

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

November 3, 2014

AGENDA

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

TIME: 9:00 a.m.

ITEM:

- | | | |
|-------------|-------------------------------------------------------------------------------------------------|--------------------|
| I. | <u>CALL TO ORDER</u> | Master
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| II. | <u>APPROVAL OF AGENDA</u> | 1 – 2 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Business Meeting of October 20, 2014. | 3 – 10 |
| IV. | <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION
STATUS REPORT</u> | 11 – 46 |
| V. | <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| | A. Application for Service Connected Disability Retirement, Elder,
William; Case No. 14-006. | |
| | 1. Application for Service Connected Disability Retirement and
Supporting Documentation. | 47 – 208 |
| | 2. Hearing Notice Served on October 22, 2014. | 208 – 210 |

VI. CLOSED SESSION

It is the intention of the Board of Retirement to Meet in Closed Session, Pursuant to Subdivision (b)(1) of Government Code Section 54956.9 and Government Code Section 54957, to Discuss the Following Items:

- A. Conference with Legal Counsel – Potential Exposure to Litigation – Defining/Implementing PEPRA Pensionable Compensation Requirements.
- B. Evaluation of a Public Employee; Legal Counsel.

VII. OLD BUSINESS

- A. Implementing PEPRA Compensation Requirements
 - 1. Determination by the Board of Retirement to Waive Attorney/Client Privilege – Pensionable Compensation Letter from Manatt, Phelps, & Phillips, dated October 28, 2014.
- B. Consideration of Recommendation to Board of Supervisors Regarding Salary of General Counsel- Retirement

VIII. NEW BUSINESS

- A. Request from Vice Chairman Wilson to Discuss Changing the Earnings Assumption Rate.
- B. Review and Discussion of November 14, 2014 SACRS Business Meeting Agenda Items. 211 – 242
- C. CRCEA Fall Conference Report, Submitted by Trustee Goulet. 243 – 244

IX. INFORMATIONAL

- A. Prudential Real Estate Investors Client Conference, May 12-13, 2015; New York City, NY. 245
- B. SACRS Fall 2014 Conference Dinner Invitations.
 - 1. Symphony Asset Management. 246
 - 2. Deutsche Asset & Wealth Management (RREEF). 247

X. PUBLIC COMMENT

XI. STAFF COMMENT

XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

October 20, 2014

MINUTES

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

DIRECTORS Deanna McCormick, General Employee Member
ABSENT: Will Hoag, Alternate Retiree Member
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
Chantell Garcia, 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 Tracy Towner called the Business Meeting of October 20, 2014, to order at 9:05 a.m.

II. APPROVAL OF AGENDA

Chairman Towner amended the agenda to move both Consent Agenda Item "IV.C. Receive and File Statement of Reserves for FY 2013-14 Month Ending June 30, 2014", and New Business Item "X.D. Recommendation to Approve Option Under VCERA Interest Crediting Policy – Undistributed Earnings", to an upcoming board meeting.

Chairman Towner removed Old Business Item "IX.B. Update on Retirement Administrator Recruitment and Possible Approval of Compensation" from the agenda.

MOTION: Approve the Agenda, as amended.

Moved by Wilson, seconded by Hintz.

Vote: Motion carried.

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

No: -

Absent: McCormick

III. APPROVAL OF MINUTES

A. Disability Meeting of October 6, 2014.

MOTION: Approve the Minutes.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried.

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

No: -

Absent: McCormick

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of September 2014.

B. Receive and File Report of Checks Disbursed in September 2014.

C. Receive and File Statement of Reserves for FY 2013-14 Month Ending June 30, 2014.

Removed from Agenda.

- 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.

MOTION: Approve the Consent Agenda, Items IV.A., IV.B., IV.D.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried.

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

No: -

Absent: McCormick

END OF CONSENT AGENDA

V. STANDING ITEM

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

Ms. Nemiroff informed the Board that the questions regarding pensionable compensation were referred to outside counsel, as the Board requested.

Ms. Nemiroff stated that AB-2474 clarifies the calculation of final average compensation for PEPRA members with less than 36 months of consecutive service. In order to calculate final average compensation, the missing portion in those instances are to be credited using the rate of compensation from the beginning of the absence. This is the equivalent of what is done under CERL for existing members.

VI. ANNUAL INVESTMENT PRESENTATIONS

- A. Receive Annual Investment Presentation, Reams Asset Management, Thomas M. Fink, Managing Director. (30 Minutes)

Thomas M. Fink was present on behalf of Reams Asset Management to provide an organizational and investment performance update.

- B. Receive Annual Investment Presentation, Western Asset Management Company, Veronica A. Amici, Client Service Executive and Julien A. Scholnick, Portfolio Manager. (30 Minutes)

Veronica M. Amici and Julien A. Scholnick were present on behalf of Western Asset Management Company to provide an organizational and investment performance update.

VII. INVESTMENT INFORMATION

A. NEPC – Don Stracke, Senior Consultant.

1. Receive and File Preliminary Performance Report Month Ending September 30, 2014.
2. PIMCO Update & Watch List Options.

Mr. Stracke provided the Board with four options and recommended Option #1: Close the Portfolio and reallocate the assets to other global fixed income managers.

MOTION: "Table" this item until the business meeting of November 17, 2014.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried.

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

No: -

Absent: McCormick

3. Sprucegrove Update.

After Board discussion, the following motion was made:

MOTION: Receive and File Items VII.A.1. and VII.A.3.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried.

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

No: -

Absent: McCormick

4. Proposed Board Agenda for November and December 2014.

MOTION: Receive and File.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried.

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

No: -

Absent: McCormick

5. Proposed Board Retreat Agenda – Investment Segment

MOTION: Receive and File.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried.

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

No: -

Absent: McCormick

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

No reportable action. Upon returning to Open Session, Chairman Towner confirmed that he is serving as negotiator with potential candidates for the Retirement Administrator position.

IX. OLD BUSINESS

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

MOTION: Appoint Trustee Johnston to the Ad-Hoc Disability Procedure Review Committee.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried.

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

No: -

Absent: McCormick

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

Removed from Agenda.

X. NEW BUSINESS

- A. Request from Trustee Goulet to Adjust Compensation for VCERA's General Counsel Position.

1. Draft Letter to Board of Supervisors Requesting Amendment to County Salary Ordinance.

MOTION: Refer the matter to the Personnel Review Committee, which will review and report back at the board meeting of November 3, 2014.

Moved by Sedell, seconded by Foy.

Vote: Motion carried.

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

No: -

Absent: McCormick

- B. Recommendation to Approve Trustee Hintz's Attendance at Pacific Institutional Investor Forum, December 11, 2014, San Francisco.

MOTION: Approve.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried.

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

No: -

Absent: McCormick

- C. Recommendation to Approve Lease Amendment for Additional Office Space at 1190 S. Victoria Avenue.

Staff recommended approval and execution of the amendment to the lease agreement, and noted that the correct amount necessary to increase the administrative budget would be \$10,700, not \$11,400.

MOTION: Approve the Sixth Amendment of Lease between M.F. Daily Corporation and the Ventura County Employees' Retirement Association and authorize Chairman of the Board to sign.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried.

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

No: -

Absent: McCormick

- D. Recommendation to Approve Option Under VCERA Interest Crediting Policy – Undistributed Earnings.

Removed from Agenda.

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
2. Staff Recommendation

Jeffrey Burgh, Auditor-Controller, was present to discuss this item.

After discussion between Mr. Burgh, Board, and Staff, the following motion was made:

MOTION: Approve drafting of a letter of agreement between VCERA and the County of Ventura to compensate the Auditor Controller's office for incremental costs to produce a payroll interface file, in an amount not to exceed \$220,000.00.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried.

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

No: -

Absent: McCormick

F. VCERIS Monthly Report – September 2014.

MOTION: Receive and File.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried.

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

No: -

Absent: McCormick

Mr. Goulet left the meeting at 11:22 a.m.

XI. INFORMATIONAL

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

XIII. PUBLIC COMMENT

None.

XIV. STAFF COMMENT

None.

XV. BOARD MEMBER COMMENT

Mr. Wilson requested to add a discussion of a possible change in the earnings assumption rate to the agenda for the board meeting of November 3, 2014.

XVI. ADJOURNMENT

The meeting was adjourned at 11:25 a.m.

Respectfully submitted,



TIM THONIS, Interim Retirement Administrator

Approved,

TRACY TOWNER, Chairman

SACRS Business Meeting Agenda
Friday, November 14, 2014
10:00 a.m.
The Monterey Hyatt, Monterey CA

SACRS Parliamentarian – TBD
Sergeant at Arms – Pompeyo Tabarez, Imperial

1. County Roll Call
Zandra Cholmondeley, SACRS Secretary
2. Secretary's Report
Zandra Cholmondeley, SACRS Secretary
 - May 2014 SACRS Business Meeting Minutes – Receive and File
3. Treasurer's Report – Receive and File
Dan McAllister, SACRS Treasurer
 - SACRS Financials – July 2014 – September 2014
4. Board of Director's Report – No Action
Yves Chery, SACRS President
 - Board of Directors Update
5. Audit Committee Report – No Action
Steve Delaney, Audit Committee Chair
 - Audit Committee Update
6. SACRS Executive Director Report – No Action
Robert Palmer, SACRS Executive Director
 - Projects for 2014-2015
7. SACRS Legislative Proposals 2015 – Action Item
Richard Stensrud, Legislative Committee Chair
 - LACERA #1
 - SACRS BOD CERL Reorganization
8. SACRS Audit Committee Proposal – Action Item
Maya Gladstern, Audit Committee Chair
 - Bylaw proposal for Audit Committee

9. SACRS Nomination Committee – No Action
 Ray McCray, Nomination Committee Chair

- Schedule for the Spring 2015 Board of Directors Election

DEADLINE	DESCRIPTION
February 2, 2015	Nominating Committee receives nominations from SACRS membership
March 2, 2015	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 23, 2015	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2015	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 15, 2015	Conduct elections during the SACRS Business Meeting (at end of the May 2015 conference)
May 15, 2015	Board of Directors take office for 1 year

10. SACRS Committee & Breakout Reports:

Committee	Breakout Reports
Affiliate	Administrators
Audit	Counsels
Bylaws	Disability
Education	Internal Auditors
Legislative	Investment Officers
Nomination	Operations & Benefits
Program	Safety Trustees
	General Trustees

11. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 15, 2015 at the Anaheim Marriott, Anaheim, California.



SACRS

State Association of County Retirement Systems

*Staff * Trustees * Affiliates * Success*

A California Non Profit Corporation

1. County Roll Call

Zandra Cholmondeley, SACRS Secretary

2. Secretary's Report

Zandra Cholmondeley, SACRS Secretary

- May 2014 SACRS Business Meeting Minutes – Receive and File

SACRS Business Meeting Minutes

Friday, May 16, 2014

Called to order at 9:45 a.m.

Sheraton Grand Sacramento Hotel, Sacramento, CA

SACRS Parliamentarian – David Lantzer, Orange CERA

Sergeant at Arms – None

1. SACRS System Roll Call

John Kelly, SACRS Secretary

- **18 Systems Present**
- **Absent: San Bernardino, Santa Barbara**

2. Secretary's Report – Receive and File

John Kelly, SACRS Secretary

- **November 2013 SACRS Business Meeting Minutes – Receive and File**

Motion: A motion to receive and file the November 2013 Business Meeting Minutes was submitted by Sacramento.

2nd: Contra Costa

Yes: 18

No: 0

Absent: 2

Motion Passes: 18-0-2

3. Treasurer's Report – Receive and File

Ray McCray, SACRS Treasurer

- **SACRS Financials – October 2013 – March 2014**

Motion: A motion to receive and file the Treasurer's report, October 2013 – March 2014 financials, was submitted by San Diego.

2nd: Alameda

Yes: 18

No: 0

Absent: 2

Motion Passes: 18-0-2

4. Board of Directors Report – No Action

Doug Rose, SACRS President

- **Board of Directors Update**

Continued

5. SACRS Executive Director Report – No Action, verbal report only. See presentation for complete details.

Robert Palmer, SACRS Executive Director

- Executive Director Update on 2013 & 2014 Projects

6. SACRS Audit Report – Receive and File

Steve Delaney, SACRS Audit Committee Chair

A. SACRS 2012-2013 Audit

Motion: A motion to approve the SACRS 2012-2013 Audit was submitted by Los Angeles.

2nd: San Joaquin

Yes: 18

No: 0

Absent: 2

Motion Passes: 18-0-2

7. SACRS Nomination Committee – 2014-2015 SACRS BOD Elections - Vote

Ray McCray, Nomination Committee Chair

A. SACRS BOD 2014 – 2015 Slate of Candidates

Motion: A motion to accept the SACRS Nomination Committee Slate of candidates for the 2014-2015 SACRS Board of Directors election was submitted by Los Angeles.

Slate of candidates are;

President: Yves Chery, Los Angeles CERA

Vice President: John Kelly, Sacramento CERS

Treasurer: Dan McAllister, San Diego CERA

Secretary: Zandra Cholmondeley, Santa Barbara CERS

Past President: Ray McCray, San Joaquin CERA

2nd: Contra Costa

Roll Call Vote

Yes: 18

No: 0

Absent: 2

Motion Passes: 18-0-2

Continued

8. SACRS Legislative Committee Update – No Action. A verbal update was given on Thursday during the conference.

Richard Stensrud, SACRS Legislative Committee Chair

- 2014 SACRS Legislation Update

9. SACRS Committee & Breakout Reports:

Committee	Chair	Breakout Reports	Representative
Affiliate Great session well attended, will continue to have a speaker during the breakout session	Susan Marshall	Administrators Great session, discussed GASB, succession planning due to turnover of administrators amongst the 37 Act, budget revenues	Vince Brown
Audit Sulema Peterson offered an update on the meetings held and the action taken by the audit committee	Steve Delaney	Attorneys Well attended, discussion on municipal bankruptcy, litigation update, leg update and IRS determination	Bob Gaumer
Bylaws Gave an update on committee members, 4 proposed bylaw changes and looking for volunteers	Maya Gladstern	Disability Report was given by Christie Porter, well attended and lively discussion	Barbara Hannah
Education Well attended, interesting topics, great conference	Christie Porter	Internal Auditors Panel discussion, lively discussion on internal audit, outsourcing, best practices, audit technologies and GASB	Harsh Jadhav
Legislative No further report	Richard Stensrud	Investment Officers Well attended, discussed 3 subjects – pros and cons of hybrid, smart beta, and roundtable amongst staff	Don Pierce
Nomination No further report	Ray McCray	Internet Technology Small group but lively	Maya Gladstern

		discussion, Section 508/ADA how it affects members and offering options, software for archival docs	
Program Thank you to the program committee and volunteers, looking for feedback	Yves Chery	Ops & Benefits JJ Popowich gave report, discussed overlap in service, changes in how to get information to members, felony convictions and processing	Gladys Smith
		Safety Trustees Skip Murphy gave report, centered on the initiative in Ventura, roundtable discussion on safety issues	Tracy Towner
		General Trustees Roundtable discussion that was well received	John Kelly

10. Adjournment – Meeting adjourned at 10:38 am

Motion: A motion to adjourn the SACRS Business meeting at 10:38 a.m. was submitted by Orange.

2nd: San Diego

Yes: 18

No: 0

Absent: 2

Motion Passes: 18-0-2

Next scheduled SACRS Association Business Meeting will be held Friday, November 14, 2014, Hyatt Monterey, Monterey, CA.

3. Treasurer's Report – Receive and File

Dan McAllister, SACRS Treasurer

- SACRS Financials – July 2014 – September 2014

State Association of County Retirement Systems
Balance Sheet
As of September 2014

	Total
ASSETS	
Current Assets	
Bank of Sacramento - CD FLEX #0899	\$ 300,751.29
Bank of Sacramento - Checking	538,469.64
Bank of Sacramento - CD FLEX #0642	57,020.91
Bank of Sacramento - MMA #0719	167.83
Bank of America Interest Checking #4389	501,783.34
Total Bank Accounts	\$ 1,398,193.01
Other Current Assets	
CalTrust - MMA	\$ 753,956.47
Total Other Current Assets	\$ 753,956.47
TOTAL ASSETS	\$ 2,152,149.48
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	\$ -
Total Current Liabilities	-
Total Liabilities	\$ -
Equity	
Opening Balance Equity	\$ 678,041.75
Retained Earnings	1,060,991.50
Net Income	413,116.23
Total Equity	\$ 2,152,149.48
TOTAL LIABILITIES AND EQUITY	\$ 2,152,149.48

State Association of County Retirement Systems
Budget vs. Actuals
July 2014 - September 2014

	July 2014 - September 2014 Actual	July 2014 - September 2014 Budget	Over/Under July 2014 - September 2014 Budget	Percentage of Annual Budget Recognized	Annual Budget
Income					
Billable Expense Income	5,560.00		5,560.00		
Conference Registration	267,850.00	229,998.00	37,852.00	29.11%	920,000.00
Membership Dues - Affiliates	189,000.00	53,748.00	135,252.00	87.91%	215,000.00
Membership Dues - Non Profit	8,250.00	2,250.00	6,000.00	91.67%	9,000.00
Membership Dues - Systems	94,000.00	23,499.00	70,501.00	100.00%	94,000.00
Sales of Product Income	246.00	249.00	(3.00)	24.60%	1,000.00
UC Berkeley Registration	50,000.00	18,750.00	31,250.00	66.67%	75,000.00
UC Berkeley Sponsorships	10,000.00	16,248.00	(6,248.00)	15.38%	65,000.00
Total Income	\$ 624,906.00	\$ 344,742.00	\$ 280,164.00	45.32%	\$1,379,000.00
Gross Profit	\$ 624,906.00	\$ 344,742.00	\$ 280,164.00	45.32%	\$1,379,000.00
Expenses					
Administrative Fee (SLGS)	39,158.31	36,984.00	2,174.31	26.47%	147,938.00
Administrative Services	720.00	5,250.00	(4,530.00)	3.43%	21,000.00
Audio/Visual equipment	10,272.51	19,998.00	(9,725.49)	12.84%	80,000.00
Bank Charges	6,862.81	9,999.00	(3,136.19)	17.16%	40,000.00
Berkeley & Symposium	21,928.25	47,499.00	(25,570.75)	11.54%	190,000.00
Credit Card Holding Account	-	-	-		
CEO	12,955.60	18,750.00	(5,794.40)	17.27%	75,000.00
CERL	3,848.89	18,750.00	(14,901.11)	5.13%	75,000.00
Commissions & Fees	7,434.13	1,248.00	6,186.13	148.68%	5,000.00
Consulting	7,500.00	7,917.00	(417.00)	23.68%	31,672.00
Dues & Subscriptions	442.26	111.00	331.26	99.38%	445.00

State Association of County Retirement Systems
Budget vs. Actuals
July 2014 - September 2014

	July 2014 - September 2014 Actual	July 2014 - September 2014 Budget	Over/Under July 2014 - September 2014 Budget	Percentage of Annual Budget Recognized	Annual Budget
Education	2,571.46	4,998.00	(2,426.54)	12.86%	20,000.00
Hotels	67,703.35	105,000.00	(37,296.65)	16.12%	420,000.00
Insurance	2,515.40	498.00	2,017.40	125.77%	2,000.00
Legal & Professional Fees	8,252.20	6,249.00	2,003.20	33.01%	25,000.00
Lobby	12,825.00	12,810.00	15.00	25.02%	51,250.00
Meals and Entertainment	570.04	21,249.00	(20,678.96)	0.67%	85,000.00
Office Expenses	203.05	486.00	(282.95)	10.41%	1,950.00
Postage	102.50	498.00	(395.50)	5.13%	2,000.00
Program Material	(11.50)	7,998.00	(8,009.50)	-0.04%	32,000.00
Speakers	3,729.93	12,498.00	(8,768.07)	7.46%	50,000.00
Stationery & Printing	-	300.00	(300.00)	0.00%	1,200.00
Supplies	-	375.00	(375.00)	0.00%	1,500.00
Taxes & Licenses	-	24.00	69.61	0.00%	100.00
Travel	2,692.73	4,998.00	(2,305.27)	13.46%	20,000.00
Total Expenses	\$ 212,276.92	\$ 344,487.00	\$ (132,210.08)	15.40%	\$1,378,055.00
Net Operating Income	\$ 412,629.08	\$ 255.00	\$ 412,374.08	43664.45%	\$ 945.00
Other Income					
Interest Earned	487.15	441.00	46.15		1,765.00
Total Other Income	\$ 487.15	\$ 441.00	\$ 46.15	0.00%	\$ 1,765.00

State Association of County Retirement Systems
Budget vs. Actuals
July 2014 - September 2014

	July 2014 - September 2014 Actual	July 2014 - September 2014 Budget	Over/Under July 2014 - September 2014 Budget	Percentage of Annual Budget Recognized	Annual Budget
Other Expenses					
Operation Reserve	-	675.00	(675.00)	0.00%	2,710.00
Total Other Expenses	\$ -	\$ 675.00	\$ (675.00)	0.00%	\$ 2,710.00
Net Other Income	\$ 487.15	\$ (234.00)	\$ 721.15	-51.55%	\$ (945.00)
Net Income	\$ 413,116.23	\$ 21.00	\$ 413,095.23	43612.90%	\$ -

State Association of County Retirement Systems
Profit & Loss
July - September 2014

	Total
Income	
Billable Expense Income	5,560.00
Conference Registration	267,850.00
Membership Dues - Affiliates	189,000.00
Membership Dues - Non-Profit	8,250.00
Membership Dues-Systems	94,000.00
Sales of Product Income	246.00
UC Berkeley Registration	50,000.00
UC Berkeley Sponsorships	10,000.00
Total Income	\$ 624,906.00
 Gross Profit	 \$ 624,906.00
Expenses	
Administrative Fee (SLGS)	39,158.31
Administrative Services	720.00
Audio/Visual equipment	10,272.51
Bank Charges	6,862.81
Berkeley & Symposium	21,928.25
BofA Credit Card Holding Account	-
CEO	12,955.60
CERL	3,848.89
Commissions & Fees	7,434.13
Consulting	7,500.00
Dues & Subscriptions	442.26
Education	2,571.46
Hotels	67,703.35
Insurance	2,515.40
Legal & Professional Fees	8,252.20
Lobby	12,825.00
Meals and Entertainment	570.04
Office Expense	203.05
Postage	102.50

State Association of County Retirement Systems
Profit & Loss
July - September 2014

	Total
Program Material	(11.50)
Speakers	3,729.93
Stationery & Printing	-
Supplies	-
Taxes & Licenses	-
Travel	2,692.73
Travel Meals	-
Total Expenses	\$ 212,276.92
Net Operating Income	\$ 412,629.08
Other Income	
Interest Earned	487.15
Total Other Income	\$ 487.15
Other Expenses	
Operation Reserve	-
Total Other Expenses	\$ -
Net Other Income	\$ 487.15
Net Income	\$ 413,116.23

4. Board of Director's Report – No Action – No Printed Materials

Yves Chery, SACRS President

- Board of Directors Update

5. Audit Committee Report –No Action – No Printed Materials

Steve Delaney, Audit Committee Chair

- Audit Committee Update

6. SACRS Executive Director Report – No Action – No Printed Materials

Robert Palmer, SACRS Executive Director

- Projects for 2014-2015

7. SACRS Legislative Proposals 2015 – Action Item

Richard Stensrud, Legislative Committee Chair

- LACERA #1
- SACRS BOD CERL Reorganization

SACRS LEGISLATIVE PROPOSAL

Title of Issue: Service Retirement Pending Disability Determination
Association: Los Angeles County Employees Retirement Association
Contact Person: Robert S. Van Der Volgen, Jr.
Phone No.: 626-564-2340
Fax No.: 626-564-2336

- 1. Description of problem:** Under existing Government Code Section 31725.7, a member who files for disability retirement may, if eligible, retire for service while their disability retirement application is pending. If the member is later found to be eligible for disability retirement benefits, appropriate adjustments are made to their retirement allowance retroactive to the effective date of his or her disability retirement.

LACERA, as well as most other '37 Act systems, would allow a retiree under the above scenario to change their retirement option if the Board grants a disability benefit.

However, there appears to be a conflict between Government Code Section 31760, which precludes changes to a member's retirement election after receipt of the first payment of retirement allowance, and Government Code Section 31725.7(d) which states that the optional or unmodified type of allowance selected by the member at the time of retirement for service shall not be binding as to the type of allowance the member receives if the member is awarded a disability retirement.

When LACERA polled other '37 Act systems as to their interpretation and application of Section 31725.7, many systems acknowledged that while they allow for the change of retirement option, that there was ambiguity in the law due to the conflict between the two sections.

- 2. Recommended solution:** Seek legislation to amend Government Code Section 31760 to clarify that a member who retired for service and is later granted a disability retirement benefit may change their retirement option. The recommended amendment is as follows:

Section 31760 is amended to read:

(a) Until the first payment of any retirement allowance is made, a member or retired member, in lieu of the retirement allowance for his life alone, may elect to have the actuarial equivalent of his retirement allowance as of the date of retirement applied to a lesser retirement allowance payable throughout life in accordance with one of the optional settlements specified in this article.

(b) Notwithstanding subdivision (a), the optional or unmodified type of allowance selected by the member at the time of retirement for service shall not be binding as to the type of allowance the member receives if the member is later awarded a disability retirement.

3. **Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?** If enacted, the proposed legislation would be applicable to all '37 Act systems.
4. **Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or creating a problem with any of the other 19 SACRS retirement associations?** No.
5. **Who will support or oppose this proposed change in law?** '37 Act Systems will likely support this as it harmonizes the two sections of CERL.
6. **Who will be available from your association to testify before the legislature?** Chief Counsel, LACERA.

Year 2015 SACRS Legislative Platform Worksheet

Title of Issue: Reorganization of the County Employees Retirement Law
Association: SACRS Board of Directors
Contact Person: Robert Palmer, SACRS Executive Director
Phone #: (209) 483-0404
E-mail: sirbpalmer@aol.com

Please answer the following questions as fully as possible:

1) Describe the issue:

The County Employees Retirement Law (CERL) has its historical roots back to 1937. Over the years, various sections of law have been created, revised and deleted. As a result, any logical sequence in reading the various articles and sections has become very difficult. Often it is necessary to read several scattered sections in order to render an informal opinion.

2) Recommended solution.

Doug Rose, as SACRS President in 2013, proposed that the CERL be re-arranged to bring logic and better understanding to the reader. SACRS retained the services of David Muir, retired Chief Counsel for LACERA and working with a special subcommittee of the SACRS Leg Committee, reorganized the CERL.

SACRS specifically thanks the following individuals on the SACRS Leg Committee who put in significant time and energy in this reorganization project: Yves Chery, Bob Gaumer, Art Goulet, Annette St. Urbain, Julie Wyne and Andy Yeung.

3) Specific language that you would like to be changed in, or added to, '37 Act Law, and suggested code section numbers.

This undertaking was solely for the purpose of making all the code sections in the current 360+ pages of the CERL more logical. No sections were eliminated or changed. As part of the work product, a cross-reference document has been provided to assist the reader in navigating the proposed reorganization.

4) Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association?

The reorganization of the CERL will impact all of the CERL systems.

- 5) Do you anticipate that the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any other of the 19 SACRS retirement systems?

The reorganization has a certain logical sequence to the retirement processes that a member would encounter through out her or his life. This should make it more logical and easier to follow for the trustees and the staff of the CERL systems.

- 6) Who will support or oppose this proposed change in the law?

Again, there are no changes or deletions in this reorganization. Once the various stakeholders understand the logic of the reorganization, we would anticipate their support.

- 7) Who will be available from your association to testify before the Legislature?

SACRS should consider Richard Stensrud as Chair of the SACRS Legislative Committee; David Muir, the consultant retained by SACRS to perform the reorganization; Robert Palmer, SACRS Executive Director and Project Director.

E-mail or mail your legislative proposals to:

Jim Lites
Schott & Lites Advocates, LLC
1510 14th Street
Sacramento, CA 95814
Phone: (916) 444-7158
E-mail: jlites@schottlites.com

8. SACRS Audit Committee Proposal – Action Item
Maya Gladstern, Audit Committee Chair
- Bylaw proposal for Audit Committee

Final:

**State Association of County Retirement Systems (SACRS)
Resolution 2013-05-01
Pertaining to Functions of the SACRS Audit Committee**

Whereas, the State Association of County Retirement Systems is established as a 501(c) 4, a “not-for profit” organization, and

Whereas, the Association has established specific bylaws for its operations, and

Whereas, Bylaws Article XI – Standing Committees, Section 5. Audit Committee comprises the bylaws for the Audit Committee, and

Whereas the Audit Committee recommends the following changes to said Section 5:

The Audit Committee shall be comprised of not less than two (2) regular members selected by the Board from names submitted by the Audit Committee Chair within forty-five (45) days of the President taking office. The President shall appoint the Audit Committee Chair, with Board approval. Audit Committee members shall ~~have~~ **be familiar with** auditing ~~experience~~ **procedures**; shall not receive, directly or indirectly, any consulting, advisory, or other compensatory fees from SACRS; and shall not be from the same County as the SACRS Treasurer. The Audit Committee shall be responsible for all SACRS audits, and its duties shall include, but shall not be limited to, the following:

1. Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
2. Negotiating the auditor’s compensation;
3. Conferring with the auditor regarding the financial affairs of SACRS; and
4. Reviewing and accepting or rejecting the audit.

If SACRS establishes a finance committee, **the Chair of the Audit Committee may not serve on such committee, nor may** a majority of the members of the Audit Committee ~~may not concurrently serve on~~ **concurrently as members of such** finance committee, ~~and the Chair of the Audit Committee may not serve on the finance committee.~~

And **Whereas**, The Board of Directors believes the proposed changes are worthy of further consideration; and

Whereas, The Board of Directors believes that it is necessary to establish formal procedures for the operation of the Audit Committee.

Now, Therefore, Be It Resolved that the proposed bylaw changes be forwarded to the SACRS Bylaws Committee for review and recommendation to the SACRS Organization.

And Be It Further Resolved that the following activities shall be required of the SACRS Audit Committee:

A. In preparation of the annual audit:

Review with the SACRS Executive Director, SACRS Administrator, SACRS Treasurer and outside auditors significant accounting and reporting principles, practices, and procedures applied by the organization in preparing its financial statements.

Discuss with the outside auditors their judgments about the quality--not just the acceptability--of the organization's accounting principles used in financial reporting.

Review the scope and general extent of the outside auditors' annual audit. The committee's review should include an explanation from the outside auditors of the factors considered by them in determining the audit scope, including the major risk factors.

The outside auditors should confirm to the committee that no limitations have been placed on the scope or nature of their audit procedures.

Review the fee arrangement ~~with the outside auditors annually~~ and with the SACRS Administrator prior to meeting with the outside auditors.

Inquire as to the independence of the outside auditors and obtain from the outside auditors, at least annually, a formal written statement delineating all relationships between the outside auditors and SACRS, including other consulting work being performed by the outside auditors with SACRS or any of the association members.

B. At the completion of the annual audit:

(And prior to the presentation of the audit to the SACRS Board of Directors), review with the SACRS Executive Director, SACRS Administrator, and the SACRS Treasurer and the outside auditors the following:

Results of the audit of the financial statements and the related reports thereof and, if applicable, a report on changes during the year in accounting principles and their application.

Significant changes to the audit plan, if any, and serious disputes or difficulties the SACRS Administrator and/or the SACRS Treasurer encountered during the audit.

Inquire about the cooperation received by the outside auditors during their audit, including access to all requested records, data, and information. Ask the outside auditors about any disagreements with the SACRS Administrator or the SACRS Treasurer that, if left unresolved, could have caused them to issue a nonstandard

report on the organization's financial statements.

Discuss with the SACRS Administrator and SACRS Treasurer the quality of the organization's financial and accounting personnel. Also, elicit the comments of the SACRS Administrator and SACRS Treasurer regarding the outside auditors' responsiveness.

Generally, as part of the review of the annual financial statements, receive an oral report (at least annually) from the organization's general counsel regarding legal and regulatory matters that may have a material impact on financial statements.

Meet with the SACRS Administrator, SACRS Executive Director, SACRS Treasurer and the outside auditors to discuss with or develop a plan to address any "material" or "serious" recommendations that the outside auditors may have. Typically, such recommendations will be presented by the outside auditors in the form of a "letter of comments and recommendations" to the committee.

Review the SACRS Administrator or SACRS Treasurer's response to the letter and receive follow-up reports on action taken.

Recommend to the SACRS Board of Directors, the selection, retention, or termination of the outside auditors.

Passed and Adopted on November 14, 2014

Ayes:

Noes:

Absent:

Yves Chery,
SACRS President

Attested to:
Zandra Cholmondeley, Secretary

9. SACRS Nomination Committee – No Action

Ray McCray, Nomination Committee Chair

- Schedule for the Spring 2015 Board of Directors Election

DEADLINE	DESCRIPTION
February 2, 2015	Nominating Committee receives nominations from SACRS membership
March 2, 2015	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 23, 2015	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2015	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 15, 2015	Conduct elections during the SACRS Business Meeting (at end of the May 2015 conference)
May 15, 2015	Board of Directors take office for 1 year

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Ray McCray, SACRS Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections – Reminder for upcoming 2015-2016 BOD Elections

SACRS BOD 2015-2016 Election process begins in January 2015. Please review the following timeline:

DEADLINE	DESCRIPTION
February 2, 2015	Nominating Committee receives nominations from SACRS membership
March 2, 2015	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 23, 2015	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2015	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 15, 2015	Conduct elections during the SACRS Business Meeting (at end of the May 2015 conference)
May 15, 2015	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th.

Continued

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee..."

The elections will be held at the SACRS Spring Conference May 15, 2015, at the Anaheim Marriott, Anaheim, California. Elections will be held during the Annual Business meeting on Friday, May 15th, 2015 at 10 a.m.

If you have any questions or require assistance, please contact SACRS at sulema@sacrs.org. Thank you for your prompt attention to this timely matter.

Sincerely,

Ray McCray

Ray McCray, San Joaquin CERA
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator

10. SACRS Committee & Breakout Reports:

Committee	Breakout Reports
Affiliate	Administrators
Audit	Counsels
Bylaws	Disability
Education	Internal Auditors
Legislative	Investment Officers
Nomination	Operations & Benefits
Program	Safety Trustees
	General Trustees

11. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 15, 2015 at the Anaheim Marriott, Anaheim, California.

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 27, 2014

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

Re: Conference Report

Dear Board Members:

On October 20 and 21, I attended the CRCEA Fall conference in Sacramento. Following is my report.

Because I first attended our Board meeting on October 20, I did not arrive at the conference until late afternoon that day, and was able to hear only part of the last presentation that day. The subject was identity theft, with emphasis on seniors. I was surprised at how sophisticated the perpetrators of the various types of identity theft have become, including the manufacture of phony checks and credit cards that look as authentic as the real ones, and the use of devices that can read identity information from the chips that are increasingly imbedded in credit cards. The bottom line was that everyone needs to be extremely cautious in their use of credit cards, protective of their PINs, and in disposal of paperwork containing identity information.

The first speaker the next morning was Richard Stensrud, CEO of the Sacramento County Employees' Retirement Association. His presentation was excellent. It ranged from why there were so many different benefit formulas in CERL prior to PEPRA, to a clear explanation of UAAL and the unlikely return to overfunded status in the near term, to the use of pension obligation bonds and why they made sense in some instances. He also talked about determination of pensionable compensation, and is a strong advocate for use of base pay only. He concluded with a discussion of the problem county retirement systems have with what he termed "operational authority". That is, in particular, the lack of control trustees have over the salaries they believe are necessary to recruit and retain the staff necessary to effectively manage retirement plans that have become increasingly complex over time. He described the special authority that the Orange County and San Bernardino County systems have, and which the Contra Costa County system will have after January 1, and the informal agreements some systems have with their sponsoring counties. Although he didn't say so specifically, it was clear he was hopeful there might be legislation in the near future that would universally give all CERL systems the option to assume operational authority if their trustees deemed it was a necessary tool for them.

The next speaker was Bob Palmer, Executive Director of SACRS. He briefly described the pension initiative in Ventura County and the actions that prevented it from being placed on the ballot, and thanked CRCEA for its participation in the amicus brief filed by SDCERA. He went on to discuss PEPRA, which he believes is real reform, although it will take time before most of the cost savings attributable to it will accrue. The most obvious tools for reduction in benefits and costs are the new formulas and the limits on pensionable compensation. He also briefly talked about the recent decision by the CalPERS Board to allow inclusion of a wide variety of supplemental payments in an employee's normal monthly rate of pay, and the Stockton bankruptcy where he believed the real party at interest is the members; i.e., the employees and retirees. He concluded by mentioning State Treasurer Bill Lockyer's comments questioning whether a state run pension system is subject to federal bankruptcy court and suggesting that the legislature could close the door to bankruptcy filings by local agencies, and the ongoing

Board of Retirement
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litigation filed by five unions in Marin County over whether or not PEPRRA can apply to both new and legacy members.

The final morning speaker was Michael Bidart, representing one of the law firms engaged in a class action suit against CalPERS regarding long-term care insurance. Although much of his presentation involved legal theories and rules of law, he was extremely clear and understandable. The litigation is moving slowly, although CalPERS lost the first foray in court when its Demurrer was overruled in May of this year. The causes of action against CalPERS include breach of fiduciary responsibility, breach of contract, breach of the covenant of good faith and fair dealing, rescission, declaratory and injunctive relief, and professional negligence (actually against the CalPERS actuary). Rather than go into all the theories behind the causes of action, I have a copy of Mr. Bidart's PowerPoint presentation, which I can provide to any Board member who is interested in seeing it. One of the most interesting aspects of the case is the question, if the plaintiffs prevail, of where the money to pay any judgment would come from. CalPERS has limited resources in terms of insurance coverage (only \$5M) and, although the plaintiffs will seek to have CalPERS pay out of its pension assets, I don't think they can do that, because those assets are held in trust for the CalPERS members. What the plaintiffs will have to do is convince the court that the state is ultimately responsible for any judgment, which is a high hurdle to get over.

The afternoon began with a presentation by Karon Green, Consultant to the Assembly Public Employee, Retirement and Social Security Committee, Pam Schneider, Staff Director of the Senate Public Employment and Retirement Committee, and Amy Brown, CRCEA Lobbyist, which I moderated. They mentioned AB 1824 (Rendon), a CRCEA sponsored bill. This bill would permit, after adoption of a resolution by the Retirement Board making its provisions applicable in the county, a retired member to revise the designated beneficiary of optional settlements elected pursuant to sections 31762, 31763, or 31764 at the time of retirement if, at retirement, the retired member was unmarried or had been married less than one year, the retired member had retired before the Retirement Board adopted what is referred to as "the second spouse provision", the member's spouse is at least 55 years of age and is older than the originally designated beneficiary, and the application to revise includes the signature of the designated beneficiary of the optional settlement. The amount of the retirement benefit would remain unchanged. After mentioning the bill, the group's presentation centered on the Ventura County initiative and the Stockton bankruptcy and its ramifications, and avoided PEPRRA. However, in response to a question I posed, the chief consultants of both legislative committees said they think CalPERS got pensionable compensation right when they allowed supplemental payments to be included. However, when I mentioned that the Governor seemed to agree with CalPERS, they said it was rumored the Governor would not approve the needed CalPERS regulations. I also asked if we could expect clarifying legislation, so that varying interpretations would be eliminated. Their response was that they didn't think so.

The bulk of the rest of the afternoon was a roundtable discussion by representatives of various systems during which they shared news on current issues in their organizations. There are a number of lawsuits in various stages of action throughout the state primarily pertaining to retiree health care benefits. In most of the cases, decisions have gone against the retirees, but there are pending appeals and requests for rehearing.

I'd be happy to answer any questions the Board may have.

Respectfully,



Arthur E. Goulet
Board Member



Prudential Real Estate Investors Client Conference 2015

May 12-13, 2015

The New York Palace
455 Madison Avenue
New York City

Formal invitation and agenda to follow

For inquiries email: prudential.events@prudential.com

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This email was sent by: **Prudential Real Estate Investors**
7 Giralda Farms Madison, NJ, 07940, United States

Hello,

I'd like to extend a dinner invitation to you and members of the staff and System Trustees for Tuesday, November 11th at 7:00 p.m.

I am cohosting the dinner in conjunction with the Fall SACRS Conference in Monterey, CA along with Andre Cuerington from TCW and Mel Lindsay from Nile Capital Group. We would love to have you join us.

Details as follows:

Tuesday, November 11th @ 7 p.m. (Following SACRS Reception - MEET IN THE LOBBY AT 6:45 pm or at the restaurant.)

Tarpy's Roadhouse
2999 Salinas Hwy
Monterey, CA 93940
(831) 647-1444

Transportation will be provided to and from the restaurant.

Please RSVP to me by November 1st.

We hope you can join us. I look forward to seeing you at SACRS!

Kind regards,
Cheryl

Cheryl B. King
Head of North America Institutional
Marketing
and Consultant Relations



phone: 415-676-4138
blackberry: 415-265-9702
cell: 415-215-8882
fax: 415-676-2480
e-mail:
cheryl.king@symphonyasset.com
<http://www.symphonyasset.com/>



*Please join Deutsche Asset & Wealth Management (RREEF)
for dinner
at the upcoming SACRS Conference*

Thursday, November 13th – 6:45pm

Restaurant 1833

~a landmark located in downtown Monterey~

Meet in Hotel Lobby – Transportation to be provided

*Please RSVP by November 2nd to loretta.culhane@db.com
714-640-3894*