

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

November 17, 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.
<b>I. <u>CALL TO ORDER</u></b>	
<b>II. <u>APPROVAL OF AGENDA</u></b>	1 – 4
<b>III. <u>APPROVAL OF MINUTES</u></b>	
A. Special Meeting of October 29, 2014.	5 – 10
B. Disability Meeting of November 3, 2014.	11 – 16
<b>IV. <u>CONSENT AGENDA</u></b>	
A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of October 2014.	17 – 18
B. Receive and File Report of Checks Disbursed in October 2014.	19 – 27
C. Receive and File Statement of Reserves for FY 2013-14 Month Ending June 30, 2014.	28
D. Receive and File Budget Summary for FY 2014-15 Month Ending August 31, 2014.	29
E. Receive and File Budget Summary for FY 2014-15 Month Ending September 30, 2014.	30
F. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Investments & Cash Equivalents for Month Ending August 31, 2014.	31 – 34

V. **STANDING ITEM**

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

VI. **INVESTMENT INFORMATION**

- A. NEPC – Don Stracke, Senior Consultant.
1. Consideration of an Additional Private Equity Commitment to the Pantheon Global Secondary Fund V. 35  
**RECOMMENDED ACTION: Approve.**
  2. Pantheon Presentation of Global Secondary Fund V., Matt Garfinkle, Partner, Matthew Jones, Partner, and Sprague Von Stroh, Vice President. 36 – 66
  3. Memorandum from NEPC on PIMCO, dated November 17, 2014. 67
  4. PIMCO Organizational Update and Strategy Review, David J. Blair, Senior Vice President, Thomas J. Otterbein, Account Manager, and Sasha Talcott, Vice President. 68 – 88
  5. Asset Allocation Update/Workplan Discussion. 89 – 90  
**RECOMMENDED ACTION: Receive and File.**
  6. Receive and File Investment Summary – Quarter Ending September 30, 2014. 91 – 118  
**RECOMMENDED ACTION: Receive and File.**
  7. Receive and File Preliminary Performance Report Month Ending October 31, 2014. 119 – 125  
**RECOMMENDED ACTION: Receive and File.**
  8. Proposed 2015 Due Diligence Calendar. 126 – 127  
**RECOMMENDED ACTION: Approve.**

VII. **Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project**

- A. Memorandum of Understanding with Auditor/Controller. 128 – 132

**VII. Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project (continued)**

- B. VCERIS Project Quarterly Status Report. 133 – 147  
**RECOMMENDED ACTION: Receive and File.**
- C. Monthly Report – October 2014. 148  
**RECOMMENDED ACTION: Receive and File.**

**VIII. OLD BUSINESS**

- A. PEPRA Compensation Resolution – Ashley Dunning.
1. Letter from Manatt, Phelps, & Phillips, dated November 10, 2014. 149 – 151
2. Draft Resolution. 152 – 157  
**RECOMMENDED ACTION: Approve.**
- B. Consideration of Available Options Pursuant to Step #7 of VCERA's Interest Crediting Policy.
1. Letter from Staff. 158
2. Statement of Reserves for FY 2013-14 Month Ending June 30, 2014. 159
3. Interest Crediting Policy. 160 – 164

**IX. NEW BUSINESS**

- A. Decision on Whether to File Amicus Brief in SDCERA v. County of San Diego.
1. Copy of Complaint for Declaratory Relief. 165 – 171
- B. Proposed 2015 Board Calendar. 172 – 173  
**RECOMMENDED ACTION: Approve.**
- C. Trustee Reports, Deanna McCormick, General Employee Member.
1. PIMCO Due Diligence Report. 174 – 178
2. PIMCO Conference Report. 179 – 185

**X. INFORMATIONAL**

- |   |     |
|---|-----|
| A. Invitation to GMO Asset Allocation Discussion, November 20, 2014, Los Angeles. | 186 |
| B. Loomis Sayles Correspondence – Portfolio Manager Update.                       | 187 |
| C. Save the Date: Pension Bridge Conference; April 7 – 8, 2015.                   | 188 |

**XI. PUBLIC COMMENT**

**XII. STAFF COMMENT**

**XIII. BOARD MEMBER COMMENT**

**XIV. ADJOURNMENT**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**BOARD OF RETIREMENT**

**SPECIAL MEETING**

**October 29, 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  
Deanna McCormick, General Employee Member  
Chris Johnston, Alternate Employee Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS** Vacant, General Employee Member  
**ABSENT:**

**STAFF** Tim Thonis, Interim Retirement Administrator  
**PRESENT:** Lori Nemiroff, Assistant County Counsel  
Stephanie Caiazza, Program Assistant

**PLACE:** Crowne Plaza at Ventura Beach  
San Miguel Conference Room B  
450 East Harbor Blvd. Ventura, CA 93001

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

**ITEM:**

**I. Introduction & Approval of Agenda**

Chair Tracy Towner called the Special Meeting of October 29, 2014, to order at 9:00 a.m. Chairman Towner asked for a moment of silence for the loss of Ventura County Sheriff's Deputy Eugene Kostiuchenko.

**MOTION:** Approve the Agenda.

Moved by Henderson, seconded by Goulet.

Vote: Motion carried.

Yes: Goulet, Henderson, McCormick, Johnston, Towner

No: -

Absent: Wilson, Hintz, Sedell, Foy

Mr. Wilson entered the meeting at 9:05 a.m.

**II. Appointment of Retirement Administrator**

Chairman Towner announced that Ms. Linda Webb accepted the position of Retirement Administrator, subject to confirmation by the Board of Retirement and subject to final negotiation of salary and benefits.

**MOTION:** Confirm the appointment of Ms. Webb to the Position of Retirement Administrator for VCERA, and authorize the Chair to request approval from the Board of Supervisors to allow VCERA to reimburse Ms. Webb for moving expenses up to \$10,000.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried.

Yes: Goulet, Henderson, McCormick, Johnston, Wilson, Towner

No: -

Absent: Hintz, Sedell, Foy

**III. Asset Allocation in a Low Return Environment**

Phil Nelson, Director of Asset Allocation, was present on behalf of NEPC to discuss strategic asset allocation approaches.

Mr. Nelson reviewed the economic factors that contributed to institutional investors experiencing a multi-decade period of strong overall returns, outlined the current economic factors and conditions that will challenge investment returns in the future and discussed several investment strategies that have the

potential to assist institutional investors in managing through an expected low return environment.

Mr. Foy and Mr. Sedell arrived at 9:15 a.m.

**IV. Rebalancing & Role of an Investment Officer**

Amit Thanki, Investment Officer for SBCERA (San Bernardino County Employees' Retirement Association), was present to discuss portfolio rebalancing and the role of an investment officer.

Mr. Thanki offered background information on the SBCERA portfolio, how SBCERA rebalanced its portfolio using an "informed" or tactical rebalancing program, the governance structure in place at SBCERA that contributed to the success of the rebalancing program, other portfolio rebalancing strategies, and reviewed how SBCERA's investment professionals supported the Board of Retirement.

**V. Trends in Public Fund Governance**

Don Stracke, Senior Consultant, was present on behalf of NEPC to provide background and discussion on public fund governance.

Mr. Stracke reviewed several different types of governance practices including how different public funds delegate certain investment responsibilities including the hiring of new managers, how different funds conduct due diligence of investment managers, and how frequently investment managers are required to make presentations. Mr. Stracke also provided several examples of how different public funds have structured investment committees.

Mr. Foy and Mr. Sedell exited the meeting at 12:35 p.m.

Mr. Hintz arrived at 1:30 p.m.

**VI. Asset/Liability Study & Investment Policy Statement Review**

After a presentation by Mr. Stracke and discussion between the Board, Mr. Stracke, and Staff, the following motion was made:

MOTION: Continue the asset/liability study with NEPC directed to review, refine, and provide alternatives to the 10% credit allocation.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried.

Yes: Goulet, Henderson, McCormick, Johnston, Hintz, Wilson, Towner

No: -  
Absent: Sedell, Foy

After further discussion, Mr. Goulet suggested minor revisions related to the descriptions for the Tortoise Energy Infrastructure MLP and Parametric Clifton.

MOTION: Approve the Investment Policy, with suggested revisions.

Moved by Goulet, seconded by Henderson.

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

**VII. Disability Hearing Procedures: Goals of Committee's Review**

The Board and Staff discussed possible improvements to VCERA's disability hearing procedures.

Mr. Foy and Mr. Sedell returned to the meeting at 2:00 p.m.

**VIII. State Street Contract Update**

Staff provided an update on contract negotiations with State Street Bank and Trust Company. After Board discussion, the following motion was made:

MOTION: Receive and file update.

Moved by Goulet, seconded by Henderson.

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

**IX. Introduction to Strategic Planning**

The Board and Staff discussed strategic planning objectives.

**X. IRS Model Regulations/Tax Determination Review**

Staff provided an overview of IRS Model regulations, tax determination status, and VCERA tax documents and notices. After Board discussion, the following motions were made:



MOTION: Receive and File VCERA's 2014 Disposition of Separated Account Election Form and 2014 402(f) Notice to Separated Plan Members.

Moved by Foy, seconded by Henderson.

Vote: Motion carried.

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

No: -

MOTION: Comply and implement the provisions of AB 2473 to address CERL failures #1, 6, 9, and 10.

Moved by Henderson, seconded by Foy.

Vote: Motion carried.

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

No: -

The Board resolved to review the remaining material over the next quarter.

**XI. PUBLIC COMMENT**

None.

**XII. STAFF COMMENT**

Ms. Nemiroff extended a dinner invitation, on behalf of Loomis Sayles, to the Board for the evening of November 13, 2014, at the SACRS Fall Conference.

**XIII. BOARD MEMBER COMMENT**

Mr. Towner noted that Ms. Webb formally accepted VCERA's employment offer, and added that the Board would be discussing the implementation of PEPRA pensionable compensation requirements with Ashley Dunning from Manatt, Phelps, & Phillips on November 3, 2014, during closed session.

XIV. ADJOURNMENT

The meeting was adjourned at 4:02 p.m.

Respectfully submitted



TIM THONIS, Interim Retirement Administrator

Approved,

\_\_\_\_\_  
TRACY TOWNER, Chairman

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY MEETING

November 3, 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  
Joseph Henderson, Public Member  
Deanna McCormick, General Employee Member  
Arthur E. Goulet, Retiree Member  
Will Hoag, Alternate Retiree Member  
Chris Johnston, Alternate Safety Employee Member

**DIRECTORS** Vacant, General Employee Member  
**ABSENT:**

**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 November 3, 2014, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Approve the Agenda.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: -

**III. APPROVAL OF MINUTES**

A. Business Meeting of October 20, 2014.

MOTION: Approve the Minutes.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: -

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

MOTION: Receive and file the report.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

**V. APPLICATIONS FOR DISABILITY RETIREMENT**

A. Application for Service Connected Disability Retirement, Elder, William;  
Case No. 14-006.

Paul Hilbun was present on behalf of the County of Ventura Risk Management. Michael Treger, Attorney at Law, was present on behalf of the applicant. The applicant, William Elder, was also present.

Risk Management declined to make a statement. Mr. Treger requested that the Board adopt Risk Management's recommendation to approve the service connected disability retirement.

The following motion was made:

MOTION: Grant the applicant, William Elder, a service connected disability retirement.

Moved by Johnston, seconded by Henderson.

Vote: Motion carried

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

No: -

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

**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.

Upon returning to open session, the Chairman announced that the Board had taken no reportable action.

**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.

MOTION: Waive attorney/client privilege on the Pensionable Compensation Letter from Manatt, Phelps, & Phillips, dated October 28, 2014.

Moved by Henderson, seconded by Goulet.

Vote: Motion carried

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

No: -

Ms. Nemiroff stated that the implementation of PEPRA compensation

requirements will be further considered at the November 17, 2014 business meeting.

2. Consideration of Recommendation to Board of Supervisors Regarding Salary of General Counsel- Retirement.

After Board discussion, the following motion was made:

MOTION: Authorize Chair to sign draft letter to Board of Supervisors, with minor revisions.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

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

No: -

Abstain: Foy

#### **VIII. NEW BUSINESS**

- A. Request from Vice Chairman Wilson to Discuss Changing the Earnings Assumption Rate.

Received public comment from Paul Derse, County Executive Office.

Following discussion by the Board, no action was taken.

- B. Review and Discussion of November 14, 2014 SACRS Business Meeting Agenda Items.

Ms. Nemiroff recommended that the Board vote to support the legislative items endorsed by SACRS, including a possible change to the CERL that will clarify that retired members have the ability to modify their selected retirement plan options upon approval of their pending disability retirements.

MOTION: The Board of Retirement's voting delegate, Ms. McCormick, and alternate voting delegate, Will Hoag, will support the legislative platform proposed by SACRS.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

- C. CRCEA Fall Conference Report, Submitted by Trustee Goulet.

MOTION: Receive and file.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

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

No: -

**IX. INFORMATIONAL**

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

**X. PUBLIC COMMENT**

None.

**XI. STAFF COMMENT**

None.

**XII. BOARD MEMBER COMMENT**

Mr. Wilson requested that next month's agenda include an item on the San Diego County Employees' Retirement Association v. County of San Diego.

**XIII. ADJOURNMENT**

The meeting was adjourned at 11:49 a.m.

Respectfully submitted,



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TIM THONIS, Interim Retirement Administrator

Approved,

\_\_\_\_\_

TRACY TOWNER, Chairman



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

**OCTOBER 2014**

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
<b>REGULAR RETIREMENTS:</b>							
Regina	Artman	G	6/29/1986	29.10	B=0.8697	Sheriff's Department	10/04/14
Celia P.	Bagay	G	10/27/1991	22.90		County Clerk-Recorder	10/01/14
Brenda M.	Barilone	S	10/29/1989	26.80	B=1.8677	Probation Agency	09/20/14
Danilo G.	Battung	G	2/15/1981	33.50		Public Works	09/12/14
Thomas D.	Bazemore	S	12/08/1991	26.80	D=4.00	Harbor Department	09/28/14
Cynthia A.	Bunch	S	09/17/1989	24.20		Probation Agency	09/09/14
Peter	Carter	G	02/13/1994	20.20		Human Services Agency	10/04/14
Danford M.	Clark	G	09/07/1997	21.10	B=0.1151 D=4.00	Information Services Department	09/20/14
Pamela A.	Eichele	G	09/30/2002	12.00		Information Services Department	10/04/14
Barbara J.	Flynn	G	10/28/1990	24.00		Sheriff's Department	09/13/14
Mary S.	Gunn	G	02/16/1988	11.80		Resource Management Agency (Deferred)	08/29/14
Arlene F.	Guitierrez	G	10/29/1980	34.10	B=0.3464	Human Services Agency	09/26/14
Jan	Helfrich	G	07/31/1994	20.10		Public Defender	09/13/14
Jerry C.	Hernandez	S	07/14/1985	29.10		Sheriff's Department	08/29/14
Craig K.	Ichinose	G	04/29/1990	24.40		Human Services Agency	09/27/14
Julius L.	Jackson	G	05/16/1999	15.20		Superior Courts	08/09/14
Robert A.	Likins Jr.	G	08/28/2005	9.00		Health Care Agency	09/06/14
Susan L.	Lopez	G	10/12/1980	33.40		Human Services Agency	09/19/14
Andrew J.	Mendoza	G	01/09/2000	14.00		Health Care Agency	09/19/14
Laurie A.	Montano	G	08/14/1994	19.80		Human Services Agency	09/26/14
Bernice	Munoz	G	11/04/1984	29.30		Agriculture Department	09/27/14
Raja R.	Pakala	G	02/17/1980	34.70	B=0.1134	Public Works	10/04/14
Jaqueline N.	Parodi	G	12/18/2000	7.60		Health Care Agency (Deferred)	09/16/14
Guy E.	Peach	S	09/11/1994	19.20	C=1.368	Sheriff's Department	11/22/13
Matthew P.	Smith	G	03/11/1989	3.30	C=11.55597	Regional Sanitation District (Deferred)	08/28/14
Deanna W.	Smitha	G	08/07/2000	12.60	C=0.79	Animal Regulations	10/01/14
Rick L.	Verburg	G	08/23/1998	14.30		Health Care Agency	09/29/14

**DEFERRED RETIREMENTS:**

Katie	Abajian	G	07/07/2013	1.08 *		Human Services Agency	08/04/2014
Ana	Avila	G	05/06/2007	6.84		Human Services Agency	10/10/2014
Amber	Bell	G	01/15/2006	7.72		Animal Regulations	09/09/2014
Jennifer	Burell	G	04/15/2002	11.00	C=1.323	Health Care Agency	09/13/2014
Michael A.	Deckrow	S	06/24/2001	7.84		Harbor Department	09/13/2014
Brady	Gergovich	G	06/08/2008	6.32		Agricultural Commissioner	10/03/2014
Holly	Harris	G	12/27/2012	1.73	C=7.29	Resource Management Agency	10/03/2014
David	James	G	05/03/1998	16.43		Sheriff's Department	10/10/2014
Linda	Kodman	G	08/12/2007	8.46	A=1.93	Health Care Agency	09/12/2014
Maria	Madera	G	08/20/2000	12.29		Health Care Agency	10/06/2014
Abraham	Miguel	G	10/01/2007	6.86 *		VRSD	10/10/2014
Gary D.	Weaver	G	09/11/2005	8.96		Health Care Agency	09/19/2014

**SURVIVORS' CONTINUANCES:**

Donald L. Anspaugh  
Kathryn L. Benoit

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

**OCTOBER 2014**

<b>FIRST NAME</b>	<b>LAST NAME</b>	<b>DATE OF G/S MEMBERSHIP</b>	<b>TOTAL SERVICE</b>	<b>OTHER SERVICE</b>	<b>DEPARTMENT</b>	<b>EFFECTIVE DATE</b>
Bill J.	Butler					
Lee A.	Hess					
Alison P.	Mead					
Judy	Simon					
Angela A.	Smart					
Yoshie	Zwald					

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

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 1 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<b>Company: VCERA</b>										
Acct / Sub:	1002		00							
024271	CK	10/2/2014	102463 ROSE M. PAREDES	04-15	019139	VO	REFUND T2 COL	10/2/2014	0.00	17,497.96
024272	CK	10/2/2014	102794 MARGARET M. NORRIS	04-15	019140	VO	REFUND T2 COL	10/2/2014	0.00	15,809.02
024273	CK	10/2/2014	105164 ANA M. MONTES	04-15	019141	VO	REFUND T2 COL	10/2/2014	0.00	24,392.47
024274	CK	10/2/2014	118001 MALIA A. ACOSTA	04-15	019142	VO	REFUND- CONTRIB	10/2/2014	0.00	19,762.67
024275	CK	10/2/2014	118254 GERARD EUGENIO	04-15	019143	VO	REFUND- CONTRIB	10/2/2014	0.00	23,819.47
024276	CK	10/2/2014	118254R J.P. MORGAN CLEARING CORPC	04-15	019144	VO	ROLLOVER	10/2/2014	0.00	24,790.46
024277	CK	10/2/2014	118842 CHRISTINA J. THERRIEN	04-15	019145	VO	REFUND- CONTRIB	10/2/2014	0.00	25,684.57
024278	CK	10/2/2014	120998 ANNETTE M. CARLOS	04-15	019146	VO	REFUND- CONTRIB	10/2/2014	0.00	5,529.90
024279	CK	10/2/2014	122050R FIDELITY MANAGEMENT TRUST	04-15	019147	VO	ROLLOVER	10/2/2014	0.00	9,593.36
024280	CK	10/2/2014	123205R FIDELITY	04-15	019148	VO	ROLLOVER	10/2/2014	0.00	4,804.81
024281	CK	10/2/2014	123765 SONIA L. ARELLANO	04-15	019149	VO	REFUND- CONTRIB	10/2/2014	0.00	1,083.63
024282	CK	10/2/2014	123886 JOHN R. PETUOGLU	04-15	019150	VO	REFUND- CONTRIB	10/2/2014	0.00	2,258.50
024283	CK	10/2/2014	221067 KELLI FERNANDEZ	04-15	019151	VO	REFUND- CONTRIB	10/2/2014	0.00	7.21

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 2 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
024284	CK	10/2/2014	F1912B1 MICHAEL E. MELINE	04-15		019152	VO	DEATH BENEFIT	10/2/2014	0.00	2,136.27
024285	CK	10/2/2014	F1912B2 KATHLEEN E. TALLEY	04-15		019153	VO	DEATH BENEFIT	10/2/2014	0.00	1,976.04
024286	CK	10/2/2014	F2825B1 WINFRED DELEON	04-15		019154	VO	DEATH BENEFIT	10/2/2014	0.00	1,341.50
024287	CK	10/2/2014	F2825B2 NATIONAL FINANCIAL SERVICES	04-15		019155	VO	ROLLOVER	10/2/2014	0.00	1,676.88
024288	CK	10/2/2014	F2825B3 ALMA DELEON OKUI	04-15		019156	VO	DEATH BENEFIT	10/2/2014	0.00	1,240.89
024289	CK	10/2/2014	F4835S PATRICK D. KELLY	04-15		019157	VO	DEATH BENEFIT	10/2/2014	0.00	3,815.85
024290	CK	10/2/2014	XXXXX1289 GLORIA M. VERSLUIS	04-15		019158	VO	REFUND- CONTRIB	10/2/2014	0.00	1,074.60
024291	CK	10/2/2014	XXXXX9069R LPL FINANCIAL	04-15		019159	VO	ROLLOVER	10/2/2014	0.00	30,518.97
024292	CK	10/2/2014	CMP CMP & ASSOCIATES, INC	04-15		019160	VO	IT/PAS	10/2/2014	0.00	23,823.75
024293	CK	10/2/2014	CUSTOM CUSTOM PRINTING	04-15		019161	VO	ADMIN EXP	10/2/2014	0.00	140.40
024294	CK	10/2/2014	LINEA LINEA SOLUTIONS	04-15		019162	VO	IT/PAS	10/2/2014	0.00	76,723.98
024295	CK	10/2/2014	VITECH VITECH SYSTEMS GROUP INC	04-15		019163	VO	PAS	10/2/2014	0.00	48,625.00
024296	CK	10/8/2014	100729 DANILO G. BATTUNG	04-15		019164	VO	REFUND T2 COL	10/8/2014	0.00	18,506.79

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 3 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
024297	CK	10/8/2014	105400 ANDREW J. MENDOZA	04-15		019165	VO	REFUND T2 COL	10/8/2014	0.00	5,380.62
024298	CK	10/8/2014	109825 AMBER N. MORLAN	04-15		019166	VO	REFUND -CONTRIB	10/8/2014	0.00	2,873.53
024299	CK	10/8/2014	122553 TAKAMASA C. OKAWA	04-15		019167	VO	REFUND -CONTRIB	10/8/2014	0.00	6,873.31
024300	CK	10/8/2014	F2086B1 MARTIN B. WEWERKA	04-15		019168	VO	DEATH BENEFIT	10/8/2014	0.00	196.32
024301	CK	10/8/2014	F2086B2 RICHARD K. WEWERKA	04-15		019169	VO	DEATH BENEFIT	10/8/2014	0.00	196.32
024302	CK	10/8/2014	F2086B3 FRANK N. WEWERKA	04-15		019170	VO	DEATH BENEFIT	10/8/2014	0.00	196.32
024303	CK	10/8/2014	F2703 RAYMOND T. PHILLIPS	04-15		019171	VO	PENSION PAYMENT	10/8/2014	0.00	2,616.11
024304	CK	10/8/2014	F2991B1 CHASE BANK	04-15		019172	VO	ROLLOVER	10/8/2014	0.00	5,453.19
024305	CK	10/8/2014	F6325 VIRGINIA J. MORTON	04-15		019173	VO	PENSION PAYMENT	10/8/2014	0.00	891.10
024306	CK	10/8/2014	BARNEY ABU COURT REPORTING INC	04-15		019174	VO	ADMIN EXP	10/8/2014	0.00	315.00
024307	CK	10/8/2014	CORPORATE STAPLES ADVANTAGE	04-15		019175	VO	ADMIN EXP	10/8/2014	0.00	121.99
024308	CK	10/8/2014	CPS COOPERATIVE PERSONNEL SEF	04-15		019176	VO	ADMIN EXP	10/8/2014	0.00	6,047.03
024309	CK	10/8/2014	HARRIS HARRIS WATER CONDITIONING	04-15		019177	VO	ADMIN EXP	10/8/2014	0.00	104.50
024310	CK	10/8/2014	SBS SBS GROUP	04-15		019178	VO	IT	10/8/2014	0.00	306.25

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 4 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
024311	CK	10/8/2014	SEGAL SEGAL CONSULTING	04-15		019179	VO	ACTUARY FEES	10/8/2014	0.00	26,000.00
024312	CK	10/8/2014	SPRUCE SPRUCEGROVE INVESTMENT M	04-15		019180	VO	INVESTMENT FEES	10/8/2014	0.00	59,943.80
024313	CK	10/8/2014	VITECH VITECH SYSTEMS GROUP INC	04-15		019181	VO	PAS	10/8/2014	0.00	139,200.00
024314	CK	10/8/2014	VOLT VOLT	04-15		019182	VO	ADMIN EXP	10/8/2014	0.00	725.76
024315	CK	10/8/2014	WSJ WALL STREET JOURNAL	04-15		019183	VO	ADMIN EXP	10/8/2014	0.00	7.42
024316	CK	10/15/2014	118518 JOSHUA K. NICHOLS	04-15		019184	VO	REFUND- CONTRIB	10/15/2014	0.00	4,251.42
024317	CK	10/15/2014	118518R BRANDED HEARTS DISTILLERY	04-15		019185	VO	ROLLOVER	10/15/2014	0.00	21,180.87
024318	CK	10/15/2014	120095 RYAN CHERRICK	04-15		019186	VO	REFUND- CONTRIB	10/15/2014	0.00	579.92
024319	CK	10/15/2014	120095R BRANDED HEARTS DISTILLERY	04-15		019187	VO	ROLLOVER	10/15/2014	0.00	35,448.83
024320	CK	10/15/2014	F1341S ALISON P. MEAD	04-15		019188	VO	DEATH BENEFIT	10/15/2014	0.00	3,730.93
024321	CK	10/15/2014	F1811S ANGELAA. SMART	04-15		019189	VO	DEATH BENEFIT	10/15/2014	0.00	1,450.87
024322	CK	10/15/2014	F3235B1 ROEZAN MILES	04-15		019190	VO	DEATH BENEFIT	10/15/2014	0.00	16.27
024323	CK	10/15/2014	F3918B1 LAMP FAMILY TRUST	04-15		019191	VO	DEATH BENEFIT	10/15/2014	0.00	980.66

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 5 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
024324	CK	10/15/2014	F5164S CBC FEDERAL CREDIT UNION	04-15		019192	VO	ROLLOVER	10/15/2014	0.00	3,232.66
024325	CK	10/15/2014	F6951S DONALD L. ANSPAUGH	04-15		019193	VO	DEATH BENEFIT	10/15/2014	0.00	4,201.12
024326	CK	10/15/2014	F7123B2 BRENDA HILL	04-15		019194	VO	DEATH BENEFIT	10/15/2014	0.00	1,187.72
024327	CK	10/15/2014	101602 HENRY SOLIS	04-15		019195	VO	REIMBURSEMENT	10/15/2014	0.00	80.98
024328	CK	10/15/2014	ADP ADP LLC	04-15		019196	VO	ADMIN EXP	10/15/2014	0.00	11,379.91
024329	CK	10/15/2014	BARNEY ABU COURT REPORTING INC	04-15		019197	VO	ADMIN EXP	10/15/2014	0.00	315.00
024330	CK	10/15/2014	CORPORATE STAPLES ADVANTAGE	04-15		019198	VO	ADMIN EXP	10/15/2014	0.00	174.63
024331	CK	10/15/2014	MEGAPATH MEGAPATH	04-15		019199	VO	IT/PAS	10/15/2014	0.00	638.46
024332	CK	10/15/2014	VITECH VITECH SYSTEMS GROUP INC	04-15		019200	VO	PAS	10/15/2014	0.00	13,600.00
024333	CK	10/15/2014	VOLT VOLT	04-15		019201	VO	ADMIN EXP	10/15/2014	0.00	622.08
024334	CK	10/22/2014	106386 MICHAEL A. DECKROW	04-15		019202	VO	REFUND- CONTRIB	10/22/2014	0.00	58,829.74
024335	CK	10/22/2014	121591 LAURA K. AMEZCUA	04-15		019203	VO	REFUND- CONTRIB	10/22/2014	0.00	9,730.43
024336	CK	10/22/2014	123566 ANALILIA GARCIA	04-15		019204	VO	REFUND- CONTRIB	10/22/2014	0.00	3,409.09
024337	CK	10/22/2014	F0229S KATHRYN L. BENOIT	04-15		019205	VO	DEATH BENEFIT	10/22/2014	0.00	1,367.95

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 6 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
024338	CK	10/22/2014	F4432B1 MARGARET A. QUEEN	04-15		019206	VO	DEATH BENEFIT	10/22/2014	0.00	4,433.10
024339	CK	10/22/2014	AT&T AT & T MOBILITY	04-15		019207	VO	IT	10/22/2014	0.00	289.05
024340	CK	10/22/2014	BROWN BROWN ARMSTRONG	04-15		019208	VO	ADMIN EXP	10/22/2014	0.00	6,642.12
024341	CK	10/22/2014	CINTAS CINTAS CORP	04-15		019209	VO	ADMIN EXP	10/22/2014	0.00	130.40
024342	CK	10/22/2014	CMP CMP & ASSOCIATES, INC	04-15		019210	VO	IT	10/22/2014	0.00	30,240.00
024343	CK	10/22/2014	HEXAVEST HEXAVEST INC	04-15		019211	VO	INVESTMENT FEES	10/22/2014	0.00	94,212.50
024344	CK	10/22/2014	LINEA LINEA SOLUTIONS	04-15		019212	VO	IT/PAS	10/22/2014	0.00	56,677.05
024345	CK	10/22/2014	MANATT MANATT, PHELPS, PHILLIPS	04-15		019213	VO	LEGAL FEES	10/22/2014	0.00	126.00
024346	CK	10/22/2014	MBS MANAGED BUSINESS SOLUTION	04-15		019214	VO	PAS	10/22/2014	0.00	3,425.00
024347	CK	10/22/2014	NEPC NEPC, LLC	04-15		019215	VO	INVESTMENT FEES	10/22/2014	0.00	68,750.00
024348	CK	10/22/2014	STATE STATE STREET BANK AND TRUS	04-15		019216	VO	INVESTMENT FEES	10/22/2014	0.00	8,210.09
024349	CK	10/22/2014	TWC TIME WARNER CABLE	04-15		019217	VO	IT	10/22/2014	0.00	481.97
024350	CK	10/22/2014	VITECH VITECH SYSTEMS GROUP INC	04-15		019218	VO	PAS	10/22/2014	0.00	139,200.00



Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 7 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
024351	CK	10/22/2014	VOLT VOLT	04-15		019219	VO	ADMIN EXP	10/22/2014	0.00	3,197.88
024352	CK	10/30/2014	CA SDU CALIFORNIA STATE	04-15		019220	VO	CRT ORDERED PMT	10/29/2014	0.00	1,052.47
024353	CK	10/30/2014	CALPERS CALPERS LONG-TERM	04-15		019221	VO	INSURANCE	10/29/2014	0.00	18,884.47
024354	CK	10/30/2014	CHILD21 OREGON DEPT OF JUSTICE	04-15		019222	VO	CRT ORDERED PMT	10/29/2014	0.00	171.74
024355	CK	10/30/2014	CHILD5 STATE DISBURSEMENT UNIT (S	04-15		019223	VO	CRT ORDERED PMT	10/29/2014	0.00	511.00
024356	CK	10/30/2014	CHILD9 SHERIDA SEGALL	04-15		019224	VO	CRT ORDERED PMT	10/29/2014	0.00	260.00
024357	CK	10/30/2014	COUNTY2 COUNTY OF VENTURA	04-15		019225	VO	PENSION PAYMENT	10/29/2014	0.00	52,768.80
024358	CK	10/30/2014	CVMP COUNTY OF VENTURA	04-15		019226	VO	INSURANCE	10/29/2014	0.00	542,827.90
024359	CK	10/30/2014	FTBCA3 FRANCHISE TAX BOARD	04-15		019227	VO	GARNISHMENT	10/29/2014	0.00	137.26
024360	CK	10/30/2014	IRS6 INTERNAL REVENUE SERVICE	04-15		019228	VO	GARNISHMENT	10/29/2014	0.00	321.00
024361	CK	10/30/2014	IRS7 INTERNAL REVENUE SERVICE	04-15		019229	VO	GARNISHMENT	10/29/2014	0.00	500.00
024362	CK	10/30/2014	REAVC RETIRED EMPLOYEES' ASSOCIA	04-15		019230	VO	DUES	10/29/2014	0.00	4,197.00
024363	CK	10/30/2014	SEIU SEIU LOCAL 721	04-15		019231	VO	DUES	10/29/2014	0.00	297.50
024364	CK	10/30/2014	SPOUSE2 KELLY SEARCY	04-15		019232	VO	CRT ORDERED PMT	10/29/2014	0.00	1,874.00

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 8 of 9  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
024365	CK	10/30/2014	SPOUSE3 ANGELINA ORTIZ	04-15		019233	VO	CRT ORDERED PMT	10/29/2014	0.00	250.00
024366	CK	10/30/2014	SPOUSE4 CATHY C. PEET	04-15		019234	VO	CRT ORDERED PMT	10/29/2014	0.00	550.00
024367	CK	10/30/2014	SPOUSE5 SUZANNA CARR	04-15		019235	VO	CRT ORDERED PMT	10/29/2014	0.00	829.00
024368	CK	10/30/2014	SPOUSE6 BARBARA JO GREENE	04-15		019236	VO	CRT ORDERED PMT	10/29/2014	0.00	675.00
024369	CK	10/30/2014	SPOUSE7 MARIA G. SANCHEZ	04-15		019237	VO	CRT ORDERED PMT	10/29/2014	0.00	104.00
024370	CK	10/30/2014	VCDSA VENTURA COUNTY DEPUTY	04-15		019238	VO	INSURANCE	10/29/2014	0.00	248,622.13
024371	CK	10/30/2014	VCPFF VENTURA COUNTY PROFESSIOI	04-15		019239	VO	INSURANCE	10/29/2014	0.00	70,076.71
024372	CK	10/30/2014	VRSD VENTURA REGIONAL	04-15		019240	VO	INSURANCE	10/29/2014	0.00	6,423.84
024373	CK	10/30/2014	VSP VISION SERVICE PLAN - (CA)	04-15		019241	VO	INSURANCE	10/29/2014	0.00	8,299.50
024374	CK	10/30/2014	990002 ARTHUR E. GOULET	04-15		019242	VO	TRAVEL REIMB	10/29/2014	0.00	489.55
024374	CK	10/30/2014	990002 ARTHUR E. GOULET	04-15		019243	VO	TRAVEL REIMB	10/29/2014	0.00	57.12
024375	CK	10/30/2014	BOFA BUSINESS CARD	04-15		019244	VO	ADMIN EX/IT/PAS	10/29/2014	0.00	1,384.18
024376	CK	10/30/2014	CORPORATE STAPLES ADVANTAGE	04-15		019245	VO	ADMIN EXP	10/29/2014	0.00	744.97
024377	CK	10/30/2014	COUNTY COUNTY COUNSEL	04-15		019246	VO	LEGAL FEES	10/29/2014	0.00	30,424.59
<b>Check Total</b>											<b>546.67</b>

Date: Tuesday, November 11, 2014  
 Time: 12:31PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 04-15 As of: 11/11/2014

Page: 9 of 9  
 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
024378	CK	10/30/2014	CPS COOPERATIVE PERSONNEL SEF	04-15	019247	VO	ADMIN EXP	10/29/2014	0.00	5,739.72
024379	CK	10/30/2014	CUSTOM CUSTOM PRINTING	04-15	019248	VO	ADMIN EXP	10/29/2014	0.00	290.68
024380	CK	10/30/2014	LOOMIS LOOMIS, SAYLES & CO., LP	04-15	019249	VO	INVESTMENT FEES	10/29/2014	0.00	185,545.01
024381	CK	10/30/2014	LOWE AL LOWE CONSTRUCTIONS, INC	04-15	019250	VO	ADMIN EXP	10/29/2014	0.00	1,600.00
024382	CK	10/30/2014	MF M.F. DAILY CORPORATION	04-15	019251	VO	ADMIN EXP	10/29/2014	0.00	15,200.57
024383	CK	10/30/2014	SPRUCE SPRUCEGROVE INVESTMENT M	04-15	019252	VO	INVESTMENT FEES	10/29/2014	0.00	58,189.02
024384	CK	10/30/2014	TORTOISE TORTOISE CAPITAL ADVISORS	04-15	019253	VO	INVESTMENT FEES	10/29/2014	0.00	243,759.84
024385	CK	10/30/2014	VOLT VOLT	04-15	019254	VO	ADMIN EXP	10/29/2014	0.00	1,480.68

Check Count: 115

**Acct Sub Total: 2,741,047.47**

Check Type	Count	Amount Paid
Regular	115	2,741,047.47
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
<b>Total:</b>	<b>115</b>	<b>2,741,047.47</b>

<b>Company Disc Total</b>	<b>0.00</b>	<b>Company Total</b>	<b>2,741,047.47</b>
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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>2,664,950</u>	
<b>TOTAL VALUATION RESERVES</b>		<b>\$ 3,910,800,797</b>

**NON-VALUATION RESERVES:**

SUPPLEMENTAL MEDICAL (\$27.50)	10,401,838	
CONTINGENCY	<u>43,611,864</u>	
<b>TOTAL NON-VALUATION RESERVES</b>		<b><u>54,013,702</u></b>
<b>TOTAL RESERVES (ACTUARIAL VALUATION)</b>		<b>\$ 3,964,814,499</b>
MARKET STABILIZATION		<u>310,071,365</u>
<b>TOTAL RESERVES (MARKET VALUE)</b>		<b><u><u>\$ 4,274,885,864</u></u></b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BUDGET SUMMARY FISCAL YEAR 2014-2015  
August 2014 - 16.66% of Fiscal Year Expended**

EXPENDITURE DESCRIPTIONS	Adopted 2014/2015 Budget	Adjusted 2014/2015 Budget	Aug-14	Year to Date Expended	Available Balance	Percent Expended
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 1,842,500.00	\$ 1,842,500.00	\$ 104,079.95	\$ 171,591.88	\$ 1,670,908.12	9.31%
Extra-Help	62,600.00	62,600.00	10,081.53	13,111.71	49,488.29	20.95%
Overtime	1,000.00	1,000.00	0.00	200.67	799.33	20.07%
Supplemental Payments	59,600.00	59,600.00	3,129.00	5,152.24	54,447.76	8.64%
Vacation Redemption	102,500.00	102,500.00	0.00	5,489.61	97,010.39	5.36%
Retirement Contributions	366,000.00	366,000.00	19,636.46	34,001.53	331,998.47	9.29%
OASDI Contributions	115,600.00	115,600.00	6,451.17	10,885.73	104,714.27	9.42%
FICA-Medicare	29,100.00	29,100.00	1,508.74	2,545.89	26,554.11	8.75%
Retiree Health Benefit	13,300.00	13,300.00	1,395.20	2,790.40	10,509.60	20.98%
Group Health Insurance	182,100.00	182,100.00	10,545.00	17,339.40	164,760.60	9.52%
Life Insurance/Mgmt	1,100.00	1,100.00	69.20	115.58	984.42	10.51%
Unemployment Insurance	2,300.00	2,300.00	124.86	205.82	2,094.18	8.95%
Management Disability Insurance	4,500.00	4,500.00	252.94	414.43	4,085.57	9.21%
Worker' Compensation Insurance	13,400.00	13,400.00	740.50	1,283.88	12,116.12	9.58%
401K Plan Contribution	33,100.00	33,100.00	1,587.13	2,603.61	30,496.39	7.87%
Transfers In	150,700.00	150,700.00	6,090.19	10,121.22	140,578.78	6.72%
Transfers Out	(150,700.00)	(150,700.00)	(6,090.19)	(10,121.22)	(140,578.78)	6.72%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 2,828,700.00</b>	<b>\$ 2,828,700.00</b>	<b>\$ 159,601.68</b>	<b>\$ 267,732.38</b>	<b>\$ 2,560,967.62</b>	<b>9.46%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 37,800.00	\$ 37,800.00	\$ 4,657.25	\$ 4,657.25	\$ 33,142.75	12.32%
General Insurance - ISF	12,200.00	12,200.00	0.00	0.00	12,200.00	0.00%
Office Equipment Maintenance	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00%
Membership and Dues	9,500.00	9,500.00	200.00	4,200.00	5,300.00	44.21%
Education Allowance	10,000.00	10,000.00	0.00	2,000.00	8,000.00	20.00%
Cost Allocation Charges	(35,400.00)	(35,400.00)	0.00	0.00	(35,400.00)	0.00%
Printing Services - Not ISF	3,000.00	3,000.00	0.00	0.00	3,000.00	0.00%
Books & Publications	2,500.00	2,500.00	50.00	50.00	2,450.00	2.00%
Office Supplies	20,000.00	20,000.00	150.08	704.86	19,295.14	3.52%
Postage & Express	59,700.00	59,700.00	7,803.53	7,803.53	51,896.47	13.07%
Printing Charges - ISF	10,000.00	10,000.00	0.00	0.00	10,000.00	0.00%
Copy Machine Services - ISF	6,500.00	6,500.00	0.00	0.00	6,500.00	0.00%
Board Member Fees	12,000.00	12,000.00	0.00	1,200.00	10,800.00	10.00%
Professional Services	1,074,000.00	1,074,000.00	13,636.75	97,209.00	976,791.00	9.05%
Storage Charges	5,500.00	5,500.00	345.44	672.34	4,827.66	12.22%
Equipment	0.00	0.00	0.00	0.00	0.00	#DIV/0!
Office Lease Payments	186,000.00	186,000.00	15,200.57	30,401.14	155,598.86	16.34%
Private Vehicle Mileage	9,000.00	9,000.00	119.84	157.92	8,842.08	1.75%
Conference, Seminar and Travel	63,000.00	63,000.00	2.00	294.00	62,706.00	0.47%
Furniture	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Facilities Charges	3,900.00	3,900.00	214.00	214.00	3,686.00	5.49%
Transfers In	16,000.00	16,000.00	646.75	1,074.83	14,925.17	6.72%
Transfers Out	(16,000.00)	(16,000.00)	(646.75)	(1,074.83)	(14,925.17)	6.72%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,495,200.00</b>	<b>\$ 1,495,200.00</b>	<b>\$ 42,379.46</b>	<b>\$ 149,564.04</b>	<b>\$ 1,345,635.96</b>	<b>10.00%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 4,323,900.00</b>	<b>\$ 4,323,900.00</b>	<b>\$ 201,981.14</b>	<b>\$ 417,296.42</b>	<b>\$ 3,906,603.58</b>	<b>9.65%</b>
<b>Technology:</b>						
Computer Hardware	\$ 32,600.00	\$ 32,600.00	\$ -	-	\$ 32,600.00	0.00%
Computer Software	193,000.00	193,000.00	999.00	999.00	192,001.00	0.52%
Systems & Application Support	670,200.00	670,200.00	39,908.65	29,925.33	640,274.67	4.47%
Pension Administration System	1,621,400.00	1,621,400.00	89,244.37	89,244.37	1,532,155.63	5.50%
<b>Total Technology</b>	<b>\$ 2,517,200.00</b>	<b>\$ 2,517,200.00</b>	<b>\$ 130,152.02</b>	<b>\$ 120,168.70</b>	<b>\$ 2,397,031.30</b>	<b>4.77%</b>
Contingency	\$ 615,200.00	\$ 615,200.00	\$ -	\$ -	\$ 615,200.00	0.00%
<b>Total Current Year</b>	<b>\$ 7,456,300.00</b>	<b>\$ 7,456,300.00</b>	<b>\$ 332,133.16</b>	<b>\$ 537,465.12</b>	<b>\$ 6,918,834.88</b>	<b>7.21%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2014-2015**  
**September 2014 - 25.00% of Fiscal Year Expended**

EXPENDITURE DESCRIPTIONS	Adopted 2014/2015 Budget	Adjusted 2014/2015 Budget	Sep-14	Year to Date Expended	Available Balance	Percent Expended
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 1,842,500.00	\$ 1,842,500.00	\$ 117,004.18	\$ 288,596.06	\$ 1,553,903.94	15.66%
Extra-Help	62,600.00	62,600.00	5,751.00	18,862.71	43,737.29	30.13%
Overtime	1,000.00	1,000.00	0.00	200.67	799.33	20.07%
Supplemental Payments	59,600.00	59,600.00	3,549.56	8,701.80	50,898.20	14.60%
Vacation Redemption	102,500.00	102,500.00	915.58	6,405.19	96,094.81	6.25%
Retirement Contributions	366,000.00	366,000.00	22,060.29	56,061.82	309,938.18	15.32%
OASDI Contributions	115,600.00	115,600.00	7,346.12	18,231.85	97,368.15	15.77%
FICA-Medicare	29,100.00	29,100.00	1,718.03	4,263.92	24,836.08	14.65%
Retiree Health Benefit	13,300.00	13,300.00	2,790.40	5,580.80	7,719.20	41.96%
Group Health Insurance	182,100.00	182,100.00	11,115.00	28,454.40	153,645.60	15.63%
Life Insurance/Mgmt	1,100.00	1,100.00	74.39	189.97	910.03	17.27%
Unemployment Insurance	2,300.00	2,300.00	141.09	346.91	1,953.09	15.08%
Management Disability Insurance	4,500.00	4,500.00	283.98	698.41	3,801.59	15.52%
Worker' Compensation Insurance	13,400.00	13,400.00	869.60	2,153.48	11,246.52	16.07%
401K Plan Contribution	33,100.00	33,100.00	1,815.56	4,419.17	28,680.83	13.35%
Transfers In	150,700.00	150,700.00	5,591.52	15,712.74	134,987.26	10.43%
Transfers Out	(150,700.00)	(150,700.00)	(5,591.52)	(15,712.74)	(134,987.26)	10.43%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 2,828,700.00</b>	<b>\$ 2,828,700.00</b>	<b>\$ 175,434.78</b>	<b>\$ 443,167.16</b>	<b>\$ 2,385,532.84</b>	<b>15.67%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 37,800.00	\$ 37,800.00	\$ 3,441.39	\$ 8,098.64	\$ 29,701.36	21.42%
General Insurance - ISF	12,200.00	12,200.00	0.00	0.00	12,200.00	0.00%
Office Equipment Maintenance	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00%
Membership and Dues	9,500.00	9,500.00	119.00	4,319.00	5,181.00	45.46%
Education Allowance	10,000.00	10,000.00	0.00	2,000.00	8,000.00	20.00%
Cost Allocation Charges	(35,400.00)	(35,400.00)	0.00	0.00	(35,400.00)	0.00%
Printing Services - Not ISF	3,000.00	3,000.00	323.59	323.59	2,676.41	10.79%
Books & Publications	2,500.00	2,500.00	99.00	149.00	2,351.00	5.96%
Office Supplies	20,000.00	20,000.00	1,026.29	1,731.15	18,268.85	8.66%
Postage & Express	59,700.00	59,700.00	5,067.64	12,871.17	46,828.83	21.56%
Printing Charges - ISF	10,000.00	10,000.00	1,191.20	1,191.20	8,808.80	11.91%
Copy Machine Services - ISF	6,500.00	6,500.00	0.00	0.00	6,500.00	0.00%
Board Member Fees	12,000.00	12,000.00	1,200.00	2,400.00	9,600.00	20.00%
Professional Services	1,074,000.00	1,074,000.00	99,392.83	196,601.83	877,398.17	18.31%
Storage Charges	5,500.00	5,500.00	360.85	1,033.19	4,466.81	18.79%
Equipment	0.00	0.00	0.00	0.00	0.00	#DIV/0!
Office Lease Payments	186,000.00	186,000.00	15,200.57	45,601.71	140,398.29	24.52%
Private Vehicle Mileage	9,000.00	9,000.00	342.20	500.12	8,499.88	5.56%
Conference, Seminar and Travel	63,000.00	63,000.00	1,944.62	2,238.62	60,761.38	3.55%
Furniture	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Facilities Charges	3,900.00	3,900.00	608.47	822.47	3,077.53	21.09%
Transfers In	16,000.00	16,000.00	593.79	1,668.62	14,331.38	10.43%
Transfers Out	(16,000.00)	(16,000.00)	(593.79)	(1,668.62)	(14,331.38)	10.43%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,495,200.00</b>	<b>\$ 1,495,200.00</b>	<b>\$ 130,317.65</b>	<b>\$ 279,881.69</b>	<b>\$ 1,215,318.31</b>	<b>18.72%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 4,323,900.00</b>	<b>\$ 4,323,900.00</b>	<b>\$ 305,752.43</b>	<b>\$ 723,048.85</b>	<b>\$ 3,600,851.15</b>	<b>16.72%</b>
<b>Technology:</b>						
Computer Hardware	\$ 32,600.00	\$ 32,600.00	\$ 301.31	301.31	\$ 32,298.69	0.92%
Computer Software	193,000.00	193,000.00	28,437.16	29,436.16	163,563.84	15.25%
Systems & Application Support	670,200.00	670,200.00	6,892.02	36,817.35	633,382.65	5.49%
Pension Administration System	1,621,400.00	1,621,400.00	16,990.48	106,234.85	1,515,165.15	6.55%
<b>Total Technology</b>	<b>\$ 2,517,200.00</b>	<b>\$ 2,517,200.00</b>	<b>\$ 52,620.97</b>	<b>\$ 172,789.67</b>	<b>\$ 2,344,410.33</b>	<b>6.86%</b>
Contingency	\$ 615,200.00	\$ 615,200.00	\$ -	\$ -	\$ 615,200.00	0.00%
<b>Total Current Year</b>	<b>\$ 7,456,300.00</b>	<b>\$ 7,456,300.00</b>	<b>\$ 358,373.40</b>	<b>\$ 895,838.52</b>	<b>\$ 6,560,461.48</b>	<b>12.01%</b>

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

**ASSETS**

<b>CASH &amp; CASH EQUIVALENTS</b>	<b>\$148,797,348</b>
 <b>RECEIVABLES</b>	
ACCRUED INTEREST AND DIVIDENDS	3,748,326
SECURITY SALES	55,328,873
MISCELLANEOUS	102,081
<b>TOTAL RECEIVABLES</b>	<u>59,179,280</u>
 <b>INVESTMENTS AT FAIR VALUE</b>	
DOMESTIC EQUITY SECURITIES	110,454,456
DOMESTIC EQUITY INDEX FUNDS	1,221,369,041
INTERNATIONAL EQUITY SECURITIES	372,380,987
INTERNATIONAL EQUITY INDEX FUNDS	272,518,936
GLOBAL EQUITY	449,971,270
PRIVATE EQUITY	91,819,268
DOMESTIC FIXED INCOME - CORE PLUS	614,204,851
DOMESTIC FIXED INCOME - U.S. INDEX	137,599,612
GLOBAL FIXED INCOME	262,836,636
REAL ESTATE	304,648,679
ALTERNATIVES	430,839,171
CASH OVERLAY - CLIFTON	228
<b>TOTAL INVESTMENTS</b>	<u>4,268,643,134</u>
 <b>PENSION SOFTWARE DEVELOPMENT COSTS</b>	 <u>6,459,436</u>
 <b>TOTAL ASSETS</b>	 <b>4,483,079,198</b>

**LIABILITIES**

SECURITY PURCHASES PAYABLE	54,770,944
ACCOUNTS PAYABLE	234,437
PREPAID CONTRIBUTIONS	133,450,675
<b>TOTAL LIABILITIES</b>	<u>188,456,055</u>
 <b>NET POSITION RESTRICTED FOR PENSIONS</b>	 <u><u>\$4,294,623,142</u></u>

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

**ADDITIONS**

**CONTRIBUTIONS**

EMPLOYER	\$21,509,760
EMPLOYEE	7,550,899
<b>TOTAL CONTRIBUTIONS</b>	<u>29,060,659</u>

**INVESTMENT INCOME**

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	11,604,538
INTEREST INCOME	2,524,137
DIVIDEND INCOME	15,082,441
REAL ESTATE OPERATING INCOME, NET	
SECURITY LENDING INCOME	17,096
<b>TOTAL INVESTMENT INCOME</b>	<u>29,228,211</u>

**LESS INVESTMENT EXPENSES**

MANAGEMENT & CUSTODIAL FEES	206,252
SECURITIES LENDING BORROWER REBATES	(1,832)
SECURITIES LENDING MANAGEMENT FEES	8,533
<b>TOTAL INVESTMENT EXPENSES</b>	<u>212,953</u>

**NET INVESTMENT INCOME** **29,015,258**

**TOTAL ADDITIONS** **58,075,917**

**DEDUCTIONS**

BENEFIT PAYMENTS	37,195,243
MEMBER REFUNDS	605,507
ADMINISTRATIVE EXPENSES	537,888
<b>TOTAL DEDUCTIONS</b>	<u>38,338,638</u>

**NET INCREASE/(DECREASE)** **19,737,279**

**NET POSITION RESTRICTED FOR PENSIONS**

**BEGINNING OF YEAR** 4,274,885,864

**ENDING BALANCE** \$4,294,623,143



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

<b>EQUITY</b>		
<b>DOMESTIC EQUITY</b>		
WESTERN ASSET INDEX PLUS	\$110,454,456	\$19,478,027
<b>TOTAL DOMESTIC EQUITY</b>	<b>110,454,456</b>	<b>19,478,027</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US EQUITY MARKET	1,175,238,107	0
BLACKROCK - EXTENDED EQUITY	46,130,933	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,221,369,041</b>	<b>1</b>
<b>INTERNATIONAL EQUITY</b>		
SPRUCEGROVE	193,730,255	0
HEXAVEST	82,267,417	0
WALTER SCOTT	96,383,315	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>372,380,987</b>	<b>0</b>
<b>INTERNATIONAL INDEX FUNDS</b>		
BLACKROCK - ACWIXUS	272,518,936	0
<b>TOTAL INTERNATIONAL INDEX FUNDS</b>	<b>272,518,936</b>	<b>0</b>
<b>GLOBAL EQUITY</b>		
GRANTHAM MAYO AND VAN OTTERLOO (GMO)	221,319,906	0
BLACKROCK - GLOBAL INDEX	228,651,364	0
<b>TOTAL GLOBAL EQUITY</b>	<b>449,971,270</b>	<b>0</b>
<b>PRIVATE EQUITY</b>		
ADAMS STREET	60,283,184	0
PANTHEON	9,732,438	0
HARBOURVEST	21,803,646	0
<b>TOTAL PRIVATE EQUITY</b>	<b>91,819,268</b>	<b>0</b>
<b>FIXED INCOME</b>		
<b>DOMESTIC</b>		
LOOMIS SAYLES AND COMPANY	67,598,865	4,090,427
REAMS	285,625,760	0
WESTERN ASSET MANAGEMENT	260,980,226	4,578,240
<b>TOTAL DOMESTIC</b>	<b>614,204,851</b>	<b>8,668,667</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US DEBT INDEX	137,599,612	0
<b>TOTAL DOMESTIC INDEX FUNDS</b>	<b>137,599,612</b>	<b>0</b>
<b>GLOBAL</b>		
LOOMIS SAYLES AND COMPANY	95,885,568	0
LOOMIS ALPHA	41,976,351	0
PIMCO	124,974,717	5,394,846
<b>TOTAL GLOBAL</b>	<b>262,836,636</b>	<b>5,394,846</b>





NEPC, LLC

**To:** Ventura County Employees' Retirement Association ("VCERA") Board

**From:** Don Stracke, CFA, CAIA, Anthony Ferrara, CAIA

**Date:** November 17, 2014

**Subject:** Pantheon Recommendation

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**Recommendation:**

NEPC recommends that VCERA commit \$50 million to the Pantheon Global Secondary Fund V. As we have suggested, the fastest way to get closer to the target for Private Equity.

**Background:**

The current allocation of approximately \$98 million equates to 2.3% of the Total Plan which is approximately \$117 million, or 2.7%, short of the Private Equity target allocation of 5.0%.



## Pantheon Presentation to: Ventura County Employees' Retirement Association November 17, 2014

# Presenting to you today



**Matt Garfinkle, Partner (joined 1999, 15 years of private equity experience)**

Matt leads Pantheon's San Francisco secondary team and is a member of the Global Secondary Investment Committee as well as the Global Infrastructure Committee. Matt assists in the sourcing, evaluation, structuring, execution and monitoring of North American secondary investment opportunities. He also participates in fund monitoring, firm marketing and client reporting. Matt joined Pantheon in July 1999, having worked the previous three years with Cambridge Associates in their Boston and Menlo Park offices. Matt received a BA in history and economics from Brown University, and is a CFA charterholder. Matt is based in San Francisco.

[matt.garfinkle@pantheon.com](mailto:matt.garfinkle@pantheon.com)



**Matthew Jones, Partner (joined 2001, 13 years of private equity experience)**

Matt focuses on secondary deal origination, analysis, structuring, execution and management of investments. He also participates in fund monitoring, firm marketing and client reporting. Matt joined Pantheon in April 2001 and was previously an Assistant Economist at HM Treasury within the Finance, Regulation and Industry department. Matt also worked on private equity policy areas as part of the Myners Review team. Prior to the Treasury, Matt worked on a turnaround project at UK Paper before its acquisition by Metsa Serla. He has a BA in economics and politics from Leeds University. Matthew is based in New York.

[matt.jones@pantheon.com](mailto:matt.jones@pantheon.com)



**Sprague Von Stroh, Vice President (joined 2007, 7 years of private equity experience)**

Sprague focuses on client servicing and marketing efforts in North America. Previously, Sprague was an associate at Grosvenor Capital Management, L.P., a hedge fund of funds in Chicago. Prior to that, Sprague was an institutional sales associate at Fulcrum Global Partners, L.P., a sell-side research and brokerage firm in Chicago, where she worked on the sales and trading desk. Sprague held internship positions at Prudential Securities, Bourgeon Capital Management, LLC, and Fulcrum Global Partners, L.P. while attending Colgate University, where she received a BA in psychology with an emphasis in research. Sprague is based in San Francisco.

[sprague.vonstroh@pantheon.com](mailto:sprague.vonstroh@pantheon.com)

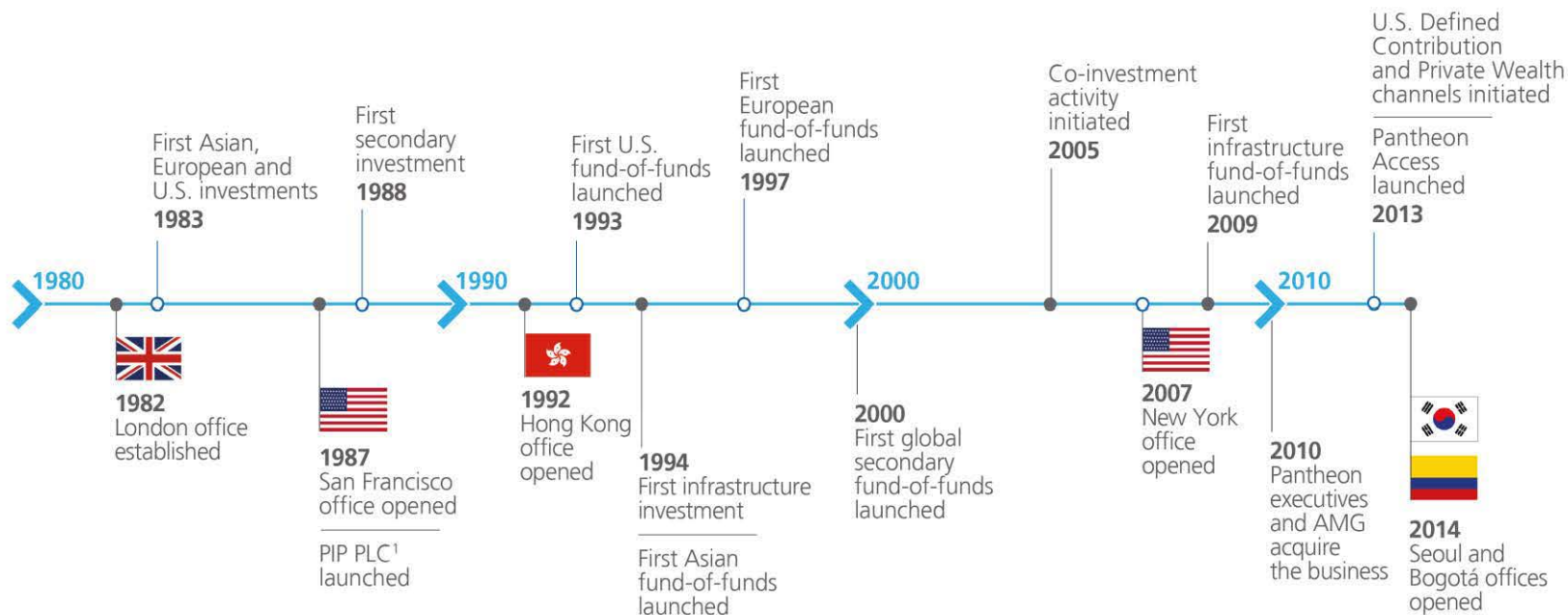
# Agenda

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- > Pantheon Overview
- > Why Secondaries
- > Pantheon Global Secondary Fund IV Update
- > Pantheon Global Secondary Fund V
- > Appendix

# Pantheon Overview

# Investing in private markets assets for over 30 years



**72** investment professionals<sup>2</sup>

**\$32.2bn** funds under management<sup>3</sup>

**8,000** GPs in Pantheon's database

Pantheon holds over **285** advisory board seats

Over **400** clients globally

**30** years of investment experience covering global private markets

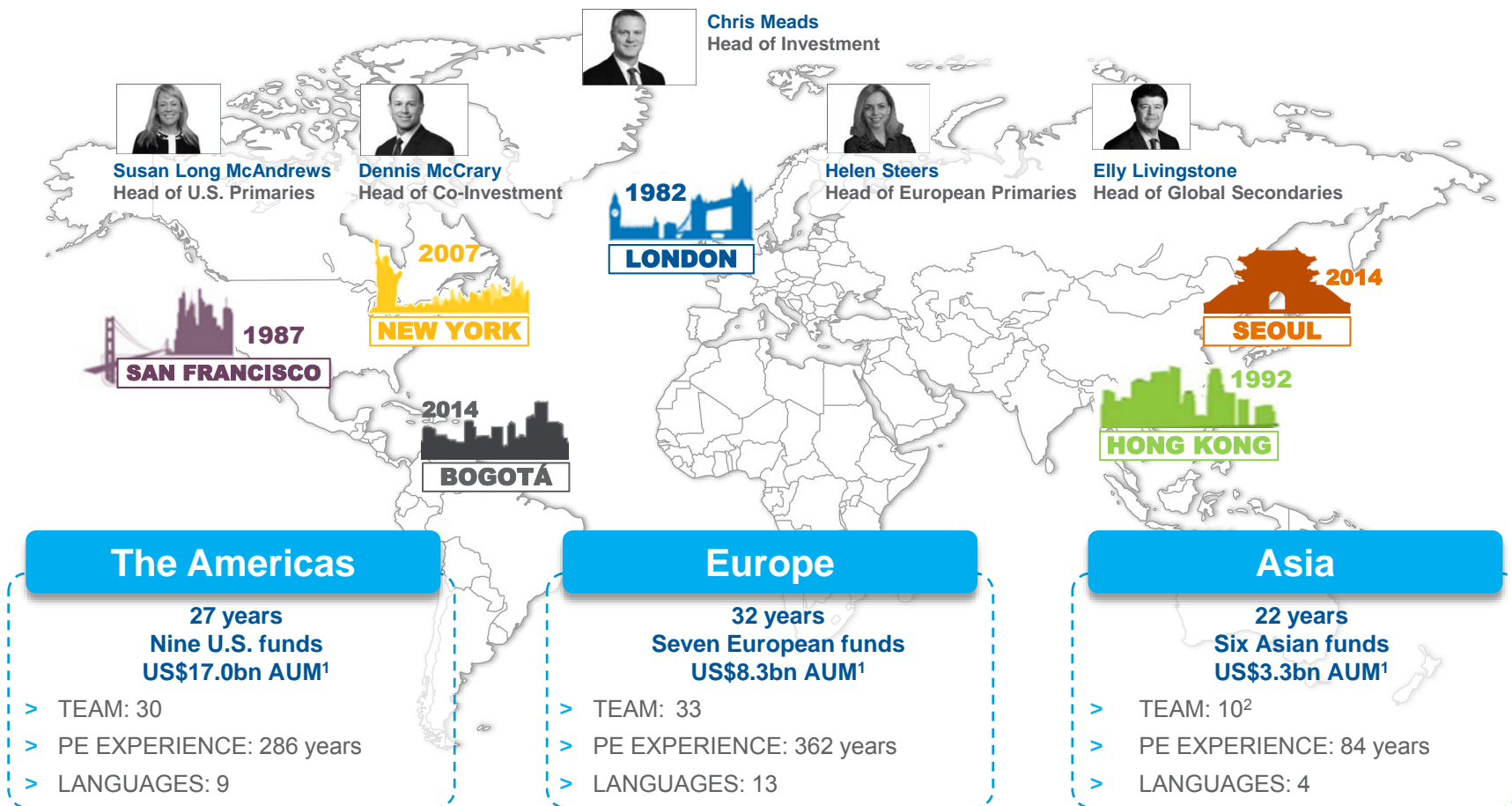
<sup>1</sup> Pantheon International Participations PLC

<sup>2</sup> As at 1<sup>st</sup> November 2014

<sup>3</sup> As at 30<sup>th</sup> June 2014. This figure includes assets subject to discretionary or non-discretionary management, advice or those limited to a reporting function.



# Global capabilities



As at 1<sup>st</sup> November 2014

<sup>1</sup> As at 30<sup>th</sup> June 2014. This figure includes assets subject to discretionary or non-discretionary management, advice or those limited to a reporting function but excludes investments classified as 'Global'

<sup>2</sup> Includes one professional who fulfils investment and client service responsibilities

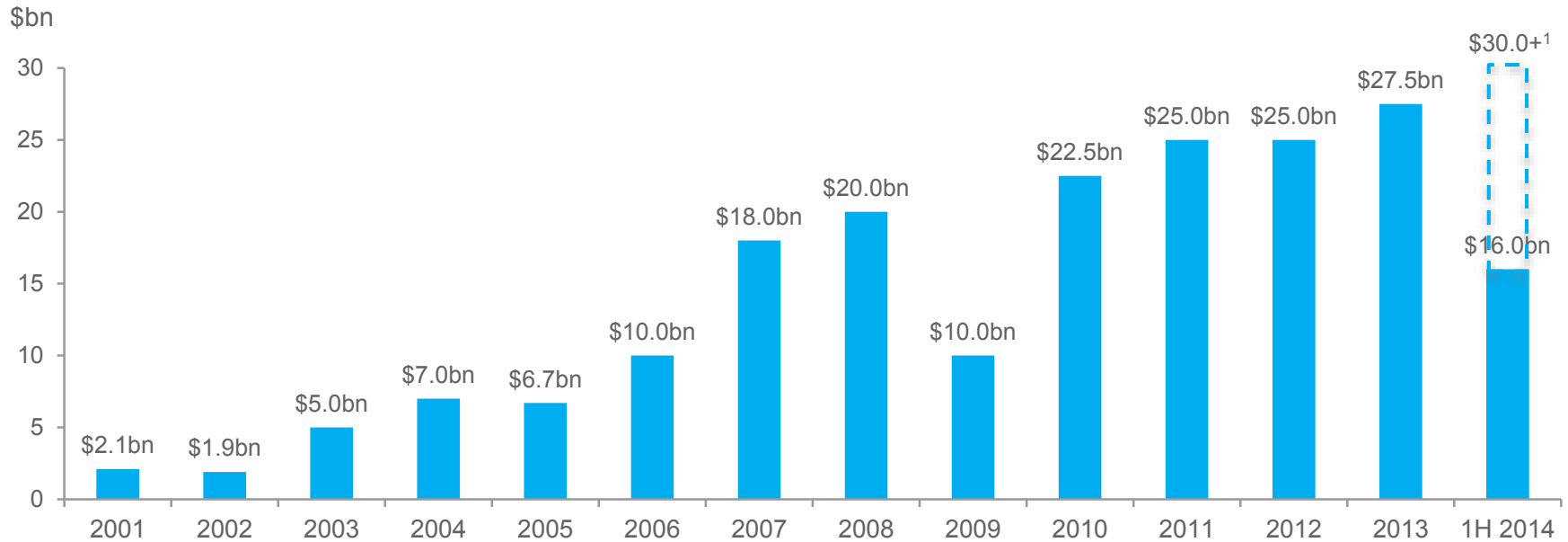
# Why Secondaries

# Benefits of secondaries

<b>Price</b>	<ul style="list-style-type: none"><li>&gt; Potential discount to Fair Market Value</li><li>&gt; Fees and expenses absorbed</li></ul>	<p>Return On Invested Capital      IRR</p> <p>      </p>
<b>Time</b>	<ul style="list-style-type: none"><li>&gt; Capital put to work quickly</li><li>&gt; Likely to reduce the J-curve</li><li>&gt; Shorten time-lag to distributions</li></ul>	<p>IRR</p> <p></p>
<b>Visibility</b>	<ul style="list-style-type: none"><li>&gt; Identifiable assets<ul style="list-style-type: none"><li>• Visibility of under-performers</li><li>• Visibility of out-performers</li><li>• Visibility of cash flows</li></ul></li></ul>	<p>Blind pool risk</p> <p></p>
<b>Diversification</b>	<ul style="list-style-type: none"><li>&gt; Vintage                      &gt; Sector</li><li>&gt; Geography                  &gt; Manager diversification</li><li>&gt; Style</li></ul>	<p>Volatility / concentration</p> <p></p>

Pantheon opinion. Illustrative benefits of secondaries and may not be applicable in all situations

# Secondary deal volume continues to be strong



## Who is selling?

- > U.S. pension plans
- > U.S. and European banks
- > Insurance companies

## Why?

- > Regulation
- > Reducing over-exposure to peak vintages
- > “Tail-end” liquidating transactions

Source: Cogent Secondary Market Trends and Outlook, July 2014. Pantheon opinion.

<sup>1</sup> Annualized estimate per Cogent Secondary Market Trends and Outlook, July 2014. There is no guarantee the above Secondary Market trends will come to pass.

# Pantheon Global Secondary Fund IV Update

# Summary of commitments

## As of June 30, 2014

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### Ventura County Employees' Retirement Association

Fund	Vintage	Commitment	Contributions since inception	Distributions since inception	Net IRR	Net Multiple
PGSF IV LP	2010	\$15.0 million	\$9.9 million	\$3.6 million	23.5%	1.47x

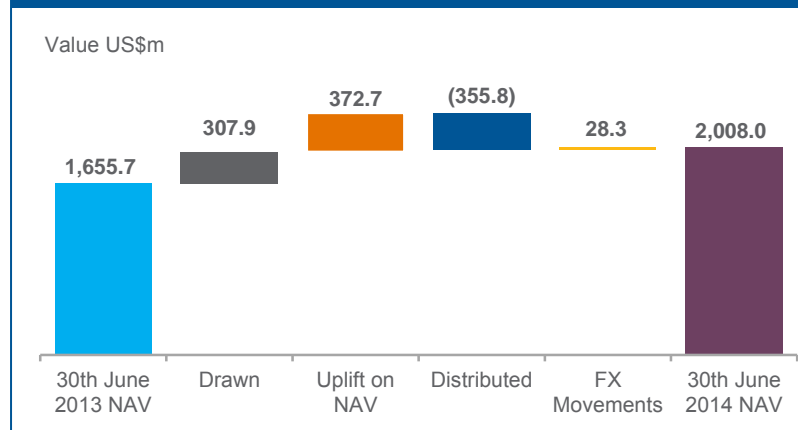
Note: The figures in this table are subject to rounding.

# PGSF IV LP (2010)

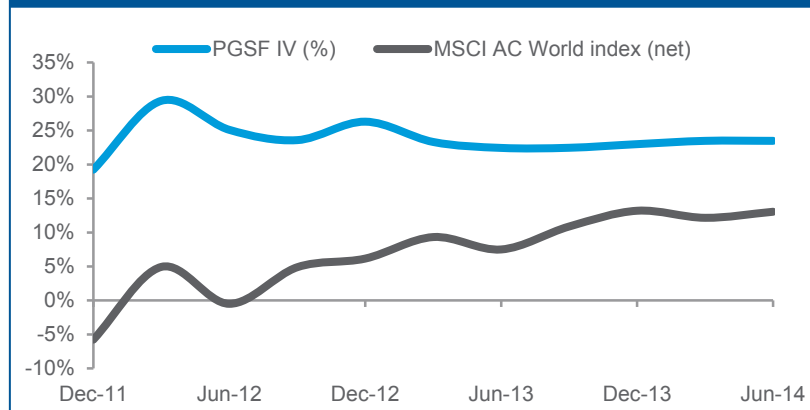
## Performance valuation, June 30, 2014

Fund size	US\$2,156.5m	
	Q114	Q214
Net multiple	1.41 x	1.47 x
Net IRR	23.5%	23.5%
Drawn from investors	66.0%	66.0%
Distributed to paid in ratio	0.34 x	0.37x
Estimated calls 2H 2014 <sup>1</sup>	2.0%	
Estimated distributions 2H 2014 <sup>1</sup>	7.0%	

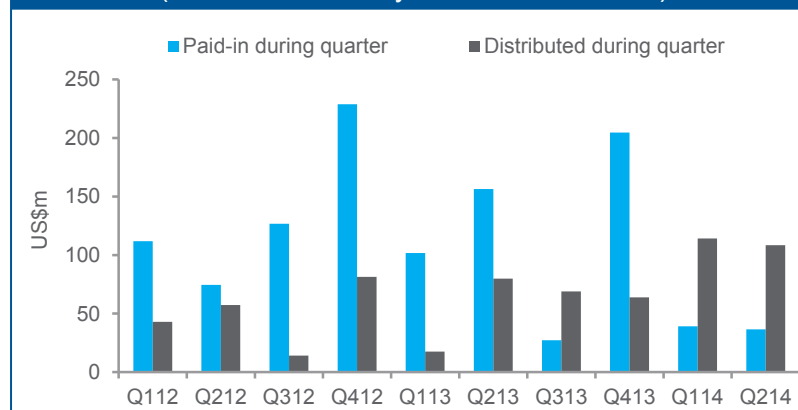
## Recent portfolio progress



## Net IRR progression



## Quarterly calls and distributions (over recent history at investment level)



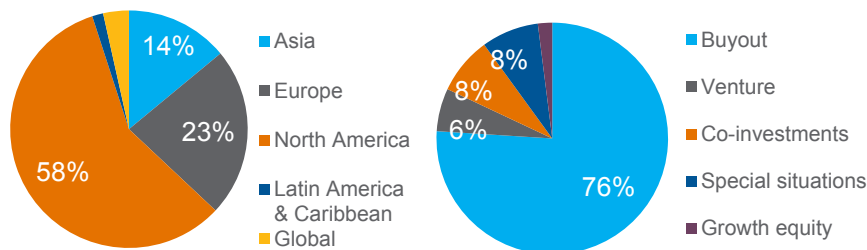
<sup>1</sup> Pantheon estimate

# PGSF IV – summary

## Portfolio

- > Numerous thoughtfully selected deals
- > Mix of fund portfolios and direct
- > Selecting concentrated exposures
- > US and buyout weighted portfolio
- > Venture exposure limited to late stage

## Geographic & stage breakdown<sup>2</sup>



## Status update

- > PGSF IV commitment program now complete at 110% committed<sup>1</sup>
- > Focus on portfolio monitoring for PGSF IV and new deal activity for PGSF V

## PGSF IV Fund Profile

- > 40 secondary transactions<sup>1</sup>
- > Average discount 7.3%
- > Average % funded at close 83%

<sup>1</sup> As at 31<sup>st</sup> March 2014. <sup>2</sup> By commitment, as at 30<sup>th</sup> June 2014.

Diversification charts represent fund level exposures by PGSF IV investment.

Note: **past performance is not necessarily indicative of future results. Future results is not guaranteed and loss of principal may occur.**



# Pantheon Global Secondary Fund V

# Pantheon's unique secondary proposition

## Differentiated origination & access

- > Global deal origination
- > High selectivity
- > Access to "best in class" General Partners

## Targeted investment strategy

- > Disciplined fund size
- > Real time portfolio tilt
- > Active portfolio construction

## Exhaustive search for value

- > Valuation anomaly focus
- > Asset quality is key
- > Primary access combined with deep analytical tools

## Pantheon's platform

> **\$9.1 billion invested in secondary transactions<sup>1</sup>**

> **Over 300 secondary deals completed since 1988<sup>1</sup>**

<sup>1</sup>As at 30<sup>th</sup> June 2014.

# Global investment team with deep experience

## Global Secondary Investment Committee



**Matt Garfinkle**  
Partner  
San Francisco



**Matt Jones**  
Partner  
New York



**Andrew Lebus**  
Partner  
London



**Elly Livingstone**  
Partner  
London



**Nik Morandi**  
Partner  
London



**Rudy Scarpa**  
Partner  
New York



**Paul Ward<sup>1</sup>**  
Partner  
London

**Brian Bueneke**  
Partner  
San Francisco

**Andrea Echberg**  
Partner  
London

**Jie Gong**  
Partner  
Hong Kong

**Brett Johnson**  
Partner  
San Francisco

**Kathryn Leaf Wilmes**  
Partner  
New York

**Brian Lim**  
Partner  
Hong Kong

**Susan Long McAndrews**  
Partner  
San Francisco

**Dennis McCrary**  
Partner  
San Francisco

**Chris Meads**  
Partner  
Hong Kong

**Jeff Miller**  
Partner  
San Francisco

**Helen Steers**  
Partner  
London

**Francesco di Valmarana**  
Partner  
London

**Rob Wright**  
Partner  
London

**Evan Corley**  
Principal  
San Francisco

**Maureen Downey**  
Principal  
San Francisco

**Kevin Dunwoodie**  
Principal  
San Francisco

**Veena Isaac**  
Principal  
New York

**Jaime Londoño**  
Principal  
Colombia

**Imogen Richards**  
Principal  
London

**Alex Scott**  
Principal  
London

**Dushy Sivanithy**  
Principal  
London

**Alex Wilmerding**  
Principal  
Hong Kong

**Erik Wong**  
Principal  
London

**Charles Helmore**  
Investment Director  
London

**Petra Bukovec**  
Vice President  
London

**Tanu Chita**  
Vice President  
London

**Jérôme Duthu-Bengtson**  
Vice President  
London

**Sibing Huang**  
Vice President  
Hong Kong

**Greg Little**  
Vice President  
San Francisco

**Sara Lonergan**  
Vice President  
San Francisco

**Xan Morgan**  
Vice President  
San Francisco

**Jan Pribyl**  
Vice President  
London

**Andrew Sherriff**  
Vice President  
San Francisco

**Toni Vainio**  
Vice President  
London

**Charlotte Westley**  
Vice President  
San Francisco

**Bing Wong**  
Vice President  
San Francisco

### Global pool of 22 investment associates

**Senior Associates:**

Raj Chall, Eric Cheung, Kunal Sood, Jeremy Weisberg, Ana Maria Zarruk Serrano

**Associates:**

Pierre Garnier, Amir Gupta, Nick Kavanagh, Brandon Park, Daniele Pitsch, Charlie Tafoya, Brandon Vu, Richard Wong

**Analysts:**

Vladimir Balchev, Jamie Hayford, Noé Richard, Cullen Wilson, Joanna Yiu

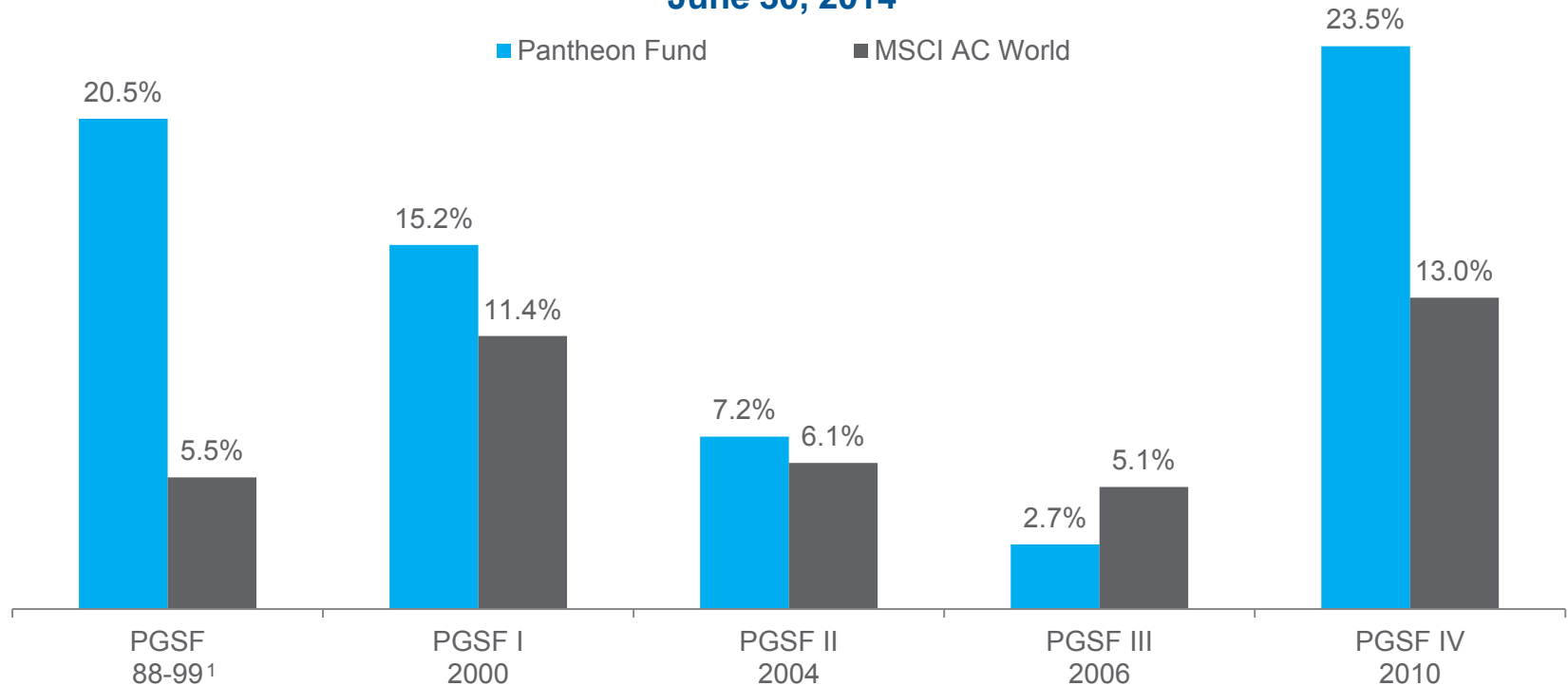
**Quantitative Research:**

Dr. Andrea Carnelli, Dr. Andres Reibel, Ian Roberts, Stefan Von Pfefer

<sup>1</sup> Observer, As at 1<sup>st</sup> November 2014. Those highlighted in blue are professionals focused on secondary investment

# 550 bps<sup>2</sup> outperformance across 25 years

## Pantheon vs. Public markets June 30, 2014



<sup>1</sup> These are pro forma results that represent secondary portfolio investments selected and made by Pantheon on behalf of its discretionary investment management clients. This is not an actual structured fund-of-funds, but the aggregated performance of Pantheon's secondary portfolio investments during the years 1988-1999. Single fund secondary investments have not been included. The calculation of the net IRR and net multiple is presented assuming the fee structure for PGSF V (i.e., a management fee of 1% p.a. on aggregate capital commitments, reduced after Year 5 to 90% of the amount paid in the previous year, and carried interest of 10% with full GP catch-up after investors have received an 8% p.a. preferred return).

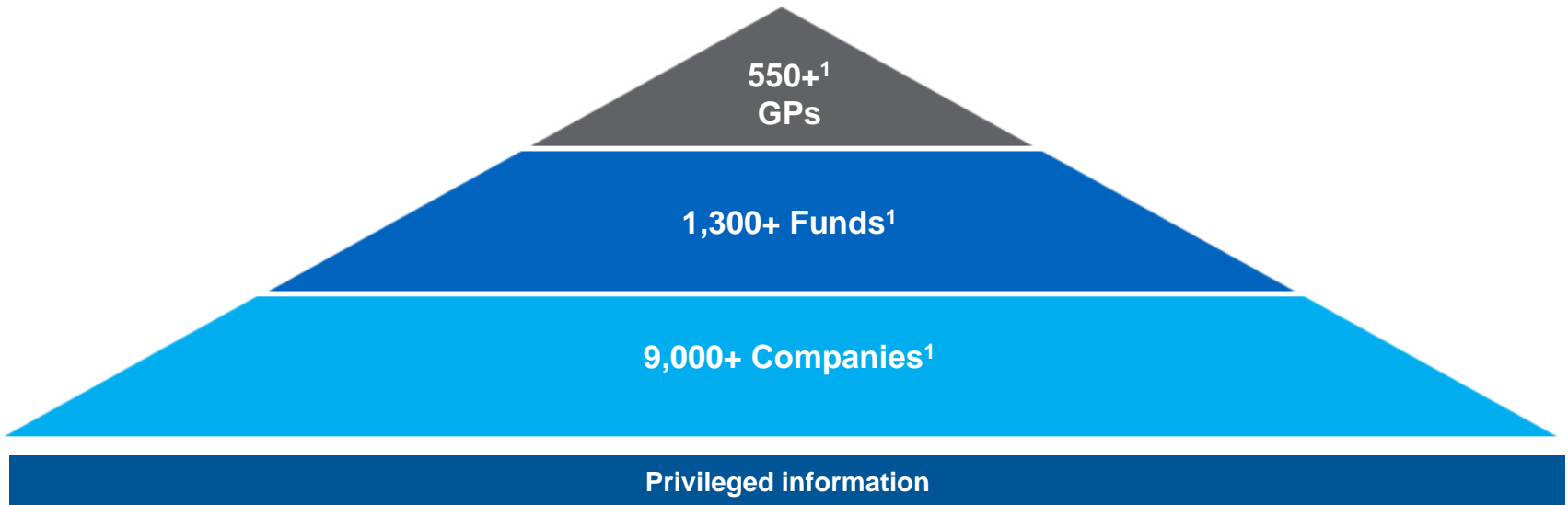
<sup>2</sup> Outperformance of all secondary investments since 1988 against MSCI AC World. Past performance is no guarantee of future results. Future returns are not guaranteed and a loss of principal may occur.

# PGSF IV peer group: Mid to large secondary funds raised 2008-2010<sup>1</sup>

Fund	Firm	Vintage	Fund size (\$m)	Called	Net IRR	IRR Rank	Net ROI	Date Reported
<b>Pantheon Global Secondary Fund IV</b>	<b>Pantheon</b>	<b>2010</b>	<b>2,157</b>	<b>66%</b>	<b>23.5%</b>	<b>1</b>	<b>1.47 x</b>	<b>30-Jun-14</b>
NB Secondary Opportunities Fund II	Neuberger Berman	2008	1,667	100%	21.0%	2	1.48 x	31-Mar-14
Landmark Equity Partners XIV	Landmark Partners	2008	2,000	81%	19.1%	3	1.33 x	31-Mar-14
Lexington Capital Partners VII	Lexington Partners	2010	7,000	75%	18.8%	4	1.39 x	31-Mar-14
Vintage Fund V	Goldman Sachs AIMS Private Equity	2008	5,500	81%	14.6%	5	1.44 x	31-Mar-14
Strategic Partners IV	Strategic Partners Fund Solutions	2008	2,500	88%	13.8%	6	1.49 x	30-Jun-13
Dover Street VII	HarbourVest Partners	2008	2,900	94%	14.0%	7	1.46 x	31-Mar-14
Partners Group Secondary 2008	Partners Group	2008	3,746	95%	n/a	n/a	1.40 x	30-Jun-14
AlpInvest Partners Secondaries 2009-2010	AlpInvest Partners	2009	1,948	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> Table shows funds larger than \$1.5bn vintage 2008 -2010; funds larger than \$1.5bn are considered comparable to PGSF IV on the basis of their ability to invest in the full range of secondary opportunities. Results could be different if funds smaller than \$1.5bn were included. Source Preqin October 2014 & Pantheon. Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur.

# Comprehensive market coverage

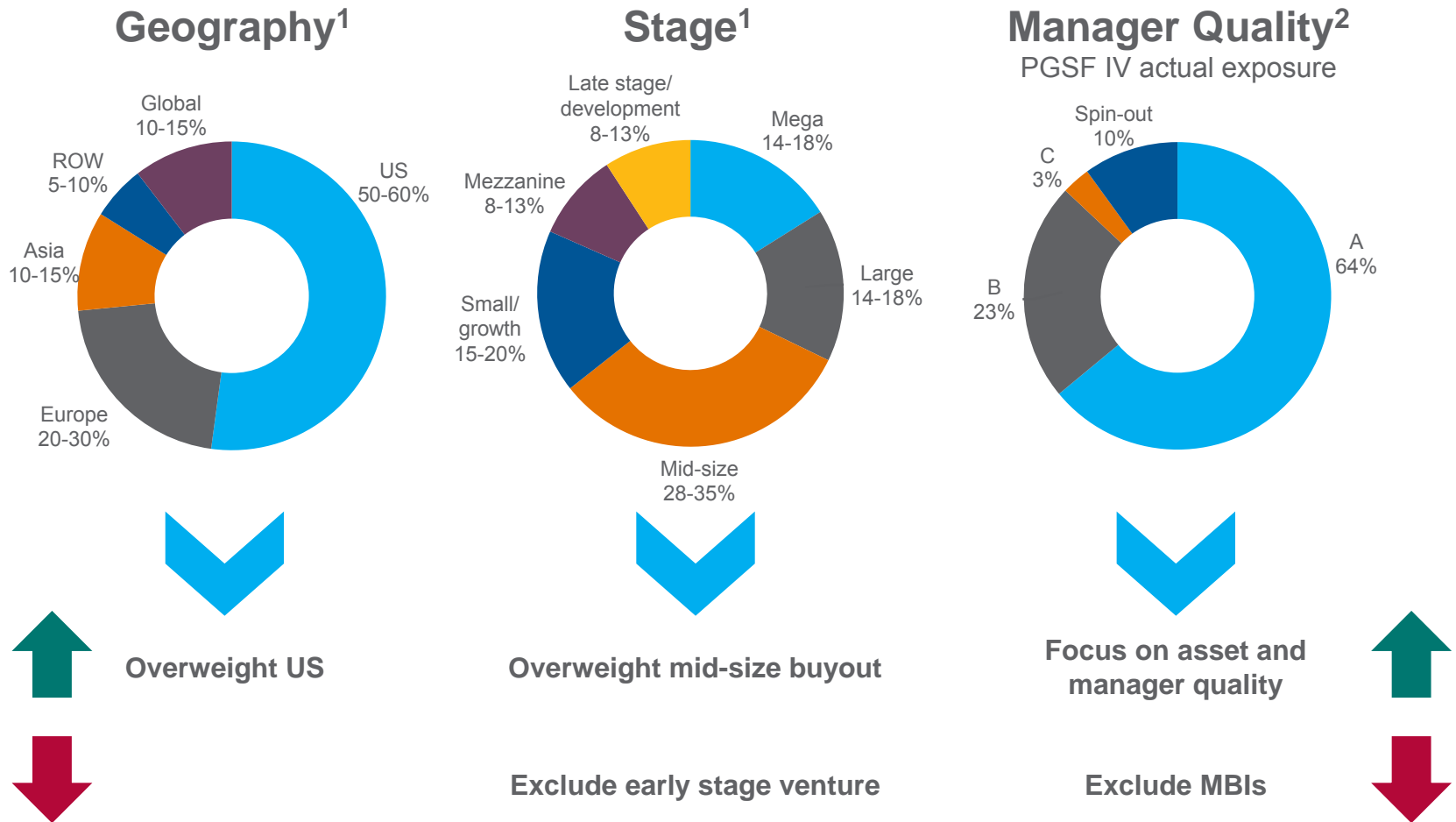


- > Pantheon monitors approximately **100 funds** quarterly as part of its secondary coverage
- > Pantheon has carried out primary due diligence on over **950<sup>2</sup> funds** and screened over **6,500<sup>2</sup> managers**
- > Pantheon has attended over **330 AGMs** during 2013
- > Pantheon holds **285 advisory board seats**
- > Pantheon **proprietary research** into GP valuation policies and uplifts to NAV at exit

<sup>1</sup> Investments across all Pantheon platforms at 31<sup>st</sup> December 2013.

<sup>2</sup> Funds reviewed by Pantheon from 2007 – 2012.

# Targeted portfolio construction



<sup>1</sup> Illustrative percentage, actual split for PGSF V may vary. <sup>2</sup> Illustrative percentage, split is actual for PGSF IV as at Q1 2014.

# PGSF V Deals to Date

Deal Name	PGSF V Commitment	Closing Date	Investment Thesis
New Year	\$25.5m	March 14	Two fund buyout portfolio, deep value play on Spain, companies driven by export revenues
Unison	\$40.7m	June 14	Two fund portfolio, top-tier U.S. energy manager
Madison	\$64.2m	July 14	Concentrated play on a portfolio of high quality European large cap buyouts invested post-crisis; strong portfolio and early liquidity
Cargo	\$34.5m	July 14	Three mid-market buyout funds managed by quality European GP, early liquidity plus recent high growth assets invested post crisis
Whopper	\$29.1m	August 14	US mid-market buyouts, embedded growth, significant early uplift, deep value play
Mix	\$22.1m	August 14	Nordic mid-market fund, managed by top-tier GP
Magdalena	\$2.3m	October 14	High quality pan-regional Latin American fund
Co-investment	\$6.7m	April 14	Market-leading offshore oil-field services business in Asia
<b>Total</b>	<b>\$225.1m</b>		

<sup>1</sup> Includes all deals completed as at 31<sup>st</sup> October 2014. The above Investment Thesis rationale is not indicative of any future performance.



# Pantheon Global Secondary Fund V

## Key terms

<b>Fund structure</b>	Delaware Limited partnership
<b>Management fee</b>	1% per annum
<b>Preferred return</b>	8%
<b>Carried interest / incentive fee</b>	10% subject to the Preferred Return
<b>Commitment period</b>	Up to 5 years
<b>Fund term</b>	12 years with the possibility of further extension
<b>Fund currency</b>	USD
<b>Minimum commitment</b>	\$10 million subject to Pantheon's discretion to accept a lower amount
<b>Pantheon commitment</b>	1%

# Appendix

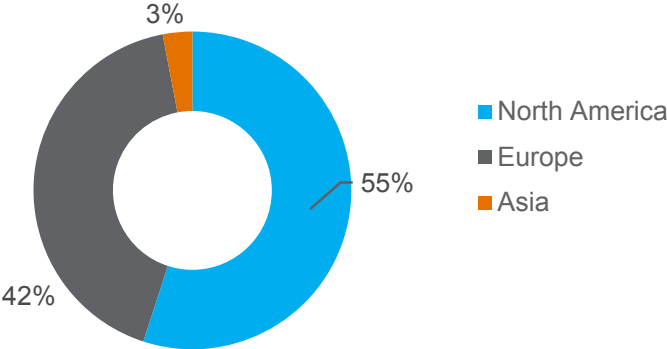
# Global sourcing allows deal selectivity

## Secondary deal flow 2011 – 3Q14

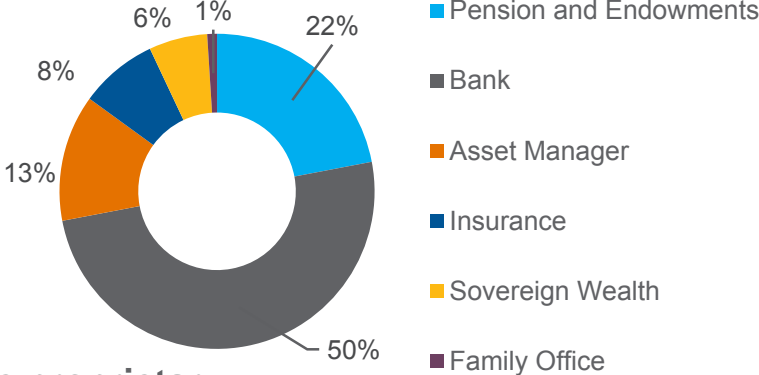


### Breakdown of secondary deals for which detailed due diligence has been performed:

Seller location<sup>2</sup>



Seller type<sup>2</sup>



**50%<sup>3</sup> of deals in PGSF IV are proprietary**



<sup>1</sup> Closed includes single fund secondaries committed on behalf of primary funds and includes PGSF commitments to co-investments.

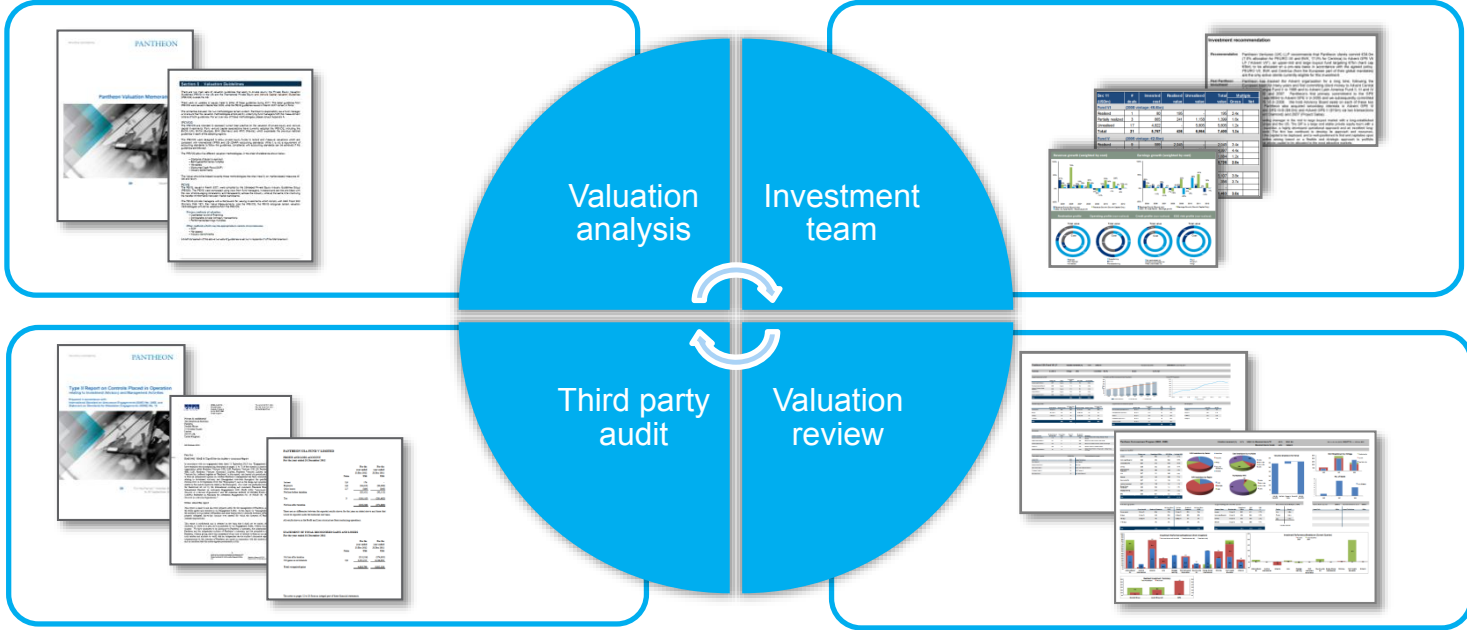
<sup>2</sup> For deals that we conducted detailed due diligence on during the period 01/01/2011 to 30/09/2014, where seller location and type were disclosed.

<sup>3</sup> For the period Q3 2010 – Q1 2014 by value.

# Firm-wide search for valuation anomalies

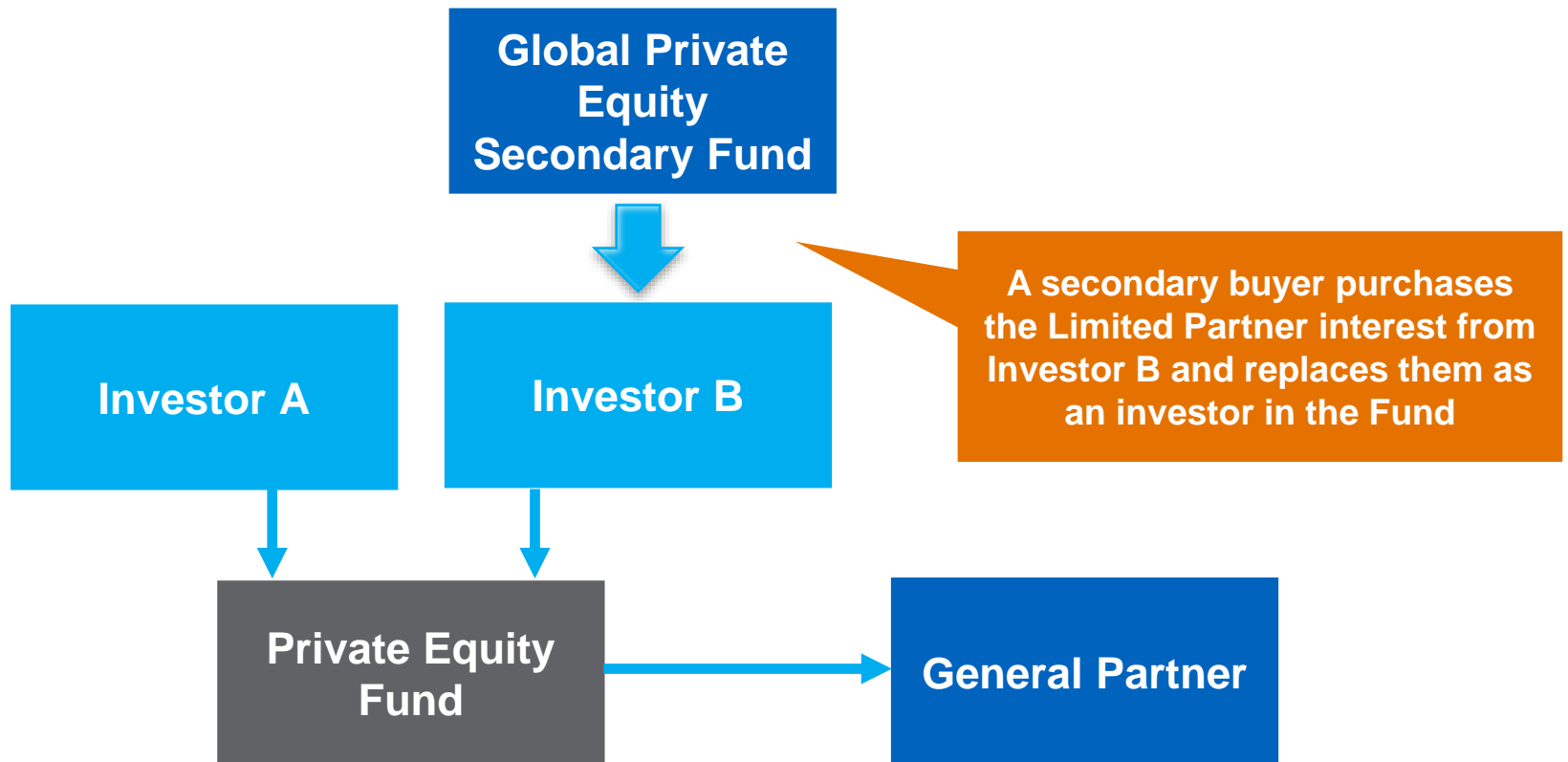
## Valuation Committee

 <b>Julian Holdsworth</b> Head of Operations	 <b>Graeme Keenan</b> Chief Risk Officer (Chairman)	 <b>Robert Amis</b> Chief Operating Officer	 <b>Andrew Scott</b> Deputy Head of Operations	 <b>Gurmukh Roopra</b> Head of Valuation Analysis	 <b>Chris Meads<sup>1</sup></b> Chief Investment Officer
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<sup>1</sup> Does not vote on approval of valuations

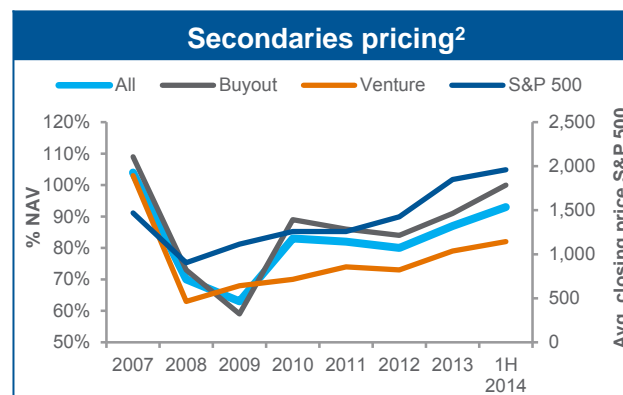
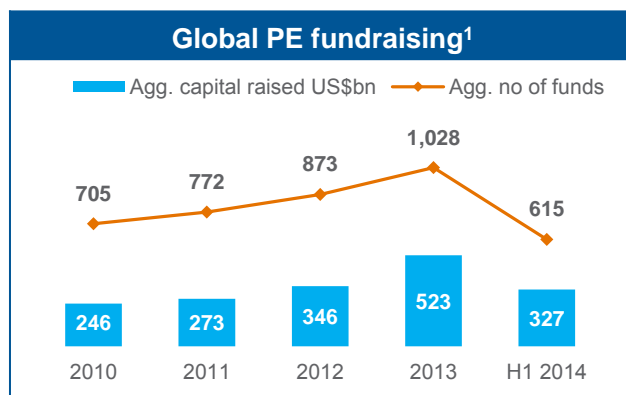
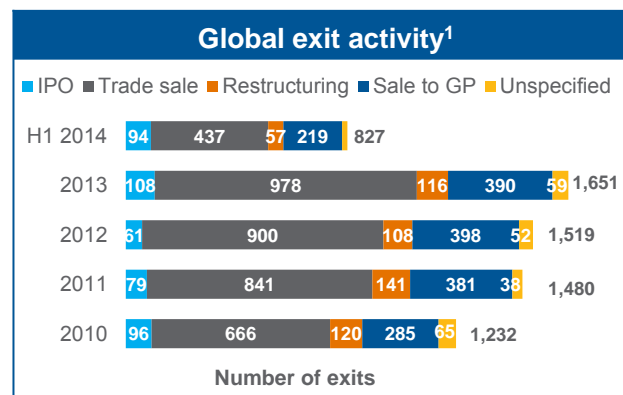
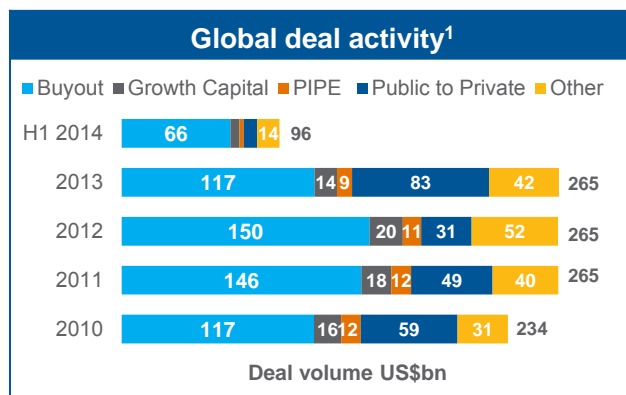
# A classic secondary transaction



# Private equity market overview

## Key market statistics

Current status	
Indicator	Trend
New deal activity	
Exit activity	
Availability of debt	
Portfolio company earnings	
Valuations	



Note: the above table reflects Pantheon's opinion of market trends and outlook as at 30<sup>th</sup> September 2014. Subject to rounding differences.

<sup>1</sup> Source: Preqin. Deal activity based on completed deals globally from 01.01.2011 to 30.06.2014. Excludes venture. "Other" includes add-ons, distressed debt, merger, recapitalisation, restructuring, special situations and turnarounds. Exit activity includes private equity backed exits from 01.01.01-30.06.2014. Excluding venture. Global fundraising based on all private equity funds to hold a final close between 01.01.2010 to 30.06.2014. <sup>2</sup> Source: Cogent Analysis, H1 2014

# Track record built over 25 years

## As of June 30, 2014

	PGSF 88-99 <sup>1</sup>	PGSF I	PGSF II	PGSF III	PGSF IV
Vintage	1988 – 1999 <sup>2</sup>	2000	2004	2006	2010
Size (US\$ m) <sup>3</sup>	318	418	909	2,020	2,157
Committed (US\$ m) <sup>3</sup>	318	424	897	2,003	2,373
Drawn down (% of committed) <sup>3</sup>	100%	96%	94%	94%	78%
Returned (% of drawn capital) <sup>3</sup>	188%	170%	113%	69%	39%
Gross multiple <sup>4</sup>	1.91x	1.78x	1.39x	1.22x	1.47x
Net multiple <sup>5</sup>	1.73x	1.67x	1.29x	1.13x	1.47x
Net Cash on Cash multiple <sup>6</sup>	2.14x	1.91x	1.42x	1.16x	1.64x
Net multiple of Capital at Risk <sup>7</sup>	8.04x	2.35x	2.39x	1.44x	2.08x
Gross IRR	<b>24.0%</b>	<b>18.9%</b>	<b>10.9%</b>	<b>4.8%</b>	<b>23.6%</b>
Net IRR	<b>20.5%</b>	<b>15.2%</b>	<b>7.2%</b>	<b>2.7%</b>	<b>23.5%</b>

<sup>1</sup> PGSF 88–99. Prior to 2000, Pantheon made secondary investments on a separate account basis rather than through separate investment funds. For periods prior to 2000 Pantheon has created nominal pools of capital, each representing a three-year time period to replicate the commitment period of a Pantheon secondaries fund, each comprising the secondary investments made by Pantheon on behalf of its discretionary investment management clients during such period, measured by date of purchase, excluding single fund secondaries. PGSF 88–99 represents the combined performance of these nominal three year funds for investments during the years 1988–1999 (plus certain transactions that took place in 2000 prior to the formation of PGSF I). As the fee structures varied among clients during these periods, net IRR and net multiple is calculated by applying the fee structure applicable to PGSF V. PGSF 88–99 results are illustrative and do not represent actual historical results achieved by any client. Pro-forma net performance has been calculated without taking into account fund organizational and administrative expenses.

<sup>2</sup> Includes pre-PGSF I deals which took place in 2000.

<sup>3</sup> Reflects capital invested, drawn or returned by underlying portfolio funds. With respect to PGSF 88-99, which is not an actual fund, “Size” and “Committed” represent the amount of capital invested by Pantheon on behalf of its clients to underlying portfolio funds.

<sup>4</sup> Gross Returns / Gross IRR. The calculation of gross cumulative IRR is based upon the performance of the fund’s investments and does not take into account the effect of Pantheon fees and other organizational and operational expenses, but includes the fees and other expenses of the underlying portfolio funds. The multiple is calculated as the (NAV + Distribution) / Drawdown.

<sup>5</sup> Net PGSF Returns / Net IRR is the internal rate of return (“IRR”) as calculated for each of the listed funds. The measure presented for each of the funds (other than PGSF 88–89) is net of Pantheon management fees and administrative costs and expenses of the fund. The pro forma results of PGSF 88–99 do not account for administration costs or any expenses of the fund, as discussed above.

<sup>6</sup> Cash-on-cash multiple is calculated as per footnote 4, but only reflects the net cash amounts which are actually transacted between Pantheon and our investors. For instance, when a call and distribution take place on the same day, only the net amount is included in the calculation (as a call if the net amount is a negative number, or as a distribution if the net amount is a positive number). Investment level cash flows are netted on a monthly basis to generate the actual cash flow profile that an investor would experience.

<sup>7</sup> Net Capital at Risk is calculated as (NAV + Distributions) / Maximum drawdown, where Maximum Drawdown is the point at which the cumulative cash flow amount reaches its most negative position. This is a metric that we have seen used by some competitors in their illustration of performance. We believe this to be less appropriate than the net multiples and net cash-on-cash multiples above.

Gross IRR. The calculation of gross cumulative IRR is based upon the performance of the fund’s investments and does not take into account the effect of Pantheon fees and other organizational and operational expenses, but includes the fees and other expenses of the underlying portfolio funds.

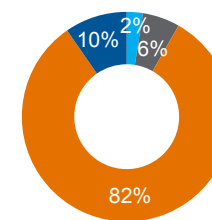
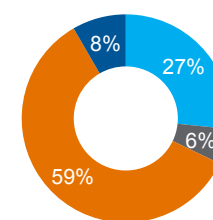
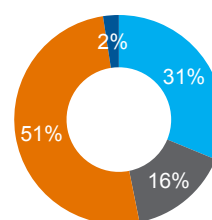
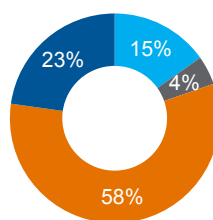
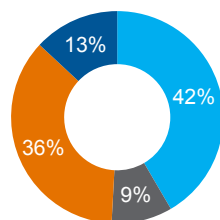
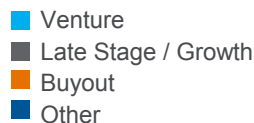
Net PGSF Returns/Net IRR is the internal rate of return (“IRR”) as calculated for each of the listed funds. The measure presented for each of the funds (other than PGSF 88–89) is net of Pantheon management fees and administrative costs and expenses of the fund. The pro forma results of PGSF 88–99 do not account for administration costs or any expenses of the fund, as discussed above.

In considering the performance included above and throughout this material, prospective investors should bear in mind that past or expected performance is not necessarily indicative of future results and there can be no assurance that PGSF V will achieve similar returns or that expected returns will actually be achieved. Past performance is not indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Source: Pantheon

# Track record by investment stage

		PGSF 88-99 <sup>1</sup>	PGSF I	PGSF II	PGSF III	PGSF IV
Buyout	IRR <sup>2</sup>	18.7%	28.7%	16.4%	6.2%	21.4%
	Gross multiple <sup>2</sup>	1.63x	2.02x	1.47x	1.28x	1.40x
Growth Equity / Late Stage Venture	IRR <sup>2</sup>	36.9%	15.0%	17.1%	1.3%	51.2%
	Gross multiple <sup>2</sup>	1.96x	1.84x	1.77x	1.05x	1.91x
Venture	IRR <sup>2</sup>	24.5%	10.8%	2.3%	2.5%	25.9%
	Gross multiple <sup>2</sup>	2.16x	1.57x	1.10x	1.11x	1.62x
Other	IRR <sup>2</sup>	18.8%	8.4%	42.1%	6.1%	28.6%
	Gross multiple <sup>2</sup>	1.89x	1.36x	1.66x	1.26x	1.45x
Total	IRR <sup>2</sup>	24.0%	19.5%	11.5%	4.9%	23.5%
	Gross multiple <sup>2</sup>	1.91x	1.79x	1.40x	1.22x	1.44x

## Committed Capital<sup>3</sup>



<sup>1</sup> Prior to 2000, Pantheon made secondary investments on a separate account basis rather than through the Predecessor Funds. PGSF 88-99 represents the pro forma performance of secondary portfolio investments selected and made by Pantheon on behalf of its discretionary investment management clients. This is not an actual structured fund-of-funds, but the aggregated performance of Pantheon's secondary portfolio investments during the years 1988-1999 and includes pre-PGSF I deals which took place in 2000. Single fund secondary investments are not included.

<sup>2</sup> The multiple is calculated as the (NAV + Distributions) / Drawn Down. Gross multiple and IRR are based upon the performance of the fund's investments and do not take into account the effect of Pantheon's fees and other operational expenses, but include the fees and other expenses of the underlying portfolio funds. The Gross multiple and IRR also exclude any cash inefficiencies that may exist within the underlying investment SPVs and the deduction of such fees would decrease returns. The gross multiple including the SPV costs for PGSF 88-99, PGSF I, PGSF II, PGSF III and PGSF IV is 1.91x, 1.78x, 1.39x, 1.22x and 1.47x, respectively.

<sup>3</sup> Reflects capital committed by underlying portfolio funds. With respect to PGSF 88-99, which is not an actual fund, "Committed" represent the amount of capital committed by Pantheon on behalf of its clients to underlying portfolio funds. **Past performance is no guarantee of future results. Future returns are not guaranteed and a loss of principal may occur.** As at June 30, 2014. This slide must be read in conjunction with slide 28 showing net performance and the footnote thereon. Source: Pantheon



# Notes on presentation

## Investment Performance (slide 28)

PGSF 88–99. Prior to 2000, Pantheon made secondary investments on a separate account basis rather than through separate investment funds. For periods prior to 2000 Pantheon has created nominal pools of capital, each representing a three-year time period to replicate the commitment period of a Pantheon secondaries fund, each comprising the secondary investments made by Pantheon on behalf of its discretionary investment management clients during such period, measured by date of purchase, excluding single fund secondaries. PGSF 88–99 represents the combined performance of these nominal three year funds for investments during the years 1988–1999 (plus certain transactions that took place in 2000 prior to the formation of PGSF I). As the fee structures varied among clients during these periods, net IRR and net multiple is calculated by applying the fee structure applicable to PGSF V. PGSF 88–99 results are illustrative and do not represent actual historical results achieved by any client. Pro forma net performance has been calculated without taking into account fund organizational and administrative expenses.

Includes pre-PGSF I deals which took place in 2000.

Reflects capital invested, drawn or returned by underlying portfolio funds. With respect to PGSF 88-99, which is not an actual fund, “Size” and “Committed” represent the amount of capital invested by Pantheon on behalf of its clients to underlying portfolio funds.

Gross Returns / Gross IRR. The calculation of gross cumulative IRR is based upon the performance of the fund’s investments and does not take into account the effect of Pantheon fees and other organizational and operational expenses, but includes the fees and other expenses of the underlying portfolio funds. The multiple is calculated as the (NAV + Distribution) / Drawdown.

Net PGSF Returns / Net IRR is the internal rate of return (“IRR”) as calculated for each of the listed funds. The measure presented for each of the funds (other than PGSF 88–89) is net of Pantheon management fees and administrative costs and expenses of the fund. The pro forma results of PGSF 88–99 do not account for administration costs or any expenses of the fund, as discussed above.

Cash-on-cash multiple is calculated as per footnote 4, but only reflects the net cash amounts which are actually transacted between Pantheon and our investors. For instance, when a call and distribution take place on the same day, only the net amount is included in the calculation (as a call if the net amount is a negative number, or as a distribution if the net amount is a positive number). Investment level cash flows are netted on a monthly basis to generate the actual cash flow profile that an investor would experience.

Net Capital at Risk is calculated as (NAV + Distributions) / Maximum drawdown, where Maximum Drawdown is the point at which the cumulative cash flow amount reaches its most negative position. This is a metric that we have seen used by some competitors in their illustration of performance. We believe this to be less appropriate than the net multiples and net cash-on-cash multiples above.

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# Disclosure

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PVL 5956



NEPC, LLC

**To:** Ventura County Employees' Retirement Association ("VCERA") Board  
**From:** Don Stracke, CFA, CAIA, Anthony Ferrara, CAIA  
**Date:** November 17, 2014  
**Subject:** PIMCO Update

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**PIMCO Update:**

PIMCO announced that Marc Seidner will re-join the firm effective November 12<sup>th</sup> after spending only 8 months with GMO as the head of fixed income. We do not know all of the details, but we were given some color on what his role and responsibilities will be. Marc will be named CIO of Non-Traditional strategies, joining the five platform CIOs and Global CIO Dan Ivascyn. He will be working out of the New York offices and will act as Head of Portfolio Management in New York, a position previously held by Curtis Mewbourne. Curtis will move to Newport Beach, where he will continue in his previous responsibilities, including as lead portfolio manager on the Diversified Income strategy. Marc will also be named a member of the Investment Committee and will take on some generalist portfolio management responsibilities. Marc resigned from PIMCO earlier this year, following the departure of former CEO and co-CIO Mohamed El-Erian, and moved to Boston to lead GMO's fixed income team. When at PIMCO, Marc held the title of Managing Director and managed separate account portfolio across several strategies including Unconstrained Bond, Total Return, and Low Duration. He was a highly respected member of the investment team and was considered for one of the original Deputy CIO roles appointed in January of this year.

This is the second announcement in recent weeks of former PIMCO employees returning to the firm after being away for a short period. It is clear that PIMCO is working to restore investor confidence after Bill Gross' departure by luring former employees back. Marc is a seasoned investor who is familiar with the PIMCO process and culture, and also a close friend of Dan Ivascyn's. While we do not know exactly what the details of his role will be, adding an investor and thought leader of Marc's caliber will bolster PIMCO's already strong investment capabilities. We view this as a clear positive.

PIMCO released October fund flows for the Total Return Fund this evening. Outflows totaled \$27.5 billion, compared to \$23.5 billion in the month of September.

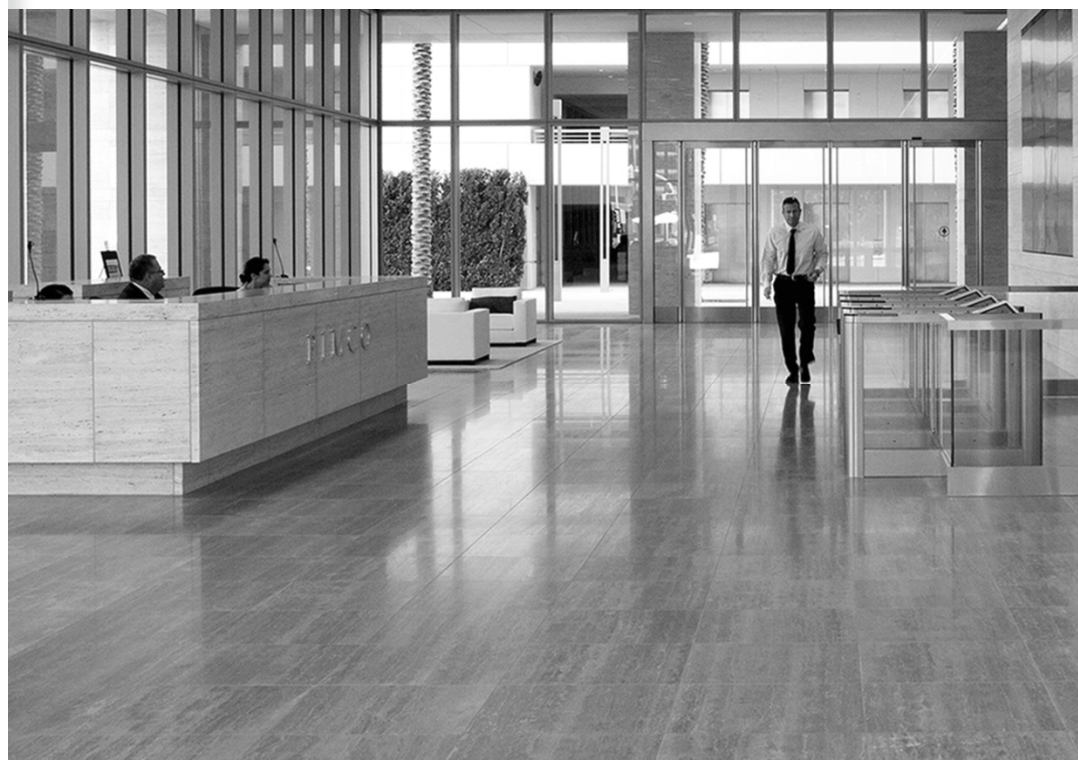
Organizational update and strategy review

## Ventura County Employees' Retirement Association

17 November 2014



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# Disclosures

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The Morningstar Fixed-Income Fund Manager of the Year award (PIMCO Income, 2013) is based on the strength of the manager, performance, strategy and firm's stewardship. Morningstar Awards 2013©. Morningstar, Inc. All Rights Reserved. Awarded to Dan Ivascyn and Alfred Murata for U.S. Fixed Income Fund Manager of the Year.

# Biographical information

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## **David J. Blair, CFA**

Mr. Blair is a senior vice president and account manager in the Newport Beach office. He was a member of PIMCO's municipal portfolio management team from 2006-2010 and was previously a credit analyst for 10 years at Nuveen Investments, focusing on high yield California bonds, primarily in the land-secured sector, as well as utilities, multi-family housing and toll road bonds. Mr. Blair was also an auditor and certified public accountant at Arthur Andersen for three years. He has 20 years of investment experience and holds an MBA from the University of Chicago Graduate School of Business. He holds an undergraduate degree from the University of California, Santa Barbara.

## **Thomas J. Otterbein, CFA**

Mr. Otterbein is a managing director in the Newport Beach office, an account manager and head of PIMCO's client management group in the Americas. In addition to his institutional client servicing responsibilities, he serves on the firm's Global Operating and New Product Business Review Committees. Before returning to Newport Beach in 2006, he managed the firm's Northeast client service office in New York City for five years. He has 26 years of investment experience and holds an MBA from the University of Chicago Graduate School of Business and undergraduate degrees from Carnegie Mellon University.

## **Sasha Talcott, CFA**

Ms. Talcott is a vice president and account manager in the Newport Beach office, focusing on institutional client servicing. Prior to joining PIMCO in 2012, she was director of communications and outreach for Harvard Kennedy School's Belfer Center for Science and International Affairs, a research center that focuses on topics ranging from international security to energy policy. Previously, she was a business reporter for the Boston Globe, where she covered the banking and insurance sectors. She holds an MBA from MIT Sloan School of Management and received an undergraduate degree from Northwestern University.

# Agenda

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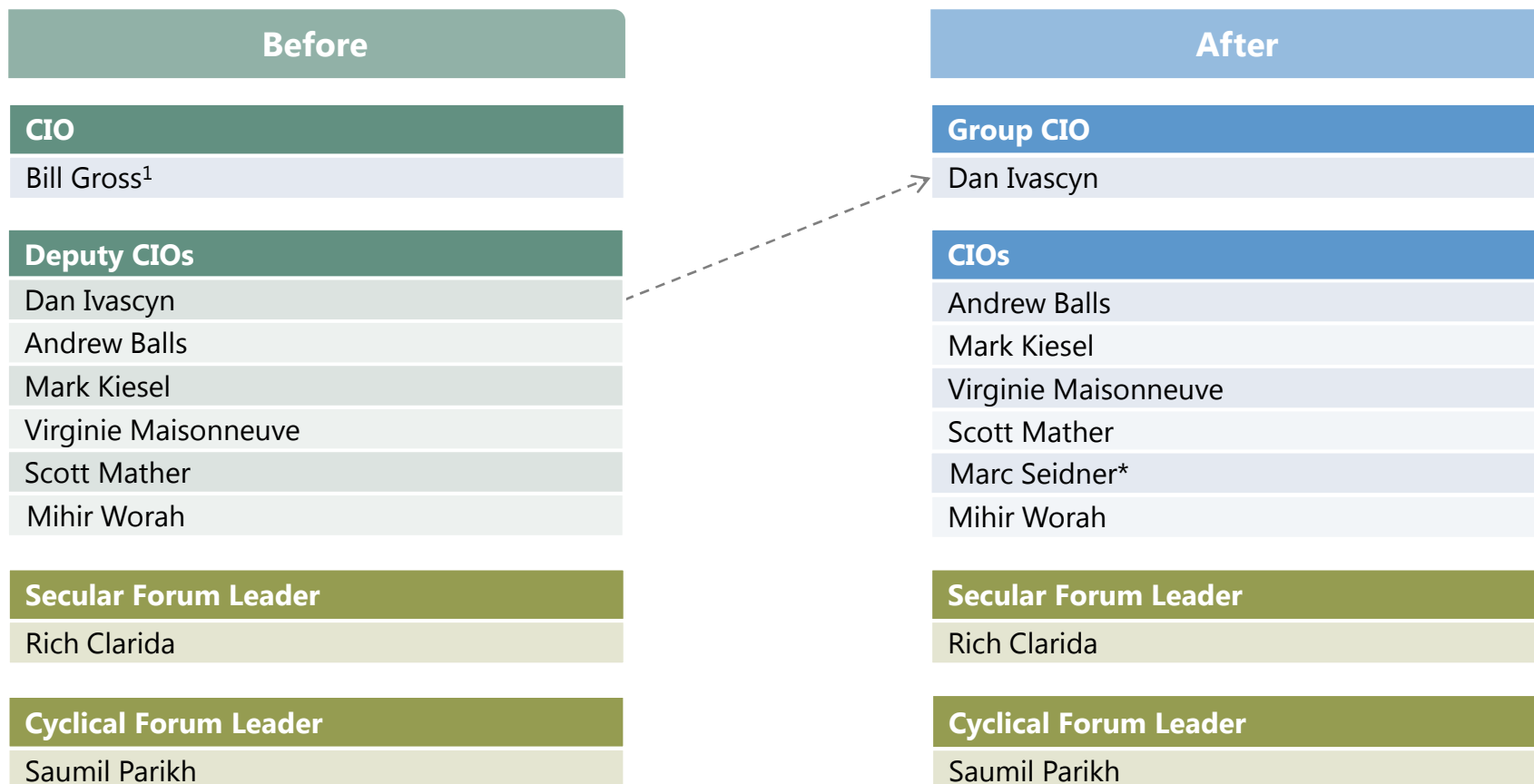
1. PIMCO leadership transition update
2. Market review and performance
3. Economic outlook
4. Appendix

# 1. PIMCO leadership transition update



# Evolution of CIO structure recognizes proven investment talent

## *Portfolio management leadership*



<sup>1</sup> Departed as of 26 September 2014

\* Marc Seidner was a Senior Portfolio Manager at PIMCO from August 2009 to January 2014 and has rejoined PIMCO in his new role starting 12 November 2014.

# Portfolio management team: Broad coverage and specialization

## Top-down: Economic forums and PIMCO's macro views



## Bottom-up: Specialty desks, credit analysis, security selection

Credit Research	Quantitative Portfolios	Risk Management	Portfolio Analytics
Christian Stracke 61 analysts	Vineer Bhansali 7 portfolio managers	Bill De Leon 11 portfolio risk managers	Ravi Mattu 61 analysts

As of 30 September 2014

\* IC Chair rotates between the Group CIO and CIOs

Please note that certain PMs contribute to multiple strategies and may be included in more than one strategy team PM headcount. PIMCO has 261 total PMs as of 30 September 2014

# PIMCO's portfolio management committee teams



As of 26 September 2014

<sup>1</sup> Targeted participation

<sup>2</sup> IC Chair rotates between the Group CIO and CIOs

<sup>3</sup> Portfolio Committee Chair

<sup>4</sup> Committee Rotating Member

# Scott Mather: Global strategies track record



**Scott Mather**, CIO U.S. Core Strategies, Managing Director, Portfolio Manager

*20 years of investment experience;*

*Global bond expertise in a multi-speed world*

- Finalist for Morningstar Fixed-Income Manager of the Year (2011)
- Joined PIMCO in 1998

Performance (after fees)	YTD 30 Sept '14	1 yr.	3 yrs.	5 yrs.*
<b>PIMCO Global Bond Fund (Unhedged)</b>	<b>3.14</b>	<b>2.73</b>	<b>2.23</b>	<b>4.91</b>
J.P. Morgan Global Unhedged	1.71	0.38	-0.51	1.93
After fee alpha (bps)	+143	+235	+274	+298
Sharpe Ratio	0.80	0.66	0.45	0.80
<b>PIMCO Global Bond Fund (US Dollar-Hedged)</b>	<b>6.57</b>	<b>7.47</b>	<b>5.88</b>	<b>6.68</b>
JPM Global Idx Hed 4PM fx NY	5.51	5.45	3.38	3.89
After fee alpha (bps)	+106	+202	+251	+279
Sharpe Ratio	5.33	4.69	1.85	2.08

As of 30 September 2014

\* Scott Mather began managing PIMCO Global Bond Fund (Unhedged) and PIMCO Global Bond Fund (US Dollar-Hedged) in April 2008

## 2. Market review and performance

# Policy expectations diverge, asset prices converge

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## What we expected

- The path of Fed monetary policy away from QE would stand in contrast to ECB and Bank of Japan as a result of different economies
- China would meet its growth targets, despite its banking sector, while emerging economies would continue facing divergent growth

## How we were positioned

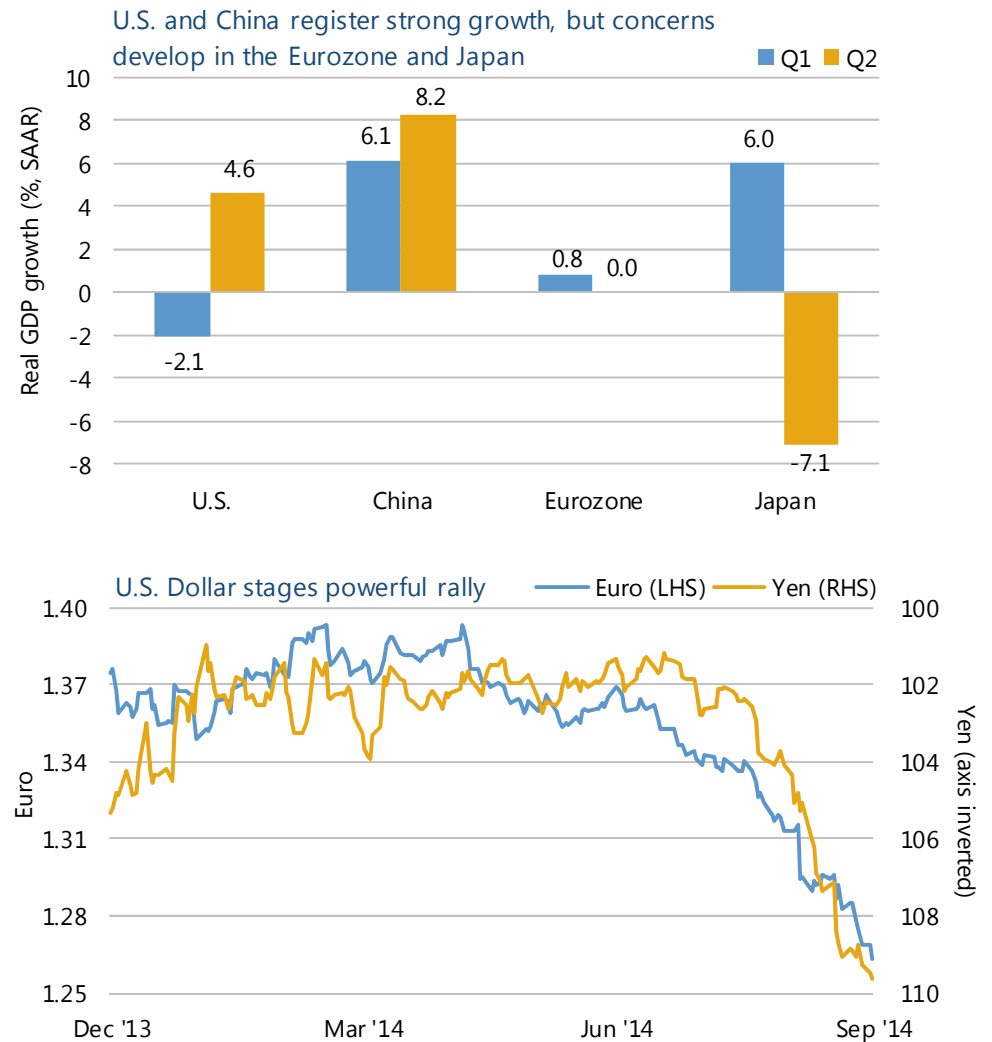
- Underweight duration in U.S., U.K. and Germany while overweight in Spain, Italy, Slovenia and in Mexican local rates
- Underweight the Japanese yen and euro
- Select positions in non-agency MBS, European RMBS and financials

## What happened

- U.S. economy strengthened, while Eurozone and Japanese economies weakened with ECB expanding its easing measures
- Concerns over Asian and global growth, along with geopolitical risk, caused decline in government yields and rally in dollar vs yen and euro

# Growth diverges: U.S. leads, others lag

- Q2 U.S. growth reversed Q1's weather-induced weakness, but the Eurozone and Japan disappointed
- Relative growth and the outlook for rate hikes gave a bid to the U.S. dollar – predominantly at the expense of the euro and yen, which plunged



While U.S. growth became more sure-footed, economic concerns developed abroad

As of 30 September 2014  
 SOURCE: ISM. Markit. China Federation of Logistics and Purchasing. PIMCO. Bureau of Economic Analysis. Bloomberg

# Ventura County (VCERA) – Global performance review

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## Ventura County (VCERA) - Global

Market value as of Sep '14	\$	125,928,024
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## Ventura County (VCERA) - Global

	Since inception 16 Oct '12	1 Yr.	9 Mos.	6 Mos.	3 Mos.	YTD 31 Oct '14
Before fees (%)	-0.3	2.4	2.4	0.0	-2.6	2.5
After fees (%)	-0.6	2.1	2.2	-0.2	-2.6	2.3
Benchmark (%)	-0.8	1.2	1.6	-0.8	-3.1	1.7

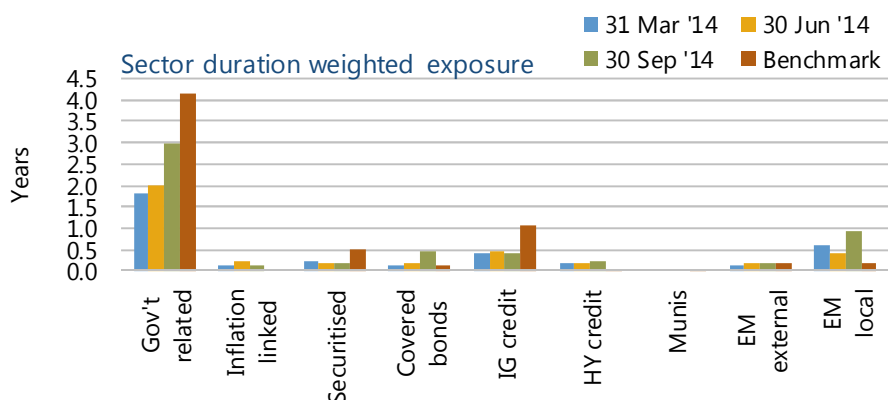
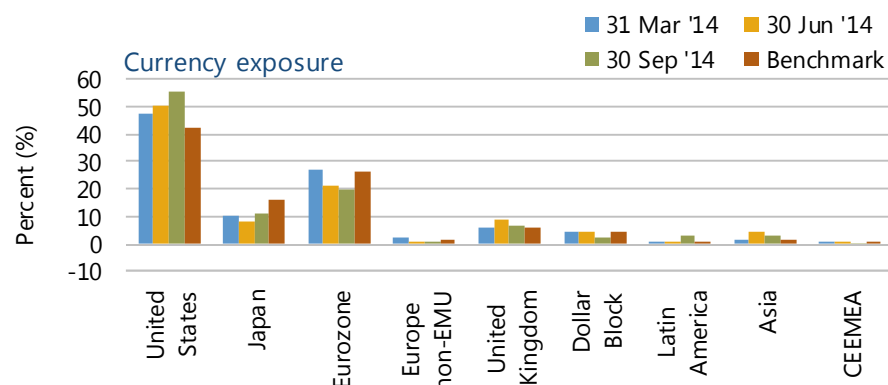
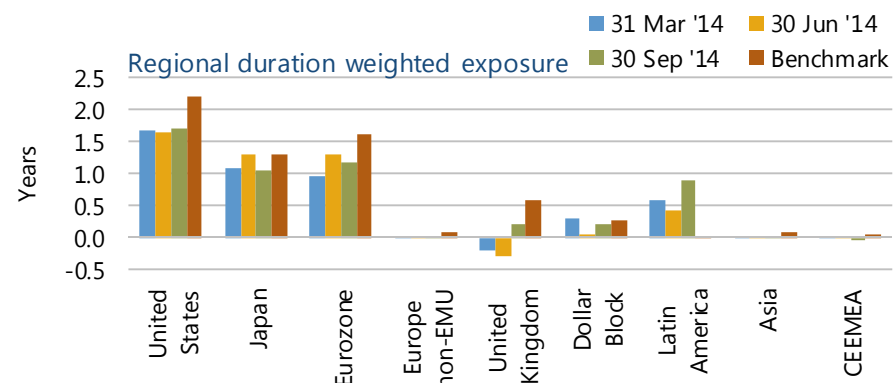
As of 30 September 2014  
 All periods longer than one year are annualized  
 Benchmark: Barclays Global Aggregate USD Unhdg



# Ventura County (VCERA) – Global performance attribution

Ventura County (VCERA) - Global	31 Mar '14	30 Jun '14	30 Sep '14	Benchmark
Effective duration (yrs)	4.5	4.5	5.3	6.3
Total carry (bps)	312	251	243	232
Quality	A	A	A-	AA-

	YTD 31 Oct '14
Excess return (bps)	89
Interest rate strategies	-56
U.S.	-30
Eurozone	-30
Japan	15
Europe non-EMU	-72
Dollar block	-5
EM local	66
Currency strategies	97
EUR	42
JPY	28
Europe non-EMU (GBP, CHF, NOK, SEK, DKK)	11
Dollar block (AUD, CAD, NZD)	4
Emerging market	12
Sector strategies	48
Agencies	22
Inflation-linked bonds	-7
Corporates	20
Agency MBS	-12
High-quality non-agency MBS and ABS	10
Covered bonds and pfandbriefe	12
U.S. municipal bonds	-1
EM external bonds	2
Other	2

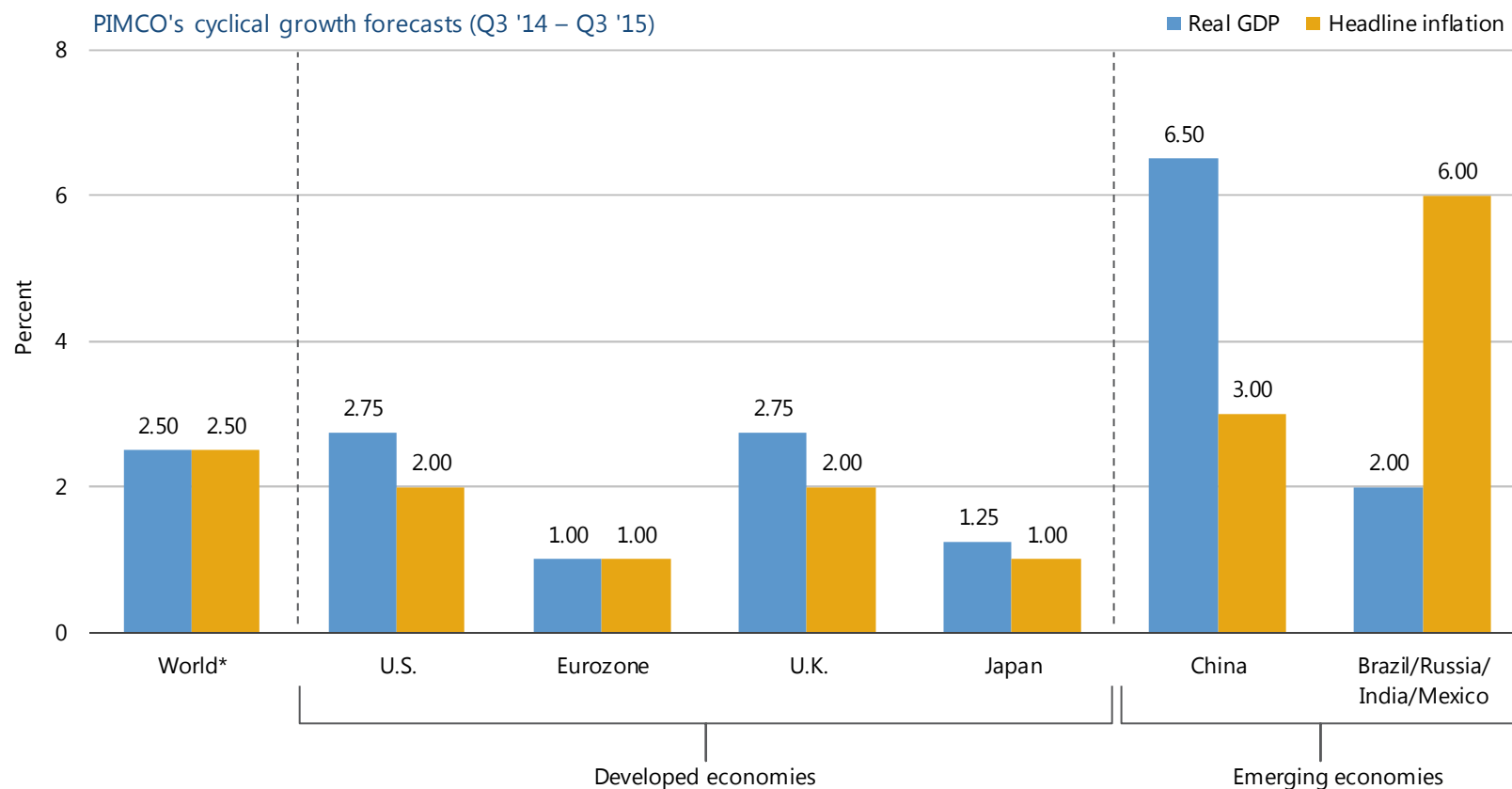


As of 30 September 2014  
 Attribution as of 31 October 2014  
 Benchmark: Barclays Global Aggregate USD Unhdg  
 Europe non-EMU: Denmark, Iceland, Norway, Sweden, and Switzerland, United Kingdom  
 CEEMEA includes countries in Central and Eastern Europe, the Middle East and Africa  
 Dollar block: Australia, Canada and New Zealand  
 Government related: Local authority bonds and agencies

## 4. Economic outlook

# Global growth improving gradually, but at multiple speeds

- PIMCO forecasts real growth of 2.25–2.75% for the world economy over the next 12 months
- Global growth continues to expand, but is increasingly multi-speed
- Expect similar differentiation in global inflation, with some regions experiencing inflation and some still fighting disinflation



As of 17 September 2014  
SOURCE: PIMCO

\* World GDP is calculated via a weighted average of national GDP figures from the U.S., eurozone, U.K., Japan, China, Brazil, Russia, India, and Mexico

## 5. Appendix

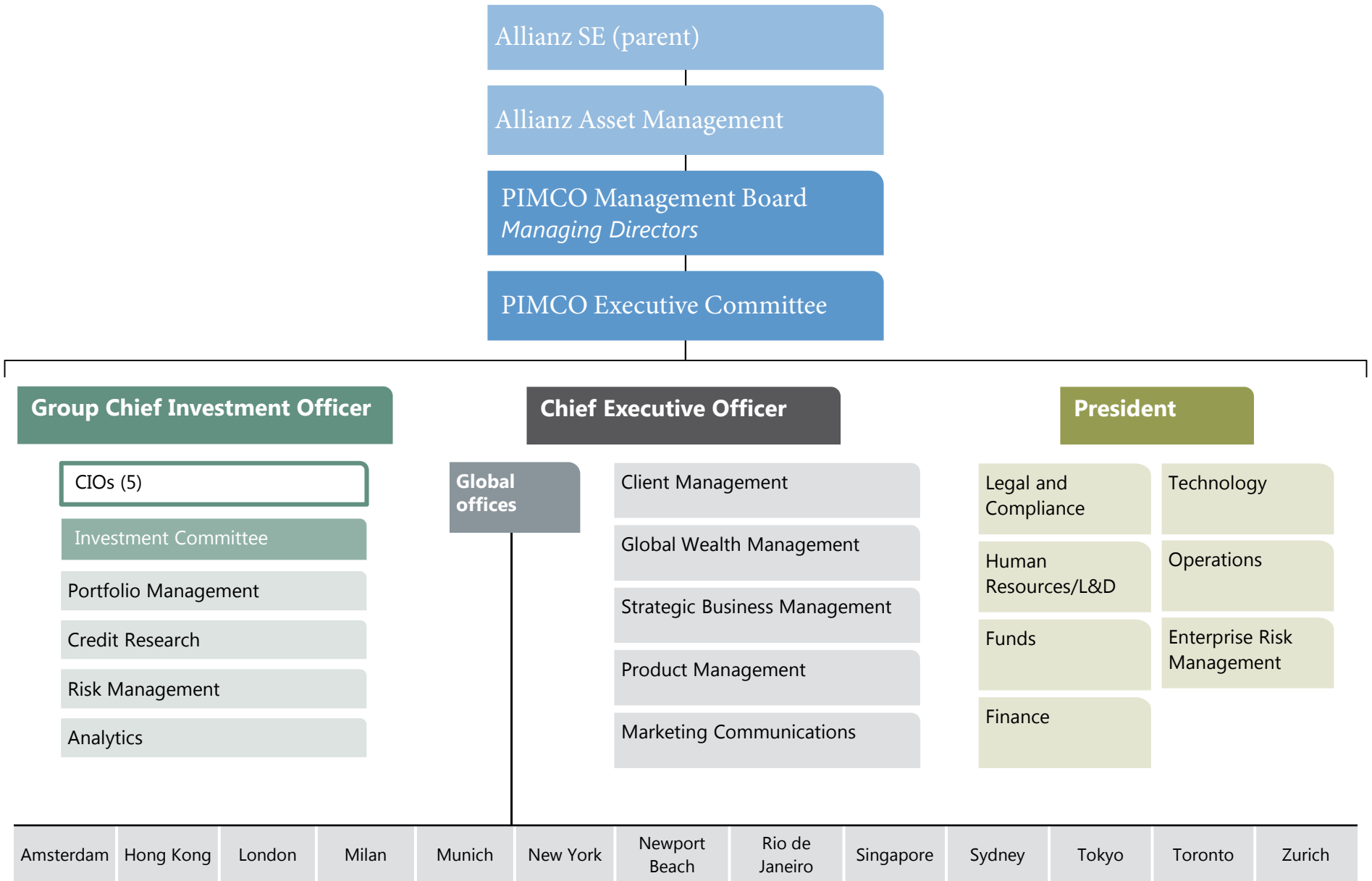
# Global portfolio strategy overview

	ECONOMY / POLICY	DURATION / CURVE	SECTOR / FOCUS
U.S.	<ul style="list-style-type: none"> <li>Steady growth will continue as the labor market strengthens and confidence builds</li> <li>Private investment may increase as improved pricing power, job gains and reduced slack in productive capacity encourage business to spend</li> <li>Fed will gradually move closer to normalization giving a bid to the dollar; however inflationary pressures should continue to remain subdued near-term</li> </ul>	<ul style="list-style-type: none"> <li>Overweight intermediate range given steepness, underweight front-end</li> </ul>	<ul style="list-style-type: none"> <li>Underweight IG corps, maintain positions in select HY financials</li> <li>Hold positions in non-Agency mortgages</li> <li>Underweight Agency mortgages</li> </ul>
Eurozone	<ul style="list-style-type: none"> <li>Cyclical recovery has softened recently and growth will be limited from here given structural impediments and geopolitical concerns</li> <li>ECB's multi-pronged easing policy is here to stay and targeted credit measures are supportive of risk assets</li> <li>ECB will take aggressive measures to prevent disinflation from becoming entrenched; may launch traditional QE to meet balance sheet expansion goal</li> </ul>	<ul style="list-style-type: none"> <li>Underweight long-end core rates</li> <li>Overweight Spain, Italy and Slovenia</li> </ul>	<ul style="list-style-type: none"> <li>Underweight euro</li> <li>Overweight provincials and government-guaranteed securities</li> <li>Positions in select bank capital securities</li> </ul>
Japan	<ul style="list-style-type: none"> <li>Abenomics, particularly the BoJ's massive easing, has managed to bring country out of deflation, increase competitiveness and support labor market</li> <li>However, the tax hike has taken a larger toll than it first appeared</li> <li>The BoJ will continue to ease but spotlight has shifted to implementation of structural reforms</li> </ul>	<ul style="list-style-type: none"> <li>Underweight overall duration</li> <li>Overweight long-end of curve</li> </ul>	<ul style="list-style-type: none"> <li>Underweight Japanese yen</li> </ul>
U.K.	<ul style="list-style-type: none"> <li>Strong growth and employment data in the U.K. have signaled potential rate hikes in the near-term</li> <li>U.K. business confidence is high and housing continues to be a bright spot; however, wage growth remains anemic even as unemployment has dropped</li> </ul>	<ul style="list-style-type: none"> <li>Underweight overall duration, primarily front-end rates</li> </ul>	<ul style="list-style-type: none"> <li>Neutral British pound</li> </ul>
Australia and Canada	<ul style="list-style-type: none"> <li>RBA policy is balanced; falling mining investment is a drag on growth, but housing strength supports economy and China tail-risks remain low</li> <li>BoC may move closer to rate hikes as growth and inflation rise</li> </ul>	<ul style="list-style-type: none"> <li>Underweight Canada</li> <li>Modest overweights to Australia &amp; New Zealand</li> </ul>	<ul style="list-style-type: none"> <li>Underweight Australian and Canadian dollar</li> <li>Overweight provincial debt in Canada</li> </ul>
Emerging markets	<ul style="list-style-type: none"> <li>Longer term prospects remain bright, though normalization of Fed policy complicates the near-term picture</li> <li>Growth and policy divergence will continue to create opportunities in select EM countries</li> </ul>	<ul style="list-style-type: none"> <li>Overweight Mexico and Brazil local bonds</li> </ul>	<ul style="list-style-type: none"> <li>Overweight Indian rupee, Brazilian real and Malaysian ringgit</li> <li>Tactical exposure to EM external credit</li> </ul>

As of 30 September 2014. SOURCE: PIMCO

RBA: Reserve Bank of Australia; ECB: European Central Bank; BOE: Bank of England; BOC: Bank of Canada; BoJ: Bank of Japan; Fed: Federal Reserve. The above strategy overview is intended to illustrate major themes for the identified period. No representation is being made that any particular account, product or strategy will engage in all or any of the above themes.

# Organizational structure remains the same



# PIMCO snapshot

## History

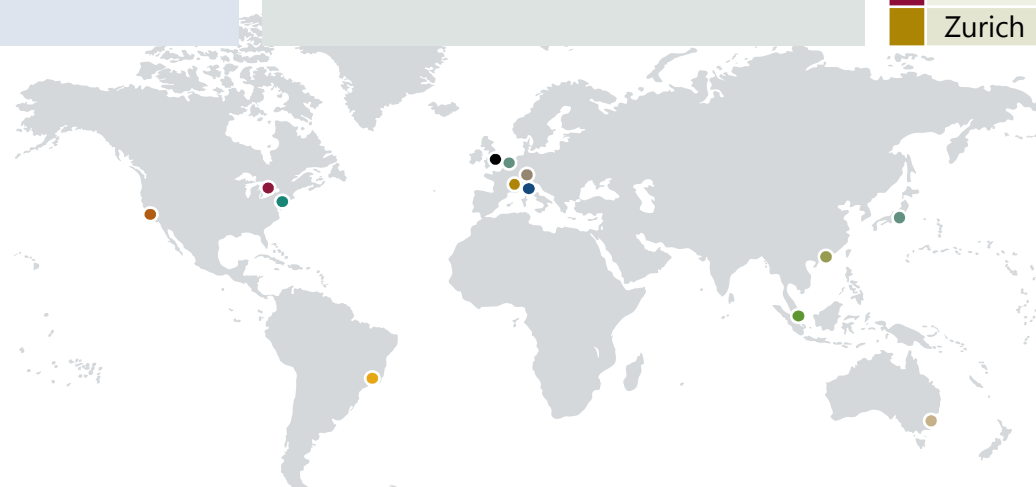
- Founded in 1971
- Investment solutions include fixed income, equities, alternatives and asset allocation
- Assets under management: \$1.87 trillion
  - \$1.47 trillion in third-party client assets
  - Full complement of vehicles to meet client needs (mutual funds, separate accounts, LPs, ETFs)
- Award-winning client service

## People

<b>Employees</b>	<b>2,462</b>	
▪ Investment professionals	758	
▪ Technical and support	1,704	
▪ Collaborative team-oriented approach		
<b>Highly experienced</b>	<b>Avg Yrs Experience</b>	<b>Avg Yrs at PIMCO</b>
▪ All investment professionals	13	6
▪ Senior professionals	20	9

## Global presence

	Offices	Investment Professionals
	Amsterdam	2
	Hong Kong	15
	London	131
	Milan	3
	Munich	63
	New York	120
	Newport Beach	358
	Rio de Janeiro	6
	Singapore	10
	Sydney	15
	Tokyo	27
	Toronto	4
	Zurich	4



As of 30 September 2014

Effective 31 March 2012, PIMCO began reporting the assets managed on behalf of its parent's affiliated companies as part of its assets under management

# Assets under management by strategy

*PIMCO manages \$1.87 trillion in assets, including \$1.47 trillion in third-party client assets*

Alternatives		Billions (\$)
Liquid Absolute Return	Unconstrained bond strategies, credit absolute return, other absolute return strategies	37.86
Hedge Funds	Global macro, long/short credit, multi-asset volatility arbitrage strategies, relative value commodities	16.38
Opportunistic/Distressed	Opportunistic strategies focusing on real estate related assets (residential, commercial), corporate credit	5.00
Asset Allocation		
Asset Allocation Strategies	Global Multi Asset, All Asset, EM Multi Asset, Real Retirement, Inflation-Response Multi Asset, DRA	77.87
Equities		
Equity Strategies	Combines enhanced equities and active equities	24.63
Real Return		
Real Return Strategies	Combines inflation linked strategies, actively managed commodities, and real-estate linked exposure	86.58
Fixed Income		
Total Return <sup>1</sup>	Total Return	233.57
Intermediate <sup>2</sup>	Core Strategies, Moderate Duration	210.04
Credit	Investment Grade Corporates, Bank Loans, High Yield Corporates, Convertibles	178.80
Long Duration	Focus on long-term bonds; asset liability management	138.65
Global	Non-U.S. and global multiple currency formats	119.04
Cash Management <sup>2</sup>	Money Market, Short-Term, Low Duration	114.59
Income	Income-oriented, insurance income	74.73
Emerging Markets	Local debt, external debt, currency	61.16
Mortgages	Agency MBS, structured credit (non-Agency MBS, CMBS, and ABS)	37.81
Diversified Income	Global credit combining corporate and emerging markets debt	26.89
Municipals	Tax-efficient total return management	13.09
Other	Custom mandates	11.76
<b>Total assets under management</b>		<b>\$ 1,468.46 B</b>
Stable Value <sup>2</sup>	Stable income with emphasis on principal stability	29.13
Tail-Risk Hedging <sup>3</sup>	Pooled and customized portfolios of actively managed tail-risk hedges	47.26

As of 30 September 2014

SOURCE: PIMCO

Assets reflect those managed on behalf of third-party clients and exclude affiliated assets. Fund of funds assets have been netted from each strategy.

Potential differences in asset totals are due to rounding. Represents assets of strategy group in dedicated and non-dedicated portfolios.

<sup>1</sup> Total Return has been segregated to isolate the assets of PIMCO sponsored U.S. Total Return 1940-act fund and foreign pool fund accounts. All other U.S. Total Return portfolios are included in the Intermediate category.

<sup>2</sup> Stable value assets have not been netted from U.S. Total Return, U.S. Moderate Duration and U.S. Low Duration assets

<sup>3</sup> Tail-risk hedging assets reflect total notional value of dedicated mandates and are not counted towards PIMCO total assets under management





**To:** Ventura County Employees' Retirement Association ("VCERA") Board  
**From:** Don Stracke, CFA, CAIA, Allan Martin, Partner  
**Date:** November 17, 2014  
**Subject:** AA Update

**Recommendation**

NEPC recommends that the board evaluate and discuss one of the potential options regarding the proposed asset allocation mixes:

1. Select Mix A which represents an incremental improvement in the risk/return profile of the fund
2. Select Mix B, which incorporates a Global Asset Allocation exposure to the mix
3. Continue with the current target

	Current Target	Mix A	Mix B
Large Cap Equities	27%	27%	25%
Small/Mid Cap Equities	3%	3%	3%
Int'l Equities (Unhedged)	12%	12%	10%
Emerging Int'l Equities	2%	4%	2%
Global Equity	10%	8%	8%
<b>Total Equity</b>	<b>54%</b>	<b>54%</b>	<b>48%</b>
Core Bonds	12%	9%	9%
Global Bonds (Unhedged)	5%	2%	2%
Absolute Return Fixed Income	7%	7%	9%
<b>Total Fixed Income</b>	<b>24%</b>	<b>18%</b>	<b>20%</b>
Private Equity	5%	6%	6%
Real Estate (Core)	7%	8%	8%
<b>Total Alternatives</b>	<b>12%</b>	<b>14%</b>	<b>14%</b>
Global Asset Allocation	0%	0%	6%
Risk Parity	6%	8%	6%
MLPs	4%	6%	6%
<b>Total Other</b>	<b>10%</b>	<b>14%</b>	<b>18%</b>
<i>Expected Return 5-7 Years</i>	<i>6.3%</i>	<i>6.7%</i>	<i>6.5%</i>
<i>Expected Return 30 Year</i>	<i>7.6%</i>	<i>7.9%</i>	<i>7.7%</i>
<i>Standard Dev of Asset Return</i>	<i>12.4%</i>	<i>13.1%</i>	<i>12.5%</i>
<i>Probability of 5-7 Yr over 7.75%</i>	<i>39.8%</i>	<i>42.7%</i>	<i>40.9%</i>
<i>Sortino Ratio MAR @ 0%</i>	<i>0.62</i>	<i>0.63</i>	<i>0.64</i>
<i>Sharpe Ratio</i>	<i>0.39</i>	<i>0.40</i>	<i>0.40</i>



## Summary

It has become clear that the initial asset allocation modeling that was done in April for the board, which incorporated a 10% allocation to credit, is unlikely to be adopted. Discussions that we have had around Direct Lending suggest that other, more complex forms of credit are unlikely to be supported by the board as well. Therefore, NEPC is proposing two alternative mixes, Mix A which represents incremental changes to the current asset mix with no new asset classes, and Mix B which incorporates a diversifying exposure to Global Asset Allocation managers.



NEPC, LLC

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



## Ventura County Employees' Retirement Association

**Investment Summary**  
**Quarter Ending September 30, 2014**

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

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

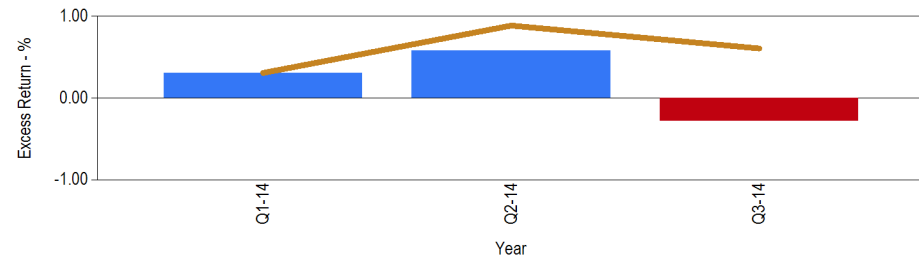
**BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO**

# Ventura County Employees' Retirement Association

## Total Fund Performance Summary (Gross)

	Market Value	3 Mo	Rank	YTD	Rank
<b>Total Fund</b>	<b>\$4,328,104,648</b>	<b>-1.1%</b>	<b>24</b>	<b>5.5%</b>	<b>8</b>
<i>Policy Index</i>		-0.8%	13	4.9%	19
<i>Allocation Index</i>		-0.9%	15	5.4%	9
<i>60% MSCI ACWI (Gross)/40% CITI WGBI</i>		-2.7%	99	3.1%	93
<i>InvestorForce Public DB &gt; \$1B Gross Median</i>		-1.5%		4.2%	

### Quarterly and Cumulative Excess Performance



■ Quarterly Out Performance      — Cumulative Excess Performance  
■ Quarterly Under Performance

### Quarter Ending September 30, 2014

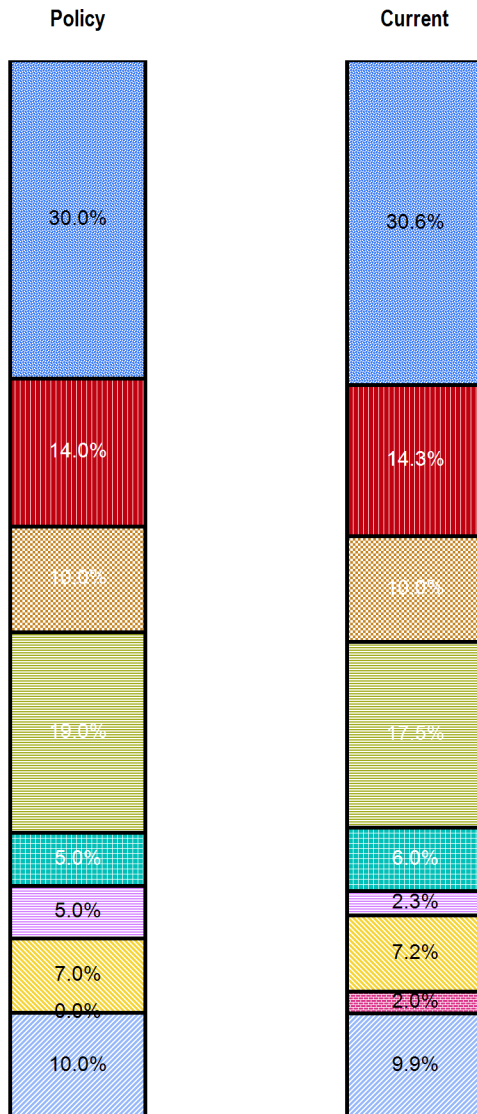
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	-1.1%	24	7.0%	89	-0.2	14	-0.8	84
Policy Index	-0.8%	13	7.0%	88	-0.1	12	-0.4	33
InvestorForce Public DB > \$1B Gross Median	-1.5%	--	6.2%	--	-0.3	--	-0.5	--

### YTD Ending September 30, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	5.5%	8	6.4%	68	0.9	25	4.6	2
Policy Index	4.9%	19	6.0%	52	0.8	30	3.4	10
InvestorForce Public DB > \$1B Gross Median	4.2%	--	6.0%	--	0.7	--	1.8	--



Total Fund Asset Allocation vs. Policy Targets



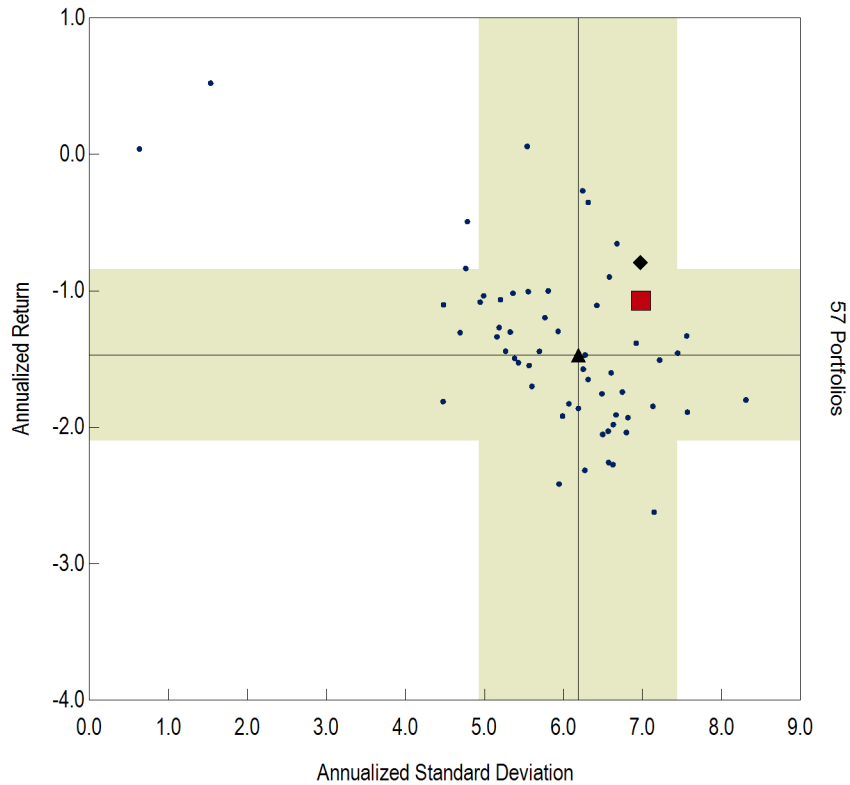
Asset Allocation vs. Target

	Current	Current	Policy	Difference *	Policy Range	Within Range
U.S. Equity	\$1,326,530,593	30.6%	30.0%	0.6%	26.0% - 34.0%	Yes
Non-US Equity	\$617,898,241	14.3%	14.0%	0.3%	11.0% - 17.0%	Yes
Global Equity	\$434,020,217	10.0%	10.0%	0.0%	7.0% - 13.0%	Yes
U.S. Fixed Income	\$758,871,846	17.5%	19.0%	-1.5%	15.0% - 23.0%	Yes
Global Bonds	\$261,120,584	6.0%	5.0%	1.0%	3.0% - 7.0%	Yes
Private Equity	\$97,620,329	2.3%	5.0%	-2.7%	3.0% - 7.0%	No
Real Estate	\$313,736,471	7.2%	7.0%	0.2%	4.0% - 10.0%	Yes
Cash	\$88,282,956	2.0%	0.0%	2.0%	0.0% - 3.0%	Yes
Liquid Alternatives	\$430,023,412	9.9%	10.0%	-0.1%	7.0% - 13.0%	Yes
<b>Total</b>	<b>\$4,328,104,648</b>	<b>100.0%</b>	<b>100.0%</b>			

\*Difference between Policy and Current Allocation

Total Fund Risk/Return

Quarter Ending September 30, 2014



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Gross

Quarter Ending September 30, 2014

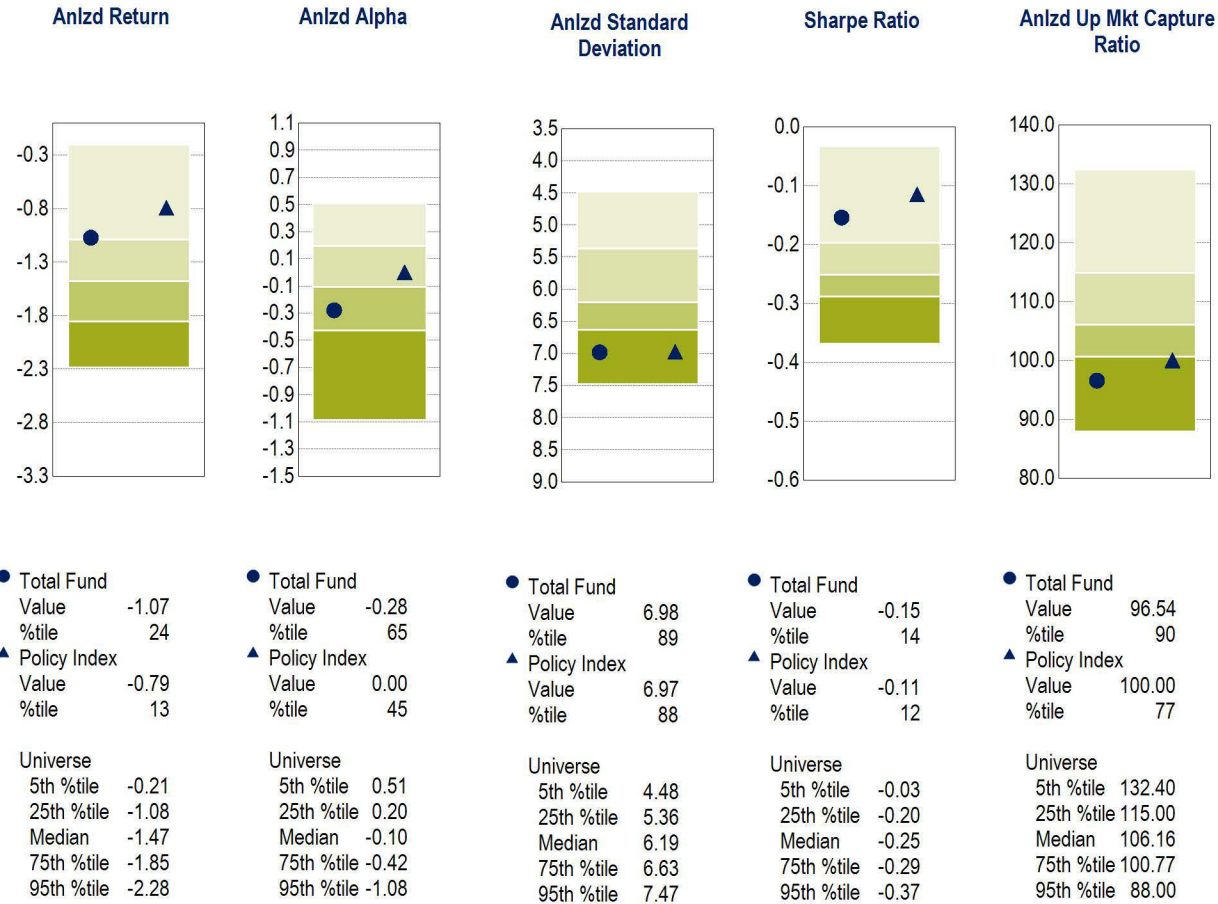
	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	-1.1%	24	7.0%	89
Policy Index	-0.8%	13	7.0%	88
InvestorForce Public DB > \$1B Gross Median	-1.5%	--	6.2%	--

Quarter Ending September 30, 2014

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	-0.2	14	-0.8	84
Policy Index	-0.1	12	-0.4	32
InvestorForce Public DB > \$1B Gross Median	-0.3	--	-0.5	--

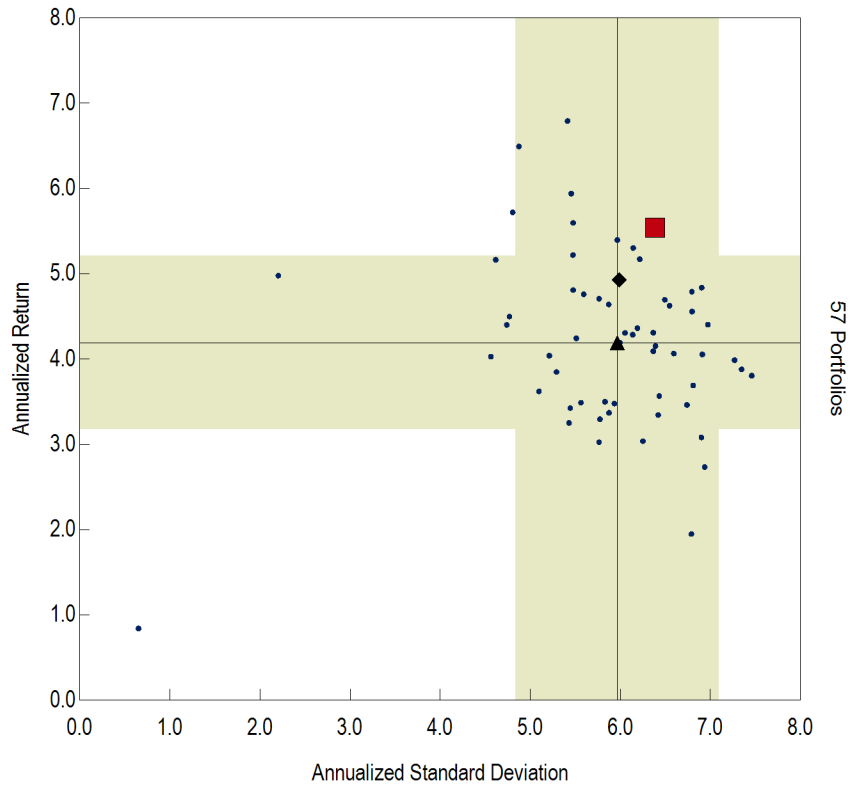
Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Gross Quarter



Total Fund Risk/Return

YTD Ending September 30, 2014



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Gross

YTD Ending September 30, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	5.5%	8	6.4%	68
Policy Index	4.9%	19	6.0%	52
InvestorForce Public DB > \$1B Gross Median	4.2%	--	6.0%	--

YTD Ending September 30, 2014

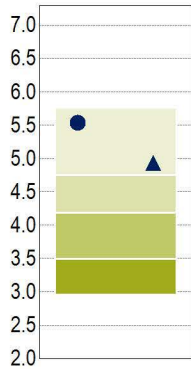
	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.9	25	4.7	3
Policy Index	0.8	30	3.4	11
InvestorForce Public DB > \$1B Gross Median	0.7	--	1.9	--



Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Gross  
YTD

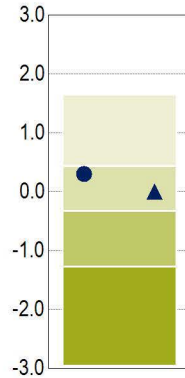
Anlzd Return



● Total Fund	Value	5.54
	%tile	8
▲ Policy Index	Value	4.93
	%tile	19

Universe	
5th %tile	5.76
25th %tile	4.76
Median	4.19
75th %tile	3.50
95th %tile	2.97

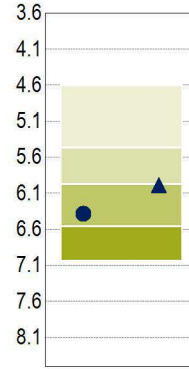
Anlzd Alpha



● Total Fund	Value	0.30
	%tile	29
▲ Policy Index	Value	0.00
	%tile	40

Universe	
5th %tile	1.65
25th %tile	0.45
Median	-0.32
75th %tile	-1.27
95th %tile	-2.95

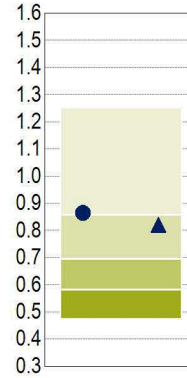
Anlzd Standard Deviation



● Total Fund	Value	6.38
	%tile	68
▲ Policy Index	Value	5.99
	%tile	52

Universe	
5th %tile	4.61
25th %tile	5.46
Median	5.97
75th %tile	6.55
95th %tile	7.03

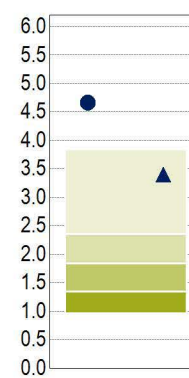
Sharpe Ratio



● Total Fund	Value	0.86
	%tile	25
▲ Policy Index	Value	0.82
	%tile	30

Universe	
5th %tile	1.25
25th %tile	0.86
Median	0.70
75th %tile	0.58
95th %tile	0.48

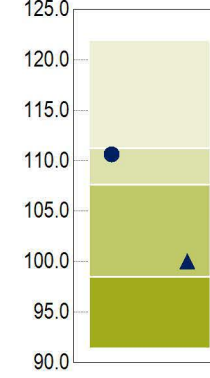
Sortino Ratio



● Total Fund	Value	4.66
	%tile	3
▲ Policy Index	Value	3.39
	%tile	11

Universe	
5th %tile	3.84
25th %tile	2.37
Median	1.85
75th %tile	1.35
95th %tile	0.97

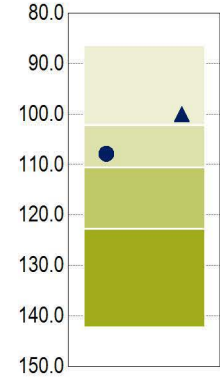
Anlzd Up Mkt Capture Ratio



● Total Fund	Value	110.62
	%tile	34
▲ Policy Index	Value	100.00
	%tile	72

Universe	
5th %tile	121.98
25th %tile	111.26
Median	107.64
75th %tile	98.51
95th %tile	91.41

Anlzd Down Mkt Capture Ratio



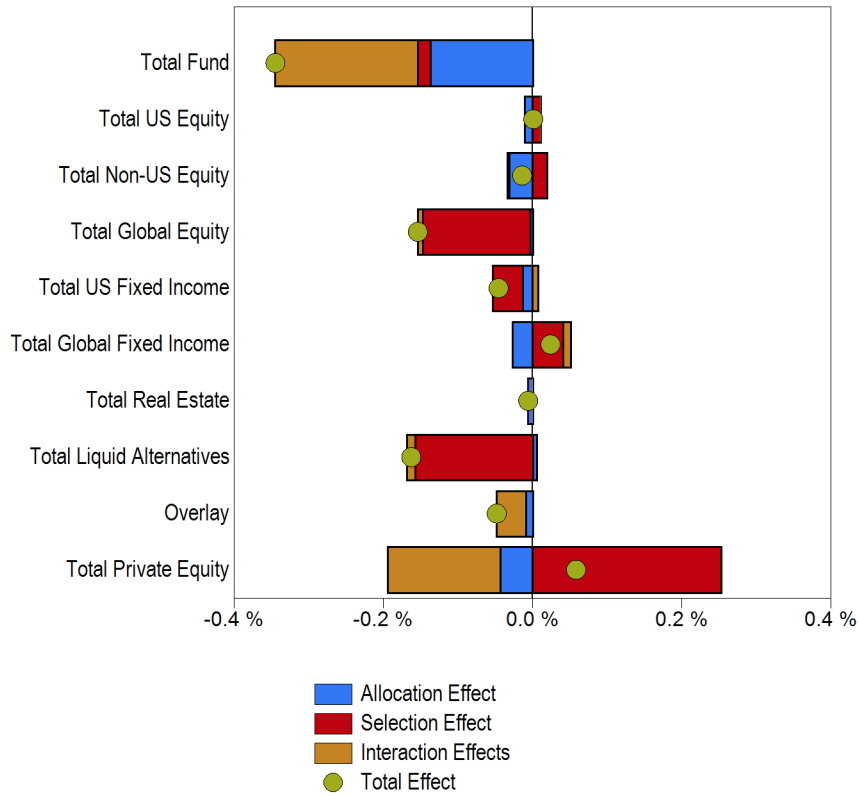
● Total Fund	Value	107.90
	%tile	47
▲ Policy Index	Value	100.00
	%tile	20

Universe	
5th %tile	86.41
25th %tile	102.15
Median	110.49
75th %tile	122.60
95th %tile	142.23



**Total Fund Attribution Analysis**

**Attribution Effects**  
3 Months Ending September 30, 2014

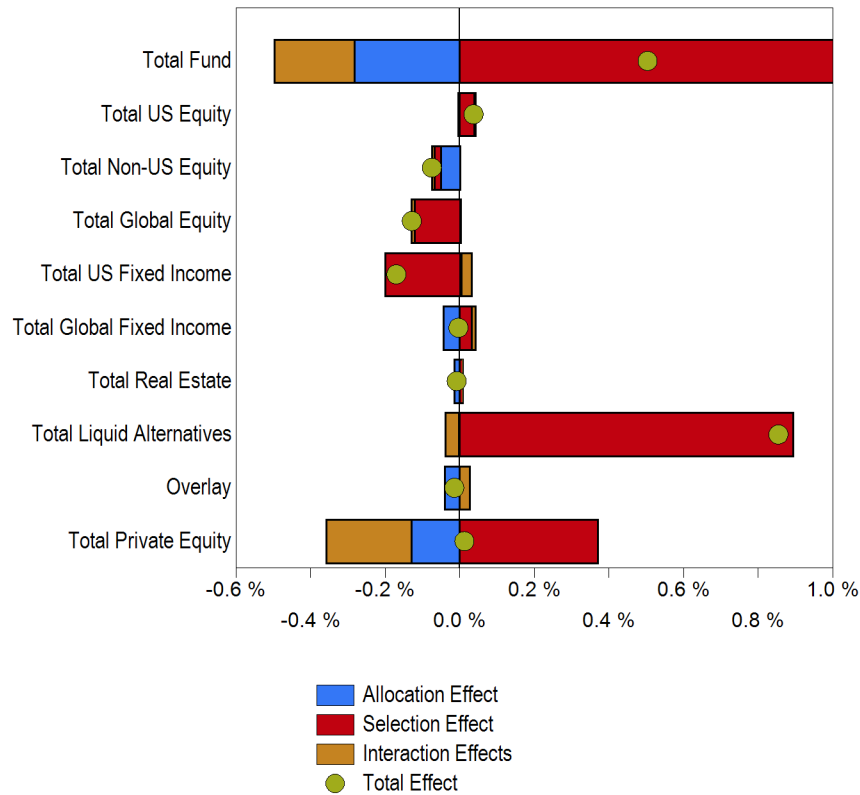


**Attribution Summary**  
3 Months Ending September 30, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-5.1%	-5.3%	0.2%	0.0%	0.0%	0.0%	0.0%
Total Global Equity	-3.6%	-2.2%	-1.4%	-0.1%	0.0%	0.0%	-0.2%
Total US Fixed Income	0.0%	0.2%	-0.2%	0.0%	0.0%	0.0%	0.0%
Total Global Fixed Income	-2.3%	-3.1%	0.8%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	3.2%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Liquid Alternatives	-1.1%	0.6%	-1.7%	-0.2%	0.0%	0.0%	-0.2%
Overlay	1.6%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%
Total Private Equity	5.9%	0.7%	5.2%	0.3%	0.0%	-0.2%	0.1%
<b>Total</b>	<b>-1.1%</b>	<b>-0.8%</b>	<b>-0.3%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.2%</b>	<b>-0.3%</b>

**Total Fund Attribution Analysis**

**Attribution Effects**  
9 Months Ending September 30, 2014



**Attribution Summary**  
9 Months Ending September 30, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	7.0%	6.8%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-0.1%	0.0%	-0.1%	0.0%	-0.1%	0.0%	-0.1%
Total Global Equity	3.0%	4.2%	-1.2%	-0.1%	0.0%	0.0%	-0.1%
Total US Fixed Income	3.1%	4.1%	-1.0%	-0.2%	0.0%	0.0%	-0.2%
Total Global Fixed Income	2.3%	1.6%	0.7%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	9.0%	8.9%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Liquid Alternatives	14.0%	4.9%	9.1%	0.9%	0.0%	0.0%	0.9%
Overlay	7.0%	0.0%	7.0%	0.0%	0.0%	0.0%	0.0%
Total Private Equity	17.2%	9.3%	7.9%	0.4%	-0.1%	-0.2%	0.0%
<b>Total</b>	<b>5.5%</b>	<b>5.0%</b>	<b>0.5%</b>	<b>1.0%</b>	<b>-0.3%</b>	<b>-0.2%</b>	<b>0.5%</b>

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total Fund</b>	<b>4,328,104,648</b>	<b>100.0</b>	<b>-1.1</b>	<b>24</b>	<b>5.5</b>	<b>8</b>	<b>--</b>	<b>Apr-94</b>
<i>Policy Index</i>			<i>-0.8</i>	<i>13</i>	<i>4.9</i>	<i>19</i>	<i>8.3</i>	<i>Apr-94</i>
<i>Over/Under</i>			<i>-0.3</i>		<i>0.6</i>			
<i>Allocation Index</i>			<i>-0.9</i>	<i>15</i>	<i>5.4</i>	<i>9</i>	<i>--</i>	<i>Apr-94</i>
<i>60% MSCI ACWI (Gross)/40% CITI WGBI</i>			<i>-2.7</i>	<i>99</i>	<i>3.1</i>	<i>93</i>	<i>7.0</i>	<i>Apr-94</i>
<i>InvestorForce Public DB &gt; \$1B Gross Median</i>			<i>-1.5</i>		<i>4.2</i>		<i>8.1</i>	<i>Apr-94</i>
<b>Total Fund ex Clifton</b>	<b>4,230,733,899</b>	<b>97.8</b>	<b>-1.2</b>	<b>--</b>	<b>5.4</b>	<b>--</b>	<b>--</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>4,230,484,319</b>	<b>97.7</b>	<b>-1.2</b>	<b>31</b>	<b>5.3</b>	<b>11</b>	<b>--</b>	<b>Jan-12</b>
<i>Policy Index</i>			<i>-0.8</i>	<i>13</i>	<i>4.9</i>	<i>19</i>	<i>12.7</i>	<i>Jan-12</i>
<i>Over/Under</i>			<i>-0.4</i>		<i>0.4</i>			
<i>InvestorForce Public DB &gt; \$1B Gross Median</i>			<i>-1.5</i>		<i>4.2</i>		<i>11.8</i>	<i>Jan-12</i>
<b>Total US Equity</b>	<b>1,326,530,593</b>	<b>30.6</b>	<b>-0.1</b>	<b>36</b>	<b>7.0</b>	<b>35</b>	<b>--</b>	<b>Dec-93</b>
<i>Total U.S. Equity Benchmark</i>			<i>-0.1</i>	<i>37</i>	<i>6.8</i>	<i>36</i>	<i>9.4</i>	<i>Dec-93</i>
<i>Over/Under</i>			<i>0.0</i>		<i>0.2</i>			
<i>eA All US Equity Gross Median</i>			<i>-1.4</i>		<i>5.0</i>		<i>10.9</i>	<i>Dec-93</i>
<b>BlackRock Extended Equity Index</b>	<b>43,778,408</b>	<b>1.0</b>	<b>-4.7</b>	<b>62</b>	<b>1.1</b>	<b>41</b>	<b>12.3</b>	<b>Oct-02</b>
<i>Dow Jones U.S. Completion Total Stock Market</i>			<i>-4.8</i>	<i>63</i>	<i>1.1</i>	<i>41</i>	<i>12.3</i>	<i>Oct-02</i>
<i>Over/Under</i>			<i>0.1</i>		<i>0.0</i>		<i>0.0</i>	
<i>eA US Small-Mid Cap Equity Gross Median</i>			<i>-4.4</i>		<i>0.2</i>		<i>12.5</i>	<i>Oct-02</i>
<b>Western U.S. Index Plus</b>	<b>132,706,391</b>	<b>3.1</b>	<b>1.3</b>	<b>15</b>	<b>9.3</b>	<b>13</b>	<b>3.2</b>	<b>May-07</b>
<i>S&amp;P 500</i>			<i>1.1</i>	<i>18</i>	<i>8.3</i>	<i>21</i>	<i>5.8</i>	<i>May-07</i>
<i>Over/Under</i>			<i>0.2</i>		<i>1.0</i>		<i>-2.6</i>	
<i>eA All US Equity Gross Median</i>			<i>-1.4</i>		<i>5.0</i>		<i>6.7</i>	<i>May-07</i>
<b>BlackRock Equity Market Fund</b>	<b>1,150,045,795</b>	<b>26.6</b>	<b>0.0</b>	<b>36</b>	<b>6.9</b>	<b>35</b>	<b>7.2</b>	<b>Dec-07</b>
<i>Dow Jones U.S. Total Stock Market</i>			<i>-0.1</i>	<i>36</i>	<i>6.9</i>	<i>36</i>	<i>7.1</i>	<i>Dec-07</i>
<i>Over/Under</i>			<i>0.1</i>		<i>0.0</i>		<i>0.1</i>	
<i>eA All US Equity Gross Median</i>			<i>-1.4</i>		<i>5.0</i>		<i>7.8</i>	<i>Dec-07</i>

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

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

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

Prior to May 2007, the Russell 3000 Index



# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total Non-US Equity</b>	<b>617,898,241</b>	<b>14.3</b>	<b>-5.1</b>	<b>34</b>	<b>-0.1</b>	<b>37</b>	<b>--</b>	<b>Mar-94</b>
<i>Total Non-US Equity Benchmark</i>			<i>-5.3</i>	<i>39</i>	<i>0.0</i>	<i>35</i>	<i>5.5</i>	<i>Mar-94</i>
<i>Over/Under</i>			<i>0.2</i>		<i>-0.1</i>			
<i>eA All EAFE Equity Gross Median</i>			<i>-5.7</i>		<i>-0.9</i>		<i>7.1</i>	<i>Mar-94</i>
BlackRock ACWI ex-U.S. Index	259,029,569	6.0	<b>-5.5</b>	<b>60</b>	<b>0.2</b>	<b>40</b>	<b>3.0</b>	Mar-07
<i>MSCI ACWI ex USA Gross</i>			<i>-5.2</i>	<i>47</i>	<i>0.4</i>	<i>37</i>	<i>2.0</i>	<i>Mar-07</i>
<i>Over/Under</i>			<i>-0.3</i>		<i>-0.2</i>		<i>1.0</i>	
<i>eA ACWI ex-US All Cap Equity Gross Median</i>			<i>-5.2</i>		<i>-0.5</i>		<i>3.1</i>	<i>Mar-07</i>
Sprucegrove	185,307,307	4.3	<b>-6.0</b>	<b>59</b>	<b>-0.2</b>	<b>42</b>	<b>8.9</b>	Mar-02
<i>MSCI EAFE Gross</i>			<i>-5.8</i>	<i>56</i>	<i>-1.0</i>	<i>49</i>	<i>7.1</i>	<i>Mar-02</i>
<i>Over/Under</i>			<i>-0.2</i>		<i>0.8</i>		<i>1.8</i>	
<i>MSCI ACWI ex USA Gross</i>			<i>-5.2</i>	<i>38</i>	<i>0.4</i>	<i>27</i>	<i>7.9</i>	<i>Mar-02</i>
<i>eA EAFE All Cap Equity Gross Median</i>			<i>-5.6</i>		<i>-1.0</i>		<i>8.4</i>	<i>Mar-02</i>
Hexavest	80,620,136	1.9	<b>-3.7</b>	<b>10</b>	<b>0.1</b>	<b>35</b>	<b>6.2</b>	Dec-10
<i>MSCI EAFE Gross</i>			<i>-5.8</i>	<i>56</i>	<i>-1.0</i>	<i>49</i>	<i>6.6</i>	<i>Dec-10</i>
<i>Over/Under</i>			<i>2.1</i>		<i>1.1</i>		<i>-0.4</i>	
<i>eA EAFE All Cap Equity Gross Median</i>			<i>-5.6</i>		<i>-1.0</i>		<i>7.3</i>	<i>Dec-10</i>
Walter Scott	92,941,228	2.1	<b>-3.6</b>	<b>11</b>	<b>-0.8</b>	<b>54</b>	<b>6.1</b>	Dec-10
<i>MSCI ACWI ex USA Gross</i>			<i>-5.2</i>	<i>47</i>	<i>0.4</i>	<i>37</i>	<i>4.6</i>	<i>Dec-10</i>
<i>Over/Under</i>			<i>1.6</i>		<i>-1.2</i>		<i>1.5</i>	
<i>eA ACWI ex-US All Cap Equity Gross Median</i>			<i>-5.2</i>		<i>-0.5</i>		<i>6.5</i>	<i>Dec-10</i>

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

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total Global Equity</b>	<b>434,020,217</b>	<b>10.0</b>	<b>-3.6</b>	<b>96</b>	<b>3.0</b>	<b>91</b>	<b>--</b>	<b>May-05</b>
<i>MSCI ACWI Gross</i>			<u>-2.2</u>	82	<u>4.2</u>	81	<u>7.4</u>	<i>May-05</i>
Over/Under			-1.4		-1.2			
<i>eA US All Cap Core Equity Gross Median</i>			-0.5		6.4		9.2	<i>May-05</i>
<b>GMO Global Equity</b>	<b>212,724,958</b>	<b>4.9</b>	<b>-5.0</b>	<b>83</b>	<b>1.8</b>	<b>73</b>	<b>--</b>	<b>Apr-05</b>
<i>MSCI ACWI Gross</i>			<u>-2.2</u>	36	<u>4.2</u>	40	<u>7.4</u>	<i>Apr-05</i>
Over/Under			-2.8		-2.4			
<i>eA All Global Equity Gross Median</i>			-2.8		3.4		8.3	<i>Apr-05</i>
<b>BlackRock MSCI ACWI Equity Index</b>	<b>221,295,259</b>	<b>5.1</b>	<b>-2.2</b>	<b>36</b>	<b>4.1</b>	<b>42</b>	<b>--</b>	<b>May-12</b>
<i>MSCI ACWI Gross</i>			<u>-2.2</u>	36	<u>4.2</u>	40	<u>18.5</u>	<i>May-12</i>
Over/Under			0.0		-0.1			
<i>eA All Global Equity Gross Median</i>			-2.8		3.4		18.9	<i>May-12</i>

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total US Fixed Income</b>	<b>758,871,846</b>	<b>17.5</b>	<b>0.0</b>	<b>66</b>	<b>3.1</b>	<b>61</b>	<b>--</b>	<b>Feb-94</b>
Barclays Aggregate			0.2	38	4.1	42	5.8	Feb-94
Over/Under			-0.2		-1.0			
eA All US Fixed Inc Gross Median			0.1		3.7		5.9	Feb-94
Western	262,440,612	6.1	0.3	28	6.0	16	--	Dec-96
Barclays Aggregate			0.2	38	4.1	42	5.7	Dec-96
Over/Under			0.1		1.9			
eA All US Fixed Inc Gross Median			0.1		3.7		5.9	Dec-96
BlackRock U.S. Debt Fund	136,750,242	3.2	0.2	31	4.3	36	5.7	Nov-95
Barclays Aggregate			0.2	38	4.1	42	5.6	Nov-95
Over/Under			0.0		0.2		0.1	
eA All US Fixed Inc Gross Median			0.1		3.7		5.8	Nov-95
Reams	287,972,567	6.7	-0.4	81	-1.6	99	6.4	Sep-01
Reams Custom Index			0.1	52	0.2	99	4.7	Sep-01
Over/Under			-0.5		-1.8		1.7	
Barclays Aggregate			0.2	38	4.1	42	4.9	Sep-01
eA All US Fixed Inc Gross Median			0.1		3.7		5.3	Sep-01
Loomis Sayles Multi Strategy	71,708,425	1.7	-0.5	83	7.1	12	7.8	Jul-05
Loomis Custom Index			-0.5	82	3.8	50	5.8	Jul-05
Over/Under			0.0		3.3		2.0	
Barclays Aggregate			0.2	38	4.1	42	4.8	Jul-05
eA All US Fixed Inc Gross Median			0.1		3.7		5.1	Jul-05

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

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



# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total Global Fixed Income</b>	<b>261,120,584</b>	<b>6.0</b>	<b>-2.3</b>	<b>54</b>	<b>2.3</b>	<b>70</b>	<b>1.4</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>			<i>-3.1</i>	<i>75</i>	<i>1.6</i>	<i>78</i>	<i>0.8</i>	<i>Jun-12</i>
Over/Under			0.8		0.7		0.6	
<i>eA All Global Fixed Inc Gross Median</i>			<i>-2.1</i>		<i>3.3</i>		<i>4.2</i>	<i>Jun-12</i>
Loomis Sayles Global Fixed Income	93,359,972	2.2	-3.0	74	2.0	75	1.7	Jun-12
<i>Barclays Global Aggregate</i>			<i>-3.1</i>	<i>78</i>	<i>1.6</i>	<i>83</i>	<i>0.8</i>	<i>Jun-12</i>
Over/Under			0.1		0.4		0.9	
<i>eA Global Fixed Inc Unhedged Gross Median</i>			<i>-2.3</i>		<i>3.2</i>		<i>4.1</i>	<i>Jun-12</i>
PIMCO Global Fixed Income	125,822,048	2.9	-2.7	64	2.4	69	-0.5	Sep-12
<i>Barclays Global Aggregate</i>			<i>-3.1</i>	<i>78</i>	<i>1.6</i>	<i>83</i>	<i>-0.7</i>	<i>Sep-12</i>
Over/Under			0.4		0.8		0.2	
<i>eA Global Fixed Inc Unhedged Gross Median</i>			<i>-2.3</i>		<i>3.2</i>		<i>2.5</i>	<i>Sep-12</i>
Loomis Strategic Alpha	41,938,564	1.0	0.5	5	2.7	63	3.7	Jul-13
<i>Barclays Global Aggregate</i>			<i>-3.1</i>	<i>78</i>	<i>1.6</i>	<i>83</i>	<i>2.3</i>	<i>Jul-13</i>
Over/Under			3.6		1.1		1.4	
<i>eA Global Fixed Inc Unhedged Gross Median</i>			<i>-2.3</i>		<i>3.2</i>		<i>4.7</i>	<i>Jul-13</i>

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total Real Estate</b>	<b>313,736,471</b>	<b>7.2</b>	<b>3.2</b>	--	<b>9.0</b>	--	--	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>			<u>3.2</u>	--	<u>8.9</u>	--	<u>8.8</u>	<i>Mar-94</i>
Over/Under			0.0		0.1			
Prudential Real Estate	103,915,047	2.4	<b>3.2</b>	--	<b>9.2</b>	--	--	Jun-04
<i>NCREIF-ODCE</i>			<u>3.2</u>	--	<u>8.9</u>	--	<u>7.3</u>	<i>Jun-04</i>
Over/Under			0.0		0.3			
UBS Real Estate	202,620,814	4.7	<b>3.2</b>	--	<b>8.4</b>	--	<b>8.2</b>	Mar-03
<i>NCREIF-ODCE</i>			<u>3.2</u>	--	<u>8.9</u>	--	<u>7.6</u>	<i>Mar-03</i>
Over/Under			0.0		-0.5		0.6	
RREEF	7,200,610	0.2	<b>5.6</b>	--	<b>24.7</b>	--	<b>-6.2</b>	Sep-07
<i>NCREIF-ODCE</i>			<u>3.2</u>	--	<u>8.9</u>	--	<u>2.6</u>	<i>Sep-07</i>
Over/Under			2.4		15.8		-8.8	

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

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total Liquid Alternatives</b>	<b>430,023,412</b>	<b>9.9</b>	<b>-1.1</b>	<b>--</b>	<b>14.0</b>	<b>--</b>	<b>15.6</b>	<b>Apr-13</b>
<i>CPI + 4% (Unadjusted)</i>			<i>0.6</i>	<i>--</i>	<i>4.9</i>	<i>--</i>	<i>5.5</i>	<i>Apr-13</i>
Over/Under			-1.7		9.1		10.1	
Bridgewater All Weather Fund	274,016,903	6.3	-1.7	--	7.8	--	10.7	Aug-13
<i>CPI + 5% (Unadjusted)</i>			<i>0.9</i>	<i>--</i>	<i>5.7</i>	<i>--</i>	<i>6.5</i>	<i>Aug-13</i>
Over/Under			-2.6		2.1		4.2	
Tortoise Energy Infrastructure	156,006,508	3.6	0.0	--	26.8	--	28.9	Apr-13
<i>Wells Fargo MLP Index</i>			<i>2.3</i>	<i>--</i>	<i>20.3</i>	<i>--</i>	<i>19.0</i>	<i>Apr-13</i>
Over/Under			-2.3		6.5		9.9	
<b>Overlay</b>	<b>88,282,956</b>	<b>2.0</b>						
Clifton	88,282,956	2.0						

Overlay performance is not applicable on an individual account level

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Gross)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	Return (%)	Since
<b>Total Private Equity</b>	<b>97,620,329</b>	<b>2.3</b>	<b>5.9</b>	--	<b>17.2</b>	--	--	<b>Jul-10</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.7</u>	--	<u>9.3</u>	--	--	<i>Jul-10</i>
Over/Under			5.2		7.9			
Adams Street Partners	63,349,449	1.5	<b>4.2</b>	--	<b>16.3</b>	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.7</u>	--	<u>9.3</u>	--	--	<i>Jul-10</i>
Over/Under			3.5		7.0			
Panteon Ventures	10,240,115	0.2	<b>5.8</b>	--	<b>19.5</b>	--	--	Aug-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.7</u>	--	<u>9.3</u>	--	--	<i>Aug-10</i>
Over/Under			5.1		10.2			
Harbourvest	24,030,765	0.6	<b>10.6</b>	--	<b>18.8</b>	--	--	May-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>0.7</u>	--	<u>9.3</u>	--	<u>20.5</u>	<i>May-13</i>
Over/Under			9.9		9.5			

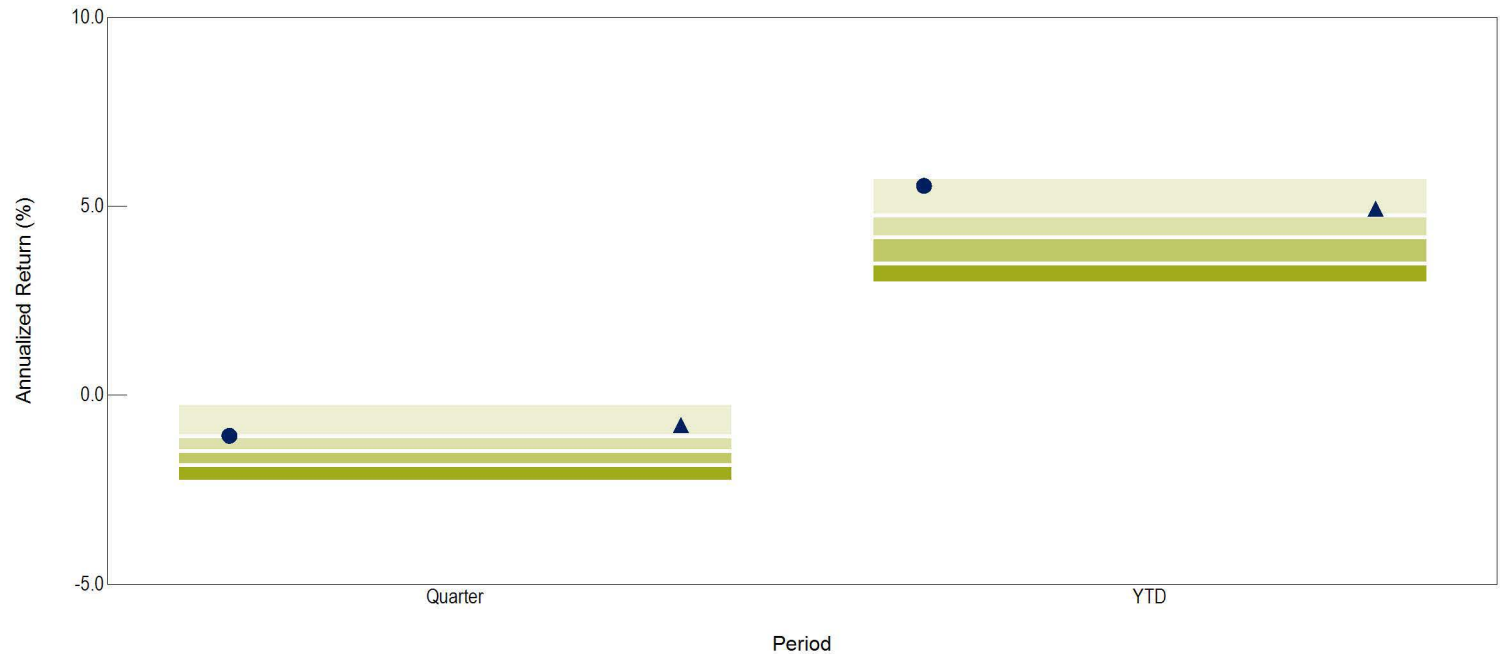
Color Coding: PERFORMANCE: Green-Over performance, Red-Under performance

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

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

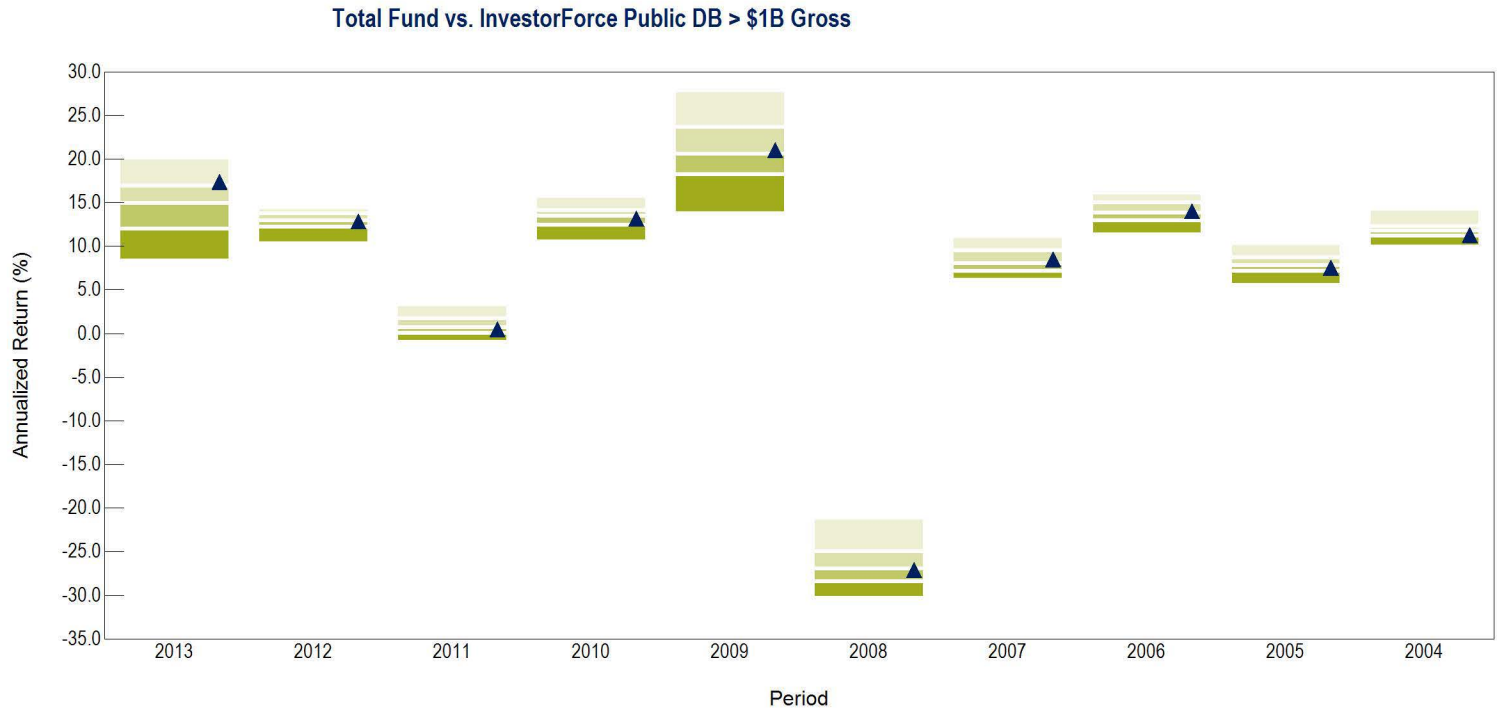
Ventura County Employees' Retirement Association  
**Total Fund Return Summary vs. Peer Universe**

Total Fund vs. InvestorForce Public DB > \$1B Gross



	Return (Rank)			
5th Percentile	-0.2		5.8	
25th Percentile	-1.1		4.8	
Median	-1.5		4.2	
75th Percentile	-1.8		3.5	
95th Percentile	-2.3		3.0	
# of Portfolios	57		57	
● Total Fund	-1.1	(24)	5.5	(8)
▲ Policy Index	-0.8	(13)	4.9	(19)

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



	Return (Rank)																			
5th Percentile	20.1	14.4	3.3	15.7	27.8	-21.2	11.1	16.1	10.4	14.3	20.1	14.4	3.3	15.7	27.8	-21.2	11.1	16.1	10.4	14.3
25th Percentile	17.0	13.8	1.8	14.2	23.7	-24.9	9.6	15.1	8.8	12.4	17.0	13.8	1.8	14.2	23.7	-24.9	9.6	15.1	8.8	12.4
Median	15.0	13.0	0.8	13.5	20.7	-26.8	8.1	13.9	7.9	11.8	15.0	13.0	0.8	13.5	20.7	-26.8	8.1	13.9	7.9	11.8
75th Percentile	12.1	12.3	0.1	12.5	18.3	-28.3	7.2	13.0	7.2	11.3	12.1	12.3	0.1	12.5	18.3	-28.3	7.2	13.0	7.2	11.3
95th Percentile	8.4	10.4	-0.9	10.6	13.9	-30.2	6.2	11.4	5.6	10.0	8.4	10.4	-0.9	10.6	13.9	-30.2	6.2	11.4	5.6	10.0
# of Portfolios	57	51	49	49	49	48	47	41	41	39	57	51	49	49	49	48	47	41	41	39
● Total Fund	--	(-)	--	(-)	--	(-)	--	(-)	--	(-)	--	(-)	--	(-)	--	(-)	--	(-)	--	(-)
▲ Policy Index	17.4	(24)	12.9	(59)	0.5	(54)	13.2	(63)	21.0	(44)	17.4	(24)	12.9	(59)	0.5	(54)	13.2	(63)	21.0	(44)

# Ventura County Employees' Retirement Association

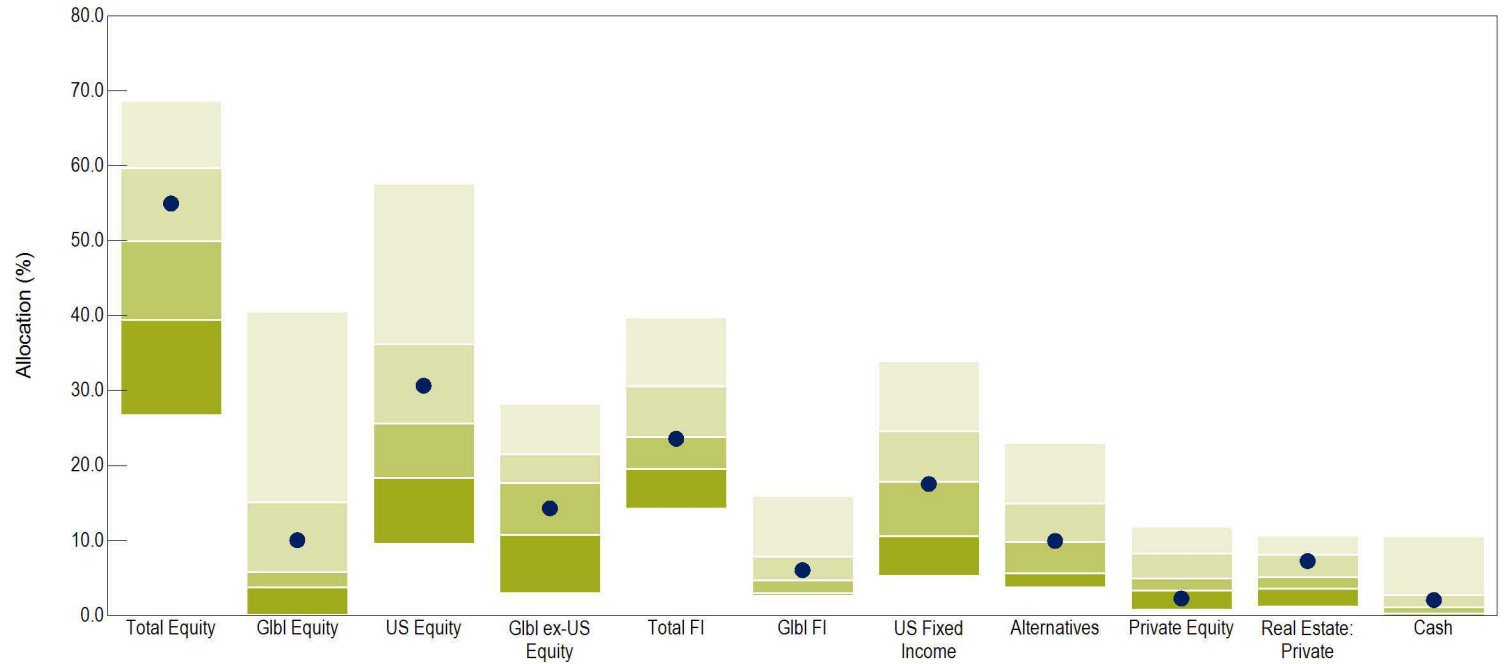
## Total Fund Return Summary vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Gross



	Fiscal 2014		Fiscal 2013		Fiscal 2012		Fiscal 2011		Fiscal 2010		Fiscal 2009	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
5th Percentile	19.2		15.6		3.6		25.1		17.5		-14.2	
25th Percentile	17.6		13.5		1.9		22.8		14.7		-15.7	
Median	16.4		12.0		0.8		22.0		13.6		-18.6	
75th Percentile	14.9		10.4		0.3		19.7		12.3		-19.7	
95th Percentile	14.0		7.7		-0.3		17.7		10.4		-23.7	
# of Portfolios	52		55		50		49		49		49	
● Total Fund	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Policy Index	17.9	(21)	12.4	(42)	1.4	(38)	22.5	(36)	11.9	(77)	-18.3	(45)

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



	Allocation (Rank)											
5th Percentile	68.6	40.5	57.6	28.3	39.8	15.9	33.9	23.0	11.8	10.6	10.5	--
25th Percentile	59.8	15.1	36.3	21.6	30.7	7.9	24.7	15.0	8.3	8.2	2.8	--
Median	50.0	5.9	25.7	17.8	23.9	4.7	17.9	9.9	5.0	5.2	1.2	--
75th Percentile	39.6	3.8	18.4	10.8	19.6	3.1	10.7	5.7	3.4	3.6	0.3	--
95th Percentile	26.8	0.2	9.6	3.0	14.3	2.7	5.4	3.8	0.8	1.3	0.0	--
# of Portfolios	51	23	49	47	51	22	51	40	38	38	44	--
● Total Fund	55.0 (40)	10.0 (32)	30.6 (35)	14.3 (59)	23.6 (53)	6.0 (39)	17.5 (53)	9.9 (50)	2.3 (81)	7.2 (37)	2.0 (34)	--



# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

### Quarter Ending September 30, 2014

	% of Tot	Anlzd Ret	Anlzd Std Dev	Ann Excess BM Return	Info Ratio
Total Fund	100.00%	-1.07%	6.98%	-0.28%	-0.75
Policy Index	--	-0.79%	6.97%	0.00%	--
Total Fund ex Private Equity	97.74%	-1.22%	7.29%	-0.43%	-1.16
Policy Index	--	-0.79%	6.97%	0.00%	--
Total Equity	54.95%	-2.08%	10.38%	0.12%	0.06
MSCI ACWI Gross	--	-2.20%	9.55%	0.00%	--
Total US Equity	30.65%	-0.08%	12.57%	0.04%	0.57
Total U.S. Equity Benchmark	--	-0.11%	12.57%	0.00%	--
Total Non-US Equity	14.28%	-5.11%	7.91%	0.16%	0.09
Total Non-US Equity Benchmark	--	-5.27%	9.63%	0.00%	--
Total Global Equity	10.03%	-3.62%	9.58%	-1.43%	-1.79
MSCI ACWI Gross	--	-2.20%	9.55%	0.00%	--
Total Fixed Income	23.57%	-0.63%	2.07%	2.51%	0.66
Barclays Global Aggregate	--	-3.14%	5.80%	0.00%	--
Total US Fixed Income	17.53%	-0.03%	1.19%	-0.20%	-0.10
Barclays Aggregate	--	0.17%	3.22%	0.00%	--
Total Global Fixed Income	6.03%	-2.31%	4.85%	0.83%	0.86
Barclays Global Aggregate	--	-3.14%	5.80%	0.00%	--
Total Real Estate	7.25%	3.24%	6.48%	0.00%	-0.50
Total Real Estate Benchmark	--	3.24%	6.48%	0.00%	--
Total Liquid Alternatives	9.94%	-1.12%	13.31%	-1.73%	-0.13
CPI + 4% (Unadjusted)	--	0.61%	0.26%	0.00%	--
Overlay	2.04%	1.56%	9.43%	1.55%	0.16
91 Day T-Bills	--	0.00%	0.00%	0.00%	--
Total Private Equity	2.26%	5.88%	11.99%	5.20%	0.24

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

YTD Ending September 30, 2014

	% of Tot	Anlzd Ret	Anlzd Std Dev	Ann Excess BM Return	Info Ratio
Total Fund	100.00%	5.54%	6.38%	0.61%	0.92
Policy Index	--	4.93%	5.99%	0.00%	--
Total Fund ex Private Equity	97.74%	5.31%	6.55%	0.37%	0.53
Policy Index	--	4.93%	5.99%	0.00%	--
Total Equity	54.95%	4.32%	9.68%	0.15%	0.13
MSCI ACWI Gross	--	4.16%	9.80%	0.00%	--
Total US Equity	30.65%	6.96%	9.85%	0.13%	2.09
Total U.S. Equity Benchmark	--	6.83%	9.86%	0.00%	--
Total Non-US Equity	14.28%	-0.07%	10.33%	-0.07%	-0.07
Total Non-US Equity Benchmark	--	0.00%	10.89%	0.00%	--
Total Global Equity	10.03%	2.97%	9.93%	-1.19%	-0.91
MSCI ACWI Gross	--	4.16%	9.80%	0.00%	--
Total Fixed Income	23.57%	2.90%	1.94%	1.26%	0.46
Barclays Global Aggregate	--	1.64%	4.55%	0.00%	--
Total US Fixed Income	17.53%	3.09%	1.32%	-1.01%	-0.59
Barclays Aggregate	--	4.10%	2.58%	0.00%	--
Total Global Fixed Income	6.03%	2.30%	3.90%	0.66%	0.58
Barclays Global Aggregate	--	1.64%	4.55%	0.00%	--
Total Real Estate	7.25%	9.03%	5.10%	0.08%	1.15
Total Real Estate Benchmark	--	8.94%	5.06%	0.00%	--
Total Liquid Alternatives	9.94%	14.01%	8.76%	9.08%	1.07
CPI + 4% (Unadjusted)	--	4.93%	0.96%	0.00%	--
Overlay	2.04%	7.00%	18.09%	6.98%	0.39
91 Day T-Bills	--	0.02%	0.00%	0.00%	--
Total Private Equity	2.26%	17.20%	8.91%	7.93%	0.55
DJ U.S. Total Stock Market Index + 3%	--	9.26%	9.83%	0.00%	--

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

### 5 Years Ending September 30, 2014

	% of Tot	Anlzd Ret	Anlzd Std Dev	Ann Excess BM Return	Info Ratio
Total Fund	100.00%	11.10%	5.87%	0.06%	0.08
Policy Index	--	11.05%	5.72%	0.00%	--
Total Fund ex Private Equity	97.74%	10.87%	6.03%	-0.18%	-0.25
Policy Index	--	11.05%	5.72%	0.00%	--
Total Equity	54.95%	12.71%	9.06%	0.82%	0.74
MSCI ACWI Gross	--	11.89%	9.13%	0.00%	--
Total US Equity	30.65%	17.81%	9.35%	0.19%	2.68
Total U.S. Equity Benchmark	--	17.61%	9.36%	0.00%	--
Total Non-US Equity	14.28%	4.39%	9.37%	-0.38%	-0.36
Total Non-US Equity Benchmark	--	4.77%	9.97%	0.00%	--
Total Global Equity	10.03%	10.68%	9.39%	-1.21%	-1.00
MSCI ACWI Gross	--	11.89%	9.13%	0.00%	--
Total Fixed Income	23.57%	3.76%	1.93%	2.56%	1.05
Barclays Global Aggregate	--	1.19%	4.18%	0.00%	--
Total US Fixed Income	17.53%	4.15%	1.53%	0.19%	0.12
Barclays Aggregate	--	3.96%	2.58%	0.00%	--
Total Global Fixed Income	6.03%	2.61%	3.46%	1.42%	1.23
Barclays Global Aggregate	--	1.19%	4.18%	0.00%	--
Total Real Estate	7.25%	12.01%	4.94%	-0.39%	-0.87
Total Real Estate Benchmark	--	12.40%	5.09%	0.00%	--
Total Liquid Alternatives	9.94%	17.82%	7.77%	12.36%	1.64
CPI + 4% (Unadjusted)	--	5.46%	1.02%	0.00%	--
Overlay	2.04%	1.64%	18.63%	1.61%	0.09
91 Day T-Bills	--	0.03%	0.00%	0.00%	--
Total Private Equity	2.26%	22.41%	8.35%	1.23%	0.09
DJ U.S. Total Stock Market Index + 3%	--	21.17%	9.33%	0.00%	--

Ventura County Employees' Retirement Association

**Total Fund**

**Cash Flow Summary**

	Quarter Ending September 30, 2014					
	Beginning Market Value	Withdrawals	Contributions	Net Investment Change	Ending Market Value	Quarter Return
Adams Street Partners	\$55,262,193	\$0	\$5,565,000	\$2,522,256	\$63,349,449	4.18%
BlackRock ACWI ex-U.S. Index	\$273,963,489	-\$71,873	\$0	-\$14,862,047	\$259,029,569	-5.45%
BlackRock Equity Market Fund	\$1,150,558,481	-\$63,804	\$0	-\$448,883	\$1,150,045,795	-0.04%
BlackRock Extended Equity Index	\$45,958,381	-\$8,923	\$0	-\$2,171,050	\$43,778,408	-4.74%
BlackRock MSCI ACWI Equity Index	\$226,326,541	-\$27,453	\$0	-\$5,003,829	\$221,295,259	-2.22%
BlackRock U.S. Debt Fund	\$136,435,387	-\$23,682	\$0	\$338,537	\$136,750,242	0.23%
Bridgewater All Weather Fund	\$279,163,512	-\$274,203	\$0	-\$4,872,406	\$274,016,903	-1.75%
Clifton	\$15,166,597	-\$38,069,616	\$110,872,998	\$312,977	\$88,282,956	1.56%
GMO Global Equity	\$224,315,286	-\$298,953	\$0	-\$11,291,375	\$212,724,958	-5.04%
Harbourvest	\$22,252,165	-\$1,879,457	\$1,350,000	\$2,308,057	\$24,030,765	10.64%
Hexavest	\$83,678,266	-\$94,213	\$0	-\$2,963,918	\$80,620,136	-3.65%
Loomis Sayles Global Fixed Income	\$96,233,926	-\$71,152	\$0	-\$2,802,802	\$93,359,972	-2.99%
Loomis Sayles Multi Strategy	\$72,081,542	-\$71,541	\$0	-\$301,576	\$71,708,425	-0.52%
Loomis Strategic Alpha	\$41,749,656	-\$41,901	\$0	\$230,809	\$41,938,564	0.45%
Panteon Ventures	\$10,317,439	-\$645,000	\$0	\$567,676	\$10,240,115	5.81%
PIMCO Global Fixed Income	\$129,310,083	-\$108,320	\$0	-\$3,379,715	\$125,822,048	-2.70%
Prudential Real Estate	\$100,717,415	-\$198,753	\$198,753	\$3,197,632	\$103,915,047	3.17%
Reams	\$248,814,419	-\$121,475	\$40,000,000	-\$720,378	\$287,972,567	-0.40%
RREEF	\$7,098,235	-\$294,552	\$0	\$396,928	\$7,200,610	5.60%
Sprucegrove	\$197,088,216	-\$178,131	\$0	-\$11,602,777	\$185,307,307	-5.98%
Tortoise Energy Infrastructure	\$155,986,455	-\$272,611	\$0	\$292,664	\$156,006,508	0.01%
UBS Real Estate	\$196,833,029	-\$482,787	\$0	\$6,270,572	\$202,620,814	3.19%
Walter Scott	\$96,415,665	-\$208,147	\$0	-\$3,266,290	\$92,941,228	-3.60%
Western	\$261,752,994	-\$136,097	\$0	\$823,715	\$262,440,612	0.26%
Western U.S. Index Plus	\$131,010,204	-\$87,061	\$0	\$1,783,247	\$132,706,391	1.29%
<b>Total</b>	<b>\$4,258,489,574</b>	<b>-\$43,729,703</b>	<b>\$157,986,750</b>	<b>-\$44,641,974</b>	<b>\$4,328,104,648</b>	<b>-1.07%</b>

## Reporting Methodology

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

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## Ventura County Employees' Retirement Association

**Performance Report  
Month Ending October 31, 2014**

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# 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
<b>Total Fund</b>	<b>4,343,889,644</b>	<b>100.0</b>	<b>0.7</b>	<b>0.8</b>	<b>6.0</b>	<b>-0.5</b>	<b>8.6</b>	<b>12.4</b>	<b>11.6</b>	<b>7.0</b>	<b>8.3</b>	<b>Apr-94</b>
Policy Index			<u>1.1</u>	<u>1.4</u>	<u>6.2</u>	<u>0.4</u>	<u>9.0</u>	<u>11.7</u>	<u>10.8</u>	<u>7.1</u>	<u>8.3</u>	Apr-94
Over/Under			-0.4	-0.6	-0.2	-0.9	-0.4	0.7	0.8	-0.1	0.0	
Allocation Index			0.9	1.3	6.4	0.0	8.9	11.2	10.3	6.8	--	Apr-94
<b>Total Fund ex Clifton</b>	--	--	--	--	--	--	--	--	--	--	--	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>4,239,501,290</b>	<b>97.6</b>	<b>0.7</b>	<b>0.7</b>	<b>5.8</b>	<b>-0.6</b>	<b>8.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>12.4</b>	<b>Jan-12</b>
Policy Index			<u>1.1</u>	<u>1.4</u>	<u>6.2</u>	<u>0.4</u>	<u>9.0</u>	<u>11.7</u>	<u>10.8</u>	<u>7.1</u>	<u>12.8</u>	Jan-12
Over/Under			-0.4	-0.7	-0.4	-1.0	-0.7				-0.4	
<b>Total US Equity</b>	<b>1,363,459,449</b>	<b>31.4</b>	<b>2.8</b>	<b>4.8</b>	<b>9.9</b>	<b>2.7</b>	<b>16.1</b>	<b>20.1</b>	<b>17.5</b>	<b>8.1</b>	<b>9.1</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark			<u>2.8</u>	<u>4.8</u>	<u>9.8</u>	<u>2.7</u>	<u>15.9</u>	<u>19.7</u>	<u>17.1</u>	<u>8.7</u>	<u>9.5</u>	Dec-93
Over/Under			0.0	0.0	0.1	0.0	0.2	0.4	0.4	-0.6	-0.4	
BlackRock Extended Equity Index	45,556,022	1.0	4.1	3.7	5.2	-0.9	11.0	19.6	18.9	10.3	12.6	Oct-02
Dow Jones U.S. Completion Total Stock Market			<u>4.0</u>	<u>3.7</u>	<u>5.2</u>	<u>-1.0</u>	<u>11.0</u>	<u>19.4</u>	<u>18.6</u>	<u>10.2</u>	<u>12.5</u>	Oct-02
Over/Under			0.1	0.0	0.0	0.1	0.0	0.2	0.3	0.1	0.1	
Western U.S. Index Plus	135,805,095	3.1	2.3	5.0	11.6	3.6	17.8	21.5	19.7	--	3.3	May-07
S&P 500			<u>2.4</u>	<u>5.0</u>	<u>11.0</u>	<u>3.6</u>	<u>17.3</u>	<u>19.8</u>	<u>16.7</u>	<u>8.2</u>	<u>6.1</u>	May-07
Over/Under			-0.1	0.0	0.6	0.0	0.5	1.7	3.0		-2.8	
BlackRock Equity Market Fund	1,182,098,332	27.2	2.8	4.8	9.9	2.7	16.1	19.7	17.1	--	7.5	Dec-07
Dow Jones U.S. Total Stock Market			<u>2.8</u>	<u>4.8</u>	<u>9.8</u>	<u>2.7</u>	<u>16.0</u>	<u>19.7</u>	<u>17.1</u>	<u>8.7</u>	<u>7.5</u>	Dec-07
Over/Under			0.0	0.0	0.1	0.0	0.1	0.0	0.0		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



October 31, 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
<b>Total Non-US Equity</b>	<b>610,334,306</b>	<b>14.1</b>	<b>-1.3</b>	<b>-5.1</b>	<b>-1.6</b>	<b>-6.4</b>	<b>-0.4</b>	<b>8.3</b>	<b>6.8</b>	<b>6.4</b>	<b>6.7</b>	<b>Mar-94</b>
<i>Total Non-US Equity Benchmark</i>			<u>-1.0</u>	<u>-5.3</u>	<u>-1.0</u>	<u>-6.2</u>	<u>0.1</u>	<u>7.8</u>	<u>6.1</u>	<u>6.6</u>	<u>5.4</u>	<i>Mar-94</i>
Over/Under			-0.3	0.2	-0.6	-0.2	-0.5	0.5	0.7	-0.2	1.3	
BlackRock ACWI ex-U.S. Index	256,096,259	5.9	-1.1	-5.5	-1.0	-6.6	0.1	8.0	6.5	--	1.8	Mar-07
<i>MSCI ACWI ex USA Gross</i>			<u>-1.0</u>	<u>-5.2</u>	<u>-0.6</u>	<u>-6.1</u>	<u>0.5</u>	<u>8.2</u>	<u>6.6</u>	<u>7.1</u>	<u>1.8</u>	<i>Mar-07</i>
Over/Under			-0.1	-0.3	-0.4	-0.5	-0.4	-0.2	-0.1		0.0	
Sprucegrove	182,213,570	4.2	-1.7	-6.2	-2.2	-7.7	-0.6	8.7	8.3	6.8	8.2	Mar-02
<i>MSCI EAFE Gross</i>			<u>-1.4</u>	<u>-5.3</u>	<u>-2.4</u>	<u>-7.2</u>	<u>-0.2</u>	<u>10.2</u>	<u>7.0</u>	<u>6.3</u>	<u>6.9</u>	<i>Mar-02</i>
Over/Under			-0.3	-0.9	0.2	-0.5	-0.4	-1.5	1.3	0.5	1.3	
<i>MSCI ACWI ex USA Gross</i>			<u>-1.0</u>	<u>-5.2</u>	<u>-0.6</u>	<u>-6.1</u>	<u>0.5</u>	<u>8.2</u>	<u>6.6</u>	<u>7.1</u>	<u>7.7</u>	<i>Mar-02</i>
Hexavest	79,446,792	1.8	-1.5	-3.5	-1.7	-5.2	-0.2	8.6	--	--	5.2	Dec-10
<i>MSCI EAFE Gross</i>			<u>-1.4</u>	<u>-5.3</u>	<u>-2.4</u>	<u>-7.2</u>	<u>-0.2</u>	<u>10.2</u>	<u>7.0</u>	<u>6.3</u>	<u>6.0</u>	<i>Dec-10</i>
Over/Under			-0.1	1.8	0.7	2.0	0.0	-1.6			-0.8	
Walter Scott	92,577,685	2.1	-0.5	-3.5	-1.9	-4.3	-1.7	7.8	--	--	4.8	Dec-10
<i>MSCI ACWI ex USA Gross</i>			<u>-1.0</u>	<u>-5.2</u>	<u>-0.6</u>	<u>-6.1</u>	<u>0.5</u>	<u>8.2</u>	<u>6.6</u>	<u>7.1</u>	<u>4.2</u>	<i>Dec-10</i>
Over/Under			0.5	1.7	-1.3	1.8	-2.2	-0.4			0.6	
<b>Total Global Equity</b>	<b>434,904,507</b>	<b>10.0</b>	<b>0.2</b>	<b>-1.6</b>	<b>2.9</b>	<b>-3.5</b>	<b>6.0</b>	<b>12.2</b>	<b>10.3</b>	<b>--</b>	<b>5.8</b>	<b>May-05</b>
<i>MSCI ACWI Gross</i>			<u>0.7</u>	<u>-0.3</u>	<u>4.9</u>	<u>-1.5</u>	<u>8.3</u>	<u>13.6</u>	<u>11.1</u>	<u>7.7</u>	<u>7.4</u>	<i>May-05</i>
Over/Under			-0.5	-1.3	-2.0	-2.0	-2.3	-1.4	-0.8		-1.6	
GMO Global Equity	212,008,712	4.9	-0.3	-2.8	1.1	-5.5	3.8	11.4	9.9	--	7.0	Apr-05
<i>MSCI ACWI Gross</i>			<u>0.7</u>	<u>-0.3</u>	<u>4.9</u>	<u>-1.5</u>	<u>8.3</u>	<u>13.6</u>	<u>11.1</u>	<u>7.7</u>	<u>7.4</u>	<i>Apr-05</i>
Over/Under			-1.0	-2.5	-3.8	-4.0	-4.5	-2.2	-1.2		-0.4	
BlackRock MSCI ACWI Equity Index	222,895,794	5.1	0.7	-0.3	4.8	-1.5	8.2	--	--	--	--	May-12
<i>MSCI ACWI Gross</i>			<u>0.7</u>	<u>-0.3</u>	<u>4.9</u>	<u>-1.5</u>	<u>8.3</u>	<u>13.6</u>	<u>11.1</u>	<u>7.7</u>	<u>18.2</u>	<i>May-12</i>
Over/Under			0.0	0.0	-0.1	0.0	-0.1					

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
<b>Total US Fixed Income</b>	<b>761,775,422</b>	<b>17.5</b>	<b>0.4</b>	<b>0.5</b>	<b>3.3</b>	<b>0.3</b>	<b>3.2</b>	<b>4.5</b>	<b>6.2</b>	<b>6.0</b>	<b>6.4</b>	<b>Feb-94</b>
<i>Barclays Aggregate</i>			<u>1.0</u>	<u>1.4</u>	<u>5.1</u>	<u>1.2</u>	<u>4.1</u>	<u>2.7</u>	<u>4.2</u>	<u>4.6</u>	<u>5.8</u>	<i>Feb-94</i>
Over/Under			-0.6	-0.9	-1.8	-0.9	-0.9	1.8	2.0	1.4	0.6	
Western	264,736,436	6.1	0.9	1.1	6.8	1.1	5.9	5.3	6.8	5.6	6.6	Dec-96
<i>Barclays Aggregate</i>			<u>1.0</u>	<u>1.4</u>	<u>5.1</u>	<u>1.2</u>	<u>4.1</u>	<u>2.7</u>	<u>4.2</u>	<u>4.6</u>	<u>5.7</u>	<i>Dec-96</i>
Over/Under			-0.1	-0.3	1.7	-0.1	1.8	2.6	2.6	1.0	0.9	
BlackRock U.S. Debt Fund	138,021,503	3.2	0.9	1.4	5.2	1.1	4.2	2.8	4.3	4.7	5.7	Nov-95
<i>Barclays Aggregate</i>			<u>1.0</u>	<u>1.4</u>	<u>5.1</u>	<u>1.2</u>	<u>4.1</u>	<u>2.7</u>	<u>4.2</u>	<u>4.6</u>	<u>5.7</u>	<i>Nov-95</i>
Over/Under			-0.1	0.0	0.1	-0.1	0.1	0.1	0.1	0.1	0.0	
Reams	286,670,118	6.6	-0.5	-0.7	-2.1	-0.9	-1.3	3.8	5.7	6.3	6.1	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>1.6</u>	<u>3.6</u>	<u>4.3</u>	<u>4.7</u>	<i>Sep-01</i>
Over/Under			-0.5	-0.8	-2.3	-1.0	-1.5	2.2	2.1	2.0	1.4	
<i>Barclays Aggregate</i>			<u>1.0</u>	<u>1.4</u>	<u>5.1</u>	<u>1.2</u>	<u>4.1</u>	<u>2.7</u>	<u>4.2</u>	<u>4.6</u>	<u>5.0</u>	<i>Sep-01</i>
Loomis Sayles Multi Strategy	72,347,364	1.7	0.9	0.7	7.7	0.2	7.7	8.0	9.1	--	7.5	Jul-05
<i>Loomis Custom Index</i>			<u>1.0</u>	<u>1.1</u>	<u>4.8</u>	<u>0.5</u>	<u>4.5</u>	<u>4.7</u>	<u>6.0</u>	--	<u>5.9</u>	<i>Jul-05</i>
Over/Under			-0.1	-0.4	2.9	-0.3	3.2	3.3	3.1		1.6	
<i>Barclays Aggregate</i>			<u>1.0</u>	<u>1.4</u>	<u>5.1</u>	<u>1.2</u>	<u>4.1</u>	<u>2.7</u>	<u>4.2</u>	<u>4.6</u>	<u>4.8</u>	<i>Jul-05</i>
<b>Total Global Fixed Income</b>	<b>261,235,045</b>	<b>6.0</b>	<b>0.0</b>	<b>-1.7</b>	<b>2.1</b>	<b>-2.4</b>	<b>1.5</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.4</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>			<u>0.0</u>	<u>-2.2</u>	<u>1.7</u>	<u>-3.1</u>	<u>0.2</u>	<u>0.7</u>	<u>2.6</u>	<u>4.1</u>	<u>0.8</u>	<i>Jun-12</i>
Over/Under			0.0	0.5	0.4	0.7	1.3				0.6	
Loomis Sayles Global Fixed Income	93,359,972	2.1	0.0	-2.2	1.7	-3.1	0.6	--	--	--	1.4	Jun-12
<i>Barclays Global Aggregate</i>			<u>0.0</u>	<u>-2.2</u>	<u>1.7</u>	<u>-3.1</u>	<u>0.2</u>	<u>0.7</u>	<u>2.6</u>	<u>4.1</u>	<u>0.8</u>	<i>Jun-12</i>
Over/Under			0.0	0.0	0.0	0.0	0.4				0.6	
PIMCO Global Fixed Income	126,049,853	2.9	0.2	-1.8	2.3	-2.6	1.6	--	--	--	-0.7	Sep-12
<i>Barclays Global Aggregate</i>			<u>0.0</u>	<u>-2.2</u>	<u>1.7</u>	<u>-3.1</u>	<u>0.2</u>	<u>0.7</u>	<u>2.6</u>	<u>4.1</u>	<u>-0.7</u>	<i>Sep-12</i>
Over/Under			0.2	0.4	0.6	0.5	1.4				0.0	
Loomis Strategic Alpha	41,825,221	1.0	-0.3	0.0	2.1	0.0	3.1	--	--	--	2.8	Jul-13
<i>Barclays Global Aggregate</i>			<u>0.0</u>	<u>-2.2</u>	<u>1.7</u>	<u>-3.1</u>	<u>0.2</u>	<u>0.7</u>	<u>2.6</u>	<u>4.1</u>	<u>2.2</u>	<i>Jul-13</i>
Over/Under			-0.3	2.2	0.4	3.1	2.9				0.6	

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
<b>Total Real Estate</b>	<b>313,736,471</b>	<b>7.2</b>	<b>0.0</b>	<b>3.0</b>	<b>8.3</b>	<b>3.0</b>	<b>11.0</b>	<b>10.2</b>	<b>10.8</b>	<b>4.8</b>	<b>7.7</b>	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>			<u>0.0</u>	<u>3.2</u>	<u>8.9</u>	<u>3.2</u>	<u>12.4</u>	<u>12.3</u>	<u>12.4</u>	<u>7.1</u>	<u>8.7</u>	<i>Mar-94</i>
Over/Under			0.0	-0.2	-0.6	-0.2	-1.4	-2.1	-1.6	-2.3	-1.0	
Prudential Real Estate	103,915,047	2.4	0.0	3.0	8.6	3.0	12.3	11.5	12.5	5.1	4.9	Jun-04
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>3.2</u>	<u>8.9</u>	<u>3.2</u>	<u>12.4</u>	<u>12.3</u>	<u>12.4</u>	<u>7.1</u>	<u>7.2</u>	<i>Jun-04</i>
Over/Under			0.0	-0.2	-0.3	-0.2	-0.1	-0.8	0.1	-2.0	-2.3	
UBS Real Estate	202,620,814	4.7	0.0	2.9	7.6	2.9	9.8	9.4	10.0	6.7	7.2	Mar-03
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>3.2</u>	<u>8.9</u>	<u>3.2</u>	<u>12.4</u>	<u>12.3</u>	<u>12.4</u>	<u>7.1</u>	<u>7.6</u>	<i>Mar-03</i>
Over/Under			0.0	-0.3	-1.3	-0.3	-2.6	-2.9	-2.4	-0.4	-0.4	
RREEF	7,200,610	0.2	0.0	5.3	23.5	5.3	27.0	21.1	20.0	--	-7.0	Sep-07
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>3.2</u>	<u>8.9</u>	<u>3.2</u>	<u>12.4</u>	<u>12.3</u>	<u>12.4</u>	<u>7.1</u>	<u>2.6</u>	<i>Sep-07</i>
Over/Under			0.0	2.1	14.6	2.1	14.6	8.8	7.6	--	-9.6	
<b>Total Liquid Alternatives</b>	<b>425,843,859</b>	<b>9.8</b>	<b>-1.0</b>	<b>-0.1</b>	<b>12.4</b>	<b>-2.2</b>	<b>13.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>15.9</b>	<b>Apr-13</b>
<i>CPI + 4% (Unadjusted)</i>			<u>0.4</u>	<u>1.0</u>	<u>5.6</u>	<u>1.3</u>	<u>6.1</u>	<u>5.8</u>	<u>6.0</u>	<u>6.3</u>	<u>5.7</u>	<i>Apr-13</i>
Over/Under			-1.4	-1.1	6.8	-3.5	7.1	--	--	--	10.2	
Bridgewater All Weather Fund	276,791,147	6.4	1.0	-0.4	8.6	-0.8	6.9	--	--	--	10.4	Aug-13
<i>CPI + 5% (Unadjusted)</i>			<u>0.5</u>	<u>1.2</u>	<u>6.4</u>	<u>1.6</u>	<u>7.1</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6.7</u>	<i>Aug-13</i>
Over/Under			0.5	-1.6	2.2	-2.4	-0.2	--	--	--	3.7	
Tortoise Energy Infrastructure	149,052,712	3.4	-4.5	0.3	20.4	-4.7	27.1	--	--	--	22.4	Apr-13
<i>Wells Fargo MLP Index</i>			<u>-5.9</u>	<u>-0.3</u>	<u>13.2</u>	<u>-3.8</u>	<u>16.7</u>	<u>16.9</u>	<u>--</u>	<u>--</u>	<u>13.2</u>	<i>Apr-13</i>
Over/Under			1.4	0.6	7.2	-0.9	10.4	--	--	--	9.2	

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

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

Total Liquid Alternatives index, the CPI+4% is 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 9/30/2014.

Tortoise performance is preliminary

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
<b>Overlay</b>	<b>68,212,231</b>	<b>1.6</b>										
Clifton	68,212,231	1.6										
<b>Total Private Equity</b>	<b>104,388,354</b>	<b>2.4</b>	<b>0.0</b>	<b>5.9</b>	<b>17.2</b>	<b>5.8</b>	<b>22.9</b>	--	--	--	--	<b>Jul-10</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.0</u>	<u>5.5</u>	<u>12.5</u>	<u>3.7</u>	<u>19.4</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			-3.0	0.4	4.7	2.1	3.5					
Adams Street Partners	67,249,412	1.5	0.0	4.2	16.3	4.2	21.2	--	--	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.0</u>	<u>5.5</u>	<u>12.5</u>	<u>3.7</u>	<u>19.4</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			-3.0	-1.3	3.8	0.5	1.8					
Panteon Ventures	10,105,112	0.2	0.0	5.8	19.5	5.8	22.5	--	--	--	--	Aug-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.0</u>	<u>5.5</u>	<u>12.5</u>	<u>3.7</u>	<u>19.4</u>	--	--	--	--	<i>Aug-10</i>
Over/Under			-3.0	0.3	7.0	2.1	3.1					
Harbourvest	27,033,829	0.6	-0.1	10.7	18.6	10.5	29.7	--	--	--	--	May-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.0</u>	<u>5.5</u>	<u>12.5</u>	<u>3.7</u>	<u>19.4</u>	--	--	--	<u>21.7</u>	<i>May-13</i>
Over/Under			-3.1	5.2	6.1	6.8	10.3					

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 October 31, 2014

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$63,349,449	\$0	\$3,899,967	\$3,899,967	\$0	-\$4	\$67,249,412
BlackRock ACWI ex-U.S. Index	\$259,029,569	\$0	\$0	\$0	-\$23,008	-\$2,933,310	\$256,096,259
BlackRock Equity Market Fund	\$1,150,045,795	\$0	\$0	\$0	-\$21,785	\$32,052,538	\$1,182,098,332
BlackRock Extended Equity Index	\$43,778,408	\$0	\$0	\$0	-\$3,037	\$1,777,614	\$45,556,022
BlackRock MSCI ACWI Equity Index	\$221,295,259	\$0	\$0	\$0	-\$9,097	\$1,600,535	\$222,895,794
BlackRock U.S. Debt Fund	\$136,750,242	\$0	\$0	\$0	-\$7,934	\$1,271,261	\$138,021,503
Bridgewater All Weather Fund	\$274,016,903	\$0	\$0	\$0	-\$90,998	\$2,774,244	\$276,791,147
Clifton	\$88,282,956	-\$23,423,027	\$3,247,062	-\$20,175,966	-\$6,726	\$105,241	\$68,212,231
GMO Global Equity	\$212,724,958	\$0	\$0	\$0	-\$97,171	-\$716,246	\$212,008,712
Harbourvest	\$24,030,765	\$0	\$3,037,500	\$3,037,500	\$0	-\$34,435	\$27,033,829
Hexavest	\$80,620,136	\$0	\$0	\$0	-\$30,649	-\$1,173,344	\$79,446,792
Loomis Sayles Global Fixed Income	\$93,359,972	\$0	\$0	\$0	-\$23,340	\$0	\$93,359,972
Loomis Sayles Multi Strategy	\$71,708,425	\$0	\$0	\$0	-\$23,920	\$638,939	\$72,347,364
Loomis Strategic Alpha	\$41,938,564	\$0	\$0	\$0	-\$13,942	-\$113,344	\$41,825,221
Panteon Ventures	\$10,240,115	-\$135,000	\$0	-\$135,000	\$0	-\$3	\$10,105,112
PIMCO Global Fixed Income	\$125,822,048	\$0	\$0	\$0	-\$35,679	\$227,805	\$126,049,853
Prudential Real Estate	\$103,915,047	\$0	\$0	\$0	\$0	\$0	\$103,915,047
Reams	\$287,972,567	\$0	\$0	\$0	-\$42,084	-\$1,302,449	\$286,670,118
RREEF	\$7,200,610	\$0	\$0	\$0	\$0	\$0	\$7,200,610
Sprucegrove	\$185,307,307	\$0	\$0	\$0	-\$57,544	-\$3,093,738	\$182,213,570
Tortoise Energy Infrastructure	\$156,006,508	\$0	\$0	\$0	-\$88,048	-\$6,953,796	\$149,052,712
UBS Real Estate	\$202,620,814	\$0	\$0	\$0	\$0	\$0	\$202,620,814
Walter Scott	\$92,941,228	\$0	\$0	\$0	-\$68,164	-\$363,543	\$92,577,685
Western	\$262,440,612	\$0	\$0	\$0	-\$45,592	\$2,295,824	\$264,736,436
Western U.S. Index Plus	\$132,706,391	\$0	\$0	\$0	-\$29,476	\$3,098,705	\$135,805,095
<b>Total</b>	<b>\$4,328,104,648</b>	<b>-\$23,558,027</b>	<b>\$10,184,529</b>	<b>-\$13,373,499</b>	<b>-\$718,194</b>	<b>\$29,158,495</b>	<b>\$4,343,889,644</b>

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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

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November 17, 2014

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

## **SUBJECT: PROPOSED 2015 DUE DILIGENCE CALENDAR**

Dear Board Members:

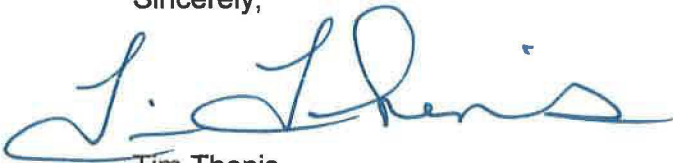
A proposed 2015 schedule of investment manager due diligence visits is attached for your consideration.

VCERA's Travel Policy states the Board Chair shall, with Board consent, designate the Trustee(s) to participate in each on-site evaluation. The proposed 2015 schedule was developed with Don Stracke of NEPC in accordance with the Travel Policy.

During 2014, VCERA visited BlackRock, PIMCO and Western Asset Management. A planned trip to meet with Reams Asset Management and Tortoise during the fall has not been accomplished. Staff included this due diligence trip in the proposed 2015 calendar. The balance of the proposed calendar schedules meetings with managers who have not been seen over the past two years, including two relative recent hires, Bridgewater and HarbourVest Partners.

I will be pleased to respond to any questions you may have on this matter at the November 17, 2014 business meeting.

Sincerely,



Tim Thonis  
Interim Retirement Administrator

Attachment

<b>2015 Due Diligence Schedule</b>			
<b>SERVICE PROVIDER</b>	<b>LOCATION</b>	<b>PROPOSED TIME FRAME</b>	<b>COMMENTS</b>
REAMS	COLUMBUS, IN	SPRING	
TORTOISE	LEAWOOD, KS	SPRING	
HEXAVEST	MONTREAL	SPRING	
SPRUCEGROVE	TORONTO	SPRING	
BRIDGEWATER	WESTPORT, CT	SUMMER	
PRUDENTIAL	NEW JERSEY	SUMMER	
UBS	HARTFORD, CT	SUMMER	
HARBOURVEST	BOSTON, MA	FALL	
ADAMS STREET	CHICAGO, IL	FALL	

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE VENTURA COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION AND THE COUNTY OF VENTURA AUDITOR-CONTROLLER  
FOR FUNDING PAYROLL INTERFACE PROGRAMMING FOR VCERIS**

The Ventura County of Ventura Employees' Retirement Association (VCERA) is a public retirement system organized and existing under the County Employees Retirement Law of 1937, California Government Code section 31450 et seq. VCERA's governing body is the Board of Retirement, which is vested with management of the system. VCERA is charged with administering a pension plan for employees of the County of Ventura (County), and other participating employers. VCERA is a separate and independent public entity from the County and other participating employers. VCERA is currently undertaking a project to design and implement a new pension administration system, known as the Ventura County Employees Retirement Information System (VCERIS or V3).

The County is a legal subdivision of the State of California. The County is responsible for reporting certain payroll and employment information to VCERA. The Ventura County Auditor-Controller (Auditor) is charged with the management of the County payroll system.

The purpose and intent of this Memorandum of Understanding (MOU) is to set forth VCERA's agreement to provide funding to the Auditor for the incremental cost of completion of software programming for the payroll interface within a compressed time frame in order to mitigate further costs to VCERA associated with delays, and the Auditor's agreement to conduct such programming in accordance with VCERA's defined requirements and under the control and direction of VCERA and its pension administration system contractors, in accordance with a mutually agreed-upon schedule.

**IN CONSIDERATION** of the mutual duties set forth in this MOU, the parties agree as follows:

**1. Tasks and Objectives for Development of Payroll Interface**

VCERA agrees to compensate the Auditor for the incremental costs, up to \$180,000, associated with developing the payroll interface within a compressed time frame. Payment shall be made in increments, upon reaching the milestones stated in the VCERIS Transmittal Implementation Timeline, attached as Attachment A. The Auditor agrees to program the payroll interface so that it meets all transmittal file requirements, including, but not limited to, the following key data elements:



**A. “Compensation Earnable”:** The Auditor will provide accurate compensation earnable and pensionable compensation 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 members that qualifies as compensation earnable or pensionable compensation under CERL and PEPRA, as applicable, and the compensation earnable or pensionable compensation 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 and pensionable compensation 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.

**B. “Retroactive Adjustments”:** The Auditor will deliver retroactive adjustment records as per VCERA’s defined requirements. This means, for retroactive adjustments, for each effected pay period, provide a reversal record for all the original values and then provide a complete record for the corrected values.

**C. “Retroactive Plan Changes”:** The Auditor will deliver retroactive plan changes in accordance with VCERA’s defined requirements. This means that all retroactive plan changes for each effected pay period provide a reversal record for all the original values and then provide a complete record for the corrected values.

**D. “Parallel Testing”:** The Auditor will provide VCERA with three (3) pay periods of transmittal files (including demographic, employment and contribution files) for both on-cycle and off-cycle checks.

**E. “Timeline”:** The Auditor will adhere to the timeline for completion of the above tasks, as outlined in the VCERIS Transmittal Implementation Timeline, in Attachment A.

**2. Payment of Auditor Support Costs**

VCERA agrees to compensate the Auditor an additional \$40,000 for additional costs and resources required by the Auditor to support VCERA’s new V3 application. Such costs are to cover the following:

A. Isolating and maintaining a non-production test environment for approximately six (6) months of continued development, “parallel” testing, user acceptance testing and eventual migration;

B. Providing constrained resources to support “on demand” assistance with V3 development and testing as the project moves forward;

C. Performing a PeopleSoft Tools Upgrade independent of the Production environment;

D. Installing and testing quarterly PeopleSoft patches and bundles independent of the Production environment up to the point of migration; and

E. Converting the test environments to coincide with VCFMS 3X chart of account upgrade effective July 1, 2015.

### **3. Invoicing**

The Auditor shall submit invoices to VCERA that correspond to the three milestones on Attachment A.

### **4. Software Development Process**

VCERA and its contractors will direct, supervise and control the Auditor’s programming staff in the development of the payroll interface work. VCERA will be fully responsible for the outcome, provided the Auditor has acted in good faith and complied in a timely manner with VCERA’s request and direction.

VCERA is utilizing the “agile” process for the V3 software development. It is VCERA’s intent that requirements and solutions evolve through collaboration between self-organizing, cross-functional teams. This process utilizes adaptive planning, evolutionary development, early delivery, continuous improvement and encourages rapid and flexible response to change. It is expected that when the Auditor provides test files, prior to parallel testing, VCERA and the Auditor will work together, engage in active communications and cooperate to resolve issues in the way the Auditor reports payroll and the way VCERA needs the data reported. In developing its requirements, VCERA has made certain assumptions about the Auditor’s payroll system. As test files are provided, further development of VCERA’s requirements may be necessary. Ongoing programming and configuration changes are expected as part of this process. It is anticipated that by the time parallel testing begins, the test files will be acceptable, meaning each business scenario has been tested and conform to the file layout. During parallel testing, the Auditor will provide the “old” file into the legacy system and provide the new format to the new system. VCERA will import both files and compare them. Some differences will be expected, and may be immaterial, and some differences may be

material and require further programming and configuration changes. It is imperative that VCERA and the Auditor continue active and collaborative communication during this process to correct material errors.

**5. Meetings:** VCERA and the Auditor, through their respective staffs, will meet as often as necessary, but no less than once each week, to accomplish the tasks and objectives in Attachment A. VCERA will determine who from its staff, including its contractors, should attend meetings. The Auditor shall make available its programmer(s) for all such meetings if requested by VCERA.

**6. Term of MOU:** This MOU shall be effective on the date it is approved by both the Char of the Board of Retirement and the Auditor. The MOU will terminate upon the completion of the last task in Attachment A.

**7. Modification:** Any modification of this MOU will be effective only if it is in writing and signed by the party to be charged.

**8. No Waiver:** The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this MOU by the other party shall not be deemed a waiver of that terms, covenant or conditions, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

CHAIR, BOARD OF RETIREMENT

Dated: \_\_\_\_\_

By \_\_\_\_\_

VENTURA COUNTY AUDITOR-CONTROLLER

Dated: \_\_\_\_\_

By \_\_\_\_\_

## VCERIS Transmittal Implementation Timeline

### Suggested Milestones

S.No	Task / Activity	Start Date	Deadline	Status	Desc. Of Milestones	Amount
1	Development, Unit Testing and Revision loops (Including Comp. Earnable)	Jan-2013	2/13/2015	In progress	#1 Approval of MOU	50,000
2	Scenario Based Testing (Including Comp. Earnable)	5/20/2014	2/13/2015	In progress	#2 Delivery of Comp. Earnable (1/9/2015)	100,000
3	Parallel Testing (with Comp. Earnable)	2/6/2015	7/3/2015	Not Started	#3 Successful completion of Parallel Testing (7/17/2015)	70,000
	1st Parallel File - On-Cycle for Pay period No. 2015-03 (Pay date 2-6)	2/6/2015	2/13/2015			220,000
	2nd Parallel File - Off-Cycle for Pay period No. 2015-05 (Pay date 3-6)	3/6/2015	3/13/2015			
	3rd Parallel File - On-Cycle for Pay period No. 2015-07 (Pay date 4-4)	4/3/2015	4/10/2015			
	4th Parallel File - Off-Cycle for Pay period No. 2015-09 (Pay date 5-1)	5/1/2015	5/8/2015			
	5th Parallel File - On-Cycle for Pay period No. 2015-11 (Pay date 5-29)	5/29/2015	6/5/2015			
	6th Parallel File - Off-Cycle for Pay period No. 2015-13 (Pay date 6-26)	6/26/2015	7/3/2015			
4	Go-No-Go for Transmittal Files		7/17/2015			
5	System Integration Testing and User Training	TBD	TBD			
6	UAT	TBD	TBD			
	One UAT Transmittal File for Pay period 2015-20 (Pay date 10-2)*	*10/2/2015	*10/9/2015			
7	Cut-over	TBD	TBD			
8	Go-Live	TBD	TBD			

#### Assumptions:

- VCERA needs one month to fully test Comp. Earnable before Parallel Testing can begin. Hence the deadline for receiving a Scenario Based testing file with Comp. Earnable is 1/9/2015.
- VCERA will not start parallel testing until the quality of Scenario based testing files is acceptable.
- VCERA agreed to the reduced iterations of the parallel files based on the assumption that by 7/17/2015 the quality of parallel files delivered is acceptable. Additional on-cycle and off-cycle files might be required until the quality of parallel files is acceptable.

\*Note: The dates for the UAT Transmittal file are estimated and may change per the revision of VCERA's project schedule. VCERA's project schedule is dependent on the approval of this transmittal timeline.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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November 17, 2014

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

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

Dear Board Members:

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

As detailed in the VCERIS Quarterly Report, as of September 30, 2014, the effort to implement the system, excluding member web, is approximately 66.25% complete. The planned completion at this point of the project was projected to be 70.5%. The project is currently approximately eight weeks behind schedule (4%). The reasons for this change in schedule are primarily due to staffing issues and delays related to the payroll interface, as previously reported, and due to issues with the third-party imaging vendor.

The Auditor Controller and VRSD continue to make progress on providing the active payroll file interface to VCERA, but the issue of compensation earnable data is the remaining obstacle for completing this file and moving into parallel testing.

At present, the Auditor Controller has agreed to provide this data in the manner required by VCERA. The schedule for when the file will be completed, and when parallel testing will occur, will be documented in a Memorandum of Understanding (MOU).

In the case of VRSD, due to the relatively smaller number of members, the project team is able to provide the employer a workaround solution until they are able to comply with the reporting requirements. This delay will not impact the overall go-live schedule.

As reported in September, the parallel testing of the completed files was due to begin in October of 2014. Because the MOU has not been completed, it is currently unknown the extent of the delay, but it is likely to be approximately six months based on the initial draft. Once the MOU has been completed, the project team will revise the project schedule and will report to the Board the updated go-live date and associated cost of the delay.

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

November 17, 2014

Page 2 of 2

As shown in the attached quarterly report, the project is currently \$682,443 over budget as of 9/30/2014, representing an 8% overage compared to the original project budget. It is within the overall project budget established by the Board when the \$844,000 contingency is included.

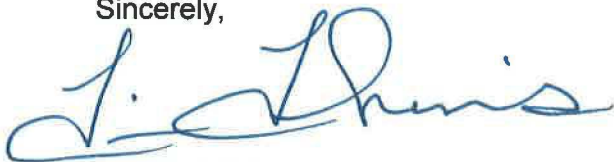
**Recommendations**

Staff recommends your Board take the following actions:

- Receive and File the Attachment A - VCERIS Quarterly Report

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

Sincerely,



TIM THONIS  
Interim Retirement Administrator



BRIAN COLKER  
Linea Solutions, Inc.

Attachment (1)



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



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/14

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

**Reporting period: July 1<sup>st</sup>, 2014 – September 30<sup>th</sup>, 2014**

### Current Project Plan

DATA AS OF 09/30/14:

Rollout 1: Active Member & Retiree Combined	Rollout 2: Member Web
Actual % Complete: 66.26%	Actual % Complete: N/A
Planned % Complete: 70.55%	Planned % Complete: N/A
Variance: -4.29%	Variance: N/A
Rollout Timeline, Initial: July 2012 – October 2013	Rollout Timeline, Initial: January 2015 – June 2015
Rollout Timeline, Revised: July 2012 – September 2015	Rollout Timeline, Revised: September 2015 – December 2015

### Initial Plan

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



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



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/14

## Accomplishments for the Period 07/01/2014 – 09/30/2014

- Conducted design and development activities for the following functionality:
  - Imaging
  - Retiree Payroll
  - Disability
  - Member Account Adjustments
  - DRO Processing – Alt Payee
  - COLA Granting
  - Disability
  - Active Death Processing
- Signed-off Segment G Design Document (Retiree payroll, Healthcare and Insurance, COLA Granting, Member Account Adjustments).
- Continued writing and executing tests for Segment C, Segment D Tracks 1 and 2, Segment F Segment G and Segment H.
- To date, 2,197 tests have been executed and there are currently 326 open defects and issues.
- MBS delivered Cycles 9 and 9A conversion files (RDBS active member data, RIS and ADP retired member data). These files were successfully loaded into V3 and the project team is in the process of analyzing the results.
- Plan Sponsors – VRSD has been unable to work on the transmittal files during this quarter. The Auditor-Controller's office is still working on development for key data elements. Below is a snapshot of the status of the transmittal files:





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



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/14

File	VRSD	County
Demographics (Name, Address, etc.)	<ul style="list-style-type: none"> <li>• Passed Integration Testing</li> </ul>	<ul style="list-style-type: none"> <li>• Passed Integration Testing</li> </ul>
Employment (Job Type, Job Class, Hours)	<ul style="list-style-type: none"> <li>• Successfully received the second file via SFTP.</li> <li>• File issues reported back and acknowledged by VRSD.</li> </ul>	<ul style="list-style-type: none"> <li>• Passed Integration Testing.</li> </ul>
Contributions (Comp earnable, Contributions)	<ul style="list-style-type: none"> <li>• Successfully received the first file</li> <li>• Design questions received by Vitech to date have been answered.</li> <li>• Contribution file specification updates reviewed with VRSD on 4/21/14.</li> <li>• VRSD is outsourcing their payroll; therefore the test files and test results to date cannot be relied upon until it is determined whether VRSD or their new payroll vendor will be supplying the file.</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution file provided via FTP to the production FTP site; file format is correct; data is based on the same extract logic that is used for RDBS.</li> <li>• Vitech is in process of processing the full file after the actuarial contribution rates were reviewed by VCERA and uploaded to V3. The issues identified are being documented in the Google doc, Vitech and A-C are collaborating to fix the issues as they are discovered.</li> <li>• The extract logic for the contribution file does not conform to VCERA's reporting requirements. The two main areas that need enhancement are retroactive pay adjustments, and earnable compensation for members working less than their scheduled hours.</li> </ul>



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



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date: 10/15/14

## Summary

Cost Item	Budget	Change Orders	Amended Budget <sup>1</sup>	Expended to Date	Remaining
Vitech (software, implementation, hosting)	\$ 4,986,500	\$ 657,800	\$ 5,644,300	\$ 3,356,057	\$ 2,288,243
Linea (project oversight, design, data conversion, testing, training)	2,088,407	412,862	2,501,269	\$ 1,870,115	631,154
External Costs	100,000	141,275	241,275	\$ 157,238	84,037
Third party data conversion	680,000	(49,198)	630,802	\$ 534,143	96,659
Limited Term Positions <sup>2</sup>	581,200	(480,296)	100,904	\$ 100,904	-
<b>Project Budget Subtotal</b>	<b>\$ 8,436,107</b>	<b>\$ 682,443</b>	<b>\$ 9,118,550</b>	<b>\$ 6,018,457</b>	<b>\$ 3,100,093</b>
Project Contingency	843,611	(682,443)	161,168	-	\$ 161,168
<b>Total Project Budget</b>	<b>\$ 9,279,718</b>	<b>\$ -</b>	<b>\$ 9,279,718</b>	<b>\$ 6,018,457</b>	<b>\$ 3,261,261</b>

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

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

Milestone Description	Scheduled Invoice Date	Amended Budget	Holdback (15%)	Net Scheduled Payment	Amount Incurred
Project Initiation / Initial License Payment (Development License)	March-12	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
QA Hardware and Software Installed and Configured	May-12	128,000	(19,200)	108,800	108,800
Detailed Implementation Plan Approved	June-12	96,000	(14,400)	81,600	81,600
V3 Baseline Application Configuration & Demonstration Complete	August-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment A Functionality Delivered and Validated	November-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment B Functionality Delivered	March-13	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment C Functionality Delivered	June-13	224,000	(33,600)	190,400	190,400
Change Order 3489 Execution	July-13	370,720		370,720	370,720
Holdback Release	July-13		168,000	168,000	168,000
Rollout 1: VCERA Confirms Segment D Track 1 Functionality Delivered	September-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment D Track 2 Functionality Delivered	December-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment F Functionality Delivered	March-14	139,200		139,200	139,200
Change Order 3774 Execution (33%)	May-14	81,857		81,857	81,857
Change Order 3852 Execution (50%)	September-14	46,125		46,125	-
Rollout 1: VCERA Confirms Segment G Functionality Delivered	September-14	139,200		139,200	-
Rollout 1: VCERA Begins Parallel Testing of Transmittal Files	October-14	139,200		139,200	-
Change Order 3852 Completion (50%)	December-14	46,125		46,125	-
Rollout 1: VCERA Confirms Segment H Functionality Delivered	December-14	139,200		139,200	-
Rollout 1: VCERA Confirms Segment I Track 1 Functionality Delivered	December-14	69,600		69,600	-
Rollout 1: VCERA Confirms Segment I Track 2 Functionality Delivered	March-15	69,600		69,600	-
Change Order 3774 Execution (33%)	May-15	81,857		81,857	-
Rollout 1: VCERA Begins UAT	May-15	40,000		40,000	-
Rollout 1: VCERA Accepts System for Production	September-15	400,000		400,000	-
Rollout 1: Change Order 3774 Completion (34%)	September-15	84,336		84,336	-
Rollout 2: Start of MSS Implementation	September-15	122,000		122,000	-
Rollout 2: VCERA Accepts MSS for Production	December-15	72,000		72,000	-
Warranty Complete: Three Months after R1 Go-Live	March-16	50,000		50,000	-
Warranty Complete: Three Months after R2 Go-Live	Dec-16	50,000	-	50,000	-
<b>Vitech Implementation Services Subtotal:</b>		<b>\$ 4,090,300</b>	<b>\$ -</b>	<b>\$ 4,090,300</b>	<b>\$ 2,541,057</b>
<b>Vitech Other Costs</b>		<b>Amended Budget</b>		<b>Paid This Qtr.</b>	<b>Cumulative</b>
Vitech V3 License Fee	August-12	\$ 575,000			\$ 575,000
Vitech V3 Upgrade Fee -	Various	450,000			150,000
Infrastructure Hosting	Various	376,000			25,000
Travel	On-going	82,500			65,000

VCERIS Project Budget Tracking

Software Escrow Agreement	FY 13/14	3,000			-
Additional Data Conversion Hours	On-going	67,500		6,800	18,850
<b>Vitech Other Costs Subtotal:</b>		<b>1,554,000</b>		<b>6,800</b>	<b>815,000</b>
<b>Vitech Services Total:</b>		<b>\$ 5,644,300</b>		<b>\$ 6,800</b>	<b>\$ 3,356,057</b>

<b>Linea - Project Oversight and Integrating Services Description:</b>		<b>Amended Budget</b>		<b>Incurred This Qtr.</b>	<b>Cumulative</b>
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Project Oversight	On-going	\$ 795,240		\$ 80,145	\$ 883,669
Design Consulting	On-going	\$ 484,000		8,190	108,460
Testing	On-going	\$ 599,630		84,109	631,276
Interfaces	On-going	\$ 165,360		-	44,427
Cut-Over Support	On-going	\$ 140,700		-	-
Training	On-going	\$ 11,460		-	9,066
Data Conversion	On-going	\$ 136,520		5,939	61,208
Travel Expenses	On-going	\$ 168,359		11,271	132,009
<b>Project Oversight and Integrating Services Total:</b>		<b>\$ 2,501,269</b>		<b>\$ 189,654</b>	<b>\$ 1,870,115</b>

<b>External Costs:</b>		<b>Amended Budget</b>		<b>Paid this Qtr</b>	<b>Cumulative</b>
Software	Varies	\$ 81,375		\$ 21,075	\$ 82,488
Hardware	Varies	\$ 30,000		-	14,400
Broadband to Host Facility	On-going	\$ 14,800		957	4,927
Additional Project Workspace	On-going	\$ 52,500		4,643	44,162
Beneficiary Form Updates		\$ 37,600		-	-
Imaging		\$ 25,000		11,261	11,261
Data Conversion	On-going	\$ 630,802		17,608	534,143
Limited Term Positions	To 3/31/13	\$ 100,904		-	100,904
<b>3rd Party Hardware / Software / Other Total:</b>		<b>\$ 972,981</b>		<b>\$ 55,544</b>	<b>\$ 792,285</b>

<b>Total Project Expenditures</b>					<b>\$ 6,018,457</b>
<b>Total Amended Project Budget</b>		<b>\$ 9,118,550</b>			

Original Project Budget	<b>\$ 8,436,107</b>	Variance from Original	<b>\$ 682,443</b>
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**Total Project Cost Summary**

<b>Total Project Expenditures</b>	<b>\$ 6,018,457</b>
Staff Support Costs for the quarter (not in project budget)	112,145
Staff Support Costs to date (not in project budget)	737,808
<b>Total Project Costs</b>	<b>\$ 6,756,265</b>



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/2014

## Change Orders This Period

Cost Item	Name	Description	Cost Impact	Budget Year
External Costs	Assima Training	Additional 3-day training from Assima to train new resources	\$5,875	FY'14-FY'15
External Costs	Imaging	County IT to provide Kofax services for Imaging	\$25,000	FY'14-FY'15

## Approved Change Orders (All To Date)

Cost Item	Name	Description	Cost Impact	Budget Year
Vitech	Vitech Change Order #5 – Additional Interfaces	VCERA requested four additional system interfaces to be provide by Vitech. Vitech requires an additional 600 hours to deliver these interfaces. Vitech assigned their CO #3852 for this.	\$92,250	FY'14-FY'15
Vitech	Vitech Change Order #4 - CalPEPRA	Vitech submitted a change order to add 1,210 hours for programming new CalPEPRA requirements. Vitech assigned their CO #3774 for this.	\$248,050	FY'13-FY'14: \$81,857 FY'14-FY'15: \$81,857 FY'15-FY'16: \$84,336
Vitech	Vitech Change Order #3 – Additional Data Conversion Hours	VCERA requested Vitech provide an additional 675 hours for data conversion activities. Vitech assigned their CO #3773 for this.	\$67,500	FY'13-FY'14: \$15,000 FY'14-FY'15: \$45,000 FY'15-FY'16: \$7,500
Vitech	Vitech Change Order #2 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 5 months. They changed the payment milestones as part of the negotiation. Vitech has offered a significant discount for these services; the normal cost for a 5 month extension would be \$675,000 (\$135,000 per month for 5 months) Vitech assigned their CO #489.	\$250,000	FY'15-FY'16: \$250,000



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/2014

Cost Item	Name	Description	Cost Impact	Budget Year
Vitech	Vitech Change Order #1 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 6.5 months. They changed the payment milestones as part of the negotiation. Vitech assigned their CO #3223.	None (net over course of project)	FY'12-FY'13: \$163,200 FY'13-FY'14: \$147,388 FY'14-FY'15: (\$310,589)
<b>Subtotal for Cost Item</b>			<b>\$657,800</b>	
Linea	Linea Change Order #6 - SME Support	Additional SME support hours for Brenda Cummings.	\$70,920	FY'14-FY'15
Linea	Linea Change Order #5 - CalPEPRA	Additional hours required to implemented CalPEPRA requirements	\$65,642	FY'15-FY'16
Linea	Linea Change Order #4 - Test support	Linea submitted a change order to add 2,500 hours for a Linea resource to assist with testing activities.	\$157,500	FY'13-FY'14: \$34,800 FY'14-FY'15: \$104,400 FY'15-FY'16: \$18,300
Linea	Linea Change Order #3 - Revised Implementation Plan	Linea submitted a change order to adjust the implementation schedule to extend the overall project by 5 months.  These fees include project management, testing, training, design, QA, requirements confirmation and traceability.  Linea has offered a significant discount for these services; the normal cost for a 5 month extension would be \$167,400 (\$33,480 per month for 5 months)	\$64,800	FY'15-FY'16: \$64,800



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/2014

Cost Item	Name	Description	Cost Impact	Budget Year
Linea	Linea Change Order #2 - Data Conversion	VCERA's additional data conversion resources needed to support MBS in performing the data conversion.	\$54,000	FY'12-FY'13: \$27,000 FY'13-FY'14: \$27,000
Linea	Linea Change Order #1 - Revised Implementation Plan	Linea submitted a change order to adjust the implementation schedule to extend the overall project by 6.5 months.	None	N/A
<b>Subtotal for Cost Item</b>			<b>\$412,862</b>	
External Costs	Assima Training	Additional 3-day training from Assima to train new resources	\$5,875	FY'14-FY'15
External Costs	Imaging	County IT to provide Kofax services for Imaging	\$25,000	FY'14-FY'15
External Costs	Additional project workspace	The project team has determined that there is considerable advantage to in-person meetings.	\$49,500	FY'12-FY'13: \$13,500 FY'13-FY'14: \$18,000 FY'14-FY'15: \$18,000
External Costs	Increased cost of Broadband to Host Facility	The secure point-to-point connection from VCERA to Vitech's hosting facility is considerably more expensive than anticipated.	\$68,100	FY'13-FY'14: \$3,300 FY'14-FY'15: \$32,400 FY'15-FY'16: \$32,400
External Costs	Additional Project Software	This change covers the purchase of the Assima training tool.	\$43,900	FY'12-FY'13: \$22,900 FY'13-FY'14: \$7,000 FY'14-FY'15: \$7,000 FY'15-FY'16: \$7,000
External Costs	County providing Broadband	County ITS was able to provide a secure broadband connection to Vitech's hosting facility, considerably decreasing the	(\$101,300)	FY'12-FY'13: \$(7,000)FY'13-FY'14: \$(31,100)FY'14-



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/2014

Cost Item	Name	Description	Cost Impact	Budget Year
		required cost for this service.		FY'15: \$(31,100)FY'15- FY'16: \$(31,100)
External Costs	Construction costs for project office space	The additional leased office space on the first floor needs to be modified in order to accommodate the increase in Vitech and Linea resources that will be moving into the space after the first of the year.	\$3,000	FY'13-FY'14: \$3,000
External Costs	Additional Assima License	This license will be needed to create training scripts for UAT testing. VCERA currently does not have enough licenses for the SMEs for this purpose.	\$9,600	FY'14-FY'15: \$9,600
External Costs	Beneficiary designation form updates	V3 requires beneficiary information to provide accurate retirement estimates for members. RDBS does not currently contain beneficiary information so VCERA is going to conduct a mass mailing to members requesting new beneficiary forms be completed. Once returned to VCERA, the data will be entered onto a spreadsheet so it can be uploaded into V3 at go-live.	\$37,600	FY'13-'FY14: \$37,600
<b>Subtotal for Cost Item</b>			<b>\$141,275</b>	
Third Party Data Conversion	MBS Change Order #1	Additional hours required to complete data conversion.	\$41,340	FY'14-FY'15



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/2014

Cost Item	Name	Description	Cost Impact	Budget Year
Third Party Data Conversion	Additional Data Conversion Assistance	VCERA's additional data conversion resources needed to support MBS in performing the data conversion	\$93,000	FY'12-FY'13: \$48,000 FY'13-FY'14: \$23,000 FY'14-FY'15: \$22,000
Third Party Data Conversion	Document Conversion Assistance	The change order is for Novanis, the current imaging company, to assist with converting images into V3.	\$50,250	FY'13-FY'14: \$50,250
Third Party Data Conversion	Additional Data Conversion Assistance	Additional hours for CMP & Associates to assist with data conversion (previously approved by Board)	\$14,500	FY'13-FY'14: \$14,500
Third Party Data Conversion	Third party data conversion	Third party vendor (MBS) costs were lower than budgeted.	(\$248,288)	
<b>Subtotal for Cost Item</b>			<b>(\$49,198)</b>	
Limited Term Positions	Limited term positions	The limited term positions allocated to the project were converted to permanent positions.	(\$480,296)	
<b>Subtotal for Cost Item</b>			<b>(\$480,296)</b>	
<b>Total for All Change Orders</b>			<b>\$682,443</b>	





# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/2014

#	ISSUES / RISKS – Explanation of Issues	MITIGATION - Explanation of Action Needed	UPDATE – Current Status of Issue
1	Auditor Controller must make changes to the method by which Compensation Earnable and Retroactive Adjustments are reported or the new system will not be able to calculate final average salary correctly without substantial and ongoing manual clean-up. Auditor Controller has stated that these changes are significant.	The project schedule was changed to allow Auditor Controller sufficient time to address the issue.	The Auditor-Controller's office has verbally agreed to providing the data elements needed; an MOU is being drafted to formalize this agreement. VCERA has agreed to pay for the costs of the additional programing work. The project team is waiting for a confirmation of the dates these items will be provided so that the overall project plan can be adjusted. The project team will provide an analysis of the schedule impact and potential options to the Board as soon as the information is available. <b>RISK IS CONSIDERED HIGH</b>
2	The Benefits staff continues to be impacted by illness and family issues. Given that the project is currently utilizing the absolute minimum number of resources, VCERA has needed to add staff resources in order to ensure the project timeline is not impacted.	VCERA Management has hired resources to be added to VCERA's staff to assist with operations. The recruitment and training of these resources will allow VCERA to add two resources to the project as required.	Project activities are currently approximately seven weeks behind schedule. The project team will continue monitoring this issue to mitigate any further delay as much as possible. <b>RISK IS CONSIDERED MEDIUM</b>



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

10/15/2014

### Progress on Critical Success Factors

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

**Explanation of “At Risk” Current State:**

Automation of Benefits Processes / Payroll Interface Data - Auditor-Controller has not provided a key interface data element – Compensation Earnable. As previously reported, any delays in receiving completed files by 6/30/14 would result in impacts to the project schedule. Auditor/Controller has verbally agreed to provide these data elements, although it is not yet known when this can be accomplished. A completed MOU will lower the risk to “on track”.

Project Duration - VCERA has experienced several significant staffing issues which impacted their ability to provide the additional project resources as scheduled. Project activities are currently approximately seven weeks behind schedule.

Project Cost – As reported, it is currently not known how long it will take to complete the Auditor/Controller Payroll interface. Project delays will cost approximately \$200-\$250,000 per month.

### Accomplishments Planned for Next Period (10/01/2014 – 12/31/2014)

- Complete design for:
  - Segment H
    - Disability
    - Active Death Processing
    - Retired Death Processing



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

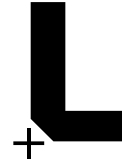
10/15/2014

## **Accomplishments Planned for Next Period (10/01/2014 – 12/31/2014)**

- DRO Processing – Alt Payee
- 1099R Processing
- Kick-Off design for:
  - General System Parameter Updates
- Complete writing and executing tests for all functionality delivered by 9/30/14
- Write and execute tests for Segments F, G, H and I delivered functionality
- Receive cycle 10 data conversion files (includes data from all legacy systems)
- Continue to work with Plan Sponsors to complete development of transmittals
- Continue testing converted data and resolving identified issues
- Continue creating Assima training materials



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



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

11/04/14

**PROJECT STATUS SUMMARY**

<b>Actual Percentage Complete:</b> 68.10%*
<b>Planned Percentage Complete:</b> 73.01%*

\*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 4.91% 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 – County IT has completed the Kofax configuration. The project team is conducting initial testing to ensure that the basic functionality is as designed. This is expected to be completed by the end of November. The project team expects all testing to be completed by the end of the year.

**Risks**

There are two project risks that are being closely monitored.

- Plan sponsor payroll transmittal –The Auditor-Controller’s office has requested VCERA provide funding for their office to finish programming all required data elements, including compensation earnable, and the Board has approved that request. The Board’s counsel is in the process of drafting a Memorandum of Understanding that details what will be delivered by the Auditor-Controller’s office and by when the file will be delivered. The project team cannot yet determine the potential impacts to the project schedule until the Auditor-Controller’s office provides the dates that they can commit to completing their programming efforts. 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**

- Completed design for DRO – Alt Payee sprint
- Wrote 268 test cases and executed 118 tests.

November 10, 2014

Client-Matter: 88985.030

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

Re: *Pensionable Compensation Resolution*

Dear Members of the Board:

This letter follows up on our letter dated October 28, 2014 to the Board of Retirement ("Board") of the Ventura County Employees' Retirement Association ("VCERA") regarding the definition and determination of pensionable compensation as provided by Government Code section 7522.34<sup>1</sup> ("Pensionable Compensation").

Enclosed is a draft Board Resolution Regarding Pensionable Compensation Determinations" ("Draft Resolution") that we have prepared for the Board's consideration.

Although all of the Draft Resolution is subject to Board review and approval, we have highlighted six aspects of it, some of which are interrelated, that we believe warrant particular focus, and as to which we noted in our October 28 letter the Board has the authority to make particular policy determinations, as follows.

First, the Board should determine how it interprets section 7522.34's term "normal monthly rate of pay or base pay." On that point, we have provided alternatives (i), (ii) and (iii) on p. 1 of the Draft Resolution.

Second, if the Board adopts alternative (ii) (base pay only) in response to the first question, then it should not adopt the highlighted language on p. 3 of the Draft Resolution, which deals with normal monthly rate of pay. If, however, the Board adopts alternatives (i) or (iii) in response to the first question, then it should consider whether to adopt the highlighted language on p. 3 in numbered paragraph 2 of the Resolution.

Third, it is important to note that the manner in which the Draft Resolution provides for additional pay items to be included in Pensionable Compensation requires *further affirmative action* of either the Board or VCERA executive staff. Thus, under this approach, the Board would not be required to revisit Pensionable Compensation determinations, or collection of

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<sup>1</sup> All statutory references hereinafter are to the California Government Code unless otherwise stated.

Board of Retirement  
Ventura County Employees' Retirement Association  
November 10, 2014  
Page 2

contributions made or not made, for the period prior to the adoption of the Resolution regarding compliance with the Resolution. Rather, the Board's interpretation of Pensionable Compensation as provided in the Resolution could be *prospective only*. Support for this possible approach would be the fact that, although the Board will be adopting a policy preference regarding the interpretation of Pensionable Compensation and previously stated such a preference in general terms, VCERA has not yet provided specific determinations as to how that policy preference is to be implemented, pay code-by-pay code.

As an alternative, the Board may choose to apply the Resolution to all New Members as of January 1, 2013, thus retroactively. However, if the Board were to make that policy determination, contributions would need to be collected from such New Members (and the employer plan sponsors) for the nearly two intervening years, given the prohibition on employer payment of employee contributions for New Members, as discussed in our October 28 letter.

Fourth, the Board should determine how it interprets the requirement that Pensionable Compensation be included in "publicly available pay schedules." The provision on this point on p. 5 of the Draft Resolution tracks the language in the recent CalPERS-approved regulation regarding publicly available pay schedules, with the exception of the highlighted language in subdivision (h). (*See* Cal. Code Regs. Tit. 2, section 579.7.)

If the Board chooses to use a more restrictive definition of "publicly available pay schedule," which tracks the term as it applied to a "payrate" by CalPERS, it would not adopt the highlighted language on p. 5 of the draft Resolution in its numbered paragraph 4(h)(i). If, on the other hand, the Board interprets the publicly available pay schedule requirement to include a labor policy or agreement, as defined, then the Board should adopt the highlighted language in paragraph 4(h)(i).

Fifth, on a related point, if the Board interprets the "pay schedule" requirement as requiring that a dollar amount, rather than a percentage increase in salary without stating the salary or salary range, be provided in most cases, then the Board should adopt the highlighted language on p. 5 in paragraph 4(h)(ii) including the word "not" (in brackets) to avoid any ambiguity with respect to that topic. If the Board does not choose to limit pay schedule requirements to dollar amounts, then it should adopt the variant of the language in paragraph 4(h)(ii) that omits the bracketed word "not" so that such percentages, without explicit reference to the applicable salary or salary range, are expressly accepted.

Sixth, p. 5, paragraph 6 of the draft Resolution describes the implementation of the Resolution as providing the Retirement Administrator with authority to make determinations regarding whether pay codes constitute Pensionable Compensation, which determinations will be

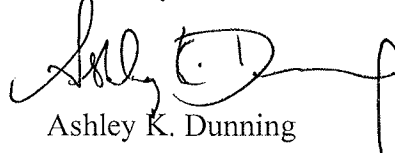
Board of Retirement  
Ventura County Employees' Retirement Association  
November 10, 2014  
Page 3

subject to appeal to the Board. The Board should consider whether it wishes to provide that authority to the Retirement Administrator, or to require that all pay codes be presented to the Board for action.

Thank you again for the opportunity to advise the Board on this important matter. I look forward to addressing the Board and staff on this topic, and to responding to questions, at the November 17, 2014 Board meeting.

This advice is provided to the Ventura County Employees' Retirement Association Board of Retirement and may not be relied upon by any other person or entity.

Sincerely,



Ashley K. Dunning

cc: Tim Thonis, Interim Retirement Administrator

**[DRAFT] RESOLUTION OF THE BOARD OF RETIREMENT OF VENTURA  
COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (VCERA)  
REGARDING PENSIONABLE COMPENSATION DETERMINATIONS**

WHEREAS, the Ventura County Employees' Retirement Association ("VCERA") and the VCERA Board of Retirement ("Board") are governed by the County Employees Retirement Law of 1937 (Gov. Code sections 31450, et seq.) ("CERL") and the Public Employees' Pension Reform Act of 2013 (Gov. Code sections 7522., et seq.), enacted by Assembly Bill 340 (regular session 2011-2012), effective January 1, 2013 ("PEPRA").

WHEREAS, this Resolution implements PEPRA's provisions regarding the determination of "pensionable compensation" in Government Code section 7522.34 ("Pensionable Compensation"), which applies to VCERA members for their service rendered on or after January 1, 2013 as "new members" under Government Code 7522.04(f) of PEPRA ("New Members").

WHEREAS, this Resolution identifies items of compensation that the Board presently believes are permitted, or required, to be included in, or excluded from, Pensionable Compensation for purposes of the effective administration of retirement system benefits and collection of contributions. **If, however, the Board later concludes that it has identified an item herein as either includable or excludable in a manner that is inconsistent with Board policy as determined by that later Board, or with a determination by the legislature, a court of competent jurisdiction, or other persuasive administrative legal authority such as the California Attorney General, the Board reserves the right to change its prior determination and to make appropriate adjustments both prospectively and/or retroactively, as this Resolution is not intended to, and does not, create any vested rights in members to the past, present, or future determinations set forth herein. Where this Resolution conflicts with any subsequent Board amendment to it, that subsequent Board-amended Resolution shall prevail.**

WHEREAS, Government Code section 7522.34, subdivision (a), defines Pensionable Compensation as "the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules."

WHEREAS, the Board interprets the above-quoted subdivision (a) as permitting pay items to be included in Pensionable Compensation if they are: [(i) within the normal monthly rate of pay only; (ii) within the base pay only; or (iii) within either the normal monthly rate of pay or the base pay]; of the member. Such pay items must also comply with the other requirements of subdivision (a) that they be paid:

1. In cash,
2. Not only to the member but also to similarly situated members of the same group or class of employment,
3. For services rendered on a full-time basis,



[DRAFT] RESOLUTION OF VCERA BOARD

4. For services rendered during normal working hours,
5. Pursuant to publicly available pay schedules, and
6. Not paid to enhance a member's retirement benefit.

WHEREAS, Government Code section 7522.34, subdivision (c), also identifies categories of payments that are not included in Pensionable Compensation under any circumstances, which are enumerated as follows:

1. Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
2. Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
3. Any one-time or ad hoc payments made to a member.
4. Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
5. Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
6. Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
7. Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
8. Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
9. Employer contributions to deferred compensation or defined contribution plans.
10. Any bonus paid in addition to the compensation described in subdivision (a).
11. Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
12. Any other form of compensation a public retirement board determines should not be pensionable compensation.

[DRAFT] RESOLUTION OF VCERA BOARD

NOW, THEREFORE, BE IT RESOLVED that the VCERA Board of Retirement declares the following:

1. The foregoing Recitals are incorporated herein by this reference.
2. The following pay types shall be included in Pensionable Compensation under section 7522.34, subdivision (a), and retirement contributions will be taken on all such payments, as follows:
  - a) Regular salary, including scheduled step increases;
  - b) FLSA premium pay for law enforcement and fire protection as defined in Section 207(k) of Title 29 of the United States Code.
  - c) Additional pay types will be included in Pensionable Compensation if the following criteria are met:

Special assignment payments or differentials, and payments for possessing specified certificates, certifications or licenses will be included only if the assignment is part of a member's regularly assigned responsibilities on a matter that is a normal or essential function of the job and is not performed solely during the final average compensation period, and is part of the regular assignment of other members in the same group or class. The amounts must also be (i) paid in cash to similarly situated members of the same group or class of employment; (ii) paid for services rendered on a full-time basis; (iii) paid only for services rendered during normal working hours; (iv) paid pursuant to publicly available pay schedules; and (v) affirmatively and specifically approved by the Board or executive staff as consistent with the Board policy set forth in this Resolution.
3. The following pay types shall be excluded from Pensionable Compensation under the referenced numerical subdivisions of Government Code section 7522.34, subdivision (c), and retirement contributions will not be collected on those payments for New Members:
  - a) Allowances (e.g., clothing, uniform, automobile, housing) (subdiv. (7)).
  - b) In-kind benefits converted to cash (subdiv. (2)).
  - c) All leave cash outs, regardless of when paid (e.g., annual, sick, floating holiday, personal, comp time) (subdiv. (5)).
  - d) Reimbursements and allowances (including, but not limited to, automobile, housing, moving, relocation, tool, meal, boot, cell phone, or license) (subdiv. (7)).

[DRAFT] RESOLUTION OF VCERA BOARD

- e) Overtime, unless it is FLSA premium pay for certain safety members as defined by statute (subdiv. (8)).
  - f) Severance pay, regardless of when or how paid (subdiv. (4)).
  - g) Lump sum payment of comp time at promotion (subdiv. (5)).
  - h) Bonuses that are not part of normal monthly rate of pay of the member and similarly situated members for full-time service during normal working hours pursuant to publicly available pay schedules (including, but not limited to, special non-essential skills bonus; temporary promotion bonus; productivity bonuses; discretionary or temporary special assignment bonuses (subdiv. (10)).
  - i) Employer contributions to deferred compensation or defined contribution plans (subdiv. (9)).
  - j) Payments for additional services rendered outside of normal working hours (including, but not limited to, call-back, standby pay, off-duty canine care, or extra-shift work) (subdiv. (6)).
  - k) Payments made to enhance a retirement benefit as determined by the Board of Retirement (subdivs. (11) and (12)).
4. The “publicly available pay schedule” requirement in Government Code section 7522.34 means each employer plan sponsor of VCERA (“Employer”) must publish publically the amount of the pay item that is to be included in its employees’ Pensionable Compensation by meeting all of the following criteria:
- a) Has been duly approved and adopted by the Employer's governing body in accordance with requirements of applicable public meetings laws;
  - b) Identifies the position title for every employee position used by the Employer;
  - c) Specifies the Pensionable Compensation amount of each identified position, which may be stated as a single amount or as multiple amounts within a range;
  - d) Indicates the conditions for payment of the item of Pensionable Compensation, including, but not limited to, eligibility for, and amount of each component of pay;

[DRAFT] RESOLUTION OF VCERA BOARD

- e) Is posted at the office of the Employer or immediately accessible and available for public review from the Employer during normal business hours or posted on the Employer's internet website;
  - f) Indicates an effective date and date of any revisions;
  - g) Is retained by the Employer and available for public inspection for not fewer than five years; and
  - h) Does not reference another document in lieu of disclosing the item of Pensionable Compensation other than those outlined in a "labor policy or agreement," as described and limited below:
    - (i) A labor policy or agreement means any written policy, agreement, memorandum of understanding, legislative action of the elected or appointed body governing the Employer, or any other document used by the Employer to specify the Pensionable Compensation of represented and unrepresented employees.
    - (ii) Identifying a percentage increase in salary, in lieu of a dollar amount, in a labor policy or agreement does [not] comply with this interpretation of a "pay schedule".
5. The Retirement Administrator, with assistance of VCERA's legal counsel, is responsible for implementing the Board's determinations and policy decisions related to Pensionable Compensation. VCERA staff will analyze pay codes to determine whether they constitute Pensionable Compensation or not, under this Resolution. The Chair of the Board may, but is not obligated to, appoint an ad hoc committee of the Board to address or recommend responses to any Pensionable Compensation implementation challenges, as appropriate.
6. Employers are responsible for coding of pay code categories consistent with this VCERA Resolution and subsequent VCERA determinations made consistent with this Resolution, and subject to VCERA staff review. Employers are responsible for notifying VCERA staff regarding the facts and circumstances of any pay items they consider may be an exception to the Resolution and policy set forth herein, for review by the VCERA Retirement Administrator. Employers are also responsible for notifying VCERA staff of new pay codes for Pensionable Compensation review by VCERA staff no later than the time of implementation of the codes.
7. VCERA staff will review Employer pay code listings for compliance with this Resolution and policy established hereby as part of staff administrative procedures. When reviewing items of compensation, VCERA staff will audit pay items to identify those that may have a primary purpose to enhance retirement benefits, involve the manipulation

[DRAFT] RESOLUTION OF VCERA BOARD

of compensation by members or Employers to enhance benefits, and receipt of ad hoc payments or any other compensation considered to be inconsistent with the pension reform legislation provisions.

8. VCERA members or Employers may appeal a determination regarding pensionability of a particular pay item by the Retirement Administrator to the Retirement Board, through a VCERA administrative appeal process, as appropriate. The administrative appeal process, if implemented, may, but is not required, to follow the hearing process provides in Government Code sections 31533 and 31534.

ADOPTED AND APPROVED by the Board of Retirement of the Ventura County Employees' Retirement Association on the \_\_\_th day of \_\_\_\_\_ 2014.

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Tracy Towner, Chair of the Board

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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November 17, 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.

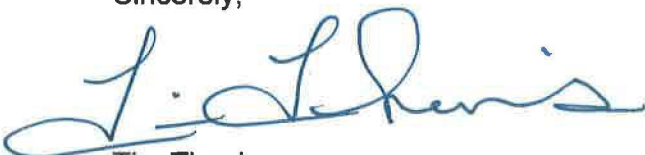
As illustrated in VCERA's Statement of Reserves, there is approximately \$2.7 million of remaining available earnings in the Undistributed Earnings Reserve as of June 30, 2014. The Undistributed Earnings Reserve consists of the amount of current and prior year earnings not previously credited to other 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 November 17, 2014 meeting.

Sincerely,



Tim Thonis  
Interim Retirement Administrator

Attachments (Reserve Statement/Interest Crediting Policy)

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>2,664,950</u>	
<b>TOTAL VALUATION RESERVES</b>		<b>\$ 3,910,800,797</b>

**NON-VALUATION RESERVES:**

SUPPLEMENTAL MEDICAL (\$27.50)	10,401,838	
CONTINGENCY	<u>43,611,864</u>	
<b>TOTAL NON-VALUATION RESERVES</b>		<b><u>54,013,702</u></b>
<b>TOTAL RESERVES (ACTUARIAL VALUATION)</b>		<b>\$ 3,964,814,499</b>
MARKET STABILIZATION		<u>310,071,365</u>
<b>TOTAL RESERVES (MARKET VALUE)</b>		<b><u><u>\$ 4,274,885,864</u></u></b>

# 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 30<sup>th</sup> and December 31<sup>st</sup> (Government Code section 31472). Regular interest shall be credited semiannually on June 30<sup>th</sup> and December 31<sup>st</sup> 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**.

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Tracy Towner,  
**Chairman**

ORIGINAL

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CIVIL BUSINESS OFFICE 3  
CENTRAL DIVISION

FILED  
Clerk of the Superior Court

SEP 05 2014

2014 SEP -5 PM 3:08

CLERK-SUPERIOR COURT  
SAN DIEGO COUNTY, CA

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5 Attorneys for Plaintiff  
6 SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

7 *Exempt from filing fee under Cal. Gov't Code § 6103*

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 COUNTY OF SAN DIEGO

10  
11 SAN DIEGO COUNTY EMPLOYEES  
12 RETIREMENT ASSOCIATION,

13 Plaintiff,

14 v.

15 COUNTY OF SAN DIEGO, and DOES 1  
through 10,

16 Defendants.

Case No. **37-2014-00030113-CU-MC-CTL**

**COMPLAINT FOR DECLARATORY  
RELIEF**

**"VIA FAX"**

17  
18 Plaintiff alleges as follows:

19 **THE PARTIES**

20 1. Plaintiff San Diego County Employees Retirement Association ("SDCERA") is a  
21 public retirement system organized and existing under the County Employees Retirement Law of  
22 1937, Cal. Gov't Code §§ 31450 *et seq.* ("CERL"). Since its formation effective July 1, 1939,  
23 SDCERA has existed for the benefit of active, deferred, and retired general and safety employees  
24 of the County of San Diego ("County") and other participating employers. SDCERA currently  
25 has over 39,000 members, including over 17,500 active members, almost 5,000 deferred  
26 members, and over 16,500 retired members. SDCERA collects pension contributions from the  
27 participating employers and employees, provides member communication, education, and other  
28 member services, administers and pays pension benefits and certain ancillary benefits, supervises

1 investment of trust funds currently in excess of \$10 billion, and performs such other work as is  
2 necessary to conduct its business.

3 2. SDCERA is a separate and independent public entity from the County and the  
4 other participating employers. SDCERA is governed by an independent nine-member Board of  
5 Retirement, consisting of four members elected by SDCERA's members (two active general  
6 member representatives, one active safety member representative, and one retired member  
7 representative), four members appointed by the County Board of Supervisors, and the sitting  
8 County Treasurer-Tax Collector. Cal. Gov't Code § 31520.1(a). CERL provides that "the  
9 management of the system is vested in the board of retirement." Cal. Gov't Code § 31520.  
10 Under the California Constitution, the Board of Retirement has "plenary authority and fiduciary  
11 responsibility for . . . administration of the system." Cal. Const., art. XVI, § 17. This authority  
12 exists "[n]otwithstanding any other provisions of law or this Constitution to the contrary." *Id.*  
13 The Constitution further states that the Board of Retirement has the "sole and exclusive  
14 responsibility to administer the system." Cal. Const., art. XVI, § 17(a).

15 3. Under the ultimate supervision and control of the Board of Retirement, SDCERA  
16 has an internal staff of approximately 80 employees. These employees implement the directions,  
17 decisions, and policies of the Board of Retirement in furtherance of its fiduciary duties.

18 4. Defendant County of San Diego is a California political subdivision existing under  
19 the Constitution and statutes of the State of California. The County is governed by its elected  
20 Board of Supervisors.

21 5. The identities of defendants named herein as Does 1 through 10, inclusive, are  
22 currently unknown to SDCERA, and therefore such defendants are sued by fictitious names.  
23 SDCERA is informed and believes and thereon alleges that the fictitiously named defendants  
24 have a legal interest in this matter. If and when the identities of such defendants, or any of them,  
25 are discovered, SDCERA will amend this complaint to state their true names and capacities.

26 **JURISDICTION AND VENUE**

27 6. This matter is within the general jurisdiction of this Court.

28 7. Venue is appropriate in this Court under California Code of Civil Procedure

1 section 394(a), which provides that an action, such as this one, against a county may be brought  
2 in that county.

3 **SUMMARY**

4 8. This action concerns the Board of Retirement's authority under CERL and the  
5 Constitution to set the compensation of SDCERA's employees. SDCERA contends that the  
6 Board of Retirement has compensation-setting authority as part of its "plenary authority and  
7 fiduciary responsibility" and "sole and exclusive responsibility" for the administration of the  
8 system. Cal. Const., art. XVI, §§ 17, 17(a). SDCERA further contends that the Board of  
9 Retirement cannot effectively administer the system and perform its fiduciary duties without this  
10 authority. However, the County asserts that its Board of Supervisors has the authority to set the  
11 compensation of SDCERA's employees. SDCERA, through its Board of Retirement, staff, and  
12 counsel, and the County, through its Board of Supervisors, staff, and counsel, have had extensive  
13 discussions about the issue, but the parties have been unable to resolve their differing views. The  
14 Board of Supervisors continues to assert and exercise the power to set the compensation of all of  
15 SDCERA's employees over SDCERA's objection. SDCERA, therefore, files this Complaint for  
16 Declaratory Relief to obtain a declaration from this Court to resolve this important governance  
17 issue.

18 **RELEVANT CERL PROVISIONS**

19 9. Under CERL, SDCERA's Board of Retirement has the express authority and  
20 responsibility to appoint and manage SDCERA's personnel.

21 10. Section 31520 provides that "the management of the retirement system is vested in  
22 the board of retirement." Section 31522.1 provides that the Board of Retirement "may appoint  
23 such administrative, technical, and clerical staff personnel as are required to accomplish the  
24 necessary work of the board[ ]." Section 31522.1 further provides that this staff shall be  
25 appointed "from eligible lists created in accordance with the civil service or merit system rules"  
26 of the County. Section 31522.1 also provides that, "[t]he personnel shall be county employees  
27 and shall be subject to the county civil service or merit system rules and shall be included in the  
28 salary ordinance or resolution adopted by the board of supervisors for the compensation of county

1 officers and employees.” Pursuant to Section 31522.1, SDCERA has appointed and employs  
2 approximately 75 administrative, technical, and clerical staff.

3 11. Section 31522.2, which has been made operative as to SDCERA by resolution of  
4 the Board of Supervisors, provides that the Board of Retirement “may elect to appoint an  
5 administrator.” Section 31522.1 further provides that “the administrator shall not be subject to  
6 county civil service or merit system rules.” Section 31522.2 also provides that the administrator  
7 “shall be a county employee and the position of administrator shall be included in the salary  
8 ordinance or salary resolution adopted by the board of supervisors for the compensation of county  
9 officers and employees.” Section 31522.2 states that the administrator “shall be directed by, shall  
10 serve at the pleasure of, and may be dismissed at the will of,” the Board of Retirement. Pursuant  
11 to Section 31522.2, the Board of Retirement has appointed a Chief Executive Officer.

12 12. Section 31522.3 provides that the Board of Retirement “may elect to appoint  
13 assistant administrators and chief investment officers.” Section 31522.3 further provides that  
14 these employees “shall not be subject to county charter, civil service, or merit system rules.”  
15 Section 31522.3 also provides that these employees “shall be county employees and shall be  
16 included in the salary ordinance or salary resolution adopted by the board of supervisors for the  
17 compensation of county officers and employees.” Section 31522.3 states that these employees  
18 “shall be directed by, shall serve at the pleasure of, and may be dismissed at the will of,” the  
19 Board of Retirement. While SDCERA does not currently employ a chief investment officer,  
20 SDCERA employs, pursuant to Section 31522.3, assistant administrators, including a Chief  
21 Operating Officer and a Director of Member Services.

22 13. Taken together, all of SDCERA’s approximately 80 employees are appointed  
23 pursuant to Sections 31522.1, 31522.2, and 31522.3.

24 14. Section 31580.2 provides that the Board of Retirement has the authority to budget  
25 and pay for SDCERA’s employees as an expense of administering the system. Section 31580.2  
26 further provides that the expenses of administering the system “shall be charged against the  
27 earning of the retirement fund.” Pursuant to Section 31580.2, the salaries of all SDCERA  
28 employees are paid from and charged against SDCERA’s own funds.





1 employer contributions thereto, and defraying reasonable expenses of administering the system.”  
2 This language also appears in CERL. *See* Cal. Gov’t Code §31595(a).

3 20. Article XVI, section 17(c) provides that the members of the Board of Retirement  
4 “shall discharge their duties with respect to the system with the care, skill, prudence, and  
5 diligence under the circumstances then prevailing that a prudent person acting in a like capacity  
6 and familiar with these matters would use in the conduct of an enterprise of a like character and  
7 with like aims.” *See* also Cal. Gov’t Code 31595(b).

8 21. Under article XVI, section 17, the “plenary authority” and “sole and exclusive  
9 responsibility” of the Board of Retirement over the administration of the system, including the  
10 system’s “expenses,” is given constitutional dimension. The Constitution is express in  
11 recognizing that this authority exists “[n]otwithstanding any other provisions of law or this  
12 Constitution to the contrary.”

13 22. Taken together, these words give the Board of Retirement the broadest possible  
14 authority over the administration of the retirement system in the exercise of its fiduciary duties.  
15 The constitutional language resolves any perceived ambiguity in the structure and wording of  
16 CERL in favor of the Board of Retirement’s authority in all matters of administration, including  
17 compensation-setting for SDCERA’s employees.

18 23. The Board of Retirement cannot effectively and prudently exercise its plenary and  
19 exclusive authority over the administration of the system and fulfill its fiduciary duties under the  
20 Constitution if it does not have compensation-setting authority. The Board of Retirement’s  
21 authority and duties are implemented in large part through the selection, retention, evaluation, and  
22 management of SDCERA’s employees as the face of the organization and the instrumentalities  
23 through which the Board interfaces with the world and accomplishes its objectives. By exercising  
24 compensation-setting authority, the Board of Supervisors deprives the Board of Retirement of an  
25 important part of its constitutional power.

26 **THE PARTIES HAVE AN ACTUAL CONTROVERSY REQUIRING**  
27 **RESOLUTION BY THIS COURT**

28 24. An actual controversy now exists between SDCERA and the County with respect

1 to compensation-setting authority for SDCERA's employees.

2 25. On the one hand, SDCERA contends that the Board of Retirement has the  
3 authority, under the provisions of CERL and the California Constitution, to set the compensation  
4 for all of SDCERA's employees and that the Board of Supervisors is required, as a purely  
5 ministerial act, to incorporate whatever compensation is decided by the Board of Retirement into  
6 the County's compensation ordinance.

7 26. On the other hand, the County contends that the Board of Supervisors has the  
8 unfettered authority to set the compensation of all of SDCERA's employees and is free to  
9 disregard the decisions of the Board of Retirement with respect to compensation. In fact, the  
10 County has refused to implement decisions of the Board of Retirement as to the amount of  
11 compensation for various of SDCERA's employees.

12 27. SDCERA desires a judicial determination by this Court as to the Board of  
13 Retirement's compensation-setting authority under CERL and the Constitution.

14 28. A judicial determination by this Court is necessary and appropriate at this time so  
15 that the parties will know the extent of and can implement their compensation-setting authority  
16 under CERL and the Constitution with respect to SDCERA's employees.

17 WHEREFORE, SDCERA prays for judgment as follows:

18 1. For a declaration that, under CERL and the California Constitution, the Board of  
19 Retirement has the authority to set the compensation of all of SDCERA's employees and that the  
20 Board of Supervisors is required, as a ministerial act, to incorporate the Board of Retirement's  
21 compensation decisions into the County's compensation ordinance;

22 2. For costs of suit; and

23 3. For such other relief as the Court deems just and proper.

24 DATED: September 5, 2014

CROWELL & MORING LLP

25  
26 By: 

27 Steven P. Rice  
28 Attorneys for Plaintiff  
SAN DIEGO COUNTY EMPLOYEES  
RETIREMENT ASSOCIATION

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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

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November 17, 2014

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

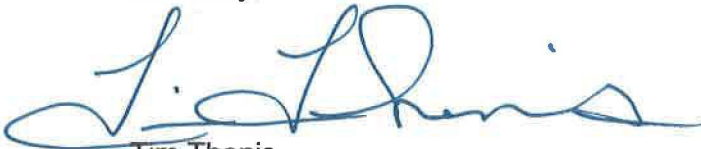
## **SUBJECT: PROPOSED 2015 BOARD OF RETIREMENT MEETING SCHEDULE**

Dear Board Members:

A proposed 2015 calendar of Board of Retirement meeting dates is attached for your consideration and approval. The schedule includes presentation dates for all VCERA investment managers and proposes, once again, that there will be no scheduled meetings during the month of August.

I will be pleased to respond to any questions you may have on this matter at the November 17, 2014 business meeting.

Sincerely,



Tim Thonis  
Interim Retirement Administrator

Attachment

VCERA's Rolling Board Calendar

Meeting Date	Investment Material Deadline	Meeting	Manager Presentations	Investment Performance Updates, Operational, Actuarial, Board Policy, Standing Items & Other Significant Items
1/5/2015	12/29/2014	Disability		Swearing in of Newly Elected Trustees Establish Personnel Committee (PC) PAS Monthly Report Confirm Committee Structures/Standing Items
1/26/2015	1/16/2015	Business	None	Annual Actuarial Report 2nd Hearing: Review & Approve - Segal December Monthly Performance - NEPC CAFR Report: Review & Approve - Fiscal Approve PEPRA Comp Limit
2/2/2015	1/26/2015	Disability		PAS Monthly Report Quarterly PAS (VCERIS) Report - Linea
2/23/2015	2/13/2015	Business	Prudential – PRISA UBS Real Estate	Q4 Performance Report - NEPC January Monthly Performance - NEPC Annual Trustee Education Report - Fiscal Mid Year Budget Review - Fiscal COLA Letter - Segal
3/2/2015	2/23/2015	Disability		PAS Monthly Report
3/16/2015	3/9/2015	Business	Adams Street Pantheon HarbourVest	February Monthly Performance - NEPC SACRS Spring Conference Items - COB
4/6/2015	3/30/2015	Disability		PAS Monthly Report Conference Report(s): Manatt - Attendees
4/20/2015	4/13/2015	Business	Sprucegrove State Street/SSgA Securities Lending	March Monthly Performance - NEPC
5/4/2015	4/27/2015	Disability		PAS Monthly Report Quarterly PAS (VCERIS) Report - Linea
5/18/2015	5/11/2015	Business	Tortoise Bridgewater	Q1 Performance Report - NEPC April Monthly Performance - NEPC
6/1/2015	5/22/2015	Disability		Draft Business Plan - Staff PAS Monthly Report
6/15/2015	6/8/2015	Business	GMO Clifton/Parametric	Discuss Retreat Agenda Topics - NEPC May Monthly Performance - NEPC Finalized Budget and Business Plan - Staff Education & Travel Policy Review - Staff Hearing Officer Contracts - Staff
7/6/2015	6/29/2015	Disability		PAS Monthly Report Fiduciary Liability Insurance Report - Risk Man.
7/20/2015	7/13/2015	Business	Walter Scott Hexavest	June Monthly Performance - NEPC Quarterly PAS (VCERIS) Report - Linea (July or Sept) Approve & Finalize Retreat Agenda Topics - NEPC
9/14/2015	9/4/2015	Disability		
9/21/2015	9/14/2015	Business	Loomis Pimco	Q2 Performance Report - NEPC July & August Monthly Performance - NEPC FY 2014-15 Final Budget Adjustments - Fiscal Annual Proxy Voting Certification Report - NEPC
10/5/2015	9/28/2015	Disability		
TBD	TBD	Investment	Board Investment Retreat	TBD
10/19/2015	10/9/2015	Business	Reams Western	SACRS Fall Conference Items - COB September Monthly Performance - NEPC
11/2/2015	10/26/2015	Disability		
11/16/2015	11/9/2015	Business	None	Review Due Diligence Calendar - Staff & NEPC Set Board Meeting Dates & Investment Manager Presentations - Staff & NEPC Q3 Performance Report - NEPC October Monthly Performance - NEPC NEPC Public Funds Workshop Invite - NEPC SACRS Conference Oral Reports - Attendees
12/7/2015	11/30/2015	Disability		Appoint Chair and Vice Chair for 2014 - Board
12/21/2015	12/14/2015	Business	Blackrock RREEF	Actuarial Report: Receive & File - Segal November Monthly Performance - NEPC SACRS peer comparison report - NEPC

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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November 5, 2014

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

Dear Board Members:

In mid-October 2014, I attended the Global Investment Training in Newport Beach at the PIMCO Institute. Attached is the list of classes taught on October 16 - 17 and October 20 - 24, 2014.

The first two days consisted of many speakers who addressed the fundamentals of fixed income. Professor Longstaff taught two very intensive courses including subjects related to the calculations of interest rates, how they affect the market, and how to assess the volatility, duration, and convexity of the assets.

For the next day and a half there were many courses taught by their very talented staff and management. The staff mediating each class kept the speakers timely and the questions lively if there happened to be a momentary lull. The attendees were from all over the world and had a wide variety of intelligent questions. Their new state-of-the-art training center made it very easy to see the presentation and to hear the speakers.

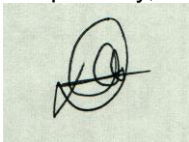
The following five-day course helped to cement all that they taught during the intensive two-day course. During the five-day course the students attended the portfolio management stimulation sessions twice a day in teams and competed against the other teams. Each day's training reinforced what was presented in the simulation sessions. Presented prior to every simulation were current world news headlines that could affect the market over a 6-month period. The choices made were evaluated through their patented software, created out of, what they stated, was a necessity, and obviously by bright people in their organization.

All of the speakers were intelligent and shared a lot of important information. All were remarkable speakers and teachers. Some of the instructors that really stood out were Ms. Rahman, Mr. Mather, Ms. Maisonneuve, and Mr. Kiesel.

It was very interesting to see and meet intelligent people in trusted positions protecting investments for groups and employees around the world. It was also illuminating how many different allocations fixed assets can be invested in and how difficult it is to make the right decisions with the constantly fluxing market that can react so dramatically to the daily headlines.

I took very detailed notes of each class and if there is anyone who would like any details of any or all of the courses may receive a copy upon request. I look forward to seeing PIMCO representatives on November 17, 2014 when they speak to our Board. Thank you for allowing me to attend this training.

Respectfully,



De McCormick

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**Agenda**  
**16 – 17 October 2014**

**Thursday, 16 October**

7:30 am – 8:00 am	Breakfast
8:00 am – 8:30 am	<b>Welcome and Overview</b> Laura Bentzien, Erika Lowe and Tom Otterbein
8:30 am – 9:45 am	<b>Interest Rates, Equity Metrics, and Modern Portfolio Theory</b> Professor Longstaff
9:45 am – 10:00 am	Break
10:00 am – 11:15 am	<b>Volatility, Duration, and Convexity</b> Professor Longstaff
11:15 am – 11:30 am	Break
11:30 am – 12:30 pm	<b>Interest Rate and Yield Curve Strategies</b> Chris Caltagirone
12:30 pm – 1:45 pm	Lunch / Trade Floor Tour
1:45 pm – 3:00 pm	<b>Introduction to Securitized Products</b> Bill Cumby
3:00 pm – 3:15 pm	Break
3:15 pm – 4:30 pm	<b>Forward Looking Benchmarks</b> Steve Jones and Ronit Walny
6:00 pm	<b>Dinner</b> The Deck on Laguna Beach

**Friday, 17 October**

7:45 am – 8:15 am	Breakfast
8:15 am – 9:30 am	<b>Making the Most of Equity Allocations</b> Andrew Pyne
9:30 am – 9:45 am	Break
9:45 am – 11:00 am	<b>Approach to Asset Allocation</b> Mihir Worah
11:00 am – 11:15 am	Break
11:15 am – 12:30 pm	<b>An Introduction to Inflation Related Investing</b> Bransby Whitton
12:30 pm – 1:30 pm	Lunch / Trade Floor Tour
1:00 pm – 1:30 pm	<b>Lunchtime Feature: PIMCO Firm Update</b> Jay Jacobs
1:30 pm – 2:45 pm	<b>Structuring a Fixed Income Portfolio</b> Sachin Gupta
2:45 pm – 3:00 pm	Break
3:00 pm – 4:15 pm	<b>Investing Across the Capital Structure</b> Beth MacLean
4:15 pm	Closing Comments

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**Agenda**  
20 – 24 October 2014

**Monday, 20 October**

7:30 am – 8:00 am	Breakfast
8:00 am – 8:30am	<b>Welcome and Introductions</b> Brian Ford, Natalie Karpov, Jesse Pricer and Tom Otterbein
8:30 am – 9:45 am	<b>Journey Through Economic Time</b> Matt Clark
9:45 am – 10:00 am	Break
10:00 am – 12:00 pm	<b>Introduction to Portfolio Management Simulation Session 1</b>
12:00 pm – 1:15 pm	Lunch/Trade Floor Tour
12:30 pm – 1:15 pm	<b>Lunchtime Feature: PIMCO Firm Update</b> Jay Jacobs
1:15 pm – 2:30 pm	<b>The State of Mortgage Finance</b> Jason Mandinach
2:30 pm – 2:45 pm	Break
2:45 pm – 4:00 pm	<b>Sovereign Credit Analysis</b> Lupin Rahman
4:00 pm – 5:30 pm	<b>Portfolio Management Simulation Session 2</b>
6:00 pm	<b>Dinner</b> The Island Hotel

**Tuesday, 21 October**

7:30 am – 8:00 am	Breakfast
8:00 am – 9:15 am	<b>Global Equity Outlook</b> Virginie Maisonneuve
9:15 am – 9:30 am	Break
9:30 am – 10:30 am	<b>Emphasize Barriers to Entry, Growth and Rising Stars</b> Mark Kiesel
10:30 am – 12:00 pm	<b>Portfolio Management Simulation Session 3</b>
12:00 pm – 1:30 pm	Lunch/Trade Floor Tour
1:30 pm – 2:45 pm	<b>Inflation Outlook and Hedging Strategies</b> Nic Johnson
2:45 pm – 3:00 pm	Break
3:00 pm – 4:00 pm	<b>De-Mystifying Derivatives and Obtaining Portfolio Transparency</b> Jesse Pricer
4:00 pm – 5:15 pm	<b>Portfolio Management Simulation Session 4</b>





### Wednesday, 22 October

7:30 am – 8:00 am	Breakfast
8:00 am – 9:00 am	<b>Making the Most of Equity Allocations</b> Andrew Pyne
9:00 am – 9:15 am	Break
9:15 am – 10:30 am	<b>Emerging Markets</b> Chris Getter
10:30 am – 12:00 pm	<b>Portfolio Management Simulation Session 5</b>
12:00 pm – 1:30 pm	Lunch/Trade Floor Tour
12:45 pm – 1:15 pm	<b>Lunchtime Feature: ETFs</b> Alex von Obelitz
1:30 pm – 2:45 pm	<b>Risk Parity</b> Graham Rennison
2:45 pm – 3:00 pm	Break
3:00 pm – 4:15 pm	<b>Portfolio Management Panel: A View from the Floor</b> Zeljka Bosner, Jason Duko, Chris Kemp, and Jelle Brons
4:15 pm – 5:15 pm	<b>Portfolio Management Simulation Session 6</b>

*Macro Quantitative Strategies  
an overview &  
outlook*

### Thursday, 23 October

7:30 am – 8:15 am	Breakfast
8:15 am – 9:15 am	<b>Liquid Alternatives</b> Sabrina Callin
9:15 am – 9:30 am	Break
9:30 am – 10:30 am	<b>The Geopolitical Landscape and its Impact on Economic Linkages</b> Greg Sharenow
10:30 am – 12:00 pm	<b>Portfolio Management Simulation Session 7</b>
12:00 pm – 2:00 pm	Lunch/ Trade Floor Tour
1:15 pm – 1:45 pm	<b>Lunchtime Feature: Defined Contribution</b> Stacy Schaus
2:00 pm – 3:15 pm	<b>PIMCO Outlook</b> Scott Mather
3:15 pm – 3:30 pm	Break
3:30 pm – 4:15 pm	<b>Portfolio Management Simulation Session 8</b>
6:00 pm	<b>Dinner and Awards Ceremony</b> SOL Cocina

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**Friday, 24 October**

7:30 am – 8:00 am	Breakfast
8:00 am – 9:15 am	<b>Framing Asset Allocation Decisions</b> Rob Arnott
9:15 am – 10:30 am	<b>Conclusion and A New Neutral Fed</b>
10:30 am	Departures

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November 5, 2014

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

Dear Board Members:

In mid October 2014, I attended the Global Investment Training in Newport Beach at the PIMCO Institute. During this training, I took the opportunity to meet with CEO Douglas Hodge, Vice President / Account Manager Scott Mather, Senior Vice President / Account Manager David Blair, and CIO of U.S. Core Strategies, Total Return and our Portfolio Manager Sasha Talcott.

Following are the points addressed during discussions with Mr. Blair, Ms. Talcott, Mr. Mather, and Mr. Hodge concerning PIMCO and their Global Strategy. Attached are the notes I requested from Mr. Blair and Ms. Talcott from our meetings. Their notes are accurate and descriptive of what took place.

I believe the departure of Mr. Gross and Mr. El-Erian has not adversely impacted VCERA's day-to-day management of the Global Fixed Income strategy. PIMCO holds daily meetings with their Investment Committee and believe their newly structured large group of CIO's headed by the Group CIO, Mr. Ivascyn, is more effective. Additionally, many of the CIO's who spoke at our training were very enthusiastic about the recent changes.

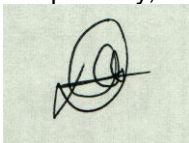
PIMCO has over 2,400 employees with 13 offices located in 12 countries. I believe that PIMCO's decades' of success is not due to a single individual; it's due to the team. While observing their staff and processes, it was apparent to me that they have many innovative thinkers and intelligent employees who have been instrumental in keeping this large business successful for their clients. Also noted were the multiple checks and balances, which appeared to be enhanced by their new CIO team.

Through the many classes I have taken over the last year and a half, I have learned that it is imperative to stay diverse in our investments for our membership and sponsors. PIMCO helps keep our investment diverse with the conservative global assets they have managed under Mr. Mather.

It was a pleasure to meet with Mr. Blair, Ms Talcott, Mr. Mather, and Mr. Hodge. Meeting with, and observing their teams, revealed a very enthusiastic group of professionals with a great deal of confidence and hope.

Lastly, Mr. Blair and Ms. Talcott would like to meet with VCERA's Trustees in person on November 17<sup>th</sup> to address any questions the Trustees may have.

Respectfully,



De McCormick

Points Addressing VCERA Trustee Questions on PIMCO and Global Strategy as requested by Deanna McCormick, Trustee at Ventura County Employee's Retirement Association.

**Strength of CIO Team:**

The team of six CIOs leading PIMCO, including the Group CIO, Dan Ivascyn, is a team of proven leaders that have built strong track records in their areas of specialty. This group is more representative of the breadth of PIMCO and reflects a group that has collaborated together for over a decade.

The new structure represents a natural evolution of our firm's portfolio management structure. We believe this is a stronger and more stable structure that positions PIMCO very well to deliver alpha for clients.

· YTD (until 9/22) 92% of assets managed by the CIOs and Group CIO have outperformed their benchmarks before fees and this number increases to 95% over 3 years and 98% over 5 years.

· YTD (until 9/22) 86% of assets managed by the CIOs and Group CIO have outperformed their benchmarks after fees and this number increases to 92% over 3 years and 96% over 5 years.

**How PIMCO is retaining its professional:**

- An essential component of business continuity in the investment management business is employee retention.
- Employee continuity at PIMCO begins with creating a vibrant, ethical, team-oriented workplace that has long defined PIMCO's culture and been the cornerstone to our low, firm wide turnover rates. This has been complimented over time by various longer-term incentives, which encourage responsible behavior, align economic interests and aid in retention.
- As a supplement to these cornerstones, PIMCO has provided special bonus awards to help retain key employees at every level. These awards are designed to ensure that we meet client needs across every component of our business.
- The awards are structured to retain our deep talent through deferred vesting and cash payments in 12, 18 and 30 months, depending on the employee's role and responsibility.
- These awards are above and beyond the annual base and bonus compensation process.

Importantly, PIMCO maintains a very competitive compensation structure. This is one of several reasons that we are confident that we will retain and attract the best talent in the business. We are glad to reaffirm our commitment to investing in our most important resources throughout this period of transition and beyond.

**Scott Mather's Track Record in Global Strategies:**

- Scott Mather has an outstanding track record managing global strategies. He was a finalist for Morningstar Fixed Income Manager of the Year in 2011, and has 20 years of investment experience.
- Under Scott's leadership, the PIMCO Foreign Bond Fund (USD Hedged) returned 8.71% for the last five years through 8/31/14, outperforming by 448 bps. Over the last three years, the fund has returned 7.38%, outperforming by 243 bps).

**Impact of the departures of Bill Gross and Mohamed El-Erian on VCERA's Global Portfolio**

- VCERA's portfolio manager, Scott Mather, is not changing
- Neither Bill Gross nor Mohamed El-Erian had any direct impact on VCERA's portfolio
- The investment process underpinning the success of our global business over the past 25+ years has not changed. Because we recognize that no single individual can be an expert in every area of the global investment universe, our global process has always relied on the efforts of teams of experienced portfolio managers to deliver value for our clients.
- This is a team-based approach, built around our economic forums and our investment committees. As Scott noted during your meeting, "99.9% of the same people" who were making decisions before Bill's departure are still there, and in many ways the process is better than ever.
- On a strategy level, Scott Mather is adding responsibilities for U.S. core bond strategies. Consistent with this, Andrew Balls, who already has been extensively involved in global portfolios, will take over formal leadership of the global team. Again, Andrew was already intensively involved in global strategies, and this has no direct impact on VCERA's portfolio management. As has always been the case, the global team will rely on our portfolio management resources of 40+ global/emerging market specialists located around the world, the deep expertise of our regional portfolio committees and high-level guidance from the Investment Committee.

- There are many similarities between U.S. core strategies and global strategies. First, U.S. core is a sub-set of the global opportunity set. Second, PIMCO's U.S. core managers will still utilize the global opportunity set, but will size their non-U.S. exposures differently due to the U.S. focus.

**Key benefits of allocating to Global bonds as an asset class:**

- Diversification: By adding global bonds, the portfolio gains exposure to divergent global economic cycles and monetary policy cycles, providing the ability to adjust exposures to the changing opportunity set.
- By focusing mainly on domestic markets, most investors have access to a relatively small slice of the global bond market. For example, the U.S. represents just 35% of the roughly \$100 trillion global bond market.
- Broader opportunity set: By opening access to a broader array of bond markets, that also increases the ability to seek returns and alpha via active management – compared to a U.S. Aggregate portfolio, which would be dominated by the U.S. government and mortgages.
- Possibility of mitigating rising rates in the U.S.: On the second page of the attached fund card, we'd like to highlight a chart that shows that global bonds often outperform during periods of U.S. rising interest rates. The reason for this goes back to different monetary policy and interest rate cycles globally, and the ability to allocate to countries and markets which offer more attractive risk-return profiles.
- Defensive and offensive characteristics: In addition to mitigating downside risks to rising U.S. rates, exposure to global bonds can also potentially reduce volatility and enhance returns through higher yielding foreign bonds, for example. And depending on an investor's risk profile and current portfolio allocations, there are a number of global bond choices that can help diversify fixed income exposures by adding exposure to different countries, issuers and types of securities – including any variety of developed and emerging markets assets. Developed market global bonds, such as Japan, may reduce volatility in an overall portfolio, while adding bonds in higher yielding developed markets, such as Australia, can potentially enhance returns.

**Historical performance:**

Per your request, we attached performance of the Barclays U.S. Aggregate (the most common benchmark for a U.S. core portfolio), the Barclays Global Aggregate USD Hedged (i.e. currency risk is hedged out), and the Barclays Global Aggregate Unhedged (i.e. the benchmark takes currency exposure; this is VCERA's current benchmark).

One key item of note is that, over the last year, three-year and five years, returns for the Barclays Global Aggregate USD Hedged have surpassed those of the U.S. Aggregate, with lower levels of risk. Returns for the Barclays Global Aggregate Unhedged have been lower, with higher levels of volatility, due to the currency exposure in the benchmark.

Given that PIMCO expects the U.S. dollar to continue to strengthen vs. the Euro and the yen, one option would be for VCERA to switch to the Barclays Aggregate Global USD Hedged benchmark. We offer more details on that option below.

**Other public plans:**

We've attached a press release from CalPERS discussing their mandate with PIMCO. It highlights the following information of note:

- PIMCO manages an international bond fund for CalPERS valued at approx. \$1 billion
- The international bond fund managed (Global ex-U.S. with a custom benchmark that has 25% local EM bonds) by PIMCO for CalPERS earned 11.2% for the most recent fiscal year, outperforming its benchmark by two percentage points. The fund also has outperformed its benchmark for the 3-year and 5-year time periods.
- CalPERS will monitor developments but "no plans at this time to make changes with our PIMCO mandate"

**Other considerations:**

The above information discussed the benefits of investing in global bonds. We would make a distinction between a market decision (does VCERA want to be in the global bond market?) versus a manager decision (retaining PIMCO). In the event that VCERA's Trustees decide to change your underlying market exposure, we would offer up several alternatives that may be appealing. Beyond these three, we would be happy to collaborate with VCERA's Trustees, staff, and consultant on other alternatives, as PIMCO has strong track records across a variety of strategies.

(1) Move to a hedged global bond mandate from the current unhedged mandate. PIMCO's current benchmark is the Barclays Global Aggregate USD Unhedged (meaning that it has foreign currency exposure in the benchmark and is not "hedged" back to the U.S. dollar). Our view is that the U.S. dollar is likely to rise over the next several years, given stronger economic growth in the United States than elsewhere, so we would anticipate a better investment outcome for VCERA by moving to the Barclays Global Aggregate USD Hedged benchmark. That way, our neutral currency position in the portfolio would be 100% U.S. dollars, and we would take other currency exposure only if we had a strong view as to it benefitting VCERA from an investment perspective.

(2) Add emerging market exposure to your global bond mandate, which has the potential to enhance returns. This is similar to moves made by other public pension plans, which seek a broader allocation to some of the fastest-growing economies in the world. One example: 10-year bond yields in Brazil are higher than 12%, versus 2.3% in the United States. EM debt levels also tend to be lower than in the United States, and in aggregate declining, versus flat-to-rising in the developed world.

(3) Move to a U.S. core strategy. From an asset allocation perspective, we do not necessarily recommend this approach, given that we believe in the diversification benefits of global fixed income, and we are aware that VCERA already has heavy exposure to U.S. core bonds. That said, if the board prefers to move back to the United States, we wanted to make sure you were aware that Scott Mather manages U.S. core strategies as well and would be happy to transition the portfolio in that direction.

In all cases, this could be done without a change in lead portfolio manager, if that is what VCERA prefers.

Best,

David and Sasha

[David Blair](#)

Senior Vice President, Account Manager  
Client Servicing

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Newport Beach, CA 92660

D: +1 949.720.6181

## Benchmark Returns

As at 09/30/14	Barclays Global		
	Barclays US Agg	Agg (USD H)	Barclays Global Agg
Return			
YTD	4.1%	5.2%	1.7%
1 Year	4.0%	5.5%	1.2%
2 Year	1.1%	3.0%	-0.7%
3 Year	2.4%	3.9%	1.2%
5 Year	4.1%	4.2%	2.7%
10 Year	4.6%	4.6%	4.4%
Volatility			
YTD	2.6%	1.9%	4.6%
1 Year	2.6%	2.1%	4.2%
2 Year	2.9%	2.6%	4.3%
3 Year	2.7%	2.5%	4.2%
5 Year	2.8%	2.4%	5.2%
10 Year	3.2%	2.6%	5.8%

Inst. share Morningstar Rating™:

★★★★  
Overall Morningstar Rating™

Category: **World Bond**

Number of funds in category: **279**

Criteria: **Risk-Adjusted Return**

A SHARES: **PAIX** C SHARES: **PCIIX**  
ADM SHARES: **PGDAX** I SHARES: **PGBIX**  
B SHARES: **PBIIX** P SHARES: **PGNPX**

### Fund data

Fund inception date*:	2 October 1995
Total fund assets (in millions):	\$515.3
Inst. share total annual operating expenses:	0.56%
Inst. share net operating expenses ex-interest <sup>1</sup> :	0.55%
Inst. share 30-day SEC yield:	2.18%
Portfolio manager:	Andrew Balls Sachin Gupta Lorenzo Pagani

<sup>1</sup> Ex-interest expenses reflect the accounting treatment of certain investments (e.g., reverse repurchase agreements) but do not reflect actual expenses paid to PIMCO.


### Fund statistics

Effective duration:	6.58
Effective maturity:	9.80
Sharpe ratio (10 year):	1.07
Volatility (10 year):	3.91%

### About PIMCO

PIMCO is a leading global investment management firm, with offices in 12 countries throughout North America, Europe and Asia. Founded in 1971, PIMCO offers a wide range of innovative solutions to help millions of investors worldwide meet their needs. Our goal is to provide attractive returns while maintaining a strong culture of risk management and long-term discipline.

Visit our website for a full menu of products and services at [pimco.com/investments](http://pimco.com/investments).

A company of Allianz 

## Access high-quality fixed income worldwide

By investing in high-quality, developed countries around the world, the fund provides diverse exposure to multiple economies, interest rates and yield curves, which may enhance return potential, reduce overall portfolio volatility and help mitigate the threat of rising interest rates in the U.S.

- **A global opportunity set** Broadly diversified, the fund strives to capture attractive risk-adjusted returns across the global bond markets, which can help to both mitigate volatility and hedge against risks in other asset classes, such as equities. Diversification does not guarantee a profit or protect against loss.
- **High-quality emphasis** Guided by PIMCO's global perspective and on-the-ground insights into country fundamentals, the fund targets a portfolio of primarily investment grade bonds from around the developed world, making this an excellent building block for core bond investments.
- **Time-tested process** Supported by a deep international presence with over 50 global portfolio managers located around the world, the fund capitalizes on PIMCO's thought leadership and time-tested investment process, which guide portfolio construction via our top-down macroeconomic outlook and rigorous bottom-up credit analysis.

### Growth of \$10,000



Growth of \$10,000 is calculated at NAV and assumes that all dividend and capital gain distributions were reinvested. It does not take into account sales charges or the effect of taxes. Results are not indicative of future performance.

Average annual total returns (%) as of 30 Sep '14	1-yr.	3-yr.	5-yr.	10-yr.	Inception*
PIMCO Global Bond Fund (USD-Hedged) Inst. at NAV	7.47	5.88	6.68	5.97	6.97
JPMorgan GBI Global Index Hedged in USD	5.45	3.38	3.89	4.54	5.84
Lipper Global Income Funds Average	3.76	3.28	4.13	4.62	5.56

Calendar year returns (%)	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	YTD
PIMCO Global Bond Fund (USD-Hedged) Inst. at NAV	6.10	4.99	2.94	4.99	-2.35	15.30	8.52	8.59	9.53	-0.81	6.57
JPMorgan GBI Global Index Hedged in USD	4.88	4.97	3.09	5.99	9.42	0.72	4.24	6.17	4.20	-0.35	5.51
Lipper Global Income Funds Average	8.10	-0.90	5.60	6.97	-4.18	16.14	7.16	4.00	8.25	-2.21	3.18

If this material is used after 31 December 2014, it must be accompanied by the most recent Performance Supplement. Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, visit [www.pimco.com/investments](http://www.pimco.com/investments) or by calling 888.87.PIMCO.

\* The inception date for the oldest class of shares (the A share class). The returns represent class Inst. shares, first offered in February 1998. Returns prior to that date apply the returns of the oldest class of shares but the charges and expenses of class Inst. shares. Performance reflects changes in share price, reinvestment of dividends and capital gains distributions. All periods longer than one year are annualized. The Lipper, Inc. Lipper Average is based on total return, with distributions reinvested and operating expenses deducted, though not reflecting sales charges. Fund classes share the same portfolio, but have different investment minimums and different fees and expenses.



**Portfolio manager**



**Andrew Balls**  
Years of experience: 16



**Sachin Gupta**  
Years of experience: 18

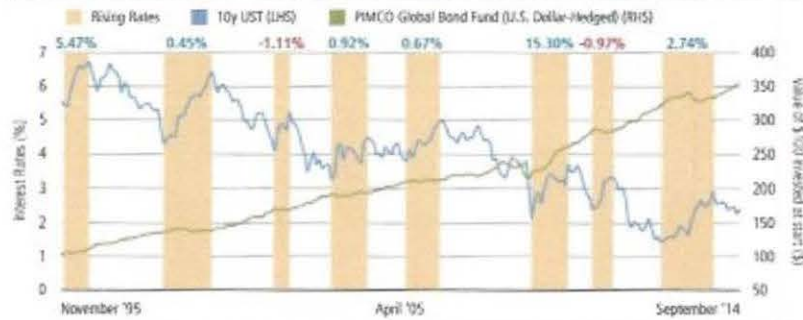


**Lorenzo Pagani**  
Years of experience: 10

The fund's expert portfolio management team is supported by PIMCO's deep bench of investment professionals and time-tested process. PIMCO has extensive global experience navigating the complex foreign sovereign debt and local currency markets, and manages more than \$350 billion in non-U.S. fixed income assets around the world.

# Global Bond Fund (U.S. Dollar-Hedged)

Strong growth of principal across varying interest rate environments



\* Total return over shaded period. "Rising Rates" represents periods during which the US 10Y rate increased by over 100 bps.

Sector diversification (DWE%)	30 Sep '14	30 Jun '14
Government Related	82	71
Inflation Linked	4	5
Securitized	1	1
Covered Bonds and Pfandbriefe	1	1
Credit	1	1
Municipals	0	0
Emerging Markets	16	13
Other	0	0
Net Cash & Equivalents	-5	9

Regional diversification (DWE%)	30 Sep '14	30 Jun '14
United States	23	21
Japan	28	39
Eurozone	24	30
United Kingdom	6	-3
Europe non-EMU <sup>1</sup>	0	1
Dollar Block <sup>2</sup>	1	0
Other	1	1
Emerging Markets	17	11
EM - Asia	0	0
EM - Latin America	16	10
EM - CEEMEA <sup>3</sup>	0	1
EM - Other	0	0

<sup>1</sup> Europe Non-EMU: Denmark, Greenland, Iceland, Jersey Channel Islands, Liechtenstein, Norway, Sweden and Switzerland  
<sup>2</sup> Dollar Block includes Australia, New Zealand, and Canada  
<sup>3</sup> CEEMEA includes EM countries in Central and Eastern Europe, the Middle East, and Africa

Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. This and other information are contained in the fund's prospectus and summary prospectus, if available, which may be obtained by contacting your PIMCO representative. Please read them carefully before you invest or send money.

**A word about risk:** Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee there is no assurance that private guarantors will meet their obligations. **Derivatives** may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. The Fund is **non-diversified**, which means that it may concentrate its assets in a smaller number of issuers than a diversified fund. The value of most bond funds and fixed income securities are impacted by **changes in interest rates**. Bonds and bond funds with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise.

Overall rating for the World Bond category. Fund ratings are out of 5 Stars. Overall 4 Stars (279 funds rated), 3 Yrs. 4 Stars (279 funds rated), 5 Yrs. 5 Stars (230 funds rated), 10 Yrs. 4 Stars (137 funds rated). For funds with at least a 3-yr history, Morningstar calculates a Morningstar Rating based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees) with an emphasis on downward variations and consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating is a weighted average of the performance figures for its 3-, 5- and 10-yr (if applicable) Morningstar Rating metrics. Morningstar, Inc. © 2014. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its affiliates, (2) may not be copied or distributed, (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Andrew Balls, Sachin Gupta and Lorenzo Pagani began managing the fund on 26 September 2014. The SEC yield is an annualized yield based on the most recent 30 day period. Duration is a measure of a portfolio's price sensitivity expressed in years. The Sharpe Ratio measures the risk-adjusted performance. The risk-free rate is subtracted from the rate of return for a portfolio and the result is divided by the standard deviation of the portfolio returns. <sup>1</sup>Morgan GBI Global Index Hedged in USD is an unmanaged market index representative of the total return performance in U.S. dollars on a hedged basis of major world bond markets. It is not possible to invest directly in an unmanaged index. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO and YOUR GLOBAL INVESTMENT AUTHORITY are trademarks or registered trademarks of Allianz Asset Management of America L.P. and Pacific Investment Management Company LLC, respectively, in the United States and throughout the world. ©2014, PIMCO. PIMCO Investments LLC, distributor, 1633 Broadway, New York, NY, 10019 is a company of PIMCO

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PI43111 3Q14

*You are invited to a  
GMO Asset Allocation Discussion*

*With:* Edmund Bellord

*When:* Thursday, November 20, 2014  
12:00 pm – 2:00 pm\*

*Location:* InterContinental Hotel  
2151 Avenue of the Stars  
Los Angeles, CA 90067  
Tel 310-284-6500

Please RSVP to Rachel Whitmore at 617-346-7512 or  
[rachel.whitmore@gmo.com](mailto:rachel.whitmore@gmo.com) by November 14.

\*A lunch buffet will be provided beginning at 11:30 am.  
Business attire please.

**From:** Risa Sampson **On Behalf Of** Stephanie Lord

**Sent:** Thursday, October 30, 2014 1:16 PM

**To:** Thonis, Tim

**Subject:** Notice to Collective Trust Investors of Scott Service Promotion to Portfolio Manager

We wish to inform you of a portfolio management change to the Loomis Sayles Global Fixed Income Trust. We are pleased to announce that Scott M. Service, the current global credit strategist for the Fund, will join Kenneth M. Buntrock, David W. Rolley and Lynda L. Schweitzer as portfolio managers of the Trust, effective as of December 1, 2014.

Scott's biography appears below:

Scott M. Service is a portfolio manager of the Fund. Mr. Service, Portfolio Manager and Vice President of Loomis Sayles, began his investment career in 1992, and joined Loomis Sayles in 1995. Mr. Service received a B.S. from Babson College and an MBA from Bentley College. Mr. Service holds the designation of Chartered Financial Analyst.

Loomis Sayles Trust Company, as Trustee of the Trust, shall promptly provide written notice to each investor in the Fund if any of the portfolio managers should be released from the employment of the Trustee or for any reason terminates or becomes unable to carry out his or her investment responsibilities for the Fund.

As always, to discuss or if we can assist in any way, please do not hesitate to contact me.

Best Regards,

Stephanie S. Lord, CFA, CIC  
Vice President, Client Portfolio Manager  
Loomis, Sayles & Company  
(630) 581.5054

**From:** Allyson Taylor [<mailto:ataylor@pensionbridge.com>]  
**Sent:** Wednesday, November 12, 2014 10:15 AM  
**Subject:** Pension Bridge Annual - Save the date

Hello,

Hope all has been well! While the event isn't for several months, I wanted to reach out early to all of last year's attendees, to make sure you block off the dates for the **Pension Bridge Annual** on your calendar. We have always appreciated your support and hope to see you back with us this April!

If you'd like to get a jump-start on registering, please don't hesitate to do so and simply reply to this e-mail.

Warm Regards,

Allyson Taylor  
[ataylor@pensionbridge.com](mailto:ataylor@pensionbridge.com)

### **The 2015 Pension Bridge Annual**

**Date:** April 7<sup>th</sup> & 8<sup>th</sup>

**Location:** The Four Seasons Hotel, San Francisco

**2015 Agenda:** <http://www.pensionbridge.com/agendaannual2015.asp>

**Ratio:** Over 150 Pension Funds/Consultants, only 100 Manager Firms

**Networking Event:** Wine Tasting Networking & Dinner