

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

October 20, 2014

AGENDA

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

TIME: 9:00 a.m.

ITEM:

- | | Master Page No. |
|---|-----------------|
| I. <u>CALL TO ORDER</u> | |
| II. <u>APPROVAL OF AGENDA</u> | 1 – 4 |
| III. <u>APPROVAL OF MINUTES</u> | |
| A. Disability Meeting of October 6, 2014. | 5 – 12 |
| IV. <u>CONSENT AGENDA</u> | |
| A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of September 2014. | 13 |
| B. Receive and File Report of Checks Disbursed in September 2014. | 14 – 21 |
| C. Receive and File Statement of Reserves for FY 2013-14 Month Ending June 30, 2014. | 22 |
| D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Investments & Cash Equivalents for the Month Ending July 31, 2014. | 23 – 26 |
| V. <u>STANDING ITEM</u> | |
| A. Receive an Oral Update on Pensionable Compensation and PEPRA. | |

VI. ANNUAL INVESTMENT PRESENTATIONS

- A. Receive Annual Investment Presentation, Reams Asset Management, Thomas M. Fink, Managing Director. (30 Minutes) 27 – 53
- B. Receive Annual Investment Presentation, Western Asset Management Company, Veronica A. Amici, Client Service Executive and Julien A. Scholnick, Portfolio Manager. (30 Minutes) 54 – 91

VII. INVESTMENT INFORMATION

- A. NEPC – Don Stracke, Senior Consultant.
 - 1. Receive and File Preliminary Performance Report Month Ending September 30, 2014. **RECOMMENDED ACTION: Receive and File.** 92 – 98
 - 2. PIMCO Update & Watch List Options 99 – 102
 - 3. Sprucegrove Update 103
RECOMMENDED ACTION: Receive and File.
 - 4. Proposed Board Agenda for November and December 2014 104
RECOMMENDED ACTION: Receive and File.
 - 5. Proposed Board Retreat Agenda – Investment Segment 105
RECOMMENDED ACTION: Receive and File.

VIII. CLOSED SESSION

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

- A. Public Employee Appointment.
Title: Retirement Administrator

IX. OLD BUSINESS

- A. Request from Trustee Johnston to be Appointed to Ad-Hoc Disability Procedure Review Committee

IX. OLD BUSINESS (continued)

- B. Update on Retirement Administrator Recruitment and Possible Approval of Compensation.

X. NEW BUSINESS

- A. Request from Trustee Goulet to Adjust Compensation for VCERA's General Counsel Position. 106
 - 1. Draft Letter to Board of Supervisors Requesting Amendment to County Salary Ordinance. 107 – 108
- B. Recommendation to Approve Trustee Hintz's Attendance at Pacific Institutional Investor Forum, December 11, 2014, San Francisco 109 – 113
- C. Recommendation to Approve Lease Amendment for Additional Office Space at 1190 S. Victoria Avenue. 114 – 118
- D. Recommendation to Approve Option Under VCERA Interest Crediting Policy – Undistributed Earnings. 119 – 125
- E. Recommendation to Compensate Auditor-Controller/County of Ventura for Incremental Costs to Produce a Payroll Interface File – VCERIS Project
 - 1. Letter from Auditor Controller 126 – 127
 - 2. Staff Recommendation 128 – 130
- F. VCERIS Monthly Report – September 2014 131

XI. INFORMATIONAL

- A. Correspondence from SACRS 132 – 133
- B. CalPERS Article on Index Investing; Time Magazine, September 29, 2014. 134
- C. Invitation to Attend Alternative Investment Conference, Laguna Niguel 135 – 145
- D. Notification from Clerk of the Board Regarding Ethics Training – AB 1234 146 – 147

- XII. PUBLIC COMMENT**
- XIII. STAFF COMMENT**
- XIV. BOARD MEMBER COMMENT**
- XV. ADJOURNMENT**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

October 6, 2014

MINUTES

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

DIRECTORS Joseph Henderson, Public Member
ABSENT: Vacant, General Employee Member

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

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

Chair Towner called the Disability Meeting of October 6, 2014, to order at 9:05 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve the Agenda.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

III. APPROVAL OF MINUTES

A. Business Meeting of September 15, 2014.

MOTION: Approve the Minutes.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

MOTION: Receive and file the report.

Moved by Johnston, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service Connected Disability Retirement, Tennessen, David;
Case No. 13-007.

Paul Hilbun and Stephen D. Roberson, Attorney at Law, were present on behalf of the County of Ventura Risk Management. Mark Singer, Attorney at Law, was present on behalf of the applicant.

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

MOTION: Grant the applicant, David Tennesen, a service connected disability retirement.

Moved by Hintz, seconded by Johnston.

Vote: Motion carried

Yes: Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: Goulet

Absent: Henderson

Abstain: Sedell

The parties agreed to waive preparations of Findings of Fact and Conclusions of Law.

- B. Application for Service Connected Disability Retirement; Guy Peach; Case No. 13-037.

Paul Hilbun was present on behalf of the County of Ventura Risk Management. The applicant, Guy Peach, was also present.

Both parties declined to make statements.

The following motion was made:

MOTION: Grant the applicant, Guy Peach, a service connected disability retirement.

Moved by Wilson, seconded by Foy.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

The parties agreed to waive preparations of Findings of Fact and Conclusions of Law.

VI. PEPRA- DEFINING PENSIONABLE COMPENSATION

- A. Report Back and Seek Direction for Implementation of Pensionable Compensation Requirements Under PEPRA.

Ms. Nemiroff provided background and update on the implementation of Pensionable Compensation Requirements Under PEPRA and sought direction from the Board regarding the process and criteria for determining

items of compensation going forward.

Received public comment from David Grau, Ventura County Taxpayers Association; Paul Derse, County Executive Office, County of Ventura; and Ramon Rubalcava, SEIU Local #721.

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

MOTION: Engage outside counsel Manatt, Phelps, & Philips, to determine the following:

- a.) What constitutes "pensionable compensation" under PEPRA?
- b.) Who has the authority to determine what is includable in "pensionable compensation"?

Moved by Wilson, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

After further discussion, Chair Towner directed the Personnel Review Committee to discuss adding an attorney to VCERA staff and return to the Board with their recommendation.

- B. Letter from Supervisor Linda Parks
- C. Letter from Supervisor Steve Bennett

MOTION: Receive and File Items VI.B and VI.C.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

VII. OLD BUSINESS

- A. Chief Investment Officer
 - 1. Consideration of Personnel Review Committee Recommendation Regarding Civil Service Status/Exemption

Mr. Hoag informed the Board that the Personnel Review Committee recommends making the position of Chief Investment Officer exempt from civil service. If the Board of Retirement wishes to make the position exempt, it will need to request the Board of Supervisors to pass an ordinance, followed by a 30-day waiting period.

MOTION: Follow the recommendation of the Personnel Review Committee and request that the Board of Supervisors pass an ordinance allowing the Chief Investment Officer position to be exempt from civil service.

Moved by Hintz, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

2. Consideration of Personnel Review Committee's Recommendation for Authority to Engage County or Recruitment Firm to Conduct Recruitment

MOTION: Delegate authority to the Personnel Review Committee to determine whether to hire County HR or an outside consultant to conduct the recruitment, with authority for the Chair to sign a consultant contract, if needed.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -

Absent: Henderson

VIII. NEW BUSINESS

- A. Request for Authorization to Attend California Retired County Employees Association Conference

MOTION: Approve.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner

No: -
Absent: Henderson

- B. Request for Authorization to Attend CALAPRS Advanced Principles of Pension Management for Trustees

MOTION: Approve.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried
Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner
No: -
Absent: Henderson

- C. CALAPRS Trustees Roundtable Report by Board Members De McCormick and Art Goulet

MOTION: Receive and File.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried
Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner
No: -
Absent: Henderson

- D. Request for Discussion of Senate Bill 673; Article from the Daily Journal

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

MOTION: Receive and File.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried
Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner
No: -
Absent: Henderson

- E. Linea Monthly Project Status Report – August 2014

MOTION: Receive and File.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried
Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner
No: -
Absent: Henderson

IX. INVESTMENT INFORMATION

A. Staff Update on Recent Events at PIMCO

1. NEPC Correspondence

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

MOTION: Receive and File.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried
Yes: Goulet, Sedell, Hintz, McCormick, Foy, Johnston, Wilson, Towner
No: -
Absent: Henderson

X. CLOSED SESSION

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

- A. Public Employee Appointment.**
Title: Retirement Administrator
Time: 12:45 p.m. – 5:00 p.m.

The Chairman adjourned the meeting at 11:10 a.m. until 12:45 p.m. At 12:45 p.m., the Board returned and immediately adjourned to closed session pursuant to Government Code Section 54957(b)(1).

XI. INFORMATIONAL

- A. SACRS Reorganization of the County Employees Retirement Law (CERL)**
1. Reorganization of CERL Draft
 2. Legislative Platform Worksheet

XII. PUBLIC COMMENT

None.

XIII. STAFF COMMENT

None.

XIV. BOARD MEMBER COMMENT

None.

XV. ADJOURNMENT

Upon returning to open session, the Chairman announced that the Board had taken no reportable action. The meeting was adjourned at 5:00 p.m.

Respectfully submitted,



TIM THONIS, Interim Retirement Administrator

Approved,

TRACY TOWNER, Chairman

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

SEPTEMBER 2014

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:							
Cheri S.	Bartimus	G	7/1/2007	6.50	C=6.55	Public Works	09/05/14
James	Bishop	G	07/04/1993	21.20		Human Services Agency	09/12/14
Samuel L.	Castillo	G	04/02/2001	13.40	C=1.886	Human Services Agency	08/15/14
Manuela	Estrada	G	08/19/1990	25.20	A=1.4567 B=0.6628	Health Care Agency	08/09/14
Michael G.	Finn	S	12/15/1985	24.60		Airports	08/30/14
Wanda S.	Greene	G	12/01/1985	6.30		Auditor-Controller (Deferred)	09/01/14
Scott E.	Heffelfinger	G	12/08/1991	3.50	C=19.24301	Sheriff's Department (Deferred)	09/01/14
Deborah A.	Horowitz	G	11/25/1990	24.60	A=0.78450 B=0.199	Human Services Agency	09/06/14
Bruce C.	Hunter	G	05/28/2002	12.20		Information Services Agency	09/03/14
Susan A.	Kearney	G	03/24/1996	5.40	C=2.6310	Human Services Agency (Deferred)	08/05/14
Marcie B.	Kraft	G	04/10/2005	8.70	C=13.1710	Superior Courts (Deferred)	09/06/14
Beverly A.	Koerner	G	02/17/2004	0.70	C=13.10993	Health Care Agency (Deferred)	07/27/14
Caridad R.	Mangubat	G	03/25/2007	7.30		Health Care Agency	08/07/14
Terri A.	Mc Caskill	G	06/15/1997	15.40		Health Care Agency	08/15/14
Irene	Medina	G	08/06/1989	25.00		Human Services Agency	08/30/14
Donald J.	Molony	G	12/13/1987	10.67	C=16.093	Harbor Department (Deferred)	09/04/14
Ana M.	Montes	G	08/23/1999	14.90		Health Care Agency	08/30/14
Phillip A.	Nazario	S	12/01/2002	7.00		Probation Agency	07/24/13
Margaret M.	Norris	G	03/29/1992	22.40	B=0.09589	Resource Management Agency	08/30/14
Linda A.	Oksner	S	02/14/1982	32.50		Sheriff's Department	08/30/14
Rose M.	Paredes	G	12/23/1990	21.10		Public Works	09/06/14
Jack L.	Peveler	S	12/04/1983	34.70	D=4.0055	Harbor Department	08/09/14
Gregory G.	Phillips	G	08/24/1986	15.90		District Attorney (Deferred)	09/08/14
Samuel R.	Villavicencio	S	08/14/1989	25.00		Fire Protection	08/15/14
Sandra T.	Zatz	G	09/23/1984	29.00		Probation Agency	08/16/14

DEFERRED RETIREMENTS:

Christian	Barnes	G	08/04/2003	8.35		Health Care Agency	08/30/2014
Brian E.	Burgwald	S	11/30/2004	3.64 *		Airports	07/25/2008
Ryan I.	Cherrick	S	01/11/2009	5.61		Sheriff's Department	08/17/2014
Michael	Frieson	S	07/05/2007	7.18		Sheriff's Department	09/11/2014
Maritza	Loya Castro	G	07/30/2006	8.07		Health Care Agency	08/22/2014
Yolanda P.	Ramirez	G	06/06/2004	6.19		Health Care Agency	08/16/2014
Rafael H.	Reyes	G	05/03/2009	5.14		Health Care Agency	08/15/2014
Jeffrey S.	Reagan	S	12/23/1984	1.65 *		Sheriff's Department	08/18/1986
Jared J.	Scott	S	04/20/2008	6.33		Sheriff's Department	08/17/2014
Christina J.	Therrien	G	09/09/2007	6.73	C=0.67850	District Attorney	08/22/2014

SURVIVORS' CONTINUANCES:

Patrick D. Kelly

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

Date: Monday, October 13, 2014
 Time: 08:28AM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 03-15 As of: 10/13/2014

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 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
Company: VCERA										
Acct / Sub:	1002		00							
024174	CK	9/3/2014	106745 FRANCISCO ROMERO	03-15	019042	VO	REFUND	9/3/2014	0.00	10.87
024175	CK	9/3/2014	123198 MARLENE N. TUTOGI	03-15	019043	VO	REFUND	9/3/2014	0.00	2,297.22
024176	CK	9/3/2014	F1348B1 JOAN COLLINS	03-15	019044	VO	DEATH BENEFIT	9/3/2014	0.00	3,925.94
024177	CK	9/3/2014	F1565B1 SUMMER RAE RANDALL	03-15	019045	VO	DEATH BENEFIT	9/3/2014	0.00	4,222.14
024178	CK	9/3/2014	F1623B1 THE HENRIETTA REED	03-15	019046	VO	DEATH BENEFIT	9/3/2014	0.00	7,572.70
024179	CK	9/3/2014	F2602B1 MICHAEL J. BENSOR	03-15	019047	VO	DEATH BENEFIT	9/3/2014	0.00	2,021.10
024180	CK	9/3/2014	F2602B2 GREGORY C. BENSOR	03-15	019048	VO	DEATH BENEFIT	9/3/2014	0.00	2,021.10
024181	CK	9/3/2014	F3471 SALLY HARRIS	03-15	019049	VO	PENSION PAYMENT	9/3/2014	0.00	589.03
024182	CK	9/3/2014	F3963 AMANDO GUTIERREZ	03-15	019050	VO	PENSION PAYMENT	9/3/2014	0.00	2,895.76
024183	CK	9/3/2014	F4168S JOAN A. SHEYDAYI	03-15	019051	VO	DEATH BENEFIT	9/3/2014	0.00	5,026.97
024184	CK	9/3/2014	F4759B1 SUSAN C. DE LA ROSA	03-15	019052	VO	DEATH BENEFIT	9/3/2014	0.00	4,306.41
024185	CK	9/3/2014	XXXXX4514 JILL STORM	03-15	019053	VO	REFUND	9/3/2014	0.00	12,744.50
024186	CK	9/3/2014	XXXXX4514R TD AMERITRADE INSTITUTIONAI	03-15	019054	VO	ROLLOVER	9/3/2014	0.00	10,381.95

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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
024187	CK	9/3/2014	101602 HENRY SOLIS	03-15	019055	VO	REIMBURSEMENT	9/3/2014	0.00	119.00
024188	CK	9/3/2014	ADP ADP LLC	03-15	019056	VO	ADMIN EXP	9/3/2014	0.00	60.00
024188	CK	9/3/2014	ADP ADP LLC	03-15	019057	VO	ADMIN EXP	9/3/2014	0.00	2,502.68
									Check Total	2,562.68
024189	CK	9/3/2014	ASSIMA ASSIMA, INC.	03-15	019058	VO	PAS	9/3/2014	0.00	20,655.00
024190	CK	9/3/2014	CORPORATE STAPLES ADVANTAGE	03-15	019059	VO	ADMIN EXP	9/3/2014	0.00	167.02
024191	CK	9/3/2014	COUNTY COUNTY COUNSEL	03-15	019060	VO	LEGAL FEES	9/3/2014	0.00	29,270.75
024192	CK	9/3/2014	CPS COOPERATIVE PERSONNEL SEF	03-15	019061	VO	ADMIN EXP	9/3/2014	0.00	7,019.91
024193	CK	9/3/2014	HANSONBRID HANSON BRIDGETT LLP	03-15	019062	VO	LEGAL FEES	9/3/2014	0.00	391.50
024194	CK	9/3/2014	SPRUCE SPRUCEGROVE INVESTMENT M	03-15	019063	VO	INVESTMENT FEES	9/3/2014	0.00	59,998.53
024195	CK	9/3/2014	VOLT VOLT	03-15	019064	VO	ADMIN EXP	9/3/2014	0.00	1,480.68
024196	CK	9/3/2014	WEST WEST COAST AIR CONDITIONIN	03-15	019065	VO	IT	9/3/2014	0.00	75.00
024197	CK	9/10/2014	102344 MANUELA ESTRADA	03-15	019066	VO	REFUND T2 COL	9/10/2014	0.00	12,777.19
024198	CK	9/10/2014	105342 JOLENE R. JONES	03-15	019067	VO	REFUND	9/10/2014	0.00	34,512.48
024199	CK	9/10/2014	116833 ERENDIRA GARCIA	03-15	019068	VO	REFUND	9/10/2014	0.00	28,845.57

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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
024200	CK	9/10/2014	122168 JESSICA LYNN RIVERA	03-15	019069	VO	REFUND	9/10/2014	0.00	3,673.54
024201	CK	9/10/2014	122175R PERSHING LLC	03-15	019070	VO	ROLLOVER	9/10/2014	0.00	2,938.07
024202	CK	9/10/2014	123439R WELLS FARGO ADVISORS	03-15	019071	VO	ROLLOVER	9/10/2014	0.00	5,514.88
024203	CK	9/10/2014	123703 SONIA L. ESTRADA	03-15	019072	VO	REFUND	9/10/2014	0.00	1,492.01
024204	CK	9/10/2014	F1173B1 JANE L. CARMIKLE-- CUSTODIAN	03-15	019073	VO	DEATH BENEFIT	9/10/2014	0.00	3,974.72
024205	CK	9/10/2014	F4502 RUBEN ROBINSON	03-15	019074	VO	PENSION PAYMENT	9/10/2014	0.00	2,167.34
024206	CK	9/10/2014	F8026B1 DEBORAH L. WARD	03-15	019075	VO	DEATH BENEFIT	9/10/2014	0.00	4,165.27
024207	CK	9/10/2014	ADP ADP LLC	03-15	019076	VO	ADMIN EXP	9/10/2014	0.00	8,816.25
024208	CK	9/10/2014	BARNEY ABU COURT REPORTING INC	03-15	019077	VO	ADMIN EXP	9/10/2014	0.00	885.00
024209	CK	9/10/2014	CUSTOM CUSTOM PRINTING	03-15	019078	VO	ADMIN EXP	9/10/2014	0.00	289.34
024210	CK	9/10/2014	HARRIS HARRIS WATER CONDITIONING	03-15	019079	VO	ADMIN EXP	9/10/2014	0.00	114.50
024211	CK	9/10/2014	MEGAPATH MEGAPATH INC.	03-15	019080	VO	IT	9/10/2014	0.00	638.46
024212	CK	9/10/2014	REAMS REAMS ASSET MANAGEMENT	03-15	019081	VO	INVESTMENT FEES	9/10/2014	0.00	112,055.00

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Ventura County Retirement Assn
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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						
024213	CK	9/10/2014	VOLT VOLT	03-15		019082	VO	ADMIN EXP	9/10/2014	0.00	1,480.68
024214	CK	9/10/2014	WSJ WALL STREET JOURNAL	03-15		019083	VO	ADMIN EXP	9/10/2014	0.00	99.00
024215	CK	9/18/2014	101137 SANDRA ZATZ	03-15		019084	VO	REFUND T2 COL	9/18/2014	0.00	14,220.08
024216	CK	9/18/2014	106163 SAMUEL L. CASTILLO	03-15		019085	VO	REFUND T2 COL	9/18/2014	0.00	17,209.82
024217	CK	9/18/2014	122799 APRIL G. RETES	03-15		019086	VO	REFUND- CONTRIB	9/18/2014	0.00	2,619.88
024218	CK	9/18/2014	F1826B1 MAREN H. PETERSEN	03-15		019087	VO	DEATH BENEFIT	9/18/2014	0.00	1,000.02
024219	CK	9/18/2014	F1972B1 CHERYLA. COTE	03-15		019088	VO	DEATH BENEFIT	9/18/2014	0.00	3,783.48
024220	CK	9/18/2014	F3521 DEBORAH L. RAY	03-15		019089	VO	PENSION PAYMENT	9/18/2014	0.00	1,378.97
024221	CK	9/18/2014	F5073 CHRISTINE R. COOKE	03-15		019090	VO	PENSION PAYMENT	9/18/2014	0.00	2,267.48
024222	CK	9/18/2014	F7641 ROBERT J. KING	03-15		019091	VO	PENSION PAYMENT	9/18/2014	0.00	775.07
024223	CK	9/18/2014	F8026B2 SUSAN M. BLASER	03-15		019092	VO	DEATH BENEFIT	9/18/2014	0.00	4,015.27
024224	CK	9/18/2014	XXXXX4436 REX O. HENDERSON	03-15		019093	VO	REFUND- CONTRIB	9/18/2014	0.00	1,548.83
024225	CK	9/18/2014	XXXXX4436R MORGAN STANLEY	03-15		019094	VO	ROLLOVER	9/18/2014	0.00	4,565.46
024226	CK	9/18/2014	990007 DEANNA MCCORMICK	03-15		019095	VO	TRAVEL REIMB	9/18/2014	0.00	1,645.94

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Ventura County Retirement Assn
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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						
024227	CK	9/18/2014	AT&T AT & T MOBILITY	03-15		019096	VO	IT	9/18/2014	0.00	289.05
024228	CK	9/18/2014	BARNEY ABU COURT REPORTING INC	03-15		019097	VO	ADMIN EXP	9/18/2014	0.00	610.00
024229	CK	9/18/2014	BROWN BROWN ARMSTRONG	03-15		019098	VO	ADMIN EXP	9/18/2014	0.00	29,274.65
024230	CK	9/18/2014	CINTAS CINTAS CORP	03-15		019099	VO	ADMIN EXP	9/18/2014	0.00	195.60
024231	CK	9/18/2014	COMPUWAVE COMPUWAVE	03-15		019100	VO	IT	9/18/2014	0.00	202.26
024232	CK	9/18/2014	CORPORATE STAPLES ADVANTAGE	03-15		019101	VO	ADMIN EXP	9/18/2014	0.00	311.23
024233	CK	9/18/2014	STATE STATE STREET BANK AND TRUS	03-15		019102	VO	INVESTMENT FEES	9/18/2014	0.00	8,256.62
024234	CK	9/18/2014	TWC TIME WARNER CABLE	03-15		019103	VO	IT	9/18/2014	0.00	481.97
024235	CK	9/18/2014	VOLT VOLT	03-15		019104	VO	ADMIN EXP	9/18/2014	0.00	1,480.68
024236	CK	9/24/2014	990002 ARTHUR E. GOULET	03-15		019105	VO	TRAVEL REIMB	9/24/2014	0.00	98.48
024237	CK	9/24/2014	102661 LORI NEMIROFF	03-15		019106	VO	TRAVEL REIMB	9/24/2014	0.00	67.40
024238	CK	9/24/2014	ACCESS ACCESS INFORMATION MANAGE	03-15		019107	VO	ADMIN EXP	9/24/2014	0.00	360.85
024239	CK	9/24/2014	BARNEY ABU COURT REPORTING INC	03-15		019108	VO	ADMIN EXP	9/24/2014	0.00	315.00

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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						
024240	CK	9/24/2014	BOFA BUSINESS CARD	03-15		019109	VO	ADMIN EXP	9/24/2014	0.00	8,463.23
024241	CK	9/24/2014	CORPORATE STAPLES ADVANTAGE	03-15		019110	VO	ADMIN EXP	9/24/2014	0.00	548.04
024242	CK	9/24/2014	COUNTY COUNTY COUNSEL	03-15		019111	VO	LEGAL FEES	9/24/2014	0.00	19,864.00
024243	CK	9/24/2014	MBS MANAGED BUSINESS SOLUTION	03-15		019112	VO	PAS	9/24/2014	0.00	10,256.25
024244	CK	9/24/2014	MF M.F. DAILY CORPORATION	03-15		019113	VO	ADMIN EXP	9/24/2014	0.00	15,200.57
024245	CK	9/24/2014	OPERS PUBLIC PENSION FINANCIAL FO	03-15		019114	VO	ADMIN EXP	9/24/2014	0.00	475.00
024246	CK	9/24/2014	VOLT VOLT	03-15		019115	VO	ADMIN EXP	9/24/2014	0.00	1,308.96
024247	CK	9/24/2014	SBS SBS GROUP	03-15		019116	VO	IT	9/24/2014	0.00	43.75
024248	CK	9/24/2014	WEST WEST COAST AIR CONDITIONING	03-15		019117	VO	IT	9/24/2014	0.00	338.00
024249	CK	9/26/2014	CA SDJ CALIFORNIA STATE	03-15		019118	VO	CRT ORDERED PMT	9/26/2014	0.00	1,052.47
024250	CK	9/26/2014	CALPERS CALPERS LONG-TERM	03-15		019119	VO	INSURANCE	9/26/2014	0.00	18,997.59
024251	CK	9/26/2014	CHILD21 OREGON DEPT OF JUSTICE	03-15		019120	VO	CRT ORDERED PMT	9/26/2014	0.00	171.74
024252	CK	9/26/2014	CHILD5 STATE DISBURSEMENT UNIT (SI	03-15		019121	VO	CRT ORDERED PMT	9/26/2014	0.00	511.00
024253	CK	9/26/2014	CHILD9 SHERIDA SEGALL	03-15		019122	VO	CRT ORDERED PMT	9/26/2014	0.00	260.00

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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						
024254	CK	9/26/2014	CVMP COUNTY OF VENTURA	03-15		019123	VO	INSURANCE	9/26/2014	0.00	539,488.76
024255	CK	9/26/2014	FTBCA3 FRANCHISE TAX BOARD	03-15		019124	VO	GARNISHMENT	9/26/2014	0.00	137.26
024256	CK	9/26/2014	IRS6 INTERNAL REVENUE SERVICE	03-15		019125	VO	GARNISHMENT	9/26/2014	0.00	321.00
024257	CK	9/26/2014	IRS7 INTERNAL REVENUE SERVICE	03-15		019126	VO	GARNISHMENT	9/26/2014	0.00	500.00
024258	CK	9/26/2014	REAVC RETIRED EMPLOYEES' ASSOCIATION	03-15	03-15	019127	VO	DUES	9/26/2014	0.00	4,212.00
024258	VC	9/26/2014	REAVC RETIRED EMPLOYEES' ASSOCIATION	03-15	03-15	019127	VO	DUES	9/26/2014	0.00	-4,212.00
024259	CK	9/26/2014	SEIU SEIU LOCAL 721	03-15		019128	VO	DUES	9/26/2014	0.00	302.50
024260	CK	9/26/2014	SPOUSE2 KELLY SEARCY	03-15		019129	VO	CRT ORDERED PMT	9/26/2014	0.00	1,874.00
024261	CK	9/26/2014	SPOUSE3 ANGELINA ORTIZ	03-15		019130	VO	CRT ORDERED PMT	9/26/2014	0.00	250.00
024262	CK	9/26/2014	SPOUSE4 CATHY C. PEET	03-15		019131	VO	CRT ORDERED PMT	9/26/2014	0.00	550.00
024263	CK	9/26/2014	SPOUSE5 SUZANNA CARR	03-15		019132	VO	CRT ORDERED PMT	9/26/2014	0.00	829.00
024264	CK	9/26/2014	SPOUSE6 BARBARA JO GREENE	03-15		019133	VO	CRT ORDERED PMT	9/26/2014	0.00	675.00
024265	CK	9/26/2014	SPOUSE7 MARIA G. SANCHEZ	03-15		019134	VO	CRT ORDERED PMT	9/26/2014	0.00	104.00
024266	CK	9/26/2014	VCDSA VENTURA COUNTY DEPUTY	03-15		019135	VO	INSURANCE	9/26/2014	0.00	250,125.59
Check Total										0.00	0.00

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Ventura County Retirement Assn
Check Register - Standard
 Period: 03-15 As of: 10/13/2014

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 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
024267	CK	9/26/2014	VCPFF VENTURA COUNTY PROFESSIOI	03-15	019136	VO	INSURANCE	9/26/2014	0.00	71,358.01
024268	CK	9/26/2014	VRSD VENTURA REGIONAL	03-15	019137	VO	INSURANCE	9/26/2014	0.00	6,661.14
024269	CK	9/26/2014	VSP VISION SERVICE PLAN - (CA)	03-15	019138	VO	INSURANCE	9/26/2014	0.00	8,340.56
024270	CK	9/26/2014	REAVC RETIRED EMPLOYEES' ASSOCIATION	03-15	019127	VO	DUES	9/26/2014	0.00	4,212.00

Check Count: 98

Acct Sub Total: 1,464,388.57

Check Type	Count	Amount Paid
Regular	97	1,468,600.57
Hand	0	0.00
Electronic Payment	0	0.00
Void	1	-4,212.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	98	1,464,388.57

Company Disc Total	0.00	Company Total	1,464,388.57
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Ventura County Employee's Retirement Association
Statement of Reserves
June 30, 2014

VALUATION RESERVES:

MEMBER CONTRIBUTIONS	\$ 611,920,699	
EMPLOYER ADVANCE	1,886,562,740	
(EMPLOYER LIABILITY DIFFERENTIAL)	(889,356,718)	
RETIREE	2,150,677,421	
VESTED FIXED SUPPLEMENTAL (\$108.44)	134,434,076	
SUPPLEMENTAL DEATH BENEFIT	13,897,630	
UNDISTRIBUTED EARNINGS	<u>6,392,959</u>	
TOTAL VALUATION RESERVES		\$ 3,914,528,806

NON-VALUATION RESERVES:

SUPPLEMENTAL MEDICAL (\$27.50)	9,977,187	
CONTINGENCY	<u>40,308,506</u>	
TOTAL NON-VALUATION RESERVES		<u>50,285,693</u>
TOTAL RESERVES (ACTUARIAL VALUATION)		\$ 3,964,814,499
MARKET STABILIZATION		<u>310,071,365</u>
TOTAL RESERVES (MARKET VALUE)		<u><u>\$ 4,274,885,864</u></u>

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

ASSETS

CASH & CASH EQUIVALENTS **\$204,115,442**

RECEIVABLES

ACCRUED INTEREST AND DIVIDENDS	4,297,771
SECURITY SALES	27,269,860
MISCELLANEOUS	7,163
TOTAL RECEIVABLES	31,574,793

INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	105,685,822
DOMESTIC EQUITY INDEX FUNDS	1,171,883,683
INTERNATIONAL EQUITY SECURITIES	371,961,749
INTERNATIONAL EQUITY INDEX FUNDS	270,924,319
GLOBAL EQUITY	441,846,124
PRIVATE EQUITY	91,743,888
DOMESTIC FIXED INCOME - CORE PLUS	571,828,190
DOMESTIC FIXED INCOME - U.S. INDEX	136,116,693
GLOBAL FIXED INCOME	259,450,309
REAL ESTATE	304,648,679
ALTERNATIVES	421,876,151
CASH OVERLAY - CLIFTON	273
TOTAL INVESTMENTS	4,147,965,878

PENSION SOFTWARE DEVELOPMENT COSTS **6,459,436**

TOTAL ASSETS **4,390,115,550**

LIABILITIES

SECURITY PURCHASES PAYABLE	27,361,299
ACCOUNTS PAYABLE	1,582,633
PREPAID CONTRIBUTIONS	146,432,665
	175,376,598

TOTAL LIABILITIES **175,376,598**

NET POSITION RESTRICTED FOR PENSIONS **\$4,214,738,952**

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

ADDITIONS

CONTRIBUTIONS

EMPLOYER	\$8,661,745
EMPLOYEE	2,979,521
TOTAL CONTRIBUTIONS	<u>11,641,266</u>

INVESTMENT INCOME

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	(68,413,426)
INTEREST INCOME	1,232,673
DIVIDEND INCOME	14,443,679
REAL ESTATE OPERATING INCOME, NET	
SECURITY LENDING INCOME	3,544
TOTAL INVESTMENT INCOME	<u>(52,733,530)</u>

LESS INVESTMENT EXPENSES

MANAGEMENT & CUSTODIAL FEES	104,330
SECURITIES LENDING BORROWER REBATES	(915)
SECURITIES LENDING MANAGEMENT FEES	4,459
TOTAL INVESTMENT EXPENSES	<u>107,874</u>

NET INVESTMENT INCOME (52,841,404)

TOTAL ADDITIONS (41,200,138)

DEDUCTIONS

BENEFIT PAYMENTS	18,570,290
MEMBER REFUNDS	170,729
ADMINISTRATIVE EXPENSES	205,755
TOTAL DEDUCTIONS	<u>18,946,774</u>

NET INCREASE/(DECREASE) (60,146,912)

NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR 4,274,885,864

ENDING BALANCE \$4,214,738,952

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

EQUITY

DOMESTIC EQUITY

WESTERN ASSET INDEX PLUS	\$105,685,822	\$23,663,782
TOTAL DOMESTIC EQUITY	105,685,822	23,663,782

DOMESTIC INDEX FUNDS

BLACKROCK - US EQUITY MARKET	1,127,940,853	0
BLACKROCK - EXTENDED EQUITY	43,942,830	1
TOTAL EQUITY INDEX FUNDS	1,171,883,683	1

INTERNATIONAL EQUITY

SPRUCEGROVE	193,992,946	0
HEXAVEST	82,249,959	0
WALTER SCOTT	95,718,844	0
TOTAL INTERNATIONAL EQUITY	371,961,749	0

INTERNATIONAL INDEX FUNDS

BLACKROCK - ACWIXUS	270,924,319	0
TOTAL INTERNATIONAL INDEX FUNDS	270,924,319	0

GLOBAL EQUITY

GRANTHAM MAYO AND VAN OTTERLOO (GMO)	218,216,175	0
BLACKROCK - GLOBAL INDEX	223,629,950	0
TOTAL GLOBAL EQUITY	441,846,124	0

PRIVATE EQUITY

ADAMS STREET	58,607,184	0
PANTHEON	10,017,438	0
HARBOURVEST	23,119,266	0
TOTAL PRIVATE EQUITY	91,743,888	0

FIXED INCOME

DOMESTIC

LOOMIS SAYLES AND COMPANY	67,330,069	4,252,421
REAMS	248,197,542	182
WESTERN ASSET MANAGEMENT	256,300,579	4,068,320
TOTAL DOMESTIC	571,828,190	8,320,923

DOMESTIC INDEX FUNDS

BLACKROCK - US DEBT INDEX	136,116,693	0
TOTAL DOMESTIC INDEX FUNDS	136,116,693	0

GLOBAL

LOOMIS SAYLES AND COMPANY	95,363,031	0
LOOMIS ALPHA	41,787,438	0
PIMCO	122,299,841	2,452,354
TOTAL GLOBAL	259,450,309	2,452,354

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

REAL ESTATE		
PRUDENTIAL REAL ESTATE	100,717,415	0
RREEF	7,098,235	0
UBS REALTY	196,833,029	0
TOTAL REAL ESTATE	304,648,679	0
ALTERNATIVES		
BRIDGEWATER	279,163,500	0
TORTOISE (MLP's)	142,712,651	4,766,050
TOTAL ALTERNATIVES	421,876,151	4,766,050
CASH OVERLAY - CLIFTON GROUP	273	116,987,480
IN HOUSE CASH		47,924,852
TOTAL INVESTMENTS AND CASH	\$4,147,965,878	\$204,115,442

Presented to

Ventura County Employees' Retirement Association

October 20, 2014

Presented by:

Thomas M. Fink, CFA
Managing Director



Agenda

Section

- 1 Organizational Updates
- 2 Client Relationship Overview
- 3 Performance Review
- 4 Fixed Income Market Review
- 5 Portfolio Characteristics
- 6 Supplemental Materials

Reams Asset Management

- A trusted investment management partner since 1981
 - Exclusive focus on U.S. fixed income portfolios for institutional clients and individual investors through separate accounts and mutual funds
 - Long-term client relationships are a result of strong historical performance and attentive client service
-

Scout Investments

- Wholly owned subsidiary of UMB Financial Corporation, a multi-billion dollar diversified financial services company with roots tracing back to 1913
 - 44 investment professionals with an average of 17 years of industry experience
 - Striving to deliver relative outperformance over full market cycles
 - Committed to leveraging the unique strengths of its divisions
-

Reams Leadership Team

Investment Committee

Mark M. Egan, CFA (28)
Chief Investment Officer
Managing Director

Thomas M. Fink, CFA (28)
Managing Director

Robert A. Crider, CFA (37)
Managing Director

Operations and Administration

David B. McKinney, JD, CPA (34)
President, Reams Division

Daniel P. Spurgeon (17)
V.P. Operations

Greg VanDuesen (18)
Chief Information Officer

Nancy Morey (32)
Director of Portfolio Systems
and Accounting

Structured Products

Stephen T. Vincent, CFA (23)
Portfolio Manager
Structured Products Team Leader

Credit

Todd C. Thompson, CFA (20)
Portfolio Manager
Credit Research Team Leader

Client Services

Deanne B. Olson, CFA (17)
V.P. Client Services
Client Services Team Leader

Reams Representative Client List

Corporate

American Honda Motor Company
APL Limited
Cummins Inc.
Emerson Electric Company
NCR Corporation
Omaha Public Power District
Reliance Standard Life Insurance Company
Seaboard Corporation
Southern California Rock Products
VF Corporation

University/Endowment/Foundation

Trustees of Indiana University
Iowa Board of Regents
University of Kentucky
Purdue University
Regents of the University of Minnesota
University of Wisconsin System

Hospital

University of Colorado Health
NorthShore University HealthSystem
Northwestern Memorial HealthCare
Rehabilitation Institute of Chicago

Sub-Advisory

Christian Brothers Investment Services
Jackson National Life
Prudential Retirement Insurance and Annuity Company
Redwood Asset Management

Non-Profit

Archdiocese of Miami
Board of Pensions/Presbyterian Church, USA
Cleveland Museum of Art
Sisters of the Holy Cross
Veterans of Foreign Wars of the U.S.

Public

City of Detroit Employees' Retirement System
Employees' Retirement System of Baltimore County
Indiana Public Retirement System
Indiana State Police Pension Trust
Los Angeles Fire & Police Pension System
City of Milwaukee Employees' Retirement System
Montana Board of Investments
City of Oakland Police & Fire Retirement System
San Francisco Bay Area Rapid Transit District
Santa Barbara County Employees' Retirement System
Seattle City Employees' Retirement System
Sonoma County Employees' Retirement Association
City of Spokane Firefighter's Pension Board
Ventura County Employees' Retirement Association

Taft-Hartley

Building Trades United Pension Trust Fund
Carpenters Pension Fund of Illinois
IBEW 8th District Electrical Pension Trust
ILWU-Pacific Maritime Association
Inter-Local Pension Fund, GCC/IBT
Louisiana Carpenters Regional Council Pension Plan
Teamsters Local Union No. 716 Pension Fund

Reams Fixed Income Products

PRODUCTS

Core Plus \$4.5 billion

Core \$0.9 billion

Intermediate \$0.3 billion

Long Duration \$2.0 billion

Low Duration \$3.2 billion

Real Return \$0.5 billion

Unconstrained \$6.5 billion

Total Firm AUM \$17.9 billion

VEHICLES

Separate Accounts

Institutional Commingled Funds:

- Reams Core Plus Bond Fund
 - Reams Unconstrained Bond Fund
-

Institutional Mutual Funds:

- Scout Core Plus Bond Fund (SCPZX)
 - Scout Core Bond Fund (SCCIX)
 - Scout Low Duration Bond Fund (SCLDX)
 - Scout Unconstrained Bond Fund (SUBFX)
-

Investment Objective and Guidelines

Objective

- To maximize risk-adjusted total return by systematically pursuing relative value opportunities throughout all sectors of the fixed income market.

Performance Benchmark

- Merrill Lynch LIBOR 3-Month Constant Maturity Index

Guidelines

- Average portfolio duration shall be within a range of -3 to 8 years. No restriction on individual holdings.
- No limit on the ratings of individual securities.
- No single credit industry shall exceed 25% of the portfolio at purchase.
- Emerging market securities shall not exceed 30% of the portfolio at purchase.
- Non-U.S. dollar holdings shall not exceed 30% of the portfolio at purchase, including positions hedged and unhedged.
- The use of futures, forwards, options and swaps, including credit default swaps, is permitted. Such instruments shall not be used for speculative purposes. The product does not use borrowing to create leverage.

Relationship Summary

Ventura County Employees' Retirement Association

Relationship Inception	October 1, 2001
------------------------	-----------------

Investment Style	Unconstrained Fixed Income
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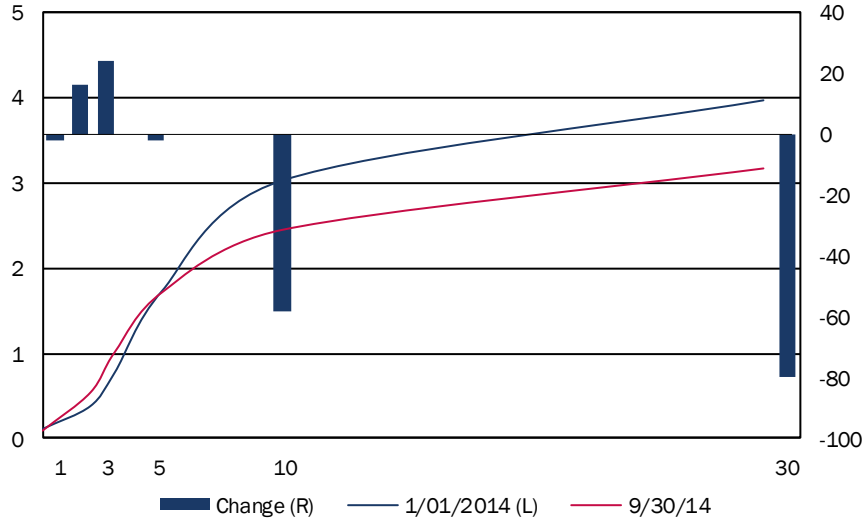
Performance Benchmark	Merrill Lynch 3-Month LIBOR Index
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Financial Data as of September 30, 2014:

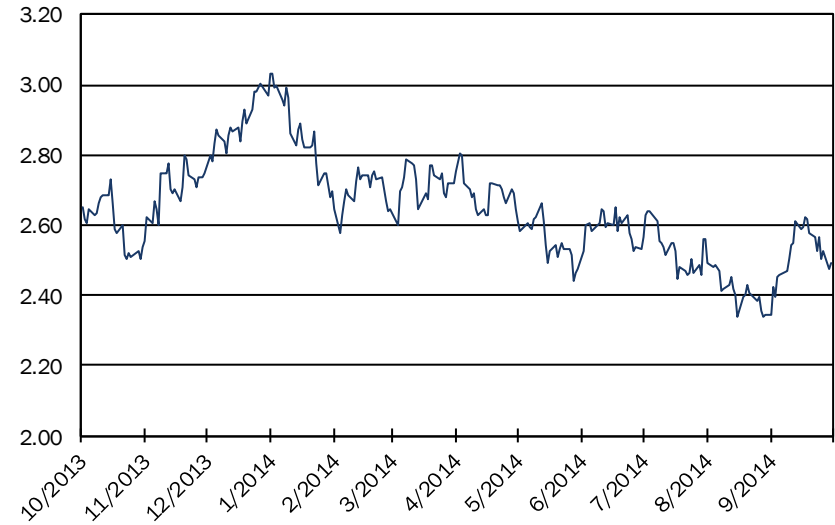
Initial Investment	\$225.7 million
Contributions	\$128.4 million
(Withdrawals)	(\$281.2 million)
Portfolio Gains	\$215.2 million
Portfolio Value	\$288.1 million

Reams Fixed Income Review

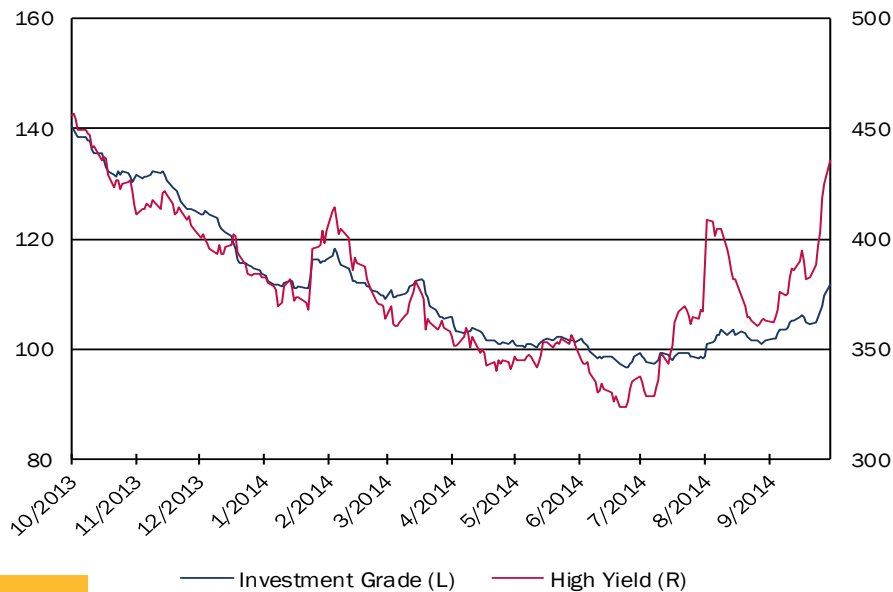
2014 YTD U.S. Treasury Yield Curve, Percent



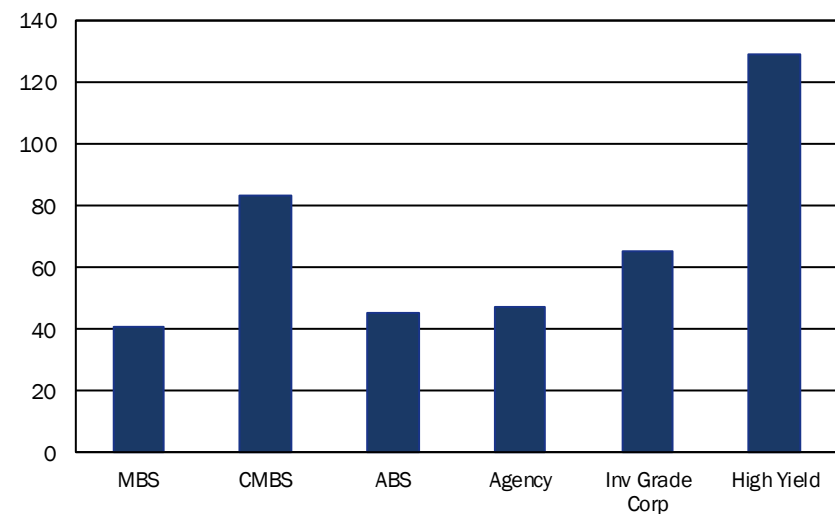
10-Year Treasury Yields (Trailing 12 Months), Percent



Corporate OAS (Trailing 12 Months), Basis Points



2014 YTD Sector Excess Returns, Basis Points



Performance Review

For Periods Ending September 30, 2014

	Percent Gain or Loss						
	Quarter Ending	Year To Date	Last 12 Months	Two Years (annualized)	Three Years (annualized)	Five Years (annualized)	Since Inception* (annualized)
VCERA Portfolio - Gross (a)	(0.32)	(1.39)	0.48	1.27	4.81	6.27	6.42
VCERA Portfolio - Net (b)	(0.37)	(1.52)	0.30	1.08	4.62	6.08	6.23
Blended Benchmark**	0.06	0.18	0.24	(0.07)	1.65	3.64	4.72
Barclays U.S. Aggregate Index	0.17	4.10	3.96	1.10	2.43	4.12	4.91
Core Plus Composite	0.16	2.74	3.29	1.75	4.73	6.08	6.20

* Inception Date: 10/1/2001

(a) Gross of Investment Management Fees

(b) Net of Investment Management Fees (recorded on cash basis)

**The portfolio was managed under a Core Plus mandate from 10/1/2001 - 2/5/2013. Beginning 2/6/2013, the portfolio was transitioned to an Unconstrained mandate. The benchmark consists of the Barclays U.S. Aggregate through 2/5/2013 and the BofA Merrill Lynch 3-Month LIBOR Constant Maturity Index as of 2/6/2013.

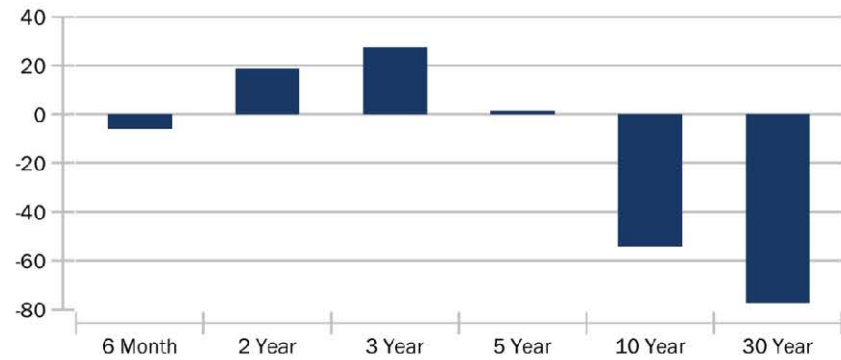
Excess Return Detail

Ventura County Employees' Retirement Association: 1/1/2014 - 9/30/2014

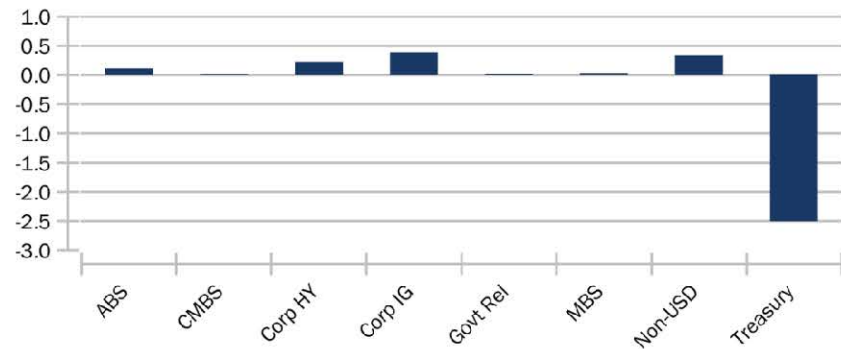
	Portfolio (%)
Total Return	-1.39

Sector	Total Impact
ABS	0.11
CMBS	0.01
Corp HY	0.23
Corp IG	0.39
Govt Rel	0.02
MBS	0.03
Non-USD	0.33
Treasury	-2.50
	-1.39

U.S. Treasury Curve Yield Change, Basis Points

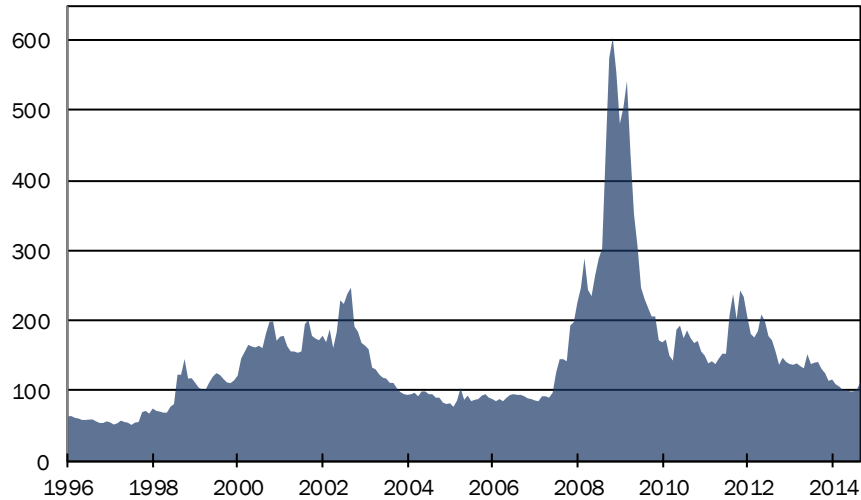


Total Sector and Security Impact, Percent

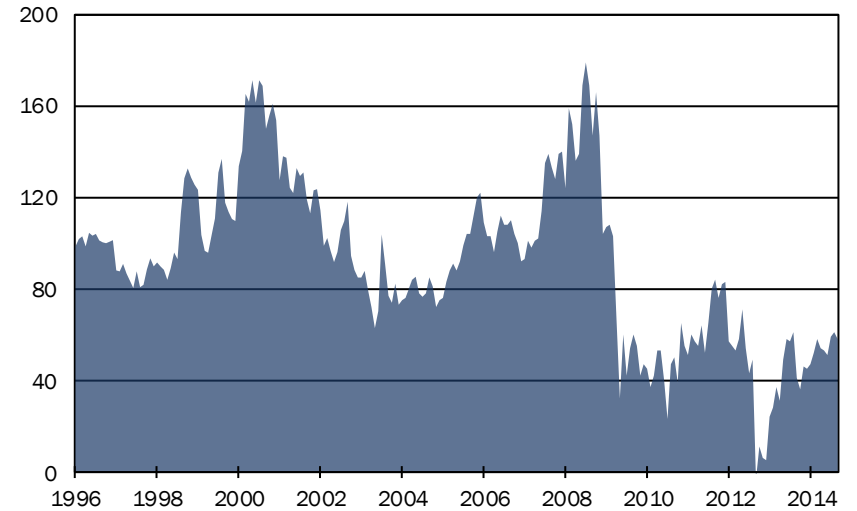


Sector Spreads

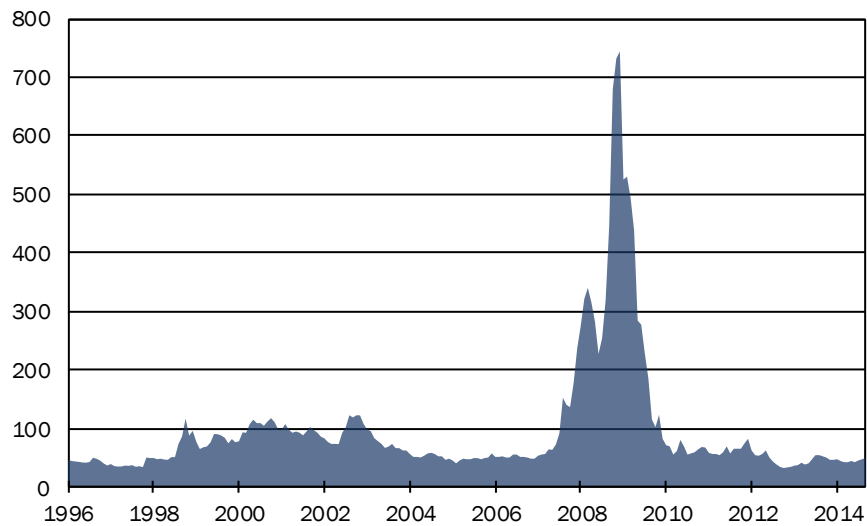
U.S. Corporate, Basis Points



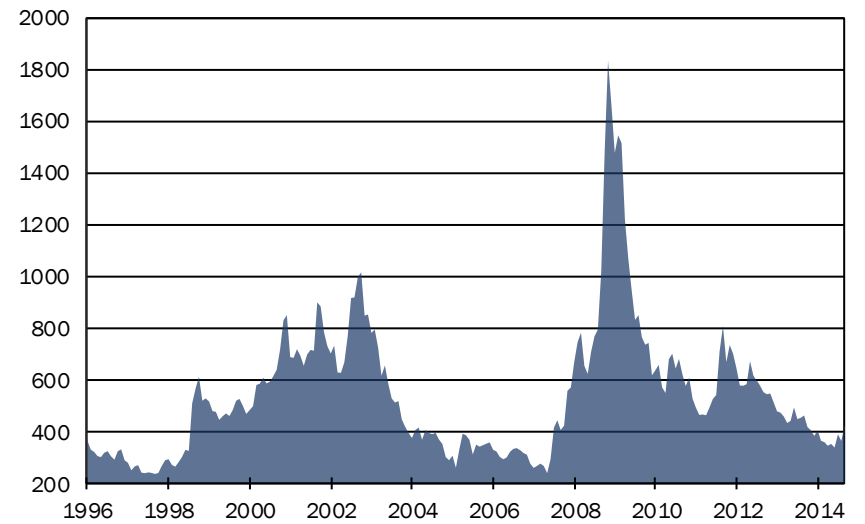
Agency Mortgage-Backed, Basis Points



Asset-Backed, Basis Points

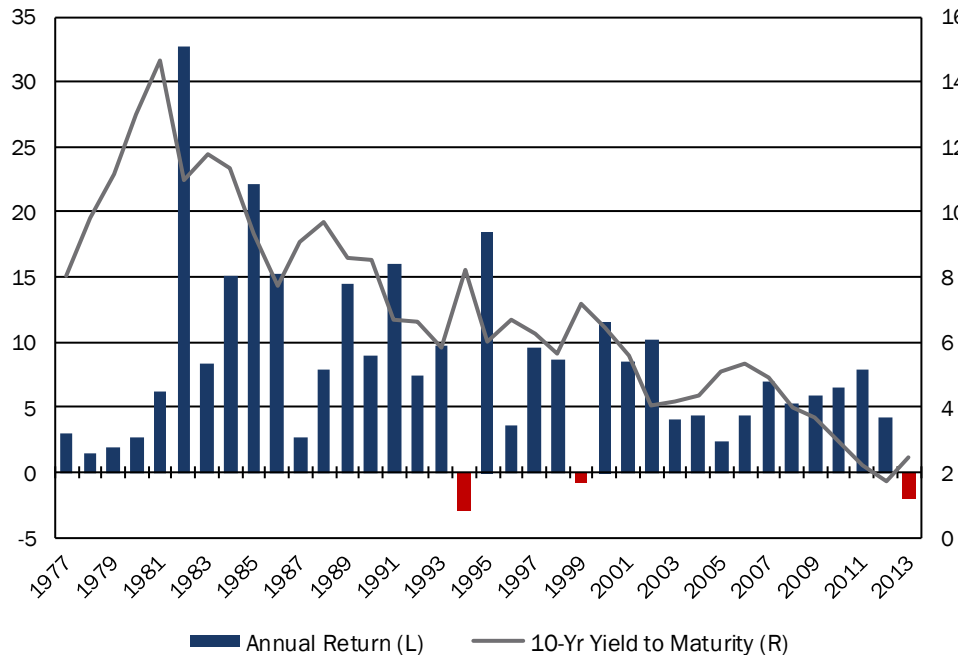


High Yield, Basis Points



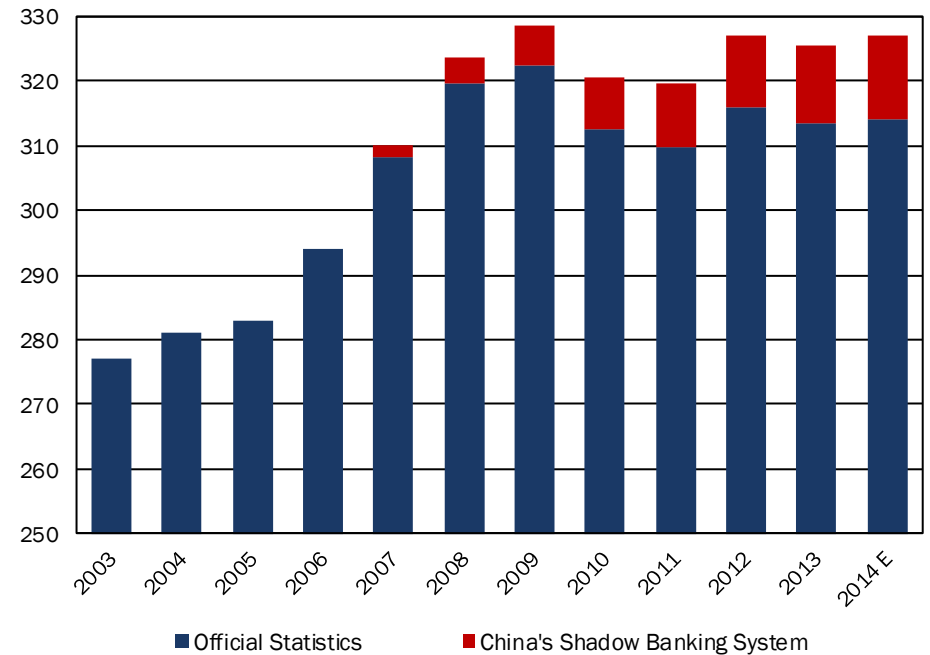
Fixed Income Market Review

Barclays Aggregate Historical Series, Percent



Source: Barclays

Total Debt for Developed and Emerging Markets, % of GDP



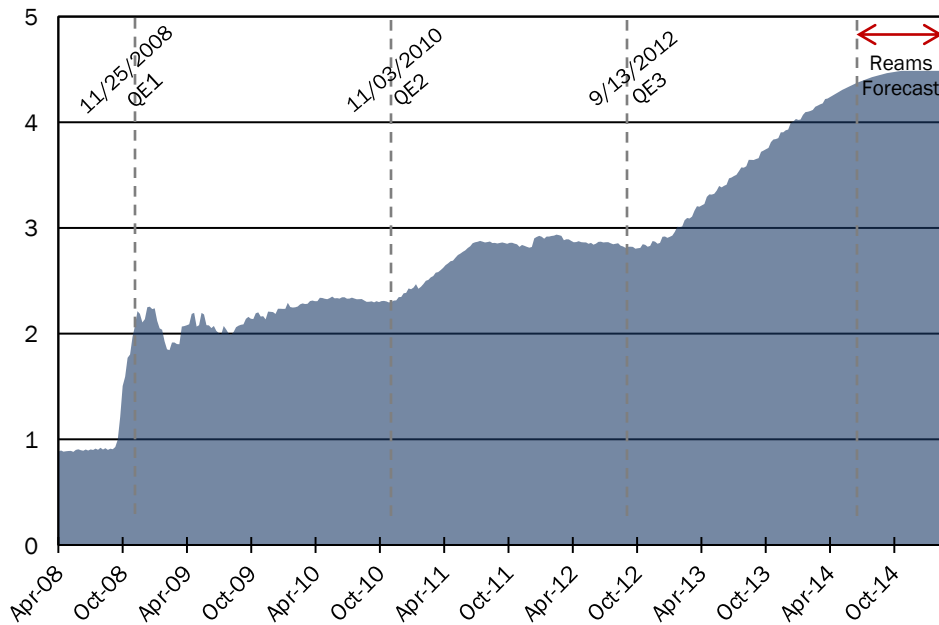
Source: Data derived from ING Financial Markets Research and JP Morgan

- Returns have been strong for the Barclays Aggregate Index in the years following negative returns in 1994 and 1999. With yields at such low levels, we do not anticipate returns in 2014 to have this magnitude of outperformance despite surprisingly strong performance in the first half of the year.

- On a global basis, excessive debt remains a headwind to economic growth and poses a deflationary drag. Pervasive debt tends to complicate efforts by monetary authorities who desire a certain degree of healthy inflation.

Fixed Income Market Review

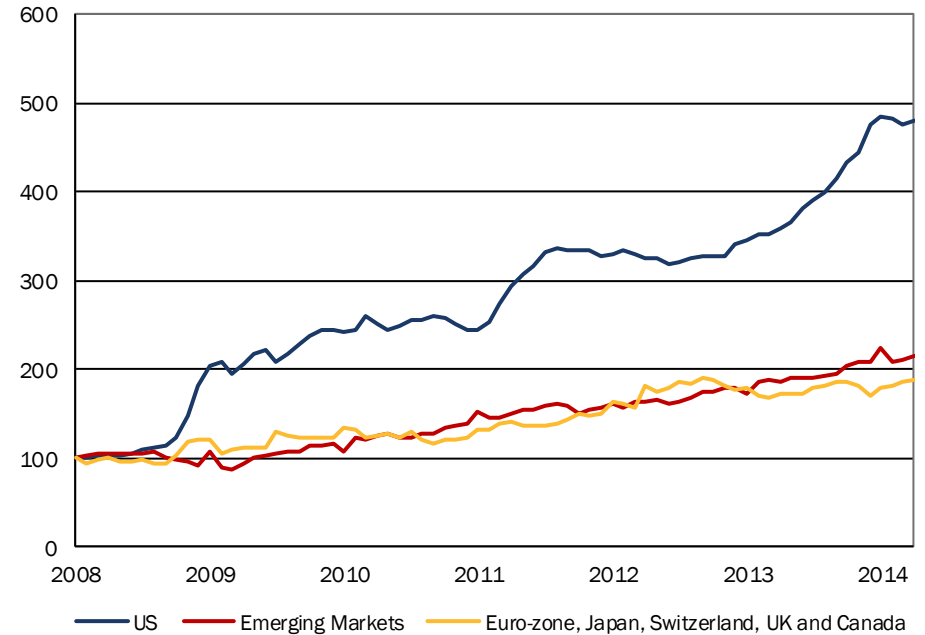
Federal Reserve Balance Sheet, \$ Trillions



Source: Federal Reserve Database

- Economists expect the Fed's purchases to reach \$4.3 trillion in 2014. This projection may prove to be light if unanticipated disruptions occur.

Monetary Base 2008-Present
(Converted to Index Base Unit of 100 for Comparability)

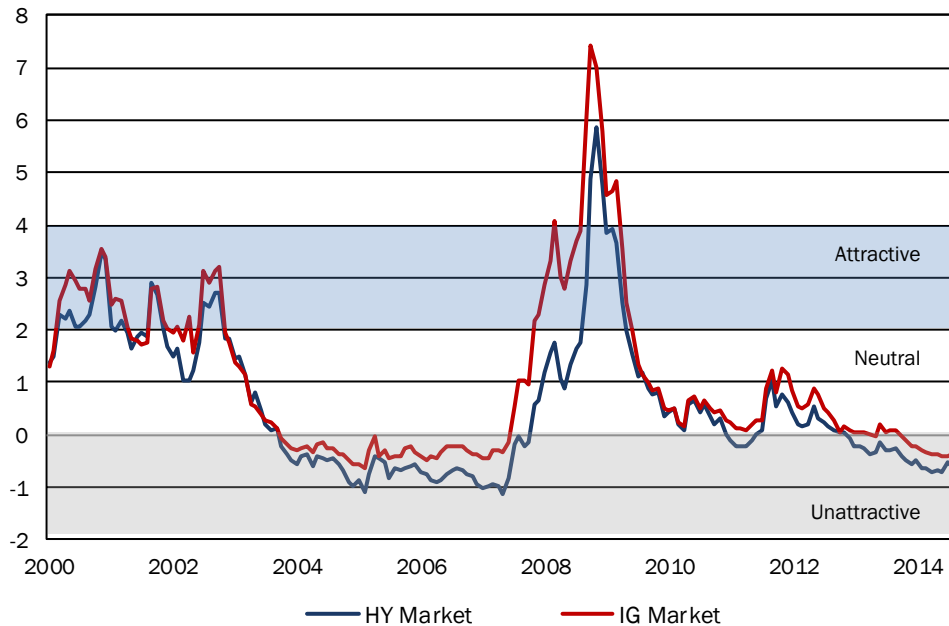


Source: Capital Economics

- Excessive global debt has translated to an unprecedented monetary expansion. Left unchecked, this pseudo-debasement could translate to higher inflation.

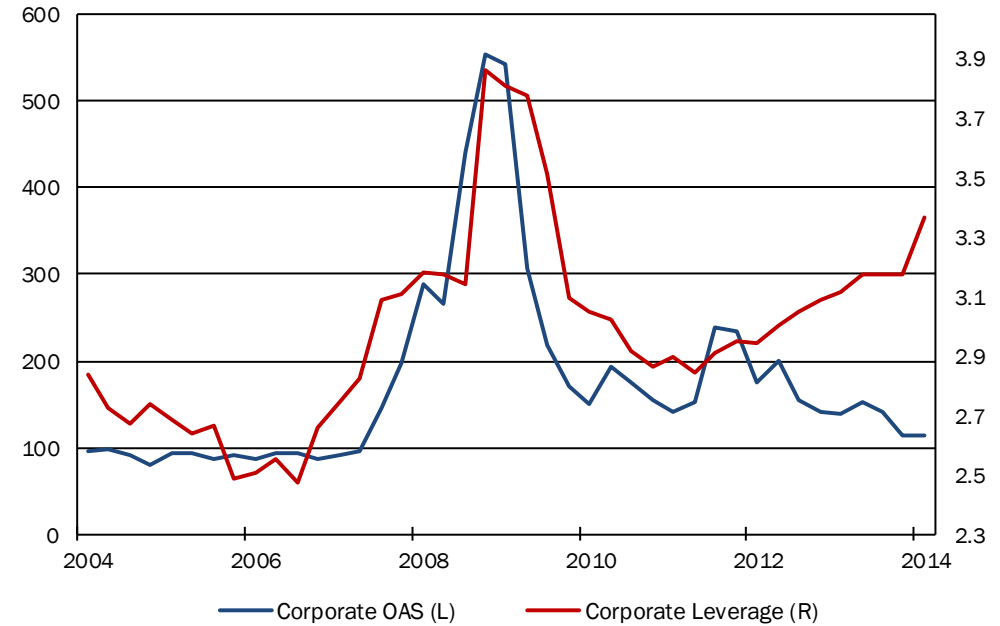
Fixed Income Market Review

Credit Risk Premium, Number of Standard Deviations from the Mean



Source: Barclays, Flow of Funds

Corporate OAS vs. Leverage Ratio, Debt/EBITDA



Source: Barclays, Flow of Funds

- Credit, which is viewed as attractive when it is two standard deviations away from the mean spread, appears overvalued. Quantitative easing has impacted other financial assets beyond just Treasuries and MBS.

- A divergent trend is apparent as corporate leverage is increasing (expected in the later parts of the economic cycle) while spreads are declining in a desperate quest for income.

Reams Unconstrained Bond Fund: 9/30/2014

Reams Unconstrained Bond Fund: 9/30/2014

	Portfolio
Avg. Duration (Years)	-3.1
Avg. Convexity	0.08
Avg. Yield to Maturity/Worst (%)	0.2
Avg. Maturity (Years)	1.9
Avg. Quality	Aa2

Quality Structure (% of Portfolio)	Portfolio *
AAA	57.5
AA	2.8
A	16.6
BBB	13.1
Other	10.1
Total	100.0

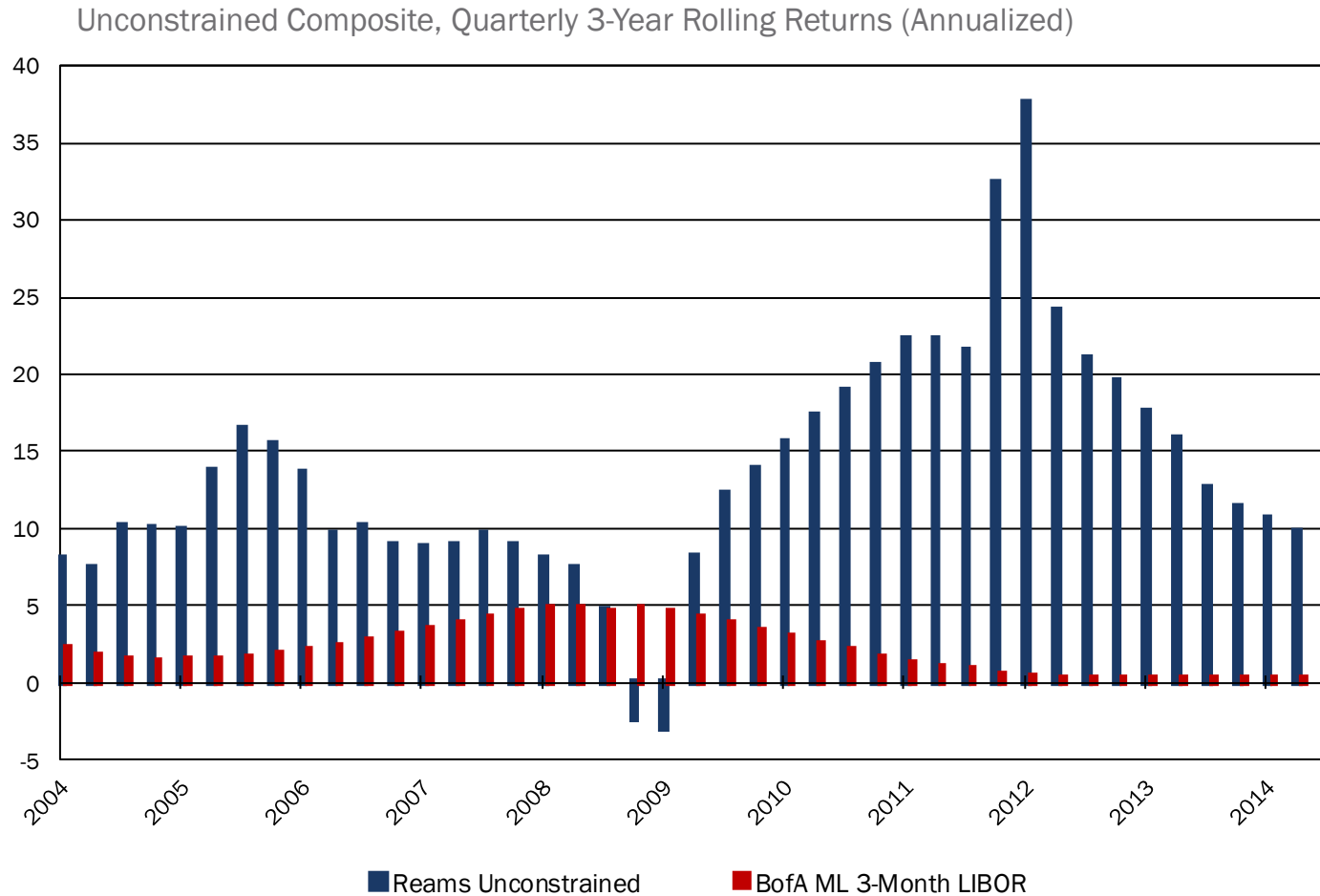
* The methodology used is consistent with client investment guidelines.

Duration Distribution (Years)	Portfolio
0 - 1 yr.	0.2
1 - 3	0.5
3 - 4	0.1
4 - 6	0.8
6 - 8	0.0
8 +	-4.6
Total	-3.1

Sector Structure (% of Portfolio)	Portfolio
Treasury	47.3
Govt Related	0.4
Mortgage-Backed	4.4
Asset-Backed	5.5
Corporate IG	31.6
Corporate HY	7.8
Non-US Dollar	-4.7
Cash and Equivalents	7.7
Total	100.0

Maturity Distribution (%)	Portfolio
0 - 1 yr.	51.4
1 - 3	25.1
3 - 5	21.0
5 - 7	1.4
7 - 10	0.0
10 - 20	0.9
20 +	0.1
Total	100.0

Process Has Produced Consistent Outperformance

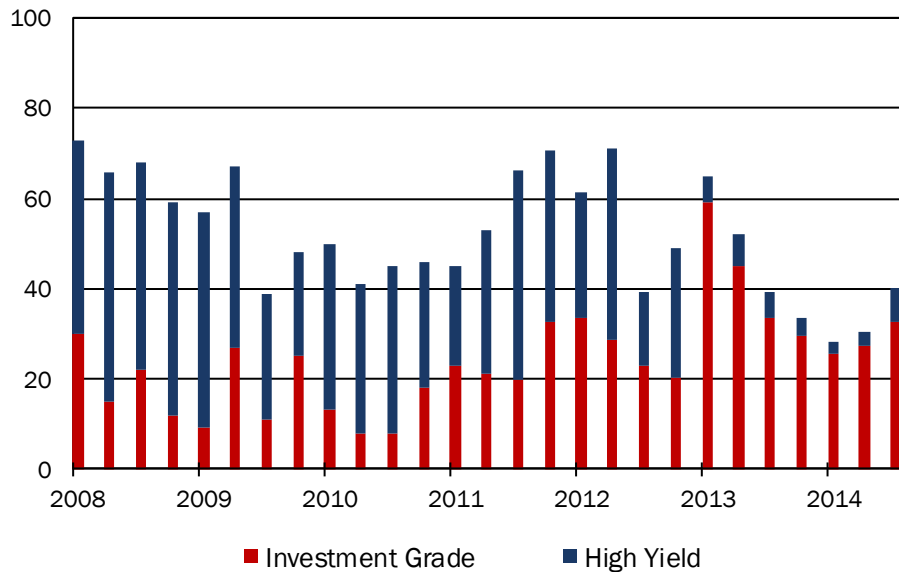


Past performance is no guarantee of future results. Performance figures are stated in U.S. dollars and assume reinvestment of dividends for the entire period. Performance for the Reams Unconstrained Fixed Income Composite is gross of fees. Each observation represents the rolling 3-year composite gross of fees return as of quarter end from January 1, 2001, through September 30, 2014. The rolling 3-year return as of quarter end for the BoA ML 3-month LIBOR Index over the same time period is also represented. The data does not represent performance for each quarter. Performance is based on the rolling 3-year observations. Please see the Important Disclosures for further information.

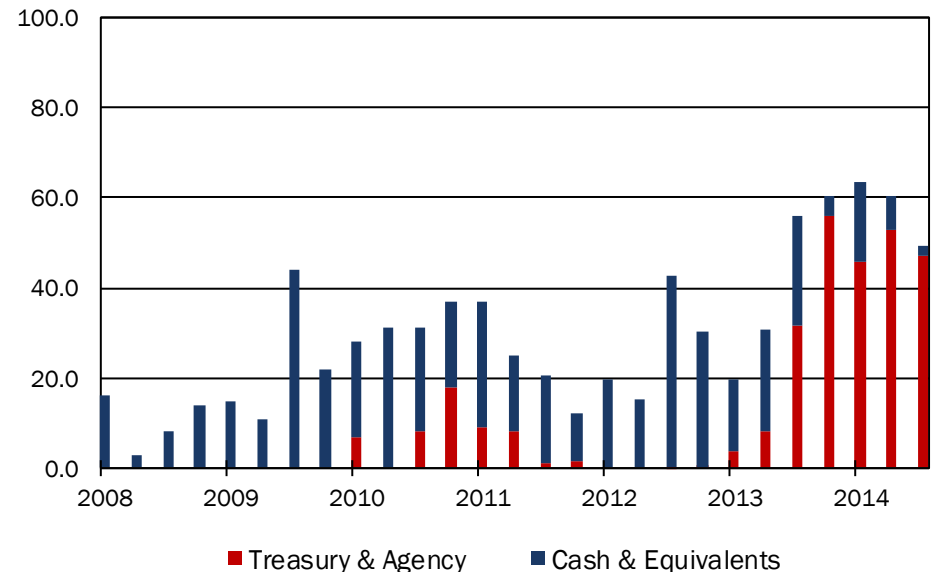
Reams Unconstrained Product

- Historically, sector exposures have generally been within the following ranges:
 - Investment Grade Credit: 0 - 50%
 - High Yield Credit: 0 - 75%
 - Government/Agency: 0 - 50%
 - Mortgage-Backed: 0 - 50%
 - Asset-Backed: 0 - 25%
 - Emerging Markets: 0 - 5%
 - Non-Dollar: 0 - 10%
 - Bank Loans: 0 - 15%

Corporate Exposure, Percent of Portfolio

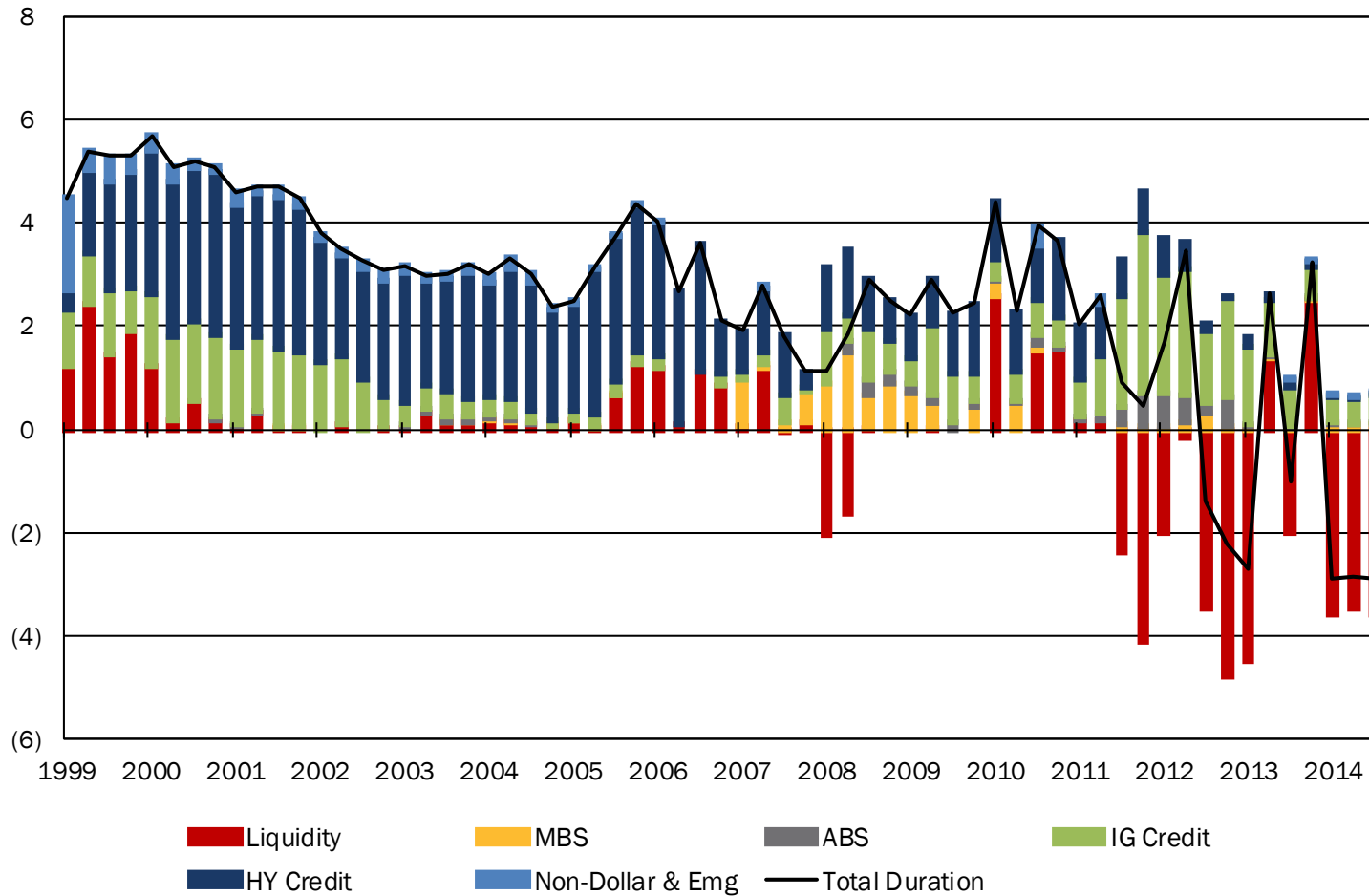


Liquidity Exposure, Percent of Portfolio

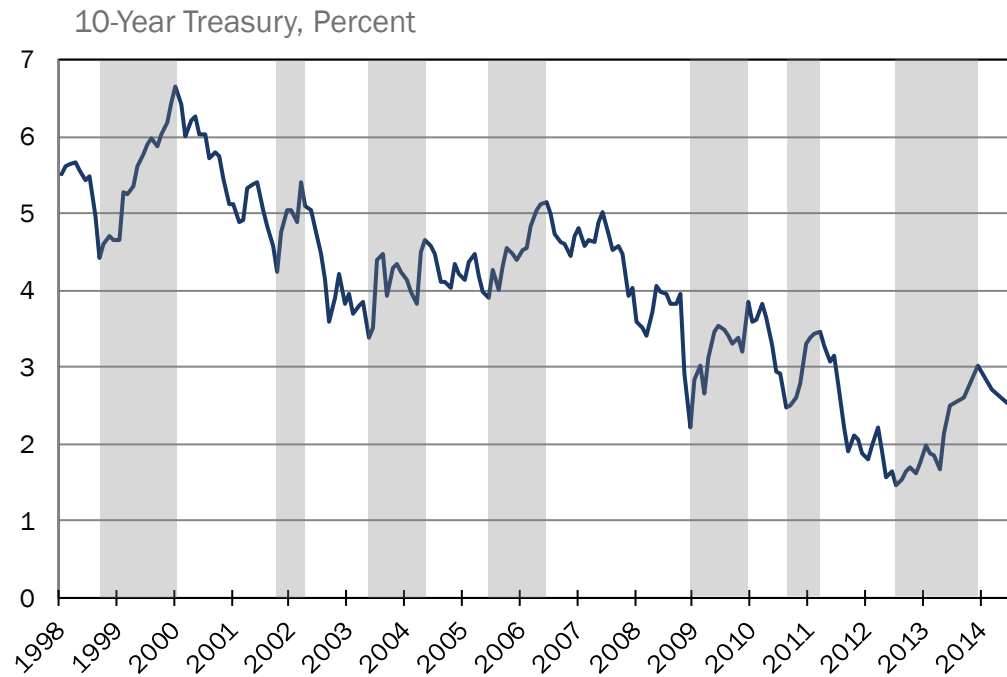


Historical Unconstrained Allocations

Contribution to Duration by Sector and Total Duration, Years



Returns in Rising Rate Environments



Source: Bloomberg

	Percent Gain or Loss*						
	10/1/1998 - 1/31/2000	11/1/2001 - 3/31/2002	6/1/2003 - 5/31/2004	7/1/2005 - 6/30/2006	1/1/2009 - 12/31/2009	9/1/2010 - 3/31/2011	8/1/2012 - 12/31/2013
Unconstrained Composite	17.66	1.74	15.85	6.83	76.62	12.96	14.06
Barclays U.S. Aggregate Index	(0.81)	(1.91)	(0.44)	(0.81)	5.93	(0.77)	(1.62)
Difference	18.47	3.65	16.29	7.64	70.69	13.73	15.68

* Returns are cumulative for each time period

Performance data is from the Unconstrained Fixed Income Composite. Past performance is no guarantee of future results. Performance figures are stated gross of fees in U.S. Dollars, assume reinvestment of income for the entire period and do not reflect the deduction of management fees. Performance results of clients would be reduced by the firm's management fees. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual management fee of 0.30%, this increase would be 152%. The firm's management fees are detailed in its Form ADV Part 2. Please see the Important Disclosures for further information.

Reams Unconstrained Correlation Matrix

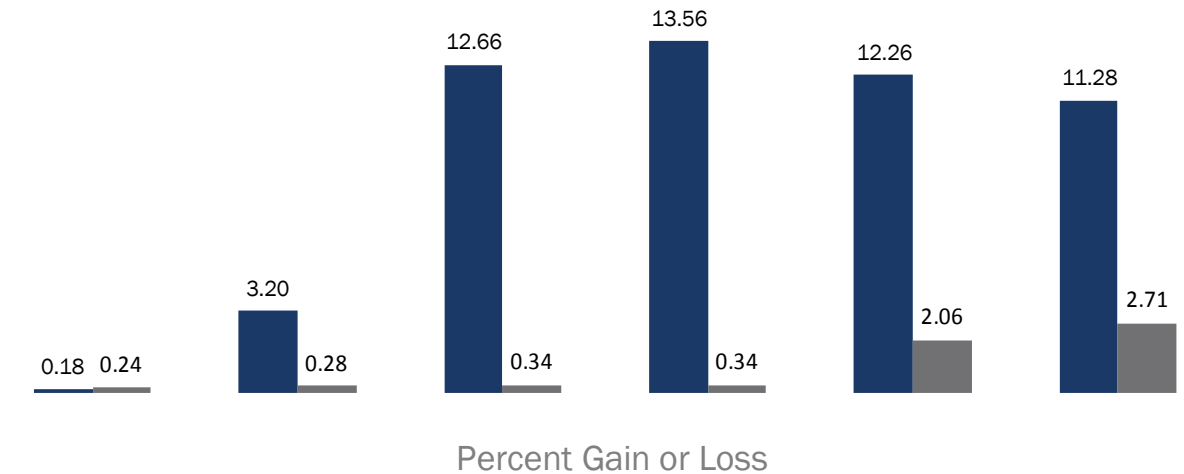
	Barclays Aggregate	Barclays Universal	Barclays Corporate	S&P 500	Reams Unconstrained
Barclays Aggregate	1.00	0.97	0.84	-0.08	0.08
Barclays Universal		1.00	0.90	0.08	0.24
Barclays Corporate			1.00	0.20	0.39
S&P 500				1.00	0.62
Reams Unconstrained					1.00

Monthly data for the period 8/1998 through 9/2014

Source: Barclays and Bloomberg

Reams Unconstrained Composite

For Periods Ending September 30, 2014



	Last 12 Months	Two Years (annualized)	Three Years (annualized)	Five Years (annualized)	Ten Years (annualized)	Since Inception* (annualized)
■ Unconstrained Fixed Income Composite	0.18	3.20	12.66	13.56	12.26	11.28
■ ML LIBOR 3-Month Constant Maturity Index	0.24	0.28	0.34	0.34	2.06	2.71
Excess Return	(0.06)	2.92	12.32	13.22	10.20	8.57

*Inception Date 8/1/1998

Performance data is from the Unconstrained Fixed Income Composite. Past performance is no guarantee of future results. Performance figures are stated gross of fees in U.S. Dollars, assume reinvestment of income for the entire period and do not reflect the deduction of management fees. Performance results of clients would be reduced by the firm's management fees. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual management fee of .30%, this increase would be 152%. The firm's management fees are detailed in its Form ADV Part 2. Please see the Important Disclosures for further information.

Reams Key Investment Professionals



Mark M. Egan, CFA, chief investment officer, a managing director, and portfolio manager at Reams Asset Management, is the lead portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Mark has 28 years of experience managing fixed income portfolios. Prior to joining Reams in 1990, Mark was a Portfolio Manager at National Investment Services of America. Mr. Egan earned his master's in business administration from the University of Wisconsin – Madison and his bachelor's degree from Marquette University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Thomas M. Fink, CFA, a managing director and portfolio manager at Reams Asset Management, is co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Tom has 28 years of experience managing fixed income portfolios. Prior to joining Reams in 2000, Tom was a partner with Brandes Fixed Income Partners/Hilltop Capital, and held senior portfolio management roles with Zurich Financial Services in Bermuda and First Wisconsin Asset Management Company. Mr. Fink earned his master's in business administration from the University of Wisconsin – Madison and his bachelor's degree from Marquette University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Robert A. Crider, CFA, is a managing director at Reams Asset Management. Bob was a founding partner of Reams and has 37 years of experience managing fixed income portfolios. Prior to joining Reams in 1981, he worked for Cummins Engine Co., Inc. and the State Teachers Retirement System of Ohio. Mr. Crider earned his master's and bachelor's degrees from Ohio State University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Deanne B. Olson, CFA, is vice president of Client Services at Reams Asset Management. In this role, she is responsible for ensuring that Reams' clients receive personalized attention and outstanding client service. Deanne has 31 years of combined experience in relationship management, administration and community development. Prior to joining Reams in 1997, Deanne was Director of Health Promotion Services at Columbus Regional Hospital. Ms. Olson earned her master's in business administration from Indiana University and her bachelor's degree from Seattle Pacific University. She holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.

Reams Key Investment Professionals (Cont'd.)



Todd C. Thompson, CFA, is a portfolio manager and leads the fixed income credit research team at Reams Asset Management. He is a co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Todd has 20 years of experience as a fixed income portfolio manager and analyst. Prior to joining Reams in 2001, Todd worked for Conseco Capital Management Company and The Ohio Public Employees' Retirement System. Mr. Thompson earned his master's in business administration from Clemson University and his bachelor's degree from Bob Jones University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Stephen T. Vincent, CFA, is a portfolio manager and leads the fixed income structured products research team at Reams Asset Management. He is a co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Steve has 23 years of experience as a fixed income portfolio manager and analyst. Prior to joining Reams in 1994, Steve worked for the Federal Deposit Insurance Corp. and First Security Corporation. Mr. Vincent earned his master's in business administration from Indiana University and his bachelor's degree from Brigham Young University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Clark W. Holland, CFA, is a portfolio manager at Reams Asset Management. In this role, he is responsible for managing portfolio compliance as well as communicating the firm's investment outlook and strategy to current and prospective Reams clients and their consultants. Clark has over 20 years of experience as a portfolio manager, analyst, and client service specialist. Prior to joining Reams in 2002, Clark was a Portfolio Manager and Investment Product Specialist at Wells Fargo Investment Management Group. Mr. Holland earned his master's in business administration from Rice University and his bachelor's degree from Taylor University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.

Reams Fixed Income Professionals

	Responsibilities	Educational Background	Years Experience
Mark M. Egan, CFA	Managing Director	University of Wisconsin, MBA Marquette University, BS	28
Thomas M. Fink, CFA	Managing Director	University of Wisconsin, MBA Marquette University, BS	28
Robert A. Crider, CFA	Managing Director	Ohio State University, BA, MA	37
Todd C. Thompson, CFA	Portfolio Manager	Clemson University, MBA Bob Jones University, BS	20
Stephen T. Vincent, CFA	Portfolio Manager	Indiana University, MBA Brigham Young University, BS	23
Clark W. Holland, CFA	Portfolio Manager	Rice University, MBA Taylor University, BA	20
Israel Acosta	Fixed Income Analyst	Indiana University, MBA Indiana State University, BA	15
Bobby P. Flynn	Associate Fixed Income Analyst	Augustana College, BA	2
Brett B. Dutton, CFA, FSA, EA	Fixed Income Analyst/Actuary	Pennsylvania State University, MM Grove City College, BS	11
Trey Harrison, CFA, ASA	Fixed Income Analyst/Actuary	Georgia State University, MAS Georgia Southern University, BS	18
Patrick T. Laughlin	Fixed Income Analyst	University of Wisconsin, BS	19
Scott A. Rosener, CFA	Fixed Income Analyst	Indiana University, BS, MBA	17
Kevin T. Salsbery, CFA	Fixed Income Analyst	Taylor University, BS	13
David B. McKinney, CPA	President	Indiana University, JD Miami University, BS	34
Deanne B. Olson, CFA	Vice President Client Services	Indiana University, MBA Seattle Pacific University, BS	31

Important Disclosure

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Important Disclosures

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The portfolio data represents the Unconstrained Fixed Income Composite. Portfolio characteristics and sector weights are included for informational purposes only, and should not be construed as an investment recommendation. It should not be assumed that investments in any sectors listed were or will prove to be profitable. Portfolio composition may change at any time. Individual client accounts may differ from characteristics shown. The sector weights of any particular account may vary based on any investment restrictions applicable to the account.

Past performance is no guarantee of future results. Performance figures are in U.S. Dollars and assume reinvested of income for the entire period.

On November 30, 2010, Scout Investment Advisors, Inc. acquired the advisory business of Reams Asset Management Company, LLC. The performance provided prior to this date is based upon the Unconstrained Fixed Income Composite managed by Reams Asset Management Company, LLC. The portfolio managers and the investment objectives remain the same.

On December 28, 2010, the firm changed its name from Scout Investment Advisors to Scout Investments. Reams Asset Management is a division of Scout Investments, Inc., a registered investment advisor that offers investment management services for both managed accounts and mutual funds. Scout Investments is a wholly owned subsidiary of UMB Financial Corporation. Employees of Scout Distributors receive referral fees and compensation for soliciting clients on behalf of Scout Investments, including the Reams Asset Management Division. Scout Investments claims compliance with the Global Investment Performance Standards (GIPS®).

The Unconstrained Fixed Income Composite invests in all sectors of the fixed income markets, including investment grade securities, high yield securities and foreign securities. The composite can maintain a portfolio duration of any length. The Unconstrained Fixed Income Composite may invest in derivatives, including credit default swaps and related instruments, such as credit default swap index products. These derivative securities may be used to enhance returns, increase liquidity and/or gain exposure to certain instruments in the market (such as the corporate bond market) in a more efficient or less expensive way. The composite may also invest in interest rate derivatives to manage duration and yield curve exposure and in currency forwards to hedge currency exposure when Reams chooses to establish positions in non-U.S Dollar bonds. Derivatives used are strictly constrained by client investment policy.

To receive a complete list and description of composites and/or an Annual Disclosure Presentation, please contact David B. McKinney at 812.372.6606. Additional information is available at www.reamsasset.com or www.scoutinv.com.

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Index Definitions:

The BofA Merrill Lynch 3-Month LIBOR Constant Maturity Index represents the London interbank offered rate (LIBOR) with a constant 3-month average maturity. Published by the British Bankers' Association, LIBOR is a composite of the rates of interest at which banks borrow from one another in the London market.

The Barclays U.S. Universal Index represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index.

The Barclays U.S. Corporate Investment Grade Index is publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

The Barclays U.S. Aggregate Bond Index measures the performance of the investment grade, fixed-rate taxable bond market.

The Standard & Poor 500® Index (S&P 500®) is an unmanaged capitalization-weighted index (weighted by the market value of the companies) of 500 stocks listed on various exchanges.

The Dow Jones/Credit Suisse Hedge Fund Index is an asset-weighted benchmark that measures hedge fund performance and seeks to provide the most accurate representation of the hedge fund universe.

A horizontal banner with a dark blue background. On the left side, there is a partial view of a globe with a grid of latitude and longitude lines. The text "Ventura County Employees' Retirement Association" is centered in white, sans-serif font.

Ventura County Employees' Retirement Association

October 20, 2014

Veronica A. Amici

Julien A. Scholnick, CFA

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- II. Portfolio Review
- III. Market Review
- IV. Appendix

Organizational Update

Global Breadth and Local Depth

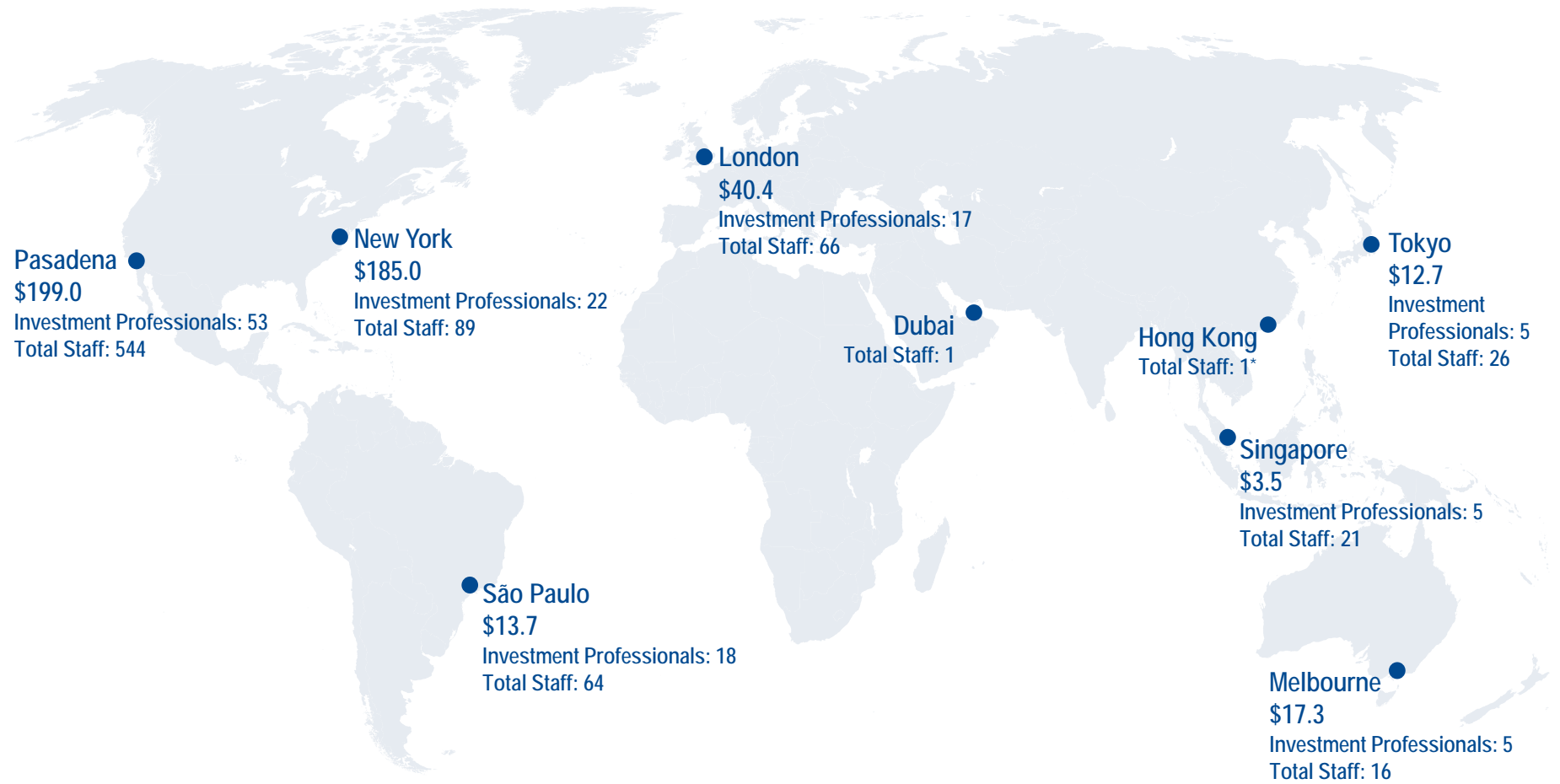
September 30, 2014



Total AUM: \$471.6 billion

8 Countries

Total Staff: 827



Assets under management in USD (billions)
*Splits time between Hong Kong and Singapore offices

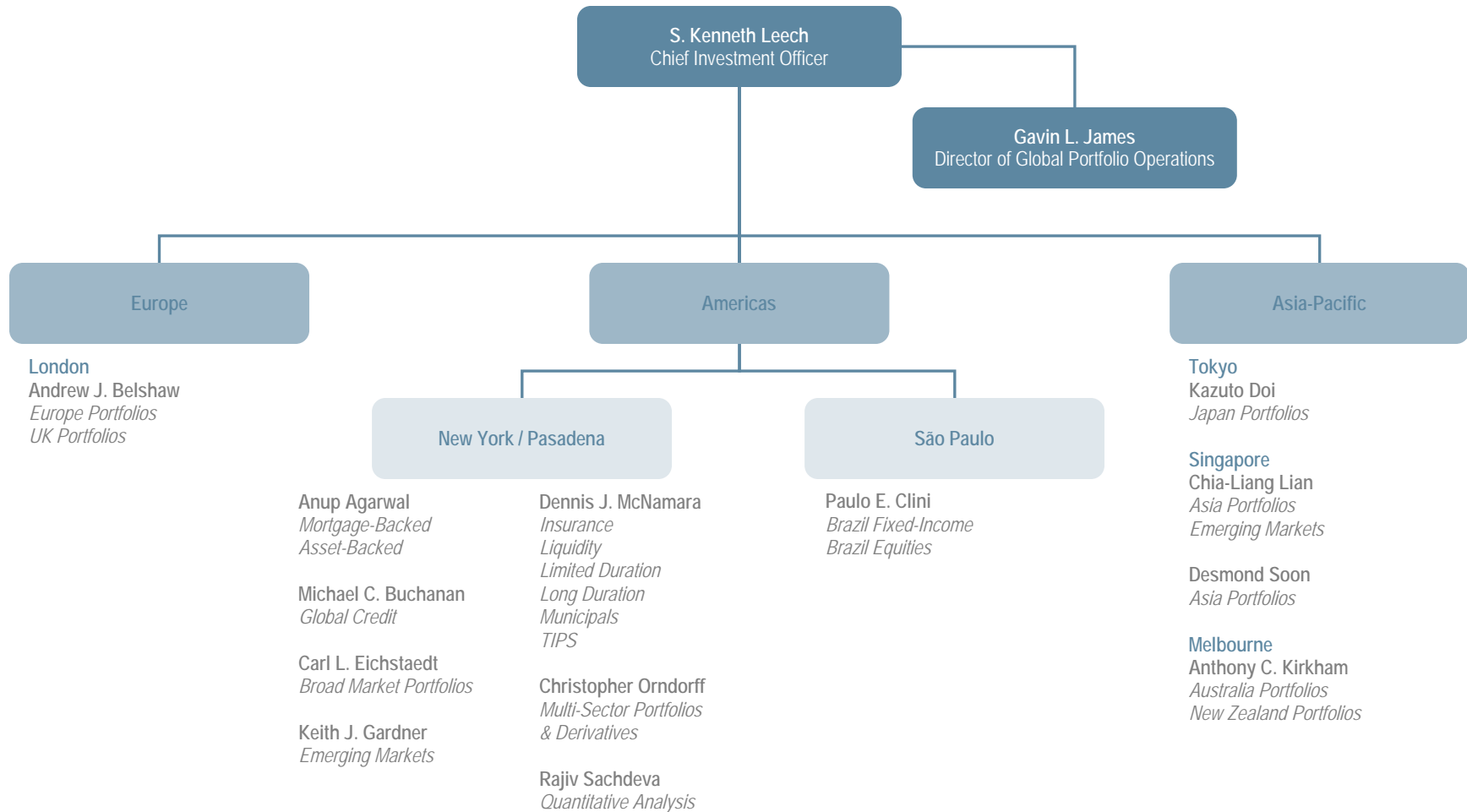
Investment Solutions

Objective-Driven Investing



*US only

Investment Management Organization*



As of 30 Sep 14

*Illustrates direct-reporting only and does not represent the entire investment management team.

Committed to Excellence in Client Service

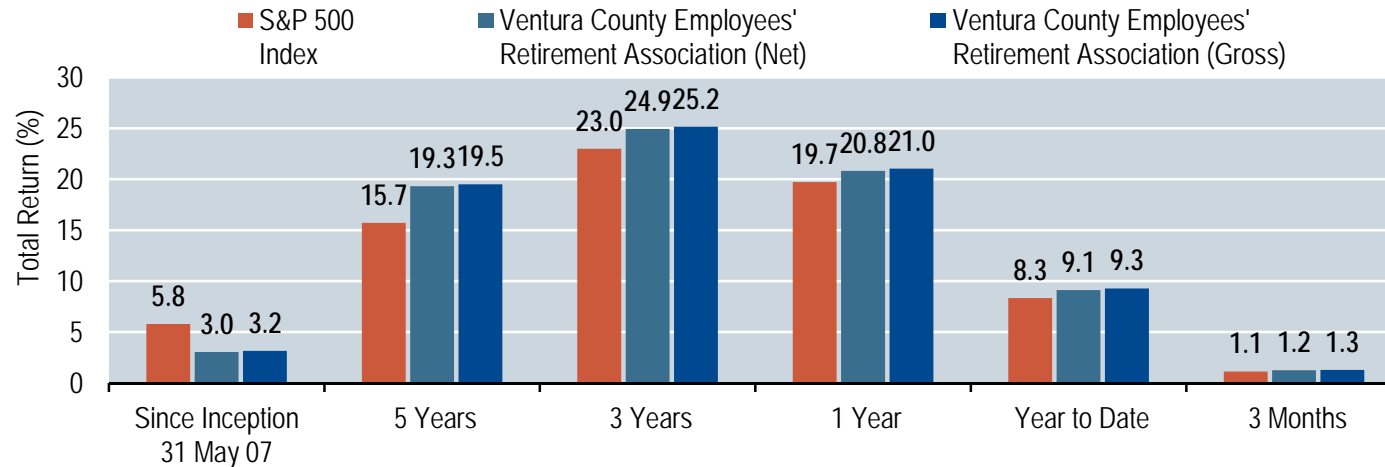
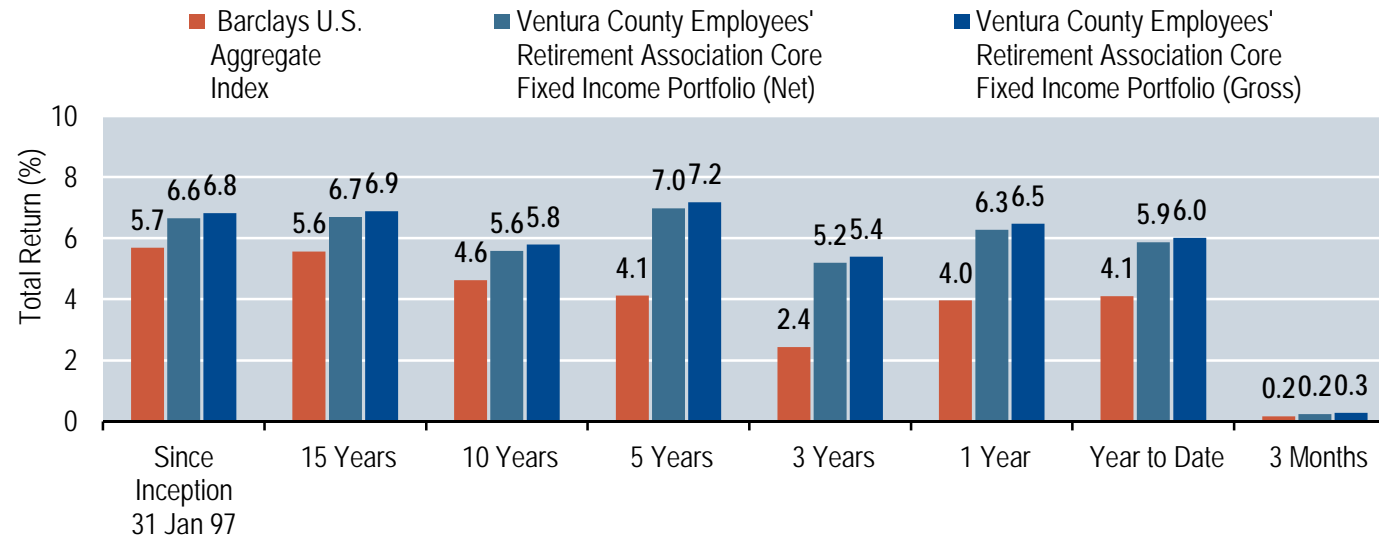
Representative Client List



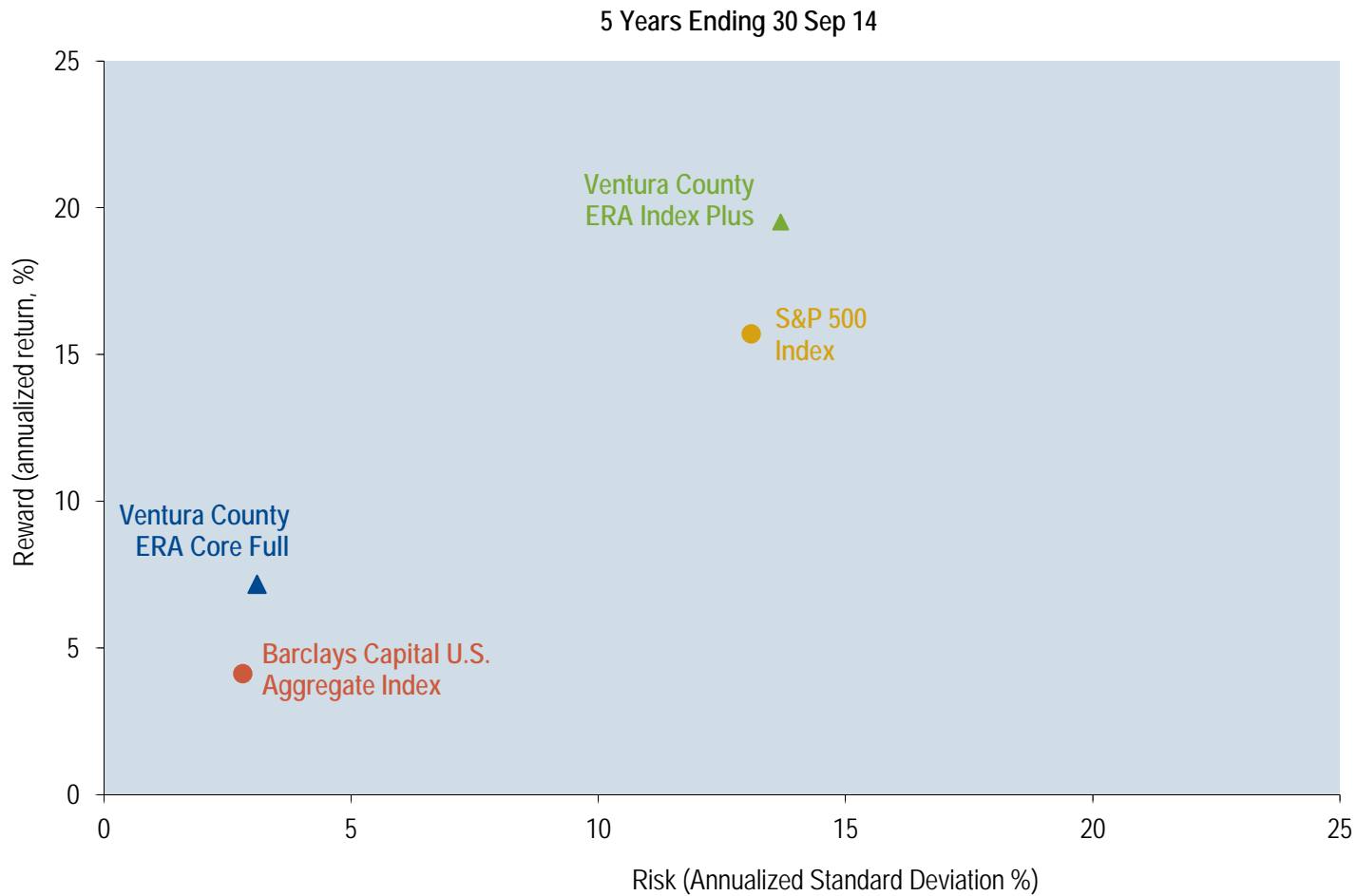
Corporate	Public	Eleemosynary	Healthcare
Alcoa Inc.	Arkansas Local Police and Fire Retirement System	Abilene Christian University	Ascension Investment Management
Alliant Techsystems Inc.	Baltimore County (MD) Employees Retirement System	Abington Memorial Hospital	Baptist Healthcare System, Inc.
Allied Domecq Pension Fund	California State Teachers' Retirement System	Baha'i World Centre	Baylor Health Care System
American Cast Iron Pipe Company	City of Grand Rapids	Battelle Memorial Institute	Catholic Health Initiatives
ArcelorMittal USA Inc.	City of Orlando	Bill & Melinda Gates Foundation Trust	Children's Hospital of New Orleans
AT&T Investment Management Corporation	compenswiss	Creighton University	CHRISTUS Health
Almos Energy Corporation	East Bay Municipal Utility District	Domestic & Foreign Missionary Society ECUSA	Lehigh Valley Hospital
Bayer Corporation	Employees' Retirement System of the State of Rhode Island	E. Rhodes & Leona B. Carpenter Foundation	NorthShore University HealthSystem
Campbell Soup Company	Fife Council Pension Fund	Indiana University	Pinnacle Health System
Chrysler LLC	Fresno County Employees' Retirement Association	Kaiser Permanente	Providence Health and Services
Clark Enterprises, Inc.	Gloucestershire County Council	Saint Louis University	SantaFe HealthCare, Inc.
CNH Global N.V.	Government of Bermuda Public Funds	Salk Institute for Biological Studies	Sisters of Charity of St. Augustine Health System, Inc.
Consolidated Edison Company Of New York, Inc.	Hampshire County Council	San Francisco Foundation	St. George Corporation
Consolidated Rail Corporation	Indiana State Treasurer's Office	The Rotary Foundation of Rotary International	
Delta Air Lines, Inc.	Iowa Public Employees' Retirement System	United Negro College Fund	Insurance
Energy Transfer Partners LP (formerly Sunoco, Inc.)	Kansas Public Employees Retirement System	University of Illinois	AAA of Northern California, Nevada, & Utah
Galileo & Worldspan U.S. Legacy Pension Plan Trust	Laborers' Annuity & Benefit Fund of Chicago	University of Miami	American Contractors Insurance Group
Graphic Packaging International Incorporated	Los Angeles County Employees Retirement Association	University of Southern California	Blue Cross Blue Shield of Massachusetts
Hawaiian Telcom	Marin County Employees' Retirement Association	University of Wisconsin Foundation	Catalina Holdings (Bermuda) Ltd
Highbury Pacific Capital Corp.	Minnesota State Board of Investment	Voelcker Foundation	Great-West Life & Annuity Insurance Company
International Paper Company	Nevada Public Employees Retirement System	Washington College	Health Care Service Corporation
John Lewis Partnership Pensions Trust	New Jersey Transit	Washington State University	Maryland Automobile Insurance Fund
Lennox International, Inc.	North Dakota State Investment Board	Sub-Advisory	Oil Investment Corporation Ltd.
Macy's, Inc.	Ohio Police & Fire Pension Fund	AXA	United Services Automobile Association
McKesson Corporation	Orange County Transportation Authority	Commonfund	WellPoint, Inc.
National Grid USA	Oregon Investment Council	DIAM Co., Ltd.	Multi-Employer / Union
Nestle USA, Inc.	Phoenix City Employees' Retirement System	GuideStone Capital Management, LLC	1199 Healthcare Employees Pension Fund
Nisource, Inc.	Public Employee Retirement System of Idaho	KOKUSAI Asset Management Co., Ltd.	Alaska Electrical Trust Funds
Pensioenfonds Horeca & Catering	Public School Teachers' Pension and Retirement Fund of Chicago	Legg Mason, Inc.	Bert Bell / Pete Rozelle NFL Player Retirement Plan
Potash Corporation	Salt River Project Agricultural Improvement and Power District	Mitsubishi UFJ Asset Management Co., Ltd.	Boilermaker Blacksmith National Pension Trust
PPG Industries	School Employees Retirement System of Ohio	Mizuho Asset Management Co., Ltd.	Directors Guild of America-Producer Pension and Health Plans
Southern California Edison	Seattle City Employees Retirement System	Morgan Stanley	IUOE Employers Construction Industry Retirement Plan, Locals 302 and 612
Stichting Pensioenfonds DSM-Nederland	Surrey County Council	Quaesio Investments S.A.	Line Construction Benefit Fund
The Dun & Bradstreet Corporation	Tennessee Valley Authority	Reliance Standard Life Insurance Company	Major League Baseball Players Benefit Plan
ThyssenKrupp North America, Inc	Ventura County Employees' Retirement Association	Russell Investment Group	National Education Association of the United States
Unilever United States, Inc.	Virginia Retirement System	SEI Investments Management Corporation	New England Healthcare Employees Union, District 1199, AFL-CIO
Unisys Corporation	Wiltshire Council	Shinko Asset Management Co., Ltd.	UAU Local No. 290 Plumber, Steamfitter & Shipfitter Industry Pension Trust
YMCA Retirement Fund	Wyoming Retirement System	Sumitomo Mitsui Asset Management Company, Limited	United Food and Commercial Workers Union Local 919
			Teamsters Union Local No. 52 Pension Fund

As of 31 Aug 14. Please see the Representative Client List Disclosure in the Appendix for more information. All have authorized the use of their names by Western Asset for marketing purposes. Such authorization does not imply approval, recommendation or otherwise of Western Asset or the advisory services provided.

Investment Results



As of 30 Sep 14. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.



Source: Western Asset. As of 30 Sep 14. Performance shown is gross of fees. The account's actual return will be reduced by those fees and any other expenses chargeable to the account. The fee schedule for this strategy may be found in Part 2 of Western Asset's Form ADV. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 1% annual fee, if the gross performance were 10%, the compounding effect of the fees would result in a net performance of approximately 8.93%. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.

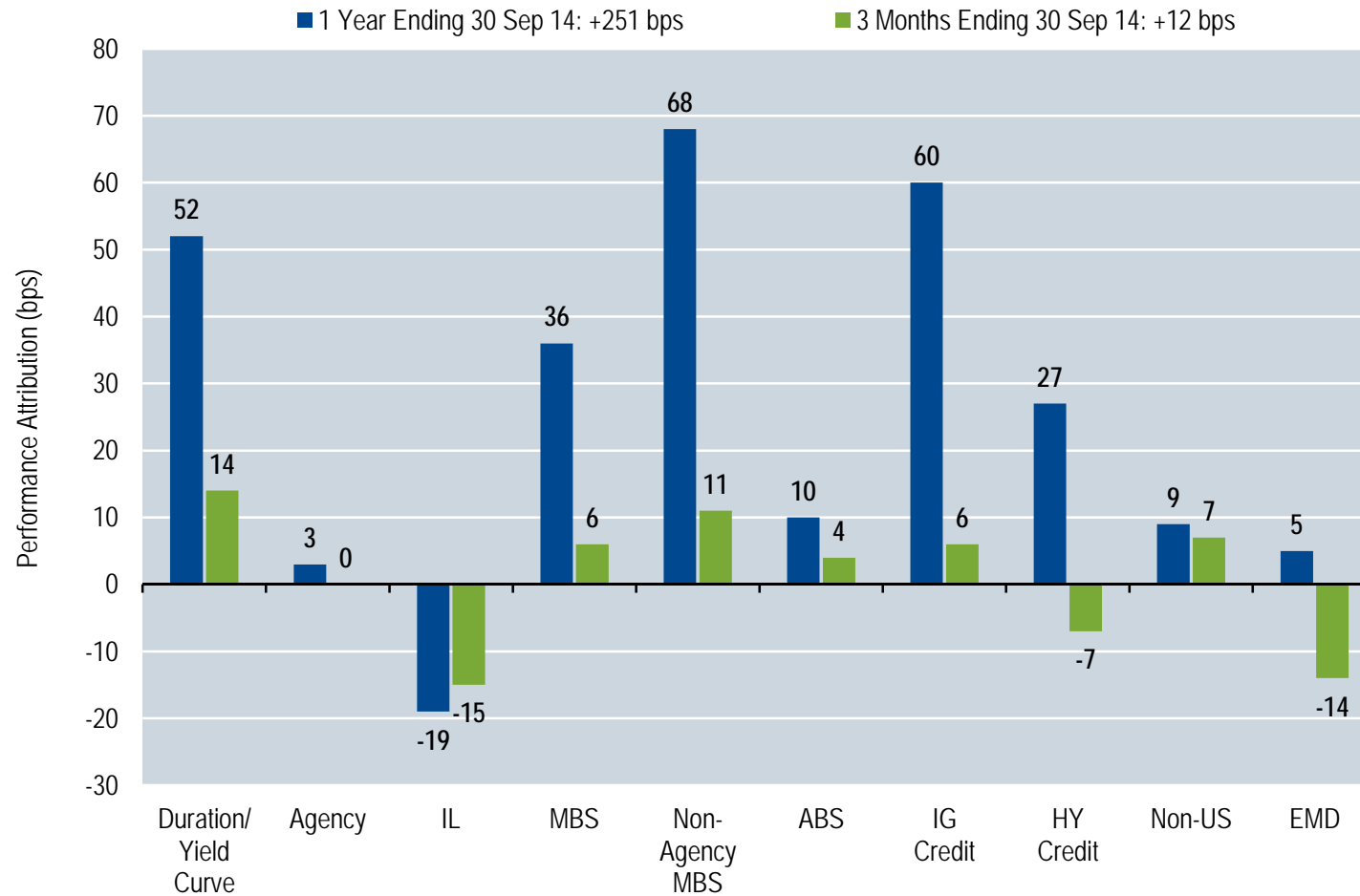
Portfolio Review

Attribution Analysis



Ventura County ERA Core Fixed Income vs. Barclays U.S. Aggregate Index

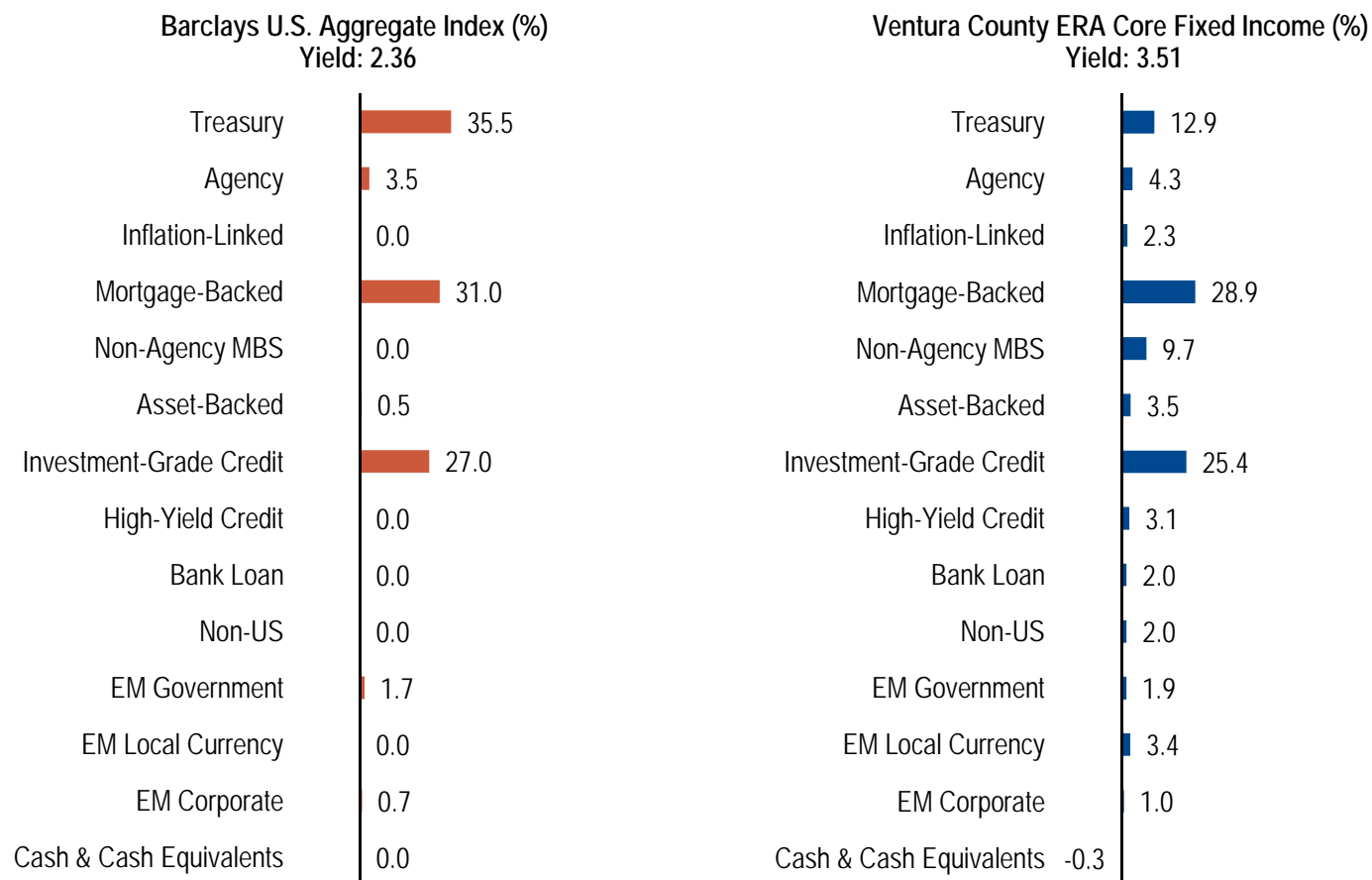
Preliminary



Western Asset believes that attribution is not a hard science, but rather a means of evaluating strategies to determine their relative impact on overall portfolio performance. The intent of the manager, therefore, is critical in the evaluation of different strategies, and the return attribution for any sector or strategy could be over or understated due to its inclusion in another component. Data may not sum to total due to rounding.

Sector Exposure

Preliminary September 30, 2014



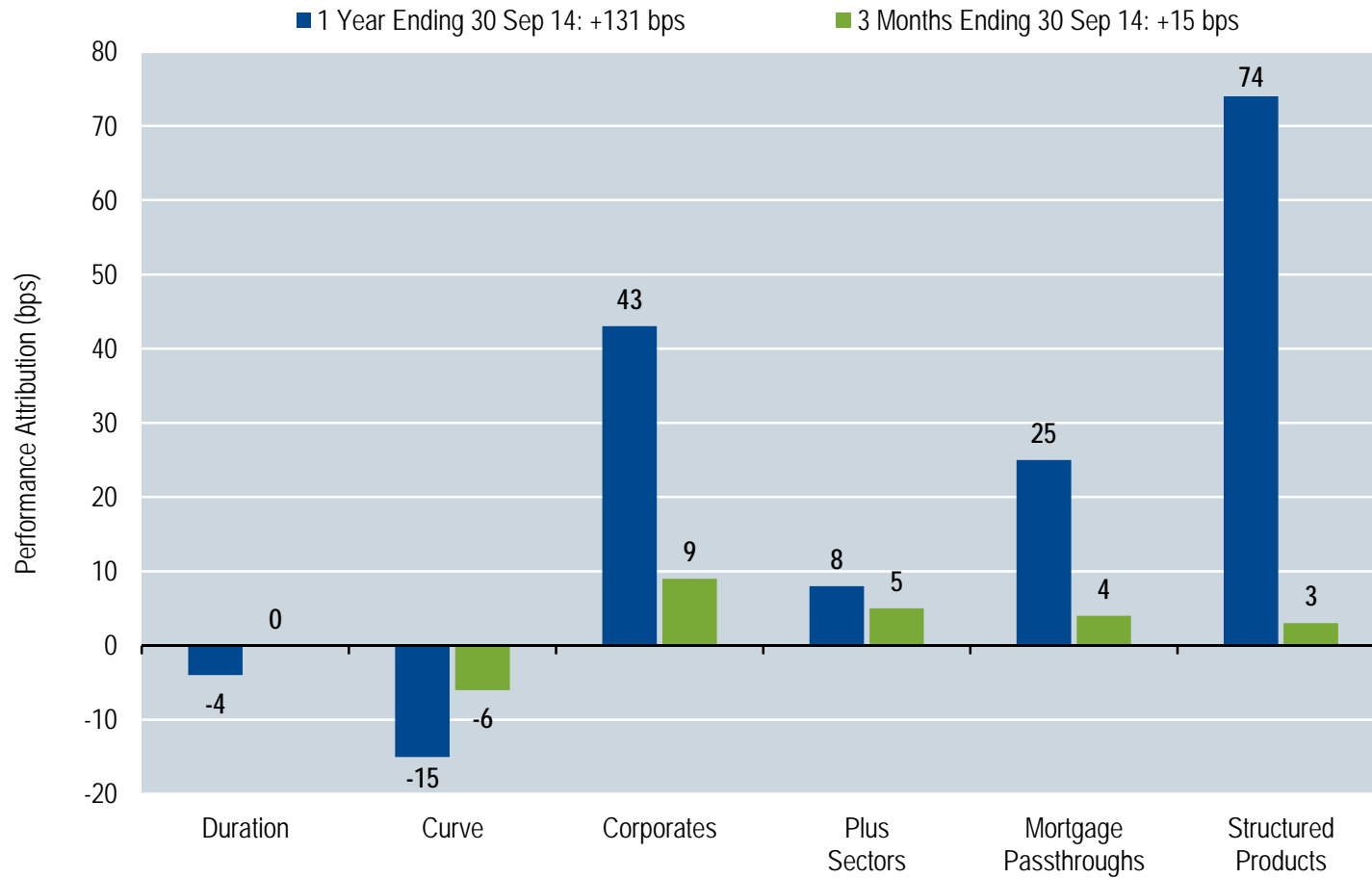
Note: Sector exposure includes look-through to any underlying commingled vehicles if held. All weightings are a percentage of total market value. A negative cash position may be reported, which is primarily due to the portfolio's unsettled trade activity. Data may not sum to 100% due to rounding.

The benchmark does not provide an allocation to the "Emerging Markets" sector. The emerging market sector allocation shown for the benchmark above is based on Western Asset's emerging market countries definition for comparison purposes.

Attribution Analysis

Ventura County ERA Index Plus Portfolio vs. S&P 500 Index

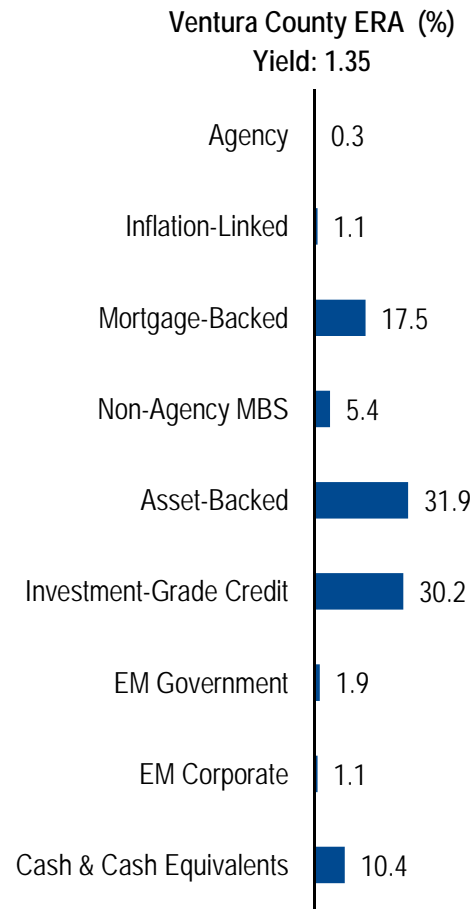
Preliminary



Western Asset believes that attribution is not a hard science, but rather a means of evaluating strategies to determine their relative impact on overall portfolio performance. The intent of the manager, therefore, is critical in the evaluation of different strategies, and the return attribution for any sector or strategy could be over or understated due to its inclusion in another component. Data may not sum to total due to rounding.

Sector Allocation

Preliminary September 30, 2014



Note: Sector exposure includes look-through to any underlying commingled vehicles if held. All weightings are a percentage of total market value. A negative cash position may be reported, which is primarily due to the portfolio's unsettled trade activity. Data may not sum to 100% due to rounding.

Market Review

Outlook

- Global growth slow but gradually improving
- Moderate US growth to continue after surprising weakness in first half
- US inflation levels moving toward Fed target in the near term, unlikely to accelerate higher longer term
- Federal Reserve continuing on gradual path of monetary policy normalization
- Increased focus on economic data to drive Fed policy considerations, potentially leading to an increase in volatility
- Corporate credit fundamentals and valuations remain fair
- Housing and mortgage fundamentals should continue to improve
- Emerging markets face a more challenging environment and one that will require better investor differentiation
- European recession moderates further, prolonged period of low inflation likely to continue
- Chinese soft landing remains highest probability as government manages imbalances

Strategy considerations

- Tactical duration and yield curve management
- Maintain a strategic overweight to longer-dated UST as a risk diversifier
- Continue a modest overweight to investment-grade corporates, especially financials
- Opportunistically trade agency mortgages versus UST
- Maintain an allocation to non-agency mortgages given positive fundamentals and technicals and look for new opportunities in the CMBS market
- Opportunistically increase exposure to select emerging market corporates and sovereigns
- Hold moderate exposure to high-yield and bank loans
- Maintain modest short positions to developed market currencies and modest longs to select emerging market currencies

The above reflects current opinions of Western Asset. As of 30 Jun 14

Index Comparison

Option-Adjusted Spreads / Excess Returns

August 31, 2014



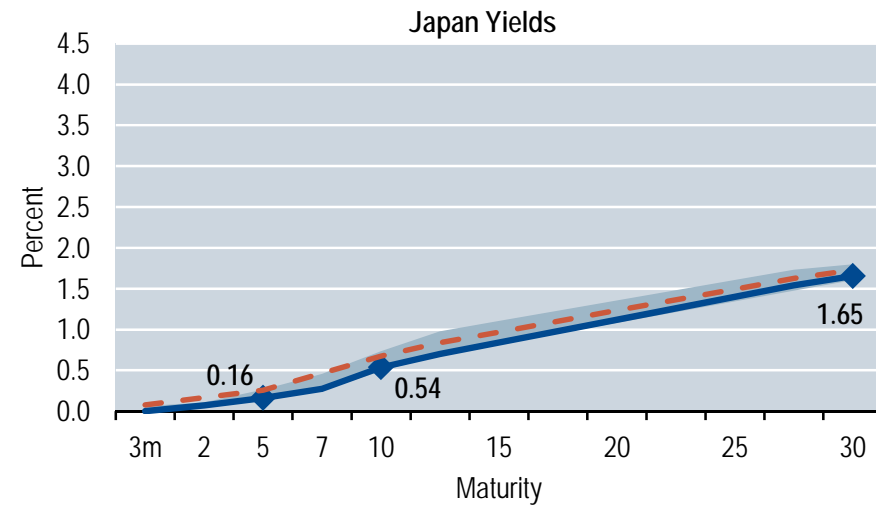
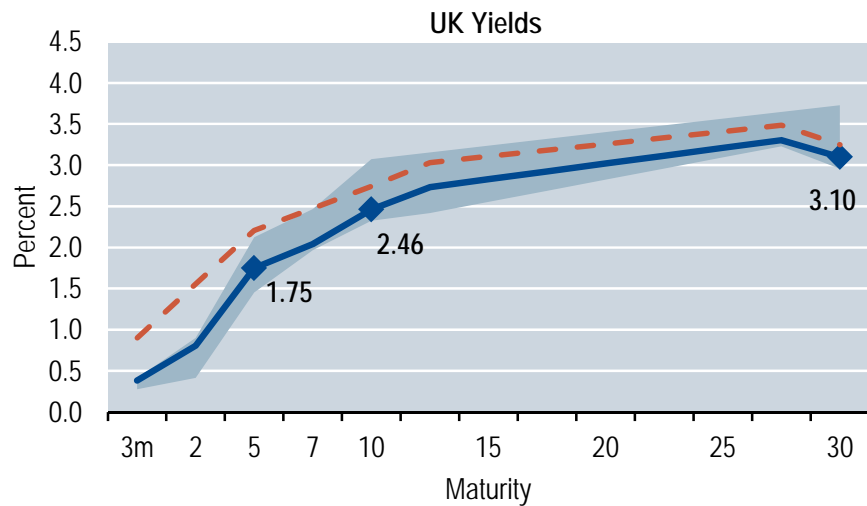
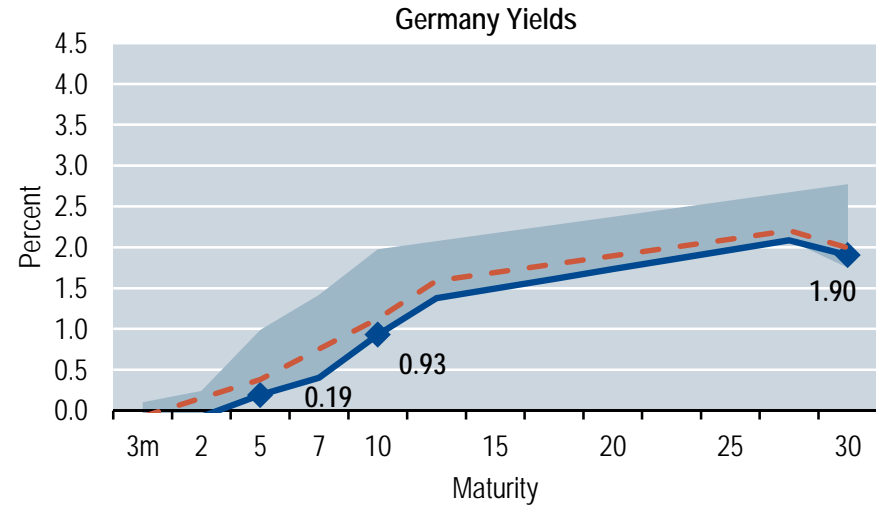
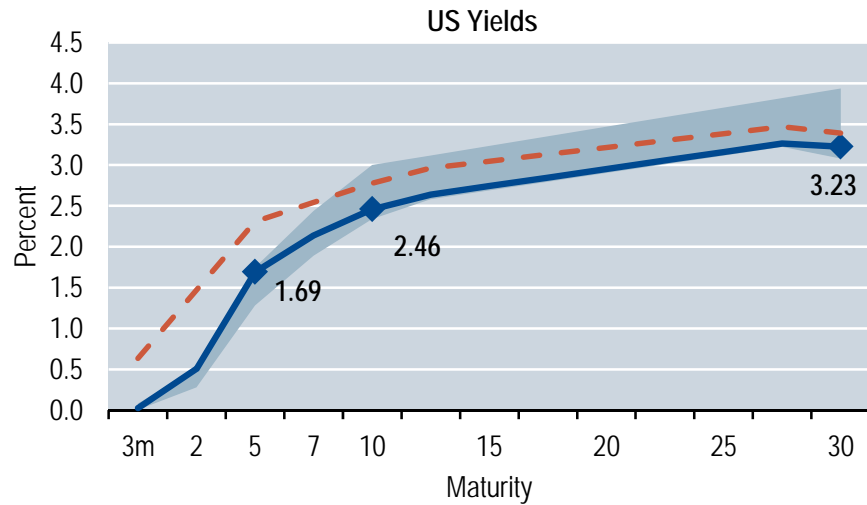
Index	31 Aug 14 OAS (%)	Year to Date OAS Change (%)	Year to Date Excess Rtn (%)
U.S. Aggregate	0.42	-0.03	0.50
U.S. Credit	0.97	-0.13	1.60
U.S. Corporate Investment Grade	1.02	-0.12	1.40
Invest. Grade: Financial Institutions	0.99	-0.10	1.26
Invest. Grade: Industrial	1.04	-0.11	1.50
Invest. Grade: Utility	0.99	-0.25	1.21
Non-Corporate Investment Grade	0.82	-0.18	2.34
U.S. Mortgage Backed Securities	0.35	0.01	0.01
Asset-Backed Securities	0.54	-0.01	0.44
CMBS: Erisa Eligible	0.95	-0.31	0.97
U.S. Corporate High Yield	3.63	-0.19	3.06
Emerging Markets (U.S. Dollar)	2.87	-0.27	3.90
U.S. Long Agency	0.52	-0.17	3.31
U.S. Long Government	0.04	-0.02	0.27
U.S. Long Credit	1.53	-0.06	1.72
U.S. Long Corporate	1.52	-0.01	0.79
Invest. Grade: Long Financials	1.63	0.03	0.35
Invest. Grade: Long Industrial	1.54	0.00	1.05
Invest. Grade: Long Utility	1.24	-0.14	0.24
Long Non-Corporate Investment Grade	1.56	-0.24	5.08

Source: Barclays

Government Yield Curves

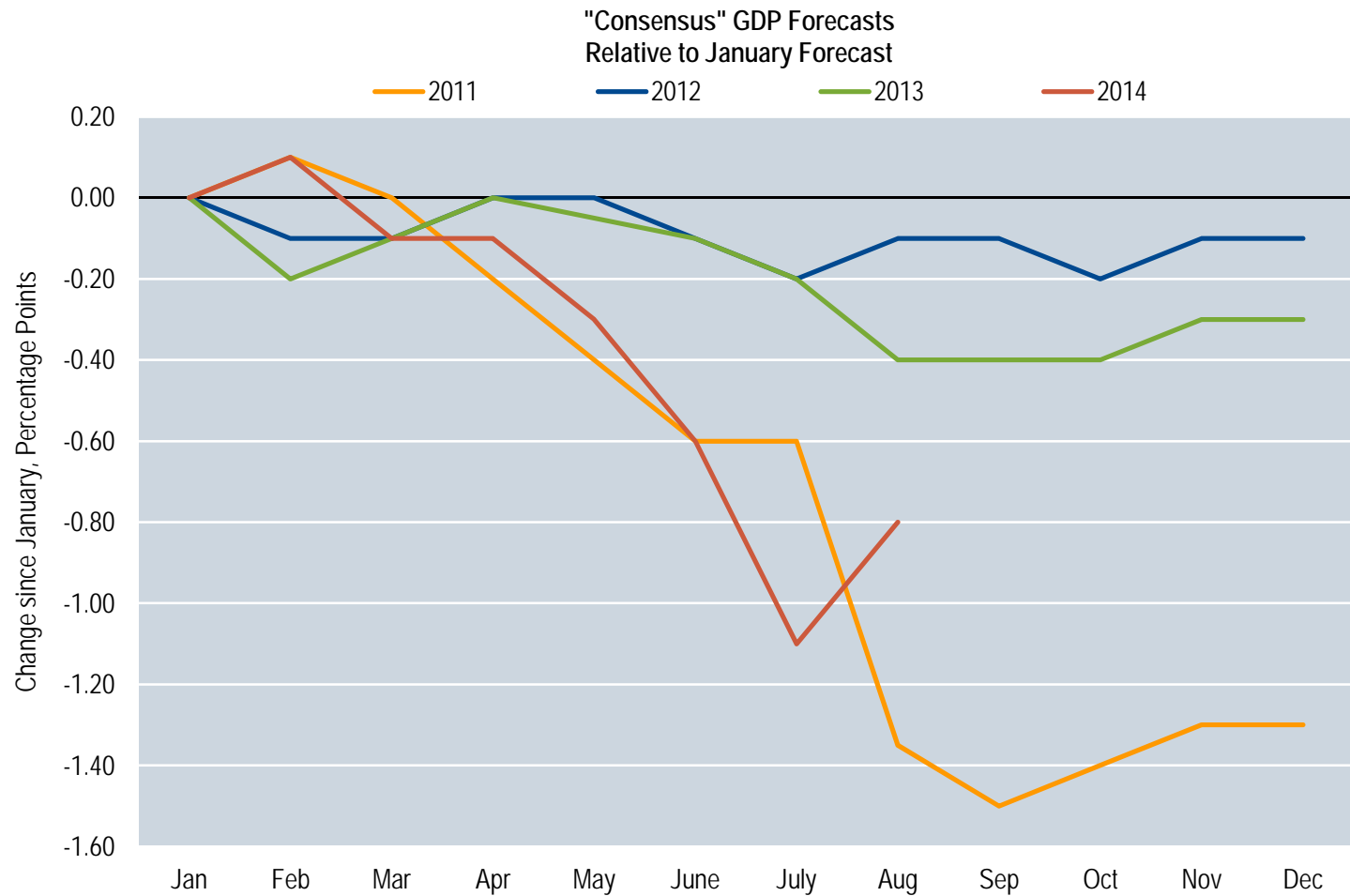


Range: 12 Months 05 Sep 14 1y Forward



Source: Bloomberg. As of 05 Sep 14

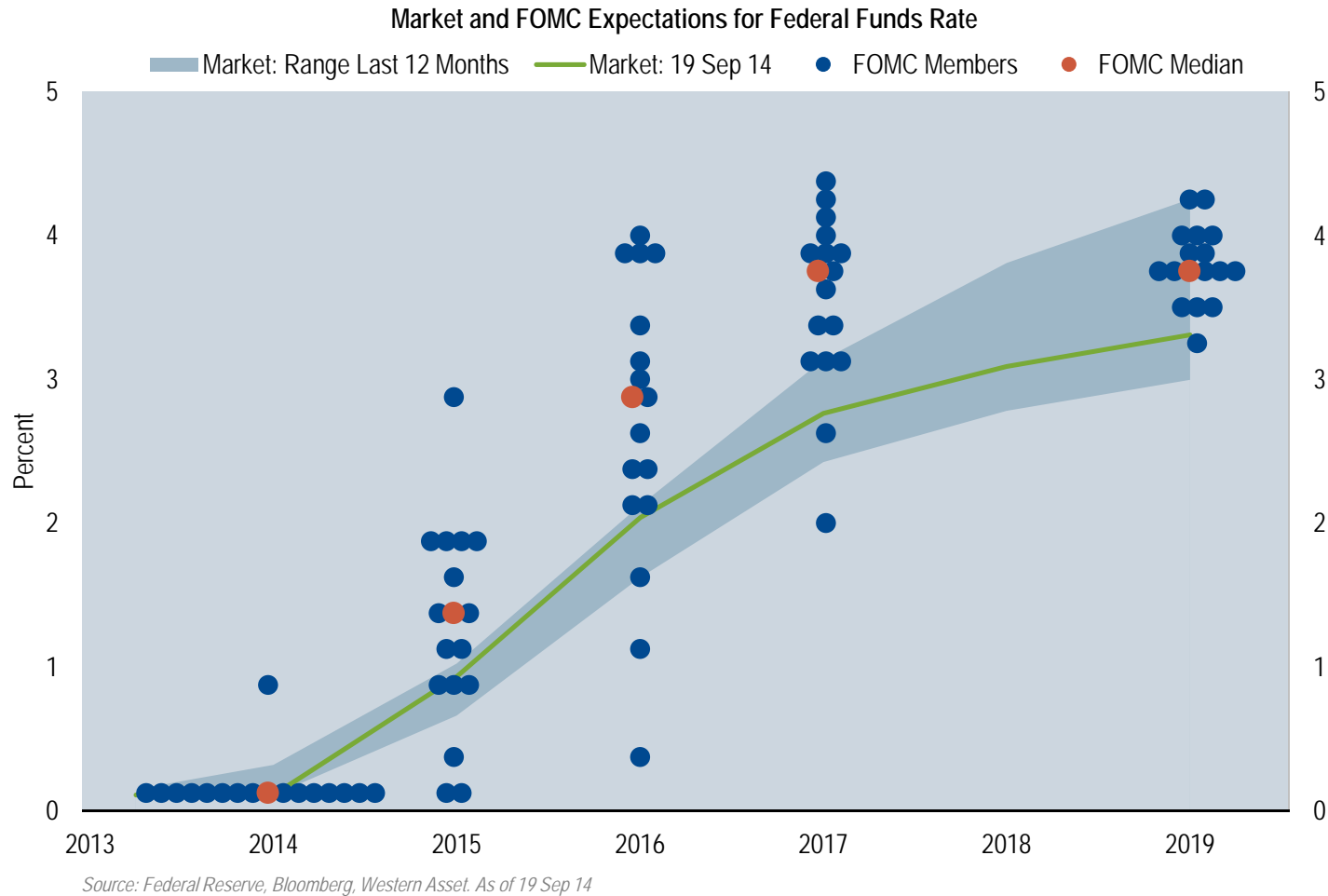
US GDP Growth has Consistently Underperformed Expectations



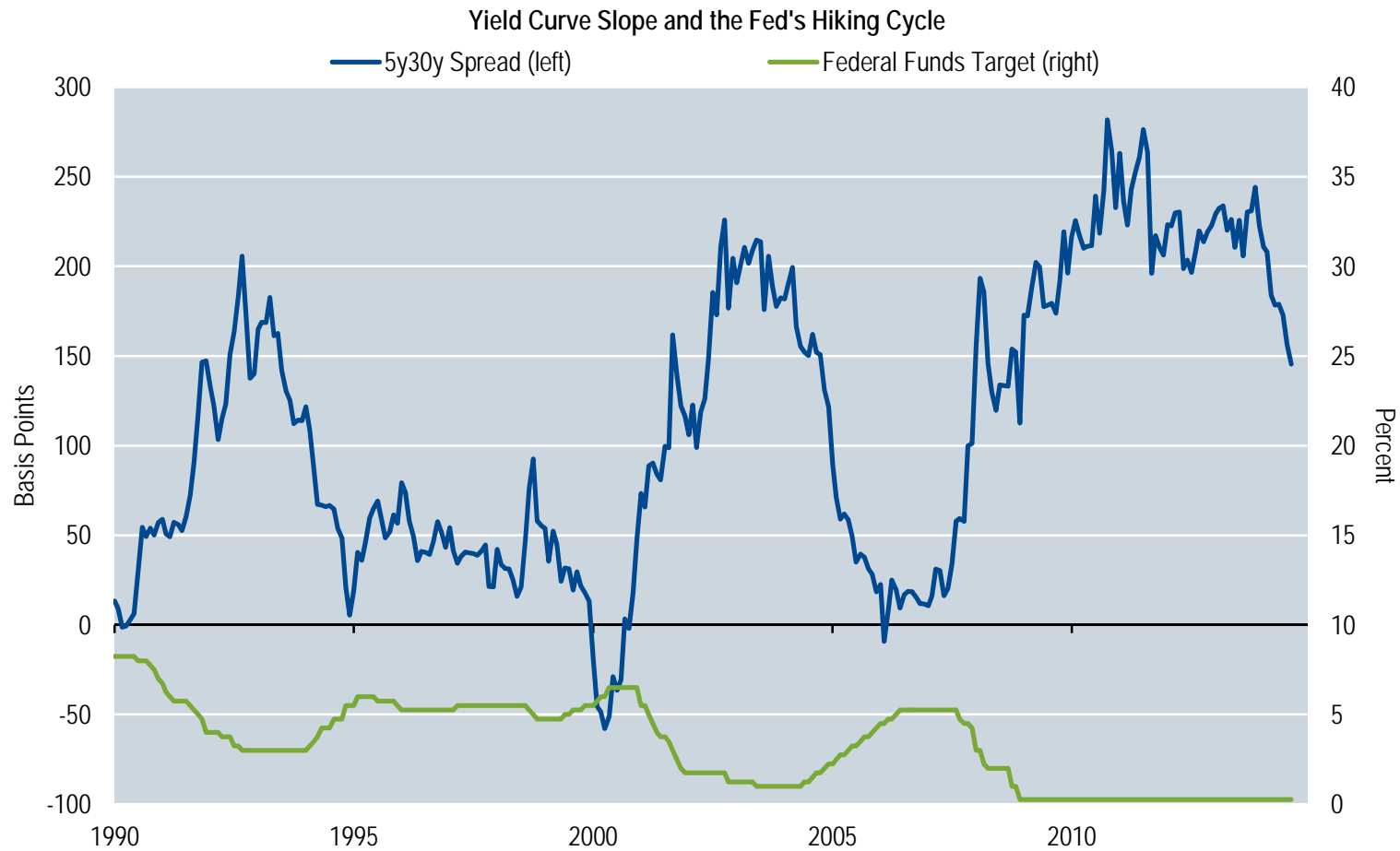
Source: Bloomberg. As of 31 Aug 14

Expectations for Interest Rate Hikes

“Let me reiterate, however, that the committee's expectations about the path of the federal funds rate target are contingent on the economic outlook.” – Janet Yellen, June 18, 2014

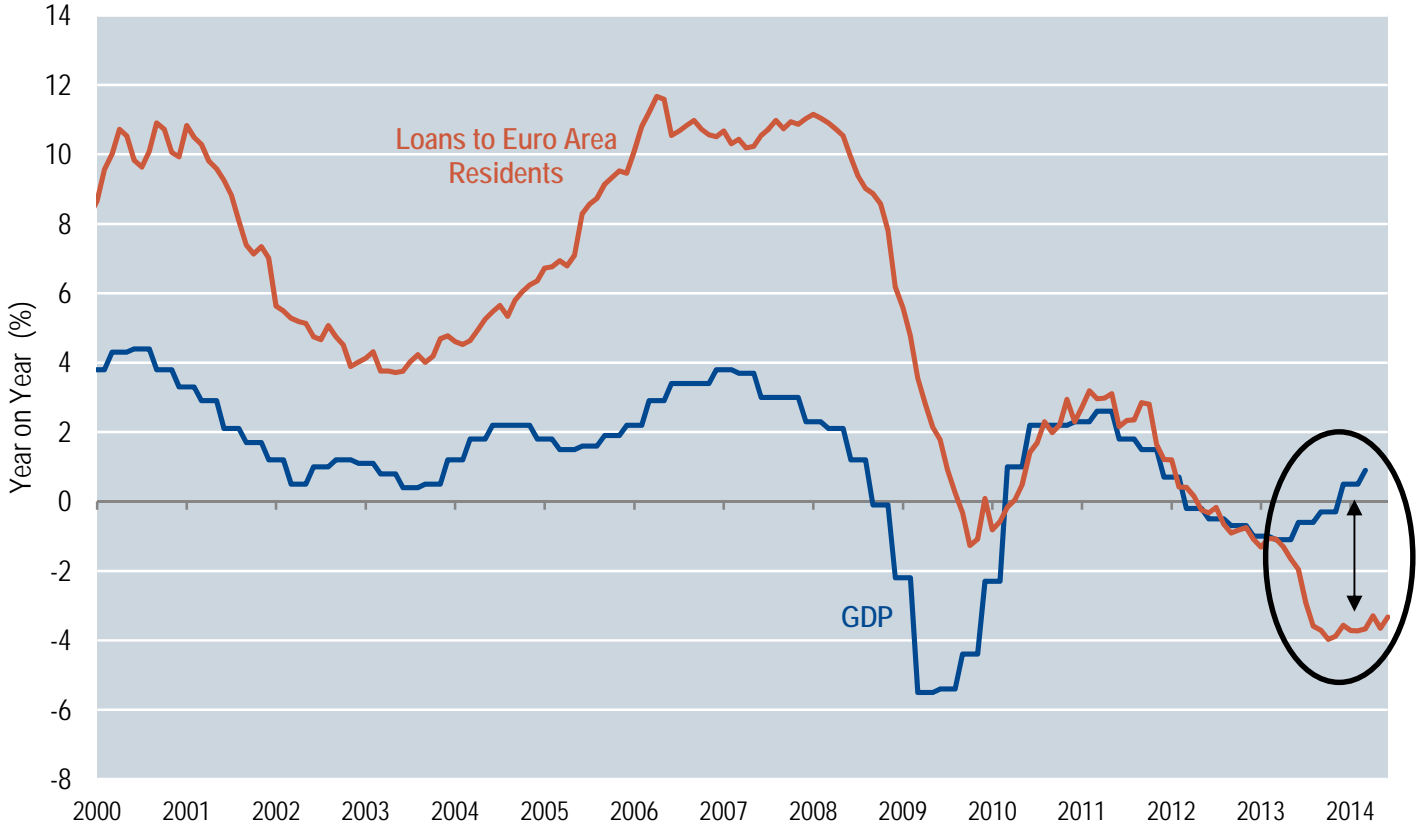


Yield Curve Slope

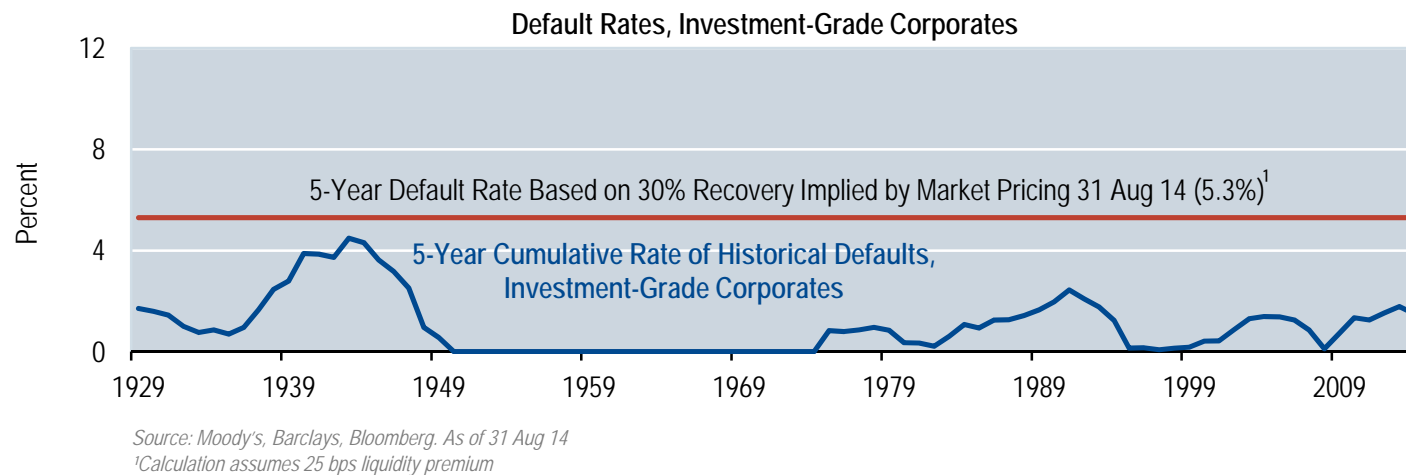
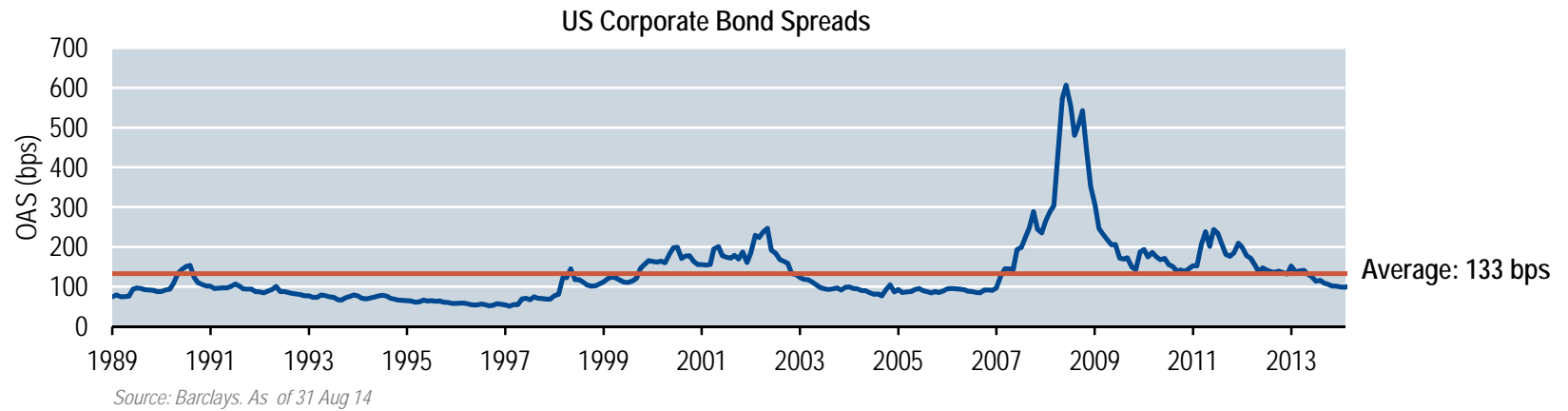


Source: Bloomberg, Western Asset. As of 31 Aug 14

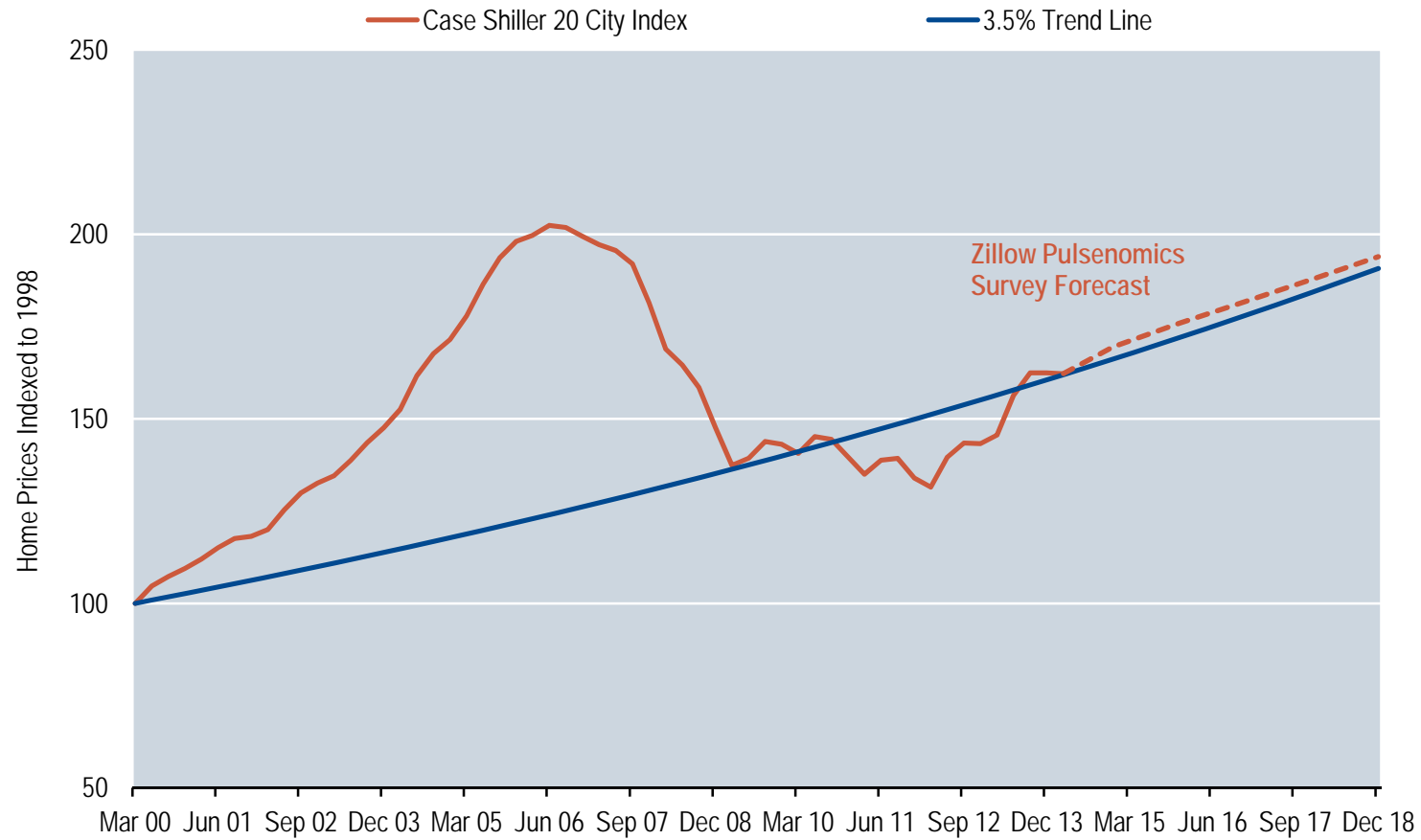
Eurozone GDP and Credit Creation



Source: Bloomberg. As of 30 Jun 14



Home Prices Forecast

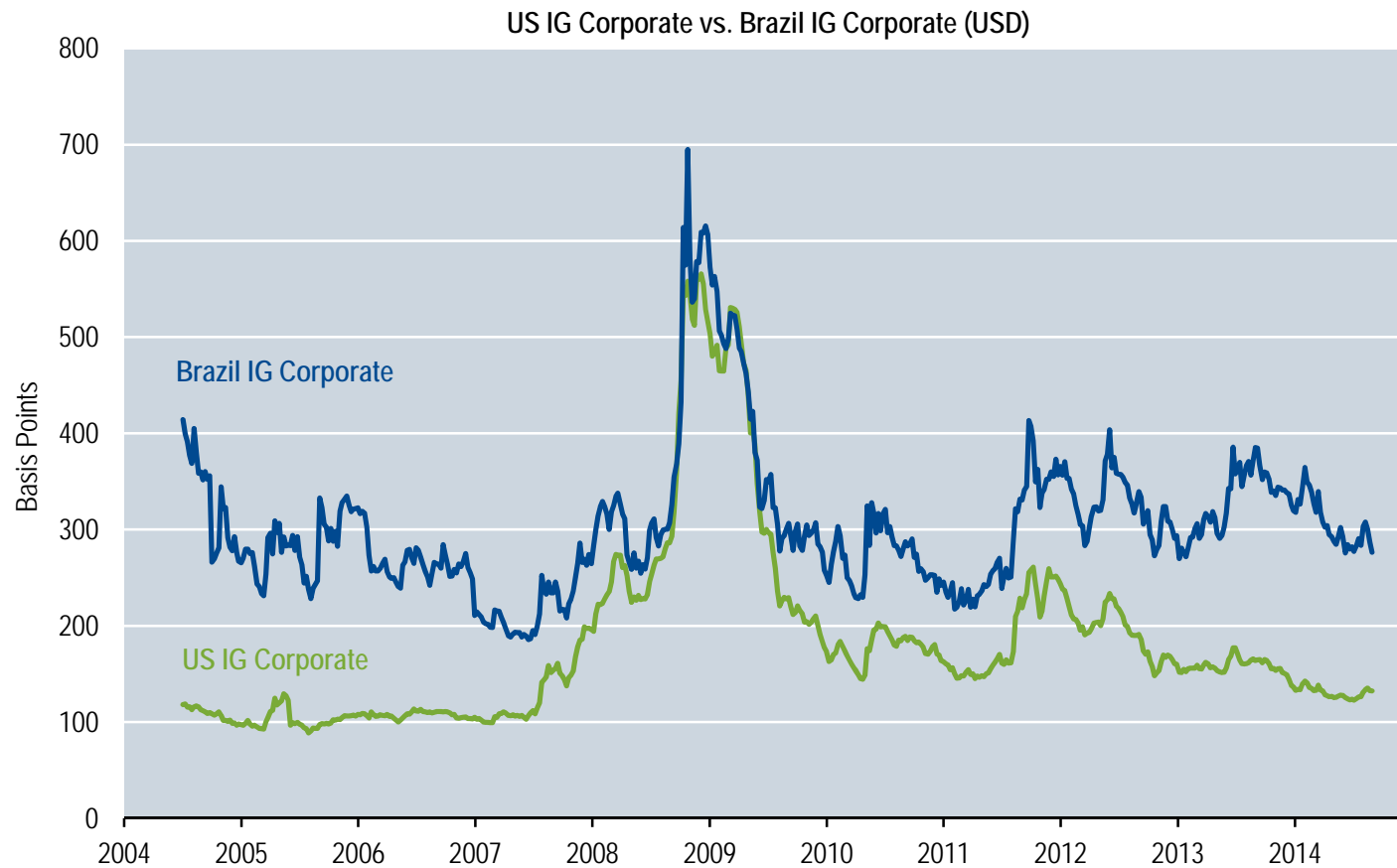


Source: Case-Shiller, Zillow Pulsenomics Survey, S&P. As of 31 Mar 14

Forecasts	2014	2015	2016	2017	2018	Cumulative
Bank of America	5.5%	2.5%	1.0%	-1.0%	-0.5%	7.6%
Barclays	7.0%	4.1%	3.6%	3.6%	3.6%	23.9%
Zillow Pulsenomics	4.4%	3.8%	3.4%	3.2%	3.2%	19.4%
WAMCO	4.5%	4.0%	3.5%	3.2%	3.0%	19.5%

Opportunities in Emerging Markets

Investors Must Differentiate



Source: JPMorgan. As of 31 Aug 14

2Q14 US Performance Scorecard



We thought that ...	Therefore, we ...	And the results ...
Investment-grade corporates would remain attractive relative to UST. While modest economic growth would keep rates range-bound and Fed buying of mortgages would continue to exceed originator supply, valuations were not very compelling.	Held a modest overweight to the corporate sector, particularly in financials. Reduced the size of our underweight while taking advantage of relative value opportunities in coupon swap.	+ Spreads ended the period slightly tighter with corporate sectors generating positive excess returns. + Despite agency MBS outperforming, coupon strategy resulted in positive performance.
Both the housing market and non-agency MBS fundamentals were improving. Fundamentals would stay positive on strong demand and limited supply.	Maintained exposure to non-agency issues, with an emphasis on senior tranches and bonds with more exposure to housing turnover.	+ Benefited from price appreciation based on ongoing investor demand, positive carry and continued principal paydowns.
High-yield corporates would be relatively appealing given a mildly improving economic outlook as well as continued low default rates and balance sheet integrity.	Where allowed, we held a modest exposure to select high-yield bonds, emphasizing certain industrial names and lower ratings.	+ High-yield spreads tightened with lower-quality issues generally outperforming higher-rated securities.
Inflation would likely remain subdued.	Held a limited exposure to TIPS for diversification and as a hedge against unexpected inflation.	+/- Inflation expectations ended the quarter slightly lower while actual inflation measures ticked up.
ECB may need to take further action to prevent disinflation from becoming deflation.	Where allowed, we held a modest short position in the euro.	- The euro depreciated versus the US dollar by about 0.50% as the ECB committed to easier policy to bolster growth.
Value opportunities exist in select EM countries whose fundamentals still appeared sound.	Where allowed, we held a small exposure to USD-denominated EM sovereigns, corporate and quasi-sovereigns as well as to EM currencies and local bonds.	+ EM generated positive returns over each month of 2Q14.
Central banks would remain highly accommodative but UST became somewhat overvalued in May.	We moved from a moderate overweight duration stance to mildly underweight in May to end the period generally neutral.	+ Rates fell in April and May to end the quarter moderately lower.
30-year represented a better value than shorter maturity UST and would provide some protection if volatility increased.	Held an overweight to the long-end of the yield curve.	+ Long-dated yields fell more than short to intermediate yields resulting in a flatter yield curve.

Source: Western Asset. As of 30 Jun 14

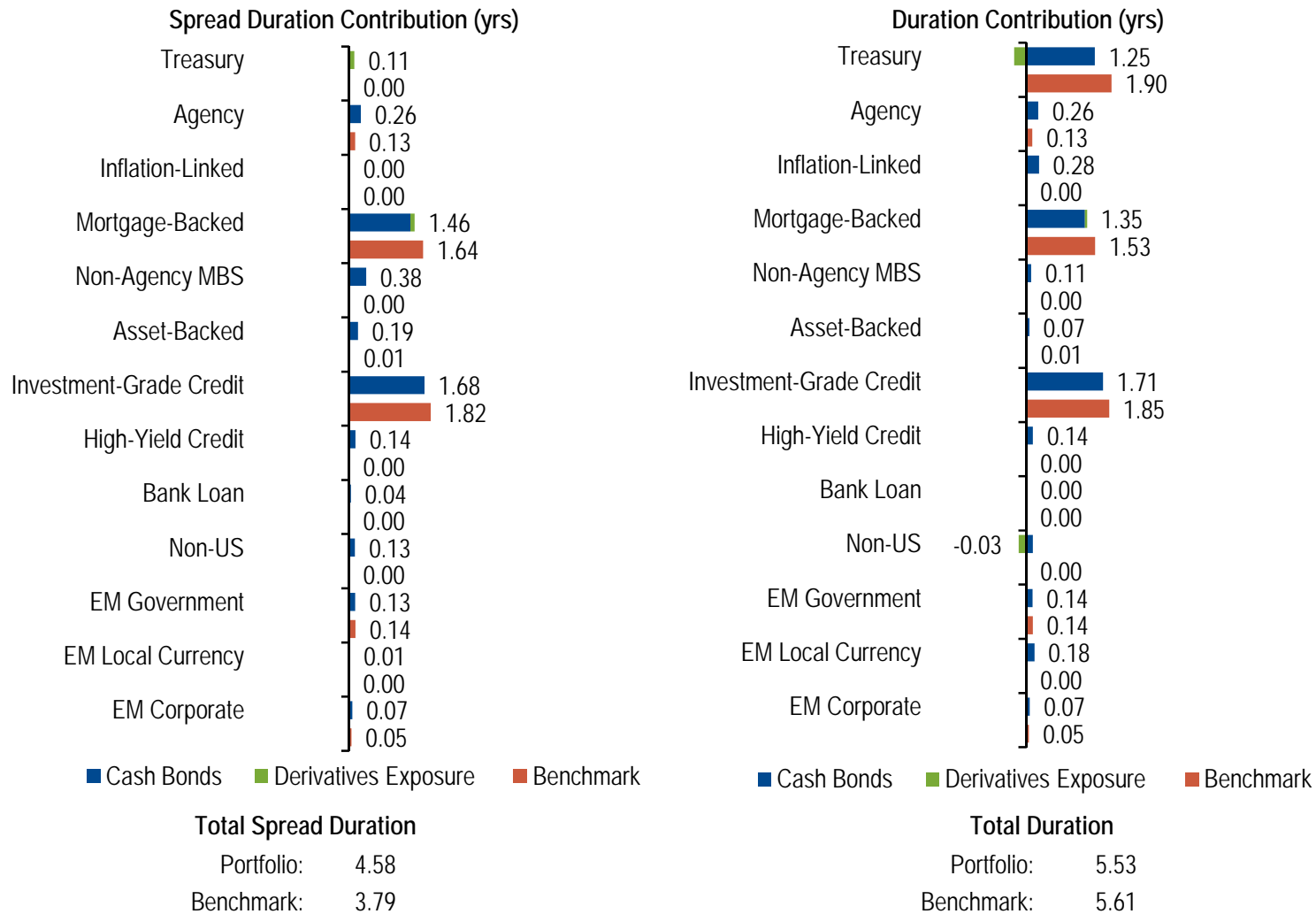
Appendix

Sector Exposure



Ventura County ERA Core Fixed Income vs. Barclays U.S. Aggregate Index

Preliminary September 30, 2014



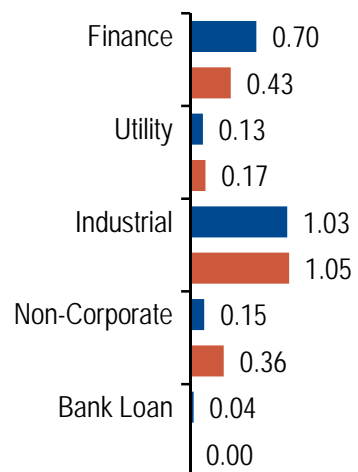
Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding. The benchmark does not provide an allocation to the "Emerging Markets" sector. The emerging market sector allocation shown for the benchmark above is based on Western Asset's emerging market countries definition for comparison purposes.

Credit Sector Exposure

Ventura County ERA Core Fixed Income vs. Barclays U.S. Aggregate Index

Preliminary September 30, 2014

Spread Duration Contribution (yrs)

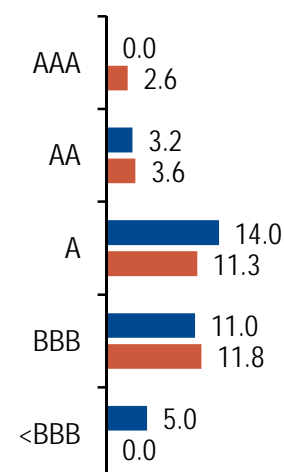


■ Cash Bonds ■ Derivatives Exposure ■ Benchmark

Credit Spread Duration

Portfolio: 2.05
Benchmark: 2.00

Quality Exposure (%)¹



■ Portfolio ■ Benchmark

33.3% of Portfolio

Barclays U.S. Credit Index Excess Returns

	2013	2014*
Finance	3.93%	0.83%
Utility	2.95%	0.77%
Industrial	2.24%	0.59%
Non-Corporate	0.03%	1.70%

*As of 30 Sep 14

	2013	2014*
AAA	0.47%	0.33%
AA	1.36%	0.75%
A	2.53%	0.27%
BBB	2.66%	1.67%
<BBB**	9.23%	1.27%

*As of 30 Sep 14; **Barclays U.S. High-Yield Index

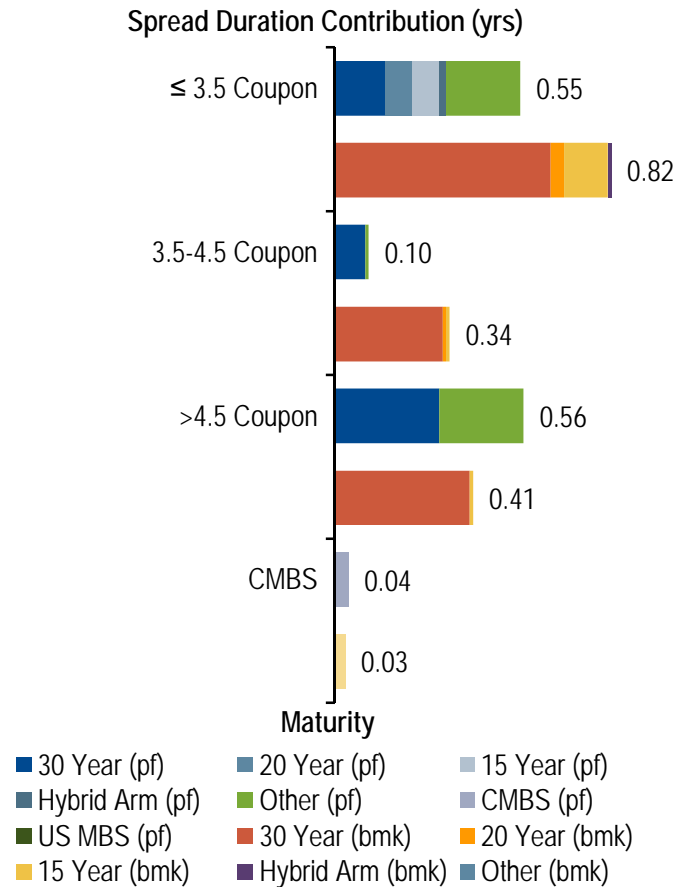
Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding. Includes investment-grade, high-yield, bank loans, emerging market governments and emerging market corporates.

¹All weightings are a percentage of total market value.

Mortgage-Backed Sector Exposure

Ventura County ERA Core Fixed Income vs. Barclays U.S. Aggregate Index

Preliminary September 30, 2014



MBS Spread Duration

Portfolio:	1.24
Benchmark:	1.60

Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding.

Non-Agency Mortgage-Backed Exposure

Ventura County ERA Core Fixed Income

Preliminary September 30, 2014



Classification	% Portfolio
Prime	2.57%
Alt-A	3.36%
Subprime	1.45%
Option ARM	2.31%
Total	9.69%

Capital Structure	% Portfolio
Super Senior	1.74%
Senior	6.04%
Senior Support	0.71%
Subordinated	1.21%
Other - Swap	0.00%
Total	9.69%

Vintage	% Portfolio
<=2003	0.92%
2004	1.25%
2005	2.18%
2006	1.61%
2007=>	3.72%
Total	9.69%

Current Ratings	% Portfolio
AAA	2.48%
AA	1.42%
A	1.45%
BBB	1.93%
<BBB	2.40%
Total	9.69%

Weighted Average Yield (%) ¹	Weighted Average Life (yrs)
4.67	4.95

As of 31 Aug 14

Note: Sector exposure includes look-through to any underlying commingled vehicles if held. All weightings are a percentage of total market value. Data may not sum to total due to rounding.

Includes home equity asset-backed securities and notional value of ABX where held.

Source: Western Asset / Intex

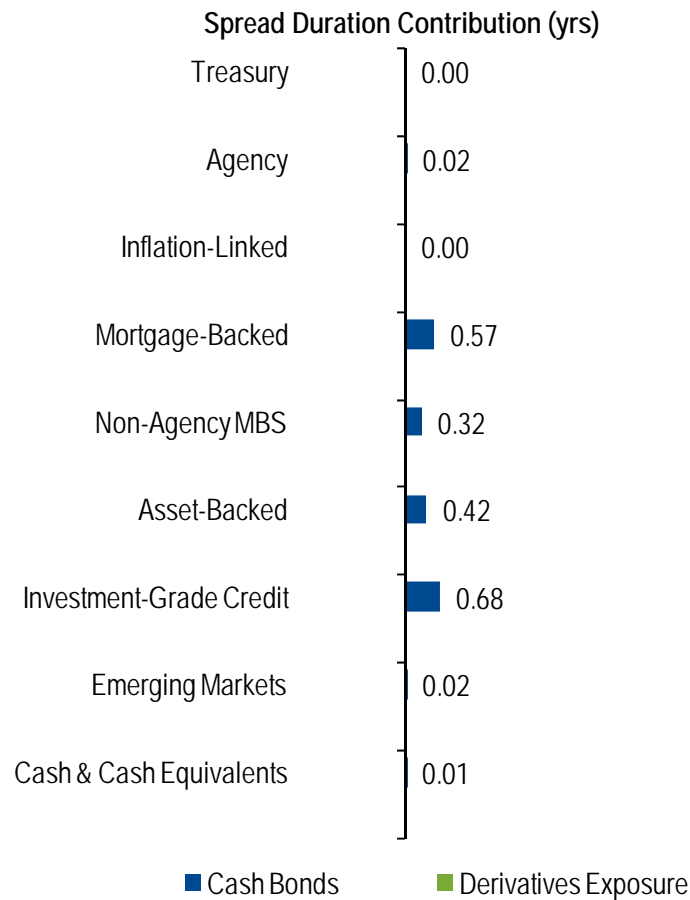
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¹ Weighted average yield is loss adjusted

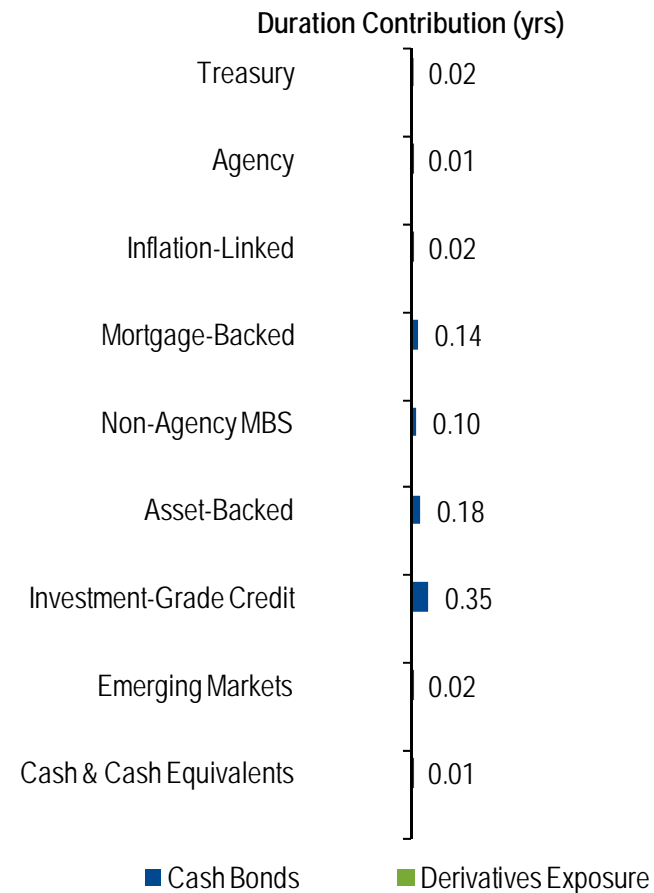
Sector Exposure

Ventura County ERA

Preliminary September 30, 2014



Total Spread Duration
Portfolio: 2.20



Total Duration
Portfolio: 0.51

Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding.

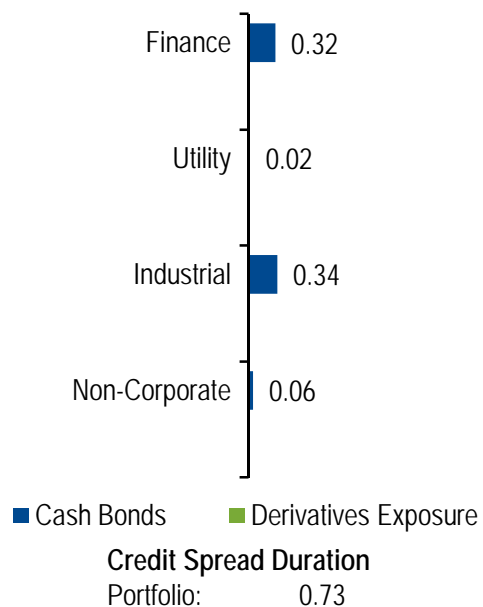
Credit Sector Exposure

Ventura County ERA

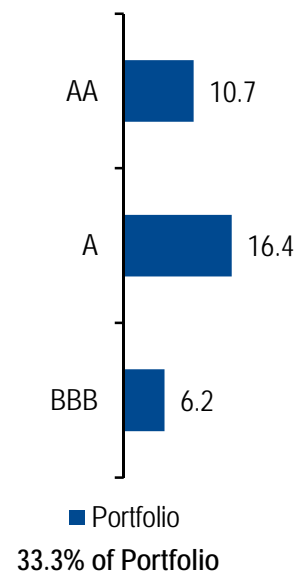
Preliminary September 30, 2014



Spread Duration Contribution (yrs)



Quality Exposure (%)¹



Barclays U.S. Credit Index Excess Returns

	2013	2014*
Finance	3.93%	0.83%
Utility	2.95%	0.77%
Industrial	2.24%	0.59%
Non-Corporate	0.03%	1.70%

*As of 30 Sep 14

	2013	2014*
AAA	0.47%	0.33%
AA	1.36%	0.75%
A	2.53%	0.27%
BBB	2.66%	1.67%
<BBB**	9.23%	1.27%

*As of 30 Sep 14; **Barclays U.S. High-Yield Index

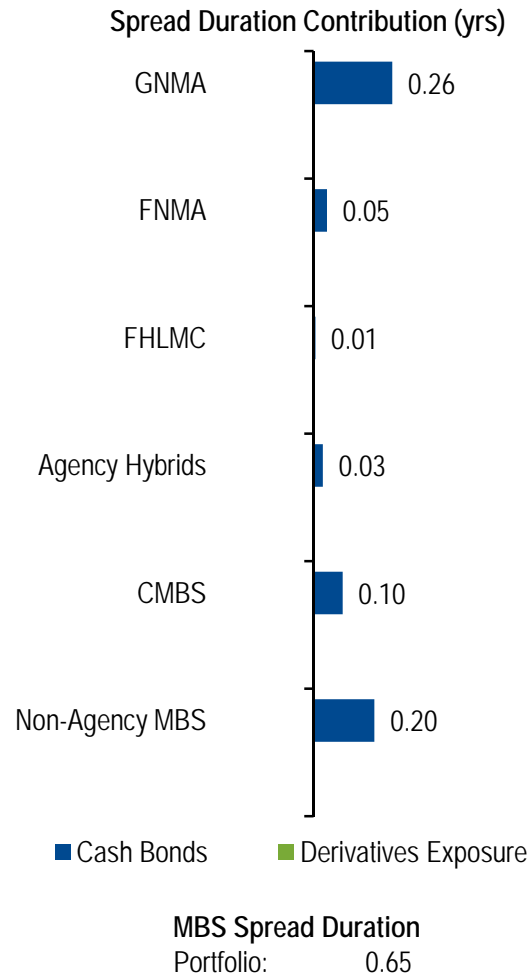
Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding.
¹All weightings are a percentage of total market value.

Mortgage-Backed Sector Exposure



Ventura County ERA

Preliminary September 30, 2014



Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding.

Non-Agency Mortgage-Backed Exposure

Ventura County ERA

Preliminary September 30, 2014



Classification	% Portfolio
Prime	1.29%
Alt-A	0.68%
Subprime	0.89%
Option ARM	2.58%
Total	5.44%

Capital Structure	% Portfolio
Super Senior	2.77%
Senior	1.74%
Senior Support	0.00%
Subordinated	0.92%
Other - Swap	0.00%
Total	5.44%

Vintage	% Portfolio
<=2003	0.71%
2004	0.93%
2005	1.97%
2006	0.95%
2007=>	0.88%
Total	5.44%

Current Ratings	% Portfolio
AAA	0.16%
AA	0.65%
A	0.34%
BBB	0.44%
<BBB	3.84%
Total	5.44%

Weighted Average Yield ¹ (%)	Weighted Average Life (yrs)
4.85	5.08

As of 31 Aug 14

Note: Sector exposure includes look-through to any underlying commingled vehicles if held. All weightings are a percentage of total market value. Data may not sum to total due to rounding.

Includes home equity asset-backed securities and notional value of ABX where held.

Source: Western Asset / Intex

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¹Weighted average yield is loss adjusted.

VERONICA A. AMICI

33 Years Experience

- Western Asset Management Company – Client Service Executive, 1993–
- Unisys Corporation – Senior Financial Analyst, 1980 – 1992
- *Gwynedd Mercy College, BS*

JULIEN A. SCHOLNICK

17 Years Experience

- Western Asset Management Company – Portfolio Manager, 2003-
- Salomon Smith Barney – Associate, Private Client Group, 2000-2001
- Digital Coast Partners – Senior Analyst, 1999-2000
- Arthur Andersen, LLP – Senior Analyst, 1997-1999
- *Cornell University, M.B.A.*
- *University of California, Los Angeles, B.A., graduated magna cum laude*
- *Chartered Financial Analyst*

Note: Western Asset experience reflects current position title and hire date.

Representative Client List Disclosure



The clients listed are invested in a wide range of mandates, and are located in a variety of countries or regions of the United States.

The clients listed in the Corporate company type have portfolios with an AUM of \$32(M) or greater.

The clients listed in the Public company type have portfolios with an AUM of \$75(M) or greater.

The clients listed in the Eleemosynary company type have portfolios with an AUM of \$1(M) or greater.

The clients listed in the Subadvisory company type have portfolios with an AUM of \$104(M) or greater.

The clients listed in the Healthcare company type have portfolios with an AUM of \$9(M) or greater.

The clients listed in the Insurance company type have portfolios with an AUM of \$15(M) or greater.

The clients listed in the Multi-Employer / Union company type have portfolios with an AUM of \$7(M) or greater.

Clients that have advised Western Asset of account terminations have been excluded from the lists.

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NEPC, LLC

YOU DEMAND MORE. *So do we.*SM



Ventura County Employees' Retirement Association

**Performance Report
Month Ending September 30, 2014**

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

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

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

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	4,319,016,855	100.0	-2.0	-1.3	5.1	-1.3	10.6	14.6	11.1	7.1	8.3	Apr-94
Policy Index			<u>-2.0</u>	<u>-1.0</u>	<u>4.7</u>	<u>-1.0</u>	<u>10.8</u>	<u>13.9</u>	<u>10.2</u>	<u>7.2</u>	<u>8.2</u>	<u>Apr-94</u>
Over/Under			0.0	-0.3	0.4	-0.3	-0.2	0.7	0.9	-0.1	0.1	
60% MSCI World (Net) / 40% CITI WGBI			-3.0	-2.8	2.8	-2.8	7.2	10.4	7.3	6.2	6.7	Apr-94
Total Fund ex Clifton	4,230,733,899	98.0	-2.0	-1.3	5.2	-1.3	10.8	14.3	10.9	7.0	8.3	Apr-94
Total Fund ex Private Equity	4,221,396,526	97.7	-2.2	-1.5	4.9	-1.5	10.3	--	--	--	12.4	Jan-12
Policy Index			<u>-2.0</u>	<u>-1.0</u>	<u>4.7</u>	<u>-1.0</u>	<u>10.8</u>	<u>13.9</u>	<u>10.2</u>	<u>7.2</u>	<u>12.6</u>	<u>Jan-12</u>
Over/Under			-0.2	-0.5	0.2	-0.5	-0.5				-0.2	
Total US Equity	1,326,530,593	30.7	-2.2	-0.1	6.9	-0.1	17.7	23.4	16.3	8.0	9.0	Dec-93
Total U.S. Equity Benchmark			<u>-2.2</u>	<u>-0.1</u>	<u>6.8</u>	<u>-0.1</u>	<u>17.6</u>	<u>23.0</u>	<u>15.8</u>	<u>8.5</u>	<u>9.4</u>	<u>Dec-93</u>
Over/Under			0.0	0.0	0.1	0.0	0.1	0.4	0.5	-0.5	-0.4	
BlackRock Extended Equity Index	43,778,408	1.0	-5.1	-4.8	1.1	-4.8	9.7	23.4	16.6	10.1	12.3	Oct-02
Dow Jones U.S. Completion Total Stock Market			<u>-5.1</u>	<u>-4.8</u>	<u>1.1</u>	<u>-4.8</u>	<u>9.7</u>	<u>23.1</u>	<u>16.4</u>	<u>10.0</u>	<u>12.3</u>	<u>Oct-02</u>
Over/Under			0.0	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.0	
Western U.S. Index Plus	132,706,391	3.1	-1.4	1.2	9.1	1.2	20.7	24.9	19.3	--	3.0	May-07
S&P 500			<u>-1.4</u>	<u>1.1</u>	<u>8.3</u>	<u>1.1</u>	<u>19.7</u>	<u>23.0</u>	<u>15.7</u>	<u>8.1</u>	<u>5.8</u>	<u>May-07</u>
Over/Under			0.0	0.1	0.8	0.1	1.0	1.9	3.6		-2.8	
BlackRock Equity Market Fund	1,150,045,795	26.6	-2.1	-0.1	6.9	-0.1	17.7	23.0	15.9	--	7.1	Dec-07
Dow Jones U.S. Total Stock Market			<u>-2.1</u>	<u>-0.1</u>	<u>6.9</u>	<u>-0.1</u>	<u>17.7</u>	<u>23.0</u>	<u>15.8</u>	<u>8.6</u>	<u>7.1</u>	<u>Dec-07</u>
Over/Under			0.0	0.0	0.0	0.0	0.0	0.0	0.1		0.0	

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.

Western U.S. Index Plus uses the Manager's stated market value for 5/31/2014 and custodian market value for 6/30/2014



Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Non-US Equity	617,898,241	14.3	-4.2	-5.2	-0.3	-5.2	4.0	12.2	6.7	6.9	6.8	Mar-94
<i>Total Non-US Equity Benchmark</i>			<u>-4.8</u>	<u>-5.3</u>	<u>0.0</u>	<u>-5.3</u>	<u>4.8</u>	<u>11.8</u>	<u>6.0</u>	<u>7.1</u>	<u>5.5</u>	<i>Mar-94</i>
Over/Under			0.6	0.1	-0.3	0.1	-0.8	0.4	0.7	-0.2	1.3	
BlackRock ACWI ex-U.S. Index	259,029,569	6.0	-5.0	-5.5	0.1	-5.5	4.9	12.0	6.4	--	1.9	Mar-07
<i>MSCI ACWI ex USA</i>			<u>-4.8</u>	<u>-5.3</u>	<u>0.0</u>	<u>-5.3</u>	<u>4.8</u>	<u>11.8</u>	<u>6.0</u>	<u>7.1</u>	<u>1.5</u>	<i>Mar-07</i>
Over/Under			-0.2	-0.2	0.1	-0.2	0.1	0.2	0.4		0.4	
Sprucegrove	185,307,307	4.3	-4.4	-6.1	-0.5	-6.1	4.2	12.5	8.0	7.3	8.4	Mar-02
<i>MSCI EAFE</i>			<u>-3.8</u>	<u>-5.9</u>	<u>-1.4</u>	<u>-5.9</u>	<u>4.3</u>	<u>13.6</u>	<u>6.6</u>	<u>6.3</u>	<u>6.6</u>	<i>Mar-02</i>
Over/Under			-0.6	-0.2	0.9	-0.2	-0.1	-1.1	1.4	1.0	1.8	
<i>MSCI ACWI ex USA</i>			<u>-4.8</u>	<u>-5.3</u>	<u>0.0</u>	<u>-5.3</u>	<u>4.8</u>	<u>11.8</u>	<u>6.0</u>	<u>7.1</u>	<u>7.4</u>	<i>Mar-02</i>
Hexavest	80,620,136	1.9	-2.0	-3.8	-0.2	-3.8	4.4	12.3	--	--	5.7	Dec-10
<i>MSCI EAFE</i>			<u>-3.8</u>	<u>-5.9</u>	<u>-1.4</u>	<u>-5.9</u>	<u>4.3</u>	<u>13.6</u>	<u>6.6</u>	<u>6.3</u>	<u>6.1</u>	<i>Dec-10</i>
Over/Under			1.8	2.1	1.2	2.1	0.1	-1.3			-0.4	
Walter Scott	92,941,228	2.2	-3.6	-3.8	-1.4	-3.8	0.7	10.4	--	--	5.1	Dec-10
<i>MSCI ACWI ex USA</i>			<u>-4.8</u>	<u>-5.3</u>	<u>0.0</u>	<u>-5.3</u>	<u>4.8</u>	<u>11.8</u>	<u>6.0</u>	<u>7.1</u>	<u>4.1</u>	<i>Dec-10</i>
Over/Under			1.2	1.5	-1.4	1.5	-4.1	-1.4			1.0	
Total Global Equity	434,020,217	10.0	-3.5	-3.7	2.7	-3.7	10.4	15.2	9.9	--	5.8	May-05
<i>MSCI ACWI</i>			<u>-3.2</u>	<u>-2.3</u>	<u>3.7</u>	<u>-2.3</u>	<u>11.3</u>	<u>16.6</u>	<u>10.1</u>	<u>7.3</u>	<u>6.8</u>	<i>May-05</i>
Over/Under			-0.3	-1.4	-1.0	-1.4	-0.9	-1.4	-0.2		-1.0	
GMO Global Equity	212,724,958	4.9	-3.9	-5.2	1.4	-5.2	8.8	14.4	9.9	--	7.1	Apr-05
<i>MSCI ACWI</i>			<u>-3.2</u>	<u>-2.3</u>	<u>3.7</u>	<u>-2.3</u>	<u>11.3</u>	<u>16.6</u>	<u>10.1</u>	<u>7.3</u>	<u>6.8</u>	<i>Apr-05</i>
Over/Under			-0.7	-2.9	-2.3	-2.9	-2.5	-2.2	-0.2		0.3	
BlackRock MSCI ACWI Equity Index	221,295,259	5.1	-3.2	-2.2	4.0	-2.2	11.8	--	--	--	--	May-12
<i>MSCI ACWI</i>			<u>-3.2</u>	<u>-2.3</u>	<u>3.7</u>	<u>-2.3</u>	<u>11.3</u>	<u>16.6</u>	<u>10.1</u>	<u>7.3</u>	<u>17.9</u>	<i>May-12</i>
Over/Under			0.0	0.1	0.3	0.1	0.5					

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 of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total US Fixed Income	758,871,846	17.6	-0.2	-0.1	2.9	-0.1	3.9	4.8	6.4	6.0	6.4	Feb-94
<i>Barclays Aggregate</i>			<u>-0.7</u>	<u>0.2</u>	<u>4.1</u>	<u>0.2</u>	<u>4.0</u>	<u>2.4</u>	<u>4.1</u>	<u>4.6</u>	<u>5.8</u>	<i>Feb-94</i>
Over/Under			0.5	-0.3	-1.2	-0.3	-0.1	2.4	2.3	1.4	0.6	
Western	262,440,612	6.1	-0.9	0.2	5.8	0.2	6.2	5.2	7.0	5.6	6.6	Dec-96
<i>Barclays Aggregate</i>			<u>-0.7</u>	<u>0.2</u>	<u>4.1</u>	<u>0.2</u>	<u>4.0</u>	<u>2.4</u>	<u>4.1</u>	<u>4.6</u>	<u>5.7</u>	<i>Dec-96</i>
Over/Under			-0.2	0.0	1.7	0.0	2.2	2.8	2.9	1.0	0.9	
BlackRock U.S. Debt Fund	136,750,242	3.2	-0.6	0.2	4.3	0.2	4.1	2.5	4.2	4.7	5.7	Nov-95
<i>Barclays Aggregate</i>			<u>-0.7</u>	<u>0.2</u>	<u>4.1</u>	<u>0.2</u>	<u>4.0</u>	<u>2.4</u>	<u>4.1</u>	<u>4.6</u>	<u>5.6</u>	<i>Nov-95</i>
Over/Under			0.1	0.0	0.2	0.0	0.1	0.1	0.1	0.1	0.1	
Reams	287,972,567	6.7	0.8	-0.4	-1.7	-0.4	0.2	4.6	6.0	6.5	6.2	Sep-01
<i>Reams Custom Index</i>			<u>0.0</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>1.7</u>	<u>3.7</u>	<u>4.4</u>	<u>4.7</u>	<i>Sep-01</i>
Over/Under			0.8	-0.5	-1.9	-0.5	0.0	2.9	2.3	2.1	1.5	
<i>Barclays Aggregate</i>			<u>-0.7</u>	<u>0.2</u>	<u>4.1</u>	<u>0.2</u>	<u>4.0</u>	<u>2.4</u>	<u>4.1</u>	<u>4.6</u>	<u>4.9</u>	<i>Sep-01</i>
Loomis Sayles Multi Strategy	71,708,425	1.7	-1.4	-0.6	6.8	-0.6	9.2	9.1	9.2	--	7.4	Jul-05
<i>Loomis Custom Index</i>			<u>-1.1</u>	<u>-0.5</u>	<u>3.8</u>	<u>-0.5</u>	<u>4.8</u>	<u>4.9</u>	<u>5.9</u>	--	<u>5.8</u>	<i>Jul-05</i>
Over/Under			-0.3	-0.1	3.0	-0.1	4.4	4.2	3.3		1.6	
<i>Barclays Aggregate</i>			<u>-0.7</u>	<u>0.2</u>	<u>4.1</u>	<u>0.2</u>	<u>4.0</u>	<u>2.4</u>	<u>4.1</u>	<u>4.6</u>	<u>4.8</u>	<i>Jul-05</i>
Total Global Fixed Income	261,120,584	6.0	-2.2	-2.4	2.0	-2.4	2.3	--	--	--	1.4	Jun-12
<i>Barclays Global Aggregate</i>			<u>-2.8</u>	<u>-3.1</u>	<u>1.6</u>	<u>-3.1</u>	<u>1.2</u>	<u>1.2</u>	<u>2.7</u>	<u>4.4</u>	<u>0.8</u>	<i>Jun-12</i>
Over/Under			0.6	0.7	0.4	0.7	1.1				0.6	
Loomis Sayles Global Fixed Income	93,359,972	2.2	-2.7	-3.1	1.8	-3.1	1.7	--	--	--	1.4	Jun-12
<i>Barclays Global Aggregate</i>			<u>-2.8</u>	<u>-3.1</u>	<u>1.6</u>	<u>-3.1</u>	<u>1.2</u>	<u>1.2</u>	<u>2.7</u>	<u>4.4</u>	<u>0.8</u>	<i>Jun-12</i>
Over/Under			0.1	0.0	0.2	0.0	0.5				0.6	
PIMCO Global Fixed Income	125,822,048	2.9	-2.6	-2.8	2.1	-2.8	2.0	--	--	--	-0.8	Sep-12
<i>Barclays Global Aggregate</i>			<u>-2.8</u>	<u>-3.1</u>	<u>1.6</u>	<u>-3.1</u>	<u>1.2</u>	<u>1.2</u>	<u>2.7</u>	<u>4.4</u>	<u>-0.7</u>	<i>Sep-12</i>
Over/Under			0.2	0.3	0.5	0.3	0.8				-0.1	
Loomis Strategic Alpha	41,938,564	1.0	-0.1	0.4	2.4	0.4	4.3	--	--	--	3.3	Jul-13
<i>Barclays Global Aggregate</i>			<u>-2.8</u>	<u>-3.1</u>	<u>1.6</u>	<u>-3.1</u>	<u>1.2</u>	<u>1.2</u>	<u>2.7</u>	<u>4.4</u>	<u>2.3</u>	<i>Jul-13</i>
Over/Under			2.7	3.5	0.8	3.5	3.1				1.0	

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 of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Real Estate	304,648,679	7.1	0.0	0.0	5.2	0.0	7.8	9.2	10.1	4.5	7.5	Mar-94
<i>Total Real Estate Benchmark</i>			<u>0.0</u>	<u>0.0</u>	<u>5.5</u>	<u>0.0</u>	<u>8.9</u>	<u>11.2</u>	<u>11.7</u>	<u>6.8</u>	<u>8.6</u>	<i>Mar-94</i>
Over/Under			0.0	0.0	-0.3	0.0	-1.1	-2.0	-1.6	-2.3	-1.1	
Prudential Real Estate	100,717,415	2.3	0.0	0.0	5.6	0.0	9.2	10.5	11.9	4.8	4.7	Jun-04
UBS Real Estate	196,833,029	4.6	0.0	0.0	4.5	0.0	6.6	8.3	9.4	6.4	7.0	Mar-03
RREEF	7,098,235	0.2	0.0	0.0	17.3	0.0	20.6	19.0	18.8	--	-7.7	Sep-07
Total Liquid Alternatives	430,023,412	10.0	-3.0	-1.2	13.6	-1.2	17.2	--	--	--	17.7	Apr-13
<i>CPI + 4% (Unadjusted)</i>			<u>0.2</u>	<u>0.6</u>	<u>4.9</u>	<u>0.6</u>	<u>5.5</u>	<u>5.6</u>	<u>6.0</u>	<u>6.3</u>	<u>5.5</u>	<i>Apr-13</i>
Over/Under			-3.2	-1.8	8.7	-1.8	11.7	--	--	--	12.2	
Bridgewater All Weather Fund	274,016,903	6.3	-3.6	-1.8	7.5	-1.8	8.5	--	--	--	10.3	Aug-13
<i>CPI + 5% (Unadjusted)</i>			<u>0.2</u>	<u>0.9</u>	<u>5.7</u>	<u>0.9</u>	<u>6.5</u>	--	--	--	<u>6.5</u>	<i>Aug-13</i>
Over/Under			-3.8	-2.7	1.8	-2.7	2.0	--	--	--	3.8	
Tortoise Energy Infrastructure	156,006,508	3.6	-2.0	-0.2	26.1	-0.2	36.7	--	--	--	28.0	Apr-13
<i>Wells Fargo MLP Index</i>			<u>-2.1</u>	<u>2.3</u>	<u>20.3</u>	<u>2.3</u>	<u>29.1</u>	<u>23.3</u>	--	--	<u>19.0</u>	<i>Apr-13</i>
Over/Under			0.1	-2.5	5.8	-2.5	7.6	--	--	--	9.0	

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.

Real Estate market values are as of Q2 2014

Total Liquid Alternatives index, the CPI+4% is estimated by carrying the last available month forward

CPI+5% and CPI+4% are estimated by carrying the last available month forward

Real Estate Valuation is as of 6/30/2014.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Overlay	88,282,956	2.0										
Clifton	88,282,956	2.0										
Total Private Equity	97,620,329	2.3	6.0	5.9	17.2	5.9	22.4	--	--	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>-1.9</u>	<u>0.7</u>	<u>9.3</u>	<u>0.7</u>	<u>21.2</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			7.9	5.2	7.9	5.2	1.2					
Adams Street Partners	63,349,449	1.5	4.2	4.2	16.3	4.2	20.5	--	--	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>-1.9</u>	<u>0.7</u>	<u>9.3</u>	<u>0.7</u>	<u>21.2</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			6.1	3.5	7.0	3.5	-0.7					
Panteon Ventures	10,240,115	0.2	5.8	5.8	19.5	5.8	22.5	--	--	--	--	Aug-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>-1.9</u>	<u>0.7</u>	<u>9.3</u>	<u>0.7</u>	<u>21.2</u>	--	--	--	--	<i>Aug-10</i>
Over/Under			7.7	5.1	10.2	5.1	1.3					
Harbourvest	24,030,765	0.6	11.0	10.6	18.8	10.6	29.5	--	--	--	--	May-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>-1.9</u>	<u>0.7</u>	<u>9.3</u>	<u>0.7</u>	<u>21.2</u>	--	--	--	<u>20.5</u>	<i>May-13</i>
Over/Under			12.9	9.9	9.5	9.9	8.3					

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

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 September 30, 2014

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$60,283,195	\$0	\$544,000	\$544,000	\$0	\$2,522,255	\$63,349,449
BlackRock ACWI ex-U.S. Index	\$272,518,936	\$0	\$0	\$0	-\$23,252	-\$13,489,366	\$259,029,569
BlackRock Equity Market Fund	\$1,175,238,107	\$0	\$0	\$0	-\$21,251	-\$25,192,313	\$1,150,045,795
BlackRock Extended Equity Index	\$46,130,934	\$0	\$0	\$0	-\$2,919	-\$2,352,526	\$43,778,408
BlackRock MSCI ACWI Equity Index	\$228,651,364	\$0	\$0	\$0	-\$9,043	-\$7,356,105	\$221,295,259
BlackRock U.S. Debt Fund	\$137,599,612	\$0	\$0	\$0	-\$7,892	-\$849,370	\$136,750,242
Bridgewater All Weather Fund	\$284,315,461	\$0	\$0	\$0	-\$90,420	-\$10,298,557	\$274,016,903
Clifton	\$105,089,667	-\$17,890,636	\$1,448,754	-\$16,441,881	-\$8,399	-\$364,830	\$88,282,956
GMO Global Equity	\$221,319,906	\$0	\$0	\$0	-\$97,499	-\$8,594,948	\$212,724,958
Harbourvest	\$21,653,878	\$0	\$0	\$0	\$0	\$2,376,886	\$24,030,765
Hexavest	\$82,267,417	\$0	\$0	\$0	-\$31,040	-\$1,647,281	\$80,620,136
Loomis Sayles Global Fixed Income	\$95,885,568	\$0	\$0	\$0	-\$23,340	-\$2,525,596	\$93,359,972
Loomis Sayles Multi Strategy	\$72,697,164	\$0	\$0	\$0	-\$23,760	-\$988,739	\$71,708,425
Loomis Strategic Alpha	\$41,976,351	\$0	\$0	\$0	-\$13,980	-\$37,786	\$41,938,564
Panteon Ventures	\$9,882,435	-\$210,000	\$0	-\$210,000	\$0	\$567,680	\$10,240,115
PIMCO Global Fixed Income	\$129,153,050	\$0	\$0	\$0	-\$35,622	-\$3,331,002	\$125,822,048
Prudential Real Estate	\$100,717,415	\$0	\$0	\$0	\$0	\$0	\$100,717,415
Reams	\$285,625,760	\$0	\$0	\$0	-\$42,247	\$2,346,807	\$287,972,567
RREEF	\$7,098,235	\$0	\$0	\$0	\$0	\$0	\$7,098,235
Sprucegrove	\$193,730,255	\$0	\$0	\$0	-\$58,189	-\$8,422,948	\$185,307,307
Tortoise Energy Infrastructure	\$159,105,733	\$0	\$0	\$0	-\$91,670	-\$3,099,225	\$156,006,508
UBS Real Estate	\$196,833,029	\$0	\$0	\$0	\$0	\$0	\$196,833,029
Walter Scott	\$96,383,315	\$0	\$0	\$0	-\$68,346	-\$3,442,086	\$92,941,228
Western	\$264,680,143	\$0	\$0	\$0	-\$45,305	-\$2,239,531	\$262,440,612
Western U.S. Index Plus	\$134,525,111	\$0	\$0	\$0	-\$29,088	-\$1,818,720	\$132,706,391
Total	\$4,423,362,038	-\$18,100,636	\$1,992,754	-\$16,107,881	-\$723,261	-\$88,237,301	\$4,319,016,855



To: Ventura County Employees' Retirement Association ("VCERA") Board
From: Don Stracke, CFA, CAIA, Anthony Ferrara, CAIA
Date: October 20, 2014
Subject: PIMCO Update - Recommendation

Recommendation

We recommend that the VCERA board review their relationship with PIMCO, and choose one of four potential options:

- Closing their portfolio and reallocate it to other global fixed income managers. If this approach is pursued, NEPC would recommend that the account be split two thirds to the Loomis, Sayles Strategic Alpha and one third to the Loomis, Sayles Global Fixed Income portfolio.
- Conduct a search for a global fixed income manager and include PIMCO in that process.
- Maintain the watch status for an additional six months and continue to monitor the situation for new developments.
- Take PIMCO off of watch.

Summary

VCERA is invested in a global fixed income strategy with PIMCO with approximately \$126 million invested as of September 30, 2014. They are on watch by both NEPC and VCERA.

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Global Fixed Income	261,120,584	6.0	-2.2	-2.4	2.0	-2.4	2.3	--	--	--	1.4	Jun-12
Barclays Global Aggregate			-2.8	-3.1	1.6	-3.1	1.2	1.2	2.7	4.4	0.8	Jun-12
Over/Under			0.6	0.7	0.4	0.7	1.1				0.6	
Loomis Sayles Global Fixed Income	93,359,972	2.2	-2.7	-3.1	1.8	-3.1	1.7	--	--	--	1.4	Jun-12
Barclays Global Aggregate			-2.8	-3.1	1.6	-3.1	1.2	1.2	2.7	4.4	0.8	Jun-12
Over/Under			0.1	0.0	0.2	0.0	0.5				0.6	
PIMCO Global Fixed Income	125,822,048	2.9	-2.6	-2.8	2.1	-2.8	2.0	--	--	--	-0.8	Sep-12
Barclays Global Aggregate			-2.8	-3.1	1.6	-3.1	1.2	1.2	2.7	4.4	-0.7	Sep-12
Over/Under			0.2	0.3	0.5	0.3	0.8				-0.1	
Loomis Strategic Alpha	41,938,564	1.0	-0.1	0.4	2.4	0.4	4.3	--	--	--	3.3	Jul-13
Barclays Global Aggregate			-2.8	-3.1	1.6	-3.1	1.2	1.2	2.7	4.4	2.3	Jul-13
Over/Under			2.7	3.5	0.8	3.5	3.1				1.0	

PIMCO Update:

Summary

NEPC was informed on September 26th, 2014 that CIO Bill Gross resigned from PIMCO, effective immediately, to join Janus Capital Group, Inc. In response, Deputy CIO Dan Ivascyn was elected to succeed Bill Gross as the Global CIO. The news came as a surprise to many at PIMCO, but it is evident that tensions regarding leadership transition and differing opinions on future direction of the firm have been lingering for a considerable period. PIMCO experienced multiple departures and changes to the organizational structure over the past



10 months, most notably the departure of Mohammed El-Erian and the creation of a six-member Deputy CIO group in January of 2014. Bill Gross' resignation creates an additional layer of uncertainty regarding firm, business, and team stability, but also provides clarity around succession and leadership transition with the appointment of Dan Ivascyn. NEPC believes that PIMCO's investment expertise will not be materially impacted by this change. PIMCO has a deep base of senior investment talent that has shown an ability to generate superior investment performance across a broad array of strategies. Questions and concerns center on a few aspects that this note will address:

- Organizational - risk of additional turnover and loss of assets
- Cultural - the potential for a shift in the PIMCO culture
- Investment considerations – potential changes to process that could negatively impact performance

After multiple conversations with PIMCO over the past 48 hours, including going onsite to PIMCO headquarters for meetings with Dan Ivascyn and other senior members of PIMCO's leadership, NEPC believes that PIMCO is positioned to successfully manage these changes. Our investment thesis regarding the depth of talent and the broad array of resources remains intact. What is uncertain at this point is whether other investors in PIMCO will redeem assets during this period of transition and whether the historically strong performance under Bill Gross's leadership will continue with the new structure. Given this uncertainty, we recommend a *Client Review* rating for PIMCO. This rating reflects the near-term uncertainty regarding other PIMCO investors and the longer-term uncertainty regarding PIMCO's investment approach.

Overview

On Friday September 26, 2014 PIMCO announced several changes to senior leadership and portfolio management in reaction to the sudden resignation of founder and CIO Bill Gross. The following changes were announced:

- Bill Gross resigned from the firm, effective immediately, and will join Janus Capital Group, Inc.
- Daniel Ivascyn was elected Global CIO, succeeding Bill Gross
- PIMCO appointed Andrew Balls, CIO Global; Mark Kiesel, CIO Global Credit; Virginie Maissonneuve, CIO Equities; Scott Mather CIO U.S. Core strategies; and Mihir Worah, CIO Real Return and Asset Allocation
- Scott Mather, Mark Kiesel, and Mihir Worah were appointed Portfolio Managers for the Total Return Fund
- Saamil Parikh, Mohsen Fahmi, and Dan Ivascyn will serve as Portfolio Managers for the Unconstrained Bond Fund.
- PIMCO also announced Chris Dialynas will return from sabbatical in the fourth quarter of 2014

It is unclear exactly what discussions took place between Bill Gross and senior decision makers, but according to a statement released by PIMCO, Mr. Gross and the firm had conflicting opinions on the future direction of PIMCO's business. The sudden nature of the announcement suggests that the issues escalated relatively quickly, but the relationship



between Mr. Gross and senior leadership had become increasingly strained over the past 12 months.

The news comes on the heels of a number of organizational related developments at PIMCO, including the departures of co-CIO and CEO Mohammed El-Erian and Managing Director Marc Seidner, the appointment of six deputy CIOs, as well as numerous unfavorable media profiles of Mr. Gross and his at times erratic behavior. At that time NEPC believed that many of the announcements were disconcerting and a potential risk to the overall health of the organization; however because Mr. Gross remained with the firm, the investment process was unaltered, and the enactment of a Deputy CIO structure tempered succession concerns, NEPC did not believe PIMCO's investment capabilities would suffer. NEPC conducted many meetings, phone calls, and e-mail correspondence with senior personnel at PIMCO, including Bill Gross and the then Deputy CIOs in response to aforementioned developments. We felt that while the situation was transient at the time, the placement of the six Deputy CIOs had cleared some uncertainty regarding leadership transition after the heir-apparent, Mohammed El-Erian, resigned from PIMCO.

Organizational and Business Risk

Risk of additional turnover at senior ranks within the organization is a concern to NEPC in the near term. During NEPC's onsite meeting with PIMCO they expressed that they are doing all they can to structure incentive plans and compensation arrangements to mitigate turnover risk in the intermediate term. On a positive note, we view the appointment of a clear successor in Dan Ivascyn as constructive given the uncertainty surrounding leadership transition in recent months. After speaking with various members of the firm, including a member of the CIO selection committee, it is clear that Mr. Ivascyn was a leading candidate and is a very well-respected leader and investor at PIMCO.

Longer-term business impact is another aspect we will be monitoring. PIMCO is likely to experience significant outflows as a result of this announcement, although it is difficult to estimate the magnitude of flows. A reduction in assets will negatively impact the firm's revenue, which has broader implications on staffing, compensation, and growth in the mid to long term. This is an area that NEPC will investigate further in order to assess critical asset levels.

Cultural Impact

Bill Gross' resignation also brings about concerns regarding firm culture, and the potential for it to evolve. PIMCO is known as an incredibly competitive meritocracy, a culture championed by Bill Gross over the years. In a conversation with senior investment professionals at PIMCO, including Dan Ivascyn, Scott Mather (CIO of Core Strategies), and Saumil Parikh (Managing Director and Investment Committee member), all three separately refuted that culture would change significantly. On the margin, they expressed that investment discussions could become less centralized, creating a more collegial environment, which we would view as a positive.

Investment Impact

PIMCO is a leading investment manager in the fixed income markets and has been successful in the management of a broad array of strategies for many years. Notwithstanding Mr. Gross' resignation, PIMCO maintains a talented and experienced team of investment staff, led by an impressive group of CIOs who have worked together for



periods of 10 years and longer. Bill Gross' departure does not change this significantly, given that he was dedicated to a small number of strategies as lead portfolio manager (Total Return and Unconstrained Bond). PIMCO expressed to us that the investment process will largely remain the same with a few minor process enhancements that may take place over an extended period of time. PIMCO's top-down investment committee and secular and cyclical forum decision-making structure will remain in place and continue to drive portfolio positioning and implementation. We do, however, realize that Mr. Gross has been a key contributor and the most influential decision maker at the firm since its inception. NEPC believes this generates uncertainty regarding the potential for adverse impact on long-term investment process and performance.

Conclusion

Bill Gross' departure from PIMCO is an unfortunate development that raises several questions regarding the organization and potential impacts on investment performance. At the individual product level, Bill Gross' departure will have varying degrees of impact, depending on his level of involvement in managing the strategies. For many PIMCO products he played a key role in setting the top-down strategic positioning. His departure most acutely impacts the Total Return and Unconstrained Bond funds. Mitigating this impact somewhat is NEPC's view PIMCO continues to have a large pool of talented investors with deep global investment experience.

NEPC recommends a *Client Review* status for PIMCO. In the coming days and weeks NEPC will be closely monitoring team transitions, asset flows, and organizational changes. Material changes that impact our view and/or rating of PIMCO will be communicated to all clients.

Firm Description:

PIMCO is a wholly-owned subsidiary of Allianz, a large German insurance company. They manage approximately \$2 trillion in assets and have 2,433 employees. They spent a significant amount of time discussing their new structure, which is described below, and in general we support the separation of the management of the investment side from the business side.



NEPC, LLC

To: Ventura County Employees' Retirement Association ("VCERA") Board
From: Don Stracke, CFA, CAIA, Anthony Ferrara, CAIA
Date: October 20, 2014
Subject: Sprucegrove Update

Portfolio Background:

As of September 30, 2014, VCERA had approximately \$185 million invested with Sprucegrove, representing approximately 4.3% of the portfolio. The product was funded in March-2002. Since inception, Sprucegrove has returned 1.8% annualized over the MSCI EAFE benchmark, although for the last three years, they are -1.1% annualized below the benchmark.

Issue Summary:

The VCERA board voted to place Sprucegrove on the watch list in September after they announced that Co-President/Co-Portfolio Manager of the International Equities and International Value Equities strategies, Peter Ellement, resigned from the firm. It now seems clear that his departure was driven by Sprucegrove.

Update/Recommendation:

NEPC conducted a conference call with Sprucegrove representatives this month and is scheduling a more complete portfolio review in November. They have only had one client terminate their relationship with Sprucegrove for approximately \$400mm, and appear to be moving forward after Mr. Ellement's departure. We recommend that the board maintain the watch status and NEPC will be reviewing the non-US equity exposure of VCERA at the December business meeting.

Ventura County Employee Retirement Systems

2014 Proposed Board Meeting Agenda Items

Board Meeting	Agenda Item
January 27, 2014	<ul style="list-style-type: none"> ✓ December monthly performance ✓ 2014 NEPC Outlook – high level VCERA plan observations ✓ Investment Policy Statement and manager guideline review ✓ Tactical rebalancing review ✓ Recommendation for benchmark change
February 24, 2014	<ul style="list-style-type: none"> ✓ Quarterly performance report ✓ Update on real estate markets ✓ January monthly performance ✓ Fixed income structure review
March 24, 2014	<ul style="list-style-type: none"> ✓ Private equity market update ✓ Potential approaches to reach PE target ✓ February monthly performance
April 21, 2014	<ul style="list-style-type: none"> ✓ March monthly performance ✓ Non-US equity structure review ✓ Review asset/liability study ✓ Prioritize search activity
May 19, 2014	<ul style="list-style-type: none"> ✓ April monthly performance ✓ Education on fixed income alternatives ✓ Quarterly performance report
June 16, 2014	<ul style="list-style-type: none"> ✓ May monthly performance ✓ Retreat agenda discussion ✓ Asset Allocation Discussion ✓ Educational presentation direct lending
July 21, 2014	<ul style="list-style-type: none"> ✓ June monthly performance ✓ Educational presentation multi-strat FI ✓ Review asset allocation target
September 22, 2014	<ul style="list-style-type: none"> ✓ Quarterly performance report ✓ August monthly performance
October 20, 2014	<ul style="list-style-type: none"> • September performance report • Retreat agenda discussion • Workplan review
November 17, 2013	<ul style="list-style-type: none"> • October performance report • Consideration of secondary PE investment • Pantheon presentation • Quarterly Investment Report
December 15, 2014	<ul style="list-style-type: none"> • November performance report • Educational presentation tbd • Review of non-US asset class • Review 2015 agenda

Board Retreat - Investment Section Agenda

Crowne Plaza – Ventura Beach

9:00 – 10:15	Asset Allocation in a low return environment	Phil Nelson, NEPC
10:15 – 10:30	Break	
10:30 – 11:30	Rebalancing/role of an investment officer	Amit Thanki, SBCERA
11:30 – 12:30	Trends in public fund governance	Don Stracke, NEPC
12:30	Lunch	

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>

October 20, 2014

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

Dear Board Members:

As many Board members already know, our attorney has applied for the position of Chief Counsel to the Board of LACERA. I have it on good authority that she has been "short-listed" for the job, and I believe there is strong likelihood it will be offered to her because she has a statewide reputation as an outstanding attorney, as well as an expert on CERL.

The job with LACERA brings with it an extremely attractive compensation package, as well as the prestige associated with being chief counsel of one of the largest pension plans in California and, by far, the largest plan created under CERL.

While I don't believe, by any means, that VCERA could offer a completely comparable compensation package to that offered by LACERA, I think that, if we offered some considerable adjustments to her current compensation here, she would consider remaining as our counsel. Our Board has the authority under section 31529.9 of CERL to employ our own staff attorney and pay "reasonable compensation" for the services provided. However, under CERL, our staff attorney would remain a county employee, and the salary would have to be included in the county's salary resolution.

Please see the attached letter. I recommend that we direct the Chair to sign and personally present it to the Board of Supervisors at one of their meetings at the earliest possible date.

Sincerely,



Arthur E. Goulet
Board Member

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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October 20, 2014

Board of Supervisors
County of Ventura
800 S. Victoria Avenue
Ventura, CA 93009

Dear Board Members,

The Board of Retirement (BoR) is hereby requesting that your Board approve an increase in the salary range for the position "General Counsel – Retirement". This position, and the accompanying salary, was created after Section 31529.9 of the County Employees' Retirement Law (CERL) became applicable in Ventura County. Section 31529.9 provides that the BoR may retain legal counsel either by contracting with county counsel or private attorneys or it may employ its own staff attorneys. It further states that the BoR shall pay, from system assets, reasonable compensation for the legal services. To date, VCERA has not hired staff counsel, and has obtained legal services through the office of County Counsel. Our attorney in County Counsel's office has been advising our Board for over fifteen years.

As some of you may already know, our attorney has applied for the position of Chief Legal Counsel to the Board of LACERA. We have it on good authority that she has been "short-listed" for the job, and believe there is strong likelihood it will be offered to her because she has a statewide reputation as an outstanding attorney, as well as an expert on CERL. The job with LACERA brings with it an extremely attractive compensation package, as well as the prestige associated with being chief counsel of one of the largest pension plans in California and, by far, the largest plan created under CERL.

While we don't believe that VCERA could offer a completely comparable compensation package to that offered by LACERA, we think that, if we were able to offer some considerable adjustments to her current compensation here, she would consider remaining as our counsel, and become our staff attorney as allowed in CERL section 31529.9. In this role, she would no longer be part of the County Counsel's staff, as she is today. She would be located at VCERA's offices. Because she would remain a county employee under the current interpretation of CERL, her salary would be determined by the county's salary resolution.

However, the current salary range for the position of General Counsel – Retirement is a non-starter in terms of retention (or for that matter in any potential future recruitment) since it is lower than her current salary as a Senior Civil Attorney.

This is a critical time for the BoR. We have just engaged a new Retirement Administrator who has no experience with CERL and, obviously, no history with VCERA. Additionally, we are in the midst of a more than \$9 million endeavor to create an automated pension administration system, in which our attorney has played a key role. We are also undertaking a critical and extensive evaluation of the disability retirement process in which we will be relying on our attorney. Based

Board of Supervisors
P.2

on our own experience, we know that our attorney played a key role in the orientation and attempted guidance of the Retirement Administrator who departed almost a year ago.

There is no other attorney in County Counsel's office with the knowledge, experience, and history of our present attorney. Even if we could we could duplicate her raw talent and work ethic, our present situation does not afford us the luxury of waiting for the learning curve. The cost of engaging outside legal counsel with comparable expertise will far exceed the salary increase we are proposing; most likely by several hundred thousand dollars. And even if we were forced to pursue that alternative, we would not be able to recover the history that would be lost.

Another significant issue addressed by our request is the elimination of potential conflicts of interest. The County Counsel represents your Board, our Board, and many other county entities. Potential conflicts abound. When they ripen into actual conflicts, we are required to retain outside counsel, at great expense. The necessity of incurring this expense would be substantially reduced by our request.

Pursuant to section 17 of Article XVI of the State Constitution, our Board has the plenary authority and fiduciary responsibility for the administration of the system. This constitutionally mandated fiduciary responsibility sets a high standard, and brings with it personal liability. Our Board is obligated to secure, and to retain, the best possible staff to properly manage our \$4 billion fund.

This is also an issue of governance. Given the current statutory framework, we need your assistance with the requested salary adjustment so that we can fulfill our constitutional and fiduciary obligations. Without it, we are stymied. We know that your Board recognizes the gravity, and complexity, of these obligations. We are asking that your Board get directly involved in this request.

The necessity for such involvement is illustrated by the departure of former Retirement Administrator Tim Thonis. Your Board missed the opportunity to get involved in the compensation and governance issue pertaining to him. As a result, we lost an able, intelligent and extraordinary Retirement Administrator. We have been paying a high price ever since. You now have the opportunity to avoid the same mistake with another key employee.

In conclusion, we are asking that the salary range for General Counsel – Retirement be set at \$11,702.26 to \$16,383.17 per month, and that the position be entitled to an auto allowance of \$350 monthly and executive annual leave amounts, be Civil Service-exempt and be subject to all the salary increases your Board has already approved for management personnel. This compensation package is essentially equivalent to that of general counsel for SamCERA, a CERL system somewhat smaller than VCERA.

Sincerely,

Tracy Towner, Chair
Board of Retirement

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200
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October 20, 2014

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

SUBJECT: AUTHORIZATION FOR ATTENDANCE; 2ND ANNUAL PACIFIC STATES INSTITUTIONAL INVESTORS FORUM; DECEMBER 11, 2014; SAN FRANCISCO

Dear Board Members:

Staff recommends approval for Mr. Hintz to attend the Pacific States Institutional Investors Forum in San Francisco. The Investor Forum takes place on December 11, 2014. The estimated cost for Mr. Hintz's attendance is \$1,600 including registration, hotel and travel related expenses. A copy of the preliminary agenda is attached.

I will be pleased to respond to any questions you may have on this matter at the October 20, 2014 business meeting.

Sincerely,



Tim Thonis
Interim Retirement Administrator

Attachment

2nd Annual Pacific States Institutional Investors Forum

*A Meeting of Regional Institutional Investors – Thursday, December 11th, 2014
Hilton San Francisco – 750 Kearny Street, San Francisco, CA 94108*

DESIGNED FOR:

Public Pensions, Corporate Pensions, Endowments, Foundations, Taft Hartley Plans, and Investment Advisors

2014 PROGRAM CONTRIBUTORS

Rob Feckner, President, **CalPERS Board of Administration**
Mark Anson, Chief Investment Officer, **Bass Family Office** (former CIO at CalPERS and British Telecom)
Vijoy Paul Chattergy, Chief Investment Officer, **State of Hawaii Employees' Retirement System**
John Skjervem, Chief Investment Officer, **Oregon State Treasury**
Gayle Harbo, Board Secretary, **Alaska Retirement Management Board**
Anne Simpson, Senior Portfolio Manager and Director of Global Governance, **CalPERS**
Peter Teuscher, Chief Investment Officer, **Farmers Group**
Susie Ardeshir, Investment Risk Management, **University of California**
Sean Bill, Investment Program Manager, **Santa Clara Valley Transportation Authority**
Gary Amelio, Chief Executive Officer, **San Bernardino County Employees' Retirement Association**
Kurt Schneider, Deputy Chief Executive Officer, **Contra Costa County Employees Retirement Association**
Rick Santos, Executive Director, **Stanislaus County Employees' Retirement Association**
Vince Brown, Chief Executive Officer, **Alameda County Employees' Retirement Association**
John Barger, Chairman, **LACERA Board of Investments**
Bashar Zakaria, Senior EM Research & Strategy, **CalPERS**
David Francl, Director, Hedge Funds and Operations – Retirement Investments, **Intel Corporation**
Marty Dirks, Board Member, **Federated Retirement System for City of San José**
Gerald Chen-Young, Chief Investment Officer, **United Negro College Fund (UNCF)**
Robert Grady, Chairman, **New Jersey State Investment Council**
Brian Rice, Portfolio Manager, Corporate Governance, **CalSTRS**
Lauryn Agnew, Board Vice Chair, **San Mateo County Employees' Retirement Association**
Brian McQuade, Portfolio Manager, Investment Compliance & Operational Risk, **CalPERS**

2013 PROGRAM CONTRIBUTORS

Ed Derman, Deputy CEO, Plan Design and Communication, **CalSTRS**
Michelle Ostermann, SVP, Research and Risk Measurement, **British Columbia Investment Management Corporation**
Pamela Jurgensen, Deputy Treasurer of Investments, **Nevada State Treasurer's Office**
Philip Larrieu, Corporate Governance Investment Officer, **CalSTRS**
Sharon Hendricks, Board Member, Vice Chair of Investment Committee, **CalSTRS**
Jim Hurley, Senior Portfolio Manager, Real Assets, **CalPERS**

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NASBA (CPE)
CFP Board

CONTRIBUTING PARTNERS

Nuveen Asset Management
Putnam Investments
Aberdeen Asset Management
HSBC Global Asset Management
Voya Investment Management
Brandes Investment Partners
Bernstein Litowitz Berger & Grossmann LLP
Natixis Global Asset Management
MSCI
NASDAQ

7:30 Registration & Welcome Coffee

8:00 NASDAQ Breakfast Workshop

8:30 Welcome Remarks

The Organizer: **Shu Li**, Program Director, **US Markets**

Honorary Chairman: **Rob Feckner**, President, **CalPERS Board of Administration**

8:35 The Glide Path to De-Risking

LDI strategies have come to prominence in the past decade and have also evolved over time. Pension plan sponsors and other institutions are searching for more customizable, tailored solutions to suit their level of underfunding, characteristics of liabilities, and special concerns, etc. With the ultimate goal of de-risking in mind, how can an LDI manager deliver results?

Presenter

David Wilson, Managing Director, **Nuveen Asset Management**

9:05 Advanced Asset Allocation

Following up on the LDI session above, this panel will compare and contrast other popular approaches to cutting the pie, such as Risk Parity, Dynamic, Constant-Weight, Strategic-Tactical, Insured, etc. What are the ones that are in favor with our experts and why?

Moderator

Susie Ardeshir, Investment Risk Management, **University of California**

Panelists

Vijoy Paul Chattergy, Chief Investment Officer, **State of Hawaii Employees' Retirement System**

John Skjervem, Chief Investment Officer, **Oregon State Treasury**

Peter Teuscher, Chief Investment Officer, **Farmers Group**

Mark Anson, Chief Investment Officer, **Bass Family Office** (former CIO at CalPERS and British Telecom)

Jason Vaillancourt, Co-Head of Global Asset Allocation, **Putnam Investments**

10:00 Pension Executive Roundtable

Pension systems around the country, large or small, all face old and new challenges. Some are unique to one state, others are common to many. What should we do about the unfunded liabilities? How should we prepare ourselves for the new GASB rules?

Panelists

Gary Amelio, Chief Executive Officer, **San Bernardino County Employees' Retirement Association**

Kurt Schneider, Deputy Chief Executive Officer, **Contra Costa County Employees Retirement Association**

Rick Santos, Executive Director, **Stanislaus County Employees' Retirement Association**

Vince Brown, Chief Executive Officer, **Alameda County Employees' Retirement Association**

10:40 Morning Coffee Break

10:50 Threat of Rising Rates: Demand for New Fixed Income Strategies

In anticipation of rising interest rates, institutional asset owners have begun adjusting their fixed income allocations. Higher yield bonds are the natural choice; while more creative credit strategies such as Emerging Market debt, US Middle Market Debt, Structured Products, etc. are also interesting candidates.

Moderator

Don Stracke, Senior Consultant, **NEPC**

Panelists

Sean Bill, Investment Program Manager, **Santa Clara Valley Transportation Authority**

Ping Zhu, Vice President, **Strategic Investment Solutions**

Dave Goodson, Senior Portfolio Manager, **Voya Investment Management**

Speaker, Director of Research, **Aberdeen Asset Management**

11:30 The Changing Landscape of Emerging Markets

Emerging Markets have always been the tempting land of opportunities to investors - the headline growth figures, the amazing stories of wealth building, social changes, infrastructure developments, evolving spending patterns, etc. But how should we go about investing in EM? Have the rising geopolitical tensions in some emerging and frontier markets slowed down the growths?

Moderator

Scott Whalen, Executive Vice President and Senior Consultant, **Wurts & Associates**

Panelists

Bashar Zakaria, Senior EM Research & Strategy, **CalPERS**

Doug Edman, Director - Investments, **Brandes Investment Partners**

Speaker, Director of EM Research, **HSBC Global Asset Management**

12:10 Asset Recovery Update: The Current Landscape of Securities Litigation

In the last two decades, securities litigation has recovered nearly \$90 billion in assets that have been lost to fraud and fiduciary issues – the majority due to the dedicated efforts of the institutional investor community. This dialogue will examine the governance and legal issues of which institutional funds need to be aware, and will look at the Supreme Court’s landmark June 2014 decision in Halliburton II which preserves investors’ right to rely on the integrity of the securities markets and to hold companies and their executives accountable for violating federal securities laws.

Panelists

Tony Gelderman, Counsel, **Bernstein Litowitz Berger & Grossmann LLP**

12:45 Networking Luncheon

1:45 Smart Beta – Buzzword Explained

Cap-weighted index funds are facing intense competition from “smart beta” alternatives. What is “smart beta” and does it make sense to add “smart beta” exposure to your portfolio? Our panel of experts will discuss their current equity strategies, both passive and active, and assess the suitability of this hybrid active/passive alternative to traditional indexing.

Panelists

Ian Toner, Managing Director, Strategic Research, **Wurts & Associates**

Raman Aylur Subramanian, Managing Director and Head of Index Applied Research in the Americas, **MSCI**

2:25 The Debate on Hedge Fund Allocation

Following CalPERS’ decision to drop their ARS program, the debate on hedge fund allocation once again heated. Could performance figures and diversification benefits make a compelling case for hedge funds? If so, how far back should we look and at what scale should we invest? How do we better match fees and performance? How do we measure and control risk?

Panelists

David Francl, Director, Hedge Funds and Operations – Retirement Investments, **Intel Corporation**

Marty Dirks, Board Member, **Federated Retirement System for City of San José**

Gerald Chen-Young, Chief Investment Officer, **United Negro College Fund (UNCF)**

3:05 Afternoon Coffee Break

3:15 Going Small: A New Trend in Private Equity

Institutional LPs are now paying more attention to emerging PE managers, smaller PE firms that run funds in the neighborhood of a few hundred million to a couple of billion, as opposed to subscribing to mega-funds. A lot of these GPs actually have good track record and pedigree to show – often times they are spin-outs of large PE firms. However, this does mean managing more GP relationships for the LP. Is this effort worthwhile?

Moderator

John Barger, Chairman, **LACERA Board of Investments**

Panelists

Robert Grady, Chairman, **New Jersey State Investment Council**

Michael Moy, Managing Director, **Pension Consulting Alliance**

3:55 ESG Integration

Why is ESG integration an important consideration for institutional investors? How can ESG be woven into the portfolio construction process? Is divesting from a certain company or industry still a powerful message? Or, should we choose to engage corporates as shareholders?

Panelists

Anne Simpson, Senior Portfolio Manager and Director of Global Governance, **CalPERS**

Brian Rice, Portfolio Manager, Corporate Governance, **CalSTRS**

Lauryn Agnew, Board Vice Chair, **San Mateo County Employees' Retirement Association**

Jens Peers, CIO Sustainable Equities, **Mirova**

4:35 Fiduciary Responsibility for Management & Trustees

This session will be a discussion on the importance of the Board in establishing good governance practices. The role of audits as monitoring tools, the importance of establishing the right standards, transparency to stakeholders, lines of authority and reporting, delegation among staff, the investment consultant, and investment manager are some of the key points covered in this session.

Panelists

Brian McQuade, Portfolio Manager, Investment Compliance & Operational Risk, **CalPERS**

Gayle Harbo, Board Secretary, **Alaska Retirement Management Board**

5:15 Chairperson's Closing Remarks / End of Conference

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>

October 20, 2014

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

**SUBJECT: REQUEST FOR APPROVAL OF LEASE AMENDMENT FOR
ADDITIONAL LEASE SPACE AT 1190 SOUTH VICTORIA AVENUE,
VENTURA, CA**

Dear Board Members:

Background

VCERA first entered into a lease in the existing building for 6,129 square feet effective March 1, 2002, for a term of five years. VCERA exercised its option to extend for an additional three years in February 2007. Subsequently, VCERA extended the lease for one additional year in December 2009, to allow the Board sufficient time to consider whether to purchase a building or continue to lease the existing premises. In March 2011, the lease was amended for a period of seven years for the existing 6,129 square feet plus an additional 1,649 square feet. In August 2012, the lease was amended to add an additional 972 square feet on the first floor specifically for the Pension Administration Project (PAS) team for three years with two one-year options to extend the lease. Finally, in October 2013, the lease was amended to terminate lease for 972 square feet on the first floor and add 835 square feet on the second floor, effective December 2013, specifically for the Pension Administration Project (PAS) team for four years and four months to align with the existing lease with two five-year options to extend the lease. On September 8, 2014, your Board directed staff to negotiate a lease amendment for an additional 775 square feet and return to the Board with a lease amendment for approval and execution.

Discussion and Analysis

VCERA was notified by MF Daily that Suite 208 on the second floor was vacant and available pursuant to Section 6 – Right of First Offer of Amendment #3. This provision provides VCERA the first opportunity to consider any space that becomes available on the second floor. Further, this section states that in the first two years of the lease, any space on the second floor will be made available under the existing lease terms. After 24 months, the lease rent is based on fair market value.

REQUEST FOR APPROVAL OF LEASE AMENDMENT

October 20, 2014

Page 2 of 3

The lease amendment is to add Suite 204 is 775 square feet (diagram attached) which consists of two offices and a waiting/reception area. In addition, this space is situated between our existing suites, 200 and 208 and is contiguous to Suite 200. Suite 200 includes Operations and the board room and Suite 208 is where the PAS project team is currently located.

As previously documented, VCERA staffing levels have increased by eight positions, six in Operations, one in Fiscal, and one in Administration, for a total of 26 employees. The original office space, excluding suite 204 and 208, would not be sufficient to meet VCERA's space needs.

The term of the lease would be three years and five months with an effective date of November 1, 2014, aligned with our existing lease. The rate would be \$1.77 per square foot, which is our current rate. The total monthly lease cost would be \$1,371.75. M.F. Daily would also be painting and carpeting the unit and providing two month's free rent to help defray the cost of preparing and moving into this unit.

Once the lease term expires and the PAS project is complete, staff can determine how much additional space is required to accommodate staff. If it is determined that all the additional space is not required, the lease for either suite would not be renewed. In addition, the proposed lease is under the same terms as the master lease currently in place. At renewal, VCERA can opt out of this lease if it is determined that the additional space is no longer needed.

Staff estimates the cost to prepare this suite for occupancy at \$2,500. This includes costs to install wiring to access the County network and telephone service access. Not included in the estimate is furniture which would be requested at a future date once a decision was made on furnishing the space. The savings from not paying two month's rent would be used to pay for the expenditures of preparing the suite for occupancy.

Fiscal Impact

The fiscal impact to the FY 2014-15 budget from this action would be \$10,700.

The lease appropriations would increase by \$8,200 (inclusive of two months free rent at \$1,371.50) in the current fiscal year. The estimated costs of preparing the suite for occupancy and move in costs is approximately \$2,500, which would be paid for from the lease savings of \$2,700.

Recommendation

Staff recommends the execution of the attached Sixth Amendment of Lease (Attachment 1) between M. F. Daily Corporation and the Ventura County Employees' Retirement Association and authorize the Chairman of the Board to sign.

REQUEST FOR APPROVAL OF LEASE AMENDMENT

October 20, 2014

Page 3 of 3

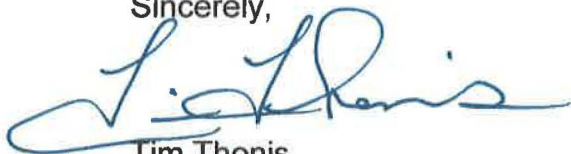
In addition, [lease approve the following budgetary appropriation adjustments:

Increase Administrative Budget Service and Supplies:	\$11,400.
Decrease Contingency:	\$11,400.

This item has been reviewed by Board Counsel, and VCERA's Chief Financial Officer.

I would be happy to answer any questions you may have.

Sincerely,



Tim Thonis
Interim Retirement Administrator

Attachments

SIXTH AMENDMENT OF LEASE

This Sixth Amendment of Lease is made on October 8, 2014, between M. F. Daily Corporation, as authorized agent for the Landlord ("Landlord"), whose address is P. O. Box 151, Camarillo, California 93011-0151, and Ventura County Employees' Retirement Association ("Tenant"), whose address is 1190 South Victoria Avenue, Suite 200, Ventura, California 93003, who agree as follows:

1. Recitals. This Sixth Amendment of Lease is made with reference to the following facts and objectives:

a. Landlord and Tenant entered into a written lease dated December 4, 2001, First Extension of Lease dated February 28, 2007, Second Extension of Lease dated December 15, 2009, One Month Lease Extension dated January 26, 2011, Third Extension and Amendment of Lease dated March 29, 2011, Fourth Amendment of Lease dated August 28, 2012 and Fifth Amendment of Lease dated October 21, 2013 ("the Lease"), in which Landlord leased to Tenant, and Tenant leased from Landlord, premises located in the City of Ventura, County of Ventura, California, commonly known as 1190 South Victoria Building ("Premises").

b. Tenant desires to occupy Suite 204 with a Lease term of three (3) years and four (4) months with rental terms to align with the existing terms for Suite 200.

2. Monthly Rent. Commencing November 1, 2014, the monthly rent for Suite 204 shall be \$1.77, full service gross, per rentable square foot and shall be payable pursuant to the provisions of the Lease.

- Suite 204 (755 RSF) \$1,336.35 per month

3. Rent Abatement. Landlord grants two (2) months of free base rent, to be used for the first and second months (November 2014 and December 2014) of the Lease term to aid in the cost to VCERA for their move-in costs.

4. Rental Escalations. The monthly rental rate shall be increased annually by the Consumer Price Index ("CPI") (Anaheim, Long Beach, and Riverside index) with a floor of zero percent (0%) and maximum annual increase of three percent (3%), commencing November 1, 2015.

5. Option to Extend. Tenant shall have two (2), five (5) year options to extend the Lease. Tenant shall provide no less than six (6) months and no more than eight (8) months prior written notice to Landlord of its intension to extend the Lease. The rent for the option periods shall be equal to 95% of the then Fair Market Value ("FMV") in comparable buildings in the City of Ventura for renewal transactions. If Tenant and Landlord cannot agree upon the renewal terms and conditions, the three (3) appraiser system will be implemented.

6. Tenant Improvements. Landlord shall provide, prior to commencement date, building standard paint and carpet (to be selected by tenant).

7. Signage. Landlord, at Landlord's sole cost, shall provide Tenant building standard door signage and building directory signage for the Expansion Premises.

9. Disclosure. The Property has not undergone an inspection by a Certified Access Specialist.

10. Effectiveness of Lease. Except as set forth in this Sixth Amendment of Lease, all the provisions of the Lease and previous amendments thereto shall remain unchanged and in full force and effect.

TENANT

LANDLORD

VENTURA COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION

M. F. DAILY CORPORATION, Authorized Agent

By: _____

By: _____

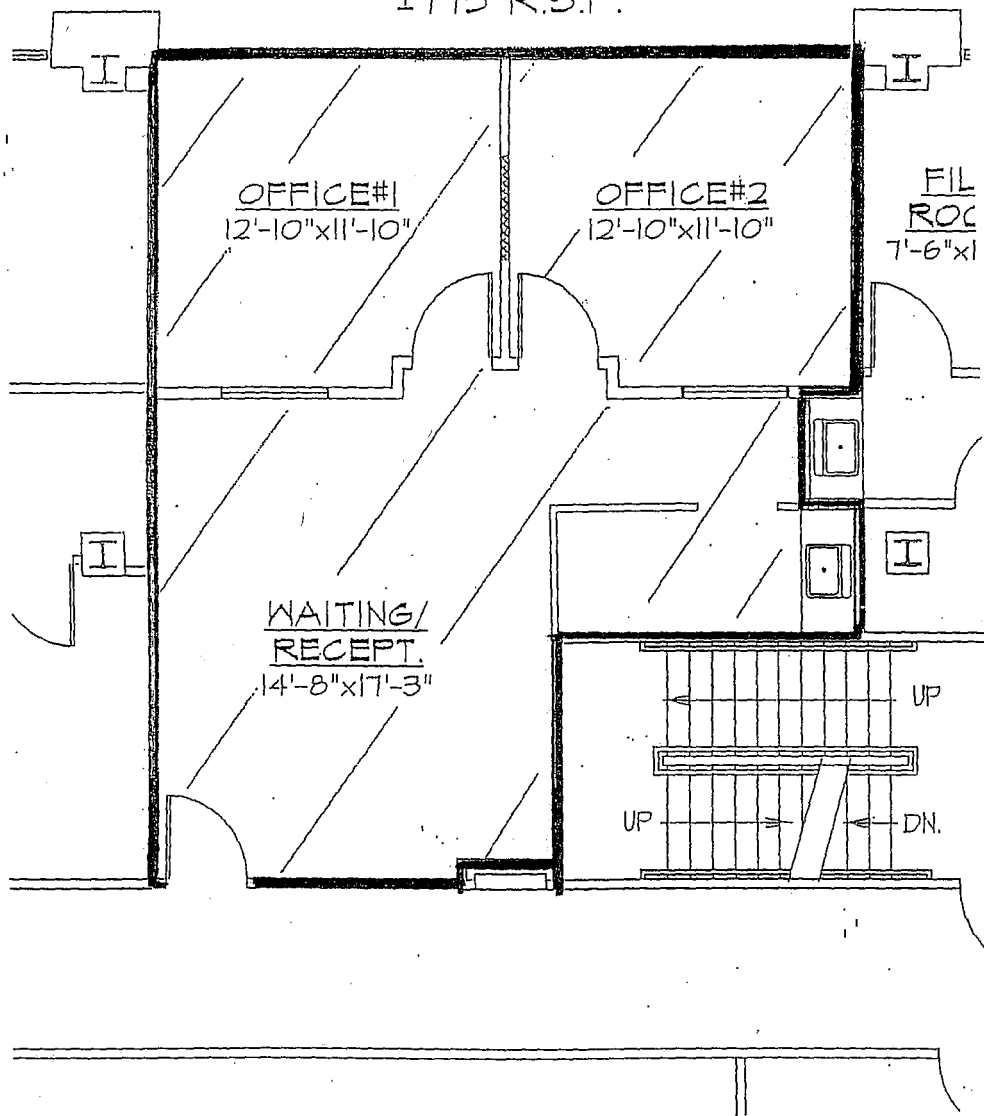
Milton F. Daily, Jr.

Its: _____

Its: President

Dated: _____

SUITE #204
±775 R.S.F.



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>

October 20, 2014

Board of Retirement
Ventura County Employee Retirement Association
1190 South Victoria Avenue
Ventura, CA 93003

SUBJECT: UNDISTRIBUTED EARNINGS; OPTIONS AVAILABLE TO THE BOARD UNDER
 STEP #7 OF THE INTEREST CREDITING POLICY

Dear Board Members,

Staff recommends the Board determine, consistent with its fiduciary duties, the use(s) of any remaining available earnings in the Undistributed Earnings Reserve.

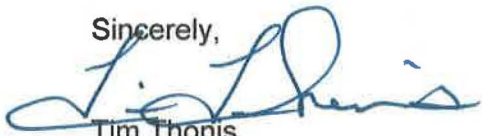
As illustrated in VCERA's Statement of Reserves, there is approximately \$6.4 million of remaining available earnings in the Undistributed Earnings Reserve as of June 30, 2014. The Undistributed Earnings Reserve consists of the amount of current and prior year earnings not previously credited to other Valuation, Non-Valuation and Supplemental Benefit Reserves, in excess of the Statutory 1% contingency reserve (Government Code Section 31592.2).

Step #7 of the Interest Crediting Policy (Policy) (Attached) provides the Board with discretion in its use of any available undistributed earnings. The options available to the Board include, but are not limited to, transfers to fund STAR COLA benefits, transfers to County Advance Reserves and transfers to reduce any outstanding Contra Reserve Balances. Alternatively, the Board may decide to leave any available earnings in the Undistributed Earnings Reserve as a reserve against future deficiencies in interest earnings in other years. Prior to any transfer to a non-valuation reserve, the Board shall obtain from its actuary a statement of the impact of the transfer on current and future employer and employee contributions determined in accordance with the Board's current funding policy.

To illustrate the impact of transferring to a non-valuation reserve account, based on the most recent actuarial valuation dated June 30, 2013, each \$6.0 million reduction in available plan assets results in approximately 8 basis points increase to plan sponsor contribution rates or \$500,000 based on a payroll of approximately \$639 million.

I would be pleased to respond to any questions you may have on this matter at our October 20, 2014 meeting.

Sincerely,



Tim Thonis
Interim Retirement Administrator

Attachments (Reserve Statement/Interest Crediting Policy)

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

INTEREST CREDITING POLICY

PURPOSE OF POLICY:

The purpose of this policy is to establish the process to be used by the Ventura County Employees' Retirement Association ("VCERA") to credit semi-annual interest to reserves. This policy shall include, but may not be limited to, the following:

- (1) defining the reserves maintained by VCERA,
- (2) determining the rates of interest at which reserves are to be credited,
- (3) determining the priorities and sequence by which interest will be credited to the reserves

CURRENT RESERVES:

VCERA maintains the following reserves:

Valuation Reserves:

Member Deposit Reserves - The reserves to which member contributions are credited, including those contributions made by the employer on behalf of the member pursuant to Government Code section 31581.2. Contributions may be refunded to the member upon separation from service or left on deposit by the member upon separation from service (deferred retirement). Upon the retirement of a member a transfer is made to Retiree Member Reserves (Annuity).

County Advance Reserves - The reserves to which employer contributions are credited, including those contributions made by the employer on behalf of the member pursuant to Government Code section 31581.1. Contributions are not refunded to the member at the time of separation. Upon the retirement of a member a transfer is made to the Retiree Member Reserves (Pension).

Retiree Member Reserves (Annuity & Pension) - The reserves to which transfers are made from Member Deposit Reserves and County Advance Reserves at the time of a member's retirement. The total of these reserves should equal the present value of the total benefit due to all retirees and eligible beneficiaries.

Vested Fixed Supplemental Benefit (\$108.44 Supplement) Reserve - The reserve for the payment of the vested fixed \$108.44 monthly supplemental benefit provided pursuant to Government Code section 31682.

Supplemental Death Benefit (\$5000 Death) Reserve - This reserve is used for the payment of the \$5,000 lump sum death benefit.

Contra Reserve - For accounting and valuation purposes the Contra Reserve shall be maintained as an offset to the County Advance Reserves.

Undistributed Earnings Reserve - The amount of earnings from current and prior years not previously credited to other Valuation, Non-valuation, and Supplemental Benefit Reserves, in excess of the Statutory 1.0% Contingency Reserve and Additional Contingency Reserve, if any.

Non-valuation Reserves:

Statutory Contingency Reserve - The reserve is an amount up to 1.0% of the total market value of assets to provide for future deficiencies in interest earnings, losses on investments, and other contingencies.

Additional Contingency Reserve – Any additional reserve maintained at the discretion of the Board to further provide for future deficiencies in interest earnings, losses on investments and other contingencies. Current Board policy is not to maintain an Additional Contingency Reserve

Supplemental Benefit Reserves:

Supplemental Targeted Adjustment for Retirees Cost-of-Living Benefit (STAR COLA) Reserve - This reserve is used for the payment of a supplemental cost-of-living benefit pursuant to the provisions of Government Code section 31874.3(b) to those retirees whose cost-of-living accumulations (banks) equal or exceed 20.0%. The reserve was funded for a five-year period in September 1999 by a transfer from Undistributed Earnings. Benefit funding is reviewed annually, with an additional transfer, if authorized in accordance with Step #7 below, from Undistributed Earnings in order to maintain sufficient funding to provide STAR COLA benefits for up to five years, or any other time period as determined by the Board.

Fixed Supplemental Benefit (\$27.50 Supplement) Reserve - This reserve was established in March 2003 for the payment of the fixed monthly \$27.50 monthly payment to those retirees and surviving beneficiaries eligible to receive the vested \$108.44 monthly benefit. This reserve was funded by an initial discretionary transfer of \$25 million from Undistributed Earnings, which would have been sufficient to continue to pay the benefit in perpetuity only if sufficient Excess Earnings in future years were to exist at a level that would permit future

Boards to credit the Reserve with interest at the then-assumed 8.25% per year rate, and even then, only if future Boards decide to continue to make such discretionary interest credits at such assumed rates.

Financial Statement Reserves:

Market Stabilization Reserve - The difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

RATES OF INTEREST AT WHICH RESERVES ARE CREDITED:

Regular Interest Rate – This is the target rate to be credited to all Valuation Reserves except the Member Deposit Reserves and the Undistributed Earnings Reserve. By statute, this rate means interest at 2 1/2 percent a year until otherwise determined by the Board compounded semiannually on June 30th and December 31st (Government Code section 31472). Regular interest shall be credited semiannually on June 30th and December 31st to all contributions in the retirement fund which have been on deposit for six months immediately prior to that date (Government Code section 31591). With respect to the rates of interest to be credited to members and to the County or District, the Board may, in its sound discretion, recommend a rate that is higher or lower than the actuarial interest assumption rate adopted by the Board. Board policy is to set the semiannual regular interest rate equal to one half of the current actuarial interest assumption rate adopted by the Board.

Member Crediting Rate - Member accounts shall be credited each June 30 and December 31 in an amount equal to one-half the rate of return on the United States ten (10) year Treasury note as quoted in the Wall Street Journal. Interest shall be credited to those contributions on deposit six months prior using the rate of the ten year U.S Treasury note on that June 30 or December 31 interest crediting date (or the last business day of the month if earlier). In no event shall the semiannual rate of interest credited exceed one-half of the prevailing actuarial interest assumption rate adopted by the Board.

Timing of Rate Determination - The actuarial interest rate used for crediting interest to non-member reserves on December 31 and June 30 shall be the rate that corresponds to the actuarial interest rate used to calculate the current employer and employee contribution rates.

CREDITING OF INTEREST:

Reserves shall be credited semiannually as follows:

Step 1 - Determine “Available Earnings” for accounting period as the sum of:

- a. Earnings of the retirement fund based on the actuarial value of assets, expressed in dollars. This could be a negative amount.
- b. Balance in the Statutory Contingency Reserve
- c. Balance in any Additional Contingency Reserve
- d. Balance in Undistributed Earnings Reserve

Step 2 - Credit interest to Member Deposit Reserve (MDR) at the Member Crediting Rate

Deduct this MDR Interest amount from Available Earnings. If this amount of MDR

Interest is more than Available Earnings, charge the shortfall to the Contra Reserve.

Step 3 - Credit interest on Non-Member Valuation Reserves at Regular Interest Rate

This includes interest on any Contra Reserve balances. If Available Earnings are not sufficient, charge the shortfall to the Contra Reserve.

Step 4 - Additional Credit for Valuation Reserve

This Additional Credit is the difference between the amount of interest credited at Step 2 and the amount that would have been credited using the Regular Interest Rate. Transfer this Additional Credit, if any, from Available Earnings to the County Advance Reserve. If Available Earnings are not sufficient, charge the shortfall to the Contra Reserve.

Step 5 - Restore the Statutory and Additional Contingency Reserves to target levels

Transfer from remaining Available Earnings, if any, into Statutory Contingency Reserve the amount required to maintain the Statutory Contingency Reserve balance at 1% of total market value, but not more than the Available Earnings remaining from Step 4. Transfer from remaining Available Earnings, if any, into any Additional Contingency Reserve the amount required to maintain the percentage of market value set by the Board, but not more than the Available Earnings remaining from Step 4.

Step 6 - Credit Interest on Supplemental Benefit Reserves

Remaining Available Earnings, if any, may be used to credit interest to the Supplemental Benefit Reserves at the regular interest rate. If remaining Available Earnings are not sufficient, prorate among the Supplemental Benefit Reserves.

Step 7 - Determine use(s) of any remaining Available Earnings in the Undistributed Earnings Reserve.

Undistributed Earnings, if any remain, shall be available for other uses at the Board's discretion, after the Board reasonably and in good faith determines that such uses are in the overall best interests of VCERA's members and beneficiaries. Potential uses may include transfers necessary to fund the STAR COLA benefit at its five year target level, or other time period as determined by the Board, transfers to County Advance Reserves, transfers to reduce any Contra Reserve Balances, transfers to other Valuation Reserves, and/or funding of new supplemental benefits. Prior to any transfer to Non-valuation Reserves, the Board shall obtain from its actuary a statement of the impact of the transfer on current and future employer and employee contributions determined in accordance with the Board's current funding policy. The actuary shall also advise the Board of any changes to its current funding policy that should be considered as a result of the proposed transfer.

This policy approved, as amended, by the Board of Retirement on **March 17, 2008**.

Tracy Towner,
Chairman

Ventura County Employee's Retirement Association
Statement of Reserves
June 30, 2014

VALUATION RESERVES:

MEMBER CONTRIBUTIONS	\$ 611,920,699	
EMPLOYER ADVANCE	1,886,562,740	
(EMPLOYER LIABILITY DIFFERENTIAL)	(889,356,718)	
RETIREE	2,150,677,421	
VESTED FIXED SUPPLEMENTAL (\$108.44)	134,434,076	
SUPPLEMENTAL DEATH BENEFIT	13,897,630	
UNDISTRIBUTED EARNINGS	<u>6,392,959</u>	
TOTAL VALUATION RESERVES		\$ 3,914,528,806

NON-VALUATION RESERVES:

SUPPLEMENTAL MEDICAL (\$27.50)	9,977,187	
CONTINGENCY	<u>40,308,506</u>	
TOTAL NON-VALUATION RESERVES		<u>50,285,693</u>
TOTAL RESERVES (ACTUARIAL VALUATION)		\$ 3,964,814,499
MARKET STABILIZATION		<u>310,071,365</u>
TOTAL RESERVES (MARKET VALUE)		<u><u>\$ 4,274,885,864</u></u>

JEFFERY S. BURGH
AUDITOR-CONTROLLER

COUNTY OF VENTURA
800 SOUTH VICTORIA AVE.
VENTURA, CA 93009-1540



CHIEF DEPUTIES

BARBARA BEATTY
JOANNE McDONALD
VALERIE BARRAZA

October 16, 2014

Tracy Towner, Chair
Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue
Ventura, CA 93003

Subject: County of Ventura VCERIS (V3) Project Support

Dear Chair Towner and Board Members,

In conjunction with VCERA's Pension Administration System upgrade, commonly referred to as VCERIS or 'V3,' our office has been requested to develop Contribution file field "Compensation Earnable," to give value to "unpaid" Standard Hours and reversal of prior reported Compensation Earnable to provide a difference in Compensation Earnable as a result of submitting Prior Pay Period adjustments.

This development was initially purported to be an "estimated" value for employees on unpaid leaves of absence. Component development discussion and requirements mapping was delayed due to: (1) opinion direction from County Counsel; and (2) the urgency surrounding completion of development for recalculating Retirement Final for all prior pay period adjustments. Based upon our current understanding of the level of effort remaining to complete this task and barring any additional "substantial" VCERA change requests resulting in an increased effort, we anticipate this process to take an additional 6 months at \$180,000 to develop and test in order to submit a value in the requested interface file.

We also need to make you aware of approximately \$40,000 in additional costs and resources required to support the new V3 application as we cannot place our custom components into our VCHRP production environment until VCERA is ready to move V3 into production. Costs include:

- isolating and maintaining a non-production test environment until V3 go-live date for continued development, "parallel" testing, user acceptance testing, and eventual migration;
- providing constrained resources to support "on demand" assistance with V3 development and testing as the project moves forward;
- performing a PeopleSoft Tools Upgrade independent of the Production environment;
- installing and testing quarterly PeopleSoft Patches and Bundles independent of the Production environment up to the point of migration; and
- converting the test environments to coincide with the VCFMS 3X chart of account upgrade effective July 1, 2015.

Tracy Towner, Chair, Board of Retirement

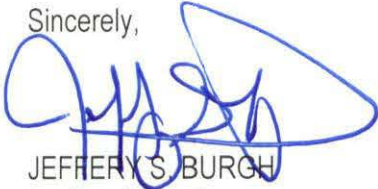
October 16, 2014

Page 2

The estimate provided does not include costs associated with supporting additional non-Production environments and functionality beyond the V3 'go-live' date.

Please call me at (805) 654-3151 if you require additional information.

Sincerely,



JEFFERY S. BURGH
Auditor-Controller

cc: Mike Powers, Chief Executive Officer
Mike Petit, Chief Information Officer
Kelly Shirk, Director Human Resources

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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October 20, 2014

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

SUBJECT: RECOMMENDATION TO COMPENSATE THE AUDITOR-CONTROLLER/COUNTY OF VENTURA FOR INCREMENTAL COSTS IN PRODUCING THE PAYROLL INTERFACE FILE; VCERIS PROJECT

Dear Board Members:

Recommendations:

- 1) Offer to compensate the Auditor-Controller/County of Ventura for the incremental cost, including any programming charges, necessary to provide a complete and timely payroll interface file for the VCERIS project. The compensation to be provided is not to exceed \$220,000.
- 2) Direct VCERA staff, with assistance from Counsel, to draft a Letter of Understanding between VCERA and the Auditor-Controller/County of Ventura. The Letter of Understanding will outline, at a minimum, the remaining project tasks, goals, expectations and timelines to be accomplished in developing the payroll interface files. It is also recommended that VCERA's Board Chair be authorized to sign the Letter of Understanding upon completion.

Background:

The key to a robust and successful pension benefit administration system, including VCERIS, is the quality of payroll data received from the plan sponsor. As the Board is aware, sponsor payroll information forms the basis for all member benefit calculations, contribution revenues and the determination of plan liabilities as calculated by the consulting actuary. The implementation of VCERIS provides a platform to improve and enhance the payroll interface files VCERA receives, and assists the Auditor-Controller in certifying compensation earnable in accordance with Government Code section 31582.

Discussion:

The VCERIS project is at a critical juncture. Vitech's developers, Linea staff members and VCERA personnel are currently working to design several aspects of system functionality including PEPPRA requirements, disability and pension disbursements. Several design activities, including the calculation of retirement benefits and the calculation of service credit purchases cannot be completed without having the necessary payroll data from the plan sponsor. Ongoing

delays in receiving the payroll data increases the likelihood of Vitech, Linea and VCERA working well past the VCERIS August 2015 "Go-Live" date.

At this time, VCERA staff believes the best option to mitigate the risk of further delays is to offer to compensate the Auditor-Controller/County of Ventura for the incremental costs associated with developing the payroll interface within a compressed time frame. In exchange for the incremental compensation, VCERA should expect to receive all transmittal file requirements including the following key data elements:

- 1) "Compensation Earnable": The Auditor-Controller will provide accurate compensation earnable for each member in each pay period. VCERA expects to receive compensation earnable reported as one value, consisting of the actual compensation received by the member that qualifies as compensation earnable under the CERL (County Employees' Retirement Law) and the compensation earnable for any "absence" for hours in which the member was on an unpaid leave of absence or was compensated for less than his/her standard hours. Additionally, compensation earnable is to be prorated for pay periods in which a member either begins employment or terminates employment in the middle of a pay period, such that no compensation earnable should be reported for periods of time in which the member was not in employment status.
- 2) "Retroactive Adjustments": The Auditor-Controller will deliver retroactive adjustment records as per VCERA's defined requirements. This means, for retroactive adjustments, for each affected pay period, provide a reversal record for all the original values and then provide a record for the corrected values.
- 3) "Retroactive Plan Changes": The Auditor-Controller will deliver retroactive plan changes in accordance with VCERA's defined requirements. This means that all retroactive plan changes, for each affected pay period, provide a reversal record for all the original values and then provide a record for the corrected values.
- 4) "Parallel Testing": Provide VCERA with 3 pay periods of transmittal files (including demographic, employment and contribution files) for both on-cycle and off-cycle checks.
- 5) "Timeline": Provide VCERA with updated dates the Auditor-Controller can commit to for the activities below:

Number	Task/Activity	Start Date	Original Deadline	Revised Deadline	Status
1	Development Unit Testing and Revision Loops (Comp Earnable/Estimated Pay)	01/012013	9/19/2014	TBD	In Progress
2	Scenario Based Testing (including Comp Earnable/Estimated Pay)	5/20/2014	10/17/2014	TBD	TBD
3	Parallel Testing				
	1 st Parallel Test	10/17/14	10/24/14	TBD	TBD
	2 nd Parallel Test	11/14/14	11/21/14	TBD	TBD
	3 rd Parallel Test	12/12/14	12/19/14	TBD	TBD
	Other Parallel Tests (if necessary)	TBD	TBD	TBD	TBD
4	Go-No-Go for Transmittal Files		3/31/15	TBD	TBD
5	System Integration and User Training	4/03/15	5/22/15	TBD	TBD

6	UAT (User Acceptance Testing)	5/25/15	8/21/15	TBD	TBD
7	Cut-Over	8/24/15	8/30/15	TBD	TBD
8	Go-Live	8/31/15	9/14/15	TBD	TBD

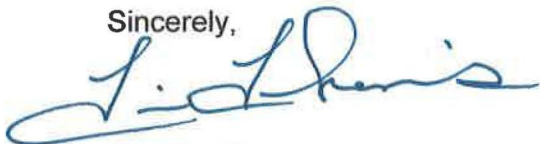
The goals, expectations and timelines drafted above may be finalized in the Letter of Understanding recommended above.

Conclusion:

The offer to pay the Auditor-Controller/County of Ventura for the incremental costs to develop an accurate and timely interface file does not guarantee the VCERIS project will be completed on time. However, paying for the incremental costs may reduce the length of any delay thereby saving VCERA from additional costs that accrue at a rate of \$200,000 per month.

I will be pleased to respond to any questions you may have on this matter at the October 20, 2014 business meeting.

Sincerely,



Tim Thonis
Interim Retirement Administrator



**Ventura County Employees' Retirement
Information System
Project Status Report
Month Ending: September 2014**



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

10/07/14

PROJECT STATUS SUMMARY

Actual Percentage Complete: 66.26%*
Planned Percentage Complete: 70.55%*

*Note: The updated Sprint Schedule went into effect with the approval of the PEPR change order. The completion percentages have been adjusted to take into account the updates and changes per the new sprint schedule.

Scope	Schedule	Cost	Risks	Quality
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Schedule

The project schedule is 4.29% behind schedule. The two primary factors causing the schedule impacts are:

- VCERA staffing issues – Over the course of the project staffing issues negatively impacted the project schedule. Currently the project is adequately staffed, but the project schedule was impacted. Linea and VCERA management will continue to closely monitor on-going resource levels to determine any further delays to the project.
- Third party vendor issues – Novanis has successfully converted annotations and all Phase 1 and Phase 2 activities are complete. The project team has continued working with County IT on the Kofax configuration. The Imaging segment was expected to be completed by the end of March 2014. The time that the Vitech project resources have had to spend on these activities since March 2014 has impacted their ability to focus on current design and development activities. This will continue until the remaining Imaging activities are completed by County IT.

Risks

There are two project risks that are being closely monitored.

- Plan sponsor payroll transmittal –The project team has not received the completed contributions file from plan sponsors. The team has been informed verbally that the Auditor-Controller's office does not intend to provide the remaining data elements as required. The project team is waiting for a written response detailing what they will provide. The project team cannot yet determine the potential impacts to the project schedule until they understand what plan sponsors intend to provide. The project team will provide an analysis of the schedule impact and potential options to the Board as soon as the information is available.
- VCERA staffing issues –There has been no change to this risk. The project team is continuing to attempt to reduce the current schedule impacts and to prevent additional impacts.

KEY ACCOMPLISHMENTS LAST MONTH

- Signed off on Segment G Design Document.
- Kicked-off DRO – Alt Payee sprint
- Wrote 81 test cases and executed 30 tests.

Date: October 7, 2014
Memo To: SACRS Member Systems
From: Ad Hoc Committee on Education and Communication
Skip Murphy, Gregg Rademacher, Richard Stensrud, Tracy Towner and
Jeff Wickman
RE: Assessing SACRS Communications Needs and Interests

Since being named by President Yves Chery in June, the SACRS Ad Hoc Committee on Education and Communications has met twice, corresponded regularly and talked with our colleagues about proposals to engage in an educational program. Our deliberations have been guided by the SACRS mission: “to serve the 1937 Act Retirement Systems by exchanging information, providing education, and analyzing legislation.” Tracy Towner of the Ventura County Employees Retirement Association has volunteered to serve as chair of the ad hoc committee.

We presented our initial recommendations to the SACRS Board of Directors in September. Any SACRS education effort should focus on the needs of our members in support of our historic mission “to provide forums for disseminating knowledge of and developing expertise in the operation of county retirement systems.” The board endorsed our recommendation to strengthen internal communications and initiate a dialogue on communications needs with SACRS member systems. Our goal is to assess an appropriate way for the SACRS member systems to work together on better educating and informing our members on issues important to funds operating under the County Employees Retirement Law of 1937.

This memo is the first step in that process. We will meet again in mid-October to plan a series of surveys, conversations, meetings, and a symposium designed to assess the primary communications capacities, needs and interests of our member systems. We will present that outline at the November conference and, with your help, refine our time line so that we can capture the goals and interests of all 20 systems. During the process of engagement, member systems will help formulate a proposal to be considered by all members sometime in 2015.

SACRS has a strong history of working on critical educational initiatives ranging from our membership conferences to the SACRS magazine, the new trustee interactive CD, and sponsoring our public pension investment management training program. Member systems have raised the concern that additional communication and education activities might be needed to keep pace with changes in the environment in which we operate and to provide SACRS members with information not available to individual systems.

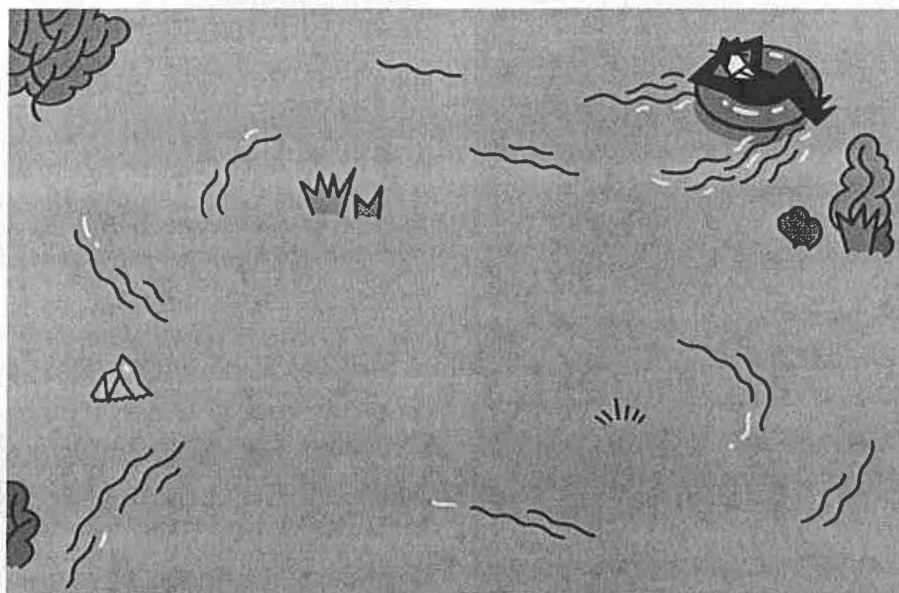
Continued

For instance, in 2008 we collectively gathered information about the total benefits we pay in a year and commissioned a study to assess the cumulative impact of those payments on the California economy and on jobs in the state. The work we are about to begin will let us know if that kind of study is again useful to member systems or whether there are other studies and activities that might benefit from cooperation among the systems.

Whatever the member outreach process reveals, our collective SACRS approach to refining a cohesive communications program for our association needs to not only reflect our mission and history but continue to encourage the diversity of our membership while meeting the new challenges facing our systems.

Please contact any of us with your thoughts about how to shape this information gathering effort. Feel free to forward comments to SACRS at SACRS@SACRS.ORG

Money



Do Nothing, Make Money CalPERS gives another nudge to index-fund investing

BY BILL SAVORITO

IT WOULD BE REASONABLE TO ASSUME that the professionals running CalPERS, the California pension fund with \$300 billion in assets, would be good at picking stocks. Or at least reasonably good at picking other smart people to pick stocks for them. But in the past year, CalPERS has made two decisions that are telling for all investors when it comes to trying to outperform the market.

Late last year, the pension fund signaled its intention to move more assets from active management into passively managed index funds. These are funds in which you buy a market, such as the S&P 500 or the Russell 2000, unlike mutual funds that try to select winners within a given class of equities. More recently,

CalPERS said it would also pull out the \$4 billion it has invested in hedge funds. Although hedge-fund honchos make headlines with their personal wealth, the industry has significantly lagged the market in the past three years. "Call it capitulation or sobriety: it's saying that we can't beat the market and we can't find managers who can beat the market, and even if they can, their fee structures are overwhelming," says Mitch Tuchman, CEO of Rebalance IRA, an investment adviser focused on index-fund-only portfolios.

The CalPERS move is a nod to University of Chicago economist Eugene Fama, who won a Nobel for his lifelong work on "efficient markets." That theory says that because stock prices reflect all available

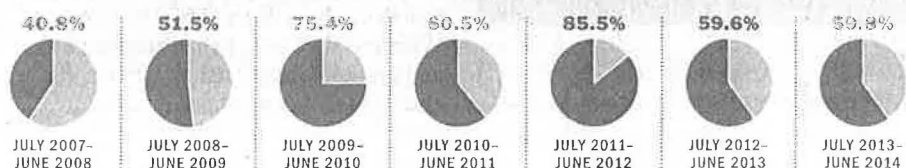
information at any moment—they are informationally "efficient"—future prices are unpredictable, so trying to beat the market is useless. According to the SPIVA (S&P Indices Versus Active) Scorecard, the return on the S&P 500 beat 87% of active managers in domestic large-cap equity funds over the past five years.

Why can't expert money managers succeed? Researchers from the University of Chicago say there are so many smart managers that they offset one another, gaining or losing at others' expense and winding up near the market average, before expenses. "Unless you have some really special information about a manager, there's really no good reason to put your money in actively managed mutual funds," says Juhani Linnainmaa, associate professor of finance at Chicago's Booth School of Business. He says the median managed fund produces an average -1% alpha—that is, below the expected return. Some funds do beat their index—what's not clear is why. "What is the luck factor?" he asks. "Given the noise in the market, it's kind of hopeless to try to figure anything out of this." Linnainmaa's colleague, finance professor Lubos Pastor, also found that mutual funds have decreasing returns to scale. Size hurts a manager's ability to trade.

Yet even if managers match the market, they've got expense ratios that then eat into returns. Index-fund proponents like John Bogle at Vanguard have long preached that fees dilute performance. A 1% difference can be huge. "It's not 1% of all your money," says Tuchman, "it's 1% of expected returns: that's 16% to 20%." The average balance in Fidelity 401(k) plans was \$89,300 in 2013. While 1% of that is \$893, if you earned 8% compounded over 10 years, your balance would be \$192,792; at 7% it's \$175,667, a difference of \$17,125. Real money, in other words.

Investors are getting the message, pouring some \$345 billion into passive mutual and exchange-traded funds over the past 12 months vs. \$126 billion in active funds, says Morningstar. "At the end of the day," says Tuchman, "an index fund is run by a computer, a robot. We don't want to believe that a robot can beat Ivy League M.B.A.s—and I'm one of them." What CalPERS seems to be saying is that the game is over. The robot wins.

SHARE OF ACTIVELY MANAGED LARGE-CAP FUNDS THAT WERE OUTPERFORMED BY THE S&P 500



SOURCE: S&P DOW JONES INDICES

ILLUSTRATION BY SAM ISLAND FOR TIME



Alternative Investing Summit

December 7-9, 2014 - Dana Point, CA

Opal Financial Group
Your Link to Investment Education

Sunday December 7 2014

10:00 am	Exhibit Setup
11:00 am	Registration Opens
12:00 pm – 12:10 pm	Opening remarks
12:10 pm – 1:00 pm	Conference workshop Boxed Lunch will be served.
1:00 pm – 1:20 pm	STANDALONE
1:20 pm – 1:40 pm	STANDALONE
1:40 pm – 2:00 pm	STANDALONE
2:00 pm – 3:00 pm	<p>WHY ALTERNATIVES? THE INVESTOR'S PERSPECTIVE</p> <p>Moderator: Sharath Sury, Executive Director, STRATEGIC INVESTORS (SIFIRM) US FAMILY OFFICE SYNDICATE</p> <p>Panelists: John H. Agenbroad, President, INTER-LOCAL PENSION FUND Robert Grden, Executive Director, WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM Daniel Goldstein, Senior Managing Director, MANCHESTER CAPITAL MANAGEMENT (MFO) Anthony Lennie, Director of Finance, VICTORIA UNIVERSITY AT UNIVERSITY OF TORONTO</p>
3:00 pm – 4:00 pm	<p>STYLES AND STRATEGIES: WHERE ARE THE OPPORTUNITIES?</p> <p>Moderator: Matthew Hodgen, CEO, MACIAN WEALTH MANAGEMENT, LLC (MFO)</p> <p>Panelists: Jilliene Helman, CEO & Co-founder, REALTY MOGUL, CO.</p>
4:00 pm – 4:30 pm	REFRESHMENT BREAK
4:30 pm – 5:15 pm	<p>VOLATILITY IN ALTERNATIVES</p> <p>Moderator:</p>

	Panelists:
5:15 pm – 6:00 pm	ROLE OF RISK IN ALTERNATIVES Moderator: Mark Kordonsky, Principal and Chief Risk Officer, SAGEVIEW ADVISORY GROUP Panelists:
6:00 pm – 7:00 pm	COCKTAIL RECEPTION

Monday December 8 2014

7:00 am	Continental Breakfast	
7:00 am – 8:10 am	Closed Door Investor Breakfast	
8:10 am – 8:40 am	Keynote address: Bruce Richards, Co-Managing Partner & CEO, MARATHON ASSET MANAGEMENT	
8:40 am – 9:00 am	STANDALONE	
9:00 am – 9:20 am	Bill Shopoff, President, SHOPOFF COMPANIES	
	TRACK A	TRACK B
9:20 am – 10:20 am	Alternative Credit and Fixed Income Strategies <ul style="list-style-type: none"> • Special Lending • Direct Lending • What should investors consider? • Middle Market opportunities • How to think about liquidity? Moderator: Panelists: David Hinman, CIO, SW ASSET MANAGEMENT TBA, EAGLE POINT CREDIT MANAGEMENT LLC Lee Landrum, Partner, TENNENBAUM CAPITAL PARTNERS, LLC	What Asset Allocation models work best? Moderator: Akber Zaidi, Head of Research and Asset Advisory, CLARMOND HOUSE LIMITED (MFO) Panelists:
10:20 am – 10:45 am	Refreshment Break Sponsored by: SHOPOFF COMPANIES	
10:45 am – 11:30 am	Hedge Fund Investing: How to generate alpha?	Real Asset Investing – Finding returns amongst diversity

	<p>Moderator: Timothy Ng, Managing Director, CLEARBROOK INVESTMENT CONSULTING</p> <p>Panelists:</p>	<p>Moderator:</p> <p>Panelists: TBA, TORTOISE CAPITAL ADVISORS Prof. Rodrigo Alexandre Gomes de Oliveira, M.Sc., President & CEO, TOCANTINS STATE DEVELOPMENT BANK</p>
11:30 am – 12:15 pm	<p>International and Emerging Markets</p> <p>Moderator:</p> <p>Panelists:</p>	<p>Real Estate Investing Opportunities and Challenges</p> <p>Moderator: Stephen Braun, Senior Vice President, J.I KISLAK INC. (SFO)</p> <p>Panelists: Alexander Philips, Chief Executive & Investment Officer, TWINROCK PARTNERS TBA, THE JAYMOR GROUP Steve Hagenbuckle, Managing Partner, TERRACAP MANAGEMENT CORP.</p>
12:15 pm – 1:30 pm	LUNCHEON	
1:30 pm – 2:15 pm	<p>Investing in Non-Correlated Assets</p> <p>Moderator:</p> <p>Panelists: Dan Spinner, Portfolio Manager, EAGLE POINT CREDIT MANAGEMENT LLC</p>	<p>Powering the Future – Investing in Energy</p> <p>Moderator: Tyson Slocum, Director, PUBLIC CITIZEN'S ENERGY PROGRAM</p> <p>Panelists: Jack Lullen, Managing Partner, BURLESON LLP</p>
2:15 pm – 3:00 pm	<p>Opportunities in Direct Investing/Co Investing</p> <p>Moderator: Kai Tao, Managing Member, PARK ONE CAPITAL (SFO)</p> <p>Panelists: Jay Gould, Partner, PILLSBURY WINTHROP SHAW PITTMAN LLP</p>	<p>Private Equity/Venture Capital and Angel Investing Opportunities</p> <p>Moderator: Jay Rodgers, Executive Director, BERGENDAHL HOLDINGS (SFO)</p> <p>Panelists: Bill Podd, President & Executive Director, LANDMARK FAMILY OFFICE</p>
3:00 pm – 3:45 pm	<p>Manager Selection</p> <p>Moderator: David Grosner, Senior Investment Officer, LEBANESE AMERICAN UNIVERSITY</p> <p>Panelists:</p>	<p>1031 Exchanges: What should investors be looking for?</p> <p>Moderator:</p> <p>Panelists:</p>

	Jeffrey Furst, Senior Research Analyst, Hedged Strategies, FUND EVALUATION GROUP	
3:45 pm – 4:00 pm	Refreshment Break	
4:00 pm – 4:45 pm	Trends for 2015 – What is new? Moderator: Will Froelich, Relationship Manager, GENSPRING FAMILY OFFICES (MFO) Panelists:	Liquid Alternatives Moderator: Bobby Deal, Trustee and Board Chairman, JACKSONVILLE POLICE AND FIRE PENSION FUND Panelists:
4:45 pm – 5: 30 pm	Impact Investing Moderator: James Rosebush, Founder and CEO, THE WEALTH & FAMILY MANAGEMENT GROUP Panelists:	Emerging Managers Pros and Cons of investing with smaller managers Moderator: Panelists:
5:30 pm – 6:30 pm	Cocktail Reception	

Tuesday December 9

8:00 am	Continental Breakfast	
8:50 am – 9:00 am	Welcoming Remarks	
9:00 am – 10:00 am	Portfolio Construction Moderator: Jim Maloney, Trustee, CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND Panelists:	
10:00 am – 10:45 am	Regulation, Compliance and Fiduciary Responsibility Moderator: James Love, Assistant City Attorney, CITY OF BIRMINGHAM, AL Panelists: Lance Friedler, Partner, SADIS & GOLDBERG, LLP Sean Rooney, Assistant Chief Counsel, CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT	
10:45 am – 11:45 am	Investor and Consultants Perspective on Alternatives Moderator: Aoifinn Devitt, Director, CLONTARF CAPITAL	

	Panelists: Peter Gerlings, Senior Vice President, Implemented Investment Consulting, SEGAL ROGERSCASEY Jonathan Miles, Vice President, Head of Hedge Fund Research, WILSHIRE ASSOCIATES
11:45 am	Conference Concludes
12:15 pm	Golf Tournament

2014 PARTICIPANTS INCLUDE

Single and Multi-Family Offices/ Private Investors

Skip Coomber, President, [COOMBER FAMILY ESTATES FAMILY OFFICE \(SFO\)](#)
 Akber Zaidi, Head of Research and Asset Advisory, [CLARMOND HOUSE LIMITED \(MFO\)](#)
 Bobby Deal, Trustee and Board Chairman, [JACKSONVILLE POLICE AND FIRE PENSION FUND](#)
 Anthony Ritossa, Chairman, [RITOSSA OLIVE OIL & FAMILY OFFICE](#)
 Atif Ali, Director of Alternative Investments, [G FAMILY OFFICE \(SFO\)](#)
 Sharath Sury, Executive Director, [STRATEGIC INVESTORS \(SIFIRM\) US FAMILY OFFICE SYNDICATE](#)
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 Matthew Hodgen, CEO, [MACIAN WEALTH MANAGEMENT, LLC \(MFO\)](#)
 Jadine Hodgen, CEO, [MACIAN WEALTH MANAGEMENT, LLC \(MFO\)](#)
 Mikel Mahjobi, Chairman, [AMG FAMILY TRUST \(MFO\)](#)
 Shaun Skeris, Director, [PIONEER WEALTH PARTNERS \(MFO\)](#)
 Russell Jacobson, Managing Members, [JACOBSON CAPITAL \(SFO\)](#)
 Kai Tao, Managing Member, [PARK ONE CAPITAL \(SFO\)](#)
 Stephen Braun, Senior Vice President, [J.I KISLAK INC. \(SFO\)](#)
 Jake Abbott, Investment Strategist, [CHAMBERLAIN GROUP \(MFO\)](#)
 Sung Lee, Investment Analyst, [CHAMBERLAIN GROUP \(MFO\)](#)
 James Hoover, Managing Member, Dauphin [CAPITAL PARTNERS \(SFO\)](#)
 Ernest Miller, Senior Vice President, [BRIGHT EQUITIES \(SFO\)](#)
 Huy Do, President, [PRIDECO CAPITAL MANAGEMENT \(MFO\)](#)
 Jay Rodgers, Executive Director, [BERGENDAHL HOLDINGS \(SFO\)](#)
 Adrian Fairbourn, Managing Partner, [EXCEPTION CAPITAL \(SFO\)](#)
 Sean Mayer, Principal, [LEGACY REAL ESTATE VENTURES \(SFO\)](#)
 Will Froelich, Relationship Manager, [GENSPRING FAMILY OFFICES \(MFO\)](#)
 Jim Phillips, CIO, [OBERLIN FAMILY PARTNERS \(MFO\)](#)
 Steve Olasky, Principal, [KATAN ASSOCIATES \(SFO\)](#)
 Bill Podd, President & Executive Director, [LANDMARK FAMILY OFFICE](#)
 Gregory Olafson, Managing Director, [BLUE SAND HOLDINGS \(SFO\)](#)
 Steve Abdo, President, [ABDO CORPORATION \(SFO\)](#)
 Benjamin Durrant, CIO, [STRAND PARTNERS \(SFO\)](#)
 Howard Marc, Managing Partner, [WYNNWOOD ADVISORS \(SFO\)](#)

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 John H. Agenbroad, President, [INTER-LOCAL PENSION FUND](#)
 Lily Cavanagh, Treasurer, [REDFORD \(MI\) POLICE & FIREMEN RETIREMENT SYSTEM](#)
 Wayne Lindholm, Board Member, [ORANGE COUNTY EMPLOYEES' RETIREMENT SYSTEM](#)
 Mark Flaherty, General Counsel, [PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS](#)

Steve Delaney, Chief Executive Officer, [ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM](#)
Prof. Rodrigo Alexandre Gomes de Oliveira, M.Sc., President & CEO, [TOCANTINS STATE DEVELOPMENT BANK](#)
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Jim Maloney, Trustee, [CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND](#)
Harry Griffin, Trustee, [SAN ANTONIO FIRE AND POLICE PENSION FUND](#)

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David Grosner, Senior Investment Officer, [LEBANESE AMERICAN UNIVERSITY](#)
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Iliana Llaneras, Director, [ASIA ECONOMIC INSTITUTE](#)
Raymond Mobrez, Director, [ASIA ECONOMIC INSTITUTE](#)
Jeffrey Rizzo, Vice President & Chief Financial Officer, [COMMUNITY SERVICE SOCIETY OF NEW YORK](#)
Bob Wacker, Investment Chairperson, [CAL POLY INSTITUTE OF TECHNOLOGY](#)
Len Rogozinski, Finance Director, [SCRIPPS HEALTH](#)

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Mustafa Saiyid, Senior Financial Sector Expert, [THE INTERNATIONAL MONETARY FUND \(IMF\)](#)

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Peter Gerlings, Senior Vice President, Implemented Investment Consulting, [SEGAL ROGERSCASEY](#)
James Rosebush, Founder and CEO, [THE WEALTH & FAMILY MANAGEMENT GROUP](#)
Timothy Ng, Managing Director, [CLEARBROOK INVESTMENT CONSULTING](#)
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Roberto Hamilton, Founder & CIO, [CAPITAL MIGRATION MANAGEMENT LLC](#)
Scott Sandler, Associate Director, [ICG ADVISORS, LLC](#)
Andrew Bratt, Principal, [PENSION CONSULTING ALLIANCE](#)
Jonathan Miles, Vice President, Head of Hedge Fund Research, [WILSHIRE ASSOCIATES](#)
Mark Kordonsky, Principal and Chief Risk Officer, [SAGEVIEW ADVISORY GROUP](#)
Jeffrey Furst, Senior Research Analyst, Hedged Strategies, [FUND EVALUATION GROUP](#)
Victoria Vysotina, Founder, [VV STRATEGIC GROUP](#)
Aoifinn Devitt, Director, [CLONTARF CAPITAL](#)

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David McConico, Chairman, CITY OF AURORA (CO) GENERAL EMPLOYEES' RETIREMENT PLAN
Ed Burton, Trustee, VIRGINIA RETIREMENT SYSTEM
Gerald Garrett, Trustee, OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Adam Frankel, Trustee, DELRAY BEACH POLICE & FIRE RETIREMENT
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Laura Parisi, City Treasurer, CITY OF LAGUNA BEACH, CA
Donald Steinbrugge, Investment Committee Member, CITY OF RICHMOND RETIREMENT SYSTEM
David Ourlicht, Commissioner, NYCERS/NEW YORK STATE INSURANCE FUND
Hillard Hampton, Mayor / Trustee, INKSTER (MI) POLICE & FIREMEN'S PENSION BOARD
Shari Freidenrich, Board Member and Treasurer, OCERS AND COUNTY OF ORANGE
Justin Rodriguez, Vice Chairman / Councilman, SAN ANTONIO FIRE & POLICE PENSION FUND
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Dexter Cunningham, Trustee, CITY OF BIRMINGHAM FIREMEN'S AND POLICEMEN'S SUPPLEMENTAL PENSION SYSTEM
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Pete Morin, Chairman, CITY OF AUSTIN POLICE RETIREMENT FUND
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Bernard Lapointe, Portfolio Manager, CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
James Reynolds, COO, OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM
Nancy Calkins, Chief Investment Officer, SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Robert Grden, Executive Director, WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
Steve Vazquez, CLO/Structured Credit, CALPERS

Endowments and Foundations

David Grosner, Senior Investment Officer, LEBANESE AMERICAN UNIVERSITY
Jeff Klein, President and CEO, The Global FoodBanking Network
Skip Coomber, Trustee, SAN DIEGO FOUNDATION
Michel Toupin, Managing Director Pension Funds, LAVAL UNIVERSITY
William Rentz, Ph.D., LIFA, Professor/APUO Member of the Pension Fund Investment Committee, UNIVERSITY OF OTTAWA
Jesse Brown, CIO & Chairman of the Board, KRYSTAL FOUNDATION
Rick Singletery, Treasurer, SINGLETERY FOUNDATION
David Johnson, CFO, CASA DE LAS CAMPANAS FOUNDATION
Rene Nunez, Trustee, HISPANIC & BUSINESS ALLIANCE
Raymond Mobrez, Director, ASIA ECONOMIC INSTITUTE
Iliana Llaneras, Director, ASIA ECONOMIC INSTITUTE
Len Rogozinski, Director of Treasury Operations, SCRIPPS HEALTH
Ed Kasic, President, IRVINE HEALTH FOUNDATION
Jay Kang, Director of Investments, HILTON FOUNDATION
Michael Collins, Trustee, SHARP HEALTH CARE FOUNDATION
Bruce Neiner, Chief Financial Officer and Treasurer, AMERICAN FILM INSTITUTE
Jeet Vijay, Principal, UT HORIZON FUND
Stella Thomas, Managing Director, GLOBAL WATER FUND
David Blanchard, President, BADGE OF HONOR MEMORIAL FOUNDATION
Greg Nelson, Investment Manager, LOMA LINDA UNIVERSITY FOUNDATION
Belita Ong, Investment Committee Member, VISITING NURSE & HOSPICE CARE OF SANTA BARBARA
Daniel Chapman, Hospital Trustee, TEXAS SCOTTISH RITE HOSPITAL
Fredric Richmond, VP/CIO, TEXAS SCOTTISH RITE HOSPITAL FOR CHILDREN
Louie Nguyen, Investment Committee, MINGEI INTERNATIONAL MUSEUM
Larry Woodin, Immediate Past President, FRANK LLOYD WRIGHT BUILDING CONSERVANCY
Carolyn Weiss, Chief Financial and Investment Officer, FJC FOUNDATION

Single and Multi-Family Offices/ Private Investors

Jay Rogers, Executive Director, BERGENDAHL HOLDINGS (SFO)
Chris Battifarano, Chief Investment Officer, PALM EQUITY LLC (MFO)
Grant Mashek, Founder and Managing Member, PALM EQUITY LLC (MFO)
Mary Avella, Managing Member, ATHENA FUND INVESTORS LLC (MFO)
Anthony Ritossa, Managing Partner, RITOSSA OLIVE OIL & FAMILY OFFICE
Daniel Ling, Managing Director, STRAIT VENTURES OLYMPIC (SFO)
Sarah Tomolonius, Member, ARLON GROUP LLC
Nick Riso, Manager, RISO INVESTMENTS LLC (SFO)
Sharath Sury, Executive Director, STRATEGIC INVESTORS (SIFIRM)
Annie Foster Freedland, Principal, HARPER, FOSTER FAMILY ADVISORY (MFO)
Howard Freeland, Managing Partner, HARPER, FOSTER FAMILY ADVISORY (MFO)

Nick Bires, Managing Director, PYLE FAMILY OFFICE
 Matthew Hodgen, Chief Executive Officer, MACIAN WEALTH MANAGEMENT, LLC (MFO)
 Jadine Hodgen, CEO, MACIAN WEALTH MANAGEMENT, LLC (MFO)
 Stephen Braun, Senior Vice President, J.I KISLAK INC. (SFO)
 Stewart Darrell, Family Investment Officer, GENSPRING FAMILY OFFICES (MFO)
 Patricia Soldano, President, GENSPRING FAMILY OFFICES (MFO)
 Ronald Macleod, President, BACIU FAMILY OFFICE (SFO)
[William Leavitt, President, LEAVITT CAPITAL MANAGEMENT \(MFO\)](#)
 Benjamin Durrant, CIO, STRAND PARTNERS (SFO)
 Doug Pennington, Director, PRIVATE CAPITAL NETWORK
 Stephen Adobo, President, THE ABDO CORPORATION (SFO)
 Marty Jensen, Chief Executive Officer, UNITED MANAGEMENT GROUP (SFO)
 Sean Dorian Mayer, Principal, LEGACY REAL ESTATE (MFO)
 Maurry Maertens, PRIVATE INVESTOR
 Jeff Swope, Managing Director, KNELL FAMILY OFFICE (SFO)
 Brain Barr, Hedge Fund Analyst, WOLFSON GROUP (SFO)
 Brett Mayer, Principal, LEGACY REAL ESTATE (MFO)
 Eddie Lin, Managing Partner, OAK SKY CAPITAL (SFO)
 Jeffrey Lin, Director, OAK SKY CAPITAL (SFO)
 Subhas Lewis, Director, INFINITY GLOBAL CAPITAL (SFO)
 David Cohen, President, KARLIN ASSET MANAGEMENT (SFO)
 Ritchie Beedy, President, RITCHIE GROUP (SFO)
 Matthew Piepenburg, CIO, DRAKE LIBBY FAMILY OFFICE ADVISORS LLC (MFO)
 Charles German, Manager, GERMAN FAMILY TRUST
 Barret Slome, Founder, BAS CAPITAL MANAGEMENT (SFO)
 Avi Divgi, President, EA GLOBAL (SFO)
 Michael Tito, CEO, INSIGHT ADVISORS (SFO)
 Theodore Tu, Managing Director, INTEGRIS LLC (MFO)
 Tim Barnes, VP, INTEGRIS LLC (MFO)
 Ken Kilroy, CEO, TRAILHEAD ADVISORS (MFO)
 Gregg Fortune, Managing Member, CEDAR BROOK FINANCIAL PARTNERS, LLC (MFO)
 Greg Olafson, Managing Director, BLUE SAND HOLDINGS (SFO)
 Jim Hoover, Managing Member, DAUPHIN CAPITAL PARTNERS (SFO)
 Konstantin Kosovan, Chief Investment Officer, ROTHWELL MANAGEMENT (SFO)
 Lindsay Radigan, Analyst, PALM EQUITY (MFO)
 Aoifinn Devitt, Director, CLONTARF CAPITAL
 Mikel Mahjobi, Chairman, AMG FAMILY OFFICE GROUP (MFO)
 Atif Ali, Director of Alternative Investments, G FAMILY OFFICE (SFO)
 Daniel Heidenreich, Principal, HAUSER CAPITAL MARKETS (MFO)
 Adrian Fairbourn, Managing Director, EXCEPTION CAPITAL (SFO)
 Alex Smith-Ryland, Managing Partner, CS WILTON GROUP LLC (SFO)
 Michael Millman, CEO, ORBIT FINANCIAL (SFO)
 Larry Howell, Managing Director, HOWELL FAMILY TRUST (SFO)
 Stan Yakatan, Chairman & Co-Founder, KATAN ASSOCIATES (SFO)
 Nick Leap, Managing Director, NICAS GROUP (SFO)

Christopher Teas, Managing Director, SOUTHPORT LANE, LLC (SFO)
 Joel Plasco, Chairman, SOUTHPORT LANE, LLC (SFO)
 Shaun Skeris, Director, PIONEER WEALTH PARTNERS (MFO)
 Josh Roach, Managing Director, PHI GROUP CAPITAL (SFO)
 Ernest Miller, Senior Vice President, BRIGHT EQUITIES (SFO)
 John Bhakdi, CEO, I2X/BHAKDI SFO

John Quinn, Managing Director, DAVENPORT INVESTMENTS
Jim Quinn III, Managing Director, DAVENPORT INVESTMENTS
Jim Quinn, President, DAVENPORT INVESTMENTS
Nicholas Dinges, Senior Associate, DAVENPORT INVESTMENTS
Richard Stumm, Director of Investment, KIN PROPERTIES (SFO)
Sean Deson, Principal, DESON & CO. (SFO)
Mel Lagomasino, CEO and Managing Partner, WE FAMILY OFFICES (MFO)
Brandon Blum, Family Office Representative, ARKYON INVESTMENTS (SFO)
Daniel Shkolnik, Family Office Representative, ARKYON INVESTMENTS (SFO)
Don Saulic, President, KING CROWN CAPITAL (MFO)
Susan Wilson, Director, Investment Programs, GRUBER FAMILY OFFICE (SFO)
Dr. Harry Gruber, CEO, TOCAGEN, INC.
Colin Breeze, Managing Manager, BREEZE FAMILY VENTURES (SFO)

Academics/Associations/Research Firms and Advocacy Programs

Prakash Dheeriyaa, Professor of Finance, CAL STATE DOMINGUEZ HILLS
Dr. Eliot Kalter, President/Senior Fellow, E M STRATEGIES, INC/THE FLETCHER SCHOOL OF LAW & DIPLOMACY
Robert Ewars, Senior Investment Consultant, INTER-AMERICAN DEVELOPMENT BANK
Sean Rooney, Assistant Chief Counsel, CALIFORNIA DEPARTMENT OF CORPORATIONS
Majed Muhtaseb, Member; Board of Directors, CAL POLY POMONA FOUNDATION


Consultants

Scott Crossley, Advisory; Americas, AKSIA LLC
Linda C. Mack, President, MACK INTERNATIONAL, LLC
Matt Zimmerman, Director of Distribution, Financial Risk Management, MILLIMAN
James Rosebush, Founder & CEO, THE WEALTH & FAMILY MANAGEMENT GROUP
Rick Rodgers, Principal & Co-Founder, INSIGHT EMPLOYEE BENEFIT COMMUNICATIONS
Kiran Jethwa, Managing Partner, FUMASE, LLC
Glenn Ezard, Senior Consultant, SEGAL ADVISORS
Collin Madden, Principal, WINDY POINT CONSULTING
Andrew Bratt, Principal, PENSION CONSULTING ALLIANCE, INC.
Tyson Slocum, Director, PUBLIC CITIZEN'S ENERGY PROGRAM
Sidney Wigfall, Managing Attorney-Advisor, BARGE CONSULTING-SCA
William S. Podd, President & Executive Director, LANDMARK ANGELS, INC.
Jose Maria Carretero, Owner, ULTRA HIGH NET WORTH ADVISORS
Michael Mahoney, Managing Director, CLEARBROOK INVESTMENT CONSULTING
Timothy Ng, Managing Director, CLEARBROOK INVESTMENT CONSULTING
Peter Gerlings, Managing Director, SEGAL ROGERSCASEY
Patrick Gerbracht, Vice President, PORTFOLIO ADVISORS LLC
Ulf Nofelt, Managing Director, UNCONSULTING
Ted Benedict, Senior Associate, Consultant, MEKETA INVESTMENT GROUP, INC.
Charlie Chittenden, Principal & Consulting Actuary, BUCK CONSULTANTS
Tami Kautzman, Founding Principal, KAUTZMAN ALLIANCE
Eric Freedman, Chief Investment Officer, CAPTRUST ADVISORS
Roberto Hamilton, Founder & CIO, CAPITAL MIGRATION MANAGEMENT LLC
[Richard Bird, President, BIRD CAPITAL GROUP, INC.](#)
Danielle London, Vice President, WILSHIRE ASSOCIATES INC.
Carolyn Kling, President, KLING PARTNERS
Christian Katzman, Associate, MAIN STREET ADVISORS

Sean Flannery, Director of Investable Sustainability Strategies and Chief Operating Officer, MEISTER CONSULTANTS GROUP, INC.
Victoria Vysotina, Founder, VV STRATEGIC GROUP
Felix Lin, President, BEACON POINTE ADVISORS, LLC
Mark Kordonsky, Principal and Chief Risk Officer, SAGEVIEW ADVISORY GROUP
Marek Pfeil, Managing Director, SAGEVIEW ADVISORY GROUP
Matha Spano, Principal, BUCK CONSULTING
Howard Winston, Partner, MONTROSE CAPITAL GROUP
Scott Sandler, Associate Director, ICG ADVISORS
Manoj M. Nadkarni, Principal, CIG
Dawn Dzurilla, Founder & Managing Partner, GAIA HUMAN CAPITAL CONSULTANTS
Hilaire Atlee, Director of Alternative Investments, MATRIX CAPITAL GROUP, INC.
Eric Harnish, Senior Consultant, Director of Private Markets Research, NEPC LLC
Anthony Lombardi, Associate Partner, Institutional Advisory Solutions, HEWITT ENNISKNUPP, INC., AN AON COMPANY
Razmig Der-Tavitian, Hedge Fund Research, WILSHIRE ASSOCIATES INCORPORATED

DATE: September 11, 2014

TO: Board of Supervisors
Members of Boards/Commissions/Committees Established by the Board
of Supervisors

FROM: Brian Palmer, Chief Deputy Clerk of the Board 

SUBJECT: 2014 ETHICS TRAINING

As you may already know, state law requires that local officials and members of the various boards, committees, and commissions established by the Board of Supervisors take a 2-hour Ethics Training course every two years.

AB-1234 Training was last provided in 2012, and so we are now embarking on the 2014 round of training. Training is available online or in-person, which is provided by County Counsel. Attached is information with training options, dates, times, and locations.

If you have any questions, please contact the Clerk of the Board's Office at (805) 654-2251 or e-mail clerkoftheboard@ventura.org.

Attachment: Training Information

cc: Michael Powers, County Executive Officer
Matt Carroll, Assistant County Executive Officer
Jeffrey Barnes, Assistant County Counsel

**COUNTY OF VENTURA
MANDATED ETHICS TRAINING – TRAINING INFORMATION**

State law requires all County local officials and members of various boards and commissions to attend state approved Ethics Training within 1 year of appointment and every two years thereafter and prior to December 31, 2014

The following summarizes the training options for 2014, in compliance with AB-1234.

2014 ETHICS TRAINING		
LIVE SESSIONS		ONLINE
Live Sessions Provided by County Counsel (Attend only 1)	Registration Method	Fair Political Practices Commission (FPPC) http://www.fppc.ca.gov/index.php?id=477
October 17, 2014 9:00 AM – 11:00 AM Government Center Hall of Administration Lower Plaza Assembly Room	Call 654-2251	OR California State Attorney General http://oag.ca.gov/ethics - (For Local Officials)
November 12, 2014 1:00 PM – 3:00 PM Government Center Hall of Administration Lower Plaza Assembly Room	Call 654-2251	

Individuals planning to attend one of the Live Sessions provided by County Counsel may contact the Clerk of the Board's Office at 654-2251 to register. Individuals who are taking an Ethics Training course for the first time are encouraged to attend the Live Session. Attendance will be recorded and completion certificates will be provided by the Clerk of the Board.

Individuals who complete one of the online sessions are to print their completion certificate, ensure that your name is on the certificate, and submit it to the Clerk of the Board's Office by December 31, 2014. **If you choose to take the online session, you are required to participate for a full two hours. If you do not participate for the full two hours, you will not receive credit for the online AB-1234 Ethics Training.**