

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

SEPTEMBER 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:

- | | |
|---|--------------------|
| I. <u>CALL TO ORDER</u> | Master
Page No. |
| II. <u>APPROVAL OF AGENDA</u> | 1 – 4 |
| III. <u>APPROVAL OF MINUTES</u> | |
| A. Business Meeting of July 16, 2018. | 5 – 14 |
| IV. <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT</u> | 15 – 51 |
| V. <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| A. Application for Service-connected Disability Retirement – Stearns, Robert K.;
Case No. 16-014. | 52 – 170 |
| 1. Application for Service-connected Disability Retirement, filed March 24,
2016. | |
| 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 August 21, 2018. | |
| 3. Hearing Notice, dated August 30, 2018. | |

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PAGE 2****V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)**

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|----|---|-----------|
| B. | Application for Service-connected Disability Retirement – Alvarez, Luis A.;
Case No. 17-002. | 171 – 253 |
| 1. | Application for Service-connected Disability Retirement, filed January 20, 2017. | |
| 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 August 27, 2018. | |
| 3. | Hearing Notice, dated August 30, 2018. | |
| C. | Application for Service-connected Disability Retirement – Payton, Christopher J.;
Case No. 17-008. | 254 – 430 |
| 1. | Application for Service-connected Disability Retirement, filed April 10, 2017. | |
| 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 August 27, 2018. | |
| 3. | Hearing Notice, dated August 30, 2018. | |

VI. OLD BUSINESS

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|----|--|-----------|
| A. | DISABILITY RETIREE TAMARA WELCH'S APPEAL OF STAFF'S DENIAL OF REQUEST FOR RECONSIDERATION. | |
| 1. | Staff Letter. | 431 |
| 2. | Materials from March 12, 2018 Administrative Proceedings on Application for Nonservice-Connected Disability Retirement. | 432 – 781 |
| 3. | Letter to the Board of Retirement from Tamara Welch, with accompanying materials, presented during Public Comment at the July 2, 2018 disability meeting. | 782 – 802 |
| 4. | Welch's Letter requesting reconsideration and amendment of Nonservice-connected Disability Retirement to Service-Connected Disability Retirement, dated July 31, 2018, with accompanying materials to supplement those provided on July 2, 2018. | 803 – 828 |

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VI. OLD BUSINESS (continued)

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|---|-----------|
| 5. VCERA Letter of Denial to Welch Request for Reconsideration, dated August 20, 2018. | 829 – 831 |
| 6. Supplemental Email from Welch, with Accompanying Social Security Administration Disability Award Letter, dated August 22, 2018. | 832 – 837 |
| 7. Email from Retirement Administrator to Welch acknowledging request to be placed on the September 10, 2018, Board Disability Agenda, dated August 24, 2018. | 838 |
| B. Recommendation for Disability Retirement Medical Re-Evaluation Under Government Code 31729. | |
| 1. Staff Letter. | 839 – 840 |
| C. Verbal Update on the Status of Pending General Member Trustee Election and Towner Civil Service Commission Appeal Process. | |

VII. NEW BUSINESS

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| A. Recommendation to Approve Communications Officer, Josiah Vencel to Attend the 2018 National Pension Education Association Conference (NPEA), Tucson, AZ, October 20 – 24, 2018.
RECOMMENDED ACTION: Approve. | |
| 1. Staff Letter. | 841 |
| 2. NPEA 2018 Conference Agenda. | 842 – 843 |
| B. Approval of, and Authorization for Board Chair or Retirement Administrator to Execute, the Amended and Restated Fee Schedule for the Walter Scott NCS Group Trust) Comingled Fund.
RECOMMENDED ACTION: Approve. | |
| 1. Staff Letter. | 844 – 845 |
| 2. NCS Group Trust. | 846 – 848 |

VIII. INFORMATIONAL

- | | |
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| A. State Street Letter Regarding Mitigating Inadvertent Data Disclosures. | 849 |
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IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

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XII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 16, 2018

MINUTES

TRUSTEES
PRESENT: William W. Wilson, Vice Chair, Public Member
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 Investment Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Shalini Nunna, Retirement Benefits Manager
Vickie Williams, Retirement Benefits Manager
Karen Scanlan, Accounting Manager I
Donna Edwards, Retirement Benefit Specialist
Nancy Jensen, Retirement Benefit Specialist
Stephanie Berkley, Retirement Benefits Specialist
Sierra Walsh, Office Assistant III
Chris Ayala, Program Assistant

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

TIME: 9:00 a.m.

**BOARD OF RETIREMENT
BUSINESS MEETING**

JULY 16, 2018

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ITEM:

I. CALL TO ORDER

Because Vice-Chair Wilson's arrival was delayed, and the Treasurer/Tax Collector was not present, Trustee Johnston the most senior trustee present, chaired the meeting until Trustee Wilson arrived.

Trustee Johnston called the Business Meeting of July 16, 2018, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

Trustee Johnston amended the agenda by moving item, "VII.A. Application for Service-Connected Disability Retirement - Curtin, Matthew; Case No. 17-006", before item, "V.A. Receive Annual Investment Presentation from Hexavest, Vital Proulx, CFA, and Emmanuel Matte, CFA, FSA, FICA".

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

MOTION: Approve as Amended.

Moved by Bianchi, seconded by McCombs.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Winter

No: -

Absent: Fox, Foy, Hintz, Wilson

Abstain:

III. APPROVAL OF MINUTES

A. Disability Minutes of July 2, 2018.

MOTION: Approve.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Winter

No: -

Absent: Fox, Foy, Hintz, Wilson

Abstain:

IV. CONSENT AGENDA

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

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

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- C. Receive and File Budget Summary for FY 2017-18 Month Ending June 30, 2018 (Preliminary).

MOTION: Receive and File.

Moved by Goulet, seconded by McCombs.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Winter

No: -

Absent: Fox, Foy, Hintz, Wilson

Abstain:

Following the vote on this item, the Board advanced to agenda item, VII.A. "Application for Service-Connected Disability Retirement - Curtin, Matthew; Case No. 17-006".

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation from Hexavest, Vital Proulx, CFA, and Emmanuel Matte, CFA, FSA, FICA.

Trustee Wilson arrived at 9:29 a.m., during Hexavest's presentation and assumed the Chair for the remainder of the meeting.

Vital Proulx and Emmanuel Matte reviewed Hexavest's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition and performance.

- B. Receive Annual Investment Presentation from Walter Scott, Margaret Foley.

Margaret Foley reviewed Walter Scott's organizational changes, and discussed the firm's investment outlook, portfolio strategy, composition and performance.

The Board took a break at 10:03 a.m., after the presentation by Walter Scott.

The Board returned from break at 10:13 a.m.

VI. INVESTMENT INFORMATION

NEPC – Allan Martin and Eric Harnish.

VCERA – Dan Gallagher, Chief Investment Officer

- A. Fixed Income Asset Class Review.

RECOMMENDED ACTION: Receive and File.

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

MOTION: Receive and File.

Moved by Sedell, seconded by Johnston.

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

- B. Direct Lending/Private Credit: Private Markets Sub-Sector Review Presentation.
RECOMMENDED ACTION: Receive and File.

After discussion by the Board, staff, and consultant, the following motions were made:

MOTION: Receive and File.

Moved by Bianchi, seconded by McCombs.

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

- C. Recommendation to Approve Investment: \$25M Monroe Credit Fund III.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.
2. Memorandum from NEPC.
3. Monroe Capital Private Credit Fund III Presentation.

Mr. Martin said NEPC and VCERA's CIO were making a joint recommendation to commit \$25M to Monroe Capital's Private Credit Fund III. He said that it was Monroe's third fund, and that NEPC had recommended their two prior funds to other NEPC clients. Both prior funds had out performed client expectations.

Trustee Sedell asked why Mr. Gallagher's staff letter stated that the investments may be executed by the Board Chair or Retirement Administrator or the Chief Investment Officer.

Mr. Gallagher replied that the recommendation was to ensure the investment documents were executed in time so VCERA would not miss the fund's final closing.

Trustee Goulet suggested that the wording be revised to specify that if both the Board Chair and the Retirement Administrator were not available to timely execute the documents, the Chief Investment Officer would be authorized execute the required documentation.

After discussion by the Board, staff, and consultant, the following motions were made:

MOTION: Approve Investment of \$25M in Monroe Capital Private Fund IV, with Revised Wording for Contract Execution Authority.

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Moved by Sedell, seconded by McCombs.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

D. Recommendation to Approve Investment: \$30M Adams Street Partners Co-Investment Fund IV.

RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.
2. Memorandum from NEPC.
3. Adams Street Partners Co-Investment Fund IV Presentation.

Mr. Harnish noted that although Abbott Capital was VCERA's private equity consultant, the Board had authorized the CIO and NEPC to continue to recommend certain private equity investments they believed would likely enhance and complement the private equity program, and that the proposed Adams Street investment was just such an opportunity.

After discussion by the Board, staff, and consultant, the following motions were made:

MOTION: Approve Investment of \$30M in Adams Street Partners Co-Investment Fund IV, with Revised Wording for Contract Execution Authority.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

Following the vote on this item, the Board advanced to agenda item, VII.B. "Due Diligence Report Discussion and Request for Direction".

VII. OLD BUSINESS

A. Application for Service-Connected Disability Retirement - Curtin, Matthew; Case No. 17-006.

1. Application for Service-Connected Disability Retirement, filed March 7, 2017.
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 June 18, 2018.

3. Hearing Notice, dated July 11, 2018.

Catherine Laveau was present on behalf of County of Ventura Risk Management. Ms. Curtin was not present on behalf of the deceased applicant, Mr. Matthew Curtin.

Ms. Webb reminded the Board that this disability case was on the agenda at the previous disability meeting, but that between the time that it was placed on the agenda and that day's meeting, the applicant had passed away. Ms. Webb said that staff, in consultation with Counsel determined the spouse could proceed with the application on her late husband's behalf. Staff had spoken with the widow regarding her options and she had indicated that she would like to proceed with the consideration of the disability application.

Ms. Laveau declined to make a statement.

MOTION: Approve Application for Service-Connected Disability Retirement.

Moved by Bianchi, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

After the vote on this item, the Board returned to agenda item "V.A. Receive Annual Investment Presentation from Hexavest, Vital Proulx, CFA, and Emmanuel Matte, CFA, FSA, FICA".

B. Due Diligence Report Discussion and Request for Direction.

RECOMMENDED ACTION: Receive and File.

1. Due Diligence Report for Loomis Sayles and NEPC.

Ms. Webb said the due diligence report was provided prior to the last meeting, but had not been on that agenda; therefore, the item had been brought back and agendaized. Staff recommended that it be received and filed.

MOTION: Receive and File.

Moved by Bianchi, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

VIII. NEW BUSINESS

A. Quarterly Retirement Administrator's Report for April – June, 2018.

RECOMMENDED ACTION: Receive and file.

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Ms. Webb said that the quarterly report highlights the activities of VCERA's staff as well as the Retirement Administrator's for the previous quarter. She said that she welcomed any questions.

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

MOTION: Receive and File.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

B. 2018/19 Business Plan.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Binder of Insurance.

Ms. Webb stated that the Business Plan is presented annually to the Board as an update of the previous year's progress and to set new goals for the coming year. She noted that this year's Business Plan included a supplemental Risk Assessment. This Risk Assessment was related to the backlog of errors and corrections pending from the County Auditor-Controller's Office, and reported on the nature and history of the issue, as well as the actual types of errors observed.

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

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

C. Recommendation to Approve Payment for Waiver of Recourse, Fiduciary Liability Insurance, FY 2017/18.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

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2. Binder of Insurance.

Ms. Webb noted the Fiduciary Liability Insurance Policy is renewed annually, and the Waiver of Recourse supplemental portion provided personal individual protections for trustees; however the \$100 fee, which could not be paid out of the Plans funds, but must be divided among and paid by the current sitting Board members themselves. With eleven currently sitting Board members, the individual fee portion would be \$9.09.

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

MOTION: Approve.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

D. Request from Trustee Johnston to the NCPERS 2018 Public Safety Conference in Las Vegas, NV, October 28 – 31, 2018.

Recommended Action: Approve.

1. Staff Letter.

2. Preliminary Agenda.

MOTION: Approve.

Moved by Winter, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Fox, Foy, Hintz

Abstain:

E. Recommendation to Approve Retirement Administrator, Linda Webb to Attend CALAPRS Administrators' Institute in Carmel, CA, September 26 – 28, 2018.

RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. CALAPRS 2018 Administrators' Institute Agenda.

MOTION: Approve.

Moved by Goulet, seconded by Bianchi.

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

F. Recommendation to Approve CFO, Henry Solis to Attend the 2018 Public Pension Financial Forum (P2F2) Conference, Savannah, GA, October 21 – 24, 2018.
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.F.O., Henry Solis.
2. Annual P2F2 Conference Notice.

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

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

G. Request for Authorization for Attendance for Due Diligence Visits to Hexavest and Sprucegrove.
RECOMMENDED ACTION: Approve.

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

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

MOTION: Approve Two Trustees and CIO to Attend Due Diligence Trips to Hexavest and Sprucegrove.

Moved by McCombs, seconded by Johnston.

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

IX. INFORMATIONAL

A. Upcoming Important Dates for VCERA.

Ms. Webb said that the informational item was included to remind the Board of some upcoming events for September through the end of 2018.

**BOARD OF RETIREMENT
BUSINESS MEETING**

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X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb said staff would be following up with the Real Estate Committee regarding the comparative analysis of the two remaining potential office locations.

XII. BOARD MEMBER COMMENT

Trustee Goulet said he was disappointed that the Board did not receive the preliminary performance report for month ending, June 30, 2018 from NEPC.

Mr. Martin said that NEPC typically receives all of the data for that report from State Street on the tenth business day, which was not quite in time to be included.

Trustee Goulet then asked if there was any way that the Board could receive it before September.

Mr. Martin said that once NEPC receives the data and completes the report they would send it to Mr. Gallagher. Mr. Gallagher said upon receipt he would forward it to the Board.

XIII. ADJOURNMENT

The Vice-Chairman adjourned the meeting at 12:02 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

WILLIAM WILSON, Vice-Chairman



September 10, 2018

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

SUBJECT: RECOMMENDATION FOR DISABILITY RETIREMENT MEDICAL RE-EVALUATION UNDER GOVERNMENT CODE 31729

Dear Board Members:

At VCERA's May 7, 2018 Disability meeting, the Board of Retirement authorized staff to engage investigative services up to \$5,000 per case for the purpose of gathering information for making recommendations to the Board as needed, in accordance with Government Code 31729, which reads:

“§31729. Medical examination of beneficiary; determination of board

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

This Board action followed specific information being forwarded to VCERA regarding an anonymous complaint that was received by the County's Employee Fraud Hotline. The complaint was in regard to a disability retiree (under age 55) collecting disability benefits, and at the same time allegedly participating in strenuous, athletic and physically demanding tasks, hobbies and activities. Staff spoke with the complainant (who provided a telephone number but not a name), and reviewed the information provided, also doing a cursory online search regarding the retiree. Based on this preliminary review, the complaint appeared to have merit.

Following the Board action, staff subsequently engaged an investigative service to obtain additional information, to be used in formulating a recommendation. Staff noted that the disability file indicated that prior to retirement, the individual's work restrictions were to consist of no heavy lifting, no repetitive head and neck movements and no use of the arms at or above shoulder level repetitively.

Original Information from Caller

In the original report, the anonymous caller indicated the retiree was a horse owner who not only rode horses regularly, but performed daily strenuous activities which allegedly included the care and maintenance of horses, daily rides, mucking out stalls, lifting bales of hay and saddles, and other related activities. In addition, the caller indicated that retiree competed personally in cutting horse events, and was searching for a new horse on which to compete.

Investigation Results

A great deal of what the original caller reported appears to be confirmed by the retiree's social media activity and Internet searches. Staff's investigation yielded photos, videos and evidence of the retiree riding horses regularly, competing in cutting horse events, and descriptions of efforts to find a new horse for use in

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future competitions. Further, we discovered the results of the California Mid-State Fair Cutting Horse Show Results from July 19, 2013 that showed the subject as the 2nd place winner in the \$35,000 Non-Pro category.

No photos or video evidence of mucking out stalls or lifting saddles, etc. was obtained by the investigator.

Recommendation and Further Action

While further investigation might yield additional information, staff believes the information available supports a recommendation to the Board to require the disability retiree to undergo a medical examination. If the examination is required, staff further requests authorization to appoint a physician to conduct the examination. Upon receipt of a medical report, the Board would then determine whether the disability beneficiary is still physically incapacitated for service in the department of the county where he/she was employed and in the position held by him/her when retired for disability. Note that the inquiry would not include a re-examination of the basis for the Board's prior decision to grant the disability retirement.

Possible Outcomes

A. Continued incapacity.

If the Board determines that the retiree remains incapacitated for performance of duty, the retiree would continue to receive disability benefits.

B. No longer incapacitated.

Pursuant to Government Code section 31730, if the Board determines that the retiree is not incapacitated, VCERA would then inform his/her previous employer of the determination, and request notice as to whether the employer will offer to reinstate that retiree.

1. Employer does not offer reinstatement. If the employer does not offer to reinstate the retiree, the retiree shall continue to receive the amount of his/her disability retirement allowance, but the portion of the disability allowance previously treated as exempt from income tax would become taxable, as the benefit is no longer in the nature of a workers' compensation benefit.

2. Employer offers reinstatement.

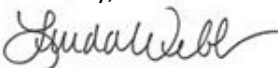
- a. Should the employer issue an offer of reinstatement the retirement allowance would be canceled, and the retiree would be entitled to be reinstated.
 - i. Retiree may reinstate and return to active service; disability benefits from VCERA would be cancelled prospectively; or
 - ii. Retiree declines to reinstate, and retirement allowance is converted to, and recalculated as, a regular service retirement.

C. Refusal to submit to medical examination.

In the event that the retiree refuses to submit to a Board-required medical examination, the disability allowance may be suspended, and eventually canceled pursuant to Government Code section 31731.

I would be pleased to answer any questions at the September 10, 2018, disability meeting.

Sincerely,



Linda Webb

Retirement Administrator



September 10, 2018

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

**SUBJECT: AUTHORIZATION FOR COMMUNICATIONS OFFICER TO ATTEND THE NATIONAL
PENSION EDUCATION ASSOCIATION CONFERENCE ON OCTOBER 20 - 24, 2018 IN
TUCSON, AZ**

Dear Board Members:

Staff requests authorization for VCERA's Communications Officer, Josiah Vencel, to attend the NPEA Conference on October 20 - 24, 2018. The cost to attend is approximately \$2,200, including registration, transportation, lodging and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at the September 10, 2018 board meeting.

Sincerely,

Linda Webb
Retirement Administrator



2018 ANNUAL CONFERENCE | OCTOBER 20-24, 2018

TUCSON, ARIZONA | LOEWS VENTANA CANYON

SATURDAY, OCTOBER 20, 2018

- 2:30 – 4:30 pm **INFRE PRE-CONFERENCE WORKSHOP | Ethics for Retirement Professionals**
Dennis Gatlin, Retired Director of Field Education, Colorado Public Employees Retirement Association
- 4:45 – 6:15 pm **SYSTEMS ROLL CALL | Latest News from NPEA Member Systems**
- 6:30 – 8:30 pm **Opening Reception**

SUNDAY, OCTOBER 21, 2018

- 8 am – Noon **Vendor Exhibits**
- 9 am – Noon **INFRE PRE-CONFERENCE WORKSHOP | Fundamentals of Retirement Plan Design - CRC 3**
Michael Wilson, CFP, Integrity Financial Planning
Lunch (on your own)
- 5 pm – 9 pm Dinner (provided) – Meet in hotel lobby at 4:45 pm for transportation

MONDAY, OCTOBER 22, 2018

- 8 am – 4 pm **Vendor Exhibits**
- 7:30 – 8:30 am Breakfast (provided)
- 8:45 – 9:00 am **President's Welcome**
Patrick Lane, Director of Member Services, Oklahoma Public Employees Retirement System
- 9:00 – 10:00 am **KEYNOTE | Projecting Personal Presence**
Aaron Anderson, the Frontier Project
- 10:15 – 11:30 am **How to Apply Behavioral Finance to Public Sector DB and DC Plans**
Michael Wilson, CFP, Integrity Financial Planning
- 11:30 am – 12:30 pm **Protecting Your Members from Financial Elder Fraud**
Bob Mauterstock, CFP, Speaker, Author & Trainer
- 12:30 – 1:30 pm Lunch (provided)
- 1:30 – 5 pm **CONCURRENT BREAKOUT SESSIONS WITH FACILITATORS**
- **Web Counseling**
 - **Best Practices in Contact Centers**
 - **Social Security Advisors**
 - **Lessons in Cybersecurity**
- Dinner (on your own)

Register today!
www.npea.com/conference-registration



NATIONAL PENSION EDUCATION ASSOCIATION
2018 ANNUAL CONFERENCE | OCTOBER 20-24,
2018
TUCSON, ARIZONA | LOEWS VENTANA CANYON

TUESDAY, OCTOBER 23, 2018

- 8 am – 4 pm **Vendor Exhibits**
- 7:30 – 8:30 am Breakfast (provided)
- 8:30 – 8:45 am **ANNUAL BUSINESS MEETING**
- 8:45 – 9:45 am **National Pension Case Law Update**
Robert Klausner, Esq., Klausner, Kaufman, Jensen & Levinson, P.A.
- 10 – 11:00 am **MEMBER ROUNDTABLE | Member Engagement from the Start**
Terry O'Connor, Texas County & District Retirement System
Ed Rezny, New York State Teachers' Retirement System
Susan Wood, Public School & Education Employee Retirement Systems of Missouri
- 11:15 am – 12:15 pm **Actuarial 101**
Paul Wood, ASA, FCA, MAAA, GRS Consulting
- 12:30 – 1:30 pm Lunch (provided)
- 1:30 – 2:30 pm **Protecting Your Organization from Cybersecurity Threats**
Frank Williams, Teachers Retirement System of Texas
- 2:45 – 3:45 pm **Federal Update on Retirement Issues**
Jeanine Markoe Raymond, Director of Federal Relations, National Association of State Retirement Administrators
- 4 – 5 pm **How Improvisers Stay Calm Amid Uncertainty**
Matt Newman, the Frontier Project
- 6:30 – 9:30 pm Dinner (provided)

WEDNESDAY, OCTOBER 24, 2018

Departure Day. Safe travels!

Hotel Reservations | The conference rate of \$189/night is available until September 28, 2018, or the room block ends. Book your room today! www.loewshotels.com/ventana-canyon/npea-2018-annual-conferenceoctober-16

Transportation | Fly in to Tucson International Airport (TUS). Travel to the hotel is approximately 35 minutes from airport. Uber and Lyft both operate in Tucson. Shuttle service is available through Arizona Stagecoach at approximately \$41 plus gratuity one way. Taxis are also available at approximately \$50-60 plus gratuity one way.

Weather | You can expect average temps to range from the mid-50s to mid-80s, with rapidly decreasing daytime temperatures in the desert so be sure to pack some layers and/or a light jacket. Be sure to pack appropriate shoes and clothing to take advantage of Tucson's amazing walking, hiking and outdoor activities.

Payment Information | Please put your name and organization on your check payable to **NPEA** and send to: Ronda Peterson, NPEA Treasurer, 6819 Ketterman Lane, Jefferson City, MO 65101

Register today!
www.npea.com/conference-registration



September 10, 2018

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

SUBJECT: APPROVAL OF FEE SCHEDULE AMENDMENT FOR THE WALTER SCOTT (NCS GROUP TRUST) COMMINGLED FUND, AND AUTHORIZATION FOR CHAIR OR RETIREMENT ADMINISTRATOR TO EXECUTE AMENDMENT

Dear Board,

Attached for your approval is a new Amended and Restated Fee Schedule which will be substituting for a prior Amended and Restated Fee Schedule, providing for a more favorable fee structure for all investors in the Walter Scott International Equity Commingled Fund (NCS GROUP TRUST). Also attached is Walter Scott's provided Summary of Key Changes, explaining changes to the initial Trust Agreement, which add costs to the commingled fund.

Background

On October 30, 2017, VCERA received a notice sent to all Walter Scott investors of a reduction in investment management fees for Walter Scott's Group Trust funds. However, the proposed fee reduction was based upon an initial fund contribution structure, rather than the market value of assets currently under management. VCERA negotiated a more favorable fee structure, resulting in a further fee reduction. The new agreement and fee structure became effective for VCERA on January 1, 2018.

Effective October 1, 2018, Walter Scott is updating its Trust Agreement and other fund documents to reflect additional costs for the commingled fund, and updated management fee rates.

Additional costs

Currently, trustee, custodial, registration, transfer agency fees, and operating expenses are paid by the manager out of management fees. Effective October 1, as authorized in Article Twelve of the NCS Group Trust Agreement, payment of these fees and expenses will instead be made from the commingled fund. These costs are approximately 3.4 basis points annually which will

September 10, 2018

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reduce, but not meaningfully, the commingled fund's rate of return. It should be noted that custodial fees and expenses are typically paid out of assets of commingled funds, and not paid out of manager fees.

Updated management fee rates

Management fee rate schedules have been updated for all commingled fund investors, with fees charged on assets under management, consistent with what was negotiated and approved by VCERA's Board in 2017, and effective January 1, 2018. There will be no change to VCERA's fee.

Staff is available to answer questions.

IT IS RECOMMENDED: That the Board approve the attached Walter Scott (NCS Group Trust) Amended Fee Schedule, and authorize the Board Chair or Retirement Administrator to approve and execute this document.

Sincerely,



Dan Gallagher
Chief Investment Officer

Attachments:

NCS Group Trust, Summary of Key Changes

NCS Group Trust, Amended and Restated Fee Schedule

NCS GROUP TRUST

Summary of Key Changes

Trust Agreement

The current Trust Agreement was last updated on January 1, 2018 to reflect various changes previously communicated to investors. We are now making a series of additional amendments to the Trust Agreement primarily to a) make the fees and expenses of the Custodial Trustee payable by the Investment Funds, b) clarify that trustee, custody, registrar and transfer agency fees are operating expenses of the Investment Funds and c) make other minor amendments. **These changes will result in investors bearing an additional cost (fees payable to the Custodial Trustee) which were previously paid by the Manager out of the Management Fee.**

Article Seventeen of the Trust Agreement allows the Manager to effect such amendments at any time by obtaining the consent of the Investment Manager and the Custodial Trustee and by providing a copy of any such amendment to the Investment Fiduciary of each Participating Trust. Accordingly, we are providing you with a copy of the updated Trust Agreement, which will become effective on October 1, 2018. A blacklined copy of the Trust Agreement is available upon request.

Offering Memorandum

The current Memorandum is dated as of January 2018. The Memorandum has been updated to reflect the terms of the updated Trust Agreement. The Memorandum is also being updated to reflect (i) a reduced minimum investment amount for each Fund (from \$10 million to \$5 million), (ii) changes to U.S. federal income tax law as a result of the 2017 Tax Cuts and Jobs Act, and (iii) other minor changes.

The updated Memorandum will become effective on October 1, 2018 and is attached for your records.

Fee Schedule

Attached is the Fee Schedule regarding the Management Fee payable to the Manager, which will become effective on October 1, 2018. The Fee Schedule has been amended to reflect updated Management Fee rates applicable to the Global Fund and the International Fund and to reflect the change to the treatment of fees and expenses of the Custodial Trustee (consistent with contemporaneous updates to the Trust Agreement and the Memorandum).

NCS GROUP TRUST Amended and Restated Fee Schedule

This Amended and Restated Fee Schedule (this "**Fee Schedule**"), between BNY Mellon Investment Management Cayman Ltd (the "**Manager**") and the undersigned (the "**Investment Fiduciary**"), on behalf of Ventura County Employees' Retirement Association (the "**Participating Trust**"), will become effective as of October 1, 2018. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the current confidential offering memorandum of the NCS Group Trust, as the same may be amended or supplemented from time to time.

WHEREAS, the Manager and the Investment Fiduciary have previously entered into a fee schedule or similar agreement setting forth the management fee payable to the Manager with respect to the Participating Trust's investment in the NCS Group Trust (the "**Existing Fee Schedule**"); and

WHEREAS, the Manager and the Investment Fiduciary wish to amend and restate the Existing Fee Schedule.

NOW, THEREFORE, the Manager and the Investment Fiduciary amend and restate the Existing Fee Schedule as follows:

The Investment Fiduciary and the Manager hereby agree that the Manager shall be entitled to receive a management fee (the "**Management Fee**"), calculated monthly (based on the aggregate Net Asset Value of the Units held by the Participating Trust ("**AUM**") as of such month-end Valuation Date) and payable by the Participating Trust quarterly in arrears, at an annual rate equal to:

Management Fee for the Global Fund and the International Fund

Less than US\$175m:

- 0.75% on the first \$100m, and
0.50% thereafter.

US\$175m or more:

- 0.70% on the first \$100m, and
0.50% thereafter.

OR

Management Fee for the Global Emerging Markets Fund

- 0.95% on the first \$50m,
0.85% on the next \$25m, and
0.60% thereafter.

OR

Management Fee for the US Fund

- 0.70% on the first \$100m, and
0.50% thereafter.

The Management Fee will be based on the Participating Trust's AUM as of the effective date of this Fee Schedule. The Manager will review the Participating Trust's AUM on a quarterly basis. In the event the Participating Trust's AUM crosses one of the thresholds specified above (with a tolerance of +/- US\$5m, to be applied at the Manager's discretion), the Manager shall have the right, without obligation, on a going forward basis, upon notice to the Investment Fiduciary, to adjust the Participating Trust's Management Fee to the applicable annual rate as set forth above.

In the event that the Participating Trust purchases Units other than as of the first day of a calendar month or redeems Units other than as of the last day of a calendar month, the monthly Management Fee calculation in respect of such Units will be pro-rated based on such date of purchase or redemption, as applicable. Notwithstanding the foregoing, if the Participating Trust redeems all of its Units, the Manager will apply (or procure the application of) such portion of the redemption proceeds against any amount of the Management Fee accrued or due from the Participating Trust as at the redemption date as required to settle such amount. If the amount of the Management Fee then accrued or due exceeds the redemption proceeds, the Participating Trust will be invoiced for the amount of the shortfall.

The Management Fee will cover all management, portfolio management and risk management services as well as any compensation to the Placement Agent or other expenses relating to the offering of Units. The Manager shall pay out of the Management Fee received by it, the fees of the Investment Manager as agreed between the Manager and the Investment Manager from time to time. To the extent the Manager engages any other placement agents, it may enter into other compensation arrangements that differ from that with respect to the Placement Agent and such compensation arrangements shall be disclosed to applicable investors.

This Fee Schedule may only be amended with the express written consent of the Investment Fiduciary and Manager; *provided, however*, that any amendment to lower the Management Fee may be effected in the Manager's sole discretion by providing notice of such lower rate to the Investment Fiduciary. Notwithstanding any amendment to this Fee Schedule, from time to time, all other provisions of the Adoption Agreement shall remain in full force and effect and binding on the Investment Fiduciary and Manager.

We elect to pay our fees by either (please tick method of payment):

(a) wire transfer to Bank (wire instructions will be provided to the Subscriber on the quarterly Management Fee invoice):

OR

(b) effecting a redemption of Units held by the Participating Trust, the proceeds of which are equal to the management fee owing to the Manager.

Dated this _____ day of _____, 20____

BNY MELLON INVESTMENT MANAGEMENT CAYMAN LTD

By: _____

Name: _____

Title: _____

PARTICIPATING TRUST

Ventura County Employees' Retirement Association _____, in its capacity as the Investment Fiduiciary
(print name of investment fiduciary)

By: _____
Authorized Signature

Name: _____
Name of Authorized Signatory (please print)

Title: _____
Title of Authorized Signatory (please print)



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August 15, 2018

Mr. Dan Gallagher
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Dear Dan,

As a follow up from our discussion, I wanted to provide you with additional information regarding steps that we are taking as an organization to mitigate inadvertent data disclosures (IDD).

We appreciate the importance that our clients place on the confidentiality of their data and we have implemented some new controls and are evaluating others. For example, we are enhancing service delivery through more digital and automated processes, eliminating any unnecessary communications and permissions and improving data protection.

More specifically, across the organization, individual groups are putting new processes in place including stricter policies regarding emailing information. On a more forward looking basis, we are focused on establishing a data environment, which allows internal employees to partner with clients for a more secure and expedited transmission of data for both standard and ad-hoc requests.

In addition to augmenting our controls, we have taken steps to ensure that our senior management is engaged in the efforts to better protect your data. We have established a cross-business working group to evaluate and oversee the implementation of new controls and procedures. Senior management has established an executive steering committee, which includes several members of our Management Committee, to implement swift decision making and direct funding for strategic improvements.

We have made a number of enhancements to our procedures and policies to require IDDs are escalated quickly to our senior management, again including members of our Management Committee.

We take our role as a trusted provider extremely seriously. Any inadvertent disclosure of client data is unacceptable, and we continue to devote significant time and resources to improving the governance and controls of our information security processes. This is, and will continue to be, a top priority for us.

Best regards,
Tonya Cordray