VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

OCTOBER 7, 2019

AGENDA

PLACE: Ventura County Hall of Administration
Multi-Purpose Room
800 South Victoria Avenue
Ventura, CA 93009

TIME: 9:00 a.m.

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

ITEM:

I.	**CALL TO ORDER**	Master Page No.
II.	**APPROVAL OF AGENDA**	1 – 3
III.	**APPROVAL OF MINUTES**	
	A. Business Meeting and Board Retreat of September 23, 2019.	4 – 12
IV.	**RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT**	13 – 45
V.	**APPLICATIONS FOR DISABILITY RETIREMENT**	
	A. Application for Nonservice-connected Disability Retirement – Hawthorne, Patrick E.; Case No. 18-028.	46 – 159
	1. Application for Nonservice-connected Disability Retirement, filed November 14, 2018.	
	2. Medical Analysis and Employer's Statement of Position, including Supporting Medical Documentation, submitted by County of Ventura, Risk Management, in support of the Application for Nonservice-connected Disability Retirement, dated September 23, 2019.	
	3. Hearing Notice dated September 26, 2019.	

VI. OLD BUSINESS

A. Results of Disability Retirement Re-Examination Under Government Code Section 31729 – Debra Spafford.
RECOMMENDED ACTION: Adopt Determination of Continued Incapacity.

VII. NEW BUSINESS

A. $50 Million Additional Commitment to HarbourVest Partners Real Assets Fund IV.
RECOMMENDED ACTION: Approve.

B. Request for Board Direction on Implementation of Fiduciary Counsel Recommendations Regarding Disability Process and Procedures.

VIII. INFORMATIONAL

IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

XII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING & BOARD RETREAT

SEPTEMBER 23, 2019

MINUTES

TRUSTEES PRESENT:	William W. Wilson, Chair, Public Member Steven Hintz, Treasurer-Tax Collector Steve Bennett, Public Member Mike Sedell, Public Member Robert Ashby, Safety Member Tracy Towner, Alternate Safety Member Arthur E. Goulet, Retiree Member Will Hoag, Alternate Retiree Member Ed McCombs, Alternate Public Member
TRUSTEES ABSENT:	Craig Winter, General Employee Member
STAFF PRESENT:	Linda Webb, Retirement Administrator Lori Nemiroff, General Counsel Henry Solis, Chief Financial Officer Dan Gallagher, Chief Investment Officer Leah Oliver, Chief Technology Officer Shalini Nunna, Retirement Benefits Manager Donna Edwards, Disability Benefits Specialist Nancy Jensen, Disability Benefits Specialist Josiah Vencel, Communications Officer Chris Ayala, Program Assistant
PLACE:	Ventura Beach Marriott Emma Wood Ballroom 2055 E. Harbor Blvd. Ventura, CA 93001
TIME:	9:00 a.m.

ITEM:

Chair Wilson called the Business Meeting & Board Retreat of September 23, 2019, to order at 9:04 a.m.

The Board advanced to Item II., "Approval of Minutes."

I. INTRODUCTION & APPROVAL OF AGENDA

MOTION: Approve.

Moved by Hintz, seconded by Ashby.

Vote: Motion carried
Yes: Ashby, Bennett, Goulet, Hintz, McCombs, Sedell, Towner, Wilson
No: -
Absent: Winter
Abstain: -

After voting on this item, the Board advanced to Item IV., Presentation: "Disability Retirement – The Fiduciary Role of the Retirement Board."

Trustee McCombs arrived at 9:08 a.m.

II. APPROVAL OF MINUTES

A. Disability Minutes of September 9, 2019.

MOTION: Approve.

Moved by Sedell, seconded by Hintz.

Vote: Motion carried
Yes: Ashby, Bennett, Goulet, Hintz, McCombs, Sedell, Towner, Wilson
No: -
Absent: Winter
Abstain: -

III. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of July 2019.

B. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of August 2019.

C. Receive and File Report of Checks Disbursed in July 2019.

D. Receive and File Report of Checks Disbursed in August 2019.

E. Receive and File Budget Summary for FY 2018-19 Month Ending June 30, 2019, Final.

F. Receive and File Budget Summary for FY 2019-20 Month Ending July 31, 2019.

G. Receive and File Budget Summary for FY 2019-20 Month Ending August 31, 2019.

H. Receive and File Statement of Reserves as of June 30, 2019.

I. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending June 30, 2019.

J. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents for the Period Ending July 31, 2019.

K. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents for the Period Ending August 31, 2019.

MOTION: Receive and File.

Moved by Sedell, seconded by Hintz.

Vote: Motion carried
Yes: Ashby, Bennett, Goulet, Hintz, McCombs, Sedell, Towner, Wilson
No: -
Absent: Winter
Abstain: -

After voting on this item, the Board returned to Item I., "Introduction & Approval of Agenda."

IV. PRESENTATION: "DISABILITY RETIREMENT – THE FIDUCIARY ROLE OF THE RETIREMENT BOARD"
Ashley Dunning, VCERA Fiduciary Counsel, Nossaman

Ms. Webb introduced Ms. Dunning, Partner at Nossaman LLP, who discussed the fiduciary role of the Board of Retirement with respect to the disability application process.

After the presentation by Ms. Dunning, the Board took a break at 10:16 a.m.

The Board returned from break at 10:26 a.m.

V. PRESENTATION: "PERSPECTIVES ON CHINA"
Paul Podolsky, Bridgewater Associates.

Mr. Gallagher introduced Mr. Podolsky from Bridgewater Associates, who discussed several geopolitical and economic features, challenges and opportunities related to China.

After the presentation by Mr. Podolsky, the Board took a break at 11:45 a.m.

Trustee Hintz left the meeting at 11:45 a.m.

After returning from break, the Board went to lunch at 12:00 p.m.

Lunch Break

After returning from its lunch break at 12:57 p.m., the Board advanced to Item VII.A. "Proposed Changes to VCERA Bylaws."

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

A. Recommendation for $25 Million Investment in Bridge Debt Strategies Fund III, LP, Isela Rosales.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.

2. Recommendation and Research Memoranda from NEPC.

3. Bridge Debt Strategies Fund III, LP Presentation.

Mr. Gallagher said that the recommendation for a $25 million investment in Bridge Debt Strategies Fund III would help build out VCERA's private equity allocation and that NEPC agreed with the investment.

Replying to Mr. Sedell's question about the anticipated term of the fund, Ms. Rosales said six years in total, but only four-and-a-half years remained in the fund's term.

At Mr. Goulet's request, Mr. Martin confirmed there would be a Bridge fee reduction for VCERA due to another NEPC client's investment in the fund.

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

MOTION: Approve an Allocation of $25 Million to Bridge Debt Strategies Fund III, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and Subject to Approval of VCERA Legal Counsel, Authorize the Board Chair or the Retirement Administrator, or If Both Are Unavailable, the Chief Investment Officer, to Approve and Execute the Required Documentation.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried
Yes: Ashby, Bennett, Goulet, McCombs, Sedell, Towner, Wilson
No: -
Absent: Hintz, Winter
Abstain: -

B. Request for Approval of CarVal's Management Buyout.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.

2. Memorandum from NEPC.

3. Investor Notice, Cover Letter and Consent Form for Management Led Buyout.

Mr. Gallagher explained that Cargill, the parent company that owned a 50% economic interest in CarVal, had negotiated a buyout purchase price for CarVal.

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

MOTION: Subject to Legal Approval, the Board Consents to Carval's Management Buyout of Cargill's Interest in Carval and Authorize the Board Chair or Retirement Administrator to Execute Consent Document.

Moved by Bennett, seconded by Towner.

Vote: Motion carried
Yes: Ashby, Bennett, Goulet, McCombs, Sedell, Towner, Wilson
No: -
Absent: Hintz, Winter
Abstain: -

C. Performance Report for Quarter Ending June 30, 2019.
RECOMMENDED ACTION: Receive and File.

Mr. Goulet remarked on Hexavest's underperformance.

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

MOTION: Receive and File.

Moved by Sedell, seconded by Towner.

Vote: Motion carried
Yes: Ashby, Bennett, Goulet, McCombs, Sedell, Towner, Wilson
No: -
Absent: Hintz, Winter
Abstain: -

D. Preliminary Performance Report for Month Ending July 31, 2019.
RECOMMENDED ACTION: Receive and File.

E. Preliminary Performance Report for Month Ending August 31, 2019.
RECOMMENDED ACTION: Receive and File.

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

MOTION: Receive and File Preliminary Performance Reports for July and August 2019.

Moved by McCombs, seconded by Ashby.

Vote: Motion carried

Yes: Ashby, Bennett, Goulet, McCombs, Sedell, Towner, Wilson
No: -
Absent: Hintz, Winter
Abstain: -

VII. OLD BUSINESS

A. Proposed Changes to VCERA Bylaws.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. VCERA Bylaws (Redline).

3. VCERA Bylaws (Alternate Redline).

4. Correspondence with County between November 2018 and May 2019.

5. County Follow-Up to June 14th Meeting.

6. VCERA Response to County Follow-Up.

Ms. Webb summarized the history of staff's interactions with the County in regard to VCERA's bylaws, and the status of the three main issues of disagreement. Staff had offered a "middle ground" option, which was agreed to by County Executive Officer Mike Pettit on September 20.

The Assistant County Executive Officer and Human Resources Director, Shawn Atin, requested to speak before the Board. Mr. Atin said that after meeting with Ms. Webb and Ms. Nemiroff, the County agreed to the alternate redline version of the bylaws and that the County wished to continue working with VCERA to update the disability procedures. He remarked on the robust nature of Ms. Dunning's presentation and was in agreement with much of the content. He acknowledged the absolute right of the Board to make decisions pertaining to disability retirement, that he saw the County's role as an advisor to the Board and would like to continue advising VCERA in the disposition of the applications, in light of the County's expertise and knowledge of individual cases. He added that it had not been the County's practice or intent to withhold any information from the Board, nor to make "side deals" regarding disability cases, and the County was willing to provide any additional information the Board believed they needed. He commended the County's long-standing partnership with VCERA on the disability retirement process, and said he believed that in the majority of cases, the Board was in agreement with Risk Management. However, the County did not believe the process was "broken," and if the Board sought a different process in which the County did not supply disability information to VCERA, he did not believe the process would be as timely, cost effective or successful.

Senior Deputy Executive Officer Chuck Pode requested to speak before the Board. Mr. Pode said Risk Management desired a disability process that addressed the needs of VCERA's Board and County employees. He stated that Ventura County Risk Management remained interested in working with VCERA on a procedure to benefit everyone and that Risk Management supplied the Board with experience and knowledge.

Trustee Goulet noted that the alternate redline version of the bylaws did not contain the same language about compensation earnable.

Ms. Webb replied that on the compensation earnable section, VCERA had offered to insert the retirement law description verbatim, but the County had not opted for the verbatim language, so the compensation earnable language was removed in both redlines. Therefore, the only discernible difference in the two redlines was the reference to the attached disability hearing procedures in the alternate version.

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

MOTION: Approve Alternate Redline Version of the VCERA Bylaws.

Moved by Bennett, seconded by Sedell.

Vote: Motion carried
Yes: Ashby, Bennett, McCombs, Sedell, Towner, Wilson
No: Goulet
Absent: Hintz, Winter
Abstain: -

Trustee Goulet said he voted no because he preferred staff's original recommendation.

After hearing this item, the Board returned to Item VI.A., "Recommendation for $25 Million Investment in Bridge Debt Strategies Fund III, LP."

B. Request for Ratification of Travel for Communications Officer, Josiah Vencel, to Attend the 2019 National Pension Education Association Conference (NPEA).
RECOMMENDED ACTION: Ratify.

1. Staff Letter.

Ms. Webb told the Board that it had previously approved a travel request for VCERA's Communications Officer to attend the 2019 NPEA Conference. However, some of the travel costs had been mistakenly incurred prior to Board approval of the request, so staff requested retroactive ratification of the premature travel expenses.

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

MOTION: Approve Ratification for Travel Request for Communications Officer to Attend the 2019 NPEA Conference.

Moved by McCombs, seconded by Goulet.

Vote: Motion carried
Yes: Ashby, Bennett, Goulet, McCombs, Sedell, Towner, Wilson
No: -
Absent: Hintz, Winter
Abstain: -

C. Appointment of Chair and Vice-Chair.

1. Staff Letter.

Ms. Webb summarized the history of the Board's temporary appointment of Chair Wilson and Vice-Chair Bianchi until the conclusion of Trustee Towner's Civil Service Commission proceedings, noting the Board's direction to return with this item following that conclusion so that, if desired, the Board could appoint a chair and vice-chair for the remainder of 2019. Ms. Webb added that in December 2019, the Board would appoint a chair and vice-chair to serve in 2020.

Trustee Sedell nominated Trustee Towner as Chair and Trustee Wilson as Vice-Chair.

Chair Wilson called for any additional nominations, and hearing none, closed the nominations and called for a vote.

By unanimous vote, Trustee Chair was appointed as Chair and Trustee Wilson as Vice-Chair.

Vote on Nominations:
Yes: Ashby, Bennett, Goulet, McCombs, Sedell, Towner, Wilson
No: -
Absent: Hintz, Winter
Abstain: -

VIII. <u>NEW BUSINESS</u>

A. SACRS Fall Voting Proxy.

1. Staff Letter.

Ms. Webb reminded the Board to appoint voting delegates to the SACRS 2019 Fall Conference. Chair Wilson appointed Trustee Hoag to serve as the voting delegate and Tracy Towner to serve as the alternate voting delegate.

IX. <u>INFORMATIONAL</u>

X. <u>PUBLIC COMMENT</u>

None.

XI. <u>STAFF COMMENT</u>

Ms. Webb informed the Board that due to the ongoing office remodel, the Board would meet in the Hall of Administration for the remainder of the year. Also, the election for the vacant General member seat had ended, and staff expected the election results to be certified soon.

Ms. Oliver presented an overview of the boardroom furniture options and requested that trustees inform staff of their preferences.

Mr. Vencel provided a demonstration of the new Board Member Portal on the VCERA website.

XII. <u>BOARD MEMBER COMMENT</u>

None.

XIII. ADJOURNMENT

Chair Wilson adjourned the meeting at 2:09 p.m.

Respectfully submitted,

Linda Webb

LINDA WEBB, Retirement Administrator

Approved,

WILLIAM W. WILSON, Chairman

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

October 7, 2019

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

SUBJECT: DISABILITY RETIREMENT RE-EXAMINATION UNDER GOVERNMENT CODE SECTION 31729 – DEBRA SPAFFORD

Dear Board Members:

Debra Spafford was granted a service-connected disability retirement by the Ventura County Employees' Retirement Association (VCERA) Board of Retirement, effective June 3, 2007.

At the May 7, 2018, disability meeting, staff requested that the Board of Retirement authorize an investigation into specific information that had been forwarded to VCERA after an anonymous complaint was received by the County's Employee Fraud Hotline. The complaint was in regard to a disability retiree (under age 55) collecting disability benefits while engaging in hobbies and activities that appeared incompatible with her given work restrictions. The Board of Retirement approved this request.

At the September 10, 2018, disability meeting, staff presented the findings of the investigation and requested that the disability retiree be sent for a re-examination in accordance with Government Code section 31729:

> ***§31729. Medical examination of beneficiary; determination of board***
> *The Board may require any disability beneficiary under age 55 to undergo medical examination. The examination shall be made by a physician or surgeon appointed by the board at the place of residence of the beneficiary or other place mutually agreed upon. Upon the basis of the examination the board shall determine whether the disability beneficiary is still physically or mentally incapacitated for service in the office or department of the county or district where he was employed and in the position held by him when retired for disability.*

On January 28, 2019, Ms. Spafford was re-evaluated by orthopedic surgeon Dr. Richard C. Rosenberg. Prior to this appointment, Dr. Rosenberg was provided VCERA's record of administrative proceedings, along with historical and current medical records related to the disability retirement decision, including:

1. VCERA's record of administrative proceedings on Ms. Spafford's application for service-connected disability retirement.
2. Ms. Spafford's medical records received after the disability was granted, including records from Dr. Calderone, her current orthopedic treating doctor.
3. Social media report from RJN Investigations.
4. Video file from Ms. Spafford's social media account, which included footage of engagement in cutting horse riding.

5. Documents indicating the results of a 2013 cutting horse competition in which Ms. Spafford was identified as the 2nd place winner.
6. Current classification specification for a Fire Captain.

On March 26, 2019, VCERA staff received the Independent Medical Evaluation (IME) from Dr. Rosenberg. The report found Ms. Spafford to be capable of performing the essential duties of a Fire Captain; however, the doctor's recommended work restrictions preclude her from heavy lifting, repetitive head and neck movements, as well as repetitive use of either arm at or above shoulder level. Dr. Rosenberg also noted that the job description for Fire Captain with Ventura County appears to differ from Ms. Spafford's work history in that she performed the duties of a Firefighter along with the usual duties of a Fire Captain.

On May 15, 2019, VCERA staff requested a supplemental report from Dr. Rosenberg because, after the original request for the re-examination, it came to staff's attention that the job analysis for Fire Captain had been updated recently. Staff also required clarification on the work restrictions listed in the report. On July 10, 2019, VCERA staff received the supplemental report from Dr. Rosenberg, finding Ms. Spafford remains permanently incapacitated from the duties of a Fire Captain based on the totality of the provided job requirements.

The job analysis provides details of all measures of the duties required, including lifting weight and time limits for tasks. This is crucial for the determination of incapacity, as it allows the assigned IME to identify each work restriction and compare it to the specific physical demands of the position for which the applicant claims incapacity. Attached is a copy of both the updated job analysis and classification specification for comparison. The enclosed job analysis indicates that a Fire Captain must be prepared to step into the full scope of a Firefighter's duties during an emergency situation. The required duties may include lifting more than 50 pounds in order to rescue someone in distress or using other equipment required in an emergency, such as rolled fire hoses, certain ladders and other equipment. The required duties in the job analysis also include use of arms at or above shoulder level, neck rotation, extension and flexion for up to 33% of the day. Dr. Rosenberg's supplemental report identifies Ms. Spafford's permanent work restrictions that preclude lifting more than 50 pounds, repetitive use of either arm at or above shoulder level, and no repetitive rotation, extension or flexion of the neck. Accordingly, Ms. Spafford's assigned work restrictions preclude her from performing certain duties of a Firefighter, which are required of a Fire Captain in an emergency situation.

Therefore, it is VCERA staff's position that the opinions in Dr. Rosenberg's supplemental report constitute substantial evidence and establish that Ms. Spafford remains permanently incapacitated from the performance of the duties of a Fire Captain. If your Board adopts staff's recommendation, Ms. Spafford's disability retirement benefits will remain unchanged. Staff has included the original IME report and the supplemental report for your review.

RECOMMENDED ACTION: ADOPT STAFF'S POSITION THAT DEBRA SPAFFORD REMAINS PERMANENTLY INCAPACITATED FROM THE PERFORMANCE OF THE DUTIES OF FIRE CAPTAIN.

I would be pleased to answer any questions at the October 7, 2019, disability meeting.

Sincerely,

Linda Webb
Retirement Administrator

October 7, 2019

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

SUBJECT: $50 MILLION ADDITIONAL COMMITMENT TO HARBOURVEST PARTNERS REAL ASSETS FUND IV

Dear Board Members:

Attached is a memo from NEPC recommending an additional $50 million investment in Harbourvest Partners Real Assets Fund IV (RA IV), bringing the total fund commitment to $100 million. Staff concurs with NEPC's investment recommendation.

Discussion
The Board adopted a revised asset allocation plan at its meeting of May 20, 2019, with a dedicated 7% targeted allocation to real assets. Real assets are intended to provide long-term uncorrelated and "real" after inflation returns. NEPC's 2019 5 - 7 years asset class assumptions include a 7.8% return for diversified real assets. On July 15 the Board approved its initial $50 million allocation to RA IV which closed on August 29.

HarbourVest's Real Assets Fund IV is VCERA's first dedicated real assets commitment. Most RA IV's investments will be in secondary and co-investments, and opportunistically in primary investments diversified across energy, power, infrastructure, and natural resources. HarbourVest is targeting a net IRR of 17%, and a multiple of invested capital of 1.7x. As of 3/31/19, HarbourVest's prior fund RA III was 77% committed, with a multiple of invested capital of 1.3x and net IRR of 26.3%.

As this commitment is to a closed-end fund draw-down vehicle, capital will be called over a 3 to 5-year investment period. Fees will be based on committed capital. VCERA will be eligible for the 5-basis points early close discount expiring on October 15, an additional 5 basis points discount for a cumulative commitment over $75 million, and potentially additional aggregated NEPC client discounts. With a combination of the early close and volume fee discounts on a total commitment of $100 million, VCERA's fee will be reduced by $100,000 annually from the base price.

Since 2013, VCERA has committed $67.5, $60, and $40 million in Harbourvest's Dover Funds VIII, IX, and X respectively; $30 and $35 million in Co-Investment Funds IV and V, respectively; and $50 million to RA IV. This recommended additional commitment to RA IV is consistent with Board direction for a smaller, more manageable number of high conviction investments.

HarbourVest has confirmed that given the recency of VCERA's commitment to RA IV and prior completion of all of the subscription and legal documentation for this commitment, a 2-page addendum would be the only additional documentation needed.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve a $50 million increased commitment to Harbourvest Real Assets Fund IV; and,**
2. **Subject to approval of Board Counsel, the Board authorize the Board Chair or the Retirement Administrator to approve and execute the required contract addendum.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

NEPC, LLC

To: Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: October 7, 2019

Subject: HarbourVest Real Assets Fund IV, L.P. Additional Commitment Recommendation

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Recommendation

VCERA staff and NEPC recommend that the Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") consider making an additional commitment of $50 million to the HarbourVest Real Assets Fund IV, L.P. ("Fund"). VCERA approved an original commitment of $50 million in July of this year. NEPC and staff believe the Real Assets Fund IV represents VCERA's best option to try and fulfill the $150 million commitment pacing for 2019. This recommendation is being made as money is put to work quicker and then returned faster as the Fund primarily invests in secondaries, the Fund is very diversifying, offers an attractive fee discount that NEPC has helped negotiate, and has a higher expected return compared to other options. Additionally, by increasing the commitment to HarbourVest, we avoid manager proliferation, an important objective for VCERA.

VCERA has a history investing with HarbourVest within Private Equity going back to 2013. As of September 30, 2019, VCERA had investment commitments to three HarbourVest Private Equity secondaries funds and two co-investment funds totaling $232.5 million, with all invested funds performing well for their respective vintage years. The Real Assets Fund IV is projecting a net IRR of 17%, and TVPI (total value to paid-in which represents the total value projected to be created by the fund per $ of investment) multiple of 1.7x. The NEPC Alternative Assets Committee has a positive view of this product and its investment philosophy, although due to HarbourVest's relatively short experience within Real Assets, the Real Assets Fund IV has a "2" rating.

Summary

HarbourVest was founded in 1978 and in 1982, the Firm formed its first fund, which was one of the first closed-end, institutionally-backed US private equity fund-of-funds. As the investment team expanded, it offered its first secondary investment in 1986. The Firm has over 500 employees, including 126 investment professionals, 327 administrative professionals, six legal professionals and 41 individuals with other responsibilities. Today, the Firm invests in primary partnership interests, secondary private equity transactions, direct co-investments, private credit and real assets. HarbourVest has invested over $34 billion in global primary fund investments, over $19 billion in secondary transactions, and over $8 billion in direct co-investments. As of September 30, 2018, the Firm had approximately $58 billion in assets under management. HarbourVest established its first dedicated secondary investment funds in 1991. The Firm's experience and resources have grown with the growth of the secondary private equity industry, with the Firm developing a well-deserved reputation as a leading secondary investor.

Fund Description

HarbourVest is targeting $700 million in total commitments for HarbourVest Real Assets Fund IV. The Fund's strategy will be like that of its predecessor, HarbourVest Real Assets Fund III ("Fund III") and will seek to construct a diversified real assets portfolio. The Fund has a flexible mandate within real assets but is expected to primarily invest in secondary fund positions and direct investment opportunities, with the potential for some primary fund investments.

HarbourVest will employ an opportunistic approach towards sector allocation. The team evaluates an investment based on the risk-adjusted return potential within the current market environment and is considered in conjunction with the Fund's existing allocations. The Fund is expected to have exposure to the following sectors:

- Energy – Including upstream energy, midstream energy, and energy services
- Power – Including both conventional (fossil fuel) and renewable power
- Infrastructure – Potentially including transportation, communication, and other utility infrastructure (in addition to power infrastructure and midstream energy infrastructure)
- Natural Resources – Including investments in the mining, timber, and/or agricultural sectors, electricity generation and transmission, and other related service businesses.

The Fund will be managed by the 10-person real assets team, with the support of the larger HarbourVest organization. The co-heads of the real assets team are Kevin Warn-Schindel and Michael Dean who are both Managing Directors at the Firm. The team has a diverse set of backgrounds and a range of experience levels. Besides the two MDs, the team includes two principals, three vice presidents, a senior associate, and two associates. HarbourVest has indicated that they are actively looking to expand the team, including potentially hiring an additional associate to be based in Toronto, an associate and vice president in Boston, and a principal in Europe. Since 2014, HarbourVest has committed over $2.2 billion to real assets investments (including $1.3 billion from dedicated real assets funds).

Importantly, the dedicated real assets team will be supported by the global platform that HarbourVest has built. HarbourVest has over 400 professionals located in nine offices globally. This includes 47 managing directors with an average of 24 years of experience.

HarbourVest has a long track record and strong reputation in private markets secondaries with relationships in both the GP and LP communities. HarbourVest expects that this reputation will help to generate inbound deal flow, particularly for secondary investment opportunities. Deals will also be sourced through its network of relationships, including through limited partners, industry relationships across real assets, and through banking, consulting, legal, and other intermediaries. As of September 2018, HarbourVest reported having over 500 active relationships with general partners and over 600 active relationships with limited partners.

In 2018, HarbourVest reports that the team reviewed $22 billion of real assets deal flow, consisting of 400 individual positions from over 200 sellers and over 90 direct investment opportunities. Of these, the team made approximately 40 offers representing approximately $4.1 billion in potential investment volume. Ultimately, HarbourVest made binding bids on 18 deals and closed 15, with a total commitment amount for the year of $942 million, $366 of which went into Fund III.

HarbourVest is targeting a total of $700 million for Fund IV. While this represents a considerable increase over Fund III (which had total capital commitments of $366 million), it is important to note that the real assets team has invested capital into the target sectors on behalf of HarbourVest's other funds (in addition to the dedicated real assets funds).

Like Fund III, the Manager expects that Fund IV will be predominantly allocated to secondary fund investments and direct investment opportunities. Up to 10% of the Fund may be invested in primary fund investments (typically primary fund investments are connected in some way to a secondary or direct investment). Secondary investments may include both traditional secondary purchases (acquiring a single partnership interest or a small portfolio of interests from a single limited partner) and more complex secondary transactions. Complex secondaries may include structures such as whole fund liquidity solutions or spin-outs of captive teams, among others.

Fund III is still in its investment period and is currently 53% allocated to infrastructure and power, 41% to energy, and 6% to natural resources. HarbourVest has indicated that Fund IV is expected to also be overweight to infrastructure and power with less exposure to energy relative to Fund III.

HarbourVest intends to invest Fund IV principally in OECD (Organisation for Economic Co-operation and Development) countries, with a primary focus on North America and a secondary focus on Europe. Fund III is currently allocated approximately 75% to the United States. In addition, HarbourVest can apply leverage of up to 50% of aggregate capital commitments at the portfolio level. Given the focus on secondary fund investing, underlying fund investments may have higher levels of leverage.

HarbourVest launched its dedicated real assets strategy in 2014 with the formation of Real Assets Energy Fund I ("Fund I"). Fund I had a single investor and acquired a single large portfolio of real assets secondary fund interests. In total since 2014, the team has committed over $2.2 billion to real assets investments (of which, approximately $1.3 billion has come from dedicated real assets funds).

The track record of the HarbourVest's dedicated real assets vehicles is shown below, with data as of September 30, 2018:

Fund-Level Returns

Fund	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	Current Net IRR
Real Assets Energy Fund I	2014	$289	$230	$149	$86	$236	1.0x	0.4x	1.5%
Real Assets Energy Fund II	2015	$705	$590	$761	$67	$828	1.4x	0.1x	13.1%
Real Assets Fund III	2016	$366	$181	$218	$36	$253	1.4x	0.2x	24.0%
Real Assets Olive Fund	2017	$101	$20	$28	$0	$26	1.3x	0.0x	18.0%

HarbourVest is targeting $700 million in total commitments for Fund IV. The first close occurred on June 28th with $198 million in commitments.

The Fund will charge a management fee based on capital committed, to be paid quarterly. The management fee rate will vary based on the year of the Fund life, as follows:

- 0.25% for year one
- 0.50% for year two
- 0.85% for year three
- 1.25% for years four through seven
- 1.20% for year eight
- 1.15% for year nine
- 1.10% for year ten
- 0.10% for any additional year

HarbourVest estimates that, based on this base management fee rate, an investor would pay an average of 1.01% per year if there are no fund extensions and 0.75% per year if all four one-year extensions are used.

HarbourVest is offering discount fees for larger investors, and has agreed to treat all NEPC clients in aggregate. Should NEPC clients (in total) commit at least $75 million to the Fund, all NEPC clients will receive an additional five basis points discount; should NEPC clients commit at least $150 million, this discount is increased to 10 basis points. In addition, all NEPC clients committing to the Fund by October 15, 2019 will receive a five basis points reduction in the management fee (in addition to any potential discount for size).

HarbourVest will also receive carried interest equal to 12.5% above an 8% preferred return (calculated as an IRR on invested capital) with a 100% catch-up.
The Fund will be responsible for organizational costs up to four million dollars and other expenses related to its investments and ongoing management (including costs related to acquisitions, investment monitoring, tax, legal, and other services provided by third parties). The Fund is structured as a Delaware Limited Partnership, with parallel offshore vehicles available.

NEPC Research Ratings Definitions

Rating	Definition
1	A high conviction investment product. Product has a clear and economically-grounded investment thesis, and is managed by an investment team that is sufficiently resourced and incented to execute on the thesis.
2	NEPC has a positive view of the strategy. Strategy has a compelling and sound investment thesis. The manager is sufficiently resourced and incented to execute on the thesis. Strengths outweigh the weaknesses, but the strategy does not meet all requirements for a 1 rating.
3	A satisfactory investment product. The strategy lacks a compelling investment thesis, however there are no significant concerns around the manager's viability.
4	The strategy may have an unclear or ambiguous investment thesis or the manager may lack the ability to execute on the stated thesis. The strategy likely has strengths and weaknesses and the weaknesses may outweigh the strengths.
5	A strategy that lacks an investment thesis or NEPC has no confidence in the manager's ability to execute on the thesis, and/or the investment firm may not be viable. Serious issues have been identified with an investment manager or product. This rating aligns with a Terminate Due Diligence status for client-owned products.
NR	Due diligence has not been sufficiently completed on the product or manager.

HARBOURVEST

Ventura County Employees' Retirement Association

Real Assets Fund IV

October I 2019

access OPPORTUNITY

Table of contents

HarbourVest

HARBOURVEST

HARBOURVEST FIRM OVERVIEW

Why HarbourVest Partners?

HARBOURVEST

HARBOURVEST

Our goal is to be your partner of choice by **delivering innovative investable opportunities** and strong results in private equity, credit, and real assets.

- Independent firm
- Integrated platform
- Global scale
- Diverse solutions
- Market insights

We approach **private markets** proactively, with five pillars driving our competitive advantage.

HarbourVest at-a-glance

HARBOURVEST

$64+ billion total AUM across all strategies

Private markets specialists in equity, credit, and real assets

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

500+ colleagues over **125** investment professionals

25 years average industry experience of managing directors

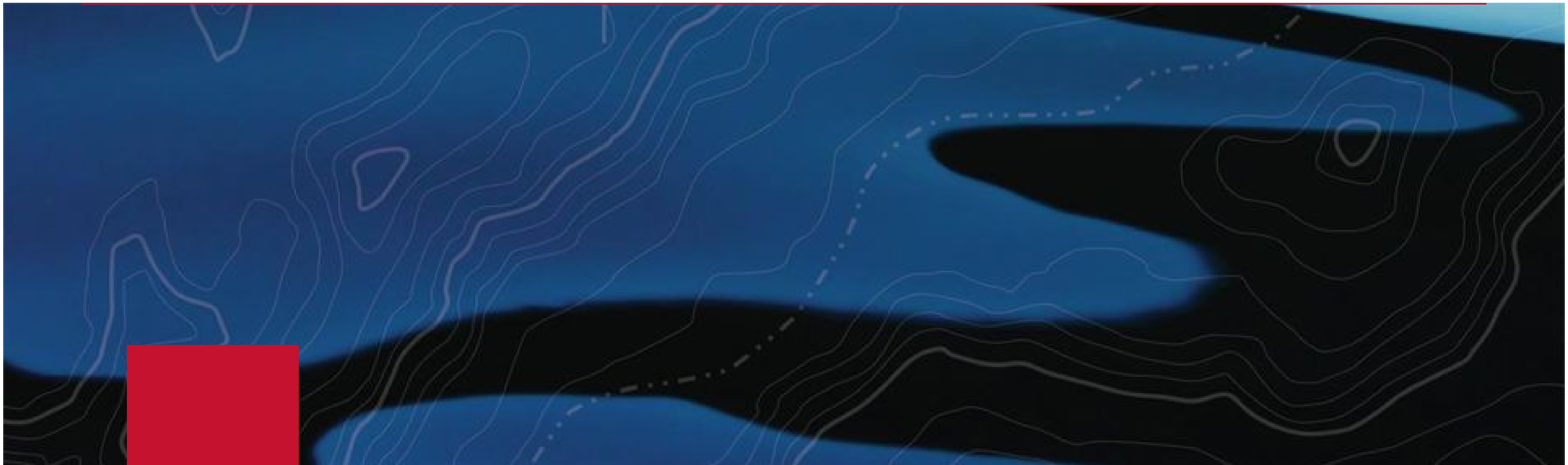
700+ advisory board seats

Strong track record over **35+ years**

950+ Managers tracked

As of June 30, 2019

HARBOURVEST

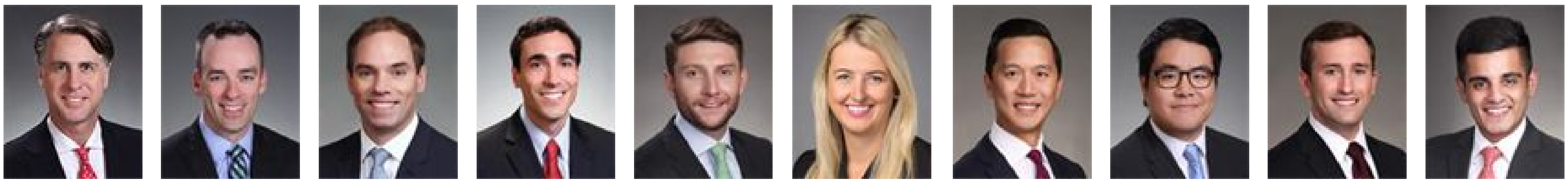


REAL ASSETS APPROACH AND TEAM

HarbourVest real assets team

HARBOURVEST

Specialist expertise in real assets backed by the strength of HarbourVest's global platform



Kevin Warn-Schindel
Managing Director

Michael Dean
Managing Director

Dan Buffery
Principal

Justin Lane
Principal

Holland Davis
Vice President

Abigail Rayner*
Vice President

Benjamin Wu
Vice President

Eric Zhang
Senior Associate

Ian Jeffrey
Associate

Guntas Singh
Associate

HarbourVest Real Assets Team

Domain Expertise

Team of dedicated investment professionals with decades of real assets experience

> Strong understanding of complex assets across energy, infrastructure, power and natural resources

> Deep relationships with sellers, companies, and agents

> In-depth underwriting analysis

Institutional Platform

125+ global investment professionals

> Decades of partnership with sellers, intermediaries, and managers

Robust operational support

> Structuring capabilities enhanced by tax and legal resources

35+ years of institutional knowledge

> Pattern recognition across cycles

As of June 30, 2019

* This individual is focused on real assets investments as well as investor relations.

HARBOURVEST

REAL ASSETS MARKET OPPORTUNITY

Advantages of real assets

HarbourVest

Portfolio Diversification

Compared to traditional investments, real assets have low correlation and a differentiated response to economic stimuli and investment environments

Inflation Linkage Protects Against Rising Prices

Positive correlation to inflation makes real assets a good hedge against price rises

Total Return with Downside Protection

Underlying investments have relatively inelastic demand profiles and steady cash flows, offering downside protection with the potential for capital appreciation

Broad Variety of Target Assets

Wide range of investable assets with diverse characteristics provide an additional layer of diversification to managers that are capable of applying an opportunistic investment approach

Investing into real assets successfully requires domain expertise, industry relationships, and robust operational capabilities.

Definition of real assets excludes real estate

Complementary real assets sub-sectors

HARBOURVEST

Seeking attractive risk-adjusted returns spanning the real assets landscape

INFRASTRUCTURE & POWER

Power Generation
Utilities: Transmission & Distribution
Midstream
Transportation
Utilities
Ports

Asset Characteristics

Largely predictable cash flow with low volatility. Long-term contracts often with inflation-linked pricing

ENERGY

Upstream Exploration
Upstream Production
Midstream Energy
Downstream Energy
Energy Services

Asset Characteristics

Positively correlated to inflation. High-quality assets with low-breakeven costs produces value through cycles

NATURAL RESOURCES

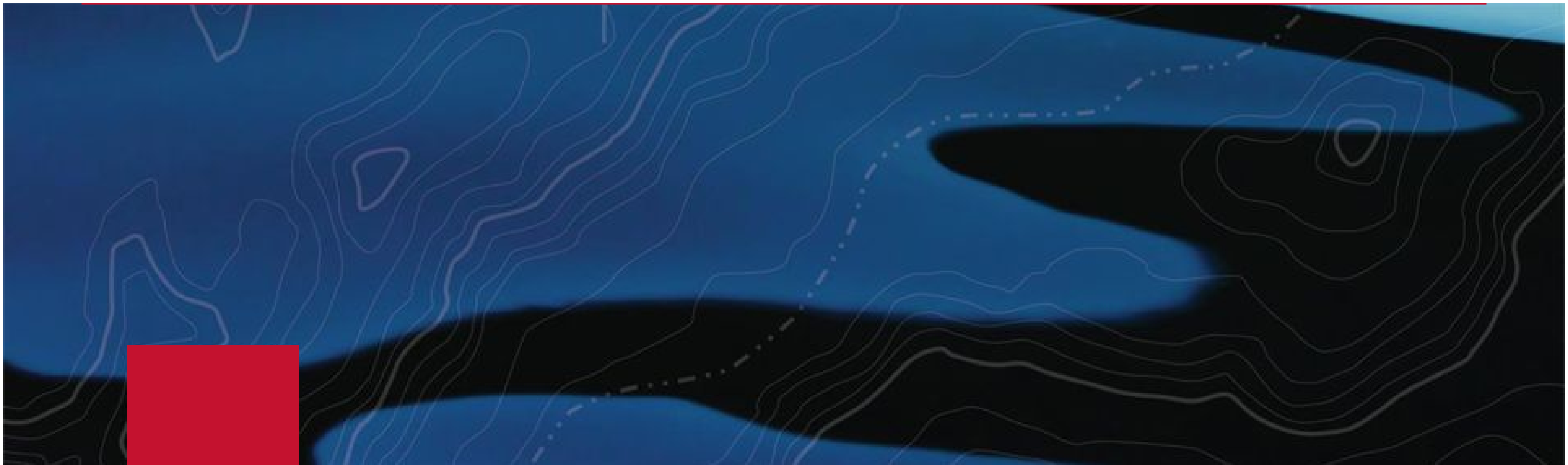
Extracted / Harvested
Mining
Timberland
Farmland

Asset Characteristics

Positively correlated to inflation. Blend of harvested income oriented assets and total return extracted strategies

Past performance is not a reliable indicator of future results.

HARBOURVEST



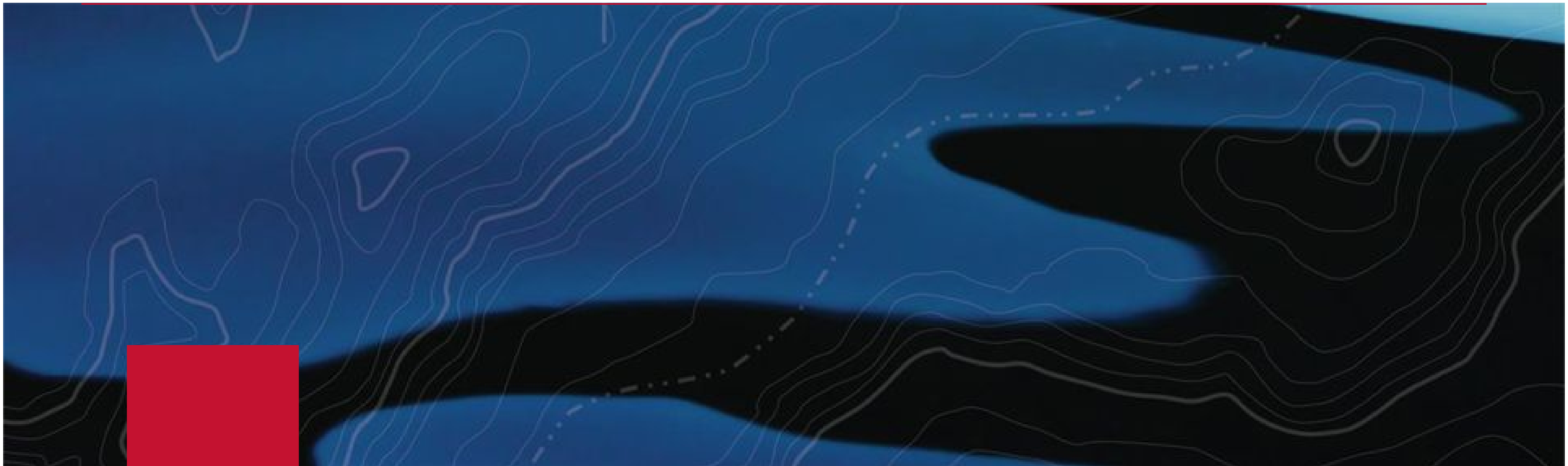
REAL ASSETS AT HARBOURVEST

HarbourVest's differentiation in real assets

HARBOURVEST

1. DEEP REAL ASSETS DOMAIN EXPERTISE IN SECONDARY AND DIRECT INVESTMENTS
2. OPPORTUNISTIC MANDATE DRIVES AGILE INVESTING
3. INFORMATION ASYMMETRY AND SOURCING ADVANTAGE THROUGH STRONG GP AND INDUSTRY RELATIONSHIPS
4. SPEED OF EXECUTION
5. INSTITUTIONAL TAX, STRUCTURING, AND REGULATORY KNOWLEDGE

HARBOURVEST



REAL ASSETS FUND III

Real Assets Fund III

HARBOURVEST

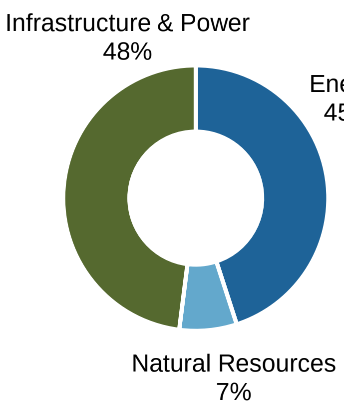
Update

- Began investing in 2016
- Final close February 2017
- 92% committed to 26 transactions as of June 30, 2019
- Portfolio valued at 1.3x cost with a 24.1% gross IRR at March 31, 2019
- Approximately $8 billion of opportunities in the current pipeline across 19 transactions
- Received $9 million in proceeds during Q1 2019, larger sources were Project Frio (Cadent Energy Partners II) and Project New Oxford (The Energy & Minerals Group II)
- Portfolio incurred a $3 million loss during Q1 2019; which was partially offset by some gains

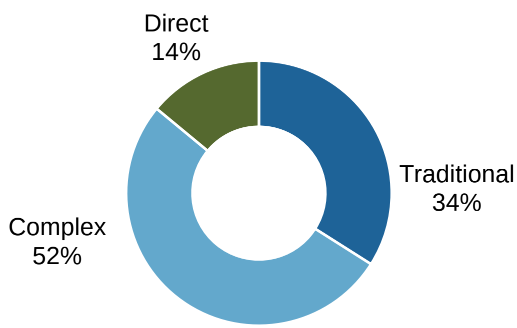
$ Millions

As of	Mar-31 '19	Jun-30 '19
Fund Size	$366.3	$366.3
Committed to Investments	77%	88%
Paid-In Capital	**$181.3**	**$210.3**
% Called	**50%**	**58%**
Distributions	**$35.8**	**$44.7**
DPI	**0.2x**	**0.2x**
Total Value	$235.5	
TVPI	1.3x	
Net IRR	26.3%	

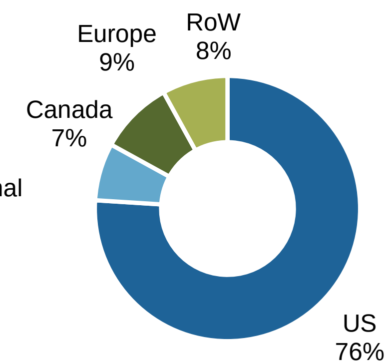
Sector



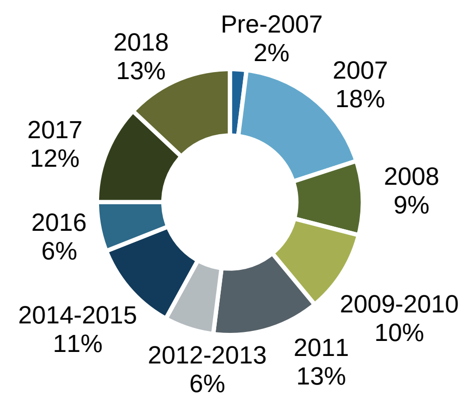
Transaction Type



Geography

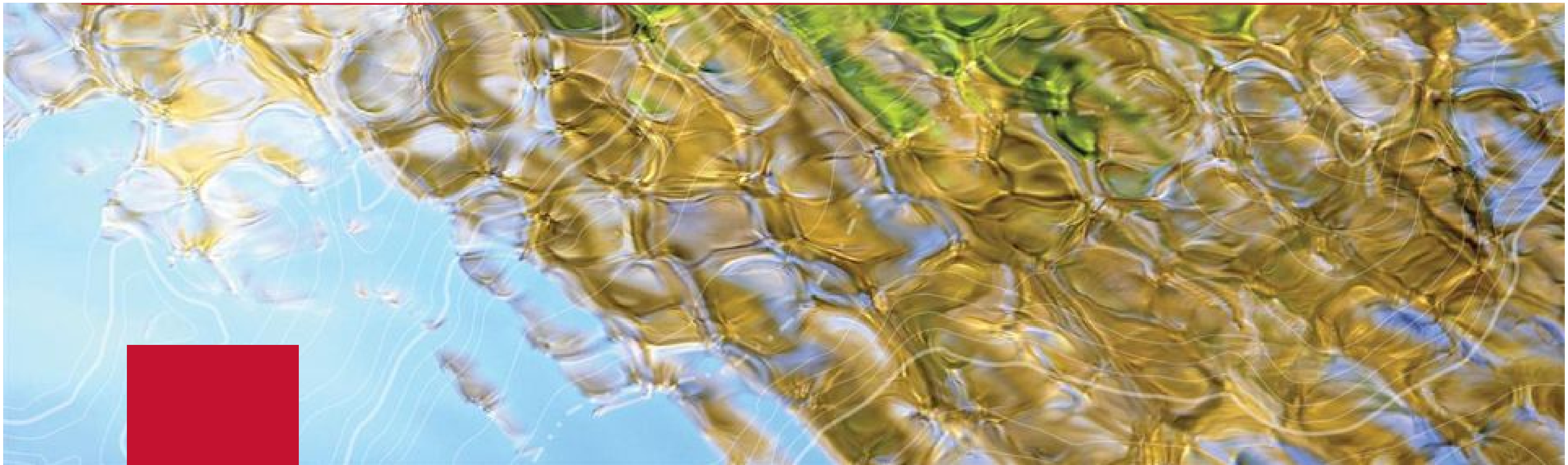


Investment Year



Transaction type as of June 30, 2019. Remaining pie charts are based on cumulative cost of company investments as of March 31, 2019.
Note: Diversification estimated based on available data.
See final pages for additional notes. This page summarizes the activity and performance of a HarbourVest fund or account. There is no guarantee the investments and relationships referenced will be in a future portfolio. Past performance is not a reliable indicator of future results.

HARBOURVEST



REAL ASSETS FUND IV

Real Assets Fund IV – Summary of terms

HARBOURVEST

Target Size	$700 million
Investment Period	3-5 years
Term	10 years, with four one-year extensions at the option of the General Partner
Management Fee*	0.75% average annual management fee, based on committed capital**
Early Closing Fee Reduction±	0.05%
Carried Interest	> 12.5% on net investment profits > 8% limited partner preferred return with general partner catch up

Terms are subject to change prior to the issuance of definitive program documentation

* Average annual management fee of 0.75% is calculated over 14 years and assumes that the Fund's term is extended for four, one-year extensions, which can be exercised at the discretion of the General Partner. The average annual management fee over the Fund's term without extensions (10 years) would be 1.01%. The actual average management fee will depend on the Fund's actual term. The average fee rate provided applies to a Limited Partner's entire commitment and does not take into account any fee reductions available to investors. Any fee reductions(s) offered shall not reduce the management fee below zero in any year, nor shall they be applied as credits against any management fees payable in any period prior to or following a period in which such percentage is reduced to zero. As a result, the average annual management fee over the life of the Fund (including the four one-year extensions) may be reduced by less than 5 basis points.

** Investors committing $75 million to $150 million to the Fund will receive a fee reduction of 5 basis points per annum (e.g., pay an average annual management fee of 0.96% over a 10-year term or 0.70% over a 14-year term), while investors committing $150 million or more to the Fund will receive a fee reduction of 10 basis points per annum (e.g., pay an average annual management fee of 0.91% over a 10-year term or 0.65% over a 14-year term).

± Any limited partner that irrevocably commits to the Fund on or before October 15, 2019 will receive a 0.05% reduction in their average annual fee during the life of the Fund.

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

HARBOURVEST

APPENDIX

Strong global team

HARBOURVEST

PRIMARY PARTNERSHIPS

MANAGING DIRECTOR
Till Burges, Julie Ocko, Minjun Chung, Amanda Outerbridge, Carolina Espinal, Senia Rapisarda, Ryan Gunther, Sally Shan, Tatsuya Kubo, Greg Stento, Hemal Mirani, Michael Taylor, John Morris, Scott Voss

PRINCIPAL
Alex Barker, Stephen Tamburelli, Mac Grayson, Chris Walker, Joseph Li, Alex Wolf, Eric Simas

VICE PRESIDENT
Amanda Chen

SENIOR ASSOCIATE
Chang Liu, Dean Poulos, Matthew Marotta

ASSOCIATE
Michael Ferrante, Daryl Ng, Cesar Gimeno Le Paih, John Powers, Zachary Knowlton, Luke von Maur, Alex Little, Cynthia Wang, William Mucci, Chloe Webster

EMERGING AND DIVERSE INVESTMENTS

MANAGING DIRECTOR
Craig Fowler, Sanjiv Shah, Edward Powers

HVPE
Richard Hickman, Principal, Portfolio Mgmt.
Bill Macaulay, Director of Finance

SECONDARY INVESTMENTS

MANAGING DIRECTOR
David Atterbury, Jeff Keay, Tim Flower, Mike Pugatch, Brett Gordon, Rajesh Senapati, Valérie Handal, John Toomey, Edward Holdsworth, Peter Wilson

PRINCIPAL
Abuzar Anaswala, Matt Souza, Greg Ciesielski, Dustin Willard, John Fiato, Martin Yung, Dominic Goh

VICE PRESIDENT
Nick Bellisario, Blake Holman, Kyle Dowd, William Thompson

SENIOR ASSOCIATE
Lorenzo Fusco, Frank Schwahn, Emily Ren

ASSOCIATE
Chad Bounds, Pierre Maffei, Julie Catton, Andrea Pompili, Mimi Dang, Patrick Qian, Matthew Dezenzo, Forrest Richmond, Jack Donovan, James Tsavaris, Ryan Kim, Jordan van Wezel, Tony Law

REAL ASSETS

MANAGING DIRECTOR
Michael Dean, Kevin Warn-Schindel

PRINCIPAL
Dan Buffery, Justin Lane

VICE PRESIDENT
Holland Davis, Benjamin Wu

SENIOR ASSOCIATE
Eric Zhang

ASSOCIATE
Ian Jeffrey, Guntas Singh

DIRECT INVESTMENTS

MANAGING DIRECTOR
Jamie Athanasoulas, Craig MacDonald, Corentin du Roy, Alex Rogers, Ian Lane, Karen Simeone, Peter Lipson, Kelvin Yap

PRINCIPAL
Matthew Cheng, Seth Palmer, Goncalo Faria Ferreira, Jacqueline Peradotto, Joel Hwang, Steve Wong, Lee Incandela, David Zug, Ryan Jones

VICE PRESIDENT
Brendan Butler, William Hasten, Elliott Campbell, Lenny Li, Cartus Chan, Alexander Mackinger, Karen Chung, Sophia Maizel, Todd DeAngelo, Gregory Mazur

SENIOR ASSOCIATE
Megan Beecher, Ruyin Liao, Jan de Wolff, Thorne Michaels, Sean Gillespie, Alex Robins, Michael Guiness, Jonathan Sanford, Gokhan Kara, Junyi Zang, Noel Lam

ASSOCIATE
Alexander Brown, Tyler Smith, Manusha Chereddy, Thomas Toussaint, Jamie Gong, Benson Wong, Rodrigo Lameira, Rachel Wu, Tikeren Quinn, Edward Xiao, Colin Silva, Wilson Zhang

INVESTOR RELATIONS

MANAGING DIRECTOR
Nate Bishop, Vinay Mendiratta, Simon Jennings, Ilan Rosen, Jamie Kase, Laura Thaxter, Olav König

PRINCIPAL & SENIOR VICE PRESIDENT
Emily Archer, Simon Lund, Mohit Bhatia, Nhora Otalora, Jay Brasseur, Janish Patel, Robert Connors, Fran Peters, Daniel Conti, Mark Radville, Shumin Gong

OPERATIONS
Richard Campbell, Managing Director
Paula Drake, Managing Director
Julie Eiermann, Managing Director, CDO
Karin Lagerlund, Managing Director, CFO
Tricia Mackechnie, Managing Director, CTO
Mark Reale, Managing Director
Bill Royer, Managing Director, CCO
Mary Traer, Managing Director / CAO
Monique Austin, SVP, US Counsel
Tony Cobuzzi, SVP, Fund Controller
Cory Cook, SVP, Fund Controller
Matthew Dowgert, SVP, Counsel
Aliza Firestone Goren, SVP, Counsel
Jason Frigiani, SVP, Corporate Controller
Sofia Gertsberg, SVP, Investment Risk
David Morris, SVP, Tax Structuring
Bruce Pixler, SVP, Director of Tax
David Rule, SVP, Global Infrastructure
Dave Stepanis, SVP, Portfolio Analytics
Amy Unckless, SVP, Org. Effectiveness
Jack Wagner, SVP, Treasurer

SENIOR MANAGING DIRECTOR EMERITUS
Brooks Zug

SENIOR ADVISORS
George Anson, Ed Kane, Kathleen Bacon, Fred Maynard, John Begg, Ofer Nemirovsky, Kevin Delbridge, Martha Vorlicek, Bill Johnston, Rob Wadsworth

As of June 30, 2019. Includes employees of HarbourVest Partners, LLC, HarbourVest Partners (U.K.) Limited, HarbourVest Partners (Asia) Limited, HarbourVest Partners (Japan) Limited, HarbourVest Partners, LLC Oficina de Representación, HarbourVest Investment Consulting (Beijing) Company Limited, HarbourVest Partners Korea Ltd, HarbourVest Partners (Israel) Ltd, and HarbourVest Partners (Ireland) Limited

Contacts – We are accessible across the globe

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harbourvest.com

HARBOURVEST

ADDITIONAL IMPORTANT INFORMATION

Additional important information

HARBOURVEST

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.

In considering the prior 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 foregoing performance information includes realized and unrealized investments. Unrealized investments are valued by HarbourVest in accordance with the valuation guidelines contained in the applicable limited 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 Fund, 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 pay for a portion of an investment. 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 (as defined below), 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.

1. **Net Performance Returns** - DPI (Distributions / Paid-In Capital), TVPI (Total Value / Paid-In Capital), and Net IRR (Internal Rate of Return) through the applicable date are the returns to limited partners of a Fund after all fees, operating expenses, and carried interest. These returns reflect the combined return for all limited partners in a Fund and may not reflect an individual limited partner's actual return. The Net IRR is calculated using daily cash flows to and from limited partners. In this calculation, the final cash flow to limited partners is the fair market value of all limited partners' capital accounts at the applicable date as determined by the general partner of the respective Fund in accordance with the valuation policy. The net multiples (DPI and TVPI) are calculated based on the same cash flows. See note 8 below for additional disclosures related to fees and expenses of a Fund.
2. **Gross Performance Returns -** This information (Distributed / Funded, Total Value / Funded, TV/TC (Total Value / Total Cost), Gross Portfolio IRR, and Gross IRR), if shown, is presented on a gross basis and reflects the performance of the investment portfolio, including primary fund investments, secondary investments, and/or direct co-investments. Gross Portfolio IRR represents the annual return calculated using monthly cash flows from the Fund(s) to and from the various partnerships or companies in which the Fund(s) invested during the period specified. These returns reflect the fees, expenses, and carried interest of the primary investments, secondary investments, and co-investments, as applicable, but do not reflect the management fees, carried interest, and other expenses borne by investors in the Fund(s), which will reduce returns. See note 8 below for additional disclosures related to fees and expenses of a Fund.
3. **Portfolio Company Performance** – This information, if shown, is based on the cost and value of underlying company investments within the primary and secondary investment portfolios of the Fund(s). These returns do not reflect the fees, expenses, and carried interest of the partnership investments of the Fund(s), which will reduce returns. Performance may be aggregated when a company is held through multiple primary and secondary investments. These returns do not represent the performance of any specific Fund or the return to limited partners of any specific Fund. As a result, portfolio company performance returns are considered model performance. See notes 6 and 8 below for additional disclosures related to model performance and fees and expenses of a Fund, respectively.

Notes continued on next page.

Additional important information

HARBOURVEST

4. **Public Market Comparison** – This information, if shown, represents adjusted model performance of each index as if the respective index had been purchased and sold at the time of the limited partners' capital calls and distributions, with the remainder held at the date noted. Dividends are not reinvested. Under this methodology, the capital calls for the purchase of the public market index are the same as the capital calls for the Fund(s). The distributions for the sales of the public market index are scaled to represent the same proportion of the Fund's NAV at the time of the distribution. For example, if the Fund distributes 5% of NAV, then 5% of the index NAV is distributed. Thus, the index returns presented are not actual index returns, but adjusted model returns. See note 6 for additional disclosures related to model performance.

   In certain instances, where indicated as such herein, the comparison is based on the PME+ (public market equivalent) method as described in an article titled, "Beating the Public Market," by Christophe Rouvinez, as published in the Private Equity International in December 2003 / January 2004. When using this methodology, both the Fund and the adjusted index are assumed to have the same ending NAV. The ending NAV for the adjusted index is derived by scaling the distributions by a constant scaling factor, while preserving the overall cash flow pattern.

   The MSCI AC World® Index (ACWI) is designed to measure the performance of publicly-traded equity securities in global developed and emerging markets. The MSCI ACWI Index is maintained by Morgan Stanley Capital International ("MSCI") and has historically captured approximately 85% coverage of the free float-adjusted market capitalization of its publicly-traded global equity opportunity set.

   The MSCI AC World® (ACWI) Ex-US Index is designed to measure the performance of publicly-traded equity securities in global developed and emerging markets excluding the US. The MSCI ACWI Ex-US Index is maintained by MSCI and has historically captured approximately 85% coverage of the free float-adjusted market capitalization of its publicly-traded global equity opportunity set outside the US.

   The MSCI EAFE® Index is designed to measure the performance of publicly-traded large and mid-capitalization equity securities across developed markets, including countries in Europe, Australasia, and the Far East, and excluding the US and Canada. The MSCI EAFE Index is maintained by MSCI and has historically captured approximately 85% coverage of the free float-adjusted market capitalization of publicly-traded equities in each included country.

   The S&P 500® Index is designed to measure the performance of publicly-traded equity securities of the large capitalization sector of the US market and includes 500 large companies having common stock listed on the New York Stock Exchange or Nasdaq Stock Market. The S&P 500 Index is maintained by Standard & Poors ("S&P") and has historically captured approximately 80% coverage of available market capitalization of publicly-traded equities in the US market.

   The Russell 2000® Index is designed to measure the performance of publicly-traded equity securities of the small capitalization sector of the US market and includes the 2,000 smallest companies in the Russell 3000® Index. These indexes are maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group. The Russell 3000 Index consists of the 3,000 largest publicly-listed US companies, and has historically captured approximately 98% coverage of the total capitalization of the entire US stock market.

   The JP Morgan Domestic High Yield Index is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market. The index is maintained by JP Morgan and has historically captured the performance of US and Canadian issues over $75 million that have a credit rating of BB or lower.

   The adjusted public market indices shown are not intended to, and do not, parallel the risk, investment strategy, or investment characteristics of a Fund. The securities comprising the public market indices have substantially different characteristics than the investments held by a Fund, and accordingly, a direct comparison may not be meaningful. The public market comparison is shown for illustrative purposes only. The adjusted indices are shown to demonstrate the approximate returns an investor may have received had the investor invested in certain publicly-traded equity securities in lieu of a Fund or the investments made by HarbourVest. An investor is not able to directly invest in a benchmark index.

Notes continued on next page.

Additional important information

HARBOURVEST

Bloomberg is the source of the index data contained or reflected in this material. MSCI, S&P, and FTSE Russell are the owners of the index data contained or reflected in this material and all trademarks and copyrights related thereto. This is HarbourVest's presentation of the data. Bloomberg, MSCI, S&P, and FTSE Russell are not responsible for the calculations conducted by HarbourVest, the formatting or configuration of this material, or for any inaccuracy in presentation thereof.

5. **Vintage Years** - HarbourVest vintage classification is based on the year in which capital was first funded to each underlying fund (for primary fund investments) or the year of HarbourVest's purchase (for secondary investments).

6. **Monte Carlo Simulations** - These model (hypothetical) portfolios, if shown, are intended for illustrative purposes only. Performance information for each hypothetical portfolio utilized a Monte Carlo Simulation and are based on the actual cash flows of a proprietary data set that includes partnership investments made by Funds, along with partnership data from external sources. The capital calls and distribution data is based on historic partnership investment cash flows, but does not represent the actual experience of any investor or Fund. The results of the simulation are impacted by an uneven representation of funds with different vintage years, sizes, managers, and strategies, and a limited pool of investment cash flow data. The actual pace and timing of cash flows is likely to be different and will be highly dependent on the underlying partnerships' commitment pace, the types of investments made by the Fund(s), market conditions, and terms of any relevant management agreements. The results presented are based entirely on the output from numerous mathematical simulations. The simulations are unconstrained by the fund size, market opportunity, and minimum commitment amount, and do not take into account the practical aspects of raising and managing a fund. The simulated hypothetical portfolio results should be used solely as a guide and should not be relied upon to manage your investments or make investment decisions.

7. **Model Performance** - Model performance results, if shown, are inherently limited and should not be considered a reliable indicator of future results. **No investor received the indicated performance of the model portfolio(s).** Different model scenarios will provide different results. Individual fund and strategy performance can be better or worse than the model performance. While the model portfolio may consist of investments made by HarbourVest during the relevant period(s), they do not reflect an actual portfolio managed by HarbourVest during the relevant period(s). Thus, they do not represent the impact that material economic and market factors might have had on HarbourVest's decision making if HarbourVest had been managing a Fund that incorporated the investment strategy shown during the specified period(s). In addition, the Funds had investment results materially different from the results portrayed in the model portfolio during the relevant period(s). No representation is made that any Fund will or is likely to achieve returns similar to those presented. Current model performance may differ from that shown in this presentation.

   The following is the criteria used when showing model portfolio performance that includes the following investment types:

   Primary Investments – Based on the cash flows of all primary investments (or a subset as noted) made by Funds during the period(s) specified, with the exception of custom accounts that made investments primarily in emerging venture capital managers, emerging managers, diverse managers, or state-focused managers, as these strategies are outside of HarbourVest's core focus.

   Secondary Investments – Based on the cash flows of all secondary investments (or a subset as noted) made by Funds during the period(s) specified.

   Direct Co-investments – Based on the cash flows of all direct co-investments (or a subset as noted) made by Funds during the period(s) specified. This performance excludes custom accounts that may make investments outside of HarbourVest's core co-investment strategy (e.g., industry, sourcing, return profile). Co-investments are defined as: (i) buyout, recapitalization, and special situation investments; (ii) expansion capital, growth equity, or other venture capital investment in companies with greater than $7.5 million in trailing 12-month revenues at the time of investment; or (iii) mezzanine investments. Early stage investments, defined as those companies with revenues less than $7.5 million at the time of initial investment, which are outside of the focus of the Fund, are also not included in the model portfolio returns shown. If early stage investments were included in the model portfolio, returns would be lower.

Notes continued on next page.

Additional important information

HARBOURVEST

8. **Fees and Expenses** - 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 0.5% to 2.0% of committed, called, or invested capital 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). 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. Fees and expenses are also described in HarbourVest's Form ADV, Part 2A brochure.

   Gross performance returns, if shown, are presented before management fees, carried interest, and other expenses borne by investors in the Fund(s). 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%.

9. **Private Equity Index Data** - Unless otherwise indicated, all private equity fund benchmark data reflects the fees, carried interest, and other expenses of the funds included in the benchmark. Please note that Fund returns would be reduced by the fees, carried interest, and other expenses borne by investors in the Fund. Such fees, carried interest, and other expenses may be higher or lower than those of the funds included in the benchmark. Burgiss (unless otherwise noted) is the source and owner of any private equity index data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination, or redistribution is strictly prohibited. This is HarbourVest's presentation of the data. Burgiss is not responsible for the calculations conducted by HarbourVest, the formatting or configuration of this material, or for any inaccuracy in presentation thereof.

Notes continued on next page.

Additional important information

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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.

None of the information contained herein has been filed with the Securities and Exchange Commission, any securities administrator under any state securities laws, or any other governmental or self-regulatory authority. No governmental authority has passed on the merits of the offering of interests in the Fund or the adequacy of the information contained herein. Any representation to the contrary is unlawful.

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

October 7, 2019

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

SUBJECT: REQUEST FOR BOARD DIRECTION ON IMPLEMENTATION OF FIDUCIARY COUNSEL RECOMMENDATIONS REGARDING DISABILITY PROCESS AND PROCEDURES

Dear Board Members:

Background
At the September 23, 2019 Board meeting, Ashley Dunning of Nossaman, LLC, VCERA's fiduciary counsel, presented a training session entitled, "The Board of Retirement's Roles and Responsibilities in Disability Retirement Adjudications" in which she described the Board's plenary authority and fiduciary responsibility in administration of disability benefits for VCERA members.

Key points from fiduciary counsel's presentation include the following:

1. Given the Board's plenary authority over administration of the System, it has a duty to investigate disability retirement applications.
   - *"'Because a county retirement board is "required to administer the retirement system 'in a manner to best provide benefits to participants of the plan,' [citations omitted], it must 'investigate[] applications and pay[] benefits only to those members who are eligible for them.' Flethez v. San Bernardino County Employees' Retirement Association (2017) 2 Cal.5th 630, 636) ('Flethez')'"*

2. The role of the employer is not the same as the quasi-judicial advisor role of VCERA staff or Board Counsel to the Board:
   - *"The correct term for an **employer's** role in disability retirement is that it takes a **"position"** on a particular application.*
     - *This is particularly important because the employer has a financial and employee management stake in the outcome of disability retirement decisions, and it therefore is not impartial."*

3. Any recommendation or advice to the Board concerning approval or denial of a disability retirement application should come from the Board's own staff and/or Counsel; yet the Board has not empowered staff to make such recommendations.
   - *"In contrast, if **VCERA staff, or the Board's counsel,** concludes that a disability retirement application should be granted or denied based on the proof provided by the applicant, including competent medical and other pertinent evidence, that conclusion may be provided in the form of a **recommendation** to the Board."*
     – *The current disability retirement procedure does not permit this approach as VCERA staff is not specifically empowered/requested to make recommendations."*
   - *Note: County Risk Management does not have the same impartiality obligation as the Board, and the Board should not follow "recommendations" made by any employer in the disability retirement context, just as a judge would not take "recommendations" from counsel regarding the merits of a topic in a judicial proceeding.*
   - *Further note: Given that County Risk Management defends and manages the County's Workers' Compensation cases, there is an inherent conflict if the same County Department is accessing the merits of disability retirement applications, which are subject to different legal standards and need to be processed independently of Workers' Compensation.*

The Board's Fiduciary Duty of Care includes prudent delegation, oversight/monitoring, and taking corrective action when reasonably appropriate. Considerations in prudent delegation:

- *"**Prudence** is the key to delegation as to all aspects of any particular topic:*
    - *Whether to delegate;*
    - *How to delegate;*
    - *To whom a task is delegated; and*
    - *How to supervise."*
- *"Complete delegation of fact finding to VCERA's participating employers (e.g., County Risk Management Office) is not prudent if VCERA is unable to sufficiently monitor that process under the current model."*

As part of the Board's Fiduciary Duty of Loyalty, the Primary Duty Rule says that the duty to the system's participants and their beneficiaries shall take precedence over any other duty; minimizing employer contributions and defraying reasonable expenses are a secondary consideration.

- *"VCERA Board has an affirmative fiduciary obligation of loyalty and prudence with respect to member's application for disability retirement;"* and
- *"County's Risk Management Office does not owe the same fiduciary obligation to county employees who apply for disability retirement."*

Fiduciary counsel emphasized taking measures to 1) ensure members are receiving timely and fair determinations on disability retirement applications; and 2) preserve the independence of the Board and avoid undue influence from the applicant or the employer.

- *"Consider enhancing the process the Board uses to ensure both of the above, potentially through specific edits to the Procedures, and/or implementation of new VCERA policies to supplement the Procedures as may be warranted."*

Summary of VCERA's Current Process

Under the current model/practice, the following steps take place:

1. Applicant receives initial VCERA counseling prior to Filing Disability Application.

2. Applicant files Disability Application, accompanied by authorization for release of medical records and submitted documentation.
   NOTE: VCERA does not require verification of permanency prior to deeming application "complete".

3. VCERA sends a copy of the application to Employer, with any accompanying documentation.

4. Per procedures, Applicant has 120 days to submit medical or other documentation to support application. Applicant may waive any or all of their 120-day period. Applicant may request extensions for good cause shown. In practice, VCERA allows the Applicant up to three (3) 60-day extensions.

5. Once Applicant's 120-day period (and any extensions) have expired, Employer has 60 days to provide notice of challenge or non-challenge. Employer may request extensions for good cause shown. In practice, VCERA allows the Employer up to three (3) 60-day extensions.
   NOTE: At this point, staff is unable to determine whether extension requests are related to Worker's Comp proceedings; however, when analysis is later received, it is sometimes revealed that Employer had evidence of permanency at an earlier stage, and it appears the extension was requested for Worker's Comp purposes.

6. Non-Challenge: If Employer takes a position of non-challenge, the application for disability retirement, Employer's statement of position and analysis of medical documentation, and all supporting documentation will be forwarded directly to the Board for its consideration.
   NOTE: In practice, the notice of employer position is not accompanied by the analysis and supporting documentation, which may arrive up to 90 days later. The Disability Hearing Procedures do not explicitly require that Employer investigate the application; however, VCERA staff believes this responsibility is implied. This becomes an issue particularly when non-County employers resist investigating applications.

   a. A hearing is set before the Board of Retirement.
   NOTE: In recent months, staff has gradually increased its review measures, and provided more frequent feedback and direction to Employer regarding deficiencies or other issues in the analysis/materials. However, nothing in the Disability Hearing Procedures allow staff to ***enforce*** *this feedback and direction, and it can be disregarded. Also, though the procedures allow the Board to send Applicant for an Independent Medical Examination*

(IME) at this stage, often the application has been pending for years, making an IME impractical.

7. Challenge: If Employer takes a position of challenge, VCERA notifies Applicant they have thirty (30) days to obtain representation before a hearing officer is assigned. In practice, the Applicant may request up to three (3) 30-day extensions to obtain legal representation. Once VCERA knows whether the Applicant will be represented, a hearing officer is assigned. VCERA sends a notice of hearing officer assignment to both Applicant and Employer, and both have fifteen (15) days to request a one-time reassignment to another hearing officer. *NOTE: Often a challenge is withdrawn by Employer on the eve of a hearing; feedback from members indicate these late withdrawals are a result of finalization of Worker's Comp rulings or agreements.*
   a. Hearing takes place and hearing officer must notify parties of proposed Findings of Fact and Recommendation within 90 days. Parties have ten (10) days to submit objections, after which the case is scheduled for hearing by the Board of Retirement.

Considerations for Implementation

Review of VCERA's disability retirement process examined in conjunction with the Board's fiduciary duties, staff recognizes problematic areas of "disconnect" where the practice is either inconsistent with the Board's fiduciary duties, or insufficient to allow for meaningful monitoring or oversight. For this reason, staff seeks direction on the next steps the Board wishes to take, and has identified the following range of potential options for Board consideration.

These potential options are presented ***in order of highest to lowest risk***, in regard to addressing the fiduciary issues raised by counsel. **IMPORTANT**: In each of the examples, the Employer would retain full rights of a party, such as taking a position, making objections, providing input on reasonable accommodation or modified job duties, disability reassignment, etc.

1. **Continue Abbreviated Staff Review (No Change)**
   a. Risks/Disadvantages: Falls short of complete independent review; lacks oversight and monitoring; lack of access to full investigative record/file as it is developed; lack of staff authority to enforce or compel employer compliance with disability retirement legal standards.
   b. Advantages: Minimal/lowest administrative cost; changes to Disability Hearing Procedures would maintain status quo and less likely to be controversial.
   c. Other Considerations: more frequent administrative conflicts with employer on staff-requested corrections rising to Board level (as evidenced in recent months.)

2. **Full Review of Employer's Complete Investigative Record/File**.
   a. Risks/Disadvantages: Requires additional staff hours, yet still falls short of complete independent investigation; lacks oversight and monitoring with regard to the investigation; lack of staff authority to enforce or compel employer compliance with disability retirement legal standards; would necessitate additional reporting from staff for Board review; would increase frequency of administrative conflicts with employer; staff would require more robust training.

b. Advantages: Modest increase in administrative cost; modest reduction of risk from Option 1 above; changes to Disability Hearing Procedures and/or adoption of new policy/procedure would trigger moderate deviation from status quo and less controversial than Options 3 and 4 below.
c. Other Considerations: More frequent administrative conflicts with employer on staff-requested corrections rising to Board level.

3. **Full In-House Independent Investigation** (either by internal staff or through partial delegation to outside vendor.) This represents VCERA inserting itself in a formal role as primary investigator, taking full responsibility for separate investigation of applications. Either by Internal Staff or Through Delegation to Outside Vendor. The member's authorization for release of medical information would be kept in-house, and Employer would no longer serve as VCERA's nominee for obtaining confidential medical records. VCERA would determine if IME is necessary, and staff would recommend approval or denial.
    a. Risks/Disadvantages: would require additional staff and training, increasing costs to VCERA.
    b. Advantages: Substantial compliance with Fiduciary Duty (could be full compliance if County agrees to changes in the Disability Hearing Procedures to allow VCERA complete control over timing of cases); increased protection of confidentiality of Applicant medical records.
    c. Additional Considerations: diminishing the level of control by the County, particularly in the area of timing, though rights as a party would be fully retained; IME reports obtained by VCERA could potentially conflict with Worker's Comp medical reports; corresponding changes to Disability Hearing Procedures, or if that is unsuccessful, adoption of supplemental policy would likely prove controversial.

4. **Take Disability Process In-House**
   Under this option, VCERA staff would have sole formal responsibility and authority regarding timing, investigation and recommendation functions for the Board. The County would not have an explicit investigative responsibility, but would retain the rights of a party, including right of discovery, taking a position, making objections, providing input on reasonable accommodation or modified job duties, disability reassignment, etc.
    a. Risks/Disadvantages: would require additional staff and robust training before implementation, would also increase costs to VCERA.
    b. Advantages: Maximum compliance with Fiduciary Duty; more in alignment with VCERA's CERL peers, none of whom adhere to the 3 previous models; increased protection of confidentiality of Applicant medical records.
    c. Additional Considerations: eliminates current level of control by the County, though rights as a party would be fully retained; IME reports obtained by VCERA could potentially conflict with Worker's Comp medical reports; Disability Hearing Procedures would require comprehensive revision, and is highly likely to be controversial.

Conclusion

The County's stated position is that the current disability model has advantages to VCERA, such as lower administrative cost, as well as VCERA benefitting from the County's expertise on medical issues, reasonable accommodation and disability reassignment.

Staff acknowledges that the current model results in low administrative cost to VCERA, but also poses fiduciary risk. Under each of the potential options presented, all would continue to benefit from the County's expertise, as they would retain all rights of a party and could submit medical analysis and insights as they do now when a position is taken. In addition, the County would still have the same statutory duties with regard to reasonable accommodation and disability reassignment.

Staff will be pleased to answer any questions at the October 7, 2019 Disability meeting.

Sincerely,

Linda Webb

Linda Webb
Retirement Administrator

California Association of Public Retirement Systems

CALAPRS

EDUCATION · COMMUNICATION · NETWORKING

Program Announcement

Trustees Round Table

Friday, October 25, 2019
8:30 a.m - 3:30 p.m.

Hilton Oakland Airport
1 Hegenberger Road,Oakland, California 94621

Your meeting chair is Russell Baldwin of the Orange County Employees' Retirement System. Please contact him with your suggestions for presentations or topics to be added to the agenda.

The program will begin at 8:30 a.m. and end by 3:30 p.m. Breakfast and lunch are provided.

Download the Preliminary Agenda [PDF]
Register for the Event on the CALAPRS Website

Book Your Hotel By October 11

CALAPRS has secured a hotel room block at the Hilton Oakland Airport at the rate of $189/night + tax. You can make your reservation online here or by calling (510) 635-5000 and referencing the "CALAPRS October 2019" meeting.

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LOOKING FOR CLARITY ON TODAY'S MARKETS?

Please join us for lunch and a candid conversation with Loomis Sayles' Andrea DiCenso, multi-asset credit portfolio manager, and John DeVoy, senior investment credit strategist.

RSVP by October 14, 2019

LOOMIS SAYLES

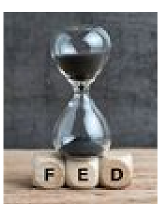
DATE Tuesday, October 22, 2019
from 12-2pm

PLACE **WP24 by Wolfgang Puck**
900 W Olympic Blvd
Los Angeles, CA

RSVP Lisa Chirichiello
lchirichiello@loomissayles.com

MALR024257

Tuesday, October 22

8:00 am - 9:00 am	**Registration and Breakfast**
9:00 am - 9:15 am 	**Opening Remarks** **James W. Hirschmann,** President & Chief Executive Officer, Western Asset
9:15 am - 10:15 am 	**Value for Money – A Conversation with Ken Leech and Bill Miller:** While investing legend Bill Miller is very well known for his record winning streak over the S&P 500, he is best known for his unique approach to value investing. Hear Bill and Ken's views on today's environment and where they continue to find value. **Moderator:** Mark Lindbloom, Portfolio Manager, Western Asset **Bill Miller,** CFA, Founder, Chairman & Chief Investment Officer, Miller Value Partners **S. Kenneth Leech,** Chief Investment Officer, Western Asset
10:30 am - 11:30 am 	**The Fed's Changing Reaction Function:** Faced with stubbornly low inflation that has failed to reach the Fed's 2% target for any meaningful period of time, Fed officials are tweaking the Fed's reaction function. **John L. Bellows,** PhD, Portfolio Manager, Western Asset
11:30 am - 1:00 pm	**Lunch**
1:00 pm - 2:00 pm 	**Reading the IMF Tea Leaves:** Expert insight and analysis on issues of global concern, including the IMF's updated economic outlook, and other key topics on the global policymakers' agenda (immediately following the annual meetings of the World Bank Group and the IMF). **Andreas Billmeier,** PhD, Sovereign Research Analyst, Western Asset

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Tuesday, October 22, *continued*

2:00 pm - 3:00 pm

Insights and Exchanges: With many uncertainties and opportunities on the horizon for fixed-income investing, get "Behind the Vision" to gain insights about the most relevant industry topics and hear what we are doing and how we are doing it. This is also your opportunity to ask questions of Western Asset's senior leadership.

Moderator: Donald W. Killian, Head of Marketing, Western Asset

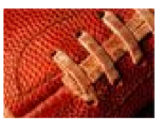
Panelists:

Marzo Bernardi, Director of Global Client Service & Marketing, Western Asset
James W. Hirschmann, President & Chief Executive Officer, Western Asset
Dennis J. McNamara, CFA, Director of Portfolio Operations/Portfolio Manager, Western Asset
Jennifer W. Murphy, CFA, Chief Operating Officer, Western Asset

3:00 pm - 3:30 pm

Transportation to the Rose Bowl

3:30 pm - 5:00 pm



Networking Reception at the Rose Bowl: Set amidst a beautiful valley in Pasadena, "America's Stadium" has hosted some of the largest sporting events in the world over its near-100 year history and continues to sell out concerts. Join us as for a behind-the-scenes tour of the iconic field, locker room and special memorabilia collection at this national historic landmark.

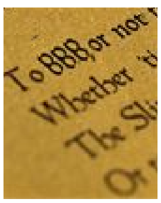
5:00 pm

Dinner with your Client Service Executive

Western Asset
Investment Summit:
Behind the Vision

2019
PASADENA

Wednesday, October 23

8:00 am - 9:00 am	**Registration and Breakfast**
9:00 am - 9:45 am 	**A Global Credit Cycle Built for Endurance:** Credit cycles don't die from old age, but from declining fundamentals. We also believe that not all credit cycles are the same. While some risk reduction is prudent, we continue to believe that there are investment opportunities in both public and private credit markets. **Tom Joyce,** Managing Director, Capital Markets Strategist at Deutsche Bank **Michael C. Buchanan,** CFA, Deputy Chief Investment Officer, Western Asset
9:45 am - 10:30 am 	**Our View on BBBs:** Our fundamental outlook remains intact and we see stable economic growth (with fiscal policy now a tailwind), benign inflationary trends, strong corporate earnings and better liquidity given a robust banking system today. **Hans Mikkelsen,** Managing Director, Head of High Grade Credit Strategy at Bank of America Merrill Lynch **Ryan K. Brist,** CFA, Head of Global Investment-Grade Credit/Portfolio Manager, Western Asset
10:45 am - 11:45 am 	**Opportunities in Loans, Part 1—Busting Bank Loan and CLO Misconceptions:** We don't think the bank loan market is over-leveraged or showing signs of deteriorating fundamentals. This session will dispel the most repeated myths about these loan vehicles. **Peter Acciavatti**, CFA, Managing Director and Head of US High-Yield Credit and Levered Loan Strategies, JP Morgan **John C. Hwang,** Portfolio Manager, Western Asset **Ryan J. Kohan,** Portfolio Manager, Western Asset
11:45 am – 12:45 pm	**Lunch with your Client Service Executive**
1:00 pm - 2:00 pm 	**Opportunities in Loans, Part 2—Finding Opportunities in Private Real Estate:** A challenging regulatory environment has led to many new investment opportunities in the real estate market. In this discussion, we explore the potential for returns via diversified, attractive-carry and hard-to-source real estate assets. **Moderator: Elliott R. Neumayer,** Product Specialist, Western Asset **Panelists:** **Richard Schaupp,** Managing Director, Clarion Partners **Matthew Masso,** Head of Commerical Real Estate Finance, Credit Suisse **Harris A. Trifon,** Co-Head of Mortgage and Consumer Credit, Western Asset

Western Asset
Investment Summit:
Behind the Vision

2019
PASADENA

Wednesday, October 23, *continued*

2:00 pm - 2:45 pm 	**Direct Lending Opportunities in Maritime Financing—Blue Ocean Fund:** Just as in fixed income, direct lending to shipping companies represents an attractive opportunity to investors seeking income-oriented portfolios. The Blue Ocean Fund seeks to exploit the twin dislocations in the shipping and European banking sectors by serving as an alternative source of liquidity to companies as traditional lenders reduce their activities. **Presentation by EnTrust Global**
2:45 pm - 3:00 pm	**Closing Remarks** **Marzo Bernardi,** Director of Global Client Service & Marketing, Western Asset

Western Asset Investment Summit: Behind the Vision

2019
PASADENA

Thursday October 24

9:00 am - 9:45 am

Approach to Unconstrained Investing: With markets now focused on shifting global macro conditions and different sources of market risk, we are taking this opportunity to re-emphasize the value of active fixed-income management. An unconstrained investing approach affords investment managers the necessary flexibility to exploit the most desirable characteristics of fixed-income: income and return, diversification and risk mitigation.
Robert Abad, Product Specialist, Western Asset

9:45 am - 10:30 am

Total Return Unconstrained—Attractive US Fixed Income Alternative: Since its inception in 2004, TRU has sought to maximize total return within defined risk parameters, free from the constraints imposed by traditional benchmarks. Through an actively managed and flexible approach utilizing duration, yield curve, sector, country and currency strategies, TRU seeks to provide attractive risk-adjusted returns with enhanced diversification benefits compared with traditional fixed-income portfolios. This flexibility may be especially important in today's low-yield and uncertain environment.
Mark S. Lindbloom, Portfolio Manager, Western Asset

10:45 am - 11:15 am

Multi-Asset Credit—Resilient in the Face of Global Trade Tensions: In an environment of rising global uncertainty and negative yields, we believe investors should look to solutions that harvest income and value across the entire global credit spectrum. This is premised on our view that the combined weight of resilient global growth, low inflation and accommodative central banks should continue to extend the life of the current credit cycle for the foreseeable future.
Robert O. Abad, Product Specialist, Western Asset

11:15 am - 12:00 pm

Macro Opportunities—A Flexible Approach to Macro Investing: We believe the interconnectedness of global markets and the increased importance of central bank policy will continue to fuel dislocations that create opportunities for Macro Opportunities investors—regardless of the direction of rates.
Prashant Chandran, Portfolio Manager, Western Asset

12:00 pm — **Insurance Focus Registration and Check-In**

WESTERN ASSET

Western Asset
Investment Summit:
Behind the Vision

2019
PASADENA

Thursday October 24, *continued*

12:15 pm - 12:30 pm

Insurance Overview
Powell C. Thurston, Head of Insurance Services, Western Asset

12:30 pm - 1:15 pm

Keynote Lunch Speaker— Key Risks for Insurers, Resilience Amidst Volatility: Capital remains very strong and supportive of S&P ratings on insurers. For once, P/C pricing is increasing despite climbing capital levels. Likewise, excess capital should absorb potential asset impairments when the credit cycle turns. While the insurance industry benefits from balance-sheet strength, S&P isn't losing sight of industry headwinds. Risks include factors related to low for long interest rates, disciplined growth, extreme weather, and reserve adequacy. On top of this, insurers are getting ready for a changing regulatory, accounting, and technological landscape.
Tracy Dolin-Benguigui, Senior Director and Sector Lead, Insurance Ratings, S&P Global Ratings

1:30 pm - 2:15 pm

Healthcare Inflation & Outlook—Framing the Problem: Highly volatile liabilities are a concern for anyone that has them. There is a wide range of assumptions that can be used in actuarial estimates, resulting in a material dispersion in possible liability profiles. Western Asset's Research Analysts covering the health care sector discuss their views on the structural issues facing this sector and bring their market participants' views on benefit trends and costs drivers as well as the delivery system reform that must occur to abate rising health care costs.
Moderator: Powell C. Thurston, Head of Insurance Services, Western Asset
Michael S. Kim, Research Analyst, Western Asset
DeAndre L. Parks, Research Analyst, Western Asset

2:15 pm - 3:00 pm

High Return Investment Strategies for Highly Variable Liabilities: Keith and Alan discuss a range of higher return strategies implemented in a capital efficient manner that mitigate the risk of health care inflation. These approaches can be applied to other higher volatility liabilities.
Keith A. Luna, CFA, Portfolio Manager/Research Analyst, Western Asset
Alan M. Nadel, PhD, Portfolio Risk Manager, Western Asset

3:15 pm - 4:00 pm

Impact of Higher Return Strategies on General Account Risk Profile: Roberto examines the nuances of measuring risk in terms of surplus of assets against liabilities and discusses some examples of how different investment strategies can be analyzed in the context of surplus risk.
Roberto Apelfeld, PhD, Manager of Pacific Rim Portfolio Risk & Head of Client Solutions, Western Asset

6:00 pm

Dinner with your Client Service Executive

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Western Asset Client Seminar

2019
PASADENA

Week 1

Monday, Oct. 21

Introduction to Western Asset
Welcome and Organizational Update
Leveraging the Team–Our Investment Committees
Portfolio Construction
Connecting Client Needs
Introduction to Portfolio Management Challenge

Tuesday, Oct. 22 & Wednesday, Oct. 23

"Behind the Vision" Investment Summit featuring Western Asset's Executive Management Team and Keynote Speakers
Value Investing
Global Market Outlook
U.S. Fed Policy
Public and Private Credit Opportunities
Direct Lending Opportunities Featuring EnTrust Global
Dinner Reception

Thursday, Oct. 24

Unleash Your Bonds
Unconstrained Strategies
Insurance Focus:
Key Risks for Insurers
Healthcare Inflation & Outlook
High Return Investment Strategies for High Liabilities
Impact on General Account Risk Profile

Friday, Oct. 25

Lessons from the Past, Investing for the Future
U.S. Economy & Housing Market
Mortgage and Asset-Backed Opportunities
Housing Reform & Agency MBS
Mortgage Credit
Teambuilding Event at Universal Studios

Week 2

Monday, Oct. 28

Global Investing
Global Markets
UK and Europe Outlook
Opportunities in Emerging Markets
Cocktail Reception

Tuesday, Oct. 29

Credit Research
Financial Sector Review
Energy Supply & Demand Dynamics
High-Yield Market Review & Sector Analysis
Day in the Life of a Credit Analyst

Wednesday, Oct. 30

Asset Allocation, Featuring QS Investors
Trends in Operations
Using Asset Allocation to Generate Returns
Keynote Lunch: Janet Campagna, PhD
Lectures and Interactive Tour at Caltech

Thursday, Oct. 31

Maintaining Control Amidst Disruptions
ESG
Investment Risk Management
Enterprise Risk Management
Investment Operations
Legal & Compliance
Farewell Dinner & Portfolio Management Challenge Awards Ceremony

Friday, Nov. 1

Intersection of Finance and Technology
Information Technology Initiatives
Cybersecurity
Interactive Cyber Drills

The 131st Rose Parade®

Save the Date!

We hope you'll join us on Wednesday, January 1, 2020, for the world-famous Rose Parade® live from our Pasadena office, right along the parade route.

We're proud to enter our Western Asset float, *Growing a Better Tomorrow*. Here's a sneak peek!

WESTERN ASSET

Artwork reflects a glimpse of Western Asset's 2020 float.

Western Asset Management Company
385 East Colorado Boulevard, Pasadena, California 91101

Contact Us **Privacy Policy**

PIMCO

EDUCATIONAL SEMINAR

NEWPORT BEACH

2020 PIMCO Institute

Where academic perspective meets real world insight...

We invite you to attend one of our 2020 PIMCO Institute Client Education Seminars at our global headquarters in Newport Beach. PIMCO Institute, designed exclusively for PIMCO clients, provides important insights for identifying and capitalizing on investment opportunities across the global capital structure. Sessions emphasize both academic and real world perspective through an engaging mix of lectures, panel discussions and a dynamic portfolio simulation exercise.

Bond Boot Camp, an optional half-day bond "boot camp" will be offered for those wanting an introduction or refresher on fixed income fundamentals.

Whether you're a seasoned professional, mid-career, or new to the industry, we believe that the PIMCO Institute Client Education Seminars offer a rewarding opportunity to deepen your understanding of the global capital markets.

We hope you will join us!

Topics to include:

- Portfolio Management Simulation Exercise
- Outlook for Global Financial Policy and Capital Markets
- Credit Markets and Capital Structure

- Evolution of Derivative Instruments
- Equity Portfolio Construction
- Critical Issues in Asset Allocation
- Emerging Markets: Issues and Opportunities
- Understanding Factor-Based Risk Metrics Managing Inflation Exposure
- Role of Alternatives and Absolute Return Investing

24 - 27 February

REGISTER NOW >

8 - 11 June

REGISTER NOW >

19 - 22 October

REGISTER NOW >

By invitation only

Before making any non-refundable travel plans, please wait to receive a confirmation email from the PIMCO Institute. To maintain an optimum level of interaction between presenters and participants, space is limited and we request the registration of only one representative per organization. If your organization wishes to add a participant, please submit the individual's name and, if an opening becomes available, we will contact the individual.

PIMCO Office

650 Newport Center Drive
Newport Beach, CA 92660
Conference Center, 2nd Floor

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By accepting this invitation you acknowledge that there may be incidental food and beverage provided at the event. You agree that you have consulted the appropriate legal or compliance officer at your firm and that you have been advised by such person that acceptance of any such incidental benefits is consistent with your organization's gift and entertainment policies and any applicable laws or rules to which you are subject, including, without limitation, ERISA. If you would like an estimate of such costs or an invoice for reimbursement please contact your PIMCO representative. You also understand that if you are or are acting on behalf of a union plan or official, we may be required by law to report all or a portion of the value of the incidental benefits to the government. In addition, PIMCO seeks to comply with federal, state and local regulations concerning the provision of gifts and meals to public officials and employees. Therefore, to the extent you are required by the rules and regulations or the policy of your agency, department, or authority to pay any part of the costs of attending this event, please contact your PIMCO representative so that we may make the necessary arrangements.

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CELEBRATING 30 YEARS

TOIGO

Bringing Diversity to Life

Celebrating 30 Years

TUESDAY, NOVEMBER 19, 2019

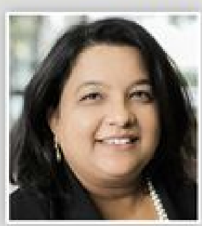
UCLA MEYER & RENEE LUSKIN CONFERENCE CENTER, LOS ANGELES

6:00 PM RECEPTION | 7:30 PM DINNER & PROGRAM

Join Toigo for a memorable evening as we celebrate 30 years on the West Coast.

We will recognize a distinguished group of individuals and organizations who are leaders in advancing diversity and inclusion. Confirmed honorees to date:

INSTITUTIONAL TRAILBLAZER



Dhvani Shah
Chief Investment Officer,
Illinois Municipal Retirement Fund
Toigo Governing Board Member

IMPACT AWARD

José Feliciano
Managing Partner and Co-Founder,
Clearlake Capital Group, L.P.
Toigo Alumnus and Governing Board Member

LEADERSHIP AWARD

Ivelisse Rodriguez Simon
Managing Partner,
Avante Capital Partners
Toigo Alumna

REGISTER TODAY

Firms who sponsored a table at our NY Gala are eligible for a 10% discount on the LA 30th Anniversary Celebration.

Please contact us at gala@toigofoundation.org for details.