

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

SEPTEMBER 11, 2023

AGENDA

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

The public may listen to the Public Session and offer comments by calling: +1 669-219-2599, using Meeting ID: 847-2736-0203. Persons may also submit written comments to publiccomment@vcera.org prior to and during the Board meeting. Please include your name, agenda item, the last 4 numbers of the telephone number that will be used to call in, and your comment. Public comment emails will be read into the record or summarized if lengthy.

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

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

II. APPROVAL OF AGENDA

III. CONSENT AGENDA

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

A. Receive and File Pending Disability Application Status Report.

B. Approve Business Meeting Minutes of July 10, 2023.

C. Approve Business Meeting Minutes of July 24, 2023.

D. Receive and File GASB 67 Actuarial Valuation Report as of June 30, 2022 - Revised.

1. Staff Letter from Chief Financial Officer.

2. GASB 67 Report, as of June 30, 2022 - Revised.

IV. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-connected Disability Retirement—Braza, Mario; Case No. 20-016.

IV. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

1. Proposed Findings of Fact, Conclusions of Law and Recommended Decision to Deny the Application for Service-connected Disability Retirement, filed by Hearing Officer John Rosenthal, dated July 1, 2023.
 2. Applicant's Statement, dated September 1, 2023.
 3. Application for Service-connected Disability Retirement, filed by Applicant, dated June 29, 2020.
 4. Hearing Notice, dated July 25, 2023.
- B. Staff Request to Ratify Change in Disability Retirement Effective Date—Fisher, Mark; Case No. 21-023.
1. Staff Letter, dated September 11, 2023.
 2. Hearing Notice, dated July 25, 2023.
- C. Application for Service-connected Disability Retirement—Raya, Maria; Case No. 21-029.
1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated August 30, 2023.
 2. Supporting Documentation for Staff Recommendation.
 3. Application for Service-connected Disability Retirement, filed by Applicant, dated September 21, 2021.
 4. Hearing Notice, dated August 31, 2023.
- D. Application for Service-connected Disability Retirement—Merino, Anne; Case No. 21-031.
1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated August 30, 2023.
 2. Supporting Documentation for Staff Recommendation.
 3. Application for Service-connected Disability Retirement with Amendments, filed by Applicant's Attorney, Michael Treger, dated September 21, 2021.
 4. Hearing Notice, dated August 31, 2023.
- E. Application for Service-connected Disability Retirement—Novak, Julie; Case No. 21-038.
1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated August 30, 2023.

IV. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

2. Supporting Documentation for Staff Recommendation.
 3. Application for Service-connected Disability Retirement, filed by Applicant's Attorney, Thomas Wicke, dated December 10, 2021.
 4. Hearing Notice, dated August 31, 2023.
- F. Application for Service-connected Disability Retirement—Luther, Nichole; Case No. 22-002.
1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated August 30, 2023.
 2. Supporting Documentation for Staff Recommendation.
 3. Application for Service-connected Disability Retirement, filed by Applicant, dated January 18, 2022.
 4. Hearing Notice, dated August 31, 2023.

V. OLD BUSINESS

- A. Request by the Ad Hoc Committee for the Retirement Administrator Recruitment to Approve the Statement of Work for Cooperative Personnel Services, dba CPS HR Consulting.
RECOMMENDED ACTION: Approve.
1. Letter from Ad Hoc Committee.
 2. Statement of Work.
- B. Alameda Implementation Status Report Dated September 11, 2023.
RECOMMENDED ACTION: Receive and File.

VI. NEW BUSINESS

- A. Disability Retiree Re-Examination Policy.
RECOMMENDED ACTION: Approve.
1. Staff Letter from Interim Retirement Administrator.
 2. Disability Retiree Re-Examination Policy.
- B. Dismissal of Disability Applications with/without Prejudice.
RECOMMENDED ACTION: Approve.
1. Staff Letter from Interim Retirement Administrator.

VI. **NEW BUSINESS** (continued)

- C. Authorization for Chief Operations Officer to Attend the CALAPRS Intermediate & Advanced Courses in Retirement Plan Administration, November 1 – 3 & December 6 – 8, 2023, in Burbank, CA.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Operations Officer.
2. Intermediate Course Agenda.
3. Advanced Course Agenda.

- D. Authorization Request for Interim Retirement Administrator to Execute Agreement With Vitech for Pre-Purchase of Support Hours.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.
2. VCERA Change Order for Block of Hours (2023 – 2026).

- E. Authorization for Interim Retirement Administrator to Execute Agreements With Vitech Systems Group, Inc., and VSG Hosting.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.
2. V3 Upgrade Subscription and Maintenance and Support Agreement.
3. Amended and Restated V3 Hosting Agreement.

- F. Request for Authorization for Trustee and CIO On-Site Due Diligence Visit to Adams Street and LaSalle in Chicago, and Parametric in Minneapolis.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.

- G. Request for Authorization for On-Site Due Diligence Visits to Abbott Capital Management in New York City, and Prudential Global Investment Management (PGIM) Real Estate in Newark, New Jersey.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Investment Officer.

- H. SACRS Voting Delegate and Alternate for 2023 Fall Conference.

RECOMMENDED ACTION: Designate VCERA's Voting Proxy and Alternate for SACRS Fall Business Meeting.

1. Staff Letter from Interim Retirement Administrator.

- I. Presentation of Resolution in Recognition of Linda Webb.

VII. INFORMATIONAL

- A. SACRS Legislative Update – August 2023.
- B. SACRS Fall Conference 2023 – Conference Information.
- C. Nossaman's 2023 Pensions, Benefits & Investments Fiduciaries' Forum – Event Notice.
- D. United States Department of Labor: Cybersecurity Program Best Practices.

VIII. PUBLIC COMMENT

IX. STAFF COMMENT

X. BOARD MEMBER COMMENT

XI. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

JULY 10, 2023

MINUTES

TRUSTEES

PRESENT:

Mike Sedell, Chair, Public Member
Arthur E. Goulet, Vice-Chair, Retired Member
Sue Horgan, Treasurer-Tax Collector
Jordan Roberts, General Employee Member
Cecilia Hernandez-Garcia, General Employee Member
Aaron Grass, Safety Employee Member
Tommie E. Joe, Public Member
Will Hoag, Alternate Retired Member
Robert Ashby, Alternate Safety Employee Member

TRUSTEES

ABSENT:

Kelly Long, Public Member
Will Hoag, Alternate Retired Member

STAFF

PRESENT:

Linda Webb, Retirement Administrator
Amy Herron, Chief Operations Officer
Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
La Valda Marshall, Chief Financial Officer
Leah Oliver, Chief Technology Officer
Josiah Vencel, Retirement Benefits Manager
Brian Owen, Sr. Information Technology Specialist
Michael Sanchez, Sr. Information Technology Specialist
Chris Ayala, Program Assistant

PLACE:

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

TIME:

9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Sedell called the Disability Meeting of July 10, 2023, to order at 9:04 a.m.

Roll Call:

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

Trustees Absent: Kelly Long, Will Hoag

II. APPROVAL OF AGENDA

Chair Sedell noted that there were two requests for Public Comments and suggested the Board hear them after approval of the Consent Agenda. Also, Item III.B., "Approve Business Meeting Minutes of May 22, 2023," was not able to be provided in time for the meeting and therefore would be pulled from the Consent Agenda.

Trustee Hoag arrived at the meeting at 9:07 a.m.

MOTION: Approve as Amended.

Moved by Grass, seconded by Roberts

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long

Abstain: -

III. CONSENT AGENDA

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

A. Receive and File Pending Disability Application Status Report.

B. Approve Business Meeting Minutes of May 22, 2023.
To be Provided.

MOTION: Approve Consent Agenda, Item A.

Moved by Roberts, seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long
Abstain: -

After the vote on the agenda item, the Board advanced to Item IX., "Public Comments."

IV. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-connected Disability Retirement—Sabharwal, Negar; Case No. 18-024.

1. Proposed Findings of Fact, Conclusions of Law, and Recommended Decision to Deny the Application for Service-connected Disability Retirement, filed by Hearing Officer Deborah Wissley, dated May 10, 2023.
2. Applicant's Objections to the Hearing Officer's Report, filed by Thomas Wicke, Applicant's Attorney, dated May 30, 2023.
3. County of Ventura-Risk Management's Response to Applicant's Objections, filed by Stephen Roberson, Attorney for Respondent, dated June 6, 2023.
4. Application for Service-connected Disability Retirement, filed by Applicant's Former Attorney, Joon Kim, dated September 26, 2018.
5. Hearing Notice, dated June 21, 2023.

Josiah Vencel was present on behalf of VCERA. Stephen Roberson, Attorney at Law, and Catherine Laveau were present on behalf of the County of Ventura-Risk Management. Thomas Wicke, Attorney at Law, was present on behalf of the applicant, Negar Sabharwal, who was not present.

Mr. Vencel provided a brief summary statement.

Mr. Wicke provided a brief summary statement.

Mr. Roberson provided a brief summary statement.

MOTION: Approve Hearing Officer's Recommendation to Deny the Application for Service-connected Disability Retirement, Including the Findings of Fact and Conclusions of Law.

Moved by Goulet, seconded by Roberts

Vote: Motion carried

Yes: Goulet, Horgan, Joe, Roberts, Sedell

No: Grass, Hernandez-Garcia

Absent: Long

Abstain: -

B. Application for Service-connected Disability Retirement—Hull, Henry; Case No. 21-006.

1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated July 3, 2023.

2. County of Ventura-Risk Management's Response to VCERA's Preliminary Recommendation, dated June 2, 2023.
3. Supporting Documentation for Staff Recommendation.
4. Application for Service-connected Disability Retirement, filed by Applicant's Former Attorney, Russell Ghitterman, dated April 5, 2021.
5. Hearing Notice, dated July 3, 2023.

Josiah Vencel was present on behalf of VCERA. Catherine Laveau was present on behalf of the County of Ventura-Risk Management. Jane Oatman, Attorney at Law, was present on behalf of the applicant, Henry Hull, who was not present.

Mr. Vencel provided a summary statement.

Ms. Oatman provided a brief summary statement.

Ms. Laveau provided comments regarding the County's position on the case, which was to support staff's recommendation.

MOTION: Approve Staff's Recommendation to Grant Service-connected Disability Retirement, Effective December 7, 2019.

Moved by Grass, seconded by Roberts

Vote: Motion carried

Yes: Grass, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long

Abstain: Goulet, Hernandez-Garcia

Trustee Goulet said he would abstain because of some concerns he had with the case.

- C. Application for Service-connected Disability Retirement—Horton, Guy; Case No. 21-018.
1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated June 13, 2023.
 2. Supporting Documentation for Staff Recommendation.
 3. Application for Service-connected Disability Retirement, filed by Applicant's Attorney, Thomas Wicke, dated June 17, 2021.
 4. Hearing Notice, dated June 13, 2023.

Josiah Vencel was present on behalf of VCERA. Thomas Wicke, Attorney at Law, was present on behalf of the applicant, Guy Horton, who was also present.

Mr. Vencel provided a summary statement.

Mr. Wicke provided a brief summary statement.

MOTION: Approve Staff's Recommendation to the Grant Service-connected Disability Retirement Application, Effective August 6, 2021.

Moved by Grass, seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long

Abstain: -

D. Application for Service-connected Disability Retirement—Fisher, Mark; Case No. 21-023.

1. Staff Recommendation to Grant the Application for Service-connected Disability Retirement, dated June 29, 2023.
2. Supporting Documentation for Staff Recommendation.
3. Application for Service-connected Disability Retirement, filed by Applicant's Attorney, Thomas Wicke, dated August 6, 2021.
4. Hearing Notice, dated June 29, 2023.

Josiah Vencel was present on behalf of VCERA. Thomas Wicke, Attorney at Law, was present on behalf of the applicant, Mark Fisher, who was not present.

Mr. Vencel provided a brief summary statement.

Mr. Wicke provided a brief summary statement.

MOTION: Approve Staff's Recommendation to Grant the Service-connected Disability Retirement Application, Effective August 20, 2021.

Moved by Ashby, seconded by Goulet

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long

Abstain: -

V. OLD BUSINESS

A. Status Update – David Maher (Case #20-009: Closed).

1. Staff Memo Regarding Case Status Update, dated July 10, 2023.

2. Board Hearing Decision Notice Follow-Up Letter to Applicant, dated May 2, 2023.
3. Application for Service-connected Disability Retirement, filed by Applicant on March 10, 2020, with Amendment to include Application for Nonservice-connected Disability Retirement.
4. Hearing Notice, dated June 29, 2023.

Mr. Vencel provided a brief history and status update on Mr. Maher's disability retirement case in response to a previous Board request.

Ms. Webb noted that in the correspondence staff received from Mr. Maher, he stated that he could not attend today's Board meeting because of a prior commitment and that he planned to take legal action regarding the Board's denial of a disability retirement.

Chair Sedell said that because of Mr. Maher's stated intention to seek legal action regarding his disability retirement case, it would be best if the Board refrained from commenting on his case.

VI. NEW BUSINESS

A. Renewal of Hearing Officer Contracts for Fiscal Year 2023-24. RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.
2. Proposed Contract (Red Line).
3. Proposed Contract (Clean).

Ms. Webb reminded the Board that the agenda item was annually provided to the Board for review and approval. She also explained that the hearing panel remained the same, although there were some recommended changes to the contract pertaining to administrative appeals.

MOTION: Approve and Authorize the Retirement Administrator to Execute Updated Fiscal Year 2023-2024 Contracts for the Six Listed Members of VCERA's Hearing Officer Panel.

Moved by Grass, seconded by Roberts

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long

Abstain: -

B. New Model Disability Retirement Hearing Rules Review in Advance of July 24, 2023 Recommendation.

1. Staff Letter from Retirement Administrator.
2. New Disability Hearing Rules.

3. Communication with County of Ventura Regarding Rules.

Ms. Webb said that staff was presenting the New Model Disability Retirement Hearing Rules for Board review in advance of the July 24 meeting. She said the reason for the proposed Hearing Rules was because of staff's difficulty in working with the parties to calendar several disability case hearings; this step sought to streamline the process for the benefit of members. She added that staff would be meeting with the County to hear their feedback on the proposed rules.

C. Authorization for Chief Technology Officer to Attend the Gartner IT Symposium Conference, October 16 - 19, 2023, in Orlando, Florida.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.
2. Gartner IT Symposium 2023 Agenda.

MOTION: Approve and Authorize Chief Technology Officer to Attend the 2023 Gartner IT Symposium Conference.

Moved by Roberts, seconded by Horgan

Before the vote, Trustee Goulet remarked that he recalled the Board had directed the Chief Technology Officer to provide the Board with periodic reports on what the Board was gaining from their contract with Gartner.

Ms. Oliver explained that last year the Board had requested a list of items that Gartner had provided to VCERA staff, and the Board had also approved continuation of the final 2 years of the original 3-year contract with Gartner. However, she did not recall that the Board had requested additional information after that meeting, but if the Board would like to request periodic reports regarding Gartner, she would be happy to provide them.

Chair Sedell suggested that staff determine whether there was a request to provide the reports, and if there wasn't a request for them, then Trustee Goulet could request that the issue be brought back to the Board. He then directed staff to send an informal memo to the Board on whether or not there was such a request.

Ms. Webb remarked that she also did not believe there was an official request from the Board for those reports, but staff would research to see if there was such a request and report back to them.

Vote: Motion carried

Yes: Grass, Hernandez-Garcia, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long

Abstain: Goulet

D. Authorization for Chief Financial Officer (CFO) to Attend the Public Pension Financial Forum (P2F2) Conference, October 8 - 11, in Denver, Colorado.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.

2. Attachment A - P2F2 Conference Detailed Estimate of Travel Expense.
3. Attachment B – P2F2 Conference at a Glance (Agenda).

MOTION: Approve Request for Authorization for Chief Financial Officer to Attend the 2023 Public Pension Financial Forum (P2F2) Conference.

Moved by Goulet, seconded by Horgan

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Roberts, Sedell

No: -

Absent: Long

Abstain: -

- E. Board Request to Discuss VCERA's Agenda Management Software.
RECOMMENDED ACTION: Provide Feedback to Staff.

1. Staff Letter from Chief Technology Officer.

Ms. Webb said the item was placed on the agenda at the request of Trustee Goulet, who had concerns about specific issues with PrimeGov, VCERA's Agenda Management System. Staff was requesting that the Trustees provide a list of specific issues, so that they could submit requests to PrimeGov accordingly.

Trustee Goulet explained that although PrimeGov may work well for staff, he was not sure that it was the best program for trustees. He then explained some of the issues that he and other Trustees had experienced while using PrimeGov.

Chair Sedell noted that he had also had issues with PrimeGov, and he suggested that the Trustees let Ms. Oliver know about their problems or issues with PrimeGov, so that she could either bring them to PrimeGov's attention or provide more training for the Trustees.

- F. Designation of Representative(s) for Labor Negotiations with Prospective Unrepresented Employee.

Chair Sedell noted that he had previously appointed 3 Trustees to the Ad-Hoc Recruitment Committee, which was comprised of Trustee Horgan, Trustee Ashby, and himself as Chair of the committee. He would task that committee with performing the labor negotiations for the prospective unrepresented employee for Interim Retirement Administrator position, subsequent to a discussion and decision from the Board.

Ms. Webb explained that the Board would consider agenda Item VI.G., "*Consider and Take Possible Action to Set Employment Terms and Compensation for Interim Retirement Administrator and Authorize Chair or Ad Hoc Committee to Finalize Appointment,*" only if the Board felt it necessary after their Closed Session meeting.

After the discussion and designation of Trustees who would oversee labor negotiations with the prospective unrepresented employee, the Board advanced to Item VII.B. "Informational: PBI Research Services – Global Moveit Transfer Cyberattack."

- G. Consider and Take Possible Action to Set Employment Terms and Compensation for Interim Retirement Administrator and Authorize Chair or Ad Hoc Committee to Finalize Appointment.

Chair Sedell noted that during Closed Session, the Board discussed the retention of an Interim Retirement Administrator, and were therefore recommending the execution of a contract, subject to final negotiations of a legal nature with Mr. Richard Santos.

MOTION: Appoint Richard Santos as Interim Retirement Administrator Under Proposed Compensation of \$22,083 per Month and a Reimbursement of Actual Travel and Lodging Expenses Up to \$7,917 per Month and Authorize Ad-Hoc Selection Committee to Finalize Appointment.

Moved by Horgan, seconded by Roberts

Chair Sedell said that before the Board voted on the motion, he wanted to state that Mr. Santos had recently retired as the Retirement Administrator for the Stanislaus County Employees' Retirement Association (StanCERA) and had a tremendous background that he would be bringing to VCERA.

Vote: Motion carried

Yes: Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell, Ashby

No: -

Absent: Grass

Abstain: -

Mr. Santos thanked the Board for considering him for the position. He was very excited about taking on the role of Interim Retirement Administrator for VCERA.

Mr. Webb noted that she had known Mr. Santos for many years, and she had no doubt that he would be a great Interim Retirement Administrator, and she was pleased that she could leave VCERA in capable hands.

After the vote on this item, the Chair adjourned the meeting at 1:04 p.m.

VII. CLOSED SESSION

- A. It is the Intention of the Board of Retirement to Meet in Closed Session, Pursuant to Government Code Section 54957(b)(1), to Discuss the Following Items.

Time Certain at 10:30 a.m.

1. Public Employee Appointment.
Title: Interim Retirement Administrator.
2. Conference with Labor Negotiators, Govt. Code Section 54957.6
Prospective Unrepresented VCERA Employee:
Interim Retirement Administrator

Chair Sedell stated that the Board would take a 5-minute break before going into the Closed Session meeting.

The Board then took a break at 10:49 a.m.

The Board returned from a break at 10:56 a.m. and immediately entered into Closed Session.

Trustee Long arrived during the closed session meeting.

Trustee Grass left during the closed session meeting.

The Board then returned from Closed Session at 12:57 p.m. and returned to agenda Item VI.G., "Consider and Take Possible Action to Set Employment Terms and Compensation for Interim Retirement Administrator and Authorize Chair or Ad Hoc Committee to Finalize Appointment."

VIII. INFORMATIONAL

- A. Letter from Barbara Macri-Ortiz Regarding Ventura County's Request for VCERA Board Review of Procedures in Fast-Track Cases, dated July 3, 2023.
- B. PBI Research Services – Global Moveit Transfer Cyberattack.

Trustee Goulet said that he had concerns about the cyberattack. Both CalPERS and CalSTRS were exploring whether they had the necessary tools to prevent a similar cyberattack, so he would like to be assured that VCERA also had tools. He felt they still needed the development of a full-scale Cyber Security Program, which he believed was one of the things that was supposed to be done in coordination with Gartner.

Ms. Oliver explained that it was something that was being worked on by staff, but they did currently use third-party resources for VCERA's active cyber security plan. There were also annual penetration testing being conducted on VCERA's and multiple other environments, and staff was also looking into a vendor management program to prevent these types of cyberattacks.

Chair Sedell then asked Ms. Oliver to compose a confidential memorandum to the Board as a follow-up to this agenda item that explained VCERA's relationship with Gartner, and what they were doing for VCERA regarding cybersecurity.

After discussion on this agenda item, the Board advanced to Item X., "Staff Comment."

IX. PUBLIC COMMENT

Matt LaVere, Supervisor for the County of Ventura, provided public comment. He said that there was a disability retirement application for Roy Prince, widow of Supervisor Carmen Ramirez, that was discussed at the last Board meeting. He was concerned with staff's recommendation and its investigation because he was not interviewed and therefore not able to provide important information about the case. He requested that he and Selena Zacharias, who coordinated last summer's concert series, be interviewed by VCERA staff or at the evidentiary hearing.

Barbara Macri-Ortiz, Attorney at Law, who represents Roy Prince, provided public comment. She said she was unaware that the Ramirez disability case would be discussed at the June 26 meeting and, had she known, she would have provided pertinent information. Also, she had previously provided a list of witnesses with knowledge of the incident, but she claimed they were not taken into consideration in staff's recommendation. She suggested the Board consider interviewing Supervisor LaVere and Ms. Zacharias.

Chair Sedell said the Board was not able to discuss the case because it was not on the agenda.

Ms. Webb noted that the case was now headed for an evidentiary hearing and that all parties would be able to present evidence or statements at the hearing.

After hearing the public comments, the Board returned to agenda Item IV.A., "Application for Service-connected Disability Retirement—Sabharwal, Negar; Case No. 18-024."

X. STAFF COMMENT

Chair Sedell stated that he had had some discussion with Ms. Webb about holding a going away party for her on August 7th, which would also provide the Trustees with an opportunity to get to know the staff better.

Mr. Gallagher informed the Board that staff had been able to tentatively secure a space for VCERA's Board Retreat on September 25th, and staff was working on acquiring speakers for the event.

XI. BOARD MEMBER COMMENT

Chair Sedell remarked that since there were no comments from the Board, they would recess to Closed Session, and then return to open session with a report. It may also be necessary for the Board to go into a second closed session meeting with the negotiators, and afterwards they would return to open session with a report.

The Board then advanced to agenda Item VII.A., "Closed Session: Public Employee Appointment, Title: Interim Retirement Administrator."

XII. ADJOURNMENT

The Chair adjourned the meeting at 1:04 p.m.

Respectfully submitted,



RICHARD SANTOS, Interim Retirement Administrator

Approved,

MIKE SEDELL, Chair

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 24, 2023

MINUTES

TRUSTEES

PRESENT:

Mike Sedell, Chair, Public Member
Arthur E. Goulet, Vice-Chair, Retired Member
Sue Horgan, Treasurer-Tax Collector
Jordan Roberts, General Employee Member
Cecilia Hernandez-Garcia, General Employee Member
Kelly Long, Public Member
Tommie E. Joe, Public Member
Aaron Grass, Safety Employee Member
Robert Ashby, Alternate Safety Employee Member

TRUSTEES

ABSENT:

Will Hoag, Alternate Retired Member

STAFF

PRESENT:

Linda Webb, Retirement Administrator
Lori Nemiroff, General Counsel
Dan Gallagher, Chief Investment Officer
La Valda Marshall, Chief Financial Officer
Leah Oliver, Chief Technology Officer
Josiah Vencel, Retirement Benefits Manager
Brian Owen, Sr. Information Technology Specialist
Michael Sanchez, Sr. Information Technology Specialist
Chris Ayala, Program Assistant

PLACE:

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

TIME:

9:00 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Sedell called the Business Meeting of July 24, 2023, to order at 9:00 a.m.

Roll Call:

Trustees Present: Robert Ashby, Aaron Grass, Art Goulet, Cecilia Hernandez-Garcia, Tommie Joe, Jordan Roberts, Mike Sedell

Trustees Absent: Sue Horgan, Kelly Long, Will Hoag

II. APPROVAL OF AGENDA

Chair Sedell suggested that the Board move agenda item VII.A., "New Model Disability Retirement Hearing Rules" so that it was heard after the approval of item III., "Consent Agenda".

MOTION: Approve as Amended.

Moved by Roberts, seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Joe, Roberts, Sedell

No: -

Absent: Horgan, Long

Abstain: -

III. CONSENT AGENDA

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

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

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

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

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

Trustee Horgan arrived at the meeting at 9:02 a.m., before the vote on the agenda item.

Trustee Long arrived at the meeting at 9:03 a.m., before the vote on the agenda item.

MOTION: Approve.

Moved by Joe, seconded by Roberts

Vote: Motion carried

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

After the vote on this agenda item, the Board advanced to item, VII.A., "New Model Disability Retirement Hearing Rules".

IV. INVESTMENT MANAGER PRESENTATIONS

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

Margaret Foley reported Walter Scott's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition, and investment portfolio performance, and then responded to trustee questions.

V. INVESTMENT INFORMATION

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

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

1. Staff Letter by Chief Investment Officer.
2. Joint Fund Recommendation Report from NEPC.
3. Adams Street Private Credit Fund III Presentation: Bill Sacher and Scott Hazen.

Mr. Gallagher introduced the item to the Board and provided a brief overview of VCERA's long-term relationship and product breadth with Adams Street and summarized the joint recommendation by him and NEPC for the proposed investment commitment.

MOTION: 1) Approve a \$25 Million Commitment to the Adams Street Private Credit Fund III, and Direct Staff and Counsel to Negotiate the Necessary Legal Documents; and 2) Subject to Successful Contract Negotiations, Authorize the Board Chair, or the Retirement Administrator, or if Both Unavailable, the Chief Investment Officer to Approve and Execute the Required Documentation.

Moved by Grass, seconded by Joe

Vote: Motion carried

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

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

1. Staff Letter by Chief Investment Officer.

2. Joint Fund Recommendation Report from NEPC.
3. HarbourVest Direct Lending Fund II: Karen Simeone, Bill Cole, and Teri Noble.

Mr. Gallagher introduced the item to the Board and provided a brief overview of VCERA's long-term relationship and product breadth with HarbourVest and summarized the joint recommendation by him and NEPC for the proposed investment commitment.

Trustee Long left the meeting at 11:39 a.m.

Trustee Long returned to the meeting at 11:42 a.m., before the vote on the item.

MOTION: 1) Approve a \$20 Million Commitment to HarbourVest's Direct Lending Fund II, (levered sleeve), and 2) Subject to Successful Contract Negotiations, Authorize the Board Chair or the Retirement Administrator or in the Absence of Both the Chief Investment Officer to Approve and Execute the Required Documentation.

Moved by Roberts, seconded by Grass

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts

No: -

Absent: Sedell

Abstain: -

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

Mr. Martin presented the Monthly Investment Performance Report, for the period ending June 30, 2023.

MOTION: Receive and File

Moved by Horgan, seconded by Roberts

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts

No: -

Absent: Sedell

Abstain: -

VI. OLD BUSINESS

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

Ms. Webb noted that VCERA's COO, Amy Herron had created the report, but since she was attending a training program outside the office, Ms. Webb would be presenting it in her place.

Trustee Joe would like to see project plan milestones and percentage complete to help monitor progress.

MOTION: Receive and File

Moved by Horgan, seconded by Long

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts

No: -

Absent: Sedell

Abstain: -

After the vote on the agenda item, the Board advanced to item, VII.B., "Authorize Staff to Contract with Managed Business Solutions, LLC in Support of Mass Flex Credit Recalculations – Alameda Resolutions".

VII. NEW BUSINESS

A. New Model Disability Retirement Hearing Rules.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.
2. New Model Disability Hearing Rules (Redline).
3. New Model Disability Hearing Rules (Clean).

Ms. Webb noted that VCERA's current lack of hearing rules places it outside the mainstream; it is intended as a "timeline" and guardrails for all parties and also serves to align VCERA with its peers. The new rules had been sent to the County in mid-June, and VCERA staff had recently met with County representatives, who suggested several edits. She added that VCERA staff had incorporated some of the edits into the current version.

Attorney Stephen Roberson provided public comment. Mr. Roberson stated that he was present at the VCERA-County meeting and additionally proposed that the Board give all parties nine months, not six months, to get a disability case to a hearing. He also proposed giving parties the ability to request a 90-day extension and to give the Hearing Officer the ability to determine that a case was "complex" so that it could be placed on a longer timeline (18-30 months).

Ms. Webb noted that many other systems conduct a hearing within six months.

Ms. Nemiroff said that members and the Board have stated that they do not like the delays in the current hearing process.

Ms. Webb added that the hearing rules have wiggle room to permit flexibility.

Trustee Goulet asked that if these rules do not make sense, why have so many other CERL systems adopted similar rules.

Mr. Roberson said that some CERL systems, such as LACERA, have longer time periods. He also expressed concern about a hearing officer losing jurisdiction and/or an attorney having evidence excluded as a penalty if the six-month deadline is not met.

Trustee Grass said, based on his experience with the legal system, six months is too short due to unforeseen circumstances.

Ms. Webb clarified that the parties will not “start from zero” because staff will provide the entire Administrative File when the hearing officer is assigned.

Attorney Tom Wicke provided public comment. Mr. Wicke remarked that the proposed timeline in the new hearing rules did not consider life's circumstances. He urged the Board to vote no on the item. He also offered to meet with VCERA staff and discuss changes to the new hearing rules.

Attorney Vivian Shultz provided comment on behalf of VCERA. Ms. Shultz said that the proposed rules were the best way to balance the prompt provision of benefits and the priority to ensure a fair and transparent process. She said the rules replaced the current free-for-all with needed order. She disagreed with Mr. Roberson and Mr. Wicke about timing, as she believed the hearing rules' timeline could be done and had been done. She said the new rules incentivized the parties to not delay, although petitions for extension were available from the hearing officer and the Board.

Trustee Long asked Ms. Shultz about other retirement systems' hearing timelines and the five oldest new-model cases waiting for hearing dates.

Ms. Shultz noted that the majority of other CERL systems, including the five cited in staff's letter, have rules with hearing deadlines. She also said there are opportunities in the five older cases for efficiencies. She referenced a couple of examples of delays in cases due to other attorneys.

Trustee Grass said it seemed punitive to dismiss an application with prejudice if a member withdrew an application after notification of hearing officer assignment.

Ms. Nemiroff replied that the policy is intended to discourage the applicant from “hearing officer or forum shopping.” She added that the Board would always have the discretion to allow the applicant to withdraw an application without prejudice upon a showing of good cause.

Trustee Grass said that this approach shifted the burden to the applicant, which seemed punitive.

Catherine Laveau, Sr. Deputy Executive Officer of Disability Management for the County of Ventura, provided public comment. Ms. Laveau provided a printed presentation to the Board that explained the County's research and position on the issue. She said that shortcutting the legal system could result in a wrong result and put additional liability on the Board due to breach of fiduciary duty. She asked that the matter be researched further with all stakeholders' input and returned to the Board in September, or, if the Board wanted to move forward today, that it adopt the County's proposed edits. She added that the County did not believe that the hearing rules aligned with VCERA's bylaws.

Ms. Webb replied that the complexity of a case is largely vetted before the decision to send the case to a hearing. She noted that staff did not find any inconsistencies between the hearing rules and the Disability Hearing Procedures (DHPs). She expressed great concern over the County's comment about the Board potentially breaching its fiduciary duty by adopting the rules. And she noted that the hearing officer and Board could grant extensions to the parties.

Mike Pettit, Assistant County Executive Officer for the County of Ventura, provided public comment. Mr. Pettit said that the proposed new hearing rules were among the strictest compared to other CERL retirement systems. He said the concern about fiduciary duty meant due process for applicants as well as VCERA and the County. He suggested giving more weight to Mr. Wicke than Ms. Shultz due to his greater experience. He urged the Board to strongly consider the County's proposed change to a nine-month timeline instead of the proposed 180 days, with the ability to request extensions.

Trustee Horgan asked for clarification that, under the proposed hearing rules, the Board would hear a party's request for an extension after a first request had been made. She also asked whether the Board should hear such matters, as trustees had stated in the past that they did not want to hear them at the Board level.

Ms. Webb noted that the Board's discussion on June 26 related to the Board's preference to not hear a full evidentiary hearing; it was a different matter being discussed at that time. She also commented that VCERA's proposed hearing timeline was not stringent but in line with other systems.

Trustee Long asked how the Board would know sufficient details of a case to grant a requested extension.

Ms. Webb said the Board would evaluate the hearing officer's decision about an extension. She also remarked that the County's presentation today was not provided to staff in advance.

Nick Odenath, President of the Ventura County Deputy Sheriff's Association (VCDSA), provided public comment. Mr. Odenath stated that, although VCDSA wanted to see efficiencies in the hearing process, they had concerns about the proposed hearing rules. Because of the limited time provided to review the new rules, he suggested the Board not adopt them and requested that the Board appoint a committee of experts, including Mr. Wicke, to discuss appropriate hearing timelines.

Kevin Aguayo, President of the Ventura County Professional Firefighters' Association (VCPFA), provided public comment. Mr. Aguayo remarked that the proposed new hearing rules needed to be approved today and that the Board could make changes in the future, if needed. Some VCPFA members were in agony because their lives had been put on hold waiting for a resolution to their disability retirement application, as there was no timeline for disability retirement hearings. Therefore, he urged the Board to approve the hearing rules today.

Trustee Long asked for Mr. Aguayo's thoughts on six months versus nine months. He urged the Board to address it today. He said not having guardrails is not an option.

Ms. Webb noted that staff was willing to amend its recommendation to change the proposed 180-day hearing commencement deadline to nine months and to empower the hearing officer to grant extensions past 270 days. She added that the main party being disadvantaged by waiting is the applicant.

Ms. Nemiroff stated that not allowing a hearing officer to grant extensions beyond 90 days is not in conflict with Section 8.J. of the DHPs. The hearing officer serves as the Board's agent, so ultimately the Board maintains control and can grant further extensions.

Trustee Goulet suggested that a party to a hearing could go to staff first to request an extension and only bring to the Board matters where staff denies an extension.

Chair Sedell said VCERA needs guardrails for the process and that the Board can reassess it after several months.

Trustee Ashby said that change is difficult. He noted that this matter has been an ongoing problem for years and needs to be addressed for the sake of members.

Trustee Grass said the issue is the timeframe. He cited Mr. Roberson and Mr. Wicke's belief that nine months was more reasonable.

Ms. Webb said that is true for criminal cases, but VCERA provides all the evidence up front.

Trustee Grass replied that the court system does not work that fast. He expressed concern that a reassessment of the hearing rules, if approved, may not occur later.

Chair Sedell suggested a fixed timeframe for reviewing the hearing rules.

Trustee Long noted that the list of CERL systems provided included non-urban counties. She proposed an amendment to change 180 days to 270 days and to permit the hearing officer to approve multiple 90-day extensions. She also expressed concern about dismissing an application with prejudice if an applicant pulled out of the hearing process.

Trustee Grass suggested allowing an applicant to have an application dismissed without prejudice. He also proposed removing "one-time" from Rule #4 regarding requested extensions and revising the policy about dismissing an application "with prejudice" to "without prejudice."

Trustee Long stated the edits she wanted in the hearing rules: change 180 days to 270 days and remove "one-time" in Rule #4. She did not find "with prejudice" in the proposed hearing rules.

Trustee Joe asked for confirmation that Trustee Long's edits addressed all of the County's concerns.

Trustee Roberts asked what a "complex case" meant and expressed concern about cases with unlimited extensions. He suggested a one-year or two-year evaluation of the hearing rules.

Ms. Webb replied that staff did not agree with a two-track system.

Trustee Grass stated that having multiple 90-day extensions for good cause was a reasonable compromise.

Trustee Goulet noted that the average wait among the five oldest cases was 500 days, not 533 days. He also said the proposed edits resolved the problem for now.

Ms. Webb clarified that the annual review concerned the hearing rules only.

Trustee Joe asked about staff's recommendation to conduct hearings for current cases within six months.

Trustee Long revised her motion to reflect the six-month timeframe for current cases awaiting hearing. She also said the Board directed staff to bring back at the next meeting the matter of dismissing an application with prejudice found in the New Model Process Document.

Trustee Roberts asked if the Board should look at the 1999 DHPs, too.

Ms. Webb supported the Board reviewing the DHPs but noted that the County did not want to disengage the DHPs from VCERA's bylaws. She said the DHPs can be reviewed by the Board.

Trustee Long gave Board direction to staff to bring back the DHPs for review by the Board.

Trustee Goulet proposed taking the DHPs out of the VCERA bylaws at that future review.

Chair Sedell suggested that the item be brought back to the Board in a year, to evaluate the effectiveness of the new hearing rules, and after that evaluation the Board will determine if the hearing rules would be brought back for revision.

Trustee Long agreed to bring the item back to the Board in one year for evaluation.

Trustee Horgan then seconded the motion.

MOTION: Approve Staff's Recommendation to Adopt New Model Disability Retirement Hearing Rules for All Future New-Model Cases Directed to Hearing, and Require New-Model Cases Currently Waiting for a Hearing Date to be Conducted Within Six (6) Months, Unless Granted an Extension by the Retirement Administrator, with the Amendment that a Hearing Must Occur within 270 Days and Allow the Hearing Officer the Ability to Grant 90-Day Extensions past the Initial 270 Days Upon a Showing of Good Cause, to the Assigned Hearing Officer as the Retirement Administrator's Designee, Pursuant to the Retirement Administrator's Authority as Set Forth in Section 5 of the Disability Hearing Procedures. Direct Staff to Strike Reference to "One-Time" Proposed Hearing Rule #4 and Correct All References of 180 Days to 270 Days. The Board will Bring the Item Back for Review within One Year.

Moved by Long, seconded by Horgan

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts, Sedell

No: -

Absent: -

Abstain: -

After the vote on the agenda item, the Board took a break at 11:10 a.m.

Trustee Ashby left the meeting at 11:10 a.m.

The Board returned from a break at 11:15 a.m.

Chair Sedell stated that he would need to leave the meeting at 11:30 a.m. and would therefore hand over the meeting to Vice-Chair Art Goulet.

After returning from break, the Board returned to agenda item, IV.A., "Annual Investment Manager Presentation from Walter Scott: Margaret Foley".

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

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.
2. Statement of Work.

Ms. Oliver presented the item to the Board and provided a summary of the staff's recommendation to contract with Managed Business Solutions, LLC (MBS) to support the mass recalculations of members' Flex Credit benefits related to the Alameda Implementation.

MOTION: Approve Staff's Recommendation to Authorize the Retirement Administrator to Execute an Agreement with Managed Business Solutions, LLC in Support of Mass Recalculations for Flex Credit at a Cost of \$169,660 and a Total Contract Amount of \$200,000.

Moved by Roberts, seconded by Horgan

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts

No: -

Absent: Sedell

Abstain: -

C. CTO Review and Recommendations Regarding VCERA Pension Administration System Hosting.

RECOMMENDED ACTION: Approve.

1. Staff Letter from Chief Technology Officer.

Ms. Oliver presented the item to the Board and explained staff's recommendation regarding the hosting of VCERA's Pension Administration System.

MOTION: Approve Recommendation from Chief Technology Officer to Accept the Reduced Temporary Rate from VSG Hosting and Remain on their Hosting Infrastructure and Authorize the Retirement Administrator to Execute an Amendment to the Hosting Agreement that Documents this Temporary Rate Reduction, with the New Rate to be Effective at the Earliest Possible Quarter.

Moved by Long, seconded by Joe

Vote: Motion carried

Yes: Grass, Goulet, Hernandez-Garcia, Horgan, Joe, Long, Roberts

No: -

Absent: Sedell

Abstain: -

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

RECOMMENDED ACTION: Approve.

1. Staff Letter from Retirement Administrator.

Ms. Oliver presented the item to the Board and recommended authorization for her to conduct a site visit for the Public Retirement Information Systems Management (PRISM), in Nashville, Tennessee, from August 20th through 24th, 2023.

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

Moved by Roberts, seconded by Horgan

Vote: Motion carried

Yes: Grass, Hernandez-Garcia, Horgan, Joe, Long, Roberts

No: Goulet

Absent: Sedell
Abstain: -

Chair Goulet noted that he voted no on the item because he had also voted no on the CTO's previous request to run for President of PRISM.

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

MOTION: Receive and File

Moved by Long, seconded by Horgan

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

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

1. Letter from Ad Hoc Committee.
2. Proposed Statement of Work from CPS Recruitment.

Trustee Horgan presented the item and explained the Ad Hoc Recruitment Committee's recommendation to engage with CPS for recruitment services for the hiring of VCERA's new Retirement Administrator.

MOTION: Approve Engagement with CPS Recruitment for Formal Recruitment for VCERA's Next Retirement Administrator at a Cost of \$25,000, and Approval of Up to \$10,000 in Potential Candidate Expenses Associated with the Recruitment Process.

Moved by Roberts, seconded by Long

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

Chair Goulet noted that the Board would consider agenda items, IX.A. & B., Informational, X., Public Comment, XI., Staff Comment, and XII., Board Member Comment, before going into Closed Session.

After the vote on the agenda item, the Board advanced to item, IX. A & B., Informational.

VIII. CLOSED SESSION

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Retirement Administrator.

(Government Code section 54957(b)(1))

The Board entered Closed Session at 12:39 p.m.

IX. INFORMATIONAL

- A. VCERA Response to Retiree Concerns Regarding Alameda Implementation.
- B. SACRS Legislative Update – July 2023.

Ms. Webb noted that item A was provided to the Ventura County Board of Supervisors as well as the Board of Retirement in response to the concerns that were voiced by several retirees regarding VCERA's Alameda Implementation.

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Oliver reminded the Board that Chair Goulet had recently inquired about regular reporting of Gartner Services to the Board. However, after a review of the meeting minutes, she confirmed that staff was awaiting further communication from Chair Goulet and/or direction from the Board regarding a request for regular reporting for Gartner services.

She also reported that PrimeGov, VCERA's Agenda Management System, was working on a project to redesign the user interface and the "Live Meeting" portion of the system. In the meantime, if trustees had any problems with the system, they could contact her.

Mr. Gallagher also reminded the Board that their off-site Board Retreat was scheduled for the Board meeting of September 25, 2023.

XII. BOARD MEMBER COMMENT

Trustee Long noted that this would be Ms. Webb's last Board meeting as VCERA's Retirement Administrator, and so she wanted to thank her for her leadership during her time with VCERA.

Chair Goulet said he agreed with Trustee Long's comments.

Trustee Hernandez-Garcia also thanked Ms. Webb and wished her the best in her new position.

Ms. Webb said that her husband wanted her to convey to the Board his appreciation for the support they gave to their family.

Chair Goulet then said the Board would adjourn the Open Session meeting and enter into the Closed Session meeting. He also did not anticipate any announcements after the closed session meeting.

After receiving a few comments from some of the Trustees, the Board returned to agenda item, VIII.A, "PUBLIC EMPLOYEE PERFORMANCE EVALUATION, Title: Retirement Administrator, (Government Code section 54957(b)(1))."

XIII. ADJOURNMENT

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'RS', is centered on the page.

RICHARD SANTOS, Interim Retirement Administrator

Approved,

MIKE SEDELL, Chair



September 11, 2023

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

SUBJECT: GASB 67 ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2022 - REVISED.

Dear Board Members:

In January 2023, Paul Angelo, Segal Consulting presented the Actuarial Information - GASB 67 Actuarial Valuation Report as of June 30, 2022 to the Retirement Board. The Retirement Board adopted to receive and file the report.

In February 2023, a DRAFT GASB 68 report, Actuarial Valuation Based on June 30, 2022 Measurement Date for Employer Reporting as of June 30, 2023 (GASB 68 report) was received from Segal. The GASB 68 report was distributed to County of Ventura (i.e., includes Ventura County Courts), Ventura County Air Pollution Control District (VCAPCD) and Ventura Regional Sanitation District (VRSD), the applicable employers, for their review and comment.

In May 2023, VRSD brought to staff's attention that their GASB 68, FY 2022 "pensionable earnings" was significantly overstated. Consequently, VCERA staff researched and reviewed the cause and components of the overstatement. VCERA updated the actuarial data source, submitted to Segal, and requested a revised DRAFT GASB 68 report. Through lessons learned, procedures are now in place to prevent such an actuarial data submission error, prompting a report revision.

In August 2023, the revised GASB 68 report was received. Consequently, GASB 67 Actuarial Valuation Report as of June 30, 2022 required changes. See the attached GASB 67 report - revised. The changes are revised numbers on pages 19 and 20 (covered payroll and NPL/contributions expressed as a percentage of covered payroll) as well as in Appendices B and C. Appendix B provides the revised allocation that is used in the revised GASB 68 report.

The GASB 67 Actuarial Valuation Report as of JUNE 30, 2022 – Revised was presented to and reviewed by the Finance Committee at its August 21, 2023 meeting and the committee recommends that Board receive and file.

RECOMMENDATION: RECEIVE AND FILE GASB 67 ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2022 - REVISED.

Staff will be happy to answer any questions at today's Disability meeting.

Sincerely,

La Valda R. Marshall
Chief Financial Officer

Ventura County Employees' Retirement Association

Governmental Accounting Standards Board Statement No. 67 (GAS 67) Actuarial Valuation

As of June 30, 2022



This report has been prepared at the request of the Board of Retirement to assist in administering the Plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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Segal



180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com
T 415.263.8200

August 14, 2023

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GAS 67) Actuarial Valuation as of June 30, 2022. It contains various information that will need to be disclosed in order to comply with GAS 67.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist VCERA in preparing items related to the pension plan in their financial report. The census and financial information on which our calculations were based was prepared by VCERA. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Molly Calcagno, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the Plan.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

A handwritten signature in black ink, appearing to read "Paul Angelo", written over a horizontal line.

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

A handwritten signature in blue ink, appearing to read "Molly Calcagno", written over a horizontal line.

Molly Calcagno, ASA, MAAA, EA
Actuary

JY/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GAS 67) as of June 30, 2022. This valuation is based on:

- The benefit provisions of VCERA, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2021, provided by VCERA;
- The assets of the Plan as of June 30, 2022, provided by VCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the June 30, 2022 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the June 30, 2022 valuation.

General observations on GAS 67 actuarial valuation

1. It is important to note that the Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as VCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on generally the same basis as VCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. It is our understanding that VCERA terminated the non-vested supplemental (\$27.50) reserve after the June 2019 payment due to the depletion of that Reserve. Any remaining amount in that Reserve is available to pay retroactive benefits, if any. Note that we have included the Reserve amount in the Plan's Fiduciary Net Position but have not included any corresponding liability amount in the TPL.

Section 1: Actuarial Valuation Summary

4. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis.

Highlights of the valuation

1. For this report, the reporting dates for the Plan are June 30, 2022 and 2021. The NPLs measured as of June 30, 2022 and 2021 have been determined by rolling forward the TPL as of June 30, 2021 and 2020, respectively. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.
2. The NPL increased from \$(505) million as of June 30, 2021 to \$438 million as of June 30, 2022 primarily due to the -7.25% return on the market value of assets during 2021/2022 (that was less than the assumed return of 7.00%). Changes in these values during the last two fiscal years ending June 30, 2022 and June 30, 2021 can be found in *Section 2, Schedules of changes in Net Pension Liability* on page 19.
3. The discount rate used to determine the TPL and NPL as of June 30, 2022 was 7.00% following the same assumption used by VCERA in the funding valuation as of the same date. The detailed derivation of the discount rate of 7.00% used in calculation of the TPL and NPL as of June 30, 2022 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
4. *Section 3* contains two schedules that the American Institute of Certified Public Accountants (AICPA) recommends be prepared by cost sharing pension plans. These two schedules contain summary information related to GAS 68 and are based on many of the results that will be shown in a separate GAS 68 report. The first schedule shows the method used for allocating the NPL along with the NPL amounts allocated amongst all of the employers in VCERA. The second schedule is a summary that shows the allocated NPL, deferred outflows and inflows of resources and pension expense by employer. Further information regarding GAS 68 including additional information that employers will need to disclose will be provided in a separate report that is anticipated to be completed during the first quarter of 2023.
5. On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriffs' Assn. et al. v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for non-PEPRA members and pensionable compensation for PEPRA members. In response, the Board adopted a Resolution, which detailed the implementation of certain aspects of the Alameda decision including reclassifying certain pay items so that they are no longer included in compensation earnable, including standby and call-back pay. However, the Board has delayed certain exclusions including flexible benefit credits. As discussed with VCERA staff, the effect of the Alameda Decision will be reflected as gains and losses as issues are settled and corrections are made to the membership data provided for each

Section 1: Actuarial Valuation Summary

valuation. Our understanding is that the June 30, 2021 membership data (used in the roll forward to determine the TPL as of June 30, 2022) provided reflected some of the reclassifications of the pay codes that have been adopted by the Board for active members, including standby and call-back pay. Any additional changes in the membership data after June 30, 2021 as a result of the Alameda Decision will be reflected in future valuations once they are known. In addition, any additional impact on the Plan's Fiduciary Net Position related to recovery of benefits and/or refunds of member contributions previously paid in conjunction with these pay items has not been reflected in this valuation but will be reflected in future valuations once it is known.

6. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2022. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2022. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Measurement Date		June 30, 2022	June 30, 2021
Disclosure elements for plan year ending June 30:	• Service cost ¹	\$165,663,753	\$152,049,281
	• Total Pension Liability	7,463,430,523	7,177,087,693
	• Plan's Fiduciary Net Position	7,025,332,391	7,681,553,297
	• Net Pension Liability	438,098,132	(504,465,604)
Schedule of contributions for plan year ending June 30:	• Actuarially determined contributions ²	\$178,667,231	\$178,628,118
	• Actual contributions	178,667,231	178,628,118
	• Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:³	• Number of retired members and beneficiaries	8,007	7,751
	• Number of inactive vested members ⁴	3,812	3,491
	• Number of active members	9,077	8,491
Key assumptions as of June 30:	• Investment rate of return	7.00%	7.00%
	• Inflation rate	2.50%	2.50%
	• Projected salary increases ⁵	General: 3.75% to 10.00% and Safety: 4.00% to 12.00%	General: 3.75% to 10.00% and Safety: 4.00% to 12.00%
	• Cost of living adjustments		
	– Tiers with 3.00% COLA	2.75%	2.75%
	– Tiers with fixed 2% COLA	2.00%	2.00%
	– Tiers without COLA	0.00%	0.00%

¹ The service cost is based on the previous year's valuation, meaning the 2022 and 2021 values are based on the valuations as of June 30, 2021 and June 30, 2020, respectively. The 2022 service cost has been calculated using the assumptions shown in the 2021 column and the 2021 service cost has been calculated using the assumptions used in the June 30, 2020 valuation. The key assumptions as of June 30, 2020 are as follows:

Key assumptions as of June 30, 2020:

Investment rate of return	7.25%
Inflation rate	2.75%
Projected salary increases*	General: 3.75% to 10.25% and Safety: 3.95% to 11.75%
Cost of living adjustments:	Tiers with 3.00% COLA: 2.75%, Tiers with fixed 2% COLA: 2.00% and Tiers without COLA: 0.00%

* Includes inflation at 2.75% plus real across-the-board salary increases of 0.50% plus merit and promotion increases.

² Actuarially Determined Contributions exclude employer paid member contributions.

³ Data as of June 30, 2021 is used in the measurement of the TPL as of June 30, 2022.

⁴ Includes inactive members with member contributions on deposit.

⁵ Includes inflation at 2.50% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan provisions.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by VCERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the measurement date, as provided by VCERA.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The valuation is prepared at the request of the Board to assist VCERA in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

If VCERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of VCERA, it is not a fiduciary in its capacity as actuaries and consultants with respect to VCERA.

Section 2: GAS 67 Information

General information about the pension plan

Plan Description

Plan administration. The Ventura County Employees' Retirement Association (VCERA) was established by the County of Ventura in 1947. VCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et seq.) and the California Public Employees' Pension Reform Act of 2013 or "PEPRA" (California Government Code Section 7522 et seq.). VCERA is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the safety and general members employed by the County of Ventura. VCERA also provides retirement benefits to the employee members of the Ventura County Courts, Air Pollution Control District, the Ventura Regional Sanitation District and VCERA.

The management of VCERA is vested with the VCERA Board of Retirement. The Board consists of nine members and three alternates. The County Treasurer is elected by the general public and a member of the Board of Retirement by law. Four members and one alternate, one of whom may be a County Supervisor, are appointed by the Board of Supervisors. Two members are elected by the general membership; one member and one alternate are elected by the safety membership, one member and one alternate are elected by the retired members of the Association. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his term as County Treasurer.

Plan membership. At June 30, 2022, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8,007
Inactive vested members entitled to but not yet receiving benefits ¹	3,812
Active members	<u>9,077</u>
Total	20,896

Note: Data as of June 30, 2022 is not used in the measurement of the TPL as of June 30, 2022.

¹ Includes inactive members with member contributions on deposit.

Section 2: GAS 67 Information

Benefits provided. VCERA provides service retirement, disability, death and survivor benefits to eligible employees. All permanent employees of the County of Ventura or contracting district who work a regular schedule of 64 or more hours per bi-weekly pay period become members of VCERA upon appointment. There are separate retirement plans for safety and general member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and probation. The table below indicates all existing VCERA membership tiers:

Membership Tier	Retirement Eligibility
Tier 1 - General Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 30 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 1 - Safety Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 20 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 2 - General Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 30 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 2 COLA - General Legacy Members hired before January 1, 2013	Age 50 and 10 or more years of service credit, or 30 years or more of service credit, regardless of age. Age 70, regardless of service.
Tier 5 ¹ - General PEPRA Members hired on or after January 1, 2013	Age 52 and five years of service credit. Age 70, regardless of service credit.
Tier 6 ² - General PEPRA Members hired on or after January 1, 2013	Age 52 and five years of service credit. Age 70, regardless of service credit.
Tier 7 ³ - Safety PEPRA Members hired on or after January 1, 2013	Age 50 and five years of service credit. Age 70, regardless of service credit.
Tier 8 ² COLA - General PEPRA Members hired on or after January 1, 2013	Age 52 and five years of service credit. Age 70, regardless of service credit.

¹ These are also referred to as PEPRA Tier 1.

² These are also referred to as PEPRA Tier 2.

³ These are also referred to as Safety PEPRA.

Section 2: GAS 67 Information

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits for Tier 1 and Tier 2 are calculated pursuant to the provisions of California Government Code Sections 31676.11 and 31676.1, respectively. The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either Section 31676.11 (Tier 1) or 31676.1 (Tier 2). General member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provisions of California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety member benefits are calculated pursuant to the provisions of California Government Code Section 31664. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from Section 31664. For those Safety members first hired on or after January 1, 2013, benefits are calculated pursuant to the provisions of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no 100% of final average compensation limit on the maximum monthly retirement allowance benefit for members with membership dates on or after January 1, 2013. However, the maximum amount of compensation earnable that can be considered for purposes of retirement contributions and benefit calculations for 2022 for members hired on or after July 1, 1996 but before January 1, 2013 is \$305,000. For members hired on or after January 1, 2013 who are enrolled in Social Security, the maximum amount of pensionable compensation that can be considered for purposes of retirement contributions and benefit calculations for 2022 is \$134,974 (\$161,969 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.¹

Final average compensation consists of the highest 12 consecutive months for Legacy Safety and Tier 1 General members. The final average compensation consists of the highest 36 consecutive months for all other tiers.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member one year prior to the effective retirement date or at least two years prior to the date of death and has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the

¹ Members and employers do not pay contributions on compensation in excess of the pensionable compensation caps.

Section 2: GAS 67 Information

optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

VCERA provides an annual cost-of-living adjustment (COLA) benefit to Safety and Tier 1 General member retirees. The COLA, based upon the change in the December-to-December Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area, is capped at 3.0%. Certain Tier 2 and all Tier 8 General member retirees receive a fixed 2% COLA that applies to future service after March 2003 pursuant to collective bargaining agreements.

The employers contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2022 for 2021/2022 (based on the June 30, 2020 valuation) was 22.22% of compensation.

Members are required to make contributions to VCERA up to the requisite limits, regardless of the retirement plan or tier.¹ The average member contribution rate as of June 30, 2022 for 2021/2022 (based on the June 30, 2020 valuation) was 9.91% of compensation.

¹ Safety Legacy members with 30 or more years of service are exempt from paying member contributions. The same applies for General Legacy members hired on or before March 7, 1973.

Section 2: GAS 67 Information

Net Pension Liability

The components of the Net Pension Liability were as follows:

Measurement Date	June 30, 2022	June 30, 2021
Total Pension Liability	\$7,463,430,523	\$7,177,087,693
Plan's Fiduciary Net Position	(7,025,332,391)	(7,681,553,297)
Net Pension Liability	\$438,098,132	\$(504,465,604)
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	94.13%	107.03%

The Net Pension Liability (NPL) was measured as of June 30, 2022 and 2021. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2021 and 2020, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2022 and 2021 are the same as those used in the VCERA actuarial valuations as of June 30, 2022 and 2021. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the non-vested supplemental (\$27.50) reserve.¹

Actuarial assumptions. The TPLs as of June 30, 2022 and 2021 were determined by actuarial valuations as of June 30, 2021 and 2020, respectively. The actuarial assumptions used were based on the results of an experience study for the period from July 1, 2017 through June 30, 2020 and they are the same assumptions used in the June 30, 2022 and 2021 funding valuations for VCERA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

¹ It is our understanding that the VCERA has terminated the non-vested supplemental reserve after the June 2019 payment due to the depletion of that Reserve.

Section 2: GAS 67 Information

Investment rate of return:	7.00%, net of pension plan investment expense, including inflation
Inflation rate:	2.50%
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 3.75% to 10.00% and Safety: 4.00% to 12.00%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	<p>Retiree COLA increases of 2.75% per year for both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety. For both PEPRA and non-PEPRA General Tier 2, members represented by SEIU receive a fixed 2% COLA that applies to future service after March 2003.</p> <p>For both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety members that have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter. For both PEPRA and non-PEPRA General Tier 2 members represented by SEIU, the fixed 2% COLA increase is not subject to changes in the CPI.</p>
Other assumptions:	See analysis of actuarial experience during the period July 1, 2017 through June 30, 2020

The Entry Age Actuarial Cost Method used in VCERA's annual actuarial valuation has also been applied in measuring the service cost and TPL with one exception. For purposes of measuring the service cost and TPL, we have reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in VCERA's annual funding valuation, where the Normal Cost and Actuarial Accrued Liability are determined as if the current benefit accrual rate had always been in effect.

Section 2: GAS 67 Information

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments¹ was determined in 2021 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, are shown in the following tables. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2022 and 2021 actuarial valuations. This information will change every three years based on the actuarial experience study.

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	27.69%	5.39%
Small Cap Equity	3.96%	6.58%
Developed International Equity	16.04%	6.39%
Emerging Market Equity	4.31%	8.60%
Core Bonds	5.00%	0.83%
Treasuries	2.00%	0.00%
Real Estate	8.00%	5.01%
Private Equity	16.00%	10.00%
Private Debt/Credit Strategies	6.00%	5.02%
Infrastructure	4.00%	5.89%
Natural Resources	2.00%	11.24%
Absolute Return Fixed Income	5.00%	2.17%
Total	100.00%	6.06%

¹ Note that the investment return assumption for funding purposes is developed net of both investment and administrative expenses; however, the same investment return assumption is used for financial reporting purposes, where it is considered gross of administrative expenses.

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Discount rate. The discount rate used to measure the TPL was 7.00% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2022 and 2021.

Section 2: GAS 67 Information

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL as of June 30, 2022, calculated using the discount rate of 7.00%, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2022	\$1,424,915,740	\$438,098,132	\$(377,163,465)

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Schedule of changes in Net Pension Liability – Last two fiscal years

Measurement Date	June 30, 2022	June 30, 2021
Total Pension Liability		
• Service cost	\$165,663,753	\$152,049,281
• Interest	501,494,181	487,569,069
• Change of benefit terms	0	0
• Differences between expected and actual experience	(23,717,377)	8,880,010
• Changes of assumptions	0	122,030,630
• Benefit payments, including refunds of member contributions	(357,097,727)	(332,965,261)
Net change in Total Pension Liability	\$286,342,830	\$437,563,729
Total Pension Liability – beginning	<u>7,177,087,693</u>	<u>6,739,523,964</u>
Total Pension Liability – ending	\$7,463,430,523	\$7,177,087,693
Plan's Fiduciary Net Position		
• Contributions – employer ¹	\$178,667,231	\$178,628,118
• Contributions – employee ¹	84,719,851	79,654,028
• Net investment income	(553,406,546)	1,849,957,596
• Benefit payments, including refunds of member contributions	(357,097,727)	(332,965,261)
• Administrative expense	(6,169,082)	(5,523,345)
• Other expense	(2,934,633)	(3,049,909)
Net change in Plan's Fiduciary Net Position	\$(656,220,906)	\$1,766,701,227
Plan's Fiduciary Net Position – beginning	<u>7,681,553,297</u>	<u>5,914,852,070</u>
Plan's Fiduciary Net Position – ending	\$7,025,332,391	\$7,681,553,297
Net Pension Liability – ending	\$438,098,132	\$(504,465,604)
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	94.13%	107.03%
Covered payroll²	\$834,433,000	\$785,121,000
Net Pension Liability as percentage of covered payroll	52.50%	(64.25%)

Notes to Schedule:

Benefit changes: None

¹ See footnote 2 on the following page.

² Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 67 Information

Schedule of employer contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions ^{1,2}	Contributions in Relation to the Actuarially Determined Contributions ^{1,2}	Contribution Deficiency / (Excess)	Covered Payroll ³	Contributions as a Percentage of Covered Payroll
2013	\$142,370,000	\$142,370,000	\$0	\$632,146,000	22.52%
2014	161,247,000	161,247,000	0	642,779,000	25.09%
2015	173,269,000	173,269,000	0	665,086,000	26.05%
2016	177,830,000	177,830,000	0	688,233,000	25.84%
2017	190,712,000	190,712,000	0	716,033,000	26.63%
2018	197,638,000	197,638,000	0	736,994,000	26.82%
2019	199,890,664	199,890,664	0	754,657,000	26.49%
2020	214,553,123	214,553,123	0	768,619,000	27.91%
2021	178,628,118	178,628,118	0	785,121,000	22.75%
2022	178,667,231	178,667,231	0	834,433,000	21.41%

See accompanying notes to this schedule on the next page.

¹ All "Actuarially Determined Contributions" through June 30, 2014 were determined as the "Annual Required Contribution" under GAS 25 and 27.

² Actuarially Determined Contributions exclude employer paid member contributions.

³ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 67 Information

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level percent of payroll for total unfunded actuarial accrued liability
Remaining amortization period:	15 years for UAAL as of June 30, 2004. Any changes in UAAL after June 30, 2004 are separately amortized over a 15-year closed period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.
Asset valuation method:	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-vested supplemental (\$27.50) reserve and statutory contingency reserve.

Section 2: GAS 67 Information

Actuarial assumptions:

Valuation Date:	June 30, 2020 Valuation (used for the year ended June 30, 2022 ADC)
Investment rate of return:	7.25%, net of pension plan administration and investment expenses, including inflation
Inflation rate:	2.75%
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 3.75% to 10.25% and Safety: 3.95% to 11.75%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	<p>Retiree COLA increases of 2.75% per year for both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety. For both PEPRA and non-PEPRA General Tier 2, members represented by SEIU receive a fixed 2% COLA that applies to future service after March 2003.</p> <p>For both PEPRA and Non-PEPRA General Tier 1 and both PEPRA and Non-PEPRA Safety members that have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter. For both PEPRA and non-PEPRA General Tier 2 members represented by SEIU, the fixed 2% COLA increase is not subject to changes in the CPI.</p>
Other assumptions:	Same as those used in the June 30, 2020 funding actuarial valuation

Section 3: Appendices

Appendix A: Projection of Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2022 (\$ in millions)

Year Beginning July 1,	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2021	\$7,682	\$263	\$357	\$9	-\$553	\$7,025
2022	7,025	233	400	8	485	7,335
2023	7,335	228	402	9	507	7,660
2024	7,660	189	422	9	527	7,944
2025	7,944	156	443	9	545	8,193
2026	8,193	166	464	10	562	8,447
2027	8,447	162	486	10	579	8,692
2028	8,692	157	507	10	595	8,927
2029	8,927	153	528	11	611	9,152
2030	9,152	150	549	11	625	9,367
2046	10,795	54	847	13	726	10,716
2047	10,716	50	859	13	720	10,615
2048	10,615	47	870	13	712	10,491
2049	10,491	43	880	12	703	10,345
2050	10,345	40	887	12	693	10,178
2095	106	2	30	0 *	6	83
2096	83	1	23	0 *	5	66
2097	66	1	18	0 *	4	54
2098	54	1	13	0 *	3	45
2099	45	1	10	0 *	3	39
2100	39	1	7	0 *	3	35
2128	146	0 *	0 *	0 *	10	156
2129	156					
2129 Discounted Value:	0 **					

* Less than \$1 million, when rounded.

** \$156 million when discounted with interest at the rate of 7.00% per annum is less than \$1 million as of June 30, 2022.

Section 3: Appendices

Appendix A: Projection of Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2022 (continued)

Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Amounts shown in the year beginning July 1, 2021 row are actual amounts, based on the unaudited financial statements provided by VCERA.
- (3) Various years have been omitted from this table.
- (4) Column (a): Except for the "discounted value" shown for 2129, none of the projected beginning Plan's Fiduciary Net Position amounts shown have been adjusted for the time value of money.
- (5) Column (b): Projected total contributions include employee and employer normal cost rates applied to closed group projected payroll (based on covered active members as of June 30, 2021), plus employer contributions to the unfunded actuarial accrued liability. Contributions are assumed to occur halfway through the year, on average.
- (6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2021. The projected benefit payments reflect the cost of living increase assumptions used in June 30, 2022 valuation report.
- (7) Column (d): Projected administrative expenses are calculated as approximately 0.12% of the projected beginning Plan's Fiduciary Net Position amount. The 0.12% portion was based on the actual fiscal year 2021/2022 administrative and other expenses (unaudited) as a percentage of the actual beginning Plan's Fiduciary Net Position as of July 1, 2021. Administrative expenses are assumed to occur halfway through the year, on average.
- (8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.
- (9) As illustrated in this appendix, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2022 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.
- 10) This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Section 3: Appendices

Appendix B: Determination of proportionate share

July 1, 2021 to June 30, 2022

Actual Compensation by Employer and Tier

Employer ID	Employer	General Tier 1 and 2	General Tier 1 and 2 %	Safety Tier	Safety Tier %	Total Compensation	Total %
01	County of Ventura	\$603,184,285	93.920%	\$192,201,096	100.000%	\$795,385,381	95.320%
10	Ventura County Courts	30,045,976	4.678%	0	0.000%	30,045,976	3.601%
11	Ventura County Air Pollution Control District	4,424,161	0.689%	0	0.000%	4,424,161	0.530%
22	Ventura Regional Sanitation District	<u>4,577,141</u>	<u>0.713%</u>	<u>0</u>	<u>0.000%</u>	<u>4,577,141</u>	<u>0.549%</u>
Total		\$642,231,563	100.000%	\$192,201,096	100.000%	\$834,432,659	100.000%

Allocation of June 30, 2022 Net Pension Liability (NPL)

Employer ID	Employer	General Tier 1 and 2	General Tier 1 and 2 %	Safety Tier	Safety Tier %	Total NPL	Employer Allocation Percentage
01	County of Ventura	\$273,944,272	93.920%	\$146,420,013	100.000%	\$420,364,285	95.952%
10	Ventura County Courts	13,645,785	4.678%	0	0.000%	13,645,785	3.115%
11	Ventura County Air Pollution Control District	2,009,292	0.689%	0	0.000%	2,009,292	0.459%
22	Ventura Regional Sanitation District	<u>2,078,770</u>	<u>0.713%</u>	<u>0</u>	<u>0.000%</u>	<u>2,078,770</u>	<u>0.474%</u>
Total		\$291,678,119	100.000%	\$146,420,013	100.000%	\$438,098,132	100.000%

Section 3: Appendices

Appendix B: Determination of proportionate share (continued)

Notes to Schedule:

Actual July 1, 2021 through June 30, 2022 compensation information was provided by VCERA. Results may not total due to rounding.

The Net Pension Liability (NPL) for each tier is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position. The TPL for each tier is obtained from internal valuation results based on the actual participants in each tier. The Plan's Fiduciary Net Position for each tier was determined by adjusting each tier's internally tracked valuation value of assets (which is used to determine employer contribution rates by tier) by the ratio of the total VCERA Plan's Fiduciary Net Position to total VCERA valuation value of assets. Based on this methodology, any non-valuation reserves (such as the \$27.50 non-vested supplemental reserve) are allocated amongst the tiers based on each tier's valuation value of assets.

The Safety Tier only has one employer (County of Ventura), so all of the NPL for that tier is allocated to the County.

For the two other tiers that have multiple employers, the NPL is allocated based on the actual compensation for each employer in the tier during the period ending on the measurement date within the tier.

- a. Calculate ratio of employer's compensation to the total compensation for the tier.
- b. This ratio is multiplied by the NPL for the tier to determine the employer's proportionate share of the NPL for the tier.
- c. If the employer is in several tiers, the employer's total allocated NPL is the sum of its allocated NPL from each tier.
- d. In this allocation, General Tier 1 and 2 were treated as one tier (combined) consistent with the determination of the Basic UAAL rate in the actuarial valuation.

Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2023. The reporting date and measurement date for the plan under GAS 67 are June 30, 2022. Consistent with the provisions of GAS 68 the assets and liabilities measured as of June 30, 2022 are not adjusted or "rolled forward" to June 30, 2023 for employer reporting under GAS 68. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

Section 3: Appendices

Appendix C: Pension amounts by employer as of June 30, 2022

	County of Ventura	Ventura County Courts	Ventura County Air Pollution Control District
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$16,743,925	\$543,538	\$80,034
Net Excess of Projected Over Actual Earnings on Pension Plan Investments (If Any)	97,894,177	3,177,822	467,923
Changes of Assumptions	83,242,413	2,702,199	397,889
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>4,585,691</u>	<u>2,055,754</u>	<u>745,592</u>
Total Deferred Outflows of Resources	\$202,466,206	\$8,479,313	\$1,691,438
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	\$18,286,331	\$593,607	\$87,407
Net Excess of Actual Over Projected Earnings on Pension Plan Investments (If Any)	0	0	0
Changes of Assumptions	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>2,932,960</u>	<u>3,319,106</u>	<u>694,946</u>
Total Deferred Inflows of Resources	\$21,219,291	\$3,912,713	\$782,353
Net Pension Liability			
Net Pension Liability as of June 30, 2021	\$(489,858,966)	\$(11,479,162)	\$(999,434)
Net Pension Liability as of June 30, 2022	\$420,364,285	\$13,645,785	\$2,009,292
Pension Expense			
Proportionate Share of Allocable Plan Pension Expense	\$66,210,294	\$2,149,306	\$316,478
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>80,779</u>	<u>(16,461)</u>	<u>(3,191)</u>
Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions	\$66,291,073	\$2,132,845	\$313,287

Section 3: Appendices

Appendix C: Pension amounts by employer as of June 30, 2022 (continued)

Deferred Outflows of Resources	Ventura Regional Sanitation District	Total for All Employers
Differences Between Expected and Actual Experience	\$82,801	\$17,450,298
Net Excess of Projected Over Actual Earnings on Pension Plan Investments (If Any)	484,103	102,024,025
Changes of Assumptions	411,647	86,754,148
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>131,614</u>	<u>7,518,651</u>
Total Deferred Outflows of Resources	\$1,110,165	\$213,747,122
Deferred Inflows of Resources		
Differences Between Expected and Actual Experience	\$90,429	\$19,057,774
Net Excess of Projected Over Actual Earnings on Pension Plan Investments (If Any)	0	0
Changes of Assumptions	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>571,639</u>	<u>7,518,651</u>
Total Deferred Inflows of Resources	\$662,068	\$26,576,425
Net Pension Liability		
Net Pension Liability as of June 30, 2021	\$(2,128,042)	\$(504,465,604)
Net Pension Liability as of June 30, 2022	\$2,078,770	\$438,098,132
Pension Expense		
Proportionate Share of Allocable Plan Pension Expense	\$327,421	\$69,003,499
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>(61,127)</u>	<u>0</u>
Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions	\$266,294	\$69,003,499

Section 3: Appendices

Appendix C: Pension amounts by employer as of June 30, 2022 (continued)

Amounts shown in this appendix, excluding the differences between employer contributions and proportionate share of contributions, were allocated by employer based on the Employer Allocation Percentage calculated in Appendix B.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Differences between expected and actual experience and between employer contributions and proportionate share of contributions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through VCERA determined as of June 30, 2021 (the beginning of the measurement period ending June 30, 2022) and is 5.09 years.

The average of the expected remaining service lives of all employees was determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Section 3: Appendices

Appendix D: Definition of Terms

Definitions of certain terms as they are used in Statement 67. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to the pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.

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Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 67.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan's Fiduciary Net Position is projected (under the requirements of Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

Section 3: Appendices

Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 67.

September 11, 2023

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

**SUBJECT: REQUEST BY THE AD HOC COMMITTEE FOR THE RETIREMENT ADMINISTRATOR
RECRUITMENT TO APPROVE THE STATEMENT OF WORK FOR COOPERATIVE
PERSONNEL SERVICES, dba CPS HR CONSULTING**

Dear Board Members:

The Ad Hoc Committee for Retirement Administrator Recruitment recommends approval of the accompanying Statement of Work ("SOW") with Cooperative Personnel Services, dba CPS HR Consulting, ("CPS"), the recruitment firm that the Board engaged for this project.

Background:

At the June 21, 2023, retirement board meeting, the Ad Hoc Committee for the Retirement Administrator Recruitment was appointed to negotiate and recommend selection of an Interim Retirement Administrator, as well as negotiation and selection of a firm to conduct a recruitment for a permanent Retirement Administrator and to recommend to the Board a limited number of qualified candidates for the entire Board to interview. At the July 24, 2023, meeting, the Committee, consisting of myself, Trustee Ashby and Trustee Horgan, recommended, and the Board approved, the engagement of Richard Santos as the Interim Retirement Administrator and the Board also approved the Committee's recommendation to engage CPS for recruitment of a permanent Retirement Administrator at a cost of \$25,000. Given that VCERA has an existing Master Agreement with CPS as a result of prior engagements for the recruitment of a Retirement Administrator and Chief Investment Officer, the only further documentation necessary to authorize the new recruitment is a Statement of Work ("SOW").

The Proposal that is attached as Exhibit A to the SOW, contains a timeline and proposed schedule of milestones for the conduct of a "full recruitment." (Proposal, page 10). The entire process is targeted to result in the successful appointment of a Retirement Administrator within a four month period, but the SOW allows for a completion date of February 29, 2024, out of caution. The project will be completed in three phases:

- Phase 1 – Develop Candidate Profile and Recruitment Strategy
- Phase 2 – Aggressive, Proactive and Robust Recruitment
- Phase 3 – Selection

The fee of \$25,000 will be payable in three installments, upon completion of each of the three phases of the project. Finally, CPS offers a one-year guarantee, such that if the employment of the selected candidate comes to an end before the completion of one year of service, CPS will conduct a new recruitment at no cost.

The SOW, including the Proposal attached as Exhibit A, has been reviewed and approved by the Committee and by VCERA General Counsel. Accordingly, the Committee recommends approval by the Board.

I will be pleased to answer any questions the Board may have at our September 11, 2023, meeting.

RECOMMENDATION: APPROVE THE STATEMENT OF WORK FOR COOPERATIVE PERSONNEL SERVICES, dba CPS HR CONSULTING

Sincerely,



Mike Sedell
Chair, Board of Retirement

STATEMENT OF WORK NO. 3

Retirement Administrator Full Recruitment

This Statement of Work (“SOW”), effective August 7, 2023 (“Effective Date”) is issued under and subject to all of the terms and conditions of the Master Consulting Services Agreement, (the “Agreement”), dated as of May 27, 2014 by and between Cooperative Personnel Services, dba **CPS HR Consulting**, a California Joint Powers Authority (“CPS HR”) with offices at 2450 Del Paso Road, Suite 220, Sacramento, CA 95834 and the **Ventura County Employees’ Retirement Association** (“Client”) with offices at 1190 South Victoria Avenue, Suite 200, Ventura, CA 93003.

Any modifications specified in this SOW shall be applicable only to the parties hereto and shall not affect the Agreement or any other agreement. All changes to this SOW must be mutually agreed to and executed in writing by duly authorized representatives of both parties as an amendment to this SOW.

Capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

1. **SERVICES:** Services to be provided are as described in Exhibit “A” (CPSHR Proposal dated 7/20/2023).
2. **CLIENT RESPONSIBILITIES:**
 - a. Client is responsible for designating an individual to coordinate communication, meetings, interview schedules, and review of products with the project team. Client’s Project Representative will be responsible for the following activities:
 - i. Coordinating all meeting schedules, conference calls, facilities and equipment needs
 - ii. Coordinating interview schedules and facilities and distributing project update information
 - b. Any work products developed during the activities described above will be submitted to the Client’s Project Representative for review, comment and/or approval. This is a critical step to ensure accurate, reliable, and valid products.
3. **START DATE(S):** August 7, 2023
4. **COMPLETION DATE(S):** February 29, 2024
5. **CPS HR PROJECT MANAGER:** Pamela Derby pderby@cpsshr.us
6. **CLIENT PROJECT REPRESENTATIVE:** Michael Sedell msisedell@yahoo.com
7. **SERVICE FEES:** \$25,000.00
 - a. All Services provided to Client by CPS HR hereunder are priced on a **FIXED PRICE** basis. All amounts are based upon the following assumptions. Any deviations from the following assumptions may result in an increase in the Fees: (i) Client will timely perform its responsibilities as set forth in this SOW; and (ii) Services will normally be performed during normal business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding CPS HR holidays (“Normal Business Hours”).
 - b. **Professional Services Fees:** The professional fixed fee of \$25,000 covers all CPS HR services associated with the “Full Recruitment Option” to include Phases I, II, and III of the recruitment process as outlined in Exhibit A.
 - c. **Additional Expenses Not Included:** Travel expenses for candidates who are invited forward in the interview process are **NOT** included. However, should the Client desire CPS HR’s Travel Team to assist with these arrangements, CPS HR can provide assistance. This might require an amount be added to the Agreement.
 - d. **Invoices:** CPS HR will invoice Client at the fixed fee rate billed upon completion of each phase as follows:

Phase I	\$8,333.33
Phase II	\$8,333.33
Phase III	\$8,333.34

Client will pay CPS HR within thirty (30) days following receipt of invoice.

- e. One-Year Guarantee: If the employment of the candidate selected and appointed by the Client, as a result of a full executive recruitment (Phases I, II, and III), comes to an end before the completion of the first year of service, CPS HR will provide the Client with professional services to appoint a replacement. Professional consulting services will be provided at no cost. The Client would be responsible only for reimbursable expenses. This guarantee does not apply to situations in which the successful candidate is promoted or re-assigned within the organization during the one-year period. Additionally, should the initial recruitment efforts not result in a successful appointment, CPS HR will extend the aggressive recruiting efforts and screen qualified candidates until an offer is made and accepted. CPS HR does not provide a guarantee for candidates placed as a result of a partial recruitment effort.
8. In the event the project is terminated early, CPS HR will be paid such amount as is due for professional services performed and out-of-pocket expenses incurred up to and including the effective date of termination.
 9. This SOW covers work requested and performed prior to the commencement of this SOW.

EACH PARTY ACKNOWLEDGES THAT IT HAS READ THIS SOW, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

Cooperative Personnel Services dba CPS HR Consulting

Ventura County Employees' Retirement Association

By: _____
 Authorized Signature

By: _____
 Authorized Signature

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

PROPOSAL

Ventura County Employees Retirement Association

Executive Recruitment Services for
Retirement Administrator

July 20, 2023

SUBMITTED BY:

MELISSA ASHER

Sr. Practice Leader, Products and Services

CPS HR Consulting

2450 Del Paso Road, Suite 220

Sacramento, CA 95834

P: 916-471-3358

masher@cpsshr.us

Tax ID: 68-0067209

www.cpsshr.us



Your Path to Performance

July 20, 2023

VCERA Board of Retirement
Recruitment Committee
1190 S. Victoria Ave. Suite 200
Ventura, CA 93003

Submitted via email to: mjsedell@yahoo.com

Subject: Executive Recruitment for Retirement Administrator

Dear Recruitment Committee:

CPS HR Consulting (CPS HR) is pleased to have the opportunity to submit a proposal to assist the Ventura County Employees Retirement Association (VCERA) with the recruitment of a new Retirement Administrator. We are uniquely qualified to undertake this effort as we have vast experience in assisting public agencies with executive search, screening, and placement.

We understand that each agency is unique, and our extensive experience allows us to tailor our process to specifically meet your needs. Our work with local government agencies throughout the United States gives us an in-depth understanding of government operations, programs, and services.

CPS HR offers a broad spectrum of human resource services while delivering personalized, results-oriented services, utilizing best practice methods of recruitment and selection strategies from our team of recruitment experts. Each recruitment is an opportunity to shape and prepare your organization for the future. We understand how important this transition is for you and are perfectly placed to assist you in this endeavor. Once this project begins, we will work with VCERA to tailor our process to highlight this exciting opportunity and attract the best possible candidates.

It is our commitment to work in partnership with your organization to a successful result.

Thank you for the opportunity to be considered for this assignment. Should you have questions or comments about the information presented in this proposal, **please contact me (916) 471-3358 or via email at masher@cpsshr.us.**

Sincerely,



Melissa Asher
Senior Practice Leader, Products and Services

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About CPS HR Consulting

CPS HR Consulting has been assisting organizations with their talent management needs for over 35 years. We have unique expertise in delivering HR management and consulting services, employment testing, and assessment services to government agencies throughout North America. Our core competency is its knowledge of and expertise in the public sector.



CPS HR offers clients a comprehensive range of competitively priced services, all of which can be customized to meet your organization's specific needs. We are committed to supporting and developing strategic organizational leadership and human resource management in the public sector. We offer expertise in the areas of organizational strategy, recruitment and selection, training and development, and organization and workforce management.

CPS HR occupies a unique position among its competitors in the field of government consulting; as a Joint Powers Authority, whose charter mandates that we serve only public sector clients, we actively serve all government sectors including Federal, State, Local, Special Districts, Higher Education, and Non-Profit Organizations. This singular position provides CPS HR with a systemic and extensive understanding of how each government sector is inter-connected to each other and to their communities. That understanding, combined with our knowledge of public and private sector best practices, translates into meaningful and practical solutions for our clients' operational and business needs.

With more than 85 full-time employees as well as 200+ project consultants and technical experts nationwide, CPS HR delivers breakthrough solutions that help public sector organizations impact the communities they serve. CPS HR has worked with more than 1,200 government and public/non-profit clients throughout the United States and Canada.

Our headquarters are located in Sacramento, California. We have regional offices in Austin, TX; Littleton, CO; and Orange County, CA.

Recruitment Experts

CPS HR specializes in the recruitment and selection of key professionals for cities, counties, special districts, and non-profits. Working in partnership with the governing body or selection team, we develop customized search strategies that focus on locating and recruiting qualified candidates who match the agency's unique needs. Our wealth of recruitment experience has been gained through **more than 20 years** of placing top and mid-level executives in public agencies throughout the United States.

- **Unmatched Recruitment Experience for Government Agencies.** CPS HR has extensive experience in recruiting executive-level professionals for public agencies across the United States. As a public agency ourselves, we understand how to work with and within government. Our understanding of public sector culture and policy uniquely sets us apart from our competitors.
- **Focus on Diversity Recruiting.** In the past three years, 57% of the candidates placed by CPS HR are female, members of ethnic minorities or both. To continue this trend, CPS HR is constantly assessing the best methods for reaching the broadest network of possible candidates. To that end, we have just signed a contract with Zoom Info, a new sourcing platform, that includes a diversity sourcing filter.
- **Seasoned Executive Recruiters.** Our recruiters possess a high level of expertise in recruiting and placing executive-level professionals. Our staff of experts includes an exceptional group of full-time employees as well as a full complement of subject matter experts, intermittent employees, and part-time employees with a variety of public and private sector experience.
- **Detailed Needs Assessments.** We conduct a detailed needs assessment to identify 1) future organizational direction; 2) challenges facing the position; 3) the working style and organizational climate; and 4) required core and job specific competencies as well as personal and professional characteristics.
- **Success Recruiting Non-Job Seeking Talent.** We recognize that the very best candidates for some types of positions may not be looking for a career change, therefore, our recruitment team takes a very aggressive approach to identify and recruit such candidates.
- **Vast Pool of Public Agency Contacts.** CPS HR maintains a database of candidates and an extensive network of external resources to leverage for executive-level positions. We utilize our vast pool of public and non-profit contacts to deliver a strong list of competitive candidates who will be well prepared to assist you in the accomplishment of your specific mission and goals.
- **Retention/Success Rate.** Our success rate is tied to the longevity of the candidates we place, currently more than 95% of our placements are still in their position after two years.

Our Approach

Key Stakeholder Involvement

The Recruitment Committee on behalf of the Ventura County Employees Retirement Association must be intimately involved in the search for a new Retirement Administrator. Our approach assumes their direct participation in key phases of the search process. At the discretion of the Recruitment Committee, other key stakeholders may also be invited to provide input for the development of the candidate profile.

VCERA's Needs

A critical first step in a successful executive search is for the Recruitment Committee to define the professional and personal qualities required of the Retirement Administrator. CPS HR has developed a very effective process that will permit the Recruitment Committee to clarify the preferred future direction for VCERA; the specific challenges VCERA is likely to face in achieving this future direction; the working style and organizational climate the Recruitment Committee wishes to establish with the Retirement Administrator; and ultimately, the professional and personal qualities required of the Retirement Administrator.

Commitment to Communication

Throughout the recruitment process, we are strongly committed to keeping you fully informed of our progress. We will collaborate with you to provide updates on the status of the recruitment via your preferred method of communication (phone conference, email, etc.).

We place the highest level of importance on customer service and responding in a timely manner to all client and candidate inquiries. Our previous clients and candidates have expressed a sincere appreciation for our level of service and responsiveness to the management of the recruitment process. As a result, we have many long-term relationships with clients that have led to opportunities to assist them with multiple recruitments.

CPS HR's communication continues once you have selected the new Retirement Administrator. We will contact the Recruitment Committee and the newly appointed Retirement Administrator within six months of appointment to ensure an effective transition has occurred.

Aggressive, Proactive, and Robust Recruitment

We take an aggressive approach in identifying and recruiting the best available candidates. There are those candidates who would gladly rise to the professional challenge and apply for this position; however, some of the best candidates are often not actively seeking a new position and may only consider a change once we present them with your opportunity. Evoking the sense of vision and opportunity in qualified persons is among the responsibilities of CPS HR, and we pride ourselves in our efforts to reach the best available potential candidates. We use advertisements, directly email the outreach brochure, post messages and connect with potential candidates on

business media such as LinkedIn, and of course, pick up the phone and call qualified individuals and referral sources.

Diversity Outreach Process

CPS HR strives to attract the most highly qualified, diverse candidate pool possible. We are pleased that our diligent efforts have resulted in more than 57% of our executive level placements being people of color and/or female candidates within the past three years.

We accomplished this by advertising with organizations like the National Forum for Black Public Administrators and the Local Government Hispanic Network in order to reach these specific population groups. We also seek candidate referrals from local subject matter experts and the national leadership of groups like Women Leading Government. By taking the time to directly contact these influential industry experts, we ensure that we capture the maximum number of distinguished candidates – particularly those who are well-known in their industries, but who may not be actively looking for a new job.

The result is incredibly diverse candidate pools. Our clients have been quite pleased with our process and end results.

Methodology and Scope of Work

Our proposed executive search process is designed to provide VCERA with the full range of services required to ensure the ultimate selection of a new Retirement Administrator uniquely suited to VCERA's needs. CPS HR can perform **Outreach Only** or **Partial Recruitment** services if a **Full Recruitment** is not currently needed by VCERA.



Phase I: Our consultant will meet with the Recruitment Committee to ascertain VCERA’s needs and ideal candidate attributes, to target our search efforts, and maximize candidate fit with VCERA.

Phase II: The recruitment process is tailored to fit VCERA’s specific wants and needs, with targeted advertising, combined with contacts with qualified individuals from our extensive database.

Phase III: The selection process is customized for VCERA. CPS HR will work with the Recruitment Committee to determine the process best suited to the Ventura County Employees Retirement Association.

Below is a breakdown of the services included in each recruitment option.

Task	Description	Outreach	Partial	Full
Phase I - Develop Candidate Profile and Recruitment Strategy				
1	Finalize Schedule		X	X
2	Hold Key Stakeholder Meetings	X	X	X
3	Develop Candidate Profile	X	X	X
4	Develop Recruitment Brochure	X	X	X
Phase II – Aggressive, Proactive, and Robust Recruitment				
1	Place Ads	X	X	X
2	Identify and Contact Potential Candidates	X	X	X
3	Review Application Materials		X	X
4	Conduct Screening Interviews		X	X
5	Submit Client Report		X	X

6	Client Meeting to Select Semifinalists		X	X
7	Notify Candidates		X	X
Phase III – Selection				
1	Prepare Assessment			X
2	Schedule Candidates; Coordinate Travel			X
3	Prepare Evaluation manuals			X
4	Facilitate Finalist Selection Process			X
5	Conduct Reference and Background Checks			X
6	Assist in Negotiation (if requested)			X

Phase I - Develop Candidate Profile and Recruitment Strategy

- Task 1 - Review and Finalize Executive Search Process and Schedule
- Task 2 - Key Stakeholder Meetings
- Task 3 - Candidate Profile and Recruitment Strategy Development
- Task 4 – Develop Recruitment Brochure

The first step in this engagement is a thorough review of VCERA’s needs, culture and goals; the executive search process; and the schedule. CPS HR is prepared to meet with key stakeholders to obtain input in developing the ideal candidate profile and to assist us in understanding key issues and challenges that will face a new Retirement Administrator. Activities will include:

- Identifying key priorities for the new Retirement Administrator and the conditions and challenges likely to be encountered in achieving these priorities.
- Describing the type of working relationship the Recruitment Committee wishes to establish with the Retirement Administrator.
- Generating lists of specific competencies, experiences, and personal attributes needed by the new Retirement Administrator in light of the discussions above.
- Discussing recruitment and selection strategies for the Recruitment Committee’s consideration to best produce the intended results.

CPS HR will provide a summary to VCERA stemming from these activities as an additional source of information for developing the candidate profile and selection criteria.

Following the completion of the workshop session, CPS HR will work with a professional graphic artist to design a recruitment brochure and present it to VCERA for review. Please refer to

Appendix A for a sample brochure. Additional brochure examples are available on our website at www.cpsr.us/recruitment-solutions/executive-search.

Phase II – Aggressive, Proactive, and Robust Recruitment

Task 1 – Place Advertisements

Task 2 - Identify and Contact Potential Candidates

Task 3 – Resume Review and Screening Interviews

Task 4 – Recruitment Committee Selects Finalists

The recruitment process is tailored to fit VCERA's specific wants and needs, with targeted advertising, combined with personal contacts with qualified individuals from our extensive database.

CPS HR will prepare, submit for your approval, and publish advertisements on professional and affiliate websites to attract candidates on a nationwide, regional, local or targeted basis based on the recruitment strategy.

As a consulting firm that interacts with hundreds of public sector executives during engagements, we have a cadre of individuals who we inform of recruitments, both to increase the visibility of the opening and to attract appropriate individuals who fit the special needs of our client. Communication with these professionals ensures that an accurate picture of the requirements of the job is apparent and proliferated throughout their professional networks.

CPS HR is focused on reaching a diverse candidate pool and would recommend publications/websites that are targeted to minority and female candidates. In addition to placing ads on websites aimed at minority candidates, we will contact leaders within appropriate associations to gain their insight and referrals of possible candidates.

Within the past three years, more than 57% of our executive level placements have been minority and/or female candidates.

CPS HR will prepare an email distribution list containing prospective candidates and referral sources. These individuals will receive a link to the Retirement Administrator brochure along with a personal invitation to contact CPS HR should they have any questions about the position.

CPS HR maintains a comprehensive, up-to-date database of industry leaders and experienced professionals; however, we do not rely solely upon our current database. We also conduct research to target individuals relevant to your specific needs and expectations to ensure that we are thorough in our efforts to market this position to the appropriate audience and to garner a diverse and quality pool of candidates.

We will:

- Convey a strong sense of the purpose and strategy of VCERA. For many talented individuals, understanding these aspects is one of the key motivators to compete in such an environment.
- Provide guidance and resources to candidates regarding the area's cost of living, mean and median housing prices, higher education opportunities, K-12 education information, and other aspects of interest to those who are considering relocating to the area.
- Actively seek highly qualified candidates who may be attracted by the prospect of collaboration with other departments, providing exceptional leadership to VCERA or continuing to ensure the public confidence in the integrity of VCERA.

CPS HR will directly receive and initially screen all resumes. This screening process is specifically designed to assess the personal and professional attributes VCERA is seeking and will include a thorough review of each candidate's resume, and if applicable, supplemental questionnaire responses and other supporting materials. CPS HR will personally speak to selected candidates during a preliminary screening interview and will spend extensive time ascertaining each candidate's long-term career goals and reasons why the candidate is seeking this opportunity, as well as gaining a solid understanding of the candidate's technical competence and management philosophy. We will gather data on any other unique aspects specific to this recruitment based upon the candidate profile, as well as conduct internet research on each candidate interviewed.

CPS HR will prepare a written report that summarizes the results of the recruitment process and recommends candidates for further consideration by the Recruitment Committee. Typically, the report will recommend five to eight highly qualified candidates and will include resumes and a profile on each interviewee's background. CPS HR will meet with the Recruitment Committee to review this report and to assist them in selecting a group of finalists for further evaluation.

Phase III – Selection

Task 1 - Design Selection Process

Task 2 - Administer Selection Process

Task 3 – Final Preparation for Appointment

Task 4 – Contract Negotiation (if requested)

CPS HR will design a draft selection process based on information gathered in Phase I. We will meet with VCERA to review this process and discuss VCERA's preferred approach in assessing the final candidates. The selection process will typically include an in-depth interview with each candidate but may also include other selection assessments such as an oral presentation, preparation of written materials, and/or problem-solving exercises.

We will coordinate all aspects of the selection process for VCERA. This includes preparing appropriate materials such as interview questions, evaluation manuals, and other assessment

exercises; facilitating the interviews; assisting VCERA with deliberation of the results; and contacting both successful and unsuccessful candidates.

Following the completion of the selection process, CPS HR will be available to complete the following components:

- **Arrange Follow-up Interviews/Final Assessment Process:** Should VCERA wish to arrange follow-up interviews and/or conduct a final assessment in order to make a selection, CPS HR will coordinate this effort.
- **Conduct In-Depth Reference Checks:** The in-depth reference checks are a comprehensive 360-degree evaluation process whereby we speak with current and previous supervisors, peers, and direct reports. (It is our policy to not contact current supervisors until a job offer is made, contingent upon that reference being successfully completed, so as not to jeopardize the candidates' current employment situation.) Candidates are requested to provide a minimum of five references. CPS HR is able to ascertain significant, detailed information from reference sources due to our commitment to each individual of confidentiality, which leads to a willingness to have an open and candid discussion and results in the best appointment for VCERA. A written (anonymous) summary of the reference checks is provided to VCERA.
- **Conduct Background Checks:** Upon a conditional job offer, we will arrange for a background check of a candidate's records on driving, criminal and civil court, credit history, education, published news, and other sensitive items. Should any negative or questionable content appear during these checks, CPS HR will have a thorough discussion with the finalist(s) and will present a full picture of the situation to VCERA for further review.
- **Contract Negotiation (if requested):** Successful negotiations are critically important, and we are available to serve as your representative in this process. With our expertise, we can advise you regarding current approaches to various components of an employment package. We can represent your interests with regards to salary, benefits, employment agreements, housing, relocation, and other aspects, with the ultimate goal of securing your chosen candidate.

Timeline

The project team CPS HR has selected is prepared to begin work upon receipt of a fully-executed contractual agreement. All search activities up to and including the selection of a new Retirement Administrator can be completed in 12 to 14 weeks for a Full Recruitment. A Partial Recruitment can be completed in 10 to 12 weeks, and an Outreach Project can be completed in 4 to 6 weeks following the kick-off meeting. The precise schedule will depend on the placement of advertising on appropriate professional and affiliate websites, and the ability to schedule, as quickly as possible, the initial meeting. A proposed schedule of major milestones is presented below.

Task Name	Month 1				Month 2				Month 3				Month 4			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Initial Meeting	➤															
Draft Brochure		➤														
Brochure Approved/ Printed & Place Ads		➤														
Aggressive Recruiting					➤											
Final Filing Date						➤										
Preliminary Screening							➤									
Present Leading Candidates								➤								
Semi-finalist Interviews									➤							
Reference/ Background Checks											➤					
Final Interviews											➤					
Appointment												➤				
Weeks	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Our Executive Recruiting Team

CPS HR has assembled a strong project team with each member possessing extensive recruiting experience and a direct, in-depth understanding of local government. Our executive recruitment team will work collectively to fulfill VCERA's needs in a timely and effective manner. We are committed to providing each of our clients the same level of service excellence, and we take great care not to take on more work than this commitment allows. We will not utilize subcontractors for these services. No staff members will be removed or replaced without the prior written concurrence of VCERA.

Role/Project Assignment	Name	Phone	Email
Manager, Executive Recruitment	Pamela Derby	(916) 471-3126	pderby@cps hr.us

Project Manager

Pamela H. Derby, Manager, Executive Recruitment

Since joining CPS HR Consulting in 2003, Pam Derby has conducted a wide range of recruitments for county, city, special district and association executives including city attorney, executive director, general manager, city manager, assistant and deputy city manager, police chief, community and economic development director, human resource director, finance director, city administrator, registrar of voters, library director, and director of information technology in addition to specialized support positions. Ms. Derby is currently conducting the County Executive Officer recruitments for both Trinity and Ventura Counties.

Prior to joining CPS HR, Ms. Derby served as the Aide to the Yuba County Board of Supervisors serving as the Board's liaison to County Department Heads, the community, and the media. This experience provided her with a unique perspective into the special circumstances that exist in a Board/Council-Manager relationship and a keen awareness of the inner workings of local government. She is sensitive to balance the wants of the community with the needs of the client so as to tailor a recruitment process that reaches out to the most appropriate candidates and ensures a diverse group of individuals from which to make a selection. She has successfully employed these techniques in jurisdictions ranging from under 10,000 to 10 million. Moreover, she employs a firmly-held personal philosophy that candidates must be treated with the same respect and careful consideration as her client.

Professional Fees and Guarantee

Professional Services

Our professional fixed fee covers all CPS HR services and deliverables associated with **Phases I, II, and III** of the recruitment process. We are also providing the fees associated with **Partial (Phase I and II only) and Outreach only services**. Travel expenses for candidates who are invited forward in the interview process are not included.

Professional Fixed Fees*	
Professional Services for Full Recruitment	\$25,000
Professional Services for Partial Recruitment	\$20,000
Professional Services for Outreach Only	\$10,000

**Professional fees for a Partial and Full recruitment would be billed and paid monthly. Professional fees for an Outreach/Advertising project will be billed and paid in full after the completion of the project*

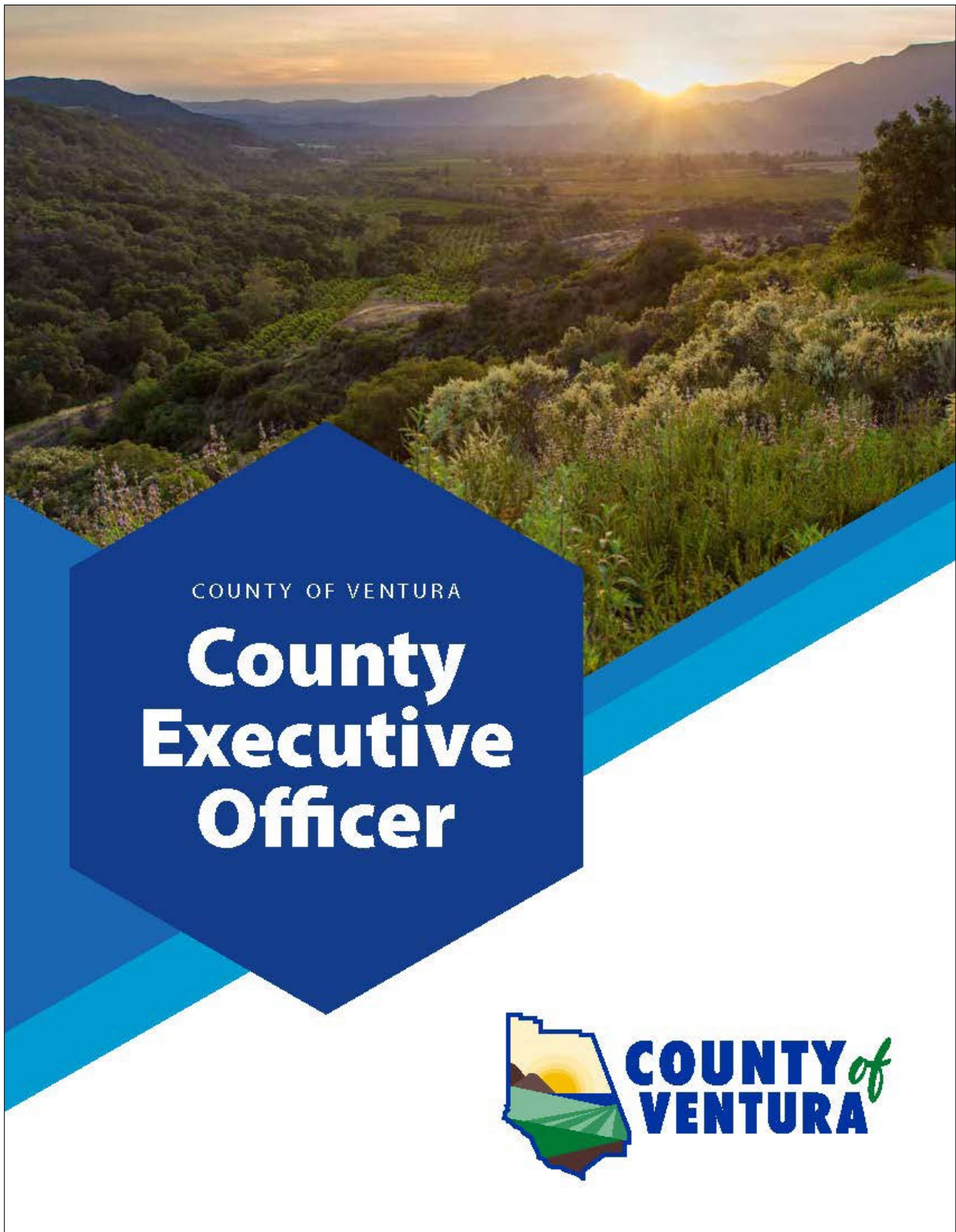
One-Year Service Guarantee

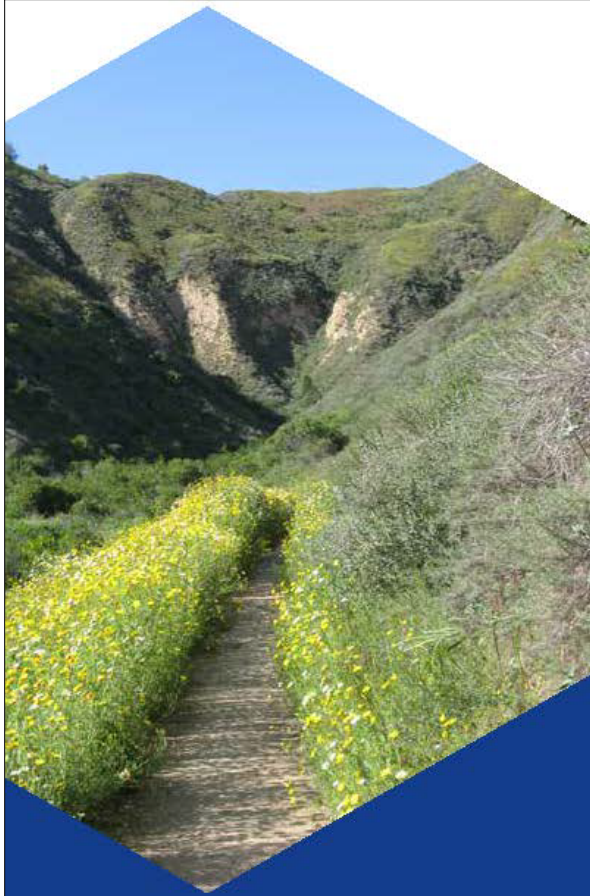
If the employment of the candidate selected and appointed by VCERA as a result of a **full executive recruitment (Phases I, II, and III)** comes to an end before the completion of the first year of service, CPS HR will provide VCERA with professional services to appoint a replacement. Professional consulting services will be provided at no cost. VCERA would be responsible only for expenses such as re-advertising, consultant travel, additional background checks, etc. **This guarantee does not apply to situations in which the successful candidate is promoted or re-assigned within the organization during the one-year period.** Additionally, should the initial recruitment efforts not result in a successful appointment, CPS HR will extend the aggressive recruiting efforts and screen qualified candidates until an offer is made and accepted. CPS HR does not provide a guarantee for candidates placed as a result of a partial recruitment effort.



We thank you for your consideration of our proposal. We are committed to providing high quality and expert solutions and look forward to partnering with the Ventura County Employees Retirement Association in this important endeavor.

Appendix A: Sample Brochure





UNIQUE OPPORTUNITY

This is an exceptional opportunity to lead the high-performing team of beautiful southern California coastal Ventura County, assisting in the mission:

“To provide superior public service and support so that all residents have the opportunity to improve their quality of life while enjoying the benefits of a safe, healthy, and vibrant community.”

— Mission —

To provide superior public service and support so that all residents have the opportunity to improve their quality of life while enjoying the benefits of a safe, healthy, and vibrant community.

— Values —

Build and foster public trust through:

- ✿ Ethical behavior
- ✿ Transparency and accountability
- ✿ Equitable treatment and respect of all constituents
- ✿ Excellence in service delivery

— Guiding Principles —

We focus on serving our residents and business communities by:

- ✿ Adopting carefully considered policies
- ✿ Staying competitive through the implementation of proven practices and the effective use of technology
- ✿ Delivering services in a business and constituent friendly, customer-service driven, cost effective manner
- ✿ Utilizing strategic thinking and action
- ✿ Promoting an action-oriented, empowered, and accountable workforce
- ✿ Planning for and developing programs to meet future needs
- ✿ Operating in a fiscally responsible manner
- ✿ Driving engagement, strategy, execution, and accountability to include diversity, equity, and inclusion initiatives to ensure that all employees are treated with respect and without discrimination, and to improve culturally appropriate outcomes for community members.

THE COUNTY

Known for its quality education, safety, and economic vibrancy amidst stunning geographical diversity, Ventura County is located on the “Gold Coast,” approximately 35 miles northwest of Los Angeles and 30 miles southeast of Santa Barbara. The county’s nearly 860,000 residents live in ten incorporated cities and enjoy access to beautiful national parks and quality public schools. Offering mountains and rolling hills to sweeping ocean views, Ventura County enjoys a near perfect climate, with an average annual temperature of 74.2 degrees.

Ventura County boasts a large network of early child education centers, award-winning public schools, and some of the best private schools in the nation. From outdoor schools, Montessori, or more traditional education models, Ventura County provides families with a large menu of choices for the best educational experience for their children.

With 1,873 square miles that includes 43 miles of coastline, the area offers numerous year-round activities ranging from walking on the beach to enjoying a concert in a park, sailing to the Channel Islands or hiking in the Los Padres National Forest. Ventura County is home to the Ronald Reagan Presidential Library and Museum, the San Buenaventura Mission, art galleries, and a state-of-the-art Civic Arts Plaza. All of this coupled with a diverse economic base from tourism to agriculture to high-tech enterprises in beautifully planned communities, make the region one of the most desirable areas in southern California.

GOVERNANCE

The five-member Board of Supervisors serves as the legislative body for the County of Ventura and provides policy direction for all branches of county government. Each of the members is elected by District to four-year, overlapping terms.

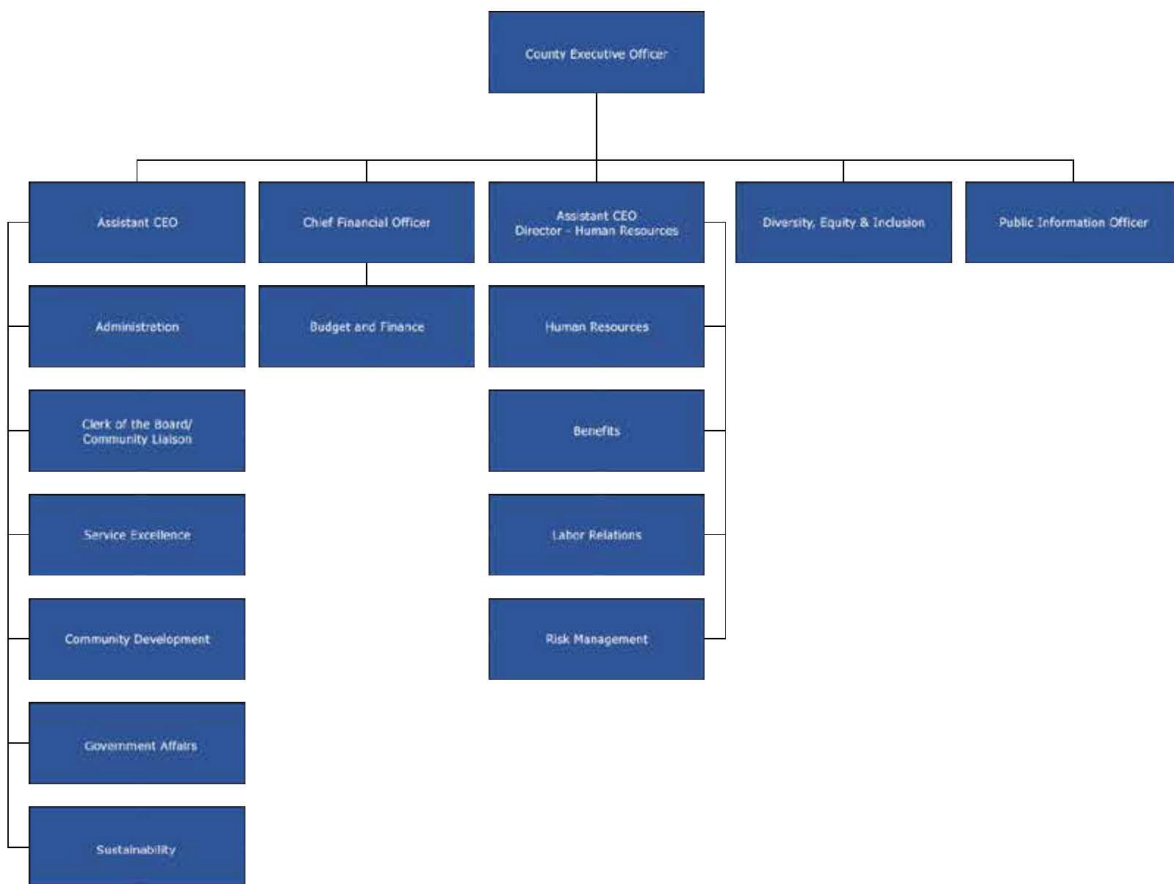
The County is supported by a FY 21-22 total budget of approximately \$2.5 billion and more than 9,500 allocated FTEs in 25 agencies/departments. The County provides a broad variety of services that include safety and social services as well as two hospitals and a large healthcare system, plus two airports and a harbor. There are six elected department heads in addition to the Board of Supervisors: Assessor, Auditor-Controller, Clerk-Recorder/Registrar of Voters, District Attorney, Sheriff, and Treasurer-Tax Collector.

To learn more, go to: www.ventura.org



COUNTY EXECUTIVE OFFICER

Appointed by and reporting to the Board of Supervisors, the County Executive Officer (CEO) executes, leads, and coordinates the management and administrative policies and directives of the Board; conducts administrative studies of County operations, procedures, and department budget requests; prepares recommendations to departments and to the Board for decision; prepares overall budget for the County; and does related work as required. The County Executive Office is supported by 184 FTEs and includes the Assistant County Executive Officer, Assistant County Executive Officer/Chief Financial Officer, Assistant County Executive Officer/Director of Human Resources, and Public Information Officer.



It is expected that the next County Executive Officer will possess:

Thorough knowledge of budgetary principles and methods as applied to large organizations, including those unique to local government; concepts, principles, practices, and techniques of management as applied to governmental entities; organization theory and principles of general management as applied to individual organization units, to inter-organizational relationships, and to the management of citizen involvement programs; state legislative processes as related to local government; and of funding practices of state and federal agencies providing revenue sources.

With comprehensive abilities to:

Plan, organize, direct, and coordinate the work of large, multifunctional organizations representing the entire spectrum of County government operations and public services; evaluate a continuous array of fiscal, budgetary, administrative, and technical problems and recommendations for their solutions; present comprehensive reports and recommendations to elected officials; speak and write effectively; establish and maintain effective working relationships with elected officials as well as with subordinates and representatives of other governmental units and citizen groups.



IDEAL CANDIDATE

The ideal County Executive Officer will be a strong leader and seasoned public sector professional committed to moving an organization forward and unwilling to accept status-quo. The successful candidate will value transparency, integrity, accountability, and a positive, collegial work environment dedicated to mutual respect. Exceptional communication skills – written, verbal, and listening – are essential to this role. The next CEO is a creative problem-solver adept at finding a path through difficult issues, and an implementer who empowers a high performing staff to push projects forward. Those candidates committed to continuous learning who bring a well-established network of professional contacts and a thorough understanding of the state and federal issues that affect the County of Ventura can find success in this role. The Board of Supervisors is ultimately seeking servant leaders who are passionate about making the County of Ventura the best place to live and work for all its residents.

In addition to the qualifications previously stated, desirable competencies and characteristics include:

- » A strong leader who values the input and expertise of staff, supports professional development, and fosters an internal culture of open communication, trust, and accountability.
- » A commitment to diversity, equity, and inclusion.
- » An understanding of climate action plans and sea level rise – both critical to this coastal county.
- » An understanding of healthcare as the organization includes two hospitals and 19 health clinics.
- » Committed to LEAN practices and the efficient management of this large, complex organization.
- » Political aptitude, but not a politician.
- » Capable of empathetic listening while possessing the fortitude to stand behind Board decisions.

Education and Experience

Education, training, and experience that demonstrates possession of the knowledge and abilities stated above. Qualifying experience would typically include extensive experience as an administrator or principal assistant administrator of a governmental organization in which, as the chief executive or a principal assistant, the candidate reported to or worked closely and regularly with a legislative body.

Why you want to join Ventura County:

- » Exceptional supportive organizational culture based on collaboration and mutual respect with long-term, committed leadership.
- » The challenge of complex issues and opportunity to assist the Board of Supervisors in making impactful, well-informed decisions.
- » Opportunity to lead an outstanding team of dedicated, knowledgeable attorneys and staff.
- » Stunning California locale from mountain vistas to sparkling beaches.
- » Highly regarded cities and communities that offer excellent educational, recreational, and cultural choices and activities.

COMPENSATION & BENEFITS

The County of Ventura offers an attractive compensation and benefits package. The current annual base salary for the County Executive Officer is **\$335,554** which is negotiable dependent on experience and qualifications. The CEO will also be eligible for the following:

Pension Plan – Employee and the County both contribute to the County's retirement plan with Ventura County Employees' Retirement Association (VCERA) and to Social Security. Contributions start immediately in the retirement plan and the County's Defined Retirement benefits vest after five (5) years of service. If eligible, new employees may establish reciprocity with other public retirement systems such as CalPERS.

Health Plans – Medical, dental, and vision plans for employee and dependents. Employees are afforded a flexible credit allowance of up to \$12,922 for single employee and \$19,162 for a family annually to use toward plan elections.

Flexible Spending Accounts – Employees may increase their spending power through reimbursement with pre-taxed dollars for IRS-approved dependent care and health care expenses.

Deferred Compensation – Employees are eligible to participate in the County's 401(k) Shared Savings Plan and/or the Section 457 Plan. This position is eligible for up to a 3% match on 401(k) contributions. Plus a 5% county non-elective contribution.

Executive Administrative Leave – Accrues at a rate of 248 hours per year, increasing to 288 hours after 5 years of service, 328 hours after 10 years of service, and 368 hours after 15 years of service. *Credit for prior public service may be considered ([Management Resolution](#), sec. 616A).

Leave Redemption – The ability to "cash in" or redeem up to 100 hours of Annual Leave per year after using 80 hours.

Holidays – 11 paid days per year that includes a scheduled floating holiday.

Car Allowance – \$600 per month.

Life Insurance – 3x base salary.

Educational Incentive – May be available for candidates with advanced degrees.

Miscellaneous Benefits – County-paid membership in professional organizations (related to position), Disability Plans, Employee Assistance Program, Life Insurance, Tuition Reimbursement, Benefit Reimbursement Program, and a Wellness Program.





APPLICATION AND SELECTION PROCEDURE

To be considered for this exceptional career opportunity, submit your application that includes résumé, cover letter, and a list of six work-related references (two supervisors, two direct reports, and two colleagues who will not be contacted in the early phases of the process) by **Monday, May 9, 2022**. Résumé should reflect years and months of employment, beginning/ending dates, as well as size of budgets and organizations you have served.

Please go to our website to submit your application: <https://www.cpsr.us/recruitment/2002>

For further information contact:



Pam Derby
CPS HR Consulting
(916) 471-3126
E-mail: pderby@cpsr.us
Website: www.cpsr.us

Selection Process

Résumés and letters of interest will be screened in relation to the criteria outlined in this brochure. Candidates deemed to have the most relevant qualifications will be invited to interview with the consultant, following which, the most qualified candidates will be referred for interviews with the Board of Supervisors. An appointment to the position will be made following comprehensive reference and background checks to be coordinated with the successful candidate.



September 11, 2023

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

SUBJECT: ALAMEDA IMPLEMENTATION STATUS REPORT DATED SEPTEMBER 11, 2023

Dear Board Members:

Background

Staff are working to implement the July 30, 2020, California Supreme Decision, Alameda County Deputy Sheriffs' Association v. Alameda County Employees' Retirement Association (2020) 9 Cal.5th 1032, 1070 ("*Alameda*"), based on the latest direction received from the Board of Retirement on April 17, 2023.

Summary & Highlights

The VPAC team includes several VCERA staff, plus coordination with the following partners:

- County of Ventura – providing calculations for excluded & situational pay codes
- MBS – providing tool development & flex credit calculations
- Simpler Systems – providing reporting tool

VCERA has been in discussions with the County regarding some of the historical corrections. At this point in time, the County is able to produce corrections for the excluded and situational pay codes, but they do not believe they are able to perform any of the flex credit corrections. While there are some logistical issues with this that MBS may be able to assist with, there is a benefit to keeping the County's VCHRP and VCERA's V3 systems in sync for more recent years so as not to complicate future prior period corrections and this will need to be evaluated. More discussions are planned to figure out the best way to achieve this.

Simpler Systems will be implementing a reporting tool that will assist VCERA with both periodic and ad-hoc reporting against the V3 system. This will enable staff to generate reports and queries much quicker to monitor progress and enable research and analysis of summarized data and anomalies.

Staff have been meeting regularly with the County, and have also begun meeting with MBS and Simpler Systems. The projects with MBS and Simpler Systems are expected to commence later this month after some technical setup is completed to allow the consultants to access VCERA's data and systems.

Staff are continuing to work out some of the details and mechanics of the implementation plan with the team and with counsel. For example, some of the situations to be taken into consideration include service credit purchases (SCP's), service credit adjustments, domestic relations orders (DRO's), lump sum payments, deceased members, and converted data.

Estimated Impacted Population

Staff continue to work on evaluating the population of impacted members. At this point in time, it is clear that at least several hundred retired members and several thousand active & deferred members will be impacted in some way by the *Alameda* corrections. For some of the correction types, staff are still evaluating which members will be impacted (for example, retired members will only be impacted by leave straddling if it falls within their highest measurement period which would therefore affect their monthly benefit calculation). The estimated counts provided below are by pay category, and members may be included in more than one category.

PEPRA Exclusions:

- Excluded Pay Codes 500+ retired, 1500+ active/deferred
- Situational Pay Codes 500+ retired, 2400+ active/deferred
- Leave Straddling 1200+ retired members to review and/or correct

Alameda Exclusions:

- Flex Credits 850+ retired, 6500+ active/deferred
- Leave Donations 400+ retired, 1400+ active/deferred

For comparison, as part of normal operations, VCERA processes about 100 benefit estimates and 30 new retirements each month.

Estimated Project Timeline

Regarding the timeline for this project, VCERA staff is still in the early stages of Phase 1 (see below) and working with our vendors and consultants to develop the needed infrastructure and processing tools within V3 and outside that will allow us to automate the process. Additionally, staff are actively cleaning data and still gathering information about other aspects of the project. Staff understands and realizes there are many moving pieces that can't necessarily be determined at this point.

Consequently, while the following analysis is our best estimate today, it must be understood that as the project progresses, staff's ability to nail down issues that may slow down or speed up the project will come more into focus. As such, staff intends to update the Board and our constituents on a monthly basis as we continue to receive new information. Today, we can break the project down into two major phases:

1. Correction to pensionable earnings and member contribution & other pre-processing calculations
2. Recalculation of monthly benefits and compilation/processing of contribution refunds

Phase 1 is expected to take about nine months. This is partly based on the expected length of the MBS project, but staff anticipates working on several other related tasks with the County and internally in parallel during this time. Once Phase 1 is completed, staff will have the necessary components to begin Phase 2 in order to update individual member accounts. Staff are working on a plan to define the order in which member accounts will be processed, but in general, retired members will be addressed first so that the overpaying of monthly benefits can be stopped for the overall health of the retirement system. The overall timeline including both phases is expected to be at least two years. The end date for the project is estimated to be September 2025, but staff will continue to reassess this as the project moves forward.

Year	Months	Task	Assigned	Status
Phase 1:				
2023	May – June	Planning	VCERA	Completed
2023	May – June	Stop Contributions	County	Completed
2023	July – Sep	Correction Files Format	County	In Progress
2023	July – Dec +	System Enhancements	Vitech	In Progress
2023	July – Dec	Data Cleanup & Prep Tasks	VCERA/County	In Progress
2023	Sep – Dec +	Recruit & Train Staff	VCERA	
2023-24	Sep – June +	Queries/Reporting	Simpler Systems	
2023-24	Sep – June +	Tools Dev/Flex Credit Calcs	MBS/Consultants	
2023-24	Oct – Mar	VRSD Corrections (manual)	VCERA	
2024	Jan – Mar +	Send Correction Files	County	
2024	Jan – Mar	Test & Verify System Enhancements	VCERA IT & Ops	
2024	Apr – Sep	Review/Test Tools & Corrections	VCERA IT & Ops	
Phase 2:				
2024	Sep – Dec	Perform Calcs/Pay Refunds & Rollovers	VCERA	
2025	Jan – Sep +			

+ indicates a task that may continue further to completion

DISCLAIMER: This timeline is an estimate based on initial review of the project scope. Actual timeline may fluctuate due to factors including resources, vendor timelines, processing complexity, and unanticipated priorities. Updates to this estimated timeline will be published as more information becomes available.

RECOMMENDATION: RECEIVE & FILE ALAMEDA IMPLEMENTATION STATUS REPORT DATED SEPTEMBER 11, 2023

VCERA staff will be pleased to respond to any questions you may have on this matter at the September 11, 2023, Disability Meeting.

Sincerely,



Amy Herron
Chief Operations Officer



September 11, 2023

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

SUBJECT: DISABILITY RETIREE RE-EXAMINATION POLICY

Dear Board Members:

The County Employees Retirement Law of 1937 ("CERL") contains provisions that allow the Board to require a disabled retiree who is under age 55 to undergo medical re-examination. Government Code section 31729 states:

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.

The Board grants a disability retirement based on a finding of "permanent incapacity," which is commonly described as an incapacity that is expected to remain stable for at least 12 months—not necessarily *permanently*. Depending on a variety of factors, a disabling condition could improve enough prior to age 55 that a retiree could return to the usual duties of pre-retirement employment with accommodations by the employer. Although this outcome would be rare, when it does occur, the taxpayer would be served by not continuing to fund disability retirement benefits that are no longer entitled to be paid. There is also a cost to the plan sponsors of the System when it pays disability retirement benefits in amounts higher than what "young" retirees are entitled to receive as service retirement benefits (i.e., 50% of final average compensation).

Past and Present Practice

Several years ago, the Board directed two Old Model disability retirees to an independent medical examiner (IME) for re-examination after the County informed staff of its receipt of

anonymous tips to the Fraud Hotline about the retirees performing activities that appeared inconsistent with their claimed disabilities. The retirees underwent re-examination. Upon review of the IME reports, the Board determined that one retiree remained permanently incapacitated from the usual duties of her pre-retirement employment and, although the other retiree was likely no longer incapacitated, “fairness” and other factors caused the Board to decide not to pursue an evidentiary hearing.

Starting in 2020, the Board has approved a few New Model recommendations that younger disabled retirees be re-evaluated, at staff’s discretion, within three years of their disability retirements being granted. In early 2023, for the first time, staff reassessed the incapacity of a 46-year-old retired Deputy Sheriff by sending him a questionnaire and collecting medical records. Staff determined that the retiree remained incapacitated and notified the Board on 5/1/2023 that it did not recommend an IME re-examination at that time. However, staff requested the ability to continue reassessing this retiree until he reached age 55, pursuant to Government Code section 31729. The Board voted to authorize staff to send the retiree a disability questionnaire every three years until age 55 and to bring the matter back to the Board only if staff recommended an IME re-evaluation.

The authorization provided by the Board in this instance reflects the practice of other retirement systems in California. For example, the staff of SDCERA “will issue an affidavit to all applicable disability retirees under age 55 on a triennial basis.” Also, in March 2023, CalPERS enhanced its investigative process by requiring of its employer-agencies the submission of several additional disability-related forms and records “to support any determination findings for members with substantial incapacity,” which applies to “all applications for disability retirement (DR) or industrial disability retirement (IDR) and reevaluation for continuous eligibility for such retirement.” Simply put, both CERL and non-CERL systems are paying closer attention to the incapacity statuses of younger disabled retirees.

Proposed Re-examination Process

The proposed Disability Retiree Re-examination Policy (see attached) would establish standard procedures and guidelines for determining whether VCERA’s disabled retirees under age 55 should be re-examined. Features of the policy include:

- Within three years of a disability retirement being granted, staff has the discretion to conduct an “assessment” of the retiree’s current incapacity via questionnaire or more, if warranted. *Staff’s assessment every three years would be permissive, not obligatory.*
- After reviewing the collected evidence, staff will take one of three options:

1. If the evidence gives staff good cause to doubt the retiree's continued incapacity, staff will refer the retiree to an IME re-examination, paid for by VCERA; or
 2. Determine that the retiree is no longer a candidate for IME re-examination due to obvious continued incapacity; or
 3. Reassess the retiree after another three-year period if he/she is under age 55.
- If the retiree is re-examined, the IME will opine on incapacity (i.e., his/her ability to resume service in the pre-retirement position):
 1. If the IME opines that the retiree is no longer incapacitated, staff will make a recommendation to the Board about the member's incapacity and notify the Board about the employer's willingness to reinstate the member. (The employer would be contacted after staff receives the IME report.)
 2. If the IME opines that the retiree remains incapacitated, staff will not make a recommendation to the Board. The retirement benefit would not be affected.
 - After reviewing the IME report and staff's recommendation, the Board will take action:
 1. If the Board finds that the retiree is no longer incapacitated, the retiree will have 15 days to request an evidentiary hearing:
 - If a hearing is not requested, the Board's decision will go into effect.
 - If a hearing is conducted, the Board will later receive and act on the hearing officer's findings and recommendation.
 2. If the Board finds that the retiree remains incapacitated, the re-examination matter will be closed until the next assessment period begins, if applicable.

Effects of Board Decisions

A disability retirement benefit would be affected differently based on the Board's finding on incapacity and on the employer's willingness to reinstate a retiree to active service.

For example, in cases where the Board determines that the retiree is no longer incapacitated and the retiree's former employer offers to reinstate the retiree:

- The retiree's disability allowance would be canceled.
- The retiree may then either:
 1. Apply to be reinstated to active service

2. Decline to be reinstated and apply for a regular service retirement or defer retirement until such time as age and service eligibility requirements are met. Conversely, if the retiree's former employer does *not* offer to reinstate the retiree, his/her disability retirement benefit will continue to be paid but reported as fully taxable.

Discussion

Over the past 30 years or so, up to the launch of the New Model in 2020, VCERA implemented Government Code section 31729 passively by only assessing disability retirees when staff received notice from the County of an anonymous tip through the County's Fraud Hotline. With Board approval, staff then referred the retiree to a medical re-examination. Staff understands that many years ago, VCERA had conducted a few re-evaluations, but due to employer unwillingness to bring the member back to the job, VCERA concluded that the re-evaluation process was not cost-effective. In recent years, however, there has been more scrutiny on disability retirements and several agencies have stepped up re-evaluation efforts.

Staff believes that taking a more proactive, fair, transparent and unbiased approach to disability retiree assessments and re-examinations serves an important audit function at VCERA to ensure that benefits are not being overpaid to younger members whose benefit eligibility may have changed since their disability retirements were granted. Presently, staff is capable of performing assessments on a handful of young disabled retirees every three years. This will commonly take the form of sending a questionnaire and, from time to time, scheduling an IME re-evaluation.

In the attached policy, staff requests the discretion to decide whether a disability retiree's incapacity needs to be assessed and, if so, whether he/she will be referred to an IME re-examination. A re-examination decision would be made only if the retiree is under age 55, with consideration given to the retiree's symptomology, level of function, ability to perform the usual duties of the position from which he/she retired, post-retirement employment, and recent medical records pertaining to the incapacitating condition(s).

RECOMMENDATION: APPROVE DISABILITY RETIREE RE-EXAMINATION POLICY FOR PAST AND FUTURE DISABILITY RETIREES.

Staff will be available to answer your questions at the September 11, 2023 Board meeting.

Sincerely,



Richard Santos
Interim Retirement Administrator

Disability Retiree Re-Examination Policy

I. Background and Purpose

The County Employees Retirement Law of 1937 contains provisions that allow the VCERA Board of Retirement (“Board”) to require any member who has been granted a disability retirement and is not yet age 55 to undergo medical re-examination. The purpose of this policy is to establish procedures for re-examination of members who have been granted disability retirements. The relevant sections of the law are:

Government Code § 31729: 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.

Government Code § 31730: If the board determines that the beneficiary is not incapacitated, and his or her employer offers to reinstate that beneficiary, his or her retirement allowance shall be canceled forthwith, and he or she shall be reinstated in the county service pursuant to the regulations of the county or district for reemployment of personnel.

Government Code § 31731: If any disability beneficiary under age 55 refuses to submit to medical examination, his pension shall be discontinued until his withdrawal of such refusal, and if his refusal continues for one year, his retirement allowance shall be canceled.

II. Staff Assessment for Re-Examination

- 1) For any member who has been granted a disability retirement by the Board and is not yet age 55, the Board authorizes staff, at its discretion, to assess every three years whether that retiree will be referred to a medical re-examination by a physician for the Board. Staff’s decision to assess may occur every three years from the date the disability was granted until the retiree attains age 55. If staff determines that an assessment of a retiree is warranted, it will take the form of a written questionnaire with affidavit completed by the retiree and/or other medical evidence as circumstances warrant.
- 2) In making a determination as to whether to proceed with re-examination of the retiree, staff shall consider the retiree’s current symptomology, level of function, ability to

perform the usual duties of the position from which he/she retired, post-retirement employment, and recent medical records pertaining to the incapacitating condition(s).

- 3) Staff will review the retiree's responses and determine whether further information is required, such as additional medical records, employment records, witness interviews and sub-rosa video. Staff will use the acquired information to assess whether the retiree should be referred to a medical re-examination by a physician for the Board.
- 4) After consideration of the acquired evidence, staff will take one of the following actions:
 - a) Refer the disability retiree to medical re-examination;
 - b) Determine the disability retiree is no longer a candidate for re-examination; or
 - c) Reassess the disability retiree for re-examination at a later date, pursuant to the assessment period described in Section II(1).

III. Re-Examination of Disability Retiree

- 1) For retirees who are referred to a medical re-examination, pursuant to Section II(4)(a), staff shall schedule the re-examination with one of VCERA's independent medical examiners at a location within a reasonable distance from the retiree's residence or other mutually agreed-upon location. VCERA shall pay all the costs of the examination, except cancellation fees caused by the retiree.
- 2) If the examining physician opines that the retiree is no longer incapacitated to serve in the position held when he/she retired for disability, staff shall make a written recommendation to the Board as to the member's incapacity. Staff will also specify in the recommendation whether the last County or District employer has indicated a willingness to consider reinstatement of the retiree.
- 3) If the examining physician opines that the retiree remains incapacitated from service in the position held when he/she retired for disability, staff shall not make a recommendation to the Board, and no change shall be made to the disability benefit.

IV. Board Action

- 1) At the noticed Board meeting, the Board will take action on staff's recommendation regarding the member's incapacity. Staff will serve a Notice of Board Decision on the applicant within five days of the Board's decision.
- 2) If the Board finds, by a majority vote, that the member is no longer incapacitated, the member shall have 15 days from service of the Notice of Board Decision to request in writing an evidentiary hearing. The evidentiary hearing shall be governed by VCERA's Disability Hearing Procedures and the New Model Disability Retirement Hearing Rules.

- 3) If the member elects to pursue an evidentiary hearing, after the hearing is completed, the Board will take action on the Hearing Officer's recommended decision and its decision will become effective immediately, unless otherwise directed by the Board.
- 4) If the member elects not to pursue an evidentiary hearing, the Board's decision in Section IV(1) will become effective immediately, unless otherwise directed by the Board.

V. Effect of Board Action

- 1) If the Board determines that the retiree is no longer incapacitated, pursuant to Section IV(2), and if the retiree's former employer offers to reinstate the retiree, the retiree's allowance must be canceled, pursuant to Government Code section 31730, and the retiree may either (a) apply to be reinstated to active service, or (b) decline to be reinstated and apply for a regular service retirement or defer retirement until such time as age and service eligibility requirements are met.
- 2) If the Board determines that the retiree is no longer incapacitated, pursuant to Section IV(2), and if the employer does not offer to reinstate the retiree, his/her disability retirement benefit shall continue to be paid, but any portion previously reported as nontaxable as a disability retirement shall be reported as taxable prospectively.
- 3) If the Board determines that the retiree remains incapacitated, his/her disability retirement benefit will not be changed.

VI. Retiree's Refusal to Submit to Re-Examination

- 1) Pursuant to Government Code section 31731, staff will recommend to the Board that any disability retiree who refuses to submit to the disability re-examination process will have their disability retirement benefit suspended until withdrawal of their refusal to cooperate in the re-examination. If the retiree's failure to cooperate continues for one year, staff will recommend to the Board that their disability retirement benefit be canceled.
- 2) Disability retirees and/or their respective counsel will be provided written notice of the date and time that the Board will conduct a hearing to consider and determine whether disability retirement benefits will be suspended or canceled.

VII. Process Review

- 1) The Board will review the Disability Retiree Re-Examination Policy at least once every three (3) years to ensure that it remains relevant and appropriate.



September 11, 2023

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

SUBJECT: DISMISSAL OF DISABILITY APPLICATIONS WITH/WITHOUT PREJUDICE

Dear Board Members:

At its July 24, 2023 meeting, in the context of discussion on the proposed New Model Hearing Rules, the Board requested that staff place on a future agenda an item to allow further discussion regarding the issue of dismissing an application for disability retirement with or without prejudice. At least one trustee expressed concern that dismissing an application *with prejudice* (i.e., an action that would deny the application and prevent an applicant from later refile on the same injury/illness with VCERA) would be unfair to applicants in that it places the burden on the applicant to show good cause as to why the application should be dismissed without prejudice. This issue is relevant to the “new model” because Paragraph 30 of VCERA’s current Disability Retirement Process Document states:

An applicant has the right to withdraw a disability application form without prejudice prior to a formal determination by the Board of Retirement. However, once a hearing officer has been assigned for an evidentiary hearing, an applicant may only withdraw the disability application form with prejudice, unless the Board or a hearing officer finds good cause to dismiss the application without prejudice. [emphasis added]

The purpose of the “with prejudice” provision is to discourage applicants from “forum shopping” if they do not like the hearing officer assigned to their evidentiary hearing. Once a hearing officer had been assigned, the applicant could not withdraw his/her application and later refile on the same condition, hoping to have a more favorable referee assignment, unless the Board or hearing officer found good cause to dismiss without prejudice. While staff is unaware of such a situation happening at VCERA in the past, this scenario was the rationale for staff’s wording in Paragraph 30.

Other CERL Systems

Staff researched the disability procedures of every CERL system in Southern California and two Central Valley systems. Of the eight regional agencies, six adopted provisions for dismissing an application *with prejudice* when the applicant consistently failed to cooperate during staff's investigation or failed to commence a hearing in a specified timeframe.

Proposed Edits to New Model Procedures

After further discussing these matters, staff believes it is reasonable to propose the following edits to VCERA's Disability Retirement Process Document (see redline below) to better align with our CERL peers and the Code of Civil Procedure and to make the Process Document more internally consistent:

- **Paragraph 7:** "Any applicant has the right to withdraw a previously submitted disability application form without prejudice ~~for any reason~~ prior to the Board of Retirement's determination, **subject to paragraph 30 for cases assigned to evidentiary hearing**. The notice of application withdrawal must be provided to VCERA in writing. VCERA will confirm the withdrawal action in writing to the applicant within 5 business days of receipt of the applicant's notice."

(The proposed edit clarifies that cases assigned to evidentiary hearing fall under additional rules per Paragraph 30.)

- **Paragraph 13:** "As part of VCERA's investigation, members may be required to attend one or more medical examinations with an independent medical examiner or any other physician engaged by VCERA. The cost of such examinations shall be paid by VCERA, unless the physician, pursuant to his/her policy, charges the member for a late cancellation or failure to attend a scheduled appointment. VCERA shall give at least 10 days' written notice of any medical examination. Repeated failure of a member to attend a duly noticed medical examination(s) may result in a staff recommendation to dismiss the noncompliant member's disability application **with or** without prejudice."

(The proposed edit adds a "with prejudice" option for repeated noncompliance.)

- **Paragraph 30:** "~~In the event an applicant has the right wishes to withdraw a disability application form without prejudice prior to a formal determination by the Board of Retirement pursuant to paragraph 7, such withdrawal shall be without prejudice prior to the commencement of the evidentiary hearing, . However, once a hearing officer has been assigned for an evidentiary hearing, an applicant may only withdraw the disability application form with prejudice,~~ unless the Board or a hearing officer finds good cause to dismiss the application ~~with~~ prejudice. **If the applicant seeks to withdraw the application after commencement of evidentiary hearing, dismissal of the application shall be made with prejudice.**"

(The proposed edits permit a member to withdraw an application without prejudice for a longer period of time (i.e., up to the start of the hearing) and, more importantly, shifts the burden to VCERA and the hearing officer to demonstrate good cause to dismiss with prejudice. This edit is also consistent with the Code of Civil Procedure, Chapter 1, Section 581(e), which states:

After the actual commencement of trial, the court shall dismiss the complaint, or any causes of action asserted in it, in its entirety or as to any defendants, with prejudice, if the plaintiff requests a dismissal, unless all affected parties to the trial consent to dismissal without prejudice or by order of the court dismissing the same without prejudice on a showing of good cause. [emphasis added])

- **Paragraph 35:** “Failure of a member or applicant to comply with these policies and procedures, absent good cause, may be treated as non-cooperation and may result in a staff recommendation to dismissal ~~of~~ the disability application with or without prejudice. Failure to comply includes, but is not limited to, failure to attend medical examinations, failure to submit documents requested by VCERA in a timely manner, failure to respond to VCERA’s communications, failure to cooperate in the formal hearing process, failure to answer relevant questions that are not protected by a recognized legal privilege, failure to follow any order of the Board of Retirement or a hearing officer, and/or failure to comply with the requirements set forth in these procedures.”

(The proposed edits clarify the source of the recommendation and add a “with prejudice” option for repeated noncompliance.)

RECOMMENDATION: APPROVE STAFF’S PROPOSED EDITS TO VCERA’S DISABILITY RETIREMENT PROCESS DOCUMENT.

Staff will be available to answer your questions at the September 11, 2023 Board meeting.

Sincerely,



Richard Santos

Interim Retirement Administrator



September 11, 2023

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

SUBJECT: AUTHORIZATION FOR CHIEF OPERATIONS OFFICER TO ATTEND THE CALAPRS INTERMEDIATE & ADVANCED COURSES IN RETIREMENT PLAN ADMINISTRATION, NOV 1-3 & DEC 6-8, 2023, IN BURBANK, CA

Dear Board Members:

Staff requests authorization for Chief Operations Officer, Amy Herron, to attend the Intermediate and Advanced Courses in Retirement Plan Administration, November 1-3 and December 6-8, 2023, in Burbank, CA.

These training courses are offered by the California Association of Public Retirement Systems (CALAPRS). The Intermediate and Advanced Courses are part of CALAPRS' three-part Retirement Plan Administration series and are intended for the staff of CALAPRS member retirement systems. Participants may attend any of the sessions in any order. The Intermediate course covers major topics that regularly appear on a Board of Retirement's Agenda. The Advanced course covers business topics that will have a direct impact on public pension systems in the coming years.

The cost of registration is \$500 per class. A special group rate is available for the hotel (where the conference is located) if booked before October 13, 2023. Total travel-related costs (mileage, lodging, meals) per trip are estimated to be \$700.

RECOMMENDATION: APPROVE AUTHORIZATION FOR COO TO ATTEND THE CALAPRS INTERMEDIATE & ADVANCED COURSES IN RETIREMENT PLAN ADMINISTRATION, NOV 1-3 & DEC 6-8, 2023, IN BURBANK, CA

Staff will respond to any of your questions on this matter at the September 11, 2023 Disability Meeting.

Sincerely,

Amy Herron
Chief Operations Officer



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California Association of Public Retirement Systems

INTERMEDIATE COURSE *in Retirement Plan Administration*

NOVEMBER 1-3, 2023
LOS ANGELES MARRIOTT BURBANK AIRPORT
BURBANK, CA

PROGRAM AGENDA

Agenda is subject to change

The Intermediate Course is a series of interactive sessions that cover the major topics that regularly appear on a Board of Retirement's Agenda.

After taking the course, you'll be able to answer: 1. What research and preparation goes into the various topics that are presented to the Board through their agendas? 2. How are they presented? 3. How are decisions reached?

The audience will be expected to participate via questions & small study groups.

So... What's on the Board's Agenda?

DAY 1 - Wednesday, November 1, 2023

12:00 – 1:00 PM	Lunch (<i>provided</i>)
1:00 – 3:00 PM	Welcome and Introduction <i>Speaker: Robert Palmer, Facilitator, CALAPRS</i>
3:00 – 3:15 PM	Afternoon Break
3:15 – 5:15 PM	Retirement Benefits – Consent Items <i>Speaker: Carlos Barrios, Assistant Chief Executive Officer, ACERA</i>
5:15 – 6:30 PM	Mixer – Creating a Mission Statement <i>Beverages and hors d'oeuvres provided. Participants will be on their own for dinner.</i>

DAY 2 - Thursday, November 2, 2023

7:00 – 8:00 AM	Breakfast (<i>provided</i>)
8:00 – 10:00 AM	Retirement Plan Administration – Board Action <i>Speaker: Donald Kendig, CPA, Retirement Plan Administrator, FCERA</i>



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INTERMEDIATE COURSE
in Retirement Plan Administration

10:00 – 10:15 AM	Morning Break
10:15 AM – 12:00 PM	Investment Presentation <i>Speaker: Daryn Miller, CFA, KCERA</i>
12:00 – 1:00 PM	Lunch (<i>provided</i>)
1:00 – 2:30 PM	Meeting with Board Trustee <i>Speaker: Vivian H. Gray, Board of Retirement Secretary, LACERA</i>
2:30 – 2:45 PM	Afternoon Break
2:45 – 5:15 PM	Legal Closed Session <i>Speaker: Paul Okada, SamCERA</i>

Participants are on their own for dinner.

DAY 3 – Friday, November 3, 2023

7:00 – 8:00 AM	Breakfast (<i>provided</i>)
8:00– 10:00 AM	Actuarial Presentation <i>Speaker: Anne D. Harper, FSA, EA, MAAA, Principal Consulting Actuary, Cheiron</i>
10:00 – 10:15 AM	Morning Break
10:15 – 11:00 AM	AB1643 – Critical Thinking <i>Speaker: Robert Palmer, Facilitator, CALAPRS</i>
11:00 AM – 12:00 PM	Cyber Security <i>Speaker: Matt Eakin, CISSP, CCSP, CEH, OCERS</i>
12:00 PM	Meeting Adjourns / Surveys / Certificates <i>Boxed lunch provided.</i>



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ADVANCED COURSE
in Retirement Plan Administration

DECEMBER 6 – 8, 2023
LOS ANGELES MARRIOTT BURBANK AIRPORT
BURBANK, CA

PROGRAM AGENDA
Agenda is subject to change

The Advance Course is a series of business topics that will have a direct impact on public pensions in the coming years. This information should prove useful for staff operational planning. The Course has been designed to encourage active interaction between speakers and participants.

DAY 1 - Wednesday, December 6, 2023

12:00 – 1:00 PM

Lunch (*provided*)

1:10 – 1:15 PM

Welcome and Introduction

Speaker: Robert Palmer, Facilitator, CALAPRS

1:15 – 2:30 PM

Annual Financial Reports: The Significance of the Annual Comprehensive Financial Report and PAFR

Speaker: Harsh Jadhav, CPA and Chief Auditor, ACERA

The title may have changed, but this document continues to be the best source on the financial stability of the organization. It is highly regimented but very useful to stakeholders as well as staff of the organization.

2:30 – 2:45 PM

Afternoon Break

2:45 – 4:00 PM

Investments: The Future of Investment Strategies

Speaker: Paul Harte, Investment Consultant, Retired

Once more we are experiencing a significant change in the market. Years of positive returns have been reduced in a matter of a few months. Now we are experiencing a slow rebuild. What have we learned from this experience? Any take-aways? Should we be considering other approaches for more stable investment strategies in the future?

4:00 – 5:15 PM

Social Security: Again, the Question is Asked: “What About Social Security?”

Speaker: Brian Murphy, FSA, EA, FCA, MAAA, PhD, Senior Consultant and Actuary, Retired



ADVANCED COURSE

in Retirement Plan Administration

What will happen to Social Security Benefits as we approach 2035? Will existing benefits be reduced by 25%? What about the discussion of applying the “donut hole” concept to Social Security contributions similar to Medicare? What other changes are being explored?

5:15 – 7:00 PM

Mixer & Discussion: SSA Variables – Can We Fix Social Security?

Speaker: Brian Murphy, FSA, EA, FCA, MAAA, PhD, Senior Consultant and Actuary, Retired

Social Security provides a website that allows individuals to “play” with the variables to “fix” the funding needs of benefits.

There must be a workable solution...

Beverages and hors d’oeuvres provided. Participants will be on their own for dinner.

DAY 2 - Thursday, December 7, 2023

7:00 – 8:00 AM

Breakfast (*provided*)

8:00 – 9:15 AM

IT & Retirement Systems: Artificial Intelligence (AI) and the World of Retirement

Speaker: Richard Rogers, Principal IGI/Cornerstone Solutions

The sophistication of today’s changing information technology as well as the revised business process in the aftermath of the pandemic is radically and rapidly changing business operations. What will the effects be on automation in our current pension systems and our personnel needs?

9:15 – 9:30 AM

Morning Break

9:30 – 10:45 AM

Defined Contribution: Understanding and Managing the Individual’s DC Plans

Speaker: Carl Nelson, Executive Officer, San Luis Obispo County Pension Trust

As Defined Benefit Plans and Social Security appear to be delaying and/or reducing future benefits, it becomes more important for active members to focus on and understand the “Third Leg” of their Retirement Stool.



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10:45 AM – 12:00 PM

...The Future: The Evolution of Public Pensions Over the Next Few Years

Speaker: Steve Delaney, CEO, OCERS

“The Times...They Are A- Chang'in...” ~Bob Dylan

A look into the future of the pension business. Expect everything from membership, benefits, staffing, investments, funding and even brick & mortar to significantly change over the next 10-year...

12:00 – 1:00 PM

Lunch (*provided*)

1:00 – 2:15 PM

Membership Data: Facts & Factoids

Speaker: Matt Facer, Policy Research & Data Analytic Division CalPERS

CalPERS will present their extensive member data base. What trends are developing for the future of our membership? From this information, how can we adjust our assumptions to meet the future of our business.

2:15 – 2:30 PM

Afternoon Break

2:30 – 5:00PM

Actuarial 101 – Part 1

Speakers: Paul Angelo FSA, Senior Vice President and Actuary and Todd Tauzer, FSA, Senior Vice President and Actuary, Segal

The actuarial valuation of the liabilities and contribution requirements of the pension plan reflects some of the most important decisions made by the Retirement Board and senior staff. Why do we do these valuations? What factors go in and what results comes out? What are the actuarial concepts necessary for understanding the valuation inputs and outputs? And what are the key actuarial decisions the Board must make to effectively manage the actuarial program? All this and more in Part 1 of this two-part presentation.

Participants are on their own for dinner.



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in Retirement Plan Administration

DAY 3 – Friday, December 8, 2023

7:00 – 7:45 AM Breakfast (*provided*)

7:45 – 9:00 AM **Operational Compliance**
Speakers: Johnny Tran, General Counsel and Compliance Officer SDCERS; and Rebecca Walker, Attorney-at-Law, Kaplan & Walker LLP

Operational Compliance programs are becoming more prevalent in the public pension business and are proving to be a key component of the organization's quality controls. What are the best practices in compliance programs and how do they fit with management oversight, internal audit and business ethics?

9:00 – 9:15 AM Morning Break

9:15 – 10:00 AM **Internal Controls Survey: Seeking Best Practice**
Speaker: Dave Nelsen, CEO and Caxton Fung, Internal Auditor, ACERA

California Code, Government Code - GOV § 31527 Permits:

(j) For the use of recorded telephone communications for the processing of authorized transactions affecting a member's account, if the board approves procedures adequate to protect the member and the system. These procedures shall include adequate validation and authentication of member identity and permanent retention of recorded communication. (2013)

The speakers will present the results of a survey on how systems are handling member authentication when members call or log into their system's portal accounts.

10:00 AM – 12:00 PM **Actuarial 101 – Part 2**
Speakers: Paul Angelo FSA, Senior Vice President and Actuary and Todd Tauzer, FSA, Senior Vice President and Actuary, Segal

Part 2 of this presentation drills down into two of the Board's actuarial tools for managing contribution volatility -- asset smoothing and unfunded liability amortization. The session concludes with a discussion of the economic assumptions, including the always controversial expected return on plan assets.

12:00 PM **Meeting Adjourns / Surveys / Certificates**
Boxed lunch provided.



VCERA
VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

September 11, 2023

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

SUBJECT: AUTHORIZATION FOR INTERIM RETIREMENT ADMINISTRATOR TO EXECUTE AGREEMENT WITH VITECH FOR PRE-PURCHASE OF SUPPORT HOURS

Staff requests authorization to execute the attached agreement with Vitech to pre-purchase 2,000 support hours in support of the Alameda Decision enhancements and regular support and maintenance of V3.

The total cost is \$395,000 and was included in the Administrative Budget that was approved by the Board on June 26, 2023. The prepaid block of hours is set to expire on March 31, 2026, and staff are confident that the hours will be used before this date.

RECOMMENDATION: AUTHORIZE INTERIM RETIREMENT ADMINISTRATOR TO EXECUTE AN AGREEMENT WITH VITECH FOR THE PRE-PURCHASE OF 2,000 SUPPORT HOURS, TO BE PAID FROM THE ALLOCATION FOR SUPPORT HOURS PREVIOUSLY-APPROVED IN THE FY 2023/24 BUDGET

Staff will be available to discuss further at the September 11, 2023, Disability Meeting.

Respectfully,

Leah Oliver
Chief Technology Officer

General Information

Licensee: Ventura County Employees' Retirement Association ("VCERA")	Submitted by: Brian McKinney
Project: VCERA	Submitter Email Address: bmckinney@vitechinc.com
Licensee Contact: Leah Oliver	Submission Date:
Licenser Contact: Brian McKinney	Change Order Effective Date: Upon last signature below

Description of Change

VCERA hereby purchases 2,000 hours at the fee specified in the Fees and Expenses section below. Such hours may be applied to work related to Maintenance and Support Services.

Fees and Expenses

Fee Description	Fee
Hours purchased:	
1,000 hours (\$190 per hour)	\$190,000
1,000 hours (\$205 per hour)	\$205,000
Total	\$395,000

The Fee set forth above will be invoiced on the Change Order Effective Date and payable within thirty (30) days of VCERA's receipt of such invoice.

Assumptions, Responsibilities, and Dependencies

1. The hours purchased hereunder will be credited to VCERA upon the Change Order Effective Date and will be deducted based on support services provided as communicated in the monthly reporting, unless otherwise agreed between the parties. All unused hours shall expire 3/31/2026.
2. VCERA acknowledges that it is purchasing a fixed number of hours under this Change Order.

Standard Terms

This Change Order is made pursuant to and subject to the terms of the License, Professional Services, Maintenance and Support Agreement between Vitech Systems Sub LLC, a New York limited liability company d/b/a Vitech Systems Group ("Licensor" or "Vitech") and Ventura County Employees' Retirement Association ("VCERA") dated February 27, 2012, as amended (the "Agreement"). By signing this Change Order Form, VCERA is accepting all of the provisions of this Change Order and authorizing Licensor to perform the associated services for the fixed fee or hourly billing rate plus expenses set forth in "Fees and Expenses" above. This Change Order constitutes an addendum to the Agreement.

Except as expressly amended by this Change Order, all of the terms, conditions and provisions of the Agreement are hereby ratified and continue unchanged and shall remain in full force and effect for the purposes of this Change Order.

An authorized signature on this page by VCERA indicates its acceptance of this Change Order.

Change Order No. []

IN WITNESS WHEREOF, the parties hereto have caused this Change Order to be executed by their duly authorized representatives as of the Change Order Effective Date.

Accepted and Agreed to:

Ventura County Employees' Retirement Association

Name: _____

Title: _____

Signature: _____

Agreed to:

Vitech Systems Sub LLC

Name: _____

Title: _____

Signature: _____



VCERA
VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

September 11, 2023

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

SUBJECT: AUTHORIZATION FOR INTERIM RETIREMENT ADMINISTRATOR TO EXECUTE AGREEMENTS WITH VITECH SYSTEMS GROUP, INC., AND VSG HOSTING

Staff requests authorization to execute agreements with Vitech Systems Group, Inc., and VSG Hosting for the "V3 Upgrade Subscription and Maintenance and Support Agreement" (Support Agreement) and "Amended and Restated V3 Hosting Agreement" (Hosting Agreement), respectively.

The Support Agreement, dated December 30, 2011, and the Hosting Agreement, dated May 1, 2019, were both updated and drafted between VCERA and Vitech Systems Group, Inc., and VSG Hosting, respectively. Both agreements are in alignment with current industry support contracts and include details surrounding terms and fees, maintenance and support services, confidentiality, and security.

All support and maintenance costs associated with both contracts were included in the Fiscal Year 23/24 Administrative Budget that was approved by the Board on June 26, 2023.

RECOMMENDATION: AUTHORIZE INTERIM RETIREMENT ADMINISTRATOR TO EXECUTE AGREEMENTS WITH VITECH SYSTEMS GROUP, INC., AND VSG HOSTING

Staff will be available to discuss further at the September 11, 2023, Disability Meeting.

Respectfully,

Leah Oliver
Chief Technology Officer

V3 UPGRADE SUBSCRIPTION AND MAINTENANCE AND SUPPORT AGREEMENT

This Agreement made and entered into this 1st day of September, 2023 (the "Effective Date"), by and between Vitech Systems Sub LLC, a New York limited liability company (d/b/a Vitech Systems Group), with principal offices at 401 Park Avenue South, New York, New York 10016 ("Licensor"), and Ventura County Employees' Retirement Association, with principal offices at 1190 S. Victoria Avenue, Suite 200, Ventura, California 93003 ("Licensee").

WHEREAS, Licensor and Licensee have entered into a License, Professional Services, Maintenance and Support Agreement dated December 30, 2011, as amended (the "License Agreement") pursuant to which Licensee has been granted a perpetual license to Licensed Programs proprietary to Licensor; and

WHEREAS, the License Agreement grants to Licensee the right to secure upgrade subscription and maintenance and support services (collectively, the "Services") from Licensor as hereinafter provided and Licensee desires to obtain such Services.

NOW, THEREFORE, Licensor and Licensee hereby agree as follows:

1. DEFINITIONS.

"Annual Hours Bank" means a prepaid quantity of hours of Licensor's personnel that Licensee may utilize for Services.

"Configuration" means the then-current configuration of the Licensee's Licensed Programs.

"Consumer" has the meaning given in the California Consumer Privacy Act.

"Defect" means failure of the Licensed Programs to operate in material compliance with the accepted Specification Documents, where the underlying cause of such failure is the improper coding or Configuration of the Licensed Programs by Licensor. Non-conformities caused exclusively by errors in Licensee Data shall not be considered Defects.

"Documentation" means any written, printed, electronic or other format user manuals published or otherwise made available by Licensor to its licensees which describe the features and functions of the Licensed Programs and Upgrades so that it may be used by a reasonably trained user.

"Licensee Data" means data of Licensee, and data of or about Consumers, that is accessible by Licensor.

"Specification Documents" means the specification documents created by Licensor with the support and input of Licensee that documents the Configuration.

"Third Party" means persons, corporations or other entities, other than Licensor or Licensee.

"Upgrades" means any improvements and modifications to the Licensed Programs in the nature of upgrades, updates and fixes that Licensor makes generally available from time-to-time at no additional charge to its customers who have paid their Upgrade Subscription Fees.

All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the License Agreement.

2. TERM AND FEES.



(a) The provision of the Services to Licensee will commence upon the Effective Date and will continue for an initial term as set forth on the order form (the "Order Form") attached hereto as Schedule A (the "Initial Subscription Term"). The Upgrade Subscription Fee for the Services to be provided by Licensor is as set forth on the Order Form. The Upgrade Subscription Fee is due and payable as set forth in the Order Form. The Services are renewable at the end of the Initial Subscription Term as set forth below (each such renewal shall be referred to as a "Renewal Subscription Term," and "Subscription Term" shall mean the Initial Subscription Term as extended by each Renewal Subscription Term).

(b) Not less than ninety (90) days prior to each anniversary of the Effective Date, Licensor shall notify Licensee of any increase in the Upgrade Subscription Fee, which increase shall not exceed three and one-half percent (3.5%) over the previous Upgrade Subscription Fee, or any other non-material changes to the terms and/or conditions of this Agreement. In no event shall any changes (a) materially and adversely affect the availability of Upgrades or Support Services or (b) increase the pricing. Notice by Licensor shall be made by submitting to Licensee a new Order Form covering the subsequent Renewal Subscription Term and setting out the details thereof as well as the Hourly Rate that will be in effect for the subsequent Renewal Subscription Term. If Licensee wishes to extend the Subscription Term upon expiration of the Initial Subscription Term or any Renewal Subscription Term, Licensee shall notify Licensor of its intent to extend the Subscription Term no later than thirty (30) days prior to the anniversary of the Effective Date, including whether Licensee wishes to purchase an Annual Hours Bank by paying the Upgrade Subscription Fee or whether Licensee wishes to procure the Services for the Renewal Subscription Term on a time and materials basis. If Licensee wishes to not extend the Subscription Term upon expiration of the Initial Subscription Term or any Renewal Subscription Term, Licensee shall notify Licensor of its intent to not extend the Subscription Term no later than thirty (30) days prior to the anniversary of the Effective Date. If Licensee does not notify Licensor of its intent within such time period, the Subscription Term shall be automatically extended for an additional annual period and Licensee shall remit payment of the applicable Upgrade Subscription Fee for the ensuing annual period to Licensor no later than the anniversary of the Effective Date. Any notification by Licensee of its intent to not extend the Subscription Term or failure by Licensee to provide notice of renewal to Licensee and, if applicable, remit payment of the Upgrade Subscription Fee within such time period shall be considered expiration of the Subscription Term and a lapse in Services. An expiration of the Subscription Term shall not affect Licensee's rights under the License Agreement.

(c) If Services are reinstated after a lapse (i.e., expiration of the Subscription Term), such renewal is to be at the Upgrade Subscription Fee last proposed by Licensor; provided, however, that if the lapse in Services is greater than twelve (12) months, renewal will be at the then current Upgrade Subscription Fee and subject to payment by Licensee of a fee to reinstate Services and terms and conditions documenting such reinstatement. Such reinstatement fee will be calculated for the period beginning on the first anniversary of the date that the Subscription Term lapsed to the beginning date of the new Subscription Term and will be added to the fees for the new Subscription Term.

3. UPGRADE SUBSCRIPTION SERVICES.

(a) Provided that Licensee has paid to Licensor the Upgrade Subscription Fees, Licensor shall provide to Licensee the license rights to all Upgrades to the Licensed Programs to be delivered to Licensee on such media, under such terms and in such manner as Licensor customarily delivers the same to its customers. For the avoidance of doubt, any Services required in connection with an Upgrade, including but not limited to configuration, installation, implementation and deployment, shall be requested and charged in accordance with Section 4 below. Such Upgrades, when delivered, shall become part of the Licensed Programs and shall otherwise be subject to all of the terms of the License Agreement. Licensee acknowledges that if it elects not to adopt particular Upgrade(s) but desires to adopt a subsequent Upgrade, it will be required to install and adopt such earlier Upgrade(s) if the functionality or installation of the subsequent Upgrade depends upon the prior implementation or installation of the earlier Upgrade(s).

(b) The Upgrades which may be provided pursuant to this Section 3 shall not, unless already included in an Upgrade that Licensor has agreed to provide to at least one (1) similarly situated paying customer, as determined in Vitech's sole discretion, at no additional charge, include improvements and

modifications to the Licensed Programs in the nature of upgrades, updates and fixes made necessary due to (i) statutory changes; (ii) changes in governmental regulations; or (iii) any other modification required or desired by Licensee due to Licensee's needs, requirements, and/or operations. Any improvements and modifications to the Licensed Programs in the nature of upgrades, updates and fixes made necessary due to (i) – (iii) above may be requested by Licensee pursuant to a Change Order under the License Agreement and when delivered shall become part of the Licensed Programs.

(c) Licensor will conduct application security assessment review(s) on Licensee's environments to identify common security vulnerabilities as identified by industry-recognized organizations (e.g., OWASP Top 10 Vulnerabilities; CWE/SANS Top 25 vulnerabilities) for the Licensed Programs and Upgrades. Such assessment reviews shall be conducted at least once per calendar year, and also shall be conducted in conjunction with each Upgrade. Licensor will focus the scope of the security assessment on application security, including, but not limited to, a penetration test of the Licensed Programs, as well as a code review of the Licensed Programs. Licensor shall, at its option and expense, either: (a) use the third-party firm specializing in code reviews identified by Licensee to conduct the foregoing security assessments; or (b) conduct the security assessment review itself, provided that Licensor personnel performing the review are experienced in conducting reviews of this kind, follow industry standard best practices for such assessments, and upon request, summary assessment results are shared by Licensor with Licensee's designated agent for review. Licensor shall at its sole expense remediate all vulnerabilities identified and industry rated as a result of the assessment as medium or higher (or other similar designation): (i) prior to a new Upgrade being introduced to Licensee's production environments; and (ii) for a version of Licensee's Licensed Programs currently in production, within thirty (30) to ninety (90) days based on criticality of the vulnerability identified from the assessment. At Licensee's request and cost, Licensor shall provide a written report to Licensee detailing (a) the security assessment review(s) conducted since the prior report; (b) the vulnerabilities identified by such security assessment review(s); and (c) the steps taken by Licensor to remediate such vulnerabilities.

4. MAINTENANCE AND SUPPORT SERVICES.

(a) Provided that Licensee has paid to Licensor the Upgrade Subscription Fee, Licensee will be provided the Annual Hours Bank set forth on the Order Form, during each annual Upgrade Subscription period which may be used by Licensee for maintenance (including, after any applicable warranty period, to correct any Defects, enhancements of and/or training services for the Licensed Programs, the installation, implementation and/or testing of releases of the Licensed Programs during the annual period for which the Upgrade Subscription Fee was paid. The Annual Hours Bank will be administered by Licensor and Licensee as set forth in Schedule D. Unused hours may not be rolled over to the following annual Renewal Subscription Term, except as set forth in Schedule D. Telephone and remote support access will be provided Monday to Friday from 8:00 am to 5:00 pm Pacific Standard Time (except for legal holidays in New York State) unless other times of coverage are expressly set forth on the Order Form. If a bona fide Defect affecting Licensee's production environment cannot be resolved by Licensor's telephone and remote support personnel at the time it is reported, then Licensor's support representative will allocate the call to one of the three call categories described on Schedule B hereof. The criteria used in this allocation and the resulting support sequences are set forth in Schedule B. After Licensee has used the Annual Hours Bank for an annual Upgrade Subscription period, additional maintenance and support Services will be billed at the Hourly Rate specified on the then-current Order Form.

(b) In providing maintenance and support Services, Licensor may not find resolution to the extent that an issue is caused by (a) Licensee's misuse, improper use, mis-configuration, or damage to the Licensed Programs; (b) Licensee's use of the Licensed Programs with any hardware or software not supported by Licensor; (c) Licensee's failure to install an Upgrade to the Licensed Programs if such Upgrade would have resolved the issue; or (d) uses of the Licensed Programs in a manner not in accordance with the License Agreement.

(c) For the avoidance of doubt, any fixes, upgrades, enhancements, and/or modifications to the Licensed Programs, when delivered, shall become part of the Licensed Programs and shall otherwise be subject to all of the terms of the License Agreement.

5. PAYMENT.

(a) Licensee hereby agrees to pay to Licensor in U.S. Dollars the Upgrade Subscription Fee and all other fees in the amounts specified in the Order Form. Hourly fees for support services that are not disputed in good faith by Licensee will be due and payable within thirty (30) days from the date of an invoice from Licensor.

(b) Licensee agrees to pay to Licensor interest at a rate equal to the lesser of the maximum amount permitted by law or 1% per month on the outstanding, good faith undisputed balance of such invoiced amount for each month, or part thereof, that is not paid within sixty (60) days from the date of such invoices. Such interest shall be due and payable by Licensee on demand. In addition, Licensor may, at its sole discretion, either suspend Services or terminate this Agreement if any good faith undisputed fee hereunder is more than sixty (60) days past due.

(c) Licensee is exempt from federal taxes, and no payment will be made for any taxes levied on payments to Licensor. Licensee is exempt from state and local sales and use taxes on the Services supplied pursuant to this Agreement. If, in the future, Licensee is determined not to be exempt, Licensee shall pay directly or, in the event that Licensor is required to pay such taxes directly, reimburse Licensor for all state and local sales, value added, excise, use or similar taxes, including any associated penalties and interest, and all tariffs, duties or similar charges whether imposed by domestic or foreign governments or entities, due in connection with the fees and expenses payable pursuant to this Agreement.

6. LICENSEE RESPONSIBILITIES.

(a) Licensee is responsible for all hardware, operating systems, database software, network setup, network maintenance and setup and use of any access control systems required in the support of the Licensed Programs. Additionally, Licensee shall directly enter into and maintain any necessary third party license and support agreements required for Licensor to fulfill its obligations hereunder. Licensee acknowledges and agrees that Licensor is not responsible for Licensee properly licensing for its use of products owned by any third party.

(b) As related to Defects reported by Licensee, Licensee may be requested to provide Licensor with, to the extent possible, reproducible test case(s) and documentation of the Defect. Licensee may also be requested to grant Licensor remote access rights to Licensee's proprietary computer systems so that Licensor may render Services.

(c) If requested by Licensor, Licensee will make available personnel who possess the knowledge related to a reported Defect that Licensor deems necessary in order to resolve such Defect.

(d) Licensee is responsible for requiring that its personnel have sufficient training to attain and maintain competence in the operation of the Licensed Programs.

(e) Licensee agrees to endeavor to minimize redundant requests for maintenance and support Services by permitting only Technical Contacts, as named on the Order Form, to contact Licensor for maintenance and support Services. The Technical Contact's names and contact information shall be provided to Licensor in writing and may be updated by Licensee upon written notice to Licensor.

7. DISCLAIMER.

(a) Licensor represents and warrants that: (i) the Upgrades and any changes to the Configuration introduced by Licensor through the Services shall, at the time of delivery, be compatible with the equipment and software (including the Hosting Infrastructure, as such term is defined in the V3 Hosting Agreement entered into between Licensee and VSG Hosting Sub LLC) provided by Licensor or approved by Licensor in writing; (ii) the Upgrades and any changes to the Configuration introduced by Licensor through the Services shall at the time of delivery, conform to the Specification Documents agreed to by the

parties; (iii) Licensor shall perform all Services in a timely, professional and workmanlike manner, and in accordance with prevailing industry practices and standards, provided, however, that where this Agreement specifies a particular standard or criteria for performance, this warranty is not intended to and does not diminish that standard or criteria for performance; (iv) Licensor is sufficiently staffed and equipped to fulfill Licensor's obligations under this Agreement; and (v) the Services will be performed by appropriately qualified and trained personnel.

(b) EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, LICENSOR DISCLAIMS ALL WARRANTIES AND CONDITIONS, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND DOES NOT WARRANT THAT THE LICENSED SOFTWARE MEETS LICENSEE'S REQUIREMENTS, OPERATES WITHOUT INTERRUPTION OR IS ERROR FREE.

(c) EACH PARTY AGREES THAT NEITHER THE OTHER PARTY NOR ANY OF ITS AGENTS, SUPPLIERS, OFFICERS OR EMPLOYEES WILL BE LIABLE TO IT OR ANY OTHER PARTY UNDER THIS AGREEMENT FOR ANY LOST BUSINESS OR PROFITS. EXCEPT IN FULFILLMENT OF THE OBLIGATIONS UNDER SECTION 7(g) OR IN CONNECTION WITH A BREACH BY LICENSOR OF ITS OBLIGATIONS WITH RESPECT TO CONFIDENTIALITY (PROVIDED THAT BREACHES OF CONFIDENTIALITY OBLIGATIONS THAT ARE DIRECTLY CAUSED BY SECURITY INCIDENTS SHALL BE SUBJECT TO THE SECURITY INCIDENT CAP DEFINED IN SECTION 7(e)), IN NO EVENT SHALL LICENSOR OR ITS AGENTS, SUPPLIERS, OFFICERS OR EMPLOYEES BE LIABLE, UNDER ANY THEORY OF LIABILITY, HOWEVER ARISING, FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, COSTS, OR LOSSES OF ANY KIND (INCLUDING, BUT NOT LIMITED TO, ANY LOSS OF USE AND INTERRUPTION OF BUSINESS) ARISING OUT OF THIS AGREEMENT OR THE USE OR INABILITY TO USE THE LICENSED SOFTWARE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT IN CONNECTION WITH A BREACH BY LICENSEE OF ITS OBLIGATIONS WITH RESPECT TO CONFIDENTIALITY, IN NO EVENT SHALL LICENSEE OR ITS AGENTS, SUPPLIERS, OFFICERS OR EMPLOYEES BE LIABLE, UNDER ANY THEORY OF LIABILITY, HOWEVER ARISING, FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, COSTS, OR LOSSES OF ANY KIND ARISING OUT OF THIS AGREEMENT, EVEN IF LICENSEE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(d) EXCEPT IN FULFILLMENT OF LICENSOR'S OBLIGATIONS UNDER SECTION 7(g), OR FOR LIABILITY ARISING OUT OF A BREACH BY EITHER PARTY OF ITS OBLIGATIONS WITH RESPECT TO CONFIDENTIALITY (PROVIDED THAT BREACHES OF CONFIDENTIALITY OBLIGATIONS THAT ARE DIRECTLY CAUSED BY SECURITY INCIDENTS SHALL BE SUBJECT TO THE SECURITY INCIDENT CAP DEFINED IN SECTION 7(e)), EACH PARTY'S LIABILITY IN CONNECTION WITH THIS AGREEMENT AND/OR THE LICENSED SOFTWARE SHALL IN NO EVENT EXCEED THE AMOUNT OF THE LAST ANNUAL UPGRADE SUBSCRIPTION FEE PAID TO LICENSOR PURSUANT TO THIS AGREEMENT.

(e) WITH RESPECT TO LICENSOR'S OBLIGATIONS FOR A SECURITY INCIDENT UNDER THIS AGREEMENT, LICENSOR'S TOTAL AGGREGATE LIABILITY UNDER THE AGREEMENT FOR ALL CLAIMS ARISING IN CONNECTION WITH THE SECURITY INCIDENT WILL BE LIMITED TO DIRECT DAMAGES IN AN AMOUNT EQUIVALENT TO FOUR (4X) TIMES THE AMOUNT OF THE LAST ANNUAL UPGRADE SUBSCRIPTION FEE PAID TO LICENSOR PURSUANT TO THIS AGREEMENT ("SECURITY INCIDENT CAP"). FOR ANY CLAIM ARISING SOLELY FROM THIS AGREEMENT (AND NOT UNDER THE AMENDED AND RESTATED V3 HOSTING AGREEMENT ENTERED INTO BETWEEN LICENSEE AND VSG HOSTING SUB LLC ("HOSTING AGREEMENT")), LICENSEE SHALL BE ENTITLED TO RECOVERY UNDER THIS AGREEMENT ONLY, BUT NOT UNDER THE HOSTING AGREEMENT. The parties acknowledge and agree that the following damages, as incurred, are deemed to be direct damages that are recoverable under the Security Incident Cap and will not be excluded as consequential or any other category of excluded damages: (a) the reasonable and customary costs and

expenses of (i) providing notice to affected individuals and entities of a Security Incident, (ii) providing notice to governmental authorities, credit bureaus, and other required entities, (iii) investigating the Security Incident, including forensically, (iv) mitigating and terminating the Security Incident and remediating its causes, (v) remedying any data damage caused by the Security Incident, including data re-creation, (vi) providing affected individuals with reasonable bureau credit monitoring and repair services for a specific period not to exceed twenty-four (24) months, and (vii) call center support for such affected individuals and entities for a specific period not to exceed twenty-four (24) months; (b) regulatory fines; (c) any other measures specifically required under applicable law; and (d) damages, losses, judgments, liabilities, settlements, costs, expenses, or fines (including reasonable attorney's fees and legal costs) incurred by Licensee to the extent arising from a third-party action arising from a Security Incident.

(f) NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY LICENSOR, ITS AGENTS, OFFICERS OR EMPLOYEES SHALL CREATE ANY WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF ANY WARRANTY, AND LICENSEE MAY NOT RELY ON ANY SUCH INFORMATION OR ADVICE WITH RESPECT TO LICENSOR.

(g) Licensor shall defend, indemnify and hold harmless Licensee and its affiliates, and their respective directors, officers, employees, agents, and attorneys, and all elected officials (the "Indemnified Parties") from and against any and all claims, actions, losses, settlements, judgments, reasonable costs and reasonable expenses (including reasonable attorneys' fees, whether incurred in defending against such claim or enforcing this Section 7(g)) that the Indemnified Parties may sustain in connection with a Third Party claim arising from any injury to persons (including death or illness), damage to tangible property, or breach of Section 8 (provided that a breach of Section 8 that is exclusively the result of a Security Incident shall be subject to the Security Incident Cap), caused by the act or omission of Licensor or its personnel in connection with this Agreement. Licensor and its affiliates, and each of their respective directors, officers, employees, agents, and representatives shall have no responsibility for any third party claims or causes of action, lawsuits, demands, litigations, and arbitrations and any resulting damages, losses, liabilities, settlements, costs, expenses, or fines (including reasonable attorney's fees and legal costs) arising from any injury to persons (including death or illness), damage to tangible property, or breach of Section 8 to the extent caused by the act or omission of Licensee or its personnel in connection with this Agreement.

8. CONFIDENTIALITY; SECURITY.

(a) As used herein, the term "Confidential Information" means the Licensed Programs and Documentation and any information which relates thereto, Licensee Data, a trade secret of either party, internal controls, computer or data processing programs, electronic data processing applications, routines, subroutines, techniques or systems, algorithms, or information concerning the business or financial affairs and methods of operation or proposed methods of operation, accounts, transactions, proposed transactions or security procedures of either party, or any client, customer or vendor of either party. Except for Licensee Data, which shall be Confidential Information under all circumstances, Confidential Information shall not include information which (i) is in the public domain at the time of its disclosure or thereafter, (ii) was properly in the recipient's possession prior to such disclosure, and (iii) was disclosed to recipient by a third party who did not obtain such Confidential Information, directly or indirectly, from the other subject to any confidentiality obligation. Each party shall (x) advise its affiliates' employees, agents and contractors, (each a "Representative") who are engaged in performance under this Agreement of the provisions of this Section 8, (y) take such actions as shall be appropriate to reasonably maintain the nondisclosure of Confidential Information by such Representatives in accordance with this Section 8, and (z) be responsible and liable for the acts and omissions of such Representatives to the same extent as if performed by such applicable party.

(b) Subject to Section 8(c), each party hereto, using reasonable care, shall hold in trust for the other party and shall not disclose to any third party any Confidential Information (as such term is hereinafter defined) which may be disclosed to it by the other party in connection with performance under this Agreement except to the extent required to be disclosed by law or pursuant to judicial proceeding or governmental requirements, in which event the party shall (a) notify the other party as soon as possible of

such required disclosure to the extent permissible in order to permit the other party to obtain a protective order; and (b) reasonably cooperate with the other party at the other party's expense in seeking to limit such disclosure and in seeking to obtain a protective order or other remedy. If the other party does not obtain a protective order or other remedy, such portions of the Confidential Information as, pursuant to the advice of the receiving party's counsel, are required to be disclosed, may be disclosed, and the receiving party will use its diligent and good faith efforts to obtain reliable assurance that confidential treatment be accorded to such information. The recipient shall not use Confidential Information for any purpose other than as necessary for performance under this Agreement without the prior written consent of the disclosing party. Subject to the provisions of this Section 8, each party shall restrict access to Confidential Information received from the other party to only those of its and its Representatives with a legitimate business need to receive the Confidential Information.

(c) Notwithstanding anything to the contrary in this Agreement, Licensor acknowledges that Licensee is subject to the provisions of California Government Code §6250 et seq. (the "Public Records Act" and California Government Code §54950 et seq. (the "Brown Act"). Accordingly, Licensor acknowledges that Licensor's Confidential Information may be disclosed pursuant to a request under the Public Records Act or the Brown Act. In the event Licensee receives a request under the Public Records Act or the Brown Act related to Licensor's Confidential Information under this Agreement, Licensee's sole responsibility will be to promptly notify Licensor of the request in order to allow the Licensor to seek protection from disclosure in a court of competent jurisdiction. Licensor acknowledges and agrees that Licensee shall be able to comply with such request without any liability under this Agreement and regardless if such information being requested is considered Licensor's Confidential Information, unless Licensor obtains such judicial protection against such disclosure against the requester. Licensee shall cooperate with Licensor, at Licensor's expense, in the event Licensor resorts to judicial protection against a disclosure under the Public Records Act or the Brown Act.

(d) Subject to Section 8(c), all terms and conditions contained in this Agreement shall not be considered Confidential Information.

(e) Security Incident. Licensor shall (i) notify Licensee within 24 hours after Licensor's confirmation of any Security Incident (defined below), (ii) provide all information reasonably related to the Security Incident, or that is otherwise required by law, (iii) perform an evaluation and root cause analysis and develop plans reasonably designed to contain the Security Incident, and to prevent its reoccurrence, and (iv) take other actions as specified in Licensor's Security Incident Response Plan. "Security Incident" means the unauthorized access, use, destruction or disclosure of Licensee Data in Licensor's possession that has occurred as a result of an unauthorized access to, disruption of, or misuse of an information system controlled by Licensor that handles or stores Licensee Data.

Subject to the Security Incident Cap set forth in Section 7(e), Licensor shall be liable for a Security Incident (i) that results from Licensor's breach of its obligations under this Agreement or is otherwise caused by Licensor, and (ii) where the Licensee Data or Licensee Confidential Information that is the subject of the Security Incident was, at the time of such Security Incident, in the possession or under the operation or control of Licensor, then the reasonable costs for notification or remediation incurred by Licensee as a result of a Security Incident shall be at Licensor's cost and expense. Licensor's liability shall be proportionally limited to the extent that Licensee caused or contributed to the Security Incident or Licensee failed to take reasonable steps to mitigate its costs. If Licensor is liable for a Security Incident, subject to the preceding sentence, then the reasonable costs for notification or remediation incurred by Licensee as a result of a Security Incident shall be at Licensor's cost and expense.

(f) Licensee shall not provide to Licensor any personally identifiable information. To the extent Licensee uses a data scrambling routine provided by Licensor, Licensee acknowledges that such routine scrambles only the fields set forth in Schedule C hereof. Licensee further acknowledges that Licensor does not guarantee that the scrambling of such fields will prevent a third party from ascertaining the identity of specific individuals through the combination of unscrambled fields. It is Licensee's responsibility to ensure that all fields containing personally identifiable information, or that could be used to ascertain such information, are properly scrambled.

(g) In addition to Licensor's obligations under Section 8(a)-(b), in the course of providing its Services under this Agreement, Licensor may have access to Licensee Data and to personally identifiable information in the Licensee Data. Licensor acknowledges that such access in the course of providing the Services is not the provision of personally identifiable information to Licensor within the meaning of Section 8(e). In connection with Licensee Data, Licensor will implement safeguards necessary to: (i) protect the security, confidentiality and integrity of Licensee Data; (ii) prevent unauthorized access to Licensee Data from any public or private network; (iii) prevent interception and manipulation of Licensee Data during transmission; and (iv) notify Licensee as soon as reasonably practicable if any breach of such system or of the security, confidentiality, or integrity of personal information occurs.

(h) If there is a Licensor Security Incident and/or other incident involving possible unauthorized disclosure of or access to personally identifiable information that was provided by Licensee in contravention of Section 8(f), provided that (i) Licensor has exercised reasonable efforts to safeguard such personally identifiable information and (ii) the unauthorized disclosure of or access to such personally identifiable information occurred in spite of Licensor's exercise of reasonable efforts to safeguard such personally identifiable information, then Licensee shall fully release Licensor from liability with respect to the personally identifiable information that was provided by Licensee in contravention of Section 8(f). Should personally identifiable information be provided to Licensor in contravention of Section 8(f), Licensor will exercise reasonable efforts to safeguard such personally identifiable information.

(i) Licensee agrees not to obstruct, conceal, manipulate, modify, alter, remove or destroy any proprietary markings placed upon or contained within the Licensed Programs or Documentation, including, without limitation, any copyright notices or confidential legends placed upon or contained within the Licensed Programs or Documentation or any other related materials.

9. TERMINATION; EXPIRATION.

(a) In the event of a material breach by either party of any provision of this Agreement, the non-breaching party shall give the breaching party notice thereof and if such breach is not cured within thirty (30) days after receipt of such notice, then the non-breaching party may terminate this Agreement, and Licensee shall be entitled to a refund from Licensor of the unamortized portion of the last Upgrade Subscription Fee paid to Licensor pursuant to this Agreement based on any unused hours remaining in the then-current Annual Hours Bank.

(b) In the event of a breach by Licensee of any provision of the License Agreement which results in the termination thereof, then Licensor may terminate this Agreement in addition to any other rights and remedies that Licensor may have in connection with such breach. In the event of a breach by Licensor of any provision of the License Agreement which results in the termination thereof, then Licensee may terminate this Agreement in addition to any other rights and remedies that Licensee may have in connection with such breach.

(c) In the event that Licensee has not renewed Services after a lapse as set forth in Section 2(c) within three (3) years after such lapse, this Agreement shall automatically expire.

10. MISCELLANEOUS.

(a) Neither party shall be liable for failure or delay in the performance of its obligations under this Agreement if such performance has been made impracticable by the occurrence of a contingency not reasonably within the control and without the fault of a party, including, but not limited to, compliance with any applicable foreign or domestic governmental regulation or order, acts of God, accidents, labor troubles, failure of equipment, pandemic, riots, wars or acts of terrorism.

(b) The provisions of Sections 4(c), 5, 7, 8, 9 and 10 shall survive the termination of the Agreement.

(c) Prior to twelve (12) months after the termination of this Agreement, neither party hereto shall directly or indirectly solicit for employment or make an offer of employment to an employee or independent contractor of the other party, or to an individual who left the other party's employ within the prior six (6) months, without the prior written approval of the other party. This Section 10(d) shall not apply in the event an employee, independent contractor or former employee of either party responds to a general recruitment advertisement or job posting.

(d) Except as specifically provided elsewhere in this Agreement, all notices required or permitted to be given by one party to the other under this Agreement shall be in writing and shall be sufficient if made to the parties at the respective addresses set forth above or to such other person or address as the party to receive the notice has designated by notice to the other party and by: (i) personal delivery (including delivery by any commercial delivery service); (ii) registered or certified mail, postage prepaid, return receipt requested; or (iii) e-mail transmission with confirmation of receipt. The date of notice to the other party shall be, regardless of the date appearing on the notice: the date upon which such notice is actually delivered; or if the notice is given by registered or certified mail, the date upon which it is deposited in the mail; or if sent by e-mail transmission, the date on which receipt of the e-mail transmission is confirmed, provided an original is received by the addressee by any commercial delivery service within one (1) business day of the e-mail transmission.

(e) This Agreement sets forth the entire understanding between the parties with respect to its subject matter. No modification or amendment of this Agreement shall be binding unless set forth in writing and signed by the parties hereto. The failure of either party at any time to enforce any provision of this Agreement shall not constitute a waiver of such provision or of any other provision hereof or of the right of such party thereafter to enforce any provision hereof. In resolving any inconsistencies between the terms of this Agreement and the License Agreement, this Agreement shall have precedence.

(f) This Agreement shall be governed by the laws of the State of California applicable to contracts made and to be performed in that State. All disputes, controversies or claims arising out of or relating to this Agreement or breach thereof shall be subject to the exclusive jurisdiction of the courts of Ventura County, California, if in State court, and in the Central District of California, if in Federal court. The parties hereby confer and submit to the exclusive jurisdiction of these courts.

(g) The parties acknowledge that this Agreement was the result of arms-length negotiation between them, each represented by counsel, and that no adverse inference shall be ascribed to the party drafting any particular provision of this Agreement. A judicial determination that any provision of this Agreement is invalid in whole or in part shall not affect the enforceability of those provisions not found to be invalid.

(h) This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

Licensor:
VITECH SYSTEMS SUB LLC

Licensee:
VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Schedule A
Order Form

Order Number: 1

Licensee: Ventura County Employees' Retirement Association

Order Date: September 1, 2023

Initial Subscription Term: September 1, 2023 – August 31, 2024

*Upgrade Subscription Fee:

September 1, 2023 – February 28, 2024	\$0
March 1, 2024 – August 31, 2024	\$93,530.30

Annual Hours Bank: 0

Hourly Rate for Initial Subscription Term: \$266

Technical Contacts: Haridas Mamgalappilly
HMamgalappilly@vitechinc.com

*Any prior subscription fees pre-paid to Licensor and unused by Licensee for the 2023-2024 year as of the Effective Date shall be credited to the 2023 Upgrade Subscription Fee. The Upgrade Subscription Fee, commencing on March 1, 2024, shall be due and payable by Licensee within thirty (30) days of receipt of invoice.

Schedule B

Service Levels for Software Maintenance and Support Services

Licensor shall respond to Licensee’s requests for remediation of Defects in accordance with the schedule below. For the avoidance of doubt, the response/support sequence will not apply to modifications and/or configurations of the Licensed Programs by Licensee or any other person or entity (other than Licensor or Licensor’s subcontractors acting at Licensor’s express direction). Response times specified will be measured from the point, within the times of coverage, that Licensee reports a Defect with reasonable detail describing such Defect. To the extent a Defect is reported outside of the times of coverage, for the purposes of measuring Licensor’s response time, it shall be considered reported as of the start of the next covered support period.

All response times referenced below are understood to be within the times of coverage contracted for by Licensee in Section 4 of this Agreement. Accordingly, in cases where Defects are reported and the required response time falls outside of Licensee’s times of coverage, response will be made in the required timeframe on the next day falling within Licensee’s times of coverage.

It is agreed that Defects that Licensee has knowingly agreed to put into its production environment as part of any go-live or Licensed Programs release shall not be eligible to be deemed Defects for support purposes and that such Defects will be addressed via a release schedule to be separately agreed by the parties.

CALL CATEGORY	CRITERIA AND SUPPORT SEQUENCE
Critical Defect	<p>Criteria: Critical Defects are failures or errors of or in the application Licensed Programs, caused by Defects, that cause:</p> <ul style="list-style-type: none">▪ The Licensed Programs to be fully inaccessible▪ The Licensed Programs to hang indefinitely, causing indefinite delays for response▪ The Licensed Programs to be unable to create benefit checks or electronic payments which are imminently due for a significant population of Licensee’s customers (if applicable) <p>Critical Defects impact the immediate operations of Licensee and Licensee cannot operate via any other measures until the failure is corrected.</p> <p>Support Sequence: Reasonable efforts will be made to respond to Critical Defects within one (1) hour and in all cases Critical Defects will be responded to within two (2) hours. Support personnel will be assigned to work continuously, within Licensee’s times of coverage, on bona fide Critical Defects until the issue is resolved or until the severity level is reduced. Licensor will provide, within Licensee’s times of coverage, updates on Critical Defects every two hours until such issue is resolved or reduced in severity. Critical Defects will generally be resolved either by a patch Licensed Programs release outside of Licensee’s normal Licensed Programs release schedule or modifications introduced directly to Licensee’s production environment or other similar methods as may be agreed by the parties.</p>

CALL CATEGORY	CRITERIA AND SUPPORT SEQUENCE
<p>General Defect</p>	<p>Criteria: General Defects are failures or errors of or in the application Licensed Programs, caused by Defects, that materially impair one or more functions set forth in the accepted specifications or Solution Design Document, with the consequence that Licensee's operations are materially adversely impacted.</p> <p>Support Sequence: Reasonable efforts will be made to respond to General Defects within four (4) hours and in all cases General Defects will be responded to within eight (8) hours. Licensor will use reasonable efforts to provide fixes to Licensee's designated testing environment for General Defects within Licensee's next regularly scheduled Licensed Programs release. In the event that Licensor has no forthcoming regularly scheduled release or if such release is scheduled more than sixty (60) days out then, at Licensee's option, Licensor will use reasonable efforts to schedule a release to Licensee's testing environment within sixty (60) days. Licensor will provide updates on General Defects every week until such issue is resolved or reduced in severity.</p>
<p>Minor Defect</p>	<p>Criteria: Minor Defects are failures or errors of or in the application Licensed Programs, caused by Defects, that do not materially impact Licensee's day-to-day operations, but the performance or efficiency of Licensee's operations might improve if such Defect were to be corrected.</p> <p>Support Sequence: Reasonable efforts will be made to respond to Minor Defects within forty-eight (48) hours and in all cases Minor Defects will be responded to within one week. Licensor will use reasonable efforts to provide fixes for Minor Defects within a regularly scheduled Licensed Programs release of Licensee that will occur within ninety (90) days of such issue being reported or within the next regularly scheduled release if no release is scheduled within such timeframe. Licensor will provide updates on Minor Defects every month until such issue is resolved.</p>

Schedule C
Data Scrambling Fields

Name (Individual)
Street Address (Individual)
Telephone Number (Individual)
Fax Number (Individual)
Email Address (Individual)
SSN/TaxID (Individual)
Bank Account Number (Individual)
Bank Account Number (Employer)

Schedule D
Services Administration

1. As requests for Services by Licensee are logged by Licensor:
 - a. Licensor will use commercially reasonable efforts to provide an estimate of the hours required to complete the request for Services, and will target delivering the estimate within thirty (30) days or other mutually agreed timeframe, except for Critical Defects which shall be handled according to the timeframes set forth in Schedule B.
 - b. Licensee will review and will use commercially reasonable efforts to notify Licensor to proceed on the Services, and will target delivering such notification within thirty (30) days of receiving such estimate.
 - c. If Licensor charges Licensee for producing an estimate of the hours required to complete a request for Services, any such charges will be credited back to Licensee when the Services are performed by Licensor.
 - d. Licensor will log all actual hours to complete such Services. If Licensee is operating under an Annual Hours Bank, the actual hours to complete the Services will be charged against the Annual Hours Bank. If Services are being provided on an Hourly Rate basis, Licensor will submit an invoice to Licensee upon completion of the Services. When performing Services, Licensor shall not exceed any estimate provided to Licensee without prior written consent of Licensee.

Annual Hours Bank Administration

1. If Licensee elects an Annual Hours Bank, at the beginning of the Initial Subscription Term and each Renewal Subscription Term, the Annual Hours Bank will be deposited into the Annual Hours Bank account.
2. Each month during the Initial Subscription Term and each Renewal Subscription Term, Licensor will provide a written statement of the Annual Hours Bank, showing:
 - a. Beginning Balance
 - b. Hours Used
 - c. Committed Hours
 - d. Ending Balance
3. Licensor shall maintain a written log of all issues identified by Licensee, and shall provide the then-current version of this issues log to Licensee upon written request. No later than ninety (90) days prior to the expiration of the Initial Subscription Term and the expiration of each Renewal Subscription Term, Licensee and Licensor will review the then-current issue log and agree on issues that will be targeted for completion prior to the end of that Subscription Term and commit hours to complete this work from the available Annual Hours Bank.
4. If necessary, Licensee may change committed hours to a new priority issue if Licensor has not started work on such previously agreed issues.
5. Work on issues for which hours have been committed no later than sixty (60) days prior to the expiration of the Initial Subscription Term or applicable Renewal Subscription Term may be completed within sixty (60) days after the beginning of the following Renewal Subscription Term without counting against the Annual Hours Bank for the following Renewal Subscription Term. Except for the foregoing, at the end of the Initial Subscription Term or applicable Renewal Subscription Term, unused hours not committed as per this Schedule will expire and will be deducted from the Annual Hours Bank.



AMENDED AND RESTATED V3 HOSTING AGREEMENT

This Amended and Restated Hosting Agreement (this “Agreement”), with an effective date of September 1, 2023 (the “Effective Date”), is made and entered into by and between the client organization (“Client”) specified on the order form attached hereto as Schedule A (“Order Form”) and VSG Hosting Sub LLC (“VSG Hosting”), a New York limited liability company, having an office at 401 Park Avenue South, New York, New York 10016.

WHEREAS, Client desires to secure system hosting services as described in Section 1 of this Agreement (the “Hosting Services”) in support of its licensed V3 software (the “Hosted V3 Software”);

WHEREAS, VSG Hosting desires to provide the Hosting Services in support of the Hosted V3 Software on the terms and conditions hereinafter provided;

WHEREAS, VSG Hosting and Client have previously entered into the V3 Hosting Agreement effective May 1, 2019 (the “Original Hosting Agreement”) pursuant to which VSG Hosting provided the “Hosting Services” in support of the Hosted V3 Software and now wish to amend and restate the Original Hosting Agreement in its entirety as set forth herein;

NOW, THEREFORE, in consideration of the promises, the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Client and VSG Hosting (each individually a “Party” and collectively the “Parties”) hereby agree as follows:

1. SCOPE OF SERVICES

1.1 Hosting Services

VSG Hosting will provide, maintain and operate the required computer hardware and third party software (the “Hosting Infrastructure”) necessary for Client to operate the Hosted V3 Software, up to the maximum Capacity and Utilization Limits set forth in the Order Form. The Hosting Infrastructure excludes any hardware, software or internet connectivity required at any Client facility to access the Hosted V3 Software including but not limited to routers, hubs, switches, personal computers, VPN hardware and software, and/or Client Internet connectivity.

1.2 Connectivity

VSG Hosting will permit connectivity from the Client’s premise(s) to the Hosted V3 Software over a site-to-site VPN tunnel. Client is responsible for configuring its side of the VPN.

VSG Hosting will set up the Hosting Infrastructure so that unattended printed output can be directed to Client’s printer(s). Client is responsible for providing all printer information including but not limited to printer IP, and printer make and model.

1.3 Backups

VSG Hosting will create at the primary facility an incremental backup of the production database each night and a full backup of the production database each week. Such backups will be retained at the primary facility and at a backup facility for a 30-day rolling period.

1.4 **Disaster Recovery**

VSG Hosting will provide Client with a summary of its disaster recovery plan for Client's hosted environment upon Client's written request. Annual testing of the disaster recovery plan shall be coordinated and functionally tested between VSG Hosting and Client at no cost to Client.

1.5 **Penetration and Security Vulnerability Testing**

Client can perform penetration and security vulnerability testing of the hosted environment. Client will provide thirty (30) days advance notice to VSG Hosting of any type of security testing Client plans to conduct.

1.6 **File Transfers**

VSG Hosting will provide Client with a secure FTP site for Client to upload and download files from the Hosted V3 Software.

1.7 **Data Extract**

Client may request upon not less than thirty (30) days prior written notice and VSG Hosting will provide (subject to annual limits as specified in the Capacity and Utilization Limits set forth in the Order Form) a data extract of Client's production database and production imaging repository on generally acceptable media as of an as-of-date date specified by Client which shall be a business day (the "As-of-Date"), said data extract to be delivered to Client within 2 business days of the As-of-Date.

1.8 **Reporting**

VSG Hosting will provide a monthly uptime report via email, covering the prior month, a storage report and a web server statistics report covering the prior month, each for the production environment.

2. **SERVICE LEVELS**

2.1 **Service Periods**

- Peak Business Hours 8:00 a.m. – 6:00 p.m. PT Monday through Friday
- Non-Peak Business Hours (Weekday) 6:01 p.m. – 7:59 a.m. PT Monday through Friday
- Non-Peak Business Hours (Weekend) 6:01 p.m. PT Friday – 7:59 a.m. PT Monday

2.2 **Scheduled Down Time**

From time to time, VSG Hosting may require the application of critical updates and changes to the Hosting Infrastructure or need to conduct maintenance to the Hosting Infrastructure. These activities may require the Hosting Infrastructure to be unavailable (“Downtime”). In all cases where possible, VSG Hosting will conduct such activities during the Non-Peak Business Hours defined above. VSG Hosting will use reasonable efforts to provide, at a minimum, three (3) business days advanced notice in writing (including via email) for any scheduled Downtime for the Production Instance. The advanced notice shall include a summary of the work to be performed. After obtaining approval by Client where reasonably feasible, the work can commence as scheduled; provided, however, that VSG Hosting may proceed without Client’s approval if the Downtime is necessary to address a security issue that presents an imminent risk to Client or Client Data or for required maintenance that would impact all hosted customers. Upon completion of the work, a summary email of the work completed shall also be provided in writing, highlighting any outstanding issues or tasks.

2.3 Help Desk

Help Desk will be available to Client via email 24x7. Client may contact the Help Desk at any time. The Help Desk will contact Client within 30 minutes of being contacted during Peak Business Hours. During all other times, non-Critical Issues will receive a response from the Help Desk the next business day and Critical Issues will receive a response from the Help Desk within two (2) hours, where “Critical Issue” shall mean that the Production Instance is unavailable to the Client’s line of business users during Peak Business Hours or the Production Instance is unavailable to the Client’s line of business users during the first three (3) hours of Non-Peak Business Hours.

2.4 Availability

The Production Instance will be available for the Average Production Uptime specified in the Order Form in any calendar month excluding scheduled Downtime, outages caused by Internet or private line connectivity failures, outages caused by access granted pursuant to the “Database Access” section of the Order Form, failure of electric utility power at Client’s site, negligence or willful misconduct by Client or its employees, agents, or representatives, outages and/or degradation caused by Client or its employees, agents, or representatives, outages due to Client’s licensed V3 software, outages caused by Client usage above the maximum Capacity and Utilization Limits set forth in the Order Form or outages caused by force majeure events as provided in Section 11.3 (collectively, “Permitted Outages”). Within any given calendar month Client shall be entitled to a credit of \$250 for each individual outage, where an “individual outage” is defined as an outage of 30 minutes or more, not including Permitted Outages, which brings the Production Instance availability to below the Average Production Uptime of the total hours within that month, subject to the following:

- The duration of any outage will be measured from the time Client notifies the Help Desk of such outage until the time the Help Desk notifies Client that the reported outage has been rectified.
- The maximum credit provided in any month may not exceed 75% of the Monthly Hosting Fee paid for such month.

- No credits will accrue to Client during any period in which any undisputed fees due from Client under this Agreement are past due.
- Subject to Section 2.5 below, the aforesaid credit(s) shall be Client's sole remedy relating to such outage provided, however, that in any period where the aforementioned credits exceed the seventy-five percent (75%) cap referenced above, Client shall be allowed to bring a cause of action resulting from Average Production Uptime, subject to the limitation of liability set forth in Section 10, with any award offset by the aforementioned credits received by Client (if such cause of action includes the availability compensated by a received credit).

2.5 Termination

In the event that the Production Instance fails to deliver the Average Production Uptime specified in the Order Form (excluding Permitted Outages) for three (3) consecutive months or for four (4) months in any twelve (12) month rolling period, then Client's may terminate this Agreement without penalty and thereupon VSG Hosting shall refund to Client the entire prepaid Monthly Hosting Fees for that quarter and Client may pursue all available legal and equitable remedies.

3. TERM OF SERVICES

Hosting Services shall commence on the Initiation Date and continue through the initial term specified in the Order Form ("Initial Term"). Hosting Services will automatically renew for consecutive one year terms thereafter (each a "Renewal Term"), unless (a) Client gives notice of its intention not to renew no later than thirty (30) days prior to last day of the Initial Term or the then current Renewal Term, or (b) VSG Hosting gives notice of its intention not to renew no later than one hundred eighty (180) days prior to last day of the Initial Term or the then current Renewal Term. "Term" shall mean the Initial Term as extended by each Renewal Term.

4. PAYMENT FOR SERVICES

4.1 Payment Terms

Monthly Hosting Fees shall be due quarterly in advance of the covered period. The first quarterly payment shall be due upon the execution of this Agreement and shall cover the first quarterly period. Subsequent quarterly payments shall be due prior to the start of each subsequent quarterly period.

4.2 Late Payment

Late payments shall be subject to an interest charge equal to the lesser of the maximum allowed by applicable law or 1.5% per month from the date such payment was due until the date such payment is received by VSG Hosting. VSG Hosting may, at its sole discretion, either suspend Hosting Services or terminate this Agreement if any quarterly payment of the Monthly Hosting Fee is more than 30 days past due.

4.3 Taxes

Client shall pay directly or, in the event that VSG Hosting is required to pay such taxes directly, reimburse VSG Hosting for all state and local sales, value added, excise, use or similar taxes, including any associated penalties and interest,



provided such penalties and interest are a direct result of Client's action or inaction, and all tariffs, duties or similar charges whether imposed by domestic or foreign governments or entities, due in connection with the fees and expenses payable pursuant to this Agreement. In no event, however, shall Client be responsible for any taxes based on the revenue or income of VSG Hosting.

5. RELATIONSHIP OF PARTIES

Neither Party is an agent, employee, or servant of the other. It is expressly agreed that VSG Hosting and any subcontractors and agents, officers, and employees of VSG Hosting or any subcontractor in the performance of this Agreement shall act as independent contractors and not as officers or employees of Client. The Parties acknowledge and agree that VSG Hosting, its agents, officers and employees, shall in no way hold themselves out as agents, officers or employees, of Client. It is further expressly agreed that this Agreement shall not be construed as a partnership or joint venture between VSG Hosting and Client.

6. OWNERSHIP AND USE OF DATA

All data or information hosted on systems pursuant to this Agreement, including without limitation all data or information of Client's plan participants, employers or others ("Client Data") is owned, as between Client and VSG Hosting, by Client. Client hereby grants to VSG Hosting a royalty-free, non-exclusive, non-transferable license during the Term to use or incorporate Client Data to operate the Hosting Infrastructure and provide the Hosting Services. Client hereby expressly represents and warrants to VSG Hosting that it has all right and authority necessary to provide the Client Data to VSG Hosting and grant VSG Hosting the foregoing license. Client acknowledges that VSG Hosting is relying on Client's representation. Client shall indemnify, defend and hold VSG Hosting harmless from any allegation which, if true, would mean such representation is untrue or the license granted is invalid.

The Parties agree that Service Attributes are not Client Data and may be used by VSG Hosting to, among other things, evaluate and improve the Hosting Services. The term "Service Attributes" means usage data related to the Hosting Services (such as resource identifiers, metadata tags, security and access roles, rules, usage policies, permissions, usage statistics and analytics) produced from either or both Client's access to and use of the Hosting Infrastructure and/or VSG Hosting's provision of the Hosting Services. Any and all Service Attributes are owned, as between Client and VSG Hosting, by VSG Hosting.

7. CONFIDENTIALITY AND INFORMATION PROTECTION REQUIREMENTS

Each Party hereto, using reasonable care, shall hold in trust for the other Party and shall not use, other than as necessary for performance under this Agreement, or disclose to any third party any Confidential Information (as such term is hereinafter defined) which may be disclosed to it by the other Party in connection with performance under this Agreement except to the extent required or permitted to be disclosed pursuant to judicial proceeding or governmental requirement, including the requirements of the California Public Records Act, Government Code section 6250 et seq. In the event a party receives a request (recipient Party) for the Confidential Information of the other party (disclosing Party), excluding information which has been previously made public pursuant to laws governing Client as a governmental entity, the recipient Party shall promptly notify the disclosing Party at disclosing Party's expense, in seeking to limit such disclosure and in seeking to obtain a protective order or other remedy. As used herein, the term "Personal Information" means any information that identifies, describes, is reasonably capable of being

associated with, or could reasonably be linked, directly or indirectly, with a particular individual. As used herein, the term “Confidential Information” means any Personal Information, Member Information, Client Data, proprietary information relating to the Hosted V3 Software and/or the Hosting Infrastructure, VSG Hosting’s pricing information (except as contained in a contract or pricing schedule approved by Client in a public board meeting or otherwise disclosable pursuant to the Public Records Act or Brown Act), a trade secret of VSG Hosting, internal controls, computer or data processing programs, electronic data processing applications, routines, subroutines, techniques or systems, or information concerning the financial affairs, methods of operation or proposed methods of operation, accounts, transactions, proposed transactions or security procedures of either Party, or any member or customer of either Party. Except for Personal Information and Client Data, which shall be Confidential Information under all circumstances, information which (i) is in the public domain at the time of its disclosure or thereafter through no fault of recipient; (ii) was properly in the recipient’s possession prior to such disclosure as proven by the contemporaneous written records of recipient; (iii) was disclosed to the recipient by a third party who did not obtain such Confidential Information, directly or indirectly, from the disclosing Party subject to any confidentiality obligation; or (iv) is at any time independently developed by the recipient as proven by its contemporaneous written records. Each Party shall restrict access to Confidential Information received from the other Party to only those of its and its affiliates’ employees, officers, directors, representatives, contractors and advisors (each a “Representative”) with a legitimate business need to receive the Confidential Information. Each Party is responsible for the observance and proper performance by all of its Representatives of the terms and conditions of this Agreement. Notwithstanding anything to the contrary in this Agreement, VSG Hosting acknowledges that Client is subject to the provisions of California Government Code §6250 et seq. (the “Public Records Act” and California Government Code §54950 et seq. (the “Brown Act”). Accordingly, VSG Hosting acknowledges that VSG Hosting’s Confidential Information, in the possession of Client, may be disclosed pursuant to a request under the Public Records Act or the Brown Act. In the event Client receives a request under the Public Records Act or the Brown Act related to VSG Hosting’s Confidential Information under this Agreement, Client’s sole responsibility will be to promptly notify VSG Hosting of the request in order to allow VSG Hosting to seek protection from disclosure in a court of competent jurisdiction. VSG Hosting acknowledges and agrees that Client shall be able to comply with the Public Records Act or the Brown Act without any liability under this Agreement. Client shall cooperate with VSG Hosting, at VSG Hosting’s expense, in the event VSG Hosting resorts to judicial protection against a disclosure under the Public Records Act or the Brown Act.

8. SECURITY

- 8.1 “Data Protection Requirements” means the minimum requirements of the applicable sections of all of the then-current, as applicable to a software provider to a public retirement organization, i) United States Department of Commerce National Institute of Standards and Technology (“NIST”) Special Publication 800-53 R5 Security and Privacy Controls for Information Systems and Organizations, ii) New York State Department of Finance Services 23 NY CRR 500 with the exception of NY DFS 23 NY CRR 500 sections 500.2(d) and 500.17, and iii) the published security standards

and controls for each third-party software or component used in the Hosted V3 Software or the Hosting Services.

- 8.2 Protection of Client Data. Throughout the Term and at all times in connection with its actual or required performance of the Hosting Services hereunder, VSG Hosting shall:
- (a) maintain and enforce a reasonable and appropriate information security program that includes appropriate written policies, standards, and procedures and implement administrative, technical and physical safeguards designed to prevent the unauthorized disclosure, misuse, commingling, alteration or destruction of Client Data and that meets or exceeds the Data Protection Requirements (the “Information Security Program”);
 - (b) take reasonable measures to:
 - (i) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Hosting Services against “hackers” and others who may seek, without authorization, to disrupt, damage, modify, access or otherwise use the Hosting Infrastructure or the information found therein;
 - (ii) promptly notify Client if Harmful Code is found to have been introduced into any environment containing or processing Client Data. If Harmful Code is introduced by VSG Hosting, VSG Hosting will use commercially reasonable efforts and diligently work to eliminate the effects of the Harmful Code. VSG Hosting will continue to review, analyze and implement improvements to, and upgrades of, its Harmful Code prevention, correction and monitoring programs and processes that are commercially reasonable and consistent with industry standards.
 - (c) continuously monitor its systems for potential areas where security could be breached;
 - (d) remediate vulnerabilities identified in VSG Hosting’s systems in accordance with industry standard remediation protocols and timeframes;
 - (e) immediately assess and upon assessment, but no later than within twenty-four (24) hours, report to Client any actual breach of security or actual unauthorized access to Client Data that VSG Hosting detects or becomes aware of; reasonably cooperate with Client in the investigation of information security incidents reasonably suspected by Client; in the event of a confirmed information security incident, provide relevant system logs to Client within forty-eight (48) hours of Client Authorized Representative’s request in such manner and format as reasonably requested by Client Authorized Representative;
 - (f) use diligent efforts to remedy a confirmed breach of security or unauthorized access of Client Data (in environments under the control of VSG Hosting) in a timely manner and promptly (but no later than ten (10)

business days following remediation) deliver to Client a root cause assessment and future incident mitigation plan with regard to any breach of security or unauthorized access affecting any Client Data that sets out written details regarding VSG Hosting's investigation of such incident and upon Client Authorized Representative's reasonable written request and at no additional costs to Client provide Client with a second more in-depth investigation and results of its findings upon conclusion of the Security Incident;

- (g) at the beginning of each Renewal Term, and upon Client's written request, deliver an updated summary of the Information Security Program in writing or confirm in writing that no material changes have been made to the Information Security Program; and
- (h) comply with the provisions of Exhibit B.

8.3 Unauthorized Access. VSG Hosting shall not access, and shall not permit any access to, the Client Systems, in whole or in part, whether through VSG Hosting's systems or otherwise, without Client's express prior written authorization. Such authorization may be revoked by Client in writing at any time in its sole discretion.

8.4 Hosting Infrastructure. VSG Hosting shall be solely responsible for the information technology infrastructure, including all computers, software, databases, electronic systems (including database management systems) and networks used by or for VSG Hosting in connection with the Hosting Services and shall have in place industry standard technology in order to prevent unauthorized access to the Client Systems through the Hosting Infrastructure. Client will be solely responsible for its information technology infrastructure and Client Systems up to the network access point of the Hosting Infrastructure.

8.5 VSG Hosting shall require any subcontractors and other persons or entities who have access to Client Data to implement and administer an information protection program and plan that substantially complies with the Data Protection Requirements set forth in this Agreement.

8.6 Security Incident. VSG Hosting shall (i) notify Client within 24 hours after VSG Hosting's confirmation of any Security Incident (as defined below), (ii) provide all information reasonably related to the Security Incident or that is otherwise required by law, and (iii) perform an evaluation and root cause analysis and develop plans reasonably designed to contain the Security Incident and to prevent its reoccurrence. "Security Incident" means the unauthorized access, use, destruction or disclosure of Client Data in VSG Hosting's possession that has occurred as a result of an unauthorized access to, disruption of, or misuse of an information system controlled by VSG Hosting that handles or stores Client Data.

Subject to the Security Incident Cap set forth in Section 10.3, VSG Hosting shall be liable for a Security Incident (i) that results from VSG Hosting's breach of its obligations under this Agreement or is otherwise caused by VSG Hosting, and (ii) where the Client Data or Client Confidential Information that is the subject of the Security Incident was, at the time of such Security Incident, in the possession or under the operation or control of VSG Hosting, then the reasonable costs for

notification or remediation incurred by Client as a result of a Security Incident shall be at VSG Hosting's cost and expense. VSG Hosting's liability shall be proportionally limited to the extent that Client caused or contributed to the Security Incident or Client failed to take reasonable steps to mitigate its costs. If VSG Hosting is liable for a Security Incident, subject to the preceding sentence, then the reasonable costs for notification or remediation incurred by Client as a result of a Security Incident shall be at VSG Hosting's cost and expense.

9. INDEMNIFICATION

VSG Hosting (the "Indemnifying Party") shall defend, indemnify and hold harmless Client and each of Client's affiliates, and each of the foregoing persons' respective officers, directors, employees, agents, contractors, successors and assigns, from and against all damages, losses, liabilities, settlements, costs, expenses, or fines (including reasonable attorney's fees and legal costs) arising out of or resulting from (i) breach of its obligations under this Agreement with respect to Client Confidential Information (except the extent such breach is the result of a Security Incident, which shall be subject to the Security Incident Cap), or (ii) third party claims of any bodily injury or damage to real or tangible personal property arising out of or relating to Indemnifying Party's (or its Representative's) gross negligence, willfulness misconduct, or fraud in connection with the performance or nonperformance of any Services or other activity actually or required to be performed by or on behalf of, the Indemnifying Party (including any VSG Hosting personnel or contractors) under this Agreement.

Client has no obligation to provide legal counsel or defense to VSG Hosting if a suit, claim, or action is brought against VSG Hosting or its subcontractors, as a result of VSG Hosting's performance of its obligations under this Agreement. In addition, Client has no obligation for the payment of any judgments or the settlement of any claims against VSG Hosting arising from or related to this Agreement. Client has not waived any right or entitlement to claim governmental immunity under this Agreement.

10. LIMITATION OF LIABILITY

- 10.1 EXCEPT IN CONNECTION WITH (A) EITHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AND (B) EACH PARTY'S BREACH OF ITS OBLIGATIONS WITH RESPECT TO CONFIDENTIAL INFORMATION (EXCEPT FOR A SECURITY INCIDENT WHICH IS ADDRESSED IN SECTION 10.3 BELOW), AND (C) VSG HOSTING'S INDEMNIFICATION OBLIGATIONS (COLLECTIVELY, "EXCLUDED LIABILITIES"), IN NO EVENT SHALL EITHER PARTY, ITS AGENTS, OFFICERS OR EMPLOYEES, BE LIABLE, UNDER ANY THEORY OF LIABILITY, HOWEVER ARISING, FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL COSTS, LOSSES OR DAMAGES OF ANY KIND ARISING OUT OF THIS AGREEMENT OR THE INABILITY TO USE THE HOSTED V3 SOFTWARE OR HOSTING INFRASTRUCTURE, EVEN IF EITHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 10.2 NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, EXCEPT WITH RESPECT TO (A) EXCLUDED LIABILITIES (WHICH SHALL NOT BE LIMITED BY THIS AGREEMENT), AND (B) VSG HOSTING'S OBLIGATIONS FOR A SECURITY INCIDENT SET OUT IN SECTION 8.6 (SECURITY INCIDENT) (WHICH SHALL BE LIMITED AS SET FORTH IN SECTION 10.3), EACH

PARTY'S TOTAL AGGREGATE LIABILITY ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE LIMITED TO THOSE DIRECT DAMAGES WHICH ARE REASONABLY INCURRED, AND SHALL IN NO EVENT EXCEED THE MONTHLY HOSTING FEES PAID TO VSG HOSTING DURING THE PRECEDING TWELVE (12) MONTH PERIOD.

- 10.3 WITH RESPECT TO VSG HOSTING'S OBLIGATIONS FOR A SECURITY INCIDENT SET OUT IN SECTION 8.6 (SECURITY INCIDENT), VSG HOSTING'S TOTAL AGGREGATE LIABILITY UNDER THE AGREEMENT FOR ALL CLAIMS ARISING IN CONNECTION WITH THE AGREEMENT WILL BE LIMITED TO DIRECT DAMAGES IN AN AMOUNT EQUIVALENT TO FOUR (4X) TIMES THE MONTHLY HOSTING FEES PAID OR PAYABLE TO VSG HOSTING UNDER THE AGREEMENT DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING ASSERTION OF THE CLAIM ("SECURITY INCIDENT CAP"). FOR ANY CLAIM ARISING SOLELY FROM THIS AGREEMENT (AND NOT UNDER THE V3 UPGRADE SUBSCRIPTION AND MAINTENANCE AND SUPPORT AGREEMENT ENTERED INTO BETWEEN CLIENT AND VITECH SYSTEMS SUB LLC ("UPGRADE AGREEMENT")), CLIENT SHALL BE ENTITLED TO RECOVERY UNDER THIS AGREEMENT ONLY, BUT NOT UNDER THE UPGRADE AGREEMENT. The parties acknowledge and agree that the following damages, as incurred, are deemed to be direct damages that are recoverable under the Security Incident Cap and will not be excluded as consequential or any other category of excluded damages: (a) the reasonable and customary costs and expenses of (i) providing notice to affected individuals and entities of a Security Incident, (ii) providing notice to governmental authorities, credit bureaus, and other required entities, (iii) investigating the Security Incident, including forensically, (iv) mitigating and terminating the Security Incident and remediating its causes, (v) remedying any data damage caused by the Security Incident, including data re-creation, (vi) providing affected individuals with reasonable bureau credit monitoring and repair services for a specific period not to exceed twenty-four (24) months, and (vii) call center support for such affected individuals and entities for a specific period not to exceed twenty-four (24) months; (b) regulatory fines; (c) any other measures specifically required under applicable law; and (d) damages, losses, judgments, liabilities, settlements, costs, expenses, or fines (including reasonable attorney's fees and legal costs) incurred by Client to the extent arising from a third-party action arising from a Security Incident.

11. REPRESENTATIONS AND WARRANTIES

- 11.1 Mutual Representations and Warranties. Each Party represents and warrants to the other Party that: (a) it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization or chartering; and (b) when executed and delivered by such Party, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such party in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy and similar Laws affecting creditors' rights generally.
- 11.2 Additional VSG Hosting Warranties. VSG Hosting represents, warrants to Client that:

- 11.2.1 VSG Hosting has the unconditional and irrevocable right, power and authority, including all permits and licenses required, to provide the Hosting Services;
- 11.2.2 the Hosting Infrastructure is, as of the Effective Date, free of any back-door, time-bomb, virus or other code designed to harm or disable the Hosted V3 Software or Client data ("Harmful Code");
- 11.2.3 it will use commercially reasonable measures to protect against the introduction of any Harmful Code into the Hosting Infrastructure; and
- 11.2.4 it will perform all Hosting Services in a timely, professional and workmanlike manner with a level of care, skill, ethics and judgment consistent with industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications.

12. DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES IN THIS AGREEMENT, EACH PARTY HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

13. TERMINATION

- 13.1 VSG Hosting and Client each shall have the right to terminate this Agreement following delivery to the other Party of a notice of default specifying any failure of the other Party to comply with any of its obligations under this Agreement, provided such default is not cured within 30 days after delivery of such notice. In addition, Client shall have the right to terminate this Agreement for convenience upon thirty (30) days' written notice to VSG Hosting. Except as otherwise provided in Section 9.2 hereof, VSG Hosting shall not have any further obligations to Client upon any such termination.
- 13.2 Upon any termination of this Agreement, and provided that all fees due to VSG Hosting have been paid and continue to be paid, VSG Hosting will provide to Client for such time period as Client may reasonably require to engage a replacement, but not to exceed twelve (12) months without VSG Hosting's written consent, the reasonable termination/expiration assistance requested by Client to allow for the orderly transfer of the Hosting Services to Client or its designee at VSG Hosting's then time and materials rate for all services requested.
- 13.3 Notwithstanding any termination of this Agreement or expiration of the Order Form, the provisions of Sections 4, 5, 7, 9, 10, 13.3 and 16 of this Agreement and Client's obligations under Exhibit A of the Order Form shall survive such termination and expiration.

14. NOTICE

- 14.1 Except as specifically provided elsewhere in this Agreement, all notices required or permitted to be given by one party to the other under this Agreement shall be in writing and shall be sufficient if made to the Parties at the respective addresses

set forth below or to such other person or address as the party to receive the notice has designated by notice to the other party and by:

- (i) personal delivery (including delivery by any commercial delivery service);
- (ii) registered or certified mail, postage prepaid, return receipt requested;
- (iii) facsimile transmission (“Fax”); or
- (iv) e-mail transmission.

For Client:

As set forth in the Order Form.

For VSG Hosting:

President
VSG Hosting Sub LLC
401 Park Avenue South
New York, NY 10016
(212) 868-0900 – phone
(212) 868-9798 - fax

with a copy to:
General Counsel
VSG Hosting Sub LLC
401 Park Avenue South
New York, NY 10016
(212) 868-0900 – phone
(212) 868-9798 - fax
e-mail address: legal@vitechinc.com

- 14.2 The date of notice to the other party shall be, regardless of the date appearing on the notice: the date upon which such notice is actually delivered; or if the notice is given by registered or certified mail, the date upon which it is deposited in the mail; or if sent by Fax or e-mail transmission, the date on which the Fax or e-mail transmission was sent, provided an original is received by the addressee by any commercial delivery service within one (1) business day of the Fax or e-mail transmission.

15. INSURANCE

During the Term, VSG Hosting shall maintain in force, at its expense, insurance of the type and in the amounts set forth below:

- 15.1 Workers Compensation. Statutory workers’ compensation insurance in accordance with the legal requirements of each country, state, territory, and locality

- exercising jurisdiction over personnel performing services in such country, state, territory, or locality;
- 15.2 **Employer Liability.** Employer's liability insurance with a minimum limit in an amount not less than \$1,000,000 per accident, covering bodily injury by accident, and \$1,000,000 per policy covering bodily injury by disease, including death;
 - 15.3 **Commercial General Liability.** Commercial general liability insurance (written on an occurrence basis and including product liability insurance) in an amount not less than \$1,000,000 per occurrence; and
 - 15.4 **Professional Liability.** Professional liability insurance (including Cyber-liability) with a per claim and policy aggregate limit in an amount not less than \$10,000,000.

The insurance policies described above shall be written by insurance companies rated at least A- by A.M. Best's rating service or equivalent.

All insurance herein, except the professional/cyber policy, shall be written on an "occurrence" basis and not a "claims-made" basis. In no event shall VSG Hosting perform any Services or other work until VSG Hosting has delivered or caused to be delivered to Client the required evidence of insurance coverages. Client, shall be named as additional insureds and loss payee on Insurance policies. VSG Hosting shall also deliver or cause to be delivered to Client an endorsement stating that the coverage afforded Client and its officers, employees, and agents, as additional insureds, will be primary, with the exception of the professional/cyber policy, to any other coverage available to them.

The original certificates of insurance must be submitted to the Client at the commencement of the Initial Term and at least ten (10) days before each Renewal Term. Client, in its sole discretion, may waive the ten (10) day requirement for advance documentation of in such situations where such waiver will benefit Client.

VSG Hosting may not self-insure any of the coverages required under the Agreement with the exception of a \$2,500,000 self-insured retention on the professional/cyber policy.

The insurance requirements set forth herein are not intended and shall not be construed to modify, limit, or reduce the indemnifications made in the Agreement by VSG Hosting, or to limit VSG Hosting's liability.

The failure of Client to obtain certificates, endorsements, or other forms of insurance evidence from VSG Hosting and its subcontractors is not a waiver by Client of any requirements for the VSG Hosting and its subcontractors to secure and continuously maintain the specified coverages. Client's acceptance of certificates and/or endorsements that in any respect do not comply with the requirements of this Section does not release VSG Hosting and its subcontractors from compliance herewith.

16. MISCELLANEOUS

16.1 Choice of Law and Venue

This Agreement shall be governed in all respects by the laws of the State of California and the Parties hereby submit to the exclusive jurisdiction of the federal or state courts located in Ventura County, California.

16.2 Attorney's Fees

In the event that either Party deems it necessary to take legal action to enforce any provision of the Agreement, then each Party shall be liable for its own expenses of such action including reasonable attorneys' fees and costs incurred in connection therewith.

16.3 Force Majeure

Neither Party to this Agreement shall be responsible for delays or failures in performance resulting from acts beyond the control of such Party. Such acts shall include, but not be limited to, acts of God, strikes, riots, lockouts, acts of war, acts of terrorism, epidemics, fire, earthquakes, or other disasters. In the event VSG Hosting's performance hereunder is the subject of a force majeure event for more than three (3) consecutive days, Client shall have the right to terminate the Hosting Services on ten (10) days' notice or to have the fees to be paid by Client hereunder equitably adjusted as mutually agreed between the Parties to reflect the period in which performance was affected.

16.4 Binding

This Agreement and all of its terms, conditions, requirements and amendments shall be binding on the Parties and their respective successors and permitted assigns.

16.5 Authority

Each Party represents that it has full power and authority to enter into this Agreement, and the person acting on behalf of and signing for such Party has full authority to enter into this Agreement and has been properly authorized and empowered to enter into this Agreement on behalf of such Party and to bind such Party to the terms of this Agreement.

16.6 Amendment in Writing

No amendment, waiver, termination or discharge of this Agreement, or any of the terms or provisions hereof, shall be binding upon either Party unless confirmed in a writing signed by both Parties. Any agreement of the Parties to amend, modify, eliminate or otherwise change any part of this Agreement shall not affect any other part of this Agreement, and the remainder of this Agreement shall continue to be of full force and effect as set out herein.

16.7 Assignment

Neither Party shall assign this Agreement, in whole or in part, without the prior written consent of the other Party, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect. Notwithstanding the foregoing, either Party may assign this Agreement to an entity into which it is merged or consolidated or to which it transfers substantially all of its assets, provided that notice of such assignment is given to the other Party.

16.8 Severability

Any section, subsection, paragraph, term, condition, provision or other part of this Agreement that is judged, held, found or declared to be voidable, void, invalid, illegal or otherwise not fully enforceable shall not affect any other part of this Agreement, and the remainder of this Agreement shall continue to be of full force and effect as set out herein.

16.9 **Entire Agreement**

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or contracts. No written or oral agreements, representations, statements, negotiations, understandings or discussions that are not referenced or specifically incorporated into this Agreement shall in any way be binding on the Parties.



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth below.

VSG HOSTING SUB LLC

BY:

DATE

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

BY:

DATE



Schedule A

Order Form

Client

Name: Ventura County Employees' Retirement Association
 Address: 1190 South Victoria Avenue, Suite 200
 Ventura, CA 93003
 Contact: Retirement Administrator
 1190 South Victoria Avenue, Suite 200
 Ventura, CA 93003
 (805) 339-4250
 vcera-ap@ventura.org

Term & Fees

Initiation Date: September 1, 2023
 Initial Term: 24 months from the Initiation Date
 Setup Fee: \$0
 Monthly Hosting Fee:

Year 1 September 1, 2023 – August 31, 2024

Monthly Hosting Fee: 20,806.53
 Storage fee: 80
 Total Monthly fee: 20,886.53

Year 2 September 1, 2024 – August 31, 2025 \$21,617.56
 (Year 1 Total Monthly Fee + 3.5%)

Renewal Term 1 Monthly Hosting Fee:
 September 1, 2025 – August 31, 2026 \$26,307.43

Beginning with Renewal Term 2, the Monthly Hosting Fee shall be increased by no more than three and one half percent (3.5%) annually provided that the maximum Capacity and Utilization Limits below for the Initial Term are the same. VSG Hosting will notify Client of any increases to the Monthly Hosting Fee no later than 90 days prior to the applicable Renewal Term (for the avoidance of doubt, any increases to fees due to additional Capacity and Utilization can be charged by VSG Hosting as soon as incurred).

* The Monthly Hosting Fee for the Initial Term includes a 15% discount that will not apply after the Initial Term. Any prior monthly hosting fees pre-paid to VSG Hosting under the Original Hosting Agreement and unused by Client for Year 1 as of the Initiation Date shall be credited to the Monthly Hosting Fees on a pro-rata basis.

Optional Off-site Archival Storage¹ \$3,833/year

Service Levels

¹ If elected by Client per Section 3.2 of Exhibit B.



Average Production Uptime: 99.75% monthly uptime SLA excluding Permitted Outages.

Capacity and Utilization Limits

Production Instances:	1
Disaster Recovery Instances:	1
Non-Production Instances:	up to 4
Total Production Database Storage:	345GB
Total Production Imaging Storage:	200GB
Total Disaster Recovery Database Storage:	345GB
Total Disaster Recovery Imaging Storage:	200GB
Total Non-Production Database Storage:	up to 4 times the total production database size
Total Non-Production Imaging Storage:	up to 100GB (25GB per Non-Production Instance)
Total Named Line of Business Users:	35
Peak Simultaneous Self Service Users:	100
Cost of Additional 10 Gigabytes Storage:	\$40/month

Database Access

Within the Hosting Infrastructure, VSG Hosting may grant up to a total of three (3) Client employees and/or other designees (together “Client designees”), approved by VSG Hosting in writing, direct database access to the databases housing Client’s V3 data for the sole purpose of executing read-only SQL statements against the V3 database instances pursuant to the terms set forth in Exhibit A attached hereto. Access by additional Client designees may be permitted under this Agreement, subject to written approval by VSG Hosting. VSG Hosting will not provide such users with access to the Disaster Recovery database Instance.

Exhibit A

To the extent Client is granted access to the databases within the Hosting Infrastructure housing Client's V3 data, Client agrees to the following:

1. In order to ensure individual accountability within the Hosting Infrastructure, all Client designees granted access thereto will be given a unique user identifier. Such individuals are not permitted to share or use another individual's account(s).
2. The Client shall inform all Client designees of their responsibilities under the Agreement, including this Exhibit A. The Client shall be responsible for the observance and proper performance by all Client designees of the terms and conditions of the Agreement, including this Exhibit A.
3. The Client's access to Hosting Infrastructure is only granted for the purpose of executing SQL statements against the V3 database instances housing Client's V3 data. All other uses are strictly prohibited.
4. The Client is permitted to access the Hosting Infrastructure through VPN tunnel only. The Client is not permitted to access the Hosting Infrastructure outside of the Client's network. All other methods are strictly prohibited unless identified in writing in advance by VSG Hosting.
5. The Client shall provide to VSG Hosting as much advanced written notice for each occurrence of executing SQL statements against the V3 production database instance as feasible under the circumstances.
6. The Client will maintain a list of all the Client designees authorized to access the Hosting Infrastructure and will make this list available to VSG Hosting on request.
7. The Client will inform VSG Hosting as soon as is commercially reasonably possible in writing of staff changes, including rotation, termination and resignation of a Client designee, where such changes involve individuals who have been given a unique user identifier hereunder.
8. The Client will comply with all relevant government legislation including but not limited to data privacy directives.
9. VSG Hosting reserves the right to monitor activity and revoke upon one week's prior notice the access granted hereunder; provided, however, that if there is a suspected or confirmed security breach, security incident or other violation of this Exhibit by the Client, VSG Hosting may revoke such access without notice.
10. All suspected security breaches and security incidents will be reported by the Client to the VSG Hosting Information Security Officer, in writing and without unreasonable delay at infosec@vitechinc.com and in accordance with Section 10 of the Agreement.
11. In the event of any use of the Hosting Infrastructure and/or disclosure of VSG Hosting's or its affiliates data and/or information in a manner that is inconsistent with the Agreement, the Client shall work to implement procedures for mitigating the harmful effects of such improper use and/or disclosure.
12. The Client will at all times be held responsible for any activities that occur in the Hosting Infrastructure using any user identifier granted to a Client designee, to the extent caused by such access.

13. When Client designees authorized to access the Hosting Infrastructure are connected thereto, such individuals may not leave their machines/devices unattended.
14. Any efforts required by VSG Hosting to investigate performance issues, including uptime/outages and response time issues, and to return the V3 instance(s) to their normal operational state where such issues are related directly to the execution of a Client SQL statement will be billed to Client on a time and materials basis at VSG Hosting's then-current hourly rate.
15. The Client shall ensure that all machines/devices that are used to access the Hosting Infrastructure: (i) use anti-virus software that is kept as up to date as is commercially reasonably possible, (ii) are protected by a Client or personal firewall, (iii) are configured with other appropriate security controls to reduce the threat of unauthorized third party access, and (iv) are not made available for use by unauthorized persons.
16. Neither Client nor Client designees shall introduce or cause any introduction into the VSG Hosting computer systems, Hosting Infrastructure or Hosted V3 Software (i) any code, device, criteria, mechanism or function which may be used to restrict, disable, damage, destroy or otherwise shut down, or alter the functionality of, specifications for, or access to, all or any portion of the VSG Hosting computer systems or Hosting Infrastructure, and (ii) any virus, worm, trap door, back door, timer, clock, counter or other limiting routine, copy protection mechanism, dongle key, instruction or design that would erase data or programming or otherwise cause the Hosted V3 Software to become inoperable or incapable of being used in the full manner for which it was designed and created.
17. Client's obligations under this Exhibit A shall survive the revocation of the access granted pursuant to the "Database Access" section of the Order Form and the termination of the Agreement and expiration of the Order Form.

EXHIBIT B
SUPPLEMENTAL DATA SECURITY REQUIREMENTS

1. Data Integrity Protection
 - 1.1. VSG Hosting shall install and use a reasonable change control process to ensure that access to its systems and to Client Data is controlled and recorded. VSG Hosting shall notify Client of any planned system configuration changes or other changes applicable to Client Data, setting forth how such change will impact the security and protection of Client Data. No such change, which could reasonably be expected by Client to have a material adverse impact on the security and protection of Client Data, may be implemented without the prior written consent of a Client security representative. Client may approve these types of changes prior to their becoming effective, such approval not to be unreasonably withheld or delayed.
 - 1.2. VSG Hosting shall conduct at least once per year, network vulnerability (penetration) testing on the external-facing portions of the VSG Hosting network which store or process Client Data. VSG Hosting agrees to make available to Client the summary results of any vulnerability (penetration) testing conducted by VSG Hosting or a qualified third-party provider of this service.
 - 1.3. VSG Hosting will take commercially reasonable measures to prevent the unintended or malicious loss, destruction or alteration of Client's files, Client Data, software and other property received and held by VSG Hosting. VSG Hosting shall maintain back-up files (including off-site back-up copies) thereof and of resultant output to facilitate their reconstruction in the case of such loss, destruction or alteration, in order to ensure uninterrupted Services in accordance with the terms of this Agreement, its Schedules, and VSG Hosting's disaster recovery plans.
 - 1.4. Client agrees to support the industry standard communication protocols used by VSG Hosting for each connection Client has to the VSG Hosting applications. This includes and is not limited to VPN tunnel configurations, and TLS or equivalent protocols.
2. Incident Detection and Response
 - 2.1. VSG Hosting is responsible for any and all information Security Incidents involving Client Confidential Information that is handled by, or on behalf of, VSG Hosting. VSG Hosting shall monitor its system for security breaches, violations, suspicious external activity, or unauthorized internal system activity and VSG Hosting shall notify through the defined security escalation channel of Client whenever VSG Hosting reasonably believes that there has been a Security Incident. After providing such notice, VSG Hosting will investigate the Security Incident, take all necessary steps to eliminate or contain the exposures that led to such Security Incident, document all information collected as part of its investigation of the Security Incident, and keep Client advised of the status of such Security Incident and all matters related thereto. VSG Hosting further agrees, subject to the Security

Incident Cap set forth in Section 10.4 and the causal connection and possible apportionment set forth in Section 8.6 of the Agreement:

- (a) to provide, at VSG Hosting's cost, reasonable assistance and cooperation requested by Client and/or Client's designated representatives, in the furtherance of any correction, remediation, or investigation of any such Security Incident and/or the mitigation of any damage, including, without limitation, any notification that Client may determine appropriate to send to individuals impacted by the Security Incident, and/or the provision of any credit monitoring or identity theft protection service in accordance with applicable state protection law to provide to such individuals. VSG Hosting shall have the discretion of determining whether such notice shall come from VSG Hosting or Client acting on behalf of VSG Hosting, subject to applicable data protection law;
 - (b) that VSG Hosting shall make no notice to either of the foregoing or to any regulatory or governmental body without the written permission and at the written direction of Client. VSG Hosting shall cooperate fully with all Client security investigation activities;
 - (c) that within thirty (30) days of identifying or being informed of a Security Incident, VSG Hosting shall develop and execute a plan that reduces the likelihood of a recurrence of such Security Incident;
 - (d) that Client may, at its discretion, immediately terminate the Agreement without penalty if a Security Incident occurs that is deemed to be solely caused by VSG Hosting; and
 - (e) that, due to the unique nature of Client Data, the unauthorized disclosure or use of Client Data may cause irreparable harm to Client, the extent of which will be difficult to ascertain and for which there will be no adequate remedy at law. Accordingly, VSG Hosting agrees that Client, in addition to any other available remedies, shall have the right to seek an immediate injunction and other equitable relief enjoining any Security Incident or threatened Security Incident without the necessity of posting any bond or other security.
- 2.2. VSG Hosting shall maintain for five (5) years, and afford Client reasonable access to, all records and logs of that portion of VSG Hosting's network that stores or processes Client Data. Client may review and inspect any record of system activity or Client Data handling upon reasonable prior notice. VSG Hosting acknowledges and agrees that records of system activity and of Client Data handling may be evidence (subject to appropriate chain of custody procedures) in the event of a Security Incident or other inappropriate activity. Upon the request of Client, VSG Hosting shall deliver the original copies of such records to Client for use in any legal, investigatory or regulatory proceeding.
- 2.3. VSG Hosting shall monitor industry-standard information channels (bugtraq, CERT, OEMs, etc.) for newly identified system vulnerabilities regarding the technologies and Services provided to Client and fix or patch any identified security problem in an adequate and timely manner. Unless otherwise expressly agreed in writing, "timely" shall mean that VSG Hosting shall introduce such fix or patch in accordance with industry standard practices after VSG Hosting becomes aware of the security problem. This obligation extends to all devices that comprise VSG Hosting's

system, e.g., application software, databases, servers, firewalls, routers and switches, hubs, etc.

- 2.4. VSG Hosting Assistance during Investigations. Upon notice to VSG Hosting, VSG Hosting shall promptly assist and reasonably support Client in the event of an investigation by any regulator and/or law enforcement including, without limitation, a data protection regulator or similar authority, if and to the extent that such investigation relates to Client Data handled by VSG Hosting. Such assistance and support shall be at Client's sole expense, except where such investigation was required due to a Security Incident caused by VSG Hosting, in which case such assistance and support shall be at VSG Hosting's sole expense.

3. Disaster Recovery Plan

- 3.1. VSG Hosting shall establish, maintain and implement per the terms thereof, a Disaster Recovery Plan and a Security Incident Response Plan. The Disaster Recovery Plan shall conform to industry standards, and must be in place within forty-five (45) calendar days after the assumption of Service and shall include, but not be limited to, recovery strategy, documented recovery plans covering all areas of operations necessary to delivering VSG Hosting's Services pursuant to this Agreement, vital records protection and testing plans. The plans shall provide, without limitation, for off-site backup of critical data files, Client Data, and software, as well as alternative means of transmitting and processing Client Data.
- 3.2. Such a plan shall include performing backups of the production database containing Client Data sufficient to support the recovery objectives of this section and/or no less than once per day without interruption of the VSG Hosting's Service. If elected in writing by Client, VSG Hosting shall also provide off-site archival storage on no less than a weekly basis of all backups of the database(s) containing Client Confidential Information on secure server(s) or other commercially acceptable secure media. Such data backups will be encrypted, sent off-site to a secure location weekly and stored/retained for seven (7) years.
- 3.3. The recovery strategy shall provide for recovery after both short- and long-term disruptions in facilities, environmental support, data processing equipment, ransomware, deletion and/or destruction of primary backups, geographic disruptions and any other natural or man-made events that would adversely affect the delivered VSG Hosting Services.
- 3.4. VSG Hosting's recovery objectives shall not exceed the following during any recovery period:
 - (a) Time to Full Restoration from time of disruption event: 4 Hours
 - (b) Maximum Data Loss (stated in hours) from time of disruption event: 1/2 Hour
 - (c) Percentage Reduction of Service Levels: 0%
- 3.5. In the event of a change to VSG Hosting's Disaster Recovery Plan, Client agrees to work with VSG Hosting to determine a mutually agreeable date for VSG Hosting

to match the new objectives if necessary. VSG Hosting shall provide Client with a summary of its Hosting's Disaster Recovery Plan upon Client's written request.

- 3.6. VSG Hosting shall continue to reasonably provide service to Client if Client activates its contingency plan or moves to an interim site to conduct its business, including during tests (not to exceed once per year) of Client's contingency operations plans.
 - 3.7. VSG Hosting shall furnish a summary of the disaster recovery plan, disaster recovery testing exercise and testing schedules upon request. VSG Hosting shall provide to Client, upon written request, copies of all summary disaster recovery testing exercise final reports, and shall include, but not be limited to, disaster scenario description, exercise scope and objectives, detailed tasks, exercise issues list and remediation, and exercise results. If requested, VSG Hosting shall allow Client, at its own expense, to participate in a disaster recovery test for Client's production application.
 - 3.8. If VSG Hosting provides electronic interchange of data with Client, VSG Hosting shall participate, if requested, in the recovery exercises of Client to validate recovery capability.
 - 3.9. VSG Hosting must provide evidence of capability to meet any applicable regulatory requirements concerning disaster recovery.
 - 3.10. VSG Hosting shall be required to participate, if requested by Client, in recovery testing of a mutually agreed upon scope and a frequency of no more than once annually.
4. VSG Hosting and VSG Hosting Subcontractor Personnel
- 4.1. VSG Hosting shall comply and shall cause its representatives and subcontractors to comply with all personnel, facility, safety and security policies, rules and regulations and other reasonable instructions of Client (if provided to VSG Hosting, its representatives and/or subcontractors in advance), when performing work at a Client facility, and shall conduct its work at Client facilities in such a manner as to avoid endangering the safety, or interfering with the convenience of, Client representatives or members. VSG Hosting understands that Client operates under various laws and regulations that are unique to the security-sensitive retirement fund industry. As such, persons engaged by VSG Hosting to provide Services under this Agreement are held to a higher standard of conduct and scrutiny than in other industries or business enterprises. VSG Hosting shall, to the extent permitted by law, exercise reasonable and prudent efforts to comply with the security provisions of this Agreement.
 - 4.2. If VSG Hosting intends to disclose Client Data to its representatives and/or subcontractors, such disclosure must be limited to the minimum Client Data necessary for the third party to fulfill its obligations to VSG Hosting. VSG Hosting agrees that, prior to making such disclosure, VSG Hosting will enter into a written

agreement with the third party that includes confidentiality and data protection obligations that are at least as broad in scope and restrictive as those under this Agreement. Nonetheless, VSG Hosting shall always remain accountable and responsible for all actions by such third parties with respect to the disclosed Client Data as if such third parties were a Party to this Agreement.

- 4.3. VSG Hosting shall not knowingly permit a representative or subcontractor to have access to the Client Data, premises, records or data of Client when such representative or subcontractor: (a) has been convicted of a crime or has agreed to or entered into a pretrial diversion or similar program in connection with: (i) a dishonest act or a breach of trust, as set forth in Section 19 of the Federal Deposit Insurance Act, 12 U.S.C. 1829(a); or (ii) a felony; or (b) uses illegal drugs. Notwithstanding anything in this Agreement to the contrary, VSG Hosting shall conduct at its expense background checks on its employees and those of its subcontractors who will have access (whether physical, remote, or otherwise and whether on or off Client premises) to Client facilities, equipment, systems or Data and such background checks shall materially comply with Client procedures and requirements as set forth this section of this Agreement and updated in writing and delivered to VSG Hosting from time to time.
- 4.4. VSG Hosting represents that it maintains comprehensive hiring policies and procedures which include, among other things, a background check for criminal convictions, and if Client reasonably believes, in good faith, that a VSG Hosting employee who is working at Client's premises is under the influence of an illegal substance, Client has the right to require VSG Hosting to perform drug screening of such employee, all to the extent permitted by law. In the event that VSG Hosting employs non-U.S. citizens to provide Services at Client's premises, VSG Hosting shall ensure that all such persons have and maintain appropriate visas to enable them to provide such Services.
- 4.5. Client shall notify VSG Hosting of any act of dishonesty or breach of trust committed against Client, which may involve a VSG Hosting representative, or subcontractor of which Client becomes aware, and VSG Hosting shall notify Client if it becomes aware of any such offense. Following such notice, at the request of Client and to the extent permitted by law, VSG Hosting shall cooperate with investigations conducted by or on behalf of Client.
- 4.6. Security Training. VSG Hosting shall ensure, at no expense to Client, that all VSG Hosting employees and managers complete relevant training required to operationalize the procedures and practices outlined herein, including security awareness training, on at least an annual basis. VSG Hosting shall provide evidence of training to Client upon written request.

5. Background Screening Guidelines

- 5.1. In accordance with and subject to the terms and conditions of this Agreement, prior to any person being assigned and beginning work for Client under this Agreement,

the following background screening guidelines must be administered and successfully passed by that person ("Contract Person"):

- (a) Search of the Contract Person's social security number to verify the accuracy of the individual's identity and current and previous addresses.
- (b) A criminal background search of all court records in each venue of the Contract Person's current and previous addresses over the past five (5) years.
- (c) A minimum of at least two (2) confirmed work references, unless a college-hire, prior to assignment at Client.
- (d) Verification of any post high school education or degrees, i.e., BA, B.S., Associate, or professional certifications.
- (e) Validate United States citizenship or certification to work in the United States, if working in the United States.

5.2. VSG Hosting shall keep copies of background screening documentation and provide certification of their completion to Client when requested.

6. Information Destruction Requirements

6.1. Overall Requirements. At Client's direction, VSG Hosting shall destroy all Client Confidential Information at all locations where it is stored after it is no longer needed for performance under this Agreement or to satisfy regulatory requirements. VSG Hosting must have in place or develop information destruction schedules and processes that meet NIST standards and that must be used in all cases when Client Confidential Information is no longer needed. These information destruction requirements are to be applied to paper, microfiche, disks, disk drives, tape and other destroyable electronic or digital media containing Client Confidential Information.

6.2. Paper and Other Shredable Media. Paper and other shredable media includes paper, microfiche, microfilm, compact disks (CDs) and any other media that can be shredded. This media must be shredded using shredding techniques or machines such that Client Confidential Information in this media is completely destroyed as set forth herein when VSG Hosting is finished with the Client Confidential Information contained thereon and it is no longer needed. This media may be shredded immediately or temporarily stored in a highly secured, locked container. The media may be shredded at a location other than VSG Hosting's facilities; however, it must be transferred in a highly secured, locked container. VSG Hosting is responsible for supervising the shredding regardless of where the shredding activity occurs and by whom the shredding is performed. Client Confidential Information in this media must be completely destroyed by shredding such that the results are not readable or useable for any purpose.

6.3. Certification

- (a) These processes must be documented as a procedure by VSG Hosting and should outline the techniques and methods to be used. The procedure must

also indicate when and where Client Confidential Information is to be destroyed.

- (b) VSG Hosting shall certify the destruction of all Client Confidential Information or Client Data when destruction completed and provide such certification to Client upon request.

7. Audit

- 7.1. VSG Hosting shall maintain at no additional cost to Client, in a reasonably accessible location, all material Records pertaining to its Services provided to Client under this Agreement for a period of three (3) years or as required by law, if longer. Such VSG Hosting Records referenced above may be, no more than once annually and at Client's sole cost and expense, inspected and audited by Client, its representatives or by federal or state agencies having jurisdiction over Client, during normal business hours and at such reasonable times as Client and VSG Hosting may determine. Records available for review shall exclude any records pertaining to VSG Hosting's other customers and VSG Hosting confidential and proprietary records not associated with the Services provided under the Agreement. VSG Hosting will give prior notice to Client of requests by federal or state authorities to examine VSG Hosting's Client Records. At Client's written request, VSG Hosting shall reasonably cooperate with Client in seeking a protective order with respect to such Records.
- 7.2. VSG Hosting shall provide at its expense on an annual basis, a copy of the latest SSAE18 (Statement on Standards for Attestation Engagements no. 18, Service Organizations) Type II independent audit firm report or equivalent for facilities that are used to provide Services under this Agreement. Each report will cover a minimum six (6) calendar month period each calendar year during the Term. Upon request, VSG Hosting shall provide Client with the scope of the audit and a complete copy of each report prepared in connection with each such audit.
- 7.3. During regular business hours but no more frequently than once a year, Client may, at its sole expense, perform a reasonable confidential audit of VSG Hosting's operations, facilities, and Information Security Program as they directly pertain to the Services provided under this Agreement related to the Client Data. Such audits shall be conducted on a mutually agreed upon date, which shall be no more than forty-five (45) Business Days after Client's written notice of time, location and duration, subject to reasonable postponement by VSG Hosting upon VSG Hosting's reasonable request, provided, however, that no such postponement shall exceed thirty (30) Business Days. Client will provide VSG Hosting a summary of the findings from each report prepared in connection with any such audit and discuss results, including any remediation plans. If audit results find VSG Hosting is not objectively in substantial compliance with the requirements of this Agreement, then Client shall be entitled, at VSG Hosting's expense, to perform an additional audit in that year in accordance with the procedure set forth in this Section. VSG Hosting agrees to promptly take action at its expense to correct those matters or items identified in any such audit that continue to not be objectively in substantial compliance with the requirements of this Agreement and

require correction. Failure to correct such matters shall be considered a material breach of this Agreement. Any and all audit reports shall be the confidential information and property of VSG Hosting.

- 7.4. In addition to the requirements under this Section and upon Client's request and no more than once a year, VSG Hosting shall deliver to Client, within thirty (30) calendar days after its receipt by its board of directors or senior management, a summary of any preliminary or final report of audit of VSG Hosting by any third-party auditors retained by VSG Hosting.
- 7.5. **Post-Audit Recourse for Non-Compliance.** The audit and inspection rights shall be, at a minimum, for the purpose of verifying VSG Hosting's compliance with this Agreement and all applicable and Data Protection Requirements. If any audit or inspection conducted pursuant to this Agreement reveals a material technical issue, security problem, or other non-compliance with this Agreement (objectively assessed pursuant to industry standards), and/or any applicable Data Protection Requirements, then VSG Hosting will, if it agrees with the assessment, propose an appropriate written response, including, without limitation, a plan for the remediation of the problem, within the time reasonably requested by Client. VSG Hosting will remedy the problem according to the plan. Client will not be responsible for any additional costs or fees related to such remedy.

September 11, 2023

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

SUBJECT: Request for Authorization for Trustee and CIO On-Site Due Diligence Visit to Adams Street and LaSalle in Chicago, and Parametric in Minneapolis

Dear Board Members:

Due diligence visits to VCERA private equity manager Adams Street Partners and real estate manager LaSalle Investment Management in Chicago, and VCERA overlay manager Parametric Portfolio Associates in Minneapolis are tentatively scheduled for October 11- 13, 2023.

The estimated cost per traveler is around \$2,000, including transportation, lodging, meals and other related expenses.

Staff requests designation/confirmation of attendees and approval of corresponding costs, so travel arrangements may be completed.

Respectfully submitted,



Dan Gallagher
Chief Investment Officer



September 11, 2023

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

SUBJECT: Request for Authorization for On-Site Due Diligence Visits to Abbott Capital Management in New York City, and Prudential Global Investment Management (PGIM) Real Estate in Newark, New Jersey

Dear Board Members:

On-site due diligence visits to VCERA private equity consultant Abbott Capital Management and real estate manager Prudential Global Investment Management (PGIM), are tentatively scheduled for November 2-3, 2023.

The estimated cost per traveler is around \$1,800, including transportation, lodging, meals and other related expenses.

Staff requests designation/confirmation of attendees and approval of corresponding costs, so travel arrangements may be completed.

Respectfully submitted,

Dan Gallagher
Chief Investment Officer

September 11, 2023

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

SUBJECT: SACRS VOTING DELEGATE AND ALTERNATE FOR 2023 FALL CONFERENCE

Dear Board Members:

Staff recommends the appointment of a voting delegate and alternate voting delegate for the SACRS (State Association of County Retirement Systems) 2023 Fall conference, scheduled for November 7 - 10, 2023 in Rancho Mirage, CA.

As you are aware, each member system is expected to participate and vote at the SACRS Business Meeting on the last day of the conference. Staff will submit the voting proxy form to SACRS to reflect Board's direction.

Sincerely,



Rick Santos
Interim Retirement Administrator

Resolution

of the
Ventura County Employees' Retirement Association (VCERA) Board of Retirement
in recognition of

Linda Webb

Whereas, Linda Webb has successfully served as the Retirement Administrator of the Ventura County Employees' Retirement Association (VCERA) from January 2015 to August 2023; and

Whereas, during her tenure, Ms. Webb oversaw the processing of 3,000 retirements; the growth of VCERA's funded status from 83% to 97%; the launch of several information technology projects, including a cybersecurity program, agenda management system, member portal and website redesign; in addition to an office remodel; and

Whereas, Ms. Webb directed fiscal projects, such as annual external audit management, annual budgeting, annual financial reporting and cashflow management; and

Whereas, Ms. Webb worked diligently on other major initiatives, including implementation of State pension reform legislation and the California Supreme Court's Alameda Decision, while at the same time updating organizational bylaws and creating a new disability retirement evaluation process at VCERA.

Now, Therefore, Be It Resolved, that the VCERA Board of Retirement, consisting of Robert Ashby, Art Goulet, Aaron Grass, Cecilia Hernandez-Garcia, Will Hoag, Sue Horgan, Tommie Joe, Kelly Long, Jordan Roberts and Mike Sedell, recognizes the significant accomplishments and leadership of Linda Webb during her eight years of dedicated service at VCERA. Furthermore, the Board offers its sincere thanks to Ms. Webb for a job well done and its best wishes in the years to come.

Presented this 11th day of September 2023.

Mike Sedell, Chair of the Board of Retirement

Art Goulet, Vice-Chair of the Board of Retirement



VCERA
VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION



CYBERSECURITY PROGRAM BEST PRACTICES

ERISA-covered plans often hold millions of dollars or more in assets and maintain personal data on participants, which can make them tempting targets for cyber-criminals. Responsible plan fiduciaries have an obligation to ensure proper mitigation of cybersecurity risks.

The Employee Benefits Security Administration has prepared the following best practices for use by recordkeepers and other service providers responsible for plan-related IT systems and data, and for plan fiduciaries making prudent decisions on the service providers they should hire. Plans' service providers should:

1. Have a formal, well documented cybersecurity program.
2. Conduct prudent annual risk assessments.
3. Have a reliable annual third party audit of security controls.
4. Clearly define and assign information security roles and responsibilities.
5. Have strong access control procedures.
6. Ensure that any assets or data stored in a cloud or managed by a third party service provider are subject to appropriate security reviews and independent security assessments.
7. Conduct periodic cybersecurity awareness training.
8. Implement and manage a secure system development life cycle (SDLC) program.
9. Have an effective business resiliency program addressing business continuity, disaster recovery, and incident response.
10. Encrypt sensitive data, stored and in transit.
11. Implement strong technical controls in accordance with best security practices.
12. Appropriately respond to any past cybersecurity incidents.

1. A Formal, Well Documented Cybersecurity Program.

A sound cybersecurity program identifies and assesses internal and external cybersecurity risks that may threaten the confidentiality, integrity, or availability of stored nonpublic information. Under the program, the organization fully implements well-documented information security policies, procedures, guidelines, and standards to protect the security of the IT infrastructure and data stored on the system. A prudently designed program will:

Protect the infrastructure, information systems and the information in the systems from unauthorized access, use, or other malicious acts by enabling the organization to:

- **Identify** the risks to assets, information and systems.
- **Protect each of the necessary assets, data and systems.**
- **Detect and respond to** cybersecurity events.
- **Recover** from the event.
- **Disclose the event as appropriate.**
- **Restore normal operations and services.**

Establish strong security policies, procedures, guidelines, and standards that meet the following criteria:

- Approval by senior leadership.
- Review at least annually with updates as needed.
- Terms are effectively explained to users.
- Review by an independent third party auditor who confirms compliance.
- Documentation of the particular framework(s) used to assess the security of its systems and practices.

- Formal and effective policies and procedures governing all the following:
 1. Data governance and classification.
 2. Access controls and identity management.
 3. Business continuity and disaster recovery.
 4. Configuration management.
 5. Asset management.
 6. Risk assessment.
 7. Data disposal.
 8. Incident response.
 9. Systems operations.
 10. Vulnerability and patch management.
 11. System, application and network security and monitoring.
 12. Systems and application development and performance.
 13. Physical security and environmental controls.
 14. Data privacy.
 15. Vendor and third party service provider management.
 16. Consistent use of multi-factor authentication.
 17. Cybersecurity awareness training, which is given to all personnel annually.
 18. Encryption to protect all sensitive information transmitted and at rest.

2. Prudent Annual Risk Assessments.

A Risk Assessment is an effort to identify, estimate, and prioritize information system risks. IT threats are constantly changing, so it is important to design a manageable, effective risk assessment schedule. Organizations should codify the risk assessment's scope, methodology, and frequency. A risk assessment should:

- Identify, assess, and document how identified cybersecurity risks or threats are evaluated and categorized.
- Establish criteria to evaluate the confidentiality, integrity, and availability of the information systems and nonpublic information, and document how existing controls address the identified risks.
- Describe how the cybersecurity program will mitigate or accept the risks identified.
- Facilitate the revision of controls resulting from changes in technology and emerging threats.
- Be kept current to account for changes to information systems, nonpublic information, or business operations.

3. A Reliable Annual Third Party Audit of Security Controls.

Having an independent auditor assess an organization's security controls provides a clear, unbiased report of existing risks, vulnerabilities, and weaknesses.

As part of its review of an effective audit program, EBSA would expect to see:

- Audit reports, audit files, penetration test reports and supporting documents, and any other analyses or review of the party's cybersecurity practices by a third party.
- Audits and audit reports prepared and conducted in accordance with appropriate standards.
- Documented corrections of any weaknesses identified in the independent third party analyses.

4. Clearly Defined and Assigned Information Security Roles and Responsibilities.

For a cybersecurity program to be effective, it must be managed at the senior executive level and executed by qualified personnel. As a senior executive, the Chief Information Security Officer (CISO) would generally establish and maintain the vision, strategy, and operation of the cybersecurity program which is performed by qualified personnel who should meet the following criteria:

- Sufficient experience and necessary certifications.
- Initial and periodic background checks.
- Regular updates and training to address current cybersecurity risks.
- Current knowledge of changing cybersecurity threats and countermeasures.

5. Strong Access Control Procedures.

Access control is a method of guaranteeing that users are who they say they are and that they have the appropriate access to IT systems and data. It mainly consists of two components: authentication and authorization. The following are best security practices for access control:

- Access to systems, assets and associated facilities is limited to authorized users, processes, devices, activities, and transactions.
- Access privileges (e.g., general user, third party administrators, plan administrators, and IT administrators) are limited based on the role of the individual and adhere to the need-to-access principle.
- Access privileges are reviewed at least every three months and accounts are disabled and/or deleted in accordance with policy.
- All employees use unique, complex passwords.
- Multi-factor authentication is used wherever possible, especially to access the internal networks from an external network, unless a documented exception exists based on the use of a similarly effective access control methodology.
- Policies, procedures, and controls are implemented to monitor the activity of authorized users and detect unauthorized access, use of, or tampering with, nonpublic information.
- Procedures are implemented to ensure that any sensitive information about a participant or beneficiary in the service provider's records matches the information that the plan maintains about the participant.
- Confirm the identity of the authorized recipient of the funds.

6. Assets or Data Stored in a Cloud or Managed by a Third Party Service Provider are Subject to Appropriate Security Reviews and Independent Security Assessments.

Cloud computing presents many unique security issues and challenges. In the cloud, data is stored with a third-party provider and accessed over the internet. This means visibility and control over that data is limited. Organizations must understand the security posture of the cloud service provider in order to make sound decisions on using the service.

Best practices include:

- Requiring a risk assessment of third party service providers.
- Defining minimum cybersecurity practices for third party service providers.
- Periodically assessing third party service providers based on potential risks.

- Ensuring that guidelines and contractual protections at minimum address the following:
 - » The third party service provider's access control policies and procedures including the use of multi-factor authentication.
 - » The third party service provider's encryption policies and procedures.
 - » The third party service provider's notification protocol for a cybersecurity event which directly impacts a customer's information system(s) or nonpublic information.

7. Cybersecurity Awareness Training Conducted at Least Annually for All Personnel and Updated to Reflect Risks Identified by the Most Recent Risk Assessment.

Employees are often an organization's weakest link for cybersecurity. A comprehensive cybersecurity security awareness program sets clear cybersecurity expectations for all employees and educates everyone to recognize attack vectors, help prevent cyber-related incidents, and respond to a potential threat. Since identity theft is a leading cause of fraudulent distributions, it should be considered a key topic of training, which should focus on current trends to exploit unauthorized access to systems. Be on the lookout for individuals falsely posing as authorized plan officials, fiduciaries, participants or beneficiaries.

8. Secure System Development Life Cycle Program (SDLC).

A secure SDLC process ensures that security assurance activities such as penetration testing, code review, and architecture analysis are an integral part of the system development effort. Best practices include:

- Procedures, guidelines, and standards which ensure any in-house applications are developed securely. This would include such protections as:
 - » Configuring system alerts to trigger when an individual's account information has been changed.
 - » Requiring additional validation if personal information has been changed prior to request for a distribution from the plan account.
 - » Requiring additional validation for distributions (other than a rollover) of the entire balance of the participant's account.
- Procedures for evaluating or testing the security of externally developed applications including periodic reviews and updates.
- A vulnerability management plan, including regular vulnerability scans.
- Annual penetration tests, particularly with respect to customer-facing applications.

9. A Business Resiliency Program which Effectively Addresses Business Continuity, Disaster Recover, and Incident Response.

Business resilience is the ability an organization has to quickly adapt to disruptions while maintaining continuous business operations and safeguarding people, assets, and data. The core components of a program include the Business Continuity Plan, Disaster Recovery Plan, and Incident Response Plan.

- The Business Continuity Plan is the written set of procedures an organization follows to recover, resume, and maintain business functions and their underlying processes at acceptable predefined levels following a disruption.
- The Disaster Recovery Plan is the documented process to recover and resume an organization's IT infrastructure, business applications, and data services in the event of a major disruption.
- The Incident Response Plan is a set of instructions to help IT staff detect, respond to, and recover from security incidents.

An effective Business Resiliency Program should:

- Reasonably define the internal processes for responding to a cybersecurity event or disaster.
- Reasonably define plan goals.
- Define the documentation and reporting requirements regarding cybersecurity events and responses.
- Clearly define and describe the roles, responsibilities, and authority levels.
- Describe external and internal communications and information sharing, including protocols to notify plan sponsor and affected user(s) if needed.
- Identify remediation plans for any identified weaknesses in information systems.
- Include after action reports that discuss how plans will be evaluated and updated following a cybersecurity event or disaster.
- Be annually tested based on possible risk scenarios.

10. Encryption of Sensitive Data Stored and in Transit.

Data encryption can protect nonpublic information. A system should implement current, prudent standards for encryption keys, message authentication and hashing to protect the confidentiality and integrity of the data at rest or in transit.

11. Strong Technical Controls Implementing Best Security Practices.

Technical security solutions are primarily implemented and executed by the information system through mechanisms contained in the hardware, software, or firmware components of the system. Best security practices for technical security include:

- Hardware, software and firmware models and versions that are kept up to date.
- Vendor-supported firewalls, intrusion detection and prevention appliances/tools.
- Current and regularly updated antivirus software.
- Routine patch management (preferably automated).
- Network segregation.
- System hardening.
- Routine data backup (preferably automated).

12. Responsiveness to Cybersecurity Incidents or Breaches

When a cybersecurity breach or incident occurs, appropriate action should be taken to protect the plan and its participants, including:

- Informing law enforcement.
- Notifying the appropriate insurer.
- Investigating the incident.
- Giving affected plans and participants the information necessary to prevent/reduce injury.
- Honoring any contractual or legal obligations with respect to the breach, including complying with agreed upon notification requirements.
- Fixing the problems that caused the breach to prevent its recurrence.





August 1, 2023

TO: State Association of County Retirement Systems

FROM: Edelman Gilbert Robson & Smith, LLC

RE: **Legislative Update – August 2023**

General Update

We are approaching the closing weeks of the first year of a two-year session. The Legislature recently wrapped up with the second policy committee deadline in which bills were required to pass out of policy committees in the second house by July 14. The Legislature is now adjourned for summer recess until August 14.

When they return, the Legislature must meet the fiscal committee deadline on September 1, where all fiscal bills must pass out of the Appropriations Committee in the second house in order to keep moving. After that, the Legislature will have two weeks to pass the remaining bills off the floor in the second house and in many cases, the floor of the house of origin for concurrence, before session adjourns on September 14.

After Session adjourns on September 14, the Governor will have until October 14 to sign the bills on his desk. The Legislature will remain on recess until Session reconvenes on January 3.

Legislation of Interest

SB 885 (Committee on Labor, Public Employment and Retirement). This is the annual committee omnibus bill that contains various cleanup provisions for CalSTRS, CalPERS and CERL systems. The amendments to the CERL make non-substantive, technical changes as well as conform provisions on Required Minimum Distributions to federal law under the SECURE ACT 2.0 by referencing the federal law instead of a specific age.

The bill is now back in the Senate for a final concurrence vote before going to the Governor for his consideration.

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL,

similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters.

The author and sponsor agreed to technical clarifications proposed by SACRS that were amended into the bill in June. CSAC remains opposed to the bill.

The bill is pending a vote on the Senate Floor.

AB 1637 (Irwin) - Local Government Websites and Email Addresses. This bill requires cities and counties to use a ".gov" or ".ca.gov" domain for websites and email addresses. The bill was recently amended out of the Assembly Appropriations Committee to narrow the bill to cities and counties as well as push out the implementation dates. The previous version of the bill would have applied to all local agencies.

The bill was amended again in late June to push out the implementation date until 2029 after passing out of the Senate Governance and Finance Committee. It is now on the Suspense File in the Senate Appropriations Committee which we anticipate being heard on August 31.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced SB 1173 from the last legislative session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of a package of climate legislation.

The bill was made a two-year bill, but the author has committed to continuing to work on the issue in the future.

Public Meeting Bills

AB 557 (Hart) - Brown Act Emergency Teleconferencing Sunset Extension. This bill would remove the sunset in current law to allow teleconferencing during certain emergencies as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days.

This bill passed out of two policy committees in the Senate with clarifying amendments and is now on the Senate Floor.

SB 537 (Becker) - Teleconference Flexibilities. This bill would allow expanded teleconference flexibilities for multijurisdictional, cross county legislative bodies if certain requirements are met, along with adding to the list of circumstances where a member is permitted to participate remotely.

This bill passed out of the Senate Governance and Finance Committee in April after being narrowed considerably, including allowing remote participation only if the meeting location is more than 40 miles one way from the member's home, among other requirements that limit the flexibilities in the bill. These amendments made the bill less useful for many local government entities who previously supported the bill.

We have met with the author's staff and requested amendments to clarify that local retirement systems are covered by the bill, but because the bill was eventually narrowed in scope, it is unlikely the author will accept our language.

This bill passed out of the Assembly Local Government Committee on July 12 with amendments that further narrow the scope of the flexibility in the bill, among other changes. The amendment language is not yet in print, but we will share it with the Legislative Committee when it is available.



Providing insight. Fostering oversight.

SACRS FALL CONFERENCE 2023

SACRS Fall Conference 2023 Registration is Open!

Dynamic Speakers. Valuable Trustee Training. Share Best Practices

SACRS Board of Directors is proud to announce [SACRS Fall Conference 2023](#) being held November 7-10, 2023 in Rancho Mirage, CA.

Join us for this can't miss, four day event at the Omni Rancho Las Palmas Resort & Spa. It's your chance to network with SACRS members and colleagues, brush up on the latest investment strategies and get current on pension-related legislation.

Expect dynamic speakers, valuable trustee training, and the opportunity to share best practices with your professional peers.

SAFE AND INSIGHTFUL

[SACRS Fall Conference 2023](#) will offer attendees valuable insights on investment, legislative and operation/benefit matters impacting our public pension systems today. There will be general sessions, breakout sessions, networking opportunities, even a self-care fun run to get attendees ready to engage.

[CONFERENCE REGISTRATION](#)

SESSIONS & ACTIVITIES

*Two Certificate Sessions - November 7

*Seven General Sessions - November 8, 9, & 10

*Afternoon Breakout Sessions - November 8

- *Annual Wednesday Night Event - November 8
- *Six Afternoon Concurrent Sessions - November 9
- *SACRS Wellness Sessions - Yoga and Fun Run - November 8 & 9
- *Two Networking Lunch Breaks - November 8 & 9
- *Annual Business Meeting - November 10

CONFERENCE HOTEL INFORMATION

[Omni Rancho Las Palmas Resort & Spa](#)

4100 Bob Hope Drive
Rancho Mirage, CA 92270
(760) 568-2727

SACRS Conference Room Rate: SACRS discounted rate of \$209 a night (not including taxes or fees)

Make your hotel reservations here: [HOTEL RESERVATIONS](#)

Call-In Reservation Line: (800) 843-6664
Reservation Group Code: 1105232023FALLC

Discounted hotel room rate cut-off is October 18 and is based on availability. Last day to cancel conference registration and receive a refund is October 1.

HEALTH CODE OF CONDUCT

By registering to attend the SACRS Fall Conference 2023 in-person on November 7-10, 2023, at the Omni Rancho Las Palmas Resort & Spa, Rancho Mirage, California, attendees agree to comply with the provisions of the Event Health Safety Code of Conduct. The Participant's Acknowledgement, located at the end of the Code of Conduct, must be agreed to during the registration process. Documents can be found on the conference web page.



For more information or assistance, contact Sulema Peterson, SACRS Executive Director at (916) 701-5158 or sulema@sacrs.org.



840 Richards Blvd
Sacramento, CA 95811
T: (916) 701-5158
E: sacrs@sacrs.org

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2023 Pensions, Benefits & Investments Fiduciaries' Forum (Southern California)

Nossaman's 2023 Pensions, Benefits & Investments Fiduciaries' Forum

10.30.2023 | Los Angeles, CA | 9:00 a.m. - 4:00 p.m. PT

Attendance for this annual event is by invitation only.

We will host our 2023 Pensions, Benefits & Investments Fiduciaries' Forum in Los Angeles on October 30, 2023. This exclusive one-day event is designed to provide trustees, executive staff, investment officers and in-house counsel with invaluable knowledge and connections in the ever-evolving landscape of public pension systems. We

Professionals

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[Yuliya A. Oryol](#)

[Courtney K. Krause](#)

[Michelle McCarthy](#)

[Douglas W. Schwartz](#)

[Julia Botezatu](#)

[Aalia Taufiq](#)

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are excited to bring together a distinguished panel of Nossaman attorneys, renowned for their expertise and commitment to serving you. In addition, we have invited a few special guests to share their invaluable insights on a variety of critical topics to help you navigate the complex challenges you face.

Attendance is limited to three attendees per retirement system, per venue (with exceptions provided if space permits within two weeks of the Forum at each location).

October 30, 2023

Nossaman LLP

777 South Figueroa Street

34th Floor

Los Angeles, CA 90017

[MAP](#)

9:00 - 9:30 a.m. | Registration

9:30 - 11:00 a.m. | Conversations with CIOs: Market Trends, Challenges and Opportunities for Institutional Investors

Yuliya Oryol, Pensions, Benefits & Investments

Group Co-Chair, Nossaman LLP

Jonathan Gabel, CIO, Los Angeles County

Employees Retirement Association (LACERA)

Jeremy Wolfson, CIO, Los Angeles Water & Power

Employees' Retirement Plan (WPERP)

11:10 a.m. - 12:00 p.m. | Going Outside of the Checkboxes: Subscription Document Challenges and Trends

Courtney Krause, Partner, Nossaman LLP

[Pensions, Benefits &
Investments](#)

[Real Estate Investments](#)

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Benefits](#)

Industries

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*Susan Weiss, Associate Counsel, Alameda County
Employees' Retirement Association (ACERA)*

12:00 - 1:00 p.m. | Lunch & Networking

**1:00 - 1:50 p.m. | Tax Updates for Public, Non-
Profit and Private Pension and Health & Welfare
Plans**

Michelle McCarthy, Partner, Nossaman LLP

Doug Schwartz, Partner, Nossaman LLP

**2:00 - 2:50 p.m. | Developing Issues Around
Disability Retirement Standards for Pension Plans,
Presumptions, and Other Adjudication Issues**

Julia Botezatu, Associate, Nossaman LLP

Aalia Taufiq, Associate, Nossaman LLP

*Nicole McIntosh, Director of Disability, Orange
County Employees Retirement System (OCERS)*

**3:00 - 3:50 p.m. | Fiduciary Litigation Against
Defined Benefit, Defined Contributions and Hybrid
Plans Nationally and How Fiduciaries May Mitigate
Those Risks**

Ashley Dunning, Pensions, Benefits & Investments

Group Co-Chair, Nossaman LLP

Alex Westerfield, Associate, Nossaman LLP

3:50 - 4:00 p.m. | Closing Remarks

Questions? Please contact Laura Clumpus at
lclumpus@nossaman.com.



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