VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY & BUSINESS MEETING

DECEMBER 10, 2018

AGENDA

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

TIME: 9:00 a.m.

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

ITEM:

Item		Master Page No.
I.	**CALL TO ORDER**	
II.	**APPROVAL OF AGENDA**	1 – 4
III.	**APPROVAL OF MINUTES**	
	A. Business Minutes of November 19, 2018.	5 – 10
IV.	**CONSENT AGENDA**	
	A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of November 2018.	11
	B. Receive and File Report of Checks Disbursed in November 2018.	12 – 16
	C. Receive and File Budget Summary for FY 2018-19 Month Ending November 30, 2018.	17 – 18
	D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending October 31, 2018.	19 – 22
V.	**RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT**	23 – 54

VI. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-connected Disability Retirement - Helus, Ronald L.; Case No. 18-027. 55 – 93

1. Employer-Filed Application for Service-connected Disability Retirement, filed November 14, 2018.

2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura, Risk Management, in support of the Application for Service-connected Disability Retirement, dated November 27, 2018.

3. Hearing Notice, dated November 29, 2018.

B. Application for Nonservice-connected Disability Retirement - Houston, Stephen D.; Case No. 18-002. 94 – 265

1. Application for Nonservice-connected Disability Retirement, filed January 16, 2018.

2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by VCERA Staff, in support of the Application for Nonservice-connected Disability Retirement, dated December 10, 2018.

3. Hearing Notice, dated November 28, 2018.

C. Request for Consideration from Trustee Goulet for Alternate Disability Retirement Application Processing for Catherine D. Rodriguez and Ongoing Policy for Processing of Applications Where Potential Conflict of Interest May Exist.

1. Letter from Trustee Goulet. 266

VII. ACTUARIAL INFORMATION

A. Review and Approval of Annual Actuarial Information Report as of June 30, 2018 – Segal Consulting, Paul Angelo and John Monroe.

1. June 30, 2018 Actuarial Valuation Report. 267 – 374

2. June 30, 2018 GAS 67 Actuarial Valuation Report. 375 – 398

B. Recommendation to Approve PEPRA Annual Compensation Limit.
RECOMMENDED ACTION: Approve.

1. Staff Letter. 399

2. California Actuarial Advisory Panel PEPRA Pension Compensation Limits for the Calendar Year 2019. 400 – 402

VIII. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from Loomis Sayles, Stephanie S. Lord. 403 – 427

IX. INVESTMENT INFORMATION

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

A. Recommendation to Approve Investment: $25M BlueBay Direct Lending Fund III.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher. 428
2. Memorandum and Reseach Report from NEPC. 429 – 449
3. BlueBay Direct Lending Fund III Presentation, Danielle Hootnick and Anthony Fobel. 450 – 483

B. Discussion of US vs. International Performance.

1. News Article, “Tough Year for Globalists. 484 – 489
2. 2018 Capital Market Review and Looking Ahead to 2019. 490 - 509

X. OLD BUSINESS

None.

XI. NEW BUSINESS

A. Notification of Pending Depletion of Non-Vested Supplemental Benefit Reserve, and Recommendation to Adopt Resolution to Terminate Benefit Reserve after June 30, 2019
RECOMMENDED ACTION: Approve.

1. Staff Letter. 510 – 512
2. Resolution Providing Supplemental Retirement Allowance Pursuant to Provisions of GC 31691.1 & 31692, effective March 17, 2003 513 – 514
3. Proposed Resolution to Pay Supplemental Allowance through June 30, 2019, and Subsequently Terminate. 515 – 516

B. Recommendation for Authorization for Retirement Administrator to Attend the International Federation of Employee Benefit Plans (IFEBP) Advanced Trustee & Administrators Institute, February 18 – 20, 2018 in Lake Buena Vista, FL.
RECOMMENDED ACTION: Approve.

XI. NEW BUSINESS (continued)

1. Staff Letter. 517

2. IFEBP Advanced Trustee & Administrators Institute Agenda. 518 – 541

C. Recommendation for Authorization for Up to 2 Trustees and C.I.O. to Attend the NEPC 2019 Public Funds Workshop, Tempe, AZ, January 31 – February 1, 2019.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher. 542

2. NEPC 2019 Public Funds Workshop Agenda. 543 – 544

D. Recommendation for Authorization for General Counsel to Attend the NAPPA 2019 Winter Seminar, Tempe, AZ, February 20 – 22, 2019.
RECOMMENDED ACTION: Approve.

1. Staff Letter. 545

2. NAPPA 2019 Winter Seminar Agenda. 546 – 549

E. Annual Appointment of Chair and Vice-Chair.

1. Staff Letter. 550

XII. INFORMATIONAL

A. Parametric Organizational Update. 551

XIII. PUBLIC COMMENT

XIV. STAFF COMMENT

XV. BOARD MEMBER COMMENT

XVI. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

NOVEMBER 19, 2018

MINUTES

TRUSTEES PRESENT:	William W. Wilson, Vice-Chairman, Public Member Steven Hintz, Treasurer-Tax Collector Mike Sedell, Public Member Robert Bianchi, Public Member Craig Winter, General Employee Member Arthur E. Goulet, Retiree Member Will Hoag, Alternate Retiree Member Chris Johnston, Safety Employee Member Ed McCombs, Alternate Public Member
TRUSTEES ABSENT:	Steven Hintz, Treasurer-Tax Collector Peter Foy, Public Member Maeve Fox, General Employee Member
STAFF PRESENT:	Linda Webb, Retirement Administrator Lori Nemiroff, County Counsel Henry Solis, Chief Financial Officer Dan Gallagher, Chief Investment Officer Julie Stallings, Chief Operations Officer Leah Oliver, Chief Technology Officer Josiah Vencel, Communications Officer Chris Ayala, Program Assistant Shalaine Nolan, Office Assistant III-C
PLACE:	Ventura County Employees' Retirement Association Second Floor Boardroom 1190 S. Victoria Avenue Ventura, CA 93003
TIME:	9:00 a.m.

ITEM:

I. CALL TO ORDER

Vice-Chair Wilson called the Business Meeting of November 19, 2018, to order at 9:04 a.m.

II. APPROVAL OF AGENDA

Ms. Webb informed the Board that the County of Ventura had requested the Board continue indefinitely, until otherwise notified, agenda item VIII.A. "County Request for Reclassification of Airport Operations Officers from Safety to General Members Based on Change in Duties and Job Class Specification."

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

MOTION: Approve the Agenda, as Amended.

Moved by Bianchi, seconded by McCombs.

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

III. APPROVAL OF MINUTES

A. Disability Minutes of November 5, 2018.

Trustee Goulet offered a correction to the minutes: On Master Page 7, in the first paragraph, second sentence, the words "rather than" should be removed.

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

MOTION: Approve with Corrections.

Moved by Goulet, seconded by Bianchi.

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

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of October 2018.

B. Receive and File Report of Checks Disbursed in October 2018.

C. Receive and File Budget Summary for FY 2018-19 for Month Ending October 31, 2018.

MOTION: Receive and File.

Moved by Johnston, seconded by McCombs.

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

V. INVESTMENT MANAGER PRESENTATIONS

A. Receive Annual Investment Presentation from BlackRock, Anthony Freitas and Christian De Leon.

Anthony Freitas and Christian De Leon reviewed BlackRock's organizational changes and discussed the firm's investment outlook, portfolio strategy, composition and performance.

VI. INVESTMENT INFORMATION

A. NEPC – Anthony Ferrara.
VCERA – Dan Gallagher, Chief Investment Officer.

1. Preliminary Performance Report for Month Ending October 31, 2018.
RECOMMENDED ACTION: Receive and file.

2. Quarterly Investment Performance Report for Period Ending September 30, 2018.
RECOMMENDED ACTION: Receive and file.

MOTION: Receive and File the Preliminary Performance Report for Month Ending October 31, 2018, and the Quarterly Investment Performance Report for Period Ending September 30, 2018.

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

Moved by Winter, seconded by Sedell.

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

VII. OLD BUSINESS

A. Recommendation to Approve 2nd Contract Amendment with Brentwood IT.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Draft Contract Extension (Redline).

3. Chronology of Staff Communication with Board Regarding CTO Position.
   (To be provided)

Ms. Webb said that the item had been on November's Disability Meeting agenda, but it had been tabled until today's Business Meeting so that staff could provide additional information to the Board. Ms. Webb provided background on the contract with Brentwood IT and the details surrounding the expiration of the previous contract. Ms. Webb then requested that the Board authorize the Retirement Administrator to execute an agreement, within budgetary allocations (inclusive of salary savings from period before Chief Technology Officer was hired), through the end of the fiscal year.

Trustee Goulet remarked that the Board would also need to approve the contract retroactively to January 1, 2018. Ms. Webb agreed.

Trustee Sedell expressed concern that the Board not begin to oversee the discretion of the Retirement Administrator to move line items within the budget, provided that the actions did not violate budgetary constraints.

Trustee Goulet agreed that the Board should not interfere with the Administrator's discretion; however, the Administrator's authority to contract with vendors up to $100,000 was exceeded in this instance, given the expiration of the contract. He also said he was troubled that the auditor did not state clearly that it does not check internal controls.

Ms. Webb said she would come back to the Board to discuss and attempt to clarify the extent of the Administrator's discretion within the budgetary constraints, and that she also would like to seek clarification on the Administrator's $100,000 limit, particularly when an item was budgeted.

Mr. Solis said that when auditors perform their audit and field work, they audit VCERA's internal controls to satisfy their own requirements in order to render an opinion on the financial statements. However, if they were to notice something concerning, they would comment on it in their report. He noted that Trustee Goulet may be referring to an internal audit of operations and compliance. Mr. Solis did not believe the Auditor-Controller had ever performed an internal audit of VCERA. Mr. Sedell commented that, in his experience, auditors typically provide a high-level review of the potential for fraud. Mr. Solis agreed that auditors do pick samples to evaluate certain compliance issues, but that aspect of the review was not performed in great detail.

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

<u>MOTION</u>: Authorize the Retirement Administrator to Execute an Agreement within Budgetary Allocation, Including Use of Salary Savings through June 30, 2019, Retroactive to January 1, 2018, and Confirm and Ratify Any Expenditure Made in Excess of Contract Limits.

Moved by Sedell, seconded by Winter.

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

Abstain: -

VIII. NEW BUSINESS

A. County Request for Reclassification of Airport Operations Officers from Safety to General Members Based on Change in Duties and Job Class Specification.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Airport Operations Officer Job Class Description (Redline).

3. Airport Operations Officer Job Class Description (New).

4. VCPPOA (Patrol) Memorandum of Agreement, Section 501D.

This item was removed from the agenda during item II. “Approval of Agenda” and was continued indefinitely, until otherwise notified by the County of Ventura.

B. Recommendation for Authorization for Disability Specialists Donna Edwards and Nancy Jensen to Attend the Workers’ Compensation Workshop on December 6 - 7, 2018, in Pasadena, CA.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Introduction to Workers’ Compensation Claims Course Overview.

MOTION: Approve Recommendation for Authorization for Disability Specialists Donna Edwards and Nancy Jensen to Attend the Workers’ Compensation Workshop.

Moved by Bianchi, seconded by Johnston.

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

C. Proposed Investment Manager Presentations and On-Site Due Diligence Visit Calendars for 2019.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Proposed Investment Manager Presentations Calendar for 2019.

3. Proposed On-Site Due Diligence Visit Calendar for 2019.

MOTION: Approve Proposed Investment Manager Presentations and On-Site Due Diligence Visit Calendars for 2019.

Moved by Goulet, seconded by Bianchi.

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

IX. INFORMATIONAL

A. RVK – Public Fund Analysis.

B. Letter from UBS Regarding the Labor Negotiations Between the Marriott and Unite HERE.

C. UBS News Flash, "California Wildfires: No Investments in Impacted Areas."

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Mr. Gallagher informed the Board that neither UBS nor Prudential had sustained any notable property damage from the recent and ongoing fire.

XII. BOARD MEMBER COMMENT

Trustee Goulet commented that in light of the discussion regarding the contract amendment with Brentwood IT, he would like the staff to consider an internal audit of processes for the next fiscal year.

Ms. Webb said that she would have staff make an allocation for it in next fiscal year's budget.

XIII. ADJOURNMENT

The meeting was adjourned at 10:29 a.m.

Respectfully submitted,

Linda Webb

LINDA WEBB, Retirement Administrator

Approved,

WILLIAM WILSON, Vice-Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES

November 2018

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE*	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:						
Lydia	Aguilar	G	5/11/1980	38.57	Probation Agency	10/12/2018
Angel	Andrade	G	12/23/2001	16.83	Human Services Agency	11/1/2018
Nancy	Baldwin	G	11/2/2008	6.14	Sheriff's Department (deferred)	11/3/2018
Laurie	Bell			6.74	Sheriff's Department (alternate payee)	11/1/2018
Dennis	Belt	G	11/4/1984	9.79	Probation Agency (deferred)	11/22/2018
Laura	Brown	G	11/26/2000	17.83	Clerk and Recorder	10/20/2018
Myra	Chavez	G	6/4/1995	23.45	Human Services Agency	10/26/2018
Karen	Crawford	G	01/08/2001	17.86	Health Care Agency	11/10/2018
Debra	Dutcher	G	03/01/1992	9.37	Health Care Agency (deferred)	11/1/2018
Regina	Florick			3.62	Sheriff's Department (alternate payee)	11/1/2018
Genaro	Gomez	G	1/18/1981	12.03	Sheriff's Department (deferred)	10/21/2018
Katy	Hadduck	G	2/19/2006	12.71	Health Care Agency	10/20/2018
Kathleen	Kelley	G	11/26/1989	28.57	Information Technology Services	11/3/2018
David	Lareva	S	8/11/1985	33.19	Sheriff's Department	10/7/2018
Nicole	Leake	G	1/5/2004	12.62	Health Care Agency (deferred)	10/26/2018
Anne Marie	Lopez	G	7/11/1976	44.28	Sheriff's Department	10/19/2018
Barry	Mamaghany	G	7/7/1991	27.31	Air Pollution Control District	10/18/2018
Gary	Pentis	S	12/10/1978	38.81	Sheriff's Department	10/20/2018
Janet	Pentis	G	6/25/1989	28.03	Sheriff's Department	10/20/2018
Mark	Roady	G	1/20/1980	42.13	Human Services Agency	10/20/2018
Christine	Schaffels	G	2/7/2006	10.82	Superior Courts (deferred)	11/1/2018
Katherine	Sidla	G	12/02/2002	10.63	Fire Protection District (deferred)	11/13/2018
Jack	Sweet	G	9/9/2007	7.29	Health Care Agency (deferred)	11/26/2018
Praxeses	Terraneo	G	12/1/2008	5.58	Regional Sanitation District (deferred)	10/1/2018
Gloria	Vega	G	10/7/2007	10.22	Health Care Agency	10/9/2018
DEFERRED RETIREMENTS:						
Crystal K.	Adkins	G	03/27/2016	1.65 *	Fire Protection District	11/09/2018
Elizabeth	Alvarez	G	04/03/2011	6.99	Human Services Agency	11/01/2018
Evelyn W.	Castilliano Cohen	G	05/13/2012	6.40	Assessor	11/01/2018
Robert J.	Estrada	G	08/18/2013	5.22	Human Services Agency	11/17/2018
Jessica	Heredia	G	08/19/2012	6.19	Health Care Agency	10/26/2018
Albert	Perez	G	01/01/2708	9.50	Health Care Agency	11/02/2018
SURVIVORS' CONTINUANCES:						
Laura	Canon-Mensendiek					
Marta	Csicsman					
Desiree	Herzog					
Katherine	Hudgins					
Susana	Lemos					
Ann	McNamee					

*** = Excludes reciprocal service or service from any previous retirements**
**** = Member establishing reciprocity**

Date:	Tuesday, December 04, 2018	Page:	1 of 5
Time:	11:30AM	Report:	03630.rpt
User:	104164	Company:	VCERA

Ventura County Retirement Assn

Check Register - Standard

Period: 05-19 As of: 12/4/2018

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company:	**VCERA**										
Acct / Sub:	10200		000000								
027791	VC	11/7/2018	ABBOTTCAPI ABBOTT CAPITAL MANAGEMENT	05-19	05-19						
027792	VC	11/7/2018	ABUCOURTRE PERSONAL COURT REPORTERS	05-19	05-19						
027793	VC	11/7/2018	ADP ADP, LLC	05-19	05-19						
027794	VC	11/7/2018	DIGITALDEP DIGITAL DEPLOYMENT	05-19	05-19						
027795	VC	11/7/2018	GLOBALCAPA GTT COMMUNICATIONS	05-19	05-19						
027796	VC	11/7/2018	HARRISWATE HARRIS WATER CONDITIONING	05-19	05-19						
027797	VC	11/7/2018	INCENTIVES INCENTIVE SERVICES	05-19	05-19						
027798	VC	11/7/2018	NOSSAMAN NOSSAMAN LLP	05-19	05-19						
027799	VC	11/7/2018	SOLISHENRY HENRY SOLIS	05-19	05-19						
027800	VC	11/7/2018	WESTERNASS WESTERN ASSET MANAGEMENT	05-19	05-19						
027801	CK	11/7/2018	ABBOTTCAPI ABBOTT CAPITAL MANAGEMENT	05-19		000667	VO	INVESTMENT FEES	11/7/2018	0.00	39,876.00
027802	CK	11/7/2018	ABUCOURTRE PERSONAL COURT REPORTERS	05-19		000676	VO	ADMIN EXP	11/7/2018	0.00	600.00
027803	CK	11/7/2018	ADP ADP, LLC	05-19		000668	VO	ADMIN EXP	11/7/2018	0.00	2,885.30

Date: Tuesday, December 04, 2018
Time: 11:30AM
User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 05-19 As of: 12/4/2018

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Report: 03630.rpt
Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
027804	CK	11/7/2018	DIGITALDEP DIGITAL DEPLOYMENT	05-19		000669	VO	IT	11/7/2018	0.00	650.00
027805	CK	11/7/2018	GLOBALCAPA GTT COMMUNICATIONS	05-19	05-19	000670	VO	IT	11/7/2018	0.00	571.66
027805	VC	11/7/2018	GLOBALCAPA GTT COMMUNICATIONS	05-19	05-19	000670	VO	IT	11/7/2018	0.00	-571.66
									Check Total		**0.00**
027806	CK	11/7/2018	HARRISWATE HARRIS WATER CONDITIONING	05-19		000671	VO	ADMIN EXP	11/7/2018	0.00	139.50
027807	CK	11/7/2018	INCENTIVES INCENTIVE SERVICES	05-19		000672	VO	ADMIN EXP	11/7/2018	0.00	188.56
027808	CK	11/7/2018	NOSSAMAN NOSSAMAN LLP	05-19		000673	VO	LEGAL FEES	11/7/2018	0.00	9,041.50
027809	CK	11/7/2018	SOLISHENRY HENRY SOLIS	05-19		000674	VO	TRAVEL REIMB	11/7/2018	0.00	2,241.15
027810	CK	11/7/2018	WESTERNASS WESTERN ASSET MANAGEMEN	05-19	05-19	000675	VO	INVESTEMENT FEE	11/7/2018	0.00	228,270.73
027810	VC	11/7/2018	WESTERNASS WESTERN ASSET MANAGEMEN	05-19	05-19	000675	VO	INVESTEMENT FEE	11/7/2018	0.00	-228,270.73
									Check Total		**0.00**
027811	CK	11/7/2018	GLOBALCAPA GC PIVOTAL LLC	05-19		000670	VO	IT	11/7/2018	0.00	571.66
027812	CK	11/7/2018	WESTERNASS WESTERN ASSET MANAGEMEN	05-19		000675	VO	INVESTEMENT FEE	11/7/2018	0.00	228,270.73
027813	CK	11/14/2018	ACCESSINFO ACCESS INFORMATION PROTEC	05-19		000677	VO	ADMIN EXP	11/14/2018	0.00	396.51
027814	CK	11/14/2018	BANKOFAMER BUSINESS CARD	05-19		000681	VO	ADMIN/IT	11/14/2018	0.00	5,567.55
027815	CK	11/14/2018	BLACKROCKI BLACKROCK INSTITUTIONAL TR	05-19		000678	VO	INVESTMENT FEES	11/14/2018	0.00	234,052.49

Date: Tuesday, December 04, 2018
Time: 11:30AM
User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 05-19 As of: 12/4/2018

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Report: 03630.rpt
Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date		Discount Taken	Amount Paid
027816	CK	11/14/2018	BRENTWOODI BRENTWOOD IT	05-19		000679	VO	IT	11/14/2018		0.00	14,385.00
027817	CK	11/14/2018	BROWNARMST BROWN ARMSTRONG	05-19	05-19	000680	VO	ADMIN EXP	11/14/2018		0.00	2,904.50
027817	VC	11/14/2018	BROWNARMST BROWN ARMSTRONG	05-19	05-19	000680	VO	ADMIN EXP	11/14/2018		0.00	-2,904.50
										Check Total		**0.00**
027818	CK	11/14/2018	GALLAGHERD DAN GALLAGHER	05-19		000682	VO	TRAVEL REIMB	11/14/2018		0.00	1,249.32
027819	CK	11/14/2018	SEDELLMIKE MICHAEL SEDELL	05-19		000683	VO	TRAVEL REIMB	11/14/2018		0.00	533.47
027820	CK	11/14/2018	TIMEWARNER TIME WARNER CABLE	05-19		000684	VO	IT	11/14/2018		0.00	294.99
027821	CK	11/14/2018	BROWNARMST BROWN ARMSTRONG	05-19	05-19	000680	VO	ADMIN EXP	11/14/2018		0.00	2,904.50
027821	VC	11/14/2018	BROWNARMST BROWN ARMSTRONG	05-19	05-19	000680	VO	ADMIN EXP	11/14/2018		0.00	-2,904.50
										Check Total		**0.00**
027822	ZC	11/14/2018	BROWNARMST BROWN ARMSTRONG	05-19	05-19	000685	AD	VOID	11/14/2018		0.00	-1,732.00
027822	ZC	11/14/2018	BROWNARMST BROWN ARMSTRONG	05-19	05-19	000686	VO	ADMIN EXP	11/14/2018		0.00	1,732.00
										Check Total		**0.00**
027823	VC	11/15/2018	BROWNARMST BROWN ARMSTRONG	05-19	05-19							
027824	CK	11/21/2018	BROWNARMST BROWN ARMSTRONG	05-19		000680	VO	ADMIN EXP	11/14/2018		0.00	2,904.50
027824	CK	11/21/2018	BROWNARMST BROWN ARMSTRONG	05-19		000685	AD	VOID	11/14/2018		0.00	-1,172.50
										Check Total		**1,732.00**
027825	CK	11/21/2018	GOULETARTH ARTHUR E. GOULET	05-19		000688	VO	TRVL/MILG REIMB	11/21/2018		0.00	1,052.70
027826	CK	11/21/2018	INSTITUTIO INSTITUTIONAL LIMITED PARTNI	05-19		000689	VO	INVESTMENT EXP	11/21/2018		0.00	4,000.00

Ventura County Retirement Assn

Check Register - Standard

Period: 05-19 As of: 12/4/2018

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
027827	CK	11/21/2018	LINEASOLUT LINEA SOLUTIONS	05-19		000690	VO	ADMIN EXP	11/21/2018	0.00	12,463.00
027828	CK	11/21/2018	PRUDENTIAL PRUDENTIAL INSURANCE	05-19		000691	VO	INVESTMENT FEES	11/21/2018	0.00	149,515.12
027829	CK	11/21/2018	SEDELLMIKE MICHAEL SEDELL	05-19		000692	VO	TRAVEL REIMB	11/21/2018	0.00	996.92
027830	CK	11/21/2018	SHREDITUSA SHRED-IT USA	05-19		000693	VO	ADMIN EXP	11/21/2018	0.00	158.46
027831	CK	11/21/2018	THOMSONREU THOMSON REUTERS- WEST	05-19		000694	VO	IT	11/21/2018	0.00	461.00
027832	CK	11/21/2018	VITECHSYST VITECH SYSTEMS GROUP, INC.	05-19		000695	VO	IT	11/21/2018	0.00	38,362.50
027833	CK	11/21/2018	WNTERCRAIG CRAIG WINTER	05-19		000696	VO	TRAVEL REIMB	11/21/2018	0.00	639.93
027834	CK	11/28/2018	ABUCOURTRE VERITEX	05-19		000697	VO	ADMIN EXP	11/28/2018	0.00	1,765.65
027835	CK	11/28/2018	ADP ADP, LLC	05-19		000698	VO	ADMIN EXP	11/28/2018	0.00	2,520.49
027836	CK	11/28/2018	ATTMOBILIT AT&T MOBILITY	05-19		000699	VO	IT	11/28/2018	0.00	401.18
027837	CK	11/28/2018	CDWGOVERNM CDW GOVERNMENT	05-19		000700	VO	IT	11/28/2018	0.00	2,994.00
027838	CK	11/28/2018	HANSONBRID HANSON BRIDGETT LLP	05-19		000701	VO	LEGAL FEES	11/28/2018	0.00	1,248.75
027839	CK	11/28/2018	HOAGWILL WILL HOAG	05-19		000702	VO	TRAVEL REIMB	11/28/2018	0.00	1,036.99
027840	CK	11/28/2018	MEGAPATH MEGAPATH	05-19		000703	VO	IT	11/28/2018	0.00	595.57

Date:	Tuesday, December 04, 2018	Page:	5 of 5
Time:	11:30AM	Report:	03630.rpt
User:	104164	Company:	VCERA

Ventura County Retirement Assn

Check Register - Standard

Period: 05-19 As of: 12/4/2018

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
027841	CK	11/28/2018	MFDAILYCOR M.F. DAILY CORPORATION	05-19		000704	VO	ADMIN EXP	11/28/2018	0.00	17,884.87
027842	CK	11/28/2018	NOSSAMAN NOSSAMAN LLP	05-19		000705	VO	LEGAL FEES	11/28/2018	0.00	2,223.90
027843	CK	11/28/2018	STAPLESADV STAPLES ADVANTAGE	05-19		000706	VO	ADMIN EXP	11/28/2018	0.00	1,710.76
027844	CK	11/28/2018	VENCELJOSI JOSIAH VENCEL	05-19		000707	VO	TRAVEL REIMB	11/28/2018	0.00	635.31
027845	CK	11/28/2018	VITECHSYST VITECH SYSTEMS GROUP, INC.	05-19		000708	VO	IT	11/28/2018	0.00	21,093.75

Check Count: 59

Acct Sub Total: **804,436.58**

Check Type	Count	Amount Paid
Regular	43	1,039,087.97
Hand	0	0.00
Electronic Payment	0	0.00
Void	15	-234,651.39
Stub	0	0.00
Zero	1	0.00
Mask	0	0.00
Total:	**59**	**804,436.58**

Company Disc Total **0.00** **Company Total** **804,436.58**

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2018-2019
For the Five Months Ended November 30, 2018 and Year-To-Date - 41.67% of Fiscal Year Expended

	Adopted 2019 Budget	Adjusted 2019 Budget	November 2018	Expended Fiscal Year to Date	Available Balance	Percent Expended
Salaries and Benefits						
Regular Salary	$3,215,800.00	$3,215,800.00	$240,111.95	$1,157,382.97	$2,058,417.03	35.99%
Extra-Help/Temporary Services	158,500.00	158,500.00	0.00	21,591.38	136,908.62	13.62%
Supplemental Payments	63,500.00	63,500.00	4,202.24	19,456.67	44,043.33	30.64%
Vacation Redemption	146,800.00	146,800.00	18,273.85	110,726.87	36,073.13	75.43%
Retirement Contributions	546,000.00	546,000.00	38,034.10	190,525.98	355,474.02	34.89%
OASDI Contribution	196,700.00	196,700.00	9,981.52	51,953.98	144,746.02	26.41%
FICA-Medicare	55,500.00	55,500.00	3,775.58	18,492.83	37,007.17	33.32%
Medical Insurance	327,600.00	327,600.00	22,391.00	108,979.00	218,621.00	33.27%
Life Insurance	1,100.00	1,100.00	91.45	444.85	655.15	40.44%
Unemployment Insurance	2,300.00	2,300.00	169.09	803.42	1,496.58	34.93%
Mgmt Disability Insurance	23,500.00	23,500.00	1,558.02	7,455.74	16,044.26	31.73%
Workers Compensation Insurance	23,600.00	23,600.00	1,817.75	9,060.92	14,539.08	38.39%
401K Plan Contribution	81,700.00	81,700.00	5,748.13	28,468.34	53,231.66	34.84%
Total Salaries & Benefits	$4,842,600.00	$4,842,600.00	$346,154.68	$1,725,342.95	$3,117,257.05	35.69%
Services & Supplies						
Board Member Stipend	$13,200.00	$13,200.00	$1,100.00	$4,200.00	$9,000.00	31.82%
Other Professional Services	173,800.00	173,800.00	39,205.12	97,033.07	76,766.93	55.83%
Auditing	51,400.00	51,400.00	3,464.00	28,446.94	22,953.06	55.34%
Hearing Officers	50,000.00	50,000.00	0.00	0.00	50,000.00	0.00%
Legal	275,000.00	275,000.00	12,514.15	130,239.15	144,760.85	47.36%
Election Services	12,000.00	12,000.00	0.00	0.00	12,000.00	0.00%
Actuary-Valuation	61,000.00	61,000.00	0.00	30,500.00	30,500.00	50.00%
Actuary-GASB 67	13,000.00	13,000.00	0.00	0.00	13,000.00	0.00%
Actuary-Misc Hrly Consult	16,000.00	16,000.00	0.00	0.00	16,000.00	0.00%
Printing	33,000.00	33,000.00	0.00	4,989.79	28,010.21	15.12%
Postage	70,000.00	70,000.00	4,763.51	21,779.51	48,220.49	31.11%
Copy Machine	3,000.00	3,000.00	0.00	360.36	2,639.64	12.01%
General Liability	15,100.00	15,100.00	0.00	0.00	15,100.00	0.00%
Fiduciary Liability	86,000.00	86,000.00	0.00	83,609.01	2,390.99	97.22%
Cost Allocation Charges	30,200.00	30,200.00	15,099.00	15,099.00	15,101.00	50.00%
Education Allowance	4,000.00	4,000.00	0.00	2,000.00	2,000.00	50.00%
Training/Travel-Staff	76,100.00	76,100.00	6,290.48	15,164.70	60,935.30	19.93%
Training/Travel-Trustee	53,500.00	53,500.00	4,177.60	7,545.23	45,954.77	14.10%
Travel-Due Diligence-Staff	7,800.00	7,800.00	0.00	1,537.50	6,262.50	19.71%
Travel-Due Diligence-Trustee	13,400.00	13,400.00	0.00	1,894.56	11,505.44	14.14%
Mileage-Staff	4,800.00	4,800.00	122.30	762.69	4,037.31	15.89%
Mileage -Trustee	5,000.00	5,000.00	624.57	1,054.69	3,945.31	21.09%
Mileage-Due Diligence-Staff	1,000.00	1,000.00	0.00	72.27	927.73	7.23%
Mileage-Due Diligence-Trustee	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00%
Auto Allowance	6,900.00	6,900.00	575.00	2,875.00	4,025.00	41.67%
Facilities-Security	2,700.00	2,700.00	230.56	1,314.84	1,385.16	48.70%
Facilities-Maint & Repairs	2,300.00	2,300.00	0.00	75.00	2,225.00	3.26%
Equipment-Maint & Repairs	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
General Office Expense	10,400.00	10,400.00	173.25	4,313.73	6,086.27	41.48%
Books & Publications	2,500.00	2,500.00	27.64	581.78	1,918.22	23.27%
Office Supplies	18,000.00	18,000.00	2,033.27	4,792.68	13,207.32	26.63%
Memberships & Dues	13,500.00	13,500.00	4,900.00	9,740.00	3,760.00	72.15%
Bank Service Charges	1,500.00	1,500.00	0.00	364.28	1,135.72	24.29%
Offsite Storage	4,800.00	4,800.00	396.51	3,466.51	1,333.49	72.22%
Rents/Leases-Structures	217,600.00	217,600.00	17,884.87	89,424.35	128,175.65	41.10%
Non-Capital Equipment	23,900.00	23,900.00	0.00	0.00	23,900.00	0.00%
Non-Capital Furniture	15,000.00	15,000.00	0.00	125.00	14,875.00	0.83%
Depreciation /Amortization	1,460,600.00	1,460,600.00	121,716.16	608,580.80	852,019.20	41.67%
Total Services & Supplies	$2,851,000.00	$2,851,000.00	$235,297.99	$1,171,942.44	$1,679,057.56	41.11%
Total Sal, Ben, Serv & Supp	$7,693,600.00	$7,693,600.00	$581,452.67	$2,897,285.39	$4,796,314.61	37.66%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2018-2019
For the Five Months Ended November 30, 2018 and Year-To-Date - 41.67% of Fiscal Year Expended

	Adopted 2019 Budget	*Adjusted 2019 Budget*	*November 2018*	*Expended Fiscal Year to Date*	*Available Balance*	*Percent Expended*
Technology						
Technology Hardware	$67,100.00	$67,100.00	$5.82	$33,342.66	$33,757.34	49.69%
Technology Hardware Support	0.00	0.00	0.00	3,968.32	(3,968.32)	0.00%
Technology Software	214,600.00	214,600.00	883.38	38,478.78	176,121.22	17.93%
Technology Software Support	15,500.00	15,500.00	3,538.68	6,367.40	9,132.60	41.08%
Technology Systems Support	266,800.00	266,800.00	650.00	67,683.75	199,116.25	25.37%
Technology Infrastruct Support	500.00	500.00	0.00	339.98	160.02	68.00%
Technology Application Support	310,400.00	310,400.00	63,442.05	98,657.05	211,742.95	31.78%
Technology Data Communication	55,700.00	55,700.00	6,756.61	22,438.97	33,261.03	40.29%
Total Technology	$930,600.00	$930,600.00	$75,276.54	$271,276.91	$659,323.09	29.15%
Total Current Year	$9,312,300.00	$9,312,300.00	$656,729.21	$3,168,562.30	$6,143,737.70	34.03%

Ventura County Employees' Retirement Association
Statement of Fiduciary Net Position
As of October 31, 2018 (Unaudited)

Assets

Cash & Cash Equivalents		**$181,409,914**
Receivables		
Interest and Dividends	5,158,300	
Securities Sold	16,430,897	
Miscellaneous	3,994	
Total Receivables		**21,593,191**
Investments at Fair Value		
Domestic Equity	1,648,108,026	
Non U.S. Equity	852,742,933	
Global Equity	577,777,574	
Fixed Income	982,303,395	
Private Equity	334,244,496	
Real Assets	843,159,053	
Cash Overlay	100,263	
Total Investments		**5,238,435,739**
Capital Assets, Net of Accumulated Depreciation & Amortization		**12,617,416**
Total Assets		**5,454,056,260**

Liabilities

Securities Purchased	46,551,566	
Accounts Payable	956,314	
Tax Withholding Payable	3,121,614	
Deferred Revenue (PrePaid Contributions)	117,217,618	
Total Liabilities		**167,847,112**
Net Position Restricted for Pensions		**$5,286,209,148**

Ventura County Employees' Retirement Association
Statement of Changes in Fiduciary Net Position
For The Four Months Ending October 31, 2018 (Unaudited)

ADDITIONS		
Contributions		
Employer	$60,065,386	
Employee	22,537,720	
Total Contributions		82,603,105
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	(101,887,482)	
Interest Income	6,513,374	
Dividend Income	3,920,316	
Other Investment Income		
Real Estate Operating Income, Net	2,988,868	
Security Lending Income	410,635	
Total Investment Income	(88,054,290)	
Less Investment Expenses		
Management & Custodial Fees	4,573,253	
Other Investment Expenses	206,027	
Securities Lending Borrower Rebates	342,671	
Securities Lending Management Fees	23,846	
Total Investment Expenses	5,145,797	
Net Investment Income/(Loss)		(93,200,087)
Total Additions		(10,596,982)
DEDUCTIONS		
Benefit Payments	95,816,501	
Member Refunds and Death Benefit Payments	1,534,086	
Administrative Expenses	1,608,802	
Other Expenses	697,004	
Total Deductions		99,656,393
Net Increase/(Decrease)		(110,253,374)
Net Position Restricted For Pensions		
Beginning of Year		5,396,462,523
Ending Balance		$5,286,209,149

Ventura County Employees' Retirement Association
Investments, Cash, and Cash Equivalents
As of October 31, 2018 (Unaudited)

	Investments	Cash & Cash Equivalents
Equity		
Domestic Equity		
Blackrock - Russell 1000	$1,398,903,444	$0
Blackrock - Russell 2500	60,866,877	0
Western Asset Enhanced Equity Index Plus	188,337,704	32,653,179
Total Domestic Equity	1,648,108,026	32,653,179
Non U.S. Equity		
Blackrock - ACWI ex - US	435,033,007	0
Hexavest	87,123,637	0
Sprucegrove	213,062,054	0
Walter Scott	117,524,235	0
Total Non U.S. Equity	852,742,933	0
Global Equity		
Blackrock - ACWI Index	577,777,574	0
Total Global Equity	577,777,574	0
Fixed Income		
Blackrock - Bloomberg Barclays Aggregate Index	267,562,193	0
Loomis Sayles Multi Sector	79,045,315	2,209,077
Loomis Sayles Strategic Alpha	47,001,422	0
Reams	305,140,128	4,945
Western Asset Management	283,554,338	13,497,521
Total Fixed Income	982,303,395	15,711,543
Private Equity		
Abbott Capital	(34,391)	0
Abbott Secondaries	12,748,689	0
Adams Street	162,649,135	0
Battery Ventures	2,221,898	0
Buenaventure One	12,415,590	0
Buenaventure Two	110,410	0
Carval Investors	7,533,084	0
Clearlake Investors	2,432,220	0
Drive Capital	5,900,660	0
GTCR Fund XII	3,719,658	0
Harbourvest	79,395,613	0
Insight Ventures	6,993,613	0
Pantheon	38,158,315	0
Total Private Equity	334,244,496	0
Real Assets		
Prudential Real Estate	153,766,357	637
UBS Realty	272,518,965	0
Bridgewater All Weather	304,011,242	0
Tortoise (MLPs)	112,862,489	1,680,448
Total Real Assets	843,159,053	1,681,085
Parametric (Cash Equitization)	100,263	39,241,026
State Street Bank and Trust		86,308,945
County Treasury and Bank of America		5,814,135
Total Investments, Cash, and Cash Equivalents	$5,238,435,739	$181,409,913

Ventura County Employees' Retirement Association
Schedule of Investment Management Fees
For the Four Months Ending October 31, 2018 (Unaudited)

Equity Managers	
Domestic Equity	
Blackrock - Russell 1000	$3,250
Blackrock - Russell 2500	19,310
Western Asset Enhanced Equity Index Plus	96,716
Total Domestic Equity	**119,276**
Non U.S. Equity	
Blackrock - ACWI ex - US	103,959
Hexavest	104,365
Sprucegrove	200,084
Walter Scott	221,882
Total Non U.S. Equity	**630,289**
Global Equity	
Blackrock - ACWI Index	60,570
Total Global Equity	**60,570**
Fixed Income Managers	
Blackrock Bloomberg Barclays Aggregate Index	26,351
Loomis Sayles Multi Sector	47,256
Loomis Sayles Strategic Alpha	79,594
Reams Asset Management	133,986
Western Asset Management	131,555
Total Fixed Income	**418,742**
Private Equity	
Abbott Capital	37,500
Abbott Secondary Opportunities	110,990
Adams Street	457,939
Battery Ventures	65,904
Carval, CVI A Fund	1,667
Clearlake	32,118
Drive Capital	75,000
GTCR XII/A & B	352,617
Harbourvest	359,981
Insight Venture Partners	189,763
Pantheon	137,981
Total Private Equity	**1,821,461**
Real Assets	
Prudential Real Estate Advisors	322,499
UBS Realty	479,785
Bridgewater All Weather	295,811
Tortoise (MLPs)	193,482
Total Real Assets	**1,291,577**
Cash Overlay (Parametric)	**74,649**
Securities Lending	
Borrower's Rebate	342,671
Management Fees	23,846
Total Securities Lending	**366,516**
Other	
Investment Consultant (NEPC)	77,500
Investment Custodian (State Street)	79,189
Total Other Fees	**156,689**
Total Investment Management Fees	**$4,939,769**

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

Subject: **Non-service connected disability application for Catherine D. Rodriguez**

Fellow Board Members,

On today's agenda for the Board's consideration is a recommendation to grant a non-service connected disability retirement for Stephen Houston. This recommendation, and the investigation leading to it, was conducted by VCERA staff pursuant to an agreement with County Risk Management because Mr. Houston's wife is Administrative Assistant to the Senior Deputy Executive Officer in charge of the County Risk Management Department and it was deemed prudent for Risk Management to recuse itself from the process to insure there was no potential for conflict of interest.

On the list of pending disability applications is one filed by Catherine D. Rodriguez, the Chief Financial Officer of the County. Until she ceased working, Ms. Rodriguez had, among her responsibilities, substantial input into the budget of the Risk Management Department. Additionally, she was a direct report to the County Executive Officer and had considerable power and influence in the County Executive Office.

In my opinion, it is even more important in the case of Ms. Rodriguez than it was in Mr. Houston's case to insure there is no potential for conflict of interest because of the high-level relationships that previously existed. Accordingly, I am requesting that the Board inform the County Executive Officer that it believes Risk Management should recuse itself from the process of evaluating Ms. Rodriguez's application, just as it did for Mr. Houston's application, and that VCERA either: 1) conduct the requisite investigation internally, as well as make the recommendation to the Board; or, 2) contract with a neighboring CERL system for processing the application, and making a recommendation to the Board. Also, notice of the Board's action should be copied to the Board of Supervisors.

RECOMMENDED ACTION:

1) **NOTIFY COUNTY CEO'S OFFICE THAT THE BOARD OF RETIREMENT REQUESTS RISK MANAGEMENT TO RECUSE ITSELF FROM RODRIGUEZ' DISABILITY CASE;**
2) **IF RISK MANAGEMENT RECUSES, DIRECT STAFF TO EITHER CONDUCT REQUISITE INVESTIGATION INTERNALLY, OR CONTRACT WITH A NEIGHBORING CERL SYSTEM FOR APPLICATION PROCESSING.**

Respectfully,

Arthur E. Goulet

Arthur E. Goulet
Board Member

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

Ventura County Employees' Retirement Association

Actuarial Valuation and Review as of June 30, 2018

Segal Consulting

This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. 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.

Segal Consulting

100 MONTGOMERY STREET, SUITE 500 SAN FRANCISCO, CA 94104
T 415.263.8200 F 415.376.1167 www.segalco.com

November 9, 2018

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 Actuarial Valuation and Review as of June 30, 2018. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal year 2019-2020 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census and financial information on which our calculations were based was provided by the Retirement Association. 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 (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of John Monroe, ASA, EA, MAAA. 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 the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

Paul Angelo, FSA, EA, MAAA, FCA	*John Monroe, ASA, EA, MAAA*
Senior Vice President and Actuary	*Vice President and Actuary*

AW/

SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

SUPPLEMENTAL INFORMATION

SECTION 4

REPORTING INFORMATION

Segal Consulting

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Purpose and Scope

This report has been prepared by Segal Consulting to present a valuation of the Ventura County Employees' Retirement Association (VCERA) as of June 30, 2018. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by VCERA;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2018, provided by VCERA;
- The assets of the Plan as of June 30, 2018, provided by VCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2018 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2018 valuation.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2019 through June 30, 2020.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the system's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with the prior year's information.

Ref: Pgs. 67-68

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In 2004, the Board elected to amortize the Association's Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004 over a declining 15-year period. Any change in the UAAL after June 30, 2004 is amortized over separate 15-year declining amortization periods.

Effective with the June 30, 2012 valuation, any change in the UAAL that arises due to assumption changes is amortized over separate 20-year declining amortization periods. Also, any change in the UAAL that arises due to retirement incentives is annualized over separate declining amortization period of up to 5 years.

Ref: Pgs. 46-49, 50-51

A schedule of current amortization balances and payments may be found in Section 3, Exhibit I. A graphical projection of the UAAL amortization bases and payments is shown in Exhibit J.

The Actuarial Standards Board Actuarial Standard of Practice (ASOP) No. 4 provides guidelines for actuaries to follow when measuring pension obligations. For a plan such as that offered by the Retirement Association that may use undesignated excess earnings to provide supplemental benefits, the valuation report must indicate that the impact of any such future use of undesignated excess earnings on the future financial condition of the plan has not been explicitly measured or otherwise reflected in the valuation. However, it should be noted that under the Board's Interest Crediting Policy, the balance of $1.12 billion (negative) in the Interest Crediting Shortfall Tracking Account (ICSTA) has to be fully restored out of future excess earnings before any subsequent earnings can be used to provide for any supplemental benefits. The ICSTA tracks any cumulative shortfalls in investment earnings relative to earnings required to credit full interest at the assumed rate to valuation reserves.

Ref: Pgs. 16, 84

In this report, the employer and member contribution rates shown in Chart 14 and Appendix A, respectively, are calculated based on a 50/50 sharing of Normal Cost for both PEPRA and non-PEPRA Tiers. For purposes of these calculations, we have been previously directed by VCERA to assume that the cessation of member contributions after 30 years of service for non-PEPRA members continues per the County Employees Retirement Law (CERL) and that the cost associated with this provision is to be paid for by employers.

Ref: Pgs. 86-92

The employer and member contribution rates calculated under the prior method (i.e., no 50/50 sharing of Normal Cost for non-PEPRA tiers) are shown in Appendix C and Appendix D, respectively.

Significant Issues in this Valuation

The following key findings were the result of this actuarial valuation:

Ref: Pg. 57

- The results of this valuation reflect changes in the economic and non-economic assumptions as recommended by Segal and adopted by the Board for the June 30, 2018 valuation. These changes were documented in our Actuarial Experience Study dated May 24, 2018. They are also outlined in Section 4, Exhibit II of this report. These assumption changes resulted in an increase in the average employer rate of 1.98% of payroll and an increase in the average member rate of 0.40% of payroll. Of the 1.98% increase in the employer rate, 0.56% is due to an increase in the Normal Cost and 1.42% is due to an increase in the UAAL rate.

Ref: Pgs. 10-11

- The market value of assets earned a return of 8.8% for the July 1, 2017 to June 30, 2018 plan year. The valuation value of assets earned a return of 8.6% for the same period due to the deferral of most of the current year investment gain and the recognition of prior investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.50% for the 2017/2018 year. This actuarial investment gain decreased the average employer contribution rate by 0.65% of payroll.

Ref: Pg. 23
Ref: Pg. 45

- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 86.9% to 87.8%. The Association's UAAL increased slightly from $744 million as of June 30, 2017 to $747 million as of June 30, 2018. This increase is primarily due to changes in actuarial assumptions almost all offset by the contributions paying down a portion of the UAAL and the investment gain (on the valuation value of assets). A complete reconciliation of the Association's UAAL is provided in Section 3, Exhibit H.

Ref: Pgs. 46-49

- The restarted UAAL amortization layers established as of the June 30, 2004 valuation, which comprises over one-third of the net annual UAAL amortization payment as of June 30, 2018, will be fully amortized during fiscal year 2018/2019. This alone will result in a reduction in the UAAL contribution rate of over 6% of payroll for the plan in total (approximately 3% of payroll for General and 18% of payroll for Safety) in the June 30, 2019 valuation.

Ref: Pg. 20

- The average employer rate increased from 27.09% of payroll to 28.49% of payroll. This increase is primarily due to changes in actuarial assumptions and lower than expected total actual payroll growth, offset to some degree by the investment gain (on the valuation value of assets) and other experience gains. A complete reconciliation of the Association's employer rate is provided in Section 2, Subsection D, Chart 15.

  As previously adopted by the Board, we have continued to calculate the Basic and COLA UAAL rates on a combined basis for all General Tiers even though General Tier 2 and associated PEPRA tiers are overfunded this year. This results in more stable UAAL rates for General Tier 1.

Ref: Pg. 21

- The average member rate increased from 9.75% of payroll in the June 30, 2017 valuation to 10.05% of payroll in the June 30, 2018 valuation. This increase was primarily due to changes in actuarial assumptions. A complete reconciliation of the member rate is provided in Section 2, Subsection D, Chart 16. The average member rate reflects the impact of the cessation of member contributions after 30 years of service for non-PEPRA tiers.

Ref: Pg. 5

- As indicated in Section 2, Subsection B, Chart 7 of this report, the net unrecognized investment gain as of June 30, 2018 is $11.3 million as compared to an unrecognized gain of $0.6 million in the June 30, 2017 valuation. This investment gain will be recognized in the determination of the valuation value of assets for funding purposes over the next few years. This means that even if the plan earns the current assumed rate of investment return of 7.25% per year (net of expenses) on a **market value** basis then the deferred gain will be recognized over the next few years as shown in the footnote to Chart 7.

- The June 30, 2018 unrecognized investment gains of $11.3 million represents 0.2% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the $11.3 million market gains is

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

expected to have an impact on the Association's future funded ratio and average employer contribution rate. This potential impact may be illustrated as follows:

- If the net deferred gains were recognized immediately in the valuation value of assets, the funded ratio would increase slightly from 87.8% to 88.0%.

  For comparison purposes, if all the deferred gains in the June 30, 2017 valuation had been recognized immediately in the June 30, 2017 valuation, the funded ratio would have increased from 86.9% to 87.0%.

- If the net deferred gains were recognized immediately in the valuation value of assets, the average employer rate would decrease from 28.49% to 28.36% of payroll.

  For comparison purposes, if all the deferred gains in the June 30, 2017 valuation had been recognized immediately in the June 30, 2017 valuation, the average employer rate would have decreased slightly from 27.09% to about 27.08% of payroll.

➤ The actuarial valuation report as of June 30, 2018 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

<u>Impact of Future Experience on Contribution Rates</u>

Future contribution requirements may differ from those determined in the valuation because of:

➤ Differences between actual experience and anticipated experience;

➤ Changes in actuarial assumptions or methods;

➤ Changes in statutory provisions; and

➤ Differences between the contribution rates determined by the valuation and those adopted by the Board.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Results (all dollar amounts in thousands)

	June 30, 2018		June 30, 2017	
Employer Contribution Rates: [1]	Total Rate	Estimated Annual Amount[2]	Total Rate	Estimated Annual Amount[2]
General Tier 1	25.75%	$1,494	24.70%	$1,748
General Tier 2	17.04%	36,054	16.09%	34,640
General PEPRA Tier 2	17.09%	10,256	16.12%	7,964
General Tier 2C[3]	23.13%	48,620	20.84%	44,883
General PEPRA Tier 2C[3]	23.23%	21,740	20.83%	17,030
General Combined	20.34%	118,164	18.68%	106,265
Safety	55.20%	84,241	54.60%	85,196
Safety PEPRA	52.89%	14,345	52.19%	10,404
Safety Combined	54.85%	98,586	54.33%	95,600
All Categories combined	28.49%	$216,750	27.09%	$201,865
Average Member Contribution Rates: [1][4][5]	Total Rate	Estimated Annual Amount[2]	Total Rate	Estimated Annual Amount[2]
General Tier 1	9.98%	$579	10.33%	$731
General Tier 2	7.45%	15,758	7.03%	15,140
General PEPRA Tier 2	7.50%	4,501	7.06%	3,488
General Tier 2C[3]	10.08%	21,185	9.66%	20,802
General PEPRA Tier 2C[3]	10.13%	9,480	9.69%	7,922
Safety	13.77%	21,015	13.94%	21,751
Safety PEPRA	14.42%	3,911	14.09%	2,809
All Categories combined	10.05%	$76,429	9.75%	$72,643

(1) *Before reflection of any member rate that may be "picked-up" by the employer. Contributions are assumed to be paid throughout the year.*

(2) *Based on projected compensation for each year shown.*

(3) *Throughout this report, this category represents those Tier 2 members who contribute a negotiated 2.63% of compensation for a fixed 2% COLA pursuant to Government Code 31627 that applies to service after March 2003.*

(4) *The non-refundability factors as of June 30, 2018 are 1.00 for General Tier 1 and Tier 2 (non-PEPRA) and 1.00 for Safety (non-PEPRA) compared to 0.99 for General Tier 1 and Tier 2 (non-PEPRA) and 1.00 for Safety (non-PEPRA) from June 30, 2017.*

(5) *Average member contribution rates for non-PEPRA tiers as shown in this exhibit are after reflecting the impact of the cessation of member contributions after 30 years of service. Individual member rates can be found in Appendix A and B.*

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Results (continued) (all dollar amounts in thousands)

	June 30, 2018	June 30, 2017
Funded Status:		
Actuarial accrued liability (AAL)(1)	$6,129,758	$5,703,396
Valuation value of assets (VVA)(1)	5,382,777	4,959,070
Market value of assets (MVA)	5,396,463	4,964,247
Funded percentage on VVA basis (VVA/AAL)	87.81%	86.95%
Funded percentage on MVA basis (MVA/AAL)	88.04%	87.04%
Unfunded actuarial accrued liability (UAAL) on VVA basis	$746,981	$744,326
Unfunded actuarial accrued liability (UAAL) on MVA basis	733,295	739,149
Key Assumptions:		
Interest rate	7.25%	7.50%
Inflation rate	2.75%	3.00%
Across the board salary increase	0.50%	0.50%

(1) *Excludes liabilities and assets held for supplemental medical benefit reserve and statutory contingency reserve.*

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Demographic and Financial Data

	June 30, 2018	June 30, 2017	Change From Prior Year
Active Members:			
Number of members	8,611	8,636	-0.3%
Average age	44.9	45.0	-0.1
Average service	11.3	11.2	0.1
Projected total compensation	$760,815,215	$744,917,386	2.1%
Average projected compensation	$88,354	$86,257	2.4%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	5,234	4,966	5.4%
Disability retired	819	831	-1.4%
Beneficiaries	985	969	1.7%
Total	7,038	6,766	4.0%
Average age	70.3	70.2	0.1
Average monthly benefit(1)	$3,230	$3,108	3.9%
Vested Terminated Members:			
Number of terminated vested members(2)	2,909	2,809	3.6%
Average age	46.0	45.9	0.1
Total Members:	18,558	18,211	1.9%
Summary of Financial Data (dollar amounts in thousands)**:**			
Market value of assets	$5,396,463	$4,964,247	8.7%
Return on market value of assets	8.83%	13.10%	N/A
Actuarial value of assets	$5,385,146	$4,963,653	8.5%
Return on actuarial value of assets	8.62%	8.03%	N/A
Valuation value of assets	$5,382,777	$4,959,070	8.5%
Return on valuation value of assets	8.62%	8.04%	N/A

(1) *Excludes monthly benefits for vested fixed supplemental and supplemental medical benefit amounts.*

(2) *Includes terminated members with member contributions on deposit.*

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 an actuarial valuation, Segal Consulting ("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 to confirm that Segal has correctly interpreted the plan of benefits.
- **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 valuation 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.

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 VCERA. 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

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

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 Consulting 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: Valuation Results for the Ventura County Employees' Retirement Association

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members. retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.

CHART 1

Member Population: 2009 – 2018

Year Ended June 30	Active Members	Vested Terminated Members [1]	Retired Members and Beneficiaries	Total Non-Actives	Ratio of Non-Actives to Actives
2009	8,045	2,055	5,041	7,096	0.88
2010	8,003	2,040	5,267	7,307	0.91
2011	8,040	2,097	5,481	7,578	0.94
2012	8,019	2,161	5,658	7,819	0.98
2013	8,068	2,249	5,888	8,137	1.01
2014	8,210	2,339	6,121	8,460	1.03
2015	8,299	2,441	6,338	8,779	1.06
2016	8,509	2,639	6,539	9,178	1.08
2017	8,636	2,809	6,766	9,575	1.11
2018	8,611	2,909	7,038	9,947	1.16

(1) *Includes terminated members with member contributions on deposit.*

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 8,611 active members with an average age of 44.9, average service of 11.3 years and average compensation of $88,354. The 8,636 active members in the prior valuation had an average age of 45.0, average service of 11.2 years and average compensation of $86,257.

Among the active members, there were none with unknown age.

Inactive Members

In this year's valuation, there were 2,909 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,809 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members by Age as of June 30, 2018

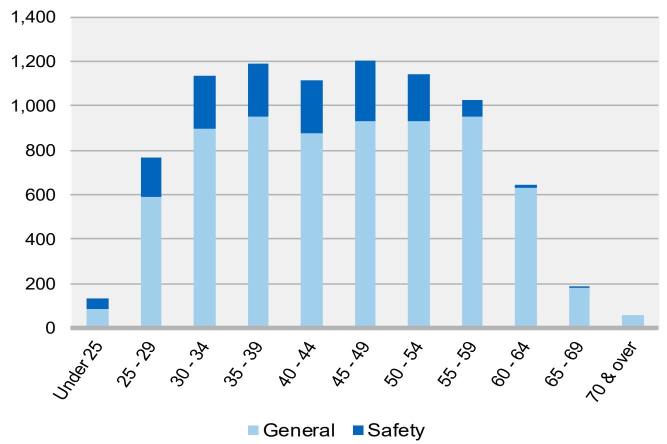
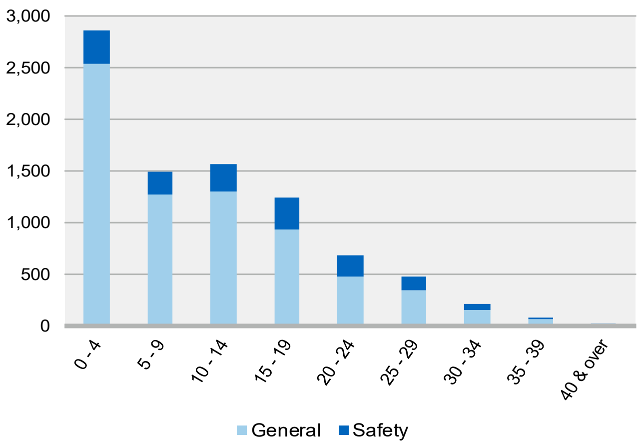


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2018



Segal Consulting

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Retired Members and Beneficiaries

As of June 30, 2018, 6,053 retired members and 985 beneficiaries were receiving total monthly benefits of $22,732,545. For comparison, in the previous valuation, there were 5,797 retired members and 969 beneficiaries receiving monthly benefits of $21,031,819. These monthly benefits exclude benefits for vested fixed supplemental and supplemental medical benefit amounts.

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2018

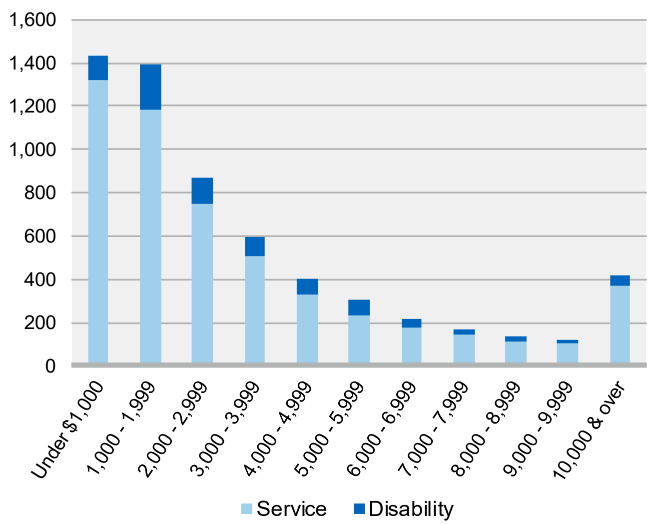
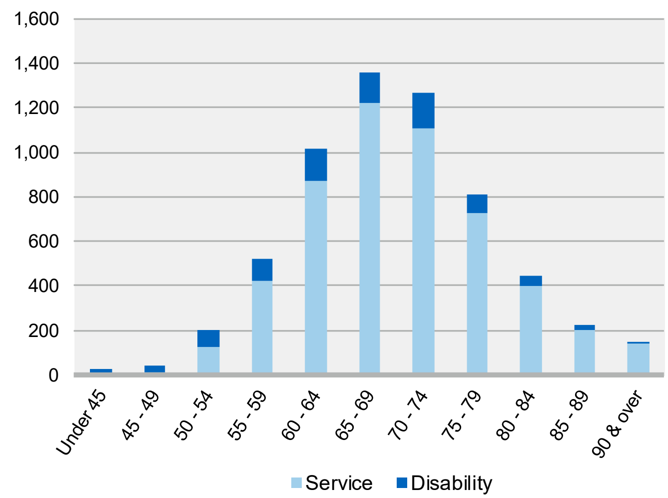


CHART 5

Distribution of Retired Members by Type and by Age as of June 30, 2018



B. FINANCIAL INFORMATION

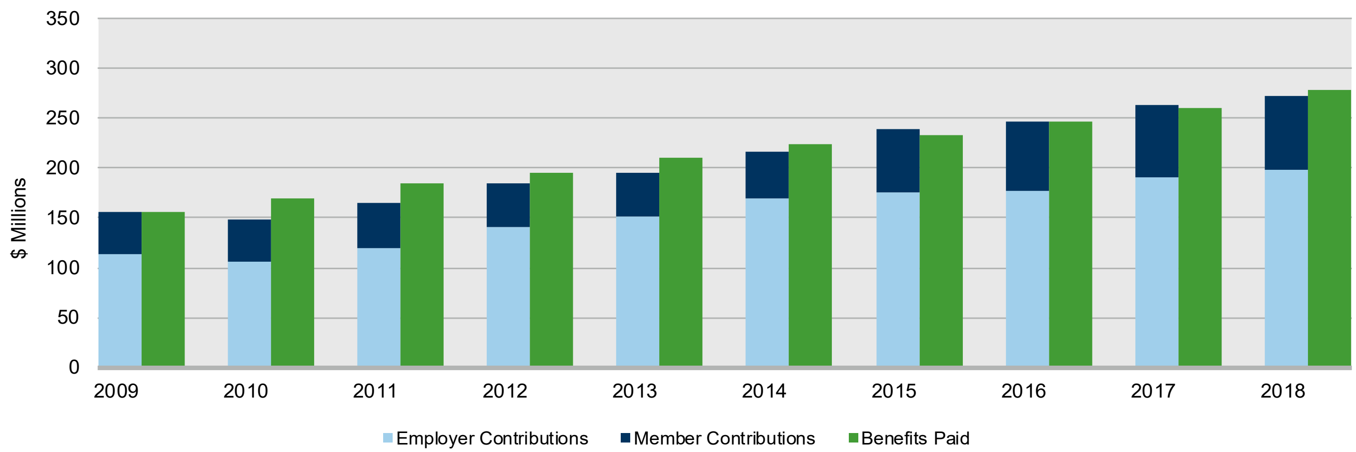
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment and administrative expenses) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

The chart depicts two components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets due to contributions during each year while the second bar details the decreases due to benefit payments.

CHART 6

Comparison of Contributions with Benefits for Years Ended June 30, 2009 – 2018



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

The chart shows the determination of the actuarial and valuation value of assets as of the valuation date.

CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2018

Six Month Period From	To	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return[1]
1/2013	6/2013	$203,932,155	$137,287,941	$66,644,214	0.0	$0
7/2013	12/2013	405,462,695	140,757,243	264,705,452	0.0	0
1/2014	6/2014	249,072,466	155,947,487	93,124,979	0.1	9,312,498
7/2014	12/2014	1,675,147	165,579,616	(163,904,469)	0.2	(32,780,894)
1/2015	6/2015	83,151,071	165,743,013	(82,591,942)	0.3	(24,777,583)
7/2015	12/2015	(131,432,997)	169,038,879	(300,471,876)	0.4	(120,188,750)
1/2016	6/2016	152,698,097	163,960,894	(11,262,797)	0.5	(5,631,399)
7/2016	12/2016	223,970,859	164,370,060	59,600,799	0.6	35,760,480
1/2017	6/2017	351,030,738	172,814,126	178,216,612	0.7	124,751,628
7/2017	12/2017	399,470,558	185,992,710	213,477,848	0.8	170,782,279
1/2018	6/2018	38,736,481	200,860,519	(162,124,038)	0.9	(145,911,634)

1.		Total Deferred Return	$11,316,625
2.		Net Market Value of Assets	5,396,462,523
3.	a.	Actuarial Value of Assets (Item 2 – Item 1)	5,385,145,897
	b.	Ratio of Actuarial Value of Assets to Net Market Value of Assets (Item 3a / Item 2)	99.8%
4.		Non-valuation reserves	
	a.	Supplemental Medical Benefit	$2,368,822
	b.	Statutory Contingency	0
	c.	Subtotal	$2,368,822
5.		Valuation Value of Assets (Item 3a – Item 4c)	$5,382,777,075
6.		Amount of Deferred Returns to be recognized in the following valuations:	
	a.	June 30, 2019	$(44,499,474)
	b.	June 30, 2020	(12,771,885)
	c.	June 30, 2021	56,707,965
	d.	June 30, 2022	28,092,423
	e.	June 30, 2023	(16,212,404)
	f.	Subtotal	$11,316,625

[1] *Recognition at 10% per six month period over 5 years.*

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 8

Allocation of Valuation Value of Assets as of June 30, 2018

The calculation of the valuation value of assets from June 30, 2017 to June 30, 2018 by category is provided below:

	Allocated Assets for Funding			
	General			
	Tier 1	Tier 2	Safety	Total
1. Allocated Assets as of Beginning of Plan Year	$481,889,300	$2,245,641,428	$2,231,539,423	$4,959,070,151
2. Member Contributions	660,314	45,554,973	25,146,203	71,361,490
3. Member Buybacks	148,946	1,452,252	216,830	1,818,028
4. Employer Pick-up Contributions Credited to Member Account	26,203	834,596	3,929	864,728
5. Employer Contributions	1,756,837	100,299,775	95,626,245	197,682,857
6. Refunds of Member Contributions and Death Benefits Paid	294,782	4,787,262	348,275	5,430,319
7. Retiree Benefit Payments Excluding Supplemental Medical Payments	78,402,118	84,196,748	107,475,163	270,074,029
8. Subtotal (Items 1 + 2 + 3 + 4 + 5 – 6 – 7)	$405,784,700	$2,304,799,014	$2,244,709,192	$4,955,292,906
9. Weighted Average Fund Balance: Item 1 + ½ of (Items 2, 3, 4, 5) – ½ of (Items 6, 7)	443,837,000	2,275,220,221	2,238,124,308	4,957,181,529
10. Earnings Allocated in Proportion to Item 9	38,274,429	196,204,359	193,005,381	427,484,169
11. Valuation Value of Assets (Items 8 + 10)	$444,059,129	$2,501,003,373	$2,437,714,573	$5,382,777,075

Note: Results may not add due to rounding.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

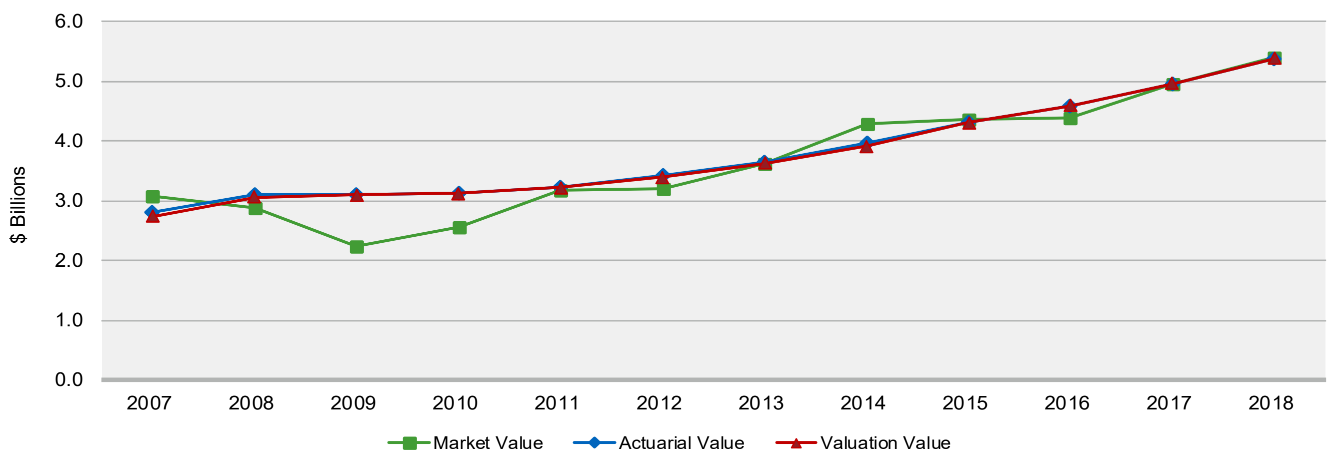
The market value, actuarial value, and valuation value of assets are representations of VCERA's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves.

The valuation value of assets is significant because VCERA's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past twelve years.

CHART 9

Relative Values of Market Value, Actuarial Value and Valuation Value of Assets for Years Ended June 30, 2007 – 2018



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain) the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience gain was $64.3 million, including a $55.7 million gain from investments and a $8.6 million gain from all other sources. The net experience variation from individual sources other than investments experience was 0.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 10

Actuarial Experience for Year Ended June 30, 2018

1.	Net gain from investments[1]	$55,696,000
2.	Net gain from other experience[2]	8,639,000
3.	Net experience gain: (1) + (2)	$64,335,000

[1] *Details in Chart 11.*

[2] *See Section 3, Exhibit H for further details. Does not include the effect of plan or assumption changes, if any.*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on VCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets is 7.50% (based on the June 30, 2017 valuation). The actual rate of return on the valuation value of assets for the 2017/2018 plan year was 8.62%.

Since the actual return for the year was greater than the assumed return, VCERA experienced an actuarial gain during the year ended June 30, 2018 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 11

Investment Experience for Year Ended June 30, 2018 – Market Value, Actuarial Value and Valuation Value of Assets

	Market Value	Actuarial Value	Valuation Value
1. Actual return	$438,207,040	$427,484,168	$427,484,169
2. Average value of assets	4,961,251,129	4,960,657,375	4,957,181,529
3. Actual rate of return: (1) ÷ (2)	8.83%	8.62%	8.62%
4. Assumed rate of return	7.50%	7.50%	7.50%
5. Expected return: (2) x (4)	$372,093,835	$372,049,303	$371,788,615
6. Actuarial gain/(loss): (1) – (5)	66,113,205	55,434,865	55,695,554

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Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rates of return on an actuarial, valuation and market value basis for the last ten years.

CHART 12

Investment Return – Market Value, Actuarial Value and Valuation Value: 2009 – 2018

Year Ended June 30	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2009	$(628,718,568)	(21.86%)	$5,186,654	0.17%	$31,242,785	1.02%
2010	343,005,717	15.33%	43,756,165	1.41%	43,756,185	1.42%
2011	622,940,028	24.34%	121,406,541	3.89%	121,406,541	3.91%
2012	47,147,363	1.49%	184,787,098	5.72%	184,909,716	5.75%
2013	432,694,392	13.51%	237,282,497	6.97%	237,282,497	7.00%
2014	654,535,161	18.06%	338,343,729	9.32%	294,307,214	8.13%
2015	84,826,216	1.98%	341,233,326	8.60%	384,442,119	9.82%
2016	21,265,100	0.49%	280,531,179	6.51%	280,531,179	6.52%
2017	575,001,597	13.10%	368,806,019	8.03%	368,806,019	8.04%
2018	438,207,040	8.83%	427,484,168	8.62%	427,484,169	8.62%
Five-Year Average Return		8.21%		8.18%		8.21%
Ten-Year Average Return		7.27%		6.29%		6.38%

Note: Each year's yield is weighted by the average asset value in that year.

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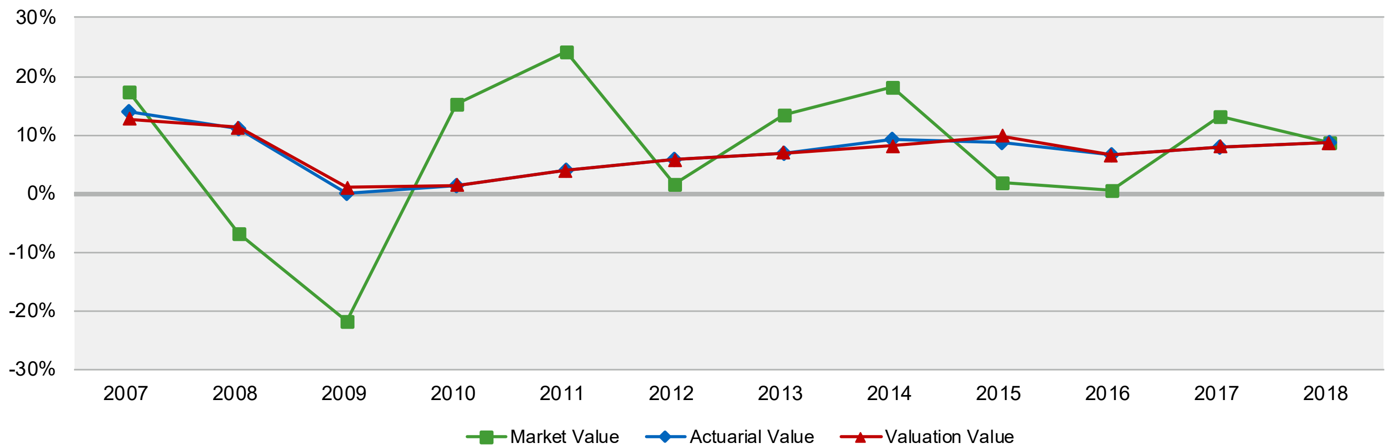
Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2007 - 2018.

CHART 13

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2007 - 2018



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2018 amounted to $8.6 million which is 0.1% of the actuarial accrued liability. See Exhibit H for a detailed development of the unfunded actuarial accrued liability.

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the combined annual inflation and "across the board" increases rate of 3.25%. The June 30, 2004 UAAL is being amortized over a 15-year declining period effective June 30, 2004. The change in UAAL that arises due to actuarial gains or losses or due to plan amendments (with the exception of retirement incentives) at each valuation is amortized over its own declining 15-year period. Effective with the June 30, 2012 valuation, any change in UAAL that arises due to changes in actuarial assumptions or methods is amortized over its own declining 20-year period and any change in UAAL due to retirement incentives is amortized over its own declining period of up to 5 years.

VCERA's UAAL is determined separately for each tier depending on the assets and liabilities for that tier. Note that Non-PEPRA tiers are combined with PEPRA tiers for UAAL purposes.

Effective with the June 30, 2012 valuation, the Basic UAAL rate has been calculated on a combined basis for all General Tiers. Effective with the June 30, 2014 valuation, the COLA UAAL rate has been calculated on a combined basis for General Tiers that have a COLA. The recommended employer contribution rates determined under this combined methodology are provided on Chart 14. For reference purposes only, Appendix E shows the employer contribution rates under the previous non-combined methodology.

The employer contribution rates shown in Chart 14 are calculated based on a 50/50 sharing of Normal Cost for non-PEPRA Tiers. For purposes of these calculations, we have been previously directed by VCERA to assume that the cessation of member contributions after 30 years of service for non-PEPRA members continues per the County Employees Retirement Law (CERL) and that the cost associated with this provision is to be paid for by employers.

Appendix C shows employer contribution rates based on the prior methodology without a 50/50 sharing of Normal Cost for non-PEPRA Tiers.

Member Contributions
Non-PEPRA Members

The non-PEPRA member contribution rates are provided in Appendix A. Please note that the member rates provided in the report are the full rate before reflecting any employer pickup. General Tier 2 members eligible for the fixed 2% cost-of-living benefit contribute a negotiated 2.63% of compensation per year towards the cost of that benefit that is reflected in this report.

Appendix D shows member contribution rates based on the prior methodology as defined in Articles 6 and 6.8 of the CERL for General members and Safety members. The basic member contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/120 of Final Average Compensation for General members and 1/100 of Final Average Compensation for Safety members. That age is 55 for General Tier 1 members, 60 for General Tier 2 members and 50 for Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, General Tier 1 and Safety members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Member contributions accumulate with interest at the lesser of the assumed investment earning rate or the rate on ten year U.S. Treasury notes. Any difference between the assumed investment earning rate and the actual

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

interest crediting rate will be credited to the County Advance reserve. Please note that in calculating the basic member rate, we follow the Board's past practice and have not included any in-service pay redemptions that may potentially increase a member's final average compensation and hence retirement benefit.

PEPRA Members

Pursuant to Section 7522.30(a) of the Government Code, members under PEPRA tiers are required to contribute at least 50% of the Normal Cost. In addition, there are certain additional requirements that would have to be met such as requiring the new employees to pay the contribution rate of "similarly situated employees", if it is greater. (reference: Section 7522.30(c)). We further understand that different rules may have to be applied for collectively bargained employees, non-represented, managerial or other supervisory employees. (reference: Section 7522.30(e)). In preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by the new members and we have taken into account in this valuation only the requirements of Section 7522.30(c), but not the requirements of Section 7522.30(e). The only exception to this is that we have also shown the PEPRA Tier 2 with COLA contribution rates including the member COLA contribution rate of 2.63% of compensation based on current bargaining agreements.

Also of note is that based on our discussions with VCERA, we have used the discretion made available by AB1380 to not round the PEPRA member's contribution rates to the nearest one quarter of one percent as was previously required by PEPRA.

The PEPRA member contribution rates are provided in Appendix B.

Tier 2 COLA Procedures

This benefit has been valued consistent with the methodologies described in our October 9, 2006 report entitled "Funding Policies and Procedures for General Tier 2 COLA Benefit".

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 14a

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) – Current Valuation with Combined General UAAL Rates

	June 30, 2018 Actuarial Valuation					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[2]	7.95%	$461	2.55%	$148	10.50%	$609
UAAL[3]	9.59%	557	5.66%	328	15.25%	885
Total Contribution	17.54%	$1,018	8.21%	$476	25.75%	$1,494
General Tier 2 Members w/o COLA						
Normal Cost	7.45%	$15,758	0.00%	$0	7.45%	$15,758
UAAL[3]	9.59%	20,296	0.00%	0	9.59%	20,296
Total Contribution	17.04%	$36,054	0.00%	$0	17.04%	$36,054
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	7.50%	$4,501	0.00%	$0	7.50%	$4,501
UAAL[3]	9.59%	5,755	0.00%	0	9.59%	5,755
Total Contribution	17.09%	$10,256	0.00%	$0	17.09%	$10,256
General Tier 2 Members w/COLA						
Normal Cost[4]	7.45%	$15,657	0.43%	$904	7.88%	$16,561
UAAL[3][5]	9.59%	20,165	5.66%	11,894	15.25%	32,059
Total Contribution	17.04%	$35,822	6.09%	$12,798	23.13%	$48,620
General PEPRA Tier 2 Members w/COLA						
Normal Cost[4]	7.50%	$7,019	0.48%	$449	7.98%	$7,468
UAAL[3][5]	9.59%	8,973	5.66%	5,299	15.25%	14,272
Total Contribution	17.09%	$15,992	6.14%	$5,748	23.23%	$21,740
All General Members[6]						
Normal Cost	7.47%	$43,396	0.26%	$1,501	7.73%	$44,897
UAAL	9.59%	55,746	3.02%	17,521	12.61%	73,267
Total Contribution	17.06%	$99,142	3.28%	$19,022	20.34%	$118,164

Applicable footnotes are shown on next page.

Segal Consulting

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 14a (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) – Current Valuation with Combined General UAAL Rates

	June 30, 2018 Actuarial Valuation					
	BASIC		COLA		TOTAL	
Safety Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[7]	12.03%	$18,359	4.70%	$7,173	16.73%	$25,532
UAAL	55.68%	84,974	(17.21%)	(26,265)	38.47%	58,709
Total Contribution	67.71%	$103,333	(12.51%)	$(19,092)	55.20%	$84,241
Safety PEPRA Members						
Normal Cost	10.34%	$2,805	4.08%	$1,106	14.42%	$3,911
UAAL	55.68%	15,102	(17.21%)	(4,668)	38.47%	10,434
Total Contribution	66.02%	$17,907	(13.13%)	$(3,562)	52.89%	$14,345
All Safety Members[6]						
Normal Cost	11.78%	$21,164	4.60%	$8,279	16.38%	$29,443
UAAL	55.68%	100,076	(17.21%)	(30,933)	38.47%	69,143
Total Contribution	67.46%	$121,240	(12.61%)	$(22,654)	54.85%	$98,586
All Categories Combined[6]						
Normal Cost	8.49%	$64,560	1.28%	$9,780	9.77%	$74,340
UAAL	20.48%	155,822	(1.76%)	(13,412)	18.72%	142,410
Total Contribution	28.97%	$220,382	(0.48%)	$(3,632)	28.49%	$216,750

(1) *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2018 annual payroll (also in thousands) shown below:*

General Tier 1	$5,803
General Tier 2	211,518
General PEPRA Tier 2	60,012
General Tier 2C	210,167
General PEPRA Tier 2C	93,581
Safety	152,611
Safety PEPRA	27,123
Total	$760,815

(2) *The total employer rate has been adjusted by 0.26% to account for the cost associated with the cessation of member contributions after 30 years of service.*

(3) *Basic UAAL rates have been calculated on a combined basis for all General Tiers. COLA UAAL rates have been calculated on a combined basis for all General Tiers that have a COLA (excludes General Tier 2 without COLA and General PEPRA Tier 2 without COLA).*

(4) *Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.*

(5) *Includes 0.66% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

(6) *These aggregated rates are provided for informational purposes only as we understand that the tier specific rates will be implemented.*

(7) *The total employer rate has been adjusted by 1.48% to account for the cost associated with the cessation of member contributions after 30 years of service.*

Segal Consulting

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 14b

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) – Prior Valuation with Combined General UAAL Rates

	June 30, 2017 Actuarial Valuation					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[2]	8.20%	$580	2.75%	$195	10.95%	$775
UAAL[3]	9.06%	641	4.69%	332	13.75%	973
Total Contribution	17.26%	$1,221	7.44%	$527	24.70%	$1,748
General Tier 2 Members w/o COLA						
Normal Cost	7.03%	$15,140	0.00%	$0	7.03%	$15,140
UAAL[3]	9.06%	19,500	0.00%	0	9.06%	19,500
Total Contribution	16.09%	$34,640	0.00%	$0	16.09%	$34,640
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	7.06%	$3,488	0.00%	$0	7.06%	$3,488
UAAL[3]	9.06%	4,476	0.00%	0	9.06%	4,476
Total Contribution	16.12%	$7,964	0.00%	$0	16.12%	$7,964
General Tier 2 Members w/COLA						
Normal Cost[4]	7.03%	$15,139	0.06%	$129	7.09%	$15,268
UAAL[3][5]	9.06%	19,501	4.69%	10,114	13.75%	29,615
Total Contribution	16.09%	$34,640	4.75%	$10,243	20.84%	$44,883
General PEPRA Tier 2 Members w/COLA						
Normal Cost[4]	7.06%	$5,772	0.02%	$17	7.08%	$5,789
UAAL[3][5]	9.06%	7,406	4.69%	3,835	13.75%	11,241
Total Contribution	16.12%	$13,178	4.71%	$3,852	20.83%	$17,030
All General Members[6]						
Normal Cost	7.05%	$40,119	0.06%	$341	7.11%	$40,460
UAAL	9.06%	51,524	2.51%	14,281	11.57%	65,805
Total Contribution	16.11%	$91,643	2.57%	$14,622	18.68%	$106,265

Applicable footnotes are shown on next page.

CHART 14b (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) – Prior Valuation with Combined General UAAL Rates

	June 30, 2017 Actuarial Valuation					
	BASIC		COLA		TOTAL	
Safety Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[7]	11.65%	$18,178	4.85%	$7,568	16.50%	$25,746
UAAL	52.74%	82,293	(14.64%)	(22,843)	38.10%	59,450
Total Contribution	64.39%	$100,471	(9.79%)	$(15,275)	54.60%	$85,196
Safety PEPRA Members						
Normal Cost	9.96%	$1,985	4.13%	$824	14.09%	$2,809
UAAL	52.74%	10,513	(14.64%)	(2,918)	38.10%	7,595
Total Contribution	62.70%	$12,498	(10.51%)	$(2,094)	52.19%	$10,404
All Safety Members[6]						
Normal Cost	11.46%	$20,163	4.77%	$8,392	16.23%	$28,555
UAAL	52.74%	92,806	(14.64%)	(25,761)	38.10%	67,045
Total Contribution	64.20%	$112,969	(9.87%)	$(17,369)	54.33%	$95,600
All Categories Combined[6]						
Normal Cost	8.09%	$60,282	1.17%	$8,733	9.26%	$69,015
UAAL	19.38%	144,330	(1.55%)	(11,480)	17.83%	132,850
Total Contribution	27.47%	$204,612	(0.38%)	$(2,747)	27.09%	$201,865

(1) *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2017 annual payroll (also in thousands) shown below:*

General Tier 1	$7,076
General Tier 2	215,358
General PEPRA Tier 2	49,409
General Tier 2C	215,345
General PEPRA Tier 2C	81,759
Safety	156,036
Safety PEPRA	19,934
Total	$744,917

(2) *The total employer rate has been adjusted by 0.31% to account for the cost associated with the cessation of member contributions after 30 years of service.*

(3) *Basic UAAL rates have been calculated on a combined basis for all General Tiers. COLA UAAL rates have been calculated on a combined basis for all General Tiers that have a COLA (excludes General Tier 2 without COLA and General PEPRA Tier 2 without COLA).*

(4) *Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.*

(5) *Includes 0.55% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

(6) *These aggregated rates are provided for informational purposes only as we understand that the tier specific rates will be implemented.*

(7) *The total employer rate has been adjusted by 1.28% to account for the cost associated with the cessation of member contributions after 30 years of service.*

The employer contribution rates as of June 30, 2018 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Employer Contribution Rate

The chart below details the changes in the recommended average employer contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the employer contribution from the prior valuation to the amount determined in this valuation.

CHART 15

Reconciliation of Recommended Average Employer Contribution Rate from June 30, 2017 to June 30, 2018 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost[1]
Recommended Average Employer Contribution Rate as of June 30, 2017	27.09%	$201,865
Effect of investment gain[2]	(0.65%)	$(4,945)
Effect of lower than expected contributions[3]	0.03%	228
Effect of lower than expected individual salary increases	(0.06%)	(456)
Effect of lower than expected total payroll growth on UAAL amortization rate	0.22%	1,674
Effect of changes in demographics of members amongst tiers on Normal Cost	(0.05%)	(380)
Effect of net other changes[4]	(0.07%)	3,700
Effect of changes in actuarial assumptions	1.98%	15,064
Total change	1.40%	$14,885
Recommended Average Employer Contribution Rate as of June 30, 2018	28.49%	$216,750

(1) *Based on projected payroll for each year.*

(2) *The Association's valuation value of assets earned 8.62% which was higher than the 7.50% assumed rate of return for 2017/2018.*

(3) *Contribution loss from payroll increase less than expected offset somewhat by the contribution gain from one-year delay in implementing lower contribution rates recommended in June 30, 2017 valuation.*

(4) *Other differences in actual versus expected experience including mortality, disability, withdrawal, retirement and in-service redemption experience. Estimated annual dollar cost also reflects change in payroll from prior valuation.*

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

The member contribution rates as of June 30, 2018 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Member Contribution Rate

The chart below details the changes in the recommended average member contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the member contribution from the prior valuation to the amount determined in this valuation.

CHART 16

Reconciliation of Recommended Average Member Contribution Rate from June 30, 2017 to June 30, 2018 (Dollar Amounts in Thousands)

	Contribution Rate[1]	Estimated Annual Dollar Cost[2]
Recommended Average Member Contribution Rate in June 30, 2017 Valuation	9.75%	$72,643
Effect of changes in demographics of members amongst tiers[3]	(0.10%)	$743
Effect of changes in actuarial assumptions	0.40%	3,043
Total change	0.30%	$3,786
Recommended Average Member Contribution Rate in June 30, 2018 Valuation	10.05%	$76,429

(1) *Average member contribution rates are after reflecting the impact of the cessation of member contribution after 30 years of service for non-PEPRA tiers.*

(2) *Based on projected payroll for each year.*

(3) *Estimated annual dollar cost also reflects change in payroll from prior valuation.*

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

E. FUNDED RATIO

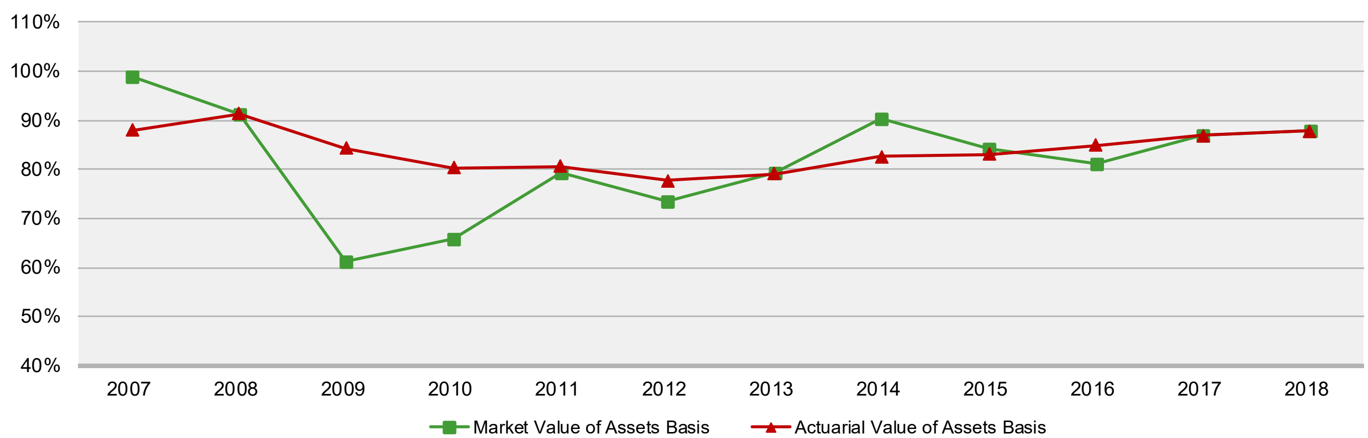
A critical piece of information regarding the Plan's financial status is the funded ratio. The ratios compare the valuation value of assets and market value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors. The chart below depicts a history of the funded ratio for this plan.

Chart 18 on the next page shows the Plan's schedule of funding progress for the last ten years.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the valuation or market value of assets is used.

CHART 17

Funded Ratio for Plan Years Ending June 30, 2007 - 2018



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 18

Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets[1] (a)	Actuarial Accrued Liability (AAL)[2] (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Projected Covered Payroll (c)	UAAL as a Percentage of Projected Covered Payroll [(b) - (a) / (c)]
06/30/2009	$3,090,148,000	$3,663,701,000	$573,553,000	84.34%	$634,777,000	90.36%
06/30/2010	3,115,984,000	3,877,443,000	761,459,000	80.36%	654,829,000	116.28%
06/30/2011	3,220,388,000	3,995,352,000	774,964,000	80.60%	637,037,000	121.65%
06/30/2012	3,397,360,000	4,373,227,000	975,867,000	77.69%	633,848,000	153.96%
06/30/2013	3,621,709,000	4,575,063,000	953,354,000	79.16%	638,764,000	149.25%
06/30/2014	3,910,801,000	4,731,016,000	820,215,000	82.66%	648,257,000	126.53%
06/30/2015	4,302,330,000	5,178,157,000	875,827,000	83.09%	678,705,000	129.04%
06/30/2016	4,585,713,000	5,398,756,000	813,043,000	84.94%	706,000,000	115.16%
06/30/2017	4,959,070,000	5,703,396,000	744,326,000	86.95%	744,917,000	99.92%
06/30/2018	5,382,777,000	6,129,758,000	746,981,000	87.81%	760,815,000	98.18%

(1) *Excludes assets for supplemental medical benefit reserve and statutory contingency reserve.*

(2) *Excludes liabilities held for supplemental medical benefit reserve and statutory contingency reserve.*

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For VCERA, the current AVR is about 7.1. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 7.1% of one-year's payroll. Since VCERA amortizes actuarial gains and losses over a period of 15 years, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For VCERA, the current LVR is about 8.1. This is about 14% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long term.

This chart shows how the asset and liability volatility ratios have varied over time, both for the plan in total and separately for General and Safety.

CHART 19

Volatility Ratios for Years Ended June 30, 2009 – 2018

	Asset Volatility Ratios			Liability Volatility Ratios		
Year Ended June 30	**General**	**Safety**	**Total**	**General**	**Safety**	**Total**
2009	2.8	5.7	3.5	4.4	9.8	5.8
2010	3.1	6.3	3.9	4.4	10.1	5.9
2011	3.9	8.2	5.0	4.7	10.8	6.3
2012	3.8	8.7	5.1	5.1	12.3	6.9
2013	4.3	9.7	5.7	5.3	12.7	7.2
2014	4.9	11.5	6.6	5.4	12.9	7.3
2015	4.8	11.4	6.4	5.6	13.8	7.6
2016	4.5	11.7	6.2	5.5	14.5	7.6
2017	4.8	12.7	6.7	5.5	14.6	7.7
2018	5.1	13.6	7.1	5.9	15.2	8.1

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

	Year Ended June 30		
Category	**2018**	**2017**	**Change From Prior Year**
Active members in valuation:			
Number	35	49	-28.6%
Average age	62.8	62.5	0.3
Average service	33.2	33.5	-0.3
Projected total compensation[1]	$5,802,740	$7,076,281	-18.0%
Projected average compensation	$165,793	$144,414	14.8%
Account balances	$9,343,680	$11,606,918	-19.5%
Total active vested members	35	49	-28.6%
Vested terminated members[2]	40	41	-2.4%
Retired members:			
Number in pay status	1,337	1,389	-3.7%
Average age	76.7	76.3	0.4
Average monthly benefit[3]	$4,079	$3,867	5.5%
Disabled members:			
Number in pay status	90	98	-8.2%
Average age	74.1	73.9	0.2
Average monthly benefit[3]	$2,644	$2,481	6.6%
Beneficiaries:			
Number in pay status	342	352	-2.8%
Average age	79.5	79.7	-0.2
Average monthly benefit[3]	$1,866	$1,744	7.0%

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

ii. General Tier 2

Category	Year Ended June 30 2018	Year Ended June 30 2017	Change From Prior Year
Active members in valuation:			
Number	1,825	1,918	-4.8%
Average age	50.5	50.3	0.2
Average service	15.7	15.2	0.5
Projected total compensation[1]	$211,517,740	$215,358,266	-1.8%
Projected average compensation	$115,900	$112,283	3.2%
Account balances	$188,612,792	$183,060,429	3.0%
Total active vested members	1,764	1,799	-1.9%
Vested terminated members[2]	922	946	-2.5%
Retired members:			
Number in pay status	1,762	1,635	7.8%
Average age	69.5	69.3	0.2
Average monthly benefit[3]	$1,996	$1,865	7.0%
Disabled members:			
Number in pay status	245	250	-2.0%
Average age	66.2	65.6	0.6
Average monthly benefit[3]	$1,535	$1,515	1.3%
Beneficiaries:			
Number in pay status	265	252	5.2%
Average age	71.3	70.9	0.4
Average monthly benefit[3]	$867	$826	5.0%

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

iii. General Tier 2C

Category	Year Ended June 30 2018	Year Ended June 30 2017	Change From Prior Year
Active members in valuation:			
Number	2,757	2,950	-6.5%
Average age	49.0	48.4	0.6
Average service	14.3	13.5	0.8
Projected total compensation[1]	$210,167,487	$215,344,708	-2.4%
Projected average compensation	$76,230	$72,998	4.4%
Account balances	$224,845,410	$215,746,658	4.2%
Total active vested members	2,640	2,720	-2.9%
Vested terminated members[2]	1,045	1,040	0.5%
Retired members:			
Number in pay status	1,326	1,189	11.5%
Average age	67.9	67.5	0.4
Average monthly benefit[3]	$1,817	$1,758	3.4%
Disabled members:			
Number in pay status	85	85	0.0%
Average age	63.0	62.6	0.4
Average monthly benefit[3]	$1,558	$1,477	5.5%
Beneficiaries:			
Number in pay status	97	92	5.4%
Average age	66.0	65.3	0.7
Average monthly benefit[3]	$976	$982	-0.6%

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

iv. General PEPRA Tier 1

	Year Ended June 30		
Category	**2018**	**2017**	**Change From Prior Year**
Active members in valuation:			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average service	N/A	N/A	N/A
Projected total compensation[1]	N/A	N/A	N/A
Projected average compensation	N/A	N/A	N/A
Account balances	N/A	N/A	N/A
Total active vested members	0	0	N/A
Vested terminated members[2]	3	3	0.0%
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

v. General PEPRA Tier 2

	Year Ended June 30		
Category	**2018**	**2017**	**Change From Prior Year**
Active members in valuation:			
Number	748	634	18.0%
Average age	41.0	41.0	0.0
Average service	2.4	1.9	0.5
Projected total compensation[1]	$60,011,431	$49,408,512	21.5%
Projected average compensation	$80,229	$77,931	2.9%
Account balances	$9,053,431	$5,832,165	55.2%
Total active vested members	36	12	200.0%
Vested terminated members[2]	151	118	28.0%
Retired members:			
Number in pay status	2	0	N/A
Average age	73.3	N/A	N/A
Average monthly benefit[3]	$181	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

vi. General PEPRA Tier 2C

Category	Year Ended June 30 2018	Year Ended June 30 2017	Change From Prior Year
Active members in valuation:			
Number	1,721	1,577	9.1%
Average age	37.3	36.7	0.6
Average service	2.6	2.0	0.6
Projected total compensation[1]	$93,581,095	$81,759,345	14.5%
Projected average compensation	$54,376	$51,845	4.9%
Account balances	$21,101,671	$14,127,943	49.4%
Total active vested members	87	14	521.4%
Vested terminated members[2]	409	336	21.7%
Retired members:			
Number in pay status	1	0	N/A
Average age	71.5	N/A	N/A
Average monthly benefit[3]	$10	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

vii. Safety

Category	Year Ended June 30 2018	2017	Change From Prior Year
Active members in valuation:			
Number	1,192	1,257	-5.2%
Average age	44.1	43.7	0.4
Average service	17.5	17.1	0.4
Projected total compensation[(1)]	$152,611,256	$156,035,986	-2.2%
Projected average compensation	$128,030	$124,134	3.1%
Account balances	$209,672,135	$197,710,206	6.1%
Total active vested members	1,182	1,206	-2.0%
Vested terminated members[(2)]	291	289	0.7%
Retired members:			
Number in pay status	806	753	7.0%
Average age	66.8	66.7	0.1
Average monthly benefit[(3)]	$8,014	$7,713	3.9%
Disabled members:			
Number in pay status	399	398	0.3%
Average age	64.7	64.3	0.4
Average monthly benefit[(3)]	$5,784	$5,560	4.0%
Beneficiaries:			
Number in pay status	281	273	2.9%
Average age	67.5	67.6	-0.1
Average monthly benefit[(3)]	$3,119	$3,079	1.3%

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

viii. Safety PEPRA

Category	Year Ended June 30 2018	Year Ended June 30 2017	Change From Prior Year
Active members in valuation:			
Number	333	251	32.7%
Average age	30.3	29.7	0.6
Average service	2.5	2.1	0.4
Projected total compensation[1]	$27,123,466	$19,934,288	36.1%
Projected average compensation	$81,452	$79,419	2.6%
Account balances	$8,090,226	$4,934,014	64.0%
Total active vested members	18	1	1700.0%
Vested terminated members[2]	48	36	33.3%
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit[3]	N/A	N/A	N/A

(1) *Calculated by increasing annualized bi-weekly compensations as of valuation date by one-half year of inflation and "across the board" salary increases.*

(2) *Includes terminated members with member contributions on deposit.*

(3) *Excludes vested fixed supplemental and supplemental medical benefit amounts.*

Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2018
By Age and Years of Service

i. General Tier 1

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	2	- -	- -	- -	1	1	- -	- -	- -	- -
	$246,374	- -	- -	- -	$222,480	$270,268	- -	- -	- -	- -
55 - 59	8	- -	- -	- -	- -	- -	2	2	2	2
	194,208	- -	- -	- -	- -	- -	$286,000	$240,355	$115,494	$134,982
60 - 64	16	- -	- -	- -	3	1	1	1	6	4
	164,267	- -	- -	- -	217,037	234,060	306,800	306,801	119,667	102,875
65 - 69	6	- -	- -	- -	1	- -	1	1	1	2
	130,080	- -	- -	- -	164,614	- -	240,475	82,252	123,096	85,020
70 & over	3	- -	- -	1	- -	- -	- -	- -	- -	2
	115,861	- -	- -	$227,362	- -	- -	- -	- -	- -	60,111
Total	35	- -	- -	1	5	2	4	4	9	10
	$165,793	- -	- -	$227,362	$207,641	$252,164	$279,819	$217,440	$119,120	$97,172

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2018
By Age and Years of Service

ii. General Tier 2

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	$46,537	$46,537	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	11	2	9	- -	- -	- -	- -	- -	- -	- -
	79,813	50,979	$86,220	- -	- -	- -	- -	- -	- -	- -
30 - 34	83	9	62	12	- -	- -	- -	- -	- -	- -
	105,442	92,783	109,125	$95,908	- -	- -	- -	- -	- -	- -
35 - 39	202	13	84	80	25	- -	- -	- -	- -	- -
	108,681	90,857	110,757	112,581	$98,494	- -	- -	- -	- -	- -
40 - 44	222	7	47	80	75	13	- -	- -	- -	- -
	114,000	110,085	113,235	120,237	108,573	$111,812	- -	- -	- -	- -
45 - 49	336	10	60	99	99	49	19	- -	- -	- -
	114,250	108,355	104,011	119,896	118,258	111,303	$106,981	- -	- -	- -
50 - 54	313	7	46	72	67	62	46	13	- -	- -
	123,093	112,322	117,921	119,242	122,792	141,898	112,800	$116,801	- -	- -
55 - 59	346	6	49	75	65	55	49	32	15	- -
	117,601	112,055	111,614	117,094	115,596	124,905	118,914	121,739	$110,700	- -
60 - 64	231	5	40	45	34	39	36	20	12	- -
	120,602	127,290	120,980	109,834	113,682	116,760	128,835	139,478	132,869	- -
65 - 69	64	1	10	23	15	4	4	6	1	- -
	111,849	152,735	102,220	106,734	114,731	136,091	107,326	122,087	101,336	- -
70 & over	16	1	2	3	1	5	- -	3	1	- -
	122,296	51,037	148,688	119,968	198,351	110,685	- -	124,528	123,057	- -
Total	1,825	62	409	489	381	227	154	74	29	- -
	$115,900	$101,897	$111,150	$116,096	$115,061	$124,345	$117,634	$125,807	$119,977	- -

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2018
By Age and Years of Service

iii. General Tier 2C

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	3	3	- -	- -	- -	- -	- -	- -	- -	- -
	$48,015	$48,015	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	30	5	25	- -	- -	- -	- -	- -	- -	- -
	65,071	62,866	$65,512	- -	- -	- -	- -	- -	- -	- -
30 - 34	256	24	163	69	- -	- -	- -	- -	- -	- -
	73,493	67,497	76,268	$69,022	- -	- -	- -	- -	- -	- -
35 - 39	358	23	145	152	38	- -	- -	- -	- -	- -
	77,865	69,398	80,297	76,314	$79,911	- -	- -	- -	- -	- -
40 - 44	388	20	106	138	108	16	- -	- -	- -	- -
	77,481	67,451	77,149	77,918	79,577	$74,295	- -	- -	- -	- -
45 - 49	391	15	91	114	98	50	22	1	- -	- -
	76,979	66,511	78,408	75,857	77,836	80,703	$72,577	$58,537	- -	- -
50 - 54	449	9	80	117	112	63	60	8	- -	- -
	76,246	65,241	75,766	73,304	76,267	81,934	79,209	69,127	- -	- -
55 - 59	467	11	74	108	101	62	60	37	14	- -
	76,039	54,030	73,506	72,277	79,056	79,666	77,985	80,756	$77,106	- -
60 - 64	293	4	48	70	63	36	42	23	7	- -
	76,416	58,994	75,964	73,432	72,765	79,051	81,762	83,946	81,801	- -
65 - 69	86	3	26	17	18	10	7	5	- -	- -
	75,104	50,609	73,828	69,024	83,263	73,168	75,872	90,527	- -	- -
70 & over	36	1	4	12	9	2	2	2	4	- -
	72,967	55,697	81,761	67,921	76,903	73,481	64,328	69,009	80,817	- -
Total	2,757	118	762	797	547	239	193	76	25	- -
	$76,230	$64,798	$76,665	$74,371	$77,807	$79,705	$78,353	$80,539	$79,015	- -

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2018

By Age and Years of Service

iv. General PEPRA Tier 2

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	18	18	- -	- -	- -	- -	- -	- -	- -	- -
	$60,278	$60,278	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	113	112	1	- -	- -	- -	- -	- -	- -	- -
	66,580	66,497	$75,851	- -	- -	- -	- -	- -	- -	- -
30 - 34	146	141	4	1	- -	- -	- -	- -	- -	- -
	75,486	75,344	87,855	$46,074	- -	- -	- -	- -	- -	- -
35 - 39	120	113	5	2	- -	- -	- -	- -	- -	- -
	82,547	81,343	100,460	105,800	- -	- -	- -	- -	- -	- -
40 - 44	94	85	7	2	- -	- -	- -	- -	- -	- -
	82,094	81,202	81,691	121,388	- -	- -	- -	- -	- -	- -
45 - 49	83	79	3	- -	- -	1	- -	- -	- -	- -
	89,959	88,950	108,322	- -	- -	$114,591	- -	- -	- -	- -
50 - 54	74	69	3	1	1	- -	- -	- -	- -	- -
	85,437	83,663	111,955	121,388	$92,307	- -	- -	- -	- -	- -
55 - 59	48	47	- -	- -	- -	1	- -	- -	- -	- -
	91,487	91,314	- -	- -	- -	99,642	- -	- -	- -	- -
60 - 64	37	36	1	- -	- -	- -	- -	- -	- -	- -
	89,614	90,839	45,501	- -	- -	- -	- -	- -	- -	- -
65 - 69	13	12	- -	1	- -	- -	- -	- -	- -	- -
	83,265	81,597	- -	103,279	- -	- -	- -	- -	- -	- -
70 & over	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	90,539	90,540	- -	- -	- -	- -	- -	- -	- -	- -
Total	748	714	24	7	1	2	- -	- -	- -	- -
	$80,229	$79,513	$91,989	$103,588	$92,307	$107,117	- -	- -	- -	- -

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2018
By Age and Years of Service

v. General PEPRA Tier 2C

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	63	63	- -	- -	- -	- -	- -	- -	- -	- -
	$40,778	$40,778	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	437	425	12	- -	- -	- -	- -	- -	- -	- -
	48,746	48,759	$48,293	- -	- -	- -	- -	- -	- -	- -
30 - 34	412	397	15	- -	- -	- -	- -	- -	- -	- -
	56,752	56,197	71,439	- -	- -	- -	- -	- -	- -	- -
35 - 39	270	248	21	1	- -	- -	- -	- -	- -	- -
	58,535	57,205	74,535	$52,450	- -	- -	- -	- -	- -	- -
40 - 44	170	156	13	- -	1	- -	- -	- -	- -	- -
	58,034	57,866	60,678	- -	$49,752	- -	- -	- -	- -	- -
45 - 49	124	114	8	- -	1	1	- -	- -	- -	- -
	54,082	54,266	49,166	- -	32,650	$93,928	- -	- -	- -	- -
50 - 54	93	88	5	- -	- -	- -	- -	- -	- -	- -
	55,740	55,204	65,185	- -	- -	- -	- -	- -	- -	- -
55 - 59	83	82	1	- -	- -	- -	- -	- -	- -	- -
	54,722	54,545	69,259	- -	- -	- -	- -	- -	- -	- -
60 - 64	53	49	4	- -	- -	- -	- -	- -	- -	- -
	62,929	61,491	80,546	- -	- -	- -	- -	- -	- -	- -
65 - 69	13	12	1	- -	- -	- -	- -	- -	- -	- -
	56,300	51,892	109,198	- -	- -	- -	- -	- -	- -	- -
70 & over	3	2	1	- -	- -	- -	- -	- -	- -	- -
	53,016	35,978	87,093	- -	- -	- -	- -	- -	- -	- -
Total	1,721	1,636	81	1	2	1	- -	- -	- -	- -
	$54,376	$53,814	$65,582	$52,450	$41,201	$93,928	- -	- -	- -	- -

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2018

By Age and Years of Service

vi. Safety

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	37	4	33	- -	- -	- -	- -	- -	- -	- -
	$111,564	$89,173	$114,278	- -	- -	- -	- -	- -	- -	- -
30 - 34	147	1	92	54	- -	- -	- -	- -	- -	- -
	112,615	97,469	110,725	$116,116	- -	- -	- -	- -	- -	- -
35 - 39	211	- -	43	131	37	- -	- -	- -	- -	- -
	117,984	- -	118,317	117,878	$117,972	- -	- -	- -	- -	- -
40 - 44	234	2	17	60	122	32	1	- -	- -	- -
	126,780	76,245	114,614	117,297	129,015	$144,487	$164,334	- -	- -	- -
45 - 49	266	2	7	18	89	121	28	1	- -	- -
	133,431	119,548	108,496	110,258	127,734	138,064	152,737	$158,777	- -	- -
50 - 54	208	1	2	8	40	50	72	34	1	- -
	137,683	130,840	102,533	108,876	120,400	135,941	143,700	155,156	$196,455	- -
55 - 59	69	- -	4	1	7	11	18	17	11	- -
	148,583	- -	168,361	84,901	128,359	124,916	158,453	158,854	151,691	- -
60 - 64	17	- -	2	1	4	1	1	3	4	1
	147,954	- -	143,134	67,865	119,209	120,828	147,389	109,060	191,920	$321,179
65 - 69	3	- -	- -	1	1	- -	- -	- -	- -	1
	156,484	- -	- -	149,948	155,537	- -	- -	- -	- -	163,968
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	1,192	10	200	274	300	215	120	55	16	2
	$128,030	$97,659	$114,591	$116,454	$126,067	$137,774	$148,224	$153,851	$164,546	$242,574

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2018

By Age and Years of Service

vii. Safety PEPRA

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	51	51	- -	- -	- -	- -	- -	- -	- -	- -
	$70,981	$70,981	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	140	136	4	- -	- -	- -	- -	- -	- -	- -
	80,185	79,336	$109,051	- -	- -	- -	- -	- -	- -	- -
30 - 34	93	85	8	- -	- -	- -	- -	- -	- -	- -
	82,014	79,967	103,761	- -	- -	- -	- -	- -	- -	- -
35 - 39	31	28	2	1	- -	- -	- -	- -	- -	- -
	85,463	82,789	107,435	$116,381	- -	- -	- -	- -	- -	- -
40 - 44	8	5	1	- -	2	- -	- -	- -	- -	- -
	97,738	81,009	116,056	- -	$130,402	- -	- -	- -	- -	- -
45 - 49	4	4	- -	- -	- -	- -	- -	- -	- -	- -
	94,311	94,311	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	141,409	141,409	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	3	3	- -	- -	- -	- -	- -	- -	- -	- -
	139,164	139,164	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	141,409	141,409	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	333	315	15	1	2	- -	- -	- -	- -	- -
	$81,452	$79,838	$106,481	$116,381	$130,402	- -	- -	- -	- -	- -

Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT C

Reconciliation of Member Data – June 30, 2017 to June 30, 2018

	Active Members	Vested Terminated Members[1]	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2017	8,636	2,809	4,966	831	969	18,211
New members	575	59	0	0	70	704
Terminations – with vested rights	-223	223	0	0	0	0
Contributions refunds	-90	-70	0	0	0	-160
Retirements	-293	-84	377	0	0	0
New disabilities	-10	-3	-4	17	0	0
Return to work	25	-24	-1	0	0	0
Died with or without beneficiary	-9	-1	-107	-29	-52	-198
Data adjustments	0	0	3	0	-2	1
Number as of June 30, 2018	8,611	2,909	5,234	819	985	18,558

[1] *Includes terminated members with member contributions on deposit.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2018		Year Ended June 30, 2017	
Contribution income:				
Employer contributions	$197,682,857		$190,759,001	
Member contributions	74,044,246		72,394,542	
Contribution income		$271,727,103		$263,153,543
Investment income:				
Interest, dividends and other income	$45,365,068		$44,408,458	
Adjustment toward market value[1]	406,186,691		345,055,232	
Less investment and administrative fees	(21,253,969)		(20,657,671)	
Less other expenses	(2,813,622)		0	
Net investment income		$427,484,168		$368,806,019
Total income available for benefits		$699,211,271		$631,959,562
Less benefit payments		$(277,718,396)		$(260,745,073)
Change in reserve for future benefits		$421,492,875		$371,214,489

[1] *Equals the "non-cash" earnings on investments included in the Actuarial Value of Assets.*

Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT E

Summary Statement of Net Assets

	Year Ended June 30, 2018		Year Ended June 30, 2017	
Cash equivalents		$119,098,426		$113,845,651
Pension software development cost		13,104,280		14,507,383
Accounts receivable:				
Member and employer contributions	$10,505,031		$9,565,843	
Accrued interest and dividends	3,593,289		2,832,421	
Securities sold	18,440,457		15,863,679	
Other	35,561		33,621	
Total accounts receivable		32,574,338		28,295,564
Investments:				
Equities	$3,489,835,458		$3,090,214,577	
Fixed income	942,574,067		945,943,802	
Real estate	419,523,044		391,122,352	
Investments received on securities lending	47,614,918		44,704,884	
Others	431,503,005		413,507,540	
Total investments at market value		5,331,050,492		4,885,493,155
Total assets		$5,495,827,536		$5,042,141,753
Liabilities:				
Securities lending	$(47,614,918)		$(44,704,883)	
Security purchases	(45,858,296)		(27,617,313)	
Accounts payable	(5,860,796)		(5,546,947)	
Prepaid contributions	(31,003)		(25,834)	
Total liabilities		$(99,365,013)		$(77,894,977)
Net assets at market value		$5,396,462,523		$4,964,246,776
Net assets at actuarial value		$5,385,145,897		$4,963,653,022
Net assets at valuation value		$5,382,777,075		$4,959,070,151

EXHIBIT F
Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. In this Exhibit only, we refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

Actuarial Balance Sheet ($ in 000s)

Assets	June 30, 2018	June 30, 2017
1. Total valuation value of assets	$5,382,777	$4,959,070
2. Present value of future contributions by members	597,469	545,439
3. Present value of future employer contributions for:		
a. Entry age normal cost	633,425	571,174
b. Unfunded actuarial accrued liability	746,981	744,326
4. Total current and future assets	$7,360,652	$6,820,009
Liabilities		
5. Present value of benefits for retirees and beneficiaries	$3,476,620	$3,229,255
6. Present value of benefits for vested terminated members	171,131	159,743
7. Present value of benefits for active members	3,712,901	3,431,011
8. Total liabilities	$7,360,652	$6,820,009

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT G
Summary of Allocated Reserves

Reserves	June 30, 2018	June 30, 2017
Member contributions reserve [(1)]	$758,313,620	$725,090,318
Employer advance reserve [(1)]	2,819,632,958	2,599,031,479
Offset: Interest crediting shortfall tracking account [(1)]	(1,123,566,014)	(1,084,273,390)
Retiree reserve [(1)]	2,768,421,677	2,561,943,002
Supplemental death benefit reserve [(1)]	15,793,858	15,242,982
Vested fixed supplemental ($108.44) reserve [(1)]	144,180,976	142,035,760
Undistributed earnings [(1)]	0	0
Valuation reserves	$5,382,777,075	$4,959,070,151
Supplemental medical ($27.50) reserve [(2)]	2,368,822	4,582,871
Contingency reserve [(2)]	0	0
Total reserves (actuarial value)	$5,385,145,897	$4,963,653,022
Market stabilization reserve [(2)]	11,316,625	593,754
Net market value	$5,396,462,523	$4,964,246,776

Note: Results may not add due to rounding

(1) *Included in valuation value of assets.*

(2) *Not included in valuation value of assets.*

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2018

1. Unfunded actuarial accrued liability at beginning of year		$744,326,000
2. Total Normal Cost payable at middle of year		141,658,000
3. Expected employer and member contributions		(274,508,000)
4. Interest (whole year on (1) plus half year on (2) + (3))		51,330,000
5. Expected unfunded actuarial accrued liability at end of year		$662,806,000
6. Actuarial (gain)/loss due to all changes:		
(a) Gain from investment return on valuation value of assets (8.62% return)	$(55,696,000)	
(b) Actual contributions less than expected[1]	2,883,000	
(c) Lower than expected individual salary increases	(4,839,000)	
(d) Other experience gains	(6,683,000)	
(e) Changes in actuarial assumptions	148,510,000	
Total changes		$84,175,000
7. Unfunded actuarial accrued liability at end of year		$746,981,000

Note: Net gain from other experience of $8,639,000 (as shown on page 8) is equal to the sum of items: 6(b) through 6(d).

[1] *Contribution loss from payroll increase less than expected offset somewhat by the contribution gain from one-year delay in implementing lower contribution rates recommended in June 30, 2017 valuation.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT I

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment[(1)]
General Tier 1	June 30, 2004	Restart of Amortization	$63,394,000	$9,345,000	1	$9,706,000
	June 30, 2005	Actuarial (Gain)/Loss	22,085,000	6,140,000	2	3,249,000
	June 30, 2006	Actuarial (Gain)/Loss	7,048,000	2,773,000	3	997,000
	June 30, 2006	Assumption Change	41,538,000	16,317,000	3	5,865,000
	June 30, 2007	Actuarial (Gain)/Loss	(19,901,000)	(9,825,000)	4	(2,698,000)
	June 30, 2008	Actuarial (Gain)/Loss	(18,128,000)	(10,551,000)	5	(2,361,000)
	June 30, 2009	Actuarial (Gain)/Loss	55,190,000	36,349,000	6	6,905,000
	June 30, 2009	Assumption Change	18,574,000	12,225,000	6	2,322,000
	June 30, 2010	Actuarial (Gain)/Loss	50,018,000	36,230,000	7	6,007,000
	June 30, 2011	Actuarial (Gain)/Loss	36,225,000	28,290,000	8	4,179,000
	June 30, 2012	Actuarial (Gain)/Loss	29,865,000	24,741,000	9	3,308,000
	June 30, 2012	Demographic Assumption Change	38,104,000	36,723,000	14	3,447,000
	June 30, 2012	Economic Assumption Change	19,517,000	18,808,000	14	1,765,000
	June 30, 2013	Actuarial (Gain)/Loss	31,670,000	27,561,000	10	3,376,000
	June 30, 2014	Actuarial (Gain)/Loss	16,119,000	14,596,000	11	1,655,000
	June 30, 2015	Actuarial (Gain)/Loss	8,457,000	7,891,000	12	835,000
	June 30, 2015	Assumption Change	47,959,000	47,520,000	17	3,867,000
	June 30, 2016	Actuarial (Gain)/Loss	45,451,000	43,680,000	13	4,339,000
	June 30, 2017	Actuarial (Gain)/Loss	53,640,000	52,721,000	14	4,949,000
	June 30, 2018	Actuarial (Gain)/Loss	51,584,000	51,584,000	15	4,598,000
	June 30, 2018	Assumption Change	3,972,000	3,972,000	20	289,000
				$457,090,000		$66,599,000

(1) *As of middle of year.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT I (continued)

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment[1]
General Tier 2	June 30, 2004	Restart of Amortization	$49,731,000	$7,332,000	1	$7,615,000
	June 30, 2005	Actuarial (Gain)/Loss	7,622,000	2,120,000	2	1,122,000
	June 30, 2006	Actuarial (Gain)/Loss	(9,108,000)	(3,581,000)	3	(1,287,000)
	June 30, 2006	Assumption Change	19,085,000	7,498,000	3	2,695,000
	June 30, 2006	Plan Provision Change	14,731,000	5,784,000	3	2,079,000
	June 30, 2007	Actuarial (Gain)/Loss	(39,508,000)	(19,511,000)	4	(5,358,000)
	June 30, 2008	Actuarial (Gain)/Loss	(34,794,000)	(20,248,000)	5	(4,531,000)
	June 30, 2009	Actuarial (Gain)/Loss	71,253,000	46,919,000	6	8,912,000
	June 30, 2009	Assumption Change	22,696,000	14,941,000	6	2,838,000
	June 30, 2010	Actuarial (Gain)/Loss	47,615,000	34,497,000	7	5,720,000
	June 30, 2011	Actuarial (Gain)/Loss	(6,949,000)	(5,438,000)	8	(803,000)
	June 30, 2012	Actuarial (Gain)/Loss	(18,106,000)	(15,004,000)	9	(2,006,000)
	June 30, 2012	Demographic Assumption Change	29,420,000	28,338,000	14	2,660,000
	June 30, 2012	Economic Assumption Change	32,874,000	31,688,000	14	2,975,000
	June 30, 2013	Actuarial (Gain)/Loss	(23,823,000)	(20,749,000)	10	(2,542,000)
	June 30, 2014	Actuarial (Gain)/Loss	(49,125,000)	(44,491,000)	11	(5,043,000)
	June 30, 2015	Actuarial (Gain)/Loss	(62,406,000)	(58,319,000)	12	(6,168,000)
	June 30, 2015	Assumption Change	50,090,000	49,643,000	17	4,040,000
	June 30, 2016	Actuarial (Gain)/Loss	(28,842,000)	(27,722,000)	13	(2,754,000)
	June 30, 2017	Actuarial (Gain)/Loss	(41,622,000)	(40,910,000)	14	(3,840,000)
	June 30, 2018	Actuarial (Gain)/Loss	(86,831,000)	(86,831,000)	15	(7,740,000)
	June 30, 2018	Assumption Change	111,232,000	111,232,000	20	8,092,000
				$(2,812,000)		$6,676,000

(1) *As of middle of year.*

Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT I (continued)

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment[1]
Safety	June 30, 2004	Restart of Amortization	$210,319,000	$31,002,000	1	$32,198,000
	June 30, 2005	Actuarial (Gain)/Loss	19,142,000	5,323,000	2	2,817,000
	June 30, 2006	Actuarial (Gain)/Loss	3,418,000	1,340,000	3	482,000
	June 30, 2006	Assumption Change	42,167,000	16,564,000	3	5,954,000
	June 30, 2007	Actuarial (Gain)/Loss	(37,489,000)	(18,510,000)	4	(5,083,000)
	June 30, 2008	Actuarial (Gain)/Loss	(22,443,000)	(13,055,000)	5	(2,922,000)
	June 30, 2009	Actuarial (Gain)/Loss	78,157,000	51,470,000	6	9,777,000
	June 30, 2009	Assumption Change	49,982,000	32,920,000	6	6,253,000
	June 30, 2010	Actuarial (Gain)/Loss	108,448,000	78,578,000	7	13,029,000
	June 30, 2011	Actuarial (Gain)/Loss	8,879,000	6,943,000	8	1,026,000
	June 30, 2012	Actuarial (Gain)/Loss	(7,501,000)	(6,203,000)	9	(829,000)
	June 30, 2012	Demographic Assumption Change	55,513,000	53,503,000	14	5,022,000
	June 30, 2012	Economic Assumption Change	51,887,000	49,988,000	14	4,692,000
	June 30, 2013	Actuarial (Gain)/Loss	7,588,000	6,618,000	10	811,000
	June 30, 2014	Actuarial (Gain)/Loss	(54,478,000)	(49,336,000)	11	(5,593,000)
	June 30, 2015	Actuarial (Gain)/Loss	(55,657,000)	(52,012,000)	12	(5,501,000)
	June 30, 2015	Assumption Change	119,953,000	118,871,000	17	9,674,000
	June 30, 2016	Actuarial (Gain)/Loss	(17,062,000)	(16,396,000)	13	(1,629,000)
	June 30, 2017	Actuarial (Gain)/Loss	(9,288,000)	(9,123,000)	14	(856,000)
	June 30, 2018	Actuarial (Gain)/Loss	(29,088,000)	(29,088,000)	15	(2,593,000)
	June 30, 2018	Assumption Change	33,306,000	33,306,000	20	2,423,000
				$292,703,000		$69,152,000

[1] *As of middle of year.*

Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT I (continued)

Table of Amortization Bases

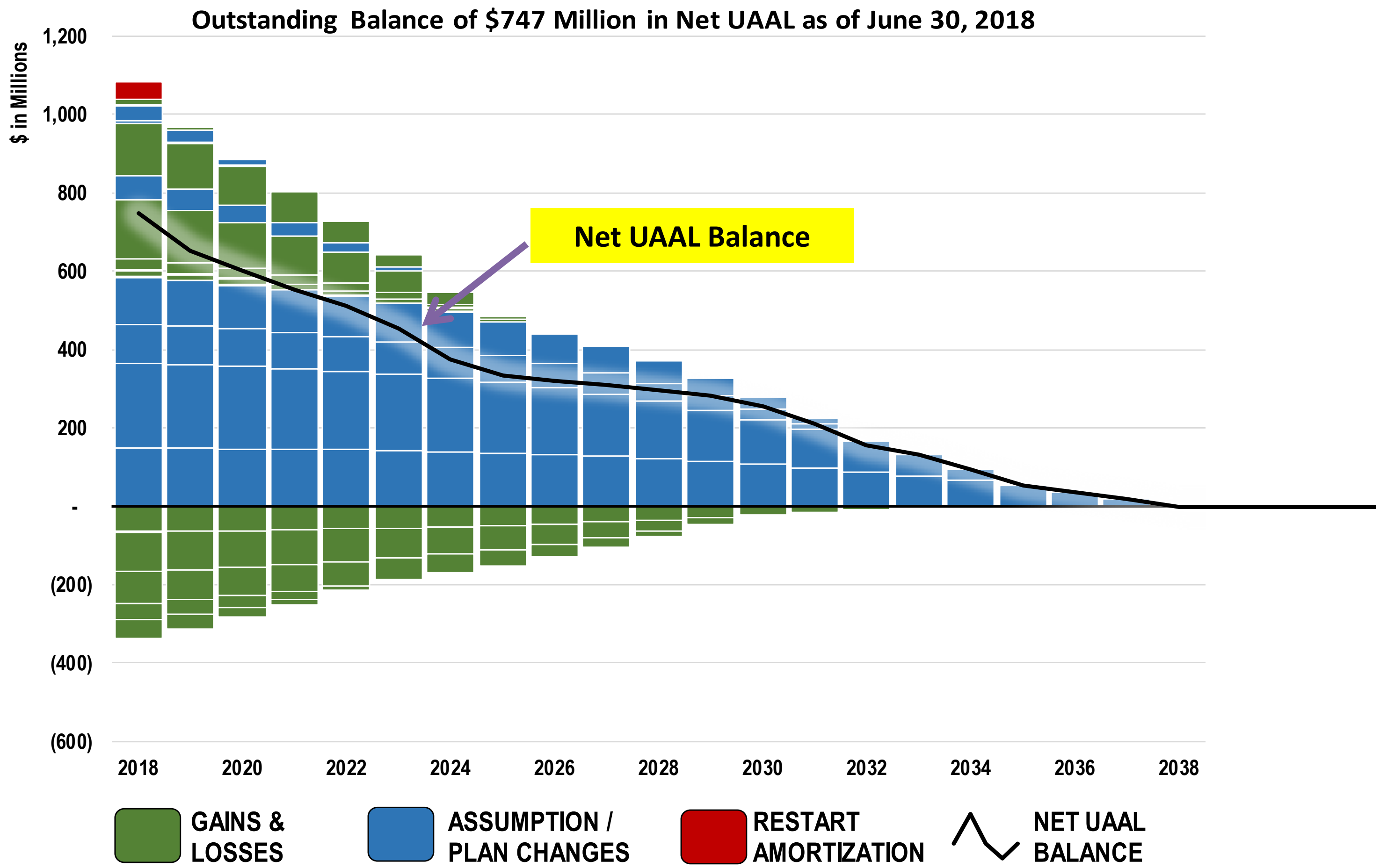
	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment[1]
Total VCERA	June 30, 2004	Restart of Amortization	$323,444,000	$47,679,000	1	$49,519,000
	June 30, 2005	Actuarial (Gain)/Loss	48,849,000	13,583,000	2	7,188,000
	June 30, 2006	Actuarial (Gain)/Loss	1,358,000	532,000	3	192,000
	June 30, 2006	Assumption Change	102,790,000	40,379,000	3	14,514,000
	June 30, 2006	Plan Provision Change	14,731,000	5,784,000	3	2,079,000
	June 30, 2007	Actuarial (Gain)/Loss	(96,898,000)	(47,846,000)	4	(13,139,000)
	June 30, 2008	Actuarial (Gain)/Loss	(75,365,000)	(43,854,000)	5	(9,814,000)
	June 30, 2009	Actuarial (Gain)/Loss	204,600,000	134,738,000	6	25,594,000
	June 30, 2009	Assumption Change	91,252,000	60,086,000	6	11,413,000
	June 30, 2010	Actuarial (Gain)/Loss	206,081,000	149,305,000	7	24,756,000
	June 30, 2011	Actuarial (Gain)/Loss	38,155,000	29,795,000	8	4,402,000
	June 30, 2012	Actuarial (Gain)/Loss	4,258,000	3,534,000	9	473,000
	June 30, 2012	Demographic Assumption Change	123,037,000	118,564,000	14	11,129,000
	June 30, 2012	Economic Assumption Change	104,278,000	100,484,000	14	9,432,000
	June 30, 2013	Actuarial (Gain)/Loss	15,435,000	13,430,000	10	1,645,000
	June 30, 2014	Actuarial (Gain)/Loss	(87,484,000)	(79,231,000)	11	(8,981,000)
	June 30, 2015	Actuarial (Gain)/Loss	(109,606,000)	(102,440,000)	12	(10,834,000)
	June 30, 2015	Assumption Change	218,002,000	216,034,000	17	17,581,000
	June 30, 2016	Actuarial (Gain)/Loss	(453,000)	(438,000)	13	(44,000)
	June 30, 2017	Actuarial (Gain)/Loss	2,730,000	2,688,000	14	253,000
	June 30, 2018	Actuarial (Gain)/Loss	(64,335,000)	(64,335,000)	15	(5,735,000)
	June 30, 2018	Assumption Change	148,510,000	148,510,000	20	10,804,000
				$746,981,000		$142,427,000

[1] *As of middle of year.*

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT J

Projection of UAAL Balances and Payments

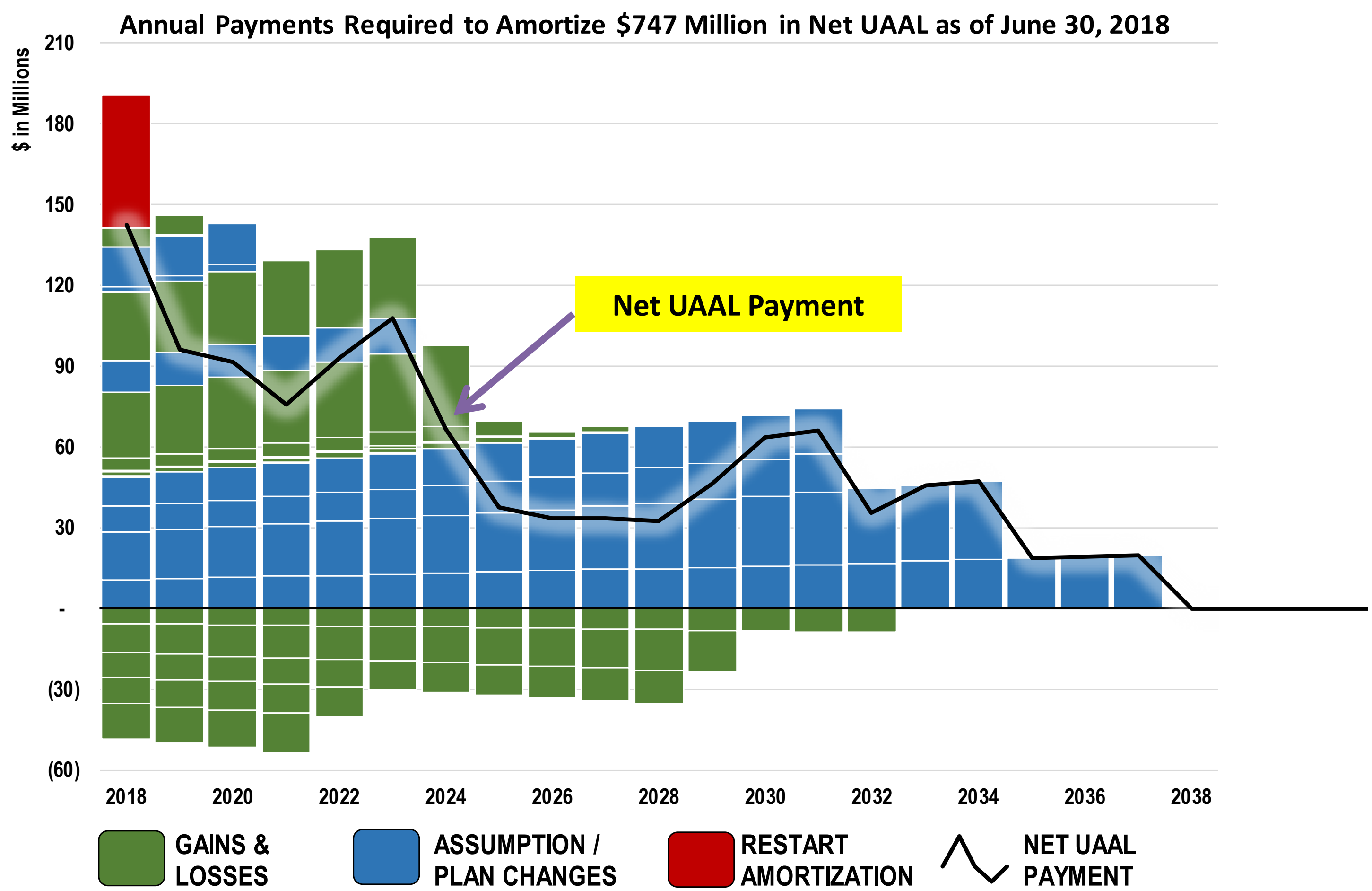


Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT J (continued)

Projection of UAAL Balances and Payments



Segal Consulting

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT K

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $220,000 for 2018. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. Limits are also affected by the "grandfather" election under Section 415(b)(10).

For non-PEPRA members, benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

EXHIBIT L

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of members and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age; and

(d) Turnover rates — the rates at which members of various years of service are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the determined cost allocated to the current year of service, as a level % of payroll over the members' career.

Actuarial Accrued Liability for Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability for Pensioners: The single sum value of lifetime benefits to benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded/(Overfunded) Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There are many approaches to paying off the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded/ (Overfunded) Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market gains and losses to avoid significant swings in the value of assets from one year to the next.

Payroll or Compensation: Compensation Earnable and Pensionable Compensation expected to be paid to active members during the twelve months following the valuation date. Only Compensation Earnable and Pensionable Compensation that would possibly go into the determination of retirement benefits are included.

EXHIBIT I
Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:			
1.	Retired members as of the valuation date (including 985 beneficiaries in pay status)		7,038
2.	Members inactive during year ended June 30, 2018 with vested rights[1]		2,909
3.	Members active during the year ended June 30, 2018		8,611
The actuarial factors as of the valuation date are as follows (amounts in 000s):			
1.	Normal cost		$150,769
2.	Present value of future benefits		7,360,652
3.	Present value of future normal costs (employer and member)		1,230,894
4.	Actuarial accrued liability[2]		6,129,758
	Retired members and beneficiaries	$3,476,620	
	Inactive members with vested rights[1]	171,131	
	Active members	2,482,007	
5.	Valuation value of assets[2] ($5,396,463 at market value as reported by VCERA)		5,382,777
6.	Unfunded actuarial accrued liability		$746,981

[1] *Includes terminated members with member contributions on deposit.*

[2] *Excludes liabilities and assets held for supplemental medical benefit reserve and statutory contingency reserve.*

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT I (continued)
Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows	Dollar Amount (in 000s)	% of Payroll
1. Total normal cost	$150,769	19.82%
2. Expected employee contributions	(76,429)	(10.05%)
3. Employer normal cost: (1) + (2)	$74,340	9.77%
4. Amortization of unfunded actuarial accrued liability	142,410	18.72%
5. Total recommended average employer contribution: (3) + (4)	$216,750	28.49%
6. Projected compensation	$760,815	

EXHIBIT II

Actuarial Assumptions and Methods

Rationale for Assumptions: The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2014 through June 30, 2017 Actuarial Experience Study report dated May 24, 2018. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both PEPRA and Non-PEPRA members.

Economic Assumptions

Net Investment Return: 7.25%, net of investment and administrative expenses.

Member Contribution Crediting Rate: 2.75% (actual increase is based on projected long term ten-year Treasury rate).

Consumer Price Index: Increase of 2.75% per year; retiree COLA increases due to CPI are subject to a 3.00% maximum change 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, SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March 2003.

Payroll Growth: Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year.

Increase in the Internal Revenue Code Section 401(a)(17) Compensation Limit: Increase of 2.75% per year from the valuation date.

Increase in Section 7522.10 Compensation Limit: Increase of 2.75% per year from the valuation date.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Individual Salary Increases:

Annual Rate of Compensation Increase (%)

Inflation: 2.75% per year; plus "across the board" real salary increases of 0.50% per year; plus the following promotional and merit increases:

Years of Service	General	Safety
Less than 1	7.00	8.50
1	5.25	6.50
2	4.00	5.00
3	3.50	4.25
4	2.75	3.75
5	2.25	3.50
6	2.00	2.50
7	1.75	1.50
8	1.50	1.25
9	1.25	1.00
10	1.00	0.95
11	0.95	0.90
12	0.90	0.85
13	0.85	0.80
14	0.80	0.70
15	0.75	0.70
16	0.70	0.70
17	0.65	0.70
18	0.60	0.70
19	0.55	0.70
20 and Over	0.50	0.70

Demographic Assumptions

Mortality Rates:

Healthy:	For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) times 90% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2017
	For Safety Members**:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) times 75% for males and 85% for females, projected generationally with the two-dimensional mortality improvement scale MP-2017
Disabled:	For General Members: Headcount-Weighted RP-2014 Disabled Retiree Mortality Table (separate tables for males and females) times 85% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2017
	For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) times 100% for males and 115% for females, projected generationally with the two-dimensional mortality improvement scale MP-2017
Beneficiaries:	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement
Pre-Retirement:	For General and Safety Members: Headcount-Weighted RP-2014 Employee Mortality Table (separate tables for males and females) times 80%, projected generationally with the two-dimensional scale MP-2017

The RP-2014 mortality tables and adjustments as shown above reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Member Contribution Rates:

For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) times 90% for males and 100% for females, projected 20 years with the two-dimensional mortality improvement scale MP-2017, weighted one-third male and two-thirds female

For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) times 75% for males and 85% for females, projected 20 years with the two-dimensional mortality improvement scale MP-2017, weighted 80% male and 20% female

Termination Rates Before Retirement:

	Rate (%)	
	Mortality	
Age	**Male**	**Female**
25	0.05	0.02
30	0.05	0.02
35	0.05	0.03
40	0.06	0.04
45	0.10	0.07
50	0.17	0.11
55	0.27	0.17
60	0.45	0.24
65	0.78	0.36
70	1.27	0.59

Note that generational projections beyond the base year (2014) are not reflected in the above mortality rates. All pre-retirement deaths are assumed to be non-service connected related.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Termination Rates Before Retirement (continued):

	Rate (%)	
	Disability	
Age	General[1]	Safety[2]
20	0.01	0.05
25	0.02	0.11
30	0.03	0.24
35	0.06	0.36
40	0.11	0.52
45	0.17	0.84
50	0.23	1.30
55	0.31	2.76
60	0.41	5.64
65	0.54	2.80
70	0.69	0.00

(1) 25% of General disabilities are assumed to be service connected disabilities and the other 75% are assumed to be non-service connected disabilities.

(2) 90% of Safety disabilities are assumed to be service connected disabilities and the other 10% are assumed to be non-service connected disabilities.

Termination Rates Before Retirement (continued):

	Rate (%)	
	Withdrawal[1]	
Years of Service	General	Safety
Less than 1	14.00	11.00
1	10.00	6.00
2	8.25	5.75
3	7.25	4.50
4	6.00	4.25
5	5.00	3.00
6	4.00	2.50
7	3.50	2.25
8	3.50	1.80
9	3.25	1.60
10	3.25	1.40
11	3.00	1.20
12	3.00	1.00
13	2.75	0.95
14	2.75	0.90
15	2.50	0.85
16	2.50	0.80
17	2.25	0.75
18	2.00	0.70
19	2.00	0.65
20 or more	2.00	0.60

[1] The greater of a refund of member contributions and a deferred annuity is valued when a member withdraws.

No withdrawal is assumed after a member is first assumed to retire.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Retirement Rates:

	Rate (%)			
	General Tier 1 and 2		Safety Non-PEPRA	
Age	Less than 30 Years of Service	30 or More Years of Service	Less than 30 Years of Service	30 or More Years of Service
Under 50	0.00	50.00	1.00	1.00
50	2.00	2.00	2.00	2.00
51	2.00	2.00	2.25	2.25
52	2.50	2.50	2.50	2.50
53	3.00	3.00	3.50	3.50
54	3.25	3.25	13.00	13.00
55	4.75	4.75	20.00	30.00
56	5.00	5.00	20.00	30.00
57	5.50	5.50	18.00	27.00
58	7.00	7.00	22.00	33.00
59	7.50	7.50	22.00	33.00
60	10.50	15.75	25.00	37.50
61	14.00	21.00	28.00	42.00
62	25.00	37.50	35.00	45.00
63	20.00	30.00	35.00	45.00
64	20.00	30.00	35.00	45.00
65	28.00	42.00	100.00	100.00
66	35.00	52.50	100.00	100.00
67	30.00	45.00	100.00	100.00
68	30.00	45.00	100.00	100.00
69	22.50	22.50	100.00	100.00
70	22.50	22.50	100.00	100.00
71	20.00	20.00	100.00	100.00
72	20.00	20.00	100.00	100.00
73	20.00	20.00	100.00	100.00
74	20.00	20.00	100.00	100.00
75	100.00	100.00	100.00	100.00

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Retirement Rates (continued):

	Rate (%)	
Age	General PEPRA Tier 1 and 2	Safety PEPRA
50	0.00	4.00
51	0.00	2.25
52	1.50	3.50
53	1.50	5.50
54	2.00	13.00
55	4.00	20.00
56	4.50	20.00
57	5.00	18.00
58	5.50	18.00
59	6.00	25.00
60	9.00	25.00
61	11.00	25.00
62	22.50	40.00
63	20.00	40.00
64	18.00	40.00
65	20.00	100.00
66	30.00	100.00
67	30.00	100.00
68	25.00	100.00
69	35.00	100.00
70	50.00	100.00
71	50.00	100.00
72	50.00	100.00
73	50.00	100.00
74	50.00	100.00
75	100.00	100.00

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Retirement Age and Benefit for Deferred Vested Members:	For current and future deferred vested members, retirement age assumptions are as follows: General Age: 59 Safety Age: 53 We assume that 45% and 60% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 3.75% and 3.95% compensation increases per annum for General and Safety deferred vested members, respectively.
Future Benefit Accruals:	1.0 year of service per year.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	All active members of VCERA as of the valuation date.
Form of Payment:	All members are assumed to elect the unmodified option at retirement.
Percent Married:	70% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.
Age of Spouse:	Male retirees are 3 years older than their spouses, and female retirees are 2 years younger than their spouses.

In-Service Redemptions:

Non-PEPRA Formulas

The following assumptions for in-service redemptions pay as a percentage of final average compensation are used:

General Tier 1	7.50%
General Tier 2	3.50%
Safety	7.00%

For determining the cost of the basic benefit (i.e., non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates.

PEPRA Formulas

None

Average Entry Age for Member Contribution Rates:

For non-PEPRA members hired after November 1974 who are not contributing fifty percent of Normal Cost, they will pay a contribution corresponding to a General and Safety member hired at entry age 35 and 27, respectively.

Actuarial Methods

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas for each individual have always been in effect (i.e., "replacement life within each tier").

Actuarial Value of Assets: 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.

Valuation Value of Assets: Actuarial Value of Assets, reduced by the value of the supplemental medical benefit reserve and statutory contingency reserve.

Amortization Policy: The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of June 30, 2011 shall continue to be amortized over separate 15-year period amortization layers based on the valuations during which each separate layer was previously established.

Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 15 years.

Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.

Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:

i) with the exception noted in ii., below, the increase in UAAL as a result of any plan amendments will be amortized over a period of 15 years;

ii) the increase in UAAL resulting from a temporary retirement incentive, including the impact of benefits resulting from additional service permitted in Section 31641.04 of the 1937 CERL (Golden Handshake), will be funded over a period of up to 5 years.

The UAAL will be amortized over "closed" amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

The UAAL will be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.

If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an "open" amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL, will be amortized over 15 years as the first of a new series of amortization layers.

These amortization policy components will apply separately to each of VCERA's UAAL cost groups.

Basic UAAL contribution rates have been calculated on a combined basis for all General Tiers. COLA UAAL contribution rates have been calculated on a combined basis for all General Tiers that have a COLA.

Changes in Actuarial Assumptions and Methods: Based on the Actuarial Experience Study, the following assumptions were changed. Previously, these assumptions were as follows:

Economic Assumptions

Net Investment Return: 7.50%, net of investment and administration expenses.

Member Contribution Crediting Rate: 3.00% (actual increase is based on projected long term ten-year Treasury rate).

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Consumer Price Index:	Increase of 3.00% per year; retiree COLA increases due to CPI are subject to a 3.00% maximum change 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, SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March 2003.
Payroll Growth:	Inflation of 3.00% per year plus "across the board" real salary increases of 0.50% per year.
Increase in the Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 3.00% per year from the valuation date.
Increase in Section 7522.10 Compensation Limit:	Increase of 3.00% per year from the valuation date.

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Individual Salary Increases:

Annual Rate of Compensation Increase (%)

Inflation: 3.00% per year; plus "across the board" real salary increases of 0.50% per year; plus the following promotional and merit increases:

Years of Service	General	Safety
Less than 1	6.00	8.00
1	4.25	6.25
2	3.25	4.75
3	2.75	4.00
4	2.25	3.25
5	1.75	3.00
6	1.25	2.25
7	1.00	1.50
8	0.75	1.25
9	0.50	1.00
10	0.50	0.75
11	0.50	0.75
12	0.50	0.75
13	0.50	0.75
14	0.50	0.75
15	0.50	0.75
16	0.50	0.50
17	0.50	0.50
18	0.50	0.50
19	0.50	0.50
20 and Over	0.50	0.50

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Demographic Assumptions

Mortality Rates:

Healthy:	For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set back one year for males and set forward one year for females.
	For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set back three years.
Disabled:	For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set forward six years for males and eight years for females.
	For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set forward two years.
Beneficiaries:	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement.

The above mortality tables contain about a 10% margin, based on actual to expected deaths, as a provision appropriate to reasonably anticipate future mortality improvement, based on a review of mortality experience as of the measurement date.

Member Contribution Rates:	For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set back one year for males and set forward one year for females weighted one-third male and two-thirds female.
	For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set back three years weighted 80% male and 20% female.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Termination Rates Before Retirement:

	Rate (%)			
	Mortality			
	General		Safety	
Age	Male	Female	Male	Female
25	0.03	0.02	0.03	0.02
30	0.04	0.03	0.03	0.02
35	0.06	0.05	0.05	0.03
40	0.09	0.07	0.08	0.05
45	0.13	0.11	0.11	0.08
50	0.18	0.17	0.16	0.12
55	0.29	0.25	0.24	0.18
60	0.48	0.39	0.41	0.27
65	0.77	0.72	0.64	0.44

All pre-retirement deaths are assumed to be non-duty related.

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Termination Rates Before Retirement (continued):

	Rate (%)	
	Disability	
Age	**General[1]**	**Safety[2]**
25	0.02	0.11
30	0.04	0.24
35	0.08	0.36
40	0.13	0.58
45	0.21	0.88
50	0.31	1.48
55	0.41	2.88
60	0.54	5.04
65	0.69	0.00
70	0.90	0.00

(1) 35% of General disabilities are assumed to be duty disabilities and the other 65% are assumed to be ordinary disabilities.

(2) 90% of Safety disabilities are assumed to be duty disabilities and the other 10% are assumed to be ordinary disabilities.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Termination Rates Before Retirement (continued):

	Rate (%)	
	Withdrawal[1]	
Years of Service	**General**	**Safety**
Less than 1	14.00	10.00
1	10.00	6.00
2	8.00	5.50
3	7.00	5.00
4	6.00	4.00
5	4.00	2.75
6	3.75	2.50
7	3.50	2.00
8	3.50	1.80
9	3.25	1.60
10	3.25	1.40
11	3.00	1.20
12	3.00	1.00
13	2.75	0.95
14	2.75	0.90
15	2.50	0.85
16	2.50	0.80
17	2.25	0.75
18	2.00	0.70
19	2.00	0.65
20 or more	2.00	0.60

(1) The greater of a refund of member contributions and a deferred annuity is valued when a member withdraws.

No withdrawal is assumed after a member is first assumed to retire.

Segal Consulting

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Retirement Rates (%):

Age	General Tier 1 and 2	PEPRA General Tier 1 and 2	Safety	Safety PEPRA
40	0.00	0.00	1.00	0.00
41	0.00	0.00	1.00	0.00
42	0.00	0.00	1.00	0.00
43	0.00	0.00	1.00	0.00
44	0.00	0.00	1.00	0.00
45	0.00	0.00	1.00	0.00
46	0.00	0.00	1.00	0.00
47	0.00	0.00	1.00	0.00
48	0.00	0.00	1.00	0.00
49	0.00	0.00	1.50	0.00
50	2.50	0.00	2.50	5.00
51	2.50	0.00	2.00	2.00
52	3.00	2.00	3.00	4.00
53	3.50	2.00	4.00	6.00
54	4.00	2.50	17.00	16.00
55	4.50	4.00	22.00	20.00
56	5.00	4.50	22.00	20.00
57	6.00	5.00	20.00	18.00
58	8.00	6.00	19.00	18.00
59	8.00	7.00	22.00	25.00
60	12.00	9.00	22.00	25.00
61	15.00	11.00	25.00	25.00
62	22.00	20.00	35.00	40.00
63	20.00	20.00	40.00	40.00
64	22.00	18.00	40.00	40.00
65	30.00	20.00	100.00	100.00
66	35.00	30.00	100.00	100.00
67	35.00	30.00	100.00	100.00
68	35.00	30.00	100.00	100.00
69	20.00	30.00	100.00	100.00
70	20.00	50.00	100.00	100.00
71	20.00	50.00	100.00	100.00
72	20.00	50.00	100.00	100.00
73	20.00	50.00	100.00	100.00
74	30.00	50.00	100.00	100.00
75	100.00	100.00	100.00	100.00

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods (previous assumptions continued):

Retirement Age and Benefit for Deferred Vested Members:

For current and future deferred vested members, retirement age assumptions are as follows:

General Age:	59
Safety Age:	54

We assume that 50% and 60% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 4.00% compensation increases per annum.

Age of Spouse:

Female (or male) spouses are 3 years younger (or older) than their spouses.

In-Service Redemptions:

Non-PEPRA Formulas

The following assumptions for in-service redemptions pay as a percentage of final average compensation are used:

General Tier 1	7.50%
General Tier 2	3.50%
Safety	7.25%

For determining the cost of the basic benefit (i.e., non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates.

PEPRA Formulas

None

Actuarial Methods

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas for each individual have always been in effect (i.e., "replacement life within each tier").

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT III

Summary of Plan Provisions

This exhibit summarizes the major provisions of the VCERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:	All regular employees of the County of Ventura or contracting district, scheduled to work 64 or more hours biweekly, are eligible to become a member of the Retirement Association subject to classification below:
General Tier 1	All General members with membership dates before June 30, 1979, plus Deputy Sheriff trainees and certain executive management with membership dates before January 1, 2013.
General Tier 2	All General members with membership dates on or after June 30, 1979 and before January 1, 2013, except as noted above for General Tier 1.
Safety	All Safety members with membership dates before January 1, 2013.
General PEPRA Tier 1	Deputy Sheriff trainees with membership dates on or after January 1, 2013 and before April 17, 2014.
General PEPRA Tier 2	All General members with membership dates on or after January 1, 2013, except as noted above for General PEPRA Tier 1.
Safety PEPRA	All Safety members with membership dates on or after January 1, 2013.
Final Compensation for Benefit Determination:	
General Tier 1 and Safety	Highest consecutive twelve months of compensation earnable (§31462.1)(FAC1).
General Tier 2	Highest consecutive thirty-six months of compensation earnable (§31462)(FAC3).
General PEPRA Tier 1, General PEPRA Tier 2 and Safety PEPRA	Highest consecutive thirty-six months of pensionable compensation (§7522.32) (FAS3).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Compensation Limit:	
General Tier 1, General Tier 2 and Safety	For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit as of July 1, 2018 is $275,000. The limit is indexed for inflation on an annual basis.
General PEPRA Tier 1, General PEPRA Tier 2 and Safety PEPRA	Pensionable Compensation is limited to $121,388 for 2018 ($145,666, if not enrolled in Social Security). The limit is indexed for inflation on an annual basis.
Service:	Years of service. (Yrs)
Service Retirement Eligibility:	
General	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
Safety	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).
General PEPRA	Age 52 with 5 years of service (§7522.20(a)) or age 70 regardless of service (§31672.3).
Safety PEPRA	Age 50 with 5 years of service (§7522.25(d)) or age 70 regardless of service (§31672.3).

Benefit Formula:

	Retirement Age	Benefit Formula
General Tier 1 (§31676.11)	50	(1.24%xFAC1 – 1/3x1.24%x$350x12)xYrs
	55	(1.67%xFAC1 – 1/3x1.67%x$350x12)xYrs
	60	(2.18%xFAC1 – 1/3x2.18%x$350x12)xYrs
	62	(2.35%xFAC1 – 1/3x2.35%x$350x12)xYrs
	65 or later	(2.61%xFAC1 – 1/3x2.61%x$350x12)xYrs

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

	Retirement Age	Benefit Formula
General Tier 2 (§31676.1)	50	(1.18%xFAC3 – 1/3x1.18%x$350x12)xYrs
	55	(1.49%xFAC3 – 1/3x1.49%x$350x12)xYrs
	60	(1.92%xFAC3 – 1/3x1.92%x$350x12)xYrs
	62	(2.09%xFAC3 – 1/3x2.09%x$350x12)xYrs
	65 or later	(2.43%xFAC3 – 1/3x2.43%x$350x12)xYrs

	Retirement Age	Benefit Formula
General PEPRA Tier 1 and General PEPRA Tier 2 (§7522.20(a))	52	(1.00%xFAS3 x Yrs)
	55	(1.30%xFAS3 x Yrs)
	60	(1.80%xFAS3 x Yrs)
	62	(2.00%xFAS3 x Yrs)
	65	(2.30%xFAS3 x Yrs)
	67 or later	(2.50%xFAS3 x Yrs)

	Retirement Age	Benefit Formula
Safety (Non-Integrated) (§31664)	50	(2.00%xFAC1xYrs)
	55	(2.62%xFAC1xYrs)
	60 or later	(2.62%xFAC1xYrs)

	Retirement Age	Benefit Formula
Safety PEPRA (§7522.25(d))	50	(2.00%xFAS3xYrs)
	55	(2.50%xFAS3xYrs)
	57 or later	(2.70%xFAS3xYrs)

Maximum Benefit:

General Tier 1, General Tier 2 and Safety	100% of Highest Average Compensation (§31676.1, §31676.11, §31664)
General PEPRA Tier 1, General PEPRA Tier 2 and Safety PEPRA	None

Ordinary Disability:

General Tier 1, General Tier 2, General PEPRA Tier 1 and General PEPRA Tier 2

Eligibility	Five years of service (§31720).
Benefit Formula	1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but total benefit cannot be more than one-third of Final Compensation (§31727).

Safety and Safety PEPRA

Eligibility	Five years of service (§31720).
Benefit Formula	1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but total benefit cannot be more than one-third of Final Compensation (§31727.2).

Line-of-Duty Disability:

All Members

Eligibility	No age or service requirements (§31720).
Benefit Formula	50% of the Final Compensation or 100% of Service Retirement benefit, if larger (§31727.4).

Pre-Retirement Death:

All Members

Less than Five Years of Service	Refund of employee contributions with interest, plus one month's compensation for each year of service to a maximum of six month's compensation (§31781). 50% of Final Compensation or 100% of Service Retirement benefit, if larger, payable to spouse if Line-of-Duty death (§31787).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

	An additional lump sum benefit of one-year of compensation is paid if Line-of-Duty death for Safety member (§31787.6).
	OR
Five or More Years of Service	60% of the greater of Service Retirement or Ordinary Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above.
	An additional lump sum benefit of one-year of compensation is paid if Line-of-Duty death for Safety member (§31787.6).
Death After Retirement:	
All Members	
Service Retirement or Ordinary Disability Retirement	60% of member's unmodified allowance continued to eligible spouse (§31760.1). In addition, there is a $5,000 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was 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 (§31760.2, §31785.1).
Line-of-Duty Disability	100% of member's allowance continued to eligible spouse (§31786). In addition, there is a $5,000 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was 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 (§31786.1).
Withdrawal Benefits:	
Less than Five Years of Service	Refund of accumulated employee contributions with interest (§31628) or entitled to earned benefits commencing at anytime after eligible to retire (§31629.5).
Five or More Years of Service	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).
Post-retirement	
Cost-of-Living Benefits:	
General Tier 1, Safety, General PEPRA Tier 1 and Safety PEPRA	Future changes based on Consumer Price Index to a maximum of 3% per year, excess "banked" (§31870.1).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

General Tier 2 and General PEPRA Tier 2	SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March, 2003. This benefit has been valued consistent with the methodologies described in our October 9, 2006 report entitled "Funding Policies and Procedures for General Tier II COLA Benefit".
Supplemental Benefit:	A supplemental benefit in the amount of $108.44 per month is paid to retirees and their survivors.
Member Contributions:	Please refer to Appendix A for the specific rates.
General Tier 1 and Safety	Provide for 50% of total Normal Cost.
General Tier 2	Provide for 50% of total basic Normal Cost. In addition, for General Tier 2 with COLA members, the current member COLA contribution rate of 2.63% of compensation has been reflected.
General PEPRA Tier 2	Provide for 50% of total basic Normal Cost. In addition, for General Tier 2 with COLA members, the current member COLA contribution rate of 2.63% of compensation has been reflected.
Safety PEPRA	Provide for 50% of total Normal Cost.
Other Information:	For Non-PEPRA members hired after November 1974, they will pay a contribution corresponding to a General and Safety member hired at entry age 35 and 27, respectively. Safety Non-PEPRA members with 30 or more years of service are exempt from paying member contributions. The same applies for Non-General PEPRA members hired on or before March 7, 1973.
Plan Provisions Not Valued:	The Board of Retirement has approved a Supplemental Medical Benefit. This benefit is funded from Undistributed Excess Earnings, paid from a reserve that is not included in the Valuation Value of Assets and is subject at all times to the availability of funds. The Supplemental Medical Benefit is $27.50 per month and is payable to virtually all retirees and beneficiaries.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Plan Changes:	There have been no changes in plan provisions since the previous actuarial valuation.

NOTE: *The summary of major plan provisions is designed to outline principle plan benefits as interpreted for purposes of the actuarial valuation. If the Association should find the plan summary not in accordance with the actual provisions, the Association should alert Segal, to ensure the proper provisions are valued.*

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix A

Member Contribution Rates Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers

	Basic		COLA		Total	
	First $350	Over $350	First $350	Over $350	First $350	Over $350
General Tier 1	5.22%	7.83%	1.67%	2.50%	6.89%	10.33%
General Tier 2 without COLA	5.05%	7.57%	0.00%	0.00%	5.05%	7.57%
General Tier 2 COLA	5.05%	7.57%	2.63%[1]	2.63%[1]	7.68%	10.20%
Safety	10.96%	10.96%	4.29%	4.29%	15.25%	15.25%

[1] *General Tier 2 members with COLA are required to pay COLA contributions of 2.63% of compensation based on current bargaining agreements.*

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix B

Member Contribution Rates for PEPRA Members

	Basic	COLA	Total
General Tier 2 without COLA	7.50%	0.00%	7.50%
General Tier 2 with COLA	7.50%	2.63%[(1)]	10.13%
Safety	10.34%	4.08%	14.42%

The PEPRA member contribution rate is 50% of the Normal Cost.

[(1)] *General Tier 2 members with COLA are required to pay COLA contributions of 2.63% of compensation based on current bargaining agreements.*

Note: It is our understanding that in the determination of pension benefits under the PEPRA tier formulas, the compensation that can be taken into account for 2018 is $121,388. (For an employer that is not enrolled in Social Security, the maximum amount is $145,666) (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2018 (reference Section 7522.10(d)).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix C

Employer Contribution Rates (Dollar Amounts in Thousands) Without 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Current Valuation with Combined General UAAL Rates

	June 30, 2018 Actuarial Valuation					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount(1)	Rate	Estimated Annual Amount(1)	Rate	Estimated Annual Amount(1)
Normal Cost	8.31%	$482	2.49%	$145	10.80%	$627
UAAL(2)	9.59%	557	5.66%	328	15.25%	885
Total Contribution	17.90%	$1,039	8.15%	$473	26.05%	$1,512
General Tier 2 Members w/o COLA						
Normal Cost	8.81%	$18,635	0.00%	$0	8.81%	$18,635
UAAL(2)	9.59%	20,296	0.00%	0	9.59%	20,296
Total Contribution	18.40%	$38,931	0.00%	$0	18.40%	$38,931
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	7.50%	$4,501	0.00%	$0	7.50%	$4,501
UAAL(2)	9.59%	5,755	0.00%	0	9.59%	5,755
Total Contribution	17.09%	$10,256	0.00%	$0	17.09%	$10,256
General Tier 2 Members w/COLA						
Normal Cost(3)	8.81%	$18,516	0.43%	$903	9.24%	$19,419
UAAL(2)(4)	9.59%	20,165	5.66%	11,894	15.25%	32,059
Total Contribution	18.40%	$38,681	6.09%	$12,797	24.49%	$51,478
General PEPRA Tier 2 Members w/COLA						
Normal Cost(3)	7.50%	$7,019	0.48%	$449	7.98%	$7,468
UAAL(2)(4)	9.59%	8,973	5.66%	5,299	15.25%	14,272
Total Contribution	17.09%	$15,992	6.14%	$5,748	23.23%	$21,740
All General Members(5)						
Normal Cost	8.46%	$49,153	0.26%	$1,497	8.72%	$50,650
UAAL	9.59%	55,746	3.02%	17,521	12.61%	73,267
Total Contribution	18.05%	$104,899	3.28%	$19,018	21.33%	$123,917

Applicable footnotes are shown on next page.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix C (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) Without 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Current Valuation with Combined General UAAL Rates

	June 30, 2018 Actuarial Valuation					
	BASIC		COLA		TOTAL	
Safety Members	Rate	Estimated Annual Amount(1)	Rate	Estimated Annual Amount(1)	Rate	Estimated Annual Amount(1)
Normal Cost	13.87%	$21,167	4.16%	$6,349	18.03%	$27,516
UAAL	55.68%	84,974	(17.21%)	(26,265)	38.47%	58,709
Total Contribution	69.55%	$106,141	(13.05%)	$(19,916)	56.50%	$86,225
Safety PEPRA Members						
Normal Cost	10.34%	$2,805	4.08%	$1,106	14.42%	$3,911
UAAL	55.68%	15,102	(17.21%)	(4,668)	38.47%	10,434
Total Contribution	66.02%	$17,907	(13.13%)	$(3,562)	52.89%	$14,345
All Safety Members(5)						
Normal Cost	13.34%	$23,972	4.15%	$7,455	17.49%	$31,427
UAAL	55.68%	100,076	(17.21%)	(30,933)	38.47%	69,143
Total Contribution	69.02%	$124,048	(13.06%)	$(23,478)	55.96%	$100,570
All Categories Combined(5)						
Normal Cost	9.61%	$73,125	1.18%	$8,952	10.79%	$82,077
UAAL	20.48%	155,822	(1.76%)	(13,412)	18.72%	142,410
Total Contribution	30.09%	$228,947	(0.58%)	$(4,460)	29.51%	$224,487

(1) *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2018 annual payroll (also in thousands) shown below:*

General Tier 1	$5,803
General Tier 2	211,518
General PEPRA Tier 2	60,012
General Tier 2C	210,167
General PEPRA Tier 2C	93,581
Safety	152,611
Safety PEPRA	27,123
Total	$760,815

(2) *Basic UAAL rates have been calculated on a combined basis for all General Tiers. COLA UAAL rates have been calculated on a combined basis for all General Tiers that have a COLA (excludes General Tier 2 without COLA and General PEPRA Tier 2 without COLA).*

(3) *Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.*

(4) *Includes 0.66% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

(5) *These aggregated rates are provided for informational purposes only as we understand that the tier specific rates will be implemented.*

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix D

Member Contribution Rates Without 50/50 Sharing of Normal Cost for Non-PEPRA Tiers

General Tier 1 Members' Contribution Rates from the June 30, 2018 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	First $350	Over $350	First $350	Over $350	First $350	Over $350
15	3.37%	5.06%	1.15%	1.73%	4.52%	6.79%
16	3.37%	5.06%	1.15%	1.73%	4.52%	6.79%
17	3.44%	5.16%	1.17%	1.76%	4.61%	6.92%
18	3.51%	5.27%	1.20%	1.80%	4.71%	7.07%
19	3.59%	5.38%	1.22%	1.84%	4.81%	7.22%
20	3.66%	5.49%	1.25%	1.88%	4.91%	7.37%
21	3.74%	5.61%	1.28%	1.92%	5.02%	7.53%
22	3.81%	5.72%	1.31%	1.96%	5.12%	7.68%
23	3.89%	5.84%	1.34%	2.00%	5.23%	7.84%
24	3.97%	5.96%	1.36%	2.04%	5.33%	8.00%
25	4.06%	6.08%	1.38%	2.08%	5.44%	8.16%
26	4.14%	6.21%	1.41%	2.12%	5.55%	8.33%
27	4.22%	6.34%	1.45%	2.17%	5.67%	8.51%
28	4.31%	6.47%	1.48%	2.21%	5.79%	8.68%
29	4.40%	6.60%	1.51%	2.26%	5.91%	8.86%
30	4.49%	6.74%	1.54%	2.30%	6.03%	9.04%
31	4.59%	6.88%	1.56%	2.35%	6.15%	9.23%
32	4.68%	7.02%	1.60%	2.40%	6.28%	9.42%
33	4.78%	7.17%	1.63%	2.45%	6.41%	9.62%
34	4.88%	7.32%	1.67%	2.50%	6.55%	9.82%
35	4.98%	7.47%	1.70%	2.55%	6.68%	10.02%
36	5.08%	7.63%	1.74%	2.61%	6.82%	10.24%
37	5.19%	7.78%	1.77%	2.66%	6.96%	10.44%
38	5.29%	7.94%	1.81%	2.71%	7.10%	10.65%

General Tier 1 Members' Contribution Rates from the June 30, 2018 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	First $350	Over $350	First $350	Over $350	First $350	Over $350
39	5.40%	8.09%	1.84%	2.77%	7.24%	10.86%
40	5.50%	8.25%	1.88%	2.82%	7.38%	11.07%
41	5.61%	8.41%	1.91%	2.87%	7.52%	11.28%
42	5.72%	8.58%	1.95%	2.93%	7.67%	11.51%
43	5.83%	8.74%	1.99%	2.99%	7.82%	11.73%
44	5.94%	8.92%	2.04%	3.05%	7.98%	11.97%
45	6.05%	9.08%	2.07%	3.10%	8.12%	12.18%
46	6.16%	9.23%	2.10%	3.15%	8.26%	12.38%
47	6.25%	9.38%	2.13%	3.20%	8.38%	12.58%
48	6.34%	9.51%	2.17%	3.25%	8.51%	12.76%
49	6.43%	9.64%	2.19%	3.29%	8.62%	12.93%
50	6.50%	9.75%	2.22%	3.33%	8.72%	13.08%
51	6.54%	9.81%	2.23%	3.35%	8.77%	13.16%
52	6.57%	9.85%	2.24%	3.36%	8.81%	13.21%
53	6.54%	9.82%	2.24%	3.35%	8.78%	13.17%
54 & Over	6.46%	9.68%	2.20%	3.31%	8.66%	12.99%

Interest:	7.25%
COLA:	2.75%
COLA Loading:	34.17%
Salary Increase:	See Exhibit II, page 58.
Mortality:	See Exhibit II, page 60.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 35. These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

General Tier 2 Members' Contribution Rates from the June 30, 2018 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic Only			Basic Only	
Entry Age	**First $350**	**Over $350**	**Entry Age**	**First $350**	**Over $350**
16	2.78%	4.17%	38	4.37%	6.56%
17	2.84%	4.26%	39	4.46%	6.69%
18	2.90%	4.35%	40	4.55%	6.83%
19	2.96%	4.44%	41	4.64%	6.97%
20	3.02%	4.53%	42	4.74%	7.10%
21	3.08%	4.63%	43	4.83%	7.24%
22	3.15%	4.72%	44	4.92%	7.38%
23	3.21%	4.82%	45	5.02%	7.52%
24	3.28%	4.92%	46	5.11%	7.67%
25	3.35%	5.02%	47	5.21%	7.81%
26	3.42%	5.13%	48	5.30%	7.96%
27	3.49%	5.23%	49	5.40%	8.09%
28	3.56%	5.34%	50	5.48%	8.22%
29	3.64%	5.45%	51	5.56%	8.34%
30	3.71%	5.57%	52	5.64%	8.45%
31	3.79%	5.68%	53	5.70%	8.55%
32	3.87%	5.80%	54	5.75%	8.62%
33	3.95%	5.92%	55	5.77%	8.66%
34	4.03%	6.04%	56	5.77%	8.66%
35	4.11%	6.17%	57	5.73%	8.59%
36	4.20%	6.29%	58	5.92%	8.88%
37	4.28%	6.42%	59 & over	6.12%	9.19%

Interest: 7.25%

COLA: SEIU members contribute a negotiated 2.63% for a fixed 2% COLA pursuant to Government Code 31627.

Salary Increase: See Exhibit II, page 58.

Mortality: See Exhibit II, page 60.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 35. These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Safety Members' Contribution Rates from the June 30, 2018 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
15	7.24%	3.96%	11.20%
16	7.24%	3.96%	11.20%
17	7.38%	4.04%	11.42%
18	7.53%	4.12%	11.65%
19	7.67%	4.20%	11.87%
20	7.82%	4.28%	12.10%
21	7.97%	4.36%	12.33%
22	8.12%	4.44%	12.56%
23	8.28%	4.53%	12.81%
24	8.44%	4.62%	13.06%
25	8.60%	4.70%	13.30%
26	8.76%	4.79%	13.55%
27	8.93%	4.89%	13.82%
28	9.11%	4.98%	14.09%
29	9.29%	5.08%	14.37%
30	9.47%	5.18%	14.65%
31	9.66%	5.28%	14.94%
32	9.85%	5.39%	15.24%
33	10.05%	5.50%	15.55%
34	10.26%	5.61%	15.87%
35	10.48%	5.73%	16.21%
36	10.69%	5.85%	16.54%
37	10.91%	5.97%	16.88%
38	11.14%	6.10%	17.24%
39	11.38%	6.23%	17.61%
40	11.64%	6.37%	18.01%
41	11.89%	6.50%	18.39%
42	12.14%	6.64%	18.78%

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Safety Members' Contribution Rates from the June 30, 2018 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
43	12.30%	6.73%	19.03%
44	12.39%	6.78%	19.17%
45	12.46%	6.82%	19.28%
46	12.51%	6.84%	19.35%
47	12.51%	6.85%	19.36%
48	12.41%	6.79%	19.20%
49 & Over	12.16%	6.65%	18.81%

Interest: 7.25%

COLA: 2.75%

COLA Loading: 54.71%

Salary Increase: See Exhibit II, page 58.

Mortality: See Exhibit II, page 60.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 27.
These rates are determined before any pickups by the employers.

Appendix E

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Current Valuation Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) with Non-Combined General UAAL Rates

	June 30, 2018 Actuarial Valuation					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[2]	7.95%	$461	2.55%	$148	10.50%	$609
UAAL[3]	919.01%	53,330	228.66%	13,269	1147.67%	66,599
Total Contribution	926.96%	$53,791	231.21%	$13,417	1158.17%	$67,208
General Tier 2 Members w/o COLA						
Normal Cost	7.45%	$15,758	0.00%	$0	7.45%	$15,758
UAAL[3]	0.42%	888	0.00%	0	0.42%	888
Total Contribution	7.87%	$16,646	0.00%	$0	7.87%	$16,646
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	7.50%	$4,501	0.00%	$0	7.50%	$4,501
UAAL[3]	0.42%	252	0.00%	0	0.42%	252
Total Contribution	7.92%	$4,753	0.00%	$0	7.92%	$4,753
General Tier 2 Members w/COLA						
Normal Cost[4]	7.45%	$15,657	0.43%	$904	7.88%	$16,561
UAAL[3][5]	0.42%	883	1.40%	2,942	1.82%	3,825
Total Contribution	7.87%	$16,540	1.83%	$3,846	9.70%	$20,386
General PEPRA Tier 2 Members w/COLA						
Normal Cost[4]	7.50%	$7,019	0.48%	$449	7.98%	$7,468
UAAL[3][5]	0.42%	393	1.40%	1,310	1.82%	1,703
Total Contribution	7.92%	$7,412	1.88%	$1,759	9.80%	$9,171
All General Members[6]						
Normal Cost	7.47%	$43,396	0.26%	$1,501	7.73%	$44,897
UAAL	9.59%	55,746	3.02%	17,521	12.61%	73,267
Total Contribution	17.06%	$99,142	3.28%	$19,022	20.34%	$118,164

Applicable footnotes are shown on next page.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix E (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Current Valuation Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) with Non-Combined General UAAL Rates

	June 30, 2018 Actuarial Valuation					
	BASIC		COLA		TOTAL	
Safety Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[7]	12.03%	$18,359	4.70%	$7,173	16.73%	$25,532
UAAL	55.68%	84,974	(17.21%)	(26,265)	38.47%	58,709
Total Contribution	67.71%	$103,333	(12.51%)	$(19,092)	55.20%	$84,241
Safety PEPRA Members						
Normal Cost	10.34%	$2,805	4.08%	$1,106	14.42%	$3,911
UAAL	55.68%	15,102	(17.21%)	(4,668)	38.47%	10,434
Total Contribution	66.02%	$17,907	(13.13%)	$(3,562)	52.89%	$14,345
All Safety Members[6]						
Normal Cost	11.78%	$21,164	4.60%	$8,279	16.38%	$29,443
UAAL	55.68%	100,076	(17.21%)	(30,933)	38.47%	69,143
Total Contribution	67.46%	$121,240	(12.61%)	$(22,654)	54.85%	$98,586
All Categories Combined[6]						
Normal Cost	8.49%	$64,560	1.28%	$9,780	9.77%	$74,340
UAAL	20.48%	155,822	(1.76%)	(13,412)	18.72%	142,410
Total Contribution	28.97%	$220,382	(0.48%)	$(3,632)	28.49%	$216,750

(1) *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2018 annual payroll (also in thousands) shown below:*

General Tier 1	$5,803
General Tier 2	211,518
General PEPRA Tier 2	60,012
General Tier 2C	210,167
General PEPRA Tier 2C	93,581
Safety	152,611
Safety PEPRA	27,123
Total	$760,815

(2) *The total employer rate has been adjusted by 0.26% to account for the cost associated with the cessation of member contributions after 30 years of service.*

(3) *Basic UAAL rates have not been calculated on a combined basis for all General Tiers.*

(4) *Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.*

(5) *Includes 0.66% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

(6) *These aggregated rates are provided for informational purposes only as we understand that the tier specific rates will be implemented.*

(7) *The total employer rate has been adjusted by 1.48% to account for the cost associated with the cessation of member contributions after 30 years of service.*

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix E (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Prior Valuation Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) with Non-Combined General UAAL Rates

	June 30, 2017 Actuarial Valuation					
	BASIC		COLA		TOTAL	
General Tier 1 Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[2]	8.20%	$580	2.75%	$195	10.95%	$775
UAAL[3]	692.43%	48,996	151.01%	10,686	843.44%	59,682
Total Contribution	700.63%	$49,576	153.76%	$10,881	854.39%	$60,457
General Tier 2 Members w/o COLA						
Normal Cost	7.03%	$15,140	0.00%	$0	7.03%	$15,140
UAAL[3]	0.45%	969	0.00%	0	0.45%	969
Total Contribution	7.48%	$16,109	0.00%	$0	7.48%	$16,109
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	7.06%	$3,488	0.00%	$0	7.06%	$3,488
UAAL[3]	0.45%	222	0.00%	0	0.45%	222
Total Contribution	7.51%	$3,710	0.00%	$0	7.51%	$3,710
General Tier 2 Members w/COLA						
Normal Cost[4]	7.03%	$15,139	0.06%	$129	7.09%	$15,268
UAAL[3][5]	0.45%	969	1.21%	2,606	1.66%	3,575
Total Contribution	7.48%	$16,108	1.27%	$2,735	8.75%	$18,843
General PEPRA Tier 2 Members w/COLA						
Normal Cost[4]	7.06%	$5,772	0.02%	$17	7.08%	$5,789
UAAL[3][5]	0.45%	368	1.21%	989	1.66%	1,357
Total Contribution	7.51%	$6,140	1.23%	$1,006	8.74%	$7,146
All General Members[6]						
Normal Cost	7.05%	$40,119	0.06%	$341	7.11%	$40,460
UAAL	9.06%	51,524	2.51%	14,281	11.57%	65,805
Total Contribution	16.11%	$91,643	2.57%	$14,622	18.68%	$106,265

Applicable footnotes are shown on next page.

Segal Consulting

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix E (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Prior Valuation Based on 50/50 Sharing of Normal Cost for All Tiers (PEPRA and Non-PEPRA) with Non-Combined General UAAL Rates

	June 30, 2017 Actuarial Valuation					
	BASIC		COLA		TOTAL	
Safety Members	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]
Normal Cost[7]	11.65%	$18,178	4.85%	$7,568	16.50%	$25,746
UAAL	52.74%	82,293	(14.64%)	(22,843)	38.10%	59,450
Total Contribution	64.39%	$100,471	(9.79%)	$(15,275)	54.60%	$85,196
Safety PEPRA Members						
Normal Cost	9.96%	$1,985	4.13%	$824	14.09%	$2,809
UAAL	52.74%	10,513	(14.64%)	(2,918)	38.10%	7,595
Total Contribution	62.70%	$12,498	(10.51%)	$(2,094)	52.19%	$10,404
All Safety Members[6]						
Normal Cost	11.46%	$20,163	4.77%	$8,392	16.23%	$28,555
UAAL	52.74%	92,806	(14.64%)	(25,761)	38.10%	67,045
Total Contribution	64.20%	$112,969	(9.87%)	$(17,369)	54.33%	$95,600
All Categories Combined[6]						
Normal Cost	8.09%	$60,282	1.17%	$8,733	9.26%	$69,015
UAAL	19.38%	144,330	(1.55%)	(11,480)	17.83%	132,850
Total Contribution	27.47%	$204,612	(0.38%)	$(2,747)	27.09%	$201,865

[1] *Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2017 annual payroll (also in thousands) shown below:*

General Tier 1	$7,076
General Tier 2	215,358
General PEPRA Tier 2	49,409
General Tier 2C	215,345
General PEPRA Tier 2C	81,759
Safety	156,036
Safety PEPRA	19,934
Total	$744,917

[2] *The total employer rate has been adjusted by 0.31% to account for the cost associated with the cessation of member contributions after 30 years of service.*

[3] *Basic UAAL rates have not been calculated on a combined basis for all General Tiers.*

[4] *Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.*

[5] *Includes 0.55% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.*

[6] *These aggregated rates are provided for informational purposes only as we understand that the tier specific rates will be implemented.*

[7] *The total employer rate has been adjusted by 1.28% to account for the cost associated with the cessation of member contributions after 30 years of service.*

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Segal Consulting

Ventura County Employees' Retirement Association

Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2018

Segal Consulting
100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 www.segalco.com

October 11, 2018

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 (GAS) 67 Actuarial Valuation as of June 30, 2018. 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 (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of John Monroe, 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 Consulting, a Member of The Segal Group, Inc.

By:

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

John Monroe, ASA, MAAA, EA
Vice President and Actuary

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SECTION 1

VALUATION SUMMARY

SECTION 2

GAS 67 INFORMATION

SECTION 3

AICPA SCHEDULES

Segal Consulting

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards (GAS) 67 as of June 30, 2018. This valuation is based on:

- The benefit provisions of VCERA, as administered by the Board;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2017, provided by VCERA;
- The assets of the Plan as of June 30, 2018, provided by VCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2018 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2018 valuation.

General Observations on GAS 67 Actuarial Valuation

The following points should be considered when reviewing this GAS 67 report:

- 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 still develop and adopt funding policies under current practices.
- 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.
- The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Medical ($27.50) Reserve. The TPL only includes a liability up to the amount in the Supplemental Medical ($27.50) Reserve. This is because we understand that the Supplemental Medical ($27.50) benefit is a nonvested benefit and once the reserve is depleted no further benefits would need to be paid.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

- 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.
- For this report, the reporting dates for the Plan are June 30, 2018 and 2017. The NPL was measured as of June 30, 2018 and 2017, respectively, and determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2017 and 2016. 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.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The NPL increased slightly from $713 million as of June 30, 2017 to $725 million as of June 30, 2018 primarily due to the changes in actuarial assumptions that increased the TPL by $129 million. This increase in the TPL was substantially offset by the 8.83% return on the market value of assets during 2017/2018 (that was more than the assumed return of 7.50%). Changes in these values during the last two fiscal years ending June 30, 2017 and June 30, 2018 can be found in Exhibit 3.
- The discount rate originally used to determine the TPL and NPL as of June 30, 2018 was 7.50%, following the same assumption used by VCERA in the pension funding valuation as of June 30, 2017. However, as the Board has approved a new discount rate of 7.25% (together with other new actuarial assumptions) for use in the pension funding valuation as of June 30, 2018, we have included the impact of this assumption change by (1) revaluing the actuarial valuation TPL as of June 30, 2017 (before the roll forward) and (2) using this revalued TPL in rolling forward the results from June 30, 2017 to June 30, 2018. The detailed derivation of the discount rate of 7.25% used in calculation of the TPL and NPL as of June 30, 2018 can be found in Exhibit 5 of Section 2. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 4 in Section 2.
- 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 2019.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Results

	2018	2017
Disclosure elements for fiscal year ending June 30:		
Service cost[(1)]	$138,876,553	$132,489,883
Total Pension Liability	6,121,952,634	5,677,421,117
Plan's Fiduciary Net Position	5,396,462,523	4,964,246,776
Net Pension Liability	725,490,111	713,174,341
Schedule of contributions for fiscal year ending June 30:		
Actuarially determined contributions[(2)]	$197,638,153	$190,711,815
Actual employer contributions	197,638,153	190,711,815
Contribution deficiency (excess)	0	0
Demographic data for plan year ending June 30:[(3)]		
Number of retired members and beneficiaries	7,038	6,766
Number of vested terminated members[(4)]	2,909	2,809
Number of active members	8,611	8,636
Key assumptions:		
Investment rate of return	7.25%	7.50%
Inflation rate	2.75%	3.00%
Projected salary increases[(5)]	3.75% - 11.75%, varying by service, including inflation	4.00% - 11.50%, varying by service, including inflation

[(1)] *The service cost is based on the previous year's valuation, meaning the 2018 and 2017 values are based on the valuations as of June 30, 2017 and June 30, 2016, respectively. Both of the service costs have been calculated using the assumptions shown in the 2017 column as there were no changes in the actuarial assumptions between the June 30, 2017 and June 30, 2016 valuations.*

[(2)] *Actuarially Determined Contributions exclude employer paid member contributions.*

[(3)] *Data as of June 30, 2017 is used in the measurement of the TPL as of June 30, 2018.*

[(4)] *Includes terminated members with member contributions on deposit.*

[(5)] *Includes inflation at 2.75% plus real across-the-board salary increases of 0.50% plus merit and longevity increases that vary by service for June 30, 2018 and inflation at 3.00% plus real across-the-board salary increases of 0.50% plus merit and longevity increases that vary by service for June 30, 2017.*

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

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 an actuarial valuation, Segal Consulting ("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 valuation 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.

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.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

- 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 Consulting 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 for Ventura County Employees' Retirement Association

EXHIBIT 1

General Information – "Financial Statements", Note Disclosures and Required Supplementary Information for a Cost-Sharing 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, 2018, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	7,038
Vested terminated members entitled to but not yet receiving benefits[1]	2,909
Active members	8,611
Total	18,558

[1] *Includes terminated members with member contributions on deposit.*

Note: Data as of June 30, 2018 is not used in the measurement of the TPL as of June 30, 2018.

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

SECTION 2: GAS 67 Information for Ventura County Employees' Retirement Association

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 - 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 - 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 - 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 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.

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.

SECTION 2: GAS 67 Information for Ventura County Employees' Retirement Association

General member benefits for Tier 1 and Tier 2 are calculated pursuant to the provisions of 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 2018 for members hired on or after July 1, 1996 but before January 1, 2013 is $275,000. 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 2018 is $121,388 ($145,666 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 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.

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

SECTION 2: GAS 67 Information for Ventura County Employees' Retirement Association

VCERA provides an annual cost-of-living adjustment (COLA) benefit to Safety and Tier 1 General member retirees. The COLA, based upon the Consumer Price Index for the Los Angeles, Riverside, Orange County area, is capped at 3.0%. Certain Tier 2 and all Tier 8 General member retirees receive a fixed 2% COLA 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, 2018 for 2017/2018 (based on the June 30, 2016 valuation) was 27.52% of compensation.

Members are required to make contributions to VCERA up to the requisite limits, regardless of the retirement plan or tier[2]. The average member contribution rate as of June 30, 2018 for 2017/2018 (based on the June 30, 2016 valuation) was 9.80% of compensation.

[2] *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 for Ventura County Employees' Retirement Association

EXHIBIT 2

Net Pension Liability

The components of the Net Pension Liability are as follows:

	June 30, 2018	June 30, 2017
Total Pension Liability	$6,121,952,634	$5,677,421,117
Plan's Fiduciary Net Position	(5,396,462,523)	(4,964,246,776)
Net Pension Liability	$725,490,111	$713,174,341
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	88.15%	87.44%

The Net Pension Liability (NPL) was measured as of June 30, 2018 and 2017. 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, 2017 and 2016, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL are the same as those used in the VCERA actuarial valuations as of June 30, 2018 and 2017. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Medical ($27.50) Reserve.

Actuarial assumptions and methods. The TPL as of June 30, 2018 was remeasured by (1) revaluing the TPL as of June 30, 2017 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of June 30, 2018 and (2) using this revalued TPL in rolling forward the results from June 30, 2017 to June 30, 2018. In particular, the following actuarial assumptions were applied to all periods included in the June 30, 2018 measurement:

Inflation	2.75%
Salary increases	3.75% to 11.75%, varying by service, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Other assumptions	Same as those used in June 30, 2018 funding valuation

The TPL as of June 30, 2017 was measured as of June 30, 2016 using the same actuarial assumptions in the pension funding valuation as of June 30, 2017 and rolled forward the results from June 30, 2016 to June 30, 2017. In particular, the following actuarial assumptions were applied to all periods included in the June 30, 2017 measurement:

SECTION 2: GAS 67 Information for Ventura County Employees' Retirement Association

Inflation	3.00%
Salary increases	4.00% to 11.50%, varying by service, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Other assumptions	Same as those used in June 30, 2017 funding valuation

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.

The long-term expected rate of return on pension plan investments was determined 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, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2018 and 2017 are summarized in the following tables. This information will change every three years based on the actuarial experience study.

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June 30, 2018

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	27.04%	5.32%
Small Cap U.S. Equity	4.48%	6.07%
Developed International Equity	17.32%	6.68%
Emerging Market Equity	4.16%	8.87%
Core Bonds	9.00%	1.04%
Real Estate	8.00%	4.65%
Master Limited Partnerships	4.00%	6.31%
Absolute Return (Fixed Income)	7.00%	1.71%
Private Debt/Credit Strategies	3.00%	5.50%
Absolute Return (Risk Parity)	6.00%	4.63%
Private Equity	10.00%	8.97%
Total	100.00%	

June 30, 2017

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	27.74%	5.90%
Small Cap U.S. Equity	3.41%	6.60%
Developed International Equity	14.73%	6.95%
Emerging Market Equity	3.12%	8.44%
U.S. Core Fixed Income	14.00%	0.71%
Real Estate	7.00%	4.65%
Private Debt/Credit Strategies	5.00%	6.01%
Absolute Return (Risk Parity)	16.00%	4.13%
Master Limited Partnerships	4.00%	6.51%
Private Equity	5.00%	9.25%
Total	100.00%	

Discount rate: The discount rates used to measure the TPL were 7.25% and 7.50% as of June 30, 2018 and June 30, 2017, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates 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, 2018 and June 30, 2017.

Sensitivity of the June 30, 2018 Net Pension Liability to changes in the discount rate. The following presents the NPL of the VCERA as of June 30, 2018, calculated using the discount rate of 7.25%, as well as what the VCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability as of June 30, 2018	$1,564,365,424	$725,490,111	$34,036,267

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EXHIBIT 3

Schedules of Changes in Net Pension Liability – Last Two Fiscal Years

	2018	2017
Total Pension Liability		
1. Service cost	$138,876,553	$132,489,883
2. Interest	427,800,170	405,194,906
3. Change of benefit terms	0	0
4. Differences between expected and actual experience	26,563,801	(51,057,518)
5. Changes of assumptions	129,009,389	0
6. Benefit payments, including refunds of member contributions	(277,718,396)	(260,745,073)
7. Net change in Total Pension Liability	$444,531,517	$225,882,198
8. Total Pension Liability – beginning	5,677,421,117	5,451,538,919
9. Total Pension Liability – ending	$6,121,952,634	$5,677,421,117
Plan's Fiduciary Net Position		
10. Contributions – employer[1]	$197,638,153	$190,711,815
11. Contributions – employee[1]	74,088,950	72,441,728
12. Net investment income	445,902,067	580,525,970
13. Benefit payments, including refunds of member contributions	(277,718,396)	(260,745,073)
14. Administrative expense	(4,881,405)	(5,524,373)
15. Other expense	(2,813,622)	0
16. Net change in Plan's Fiduciary Net Position	$432,215,747	$577,410,067
17. Plan's Fiduciary Net Position – beginning	4,964,246,776	4,386,836,709
18. Plan's Fiduciary Net Position – ending	$5,396,462,523	$4,964,246,776
19. Net Pension Liability – ending (9) – (18)	$725,490,111	$713,174,341
20. Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	88.15%	87.44%
21. Covered payroll[2]	$736,994,000	$716,033,000
22. Plan's Net Pension Liability as percentage of covered payroll	98.44%	99.60%

[1] *See footnote (2) under Exhibit 4 on page 10.*

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

Notes to Schedule:

Benefit changes: None

SECTION 2: GAS 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 4

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(2)	Contribution Deficiency (Excess)	Covered Payroll(3)	Contributions as a Percentage of Covered Payroll
2009	$105,278,000	$105,278,000	$0	$599,173,000	17.57%
2010	97,324,000	97,324,000	0	634,777,000	15.33%
2011	111,585,000	111,585,000	0	654,829,000	17.04%
2012	132,386,000	132,386,000	0	637,037,000	20.78%
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%

See accompanying notes to this schedule on 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 for Ventura County Employees' Retirement Association

Notes to Exhibit 4

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	
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 supplemental medical benefit reserve and statutory contingency reserve.	
Actuarial assumptions:	June 30, 2018 Valuation Date	June 30, 2017 Valuation Date
Investment rate of return	7.25%, net of pension plan administration and investment expenses, including inflation	7.50%, net of pension plan administration and investment expenses, including inflation
Inflation rate	2.75%	3.00%
Real across-the-board salary increase	0.50%	0.50%
Projected salary increases(1)	General: 3.75% to 10.25% and Safety: 3.95% to 11.75%	General: 4.00% to 9.50% and Safety: 4.00% to 11.50%
Cost of living adjustments	Increase of 2.75% per year; retiree COLA increases due to CPI are subject to a 3.00% maximum change 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, SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March 2003.	Increase of 3.00% per year; retiree COLA increases due to CPI are subject to a 3.00% maximum change 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, SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March 2003.
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation	Same as those used in the June 30, 2017 funding actuarial valuation

(1) *Includes inflation at 2.75% plus real across-the-board salary increases of 0.50% plus merit and longevity increases that vary by service for June 30, 2018 and inflation at 3.00% plus real across-the-board salary increases of 0.50% plus merit and longevity increases that vary by service for June 30, 2017.*

SECTION 2: GAS 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 5

Projection of the Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2018
($ 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)
2017	$4,964	$272	$278	$8	$446	$5,396
2018	5,396	273	304	8	390	5,747
2019	5,747	227	321	9	413	6,057
2020	6,057	219	339	9	435	6,362
2021	6,362	194	358	10	455	6,643
2022	6,643	204	377	10	475	6,934
2023	6,934	214	397	11	496	7,236
2024	7,236	170	418	11	515	7,493
2025	7,493	138	438	12	532	7,712
2026	7,712	130	458	12	547	7,919
2042	9,580	53	747	15	669	9,542
2043	9,542	50	761	15	666	9,481
2044	9,481	46	774	15	661	9,401
2045	9,401	43	784	15	655	9,300
2046	9,300	41	793	14	647	9,179
2091	275	3	66	0 *	18	230
2092	230	3	55	0 *	15	192
2093	192	3	44	0 *	12	163
2094	163	2	36	0 *	11	139
2095	139	2	28	0 *	9	122
2129	573	1	0 *	1	42	614
2130	614					
2130 Discounted Value:	0 **					

* Less than $1 million, when rounded.

** $614 million when discounted with interest at the rate of 7.25% per annum has a value of less than $1 million as of June 30, 2017.

SECTION 2: GAS 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 5

Projection of the Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2018 ($ in millions) – continued

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Amounts shown in the year beginning July 1, 2017 row are actual amounts, based on the unaudited financial statements provided by VCERA.

(3) Years 2027-2041, 2047-2090, and 2096-2128 have been omitted from this table.

(4) Column (a): Except for the "discounted value" shown for 2130, 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, 2017), 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, 2017. The projected benefit payments reflect the cost of living increase assumptions used in June 30, 2018 valuation report and include projected benefits associated with the Supplemental Medical ($27.50) Reserve.

(7) Column (d): Projected administrative expenses are calculated as approximately 0.16% of the projected beginning Plan's Fiduciary Net Position amount. The 0.16% portion was based on the actual fiscal year 2017/2018 administrative and other expenses (unaudited) as a percentage of the actual beginning Plan's Fiduciary Net Position as of July 1, 2017. 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 7.25% per annum.

(9) As illustrated in this Exhibit, 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 7.25% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2018 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

SECTION 3: AICPA Schedules for Ventura County Employees' Retirement Association

EXHIBIT A

Schedule of Employer Allocations as of June 30, 2018

July 1, 2017 to June 30, 2018

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	$519,680,162	92.922%	$177,732,133	100.000%	$697,412,296	94.629%
10	Ventura County Courts	$29,790,290	5.327%	$0	0.000%	$29,790,290	4.042%
11	Ventura County Air Pollution Control District	$4,480,758	0.801%	$0	0.000%	$4,480,758	0.608%
22	Ventura Regional Sanitation District	$5,310,826	0.950%	$0	0.000%	$5,310,826	0.721%
	Total	$559,262,037	100.000%	$177,732,133	100.000%	$736,994,170	100.000%

Allocation of June 30, 2018 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	$359,979,537	92.922%	$338,092,432	100.000%	$698,071,969	96.221%
10	Ventura County Courts	20,635,567	5.327%	0	0.000%	20,635,567	2.844%
11	Ventura County Air Pollution Control District	3,103,796	0.801%	0	0.000%	3,103,796	0.428%
22	Ventura Regional Sanitation District	3,678,779	0.950%	0	0.000%	3,678,779	0.507%
	Total	$387,397,679	100.000%	$338,092,432	100.000%	$725,490,111	100.000%

Notes:

Actual July 1, 2017 through June 30, 2018 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 Supplemental Medical Benefit) 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.
- Calculate ratio of employer's compensation to the total compensation for the tier.
- This ratio is multiplied by the NPL for the tier to determine the employer's proportionate share of the NPL for the tier.
- If the employer is in several tiers, the employer's total allocated NPL is the sum of its allocated NPL from each tier.
- Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.
- 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.

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2019. The reporting date and measurement date for the plan under GAS 67 are assumed to be June 30, 2018. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2018 are not adjusted or "rolled forward" to June 30, 2019 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: AICPA Schedules for Ventura County Employees' Retirement Association

EXHIBIT B

Schedule of Pension Amounts by Employer as of June 30, 2018

Deferred Outflows of Resources	County of Ventura	Ventura County Courts	Ventura County Air Pollution Control District	Ventura Regional Sanitation District	Total for All Employers
Differences Between Expected and Actual Experience	$20,895,674	$617,693	$92,907	$110,118	$21,716,392
Net Excess of Projected Over Actual Earnings on Pension Plan Investments (If Any)	0	0	0	0	0
Changes of Assumptions	153,628,012	4,541,367	683,067	809,606	159,662,052
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,274,565	2,202,391	280,120	718,897	4,475,973
Total Deferred Outflows of Resources	$175,798,251	$7,361,451	$1,056,094	$1,638,621	$185,854,417
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$73,873,287	$2,183,754	$328,458	$389,306	$76,774,805
Net Excess of Actual Over Projected Earnings on Pension Plan Investments (If Any)	39,574,258	1,169,847	175,957	208,553	41,128,615
Changes of Assumptions	0	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,987,978	1,096,447	51,797	339,751	4,475,973
Total Deferred Inflows of Resources	$116,435,523	$4,450,048	$556,212	$937,610	$122,379,393
Net Pension Liability as of June 30, 2017	$690,194,000	$17,304,192	$2,817,898	$2,858,251	$713,174,341
Net Pension Liability as of June 30, 2018	$698,071,969	$20,635,567	$3,103,796	$3,678,779	$725,490,111
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense	$120,394,243	$3,558,950	$535,301	$634,467	$125,122,961
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(257,772)	75,572	74,979	107,221	0
Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions	$120,136,471	$3,634,522	$610,280	$741,688	$125,122,961

SECTION 3: AICPA Schedules for Ventura County Employees' Retirement Association

EXHIBIT B

Schedule of Pension Amounts by Employer as of June 30, 2018 – continued

Notes:

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

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, 2017 (the beginning of the measurement period ending June 30, 2018) and is 5.48 years.

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

- Calculating each active employees' 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 members.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

SUBJECT: PEPRA ANNUAL COMPENSATION LIMIT FOR 2019

Dear Board Members,

The California Public Employees' Pension Reform Act (PEPRA) limits the pensionable compensation used in the calculation of retirement benefits. Specifically, the PEPRA statues set an initial limit of the Social Security maximum, or 120% of the maximum for member plans not integrated with Social Security. VCERA General Member plans are integrated with Social Security, while the Safety Member plans are not. Additionally, PEPRA instructs "retirement systems" to adjust the compensation limit annually for inflation based upon annual changes to the Consumer Price Index for All Urban Consumers.

As an advisory organization, the California Actuarial Advisory Panel (CAAP) issues a letter annually for California public retirement systems, detailing its calculation of the PEPRA compensation limits. In March of 2014, the VCERA Board of Retirement directed staff to identify the annual adjustments to the PEPRA compensation limits and submit them to the Board for approval.

In November 2018, CAAP again calculated the compensation limit amounts using the required criteria, with the results producing an increase to both amounts, as follows:

- $124,180 (integrated with Social Security)
- $149,016 (not integrated with Social Security)

The calculation steps are detailed in the full published letter, which is attached.

RECOMMENDED ACTION: ADOPT THE 2019 PEPRA COMPENSATION LIMITS OF $124,180 AND

$149,016 AS CALCULATED BY THE CALIFORNIA ACTUARIAL ADVISORY PANEL (CAAP).

I would be pleased to respond to any questions on this matter at our December 10, 2018 meeting.

Sincerely,

Linda Webb
Retirement Administrator

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

STATE OF CALIFORNIA

California Actuarial Advisory Panel

November 16, 2018

SUBJECT: PEPRA Compensation Limit for 2019 (Code Section 7522.10)

To Whom It May Concern:

Pursuant to a request from a Public Agency, the California Actuarial Advisory Panel (the Panel) is publishing this letter to provide a calculation of the Pension Compensation Limits for the Calendar Year 2019.

<u>Background</u>

Pursuant to Government Code section 7507.2(b), the responsibilities of the Panel include "Replying to policy questions from public retirement systems in California" and "Providing comment upon request by public agencies." In 2013, members of the Panel received a request from a public retirement system (the San Joaquin County Employees' Retirement Association) to compute and publish the annual compensation limit prescribed by the California Public Employees' Pension Reform Act of 2013 (PEPRA), as amended by Senate Bill No. 13 (SB 13). This request was made to address a concern that minor calculation or rounding differences could result in different systems calculating slightly different pension compensation limits.

The Panel agreed to calculate the dollar amounts of the pension compensation limits for 2014 and future years, as we believe that the use of a uniform compensation limit will provide administrative benefits to California's public retirement systems. However, as the Panel is an advisory body only (Government Code section 7507.2(e) states that "The opinions of the California Actuarial Advisory Panel are nonbinding and advisory only"), the Panel encourages each system to independently review the calculation of the pension compensation limits contained in this letter.

State Controller's Office
California Actuarial Advisory Panel
c/o State Accounting and Reporting Division
P.O. Box 942850, Sacramento, CA 94250
Phone: 916-322-3702 Fax: 916-323-4807

Analysis

Section 7522.10 of the Government Code is as follows:

7522.10. (a) On and after January 1, 2013, each public retirement system shall modify its plan or plans to comply with the requirements of this section for each public employer that participates in the system.
(b) Whenever pensionable compensation, as defined in Section 7522.34, is used in the calculation of a benefit, the pensionable compensation shall be subject to the limitations set forth in subdivision (c).
(c) The pensionable compensation used to calculate the defined benefit paid to a new member who retires from the system shall not exceed the following applicable percentage of the contribution and benefit base specified in Section 430(b) of Title 42 of the United States Code on January 1, 2013:
(1) One hundred percent for a member whose service is included in the federal system.
(2) One hundred twenty percent for a member whose service is not included in the federal system.
(d) (1) The retirement system shall adjust the pensionable compensation described in subdivision (c) based on the annual changes to the Consumer Price Index for All Urban Consumers: U.S. City Average, calculated by dividing the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September in the calendar year preceding the adjustment by the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September of the previous year rounded to the nearest thousandth. The adjustment shall be effective annually on January 1, beginning in 2014.

The annual compensation pensionable compensation limit computed by the Panel for 2018 was $121,388 for those included in the federal Social Security system and $145,666 for those not included.

The Consumer Price Indices for All Urban Consumers (CPI-U) U.S. City Average for the months of September 2017 and 2018 are as follows[1]:

- September, 2018: 252.439
- September, 2017: 246.819

The annual change, computed by dividing the 2018 Index by the 2017 Index, rounded to the nearest thousandth is as follows:

- 252.439 ÷ 246.819 = 1.023

[1] http://data.bls.gov/timeseries/CUUR0000SA0

Applying this annual adjustment to the 2018 limits yields the following limits for calendar year 2019:

- $121,388 x 1.023 = $124,180 (included in federal system)
- $145,666 x 1.023 = $149,016 (not included in federal system)

The indexation of the maximum compensation to be used by CalSTRS using the February CPI-U, based on AB 1381 passed by the legislature in 2013, is not addressed in this letter.

Conclusion

The calculations described above indicate the compensation limit for PEPRA members for Calendar Year 2019 will increase to $124,180 for members participating in the federal system (7522.10(c)(1) limit) and $149,016 for members not participating in the federal system (7522.10(c)(2) limit). The Panel intends to provide similar calculations in future years. The contents of this letter are nonbinding and advisory only, and we encourage each public retirement system to independently evaluate these calculations.

Sincerely,

Paul Angelo
Chair, California Actuarial Advisory Panel

cc: Panel members
John Bartel, Vice Chair
Ian Altman
David Driscoll
David Lamoureux
Steve Ohanian
Graham Schmidt
Scott Terando

VENTURA COUNTY EMPLOYEES' RETIREMENT

PRESENTED BY:
Stephanie S. Lord, CFA, CIC
Vice President, Relationship Manager

LOOMIS | SAYLES

December 10, 2018

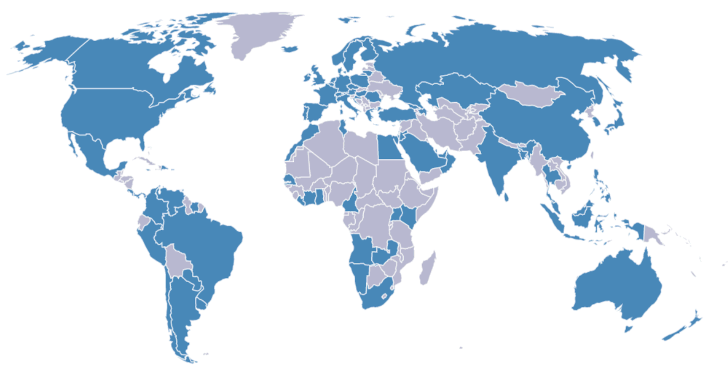
www.loomissayles.com | One Financial Center Boston, MA 02111
617 482-2450 | BOSTON DETROIT SAN FRANCISCO LONDON SINGAPORE

Firm Overview

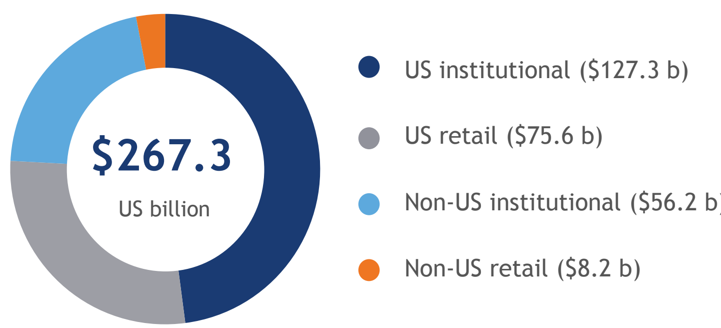
loomis sayles at a glance

A RICH INVESTMENT TRADITION	WHAT DEFINES US
Serving clients with integrity since 1926	Core attributes: integrity, transparency and a team-oriented culture
$267.3 billion assets under management*	Rigorous fundamental analysis complemented by robust macro and market insight
Expertise across all major asset classes	Portfolio managers, strategists, research analysts and traders collaborating to identify our best ideas
75% of investment professionals dedicated to research & trading; 162 CFA® charterholders**	Small, accountable product teams implementing portfolio decisions
Global perspective: investors in Boston, San Francisco, Detroit, London and Singapore	Disciplined risk awareness integrated into a high conviction investment process

WHERE WE INVEST



AUM BY GLOBAL ACCOUNTS



As of 9/30/2018.

**Includes the assets of both Loomis, Sayles & Co., LP, and Loomis Sayles Trust Company, LLC. ($22.2 billion for the Loomis Sayles Trust Company). Loomis Sayles Trust Company is a wholly owned subsidiary of Loomis, Sayles & Company, L.P. **As of 12/31/2017. 296 investment professionals. 83% of CFA charterholders are investment professionals and 17% are non-investment professionals.*

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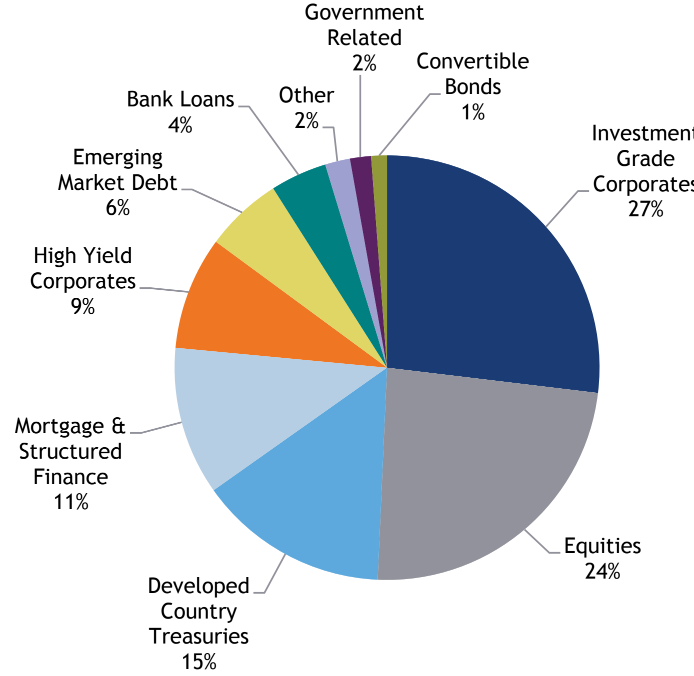
comprehensive expertise

By Global Sector	Assets ($ Millions)
Investment Grade Corporates	72,318
Equities	64,293
Developed Country Treasuries	38,861
Mortgage & Structured Finance	30,320
High Yield Corporates	23,132
Emerging Market Debt	15,747
Bank Loans	11,576
Other	5,281
Government Related	4,368
Convertible Bonds	3,283



As of 9/30/2018. Due to rounding, pie chart total may not equal 100%.
Sector level assets include all accrued interest, cash and unrealized gain/loss on currency forwards.
Other includes municipals, cash & equivalents, and derivatives.
Includes the assets of both Loomis, Sayles & Co., LP, and Loomis Sayles Trust Company LLC.

Firm Overview

our investment platform

MICHAEL GILES Chief Investment Risk Officer	JAE PARK Chief Investment Officer	DAVID WALDMAN Deputy CIO

ALPHA STRATEGIES	BANK LOANS	DISCIPLINED ALPHA	EMERGING MARKETS DEBT	FULL DISCRETION	GLOBAL	RELATIVE RETURN	MORTGAGE & STRUCTURED FINANCE
Credit Asset World Credit Asset Multi-Asset Income Inflation Protected (TIPS) Risk Premia Strategies	Senior Loans Senior Floating Rate and Fixed Income Credit Opportunities	Core Corporate Long Corporate Long Credit Long Gov't/Corp Global Disciplined Alpha*	Corporate Local Currency Short Duration Hard/Local Currency Blend	Multisector Core Plus High Yield Full Discretion Global High Yield US High Yield High Yield Conservative Strategic Alpha	Global Bond Global Credit Global Debt Unconstrained Global Disciplined Alpha*	Short Duration Inter. Duration Core Core Plus IG Corporate IG Inter. Corporate Long Corporate Long Credit Long Gov't/Credit Custom LDI	Agency MBS Investment Grade Securitized Credit (ERISA) High Yield Private Debt and Equity

GLOBAL EQUITY OPPORTUNITIES	GROWTH	SMALL CAP GROWTH	SMALL CAP VALUE
Global Allocation Global Equity Opportunities	All Cap Growth Global Growth Large Cap Growth Long/Short Equity	Small Cap Growth Small/Mid Cap Growth	Small Cap Value Small/Mid Cap Core

As of 9/30/2018.
** Co-managed investment strategy*

LOOMIS | SAYLES®

F00119
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Firm Overview

deep insight fuels our pursuit of alpha

MACRO STRATEGIES

- Director
  38 years experience
- Associate Director/Senior Global Macro Strategist
  23 years experience
- Senior Equity Strategist
  33 years experience
- Economist
  38 years experience
- Senior Commodities Analyst
  10 years experience
- 2 Research Analysts
  9 years average experience
- 2 Research Assistants

CREDIT RESEARCH

- Director
  35 years experience
- 33 Senior Credit Analysts
  20 years average experience
- 7 Credit Analysts
  9 years average experience
- 8 Research Associates
- 8 Research Assistants
- Proprietary credit rating system since the 1930s

QUANTITATIVE RESEARCH & RISK ANALYSIS

- 2 Directors
  22 years average experience
- Associate Director, Fixed Income QRRA
  11 years experience
- Quantitative Strategist
  23 years experience
- Director, LDI & Solutions
  12 years experience
- 3 Senior Quantitative Analysts
  15 years average experience
- 9 Quantitative Analysts
  8 years average experience

TRADING

- Head of Trading
  30 years experience
- 4 Trading Directors
  25 years average experience
- 34 Traders (incl. 4 directors above)
  17 years average experience
- Dir. of Portfolio Implementation
  12 years experience
- 19 Portfolio Specialists
  20 years average experience
- Dir. of Operational Trading Risk Mgmt.
  17 years experience
- Risk Analyst
  11 years experience
- 10 distinct asset class teams

SOVEREIGN RESEARCH

- 3 Senior Sovereign Analysts
  20 years average experience
- 2 Analysts
  4 years experience
- Research Associate

MORTGAGE & STRUCTURED FINANCE

- 2 Co-Heads
  20 years average experience
- Portfolio Manager
  20 years experience
- 3 Strategists
  25 years average experience
- 2 Senior Analysts
  17 years average experience
- Senior Portfolio Analyst
  10 years experience
- 2 Research Analysts
  8 years average experience
- 2 Research Associates

CONVERTIBLES & SPECIAL SITUATIONS

- Associate Director
  23 years experience
- 3 Senior Research Analysts
  17 years average experience
- 2 Research Analysts
  7 years average experience
- Research Associate

EQUITY RESEARCH

- 13 Senior Analysts
  21 years average experience
- 5 Analysts
  7 years average experience
- Research Associate

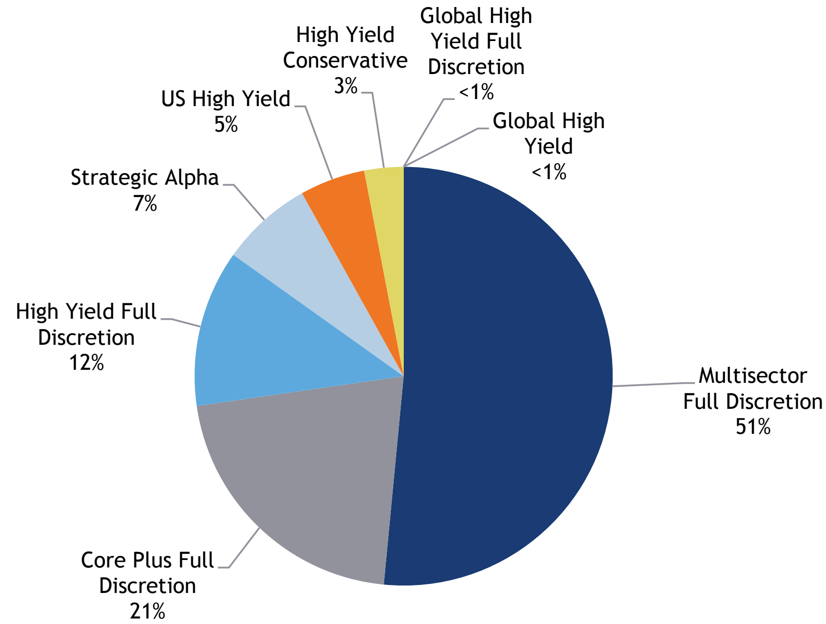
As of 9/30/2018; Years experience indicates industry experience.

investment process

LOOMIS SAYLES FULL DISCRETION TEAM ASSETS UNDER MANAGEMENT

$68 billion as of September 30, 2018

	ASSETS ($ millions)
Multisector Full Discretion	34,420
Core Plus Full Discretion	14,545
High Yield Full Discretion	7,939
Strategic Alpha	4,766
US High Yield	3,476
High Yield Conservative	2,112
Global High Yield	445
Global High Yield Full Discretion	437



As of 9/30/2018. Due to rounding, pie chart total may not equal 100%.

Full Discretion

investment process

HIGHLY EXPERIENCED, SEASONED TEAM

PRODUCT TEAM	MATTHEW EAGAN Portfolio Manager	DAN FUSS Portfolio Manager	BRIAN KENNEDY Portfolio Manager	ELAINE STOKES Portfolio Manager
Yrs of industry experience:	28	60	28	31
Yrs with firm:	21	42	24	30

	BRIAN HESS Global Strategist	PETER SHEEHAN Convertibles and Special Situations Strategist	JOHN DEVOY Credit Strategist	TODD VANDAM Portfolio Manager	KEN JOHNSON Product Manager	FRED SWEENEY Product Manager
Yrs of industry experience:	15	11	19	24	27	31
Yrs with firm:	4	6	3	24	18	23

KEY SUPPORT

Investment Analysts: S. Darci, B. Hazelton, C. Romanelli, K. Doyle, V. Patel, S. Xiao

Portfolio Specialists: M. Fitzgerald, A. Steede, R. Gartaganis, M. Tierney

SECTOR TEAMS

Global Asset Allocation
Developed Non-US Markets
US Yield Curve
Emerging Markets
High Yield / Bank Loans
Convertibles
Mortgage & Structured Finance
Inv Grade / Global Credit
US Government

FIRMWIDE RESOURCES

Macro Strategies
Director
Assoc. Director/
Senior Global Macro Strategist
Senior Equity Strategist
Economist
Senior Commodities Analyst
2 Research Analysts
2 Research Assistants

Sovereign Research
3 Senior Analysts
2 Analysts
Research Associate

Credit Research
Director
33 Senior Analysts
7 Analysts
8 Research Associates
8 Research Assistants

Mortgage & Structured Finance
2 Co-Heads
Portfolio Manager
3 Strategists
2 Senior Analysts
Senior Portfolio Analyst
2 Research Analysts
2 Research Associates

Quant. Research & Risk Analysis
2 Directors
Assoc. Director,
Fixed Income QRRA
Quantitative Strategist
Director, LDI & Solutions
3 Senior Quantitative Analysts
9 Quantitative Analysts

Equity Research
13 Senior Analysts
5 Analysts
Research Associate

Convertibles & Special Situations
Assoc. Director
3 Senior Analysts
2 Research Analysts
Research Associate

Fixed Income Trading
28 Traders/TAs
Director, Portfolio Implementation
16 Portfolio Specialists
Director, Operational Trading Risk Mgt.
Risk Analyst

As of 9/30/2018.

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Ventura County Employees' Retirement – Multisector Full Discretion

guideline summary

BENCHMARK

- 65% BBG Barclays Aggregate, 30% FTSE High Yield Mkt, 5% JP Morgan ex US Hedged $US

GUIDELINES & LIMITATIONS

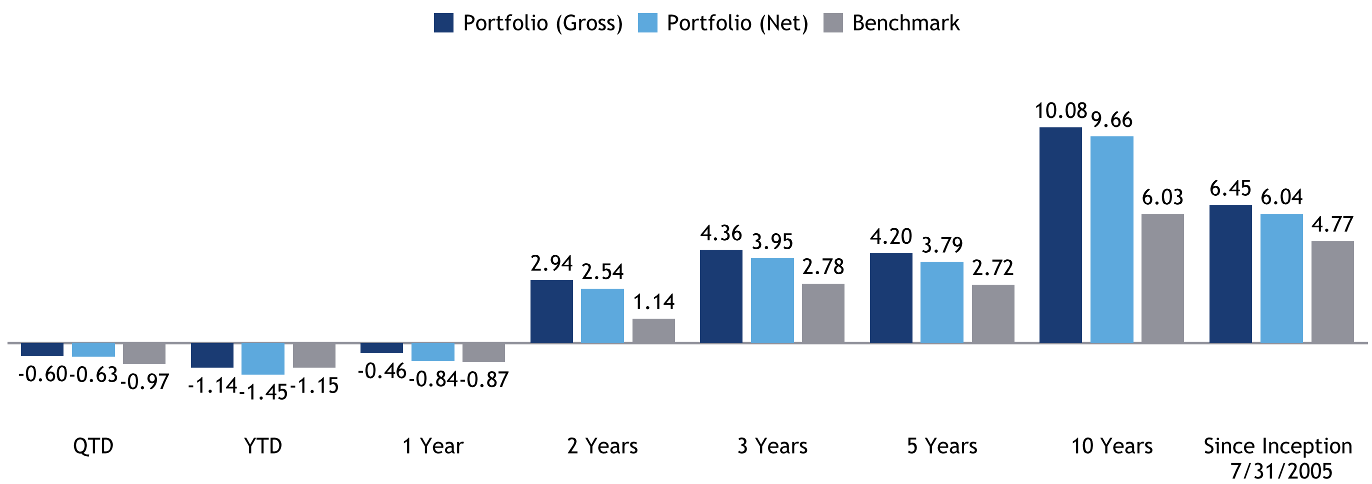
- Issuer: 5% maximum market value in a single US issuer, with the exception of US Government, Agency and GSE issuers.
- Emerging Market: 10% maximum market value in emerging market securities not domiciled in the JP Morgan Government Bond Index and 2% maximum market value in securities issued by a single entity domiciled in a country not included in the JP Morgan Government Bond Index (Emerging Market Index).
- Country: 40% maximum market value in bonds issued by non-US entities, including yankees, sovereign debt, structured notes linked to non-US markets, supranationals, and emerging market bonds.
- Currency: Maximum 20% market value in non-US dollar denominated securities
- Credit Quality: All securities shall be rated no lower than C, at the time of purchase, by Moody's, S&P or Fitch. If a security is not rated by either of Moody's, S&P, or Fitch, the Loomis Sayles equivalent rating applies. For split rated securities, the lower rating will govern.
- The minimum average rating of the portfolio shall be equivalent to Moody or S&P Baa3/BBB-. If not rated by either of the rating agencies, the Loomis Sayles rating will be used. In the case of split rated securities, the lower of the ratings will govern.
- Account may hold up to 55% market value in the aggregate of securities not rated investment grade by Moody, S&P, or Fitch, foreign bonds, non-144A private placements and unusually interest rate sensitive MBS. In the case of split rated securities, the higher rating will govern split-rated securities. If these securities are not rated (NR), Loomis Sayles rating will be used.
- Account must hold at least 65% market value in securities rated equal to or above Baa3/BBB-/BBB- by Moody, S&P or Fitch. In the case of split rated securities, the higher rating will govern split-rated securities. If these securities are not rated (NR), Loomis Sayles rating will be used.
- Account may not purchase equity securities, excluding preferred stock, but may hold equities resulting from conversions, exchanges or debt restructurings; account may hold no more than 5% market value in such equity securities.

Guideline summary is not a complete restatement of guidelines. The slide is intended to be a summary to aid in the review process.

Ventura County Employees' Retirement – Multisector Full Discretion

performance

TRAILING RETURNS AS OF 10/31/2018 (%)



	QTD	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception 7/31/2005
Excess Return (Gross)	+0.37	+0.01	+0.41	+1.80	+1.58	+1.47	+4.05	+1.69

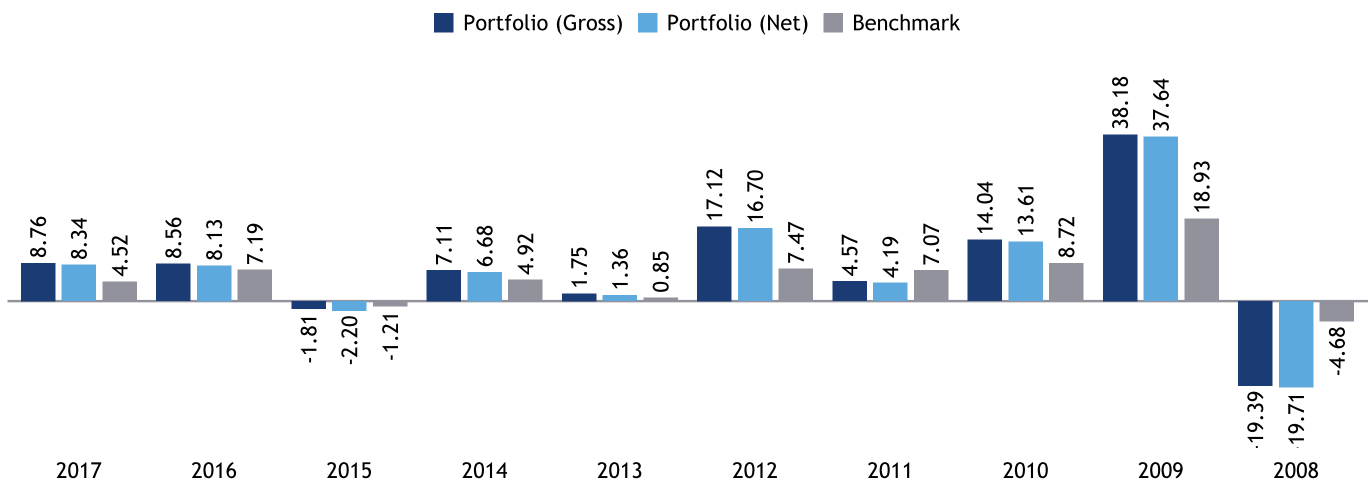
PORTFOLIO VALUATION (USD)

	Portfolio 10/31/2017	**Portfolio 10/31/2018**
Total	82,615,200	82,298,702

Benchmarks: 60% Barclays Agg, 35% Citigroup HY Mkt, 5% JPM X US Hdg $US (7/31/2005 - 11/30/2007). 65% BBG BARC Agg 30% FTSE High Yield, 5% JPM Ex US Hedged US (11/30/2007 - 10/31/2018).
The current benchmark is 65% Barclays Aggregate 30% Citigroup High Yield Mkt 5% JP Morgan Ex US Hedged $US (M) Index.

performance

CALENDAR YEAR RETURNS AS OF 10/31/2018 (%)



	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Excess Return (Gross)	+4.24	+1.37	-0.61	+2.19	+0.90	+9.66	-2.50	+5.31	+19.25	-14.71

Benchmarks: 60% Barclays Agg, 35% Citigroup HY Mkt, 5% JPM X US Hdg $US (7/31/2005 - 11/30/2007). 65% BBG BARC Agg 30% FTSE High Yield, 5% JPM Ex US Hedged US (11/30/2007 - 10/31/2018).
The current benchmark is 65% Barclays Aggregate 30% Citigroup High Yield Mkt 5% JP Morgan Ex US Hedged $US (M) Index.

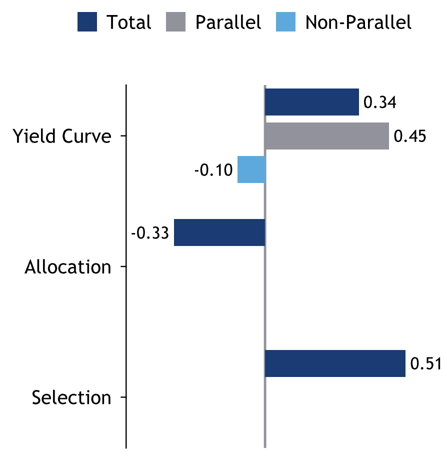
attribution analysis

10/31/2017 TO 10/31/2018

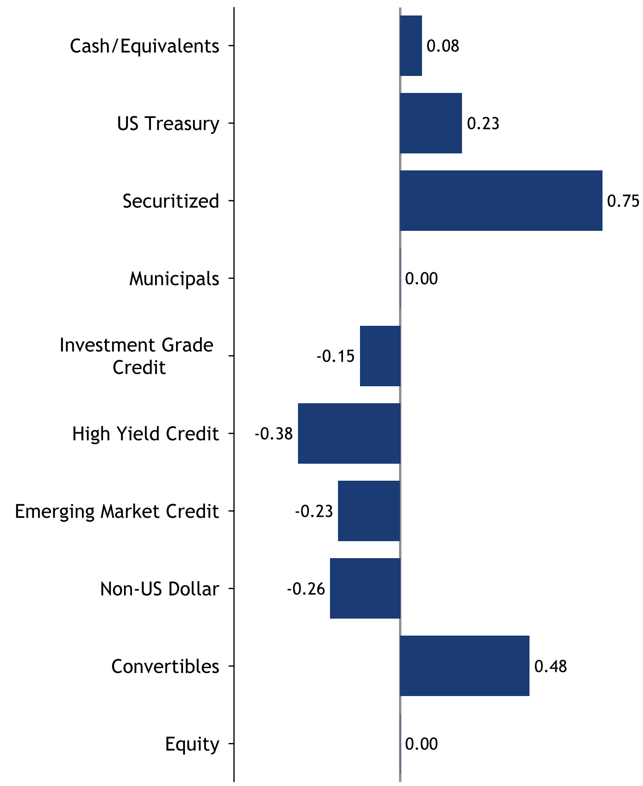
TOTAL RETURNS

	Total Return
Portfolio Return	-0.46
Benchmark Return	-0.87
Excess Return	0.41

EXCESS RETURN ATTRIBUTION



EXCESS RETURN ATTRIBUTION BY SECTOR



The current benchmark is 65% Barclays Aggregate 30% Citigroup High Yield Mkt 5% JP Morgan Ex US Hedged $US (M) Index.

attribution analysis

10/31/2017 TO 10/31/2018

SECTOR DISTRIBUTION

	Portfolio Final Weight	Benchmark Final Weight	Portfolio Average Weight	Benchmark Average Weight	Portfolio Return	Benchmark Return	Total Effect
Securitized	23.04	19.88	20.97	20.11	2.17	-1.48	0.75
Convertibles	3.83	0.00	4.85	0.00	8.38	-0.97	0.48
US Treasury	9.25	24.81	3.47	24.60	1.33	-1.97	0.23
Cash/Equivalents	3.14	0.00	3.21	0.00	-0.60	-0.97	0.08
Municipals	0.00	0.19	0.00	0.21	0.00	-3.05	0.00
Equity	0.05	0.00	0.05	0.00	-6.89	-0.97	0.00
Investment Grade Credit	41.63	19.01	41.69	19.68	-2.20	-2.66	-0.15
Emerging Market Credit	5.81	1.36	6.69	1.46	-4.84	-3.37	-0.23
Non-US Dollar	2.13	5.00	5.38	4.89	-2.39	1.86	-0.26
High Yield Credit	11.00	29.77	13.70	29.05	0.74	1.10	-0.38

Total Effects are impacted by sector returns, allocation shifts and market timing. Total Effect includes yield curve impact.
The current benchmark is 65% Barclays Aggregate 30% Citigroup High Yield Mkt 5% JP Morgan Ex US Hedged $US (M) Index.

attribution analysis

10/31/2017 TO 10/31/2018

CURRENCY DISTRIBUTION

	Portfolio Weight Pre-Hedge	Portfolio Weight Post-Hedge	Currency Contribution	Bond Contribution	Hedging Effect	Total Effect
Argentine Peso	0.93	0.93	-0.69	0.21	0.00	-0.49
Australian Dollar	0.00	0.00	0.01	-0.01	0.00	0.00
British Pound Sterling	0.00	0.00	0.02	-0.02	0.00	0.00
Canadian Dollar	0.04	0.04	0.00	0.00	0.00	0.00
Colombian Peso	0.95	0.95	0.03	0.05	0.00	0.08
Danish Krone	0.00	0.00	0.00	0.00	0.00	0.00
Euro	0.00	0.00	0.05	0.02	-0.01	0.07
Japanese Yen	0.00	0.00	-0.05	-0.01	0.00	-0.06
Malaysian Ringgit	0.28	0.28	0.08	0.03	0.00	0.10
Mexican Peso	2.14	1.76	-0.06	0.06	0.01	0.01
South African Rand	1.16	0.11	-0.05	0.12	0.00	0.07
Swedish Krona	0.00	0.00	0.00	0.00	0.00	0.00
US Dollar	94.49	94.49	0.00	0.74	0.00	0.75
Unrealized FX Gain/Loss	-0.04	-0.04	0.00	0.00	0.00	0.00
Brazilian Real	0.03	0.03	0.00	0.06	0.00	0.06

Weights reflect end of period holdings. Effects are as of the entire period. Bond Contribution is the sum of Country Allocation and Local Market effects.
The current benchmark is 65% Barclays Aggregate 30% Citigroup High Yield Mkt 5% JP Morgan Ex US Hedged $US (M) Index.

portfolio summary

AS OF 10/31/2018

	Portfolio 10/31/2018	Benchmark 10/31/2018	Portfolio 10/31/2017	Benchmark 10/31/2017
Yield to Worst (%)	4.92	4.45	4.20	3.38
Effective Duration (years)	4.33	5.49	5.52	5.38
Effective Maturity (years)	6.00	7.37	7.71	6.96
OAS * (bps)	129	143	166	129
Coupon (%)	4.08	3.97	4.42	3.93
Current Yield (%)	4.43	4.17	4.59	3.93
Average Quality	A3	A2	BAA2	A2
Number of Securities	370	12,332	403	11,776
Number of Issuers	234	1,748	226	1,719

Quality	Portfolio 10/31/2018	Benchmark 10/31/2018	Portfolio 10/31/2017	Benchmark 10/31/2017
AAA	23.95	48.25	10.98	47.81
AA	4.42	4.89	3.43	4.88
A	18.63	9.88	19.06	9.98
BAA	38.98	7.88	46.36	8.00
BA	10.37	16.48	15.73	16.22
B	3.39	10.22	3.70	10.54
CAA	0.09	2.31	0.53	2.47
CA	0.00	0.06	0.00	0.05
C	0.00	0.00	0.17	0.05
NR	0.16	0.03	0.05	0.01

** OAS is option adjusted spread.*
Client Guideline Quality Methodology presented.
The current benchmark is 65% Barclays Aggregate 30% Citigroup High Yield Mkt 5% JP Morgan Ex US Hedged $US (M) Index.

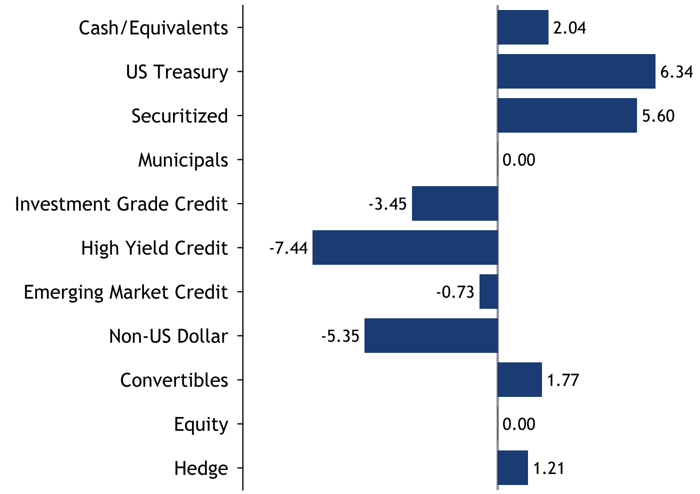
sector allocation

10/31/2017 TO 10/31/2018 (%)

SECTOR DISTRIBUTION

	Portfolio 10/31/2018	Over/Under Weight
Cash/Equivalents	3.14	3.14
US Treasury	9.25	-15.55
Securitized	23.04	3.17
Municipals	0.00	-0.19
Investment Grade Credit	41.63	22.63
High Yield Credit	11.00	-18.77
Emerging Market Credit	5.81	4.45
Non-US Dollar	0.82	0.82
Convertibles	3.83	3.83
Equity	0.05	0.05
Hedge	1.43	-3.57

SECTOR ALLOCATION CHANGE



The current benchmark is 65% Barclays Aggregate 30% Citigroup High Yield Mkt 5% JP Morgan Ex US Hedged $US (M) Index.

Strategic Alpha

investment team

HIGHLY EXPERIENCED, SEASONED TEAM

PRODUCT TEAM	MATTHEW EAGAN Portfolio Manager	KEVIN KEARNS Portfolio Manager	TODD VANDAM Portfolio Manager
Yrs of industry experience:	28	32	24
Yrs with firm:	21	11	24

	BRIAN HESS Global Strategist	ELAINE KAN Rates & Currency Strategist	PETER SHEEHAN Convertibles and Special Situations Strategist	JOHN DEVOY Credit Strategist
Yrs of industry experience:	15	21	11	19
Yrs with firm:	4	7	6	3

	SCOTT DARCI Senior Investment Analyst, Derivatives Strategist	ROGER ACKERMAN Product Manager
Yrs of industry experience:	12	31
Yrs with firm:	10	9

KEY SUPPORT

Investment Analysts	Portfolio Specialists	Product Managers
Kristen Doyle, Brian Hazelton, Vishal Patel, Christopher Romanelli, Shong Xiao	Boeurn Kan-Crawford Anthony Falzarano	Fred Sweeney Ken Johnson

SECTOR TEAMS

Emerging Markets · Global Asset Allocation · High Yield / Bank Loans · Convertibles · Developed Non-US Markets · Mortgage & Structured Finance · Inv Grade / Global Credit · US Yield Curve · US Government

FIRMWIDE RESOURCES

Macro Strategies
Director
Assoc. Director/
Senior Global Macro Strategist
Senior Equity Strategist
Economist
Senior Commodities Analyst
2 Research Analysts
2 Research Assistants

Sovereign Research
3 Senior Analysts
2 Analysts
Research Associate

Credit Research
Director
33 Senior Analysts
7 Analysts
8 Research Associates
8 Research Assistants

Mortgage & Structured Finance
2 Co-Heads
Portfolio Manager
3 Strategists
2 Senior Analysts
Senior Portfolio Analyst
2 Research Analysts
2 Research Associates

Quant. Research & Risk Analysis
2 Directors
Assoc. Director,
Fixed Income QRRA
Quantitative Strategist
Director, LDI & Solutions
3 Senior Quantitative Analysts
9 Quantitative Analysts

Equity Research
13 Senior Analysts
5 Analysts
Research Associate

Convertibles & Special Situations
Assoc. Director
3 Senior Analysts
2 Research Analysts
Research Associate

Fixed Income Trading
28 Traders/TAs
Director, Portfolio Implementation
16 Portfolio Specialists
Director, Operational Trading Risk Mgt.
Risk Analyst

As of 9/30/2018.

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guideline summary

BENCHMARK

- ICE BofAML US Dollar LIBOR 3-month Constant Maturity

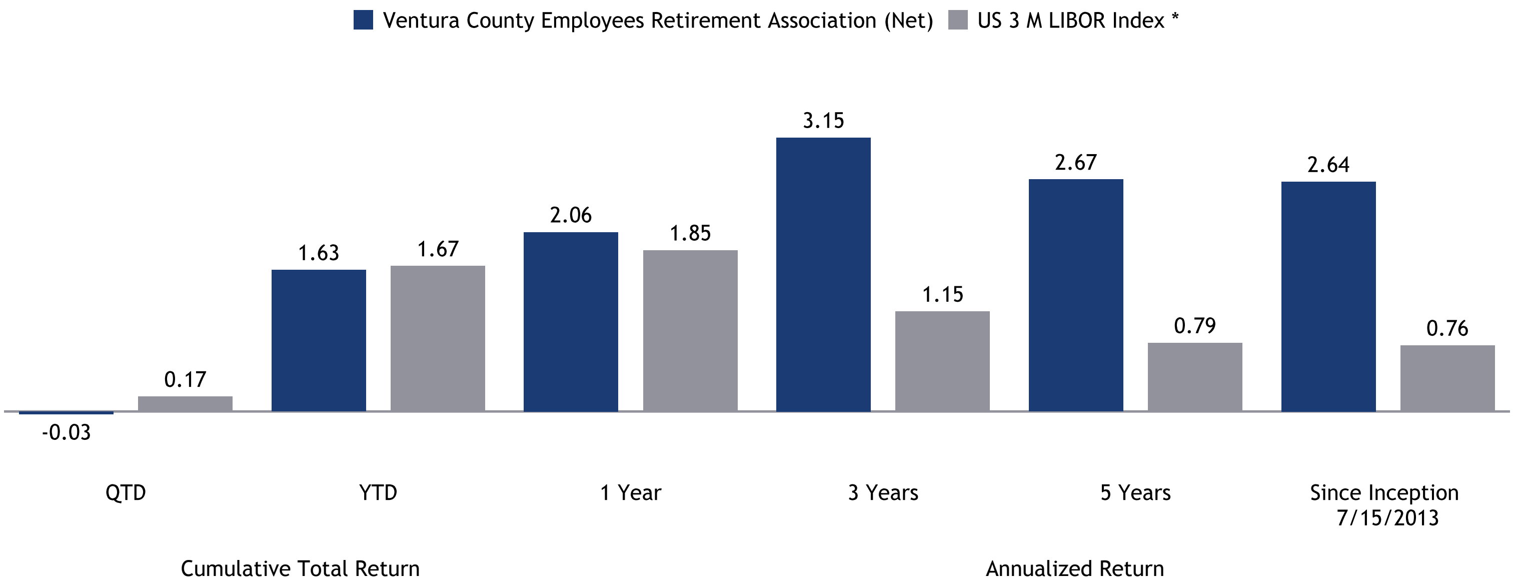
GUIDELINES & LIMITATIONS

- Minimum Credit Quality: The Fund will not hold more than +/-50% MV in securities rated below Baa3/BBB-/BBB- by Moody, S&P and Fitch (best) as determined at the time of purchase. If unrated, Loomis rating applies.
- Emerging Markets: The Account's NET emerging market currency exposure shall be limited to +/-20% as determined at the time of purchase.
- Convertibles & Residual Equity: The Account's net equity exposure is +/-5%, excluding Preferred Stock, Convertible Preferred Stock and Commingled Pools as determined at the time of purchase.
- Duration: The effective duration of the Fund will not exceed 5 years and may be as low as -2 years.
- Industry Concentration: The Fund's NET exposure to any individual industry is +/- 25%, excluding securities issued or guaranteed by Government issuers as determined at time of purchase.
- Currency: The Account's NET individual currency, excluding U.S. dollar shall be limited to +/-15% as determined at the time of purchase.

Guideline summary is not a complete restatement of guidelines. The slide is intended to be a summary to aid in the review process.

trust performance

AS OF 10/31/2018 (%)



Sources: State Street Bank, Bloomberg and Loomis Sayles.
Trust data is being shown as supplemental information.
Performance for multi-year periods is annualized. Total return assumes reinvestment of dividends and capital gains distributions. Gross returns are net of administrative costs and trading costs. Net returns are gross returns less management fees for the period.
Investment return and principal value may fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance data quoted represents past performance and current returns may be higher or lower.
**The Trust's investment objective seeks to provide absolute returns in excess of 3-month US LIBOR + 2-4%. This return objective is used for the purpose of portfolio construction, is unofficial, and is provided for informational purposes only. There is no guarantee the strategy will achieve its return objective.*
Investors should consider a trust's objective, risks and expenses carefully before investing. This and other information can be found in the Trust's Confidential Private Placement Memorandum. Investments in the Trust are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any bank. Any losses in the Trust will be borne solely by investors, not by Loomis Sayles or its affiliates.
Please see the Key Investment Risks and the Fee Schedule for the Strategic Alpha Trust included in this presentation.
Returns may increase or decrease as a result of currency fluctuations.
Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.

Ventura County Employees Retirement Association - NHIT: Strategic Alpha Trust

portfolio summary

10/31/2017 TO 10/31/2018

PORTFOLIO SUMMARY

	Portfolio 10/31/2018	Portfolio 10/31/2017	Change 10/31/2017 to 10/31/2018
Yield to Worst (%)	5.13	3.70	1.43
Effective Duration (years)	1.26	0.88	0.38
Coupon (%)	3.77	3.88	-0.12
Maturity (years)	2.32	2.72	-0.40
Average Quality	A3	BAA1	-
Number of Issuers	337	360	-23

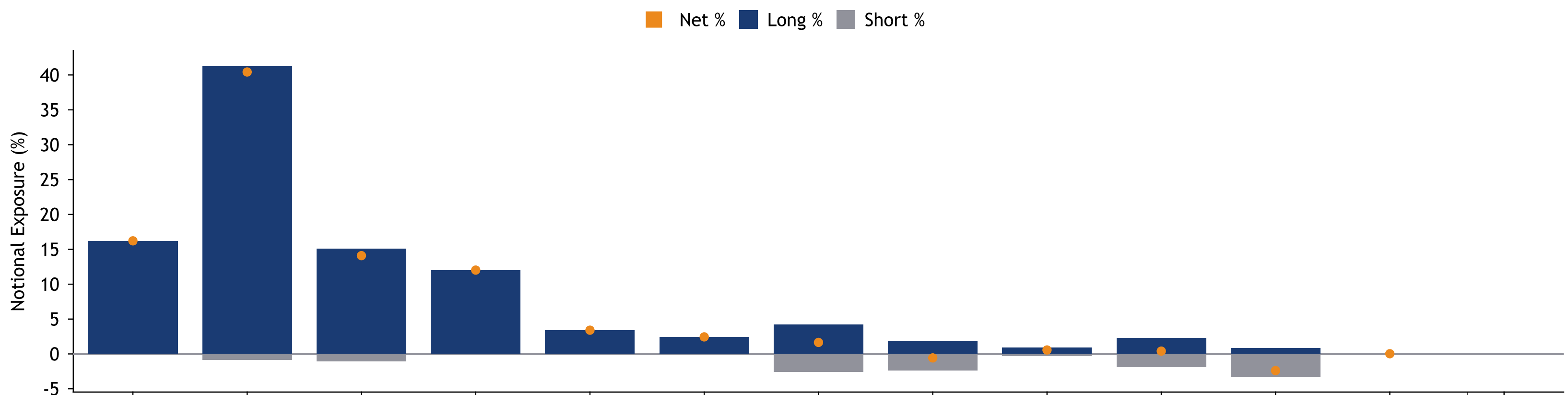
QUALITY SUMMARY

	Portfolio % 10/31/2018	Portfolio % 10/31/2017	Change in Exposure % 10/31/2017 to 10/31/2018
Investment Grade	71.35	51.33	20.02
AAA	31.73	14.42	17.32
AA	6.85	5.05	1.79
A	14.02	12.22	1.80
BBB	18.75	19.64	-0.89
High Yield	19.52	24.70	-5.18
BB	10.09	10.09	-
B	7.84	12.89	-5.06
CCC & Below	1.59	1.71	-0.12
NR**	-2.56	7.55	-10.11

Source: Loomis Sayles.
Rating categories include unrated securities of comparable quality as determined by Loomis Sayles. Equity securities are deemed to have a duration and maturity value of zero.
***NR consists of non-rated issues plus securities such as common stock, ADR's, ETF's, CDX's and forwards.*

portfolio review

NOTIONAL EXPOSURE BY STRATEGY AS OF 10/31/2018

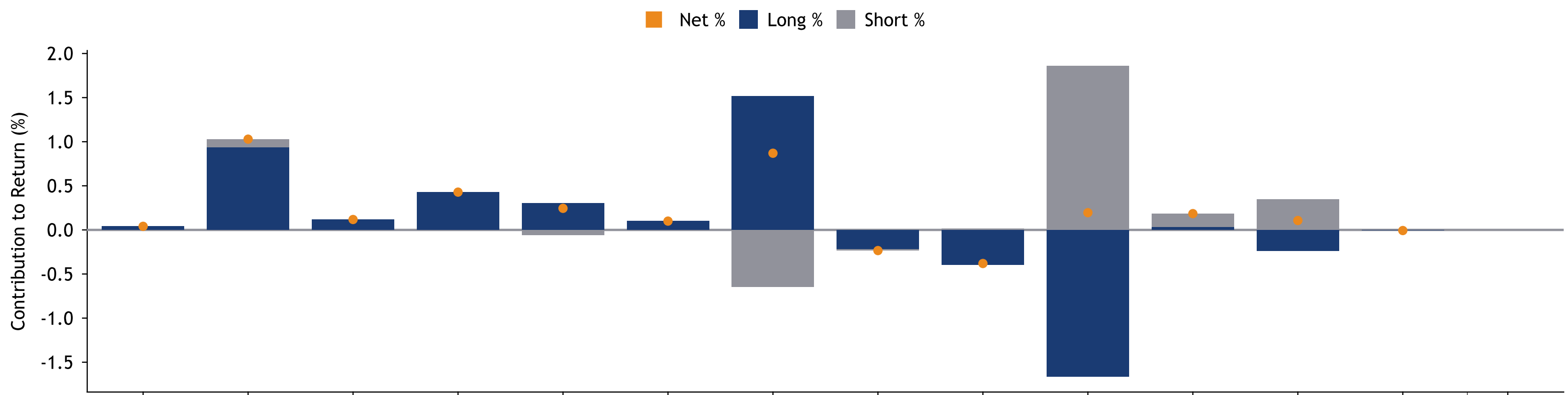


	Cash and Equiv	Securitized	Invst Grade Corp	Bank Loans	High Yield Corp	Convertibles	Equity	Emerging Market	Global Credit	Global Rates	Currency	Duration Mgmt	Total
Long %	16.22	41.28	15.13	12.02	3.40	2.44	4.25	1.82	0.90	2.32	0.85	0.03	100.67
Short %	-	-0.85	-1.04	-	-	-	-2.60	-2.39	-0.34	-1.92	-3.24	-	-12.36
Net %	16.22	40.43	14.09	12.02	3.40	2.44	1.65	-0.57	0.57	0.40	-2.38	0.03	88.31
Change 10/31/2017 to 10/31/2018	3.69	5.79	3.56	2.90	-1.48	-0.42	-2.09	-4.76	0.19	-1.26	-2.12	-	-

Source: Loomis Sayles.
Strategies are based on internal Loomis Sayles classifications. Certain portfolio exposures may be excluded from this chart because, in our view, they are best represented in terms of contribution to duration as shown later in the presentation. Portfolio Strategy Exposure does not include derivative offsets, included in the portfolio's total net assets. The portfolio's long and short investment exposures may, at times, each reach 100% of the assets invested in the portfolio (excluding derivatives used for duration, interest rate or yield curve management and cash and cash equivalents), although these exposures may be higher or lower at any given time.

portfolio review

ONE YEAR CONTRIBUTION (GROSS) AS OF 10/31/2018



	Cash and Equiv	Securitized	Invst Grade Corp	Bank Loans	High Yield Corp	Convertibles	Equity	Emerging Market	Global Credit	Global Rates	Currency	Risk Mgmt	Duration Mgmt	Total
Long %	0.04	0.94	0.12	0.43	0.30	0.10	1.52	-0.22	-0.40	-1.66	0.04	-0.24	-0.01	0.96
Short %	-	0.09	-	-	-0.06	-	-0.65	-0.01	0.01	1.86	0.15	0.34	-	1.74
Net %	0.04	1.03	0.12	0.43	0.24	0.10	0.87	-0.23	-0.38	0.20	0.18	0.11	-0.01	2.69

Source: Loomis Sayles.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.

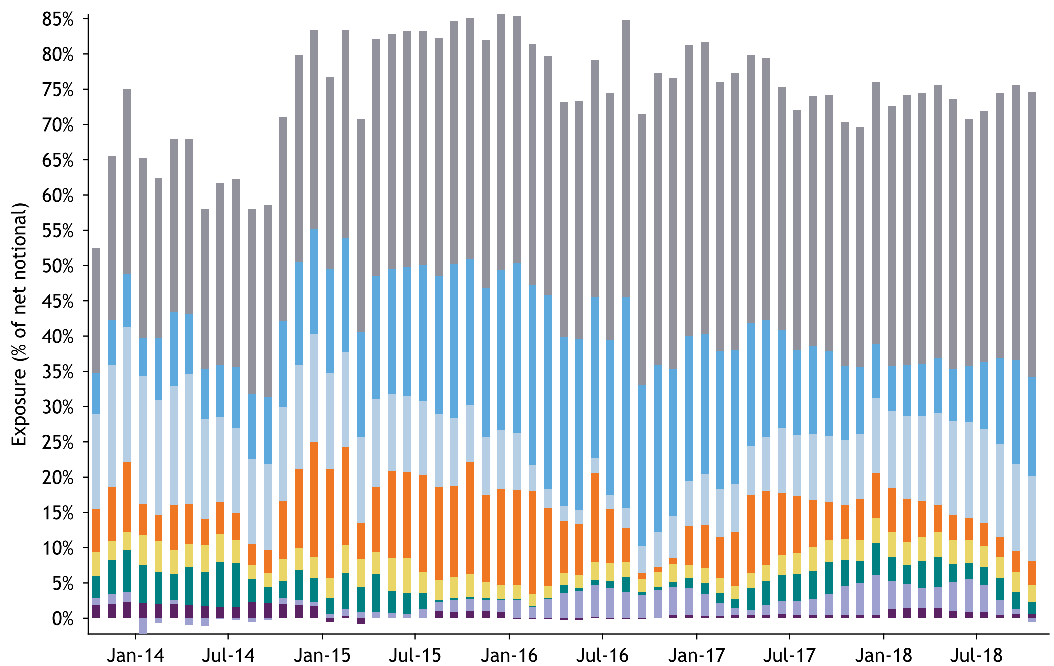
Strategies are based on internal Loomis Sayles classifications. Due to the differences in calculation methodologies, the total return shown for attribution may differ from the actual return for the account. Please see the returns for actual return information. Contribution account returns are gross of fees

Ventura County Employees Retirement Association - NHIT: Strategic Alpha Trust

alpha generation

CREDIT

The portfolio's flexibility in credit market beta allows it to tactically adjust these allocations throughout various market environment and economic regimes



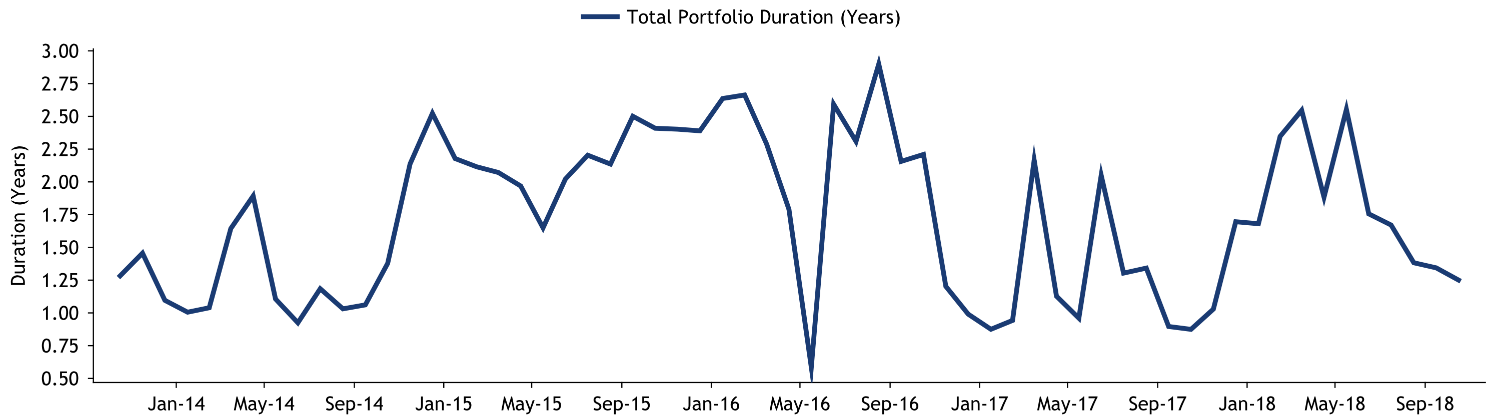
Historical Exposure (%)	Actual Min (%)	Actual Max (%)	10/31/2018 (%)	Change 10/31/2017 to 10/31/2018 (%)
Securitized	6.19	41.43	40.43	5.79
Invst Grade Corp	-4.25	29.90	14.09	3.56
Bank Loans	1.88	19.00	12.02	2.90
High Yield Corp	0.64	34.71	3.40	-1.48
Convertibles	0.05	5.11	2.44	-0.42
Equity	0.07	6.39	1.65	-2.09
Emerging Market	-2.24	7.65	-0.57	-4.76
Global Credit	-0.84	3.12	0.57	0.19

Source: Loomis Sayles, as of 10/31/2018
Due to active management, allocations will evolve over time. The chart above shows credit markets only. Certain portfolio exposures may be excluded from this chart because in our view, they are best represented in terms of contribution to duration as shown later in the presentation.

alpha generation

CURVE

Seeks to benefit from movements in global interest rates. Portfolio's flexibility allows duration to be adjusted tactically.



	Actual Min (%)	Actual Max (%)	10/31/2018 (%)	10/31/2017 (%)
Total Portfolio Duration (Years)	0.58	4.41	1.25	0.87

Source: Loomis Sayles, as of 10/31/2018

Ventura County Employees Retirement Association - NHIT: Strategic Alpha Trust

alpha generation

CURRENCY

Currency Exposure

	10/31/2018			10/31/2017			Change in Exposure % 10/31/2017 to 10/31/2018
	Total %	Physical %	Forward %	Total %	Physical %	Forward %	
Hungarian Forint	-1.51	-	-1.51	-	-	-	-1.51
South Korean Won	-1.48	-	-1.48	-	-	-	-1.48
Euro	-1.10	0.19	-1.29	-8.93	0.92	-9.85	7.83
Argentine Peso	1.06	1.06	-	1.65	1.65	-	-0.60
British Pound Sterling	0.71	0.73	-0.02	1.19	1.20	-0.02	-0.48
Canadian Dollar	0.13	0.13	-	0.14	0.14	-	-
Mexican Peso	0.11	0.17	-0.06	2.42	0.74	1.68	-2.31
Chinese Renminbi Spot	0.08	-	0.08	-	-	-	0.08
Peruvian New Sol	0.08	-	0.08	-	-	-	0.08
Polish Zloty	0.07	0.07	-	-0.11	3.36	-3.47	0.17

Source: Loomis Sayles.
Currency exposure excludes credit derivatives.

contacts

RELATIONSHIP MANAGEMENT

Stephanie S. Lord, CFA, CIC
Client Portfolio Manager
630-581-5054
SLord@loomissayles.com

Chad Gross
Institutional Services
720-943-8665
CGross@loomissayles.com

Timothy Jurevic
Client Portfolio Analyst
617-603-7334
TJurevic@loomissayles.com

Risa Y. Sampson
Portfolio Assistant
415-364-5326
RSampson@loomissayles.com

MULTISECTOR FULL DISCRETION INVESTMENT MANAGEMENT

Daniel J. Fuss, CFA, CIC
Vice Chairman, Loomis, Sayles & Company
Executive VP, Portfolio Manager

Matthew J. Eagan, CFA
Portfolio Manager

Elaine M. Stokes
Portfolio Manager

Brian Kennedy
Portfolio Manager

STRATEGIC ALPHA INVESTMENT MANAGEMENT

Matthew J. Eagan, CFA
Portfolio Manager

Kevin Kearns
Portfolio Manager
Senior Derivatives Strategist

Todd Vandam, CFA
Portfolio Manager

Roger Ackerman
Product Manager

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

SUBJECT: $25 MILLION INVESTMENT IN BLUEBAY DIRECT LENDING FUND III

Dear Board Members:

Attached is a joint recommendation from NEPC and I for a $25 million investment in BlueBay Direct Lending Fund III.

Discussion

The Board adopted a revised asset allocation at its meeting of May 21, 2018 which included a *dedicated* 3% allocation targeted to private credit and made part of the fixed income asset class. In conjunction with the new allocation, the Board adopted an investment pacing plan which has targeted commitments of approximately $75 million per year over three years to reach the targeted allocation.

In late 2017, the Board had approved a $30 million allocation to **CarVal Credit Value Fund IV** which was then included as part of the private investments program but did not begin investing until 2018. The Board approved a $25 million commitment to its second private credit fund, **Monroe Capital Private Credit Fund III** in July 2018.

At this time, a $25 million commitment is recommended for the **BlueBay Direct Lending Fund III** as described in NEPC's accompanying research report. This fund has a top rating by NEPC and offers a strategy which will further diversify VCERA's private credit allocation. In addition, NEPC has negotiated client aggregation size favorable terms.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve an allocation of $25 million to BlueBay Direct Lending 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, and in their absence the Chief Investment Officer, to approve and execute the required documentation.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

NEPC, LLC

To: Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: December 10, 2018

Subject: Private Debt Manager Recommendation

Recommendation

NEPC and VCERA staff recommend that the Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") consider a commitment of $25.0 million to BlueBay Direct Lending Fund III. ("Fund III" , the "Fund", or "DLF III"). The Fund has been rated "1" by the NEPC Alternative Assets Committee indicating high conviction in this product. NEPC and VCERA staff believe that BlueBay Direct Lending Fund III fits well in the Plan's portfolio for the following reasons:

- As a European focused private lending fund, Fund III will provide a diversified, European-centric lending foundation for the private debt portfolio.
- BlueBay believes it can achieve low double-digit IRRs in the current environment, including mid-to-high single digit cash yields.
- The Firm's prior funds have generated strong historical performance both on a relative and absolute basis. Fund III will have a levered vehicle which offers attractive risk-adjusted returns given BlueBay's strong, disciplined underwriting capabilities, and given the "1" rating noted above NEPC believes the targeted returns are achievable.
- This commitment would complement VCERA's existing commitments to CarVal and Monroe. CarVal invests more opportunistically across instruments and areas it finds attractive globally, while Monroe is a diversified, US lower middle-market direct lender.
- BlueBay's track record has demonstrated a low loss ratio. NEPC believes the strategy/fund should be resilient given the lending environment in the Europe.

Overview of Ventura Private Debt Program

As of 12/10/2018, VCERA had committed $55 million to Private Debt. $30 million was committed to the CarVal Credit Value Fund IV and $25 million was committed to Monroe Capital Private Credit Fund III.

Fund Summary

BlueBay Direct Lending Fund III is a middle-market direct lending vehicle that is solely focused on Europe. The Fund seeks to provide investors with attractive risk-adjusted returns relative to the European liquid leveraged loan market. DLF III will originate first- and second-lien loans and select subordinated debt investments that may include equity. The Fund is expected to invest €30 million to €300 million per transaction with Fund positions between €30 million to €150 million. The portfolio will be diversified by sector in 25 to 40 investments. Fund III is targeting middle-market companies with EBITDA of €10 million to

€100 million and enterprise values up to €2 billion. The Fund is managed by BlueBay Asset Management with a dedicated team of direct lending professionals. The Firm is a fixed income specialist that manages approximately $60 billion in assets with approximately $9.2 billion of that in private debt as of August 2018. Unlike Fund II, Fund III will provide investors the option to invest in levered vehicles. Fund III is seeking aggregate capital commitments of €3 billion and will provide six separate vehicles: unlevered and levered EUR-denominated vehicles, unlevered and levered USD-denominated vehicles, an unlevered GBP-denominated vehicle and a JPY denominated vehicle. NEPC is encouraging its clients to go into the levered USD-denominated vehicle. NEPC believes the Fund has the ability to generate a levered net internal rate of return, or IRR, of 10%-12%, including a 7%-9% cash yield and a net multiple on invested capital, or MOIC, of 1.35x-1.45x. NEPC also believes that the Fund has the ability to generate a target unlevered net IRR of 8%-9%, including a cash yield of 6%-8%, and a net MOIC of 1.25x-1.35x (net of fees and currency hedging expenses).

Target Investment Types
The Fund will originate senior and subordinated loans to middle-market companies, including first-lien, unitranche (single senior secured facilities that are typically more leveraged and go deeper into the capital structure than first lien loans), second-lien and mezzanine loans. Additionally, equity upside may be included in transactions through shares, warrants and/ or other equity instruments. No more than 30% of aggregate commitments may be invested in non-senior secured investments.

Target Geographic Focus
The Fund will pursue its loan strategy for companies domiciled, organized or having them principal place of business located in Europe and with substantial European activities. No more than 60% of aggregate commitments may be invested in a single country. As a reference, DLF II's geographic breakdown was approximately 48% UK, 21% Germany, 9% France, 8% Spain, 6% Switzerland, 3% Netherlands and 6% Other (Western Europe).

Target Deal Size
The Fund is expected to make investments between €30 million to €300 million with final hold positions between €30 million and €150 million that may include co-investors. No more than 20% of aggregate commitments may be invested in securities or loans of any single portfolio company.

NEPC Research Ratings Definitions

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

NEPC, LLC

YOU DEMAND MORE. So do we.SM

NEPC Private Markets
Investment Due Diligence Research Report

BlueBay Asset Management LLP
Direct Lending Fund III SLP

Report written by NEPC Research as of August 21, 2018.

Product Rating: 1

255 State Street, Boston, MA 02109
TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Table of Contents

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Executive Summary

BlueBay Direct Lending Fund III SLP (the "Fund," "Fund III," or "DLF III") is a middle-market direct lending vehicle that is solely focused on Europe. The Fund seeks to provide investors with attractive risk-adjusted returns relative to the European liquid leveraged loan market. DLF III will originate first- and second-lien loans and select subordinated debt investments that may include equity. The Fund is expected to invest €30 million to €300 million per transaction with Fund hold positions between €30 million to €150 million. The portfolio will be diversified by sector in 25 to 40 investments. Fund III is targeting middle-market companies with EBITDA of €10 million to €100 million and enterprise values up to €2 billion.

The Fund is managed by BlueBay Asset Management ("BlueBay" or the "Firm") with a dedicated team of direct lending professionals. The Firm is a fixed income specialist that manages approximately $60 billion in assets with approximately $7.5 billion of that in private debt as of July 2018. Unlike Fund II, Fund III will provide investors the option to invest in levered vehicles. Fund III is seeking aggregate capital commitments of €3 billion and will provide seven separate vehicles: unlevered and levered EUR-denominated vehicles, unlevered and levered USD-denominated vehicles, an unlevered GBP-denominated vehicle, an unlevered CAD-denominated vehicle and a JPY- denominated vehicle. NEPC is encouraging its clients to go into the levered USD-denominated vehicle (loans are denominated in local currencies and then hedged back to US dollars).

Positives:

- **Origination/ sourcing:** The direct lending team uses its personal network and the BlueBay network to originate deal flow. The team consists of 19 investment professionals who all have sourcing responsibilities. The benefits of originating loans include higher interest rates and upfront fees (3.5% and 3.4% over European leveraged loans, respectively). Historically, BlueBay's sourcing has been primarily through boutique advisors (approximately 61%).

- **Regional expertise:** BlueBay's direct lending team is organized with a regional focus to adapt to the heterogeneous nature of originating loans in different countries across Europe.

- **BlueBay platform:** The direct lending team has the ability to leverage the broader BlueBay platform for sourcing and industry expertise. In addition, senior members of the investment team spend less time focusing on overhead and back-office capabilities.

- **Management fee:** BlueBay III's standard base management fee is 1.25% and 1.50% on invested capital for the unlevered and levered funds, respectively. The levered fund will charge management fees on invested capital only, not on the leverage.

Negatives:

- **Increase in fund size and strategy assets:** DLF III's €3 billion target is approximately 1.5x larger than its predecessor fund, DLF II, which closed with €2.1 in the fund and approximately €2.8 billion in total across the strategy. BlueBay expects to raise more than €3 billion in commitments across the strategy (the Fund and separately managed accounts).
- **Carried interest:** BlueBay charges a high carried interest (15%) relative to other managers NEPC has underwritten in the past. Ideally, NEPC would like to see a carried interest near 10% for this type of strategy.
- **No hard cap:** BlueBay does not have a stated hard cap for DLF III. The Firm states that the rapid deployment rate of its funds ahead of final close dictates the ultimate fund size.

- **Junior debt positions:** The Fund may allocate 30% of capital to subordinated debt. To date, junior loans in the DLF II portfolio have paid off; however, a significant disruption at a portfolio company could generate a higher loss rate on subordinated positions.

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Firm Description

Firm Overview

BlueBay Asset Management is a fixed income manager that is focused on corporate and sovereign debt in developed and emerging markets. The Firm was founded in 2001 in London by Hugh Willis and Mark Poole. BlueBay went public in 2006 on the London Stock Exchange and was later acquired by the Royal Bank of Canada ("RBC") in 2010. BlueBay is currently part of the RBC asset management division and is managed as a wholly owned subsidiary of RBC. The Firm manages approximately $60 billion as of July 2018 for institutional investors and private banking partners. Product offerings emphasize active management and attractive risk-adjusted returns with a focus on downside protection. The Firm has over 380 employees, including 114 investment professionals. BlueBay manages long-only and alternative strategies across the following sub-asset classes:

- Investment grade debt
- High yield/ distressed debt and loans
- Emerging market debt
- Convertible bonds
- Private lending
- Multi-asset credit

The private lending division was established in 2011 with the hiring of Anthony Fobel from Och-Ziff Management where he was previously the head of its European private lending business. BlueBay's management acknowledged the opportunity to build a practice that provides capital solutions for small and medium sized enterprises across developed economies in Europe. The direct lending division launched its first fund in 2012 after raising €810 million of committed capital from institutional investors. The Firm is currently in the process of raising Fund III with a target of €3 billion in capital commitments.

BlueBay - Direct Lending Fund III
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Fund Investment Strategy

Investment Strategy
Direct Lending Fund III will continue the strategy of the preceding fund, Direct Lending Fund II ("DLF II" or "Fund II"). The Fund will originate and underwrite a diversified portfolio of senior secured and select subordinated loans to middle-market companies in Europe. The strategy seeks to generate current income with the downside protection of contractual principal repayment. There are expected to be select opportunities to obtain equity upside alongside transactions to enhance the portfolio's overall return.

The Fund will target middle-market businesses with enterprise values up to €2 billion, revenues below €1 billion and EBITDA ranging from €10 million to €100 million. Typically, these businesses will have less access to the syndicated loan, high yield bond or public equity markets, while seeking financing for acquisitions, organic growth initiatives, refinancing or liquidity financing.

DLF III will utilize its origination networks to source and structure loans. The majority of transactions in Fund II have been sponsored by private equity firms. However, the investment team has demonstrated its ability to source investments outside of the financial sponsor network and has originated deals directly with corporations. BlueBay seeks to be a control lender (own a majority of a debt tranche) in a meaningful percentage of all investments.

It is expected that most of the Fund will be invested in senior secured loans including first-lien, unitranche and second-lien positions. Unitranche loans are single senior secured facilities that are typically more leveraged (with loan-to-values of 50-60%) and go deeper into the capital structure than first lien loans. Unitranche loans offer a simpler capital structure compared to a first lien/second lien structure or one that contains mezzanine which reduces conflict among lender groups in a restructuring. BlueBay feels that this will help maximize recoveries in the event that a loan goes into a restructuring. The Fund will opportunistically pursue subordinated loans to enhance the return profile of the portfolio. Equity upside may be included in transactions through shares, warrants and/ or other equity instruments. Returns will be generated from a combination of upfront origination fees, cash interest, payment-in-kind notes and principal repayments. The following table shows hypothetical portfolio construction by security type within the confines of the Fund's investment mandate, and is subject to change:

Security Type	*Percentage of Invested Capital*
Senior Secured – First Lien	30%
Stretch Senior/Unitranche	20%
Senior Secured – Second Lien	15%
Subordinated Loans	30%
Equity	<5%
Debt/Equity	**95%/5%**

Pricing for the loans will be dependent on the underlying company and the position in the capital structure. As of September 2017, the DLF II portfolio had a weighted average spread over LIBOR/Euribor of 7.9% (cash interest and payment-in-kind interest). In addition, the weighted average upfront fee/ original issue discount was 3.7%. These metrics represent a 3.5% and 3.4% premium over the European leveraged loan market.

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Target Fund Size
Fund III is targeting a fund size of €3 billion and has no specified hard cap. The Firm does not anticipate raising more than €5 billion between the Fund and separately managed accounts.

Target Investment Types
The Fund will originate senior and subordinated loans to middle-market companies, including first-lien, unitranche, second-lien and mezzanine loans. Additionally, equity upside may be included in transactions through shares, warrants and/ or other equity instruments. No more than 30% of aggregate commitments may be invested in non-senior secured investments.

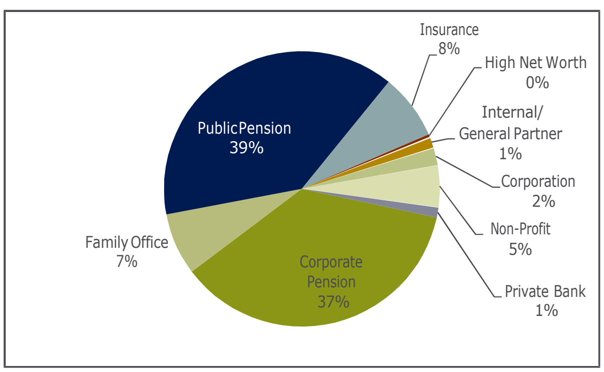
Target Geographic Focus
The Fund will pursue its loan strategy for companies domiciled, organized or having their principal place of business located in Europe and with substantial European activities. No more than 60% of aggregate commitments may be invested in a single country. As a reference, DLF II's geographic breakdown was approximately 48% UK, 21% Germany, 9% France, 8% Spain, 6% Switzerland, 3% Netherlands and 6% Other (Western Europe).

Target Deal Size
The Fund is expected to make investments between €30 million to €300 million with final hold positions between €30 million and €150 million that may include co-investors. No more than 20% of aggregate commitments may be invested in securities or loans of any single portfolio company.

Use of Leverage
DLF III expects to use up to 1.0x leverage at the Fund level. Fund level leverage will only be applied to senior secured investments.

Recycling of Capital
The Fund is permitted to recycle the principal received during the four-year investment period.

Expected Fund Investor Base
BlueBay expects that the Fund's investor types will be similar to that of the previous direct lending funds and will primarily comprise public and corporate pensions, insurance companies, endowments/foundations, family offices and high net worth individuals, and asset managers/private banks. Below is the investor base for DLF II:



BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Fund Investment Process

Deal Sourcing
The Fund will originate loans through the networks of both the direct lending team as well as the broader BlueBay network. These relationships have been cultivated and expanded over 20 years throughout Europe. Transactions will be originated through network sources, including but not limited to: industry executives, corporate finance companies, M&A advisory firms/ boutiques, debt advisory boutiques, commercial and investment banks, asset-based lending firms, private equity funds, restructuring advisors, management consultants and independent advisors. For Fund II, 48% of deal flow came from boutique advisors and 52% from financial sponsors. BlueBay believes its origination network provides a competitive advantage over other firms which typically originate deals through banks. The direct lending team also has access to the resources of BlueBay's Global Leveraged Finance Group that will pass on deal flow that sits outside of the broadly syndicated loan market.

Investment Process
BlueBay targets companies with market-leading businesses with significant market share, brand value, competitive advantages, growing upside potential, strong cash flow generation and the ability to weather economic downturns. This leads the investment team to gravitate towards industry sectors that exhibit these types of characteristics such as healthcare, cable and waste management. BlueBay also emphasizes companies with high quality management teams with demonstrable track records. To screen for these investments, BlueBay uses a four-stage process.

Stage 1 – Preliminary Screening
The preliminary screening process involves transferring sourced deals into a preliminary investment memorandum that is designed to assess the attractiveness of a loan opportunity and red flags that would need to be addressed if deal dynamics appeared attractive. The timing factor is also assessed during this stage to consider the likelihood of completing the loan relative to time, cost and the competition.

Stage 2 – Due Diligence and Interim Review Screening
Investments that proceed from Stage 1 are run through deeper credit analysis and the red flags raised from the prior stage are researched more thoroughly. An accounting review, legal and other due diligence items from external advisors will take place during Stage 2 and the investment team will meet with management. The deal will be reviewed on its merits and risks. Cash flow stress testing and asset valuation testing will be analyzed alongside structure, pricing, returns and portfolio position.

Stage 3 – Final Investment Decision
A full review of the opportunity is prepared with analysis of financial, credit, legal and market due diligence. The opportunity is presented to and discussed by the Investment Committee.

Stage 4 – Execution
If the deal is approved by the Investment Committee, it reaches the execution stage. BlueBay's will deliver documentation that emphasizes contractual corporate and inter-creditor projections as well as tax structuring and compliance with other Fund terms. The deal team is fully involved in all facets of execution.

Portfolio monitoring includes the receipt of monthly financial information, key performance indicators and covenant compliance. Borrowers may be required to provide board representation and veto rights. Other contractual obligations may include monthly financial performance calls and formal quarterly review meetings. Each loan is reviewed by the investment committee on a weekly or monthly basis. A separate committee, the Portfolio Committee, formally meets quarterly to review each loan.

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Value Creation

BlueBay focuses on providing bilateral loans where it is the sole lender or part of a small group of lenders. Originating these transactions away from the broadly syndicated loan market creates more opportunity to receive better pricing, structures and downside protection. The Firm's sourcing network allows it to pursue these types of transactions. BlueBay also provides a strong platform to originate loans in Europe where the heterogeneous nature of different nations requires regional expertise.

Risk Mitigation

Risk mitigation is an inherent part of the investment process for the direct lending team. BlueBay mitigates risk in the Fund through upfront due diligence, which is an essential part of the underwriting process, extensive loan monitoring once a loan is made, and hands-on restructuring expertise if necessary. The due diligence process includes business, legal and accounting due diligence. Business due diligence typically includes senior management meetings, facility tours, a review of financial data and trends, customer calls, management background checks, and the retention of industry consultants to assist in the business review. Legal due diligence generally includes a capital structure study, which would examine the terms and underlying structure of a company's debt and equity securities. It will also include a litigation review or other due diligence specific to the investment opportunity. Accounting due diligence includes a review of historical and projected financial statements and generally includes the retention of an accounting firm to review historical internal financials and produce a quality of earnings report. In addition, audited financial statements by a reputable accountant are generally required from each borrower.

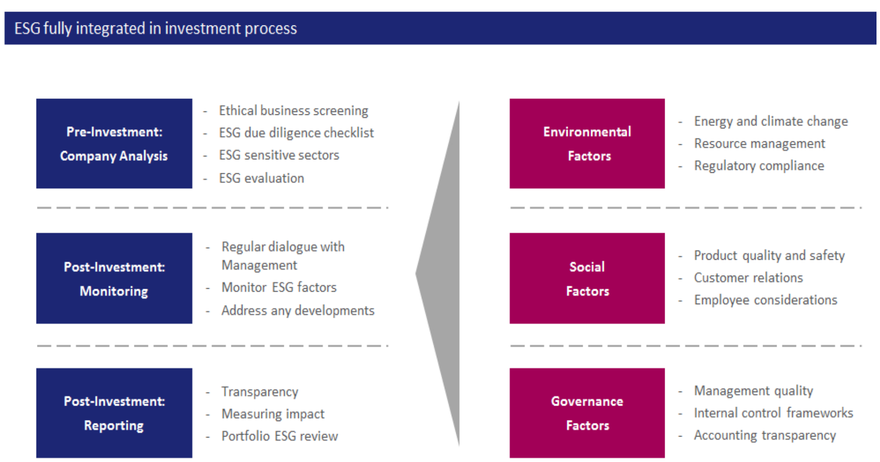
BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Fund Administration, Structure and Policies

ERISA Provisions
Employee benefit plans and accounts, including those subject to the Employee Retirement Income Security Act ("ERISA") of 1974, as amended or Section 4975 of the Code, generally may be eligible to purchase commitments subject to the considerations described in the PPM. The General Partner intends to conduct the operations of the Fund so that the assets of the Fund will not be considered "plan assets" of any plan investor.

UBTI Considerations
The Fund may invest in fiscally transparent entities that are engaged in business or otherwise generate unrelated business taxable income ("UBTI"). Because of the "flow-through" principles applicable to such entities, the Fund's direct or indirect investments in equity interests in such entities will give rise to UBTI to the extent such entities generate trade or business income or other income that is treated as UBTI, which the General Partner expects will occur for certain investments. Each tax-exempt Partner generally will be subject to US federal income tax on its share of any UBTI earned by the Fund (and the receipt of UBTI could give rise to additional tax liability for certain limited categories of tax-exempt investors).

Environmental, Social and Governance Considerations
BlueBay believes that incorporating ESG risks into investment analysis can lead to better value creation, given the illiquid nature of the loans and the longer-term credit view taken on borrowers. As such, consideration of ESG-related factors, particularly governance and compliance matters, has been given particular focus as a key element of the due diligence process. Since 2016, the BlueBay Private Debt team has worked to formalize ESG investment risk management within the pre-and post-investment phases of its Private Debt investment process, as illustrated below:



Source: BlueBay

<u>Pre-investment company analysis</u>
During the initial consideration of the transaction, the deal team will review the borrower for potential involvement in activities that are excluded based on the BlueBay Controversial Weapons Investment policy. The team will evaluate loans for any potential restrictions as a result of economic sanctions placed by authorities in the jurisdictions in which BlueBay operates. Clients with segregated accounts can request the team avoid loans to companies engaged in other activities which they may wish to exclude.

The next stage of the investment process involves conducting due diligence, which incorporates ESG considerations, and completing an ESG checklist/questionnaire reporting the key findings. The ESG checklist comprises of nine questions (three each on Environment, Social and Governance), which have been developed by the Private Debt team in collaboration

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

with BlueBay's in-house ESG team. The questions are supplemented by commentary guidelines as to how any negative responses should be evaluated. BlueBay places an emphasis on corporate governance efforts, reviewing and evaluating policies and performance in this area, and would avoid investments where it does not have sufficient confidence in management and/or financial accounting practices. Furthermore, BlueBay also focuses on regulatory compliance, such as with environmental and social matters. In evaluating companies on ESG, the deal team can also make use of ESG material developed through BlueBay's ESG efforts in the public debt space, such as the ESG sector briefings, which are intended to be reference guides for credit analysts about the key ESG issues for any given sector. More generally, the deal team and BlueBay's ESG specialists will interact when needed. The Firm created cross-desk sector forums in January 2015. ESG specialists attend monthly sector analyst meetings and cross desk holdings are reviewed for ESG concerns. There is an explicit "ESG Review" section within each of BlueBay's Preliminary and Final Investment Memorandums.

<u>Post-investment monitoring</u>
While BlueBay seeks to monitor and stay current on news and developments on all its loans, BlueBay considers ESG related news flow which may inform its investment views. This may be obtained by dialogue with management directly and/or through the media (in the case of the latter, BlueBay may contact the company management to get their comments). The deal team produces a quarterly loans report which documents key company developments, with an explicit section on ESG.

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European Direct Lending Strategy

Labor Policy

From an equity ownership standpoint, this is a non-control lending fund. BlueBay does not anticipate having the majority ownership of the equity of its portfolio companies. BlueBay does not influence such matters and has no such policy.

LP Advisory Committee

It is currently anticipated that the Fund will have an LP Advisory Board. The advisory board shall provide such advice and counsel as requested by the General Partner or manager in connection with the Fund's investments, potential conflict of interest and other Fund matters. The advisory board shall not take part in the management of the Fund.

Reporting

The Fund intends to provide 'best-in-class' reporting for investors. The Fund's Administrator will provide a quarterly reporting pack to investors, including a Quarterly Report and a Capital Account Statement, in line with the current reporting practices of the previous Private Debt funds. These reports will contain a complete review of the investment performance, latest companies' developments and review of current trading. Investors will also have access to a web-based reporting platform for most up-to-date fund information. These are provided within 45 business days of the calendar quarter end. BlueBay also provides, on a quarterly basis, an industry standard Tripartite template on request to those investors that have reporting requirements under the Solvency II Directive. Such reports are available on the 15th calendar day after quarter-end.

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European Direct Lending Strategy

Firm Track Record

Past Fund Record

Fund Name	Vintage	Commitments	Invested Capital	Reported Value	Distributions	Total Value	Net TVPI	Net DPI	Net IRR
Direct Lending Fund I, LP	2013	€ 810.3	€ 811.5	€ 49.2	€ 991.8	€ 1,039.8	1.20x	1.14x	8.9%
Direct Lending Fund II, SLP	2015	€ 2,089.7	€ 1,613.5	€ 1,499.0	€ 377.9	€ 1,876.9	1.13x	0.26x	8.7%

Note: € in millions; data as of 3/30/2018, as provided by BlueBay. Net TVPI, DPI and IRR for DLF II is for the USD fund and denominated in $. DLF I did not have a $ vehicle.

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Litigation, Regulation and Compliance

Current Litigation
To the best of BlueBay's knowledge and beliefs, there is no current litigation to disclose in relation to BlueBay Asset Management or its personnel.

Compliance Staff and Philosophy
BlueBay has a stand-alone compliance team, headed by the Global Head of Compliance, Michael Tomotheou. Francesca Sparke, a Senior Compliance Officer, is the Money Laundering Reporting Officer. BlueBay's compliance team consists of 15 members: eleven members of the team are based in London with two members based in the Tokyo office and two members based in the Stamford (US) office. The Compliance Team reports to James Brace, Partner, General Counsel and Partnership Secretary, and have a second reporting line to the Chief Compliance Officer of RBC Global Asset Management Inc. & Global Head of Compliance for RBC Global Asset Management. On a monthly basis, Mr. Tomotheou meets with the BlueBay Management Committee to provide an update on regulatory matters. He also reports to the Board on a quarterly basis. BlueBay has a Compliance Monitoring Program to ensure that transactions are being executed in accordance with BlueBay's policies and procedures and applicable regulatory obligations. The Program covers Compliance and Financial Crime Prevention issues and includes compliance projects, ongoing monitoring, specific reviews and training to ensure that these activities are coordinated and consistent across BlueBay. It is reviewed on an ongoing basis and updated to reflect regulatory developments, market practice and BlueBay's business activities.

SEC Oversight
BlueBay Asset Management LLP has been registered as an Investment Advisor with the US Securities and Exchange Commission (SEC) since September 25, 2002 (SEC number 801-61494 and CRD number 122793).

Subject to Other Regulators
BlueBay Asset Management LLP is authorized and regulated by the UK Financial Conduct Authority (FCA). The company was first registered on December 1, 2001, and has since been registered as an LLP; the registration number is 571599. BlueBay was authorized by the FCA as an Alternative Investment Fund Manager (AIFM) on 9 May 2014.

BlueBay Asset Management International Limited has been regulated by the Japan Financial Services Agency as an Investment Advisor since November 2005 and a Discretionary Investment Manager since May 2010.

BlueBay Funds Management Company S.A. is regulated by the Luxembourg Commission de Surveillance du Secteur Financier, and is registered on the official list of Luxembourg management companies governed by Chapter 15 of the Law of 2010.

In Australia, BlueBay Asset Management LLP is exempt from the requirement to hold an Australian financial services license under the Corporations Act with respect to financial services as it is regulated by the UK FCA.

BlueBay Asset Management AG has been authorized by the Swiss Financial Market Supervisory Authority (FINMA) as a Distributor of Collective Investment Schemes since 21 October 2014. In Germany, BlueBay Asset Management LLP operates under a branch passport, pursuant to the Alternative Investment Fund Managers Directive (Directive 2011/61/EU).

In Canada, BlueBay Asset Management LLP relies upon both the respective International Dealer and International Adviser exemptions.

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European Direct Lending Strategy

Personal Trading Restrictions

BlueBay has adopted policies and procedures governing the personal account dealing of its Partners and employees (permanent, contract and temporary employees of the Firm, including interns); and connected persons of each of the listed persons (referred to collectively as "Covered Persons"). The BlueBay Personal Account Dealing policy requires employees to obtain prior approval from Compliance before executing a trade in a security for their personal account. Covered Persons will not be permitted to trade in the following situations:

- there is an open order for any security issued by the same issuer for a client; and/or
- the issuer of the security is included in the Restricted List, which includes issuers in relation to which BlueBay may hold inside information; and/or
- client accounts are holding securities issued by the same issuer unless an exemption applies.

BlueBay uses SunGard Protegent Personal Trading Assistant ("PTA"), an online application, to manage all personal account dealing activity.

Certain securities are designated as Covered Securities and are subject to preclearance, reporting and holding period requirements. Covered Persons may not purchase and sell the same security within any 30-day period.

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Firm Infrastructure

Office Locations
BlueBay is headquartered in London, UK, with offices in Stamford (CT) US, Chicago, (IL) US, Tokyo, Zurich, Munich, Luxembourg and Melbourne.

Technology Resources and Systems
The Private Debt Team has a database of relevant information concerning each investment that is regularly updated and used for quarterly reporting to investors and portfolio monitoring purposes. The Private Debt Team also uses proprietary Excel-based models to conduct stress tests of the borrower's business model and scenario analysis during the due diligence process. Investments in the private lending funds are monitored by the Risk and Performance Team and reviewed in a dedicated report, compiling all the loans made by the fund. This report forms part of the overall report pack reviewed by the Market Risk Committee which meets on a weekly basis. Charles River Investment Management Solution is also used by the Investment Compliance Team to monitor compliance with regulatory and contractual limits. From an administrative standpoint, the firm's back and middle office operations track investments using Wall Street Office, which is used for loan servicing with accounting services provided by SimCorp Dimension.

Business Continuity Planning
BlueBay employs a robust Disaster Recovery and Business Continuity program which aims to ensure all critical operations are continued within a maximum four-hour time frame following a major incident. This timeframe seeks to protect key stakeholder interests (e.g. clients and regulators).

To achieve this, BlueBay has a dedicated SunGard High Availability Suite in Southwark, London for critical staff to relocate to from the 77 Grosvenor St, Mayfair office. BlueBay's primary data center is provided by SunGard and is located in Hounslow, London, while BlueBay's secondary data center is in Royal Bank of Canada's (parent company's) Working data center; this ensures that all critical global IT infrastructure and systems have disaster recovery capability. The firm employs data replication and back-ups as required and has an Uninterruptable Power Supply (UPS) and generators across the sites. In addition to this, it has robust Incident Management, Disaster Recovery and Business Continuity Plans that are reviewed and tested at least annually (DR and BCP are tested twice annually) with the last tests successfully conducted in June 2018.

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Detailed Biographies

Anthony Fobel, Managing Partner and Head of Private Debt
Prior to joining BlueBay in 2011, Anthony Fobel was a Partner at Och-Ziff Management and head of European private investments from 2005, where he built and ran the private investment business throughout Europe. Before joining Och-Ziff, Mr. Fobel was a Director at CVC Capital Partners from 1998. From 1994 to 1998, he worked at Lehman Brothers and Dresdner Kleinwort Benson in corporate finance. Mr. Fobel qualified as a lawyer at Allen & Overy, having graduated from Cambridge University in Law in 1988.

Fred Nada, Partner, Private Debt Group
Prior to joining the Direct Lending Team in 2011, Fred Nada was a key member of BlueBay's Global Leveraged Finance Group. In his role, Mr. Nada has been analyzing investments, leading restructuring, refinancing and disposal of portfolio companies. Prior to joining BlueBay, he was a Director of Credit Suisse's Special Situations Group where he worked from 2005. Prior to this, Mr. Nada worked from 2001 to 2005 with Merrill Lynch where he was a Vice President in the Special Situations Group. Prior to that, he worked as a trader at Cogetex, a commodity trading business in Geneva. Mr. Nada holds a BSC in Business Administration from the University of Geneva (HEC) and an MBA from New York University Stern School of Business.

Ben Harrild, Partner, Private Debt Group
Prior to joining BlueBay in 2011, Ben Harrild was a Senior Credit Analyst at Citadel from 2006 where he was responsible for investments in leveraged loans, high yield bonds and credit default swaps, as well as running a $200 million equity book across various sectors. Prior to that, he was an Associate Director in leveraged finance at Royal Bank of Scotland from 2004. From 1999 to 2004, Mr. Harrild was an Associate Director in the Transaction Services Group at Deloitte. He became ACA qualified in 2002.

Christophe Vulliez, Partner, Private Debt Group
Christophe Vulliez joined BlueBay in September 2015 from Ardian, where was a Managing Director on the private debt team and in charge of originating and structuring unitranche, mezzanine, and PIK note investments for mid-market European companies. Prior to Ardian, Mr. Vulliez worked at AXA Investment Managers as a Portfolio Manager in the European leveraged loans team. Before joining AXA Investment Managers in 2006, Mr. Vulliez spent seven years with BNP Paribas where he held various positions in private equity (PAI Partners) and leveraged finance in both Hong Kong and France. Mr. Vulliez graduated from EM Lyon Business School in 1999 with an MSc in Finance.

Vincent Vitores, Partner, Private Debt Group
Prior to joining BlueBay in 2015, Vincent Vitores spent 13 years at GE Capital. From 2002 and 2007 he was part of the Leveraged Finance team where he was a Director, sourcing and executing senior debt transactions across Europe in the Telecom and Media industry. From 2007 to 2008 Mr. Vitores worked at 3i Banking Team. From the end of 2008, Mr. Vitores was an Executive Director in GE Capital's Private Equity arm. Mr. Vitores started his career in 1998 at BNP Paribas in the Structured Finance team. He graduated from HEC Paris Business School.

Karthi Mowdhgalya, Partner, Private Debt Group
Prior to joining BlueBay in 2013, Karthi Mowdhgalya was a Senior Research Analyst at Hayfin Capital Management. In this role, Mr. Mowdhgalya sourced, analyzed, and structured primary Private Debt and secondary credit investments in Europe. Prior to this, Mr. Mowdhgalya was an Executive Director in Investment Banking at Goldman Sachs, where he focused on structuring and executing debt, and equity and M&A transactions across a variety of industries in the US and in Europe. Mr. Mowdhgalya graduated from Stanford University with an MS in Civil Engineering in 2000. He also holds an MSc in Finance and BE in Civil Engineering from Birla Institute of Technology and Science, India.

Mark Jochims, Partner, Private Debt Group
Prior to joining BlueBay in 2011, Mark Jochims was a Vice President at Lehman Brothers/Nomura in the Acquisition and Leveraged Finance group. Before 2008, Mr. Jochims worked in the Mergers & Acquisitions Group of Lehman Brothers in Frankfurt. Mr. Jochims received a degree in Business Administration from the University of Passau, Germany in 2004 and a degree in Economics from the London School of Economics and Political Science in London in 2002.

Marcus Maier-Krug, Partner, Private Debt Group

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Prior to joining BlueBay in 2016, Marcus Maier-Krug worked for direct lending firm European Capital as an Investment Director for 10 years where he helped set up and developed the European platform, investing across unitranche, mezzanine, PIK, and equity. Most recently, Mr. Maier-Krug led the origination and investment effort for European Capital in Germany, Austria and Switzerland. He started his career in 2004 in Deutsche Bank's Leveraged Finance team in London with a focus on high yield and leveraged loans. Mr. Maier-Krug graduated from Boston University's School of Management with a degree in Business Administration in 2002 and received a Master of Science in Management from the London School of Economics and Political Science in London in 2004.

Mattis Poetter, Partner, Private Debt Group
Prior to joining BlueBay, Mattis Poetter was a Director in the Private Credit team of HPS Investment Partners, formerly Highbridge Principal Strategies. Before that Mr. Poetter spent 7 years in the European Leveraged Finance team of J.P. Morgan focussing on German LBOs. Mr. Poetter has extensive experience in sourcing, analysing and structuring investments and has a wide network of client relationships. He received a degree in Business Administration from the Vienna University of Economics in 2007.

BlueBay - Direct Lending Fund III
European Direct Lending Strategy

Disclaimers and Disclosures

- Past performance is no guarantee of future results.
- The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- Information on market indices was provided by sources external to NEPC, and other data used to prepare this report was obtained directly from the investment manager(s). While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

In addition, it is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds, real estate and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy

BlueBay
Asset Management

Ventura County Employees' Retirement Association

Direct Lending Fund III

Managed by BlueBay Asset Management LLP

December 2018

RBC Global Asset Management

STRICTLY PRIVATE AND CONFIDENTIAL

BlueBay
Asset Management

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BlueBay
Asset Management

Overview of BlueBay

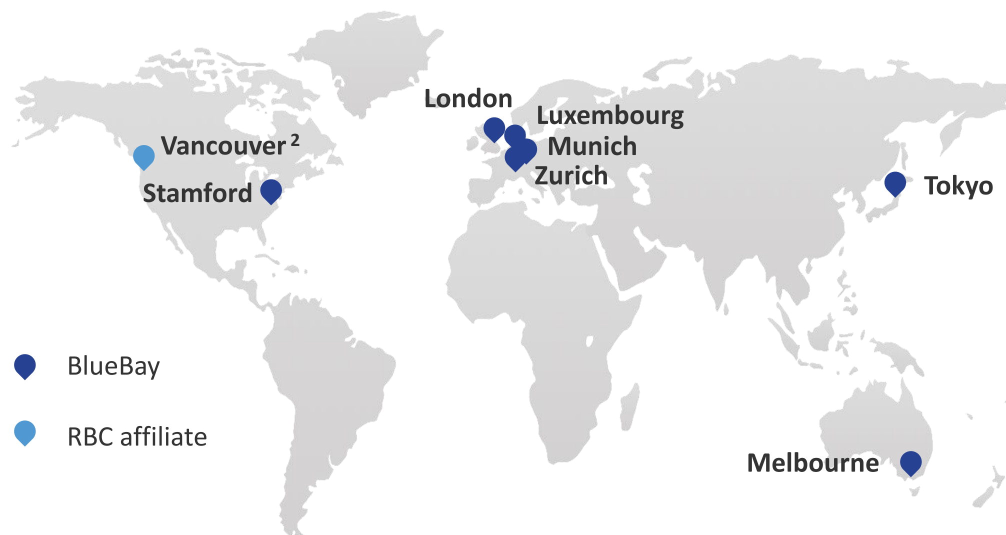
Leading European Fixed Income manager

- 415 partners and employees worldwide
- Manages over US$61 billion for institutional investors, distributors and wealth managers
- Owned by Royal Bank of Canada – a leading global bank
- BlueBay has full investment autonomy
- Private Debt business has significant synergies with BlueBay's other investment teams
- Leverages BlueBay's sales and back office infrastructure

ASSETS UNDER MANAGEMENT ('AUM') (US$M)

Investment Grade	33,225
Emerging Market	11,145
Leveraged Finance [1]	10,626
Multi-strategy	4,804
Convertibles	2,089
Total AuM	**61,889**
Total Private Debt commitments (EURm)	*10,998*

OFFICE LOCATIONS



Note: BlueBay Asset Management, as at 31 October 2018, Private Debt commitments as of November 2018 and refers to investable capital assuming 1:1 leverage is put in place for the levered vehicles. AuM is exclusive of non-fee earning assets. **1** Leveraged Finance consists of High Yield, Leveraged Loans, Special Situations and Private Debt (drawn capital); **2** BlueBay's distribution affiliate Phillips, Hager & North Investment Management (PH&N) is the operating division of RBC Global Asset Management.

BlueBay's Private Debt Platform

BlueBay has a market-leading European Private Debt business

- Leading European player in Private Debt, with €11.0 billion of AuM across four fund platforms
- Over €6.0 billion committed across approximately 100 transactions to date
- Completed deals with more than 40 different private equity sponsors across 10 geographies
- Experienced team of 19 investment professionals with 11 years' average experience
- 0.0% loss ratio across all funds to date

BLUEBAY'S PRIVATE DEBT FUNDS

	DIRECT LENDING FUND I	DIRECT LENDING FUND II	DIRECT LENDING FUND III
Fund vintage[1]	2011–2013	2014–2015	2017–2018
AuM[2]	€955m (Unlevered)	€2.8bn (Unlevered)	€5.0bn[3,4] (Levered and unlevered)
Geographical focus	Northern Europe	Europe	Europe
Strategy focus	Mid-market	Mid-market	Upper / Mid-market
Size of borrower (TEV)	Up to €500m	Up to €1bn	Up to €2bn
Loan focus	Senior, unitranche, subordinated	Senior, unitranche, subordinated	Senior, unitranche, subordinated
Status	Fully invested 21 investments, 1 unrealised	Fully invested[5] 28 investments	Fundraising/Investing 6 investments

Notes: **1** Fund vintage refers to year from first to final or expected final close; **2** Includes parallel, non-parallel vehicles and SMAs; **3** Investable capital, assuming 1:1 leverage is put in place for the levered vehicles; **4** Target Fund size; **5** Subject to recycling, including associated vehicles.

BlueBay's key success factors

BlueBay's size, scale and established position means that it is a market leader in European Private Debt

KEY STRENGTHS	BLUEBAY STRATEGY	ADVANTAGES
SIZE AND SCALE	• 'One stop shop' – loans up to €300m	• Less competition and better terms • Higher quality businesses
ESTABLISHED PLAYER	• 20+ years of relationships • Trusted and innovative partner	• High quality deal flow • Exclusive transactions
HIGH QUALITY INVESTMENT TEAM	• Highly experienced team • Deep origination network • Range of investing skills	• Pan-European origination • Barrier to entry for new participants • Embedded restructuring expertise
BLUEBAY INFRASTRUCTURE	• Managing numerous fund structures • Approximately 100 Direct Lending transactions completed • Complex legal and compliance regimes	• Experienced legal, compliance, fund administration and reporting support
TRACK RECORD	• Track record across 4 fund vintages • Zero credit losses to date	• High quality Investors that invest across the BlueBay Private Debt platform
ENTREPRENEURIAL / INNOVATIVE CULTURE	• Differentiating feature in a more commoditised market • "Investors in" rather than "lenders to" businesses	• Should drive higher returns at lower risk

BlueBay Private Debt: experienced and established team

19 investment professionals with an average experience of 11 years

BlueBay Private Debt Group

Head of Private Debt	UK	Germany Switzerland Austria	France	Spain Italy	Benelux Nordic	COO & Portfolio Monitoring	Business Development/ IR	Leveraged Finance
Managing Partner[1] (29)	Partner[1] (19)	Partner[1] (15)	Partner[1] (19)	Partner[1] (20)	Partner[1] (21)	COO	Head of Business Development	US$6.6bn AuM
	Partner[1] (21)	Partner[1] (15)	Principal (11)	Vice President (9)	Partner[1] (15)	Head of Fund Management	Director, Business Dev	21 Investment Professionals
	Partner[1] (18)	Partner (11)	Associate (6)	Associate (3)	Partner (11)	Junior Portfolio Manager	Associate Director, Business Dev	
	Vice President (7)	Associate (3)	Analyst	Analyst (1)		Junior Portfolio Manager	Associate Director, Business Dev	
	Analyst (2)	Analyst (2)					Associate, Business Dev	
	Analyst (2)						Associate, Business Dev	

Infrastructure (~110 Professionals)

- Risk & Performance
- Operations
- Compliance
- Corporate Legal
- Finance
- Fund Accounting

Source: BlueBay. AuM and People Data as at November 2018.
Notes: **1** Denotes members of the Investment Committee.

BlueBay Asset Management

Direct Lending Fund III investment strategy and focus

INVESTMENT STRATEGY

Focus on senior loans	• Bespoke and flexible solutions • Focus on capital preservation • No cov-lite senior deals
Strong loan position	• Bilateral loans or small club deals • Seek to obtain meaningful control/ownership of debt tranche
Proprietary origination	• Utilise extensive origination network built over many years • 'Shoe leather' versus 'telephone' origination
Due diligence/ investment process	• Carry out extensive due diligence • Multi-stage investment review process • Heavily negotiated loan documentation
Partnership approach	• High level of engagement with borrower • Detailed portfolio monitoring

INVESTMENT FOCUS

Investment Products	• Primarily senior secured / unitranche loans • Selected subordinated / mezzanine loans • Equity participation where appropriate
Geographic focus	• Europe (Northern Europe bias)
Industries	• Cash flow generative businesses across a broad range of industries
Business focus	• Market-leading businesses • Attractive industries • High-quality management teams
Size of borrowers	• Medium-sized businesses: – TEV: up to €2 billion – Revenues: €50 million–€1 billion – EBITDA: €10–€100 million
Loan size/tenor	• Underwrite size: €30–€300 million • Hold size: €30–200 million • Tenor: 2–7 years (average 2–3 years)
No. of investments in Fund	• 35–45

Market fundamentals attractive for Private Debt funds

BlueBay Asset Management

REDUCED AVAILABILITY OF CREDIT TO MEDIUM-SIZED BUSINESSES CONTINUES TO SUPPORT PRIVATE DEBT MARKETS

Supply-side factors

- European lending market dominated by banks
- Reduced lending by banks through regulation and legacy issues
- Limited alternative sources of capital

Demand-side factors

- M&A volumes increasing, though still some way below 2007 peak
- Increasing demand for credit across European geographies
- Increasing recognition of private debt as a genuine financing solution

Potential for attractive risk-adjusted returns for private debt fund investors

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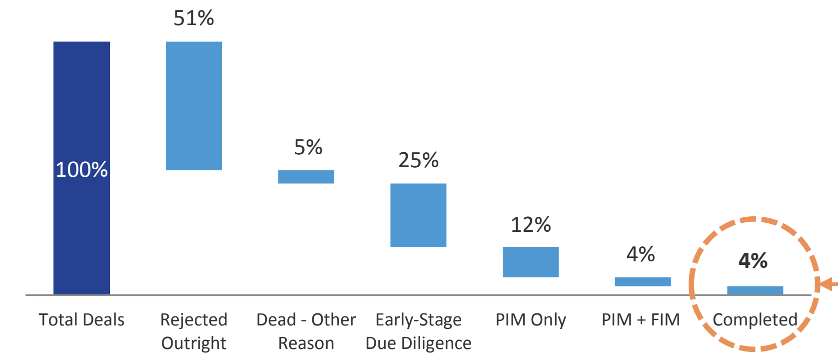
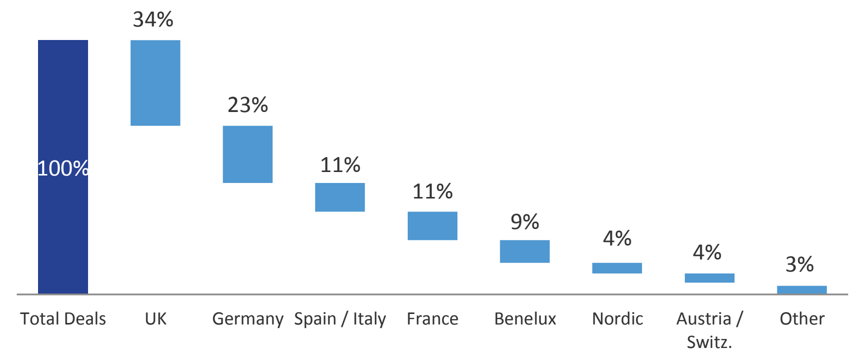
DLF III will leverage existing established origination network

Reviewed over 2,600 investment opportunities, 2011 to November 2018: the same origination network will be used to source deals for DLF III

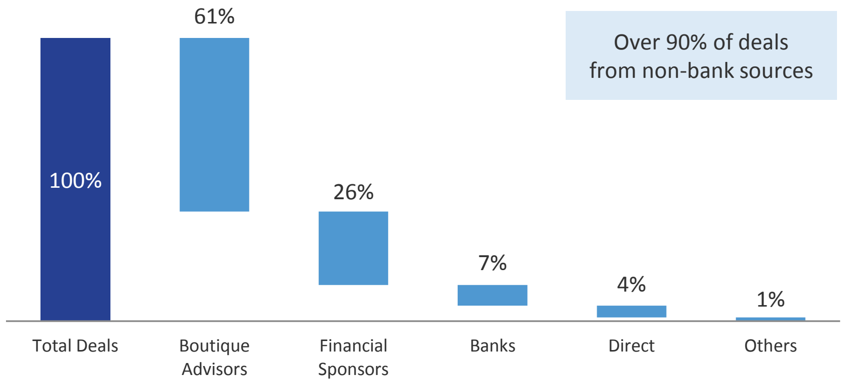
DEALS BY INVESTMENT STAGE/DUE DILIGENCE STAGE



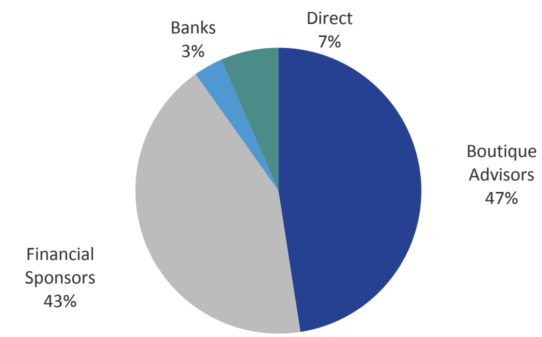
DEALS BY GEOGRAPHY



DEALS BY SOURCE



COMPLETED DEALS BY SOURCE



The analysis above is based on approximately 2,600 investment opportunities reviewed from 2011 to YTD 2018. PIM = Preliminary Investment Memorandum; FIM = Final Investment Memorandum. The data above refers to origination in respect of DLF I, DLF II, DLF III and SLF I and includes estimates for the 2011-2012 period. The Direct Lending Fund I LP, Direct Lending Fund II SLP and Senior Loan Fund I SLP are closed to new investors. Please note that the numbers above are subject to rounding.

Overview of portfolios: credit metrics

Credit metrics and pricing are comparable across the funds

BLUEBAY'S PRIVATE DEBT FUNDS

	DIRECT LENDING FUND I	DIRECT LENDING FUND II	EUROPEAN LEV. LOANS[1]
Total interest	8.9%	7.7%	3.0 – 4.0%
Upfront origination fees	3.8%	3.5%	0.0 – 1.0%
Current net leverage	3.4x	4.9x	c. 5.0x – 5.5x
Loan-to-value ("LTV")	56%	51%	45 – 55%
Net MOIC[2]	1.20x	1.13x	
Net IRR[2]	8.9%	8.7%	

Notes: **1** S&P LCD as of Q2 2018; **2** Data as at 31 March 2018 as calculated by NEPC. Performance for DLF II relates to the DLF II USD Fund.

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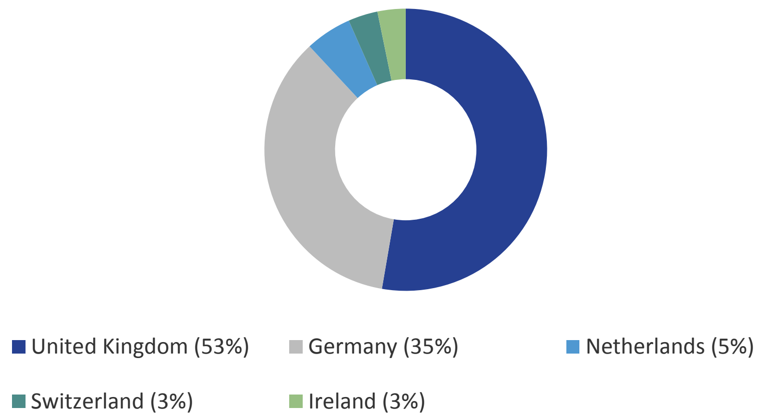
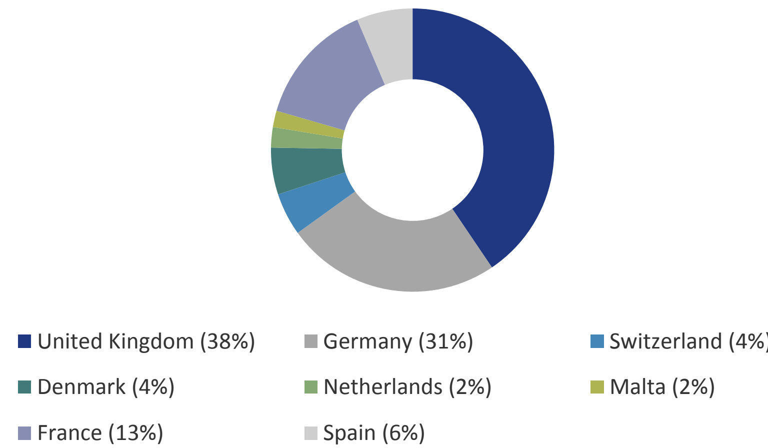
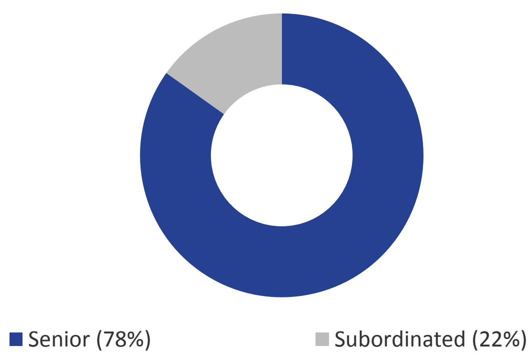
Overview of portfolio: key statistics

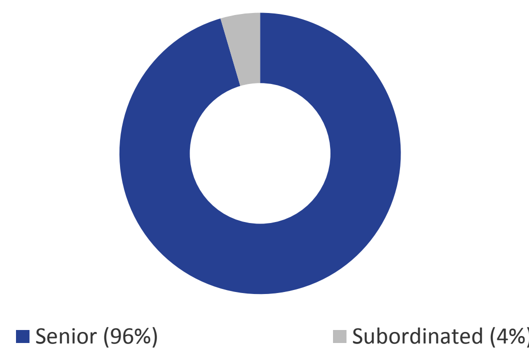
Good geographical diversity across funds, with increasing weighting to senior secured investments

DIRECT LENDING FUND I	DIRECT LENDING FUND II









Notes: All statistics are based on total original invested commitments, post sell-downs to co-investors, ahead of repayments and realisations as of November 2018. The BlueBay Direct Lending Fund I, LP and Direct Lending Fund II SLP are closed to new investors. Information and performance is provided for illustrative purposes to highlight the capabilities of BlueBay Asset Management LLP as the manager of a Private Debt fund. Figures are subject to rounding

Direct Lending Fund III: summary terms

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DLF III: PROPOSED SUMMARY TERMS

	Unlevered Option	Levered Option
Management fee	1.25% per annum on invested capital (subject to discounts)	1.50% per annum on invested capital - no fee on leverage (subject to discounts)
Carried interest	15% with 5% compounding hurdle with full catch-up	15% with 6% compounding hurdle with full catch-up
Target fund size	€5.0 billion (unlevered and levered funds, leverage 1:1)	
Currency / Hedging Options	EUR, GBP, USD, JPY, CAD (Hedging based on commercially available arrangements)	
Term	7 years from the final closing date, extendable by two further 1-year periods if required	
Investment period	4 years from the final closing date Recycling of loan principal repayments permitted during Investment Period	
Transaction and other fees	100% of all transaction and other fees offset against the General Partner's Share or distributed to investors	
Co-Investment opportunities	The General Partner may provide co-investment opportunities to one or more Limited Partners	

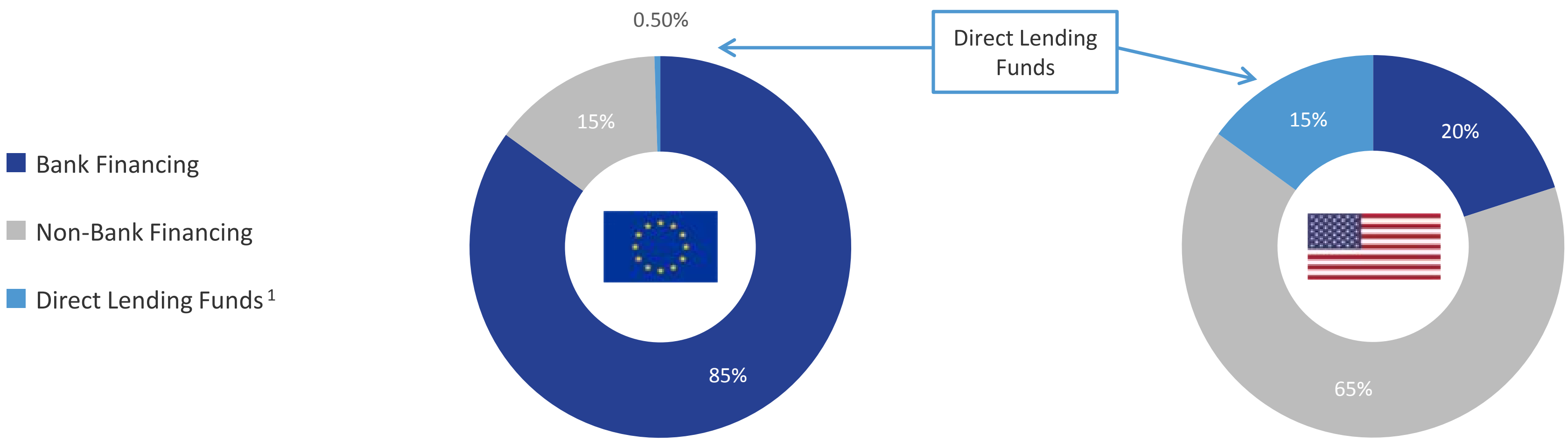
Note: **1** Includes leverage and SMAs; **2** The return objective is based on certain facts and assumptions. No representation is being made that the Fund will or is likely to achieve results similar to those shown; **3** Realised proceeds distributed on a current basis. The cash yield could fall outside the range depending on the stage of the funds life (i.e. in the early years the upfront fees increase the annual cash yield considerably). It also assumes there is no restriction of any cash flows by the funds waterfall or obligations placed by the funds leverage provider.

Contents

European lending remains highly dependent on banks

Limited financing options for middle-market corporates in Europe

HIGH DEPENDENCE OF BANK FINANCING IN EUROPE … | … COMPARED TO DEVELOPED US MARKET



	Europe	US
Banks	✓	✓
Mezzanine funds	✓	✓
Bond market	✗	✓
Private placements/insurance/pension funds	✗	✓
Business Development Companies (BDCs)	✗ } 0.5%	✓ } 15%
Private Debt funds	✓	✓

Source: AIMA, "Financing the Economy 2016".
Note: **1** Direct Lending Funds includes business development companies in the US (BDCs).

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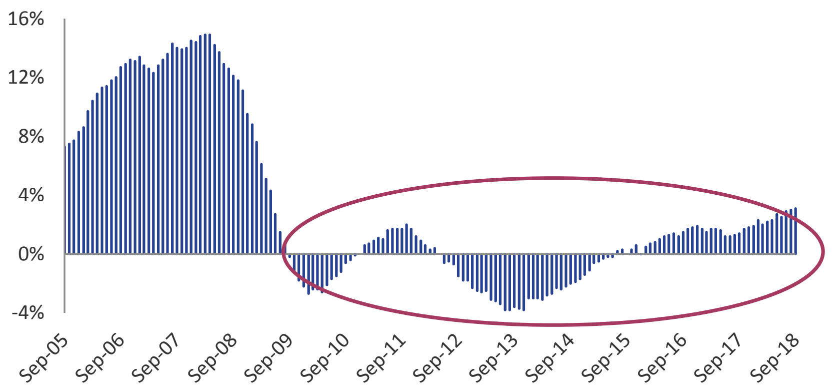
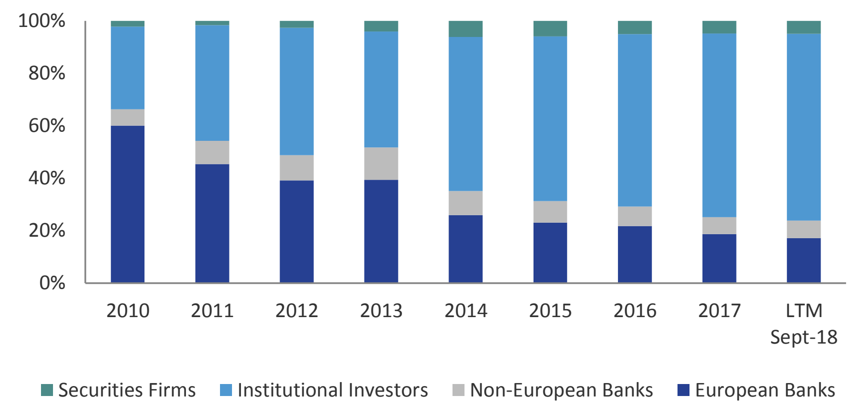
Lending to European corporates at low levels

Activity in the leveraged market is still subdued; bank lending to corporates remains constrained

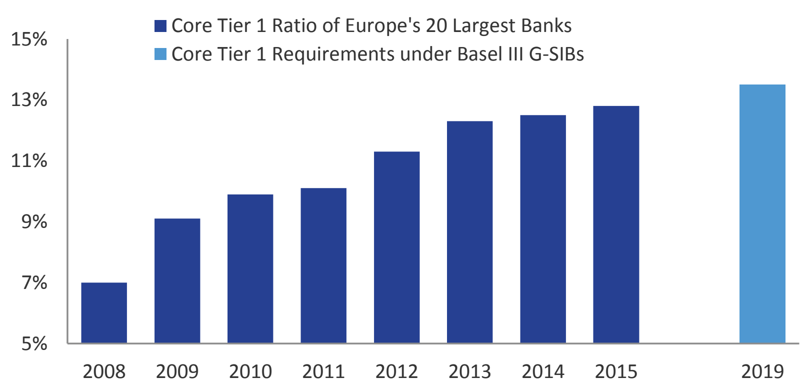
LENDING TO NON-FINANCIAL CORPORATIONS ACROSS THE EUROZONE [1]



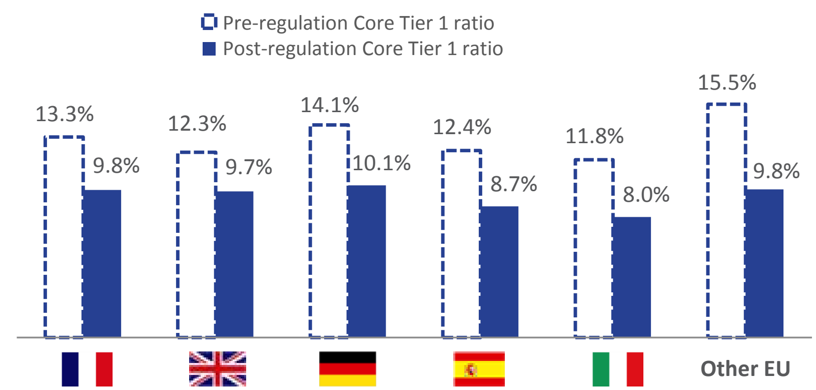
CREDIT FUNDS CONTINUE TO TAKE NEW ISSUE MARKET SHARE [2]



BANKS NOW HOLD 40% MORE CAPITAL THAN PRE-RECESSION [3]



BASEL IV REGULATION WILL FURTHER CONSTRAIN BANKS [4]



Sources: **1** European Central Bank (ECB); Statistical Data Warehouse, September 2018; **2** S&P Capital IQ LCD European Leveraged Lending Review Q3 2018; **3** Deutsche Bank Research for the historical data, Bank for International Settlements for 2019 projections, which include: Common Equity Tier 1 or CET1 (4.5%), CET1 capital conservation buffer (2.5%), additional tier 1 (1.5%), CET1 for countercyclical buffer (2.5%) and CET1 capital surcharge for systemically important banks (2.5%); **4** McKinsey Analysis, European Banking Authority, S&P Global Market Intelligence.

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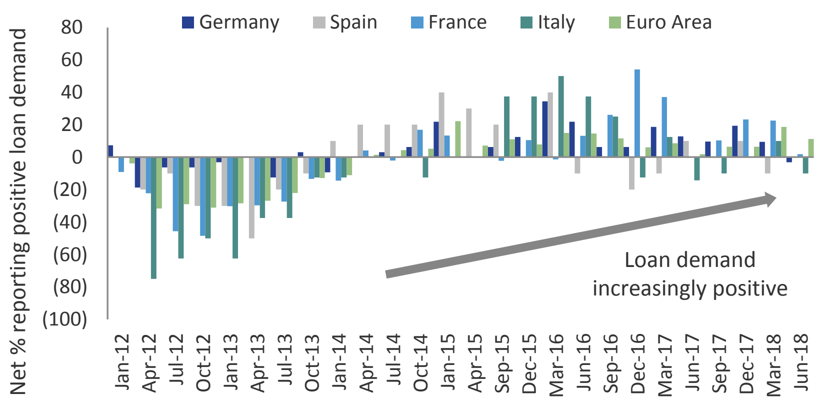
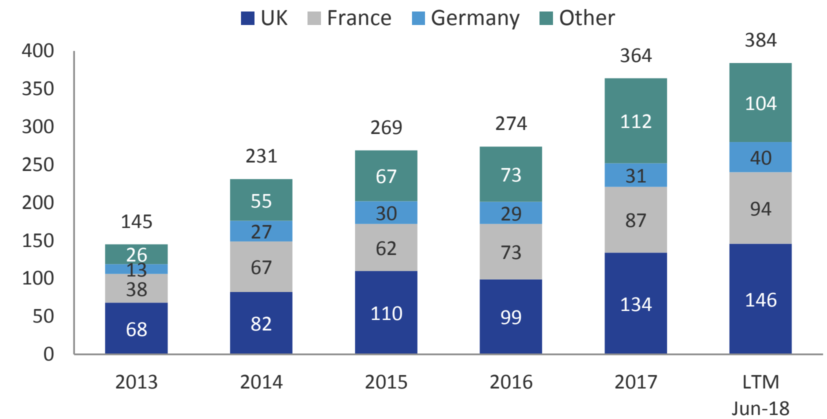
Demand for credit outstripping supply

Gradual growth in M&A activity as well as refinancings have led to growing corporate demand for credit

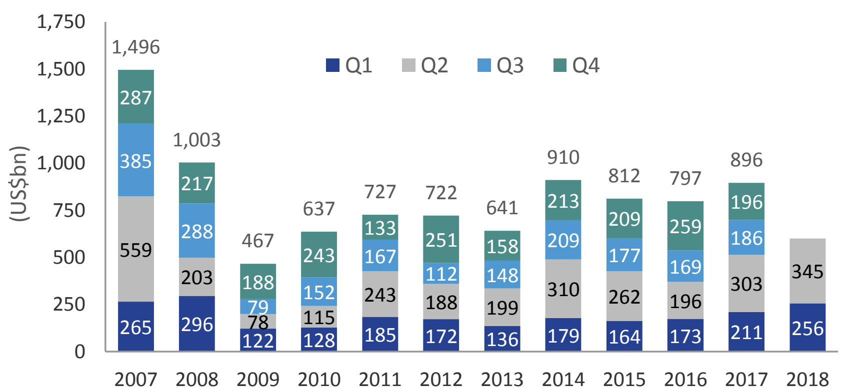
CORPORATE DEMAND FOR CREDIT: MAJOR EUROZONE ECONOMIES [1]



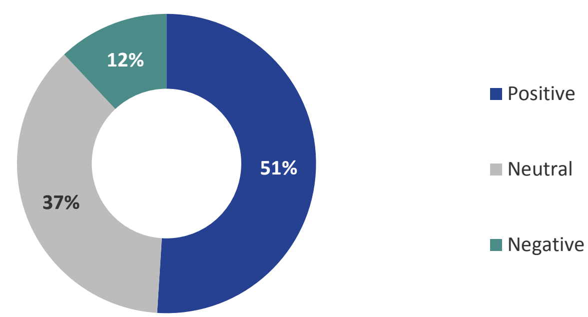
DEALS BY ALTERNATIVE LENDERS ARE INCREASING [2]



GRADUAL GROWTH IN M&A VOLUMES IN EUROPE [3]



PERCEPTION OF PRIVATE DEBT PROVIDERS BY CORPORATES [4]



Sources: **1** ECB, Macrobond; **2** Deloitte Alternative Lender Deal Tracker, H1 2018; **3** Mergermarket, Global and regional M&A: H1 2018; **4** Prequin investor outlook: Alternative Assets (H1 2018).

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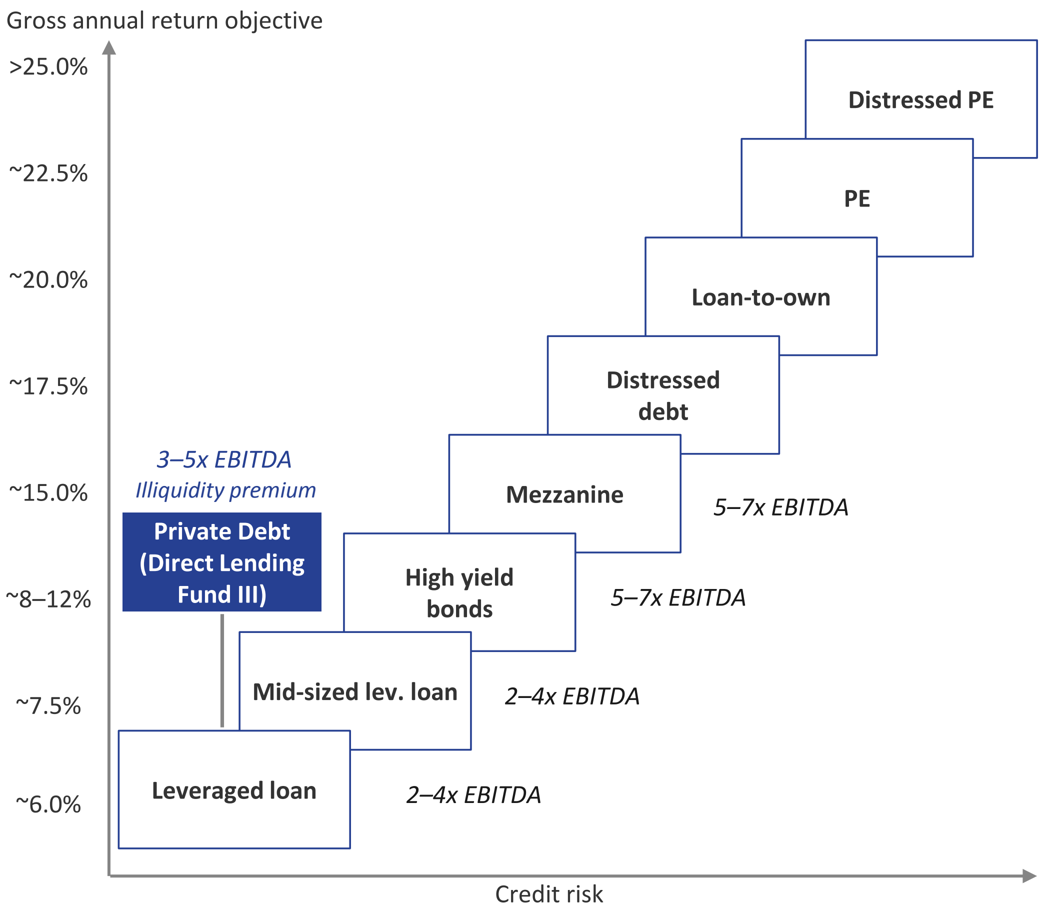
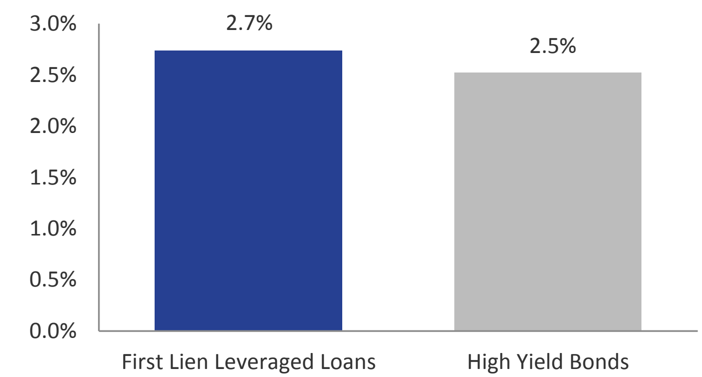
Private Debt: attractive risk-adjusted returns

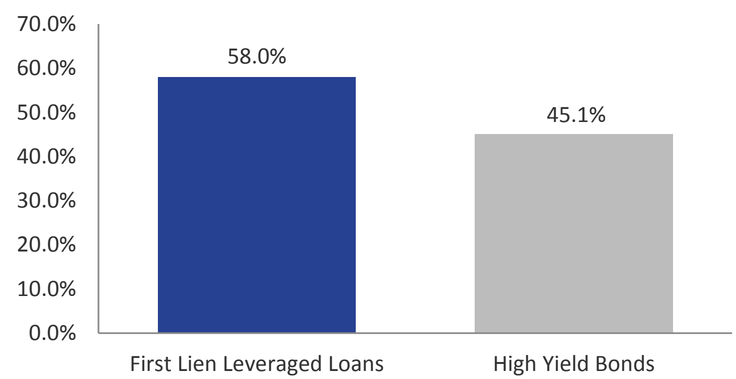
ILLUSTRATIVE CREDIT SPECTRUM POSITIONING [1]



AV. ANNUAL EUROPEAN DEFAULT RATES: 2003–'15 [2]



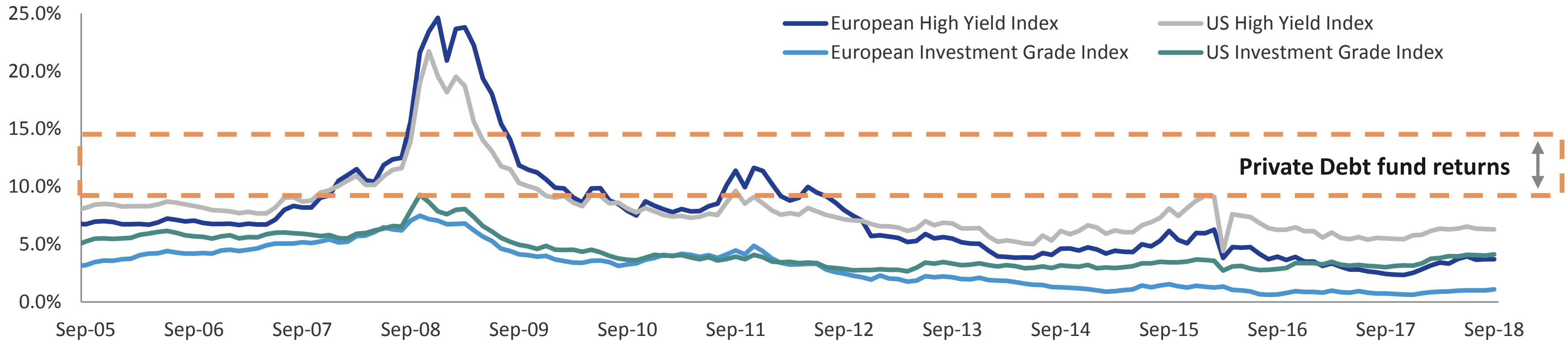
NOMINAL AV. EUROPEAN RECOVERY RATES: 2003–'15 [2]



Sources: **1** BlueBay estimates of target returns; **2** S&P Capital IQ, Credit Suisse.
Annual return objectives are target IRRs are hypothetical and have been prepared for illustrative purposes only and do not constitute a forecast. There can be no guarantee that any estimated or targeted returns will be achieved.

Private Debt offers higher yield for lower leverage

WEIGHTED AVERAGE YIELD TO MATURITY ACROSS VARIOUS ASSET CLASSES VS. PRIVATE DEBT "RETURN BAND" [1]



ILLUSTRATIVE COMPARISON: PRIVATE DEBT VERSUS THE SYNDICATED MARKET

	Direct Lending [2]	European leveraged loans	European high yield
Margins	600–1,000bps	300–400bps	c. 450bps spread
Origination fees	2.0%–4.0%	0.0%–1.0% (OID)	c. 0.0% (OID)
Leverage	4.0x–6.0x[3]	c. 5.0x-5.5x	4.5x–5.5x

Sources: BlueBay internal estimates, S&P LCD European Leveraged Lending Review H1 2018. **1** Bank of America Merrill Lynch. Data for European High Yield Index (HPS2), US High Yield Index (H0A0), European Investment Grade Index (EU00) and US Investment Grade Index (C0A0) as of September, 2018. The high grade and high grade bond indices include financials. The outlined area marked as private debt fund returns is shown solely to illustrate the illiquidity premium of private debt funds generally and is not intended to be relied upon. No representation is being made that the Direct Lending Fund III will or is likely to provide returns similar to those shown. Leverage calculated using total debt quantum through all tranches; **2** The performance objective and other related metrics are based on certain facts and assumptions. Annual return objectives are target IRRs are hypothetical and have been prepared for illustrative purposes only and do not constitute a forecast. There can be no guarantee that any estimated or targeted returns will be achieved; **3** Senior / unitranche deals only.

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BlueBay Asset Management

Investment process: due diligence and execution

STAGE 1: Preliminary screening

Time and suitability screening
- Preliminary Investment Memorandum (PIM): industry and company overview, credit analysis (including screening on ESG sensitive sectors)
- Go/no-go and Red Flag analysis
- Agree expenses cap
- Preliminary review by Investment Committee
- Preliminary review by Loan Approval Committee (LAC)

STAGE 2: Due diligence and interim review

Substantive analysis
- Review information (financial, commercial, legal, ESG) from company and advisors
- Meetings with management
- Engage external advisors
- Red Flag issues addressed
- Review meetings of Investment Committee

STAGE 3: Investment decision

Final Investment Memorandum (FIM)
- Comprehensive financial, legal, ESG and market analysis
- Investment attractions, risks and mitigants
- Credit analysis and stress tests
- Structure, pricing, returns
- Investment amount and portfolio balancing
- Full Investment Committee decision

STAGE 4: Execution

Based on market best-practice
- Transaction documentation focused on achieving strong contractual protections
- Strong credit protections and inter creditor issues
- Negative voting controls over key issues
- Tax structuring and compliance with fund restrictions
- Full Loan Approval Committee decision

Business review
- Industry overview
- Company analysis and product review
- Suppliers, customers, competitors
- Quality of management
- Third party advisor reports (accountants, lawyers, consultants)

Credit analysis
- Cash flow analysis
- Asset valuation
- Financial modelling
- Comparable credit analysis
- Legal and accounting review

Risk / return analysis
- Stress test downside protection
- Leverage, equity cushion, covenants
- Cash yield
- Equity upside

ESG (environmental, social & governance) analysis
- Evaluation against ESG checklist
- Reference to ESG briefing documents
- Review related to ESG aspects in conjunction with in-house ESG experts

Investment process (cont'd): monitoring and portfolio management

BlueBay Asset Management

STAGE 5: Monitoring	**Hands-on approach** • Board representation where appropriate • Monthly financial information (income statement, balance sheet, cashflow statement, KPI analysis, covenant compliance) • Monthly financial performance calls • Quarterly review meetings • Continuous informal management team contact • Ongoing monitoring / management engagement in relation to ESG-related performance and news flow • Credit evolution and assessment • Evaluation of repayment / exit strategies
STAGE 6: Portfolio management	**Balanced risk assessment** • Number of investments: 35-45 investments • Size of investments: €30-€300 million • Borrower concentration: Not greater than 10% of fund size • Geographic concentration: Not greater than 60% for one country • Subordinated loans: Not greater than 30% of fund size • Non-senior secured loans: Ability to take warrants or equity • Average life of loan: 2-7 years (estimated average 2-3 years)
STAGE 7: Reporting	**Rigorous and transparent** • Monthly Fund valuations carried out by General Partner • Internal review carried out by Finance team • Third party independent annual valuations • Comprehensive investor reports prepared by Fund Administrator • Regular ESG-related investment reporting

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BlueBay Private Debt: "Private Credit Solutions Manager"

An established and well-developed credit manager, covering the full private lending spectrum for investors and borrowers

STRATEGY

- Senior strategy focused on capital preservation / downside protection
- Provide whole loans
- Proprietary origination network
- Rigorous due diligence and investment processes
- High contact post-deal monitoring

FOCUS

- Range of products across the credit spectrum
- European (Northern bias)
- High quality, cash generative / non-cyclical businesses
- Leading market shares
- Strong, proven management teams
- Downside protection

Risk diversification

Private Credit Solutions Manager

"We are investors in businesses"

INVESTORS

- Risk / return options across the spectrum
- Multiple funds available – currencies, leverage
- Attractive yield
- Variable rate / inflation hedge
- Demonstrated track record

BORROWERS

- Range of investment products to meet borrower needs
- 'One stop shop'
- Relationship-driven, reliable partner
- Established and expanding team
- Innovative and creative solution provider

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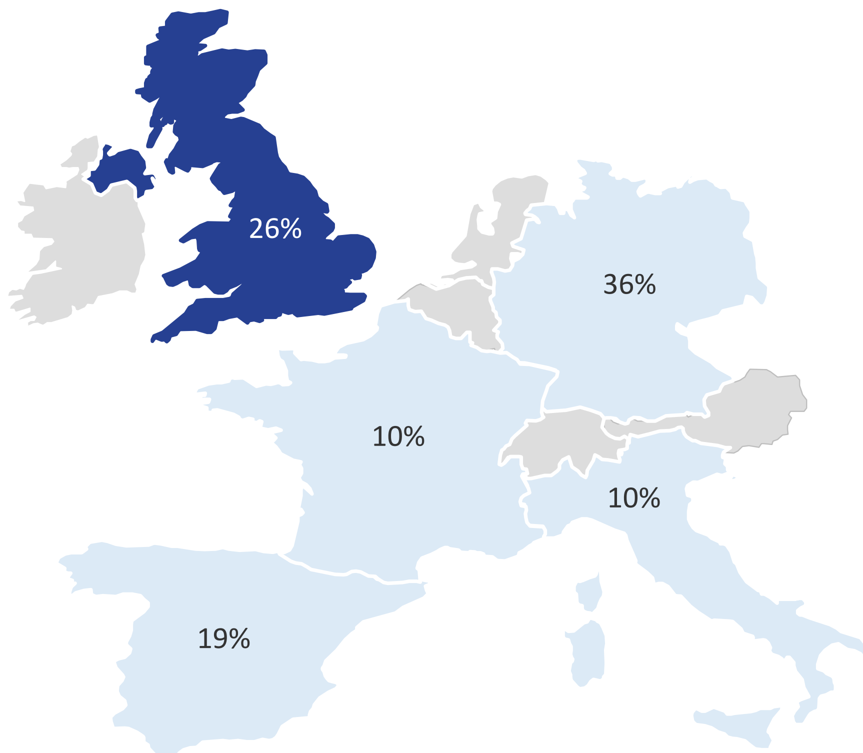
Brexit: BlueBay Private Debt activity is diversified geographically

The Direct Lending funds have a varied exposure across Europe

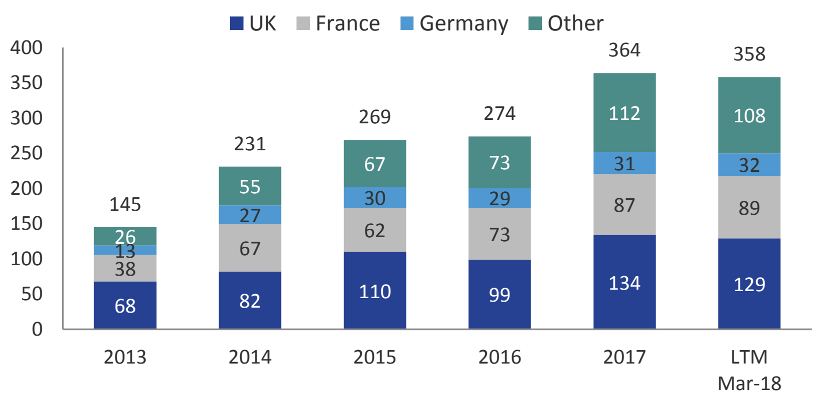
KEY OBSERVATIONS

- Pan-European focus of our funds means UK deals represent less than 30% of LTM commitments
- Private Debt team has Pan-European deal experience and platform
- Majority of portfolio companies tend to be national players acting in non-cyclical industries
- Currency hedged using three-month rolling FX forwards, largely eliminating negative impact from unfavourable FX

DIVERSIFICATION ACROSS GEOGRAPHIES IN THE LAST 12 MONTHS [2]



PRIVATE DEBT TRANSACTIONS' GEOGRAPHICAL SPLIT [1]



Sources: **1** Deloitte Alternative Lender Deal Tracker, Q1 2018; **2** Destinations of committed funds from August 2017 to August 2018. Please note that the numbers above are subject to rounding.

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Environmental, social and governance (ESG) considerations

ESG particularly relevant for Private Debt given illiquid nature of loans and the long-term credit view taken on borrowers

ESG FULLY INTEGRATED IN INVESTMENT PROCESS

PRE-INVESTMENT: COMPANY ANALYSIS

- Ethical business screening
- ESG due diligence checklist
- ESG sensitive sectors
- ESG evaluation

POST-INVESTMENT: MONITORING

- Regular dialogue with Management
- Monitor ESG factors
- Address any developments

POST-INVESTMENT: REPORTING

- Transparency
- Measuring impact
- Portfolio ESG review

ENVIRONMENTAL FACTORS

- Energy and climate change
- Resource management
- Regulatory compliance

SOCIAL FACTORS

- Product quality and safety
- Customer relations
- Employee considerations

GOVERNANCE FACTORS

- Management quality
- Internal control frameworks
- Accounting transparency

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Dennis Eagle (realised)

Company	Dennis Eagle	**Fund I investment**	€56.6 million
Industry	Industrials	**Investment date**	April 2013/July 2014
Geography	United Kingdom	**Ranking**	First Lien
Headquarters	Warwick	**Security**	Senior Secured
Financial sponsor	RosRoca Group	**Status**	Realised. Gross IRR/MM of 11.4%/1.30x

Company description

RosRoca Dennis RCV Limited ("Dennis Eagle" or "the Company") is Europe's largest refuse collection vehicle ("RCV") producer offering an end-to-end RCV proposition including bodies, chassis, parts and service. The Company generates revenues from selling RCVs to both municipals and private waste collection companies. It benefits from a well-developed aftermarket sales network which accounts for approximately 50% of EBITDA.

Transaction overview

On 22 April 2013, Fund I signed a Senior Facilities Agreement to provide a £42.0 million senior secured loan to support the refinancing of Dennis Eagle and a dividend to its shareholders. In July 2014 Fund I provided an additional €7.5 million senior secured loan.

Dennis Eagle was acquired by RosRoca in 2006 (for approximately £100 million—approximately 8.0x 2006 EBITDA) after having twice been owned by private equity sponsors. RBS provided a £8.0 million Super Senior RCF of which approximately £4.2 million was drawn at closing in April 2013.

Investment rationale

- European market leader for low-entry RCVs with a UK market share of approximately 65%
- Visible revenues with order book of approximately 3–6 months
- Strong aftermarket sales contributing approximately 50% of EBITDA
- Good cash flow conversion of approximately 80% over last 3 years
- Limited inventory risk—Dennis Eagle builds on orders
- Very experienced management team

Capital structure at funding [1]

Capital Structure at Funding	GBP Million	Multiple of EBITDA	LTV
Cash	-		
RCF	4.2		
Term Debt Drawn	**42.0**	**4.2x**	**52.8.%**
Acquisition Facility	-		
Net Debt	**46.2**	**4.6x**	**58.1%**
Implied Equity	33.4		
Enterprise Value	**79.6**	**8.0x**	**100.0%**
LTM Apr-2013 Norm. EBITDA	**9.9**		

Fund I investment

Investment Summary	DLF I Amount (CCYm)	DLF I Amount (EURm)	Maturity
Original Investment	42.0	49.1	December 2018
Follow-on Investment	6.0	7.5	December 2018
Total	**48.0**	**56.6**	

Note: **1** Implied Equity is an indicative value of the equity at the time of the investment based on an enterprise value that uses the LTM EBITDA and EBITDA multiple as presented by the equity sponsor

Trainline (realised)

BlueBay Asset Management

thetrainline.com

Company	Trainline	**Fund I investment**	€47.3 million
Industry	Travel/Transport	**Investment date**	September 2013
Geography	United Kingdom	**Ranking**	First Lien
Headquarters	London	**Security**	Senior Secured
Financial sponsor	Exponent Private Equity	**Status**	Realised. Gross IRR/MM of 13.3%/1.20x

Company description

Trainline operates thetrainline.com, which is the UK's leading independent online retailer for train tickets. In addition to selling tickets via its websites (64% of gross profit), Trainline also manages the online retail platforms of train operating companies ("TOCs") such as Virgin Trains (20%) and provides booking solutions for travel management companies (14%). The business generates revenues through commissions charged to the TOCs and booking fees charged to end users on its website. Trainline is a household brand name in the UK and operates its most visited travel website (approximately 17 million visits a month). It settles ticket sales worth approximately £1.8 billion per annum through the Rail Settlement Plan ("RSP") and is an inherent part of the UK's rail infrastructure.

Transaction overview

On 6 September 2013, Fund I entered into a £140.0 million Senior Facilities Agreement with three other lenders to support the refinancing of the business. The proceeds were used to repay existing indebtedness and fund a dividend to the principal shareholder, Exponent Private Equity. The highly bespoke financing was put in place to cater for a variety of structural complexities, including the Company's ability to run its day-to-day business without disruptions within its regulatory framework.

Investment rationale

- Strong brand name and market position: thetrainline.com is the #1 independent online retailer for train tickets in the UK with a market share of 87%
- Attractive market dynamics: the UK rail market has shown year-on-year growth of 7%–8% in passenger volumes and the internet-related channels for train tickets are growing even faster than that
- High customer loyalty and high level of recurring revenues: 83% of ticket sales on thetrainline.com are repeat transactions
- Certainty of pricing thanks to contractual agreements: commission rates are set by the Association of Train Operating Companies ("ATOC") and are fixed at 5.00% until 2019 (beyond the term of the existing debt)

Capital structure at funding [1]

Capital Structure at Funding	GBP Million	Multiple of EBITDA	LTV
Cash	-		
SS Bonding Line	39.7		
Term Debt Drawn	**140.0**	**4.1x**	**46.7%**
Acquisition Facility	-		
Net Debt	**179.7**	**5.2x**	**59.9%**
Implied Equity	120.3		
Enterprise Value	**300.0**	**8.7x**	**100.0%**
LTM Feb-2013 EBITDA	**34.4**		

Fund I investment

Investment Summary	DLF I Amount (CCYm)	DLF I Amount (EURm)	Maturity
Original Investment	40.0	47.3	September 2018
Total	**40.0**	**47.3**	

Note: **1** Implied equity is an indicative value of the equity at the time of the investment based on an enterprise value that uses the LTM EBITDA and EBITDA multiple as presented by the equity sponsor

Accelya

BlueBay Asset Management

ACCELYA Complexity Simplified

Company	Accelya	**Fund II investment**	€105.6 million
Industry	SaaS	**Investment date**	March 2017
Geography	Spain	**Ranking**	First Lien/Second Lien/Equity
Headquarters	Barcelona	**Security**	Senior Secured (debt)/Subordinated (equity)
Financial sponsor	Warburg Pincus & Co	**Status**	Unrealised

Company description

Accelya Holding ("Accelya") is a leading provider of integrated financial, decision support and statistics services to the air travel industry. Headquartered in Spain, the company delivers its services both through managed hosting (SaaS) or fully outsourced solutions to traditional and low cost airlines, as well as travel agents. Accelya's services assist airlines to outsource non-core operations in order to streamline their financial processes and deliver insight on business performance via data analytics. In 2016 Accelya had revenues of US$121m and EBITDA of US$59.4m. Created in 2014 as a carve-out from Dnata, Mercator Solutions FZE ("Mercator") is a provider of software and managed services to the aviation industry through a complimentary business line to Accelya's providing revenue accounting, air cargo management, passenger services and revenue management. In 2016 Mercator had revenues of US$62m and EBITDA of US$8.6m. Pro-Forma of the merger, Accelya has revenues of US$182.7 million and PF EBITDA of US$80.4 million (including US$12.5 million of synergies).

Transaction overview

In March 2017 Direct Lending Fund II SLP (the "Fund") financed the acquisition of Accelya and subsequent merger with the existing Warburg Pincus & Co's portfolio company, Mercator. BlueBay led the financing, providing an underwriting commitment for 100% of the Second Lien Facility in the amount of US$90.0 million. Based on a pro-forma EBITDA of US$80.4 million, the opening leverage amounts to 5.7x. In addition to the Second Lien, the Fund provided US$2.5 million in the form of Equity co-investment alongside the Sponsor and a further US$20.0 million in the form of First Lien Facility.

Investment rationale

- Sizeable market with good industry fundamentals and strong tailwinds
- Leading position in the air travel market with a 21–22% global market share
- Globally diversified revenue source and customer base
- Strong business resilience and high revenue visibility, thanks to 3–5 years agreements with automatic renewal clauses
- Strong financial performance combined with high margins and very strong cash flow generation

Capital structure at funding

Capital Structure at Funding	USD Million	Multiple of EBITDA	LTV
Cash on Balance Sheet	(10.0)		
RCF	-		
First Lien Facility	380.0		
Second Lien Facility	90.0		
Net Debt	**460.0**	**5.7x**	**65.3%**
Equity	244.6		
Enterprise Value	**704.6**	**8.8x**	**100.0%**
Structuring EBITDA	**80.4**		

Fund II investment

Investment Summary	DLF II Amount (CCYm)	DLF II Amount (EURm)	Maturity
First Lien Facility	20.0	18.9	March 2024
Second Lien Facility	90.0	84.9	March 2024
Equity	2.5	2.4	
Total	**112.5**	**105.6**	

ISP

BlueBay Asset Management

International Schools Partnership

Company	International Schools Partnership	**BlueBay Investment**	€500.0 million
Industry	Education	**Investment date**	Sept. 2017 and Sept. 2018
Geography	Spain	**Ranking**	Senior
Headquarters	London (Group Level)	**Security**	Senior Secured
Financial sponsor	Partners Group	**Status**	Unrealised

Company description

International Schools Partnership ("ISP") was set up in 2013 to create a leading international group of private, fee-paying schools that provide English or bilingual education to 3- to 18-year old children through a buy-and-build strategy. In 2016, Direct Lending Fund II provided Colegios Laude with a €37.5 million commitment to help its parent company ISP finance its acquisitions in Mexico and in the Middle East. In September 2017, Senior Loan Fund I provided ISP with a €175.0 million commitment to refinance the debt at Colegios Laude and finance the growth of the business. Since our investment, ISP completed five acquisitions : Tenby in Malaysia, Claremont in the UK, St Jude in Costa Rica, St George's in Spain and TAE in Mexico. ISP currently operates 32 schools with over 25,000 students. Pro-Forma for these acquisitions, ISP expect to deliver in FY Aug. 2018 revenues of €182.9 million and PF EBITDA of €37.2 million. Revenues are generated in Spain (34%), Mexico (25%), the Middle East (15%), Malaysia (13%), the UK (6%), the US (4%) and Costa Rica (3%).

Transaction overview

To support ISP's growth plan, BlueBay provided through an accordion €325.0m of additional committed facilities on top of the €175.0m previously committed thereby increasing total commitments to €500.0m. €150.0m were made available at funding for acquisitions as well as working capital needs. The additional €175.0m are an Acquisition and Capex facility committed for 3 years and undrawn at Closing. The Senior Debt benefits from a margin of 6.50% (with 0.00% floor) and 3.00% upfront fees. Given the strong relationship with both the Company and Partners Group, BlueBay was able to source and execute the transaction on an exclusive basis.

Investment rationale

- Favourable market dynamics and strong organic growth performance
- Favourable visibility over future performance
- Strong cash flow generation
- Large and global operator with well-diversified revenue streams
- Strong and experienced Management team

Capital structure at funding of Accordion

Capital Structure at Funding[1]	EUR Million	Multiple of EBITDA	LTV
Cash	(42.6)		
BlueBay Debt	325.0		
Local Debt	51.0		
Net Debt	**333.4**	**5.7x**	**38.0%**
Equity	545.2		
Enterprise Value	**878.5**	**15.0x**	**100.0%**
Pro-forma Nov-18 LTM EBITDA	**58.6**		

BlueBay investment

Investment Summary	Amount (CCYm)	Amount (EURm)	Maturity
Acq. / Capex Facility	175.0	175.0	Sept. 2024
Senior Term Loan	325.0	325.0	Sept. 2024
Total	**500.0**	**500.0**	

Note: **1** Capital structure and EBITDA are pro-forma for planned acquisitions

Disclaimer

The investment products described herein may be private investment funds, registered funds, and/or managed accounts, collectively referred to as "Alternative Investments." Such investments may invest and trade in many different markets, instruments or may utilize different strategies than used by traditional investments. Such trading methodologies are dependent upon their Alternative Investment's investment objectives. These are NOT subject to the same regulatory requirements as mutual funds, including such funds' requirement to provide certain periodic and standardized pricing and valuation information to investors. There are substantial risks with investing in Alternative Investments. Each Fund's Offering Documents contain important information concerning risk factors, including a more comprehensive description of the risks and other material aspects of the investment (including a Fund's investment program and applicable fees and expenses), and should be read carefully before any decision to invest is made by you.

You should note carefully the following:

- An Alternative Investment represents a speculative investment and involves a high degree of risk. Investors must have the financial ability, sophistication, experience and willingness to bear the risks of an investment in an Alternative Investment. An investor could lose all or a substantial portion of his/her/its investment.
- An investment in an Alternative Investment should be discretionary capital set aside strictly for speculative purposes.
- An investment in an Alternative Investment is not suitable for all investors. Only qualified eligible investors may invest in an Alternative Investment.
- An Alternative Investment's offering documents are not reviewed or approved by federal or state regulators and its privately placed interests are not federally or state registered.
- An investment in and Alternative Investment may be illiquid and there are significant restrictions on transferring or redeeming interests in an Alternative Investment. There is no secondary market for an investor's investment in an alternative investment and none is expected to develop. Substantial redemptions by shareholders within a limited period of time could compel an Alternative Investment to liquidate its positions more rapidly than otherwise would be desirable, which could adversely affect the value of the distribution proceeds and the value of the remaining interests in an Alternative Investment.
- The net asset value of an Alternative Investment may be determined by its administrator in consultation with its manager or advisor in certain cases. Certain portfolio assets may be illiquid and without a readily ascertainable market value. Since the value assigned to portfolio investments affects a manager's or advisor's compensation, the manager's or advisor's involvement in the valuation process creates a potential conflict of interest. The value assigned to such portfolio investments may differ from the value an Alternative Investment is able to realize.
- An Alternative Investment's manager or advisor has total trading authority over the Alternative Investment. The death or disability of the manager or advisor, or their departure, may have a material adverse effect on an Alternative Investment.
- An Alternative Investment may use a complex tax structure, which should be reviewed, and may involve structures or strategies that may cause delays in important tax information being sent to investors.
- The Alternative Investment's fees and expenses which may be substantial regardless of any positive return will offset such Alternative Investment's trading profits. If an Alternative Investment's investments are not successful, these payments are expenses may, over a period of time, deplete the net asset value of an Alternative Investment.
- An Alternative Investment and its managers/advisors may be subject to various conflicts of interest.

The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in a Private Fund and is subject to the more complete disclosures in such Fund's offering documents, which must be reviewed carefully prior to making an investment. For more information and how to obtain a copy of the fund's offering documents, please contact RBC GAM-US at rbcgamusinfo@rbc.com.

RBC Global Asset Management (US) Inc.
50 South Sixth Street, Suite 2350
Minneapolis, MN 55402

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TOUGH YEAR FOR GLOBALISTS

U.S. markets continue to outperform their international counterparts in 2018, with the performance gap widest on record. Cambiar examines what could turn the tide.

Capital Concentration Into Dollar Assets Means 2018 is a Tough Year for Globalists

We are providing an update to current global equity market conditions as of mid-September, and why we believe they are unfolding in the manner that they are. The goal is to help investors make thoughtful decisions as current processes continue to develop.

Extending back to mid-2014, U.S. stocks have roundly trounced international alternatives. The S&P 500 Index has returned 60% (cumulative), vs. 10% for the MSCI EAFE Index. The discrepancy has become particularly extreme in 2018, with U.S. stocks posting a 9% gain through August, vs. -4% for the EAFE. Bull markets and bear markets have generally been positively correlated within global equities – but not this one. The performance gap over the last several years represents the widest on record. It has not paid to be a globalist in 2018, nor to any great extent in the current decade, for that matter.

We believe there are three major factors leading to this discrepancy:

- Better U.S. corporate earnings growth,
- An out of sync global interest rate regime leading to capital concentration in U.S. dollar assets (such as stocks), and
- Financial pressure on Emerging Markets as a consequence of capital concentration into the dollar/capital flight from EMs.

Realistically, we don't see these primary factors shifting decisively in a different direction between now and year-end. However, we believe there is a reasonable case to be made that this narrative shifts in 2019+.

There have been various forms of capital concentration in the post-GFC time period. Examples include a preference for Emerging Market stocks during the early recovery from the 2009 depths, to "risk-off" time periods when defensive stocks ruled and yields collapsed (in 2011-'12 and again in 2015-'16 when there were negative yields to maturity on up to $14 trillion of bonds). Then there was the pro-cyclical, synchronized global expansion in 2016-17 to what is now an out-of-phase period of dollar strength in 2018. In each case, investors have sought concentration in specific locales within the capital markets spectrum, at the same time avoiding key uncertainties. As the saying goes, markets hate uncertainty more than anything else, and for global investors, markets hate currency instability/uncertainties to boot. The dollar and the U.S. corporate earnings growth story predominate current investor focus, making it difficult for other stories to see the light of day, particularly with a layer of currency uncertainty thrown on top. The currency instability is more an Emerging Markets issue, as we see the Euro and Yen more likely to appreciate versus the dollar over a multi-year time horizon. But probably not this year.

It is possible that the narrative shifts to one not nearly as favorable to U.S. stocks – which discount a lot of optimism about the future or that the increasingly elevated extent of indexation of U.S. stocks has exaggerated all the good. The pressure on EM currencies and economies impacts the earning capacities of U.S. and international-domiciled multinationals, something that has not really been reflected in the performance dichotomy. It's possible that the markets' capacity to smile past Trump trade rhetoric may suddenly end, taking U.S. returns lower. International markets have been for sale all year, and at some point, you run out of sellers. Maybe the trade talk ends in a big bro-hug about a week after mid-term elections. All of the above is no more than loose speculation, but worth considering.

More realistically, abatement of the strong dollar squeeze on EM fundamentals and the related capital concentration into dollar assets may begin to ebb or reverse in 2019, should the Fed relent from its current rate-hike path and policy events evolve constructively abroad. Global investors are essentially playing to be well positioned into the coming year at this point.

What Turns This Around?

It's axiomatic, but bear markets sow the seeds of the next bull markets because valuations compress irrationally. Values abound in the late phases of a bear market because the selling becomes reflexive and unthoughtful, leading to diamonds on the street, waiting to be picked up by investors with a modicum of patience and risk tolerance. In their later stages, the pessimism becomes abject and without clear drivers.


BRIAN M. BARISH, CFA

Brian Barish is the President and CIO at Cambiar Investors and is responsible for the oversight of all investment functions…

We see elements of this mindset in current (2H2018) discussions with clients. "Why bother with international, I should have put all my money in the U.S.", has become an increasingly common discussion. That is more or less the tone you would expect when valuations have become abjectly cheap and devoid of expectations, with investors reflexively selling international positions to concentrate more capital in near-term winners. Today's international markets are reminiscent of broader global market conditions in late 2011-2012, when valuations were compressed for just about everything – from tech to banks to industrials to durable goods, particularly after a sharp correction in stock prices in mid-2011. The rationales at the time tended to be vague macro negatives – the U.S. had lost its AAA rating from S&P, the Eurozone had a small rogue indebted state on its hands (Greece) and several large undercapitalized banks, the U.S. had an unresolved "fiscal cliff" of expiring tax brackets and incentives poised to jump absent legislative action, and business confidence was poor. None of these issues had very clear timeframes to resolution (or consequences for business valuation). If you could wind the clock back, it would have paid to be aggressive and buy the weakness and the daily negative headlines. But – much uncertainty as to when you would be rewarded.

Today's catalogue of issues is a bit different from market anxieties of the 2011-12 time frame. Features of the Eurozone remain unresolved, such as Brexit talks and Italian budgets, and importantly the ECB still has yet to lift off from 0% interest rates. These factors *ought* to be resolved some time in 2019, if not sooner. Internal demand growth in Europe and Japan remain structurally slow, leaving their companies rather hostage to global growth rates, and EM financial challenges don't help. We view the relative earnings growth superiority of U.S. companies as uniquely benefiting from the end-2017 tax cuts. Statistically, most companies' earnings growth rates will have to come down in 2019. Nonetheless, financial flows have followed the growth. The U.S. technology sector has become enormous in terms of global capitalization, and ebullient tech sentiment further polarizes returns – as tech and internet valuations remain at the forefront of investor interests.

Earnings
(S&P 500 vs MSCI EAFE)

	2007	2009	2011	2012	2013	2014	2015	2016	2017	2018e	2019e
	Pre-GFC Peak	Market Bottom									
Earnings											
S&P 500	[illegible]	[illegible]	95.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	124.1	161.9	178.4
MSCI EAFE	159.5	[illegible]	127.2	122.5	121.2	117.0	103.4	98.9	[illegible]	138.8	149.4
Growth %											
S&P 500				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	30.4%	[illegible]
MSCI EAFE				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Recovery from 2007 Top											
S&P 500									40.2%	[illegible]	[illegible]
MSCI EAFE									17.9%	[illegible]	[illegible]
Price/Earnings											
S&P 500									[illegible]	[illegible]	[illegible]
MSCI EAFE									[illegible]	[illegible]	[illegible]

Source: Bloomberg

We believe the superior growth rate of U.S. corporate earnings will slow as the 2018 corporate cuts reach their anniversary. To wit, S&P 500 index earnings have grown from $100 in 2012 to $124 in 2017 (+24% or ~5% annually), and then accelerating to $162 in 2018e (per Bloomberg composite estimates). That is 30% growth *this year*. Lower tax rates form the bulk of this growth. The chances of reversion back to single-digit growth levels in 2019+ are quite plausible, and would be consistent with the 2011-2017 time period. Current consensus forecasts call for double-digit earnings growth into 2019 and beyond; this seems a stretch. Meanwhile, EAFE earnings have shown little consistency – declining from $122 in 2012 to a low of $98 in 2016, before rising back to the $138 level for 2018e. The EAFE earned about $120 in 2008, 2010, and 2011 as well. A stronger and more confident Europe (see below) could finally see some sustained earnings growth after a long slog bumping along at a rate first achieved *in 2005*.

Looking Forward to Key 2019 Events

As the calendar turns into 2019, we see three critical "macro" events that may shape returns.

First, the U.S. Federal Reserve may pause rate hikes beyond the two (anticipated) increases slated for the rest of 2018, or flirt with a yield curve inversion by pressing rate increases. A pause would be cathartic for international money flows, while an inversion may at least challenge the global preference for dollars given the ominous financial signal it portends. The Fed is generally expected to raise interest rates to the 2.5% level by December. Given the behavior at the longer end of the curve, which has had a difficult time pushing above the 3.0% level, and based on Fed Chairman Powell's recent Jackson Hole commentary, rate increases beyond the 2.5% may exceed "neutral" monetary policy. A move to 2.75% or 3.0% may very well invert the yield curve, particularly as the Fed balance sheet is also shrinking at this time.

Second, the ECB should begin the process of exiting from QE (slated for December 2018) and normalizing its interest rate regime in 2019. Success on this front would bolster the value of the currency as well as business confidence, along with ending (or at least mitigating) the capital concentration in dollar assets. On a trade-weighted basis, the Euro (about $1.15 currently) is generally viewed as an undervalued currency, with fair value closer to the $1.25-1.30 level. But given the interest rate differentials and a difficult-to-quash "what-if" question about bond yields and fiscal sustainability in weaker European countries, it probably continues to trade cheap. The Fed messaged "gradualism" and "data dependency" as it exited QE and ZIRP in 2015-17 to assuage market psychology with good effect. The ECB needs to message its new rules of the road as it stops buying sovereign bonds in massive quantities, probably messaging something similar along with "European Unity" of some form. We can only speculate what the exit plan may be – credit rating-based yield spread caps on weaker sovereigns versus the strongest countries seems like a good idea to us – but maybe they have a different plan. ECB President Mario Draghi will step down in late 2019 after a heroic stint, and legacy at this juncture matters. A better Euro as an alternative reserve currency to the dollar matters a great deal. Alongside European monetary normalization, we expect the terms of the U.K.'s Brexit "deal" to be solidified within the next 12 months, tidying up another key uncertainty for the markets.

Tighter U.S. monetary policy is a particularly difficult pill to swallow in Emerging Market economies. A stronger Euro would partially neutralize the strong dollar tourniquet that afflicts EM financial conditions. The dollar's status as the dominant global reserve currency is amplified by current conditions, where it is the only major reserve currency with a positive short-term interest rate. As this rate has headed higher in 2018, funding stresses in weaker Emerging Markets have quickly erupted. Emerging markets have greatly benefited from low prevailing rates in reserve currencies. With most industrial products and commodities priced in dollars, a higher dollar on the back of higher U.S. rates creates double pressure on emerging economies in terms of import costs and financing. It is worth pointing out that U.S. interest rates were not "normal" until 2018, having remained below 1% up to the latter part of 2017. We would contend that Emerging Market financial stability will remain the largest question mark into 2019, as competitive-yield pressure from the U.S. and Europe could just make matters worse.

Last, China finds ways to grow – World demand depends little on Argentina or Turkey, but depends considerably on China. To date, China cut individual tax rates and has let its currency slip a little versus the dollar, while tightening up the exits by which dollars can leak out of the country. In 2009, China enacted aggressive fiscal and monetary stimulus plans to offset the GFC-induced global recession. These measures worked in aggregate, although much of the spending was widely acknowledged as having questionable merit. We currently anticipate a more targeted approach to stimulus, with higher value-added industries getting priority. China's growth has slowed from the early 2010s to today, and we expect it will continue to slow. However, the country's move up the value-added curve to greater prosperity is clear on a broad basis. In short, we would not underestimate these guys.

Conclusion

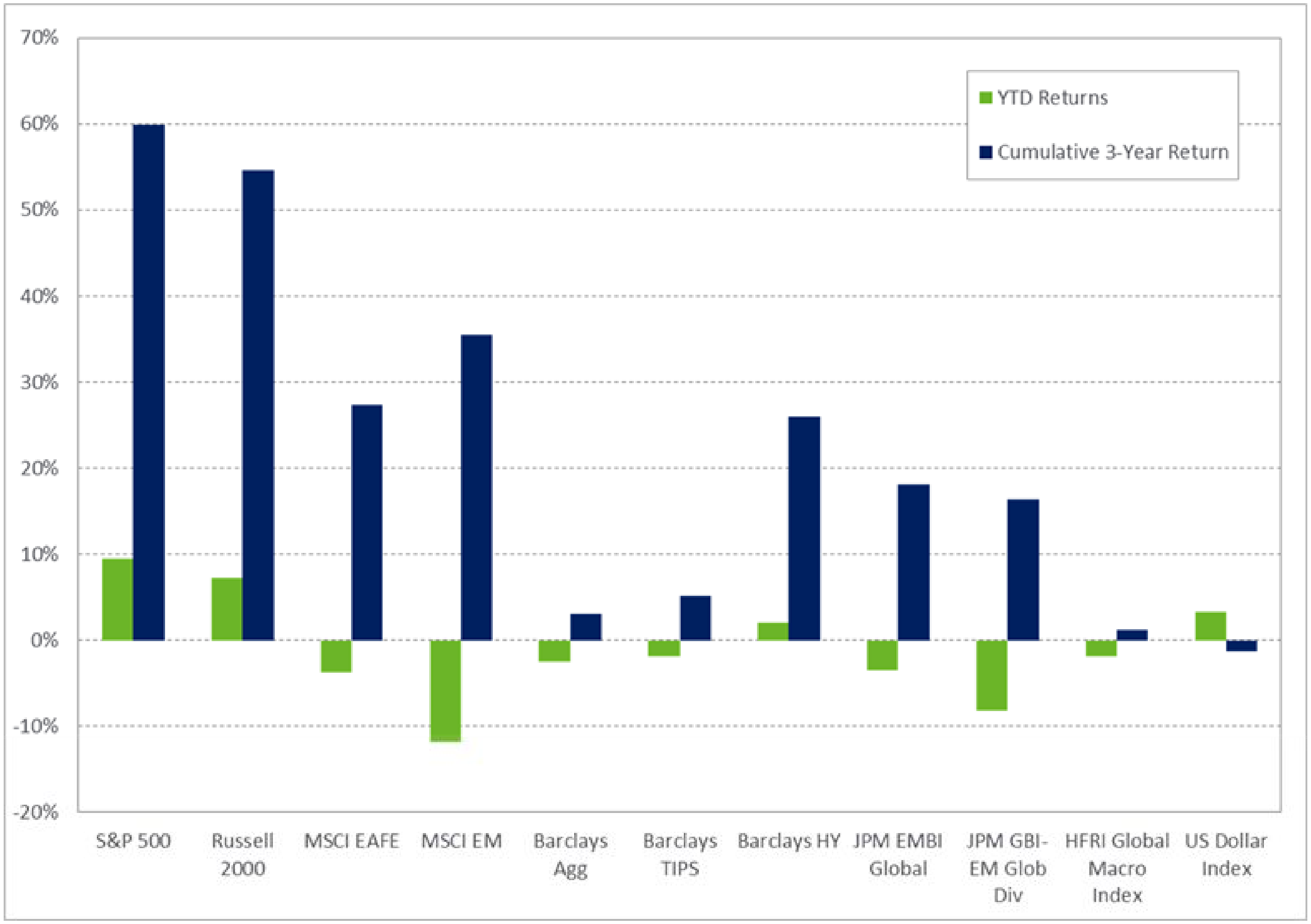
Beating a drum as to the merits of a true global asset allocation have become difficult, given the spectacular success of U.S. stocks in the decade of the 2010s. However, the virtues of asset allocation and diversification remain, despite the increased skepticism that is inevitable when returns have polarized in one direction or another. Contrary arguments suggest a "this time is different" conclusion, often a dangerous one to reach. The U.S. economy has more than fully recovered from the depths of the Great Recession, while other major Developed Market economies remain well below potential output. This set of factors has become all the more acute for market returns as the U.S. has normalized its monetary policy amidst full employment conditions. There are a number of reasons to believe that recoveries in international markets may gain steam in 2019-20 alongside international monetary conditions, while the ongoing success of U.S. equities may comparatively run on a bit less steam in the coming years.

2018 CAPITAL MARKETS REVIEW AND LOOKING AHEAD TO 2019

October 11, 2018

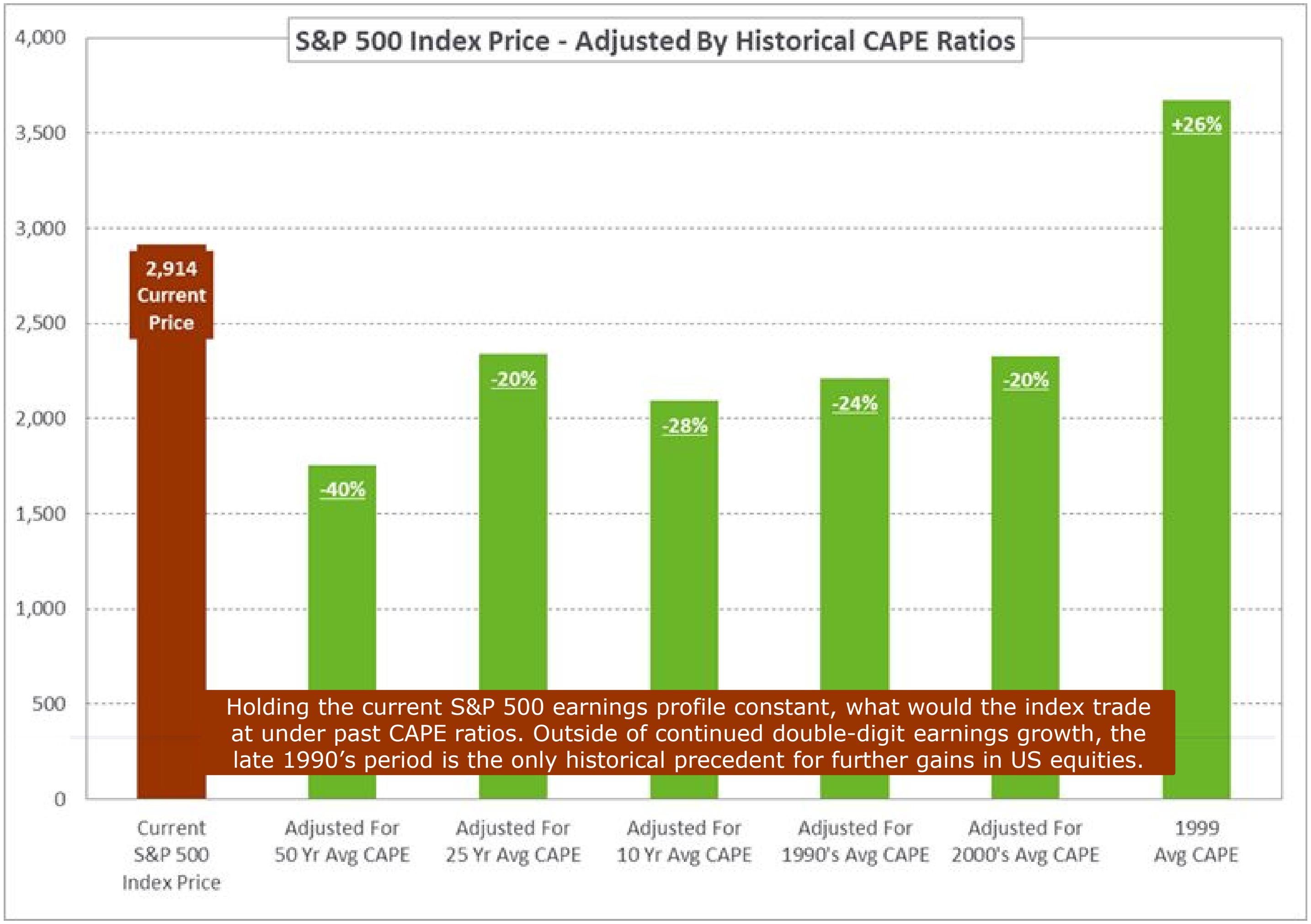
BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

US EQUITIES ARE THE OUTLIER IN 2018



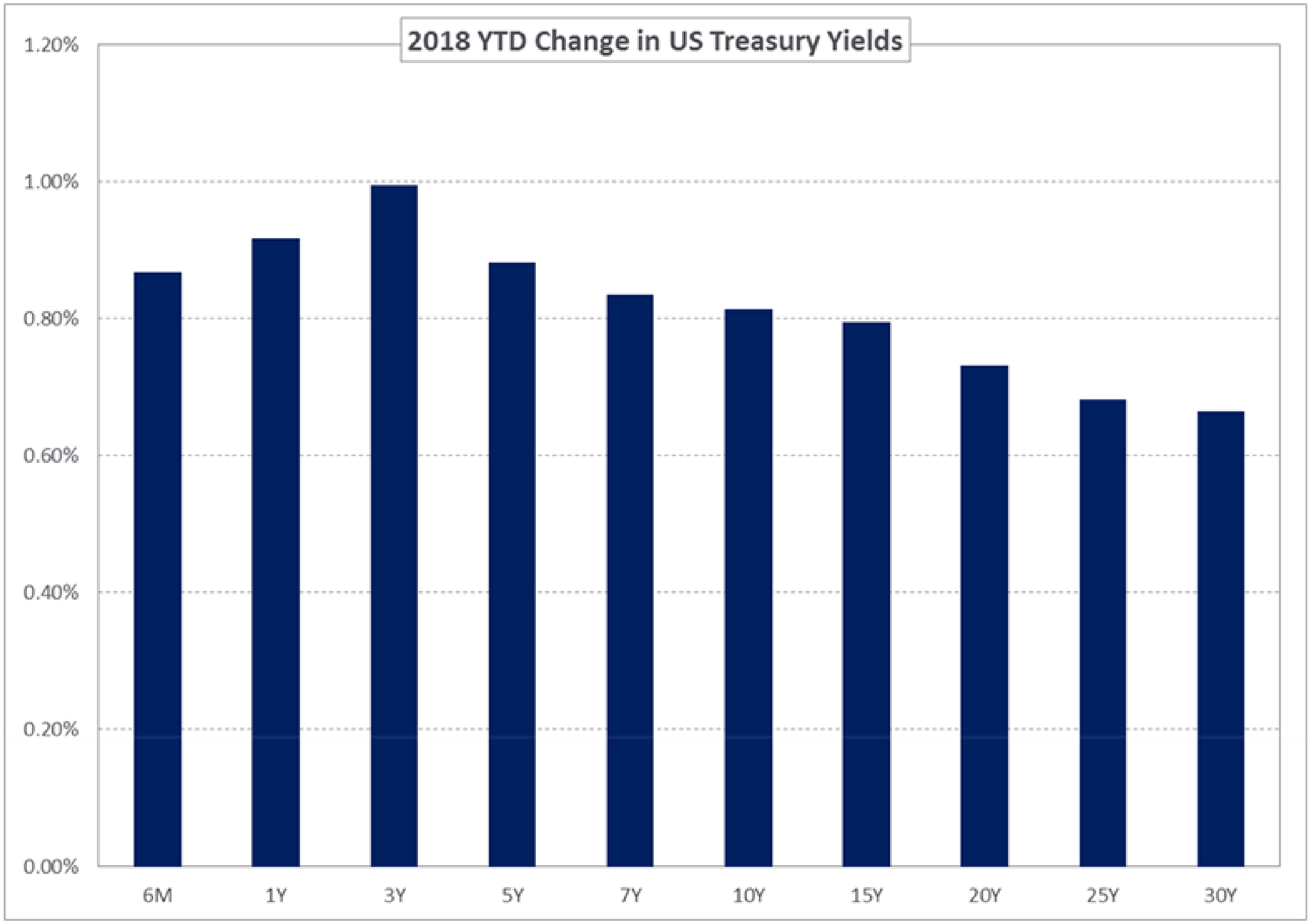
Source: Bloomberg

CAN VALUATIONS SUPPORT FURTHER GAINS?



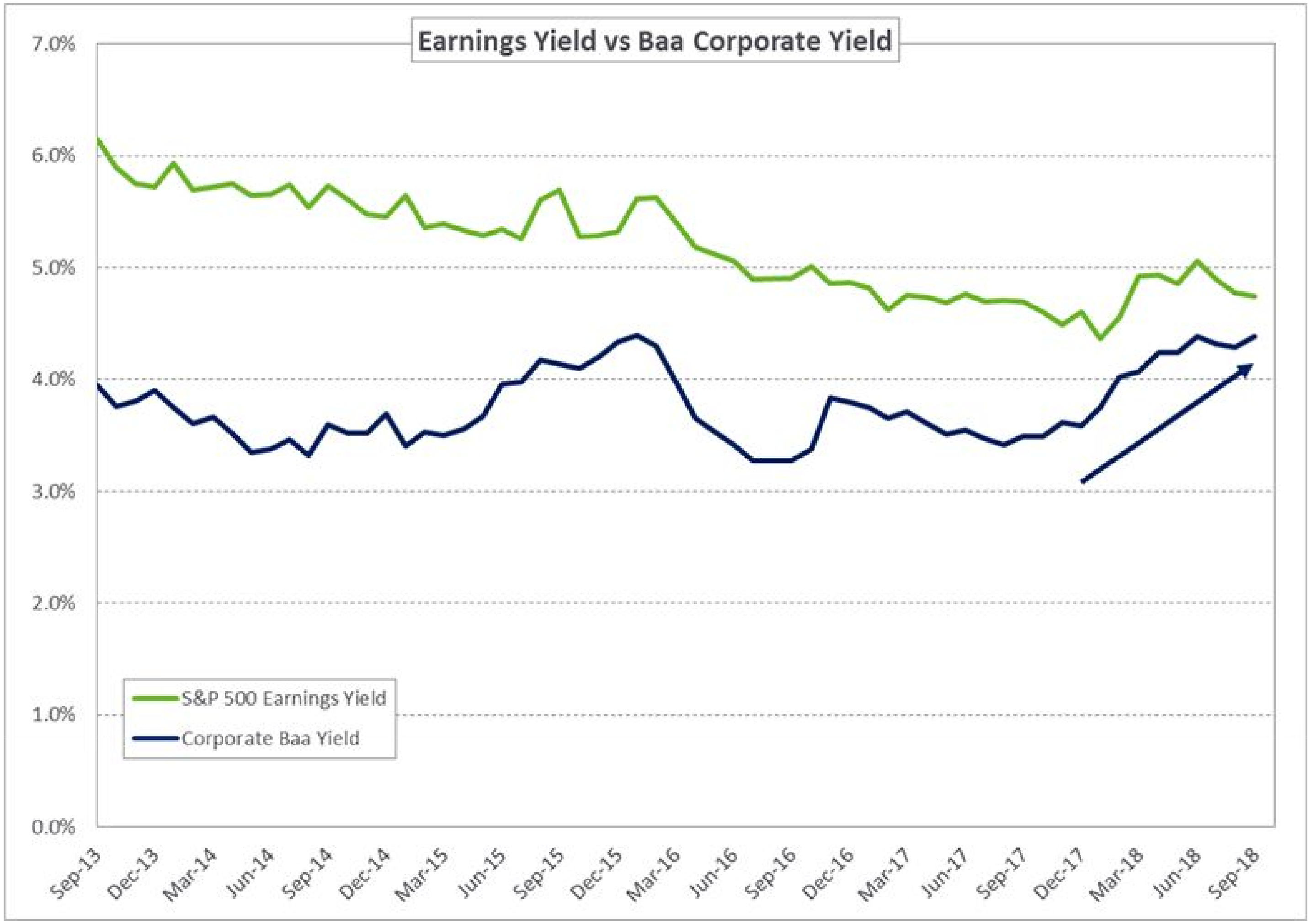
Source: Bloomberg, Yale, Robert Shiller

US INTEREST RATES SHIFTED HIGHER IN 2018



Source: Bloomberg

THE DISCOUNT RATE FOR EQUITIES IS HIGHER



Source: Bloomberg

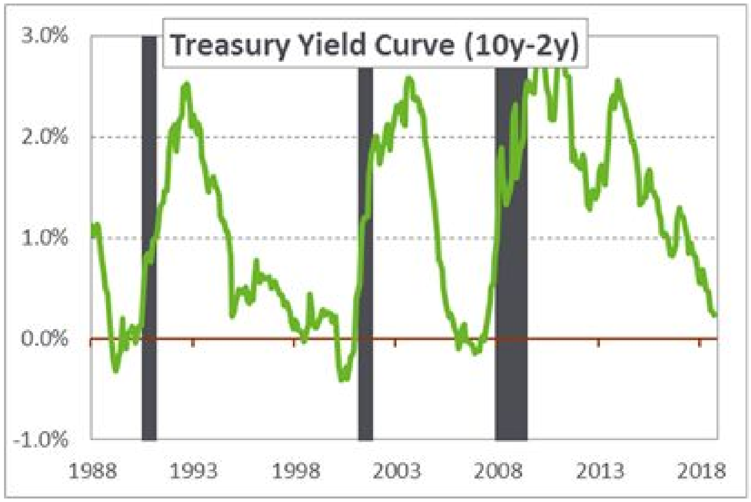
EVALUATION OF KEY ECONOMIC SIGNALS

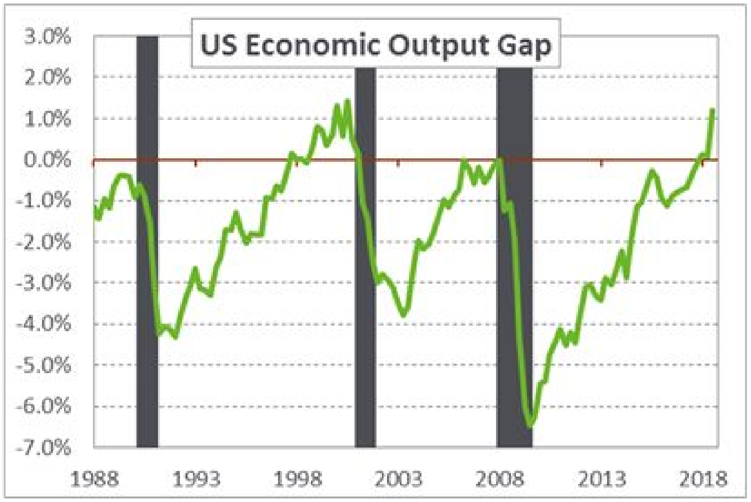
US financial conditions remain loose and support steady economic gains

But a reversal in easy conditions could be fueled from a misstep by the Fed, strong US dollar, increased volatility in the Chinese yuan, or an acceleration in US inflation. With further rate hikes likely in 2019, an overconfident Fed could "surprise" the markets with a more aggressive posture.

We are evaluating market metrics such as the yield curve that would cause us to shift to a more defensive outlook

Should yield curve steepness turn negative and economic metrics show some weakness, our recommendation will be to materially increase safe-haven fixed income and reduce equity exposure. In addition, safe-haven fixed income appears more attractive following recent increases in US interest rates.





Source: (Left) Federal Reserve Bank of St. Louis
Source: (Right) Bloomberg

KEY MARKET THEMES AT THE START OF 2018

The US economy is in an extended expansionary cycle despite being eight years removed from the last recession

A prolonged US economic expansion can support a continued rally for US equities

Global economic conditions are improving in a synchronized fashion

Economic resurgence is delicate and can be disrupted by US dollar strength, dislocation in China's credit expansion, and restrictive US trade policy

The Federal Reserve is expected to slowly increase interest rates

A relatively accommodative Fed is likely to continue, but their balance sheet normalization program is a low grade tightening of monetary policy

Major shifts in US trade policy did not materialize in 2017

However, a more aggressive protectionist policy would represent a material risk to global markets but the US administration's rhetoric has been interpreted with skepticism

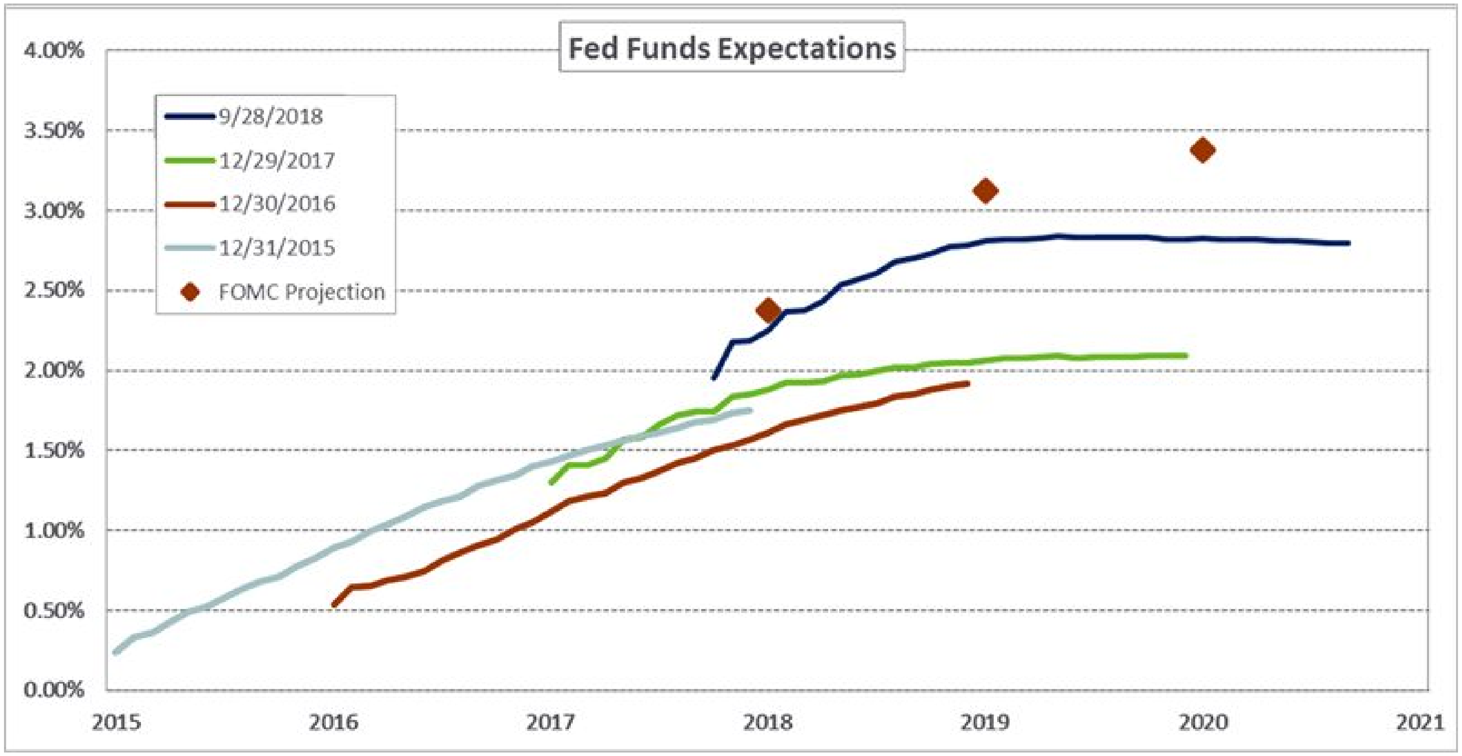
In 2017, our Themes trended favorably in support of risk assets and this largely reversed itself in 2018 – Trade Policy, Strong US Dollar, Fed Hikes

Strong returns from US equities appear to be the outlier relative to global assets. US fiscal and monetary policy is draining liquidity from outside the US and bringing it onshore. Essentially above trend US economic growth rates are at the expense of non-US growth.

We underestimated the deterioration in US-China trade relations and the negative impact on investor sentiment in the emerging markets

US-China tariffs are the "new normal" and we expect this dynamic to continue for the foreseeable future. We do not anticipate an escalation beyond tariffs on all traded goods.

THE EVOLUTION OF FED GRADUALISM

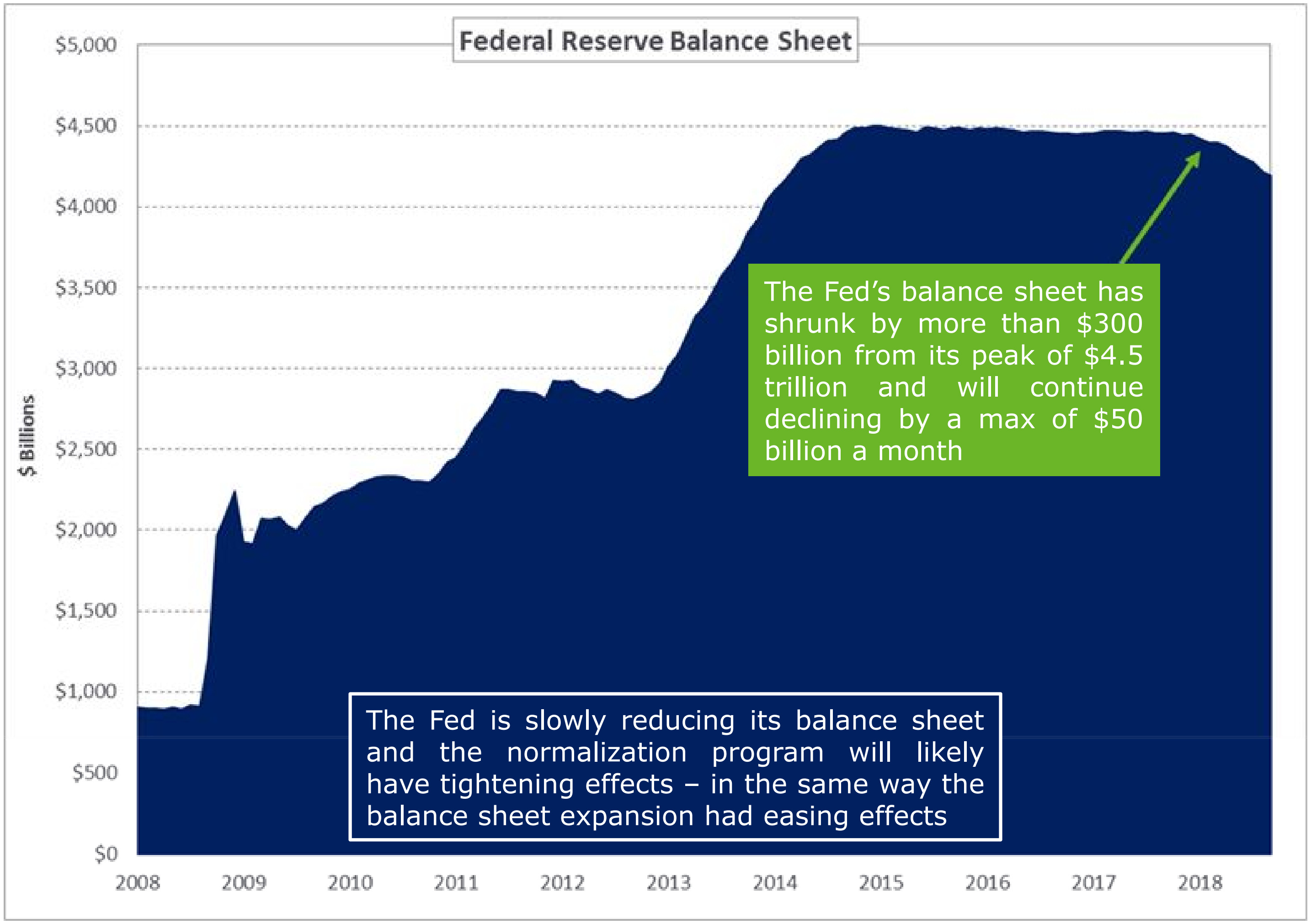


Source: Bloomberg

Key Market Theme, Jan. 2017 – "Expected path of Fed policy through 2019 matters more than timing of the next hike"

Key Market Theme, Jan. 2018 – "The disconnect between market expectations and Fed signaling has grown but the expected path of Fed policy through 2020 matters more than timing of the next hike"

THE FED IS REDUCING MARKET LIQUIDITY



Source: Bloomberg

THE END OF FEDERAL RESERVE GRADUALISM

Key Market Themes Change

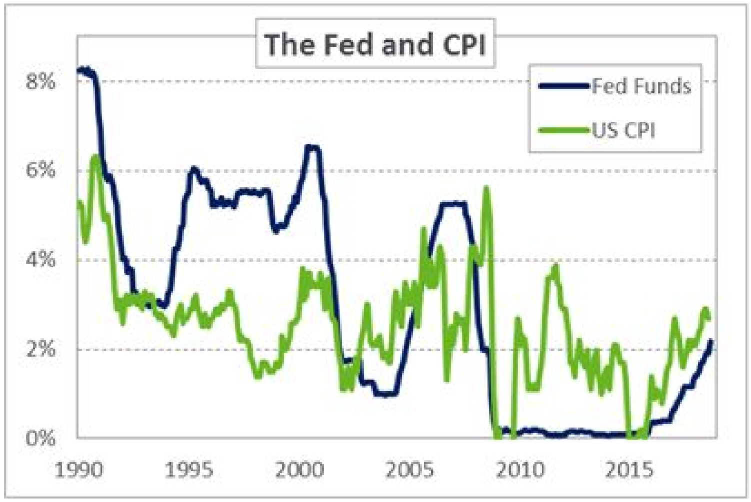
The conclusion of Fed Gradualism: The Fed has shifted from a "lower for longer" policy to a more balanced posture of raising rates in-line with higher inflation

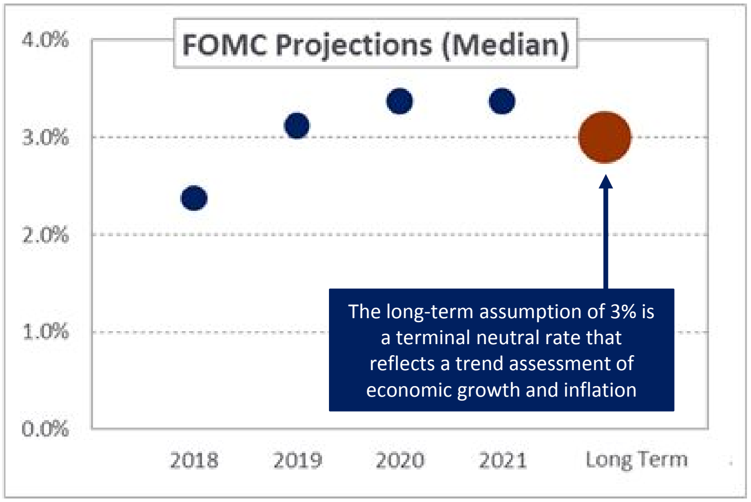
The Fed appears less willing to accept some inflation to repair the past deflationary impact of the 2008 financial crisis and is now looking to manage inflation closer to its target range

Based on the FOMC projections, the Fed is communicating a tightening path as their forecast for interest rate hikes moves beyond the long-term neutral rate

Markets are discounting a more muted pace of rate hikes relative to Fed projections, which increases the potential of a "Fed surprise" disrupting equity, fixed income, and currency markets

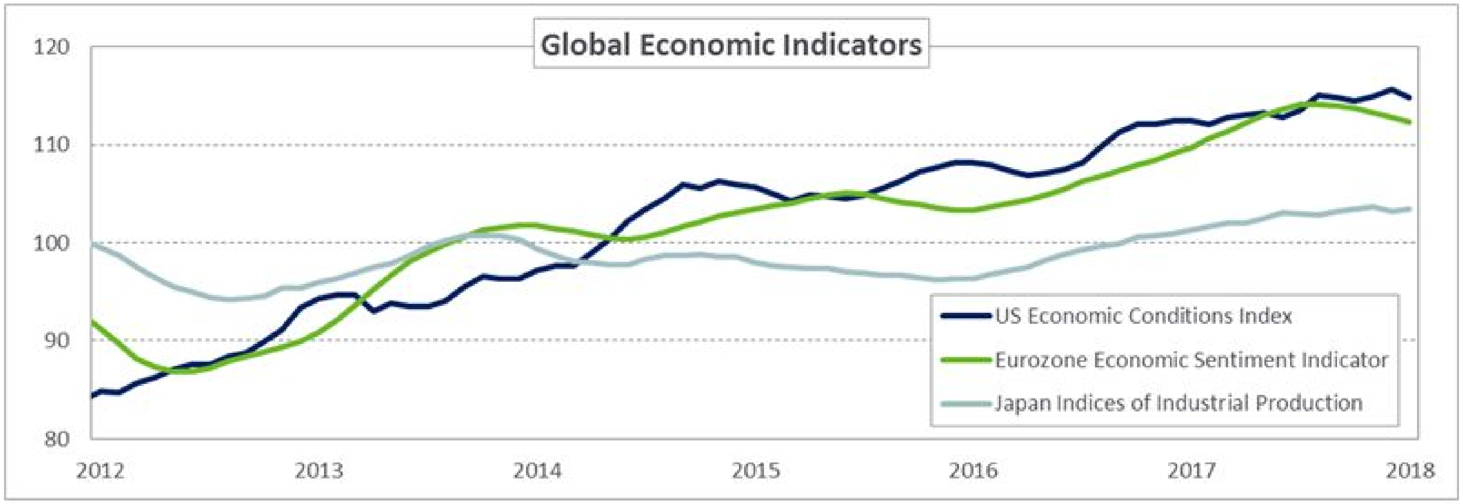
Fed is expected to be careful and data dependent when assessing the timing of interest rate increases relative to changes in inflation levels

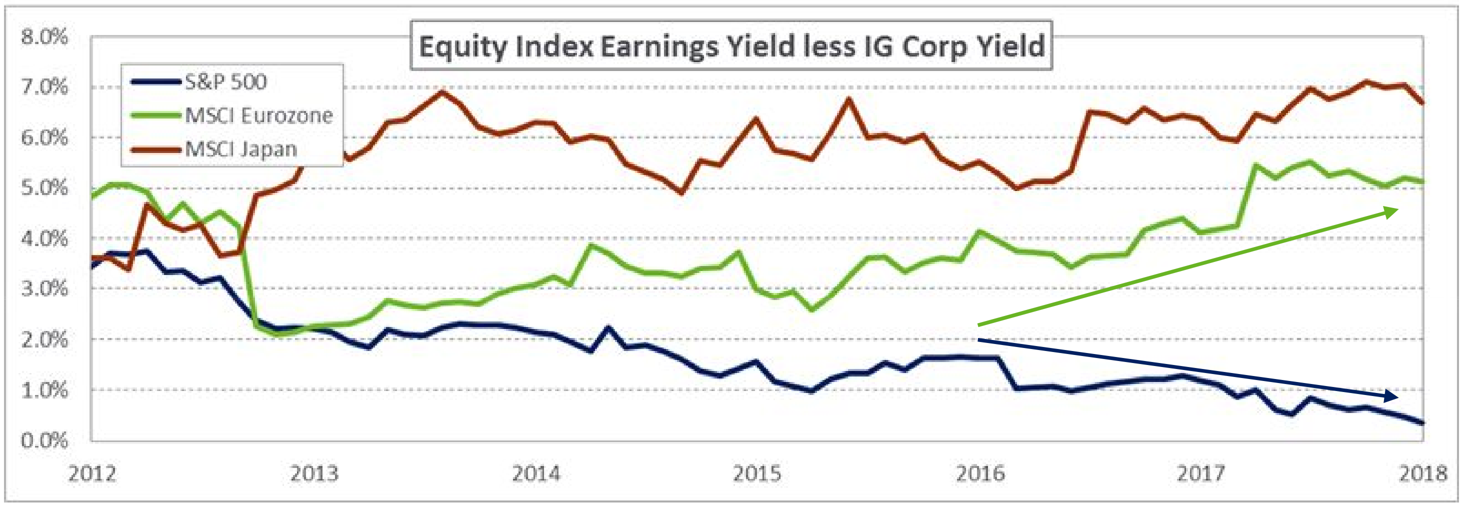




Source: (Left) Bloomberg
Source: (Right) FOMC

NON-US EQUITY CONDITIONS ARE SUPPORTIVE





Source: (Left) Bloomberg
Source: (Right) FOMC

THOUGHTS AND QUESTIONS FOR 2019

Unlike previous years, several Key Market Themes are likely to change

Concluded: Federal Reserve Gradualism - Q3 2018

Under Evaluation: Extended US Economic Cycle, Synchronized Economic Resurgence China Transitions, Globalization Backlash

Market dynamics have been stable in recent years but we are evaluating what it means to shift to a "late cycle" investment environment

If we have moved into a "late cycle", can we define a playbook that addresses the unique characteristics often found in these environments

Are the influences of tightening global liquidity and less-easy financial conditions factors that will define global markets for a multi-year period

Should we be more worried about inflation? Are markets not properly discounting the prospects of inflation because of the past 10 years

Has the theme of populism and trade policy been fully priced in as consensus and no longer has a material impact on market dynamics

New asset class assumptions for 2019

- Private Equity and Debt sub-asset class breakout (e.g. Venture, Direct Lending)
- US Micro-Cap
- US Corporate assumptions by credit rating (A, BBB, BB) to support Insurance Group
- Investment and Non-Investment grade assumptions for US Securitized sector

CAPITAL MARKET ASSUMPTION PREVIEW

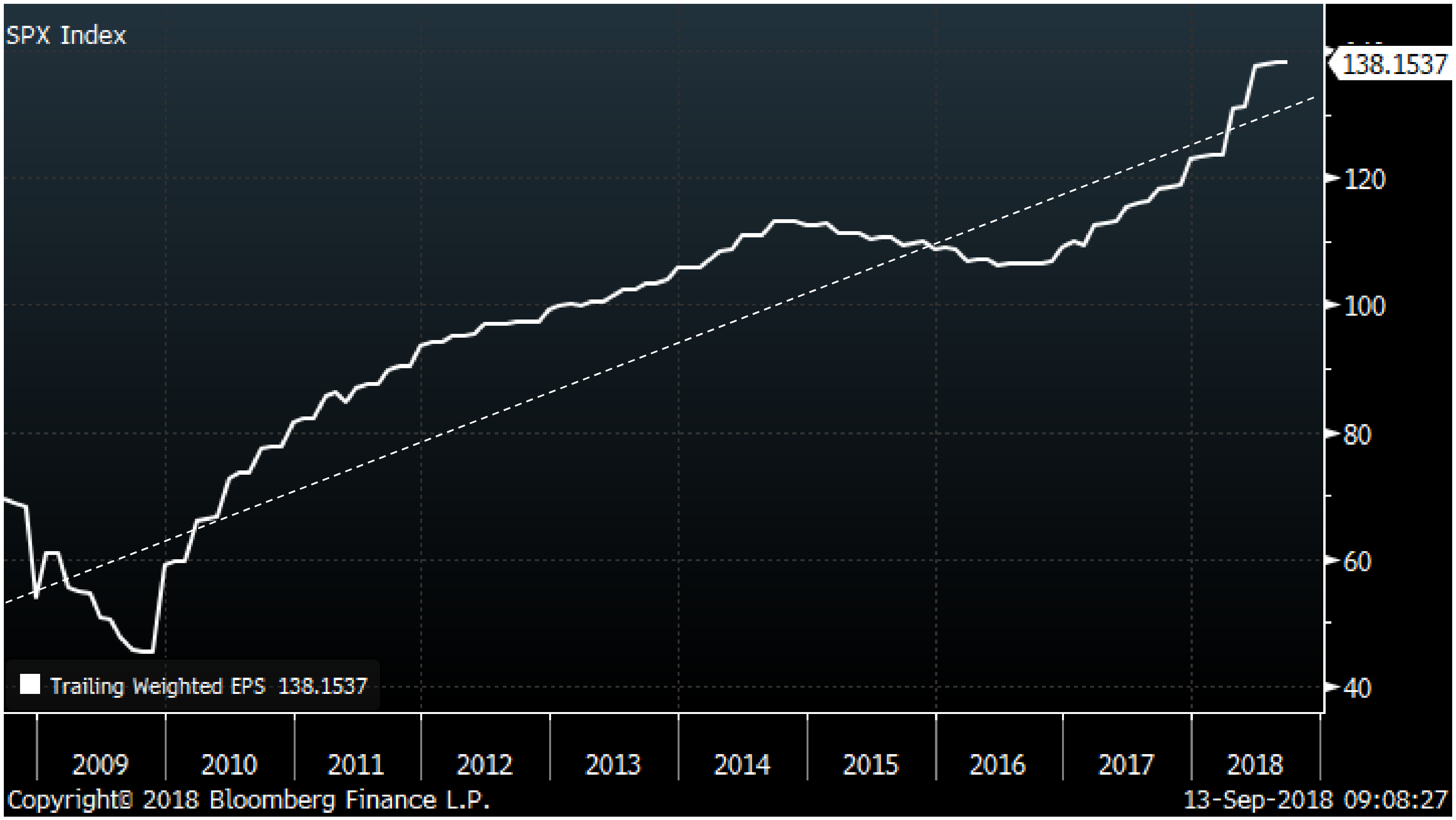
	Asset Class Return Expectations (5-7 Yr)	2018 Assumption	Potential 2019 Changes
	Cash	2.00%	Higher
	US Inflation	2.50%	Flat to Higher
Equity	Large Cap Equities	5.25%	Lower
	International Equities (Unhedged)	7.50%	Lower to Flat
	Emerging International Equities	9.00%	Flat to Higher
	Private Equity	8.00%	Lower
Rates/Credit	Treasuries	2.25%	Higher
	Core Bonds	2.75%	Higher
	Municipal Bonds 1-10 Year	2.50%	Higher
	High Yield Bonds	3.75%	Flat
	Private Debt	6.50%	Flat to Higher
Real Assets	Commodities	4.75%	Flat to Higher
	REITs	6.50%	Flat
	Core Real Estate	5.75%	Flat
Multi-Asset	US 60/40*	4.54%	Lower to Flat
	Global 60/40*	4.91%	Flat to Higher
	Hedge Funds*	5.83%	Flat to Higher

**Each calculated as a blend of other asset classes*

INFORMATION DISCLAIMER

- **Past performance is no guarantee of future results.**
- **The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**
- **Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
- **All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.**
- **This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.**

US Earnings Growth Above Trend



Source: Bloomberg

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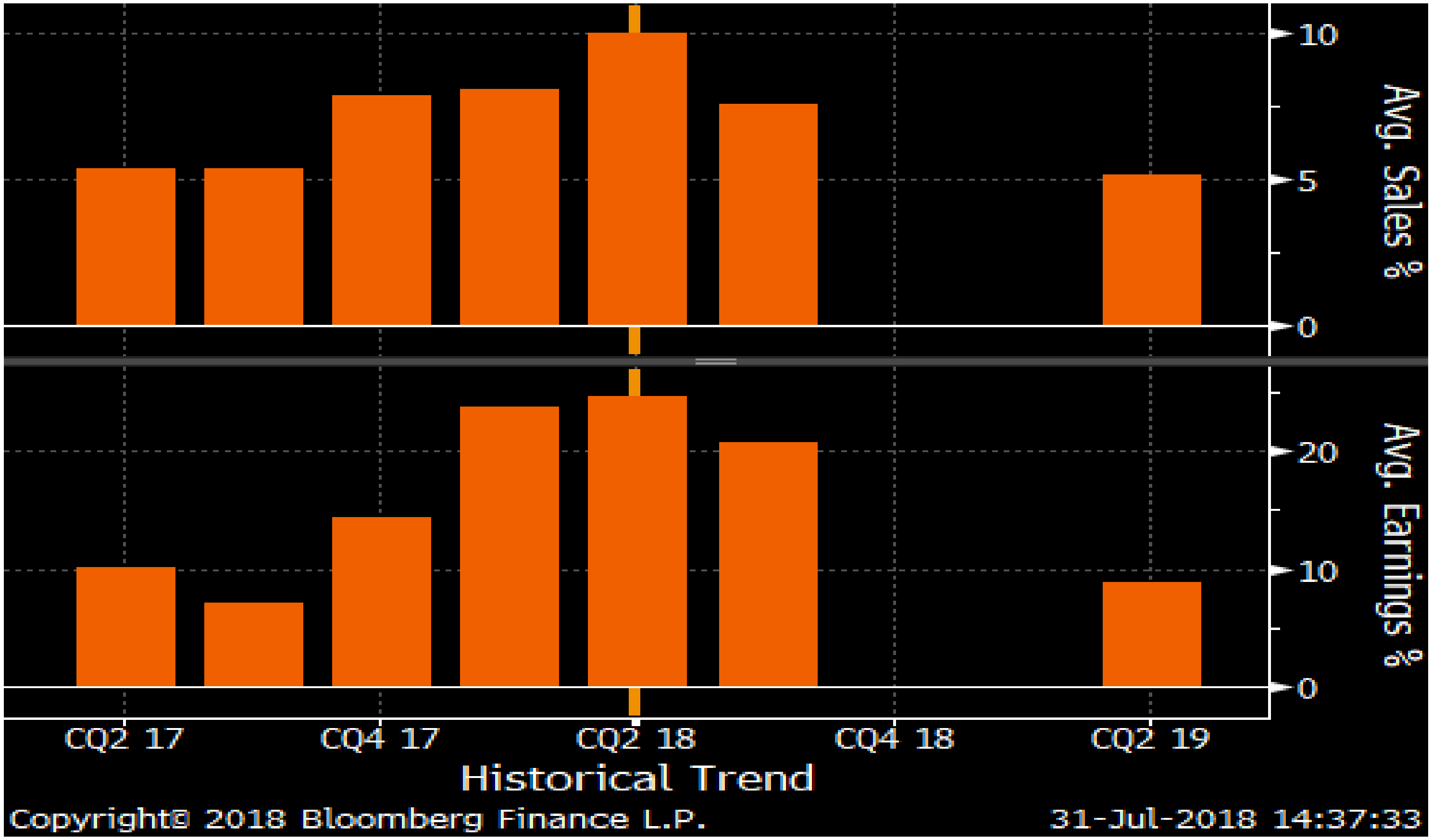
US Earnings Expectations Falling



Source: Bloomberg

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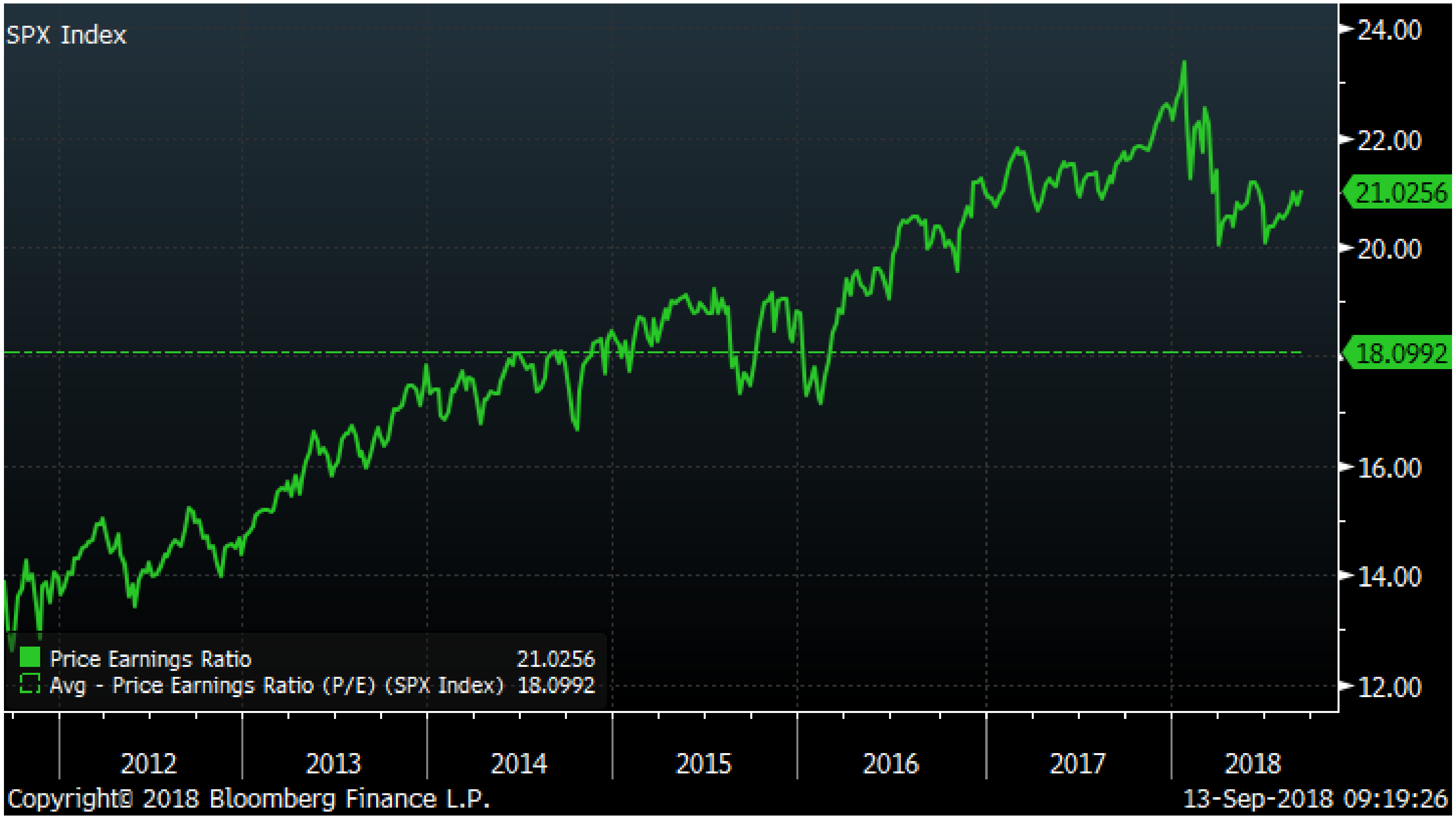
US Equity P/E Multiple Unattractive



Source: Bloomberg

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EAFE Earnings Above Trend

Source: Bloomberg

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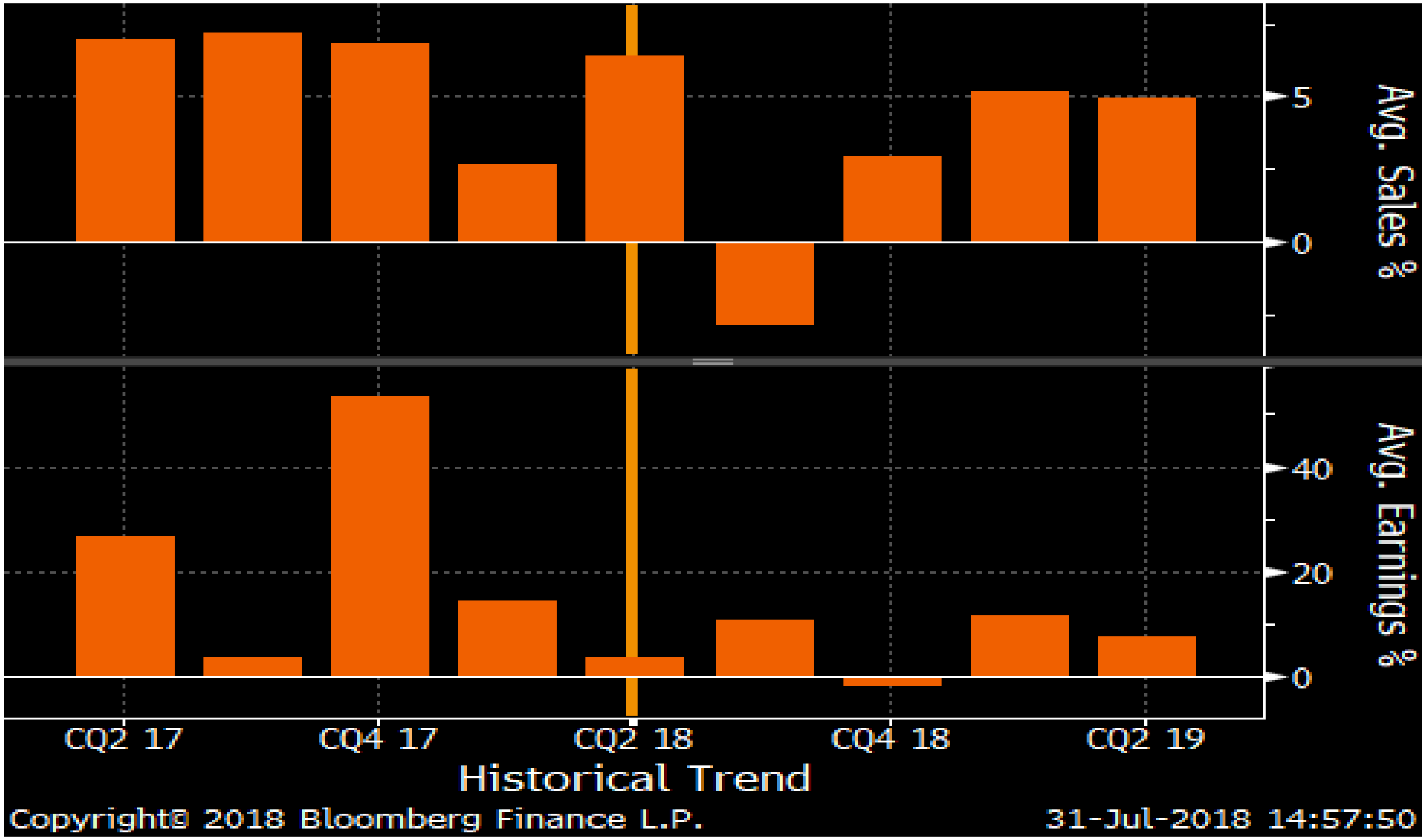
EAFE Earnings Recovering



Source: Bloomberg

EAFE Equity P/E Multiple Attractive

Source: Bloomberg

chantico global

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

SUBJECT: NOTIFICATION OF PENDING DEPLETION OF THE NON-VESTED SUPPLEMENTAL BENEFIT RESERVE

Dear Board Members:

Background

Pursuant to the Settlement Agreement and Mutual Release executed in January 2003, VCERA transferred $25 million from its County Advance Reserves account to its Undistributed Reserves account. The Settlement Agreement was entered into between VCERA, the County of Ventura and three labor unions to resolve claims that challenged VCERA's treatment of excess earnings in a manner that reduced the County's retirement contributions.

Following the settlement, several employee associations petitioned the VCERA Board of Retirement in February 2003 to grant a monthly supplemental benefit of $27.50 to all current and future retirees and their eligible beneficiaries, pursuant to Government Code sections 31691.1, 31682 and 31692. Section 31691 authorizes a board of supervisors to provide for retiree health care when health care benefits are provided to active employees. Section 31691.1 states that in lieu of the board of supervisors providing for retiree health care, a board of retirement may provide for an equivalent allowance to retirees out of excess earnings of the fund. The Settlement Agreement contained a provision stating: "*The County recommends that, if VCERA uses all or a portion of the sum transferred to Undistributed Reserves to fund a new supplemental benefit to retirees, such new benefit be a long term annuitized benefit available to all retirees to offset increased health care costs.*" VCERA's then-consulting actuary said $25 million would fund a permanent benefit if structured in the same manner as the $108.44 supplemental benefit, which took effect in July 1986 but became vested in January 1991.

On March 17, 2003, the Board approved a non-vested supplemental benefit of $27.50 per month, with benefit commencement subject to a signed consent (i.e., a statement supporting the transfer of $25 million for this benefit) from every employee organization recognized by the County of Ventura. The $25 million in funds were placed into a supplemental benefit reserve account and could only be used to pay the non-vested benefit. In the authorizing Resolution, which resulted in the creation of the Fixed ($27.50) Supplemental Benefit Reserve, the Board expressed its intent to seek legislation to make the benefit vested.

On August 4, 2003, the Board considered draft legislation that would allow the $27.50 supplemental benefit to vest in the same manner as the current vested $108.44, but after discussion concerning a recent lawsuit filed by retiree George Mathews on behalf of all retirees concerning use of excess earnings, the item was tabled and not brought back for consideration. The 2003 resolution also included this statement:

> *If at any time prior to this benefit becoming vested, the Board decides to modify or terminate this benefit, the Board shall provide ninety (90) days written notice to each eligible retiree or eligible beneficiary receiving such payment, the Ventura County Retired Employees' Association and each employee organization recognized by the County of Ventura, prior to such modification or termination.*

The language regarding notice to retirees and beneficiaries prior to modification or termination of the $27.50 supplemental benefit is consistent with Government Code section 31692, which provides that any amendment or repeal of a resolution under section 31691 shall not be operative until ninety days after the board notifies members in writing of the amendment or repeal.

Funding Mechanism

The Interest Crediting Policy in effect in 2003 stated that interest could be credited to non-valuation reserves only when "available earnings" exceeded the amounts necessary to first credit interest to valuation reserves and to establish a 1% Contingency Reserve. The policy was amended on March 17, 2008, to determine the existence of excess earnings on an annual basis. On April 20, 2015, the policy was amended and renamed the Interest Crediting and Excess Earnings Policy ("Interest Crediting Policy") to reflect the fiscal year-end determination of excess earnings and potential uses of those earnings. According to the 2015 version of the policy, the Fixed Supplemental Benefit Reserve

> [*w*]*ould have been sufficient to continue to pay the benefit in perpetuity only if sufficient Excess Earnings in future years were to exist at a level that would permit future Boards to credit the Reserve with interest at the then-assumed 8.25% per year rate, and even then, only if future Boards decide to continue to make such discretionary interest credits at such assumed rates.*

The Interest Crediting Policy pinned the crediting of interest in the Fixed Supplemental Benefit Reserve account to the existence of available/excess earnings from investment returns. VCERA was able to credit $3.9 million in interest to the Fixed Supplemental Benefit Reserve account between 2003 and 2018, which is less than what would have been credited had there been sufficient available/excess earnings during that time period. When the Interest Crediting Policy was amended in 2015, it contained a provision requiring that any earnings remaining after crediting of interest to all valuation reserves shall be used to reduce the balance in the Contra Reserve (residing within the Employer Advance Reserve) up to the amount sufficient to bring the balance to zero to make up for any cumulative earnings shortfall in previous years. As the Contra Reserve balance has not yet been brought to zero since the 2015 amendment, there have been no excess earnings available for crediting interest to the $27.50 Supplemental Benefit Reserve. Without a consistent source of funding to sustain the reserve, the initial $25 million deposit has diminished over the past 15 years as VCERA's retired population has significantly increased from 3,857 in FY 2003 to 7,038 in FY 2018.

Current Funding Status

VCERA projects funding for the Fixed Supplemental Benefit Reserve will be exhausted by June 2019. After issuing the June payments, VCERA estimates less than $94,000 will remain in the reserve, an amount insufficient to pay the full $27.50 benefit in retirees' July 2019 benefit payments.

Future Actions

To comply with the intent of Government Code section 31692 and the 2003 resolution's requirement concerning a 90-day written notice to "each eligible retiree or eligible beneficiary receiving such payment" who would be impacted by the termination of the non-vested benefit, VCERA plans to mail a notification letter in February 2019 to all affected members. VCERA's correspondence will provide a brief history of the benefit and the reason for its cessation. Before the mailing, VCERA will share the letter with Ventura County Human Resources so that the County is apprised of the development.

Furthermore, Government Code section 31692 permits a board to amend a resolution granting benefits under section 31691 by adopting a new resolution terminating said benefits. Because the VCERA Board in 2003 granted the $27.50 non-vested supplemental benefit by resolution under 31691.1, General Counsel believes termination of the benefit should also be accomplished by resolution rather than by simple motion.

RECOMMENDATIONS:

1. **AMEND THE 2003 RESOLUTION BY ADOPTING A NEW RESOLUTION STATING THAT THE $27.50 NON-VESTED SUPPLEMENTAL BENEFIT WILL BE PAID THROUGH JUNE 30, 2019, AND THEN IMMEDIATELY TERMINATE; AUTHORIZE CHAIR, OR VICE-CHAIR IN THE ABSENCE OF THE CHAIRMAN, TO SIGN THE RESOLUTION.**

2. **DIRECT STAFF TO RETAIN ANY REMAINING FUNDS IN THE $27.50 SUPPLEMENTAL BENEFIT RESERVE ACCOUNT TO PAY RETROACTIVE BENEFITS, SUCH AS DISABILITY AND DEATH, TO ELIGIBLE RETIREES AND/OR BENEFICIARIES, AND AS TO ANY FUNDS REMAINING AFTER ALL ELIGIBLE PAYMENTS ARE MADE, THE REMAINING BALANCE SHALL BE TRANSFERRED TO THE UNDISTRIBUTED EARNINGS ACCOUNT.**

Staff will be pleased to answer any questions at the December 10, 2018 meeting.

Sincerely,

Linda Webb

Linda Webb
Retirement Administrator

Attachments

RESOLUTION OF THE BOARD OF RETIREMENT OF THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION TO PROVIDE A SUPPLEMENTAL RETIREMENT ALLOWANCE PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTIONS 31691.1 AND 31692

WHEREAS, the Board of Retirement ("Board"), pursuant to the provisions of the Settlement Agreement and Mutual Release ("Agreement") made by and among the Ventura County Deputy Sheriffs' Association ("VCDSA"), Steven M. Bourke, Gary L. McCollum, Service Employees International Union Local 998, Keith Filegar, Ventura County Professional Peace Officers Association, and Diane Hubbard, the Board of Retirement, Ventura County Employees' Retirement Association ("VCERA"), and County of Ventura, agreed to transfer the sum of twenty-five million dollars ($25,000,000.00) from the account designated as County Advance Reserves to the account designated Undistributed Reserves holding accumulated excess earnings, and,

WHEREAS, the above transfer of $25,000,000.00 was made on the books of VCERA in January 2003, and,

WHEREAS, at its meeting of February 24, 2003, the Board considered a request submitted by the Ventura County Retired Employees' Association to provide a permanent supplemental retirement benefit payable to all current and future retirees and their eligible beneficiaries in the amount of $27.50 per month, and,

WHEREAS, at its meeting of February 24, 2003, the Board received a letter from Pat Buckley, President of VCDSA, advising the Board that VCDSA supported the benefit requested by the Ventura County Retired Employees' Association, and,

WHEREAS, Gabriel, Roeder, Smith & Company, Consulting Actuary to the Board, had previously advised that the sum of $25,000,000.00 would fund a permanent benefit for all current and future retirees and their eligible beneficiaries in the amount of $27.50 per month if structured in the same manner as the current vested $108.44 benefit provided for under Government Code Section 31682, and,

WHEREAS, pursuant to paragraph 1. of the Agreement, the County of Ventura recommended that if the Board were to use any or all of the $25,000,000.00 transferred pursuant to the provisions of the Agreement to provide a supplemental benefit, that such benefit be a long term annuitized benefit available to all retirees to offset increased health care costs, and,

WHEREAS, it is the desire of the Board to provide a supplemental benefit in the amount of $27.50 per month structured in the same manner as the current vested $108.44 benefit provided under Government Code Section 31682 and to fully fund such benefit at this time, and, WHEREAS, while mindful that such benefit cannot vest at the present time, it is the intention of the Board to seek legislation that would allow this benefit to vest in the same manner as the current vested $108.44, and,

WHEREAS, until such time as this benefit is vested it shall be the policy of this Board, subject to future review, that the reserve designated for the payment of this benefit shall be excluded from actuarial assets available to pay benefits and that no part of this reserve shall be used for any other purpose, including crediting interest to any other reserve should no other funds be available for such purpose.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED AS FOLLOWS:

1. Pursuant to Government Code Section 31691.1 and 31692 a supplemental cash payment in the amount of $27.50 per month is hereby provided to all current and future retirees and their eligible beneficiaries who qualify for the supplemental payment currently provided pursuant to Government Code Section 31682, as specified in VCERA policy.

2. The supplemental payment provided for herein shall be paid from a designated reserve to be established by VCERA and funded by a transfer of $25,000,000.00 from Undistributed Earnings. Subject to further review, such reserve shall be excluded from total assets available to pay benefits and shall not be available for any other purpose than the payment of the benefit herein described.

3. The supplemental payment provided for herein shall be effective on the first day of the month following receipt by the VCERA Administrator of a signed consent affixed to a copy of this Resolution from each and every employee organization recognized by Ventura County and the Ventura County Retired Employees' Association which states such organization is in support of the Board utilizing the $25,000,000.00 transfer provided for by the Agreement to fund this benefit.

4. If at any time prior to this benefit becoming vested, the Board decides to modify or terminate this benefit, the Board shall provide ninety (90) days written notice to each eligible retiree or eligible beneficiary receiving such payment, the Ventura County Retired Employees' Association and each employee organization recognized by the County of Ventura, prior to such modification or termination.

ADOPTED, this 17th day of March 2003

WMWilson

WILLIAM W. WILSON, Chairman
Board of Retirement

0212

AMENDMENT TO MARCH 17, 2003 RESOLUTION OF THE BOARD OF RETIREMENT OF THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION TO PROVIDE FOR TERMINATION OF THE $27.50 FIXED SUPPLEMENTAL RETIREMENT ALLOWANCE PROVIDED PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTIONS 31691.1 AND 31692

WHEREAS, the Board of Retirement ("Board"), pursuant to the provisions of the Settlement Agreement and Mutual Release ("Agreement") made by and among the Ventura County Deputy Sheriffs' Association ("VCDSA"), Steven M. Bourke, Gary L. McCollum, Service Employees International Union Local 998, Keith Filegar, Ventura County Professional Peace Officers Association, and Diane Hubbard, the Board of Retirement, Ventura County Employees' Retirement Association ("VCERA"), and County of Ventura, agreed to transfer the sum of twenty-five million dollars ($25,000,000.00) from the account designated as County Advance Reserves to the account designated Undistributed Reserves holding accumulated excess earnings; and,

WHEREAS, the above transfer of $25,000,000.00 was made on the books of VCERA in January 2003; and,

WHEREAS, at its meeting of March 17, 2003, the Board adopted a Resolution ("March 17, 2003, Resolution") to provide a supplemental retirement allowance pursuant to the provisions of Government Code sections 31691.1 and 31692, payable as a fixed supplemental cash payment of $27.50 per month to all then-current and future retirees and eligible beneficiaries who qualify for the supplemental payment currently provided pursuant to Government Code Section 31682 ("$27.50 Supplemental Benefit"), and transferred $25,000,000.00 from Undistributed Earnings to a supplemental benefit reserve ("Fixed Supplemental Benefit Reserve") to fund the $27.50 Supplemental Benefit;

WHEREAS, the March 17, 2003, Resolution stated that it was the intention of the Board to seek legislation that would allow the $27.50 Supplemental Benefit to vest in the same manner as the current vested $108.44; and,

WHEREAS, on August 4, 2003, the Board considered draft legislation that would allow the $27.50 Supplemental Benefit to vest in the same manner as the current vested $108.44, but after discussion concerning a recent lawsuit filed by retiree George Mathews on behalf of all retirees concerning use of excess earnings, the item was tabled and not brought back for consideration; and

WHEREAS, the March 17, 2003, Resolution stated: "If at any time prior to this benefit becoming vested, the Board decides to modify or terminate this benefit, the Board shall provide ninety (90) days written notice to each eligible retiree or eligible beneficiary receiving such payment, the Ventura County Retired Employees' Association and each employee organization recognized by the County of Ventura, prior to such modification or termination"; and

WHEREAS, the above-referenced ninety (90) day notice requirement is consistent with the notice provision in Government Code section 31692 for repeal or amendment of ordinances and resolutions providing for supplemental benefits under Government Code section 31691; and

WHEREAS, due to unavailability of excess earnings to consistently credit interest to the $27.50 Supplemental Benefit Reserve under the Board's Excess Earnings and Interest Crediting Policy, the Fixed Supplemental Benefit Reserve will not contain sufficient funds to continue the $27.50 Supplemental Benefit beyond the June 2019 payment.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED AS FOLLOWS:

1. The March 17, 2003, Resolution is hereby amended to provide that the $27.50 Supplemental Benefit will continue through June 30, 2019, and then shall terminate automatically upon issuance of the June 2019 payment.

2. In accordance with the notice provisions of the March 17, 2003, Resolution, the Board shall provide ninety (90) days written notice to each eligible retiree or eligible beneficiary receiving such payment, the Ventura County Retired Employees' Association and each employee organization recognized by the County of Ventura prior to such termination.

3. Any funds remaining in the Fixed Supplemental Benefit Reserve after issuance of the June 2019 payment shall be available as necessary for retroactive payments of the $27.50 Supplemental Benefit associated with death and disability benefits determined after termination of the $27.50 Supplemental Benefit to be payable for a period prior to such termination, subject to Board discretion and direction.

ADOPTED, this 10th day of December 2018

____
WILLIAM W. WILSON, Vice-Chairman
Board of Retirement

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

SUBJECT: AUTHORIZATION FOR RETIREMENT ADMINISTRATOR TO ATTEND THE INTERNATIONAL FEDERATION OF EMPLOYEE BENEFIT PLANS (IFEBP) ADVANCED TRUSTEE & ADMINISTRATORS INSTITUTE, FEBRUARY 18TH – 20TH, 2018 IN LAKE BUENA VISTA, FLORIDA

Dear Board Members:

Staff requests authorization for to attend the IFEBP Advanced Trustee & Administrators, February 18-20 in Lake Buena Vista, Florida. The provided agenda shows the topics to be covered, some of which are of specific interest to VCERA considering current and anticipated challenges. The cost to attend is approximately $3,000 including registration, mileage, lodging and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at combined December 10, 2018 meeting.

Sincerely,

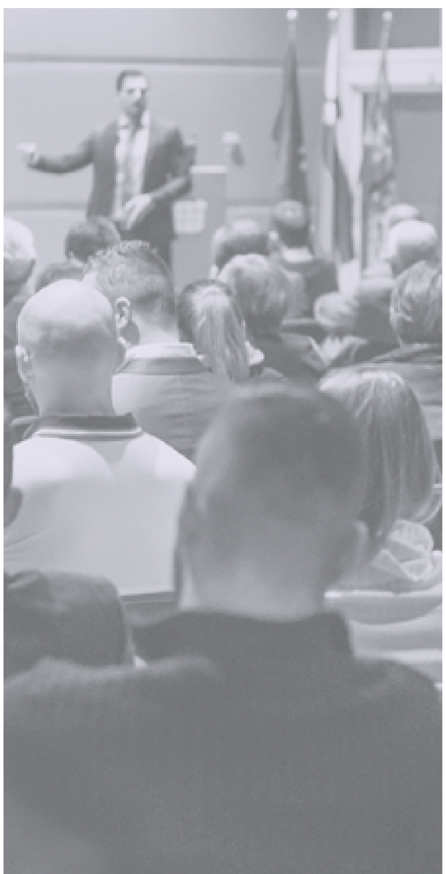
Linda Webb
Retirement Administrator

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

2019 Trustees and Administrators Institutes

February 18-20, 2019
Disney's Yacht & Beach Club Resorts
Lake Buena Vista (Orlando), Florida

June 24-26, 2019
Hilton San Francisco
Union Square
San Francisco, California



Advanced Trustees and Administrators Institute

New Trustees Institute—Level I: Core Concepts

New Trustees Institute—Level II: Concepts in Practice

International Foundation
OF EMPLOYEE BENEFIT PLANS
Education | Research | Leadership

www.ifebp.org/trusteesadministrators

PROGRAM AT A GLANCE

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<tr><td>Two-Day Preconference Session</td><td>Saturday, February 16, 2019
8:00 a.m.-5:00 p.m.
Sunday, February 17, 2019
8:00 a.m.-4:00 p.m.</td><td>New Trustees Institute—Level II: Concepts in Practice</td></tr>
<tr><td>One-Day Preconference Session</td><td>Sunday, February 17, 2019
8:00 a.m.-1:00 p.m.
Sunday, June 23, 2019
8:00 a.m.-1:00 p.m.</td><td>Diversity Training—Foundations for an Effective Diverse Team</td></tr>
<tr><td rowspan="9">New Trustees Institute—Level I: Core Concepts
February 18-20, 2019
June 24-26, 2019</td><td colspan="2">Monday</td></tr>
<tr><td>7:30-11:30 a.m.</td><td>Trustee Responsibility and Legal Environment</td></tr>
<tr><td>12:30-4:30 p.m.</td><td>Overview of Health and Welfare Plans</td></tr>
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Understanding Your Insurance Options</td></tr>
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Guided Open Forum—Administrators
Changes in Retiree Health</td></tr>
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<tr><td>10:30-11:45 a.m.</td><td>Auditing the Auditor</td></tr>
</table>

2019 Trustees and Administrators Institutes

Nearly a thousand trustees, administrators and plan professionals gather each year to attend one of the Institutes. The consistent attendance over the years speaks to the importance of the issues facing the benefits world and to the quality education provided by the International Foundation. Don't miss this time-honored educational event. Developed by active trustees, administrators and professional advisors, each session is designed to address the issues you face today and prepare you for what lies ahead. In these challenging times, you can count on the International Foundation to deliver timely, relevant and balanced education on the trends, issues and future direction of the industry. Register today!

Who Should Attend

Two-Day Preconference: New Trustees Institute—Level II: Concepts in Practice
Designed for multiemployer trustees with two to three years of experience who have taken New Trustees Institute—Level I: Core Concepts

One-Day Preconference: Diversity Training—Foundations for an Effective Diverse Team
Designed for trustees, administrators and plan professionals

Main Conference: New Trustees Institute—Level I: Core Concepts
Designed for multiemployer trustees who have served for less than two years or who have not previously attended an International Foundation educational program

Main Conference: Advanced Trustees and Administrators Institute
Designed for experienced trustees (who have served three or more years and completed the New Trustees Institute—Level I: Core Concepts) and administrators (salaried and TPA) of all experience levels

Why You Should Attend

- Learn from industry experts about the current state of affairs and latest reform initiatives—Be prepared for what lies ahead.
- Network with peers who face similar challenges—Learn from their mistakes, benchmark your performance, and take away workable ideas and solutions to implement.
- Bring home helpful resource materials to share with colleagues—from sample documents to checklists and case studies. The value of your attendance will continue long after you've left the program.

> "If you take your role seriously, you need to go!"
>
> **Eric Gray**
> Director
> Dayton Electrical JATC

Two-Day Preconference

New Trustees Institute—Level II: Concepts in Practice

Saturday, February 16, 2019 | 8:00 a.m.-5:00 p.m.
Sunday, February 17, 2019 | 8:00 a.m.-4:00 p.m.
www.**ifebp.org**/trusteeslevel2

This program was designed for those who completed the New Trustees Institute—Level I: Core Concepts. Picking up where Level I leaves off, Level II: Concepts in Practice takes a deeper dive into key topics and explores how they apply to trust fund management. Developed and presented by experienced multiemployer fund trustees, administrators and advisors, this institute provides the practical information a trustee needs to know with a focus on application. Limited attendance and small group discussion of real-world examples will give you a firmer grasp of your fiduciary responsibilities and effective trust fund management. While subject to change, session topics will likely include:

Governance/Administration

- Mitigating fraud
- Trustee expenses
- Prohibited transactions
- Deadlocks and arbitration
- Policies and procedures
- Using your professionals effectively

Investments

- Alternative investment classes
- Hedging strategies
- Benchmarks
- Monitoring managers
- Hiring/firing managers
- Role and use of consultants
- Changing asset allocations

Health Care

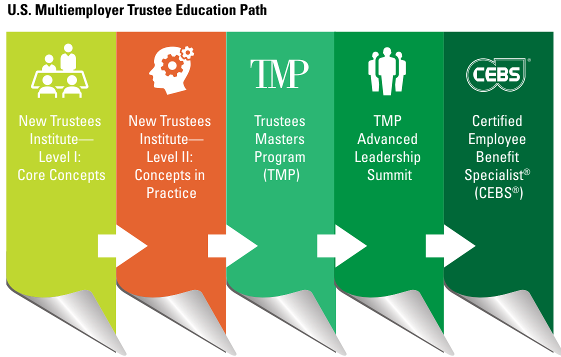
- Utilization review
- Pharmacy management
- Communications
- Wellness initiatives
- Emerging trends and recent regulations

Retirement

- Plan redesign
- Fees (DB/DC)
- Withdrawal liability
- Plan assumptions
- Financial literacy

Note: The New Trustees Institute—Level II is also offered as a preconference to the U.S. Annual Conference on October 19-20, 2019 at the San Diego Convention Center, San Diego, California.

U.S. Multiemployer Trustee Education Path



For more information about the suggested progression of trustee education, visit www.ifebp.org/trusteepath.

One-Day Preconference

Diversity Training—Foundations for an Effective Diverse Team

Sunday, February 17, 2019 | 8:00 a.m.-1:00 p.m.
Sunday, June 23, 2019 | 8:00 a.m.-1:00 p.m.

This workshop focuses on building a strong foundation of core competencies upon which more advanced skills can be developed. Identifying and defining key terms and concepts like *diversity* and *culture* are vital components of the workshop. Participants will have the opportunity to learn about how culture influences interpersonal interactions as well as business decisions. As a way of leveraging the growing diversity of our communities as assets, participants will learn more about some of the significant cultural differences that are not often discussed, understood or fully appreciated. Specific strategies to utilize in day-to-day interactions to improve cross-cultural interactions will also be presented.

Who Should Attend?

This workshop is designed for all those who wish to contribute to creating a positive atmosphere within their work environment. With changing demographics and multiple generations in the workforce, everyone benefits from having a high level of cultural competence.

Learning Objectives

- Provide shared meaning of key concepts and terms related to cross-cultural team building.
- Understand the core components of developing greater intercultural fluency.
- Understand how diversity and inclusion improve work-team performance.
- Learn proven techniques to create spaces that invite sharing and discovery.
- Identify tools to assist in developing cross-cultural effectiveness.

Workshop Leader

Nehrwr Abdul-Wahid
Lead Consultant
One Ummah Consulting
Fridley, Minnesota

Separate registration fee required.

New Trustees Institute—Level I: Core Concepts

www.ifebp.org/newtrustees

The New Trustees Institute—Level I: Core Concepts is designed for Taft-Hartley multiemployer plan trustees who have served for less than two years or who have not previously attended an International Foundation educational program. The New Trustees Institute is also ideal for collective bargaining and other personnel who work with trustees and who want a better understanding of their role and responsibilities.

FEBRUARY 17, 2019 | SUNDAY | JUNE 23, 2019

4:00-6:00 p.m.
Registration/Exhibit Hall Open/Welcome Reception
(Refreshments and light hors d'oeuvres will be served.)

FEBRUARY 18, 2019 | MONDAY | JUNE 24, 2019

6:30 a.m.-4:30 p.m.
Registration Open

6:30-7:30 a.m.
Continental Breakfast/Exhibit Hall Open

7:30-11:30 a.m.
Trustee Responsibility and Legal Environment (i) (a)

- History of benefits/legislation
- Governing documents
- Fiduciary responsibilities under ERISA
- Relationship of trustees and parties to the collective bargaining agreement
- Conducting effective trustee meetings

11:30 a.m.-12:30 p.m.
Lunch/Exhibit Hall Open

12:30-4:30 p.m.
Overview of Health and Welfare Plans (i) (a)

- Overview of health and welfare programs
- Plan funding
- Plan design
- Administration and financing metrics
- Communication needs and requirements
- Data collection and analysis
- Cost-control initiatives
- Health care reform, legal/legislative developments

4:30-5:00 p.m.
Networking Reception/Exhibit Hall Open
(Refreshments and light hors d'oeuvres will be served.)

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

(i) Insurance CE (a) Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

New Trustees Institute—Level I: Core Concepts

FEBRUARY 19, 2019 | TUESDAY | JUNE 25, 2019

6:30 a.m.-4:30 p.m.
Registration/Information

6:30-7:30 a.m.
Continental Breakfast/Exhibit Hall Open

7:30-11:30 a.m.
Overview of Retirement Plans (i) (a)

- Purpose and objectives
- Actuarial concepts
- Administration
- Manage the money
- Defined benefit pension plans
- Defined contribution and hybrid plans
- Accounting changes
- Market performance
- Legal and legislative developments
- The future of retirement

11:30 a.m.-12:30 p.m.
Lunch/Exhibit Hall Open

12:30-4:30 p.m.
Investing Health and Welfare and Pension Assets (a)

- Investing process
- Investment terminology
- Risk and return
- Investment objectives and policy
- Asset classes
- Asset allocation
- Market performance
- Selecting managers and monitoring performance

> You should go to Trustees and Administrators Institutes! Lots of education that is solid on both traditional topics as well as late-breaking.
>
> **William (Bill) Howard**
> Director
> CSEA Employee Benefit Fund

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

(i) Insurance CE (a) Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

New Trustees Institute—Level I: Core Concepts

FEBRUARY 20, 2019 WEDNESDAY JUNE 26, 2019

6:30-11:30 a.m.
Registration/Information

6:30-7:30 a.m.
Continental Breakfast

7:30-11:30 a.m.
Governance (i) (a)

- Financial statements
- Internal controls
- Administration
- Documents, records and meeting minutes
- Working with plan professionals
- Defining a good trustee and how to become one
- Communication
- Best practices

U.S. Multiemployer Trustee Education Path

Note: The New Trustees Institute—Level I is also offered each year as a preconference to the Annual Employee Benefits Conference. For 2019, the institute will be held October 19-21, 2019 at the San Diego Convention Center, San Diego, California.

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

(i) Insurance CE (a) Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Advanced Trustees and Administrators Institute

www.ifebp.org/trusteesadministrators

The Advanced Trustees and Administrators Institute is designed for experienced multiemployer trustees (those who have attended the New Trustees Institute and have served as trustees for more than three years) and administrators (salaried and contract) of all experience levels. All sessions will be open to both advanced trustees and administrators. In June, select sessions will also be open to those attending the concurrent Public Employee Benefits Institute and/or the Accounting and Auditing Institute for Employee Benefit Plans.

FEBRUARY 17, 2019 SUNDAY JUNE 23, 2019

4:00-6:00 p.m.

Registration/Exhibit Hall Open/Welcome Reception

(Refreshments and light hors d'oeuvres will be served.)

FEBRUARY 18, 2019 MONDAY JUNE 24, 2019

6:30 a.m.-4:30 p.m.

Registration Open

6:30-7:30 a.m.

Continental Breakfast/Exhibit Hall Open

7:30-8:45 a.m.

Economic Update I A

You rely on investment returns and a strong labor market to help create a foundation for your benefit plans. This opening session will offer a snapshot of the current and future economic state to help you plan for the future.

- Current market conditions
- How our political environment is impacting economic performance
- Key economic indicators
- Workforce shortage—Demographics of the future

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

I Insurance CE A Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Advanced Trustees and Administrators Institute

FEBRUARY 18, 2019	MONDAY	JUNE 24, 2019

9:00-10:15 a.m. **Concurrent Sessions**

Legislative Update—Retirement Funds ⓐ

With the midterm elections behind us, there are a lot of questions about what lies ahead from our new Congress. Join us for this session to look at what the legislative agenda might be for retirement plans in 2019, including:

- Legislation and political proposals
- Effects of future pensions
- Future of the PBGC
- MPRA—Summary of the applications
- Janus vs. AFSCME.

Understanding Your Insurance Options ⓘ ⓐ

Even the most advanced trustee can get confused by insurance terminology. This session covers advanced insurance concepts that will provide you with a strong foundation for other issues addressed at this conference. Topics include:

- What's covered under your insurance
- Insured vs. self-funded benefits
- Stop-loss
- Fiduciary
- Cybersecurity
- General liability.

10:30-11:45 a.m. **Concurrent Sessions**

Legislative Update—Health Funds ⓘ ⓐ

The last couple of years have been filled with uncertainty regarding the health care environment. Now that a new Congress has been elected, what does the next year hold for the Affordable Care Act and health care across the country? This session will discuss the possibilities, including:

- Status of ACA
- State laws that respond to this trend
- What do the next two years look like?
- State legislators—PBMs protecting their power
- Janus vs. AFSCME.

Properly Communicating Retirement Options ⓐ

We strive to provide our plan participants with the tools they need so that they can retire comfortably. But what information do you have to help them in this process? This session will cover the retirement needs for different generations, retirement vehicles available for utilization, as well as how to best communicate this information to your participants. Topics include:

- How defined benefit pension plans compare to 401(k)s
- Increased exposure to investment volatility
- How personal savings and Social Security affect future retirement
- Hybrid plans—Alternative plans
- Phased retirement.

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

ⓘ Insurance CE ⓐ Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Advanced Trustees and Administrators Institute

FEBRUARY 18, 2019 MONDAY JUNE 24, 2019

11:45 a.m.-1:15 p.m.

Lunch/Exhibit Hall Open

1:15-2:30 p.m.

Concurrent Sessions

The Changing Health Care Environment

Managing health care plans is complicated, and one way to make it easier is by keeping up to date on current health care trends and strategies. This session will feature a spectrum of topics including:

- Health care inflation—Is it coming back?
- Effects of federal legislation on ACA
- Plan mergers—Benefits of increased participation
- Multistate and multiregion issues
- Provider mergers
- Types of eligibility standards and practices.

Tackling Prohibited Employment

What happens when retirement doesn't stick? This session will discuss the challenges of prohibited employment for those who elected to retire but continue to work in the industry. This session will cover:

- The problem of taking a pension and still working
- Typical fund policies
- Who makes a decision on what to do
- Suspension of benefits
- Fiduciary responsibility.

2:45-4:00 p.m.

What to Do About Cybersecurity

With the amount of personal data kept on file, benefit plans are as susceptible to data breaches as any major corporation. This session will help you understand the things you need to do to prevent a breach from occurring. A range of topics will be addressed, including:

- Identity issues
- What are your vulnerabilities?
- Stress-testing your system through an independent verification
- Auditing your system
- Cyberliability insurance—Challenges of selection and renewals
- Cost of cybersecurity
- Training your employees.

4:00-5:00 p.m.

Networking Reception/Exhibit Hall Open

(Refreshments and light hors d'oeuvres will be served.)

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

i Insurance CE   a Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Advanced Trustees and Administrators Institute

FEBRUARY 19, 2019 TUESDAY JUNE 25, 2019

6:30 a.m.-4:30 p.m.
Registration/Information

6:30-7:30 a.m.
Continental Breakfast/Exhibit Hall Open

7:30-8:45 a.m. **Concurrent Sessions**
Pharmacy Benefits i a

This session will help explain the complexity of pharmacy benefits and discuss the most recent trends and cost measures affecting the industry today. Topics include:

- Specialty drugs
- Trends in biologics, new technology, injectables
- Design alternatives—Designing drugs to your DNA
- Stop-loss insurance
- Audits of your plan
- Pros and cons of PBM mergers.

Payroll Audits and Delinquencies a

Efficient payroll audits require many players, a good process and solid policies. This session will focus on:

- Collections—Options on how to pursue different delinquencies
- Online cybersecurity
- Fiduciary responsibilities
- Joint fund policies
- Access to records, failure to comply issues
- Distribution of collections.

9:00-10:15 a.m. **Concurrent Sessions**
Handling the Opioid Epidemic i a

Despite our best efforts, opioid use continues to rise at an alarming rate. It impacts our communities, workplaces and families, but there are things our plans can do to help. This session will discuss:

- Dispelling myths
- Drug testing
- Treatment types—Member assistance programs, employee assistance programs
- Medical assistance therapies, alternative therapies
- Preventive measures to implement that can help employees avoid addiction
- Inheriting addicts from other plans.

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

i Insurance CE a Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Advanced Trustees and Administrators Institute

FEBRUARY 19, 2019 TUESDAY JUNE 25, 2019

9:00-10:15 a.m. **Concurrent Sessions (Cont.)**

The Challenges of Withdrawal Liability

Collecting the funds that are owed to your plan is a complicated task, and in this economic environment you cannot afford to ignore your collections program. This session will examine the challenges your plan faces with collections and withdrawal liability, including:

- Full vs. partial withdrawals
- Withdrawal liability calculations and payments
- Impact on bargaining, organizing and business transactions
- Multiemployer exemptions—Construction and entertainment
- Successor employer exemptions.

10:30-11:45 a.m. **Concurrent Sessions**

Mental Health

Mental health benefits cover everything from opioid abuse to depression to alcohol abuse and more. The costs, coverage and availability of these benefits vary from plan to plan, but understanding how these benefits work can help plans focus on what is needed for the future. This session discusses:

- Mental health parity
- Innovative approaches
- Employee assistance programs—How do they work?
- Health funds and opioids
- Utilization review
- Special issues: PTSD and concussions.

Running Effective Trust Fund Meetings

This session will focus on best practices in running an effective trust fund meeting, including:

- Process and policies
- Reporting of internal information
- Rules of order
- Preparation
- The role of professionals
- Dealing with conflict.

11:45 a.m.-1:15 p.m.

Lunch/Exhibit Hall Open

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

Insurance CE Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Advanced Trustees and Administrators Institute

FEBRUARY 19, 2019 TUESDAY JUNE 25, 2019

1:15-2:30 p.m. **Concurrent Sessions**

Ancillary Benefits Options

An area of benefits that is oftentimes ignored, ancillary benefits provide essential coverage that helps participants meet their basic health care needs. This session will dive into the complexities of ancillary benefits and cover a variety of topics, including:

- Dental, vision, hearing, and other typical add-on benefits
- What does it take to administer ancillary benefits?
- Pay as you go
- Tax-favored basis—Section 125
- Cheaper alternatives on the market.

Advice on How to Handle Your DOL/IRS Audits

Are you prepared for when IRS or DOL comes knocking at your door? This session will cover the important things you need to know should you undergo an audit.

- Understanding the audit process
- Health and welfare audits
- What they look for, preparing your plan
- Trustees' expenses

Effective Trust Fund Administration

This session will review best practices in trust fund administration. Topics include:

- Establishing meaningful metrics of performance
- Leadership development
- Technology tools
- Participant communication.

2:45-4:00 p.m. **Concurrent Sessions**

Guided Open Forum—Trustees

This session will be devoted to addressing challenges and opportunities with a panel of trustees and plan professionals who will discuss topics submitted by the audience throughout the conference. It is an opportunity to get your questions answered, discuss problems and take away workable ideas.

Guided Open Forum—Administrators

This session will be devoted to addressing challenges and opportunities with a panel of administrators and plan professionals who will discuss topics submitted by the audience throughout the conference. It is an opportunity to get your questions answered, discuss problems and take away workable ideas.

Changes in Retiree Health

There is a continued need for our health care systems to adapt as more and more Baby Boomers reach retirement age. What can our plans do to help ensure quality delivery of retiree health care services? This session will cover that, and more, by discussing:

- Trends and strategies commonly implemented by health funds
- Moving retirees off the active employee health plan
- Savings to members through separate funding.

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

Insurance CE | Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Advanced Trustees and Administrators Institute

FEBRUARY 20, 2019 WEDNESDAY JUNE 26, 2019

6:30-11:45 a.m.

Registration/Information

6:30-7:30 a.m.

Continental Breakfast

7:30-8:45 a.m.

What to Expect From Your Investment Consultants and Managers (a)

Are you making the best decisions for your benefit plan, and are your investment consultants and managers helping you in this process? This session will discuss investment procedures to adopt to ensure that your investment plan professionals can help you reach your returns. Topics include:

- Typical investment policies
- How and when to challenge their performance
- How often to undergo an RFP process
- Active vs. passive managers—and their fees
- Asset liability matching
- Proxy policy.

9:00-10:15 a.m.

The Trustee-Administrator Relationship (a)

One of the most important factors in running an efficient benefit plan is having a strong trustee-administrator relationship. This session will cover the typical challenges trustees and administrators face, how to meet your objectives together and how different administrator types can affect the management of your plan.

- What to expect
- How to cultivate this relationship—Team building
- How co-chairs lead
- The differences between TPAs and salaried administrators
- The role of committees

10:30-11:45 a.m.

Auditing the Auditor (a)

All plans undergo internal audits, but do you know whether your auditor is properly doing the job? This session will help you meet your fiduciary responsibilities by giving you the tools you need to evaluate your auditor so your plan's audits are as efficient as possible. Topics include:

- How to choose an auditor
- Avoiding conflicts of interest
- Federal regulations
- Timeliness of reporting
- Scheduled rotation—Getting a fresh look at your plan.

Continuing Education Credit Recommendations *(Dependent on individual state approval)*—Submit one yellow CE form.

(i) Insurance CE (a) Attorney CLE | *Note: CE for other professions can be administered based on submission of yellow forms.*

Hotel Information

February 18-20, 2019
Lake Buena Vista (Orlando), Florida

Disney's Yacht & Beach Club Resorts

Enjoy the guest rooms at Disney's Yacht & Beach Club Resorts that include complimentary Wi-Fi, air conditioning, housekeeping and a nice desk work space. The hotel also includes three leisure swimming pools, a three-acre water park, gym, tennis courts and a miniature golf course. A complimentary airport shuttle makes it easy to get to and from the airport. Various restaurants and bars, as well as coffee shops, are located within the resort.

The International Foundation has secured a reduced room rate of $289 single/double for attendees. You must book your room through the International Foundation by specifying your hotel needs on your registration form. Reservation deadline is January 11, 2019.

Location Details

Orlando is filled with fun things to do, theme parks such as Universal Studios, and the *Walt Disney World®* Resort. Orlando also has outlet malls, cafes and aquariums for your enjoyment. Wildlife parks and dinner shows are a great source of fun for all ages as well.

After sessions each day, explore all that *Walt Disney World®* has to offer. For information on Disney's Magical Express, Disney park tickets and Disney dining, visit www.ifebp.org/orlandotravel.

- Walt Disney World®
- Meeting/convention ticket
- Special tickets and savings for attendees

For more information, visit www.mydisneygroup.com/ifebp2019.

Hotel Information

June 24-26, 2019
San Francisco, California

Hilton San Francisco Union Square

Hilton San Francisco Union Square is located in the theater district of San Francisco and is within walking distance of both cable cars and Chinatown. This historic hotel provides beautiful city views as well as relaxation on its 16th-floor pool deck.

The International Foundation has secured a reduced room rate of $299 single/double for attendees. You must book your room through the International Foundation by specifying your hotel needs on your registration form. Reservation deadline is May 21, 2019.

Location Details

San Francisco and its winding streets have much to offer. Located on a peninsula in Northern California, the city is surrounded by the San Francisco Bay and the Pacific Ocean. San Francisco is widely known for the Golden Gate Bridge, cable cars and colorful Victorian homes. Fisherman's Wharf is a popular attraction that offers crab shacks for snacking, San Francisco souvenirs and the famous sea lions on the rocks. The Golden Gate Bridge, spanning one mile across the strait connecting the Bay and the Pacific Ocean, is the second-longest bridge in the United States.

Related Reading

Trustee Handbook: A Guide to Labor-Management Employee Benefit Plans

Eighth Edition

Lawrence R. Beebe, Editor and Contributor

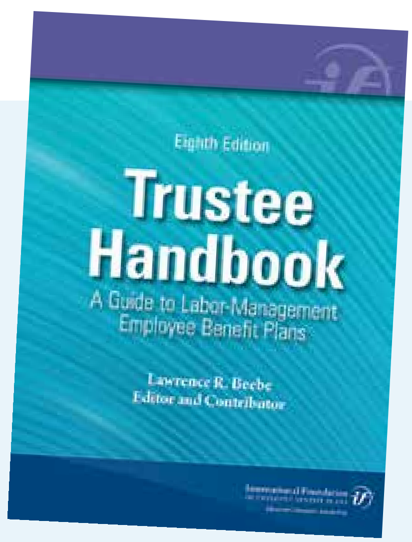
The essential reference tool for trustees, administrators and others who serve multiemployer benefit plans, this book includes a collection of practical articles covering:

- Fiduciary responsibility
- Plan design and financing
- Plan administration
- Liability insurance
- Actuarial considerations
- Accounting
- Investment management
- And much more.

(International Foundation)

529 pages. 2017. Item #7761.
$128 (Members: $85). Price includes shipping and handling.

Please note: Those attending New Trustees Institute—Level I will receive a complimentary copy of this book at the program. Additional copies may be purchased online.



Ordering Is Easy!

ONLINE
www.ifebp.org
/trusteehandbook

CALL
(888) 334-3327,
option 4

E-MAIL
bookstore@ifebp.org

65th ANNUAL EMPLOYEE BENEFITS CONFERENCE

October 20-23, 2019 | San Diego, California
San Diego Convention Center
Preconference: October 19-20, 2019
www.ifebp.org/usannual

#IFAnnual | @IFAnnual

The largest educational event of its kind, the Annual Conference brings together thousands of trustees and administrators and their professional advisors. More than 100 sessions are offered—and not one is sponsored, ensuring the content you receive is free from sales pitches. Sessions are led by more than 200 trustees, administrators and experts from the field. You'll hear from others who have walked in your shoes and who understand the challenges you face. Takeaway points are provided with every session, and the exhibit hall has more than 200 service providers ready to help you with your fund management.

Exhibit and Sponsorship Opportunities

Do you have a service provider that could benefit from exhibiting at or sponsoring the Trustees and Administrators Institutes? Or do you offer a product or service that could be beneficial to trustees and administrators supporting multiemployer and public sector benefit plans? Valuable exhibitor and sponsorship opportunities are available at the February and June institutes.

Contact Us!

For Exhibits
Sandra Lange | (262) 373-7657 | sandral@ifebp.org
For Sponsorships
Diane Mahler | (262) 373-7656 | dianem@ifebp.org

75% of attendees at the Trustees and Administrators Institutes **do not** attend the Annual Conference—exposing you to a new audience.

Benefits of *Exhibiting* at the Trustees and Administrators Institutes

The exhibit hall at the Trustees and Administrators Institutes is structured specifically to build valuable connections with attendees. As an exhibitor, you will:

- Reach a concentrated audience of nearly 400 trustees, administrators and plan professionals who serve multiemployer benefit plans
- Build relationships among those who do not attend the Annual Conference (75% of attendees at the institutes do not attend the Annual Conference.)
- Secure quality leads—Attendees at the institutes are decision makers who can directly impact your bottom line
- Learn about the issues impacting your clients today by participating in educational sessions and networking with peers.

Each Exhibit Space Includes:

- One complimentary conference registration
- Company listing in preconference and conference publications
- Exhibitor listing on website
- Promotional listing in the *Exhibitor and Sponsor Directory,* which is distributed to all attendees.

Reception, continental breakfast and luncheons are served in the exhibit hall. Limited spaces available!

Ready to Learn More? *Request a* ***2019 Exhibitor Prospectus*** *for full details.*
Contact Sandra Lange | (262) 373-7657 | sandral@ifebp.org

Exhibit and Sponsorship Opportunities

Benefits of *Sponsoring* the Trustees and Administrators Institutes

Sponsorship opportunities are designed to give you maximum value for your dollar before, during and even after the conference. As a sponsor, you will:

- Expand your brand recognition among a coveted group of individuals who can impact your business
- Receive exposure on our website, in on-site signage and program materials, with sponsor ribbons and more!
- Gain a competitive advantage by meeting with attendees face-to-face, answering their questions and hearing about the issues of greatest concern to them.

Platinum Sponsorships—$15,000

NEW FOR 2019!

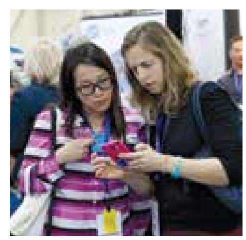
Exclusive Small-Conference Lanyards for a Year

- Opportunity for one organization to sponsor attendee lanyards used at ALL smaller conferences within the year (does not include HBCE, Annual Conference or Symposium). Request a sponsor brochure for more details.
- **Sponsor representative(s) must register and pay appropriate fee to attend conferences.**

Gold Sponsorships—$5,000

Sponsorship of Attendee Luncheon

- **Includes one complimentary conference registration *plus* one conference registration at a 50% discount**



NEW FOR 2019!

Exclusive Sponsorship of Conference App

- Your company logo appears on splash screen each time attendees open the app.
- **Includes one complimentary conference registration *plus* one conference registration at a 50% discount**

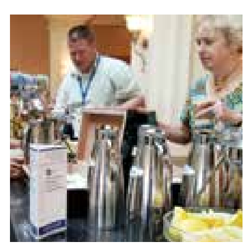
Small-Conference Bundle Discount

- Sponsor any three or more smaller conferences at the Gold Level within a calendar year and receive a 20% discount on each sponsorship.
- **Includes one complimentary conference registration at each sponsored conference**

Silver Sponsorships

Sponsorship of Continental Breakfast

- **Includes one complimentary conference registration**



Bronze Sponsorships

Sponsorship of Refreshment Break

- **Includes one conference registration at a 50% discount**

Ready to Learn More? *Request a* ***2019 U.S. Sponsor Opportunities*** *brochure for full details.* Contact Diane Mahler | (262) 373-7656 | dianem@ifebp.org

REGISTRATION INCLUDES

Continental breakfasts • Lunches
Welcome reception • Networking reception

CONTINUING EDUCATION CREDIT

Programs sponsored by the International Foundation of Employee Benefit Plans are consistently accepted for credit by agencies governing continuing education for license renewal and professional recertification. Please note that preapproval by the governing agency is sometimes necessary. It is important, therefore, to register at least 45 days prior to the program taking place.

Note: Requests made for continuing education credit do not guarantee administration of credit.

For further information on continuing education credit, please call (262) 786-6710, option 2.

Educational sessions at this program can qualify for CEBS Compliance credit. Visit www.cebs.org/compliance for additional information.

POLICIES

New cancellation policies effective for 2019 education programs. Cancel and transfer fees are based on registration fee paid: 60+ days before meeting is 10%; 31-59 days before meeting is 25%; within 30 days of meeting is 50%. Hotel deposit is forfeited for cancellations/transfers received within 3 days (5 days for Disney properties) of arrival. Registration fee is forfeited once program commences. For details and the 2019 policy, see www.ifebp.org/policies.

JOIN US ONLINE

#IFEBP

REGISTRATION/2019

Trustees and Administrators Institutes

International Foundation OF EMPLOYEE BENEFIT PLANS

Attendee Information (Please print clearly)

Source code 1902 W

Individual ID# or CEBS® ID# ______

Full first name ______ M.I.____ Last name ______

Employer ______

Title ______

Address ______ ☐ Business ☐ Home

City ______ State/Province _____ Country _____ ZIP/Postal code ______

Phone ______ ☐ Business ☐ Home ☐ Mobile

E-mail ______

Form completed by ______ Phone ______

Not a Member? Join Now and Save! Visit www.ifebp.org/join for current rates.

☐ Individual $325 ☐ Organizational $1,050

Registration Information

Bill to organization name ______

Bill to organization ID # ______

Badge name ______ Badge title ______

Special assistance—specify ______

Special dietary requirements—specify ______

New Trustees Institute—Level I: Core Concepts

☐ **February 18-20, 2019 • Lake Buena Vista, Florida** (Late fee after January 7, 2019) (#Ø2-19Ø2NT)

☐ **June 24-26, 2019 • San Francisco, California** (Late fee after May 13, 2019) (#Ø9-19Ø9NT)

	Early fee		Late fee	
	Member	Nonmember	Member	Nonmember
Registration fee	☐ $1,515	☐ $1,845	☐ $1,815	☐ $2,145
Sunday preconference fee	☐ $ 455	☐ $ 565	☐ $ 605	☐ $ 715

New Trustees Institute—Level II: Concepts in Practice

☐ **February 16-17, 2019 • Lake Buena Vista, Florida** (Late fee after January 7, 2019) (#Ø2-19N6)

	Early fee		Late fee	
	Member	Nonmember	Member	Nonmember
Registration fee	☐ $1,515	☐ $1,845	☐ $1,815	☐ $2,145

Advanced Trustees and Administrators Institute

☐ **February 18-20, 2019 • Lake Buena Vista, Florida** (Late fee after January 7, 2019) (#Ø2-19Ø2)

☐ **June 24-26, 2019 • San Francisco, California** (Late fee after May 13, 2019) (#Ø9-19Ø9)

	Early fee		Late fee	
	Member	Nonmember	Member	Nonmember
Registration fee	☐ $1,515	☐ $1,845	☐ $1,815	☐ $2,145
Sunday preconference fee	☐ $ 455	☐ $ 565	☐ $ 605	☐ $ 715

Hotel

February 2019: ☐ Disney's Yacht & Beach Club Resorts $289 single/double
Reservation deadline is **January 11, 2019.** (Include $400 hotel deposit)

June 2019: ☐ Hilton San Francisco Union Square $299 single/double
Reservation deadline is **May 21, 2019.** (Include $400 hotel deposit)

# of Adults ______ # of Children ______ Arrival date ______ Departure date ______

☐ King bed ☐ Two beds Special requests—describe ______

Continuing Education Credit

The International Foundation will apply for CE credit based on requests indicated below.

☐ **Actuary** ☐ **Attorney** ☐ **CFP** ☐ **CIMA** ☐ **CPA** ☐ **HRCI**

☐ **Insurance producer*** ☐ **SHRM** ☐ **Other, specify** ______

Licensed in the state(s) of ______

License/NPN/BAR/CPA # ______

☐ **CEBS Compliance**—Visit www.cebs.org/compliance for additional information.

*Preapproval of programs/seminars is required in ALL insurance states. This process can take up to 90 days. Late requests could preclude insurance producers from earning credit. **NOTE: Requests made for CE credit on this form do not guarantee administration of credit.**

Payment Must Accompany Order

NEW! Policies have changed. See www.ifebp.org/policies.
Make check payable to International Foundation.

☐ Check # ______ $ ______

Credit card # ______

Exp. date ______

Cardholder's name (print) ______

Registration/Order Summary

Membership fee $ ______

Conference fee $ ______

Preconference fee $ ______

Hotel deposit ($400) $ ______

Total (U.S. funds) $ ______

www.ifebp.org

Secure fax (262) 364-1818

International Foundation
P.O. Box 689954,
Chicago, IL 60695-9954

Questions, e-mail edreg@ifebp.org, or phone (888) 334-3327, option 2.

23.3M-1118

New Trustees Institute—Level I Sessions:

- Trustee Responsibility and Legal Environment
- Overview of Health and Welfare Plans
- Overview of Retirement Plans
- Investing Pension and Health and Welfare Plan Assets
- Governance

Advanced Trustees and Administrators Sessions:

- EconEconomic Update
- Properly Communicating Retirement Options
- The Changing Health Care Environment
- Tackling Prohibited Employment
- What to Do About Cybersecurity
- Pharmacy Benefits
- Handling the Opioid Epidemic
- Running Effective Trust Fund Meetings
- Changes in Retiree Health
- What to Expect From Your Investment Consultants and Managers
- The Trustee-Administrator Relationship

Register by January 7, 2019 to save $300 on February Institutes with the early registration discount!

Visit www.ifebp.org/trusteesadministrators for more information.

ED181413

International Foundation OF EMPLOYEE BENEFIT PLANS
18700 West Bluemound Road
Brookfield, WI 53045
www.ifebp.org

Source Code: 19Ø2 W

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

SUBJECT: AUTHORIZATION OF UP TO 2 VCERA TRUSTEES AND CIO TO ATTEND NEPC'S 2019 PUBLIC FUNDS WORKSHOP IN TEMPE, ARIZONA ON JANUARY 31 – FEBRUARY 1, 2019

Dear Board Members:

NEPC's 2019 Public Funds Workshop in Tempe, Arizona is scheduled for January 31 – February 1, 2019. Attached is the Workshop agenda. The estimated cost to attend is approximately $600 per person including airfare, hotel, meals, and other related expenses.

Allan Martin of NEPC and I are available to respond to any questions you may have on this matter.

RECOMMENDATION: AUTHORIZE UP TO 2 VCERA TRUSTEES AND CIO TO ATTEND NEPC'S 2019 PUBLIC FUNDS WORKSHOP IN TEMPE, ARIZONA ON JANUARY 31 – FEBRUARY 1, 2019

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

Workshop Agenda – January 31 and February 1, 2019

2019 Public Funds Workshop
Thursday and Friday, January 31 and February 1

Tempe Mission Palms
60 East Fifth Street
Tempe, AZ 85281

Thursday, January 31

6:30a-7:45a: Buffet breakfast at the Cloister (at your leisure)
7:45a: Adjourn to the Palm B/C meeting room

8:00a-9:00a: **Opening Remarks/Fund Introductions**
Kevin Leonard of NEPC to provide opening remarks, followed by Allan Martin of NEPC and participants discussing Impactful actions from 2018 and key initiatives for 2019. (If available and reasonable, we may want to comment on industry trends reflected in our IF data)

9:00–10:00a: **NEPC 2019 Capital Markets Update and Asset Allocation Thoughts**
Presentation and discussion of NEPC's 2019 Capital Markets and outlook
Phill Nelson, NEPC

10:00a–10:15a: Break

10:15a–11:15a: **Making Investments Decisions in the Late Economic Cycle**
Tim McCusker of NEPC to discuss the challenges in managing a diversified portfolio late in the economic cycle. (could include commentary on tail-risk hedging)

11:15a–12:15p: **Client Panel on Late Cycle Strategies they are employing**

12:15p-1:00p: Lunch (in the Cloister)

1:00p–2:00p: **Private Debt 2.0 or Are We in a Credit Bubble?**
TBD

2:00p-3:00p: **Managing Private Debt Panel**
Moderated by Chris Hill

3:00pm-4:00pm: **Diversity Panel**
Moderated by Mike Manning. Participants to include David Ourlicht of NYSIF, Wendy Paskin-Jordan of SFERS, Marcia Page of Girls Who Invest, Kristin Finney-Cooke, Sam Austin

4:00p-5:00p: **Disruptive Technologies and Challenges to Long-Term Investors**
Cathie Wood, ARK

5:00p: End of day one

5:30p: Cocktails (Mission Grille)
6:00p: Dinner (speaker TBD)

Friday, February 1

6:30a-7:45a: Buffet breakfast at the Cloister
7:45a: Adjourn to the Palm B/C meeting room

8:00a-9:00a: **China Presentation (if not the dinner presentation)**
Bridgewater

9:00a-10:00a: **Effective Management of Downside Risk—One Year Later**
Phill Nelson, NEPC

10:00a-10:15a: Break

10:15a-11:00a: **Emerging Markets**
Moderated by Rhett Humphreys

11:00a-11:45a: **SPONSOR PANEL**
Led by Kevin Leonard of NEPC

11:45a: Concluding Remarks

12:00p: Box lunch

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

SUBJECT: AUTHORIZATION FOR MS. NEMIROFF'S ATTENDANCE; NAPPA WINTER SEMINAR; FEBRUARY 20th – 22nd, 2019; TEMPE, AZ

Dear Board Members:

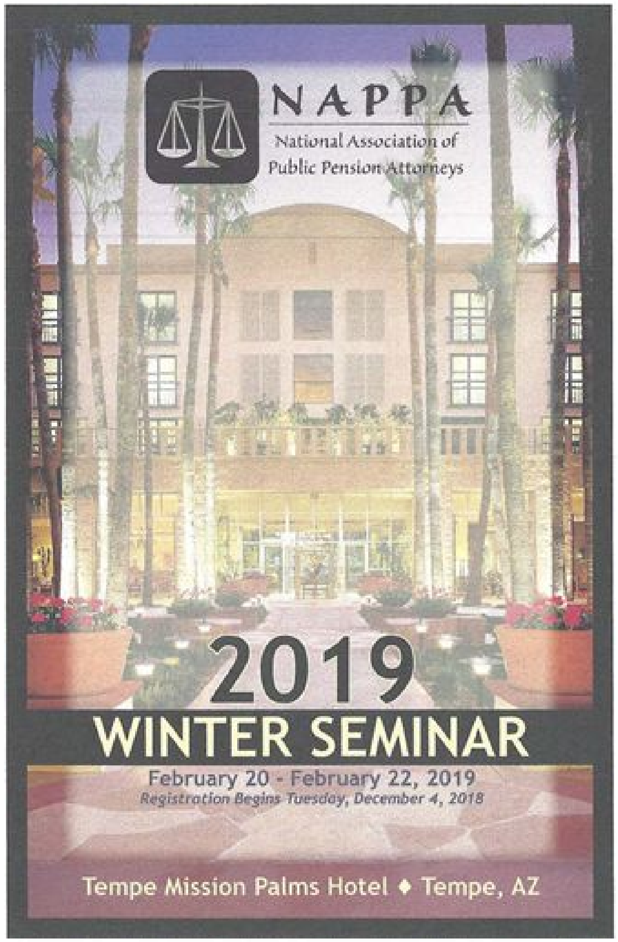
Staff recommends authorization for Ms. Nemiroff to attend the NAPPA Winter Seminar being held February 20th – 22nd, 2019 in Tempe, Arizona. The cost to attend is estimated to be $1,650 including event registration, hotel, air fare and other travel related expenses. The Conference brochure is attached.

VCERA staff will be pleased to respond to any questions you may have on this matter at the December 10, 2018, board meeting.

Sincerely,

Linda Webb
Retirement Administrator

Attachment



Registration Information & Deadlines

Online registration begins Tuesday, December 4, 2018.

To register for the conference:
Go to www.nappa.org
Click on "Winter Seminar Registration"

December 4 - January 31	Winter Seminar Registration Opens **Winter Seminar Fee: $485** *(if registered before 1/16)* **Winter Seminar Fee: $585** *(if registered 1/16 or after)*
December 4 - January 31	Senior Counsel Meeting Registration Opens **Senior Counsel Registration Fee: $70** This session is designed for attorneys with substantial experience as in-house/outside counsel for a public retirement system. Less experienced counsel are welcome, but may not find this session as valuable.
January 31, 2019	Last day to register for the Winter Seminar

Seminar Cancellation Policy

Prior to January 16	Full refund
January 16 - January 31	$100 administrative fee charged
February 1 or later	No refund

If you have any questions, please call the NAPPA office at (573) 616-1895, or send an email to:

Karen Holterman ....**Karen@nappa.org**
Brenda Faken........................**Brenda@nappa.org**
Doris Dorge...........................**Doris@nappa.org**

Hotel Information

All meetings will be held at the:

Tempe Mission Palms Hotel
60 E. 5th Street
Tempe, AZ 85281
Phone: (480) 894-1400
Toll Free: (800) 547-8705
www.missionpalms.com

Conference Room Rate: $224 per night *(single/double occupancy)*

A block of rooms has been reserved at the Tempe Mission Palms Hotel. The block room rate will be available **until the room block is filled or until January 30, 2019, at 5:00 p.m. (MST), whichever comes first.**

Hotel Reservations

To ensure registered members can book a room in the NAPPA block, we would appreciate you registering for the conference **before** booking your room.

Hotel Cancellation Policy: Guest room reservations must be cancelled 48 hours prior to arrival date or you will be charged for one night's accommodation.

Please Note!

- Materials will be provided electronically through the mobile app.
- NAPPA **does not** apply for CLE credits for the Winter Seminar.
- You are responsible for your own airfare and hotel accommodations.
- There is a "No Smoking" policy at all sessions.
- Dress is business casual. Please note that most meeting rooms tend to be on the chilly side, so a sweater or jacket is recommended.

Solicitation and Marketing are prohibited at all NAPPA meetings.

Wednesday, February 20

7:00 a.m. - 4:30 p.m. **Registration**

7:30 a.m. - 8:15 a.m. **Breakfast (provided by NAPPA)**

Investment Section Meeting
(8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:20 a.m. **Fiduciary Consideration of Fund Terms in Manager Selection**

Many managers have taken advantage of today's oversubscribed market to shift the business and legal risks to the investors in private funds. In light of this shifting landscape, the panel will discuss related fund terms in the investment process and whether such terms should play a role in manager selection. The panel will consider the role of the Retirement Board, investment staff, and in-house/outside investment counsel acting as fiduciaries to the plans they serve. Should investment staff in performing operational due diligence consider fund terms related to fiduciary considerations prior to selecting or recommending managers and if so, should the managers' position on material fund terms, such as standard of care, indemnification, reporting/transparency and disclosures, impact manager selection? As part of the due diligence process, should the investment staff consider the managers' track record with respect to diversity, pay-to-play, equitable compensation and promotions, and/or sexual harassment? Should the degree of the fiduciary obligations that the managers are willing to undertake inform the investment staffs' recommendations and internal approvals of investment transactions? In addition, this panel will address the role of in-house/outside investment counsel in negotiation of material terms and at what point should investment counsel raise legal concerns with the lack of investor protections in fund terms and the managers' disclaimer of its fiduciary duties. The panel will also examine the important role that investment counsel plays in ensuring that the relevant decision makers understand the fund terms from a legal (and business) perspective so that they can make informed investment decisions.

9:20 a.m. - 10:10 a.m. **Clear as Mud—The Fiduciary Duty of Private Fund Managers**

The panel will discuss the framework of fiduciary duty of private investment fund managers established through federal law in court rulings and enforcement actions by the U.S. Securities Exchange Commission (SEC) under the Investment Advisers Act of 1940 (Advisers Act). The panel will provide an update of the proposed interpretation of the standard of care of investment advisers issued by the SEC in April, 2018, and the response to the SEC in August, 2018, from the Institutional Limited Partner Association (ILPA). The panel will also discuss the fiduciary duty of general partners of limited partnerships and managers of limited liability companies under the common law and Delaware state law, how this compares to the fiduciary duty recognized under the Advisers Act, and what protections (and strategies), if any, governmental plans can rely upon from either.

Wednesday, February 20 *(continued)*

10:10 a.m. - 10:40 a.m. **Break**

10:40 a.m. - 11:30 a.m. **Life Cycles of the Side Letter: From Forms to Most Favored Nations**

Side letters granting additional rights or privileges to an investor, or limiting the applicability of some aspect of fund governing documents with respect to an investor, are commonplace in the private funds market. This panel will explore the life cycle of the side letter, beginning with the creation, updating process and maintenance of form provisions, and discussing the challenges of maintaining consistency across funds and during changes in the market. We will also discuss most favored nations (MFN) comfort, which extends the benefit of separately negotiated side letter provisions to some, or all, of a fund's investor base, including ways to maximize the utility of MFN, despite recent trends in the market limiting its scope.

11:30 a.m. - 1:00 p.m. **Lunch (provided by NAPPA)**

Fiduciary and Plan Governance Section Meeting

(1:30 p.m. - 4:30 p.m.)

1:30 p.m. - 2:30 p.m. **Governance and Fiduciary Implications of Delegation and the Proper Role of the Board in These Matters**

This panel will discuss the design and implementation of delegations to pension fund staff and the proper role of the board, including any legal limitations of shifting fiduciary decision making in these matters. Recognizing that this is not a "one size fits all" exercise, the panel will share a broad range of pension system perspectives and will discuss delegation in all aspects of pension system administration including benefit matters, third-party contracting, investments, securities litigation and other litigation, and proxy voting. Taking into consideration the accountability of staff to report to the board, the panel will delve into what level of reporting or communication is satisfactory to comply with the board's fiduciary duty.

2:30 p.m. - 3:00 p.m. **Break**

3:00 p.m. - 4:30 p.m. **The Fiduciary Implications of Investment Negotiations and Decision Making**

This panel will discuss the proper exercise of the pension board's decision-making in manager selection and negotiation of investment transactions, including the fiduciary implications of the timing of investment negotiations v. presentation of the investment to the pension system board. The panel will consider whether agreements should be

Wednesday, February 20 *(continued)*

execution ready before board approval (to avoid a situation where the fund is effectively deprived of negotiating leverage once the board has acted), or whether it is sufficient to have board approval contingent on negotiation of an agreement satisfactory in form to the CIO and Chief Counsel. The panel will also discuss the appropriate standard of care in investment transactions and whether the fund can "negotiate away" a manager's fiduciary duty or whether it should be a deal point that a manager cannot limit or disclaim its duty. What are the fiduciary implications of other agreement terms; should the board be informed of key legal terms at the time of approval or act to define "preferred terms" in advance? The panel will also discuss alternatives for managing the internal tension between counsel trying to get the best legal terms v. the desire of the CIO/investment staff to "do the deal" and how to manage the need to get returns v. exercising the fund's market power and fiduciary duty as the consumer with the money to demand acceptable terms or walk. Finally, how do these issues tie into trustee education – how much should trustees know or learn regarding investment agreements?

5:00 p.m. - 6:30 p.m. **Reception (provided by NAPPA)**

Thursday, February 21

7:00 a.m. - 4:30 p.m. **Registration**

7:30 a.m. - 8:15 a.m. **Breakfast (provided by NAPPA)**

Benefits Section Meeting

(8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:20 a.m. **Show Me the Money—Preventing and Recouping Overpayments**

The panel will share and discuss strategies and techniques to avoid overpayment errors and recoup money from retirees, beneficiaries, and other recipients; impacts of overpayments from a funding standpoint; collection litigation; and developments in IRS guidance on correcting overpayments.

9:20 a.m. - 10:10 a.m. **Upon Further Review—Reexamination, Recertification and Continuation of Disability Benefits**

This session will address common practices and legal considerations for review and recertification of ongoing eligibility for disability benefits following initial approval of the claim. Panelists will discuss recertification standards, processes utilized by plans, and legal considerations when developing or revising a recertification procedure, such as due process rights, HIPAA issues, and fiduciary standards.

Thursday, February 21 *(continued)*

10:10 a.m. - 10:40 a.m. **Break**

10:40 a.m. - 11:30 a.m. **Manifest Injustice—When Strict Plan Document Interpretation "Just Ain't Fair"**

This panel will discuss various statutory constructs regarding correction of errors and the authority of a pension system to provide equitable relief in error situations, particularly where strict application of plan provisions produces harsh or unintended results. A pension system's authority and obligation to correct errors will be considered in the context of fiduciary duties and IRS requirements.

11:30 a.m. - 1:00 p.m. **Lunch (provided by NAPPA)**

Tax Section Meeting

(1:30 p.m. - 4:30 p.m.)

1:30 p.m. - 2:00 p.m. **The New Congress—What to Expect**

With the Democrats taking the House and the Senate remaining in Republican hands, the prospect of tax legislation is up in the air. This session will address potential initiatives by the Democratic House and their Republican Senate colleagues as well as areas where the two parties will look to find common ground before 2020.

2:00 p.m. - 2:30 p.m. **457(b) and 401(k)—New Options for Governmental Sponsors**

The past year has seen significant innovations involving employee cash or deferred compensation plans under IRC Sections 401(k) and 457(b). This session will address some of the new opportunities available in the voluntary employee deferred contribution plans including student loan repayment programs and auto-enrollment. We will also discuss the changes to hardship distribution rules under the Bipartisan Budget Act of 2018.

2:30 p.m. - 3:00 p.m. **Break**

3:00 p.m. - 4:30 p.m. **A "Check-Up" for Your Plan**

With the curtailment of the determination letter program, many governmental plan sponsors are seeking new methods to assure compliance with applicable tax qualification laws. This session will focus on the creation of a "self-audit" program and identification of the compliance requirements most susceptible to operational and documentation defects that could jeopardize tax qualification. We will also discuss any new legislative and regulatory developments affecting governmental plans.

Friday, February 22

7:00 a.m. - 11:30 a.m. **Registration**

7:30 a.m. - 8:15 a.m. **Breakfast—For Senior Counsel Attendees Only (provided by NAPPA)**

Senior Counsel Meeting

Pre-Registration Required

(8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:30 a.m. **Risk Insurance—Mitigating Risk Through Effective Insurance Coverage: What's Covered and What's Not**

This panel will include an insurance carrier, a broker, and a coverage litigator for public retirement systems, each addressing benefits and limitations of the various forms of insurance coverage that a public retirement system may consider.

9:30 a.m. - 10:15 a.m. **Leadership—Leadership in the General Counsel's Office: Building an Effective Team**

Leading lawyers is challenging because lawyers are different . . . and those differences often don't make us better leaders or followers. Learn from General Counsel about their challenges and successes in building an effective legal team.

10:15 a.m. - 10:45 a.m. **Break**

10:45 a.m. - 11:30 a.m. **General Counsel's Perspective on Outside Counsel—What Works and What Doesn't**

Have you ever wondered whether you are hitting all the right notes when you make a pitch to a prospective client? Have you ever wondered what your clients really want from you and whether you are providing the best service you can provide? This General Counsel panel will focus on exactly what they are looking for from outside counsel. What was the deciding factor the last time you considered competing law firm proposals? What are the skills that a mid-level, younger partner can use to develop business with an existing or prospective client? How do you expand the work you do for existing clients? What is the most memorable and surprising thing that an outside attorney has ever done for you (whether good or bad)? What are the bad habits of outside counsel that make your job harder? Hear a General Counsel's perspective on all of these issues.

This session is designed for attorneys with substantial experience as in-house/outside counsel for a public retirement system. Less experienced counsel are welcome, but may not find this session as valuable.

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

December 10, 2018

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

SUBJECT: APPOINTMENT OF 2019 CHAIR AND VICE CHAIR

Dear Board Members:

Background

The Board of Retirement Bylaws and Regulations ("Regulations") require the Board to take action at the first meeting in December to appoint a Chair and Vice Chair for the upcoming calendar year. The same provision is included in the charters for the Chair and Vice Chair. The Regulations and charters state that no member shall serve in either capacity until he/she has served on the Board for a minimum of one year.

As the Board is aware, Tracy Towner was appointed as the 2018 Chair, but in April of this year, he was terminated from employment by the County of Ventura. Mr. Towner exercised his rights under the Ventura County Personnel Rules & Regulations to timely appeal his termination to the Civil Service Commission (CSC), and requested that the Board pursue filling his trustee position only in the event the CSC upheld the termination. The Ventura County Deputy Sheriffs' Association (VCDSA) also asked that the Board postpone filling the position until the CSC process was complete. On [date], the Board took action to delay an election to fill Mr. Towner's position until conclusion of the CSC process, and requested periodic status updates.

Mr. Towner's CSC appeal process is still ongoing after several delays; he has indicated to staff that he does not anticipate a conclusion until January 2019. Since Mr. Towner's absence, Vice Chair Wilson has served as chair in absence of a sitting Chair.

Potential Action(s)

As stated, the Board traditionally appoints the positions in December in accordance with the Regulations and charters. Given the unusual circumstances, the Board may wish to consider the following alternatives in appointing a chair and vice chair :

1) Appoint a permanent Chair and Vice Chair for 2019, per the Regulations and charters;
2) Maintain the status quo, having the Vice Chair continue presiding as Chair, appoint a temporary Vice Chair and postpone appointment of a permanent Chair and Vice Chair for the remainder of 2019 until the CSC issues a decision on the case of Mr. Towner;
3) Appoint a temporary Chair and Vice Chair to serve until after the CSC issues a decision or until a date specified by the board.

Sincerely,

Linda Webb

Linda Webb
Retirement Administrator

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

PARAMETRIC

Parametric Organizational Update

Parametric Portfolio Associates LLC (Parametric), an affiliate of Eaton Vance Corp., is announcing the retirement of Jack Hansen, CFA, Chief Investment Officer of Parametric's Minneapolis Investment Center, effective November 1, 2019.

Following Mr. Hansen's retirement, Parametric will fully integrate the leadership of investments and research under the Office of the CIO, which will be led by newly appointed co-CIOs Timothy Atwill, PhD, CFA and Thomas Lee, CFA. They will report to Brian Langstraat, Parametric's Chief Executive Officer. In addition, Parametric is creating a unified global Research and Development function that will be led by Paul Bouchey.

From now until November 1, 2019, things will operate as they do currently with the existing CIO and investment leadership structures. Over the course of the next year, Tim Atwill and Tom Lee will work closely with Brian Langstraat, Jack Hansen, Paul Bouchey and other senior leaders at Parametric to execute a successful transition.

This transition is intended to create more alignment and collaboration between investment teams. Additionally, we anticipate that our organization will be more efficient and better able to produce innovative solutions to enhance your overall experience with Parametric.

We believe our clients benefit from a stable firm and an investment team that can successfully execute leadership changes. The length of the time from this announcement to the effective date gives not only our firm time to implement the transition thoughtfully, but also provides you with an ample opportunity to study and evaluate the changes made.

We look forward to discussing this further with you and thank you for your business.

Sincerely,

Brian Langstraat
Chief Executive Officer

1918 EIGHTH AVENUE
SUITE 3100
SEATTLE, WA 98101
P 206 694 5500
F 206 694 5581

parametricportfolio.com