on certain investment vehicles and Adams Street. The operating requirements imposed by the Directive include, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage, restrictions on early distributions ("asset stripping" rules), disclosure and reporting requirements to both investors and home state regulators, and independent valuation of an AIF's assets. As a result, the Directive could have an adverse effect on Adams Street and certain of its investment vehicles by, among other things, imposing extensive disclosure obligations significantly restricting marketing activities within the EEA and the UK, increasing the regulatory burden and costs of doing business in the UK and in EEA member states, and potentially requiring Adams Street to change its compensation structures for key personnel, thereby affecting Adams Street's ability to recruit and retain these personnel. The Directive could also limit Adams Street's operating flexibility and a Fund's investment opportunities, as well as expose Adams Street and/or a Fund to conflicting regulatory requirements in the United States (and elsewhere) and the EEA or the UK. On 25 November 2021, the European Commission published a proposed text to revise the EU Directive and Directive 2009/65/EC. While the text is not yet finalized, there are proposals which, if implemented and applied to Non-EEA AIFMs, could adversely affect Adams Street's ability to market a Fund in the EEA, could increase the costs associated with the management and operation of a Fund as a result of additional disclosure and reporting requirements, and could affect the ability of a Fund to conduct its operations, including but not limited to: concentration limits, limits on lending to connected entities, risk retention requirements, and mandated liquidity management mechanisms, to the extent applicable to a Fund.

Extracted Performance Methodology

Because of the difficulty of applying fund-level fees to individual investments, the fee schedule used to develop extracted net performance figures is based on the application of a gross-net fund-level percentage differential to investment(s). Extracted performance represents performance of a single investment or group of investments made within a single fund, and if grouped together have been grouped together because they represent investments made within a similar strategy, in similar industries, across similar year of initial investment, with similar liquidity dates, within similar geographies or for other reasons as described by the composite.

The calculation of net performance for all extracts uses the largest percentage fee paid (measured as the differential between net and gross fund-level returns, based on both IRR and multiple (whether MOIC, TVPI, or DPI), respectively, by an investor in the relevant fund, with the relative percentage difference then applied at the investment-level. For example, the calculation with respect to IRR and multiple would work as follows:

- If the investor that experienced the largest spread between their gross and net fund-level IRR returns experienced 20% gross IRR and 18% net IRR returns, this would be calculated as a 10% reduction in the net performance (i.e., 20-18=2 and 2/20 =10%). Therefore, applying this at the individual investment level, an investment that experienced 15% gross IRR return would be estimated to have 13.5% net IRR return.
  - In instances where investment-level gross IRR is negative, the extracted net IRR estimate is calculated by treating the return as an absolute value to calculate the gross/net spread; for example, if the investor that experienced the largest spread between their gross and net fund-level IRR returns experienced 20% gross IRR and 18% net IRR returns, this would be calculated as a 10% reduction in the net performance (i.e., 20-18=2 and 2/20 =10%). Therefore, applying this at the individual investment level, an investment that experienced -10% gross IRR return would be estimated to have -11% net IRR return.
  - For investments that fully realize in less than one year, the extracted net IRR estimate is calculated by treating the return as a time-weighted return, which uses the extracted net multiple as a basis. In these instances, the extracted net multiple is adjusted to reflect the respective holding period (i.e., deal A realized in 6 months and has a 1.10x gross MOIC and 21% gross annualized IRR. If the respective Adams Street fund has a life of two years and the investor that experienced the largest spread between their gross and net fund-level MOIC returns experienced 3.0x MOIC and 2.7x net MOIC returns, deal A would be estimated to have an extracted net multiple of 1.07). Therefore, deal A has an estimated annualized extracted net IRR of 15%.
  - In instances where investment-level gross multiple is greater than or equal to 1.0x, but the extracted net multiple is less than 1.0x, the IRR estimate is calculated by treating the return as a time-weighted return and uses the extracted net multiple as a basis. The extracted net multiple is based on the investor that experienced the largest spread between their gross and net fund-level MOIC returns, as further described below.
- Extracted performance showing an estimated net IRR is not considered meaningful for funds where investor cash flows are less than one year and therefore are not shown. Additionally, neither gross nor estimated net IRR are shown for unrealized deals less than one year.
- If the investor that experienced the largest spread between their gross and net fund-level MOIC returns experienced 3.0x MOIC and 2.7x net MOIC returns, this would be calculated as a 10% reduction in the net performance (i.e., 3.0-2.7=0.3 and 0.3/3.0 =10%). Therefore, applying this at the individual investment level, an investment that experienced 2.5x gross MOIC return would be estimated to have 2.25x net MOIC return.
- In certain situations, extracted performance may be presented from a composite (i.e., geographic or deal status extracts from a strategy composite). In such situations, extracted net performance is calculated based on the composite's gross / net spread.

The above calculation methodology is based on unlevered fund-level returns and therefore automatically incorporates actual management fees, carried interest, organizational and operating expenses paid by applicable investors; however, this may result in a larger or smaller application of fees to certain investments than would be the case within the context of the fund where such fees are spread out and therefore generally dollar-weighted.

The effects of lines of credit are not included in the calculation of extracted net performance as gross investment-level returns are not affected by lines of credit. For individual investors and unlevered fund-level returns, where returns are dependent on the date capital is actually called and distributed, lines of credit have the ability to substantially alter, either positively or negatively, reported performance. The actual returns experienced at both the investor and fund-level for private credit strategies are generally higher because of the effect of leverage.

 Continued on next page

The exact types and amount of fees, expense caps, cash flows, percentages and other deductions of the most applicable fund are generally available in the term sheet for the most recent applicable fund (or prospective fund, although fees for such prospective fund are subject to change prior to finalization). Additionally, fees, including a detailed description of Adams Streets assumptions and process is available upon request.

Actual fees for earlier funds may have been higher, lower, contained different ramp up or tail down provisions, have different hurdles or carried interest percentages, as well as other provisions; therefore, the estimated net performance does not represent the returns achieved by any Adams Street investor or Adams Street fund. There can be no guarantee as to the fee schedule for future funds and any fees will be disclosed in, and are qualified in their entirety by reference to, the final governing and offering documents for such fund.

Calculated fees are based on the highest fees paid by US-based investors; foreign investors entering a fund through an offshore vehicle would generally be expected to bear tax obligations associated with their commitment to the offshore vehicle. Tax obligations are not estimated, as they are generally dependent on the performance of the fund as well as an investor's individual circumstances. Additional information can be found in the applicable offering documents.

The calculation methodology and related assumptions are updated on a periodic basis and were last updated as of May 2023. Data is through December 31, 2022, unless indicated otherwise.

Composite Performance Methodology

The modeled fee schedule used to develop composite net performance figures is based on either the most applicable fund currently in market, or if no fund is in market, the most recently closed fund. Composite performance represents investments across multiple funds that have been grouped together because they represent investments made within a similar strategy, in similar industries, across similar year of initial investment, with similar liquidity dates, within similar geographies or for other reasons as described by the composite.

The model net performance for all composites assumes a management fee schedule that represents the average management fee paid by the highest fee-paying investor as computed over the anticipated life of the fund. This methodology results in slightly higher fees being paid at the beginning and end of the life of the fund, while also showing lower fees during the middle years of the fund, in each case than are actually incurred. In certain instances, funds may have tail down but not ramp up periods.

Modeled carried interest is similarly based on the highest carried interest by offering without regard to hurdle. This results in carried interest being applied without regard to whether carry is accrued or paid. This is applicable to Adams Street's offerings that charge carried interest. Not all Adams Street offerings charge carried interest.

Funds generally incur both operational and organizational expenses. Organizational expenses typically are incurred in the first year of the life of the fund and are subject to an expense cap. Operational expenses are incurred on an annual basis, recur throughout the life of the fund and generally represent a range of 5-7 basis points of an investor's total capital commitment.

The effects of lines of credit are not included in the model as gross investment-level returns are not affected by lines of credit. For individual investors and fund-level returns, where returns are dependent on the date capital is actually called and distributed, lines of credit have the ability to substantially alter, either positively or negatively, reported performance. The actual returns experienced at both the investor and fund-level for private credit strategies are generally higher because of the effect of leverage.

The exact types and amount of fees, expense caps, cash flows, percentages and other deductions of the most applicable fund are generally available in the term sheet for the most recent applicable fund (or prospective fund, although fees for such prospective fund are subject to change prior to finalization). Additionally, fees, including a detailed description of Adams Street's assumptions and modeling process are available upon request.

Actual fees for earlier funds may have been higher, lower, contained different ramp up or tail down provisions, have different hurdles or carried interest percentages, as well as other provisions; therefore, the modeled net performance does not represent the returns achieved by any Adams Street investor or Adams Street fund. There can be no guarantee as to the fee schedule for future funds and any fees will be disclosed in, and are qualified in their entirety by reference to, the final governing and offering documents for such fund.

Model fees are based on the highest fees paid by US-based investors; foreign investors entering a fund through an offshore vehicle would generally be expected to bear tax obligations associated with their commitment to the offshore vehicle. Tax obligations are not estimated, as they are generally dependent on the performance of the fund as well as an investor's individual circumstances. Additional information can be found in the applicable offering documents.

The calculation methodology and related assumptions are updated on a periodic basis and were last updated as of May 2023. Data is through December 31, 2022, unless indicated otherwise.

The above is considered to represent a relatively detailed description of Adams Street's methodology; however, additional details are available upon request.

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Methodology and Assumptions Associated with Calculation of Composites and Extracts (continued)

As of June 2023

Risks and Other Material Assumptions Associated with Use of Models, Estimates and Hypothetical Performance

This document contains projections, forward-looking statements, and analysis of past performance, which in some cases may be hypothetical (as further described herein), and includes all statements regarding the expected financial position, business and financing plans or any projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion. Such forward-looking statements or hypothetical analysis of past performance are, as applicable, only estimates of future results or past performance and are based upon assumptions made at the time such projections or statements were developed or made. Although Adams Street believes that such statements are reasonable, it can give no assurance that such expectations will prove to have been correct and such statements should not be regarded by the recipient as a guarantee, prediction or definitive statement of fact or probability. There can be no assurance that the results set forth in the projections or the events predicted will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections or forward-looking statements. Further, important factors that could cause actual results to differ materially are disclosed, either within this presentation, are available in the associated offering document of the applicable or are available upon request. All subsequent written and oral forward-looking or hypothetical statements attributable to an Adams Street offering or persons acting on Adams Street's or the Fund's behalf are expressly qualified in their entirety by such disclosures and limitations.

Adams Street has a reasonable basis to believe that such projections, statements and hypothetical performance are relevant to the likely financial situation and investment objectives of the intended audience based on a variety of factors, including, but not limited to, in each case as determined applicable: (i) Adams Street's experience managing prior investment vehicles and the fact that in the past similarly situated investors have valued (and in some cases, requested) similar types of hypothetical performance; (ii) whether the recipient is an existing investor in an Adams Street product; (iii) the net worth or investing experience of the recipient; (iv) whether the recipient meets certain regulatory categories (e.g., qualified purchasers, qualified clients, or qualified institutional buyers); or (v) whether the recipient is a natural person or sophisticated institution.

July 24, 2023

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

SUBJECT: $20 Million Commitment to Harbourvest Direct Lending Fund II

Dear Board Members:

Attached is joint recommendation memo from NEPC and me for a $20 million investment commitment to Harbourvest Direct Lending Fund II (DL II).

Discussion

The Board adopted a revised asset allocation plan at its meeting of April 18, 2022, which in part increased the allocation targeted to private credit from 6% to 8%. At its meeting of March 27, 2023, the Board approved a 2023 Private Credit pacing commitment target of $225 million. To continue towards the Board's 2023 target, NEPC and I jointly recommend a $20 million commitment to DL II. The Board approved a $25 million investment commitment to DL II's predecessor fund, HarbourVest Direct Lending Fund I at its meeting of June 17, 2021, which has earned a since inception net-IRR of 9.26% as of December 31, 2022.

DL II

As described in in the attached NEPC joint recommendation report and more graphically detailed in HarbourVest's presentation deck, HarbourVest will leverage its extensive private equity connections, knowledge, and experience to source and diligence opportunities, mostly in senior and uni-tranche (typically adjustable interest rate) loans, which are at or near the top of the capital stack (senior debt holders are paid first). These types of fund investments are expected to play a defensive role in VCERA's private credit portfolio.

The Fund has a 3-year investment period and 6-year term, with 3 one-year extensions at the option of the General Partner. DL II offers both levered and unlevered sleeves with carried interest at 10%. The levered sleeve will target a 10% to 12% net internal rate of return (net-IRR), and a 1.2x to 1.4x Total Value of Paid-In capital (TVPI) multiple, and an expected loan to value ratio of approximately 50%. Management fees will be 65 basis points on invested capital, and there will a 7% hurdle rate. The unlevered sleeve is targeting a return of 7% to 9% and a projected net multiple of 1.1x – 1.3x, with an annual management fee of 75 basis points, and a 5% hurdle rate.

We recommend the levered option because of the more attractive fees and higher expected return with only minimally greater risk.

VCERA would be entitled to a 7.5 basis points 'last cycle investment' discount, a 5 basis points early closing discount, and additional fee discounts scaled to total NEPC client-advised commitments to this fund upon qualification.

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THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve a $20 million commitment to the HarbourVest Direct Lending Fund II, (levered sleeve), and,**

2. **Subject to successful contract negotiations, authorize the Board Chair or the Retirement Administrator or in the absence of both the Chief Investment Officer to approve and execute the required documentation.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

NEPC, LLC

To: Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: July 24, 2023

Subject: HarbourVest Direct Lending Fund II Recommendation

Recommendation

NEPC and staff recommend that the Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") approve a commitment of $20 million to the levered sleeve of the HarbourVest Direct Lending Fund II (the "Fund" or "Fund II"). Fund II has formally received a "2" rating from NEPC and is viewed as a suitable investment for VCERA's Private Credit portfolio. HarbourVest already has a $25 million commitment from VCERA in HarbourVest Direct Lending Fund I (2021 vintage), which also received a "2" rating. Fund I is performing in-line with expectations and as of June 30, 2023, has a net return since inception of 5.4%. HarbourVest also manages approximately $128.8 million of investments from VCERA's private equity portfolio and $63.4 million from VCERA's real assets portfolio.

NEPC and VCERA's CIO believe that Fund II fits well in the Plan's Private Credit allocation for the following reasons:

- **Tenured & Sizable Alternatives Platform**: HarbourVest is a tenured Fund-of-Funds platform and dedicated private markets asset manager, with over 40 years of private markets data. Since the inception of its first Fund-of-Fund, HarbourVest has built a strong partnership network with GPs, offering primary commitments, secondary solutions, equity co-investment capital and lending capabilities. The Firm has been a direct investor in over 34,000 portfolio companies since 1982 and HarbourVest currently has investments across Funds sponsored by over 750 private equity and private debt managers. Finally, HarbourVest has a retainer with Bain & Co. which HarbourVest will leverage when evaluating co-investment and credit opportunities. Bain & Co. provides HarbourVest with a dedicated account team, available on a no-notice basis. The team will conduct targeted commercial due diligence, including customer, market, competition, and disruption factors. As the relationship is on retainer, there is no decision-making process required to determine whether the consultant is utilized. It is estimated Bain is used for 40% of deals across the HarbourVest platform. Bain & Co. fees are allocated on a pro-rata basis, based on fund activity from the previous quarter.
- **Deal Sourcing**: HarbourVest is actively invested as an LP in over 2,000 funds, managing approximately 365 primary GP relationships and 400+ secondary GP relationships. These networks enabled the credit team to source and evaluate over 1,300 investment opportunities in 2022. Further, Fund I has closed on 65 unique borrowers across 40 private equity sponsors as of March 31, 2023.
- **Attractive Economics**: The starting standard fee for the levered sleeve is 0.65% on invested gross assets (inclusive of leverage) with a 10% carried interest over a 7% preferred return. The standard fee for the unlevered sleeve is 0.75% on invested

capital with a 10% carried interest over a 5% preferred return. These fees are already discounted relative to the senior lending universe where NEPC typically sees 1.25% on invested capital and 10% carried interest. In addition, HarbourVest is offering significant volume, early close, and last-cycle based fee breaks to NEPC clients. NEPC client commitments will be aggregated to meet the volume-based discount thresholds. Fees will be re-calculated at the end of the fundraise. The early close discount is for LPs committing within 6 months of the first close and expires on August 30, 2023 (documents due 2 weeks prior).

Overview of Ventura Private Credit Program (PC)

As of 6/30/2023, VCERA has committed $875 million to Private Credit, with approximately $480 million invested. Through 3/31/2023, the PC allocation has generated a net internal rate of return of 7.0% per annum, with a Total Value to Paid-In Capital ratio of 1.12x. Results have been achieved through a broad mix of Direct Lending, Real Estate, Distressed and Opportunistic Lending strategies. Prior to this investment, VCERA has made six 2023 vintage year commitments, totaling $160 million versus the 2023 Private Credit Pacing Plan total of $225 million.

Fund II Overview

HarbourVest aims to raise $1.5 billion for HarbourVest Direct Lending II to invest in 65 to 75 sponsor-backed middle market companies generating between $10 million to $200 million in EBITDA at initial investment. Target investment sizes are $25 million to $40 million per transaction and will be made across first lien (25% to 40%), unitranche (40% to 55%), and second lien (10% to 20%) investments. Equity or hybrid security positions may be included in the portfolio. As it relates to geographic exposure, companies will primarily be based in the US but up to 25% of the Fund may be allocated opportunistically into other geographies such as the UK, Europe, Canada, and Australia. The anticipated hold period ranges between five to seven years, however due to prepayments and refinancings, the anticipated average life is approximately three years. The portfolio aims to be well diversified across sectors, with no one sector representing more than 20% of available capital.

VCERA should be mindful that HarbourVest will typically act as a participant in all investments, as opposed to leading the construction of the deals. The Firm will rely largely on other lenders' ability to structure deal terms as well as lead any restructuring process in the event of a workout. Additionally, Fund II's key person clause protects against 24 of the Firm's senior managers leaving or 4 of the Firm's principals leaving. This clause is extremely broad, rather than pertaining specifically to the HarbourVest Direct Lending Fund II senior professionals. It is unlikely the clause would be triggered because it requires a substantial number of departures.

Fund II will have a 3-year investment period and a 6-year total fund term (subject to three one-year extensions). The Fund is offering both a levered and unlevered sleeve for investors. Target returns for the levered sleeve are approximately 1.2x to 1.4x net TVPI and 10% to 12% net IRR. Target returns for the unlevered sleeve are approximately 1.1x to 1.3x net TVPI and 7% to 9% net IRR. Fund-level leverage is capped at 65% of capital commitments but is anticipated the Fund will employ 60% leverage.

The starting standard management fee for Fund II's levered sleeve is 0.65% on invested gross assets (inclusive of leverage) with a 10% carried interest over a 7% preferred return.

The standard fee for the unlevered sleeve is 0.75% on invested capital with a 10% carried interest over a 5% preferred return.

Below is a breakdown of the associated management fee breaks:

1. Early close fee discount:
    - 5 bps reduction in fees for LPs committing within 6 months of the first close (expires on August 30, 2023, with documents due 2 weeks prior).

2. Volume Discount:
    - 5 bps reduction in fees for commitments between $50 and $100 million
    - 15 bps reduction in fees for commitments between $100 and $200 million
    - 20 bps reduction in fees for commitments greater than $200 million

3. Last Cycle Discount

   For any LP that also invested $25 million or more in certain other programs managed by HarbourVest over the last cycle (2022 Global Fund, Asia Pacific 5, Canada II, Credit Opportunities III, Direct Lending I, Dover XI, Fund XII, HCF VI, PECS, Stewardship, HIPEP IX, and Real Assets IV), a discount to the base average annual fee rates based on the total commitments made to the applicable programs in the last cycle ("Last Cycle Credit") will be provided on the following basis:

    - 5 bps reduction for Last Cycle Commitments ≥$25m to $150m
    - 7.5 bps reduction for Last Cycle Commitments ≥$150m to $250m
    - 10bps reduction for Last Cycle Commitments >$250mm

HARBOURVEST

Direct Lending Fund II

Ventura County Employees' Retirement Association

July 2023

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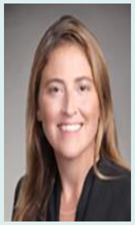
HarbourVest representatives



KAREN SIMEONE
Managing Director, HarbourVest Partners, LLC (Boston)

Karen Simeone joined Harbourvest in 2018 and focuses on investments in senior and junior private credit transactions. Throughout her career, Karen has managed all aspects of the private credit investment process including sourcing, evaluating, structuring, underwriting and managing secured debt securities of middle market companies. Prior to joining the Firm, Karen was a managing director at TCW in the Direct Lending Group (formerly Regiment Capital's direct lending team). Karen previously worked at Stairway Capital and HVB Group. Karen began her career at J.P. Morgan as part of the leveraged finance group and later became a member of the high yield research team. Karen received a BS from Georgetown University in 1998 and studied at the London School of Economics

BILL COLE
Principal, HarbourVest Partners, LLC (Boston)

Bill Cole joined HarbourVest in 2022 as a product specialist focused on private credit. Bill joined the Firm from Wellington Management Company, where he served as managing director and co-chair of the firm's Liability Driven Investing (LDI) team. In this role, he worked with actuaries, portfolio managers and fixed income strategists to design liability hedging solutions for corporate defined benefit plans. Prior to this, Bill was an investment officer at the College of the Holy Cross, where he was responsible for the oversight of the endowment's public equity, fixed income, and hedge fund allocations. Bill received an MBA in Finance from Drexel University and a BA in Economics and Asian Studies from the College of the Holy Cross. He holds the Chartered Financial Analyst and the Chartered Alternative Investment Analyst designations.

TERI NOBLE
Principal, Investor Relations, HarbourVest Partners, LLC (Boston)

Teri Noble joined HarbourVest's Investor Relations team in 2021 to focus on coordinating, monitoring, and enhancing relationships with new and existing investors. Teri has worked closely with institutional investors and consultants for over 20 years to create investment solutions for Plan Sponsors. Her previous experience includes Pathway Capital, American Realty Advisors, and BNY ConvergEx. She serves on several boards and committees of industry affiliated non-profit groups, including SACRS, Women in Institutional Investments Network (WIIIN), and Neighborhood Youth Association. Teri received a BA in International Relations from the University of California at Davis and an MBA from Saint Mary's College of California.

HarbourVest firm overview

HarbourVest at-a-glance

$109.8B
total AUM across all strategies*

1000+
advisory board seats

25 years
average industry experience of managing directors

Strong track record
40 years

Private markets
specialists in equity, credit, and real assets

Expertise
in primary, secondary, direct co-investments, real assets and infrastructure and private credit

1000+
Managers tracked

1000+
colleagues

225+
investment professionals

As of March 31, 2023
*Reflects committed capital from LPs for all active funds/accounts, excludes any funds / accounts that are in extension, liquidation, or fully liquidated.
Advisory board seats include all advisory / company board seats (including advisory / non-voting roles) held through a HarbourVest fund / account investments.

Independent – A deep and skilled organization

Independence, alignment, and collaboration drive client focus across teams

Leadership

- Owned by members
- 77 managing directors
- Culture of diversity and empowerment

Investor Relations

- 175+ Investor Relations, Client Service, and Marketing professionals
- Locally accessible
- Insight-driven value

Investments

- 225+ professionals
- 19 languages
- Resources and insight across regions and sectors
- Embedded investment risk process

Operations

- 525+ Operations, IT, Portfolio Analytics, HR, Accounting, Tax, Treasury, and Administration professionals
- Controls, policies, and procedures for each division

As of March 31, 2023

Global scale

Our market coverage is broad and deep

Expertise across capital structure (equity and debt) and investment types

Primary investments	Secondary & real assets	Direct – equity & credit
$56.1B committed	$48.1B committed	$34.7B committed

Americas

149 Investment professionals

$89.0B committed

EMEA

45 Investment professionals

$37.6B committed

Asia Pacific

33 Investment professionals

$12.3B committed

As of March 31, 2023. Based on primary, secondary, and direct commitments made by HarbourVest since inception. Commitment amounts reflect the aggregate commitments made by HarbourVest to primary, secondary, and direct investments since inception, and are presented gross of leverage.
Arrows indicate HarbourVest team location. Singapore office opened May 2021. Frankfurt office opened July 2021. Sydney office opened August 2022.

Client update

These materials do not constitute an offer to sell or the solicitation of an offer to buy interests in any fund or any other investment product sponsored by HarbourVest Partners L.P. or its affiliates ("HarbourVest"), hereafter referred to as the "Fund". Any offering of interests in the Fund will be made by means of delivery of a confidential Private Placement Memorandum or similar materials that contain a description of the material terms of such investment and subscriptions will be accepted solely pursuant to definitive documentation. These materials do not purport to contain all the information relevant to evaluating an investment in the Fund. No sale will be made in any jurisdiction in which the offer, solicitation, or sale is not authorized or to any person to whom it is unlawful to make the offer, solicitation, or sale. Offers and sales of interests in the Fund will not be registered under the laws of any jurisdiction and will be made solely to "qualified purchasers" as defined in the U.S. Investment Company Act of 1940, as amended. These materials are highly confidential and may not be reproduced or redistributed in any format without the express written approval of HarbourVest. An investment in the Fund involves a high degree of risk and therefore should be undertaken only by prospective investors capable of evaluating the risks of the Fund and bearing the risks such an investment represents. There can be no assurance that the Fund will be able to achieve its investment objectives or that the investors will receive a return on their capital. For further legal and regulatory disclosures see 'Additional Important Information' at the end of these materials.

Private equity and real asset investments managed by HarbourVest

Ventura County Employees' Retirement Association Summary as of March 31, 2023

Fund	NAV Date	Vintage Year	Committed Capital	Contributed Capital	Cumulative Distribution	Transfer of Interest	NAV	Total Value	TV/C	IRR
Dover VIII	3/31/23	2012	$ 67,500,000	62,100,000	98,517,570	0	6,942,103	105,459,673	1.7x	19.8%
Dover IX	3/31/23	2016	$ 60,000,000	52,800,000	54,192,006	0	37,809,685	92,001,691	1.7x	23.0%
Dover X	3/31/23	2020	$ 40,000,000	25,300,000	9,539,725	0	30,311,740	39,851,465	1.6x	36.3%
Dover XI	3/31/23	2023	$ 40,000,000	-	-	0	1,499,168	1,499,168	0.0x	NM
Co-Investment Fund IV	3/31/23	2016	$ 30,000,000	24,267,648	23,670,200	0	23,188,246	46,858,446	1.9x	16.9%
Co-Investment Fund V	3/31/23	2019	$ 35,000,000	27,125,000	5,592,394	0	42,716,873	48,309,267	1.8x	24.3%
Co-Investment Fund VI	3/31/23	2022	$ 35,000,000	12,250,000	-	0	12,737,702	12,737,702	1.0x	NM
Real Assets IV Fund	3/31/23	2021	$ 100,000,000	56,000,000	16,118,421	0	63,799,170	79,917,591	1.4x	39.4%
Grand Total:			$ 407,500,000	259,842,648	207,630,316	-	219,004,688	426,635,004	1.6x	21.9%

Only active funds are included.
Totals are based on historic exchange rates on date of actual cash flow. All funds include related AIVs.
NAV and Total Value reflect values as of NAV Date, updated for capital calls and distributions through the As of Date. Investor IRRs are based on the As of Date.
NM: Since the majority of capital has yet to be called from partners, the IRR is not yet meaningful.
Reflects net returns to client based on their specific commitments and cash flows, after all fees, operating expenses and carried interest. See 'Additional Important Information' at the end of the presentation, including important disclosures related to Net Performance Returns, Fees and Expenses. Past performance is not a reliable indicator of future results.

Private credit investments managed by HarbourVest HarbourVest Direct Lending Fund I

HarbourVest Direct Lending Fund I

Summary - Inception to Date		
Commitment	$	25,000,000
Less: Contributions		(19,000,000)
Remaining Capital Commitment		**6,000,000**
Capital Account Balance		18,597,453
Cumulative Distributions		2,404,938
Total Value (Ending Capital Account Balance plus Cumulative Distributions	**$**	**21,002,391**

Performance Summary (as of 12/31/22)	
Investor Level Net IRR	9.26%
Total Value to Paid-in	1.1x

As of March 31, 2023 unless otherwise notes. See 'Additional Important Information' at the end of the presentation, including important disclosures related to Net Performance Returns, Fees and Expenses. Past performance is not a reliable indicator of future results.

HarbourVest credit overview

Current market environment

We believe an evolving market environment has created a multi-faceted opportunity set in private credit for attractive risk-adjusted returns

Market themes

- Rising rates + macro pressures
- Direct lenders continuing to take share from syndicated loan market
- GP sponsors favoring efficiency, reliability and flexibility of private credit markets

Private credit market

- Higher yields resulting from higher base rates, wider credit spreads
- Syndicated loan market remains closed
- Lead lenders reducing hold sizes

Private equity market

- Need for debt capital
- Certainty of execution remains critical
- Significant dry powder to be deployed

✓ New private debt issuance at attractive risk-adjusted returns (higher yields, lower leverage)

✓ Strategic use of attractive junior capital / structured capital as financing need still exists

✓ Opportunistic non-fungible term loan issuance for larger GP-backed corporates

✓ Liquidity solution for other private credit providers

✓ Secondary loan purchases

Provided solely for discussion purposes, subject to change given market conditions. There is no guarantee that this investment strategy will work under all market conditions or is suitable for all investors. Each investor should evaluate their ability to invest long-term, especially during periods of downturn in the market. No representation is being made that any account, product, or strategy will or is likely to achieve profits, losses, or results similar to those shown.

HarbourVest private credit platform

HarbourVest seeks private credit opportunities with premier PE sponsors by leveraging its position as a large, experienced allocator in over 2,000 funds to secure allocations.

Differentiated sourcing	Allocation advantage	Experienced team	Rigorous underwriting

Differentiated sourcing

- Leverage our position as a large, experienced LP to source credit opportunities across platform
- Reviewed opportunities from over 250 PE sponsors over 4 years, committed capital to over 55 unique sponsors

Allocation Benefit

- Exercise high selectivity, driven by 85% allocation to targeted pipeline
- Serve as the only co-lender in approx. 25% of our portfolio

Experienced team

- 20+ person dedicated credit team, investment committee with 29 years of average experience
- 200+ investment professionals across the firm with incentives to source credit opportunities

Rigorous underwriting

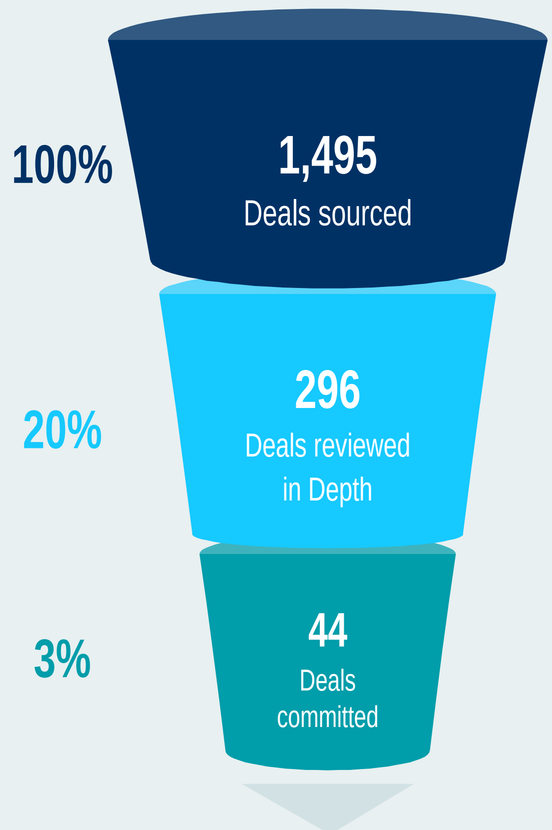
- Conduct 3-step formal due diligence process, supplemented by input from legal, tax and ESG teams
- Critically evaluate downside scenarios, conduct routine stress tests and quarterly portfolio reviews

We invest in less than 5% of sourced opportunities to build highly diversified portfolios across issuers, industries, and sponsors

HarbourVest Data, as of December 31, 2022.

Selectivity is a core tenet of HarbourVest's private credit strategy

2022 Deal activity



High selectivity

Invest in <5% of opportunities

HarbourVest allocation advantage

- Received an allocation to over 85% of our desired pipeline

- Typically, part of a small club transaction
- Only co-lender invited into the transactions 25% of the time

- Committed to 22 new platform investments and 22 follow-on investments

- Average LTV of 42% at initial investment

Annual deal funnel statistics based on all equity co-investment and credit deals evaluated for a HarbourVest fund/account between January 1, 2022 and December 31, 2022 where HarbourVest conducted a full-scope diligence and investment committee review, including buyout, growth equity, credit, and venture capital. Past performance is not a reliable indicator of future results. For illustrative purposes only.

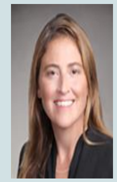
Experienced credit team

Credit Investment Committee*

Jamie Athanasoulas
Managing Director
27 years experience

Peter Lipson***
Managing Director
25 years experience

John Morris
Managing Director
35 years experience



Karen Simeone
Managing Director
23 years experience

Greg Stento
Managing Director
40 years experience

Investment Team

Sean Gillespie
Principal
10 years experience

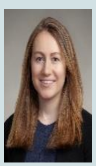
Will Hasten
Principal
12 years experience

Lee Incandela
Principal
15 years experience

Gina McClary
Vice President
11 years experience

Nick Schwartzstein
Vice President
13 years experience

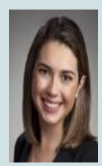
Nai Uanarumit
Vice President
7 years experience



Kylie Johnson
Associate
6 years experience

Will Roeder
Associate
7 years experience

Darrien Tan
Associate
4 years experience



Molly Manuel
Analyst
4 years experience

Product and Portfolio

Bill Cole**
Principal
16 years experience

Greg Mazur
Principal
16 years experience

Jeffrey Ouellette**
Vice President
8 years experience

Tim Hegarty
Senior Associate
12 years experience

William Morelli
Senior Associate
16 years experience

Josh Actis
Associate
4 years experience

HarbourVest's private credit strategies are led by seasoned professionals with broad market expertise

- Private Credit experience across multiple cycles
- Extensive relationship across both Private Equity and Private Credit Industry
- Expertise in investing across the capital structure

As of March 31, 2023
* Members of the Credit Investment Committee. Jamie Athanasoulas, Peter Lipson, and Karen Simeone are involved in all facets of the credit business, while John Morris and Greg Stento are Investment Committee members only. ** These individuals are focused on credit investments as well as investor relations. *** This individual is focused on credit investments as well as a Direct Co-Investment Investment Committee member.

Private credit in the HarbourVest ecosystem

HarbourVest Private Credit platform stands at $5.3 billion* in AUM and leverages the firm's position as a significant LP to hundreds of GPs to source, evaluate, and transact on private credit opportunities

Active deal-sourcing platform

Active LP in **1,800+ Funds***

550+ Primary GP Relationships

390+ Secondary GP Relationship

20+ credit investment professionals**

Established performance

$3.7 billion invested*

119 portfolio companies*

Experienced, global investment team

200+ investment professionals across Americas, EMEA, Asia Pac

Committed over **$125** billion globally to primary, secondary, direct equity & credit opportunities

Solutions provider for GPs

Ability to move quickly and invest across the entire capital stack

$50 – 85+ million hold size across the platform

Source: HarbourVest.
HarbourVest platform statistics as of December 31, 2022
* Deployment statistics as of March 31, 2023
** As of March 31, 2023. Includes Investor Relations individuals focused on Credit investments.
Risks include but are not limited to: Market risk – The value of assets is typically dictated by a number of factors, including the confidence levels of the market in which they are traded. Leverage - Leverage may result in large fluctuations in value and therefore entails a high degree of risk including the risk that losses may be substantial.

HarbourVest senior credit strategy

What's our edge?

Differentiated access to the senior direct lending market

Strong diversification across ~75 positions

Relationships across the HarbourVest platform with over **1000 lead sponsors***

Floating rate portfolio benefits from **rising interest rates**

Downside protection potential driven by **high selectivity**

Target returns of **10-12% (levered)** or **7-9% (unlevered)** net returns with **quarterly cash distributions****

* Reflects active relationships held with general partners as of December 31, 2022.

**There is no guarantee that the targeted returns will be realized or achieved, and the ultimate returns and income of the funds will differ based upon market conditions and available investment opportunities over the life of the investment period.

See 'Additional Important Information' at the end of the presentation, including important disclosures related to Performance Returns and Fees and Expenses.

HarbourVest Direct Lending II – Overview

Objectives

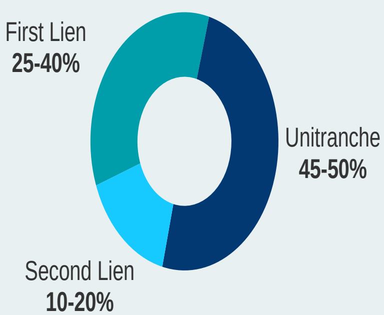
- Provide clients with access to a diversified global portfolio of senior credit investments, generally floating rate exposure
- Seek current income and stable performance with a focus on downside protection and capital preservation

Investment focus

- Portfolio of direct investments in ~ 75 senior securities
- Targeting sponsored, middle market companies, defined as those with $10-$200+ million of EBITDA

Portfolio composition guidelines*

Transaction type



Geography

Target portfolio characteristics	
Issuer EBITDA	$10M-$200M+
Number of positions	65-75
Investment size	1.5-3.0%
Maximum non-US exposure	25%
Maximum sector concentration**	20%

*These amounts reflect the current expectations for the allocation of the Fund. The ultimate allocation will differ based upon market conditions and available investment opportunities over the life of the Fund. Additionally, these are not prescriptive guidelines.
**Certain sectors may be further subdivided into sub-sectors that will not be more than 20%.
This summary will be qualified in its entirety by more detailed information contained in the Fund's Private Placement Memorandum, limited partnership agreement, and related documentation, as applicable, all of which should be reviewed carefully.
For illustrative purposes only

HarbourVest Direct Lending II – 2023 Key dates

Document deadline	Closing date
August 15, 2023	August 30, 2023*
December 15, 2023	December 31, 2023

* Indicates the final closing for investors to receive the early closing management fee discount.

Additional important information

Additional important information

The information contained herein is highly confidential and may not be relied on in any manner as legal, tax, or investment advice or as an offer to sell or a solicitation of an offer to buy an interest in any fund or any other investment product sponsored by HarbourVest (the “Fund”). Any offering of interests in the Fund will be made by means of delivery of a confidential Private Placement Memorandum or similar materials (the “Memorandum”) that contain a description of the material terms of such investment and subscriptions will be accepted solely pursuant to definitive documentation. These materials do not purport to contain all the information relevant to evaluating an investment in the Fund. The information contained herein will be superseded by, and is qualified in its entirety by reference to, the Memorandum, which will contain information about the investment objective, terms, and conditions of an investment in the Fund and will also contain tax information and risk disclosures that are important to any investment decision regarding the Fund. No person has been authorized to make any statement concerning the Fund other than as will be set forth in the Memorandum and any such statements, if made, may not be relied upon. No sale will be made in any jurisdiction in which the offer, solicitation, or sale is not authorized or to any person to whom it is unlawful to make the offer, solicitation, or sale. Offers and sales of interests in the Fund will not be registered under the laws of any jurisdiction and will be made solely to “qualified purchasers” as defined in the U.S. Investment Company Act of 1940, as amended. The information contained herein must be kept strictly confidential and may not be reproduced or redistributed in any format without the express written approval of HarbourVest.

An investment in the Fund will involve significant risks, including loss of the entire investment. Before deciding to invest in the Fund, prospective investors should pay particular attention to the risk factors contained in the Memorandum. Prospective investors should make their own investigations and evaluations of the information contained herein. Prior to the closing of a private offering of interests in the Fund, HarbourVest will give investors the opportunity to ask questions and receive additional information concerning the terms and conditions of such offering and other relevant matters. Each prospective investor should consult its own attorney, business advisor, and tax advisor as to legal, business, tax, and related matters concerning the information contained herein and such offering.

Certain information contained herein (including financial information and information relating to investments) has been obtained from published and non-published sources. Such information has not been independently verified by HarbourVest. Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. Any forecast provided herein is based on HarbourVest’s opinion of the market as of the date of preparation and is subject to change, dependent on future changes in the market.

In considering any performance data contained herein, you should bear in mind that past performance is not a reliable indicator of future results. Certain information contained herein constitutes forward-looking statements, which can be identified by the use of terms such as “may”, “will”, “should”, “expect”, “anticipate”, “project”, “estimate”, “intend”, “continue”, or “believe” (or the negatives thereof) or other variations thereof. Due to various risks and uncertainties, including those discussed above, actual events or results or actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. As a result, investors should not rely on such forward-looking statements in making their investment decisions.

Additional important information

Important Information and Risk Factors

An investment in the private markets involves high degree of risk, and therefore, should be undertaken only by prospective investors capable of evaluating the risks of the Fund and bearing the risks such an investment represents. The following is a summary of only some of the risks and is qualified in its entirety by the more detailed "Certain Investment Considerations, Risks and Conflicts of Interest" sections of the Private Placement Memorandum, if applicable.

Risks Related to the Structure and Terms of a Private Markets Fund. Investments in a fund of funds structure may subject investors to additional risks which would not be incurred if such investor were investing directly in private equity funds. Such risks may include but are not limited to (i) multiple levels of expense; and (ii) reliance on third-party management. In addition, a fund may issue capital calls, and failure to meet the capital calls can result in consequences including, but not limited to, a total loss of investment.

Illiquidity of Interests; Limitations on Transfer; No Market for Interests. An investor in a HarbourVest-managed closed-end fund or account will generally not be permitted to transfer its interest without the consent of the general partner of such fund. Furthermore, the transferability of an interest will be subject to certain restrictions contained in the governing documents of a closed-end fund and will be affected by restrictions imposed under applicable securities laws. A HarbourVest-managed open-end fund or account will generally provide limited liquidity events for investors, subject to certain restrictions contained in the governing documents of an open-end fund and will be affected by restrictions imposed under applicable securities laws. There is currently no market for the interests in HarbourVest-managed funds or accounts, and it is not contemplated that one will develop. The interests should only be acquired by investors able to commit their funds for an indefinite period of time, as the term of the closed-end fund could continue for over 14 years. In addition, there are very few situations in which an investor may withdraw from a private equity closed-end fund. The possibility of total loss of an investment in a fund exists and prospective investors should not invest unless they can readily bear such a loss.

Risk of Loss. There can be no assurance that the operations of a strategy will be profitable or that the strategy will be able to avoid losses or that cash from operations will be available for distribution to the limited partners. The possibility of partial or total loss of capital of the strategy exists, and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.

Leverage. The strategy may use leverage in its investment strategy. Leverage may take the form of loans for borrowed money or derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts, swaps and repurchase agreements. The strategy may use leverage to acquire, directly or indirectly, new investments. The use of leverage by the strategy can substantially increase the market exposure (and market risk) to which the strategies' investment portfolio may be subject.

Availability of Suitable Investments. The business of identifying and structuring investments of the types contemplated by the strategy is competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions and competition from other groups as well as, in some cases, the prevailing regulatory or political climate. Interest rates, general levels of economic activity, the price of securities, and participation by other investors in the financial markets may affect the value and number of investments made by the strategy or considered for prospective investment.

Additional important information

ESG Investing. The principles related to sustainable and responsible investing discussed above represent general goals that will not be achieved by investment selected. These goals are not representative of current processes or outcomes for every strategy and may not be fully realized for all products or client accounts. There can be no assurance any initiatives or anticipated developments described herein will ultimately be successful. The information provided is solely for informational purposes and should not be relied upon in connection with making any investment decision. It should not be assumed that any ESG initiatives, standards, or metrics described herein will apply to each asset in which HarbourVest invests or that any ESG initiatives, standards, or metrics described have applied to each of HarbourVest's prior investments. ESG is only one of many considerations that HarbourVest takes into account when making investment decisions, and other considerations can be expected in certain circumstances to outweigh ESG considerations. The information provided is intended solely to provide an indication of the ESG initiatives and standards that HarbourVest applies when seeking to evaluate and/or improve the ESG characteristics of its investments as part of the larger goal of maximizing financial returns on investments. Any ESG initiatives described will be implemented with respect to a portfolio investment solely to the extent HarbourVest determines such initiative is consistent with its broader investment goals. Accordingly, certain investments may exhibit characteristics that are inconsistent with the initiatives, standards, or metrics described herein.

Reliance on the General Partner and Investment Manager. The success of the strategy will be highly dependent on the financial and managerial expertise of the Fund's general partner and investment manager and their expertise in the relevant markets. The quality of results of the general partner and investment manager will depend on the quality of their personnel. There are risks that death, illness, disability, change in career or new employment of such personnel could adversely affect results of the strategy. The limited partners will not make decisions with respect to the acquisition, management, disposition or other realization of any investment, or other decisions regarding the strategies' businesses and portfolio.

Market Risk. Private equity, as a form of equity capital, shares similar economic exposures as public equities. As such, investments in each can be expected to earn the equity risk premium, or compensation for assuming the non-diversifiable portion of equity risk. However, unlike public equity, private equity's sensitivity to public markets is likely greatest during the late stages of the fund's life because the level of equity markets around the time of portfolio company exits can negatively affect private equity realizations. Though private equity managers have the flexibility to potentially time portfolio company exits to complete transactions in more favorable market environments, there's still the risk of capital loss from adverse financial conditions.

Potential Conflicts of Interest. The activities of the strategies may conflict with the activities of other HarbourVest-managed funds or accounts.

COF Strategy Risks. The Fund, and all credit investments are subject to credit risk, which is the risk that a borrower will be unable to make principal and interest payments on its outstanding debt obligations when due. To the extent that the Fund will make credit investments there can be no assurance that the liquidation of any collateral would satisfy the borrower's payment obligations. The Fund will invest in subordinated or junior debt investments, should an issuer trigger an event of default, depending on the capital structure and the issuer's financial situation, the Fund could lose the entire value of its investment. Adverse changes in the financial condition of an issuer or in general economic conditions (or both) could impair the ability of such issuer to make payments on its debt and result in defaults on, and declines in, the value of its subordinated debt more quickly than in the case of the senior debt obligations of such issuer.

Additional important information

HDL Strategy Risks. A fundamental risk associated with the Fund's credit investments is credit risk, which is the risk that a borrower will be unable or unwilling to make principal and interest payments on its outstanding debt obligations when due. In addition, the Fund's investments are expected to include first lien senior and unitranche secured debt and second lien senior secured debt, the later of which could involve a higher risk of a loss of capital. The Fund is also expected to engage in the origination of debt with respect to a portion of their portfolios. If the Fund engages in such activities, it will be subject to applicable laws in each jurisdiction (including each US state) in which such activities take place. Such laws can be highly complex and could include licensing requirements, which can be lengthy and could subject a loan originator to increased regulatory oversight. The Fund expects to invest in small and medium-sized companies. Although such companies often present greater opportunities for growth, they could be exposed to higher volatility in their activities than larger companies.

Performance Information:

The source of certain performance information is HarbourVest. In considering the performance information contained herein, prospective investors should bear in mind that past performance is not a reliable indicator of future results, and there can be no assurance that an investment sponsored (or an account managed) by HarbourVest will achieve comparable results or be able to implement its investment strategy or meet its performance objectives. The funds that made these investments may have had different terms and investment objectives than those proposed or modeled herein.

Any data presented about investments prior to 1998 is related to transactions that occurred when the HarbourVest team was affiliated with Hancock Venture Partners, Inc.

The foregoing performance information includes realized and unrealized investments. Unrealized investments are valued by HarbourVest in accordance with the valuation guidelines contained in the applicable partnership agreement. Actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in prior performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from returns indicated herein.

In certain cases, a HarbourVest fund or account, or the partnerships in which it invests, may utilize a credit facility or other third-party financing. This is generally to bridge capital calls from limited partners or to fund a portion of an investment and may also be used to facilitate transactions involving the recapitalization of portfolio investments. This may make the resulting IRR and multiples higher or lower than the IRR or multiples that would have been presented had drawdowns from partners or available cash been initially used to acquire or pay for the investment.

IRRs are calculated from the date of a fund's first cash flow from a limited partner, which may include capital contributions in connection with fund formation, as may occur with certain AIF-Related Funds, and therefore can be earlier than the date of the first capital call from a limited partner for the purpose of investment. The start date for IRR calculations can also be later than the date of initial investment when a credit facility or other third-party financing is used to fund such investment.

Performance is expressed in US dollars, unless otherwise noted. Returns do not include the effect of any withholding taxes. Cash flows are converted to US dollars at historic daily exchange rates, unless otherwise indicated. The return to investors whose local currency is not the US dollar may increase or decrease as a result of currency fluctuations.

Additional important information

Fees and Expenses (Net and Gross): Actual management fees and carried interest will vary and are established in negotiations with the limited partners of a Fund or separate account client. Management fees may range from an average of 0.1% to 1.25% per year of committed, called, or invested capital over the expected life of a Fund, pursuant to the limited partnership agreement or investment management agreement. Fees for Funds in extension years may be reduced, including to nil. Fund investors will typically bear all the costs and expenses relating to the operations of a Fund and its general partners (or similar managing fiduciary). A Fund shall bear its pro rata share of any such expenses incurred in connection with any portfolio investment to the extent the same portfolio investment is being made by other Funds. Organization expenses of a Fund will also typically be borne by Fund investors. When a Fund is generally expected to invest alongside a Fund primarily intended for European-based investors, which takes into account the regulatory requirements of the Alternative Investment Fund Managers Directive (an "AIF Related Fund"), organization expenses may be aggregated and allocated pro-rata between a Fund and its AIF Related Fund based on the relative commitments of the partners of the Fund and the partners of its AIF Related Fund (unless HarbourVest, as general partner, determines in good faith that a different share is appropriate). Fees and expenses are also described in HarbourVest's Form ADV, Part 2A brochure.

Performance Returns: Performance returns information (TV/TC (Total Value / Total Cost), TVPI (Total Value Paid-In), Portfolio IRR (Internal Rate of Return), TWR (Time Weighted Return), and IRR) shown net of fees and expenses are based on the Fund's Limited Partner ("LP") cash flow after all management fees, commissions, fund operating expenses, and carried interest. These returns reflect the combined return for all LPs in a fund and do not necessarily reflect an individual LP's actual return. Where applicable, a final LP cash flow is based on the fair market value of all LP capital accounts as determined by the Fund or account's General Partner ("GP") in accordance with the Firm's valuation policy. Net IRR and Net TVPI are calculated based on daily LP cash flows.

Gross performance returns, if shown, are based on the annual return calculated using daily cash flows from the Fund(s) to and from the various partnerships or companies held by the Fund, either directly or through a special purpose vehicle in which the Fund invested during the period specified, inclusive of the effects of fund-level leverage which is used to achieve those returns, to the extent such a fund is a levered fund. Gross performance returns are presented before management fees, carried interest, and other expenses borne by investors in the Fund(s), inclusive of the effects of fund-level leverage which is used to achieve those returns, to the extent such a fund is a levered fund. An actual portfolio would bear such fees and expenses. If such fees and expenses were deducted from performance, returns would be lower. For example, if a fund appreciated by 10% a year for five years, the total annualized return for five years prior to deducting fees and expenses at the end of the five-year period would be 10%. If total fund fees and expenses were 1% for each of the five years, the total annualized return of the fund for five years at the end of the five-year period would be 8.90%. These returns reflect the fees, expenses, and carried interest of the underlying fund investments (where applicable), certain expenses of any special purpose vehicle that held an interest in the underlying fund (where applicable), and the upfront costs, fees, expenses, and interest expense of the fund's leverage facilities, to the extent such a fund is a levered fund, but do not reflect the management fees, carried interest, and other expenses borne by investors in the Fund(s), which will reduce returns. The specific payment terms and other conditions of the management fees, carried interest, and other expenses of a Fund are set forth in the governing documents of the Fund.

Certain data metrics included (Distributed / Funded, Distributed Paid In Capital) are components of performance and should not be viewed as performance results.

Portfolio Company Performance is based on the cost and value of the individual company referenced. These returns do not reflect the fees, expenses, and carried interest of the partnership investments of the Fund(s), which will reduce returns. These returns do not represent the performance of any specific Fund or the return to limited partners of any specific Fund.

Additional important information

Derived Net Performance: Derived net performance figures are presented to comply with new SEC Rule 206(4)-1 under the Investment Advisers Act. Derived net performance figures are estimated and do not represent actual net performance experienced by any investors. These figures have been calculated on a model basis by applying the gross and net performance "spread" of the average of all prior related portfolios offered by the adviser, excluding related portfolios (1) with less than one year of investor cash flows, and (2) utilizing a credit line with significant credit remaining so that the net performance of the related portfolio is higher than the gross performance of the related portfolio. The netting ratio is calculated using the currency of the Fund and is updated quarterly.

The figures herein illustrate the potentially substantial impact of fees, carried interest and expenses on gross returns, even though these amounts are typically charged or allocated at the fund or partner level. These derived net returns are based on performance of the applicable HarbourVest fund(s) as of the most recent calendar quarter; changes in performance of any HarbourVest fund(s) may result in changes to these derived net returns in the future (e.g., whether carried interest is allocated or not allocated) and such changes may be material.

The methodology utilized to calculate the derived net performance is based on HarbourVest's current understanding of industry practice and SEC guidance. These returns are based on actual prior investments. This methodology may be changed in the future.

Target Returns: The target return information presented herein is hypothetical in nature, is based on an analysis of historical information including historical market returns and prior fund returns of the investments made by HarbourVest, and is shown for illustrative, informational purposes only. Assumptions made for modeling purposes are unlikely to be realized. There can be no assurance that the investment strategy will be successful. There is no guarantee that the targeted/projected returns will be realized or achieved, and the ultimate returns and income of the fund will differ based upon market conditions and available investment opportunities over the life of the investment period.

Country disclosures

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VCERA
VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

MONTHLY PERFORMANCE REPORT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

JUNE 30, 2023

Allan Martin, Partner
Rose Dean, CFA, Principal
Leah Tongco, Consulting Analyst

NEPC

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	**7,517,996,736**	**100.0**	**100.0**	**3.4**	**3.6**	**8.0**	**8.5**	**10.1**	**7.9**	**8.1**	**8.0**	**Apr-94**
Policy Index				4.4	4.9	10.5	12.6	9.2	8.0	8.3	8.0	
Over/Under				-1.0	-1.3	-2.5	-4.1	0.9	-0.1	-0.2	0.0	
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg				3.5	3.1	8.8	9.2	4.5	4.6	5.5	-	
Over/Under				-0.1	0.5	-0.8	-0.7	5.6	3.3	2.6	-	
60% S&P 500 / 40% Bloomberg Aggregate				3.8	4.9	10.8	11.2	7.1	7.9	8.5	8.2	
Over/Under				-0.4	-1.3	-2.8	-2.7	3.0	0.0	-0.4	-0.2	
Total Fund ex Parametric	**7,471,393,004**	**99.4**	**100.0**	**3.4**	**3.6**	**7.7**	**8.1**	**10.2**	**7.9**	**-**	**7.6**	**Nov-13**
Total Fund ex Private Equity	**6,186,434,504**	**82.3**	**82.0**	**4.0**	**4.5**	**10.1**	**11.7**	**8.3**	**6.8**	**7.3**	**8.0**	**Jan-12**
Policy Index				4.4	4.9	10.5	12.6	9.2	8.0	8.3	8.8	
Over/Under				-0.4	-0.4	-0.4	-0.9	-0.9	-1.2	-1.0	-0.8	
Total US Equity	**2,078,212,450**	**27.6**	**26.0**	**6.9**	**8.5**	**16.4**	**19.1**	**14.0**	**11.6**	**12.5**	**9.7**	**Jan-94**
Russell 3000				6.8	8.4	16.2	19.0	13.9	11.4	12.1	9.9	
Over/Under				0.1	0.1	0.2	0.1	0.1	0.2	0.4	-0.2	
Western U.S. Index Plus	186,165,053	2.5		7.0	9.7	17.8	20.7	14.2	11.7	12.8	7.6	Jun-07
S&P 500 Index				6.6	8.7	16.9	19.6	14.6	12.3	12.9	9.0	
Over/Under				0.4	1.0	0.9	1.1	-0.4	-0.6	-0.1	-1.4	
Blackrock Russell 1000 Index	1,802,882,922	24.0		6.8	8.6	16.7	19.4	14.1	11.9	-	12.4	May-17
Russell 1000 Index				6.8	8.6	16.7	19.4	14.1	11.9	-	12.4	
Over/Under				0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	
Blackrock Russell 2500 Index	89,164,475	1.2		8.5	5.3	8.9	13.7	12.4	6.6	-	8.2	May-17
Russell 2500 Index				8.5	5.2	8.8	13.6	12.3	6.5	-	8.1	
Over/Under				0.0	0.1	0.1	0.1	0.1	0.1	-	0.1	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Non-US Equity	**1,116,362,894**	**14.8**	**15.0**	**4.0**	**3.0**	**11.8**	**16.2**	**8.0**	**3.7**	**5.2**	**6.0**	**Mar-94**
MSCI ACWI ex USA				4.5	2.4	9.5	12.7	7.2	3.5	4.7	5.0	
Over/Under				-0.5	0.6	2.3	3.5	0.8	0.2	0.5	1.0	
MSCI AC World x USA in LC (Net)				3.6	3.4	9.7	12.6	9.3	5.4	7.1	-	
Over/Under				0.4	-0.4	2.1	3.6	-1.3	-1.7	-1.9	-	
BlackRock ACWI ex-U.S. Index	566,360,446	7.5		4.4	2.5	9.3	12.7	7.5	3.6	5.1	3.1	Apr-07
MSCI AC World ex USA IMI (Net)				4.3	2.4	9.1	12.5	7.3	3.4	4.9	2.8	
Over/Under				0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	
Sprucegrove	269,807,784	3.6		4.4	3.9	13.1	19.8	11.8	3.1	4.9	6.6	Apr-02
MSCI EAFE (Net)				4.6	3.0	11.7	18.8	8.9	4.4	5.4	5.7	
Over/Under				-0.2	0.9	1.4	1.0	2.9	-1.3	-0.5	0.9	
MSCI EAFE Value Index (Net)				5.6	3.2	9.3	17.4	11.3	2.9	4.1	5.2	
Over/Under				-1.2	0.7	3.8	2.4	0.5	0.2	0.8	1.4	
Walter Scott	280,194,663	3.7		2.8	3.3	15.7	20.1	6.5	7.4	7.2	6.6	Jan-11
MSCI EAFE (Net)				4.6	3.0	11.7	18.8	8.9	4.4	5.4	4.9	
Over/Under				-1.8	0.3	4.0	1.3	-2.4	3.0	1.8	1.7	
Total Global Equity	**754,113,419**	**10.0**	**9.0**	**5.9**	**6.3**	**14.2**	**17.0**	**11.4**	**8.5**	**8.7**	**6.8**	**May-05**
MSCI AC World Index (Net)				5.8	6.2	13.9	16.5	11.0	8.1	8.8	7.3	
Over/Under				0.1	0.1	0.3	0.5	0.4	0.4	-0.1	-0.5	
BlackRock MSCI ACWI Equity Index	754,113,419	10.0		5.8	6.3	14.2	17.0	11.4	8.5	9.2	9.8	Aug-12
MSCI AC World Index (Net)				5.8	6.2	13.9	16.5	11.0	8.1	8.8	9.4	
Over/Under				0.0	0.1	0.3	0.5	0.4	0.4	0.4	0.4	
Total Private Equity	**1,331,562,232**	**17.7**	**18.0**	**1.0**	**-0.6**	**-1.3**	**-4.9**	**24.5**	**17.9**	**16.8**	**16.1**	**Jan-12**
Private Equity Benchmark				7.0	8.9	17.3	21.3	16.5	14.3	15.4	16.6	
Over/Under				-6.0	-9.5	-18.6	-26.2	8.0	3.6	1.4	-0.5	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
US Fixed Income	**687,362,051**	**9.1**	**8.0**	**-0.3**	**-0.8**	**2.9**	**2.2**	**-1.5**	**2.2**	**2.4**	**5.1**	**Mar-94**
Blmbg. U.S. Aggregate Index				-0.4	-0.8	2.1	-0.9	-4.0	0.8	1.5	4.4	
Over/Under				0.1	0.0	0.8	3.1	2.5	1.4	0.9	0.7	
BlackRock U.S. Debt Fund	157,132,067	2.1		-0.3	-0.8	2.3	-0.9	-3.9	0.8	1.6	4.2	Dec-95
Blmbg. U.S. Aggregate Index				-0.4	-0.8	2.1	-0.9	-4.0	0.8	1.5	4.2	
Over/Under				0.1	0.0	0.2	0.0	0.1	0.0	0.1	0.0	
Western	189,468,735	2.5		-0.1	-0.6	2.9	-0.4	-4.0	1.1	2.2	5.0	Jan-97
Blmbg. U.S. Aggregate Index				-0.4	-0.8	2.1	-0.9	-4.0	0.8	1.5	4.2	
Over/Under				0.3	0.2	0.8	0.5	0.0	0.3	0.7	0.8	
Reams	209,789,200	2.8		-1.0	-0.8	3.9	5.9	1.4	3.6	2.5	4.8	Oct-01
Blmbg. U.S. Aggregate Index				-0.4	-0.8	2.1	-0.9	-4.0	0.8	1.5	3.4	
Over/Under				-0.6	0.0	1.8	6.8	5.4	2.8	1.0	1.4	
Reams Custom Index				0.4	1.2	2.3	3.6	1.3	1.7	1.2	3.3	
Over/Under				-1.4	-2.0	1.6	2.3	0.1	1.9	1.3	1.5	
Loomis Strategic Alpha	46,623,486	0.6		0.5	0.1	2.0	3.6	1.0	1.9	-	2.3	Aug-13
Blmbg. U.S. Aggregate Index				-0.4	-0.8	2.1	-0.9	-4.0	0.8	-	1.5	
Over/Under				0.9	0.9	-0.1	4.5	5.0	1.1	-	0.8	
Loomis Sayles Multi Strategy	84,348,563	1.1		0.3	-0.5	2.5	2.3	-0.4	2.8	3.6	5.2	Aug-05
5% Bmbg. U.S. Int Agg / 65% Blmbg. U.S. Agg / 30% FTSE HY				0.2	0.0	3.1	2.0	-1.7	1.6	2.4	3.9	
Over/Under				0.1	-0.5	-0.6	0.3	1.3	1.2	1.2	1.3	
Treasuries	**75,475,119**	**1.0**	**2.0**	**-1.2**	**-1.7**	**1.6**	**-4.3**	**-6.9**	**-**	**-**	**-1.0**	**Apr-19**
Blmbg. U.S. Treasury: 7-10 Year				-1.3	-1.8	1.6	-3.1	-6.0	-	-	-0.7	
Over/Under				0.1	0.1	0.0	-1.2	-0.9	-	-	-0.3	
Reams 10-Year Treasuries	75,475,119	1.0		-1.2	-1.7	1.6	-4.3	-6.9	-	-	-1.0	Apr-19
Blmbg. U.S. Treasury: 7-10 Year				-1.3	-1.8	1.6	-3.1	-6.0	-	-	-0.7	
Over/Under				0.1	0.1	0.0	-1.2	-0.9	-	-	-0.3	
Private Debt	**480,351,981**	**6.4**	**8.0**	**1.8**	**4.7**	**5.4**	**6.1**	**12.6**	**8.5**	**-**	**8.1**	**Jan-18**
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	4.7	-	4.6	
Over/Under				0.0	2.5	-0.2	-3.3	7.6	3.8	-	3.5	

Ventura County Employees' Retirement Association

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Real Estate	**537,003,691**	**7.1**	**8.0**	**0.0**	**0.1**	**-3.7**	**-8.4**	**6.7**	**4.3**	**6.7**	**7.2**	**Apr-94**
NCREIF ODCE Net				0.0	0.0	-3.4	-8.1	8.1	6.2	8.1	7.8	
Over/Under				0.0	0.1	-0.3	-0.3	-1.4	-1.9	-1.4	-0.6	
Prudential Real Estate	212,869,196	2.8		0.0	0.0	-1.8	-7.3	8.6	7.2	8.9	6.5	Jul-04
NCREIF ODCE Net				0.0	0.0	-3.4	-8.1	8.1	6.2	8.1	6.9	
Over/Under				0.0	0.0	1.6	0.8	0.5	1.0	0.8	-0.4	
UBS Real Estate	232,456,711	3.1		0.0	0.0	-7.2	-12.3	3.3	1.5	4.9	5.9	Apr-03
NCREIF ODCE Net				0.0	0.0	-3.4	-8.1	8.1	6.2	8.1	7.0	
Over/Under				0.0	0.0	-3.8	-4.2	-4.8	-4.7	-3.2	-1.1	
LaSalle Income + Growth VIII Limited Partnership	61,596,958	0.8		0.0	-1.4	0.3	2.3	18.6	-	-	11.8	Mar-20
NCREIF ODCE Net				0.0	0.0	-3.4	-8.1	8.1	-	-	6.9	
Over/Under				0.0	-1.4	3.7	10.4	10.5	-	-	4.9	
Alterra IOS Venture II	30,080,827	0.4		0.0	4.9	4.9	-0.6	-	-	-	-0.6	May-22
NCREIF ODCE Net				0.0	0.0	-3.4	-8.1	-	-	-	-3.4	
Over/Under				0.0	4.9	8.3	7.5	-	-	-	2.8	
Total Real Assets	**346,855,353**	**4.6**	**6.0**	**2.3**	**2.4**	**6.5**	**8.3**	**7.7**	**3.5**	**3.8**	**4.1**	**May-13**
Real Assets Index				0.5	1.6	3.8	5.0	7.9	6.4	6.4	6.4	
Over/Under				1.8	0.8	2.7	3.3	-0.2	-2.9	-2.6	-2.3	
Bridgewater All Weather Fund	113,228,971	1.5		1.0	-2.4	4.4	0.0	0.9	2.1	-	3.6	Sep-13
CPI + 5% (Unadjusted)				0.7	2.3	5.3	8.1	11.1	9.1	-	7.9	
Over/Under				0.3	-4.7	-0.9	-8.1	-10.2	-7.0	-	-4.3	
Tortoise Energy Infrastructure	116,297,628	1.5		6.4	3.9	6.6	24.4	28.0	5.2	3.0	3.2	May-13
Tortoise MLP Index				4.2	4.4	6.9	26.7	28.8	6.1	1.3	1.4	
Over/Under				2.2	-0.5	-0.3	-2.3	-0.8	-0.9	1.7	1.8	
Brookfield Infra Fund IV B LP	48,105,435	0.6		0.0	2.4	6.6	5.1	10.1	-	-	9.3	Apr-20
CPI + 2% (Unadjusted)				0.5	1.6	3.8	5.0	7.9	-	-	7.4	
Over/Under				-0.5	0.8	2.8	0.1	2.2	-	-	1.9	
Brookfield Infra Fund V B LP	5,805,546	0.1		0.0	-	-	-	-	-	-	0.0	Jun-23
CPI + 2% (Unadjusted)				0.5	-	-	-	-	-	-	0.5	
Over/Under				-0.5	-	-	-	-	-	-	-0.5	
Harbourvest Real Assets Fund IV L.P.	63,417,773	0.8		0.0	11.0	11.0	40.3	-	-	-	37.0	Apr-21
CPI + 2% (Unadjusted)				0.5	1.6	3.8	5.0	-	-	-	8.6	
Over/Under				-0.5	9.4	7.2	35.3	-	-	-	28.4	
Overlay	**110,697,546**	**1.5**	**0.0**									
Parametric	46,603,731	0.6										
Abbott Capital Cash	64,093,814	0.9										

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Private Equity	**1,331,562,232**	**17.7**	**18.0**	**1.0**	**-0.6**	**-1.3**	**-4.9**	**24.5**	**17.9**	**16.8**	**16.1**	**Jan-12**
Private Equity Benchmark				*7.0*	*8.9*	*17.3*	*21.3*	*16.5*	*14.3*	*15.4*	*16.6*	
Over/Under				-6.0	-9.5	-18.6	-26.2	8.0	3.6	1.4	-0.5	
Adams Street Global Fund Series	251,421,506	3.3		1.0	1.0	-1.8	-9.3	24.0	17.3	15.8	15.0	Jan-12
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	*14.6*	*15.7*	
Over/Under				-6.0	-7.9	-19.1	-30.6	7.8	3.7	1.2	-0.7	
Harbourvest	110,407,054	1.5		0.1	3.4	3.4	-0.3	19.5	15.0	-	17.3	Aug-13
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*14.1*	
Over/Under				-6.9	-5.5	-13.9	-21.6	3.3	1.4	-	3.2	
Pantheon Global Secondary Funds	60,326,903	0.8		1.7	2.0	-0.9	9.1	18.3	10.8	12.8	12.1	Jan-12
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	*14.6*	*15.7*	
Over/Under				-5.3	-6.9	-18.2	-12.2	2.1	-2.8	-1.8	-3.6	
Drive Capital Fund II	14,969,987	0.2		11.1	-49.7	-49.7	-48.8	-8.6	6.1	-	-7.1	Sep-16
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*14.8*	
Over/Under				4.1	-58.6	-67.0	-70.1	-24.8	-7.5	-	-21.9	
Abbott Secondary Opportunities	10,430,096	0.1		0.5	5.8	8.0	2.1	24.8	24.4	-	21.9	Jan-18
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*13.2*	
Over/Under				-6.5	-3.1	-9.3	-19.2	8.6	10.8	-	8.7	
Clearlake Capital Partners V	12,367,818	0.2		0.0	0.8	-0.7	-12.5	17.9	26.1	-	23.7	Mar-18
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*13.2*	
Over/Under				-7.0	-8.1	-18.0	-33.8	1.7	12.5	-	10.5	
Battery Ventures XII	25,667,904	0.3		-0.9	-5.1	-11.6	-22.5	35.6	21.6	-	20.5	Apr-18
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*13.9*	
Over/Under				-7.9	-14.0	-28.9	-43.8	19.4	8.0	-	6.6	
Insight Venture Partners X	51,315,112	0.7		-0.9	4.0	0.1	-20.0	29.7	20.6	-	19.9	May-18
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*14.0*	
Over/Under				-7.9	-4.9	-17.2	-41.3	13.5	7.0	-	5.9	
GTCR Fund XII	32,031,403	0.4		0.0	-2.4	-0.7	-4.3	32.0	2.5	-	2.5	Jun-18
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*13.6*	
Over/Under				-7.0	-11.3	-18.0	-25.6	15.8	-11.1	-	-11.1	
Buenaventure One, LLC	205,715,715	2.7		1.0	-0.8	0.4	-0.8	24.2	15.3	-	15.3	Jul-18
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	*13.6*	-	*13.6*	
Over/Under				-6.0	-9.7	-16.9	-22.1	8.0	1.7	-	1.7	
ECI 11	9,433,955	0.1		2.6	0.5	14.1	4.5	29.9	-	-	23.9	Jan-19
Russell 3000 + 2%				*7.0*	*8.9*	*17.3*	*21.3*	*16.2*	-	-	*17.2*	
Over/Under				-4.4	-8.4	-3.2	-16.8	13.7	-	-	6.7	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Buenaventure Two, LLC	2,077,937	0.0		4.0	-0.8	0.3	0.4	21.4	-	-	31.3	Dec-18
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	14.4	
Over/Under				-3.0	-9.7	-17.0	-20.9	5.2	-	-	16.9	
The Resolute Fund IV L.P	33,239,424	0.4		0.0	5.3	9.7	22.4	35.8	-	-	41.4	Jan-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	17.2	
Over/Under				-7.0	-3.6	-7.6	1.1	19.6	-	-	24.2	
GGV Capital VII L.P.	13,433,613	0.2		0.0	-0.8	-3.7	-8.9	15.2	-	-	4.4	Feb-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	15.3	
Over/Under				-7.0	-9.7	-21.0	-30.2	-1.0	-	-	-10.9	
GGV Discovery II, L.P.	3,919,042	0.1		0.0	-1.3	-1.7	-2.9	28.8	-	-	19.1	Feb-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	15.3	
Over/Under				-7.0	-10.2	-19.0	-24.2	12.6	-	-	3.8	
Drive Capital Overdrive Fund I	9,252,266	0.1		4.5	-22.6	-22.8	-23.6	23.8	-	-	15.1	May-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	13.8	
Over/Under				-2.5	-31.5	-40.1	-44.9	7.6	-	-	1.3	
Riverside Micro Cap Fund V, LP	11,747,027	0.2		2.5	3.9	3.9	8.7	26.6	-	-	7.2	May-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	13.8	
Over/Under				-4.5	-5.0	-13.4	-12.6	10.4	-	-	-6.6	
GGV Capital VII Plus, LP	3,236,808	0.0		0.0	2.1	5.1	-2.6	11.9	-	-	8.7	Jun-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	15.9	
Over/Under				-7.0	-6.8	-12.2	-23.9	-4.3	-	-	-7.2	
Astorg VII L.P.	8,609,805	0.1		12.3	-71.5	-73.6	-77.9	-21.4	-	-	-28.6	Jul-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	14.2	
Over/Under				5.3	-80.4	-90.9	-99.2	-37.6	-	-	-42.8	
M/C Partners Fund VIII LP. Limited Partnership	7,955,685	0.1		0.0	1.8	-0.5	1.2	15.4	-	-	-7.1	Jul-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	14.2	
Over/Under				-7.0	-7.1	-17.8	-20.1	-0.8	-	-	-21.3	
Genstar Capital Partners IX	9,845,163	0.1		0.0	-1.2	1.8	22.8	35.7	-	-	-	Aug-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	-	
Over/Under				-7.0	-10.1	-15.5	1.5	19.5	-	-		
Genstar IX Opportunities Fund I	2,911,535	0.0		0.0	-3.0	-0.6	21.4	26.3	-	-	19.3	Aug-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	14.1	
Over/Under				-7.0	-11.9	-17.9	0.1	10.1	-	-	5.2	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
ABRY Partners IX, LP	12,461,659	0.2		0.0	3.9	3.9	17.3	28.5	-	-	5.5	Sep-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	15.0	
Over/Under				-7.0	-5.0	-13.4	-4.0	12.3	-	-	-9.5	
Advent International GPE IX LP	12,817,664	0.2		0.0	0.7	-2.1	-19.2	37.3	-	-	26.4	Nov-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	14.4	
Over/Under				-7.0	-8.2	-19.4	-40.5	21.1	-	-	12.0	
Drive Capital Fund III LP	7,010,079	0.1		22.0	-12.4	-12.4	-3.5	10.7	-	-	3.2	Dec-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	13.5	
Over/Under				15.0	-21.3	-29.7	-24.8	-5.5	-	-	-10.3	
Oak HC/FT Partners III LP	22,620,230	0.3		0.0	-0.3	-5.4	-33.4	25.8	-	-	17.2	Dec-19
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	13.5	
Over/Under				-7.0	-9.2	-22.7	-54.7	9.6	-	-	3.7	
TA XIII A LP	12,422,053	0.2		0.0	-0.3	0.4	3.5	33.8	-	-	22.1	Jan-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	12.9	
Over/Under				-7.0	-9.2	-16.9	-17.8	17.6	-	-	9.2	
Dover Street X, LP	30,325,111	0.4		0.0	2.8	2.8	6.5	43.1	-	-	32.3	Feb-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	13.2	
Over/Under				-7.0	-6.1	-14.5	-14.8	26.9	-	-	19.1	
Hellman & Friedman CP IX	26,259,299	0.3		0.0	7.1	15.2	5.8	21.2	-	-	10.2	Apr-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	22.3	
Over/Under				-7.0	-1.8	-2.1	-15.5	5.0	-	-	-12.1	
Clearlake Capital Partners VI	28,125,681	0.4		0.0	3.9	7.0	1.8	27.2	-	-	26.4	Jun-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	16.6	
Over/Under				-7.0	-5.0	-10.3	-19.5	11.0	-	-	9.8	
Flexpoint Fund IV	6,984,115	0.1		0.0	2.4	-28.8	-16.3	13.2	-	-	12.8	Jun-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	16.6	
Over/Under				-7.0	-6.5	-46.1	-37.6	-3.0	-	-	-3.8	
Battery Ventures XIII	17,110,925	0.2		0.0	-2.6	-2.0	-4.6	14.7	-	-	14.3	Jun-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	16.2	-	-	16.6	
Over/Under				-7.0	-11.5	-19.3	-25.9	-1.5	-	-	-2.3	
Green Equity Investors VIII, L.P.	15,166,756	0.2		0.0	4.1	7.6	7.4	-	-	-	4.8	Nov-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	15.2	
Over/Under				-7.0	-4.8	-9.7	-13.9	-	-	-	-10.4	
CapVest Private Equity Partners IV, SCSp	10,349,338	0.1		2.3	0.6	2.6	11.9	-	-	-	38.8	Dec-20
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	10.6	
Over/Under				-4.7	-8.3	-14.7	-9.4	-	-	-	28.2	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Drive Capital Fund IV LP	4,072,595	0.1		0.0	-1.4	-1.4	-4.2	-	-	-	-4.5	Jan-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	-2.2	
Over/Under				-7.0	-10.3	-18.7	-25.5	-	-	-	-2.3	
Great Hill Equity Partners VII	8,616,656	0.1		0.0	20.8	19.3	16.0	-	-	-	89.8	Jan-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	9.0	
Over/Under				-7.0	11.9	2.0	-5.3	-	-	-	80.8	
Great Hill Equity Partners VIII	3,463,902	0.0		0.0	-19.6	-19.6	-	-	-	-	-19.6	Dec-22
Russell 3000 + 2%				7.0	8.9	17.3	-	-	-	-	10.6	
Over/Under				-7.0	-28.5	-36.9	-	-	-	-	-30.2	
Vitruvian Investment Partners IV	19,034,364	0.3		3.0	1.1	8.4	17.8	-	-	-	-	Jan-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	-	
Over/Under				-4.0	-7.8	-8.9	-3.5	-	-	-		
CRV XVIII, L.P.	14,979,748	0.2		0.0	-0.4	-7.2	-8.0	-	-	-	2.6	Mar-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	8.2	
Over/Under				-7.0	-9.3	-24.5	-29.3	-	-	-	-5.6	
GGV Capital VIII, L.P.	6,079,915	0.1		0.0	-0.8	-1.1	0.2	-	-	-	9.4	May-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	4.5	
Over/Under				-7.0	-9.7	-18.4	-21.1	-	-	-	4.9	
GGV Discovery III, L.P.	2,786,835	0.0		0.0	0.1	3.5	18.7	-	-	-	26.5	May-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	4.5	
Over/Under				-7.0	-8.8	-13.8	-2.6	-	-	-	22.0	
Oak HC/FT Partners IV, L.P.	9,547,416	0.1		0.0	-0.4	2.8	8.6	-	-	-	8.9	May-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	4.5	
Over/Under				-7.0	-9.3	-14.5	-12.7	-	-	-	4.4	
Prairie Capital VII, LP	4,749,052	0.1		0.0	-4.2	-5.6	-6.0	-	-	-	-0.5	Jun-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	4.4	
Over/Under				-7.0	-13.1	-22.9	-27.3	-	-	-	-4.9	
GGV Capital VIII Plus, L.P.	1,095,690	0.0		0.0	0.0	-1.4	0.2	-	-	-	2.2	Jul-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	3.2	
Over/Under				-7.0	-8.9	-18.7	-21.1	-	-	-	-1.0	
Flexpoint Overage Fund IV A, L.P.	2,876,066	0.0		0.0	12.9	13.7	13.3	-	-	-	12.5	Jul-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	3.2	
Over/Under				-7.0	4.0	-3.6	-8.0	-	-	-	9.3	
Abbott Secondary Opportunities II, L.P.	24,095,464	0.3		2.0	6.7	6.1	39.0	-	-	-	60.9	Jul-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	3.2	
Over/Under				-5.0	-2.2	-11.2	17.7	-	-	-	57.7	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Genstar X Opportunities Fund I, LP	3,373,474	0.0		0.0	1.1	2.3	1.6	-	-	-	6.4	Sep-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	0.9	
Over/Under				-7.0	-7.8	-15.0	-19.7	-	-	-	5.5	
Charlesbank Overage Fund X	5,229,951	0.1		0.0	4.3	6.2	11.7	-	-	-	10.4	Sep-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	0.9	
Over/Under				-7.0	-4.6	-11.1	-9.6	-	-	-	9.5	
Charlesbank Equity Fund X	11,798,175	0.2		0.0	-0.6	9.0	12.7	-	-	-	8.5	Sep-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	0.9	
Over/Under				-7.0	-9.5	-8.3	-8.6	-	-	-	7.6	
GTCR Fund XIII	14,552,359	0.2		0.0	-1.7	-4.2	-3.6	-	-	-	30.8	Sep-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	0.9	
Over/Under				-7.0	-10.6	-21.5	-24.9	-	-	-	29.9	
Hellman & Friedman CP X	14,680,189	0.2		0.0	4.3	10.4	0.8	-	-	-	-0.4	Nov-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	-0.4	
Over/Under				-7.0	-4.6	-6.9	-20.5	-	-	-	0.0	
Genstar Capital Partners X LP	10,018,776	0.1		0.0	1.5	2.7	2.8	-	-	-	10.4	Dec-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	0.4	
Over/Under				-7.0	-7.4	-14.6	-18.5	-	-	-	10.0	
TA XIV A LP	6,090,190	0.1		0.0	0.6	-1.3	-12.8	-	-	-	-8.3	Dec-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	0.4	
Over/Under				-7.0	-8.3	-18.6	-34.1	-	-	-	-8.7	
CVC Capital Partners VIII A LP	12,538,150	0.2		2.3	3.4	0.6	18.7	-	-	-	19.9	Dec-21
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	0.4	
Over/Under				-4.7	-5.5	-16.7	-2.6	-	-	-	19.5	
Drive Capital Overdrive	2,679,232	0.0		6.3	-42.9	-42.4	-44.6	-	-	-	-33.7	Jan-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	-2.2	
Over/Under				-0.7	-51.8	-59.7	-65.9	-	-	-	-31.5	
Kinderhook Capital Fund 7	5,883,511	0.1		0.0	23.0	75.7	62.1	-	-	-	26.7	Mar-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	3.8	
Over/Under				-7.0	14.1	58.4	40.8	-	-	-	22.9	
Pantheon Global Secondary Funds VII	7,104,232	0.1		22.8	21.8	10.0	25.5	-	-	-	19.9	Apr-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	1.3	
Over/Under				15.8	12.9	-7.3	4.2	-	-	-	18.6	
Harbourvest PTN Co Inv VI LP	17,450,213	0.2		0.0	5.2	5.2	-3.7	-	-	-	-3.2	May-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	9.7	
Over/Under				-7.0	-3.7	-12.1	-25.0	-	-	-	-12.9	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Clearlake Capital Partners VII	10,645,070	0.1		0.0	5.8	4.8	3.0	-	-	-	2.8	Jun-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	10.4	
Over/Under				-7.0	-3.1	-12.5	-18.3	-	-	-	-7.6	
Battery Ventures XIV	1,835,415	0.0		0.0	-2.3	-4.1	-	-	-	-	-	Jul-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	21.3	
Over/Under				-7.0	-11.2	-21.4	-	-	-	-	-	
Oak HC/FT Partners V	1,512,244	0.0		0.0	-2.7	-6.8	-	-	-	-	-	Jul-22
Russell 3000 + 2%				7.0	8.9	17.3	21.3	-	-	-	21.3	
Over/Under				-7.0	-11.6	-24.1	-	-	-	-	-	
Advent International GPE X LP	4,375,785	0.1		0.0	-7.5	-2.6	-	-	-	-	-19.2	Oct-22
Russell 3000 + 2%				7.0	8.9	17.3	-	-	-	-	26.4	
Over/Under				-7.0	-16.4	-19.9	-	-	-	-	-45.6	
GTCR Strategic Growth 1/A	539,252	0.0		0.0	-15.2	-45.1	-	-	-	-	-45.1	Oct-22
Russell 3000 + 2%				7.0	8.9	17.3	-	-	-	-	26.4	
Over/Under				-7.0	-24.1	-62.4	-	-	-	-	-71.5	
GTCR Strategic Growth 1/B	605,151	0.0		0.0	17.6	23.6	-	-	-	-	26.5	Oct-22
Russell 3000 + 2%				7.0	8.9	17.3	-	-	-	-	26.4	
Over/Under				-7.0	8.7	6.3	-	-	-	-	0.1	
Riverside Micro Cap Fund VI, LP	5,534,879	0.1		0.0	2.0	2.0	-	-	-	-	-8.1	Oct-22
Russell 3000 + 2%				7.0	8.9	17.3	-	-	-	-	26.4	
Over/Under				-7.0	-6.9	-15.3	-	-	-	-	-34.5	
Ridgemont Equity Partners IV	1,749,613	0.0		12.7	12.7	12.7	-	-	-	-	12.7	Jan-23
Russell 3000 + 2%				7.0	8.9	17.3	-	-	-	-	17.3	
Over/Under				5.7	3.8	-4.6	-	-	-	-	-4.6	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Credit	**480,351,981**	**6.4**	**8.0**	**1.8**	**4.7**	**5.4**	**6.1**	**12.6**	**8.5**	**-**	**8.1**	**Jan-18**
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	4.7	-	4.6	
Over/Under				0.0	2.5	-0.2	-3.3	7.6	3.8	-	3.5	
CVI Credit Value Fund IV	25,496,933	0.3		0.7	2.0	4.0	10.8	14.4	7.5	-	7.2	Jan-18
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	4.7	-	4.6	
Over/Under				-1.1	-0.2	-1.6	1.4	9.4	2.8	-	2.6	
Monroe Capital Private Credit Fund III	21,678,866	0.3		0.0	3.1	7.2	10.5	14.1	-	-	11.5	Dec-18
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	-	-	4.8	
Over/Under				-1.8	0.9	1.6	1.1	9.1	-	-	6.7	
Bluebay Direct Lending Fund III	19,537,693	0.3		0.0	5.2	5.2	8.8	11.9	-	-	10.2	Apr-19
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	-	-	4.3	
Over/Under				-1.8	3.0	-0.4	-0.6	6.9	-	-	5.9	
Pimco Private Income Fund	72,185,919	1.0		0.0	2.2	1.5	1.8	9.9	-	-	8.1	Nov-19
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	-	-	3.7	
Over/Under				-1.8	0.0	-4.1	-7.6	4.9	-	-	4.4	
Bridge Debt Strategies III Limited Partner	13,892,320	0.2		0.0	2.2	2.2	3.7	12.3	-	-	6.6	Jan-20
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	-	-	3.2	
Over/Under				-1.8	0.0	-3.4	-5.7	7.3	-	-	3.4	
PIMCO Corp Opps Fund III	50,209,129	0.7		0.0	2.6	0.3	-3.9	25.0	-	-	29.3	May-20
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	5.0	-	-	6.4	
Over/Under				-1.8	0.4	-5.3	-13.3	20.0	-	-	22.9	
Torchlight Debt Fund VII, L.P.	13,464,938	0.2		0.0	0.6	2.4	6.8	-	-	-	3.9	Jan-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	2.1	
Over/Under				-1.8	-1.6	-3.2	-2.6	-	-	-	1.8	
Torchlight Debt Fund VIII, L.P.	4,690,125	0.1		0.0	-15.5	-15.5	-	-	-	-	-15.5	Jan-23
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	-	-	-	-	5.6	
Over/Under				-1.8	-17.7	-21.1	-	-	-	-	-21.1	
Crayhill Principal Strategies Fund II	14,986,335	0.2		0.0	-0.8	-0.6	3.5	-	-	-	15.4	May-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	1.2	
Over/Under				-1.8	-3.0	-6.2	-5.9	-	-	-	14.2	
CVI Credit Value Fund A V	20,867,105	0.3		0.5	0.1	4.8	5.1	-	-	-	5.6	Jun-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	1.0	
Over/Under				-1.3	-2.1	-0.8	-4.3	-	-	-	4.6	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Bridge Debt Strategies Fund IV LP	23,871,232	0.3		0.0	2.1	3.4	4.3	-	-	-	5.4	Aug-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	0.5	
Over/Under				-1.8	-0.1	-2.2	-5.1	-	-	-	4.9	
Cross Ocean USD ESS Fund IV	31,731,013	0.4		1.8	1.8	3.4	5.1	-	-	-	6.4	Sep-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	0.3	
Over/Under				0.0	-0.4	-2.2	-4.3	-	-	-	6.1	
Harbourvest Direct Lending L	18,953,069	0.3		2.9	6.0	6.0	10.2	-	-	-	5.4	Sep-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	0.3	
Over/Under				1.1	3.8	0.4	0.8	-	-	-	5.1	
Bain Capital Special Situations Asia Fund II	3,160,418	0.0		0.0	14.1	14.1	16.5	-	-	-	14.3	Nov-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	0.1	
Over/Under				-1.8	11.9	8.5	7.1	-	-	-	14.2	
Arbour Lane Credit Opp III A	16,177,762	0.2		3.8	6.8	6.8	-3.5	-	-	-	-2.9	Dec-21
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	0.5	
Over/Under				2.0	4.6	1.2	-12.9	-	-	-	-3.4	

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)								
	Market Value ($)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Monroe Private Capital Fund IV	25,131,545	0.3		0.0	3.1	5.2	7.2	-	-	-	7.6	Jan-22
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	-0.4	
Over/Under				-1.8	0.9	-0.4	-2.2	-	-	-	8.0	
Crescent Cove Opportunity Fund LP	15,847,075	0.2		5.0	5.0	7.3	6.1	-	-	-	5.7	Jun-22
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	9.4	-	-	-	4.2	
Over/Under				3.2	2.8	1.7	-3.3	-	-	-	1.5	
Pantheon Credit Opportunity II	33,111,366	0.4		18.6	40.2	40.2	-	-	-	-	40.2	Nov-22
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	-	-	-	-	7.1	
Over/Under				16.8	38.0	34.6	-	-	-	-	33.1	
VWH Partners III LP	21,179,424	0.3		0.0	2.0	3.5	-	-	-	-	3.5	Dec-22
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	5.6	-	-	-	-	5.4	
Over/Under				-1.8	-0.2	-2.1	-	-	-	-	-1.9	
Harbourview Royalties I	16,453,525	0.2		0.0	-1.2	-	-	-	-	-	-1.2	Apr-23
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	2.2	-	-	-	-	-	2.2	
Over/Under				-1.8	-3.4	-	-	-	-	-	-3.4	
Kennedy Lewis Capital Partners Master Fund III LP	12,726,189	0.2		0.0	-	-	-	-	-	-	0.0	May-23
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	-	-	-	-	-	-	1.3	
Over/Under				-1.8	-	-	-	-	-	-	-1.3	
PIMCO Corp Opps Fund IV	5,000,000	0.1		0.0	-	-	-	-	-	-	0.0	May-23
50% CS Leveraged Loan / 50% ICE BofA US HY BB-B Rated Constrained Index				1.8	-	-	-	-	-	-	1.3	
Over/Under				-1.8	-	-	-	-	-	-	-1.3	

Policy Index as of May, 2022: 26% Russell 3000 Index, 15% MSCI ACWI ex U.S., 9% MSCI ACWI, 18% Private Equity Benchmark, 10% Bloomberg US Aggregate, 8% 50% CS Leveraged Loan/50% ICE BofA US HY BB-B Rated Constrained Index, 8% NCREIF ODCE, 6% Real Assets Index.
Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, the Benchmark is 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.
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.
Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Bloomberg Aggregate.
Loomis Custom Index: 65% Bloomberg US Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index.
Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index.
Total Real Assets Benchmark CPI + 4% from inception until 6/30/2019; CPI +2% from 6/30/2019 to present.
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.
Please Note: Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows. Fiscal year ends 6/30.

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Past performance is no guarantee of future results.

Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not generally calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.

A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.

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All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.

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Source of private fund performance benchmark data: Cambridge Associates, via Refinitiv

VCERA Project for Alameda Corrections (VPAC)

Status Report to Board of Retirement

July 24, 2023

The following is a summarized status update on the project to implement corrections to retirement benefits and member contributions to comply with the Alameda Decision.

Completed To Date:

- Continued to work on implementation plan details with project team, counsel, system vendors, and consultants.
- Reviewed additional implementation questions with project team and counsel.
- Developed hiring and recruitment plan to bring on additional staff resources (fixed-term positions).
- Discussed with County of Ventura how to perform historical corrections to flex credits in VCHRP.
- Discussed need with County of Ventura for additional data cleanup and backlog completion.
- Submitted change requests to system vendor for mass correction processing and development work has started.
- Worked with data vendor to determine tools development for mass calculations. Proposed contract sent to the Board on July 24.
- Worked with reporting vendor to define reporting needs and scope of work.
- Published additional communications on VCERA website regarding the Alameda Decision: 1) Glossary of Terms, 2) Frequently Asked Questions (FAQs), 3) Impact on Flex Credit.
- Updated procedures going forward to ensure monthly benefit amounts for new retirees are calculated with all Alameda Decision exclusions taken into account (with exception of situational pay codes capping where corrected historical data is not yet available in V3).
- Developed queries for more precise identification of impacted members and time periods affected.

VPAC Status Report to Board of Retirement 7/24/2023

In Progress/To Do Next:

- Prepare documentation for recruitments for fixed-term positions.
- Continue discussions with system and data vendors regarding additional system changes and assistance needed.
- Continue working with County of Ventura on plan for historical flex credit corrections.
- Finalize initial Implementation Plan and proposed Project Timeline.
- Summarize counts of impacted members by category.
- Define overall processing order for impacted member population corrections.
- Initiate work with reporting vendor to develop reports against retirement system data.
- Continue working with County of Ventura to enhance the situational pay code calculations and the format to be used for historical correction files.
- Continue working with County of Ventura to prioritize data cleanup efforts for historical data due to VCHRP interface and backlogged processing issues.

Summary of Implementation Plan Steps & Timeline:

- Define Excluded Pay Items
- Stop Contributions (going forward)
- Compile Historical Data
- Set Up Environments/Systems/Tools
- Define Process Steps
- Define Order of Processing
- Identify Impacted Members
- Perform Calculations
- Adjust Monthly Retirement Benefits
- Pay Refunds, Process Rollovers
- Alameda Appeals Process

Based on current estimates, this project is expected to span at least two years. Discussions are still underway with system vendors and consultants regarding the timing of some of the steps and work needed to enable VCERA to process the corrections for members.

July 24, 2023

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

SUBJECT: NEW MODEL DISABILITY RETIREMENT HEARING RULES

Dear Board Members:

On July 10, 2023, staff provided a Board memo and proposed New Model Disability Retirement Hearing Rules for you to preview in advance of the July 24 Board meeting. The following memo supplies additional information about staff's proposed Hearing Rules.

Since providing the original version of the proposed Hearing Rules, staff met with the County of Ventura on Thursday, July 13 to discuss them and listen to any feedback or concerns the County had in regard to them. The following individuals participated in that meeting:

VCERA	County
• Linda Webb, Retirement Administrator • Lori Nemiroff, General Counsel • Vivian Shultz, VCERA Disability Counsel • Amy Herron, Chief Operations Officer • Josiah Vencel, Disability Manager	• Mike Pettit, Assistant CEO • Emily Gardner, County Counsel's Office • Catherine Laveau, Senior Deputy Executive Officer • Stephen Roberson, Counsel for COV for Disability

In response to their input, staff has modified the rules in several areas to incorporate certain requests. (The specifics of these modifications are detailed beginning on page 4.) Attached are redline and clean versions of the Hearing Rules resulting from that recent meeting with the County.

<u>Background</u>

Under the historical disability retirement model, VCERA's member applicants often waited several years for their applications for disability retirement to reach the Board of Retirement for determination. [1] In July 2020, VCERA's "new model" was authorized by the Board, in part, to provide more expedited determinations on disability applications. However, as VCERA's model has

[1] While some delay under the old model resulted from VCERA accepting applications before the member's condition had become permanent, delays due to this factor were not the subject of objection from applicants, as the delay provided the applicant with additional time to obtain evidence to establish entitlement to benefits. The new model eliminated this delay factor by requiring evidence of permanency as a condition of acceptance of an application.

matured, it has become increasingly evident that for cases that are ultimately referred to a hearing officer, delays continue to be a problem. The proposed hearing rules are not intended as punitive or accusatory in any way to any parties involved in completion of hearings; they are simply to serve as procedural guardrails to keep cases moving and completed in a reasonable timeframe.

Current Hearing Delays

Five (5) of VCERA's oldest disability cases were directed to hearing in 2021 or 2022. Of the five, only one (Thin) has gone to hearing—taking 13 months to reach this milestone from the time staff shared the Administrative File with the parties. The remaining four (4) cases do not yet have a hearing date set, as summarized below:

- Allan Thin, 13 months;
- Geoff Bruton, 19+ months;
- John Muhilly, 16+ months;
- Stephanie Solace, 12+ months; and
- James Myers, 9+ months

Impact of Delays on Members

Staff recently received a complaint from a disability applicant, Mr. Bruton, whose case was directed to hearing on 12/13/2021, but who still does not have a hearing date on the calendar. After explaining that he lost his home in California and moved his family out of state, he pleaded with the Retirement Administrator to help expedite his case:

> *"My question to you is: how long can the County continue to do this and why? Is there a higher authority to whom we can appeal? … PLEASE help me, if you can in any way. The pain and anguish this continues to cause me is indescribable … not to mention what this is doing to my family. This whole thing has been going on for six years, and 2½ with the County disability retirement process. … I know I cannot be the only one going through a nightmare such as this, though that doesn't make me feel any better. There HAS to be a better way."*

CERL System Comparisons

Other CERL retirement systems have avoided the delay described above by: (1) adopting procedures that do not expressly confer "party" status on the employer participants; and (2) adopting hearing rules that set fixed time limits for the parties to complete a hearing. Regional examples of the latter include:

- Santa Barbara County (SBCERS): Hearing must be completed within 120 days of notice of referee assignment.

- San Bernardino County (SBCERA): Hearing must be completed within 180 days from the date of notification of selection of a hearing officer.

- Orange County (OCERS): Hearing must be set no later than 6 months after the date of the pre-hearing conference.

- Imperial County (ICERS): The parties have 120 days to exchange pre-hearing statements and then a hearing date must be set within 120 days.

- San Diego County (SDCERA): A hearing officer loses jurisdiction if the hearing is not completed within 180 days from the date of assignment of the hearing officer.

VCERA's disability attorney, Vivian Shultz, has informed staff that the hearing deadlines noted above are consistent with her many years of experience in representing other CERL systems in disability retirement de novo hearings. The absence of pre-hearing deadlines places VCERA outside the mainstream among peers. Reasonable procedures designed to ensure prompt delivery of benefits are consistent with the Board's duty under CERL. The hearing-related efficiencies seen among other CERL retirement systems demonstrate that proceeding to evidentiary hearing in a shorter timeframe is and can be reasonably accomplished.

The Board's Responsibility for Prompt Delivery of Benefits

Pursuant to the California Constitution, the retirement board has "the sole and exclusive responsibility to administer the system in a manner **that will assure prompt delivery of benefits** and related services to the participants and their beneficiaries." Cal. Const. Art. XVI §17(a) [emphasis added]

This sole and exclusive responsibility is reflected in section 1 of the Disability Hearing Procedures ("DHPs"), which states as its explicit purpose the following:

> *These procedures are intended to provide an equitable, fair and impartial method for acting upon applications for rights, benefits and privileges under the County Employees' Retirement Law of 1937, as amended,* ***to the end that applications for disability retirement may be expeditiously processed with a minimum lapse of time****, and that when a hearing is required, all parties will have notice of the hearing and an opportunity to appear before the Board or duly appointed hearing officer to present their cases.* [emphasis added]

The hearing delays experienced by VCERA applicants directly affect the Board's ability to assure prompt delivery of benefits and services to its members. Reasonable hearing deadlines that hold the parties accountable for their hearing preparation will ameliorate the delaying effects of an open-ended pre-hearing period while still allowing parties to request an extension for good cause on a case-by-case basis.

New Model Hearing Rules

To correct the inefficiencies noted above, staff proposes that the Board adopt New Model Hearing Rules, applicable only to new model cases directed to hearing. The Hearing Rules are harmonious in purpose and practice with the DHPs' goal of expeditious processing of applications, and they do not conflict with the DHPs. The attached Hearing Rules contain the following features:

- VCERA will produce the Administrative File to the parties on the same day as the hearing officer assignment.

- The parties must meet and confer after hearing officer assignment to seek agreement on pre-hearing and hearing-related procedural matters. The hearing officer is empowered to make binding determinations on disputed procedural and/or evidentiary issues between the parties, and to grant one-time extensions.

- Hearings must begin within 180 days of hearing officer assignment, with up to a 90-day extension allowed by the hearing officer upon a showing of good cause. The hearing officer is empowered to ensure adjudication of the matter within the 180-day deadline.

- The hearing-related deadlines specified in the DHPs (e.g., to produce evidence) are repeated in the Hearing Rules. Nothing in the Hearing Rules prevents the parties from stipulating to shorter deadlines.

- The Hearing Rules may be amended by the Board at any time to better achieve the stated purposes of the DHPs.

The proposed Hearing Rules provide a reasonable pre-hearing framework for the parties to efficiently and expeditiously prepare for hearing. Such a framework is noticeably absent from the DHPs, which were last revised in 1999. Instead of an open-ended pre-hearing period, the proposed Hearing Rules shift the burden to a petitioning party to request extensions based on a showing of good cause. Significantly, the proposed Hearing Rules encourage the parties and the hearing officer to work collaboratively toward the goal of a fair and expeditious hearing, which the rules anticipate being completed within a year (see attached timeline). The Hearing Rules appropriately balance the parties' discovery and hearing preparation needs with the goal of an expeditious hearing process.

Revisions to Hearing Rules After Meeting with County

As noted previously, on July 13, 2023, VCERA staff and disability counsel met with County staff and its disability counsel to discuss the Hearing Rules. The County suggested multiple changes to permit more time for pre-hearing discovery. Staff agreed to many of the County's suggested edits, as follows:

- Rule 4: Staff changed a party's request for a 30-day extension made to the Retirement Administrator to a request for up to a 90-day extension made to the hearing officer. This edit resulted from the County's desire to have at least three additional months to prepare for a hearing, particularly for less-common, "complex" cases.

- Rule 5: Staff clarified that the first day of a hearing must occur within 180 days (or by the day associated with an extension request in Rule 4). This edit resulted from the County's uncertainty as to whether a hearing must begin or end by the 180-day deadline.

- Rule 7: Staff advanced the due date for producing the Administrative File to the parties from 14 days after hearing officer assignment to the date of the hearing officer assignment. This edit resulted from the County requesting the Administrative File sooner.

- Rules 8 and 11: Staff clarified that the first meet-and-confer conference between the parties should occur "promptly" after hearing officer assignment and that they should discuss whether the hearing is expected to take one or two days. This edit resulted from the County's suggestion that the parties set expectations early about the duration of a case in view of its perceived complexity.

- Rules 11-13: Staff added wording to permit the parties not to disclose impeachment evidence by the pre-hearing production deadline. This edit resulted from the County's suggestion of this addition.

- Rule 19: Staff added a rule about the 1999 Disability Hearing Procedures prevailing over the 2023 Hearing Rules if a conflict were discovered between the documents. This edit resulted from the County's suggestion of this addition.

Conclusion

Staff and disability counsel urge the Board to adopt the attached Hearing Rules for future disability cases directed to hearing. Regarding the aforementioned four (4) cases currently waiting for a hearing date, staff asks that the Board, pursuant to the authority granted in Section 5 of the DHPs, require that a hearing be conducted for each case within the next six (6) months, unless a one-time extension is granted by the Retirement Administrator by a showing of good cause by a petitioning party.

RECOMMENDATION: ADOPT NEW MODEL DISABILITY RETIREMENT HEARING RULES FOR ALL FUTURE NEW-MODEL CASES DIRECTED TO HEARING, AND REQUIRE NEW-MODEL CASES CURRENTLY WAITING FOR A HEARING DATE TO BE CONDUCTED WITHIN SIX (6) MONTHS, UNLESS GRANTED AN EXTENSION BY THE RETIREMENT ADMINISTRATOR.

Staff will be available to answer your questions at the July 24, 2023, Board meeting.

Sincerely,

Linda Webb

Linda Webb
Retirement Administrator

<u>VCERA New Model Disability Retirement Hearing Rules</u>

1. The VCERA New Model Disability Retirement Hearing Rules ("Hearing Rules") set forth in this document shall apply only to applications for disability retirement received under VCERA's Disability Retirement Process Document ("New Model"), as authorized by the Board of Retirement in July 2020. The Hearing Rules are intended to be harmonious in purpose and practice with VCERA's Disability Hearing Procedures ("DHPs"), last revised in 1999, with respect to the purpose set forth below.

2. The Hearing Rules and the DHPs share the same purpose, as set forth in Section 1 of the DHPs: "*to provide an equitable, fair and impartial method for acting upon applications for rights, benefits and privileges under the County Employees' Retirement Law of 1937, as amended, to the end that applications for disability retirement may be expeditiously processed with a minimum lapse of time, and that when a hearing is required, all parties will have notice of the hearing and an opportunity to appear before the Board or duly appointed Hearing Officer to present their cases*."

3. Parties to the evidentiary hearing include the applicant and VCERA. In addition, as set forth in Section 2(b) of the DHPs, the County of Ventura and participating districts, as non-applicant employers, are authorized to participate as parties to an evidentiary hearing, as described in this document, regardless of whether the employer agrees with or objects to VCERA's Final Recommendation on an application for disability retirement.

4. To achieve the explicit objective of the New Model Hearing Rules and the Disability Hearing Procedures that disability retirement applications be "expeditiously processed with a minimum lapse of time," evidentiary hearings for New Model cases shall ~~be~~ commence~~d~~ on or before 180 days after service of the Notice of Hearing Officer Assignment. A party may submit a one-time written request <u>for an extension of time not to exceed 90 days, upon a showing of good cause,</u> to <u>the assigned Hearing Officer as the Retirement Administrator's designee, pursuant to the Retirement Administrator's authority as set forth in Section 5 of the DHPs.</u> ~~VCERA's Retirement Administrator for an extension of time not to exceed 30 days. The Retirement Administrator may grant the requested extension upon a showing of good cause, pursuant to the Retirement Administrator's authority as set forth in Section 5 of the DHPs.~~~~[1]~~

5. If the <u>first day of</u> hearing is not commenced by 5:00 p.m. on the 180th day, or the date to which the deadline was extended under these Hearing Rules, the Referee's jurisdiction shall lapse. No later than thirty (30) days after the lapse of jurisdiction, the Referee shall provide to the Board a written report setting forth the reasons the hearing was not

~~[1] Section 5 states, "Unless otherwise directed by the Board, hearings held before the Board, or Hearing Officer, shall be set on a date to be determined by the Administrator or his/her designee, in consultation with the parties or their designated representatives, but not sooner than sixty (60) days following service of notice, unless an earlier date is otherwise agreed to by all parties."~~

brought to a timely conclusion, along with the Referee's recommendations regarding further proceedings. If said reasons include a party's unreadiness or unwillingness to proceed, the Board may in its discretion impose penalties on the party or parties for noncompliance, including, but not limited to, exclusion or limited admission of evidence, and dismissal of the application. In addition, the Board may (a) reinstate the Hearing Officer's jurisdiction with a new hearing commencement deadline; (b) assign a new Hearing Officer with a new 180-day or other revised hearing commencement deadline; (c) set the hearing before the Board; or (d) take any other action consistent with applicable law.

6. As of the date of VCERA's Final Recommendation to deny an application, or as of the date of the Board's decision to direct a case to evidentiary hearing, the applicant shall have thirty (30) days to retain legal representation before the matter will be assigned to a Hearing Officer, pursuant to Section 4(b) of the DHPs.

7. VCERA shall distribute to the parties the Administrative File for an application for disability retirement ~~no later than fourteen (14) days after service~~on the same day ~~of~~ as the Notice of Hearing Officer Assignment.

8. The parties shall meet and confer promptly after issuance of the Notice of Hearing Officer Assignment to seek agreement on pre-hearing and hearing-related procedural matters such as: time estimate for hearing, setting the hearing date(s) pursuant to Section 4 above, ~~duration of the hearing,~~ written or oral closing arguments, agreed upon methods of service, and any other applicable matters. If, after meeting and conferring in good faith, the parties cannot agree on a matter, they shall promptly notify the Hearing Officer of the disputed matter(s). The Board of Retirement expressly authorizes the Hearing Officer to make binding determinations on disputed procedural and/or evidentiary issues arising between the parties.

9. Informal discovery and exchange of information between the parties is encouraged. In the event of a pre-hearing discovery dispute, the Hearing Officer, on his or her own motion or upon the written noticed motion of a party, may make appropriate orders concerning discovery.

10. There shall be a pre-hearing conference involving the parties and the Hearing Officer for all cases in which an applicant is in pro per to ensure the rights and responsibilities of the applicant are properly and timely conveyed. This pre-hearing conference shall be held no later than sixty (60) days after the issuance of the Notice of Hearing Officer Assignment, unless waived by the applicant or otherwise ordered by the Hearing Officer.

11. No later than forty-five (45) days before the date of the hearing, the parties shall serve a pre-hearing statement upon the Hearing Officer and the other parties. The pre-hearing statement shall contain the following:

a. A statement of the party’s issues and contentions;
b. A list identifying the documentary exhibits the party intends to present at hearing, including medical reports and depositions of medical witnesses on which the party will rely at hearing, but excluding impeachment evidence. Each document shall be described with sufficient information to reasonably identify the document. Copies of the documentary exhibits are encouraged, but not required, to be exchanged;
c. The names and contact information of any lay witnesses whose testimony the party intends to present at the hearing, and a summary of each witness’s expected testimony;
d. The name of each expert witness the party intends to call at hearing along with a brief statement of the opinion the expert is expected to give; ~~and~~
e. A list and summary of any affidavits the party proposes to introduce as evidence at the hearing; and~~.~~
~~e.~~f. Parties’ time estimate for hearing.

12. At least twenty (20) days before the hearing, the parties shall submit to the Hearing Officer and all other parties an exhibit list and copies of exhibits intended to be introduced at the hearing. The exhibit list shall contain enough information about each exhibit to reasonably identify the document. Except on rebuttal or for impeachment, or as otherwise authorized by the DHPs, no party will be allowed to offer an exhibit at hearing that is not identified on an exhibit list without a showing of good cause as to why the existence of that exhibit was not earlier discovered and disclosed through the exercise of due diligence.

13. At least twenty (20) days before the hearing, the parties shall submit to the Hearing Officer and all other parties a witness list identifying witnesses expected to be called at the hearing. The witness list shall contain the names and identities of witnesses and a summary of each witness’s expected testimony. If a witness list contains the names of expert witnesses, the witness list shall also include a brief statement of the opinion each expert is expected to give and shall be accompanied by a copy of each expert’s curriculum vitae. Except on rebuttal or for impeachment, or as otherwise authorized by the DHPs, no party will be allowed to call a witness who is not identified on a witness list without a showing of good cause as to why the identity of that witness was not earlier discovered and disclosed through the exercise of due diligence.

14. Unless otherwise ordered by the Hearing Officer, hearing briefs are optional. If a party elects to submit a hearing brief, it shall be submitted to the Hearing Officer and served on all other parties no later than seven (7) days before the hearing.

15. If a party elects to submit a closing brief, the brief shall be submitted to the Hearing Officer and served on the parties no later than thirty (30) days after either the close of the hearing record or service of the hearing transcripts, whichever is later. Rebuttal

briefs shall be submitted to the Hearing Officer and served on the parties no later than fourteen (14) days after service of the closing brief.

16. The Hearing Officer shall serve on the parties the Proposed Findings of Fact and Recommended Decision within ninety (90) days of the closing of the hearing record, pursuant to Section 7 of the DHPs. Any post-hearing briefing shall not extend the date the Proposed Findings of Fact and Recommended Decision is due. The parties shall then have ten (10) days, inclusive of the tenth day, to submit written objections thereto for inclusion in the materials to be considered by the Board of Retirement. The Board may, upon a written showing of good cause, accept and consider any objections filed after the 10-day deadline under this paragraph.

17. Nothing in these Hearing Rules is to be construed as preventing the parties from stipulating to lesser intervals than those described above. The Hearing Officer may for good cause shown and after notice and an opportunity to be heard, shorten or lengthen the times specified above.

18. The Hearing Rules are effective upon adoption by the Board of Retirement. The Hearing Rules may be amended by the Board of Retirement at any time to better achieve the stated purposes of the DHPs.

19. In the event there is a conflict between VCERA's New Model Disability Retirement Hearing Rules, enacted in July 2023, and the Disability Retirement Hearing Procedures, as revised April 1999, the April 1999 Procedures shall prevail, subject to the Board of Retirement's duties under the County Employees Retirement Law of 1937 (CERL) and/or other applicable law.

VCERA New Model Disability Retirement Hearing Rules

1. The VCERA New Model Disability Retirement Hearing Rules ("Hearing Rules") set forth in this document shall apply only to applications for disability retirement received under VCERA's Disability Retirement Process Document ("New Model"), as authorized by the Board of Retirement in July 2020. The Hearing Rules are intended to be harmonious in purpose and practice with VCERA's Disability Hearing Procedures ("DHPs"), last revised in 1999, with respect to the purpose set forth below.

2. The Hearing Rules and the DHPs share the same purpose, as set forth in Section 1 of the DHPs: "*to provide an equitable, fair and impartial method for acting upon applications for rights, benefits and privileges under the County Employees' Retirement Law of 1937, as amended, to the end that applications for disability retirement may be expeditiously processed with a minimum lapse of time, and that when a hearing is required, all parties will have notice of the hearing and an opportunity to appear before the Board or duly appointed Hearing Officer to present their cases*."

3. Parties to the evidentiary hearing include the applicant and VCERA. In addition, as set forth in Section 2(b) of the DHPs, the County of Ventura and participating districts, as non-applicant employers, are authorized to participate as parties to an evidentiary hearing, as described in this document, regardless of whether the employer agrees with or objects to VCERA's Final Recommendation on an application for disability retirement.

4. To achieve the explicit objective of the New Model Hearing Rules and the Disability Hearing Procedures that disability retirement applications be "expeditiously processed with a minimum lapse of time," evidentiary hearings for New Model cases shall commence on or before 180 days after service of the Notice of Hearing Officer Assignment. A party may submit a one-time written request for an extension of time not to exceed 90 days, upon a showing of good cause, to the assigned Hearing Officer as the Retirement Administrator's designee, pursuant to the Retirement Administrator's authority as set forth in Section 5 of the DHPs.

5. If the first day of hearing is not commenced by 5:00 p.m. on the 180th day, or the date to which the deadline was extended under these Hearing Rules, the Referee's jurisdiction shall lapse. No later than thirty (30) days after the lapse of jurisdiction, the Referee shall provide to the Board a written report setting forth the reasons the hearing was not brought to a timely conclusion, along with the Referee's recommendations regarding further proceedings. If said reasons include a party's unreadiness or unwillingness to proceed, the Board may in its discretion impose penalties on the party or parties for noncompliance, including, but not limited to, exclusion or limited admission of evidence, and dismissal of the application. In addition, the Board may (a) reinstate the Hearing Officer's jurisdiction with a new hearing commencement deadline; (b) assign a new Hearing Officer with a new 180-day or other revised hearing commencement deadline;

(c) set the hearing before the Board; or (d) take any other action consistent with applicable law.

6. As of the date of VCERA's Final Recommendation to deny an application, or as of the date of the Board's decision to direct a case to evidentiary hearing, the applicant shall have thirty (30) days to retain legal representation before the matter will be assigned to a Hearing Officer, pursuant to Section 4(b) of the DHPs.

7. VCERA shall distribute to the parties the Administrative File for an application for disability retirement on the same day as the Notice of Hearing Officer Assignment.

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    a. A statement of the party's issues and contentions;
    b. A list identifying the documentary exhibits the party intends to present at hearing, including medical reports and depositions of medical witnesses on which the party will rely at hearing, but excluding impeachment evidence. Each document shall be described with sufficient information to reasonably identify the document. Copies of the documentary exhibits are encouraged, but not required, to be exchanged;

c. The names and contact information of any lay witnesses whose testimony the party intends to present at the hearing, and a summary of each witness's expected testimony;
d. The name of each expert witness the party intends to call at hearing along with a brief statement of the opinion the expert is expected to give;
e. A list and summary of any affidavits the party proposes to introduce as evidence at the hearing; and
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12. At least twenty (20) days before the hearing, the parties shall submit to the Hearing Officer and all other parties an exhibit list and copies of exhibits intended to be introduced at the hearing. The exhibit list shall contain enough information about each exhibit to reasonably identify the document. Except on rebuttal or for impeachment, or as otherwise authorized by the DHPs, no party will be allowed to offer an exhibit at hearing that is not identified on an exhibit list without a showing of good cause as to why the existence of that exhibit was not earlier discovered and disclosed through the exercise of due diligence.

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inclusion in the materials to be considered by the Board of Retirement. The Board may, upon a written showing of good cause, accept and consider any objections filed after the 10-day deadline under this paragraph.

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18. The Hearing Rules are effective upon adoption by the Board of Retirement. The Hearing Rules may be amended by the Board of Retirement at any time to better achieve the stated purposes of the DHPs.

19. In the event there is a conflict between VCERA's New Model Disability Retirement Hearing Rules, enacted in July 2023, and the Disability Retirement Hearing Procedures, as revised April 1999, the April 1999 Procedures shall prevail, subject to the Board of Retirement's duties under the County Employees Retirement Law of 1937 (CERL) and/or other applicable law.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 24, 2023

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

SUBJECT: AUTHORIZE STAFF TO CONTRACT WITH MANAGED BUSINESS SOLUTIONS, LLC IN SUPPORT OF MASS FLEX CREDIT RECALCULATIONS – ALAMEDA RESOLUTIONS

Dear Board Members:

Based on your Board's adoption of the "Alameda Exclusions Resolution" and the "PEPRA Exclusions Resolution" on April 17, 2023, and October 12, 2020, respectively, staff determined that additional expertise and resources were needed to assist with mass recalculations, updates, and refunds to VCERA member accounts.

VCERA Staff developed the attached Statement of Work (SOW) with Managed Business Solutions, LLC (MBS), who assisted with VCERA's initial data migration during the implementation of the Pension Administration System (PAS), V3, and identified the areas of support that were needed. MBS will be assisting with mass flex credit recalculations to determine refund amounts for VCERA members, as well as business analysis tasks on a Time and Materials basis, as outlined in the SOW.

This engagement and project timeline will be managed and tracked as part of the VCERA Project for Alameda Corrections (VPAC) by VCERA's Chief Operations Officer, Amy Herron and VCERA's Chief Technology Officer, Leah Oliver. Funds for this engagement were included in the 2023/24 Fiscal Year budget.

Staff will be available to discuss further at the July 24, 2023, Business Meeting.

<u>RECOMMENDATION</u>: AUTHORIZE RETIREMENT ADMINISTRATOR TO EXECUTE AN AGREEMENT WITH MANAGED BUSINESS SOLUTIONS, LLC IN SUPPORT OF MASS RECALCULATIONS FOR FLEX CREDIT AT A COST OF $169,660 AND TIME AND MATERIALS WORK AS NEEDED.

Sincerely,

LOliver

Leah Oliver
Chief Technology Officer

Statement of Work 001
DATA ASSISTANCE – ALAMEDA DECISION

Ventura County Employees' Retirement Association (VCERA)

Submitted to:

Linda Webb, Retirement Administrator
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003
Linda.Webb@ventura.org

Submitted by:

MBS
A Sealaska Company
Managed Business Solutions, LLC
6547 North Academy Blvd #2490
Colorado Springs, CO 80918
(719) 314-3400

June 8, 2023

Table of Contents

1.0 OVERVIEW

The Ventura County Employees' Retirement Association (VCERA) is a multi-employer, defined benefit, public pension plan located in Ventura County, California. Founded in 1947, the association is governed by the County Employees Retirement Law of 1937 ("1937 Act") and the California Public Employees' Pension Reform Act of 2013 (PEPRA). VCERA's primary responsibility is to provide lifetime retirement benefits for eligible employees of the County of Ventura, Ventura County Superior Court, Ventura County Air Pollution Control District (APCD), Ventura Regional Sanitation District (VRSD) and VCERA.

VCERA manages service retirement, lifetime disability retirement, and supplemental, cost-of-living and death benefits of its members. VCERA receives biweekly contributions from members and employers (i.e., plan sponsors) as well as earnings from its diversified investments. Retirement law vests oversight of the agency in a Board of Retirement, which invests VCERA's assets, sets policy, and appoints a Retirement Administrator to manage the day-to-day operations of the retirement system.

In 2016, VCERA went live on a new Pension Administration System (PAS) called V3 by Vitech, and runs its operations on this system to the present. Managed Business Solutions, LLC (MBS) performed the data migration in support of VCERA's move from their legacy system to V3.

On July 30, 2020, the California Supreme Court issued a ruling in the case, "Alameda County Deputy Sheriff's Association vs Alameda County Employees' Retirement Association." On October 12, 2020, the VCERA Board of Retirement adopted a resolution implementing the results of the California Supreme Court Ruling regarding exclusions from "compensation earnable" and/or "final average compensation" for payments that were excluded in the PEPRA legislation effective January 1, 2013: (a) "Pay for services outside of normal working hours", such as standby or call-back pay, and (b) leave cashouts that exceed what is both earned and payable in each 12 months of the final average compensation measurement period. On April 17, 2023, the VCERA Board of Retirement adopted a further resolution implementing the results of the California Supreme Court Ruling regarding exclusions from "compensation earnable" for In-kind benefits, which would be health insurance premiums and other third-party payments not received in cash. This includes leave donations and flex credits not allowed by the employer to be received in cash.

VCERA is requesting services to calculate the contribution, earnings, and interest adjustments, loading corrected data into the VCERA PAS system, and determining refund amounts from the Alameda Court Decision.

Further, VCERA's Board of Retirement is expected to pass a resolution in an upcoming Board meeting limiting the amount of flex credit that can be included in retirement compensation, and as a result, VCERA may need to make mass data corrections to retirement contributions and earnings and issue mass refunds.

The goal of this Statement of Work is to perform the required calculations and to support VCERA with Project Management and Business Analysis to address related concerns and future decisions on a Time and Materials basis.

2.0 SCOPE

2.1 Fixed Price Tasks

To accomplish this project, MBS will perform a Flex Credit Mass Update per the steps outlined in the Excel file titled Exhibit A – Flex Credit Mass Update. As part of these tasks, MBS will query existing data, calculate new required values, and prepare data to populate back into the PAS system. MBS will create the deliverable with the following approach:

- The deliverable will be an Excel file with one or more tabs with the results of the task, and a separate tab with the query that produced the results.
- VCERA and MBS will meet to clarify each task and agree on the data columns and format of the deliverable, as well as what data needs to be selected, and what logic or transformations should be performed on the data.
- MBS will produce an iteration of the result for VCERA review. VCERA will have the opportunity to review the result and the query that produced the result. VCERA may request a second iteration of the result with changes to the selection criteria, logic, or columns and format; MBS will deliver the second iteration as needed.

2.2 Time and Materials (T&M) Tasks

In addition, VCERA anticipates there will be other project management and business analysis tasks, including but not limited to:

- Facilitating and tracking VCERA policy and operations decisions
- Coordinating discovery and testing activities
- Tracking manual data corrections and updates
- Documenting decisions internally
- Coordinating system administration duties
- Laying out the fundamental policy questions and dependencies, ongoing actions, and the overall critical path to identify activities that can occur in parallel and prioritize tasks
- Discussing inclusion of Qualified Domestic Relations Order
- Scoping deliverables for Task 27, Task 28, the Mail Merge task, or the Service Credit Purchase recalculation task, based on the result of the benefit recalculation
- Attending meetings between VCERA, the County, and other organizations to facilitate discussions
- Provide weekly status reports of MBS related tasks
- Attending internal VCERA meetings to define approaches

These activities would be performed on a Time and Materials (hourly) basis, per direction by VCERA. MBS anticipates there will be pauses in the project while VCERA awaits a Board policy decision or agreements to be completed with organizations required to make changes.

2.3 Status Reporting

MBS will provide a periodic (e.g., weekly) status report, as directed by VCERA. The status report will describe progress against the Flex Credit Mass Update Task List and tasks and hours requested by VCERA for additional Project Management and Business Analysis and plans for the upcoming reporting period. The status report will list and describe all open project issues, actions, risks, and recent decisions. The report will also include the current Project Plan and scheduled commitments.

3.0 PROJECT PLAN

The expected period of performance for this project is as follows:

- Flex Credit Mass Update: August 1, 2023 – March 31, 2024
- Additional Business Analysis tasks: August 1, 2023 – July 31, 2024

4.0 PRICE

The Fixed Price for the Flex Credit Mass Update is $169,660.00. MBS will invoice monthly a percentage of this fixed amount. The monthly invoice amount will be based on the percentage of tasks in the task list referenced in Exhibit A – Flex Credit Mass Update that are completed during the month.

Time and Materials work will be performed utilizing the labor categories and rates below.

Labor Category	2023 Rate	2024 Rate
Project Manager	$150/hour	$160/hour
Senior Pension Subject Matter Expert	$160/hour	$170/hour
Data Engineer	$125/hour	$135/hour

MBS will bill hours expended monthly per VCERA direction.

No travel is estimated for this effort; all work will be performed remotely.

4.1 Assumptions

The fixed price for the Flex Credit Mass Update is based on the following assumptions:

- No scrambling of Personal Identification Information (PII) data in produced results will be necessary.
- For Task 13 in Exhibit A, "Calculate the Ret Final for each flex credit adjustment," the calculation of "ret final" will be based on "ret start" divided by (1 minus the contribution rate) with this result rounded to two decimal places for a currency value, rather than multiple iterative loop calculations.
- In Exhibit A, Tasks 27 and 28 are assumed to be a VCERA or Vitech task and no deliverable will be created for these tasks. As noted above, we will use Time and Material hours to scope deliverables for these tasks.
- VCERA may require ongoing reporting as new data is added or updated in production. These additional requests are excluded from the fixed price but can be addressed with Time and Materials or a Change Order.
- The assumption is that VCERA will provide a clearly defined algorithm for "County Contrib" calculations. If the algorithm is unclear, T&M hours may be required to define the algorithm.
- MBS' services will utilize NWC Consulting, LLC in the performance of this work as needed.

4.2 MBS Access Requirements

VCERA will provide the following connectivity to MBS:

- VPN-enabled access to a VCERA-hosted virtual desktop running Windows 10 or higher.

- MS Office as installed applications on the virtual desktop (Excel; Word). (Browser-based access to Excel is not sufficient to support the anticipated size of the data sets of the deliverables.)
- A SharePoint or equivalent location where query results can be stored. VCERA may indicate a network location via MS Windows Explorer instead as VCERA prefers.
- A reporting copy of the VCERA production database, an application to connect to this database to query the data, sufficient privileges to query the data and create tables or temporary tables to support generating the results.
- MBS will have sufficient database privileges to create indexes and perform other interventions to achieve sufficient database performance to realize the profiles and calculations requested by VCERA.
- Queries of work history, part account detail records, and final average salary calculations must be complete within a reasonable amount of time.
- VCERA will maintain the copy of the production database and ensure access to it (e.g., via database replication). VCERA will inform MBS of scheduled downtime, and the schedule for database refreshes to keep the data current.
- VCERA will provide a support contact for VPN connectivity, Virtual Desktop connectivity, software availability, database connectivity, and privilege requests.
- VCERA will be responsible for specifying what data elements are considered PII or Sensitive Information, whether PII data elements are requested in query results, and controlling access to the SharePoint location with query results that contain any PII according to VCERA policies.
- Conference calls, screen sharing, and video calls will be conducted via Microsoft Teams.
- VCERA will ensure that appropriate external account/off domain access to Teams conferences is enabled or provide an account on VCERA's domain for calls.
- VCERA or MBS may request to record calls for later reference. Recorded meetings will be saved to a SharePoint or network location hosted by VCERA. Recorded meetings with screen shares may include PII data; VCERA will be responsible for securing access to recorded meetings as needed according to VCERA's policies.
- VCERA will indicate how to query "Part Account Service Summary" mentioned in Task 8 via a view or table; the view or table will be optimized enough that deliverable queries relying on this table will complete within a reasonable amount of time.
- VCERA will provide a comprehensive algorithm and / or Vitech source code for calculating the "County Contrib" mentioned in Task 11, the "Reg Pickup" and "COL Pickup" mentioned in Task 12, the "normal flex credit amount" mentioned in Task 14, "member contributions" mentioned in Task 15, and interest calculation mentioned in Task 18, referencing data available in the V3 database for each data point that is needed in the calculation. If the data is not available in the V3 database, VCERA will provide the data needed for the algorithms in an Excel format that is suitable for import to a database table for use in queries. Data must be clean in the source file (e.g., dates and numbers must be consistently formatted; text codes must not contain special characters).

MANAGED BUSINESS SOLUTIONS, LLC	**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**
______________________________	______________________________
Matt Swaffer	Linda Webb
General Manager	Retirement Administrator
6547 North Academy Blvd #2490	1190 S. Victoria Avenue, Suite 200
Colorado Springs, CO 80918	Ventura, CA 93003

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 24, 2023

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

SUBJECT: CTO REVIEW AND RECOMMENDATIONS REGARDING VCERA PENSION ADMINISTRATION SYSTEM HOSTING

Dear Board Members:

Background

At the June 8, 2020, Disability Meeting, Trustee Goulet requested that VCERA staff evaluate alternative and more cost-effective hosting solutions for VCERA's Pension Administration System (PAS), V3. V3 is fully hosted and supported by VSG Hosting (VSG), a subsidiary company to Vitech, Inc., which was a decision approved by the Board on February 27, 2012.

VCERA's PAS, V3, is a large enterprise application that is currently available 24x7 for staff and members. The infrastructure hosted by VSG is comprised of approximately 30 servers which support member data, the pension application, the member portal and more across multiple environments (test, development, production). VSG Hosting provides warm site Disaster Recovery (DR) with active replication and annual testing for the V3 environment.

The costs for hosting with VSG increase annually and are approximately $325,000 for the 2023/24 fiscal year. The annual hosting costs include, but are not limited to, hardware costs, third-party software, software licensing, database optimization, backup and restoration, disaster recovery planning and testing, security, maintenance, endpoint protection, application deployments, upgrades, data encryption, 24x7 monitoring, 24x7 infrastructure support and a team of technical staff specialized in individually supporting databases, security and network infrastructure, servers, and related software.

Migrating an enterprise application is a significant undertaking. It has the potential to be disruptive, to impact data security and integrity, and is estimated to take approximately two (2) years to complete. VCERA Staff are currently dedicated to working on the VCERA Project for Alameda Corrections (VPAC) and any efforts to take on a hosting migration in parallel would significantly impact the timeline for the VPAC project.

While evaluating hosting options, Vitech confirmed that V3 will be end of life within 8 to 10 years (estimated for 2030-2033). This means Vitech will no longer provide fixes for bugs, defects, legislative updates, or enhancements, which could result in several risks, including V3 becoming unstable, out of compliance or susceptible to security vulnerabilities. Once V3 has reached its end of life, the understanding is that the VSG Hosting infrastructure will be nearing its end of life as well.

To properly prepare for what's next, senior staff must collectively discuss and determine if an upgrade of V3 or a Request for Proposal (RFP) of other PAS vendors would be the best option. Depending on the path chosen, this could result in a major project spanning a minimum of 5 years, and with recent leadership/staffing changes potentially longer and would not be feasible until after the VPAC project is nearing completion.

Hosting Options and Risks

Staff had numerous discussions and working sessions with Gartner, various conversations with other retirement systems and VCERA Senior Staff. VCERA IT evaluated alternate hosting vendors, the County of Ventura IT Services Department Data Center and Amazon Web Services were selected for this exercise.

Option 1: VSG Hosting (VSG)

VSG Hosting is the current infrastructure that hosts VCERA's PAS, the hosting and DR facilities are separate cities in New York state. As mentioned above, VSG Hosting provides VCERA with full hardware and software hosting and 24x7 support of the full V3 application, databases, and Member Portal infrastructure. Listed below are both benefits to this infrastructure as well as risks.

Benefits:

- Maintain current level of support and data integrity.
- 24x7x365 hardware and software support.
- Single vendor support.
- DR infrastructure with warm site configurations and vendor support with regular testing.
- Current vendor relationship.
- Temporary reduced rate for hosting services.

Risks:

- The cost of hosting the V3 infrastructure and 24x7 support of that infrastructure is significantly higher than alternative solutions in the industry.
- Single vendor support and reliance.

Total Cost: $325,000 annually

Option 2: County of Ventura – IT Services Department (ITSD)

The County of Ventura's data center is in the Hall of Administration in Ventura, CA and would serve as the main hosting location for the full V3 environment. During the comparison of both hardware and software support options between ITSD and VSG, they are similar in nature, however there are areas of responsibility that would transition to VCERA IT such as DR coordination, application monitoring, application support during business hours, potential after hours application and member portal support, security patching for third-party applications, and data security monitoring, as well as items that have potential associated risk. Listed below are both benefits to this infrastructure as well as risks.

Benefits:

- VCERA IT would have more control over hardware and third-party software support.
- VCERA IT would have more insight into security vulnerabilities and patching of the environment.
- Annual costs are lower than the full VSG Hosting rate (and similar for the temporary reduced VSG rate).
- Current working relationship with ITSD.
- Performance and active monitoring of hardware, security, and database connectivity would be provided 24x7x365 and basic hardware support would be provided by ITSD staff.
- Database upgrades would be included and supported by ITSD staff.

Risks:

- Data security is limited because network segmentation is not currently enabled and VCERA pension data would coexists with other County agencies. Which means that:
  - Anyone on the County network could attempt to gain access to the PAS software and data.
  - Should the County network be compromised, access to the PAS software and data is more readily available than if it were to remain hosted elsewhere.
- Offsite DR facilities are 12 miles from the ITSD Data Center. Best practices for DR sites indicate that locations should be 30-100 miles away from the primary location to provide more distance between facilities, in the event of a major natural disaster.
- The ITSD DR infrastructure is still being developed and DR planning and coordination is being developed. DR is based off a cold site design with a backup and restore plan.
- Having VCERA's DR instance coexist with public safety, health care, payroll and other high-profile systems could lower the priority of getting the PAS back online.
- Response to requests surrounding the availability of the V3 application and the Member Portal would be reduced from 24x7 to business hours only.
- Multiple vendors could lead to finger pointing and reduce ability to quickly resolve issues.
- Risk of data corruption, data loss and reduced data integrity during the migration of data between vendors.
- Risk of reduced data security during migration of data between vendors.
- Migrating hosting in parallel with the VPAC project would significantly impact the timeline for both projects.

***Total Cost: $251,248+ (**_Annual Cost: $241,248 + One time license cost: $10,000)_

**Total Cost does not include migration costs from VSG/Vitech or include internal costs of VCERA IT time*

Option 3: Amazon Web Services (AWS)

AWS hosting facilities are in various locations throughout the United States. If VCERA were to migrate to AWS, V3 would be located on both the west coast and the east coast, with active replication between the hosting locations. When comparing support options offered by AWS in relation to what is currently included from VSG, they are similar, however there are areas of responsibility that would transition to VCERA IT such as, DR coordination, application monitoring, application support during business hours, potential after hours application and member portal support, security patching server hardware and third-party applications, backup and restore of data, database performance tuning and support, and data security, and items that pose potential risk. Listed below are both benefits to this infrastructure as well as risks.

Benefits:

- VCERA IT would have more control over hardware and third-party software support.
- VCERA IT would have more insight into security vulnerabilities and patching of the environment.
- Reduce the need for physical servers to host the environment, which provides scalability to improve performance and expand storage.
- Database upgrades could be included (depending on the infrastructure selected) and supported by AWS staff.
- Annual costs are lower than the full VSG Hosting rate.

Risks:

- Response to requests surrounding the availability of the V3 application and the Member Portal would be reduced from 24x7 to business hours only.
- Security of the data and the infrastructure would be the sole responsibility of VCERA IT.
- DR would require VCERA IT and Vitech's coordinated support and could take 4-8 hours to transition to the DR instance.
- Multiple vendors could lead to pointing fingers in attempts to quickly resolve issues.
- Risk of data corruption, data loss and reduced data integrity during the migration of data between vendors.
- Risk of reduced data security during migration of data between vendors.
- Migrating hosting in parallel with the VPAC project would significantly impact the timeline for both projects.

***Total Cost: $325,000** (Annual Cost: $175,000 (estimated) / One-time migration cost: $150,000 (estimated))*

**Total Cost does not include migration costs from VSG/Vitech, County IT or include internal costs of VCERA IT time*

Chief Technology Officer Recommendations

During conversations with VSG Hosting, they offered to work with VCERA and provide a temporary reduced hosting rate for a 24-month period (listed in the table below). After 24 months, the hosting rate would increase to the current rate at that time.

The table (on the following page) summarizes the most significant benefits, risks and costs associated with each option (identified above). Costs listed below are estimated and do not include additional costs from Vitech (to migrate data out of their environment and/or set up new configurations) and do not include VCERA staff time to configure and test the new infrastructure nor confirm PAS functionality and data integrity.

Options	Benefits	Risks	Annual Costs	Migration Cost (one-time)	**Total Cost In First Year**
VSG Hosting	1. Maintain current level of 24x7x365 support. 2. Maintain data integrity. 3. DR infrastructure with warm site configurations and vendor support with regular testing.	1. The cost of hosting the V3 infrastructure and 24x7 support of that infrastructure is significantly higher than alternative solutions in the industry. 2. Single vendor support and reliance.	~~$325,000~~ $276,250 *(for 24 months)*	$0	**$276,250**
County of Ventura - ITS	1. VCERA IT would have more control over hardware and third-party software support. 2. VCERA IT would have more insight into security vulnerabilities and patching of the environment.	1. Data security access and network segmentation is limited. 2. The ITSD DR infrastructure is still being developed. 3. Risk of data corruption, data loss and reduced data integrity during the migration of data between vendors. 4. Risk of reduced data security during migration of data between vendors. 5. Migrating hosting in parallel with the VPAC project would significantly impact the timeline for both projects.	$241,248	$10,000	**$251,248+**
Amazon Web Services	1. VCERA IT would have more control over hardware and third-party software support. 2. VCERA IT would have more insight into security vulnerabilities and patching of the environment. 3. Reduced need for physical servers to host the environment, which provides scalability to improve performance and expand storage.	1. Response to requests surrounding the availability of the V3 application and the Member Portal would be reduced from 24x7 to business hours only. 2. Security of the data and the infrastructure would be the sole responsibility of VCERA IT. 3. Risk of data corruption, data loss and reduced data integrity during the migration of data between vendors. 4. Risk of reduced data security during	$175,000	$150,000	**$325,000+**

	4. Lower overall hosting costs.	migration of data between vendors. 5. Migrating hosting in parallel with the VPAC project would significantly impact the timeline for both projects.			

After multiple discussions with Gartner, colleagues in other retirement systems and VCERA Senior Staff, and reviewing all the benefits and risks associated with each option and taking into consideration the following items: remaining lifetime of the current PAS, staff time currently devoted to the VPAC project (minimum of approximately two years to complete), the length of a hosting migration project, the impact on VCERA business, and the future planning requirements to maintain a supported PAS, the CTO <u>does not</u> recommend moving data between hosting environments at this time. Until a strategic plan for the future of VCERA's PAS has been identified, staff's recommendation is to <u>accept a reduced temporary rate from VSG Hosting and remain on their hosting infrastructure</u>.

The future of the PAS is an organizational decision and discussions between senior staff are needed to determine how to proceed with the least amount of impact on staff, members, and finances. As a follow up, staff will collectively discuss and determine if an upgrade of V3 or an RFP of other PAS vendors would be the best option. While some of this discussion may occur during the VPAC project, any further decisions regarding PAS upgrades and hosting are expected to be delayed until after the VPAC project is largely completed.

Staff will be pleased to answer any questions at the July 24, 2023, Business Meeting.

<u>RECOMMENDATION</u> **APPROVE RECOMMENDATIONS FROM CHIEF TECHNOLOGY OFFICER TO ACCEPT REDUCED TEMPORARY RATE FROM VSG HOSTING AND REMAIN ON THEIR HOSTING INFRASTRUCTURE AND AUTHORIZE RETIREMENT ADMINISTRATOR TO EXECUTE AN AMENDMENT TO THE HOSTING AGREEMENT THAT DOCUMENTS THIS TEMPORARY RATE REDUCTION.**

Sincerely,

LOliver

Leah Oliver
Chief Technology Officer

July 24, 2023

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

SUBJECT: AUTHORIZATION FOR CHIEF TECHNOLOGY OFFICER TO ATTEND THE PUBLIC RETIREMENT INFORMATION SYSTEMS MANAGEMENT SITE VISIT, IN NASHVILLE, TN, FROM AUGUST 20 - 24, 2023.

Dear Board Members:

Staff requests authorization for Chief Technology Officer, Leah Oliver, to attend the Public Information Systems Retirement Management (PRISM) site visit in Nashville, TN from August 20 - 24, 2023.

At the November 28, 2022, Business Board Meeting, the Board approved for Ms. Oliver to run for a 3-year PRISM Presidential Term. Ms. Oliver was successful in being elected to this position in May 2023. As part of her responsibilities in this role, she is responsible for determining the location, venue, networking events and negotiating contracts in support of the 2025 conference year. Typically, the site visit is scheduled towards the end of the calendar year, but due to increased demands for conference locations, the timeline of this visit had to be scheduled sooner.

Costs for the site visit are covered by the venues, PRISM and VCERA. VCERA's estimated cost for Ms. Oliver to attend is approximately $2,500, to cover her portion of the airfare, hotels, meals, mileage, parking, and other related expenses. Funds were included in the FY 23/24 budget for this trip.

VCERA staff will be pleased to respond to any questions you may have on this matter at the July 24, 2023, Business Meeting.

RECOMMENDATION: APPROVE.

Sincerely,

LOliver

Leah Oliver
Chief Technology Officer

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 24, 2023

SUBJECT: Chief Investment Officer's 2nd Quarter 2023 Investment Activity Report

Dear Board Members:

Below is a summary of 2nd quarter 2023 investment activity.

Private investments commitments:

- $50 million private equity commitment to Abbott Secondaries Opportunities Fund III-- NEPC/ Board approved.
- $35 million real estate commitment to Alterra Industrial Outdoor Storage Venture III, L.P.- NEPC/ Board approved.
- $10 million private equity add-on commitment to Charlesbank Technology Opportunities Fund II -- Abbott mandate.
- $25 million private credit commitment to Crayhill Principal Strategies Fund III-- NEPC/ Board approved.
- $25 million private credit commitment to Crescent Cove Capital Fund IV-- NEPC/ Board approved.
- $20 million private equity commitment to Genstar XI -- Abbott mandate.
- $25 million private credit commitment to Monroe Capital Opportunistic Credit Fund II- NEPC/ Board approved.
- $20 million private equity commitment to TA Associates XV - Abbott mandate.
- $20 million private equity commitment to Vitruvian V -- Abbott mandate.

Investment presentations:

VCERA Staff

- CIO
  - Abbott Secondaries Opportunities Fund III recommendation
  - Alterra Industrial Outdoor Storage Venture III recommendation
  - Crayhill Principal Strategies Fund III recommendation
  - Crescent Cove Capital Fund IV recommendation
  - Monroe Capital Opportunistic Credit Fund II recommendation
  - Report of Walter Scott on-site due diligence visit and attendance at the subsequent 2023 Walter Scott Research Conference.

Consultants:

- NEPC
  - Abbott Secondaries Opportunities Fund III research report.
  - Alterra Industrial Outdoor Storage Venture III research report.
  - Crayhill Principal Strategies Fund III research report.
  - Crescent Cove Capital Fund IV research report.
  - Monroe Capital Opportunistic Credit Fund II research report.

  - March 2023 quarterly; April and May 2023 monthly investment performance reports.

Investment Managers:

- Abbott Secondaries Opportunities Fund III VCERA Board Presentation materials.
- Alterra Industrial Outdoor Storage Venture III VCERA Board Presentation materials.
- Bridgewater Annual VCERA Board Presentation.
- Crayhill Principal Strategies Fund III VCERA Board Presentation materials.
- Crescent Cove Capital Fund IV VCERA Board Presentation materials.
- Monroe Capital Opportunistic Credit Fund II VCERA Board Presentation materials.
- Parametric Annual VCERA Board Presentations on Portfolio Rebalancing and Cash Equitization Overlay Solutions.
- PIMCO Annual VCERA Board Presentations:
  - Private Investment Fund (PIF)
  - Corporate Opportunities Fund III (COF III)
  - Corporate Opportunities Fund IV (COF IV)
- Sprucegrove Investment Management Annual VCERA Board Presentation.
- State Street Bank VCERA Board Annual Presentations:
  - Custodial Services
  - Securities Lending

Other:

- Teleconferences, phone calls, etc., with investment managers across asset classes, consultants, custodian, regarding portfolio monitoring and actions taken including those ensuring liquidity to execute VCERA's priorities.
- Abbott Q1 2023 Private Equity Market Overview

Goals for 2023

- Continuous evaluation of consultant driven private equity deal flow and opportunities towards reaching and maintaining the Board approved 18% asset allocation target. The Board approved its private equity commitment target for 2023 at $235 million. VCERA committed $120 million in the second quarter 2023.
- Continuous evaluation of consultant driven private credit deal flow and opportunities towards achieving the Board's approved allocation of 8% for private credit over 3 to 5 years. The Board approved VCERA's private credit commitment target for 2023 at $225 million. VCERA committed $75 million in the second quarter 2023.

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 24, 2023

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

SUBJECT: RECOMMENDATION FROM AD HOC COMMITTEE FOR RETIREMENT ADMINISTRATOR RECRUITMENT TO ENGAGE CPS FOR RECRUITMENT SERVICES

Dear Board Members:

<u>Background</u>
At the Special Board of Retirement meeting of June 21, 2023, Board Chair Sedell appointed an ad hoc committee after Linda Webb, Retirement Administrator, tendered her resignation and gave formal notice. The committee members appointed were Mike Sedell (Chair), Robert Ashby, and Sue Horgan. The Ad Hoc Committee for Retirement Administrator Recruitment ("Committee") was tasked with recruiting and recommending an Interim Retirement Administrator, and also recommending a recruitment firm to engage for the ultimate hiring of a permanent Retirement Administrator ("RA").

<u>Recommendation and Statement of Work</u>
VCERA engaged CPS Recruitment in 2014 and 2015 in the recruitment of the current RA, as well as the Chief Investment Officer. The County of Ventura has recently completed two successful recruitments with CPS. A formal RFP process for a recruitment firm engagement is not required. VCERA's previous agreement with CPS has a provision for automatic renewal unless terminated by either party, which has not occurred. The Board may engage CPS by approving the attached Statement of Work.

The attached Statement of Work details the services to be performed to CPS in the recruitment process, and the cost for this engagement is $25,000. When compared to other recent recruitment efforts by other agencies, the Committee believes the pricing from CPS to be competitive and reasonable. The Committee further recommends approval of an amount not to exceed $10,000 for potential candidate expenses, such as travel, lodging, and per diem.

<u>RECOMMENDATION</u>: APPROVE ENGAGEMENT WITH CPS RECRUITMENT FOR FORMAL RECRUITMENT FOR VCERA'S NEXT RETIREMENT ADMINISTRATOR AT A COST OF $25,000, AND APPROVAL OF UP TO $10,000 IN POTENTIAL CANDIDATE EXPENSES ASSOCIATED WITH THE RECRUITMENT PROCESS.

The Committee will be pleased to answer trustee questions at the July 24, 2023, Board meeting.

Respectfully,
Ad Hoc Committee for Retirement Administrator Recruitment

CPS HR CONSULTING

PROPOSAL

Ventura County Employees Retirement Association

Executive Recruitment Services for Retirement Administrator

July 20, 2023

SUBMITTED BY:
MELISSA ASHER
Sr. Practice Leader, Products and Services

CPS HR Consulting
2450 Del Paso Road, Suite 220
Sacramento, CA 95834
P: 916-471-3358
masher@cpshr.us
Tax ID: 68-0067209

www.cpshr.us

Your Path to Performance

July 20, 2023

VCERA Board of Retirement
Recruitment Committee
1190 S. Victoria Ave. Suite 200
Ventura, CA 93003

Submitted via email to: msjsedell@yahoo.com

Subject: Executive Recruitment for Retirement Administrator

Dear Recruitment Committee:

CPS HR Consulting (CPS HR) is pleased to have the opportunity to submit a proposal to assist the Ventura County Employees Retirement Association (VCERA) with the recruitment of a new Retirement Administrator. We are uniquely qualified to undertake this effort as we have vast experience in assisting public agencies with executive search, screening, and placement.

We understand that each agency is unique, and our extensive experience allows us to tailor our process to specifically meet your needs. Our work with local government agencies throughout the United States gives us an in-depth understanding of government operations, programs, and services.

CPS HR offers a broad spectrum of human resource services while delivering personalized, results-oriented services, utilizing best practice methods of recruitment and selection strategies from our team of recruitment experts. Each recruitment is an opportunity to shape and prepare your organization for the future. We understand how important this transition is for you and are perfectly placed to assist you in this endeavor. Once this project begins, we will work with VCERA to tailor our process to highlight this exciting opportunity and attract the best possible candidates.

It is our commitment to work in partnership with your organization to a successful result.

Thank you for the opportunity to be considered for this assignment. Should you have questions or comments about the information presented in this proposal, **please contact me (916) 471-3358 or via email at masher@cpshr.us.**

Sincerely,

Melissa Asher

Melissa Asher
Senior Practice Leader, Products and Services

Table of Contents

About CPS HR Consulting

OUR VISION:

Enabling people to realize the promise of public service

CPS HR Consulting has been assisting organizations with their talent management needs for over 35 years. We have unique expertise in delivering HR management and consulting services, employment testing, and assessment services to government agencies throughout North America. Our core competency is its knowledge of and expertise in the public sector.

CPS HR offers clients a comprehensive range of competitively priced services, all of which can be customized to meet your organization's specific needs. We are committed to supporting and developing strategic organizational leadership and human resource management in the public sector. We offer expertise in the areas of organizational strategy, recruitment and selection, training and development, and organization and workforce management.

CPS HR occupies a unique position among its competitors in the field of government consulting; as a Joint Powers Authority, whose charter mandates that we serve only public sector clients, we actively serve all government sectors including Federal, State, Local, Special Districts, Higher Education, and Non-Profit Organizations. This singular position provides CPS HR with a systemic and extensive understanding of how each government sector is inter-connected to each other and to their communities. That understanding, combined with our knowledge of public and private sector best practices, translates into meaningful and practical solutions for our clients' operational and business needs.

With more than 85 full-time employees as well as 200+ project consultants and technical experts nationwide, CPS HR delivers breakthrough solutions that help public sector organizations impact the communities they serve. CPS HR has worked with more than 1,200 government and public/non-profit clients throughout the United States and Canada.

Our headquarters are located in Sacramento, California. We have regional offices in Austin, TX; Littleton, CO; and Orange County, CA.

Recruitment Experts

CPS HR specializes in the recruitment and selection of key professionals for cities, counties, special districts, and non-profits. Working in partnership with the governing body or selection team, we develop customized search strategies that focus on locating and recruiting qualified candidates who match the agency's unique needs. Our wealth of recruitment experience has been gained through ***more than 20 years*** of placing top and mid-level executives in public agencies throughout the United States.

- **Unmatched Recruitment Experience for Government Agencies.** CPS HR has extensive experience in recruiting executive-level professionals for public agencies across the United States. As a public agency ourselves, we understand how to work with and within government. Our understanding of public sector culture and policy uniquely sets us apart from our competitors.
- **Focus on Diversity Recruiting.** In the past three years, 57% of the candidates placed by CPS HR are female, members of ethnic minorities or both. To continue this trend, CPS HR is constantly assessing the best methods for reaching the broadest network of possible candidates. To that end, we have just signed a contract with Zoom Info, a new sourcing platform, that includes a diversity sourcing filter.
- **Seasoned Executive Recruiters.** Our recruiters possess a high level of expertise in recruiting and placing executive-level professionals. Our staff of experts includes an exceptional group of full-time employees as well as a full complement of subject matter experts, intermittent employees, and part-time employees with a variety of public and private sector experience.
- **Detailed Needs Assessments.** We conduct a detailed needs assessment to identify 1) future organizational direction; 2) challenges facing the position; 3) the working style and organizational climate; and 4) required core and job specific competencies as well as personal and professional characteristics.
- **Success Recruiting Non-Job Seeking Talent.** We recognize that the very best candidates for some types of positions may not be looking for a career change, therefore, our recruitment team takes a very aggressive approach to identify and recruit such candidates.
- **Vast Pool of Public Agency Contacts.** CPS HR maintains a database of candidates and an extensive network of external resources to leverage for executive-level positions. We utilize our vast pool of public and non-profit contacts to deliver a strong list of competitive candidates who will be well prepared to assist you in the accomplishment of your specific mission and goals.
- **Retention/Success Rate.** Our success rate is tied to the longevity of the candidates we place, currently more than 95% of our placements are still in their position after two years.

Our Approach

Key Stakeholder Involvement

The Recruitment Committee on behalf of the Ventura County Employees Retirement Association must be intimately involved in the search for a new Retirement Administrator. Our approach assumes their direct participation in key phases of the search process. At the discretion of the Recruitment Committee, other key stakeholders may also be invited to provide input for the development of the candidate profile.

VCERA's Needs

A critical first step in a successful executive search is for the Recruitment Committee to define the professional and personal qualities required of the Retirement Administrator. CPS HR has developed a very effective process that will permit the Recruitment Committee to clarify the preferred future direction for VCERA; the specific challenges VCERA is likely to face in achieving this future direction; the working style and organizational climate the Recruitment Committee wishes to establish with the Retirement Administrator; and ultimately, the professional and personal qualities required of the Retirement Administrator.

Commitment to Communication

Throughout the recruitment process, we are strongly committed to keeping you fully informed of our progress. We will collaborate with you to provide updates on the status of the recruitment via your preferred method of communication (phone conference, email, etc.).

We place the highest level of importance on customer service and responding in a timely manner to all client and candidate inquiries. Our previous clients and candidates have expressed a sincere appreciation for our level of service and responsiveness to the management of the recruitment process. As a result, we have many long-term relationships with clients that have led to opportunities to assist them with multiple recruitments.

CPS HR's communication continues once you have selected the new Retirement Administrator. We will contact the Recruitment Committee and the newly appointed Retirement Administrator within six months of appointment to ensure an effective transition has occurred.

Aggressive, Proactive, and Robust Recruitment

We take an aggressive approach in identifying and recruiting the best available candidates. There are those candidates who would gladly rise to the professional challenge and apply for this position; however, some of the best candidates are often not actively seeking a new position and may only consider a change once we present them with your opportunity. Evoking the sense of vision and opportunity in qualified persons is among the responsibilities of CPS HR, and we pride ourselves in our efforts to reach the best available potential candidates. We use advertisements, directly email the outreach brochure, post messages and connect with potential candidates on business media such as LinkedIn, and of course, pick up the phone and call qualified individuals and referral sources.

Diversity Outreach Process

CPS HR strives to attract the most highly qualified, diverse candidate pool possible. We are pleased that our diligent efforts have resulted in more than 57% of our executive level placements being people of color and/or female candidates within the past three years.

We accomplished this by advertising with organizations like the National Forum for Black Public Administrators and the Local Government Hispanic Network in order to reach these specific population groups. We also seek candidate referrals from local subject matter experts and the national leadership of groups like Women Leading Government. By taking the time to directly contact these influential industry experts, we ensure that we capture the maximum number of distinguished candidates – particularly those who are well-known in their industries, but who may not be actively looking for a new job.

The result is incredibly diverse candidate pools. Our clients have been quite pleased with our process and end results.

Methodology and Scope of Work

Our proposed executive search process is designed to provide VCERA with the full range of services required to ensure the ultimate selection of a new Retirement Administrator uniquely suited to VCERA's needs. CPS HR can perform **Outreach Only** or **Partial Recruitment** services if a **Full Recruitment** is not currently needed by VCERA.

Phase I: Our consultant will meet with the Recruitment Committee to ascertain VCERA's needs and ideal candidate attributes, to target our search efforts, and maximize candidate fit with VCERA.

Phase II: The recruitment process is tailored to fit VCERA's specific wants and needs, with targeted advertising, combined with contacts with qualified individuals from our extensive database.

Phase III: The selection process is customized for VCERA. CPS HR will work with the Recruitment Committee to determine the process best suited to the Ventura County Employees Retirement Association.

Below is a breakdown of the services included in each recruitment option.

Task	Description	Outreach	Partial	Full
Phase I - Develop Candidate Profile and Recruitment Strategy				
1	Finalize Schedule		**X**	**X**
2	Hold Key Stakeholder Meetings	**X**	**X**	**X**
3	Develop Candidate Profile	**X**	**X**	**X**
4	Develop Recruitment Brochure	**X**	**X**	**X**
Phase II – Aggressive, Proactive, and Robust Recruitment				
1	Place Ads	**X**	**X**	**X**
2	Identify and Contact Potential Candidates	**X**	**X**	**X**
3	Review Application Materials		**X**	**X**
4	Conduct Screening Interviews		**X**	**X**
5	Submit Client Report		**X**	**X**

6	Client Meeting to Select Semifinalists		**X**	**X**
7	Notify Candidates		**X**	**X**
Phase III – Selection				
1	Prepare Assessment			**X**
2	Schedule Candidates; Coordinate Travel			**X**
3	Prepare Evaluation manuals			**X**
4	Facilitate Finalist Selection Process			**X**
5	Conduct Reference and Background Checks			**X**
6	Assist in Negotiation (if requested)			**X**

Phase I - Develop Candidate Profile and Recruitment Strategy

Task 1 - Review and Finalize Executive Search Process and Schedule

Task 2 - Key Stakeholder Meetings

Task 3 - Candidate Profile and Recruitment Strategy Development

Task 4 – Develop Recruitment Brochure

The first step in this engagement is a thorough review of VCERA's needs, culture and goals; the executive search process; and the schedule. CPS HR is prepared to meet with key stakeholders to obtain input in developing the ideal candidate profile and to assist us in understanding key issues and challenges that will face a new Retirement Administrator. Activities will include:

- Identifying key priorities for the new Retirement Administrator and the conditions and challenges likely to be encountered in achieving these priorities.
- Describing the type of working relationship the Recruitment Committee wishes to establish with the Retirement Administrator.
- Generating lists of specific competencies, experiences, and personal attributes needed by the new Retirement Administrator in light of the discussions above.
- Discussing recruitment and selection strategies for the Recruitment Committee's consideration to best produce the intended results.

CPS HR will provide a summary to VCERA stemming from these activities as an additional source of information for developing the candidate profile and selection criteria.

Following the completion of the workshop session, CPS HR will work with a professional graphic artist to design a recruitment brochure and present it to VCERA for review. Please refer to

Appendix A for a sample brochure. Additional brochure examples are available on our website at www.cpshr.us/recruitment-solutions/executive-search.

Phase II – Aggressive, Proactive, and Robust Recruitment

Task 1 – Place Advertisements

Task 2 - Identify and Contact Potential Candidates

Task 3 – Resume Review and Screening Interviews

Task 4 – Recruitment Committee Selects Finalists

The recruitment process is tailored to fit VCERA's specific wants and needs, with targeted advertising, combined with personal contacts with qualified individuals from our extensive database.

CPS HR will prepare, submit for your approval, and publish advertisements on professional and affiliate websites to attract candidates on a nationwide, regional, local or targeted basis based on the recruitment strategy. Examples may include:

Advertising Sources	
• VCERA's website	• National League of Cities
• CPS HR website	• National Association of Counties
• CSAC	• Governmentjobs.com
• Western Cities	• California City News
• CalGovHR	• ICMA
• Careers in Government	• Public CEO
• LinkedIn	

As a consulting firm that interacts with hundreds of public sector executives during engagements, we have a cadre of individuals who we inform of recruitments, both to increase the visibility of the opening and to attract appropriate individuals who fit the special needs of our client. Communication with these professionals ensures that an accurate picture of the requirements of the job is apparent and proliferated throughout their professional networks.

CPS HR is focused on reaching a diverse candidate pool and would recommend publications/websites that are targeted to minority and female candidates. In addition to placing ads on websites aimed at minority candidates, we will contact leaders within appropriate associations to gain their insight and referrals of possible candidates.

Within the past three years, more than 57% of our executive level placements have been minority and/or female candidates.

CPS HR will prepare an email distribution list containing prospective candidates and referral sources. These individuals will receive a link to the Retirement Administrator brochure along with a personal invitation to contact CPS HR should they have any questions about the position.

CPS HR maintains a comprehensive, up-to-date database of industry leaders and experienced professionals; however, we do not rely solely upon our current database. We also conduct research to target individuals relevant to your specific needs and expectations to ensure that we are thorough in our efforts to market this position to the appropriate audience and to garner a diverse and quality pool of candidates.

We will:

- Convey a strong sense of the purpose and strategy of VCERA. For many talented individuals, understanding these aspects is one of the key motivators to compete in such an environment.
- Provide guidance and resources to candidates regarding the area's cost of living, mean and median housing prices, higher education opportunities, K-12 education information, and other aspects of interest to those who are considering relocating to the area.
- Actively seek highly qualified candidates who may be attracted by the prospect of collaboration with other departments, providing exceptional leadership to VCERA or continuing to ensure the public confidence in the integrity of VCERA.

CPS HR will directly receive and initially screen all resumes. This screening process is specifically designed to assess the personal and professional attributes VCERA is seeking and will include a thorough review of each candidate's resume, and if applicable, supplemental questionnaire responses and other supporting materials. CPS HR will personally speak to selected candidates during a preliminary screening interview and will spend extensive time ascertaining each candidate's long-term career goals and reasons why the candidate is seeking this opportunity, as well as gaining a solid understanding of the candidate's technical competence and management philosophy. We will gather data on any other unique aspects specific to this recruitment based upon the candidate profile, as well as conduct internet research on each candidate interviewed.

CPS HR will prepare a written report that summarizes the results of the recruitment process and recommends candidates for further consideration by the Recruitment Committee. Typically, the report will recommend five to eight highly qualified candidates and will include resumes and a profile on each interviewee's background. CPS HR will meet with the Recruitment Committee to review this report and to assist them in selecting a group of finalists for further evaluation.

Phase III – Selection

Task 1 - Design Selection Process

Task 2 - Administer Selection Process

Task 3 – Final Preparation for Appointment

Task 4 – Contract Negotiation (if requested)

CPS HR will design a draft selection process based on information gathered in Phase I. We will meet with VCERA to review this process and discuss VCERA's preferred approach in assessing the final candidates. The selection process will typically include an in-depth interview with each candidate but may also include other selection assessments such as an oral presentation, preparation of written materials, and/or problem-solving exercises.

We will coordinate all aspects of the selection process for VCERA. This includes preparing appropriate materials such as interview questions, evaluation manuals, and other assessment exercises; facilitating the interviews; assisting VCERA with deliberation of the results; and contacting both successful and unsuccessful candidates.

Following the completion of the selection process, CPS HR will be available to complete the following components:

- ***Arrange Follow-up Interviews/Final Assessment Process:*** Should VCERA wish to arrange follow-up interviews and/or conduct a final assessment in order to make a selection, CPS HR will coordinate this effort.
- ***Conduct In-Depth Reference Checks:*** The in-depth reference checks are a comprehensive 360-degree evaluation process whereby we speak with current and previous supervisors, peers, and direct reports. (It is our policy to not contact current supervisors until a job offer is made, contingent upon that reference being successfully completed, so as not to jeopardize the candidates' current employment situation.) Candidates are requested to provide a minimum of five references. CPS HR is able to ascertain significant, detailed information from reference sources due to our commitment to each individual of confidentiality, which leads to a willingness to have an open and candid discussion and results in the best appointment for VCERA. A written (anonymous) summary of the reference checks is provided to VCERA.
- ***Conduct Background Checks:*** Upon a conditional job offer, we will arrange for a background check of a candidate's records on driving, criminal and civil court, credit history, education, published news, and other sensitive items. Should any negative or questionable content appear during these checks, CPS HR will have a thorough discussion with the finalist(s) and will present a full picture of the situation to VCERA for further review.

- ***Contract Negotiation (if requested):*** Successful negotiations are critically important, and we are available to serve as your representative in this process. With our expertise, we can advise you regarding current approaches to various components of an employment package. We can represent your interests with regards to salary, benefits, employment agreements, housing, relocation, and other aspects, with the ultimate goal of securing your chosen candidate.

Timeline

The project team CPS HR has selected is prepared to begin work upon receipt of a fully-executed contractual agreement. All search activities up to and including the selection of a new Retirement Administrator can be completed in 12 to 14 weeks for a Full Recruitment. A Partial Recruitment can be completed in 10 to 12 weeks, and an Outreach Project can be completed in 4 to 6 weeks following the kick-off meeting. The precise schedule will depend on the placement of advertising on appropriate professional and affiliate websites, and the ability to schedule, as quickly as possible, the initial meeting. A proposed schedule of major milestones is presented below.

Task Name	Month 1				Month 2				Month 3				Month 4			
Weeks	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**
Initial Meeting	➢															
Draft Brochure		➢														
Brochure Approved/ Printed & Place Ads		➢														
Aggressive Recruiting					➢											
Final Filing Date						➢										
Preliminary Screening								➢								
Present Leading Candidates									➢							
Semi-finalist Interviews											➢					
Reference/ Background Checks												➢				
Final Interviews												➢				
Appointment													➢			
Weeks	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**

Our Executive Recruiting Team

CPS HR has assembled a strong project team with each member possessing extensive recruiting experience and a direct, in-depth understanding of local government. Our executive recruitment team will work collectively to fulfill VCERA's needs in a timely and effective manner. We are committed to providing each of our clients the same level of service excellence, and we take great care not to take on more work than this commitment allows. We will not utilize subcontractors for these services. No staff members will be removed or replaced without the prior written concurrence of VCERA.

Role/Project Assignment	Name	Phone	Email
Manager, Executive Recruitment	Pamela Derby	(916) 471-3126	pderby@cpshr.us

Project Manager

Pamela H. Derby, Manager, Executive Recruitment

Since joining CPS HR Consulting in 2003, Pam Derby has conducted a wide range of recruitments for county, city, special district and association executives including city attorney, executive director, general manager, city manager, assistant and deputy city manager, police chief, community and economic development director, human resource director, finance director, city administrator, registrar of voters, library director, and director of information technology in addition to specialized support positions. Ms. Derby is currently conducting the County Executive Officer recruitments for both Trinity and Ventura Counties.

Prior to joining CPS HR, Ms. Derby served as the Aide to the Yuba County Board of Supervisors serving as the Board's liaison to County Department Heads, the community, and the media. This experience provided her with a unique perspective into the special circumstances that exist in a Board/Council-Manager relationship and a keen awareness of the inner workings of local government. She is sensitive to balance the wants of the community with the needs of the client so as to tailor a recruitment process that reaches out to the most appropriate candidates and ensures a diverse group of individuals from which to make a selection. She has successfully employed these techniques in jurisdictions ranging from under 10,000 to 10 million. Moreover, she employs a firmly-held personal philosophy that candidates must be treated with the same respect and careful consideration as her client.

Professional Fees and Guarantee

Professional Services

Our professional fixed fee covers all CPS HR services and deliverables associated with **Phases I, II, and III** of the recruitment process. We are also providing the fees associated with **Partial (Phase I and II only) and Outreach only services.** Travel expenses for candidates who are invited forward in the interview process are not included.

Professional Fixed Fees*	
Professional Services for Outreach Only	**$10,000**
Professional Services for Partial Recruitment	**$20,000**
Professional Services for Full Recruitment	**$25,000**

**Professional fees for a Partial and Full recruitment would be billed and paid monthly. Professional fees for an Outreach/Advertising project will be billed and paid in full after the completion of the project*

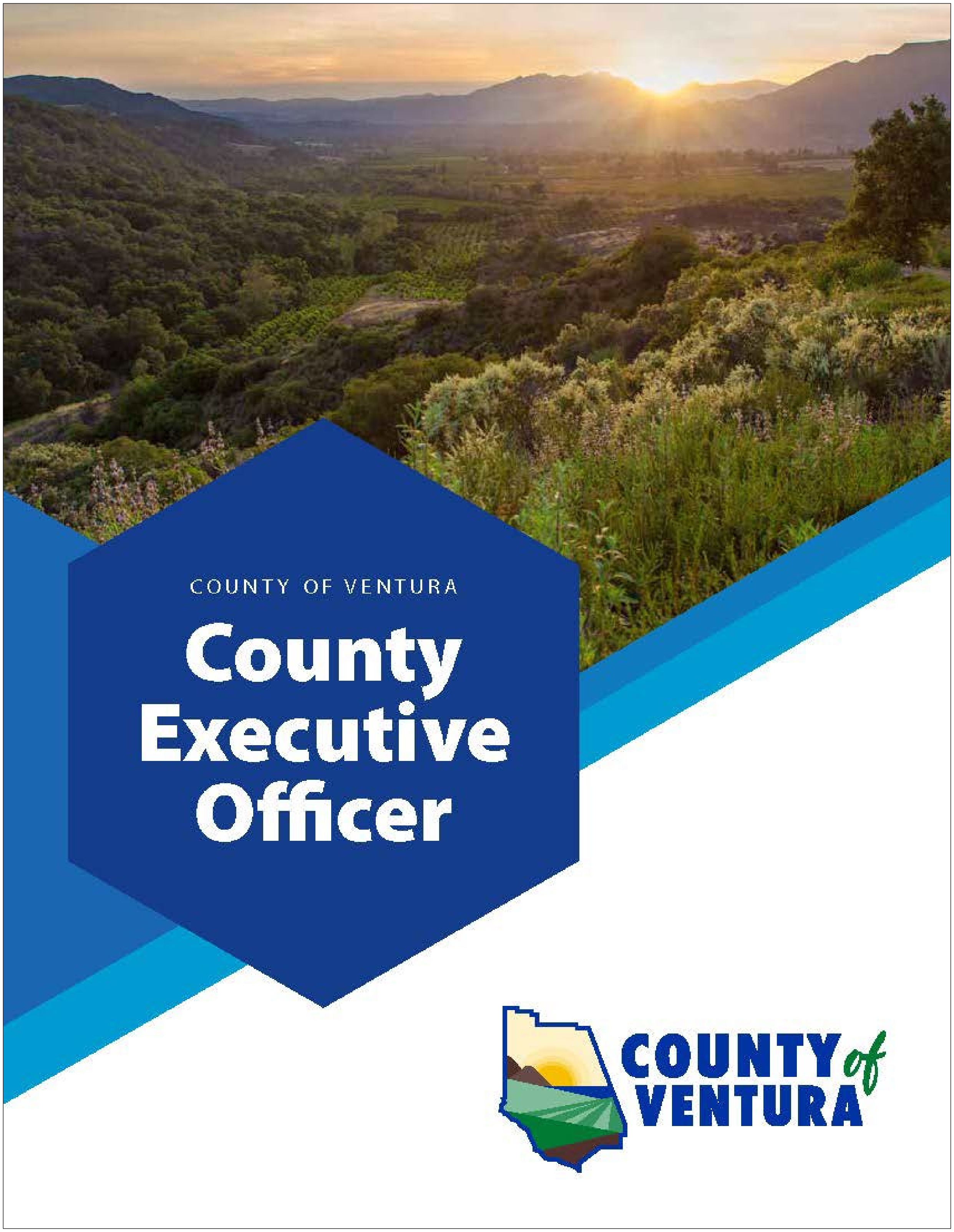
One-Year Service Guarantee

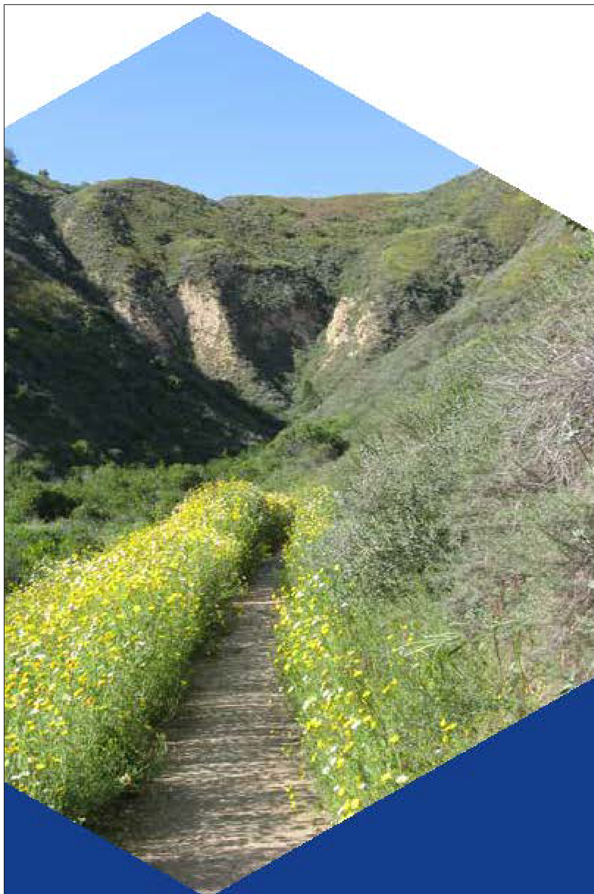
If the employment of the candidate selected and appointed by VCERA as a result of a **full executive recruitment** ***(Phases I, II, and III)*** comes to an end before the completion of the first year of service, CPS HR will provide VCERA with professional services to appoint a replacement. Professional consulting services will be provided at no cost. VCERA would be responsible only for expenses such as re-advertising, consultant travel, additional background checks, etc. **This guarantee does not apply to situations in which the successful candidate is promoted or re-assigned within the organization during the one-year period.** Additionally, should the initial recruitment efforts not result in a successful appointment, CPS HR will extend the aggressive recruiting efforts and screen qualified candidates until an offer is made and accepted. CPS HR does not provide a guarantee for candidates placed as a result of a partial recruitment effort.

CPS HR CONSULTING

We thank you for your consideration of our proposal. We are committed to providing high quality and expert solutions and look forward to partnering with the Ventura County Employees Retirement Association in this important endeavor.

Appendix A: Sample Brochure





UNIQUE OPPORTUNITY

This is an exceptional opportunity to lead the high-performing team of beautiful southern California coastal Ventura County, assisting in the mission:

"To provide superior public service and support so that all residents have the opportunity to improve their quality of life while enjoying the benefits of a safe, healthy, and vibrant community."

— Mission —

To provide superior public service and support so that all residents have the opportunity to improve their quality of life while enjoying the benefits of a safe, healthy, and vibrant community.

— Values —

Build and foster public trust through:

✸ Ethical behavior ✸ Transparency and accountability ✸ Equitable treatment and respect of all constituents ✸ Excellence in service delivery

— Guiding Principles —

We focus on serving our residents and business communities by:

✸ Adopting carefully considered policies ✸ Staying competitive through the implementation of proven practices and the effective use of technology ✸ Delivering services in a business and constituent friendly, customer-service driven, cost effective manner ✸ Utilizing strategic thinking and action ✸ Promoting an action-oriented, empowered, and accountable workforce ✸ Planning for and developing programs to meet future needs ✸ Operating in a fiscally responsible manner ✸ Driving engagement, strategy, execution, and accountability to include diversity, equity, and inclusion initiatives to ensure that all employees are treated with respect and without discrimination, and to improve culturally appropriate outcomes for community members.

THE COUNTY

Known for its quality education, safety, and economic vibrancy amidst stunning geographical diversity, Ventura County is located on the "Gold Coast," approximately 35 miles northwest of Los Angeles and 30 miles southeast of Santa Barbara. The county's nearly 860,000 residents live in ten incorporated cities and enjoy access to beautiful national parks and quality public schools. Offering mountains and rolling hills to sweeping ocean views, Ventura County enjoys a near perfect climate, with an average annual temperature of 74.2 degrees.

Ventura County boasts a large network of early child education centers, award-winning public schools, and some of the best private schools in the nation. From outdoor schools, Montessori, or more traditional education models, Ventura County provides families with a large menu of choices for the best educational experience for their children.

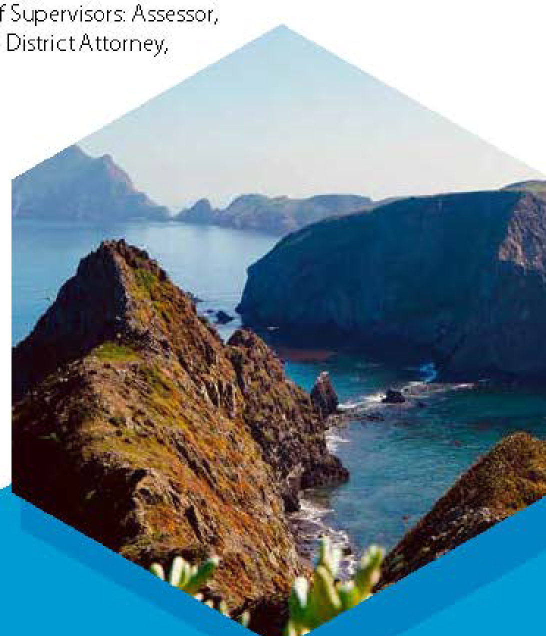
With 1,873 square miles that includes 43 miles of coastline, the area offers numerous year-round activities ranging from walking on the beach to enjoying a concert in a park, sailing to the Channel Islands or hiking in the Los Padres National Forest. Ventura County is home to the Ronald Reagan Presidential Library and Museum, the San Buenaventura Mission, art galleries, and a state-of-the-art Civic Arts Plaza. All of this coupled with a diverse economic base from tourism to agriculture to high-tech enterprises in beautifully planned communities, make the region one of the most desirable areas in southern California.

GOVERNANCE

The five-member Board of Supervisors serves as the legislative body for the County of Ventura and provides policy direction for all branches of county government. Each of the members is elected by District to four-year, overlapping terms.

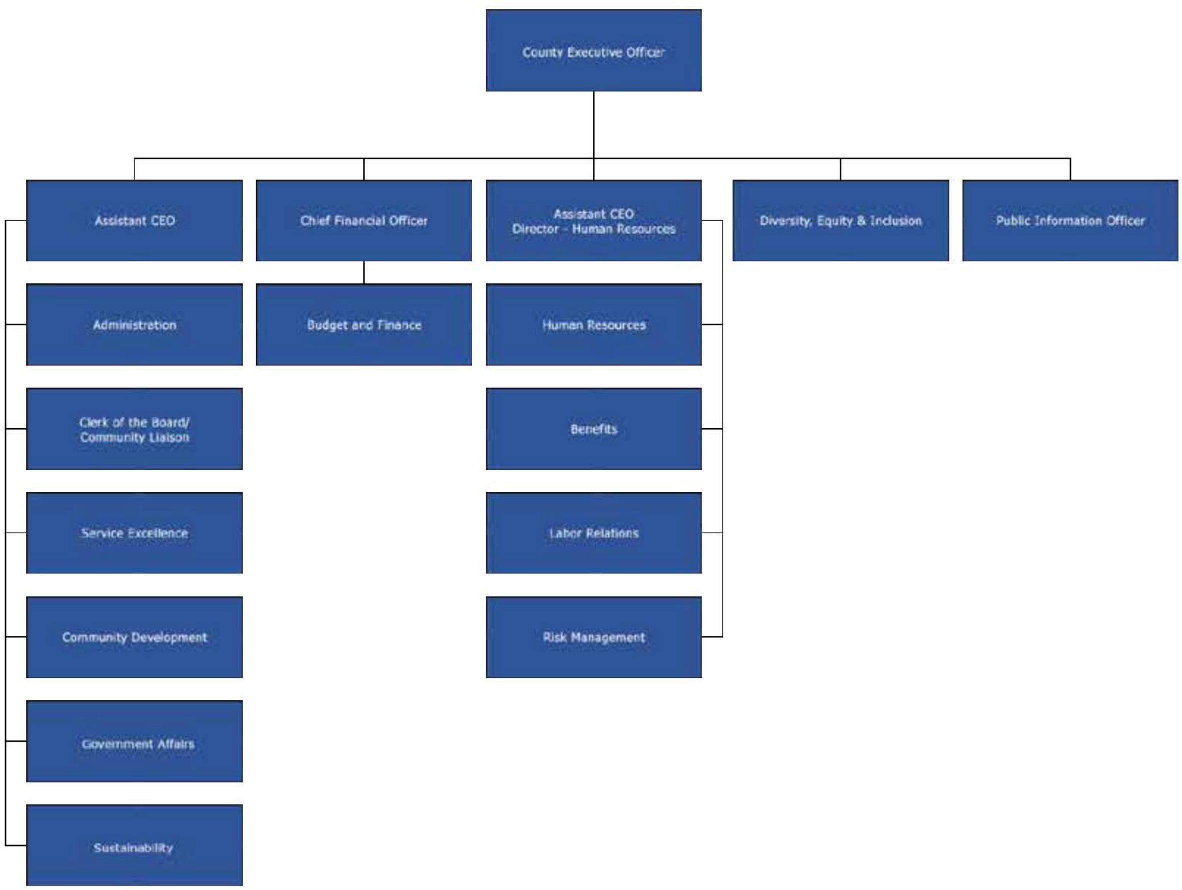
The County is supported by a FY 21-22 total budget of approximately $2.5 billion and more than 9,500 allocated FTEs in 25 agencies/departments. The County provides a broad variety of services that include safety and social services as well as two hospitals and a large healthcare system, plus two airports and a harbor. There are six elected department heads in addition to the Board of Supervisors: Assessor, Auditor-Controller, Clerk-Recorder/Registrar of Voters, District Attorney, Sheriff, and Treasurer-Tax Collector.

To learn more, go to: www.ventura.org



COUNTY EXECUTIVE OFFICER

Appointed by and reporting to the Board of Supervisors, the County Executive Officer (CEO) executes, leads, and coordinates the management and administrative policies and directives of the Board; conducts administrative studies of County operations, procedures, and department budget requests; prepares recommendations to departments and to the Board for decision; prepares overall budget for the County; and does related work as required. The County Executive Office is supported by 184 FTEs and includes the Assistant County Executive Officer, Assistant County Executive Officer/Chief Financial Officer, Assistant County Executive Officer/Director of Human Resources, and Public Information Officer.



It is expected that the next County Executive Officer will possess:

Thorough knowledge of budgetary principles and methods as applied to large organizations, including those unique to local government; concepts, principles, practices, and techniques of management as applied to governmental entities; organization theory and principles of general management as applied to individual organization units, to inter-organizational relationships, and to the management of citizen involvement programs; state legislative processes as related to local government; and of funding practices of state and federal agencies providing revenue sources.

With comprehensive abilities to:

Plan, organize, direct, and coordinate the work of large, multifunctional organizations representing the entire spectrum of County government operations and public services; evaluate a continuous array of fiscal, budgetary, administrative, and technical problems and recommendations for their solutions; present comprehensive reports and recommendations to elected officials; speak and write effectively; establish and maintain effective working relationships with elected officials as well as with subordinates and representatives of other governmental units and citizen groups.

IDEAL CANDIDATE

The ideal County Executive Officer will be a strong leader and seasoned public sector professional committed to moving an organization forward and unwilling to accept status-quo. The successful candidate will value transparency, integrity, accountability, and a positive, collegial work environment dedicated to mutual respect. Exceptional communication skills – written, verbal, and listening – are essential to this role. The next CEO is a creative problem-solver adept at finding a path through difficult issues, and an implementer who empowers a high performing staff to push projects forward. Those candidates committed to continuous learning who bring a well-established network of professional contacts and a thorough understanding of the state and federal issues that affect the County of Ventura can find success in this role. The Board of Supervisors is ultimately seeking servant leaders who are passionate about making the County of Ventura the best place to live and work for all its residents.

In addition to the qualifications previously stated, desirable competencies and characteristics include:

- A strong leader who values the input and expertise of staff, supports professional development, and fosters an internal culture of open communication, trust, and accountability.
- A commitment to diversity, equity, and inclusion.
- An understanding of climate action plans and sea level rise – both critical to this coastal county.
- An understanding of healthcare as the organization includes two hospitals and 19 health clinics.
- Committed to LEAN practices and the efficient management of this large, complex organization.
- Political aptitude, but not a politician.
- Capable of empathetic listening while possessing the fortitude to stand behind Board decisions.

Education and Experience

Education, training, and experience that demonstrates possession of the knowledge and abilities stated above. Qualifying experience would typically include extensive experience as an administrator or principal assistant administrator of a governmental organization in which, as the chief executive or a principal assistant, the candidate reported to or worked closely and regularly with a legislative body.

Why you want to join Ventura County:

- Exceptional supportive organizational culture based on collaboration and mutual respect with long-term, committed leadership.
- The challenge of complex issues and opportunity to assist the Board of Supervisors in making impactful, well-informed decisions.
- Opportunity to lead an outstanding team of dedicated, knowledgeable attorneys and staff.
- Stunning California locale from mountain vistas to sparkling beaches.
- Highly regarded cities and communities that offer excellent educational, recreational, and cultural choices and activities.

COMPENSATION & BENEFITS

The County of Ventura offers an attractive compensation and benefits package. The current annual base salary for the County Executive Officer is **$335,554** which is negotiable dependent on experience and qualifications. The CEO will also be eligible for the following:

Pension Plan – Employee and the County both contribute to the County's retirement plan with Ventura County Employees' Retirement Association (VCERA) and to Social Security. Contributions start immediately in the retirement plan and the County's Defined Retirement benefits vest after five (5) years of service. If eligible, new employees may establish reciprocity with other public retirement systems such as CalPERS.

Health Plans – Medical, dental, and vision plans for employee and dependents. Employees are afforded a flexible credit allowance of up to $12,922 for single employee and $19,162 for a family annually to use toward plan elections.

Flexible Spending Accounts – Employees may increase their spending power through reimbursement with pre-taxed dollars for IRS-approved dependent care and health care expenses.

Deferred Compensation – Employees are eligible to participate in the County's 401(k) Shared Savings Plan and/or the Section 457 Plan. This position is eligible for up to a 3% match on 401(k) contributions. Plus a 5% county non-elective contribution.

Executive Administrative Leave – Accrues at a rate of 248 hours per year, increasing to 288 hours after 5 years of service, 328 hours after 10 years of service, and 368 hours after 15 years of service. *Credit for prior public service may be considered (Management Resolution, sec. 616A).

Leave Redemption – The ability to "cash in" or redeem up to 100 hours of Annual Leave per year after using 80 hours.

Holidays – 11 paid days per year that includes a scheduled floating holiday.

Car Allowance – $600 per month.

Life Insurance – 3x base salary.

Educational Incentive – May be available for candidates with advanced degrees.

Miscellaneous Benefits – County-paid membership in professional organizations (related to position), Disability Plans, Employee Assistance Program, Life Insurance, Tuition Reimbursement, Benefit Reimbursement Program, and a Wellness Program.

APPLICATION AND SELECTION PROCEDURE

To be considered for this exceptional career opportunity, submit your application that includes résumé, cover letter, and a list of six work-related references (two supervisors, two direct reports, and two colleagues who will not be contacted in the early phases of the process) by **Monday, May 9, 2022**. Résumé should reflect years and months of employment, beginning/ending dates, as well as size of budgets and organizations you have served.

Please go to our website to submit your application: https://www.cpshr.us/recruitment/2002

For further information contact:

CPS HR CONSULTING

Pam Derby
CPS HR Consulting
(916) 471-3126
E-mail: pderby@cpshr.us
Website: www.cpshr.us

Selection Process

Résumés and letters of interest will be screened in relation to the criteria outlined in this brochure. Candidates deemed to have the most relevant qualifications will be invited to interview with the consultant, following which, the most qualified candidates will be referred for interviews with the Board of Supervisors. An appointment to the position will be made following comprehensive reference and background checks to be coordinated with the successful candidate.

July 20, 2023

Board of Supervisors
County of Ventura
800 S. Victoria Avenue
Ventura, CA 93009

SUBJECT: VCERA RESPONSE TO RETIREE CONCERNS REGARDING ALAMEDA IMPLEMENTATION

Dear Board Members:

At the May 16, 2023, Board of Supervisors' meeting, your board heard public comment from several VCERA retirees, and a letter dated May 10, 2023, was submitted as well (Attachment A). These retirees voiced concerns regarding the Resolution adopted on April 17, 2023, by the VCERA Board of Retirement ("BOR") (Attachment C), as well the Resolution adopted on October 12, 2020 (Attachment B), both of which direct the implementation of the California Supreme Court decision, ALAMEDA COUNTY SHERIFF'S ASSOC. ET AL., V. ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSN., ET AL (2020) 9 Cal.5th 1032 ("*Alameda*").

Several of the retirees who addressed your board also have addressed the BOR at some of its meetings. At the March 27, 2023, BOR meeting, a letter was also submitted (Attachment C). As Retirement Administrator, I responded to the issues raised in a memorandum to the BOR dated April 7, 2023 (Attachment B). These exchanges took place prior to BOR consideration, and ultimate adoption of, the April 17 Resolution.

This letter addresses the issues raised in the letter directed to the Board of Supervisors ("BOS"), Attachment A, and also to provide similar information to the BOS as context and legal support for the Resolutions adopted and the implementation plan that has begun at VCERA. Likely much or all of the information provided in this communication is already known or understood by the BOS, but it is our hope that the information we are sharing will clear up any misconceptions and clarify any lingering ambiguity regarding VCERA's implementation of *Alameda*.

Summary of Retiree Concerns from Letter of May 20, 2023

In their May missive to the BOS, the retirees expressed their strong disagreement with VCERA and our counsels' interpretation and recommendations regarding the requirements of *Alameda*. More specifically, they disagree with VCERA that:

1) *Alameda* requires certain pay items to be excluded in "compensation earnable," which is the amount used to calculate Legacy members' retirement benefits. The pay item consistently identified by this group is that of annual leave redemptions in excess of what

is earned and payable in each 12-month period; this pay item is often referred to as "leave straddling".

2) Certain exclusions (again, leave straddling predominantly) must be excluded effective as of January 1, 2013, in accordance with the Public Employees' Pension Reform Act (PEPRA).

By contrast, the retirees assert that the ruling does not require exclusion of excess leave straddling, and that the Board has the legal discretion to make exclusions effective on a date of their choosing.

The main focus of the appeal from these retirees is related to this 2nd effective date issue. They requested that the BOR make the leave straddling exclusion effective with the date of the adoption of the second Resolution, April 17, 2023. In their letter to the BOS, they characterized foregoing retroactivity on leave straddling as "one simple change"; however, VCERA staff and counsels assert such a request is neither simple nor permissible, and we disagree that the BOR granting such a request to be *"… in keeping with past practice, numerous court decisions, including at the appellate level…"* as phrased in their submitted letter.

The letter also took issue with VCERA's communication with members regarding pending BOR considerations since *Alameda*, and described their group's attempts to appeal to VCERA and the BOR, relating that the Retired Employees' Association of Ventura County (REAVC) has joined in their efforts. The letter mistakenly indicates that the group's efforts to date have had some kind of effect on staff's recommendations to the BOR and to the BOR's ultimate action. However, the modification to the April 17, 2023, Resolution was not related to requests from retirees.

Background and Context

<u>Warning & Notice</u>: Historically, for a retiree's monthly benefit to decrease to any degree is a rare occurrence, and under very limited circumstances (e.g., late payroll correction from the employer, or reciprocal agency sending corrected/updated Final Average Compensation (FAC) data.) The landmark and far-reaching Alameda Decision requires corrections to benefit amounts for groups of retirees whose FACs included pay items we *now know should have been excluded*. These retirees are understandably unhappy to learn this.

Prior to the ruling being issued on July 30, 2020, neither VCERA nor our CERL colleagues could have known what *Alameda* would say or require. Further, the impact of *Alameda* was different among CERL systems because of the diverse and distinctive pay items and benefit structures in place among them. Once VCERA learned of the ruling, each member who had a retirement application in progress was immediately notified (most via a direct phone call from a VCERA staff member in the interest of speed) that a recent California Supreme Court ruling could have potential impact on their retirement benefit, and that the impact was being assessed. Members who have retired after the ruling were/are given notice at retirement that their benefits were subject to change once the BOR adopts pending Resolutions, followed by an implementation period.

Effective Date(s) and Retroactivity: For VCERA, there are two "categories" of exclusions stemming from *Alameda*. These two categories of exclusions from *Alameda* have different "effective" dates based on whether they should have been effective January 1, 2013, or the PEPRA effective date ("PEPRA Exclusions"), or whether *Alameda* ruled that retirement boards had no authority to ever include them ("Alameda Exclusions").

<table>
<tr><th>Category</th><th>Description</th><th>Examples</th><th>Retired Between 1/1/13 – 7/30/2020</th><th>Retired On/After 7/30/2020</th></tr>
<tr><td>PEPRA Exclusions</td><td>Payments outside normal working hours; leave cash-outs in excess of statutory amounts</td><td>• Standby pay
• Differentials on Overtime
• Leave Redemptions > what is earned and payable in each 12-month period (Leave "straddling")</td><td colspan="2">• Recalculate FAC & Benefit
• Calculate Overpayment & Refund, Apply Interest
• Refund if Applicable</td></tr>
<tr><td>Alameda Exclusions</td><td>In-kind or 3rd party payments, not payable in cash directly to a member.</td><td>• Flex Credit not received in unrestricted cash;
• Annual Leave Donations</td><td>NO IMPACT</td><td>• Recalculate FAC & Benefit
• Calculate Overpayment & Refund, Apply Interest
• Refund if Applicable</td></tr>
</table>

The retirees appealing to the BOS on these matters have requested that the BOR make its Resolutions implementing *Alameda* effective upon Resolution adoption date, rather than the effective date(s) of PEPRA (1/1/2013) or *Alameda* (7/30/2020); however, the BOR has been fully briefed by fiduciary counsel that a "window period" is not legally permissible. That is, once a law violation is known and identified, the Board does not have the authority to delay implementation, so as to create a window period for a group of members to continue to benefit from the violation. Tax counsel has further advised the BOR that proper correction of errors is a "full" correction in regard to both timing and member population. At the County's request, VCERA's counsels have briefed County Executive Management staff on the basis for these positions.

Put simply, VCERA must:

- Implement the PEPRA Exclusions from the date the definition of compensation earnable was amended (January 1, 2013); and
- Implement the Alameda Exclusions (at the latest) as of the date the Supreme Court announced the rule that retirement boards do not have discretion to include such benefits in compensation earnable (July 30, 2020).

In public comment to your Board, it was claimed that "other retirement systems" have been more flexible with the effective date for implementing certain corrections to benefit calculations. We make the following observations: (1) each retirement system has a different set of necessary corrections; (2) each retirement system has different facts and circumstances; and, (3) fiduciary principles require that VCERA take action based on considered evaluation of expert and legal advice, which the BOR has done.

Straddling

The issue of "leave straddling" is one of clear importance to many retirees, and the BOR was presented with written and verbal arguments asserting that VCERA's pre-*Alameda* Resolution was legally compliant. However, each of the arguments raised are among those that were made by the County and labor organizations in the recent declaratory relief litigation. The Superior Court rejected those arguments and ruled in favor of VCERA as detailed in the October 12, 2020, Resolution.[1]

Finally, in public comment to your Board, it was claimed that leave straddling is permissible because the County's leave redemption program had no intent to enable "spiking." This is incorrect. By its express terms, the statutory limitation on annual leave redemptions must be applied regardless of intent. As explained in the Alameda Decision, this statute was enacted to close loopholes that could result in spiking.

Conclusion

VCERA's staff and board can sympathize with the frustration with the retirees. However, we continue to conclude through careful analysis and legal consultation that the Resolutions passed by the BOR reflect the correct interpretation of *Alameda* and sound fiduciary decisions. legal challenges to the Board's actions to date on a variety of issues have been ineffective.

We hope this information is helpful to the Board of Supervisors in understanding the issues and concerns of the retirees regarding VCERA's *Alameda* implementation.

We are happy to answer any questions.

Respectfully,

Linda Webb

Linda Webb
Retirement Administrator

[1] Though Superior Court judgment is on appeal, no stay has been issued; VCERA must implement in accordance with the Resolution.

EDELSTEIN GILBERT ROBSON & SMITH LLC

Donald B. Gilbert   Michael R. Robson   Trent E. Smith   Jason D. Ikerd Associate   Bridget E. McGowan Associate

July 7, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: Legislative Update – July 2023

General Update

We are now over halfway done with the first year of a two-year session. The Legislature is in the midst of the second policy committee deadline, where bills must pass out of policy committee in the second house by July 14. At that point, the Legislature will adjourn for summer recess until August 14.

On June 30, Assemblymember Robert Rivas from Hollister was sworn in as Speaker. He also announced his new leadership team, which includes Assemblymember Aguiar-Curry as Speaker Pro Tempore and Assemblymember Isaac Bryan as Majority Leader. A few committee Chairmanships were moved around given these three Assemblymembers taking on new roles, but it is not anticipated that there will be a large-scale shake-up of Chairmanships this year despite the leadership transition.

Budget Update. The Legislature and Governor reached a final budget agreement in late June, after a series of negotiations that were drawn out over disagreement on the Governor's proposed infrastructure package. The most contentious item was the inclusion of expediting the Delta Tunnels project, which was ultimately removed in the final agreement.

The Legislature passed a series of budget bills and budget trailer bills by the end of June, most of which are pending a signature on the Governor's desk.

Legislation of Interest

SB 885 (Committee on Labor, Public Employment and Retirement). This is the annual committee omnibus bill that contains various cleanup provisions for CalSTRS, CalPERS and CERL systems. The amendments to the CERL make non-substantive, technical changes as well as conform provisions on Required Minimum Distributions to federal law under the SECURE ACT 2.0 by referencing the federal law instead of a specific age.

The bill passed out of the Assembly Public Employment and Retirement Committee, the Assembly Appropriations Committee and off the Assembly Floor. The bill is now back in the Senate for a final concurrence vote.

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL, similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters. The author and sponsor agreed to technical clarifications proposed by SACRS that were amended into the bill in June. CSAC is opposed to the bill but does not appear to be strongly lobbying against the bill.

The bill passed out of the Senate Public Employment and Retirement Committee and is pending a vote on the Senate Floor.

AB 1637 (Irwin) - Local Government Websites and Email Addresses. This bill requires cities and counties to use a ".gov" or ".ca.gov" domain for websites and email addresses. The bill was recently amended out of the Assembly Appropriations Committee to narrow the bill to cities and counties as well as push out the implementation dates. The previous version of the bill would have applied to all local agencies.

The bill was amended again in late June to push out the implementation date until 2029 after passing out of the Senate Governance and Finance Committee. It is now pending a hearing in the Senate Appropriations Committee.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced SB 1173 from the last legislative session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of a package of climate legislation.

The bill was made a two-year bill, but the author has committed to continuing to work on the issue in the future.

SB 660 (Alvarado-Gil) - CA Public Retirement System Agency Cost and Liability Panel. This bill would establish the CA Public Retirement System Agency Cost and Liability Panel that would be tasked to determine how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same retirement system or concurrently retires with two or more systems that have entered into a reciprocity agreement. The panel would include a member from the State Association of County Retirement Systems (SACRS).

This bill was held in the Senate Appropriations Committee so it will not move further.

Public Meeting Bills

AB 557 (Hart) - Brown Act Emergency Teleconferencing Sunset Extension. This bill would remove the sunset in current law to allow teleconferencing during certain emergencies as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days.

This bill passed out of two policy committees in the Senate with clarifying amendments and is now on the Senate Floor.

SB 537 (Becker) - Teleconference Flexibilities. This bill would allow expanded teleconference flexibilities for multijurisdictional, cross county legislative bodies if certain requirements are met, along with adding to the list of circumstances where a member is permitted to participate remotely.

This bill passed out of the Senate Governance and Finance Committee in April after being narrowed considerably, including allowing remote participation only if the meeting location is more than 40 miles one way from the member's home, among other requirements that limit the flexibilities in the bill. The new amendments make the bill less useful for many local government entities who previously supported the bill.

We have met with the author's staff and requested amendments to clarify that local retirement systems are covered by the bill, but because the bill was eventually narrowed in scope, it is unlikely the author will accept our language.

The bill is pending a hearing in the Assembly Local Government Committee. This Committee now has a new chair - Assemblymember Juan Carrillo – because Assemblymember Aguiar-Curry became the Speaker Pro Tempore. It remains to be seen how the new Chair views proposed flexibility to the Brown Act. Assemblymember Aguiar-Curry was not open to adding new exemptions or flexibility to the Brown Act.