AGENDA

PLACE: Ventura County Government Center
Hall of Administration Building, Multi-Purpose Room
800 S. 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

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. Business Meeting of October 21, 2019.

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-connected Disability Retirement - Strasswyk, Rachele;
   Case No. 15-012.


V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)


B. Application for Service-connected Disability Retirement-Surwin, Zenaida C.; Case No. 16-005.

   1. Proposed Findings of Fact and Conclusions of Law and Recommended Decision to deny the Application for Service-connected Disability, submitted by Hearing Officer Catherine Harris, dated August 19, 2019.


   3. Legal Memorandum submitted by Respondent, County of Ventura-Risk Management, in support of the decision of Hearing Officer Catherine Harris, filed by Stephen D. Roberson, Attorney for Respondent, dated September 6, 2019.


C. Application for Nonservice and Service-connected Disability Retirement-Wise, Melissa S.; Case No. 19-005.


   2. Correspondence between Attorney for Respondent, Stephen D. Roberson, and Applicant, Melissa S. Wise.


VI. OLD BUSINESS

A. Updated 2019-20 Business Plan with Supplemental Risk Assessment Regarding Data Integrity Objective.

   RECOMMENDED ACTION: Approve.

   1. Updated Business Plan.

      To be provided.
VI. OLD BUSINESS (continued)

B. Request for Authorization and Designation of Trustee On-Site Due Diligence Visit to Bridgewater and UBS.
   RECOMMENDED ACTION: Approve.

   1. Staff Letter by C.I.O., Dan Gallagher.  176

C. Board of Retirement Meetings Calendar (Corrected).
   RECOMMENDED ACTION: Approve.

   1. Staff Letter.  177
   2. 2020 Meeting Calendar.  178

VII. NEW BUSINESS

   RECOMMENDED ACTION: Approve.

   1. Staff Letter.  179 – 180
   2. First Amendment to Agreement.  181
   3. Work Order #2.  182 – 188

VIII. INFORMATIONAL

IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

XII. ADJOURNMENT
VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

OCTOBER 21, 2019

MINUTES

TRUSTEES PRESENT: William W. Wilson, Vice Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Steve Bennett, Public Member
Jordan Roberts, General Employee Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member
Robert Ashby, Safety Employee Member
Ed McCombs, Alternate Public Member

TRUSTEES ABSENT: Mike Sedell, Public Member
Craig Winter, General Employee Member

STAFF PRESENT: Linda Webb, Retirement Administrator
Lori Nemiroff, County Counsel
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Leah Oliver, Chief Technology Officer
Chris Ayala, Program Assistant

PLACE: Ventura County Government Center
Hall of Administration Building, Multi-Purpose Room
800 S. Victoria Avenue
Ventura, CA 93009

TIME: 9:00 a.m.
ITEM:

I. CALL TO ORDER

Vice-Chair Wilson called the Business Meeting of October 21, 2019, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Goulet, seconded by Ashby.

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

III. APPROVAL OF MINUTES


Trustee Robert offered a correction to the minutes for page 9 where the acronym for the Ventura County Professional Firefighters’ Association was listed incorrectly.

Trustee Goulet also offered a couple of corrections. He noted that on page 4, Trustee Bennett was listed as both present and absent; on page 10, in the last sentence of the 5 paragraph, the minutes had quoted him as saying, “Trustee Goulet speculated that this could prove detrimental to the County in Worker’s Compensation cases”, but what he actually said was, “Trustee Goulet speculated that the County of Ventura might believe that it could prove detrimental to the County’s worker’s compensation cases”.

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

MOTION: Approve the Minutes as Amended.

Moved by Goulet, seconded by Ashby.

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

IV. CONSENT AGENDA

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


**MOTION:** Receive and File.

Moved by McCombs, seconded by Ashby.

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

Trustee Bennett arrived at 9:06 a.m., after the vote on this item.

V. **INVESTMENT MANAGER PRESENTATIONS**

A. Presentations from Abbott Capital Management.


2. Staff Letter by C.I.O., Dan Gallagher regarding CA Govt. Code Section 7514.7 Annual Reporting.


Young Lee and Matthew M. Smith reviewed Abbott Capital Management’s organizational changes, and discussed the firm’s investment outlook, portfolio strategy, composition and performance.

Trustee Hintz arrived 9:15 a.m., during the annual presentation from Abbott Capital Management.

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

**MOTION:** Receive and File CA Govt. Code Section 7514.7 Annual Report.

Moved by Ashby, seconded by McCombs.

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

B. Receive Annual Investment Presentation from Reams Asset Management, Clark W. Holland.

Clark W. Holland reviewed Reams Asset Management’s organizational changes, and discussed the firm’s investment outlook, portfolio strategy, composition and performance.
C. Receive Annual Presentation from Western Asset Management, Henry P. Hamrock and Julien Scholnick.

Henry P. Hamrock and Julien Scholnick reviewed Western Asset Management’s organizational changes, and discussed the firm’s investment outlook, portfolio strategy, composition and performance.

The Board took a break at 10:12 a.m., after the presentation by Western Asset Management.

The Board returned from break at 10:22 a.m.

VI. INVESTMENT INFORMATION

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

A. CA Govt. Code Section 7514.7 Annual Report.
   RECOMMENDED ACTION: Receive and file.

Mr. Gallagher said this item was the California mandated disclosure report on the two private credit managers, which had been prepared by NEPC.

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

MOTION: Receive and File the CA Govt. Code Section 7514.7 Annual Report.

Moved by Hintz, seconded by Goulet.

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

B. $50 Million Commitment to Brookfield Infrastructure Fund IV, Dan Heffernan and Scott Peak.
   RECOMMENDED ACTION: Approve.

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

2. Recommendation Memorandum from NEPC.

3. Research Memorandum from NEPC.


Mr. Gallagher said this item was a continuation of the VCERA Real Assets program development, and the recommendation was for a $50 million commitment to Brookfield’s Infrastructure Fund IV.

Scott Peak made a short presentation regarding Brookfield’s Infrastructure Fund IV. Trustee Goulet commented that he was concerned that the fees related to the investment in Brookfield were based on commitment.
After discussion by the Board, staff and consultant, the following motion was made:

**MOTION:** Approve an Investment Commitment of $50 Million to Brookfield Infrastructure Fund IV; and, Subject to Successful Contract Negotiations and Legal Approval, Authorize the Board Chair or the Retirement Administrator to Approve and Execute the Required Documentation.

Moved by Ashby, seconded by Hintz.

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

C. $25 Million Additional Commitment to PIMCO Private Income Fund.

**RECOMMENDED ACTION:** Approve.

1. Staff Letter by C.I.O., Dan Gallagher.
2. Recommendation Memorandum from NEPC.
3. PIMCO Presentation Material.

Mr. Gallagher reminded the Board that they had approved an allocation of $30 million earlier in the year to the fund, and it was also a continuation of the plan to build out VCERA’s exposure to private credit investments.

Trustee Goulet commented that the Board’s previous $30 million investment had a fee of 1% and asked why the fee related to this investment was more than 1%.

Mr. Gallagher replied that due to the timing of VCERA’s interest in investing an additional $25 million in the fund it had missed the opportunity to receive the larger discounts available to earlier investors.

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

**MOTION:** Approve a $25 Million Increased Commitment to PIMCO’s Private Income Fund; and, Subject to Approval of Board Counsel, Authorize the Board Chair or the Retirement Administrator to Approve and Execute the Required Contract Addendum.

Moved by Goulet, seconded by Hintz.

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


**RECOMMENDED ACTION:** Receive and file.
Mr. Martin presented the Preliminary Performance Report for September 2019 to the Board.

Trustee Bennett left at 11:01 a.m., before the vote on this item.

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

**MOTION:** Receive and File.

Moved by Hintz, seconded by Ashby.

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

**VII. OLD BUSINESS**

None.

**VIII. NEW BUSINESS**


**RECOMMENDED ACTION:** Approve.


Ms. Webb reminded the Board that the previous year’s Business Plan had included a supplemental risk assessment regarding VCERA’s data integrity for the Supplemental Risk Assessment portion of the plan. Because an updated assessment would require review of recent activity and because the updated assessment would be more comprehensive, she said that staff anticipated bringing that report on November 4th.

Ms. Webb explained that VCERA had a policy requiring the Retirement Administrator to present a business plan to the Board on an annual basis. The Business Plan was generally structured in three sections, with section one on the status of the previous year’s goals, the second section contained information on VCERA’s current risks, and then a third section to set new or updated objectives to address those risks. She noted that the majority of the previous year’s objectives were either accomplished or on track to be accomplished according to their respective timelines, with the exception of data integrity objective. She also noted that a new risk priority designation labeled “perpetual risk” had been added to cover items that were by nature ongoing, such as achieving the assumption rate or risk of impactful legislation.

She said that two notable risks that were covered in the Business Plan were the shortcomings of the current disability process, on which the Board had taken action at the previous disability meeting, and the long-standing data integrity issue.

Trustee Wilson asked if staff had met with the Auditor-Controller, Mr. Burgh regarding the issues in question.
Ms. Webb replied that since the last report, staff had met with both Mr. Burgh and Ms. Amy Herron who was the deputy in charge of the payroll section responsible for resolving the issues, and regular meetings between VCERA staff and A-C staff took place to update the status of the work.

Trustee Goulet remarked that the issues mentioned with the Auditor-Controller had been an ongoing problem for quite some time. He then asked staff to provide the Board with some recommendations regarding solutions for the Board to force the Auditor-Controller to resolve the issues mentioned.

Ms. Webb replied that the report would provide potential next steps to help VCERA in resolving the data issue.

Trustee Goulet said that he also wanted to request some additional items be added to the plan, such as, a resolution to objective #2 on page 2 and a search for a more reasonably priced and qualified host for VCERA's data. He also indicated he would like to review an analysis of what VCERA received for its annual fee to its current host.

Ms. Webb replied that VCERA’s Chief Technology Officer, Leah Oliver had already put together a preliminary report on those items. Also, regarding the co-development item, while Ms. Oliver was still exploring co-development opportunities, however, the assessment so far was not promising because V3 was such a customized system.

The Board then deferred the item to the next Board Meeting.

B. Proposed Board of Retirement Meetings Calendar.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

Ms. Webb reminded the Board adopted a meeting schedule annually and staff had used the typically approach in proposing the first and third Mondays of the month for Board meetings, while also trying to avoid meetings on consecutive Mondays whenever possible.

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

MOTION: Approve the Proposed Board of Retirement Meetings Calendar for 2020.

Moved by Hintz, seconded by Goulet.

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

C. SACRS Business Meeting Agenda Items.

RECOMMENDED ACTION: Give Direction to Voting Delegate.

1. Legislative Proposal Materials for the November 15, 2019 SACRS Business Meeting.
2. Notice Regarding the SACRS Business Meeting legislative Items.

Ms. Webb referenced the provided SACRS Business Meeting Agenda item and asked the Board to provide direction to the voting delegate regarding Senate Bill (SB) 783 and a legislative proposal from LACERA.

Trustee Goulet said that he would like to move that the Board direct the voting delegate to vote in favor of SB 783, which was a comprehensive piece of legislation and to support LACERA’s sponsored bill.

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

**MOTION:** Direct the Voting Delegate to Vote in Support of SB 783 and LACERA’s Sponsored Bill.

Moved by Goulet, seconded by Ashby.

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

D. Authorization for On Site Due Diligence Visit Travel to UBS and Bridgewater

**RECOMMENDED ACTION:** Approve.

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

Trustee Goulet stated that he would like to move that the Board approve the authorization for the on site due diligence visit, as well as and receive and file the quarterly reports from the Retirement Administrator and the Chief Investment Officer, which were items E and F.

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

**MOTION:** Approve Authorization for an On-Site Due Diligence Visit to UBS and Bridgewater and Receive and File the Quarterly Reports for July – September 2019 for the Retirement Administrator and the Chief Investment Officer.

Moved by Goulet, seconded by Hintz.

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


**RECOMMENDED ACTION:** Receive and file.


**RECOMMENDED ACTION:** Receive and file.
IX. INFORMATIONAL

A. CarVal Investors Announcement.

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb informed the Board that staff had arranged for a photographer to come to the VCERA office to take trustee photos after the next meeting VCERA. She also said the office renovation had been going well.

Ms. Webb informed that Board that the County of Ventura’s request for a stay of the Civil Service Commission’s decision in the case of Tracy Towner had been granted, which was the reason he was not in attendance. She reminded the Board that in December staff would be bringing the annual appointment of Chair and Vice-Chair item.

XII. BOARD MEMBER COMMENT

Trustee Goulet informed the Board of a recent decision in Mr. Towner’s court case. He said that he thought it was presumptuous of the counsel for the County of Ventura to raise the issue of the Board of Retirement’s option to have Mr. Towner replaced on the Board, and he believed it had no context to the subject of the hearing.

XIII. ADJOURNMENT

The meeting was adjourned at 11:29 a.m.

Respectfully submitted,

LINDA WEBB, Retirement Administrator

Approved,

WILLIAM WILSON, Vice-Chairman
Introduction

On an annual basis, VCERA adopts a one-year business plan which is drafted by the Retirement Administrator and reviewed and adopted by the Board of Retirement. The broad purpose of the business plan is to identify, manage and mitigate organizational risks, while advancing the strategic goals of VCERA, through a formal process. The specific requirements of the formal document are defined in VCERA’s Business Planning Policy, and this document was developed in adherence to that policy.

Progress from Previous Year’s Business Plan

Over the past year, VCERA accomplished several critical objectives, and we have seen many positive changes to enhance our procedures and service to members. In short, the Board and staff made significant progress with the objectives that were established in the 2018-2019 business plan.

The following shows the scale that was used to determine both priority and time horizon and the current status of these objectives.

Priority #1: to be accomplished within the next year
Priority #2: to be accomplished within a 2-3 year period
Priority #3: to be accomplished within a 5-year period

Funding:

Objective #1: Continued Improvement of Funded Ratio (Priority #3) – ONGOING
VCERA’s funded status, the ratio of valuation value of assets to accrued liabilities, was 87.8% as of June 30, 2018, an improvement of 0.9% since June 30, 2017. While the 2019 valuation is not yet calculated, staff’s best estimate is a modest improvement in the funded ratio to somewhere between 88%-89%.

Investments:

Objective #1: Commit approximately $180 million across nine to twelve 2018 vintage-year private equity funds. (Priority #1) - ACCOMPLISHED
VCERA committed to 12 investments in an amount of $178.3 million

Objective #2: Begin implementing the revised investment portfolio asset allocation adopted by the Board in May/June 2018. (Priority #2) – ON TRACK; ONGOING.
VCERA began the May 2018 asset allocation with implementation of commitments to private credit managers CarVal and Monroe, and to non-core real estate manager LaSalle.

General Administration:

Objective #1: Complete hiring progress for CTO and Communications Officer, and successfully transition and onboard these new staff members. (Priority #1 - CRITICAL) – ACCOMPLISHED
VCERA filled both critical vacancies, and both employees are now effective members of the VCERA team.
Objective #2: Working with the Board-appointed committee and real estate vendor, secure office space for VCERA and if necessary, develop moving plan that minimizes service disruptions. **(Priority #1 - CRITICAL) – ACCOMPLISHED**
VCERA staff worked closely with the Board committee, and ultimately secured a long-term lease renewal in the current office building. Renovations are currently underway for a refreshed office in terms of space, functionality, efficiency, etc. The renovation timetable is slightly ahead of schedule.

Objective #3: Examine and revise VCERA’s disability retirement application process and Disability Hearing Procedures. **(Priority #1, #2, #3) - PROGRESSING**
Over the past year, staff has had several meetings with County Risk Management about the current procedures and has reported developments to the Board. In September 2019, VCERA’s fiduciary counsel presented important information to the Board regarding their role as fiduciaries in the disability retirement process, and staff followed up with the Board at the October 7, 2019 disability meeting regarding specific direction going forward. The Board adopted a new disability retirement application processing model, which must be fully developed and the next steps identified. Staff is just beginning this work.

**Benefit Administration:**

Objective #1: Work with County Auditor-Controller’s Office to Accelerate Correction Process **(Priority #1) – PROGRESS ECLIPSED BY NEW ERRORS**
Despite staff’s best efforts, the number of errors in V3 that are a result of incorrect data transmitted from the County (Auditor-Controller’s Office) exceeds last year’s number. Details to be provided in pending Supplemental Risk Assessment, to be presented in November.

**Governance & Fiduciary:**

Objective #1: Develop Long-Term Operational Compliance Program **(Priority #3) – MODEST PROGRESS**
An overall agency “program” has yet to be established; though this will be a multi-year effort, there has been notable progress in I.T. related processes to decrease vulnerabilities in conjunction with the recent I.T. audit. Further, as the Board is aware, under the heading of “fiduciary,” staff has increased its scrutiny of disability applications and analyses in an effort to better protect VCERA and our members.

**Technology:**

Objective #1: Fill Vacant Technology Officer Position **(Priority #1) – COMPLETED**

Objective #2: Pursue Co-Development Opportunities with Current Vendor to Increase Independence and Reduce Costs. **(Priority #1/#2) – ONGOING EVALUATION**
The hiring of the new CTO allowed the efforts to truly begin in this area. VCERA’s CTO is currently working to evaluate and identify areas in which co-development are achievable.

Objective #3: Complete the launch of the Member Self-Service (MSS) Portal with incorporated enhancements developed since the previous year. **(Priority #1) - COMPLETED**
VCERA’s Member Self-Service (MSS) Portal has been fully deployed, including additional security measured not included in original scope.
Communication & Member Education:

Objective #1: Develop Comprehensive Member Education Program (Priority #2) – AHEAD OF SCHEDULE

Almost immediately upon hiring a Communications Officer, VCERA’s member communication efforts improved. The website has been expanded, seminar content has been updated, and the VCERA newsletter has been relaunched. Initial efforts in video content have been successful, and recently an informational video generated unprecedented interest and participation in the last General member trustee election.
**Current Risk Assessment**

In order to fulfill VCERA’s mission, staff has identified the following risks, challenges or areas for development, prioritized by Board direction and overall impact.

**Funding (Perpetual):**
   a) VCERA as a pension plan has an ongoing risk of increased actuarial liabilities.

**Investments (Perpetual):**
   a) Achieving VCERA’s assumed rate of return;
   b) Market risk related to political and global events as they impact growth and asset pricing.

**General Administration:**
   a) Strain on service and continuity resulting from ongoing office renovation.
   b) Human capital risk, such as staff turnover through retirements or terminations.

**Benefit Administration:** **CRITICAL**
   a) The backlog of County payroll corrections and the complete suspension of programming changes of County payroll system (VCHRP) up until early in 2019, combined with insufficient dedicated resources from the Auditor-Controller’s office has resulted in a critical V3 data integrity issue. The number of members impacted has risen, and errors continue to compound. The details of this risk will be addressed in a pending Supplemental Risk Assessment to be provided in November.

**Governance & Fiduciary:**
   a) The absence of a comprehensive agency-wide compliance program.
   b) Vulnerabilities from outdated disability procedures and processing.
   c) Loss of tenured trustees, Board turnover resulting in loss of expertise and historical perspective.

**Legal/Legislative: (Perpetual)**
   a) Potential legislative changes to the County Employees’ Retirement Law (CERL) and the California Public Employees’ Pension Reform Act (PEPRA).

**Information Technology & Security:**
   a) Risk of insufficient I.T. staffing to attend to all necessary tasks and ongoing monitoring.
   b) Risk of insufficient protections of systems, data, and protected member information from threats or vulnerabilities. This includes vendor-hosted infrastructure vulnerabilities as yet undetected.
   c) Risk of undetected “point of entry” vulnerability in public-facing services.

**Communication & Member Education:**
   a) Lack of sufficient educational resources to allow for members to equip themselves to understand their benefits, options, and to achieve retirement planning.
2019-20 Business Plan Objectives

The following are the proposed business objectives for 2018-2019, using the previous priority and timeline guidelines, with the addition of a new priority to allow for objectives that are, by nature, perpetual or that require continuous efforts and/or monitoring.

Priority #1: to be accomplished within the next year
Priority #2: to be accomplished within a 2-3 year period
Priority #3: to be accomplished within a 5-year period
Priority #4: perpetual; a continuous effort for VCERA (NEW)

Funding:
Objective #1: Continued Improvement of Funded Ratio (Priority #4)
The Board and staff, in consultation with VCERA’s actuary and investment consultant, to take prudent steps to minimize actuarial liabilities and maximize returns to achieve improvements in funded ratio.

Investments:
Objective #1: Commit approximately $250 million across twelve to fourteen 2019 vintage-year private equity funds. (Priority #1)

Objective #2: Begin implementing the revised investment portfolio asset allocation adopted by the Board in May 2019. (Priority #2)

General Administration:
Objective #1: Complete office renovation within project timeline with minimal disruption to administration of benefits. (Priority #1)
Continue to adhere to renovation budget and timeline, continually monitoring turnaround times and backlogs to minimize impact to staff and members.
NOTE: Due to the substantial I.T./technical components of the move (servers, PCs, cabling, boardroom, etc.), I.T. resources experience additional strain.

Benefit Administration:
Objective #1: Work with County Auditor-Controller’s Office to Accelerate Correction Process (Priority #1, #2, #3) - CRITICAL

Governance & Fiduciary:
Objective #1: Develop Long-Term Operational Compliance Program (Priority #3)
As a long-term strategic goal, identify areas of vulnerability and future risk, and establish an overall plan for ongoing operational compliance.

Objective #2: Implement Measures to Enable Board of Retirement to Fulfill Fiduciary Duties with Respect to Disability Retirement Benefits (Priority #1, #2 #3)
Develop new disability model fully, including the training and preparation of staff. Prepare and propose comprehensive edits and recommendations regarding disability retirement application processing consistent with CERL and fiduciary counsel guidance.

**Objective #3:** Develop New Trustee Onboarding Materials and Trustee Resources *(Priority #1, #2)*
Develop tools to assist new trustees in learning and training, accelerating practical effectiveness. Provide accessible tools and resources to allow for easier trustee research and study.

**Information Technology & Security:**

- **Objective #1:** Fill vacant technical IT staff position *(Priority #1)*
  Complete hiring progress for IT staff position, and successfully transition and onboard new staff member.

- **Objective #2:** *(Priority #2)*
  Assess options for both data hosting and reduced dependence on vendor for system developments and enhancements.

- **Objective #3:** *(Priority #4)*
  Conduct cybersecurity testing of both internal and vendor-hosted infrastructures and applications.

**Legal:**

- **Objective #1:** Monitor proposed and pending legislation that may impact VCERA and its membership. *(Priority #4)*

**Communication & Member Education:**

- **Objective #1:** Develop Comprehensive Member Education Program *(Priority #2)*
  Continue current progress on the expansion of member educational resources, including development of additional video content and topic-related informational pieces.

**Summary**

Overall, VCERA’s critical vulnerabilities have been reduced or minimized, and the objectives classified as “CRITICAL” in last year’s business plan have been completed, with the notable exceptions of the V3 data issue mentioned in the Risk Assessment, and those inherent in VCERA’s outdated disability procedures.

The current office renovation is demanding a great deal of time and effort from several key staff members, but thus far not significantly impacting daily work and service. This is largely due to extraordinary efforts of the Chief Technology Officer and Chief Operations Officer who have provided strong leadership in the planning and execution of the transition.

It is noteworthy that, when accomplishing objectives is within staff’s control, significant progress or full completion is nearly always achieved.
November 4, 2019

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

SUBJECT: REQUEST FOR AUTHORIZATION AND DESIGNATION OF TRUSTEE ON-SITE DUE DILIGENCE VISIT TO BRIDGEWATER AND UBS

Dear Board Members:

This request is for Board designation of Trustee Ashby to attend the due diligence visits to VCERA risk parity manager Bridgewater and to VCERA real estate manager UBS, scheduled for November 20th and 21st in Connecticut.

At the October 21, 2019 meeting, the Board approved the on-site due diligence trip request, but did not designate specific trustees’ attendance in addition to the CIO’s attendance. After the meeting Trustee Ashby indicated that he wished to attend.

The estimated cost per traveler is around $2,200, including airfare, hotel, meals and other related expenses.

Staff requests designation/confirmation of Trustee Ashby’s attendance, and one additional trustee if so designated by the Board so travel arrangements may be completed.

Respectfully submitted,

Dan Gallagher
Chief Investment Officer
November 4, 2019

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

SUBJECT: BOARD OF RETIREMENT MEETING CALENDAR FOR 2020

Dear Board Members:

At the October 21st Business meeting, the Board approved staff’s recommendation to approve the Board of Retirement Meeting Calendar. However, afterwards Trustee Goulet brought to our attention that the recommendation on staff’s letter incorrectly stated that the calendar was for 2019.

Therefore, staff has brought the item back to request that the Board approve the Board of Retirement Meeting Calendar for 2020.

Staff will be happy to answer any questions at the November 4, 2019 disability meeting.

RECOMMENDATION: APPROVE THE PROPOSED 2020 BOARD CALENDAR

Sincerely,

Linda Webb
Retirement Administrator
2020 PROPOSED BOARD OF RETIREMENT MEETING CALENDAR

JANUARY

Sun Mon Tue Wed Thu Fri Sat
1 2 3 4
5 6 7 8 9 10 11
12 13 14 15 16 17 18
19 20 21 22 23 24 25
26 27 28 29 30 31

FEBRUARY

Sun Mon Tue Wed Thu Fri Sat
1 2 3 4 5 6 7
8 9 10 11 12 13 14
15 16 17 18 19 20 21
22 23 24 25 26 27 28
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MARCH

Sun Mon Tue Wed Thu Fri Sat
1 2 3 4 5 6 7
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APRIL

Sun Mon Tue Wed Thu Fri Sat
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26 27 28 29 30

MAY

Sun Mon Tue Wed Thu Fri Sat
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24 25 26 27 28 29 30
31

JUNE

Sun Mon Tue Wed Thu Fri Sat
1 2 3 4 5 6
7 8 9 10 11 12 13
14 15 16 17 18 19 20
21 22 23 24 25 26 27
28 29 30

JULY

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AUGUST

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SEPTEMBER

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OCTOBER

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NOVEMBER

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DECEMBER

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Disability Meeting | Business Meeting | Holiday | Combined Disability & Business Meeting
November 4, 2019

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

SUBJECT: CONTRACT AMENDMENT FOR CBRE-PROJECT MANAGEMENT SERVICES

Dear Board Members:

On May 6, 2019 the board approved a ten-year lease extension including tenant improvements for the existing and additional space occupied. Also approved was a contract with CBRE for a project manager (Anne Barronton) to oversee the management of the tenant improvements until completion. Anne Barronton as the Project Manager has served as primary contact with the landlord and construction vendors during the renovations, and, in coordination with staff, generated a project budget, reviews and manages timelines, coordinates project meetings, reviews design team documents and proposes changes, and generally oversees the project. The original estimated timeline anticipated that the tenant improvements would be completed by November 2019. The revised timeline indicates completion of tenant improvements on [insert date]. The primary reasons for the delay are noted as follows:

- **Permit timing was delayed and extended**: Proposal anticipated Architectural plan check by early June and Engineering approval by early July with permit in hand by mid-July. Actual permit was obtained in late August and work started in mid-September.
- **Additional Move scope with move discussions** and coordination included, as previously excluded from proposal.
- **Revised phasing and GC input on schedule received**: Overall construction projected for 2.5 months for parallel buildout of phasing. Actual construction was scheduled for 6 months with sequential construction and occupancy of phases.
  - The GC provided a construction schedule upon being contracted with revised phasing once the permit was in hand. Resultant impacts to schedule were:
    - Phase 1 scope was revised from proposal-anticipated scope for just the board room receiving carpet and paint to a larger portion including the new office area on the east side of the plan.
    - Phase 1 scope started construction 2.5 months later than initially anticipated. Buildout timeline of 6 weeks.
• Phase 2 scope was revised to contain the bulk of the project scope, and scheduled to start work after Phase 1 was complete and occupied rather than in parallel.
• Phase 3 scope adjusted to 4 weeks of work.
  o Project closeout and follow-up will be completed in May.

In order to ensure that project manager services are available until the tenant improvements are completed and VCERA occupies the entire premises, a six-month contract extension is needed. An additional fee of $16,000 for the six-month extension has been calculated based on an assumed weekly commitment of approximately 3 hours through course of remaining construction and, thereafter, fewer hours per week for closeout and final documentation compilation.

Staff is recommending that the board approve the first amendment to the existing contract to extend the Term from January 31, 2020 to December 31, 2020. Staff is also recommending that the board approve Work Order (WO) #2 extending the Target Completion Date and Schedule from November 2019 to May 2020 for an additional $16,000 for a total amount of $51,000.

RECOMMENDATION: AUTHORIZE THE RETIREMENT ADMINISTRATOR TO,
1) EXECUTE FIRST AMENDMENT TO PROJECT MANAGEMENT AGREEMENT.
2) EXECUTE WORK ORDER #2, FOR AN ADDITIONAL $16,000, FOR A TOTAL CONTRACT NOT TO EXCEED $51,000.
3) AUTHORIZE STAFF TO PROCESS THE FOLLOWING BUDGETARY ADJUSTMENTS:

   INCREASE - CAPITAL EXPENSES               $16,000
   DECREASE - CONTINGENCY                     $16,000

I would be pleased to answer any questions you may have on this subject at our November 4, 2019, disability meeting.

Sincerely,

Linda Webb
Retirement Administrator

Attachment A – First Amendment to Project Management Agreement
Attachment B – Work Order #2
THIS FIRST AMENDMENT (this “Amendment”) to the Agreement (as defined below) is made and entered into as of November 4, 2019, between Ventura County Employees’ Retirement Association (“Client”) and CBRE, Inc. (“CBRE”).

WITNESSETH:

WHEREAS, Client and CBRE entered into that certain Project Management Services Agreement dated as of May 9, 2019 (the “Agreement”); and

WHEREAS, Client and CBRE desire to amend the Agreement to extend the Term as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. Definitions. Unless otherwise defined herein, all capitalized terms used in this Amendment shall have the same respective meanings provided therefor in the Agreement.

2. Term. Section 1.2 of the Agreement is hereby amended such that “January 31, 2020” is amended to state “December 31, 2020”

3. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

4. Ratification; Binding Effect. Client and CBRE hereby ratify and confirm their respective obligations under the Agreement, as modified pursuant to this Amendment. This Amendment shall be binding upon Client and CBRE and their respective successors and assigns. If any inconsistency exists or arises between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall prevail.

IN WITNESS WHEREOF, this Amendment is executed as of the date first set forth above.

VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

By: ________________________________
Name: ______________________________
Title: ______________________________

CBRE, INC.

By: ________________________________
Name: Anne Barronton
Title: Director, CBRE Project Management
APPENDIX “A”

WORK ORDER TEMPLATE

Work Order #[2__]
To
Project Management Services Agreement
Dated [May 9, 2019__]

This Work Order #[2__] is attached to and forms part of the Project Management Services Agreement, dated as of May 9, 2019, by and between VCERA (“Client”) and CBRE, Inc. (“CBRE”) (as it may be amended, the “Agreement”). Capitalized terms used in this Work Order without definition that are defined in the Agreement shall have the meanings set forth therein.

This Work Order shall be governed by and construed in accordance with the laws described in the Agreement unless amended for this Work Order below.

☐ This Work Order shall be governed by and construed in accordance with the laws of the State of California without regard to conflicts of laws principles.

1. Project Description. For purposes of this Work Order, the Project shall be as described below, which shall be the Project for purposes of this Work Order:

   CBRE shall provide project management services for VCERA’s buildout of approximately 10,000 square feet in Ventura. Project will consist of GC selection and award, regular meeting coordination, budget updates, status reporting, construction administration, and project closeout.

2. Target Completion Date and Schedule. The ORIGINAL target completion date for the Project is Q4, 2019, but the Schedule extension necessitates CBRE oversight through May as described below:

   • December - April: Extended construction timeline beyond projected schedule with completion in November 2019
   • May: Construction closeout/billing closeout

3. Specific Duties. In providing the Services, CBRE shall have the duties as defined in Exhibit 1 – Scope of Services attached hereto with respect to the Project.

4. Project Management Services Fees. As compensation for the performance of the Services in connection with the Project, Client shall make the reimbursements provided for in Section 7 below and shall pay to CBRE a fee as set forth in Exhibit 2 – Compensation for Services attached hereto. The project management fee shall be equitably adjusted if the Services extend beyond the scheduled completion date of the Project, or if the originally contemplated scope of Services is significantly increased.

5. Variable Services and Fees. Client and CBRE may agree that CBRE will provide additional variable services and resources and will compensate CBRE based on actual hours spent by CBRE personnel on such services utilizing the hourly rate schedule below:

<table>
<thead>
<tr>
<th>Title</th>
<th>Rate per Hour</th>
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<tbody>
<tr>
<td>Managing Director</td>
<td>$</td>
</tr>
</tbody>
</table>
6. **Sales and Use Taxes.** Client will pay any sales, use, gross receipts, value-added or other consumption based taxes with respect to any goods and services provided to Client by CBRE or any subcontractor or any goods or services procured by CBRE as Client’s agent or for the benefit of Client. Client shall retain the right to contest any such taxes assessed against Client.

7. **Reimbursable Items.** Client shall reimburse CBRE for all costs, expenses and charges of CBRE in connection with the Services, as approved by Client individually or as included in an approved reimbursable budget, and will include the following expenses: reproduction of drawings; messenger service; conference calling service charges; overnight delivery; local travel (mileage) to the Project jobsite, consultant offices or other Project related travel, long distance travel, lodging and meals when pre-approved by Client; subcontractor fees and expenses without mark-up; parking; sales and use taxes and, if applicable, value added taxes paid on behalf of Client; freight and shipping costs paid on behalf of Client; and any specific non-recurring charges directly attributable to the Project and approved by Client.

8. **Timing.** All sums due to CBRE from Client under this Work Order shall be paid within thirty (30) days following receipt of an invoice from CBRE. Client’s obligation to pay or reimburse CBRE as provided in this Work Order shall survive the expiration or termination hereof. All payments to CBRE hereunder shall be made in the amounts then due and without set-off. CBRE shall not be liable for making payments late or failing to make payments to Construction Professionals (i) if so directed by Client, (ii) if Client fails to provide sufficient funds to pay Construction Professionals, or (iii) if Client is in default of its payment obligations under this Agreement, and Client shall indemnify, defend and hold harmless CBRE against any and all Claims that CBRE may incur as a result thereof.

**IN WITNESS WHEREOF,** the Parties have executed this Work Order effective as of the date first above written.

**VCERA**

By: __________
Name: Linda Webb
Title: Retirement Advisor

**CBRE, INC.**

By: __________
Name: Anne Barronton
Title: Director
EXHIBIT 1

SCOPE OF SERVICES

1. Specific Duties  In providing the Services, CBRE shall have the following duties with respect to the Project:

1.1 Planning Stage: COMPLETED W/ WORK ORDER 1

(a) Direct and coordinate applicable Design Team, authorities, and service organizations related to the Project. Arrange and chair regular coordinating meeting.
(b) Develop Project time schedules for the design stage and coordinate the activities of the Client business unit representative, Project manager and design team.
(c) Recommend the purchase and procurement of long lead time items to arrange for delivery of strategic materials in conformance with the Project schedule.
(d) Provide a summary construction schedule for inclusion with the bid documents.
(e) Receive and analyze Construction Professional proposals, make award recommendation including conducting pre-award conferences and negotiate and prepare construction contracts per Client’s direction.
(f) Coordinate landlord notices and approvals
(g) Validate scope, budget and schedule
(h) Obtain client approvals on changes to Project parameters
(i) Confirm capital appropriation

1.2 Construction Procurement Stage: COMPLETED W/ WORK ORDER 1

(a) Prepare “front end” documents including General and Special Conditions, contract formats, temporary specifications, guidelines for affirmative action programs, site specific safety plans, and special contractor supplements.
(b) Provide a construction time schedule for inclusion in the bid documents and develop for Client a cost value for each activity, based upon the schedule, for use in preparing a forecast.
(c) Recommend professional firms for selection by Client, including contractor and key sub-contractors (referred to herein as “Construction Team”). Prepare RFP documentation, qualify the professional firms, and conduct interviews, evaluations and recommendations for selection of Construction Team. A selection matrix summarizing the bids will be assembled to identify pricing, alternatives, and other criteria for selecting the successful bidder. A formal recommendation to award a bid will be submitted to Client for approval, which recommendation will be based upon pricing, experience on similar projects, personnel assigned to the Project, level of trust, and overall ability to perform the Project. Negotiate agreement(s) with Construction Team entities within predefined parameters. Implement value engineering for all aspects of design and construction with selected Construction Team prior to contract award.
(d) Upon receipt of Client’s approval, award such work.

1.3 General Management and Coordination: ADDRESSED W/ WORK ORDER 1

(a) Review the work performed by the Construction Team, in conjunction with the Design Team, through to completion and require that the materials furnished and the
work performed are in accordance with the drawings, specifications and contract documents.

(b) Coordinate with the Construction Team the implementation of construction information systems, Project time control schedules and resources analysis as they relate to materials, manpower and costs.

(c) Provide construction review status updates and other reports for each Project on a monthly basis.

1.4 Management of Active Construction - ONGOING

(a) Establish with the Construction Team on-site organization and lines of authority in order to carry out Client’s overall plans in all phases of the Project on a coordinated and efficient basis.

(b) As applicable, require Construction Team to maintain an on-site record-keeping system which will be sufficient in detail to satisfy an audit by Client. Such records shall include, but shall not necessarily be limited to, daily logs, progress schedules, manpower breakdowns (daily by trade), financial reports, quantities, material list, shop drawings, and the like.

(c) Coordinate through the Design team and Construction team the obtaining of all legally required permits, licenses, and certificates. Coordinate through the applicable Construction Team aspects of the work with local municipal authorities, governmental agencies, and utility companies who may be involved in the Project.

(d) Coordinate through the Construction Team the work of all subcontractors until final completion and acceptance of the Project by Client. In the event that the interpretation of the meaning and intent of the contract documents becomes necessary during construction, ascertain the architect’s and Client’s interpretation, make recommendations as appropriate, and transmit such information on the appropriate subcontractor(s).

(e) Attend job meetings when necessary, attended by the Design Team and Construction Team and Client’s representative to discuss procedures, progress, problems, scheduling and open items.

(f) Coordinate through the Construction Team testing provided by others as required by the technical sections of the specifications, and as required by the building code.

(g) Coordinate the review with the Design Team, for compliance with the contract documents, of shop drawings, materials and other items submitted by the Construction Team.

(h) Review and recommend approval, in accordance with Client’s procedures, all applications for payments submitted through vendor(s) in accordance with established procedures.

(i) Receive and review change order requests from Design Team, Construction Team or from Client. Review unit prices, time and material charges and similar items. Monitor and advise upon request for changes required by field conditions and progress of the work, and obtain approval from Client and the architect.

(j) Review Construction Team scheduling system to expedite materials and equipment deliveries through the course of construction.
1.5 Move Coordination - Not part of CBRE scope. Move and Move vendor to be coordinated by VCERA. ADDITIONAL SCOPE PER VCERA REQUEST; COORDINATION W/ MOVE IN REGULAR MEETINGS THROUGH COURSE OF PROJECT

1.6 Post Construction: EXTENDED DUE TO EXTENDED CONSTRUCTION TIMELINE/ADDRESSED W/ WORK ORDER 2

(a) At the appropriate time, coordinate the preparation of punch lists indicating the items of work remaining to be accomplished, and require that these items are completed in an expeditious manner.
(b) Assemble all guarantees, warranties, etc., as required by the contract documents and forward them to Client.
(c) Receive from the Construction Team, check and forward to Client all releases of claims required prior to issuance of final certificate of completion and final payment to the Construction Team.
(d) Expedite Construction Team preparation of “as-built” drawings of the entire Project in accordance with the terms of the specifications.
(e) After completion of Project, CBRE’s project manager will monitor the expeditious follow-up and correction of all punch list items.

2. Additional Services. In conjunction with the Services, CBRE shall provide such other services as are reasonably requested by Client, subject to the Parties’ mutual agreement as to the scope of, and pricing for, such other services.
EXHIBIT 2

COMPENSATION FOR SERVICES

STIPULATED SUM FEE BASIS

1. **Project Management Services Fees.** As compensation for the performance of Services as defined in this Work Order, Client shall make the reimbursements provided for below and shall pay to CBRE a stipulated sum equal to $16,000.

2. **Progress Payments.** CBRE will invoice Client on a monthly basis, in a format that is agreeable to Client, based on progress of the Services towards the Target Completion Date and Schedule defined in this Work Order. The CBRE Project Management Compensation Schedule sets forth the distribution of the fees.

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Disability Meeting Agenda - VII.A. NEW BUSINESS: CONTRACT AMENDMENT FOR CBRE - PROJ. MGMT. SVCS.