

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

December 1, 2014

AGENDA

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

TIME: 9:00 a.m.

ITEM:

- | | | |
|------|----------------------------------------------------------------------------------------------------------------|--------------------|
| I. | <u>CALL TO ORDER</u> | Master
Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 – 2 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Business Meeting of November 17, 2014. | 3 – 14 |
| IV. | <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION
STATUS REPORT</u> | 15 – 49 |
| V. | <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| | A. Application for Service Connected Disability Retirement,
Kostiuchenko, Yevhen (Eugene); Case No. 14-021. | |
| | 1. Application for Service Connected Disability Retirement and
Supporting Documentation. | 50 – 90 |
| | 2. Hearing Notice Served on November 18, 2014. | 91 |

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

- B. Application for Service Connected Disability Retirement, Hookstra, Maureen; Case No. 12-004.
 - 1. Application for Service Connected Disability Retirement and Supporting Documentation. 92 – 190
 - 2. Hearing Notice Served on October 23, 2014. 191 – 192
- C. Application for Non-Service Connected Disability Retirement, Moten, Urissa; Case No. 13-026.
 - 1. Summary of Evidence, Suggested Findings of Fact and Conclusions of Law, and Recommendation, Submitted by Hearing Officer Deborah Z. Wissley, Dated October 15, 2014. 193 – 199
 - 2. Hearing Notice Served on October 22, 2014. 200 – 201

VI. OLD BUSINESS

- A. Decision on Whether to File Amicus Brief in SDCERA v. County of San Diego.
 - 1. Copy of Complaint for Declaratory Relief. 202 – 208
- B. Approval of Timeline for VCERIS Project. 209

VII. NEW BUSINESS

- A. Appointment of 2015 Board Chair and Vice Chair. 210

VIII. INFORMATIONAL

- A. PIMCO Institute, January 14 – 15, 2015, Newport Beach, CA. 211 – 213
- B. Opal Financial Group- Public Funds Summit 2015, January 12 – 14, 2015, Scottsdale, AZ. 214
- C. NEPC 2015 Public Fund Workshop, January 12 – 13, 2015, Phoenix, AZ. 215 – 217

IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

XII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

November 17, 2014

MINUTES

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

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

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

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

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Chair Tracy Towner called the Business Meeting of November 17, 2014, to order at 9:01 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve the Agenda.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried.

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

No: -

Absent: Henderson

III. APPROVAL OF MINUTES

A. Special Meeting of October 29, 2014.

MOTION: Approve the Minutes.

Moved by Hintz, seconded by Johnston.

Vote: Motion carried.

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

No: -

Absent: Henderson

B. Disability Meeting of November 3, 2014.

MOTION: Approve the Minutes.

Moved by McCormick, seconded by Goulet.

Vote: Motion carried.

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

No: -

Absent: Henderson

IV. CONSENT AGENDA

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

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

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

- D. Receive and File Budget Summary for FY 2014-15 Month Ending August 31, 2014.
- E. Receive and File Budget Summary for FY 2014-15 Month Ending September 30, 2014.
- 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.

MOTION: Approve the Consent Agenda.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried.

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

No: -

Absent: Henderson

END OF CONSENT AGENDA

V. STANDING ITEM

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

Ms. Nemiroff stated that there was nothing new to report on Pensionable Compensation and PEPRA at this time.

VI. INVESTMENT INFORMATION

- A. NEPC – Don Stracke, Senior Consultant.
 - 1. Consideration of an Additional Private Equity Commitment to the Pantheon Global Secondary Fund V.

NEPC recommended a \$50 million commitment to the Pantheon Global Secondary Fund V.

MOTION: Table this item until after Item VI.A.2.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried.

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

No: -

Absent: Henderson

Following the presentation by Pantheon and discussion between the Board and Mr. Stracke, the following motion was made:

MOTION: Commit \$50 million to the Pantheon Global Secondary Fund V.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried.

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

No: -

Absent: Henderson

2. Pantheon Presentation of Global Secondary Fund V., Matt Garfinkle, Partner, Matthew Jones, Partner, and Sprague Von Stroh, Vice President.

MOTION: Receive and file.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried.

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

No: -

Absent: Henderson

3. Memorandum from NEPC on PIMCO, dated November 17, 2014.

MOTION: Receive and file.

Moved by Hintz, seconded by Wilson.

Vote: Motion carried.

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

No: -

Absent: Henderson

4. PIMCO Organizational Update and Strategy Review, David J. Blair, Senior Vice President, Thomas J. Otterbein, Account Manager, and Sasha Talcott, Vice President.

Mr. Foy left the meeting at 9:54 a.m.

Mr. Sedell left the meeting at 10:07 a.m.

MOTION: Receive and file.

Moved by McCormick, seconded by Hintz.

Vote: Motion carried.

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

No: -

Absent: Henderson, Sedell, Foy

5. Asset Allocation Update/Workplan Discussion.

Mr. Sedell reentered the meeting at 10:15 a.m.

MOTION: Request that NEPC return with additional information regarding Global Tactical Asset Allocation and credit strategies.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried.

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

No: -

Absent: Henderson, Foy

6. Receive and File Investment Summary – Quarter Ending September 30, 2014.

MOTION: Receive and file.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried.

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

No: -

Absent: Henderson, Foy

7. Receive and File Preliminary Performance Report Month Ending October 31, 2014.

MOTION: Receive and file.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried.

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

No: -

Absent: Henderson, Foy

8. Proposed 2015 Due Diligence Calendar.

Mr. Foy reentered the meeting at 10:45 a.m.

MOTION: Approve.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried.

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

No: -

Absent: Henderson

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

A. Memorandum of Understanding with Auditor/Controller.

Ms. Nemiroff noted that the effective date of the document was changed to November 17, 2014, to allow more flexibility for modifications before it is ratified. The signature line of the document was revised to require a signature from the Board of Supervisors, at the County's request. Ms. Nemiroff recommended that, if the Memorandum of Understanding is approved, the Chair should be granted authority to make any non-material changes to the document without returning to the Board for authorization.

Jeff Burgh, Auditor/Controller, was present to discuss this item. Mr. Burgh provided a draft "Scope of Work" for the Board's review, and the Board and Mr. Burgh discussed whether changes needed to be made to the Memorandum of Understanding before it could be approved. The following motion was made:

MOTION: Postpone voting on this matter until a future meeting, with the understanding that work to develop accurate compensation earnable information will continue.

Moved by Hintz, seconded by Foy.

Vote: Motion carried.

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

No: McCormick, Johnston

Absent: Henderson

B. VCERIS Project Quarterly Status Report.

Brian Colker was present on behalf of Linea Solutions, Inc. to provide an update on the VCERIS project.

Mr. Colker informed the Board that roughly 2/3 of the system has been designed, developed, and tested, leaving an estimated 5-6 months of development work for the remaining processes. Mr. Colker reported that the mapping and programming activities for data conversion are complete, and data cleanup has not uncovered any major issues. Once the dates are solidified in the Memorandum of Understanding, Linea and Vitech will update their project plan and produce change orders to be considered by the Board at a future meeting. Mr. Colker noted that the change order numbers listed on the status report reflect the numbering of the Vitech change orders, rather than that of VCERA.

MOTION: Receive and file.

Moved by Hintz, seconded by McCormick.

Vote: Motion carried.

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

No: -

Absent: Henderson

C. Monthly Report – October 2014.

MOTION: Receive and file.

Moved by Sedell, seconded by Hintz.

Vote: Motion carried.

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

No: -

Absent: Henderson

VIII. OLD BUSINESS

A. PEPRA Compensation Resolution – Ashley Dunning.

1. Letter from Manatt, Phelps, & Phillips, dated November 10, 2014.

2. Draft Resolution.

Ms. Dunning provided a summary of her analysis regarding the definition and determination of pensionable compensation under PEPRA, and concluded that the Board of Retirement has the authority to determine the definition of pensionable compensation, within the law. Ms. Dunning provided a draft resolution for the Board's review and approval, including a list of requirements and alternative interpretations of normal monthly rate of pay or base pay.

Received public comment from Joe Karahman, SEIU Local #721; Ramon Rubalcava, SEIU Local #721, and Paul Derse, County Executive Office, County of Ventura.

After discussion by the Board, the following motions were made:

MOTION: Adopt interpretation (ii) of Government Code section 7522.34 subdivision (a) definition as permitting pay items to be included in Pensionable Compensation if they are within the base pay only.

Moved by Wilson, seconded by Foy.

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

MOTION: Adopt interpretation (i) of Government Code section 7522.34 subdivision (a) definition as permitting pay items to be included in Pensionable Compensation if they are within the normal monthly rate of pay only.

Moved by Goulet, seconded by McCormick.

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

MOTION: Adopt interpretation (iii) of Government Code section 7522.34 subdivision (a) definition as permitting pay items to be included in Pensionable Compensation if they are within either the normal monthly rate of pay or the base pay of the member.

Moved by Johnston, seconded by McCormick.

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

MOTION: Adopt the language of the draft Resolution on page 3 in numbered paragraph 2.(c); remove the words "or executive staff" from the paragraph.

Moved by Wilson, seconded by Hintz.

Vote: Motion carried.

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

No: -

Absent: Henderson

Ms. Dunning agreed to make non-material or grammatical changes to the paragraph as needed.

Mr. Hintz left the meeting at 12:40 p.m.

MOTION: Adopt the language on p.5 of the draft Resolution in paragraph 4(h)(i), modified to define a labor policy or agreement as any of the following: Memorandum of Agreement; a Management, Confidential Clerical and Other Unrepresented Employees Resolution; or other similar document as specifically approved by the VCERA Board of Retirement.

Moved by McCormick, seconded by Goulet.

Vote: Motion carried.

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

No: -

Absent: Henderson, Hintz

MOTION: Adopt the language on p.5 of the draft Resolution in paragraph 4(h)(ii), modified to remove the word "not" from the following sentence: "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".

Moved by McCormick, seconded by Goulet.

Vote: Motion carried.

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

No: -

Absent: Henderson, Hintz

MOTION: Adopt the language on p.5 of the draft Resolution in paragraph 5, modified on line 5 after the word "Resolution" to include the phrase "and will bring such determinations to the VCERA Board for action".

Moved by McCormick, seconded by Johnston.

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

Chair Towner further directed Ms. Dunning to replace "VCERA staff" with "VCERA's Retirement Administrator" throughout the draft Resolution.

B. Consideration of Available Options Pursuant to Step #7 of VCERA's Interest Crediting Policy.

1. Letter from Staff.
2. Statement of Reserves for FY 2013-14 Month Ending June 30, 2014.
3. Interest Crediting Policy.

MOTION: Leave \$2.7 million of remaining available earnings in the Undistributed Earnings Reserve as a contingency against future deficiencies in interest earnings.

Moved by Wilson, seconded by Sedell.

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

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.

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

MOTION: Postpone this item until the December 1, 2014 disability meeting.

Moved by Goulet, seconded by Foy.

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

Mr. Johnston left the meeting at 1:03 p.m.

- B. Proposed 2015 Board Calendar.

MOTION: Approve.

Moved by Goulet, seconded by Foy.

Vote: Motion carried.

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

No: -

Absent: Henderson, Hintz, Johnston

- C. Trustee Reports, Deanna McCormick, General Employee Member.

1. PIMCO Due Diligence Report.

2. PIMCO Conference Report.

MOTION: Receive and file.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried.

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

No: -

Absent: Henderson, Hintz, Johnston

Mr. Johnston returned to the meeting at 1:04 p.m.

X. INFORMATIONAL

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

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

None.

XIII. BOARD MEMBER COMMENT

None.

XIV. ADJOURNMENT

The meeting was adjourned at 1:05 p.m.

Respectfully submitted,



TIM THONIS, Interim Retirement Administrator

Approved,

TRACY TOWNER, Chairman

ORIGINAL

FILED
CIVIL BUSINESS OFFICE 3
CENTRAL DIVISION

2014 SEP -5 PM 3:08

CLERK-SUPERIOR COURT
SAN DIEGO COUNTY, CA

FILED
Clerk of the Superior Court

SEP 05 2014

1 Steven P. Rice (State Bar No. 94321)
2 srice@crowell.com
3 CROWELL & MORING LLP
4 3 Park Plaza, 20th Floor
Irvine, CA 92614-8505
Telephone: (949) 263-8400
Facsimile: (949) 263-8414

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

VCERIS Transmittal Implementation Timeline

S.No	Task / Activity	Start Date	Deadline	Status
1	Development, Unit Testing and Revision loops	Jan-2013	1/30/2015	In progress
2(a)	Scenario Based Testing without Comp. Earnable	5/20/2014	1/30/2015	In progress
2(b)	Scenario Based Testing with Comp. Earnable	2/2/2015	3/13/2015	Not Started
3	Parallel Testing (with Comp. Earnable)	3/6/2015	8/14/2015	Not Started
	1st Parallel File - On-Cycle for Pay period No. 2015-05 (Pay date 3-06)	3/6/2015	3/13/2015	
	2nd Parallel File - Off-Cycle for Pay period No. 2015-07 (Pay date 4-3)	4/3/2015	4/10/2015	
	3rd Parallel File - On-Cycle for Pay period No. 2015-9 (Pay date 5-1)	5/1/2015	5/8/2015	
	4th Parallel File - Off-Cycle for Pay period No. 2015-11 (Pay date 5-29)	5/29/2015	6/5/2015	
	5th Parallel File - On-Cycle for Pay period No. 2015-13 (Pay date 6-26)	6/26/2015	7/3/2015	
	6th Parallel File - Off-Cycle for Pay period No. 2015-15 (Pay date 7-24)	7/24/2015	7/31/2015	
4	Go-No-Go for Transmittal Files		8/14/2015	
5	System Integration Testing and User Training	TBD	TBD	
6	UAT	TBD	TBD	
	<i>One UAT Transmittal File for Pay period 2015-20 (Pay date 10-2)*</i>	*10/2/2015	*10/9/2015	
7	Cut-over	TBD	TBD	
8	Go-Live	TBD	TBD	

Assumptions:

- a) Task 2b above identifies the least amount of time that VCERA needs to test Comp. Earnable before Parallel Testing can begin. Hence the deadline for receiving a Scenario Based testing file with Comp. Earnable is 1/30/2015.
- b) VCERA will not start parallel testing until the quality of Scenario based testing files is acceptable.
- c) VCERA agreed to the reduced iterations of the parallel files based on the assumption that by 8/14/2015 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

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

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

December 1, 2014

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

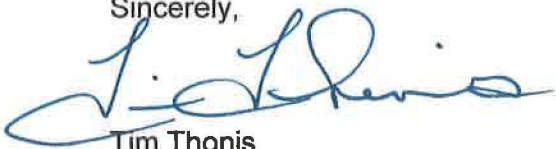
SUBJECT: APPOINTMENT OF 2015 CHAIR AND VICE CHAIR

Dear Board Members:

The Board of Retirement Bylaws and Regulations require the Board to take action at the first meeting in December to appoint a Chair and Vice Chair for the upcoming calendar year. The Regulations state that no member shall serve in either capacity until he/she has served on the Board for a minimum of one year.

I will be pleased to respond to any questions you may have at the December 1, 2014 disability meeting.

Sincerely,



Tim Thonis
Interim Retirement Administrator

From: Blair, David [<mailto:David.Blair@pimco.com>]

Sent: Monday, November 03, 2014 5:20 PM

To: Thonis, Tim

Subject: Special PIMCO Institute Sessions

Hi Tim,

I want to make you aware of special PIMCO Institute sessions that are being planned for Nov. 18-20th in our Newport Beach office and then again on January 14-15th. This condenses what we typically provide over 5-days with focused content. The sessions will be led by some of our CIOs and various investment leaders. Please see the note below. If you click the Register Now button, there is a menu on the left which provides a broader list of the session topics.

This will be an opportunity to engage with PIMCO's investment leaders, to get firsthand the thought leadership coming out of our Investment Committee and broader team, and to assess the current environment at PIMCO. I hope you can make it. Please let me know if there are any questions.

PIMCO | Your Global Investment Authority



Please join us for a PIMCO Institute Special Edition: INSIDEPIMCO.

Designed exclusively for PIMCO clients, this special edition will emphasize PIMCO's best thinking across key macroeconomic themes, highlight the philosophy and process that our Investment Committee and Portfolio Managers use to navigate markets, and discuss our approach to broader asset allocation decisions.

These special edition sessions are designed to offer a look inside our firm and equip

you with the forward-looking framework needed to maneuver through current market challenges and structural changes in the global economy.

When:

18-20 November 2014

[Register now](#)

14-15 January 2015

[Register now](#)

Where:

PIMCO Headquarters

Conference Center
650 Newport Center Drive
Newport Beach, CA 92660

PIMCO on:




Get the App:



iPhone & iPad



Android

A company of **Allianz** 

Pacific Investment Management Company LLC
650 Newport Center Drive
Newport Beach, CA 92660

[View in Browser](#)

[About PIMCO](#)

[Contact Us](#)

[Unsubscribe from PIMCO Institute](#)

[Unsubscribe from all](#)

All investments contain risk and may lose value. This material is distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. PIMCO provides services only to qualified institutions and investors. This is not an offer to any person in any jurisdiction where unlawful or unauthorized. | **Pacific Investment Management Company LLC**, 840 Newport Center Drive, Newport Beach, CA 92660 is regulated by the United States Securities and Exchange Commission. | **PIMCO Europe Ltd** (Company No. 2604517), PIMCO Europe, Ltd Munich Branch (Company No. 157591), PIMCO Europe, Ltd Amsterdam Branch (Company No. 24319743), and PIMCO Europe Ltd - Italy (Company No. 07533910969) are authorised and regulated by the Financial Conduct Authority (25 The North Colonnade, Canary Wharf, London E14 5HS) in the UK. The Amsterdam, Italy and Munich Branches are additionally regulated by the AFM, CONSOB in accordance with Article 27 of the Italian Consolidated Financial Act, and BaFin in accordance with Section 53b of the German Banking Act, respectively. PIMCO Europe Ltd services and products are available only to professional clients as defined in the Financial Conduct Authority's Handbook and are not available to individual investors, who should not rely on this communication. | **PIMCO Deutschland GmbH** (Company No. 192083, Seidlstr. 24-24a, 80335 Munich, Germany) is authorised and regulated by the German Federal Financial Supervisory Authority

(BaFin) (Marie-Curie-Str. 24-28, 60439 Frankfurt am Main) in Germany in accordance with Section 32 of the German Banking Act (KWG). The services and products provided by PIMCO Deutschland GmbH are available only to professional clients as defined in Section 31a para. 2 German Securities Trading Act (WpHG). They are not available to individual investors, who should not rely on this communication. | **PIMCO Canada Corp.** (199 Bay Street, Suite 2050, Commerce Court Station, P.O. Box 363, Toronto, ON, M5L 1G2) services and products may only be available in certain provinces or territories of Canada and only through dealers authorized for that purpose. | **PIMCO Latin America** Edificio Internacional Rio Praia do Flamengo, 154 1º andar, Rio de Janeiro - RJ Brasil 22210-906. | No part of this publication 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.

Use of this email is subject to the following terms. If you do not agree to these terms, please follow the instructions above to Opt Out.

For Institutional Investor use only.

By accepting this invitation you acknowledge that there may be incidental food and beverage provided at the event. You agree that you have consulted the appropriate legal or compliance officer at your firm and that you have been advised by such person that acceptance of any such incidental benefits is consistent with your organization's gift and entertainment policies and any applicable laws or rules to which you are subject, including, without limitation, ERISA. If you would like an estimate of such costs or an invoice for reimbursement please contact your PIMCO representative. You also understand that if you are or are acting on behalf of a union plan or official, we may be required by law to report all or a portion of the value to the government.

Best,

David

David Blair

Senior Vice President, Account Manager
Client Management

PIMCO

650 Newport Center Drive
Newport Beach, CA 92660

D: +1 949.720.6181

T: +1 949.720.0000

David.Blair@pimco.com

pimco.com

Your Global Investment Authority

 Please consider the environment before printing this email.

From: Mtorres@opalgroup.net [<mailto:Mtorres@opalgroup.net>]

Sent: Monday, November 17, 2014 7:11 AM

To: Thonis, Tim

Subject: COMP REGISTRATION: Public Funds Summit 2015 in Scottsdale, AZ

Hello,

I hope everything is going well. I would like to take this opportunity to formally invite you to attend our **16th Annual Public Funds Summit, January 12-14, 2015 at the Fairmont Scottsdale Princess in Scottsdale, AZ**. If you are interested in joining please let me know. We would love to get you on board.

This is a great event to kick off the new 2015 year. This event will draw in more than 350 people and bring in upwards of 200 pensions from across the nation.

The Public Funds Summit addresses issues that are critical to the investment success of senior public pension fund officers and trustees in the new millennium. Concerns of funding liabilities for beneficiaries in a world of declining returns yet maintaining a balance between the risk/reward paradigms is center in the mind of many trustees and representatives of pension plans around the country. The exchange of ideas both in and out of the session halls is key in educating and identifying viable alternatives that will address these concerns. We will discuss how surplus returns should affect employee benefit plans; closely examine the processes for selection and evaluation of investment managers. Beyond the investment sphere we also address legal issues facing pension plans, ethic regulations and the importance of on-going education for plan sponsors and their fiduciaries. Although attendance is not limited to those in the public sector, the conference takes aim at topics that are of particular relevance to public pension funds. By focusing on an atmosphere of education rather than sales or marketing, the Public Funds Summit provides a unique environment in which members of the public sector can exchange ideas and learn from other delegates, money managers and consultants.

If you have any questions please do not hesitate to contact me. Thank you for your consideration and have a nice day.

Best Regards,

Michael

<http://www.opalgroup.net/>

Michael Torres
Investor Relations Associate
Opal Financial Group
Phone - 212-532-9898 x 214
Email: Mtorres@opalgroup.net

From: Shiffler, Starr [<mailto:SShiffler@nepc.com>]

Sent: Friday, November 21, 2014 4:22 PM

To: Thonis, Tim

Cc: Stracke, Don C.

Subject: NEPC 2015 Public Fund Workshop

Good afternoon...

On behalf of NEPC, I would like to invite you to attend our 2015 Public Funds Workshop in Phoenix, Arizona on Monday and Tuesday, January 12 and 13.

Attached is an invite to the Workshop, along with a preliminary agenda. As you know, our workshop is an intimate forum designed to be interactive with our clients, so please let us know if you would like to participate in any panels this year.

The invite contains a brief questionnaire that we will incorporate into the opening session. If you are planning to attend this year, could you please fill this out for me? (I have listed N/A anywhere that I already have information for you.)

We hope you will be able to join us in Arizona! Please let us know if you have any questions. To secure a room for you at the hotel, we are looking for a response no later than December 10.

Thank you, and have a Happy Thanksgiving!

Starr Shiffler
Office Manager

NEPC, LLC

9440 W. Sahara Avenue

Suite 225

Las Vegas, NV 89117

P. 702.248.4121

F. 702.248.6207

www.nepc.com

YOU DEMAND MORE. *So do we.*



NEPC, LLC

2015 Public Funds Workshop
Monday and Tuesday, January 12 and 13

Tempe Mission Palms
60 East Fifth Street
Tempe, AZ 85281

Workshop Agenda — January 12-13

Monday, January 12

- 6:30am-7:45a: Breakfast (at your leisure) in the cloister
7:45am: Adjourn to meeting room
- 8:00a-9:30a: **Opening Remarks/Fund Introductions**
Rhett Humphreys of NEPC to provide opening remarks, followed by participants introducing their Fund and current key strategic initiatives
- 9:30a-10:30a: **NEPC 2015 Capital Markets Update and Asset Allocation Thoughts**
Tim McCusker, NEPC
- 10:30a-10:45a: Break
- 10:45a-11:45a: **Public Plan Trends, Threats and Challenges**
Hank Kim, NCPERS
- 11:45a-12:45p: **Investing in a Low Return World**
How to take smart risks, layout while returns are lower, focus in investment
Chris Levell, NEPC
- 12:45p-1:45p: LUNCH
- 1:45p-2:45p: **European Credit Opportunities**
Alternative Opportunities in Europe
Sean Ruhmann and Neil Sheth of NEPC to lead a client panel (client(s) TBD)
- 2:45p-3:45p: Credit Spreads in Different Monetary Regimes (**tentative topic**)
Clients are worried about credit and conditions. Spreads will stay low in a changing interest rate regime
- 3:45p-4:00p: Break



- 4:00p-5:00pm: **Fee Policy, Analysis and Rationalizing Fees for Alternative Investments**
Cost effective fee management.
Sean Gill, NEPC (client participants to include Girard Miller, OCERS; Bob Jacksha, NMERB)
- 5:00pm: Closing Remarks
- 5:45p: Cocktails
- 6:15p: Dinner – (Daniel Ivascyn, Group CIO from PIMCO—Mike Manning, NEPC to run a Q & A session)

Tuesday, January 13

- 6:30am-7:45am: Breakfast (at your leisure) in the cloister
7:45am: Adjourn to meeting room
- 8:00a-8:45a: **Asia Private Equity: Transformational Capital for the Transitional Decade**
Melissa Ma, Co-Founder and Managing Partner of Asia Alternatives
- 8:45a-9:30a: **Client Panel on Investing in Asia**
Chris Hill/Sean Gill, NEPC (client participants TBD)
- 9:30a-9:45a: Break
- 9:45a-10:30a: **Risk Management in a Dynamic World**
Panel (Bridgewater to moderate?) on Tail Risk hedging, Smart Beta, Defensive Equity, Currency Risk (Don Pierce, SBCERA-Intelligent Rebalancing)
- 10:15a-11:30a: **SPONSOR PANEL – Investments/Operations/Political Environment/Challenges**
Kevin Leonard, NEPC will moderate a panel (client participants TBD)
- 11:30a: Concluding Remarks
Kevin Leonard, NEPC
- 12:00pm: Box lunch (seating available in the courtyard)