

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

May 19, 2014

### AGENDA

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

**TIME:** 9:00 a.m.

**ITEM:**

I.	<b><u>CALL TO ORDER</u></b>	Master Page No.
II.	<b><u>APPROVAL OF AGENDA</u></b>	1 – 4
III.	<b><u>APPROVAL OF MINUTES</u></b>	
	A. Disability Meeting of May 5, 2014.	5 – 13
IV.	<b><u>CONSENT AGENDA</u></b>	
	A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of April 2014.	14 – 15
	B. Receive and File Report of Checks Disbursed in April 2014.	16 – 25
	C. Receive and File Budget Summary for FY 2013-14 Month Ending April 2014.	26
	D. Receive and File Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, Investments & Cash Equivalents, and Schedules of Investment Management Fees for the Periods Ending March 31, 2014, and April 30, 2014.	27 – 38

V. STANDING ITEM

- A. Receive an Oral Update on Pensionable Compensation and PEPRA.

VI. ANNUAL INVESTMENT PRESENTATIONS

- A. Receive Annual Investment Presentation, Bridgewater Associates LP, Joel Whidden, Senior Relationship Manager, and David Greely, Senior Research Associate (30 Minutes). 39 – 91
- B. Receive Annual Investment Presentation, Tortoise Capital Advisors LLC, Ken Malvey, Managing Director, and Andy Goldsmith, Head of Institutional Sales and Consultant Relations (30 Minutes). 92 – 117

VII. INVESTMENT INFORMATION

- A. NEPC – Don Stracke, Senior Consultant, Chris Hill, Research Consultant.
1. Receive and File Performance Report Month Ending April 30, 2014. 118 – 124
2. Receive and File Investment Summary – Quarter Ending March 31, 2014. 125 – 176
3. Receive and File PIMCO Watch Status Update. 177
4. Receive and File RREEF America III Quarterly Conference Call – Report from Staff. 178 – 179
5. VCERA Liquidity Study 180 – 202  
**RECOMMENDED ACTION: Receive and File.**
6. Credit Overview – Direct Lending/Private Debt Review. 203 – 218  
**RECOMMENDED ACTION: Receive and File.**
7. Private Equity Program Review & 2014 Strategic Investment Plan 219 – 264  
**RECOMMENDED ACTION: Approve.**

**VIII. VCERIS (Pension Administration Project)**

- A. V-3 System Presentation – Nicholas Christoffersen, Douglas Arnett, Tim Thonis
- B. Interim Retirement Administrator Quarterly Project Risk Assessment- Oral Report
- C. VCERIS Project Summary – Linea Solutions
  - 1. Recommendation from Linea Solutions and Staff. 263 – 267
    - a. Attachment A.- VCERIS Quarterly Status Report 268 – 276
    - b. Attachment B.- Vitech Change Order #4 – PEPRA 277 – 278
    - c. Attachment C.- Linea Change Order #5 – Vitech/PEPRA 279
    - d. Attachment D.- Vitech Change Order #5 – Interfaces 280 – 281
    - e. Attachment E.- Linea Change Order #6 – Project Resources 282

**RECOMMENDED ACTION: Approve.**

**IX. NEW BUSINESS**

- A. Authorization to Attend 2014 Public Funds Forum- The Future of Corporate Reform Conference, September 2<sup>nd</sup> – 4<sup>th</sup>, 2014, San Diego  
**RECOMMENDED ACTION: Approve.**
  - 1. Letter from Staff. 283 – 288
- B. 2014/15 Business Plan. 289 – 296  
**RECOMMENDED ACTION: Approve.**
- C. Review and Adoption of the Fiscal Year 2014/15 Proposed Budget. 297 – 328  
**RECOMMENDED ACTION: Approve.**

**X. INFORMATIONAL**

- |  |           |
|--|-----------|
| A. Opal Financial Group – Investment Trends Summit, September 8 <sup>th</sup> – 10 <sup>th</sup> , 2014, Santa Barbara   | 329 – 333 |
| B. SACRS Public Pension Investment Manager Program 2014 – Modern Investment Theory & Practice for Retirement Systems, July 20 <sup>th</sup> – 23 <sup>rd</sup> , 2014, UC Berkeley | 334 – 345 |
| C. Adams Street Partners- 2014 Client Conference, June 4 <sup>th</sup> – 5 <sup>th</sup> , Chicago, IL   | 346 – 347 |
| D. Letter from Grand Jury  | 348       |

**XI. PUBLIC COMMENT**

**XII. STAFF COMMENT**

**XIII. BOARD MEMBER COMMENT**

**XIV. ADJOURNMENT**



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**BOARD OF RETIREMENT**

**DISABILITY MEETING**

**May 5, 2014**

**MINUTES**

**DIRECTORS** Tracy Towner, Chair, Safety Employee Member  
**PRESENT:** William W. Wilson, Vice Chair, Public Member  
Steven Hintz, Treasurer-Tax Collector  
Joseph Henderson, Public Member  
Mike Sedell, Public Member  
Tom Johnston, General Employee Member  
Deanna McCormick, General Employee Member  
Arthur E. Goulet, Retiree Member  
Will Hoag, Alternate Retiree Member  
Chris Johnston, Alternate Safety Employee Member

**DIRECTORS** Peter C. Foy, Public Member  
**ABSENT:**

**STAFF** Tim Thonis, Interim Retirement Administrator  
**PRESENT:** Lori Nemiroff, Assistant County Counsel  
Henry Solis, Chief Financial Officer  
Donna Edwards, Retirement Benefits Specialist  
Chantell Garcia, Retirement Benefits Specialist  
Stephanie Caiazza, Program Assistant

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

**TIME:** 9:00 a.m.

**ITEM:**

**I. CALL TO ORDER**

Chairman Towner called the Disability Meeting of May 5, 2014, to order at 9:02 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Approve the Agenda.

Moved by Hintz, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

**III. APPROVAL OF MINUTES**

A. Business Meeting of April 21, 2014.

MOTION: Approve the Minutes.

Moved by Goulet, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

**IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT**

MOTION: Receive and file the Report.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

Mr. Goulet offered his congratulations to Ms. Nemiroff regarding VCERA's successful defense of the Gallagher appeal.

**V. APPLICATIONS FOR DISABILITY RETIREMENT**

A. Application for Non-Service Connected Disability Retirement; Brinda K. Marinis; Case No. 12-044.

Paul Hilbun and B. Derek Straatsma, Attorney at Law, were present representing the County of Ventura Risk Management. Applicant was not present.

Risk Management declined to make a statement.

MOTION: Adopt the Hearing Officer's recommendation and deny the applicant, Brinda K. Marinis, a non-service connected disability retirement.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell, Towner

No: -

Absent: Foy

- B. Application for Service Connected and Non-Service Connected Disability Retirement; Jorge Sotelo; Case No. 12-024.

Paul Hilbun was present representing the County of Ventura Risk Management. The applicant, Jorge Sotelo, was present.

After statements by both parties and discussion by the Board, the following Motion was made:

MOTION: Adopt the Hearing Officer's recommendation and deny the applicant, Jorge Sotelo, a non-service connected disability retirement.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell, Towner

No: -

Absent: Foy

- C. Application for Service Connected Disability Retirement; Sylvia Torres; Case No. 13-008.

Paul Hilbun and B. Derek Straatsma, Attorney at Law, were present representing the County of Ventura Risk Management. The applicant, Sylvia Torres, was not present.

Risk Management declined to make a statement.

The following Motion was made:

MOTION: Adopt the Hearing Officer's recommendation and deny the applicant, Sylvia Torres, a service connected disability retirement.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell, Towner

No: -

Absent: Foy

- D. Application for Service Connected Disability Retirement; Susan A. Chavez; Case No. 13-009.

Paul Hilbun and Stephen D. Roberson, Attorney at Law, were present representing the County of Ventura Risk Management. The applicant, Susan A. Chavez, was not present.

Staff provided background information and recommended that the Board consider the Service Connected Disability Application withdrawn, without prejudice.

Following a statement by Mr. Roberson and discussion by the Board, the following Motion was made:

MOTION: Adopt Staff's recommendation and consider the Service Connected Disability Application withdrawn, without prejudice.

Moved by Goulet, seconded by T. Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell, Towner

No: -

Absent: Foy

- E. Application for Service Connected Disability Retirement; Lillian Thomas, Case No. 04-051.

Paul Hilbun and John I. Gilman, Attorney at Law, and were present representing the County of Ventura Risk Management. Laurence D. Grossman, Attorney at Law, was present representing the applicant.

Both parties stated that they had no objection to the recommendation that the Board consider the Service Connected Disability Application withdrawn,

with prejudice.

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

MOTION: Adopt the Hearing Officer's recommendation and recommendation from Staff to consider service connected disability retirement application withdrawn, with prejudice.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

- F. Application for Service Connected Disability Retirement; Hillberg, Donald;  
Case No. 10-028.

Paul Hilbun and B. Derek Straatsma, Attorney at Law, and were present representing the County of Ventura Risk Management. Laurence D. Grossman, Attorney at Law, was present representing the applicant. The applicant, Donald Hillberg, was also present.

Staff provided background information and recommended that the matter be set for hearing on June 2, 2014, pursuant to Government Code 31534(b).

After statements by both parties and discussion by the Board, the following Motion was made:

MOTION: Adopt the recommendation from Staff to set Disability Hearing on June 2, 2014, pursuant to Government Code 31534(b), with the allowance of additional time if necessary to obtain transcripts and review the documentation.

Moved by Wilson, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

VI. OLD BUSINESS

A. Receive an Oral Update from Personnel Review Committee.

Mr. Hoag informed the Board that five proposals had been received to date, and he will schedule a meeting of the Personnel Review Committee to review the proposals and select a firm to conduct the recruitment of the Retirement Administrator Position.

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

MOTION: Grant authority to the Personnel Review Committee, with the involvement of the Chair, to select an executive search firm and issue a contract not to exceed \$32,000, including expenses.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

Mr. Towner mentioned that, for the purpose of providing continuity for VCERA staff, the Interim Retirement Administrator is now working a reduced number of hours so as not to exceed the 960 work-hour limit pursuant to GC 31680.6 before the end of June.

B. Hearing Officer Panel Recommendations.

Staff provided background on the candidates and recommended that the Board offer Hearing Officer contracts to Ms. Nancy Beardsley, Mr. Humberto Flores, and Mr. Robert Klepa.

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

MOTION: Adopt the recommendation from Staff and offer Ms. Beardsley, Mr. Flores, and Mr. Klepa Hearing Officer contracts through June 30, 2015.

Moved by Wilson, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

C. Recommendation to Adopt a 50:50 Employer Contribution Rate Structure for Certain Employee Labor Groups.

1. Letter from County of Ventura, received May 5, 2014.
2. Staff Letter with Attachment.
3. Draft Letter to Board of Supervisors Recommending Employer and Employee Contribution Rates; FY 2014/15

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

MOTION: Follow the recommendation from Staff and adopt Option #2 and the associated Exhibits C & D from the December 9, 2013, Segal Consulting Letter titled "Ventura County Employees' Retirement Association Options for Allocating the Cost Associated with the Cessation of Member Contributions After 30 Years of Service for Non-PEPRA Tiers".

Moved by Sedell, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell, Towner

No: -

Absent: Foy

After further discussion about Item 3, the following motion was made:

MOTION: Submit the letter to the Board of Supervisors, with a minor change in wording to reflect that this letter will be sent as a response to Item 1, which was received on May 5, 2014.

Moved by Sedell, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell, Towner

No: -

Absent: Foy

**VII. NEW BUSINESS**

A. Board Member Report on Pension Bridge Conference; Arthur E. Goulet and Deanna McCormick.

Mr. Goulet provided a summary of the conference.

MOTION: Receive and File.

Moved by T. Johnston, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

- B. Authorization to Attend the Brown Armstrong Audit, GAAP and GASB Update, May 29 – 30, 2014, Bakersfield, California.

Staff recommended the Board authorize Ms. Christina Stevens, Fiscal Manager, to attend the Brown Armstrong Audit, GAAP and GASB Update.

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

MOTION: Approve authorization for Ms. Stevens to attend the Brown Armstrong Audit, GAAP and GASB Update, May 29 – 30, 2014, in Bakersfield, California.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy

- C. Recommendation to Utilize Linea Solutions Resources for VCERIS (PAS) Project.

After discussion by the Board and Staff, the following Motion was made:

MOTION: Approve authorization for the Interim Retirement Administrator to resource the Subject Matter Expert component of the ADP-RIS data conversion with Linea Solutions for an amount not to exceed \$80,000 with termination period of December 31, 2015.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, T. Johnston, Henderson, McCormick, Wilson, Sedell,  
Towner

No: -

Absent: Foy



**VIII. INFORMATIONAL**

- A. Invitation to Attend Real Estate Investment Workshop – Deutsche Asset & Wealth Management; Chicago, IL, June 3 – 4, 2014.

**IX. PUBLIC COMMENT**

None.

**X. STAFF COMMENT**

The Interim Retirement Administrator informed the Board that he and Mr. Towner provided a briefing on VCERA to the Ventura County Grand Jury on Friday, May 2, 2014.

**XI. BOARD MEMBER COMMENT**

None.

**XII. ADJOURNMENT**

The meeting was adjourned at 10:08 a.m.

Respectfully submitted,



TIM THONIS, Interim Retirement Administrator

Approved,

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TRACY TOWNER, Chairman

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

**APRIL 2014**

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
<b>REGULAR RETIREMENTS:</b>							
James B.	Becker	G	09/17/08	2.80		Clerk-Recorder (Non-Member Spouse)	03/13/14
Colleen Rae	Bruns	G	12/20/1976	37.30		Public Works	03/28/14
Keith A.	Cain	G	03/16/2003	7.80		Library Services Agency (Deferred)	03/17/14
Elena A.	Castellon	G	12/26/1978	35.00		Human Services Agency	03/29/14
Steven L.	Dean	S	09/03/1989	24.60		Probation Agency	03/28/14
Abraham	DeLeon	G	05/31/1998	12.30		Sheriff's Department	01/07/12
Stephen R.	Downs	G	07/02/2001	5.00		Superior Courts (Deferred)	01/09/14
Timothy A.	Dransart	S	08/14/1994	5.08	C=16.017	Sheriff's Department (Deferred)	02/06/14
Sara	Estrada	G	07/18/1993	20.70	B=0.0532	Health Care Agency	04/01/14
Kent	Field	G	09/16/1990	23.50		Air Pollution Control District	03/28/14
Duane R.	Flaten	G	12/06/1992	7.80	C=1.055	Public Works (Deferred)	10/31/13
Jan D.	Gardiner	G	10/04/1976	36.90		General Services Agency	03/29/14
Cynthia M.	Gordon	S	06/27/1988	26.70	B=0.9781	Fire Protection	03/30/14
Michelle L.	Johnson	G	05/20/2002	4.50	C=20.008	Probation Agency (Deferred)	03/03/14
Alejo E.	Labrador	G	03/31/2002	11.60		Sheriff's Department	03/15/14
Michael E.	La Plant	S	03/27/1983	31.00		Fire Protection	03/29/14
Russell N.	Lee	G	10/21/2013	6.30		Human Services Agency (Non-Member Spouse)	11/01/13
Michael S.	Martinez	S	09/20/1987	26.50		Sheriff's Department	03/22/14
Jane E.	McCarthy	G	04/25/1982	38.10	A=6.13426 B=0.9934	Clerk-Recorder	03/29/14
Beverly K.	Monnier	G	05/31/1987	30.50	A=2.08333 B=1.8206	CEO	03/29/14
Heidi J.	Morris	G	12/24/1989	9.20		Health Care Agency (Deferred)	03/06/14
James M.	Myers	G	08/08/1988	25.60	C=8.772	Public Works	03/01/14
Anthony J.	O'Hagan	S	11/28/1988	25.30	C=9.278	Fire Protection	03/06/14
David G.	Pumphrey	S	02/04/1980	34.10		Fire Protection	02/26/14
Susan A.	Roberts	G	07/05/1992	20.00		Health Care Agency	03/15/14
Sylvia G.	Rodarte	G	02/11/1996	21.10	A=2.8619 B=0.2035	Human Services Agency	03/28/14
Griselda	Sackett	G	11/15/1987	26.30		Probation Agency	03/29/14
Li C.	Skinner	G	05/23/1982	30.80	A=1.473 B=0.1162 D=0.1055	Health Care Agency	03/12/14
James A.	Stephenson	S	03/30/1980	36.20	D=2.3267	Fire Protection	03/27/14
Danny L.	Swenson	S	09/19/1977	36.50		Fire Protection	03/15/14
Robert W.	Towers	S	11/28/1988	25.30		Fire Protection	03/28/14
Ronald J.	Tusi	S	03/16/1980	34.00		Sheriff's Department	03/19/14
Bertrand M.	Van Auker	S	11/28/1988	25.80	B=0.4492	Fire Protection	03/28/14
Cosima C.	Van Buskirk	G	03/22/1987	27.00		Auditor-Controller	04/01/14
Beverly E.	Vandermuehlen	G	01/20/2004	10.01		Assessor	03/15/14
Thomas C.	Wolfington	G	06/07/2010	9.40	A=3.847 C=2.499 D=1.7785	Public Works	03/15/14

**DEFERRED RETIREMENTS:**

Joyce M.	Alessandrino	S	05/02/1999	13.60 *	C=3.20900	Probation Agency	03/20/2014
Bernardino	Arana	G	09/25/2005	8.17		Public Works Agency	04/10/2014
Griselda J.	Arana	G	07/01/2002	10.99		Health Care Agency	03/28/2014
Rhonda R.	Brown	G	10/11/2004	10.89	A=1.42390	Human Services Agency	03/27/2014
Sohee	Chin	G	10/05/2008	5.47		Health Care Agency	03/21/2014
Georgina Q.	Ferrer	G	06/05/2005	10.59	A=3.263	Health Care Agency	03/21/2014

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

**APRIL 2014**

<b>FIRST NAME</b>	<b>LAST NAME</b>	<b>G/S</b>	<b>DATE OF MEMBERSHIP</b>	<b>TOTAL SERVICE</b>	<b>OTHER SERVICE</b>	<b>DEPARTMENT</b>	<b>EFFECTIVE DATE</b>
David	Herzog	G	11/15/1998	15.33		Health Care Agency	03/14/2014
Sheila	Luna	G	05/21/2006	7.57		Health Care Agency	04/04/2014
Regina	Martinez	G	09/11/2005	8.59		Human Services Agency	04/25/2014
Shirley	McCowan	G	03/02/2008	5.94		Health Care Agency	04/14/2014
Ruby	Moreno	G	10/08/2006	6.71		Health Care Agency	04/24/2014
Anne	Odell	G	01/13/2008	6.13		Health Care Agency	03/27/2014
Jonathan W.	Thompson	G	02/07/2010	3.64 *		Sheriff's Department	09/26/2013
Sandra K.	Ybarra	G	03/01/1992	6.65		Health Care Agency	09/25/2013

**SURVIVORS' CONTINUANCES:**

Barbara A. Kurtz  
 Grechen H. Rogers  
 Sheila J. Stephens  
 Noriko Town  
 Dolas L. Tubbs

\* = Member Establishing Reciprocity  
 A = Previous Membership  
 B = Other County Service (eg Extra Help)  
 C = Reciprocal Service  
 D = Public Service

Date: Monday, May 05, 2014  
 Time: 07:40AM  
 User: 108359

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 10-14 As of: 5/5/2014

Page: 1 of 10  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<b>Company: VCERA</b>										
Acct / Sub:	1002		00							
023552	VC	4/24/2014	CHILD5 STATE DISBURSEMENT UNIT (SI	10-14 10-14	018364	VO	CRT ORDERED PMT	3/27/2014	0.00	-511.00
<b>Check Total</b>										<b>-511.00</b>
023553	-	023578	Missing							
023579	CK	4/3/2014	105213 JAMES C. WALL	10-14	018391	VO	REFUND T2 COL	4/3/2014	0.00	5,751.12
023580	CK	4/3/2014	107155 DEBRA WEBER	10-14	018392	VO	REFUND	4/3/2014	0.00	25,067.74
023581	CK	4/3/2014	113450 ELISA MARIE WEAVER	10-14	018393	VO	REFUND	4/3/2014	0.00	12,160.40
023582	CK	4/3/2014	113450R RBC CAPITAL MARKETS, LLC	10-14	018394	VO	ROLLOVER	4/3/2014	0.00	27,502.35
023583	CK	4/3/2014	116637 FRANCISCO S. PEDROZA	10-14	018395	VO	REFUND	4/3/2014	0.00	61,350.12
023584	CK	4/3/2014	118159R EDWARD JONES	10-14	018396	VO	ROLLOVER	4/3/2014	0.00	5,882.20
023585	CK	4/3/2014	119107 JADE N. LEE WILLIAMS	10-14	018397	VO	REFUND	4/3/2014	0.00	13,169.00
023586	CK	4/3/2014	120483 JOHN M. LOWERY JR.	10-14	018398	VO	REFUND	4/3/2014	0.00	4,794.60
023587	CK	4/3/2014	120483R FIDELITY	10-14	018399	VO	ROLLOVER	4/3/2014	0.00	19,057.17
023588	CK	4/3/2014	121435 ROSE M. EGERTSON	10-14	018400	VO	REFUND	4/3/2014	0.00	5,292.98
023589	CK	4/3/2014	122045 JAQUITA R. MOFFITT	10-14	018401	VO	REFUND	4/3/2014	0.00	3,957.06

Date: Monday, May 05, 2014  
 Time: 07:40AM  
 User: 108359

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 10-14 As of: 5/5/2014

Page: 2 of 10  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
023590	CK	4/3/2014	122160 TORY L. CASON	10-14		018402	VO	REFUND	4/3/2014	0.00	8,828.48
023591	CK	4/3/2014	122569 JAMIE MARIE TAYLOR	10-14		018403	VO	REFUND	4/3/2014	0.00	5,677.45
023592	CK	4/3/2014	122762 ALLISON M. OWINGS	10-14		018404	VO	REFUND	4/3/2014	0.00	4,065.24
023593	CK	4/3/2014	123249 NATALIE CHRISTINE WOLCOTT	10-14		018405	VO	REFUND	4/3/2014	0.00	1,304.68
023594	CK	4/3/2014	123353 OSCAR PADILLA	10-14		018406	VO	REFUND	4/3/2014	0.00	1,007.87
023595	CK	4/3/2014	123690 RUBEN F. LOZANO	10-14		018407	VO	REFUND	4/3/2014	0.00	375.95
023596	CK	4/3/2014	F0746 BETTY J. FUENTES	10-14		018408	VO	PENSION PAYMENT	4/3/2014	0.00	1,708.60
023597	CK	4/3/2014	F0256B1 EDWARD JONES & COMPANY CL	10-14		018409	VO	ROLLOVER	4/3/2014	0.00	3,310.06
023598	CK	4/3/2014	F0278S EVA BOWEN	10-14		018410	VO	DEATH BENEFIT	4/3/2014	0.00	3,476.80
023599	CK	4/3/2014	F0641B1 JOHN SCOTT ECKERSLEY	10-14		018411	VO	DEATH BENEFIT	4/3/2014	0.00	4,203.86
023600	CK	4/3/2014	F0673B1 THE DOROTHY EVANS SPECIAL	10-14		018412	VO	DEATH BENEFIT	4/3/2014	0.00	75.10
023601	CK	4/3/2014	F1489 LOISE ORDNER	10-14		018413	VO	PENSION PAYMENT	4/3/2014	0.00	427.77
023602	CK	4/3/2014	F1932S WILLIAM C. TEMPLE	10-14		018414	VO	DEATH BENEFIT	4/3/2014	0.00	3,942.95
023603	CK	4/3/2014	F2461B1 CURTIS H. SCHLOBOHM	10-14		018415	VO	DEATH BENEFIT	4/3/2014	0.00	4,291.59

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				To Post	Closed						
023604	CK	4/3/2014	F3248B3 HOWARD HOWELL, CUSTODIAN	10-14		018416	VO	DEATH BENEFIT	4/3/2014	0.00	1,293.76
023605	CK	4/3/2014	F4712 JUNE M. WELCH	10-14		018417	VO	PENSION PAYMENT	4/3/2014	0.00	975.03
023606	CK	4/3/2014	F4995B2 ERICA SAYRES-HARTMAN	10-14		018418	VO	DEATH BENEFIT	4/3/2014	0.00	1,520.04
023607	CK	4/3/2014	F6936 MARY E. MAYES	10-14		018419	VO	PENSION PAYMENT	4/3/2014	0.00	998.74
023608	CK	4/3/2014	F7148S FIDELITY INVESTMENTS - FMTC	10-14		018420	VO	ROLLOVER	4/3/2014	0.00	5,887.04
023609	CK	4/3/2014	F7525 WILLIAM O'BRIEN	10-14		018421	VO	PENSION PAYMENT	4/3/2014	0.00	1,817.48
023610	CK	4/3/2014	102661 LORI NEMIROFF	10-14		018422	VO	TRAVEL REIMB	4/3/2014	0.00	220.66
023611	CK	4/3/2014	990002 ARTHUR E. GOULET	10-14		018423	VO	TRAVEL REIMB	4/3/2014	0.00	486.58
023611	CK	4/3/2014	990002 ARTHUR E. GOULET	10-14		018424	VO	MILEAGE REIMB	4/3/2014	0.00	38.08
023612	CK	4/3/2014	BARNEY ABU COURT REPORTING INC	10-14		018425	VO	ADMIN EXP	4/3/2014	0.00	315.00
023613	CK	4/3/2014	RETJOURNAL THE PUBLIC RETIREMENT JOUR	10-14		018426	VO	ADMIN EXP	4/3/2014	0.00	195.00
023614	CK	4/3/2014	STAR VENTURA COUNTY STAR	10-14		018427	VO	ADMIN EXP	4/3/2014	0.00	283.03
023615	CK	4/3/2014	VOLT VOLT	10-14		018428	VO	ADMIN EXP	4/3/2014	0.00	2,080.71
023616	CK	4/3/2014	F6850 RACHELL BARRERA	10-14		018429	VO	PENSION PAYMENT	4/3/2014	0.00	1,135.14
<b>Check Total</b>											<b>524.66</b>

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023617	CK	4/9/2014	104131 MARIA M. ZAMARRIPA	10-14	018430	VO	REFUND	4/9/2014	0.00	30,855.61
023618	CK	4/9/2014	117238 ANNA G. CORTEZ	10-14	018431	VO	REFUND	4/9/2014	0.00	3,852.51
023619	CK	4/9/2014	122623 JANNE A. MAYNES	10-14	018432	VO	REFUND	4/9/2014	0.00	2,670.33
023620	CK	4/9/2014	F5371S DOLAS L. TUBBS	10-14	018433	VO	DEATH BENEFIT	4/9/2014	0.00	7,091.36
023621	CK	4/9/2014	990006 MICHAEL SEDELL	10-14	018434	VO	TRAVEL REIMB	4/9/2014	0.00	469.53
023622	CK	4/9/2014	ADP ADP INC	10-14	018435	VO	ADMIN EXP	4/9/2014	0.00	10,913.76
023623	CK	4/9/2014	BARNEY ABU COURT REPORTING INC	10-14	018436	VO	ADMIN EXP	4/9/2014	0.00	617.83
023624	CK	4/9/2014	BOFA BANK OF AMERICA	10-14	018437	VO	ADMIN EXP	4/9/2014	0.00	493.73
023625	CK	4/9/2014	CORPORATE STAPLES ADVANTAGE	10-14	018438	VO	ADMIN EXP	4/9/2014	0.00	180.32
023626	CK	4/9/2014	CROST PAUL E CROST	10-14	018439	VO	ADMIN EXP	4/9/2014	0.00	1,925.00
023627	CK	4/9/2014	HARRIS HARRIS WATER CONDITIONING	10-14	018440	VO	ADMIN EXP	4/9/2014	0.00	94.50
023628	CK	4/9/2014	MANATT MANATT, PHELPS, PHILLIPS	10-14	018441	VO	ADMIN EXP	4/9/2014	0.00	1,250.00
023629	CK	4/9/2014	MEGAPATH MEGAPATH INC.	10-14	018442	VO	IT	4/9/2014	0.00	332.33

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				To Post	Closed						
023630	CK	4/9/2014	ROSENTHAL JOHN L. ROSENTHAL	10-14		018443	VO	ADMIN EXP	4/9/2014	0.00	6,431.25
023631	CK	4/9/2014	VITECH VITECH SYSTEMS GROUP INC	10-14		018444	VO	PAS	4/9/2014	0.00	139,200.00
023632	CK	4/9/2014	VOLT VOLT	10-14		018445	VO	ADMIN EXP	4/9/2014	0.00	2,911.53
023633	CK	4/10/2014	F5863 DOROTHY J. SHROPSHIRE	10-14		018446	VO	PENSION PAYMENT	4/10/2014	0.00	651.35
023634	CK	4/17/2014	120251 JILL MARIE SWANN	10-14		018447	VO	REFUND	4/17/2014	0.00	4,802.38
023635	CK	4/17/2014	120251R FIDELITY INVESTMENTS	10-14		018448	VO	ROLLOVER	4/17/2014	0.00	13,938.25
023636	CK	4/17/2014	123164R TRUST COMPANY OF AMERICA	10-14		018449	VO	ROLLOVER	4/17/2014	0.00	1,200.17
023637	CK	4/17/2014	123794 MONICA ELIZABETH TRAVENS	10-14		018450	VO	REFUND	4/17/2014	0.00	566.37
023638	CK	4/17/2014	XXXXX2047 SANDRA FAYE BREWER	10-14		018451	VO	REFUND	4/17/2014	0.00	21,268.96
023639	CK	4/17/2014	ACCESS ACCESS INFORMATION MANAGE	10-14		018452	VO	ADMIN EXP	4/17/2014	0.00	400.29
023640	CK	4/17/2014	AT&T AT & T MOBILITY	10-14		018453	VO	IT	4/17/2014	0.00	351.90
023641	CK	4/17/2014	AYALA IRENE P. AYALA	10-14		018454	VO	ADMIN EXP	4/17/2014	0.00	5,162.50
023642	CK	4/17/2014	BARNEY ABU COURT REPORTING INC	10-14		018455	VO	ADMIN EXP	4/17/2014	0.00	630.00
023643	CK	4/17/2014	BROWN BROWN ARMSTRONG	10-14		018456	VO	ADMIN EXP	4/17/2014	0.00	2,291.38



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023644	CK	4/17/2014	CINTAS CINTAS DOCUMENT MANAGEME	10-14	018457	VO	ADMIN EXP	4/17/2014	0.00	195.60
023645	CK	4/17/2014	CMP CMP & ASSOCIATES, INC	10-14	018458	VO	IT/PAS	4/17/2014	0.00	29,178.75
023646	CK	4/17/2014	CORPORATE STAPLES ADVANTAGE	10-14	018459	VO	ADMIN EXP	4/17/2014	0.00	165.56
023647	CK	4/17/2014	COUNTY COUNTY COUNSEL	10-14	018460	VO	LEGAL FEES	4/17/2014	0.00	22,264.00
023648	CK	4/17/2014	LINEA LINEA SOLUTIONS	10-14	018461	VO	IT/PAS	4/17/2014	0.00	71,337.90
023649	CK	4/17/2014	NEPC NEPC, LLC	10-14	018462	VO	INVESTMENT FEES	4/17/2014	0.00	68,750.00
023650	CK	4/17/2014	STATE STATE STREET BANK AND TRUS	10-14	018463	VO	INVESTMENT FEES	4/17/2014	0.00	8,293.62
023651	CK	4/17/2014	TOWERS TOWERS WATSON PENNSYLVAN	10-14	018464	VO	ADMIN EXP	4/17/2014	0.00	20,000.00
023652	CK	4/17/2014	TWC TIME WARNER CABLE	10-14	018465	VO	IT/PAS	4/17/2014	0.00	478.23
023653	CK	4/17/2014	VITECH VITECH SYSTEMS GROUP INC	10-14	018466	VO	PAS	4/17/2014	0.00	2,500.00
023654	CK	4/17/2014	VOLT VOLT	10-14	018467	VO	ADMIN EXP	4/17/2014	0.00	1,277.66
023655	CK	4/24/2014	102832 STEPHANIE M. MONCADA	10-14	018468	VO	REFUND	4/24/2014	0.00	9,192.44
023656	CK	4/24/2014	102832R VENTURA COUNTY CREDIT UNIC	10-14	018469	VO	ROLLOVER	4/24/2014	0.00	26,726.79

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				To Post	Closed						
023657	CK	4/24/2014	107576 ANN BIDLINGMAIER	10-14		018470	VO	REFUND	4/24/2014	0.00	13,051.45
023658	CK	4/24/2014	108285 KATHARINE H. ASHBY	10-14		018471	VO	REFUND	4/24/2014	0.00	9,809.78
023659	CK	4/24/2014	108285R VANGUARD	10-14		018472	VO	ROLLOVER	4/24/2014	0.00	4,946.29
023660	CK	4/24/2014	116780S BILL L. HILL	10-14		018473	VO	DEATH BENEFIT	4/24/2014	0.00	40,127.69
023661	CK	4/24/2014	119434 BLANCA YADIRA SANCHEZ	10-14		018474	VO	REFUND	4/24/2014	0.00	10,381.96
023662	CK	4/24/2014	120597 ERIKA M. TODDEN COOPER	10-14		018475	VO	REFUND	4/24/2014	0.00	7,266.96
023663	CK	4/24/2014	122276 BRIANNA M. HATCH	10-14		018476	VO	REFUND	4/24/2014	0.00	3,286.44
023664	CK	4/24/2014	F0450B1 ESTATE OF JULIA COLE	10-14		018477	VO	DEATH BENEFIT	4/24/2014	0.00	3,415.35
023665	CK	4/24/2014	F2614S GRETCHEN H. ROGERS	10-14		018478	VO	DEATH BENEFIT	4/24/2014	0.00	619.80
023666	CK	4/24/2014	F3785S NORIKO TOWN	10-14		018479	VO	DEATH BENEFIT	4/24/2014	0.00	3,110.15
023667	CK	4/24/2014	F3994B1 JOSE LUIS CARRILLO	10-14		018480	VO	DEATH BENEFIT	4/24/2014	0.00	2,909.92
023668	CK	4/24/2014	F4345S BARBARA A. KURTZ	10-14		018481	VO	DEATH BENEFIT	4/24/2014	0.00	2,735.84
023669	CK	4/24/2014	XXXXX1061 GINA MARIE LUPO	10-14		018483	VO	REFUND	4/24/2014	0.00	25,278.41
023670	CK	4/24/2014	CORPORATE STAPLES ADVANTAGE	10-14		018484	VO	ADMIN EXP	4/24/2014	0.00	94.21

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023671	CK	4/24/2014	HEXAVEST HEXAVEST INC	10-14	018485	VO	INVESTMENT FEES	4/24/2014	0.00	91,776.02
023672	CK	4/24/2014	MBS MANAGED BUSINESS SOLUTION	10-14	018486	VO	PAS	4/24/2014	0.00	20,949.38
023673	CK	4/24/2014	VOLT VOLT	10-14	018487	VO	ADMIN EXP	4/24/2014	0.00	2,191.81
023674	CK	4/24/2014	WALTER WALTER SCOTT & PARTNERS LII	10-14	018488	VO	INVESTMENT FEES	4/24/2014	0.00	201,170.91
023675	CK	4/24/2014	WOLTERS WOLTERS KLUWER LAW & BUSII	10-14	018489	VO	ADMIN EXP	4/24/2014	0.00	446.13
023676	CK	4/24/2014	CHILD5 STATE DISBURSEMENT UNIT (SI	10-14	018364	VO	CRT ORDERED PMT	3/27/2014	0.00	511.00
023677	CK	4/29/2014	CA SDU CALIFORNIA STATE	10-14	018490	VO	CRT ORDERED PMT	4/29/2014	0.00	1,175.58
023678	CK	4/29/2014	CALPERS CALPERS LONG-TERM	10-14	018491	VO	INSURANCE	4/29/2014	0.00	18,582.42
023679	CK	4/29/2014	CHILD21 OREGON DEPT OF JUSTICE	10-14	018492	VO	CRT ORDERED PMT	4/29/2014	0.00	171.74
023680	CK	4/29/2014	CHILD5 STATE DISBURSEMENT UNIT (SI	10-14	018493	VO	CRT ORDERED PMT	4/29/2014	0.00	511.00
023681	CK	4/29/2014	CHILD9 SHERIDA SEGALL	10-14	018494	VO	CRT ORDERED PMT	4/29/2014	0.00	260.00
023682	CK	4/29/2014	CVMP COUNTY OF VENTURA	10-14	018495	VO	INSURANCE	4/29/2014	0.00	522,617.94
023683	CK	4/29/2014	FTBCA3 FRANCHISE TAX BOARD	10-14	018496	VO	GARNISHMENT	4/29/2014	0.00	137.26

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				To Post	Closed						
023684	CK	4/29/2014	IRS6 INTERNAL REVENUE SERVICE	10-14		018497	VO	GARNISHMENT	4/29/2014	0.00	321.00
023685	CK	4/29/2014	IRS7 INTERNAL REVENUE SERVICE	10-14		018498	VO	GARNISHMENT	4/29/2014	0.00	500.00
023686	CK	4/29/2014	SEIU SEIU LOCAL 721	10-14		018499	VO	DUES	4/29/2014	0.00	298.50
023687	CK	4/29/2014	SPOUSE2 KELLY SEARCY	10-14		018500	VO	CRT ORDERED PMT	4/29/2014	0.00	1,874.00
023688	CK	4/29/2014	SPOUSE3 ANGELINA ORTIZ	10-14		018501	VO	CRT ORDERED PMT	4/29/2014	0.00	250.00
023689	CK	4/29/2014	SPOUSE4 CATHY C. PEET	10-14		018502	VO	CRT ORDERED PMT	4/29/2014	0.00	550.00
023690	CK	4/29/2014	SPOUSE5 SUZANNA CARR	10-14		018503	VO	CRT ORDERED PMT	4/29/2014	0.00	829.00
023691	CK	4/29/2014	SPOUSE6 BARBARA JO GREENE	10-14		018504	VO	CRT ORDERED PMT	4/29/2014	0.00	675.00
023692	CK	4/29/2014	VCDSA VENTURA COUNTY DEPUTY	10-14		018505	VO	INSURANCE	4/29/2014	0.00	255,432.13
023693	CK	4/29/2014	VCPFF VENTURA COUNTY PROFESSIOI	10-14		018506	VO	INSURANCE	4/29/2014	0.00	74,771.08
023694	CK	4/29/2014	VCREA RETIRED EMPLOYEES' ASSOCIAT	10-14		018507	VO	DUES	4/29/2014	0.00	4,239.00
023695	CK	4/29/2014	VRSD VENTURA REGIONAL	10-14		018508	VO	INSURANCE	4/29/2014	0.00	6,147.34
023696	CK	4/29/2014	VSP VISION SERVICE PLAN - (CA)	10-14		018509	VO	INSURANCE	4/29/2014	0.00	8,382.60

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Check Count:		119								<b>Acct Sub Total:</b>	<b>2,106,135.21</b>

Check Type	Count	Amount Paid
Regular	118	2,106,646.21
Hand	0	0.00
Electronic Payment	0	0.00
Void	1	-511.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
<b>Total:</b>	<b>119</b>	<b>2,106,135.21</b>

<b>Company Disc Total</b>	<b>0.00</b>	<b>Company Total</b>	<b>2,106,135.21</b>
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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2013-2014**  
**April 2014 - 83.3% of Fiscal Year Expended**

EXPENDITURE DESCRIPTIONS	Adopted 2013/2014 Budget	Adjusted 2013/2014 Budget	Apr-14	Year to Date Expended	Available Balance	Percent Expended
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 1,725,600.00	\$ 1,725,600.00	\$ 99,942.50	\$ 1,211,139.93	\$ 514,460.07	70.19%
Extra-Help	25,000.00	25,000.00	8,461.71	62,323.00	(37,323.00)	249.29%
Overtime	1,500.00	1,500.00	0.00	15,392.13	(13,892.13)	1026.14%
Supplemental Payments	53,700.00	53,700.00	3,005.36	36,857.27	16,842.73	68.64%
Vacation Redemption	87,500.00	87,500.00	3,610.60	111,292.71	(23,792.71)	127.19%
Retirement Contributions	424,800.00	424,800.00	23,977.41	286,254.17	138,545.83	67.39%
OASDI Contributions	107,800.00	107,800.00	6,416.20	76,434.11	31,365.89	70.90%
FICA-Medicare	27,000.00	27,000.00	1,500.58	19,446.72	7,553.28	72.02%
Retiree Health Benefit	16,200.00	16,200.00	1,395.20	13,690.16	2,509.84	84.51%
Group Health Insurance	170,800.00	170,800.00	10,830.00	124,028.08	46,771.92	72.62%
Life Insurance/Mgmt	1,000.00	1,000.00	69.20	781.93	218.07	78.19%
Unemployment Insurance	2,200.00	2,200.00	119.85	1,461.60	738.40	66.44%
Management Disability Insurance	4,200.00	4,200.00	244.14	2,905.08	1,294.92	69.17%
Worker' Compensation Insurance	10,900.00	10,900.00	722.08	8,931.39	1,968.61	81.94%
401K Plan Contribution	33,800.00	33,800.00	1,742.21	19,434.45	14,365.55	57.50%
Transfers In	60,800.00	60,800.00	7,149.30	54,086.49	6,713.51	88.96%
Transfers Out	(60,800.00)	(60,800.00)	(7,149.30)	(54,086.49)	(6,713.51)	88.96%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 2,692,000.00</b>	<b>\$ 2,692,000.00</b>	<b>\$ 162,037.04</b>	<b>\$ 1,990,372.73</b>	<b>\$ 701,627.27</b>	<b>73.94%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 46,600.00	\$ 46,600.00	\$ 3,245.01	\$ 33,137.72	\$ 13,462.28	71.11%
General Insurance - ISF	12,300.00	12,300.00	0.00	6,131.00	6,169.00	49.85%
Office Equipment Maintenance	1,000.00	1,000.00	0.00	639.16	360.84	63.92%
Membership and Dues	9,300.00	9,300.00	0.00	7,820.00	1,480.00	84.09%
Education Allowance	6,000.00	6,000.00	0.00	4,000.00	2,000.00	66.67%
Cost Allocation Charges	57,300.00	57,300.00	28,618.00	57,237.00	63.00	99.89%
Printing Services - Not ISF	6,000.00	6,000.00	0.00	458.05	5,541.95	7.63%
Books & Publications	2,000.00	2,000.00	924.16	1,881.34	118.66	94.07%
Office Supplies	20,000.00	20,000.00	440.09	12,434.18	7,565.82	62.17%
Postage & Express	55,000.00	55,000.00	3,503.11	37,329.77	17,670.23	67.87%
Printing Charges - ISF	12,500.00	12,500.00	0.00	2,952.60	9,547.40	23.62%
Copy Machine Services - ISF	7,100.00	7,100.00	0.00	2,730.75	4,369.25	38.46%
Board Member Fees	11,000.00	11,000.00	0.00	8,700.00	2,300.00	79.09%
Professional Services	957,400.00	957,400.00	70,667.60	720,109.39	237,290.61	75.22%
Storage Charges	4,000.00	4,000.00	400.29	4,092.07	(92.07)	102.30%
Equipment	15,000.00	15,000.00	0.00	468.69	14,531.31	3.12%
Office Lease Payments	186,400.00	186,400.00	0.00	132,527.64	53,872.36	71.10%
Private Vehicle Mileage	8,300.00	8,300.00	87.36	6,586.16	1,713.84	79.35%
Conference, Seminar and Travel	65,000.00	65,000.00	2,377.49	48,835.38	16,164.62	75.13%
Furniture	11,200.00	11,200.00	0.00	9,408.99	1,791.01	84.01%
Facilities Charges	65,200.00	65,200.00	215.00	44,387.46	20,812.54	68.08%
Transfers In	11,300.00	11,300.00	1,289.13	9,752.66	1,547.34	86.31%
Transfers Out	(11,300.00)	(11,300.00)	(1,289.13)	(9,752.66)	(1,547.34)	86.31%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,558,600.00</b>	<b>\$ 1,558,600.00</b>	<b>\$ 110,478.11</b>	<b>\$ 1,141,867.35</b>	<b>\$ 416,732.65</b>	<b>73.26%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 4,250,600.00</b>	<b>\$ 4,250,600.00</b>	<b>\$ 272,515.15</b>	<b>\$ 3,132,240.08</b>	<b>\$ 1,118,359.92</b>	<b>73.69%</b>
<b>Technology:</b>						
Computer Hardware	\$ 22,200.00	\$ 15,200.00	\$ 74.62	7,343.32	\$ 7,856.68	48.31%
Computer Software	46,200.00	36,700.00	230.84	24,198.32	12,501.68	65.94%
Systems & Application Support	419,900.00	451,400.00	36,820.13	301,428.67	149,971.33	66.78%
Pension Administration System	2,494,400.00	2,692,100.00	232,614.78	2,118,040.80	574,059.20	78.68%
<b>Total Technology</b>	<b>\$ 2,982,700.00</b>	<b>\$ 3,195,400.00</b>	<b>\$ 269,740.37</b>	<b>\$ 2,451,011.11</b>	<b>\$ 744,388.89</b>	<b>76.70%</b>
Contingency	\$ 695,900.00	\$ 483,200.00	\$ -	\$ -	\$ 483,200.00	0.00%
<b>Total Current Year</b>	<b>\$ 7,929,200.00</b>	<b>\$ 7,929,200.00</b>	<b>\$ 542,255.52</b>	<b>\$ 5,583,251.19</b>	<b>\$ 2,345,948.81</b>	<b>70.41%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF FIDUCIARY NET POSITION  
MARCH 31, 2014**

**ASSETS**

**CASH & CASH EQUIVALENTS** **\$54,971,954**

**RECEIVABLES**

ACCRUED INTEREST AND DIVIDENDS	3,604,113
SECURITY SALES	12,591,932
MISCELLANEOUS	21,900
<b>TOTAL RECEIVABLES</b>	<b>16,217,944</b>

**INVESTMENTS AT FAIR VALUE**

DOMESTIC EQUITY SECURITIES	104,288,714
DOMESTIC EQUITY INDEX FUNDS	1,171,202,315
INTERNATIONAL EQUITY SECURITIES	360,880,657
INTERNATIONAL EQUITY INDEX FUNDS	278,092,937
GLOBAL EQUITY	429,153,673
PRIVATE EQUITY	76,026,237
DOMESTIC FIXED INCOME - CORE PLUS	565,780,856
DOMESTIC FIXED INCOME - U.S. INDEX	133,585,123
GLOBAL FIXED INCOME	256,674,077
REAL ESTATE	299,042,579
ALTERNATIVES	395,469,175
CASH OVERLAY - CLIFTON	(45,587)
<b>TOTAL INVESTMENTS</b>	<b>4,070,150,755</b>

**PENSION SOFTWARE DEVELOPMENT COSTS** **3,443,718**

**TOTAL ASSETS** **4,144,784,370**

**LIABILITIES**

SECURITY PURCHASES PAYABLE	13,904,716
ACCOUNTS PAYABLE	1,797,373
PREPAID CONTRIBUTIONS	35,550,196
	<b>51,252,284</b>

**TOTAL LIABILITIES** **51,252,284**

**NET POSITION RESTRICTED FOR PENSIONS** **\$4,093,532,086**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

**ADDITIONS**

**CONTRIBUTIONS**

EMPLOYER	\$118,635,758
EMPLOYEE	32,788,828
<b>TOTAL CONTRIBUTIONS</b>	<u>151,424,586</u>

**INVESTMENT INCOME**

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	454,548,759
INTEREST INCOME	10,491,777
DIVIDEND INCOME	18,763,091
REAL ESTATE OPERATING INCOME, NET	10,917,460
SECURITY LENDING INCOME	99,722
<b>TOTAL INVESTMENT INCOME</b>	<u>494,820,810</u>

**LESS INVESTMENT EXPENSES**

MANAGEMENT & CUSTODIAL FEES	9,481,494
SECURITIES LENDING BORROWER REBATES	(37,170)
SECURITIES LENDING MANAGEMENT FEES	44,156
<b>TOTAL INVESTMENT EXPENSES</b>	<u>9,488,481</u>

**NET INVESTMENT INCOME** **485,332,329**

**TOTAL ADDITIONS** **636,756,915**

**DEDUCTIONS**

BENEFIT PAYMENTS	162,174,580
MEMBER REFUNDS	3,515,151
ADMINISTRATIVE EXPENSES	5,040,566
<b>TOTAL DEDUCTIONS</b>	<u>170,730,296</u>

**NET INCREASE/(DECREASE)** **466,026,619**

**NET POSITION RESTRICTED FOR PENSIONS**

**BEGINNING OF YEAR** 3,627,505,467

**ENDING BALANCE** \$4,093,532,086



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENTS AND CASH EQUIVALENTS**  
**MARCH 31, 2014**

<b>EQUITY</b>		
<b>DOMESTIC EQUITY</b>		
WESTERN ASSET INDEX PLUS	\$104,288,714	\$19,937,347
<b>TOTAL DOMESTIC EQUITY</b>	<b>104,288,714</b>	<b>19,937,347</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US EQUITY MARKET	1,126,755,313	0
BLACKROCK - EXTENDED EQUITY	44,447,001	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,171,202,315</b>	<b>1</b>
<b>INTERNATIONAL EQUITY</b>		
SPRUCEGROVE	189,498,091	0
HEXAVEST	80,003,969	0
WALTER SCOTT	91,378,596	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>360,880,657</b>	<b>0</b>
<b>INTERNATIONAL INDEX FUNDS</b>		
BLACKROCK - ACWIXUS	278,092,937	0
<b>TOTAL INTERNATIONAL INDEX FUNDS</b>	<b>278,092,937</b>	<b>0</b>
<b>GLOBAL EQUITY</b>		
GRANTHAM MAYO AND VAN OTTERLOO (GMO)	213,996,782	0
BLACKROCK - GLOBAL INDEX	215,156,890	0
<b>TOTAL GLOBAL EQUITY</b>	<b>429,153,673</b>	<b>0</b>
<b>PRIVATE EQUITY</b>		
ADAMS STREET	49,805,572	0
PANTHEON	9,497,234	0
HARBOURVEST	16,723,431	0
<b>TOTAL PRIVATE EQUITY</b>	<b>76,026,237</b>	<b>0</b>
<b>FIXED INCOME</b>		
<b>DOMESTIC</b>		
LOOMIS SAYLES AND COMPANY	65,478,671	2,876,693
REAMS	251,277,531	182
WESTERN ASSET MANAGEMENT	249,024,654	5,509,499
<b>TOTAL DOMESTIC</b>	<b>565,780,856</b>	<b>8,386,373</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US DEBT INDEX	133,585,123	0
<b>TOTAL DOMESTIC INDEX FUNDS</b>	<b>133,585,123</b>	<b>0</b>
<b>GLOBAL</b>		
LOOMIS SAYLES AND COMPANY	93,795,419	0
LOOMIS ALPHA	41,107,353	0
PIMCO	121,771,305	2,370,247
<b>TOTAL GLOBAL</b>	<b>256,674,077</b>	<b>2,370,247</b>



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

**EQUITY MANAGERS**

**DOMESTIC**

BLACKROCK - US EQUITY	\$175,478
BLACKROCK - EXTENDED EQUITY	12,475
WESTERN ASSET INDEX PLUS	166,137
<b>TOTAL</b>	<b>354,090</b>

**INTERNATIONAL**

BLACKROCK - ACWIXUS	230,938
SPRUCEGROVE	513,037
HEXAVEST	270,564
WALTER SCOTT	604,975
<b>TOTAL</b>	<b>1,619,515</b>

**GLOBAL**

GRANTHAM MAYO VAN OTTERLOO (GMO)	821,915
BLACKROCK - GLOBAL INDEX	56,478
<b>TOTAL</b>	<b>878,393</b>

**PRIVATE EQUITY**

ADAMS STREET	1,014,062
HARBOURVEST	274,279
PANTHEON	75,000
<b>TOTAL</b>	<b>1,363,341</b>

**FIXED INCOME MANAGERS**

**DOMESTIC**

BLACKROCK - US DEBT INDEX	69,592
LOOMIS, SAYLES AND COMPANY	208,450
REAMS ASSET MANAGEMENT	337,260
WESTERN ASSET MANAGEMENT	357,025
<b>TOTAL</b>	<b>972,327</b>

**GLOBAL**

LOOMIS, SAYLES AND COMPANY	187,698
LOOMIS ALPHA	115,424
PIMCO	296,812
<b>TOTAL</b>	<b>599,935</b>

**REAL ESTATE**

PRUDENTIAL REAL ESTATE ADVISORS	562,552
RREEF	74,525
UBS REALTY	1,389,688
<b>TOTAL</b>	<b>2,026,765</b>

**ALTERNATIVES**

BRIDGEWATER	694,148
TORTOISE	578,128
<b>TOTAL</b>	<b>1,272,276</b>

**CASH OVERLAY - CLIFTON**

**113,297**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

<b>SECURITIES LENDING</b>	
BORROWERS REBATE	(37,170)
MANAGEMENT FEES	44,156
<b>TOTAL</b>	<u>6,987</u>
<b>OTHER</b>	
INVESTMENT CONSULTANT	216,434
INVESTMENT CUSTODIAN	65,121
<b>TOTAL</b>	<u>281,555</u>
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<u><u>\$9,488,481</u></u>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**APRIL 30, 2014**

**ASSETS**

**CASH & CASH EQUIVALENTS** **\$56,245,230**

**RECEIVABLES**

ACCRUED INTEREST AND DIVIDENDS	4,223,533
SECURITY SALES	3,711,473
MISCELLANEOUS	21,900
<b>TOTAL RECEIVABLES</b>	<b>7,956,906</b>

**INVESTMENTS AT FAIR VALUE**

DOMESTIC EQUITY SECURITIES	103,692,618
DOMESTIC EQUITY INDEX FUNDS	1,150,222,074
INTERNATIONAL EQUITY SECURITIES	367,333,004
INTERNATIONAL EQUITY INDEX FUNDS	281,384,758
GLOBAL EQUITY	435,111,045
PRIVATE EQUITY	79,164,083
DOMESTIC FIXED INCOME - CORE PLUS	570,339,160
DOMESTIC FIXED INCOME - U.S. INDEX	134,719,658
GLOBAL FIXED INCOME	261,325,631
REAL ESTATE	298,330,294
ALTERNATIVES	400,155,503
CASH OVERLAY - CLIFTON	(39,142)
<b>TOTAL INVESTMENTS</b>	<b>4,081,738,687</b>

**PENSION SOFTWARE DEVELOPMENT COSTS** **3,443,718**

**TOTAL ASSETS** **4,149,384,540**

**LIABILITIES**

SECURITY PURCHASES PAYABLE	6,602,715
ACCOUNTS PAYABLE	1,429,793
PREPAID CONTRIBUTIONS	21,781,858
	<b>29,814,366</b>

**TOTAL LIABILITIES** **29,814,366**

**NET POSITION RESTRICTED FOR PENSIONS** **\$4,119,570,174**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE TEN MONTHS ENDED APRIL 30, 2014**

**ADDITIONS**

**CONTRIBUTIONS**

EMPLOYER	\$131,648,178
EMPLOYEE	36,290,387
<b>TOTAL CONTRIBUTIONS</b>	<u><b>167,938,566</b></u>

**INVESTMENT INCOME**

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	482,104,286
INTEREST INCOME	11,733,838
DIVIDEND INCOME	19,350,087
REAL ESTATE OPERATING INCOME, NET	10,917,460
SECURITY LENDING INCOME	112,414
<b>TOTAL INVESTMENT INCOME</b>	<u><b>524,218,086</b></u>

**LESS INVESTMENT EXPENSES**

MANAGEMENT & CUSTODIAL FEES	9,621,975
SECURITIES LENDING BORROWER REBATES	(39,154)
SECURITIES LENDING MANAGEMENT FEES	48,597
<b>TOTAL INVESTMENT EXPENSES</b>	<u><b>9,631,418</b></u>

**NET INVESTMENT INCOME** **514,586,668**

**TOTAL ADDITIONS** **682,525,234**

**DEDUCTIONS**

BENEFIT PAYMENTS	180,804,213
MEMBER REFUNDS	4,072,440
ADMINISTRATIVE EXPENSES	5,583,875
<b>TOTAL DEDUCTIONS</b>	<u><b>190,460,527</b></u>

**NET INCREASE/(DECREASE)** **492,064,707**

**NET POSITION RESTRICTED FOR PENSIONS**

**BEGINNING OF YEAR** **3,627,505,467**

**ENDING BALANCE** **\$4,119,570,174**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENTS AND CASH EQUIVALENTS**  
**APRIL 30, 2014**

<b>EQUITY</b>		
<b>DOMESTIC EQUITY</b>		
WESTERN ASSET INDEX PLUS	\$103,692,618	\$21,429,731
<b>TOTAL DOMESTIC EQUITY</b>	<b>103,692,618</b>	<b>21,429,731</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US EQUITY MARKET	1,106,874,354	0
BLACKROCK - EXTENDED EQUITY	43,347,721	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,150,222,074</b>	<b>1</b>
<b>INTERNATIONAL EQUITY</b>		
SPRUCEGROVE	192,705,242	0
HEXAVEST	81,326,732	0
WALTER SCOTT	93,301,030	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>367,333,004</b>	<b>0</b>
<b>INTERNATIONAL INDEX FUNDS</b>		
BLACKROCK - ACWIXUS	281,384,758	0
<b>TOTAL INTERNATIONAL INDEX FUNDS</b>	<b>281,384,758</b>	<b>0</b>
<b>GLOBAL EQUITY</b>		
GRANTHAM MAYO AND VAN OTTERLOO (GMO)	217,810,142	0
BLACKROCK - GLOBAL INDEX	217,300,903	0
<b>TOTAL GLOBAL EQUITY</b>	<b>435,111,045</b>	<b>0</b>
<b>PRIVATE EQUITY</b>		
ADAMS STREET	49,805,572	0
PANTHEON	9,935,080	0
HARBOURVEST	19,423,431	0
<b>TOTAL PRIVATE EQUITY</b>	<b>79,164,083</b>	<b>0</b>
<b>FIXED INCOME</b>		
<b>DOMESTIC</b>		
LOOMIS SAYLES AND COMPANY	67,063,942	2,459,461
REAMS	250,528,907	182
WESTERN ASSET MANAGEMENT	252,746,311	3,843,041
<b>TOTAL DOMESTIC</b>	<b>570,339,160</b>	<b>6,302,684</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US DEBT INDEX	134,719,658	0
<b>TOTAL DOMESTIC INDEX FUNDS</b>	<b>134,719,658</b>	<b>0</b>
<b>GLOBAL</b>		
LOOMIS SAYLES AND COMPANY	94,840,493	0
LOOMIS ALPHA	41,258,483	0
PIMCO	125,226,654	2,418,007
<b>TOTAL GLOBAL</b>	<b>261,325,631</b>	<b>2,418,007</b>





**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE TEN MONTHS ENDED APRIL 30, 2014**

**EQUITY MANAGERS**

**DOMESTIC**

BLACKROCK - US EQUITY	\$175,478
BLACKROCK - EXTENDED EQUITY	12,475
WESTERN ASSET INDEX PLUS	166,137
<b>TOTAL</b>	<b>354,090</b>

**INTERNATIONAL**

BLACKROCK - ACWIXUS	230,938
SPRUCEGROVE	513,037
HEXAVEST	270,564
WALTER SCOTT	604,975
<b>TOTAL</b>	<b>1,619,515</b>

**GLOBAL**

GRANTHAM MAYO VAN OTTERLOO (GMO)	916,602
BLACKROCK - GLOBAL INDEX	56,478
<b>TOTAL</b>	<b>973,080</b>

**PRIVATE EQUITY**

ADAMS STREET	1,014,062
HARBOURVEST	274,279
PANTHEON	112,500
<b>TOTAL</b>	<b>1,400,841</b>

**FIXED INCOME MANAGERS**

**DOMESTIC**

BLACKROCK - US DEBT INDEX	69,592
LOOMIS, SAYLES AND COMPANY	208,450
REAMS ASSET MANAGEMENT	337,260
WESTERN ASSET MANAGEMENT	357,025
<b>TOTAL</b>	<b>972,327</b>

**GLOBAL**

LOOMIS, SAYLES AND COMPANY	187,698
LOOMIS ALPHA	115,424
PIMCO	296,812
<b>TOTAL</b>	<b>599,935</b>

**REAL ESTATE**

PRUDENTIAL REAL ESTATE ADVISORS	562,552
RREEF	74,525
UBS REALTY	1,389,688
<b>TOTAL</b>	<b>2,026,765</b>

**ALTERNATIVES**

BRIDGEWATER	694,148
TORTOISE	578,128
<b>TOTAL</b>	<b>1,272,276</b>

**CASH OVERLAY - CLIFTON**

**113,297**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE TEN MONTHS ENDED APRIL 30, 2014**

<b>SECURITIES LENDING</b>	
BORROWERS REBATE	(39,154)
MANAGEMENT FEES	48,597
<b>TOTAL</b>	<u>9,443</u>
<b>OTHER</b>	
INVESTMENT CONSULTANT	216,434
INVESTMENT CUSTODIAN	73,415
<b>TOTAL</b>	<u>289,849</u>
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<u><u>\$9,631,418</u></u>



Steady wins™

## Ventura County Employees' Retirement Association

Energy infrastructure | May 19, 2014

# Summary

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- Strong absolute performance inception to date (+22.8%)
- Strong relative performance vs. benchmark inception to date - outperformed by 12.1%
- Expect 12%-14% returns from here (5.7% MLP market yield plus 6%-8% growth)
- Intermediate and long-term growth outlook remains favorable
- Midstream MLPs stable, fee-based, defensive characteristics are attractive
- Tortoise's strategy emphasizes larger, investment grade, more stable fee-based sectors

As of 3/31/2014. Returns are presented gross of fees. Please see important disclosures at end of presentation.

**Past performance is no guarantee of future results.**

# Organizational update

# The Tortoise team brings depth of experience

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**52 people** focused on energy

**Five person investment committee** averaging 28 years of experience

**Portfolio/trading team** averages 8 years with 7 senior analyst/traders averaging more than 13 years of experience

**We are personally committed to our clients**

23 TCA employees own approximately 39% of the management company

We only develop investment strategies in which we invest ourselves

As of 3/31/2014.

# The Tortoise team

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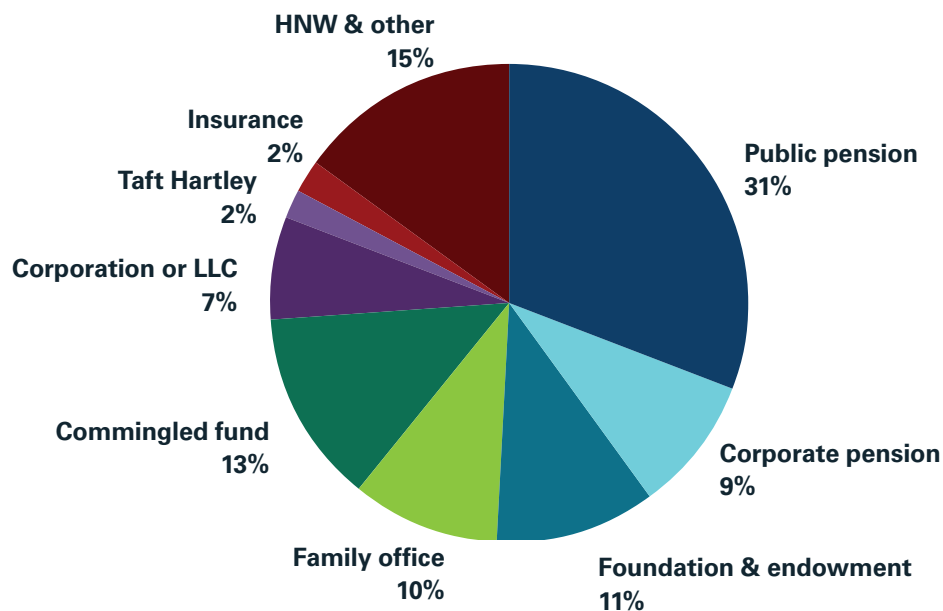


As of 3/31/2014.

No changes to the investment committee. 1 investment analyst and 1 junior analyst hired, 2 research analysts departed. PM and MD promotions.  
(Since Ventura inception 4/30/2013)

# Breakout of institutional clients

Total SMA accounts: \$7.1 billion



## Evolution of SMA client base (Last 12 months)

Accounts gained by type	# of accounts	Amount (\$ in millions)
Public pension	5	474.0
Foundation & endowment	29	205.6
Family office	0	-
Commingled fund	2	55.2
Corporation or LLC	23	91.4
Corporate pension	3	50.2
Insurance	2	102.0
HNW & other	214	141.9
<b>Totals</b>	<b>278</b>	<b>\$1,120.3</b>

Accounts lost by type	# of accounts	Amount (\$ in millions)
Public pension	0	-
Foundation & endowment	2	49.5
Family office	0	-
Commingled fund	1	1.8
Corporation or LLC	4	13.4
Corporate pension	2	14.9
Insurance	0	-
HNW & other	53	80.3
<b>Totals</b>	<b>62</b>	<b>\$159.9</b>

As of 3/31/2014.

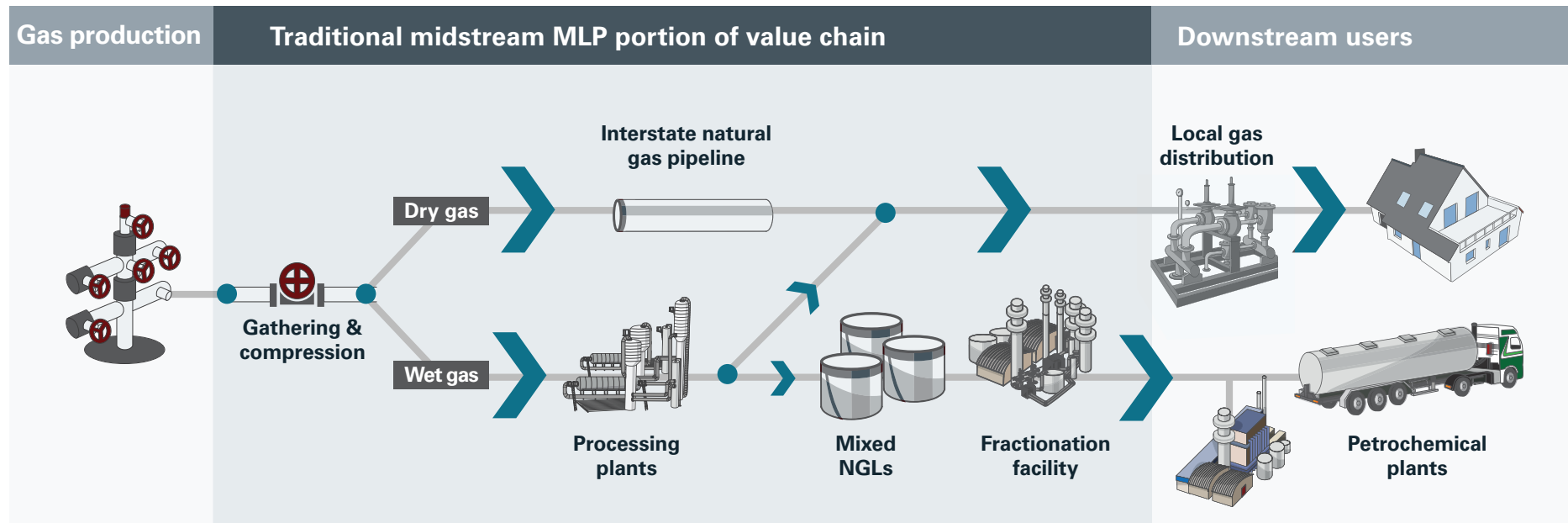


# Strategy and performance

# Energy value chain: midstream focus

**Midstream MLPs are publicly traded companies operating essential energy toll roads**

- Pipeline companies generally have steady, recurring, fee-based cash flows with limited direct commodity price exposure
- Cash flow generally grows with the economy, population and project development and acquisitions



# MLP SMA investment strategy

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**We have consistently pursued a strategy focused on long-haul, fee-based, investment grade companies for their compelling risk and return characteristics**

**Own strategic assets** critical to sustainability and growth of economic activity

**Emphasize high quality** companies

- Long-haul pipeline asset footprint
- Proven management teams
- Fee-based cash flow generation with investment grade metrics

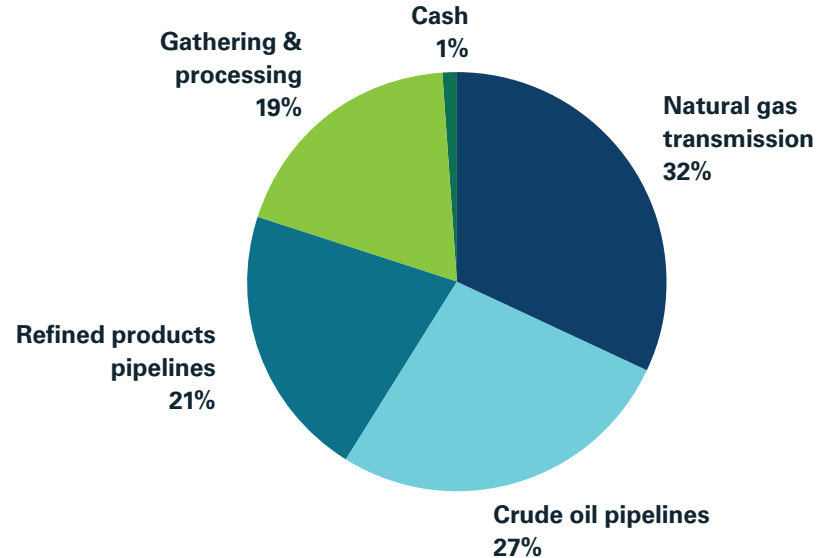
**Prefer internal and dropdown growth potential** with low cost of capital

# Ventura County ERA separate account profile

Midstream strategy emphasizes high-quality companies that generate recurring cash flows

## Characteristics

Long-haul pipelines	79%
Fee-based cash flows	89%
Investment grade rating	70%
Capitalization above \$1bn	100%
Average annual turnover	20-25%
Number of names	20-30
Securities lending	None



As of 3/31/2014.

# Account performance summary

	Quarter to date	Year to date	Since inception <sup>1</sup>
<b>Account (gross of fees)</b>	8.68%	8.68%	22.80%
<b>Account (net of fees)</b>	8.51%	8.51%	22.08%
<b>Tortoise MLP Index<sup>®</sup></b>	3.12%	3.12%	10.68%
<b>Under/over performance (gross)</b>	5.56	5.56	12.12
<b>Under/over performance (net)</b>	5.39	5.39	11.40
<b>Wells Fargo MLP Index</b>	3.10%	3.10%	10.25%
<b>S&amp;P MLP<sup>®</sup> Index</b>	2.77%	2.77%	9.99%
<b>S&amp;P 500<sup>®</sup> Index</b>	1.81%	1.81%	19.55%

## Portfolio activity summary From 4/22/2013 to 3/31/2014

<b>Portfolio value on 4/22/2013</b>	\$0
<b>Contributions</b>	109,000,000
<b>Withdrawals</b>	0
<b>Realized gains</b>	-1,108,337
<b>Unrealized gains</b>	21,110,908
<b>Interest</b>	8,611
<b>Dividends</b>	4,686,287
<b>Portfolio value on 3/31/2014</b>	\$133,697,469

All returns through 3/31/2014. Annualized for periods over 1 year. <sup>1</sup>Performance inception date: 4/30/2013. It is not possible to invest directly in an index. Please see important disclosures at end of presentation.

**Past performance is no guarantee of future results.**

# Performance drivers since inception

## Positive contributors

### Sub-sector/thematic performance

- High growth names and those with liquids exposure outperformed
- Overweight refined products pipelines (up 30%)
- Overweight gathering & processing (up 19%)

## Negative contributors

### Sub-sector/thematic performance

- All sub-sectors contributed positively to performance during the since inception period

**Overall, outperformed  
MLP market by 12.1%**

### Individual security selection

- Overweight SXL (up 52%)
- Overweight MMP (up 37%)
- Overweight ACMP (up 45%)
- Underweight LINE (down 19%)

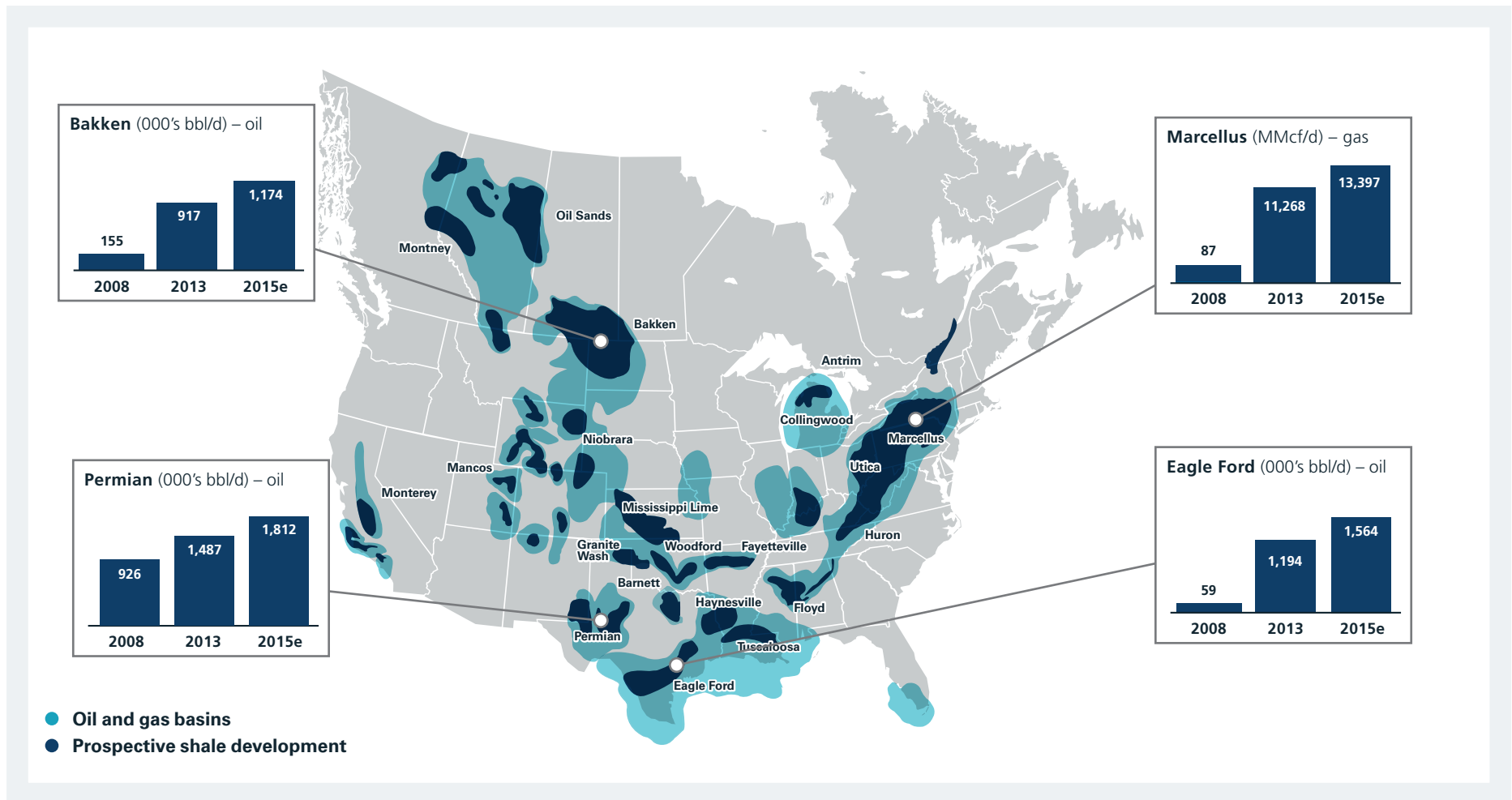
### Individual security selection

- Overweight WMB (up 11%)
- Overweight PAA (up 0%)
- Underweight ENLK (up 76%)
- Underweight EQM (up 57%)

As of 3/31/2014. Returns presented are market total returns.

# **Current conditions and market outlook**

# Growing North American oil and gas production



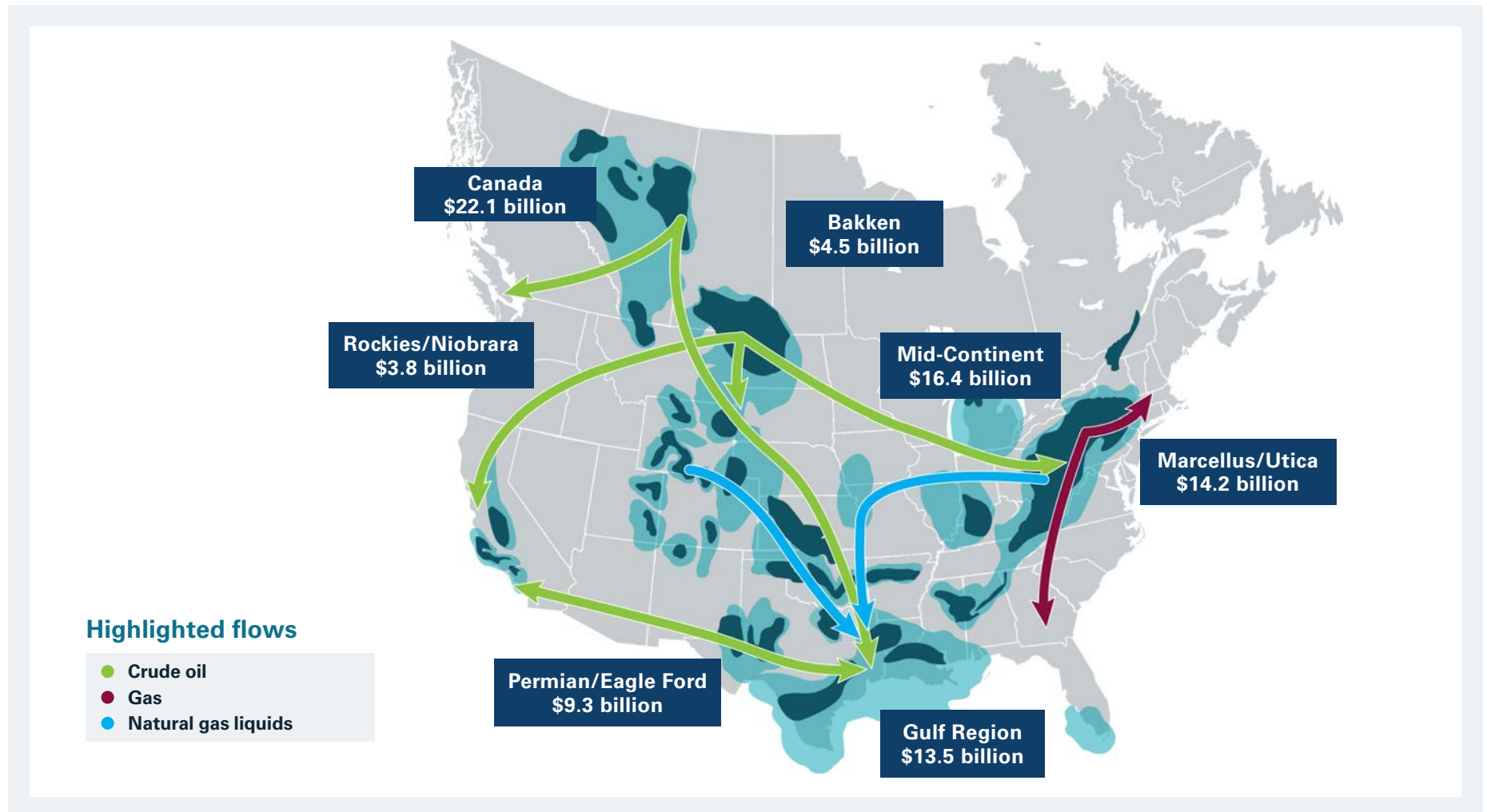
Source: ITG and Tortoise Capital Advisors

Note: 000's bbl/d = thousands barrels per day. MMcf/d = million cubic feet per day.



# Midstream projections

Approximately \$110 billion in MLP, pipeline and related projects 2014e-2016e

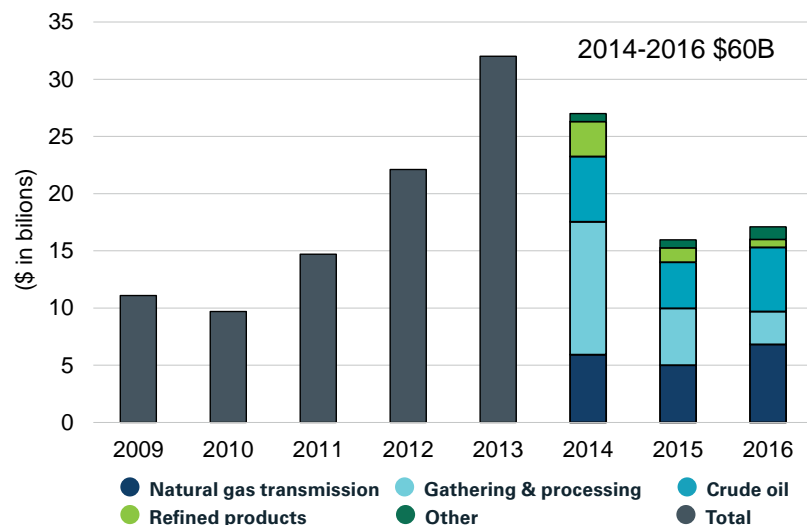


Source: Tortoise Capital Advisors

Note: Total capital investment also includes miscellaneous other projects totaling approximately \$25.3 billion.

# MLP growth implications: robust activity continues

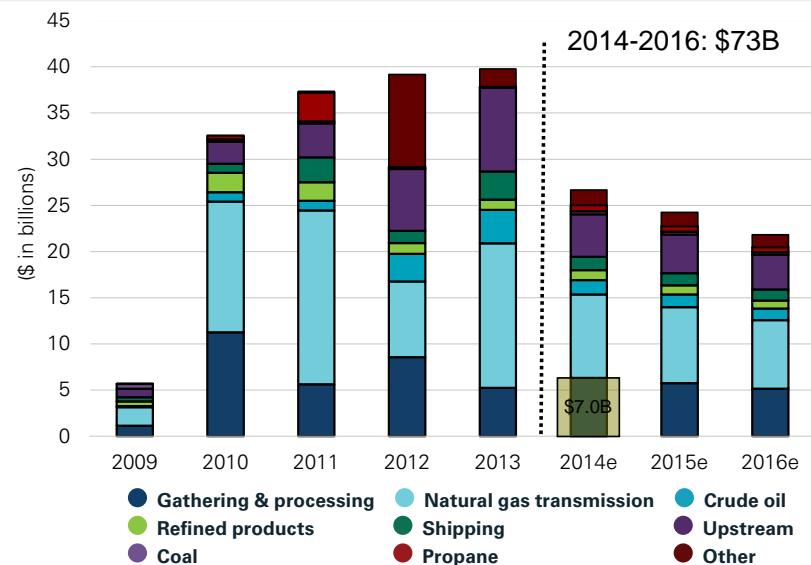
## Internal growth projects



### Announced capital investment across all sectors totals \$60 billion from 2014-2016

- Organic capital expenditure of ~\$32 billion in 2013
- Internal growth projects focused on crude oil, gathering and processing, and natural gas transmission
- Largest areas of infrastructure need are the Marcellus/Utica where fractionation, processing, NGL pipeline systems, and gathering are needed to meet booming production and the Gulf Coast where infrastructure is needed to meet growing liquids production
- Significant infrastructure needs remain in the Gulf Coast, Eagle Ford, Permian, and Mid-Continent for additional pipelines and processing
- Continued oil production growth in Bakken and Eagle Ford, along with renewed production in Permian, driving infrastructure demand

## Acquisition activity



### Acquisitions estimated to total \$73 billion over the next three years with strong dropdown visibility

- Projected acquisition capital expenditures of \$27 billion in 2014 as assets migrate to MLP structure
- Access to debt and equity markets has remained robust
- 1<sup>st</sup> quarter acquisition activity strong
  - \$7.0 billion, led by \$3.1 billion in gathering & processing
  - \$1.2 billion in shipping
  - \$1.1 billion in refined products
  - 25 total transactions

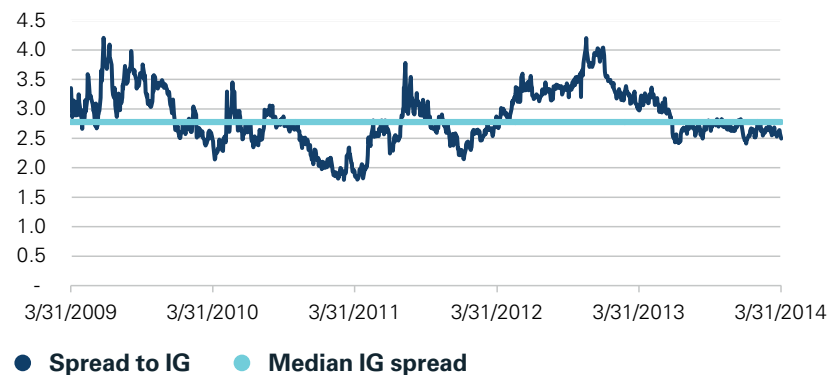
Source: Company filings, TCA estimates, Barclays, Wells Fargo

# Valuation – yield spreads

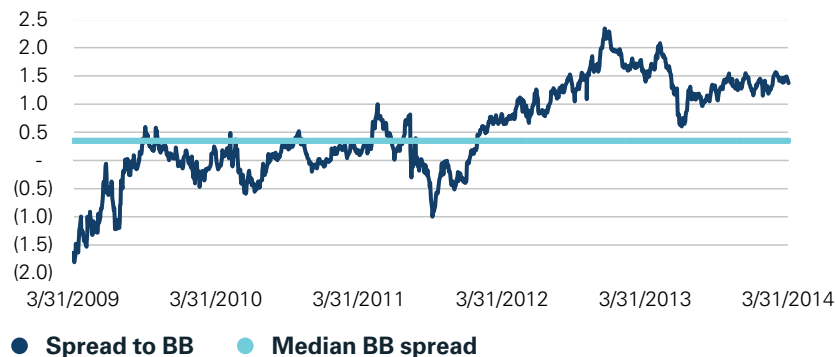
## MLPs look mixed relative to fixed income

- Spread to investment grade close to historical average: 250 bps vs. 278 bps historically
- Spread to BB wider than average: 137 bps vs. 35 bps
- Spread to 10 year is 297 bps vs. 402 bps historically
- *Five year median used for historical numbers*

## Spread vs. investment grade



## Spread vs. BB



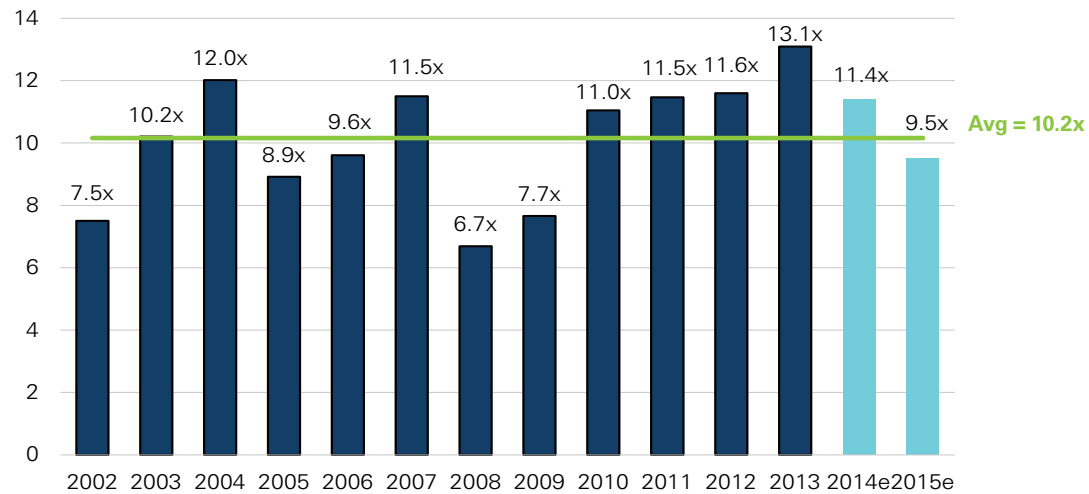
## Spread vs. 10yr treasury



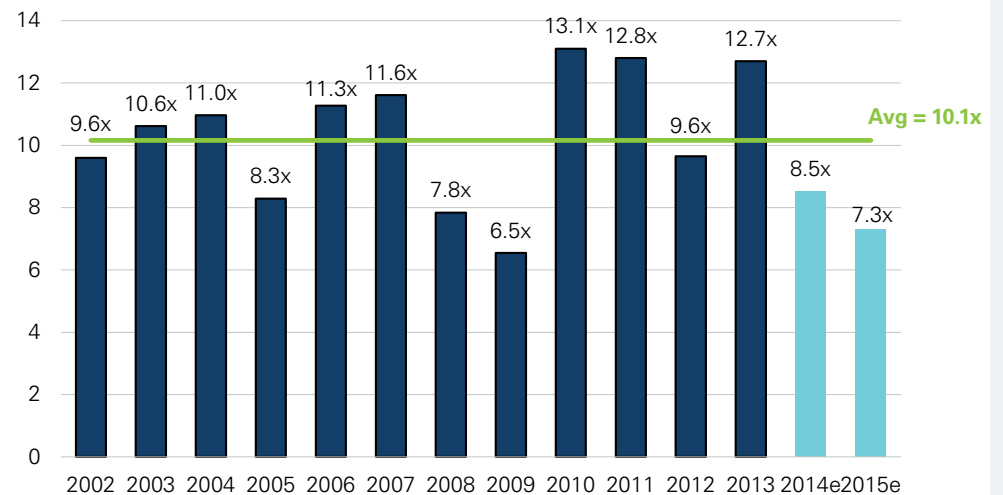
As of 3/31/2014. Source: Bloomberg.

# Valuation – multiples by sector: P/DCF

## Long-haul



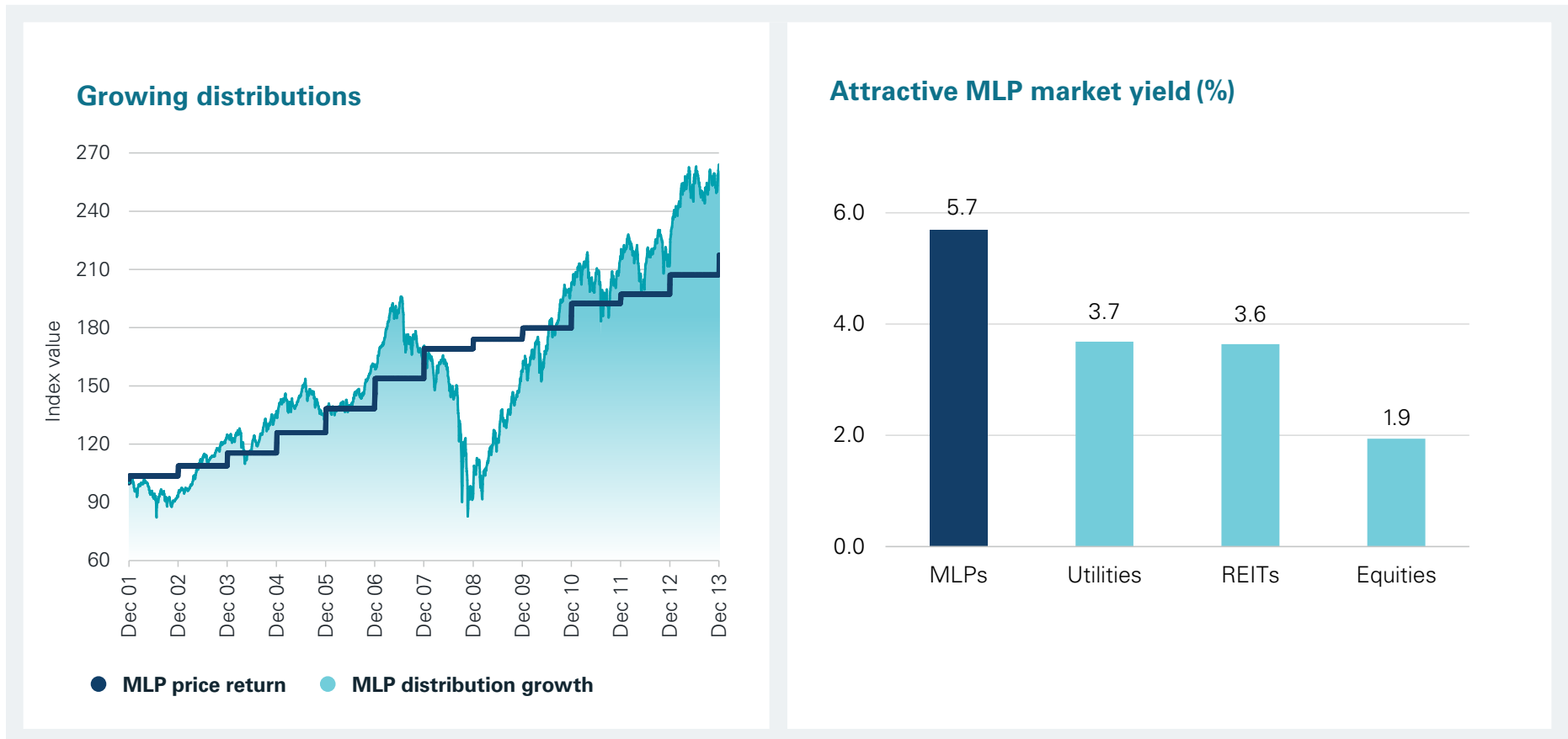
## Gathering & processing



Cash flow multiples remain within historical range

As of 3/31/2014. Source: Bloomberg.

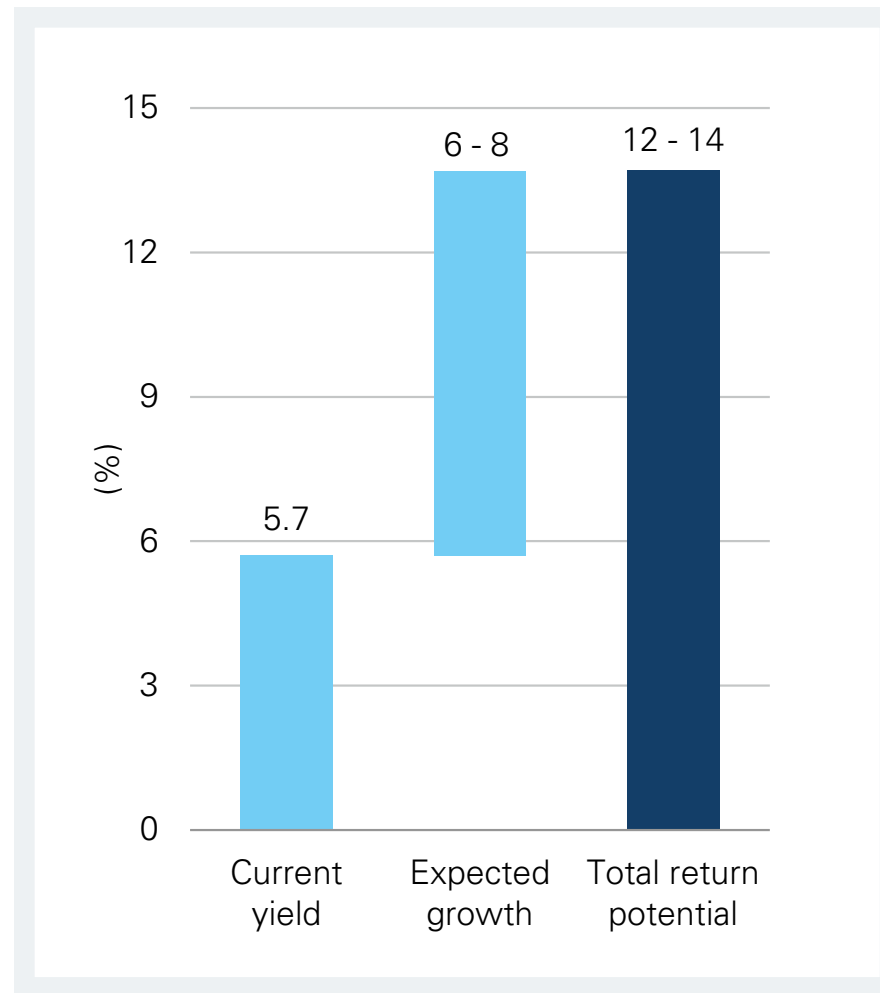
# Total return drivers



Yield as of 3/31/2014.

Source: Bloomberg and Tortoise Capital Advisors. Please see important disclosures at end of presentation.

# Next 12 months MLP market total return outlook



As of 3/31/2014. Please see important disclosures at end of presentation.  
Source: Tortoise Capital Advisors and Bloomberg

# Appendix

May 8, 2014

Re: Investment guideline compliance

Dear Ventura County Employees' Retirement Association Board of Retirement,

I, Kenneth P. Malvey, hereby certify that Tortoise Capital Advisors, L.L.C. has adhered to, and the Ventura County Employees' Retirement Association account has been, and continues to be in compliance with the Investment Policy Manual dated January, 2013, which is the most current version we have received.

Thank you for your investment.

Sincerely,



Kenneth P. Malvey  
Managing Director  
Tortoise Capital Advisors, L.L.C.



# Ventura County ERA portfolio as of 3/31/14

Symbol	Description	Shares Held	Unit Cost	Total Cost	Current Price	Current Value	Market Weight
<i>Crude Oil Pipelines</i>							
PAGP	Plains GP Holdings LP	33835	\$ 22.00	\$ 744,370.00	\$ 27.98	\$ 946,703.30	0.71%
GEL	Genesis Energy LP	63499	\$ 49.41	\$ 3,137,645.01	\$ 54.20	\$ 3,441,645.80	2.57%
OILT	Oiltanking Partners, L.P.	35670	\$ 52.18	\$ 1,861,345.40	\$ 77.11	\$ 2,750,513.70	2.06%
PAA	Plains All American Pipeline, L.P.	214619	\$ 56.56	\$ 12,138,257.21	\$ 55.12	\$ 11,829,799.28	8.85%
SXL	Sunoco Logistics Partners, L.P.	129370	\$ 62.99	\$ 8,149,454.57	\$ 90.88	\$ 11,757,145.60	8.79%
TLLP	Tesoro Logistics, L.P.	75999	\$ 56.39	\$ 4,285,211.90	\$ 60.21	\$ 4,575,899.79	3.42%
				\$ 30,316,284.09		\$ 35,301,707.47	26.40%
<i>Natural Gas Pipelines</i>							
OKE	ONEOK, Inc	99254	\$ 50.88	\$ 5,049,934.88	\$ 59.25	\$ 5,880,799.50	4.40%
SE	Spectra Energy Corp	145740	\$ 34.41	\$ 5,015,448.21	\$ 36.94	\$ 5,383,635.60	4.03%
WMB	Williams Companies, Inc	67715	\$ 38.14	\$ 2,582,467.78	\$ 40.58	\$ 2,747,874.70	2.06%
ETE	Energy Transfer Equity, L.P.	221975	\$ 29.32	\$ 6,509,002.28	\$ 46.75	\$ 10,377,331.25	7.76%
ETP	Energy Transfer Partners, L.P.	44315	\$ 48.69	\$ 2,157,770.88	\$ 53.79	\$ 2,383,703.85	1.78%
EPD	Enterprise Products Partners, L.P.	188115	\$ 61.86	\$ 11,636,118.47	\$ 69.36	\$ 13,047,656.40	9.76%
RGP	Regency Energy Partners, L.P.	116754	\$ 26.00	\$ 3,035,368.11	\$ 27.22	\$ 3,178,043.88	2.38%
				\$ 35,986,110.61		\$ 42,999,045.18	32.17%
<i>Refined Products Pipelines</i>							
BPL	Buckeye Partners, L.P.	119902	\$ 63.55	\$ 7,620,308.47	\$ 75.05	\$ 8,998,645.10	6.73%
MMP	Magellan Midstream Partners, L.P.	185046	\$ 53.56	\$ 9,911,132.78	\$ 69.74	\$ 12,905,108.04	9.65%
MPLX	MPLX LP	64100	\$ 38.49	\$ 2,467,442.49	\$ 48.99	\$ 3,140,259.00	2.35%
PSXP	Phillips 66 Partners LP	27144	\$ 32.83	\$ 891,264.34	\$ 48.57	\$ 1,318,384.08	0.99%
VLP	Valero Energy Partners, L.P.	33930	\$ 28.58	\$ 969,622.90	\$ 39.59	\$ 1,343,288.70	1.00%
				\$ 21,859,770.98		\$ 27,705,684.92	20.72%
<i>Gathering and Processing</i>							
ACMP	Access Midstream Partners LP	87723	\$ 40.84	\$ 3,582,498.88	\$ 57.55	\$ 5,048,458.65	3.78%
DPM	DCP Midstream Partners, L.P.	84090	\$ 48.64	\$ 4,090,065.12	\$ 50.10	\$ 4,212,909.00	3.15%
ENLK	Enlink Midstream Partners, LP	39745	\$ 29.35	\$ 1,166,426.22	\$ 30.42	\$ 1,209,042.90	0.90%
MWE	Markwest Energy Partners, L.P.	85475	\$ 64.00	\$ 5,470,052.70	\$ 65.32	\$ 5,583,227.00	4.18%
NGLS	Targa Resources Partners, LP	47755	\$ 47.33	\$ 2,260,479.26	\$ 56.26	\$ 2,686,696.30	2.01%
WGP	Western Gas Equity Partners, LP	39200	\$ 34.71	\$ 1,360,705.31	\$ 49.11	\$ 1,925,112.00	1.44%
WES	Western Gas Partners, LP	78480	\$ 59.42	\$ 4,663,173.45	\$ 66.19	\$ 5,194,591.20	3.89%
				\$ 22,593,400.94		\$ 25,860,037.05	19.35%
<i>Cash and Money Funds</i>							
CASH	Cash Account			\$ 1,830,994.02		\$ 1,830,994.02	1.37%
Total Portfolio				\$ 112,586,560.64		\$ 133,697,468.64	100%

# Separate account key contacts

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## Client Relations

Notification on deposits/withdrawals  
Reporting  
General questions  
Billing (advisory fee)  
K-1 checklist  
General tax questions

### **Jenny Park**

Client Service Manager  
913-890-2132  
jpark@tortoiseadvisors.com

### **Ken Malvey, CFA**

Managing Director  
Business Leader of Separate Accounts  
913-890-2127  
kmalvey@tortoiseadvisors.com

## Operations

Custodial account data feed set-up  
Trade settlement issues  
Investment accounting and reconciliation

### **Connie Savage, CPA**

Operations Manager  
913-890-2135  
SMA@tortoiseadvisors.com

# Important disclosures

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This presentation contains certain forward-looking statements. These forward-looking statements include all statements regarding the intent, belief or current expectations regarding matters covered and all statements which are not statements of historical fact. The forward-looking statements involve known and unknown risk, uncertainties, contingencies and other factors, many of which are beyond our control. Since these factors can cause results, performance and achievements to differ materially from those discussed in the presentation, you are cautioned not to place undue reliance on the forward-looking statements. This presentation is updated through March 31, 2014 unless otherwise noted.



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NEPC, LLC

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## Ventura County Employees' Retirement Association

### Performance Report Month Ending April 30, 2014

Don Stracke, CFA, CAIA, Senior Consultant  
Allan Martin, Partner,  
Anthony Ferrara, Senior Analyst

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | [www.nepc.com](http://www.nepc.com)

BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

**Performance Summary**

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Fund</b>	<b>4,138,057,876</b>	<b>100.0</b>	<b>0.8</b>	<b>4.9</b>	<b>3.0</b>	<b>14.8</b>	<b>12.9</b>	<b>9.1</b>	<b>14.9</b>	<b>7.2</b>	<b>8.4</b>	<b>Apr-94</b>
Policy Index			0.6	4.3	2.5	14.3	12.0	8.5	13.4	7.2	8.3	Apr-94
Over/Under			0.2	0.6	0.5	0.5	0.9	0.6	1.5	0.0	0.1	
<b>Total Fund ex Clifton</b>	<b>4,120,411,072</b>	<b>99.6</b>	<b>0.9</b>	<b>5.0</b>	<b>3.0</b>	<b>14.6</b>	<b>12.8</b>	<b>9.1</b>	<b>14.6</b>	<b>7.1</b>	<b>8.3</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>4,059,001,884</b>	<b>98.1</b>	<b>0.8</b>	<b>4.9</b>	<b>2.9</b>	<b>13.4</b>	<b>11.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>13.9</b>	<b>Jan-12</b>
Policy Index			0.6	4.3	2.5	14.3	12.0	8.5	13.4	7.2	14.0	Jan-12
Over/Under			0.2	0.6	0.4	-0.9	-0.6				-0.1	
<b>Total US Equity</b>	<b>1,275,453,413</b>	<b>30.8</b>	<b>0.1</b>	<b>5.4</b>	<b>2.1</b>	<b>20.2</b>	<b>21.5</b>	<b>13.8</b>	<b>20.3</b>	<b>7.7</b>	<b>8.9</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark			0.0	5.3	2.1	19.3	20.7	13.5	19.6	8.2	9.3	Dec-93
Over/Under			0.1	0.1	0.0	0.9	0.8	0.3	0.7	-0.5	-0.4	
BlackRock Extended Equity Index	43,347,721	1.0	-2.5	2.1	0.1	19.6	21.6	12.5	21.7	10.2	12.6	Oct-02
Dow Jones U.S. Completion Total Stock Market			-2.6	2.0	0.2	19.6	21.5	12.2	21.6	10.1	12.6	Oct-02
Over/Under			0.1	0.1	-0.1	0.0	0.1	0.3	0.1	0.1	0.0	
Western U.S. Index Plus	125,231,338	3.0	1.0	6.5	3.0	20.2	20.9	14.8	25.8	--	2.4	May-07
S&P 500			0.7	6.2	2.6	19.3	20.4	13.8	19.1	7.7	5.3	May-07
Over/Under			0.3	0.3	0.4	0.9	0.5	1.0	6.7		-2.9	
BlackRock Equity Market Fund	1,106,874,354	26.7	0.1	5.4	2.1	19.4	20.7	13.6	19.6	--	6.9	Dec-07
Dow Jones U.S. Total Stock Market			0.1	5.4	2.1	19.3	20.6	13.5	19.6	8.3	6.8	Dec-07
Over/Under			0.0	0.0	0.0	0.1	0.1	0.1	0.0		0.1	

Policy Index: Uses an estimated CPI+4% index due to CPI monthly lag

Policy Index: Currently, 30% Total U.S. Equity Benchmark, 19% Barclays Aggregate, 14% MSCI ACWI ex U.S., 10% MSCI ACWI, 5% Barclays Global Aggregate, 5% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index

Total U.S. Equity Benchmark: The Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index

CPI+4% is estimated for latest month.

Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Non-US Equity</b>	<b>648,717,762</b>	<b>15.7</b>	<b>1.5</b>	<b>6.9</b>	<b>2.0</b>	<b>17.1</b>	<b>9.8</b>	<b>4.0</b>	<b>13.5</b>	<b>7.4</b>	<b>7.1</b>	<b>Mar-94</b>
<i>Total Non-US Equity Benchmark</i>			<u>1.3</u>	<u>6.7</u>	<u>1.8</u>	<u>17.5</u>	<u>9.8</u>	<u>3.0</u>	<u>12.9</u>	<u>7.6</u>	<u>5.7</u>	<i>Mar-94</i>
Over/Under			0.2	0.2	0.2	-0.4	0.0	1.0	0.6	-0.2	1.4	
BlackRock ACWI ex-U.S. Index	281,384,758	6.8	1.2	6.6	2.1	18.0	10.3	3.2	13.5	--	2.3	Mar-07
<i>MSCI ACWI ex USA</i>			<u>1.3</u>	<u>6.7</u>	<u>1.8</u>	<u>17.5</u>	<u>9.8</u>	<u>3.0</u>	<u>12.9</u>	<u>7.6</u>	<u>1.9</u>	<i>Mar-07</i>
Over/Under			-0.1	-0.1	0.3	0.5	0.5	0.2	0.6		0.4	
Sprucegrove	192,705,242	4.7	1.7	8.4	3.7	19.5	13.2	6.1	15.2	8.4	9.1	Mar-02
<i>MSCI EAFE</i>			<u>1.4</u>	<u>6.4</u>	<u>2.1</u>	<u>20.4</u>	<u>13.4</u>	<u>5.7</u>	<u>13.6</u>	<u>6.9</u>	<u>7.2</u>	<i>Mar-02</i>
Over/Under			0.3	2.0	1.6	-0.9	-0.2	0.4	1.6	1.5	1.9	
<i>MSCI ACWI ex USA</i>			<u>1.3</u>	<u>6.7</u>	<u>1.8</u>	<u>17.5</u>	<u>9.8</u>	<u>3.0</u>	<u>12.9</u>	<u>7.6</u>	<u>7.8</u>	<i>Mar-02</i>
Hexavest	81,326,732	2.0	1.6	5.4	0.9	15.8	9.5	5.0	--	--	6.8	Dec-10
<i>MSCI EAFE</i>			<u>1.4</u>	<u>6.4</u>	<u>2.1</u>	<u>20.4</u>	<u>13.4</u>	<u>5.7</u>	<u>13.6</u>	<u>6.9</u>	<u>8.0</u>	<i>Dec-10</i>
Over/Under			0.2	-1.0	-1.2	-4.6	-3.9	-0.7			-1.2	
Walter Scott	93,301,030	2.3	2.0	5.8	-0.7	9.7	1.8	4.4	--	--	6.0	Dec-10
<i>MSCI ACWI ex USA</i>			<u>1.3</u>	<u>6.7</u>	<u>1.8</u>	<u>17.5</u>	<u>9.8</u>	<u>3.0</u>	<u>12.9</u>	<u>7.6</u>	<u>5.2</u>	<i>Dec-10</i>
Over/Under			0.7	-0.9	-2.5	-7.8	-8.0	1.4			0.8	
<b>Total Global Equity</b>	<b>435,111,045</b>	<b>10.5</b>	<b>1.4</b>	<b>7.1</b>	<b>3.0</b>	<b>18.6</b>	<b>14.7</b>	<b>8.2</b>	<b>14.6</b>	<b>--</b>	<b>6.1</b>	<b>May-05</b>
<i>MSCI ACWI</i>			<u>1.0</u>	<u>6.3</u>	<u>2.0</u>	<u>18.2</u>	<u>14.4</u>	<u>7.4</u>	<u>15.4</u>	<u>7.3</u>	<u>6.9</u>	<i>May-05</i>
Over/Under			0.4	0.8	1.0	0.4	0.3	0.8	-0.8		-0.8	
GMO Global Equity	217,810,142	5.3	1.8	7.9	3.9	19.0	14.8	9.2	15.2	--	7.7	Apr-05
<i>MSCI ACWI</i>			<u>1.0</u>	<u>6.3</u>	<u>2.0</u>	<u>18.2</u>	<u>14.4</u>	<u>7.4</u>	<u>15.4</u>	<u>7.3</u>	<u>6.9</u>	<i>Apr-05</i>
Over/Under			0.8	1.6	1.9	0.8	0.4	1.8	-0.2		0.8	
BlackRock MSCI ACWI Equity Index	217,300,903	5.3	1.0	6.4	2.2	18.3	14.8	--	--	--	--	May-12
<i>MSCI ACWI</i>			<u>1.0</u>	<u>6.3</u>	<u>2.0</u>	<u>18.2</u>	<u>14.4</u>	<u>7.4</u>	<u>15.4</u>	<u>7.3</u>	<u>21.2</u>	<i>May-12</i>
Over/Under			0.0	0.1	0.2	0.1	0.4					

Total Non-U.S. Equity Benchmark: MSCI ACWI ex US Free, prior to May 2002, the MSCI EAFE

Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total US Fixed Income</b>	<b>712,821,550</b>	<b>17.2</b>	<b>0.5</b>	<b>1.5</b>	<b>2.2</b>	<b>4.1</b>	<b>0.8</b>	<b>5.3</b>	<b>9.7</b>	<b>6.3</b>	<b>6.5</b>	<b>Feb-94</b>
<i>Barclays Aggregate</i>			<u>0.8</u>	<u>1.2</u>	<u>2.7</u>	<u>3.1</u>	<u>-0.3</u>	<u>3.6</u>	<u>4.9</u>	<u>4.8</u>	<u>5.9</u>	<i>Feb-94</i>
Over/Under			-0.3	0.3	-0.5	1.0	1.1	1.7	4.8	1.5	0.6	
Western	257,539,343	6.2	1.2	2.8	4.0	4.8	0.8	5.5	9.2	5.8	6.7	Dec-96
<i>Barclays Aggregate</i>			<u>0.8</u>	<u>1.2</u>	<u>2.7</u>	<u>3.1</u>	<u>-0.3</u>	<u>3.6</u>	<u>4.9</u>	<u>4.8</u>	<u>5.7</u>	<i>Dec-96</i>
Over/Under			0.4	1.6	1.3	1.7	1.1	1.9	4.3	1.0	1.0	
BlackRock U.S. Debt Fund	134,719,658	3.3	0.8	1.2	2.8	3.1	-0.3	3.7	5.0	4.9	5.7	Nov-95
<i>Barclays Aggregate</i>			<u>0.8</u>	<u>1.2</u>	<u>2.7</u>	<u>3.1</u>	<u>-0.3</u>	<u>3.6</u>	<u>4.9</u>	<u>4.8</u>	<u>5.7</u>	<i>Nov-95</i>
Over/Under			0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.0	
Reams	250,281,623	6.0	-0.4	-0.3	-0.6	1.8	1.9	5.9	10.7	6.9	6.5	Sep-01
<i>Reams Custom Index</i>			<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.3</u>	<u>3.3</u>	<u>4.7</u>	<u>4.7</u>	<u>4.9</u>	<i>Sep-01</i>
Over/Under			-0.4	-0.4	-0.7	1.6	1.6	2.6	6.0	2.2	1.6	
<i>Barclays Aggregate</i>			<u>0.8</u>	<u>1.2</u>	<u>2.7</u>	<u>3.1</u>	<u>-0.3</u>	<u>3.6</u>	<u>4.9</u>	<u>4.8</u>	<u>5.0</u>	<i>Sep-01</i>
Loomis Sayles Multi Strategy	70,280,925	1.7	1.1	4.1	4.9	8.2	1.4	7.0	13.6	--	7.6	Jul-05
<i>Loomis Custom Index</i>			<u>0.8</u>	<u>1.7</u>	<u>2.9</u>	<u>5.0</u>	<u>1.7</u>	<u>5.2</u>	<u>7.9</u>	--	<u>6.0</u>	<i>Jul-05</i>
Over/Under			0.3	2.4	2.0	3.2	-0.3	1.8	5.7		1.6	
<i>Barclays Aggregate</i>			<u>0.8</u>	<u>1.2</u>	<u>2.7</u>	<u>3.1</u>	<u>-0.3</u>	<u>3.6</u>	<u>4.9</u>	<u>4.8</u>	<u>4.8</u>	<i>Jul-05</i>
<b>Total Global Fixed Income</b>	<b>263,406,724</b>	<b>6.4</b>	<b>0.9</b>	<b>2.6</b>	<b>3.1</b>	<b>6.0</b>	<b>0.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2.3</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>			<u>1.1</u>	<u>2.5</u>	<u>3.6</u>	<u>6.0</u>	<u>1.6</u>	<u>2.1</u>	<u>5.1</u>	<u>5.0</u>	<u>2.0</u>	<i>Jun-12</i>
Over/Under			-0.2	0.1	-0.5	0.0	-1.0				0.3	
Loomis Sayles Global Fixed Income	94,840,493	2.3	1.1	2.9	3.5	5.8	0.6	--	--	--	2.7	Jun-12
<i>Barclays Global Aggregate</i>			<u>1.1</u>	<u>2.5</u>	<u>3.6</u>	<u>6.0</u>	<u>1.6</u>	<u>2.1</u>	<u>5.1</u>	<u>5.0</u>	<u>2.0</u>	<i>Jun-12</i>
Over/Under			0.0	0.4	-0.1	-0.2	-1.0				0.7	
PIMCO Global Fixed Income	127,307,748	3.1	1.0	3.0	3.5	6.2	0.6	--	--	--	-0.2	Sep-12
<i>Barclays Global Aggregate</i>			<u>1.1</u>	<u>2.5</u>	<u>3.6</u>	<u>6.0</u>	<u>1.6</u>	<u>2.1</u>	<u>5.1</u>	<u>5.0</u>	<u>0.2</u>	<i>Sep-12</i>
Over/Under			-0.1	0.5	-0.1	0.2	-1.0				-0.4	
Loomis Strategic Alpha	41,258,483	1.0	0.3	1.1	0.9	2.6	--	--	--	--	2.3	Jul-13
<i>Barclays Global Aggregate</i>			<u>1.1</u>	<u>2.5</u>	<u>3.6</u>	<u>6.0</u>	<u>1.6</u>	<u>2.1</u>	<u>5.1</u>	<u>5.0</u>	<u>4.7</u>	<i>Jul-13</i>
Over/Under			-0.8	-1.4	-2.7	-3.4					-2.4	

Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Barclays Aggregate

Loomis Custom Index: 65% Barclays Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index

Reams is preliminary as of report date



# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Real Estate</b>	<b>298,330,294</b>	<b>7.2</b>	<b>0.0</b>	<b>2.3</b>	<b>2.3</b>	<b>7.7</b>	<b>10.9</b>	<b>10.7</b>	<b>5.8</b>	<b>5.1</b>	<b>7.6</b>	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>			<u>0.0</u>	<u>2.5</u>	<u>2.5</u>	<u>9.5</u>	<u>13.7</u>	<u>13.0</u>	<u>7.3</u>	<u>7.2</u>	<u>8.6</u>	<i>Mar-94</i>
Over/Under			0.0	-0.2	-0.2	-1.8	-2.8	-2.3	-1.5	-2.1	-1.0	
Prudential Real Estate	97,522,348	2.4	0.0	2.3	2.3	9.4	12.9	12.4	6.2	--	4.5	Jun-04
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>2.5</u>	<u>2.5</u>	<u>9.5</u>	<u>13.7</u>	<u>13.0</u>	<u>7.3</u>	<u>7.2</u>	<u>7.0</u>	<i>Jun-04</i>
Over/Under			0.0	-0.2	-0.2	-0.1	-0.8	-0.6	-1.1		-2.5	
UBS Real Estate	192,583,732	4.7	0.0	2.3	2.3	6.9	10.3	9.8	6.4	6.9	7.0	Mar-03
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>2.5</u>	<u>2.5</u>	<u>9.5</u>	<u>13.7</u>	<u>13.0</u>	<u>7.3</u>	<u>7.2</u>	<u>7.4</u>	<i>Mar-03</i>
Over/Under			0.0	-0.2	-0.2	-2.6	-3.4	-3.2	-0.9	-0.3	-0.4	
RREEF	8,224,214	0.2	0.0	3.8	3.8	11.4	16.9	28.5	4.6	--	-9.9	Sep-07
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>2.5</u>	<u>2.5</u>	<u>9.5</u>	<u>13.7</u>	<u>13.0</u>	<u>7.3</u>	<u>7.2</u>	<u>1.9</u>	<i>Sep-07</i>
Over/Under			0.0	1.3	1.3	1.9	3.2	15.5	-2.7		-11.8	
<b>Total Liquid Alternatives</b>	<b>407,514,292</b>	<b>9.8</b>	<b>2.4</b>	<b>7.0</b>	<b>7.7</b>	<b>16.1</b>	<b>19.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>19.6</b>	<b>Apr-13</b>
<i>CPI + 4% (Unadjusted)</i>			<u>1.0</u>	<u>2.7</u>	<u>3.4</u>	<u>5.2</u>	<u>6.4</u>	<u>5.9</u>	<u>6.3</u>	<u>6.5</u>	<u>6.4</u>	<i>Apr-13</i>
Over/Under			1.4	4.3	4.3	10.9	13.2				13.2	
Tortoise Energy Infrastructure	138,480,255	3.3	3.5	9.8	12.3	22.7	26.3	--	--	--	26.3	Apr-13
<i>Wells Fargo MLP Index</i>			<u>3.7</u>	<u>7.5</u>	<u>6.6</u>	<u>12.0</u>	<u>13.3</u>	<u>14.0</u>	--	--	<u>13.3</u>	<i>Apr-13</i>
Over/Under			-0.2	2.3	5.7	10.7	13.0				13.0	
Bridgewater All Weather Fund	269,034,037	6.5	1.8	5.6	5.5	--	--	--	--	--	9.1	Aug-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.3</u>	<u>6.2</u>	<u>3.1</u>	<u>22.3</u>	<u>24.2</u>	--	--	--	<u>18.8</u>	<i>Aug-13</i>
Over/Under			1.5	-0.6	2.4						-9.7	

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index

Real Estate managers and NCREIF ODCE are valued on a quarterly basis. Performance is not applicable in mid-quarter months, therefore 0% return is shown.

Total Liquid Alternatives index, the CPI+4% is not available as the Consumer Price Index has not yet been released as of the date of report production

Performance for Clifton Overlay is not meaningful on an individual account basis

Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Overlay</b>	<b>17,646,805</b>	<b>0.4</b>										
Clifton	17,646,805	0.4										
<b>Total Private Equity</b>	<b>79,055,992</b>	<b>1.9</b>	<b>0.9</b>	<b>5.9</b>	<b>5.9</b>	<b>16.7</b>	<b>16.7</b>	--	--	--	--	<b>Jul-10</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.3</u>	<u>6.2</u>	<u>3.1</u>	<u>22.3</u>	<u>24.2</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			0.6	-0.3	2.8	-5.6	-7.5					
Adams Street Partners	49,805,589	1.2	0.0	5.9	5.9	18.1	18.1	--	--	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.3</u>	<u>6.2</u>	<u>3.1</u>	<u>22.3</u>	<u>24.2</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			-0.3	-0.3	2.8	-4.2	-6.1					
Panteon Ventures	9,935,077	0.2	0.0	5.8	5.8	10.0	10.0	--	--	--	--	Aug-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.3</u>	<u>6.2</u>	<u>3.1</u>	<u>22.3</u>	<u>24.2</u>	--	--	--	--	<i>Aug-10</i>
Over/Under			-0.3	-0.4	2.7	-12.3	-14.2					
Harbourvest	19,315,325	0.5	4.0	5.8	5.6	15.1	--	--	--	--	--	May-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.3</u>	<u>6.2</u>	<u>3.1</u>	<u>22.3</u>	<u>24.2</u>	--	--	--	<u>21.0</u>	<i>May-13</i>
Over/Under			3.7	-0.4	2.5	-7.2						

Please Note:

Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows.

Ventura County Employees' Retirement Association

**Total Fund**

**Cash Flow Summary**

Month Ending April 30, 2014

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$49,805,589	\$0	\$0	\$0	\$0	\$0	\$49,805,589
BlackRock ACWI ex-U.S. Index	\$278,092,937	\$0	\$0	\$0	-\$25,115	\$3,291,821	\$281,384,758
BlackRock Equity Market Fund	\$1,126,755,313	-\$21,000,000	\$0	-\$21,000,000	-\$20,531	\$1,119,040	\$1,106,874,354
BlackRock Extended Equity Index	\$44,447,002	\$0	\$0	\$0	-\$2,890	-\$1,099,281	\$43,347,721
BlackRock MSCI ACWI Equity Index	\$215,156,890	\$0	\$0	\$0	-\$8,910	\$2,144,012	\$217,300,903
BlackRock U.S. Debt Fund	\$133,585,123	\$0	\$0	\$0	-\$7,824	\$1,134,535	\$134,719,658
Bridgewater All Weather Fund	\$264,320,813	\$0	\$0	\$0	-\$89,382	\$4,713,225	\$269,034,037
Clifton	\$17,135,793	-\$4,334,245	\$3,111,443	-\$1,222,802	-\$2,206	\$1,733,813	\$17,646,805
GMO Global Equity	\$213,996,782	\$0	\$0	\$0	-\$99,830	\$3,813,360	\$217,810,142
Harbourvest	\$15,908,949	\$0	\$2,700,000	\$2,700,000	\$0	\$706,377	\$19,315,325
Hexavest	\$80,003,969	\$0	\$0	\$0	-\$31,276	\$1,322,763	\$81,326,732
Loomis Sayles Global Fixed Income	\$93,795,419	\$0	\$0	\$0	-\$23,710	\$1,045,074	\$94,840,493
Loomis Sayles Multi Strategy	\$69,525,699	\$0	\$0	\$0	-\$23,404	\$755,227	\$70,280,925
Loomis Strategic Alpha	\$41,107,353	\$0	\$0	\$0	-\$13,753	\$151,130	\$41,258,483
Panteon Ventures	\$9,935,077	\$0	\$0	\$0	\$0	\$0	\$9,935,077
PIMCO Global Fixed Income	\$126,063,071	\$0	\$0	\$0	-\$35,994	\$1,244,677	\$127,307,748
Prudential Real Estate	\$97,522,348	\$0	\$0	\$0	\$0	\$0	\$97,522,348
Reams	\$251,277,712	\$0	\$0	\$0	-\$37,535	-\$996,089	\$250,281,623
RREEF	\$8,224,214	\$0	\$0	\$0	\$0	\$0	\$8,224,214
Sprucegrove	\$189,498,091	\$0	\$0	\$0	-\$59,730	\$3,207,151	\$192,705,242
Tortoise Energy Infrastructure	\$133,697,586	\$0	\$0	\$0	-\$82,542	\$4,782,669	\$138,480,255
UBS Real Estate	\$192,583,732	\$0	\$0	\$0	\$0	\$0	\$192,583,732
Walter Scott	\$91,378,596	\$0	\$0	\$0	-\$68,526	\$1,922,433	\$93,301,030
Western	\$254,535,703	\$0	\$0	\$0	-\$44,692	\$3,003,640	\$257,539,343
Western U.S. Index Plus	\$124,000,120	\$0	\$0	\$0	-\$28,154	\$1,231,218	\$125,231,338
<b>Total</b>	<b>\$4,122,353,883</b>	<b>-\$25,334,245</b>	<b>\$5,811,443</b>	<b>-\$19,522,802</b>	<b>-\$706,003</b>	<b>\$35,226,795</b>	<b>\$4,138,057,876</b>



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## Ventura County Employees' Retirement Association

### Investment Summary Quarter Ending March 31, 2014

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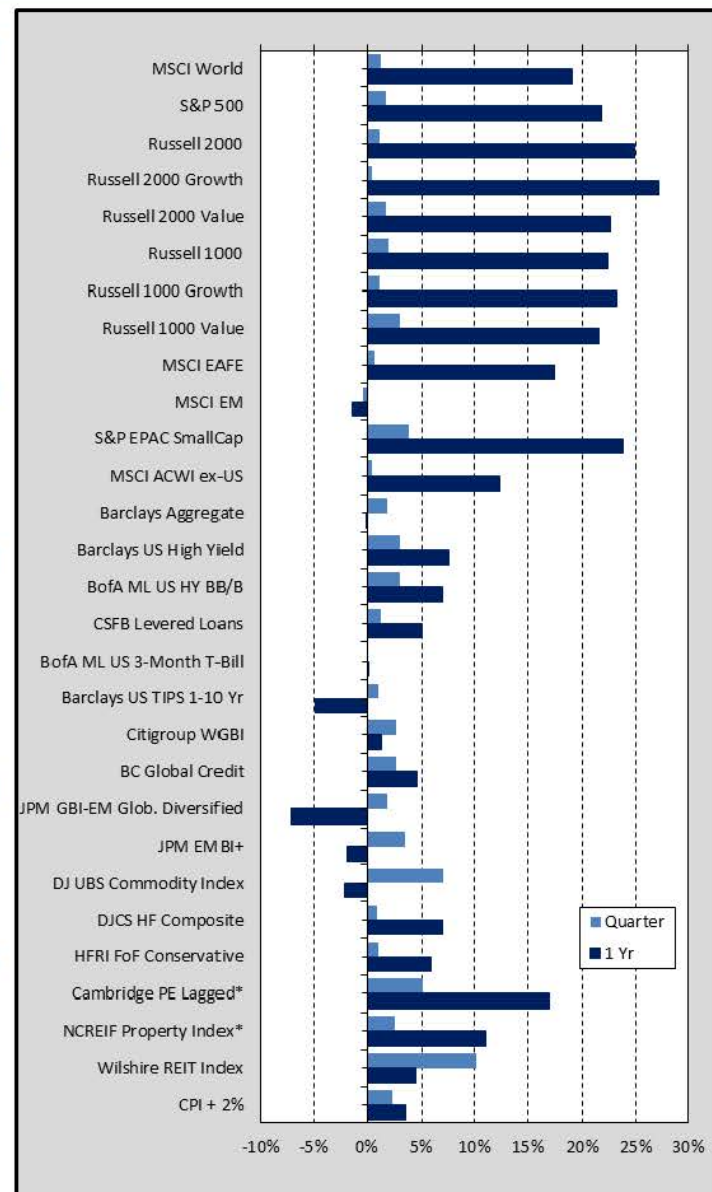
BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

- **GDP growth was revised downward for the First quarter, to 0.1%**
  - Retail sales fell to a 1.3% year-over-year growth rate in February
  - The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.32 in January
  - Corporate Profits as a percent of GDP remained near secular highs at 12.7% at the end of the fourth quarter
  - The trade deficit increased marginally in January
- **Unemployment rose to 6.7% in February; U-6 declined to 12.6% during the fourth quarter.**
- **Consumer confidence fell to 82.3 in December; the Case- Shiller home price index (as of 12/31) dipped slightly to 150.39 from its highest level (150.92) since the financial crisis**
- **Rolling 12 month CPI decreased to 1.1% at February end; capacity utilization rose slightly to 78.4% in the month**
- **Fed Funds rate remained at 0.25% while the 10 Yr. Treasury Yield finished December at 2.72%.**
- **The Federal Reserve Bank balance sheet increased in early 2014 while the European Central Bank balance sheet decreased**
  - Large economies continue easing, Japan to the extreme, while the ECB tightens.
- **S&P valuations rose in March and remained above the 10 year and long term averages, which are nearly equal at 16.35.**
  - The cyclically adjusted Shiller PE Ratio, however, is above the long term average of 17.57 and slightly above the 10 year average of 22.99

# Market Environment – Q1 2014 Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>World Equity Benchmarks</b>						
MSCI World	World	1.3%	19.1%	10.2%	18.3%	6.8%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Equity Benchmarks</b>						
S&P 500	Large Core	1.8%	21.9%	14.7%	21.2%	7.4%
Russell 2000	Small Core	1.1%	24.9%	13.2%	24.3%	8.5%
Russell 2000 Growth	Small Growth	0.5%	27.2%	13.6%	25.2%	8.9%
Russell 2000 Value	Small Value	1.8%	22.6%	12.7%	23.3%	8.1%
Russell 1000	Large Core	2.0%	22.4%	14.7%	21.7%	7.8%
Russell 1000 Growth	Large Growth	1.1%	23.2%	14.6%	21.7%	7.9%
Russell 1000 Value	Large Value	3.0%	21.6%	14.8%	21.8%	7.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>International Equity Benchmarks</b>						
MSCI EAFE	International Developed	0.7%	17.6%	7.2%	16.0%	6.5%
MSCI EM	Emerging Equity	-0.4%	-1.4%	-2.9%	14.5%	10.1%
S&P EPAC SmallCap	Small Cap Int'l	3.8%	23.9%	9.6%	21.2%	9.4%
MSCI ACWI ex-US	World ex-US	0.5%	12.3%	4.1%	15.5%	7.1%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Fixed Income Benchmarks</b>						
Barclays Aggregate	Core Bonds	1.8%	-0.1%	3.7%	4.8%	4.5%
Barclays US High Yield	High Yield	3.0%	7.5%	9.0%	18.2%	8.7%
BofA ML US HY BB/B	High Yield	3.0%	7.0%	8.5%	15.8%	7.9%
CSFB Levered Loans	Bank Loans	1.3%	5.0%	5.3%	12.2%	5.0%
BofA ML US 3-Month T-Bill	Cash	0.0%	0.1%	0.1%	0.1%	1.7%
Barclays US TIPS 1-10 Yr	Inflation	1.0%	-4.9%	2.2%	4.0%	4.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Global Fixed Income Benchmarks</b>						
Citigroup WGBI	World Gov. Bonds	2.7%	1.4%	1.9%	3.8%	4.2%
BC Global Credit	Global Bonds	2.6%	4.6%	5.8%	9.9%	5.6%
JPM GBI-EM Glob. Div.	Em. Mkt. Bonds (Local)	1.9%	-7.1%	1.1%	9.8%	9.3%
JPM EMBI+	Em. Mkt. Bonds	3.5%	-1.9%	6.7%	10.9%	8.3%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Alternative Benchmarks</b>						
DJ UBS Commodity Index	Commodity	7.0%	-2.1%	-7.4%	4.2%	0.4%
DJCS HF Composite	Hedge Fund	0.9%	7.0%	4.4%	8.7%	6.1%
HFRI FoF Conservative	Fund of Funds	1.1%	5.9%	2.7%	4.6%	2.6%
Cambridge PE Lagged*	Private Equity	5.1%	17.0%	15.5%	10.6%	15.2%
NCREIF Property Index*	Real Estate	2.5%	11.0%	11.9%	5.7%	8.4%
Wilshire REIT Index	REIT	10.1%	4.4%	10.5%	29.2%	8.2%
CPI + 2%	Inflation/Real Assets	2.3%	3.5%	3.9%	4.2%	4.6%

\*As of 12/31/2013



- **Global Equities**

- US stocks oscillated back and forth in the first quarter amid further guidance from the Federal Reserve.
- The S&P 500 Index rose 1.8%, while the Russell 2000 gained a modest 1.1%.
- International equities lagged US markets, returning 0.7%, as measured by the MSCI EAFE Index.
- Europe led non-US equities as France and peripheral countries recorded robust gains. Italy and Ireland were two of the best markets for the quarter, with stocks returning roughly 14% so far this year.
- Despite rallying in March, emerging markets ended the quarter down 0.4% following Russia's takeover of Crimea, and the continuing economic slowdown in China. Russia was the worst performing market with a -14.4% return, while Indonesia gained a hefty 21.3%.

- **Global Fixed Income**

- Bond markets rallied in the first quarter as investors snapped up safer, higher quality assets amid concerns around the crisis in Ukraine, an economic slowdown in China, and the unseasonably harsh winter in the US.
- The 10-year US Treasury yield decreased 31 basis points to 2.72% during the first quarter.
- The US Credit Index gained 2.9% and the Long Duration Credit Index returned 6.3% in the first quarter. High yield bonds returned 3.0%.
- Investment grade credit spreads narrowed to 103 basis points, the lowest they have been since before the financial crisis. The yield spread on high yield bonds over Treasuries fell to a near record low of 3.58%.
- Intermediate-term Treasury Inflation-Protected Securities, or TIPS, gained 1.0% during the quarter.
- The Credit Suisse Leveraged Loan Index gained 1.3% during the first quarter.
- Local currency debt, as measured by the JP Morgan GBI-EM Index, gained 1.9%. Hard currency debt, boosted by declining Treasury yields, outperformed local currency debt during the quarter, posting returns of 3.5%.



- **Commodity Markets**

- Commodities started the year with a bang, with the DJ-UBS Index returning 7.2% in the first quarter.
- Fears of a grain shortage following Russia's invasion of Ukraine powered returns of 8.4% in the grain sector.
- Heating oil rallied early in the quarter on the heels of unseasonably cold weather but subsequently retreated in March as temperatures returned to more normal levels, resulting in losses of 1.8% for energy.
- Precious metals declined 4% as copper prices fell amid the slowdown in China.

- **Hedge Funds**

- Hedge funds turned in a positive performance in the first quarter, with the Credit Suisse Hedge Fund Composite returning 0.9% compared to 1.8% for the S&P 500.
- Most hedge fund strategies were in the black, with the exceptions being the Credit Suisse Managed Futures Index, which lost 4.3%, and the Credit Suisse Emerging Markets Index with returns of -2.0%.
- The broad Credit Suisse Long-Short Equity Index returned 1.6% for the quarter, with strong returns in January and February from healthcare and technology, followed by a sharp selloff in March.
- This year, we reduced directional credit exposure, and are favoring more hedged exposure to equities. We believe there may be greater opportunity in stock markets for individual security selection on both the long- and short-side in the future.



- **Private Markets**

- Private equity fund raising got off to a strong start in the first quarter with new commitments—at around \$75.6 billion—keeping pace with commitments made in 2013.
- Asian fundraising totaled \$10.8 billion in the first quarter, getting a shot in the arm as three firms raised over \$1.0 billion each; Europe saw \$12.0 billion of new commitments of which 60% is going to buyout and growth equity funds.
- Globally, buyout and growth equity commitments totaled \$33.3 billion, representing 44% of all funds raised so far this year, while energy, natural resources and infrastructure accounted for 19%.
- Venture capital fundraising hit \$13.2 billion powered by five firms raising over \$5 billion.
- Mezzanine funds, at \$3.2 billion, accounted for only 4% of all new capital raised.
- Secondary funds raised only \$3.1 billion in the first quarter, but we expect this number to increase to more than \$20 billion as the year progresses with several large funds launching new fund raises.

- **Real Estate**

- NEPC remains neutral on core strategies in the US, and positive on non-core strategies, for instance, value-add and opportunistic.
- Real estate debt strategies are appealing, particularly in Europe's distressed lending environment, although currency risk is a potential consideration.

## Highlights of First Quarter Happenings at NEPC

### NEPC Research Recent White Papers Posted

- *4Q Market Thoughts – “1997, 2007, or Something Else Altogether?”* (January 2014)
- *Moving in Different Directions: NEPC’s 2014 Asset Allocation Letter* (January 2014), NEPC’s Asset Allocation Committee
- *Annual Chairman’s Letter* (March 2014), Richard M. Charlton, Chairman
- *Overlay Strategies: Increasing Portfolio Diversification Through Derivatives* (March 2014), Brian Roberts, CAIA, Senior Consultant
- *The Alternative Route: A Smoother Ride for Defined Contribution Plans* (April 2014), Rob J. Fishman, CFA, Partner; Aaron S. Keel, CFA, Senior Analyst; Deirdre L. Pomerleau, Analyst



### NEPC’s 19th Annual Client Conference

- May 13 and May 14, 2014
- Boston Convention Center
- Headline Speakers:
  - \* David M. Rubenstein, Co-Founder and Co-CEO, The Carlyle Group
  - \* Perry M. Traquina, CFA, Chairman and CEO, Wellington Management Company
- Register at [www.nepc.com](http://www.nepc.com)



### Professional Staff Updates

- Tim McCusker, CFA, CAIA, FSA named Chief Investment Officer



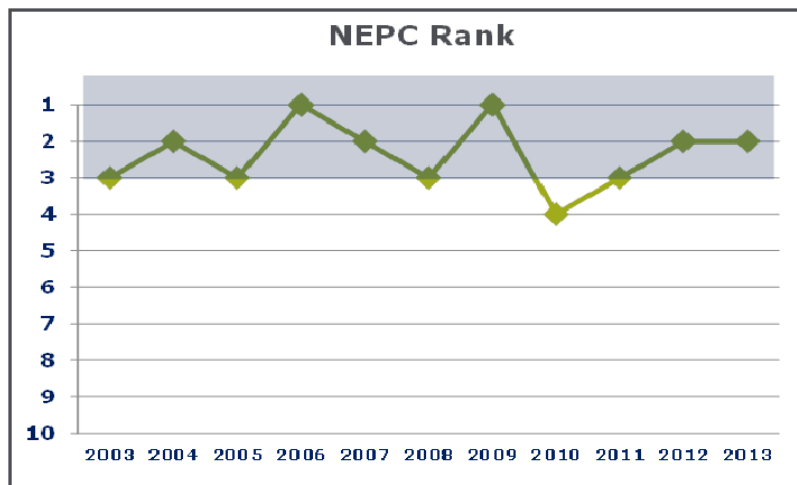
# NEPC Recognitions

## Top Three Again!

Thanks to you, our wonderful clients, NEPC has ranked in the Greenwich top three overall for 10 of the past 11 years.



- Greenwich Associates surveys ~ 1,000 large fund sponsors every year, regarding 3 broad areas:
  - \* Investment Consulting
  - \* Manager Selection
  - \* Client Servicing
- NEPC is recognized for industry-leading stability and excellence:
  - \* Ranked #2 overall in 2013 and 2012\*
  - \* One of only two firms to rank in the top three in nine of the last 10 years\*
  - \* Ranked #1 for proactive advice and innovative ideas in nine of the last 11 years\*
  - \* Ranked #1 for long-term asset allocation in six of the last 11 years and ranked top three in 10 of the last 11 years\*



Category	Rank
Understanding Goals and Objectives	#1
Long-term Asset Allocation	#1
Proactive Advice and Innovative Ideas	#1
Capability of Consultant Assigned to Fund	#1
Credibility with Investment Committee	#1
Knowledge of Investment Managers	#1

\* Rankings versus 10 largest consulting firms  
Greenwich Associates is an independent research firm that interviews fund sponsors. Their rankings do not represent an endorsement of any consulting firm.

# Ventura County Employees' Retirement Association

## Total Fund Performance Summary (Net)

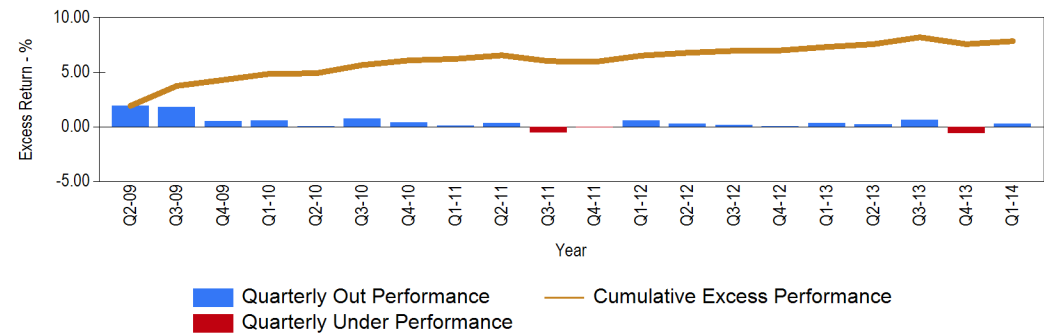
	Market Value	3 Mo Rank	YTD Rank	Fiscal YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank	Return	Since							
<b>Total Fund</b>	<b>\$4,122,353,883</b>	<b>2.1%</b>	<b>19</b>	<b>2.1%</b>	<b>19</b>	<b>13.8%</b>	<b>2</b>	<b>14.1%</b>	<b>5</b>	<b>9.9%</b>	<b>5</b>	<b>16.6%</b>	<b>2</b>	<b>6.8%</b>	<b>20</b>	<b>8.4%</b>	<b>Apr-94</b>
<i>Policy Index</i>		1.8%	43	1.8%	43	13.5%	4	13.5%	8	9.3%	17	14.9%	10	6.9%	12	8.3%	Apr-94
<i>Allocation Index</i>		2.0%	25	2.0%	25	12.3%	23	12.4%	22	8.8%	30	13.9%	53	6.6%	35	--	Apr-94
<i>InvestorForce Public DB &gt; \$1B Net Median</i>		1.7%		1.7%		11.5%		11.0%		8.3%		14.0%		6.3%		7.8%	Apr-94

- Over the last 12 months, the Fund achieved its primary objective of surpassing the 7.75% assumed rate. The Fund had a return of 14.1%, ranking in the 5th percentile and outperforming the policy index by 60 basis points. The Fund's assets totaled approximately \$4.1 billion.

- Over the past three years, the Fund returned 9.9% per annum ranking in the 5th percentile amongst a universe of Public Funds with over \$1 billion. This return outperformed the policy index by 60 basis points.

- For the five year period, the Fund returned 16.6% per annum ranking in the 2nd percentile at the end of the first quarter, outperforming the policy index by 170 basis points.

### Quarterly and Cumulative Excess Performance



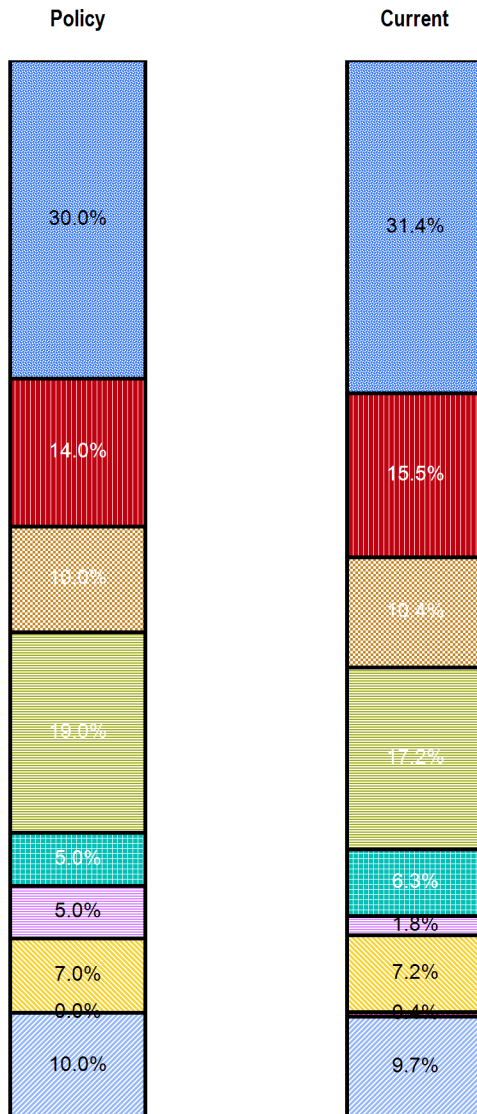
#### 3 Years Ending March 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	9.86%	5	8.96%	89	1.09	35	1.53	34
Policy Index	9.31%	17	8.98%	89	1.03	49	1.48	43
InvestorForce Public DB > \$1B Net Median	8.26%	--	7.66%	--	1.02	--	1.42	--

#### 5 Years Ending March 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	16.57%	2	10.45%	94	1.58	53	2.61	36
Policy Index	14.92%	10	9.94%	84	1.49	73	2.47	62

**Total Fund Asset Allocation vs. Policy Targets**

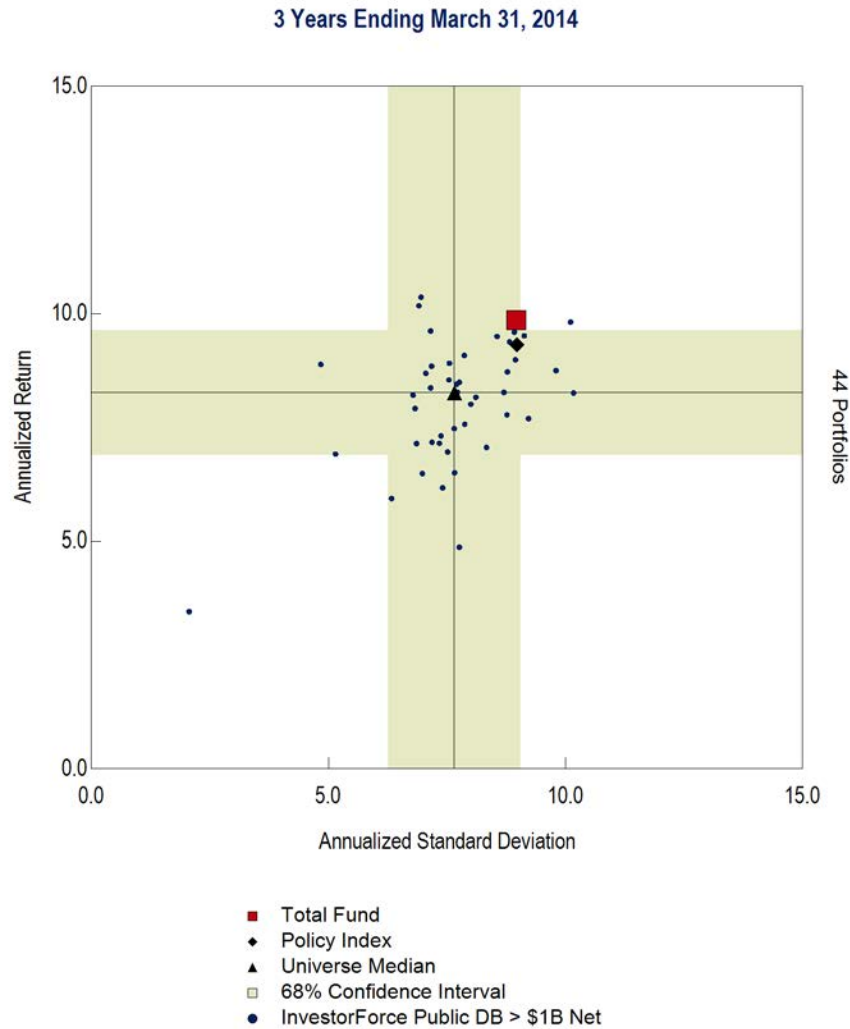


**Asset Allocation vs. Target**

	Current	Current	Policy	Difference *	Policy Range	Within Range
U.S. Equity	\$1,295,202,436	31.4%	30.0%	1.4%	26.0% - 34.0%	Yes
Non-US Equity	\$638,973,593	15.5%	14.0%	1.5%	11.0% - 17.0%	Yes
Global Equity	\$429,153,673	10.4%	10.0%	0.4%	7.0% - 13.0%	Yes
U.S. Fixed Income	\$708,924,237	17.2%	19.0%	-1.8%	15.0% - 23.0%	Yes
Global Bonds	\$260,965,843	6.3%	5.0%	1.3%	3.0% - 7.0%	Yes
Private Equity	\$75,649,615	1.8%	5.0%	-3.2%	3.0% - 7.0%	No
Real Estate	\$298,330,294	7.2%	7.0%	0.2%	4.0% - 10.0%	Yes
Cash	\$17,135,793	0.4%	0.0%	0.4%	0.0% - 3.0%	Yes
Liquid Alternatives	\$398,018,399	9.7%	10.0%	-0.3%	7.0% - 13.0%	Yes
<b>Total</b>	<b>\$4,122,353,883</b>	<b>100.0%</b>	<b>100.0%</b>			

\*Difference between Policy and Current Allocation

Total Fund Risk/Return



3 Years Ending March 31, 2014

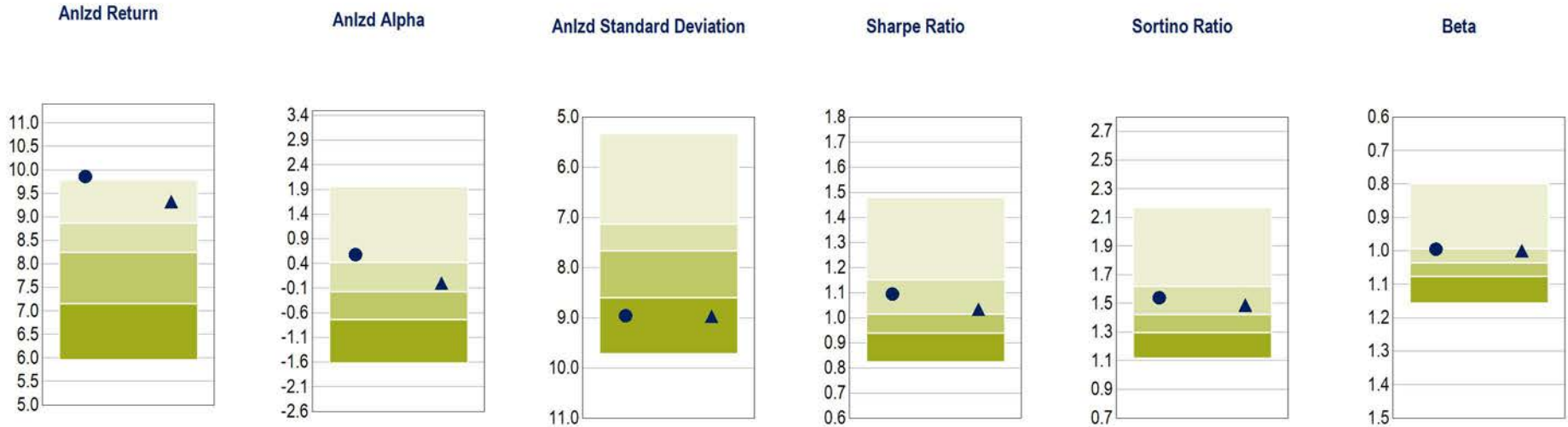
	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	9.86%	5	8.96%	89
Policy Index	9.31%	17	8.98%	89
InvestorForce Public DB > \$1B Net Median	8.26%	--	7.66%	--

3 Years Ending March 31, 2014

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.09	35	1.54	34
Policy Index	1.03	49	1.49	43
InvestorForce Public DB > \$1B Net Median	1.02	--	1.42	--

Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Net  
3 Years



● Total Fund Value	9.86
● Total Fund %tile	5
▲ Policy Index Value	9.32
▲ Policy Index %tile	17
Universe 5th %tile	9.78
Universe 25th %tile	8.89
Universe Median	8.26
Universe 75th %tile	7.16
Universe 95th %tile	5.97

● Total Fund Value	0.58
● Total Fund %tile	16
▲ Policy Index Value	0.00
▲ Policy Index %tile	42
Universe 5th %tile	1.96
Universe 25th %tile	0.44
Universe Median	-0.16
Universe 75th %tile	-0.73
Universe 95th %tile	-1.61

● Total Fund Value	8.96
● Total Fund %tile	89
▲ Policy Index Value	8.98
▲ Policy Index %tile	89
Universe 5th %tile	5.33
Universe 25th %tile	7.13
Universe Median	7.66
Universe 75th %tile	8.59
Universe 95th %tile	9.71

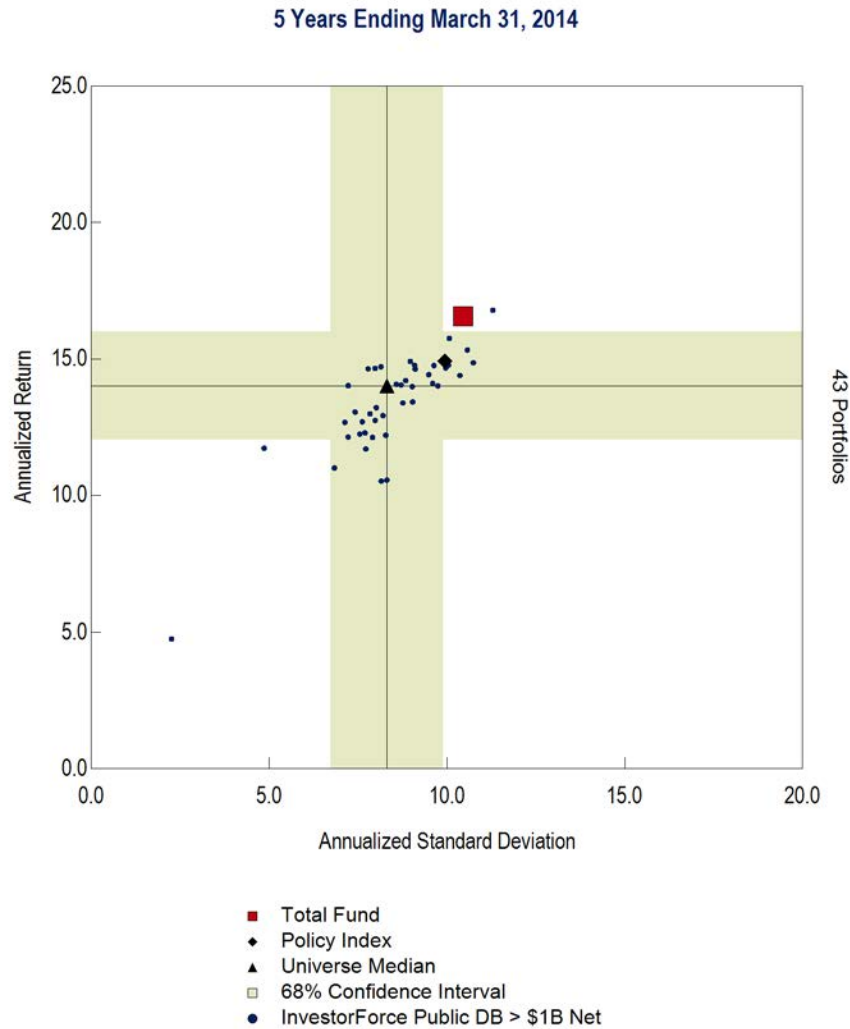
● Total Fund Value	1.09
● Total Fund %tile	35
▲ Policy Index Value	1.03
▲ Policy Index %tile	49
Universe 5th %tile	1.48
Universe 25th %tile	1.15
Universe Median	1.02
Universe 75th %tile	0.94
Universe 95th %tile	0.83

● Total Fund Value	1.54
● Total Fund %tile	34
▲ Policy Index Value	1.49
▲ Policy Index %tile	43
Universe 5th %tile	2.17
Universe 25th %tile	1.62
Universe Median	1.42
Universe 75th %tile	1.30
Universe 95th %tile	1.12

● Total Fund Value	1.00
● Total Fund %tile	27
▲ Policy Index Value	1.00
▲ Policy Index %tile	30
Universe 5th %tile	0.80
Universe 25th %tile	0.99
Universe Median	1.03
Universe 75th %tile	1.07
Universe 95th %tile	1.15



Total Fund Risk/Return



5 Years Ending March 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	16.57%	2	10.45%	94
Policy Index	14.92%	10	9.94%	84
InvestorForce Public DB > \$1B Net Median	14.01%	--	8.31%	--

5 Years Ending March 31, 2014

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.58	53	2.62	36
Policy Index	1.49	73	2.48	62
InvestorForce Public DB > \$1B Net Median	1.59	--	2.55	--

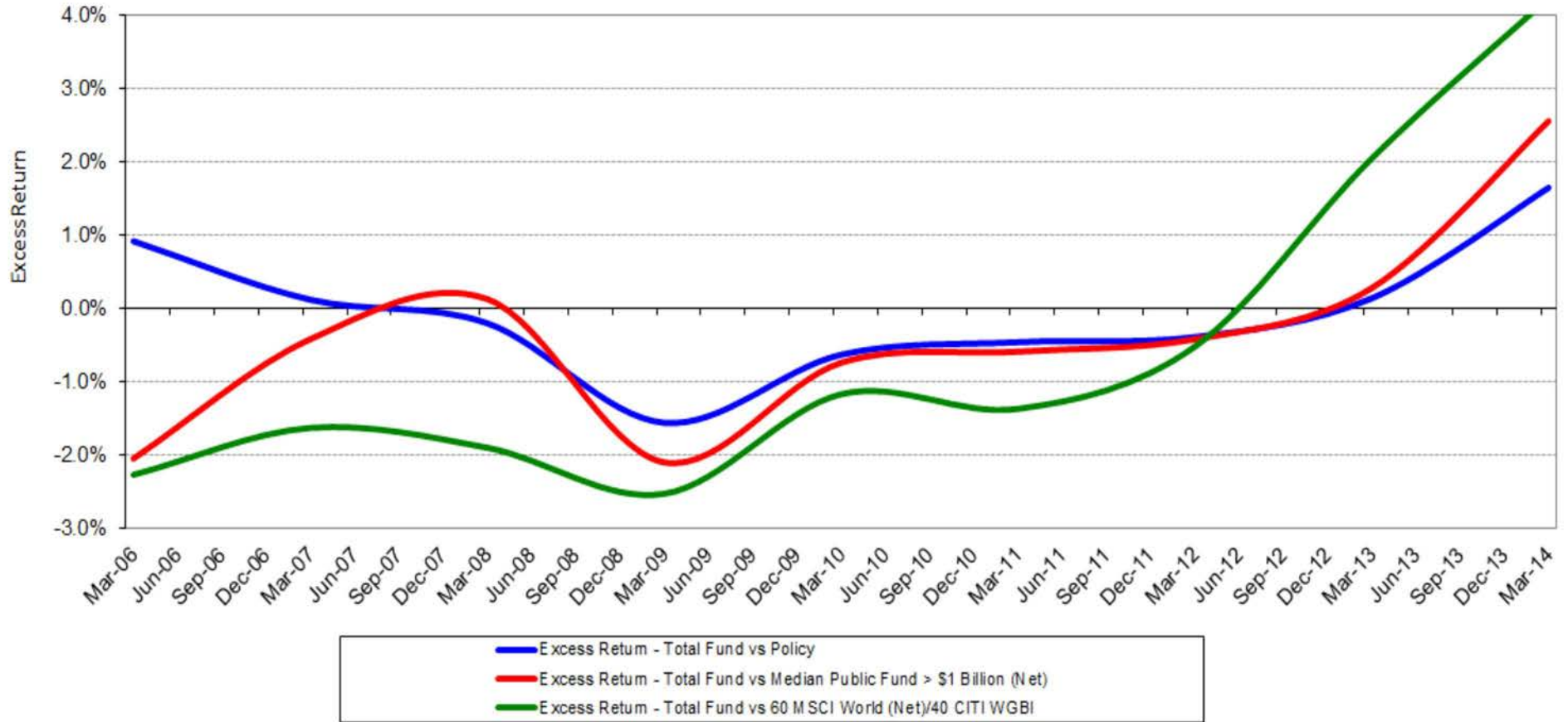


Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Net  
5 Years

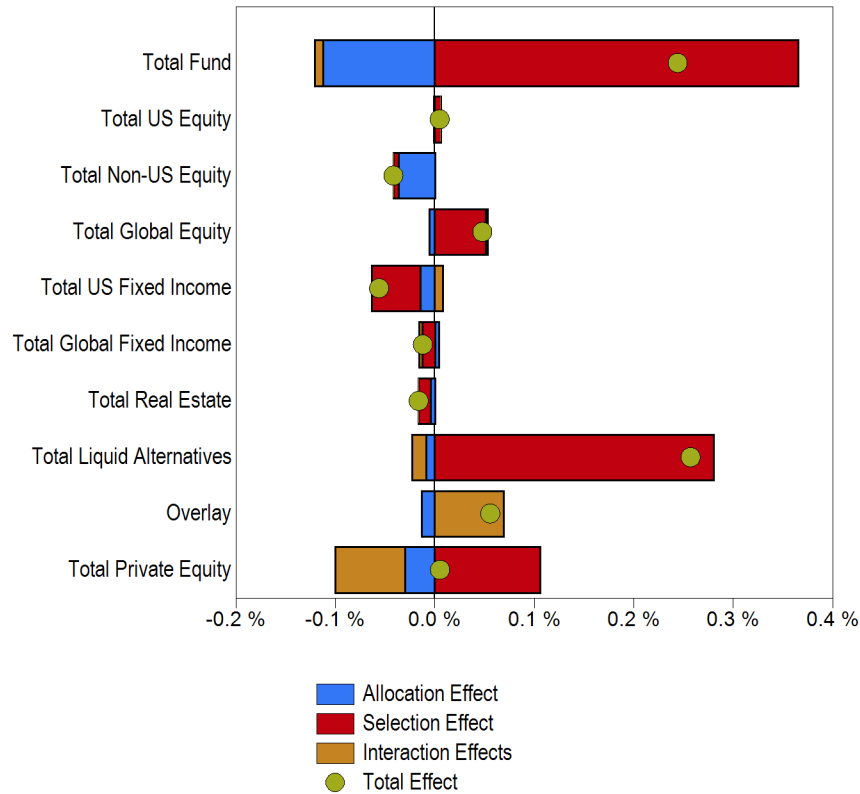


Rolling 5 Year Excess Returns- Net of Fees



**Total Fund Attribution Analysis**

**Attribution Effects**  
3 Months Ending March 31, 2014



**Attribution Summary**  
3 Months Ending March 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Global Equity	1.6%	1.1%	0.5%	0.1%	0.0%	0.0%	0.0%
Total US Fixed Income	1.6%	1.8%	-0.2%	0.0%	0.0%	0.0%	-0.1%
Total Global Fixed Income	2.2%	2.4%	-0.2%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	2.3%	2.5%	-0.2%	0.0%	0.0%	0.0%	0.0%
Total Liquid Alternatives	5.3%	2.4%	2.9%	0.3%	0.0%	0.0%	0.3%
Overlay	8.0%	0.0%	8.0%	0.0%	0.0%	0.1%	0.1%
Total Private Equity	4.9%	2.8%	2.1%	0.1%	0.0%	-0.1%	0.0%
<b>Total</b>	<b>2.1%</b>	<b>1.9%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.2%</b>

Note: Plan attribution calculations are returns based and the results shown

reflect the composites shown. As a result, the total returns shown may vary

from the calculated return shown on the performance summary.

The target return shown for each composite is a custom index, based on aggregated policy indices. This policy index weights the

underlying policy indices of each option in the plan and the respective benchmark return.

The allocation, selection, and intersection effects are calculated using the custom index described above along with the policy or target weight of each composite.

May not add due to rounding.

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Fund</b>	<b>4,122,353,883</b>	<b>100.0</b>	<b>2.1</b>	<b>19</b>	<b>2.1</b>	<b>19</b>	<b>13.8</b>	<b>2</b>	<b>14.1</b>	<b>5</b>	<b>9.9</b>	<b>5</b>	<b>16.6</b>	<b>2</b>	<b>6.8</b>	<b>20</b>	<b>8.4</b>	<b>Apr-94</b>
Policy Index			1.8	43	1.8	43	13.5	4	13.5	8	9.3	17	14.9	10	6.9	12	8.3	Apr-94
Over/Under			0.3		0.3		0.3		0.6		0.6		1.7		-0.1		0.1	
InvestorForce Public DB > \$1B Net Median			1.7		1.7		11.5		11.0		8.3		14.0		6.3		7.8	Apr-94
<b>Total Fund ex Clifton</b>	<b>4,100,330,203</b>	<b>99.5</b>	<b>2.0</b>	<b>--</b>	<b>2.0</b>	<b>--</b>	<b>13.5</b>	<b>--</b>	<b>13.6</b>	<b>--</b>	<b>9.8</b>	<b>--</b>	<b>16.2</b>	<b>--</b>	<b>6.7</b>	<b>--</b>	<b>8.3</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>4,046,704,268</b>	<b>98.2</b>	<b>2.0</b>	<b>22</b>	<b>2.0</b>	<b>22</b>	<b>12.5</b>	<b>22</b>	<b>12.4</b>	<b>22</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>14.0</b>	<b>Jan-12</b>
Policy Index			1.8	43	1.8	43	13.5	4	13.5	8	9.3	17	14.9	10	6.9	12	14.2	Jan-12
Over/Under			0.2		0.2		-1.0		-1.1								-0.2	
InvestorForce Public DB > \$1B Net Median			1.7		1.7		11.5		11.0		8.3		14.0		6.3		12.6	Jan-12
<b>Total US Equity</b>	<b>1,295,202,436</b>	<b>31.4</b>	<b>2.0</b>	<b>42</b>	<b>2.0</b>	<b>42</b>	<b>20.1</b>	<b>52</b>	<b>23.1</b>	<b>54</b>	<b>14.9</b>	<b>33</b>	<b>22.7</b>	<b>46</b>	<b>7.4</b>	<b>80</b>	<b>9.0</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark			2.0	43	2.0	43	19.3	61	22.6	58	14.6	37	22.0	54	8.0	68	9.4	Dec-93
Over/Under			0.0		0.0		0.8		0.5		0.3		0.7		-0.6		-0.4	
eA All US Equity Net Median			1.7		1.7		20.2		23.5		13.8		22.4		8.7		10.6	Dec-93
BlackRock Extended Equity Index	44,447,002	1.1	2.7	27	2.7	27	22.7	27	25.5	32	14.5	25	25.8	23	10.1	40	13.0	Oct-02
Dow Jones U.S. Completion Total Stock Market			2.8	23	2.8	23	22.7	26	25.5	32	14.3	27	25.7	26	10.0	41	13.0	Oct-02
Over/Under			-0.1		-0.1		0.0		0.0		0.2		0.1		0.1		0.0	
eA US Small-Mid Cap Equity Net Median			1.5		1.5		20.7		23.2		12.7		24.0		9.7		12.1	Oct-02
Western U.S. Index Plus	124,000,120	3.0	2.0	42	2.0	42	19.1	63	22.3	61	15.6	24	28.4	8	--	--	2.3	May-07
S&P 500			1.8	47	1.8	47	18.4	69	21.9	64	14.7	37	21.2	66	7.4	80	5.3	May-07
Over/Under			0.2		0.2		0.7		0.4		0.9		7.2				-3.0	
eA All US Equity Net Median			1.7		1.7		20.2		23.5		13.8		22.4		8.7		6.3	May-07
BlackRock Equity Market Fund	1,126,755,313	27.3	2.0	43	2.0	43	19.3	60	22.6	57	14.6	37	22.0	54	--	--	6.9	Dec-07
Dow Jones U.S. Total Stock Market			2.0	43	2.0	43	19.2	61	22.6	58	14.6	37	22.0	54	8.0	67	6.9	Dec-07
Over/Under			0.0		0.0		0.1		0.0		0.0		0.0		0.0		0.0	
eA All US Equity Net Median			1.7		1.7		20.2		23.5		13.8		22.4		8.7		7.4	Dec-07

Color Coding: PERFORMANCE: Green-Over performance, Red-Under performance / Color Coding: RANKS: 1 - 25 Green - Positive Result, 26 - 50 Yellow, 50 - 75 Orange, 76 - 100 Red - Negative Result

Policy Index: Currently, 30% Total U.S. Equity Benchmark, 19% Barclays Aggregate, 14% MSCI ACWI ex U.S., 10% MSCI ACWI, 5% Barclays Global Aggregate, 5% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index

Total U.S. Equity Benchmark: The Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index.

Prior to May 2007, the Russell 3000 Index

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Non-US Equity</b>	<b>638,973,593</b>	<b>15.5</b>	<b>0.5</b>	<b>63</b>	<b>0.5</b>	<b>63</b>	<b>15.4</b>	<b>84</b>	<b>12.2</b>	<b>91</b>	<b>5.2</b>	<b>89</b>	<b>15.8</b>	<b>76</b>	<b>7.0</b>	<b>63</b>	<b>7.0</b>	<b>Mar-94</b>
<i>Total Non-US Equity Benchmark</i>			<u>0.5</u>	63	<u>0.5</u>	63	<u>15.9</u>	80	<u>12.3</u>	90	<u>4.1</u>	91	<u>15.5</u>	81	<u>7.1</u>	55	<u>5.7</u>	<i>Mar-94</i>
<i>Over/Under</i>			0.0		0.0		-0.5		-0.1		1.1		0.3		-0.1		1.3	
<i>eA All EAFE Equity Net Median</i>			1.0		1.0		19.9		19.4		8.8		17.4		7.3		7.1	<i>Mar-94</i>
<b>BlackRock ACWI ex-U.S. Index</b>	<b>278,092,937</b>	<b>6.7</b>	<b>0.9</b>	<b>45</b>	<b>0.9</b>	<b>45</b>	<b>16.6</b>	<b>56</b>	<b>13.0</b>	<b>70</b>	<b>4.5</b>	<b>82</b>	<b>16.2</b>	<b>64</b>	--	--	<b>2.2</b>	<b>Mar-07</b>
<i>MSCI ACWI ex USA</i>			<u>0.5</u>	54	<u>0.5</u>	54	<u>15.9</u>	62	<u>12.3</u>	71	<u>4.1</u>	86	<u>15.5</u>	74	<u>7.1</u>	90	<u>1.7</u>	<i>Mar-07</i>
<i>Over/Under</i>			0.4		0.4		0.7		0.7		0.4		0.7				0.5	
<i>eA ACWI ex-US All Cap Equity Net Median</i>			0.7		0.7		16.9		15.5		6.4		17.5		8.3		3.1	<i>Mar-07</i>
<b>Sprucegrove</b>	<b>189,498,091</b>	<b>4.6</b>	<b>2.0</b>	<b>23</b>	<b>2.0</b>	<b>23</b>	<b>17.5</b>	<b>70</b>	<b>14.6</b>	<b>82</b>	<b>7.4</b>	<b>68</b>	<b>17.4</b>	<b>39</b>	<b>8.0</b>	<b>32</b>	<b>9.0</b>	<b>Mar-02</b>
<i>MSCI EAFE</i>			<u>0.7</u>	60	<u>0.7</u>	60	<u>18.7</u>	61	<u>17.6</u>	68	<u>7.2</u>	71	<u>16.0</u>	63	<u>6.5</u>	89	<u>7.1</u>	<i>Mar-02</i>
<i>Over/Under</i>			1.3		1.3		-1.2		-3.0		0.2		1.4		1.5		1.9	
<i>MSCI ACWI ex USA</i>			0.5	61	0.5	61	15.9	76	12.3	91	4.1	88	15.5	67	7.1	46	7.8	<i>Mar-02</i>
<i>eA EAFE All Cap Equity Net Median</i>			1.0		1.0		19.2		19.8		9.0		17.0		7.0		8.6	<i>Mar-02</i>
<b>Hexavest</b>	<b>80,003,969</b>	<b>1.9</b>	<b>-0.7</b>	<b>84</b>	<b>-0.7</b>	<b>84</b>	<b>14.0</b>	<b>89</b>	<b>12.5</b>	<b>90</b>	<b>6.2</b>	<b>80</b>	--	--	--	--	<b>6.5</b>	<b>Dec-10</b>
<i>MSCI EAFE</i>			<u>0.7</u>	60	<u>0.7</u>	60	<u>18.7</u>	61	<u>17.6</u>	64	<u>7.2</u>	71	<u>16.0</u>	73	<u>6.5</u>	82	<u>7.7</u>	<i>Dec-10</i>
<i>Over/Under</i>			-1.4		-1.4		-4.7		-5.1		-1.0						-1.2	
<i>eA All EAFE Equity Net Median</i>			1.0		1.0		19.9		19.4		8.8		17.4		7.3		9.2	<i>Dec-10</i>
<b>Walter Scott</b>	<b>91,378,596</b>	<b>2.2</b>	<b>-2.7</b>	<b>92</b>	<b>-2.7</b>	<b>92</b>	<b>7.6</b>	<b>99</b>	<b>3.9</b>	<b>99</b>	<b>5.4</b>	<b>71</b>	--	--	--	--	<b>5.5</b>	<b>Dec-10</b>
<i>MSCI ACWI ex USA</i>			<u>0.5</u>	54	<u>0.5</u>	54	<u>15.9</u>	62	<u>12.3</u>	71	<u>4.1</u>	86	<u>15.5</u>	74	<u>7.1</u>	90	<u>4.9</u>	<i>Dec-10</i>
<i>Over/Under</i>			-3.2		-3.2		-8.3		-8.4		1.3						0.6	
<i>eA ACWI ex-US All Cap Equity Net Median</i>			0.7		0.7		16.9		15.5		6.4		17.5		8.3		7.1	<i>Dec-10</i>

Total Non-U.S. Equity Benchmark: MSCI ACWI ex US Free, prior to May 2002, the MSCI EAFE

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Global Equity</b>	<b>429,153,673</b>	<b>10.4</b>	<b>1.6</b>	<b>49</b>	<b>1.6</b>	<b>49</b>	<b>17.0</b>	<b>55</b>	<b>16.8</b>	<b>55</b>	<b>9.4</b>	<b>57</b>	<b>15.7</b>	<b>88</b>	--	--	<b>6.0</b>	<b>May-05</b>
MSCI ACWI			<u>1.1</u>	58	<u>1.1</u>	58	<u>17.1</u>	55	<u>16.6</u>	58	<u>8.6</u>	69	<u>17.8</u>	61	<u>7.0</u>	73	<u>6.9</u>	May-05
Over/Under			0.5		0.5		-0.1		0.2		0.8		-2.1				-0.9	
eA All Global Equity Net Median			1.5		1.5		17.7		17.7		9.9		18.8		8.2		7.9	May-05
<b>GMO Global Equity</b>	<b>213,996,782</b>	<b>5.2</b>	<b>2.0</b>	<b>38</b>	<b>2.0</b>	<b>38</b>	<b>16.9</b>	<b>56</b>	<b>16.8</b>	<b>56</b>	<b>10.4</b>	<b>46</b>	<b>16.2</b>	<b>81</b>	--	--	<b>7.6</b>	<b>Apr-05</b>
MSCI ACWI			<u>1.1</u>	58	<u>1.1</u>	58	<u>17.1</u>	55	<u>16.6</u>	58	<u>8.6</u>	69	<u>17.8</u>	61	<u>7.0</u>	73	<u>6.9</u>	Apr-05
Over/Under			0.9		0.9		-0.2		0.2		1.8		-1.6				0.7	
eA All Global Equity Net Median			1.5		1.5		17.7		17.7		9.9		18.8		8.2		7.9	Apr-05
<b>BlackRock MSCI ACWI Equity Index</b>	<b>215,156,890</b>	<b>5.2</b>	<b>1.2</b>	<b>56</b>	<b>1.2</b>	<b>56</b>	<b>17.2</b>	<b>54</b>	<b>17.0</b>	<b>54</b>	--	--	--	--	--	--	--	<b>May-12</b>
MSCI ACWI			<u>1.1</u>	58	<u>1.1</u>	58	<u>17.1</u>	55	<u>16.6</u>	58	<u>8.6</u>	69	<u>17.8</u>	61	<u>7.0</u>	73	<u>21.6</u>	May-12
Over/Under			0.1		0.1		0.1		0.4									
eA All Global Equity Net Median			1.5		1.5		17.7		17.7		9.9		18.8		8.2		22.2	May-12

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total US Fixed Income</b>	<b>708,924,237</b>	<b>17.2</b>	<b>1.6</b>	<b>55</b>	<b>1.6</b>	<b>55</b>	<b>3.5</b>	<b>37</b>	<b>1.3</b>	<b>32</b>	<b>5.6</b>	<b>32</b>	<b>10.9</b>	<b>23</b>	<b>6.0</b>	<b>23</b>	<b>6.5</b>	<b>Feb-94</b>
Barclays Aggregate			1.8	48	1.8	48	2.3	58	-0.1	78	3.7	58	4.8	63	4.5	52	5.8	Feb-94
Over/Under			-0.2		-0.2		1.2		1.4		1.9		6.1		1.5		0.7	
eA All US Fixed Inc Net Median			1.8		1.8		2.6		0.5		4.1		5.9		4.5		5.6	Feb-94
<b>Western</b>	<b>254,535,703</b>	<b>6.2</b>	<b>2.8</b>	<b>23</b>	<b>2.8</b>	<b>23</b>	<b>3.6</b>	<b>37</b>	<b>1.0</b>	<b>36</b>	<b>5.6</b>	<b>32</b>	<b>9.5</b>	<b>30</b>	<b>5.4</b>	<b>29</b>	<b>6.6</b>	<b>Dec-96</b>
Barclays Aggregate			1.8	48	1.8	48	2.3	58	-0.1	78	3.7	58	4.8	63	4.5	52	5.7	Dec-96
Over/Under			1.0		1.0		1.3		1.1		1.9		4.7		0.9		0.9	
eA All US Fixed Inc Net Median			1.8		1.8		2.6		0.5		4.1		5.9		4.5		5.5	Dec-96
<b>BlackRock U.S. Debt Fund</b>	<b>133,585,123</b>	<b>3.2</b>	<b>1.9</b>	<b>47</b>	<b>1.9</b>	<b>47</b>	<b>2.2</b>	<b>59</b>	<b>-0.1</b>	<b>78</b>	<b>3.8</b>	<b>57</b>	<b>4.9</b>	<b>61</b>	<b>4.5</b>	<b>50</b>	<b>5.7</b>	<b>Nov-95</b>
Barclays Aggregate			1.8	48	1.8	48	2.3	58	-0.1	78	3.7	58	4.8	63	4.5	52	5.7	Nov-95
Over/Under			0.1		0.1		-0.1		0.0		0.1		0.1		0.0		0.0	
eA All US Fixed Inc Net Median			1.8		1.8		2.6		0.5		4.1		5.9		4.5		5.4	Nov-95
<b>Reams</b>	<b>251,277,712</b>	<b>6.1</b>	<b>-0.2</b>	<b>99</b>	<b>-0.2</b>	<b>99</b>	<b>2.2</b>	<b>60</b>	<b>2.1</b>	<b>25</b>	<b>6.5</b>	<b>26</b>	<b>13.1</b>	<b>16</b>	<b>6.7</b>	<b>16</b>	<b>6.6</b>	<b>Sep-01</b>
Reams Custom Index			0.1	97	0.1	97	0.2	97	0.3	61	3.7	59	4.8	63	4.4	53	4.9	Sep-01
Over/Under			-0.3		-0.3		2.0		1.8		2.8		8.3		2.3		1.7	
Barclays Aggregate			1.8	48	1.8	48	2.3	58	-0.1	78	3.7	58	4.8	63	4.5	52	4.9	Sep-01
eA All US Fixed Inc Net Median			1.8		1.8		2.6		0.5		4.1		5.9		4.5		4.9	Sep-01
<b>Loomis Sayles Multi Strategy</b>	<b>69,525,699</b>	<b>1.7</b>	<b>3.8</b>	<b>10</b>	<b>3.8</b>	<b>10</b>	<b>7.0</b>	<b>15</b>	<b>2.6</b>	<b>21</b>	<b>7.4</b>	<b>20</b>	<b>14.8</b>	<b>11</b>	<b>--</b>	<b>--</b>	<b>7.5</b>	<b>Jul-05</b>
Loomis Custom Index			2.2	35	2.2	35	4.2	30	2.2	25	5.3	34	8.6	34	--	--	5.9	Jul-05
Over/Under			1.6		1.6		2.8		0.4		2.1		6.2				1.6	
Barclays Aggregate			1.8	48	1.8	48	2.3	58	-0.1	78	3.7	58	4.8	63	4.5	52	4.8	Jul-05
eA All US Fixed Inc Net Median			1.8		1.8		2.6		0.5		4.1		5.9		4.5		4.9	Jul-05

Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Barclays Aggregate

Loomis Custom Index: 65% Barclays Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Global Fixed Income</b>	<b>260,965,843</b>	<b>6.3</b>	<b>2.2</b>	<b>83</b>	<b>2.2</b>	<b>83</b>	<b>5.1</b>	<b>56</b>	<b>1.2</b>	<b>61</b>	--	--	--	--	--	--	<b>1.9</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>			<u>2.4</u>	71	<u>2.4</u>	71	<u>4.8</u>	61	<u>1.9</u>	53	<u>2.8</u>	77	<u>5.1</u>	86	<u>4.5</u>	82	<u>1.4</u>	<i>Jun-12</i>
<i>Over/Under</i>			-0.2		-0.2		0.3		-0.7								0.5	
<i>eA All Global Fixed Inc Net Median</i>			2.8		2.8		5.2		2.0		4.8		7.7		5.3		4.2	<i>Jun-12</i>
<b>Loomis Sayles Global Fixed Income</b>	<b>93,795,419</b>	<b>2.3</b>	<b>2.4</b>	<b>77</b>	<b>2.4</b>	<b>77</b>	<b>4.6</b>	<b>67</b>	<b>1.0</b>	<b>64</b>	--	--	--	--	--	--	<b>2.2</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>			<u>2.4</u>	77	<u>2.4</u>	77	<u>4.8</u>	64	<u>1.9</u>	51	<u>2.8</u>	75	<u>5.1</u>	85	<u>4.5</u>	78	<u>1.4</u>	<i>Jun-12</i>
<i>Over/Under</i>			0.0		0.0		-0.2		-0.9								0.8	
<i>eA Global Fixed Inc Unhedged Net Median</i>			2.9		2.9		5.3		1.9		4.8		7.7		5.1		4.2	<i>Jun-12</i>
<b>PIMCO Global Fixed Income</b>	<b>126,063,071</b>	<b>3.1</b>	<b>2.5</b>	<b>68</b>	<b>2.5</b>	<b>68</b>	<b>5.2</b>	<b>54</b>	<b>1.1</b>	<b>63</b>	--	--	--	--	--	--	<b>-0.8</b>	<b>Sep-12</b>
<i>Barclays Global Aggregate</i>			<u>2.4</u>	77	<u>2.4</u>	77	<u>4.8</u>	64	<u>1.9</u>	51	<u>2.8</u>	75	<u>5.1</u>	85	<u>4.5</u>	78	<u>-0.5</u>	<i>Sep-12</i>
<i>Over/Under</i>			0.1		0.1		0.4		-0.8								-0.3	
<i>eA Global Fixed Inc Unhedged Net Median</i>			2.9		2.9		5.3		1.9		4.8		7.7		5.1		2.1	<i>Sep-12</i>
<b>Loomis Strategic Alpha</b>	<b>41,107,353</b>	<b>1.0</b>	<b>0.5</b>	<b>97</b>	<b>0.5</b>	<b>97</b>	<b>2.3</b>	<b>95</b>	--	--	--	--	--	--	--	--	<b>2.0</b>	<b>Jul-13</b>
<i>Barclays Global Aggregate</i>			<u>2.4</u>	77	<u>2.4</u>	77	<u>4.8</u>	64	<u>1.9</u>	51	<u>2.8</u>	75	<u>5.1</u>	85	<u>4.5</u>	78	<u>3.5</u>	<i>Jul-13</i>
<i>Over/Under</i>			-1.9		-1.9		-2.5										-1.5	
<i>eA Global Fixed Inc Unhedged Net Median</i>			2.9		2.9		5.3		1.9		4.8		7.7		5.1		4.3	<i>Jul-13</i>



# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Real Estate</b>	<b>298,330,294</b>	<b>7.2</b>	<b>2.3</b>	--	<b>2.3</b>	--	<b>7.7</b>	--	<b>10.9</b>	--	<b>10.7</b>	--	<b>5.8</b>	--	<b>5.1</b>	--	<b>7.6</b>	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>			<u>2.5</u>	--	<u>2.5</u>	--	<u>9.5</u>	--	<u>13.7</u>	--	<u>13.0</u>	--	<u>7.3</u>	--	<u>7.2</u>	--	<u>8.7</u>	<i>Mar-94</i>
Over/Under			-0.2		-0.2		-1.8		-2.8		-2.3		-1.5		-2.1		-1.1	
Prudential Real Estate	97,522,348	2.4	<b>2.3</b>	--	<b>2.3</b>	--	<b>9.4</b>	--	<b>12.9</b>	--	<b>12.4</b>	--	<b>6.2</b>	--	--	--	<b>4.6</b>	Jun-04
<i>NCREIF-ODCE</i>			<u>2.5</u>	--	<u>2.5</u>	--	<u>9.5</u>	--	<u>13.7</u>	--	<u>13.0</u>	--	<u>7.3</u>	--	<u>7.2</u>	--	<u>7.0</u>	<i>Jun-04</i>
Over/Under			-0.2		-0.2		-0.1		-0.8		-0.6		-1.1				-2.4	
UBS Real Estate	192,583,732	4.7	<b>2.3</b>	--	<b>2.3</b>	--	<b>6.9</b>	--	<b>10.3</b>	--	<b>9.8</b>	--	<b>6.4</b>	--	<b>6.9</b>	--	<b>7.1</b>	Mar-03
<i>NCREIF-ODCE</i>			<u>2.5</u>	--	<u>2.5</u>	--	<u>9.5</u>	--	<u>13.7</u>	--	<u>13.0</u>	--	<u>7.3</u>	--	<u>7.2</u>	--	<u>7.4</u>	<i>Mar-03</i>
Over/Under			-0.2		-0.2		-2.6		-3.4		-3.2		-0.9		-0.3		-0.3	
RREEF	8,224,214	0.2	<b>3.8</b>	--	<b>3.8</b>	--	<b>11.4</b>	--	<b>16.9</b>	--	<b>28.5</b>	--	<b>4.6</b>	--	--	--	<b>-10.0</b>	Sep-07
<i>NCREIF-ODCE</i>			<u>2.5</u>	--	<u>2.5</u>	--	<u>9.5</u>	--	<u>13.7</u>	--	<u>13.0</u>	--	<u>7.3</u>	--	<u>7.2</u>	--	<u>1.9</u>	<i>Sep-07</i>
Over/Under			1.3		1.3		1.9		3.2		15.5		-2.7				-11.9	

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Liquid Alternatives</b>	<b>398,018,399</b>	<b>9.7</b>	<b>5.3</b>	--	<b>5.3</b>	--	<b>13.4</b>	--	--	--	--	--	--	--	--	--	<b>16.8</b>	<b>Apr-13</b>
<i>CPI + 4% (Unadjusted)</i>			<u>2.4</u>	--	<u>2.4</u>	--	<u>4.2</u>	--	<u>5.6</u>	--	<u>5.9</u>	--	<u>6.2</u>	--	<u>6.4</u>	--	<u>5.3</u>	<i>Apr-13</i>
Over/Under			2.9		2.9		9.2										11.5	
Tortoise Energy Infrastructure	133,697,586	3.2	<b>8.5</b>	--	<b>8.5</b>	--	<b>18.6</b>	--	--	--	--	--	--	--	--	--	<b>22.0</b>	<b>Apr-13</b>
<i>Wells Fargo MLP Index</i>			<u>2.8</u>	--	<u>2.8</u>	--	<u>8.0</u>	--	<u>10.7</u>	--	<u>14.2</u>	--	--	--	--	--	<u>9.3</u>	<i>Apr-13</i>
Over/Under			5.7		5.7		10.6										12.7	
Bridgewater All Weather Fund	264,320,813	6.4	<b>3.7</b>	--	<b>3.7</b>	--	--	--	--	--	--	--	--	--	--	--	<b>7.2</b>	<b>Aug-13</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>2.8</u>	--	<u>2.8</u>	--	<u>21.9</u>	--	<u>26.2</u>	--	--	--	--	--	--	--	<u>18.4</u>	<i>Aug-13</i>
Over/Under			0.9		0.9												-11.2	
<b>Overlay</b>	<b>17,135,793</b>	<b>0.4</b>																
Clifton	17,135,793	0.4																

Overlay performance is not applicable on an individual account level

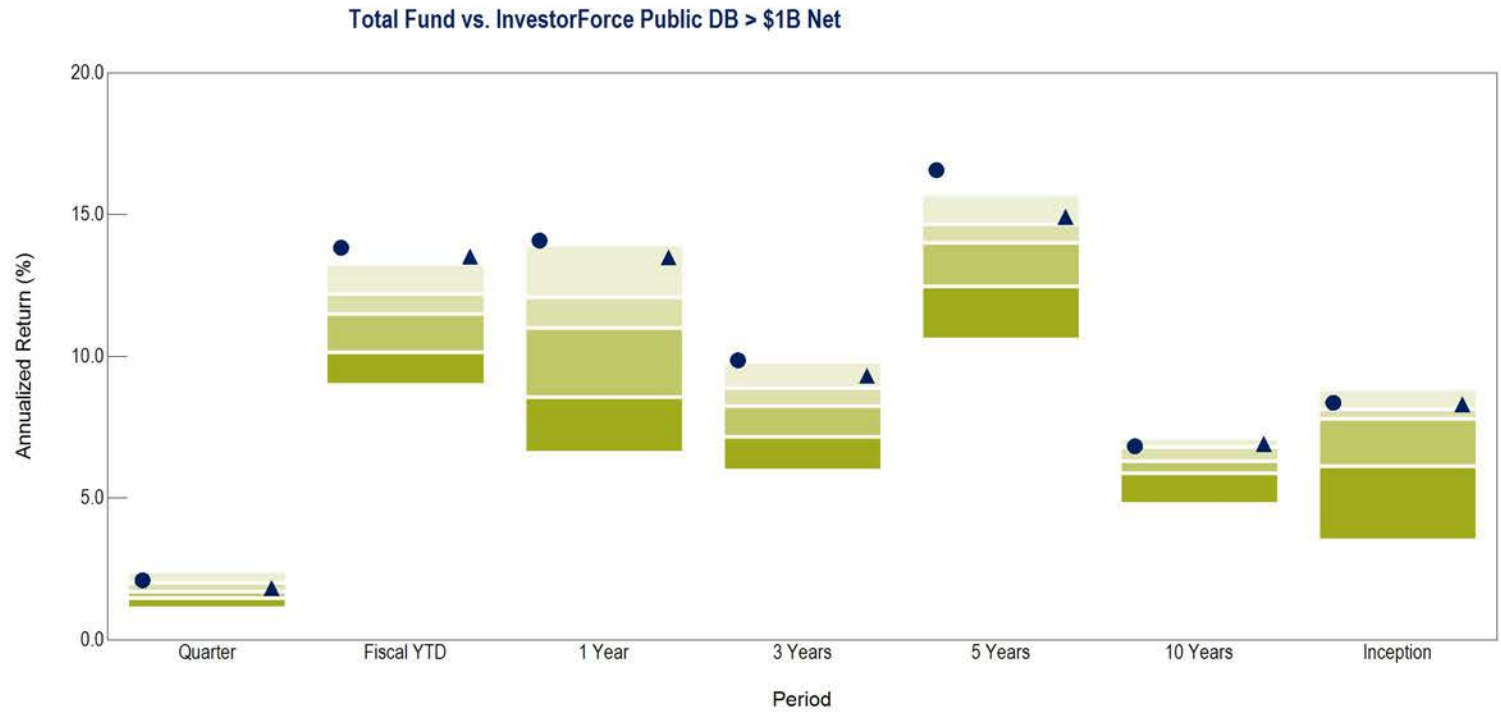
Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Private Equity</b>	<b>75,649,615</b>	<b>1.8</b>	<b>4.9</b>	--	<b>4.9</b>	--	<b>15.7</b>	--	<b>17.4</b>	--	--	--	--	--	--	--	--	<b>Jul-10</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>2.8</u>	--	<u>2.8</u>	--	<u>21.9</u>	--	<u>26.2</u>	--	--	--	--	--	--	--	--	<i>Jul-10</i>
Over/Under			2.1		2.1		-6.2		-8.8									
Adams Street Partners	49,805,589	1.2	5.9	--	5.9	--	18.1	--	19.8	--	--	--	--	--	--	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>2.8</u>	--	<u>2.8</u>	--	<u>21.9</u>	--	<u>26.2</u>	--	--	--	--	--	--	--	--	<i>Jul-10</i>
Over/Under			3.1		3.1		-3.8		-6.4									
Panteon Ventures	9,935,077	0.2	5.8	--	5.8	--	10.0	--	11.8	--	--	--	--	--	--	--	--	Aug-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>2.8</u>	--	<u>2.8</u>	--	<u>21.9</u>	--	<u>26.2</u>	--	--	--	--	--	--	--	--	<i>Aug-10</i>
Over/Under			3.0		3.0		-11.9		-14.4									
Harbourvest	15,908,949	0.4	1.6	--	1.6	--	10.7	--	--	--	--	--	--	--	--	--	--	May-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>2.8</u>	--	<u>2.8</u>	--	<u>21.9</u>	--	<u>26.2</u>	--	--	--	--	--	--	--	--	<i>May-13</i>
Over/Under			-1.2		-1.2		-11.2											

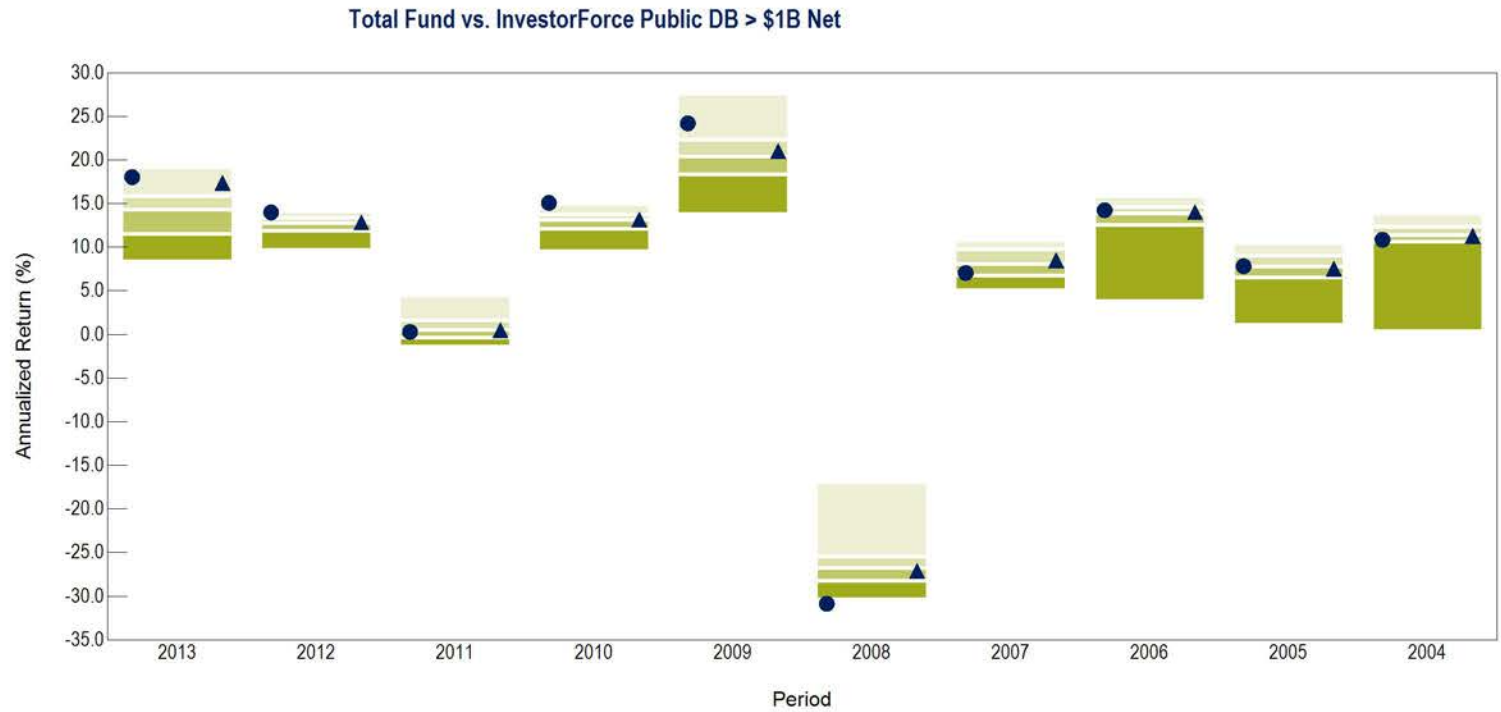
Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current quarter cash flows.

Ventura County Employees' Retirement Association  
**Total Fund Return Summary vs. Peer Universe**



	Return (Rank)													
5th Percentile	2.4		13.2		13.9		9.8		15.7		7.1		8.8	
25th Percentile	2.0		12.2		12.1		8.9		14.7		6.8		8.2	
Median	1.7		11.5		11.0		8.3		14.0		6.3		7.8	
75th Percentile	1.5		10.1		8.6		7.2		12.5		5.9		6.1	
95th Percentile	1.1		9.0		6.6		6.0		10.6		4.8		3.5	
# of Portfolios	44		44		44		44		43		42		32	
● Total Fund	2.1	(19)	13.8	(2)	14.1	(5)	9.9	(5)	16.6	(2)	6.8	(20)	8.4	(18)
▲ Policy Index	1.8	(43)	13.5	(4)	13.5	(8)	9.3	(17)	14.9	(10)	6.9	(12)	8.3	(20)

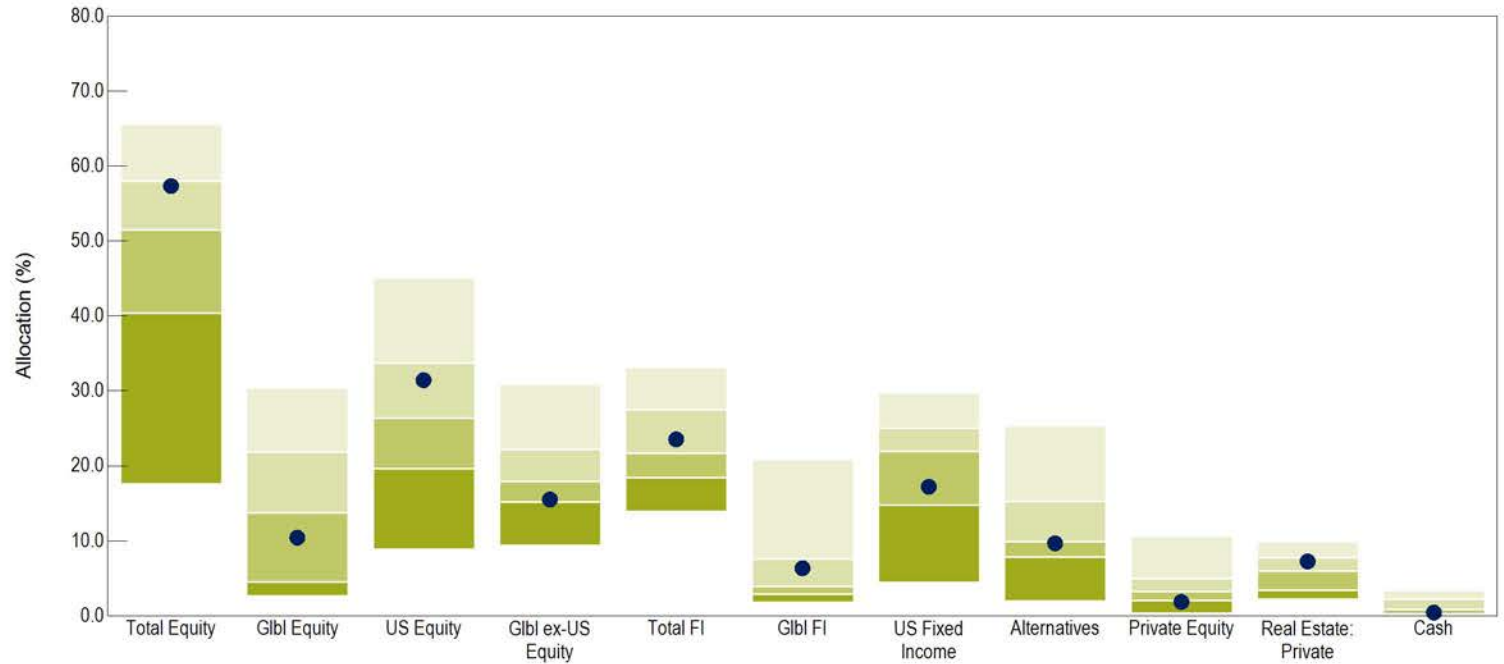
Ventura County Employees' Retirement Association  
**Total Fund Return Summary vs. Peer Universe**



	Return (Rank)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
5th Percentile	19.1	14.0	4.5	14.9	27.6	-17.0	10.8	15.8	10.5	13.9
25th Percentile	15.9	13.4	1.7	13.8	22.3	-25.4	9.8	14.6	9.1	12.4
Median	14.3	12.8	0.6	13.2	20.4	-26.7	8.1	13.9	7.8	11.4
75th Percentile	11.5	11.9	-0.3	12.1	18.4	-28.2	6.8	12.6	6.6	10.7
95th Percentile	8.4	9.7	-1.4	9.6	13.8	-30.3	5.1	3.9	1.2	0.4
# of Portfolios	43	33	32	31	30	29	29	28	27	26
● Total Fund	18.0 (9)	14.0 (10)	0.3 (60)	15.1 (4)	24.2 (20)	-30.9 (98)	7.0 (74)	14.2 (35)	7.8 (50)	10.9 (72)
▲ Policy Index	17.4 (12)	12.9 (46)	0.5 (53)	13.2 (52)	21.0 (38)	-27.1 (58)	8.5 (46)	14.0 (46)	7.6 (62)	11.3 (54)

Total Fund Allocations vs. Peer Universe

Total Plan Allocation vs. InvestorForce Public DB > \$1B Net



	Total Equity		Gbl Equity		US Equity		Gbl ex-US Equity		Total FI		Gbl FI		US Fixed Income		Alternatives		Private Equity		Real Estate: Private		Cash	
<b>5th Percentile</b>	65.5	30.4	45.1	30.9	33.1	20.9	29.7	25.3	10.7	9.9	3.4	--	--	--	--	--	--	--	--	--	--	--
<b>25th Percentile</b>	58.1	21.9	33.8	22.3	27.6	7.7	25.0	15.3	5.0	7.9	2.2	--	--	--	--	--	--	--	--	--	--	--
<b>Median</b>	51.6	13.8	26.5	18.0	21.8	4.0	22.0	10.0	3.3	6.1	0.9	--	--	--	--	--	--	--	--	--	--	--
<b>75th Percentile</b>	40.4	4.6	19.7	15.3	18.5	3.0	14.8	7.9	2.1	3.4	0.3	--	--	--	--	--	--	--	--	--	--	--
<b>95th Percentile</b>	17.7	2.7	8.9	9.4	14.0	1.9	4.5	2.0	0.4	2.3	0.1	--	--	--	--	--	--	--	--	--	--	--
<b># of Portfolios</b>	31	6	28	29	31	8	21	27	21	11	21	--	--	--	--	--	--	--	--	--	--	--
<b>● Total Fund</b>	57.3 (29)	10.4 (59)	31.4 (35)	15.5 (73)	23.5 (47)	6.3 (30)	17.2 (69)	9.7 (56)	1.8 (78)	7.2 (28)	0.4 (63)	--	--	--	--	--	--	--	--	--	--	--

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

	1 Years Ending March 31, 2014				
	% of Tot	Anlzd Ret	Anlzd Std Dev	Ann Excess BM Return	Info Ratio
Total Fund	100.00%	14.08%	6.97%	0.59%	0.81
Policy Index	--	13.49%	7.04%	0.00%	--
Total Fund ex Private Equity	98.16%	12.37%	6.81%	-1.12%	-1.42
Policy Index	--	13.49%	7.04%	0.00%	--
Total Equity	57.33%	18.71%	10.32%	2.16%	1.66
MSCI ACWI	--	16.55%	10.96%	0.00%	--
Total US Equity	31.42%	23.09%	10.04%	0.47%	0.79
Total U.S. Equity Benchmark	--	22.62%	9.95%	0.00%	--
Total Non-US Equity	15.50%	12.16%	12.35%	-0.15%	-0.16
Total Non-US Equity Benchmark	--	12.31%	12.98%	0.00%	--
Total Global Equity	10.41%	16.85%	10.90%	0.29%	0.32
MSCI ACWI	--	16.55%	10.96%	0.00%	--
Total Fixed Income	23.53%	1.13%	3.40%	-0.75%	-0.28
Barclays Global Aggregate	--	1.88%	5.01%	0.00%	--
Total US Fixed Income	17.20%	1.28%	3.32%	1.37%	1.02
Barclays Aggregate	--	-0.10%	3.52%	0.00%	--
Total Global Fixed Income	6.33%	1.25%	5.45%	-0.63%	-0.48
Barclays Global Aggregate	--	1.88%	5.01%	0.00%	--
Total Real Estate	7.24%	10.94%	4.52%	-2.79%	-2.25
Total Real Estate Benchmark	--	13.73%	5.68%	0.00%	--
Total Liquid Alternatives	9.66%	--	--	--	--
CPI + 4% (Unadjusted)	--	5.57%	0.90%	0.00%	--
Overlay	0.42%	--	--	--	--
91 Day T-Bills	--	0.04%	0.00%	0.00%	--
Total Private Equity	1.84%	17.42%	7.61%	-8.78%	-0.81

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

### 3 Years Ending March 31, 2014

	% of Tot	Anlzd Ret	Anlzd Std Dev	Ann Excess BM Return	Info Ratio
Total Fund	100.00%	9.86%	8.96%	0.54%	0.75
Policy Index	--	9.31%	8.98%	0.00%	--
Total Fund ex Private Equity	98.16%	--	--	--	--
Policy Index	--	9.31%	8.98%	0.00%	--
Total Equity	57.33%	--	--	--	--
MSCI ACWI	--	8.55%	14.54%	0.00%	--
Total US Equity	31.42%	14.91%	13.14%	0.29%	0.82
Total U.S. Equity Benchmark	--	14.63%	13.05%	0.00%	--
Total Non-US Equity	15.50%	5.16%	15.96%	1.01%	0.74
Total Non-US Equity Benchmark	--	4.15%	16.88%	0.00%	--
Total Global Equity	10.41%	9.45%	13.01%	0.89%	0.37
MSCI ACWI	--	8.55%	14.54%	0.00%	--
Total Fixed Income	23.53%	5.51%	2.97%	2.73%	1.01
Barclays Global Aggregate	--	2.78%	4.49%	0.00%	--
Total US Fixed Income	17.20%	5.58%	2.94%	1.83%	0.93
Barclays Aggregate	--	3.75%	2.84%	0.00%	--
Total Global Fixed Income	6.33%	--	--	--	--
Barclays Global Aggregate	--	2.78%	4.49%	0.00%	--
Total Real Estate	7.24%	10.72%	4.50%	-2.32%	-2.16
Total Real Estate Benchmark	--	13.05%	5.32%	0.00%	--
Total Liquid Alternatives	9.66%	--	--	--	--
CPI + 4% (Unadjusted)	--	5.95%	1.12%	0.00%	--
Overlay	0.42%	--	--	--	--
91 Day T-Bills	--	0.05%	0.01%	0.00%	--
Total Private Equity	1.84%	--	--	--	--
DJ U.S. Total Stock Market Index + 3%	--	--	--	--	--



# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

	5 Years Ending March 31, 2014				
	% of Tot	Anlzd Ret	Anlzd Std Dev	Ann Excess BM Return	Info Ratio
Total Fund	100.00%	16.57%	10.45%	1.65%	1.52
Policy Index	--	14.92%	9.94%	0.00%	--
Total Fund ex Private Equity	98.16%	--	--	--	--
Policy Index	--	14.92%	9.94%	0.00%	--
Total Equity	57.33%	--	--	--	--
MSCI ACWI	--	17.80%	16.22%	0.00%	--
Total US Equity	31.42%	22.71%	14.66%	0.68%	1.91
Total U.S. Equity Benchmark	--	22.03%	14.53%	0.00%	--
Total Non-US Equity	15.50%	15.79%	17.74%	0.27%	0.16
Total Non-US Equity Benchmark	--	15.52%	18.68%	0.00%	--
Total Global Equity	10.41%	15.69%	14.22%	-2.12%	-0.61
MSCI ACWI	--	17.80%	16.22%	0.00%	--
Total Fixed Income	23.53%	10.87%	4.75%	5.77%	1.32
Barclays Global Aggregate	--	5.10%	5.34%	0.00%	--
Total US Fixed Income	17.20%	10.91%	4.73%	6.11%	1.58
Barclays Aggregate	--	4.80%	2.82%	0.00%	--
Total Global Fixed Income	6.33%	--	--	--	--
Barclays Global Aggregate	--	5.10%	5.34%	0.00%	--
Total Real Estate	7.24%	5.77%	7.98%	-1.54%	-1.15
Total Real Estate Benchmark	--	7.31%	8.26%	0.00%	--
Total Liquid Alternatives	9.66%	--	--	--	--
CPI + 4% (Unadjusted)	--	6.20%	1.06%	0.00%	--
Overlay	0.42%	--	--	--	--
91 Day T-Bills	--	0.08%	0.01%	0.00%	--
Total Private Equity	1.84%	--	--	--	--
DJ U.S. Total Stock Market Index + 3%	--	--	--	--	--

# Appendix

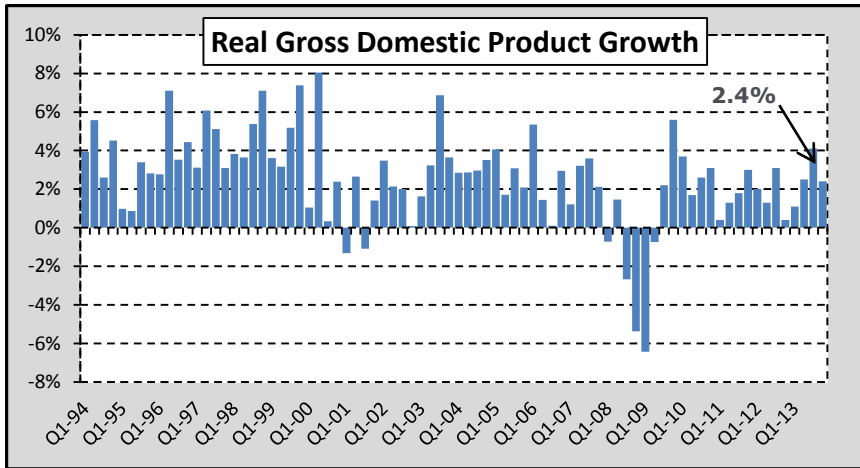
# Investment Market Update: As of March 31, 2014

## PERFORMANCE THROUGH 3/31/2014

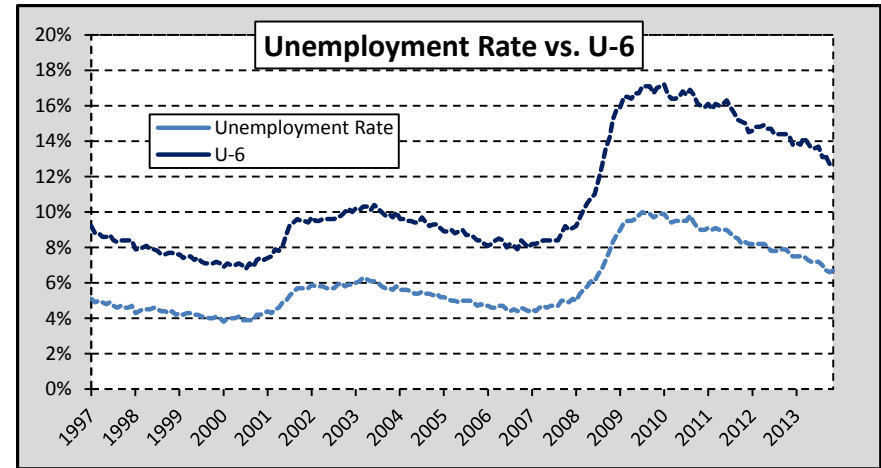
Sector	Index	2008	2009	2010	2011	2012	2013	Jan	Feb	Mar	2014
Treasury STRIPS	Barclays US Strips 20+ Yr	59.5%	-36.0%	10.9%	58.5%	3.0%	-21.0%	9.4%	1.2%	1.7%	12.7%
REITS	Wilshire US REIT	-39.2%	28.6%	28.6%	9.2%	17.6%	1.9%	3.9%	5.0%	0.9%	10.1%
Commodities	DJ UBS Commodity	-35.6%	18.9%	16.8%	-13.3%	-1.1%	-9.5%	0.3%	6.2%	0.4%	7.0%
Long Govt/Credit	Barclays US Govt/Credit Long	8.4%	1.9%	10.2%	22.5%	8.8%	-8.8%	4.0%	1.7%	0.8%	6.6%
Long Credit	Barclays US Long Credit	-3.9%	16.8%	10.7%	17.1%	12.7%	-6.6%	3.3%	2.1%	0.8%	6.3%
Muni Bonds	Barclays Municipal	-2.5%	12.9%	2.4%	10.7%	6.8%	-2.6%	1.9%	1.2%	0.2%	3.3%
Large Cap Value	Russell 1000 Value	-36.8%	19.7%	15.5%	0.4%	17.5%	32.5%	-3.6%	4.3%	2.4%	3.0%
High Yield	Barclays US Corp High Yield	-26.2%	58.2%	15.1%	5.0%	15.8%	7.4%	0.7%	2.0%	0.2%	3.0%
EMD USD	Barclays EM USD Aggregate	-14.7%	34.2%	12.8%	7.0%	17.9%	-4.1%	-0.3%	2.3%	0.8%	2.8%
Global Bonds	Citi WGBI	10.9%	2.6%	5.2%	6.4%	1.6%	-4.0%	1.3%	1.4%	-0.1%	2.7%
SMID Cap	Russell 2500	-36.8%	34.4%	26.7%	-2.5%	17.9%	36.8%	-2.3%	5.1%	-0.4%	2.3%
Diversified	Diversified*	-24.5%	24.1%	13.5%	1.3%	12.7%	17.6%	-1.5%	3.4%	0.3%	2.1%
Large Cap	Russell 1000	-37.6%	28.4%	16.1%	1.5%	16.4%	33.1%	-3.2%	4.7%	0.6%	2.0%
EMD Local	JPM GBI EM Global Diversified	-5.2%	22.0%	15.7%	-1.8%	16.8%	-9.0%	-4.6%	3.9%	2.8%	1.9%
Core Bonds	Barclays US Agg Bond	5.2%	5.9%	6.5%	7.8%	4.2%	-2.0%	1.5%	0.5%	-0.2%	1.8%
Large Cap	S&P 500	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	-3.5%	4.6%	0.8%	1.8%
Small Cap Value	Russell 2000 Value	-28.9%	20.6%	24.5%	-5.5%	18.1%	34.5%	-3.9%	4.6%	1.2%	1.8%
Interm Core Bonds	Barclays US Agg Interm	4.9%	6.5%	6.1%	6.0%	3.6%	-1.0%	1.1%	0.4%	-0.3%	1.2%
Large Cap Growth	Russell 1000 Growth	-38.4%	37.2%	16.7%	2.6%	15.3%	33.5%	-2.9%	5.1%	-1.0%	1.1%
Small Cap	Russell 2000	-33.8%	27.2%	26.9%	-4.2%	16.3%	38.8%	-2.8%	4.7%	-0.7%	1.1%
Interm Govt/Credit	Barclays US Govt/Credit Interm	5.1%	5.2%	5.9%	5.8%	3.9%	-0.9%	0.9%	0.4%	-0.3%	1.0%
Int'l Developed	MSCI EAFE	-43.4%	31.8%	7.8%	-12.1%	17.3%	22.8%	-4.0%	5.6%	-0.6%	0.7%
Small Cap Growth	Russell 2000 Growth	-38.5%	34.5%	29.1%	-2.9%	14.6%	43.3%	-1.7%	4.8%	-2.5%	0.5%
Govt/Credit	Barclays Govt/Credit 1-5 Yr	5.1%	4.6%	4.1%	3.1%	2.2%	0.3%	0.4%	0.2%	-0.3%	0.4%
Govt/Credit	Barclays US Govt/Credit 1-3 Yr	5.0%	3.8%	2.8%	1.6%	1.3%	0.6%	0.2%	0.1%	-0.1%	0.2%
Emerging Equities	MSCI EM	-53.3%	78.5%	18.9%	-18.4%	18.2%	-2.6%	-6.5%	3.3%	3.1%	-0.4%

\* 35% LC, 10% SC, 12% Intl Equity, 3% Emerging Equity, 25% Core Bonds, 5% HY, 5% Global Bonds, 5% REITS

Source: Morningstar Direct

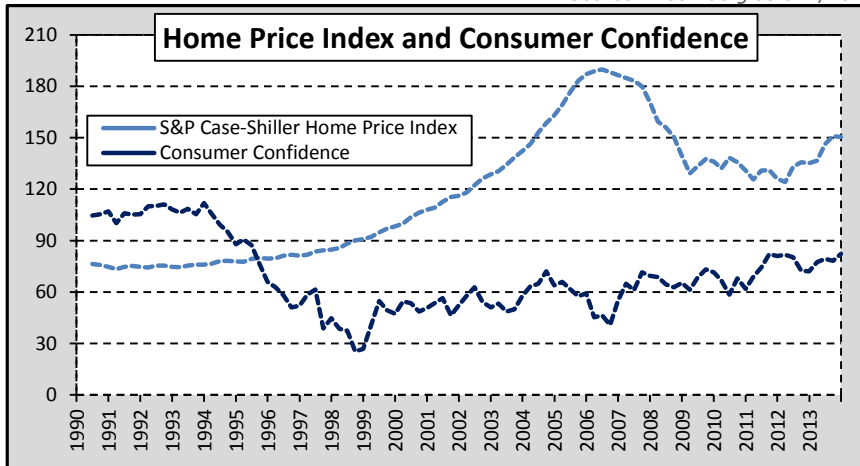


GDP growth was revised downward in the first quarter, to 0.1%



Unemployment rose to 6.7% in February; U-6 declined to 12.6%

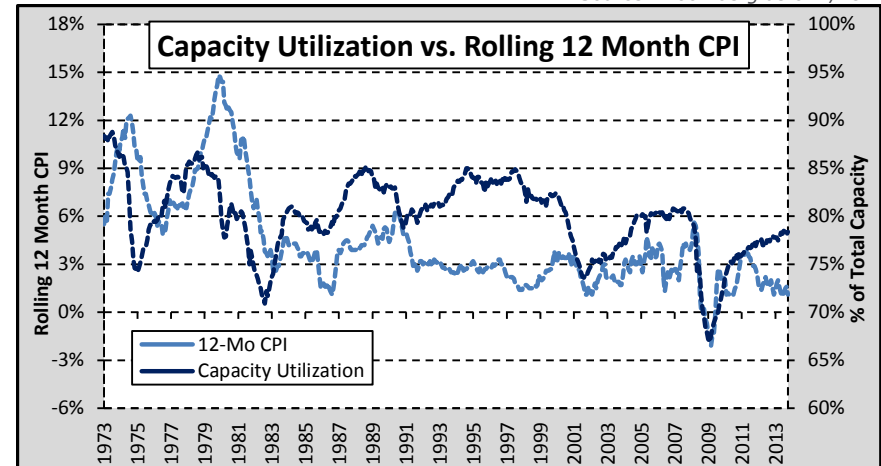
Source: Bloomberg as of 2/28



Consumer confidence fell to 82.3 in March; the Case-Shiller home price index (as of 12/31) dipped slightly to 150.39 from its highest level (150.92) since the financial crisis

Source: Bloomberg as of 3/31

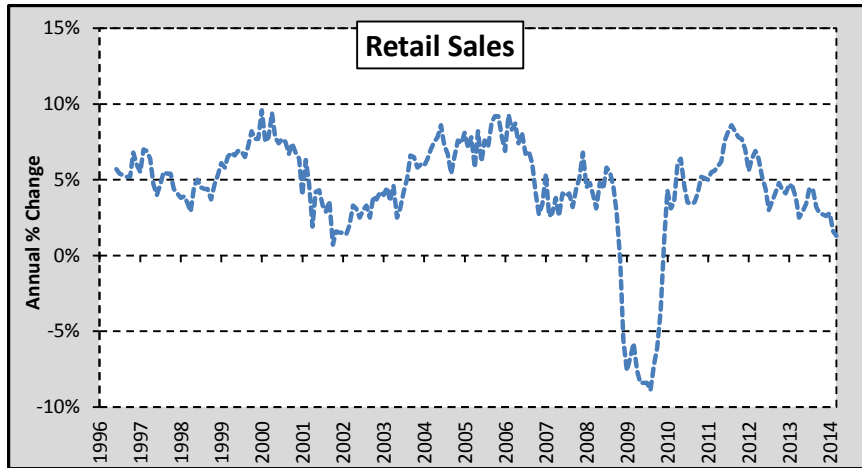
Source: Bloomberg as of 2/28



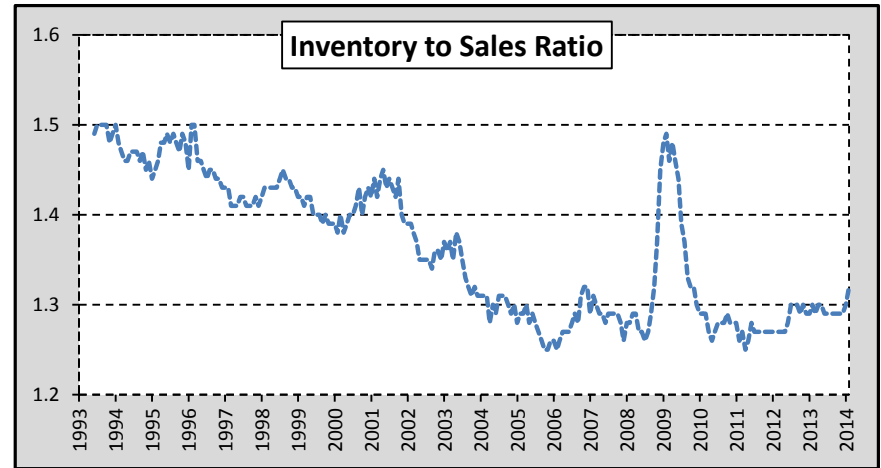
Rolling 12 month CPI decreased to 1.1% at February end; capacity utilization rose slightly to 78.4% in the month

Source: Bloomberg as of 2/28

# Components of GDP

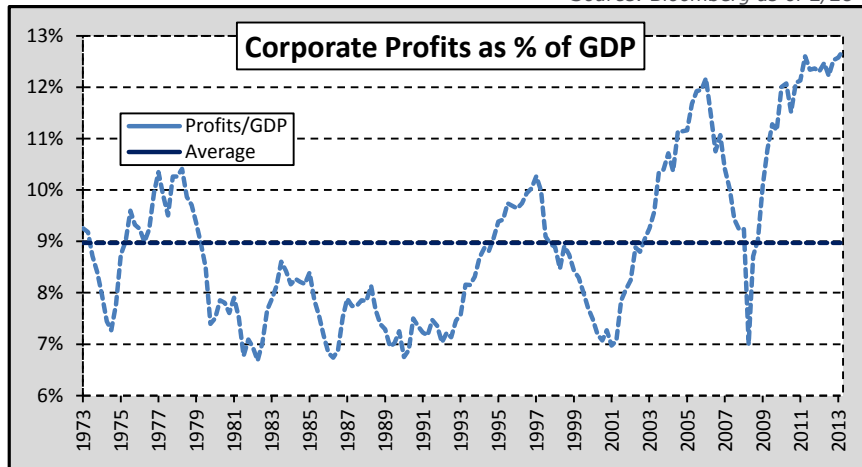


Retail sales fell to a 1.3% year-over-year growth rate in February



The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.32 in January

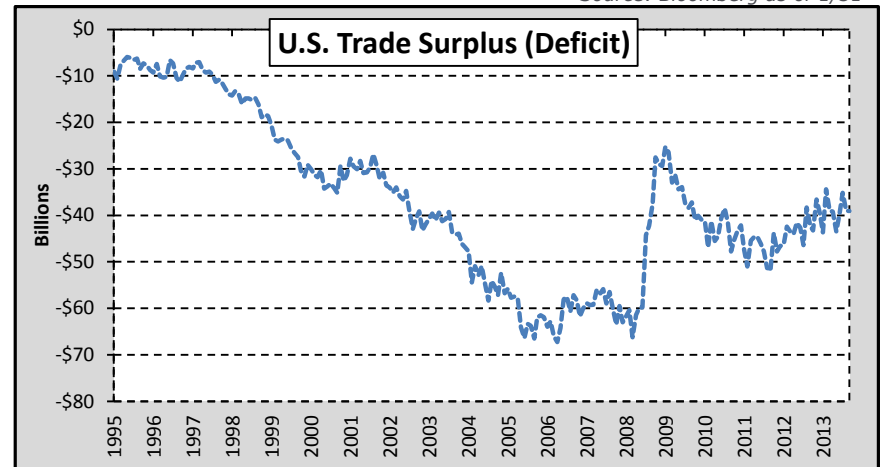
Source: Bloomberg as of 2/28



Corporate Profits as a percent of GDP remained near secular highs at 12.7% at the end of the fourth quarter

Source: Bloomberg as of 12/31

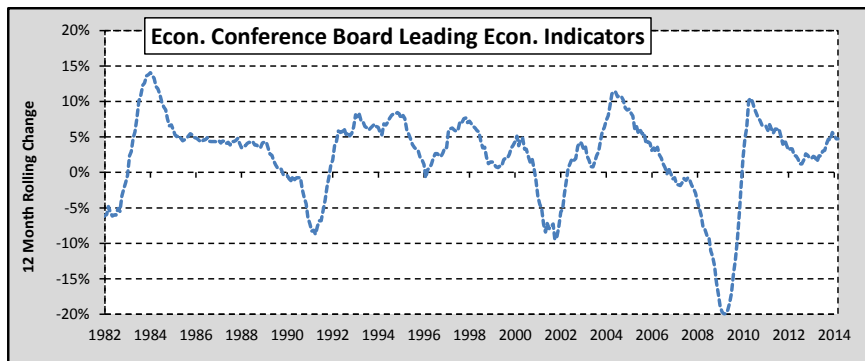
Source: Bloomberg as of 1/31



The trade deficit increased marginally in January

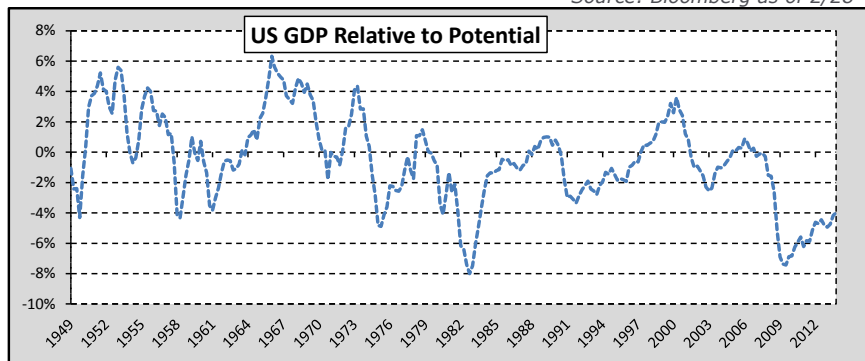
Source: Bloomberg as of 1/31

# Key Economic Indicators



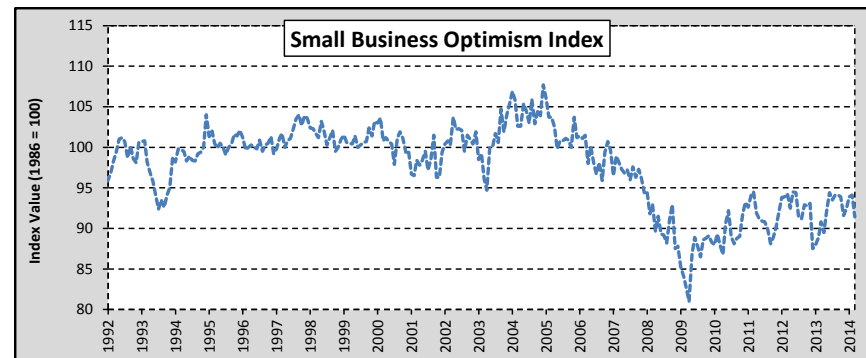
The rolling percentage change in the Leading Economic Indicators index decreased to 4.72% through February

Source: Bloomberg as of 2/28



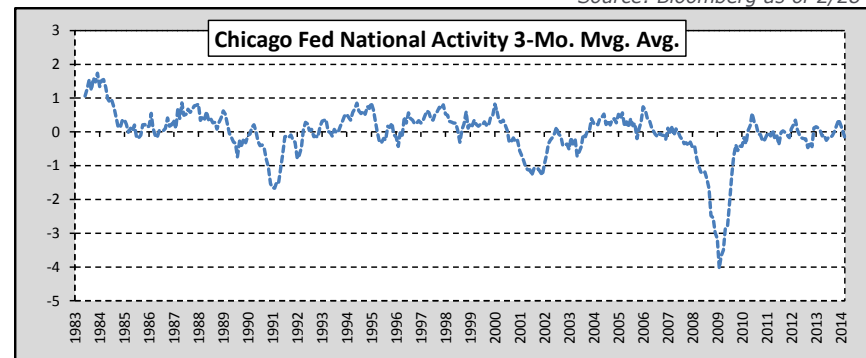
US GDP relative to potential GDP rose slightly through Q3 but remained near historic lows

Source: Bureau of Economic Analysis, Congressional Budget Office as of 10/1



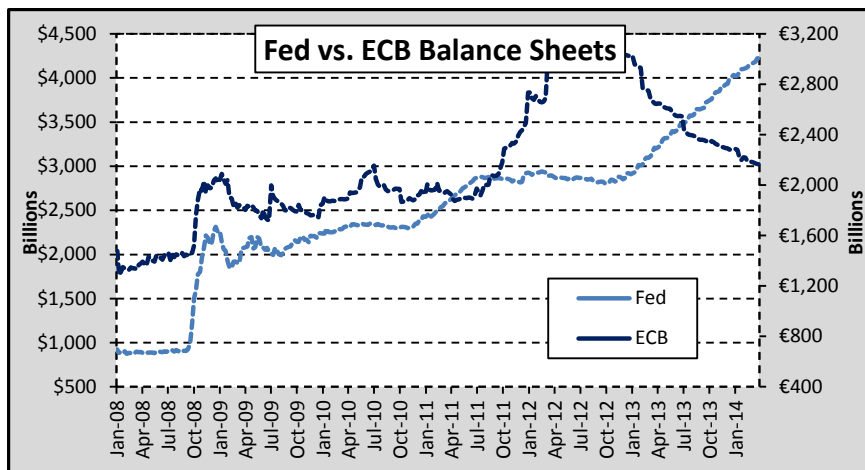
The small business optimism index decreased to 91.4 through February.

Source: Bloomberg as of 2/28



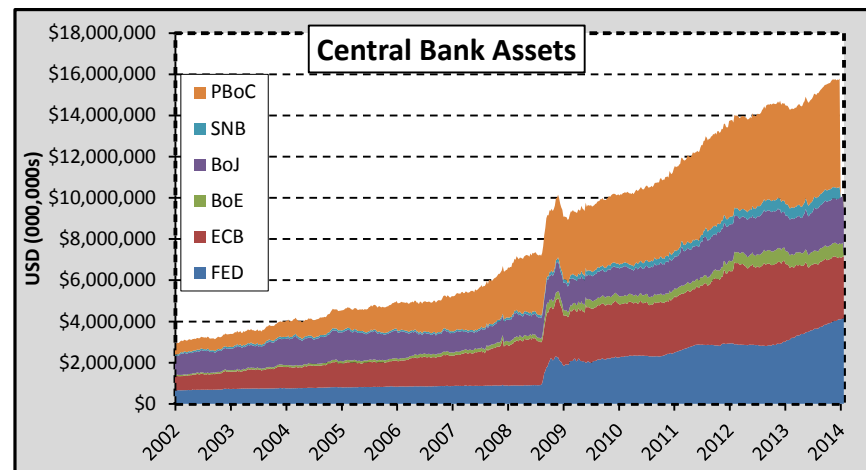
Chicago Fed National Activity 3 Month moving average turned negative through February; indicating below average growth

Source: Bloomberg as of 2/28



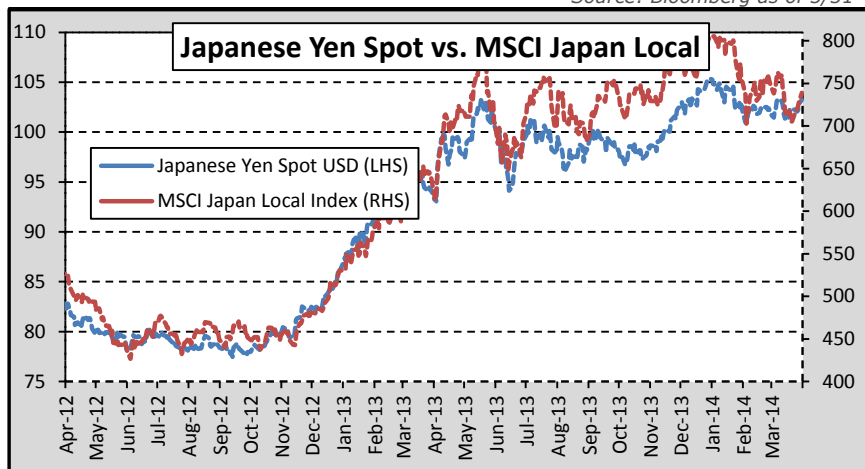
The Federal Reserve Bank balance sheet increased in early 2014 while the European Central Bank balance sheet decreased

Source: Bloomberg as of 3/31



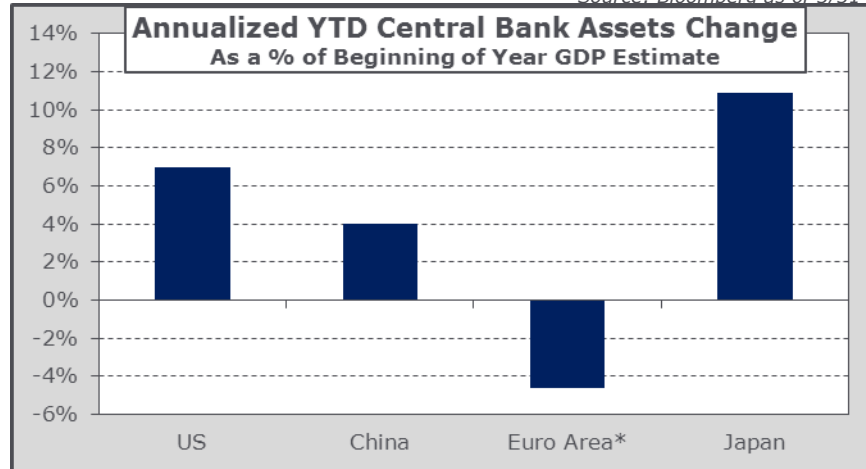
Central bank assets worldwide have risen significantly since 2008

Source: Bloomberg as of 3/31



The Japanese Yen has strengthened 1.9% relative to the US dollar in 2014; while the MSCI Japan TR Net Local Index returned (8.0)%

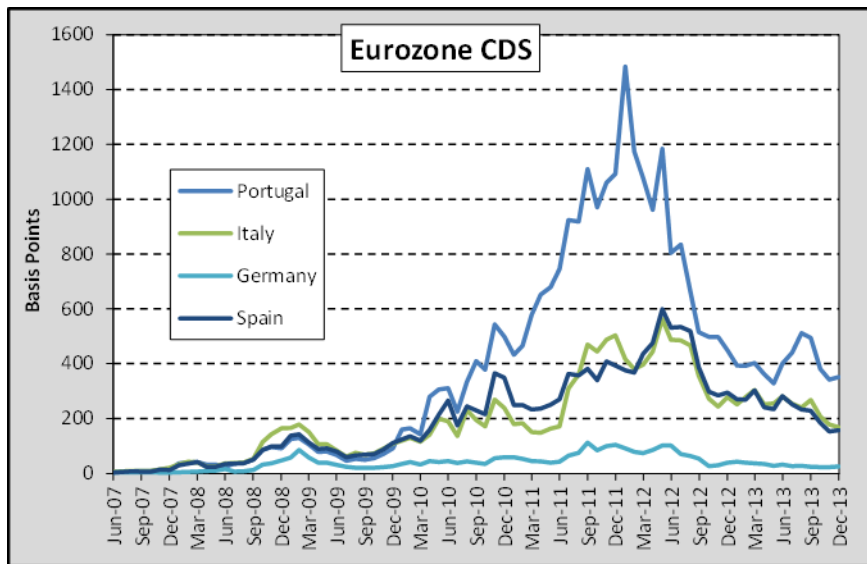
Source: Bloomberg as of 3/31



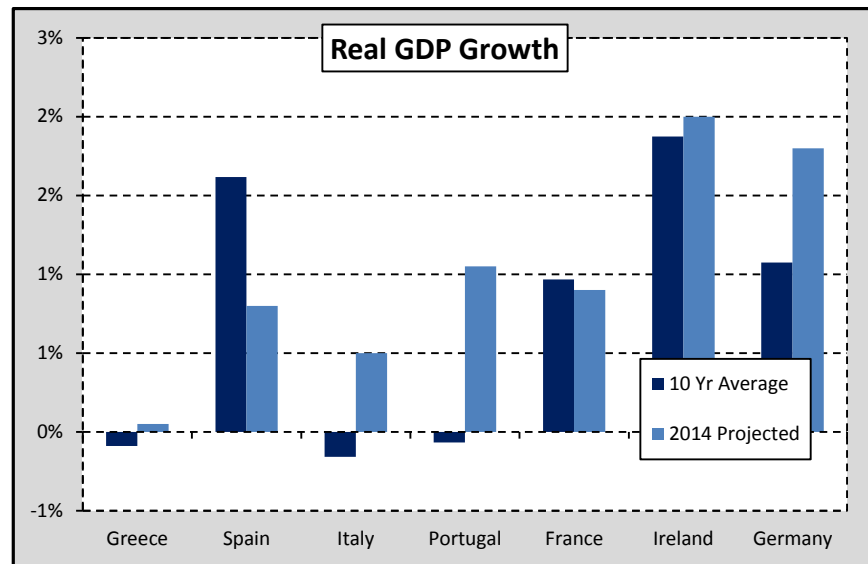
Large economies continue easing, Japan to the extreme, while the ECB tightens

Source: Bloomberg as of 9/30; All calculations converted to USD \*GDP figure reflects World Bank Euro Area GDP

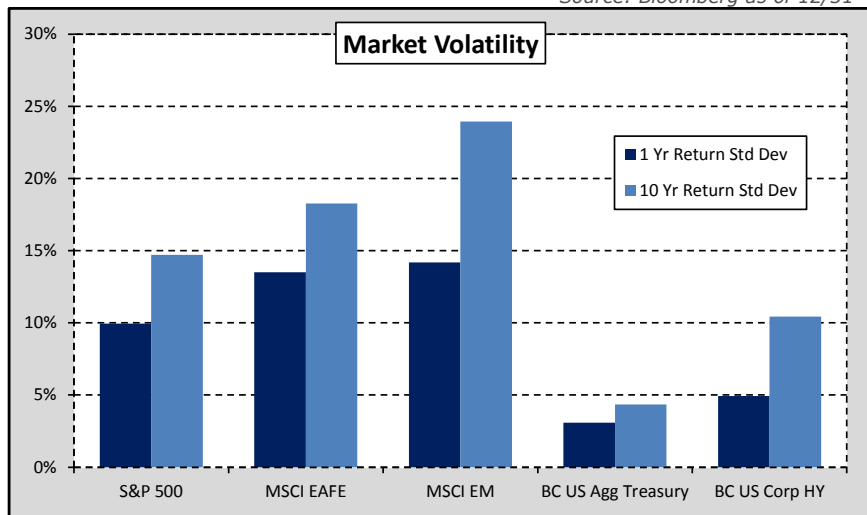
# Looming Macro Uncertainties



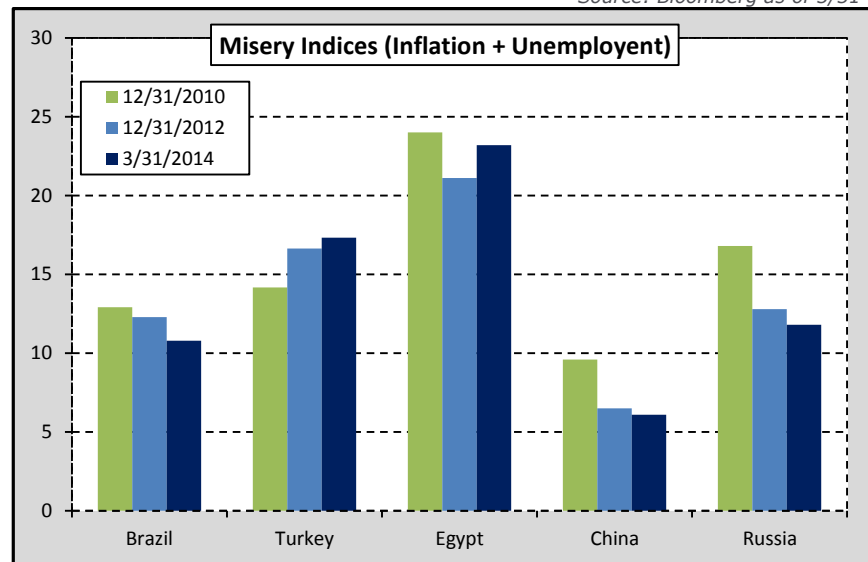
Source: Bloomberg as of 12/31



Source: Bloomberg as of 3/31

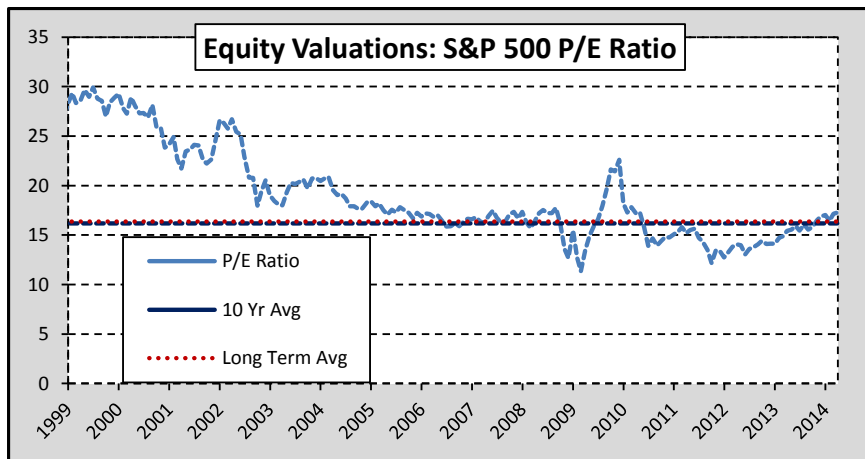


Source: Morningstar as of 3/31



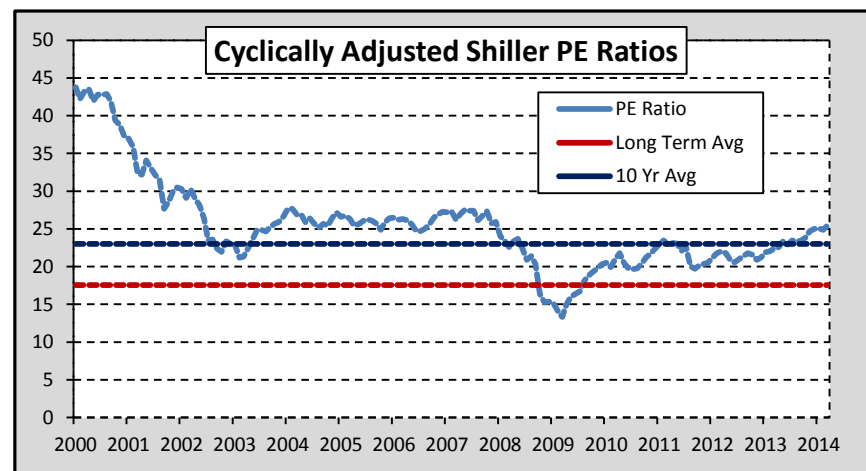
Source: Bloomberg as of 3/31





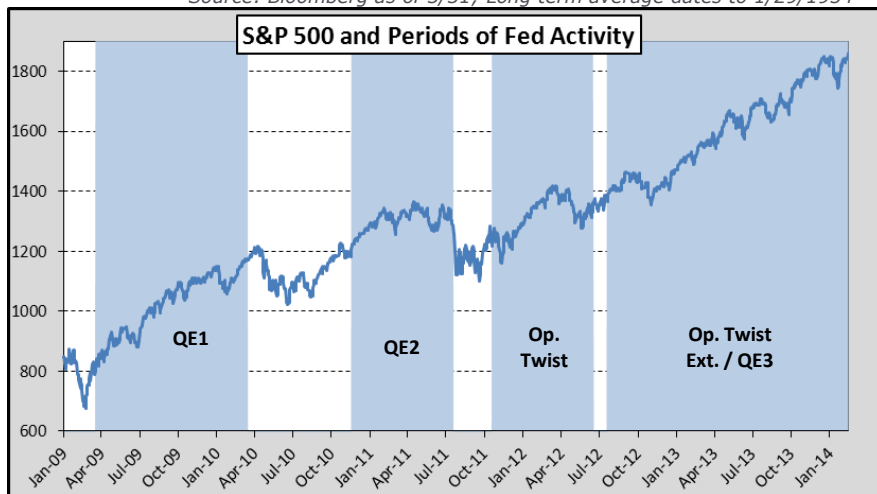
S&P valuations rose in March and remained above the 10 year and long term averages, which are nearly equal at 16.35...

Source: Bloomberg as of 3/31; Long term average dates to 1/29/1954

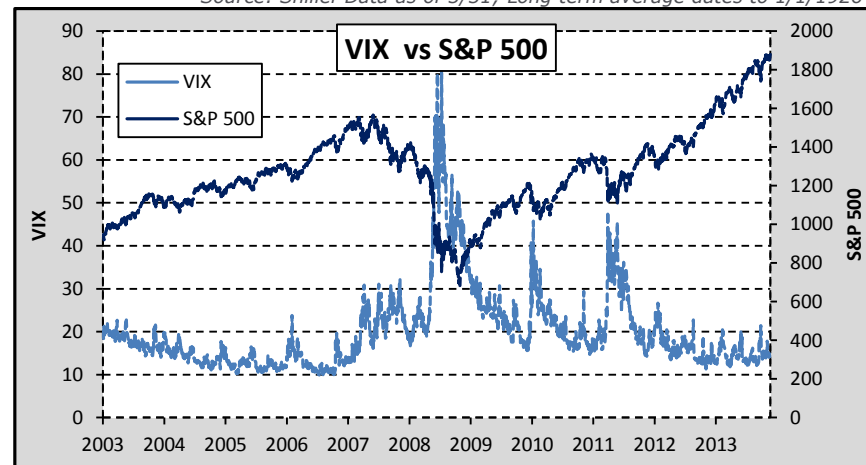


...The cyclically adjusted Shiller PE Ratio, however, is above the long term average of 17.57 and slightly above the 10 year average of 22.99

Source: Shiller Data as of 3/31; Long term average dates to 1/1/1926



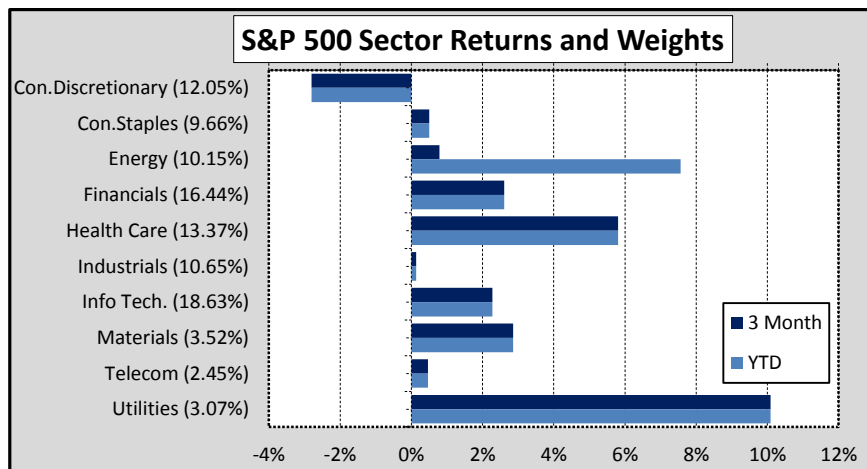
Source: Bloomberg as of 2/28



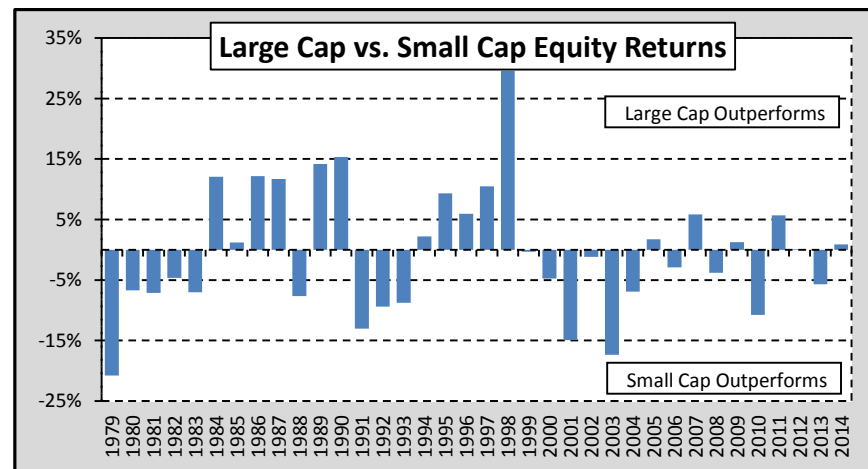
The VIX remained near historically low levels in March; the S&P 500 rose 0.8% on the month

Source: Bloomberg as of 3/31

# US Stock Market Performance

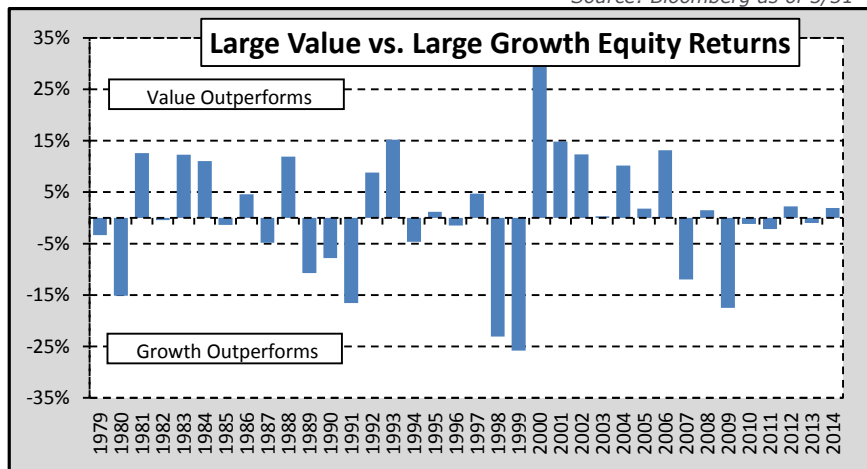


All sectors are positive to start 2014 except for Consumer Discretionary



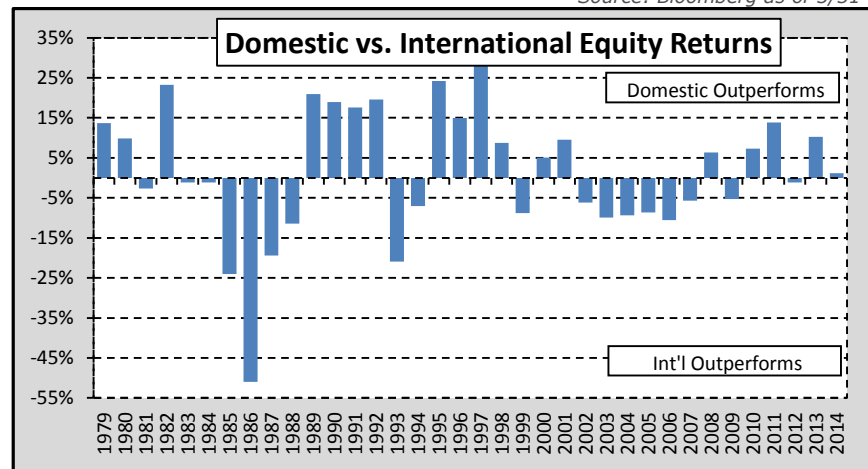
Large cap has marginally outperformed small cap in 2014

Source: Bloomberg as of 3/31



Large value stocks have marginally outperformed large growth in 2014

Source: Bloomberg as of 3/31



Domestic equity has marginally outperformed international equity in 2014

Source: Bloomberg as of 3/31

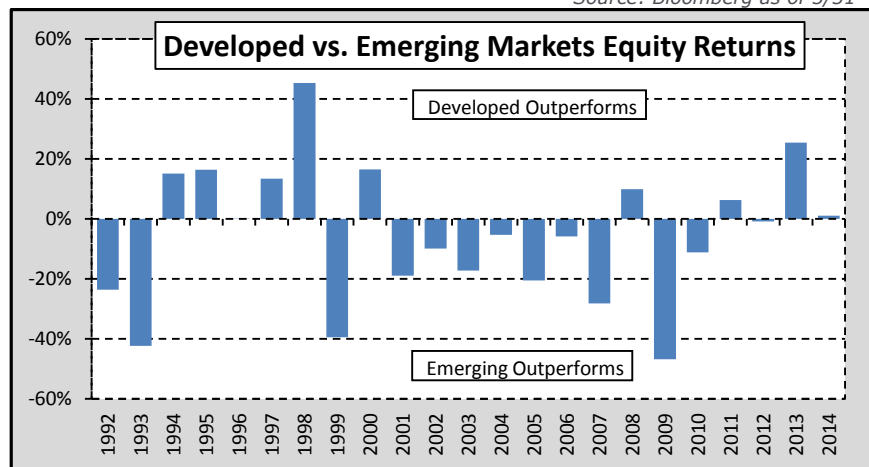
Source: Bloomberg as of 3/31

Developed Market Equity Returns (U.S. Dollars)				
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Europe ex UK	5.4%	5.4%	24.3%	5.0%
United Kingdom	4.6%	4.6%	17.5%	5.2%
Japan	-3.7%	-3.7%	12.2%	0.4%
Pacific Ex Japan	-1.3%	-1.3%	-5.2%	0.5%
Canada	1.2%	1.2%	3.0%	-4.3%
USA	3.3%	3.3%	23.2%	12.0%

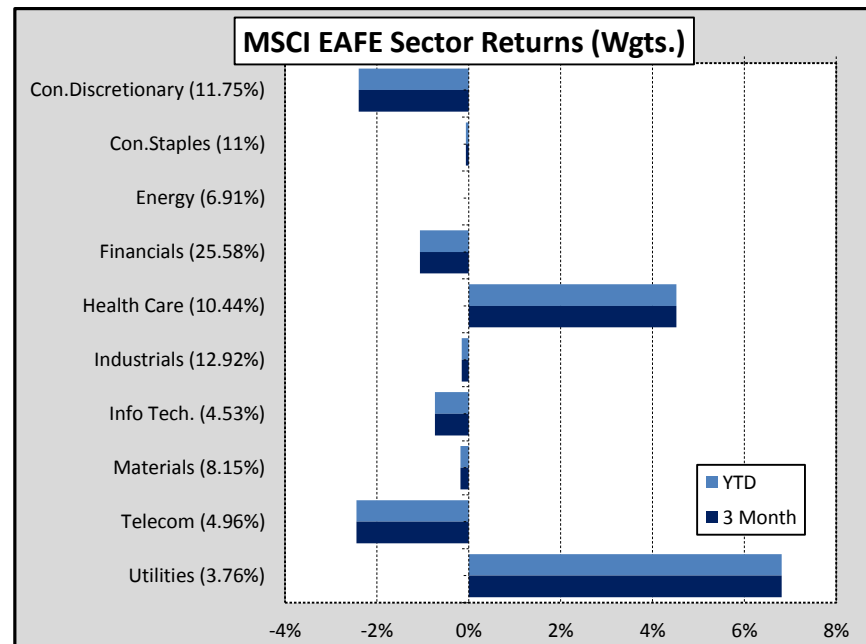
US Dollar Return vs. Major Foreign Currencies				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Euro	-1.6%	-1.6%	-5.7%	0.0%
Japanese Yen	-0.6%	-0.6%	9.1%	7.0%
British Pound	-2.3%	-2.3%	-10.4%	-1.0%
Canada	4.0%	4.0%	6.9%	4.2%
Australia	2.0%	2.0%	12.6%	4.3%

Currency Impact on Developed Mkt. Returns				
(Negative = Currency Hurt, Positive = Currency Helped)				
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
MSCI EAFE (Local)	1.6%	1.6%	18.0%	8.0%
MSCI EAFE (USD)	2.8%	2.8%	19.3%	6.6%
Currency Impact	1.2%	1.2%	1.3%	-1.4%

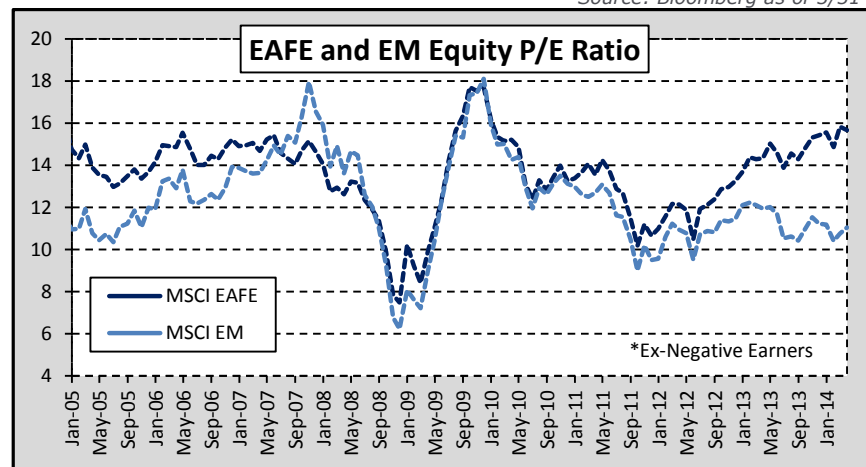
Source: Bloomberg as of 3/31



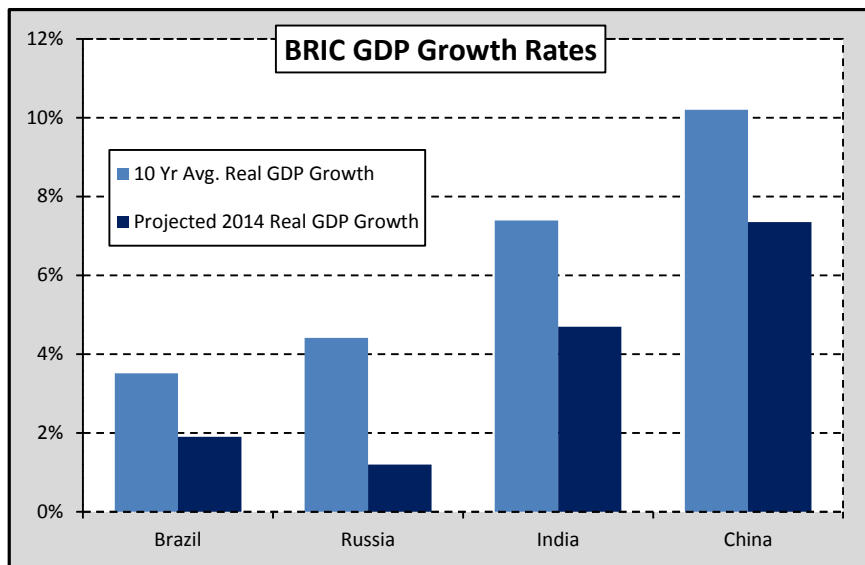
Source: Bloomberg as of 3/31



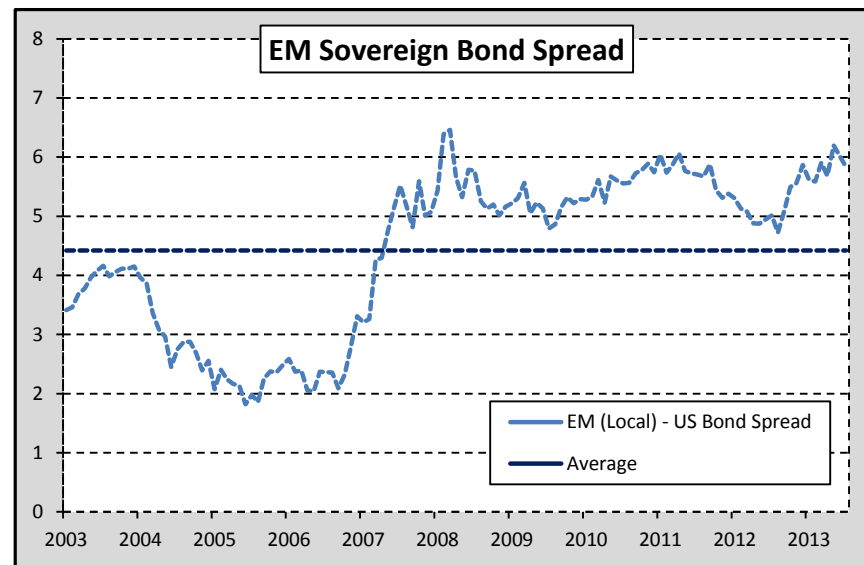
Source: Bloomberg as of 3/31



Source: Bloomberg as of 3/31



Source: Bloomberg as of 3/31



Source: Bloomberg as of 3/31

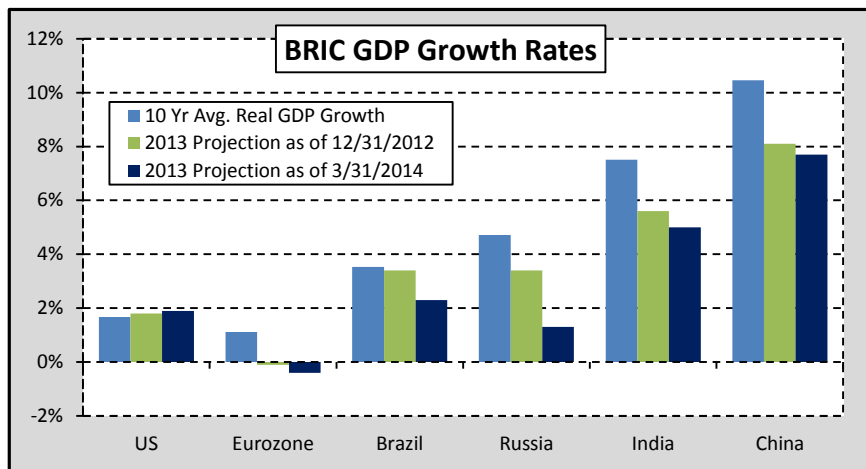
<b>Emerging Markets Valuation</b>		
	<b>MSCI EM</b>	<b>MSCI EM Small Cap</b>
<b>PE Ratio</b>	11.87	21.10
<b>PE Historical Avg</b>	14.43	18.22
<b>PB Ratio</b>	1.49	1.32
<b>Historical Avg</b>	1.53	1.27
<b>PS Ratio</b>	1.02	0.77
<b>Historical Avg</b>	1.12	0.71

- MSCI EM PE, PB, and PS Ratios are below historical averages
- MSCI EM Small Cap PE, PB, and PS are all above historical averages

Source: Bloomberg as of 3/31

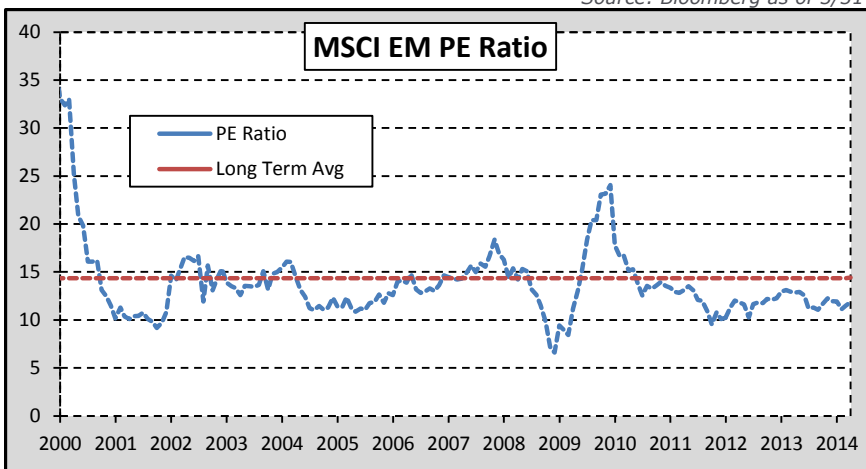
<b>US Dollar Return vs. Major EM Currencies</b>				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	<b>YTD</b>	<b>3-Mo</b>	<b>1 Yr.</b>	<b>3 Yr. Ann.</b>
<b>Brazilian Real</b>	-4.1%	-4.1%	11.0%	10.4%
<b>Russian Ruble</b>	6.2%	6.2%	11.4%	6.8%
<b>Indian Rupee</b>	-3.3%	-3.3%	9.0%	9.4%
<b>Chinese Renminbi</b>	2.6%	2.6%	0.1%	-1.7%
<b>Singapore Dollar</b>	-0.2%	-0.2%	-0.9%	-0.9%
<b>Hungarian Forint</b>	3.0%	3.0%	-6.4%	5.6%
<b>Turkish Lira</b>	-0.3%	-0.3%	15.5%	10.3%
<b>Mexican Peso</b>	0.2%	0.2%	5.7%	3.0%
<b>So. African Rand</b>	0.3%	0.3%	12.3%	13.7%
<b>So. Korean Won</b>	1.1%	1.1%	-4.5%	-1.1%

Source: Bloomberg as of 3/31



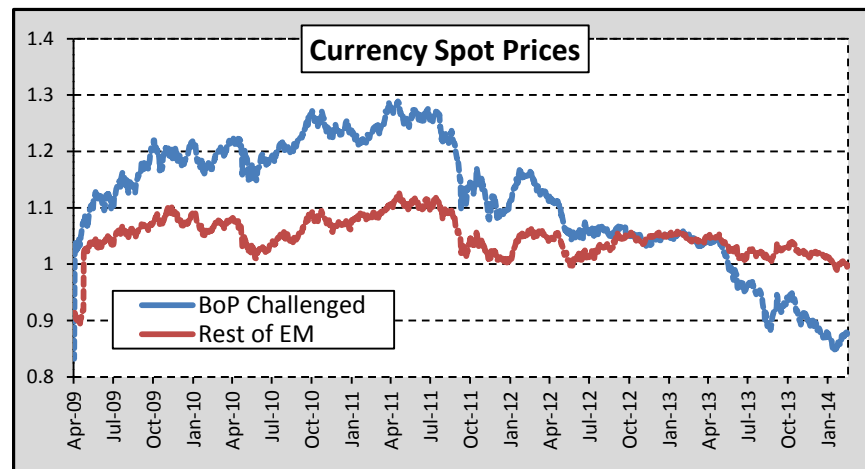
Projected GDP growth rates have continued to decline in emerging market countries

Source: Bloomberg as of 3/31



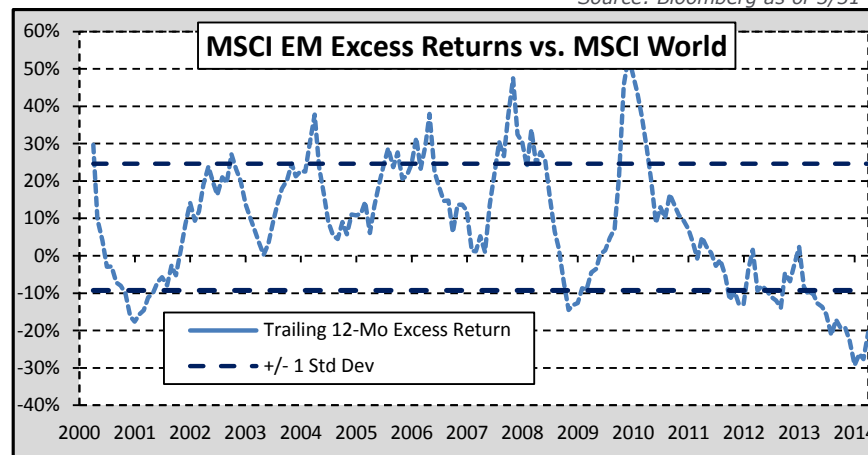
The MSCI EM PE Ratio remains below its long term average

Source: Bloomberg as of 3/31



Currencies of BoP challenged countries (Brazil, India, Indonesia, Turkey, and South Africa) have depreciated significantly relative to currencies of other EM countries

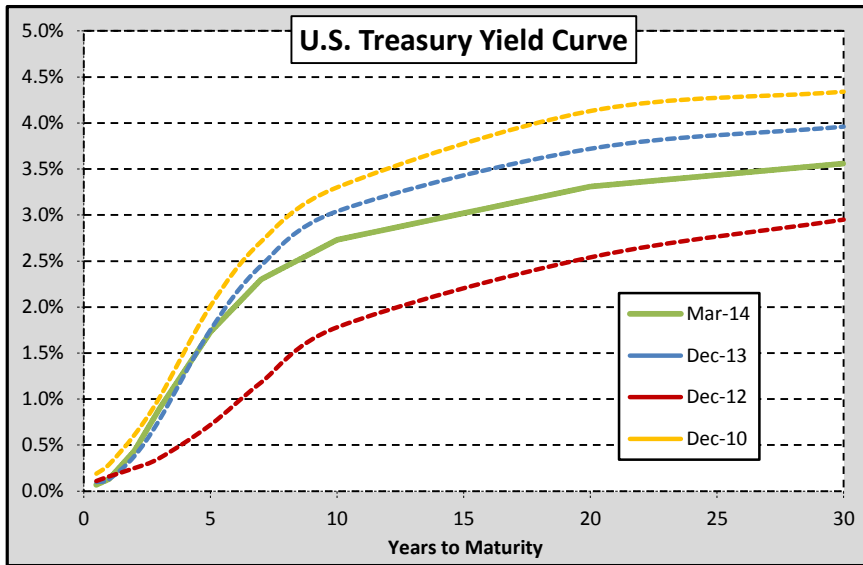
Source: Bloomberg as of 3/31



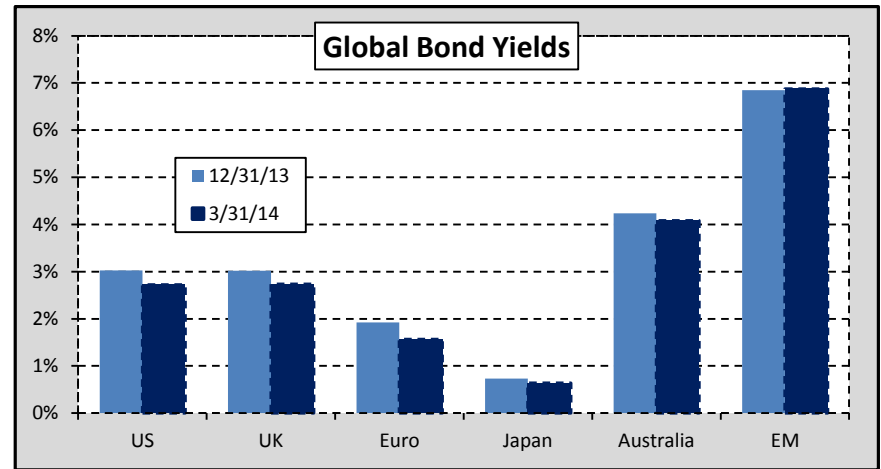
MSCI EM Rolling 12-Month excess returns relative to MSCI World are at below the lower bound of the historical range

Source: Bloomberg as of 3/31

# Market Environment – Interest Rates

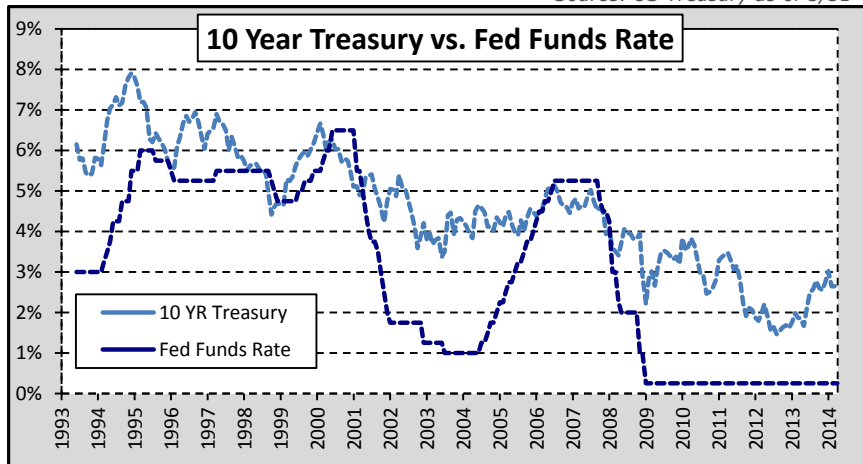


Source: US Treasury as of 3/31



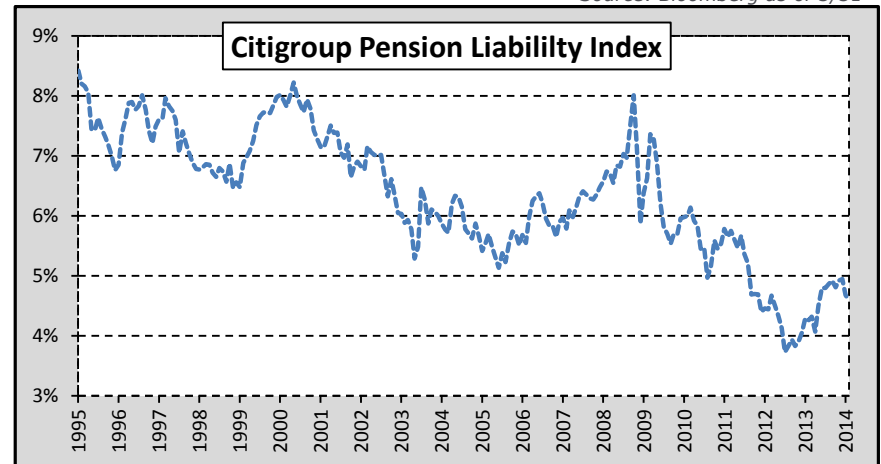
Bond yields across the globe have mostly declined in 2014

Source: Bloomberg as of 3/31



Fed Funds rate remained at 0.25% while the 10 Yr. Treasury Yield finished March at 2.72%

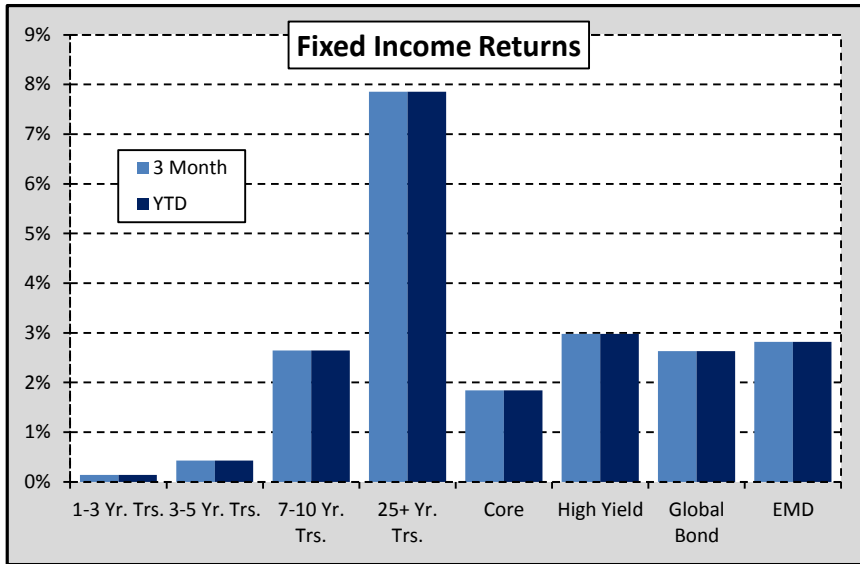
Source: Bloomberg as of 3/31



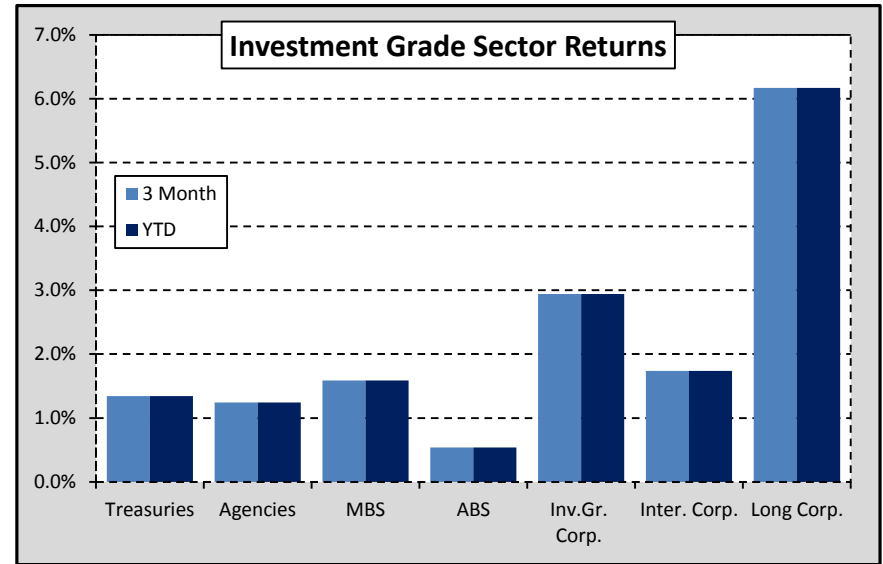
The Citi Pension discount rate fell to 4.58% through February

Source: Citigroup as of 2/28

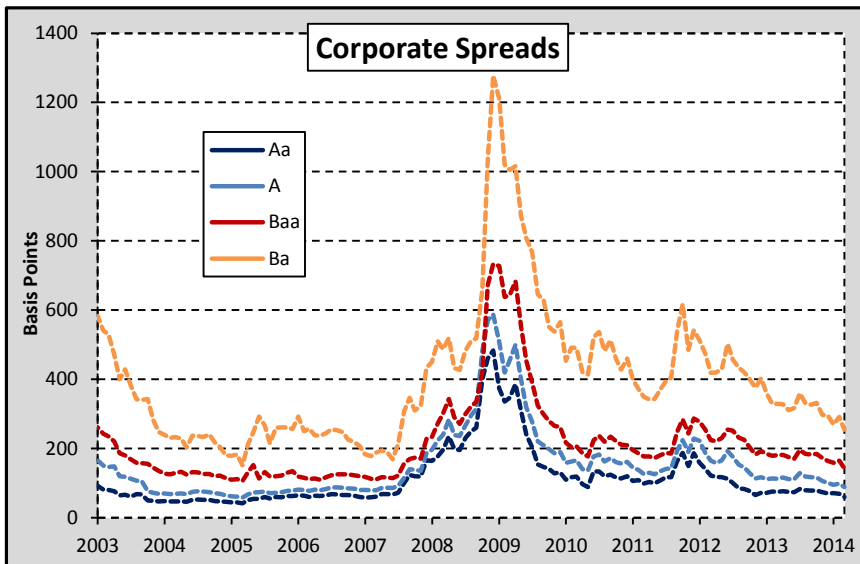
# Fixed Income Performance



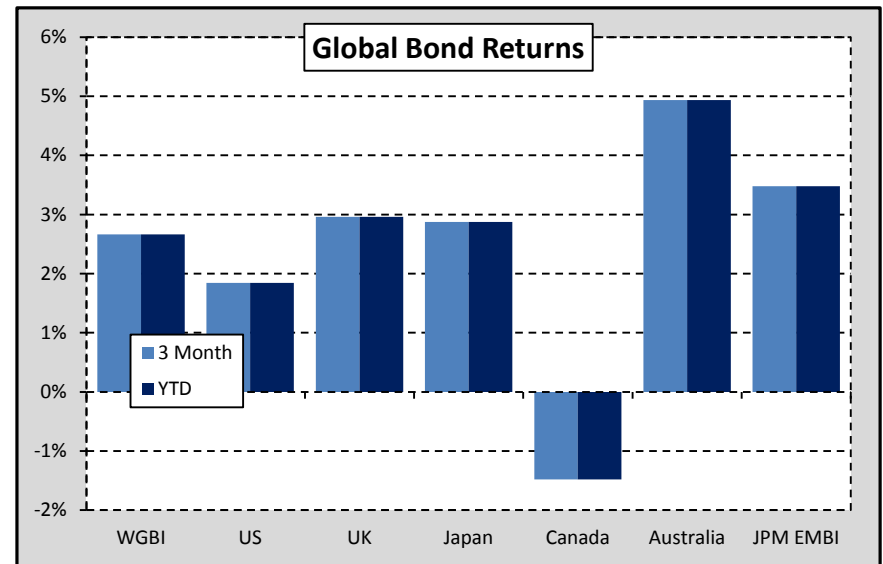
Source: Barclays as of 3/31



Source: Barclays as of 3/31

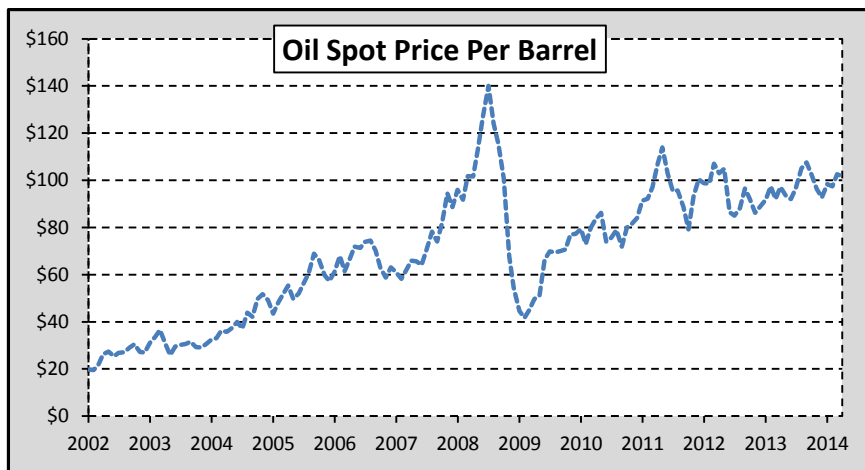


Source: Barclays as of 3/31

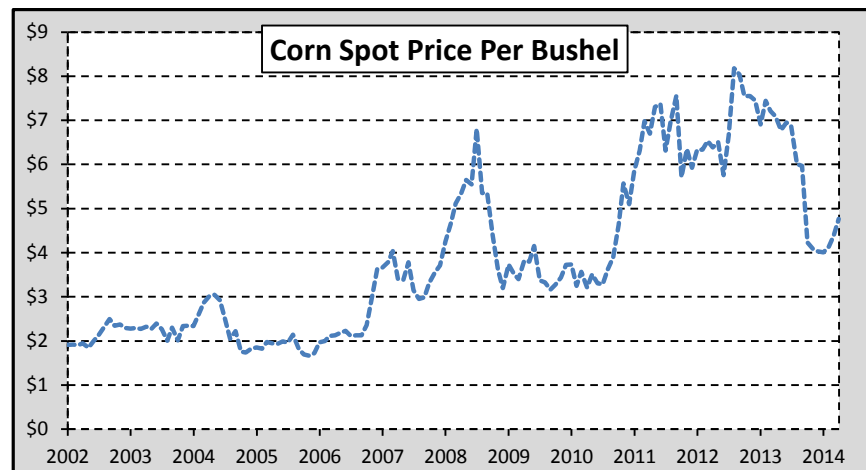


Source: Barclays, Bloomberg as of 3/31

# Market Environment – Commodities



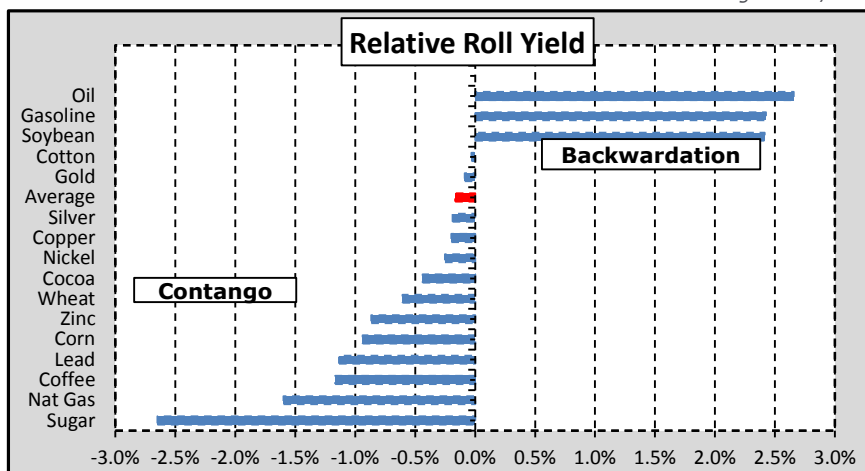
Oil prices finished March down at \$101.58 per barrel



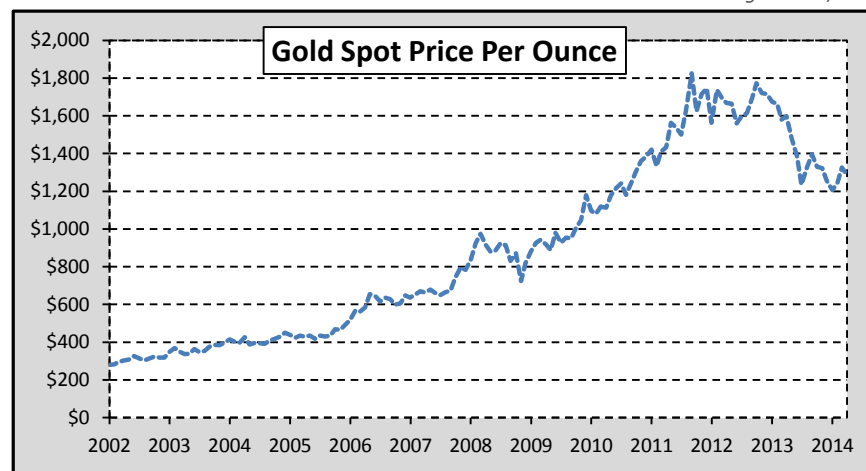
Corn prices finished March up at \$4.77 per bushel

Source: Bloomberg as of 3/31

Source: Bloomberg as of 3/31



Many commodity futures' prices are contangoed, meaning a higher forward price is expected relative to the current spot



Gold prices finished March down at \$1284.01 per ounce

Source: Bloomberg as of 3/31

Source: Bloomberg as of 3/31



# Ventura County Employees' Retirement Association

## Total Fund

### Cash Flow Summary

	Beginning Market Value	Withdrawals	Quarter Ending March 31, 2014			Ending Market Value	Quarter Return
			Contributions	Net Investment Change			
Adams Street Partners	\$42,445,656	\$0	\$4,651,183	\$2,708,750	\$49,805,589	5.93%	
BlackRock ACWI ex-U.S. Index	\$290,890,130	-\$15,273,279	\$0	\$2,476,086	\$278,092,937	0.88%	
BlackRock Equity Market Fund	\$1,121,767,099	-\$17,662,108	\$0	\$22,650,323	\$1,126,755,313	2.01%	
BlackRock Extended Equity Index	\$43,281,890	-\$8,777	\$0	\$1,173,889	\$44,447,002	2.67%	
BlackRock MSCI ACWI Equity Index	\$212,623,481	-\$26,115	\$0	\$2,559,524	\$215,156,890	1.18%	
BlackRock U.S. Debt Fund	\$131,068,003	-\$23,350	\$0	\$2,540,470	\$133,585,123	1.90%	
Bridgewater All Weather Fund	\$254,905,986	-\$263,079	\$0	\$9,677,905	\$264,320,813	3.69%	
Clifton	\$39,988,536	-\$46,950,581	\$21,587,587	\$2,510,251	\$17,135,793	8.02%	
GMO Global Equity	\$209,734,792	-\$287,563	\$0	\$4,549,553	\$213,996,782	2.03%	
Harbourvest	\$16,646,718	-\$996,434	\$0	\$258,665	\$15,908,949	1.56%	
Hexavest	\$80,514,432	-\$91,776	\$0	-\$418,687	\$80,003,969	-0.75%	
Loomis Sayles Global Fixed Income	\$91,531,091	-\$69,911	\$0	\$2,334,239	\$93,795,419	2.40%	
Loomis Sayles Multi Strategy	\$66,934,121	-\$69,037	\$0	\$2,660,614	\$69,525,699	3.77%	
Loomis Strategic Alpha	\$40,842,876	-\$40,956	\$0	\$305,434	\$41,107,353	0.55%	
Panteon Ventures	\$9,903,934	-\$525,000	\$0	\$556,144	\$9,935,077	5.80%	
PIMCO Global Fixed Income	\$122,867,727	-\$106,407	\$0	\$3,301,751	\$126,063,071	2.51%	
Prudential Real Estate	\$95,185,595	-\$185,709	\$185,709	\$2,336,754	\$97,522,348	2.26%	
Reams	\$251,728,906	-\$112,884	\$0	-\$338,310	\$251,277,712	-0.22%	
RREEF	\$8,610,268	-\$736,835	\$0	\$350,781	\$8,224,214	3.80%	
Sprucegrove	\$185,640,498	-\$174,062	\$0	\$4,031,655	\$189,498,091	1.98%	
Tortoise Energy Infrastructure	\$123,023,887	-\$233,929	\$0	\$10,907,628	\$133,697,586	8.48%	
UBS Real Estate	\$189,646,544	-\$1,827,582	\$0	\$4,764,769	\$192,583,732	2.26%	
Walter Scott	\$93,660,860	-\$201,171	\$0	-\$2,081,093	\$91,378,596	-2.65%	
Western	\$247,565,929	-\$132,389	\$0	\$7,102,163	\$254,535,703	2.76%	
Western U.S. Index Plus	\$121,431,888	-\$83,068	\$0	\$2,651,300	\$124,000,120	2.05%	
<b>Total</b>	<b>\$4,092,440,847</b>	<b>-\$86,082,001</b>	<b>\$26,424,479</b>	<b>\$89,570,558</b>	<b>\$4,122,353,883</b>	<b>2.10%</b>	

## Glossary of Investment Terminology—Risk Statistics

**Alpha** - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

**Alpha Jensen** - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

**Annualized Excess Return over Benchmark** - Annualized fund return minus the annualized benchmark return for the calculated return.

**Annualized Return** - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

**Beta** - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

**Information Ratio** - A measure of the risk adjusted return of a financial security, asset, or portfolio.

*Formula:*  
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Benchmark}) / \text{Annualized Standard Deviation}(\text{Period Portfolio Return} - \text{Period Benchmark Return})$ . To annualize standard deviation, multiply the deviation by the square root of the number of periods per year where monthly returns per year equals 12 and quarterly returns is four periods per year.

**R-Squared** – Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

**Sharpe Ratio** - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

**Sortino Ratio** - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

*Formula:*  
 $\text{Calculation Average } (X-Y) / \text{Downside Deviation } (X-Y) * 2$   
Where X=Return Series Y = Return Series Y which is the risk free return (91 day T-bills)

**Standard Deviation** - The standard deviation is a statistical term that describes the distribution of results. It is a commonly used measure of volatility of returns of a portfolio, asset class, or security. The higher the standard deviation the more volatile the returns are.

*Formula:*  
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Risk Free}) / \text{Annualized Standard Deviation (Portfolio Returns)}$

**Tracking Error** - Tracking error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.

*Formula:*  
 $\text{Tracking Error} = \text{Standard Deviation } (X-Y) * \sqrt{(\# \text{ of periods per year})}$   
Where X = periods portfolio return and Y = the period's benchmark return  
For monthly returns, the periods per year = 12  
For quarterly returns, the periods per year = 4

**Treynor Ratio** - A risk-adjusted measure of return based on systematic risk. Similar to the Sharpe ratio with the difference being the Treynor ratio uses beta as the measurement of volatility.

*Formula:*  
 $(\text{Portfolio Average Return} - \text{Average Return of Risk-Free Rate}) / \text{Portfolio Beta}$

**Up/Down Capture Ratio** - A measure of what percentage of a market's returns is "captured" by a portfolio. For example, if the market declines 10% over some period, and the manager declines only 9%, then his or her capture ratio is 90%. In down markets, it is advantageous for a manager to have as low a capture ratio as possible. For up markets, the higher the capture ratio the better. Looking at capture ratios can provide insight into how a manager achieves excess returns. A value manager might typically have a lower capture ratio in both up and down markets, achieving excess returns by protecting on the downside, whereas a growth manager might fall more than the overall market in down markets, but achieve above-market returns in a rising market.

$\text{Upside Capture} = \text{Total Return}(\text{Fund Returns}) / \text{Total Returns}(\text{BM Return})$  when Period Benchmark Return is  $> = 0$

$\text{Downside Capture} = \text{Total Return}(\text{Fund Returns}) / \text{Total Returns}(\text{BM Return})$  when Benchmark  $< 0$

Data Source: InvestorForce

## Glossary of Investment Terminology

**# Of Portfolios/Observations<sup>1</sup>** – The total number of data points that make up a specified universe

**Allocation Index<sup>3</sup>** - The allocation index measures the value added (or subtracted) to each portfolio by active management. It is calculated monthly: The portfolio asset allocation to each category from the prior month-end is multiplied by a specified market index.

**Asset Allocation Effect<sup>2</sup>** - Measures an investment manager's ability to effectively allocate their portfolio's assets to various sectors. The allocation effect determines whether the overweighting or underweighting of sectors relative to a benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is over weighted in a sector that outperforms the benchmark and underweighted in a sector that underperforms the benchmark. Negative allocation occurs when the portfolio is over weighted in a sector that underperforms the benchmark and under weighted in a sector that outperforms the benchmark.

**Agency Bonds (Agencies)<sup>3</sup>** - The full faith and credit of the United States government is normally not pledged to payment of principal and interest on the majority of government agencies issuing these bonds, with maturities of up to ten years. Their yields, therefore, are normally higher than government and their marketability is good, thereby qualifying them as a low risk-high liquidity type of investment. They are eligible as security for advances to the member banks by the Federal Reserve, which attests to their standing.

**Asset Backed Securities (ABS)<sup>3</sup>** - Bonds which are similar to mortgage-backed securities but are collateralized by assets other than mortgages; commonly backed by credit card receivables, auto loans, or other types of consumer financing.

**Attribution<sup>3</sup>** - Attribution is an analytical technique that allows us to evaluate the performance of the portfolio relative to the benchmark. A proper attribution tells us where value was added or subtracted as a result of the manager's decisions.

**Average Effective Maturity<sup>4</sup>** - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

**Batting Average<sup>1</sup>** - A measurement representing an investment manager's ability to meet or beat an index.

*Formula: Divide the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiply that factor by 100.*

**Brinson Fachler (BF) Attribution<sup>1</sup>** - The BF methodology is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance. The main advantage of the BF methodology is that rather than using the overall return of the benchmark, it goes a level deeper than BHB and measures whether the benchmark sector, country, etc. outperformed/or underperformed the overall benchmark.

**Brinson Hood Beebower (BHB) Attribution<sup>1</sup>** - The BHB methodology shows that excess return must be equal to the sum of all other factors (i.e., allocation effect, selection effect, interaction effect, etc.). The advantage to using the BHB methodology is that it is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance.

**Corporate Bond (Corp)<sup>4</sup>** - A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds.

**Correlation<sup>1</sup>** - A range of statistical relationships between two or more random variables or observed data values. A correlation is a single number that describes the degree of relationship between variables.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net

## Glossary of Investment Terminology

**Coupon<sup>4</sup>** – The interest rate stated on a bond when it is issued. The coupon is typically paid semiannually. This is also referred to as the "coupon rate" or "coupon percent rate."

**Currency Effect<sup>1</sup>** - Is the effect that changes in currency exchange rates over time affect excess performance.

**Derivative Instrument<sup>3</sup>** - A financial obligation that derives its precise value from the value of one or more other instruments (or assets) at the same point of time. For example, the relationship between the value of an S&P 500 futures contract (the derivative instrument in this case) is determined by the value of the S&P 500 Index and the value of a U.S. Treasury bill that matures at the expiration of the futures contract.

**Downside Deviation<sup>1</sup>** - Equals the standard deviation of negative return or the measure of downside risk focusing on the standard deviation of negative returns.

*Formula:*

*Annualized Standard Deviation (Fund Return - Average Fund Return) where average fund return is greater than individual fund returns, monthly or quarterly.*

**Duration<sup>3</sup>** - Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates. A bond's duration is inversely related to interest rates and directly related to time to maturity.

**Equity/Debt/Cash Ratio<sup>1</sup>** – The percentage of an investment or portfolio that is in Equity, Debt, and/or Cash (i.e. A 7/89/4 ratio represents an investment that is made up of 7% Equity, 89% Debt, and 4% Cash).

**Foreign Bond<sup>3</sup>** - A bond that is issued in a domestic market by a foreign entity, in the domestic market's currency. A foreign bond is most often issued by a foreign firm to raise capital in a domestic market that would be most interested in purchasing the firm's debt. For foreign firms doing a large amount of business in the domestic market, issuing foreign bonds is a common practice.

**Hard Hurdle<sup>5</sup>** – is a hurdle rate that once beaten allows a fund manager to charge a performance fee on only the funds above the specified hurdle rate.

**High-Water Mark<sup>4</sup>** - The highest peak in value that an investment fund/account has reached. This term is often used in the context of fund manager compensation, which is performance based. Some performance-based fees only get paid when fund performance exceeds the high-water mark. The high-water mark ensures that the manager does not get paid large sums for poor performance.

**Hurdle Rate<sup>4</sup>** - The minimum rate of return on an investment required, in order for a manager to collect incentive fees from the investor, which is usually tied to a benchmark.

**Interaction Effects<sup>2</sup>** - The interaction effect measures the combined impact of an investment manager's selection and allocation decisions within a sector. For example, if an investment manager had superior selection and over weighted that particular sector, the interaction effect is positive. If an investment manager had superior selection, but underweighted that sector, the interaction effect is negative. In this case, the investment manager did not take advantage of the superior selection by allocating more assets to that sector. Since many investment managers consider the interaction effect to be part of the selection or the allocation, it is often combined with the either effect.

**Median<sup>3</sup>** - The value (rate of return, market sensitivity, etc.) that exceeds one-half of the values in the population and that is exceeded by one-half of the values. The median has a percentile rank of 50.

**Modified Duration<sup>3</sup>** - The percentage change in the price of a fixed income security that results from a change in yield.

**Mortgage Backed Securities (MBS)<sup>3</sup>** - Bonds which are a general obligation of the issuing institution but are also collateralized by a pool of mortgages.

**Municipal Bond (Muni)<sup>4</sup>** - A debt security issued by a state, municipality or county to finance its capital expenditures.

**Net Investment Change<sup>1</sup>** – Is the change in an investment after accounting for all Net Cash Flows.

**Performance Fee<sup>4</sup>** - A payment made to a fund manager for generating positive returns. The performance fee is generally calculated as a percentage of investment profits, often both realized and unrealized.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net

## Glossary of Investment Terminology

**Policy Index<sup>3</sup>** - A custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement.

**Price to Book (P/B)<sup>4</sup>** - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share, also known as the "price-equity ratio".

**Price to Earnings (P/E)<sup>3</sup>** - The weighted equity P/E is based on current price and trailing 12 months earnings per share (EPS).

**Price to Sales (P/S)<sup>4</sup>** - A ratio for valuing a stock relative to its own past performance, other companies, or the market itself. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

**Return on Equity (ROE)<sup>4</sup>** - The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

**Selection (or Manager) Effect<sup>2</sup>** - Measures the investment manager's ability to select securities within a given sector relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the portfolio determines the size of the effect—the larger the sector, the larger the effect is, positive or negative.

**Soft Hurdle rate<sup>5</sup>** - is a hurdle rate that once beaten allows a fund manager to charge a performance fee based on the entire annualized return.

**Tiered Fee<sup>1</sup>** - A fee structure that is paid to fund managers based on the size of the investment (i.e. 1.00% fee on the first \$10M invested, 0.90% on the next \$10M, and 0.80% on the remaining balance).

**Total Effects<sup>2</sup>** - The active management (total) effect is the sum of the selection, allocation, and interaction effects. It is also the difference between the total portfolio return and the total benchmark return. You can use the active management effect to determine the amount the investment manager has added to a portfolio's return.

**Total Return<sup>1</sup>** - The actual rate of return of an investment over a specified time period. Total return includes interest, capital gains, dividends, and distributions realized over a defined time period.

**Universe<sup>3</sup>** - The list of all assets eligible for inclusion in a portfolio.

**Upside Deviation<sup>1</sup>** - Standard Deviation of Positive Returns

**Weighted Avg. Market Cap.<sup>4</sup>** - A stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500.

**Yield (%)<sup>3</sup>** - The current yield of a security is the current indicated annual dividend rate divided by current price.

**Yield to Maturity<sup>3</sup>** - The discount rate that equates the present value of cash flows, both principal and interest, to market price.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net

## Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of Return are annualized when the time period is longer than a year. Performance is presented gross and/or net of fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.

## Information Disclaimer

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- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
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NEPC, LLC

**To:** Ventura County Employees' Retirement Association ("VCERA") Board  
**From:** Don Stracke, CFA, CAIA  
**Date:** May 19, 2014  
**Subject:** PIMCO Watch Status Update

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### **Summary**

As of March 31, 2014, VCERA had approximately \$126 million invested in the PIMCO Global Fixed Income strategy. NEPC has put all PIMCO strategies on WATCH as a result of recent organizational changes, and at the March board meeting the VCERA board officially put the strategy on watch.

While there continues to be significant press coverage regarding PIMCO since they were placed on watch by the VCERA board, there has been no substantive change at the firm in the last month.

### **Firm AUM Update**

PIMCO manages \$1.94 trillion in total assets as of March 31, 2014. That is a slight increase from \$1.91 trillion one quarter prior. The flagship Total Return complex has a total of \$414 billion in assets as of March 31, 2014 compared to \$425 billion at the end of 2013; these numbers represent all assets across separate accounts, commingled funds, and retail/institutional mutual funds. Most of the \$11 billion of outflows (or 2.5% of assets) came from the mutual funds which had approximately \$8 billion in outflows. On a percentage basis, the outflows have slowed after the fund lost \$40 billion in 2013. It is feasible that PIMCO could experience more outflows as the institutional market completes their due diligence of the recent events and assesses opportunities outside of PIMCO. The shift away from PIMCO has been an exercise in determining what an appropriate level of exposure is to any one firm, which for many clients has led them to diversify managers.

### **NEPC Due Diligence Scheduled**

There is no Due Diligence event scheduled at this time. We recommend that VCERA conduct their previously scheduled DD in Southern California in late July.



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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May 19, 2014

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

## **SUBJECT: RREEF AMERICA III QUARTERLY CONFERENCE CALL**

Dear Board Members:

### **Recommendation:**

Receive and File.

### **Background:**

VCERA funded a \$25 million investment in the RREEF America III value-added real estate fund/strategy (Fund) in September of 2007. Soon thereafter the financial markets collapsed and the value of VCERA's investment in the Fund plummeted. At that time, staff began participating in the Fund's quarterly investor calls and providing written summaries to the Board. On April 29, 2014, staff once again took the opportunity to participate in the Fund's quarterly investor call.

### **Discussion:**

The first quarter of 2014 was positive for the Fund with a return of 3.8%, net of fees. Returns for the one and three year periods ending March 31, 2014, were 16.9% and 28.5%, respectively. A \$65 million capital distribution for shareholders was approved during the quarter and VCERA received just over \$712,000 for its proportionate share. The proceeds from the distribution were used to assist in funding a substantial private equity capital call in early May.

As the Board is aware, the Fund's management has been targeting assets for disposition over the last several years. In 2014, the Fund's strategic plan calls for the disposition of some twenty two properties that are expected to generate approximately \$198 million in net proceeds. The Fund's remaining properties are expected to be sold over the next three years and are projected to generate another \$550 - \$600 million for shareholder distributions. The Fund's final shareholder distribution is expected in 2018.

VCERA's current NAV in the Fund is \$8.2 million and VCERA has received approximately \$4.0 million in distributions since the Fund began disposing assets in late 2010.

May 19, 2014

Page 2 of 2

**Conclusion:**

The Fund's management is attempting to maximize shareholder value (NAV) by conducting a well-planned and orderly disposition of assets.

I will be pleased to respond to any questions you may have on this matter at the May 19, 2014 business meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Thonis", with a horizontal line underneath.

Tim Thonis



NEPC, LLC

YOU DEMAND MORE. So do we.<sup>SM</sup>



## Ventura County Employees' Retirement Association **Liquidity Study**

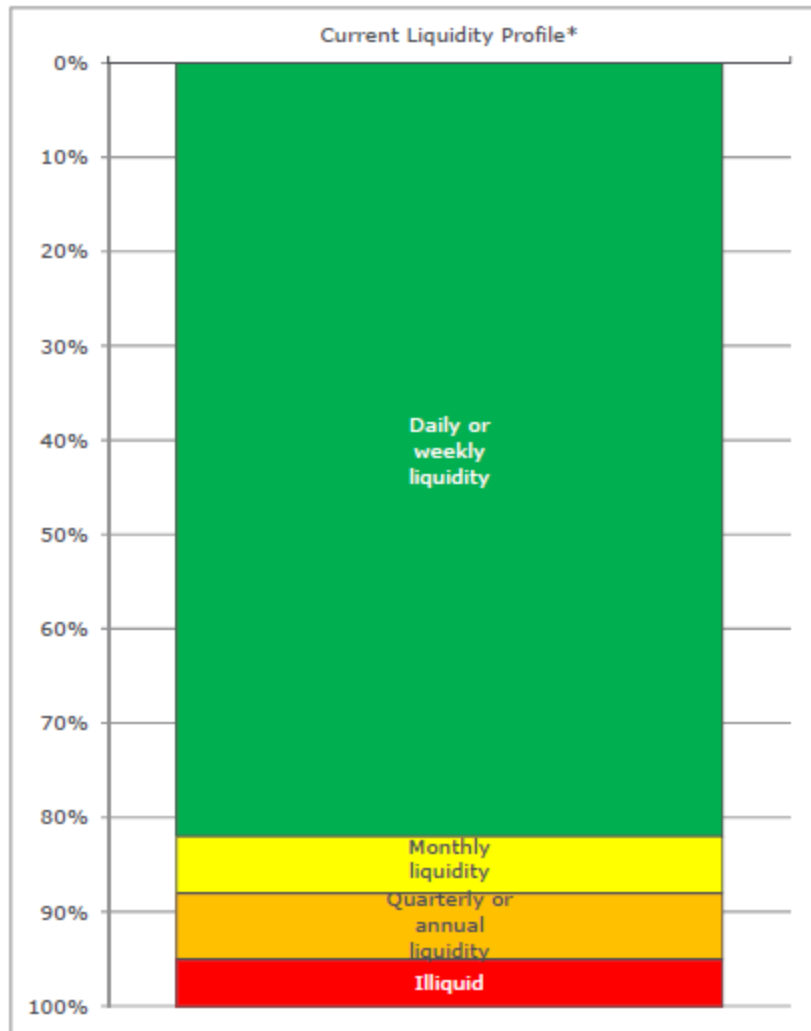
May 19, 2014

Don Stracke, CFA, CAIA, Senior Consultant  
Anthony Ferrara, CAIA, Senior Analyst  
Mario Tate, CAIA, Senior Analyst

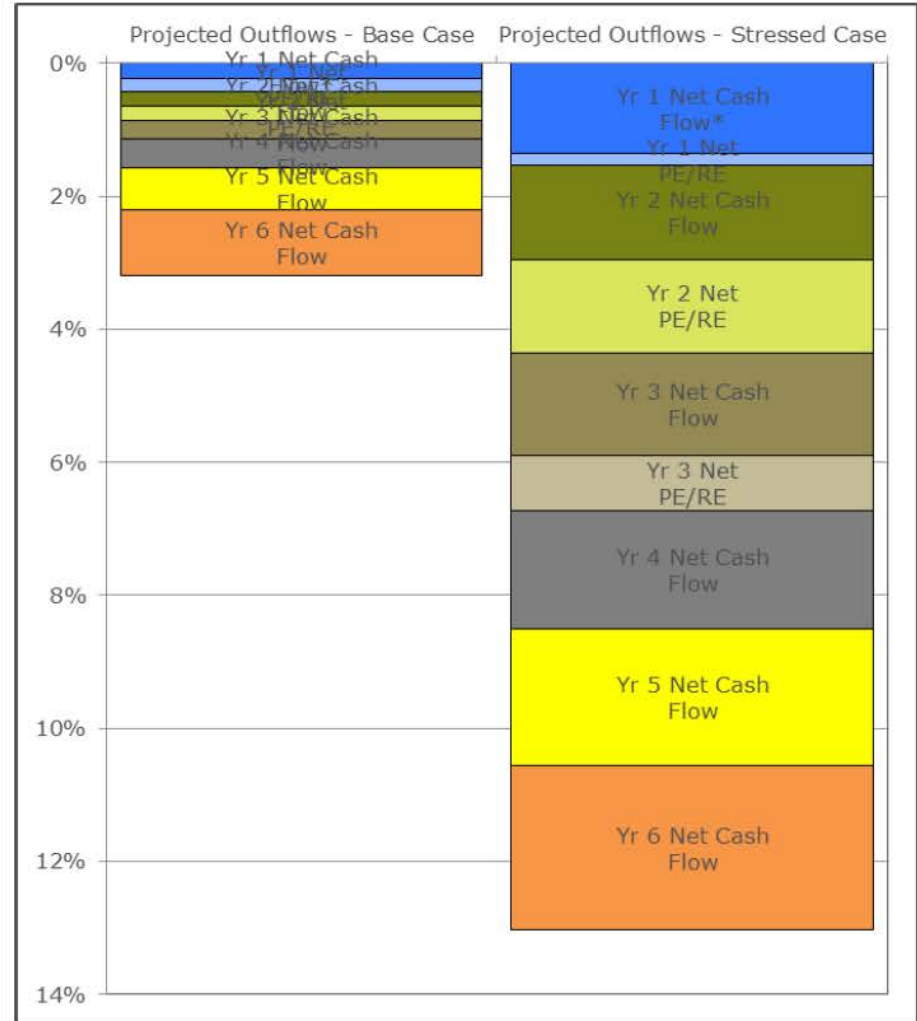
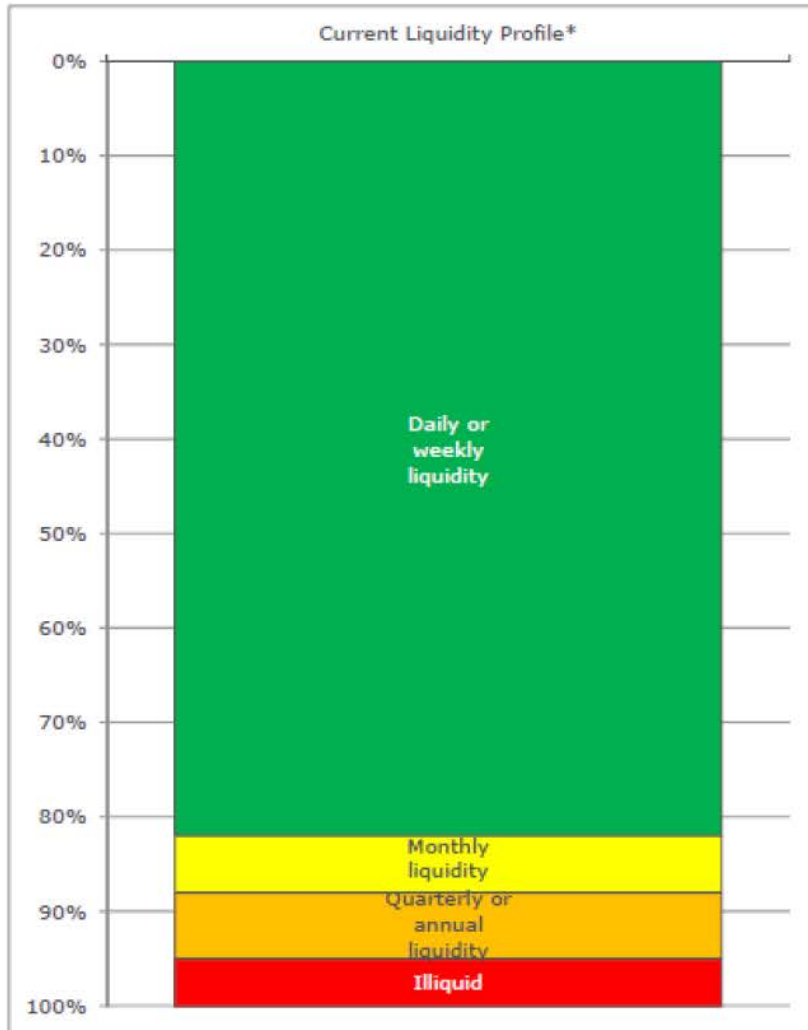
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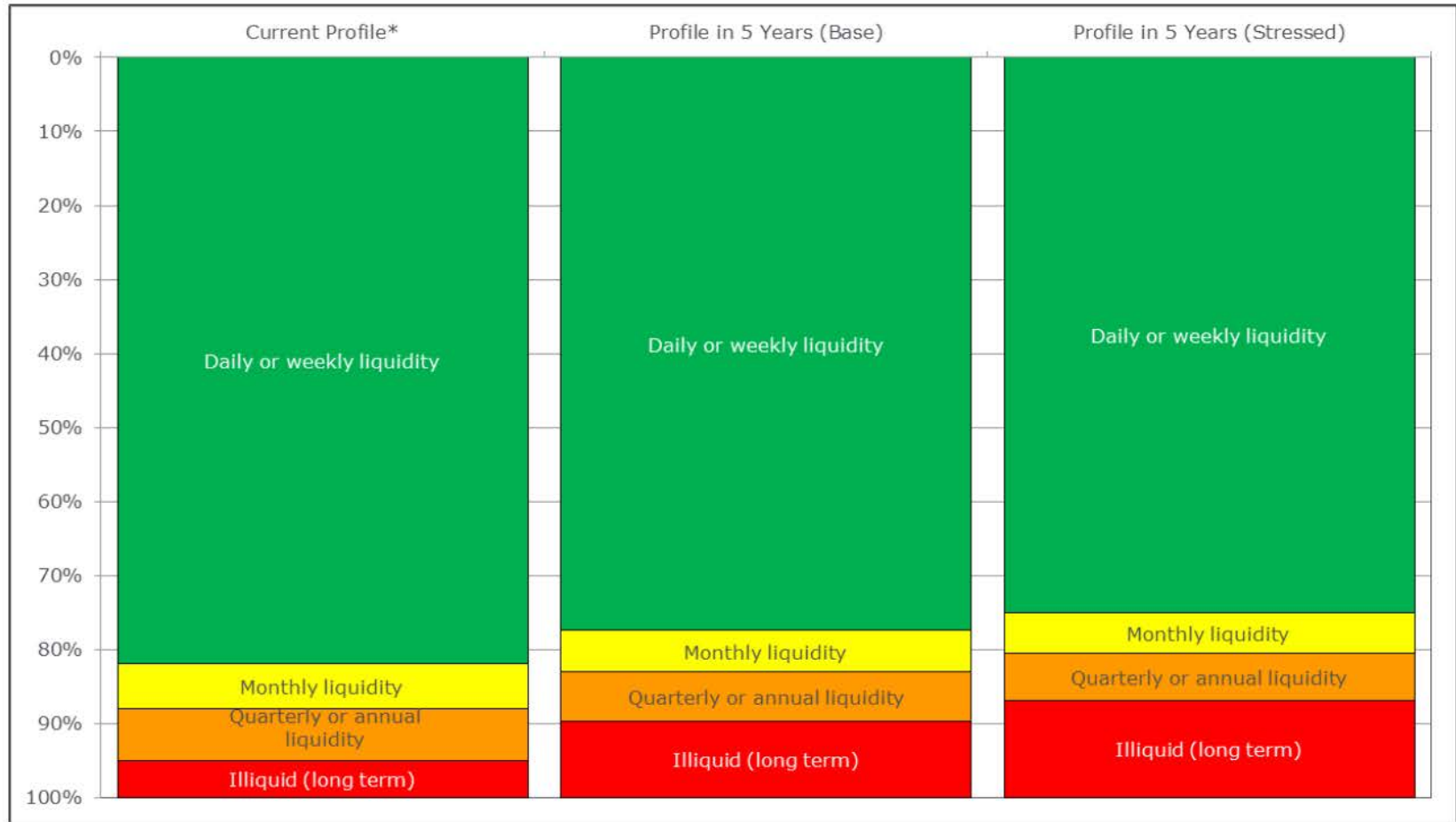
- **Investment programs can benefit from a portion of assets in illiquid investments**
  - Capital calls on illiquid investments can be the foundation for future outperformance from real estate and private equity managers
  - Correlations are low to publicly traded assets
  
- **Investing in illiquid assets, however, adds another dimension to liquidity management**
  - Will there be enough liquidity to manage future cash flows?
    - Will asset losses decrease total asset base to the extent that there is a liquidity problem?
    - What if capital is called more rapidly in the illiquid program?
  - Will there need to be forced sales of assets?
    - Will assets believed to be liquid be less so when liquidity is most needed?
  
- **Liquidity analysis attempts to imagine a stress scenario to see how the investment program would respond**
  - The Stress scenario assumes -5% annualized returns on the liquid assets and -5% on illiquids prior to any calls/distributions

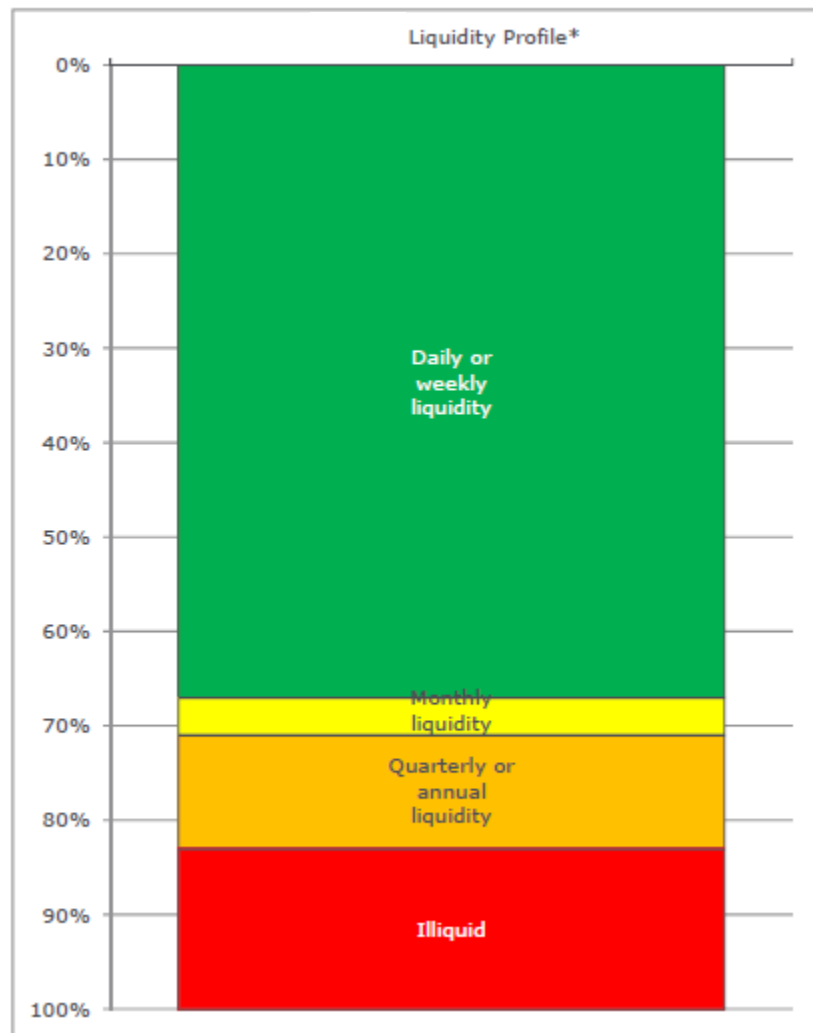


- **Over 80% of total assets are available on at least a weekly basis**
  - Benefit Payments
  - Rebalancing
  - Capital Calls
- **Approximately 88% of total assets are available on at least a monthly basis to meet regular liquidity needs**
- **Additional 7% of assets available on a quarterly or annual basis**
  - Can be part of planned rebalancing but much less reliable for regular liquidity needs
- **Remaining 5% of assets are relatively illiquid**



- The plan has a sufficiently liquid asset base to meet liquidity demands

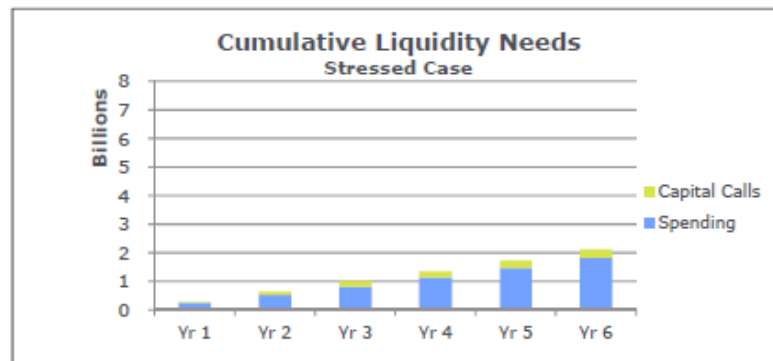
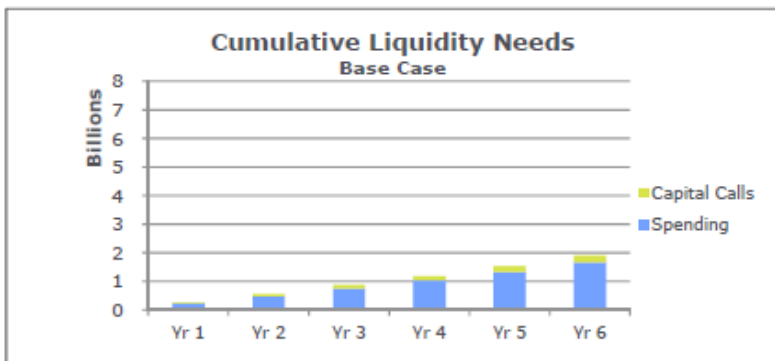
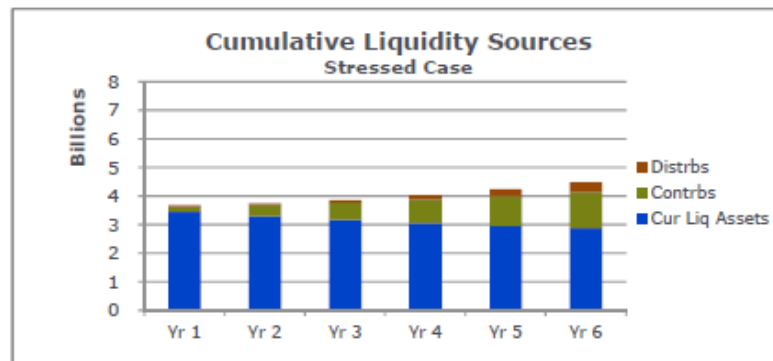
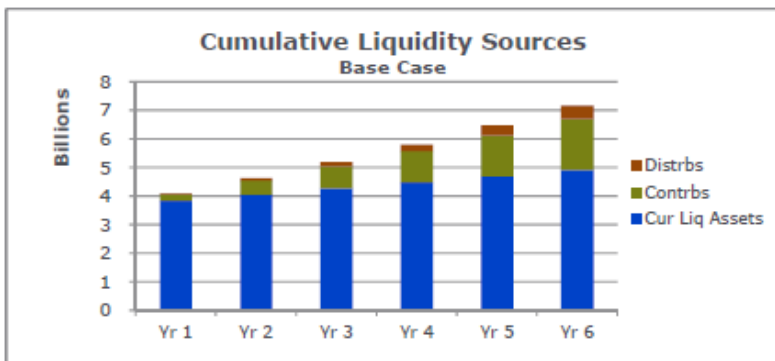




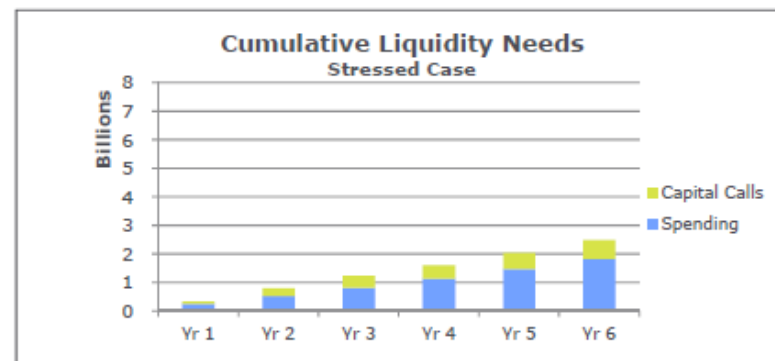
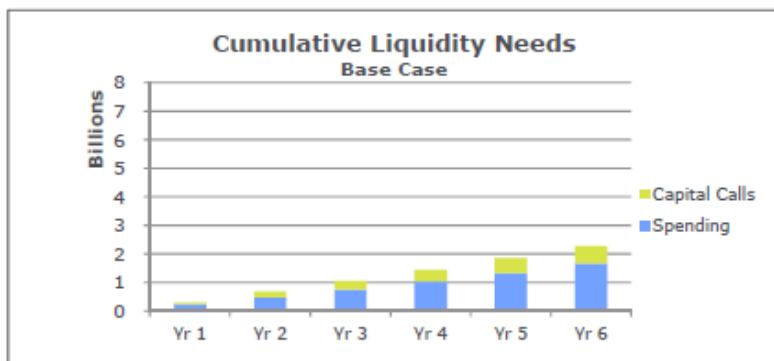
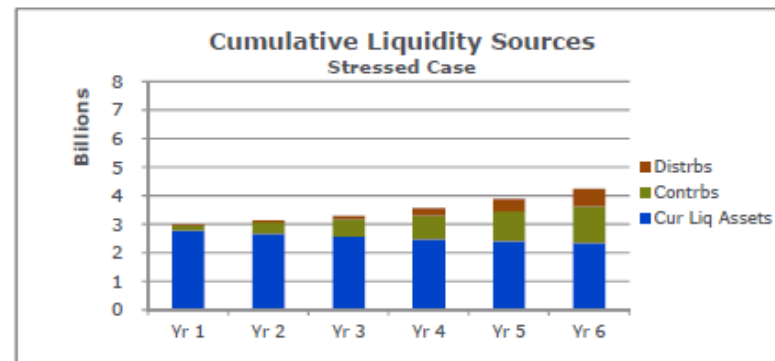
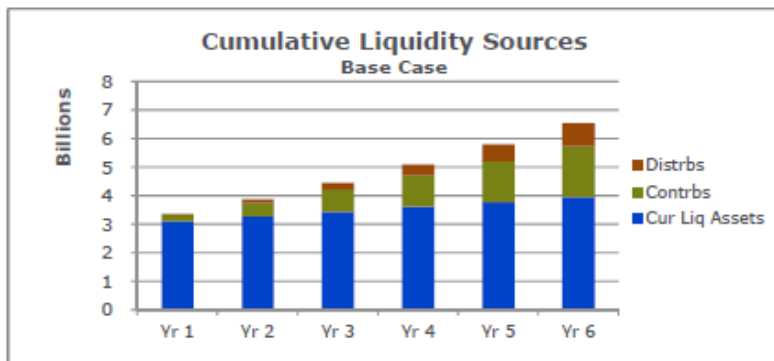
- **Approximately 71% of total assets are available on at least a monthly basis to meet regular liquidity needs**
  - Benefit Payments
  - Rebalancing
  - Capital Calls
- **Additional 12% of assets available on a quarterly or annual basis**
  - Can be part of planned rebalancing but much less reliable for regular liquidity needs
- **Remaining 17% of assets are relatively illiquid**



- **What if assets cannot be sold at a “fair” price?**
  - In a liquidity crisis, sales that do take place are made at distressed prices
  
- **Many asset classes can be expected to provide liquidity during a crisis**
  - Portions of equity and fixed income will likely have at least weekly liquidity
  - Probably at low, but not distressed, prices
  
- **The markets of late 2008 provide an example of an environment where all asset classes are negatively effected, but do not reflect every impact that could happen**
  
- **In a potential future crisis with more asset classes impaired, there should still be a relative preference for some assets**
  - This is a benefit of diversification during contagion
  - Allows assets to be sold selectively if needed for liquidity
  
- **Difficult to create plan for all liquidity contingencies when conditions leading to contagion are unique**
  - Plan’s status necessitates focusing on both short-term risks & longer term sustainability trends

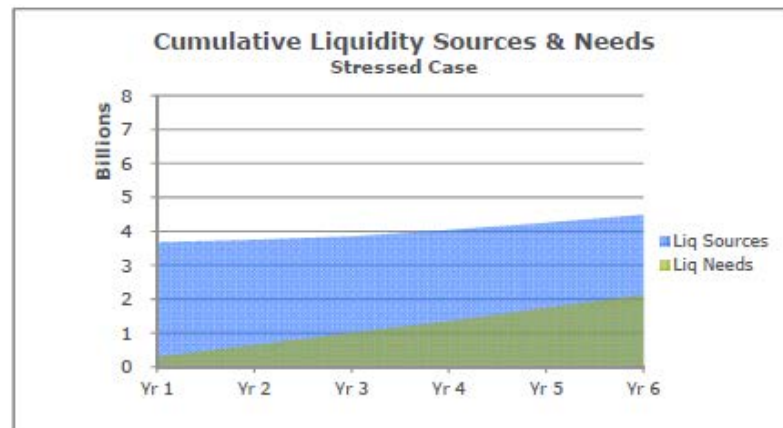
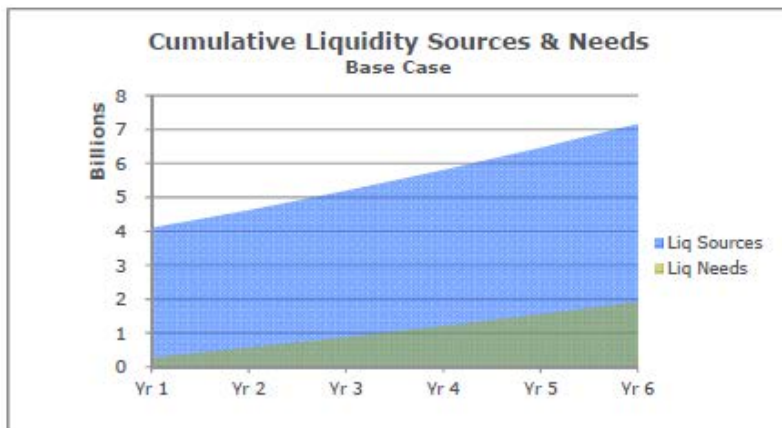


- **Liquidity needs consist primarily of benefit payments**
  - Benefit payments are fairly predictable, so relatively easy to plan for cash flow needs
  - Capital calls become an increasing component of needs and are less predictable
- **Contributions are the primary component of liquidity management**
  - The plan also has a substantial liquid asset base

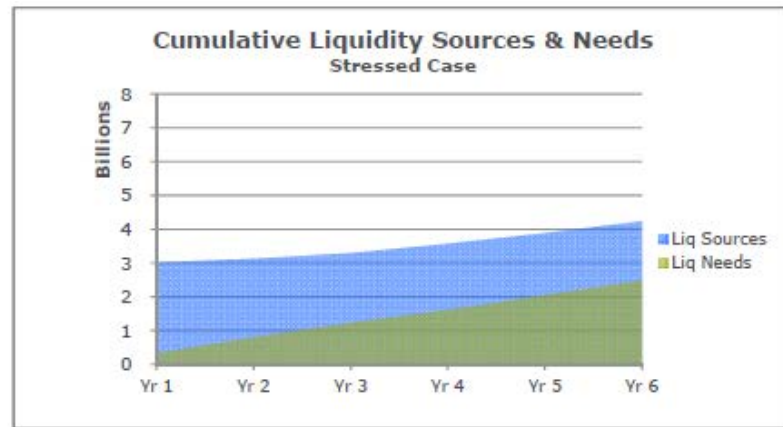
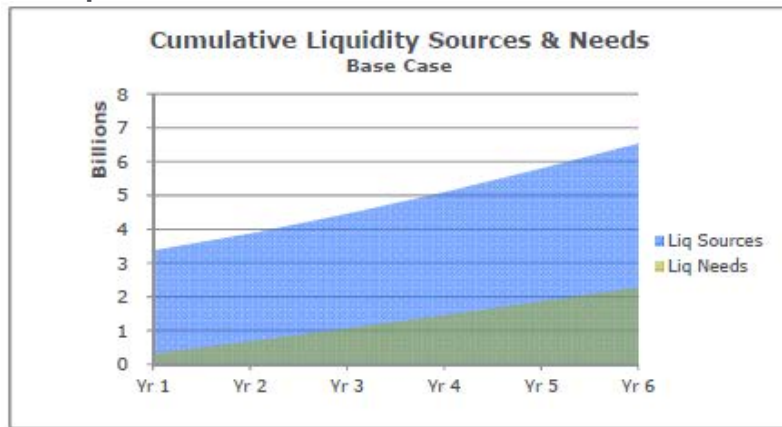


- **The proposed allocation analysis above shows liquidity assumes the Plan already starts with the proposed allocation**
  - Smaller liquid asset base as a higher portion is now allocated to illiquid assets
- **As a result, the plan would see an increase in capital call/distribution activity in order to maintain a higher, more diversified, allocation to illiquid investments**

## Current Allocation

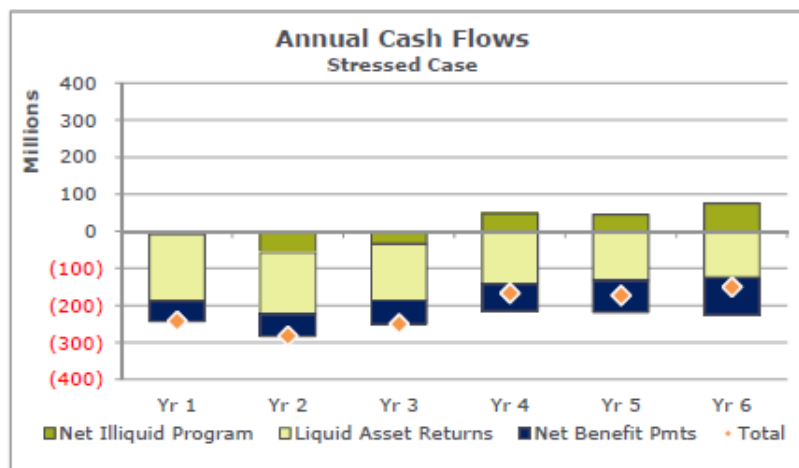
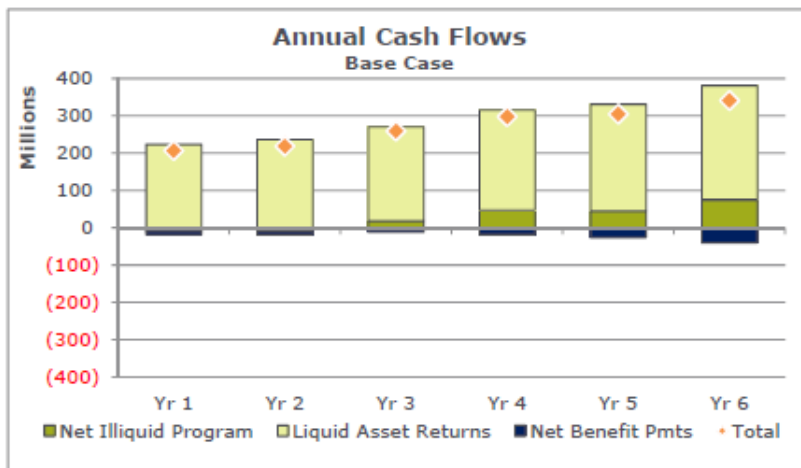


## Proposed Allocation

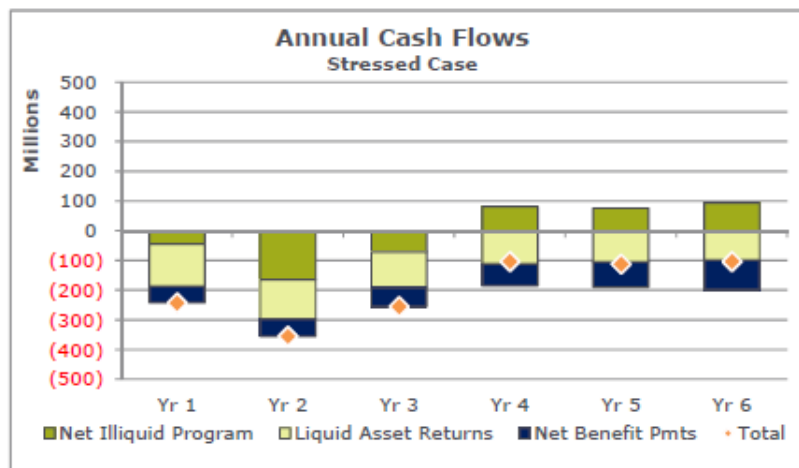
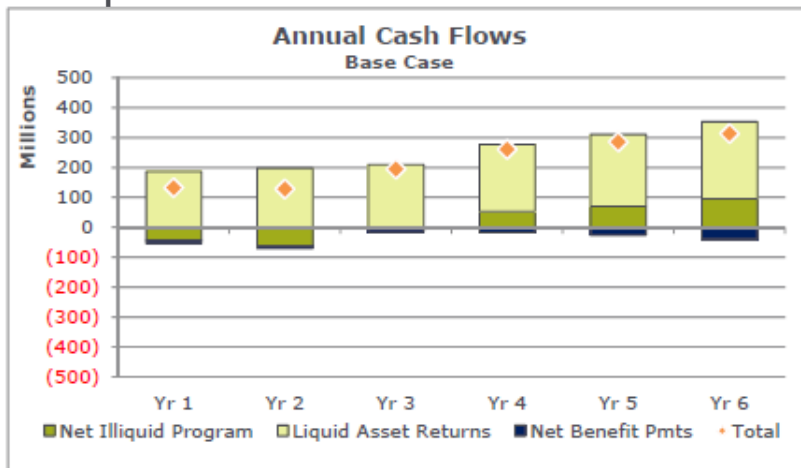


- **Liquidity sources comfortably exceed needs over the next several years in the Base Case**
- **Some convergence in Stressed Case**
  - Net negative cash flows combine with losses to existing liquid asset base

### Current Allocation



### Proposed Allocation



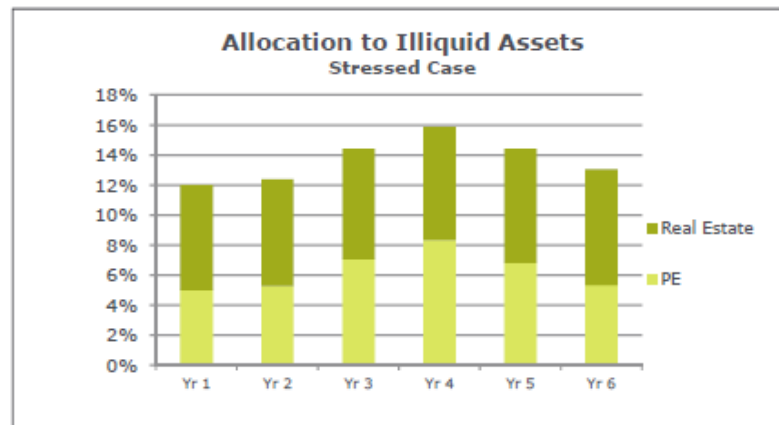
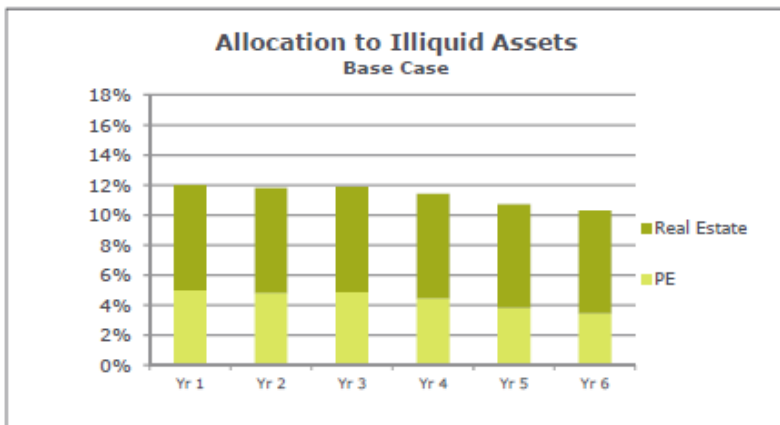
- **Current Allocation**

- Total 6-year net asset growth projection of \$1,629M in Base Case (39.6% increase in total plan assets)
- Total 6-year net asset growth projection of -\$1,265M in Stressed Case (30.7% decrease in total plan assets)

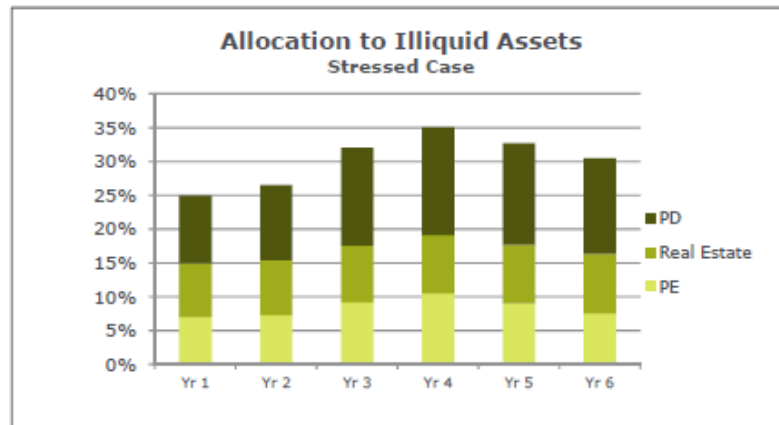
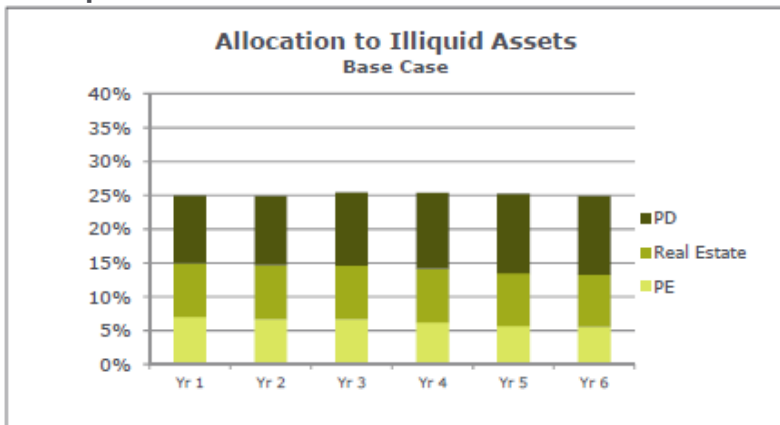
- **Proposed Allocation**

- Total 6-year net asset growth projection of \$1,313M in Base Case (31.9% increase in total plan assets)
- Total 6-year net asset growth projection of -\$1,172M in Stressed Case (28.5% decrease in total plan assets)

## Current Allocation



## Proposed Allocation





- **Because of forward capital commitments, the allocation to illiquid investments can rise even without any additional commitments**
  - Approximately \$58.6m in uncalled PE commitments as of 12/31/2013
- **In a recessionary environment, the increase in the allocation to illiquid investments can be even more drastic if there is a high allocation to alternatives from the beginning**
  - Capital may be called more quickly as managers seek to invest in depressed assets
  - Declining liquid asset base leads to denominator effect
  - Rebalancing to target allocation may be expensive

- **The Plan is projected to have sound liquidity under the current allocation which will remain intact as a diversified private investment allocation is implemented**
  - In the base case contributions and investment gains offset expected cash outflows
  - While there is some deterioration in a stressed case, the plan has a large liquid asset from which to fund obligations
  - Low cash utilization under both scenarios
  - Private investments allocation becomes additive to liquidity under either scenario
- **While true that some liquid assets must be sold in a stressed environment...**
  - There are available options: 67-82% of current assets can liquidated in under a week
  - Benefit payments are fairly predictable: should make planning relatively easy
- **The Plan is likely to benefit from a diversified allocation to illiquid assets**
  - Mature programs can provide distributions that are additive to liquidity if future commitments are maintained
  - Better diversification will reduce asset risk
  - Expectation of returns in excess of public market returns

# Appendix

- **Liquidity Sources**
  - Employer Contributions
  - Distributions from private equity and private debt
  - Current assets with monthly liquidity or better
  
- **Liquidity Needs**
  - Benefit payments/expenses
  - Capital calls for private equity and private debt
  
- **Projection of cumulative sources and needs begins at March 31, 2014**

- **Benefit Payments and Expenses**

- Base Case: Provided by the actuary
- Stressed Case: 10% greater each year

- **Contributions**

- Base Case: Provided by the actuary
- Stressed Case: 10% lower each year

- **Market Returns**

- Actual returns through March 31, 2014
- Base Case: NEPC 2014 5-7 Year assumptions each year
- Stressed Case: -5% return each year

- **Capital Calls and Distributions**

- Base Case: based on standard industry averages, with underlying assumptions from *Thomson Reuters Venture Economics* for private equity and typical patterns for real estate
- Stressed Case: same as base case, except distributions 0.5x expected for 2015 & 2016, capital calls 2.0x quicker than expected for 2015 & 2016
- New commitments
  - Private Equity: \$45m 2014; \$100m 2015 & 2018
  - Private Debt (at proposed target): \$80m 2014-15; \$60m 2016-19

- **Liquidity of an *asset* is the ability to sell that asset at a “fair” price**
- **Liquidity of a *strategy* is the ability to unwind all the components of the strategy in an orderly manner and at fair prices**
- **Liquidity of an *investor* is the investor’s ability to execute all desired transactions in an orderly manner and at fair prices**
- **Liquidity of a *market* is an abundance of potential buyers and sellers who themselves have sufficient liquidity to trade in the market**
- **Liquidity of an *economy* is an abundance of credit**

## 5-7 Year

Geometric Expected Return			
Asset Class	2013	2014	2014-2013
Cash	0.75%	1.50%	0.75%
Treasuries	1.00%	2.00%	1.00%
IG Corp Credit	3.00%	3.50%	0.50%
MBS	2.50%	2.25%	-0.25%
Core Bonds *	2.04%	2.53%	0.49%
TIPS	1.50%	2.50%	1.00%
High-Yield Bonds	5.00%	4.50%	-0.50%
Bank Loans	5.00%	5.00%	
Global Bonds (Unhedged)	0.75%	1.25%	0.50%
Global Bonds (Hedged)	0.93%	1.38%	0.45%
EMD External	4.00%	5.00%	1.00%
EMD Local Currency	5.00%	5.75%	0.75%
Large Cap Equities	6.75%	6.25%	-0.50%
Small/Mid Cap Equities	7.00%	6.25%	-0.75%
Int'l Equities (Unhedged)	7.75%	7.25%	-0.50%
Int'l Equities (Hedged)	8.00%	7.50%	-0.50%
Emerging Int'l Equities	9.75%	9.50%	-0.25%
Private Equity	9.00%	8.75%	-0.25%
Private Debt	8.50%	8.00%	-0.50%
Private Real Assets	8.00%	7.75%	-0.25%
Real Estate (Core)	6.00%	6.25%	0.25%
Commodities	5.00%	5.00%	
Hedge Funds	n/a	5.50%	

## 30 Year

Geometric Expected Return			
Asset Class	2013	2014	2014-2013
Cash	3.00%	3.75%	0.75%
Treasuries	3.00%	4.00%	1.00%
Credit	4.25%	5.25%	1.00%
MBS	4.50%	4.25%	-0.25%
Core Bonds *	3.84%	4.46%	0.62%
TIPS	3.25%	4.50%	1.25%
High-Yield Bonds	5.25%	6.00%	0.75%
Bank Loans	5.50%	6.25%	0.75%
Global Bonds (Unhedged)	2.50%	3.00%	0.50%
Global Bonds (Hedged)	2.67%	3.13%	0.46%
EMD External	6.00%	7.00%	1.00%
EMD Local Currency	6.25%	7.25%	1.00%
Large Cap Equities	8.00%	7.75%	-0.25%
Small/Mid Cap Equities	8.25%	8.00%	-0.25%
Int'l Equities (Unhedged)	8.25%	8.25%	
Int'l Equities (Hedged)	8.50%	8.48%	-0.02%
Emerging Int'l Equities	9.50%	9.50%	
Private Equity	10.00%	9.75%	-0.25%
Private Debt	8.00%	8.25%	0.25%
Private Real Assets	8.00%	7.75%	-0.25%
Real Estate (Core)	6.00%	6.50%	0.50%
Commodities	5.50%	6.00%	0.50%
Hedge Funds	n/a	7.00%	

Volatility			
Asset Class	2013	2014	2014-2013
Cash	1.00%	1.00%	
Treasuries	6.00%	6.00%	
IG Corp Credit	7.50%	7.50%	
MBS	7.00%	7.00%	
Core Bonds *	6.31%	6.32%	0.01%
TIPS	7.50%	7.50%	
High-Yield Bonds	13.00%	13.00%	
Bank Loans	6.50%	8.00%	1.50%
Global Bonds (Unhedged)	9.00%	8.50%	-0.50%
Global Bonds (Hedged)	5.00%	5.00%	
EMD External	12.00%	12.00%	
EMD Local Currency	14.00%	15.00%	1.00%
Large Cap Equities	18.00%	17.50%	-0.50%
Small/Mid Cap Equities	21.00%	21.00%	
Int'l Equities (Unhedged)	21.00%	20.50%	-0.50%
Int'l Equities (Hedged)	19.00%	18.50%	-0.50%
Emerging Int'l Equities	26.00%	26.00%	
Private Equity	27.00%	27.00%	
Private Debt	19.00%	19.00%	
Private Real Assets	24.00%	23.00%	-1.00%
Real Estate (Core)	17.00%	17.00%	
Commodities	18.00%	18.00%	
Hedge Funds	n/a	9.00%	

\*Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Credit, and MBS)



## Correlations

Asset Class	Cash	Treasuries	IG Corp Credit	MBS	TIPS	High-Yield Bonds	Global Bonds (Unhedged)	Global Bonds (Hedged)	EMD (External)	EMD (Local Currency)	Large Cap Equities	Small/Mid Cap Equities	Int'l Equities (Unhedged)	Int'l Equities (Hedged)	Emerging Int'l Equities	Private Equity	Private Debt	Private Real Assets	Real Estate (Core)	Commodities	Hedge Funds	
Cash	1.00																					
Treasuries	0.20	1.00																				
IG Corp Credit	0.10	0.75	1.00																			
MBS	0.25	0.90	0.80	1.00																		
TIPS	0.00	0.75	0.60	0.70	1.00																	
High-Yield Bonds	-0.05	0.30	0.55	0.30	0.20	1.00																
Global Bonds (Unhedged)	0.10	0.50	0.50	0.45	0.40	0.10	1.00															
Global Bonds (Hedged)	0.10	0.80	0.65	0.70	0.65	0.20	0.60	1.00														
EMD (External)	0.05	0.40	0.65	0.35	0.30	0.65	0.25	0.35	1.00													
EMD (Local Currency)	0.05	0.30	0.60	0.25	0.25	0.60	0.30	0.25	0.80	1.00												
Large Cap Equities	0.05	0.05	0.55	0.15	0.00	0.70	0.10	0.05	0.60	0.65	1.00											
Small/Mid Cap Equities	-0.05	-0.05	0.35	0.05	-0.10	0.70	0.00	-0.05	0.55	0.60	0.90	1.00										
Int'l Equities (Unhedged)	-0.10	0.00	0.30	0.05	-0.05	0.50	0.40	0.25	0.60	0.65	0.70	0.60	1.00									
Int'l Equities (Hedged)	-0.10	0.00	0.30	0.05	-0.05	0.50	0.30	0.40	0.60	0.65	0.75	0.65	0.90	1.00								
Emerging Int'l Equities	-0.10	-0.10	0.25	-0.10	-0.10	0.55	0.05	0.05	0.75	0.80	0.60	0.65	0.70	0.70	1.00							
Private Equity	-0.10	-0.05	0.20	0.00	-0.10	0.60	-0.10	-0.10	0.35	0.40	0.70	0.80	0.60	0.65	0.45	1.00						
Private Debt	0.00	-0.25	0.15	-0.15	-0.10	0.65	-0.10	-0.10	0.55	0.60	0.65	0.75	0.60	0.60	0.65	0.65	1.00					
Private Real Assets	0.15	-0.20	0.05	-0.15	0.00	0.40	-0.05	-0.05	0.40	0.40	0.55	0.60	0.50	0.50	0.50	0.65	0.60	1.00				
Real Estate (Core)	0.25	-0.05	0.05	-0.05	0.00	0.10	0.00	-0.05	0.10	0.10	0.35	0.25	0.30	0.30	0.15	0.35	0.25	0.40	1.00			
Commodities	0.10	-0.10	0.10	-0.10	0.30	0.20	0.10	0.10	0.35	0.45	0.30	0.30	0.35	0.35	0.40	0.25	0.30	0.45	0.30	1.00		
Hedge Funds	0.00	-0.20	0.35	-0.15	0.20	0.60	0.05	-0.30	0.55	0.60	0.60	0.65	0.70	0.65	0.70	0.75	0.80	0.65	0.25	0.50	1.00	



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## Ventura County Employees Retirement Association

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### Direct Lending/Private Debt Review

May 19, 2014

Don Stracke, CFA, CAIA, Senior Consultant

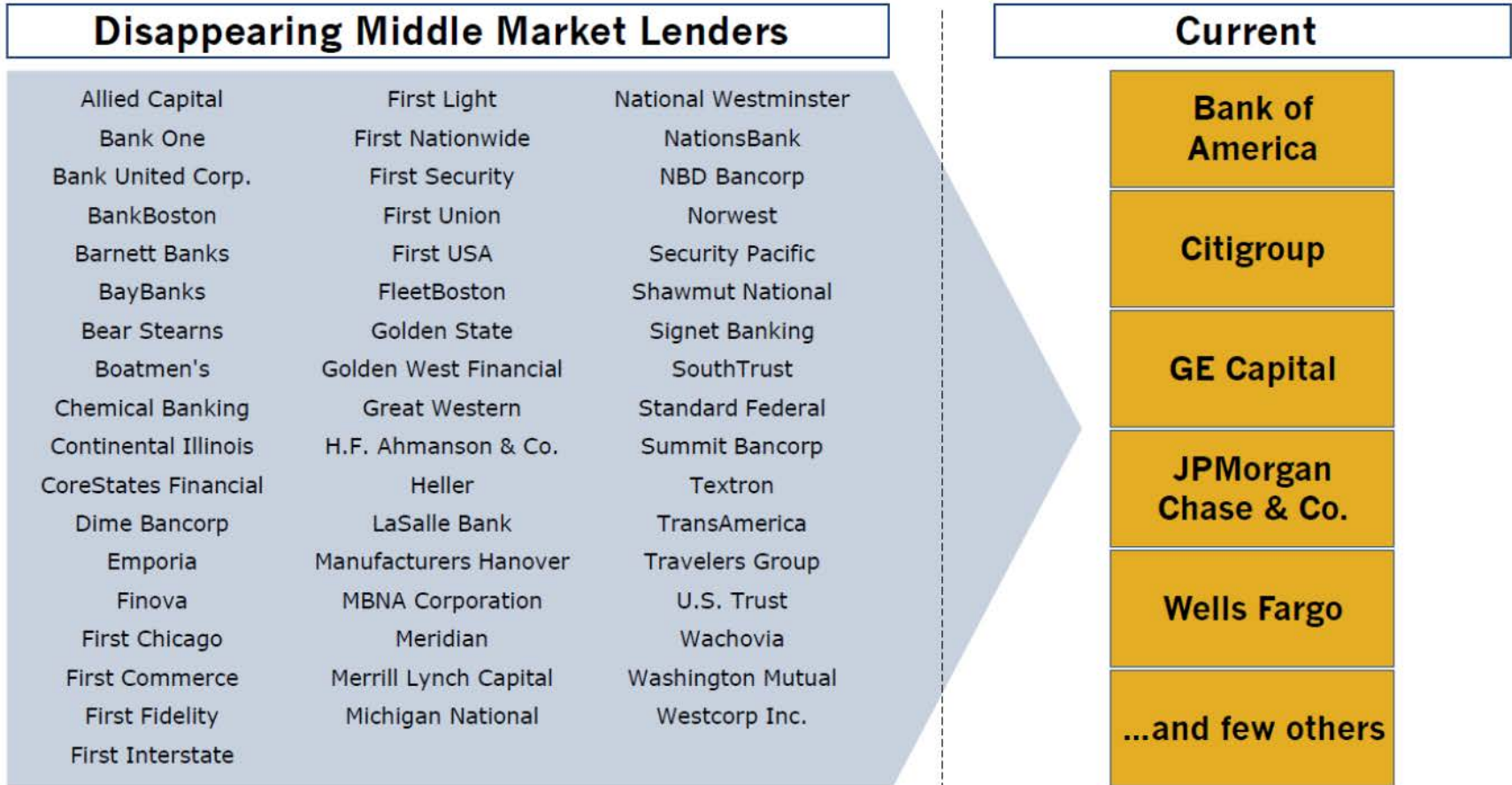
Chris Hill, CFA, CAIA, Research Consultant

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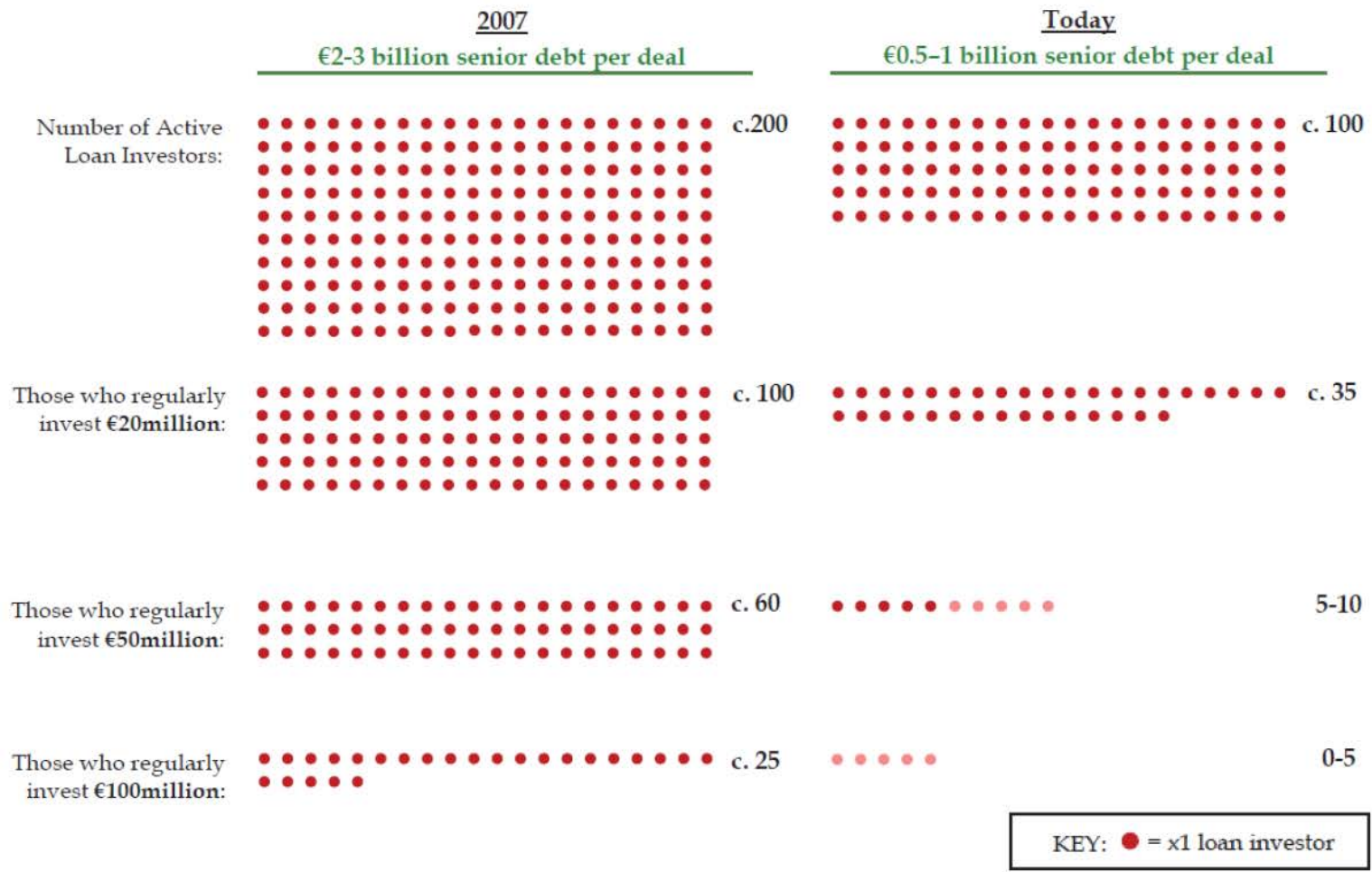
- **During the financial crisis, NEPC counseled clients to create an opportunistic investment allocation**
  - Idea was based on the extraordinary opportunity in credit markets
- **The opportunity set in credit has evolved but remains attractive and can be expressed via key themes:**
  - Banks and quasi-banks are constrained by balance sheet issues and regulatory requirements
  - Hedge funds and bank proprietary desks have less capital or are risk averse
  - Investors' focus on liquidity and simplicity has led to opportunity in complex securities
  - European and other developed world deleveraging will continue to cause capital markets dislocations and flights to quality
  - Middle market companies will need access to capital
  - Relative lack of buyers for strategies that fall in the "seams" between hedge fund (0-2 year capital) and private equity (6 year + capital)
- **Today, disciplined long term investors should:**
  - Act as a capital provider
  - Take advantage of dislocations to purchase cheap assets
  - Accept illiquidity and complexity premiums where appropriate
  - Be willing to risk not entering the market at the lowest point and withstand short-term volatility for longer term success

- Since 2008, many middle market banks and finance companies have been acquired or have closed.



Source: Audax Group. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offer can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.

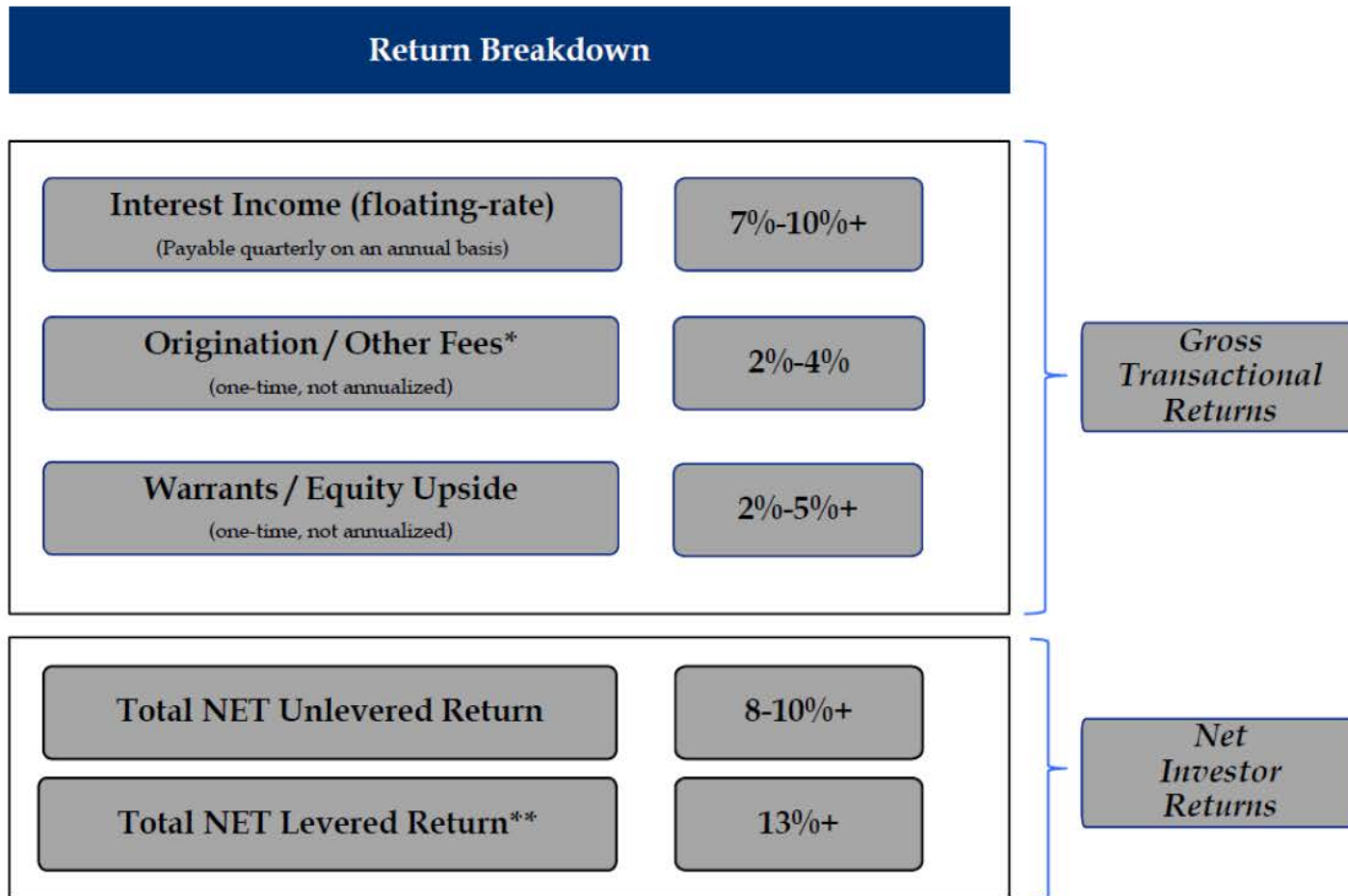
# Shrinking European Loan Investor Base



Source: Park Square Capital. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offer can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.

- **Senior secured floating rate debt:**
  - Current typical terms:
    - Cash yield: 5.75% - 9.00%
    - Final maturity: 5 - 7 years (average life: <4 years)
- **Borrowers are typically seasoned, healthy, growing companies, but have limited access to capital:**
  - U.S. middle market companies: <\$500MM revenues or <\$50MM EBITDA
  - European middle market companies: €10MM - €500MM EBITDA
- **Middle market loans generally compare favorably to broadly syndicated loans:**
  - Wider spreads
  - Lower leverage
  - Tighter covenants

Source: NEPC, LLC and S&P LCD. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offering can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.



\*Closing fees, amendment fees, prepayment fees, etc. where applicable

\*\*Effects of leverage (between 0.5-1:1)

\*\*\*Note, all returns on the page are expected and based on current market conditions, onshore investors and historical performance

Source: Monroe Capital. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offering can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.

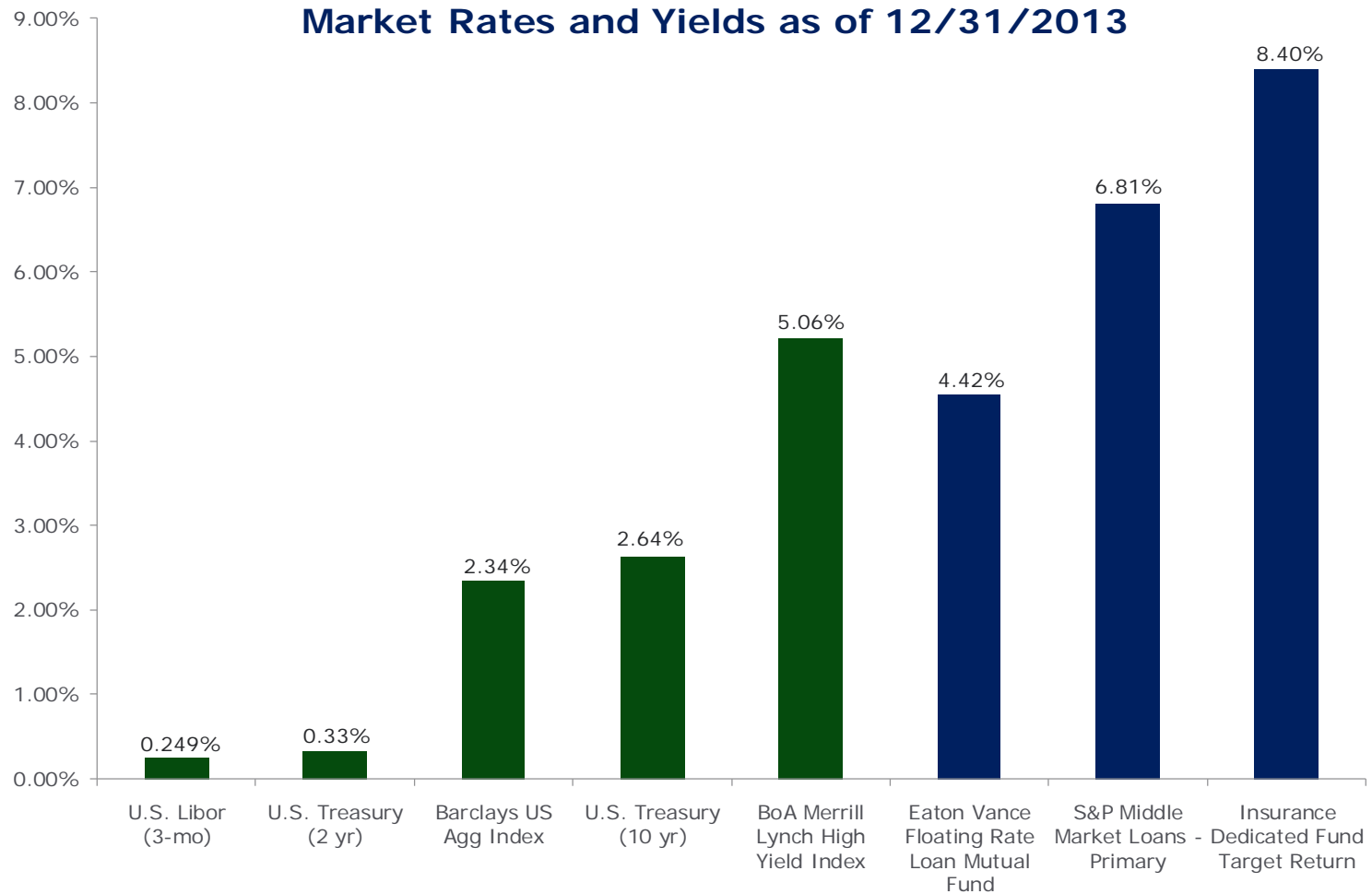
# U.S. Middle Market Senior Secured Loans



- **Overview:**

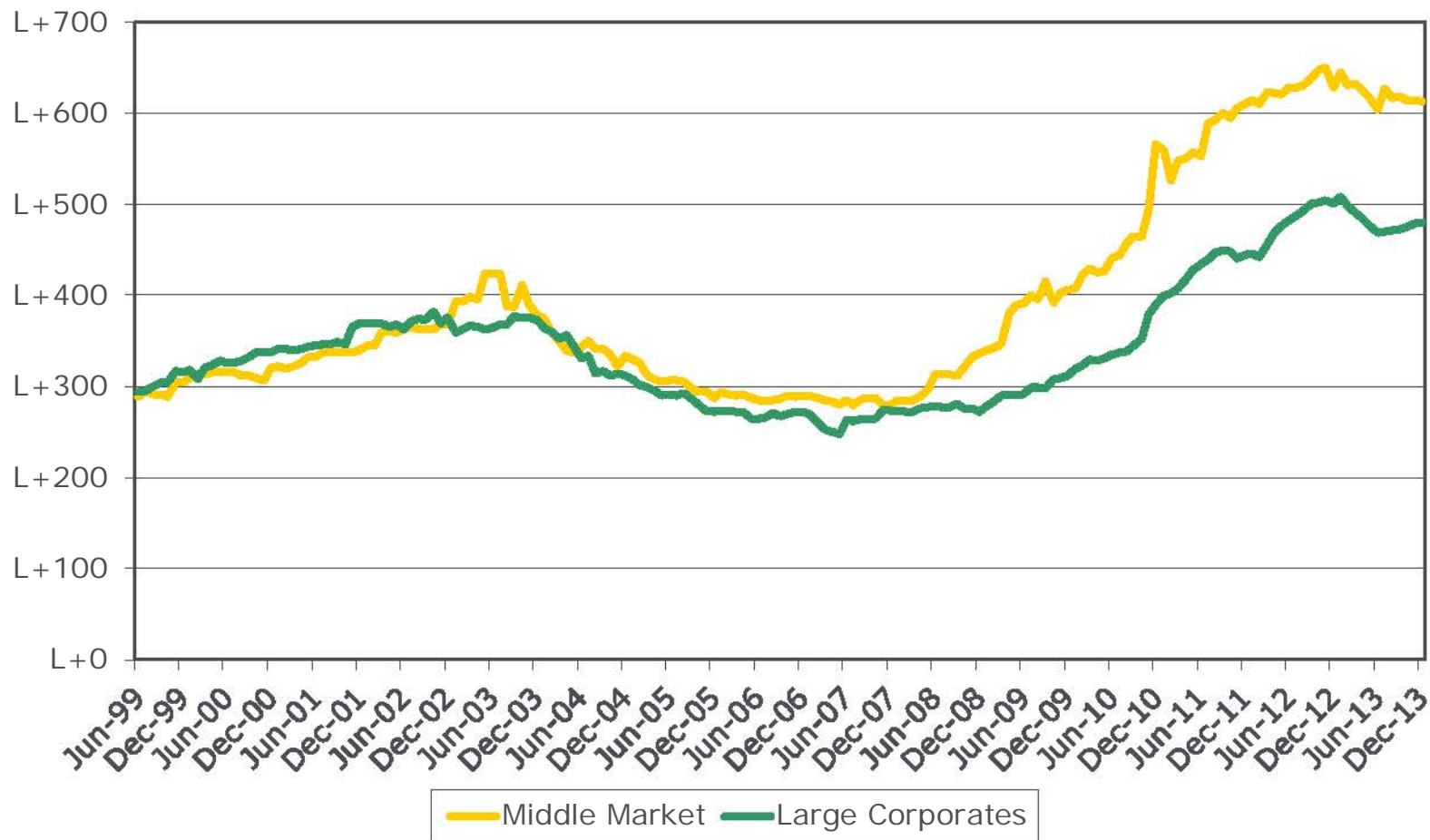
- U.S. middle market senior secured loans may offer an attractive risk-adjusted return.
- A fundamental supply/demand imbalance in the U.S. market may continue.
- CLO issuance has begun to re-emerge, but still remains below levels capable of absorbing refinancing and new issues.
- Regulatory pressures remain and banks have decreased their exposure to leveraged lending.
- The demand for senior secured loans is expected to increase as private equity sponsors invest uncommitted capital.

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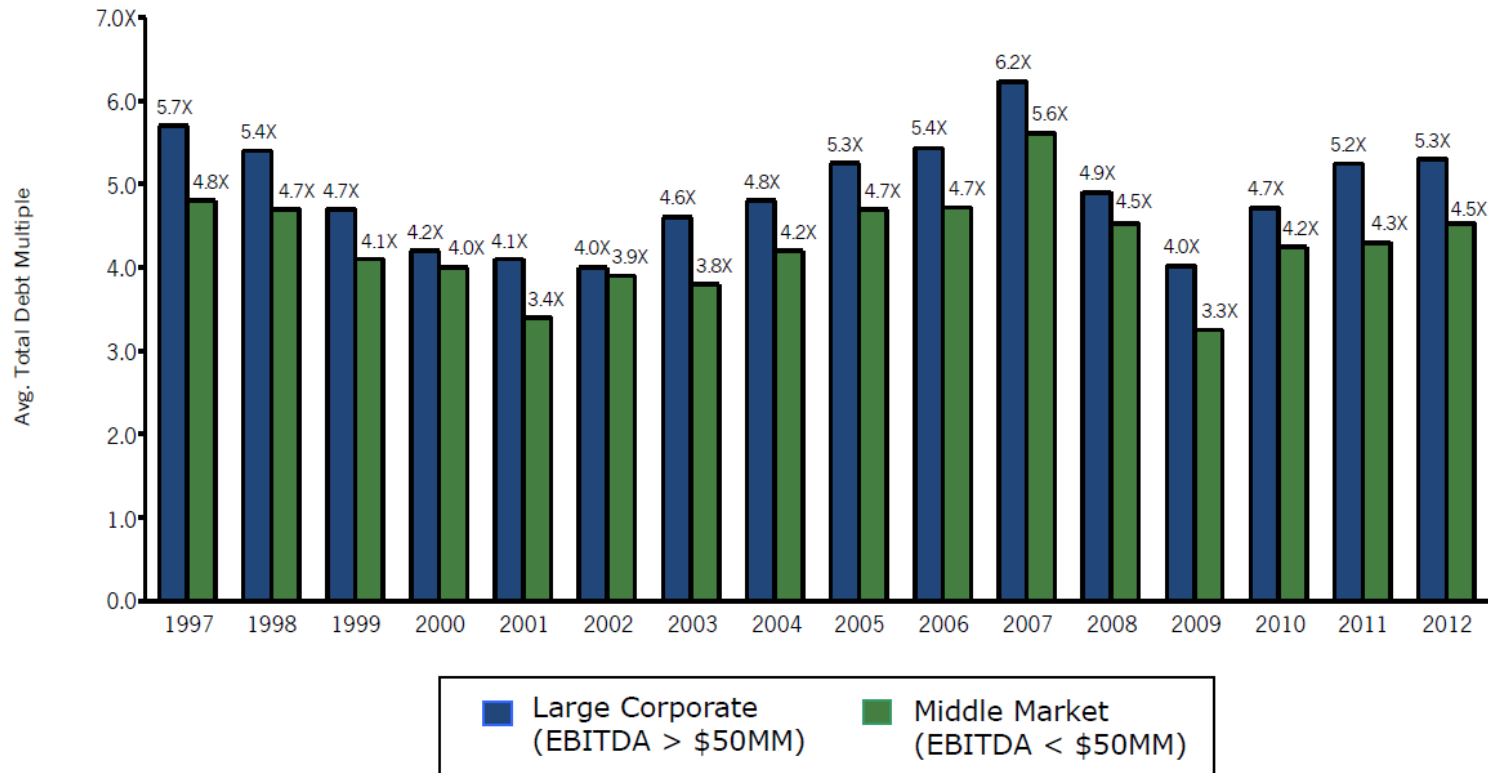
- **Middle market loans have earned a premium over broadly syndicated loans.**
  - Spread differential at historically wide levels



Source: S&P LCD. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offer can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.

- Middle market loans historically have consistently lower debt multiples and more restrictive loan covenants.

Average Total Debt Multiples of LBO Loans (1997 – 2012)

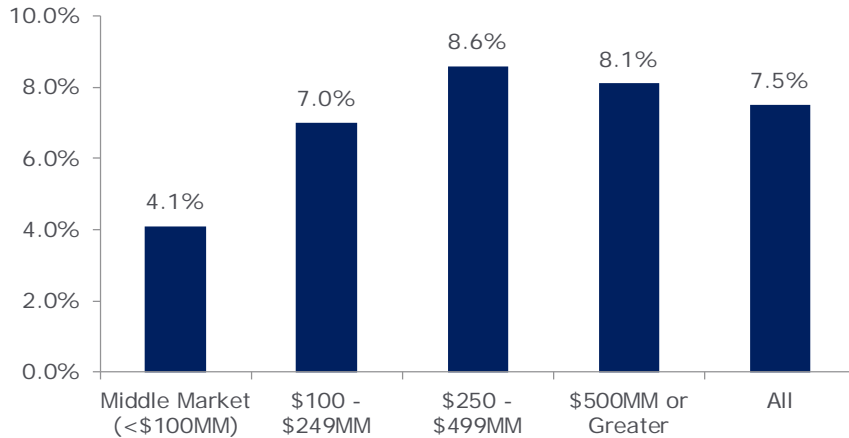


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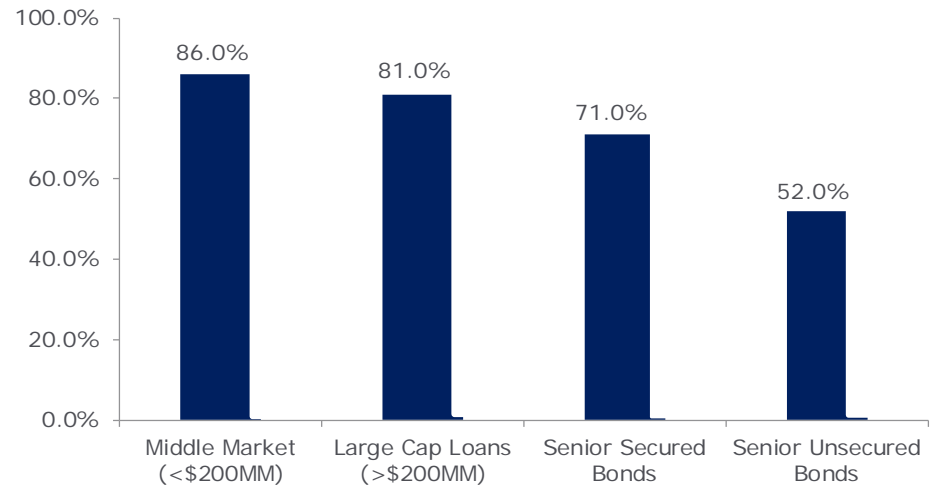
- **Private Debt Markets: Better Principal Protection**

- Lower-middle and middle market loans have historically demonstrated default rates that have been lower while recovery rates have been higher.

### Senior Loan Default Rates by Loan Size\*



### Recovery Rate by Loan Class\*\*



Source: S&P LCD. \*Cumulative institutional loan default rates by deal size from 1995 to 2009. \*\*Reflects ultimate recovery rates for period 1989 to 2009. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offer can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.

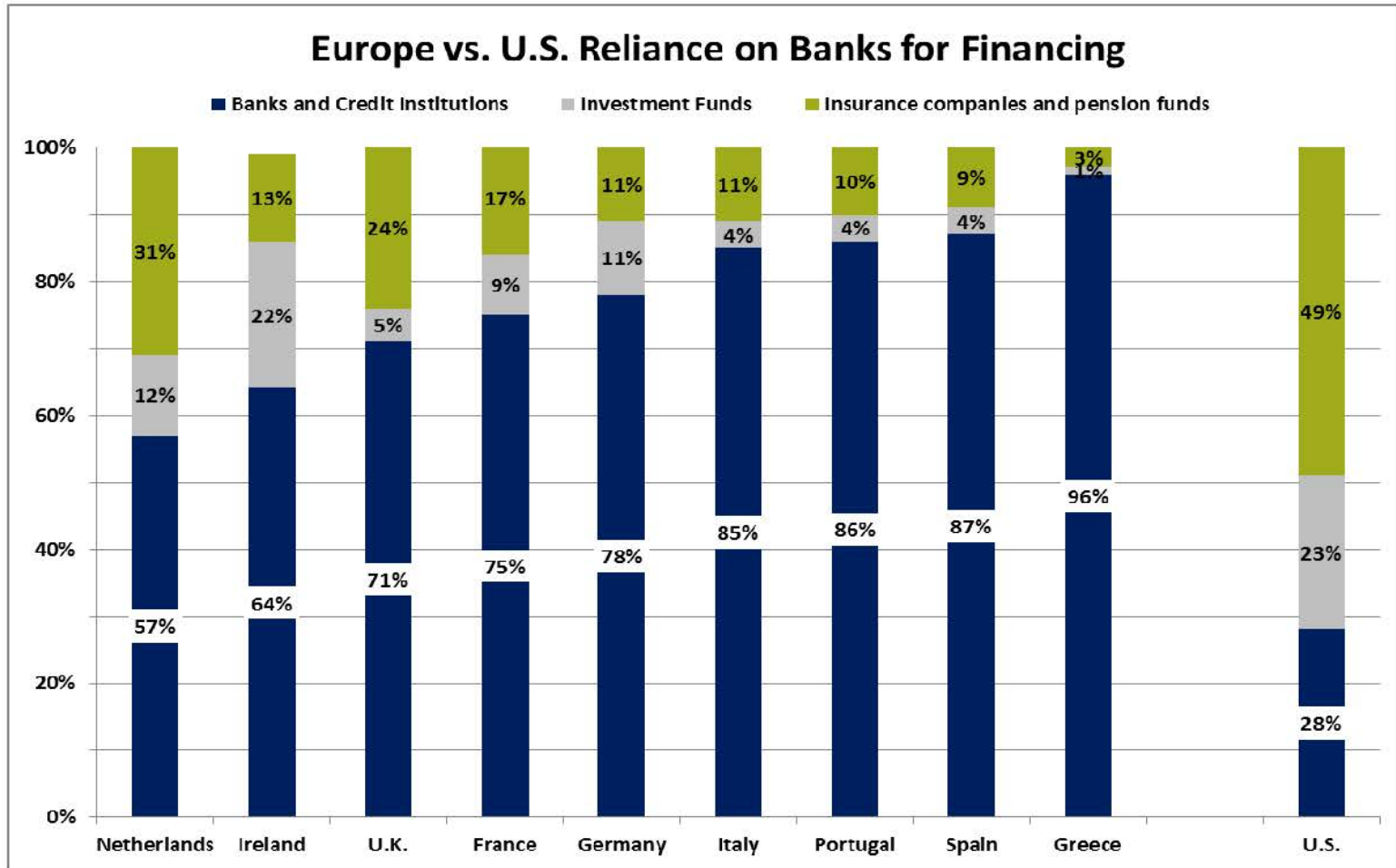
# European Middle Market Senior Secured Loans

- **Overview:**

- European middle market senior secured loans may offer an attractive risk adjusted return, particularly in the context of a low-growth economic environment.
- Fundamental supply/demand imbalance in European leveraged loan market may continue, supporting premium pricing relative to North America.
- Banks remain Europe's largest credit investors, but are under increasing regulatory pressure to shrink their balance sheets.
- CLOs, Europe's largest institutional source of credit, are in run-off with limited new formation.
- Growing importance of non-bank arrangers and anchor investors who can commit in large size.

Source: NEPC, LLC. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offer can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.

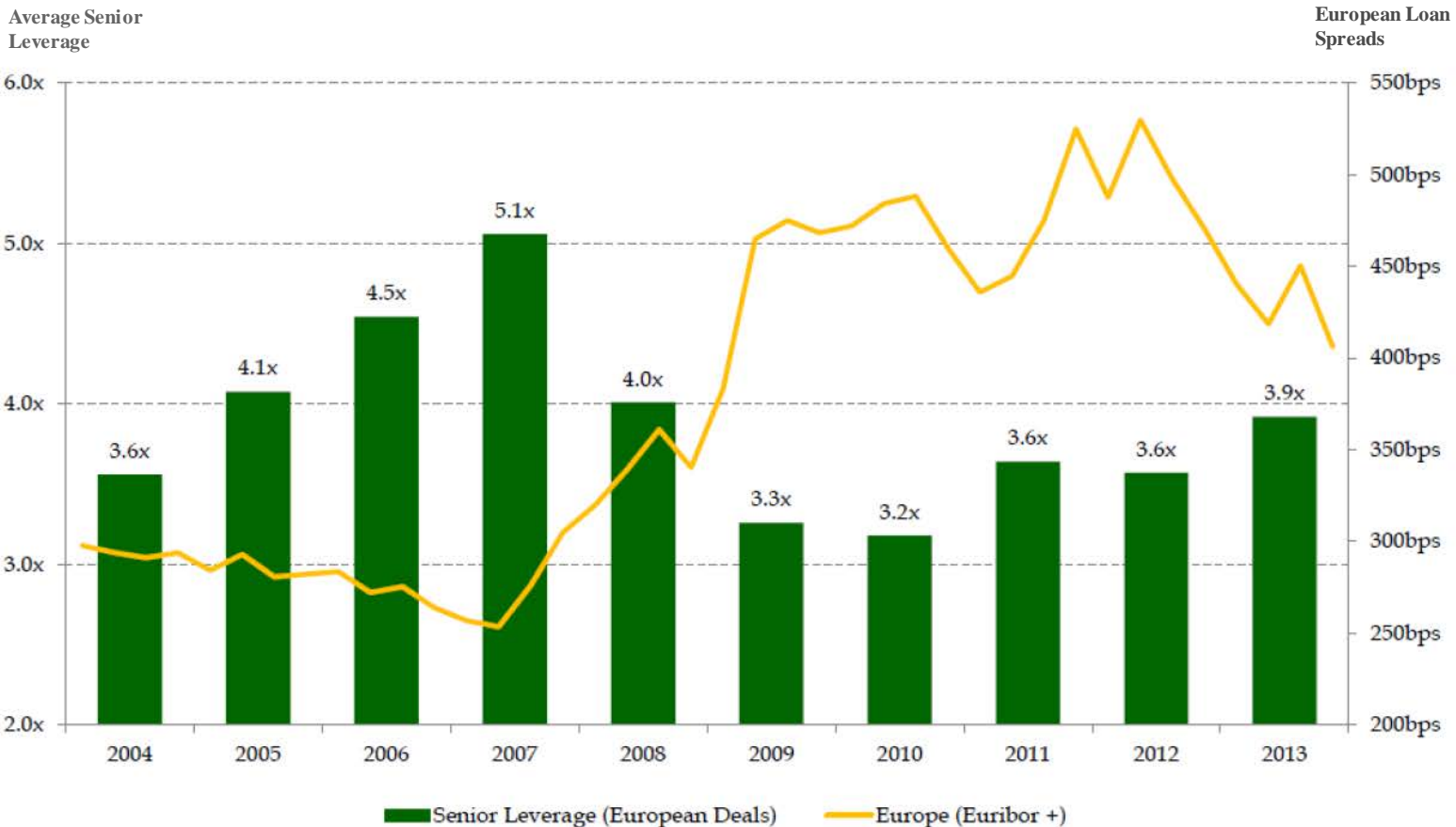
- Europe has a less developed shadow banking system than the U.S.



Source: European House-Ambrosetti, WSJ. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offer can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.



Historical Average Leverage and Spreads in European Leveraged Loans



Source: Park Square Capital. NEPC, LLC and The Newport Group are not affiliated. This is not an offer or solicitation to buy any fund or security mentioned in this presentation. An offer can only be made by a private placement memorandum, and this material describes the risks, charges and expenses related to an offer. Investors should carefully consider the investment objective, risks, expenses and charges before investing.



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## Ventura County Employees Retirement Association

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### Private Equity Program Review & 2014 Strategic Investment Plan

May 19, 2014

Don Stracke, CFA, CAIA, Senior Consultant  
Chris Hill, CFA, CAIA, Research Consultant

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# Private Equity Update

*Looking Forward to 2014*

- **Uncertainty continues regarding direction of the US economy**
  - Is economy starting to grow or has it peaked?
- **Fully priced transaction values present potential drag on future returns**
  - How to find “good value” in expensive debt and equity markets?
- **Closely monitor the leveraged loan markets to see if companies are able to grow into their recently refinanced capital structures**
  - Will this portend to a new wave of distressed opportunities taking root in the near future?
- **Continued monitoring of macroeconomic improvements in Europe**
  - Are there managers up for the challenge of creating value in a prolonged, slow recovery?
- **Emerging markets continue to grow at a faster, albeit slowing, pace than developed markets**
  - How to find and access the best managers when funds in the region are generating a wide range of performance results?
- **Fast moving fundraises for top performing fund managers are expected to continue**
  - Diligence windows are short with fund terms not subject to negotiation
  - Investors may need to augment traditional search efforts to access high demand funds

- **Look for buyout and growth equity exposure with value orientation to protect on the down-side**
  - With transaction multiples high, focus on those managers that have demonstrated an ability to remain disciplined on price
  - Seek managers with operational expertise, sector focus and which have demonstrated the ability to drive top and bottom line growth through improved operations
- **Complement yet to be invested credit related distressed exposures with turnaround and deep value strategies**
  - Strong LP interest for these strategies given high level of economic uncertainty
- **Seek secondary managers able to trade on deal complexity and information asymmetries in order to generate alpha**
  - Continue to support managers able to capitalize on multi-year financial institution sell-down of assets
- **Consider direct lending, particularly in Europe, as an attractive alternative to traditional fixed income**
  - Asia direct lending offers potential for PE-like returns, but with commensurate additional risk
- **Moderately add exposure to Asia/Emerging Markets for long-term growth**

# In 2013, PE returns mirrored the public equity markets, with US and Europe posting large gains

- **Global PE generated a 17.6% return for the past year led by strong performance of US and European PE**
- **Buyout returns were 18.9% for the past year**
  - Mega funds returned 22.2% in one year
  - Larger size = higher correlation to public markets
- **Venture capital returns have improved**
  - Late stage has outperformed early stage (& with less risk)
- **10-year return for global PE is 13.3%**
  - Outperforming public equity indices over the long term

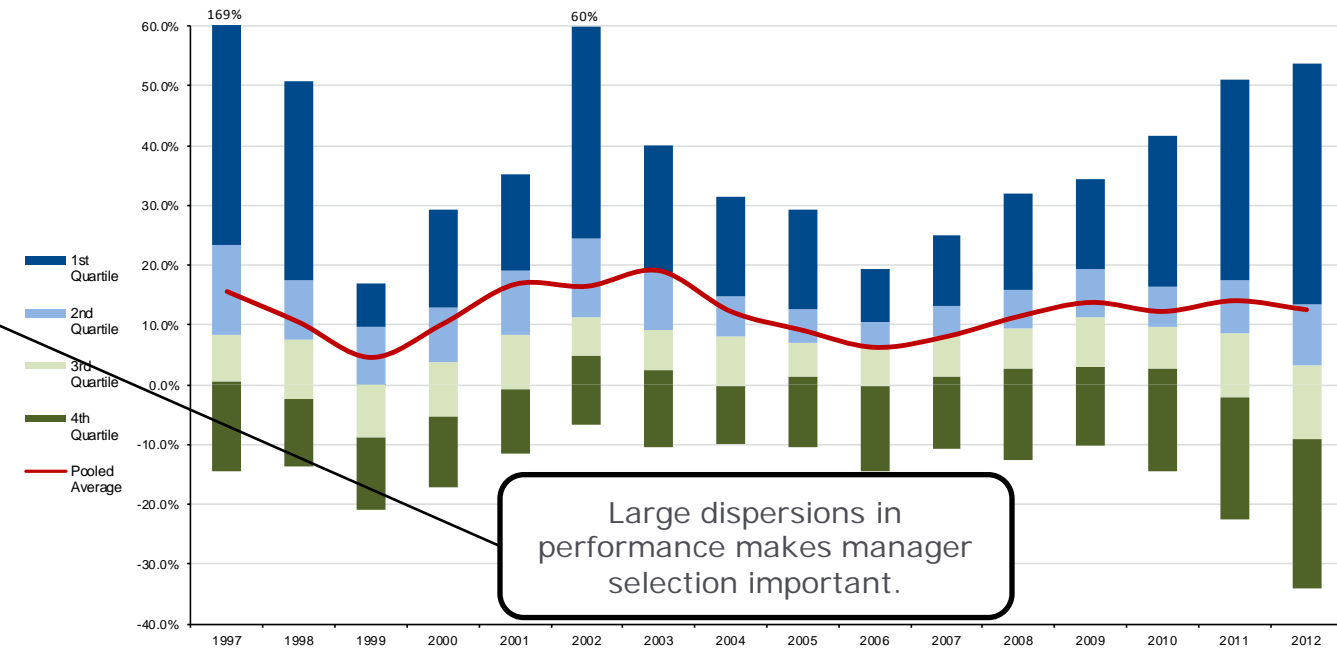
All Private Equity	Q4 2013	1 Year	3 Year	5 Year	7 Year	10 Year
Global	5.7%	17.6%	12.5%	13.6%	8.4%	13.3%
United States	5.8%	19.3%	13.9%	14.4%	9.0%	12.8%
Europe	6.1%	17.0%	11.8%	12.3%	7.1%	15.3%
Asia	5.8%	11.4%	5.1%	13.6%	9.0%	15.3%
Global by Strategy	Q4 2013	1 Year	3 Year	5 Year	7 Year	10 Year
Buyouts	6.0%	18.9%	13.3%	14.8%	8.9%	14.6%
Small (<\$500M)	6.2%	14.3%	11.2%	12.8%	10.3%	16.4%
Medium (\$500M-\$999M)	6.6%	16.6%	11.1%	13.9%	9.8%	14.8%
Large (\$1B-\$4.9B)	5.5%	17.5%	12.6%	13.9%	8.7%	14.5%
Mega (\$5B+)	6.3%	22.2%	15.2%	16.8%	7.9%	14.0%
Venture Capital	8.9%	23.2%	14.0%	12.3%	8.4%	9.4%
Early Stage	10.5%	22.4%	14.6%	12.2%	8.2%	8.8%
Late Stage	8.4%	27.7%	17.6%	17.7%	13.3%	13.0%
Mezzanine	2.1%	10.0%	10.8%	9.0%	8.5%	10.2%
Distressed & Special Situation	3.6%	14.6%	10.9%	15.1%	6.8%	11.4%
Energy	3.6%	12.3%	11.1%	11.7%	10.8%	21.4%
Public Indices	Q4 2013	1 Year	3 Year	5 Year	7 Year	10 Year
Russell 3000	10.1%	33.6%	16.2%	6.5%	6.5%	7.9%
MSCI EAFE	5.7%	22.8%	8.2%	1.8%	1.8%	6.9%
MSCI EM	1.8%	-2.6%	-2.1%	3.8%	3.8%	11.2%
Barclays High Yield	3.6%	7.4%	9.3%	8.7%	8.7%	8.6%

# Global vintage year returns reflect dispersion of performance amongst managers.

- Industry IRRs display wide range of performance variance between managers
- Most vintages showing double digit top quartile returns
- Median returns are positive for most vintage years
- Returns for 2011-2013 vintages too early to be meaningful

## IRR Quartile Analysis – Performance by Vintage Year

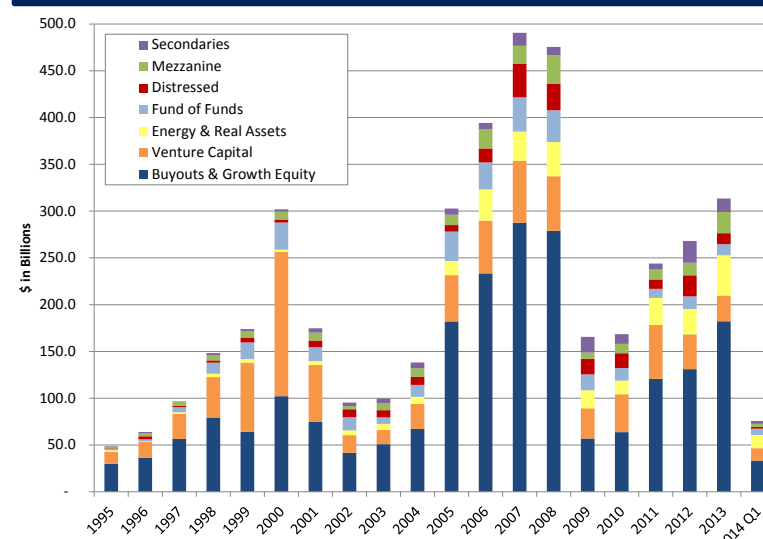
IRR Quartile Analysis



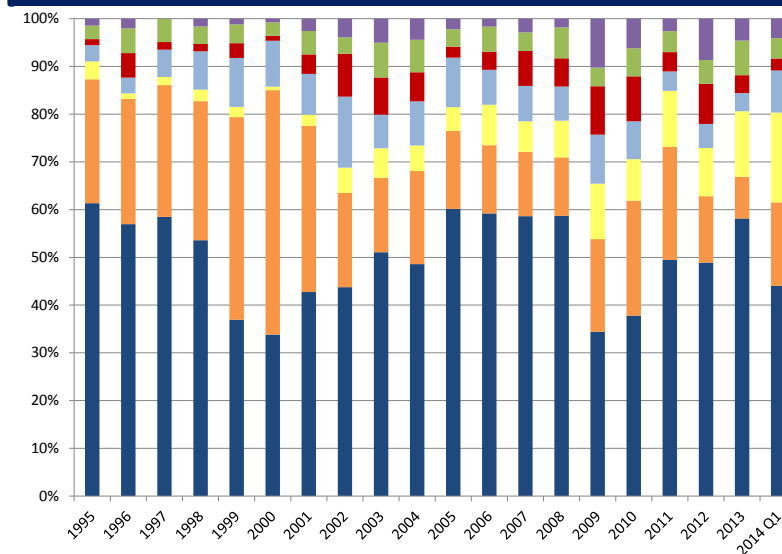
Vintage Year:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5th Percentile	169.3%	50.7%	16.8%	29.2%	35.3%	59.9%	40.0%	31.3%	29.3%	19.2%	24.9%	32.0%	34.4%	41.8%	51.1%	53.7%
Upper Quartile	23.3%	17.6%	9.6%	12.9%	19.1%	24.5%	18.8%	14.8%	12.5%	10.5%	13.3%	15.9%	19.3%	16.5%	17.4%	13.5%
Median	8.4%	7.6%	-0.1%	3.7%	8.5%	11.3%	9.2%	8.1%	7.0%	6.1%	8.0%	9.3%	11.4%	9.7%	8.6%	3.1%
Lower Quartile	0.5%	-2.3%	-8.9%	-5.4%	-0.7%	4.8%	2.5%	-0.2%	1.4%	-0.3%	1.3%	2.7%	3.0%	2.6%	-2.0%	-9.2%
95th Percentile	-14.5%	-13.8%	-20.9%	-17.1%	-11.4%	-6.8%	-10.3%	-9.9%	-10.4%	-14.4%	-10.8%	-12.5%	-10.3%	-14.4%	-22.7%	-34.0%
Number of Funds	117	147	171	242	138	88	93	183	239	308	364	304	133	177	218	234
Pooled Average	15.6%	10.4%	4.6%	10.2%	16.8%	16.5%	19.1%	12.3%	9.1%	6.2%	8.1%	11.4%	13.8%	12.3%	14.1%	12.5%

- **New funds raised \$75.6 billion in Q1 2014**
  - Q1 2014 total was 24% of the \$313.5 billion raised in 2013
  - 2013 PE fundraising was up 11% from 2012
- **Buyout and growth equity funds raised \$33.3 billion (44%)**
  - Mega buyout firms accounted for 37% of all buyout/growth equity funds
- **Venture Capital raised \$13.2 billion (17%)**
  - Five firms collectively raised more than \$5 billion in 2014 (TCV, Founders Fund, Accel, Andreessen Horowitz and Lightspeed)
- **Mezzanine funds raised only \$3.2 billion (4%)**
  - Mezzanine deal flow is facing competition from senior and unitranche lenders
- **Secondary funds raised only \$3.1 billion (4%)**
  - However, pipeline for secondary funds for the next 18 months exceeds \$35.0 billion

Global Private Equity Funds Raised



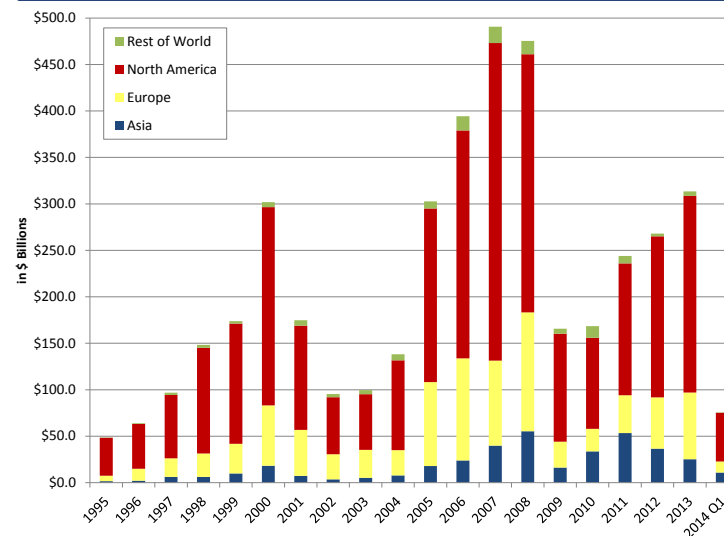
Allocation of Global Private Equity Funds Raised



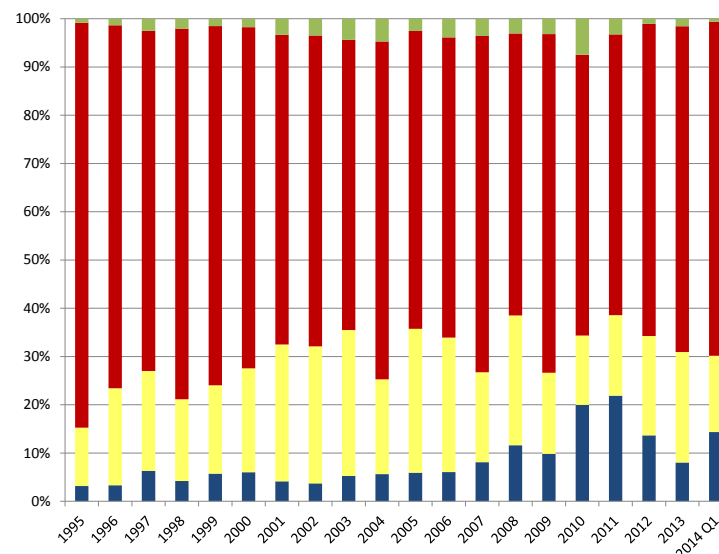


- US funds closed on \$52.4 billion in commitments in Q1 2014**
  - Represents 69% of new commitments
- \$12.0 billion of European commitments comprised 16% of all new PE commitments in Q1 2014**
  - Approximately 60% of European commitments were made to buyout/growth equity funds
  - Below the long-run average of 22% of PE commitments to European funds
- Asian private equity commitments accelerated in 2014 to \$10.8 billion**
  - Represents 14% of 2014 total across all geographies and 40% of all Asian PE funds raised in 2013
  - Was fueled by more than \$1.0 billion each raised by Boyu, Affinity and CVC

## Global Private Equity Funds Raised

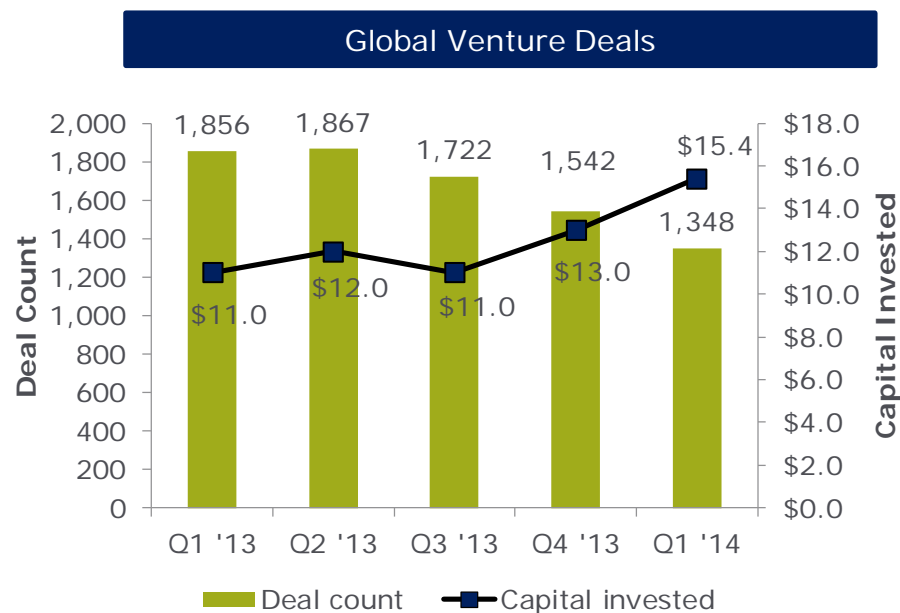
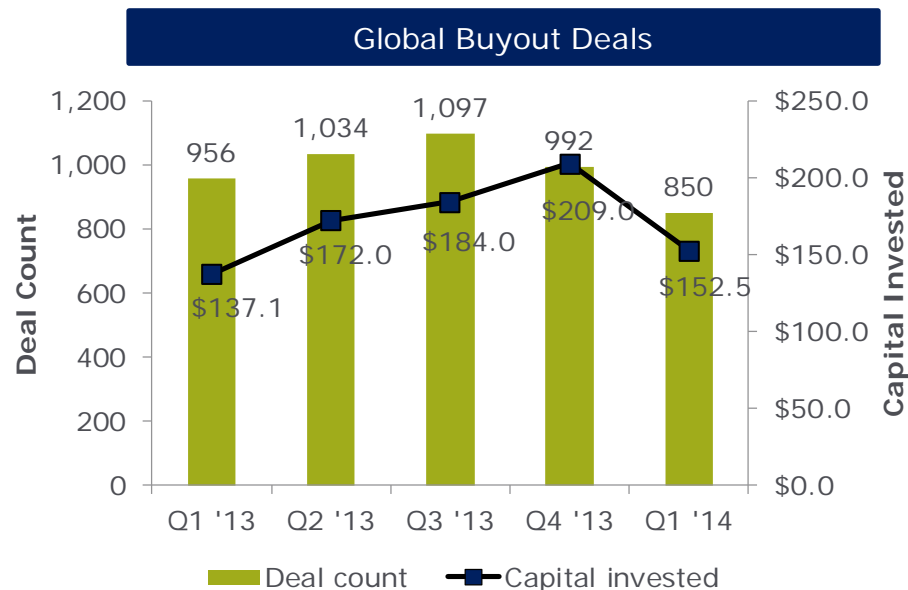


## Allocation of Global Private Equity Funds Raised

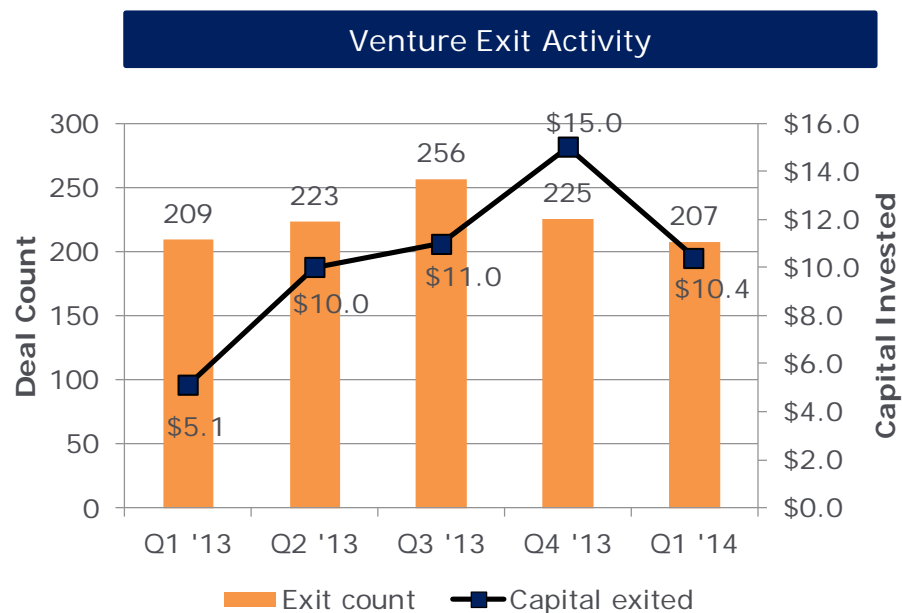
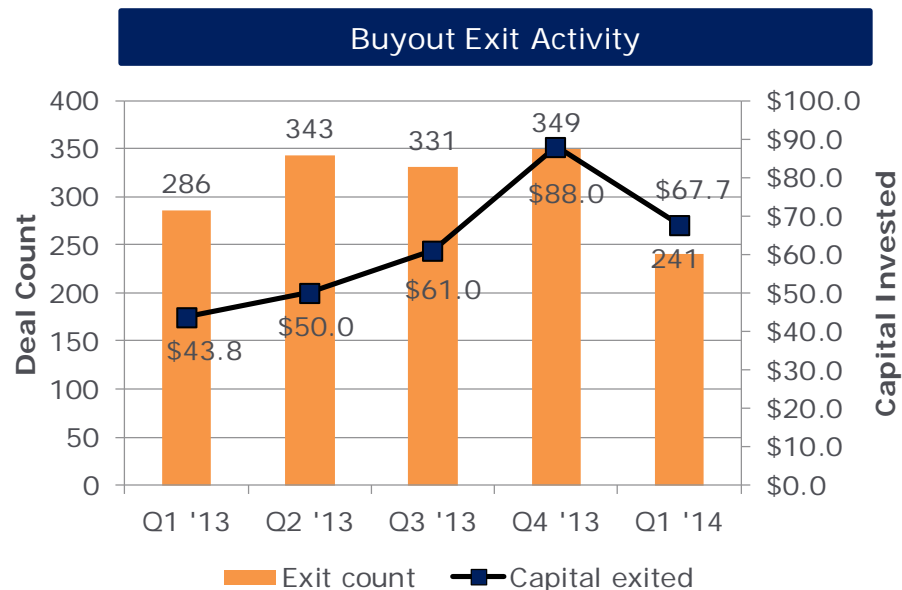


# Buyout deal volume through Q1 2014 hasn't increased after a slow 2013

- **Buyout deal volume remains muted; value up over Q1 2013 but down from prior three quarters**
  - Capital overhang in PE is contributing to high pricing environment and large proportion of secondary buyouts (company sold from one PE firm to another)
- **Venture deal activity continues to heat up**
  - While fewer companies raised venture funding than in the prior four quarters, larger deal sizes and valuations drove up deal value in the first quarter



- Buyout exits are down in number, but value remains higher than three of the previous four quarters**
  - Despite decreased global M&A levels, PE backed M&A remains a strong exit route and is expected to pick up as corporations look to meet growth expectations
- Venture firms continued to see strong exits from their portfolios, with deal value double Q1 2013 levels**
  - Large exits during the quarter include Google's acquisition of Nest and Facebook acquisition of WhatsApp
- PE backed companies continued to tap the public markets as an exit route**
  - 72 companies went public on U.S. exchanges in Q1 2014, the largest number of new issuers since 2000
  - Healthcare IPOs continue to represent the largest share of venture backed IPOs

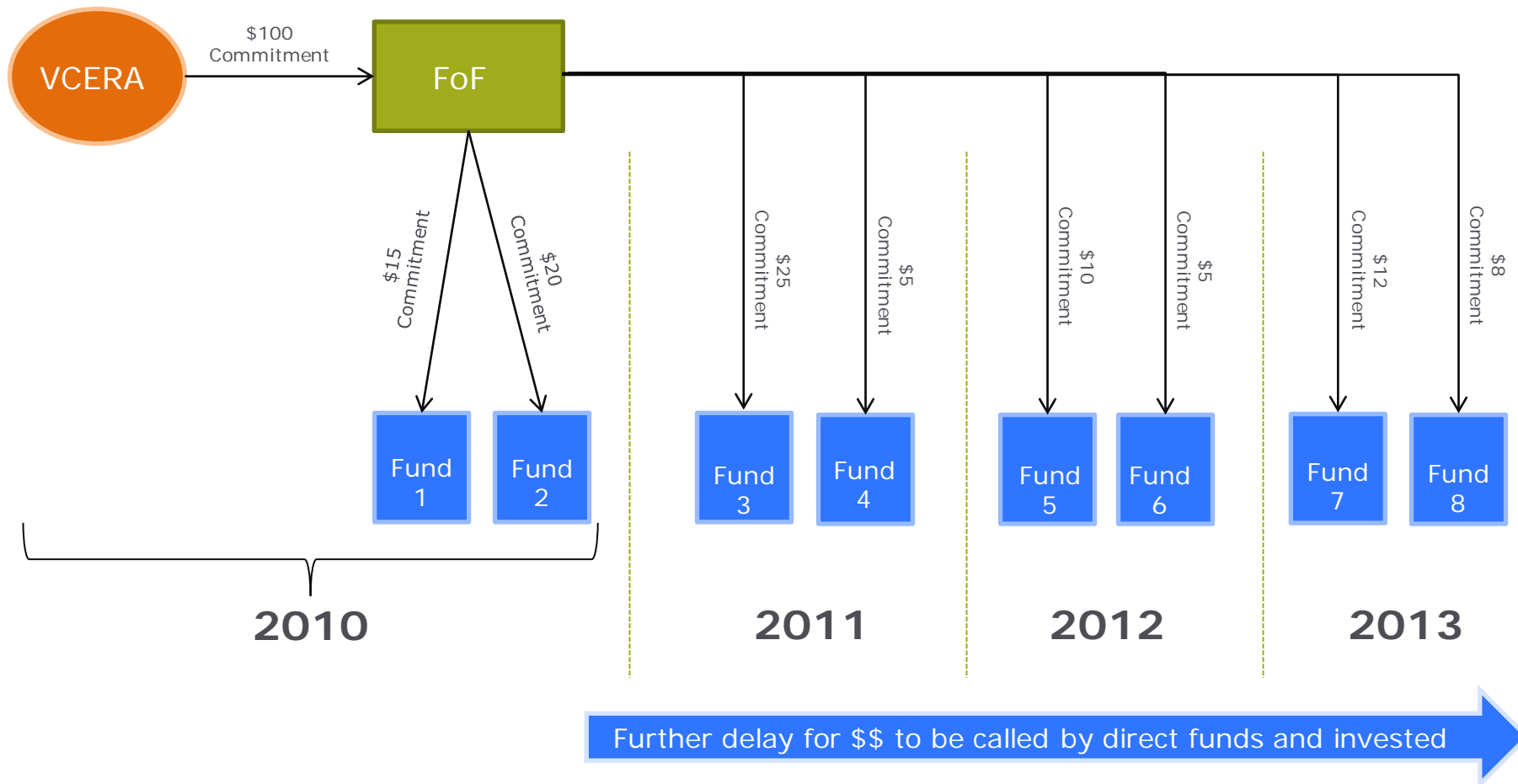


Strategy	Approach	2014 Tactical Recommendation
<b>Buyouts/ Growth Equity</b>	<ul style="list-style-type: none"> <li>With transaction multiples high, focus on those managers that have demonstrated an ability to remain disciplined on price</li> <li>Seek managers with operational expertise, sector focus and which have demonstrated the ability to drive top and bottom line growth through improved operations</li> <li>Despite slowdown, Asia and EM markets provide compelling demographic growth opportunities at attractive valuations</li> </ul>	 <b>Hold to Target</b>
<b>Direct Lending</b>	<ul style="list-style-type: none"> <li>Europe and Asia opportunities continue to be attractive due to supply/demand imbalance. US opportunity is less attractive due to more competitive lending environment</li> <li>Focus on managers with limited investment periods and rational fee structures that correspond to expected returns (re-up if opportunity still exists)</li> </ul>	 <b>Overweight</b>
<b>Distressed</b>	<ul style="list-style-type: none"> <li>A dynamically evolving economic climate benefits managers who employ a global or multi-strategy approach</li> <li>Managers employing a value-oriented investment approach with an emphasis on turnaround situations continues to be attractive</li> </ul>	 <b>Hold to Target</b>
<b>Mezzanine</b>	<ul style="list-style-type: none"> <li>Sourcing is a key differentiator as deal flow for many mezz funds are challenged by active high yield and senior debt/unitranche lenders</li> <li>Prioritize managers who have rationalized fund economics to reflect competitive subordinated lending environment</li> <li>Select opportunities exist in energy and natural resource financing due to capital requirements</li> </ul>	 <b>Hold to Target</b>
<b>Secondaries</b>	<ul style="list-style-type: none"> <li>Strong volume of sellers and moderate capital overhang minimizes competition at both the large and small ends of the secondary market opportunity</li> <li>Bank related opportunities, particularly in Europe, remain attractive</li> <li>Invest with managers can minimize competition through scale (either large or small) or through deal complexity to get better pricing</li> </ul>	 <b>Hold to Target</b>
<b>Venture Capital</b>	<ul style="list-style-type: none"> <li>De-emphasize traditional VC due to long exit horizon</li> <li>Continue relationships with out-performing managers and opportunistically build relationships with out-performing managers that have may have LP challenges</li> <li>Better risk adjusted returns may exist via venture secondaries or late stage venture/growth equity investments</li> </ul>	 <b>Underweight</b>
<b>Energy</b>	<ul style="list-style-type: none"> <li>Massive investment required in upstream and midstream as shale production build-out continues</li> <li>Focus on operational efficiency as risks in sector have shifted</li> <li>Infrastructure limitations coming into focus as production outpaces midstream capacity in key assets such as refineries and long-haul pipelines</li> </ul>	 <b>Overweight</b>

# VCERA Private Equity Strategic Plan

# Fund of Funds Commitment Example

- As we think about commitments to fund of funds, be cognizant of the actual time it takes the plan's commitments to be committed by the FoF managers.
- The fictional example below illustrates how a 2010 vintage year commitment is spread into commitments over the next 2 to 4+ years.



- **VCERA should consider a \$45 million commitment for vintage year 2014 funds:**
  - Because of the relatively young age of the portfolio, NEPC recommends committing to a secondary fund.
  - A secondary fund commitment will help the program in several ways:
    - Continued diversification across managers, strategies, and vintage years
    - Lower time to hit the target allocation percentage
    - J-curve mitigation
    - Faster realizations and distributions than a primary fund
  - Plan for commitments of approximately \$120 million in 2015 and \$150 million in 2018 to one or more fund-of-funds (“FoF”) managers, subject to annual pacing analysis.
- **VCERA should maintain an active commitment pace in years going forward, being mindful of the plan’s liquidity needs.**
  - Private equity commitments need to be assessed carefully so as to not over-allocate to illiquid investments
  - Strategies that provide a combination of capital appreciation as well as near-term income or distribution can provide a balanced approach for maintaining PE exposure while also providing some liquidity.

- **Investment Thesis**

- The PE program will invest in various private equity strategies, through fund-of-funds managers, with the expectation that the program will achieve returns in excess of the public market returns.
  - **Short-term Objective**
    - Utilize secondary managers to gain interests in funds that have a short time horizon to liquidity and mitigate the impact of the “J-curve.”
  - **Long-term Objective**
    - Utilize FoF managers to continue to build a PE portfolio that has a longer time horizon to liquidity and the potential to generate returns in excess of public equity returns.

- **History**

- VCERA’s private equity program began in 2010 and has since committed \$242.5 million to three private equity fund-of-funds managers.
- The private equity program is diversified by strategy with commitments to distressed, growth, secondary, buyout and mezzanine funds.
- Recent commitments include Adams Street Partners 2013 Global Fund and Harbourvest Partners Dover Street VIII Secondaries Fund.

- **Private Equity Target Allocation**

- The investment policy has a target allocation to private equity of 5.0%



## • Current Investment Status

- As of December 31, 2013, VCERA had made \$242.5 million in commitments to three FoF managers
  - Adams Street Partners –
    - \$42.5 million commitment in 2010 to ASP US Fund 2010
    - \$25.5 million commitment in 2010 to ASP Non-US Developed Fund 2010
    - \$8.5 million commitment in 2010 to ASP Emerging Markets Fund 2010
    - \$8.5 million commitment in 2010 to ASP Direct Fund 2010
    - \$75 million commitment in 2013 to ASP Global Fund 2013
  - Harbourvest –
    - \$67.5 million commitment in 2013 to Dover Street VIII
  - Pantheon –
    - \$15.0 million in 2010 to Pantheon Global Secondary Fund IV

### Existing Private Equity Investments by FoF Vintage Year

Vintage Year	Commitment	Paid In Capital	Capital to be Funded	Cumulative Distributed	Current Valuation (NAV)	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio
2010	\$100	\$33	\$67	\$4	\$49	\$53	\$19	33%	0.12x	1.58x
2011	\$0	\$0	\$0	\$0	\$0	\$0	\$0	NA	NA	NA
2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	NA	NA	NA
2013	\$143	\$32	\$110	\$7	\$22	\$29	(\$3)	23%	0.20x	0.90x
<b>Total</b>	<b>\$243</b>	<b>\$66</b>	<b>\$177</b>	<b>\$11</b>	<b>\$71</b>	<b>\$82</b>	<b>\$16</b>	<b>27%</b>	<b>0.16x</b>	<b>1.25x</b>

## Ventura County Employees Retirement Association

General Assumptions

(\$ in millions)



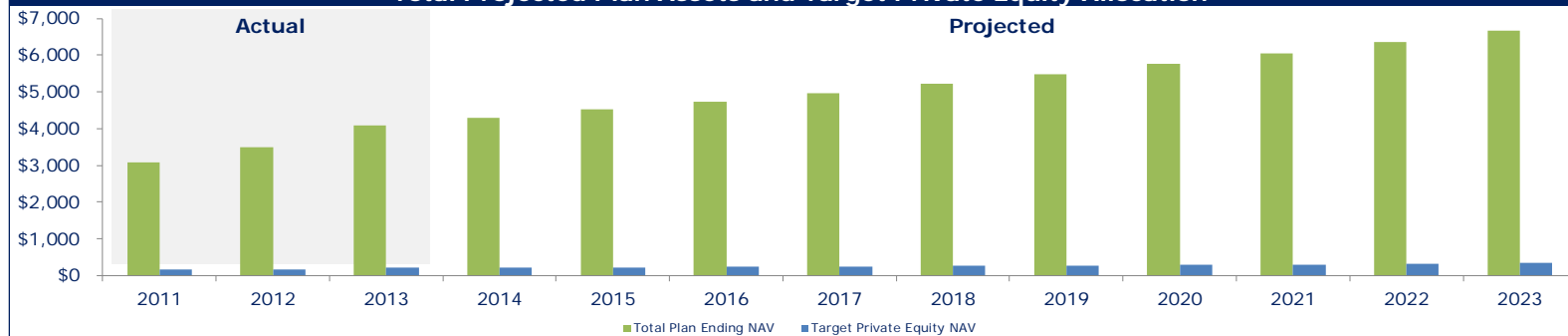
### General Plan Assumptions

Total Plan Assets	\$4,092	Plan Return Assumptions	2014	2015	2016
Total Private Equity NAV	\$71	Target Investment Return	5.0%	5.0%	5.0%
Private Equity Capital to be Funded	\$177	Contributions	0.0%	0.0%	0.0%
Total Private Equity Exposure	\$248	Payouts	0.0%	0.0%	0.0%
Total Private Equity NAV / Total Plan Assets	1.7%	Expenses	0.0%	0.0%	0.0%
Total Private Equity Exposure / Total Plan Assets	6.1%	Reserve for Expenses	0.0%	0.0%	0.0%
Target Private Equity Allocation % (Current Target)	5.0%	Net Growth Rate	5.0%	5.0%	5.0%
		Private Equity Data as of			12/31/13

### Total Projected Plan Assets

	Actual			Projected									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Plan Net Growth Rate	(0.1%)	14.0%	17.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Plan Beginning NAV	\$3,074	\$3,070	\$3,499	\$4,092	\$4,297	\$4,512	\$4,738	\$4,974	\$5,223	\$5,484	\$5,758	\$6,046	\$6,349
Yearly Net Growth	(\$4)	\$429	\$593	\$205	\$215	\$226	\$237	\$249	\$261	\$274	\$288	\$302	\$317
Total Plan Ending NAV	\$3,070	\$3,499	\$4,092	\$4,297	\$4,512	\$4,738	\$4,974	\$5,223	\$5,484	\$5,758	\$6,046	\$6,349	\$6,666
Target Private Equity Allocation	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Target Private Equity NAV	\$154	\$175	\$205	\$215	\$226	\$237	\$249	\$261	\$274	\$288	\$302	\$317	\$333

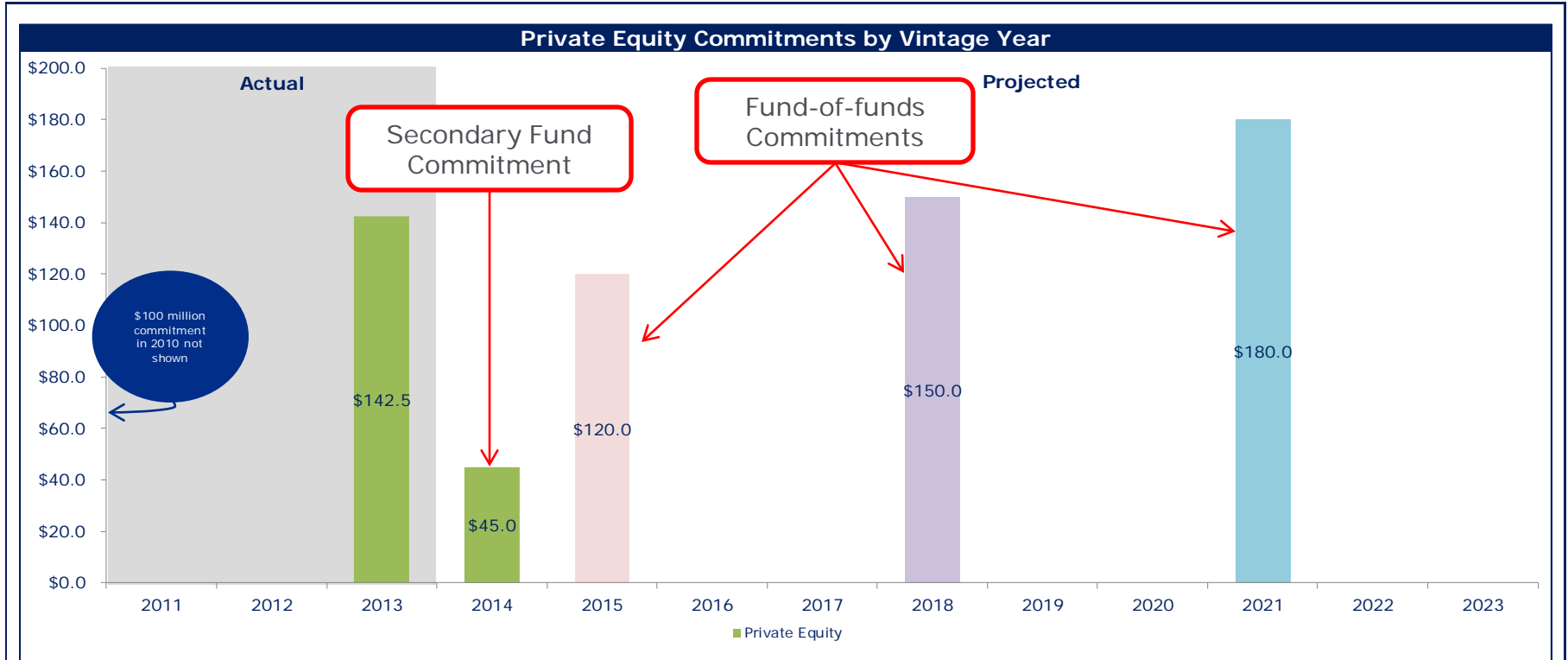
### Total Projected Plan Assets and Target Private Equity Allocation



## Ventura County Employees Retirement Association

Private Equity Commitments by Vintage Year

(\$ in millions)



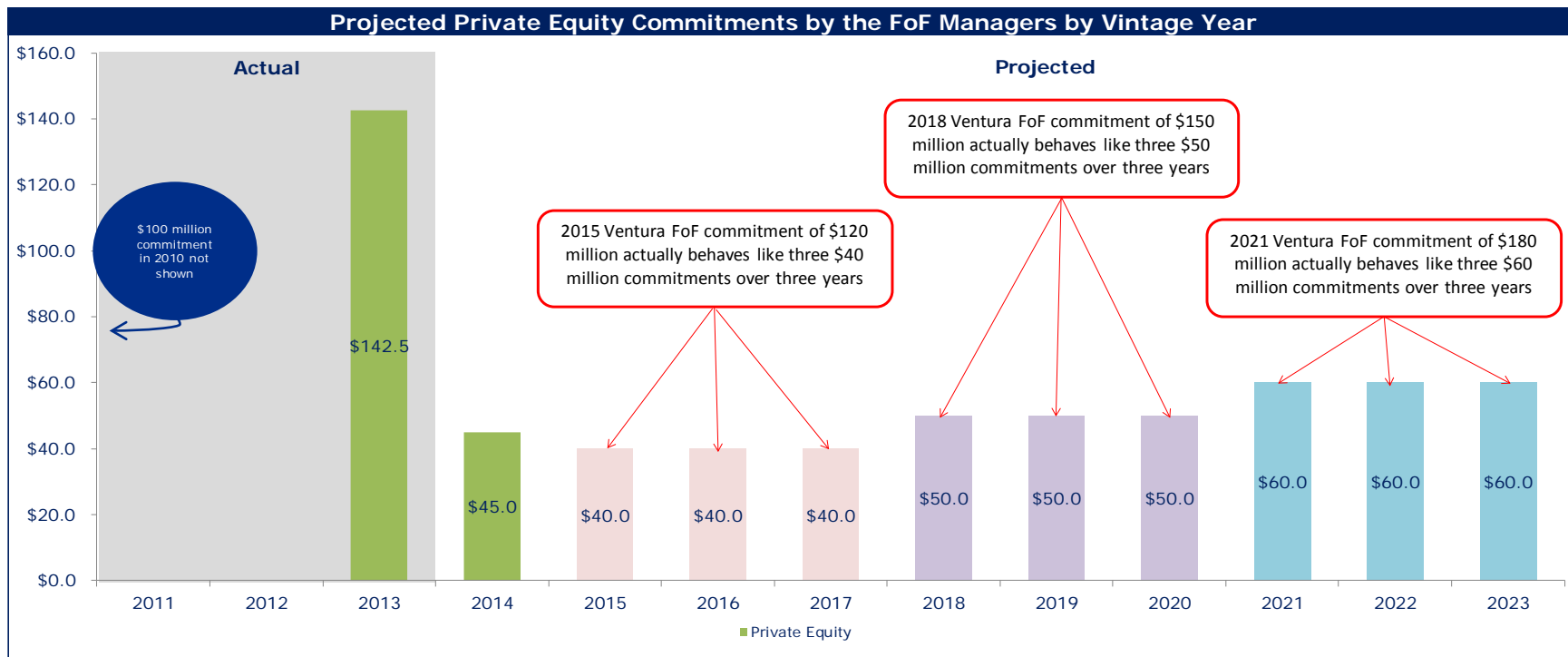
Year	Actual			More Certain			Less Certain						
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Private Equity	\$0.0	\$0.0	\$142.5	\$45.0	\$120.0	\$0.0	\$0.0	\$150.0	\$0.0	\$0.0	\$180.0	\$0.0	\$0.0
Total Commitments	\$0.0	\$0.0	\$142.5	\$45.0	\$120.0	\$0.0	\$0.0	\$150.0	\$0.0	\$0.0	\$180.0	\$0.0	\$0.0

# Projected Commitment Pace by the Fund-of-funds

## Ventura County Employees Retirement Association

Private Equity Commitments by Vintage Year

(\$ in millions)



### Projected Private Equity Commitments by the FoF Managers by Vintage Year

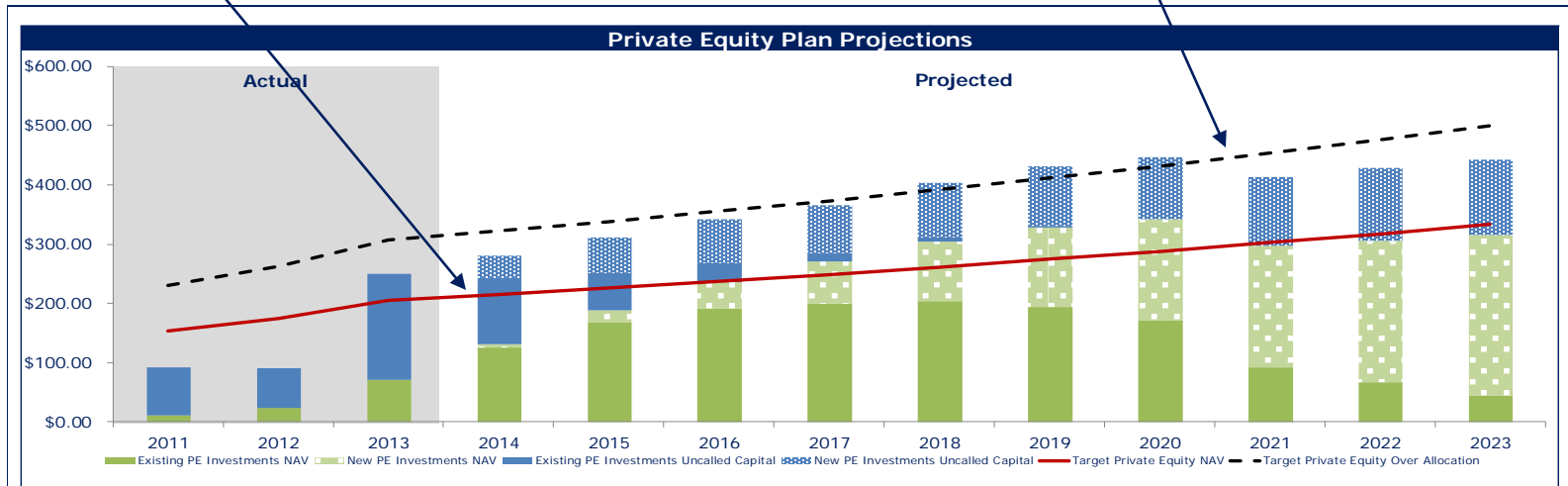
Year	Actual			More Certain			Less Certain						
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Private Equity	\$0.0	\$0.0	\$142.5	\$45.0	\$40.0	\$40.0	\$40.0	\$50.0	\$50.0	\$50.0	\$60.0	\$60.0	\$60.0
Total Commitments	\$0.0	\$0.0	\$142.5	\$45.0	\$40.0	\$40.0	\$40.0	\$50.0	\$50.0	\$50.0	\$60.0	\$60.0	\$60.0

- **Red line** is the 5% target Private Equity allocation based on projected total plan NAV; **Black dashed line** is the 1.5x over-commitment.
- Goal is to keep private markets NAV (**green bar**) plus uncalled capital commitments (**blue bar**), between red line and black dashed line.

## Ventura County Employees Retirement Association

Private Equity Plan Projections

(\$ in millions)

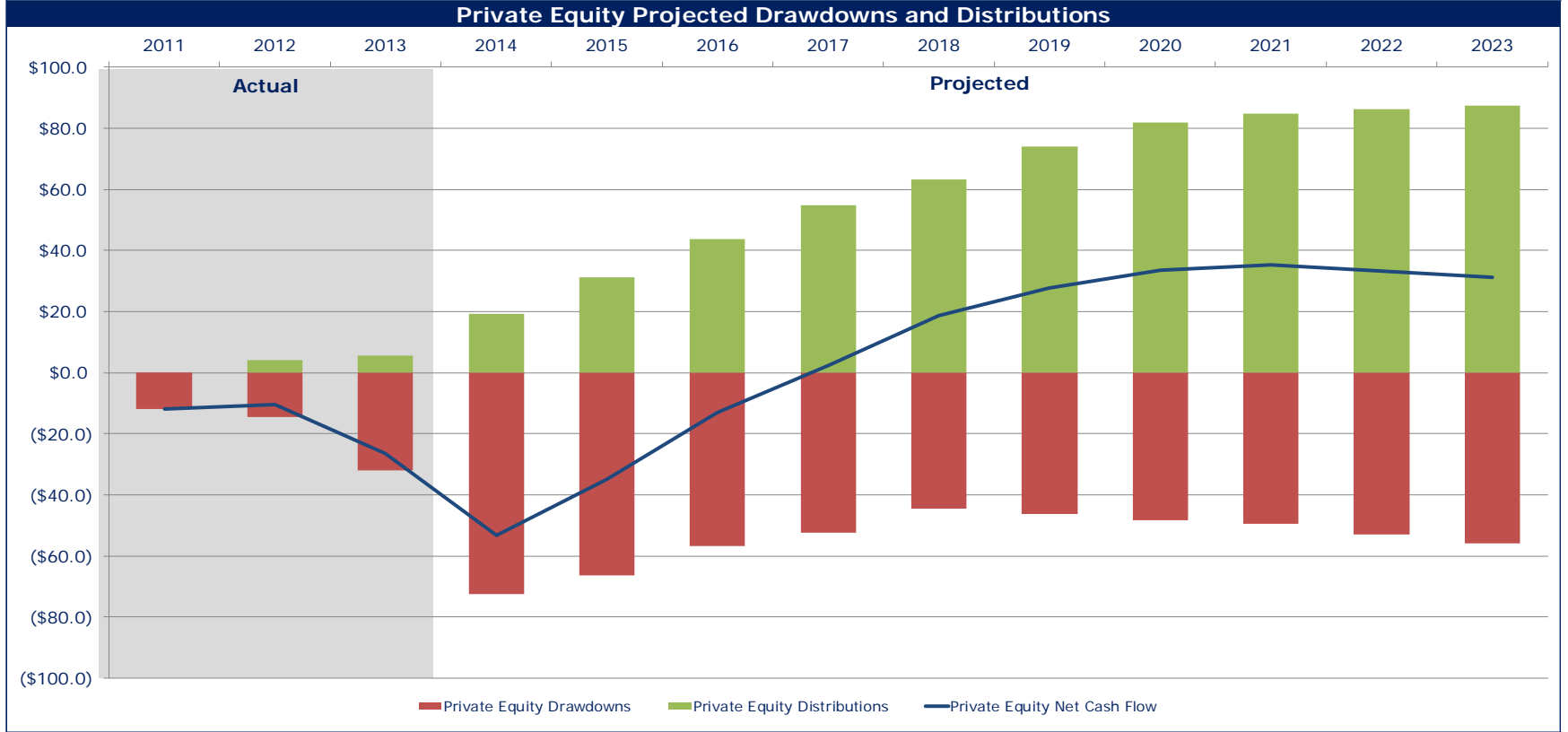


Year	Actual			Projected									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Private Equity NAV	\$11	\$24	\$71	\$131	\$189	\$236	\$271	\$304	\$328	\$342	\$298	\$306	\$316
Uncalled Capital Commitments	\$81	\$67	\$179	\$149	\$123	\$106	\$94	\$99	\$103	\$105	\$115	\$122	\$126
Private Equity NAV + Uncalled Capital Commitments	\$92	\$90	\$250	\$281	\$312	\$342	\$365	\$404	\$431	\$447	\$413	\$428	\$442
Target Private Equity NAV	\$154	\$175	\$205	\$215	\$226	\$237	\$249	\$261	\$274	\$288	\$302	\$317	\$333
Over-Commitment Pace	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
Target Private Equity Over Allocation	\$230	\$262	\$307	\$322	\$338	\$355	\$373	\$392	\$411	\$432	\$453	\$476	\$500
Beginning Plan NAV	\$3,074	\$3,070	\$3,499	\$4,092	\$4,297	\$4,512	\$4,738	\$4,974	\$5,223	\$5,484	\$5,758	\$6,046	\$6,349
Yearly Return	(\$4)	\$429	\$593	\$205	\$215	\$226	\$237	\$249	\$261	\$274	\$288	\$302	\$317
Ending Plan NAV	\$3,070	\$3,499	\$4,092	\$4,297	\$4,512	\$4,738	\$4,974	\$5,223	\$5,484	\$5,758	\$6,046	\$6,349	\$6,666
Percent of Total Plan Assets													
Private Equity NAV	0.3%	0.7%	1.7%	3.1%	4.2%	5.0%	5.5%	5.8%	6.0%	5.9%	4.9%	4.8%	4.7%
Private Equity Uncalled Capital Commitments	2.6%	1.9%	4.4%	3.5%	2.7%	2.2%	1.9%	1.9%	1.9%	1.8%	1.9%	1.9%	1.9%
NAV + Uncalled Capital Commitments	3.0%	2.6%	6.1%	6.5%	6.9%	7.2%	7.3%	7.7%	7.9%	7.8%	6.8%	6.7%	6.6%
Target Private Equity Allocation	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Target Private Equity Over Allocation (%)	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

## Ventura County Employees Retirement Association

Private Equity Projected Drawdowns and Distributions

(\$ in millions)



Year	Actual			Projected									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Private Equity Drawdowns	(\$12)	(\$14)	(\$32)	(\$72)	(\$66)	(\$57)	(\$52)	(\$44)	(\$46)	(\$48)	(\$50)	(\$53)	(\$56)
Private Equity Distributions	\$0	\$4	\$6	\$19	\$31	\$44	\$55	\$63	\$74	\$82	\$85	\$86	\$87
Private Equity Net Cash Flow	(\$12)	(\$10)	(\$27)	(\$53)	(\$35)	(\$13)	\$2	\$19	\$28	\$33	\$35	\$33	\$31

- This report contains summary information regarding the investment management approaches described herein but is not a complete description of the investment objectives, policies or portfolio management and research that supports these approaches.
- Past performance is no guarantee of future results.
- The information in this report has been obtained from sources NEPC believes to be reliable. 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.

# Private Equity Market Information

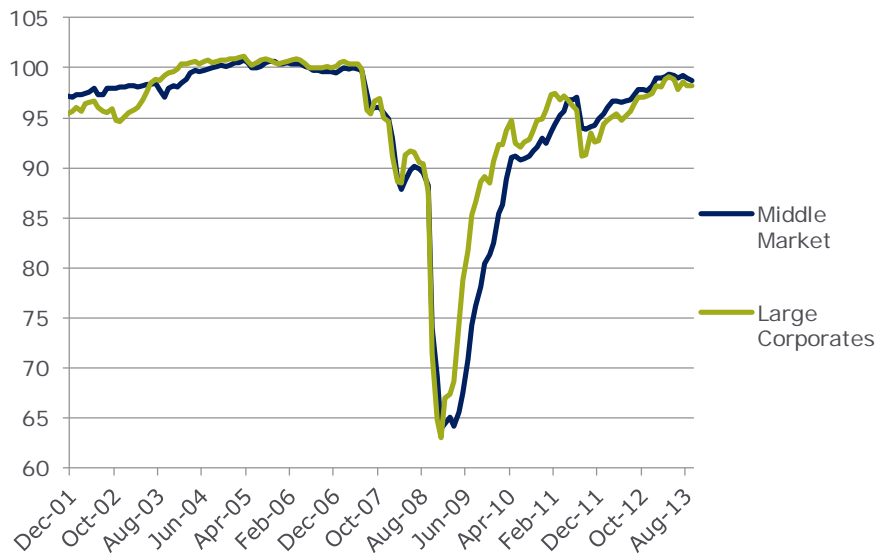




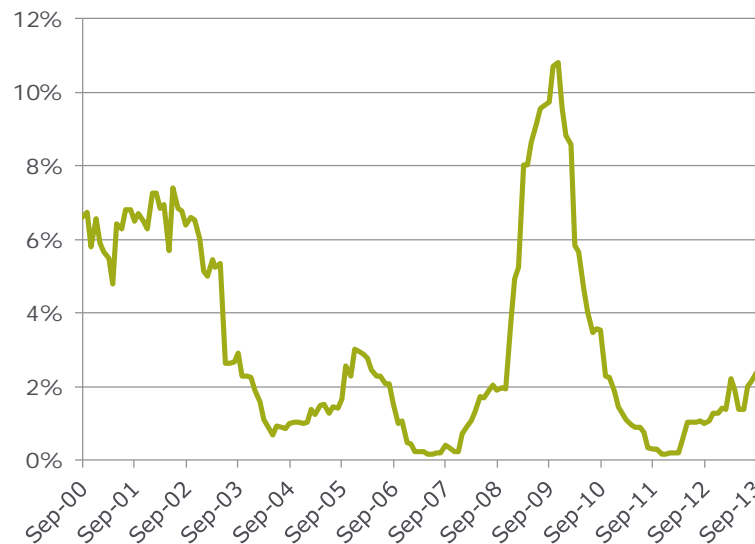
2013 Recap

- Benign investment environment in the US with leveraged loans trading at an average of ~98 cents and default rates at 2.2%, below the historical norm of 3.2%
- In Europe leveraged loans are trading ~93 cents with a current default rate of 3.5%, above the historical norm of 2.7%
- Pace of deleveraging in Europe continues to disappoint as banks are loath to be seen as a distressed seller coupled with the extension of Basel III requirements removing a sense of urgency to sell assets
- In US, distressed M&A activity at lowest level since 2007 and down 31% from prior year, however, actionable sectors included shipping, healthcare, publishing and power

Average Bid of Leveraged Loans



Lagging 12-Month Default Rate in US



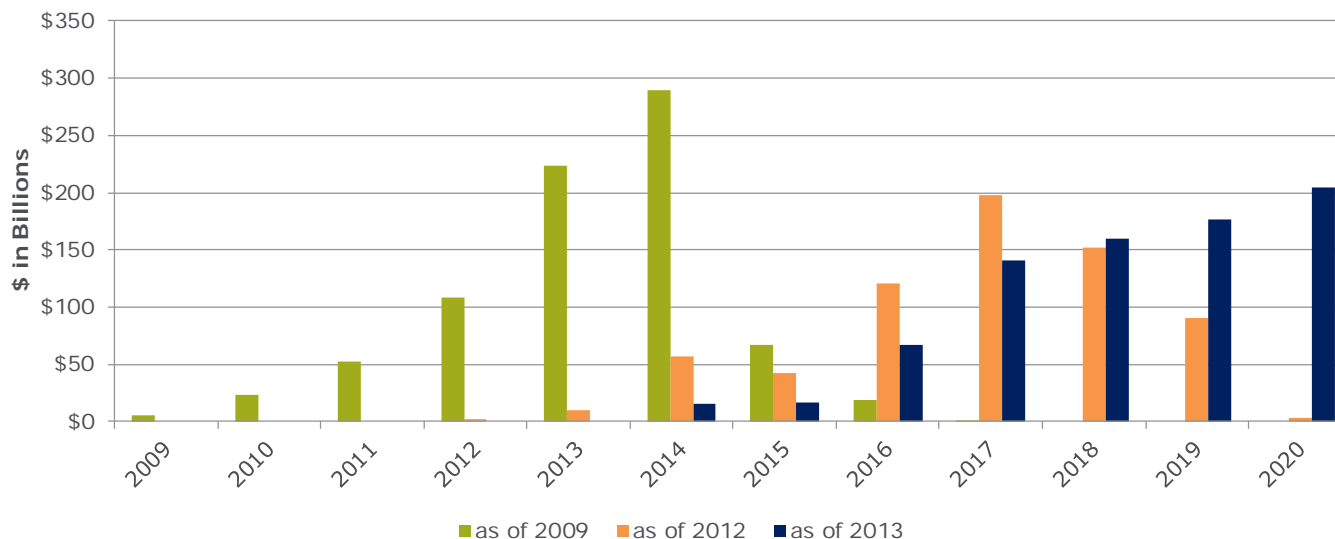
Source: William Blair, Credit Suisse, S&P Capital IQ LCD and S&P/LSTA Leveraged Loan Index as of Sept. 30, 2013



2014 Looking Forward

- Precarious capital structures of recent LBOs deals may portend to future distressed opportunities if economy or companies stumble
- Due to a dynamically evolving investment climate, managers who employ a global and/or multi-strategy approaches continue to be attractive
- Seek managers employing a value-oriented investment approach with an emphasis on turnaround situations whose strategies can perform in both bull and bear markets
- Will the Asset Quality Review program in Europe be the catalyst for meaningful bank deleveraging investors have been waiting for?

Leveraged Loans Maturity Dates as of 2009, 2012 & 2013





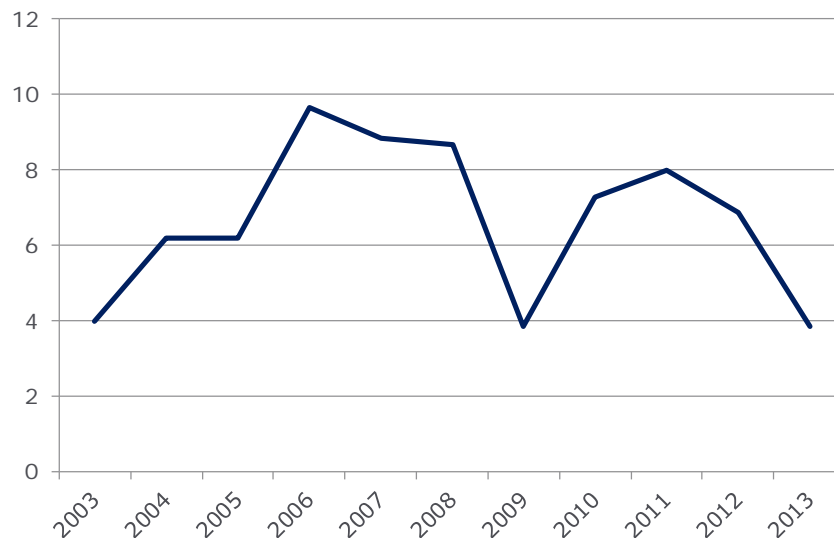
2013 Recap

- Sluggish deal activity due to moderation in new LBO transactions and proliferation of senior debt providers; signal of discipline or disintermediation?
- As a result of increased competition, current pricing is in the range of 11-12% while the spread over treasuries has begun to tighten
- In larger deals (>\$50M EBITDA), purchase price multiples continue to remain high while equity contributions have fallen from 37% to 30%
- In the mid-market (<\$50M EBITDA), purchase price multiples have risen a full turn of EBITDA (~8x to ~9x), however, equity contributions rose slightly from 41% to 44%

Average Sponsor Equity



Average NEPC Preferred Manager Deal Activity



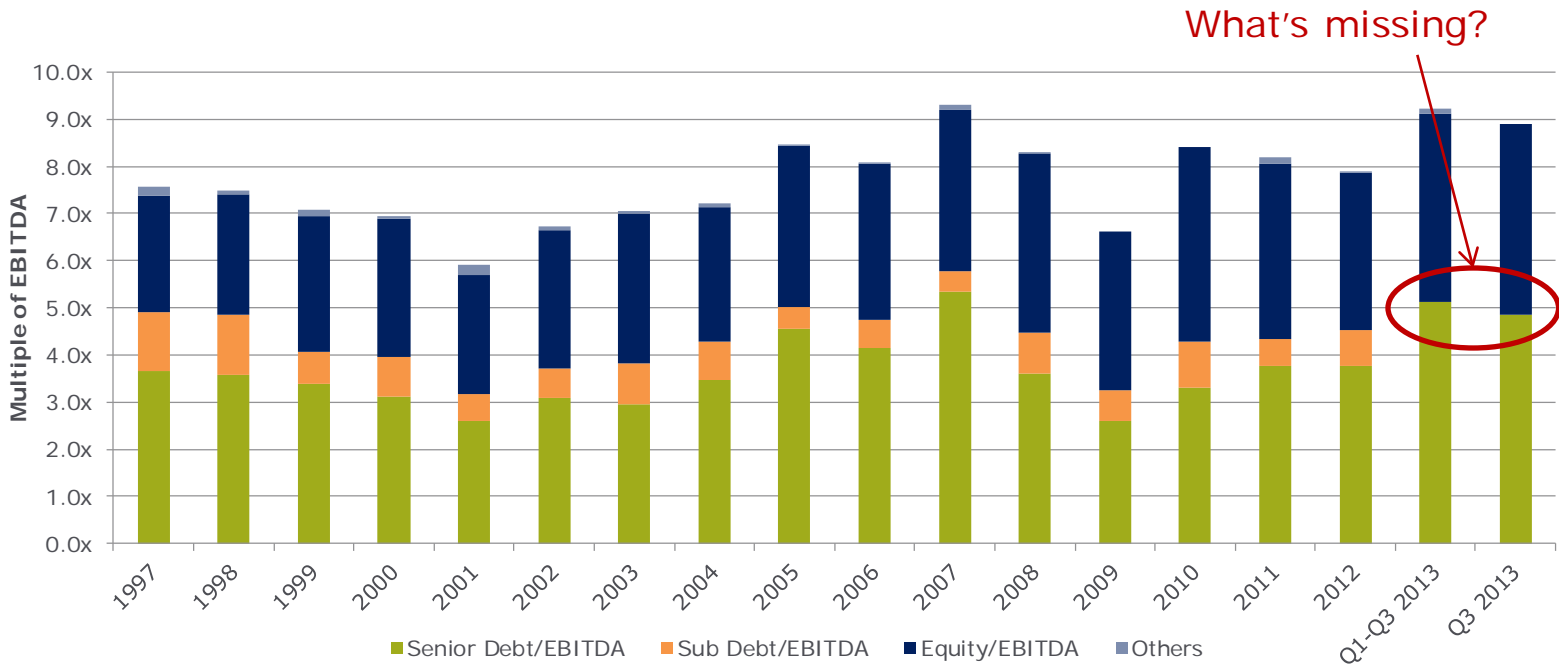
Source: S&P Capital IQ LCD and S&P/LSTA Leveraged Loan Commentary; NEPC Research Survey – 7 managers



2014 Looking Forward

- Fee rationalization
  - With recent fund returns that may not meet investor expectations, current fee structure (1.5% committed/20% carry) should be addressed
- Barring a dislocation, mezzanine managers continue to face headwinds on multiple fronts
  - New entrants (senior/unitranche)
  - Pricing
  - Lack of warrants
- Select opportunities exist in natural resource financing due to capital requirements

Average Debt Multiples of Middle-Market Loans (<\$50 million EBITDA)



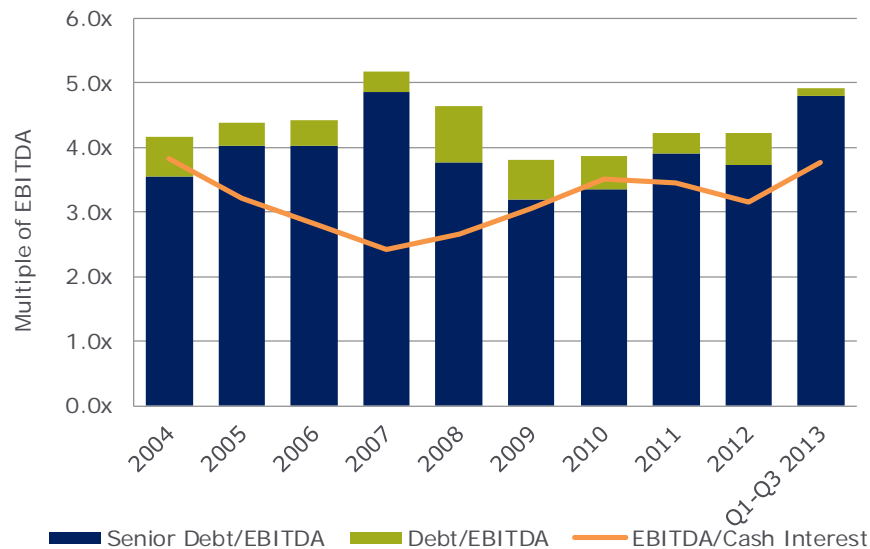
2013 Recap

- New entrants continue to come into the market with offerings to both institutional and retail investors (i.e. BDCs)
- All in spreads of loans backing middle market LBOs have fallen from L + 651 in 2012 to L + 565 as of Q3 2013
- The gap between middle market (<\$50 million in EBITDA) and large corporates (>\$50 m) remains ~200 bps
- Debt multiples have risen in lockstep with overall pricing approaching 2007 levels for middle market LBOs, however, interest coverage remains adequate

Average Nominal Spread of Leveraged Loans



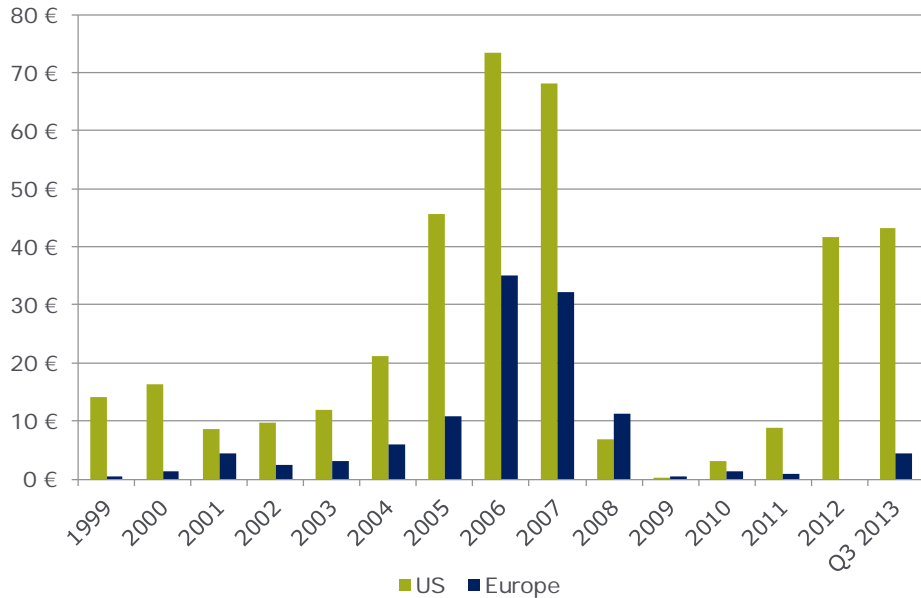
Pro Forma Credit Statistics of Middle Market LBOs



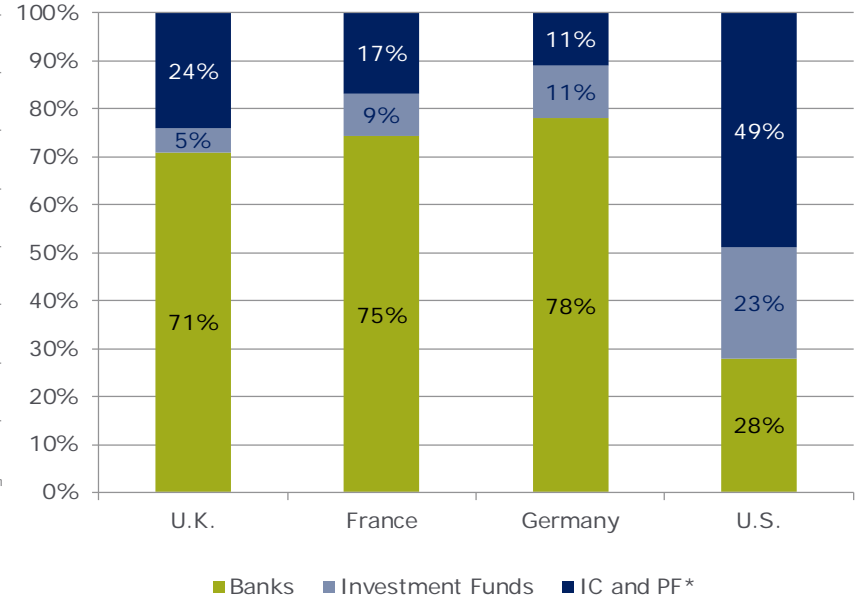
2014 Looking Forward

- In the US, lofty multiples and spread compression may continue due to influx of capital (still opportunity to capture the middle market spread)
- On a relative basis, Europe more attractive due to supply/demand imbalance
- European high yield expected to return 5.5% in 2014 versus the 750-850 bps of private senior debt providers (not including upfront fees)
- Regulatory pressures expected to remain as banks focus on high quality commercial loans and decrease their exposure to leveraged lending
- Focus on managers with limited investment periods and rationale fee structure commiserate with expected returns (re-up if opportunity still exists)

CLO Issuance US vs Europe



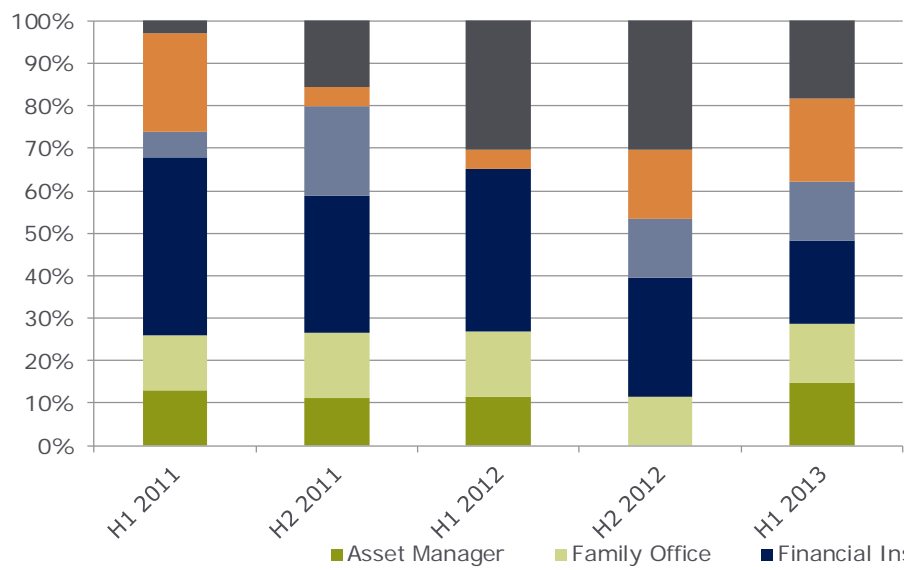
Reliance on Bank Funding



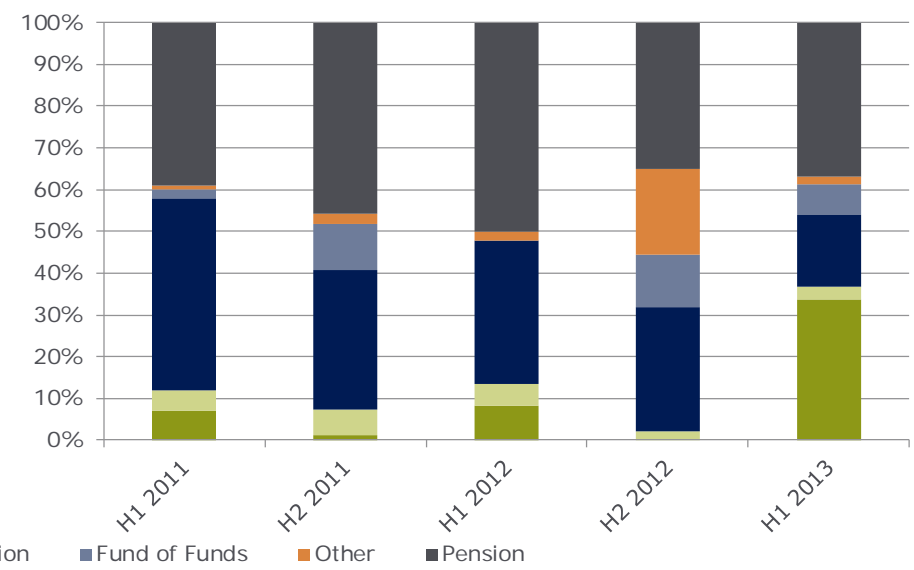
2013 Recap

- Secondary deal volume rebounded significantly in the second half after a slow start to the year, ending with a record setting \$27.5 billion. Record volume has been accompanied by an uptick in pricing as well
- The seller universe was more balanced than it has been in several years, with no category of investor comprising more than 20% of sellers by number
- Public pensions and financial institutions became less active sellers, making up only 25% of the seller-base in 1H 2013, compared to over 40% in FY 2012
- General Partners, including Fund of Funds managers, continue to be an increasing driver of secondary market activity, as managers of older funds seek alternative methods to alleviate timing pressures and expedite the return of capital to investors

# of Secondary Market Sellers



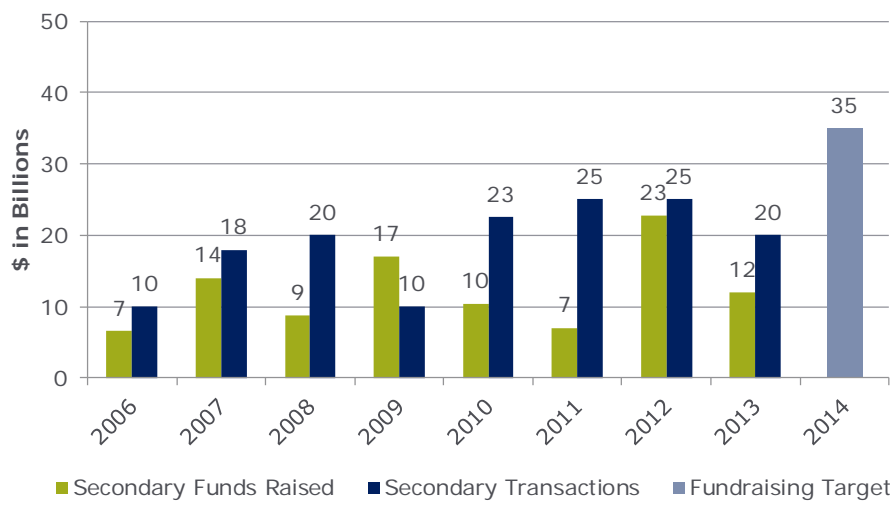
Transaction Value



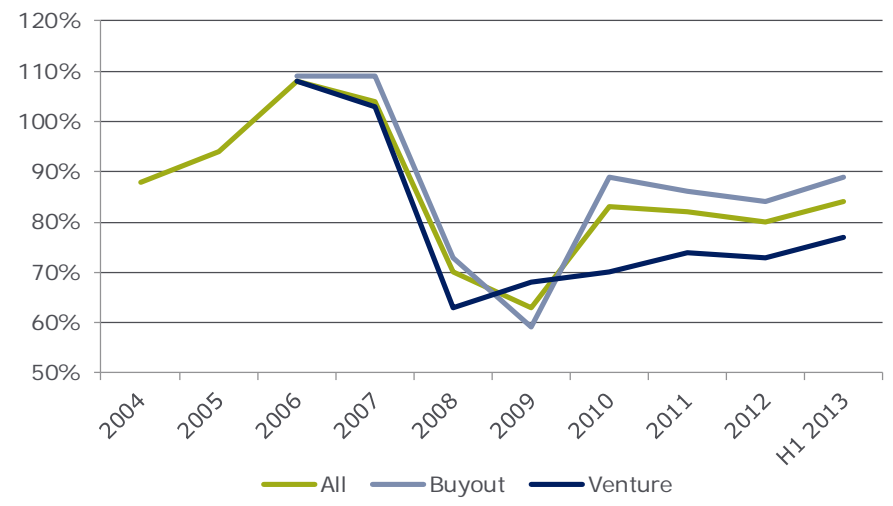
2014 Looking Forward

- With \$35 billion being raised, on top of remaining un-invested capital in existing funds, the secondary market currently has dry powder for at least 2-3 years based on recent transaction volume
  - If transaction volume drops off significantly, the secondary market could suffer from an oversupply of capital
- Seller motivations are shifting – less motivated by liquidity, but still motivated to meet regulatory requirements and trim portfolios to reduce the number of GP relationships
- With the rapid rise in public equity valuations, private equity valuations have risen, seller expectations are up and perceived discounts are down – could lead to further declines in deal activity or projected returns
- Invest with managers that have expertise in executing creative, structured transactions, have strong relationships with banks (Europe), or are focused on niche markets (i.e., venture secondaries, “tertiaries”)

Secondary Deal Activity & Fundraising



Secondary Market Pricing (as a % of NAV)



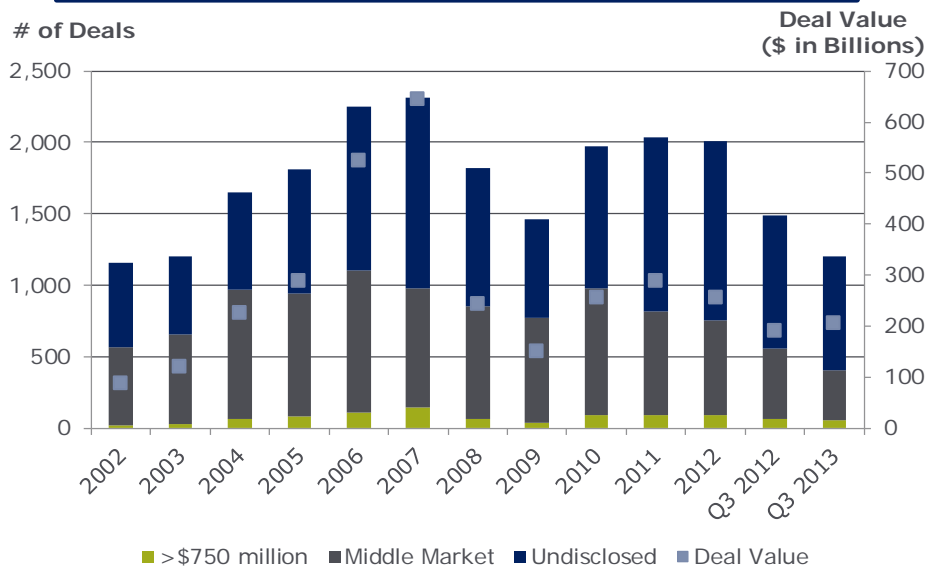




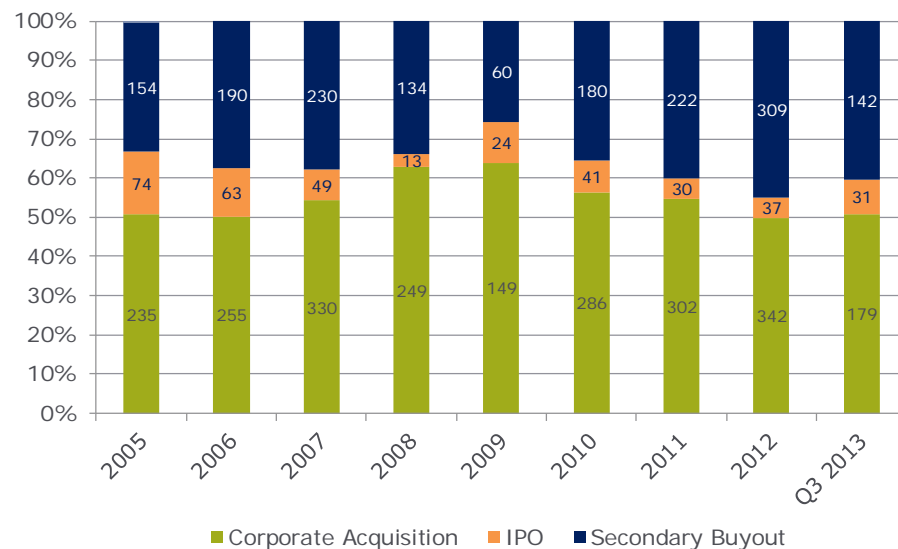
2013 Recap

- 2013 heralded the return of the large and mega fund with 45 funds in the market with a target of \$2.5 billion or greater; mega-sized deals were similarly resurgent. Elsewhere in the market, the M&A market has struggled to keep pace with 2012 activity
- Secondary buyout sales (sponsor to sponsor transaction) continue to represent a sizable portion of deal activity
- Ample supply of equity and debt leading to increasing purchase price multiples
- Capital overhang bottomed in 2012 and is slightly up for 2013 through September 30 at \$385 billion; expect overhang to increase with mega funds on the rise if M&A remains down
- Surging equity markets and cheap debt led to record setting liquidity activity, particularly at the large end of the market

U.S. Private Equity Investment Activity



Exit activity



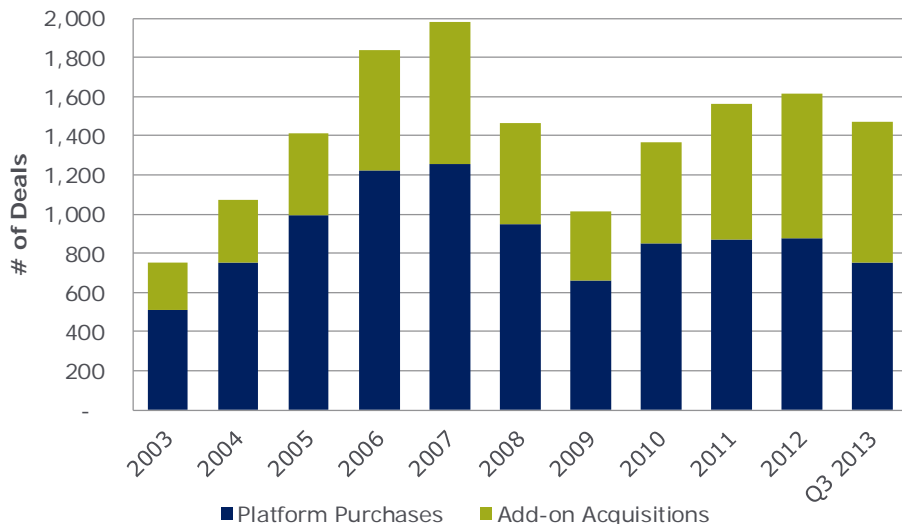
Source: William Blair & Co., Pitchbook  
NEPC, LLC



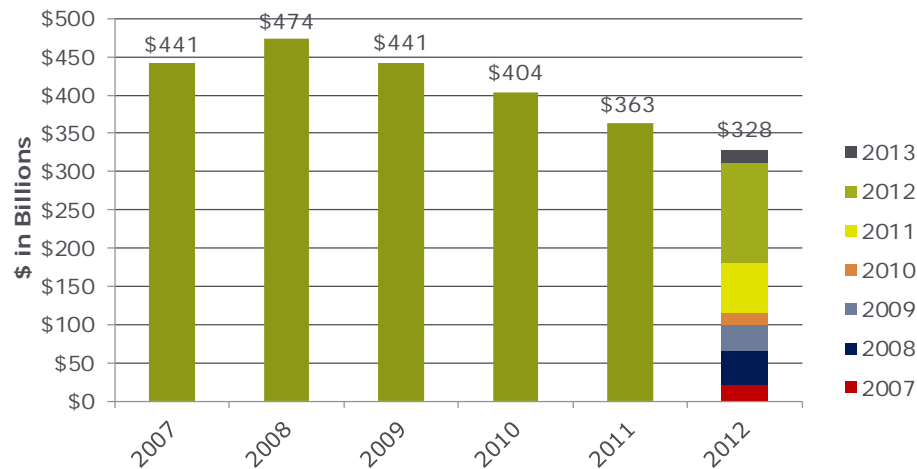
2014 Looking Forward

- Expect fundraising market to remain bifurcated; those who haven't been able to return significant capital to investors in the recent buoyant market will face challenges in raising a new fund while high performers will be difficult to access
- As multiples have risen, focus on those managers that have demonstrated an ability to remain disciplined on price
- In an uncertain growth environment, seek managers with operational expertise, sector focus and which have demonstrated the ability to drive top and bottom line growth through improved operations
  - Particularly in small and middle market companies where growth and value add opportunities are greater
- Add-on acquisitions, purchased for attractive valuations, can provide an attractive source of growth and an opportunity to average down acquisition multiples

Add-on Acquisitions Versus Platform Purchases



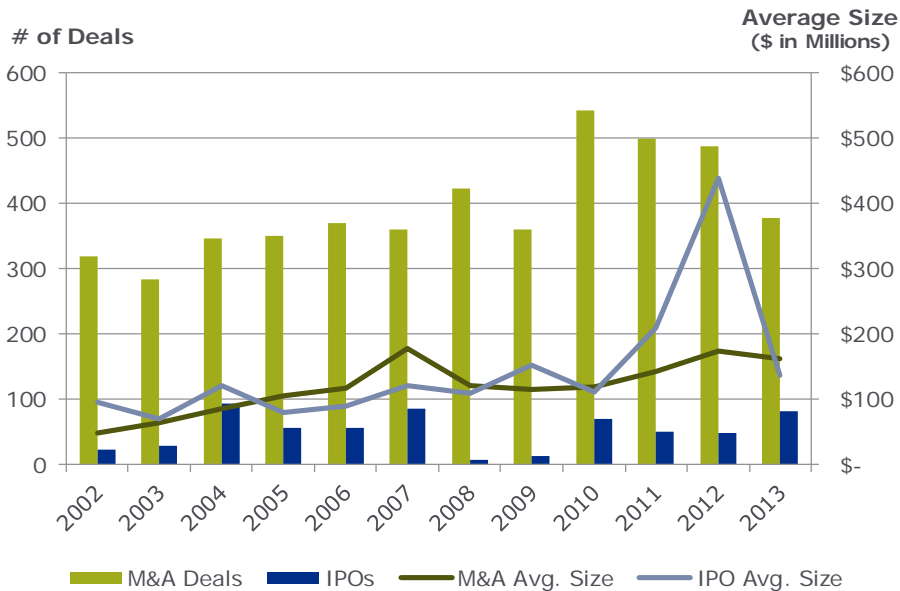
Private Equity Overhang



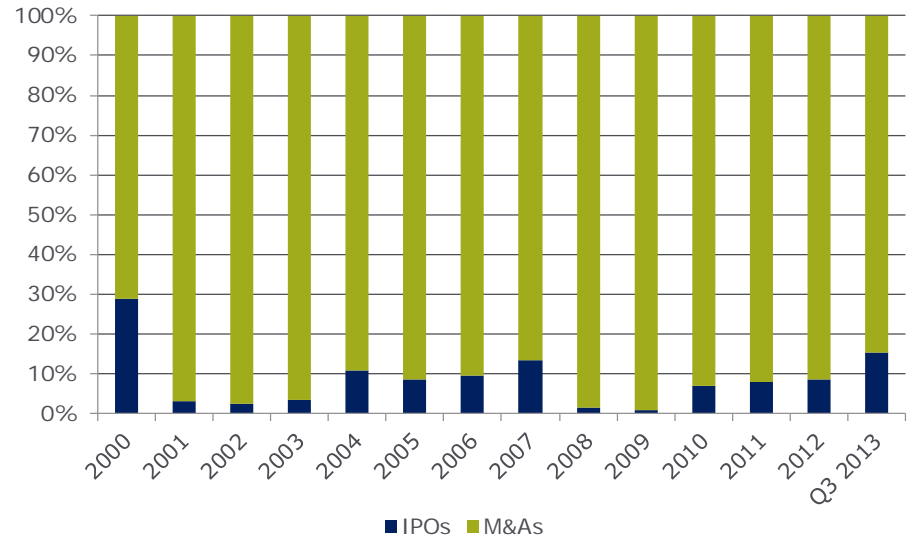
2013 Recap

- Signs of a venture bubble?
  - Money losing businesses are fetching multi-billion dollar valuations and acquisition offers
  - Snapchat’s valuation rose from \$70M to \$4B in eight months despite not having revenue
  - Valuations are being driven by rising Nasdaq composite index; competition amongst late stage investors for equity being sold by executives and early employees; success of publicly-traded social media companies
- The clean technology sector has experienced a precipitous drop in amounts invested in new deals
- While the M&A activity has somewhat cooled down, through September 2013, venture-backed IPOs have already exceeded those for full year 2012 and 2011
- In 2013, venture funds have raised \$25.9 billion, which is 31% less than in 2012 and well below \$44.4 billion average for last 10 years

US Venture Backed M&A and IPO Activity



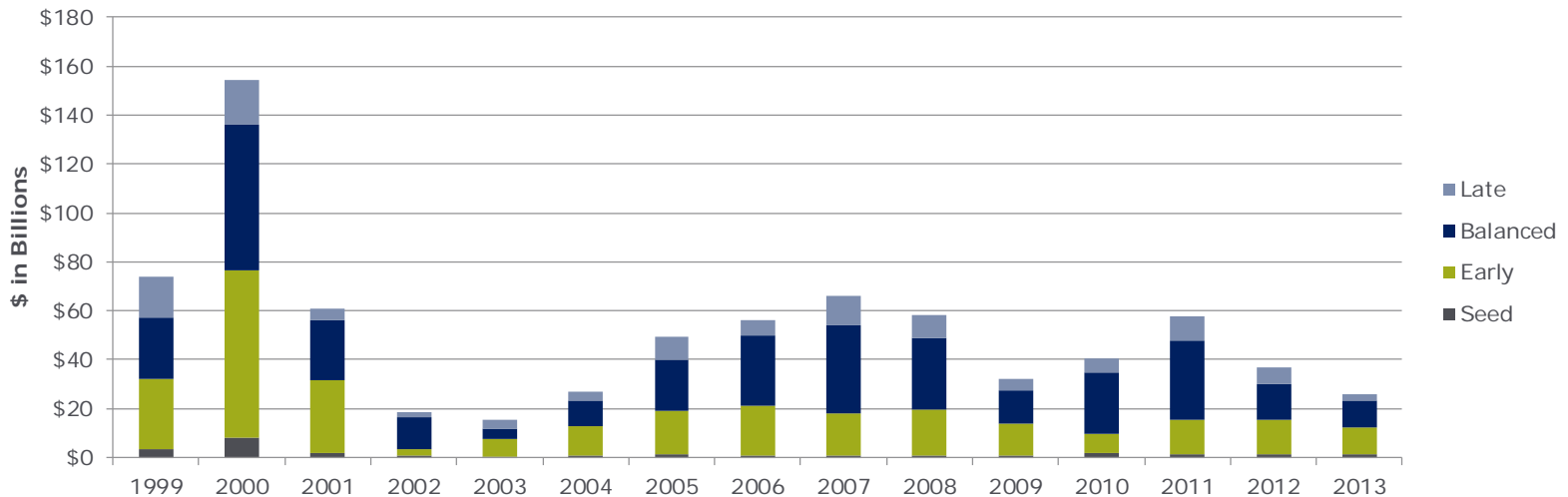
Venture Backed Liquidity Events: IPO vs. M&A



2014 Looking Forward

- Continue to underweight the category with the exception of best performers
- Continue relationships with out-performing managers and opportunistically build relationships with out-performing managers that have may have LP challenges
- Stay clear of diversified, primary “venture only” fund of funds as their performance tends to revert to the mean
  - High performing, access-constrained funds generally represent a minority of a fund of funds commitments
- Secondary venture funds could present an attractive way to access the space, as the technology risk has often been eliminated from the equation by the stage in which these firms invest

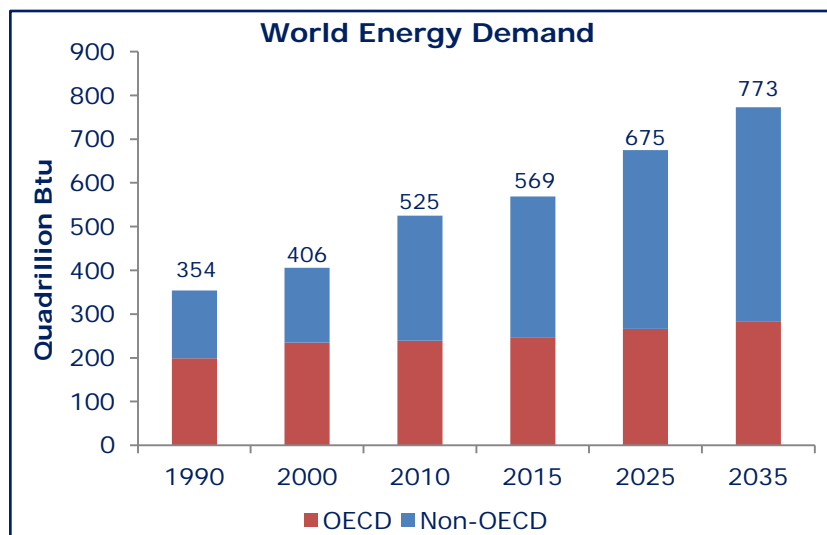
Global Venture Capital Fundraising (1999 – 2013)



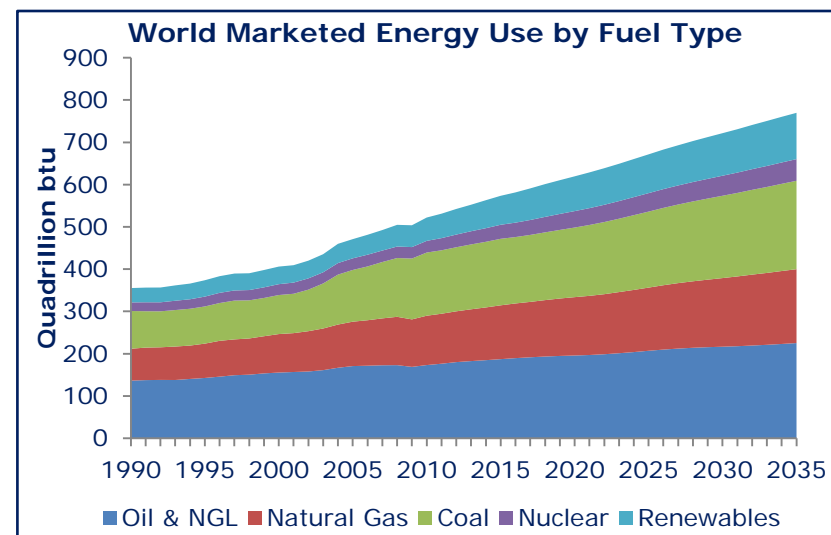
## Global Energy Outlook

- **Future demand growth driven by Non-OECD countries**
  - Non-OECD consumption currently accounts for 54% of total demand and is expected to grow to 63% by 2035 (>70% total growth)
  - Demand to grow 1.5% per year to 2040
- **Fossil fuels (oil, gas, coal) drive energy demand**
  - Reserves becoming harder to find and more expensive to extract
  - \$750 billion + per year in new exploration and production investment needed to meet new oil and gas demand (\$19 trillion total through 2035)

## Global Energy Demand Growing

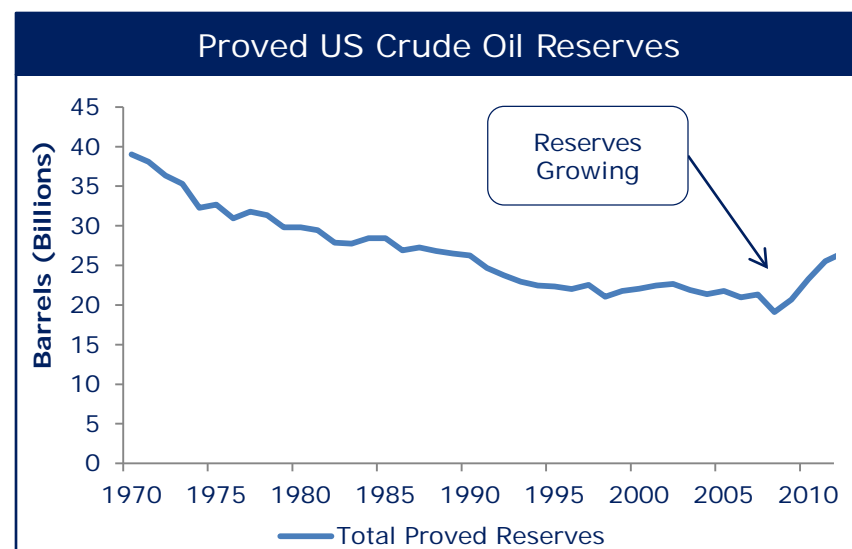
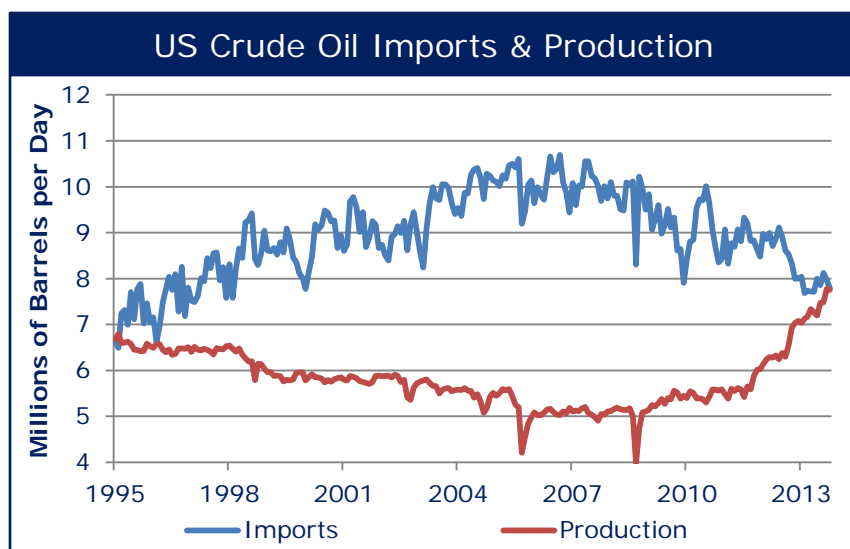


Source: US Energy Information Administration Annual Energy Outlook 2012



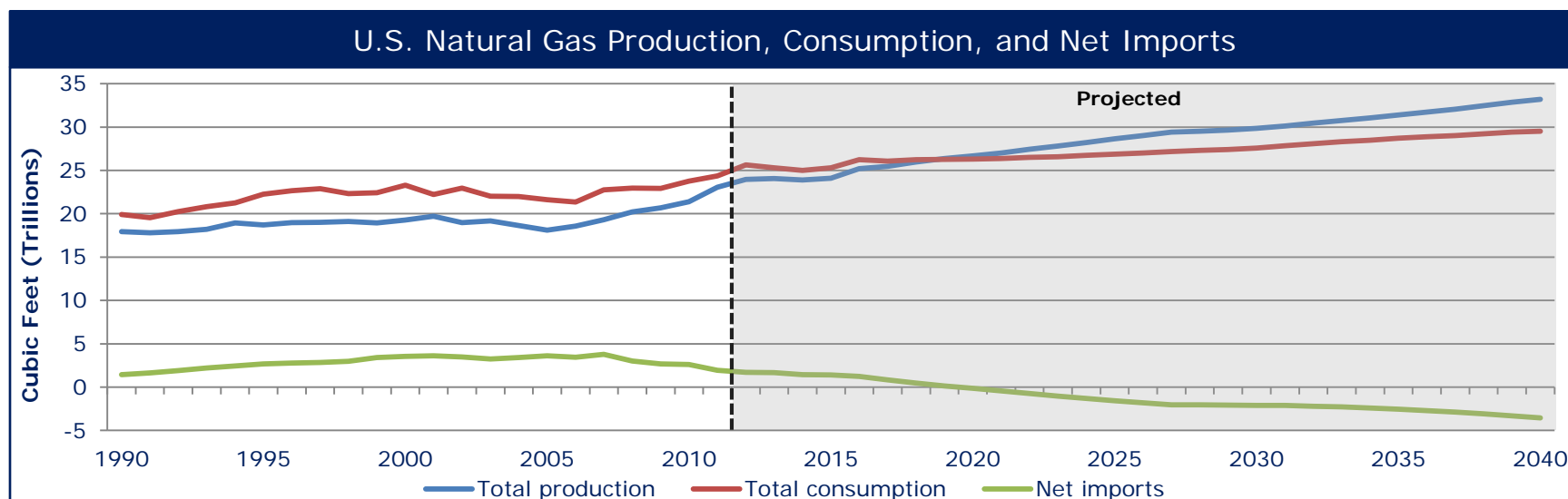
Source: US Energy Information Administration International Energy Outlook 2011

- **Domestic energy production volumes continue to grow**
  - Domestic crude oil production at 25-year high and imports continue to decline
  - Natural gas production remains at all time highs
- **Non-core asset sales to accelerate**
  - Sales will help fund drilling programs for cash-strapped companies
  - Sector is capital intensive and highly fragmented
- **Asset values have stabilized**
  - Drilling efficiency and technology has improved as more data becomes available
  - Proved reserves increasing as drilling activity continues



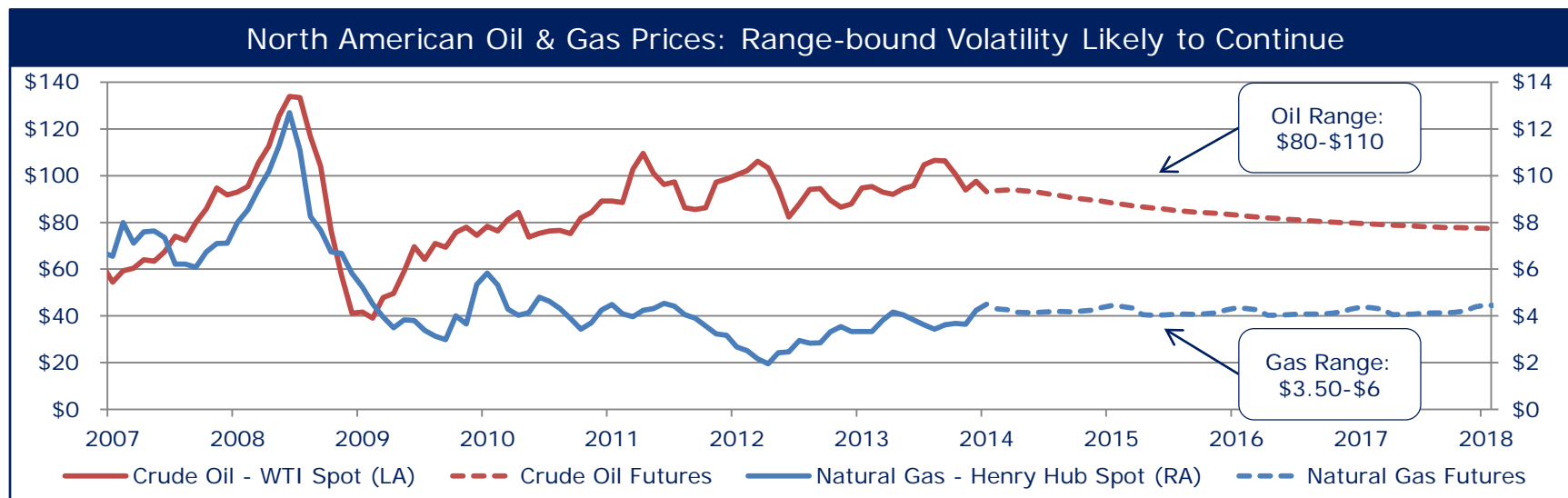
Source: US Energy Information Administration through October 2013.  
\* Interstate Natural Gas Association of America (INGAA)

- **Land grab is over, time to focus on efficiency**
  - Large companies have a surplus of acreage while capex budgets are limited
  - Focus now on efficiency to drive down costs – enabled by more precise data, better science and increased understanding of drilling
- **Natural gas demand growth expected**
  - Substitution for other inputs accelerating
- **Unconventional production to grow**
  - New oil, natural gas and natural gas liquids (NGLs) production and related infrastructure estimated to require \$250 billion per year through 2035
  - Potential to drill up to 300,000 unconventional wells, only 10% of this has been completed



Sources: Bloomberg, US Energy Information Association (EIA).

- **Domestic oil price linked to global prices (discounted)**
  - Infrastructure limitations coming into focus as production outpaces midstream capacity in key assets such as refineries and long-haul pipelines
    - Potential bottlenecks could put price pressure on upstream producers
  - Despite increased supply, expected global demand growth likely ensures continued price appreciation over long-term
- **Natural gas market**
  - Natural gas up 30% in 2013 from a low base, expected to remain range-bound based on supply/demand changes
  - NGLs (Natural Gas Liquids) oversupply likely to continue; increasing exports seen as possible way to improve prices over mid-term



Sources: Bloomberg, US Energy Information Association (EIA).



Strategy	Macro Conditions Favorable to Investing	Sources of Returns	Time Horizon to Liquidity	IRR Range	DPI Multiple
<b>Venture Capital</b>	<ul style="list-style-type: none"> <li>• Recessionary Environment / Improving public markets</li> <li>• Lack of funding sources</li> <li>• Assets with significant upside potential available for investment</li> </ul>	Capital Appreciation	8 - 12 years	10% - 15%	2.00X
<b>Buyouts</b>	<ul style="list-style-type: none"> <li>• Distressed opportunities / Improving exit markets</li> <li>• Industry fragmentation that can be consolidated</li> <li>• Available, inexpensive credit</li> </ul>	Capital Appreciation, Dividends and Recapitalizations	5 - 7 years	15% - 20%	2.00X
<b>Growth Equity</b>	<ul style="list-style-type: none"> <li>• Recessionary Environment / Improving public markets</li> <li>• Lack of funding sources</li> <li>• Improving economic conditions (growth strategy in favor)</li> </ul>	Capital Appreciation	5 - 7 years	15% - 20%	2.00X
<b>Distressed</b>	<ul style="list-style-type: none"> <li>• Weak/recovering public market environment</li> <li>• Economic uncertainty</li> <li>• Available, inexpensive credit</li> </ul>	Capital Appreciation	3 – 4 years	13% - 17%	1.65X
<b>Mezzanine</b>	<ul style="list-style-type: none"> <li>• Post-recession environment</li> <li>• Lack of cheap debt available</li> <li>• Private equity capital available for deployment</li> </ul>	Current Income with limited Appreciation	1 – 4 years	11% - 14%	1.50X
<b>Secondaries</b>	<ul style="list-style-type: none"> <li>• Volatile economic environment</li> <li>• Motivated sellers</li> <li>• Capital calls exceed distributions</li> </ul>	Capital Appreciation	2 – 3 years	14% - 22%	1.50X
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Low interest rate environment</li> <li>• Energy prices at low point in cycle</li> <li>• Weak public market environment</li> </ul>	Capital Appreciation with limited Current Income	5 – 7 years	15% - 20%	2.00x

Private equity investment styles have different risk / return expectations

Investment Style	Description of Investment Strategy	Main Sector Types	Time Horizon to Liquidity	IRR Range - DPI Multiple	Primary Return Drivers
<b>Venture Capital</b>	Investments in early stage of companies with an innovative and or a disruptive business idea for a proprietary product or service. Investments are made in the early life of the company, seed stage, early stage and pre-revenue.	Technology Communications Software Bio-tech Healthcare Clean Tech	7 – 9 years	8% - 10% 2.00x	Capital Appreciation
<b>Growth Equity</b>	Provides expansion capital for small, growing businesses, that are generating cash flow and profits. Generally, these types of investments have minimal exposure to technology risk	Diversified  Business Services Industrial Consumer	5 – 7 years	10% - 15% 2.00x	Capital Appreciation
<b>Buyouts</b>	Investments in established companies that require capital to expand and or restructure	Diversified  Business Services Industrial Consumer	6 – 8 years	7% - 10% 1.75x	Current Income and Capital Appreciation
<b>Energy</b>	Investments will include exploration & production, generation, storage, transmission, distribution, renewable energy sources, clean technologies, energy technologies and other like-kind investments	Up-Stream Mid-Stream Down-Stream Power Cleantech Renewables Energy efficiency	2 – 6 years	15% - 25% 2.00x	Capital Appreciation with some income from production

Private equity investment styles have different risk / return expectations

Investment Style	Description of Investment Strategy	Main Sector Types	Time Horizon to Liquidity	IRR Range - DPI Multiple	Primary Return Drivers
<b>Mezzanine</b>	Investment strategy involving subordinated debt, (the level of financing senior to equity and below senior debt).	Companies in a variety of industries that are backed by Private Equity Managers (Sponsored) Or Not backed by a Private Equity Manager (Sponsor-less)	<b>Corporate Finance</b> 1 – 4 years	11% - 14% 1.50x	Current Income and Capital Appreciation
	Investments are generally shorter in duration, loans are 3 – 5 years, returns, generated are primarily current income with a lesser emphasis on capital appreciation	Venture backed technology and healthcare companies	<b>Venture Lending</b> 1 – 3 years	15% - 21% 1.75x	Current Income and Capital Appreciation
	Capital supplied by mezzanine financing is used for various situations such as facilitating changes in ownership through leveraged buyouts or recapitalizations, financing acquisitions, or enabling growth	Royalty and Revenue Interests generally targets intellectual property and pharmaceuticals	<b>Royalty &amp; Revenue Interests</b> 1 – 4 years	12% - 16% 1.75x	Current Income
	Revenue and Royalty interests are a subset of mezzanine financing that targets intellectual property, license agreements and other similar property that has the ability to restrict the rights to commercialization.				

Private equity investment styles have different risk / return expectations

Investment Style	Description of Investment Strategy	Main Sector Types	Time Horizon to Liquidity	IRR Range - DPI Multiple	Primary Return Drivers
<b>Distressed</b>	<p>Investments in companies that have poorly organized capital structures or failing operations.</p> <p>Distressed strategies includes trading strategies, significant influence and control positions.</p> <p>Long and short positions are commonly used as a technique to lock in profit or reduce risk.</p>	<p>Trading strategies, Investment instruments include publicly traded debt securities, private debt, trade claims, mortgage debt, common and preferred stock and commercial paper.</p> <p>Significant influence and Control strategies involve companies with poorly organized capital structures, turnaround situations and bankrupt companies.</p>	3 – 4 years	15% - 21% 1.75x	Capital Appreciation
<b>Secondaries</b>	<p>Private equity interests are generally purchased at a discount from valuation from motivated owners of private equity interests. The interests purchased are generally venture and buyout interests with limited exposure to unfunded capital commitments.</p> <p>The strategy also includes the purchase of direct interests in companies through the secondary market</p>	<p>Diversified</p> <p>Venture and Buyout investors' interests with limited exposure to unfunded capital commitments.</p> <p>Direct interests in companies through the secondary market</p>	2 – 3 years	14% - 22% 1.50x	Capital Appreciation

**Private equity investment styles are impacted by the macro-economic conditions**

Investment Strategy	Macro Conditions Favorable to Investing	Macro Conditions Favorable to Exiting
<b>Venture Capital</b>	<ul style="list-style-type: none"> <li>• Recessionary environment</li> <li>• Lack of funding sources</li> <li>• Decrease in investment overhang (less capital chasing deals)</li> <li>• Favorable regulatory environment for small business</li> <li>• Innovative/entrepreneurial talent</li> </ul>	<ul style="list-style-type: none"> <li>• Bullish economic conditions</li> <li>• Robust public markets favorable for the IPO &amp; M&amp;A Market</li> <li>• Strategic Buyers have capital available to acquire companies</li> <li>• Purchase price multiples are expanding</li> </ul>
<b>Growth Equity</b>	<ul style="list-style-type: none"> <li>• Recessionary environment</li> <li>• Lack of funding sources</li> <li>• Decrease in investment overhang (less capital chasing deals)</li> <li>• Favorable regulatory environment for small business</li> <li>• Industry fragmentation that can be consolidated</li> <li>• Purchase price multiples are contracting</li> </ul>	<ul style="list-style-type: none"> <li>• Bullish economic conditions</li> <li>• Robust public markets favorable for the IPO &amp; M&amp;A Market</li> <li>• Financial and Strategic Buyers have capital available to acquire companies</li> <li>• Upward sloping markets</li> <li>• Purchase price multiples are expanding</li> </ul>
<b>Buyouts</b>	<ul style="list-style-type: none"> <li>• Recessionary environment</li> <li>• Stressed public markets</li> <li>• Industry fragmentation that can be consolidated</li> <li>• Available credit, preferably inexpensive</li> <li>• Ability to use leverage within the capital structure</li> <li>• Purchase price multiples are contracting</li> </ul>	<ul style="list-style-type: none"> <li>• Bullish economic conditions</li> <li>• Robust public markets favorable for the IPO &amp; M&amp;A Market</li> <li>• Financial and Strategic Buyers have capital available to acquire companies</li> <li>• Upward sloping markets</li> <li>• Purchase price multiples are expanding</li> </ul>

Private equity investment styles are impacted by the macro-economic conditions

Investment Strategy	Macro Conditions Favorable to Investing	Macro Conditions Favorable to Exiting
<b>Mezzanine</b>	<ul style="list-style-type: none"> <li>• Post-recession</li> <li>• Lack of cheap available credit</li> <li>• Disciplined pricing by market participants (not accepting leverage ratios in excess of 5.0x EBITDA and coupons below 14%)</li> <li>• Significant amount of private equity capital that can be deployed</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and Strategic Buyers have capital available to acquire companies</li> <li>• Upward sloping markets</li> <li>• Purchase price multiples are expanding</li> <li>• Significant amounts of private equity capital that can be deployed</li> </ul>
<b>Distressed</b>	<ul style="list-style-type: none"> <li>• Weak or volatile public market environment</li> <li>• Economic uncertainty</li> <li>• Recessionary environment</li> <li>• Available credit, preferably inexpensive</li> <li>• Ability to use leverage within the capital structure</li> <li>• Purchase price multiples are contracting</li> </ul>	<ul style="list-style-type: none"> <li>• Bullish economic conditions</li> <li>• Robust public markets favorable for the IPO &amp; M&amp;A Market</li> <li>• Financial and Strategic Buyers have capital available to acquire companies</li> <li>• Upward sloping markets</li> <li>• Purchase price multiples are expanding</li> </ul>
<b>Secondaries</b>	<ul style="list-style-type: none"> <li>• Volatile economic environment</li> <li>• Motivated sellers that need an exit solution</li> <li>• Deal flow consisting of quality assets</li> <li>• Depressed asset values</li> <li>• Capital Calls exceed Distributions</li> </ul>	<ul style="list-style-type: none"> <li>• Robust public markets favorable for the IPO &amp; M&amp;A Market</li> <li>• Financial and Strategic Buyers have capital available to acquire companies</li> <li>• Favorable characteristics of the underlying buyouts, growth equity, and VC investments</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Low interest rate environment, with a potential inflationary impact, commodities are expected to increase in value</li> <li>• Relatively low energy prices create an opportunity to invest at a low point in the oil and gas price cycle</li> <li>• Weak public market environment limits the flow of capital and provides pricing pressure</li> <li>• Improving economy, that creates a stable to increased demand for energy</li> </ul>	<ul style="list-style-type: none"> <li>• Bullish economic conditions, growth oriented economy</li> <li>• Robust public markets favorable for the IPO &amp; M&amp;A Market</li> <li>• Increasing demand for energy</li> <li>• Increasing energy prices</li> <li>• Deregulation</li> <li>• Increasing inflation</li> </ul>

- **NEPC defines Energy investing as investments may be made in companies that own, operate, or service assets that supply, produce, transmit or deliver Energy and developing technologies. Energy exposure can be accessed across the value chain and is classified by stage of production.**

- Benefits of Energy exposure includes the attractive return potential from capital appreciation or current income and correlation to inflation, depending on the sector and strategy

- The following table outlines the energy sectors:

Sector Focus	Asset Focus	Time Horizon to Liquidity	Target IRR	Target DPI Multiple	Primary Return Drivers
<b>Upstream</b>	Oil and Natural Gas E&P, Development, Royalties, oilfield services	2-5 years	20%	2.0x	Capital appreciation
<b>Midstream</b>	Pipelines, Storage, Refining, Transports, Transmission	3-7 years	10-20%	2.0x	Capital appreciation and current income
<b>Downstream</b>	Distribution Centers, Refineries, Merchant Power, End users	7-10 years	10-15%	1.5x	Current income
<b>Contracted Power Generation</b>	Coal, Oil, Natural Gas, Nuclear, Solar, Hydro or Wind Power Generation facilities	5-10 years	10-20%	1.75x	Current income and limited capital appreciation
<b>Clean-Tech &amp; Renewables</b>	Clean tech & renewable projects & processes, Energy efficiency products	2-5 years	10-20%	2.0x	Capital appreciation



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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Ventura, CA 93003-6572  
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<http://www.ventura.org/vcera>

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May 19, 2014

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

**SUBJECT: VENTURA COUNTY EMPLOYEES' RETIREMENT INFORMATION SYSTEM  
(VCERIS) PROJECT**

Dear Board Members:

Attached is the Ventura County Employees' Retirement Information System ("VCERIS") project Quarterly Report (Attachment A) and four change orders.

**(1) Summary of Progress**

As detailed in the VCERIS Quarterly Report, as of March 31, 2014, the effort to implement the system, excluding member web, is approximately 54.5% complete. The project team will provide a demonstration of the current system in order to highlight the substantial progress made in the delivery of the new system and the conversion of legacy data to this system. The planned completion at this point of the project was projected to be 57%. The project is currently approximately one month behind schedule (2.56%). The reasons for this change in schedule is primarily due to staffing issues, as discussed below, and due to issues with the third-party imaging vendor.

The Auditor Controller and VRSD continue to make progress on providing the active payroll file interface to VCERA, but both employers are at risk of not completing their respective interfaces by June of 2014, as is planned in the project schedule. As the attached report details, both have made substantial progress on the remaining contributions file. The employers are making a good faith effort to complete the interfaces, and the project team has been providing substantial support to the employers to assist them in these efforts. However, if the employers are unable to complete the interface by June 30<sup>th</sup>, 2014, this will impact the project completion schedule.

As reported in March of 2014, Operations was able to release additional staff to the VCERIS project in April as planned. Although the additional staff members are currently working on the project, it is taking considerable time to train them in the application and the project related work. The project team will closely monitor the project plan to minimize delays related to resource issues to the greatest extent possible.



## **PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE**

May 19th, 2014

Page 2 of 3

As shown in the attached quarterly report, the project is currently \$133,366 over budget as of 3/31/2013. As a reminder, the project has an \$844,000 contingency budget.

### **(2) Change Orders**

There are four change orders that staff are recommending the Board approve. They are discussed below.

As the Board is aware, the California Public Employees' Pension Reform Act of 2013 ("PEPRA" or "CalPEPRA") went into effect on January 1, 2013, approximately ten months after the original contract and associated functional requirements were approved. As a result of PEPRA, 91 new requirements must be implemented and some existing requirements (including the ones that had already been designed) need to be changed to support the new solution. Two change orders (Attachments B and C) are related to this additional functionality. Vitech's change order #4 extends the project duration by one month and adds 1210 hours of development effort, at a cost of approximately \$248,000. The Board may note that the change order calls for 33% of the fees paid immediately; staff agreed to this provision because Vitech has already done a substantial amount of requirements and design work related to PEPRA. Linea's change order #5 is associated with the additional month of effort to oversee and provide testing for the PEPRA functionality, at a cost of approximately \$65,000. Staff has compared these costs to similar efforts at other California retirement systems and believes they are reasonable.

The Board should also note that Vitech's change order #4 ensures that the terms of the warranty revert back to the original agreement. In CO3489 (July of 2013), the language concerning the length of the warranty was revised to limit the warranty to three months. The original warranty included a twelve month period in order to allow staff to execute all cyclical processes within V3. Staff discussed this modification with Vitech, and Vitech corrected this language in the proposed change order to restore the original language.

The third change order, Attachment D, adds four interfaces to the V3 system. Two of these interfaces will assist VCERA with Annual Benefit Statement process. This is currently a costly and time-consuming process; having V3 able to import defined contribution data and export data for printing will provide a substantial return on investment. The interface that will import medical deduction information will also eliminate a manual process and save valuable staff time. Finally, an additional imaging interface is required to allow for imaging using V3; this functionality was not contemplated in the original design and it is a requirement for the project.

The final change order is a follow up to the May 5<sup>th</sup>, 2014 agenda item regarding the continued assistance of Ms. Brenda Cummings in the data conversion. As detailed in staff's May 5th letter, Ms. Cumming's assistance to the project has been invaluable and she will be needed until the project's conclusion on a part-time basis.

**PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE**

May 19th, 2014

Page 3 of 3

**Recommendations**

Staff recommends your Board take the following actions:

- Receive and File the Attachment A - VCERIS Quarterly Report
- Request approval for the change orders (Attachments B, C, D and E) and direct the Board Chairman to sign.

We would be pleased to respond to any questions during the Board meeting.

Sincerely,



TIM THONIS  
Interim Retirement Administrator



BRIAN COLKER  
Linea Solutions, Inc.

Attachment (5)



# Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

## Board of Retirement Ventura County Employees' Retirement Information System (VCERIS) Report

**Reporting period: January 1<sup>st</sup>, 2014 – March 31<sup>st</sup>, 2014**

### Current Project Plan

**DATA AS OF 03/31/14:**

<b>Rollout 1: Active Member &amp; Retiree Combined</b>	<b>Rollout 2: Member Web</b>
<b>Actual % Complete:</b> 54.49%	<b>Actual % Complete:</b> N/A
<b>Planned % Complete:</b> 57.05%	<b>Planned % Complete:</b> N/A
<b>Variance:</b> -2.56%	<b>Variance:</b> N/A
<b>Rollout Timeline, Initial:</b> July 2012 – October 2013	<b>Rollout Timeline, Initial:</b> January 2015 – June 2015
<b>Rollout Timeline, Revised:</b> July 2012 – August 2015	<b>Rollout Timeline, Revised:</b> September 2015 – November 2015

### Initial Plan

<b>Rollout 1: Active Member</b>	<b>Rollout 2: Retiree</b>	<b>Rollout 3: Member Web</b>
<b>Rollout Timeline, Initial:</b> July 2012 – October 2013	<b>Rollout Timeline, Initial:</b> November 2013 – April 2015	<b>Rollout Timeline, Initial:</b> January 2015 – June 2015



# Attachment A: Ventura County Employees' Retirement Information System



## Status Report

Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

### Accomplishments for the Period 01/01/2014 – 03/31/2014

- Completed Segment F functionality which includes:
  - Imaging (third party imaging design elements will be completed in future segments)
  - Service Credit Purchase
  - Termination
  - Benefit Estimates
  - Service Retirements
- Wrote and executed tests for Segment C, Segment D Tracks 1 and 2 and Segment F
- To date, 1,571 tests have been executed and there are currently 213 open defects and issues.
- MBS delivered Cycle 8A conversion files (RDBS active member data, RIS and ADP retired member data). These files were successfully loaded into V3 and the project team is in the process of analyzing the results.
- Plan Sponsors – VRSD has been unable to work on the transmittal files during this first quarter. The project team is working with VRSD to assist them in finalizing the files or finding alternative means to report data. Auditor-Controller informed the project team that they will not be able to provide the completed contributions file by the end of March as scheduled; they currently estimate the file will be completed by the end of June, 2014. Below is a snapshot of the status of the transmittal files:

File	VRSD	County
Demographics (Name, Address, etc.)	<ul style="list-style-type: none"> <li>• Passed Integration Testing</li> </ul>	<ul style="list-style-type: none"> <li>• Passed Integration Testing</li> </ul>
Employment (Job Type, Job Class, Hours)	<ul style="list-style-type: none"> <li>• Successfully received the second file via SFTP.</li> <li>• File issues reported back and acknowledged by VRSD.</li> </ul>	<ul style="list-style-type: none"> <li>• Passed Integration Testing.</li> </ul>
Contributions (Comp earnable, Contributions)	<ul style="list-style-type: none"> <li>• Successfully received the first file</li> <li>• Design questions received by Vitech to date have been answered</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution file provided via FTP to the production FTP site; file format is correct; data is based on the same extract logic that is used for RDBS.</li> <li>• Processing of this file into V3 is pending based on actuarial contribution rate configuration in V3. Rates have been provided by County. Verification of current and historical rates by VCERA is in progress.</li> <li>• Design issues are still open related to comp. earnable and retroactive adjustments.</li> <li>• Reconciliation Milestone Achieved: The contributions reported on the file matched exactly to VCERA's 503 (Summary Contribution) Report.</li> </ul>



# Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

## Summary

Cost Item	Budget	Change Orders	Amended Budget <sup>1</sup>	Expended to Date	Remaining
Vitech (software, implementation, hosting)	\$ 4,986,500	\$ 317,500	\$ 5,304,000	\$ 2,787,100	\$ 2,516,900
Linea (project oversight, design, data conversion, testing, training)	2,088,407	276,300	2,364,707	\$ 1,459,254	905,453
External Costs	100,000	110,400	210,400	\$ 111,884	98,516
Third party data conversion	680,000	(90,538)	589,462	\$ 457,735	131,727
Limited Term Positions <sup>2</sup>	581,200	(480,296)	100,904	\$ 100,904	-
<b>Project Budget Subtotal</b>	<b>\$ 8,436,107</b>	<b>\$ 133,366</b>	<b>\$ 8,569,473</b>	<b>\$ 4,916,877</b>	<b>\$ 3,652,596</b>
Project Contingency	843,611	(133,366)	710,245	-	\$ 710,245
<b>Total Project Budget</b>	<b>\$ 9,279,718</b>	<b>\$ -</b>	<b>\$ 9,279,718</b>	<b>\$ 4,916,877</b>	<b>\$ 4,362,841</b>

<sup>1</sup>Amended budget reflects only *approved* change orders.

<sup>2</sup>Limited term positions were converted to full-time employees as of 3/31/2013; costs will be reflected in Staff Costs from this point onward.

## Detail

Milestone Description	Scheduled Invoice Date	Amended Budget	Holdback (15%)	Net Scheduled Payment	Amount Incurred
Project Initiation / Initial License Payment (Development License)	March-12	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
QA Hardware and Software Installed and Configured	May-12	128,000	(19,200)	108,800	108,800
Detailed Implementation Plan Approved	June-12	96,000	(14,400)	81,600	81,600
V3 Baseline Application Configuration & Demonstration Complete	August-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment A Functionality Delivered and Validated	November-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment B Functionality Delivered	March-13	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment C Functionality Delivered	June-13	224,000	(33,600)	190,400	-
Change Order 3489 Execution	July-13	370,720		370,720	370,720
Holdback Release	July-13		168,000	168,000	168,000
Rollout 1: VCERA Confirms Segment D Track 1 Functionality Delivered	September-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment D Track 2 Functionality Delivered	December-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment F Functionality Delivered	March-14	139,200		139,200	-
Rollout 1: VCERA Confirms Segment G Functionality Delivered	July-14	139,200		139,200	-
Rollout 1: VCERA Confirms Segment H Functionality Delivered	August-14	139,200		139,200	-
Rollout 1: VCERA Begins Parallel Testing of Transmittal Files	October-14	139,200		139,200	-
Rollout 1: VCERA Confirms Segment I Functionality Delivered	December-14	139,200		139,200	-
Rollout 1: VCERA Begins UAT	March-15	40,000		40,000	-
Rollout 1: VCERA Accepts System for Production	July-15	400,000		400,000	-
Rollout 2: Start of MSS Implementation	August-15	72,000		72,000	-
Warranty Complete: Three Months after R1 Go-Live	October-15	100,000		100,000	-
Rollout 2: VCERA Accepts MSS for Production	November-15	72,000		72,000	-
Warranty Complete: Three Months after R2 Go-Live	Feb-16	50,000	-	50,000	-
<b>Vitech Implementation Services Subtotal:</b>		<b>\$ 3,750,000</b>	<b>\$ -</b>	<b>\$ 3,750,000</b>	<b>\$ 2,129,600</b>
<b>Vitech Other Costs</b>		<b>Amended Budget</b>		<b>Paid This Qtr.</b>	<b>Cumulative</b>
Vitech V3 License Fee	August-12	\$ 575,000			\$ 575,000
Vitech V3 Upgrade Fee -	Various	450,000			-
Infrastructure Hosting	Various	376,000			25,000
Travel	On-going	82,500		7,500	57,500
Software Escrow Agreement	FY 13/14	3,000			-
Additional Data Conversion Hours	On-going	67,500			
<b>Vitech Other Costs Subtotal:</b>		<b>1,554,000</b>		<b>7,500</b>	<b>657,500</b>

VCERIS Project Budget Tracking

<b>Vitech Services Total:</b>			<b>\$ 5,304,000</b>		<b>\$ 7,500</b>	<b>\$ 2,787,100</b>
<b>Linea - Project Oversight and Integrating Services Description:</b>			<b>Amended Budget</b>		<b>Incurred This Qtr.</b>	<b>Cumulative</b>
Project Oversight	On-going	\$ 764,040		\$ 78,878	\$ 716,846	
Design Consulting	On-going	484,000		10,628	87,595	
Testing	On-going	570,050		77,366	447,571	
Interfaces	On-going	165,360		536	44,428	
Cut-Over Support	On-going	140,700		-	-	
Training	On-going	11,460		-	9,066	
Data Conversion	On-going	65,600		-	45,606	
Travel Expenses	On-going	163,497		13,392	108,142	
<b>Project Oversight and Integrating Services Total:</b>			<b>\$ 2,364,707</b>		<b>\$ 180,800</b>	<b>\$ 1,459,254</b>
<b>External Costs:</b>			<b>Amended Budget</b>		<b>Paid this Qtr</b>	<b>Cumulative</b>
Software	Varies	\$ 75,500		\$ 669	\$ 59,931	
Hardware	Varies	\$ 30,000		-	14,080	
Broadband to Host Facility	On-going	\$ 14,800		717	3,251	
Additional Project Workspace		\$ 52,500		5,336	34,622	
Beneficiary Form Updates		\$ 37,600		-		
Data Conversion (Legacy (\$156,500 + Third Party \$431,712)		\$ 589,462		83,401	457,735	
Limited Term Positions	To 3/31/13	\$ 100,904		-	100,904	
<b>3rd Party Hardware / Software / Other Total:</b>			<b>\$ 900,766</b>		<b>\$ 90,123</b>	<b>\$ 670,523</b>
<b>Total Project Expenditures</b>						<b>\$ 4,916,877</b>
<b>Total Amended Project Budget</b>			<b>\$ 8,569,473</b>			

Original Project Budget	<b>\$ 8,436,107</b>	Variance from Original	<b>\$ 133,366</b>
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**Total Project Cost Summary**

<b>Total Project Expenditures</b>	<b>\$ 4,916,877</b>
Staff Support Costs for the quarter (not in project budget)	53,100
Staff Support Costs to date (not in project budget)	461,917
<b>Total Project Costs</b>	<b>\$ 5,378,794</b>

**Change Orders This Period**

Name	Description	Cost Impact	Budget Year
Vitech CO 3773 – Additional Data Conversion Hours	VCERA requested Vitech provide an additional 675 hours for data conversion activities. Vitech assigned their CO #3773 for this.	\$67,500	FY'13-'14: \$15,000 FY'14-'15: \$45,000 FY'15-'16: \$7,500
Linea Change Order #4	Linea submitted a change order to add 2,500 hours for a Linea resource to assist with testing activities.	\$157,500	FY'13-'14: \$34,800 FY'14-'15: \$104,400 FY'15-'16: 18,300

**Approved Change Orders (All To Date)**

Name	Description	Cost Impact	Budget Year
Vitech CO 3773 – Additional Data	VCERA requested Vitech provide an additional 675 hours for data conversion activities. Vitech assigned their CO #3773 for this.	\$67,500	FY'13-'14: \$15,000 FY'14-'15: \$45,000 FY'15-'16: \$7,500





# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

Name	Description	Cost Impact	Budget Year
Conversion Hours			
Linea Change Order #4	Linea submitted a change order to add 2,500 hours for a Linea resource to assist with testing activities.	\$157,500	FY'13-'14: \$34,800 FY'14-'15: \$104,400 FY'15-'16: 18,300
Vitech CO 3223 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 6.5 months. They changed the payment milestones as part of the negotiation.	None (net over course of project)	FY'12-'13: \$163,200 FY'13-'14: \$147,388 FY'14-'15: (\$310,589)
Linea Change Order #1	Linea submitted a change order to adjust the implementation schedule to extend the overall project by 6.5 months.	None	N/A
Additional project workspace	The project team has determined that there is considerable advantage to in-person meetings.	\$49,500	FY'12-'13: \$13,500 FY'13-'14: \$18,000 FY'14-'15: \$18,000
Increased cost of Broadband to Host Facility	The secure point-to-point connection from VCERA to Vitech's hosting facility is considerably more expensive than anticipated.	\$68,100	FY'12-'13: \$0 FY'13-'14: \$3,300 FY'14-'15: \$32,400 FY'15-'16: \$32,400
Additional Project Software	This change covers the purchase of the Assima training tool.	\$43,900	FY'12-'13: \$22,900 FY'13-'14: \$7,000 FY'14-'15: \$7,000 FY'15-'16: \$7,000
Additional Data Conversion Assistance	This change covers VCERA's additional data conversion resources needed to support MBS in performing the data conversion (Includes Linea Change Order #2 for \$54,000).	\$147,000	FY'12-'13: \$75,000 FY'13-'14: \$50,000 FY'14-'15: \$22,000
Document Conversion Assistance	The change order is for Novanis, the current imaging company, to assist with converting images into V3.	\$50,250	FY'13-'14: \$50,250 (was previously allocated to FY'14-15)
County providing Broadband	County ITS was able to provide a secure broadband connection to Vitech's hosting facility, considerably decreasing the required cost for this service.	\$(101,300)	FY2012-2013 \$(7000) FY2013-2014 \$(31,100) FY2014-2015 \$(31,100) FY2015-2016 \$(31,100)
Vitech CO 3489 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 5 months. They changed the payment milestones as part of the negotiation. Vitech has offered a significant discount for these services; the normal cost for a 5 month extension would be \$675,000 (\$135,000 per month for 5 months)	\$250,000	FY'15-'16: \$250,000
Linea Change Order #3	Linea submitted a change order to adjust the implementation schedule to extend the overall	\$64,800	FY'15-'16: \$64,800



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

Name	Description	Cost Impact	Budget Year
	<p>project by 5 months. These fees include project management, testing, training, design, QA, requirements confirmation and traceability. Linea has offered a significant discount for these services; the normal cost for a 5 month extension would be \$167,400 (\$33,480 per month for 5 months)</p>		
Construction costs for project office space	The additional leased office space on the first floor needs to be modified in order to accommodate the increase in Vitech and Linea resources that will be moving into the space after the first of the year.	\$3,000	FY'13-'14: \$3,000
Additional Assima License	This license will be needed to create training scripts for UAT testing. VCERA currently does not have enough licenses for the SMEs for this purpose.	\$9,600	FY'14-'15: \$9,600
Additional Data Conversion Assistance	Additional hours for CMP & Associates to assist with data conversion (previously approved by Board)	\$14,500	FY'13-'14: \$14,500 On 07/01/13 Board approved increase of \$9,300. No additional appropriations required.
Beneficiary designation form updates	V3 requires beneficiary information to provide accurate retirement estimates for members. RDBS does not currently contain beneficiary information so VCERA is going to conduct a mass mailing to members requesting new beneficiary forms be completed. Once returned to VCERA, the data will be entered onto a spreadsheet so it can be uploaded into V3 at go-live.	\$37,600	FY'13-'14: \$37,600
Third party data conversion	Third party vendor (MBS) costs were lower than budgeted.	\$(248,288)	
Limited term positions	The limited term positions allocated to the project were converted to permanent positions.	\$(480,296)	
<b>Total</b>		<b>\$133,366</b>	





# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

#	ISSUES / RISKS – Explanation of Issues	MITIGATION - Explanation of Action Needed	UPDATE – Current Status of Issue
1	Auditor Controller must make changes to the method by which Compensation Earnable and Retroactive Adjustments are reported or the new system will not be able to calculate final average salary correctly without substantial and ongoing manual clean-up. Auditor Controller has stated that these changes are significant.	The project schedule was changed to allow Auditor Controller sufficient time to address the issue. The project team and Auditor Controller are working collaboratively to determine an alternate solution if an automated solution cannot be delivered by June of 2014.	Although both VCERA and Auditor Controller are working in good faith to complete the interface, the development effort is taking longer than anticipated. The current estimated completion date is June 30, 2014. Any delays past this date will impact the project schedule. <b>RISK IS CONSIDERED MEDIUM</b>
2	The Benefits staff continues to be impacted by illness and family issues. Given that the project is currently utilizing the absolute minimum number of resources, VCERA has needed to add staff resources in order to ensure the project timeline is not impacted.	VCERA Management has hired resources to be added to VCERA's staff to assist with operations. The recruitment and training of these resources will allow VCERA to add two resources to the project as required.	4/10/14 – Onboarding the two new project team members is requiring transition time, as they need to learn V3 and become acclimated to the project activities. The project team will continue monitoring this issue to mitigate any further delay as much as possible. <b>RISK IS CONSIDERED MEDIUM</b>



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

### Progress on Critical Success Factors

Factor	Acceptance Criteria	Short Term Impact?	Long-Term Impact?	Current State
<b>Automation of Benefits Processes</b>	<ul style="list-style-type: none"> <li>System uses "wizards" to move through processes</li> <li>Minimal manual workarounds</li> <li>Reports support each process</li> <li>Online member access</li> </ul>	HIGH	HIGH	On Track
<b>Payroll Interface Data</b>	<ul style="list-style-type: none"> <li>Active payroll data allows for significant automation of benefit estimates and benefit calculation</li> <li>VCERA receives full data elements needed for all calculations</li> </ul>	HIGH	HIGH	On Track*
<b>Moving to Current Technology</b>	<ul style="list-style-type: none"> <li>System utilizes current database technology</li> <li>System utilizes current application technology</li> </ul>	MEDIUM	HIGH	On Track
<b>Project Cost</b>	<ul style="list-style-type: none"> <li>Project is within 15% of the original budget</li> </ul>	MEDIUM	LOW	On Track
<b>Project Duration</b>	<ul style="list-style-type: none"> <li>Project completes within 20% of original duration</li> </ul>	HIGH	LOW	At Risk

**Explanation of "At Risk" Current State:**

VCERA has experienced several significant staffing issues which may impact their ability to provide the additional project resources as scheduled. The project team will closely monitor the progress of project activities to identify and report project schedule impacts.

\*The Auditor Controller and VRSD intend to provide the data VCERA has requested, which will provide significant long-term benefits once V3 is live.

### Accomplishments Planned for Next Period (04/01/2014 – 06/30/2014)

- Complete design for:
  - Segment G
    - Retiree Payroll
    - Healthcare & Insurance
    - COLA Granting
  - Segment H
    - Disability
    - Active Death Processing
    - Retired Death Processing
- Complete initial conversion of documents of Liberty to V3
- Complete executing tests for all functionality delivered by 3/31/14



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

05/10/2014

## **Accomplishments Planned for Next Period (04/01/2014 – 06/30/2014)**

- Write and execute tests for Segment G and Segment H delivered functionality
- Receive cycle 9 data conversion files (includes data from all legacy systems)
- Continue to work with Plan Sponsors to complete new transmittal
- Continue testing converted data and resolving identified issues
- Perform a system demonstration of delivered V3 functionality for the Board

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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**DATE:** May 19<sup>th</sup>, 2014

**SUBJECT:** Change Order to VCERA - Vitech Systems Group, Inc., VCERA Change Order #4

## BACKGROUND

The California Public Employees' Pension Reform Act of 2013 ("PEPRA" or "CalPEPRA") went into effect on January 1, 2013. As a result of its review of PEPRA with VCERA staff, Vitech has determined 91 new requirements need to be implemented and some existing requirements (including the ones that had already been designed) need to be changed to support Ventura County Employees' Retirement Association ("VCERA")'s V3 solution. These requirements were detailed, and reviewed by VCERA staff, in Vitech's proposed Change Order #3774. After implementing these changes, VCERA will be compliant with PEPRA in the new V3 application.

## COST AND EFFORT

The services provided under this Change Order will be delivered on a fixed price basis for the entire scope of the work mentioned above. The table below provides estimated hours and the fixed price.

<u>Cost Component</u>	<u>Hours</u>	<u>Fixed Price</u>
Analysis, Meetings, Development, Testing, Project Management, Build/Deployment	1210	\$248,050

- All work set forth above shall be paid for at the fixed price of \$248,050, which shall include the costs of Analysis, Meetings, Development, Testing, Project Management, Build/Deployment, and change in scheduled completion date. Such payment is incorporated in the payment schedule set forth below.
- The payment schedule also corrects the payment schedule contained in Vitech CO # 3489 (July 2013) which was inconsistent with the express requirements of subject agreement.

# VITECH CHANGE ORDER #4

May 19<sup>th</sup>, 2014

Page 2 of 2

## VCERA Service Payment Schedule

Total Services (Old): 3,750,000  
 Total Services (New): **3,998,050**

Change Order for: **248,050**

Invoice #	License Fee	Est Invoice Date	Milestone Description*	Gross Payment	Payments Withheld	Withhold Release	Total Payment
1	\$ 575,000	Mar-12	Project Initiation / Initial License payment (development license)	200,000			200,000
2		May-12	QA Hardware and Software Installed and Configured	128,000	19,200		108,800
3		Jun-12	Detailed Implementation Plan Approved	96,000	14,400		81,600
4		Aug-12	V3 Baseline Application Configuration & Demonstration Complete	224,000	33,600		190,400
5		Nov-12	Rollout 1: VCERA confirms Segment A functionality delivered and validated	224,000	33,600		190,400
6		Mar-13	Rollout 1: VCERA validates Segment B functionality delivered	224,000	33,600		190,400
7		Jun-13	Rollout 1: VCERA confirms Segment C functionality delivered	224,000	33,600		190,400
8		Jul-13	Change Order 3489 Execution	370,720		168,000	538,720
9		Sep-13	Rollout 1: VCERA confirms Segment D Track 1 functionality delivered	314,640			314,640
10		Dec-13	Rollout 1: VCERA confirms Segment D Track 2 functionality delivered	314,640			314,640
11		Mar-14	Rollout 1: VCERA confirms Segment F functionality delivered	139,200			139,200
12		May-14	Change Order 3774 Execution (33%) - 2013 CalPEPRA Changes	81,857			81,857
13		Sep-14	Rollout 1: VCERA confirms Segment G functionality delivered	139,200			139,200
14		Oct-14	Rollout 1: VCERA begins parallel testing of the transmittal files	139,200			139,200
15		Dec-14	Rollout 1: VCERA confirms Segment H functionality delivered	139,200			139,200
16		Dec-14	Rollout 1: VCERA confirms Segment I track 1 functionality delivered	69,600			69,600
17		Mar-15	Rollout 1: VCERA confirms Segment I track 2 functionality delivered	69,600			69,600
18		May-15	Change Order 3774 Execution (33%) - 2013 CalPEPRA Changes	81,857			81,857
19		May-15	Rollout 1: VCERA accepts UAT	40,000			40,000
20		Sep-15	Rollout 1: VCERA accepts system for production	400,000			400,000
21		Sep-15	Change Order 3774 Completion (34%) - 2013 CalPEPRA Changes	84,336			84,336
22		Sep-15	Rollout 2: Start of MSS Implementation	122,000			122,000
23		Dec-15	Rollout 2: VCERA accepts MSS for production	72,000			72,000
24		Mar-16	Warranty Complete: Three (3) months after System Live Date	50,000			50,000
25		Dec-16	Warranty for Cyclical Processes Complete: Twelve (12) months after Sys. Live	50,000			50,000
	\$575,000			3,998,050	168,000	168,000	3,998,050

\* Rollout 1 includes contribution and benefit processing, payments and RDBS and RIS Replacement

This Change Order is made pursuant to and subject to the terms of the License, Professional Services, Maintenance and Support Agreement Vitech Systems Group, Inc. (“Vitech” or “Vendor”) and VCERA (the “Agreement”) dated February 27, 2012. This Change Order constitutes an addendum to the Agreement and except as expressly amended by this Change Order, all of the terms, conditions and provisions of the Agreement remain unchanged and shall remain in full force and effect for the purposes of this Change Order.

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

TRACY TOWNER  
 VCERA  
 Chairman of the Board

CHRISTOPHER LODGE  
 VITECH SYSTEMS GROUP, INC.  
 Vice President Operations

Change Order Effective Date: [\_\_\_\_\_]

<b>Organization</b>	VCERA		
<b>Project</b>	VCERIS		
<b>Subject</b>	Contract Amendment #5		
<b>Written by</b>	Brian Colker		
<b>Date</b>	05/19/2014		
<b>Doc #</b>	VC-CHG-05		
<b>Vers.</b>	1	<b>Page</b>	1 of 1



2701 Ocean Park Blvd.  
Suite 251  
Santa Monica, CA 90405

**Contract Amendment #5**

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The California Public Employees’ Pension Reform Act of 2013 (“PEPRA” or “CalPEPRA”) went into effect on January 1, 2013. As a result of PEPRA, 91 new requirements need to be implemented and some existing requirements (including the ones that had already been designed) need to be changed in the new pension administration system. These additional requirements have extended the VCERIS project by one month. This change order will extend Linea’s project management and testing services by one month at the current rates.

These services will be invoiced monthly on a time and materials basis. The cost below is the not-to-exceed maximum for the additional month of work.

The cost of this extension is detailed below.

<b>Change Order #5 Detail</b>	<b>Amount</b>
Project Management fees (160 additional hours)	\$31,200
Technical Analyst fees (100 additional hours)	\$19,500
Associate Test Analyst fees (160 additional hours)	\$10,080
Travel fees (discounted to 8% flat surcharge)	\$4,862
<b>TOTAL</b>	<b>\$65,642</b>

This contract amendment does not alter the terms or conditions of Linea’s Statement of Work for Pension Administration Consulting Services (2/27/2012).

LINEA SOLUTIONS, INC.

VCERA

By: \_\_\_\_\_  
Brian Colker, CFO

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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**DATE:** May 19<sup>th</sup>, 2014

**SUBJECT:** Change Order to VCERA - Vitech Systems Group, Inc., VCERA Change Order #5

## BACKGROUND

VCERA has identified four system interfaces that are considered high-value functionality for the system. Because VCERA has already reached the contractual limit of six interfaces as provided by the License, Professional Services, Maintenance and Support Agreement between Vitech Systems Group, Inc. (“Vitech”) and VCERA dated February 27, 2012, the additional interfaces necessitated this change order. Vitech will design, test, and implement the following four system interfaces:

- ABS Data Import [Inbound]. This is the Annual Benefit Statement data import of defined contribution data.
- ABS Export to Agency [Outbound]. This is the export of Annual Benefit Statement data to the printing service.
- Medical Premium Deduction [Inbound]. This is the import of medical plan deduction data from VCERA employers.
- Imaging Induction import – Batch [Inbound]. This interface is needed for the imaging process to allow image upload from Kofax to V3.

## COST AND EFFORT

The services provided under the Change Order will be delivered on a fixed price basis for the entire scope of the work mentioned above. The table below provides estimated hours and the fixed price. *Vitech has provided a 25% discount for these services.*

<b><u>Cost Component</u></b>	<b><u>Hours</u></b>	<b><u>Fixed Price</u></b>
Analysis, Meetings, Development, Testing, Project Management, Build/Deployment	600	\$92,250

- The work set forth above shall be paid for at the fixed price of \$92,250, which shall include the costs of Analysis, Meetings, Development, Testing, Project Management, and Build/Deployment. Such payment is incorporated in the payment schedule set forth below.

# VITECH CHANGE ORDER #5

May 19<sup>th</sup>, 2014

Page 2 of 2

## VCERA Service Payment Schedule

Total Services (Old): 3,998,050

Total Services (New): **4,090,300**

Change Order for: **92,250**

Invoice #	License Fee	Est Invoice Date	Milestone Description*	Gross Payment	Payments Withheld	Withhold Release	Total Payment
1	\$ 575,000	Mar-12	Project Initiation / Initial License payment (development license)	200,000			200,000
2		May-12	QA Hardware and Software Installed and Configured	128,000	19,200		108,800
3		Jun-12	Detailed Implementation Plan Approved	96,000	14,400		81,600
4		Aug-12	V3 Baseline Application Configuration & Demonstration Complete	224,000	33,600		190,400
5		Nov-12	Rollout 1: VCERA confirms Segment A functionality delivered and validated	224,000	33,600		190,400
6		Mar-13	Rollout 1: VCERA validates Segment B functionality delivered	224,000	33,600		190,400
7		Jun-13	Rollout 1: VCERA confirms Segment C functionality delivered	224,000	33,600		190,400
8		Jul-13	Change Order 3489 Execution	370,720		168,000	538,720
9		Sep-13	Rollout 1: VCERA confirms Segment D Track 1 functionality delivered	314,640			314,640
10		Dec-13	Rollout 1: VCERA confirms Segment D Track 2 functionality delivered	314,640			314,640
11		Mar-14	Rollout 1: VCERA confirms Segment F functionality delivered	139,200			139,200
12		May-14	Change Order 3774 Execution (33%) - 2013 CalPEPRA Changes	81,857			81,857
13		Sep-14	Change Order 3852 Execution (50%) - Four (4) Additional Interfaces	46,125			46,125
14		Sep-14	Rollout 1: VCERA confirms Segment G functionality delivered	139,200			139,200
15		Oct-14	Rollout 1: VCERA begins parallel testing of the transmittal files	139,200			139,200
16		Dec-14	Change Order 3852 Completion (50%) - Four (4) Additional Interfaces	46,125			46,125
17		Dec-14	Rollout 1: VCERA confirms Segment H functionality delivered	139,200			139,200
18		Dec-14	Rollout 1: VCERA confirms Segment I track 1 functionality delivered	69,600			69,600
19		Mar-15	Rollout 1: VCERA confirms Segment I track 2 functionality delivered	69,600			69,600
20		May-15	Change Order 3774 Execution (33%) - 2013 CalPEPRA Changes	81,857			81,857
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22		Sep-15	Rollout 1: VCERA accepts system for production	400,000			400,000
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24		Sep-15	Rollout 2: Start of MSS Implementation	122,000			122,000
25		Dec-15	Rollout 2: VCERA accepts MSS for production	72,000			72,000
26		Mar-16	Warranty Complete: Three (3) months after System Live Date	50,000			50,000
27		Dec-16	Warranty for Cyclical Processes Complete: Twelve (12) months after Sys. Live	50,000			50,000
	\$575,000			4,090,300	168,000	168,000	4,090,300

\* Rollout 1 includes contribution and benefit processing, payments and RDBS and RIS Replacement

This Change Order is made pursuant to and subject to the terms of the License, Professional Services, Maintenance and Support Agreement Vitech Systems Group, Inc. (“Vitech” or “Vendor”) and VCERA (the “Agreement”) dated February 27, 2012. This Change Order constitutes an addendum to the Agreement and except as expressly amended by this Change Order, all of the terms, conditions and provisions of the Agreement are hereby ratified and continue unchanged and shall remain in full force and effect for the purposes of this Change Order.

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

TRACY TOWNER  
VCERA  
Chairman of the Board

CHRISTOPHER LODGE  
VITECH SYSTEMS GROUP, INC.  
Vice President Operations

Change Order Effective Date: [\_\_\_\_\_]



<b>Organization</b>	VCERA		
<b>Project</b>	VCERIS		
<b>Subject</b>	Contract Amendment #6		
<b>Written by</b>	Brian Colker		
<b>Date</b>	05/05/2014		
<b>Doc #</b>	VC-CHG-06		
<b>Vers.</b>	1	<b>Page</b>	1 of 1



2701 Ocean Park Blvd.  
Suite 251  
Santa Monica, CA 90405

**Contract Amendment #6**

The current Subject Matter Specialist (SME), Brenda Cummings, has exhausted project budget for role assisting data conversion serving as a VCERA SME. Previously, Ms. Cummings was paid through a temporary services firm and budgeted accordingly. VCERA is requesting an amendment to existing Linea contract to provide additional SME support with data conversion and development of the new V3 system. VCERA is currently not sufficiently staffed to be able to provide this resource and has relied on Ms. Cummings to fulfill this gap in the project, and so Linea has been asked to facilitate the execution of this service. The scope of work for this resource is as follows:

- Research and correct data anomalies uncovered during data conversion
- Assist with data analysis, data cleansing, and data readiness testing
- Assist VCERA staff in identifying appropriate members in the database for testing
- Assist in coordinating or refreshing test environments
- Execute test scripts

This work is necessary to continue to ensure that VCERA’s legacy data is properly and accurately converted into the new system.

Ms. Cummings would continue for the duration of the project which would be May, 2014 through August, 2015. Linea will bill \$70.92 per hour for this work. It will appear as a separate line item on the monthly invoices. The maximum number of hours billed under this change order is 1,000, and the not-to-exceed cost is \$70,920.

Assumptions:

1. The work performed in this change order will be primarily directed by VCERA staff.
2. The services described in this change order are outside the scope of Linea’s original scope of services.

This contract amendment does not alter the terms or conditions of Linea’s Statement of Work for Pension Administration Consulting Services (2/27/2012).

LINEA SOLUTIONS, INC.

VCERA

By: \_\_\_\_\_  
Brian Colker, CFO

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572

(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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May 19, 2014

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

**SUBJECT: AUTHORIZATION FOR ATTENDANCE; 2014 PUBLIC FUNDS FORUM, THE  
FUTURE OF CORPORATE REFORM, SAN DIEGO, SEPTEMBER 2-4, 2014**

Dear Board Members:

Staff recommends authorization for Ms. McCormick to attend the Future of Corporate Reform conference September 2<sup>nd</sup> – 4<sup>th</sup> in San Diego. The cost to attend is estimated to be \$2,200 including event registration, hotel and other travel related expenses.

I will be pleased to respond to any questions you may have on this matter at the May 19, 2014 business meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Thonis", is written over a horizontal line.

Tim Thonis

[Home](#)   [Conference Itinerary](#)   [Sessions Agenda](#)   [Networking Activities](#)   [San Diego](#)   [Registration](#)

## SESSIONS AGENDA

### TUESDAY, SEPTEMBER 2, 2014

#### Check-In and Registration

1:00 p.m. - 4:30 p.m.

#### Opening Remarks

6:00 p.m. - 6:15 p.m.

Insights on the resilience of U.S. leadership in the global economic recovery and the threats and opportunities ahead.

**SPEAKER:** Robert A.G. Monks



Robert A.G.  
Monks

**Robert A.G. Monks**  
Co-Founder and Director, GMI Ratings

Robert A.G. Monks co-founded and serves as a director of GMI Ratings. He was also the founder of Institutional Shareholder Services (ISS), now the leading corporate governance consulting firm. He also founded Lens Governance Advisors and has been a director of 10 publicly traded companies over the last 50 years. He is a shareholder in and advisor to Trucost, the environmental research company.

[Click to read Complete Bio](#)

#### Session 1: Keynote Address

6:15 p.m. - 7:15 p.m.

**SPEAKER:** Barney Frank



Barney Frank

**Barney Frank**  
U.S. Congressman (1981-2012)  
Chairman, House Financial Services Committee (2007-2011)

First elected to Congress in 1980, Barney Frank is known as a superb legislator and a pragmatic politician whose sharp intellect and sense of humor has made him one of the most influential and colorful figures in Washington.

While in Congress, Frank worked to adjust America's spending priorities to reduce the deficit, provide less funding for the military and more for important quality of life needs at home. In particular, he focused on providing aid to local communities, and to building and preserving affordable rental housing for low income people.

[Click to read Complete Bio](#)

#### A Taste of Tuscany

7:15 p.m. - 10:00 p.m.

### WEDNESDAY, SEPTEMBER 3, 2014

Breakfast

7:00 a.m. - 8:00 a.m.

**Session 2: How to Invest in an Uncertain World**  
8:00 a.m. - 8:45 a.m.

In a far-ranging discussion, a renowned investor will share thoughts on recent and emerging developments in global investing, including macroeconomic policies, systemic risk, asset allocation, manager selection, regional trends, and other issues affecting public fund performance.

**SPEAKER:** Cherie Blair, introduced by Robert A.G. Monks



Cherie Blair

**Cherie Blair, CBE, QC**  
Chair, Omnia Strategy LLP

Wife of former British Prime Minister Tony Blair, Cherie Blair CBE, QC is a leading barrister with over 35 years' experience specializing in public law, human rights, employment and international law. Mrs. Blair is a committed campaigner for human rights, and throughout her career has focused on improving access, conditions and equality in the workplace.

[Click to read Complete Bio](#)

**Session 3: Treasurers' Roundtable**  
8:45 a.m. - 9:45 a.m.

A discussion of current investment strategies employed by various state treasurers, including an analysis of state and national economic trends, asset allocation, extra-financial systemic risks and the rising importance of risk mitigation strategies.

**SPEAKERS:** Richard A. Bennett and TBD



Richard A. Bennett

**Richard A. Bennett**  
Vice Chairman, GMI Ratings

Richard A. Bennett has an extensive background in politics and government service as well as a wide range of private sector experience, including the founding and management of several businesses. He worked as Director of Corporate Governance for Lens Investment Management from 1997 to 2002. A former president of the Maine State Senate, Mr. Bennett served four terms in the Maine Senate and two terms in the state's House of Representatives. He is an independent director of Biddeford Internet Corporation and a non-executive director of Trucost Plc, a U.K.-based firm offering products and services that allow companies, governments and fund managers to better understand their environmental performance.

[Click to read Complete Bio](#)

**Networking Break**

9:45 a.m. - 10:00 a.m.

**Session 4: Responsible Investment**  
10:00 a.m. - 11:00 a.m.

As increasing numbers of funds sign the Principles for Responsible Investment and create policies on environmental, social and governance investing and sustainability, experienced public fund practitioners review successful integration strategies for responsible investing, including real case studies of policy development and effective implementation.

**SPEAKERS:** Michelle Edkins and TBD



Michelle Edkins

**Michelle Edkins, Managing Director,**  
Global Head of Corporate Governance & Responsible Investment  
BlackRock

Michelle Edkins is a Managing Director at BlackRock and Global Head of its Corporate Governance and Responsible Investment team of 20 specialists based in five key regions internationally. In that role, she is responsible for the team's engagement and proxy voting activities in relation to the companies in which BlackRock invests on behalf of clients. She also serves on the firm's Human Capital and Government Relations Steering Committees.

[Click to read Complete Bio](#)

**Session 5: How to Enhance Portfolio Value Through Securities Litigation**  
11:00 a.m. - 12:00 p.m.

The nation's leading securities lawyers will review case studies on the successful use of securities litigation to achieve improvements in corporate accountability, enhance investment returns, and diminish portfolio risk.



SPEAKERS: Darren J. Robbins, Michael J. Dowd and TBD



Darren J. Robbins

Darren J. Robbins  
Partner, Robbins Geller Rudman & Dowd LLP

Darren J. Robbins is a founding partner of Robbins Geller Rudman & Dowd LLP and a member of its Executive Committee. Mr. Robbins oversees the Firm's institutional outreach department. Mr. Robbins has served as lead counsel in more than 100 securities-related actions and has recovered more than \$2 billion for injured shareholders.

[Click to read Complete Bio](#)



Michael J. Dowd

Michael J. Dowd  
Partner, Robbins Geller Rudman & Dowd LLP

Michael J. Dowd is a founding partner of Robbins Geller Rudman & Dowd LLP and a member of its Executive Committee. Mr. Dowd is responsible for prosecuting complex securities cases and has obtained significant recoveries for investors in cases such as *AOL Time Warner*, *UnitedHealth*, *WorldCom*, *Qwest*, *Vesta*, *U.S. West* and *Safeskin*. In 2009, Mr. Dowd served as lead trial counsel in *Jaffe v. Household International* in the Northern District of Illinois, which resulted in a jury liability verdict for plaintiffs expected to yield in excess of \$1 billion for the injured class. Mr. Dowd also served as the lead trial lawyer in *In re AT&T Corp. Sec. Litig.*, which was tried in the District of New Jersey and settled after only two weeks of trial for \$100 million.

[Click to read Complete Bio](#)

Lunch

12:00 p.m. - 1:00 p.m.

Session 6: Steering Your Ship Through Rough Waters: Lessons on Leadership from Captain Phillips  
1:00 p.m. - 2:00 p.m.

Captain Phillips shares his compelling story and discusses the vital importance of leadership and teamwork, and the belief in the power and potential of yourself and your team.

SPEAKERS: Captain Richard Phillips, introduced by Richard A. Bennett



Captain Richard  
Phillips

Captain Richard Phillips  
Hero of the high seas and Captain of the Maersk Alabama, hijacked by Somali pirates

For five days in April 2009, the world was glued to their TV screens as Captain Richard Phillips became the center of an extraordinary international drama when he was captured by Somali pirates who hijacked his ship, the first hijacking of a U.S. ship in more than 200 years. He is the author of *A Captain's Duty: Somali Pirates, Navy SEALs, and Dangerous Days at Sea*, which describes his experience and his remarkable rescue. This dramatic story premiered on the big screen courtesy of Columbia Pictures in October 2013, starring Tom Hanks and Barkhad Abdi. The film has received six Academy Award nominations, including Best Picture and Best Supporting Actor.

[Click to read Complete Bio](#)

Session 7: Creating and Managing a Value-Adding Voting Policy  
2:00 p.m. - 3:00 p.m.

A discussion of best practices for public funds in development of effective stock voting policies that align with funds' portfolio investment goals, risk mitigation strategies, and overall mission, while maintaining currency with material issues threatening fund performance.

SPEAKERS: TBD

Networking Break

3:00 p.m. - 3:15 p.m.

Session 8: Effective Engagement with Portfolio Companies  
3:15 p.m. - 4:15 p.m.

From policy creation to implementation, a primer on how even small public funds, through focus and collaboration, can successfully integrate a corporate engagement program into their investment and risk management strategies.

SPEAKER: TBD

Cocktail Reception

6:30 p.m. - 7:30 p.m.

Venetian Masquerade Ball

7:30 p.m. - 12:00 a.m.

**THURSDAY, SEPTEMBER 4, 2014**

Breakfast

7:00 a.m. - 8:00 a.m.

Session 9: Hot Topics in Corporate Reform

8:00 a.m. - 9:15 a.m.

A discussion of current issues in corporate accountability, including case studies on managing risk in the boardroom, pay for performance, pending legislation and regulation, and how these issues may affect the portfolio returns of public funds.

SPEAKERS: Nell Minow and TBD



Nell Minow

**Nell Minow**  
Editor and Co-Founder, GMI Ratings

Prior to co-founding The Corporate Library (now GMI Ratings), Nell Minow was a Principal of Lens, a \$100 million investment firm that took positions in underperforming companies and used shareholder activism to increase their value. Her other professional experience includes serving as President of Institutional Shareholder Services, Inc. and as an attorney at the U.S. Environmental Protection Agency, the Office of Management and Budget, and the Department of Justice.

[Click to read Complete Bio](#)

Networking Break

9:15 a.m. - 9:30 a.m.

Session 10: Global Roundup on Capital Markets

9:30 a.m. - 11:00 a.m.

A review of the material concerns facing funds seeking to diversify globally, including specific risks and investment opportunities arising in various jurisdictions, from developed to emerging to frontier markets.

SPEAKERS: Phillip Armstrong, Patrick W. Daniels and TBD



Philip Armstrong

**Philip Armstrong**  
Senior Advisor, Corporate Governance  
International Finance Corporation

Philip Armstrong is Senior Advisor of Corporate Governance at the International Finance Corporation, part of the World Bank Group, based in Washington, DC. He previously led the Global Corporate Governance Forum, which has now been absorbed into IFC's Corporate Governance Group.

[Click to read Complete Bio](#)



Patrick W. Daniels

**Patrick W. Daniels**  
Partner, Robbins Geller Rudman & Dowd LLP

Patrick W. Daniels is a founding partner and managing partner of Robbins Geller Rudman & Dowd LLP. He received his Bachelor of Arts degree from the University of California, Berkeley, *cum laude*, and his Juris Doctor degree from the University of San Diego School of Law.

Mr. Daniels is an advisor to political and financial leaders throughout the world. He counsels private and state government pension funds and fund managers in the United States, Australia, United Arab Emirates, United Kingdom, the Netherlands, and other countries within the European Union on issues related to corporate fraud in the United States securities markets and "best practices" in the corporate governance of publicly traded companies. Mr. Daniels has represented dozens of institutional investors in some of the largest and most significant shareholder actions in the United States, including *UBS, Enron, WorldCom, AOL Time Warner* and *BP*, to name just a few.

[Click to read Complete Bio](#)

Session 11: Remarks by Former Secretary of State Hillary Rodham Clinton

11:00 a.m. - 12:00 p.m.

SPEAKER: Secretary Hillary Rodham Clinton, introduced by Paul J. Geller

Hillary Rodham Clinton



Hillary Rodham Clinton

Former Secretary of State and Former U.S. Senator from New York

Hillary Rodham Clinton served as the 67th U.S. Secretary of State from 2009 until 2013, after nearly four decades in public service. Her "smart power" approach to foreign policy repositioned American diplomacy and development for the 21st century. Secretary Clinton played a central role in restoring America's standing in the world, reasserting the United States as a Pacific power, imposing crippling sanctions on Iran and North Korea, responding to the Arab Awakening and negotiating a ceasefire in the Middle East. Earlier, as First Lady and Senator from New York, she traveled to more than 80 countries as a champion of human rights, democracy, and opportunities for women and girls. Secretary Clinton also worked to provide health care to millions of children, create jobs and opportunity, and support first responders who risked their lives at Ground Zero. In her historic campaign for President, Secretary Clinton won 18 million votes.

[Click to read Complete Bio](#)



Paul J. Geller

Paul J. Geller  
Partner, Robbins Geller Rudman & Dowd LLP

In addition to maintaining a full litigation caseload, Paul J. Geller manages the Firm's Boca Raton, Florida office. After spending several years representing blue chip companies in class action lawsuits at one of the largest corporate defense firms in the world, Mr. Geller became a founding partner and head of the Boca Raton office of a national class action boutique firm, Geller Rudman, PLLC. In July 2004, through a merger of the firms, Mr. Geller opened the Boca Raton, Florida office of Robbins Geller Rudman & Dowd LLP.

[Click to read Complete Bio](#)

Lunch and Networking Activities: Sunset Hot Air Balloon Adventure, Sea Cave Kayaking or Golf  
12:30 p.m. - 5:30 p.m.

CLE CREDIT HAS BEEN REQUESTED IN ALL MCLE JURISDICTIONS. CPE ACCREDITATION ALSO PENDING.

Contact us at (207) 874-6921

[info@gmiratings.com](mailto:info@gmiratings.com)

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# 2014 BUSINESS PLAN

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



1190 SOUTH VICTORIA AVENUE, SUITE 200  
VENTURA, CA 93003



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION****BUSINESS PLAN – 2014****Introduction**

On June 5, 2003, the Board of Retirement adopted a policy for the preparation of an annual Business Planning Policy. The 2014 Business Plan is presented in accordance with the Board's policy. The purpose of the Business Planning Policy is to establish a process for identifying and managing operational risks through a formal business planning process. The Business Planning Policy requires staff identify (a) the broad categories of risk that may impact VCERA (b) potential risks within each of those categories, (c) potential means to address these risks, and (d) an assessment of the extent to which action has been taken to address each risk.

**Business Plan**

The basis of VCERA's business plan is to identify and assess the various risks that management views as having the potential to impact the delivery of retirement services to plan members and their beneficiaries. Once risks are identified a list of initiatives is developed to address these risks. The initiatives will include the time frame for taking action based on the priority established as well as the resources required. Some of the more significant sources of risk VCERA must contend with include the following:

**Plan Sponsors:**

- a) Impact of Collective Bargaining Changes on VCERA Operations.
- b) County of Ventura Payroll Modifications.
- c) VRSD's Consideration to "Outsource" its Payroll Function.

**State and Federal Legislative Changes:**

- a) Legislative Changes to the County Employees' Retirement Law.
- b) Federal Legislative Changes Particularly in Plan Tax Reporting.
- c) Local Voter Initiatives.

**Financial Reporting & Funding Risks:**

- a) Governmental Accounting Standards Board (GASB) Change to Reporting Requirements – Example GASB #67
- b) Changes in Actuarial Assumptions Resulting from Triennial Investigation.
- c) Data/Contributions Records Received from Plan Sponsor Payrolls.
- d) Higher than Anticipated Growth in Plan Liabilities.

**Investment Risks:**

- a) "Black Swan" Type Events – Example 2008.
- b) Portfolio Efficiency – Balancing of Risk/Return/Cost.
- c) Liquidity.
- d) Lower than Anticipated Asset Growth.

**Technology Risks:**

- a) Implementation of the New Pension Administration System
- b) Obsolescence of the Current Retirement Pension Administration and Tax Systems
- c) Disaster Recovery/Business Continuity Issues

**Other Risks:**

- a) Staff Turnover
- b) Staff Composition
- c) Other Legal

The initiatives established in the 2014 Business Plan were given specific priorities using the following scale:

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

A summary of the progress made with regard to the initiatives established in January 2014, as well as the initiatives established for the 2014/15 fiscal year follows:

## **Review of Business Objectives Established in January 2014**

### **Mission Statement:**

In connection with the adoption of the 2004 Business Plan the Board adopted the following Mission Statement:

The Ventura County Employees' Retirement Association (VCERA) is committed to providing retirement, death and disability benefits to our members and their beneficiaries in an **accurate** and **timely** manner. VCERA shall strive to project a positive image by the delivery of services to our members, their beneficiaries and all other stakeholders, in a **courteous** and **professional** manner.

Staff does not propose any changes to the Mission Statement previously adopted by the Board.

### **Administration:**

The Board began making progress in the search for a new Administrator. An RFP was issued for executive search firms and multiple responses were received. Brief discussions took place on the need for a dedicated investment resource and the subject is scheduled for greater review during the upcoming fiscal year.

### **Member Services:**

The primary objective established for VCERA staff in January was training. Unfortunately, most of the training that took place was of the "on the job" variety as staff resources were shifted due to the ongoing Pension Administration Project, vacancies and promotions. An effort will be made later in 2014 to have staff members attend the CALAPRS pension administration course(s).

The disability Hearing Officer Panel was augmented by the offering of contracts to five new Hearing Officers.

The review of the Disability Retirement Procedures was partially accomplished, but an ongoing review may be problematic given the Pension Administration Project. Currently, the new system is being programmed utilizing the earlier procedures and any programming changes resulting from the new procedures will be costly. Management believes the Disability Retirement Procedures review should have been undertaken before the initiation of the Pension Administration Project.

The organization of the office is given constant attention in order to ensure proper service levels are being provided.

**Fiscal Services:**

Regular and continuing training for the implementation of new GASB standards is ongoing. Significant progress has been made with the assistance of both Brown Armstrong and Segal Consulting.

VCERA received a favorable tax determination letter from the Internal Revenue Service in late January. A material amount of work will need to be accomplished to maintain VCERA's favorable determination, especially in the latter stages of 2014.

**System Funding:**

The plans funding status and contribution rate requirements were determined through Segal Consulting's annual actuarial valuation and the Board of Retirement's subsequent adoption of the valuation and associated contribution rates.

**Investments:**

VCERA's Asset/Liability study commenced in April. The Asset/Liability study is expected to be completed later this summer. Any resulting portfolio changes will be scheduled for later in 2014.

VCERA's Investment Policy Statement (IPS) was reviewed and will be scheduled for Board review/approval later in the year.

**Information Technology:**

Continued progress was made in the design and programming of the new Pension Administration System. The targeted "go-live" date remains August 2015. Disaster recovery planning is ongoing.

**Fiduciary:**

Several trustees and staff members took advantage of various educational opportunities.

**Summary:**

Overall, progress was made in achieving the objectives established in late January. The 2014/15 Business Plan will attempt to improve and build on the progress.

## **2014 BUSINESS PLAN**

### **Administration:**

**Objective #1: Hire a Plan Administrator. (Priority #1)**

The Board will need to attract and retain a qualified professional.

**Objective #2: Consideration of an Investment Analyst position. (Priority #1)**

VCERA's portfolio value is currently in excess of \$4.1 billion. Anticipated portfolio changes will add more complex investments to be overseen. Having a dedicated investment resource on staff will assist with the day to day management of the portfolio.

**Objective #3: Facilities Review (Priority #2/#3)**

Sound system concerns remain for VCERA's Board meeting room. A determination of whether the current "multipurpose" facility meets the Board's demands needs to be accomplished.

**Objective #4: Disability Hearing Procedures (Priority #2/#3)**

Hearing Procedures need to be updated and incorporated into the bylaws.

### **Member Services:**

**Objective #1: Staff Training (Priority #1/#2)**

VCERA's benefits staff is relatively inexperienced. Regular and recurring staff training has proven difficult to accomplish given the resource demands of the new Pension Administration System project. Plans remain to have staff attend certain CALAPRS training events with extensive training on the new Pension Administration System planned upon its completion.

**Objective #2: Office Organization (Priority #2)**

Assess staff levels versus service demands to ensure a proper level of service is being provided to the plan's membership. Any assessment will need to consider the impact of the new Pension Administration System and any plan changes resulting from local legislative initiatives.

**Objective #3: Member Communication (Priority #2)**

Needs to become a focus upon completing the Pension Administration Project.

**Fiscal Services (Accounting & Financial Reporting):****Objective #1: Preparation of Comprehensive Annual Financial Report Incorporating New GASB Standard {#67} (Priority #1)**

The incorporation of the new GASB standards provides an opportunity to accomplish planned CAFR formatting changes.

**Objective #2: Internal Revenue Service Tax Determination Process (Priority #1)**

Staff will need to prepare the "Model Regulations" for the Board's approval and incorporation into VCERA's bylaws. Ongoing reviews of Internal Revenue Service amendments will also need to be accomplished.

**Objective #3: Review VCERA's Accounting System (Priority #3)**

A review of the existing accounting system may be prudent after the new Pension Administration System "go live" date.

**Retirement System Funding:****Objective #1: Analysis of Funding Status and Review of Actuarial Assumptions (Priority #1)**

This will be accomplished through the annual valuation and triennial investigation performed by Segal Consulting.

**Objective #2: Conduct an Actuarial Audit (Priority #2)**

Actuarial audits validate VCERA's contribution rate setting process and are very important from a fiduciary perspective.

**Investments:****Objective #1: Complete Asset/Liability Study (Priority #1)**

Completing the Asset/Liability study and establishing a new asset allocation will be the primary drivers of VCERA's future investment performance.

**Objective #2: Monitoring of portfolio diversification and efficiency (Priority #1)**

Continuous review with VCERA's investment consultant of portfolio structure, risks, costs, and relative returns are important in implementing an effective and efficient portfolio. Maintaining a high level of trustee and staff education is an integral component of this objective.

**Objective #3: Asset Allocation and Portfolio Rebalancing (Priority #1)**

Continual review by staff to make sure asset classes remain within targeted ranges with rebalancing to be performed as necessary.

**Information Technology:**

**Objective #1:** Complete the Design and Implementation of the New Pension Administration System **(Priority #1)**

A concentrated effort will be required to achieve the planned August 2015 "go live" date.

**Fiduciary:**

**Objective #1:** Trustee and Executive Staff Training **(Priority #1)**

This objective can best be accomplished by attending educational conferences and seminars sponsored by SACRS, CALAPRS, International Foundation of Employee Benefits, and other investment/benefit related organizations.

**Objective #2:** Strategic Planning **(Priority #1)**

Consider holding a strategic planning session in 2014 in lieu of an investment retreat/workshop. VCERA is at a crossroads given the hiring of a new Plan Administrator and the legislative matters that may impact VCERA's future operations.



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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May 19, 2014

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

**SUBJECT: REVIEW AND ADOPTION OF THE FISCAL YEAR 2014-15  
PROPOSED BUDGET**

Dear Board Members:

**Overview**

Government Code section 31580.2(a), as amended, requires the Board to annually adopt a budget covering the entire expense of administration of the retirement system. The total administrative expenses, which are direct charges against the earnings of the fund, may not exceed the greater of twenty-one hundredths of one percent of the accrued actuarial liability of the system, or two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost of living adjustment (CAP).

Government Code section 31580.2(b), as amended, provides an exclusion from the CAP for expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products. These costs are identified as information technology costs herein.

*Information Technology and Contingency*

While the inclusion of excludable information technology costs in the administrative costs would not exceed the CAP, the excludable portion of information technology costs are now being separately identified and disclosed in the attached proposed budget schedules in order to comply with the Government Code and to make future year budgets by major divisions and projects more comparable. Additionally, as recommended by your Board, staff includes a contingency line item in the Budget equal to ten percent of the Administrative and Information Technology Budgets less total Extra-Help costs, to arrive at an adjusted total that is then further reduced by total Extra-Help costs. In the previous budget, the contingency was calculated and budgeted within each separate budget. For this year the contingency has been calculated and budgeted in the total budget as opposed to each separate budget. This provides the Board greater flexibility if use of the contingency is required. While the inclusion of the Contingency in the administrative costs would not have exceeded the CAP, it is separately identified and disclosed in the attached proposed budget because it is not a cost of administration until a later budget revision incorporates all or a portion of it into the administrative budget.



**REVIEW AND ADOPTION OF THE FISCAL YEAR 2014-15 PROPOSED BUDGET**

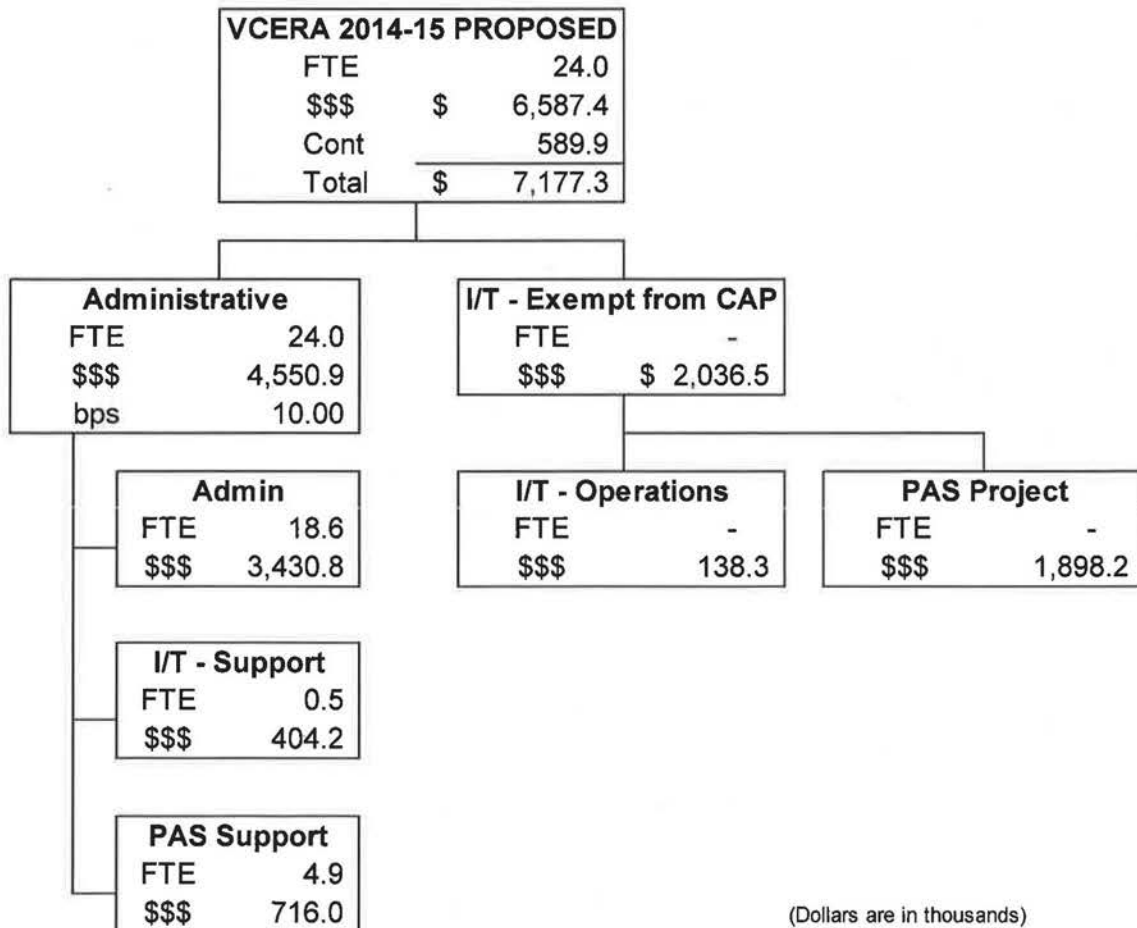
May 19, 2014

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*VCERA Budget at a Glance*

The chart below highlights the VCERA total proposed budget and division totals, inclusive of contingency, and all information technology (I/T) costs. I/T costs are separately identified as subject to ("I/T – Operations") and not subject to ("I/T – Exempt from CAP") the CAP. Further, subdivision details are provided for exempt I/T costs, breaking out the Pension Administration System (PAS) project costs from other contracted I/T costs. The total proposed budget for Fiscal Year 2014-15 is \$7,177,300 and includes 24.0 Full Time Equivalent (FTE) positions. The amount includes administrative expenses, information technology costs, and the contingency. This represents a decrease of \$751,900 (9.5%) from the prior year adjusted budget. The Administrative and Information Technology decreased by \$858,600 offset by an increase in the contingency of \$106,700. The \$751,900 decrease will be discussed in the respective Administrative and Information Technology budget sections that follow.

In addition, the Administrative budget shows a basis point calculation against Association liabilities. Administrative costs, when compared to the statutory provisions, total \$4,550.9 (in thousands) and 10.0 bps.



## REVIEW AND ADOPTION OF THE FISCAL YEAR 2014-15 PROPOSED BUDGET

May 19, 2014

Page 3 of 4

### Administrative Budget

The Administrative Budget is now comprised of an Admin, I/T - Support, and PAS Support subdivisions and comprised of Salaries and Benefits, Services and Supplies, and Technology, when applicable. For fiscal year 2014-15, we continue to create separate budgets to identify I/T costs subject to the CAP and those not subject to the CAP. Each I/T budget is further divided and consists of an I/T – Support and PAS Support for the Administrative budget and an I/T Operations and a PAS Project budget for those costs not subject to the CAP. The Administrative budgets for I/T - Support and PAS Support include only those costs that are subject to the CAP. Where it is not clear that a I/T expenditure should be included or excluded from the CAP, staff will take the conservative view and include the expenditure within a subdivision of the Administrative budget.

#### *Salaries and Benefits:*

The total Salaries and Benefits proposed for Fiscal Year 2014-15 is \$2,828,700 with 24.0 FTE's, a net increase of \$136,700 or 5.1% and 0.0 FTE, as compared to the prior fiscal year adjusted budget. Of the 24.0 FTE's, 5.4 will be allocated to support I/T functions (I/T – Support and PAS Support) subject to the CAP. It is important to note that VCERA only has 1.0 FTE that has technical expertise and the remaining 4.4 FTE's would support Administration and Benefit Operations if the PAS project did not exist. With respect to the overall Salaries and Benefits increase, it is mostly attributable to negotiated MOU changes and a requested increase for extra-help.

There are no requests for additional staff in the fiscal year 2014-15 proposed budget.

#### *Services and Supplies Changes:*

The total Services and Supplies proposed for Fiscal Year 2014-15 is \$1,415,600, a decrease of \$143,000 (9.2%) from the prior fiscal year. The decrease in the proposed budget is predominately the result of a decrease in cost allocation charges (\$92,700), facilities charges (\$58,300), and equipment (\$15,000), offset by increases in professional services \$34,100, postage and express \$4,700 and education allowance \$4,000, and minor variances within the remaining accounts.

#### *Technology Changes:*

Previously staff had included as part of the administrative CAP, all technology related salary, benefits and service and supplies expenditures, but excluded all technology related expenditures. This was based on staff interpretation of Government Code section 31580.2(b). However, based upon further analysis and discussion, it appears that certain technology expenditures should be included within the administrative budget. Those technology expenditures are now budgeted within the Information Technology (I/T) – Support and Pension Administration System (PAS) Support Budgets of the overall Administrative Budget. The amount included in the I/T Support and PAS Support budgets is \$306,600.

**REVIEW AND ADOPTION OF THE FISCAL YEAR 2014-15 PROPOSED BUDGET**

May 19, 2014

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**Information Technology (I/T) Exempt from CAP Budget**

The total I/T budget exempt from the CAP being proposed for Fiscal Year 2014-15 is \$2,036,500, a decrease of \$1,244,500 (37.9%). However, \$302,200 of the decrease represents expenditures that are now budgeted in the Administrative budget subject to the CAP. The overall decrease is mostly attributable to the timing of expenditures in relation to the overall establishment PAS project plan. The remaining variances were not material to the overall budget. The Pension Administration System (PAS) Project represents \$1,898,200 or approximately 93% of the overall Proposed I/T budget.

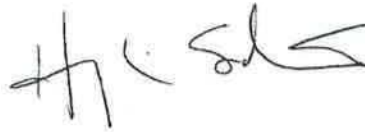
Staff will walk the Board through the proposed budget schedules and after adequate deliberation, please approve the attached Fiscal Year 2014-15 Proposed Budget as presented, or as modified for Board directed changes.

We would be pleased to respond to any questions you may have on this matter.

Sincerely,



Tim Thonis  
Interim Retirement Administrator



Henry C. Solis, CPA  
Chief Financial Officer

Attachments

**VENTURA COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION**

**PROPOSED BUDGET**

**FISCAL YEAR  
2014 - 2015**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATUTORY LIMIT SCHEDULE**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

Government Code section 31580.2 provides for the adoption by the Board of Retirement an annual budget covering the entire expense of administration. This expense of administration is a direct charge against the earnings of the fund and shall not exceed the greater of twenty-one hundredths of one percent of the accrued actuarial liability of the system or two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment. Government Code section 31580.2(b) provides that expenditures for software, hardware and computer technology are not considered a cost of administration. The calculations of the maximum allowable budget and requested budget are summarized below.

	2013 -2014 ADOPTED	%	2013 -2014 ADJUSTED	%	2014-2015 PROPOSED	%
Accrued Actuarial Liability (6/30/12, 6/30/13)	\$ 4,373,227,000	N/A	\$ 4,373,227,000	N/A	\$ 4,575,063,000	N/A
Allowable Budget for Cost of Administration (21/100 of 1.0%)	9,183,777	0.21%	9,183,777	0.21%	9,607,600	0.21%
Services and Supplies	\$ 2,692,000	0.062%	\$ 2,177,500	0.050%	2,828,700	0.062%
	1,558,600	0.036%	1,479,800	0.034%	1,415,600	0.031%
Sub-Total	4,250,600	0.098%	3,657,300	0.084%	4,244,300	0.093%
Technology - Subject to CAP Contingency	397,600	0.009%	397,600	0.009%	306,600	0.007%
	397,600	0.009%	397,600	0.009%	306,600	0.000%
Total Administrative	\$ 4,648,200	0.106%	\$ 4,054,900	0.093%	\$ 4,550,900	0.100%
Under Statutory Limitation	\$ 4,535,577	0.104%	\$ 5,128,877	0.117%	\$ 5,056,700	0.110%
Information Technology (Exempt from CAP):						
Technology	2,982,700	0.068%	3,195,400	0.073%	2,036,500	0.045%
Sub-Total	2,982,700	0.068%	3,195,400	0.073%	2,036,500	0.045%
Contingency	298,300	0.007%	85,600	0.002%	-	0.000%
Total Information Technology	\$ 3,281,000	0.075%	\$ 3,281,000	0.075%	\$ 2,036,500	0.045%
Combined:						
Administrative	\$ 4,648,200	0.106%	\$ 4,054,900	0.093%	\$ 4,244,300	0.093%
Technology - Subject to CAP					306,600	0.007%
Information Technology - Non-CAP	3,281,000	0.075%	3,195,400	0.073%	2,036,500	0.045%
Contingency	695,900	0.016%	483,200	0.011%	589,900	0.013%
Total Budget	\$ 8,625,100	0.197%	\$ 7,733,500	0.177%	\$ 7,177,300	0.158%

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ADMINISTRATIVE AND INFORMATION TECHNOLOGY  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015  
In thousands**

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Salaries and Benefits:</b>						
Full-Time Equivalents	21.0	24.0	24.0	24.0	0.0	0.0%
<b>Salaries:</b>						
Salaries	\$ 1,463.3	\$ 1,725.6	\$ 1,586.2	\$ 1,842.5	(1) (2)	\$ 116.9 6.8%
Extra-Help	45.6	25.0	162.4	62.6		37.6 150.4%
Overtime	1.1	1.5	0.2	1.0		(0.5) -33.3%
<b>Total Salaries</b>		<b>1,752.1</b>	<b>1,748.8</b>	<b>1,906.1</b>		<b>154.0 8.8%</b>
<b>Benefits:</b>						
Supplemental Payments		53.7	49.0	59.6	(1) (2)	5.9 11.0%
Vacation Redemption	62.5	87.5	132.5	102.5		15.0 17.1%
Retirement Contributions	314.6	424.8	401.6	366.0	(1) (2)	(58.8) -13.8%
OASDI Contributions	90.1	107.8	100.6	115.6	(1) (2)	7.8 7.2%
FICA-Medicare	22.2	27.0	25.3	29.1	(1) (2)	2.1 7.8%
Retiree Health Benefit	15.9	16.2	16.5	13.3	(1) (2)	(2.9) -17.9%
Medical Insurance	141.4	170.8	163.5	182.1	(1) (2)	11.3 6.6%
Life Insurance/Mgmt	0.9	1.0	0.9	1.1	(1) (2)	0.1 10.0%
Unemployment Insurance	2.2	2.2	2.0	2.3	(1) (2)	0.1 4.5%
Management Disability Ins.	3.5	4.2	3.7	4.5	(1) (2)	0.3 7.1%
Workers' Compensation Ins.	9.6	10.9	10.4	13.4	(1) (2)	2.5 22.9%
401k Plan Contribution	26.4	33.8	26.2	33.1	(1) (2)	(0.7) -2.1%
<b>Total Benefits</b>		<b>689.3</b>	<b>939.9</b>	<b>932.2</b>		<b>922.6 (17.3) -1.8%</b>
Transfers In	-	60.8	63.1	150.6		89.8 N/A
Transfers Out	-	(60.8)	(63.0)	(150.6)		(89.8) N/A
<b>Total Salaries and Benefits</b>	<b>\$ 689.3</b>	<b>\$ 2,692.0</b>	<b>\$ 2,681.1</b>	<b>\$ 2,828.7</b>		<b>\$ 136.7 5.1%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ADMINISTRATIVE AND INFORMATION TECHNOLOGY  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Services and Supplies:</b>						
Telecommunication Services - ISF	\$ 41.9	\$ 46.6	\$ 37.3	\$ 37.8	(2)	\$ (8.8) -18.9%
General Insurance - ISF	8.0	12.3	12.3	12.2	(2)	(0.1) -0.8%
Office Equipment Maintenance	1.6	1.0	1.0	1.0		- 0.0%
Membership and Dues	10.2	9.3	9.2	9.5		0.2 1.6%
Education Allowance	2.0	6.0	2.0	10.0		4.0 66.7%
Cost Allocation Charges	(34.1)	57.3	57.2	(35.4)	(2)	(92.7) -161.8%
Printing Services - Not ISF	3.3	6.0	2.5	3.0		(3.0) -50.0%
Books & Publications	1.2	2.0	2.0	2.5		0.5 25.0%
Office Supplies	19.4	20.0	18.0	20.0		- 0.0%
Postage & Express	50.6	55.0	46.5	59.7		4.7 8.5%
Printing Charges - ISF	9.8	12.5	1.0	10.0		(2.5) -20.0%
Copy Machine Services - ISF	5.7	7.1	6.6	6.5	(2)	(0.6) -8.5%
Board Member Fees	10.5	11.0	11.9	12.0		1.0 9.1%
Professional Services	1,026.6	960.4	922.6	994.5		34.1 3.6%
Storage Charges	3.4	4.0	5.1	5.5		1.5 37.5%
Equipment	13.3	15.0	16.0	-		(15.0) -100.0%
Office Lease Payments	177.1	186.4	177.3	186.0		(0.4) -0.2%
Private Vehicle Mileage	9.5	8.3	8.8	9.0		0.7 8.4%
Conference, Seminar and Travel	59.5	65.0	69.0	63.0		(2.0) -3.1%
Furniture	0.6	11.2	15.4	5.0		(6.2) -55.4%
Facilities Charges	21.7	62.2	59.0	3.9		(58.3) -93.7%
Judgements & Damages	-	-	-	-		- 0.0%
Transfers In	-	11.6	11.3	16.0		4.4 N/A
Transfers Out	-	(11.6)	(11.3)	(16.0)		(4.4) N/A
<b>Total Services and Supplies</b>	<b>\$ 1,441.8</b>	<b>\$ 1,558.6</b>	<b>\$ 1,480.7</b>	<b>\$ 1,415.6</b>		<b>\$ (143.0) -9.2%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 2,131.1</b>	<b>\$ 4,250.6</b>	<b>\$ 4,161.8</b>	<b>\$ 4,244.3</b>		<b>\$ (6.3) -0.1%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ADMINISTRATIVE AND INFORMATION TECHNOLOGY  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)	
<b>Technology:</b>							
Computer Hardware	\$ 25.2	\$ 15.2	\$ 14.4	\$ 32.6	17.4	114.5%	
Computer Software	11.7	36.7	33.6	193.0	156.3	425.9%	
Systems & Applications Support	412.1	451.4	409.8	670.2	218.8	48.5%	
Pension Administration System	2,529.6	2,692.1	2,545.6	1,447.3	(1,244.8)	-46.2%	
<b>Total Technology</b>	<b>\$ 2,978.6</b>	<b>\$ 3,195.4</b>	<b>\$ 3,003.4</b>	<b>\$ 2,343.1</b>	<b>\$ (852.3)</b>	<b>-26.7%</b>	
<b>Total Before Contingency</b>	<b>\$ 5,109.7</b>	<b>\$ 7,446.0</b>	<b>\$ 7,165.2</b>	<b>\$ 6,587.4</b>	<b>\$ -</b>	<b>\$ (858.6)</b>	<b>-11.5%</b>
Contingency	78.0	483.2	483.2	589.9	106.7	22.1%	
<b>Total</b>	<b>\$ 5,187.7</b>	<b>\$ 7,929.2</b>	<b>\$ 7,648.4</b>	<b>\$ 7,177.3</b>	<b>\$ -</b>	<b>\$ (751.9)</b>	<b>-9.5%</b>



VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**POSITION DETAIL BY CLASSIFICATION**  
**FISCAL YEAR 2014-15 - PROPOSED**

Position Code	Position/Class	Biweekly Salary Range**		ADOPTED FY 2013-14		ADJUSTED FY 2013-14		PROPOSED FY 2014-15	
				FTE	POS	FTE	POS	FTE	POS
000623	Benefits Specialist (Program Administrator II)	2,098.13	2,937.38	14.0	14.0	14.0	14.0	14.0	14.0
000981	Chief Financial Officer	4,066.17	5,692.64	1.0	1.0	1.0	1.0	1.0	1.0
001026	Sr Office Systems Coordinator (IT)	2,514.19	3,519.87	1.0	1.0	1.0	1.0	1.0	1.0
001350	Office Assistant III - Confidential	1,272.40	1,781.36	2.0	2.0	2.0	2.0	2.0	2.0
001489	Program Assistant-NE	1,898.10	2,657.33	1.0	1.0	1.0	1.0	1.0	1.0
001710	Benefits Manager (Staff Services Manager II)	2,478.18	3,469.44	1.0	1.0	1.0	1.0	1.0	1.0
001711	Operations Manager (Staff Services Manager III)	2,662.32	3,727.24	1.0	1.0	1.0	1.0	1.0	1.0
001814	Retirement Administrator	5,236.73	7,319.89	1.0	1.0	1.0	1.0	1.0	1.0
002069	Fiscal Manager I	2,626.59	3,469.44	1.0	1.0	1.0	1.0	1.0	1.0
002092	Accounting Officer IV - MB	2,246.82	2,968.00	1.0	1.0	1.0	1.0	1.0	1.0
	Total			24.0	24.0	24.0	24.0	24.0	24.0

**Note \*\*** - Effective July 6, 2014, salary ranges will be increased to offset elimination of 50/50 pickups. Effective August 17, 2014, salary ranges will be increased by 1% per the MOU for negotiated cost of living increase. This schedule does not reflect the proposed changes but they are built into the proposed budget.

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMINISTRATIVE (ROLL-UP)**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
 In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Salaries and Benefits:</b>						
Full-Time Equivalents	21.0	24.0	24.0	24.0	0.0	0.0%
<b>Salaries:</b>						
Salaries	\$ 1,463.3	\$ 1,725.6	\$ 1,586.2	\$ 1,842.5	\$ 116.9	6.8%
Extra-Help	45.6	25.0	162.4	62.6	37.6	150.4%
Overtime	1.1	1.5	0.2	1.0	(0.5)	-33.3%
<b>Total Salaries</b>		<b>1,752.1</b>	<b>1,748.8</b>	<b>1,906.1</b>	<b>154.0</b>	<b>8.8%</b>
<b>Benefits:</b>						
Supplemental Payments		53.7	49.0	59.6	5.9	11.0%
Vacation Redepemption	62.5	87.5	132.5	102.5	15.0	17.1%
Retirement Contributions	314.6	424.8	401.6	366.0	(58.8)	-13.8%
OASDI Contributions	90.1	107.8	100.6	115.6	7.8	7.2%
FICA-Medicare	22.2	27.0	25.3	29.1	2.1	7.8%
Retiree Health Benefit	15.9	16.2	16.5	13.3	(2.9)	-17.9%
Medical Insurance	141.4	170.8	163.5	182.1	11.3	6.6%
Life Insurance/Mgmt	0.9	1.0	0.9	1.1	0.1	10.0%
Unemployment Insurance	2.2	2.2	2.0	2.3	0.1	4.5%
Management Disability Ins.	3.5	4.2	3.7	4.5	0.3	7.1%
Workers' Compensation Ins.	9.6	10.9	10.4	13.4	2.5	22.9%
401k Plan Contribution	26.4	33.8	26.2	33.1	(0.7)	-2.1%
<b>Total Benefits</b>	<b>689.3</b>	<b>939.9</b>	<b>932.2</b>	<b>922.6</b>	<b>(17.3)</b>	<b>-1.8%</b>
Transfers In	-	60.8	63.1	150.6	89.8	N/A
Transfers Out	-	(60.8)	(63.0)	(150.6)	(89.8)	N/A
<b>Total Salaries and Benefits</b>	<b>\$ 689.3</b>	<b>\$ 2,692.0</b>	<b>\$ 2,681.1</b>	<b>\$ 2,828.7</b>	<b>\$ 136.7</b>	<b>5.1%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMINISTRATIVE (ROLL-UP)**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
 In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>Services and Supplies:</u></b>						
Telecommunication Services - ISF	\$ 41.9	\$ 46.6	\$ 37.3	\$ 37.8	\$ (8.8)	-18.9%
General Insurance - ISF	8.0	12.3	12.3	12.2	(0.1)	-0.8%
Office Equipment Maintenance	1.6	1.0	1.0	1.0	-	0.0%
Membership and Dues	10.2	9.3	9.2	9.5	0.2	1.6%
Education Allowance	2.0	6.0	2.0	10.0	4.0	66.7%
Cost Allocation Charges	(34.1)	57.3	57.2	(35.4)	(92.7)	-161.8%
Printing Services - Not ISF	3.3	6.0	2.5	3.0	(3.0)	-50.0%
Books & Publications	1.2	2.0	2.0	2.5	0.5	25.0%
Office Supplies	19.4	20.0	18.0	20.0	-	0.0%
Postage & Express	50.6	55.0	46.5	59.7	4.7	8.5%
Printing Charges - ISF	9.8	12.5	1.0	10.0	(2.5)	-20.0%
Copy Machine Services - ISF	5.7	7.1	6.6	6.5	(0.6)	-8.5%
Board Member Fees	10.5	11.0	11.9	12.0	1.0	9.1%
Professional Services	1,026.6	960.4	922.6	994.5	34.1	3.6%
Storage Charges	3.4	4.0	5.1	5.5	1.5	37.5%
Equipment	13.3	15.0	16.0	-	(15.0)	-100.0%
Office Lease Payments	177.1	186.4	177.3	186.0	(0.4)	-0.2%
Private Vehicle Mileage	9.5	8.3	8.8	9.0	0.7	8.4%
Conference, Seminar and Travel	59.5	65.0	69.0	63.0	(2.0)	-3.1%
Furniture	0.6	11.2	15.4	5.0	(6.2)	-55.4%
Facilities Charges	21.7	62.2	59.0	3.9	(58.3)	-93.7%
Judgements & Damages	-	-	-	-	-	0.0%
Transfers In	-	11.6	11.3	16.0	4.4	N/A
Transfers Out	-	(11.6)	(11.3)	(16.0)	(4.4)	N/A
<b>Total Services and Supplies</b>	<b>\$ 1,441.8</b>	<b>\$ 1,558.6</b>	<b>\$ 1,480.7</b>	<b>\$ 1,415.6</b>	<b>\$ (143.0)</b>	<b>-9.2%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 2,131.1</b>	<b>\$ 4,250.6</b>	<b>\$ 4,161.8</b>	<b>\$ 4,244.3</b>	<b>\$ (6.3)</b>	<b>-0.1%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMINISTRATIVE (ROLL-UP)**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Technology:</b>						
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	-
Computer Software	-	-	-	-	-	-
Systems & Applications Support	-	-	-	306.6	-	-
Pension Administration System	-	-	-	-	-	-
<b>Total Technology</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 306.6</b>	<b>\$ 306.6</b>	<b>-</b>
<b>Total Before Contingency</b>	<b>\$ 2,131.1</b>	<b>\$ 4,250.6</b>	<b>\$ 4,161.8</b>	<b>\$ 4,550.9</b>	<b>\$ 300.3</b>	<b>N/A</b>
Contingency	78.0	397.6	397.6	-	(397.6)	N/A
<b>Total</b>	<b>\$ 2,209.1</b>	<b>\$ 4,250.6</b>	<b>\$ 4,161.8</b>	<b>\$ 4,550.9</b>	<b>\$ 300.3</b>	<b>7.1%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMIN BUDGET**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Salaries and Benefits:</b>						
Full-Time Equivalents	21.0	19.6	19.6	18.6	(1.0)	-5.1%
<b>Salaries:</b>						
Salaries	\$ 1,463.3	\$ 1,424.0	\$ 1,305.8	\$ 1,428.8	\$ 4.8	0.3%
Extra-Help	45.6	25.0	162.4	25.0	-	0.0%
Overtime	1.1	1.5	0.2	1.0	(0.5)	-33.3%
<b>Total Salaries</b>		<b>1,450.5</b>	<b>1,468.4</b>	<b>1,454.8</b>	<b>4.3</b>	<b>0.3%</b>
<b>Benefits:</b>						
Supplemental Payments		44.6	40.4	47.5	2.9	6.5%
Vacation Redempption	62.5	78.5	120.2	68.4	(10.1)	-12.9%
Retirement Contributions	314.6	351.6	305.1	282.2	(69.4)	-19.7%
OASDI Contributions	90.1	88.0	82.1	87.1	(0.9)	-1.0%
FICA-Medicare	22.2	22.4	21.0	22.4	-	0.0%
Retiree Health Benefit	15.9	16.2	16.5	13.3	(2.9)	-17.9%
Medical Insurance	141.4	142.4	136.7	143.7	1.3	0.9%
Life Insurance/Mgmt	0.9	0.9	0.8	0.9	-	0.0%
Unemployment Insurance	2.2	1.8	1.6	1.8	-	0.0%
Management Disability Ins.	3.5	3.5	3.2	3.5	-	0.0%
Workers' Compensation Ins.	9.6	9.2	8.7	10.5	1.3	14.1%
401k Plan Contribution	26.4	28.7	20.5	25.5	(3.2)	-11.1%
<b>Total Benefits</b>	<b>689.3</b>	<b>787.8</b>	<b>756.8</b>	<b>706.8</b>	<b>(81.0)</b>	<b>-10.3%</b>
Transfers In	-	-	-	-	-	N/A
Transfers Out	-	(60.8)	(55.7)	(76.5)	(15.7)	N/A
<b>Total Salaries and Benefits</b>	<b>\$ 689.3</b>	<b>\$ 2,177.5</b>	<b>\$ 2,169.5</b>	<b>\$ 2,085.1</b>	<b>\$ (92.4)</b>	<b>-4.2%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMIN BUDGET**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>Services and Supplies:</u></b>						
Telecommunication Services - ISF	\$ 41.9	\$ 45.0	\$ 35.7	\$ 11.2	\$ (33.8)	-75.1%
General Insurance - ISF	8.0	12.3	12.3	12.2	(0.1)	-0.8%
Office Equipment Maintenance	1.6	1.0	1.0	1.0	-	0.0%
Membership and Dues	10.2	9.1	9.0	9.3	0.2	1.6%
Education Allowance	2.0	4.0	-	8.0	4.0	100.0%
Cost Allocation Charges	(34.1)	57.3	57.2	(35.4)	(92.7)	-161.8%
Printing Services - Not ISF	3.3	6.0	2.5	3.0	(3.0)	-50.0%
Books & Publications	1.2	2.0	2.0	2.5	0.5	25.0%
Office Supplies	19.4	20.0	18.0	20.0	-	0.0%
Postage & Express	50.6	55.0	46.5	49.7	(5.3)	-9.6%
Printing Charges - ISF	9.8	12.5	1.0	10.0	(2.5)	-20.0%
Copy Machine Services - ISF	5.7	7.1	6.6	6.5	(0.6)	-8.5%
Board Member Fees	10.5	11.0	11.9	12.0	1.0	9.1%
Professional Services	1,026.6	960.4	922.6	994.5	34.1	3.6%
Storage Charges	3.4	4.0	5.1	5.5	1.5	37.5%
Equipment	13.3	15.0	16.0	-	(15.0)	-100.0%
Office Lease Payments	177.1	167.3	163.8	168.2	0.9	0.5%
Private Vehicle Mileage	9.5	8.0	8.6	8.7	0.7	8.7%
Conference, Seminar and Travel	59.5	60.0	68.5	60.0	-	0.0%
Furniture	0.6	11.2	9.2	5.0	(6.2)	-55.4%
Facilities Charges	21.7	23.2	23.7	1.9	(21.3)	-91.8%
Judgements & Damages	-	-	-	-	-	0.0%
Transfers In	-	-	-	-	-	N/A
Transfers Out	-	(11.6)	(10.1)	(8.1)	3.5	N/A
<b>Total Services and Supplies</b>	<b>\$ 1,441.8</b>	<b>\$ 1,479.8</b>	<b>\$ 1,411.1</b>	<b>\$ 1,345.6</b>	<b>\$ (134.2)</b>	<b>-9.1%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 2,131.1</b>	<b>\$ 3,657.3</b>	<b>\$ 3,580.6</b>	<b>\$ 3,430.8</b>	<b>\$ (226.5)</b>	<b>-6.2%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMIN BUDGET**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**  
 In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>Technology:</u></b>						
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Computer Software	-	-	-	-	-	N/A
Systems & Applications Support	-	-	-	-	-	N/A
Pension Administration System	-	-	-	-	-	N/A
<b>Total Technology</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>
<b>Total Before Contingency</b>	<b>\$ 2,131.1</b>	<b>\$ 3,657.3</b>	<b>\$ 3,580.6</b>	<b>\$ 3,430.8</b>	<b>\$ (226.5)</b>	<b>-6.2%</b>
Contingency	78.0	338.3	338.3		(338.3)	-100.0%
<b>Total</b>	<b>\$ 2,209.1</b>	<b>\$ 3,995.6</b>	<b>\$ 3,918.9</b>	<b>\$ 3,430.8</b>	<b>\$ (564.8)</b>	<b>-14.1%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMIN BUDGET**  
**DETAILED BY ACCOUNT**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>TELECOMMUNICATIONS SERVICES - ISF:</b>	\$ 41.9	\$ 45.0	\$ 35.7	\$ 11.2	\$ (33.8)	-75.1%
Account Detail:						
Phone equipment		17.4	10.7	11.2		
		15.5	11.7			
		9.6	9.6			
		2.5	3.7			
<b>GENERAL INSURANCE - ISF:</b>	\$ 8.0	\$ 12.3	\$ 12.3	\$ 12.2	\$ (0.1)	-0.8%
County Executive Office (Risk Management): Included are liability claims processing and management, legal defense, insurance purchase for general liability and automobile. Budget amount from County of Ventura Budget Development Manual.						
<b>OFFICE EQUIPMENT MAINTENANCE:</b>	\$ 1.6	\$ 1.0	\$ 1.0	\$ 1.0	\$ -	0.0%
<b>MEMBERSHIP AND DUES:</b>	\$ 10.2	\$ 9.1	\$ 9.0	\$ 9.3	\$ 0.2	1.6%
Account Detail:						
State Association of County Retirement Systems		4.0	4.0	4.0		
California Association of Public Retirement		1.5	2.0	2.2		
International Foundation of Employee Benefit Plans		0.8	1.0	1.1		
Government Finance Officers Association		0.6	1.0	0.5		
National Association of Pension Plan Attorneys		0.4	0.5	0.5		
Other Memberships (Organization and eligible staff)		1.8	0.5	1.0		
<b>EDUCATION ALLOWANCE:</b>	\$ 2.0	\$ 4.0	\$ -	\$ 8.0	\$ 4.0	100.0%
Textbook & tuition reimbursement				8.0		



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMIN BUDGET**  
**DETAILED BY ACCOUNT**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>COST ALLOCATION CHARGES:</u></b>	\$ (34.1)	\$ 57.3	\$ 57.2	\$ (35.4)	\$ (92.7)	-161.8%
Cost allocation charges include administrative service charges for the County Executive Office- HR, Auditor-Controller's and County Counsel.						
<b><u>PRINTING SERVICES - NOT ISF:</u></b>	\$ 3.3	\$ 6.0	\$ 2.5	\$ 3.0	\$ (3.0)	-50.0%
Printing of business cards, envelopes, Annual CAFR Report, Board election material, etc.						
<b><u>BOOKS AND PUBLICATIONS:</u></b>	\$ 1.2	\$ 2.0	\$ 2.0	\$ 2.5	\$ 0.5	25.0%
Publications include Wall Street Journal, Institutional Investor, Public Retirement Journal, IFEBP Benefits Quarterly, GFOA Reference Material, Ventura Star, Human Resource, Information Technology and other reference material.						
<b><u>OFFICE SUPPLIES:</u></b>	\$ 19.4	\$ 20.0	\$ 18.0	\$ 20.0	\$ -	0.0%
Regular Office Supplies		11.0		11.0		
Printer Toner Cartridges		9.0		9.0		
<b><u>POSTAGE AND EXPRESS:</u></b>	\$ 50.6	\$ 55.0	\$ 46.5	\$ 49.7	\$ (5.3)	-9.6%
Mailing of monthly retirement checks, correspondence, 1099-Rs, mailroom delivery charges, special mailings (including elections) and Federal Express charges.				49.7		
<b><u>PRINTING SERVICES - ISF:</u></b>	\$ 9.8	\$ 12.5	\$ 1.0	\$ 10.0	\$ (2.5)	-20.0%
County graphics services charges for printing employee handbooks, forms, disability packets, newsletters, etc.						
<b><u>COPY MACHINE SERVICE:</u></b>	\$ 5.7	\$ 7.1	\$ 6.6	\$ 6.5	\$ (0.6)	-8.5%
<b><u>BOARD MEMBER FEES:</u></b>	\$ 10.5	\$ 11.0	\$ 11.9	\$ 12.0	\$ 1.0	9.1%

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMIN BUDGET**  
**DETAILED BY ACCOUNT**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>PROFESSIONAL SERVICES:</b>	\$ 1,026.6	\$ 960.4	\$ 922.6	\$ 994.5	\$ 34.1	3.6%
Account Detail:						
Fiduciary Liability Insurance		80.0	78.9	80.0		
Legal Services:						
County Counsel		300.0	295.9	275.0		
Outside Legal Counsel		50.0	51.5	50.0		
Retiree Payroll Processing (ADP)		116.5	116.2	118.0		
Hearing Officer Fees		110.0	106.5	120.0		
Financial Auditor (Brown Armstrong) (Audit and GASB)		42.3	42.3	50.0		
Court Reporters (Alssi Barney Ungermann)		16.0	15.4	17.0		
Trustee Elections (County Elections Division)		6.3	6.3	12.0		
Courier Services (Central Courier)		-	-	-		
Document Shredding Svcs (Cintas)		1.5	1.2	1.5		
Employee Health Services (New Hires)		3.0	3.0	6.0		
Actuary (Segal)		66.0	117.3	125.0		
Employee Benefit Statements (Towers Watson)		55.0	55.0	35.0		
Death Audit Services (PBI)		2.2	2.2	2.2		
Retirement Videos		2.0	-	2.0		
Employee Service Awards		0.6	0.5	0.8		
Disability consultant		9.0	6.4	-		
Investment Consultant Search (Cortex)			8.0	-		
Miscellaneous		25.0	16.0	25.0		
Actuarial Audit		75.0	-	75.0		
<b>STORAGE CHARGES:</b>	\$ 3.4	\$ 4.0	\$ 5.1	\$ 5.5	\$ 1.5	37.5%
Offsite storage of VCERA files						
<b>EQUIPMENT:</b>	\$ 13.3	\$ 15.0	\$ 16.0	\$ -	\$ (15.0)	-100.0%

Boardroom Audio/Video Equipment

-

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMIN BUDGET**  
**DETAILED BY ACCOUNT**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>OFFICE LEASE PAYMENTS:</u></b>	\$ 177.1	\$ 167.3	\$ 163.8	\$ 168.2	\$ 0.9	0.5%
Lease of Office Space from MF Daily, Inc.						
7,778 square feet @ \$1.79/sq. ft for 9 months				125.3		
7,778 square feet @ \$1.84/sq. ft (3% CPI) for 3 months				42.9		
<b><u>PRIVATE VEHICLE MILEAGE:</u></b>	\$ 9.5	\$ 8.0	\$ 8.6	\$ 8.7	\$ 0.7	8.7%
Auto Allowance - Administrator				4.5		
Trustees and staff				4.2		
<b><u>CONFERENCE, SEMINAR AND TRAVEL:</u></b>	\$ 59.5	\$ 60.0	\$ 68.5	\$ 60.0	\$ -	0.0%
<b><u>FURNITURE:</u></b>	\$ 0.6	\$ 11.2	\$ 9.2	\$ 5.0	\$ (6.2)	-55.4%
Replacements				5.0		
<b><u>FACILITIES CHARGES:</u></b>	\$ 21.7	\$ 23.2	\$ 23.7	\$ 1.9	\$ (21.3)	-91.8%
Annual Charge for card access readers				1.9		
				-		
<b><u>JUDGEMENT AND DAMAGES:</u></b>	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b><u>TRANSFERS IN:</u></b>	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b><u>TRANSFERS OUT:</u></b>	\$ -	\$ (11.6)	\$ (10.1)	\$ (8.1)	\$ 3.5	0.0%
Amount attributable to VCERIS/PAS						
<b>TOTAL SERVICES AND SUPPLIES</b>	\$ 1,441.8	\$ 1,479.8	\$ 1,411.1	\$ 1,345.6	\$ (134.2)	-9.1%

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INFORMATION TECHNOLOGY (I/T) - SUPPORT BUDGET  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015  
In thousands**

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>Salaries and Benefits:</u></b>						
Full-Time Equivalents	0.0	1.0	1.0	0.5	(0.5)	N/A
<b>Salaries:</b>						
Salaries	\$ -	\$ 89.3	\$ 92.0	\$ 97.8	\$ 8.5	N/A
<b>Total Salaries</b>		<b>89.3</b>	<b>92.0</b>	<b>97.8</b>	<b>8.5</b>	N/A
<b>Benefits:</b>						
Supplemental Payments		3.1	3.2	3.4	0.3	N/A
Vacation Redepemption		9.0	9.0	9.9	0.9	N/A
Retirement Contributions		22.9	34.0	20.2	(2.7)	N/A
OASDI Contributions		6.3	6.4	6.9	0.6	N/A
FICA-Medicare		1.4	1.5	1.6	0.2	N/A
Medical Insurance		7.1	7.5	7.7	0.6	N/A
Unemployment Insurance		0.1	0.2	0.1	-	N/A
Management Disability Ins.		0.2	-	0.2	-	N/A
Workers' Compensation Ins.		0.5	0.6	0.7	0.2	N/A
401k Plan Contribution		2.8	2.7	3.0	0.2	N/A
<b>Total Benefits</b>	<b>-</b>	<b>53.4</b>	<b>65.1</b>	<b>53.7</b>	<b>0.3</b>	N/A
Transfers In	-	-	-	-	-	N/A
Transfers Out	-	-	(7.3)	(74.2)	(74.2)	N/A
<b>Total Salaries and Benefits</b>	<b>\$ -</b>	<b>\$ 142.7</b>	<b>\$ 149.8</b>	<b>\$ 77.3</b>	<b>\$ (65.4)</b>	N/A
<b><u>Services and Supplies:</u></b>						
Telecommunication Services - ISF	\$ -	\$ -	\$ -	\$ 25.0	\$ 25.0	N/A
Membership and Dues	-	0.2	0.2	0.2	\$ -	N/A
Education Allowance	-	2.0	2.0	2.0	-	N/A
Private Vehicle Mileage	-	0.3	0.2	0.3	-	N/A
Conference, Seminar and Travel	-	5.0	0.5	3.0	(2.0)	N/A
Facilities Charges	-	39.0	35.3	2.0	(37.0)	N/A
Transfers Out	-	-	(1.2)	(7.9)	(7.9)	N/A
<b>Total Services and Supplies</b>	<b>\$ -</b>	<b>\$ 46.5</b>	<b>\$ 37.0</b>	<b>\$ 24.6</b>	<b>\$ (21.9)</b>	N/A
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ -</b>	<b>\$ 189.2</b>	<b>\$ 186.8</b>	<b>\$ 102.0</b>	<b>\$ (87.2)</b>	N/A

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INFORMATION TECHNOLOGY (I/T) - SUPPORT BUDGET  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015  
In thousands**

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>Technology:</u></b>						
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	-
Computer Software	-	-	-	-	-	-
Systems & Applications Support	-	-	-	302.2	302.2	-
Pension Administration System	-	-	-	-	-	-
<b>Total Technology</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 302.2</b>	<b>\$ 302.2</b>	<b>-</b>
<b>Total Before Contingency</b>	<b>\$ -</b>	<b>\$ 189.2</b>	<b>\$ 186.8</b>	<b>\$ 404.2</b>	<b>\$ 215.0</b>	<b>N/A</b>
Contingency		18.9	18.9		(18.9)	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 208.1</b>	<b>\$ 205.7</b>	<b>\$ 404.2</b>	<b>\$ 196.1</b>	<b>N/A</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INFORMATION TECHNOLOGY (I/T) - SUPPORT BUDGET**  
**DETAILED BY ACCOUNT**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>TELECOMMUNICATIONS SERVICES - ISF:</b>	\$ -	\$ -	\$ -	\$ 25.0	\$ 25.0	N/A
Voice & data network services				12.4		
Network & systems access (microwave)				9.6		
				3.0		
<b>MEMBERSHIP AND DUES:</b>	\$ -	\$ 0.2	\$ 0.2	\$ 0.2	\$ -	N/A
Public Retirement Information Systems Management (PRISM)			\$ 0.2	\$ 0.2		
<b>EDUCATION ALLOWANCE:</b>	\$ -	\$ 2.0	\$ 2.0	\$ 2.0	\$ -	N/A
IT Manager			\$ 2.0	\$ 2.0		
<b>BOOKS AND PUBLICATIONS:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>PRIVATE VEHICLE MILEAGE:</b>	\$ -	\$ 0.3	\$ 0.2	\$ 0.3	\$ -	N/A
			0.2	0.3		
<b>CONFERENCE, SEMINAR AND TRAVEL:</b>	\$ -	\$ 5.0	\$ 0.5	\$ 3.0	\$ -	N/A
Technical			0.5	3.0		
<b>FACILITIES CHARGES:</b>	\$ -	\$ 39.0	\$ 35.3	\$ 2.0	\$ -	N/A
Server room (construction and fire suppression)		37.0	33.3			
Electrical changes for computer & network equipment		2.0	2.0	\$ 2.0		
<b>TRANSFERS OUT:</b>	\$ -	\$ -	\$ (1.2)	\$ (7.9)	\$ (7.9)	N/A
<b>TOTAL SERVICES AND SUPPLIES</b>	\$ -	\$ 46.5	\$ 37.0	\$ 24.6	\$ 17.1	N/A

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INFORMATION TECHNOLOGY (I/T) - SUPPORT BUDGET  
DETAILED BY ACCOUNT  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>TECHNOLOGY:</b>						
<u>SYSTEMS, INFRASTRUCTURE &amp; APPLICATIONS SUPPORT</u>	\$ -	\$ -	\$ -	\$ 302.2	\$ 302.2	#DIV/0!
<u>Systems Support:</u>						
General IT Consulting (Linea)				20.0		
Legacy Database Support (CMP Associates)				237.8		
<u>Infrastructure:</u>						
Remote server access (DSL)				5.8		
Wi-Fi (Board/PAS - 50%)				4.4		
Data plan (iPads)				4.2		
<u>Applications Support:</u>						
Information Technology Service (ISF) Charges:				30.0		
*Support to Backfill for Internal IT assigned to						
<b>TOTAL TECHNOLOGY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 302.2</b>	<b>\$ 302.2</b>	<b>#DIV/0!</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PENSION ADMINISTRATION SYSTEM (PAS) SUPPORT BUDGET  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Salaries and Benefits:</b>						
Full-Time Equivalents	0.0	3.4	3.4	4.9	1.5	N/A
<b>Salaries:</b>						
Salaries	\$ -	\$ 212.3	\$ 188.4	\$ 315.9	\$ 103.6	N/A
Extra-Help				37.6	37.6	N/A
Overtime				-	-	N/A
<b>Total Salaries</b>		<b>212.3</b>	<b>188.4</b>	<b>353.5</b>	<b>141.2</b>	<b>N/A</b>
<b>Benefits:</b>						
Supplemental Payments		6.0	5.4	8.7	2.7	N/A
Vacation Redepemption		-	3.3	24.2	24.2	N/A
Retirement Contributions		50.3	62.5	63.6	13.3	N/A
OASDI Contributions		13.5	12.1	21.6	8.1	N/A
FICA-Medicare		3.2	2.8	5.1	1.9	N/A
Medical Insurance		21.3	19.3	30.7	9.4	N/A
Life Insurance/Mgmt		0.1	0.1	0.2	0.1	N/A
Unemployment Insurance		0.3	0.2	0.4	0.1	N/A
Management Disability Ins.		0.5	0.5	0.8	0.3	N/A
Workers' Compensation Ins.		1.2	1.1	2.2	1.0	N/A
401k Plan Contribution		2.3	3.0	4.6	2.3	N/A
<b>Total Benefits</b>	<b>-</b>	<b>98.7</b>	<b>110.3</b>	<b>162.1</b>	<b>63.4</b>	<b>N/A</b>
Transfers In		60.8	63.1		(60.8)	N/A
Transfers Out	-	-	-	-	-	N/A
<b>Total Salaries and Benefits</b>	<b>\$ -</b>	<b>\$ 371.8</b>	<b>\$ 361.8</b>	<b>\$ 515.6</b>	<b>\$ 143.8</b>	<b>N/A</b>



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PENSION ADMINISTRATION SYSTEM (PAS) SUPPORT BUDGET  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b><u>Services and Supplies:</u></b>						
Telecommunication Services - ISF	\$ -	\$ 1.6	\$ 1.6	\$ 1.6	\$ -	N/A
Postage & Express	-	-	-	10.0	10.0	N/A
Office Lease Payments	-	19.1	13.5	17.8	(1.3)	N/A
Furniture	-	-	6.2	-	-	N/A
Transfers In	-	11.6	11.3	16.0	4.4	N/A
Transfers Out	-	-	-	-	-	N/A
<b>Total Services and Supplies</b>	<b>\$ -</b>	<b>\$ 32.3</b>	<b>\$ 32.6</b>	<b>\$ 45.4</b>	<b>\$ 13.1</b>	<b>N/A</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ -</b>	<b>\$ 404.1</b>	<b>\$ 394.4</b>	<b>\$ 711.6</b>	<b>\$ 307.5</b>	<b>N/A</b>
<b><u>Technology:</u></b>						
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	-
Computer Software	-	-	-	-	-	-
Systems & Applications Support	-	-	-	4.4	4.4	-
Pension Administration System	-	-	-	-	-	-
<b>Total Technology</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4.4</b>	<b>\$ 4.4</b>	<b>N/A</b>
<b>Total Before Contingency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 716.0</b>	<b>\$ 716.0</b>	<b>N/A</b>
Contingency	-	40.4	40.4	-	(40.4)	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 444.5</b>	<b>\$ 394.4</b>	<b>\$ 716.0</b>	<b>\$ 271.5</b>	<b>N/A</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PENSION ADMINISTRATION SYSTEM (PAS) SUPPORT BUDGET  
DETAILED BY ACCOUNT SUMMARY  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/A DJUSTED VARIANCE	% INCREASE (DECREASE)
<b>TELECOMMUNICATIONS SERVICES - ISF:</b>	\$ -	\$ 1.6	\$ 1.6	\$ 1.6	\$ -	N/A
Vonage phone service for PAS		1.6	1.6	1.6		
<b>POSTAGE AND EXPRESS:</b>	\$ -	\$ -	\$ -	\$ 10.0	\$ 10.0	N/A
Beneficiary designation project of PAS project				10.0		
<b>OFFICE LEASE PAYMENTS:</b>	\$ -	\$ 19.1	\$ 13.5	\$ 17.8	\$ -	N/A
Suite 205 for PAS project: 835 sq. ft. @ \$1.75/sq.ft for 5 months				7.3		
Suite 205 for PAS project: 835 sq. ft. @ \$1.80/sq.ft (3% CPI) for 7 months				10.5		
<b>FURNITURE:</b>	\$ -	\$ -	\$ 6.2	\$ -	\$ -	N/A
<b>TRANSFERS IN:</b>	\$ -	\$ 11.6	\$ 11.3	\$ 16.0	\$ -	N/A
Service and Supplies attributable to VCERIS/PAS						
<b>TOTAL SERVICES AND SUPPLIES</b>	\$ -	\$ 32.3	\$ 32.6	\$ 45.4	\$ 10.0	N/A
<b>TECHNOLOGY:</b>						
<b>SYSTEMS, INFRASTRUCTURE &amp; APPLICATIONS SUPPORT</b>	\$ -	\$ -	\$ -	\$ 4.4	\$ 4.4	#DIV/0!
<u>Systems Support:</u>						
None						
<u>Infrastructure:</u>						
Wi-Fi (Board/PAS - 50%)				4.4		
<u>Applications Support:</u>						
None						
<b>TOTAL TECHNOLOGY</b>	\$ -	\$ -	\$ -	\$ 4.4	\$ 4.4	#DIV/0!

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INFORMATION TECHNOLOGY (I/T) (ROLL-UP) - EXEMPT FROM CAP BUDGET  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Technology:</b>						
Computer Hardware	\$ 25.2	\$ 15.2	\$ 14.4	\$ 32.6	\$ 17.4	114.5%
Computer Software	11.7	36.7	33.6	193.0	156.3	425.9%
Systems & Applications Support	412.1	451.4	409.8	363.6	(87.8)	-19.5%
Pension Administration System	2,529.6	2,692.1	2,545.6	1,447.3	(1,244.8)	-46.2%
<b>Total Technology</b>	<b>\$ 2,978.6</b>	<b>\$ 3,195.4</b>	<b>\$ 3,003.4</b>	<b>\$ 2,036.5</b>	<b>\$ (1,158.9)</b>	<b>-36.3%</b>
Contingency	-	85.6	85.6	-	(85.6)	N/A
<b>Total</b>	<b>\$ 2,978.6</b>	<b>\$ 3,281.0</b>	<b>\$ 3,089.0</b>	<b>\$ 2,036.5</b>	<b>\$ (1,244.5)</b>	<b>-37.9%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INFORMATION TECHNOLOGY (I/T) - OPERATIONS BUDGET (EXEMPT FROM CAP)  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Technology:</b>						
Computer Hardware	\$ 25.2	\$ 15.2	\$ 14.4	25.1	\$ 9.9	65.1%
Computer Software	11.7	23.3	21.5	19.1	(4.2)	-18.0%
Systems & Applications Support	412.1	423.8	386.0	94.1	(329.7)	-77.8%
Pension Administration System	-	-	-	-	-	-
<b>Total Technology</b>	<b>\$ 449.0</b>	<b>\$ 462.3</b>	<b>\$ 421.9</b>	<b>\$ 138.3</b>	<b>\$ (324.0)</b>	<b>-70.1%</b>
Contingency	-	11.6	11.6		(11.6)	N/A
<b>Total</b>	<b>\$ 449.0</b>	<b>\$ 473.9</b>	<b>\$ 433.5</b>	<b>\$ 138.3</b>	<b>\$ (335.6)</b>	<b>-70.8%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INFORMATION TECHNOLOGY (I/T) - OPERATIONS BUDGET (EXEMPT FROM CAP)**  
**DETAILED BY ACCOUNT**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>TECHNOLOGY:</b>						
<b>COMPUTER HARDWARE:</b>	\$ 25.2	\$ 15.2	\$ 14.4	\$ 25.1	\$ 9.9	65.1%
Computers (replacements - 4)		4.2	4.2	5.6		
Printers (replacements) and repairs		4.0	3.0	4.0		
Computer supplies (monitors, UPSs, cables, etc)		7.0	7.2	8.0		
Wi-Fi Hardware				7.5		
<b>COMPUTER SOFTWARE:</b>	\$ 11.7	\$ 23.3	\$ 21.5	\$ 19.1	\$ (4.2)	-18.0%
Financial accounting system support subscription (MSDN)		1.5	1.5	1.5		
Server software		5.0	3.8	-		
Financial accounting software license renewal (Soloman)		1.1	1.1	1.1		
Document imaging license renewal (Novannis)		7.7	8.5	8.5		
Agenda automation (Granicus)			-			
Software updates/upgrades (Server, back-up, etc.)		8.0	6.6	8.0		
<b>SYSTEMS, INFRASTRUCTURE &amp; APPLICATIONS SUPPORT</b>	\$ 412.1	\$ 423.8	\$ 386.0	\$ 94.1	\$ (329.7)	-77.8%
<u>Systems Support:</u>						
Accounting software support (SBS Group)		17.5	1.5	12.0		
Microsoft/Soloman						
General IT Consulting (Linea)		40.0	22.1	20.0		
Legacy Database Support (CMP Associates) - Now Budgeted in Admin-IT		267.8	267.8			
<u>Infrastructure:</u>						
Internet Domain Registrar (VCERA.org)		0.3	0.3	0.3		
Remote server access (DSL) - Now Budgeted in Admin-IT		2.8	2.0			
Wi-Fi (Board/PAS - 50%) - Now Budgeted in Admin-IT		2.6	2.8			
Data plan (iPads) - Now Budgeted in Admin- IT		6.2	2.9			
<u>Applications Support:</u>						
Information Technology Service (ISF) Charges:		86.6	86.6	61.8		
*Programmer Analyst						
*Mainframe Production						
*Server Hosting & Support						
*Network (Broad Band)						
<b>TOTAL TECHNOLOGY</b>	\$ 449.0	\$ 462.3	\$ 421.9	\$ 138.3	\$ (324.0)	-70.1%

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
PENSION ADMINISTRATION SYSTEM (PAS) PROJECT BUDGET (EXEMPT FROM CAP)  
PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

In thousands

ACCOUNT	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE (DECREASE)
<b>Technology:</b>						
Computer Hardware	\$ -	\$ -	\$ -	\$ 7.5	\$ 7.5	N/A
Computer Software	-	13.4	12.1	173.9	160.5	N/A
Systems & Applications Support	-	27.6	23.8	269.5	241.9	N/A
Pension Administration System	2,529.6	2,692.1	2,545.6	1,447.3	(1,244.8)	-46.2%
<b>Total Technology</b>	<b>\$ 2,529.6</b>	<b>\$ 2,733.1</b>	<b>\$ 2,581.5</b>	<b>\$ 1,898.2</b>	<b>\$ (834.9)</b>	<b>-30.5%</b>
Contingency	-	74.0	74.0		(74.0)	N/A
<b>Total</b>	<b>\$ 2,529.6</b>	<b>\$ 2,807.1</b>	<b>\$ 2,655.5</b>	<b>\$ 1,898.2</b>	<b>\$ (908.9)</b>	<b>-32.4%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**PENSION ADMINISTRATION SYSTEM (PAS) PROJECT BUDGET (EXEMPT FROM CAP)**  
**DETAILED BY ACCOUNT**  
**PROPOSED BUDGET - FISCAL YEAR 2014 – 2015**

	2012-2013 ACTUAL	2013-2014 ADJ BUDGET	2013-2014 PROJECTED	2014-2015 PROPOSED	PROPOSED/A DJUSTED VARIANCE	% INCREASE (DECREASE)
<b>TECHNOLOGY:</b>						
<u>COMPUTER HARDWARE:</u>	-	-	-	7.5	7.50	N/A
Computers for user acceptance and testing		-	-	7.5		
<u>COMPUTER SOFTWARE:</u>	-	13.4	12.1	173.9	160.5	N/A
Assima - License Renewal (Training software)		5.8	5.8	5.8		
Assima (additional user license)		-	-	9.5		
SmartBear - License Renewal (application testing software)		5.5	4.4	5.5		
Sharepoint - License Renewal (project management software)		2.1	1.9	2.1		
Vitech - Upgrade Fee				150.0		
V3 Software Escrow Fee				1.0		
<u>SYSTEMS, INFRASTRUCTURE &amp; APPLICATIONS SUPPORT</u>	-	27.6	23.8	269.5	241.9	N/A
<u>Systems Support:</u>						
None						
<u>Infrastructure:</u>						
Wi-Fi (Board/PAS - 50%) (Now budgeted in Admin-PAS)		2.6	2.8	-		
<u>Applications Support:</u>						
Vitech - Hosting Services				234.0		
County of Ventura IT:		25.0	21.0			
*Programmer Analyst (Data Conversion)				10.0		
*Programmer Analyst (Imaging Conversion)				25.5		
<u>PENSION ADMINISTRATION SYSTEM:</u>	\$ 2,529.6	\$ 2,692.1	\$ 2,545.6	\$ 1,447.3	\$ (1,244.8)	-46.2%
Project management, technical svcs, data conversion (Linea)		930.0	788.2	652.7		
Vitech		1,457.2	1,469.7	673.3		
Managed Business Solutions (MBS)		189.8	188.2	95.0		
Data Conversion (Legacy consultant (CMP))		9.2	9.2	-		
Consultant (B. Cummings - Data Conversion) - Now included in Linea.		15.0	35.3	-		
Novannis - Imaging conversion		50.3	55.0	26.3		
Beneficiary designation (Update files) - Budgeted in Admin-PAS - Extra-Help		37.6	-	-		
PAS Office Construction - Charged to facilities		3.0	-	-		
<b>TOTAL TECHNOLOGY</b>	<b>\$ 2,529.6</b>	<b>\$ 2,733.1</b>	<b>\$ 2,581.5</b>	<b>\$ 1,898.2</b>	<b>\$ (834.9)</b>	<b>-30.5%</b>

# INVESTMENT TRENDS SUMMIT

SEPTEMBER 8-10, 2014  
THE FOUR SEASONS, THE BILTMORE, SANTA BARBARA, CA

Opal Financial Group  
Your Link to Investment Education

## Day 1: Monday September 8<sup>th</sup>

7:00 am	<p><b>Golf Tournament</b></p> <p>Sponsored by:</p>
10:00 am	<b>Exhibit Setup</b>
11:00 am	<b>Registration Opens</b>
12:00 pm – 12:10 pm	<b>Opening remarks</b>
12:10 pm – 1:00 pm	<p><b>Conference workshop</b></p> <p><b>Boxed Lunch will be served.</b></p>
1:00 pm – 1:20 pm	<b>TBA, INVESCO POWERSHARES</b>
1:20 pm – 1:20 pm	<p><b>Challenges Investors are Facing</b></p> <p>Moderator:</p> <p>Panelists: <b>Mustafa Saiyid, Director, THE INTERNATIONAL MONETARY FUND (IMF)</b></p>
1:20 pm – 2:20 pm	<p><b>Investment styles &amp; Strategies: What Should Investors be looking out for?</b></p> <p>Moderator: <b>Bobby Deal, Trustee and Board Chairman, JACKSONVILLE POLICE AND FIRE PENSION FUND</b></p> <p>Panelists:</p>
2:20 pm – 3:20 pm	<p><b>Absolute Returns: The Role of Hedge Funds</b></p> <ul style="list-style-type: none"> <li>• Customized HF Replication: Fee Reduction is the Purest Form of Alpha</li> <li>• Moderator: Role of fees</li> <li>• Trends in Hedge Fund Industry</li> <li>• What should investors be looking for?</li> </ul> <p>Moderator:</p> <p>Panelists:</p>
3:20 – 3:40 pm	<b>REFRESHMENT BREAK</b>



3:40 pm – 4:20 pm	<b>What Asset Allocation Strategies work best?</b>  Moderator: <b>George Isaac, President, <a href="#">GEORGE ISAAC CONSULTING</a></b>  Panelists:
4:20 pm – 5:00 pm	<b>Exciting opportunities in Co Investing</b>  Moderator: <b>Jay Gould, Partner, <a href="#">PILLSBURY WINTHROP</a></b> Panelists:
5:00 pm – 6:00 pm	<b>Cocktail Reception</b>  Sponsored by

**Day 2: Tuesday September 9<sup>th</sup>**

8:00 am	<b>Continental Breakfast Served</b>  Sponsored by <b><a href="#">DOUBLELINE</a></b>
8:00 am – 9:00 am	<b>Private Closed Door Breakfast for Investors</b>  Moderated by: <b>Skip Coomber, President, <a href="#">COOMBER FAMILY ESTATES FAMILY OFFICE (SFO)</a></b>
9:00 am – 9:10 am	<b>Opening Remarks</b>
9:10 am – 9:30 am	<b>TBA, <a href="#">DOUBLELINE</a></b>
9:30 am – 9:50 am	<b>Joseph Stechler, Managing Partner, <a href="#">STEELCORE CAPITAL LP</a></b>
9:50 am – 10:50 am	<b>The Emergence of the: "Manager of Managers" Model of Consultant/Investment Management in Public Pension Plans</b>  Moderator:  Panelists
10:50 am – 11:50 am	<b>Trends in Real Estate</b>  Moderator: <b>Renato Alessandro Iregui, Principal, <a href="#">RAIRE FAMILY OFFICE (SFO)</a></b>  Panelists
11:50 am – 12:30 pm	<b>Investing Globally – What changes to expect?</b>  Moderator:  Panelists
12:30 pm – 1:45 pm	<b>Luncheon</b>  Sponsored by:

1:45 pm – 2:30 pm	<b>Real Asset Investing</b>  Moderator:  Panelists <b>TBA, TORTOISE CAPITAL ADVISORS</b>
2:30 pm – 3:30 pm	<b>Finding the right managers</b>  Moderator: <b>Harry Griffin, Trustee, SAN ANTONIO FIRE AND POLICE PENSION FUND</b>  Panelists
3:30 pm – 3:45 pm	<b>Refreshment Break</b>
3:45 pm – 4:30 pm	<b>Alternative Investing – Where are the real opportunities for alpha?</b>  Moderator:  Panelists
4:30 pm – 5:15 pm	<b>Volatility and how investors can approach it</b>  Moderator:  Panelists <b>Roberto Hamilton, Founder &amp; CIO, CAPITAL MIGRATION MANAGEMENT LLC</b>
5:15 pm – 6:15 pm	<p style="text-align: center;"><b>Cocktail Reception</b></p> <p style="text-align: center;"><b>Sponsored By:</b></p>

**Day 3: Wednesday September 10<sup>th</sup>**

8:00 am	<b>Breakfast Served</b>
8:50 am – 9:00 am	<b>Opening Remarks</b>
9:00 am – 9:45 am	<b>Legal and Compliance trends and Changes</b>  Moderator: <b>Mark Flaherty, General Counsel, PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS</b>  Panelists <b>Harvey A. Gordon, General Counsel, NEW YORK CITY BOARD OF EDUCATION</b> <b>Gary Amelio, CEO, SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION</b>
9:45 am – 10:30 am	<b>Risk Management Trends</b>  Moderator:  Panelists

10:30 am – 11:15 am	<b>INVESTOR/CONSULTANTS ROUNDTABLE Q &amp; A:</b>  Moderator: <b>James Maloney, Trustee, CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND</b>  Panelists <b>Martha Spano, Principal, BUCK CONSULTING</b> <b>Don Stracke, Senior Consultant, NEPC</b>
11:15 am – 12:00 pm	<b>Ongoing Education for Plan Fiduciaries</b>  Moderator: <b>James Love, Assistant City Attorney, CITY OF BIRMINGHAM, AL</b>  Panelists <b>David McConico, Trustee, CITY OF AURORA (CO) GENERAL EMPLOYEES' RETIREMENT PLAN</b>
12:00 pm	<p style="text-align: center;"><b>Conference Concludes</b></p>

### Investors Attending

#### Public Pensions

Gary Amelio, CEO, **SAN BERNANDINO COUNTY**

Dave Underwood, Assistant Chief Investment Officer, **ARIZONA STATE RETIREMENT SYSTEM**

James Maloney, Trustee, **CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND**

David McConico, Trustee, **CITY OF AURORA (CO) GENERAL EMPLOYEES' RETIREMENT PLAN**

Lily Cavanagh, Treasurer, **REDFORD (MI) POLICE & FIREMEN RETIREMENT**

Michal Settles, Trustee, **SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (SAMCERA)**

Rebecca Ferguson, Board Member, **CITY OF LINCOLN NEBRASKA POLICE AND FIRE PENSION**

Carroll Robinson, Trustee, **HOUSTON FIREFIGHTERS RELIEF & RETIREMENT FUND**

James Love, Assistant City Attorney, **CITY OF BIRMINGHAM, AL**

Gerald Garrett, Trustee, **TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST**

Harry Griffin, Trustee, **SAN ANTONIO FIRE AND POLICE PENSION FUND**

Mark Flaherty, General Counsel, **PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS**

Dan Owens, Trustee, **HOLYOKE CONTRIBUTORY RETIREMENT**

Harvey A. Gordon, General Counsel, **NEW YORK CITY BOARD OF EDUCATION**

Kathy Singleton, Trustee, **LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM**

Charlie Harrison III, Chairman, **CITY OF PONTIAC GENERAL EMPLOYEES RETIREMENT SYSTEM**

Jim Strouse, Chairman, **BURLINGTON (VT) EMPLOYEES' RETIREMENT SYSTEM**

Adam Frankel, Vice Chairman, **DELRAY BEACH POLICE & FIRE RETIREMENT**

Bobby Deal, Trustee and Board Chairman, [JACKSONVILLE POLICE AND FIRE PENSION FUND](#)

Doug Watler, Board Member & Trustee, [DEERFIELD BEACH FIRE PENSION](#)

Will Buividas, Trustee, [CITY OF PHOENIX POLICE PENSION BOARD](#)

Sunil Pandya, Trustee, [MONTGOMERY COUNTY EMPLOYEES RETIREMENT SYSTEM](#)

John H. Agenbroad, President, [INTER-LOCAL PENSION FUND](#)

#### Family Offices

Skip Coomber, President, [COOMBER FAMILY ESTATES FAMILY OFFICE \(SFO\)](#)

George Isaac, President, [GEORGE ISAAC CONSULTING](#)

Jay Rogers, Executive Director, [BERGENDAHL HOLDINGS \(SFO\)](#)

Brad Miller, President/CEO, [PENINSULA FAMILY OFFICE \(MFO\)](#)

Ronald Macleod, President, [BACIU FAMILY OFFICE \(SFO\)](#)

Martha Fling, Founder, [DRAKE LIBBY LLC \(MFO\)](#)

Adrian Fairbourn, Managing Partner, [EXCEPTION CAPITAL \(SFO\)](#)

Stephen Lack, President/Chief Investment Officer, [GALAPAGOS PARTNERS \(MFO\)](#)

Renato Alessandro Iregui, Principal, [RAIRE FAMILY OFFICE \(SFO\)](#)

#### Endowments/Foundations

Mustafa Saiyid, Director, [THE INTERNATIONAL MONETARY FUND \(IMF\)](#)

Robert Letteau, Director, [INGLEWOOD PARK CEMETERY ENDOWMENT CARE FUNDS](#)

Prakash Dheeriya, Professor of Finance, [CAL STATE DOMINGUEZ HILLS](#)

Belita Ong, Investment Committee Member, [VISITING NURSE & HOSPICE CARE OF SANTA BARBARA](#)

#### Consultants

Martha Spano, Principal, [BUCK CONSULTING](#)

Don Stracke, Senior Consultant, [NEPC](#)

Daniel Gimbel, Director/Senior Consultant, [CTC CONSULTING INC.](#)

Roberto Hamilton, Founder & CIO, [CAPITAL MIGRATION MANAGEMENT LLC](#)

Nick Riso, Manager, [RISO INVESTMENTS LLC \(SFO\)](#)

Marcelo Wekser, CFO, [PINFORD](#)

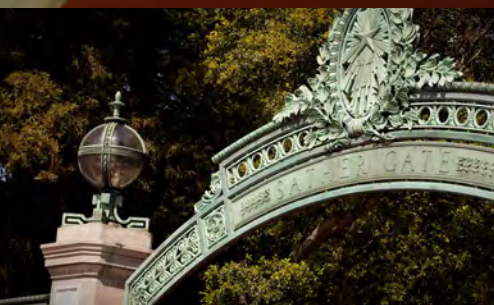
Hilaire Atlee, Director Alternative Investments, [MATRIX CAPITAL GROUP, INC.](#)

Victoria Vysotina, Founder, [VV STRATEGIC GROUP](#)



# Modern Investment Theory & Practice for Retirement Systems

**SACRS PUBLIC PENSION**  
INVESTMENT MANAGEMENT PROGRAM 2014



July 20-23, 2014

UC Berkeley  
Center for Executive Education

center for  
**UC Berkeley**  
executive education

MASTER PAGE NO. 334



## PROGRAM SCHEDULE\*

Much has changed in finance in the last 50 years; this three-day program will bring you to the frontier of current investment theory and practice. The program is presented on the beautiful and dynamic campus of UC Berkeley and taught by its world renowned Finance faculty.

<b>SUNDAY</b> <b>July 20, 2014</b> INVESTING FUNDAMENTALS FOR NEW TRUSTEES	<b>MONDAY</b> <b>July 21, 2014</b> CONSTRUCTING THE PORTFOLIO	<b>TUESDAY</b> <b>July 22, 2014</b> MAKING THE DIFFICULT DECISIONS	<b>WEDNESDAY</b> <b>July 23, 2014</b> MEASURING PERFORMANCE
	8:00am <b>Depart Hotel</b>	8:00am <b>Depart Hotel</b>	8:00am <b>Depart Hotel</b>
<b>Opening Remarks</b> 8:30am-9:00am	<b>Opening Remarks</b> 8:30am-9:00am	<b>Building the Investment Portfolio</b> 9:00am-10:30am	<b>Team Presentations</b> 9:00am-10:30am
<b>Pension Fund Basics</b> 9:00am-10:30am	<b>Review of Pension Fundamentals</b> 9:00am-10:30am		
10:30am <b>Break</b>	10:30am <b>Break</b>	10:30am <b>Break</b>	10:00am <b>Break</b>
<b>Return, Risk and Diversification</b> 11:00am-12:30pm	<b>Portfolio Management Simulation: Introduction</b> 11:00am-12:30pm	<b>Real Assets: Real Estate</b> 11:00am-11:45am  <b>Real Assets: Alternative Investment Strategies</b> 11:45am-12:30pm	<b>Portfolio Management Simulation: Debrief</b> 11:00am-12:30pm
12:30-1:30pm <b>Lunch</b>	<b>Lunch and Group Photo</b> 12:30pm-1:30pm	12:30-1:30pm <b>Lunch</b>	12:30-1:30pm <b>Lunch</b>
<b>Risks, Assets, and Liabilities</b> 1:30pm-3:00pm	<b>Active and Passive Management</b> 1:30pm-3:00pm	<b>Portfolio Management Simulation: Implementation</b> 1:30pm-3:00pm	<b>Behavioral Finance: Overconfidence and Expertise, Implications for Trustees</b> 1:30pm-3:30pm
3:00pm <b>Break</b>	3:00pm <b>Break</b>	3:00pm <b>Break</b>	3:30 – 4:00 <b>Conferral of Certificates</b>
<b>The Total Investment Portfolio</b> 3:30pm-5:00pm	<b>Forecasting Liabilities: Actuarial Science</b> 3:30pm-5:00pm	<b>Team Break Out</b> 3:30pm-5:00pm	<b>Adjourn at 4:00pm</b>
<b>Summary and Wrap Up</b> 5:00pm	<b>Summary and Wrap Up</b> 5:00pm	<b>Summary and Wrap Up</b> 5:00pm	
<b>Reception at Claremont Hotel</b>	<b>Reception at Claremont Hotel</b>	<b>Reception at Claremont Hotel</b>	*AGENDA SUBJECT TO CHANGE





SACRS Class of 2013

# Join Us for SACRS Public Pension Investment Management Program 2014

Public pension trustees and retirement staff won't want to miss the 2014 SACRS Public Pension Investment Management Program, taking place July 20 – 23, 2014. Entitled "Modern Investment Theory and Practice for Retirement Systems," the event is presented in partnership with UC Berkeley's Haas School of Business, whose world-renowned faculty has developed a four-day program designed for trustees and staff who are ready to take their education to the next level.

The SACRS Public Pension Investment Management Program blends the expertise of UC Berkeley's distinguished faculty with a network of industry experts to teach the fundamentals of public pension management. As the spotlight on public pensions grows hotter, trustees and staff are increasingly challenged to grapple with alternative investments, policy and governance changes, cost pressures, and much more. After completing this program, attendees will understand the larger context and history of public pension funds and have the skills and knowledge to make better decisions.

Day 1 features a public pension primer that provides both a sturdy foundation for new trustees and staff and a valuable refresher for veteran fiduciaries. The basic language of finance and portfolio management will be introduced, and participants will explore the building blocks of portfolio construction, time value of money, the tradeoff between risk and return, liability forecasting, and asset-liability matching. On Day 2, attendees will explore more deeply the financial concepts that underlie pension fund management. In a session on real assets, participants will take a deep dive into real estate investments and learn how world events might affect risk and return.

On Days 3 and 4 we put theory into practice: participants will see how different choices and assumptions impact portfolio performance. Working in a team simulation, participants will create investment policy for a retirement system and get real-time performance feedback.

Located in one of the most stimulating business environments in the world, the Berkeley campus is at the intersection of business and academia. Berkeley-Haas is renowned for developing innovative business leaders – individuals who redefine the business landscape by putting new ideas into action in all areas of their organizations.

Education is the cornerstone of SACRS' mission. The Berkeley Executive development staff along with the SACRS Affiliate team is committed to the continual development and delivery of content that is current, innovative, results-driven, and responds to the needs of public pension trustees and staff. Participants in this program will not only gain new insight and knowledge, but will add to the core strengths of our organization; the range of expertise and the diversity of perspective found in the public pension community.

Thank you. We look forward to your participation.

Sincerely,

*Doug Rose*

Doug Rose  
SACRS President  
San Diego County

*Sulema H. Peterson*

Sulema H. Peterson  
SACRS Administrator





## Day 1 Investing Fundamentals for New Trustees

Day 1 will provide a primer on the basics of public pensions for new trustees. The basic language of finance and portfolio management will be introduced, and participants will explore the basic building blocks of portfolio construction, time value of money, and the tradeoff between risk and return. We also will introduce liability forecasting and asset-liability matching.

### SESSION 1: PENSION FUND BASICS

In this session, participants will discuss the mission of the public pension system, receive a primer on the origins and evolution of the public pension system, and learn about the main challenges faced by public pension systems.

### SESSION 2: RETURN, RISK, AND DIVERSIFICATION

Here, the basic building blocks of finance will be introduced.

- How to compute returns
- How to measure risk in respect to the CAPM
- Meaning of risk and return
- Present value and future value
- How to measure and track relationships between assets
- What is diversification and how can it be achieved

### SESSION 3: RISKS, ASSETS, AND LIABILITIES

In this session, the basic pension balance sheet will be introduced.

- The basic asset classes
- History of basic asset class returns
- Common measures of risk and return performance
- The actuarial problem
- The pension fund matching problem

### SESSION 4: THE TOTAL INVESTMENT PORTFOLIO

Here, we will discuss the challenge of funding.

- Asset-liability matching
- Fully funding versus underfunding
- The importance of return assumptions

Throughout day 1, all of the concepts will be explored through participatory, hands-on exercises, to be done in small groups, using both simple computation and Excel applets.

## Day 2 Constructing the Portfolio

On day 2, the experienced trustees will join the new trustees to explore more deeply the financial concepts that underlie pension fund management.

### SESSION 1: REVIEW OF PENSION FUNDAMENTALS

Participants will discuss the responsibilities of county trustees and the key decisions made by trustees and fund managers.

- What is the most important responsibilities of county trustees?
- What knowledge and information is needed to discharge those responsibilities?
- Review of concepts of risk and return, assets, and liabilities

### SESSION 2: PORTFOLIO MANAGEMENT SIMULATION: AN INTRODUCTION

A portfolio modeling tool will be introduced that will form the basis of a simulation.

- The basic concepts will be mapped into the simulation tool
- Brief exercises to cement concepts
- Mini-case covering key concepts

### SESSION 3: ACTIVE AND PASSIVE MANAGEMENT

In this session, we will discuss the role of the asset manager.

- How do you define the “risky” portfolio? How do you construct it?
- How do you introduce “active” management into the risky portfolio?

### SESSION 4: FORECASTING LIABILITIES

Here, we tie together the two sides of the balance sheet. Participants will use interactive exercises to cement concepts

- What role do the system’s liabilities play? How can one get a handle on current and projected liability projection?
- Does the concept of a liability-hedge portfolio make sense? If you believe it does, how would you construct it? If it doesn’t, how do you decide on asset allocation?





## Day 3 Making the Difficult Decisions

On day 3 we put theory into practice. Participants will see how different choices and assumptions impact portfolio performance. Participants will use interactive exercises to cement concepts.

### SESSION 1: BUILDING THE INVESTMENT PORTFOLIO

- How do you decide how much of the total portfolio should be in the risky portfolio? How does/should your assumption about active management affect this decision?
- What role does funded status play in this decision?
- How should changes in funded status be fed back into the risky fraction decision?

### SESSION 2: ALTERNATIVE INVESTMENT STRATEGIES

- The rationale for alternatives
- Advanced topics in asset allocation
- Nontraditional asset classes
- The promise and peril of derivatives
- The allure of exotic alternatives

### SESSION 3: SIMULATION IMPLEMENTATION

The simulation tool will be used to illustrate different outcomes that result from different liability assumptions and asset mixes. Simulations of various mixes of risky and liability-hedging portfolios will be performed to show the effect of the risky portfolios on annual contributions and funded status. Participants will be provided with a portfolio construction assignment.

### SESSION 4: TEAM BREAK OUTS

Participants will work in teams to create investment policy for the case retirement system. Teams meet and decide on risky/liability-hedge mix and use of active management.

## Day 4 Evaluating Performance

Today, the teams will present their investment policies, discuss their approaches and test them in a simulation.

### SESSION 1: TEAM PRESENTATIONS

- Teams will present their investment policies to the group.
- Groups will debate relative merits of investment policies

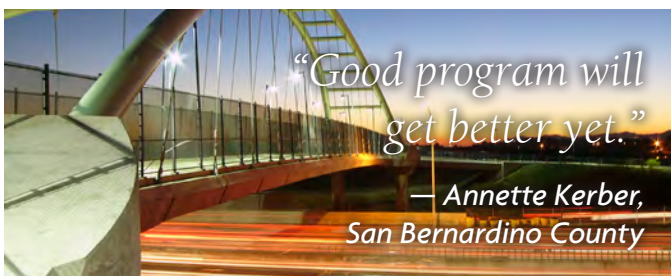
### SESSION 2: SIMULATION DEBRIEF

- Results of simulation exercise will be presented to the participants.
- Evaluating the overall performance of the investment program

### SESSION 3: BEHAVIORAL FINANCE: OVERCONFIDENCE AND EXPERTISE

In this session, we will discuss the major psychological barriers to prudent decision making by trustees and fund managers.

- Overconfidence
- Heuristics and biases
- Trend following
- Groupthink and herding





**THOMAS GILBERT**



**Thomas Gilbert** graduated from the Finance Ph.D. Program at the Haas School of Business in May 2008. Thomas is currently an Assistant Professor of Finance and Business Economics at the Michael G. Foster School of Business, University of Washington. His research lies in the area of information aggregation and the role of macroeconomic announcements on stock prices. Since 2003, he has taught parts of the Certified Investment Management Analyst program (CIMA®) and the Berkeley Finance Series within the Finance Executive Programs at the Haas School of Business. He has also taught in the Undergraduate, Full-Time MBA, and Evening & Weekend MBA programs at Haas, for which he won the Best Graduate Student Instructor Award in 2005, 2006, and 2007. He holds a Masters in Finance from U.C. Berkeley and a Masters in Physics from Imperial College (United Kingdom).

**GREGORY LABLANC**



**Gregory LaBlanc** has been a lecturer at UC Berkeley since 2004, teaching courses in Finance, Accounting, Law, and Strategy in the Haas School, the Law School (Boalt Hall) and the department of Economics. Prior to joining the Berkeley faculty, he studied Economics, Business, and Law at the Wharton School of the University of Pennsylvania, George Mason University Law School, Duke Law School, and Berkeley Law (Boalt Hall). He has previously taught Finance, Management, Law and Economics at the Wharton School, Duke University and the University of Virginia and has been a consultant in the fields of IP litigation and competitive intelligence. His research focuses on the impact of tax policy on organizational design, capital formation, and innovation. He has received several teaching awards and has previously been involved in executive education programs at the Wharton School and Darden School.

**JOHN O'BRIEN**



**John O'Brien** is the Executive Director of the Master's in Financial Engineering (MFE) program at UC Berkeley, Haas School of Business. He assisted in developing the MFE program, and became its first Executive Director in July 2000. The Haas MFE is ranked number one in the world. Mr. O'Brien also is adjunct professor of finance at Haas; he created and teaches the MFE course in financial innovation. Professor O'Brien is the Haas faculty director for the Investment Management Consultants Association's preparatory course for its Certified Investment Management Advisor designation.

Prior to joining Haas, Mr. O'Brien was a managing director at Credit Suisse Asset Management in New York. At Credit Suisse, Mr. O'Brien had a series of responsibilities: creating and managing the performance measurement and risk management function, the client service function and the e-commerce effort.

Prior to Credit Suisse, Mr. O'Brien was co-founder, Chairman and CEO of Leland O'Brien Rubinstein (LOR) Associates, and Chairman of the Capital Market Fund, and the S&P 500 SuperTrust – the first exchange traded fund (ETF). LOR is credited with a series of financial market innovations and product offerings – a process that now is called “financial engineering”. Mr. O'Brien co-founded Wilshire Associates (originally operated as O'Brien Associates), and co-developed the Wilshire 5000 common stock index (originally named and published as the O'Brien 5000 Index).

Mr. O'Brien has received various awards, including the Financial Analyst's Graham and Dodd Scroll Award, the Matthew R. McArthur Award from the Investment Management Consultants Association for lifetime contributions to investment consulting. Mr. O'Brien was named among Fortune Magazine's ten Businessmen of the Year in 1987. Mr. O'Brien holds a S.B. in economics from MIT, and an M.S. in operations research from UCLA. He served as a Lieutenant in the United States Air Force.



## TERRANCE ODEAN



**Terrance Odean** is the Willis H. Booth Professor of Banking and Finance at the Haas School of Business at the University of California, Berkeley. He earned a B.A. in Statistics at the University of California, Berkeley in 1990 and a Ph.D. in Finance from the Haas School of Business at the University of California, Berkeley in 1997. He is the former director of UC Berkeley’s Experimental Social Science Laboratory and a former editor of *The Review of Financial Studies*. As an undergraduate at Berkeley, Odean studied Judgment and Decision Making with the 2002 Nobel Laureate in Economics, Daniel Kahneman. This led to his current research focus on how decision making biases affect investor welfare and securities prices. His research has been cited in *The Wall Street Journal*, *The New York Times*, *Time*,

*Newsweek*, *Business Week*, and many other publications. While studying for his Ph.D., Odean worked at Wells Fargo Nikko Investment Advisors and IRIS Financial Engineering, and co-owned a seat on the Pacific Stock Exchange. During the summer of 1970, he drove a yellow cab in New York City.

## DAN SCHNUR



**Dan Schnur** is the Director of the Jesse M. Unruh Institute of Politics at The University of Southern California where he works to motivate students to become active in the world of politics and encourage public officials to participate in the daily life of USC.

For years, Dan was one of California’s leading political and media strategists, whose record includes work on four presidential and three gubernatorial campaigns. Schnur served as the national Director of Communications for the 2000 presidential campaign of U.S. Senator John McCain and spent five years as chief media spokesman for California Governor Pete Wilson. In 2012, Schnur was appointed as Chairman of the California practices Commission, a position he held through that year’s elections and until spring of 2011.

In addition to his position at USC, Schnur is an Adjunct Instructor at the University of California at Berkeley’s Institute of Governmental Studies. Schnur has also held the post of Visiting Fellow at the John F. Kennedy School of Government’s Institute of Politics at Harvard University and taught an advanced course in political campaign communications at George Washington University’s Graduate School of Political Management. He writes regular political commentary for the *Washington Post*, the *New York Times*, and *The Politico* websites, and has also been an analyst and political commentator for CNN, MSNBC, Fox News, and National Public Radio.



*“Good content,  
worth your time.”*

*— Ben Lazarus, The Clifton Group*





**DANIEL LASS, JD, SENIOR VICE PRESIDENT, STANDISH**



**Dan** is a Senior Vice President of Standish, responsible for sales and marketing to US Public Funds. Dan joined Standish in 2009 directing marketing and sales for Coefficient Global Macro Funds. Prior to joining Standish, Dan was a Partner and Managing Director of Pareto Partners in London and in New York. Previous to Pareto, Dan was

Vice President at Bankers Trust Company in Los Angeles and London and began his professional career as Deputy Director and in-house counsel to the Minneapolis Employees' Retirement Fund. Dan earned his J.D. from the University of Notre Dame and his B.S. from the University of Minnesota. Dan has over 30 years of investment industry experience and holds his Series 30, 7 and 65 securities licenses.

**BEN LAZARUS, PARAMETRIC CLIFTON**



Ben Lazarus, Director, Institutional Relationships - Western North America, joined Parametric Clifton in 2004. He is responsible for developing, coordinating, and executing the business development and client services plan for Parametric Clifton's unique family of products with emphasis on the Western region of the United

States and Canada. In addition, Ben works on developing new strategies for Parametric Clifton and has presented on the use of derivatives at different industry events. Prior to joining Parametric Clifton, he was the Director of Sales Strategy at Deluxe Corporation in St. Paul, Minnesota. Ben holds a B.A. in Psychology from the University of California, San Diego and an M.B.A. in Marketing and Strategic Management from the University of Minnesota. He is a CFA charterholder and a member of the CFA Society of Minnesota.

**TERI NOBLE, AMERICAN REALTY ADVISORS**



Teri Noble is responsible for marketing American Realty Advisors' full line of real estate investment management services, including commingled fund and separate account investment programs to institutional clients in the Western United States. Most recently, Ms. Noble served as the Senior Vice President of Relationship Management at

Convergex where she was responsible for relationship management with plan sponsors and consultants and developing new business opportunities throughout the in-

*“Yes, I feel that all staff and board members should take advantage of this course. This course has been a refresher and update on many of the concepts used at board meeting level.”*

*— Sharon Naramore,  
Contra Costa County Employees  
Retirement Association*

stitutional investor and investment consultant community. Ms. Noble is the Vice President of the National Association of Securities Professionals - San Francisco Chapter and recently served as Board Director for the Financial Women's Association of San Francisco and as Vice President for the NASP (San Francisco Chapter).

### **DELIA M. ROGES, INVESCO**



Delia Roges is a member of the Invesco US Institutional Sales & Service team. As managing director, she is responsible for relationship management and new business generation for institutional investors in public funds in the western United States. Mrs. Roges has been in the institutional investment management business since 1991. Prior to joining Invesco in 2011, she was a senior member of a boutique investment banking and private placement firm focused on securing capital for private equity and real estate general partnerships.

Previously, she served nearly 14 years as a senior vice president for Trust Company of the West (TCW) where she was responsible for advising institutional clients and developing product solutions primarily for new business development. She joined TCW in 1994 from Southern California Edison Company (SCE) where she held various investment responsibilities in the Corporate Treasurer's Department.

Mrs. Roges presently serves on the Board of Regents to Loyola Marymount University (LMU) and on the Board of Visitors at the School of Education at LMU. She earned an MBA from the University of Southern California and a Bachelors in Business Administration from Loyola Marymount University.

### **GRAHAM SCHMIDT, CHEIRON**



Graham Schmidt (Associate-SOA, Member-AAA, Fellow-CCA) served as the Senior Vice President of EFI Actuaries for ten years before joining Cheiron as a consulting actuary upon the merger of EFI and Cheiron in 2013. Graham is a frequent speaker at public employer conferences, on topics including actuarial funding policies, asset-liability management and GASB-related issues. In recent years, he has spoken at national meetings sponsored by NCPERS, the Society of Actuaries, the Academy of Actuaries and other regional organizations, such as SACRS and CALAPRS. Graham is the SACRS-appointed representative to the California Actuarial Advisory Panel (CAAP), and is also a member of the Academy of Actuaries Public Plans Subcommittee and the Conference of Consulting Actuaries Public Plans Committee, the primary actuarial committees dealing with public sector retirement issues in the US.

### **KRISTIN V. SHOFNER, PYRAMIS GLOBAL ADVISORS**



Kristin Shofner, is senior vice president, Business Development at Pyramis Global Advisors, a Fidelity Investments company. In this role, she leads the development of relationships with public pension plans.

Prior to joining Pyramis in 2013, Kristin was a director of Institutional Sales and Marketing at Lord Abbett & Co,

Inc since June 2003. Her previous positions include serving as a manager of Institutional Sales and Client Services from 2000 to 2003 and as a manager research associate from 1998 to 2000 at Asset Strategy Consulting/InvestorForce, Inc. She has been in the industry since 1998.

Kristin earned her bachelor of arts degree in history and sociology from the University of California at Santa Barbara.

### **SCOTT J. WHALEN, CFA, WURTS AND ASSOCIATES**



Scott J. Whalen, Executive Vice President and Senior Consultant, serves primarily to provide high quality strategic investment advice and ensure his clients meet their long-term investment objectives. In addition, Mr. Whalen is a key member of the Wurts & Associates leadership team. He sits on the Management Committee and oversees the Los Angeles consulting staff. Prior to joining Wurts & Associates, Mr. Whalen built a distinguished career in management consulting with McKinsey & Company and Ernst & Young, where he led corporate and public sector institutions to increase efficiency and improve operational performance.

Through his vast experience working with multiple stakeholders across industries, Mr. Whalen has honed his ability to drive effective decision-making, often in challenging environments. He is a recognized speaker at industry conferences, where he has presented on a broad range of investment topics including asset allocation, alternative investing, investment manager oversight, attaining operational efficiencies in investment programs, the challenges and potential benefits of dynamic asset allocation, and the importance of maintaining a long-term perspective.



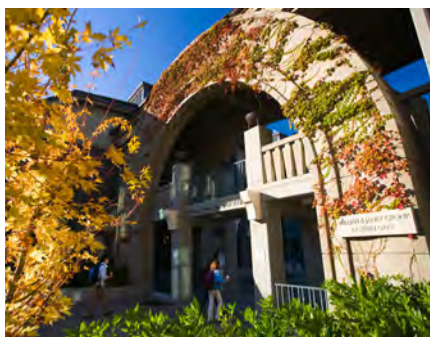


### FIRST TIME ATTENDEES

Sunday's session is a pension primer that provides a sturdy foundation for new trustees and staff. The basic language of finance and portfolio management will be introduced, and participants will explore the building blocks of portfolio construction, time value of money, the tradeoff between risk and return, liability forecasting, and asset-liability matching.

### RETURNING ATTENDEES

We encourage returning attendees, trustees and staff, to participate during Sunday's session to give you both a valuable refresher on the basics and an opportunity to share your experiences as veteran fiduciaries with your fellow classmates.



Participants will bring a strategic challenge from their own Retirement Plans to the program. They will have the opportunity to further define and develop their knowledge and objectives under faculty guidance.

The strength of the Haas School of Business is expressed in their philosophy "Leading through Innovation." Successful Retirement Plan Managers recognize innovation as an opportunity to maximize the creation of value. This program focuses on individual, team, and organizational levels of innovative potential.

The Public Pension Retirement Management Program is carefully designed to give participants access to the tools, the knowledge and the networks they need to master their particular challenges. Participants will bring a strategic challenge from their own Retirement Plans to the program. They will have the opportunity to further define and develop their knowledge and objectives under faculty guidance.

The programs are taught by the very same top faculty who teach in the UC Berkeley's Business Program—ranked Number 1 in the world. Outstanding faculty includes the top names of classical finance, Thomas Gilbert, and of behavioral finance, Terrance Odean. The programs are on the absolute cutting edge of today's research.



## CONFERENCE REGISTRATION

Registration online at [www.sacrs.org](http://www.sacrs.org)  
**JULY 20–23, 2014**

All conference activities will take place on the campus of **UC Berkeley Center for Executive Education**. The host hotel is the **Claremont Resort and Spa**. Both locations are tucked away in the beautiful Berkeley hillside. Price for the session is \$2500 per person. (Price includes registration, training materials, food and beverage and daily transportation to and from the Claremont Hotel/UC Berkeley.)

### PROGRAM LOCATION

UC Berkeley Center for Executive Education  
 2220 Piedmont Ave., Berkeley, CA 94720-1900

In order to receive a refund, you must cancel your registration by June 30, 2014. After June 30, 2014 no refunds will be permitted.

### Participation is limited.

Register early by visiting [www.sacrs.org](http://www.sacrs.org). To submit your registration, complete the enclosed form and:

**MAIL TO:** **SACRS**  
 C/O Sulema Peterson  
 1415 L Street, Suite 1000  
 Sacramento, CA 95814

**OR E-MAIL TO:** [Sulema@sacrs.org](mailto:Sulema@sacrs.org)

**OR VISIT:** [www.sacrs.org](http://www.sacrs.org)  
 and submit online

## HOTEL RESERVATIONS

**Claremont Resort and Spa**  
 41 Tunnel Road, Berkeley, CA 94705  
 Tel: (510) 843-3000

Accommodations will be made for confirmed attendees at the **Claremont Resort and Spa** located just minutes away from UC Berkeley in the beautiful Berkeley Hills. Shuttle service between the hotel and UC Berkeley will be provided. **SACRS room rate is \$199 per room (not including tax)**. Overnight parking is available at \$18.00 per day per vehicle. Additionally, the hotel charges guests a \$10.00 (plus tax) resort fee per room/per day. This fee is to cover use of the computers and internet in the Business Center, High Speed Internet access in guest room, access to the Private Club & Fitness Center and all fitness classes, local calls, newspaper delivery and in-room coffee.

Cancellation with no penalties is 72 hours prior to arrival. **All hotel reservations will be made through SACRS. Please do not call the hotel directly to make reservations!** To reserve your hotel accommodations, contact Sulema H. Peterson, SACRS Administrator at the following: [Sulema@sacrs.org](mailto:Sulema@sacrs.org) or (916) 441-1850.

*The UC Berkeley faculty members and participants enjoy meals together during the 3 day course. Topics from daily discussions are very often reinforced, vetted and simplified. During the evening, participants often enjoy dinner together as a group, taking in Berkeley's local restaurants within walking distance from the hotel. The informal and collegial atmosphere that develops at the SACRS UC Berkeley Program is one that is very special and unique compared with any other course and conference setting.*





**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

1415 L STREET, SUITE 1000  
SACRAMENTO, CA 95814  
(916) 441-1850



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## CHICAGO AGENDA

<b>Wednesday, June 4</b>	
1:30 pm to 5:00 pm	<b>Additional Sessions</b> Four Seasons Hotel <ul style="list-style-type: none"> <li>· PE in DC Plans - Educational session with Northern Trust and KPMG</li> <li>· Secondary Investor Forum</li> <li>· Direct Fund Advisory Board Meeting <i>(see detailed agenda attached)</i></li> </ul>
6:00 pm to 9:00 pm	<b>Welcome Reception/Dinner</b> Ditka's Restaurant 100 East Chestnut

<b>Thursday, June 5</b>	
7:30 am	<b>Registration and Breakfast:</b> Four Seasons Hotel ( <i>Ballroom</i> )
8:00	<b>Opening Remarks</b> Kevin Callahan
8:15	<b>State of the Private Equity Market</b> Hanneke Smits
9:00	<b>Venture Capital Strategy</b> <ul style="list-style-type: none"> <li>• Kelly Meldrum</li> <li>• John Connors, Partner, Ignition Partners</li> </ul>
9:55	<b>ASP Venture Growth Equity Update</b> Jeff Diehl, Robin Murray
10:25	<b>Break</b>
10:40	<b>Buyout Strategy</b> <ul style="list-style-type: none"> <li>• Jeff Burgis</li> </ul> <b>Healthcare Private Equity</b> <ul style="list-style-type: none"> <li>• Lester Knight, Founding Partner Roundtable Healthcare Partners</li> </ul>
11:35	<b>ASP Co-Investment Update</b> Dave Brett, Sachin Tulyani
12:00 pm	<b>Lunch</b>

1:15	<b>Emerging Markets Strategy</b> <ul style="list-style-type: none"> <li>• Piau-Voon Wang</li> </ul> <b>Private Equity Investing in Asia</b> <ul style="list-style-type: none"> <li>• Ky Tang, Chairman &amp; Managing Partner, Affinity Equity Partners</li> </ul>
2:15	<b>Secondary Market Update</b> Jeff Akers, Jason Gull
2:45	<b>Closing Remarks</b> Bon French
3:00	<b>Reception</b>

May 5, 2014

Tim Thonis  
Interim Retirement Administrator  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue  
Ventura, CA 93003

Subject: Grand Jury Briefing

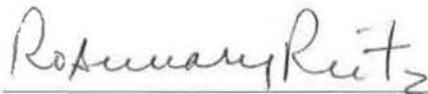
Dear Mr. Thonis:

This letter is to express the Grand Jury's appreciation for the briefing you and Mr. Towner provided us on Friday May 2, 2014.

Your visit was extremely informative and it completely satisfied our objectives. Your presentation provided us with an excellent overview of the challenges facing VCERA and the critical nature of the decisions that will impact County employees in the future. Your extremely insightful answers to Grand Jury questions about a wide variety of topics were extremely informative and will be very useful as we continue our services as a Grand Jury. We also were impressed by the depth of knowledge you possess of the entire spectrum of issues facing VCERA and the employees of the County.

Again, thank you for taking time out of your busy schedules to meet with us last Friday.

Sincerely,



Rosemary Reitz, *Foreperson*  
2013-2014 Ventura County Grand Jury  
[Rosemary.Reitz@Ventura.org](mailto:Rosemary.Reitz@Ventura.org)



Robert Stewart, *Protocol Officer*  
2013-2014 Ventura County Grand Jury  
[Robert.Stewart@Ventura.org](mailto:Robert.Stewart@Ventura.org)